UNITED STATES OF AMERICA

Congressional Record

PROCEEDINGS AND DEBATES OF THE 99th CONGRESS

FIRST SESSION

VOLUME 131—PART 24

NOVEMBER 21, 1985 TO DECEMBER 4, 1985

(PAGES 32909 TO 34386)

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PROCEEDINGS AND DEBATES OF THE 99th CONGRESS, FIRST SESSION

HOUSE OF REPRESENTATIVES—*Thursday November 21, 1985*

The House met at 10 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Enable us, O God, to learn to live by what we say and to act in ways we profess. We know that faith or talk without action leads to disappointment and we pray, gracious God, that Your Spirit will encourage us not only to speak for the truth, but to work for justice for all. Bless all people who speak and labor for righteousness that there may be peace on Earth and goodwill to all. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. KILDEE. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. KILDEE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 284, nays 115, answered "present" 1, not voting 34, as follows:

[Roll No. 417]

YEAS—284

Ackerman	Archer	Beilenson
Akaka	Aspin	Bennett
Alexander	AuCoin	Berman
Anderson	Barnard	Bevill
Andrews	Barnes	Boggs
Annunzio	Bateman	Boland
Anthony	Bates	Boner (TN)
Applegate	Bedell	Bonker
Borski	Gibbons	McCollum
Bosco	Gilman	McCurdy
Boucher	Glickman	McHugh
Boxer	Gonzalez	McMillan
Breaux	Gordon	Mica
Brooks	Gradison	Michel
Broomfield	Gray (IL)	Miller (CA)
Brown (CA)	Gray (PA)	Miller (WA)
Broyhill	Green	Mineta
Bruce	Guarini	Moakley
Bryant	Hall (OH)	Mollohan
Burton (CA)	Hall, Ralph	Montgomery
Bustamante	Hamilton	Moody
Byron	Hammerschmidt	Moore
Callahan	Hansen	Morrison (CT)
Carper	Hatcher	Mrazek
Carr	Hayes	Murphy
Chapman	Hefner	Murtha
Chappell	Heftel	Myers
Clinger	Henry	Natcher
Coats	Hertel	Nichols
Coelho	Holt	Nielson
Coleman (TX)	Hopkins	Nowak
Collins	Howard	Oakar
Combest	Hoyer	Oberstar
Conte	Huckaby	Obey
Conyers	Hughes	Olin
Cooper	Hunter	Ortiz
Coyne	Hutto	Owens
Daniel	Hyde	Packard
Darden	Jeffords	Panetta
Daschle	Jenkins	Pashayan
Davis	Johnson	Pease
de la Garza	Jones (NC)	Pepper
Derrick	Jones (OK)	Perkins
Dicks	Jones (TN)	Petri
DioGuardi	Kanjorski	Pickle
Dixon	Kaptur	Porter
Dorgan (ND)	Kastenmeier	Pursell
Dowdy	Kemp	Quillen
Downey	Kennelly	Rahall
Duncan	Kildee	Rangel
Dwyer	Kleczka	Ray
Early	Kolter	Regula
Eckart (OH)	Kostmayer	Reid
Eckert (NY)	LaFalce	Richardson
Edgar	Lantos	Rinaldo
Edwards (CA)	Leath (TX)	Ritter
English	Lehman (CA)	Robinson
Erdreich	Lehman (FL)	Rodino
Evans (IL)	Leland	Roe
Fascell	Lent	Rostenkowski
Fazio	Levin (MI)	Roth
Feighan	Levine (CA)	Rowland (GA)
Flippo	Lipinski	Roybal
Florio	Long	Rudd
Foglietta	Lott	Russo
Foley	Lowry (WA)	Sabo
Ford (MI)	Lujan	Savage
Ford (TN)	Luken	Saxton
Fowler	Lundine	Scheuer
Frank	MacKay	Schneider
Franklin	Manton	Schulze
Frenzel	Markey	Schumer
Frost	Martin (NY)	Seiberling
Fuqua	Martinez	Sharp
Garcia	Matsui	Shelby
Gaydos	Mavroules	Shumway
Gejdenson	Mazzoli	Sisisky
Gephardt	McCloskey	Skelton
Slattery	Sweeney	Weaver
Smith (FL)	Swift	Weiss
Smith (IA)	Synar	Wheat
Smith (NE)	Tallon	Whitley
Smith (NJ)	Tauzin	Whitten
Snowe	Thomas (GA)	Wilson
Snyder	Torres	Wirth
Solarz	Torricelli	Wise
Spratt	Traficant	Wolpe
St Germain	Traxler	Wortley
Staggers	Udall	Wright
Stark	Valentine	Wyden
Stenholm	Vento	Wylie
Stokes	Visclosky	Yates
Stratton	Volkmer	Yatron
Studds	Walgren	Young (MO)
Stump	Waxman	

NAYS—115

Armey	Gekas	Penny
Badham	Goodling	Ridge
Bartlett	Gregg	Roberts
Barton	Grotberg	Roemer
Bentley	Gunderson	Rogers
Bereuter	Hendon	Roukema
Bilirakis	Hiler	Rowland (CT)
Bliley	Ireland	Schaefer
Boehlert	Jacobs	Schroeder
Boulter	Kindness	Schuette
Brown (CO)	Kolbe	Sensenbrenner
Burton (IN)	Lagomarsino	Shaw
Campbell	Latta	Shuster
Carney	Lewis (CA)	Sikorski
Chandler	Lewis (FL)	Siljander
Cheney	Lightfoot	Skeen
Clay	Livingston	Slaughter
Cobey	Lloyd	Smith, Denny (OR)
Coble	Loeffler	Smith, Robert (NH)
Coleman (MO)	Lowery (CA)	Solomon
Coughlin	Lungren	Spence
Courter	Mack	Stangeland
Craig	Madigan	Strang
Crane	Marlenee	Sundquist
Dannemeyer	Martin (IL)	Swindall
Daub	McCain	Tauke
DeLay	McCandless	Taylor
DeWine	McEwen	Thomas (CA)
Dickinson	McGrath	Vander Jagt
Dornan (CA)	McKernan	Vucanovich
Dreier	Meyers	Walker
Durbin	Miller (OH)	Weber
Edwards (OK)	Mitchell	Whittaker
Emerson	Molinari	Wolf
Evans (IA)	Monson	Young (AK)
Fawell	Moorhead	Young (FL)
Fiedler	Morrison (WA)	Zschau
Fields	Oxley	
Gallo	Parris	

ANSWERED "PRESENT"—1

Watkins

NOT VOTING—34

Addabbo	Dingell	Hawkins
Atkins	Donnelly	Hillis
Biaggi	Dymally	Horton
Bonior (MI)	Dyson	Hubbard
Chappie	Fish	Kasich
Crockett	Gingrich	Kramer
Dellums	Hartnett	Leach (IA)

McDade	O'Brien	Stallings
McKinney	Price	Towns
Mikulski	Rose	Whitehurst
Neal	Smith, Robert (OR)	Williams
Nelson		

□ 1015

So the Journal was approved.

The result of the vote was announced as above recorded.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate having proceeded to reconsider the bill (H.R. 2409) "An act to amend the Public Health Service Act to revise and extend the authorities under that Act relating to the National Institutes of Health and National Research Institutes, and for other purposes," returned by the President of the United States with his objections, to the House of Representatives, in which it originated, and passed by the House of Representatives on reconsideration of the same, it was resolved, that the said bill pass, two-thirds of the Senators present having voted in the affirmative.

The message also announced that the Senate had passed without amendment bills and a concurrent resolution of the House of the following titles:

H.R. 1806. An act to recognize the organization known as the Daughters of Union Veterans of the Civil War 1861-1865;

H.R. 3235. An act to authorize the Administrator of the National Aeronautics and Space Administration to accept title to the Mississippi Technology Transfer Center to be constructed by the State of Mississippi at the National Space Technologies Laboratories in Hancock County, MS; and

H. Con. Res. 234. Concurrent resolution providing for a Joint Session of Congress to receive a message from the President.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 1714) "An act to authorize appropriations to the National Aeronautics and Space Administration for research and development, space flight, control and data communications, construction of facilities, and research and program management, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2419) "An act to authorize appropriations for fiscal year 1986 for intelligence and intelligence-related activities of the U.S. Government, the Intelligence Community Staff, and the Central Intelligence Agency retirement and disability system, and for other purposes."

The message also announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 3128. An act to make changes in spending and revenue provisions for purposes of deficit reduction and program improvement, consistent with the budget process.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 2672) "An act to redesignate the New York International and Bulk Mail Center in Jersey City, NJ, as the 'New Jersey International and Bulk Mail Center,' and to honor the memory of a former postal employee by dedicating a portion of a street at the New York International and Bulk Mail Center in Jersey City, NJ, as 'Michael McDermott Place,'" disagreed to by the House, agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. ROTH, Mr. STEVENS, Mr. MATHIAS, Mr. EAGLETON, and Mr. GORE to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a bill and concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 947. An act to amend the Foreign Assistance Act of 1961 with respect to the activities of the Overseas Private Investment Corporation; and

S. Con. Res. 89. Concurrent resolution relating to emergency humanitarian assistance to Colombia.

The message also announced that pursuant to the provisions of Public Law 99-93 and Public Law 99-151, the Vice President appoints Mrs. HAWKINS as a member and as chairman of the U.S. Senate caucus on International Narcotics Control.

The message also announced that pursuant to the provisions of section 1295b(h) of title 46, United States Code, the Vice President appoints Mr. PACKWOOD, Mr. DANFORTH, Mr. INOUYE, and Mr. MOYNIHAN to be members, on the part of the Senate, of the Board of Visitors of the U.S. Merchant Marine Academy.

The message also announced that pursuant to the provisions of section 194(a) of title 14, United States Code, the Vice President appoints Mr. DANFORTH, Mr. KASTEN, Mr. HOLLINGS, and Mr. DODD to be members, on the part of the Senate, of the Board of Visitors of the U.S. Coast Guard Academy.

The message also announced that pursuant to the provisions of section 9355(a) of title 10, United States Code, the Vice President appoints Mr. STEVENS, Mr. GOLDWATER, Mr. CHILES, and Mr. DECONCINI to be members, on the part of the Senate, of the Board of Visitors of the U.S. Air Force Academy.

The message also announced that pursuant to the provisions of section 4355(a) of title 10, United States Code, the Vice President appoints Mr. WEICKER, Mr. GRAMM, Mr. JOHNSTON, and Mr. LEVIN to be members, on the part of the Senate, of the Board of Visitors of the U.S. Military Academy.

The message also announced that pursuant to the provisions of section 6968(a) of title 10, United States Code, the Vice President appoints Mr. HATFIELD, Mr. DENTON, Mr. HOLLINGS, and Mr. SARBANES to be members, on the part of the Senate, of the Board of Visitors of the U.S. Naval Academy.

REQUEST FOR PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO HAVE UNTIL MIDNIGHT TONIGHT OR ANY DAY THEREAFTER TO FILE REPORT ON A JOINT RESOLUTION MAKING FURTHER CONTINUING APPROPRIATIONS FOR FISCAL YEAR 1986

Mr. WHITTEN. Madam Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight or any day thereafter to file a report on a joint resolution making further continuing appropriations for the fiscal year 1986.

The SPEAKER pro tempore (Mrs. KENNELLY). Is there objection to the request of the gentleman from Mississippi?

Mr. DELAY. Madam Speaker, at the request of our leadership, I object.

The SPEAKER pro tempore. Objection is heard.

PERMISSION TO HAVE UNTIL MIDNIGHT TONIGHT OR ANY DAY THEREAFTER TO FILE CONFERENCE REPORT ON H.R. 3424, DEPARTMENTS OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1986

Mr. NATCHER. Madam Speaker, I ask unanimous consent that the managers may have until midnight tonight or any day thereafter to file a conference report on the bill (H.R. 3424) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies for the fiscal year ending September 30, 1986, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

□ 1025

PERMISSION FOR COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS TO HAVE UNTIL 10 A.M. TUESDAY, NOVEMBER 26, 1985, TO FILE REPORTS ON H.R. 2443 AND H.R. 237

Mr. ST GERMAIN. Madam Speaker, I ask unanimous consent that the Committee on Banking, Finance and Urban Affairs may have until 10 a.m., Tuesday, November 26, 1985, to file reports on H.R. 2443, as amended, reported out by the committee on November 20, and on H.R. 237, reported out by the committee on November 20.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

SPECIAL ORDER ON GENEVA SUMMIT

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ALEXANDER. Madam Speaker, I have an important announcement that I would like to bring to the attention of all Members.

This evening following the address of the President to a joint session of Congress, the Speaker will grant a special order for the purpose of Members responding to the President on the issues raised at Geneva. It is my intent to divide the time equally between Democrats and Republicans, and to alternate between Democrat and Republican speakers on the issues that are to be raised.

I would encourage all Members interested in this event to participate, and I would urge Members to keep their remarks brief, from 1 to 2 minutes, in order to maximize this opportunity for all Members.

Mr. LUNGREN. Madam Speaker, will the gentleman yield?

Mr. ALEXANDER. I yield to the gentleman from California.

Mr. LUNGREN. Madam Speaker, when the gentleman says respond, I would assume he means those who might also agree in and support some of the things by the President as well as those who might be critical, is that correct?

Mr. ALEXANDER. I agree with the President's trip to Geneva, and I intend to say that this evening, and I hope the gentleman will likewise respond in that fashion.

Mr. LUNGREN. I appreciate the gentleman.

A SUCCESSFUL SUMMIT

(Mr. BROOMFIELD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROOMFIELD. Madam Speaker, I would like to offer my heartfelt congratulations to President Reagan for having just concluded a very successful summit meeting with Soviet leader Gorbachev. The President returns home having accomplished his main goal for the summit—the creation of a "fresh start" in Soviet-American relations. The focus of this fresh start is to be an ongoing high-level, direct dialog between our two nations.

While this meeting was based upon realism and the President labored under no illusions about the nature of the Soviet system, he nevertheless made it very clear that despite these important differences, a constructive, positive relationship was possible. This, in turn, was reflected in the early morning news conferences held by both President Reagan and General Secretary Gorbachev. Both leaders emphasized the positive results of the meeting, while at the same time acknowledging that this meeting, while at the same time acknowledging that this meeting should be considered only a first step in this new phase in Soviet-American relations. While they acknowledged major differences, they also committed themselves to working together in the future.

Madam Speaker, the President has accomplished this without compromising our security through unilateral actions. The President stuck to his own agenda and it has proven to be the right one.

This evening, the President will be speaking to us in this very Chamber. At that time, I hope all of my colleagues in Congress will join me, along with all Americans, in applauding the President for his accomplishments in Geneva, accomplishments which illustrate clearly what real leadership is all about.

NORTH CAROLINA'S TOP UNIVERSITIES

(Mr. VALENTINE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VALENTINE. Madam Speaker, I hope that I can be excused for indulging in a little bragging on my home State. According to a survey of college presidents published this week in U.S. News & World Report, Duke University and the University of North Carolina at Chapel Hill are among the top 10 national universities in the United States. In addition, the University of North Carolina at Charlotte, East Carolina University, and Appalachian State University are all among the top 10 comprehensive institutions in the South.

It is remarkable that two universities located just a few miles from each other should make this prestigious list. Both Duke, which I am proud to say is in the second district, and the University of North Carolina at Chapel Hill, richly deserve this recognition. They have long been leaders in both teaching and research. Their graduate and professional schools, as well as their strong undergraduate programs, make them eminently worthy of this distinction.

It is particularly noteworthy that U.S. News cited Terry Sanford's personal contribution to Duke's growth. Just as he led North Carolina to great heights as Governor, Terry Sanford led Duke to the top rank of American universities. I am proud to say that his successor, Keith Brodie, has already begun to carry on in that same tradition of innovative, dynamic leadership.

Madam Speaker, the recognition achieved by the four schools in the University of North Carolina system is also a tribute to Bill Friday, president of the university system, as well as to the chancellors of the individual schools: John E. Thomas of Appalachian State; John M. Howell of East Carolina University; Christopher C. Fordham of the University of North Carolina at Chapel Hill; and E.K. Fretwell, Jr., of the University of North Carolina at Charlotte. Each of these administrators, along with their staffs and the outstanding faculty members of these institutions, deserve a large measure of credit for this achievement.

The members of the North Carolina State Legislature can also take pride in their vital contribution. By providing the support and resources essential to a developing university system, they have enabled these schools and others in the State to set their sights on educational excellence.

All of this impressive input, however, would amount to little without students who are well prepared and motivated. The students themselves, their parents, and the North Carolina public schools thus all share in this accomplishment.

Madam Speaker, North Carolinians have long known of the unparalleled opportunities for higher education in our State. Now the secret is out and the whole Nation shares that knowledge.

North Carolinians are proud of our heritage. The outstanding colleges named in this survey help to ensure that our future will be just as bright as our past.

I cannot close without a friendly warning to my colleagues in other States. There are other institutions in North Carolina that are growing and developing rapidly. When the next poll is undertaken, I would not be surprised to find even more North Caroli-

na colleges named. I know that I speak for all North Carolinians in expressing my great pride in our colleges and universities.

A WELCOME MAT COVERED WITH MUD

(Mr. SCHULZE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SCHULZE. Madam Speaker, the welcome mat which New York City put out for U.S.S. *Iowa* battle group has been covered with the mud of opposition by its citizens. Despite the fact that New York public officials worked hard to convince the Navy to locate these ships at Staten Island, press accounts report that 100,000 New York residents opposed it.

Philadelphia also had its welcome mat out when New York City was chosen for this homeporting. It may have become a little dusty since then, but the Navy can still read its message: "Welcome, U.S.S. *Iowa.*"

I am issuing an invitation to the Navy to reconsider its decision, existing facilities could be used to homeport these ships making it more cost-effective. Homeport sites must be selected on the basis of national defense policy, and should take the needs of crewmembers and their families into account.

Madam Speaker, would you like to live in a community where you were unwelcome? New York City's public will on the matter remains clear. The U.S.S. *Iowa* is unwelcome in New York City.

STAR WARS

(Mr. JACOBS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. JACOBS. Madam Speaker, the President does not want us to say star wars when talking about the latest emperor's-new-clothes moneymaker for Government contractors.

We might call it the goalie since we see how often the puck gets through.

Or we could always call this "research-only" contractors' delight what it is: Lab scam.

If they get their trillion dollars out of this one, friends, well, we'll just have to yield the balance of our bank accounts.

HELPING FARMERS UNDER THE JOB TRAINING PARTNERSHIP ACT

(Mr. LIGHTFOOT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LIGHTFOOT. Madam Speaker, when Congress developed the Job Training Partnership Act in 1982, it was geared to retrain factory workers, not farmers. In 1985, we need it to retrain dislocated farmers. Presently, States and the local agencies administering JTPA are doing a good job at serving the farm communities. However, greater Federal and State assistance is needed if we are to help more farmers who are undergoing a transition from the farm to another career.

Recently, the Government Operations Committee's Subcommittee on Employment and Housing, at my request, held a field hearing in Council Bluffs, IA, to examine the role JTPA is serving dislocated farmers. Although it was noted that farmers were being served, many of the witnesses testified that changes were needed in order to help more farmers.

Three problems that were frequently mentioned were, first, making more farmers aware of JTPA, greater efforts need to be made to get the word out about how JTPA services can help farmers who need retraining; second, loosening the eligibility guidelines to reflect the special circumstances of farmers; and, third, earmarking more title III funds to farmer retraining programs to enable States to cope with the dislocated farmer problem.

During the coming weeks, I plan to seek ways to help more farmers under JTPA. As farm States undergo tough economic times, we need to be sensitive to the needs of the people who are undergoing a transition by making it as smooth as possible. JTPA can continue to help the farm States deal with this poroblem, but in order to serve more farmers, we need some changes to reflect the circumstances of farmers.

COLOMBIAN FOOD COLLECTION

(Mr. LELAND asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LELAND. Madam Speaker, as we all know, last week the Colombian volcano Nevado Del Ruiz erupted, killing over 20,000 in the ensuing floods and mudslides; 60,000 people have been left homeless in the area surrounding the town of Armero, which was virtually destroyed.

While relief has been pouring into the devastated area, there are still major shortages of food, medicine, and clothing for the many victims of this catastrophe, As a result, hundreds of people continue to suffer not only for injuries caused by the eruption of the volcano, but also from starvation. We must act immediately to avert any further human suffering and loss of life.

There is a way we can all help. I have been informed that the Embassy of Colombia will be accepting donations of canned foods for the victims of this tragedy. As the chairman of the Select Committee on Hunger, my office is coordinating the collection of the canned goods. I strongly urge my colleagues to donate to this vital cause by contacting my office. It is crucial that we act quickly.

HOUSE WEDNESDAY GROUP ANALYSIS ON DEFENSE BUILDUP

(Mr. CLINGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. CLINGER. Madam Speaker, I would like to bring to the attention of the Members of this body some research recently done by the House Wednesday Group regarding the defense buildup of the past several years.

This research highlights, in actual numbers, the specific amount of weapons which have been added to our force inventory as a result of defense spending approved by Congress since 1981.

This analysis is not designed to answer the question—"What have we got for $1 trillion?"—but it should help all Members get beyond the qualitative generalities that tend to dominate our defense spending debates. The Defense Department has rightly added, in my judgment, many new weapons to its inventory in recent years, but Members need not be forced to translate volumes of Pentagonese to figure out what has been done.

Madam Speaker, this information is very valuable at a time when ambiguity surrounding the current status of our force level inventories is great. There can be no room for ambiguity in this area if we are to create policy which is in the national interest.

Madam Speaker, I recommend this analysis to our colleagues, and I believe it will help us make more informed decisions about the critical defense issues that will come before us:

THE HOUSE WEDNESDAY GROUP,
Washington, DC, November 20, 1984.

MEMORANDUM

Re Reagan Defense Build-up.
To: WG Members.
From: Steve Hofman.

Attached for your information are tables which detail, in actual numbers, the specific amounts of weapons added to our defense inventory as a result of the Administration's defense spending proposals.

Prepared by Matthew Collins of the WG staff, this analysis is not designed to answer the question—"What have we got for a trillion dollars?"—but should help you in getting beyond some of the qualitative generalities that tend to dominate this question. We hope you find it useful.

The following tables highlight 64 major weapons systems. These represent a variety of capabilities from all four branches of the armed services, and are grouped according to service. Where possible, inventory levels were calculated for 1981 and are located in the first column of each page. In cases where a weapon system was not deployed

until after 1981 a zero will be found in this column. Systems for which inventory levels for 1981 were not available are designated N/A.

Also included in this analysis are tables for military construction and military manpower. Presented under military construction are the percentage changes in budget authority requested by the President and granted by Congress, plus actual outlays for both the Carter and Reagan administrations.

SELECTED MAJOR WEAPON SYSTEMS

	1981 inventory	Number added fiscal year 1982–86					Total added
		1982	1983	1984	1985 [1]	1986 [1]	
AIR FORCE							
I. Fixed wing aircraft:							
Combat:							
B–1B	0	1	7	10	34	48	100
F–15A/B/C/D Eagle	334	36	39	36	42	48	201
F–16A/B/C/D Falcon	162	120	120	144	150	180	714
E–3A AWACS	24	2	2	0	0	0	4
KC–10A	0	6	8	8	8	12	42
TR–1/U–2	8	6	5	6	4	6	27
Airlift: C–5A/B Galaxy	70	0	1	4	8	16	29
II. Missiles:							
Strategic and theater nuclear:							
MX	0	0	0	21	21	12	54
GLCM [2]	0	54	84	120	120	95	473
ALCM [3]	0	440	330	240	0	NA	1,010
Tactical air to air:							
Sparrow	NA	966	1,187	1,005	404	425	3,987
Sidewinder	NA	1,800	1,920	1,700	0	1,502	6,922
Tactical air to surface:							
HARM	0	118	129	317	871	1,715	3,150
Maverick	NA	200	900	1,980	2,600	2,950	8,630
ARMY							
I. Rotary aircraft:							
Combat:							
AH–1 Cobra/TOW	1,000	12	11	0	0	NA	23
AH–64 Apache	0	11	48	112	144	144	459
UH–60A Black Hawk	229	96	96	84	78	78	432
Airlift: CH–47C	439	0	0	0	10	NA	10
II. Missiles:							
Strategic and theater nuclear: Pershing II	0	21	91	72	70	NA	254
Tactical air to surface: Laser Hellfire	0	680	3,971	4,651	5,342	6,576	21,220
Tactical surface to air:							
Stinger	0	2,544	1,006	1,205	2,360	2,909	10,024
Patriot	0	176	287	440	440	585	1,928
Tactical surface to surface: TOW (antitank)	6,018	10,008	12,000	18,000	12,000	20,100	72,108
III. Tracked combat vehicles:							
Heavy combat vehicles:							
M–60 tank	8,791	120	0	0	0	0	120
M–1 Abrams tank	178	700	855	840	840	840	4,075
Bradley FVS	0	600	600	600	655	716	3,171
Light combat vehicles:							
M113 APC	15,600	0	520	53	35	325	933
LAV–25	0	0	36	0	0	0	36
Other combat vehicles: M110 heavy SP howitzer	961	0	0	120	70	0	190
NAVY-MARINE CORPS							
I. Navy ships:							
Warships:							
Trident submarine	1	0	1	1	1	1	4
Poseidon submarine	31	0	0	0	0	0	0
Attack submarine	87	2	2	3	4	4	15
Nuclear carrier	3	0	2	0	0	0	2
Conventional carrier	9	0	0	0	0	0	0
Battleship (reactivated)	0	1	1	1	0	1	4
Destroyer	83	0	0	0	1	0	1
AEGIS cruiser	0	3	3	3	3	3	15
Amphibious ships:							
Landing ship dock	13	1	1	1	2	2	7
Assault ship	12	0	0	1	0	1	2
Mine warfare and patrol:							
Guided missile frigate	21	3	2	1	0	0	6
Mine countermeasures	NA	1	1	3	4	2	11
Coastal mine hunter	NA	0	0	1	0	4	5
Landing craft: landing craft air cushion	0	0	0	6	9	12	27
II. Fixed wing aircraft:							
Combat:							
KC–130R/T	511	4	2	2	2	0	10
A–6E Intruder	204	12	8	6	6	11	43
EA–6B Prowler	68	6	6	8	6	12	38
AV–8B Harrier II	0	12	21	27	32	46	138
F–14 Tomcat	192	30	24	24	24	18	120
F/A–18 Hornet	0	63	84	84	84	84	399
P–3C Orion	220	12	6	5	9	9	41
E–2C Hawkeye	59	6	6	6	6	6	30
Airlift: C–2 Greyhound	0	0	8	6	8	8	30
III. Rotary aircraft:							
Combat:							
CH–53E Super Stallion	190	14	11	11	10	14	60
AH–1J/T Sea Cobra	111	0	0	0	22	22	44
SH–60B Seahawk	0	18	27	21	24	18	108
IV. Missiles:							
Strategic and theater nuclear:							
Trident I	112	72	62	52	0	NA	186
Trident II	0	0	0	0	0	NA	0
Tomahawk [4]	0	61	51	124	180	249	665
Tactical air to air:							
Sparrow	NA	559	620	695	1,671	1,872	5,417
Sidewinder	NA	700	500	350	1,000	1,850	4,400
Phoenix	NA	72	108	265	265	265	975
Tactical air to surface:							
Harpoon	NA	240	223	315	354	395	1,527
Laser Maverick	0	0	90	185	600	1,500	2,375
Imaging Infrared Maverick	0	0	0	0	0	195	195
Hellfire	0	0	0	219	438	1,304	1,961

[1] Authorized, but not procured. [2] Ground-launched cruise missile. [3] Air-launched cruise missile. [4] Sea-launched cruise missile.

MILITARY CONSTRUCTION PERCENTAGE CHANGE FISCAL YEARS 1978–86

	Carter 1978–81	Reagan 1982–85
Budget authority requested	+54.1	+58.8
Budget authority granted	+48.5	+39.0
Actual outlays	+25.4	+39.7

MILITARY MANPOWER PERCENTAGE CHANGE 1977–86

	Carter 1977–80	Reagan 1981–84
Active military personnel:		
Air Force	−2.28	4.74
Army	−.77	0
Marines	−1.57	3.67
Navy	−.57	4.63
Total	−1.20	2.83
Ready Reserve personnel:		
Air Force	−1.45	5.87
Army	12.36	18.44
Marines	21.04	3.49
Navy	−11.21	6.14
Total	6.59	13.83
Civilian personnel:		
Air Force	−4.64	2.02
Army	−3.22	8.32
Marines	0	10.00
Navy	−2.69	6.34
Total	−3.37	6.07

GODSPEED, MR. WAITE

(Mr. MINETA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MINETA. Madam Speaker, this morning's press reports headline the news of United States-Soviet relations and the recently completed summit talks. However, buried in the back pages, is a small story reporting that British church envoy, Terry Waite, has dropped from sight in Lebanon. The speculation is that he is, once again, meeting with the kidnapers of six Americans and six Europeans held hostage there.

Today, and as we enter into the Thanksgiving week, let all of us remember those hostages imprisoned in the rooms, chained to radiators, waiting for some sign that they may celebrate their next holiday with their families, their friends, their loved ones.

Let us all hope for the success of Terry Waite's mission for freedom. Let us also hope that our State Department is providing the needed cooperation to help Mr. Waite's contact with the kidnapers—contacts State have apparently been unable to make.

We can hope and pray that Mr. Waite will achieve our fellow citizens' freedom. Therefore, Madam Speaker, I ask my colleagues to join me in saying, "Godspeed, Terry Waite, Godspeed."

CONCERN ABOUT WEAPONS BUILDUP AND PEACE NOT RELATED TO SEX

(Mrs. MARTIN of Illinois asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. MARTIN of Illinois. Madam Speaker, on Tuesday, I had lunch with a number of my male colleagues, and the conversation, as befits those not lucky enough to be Bear fans, was about the dreadful accident that befell the quarterback of the Washington Redskins. From this, I have determined that males read sports pages and know very little about what happens or care in Geneva.

Had I reached that conclusion about Members of Congress, however, I would be wrong.

It is perfectly all right to care about the sports page. Indeed, I confess I do. And it is perfectly all right to care about the style page. Indeed, I do. In fact, most Americans probably read the funny pages first.

But that does not mean they do not care about peace, and it does not mean they do not care about weapons buildup, and it does not mean they do not support the President of the United States of America.

So, perhaps his chief of staff was misquoted, or his statement was just left incomplete. We can care about all of those things, and as the Representatives of men and women, all of us must.

□ 1040

CONGRESSIONAL OFFICES SHOULD HAVE ACCESS TO C-SPAN

(Mr. GLICKMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GLICKMAN. Madam Speaker, I have just learned that earlier this month, the members of the Canadian House of Commons have initiated a hookup with the C-SPAN network, which will give our parliamentary neighbors to the north in their offices the chance to keep tabs not only on our floor activity in the House, and to listen to speeches like those of our colleague from Illinois [Mrs. MARTIN], but on what is happening in hearings and other events covered by C-SPAN.

I would remind my colleagues, that those of us who serve in this Chamber, which is covered by C-SPAN, cannot, except for floor coverage, have access to C-SPAN programs; all the hearings and meetings our constituents find so valuable.

This Member of the House thinks it is time that that changes. It is ridiculous that I have to go home to Kansas to watch my colleagues meet in committee, and that I also do not have that opportunity in my own office.

I know I hear from a good number of people in my district and around the country who find C-SPAN a valuable source of information. There is no good reason for us not to be able to see what many of our constituents view. It will help us better understand how they view what we are doing.

If C-SPAN is good enough for Canadian parliamentarians and our constituents around the country, surely it is good enough for us here in the Congress.

PERSPECTIVE ON THE GENEVA SUMMIT

(Mr. LANTOS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LANTOS. Madam Speaker, Geneva was the first stop on a long and difficult journey. I commend the President on the modest success of the summit. The agreement on expanding cultural, athletic and other exchanges is a useful step, and I particularly welcome the decision to hold annual summit meetings, which implements the legislation I introduced last year.

Unfortunately, nothing was accomplished in either arms control or human rights—the two most critical issues between our countries. This is a reminder both of the deep-seated differences between the Soviets and ourselves and the need for regular, ongoing, high-level contacts.

We all breathe a bit more easily, tensions have lessened somewhat, and a first step has now been taken toward more normal relations. In this nuclear age we must applaud even modest and partial improvements in the relationship between the Soviet Union and ourselves.

The President will be welcomed by a united Congress tonight—with a simple message: congratulations on a good start, now let's keep moving.

A VASTLY EXPANDED SUPERFUND PROGRAM

(Mr. CHAPMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CHAPMAN. Madam Speaker, in a few days the House will consider a $10 billion Superfund bill. As a member of the Committee on Public Works and Transportation, Superfund

has been the first major issue I have dealt with as a Congressman.

It is apparent to me that cleaning up toxic waste sites is an urgent national priority. It is equally obvious that the whole range of American industry has contributed to the problem. Some of the sites have been around for decades.

The EPA has identified hundreds of industries and companies that have contributed to the problem. We will soon be considering a vastly expanded Superfund program, one that could spend as much in 1 year as the previous program spent over its 5-year lifetime.

As we expand the Superfund, and turn our attention to the urgent issue of toxic waste, I hope the House will resist the tendency to legislate in a partisan way. The Committee on Ways and Means has recognized that most major American industries bear some responsibility for toxic waste, and has proposed a broad-based tax to finance Superfund. The thesis is simple, and it is fair: Many share the blame, and we should all bear some of the cost associated with the cleanup.

It is my understanding, however, that two of my colleagues plan to introduce a Superfund proposal that would place an unfair and unique tax on the States of Texas, Louisiana, and California. Under this proposal, the per-barrel oil tax would be more than tripled. More than 40 percent of that tax would be paid by refineries in Texas and Louisiana.

I think that we should all bear the cost of Superfund, but it should be a fair and equitable cost.

THE GENEVA TEA PARTY

(Mr. MARKEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MARKEY. Madam Speaker, after 2 days of media blackout, Reagan and Gorbachev emerged from the summit with little to show for their efforts. Overall, the world must regard the summit with polite applause, but not a standing ovation.

It is good that Reagan and Gorbachev have finally met face-to-face, but if an improvement in atmospherics was all that we were asking for, Ronald Reagan could have had a get-acquainted session with the Soviet leadership in 1981.

If serious negotiations had started then, we might have been able to avoid 5 long years in an overheated arms race, and a dangerous escalation of rhetoric.

A cultural agreement is long overdue, but the world is not satisfied with a summit that just trades the "A-Team" for the Bolshoi Ballet, and "Dynasty" for the Moscow Circus.

Agreeing to let Gorbachev come to the United States is a good idea, but Gorbachev can get a visa from our Embassy in Moscow to do that.

On style, the summit was a success. On arms control, it was a flop.

Threatening to tear up the ABM Treaty in order to get the Russians to bend in Geneva is not arms control progress. The ABM Treaty is not expendable. The SALT II Treaty is not expendable. They serve our national security interests and they should not be recklessly threatened with destruction to serve the Darth Vader fantasies of this administration's hardliners.

The summit was a success for Ronald Reagan and Mikhail Gorbachev on the exchange of vodka for Pepsi-Cola but it was a flop on the issue of arms control and human rights.

THE REAGAN-GORBACHEV SUMMIT

(Mr. RICHARDSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RICHARDSON. Madam Speaker, the Reagan-Gorbachev summit was a success, but not a great success, a hit, but not a home run. On the plus side is the fact that a summit took place after 5 years of no meetings. A good personal relationship seems to have been established, that reduces the mutual disrespect and suspicion of the two countries.

On the plus side also is that there will be further summits next year and in 1987. On the negative side, there is no visible progress on arms control and no visible progress on human rights.

Nonetheless, the world is better off today than it was 48 hours ago, before the summit started.

The upcoming negotiations in Geneva will determine whether this summit was a success or not. Perhaps a good personal chemistry was established that will lead us in that direction.

The world is safer today because of the summit, but it remains to be seen whether it will be safer tomorrow.

EXECUTIVE ORDER NO. 12538: U.S. EMBARGO ON PETROLEUM PRODUCTS REFINED IN LIBYA

(Mr. BUSTAMANTE asked and was given permission to address the House for 1 minute, revise and extend his remarks, and include extraneous material.)

Mr. BUSTAMANTE. Madam Speaker, I wish to call your attention to Executive Order 12538, which President Reagan signed prior to leaving for Geneva. In effect, Mr. Speaker, the order extends the 1982 U.S. embargo on Libyan crude oil imports to include petroleum products refined in Libya.

This action was necessitated when Representatives JACK BROOKS, MIKE SYNAR, and I supplied evidence to the White House that the ban on Libyan oil was being circumvented. I commend the President for this move, and I hope he will pursue efforts in gaining the cooperation of our allies to assist us in honoring our economic sanctions against this terrorist government.

I wish to thank Congressmen BROOKS and SYNAR for assisting me with this investigation, and I am especially grateful for the efforts and expertise of Mr. Ed Zadjura of the General Accounting Office and Mr. Don Gray and Ms. Lynn Stevens of the House Government Operations' Subcommittee on Energy, Environment and Natural Resources.

I am submitting a copy of Executive Order 12538 for printing at this point in the RECORD:

IMPORTS OF REFINED PETROLEUM PRODUCTS FROM LIBYA

By the authority vested in me as President by the Constitution and laws of the United States, including Section 504 of the International Security and Development Cooperation Act of 1985 (Public Law 99-83), and considering that the Libyan government actively pursues terrorism as an instrument of state policy and that Libya has developed significant capability to export petroleum products and thereby circumvent the prohibition imposed by Proclamation No. 4907 of March 10, 1982 and retained in Proclamation No. 5141 of December 22, 1983 on the importation of Libyan crude oil, it is ordered as follows:

SECTION 1. (a) No petroleum product refined in Libya (except petroleum product loaded aboard maritime vessels at any time prior to two days after the effective date of this Executive Order) may be imported into the United States, its territories or possessions.

(b) For the purposes of this Executive Order, the prohibition on importation of petroleum products refined in Libya shall apply to petroleum products which are currently classifiable under Item Numbers: 475.05; 475.10; 475.15; 475.25; 475.30; 475.35; 475.45; 475.65; 475.70 of the Tariff Schedules of the United States (19 U.S.C. 1202).

SEC. 2. The Secretary of the Treasury may issue such rulings and instructions, or, following consultation with the Secretaries of State and Energy, such regulations as he deems necessary to implement this Order.

SEC. 3. This Order shall be effective immediately.

RONALD REAGAN.

THE WHITE HOUSE, *November 15, 1985.*

SOVIETS INTEND TO WIN THROUGH LOW-INTENSITY WARFARE AROUND THE WORLD

(Mr. DORNAN of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORNAN of California. Mr. Speaker, judging by the atmospherics, it appears the Geneva summit is going to go down in history as some sort of success. A major problem is, the Soviet Union does not, thank God, expect to ever engage in a World War III-type nuclear exchange with the United States. What they plan for, and summitry is a big part of their planning, is to keep the free world more or less at the nuclear stalemate that currently exists, while expanding their incredible lead in stockpiles of poison gas, seven different types of poisonous chemical agents, and they intend to expand their 4 to 1 advantage in conventional warfare. Then—then it is in the twilight world of low intensity warfare fights around the world, where the Soviets intend to prevail. And, so far, it is working.

Their ferocious "Hind" helicopter gunships fly now over North American soil, down in Nicaragua. They fly out of totally undefended airfields. These Communist-built gunships are not even in revetments, they sit out in open fields at Sandino and Esteli because they know we don't have the guts to take them out. These killer helicopters tear up the anti-Communist Contras, the young men and women that we counsel to fight for freedom in Central America.

In Afghanistan, these killer gunships are genociding a whole people, and these same "Hind" helicopter gunships are in the jungles of Angola now, supporting actions that are commanded by Soviet officers as low as the battalion level.

Mr. Gorbachev keeps those dirty little secrets in his back pocket. I hope our President brought it out into the open in his private meetings at Geneva. The United States should support the freedom fighter effort in Angola, and Afghanistan and right here on our front porch in Nicaragua.

□ 1050

ALL STUDENTS ARE NOT CREATED OR TREATED EQUALLY

(Mr. GEJDENSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEJDENSON. Madam Speaker, our Nation was founded on the premise that "all people are created equal." Unfortunately, however, without access to higher education that premise, in reality, falls woefully short. All students deserve a chance at a college or vocational education, but due to the selfishness of some former students, or the difficult financial situation of postgraduates, future students may very well be denied the right to an education.

The borrower default rate in the Guaranteed Student Loan Program currently stands at 11 percent. This figure is unreasonable and restricts the amount of funds available for future loans, and provides the political ammunition for the wholesale destruction of educational assistance programs.

I am today introducing legislation to reduce this high rate of default and place the Guaranteed Student Loan Program back on track. This bill would provide an incentive to States to enact laws which allow State guarantee agencies to garnish the wages of student loan defaulters.

Once a person goes into default on a student loan, the State guarantee agency is responsible for collecting from the defaulter. Those responsible for collection on defaulted loans must be able to use wage garnishment as a last resort.

Three years ago, Congress passed legislation enabling the Federal Government to garnish the wages of Federal employees who have defaulted on their student loans. Since that time, the Federal Government has withheld a portion of wages from approximately 14,000 Federal Government employees. Another 40 percent of Federal Government workers who had defaulted made arrangements to repay the loan, without garnishment, upon notification of the impending garnishment.

Likewise, States that have enacted garnishment laws affecting both government and nongovernment defaulters have collected millions of dollars in outstanding loans.

While addressing the serious problem of default, this legislation guarantees the rights of student loan defaulters by requiring that State garnishment laws allow for advanced notification of the garnishment action and hearings to determine the existence and amount of the debt. This bill also limits the amount that can be deducted from each paycheck and protects an employee against disciplinary action by an employer because of the garnishment action.

Action must be taken by Congress to reduce student default rates. Those who borrow from the Government must recognize their obligation to repay this public support. Student loans are an investment in the human infrastructure of our country. Unless we in government make these programs effective, we have no right to go back to the taxpayers and ask for continued expenditures of tax dollars for this program.

AID IN KICKING OUT CUBANS FROM ANGOLA

(Mr. SILJANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SILJANDER. Madam Speaker, we made history in July of this year by repealing the so-called Clark amendment which banned any United States aid to Jonas Savimbi, the freedom fighter who controls the Unita insurgency, attempting to kick out 35,000 Cuban troops and 1,200 East bloc advisors in the country of Angola.

Paradoxically, that amendment became effective on October 1 of this year. Amazingly, that same date there is an announcement that we are willing to contribute $129.5 million in Eximbank credits to Chevron/Gulf Oil which funds 90 percent of the Government of Angola to pay the 35,000 Cuban troops and send millions of dollars to Castro in Cuba.

Madam Speaker, it is about time that this Congress joins the 93, nearly 100 bipartisan Members in the Siljander-Stratton bill to send very overtly, on the table, $27 million to help Jonas Savimbi kick out those 35,000 Cuban troops and implement freedom and democracy in Angola.

PERSONAL EXPLANATION

Mr. DARDEN. Madam Speaker, due to official business, I was unable to attend and be present and voting on rollcall No. 416. Had I been present, I would have voted "yes" on H.R. 3622, the Joint Chiefs of Staff reorganization bill.

DEBRA SUE SCHATZ POST OFFICE BUILDING

Mr. LELAND. Madam Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the bill (H.R. 2563) to designate the U.S. Post Office Building located at 2909 Rogerdale in Houston, TX, as the "Debra Sue Schatz Post Office Building", and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the bill as follows:

H.R. 2563

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the United States Post Office Building located at 2909 Rogerdale, Houston, Texas, shall be designated and hereafter known as the "Debra Sue Schatz Post Office Building". Any reference in any law, map, regulation, document, record, or other paper of the United States to that building shall be deemed to be a reference to the "Debra Sue Schatz Post Office Building".

The SPEAKER pro tempore. The gentleman from Texas [Mr. LELAND] is recognized for 1 hour.

Mr. LELAND. Madam Speaker, I yield myself such time as I may consume.

Madam Speaker, H.R. 2563 was introduced to designate the Westheimer Station Post Office in Houston, TX, as "the Debra Sue Schatz Post Office Building." Miss Schatz was a 23-year-old letter carrier who was murdered on duty, June 7, 1984, as she delivered mail. As she approached a home, on a route she had volunteered to complete for another carrier, she was attacked, shot several times and her body dumped in a wooded area.

Eleven postal employees have been murdered on duty in the past 3 years, and none was more brutal than the Schatz case. Naming the post office in honor of this dedicated, young professional would go a long way toward healing the wounds left by this tragedy, and would be a lasting tribute not only to the memory of Miss Schatz, but to all other carriers who day in and day out devote their lives to serving the citizens of their communities.

Madam Speaker, I yield back the balance of my time.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. LELAND. Madam Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous matter, on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

LABOR-MANAGEMENT NOTIFICATION AND CONSULTATION ACT OF 1985

The SPEAKER pro tempore. Pursuant to House Resolution 313 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 1616.

□ 1056

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 1616) to require employers to notify and consult with employees before ordering a plant closing or permanent layoff, with Mr. HERTEL of Michigan [Chairman pro tempore] in the chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore. When the Committee of the Whole rose on Thursday, November 14, 1985, section 1 was open for amendment at any point, and pending was an amendment in the nature of a substitute offered by the gentleman from Michigan [Mr. FORD].

AMENDMENT OFFERED BY MR. JEFFORDS TO THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. FORD OF MICHIGAN, AS AMENDED

Mr. JEFFORDS. Mr. Chairman, I offer an amendment to the amendment in the nature of a substitute, as amended.

The Clerk read as follows:

Amendment offered by Mr. JEFFORDS to the amendment in the nature of a substitute offered by Mr. FORD of Michigan, as amended: Page 1, beginning on line 2, strike out "may be cited" and all that follows through page 11, line 11, and insert in lieu thereof the following:

may be cited as the "Community and Dislocated Worker Notification Act".

SEC. 2. DEFINITIONS.

As used in this Act, the term—

(1) "employer" means any business enterprise that employs at a single site—

(A) 50 or more full-time employees; or

(B) 50 or more employees who in the aggregate work at least 2,000 hours per week (exclusive of hours of overtime);

(2) "plant closing or mass layoff" means, except as provided in section 4(b), an employment loss for—

(A) the greater of (i) 30 percent of the employees, or (ii) 50 employees, of an employer at any site during any 30-day period; or

(B) 100 or more employees of an employer at any site during any 30-day period;

(3) "employee" means an individual who has been employed by an employer for more than 6 months, but does not include any seasonal worker or other worker for whom there is no reasonable expectation of permanent employment in excess of one year;

(4) "affected employees" means employees who may reasonably be expected to experience an employment loss as a consequence of a proposed plant closing or mass layoff;

(5) "representative" means an exclusive representative of employees as determined under the National Labor Relations Act (29 U.S.C. 141 et seq.) or under the Railway Labor Act (45 U.S.C. 151 et seq.);

(6) "employment loss" means—

(A) an employment termination, other than a discharge for cause,

(B) a layoff of indefinite duration, or

(C) a layoff of definite duration exceeding 6 months;

(7) "Secretary" means the Secretary of Labor; and

(8) "Task Force" means the National Task Force on Economic Adjustment and Worker Dislocation described in section 6 of this Act.

SEC. 3. NOTICE REQUIRED BEFORE PLANT CLOSING AND MASS LAYOFFS.

(a) NOTICE TO EMPLOYEES.—An employer shall not order a plant closing or mass layoff until the end of a period of 90 days after the employer serves written notice of a proposal to issue such an order to the representative or representatives of the affected employees with respect to such order or, if there is no such representative, to each affected employee with respect to such order.

(b) REDUCTION OF NOTIFICATION PERIOD.—An employer may order a plant closing or mass layoff before the conclusion of the 90-day period described in subsection (a) if the employer implements such order as a consequence of unforseeable business circumstances.

SEC. 4. ADMINISTRATION AND ENFORCEMENT OF REQUIREMENTS.

(a) CIVIL ACTIONS AGAINST EMPLOYERS.—(1) Any employer who orders a plant closing or mass layoff in violation of section 3 of this Act shall be liable to each employee who suffers an employment loss as a result of such closing or layoff for back pay and related benefits for each day of such violation, not to exceed a total of 90 days. A person seeking to enforce such liability (including a representative of employees) may sue either for himself or for other persons similarly situated, or both, in any district court of the United States for any district in which the violation is alleged to have occured, or in which the employer transacts business.

(2) In any such suit, the court may, in addition to any judgment awarded the plaintiff or plaintiffs, allow a reasonable attorneys' fee to be paid by the defendant, together with the costs of the action.

(3) The remedy provided by this subsection shall constitute the exclusive remedy with respect to violations of this Act.

(b) DETERMINATIONS WITH RESPECT TO EMPLOYMENT LOSS.—For purposes of this section, in determining whether a plant closing or permanent layoff has occurred or will occur, employment losses for two or more groups, each of which is less than the minimum number required by section 2(2) but which in the aggregate equals or exceeds such minimum number, occurring within any 90-day period shall be considered to be a plant closing or mass layoff unless the employer demonstrates that the employment losses are the result of separate and distinct actions and causes and are not an attempt by the employer to evade the requirements of this Act.

SEC. 5. PROCEDURES IN ADDITION TO OTHER RIGHTS OF EMPLOYEES.

The rights and remedies provided to employees by this Act are in addition to, and not in lieu of, any other contractual, statutory, or other legal rights and remedies of the employees, but the rights afforded to employees under this Act may be expressly waived as a permissive subject of bargaining pursuant to a collective bargaining agreement entered into under the National Labor Relations Act or the Railway Labor Act.

SEC. 6. NATIONAL TASK FORCE ON ECONOMIC ADJUSTMENT AND WORKER DISLOCATION.

(a) DUTIES.—The National Task Force on Economic Adjustment and Worker Dislocation established by the Secretary shall, among other things, analyze—

(1) the personal, social, and economic costs associated with plant closings and mass layoffs;

(2) the causes of, and the nature of decisionmaking with respect to, such closings and layoffs;

(3) existing domestic and foreign governmental policies and programs for responding to such closings and layoffs;

(4) existing Federal programs directed at assisting the dislocated worker;

(5) existing and potential government programs, including potential incentives to employers, to assist business, labor, and communities to respond to the problems resulting from plant closing and dislocation;

(6) current voluntary activities within business and industry aimed at assisting the dislocated worker in making the transition to new work opportunities; and

(7) methods by which the Federal Government could encourage and assist States to strengthen experience rating systems in

their unemployment compensation systems in a manner that would provide employers with incentives to give advance notification of plant closings.

(b) TASK FORCE REPORT.—The Task Force shall report its findings directly to the Secretary not later than December 31, 1986.

SEC. 7. EFFECTIVE DATES.

This Act shall take effect on July 1, 1987, except that section 6 shall take effect on the date of the enactment of this Act.

Mr. JEFFORDS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment to the amendment in the nature of a substitute be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. JEFFORDS. Mr. Chairman, this past week, we had considerable debate over the Ford substitute, and, as a result, certain provisions of that were struck out, provisions which I felt did harm to the intent which I support to try to provide some form of notice to workers and to communities whose businesses are to be closed.

My perfecting amendment has been the result of negotiations, attempting to work toward a common goal of providing a reasonable bill with reasonable notice.

My concern, and I am sure it is the concern of Members, is to try to prevent the very serious circumstances which arise when a business suddenly closes with no warning to the community nor to the workers.

This oftentimes places the community in a very bad position of suddenly being faced with loss of revenue both from workers and also from the business as it generates revenue for the community.

In addition to that, the sudden notice gives no opportunity for a transition to attempt to help those workers who are forced out of work to find another route of employment, to move to other areas, to receive additional training, or for whatever else can come from appropriate notice.

What we have reached is an agreement not only to go forward with the principle of notice but to make some additional changes in order to make the bill more acceptable to some of us who believe that notice is the primary requirement.

First, as I said, I support providing notice to workers whenever feasible. I do not support heaping impossible burdens on business, but I do support a minimum measure of responsibility. If we could write a reasonable notice bill, as I think we can, I wanted to have it. I think we do have it in this amendment.

Second, as pointed out already, we did remove what would have been a substantial change in existing labor law by striking the consultation requirements which, as interpreted by the committee report, would have been a bargainable item. In addition to that, we removed the potential for injunctive relief which could have required businesses to stay open for long periods of time which would be counterproductive to all concerned.

Third, I wanted to be absolutely sure that we recognize and endorse Secretary Brock's establishment of a Task Force on Economic Adjustment and Worker Dislocation. This task force has an excellent membership, and is dedicated to try to look into the serious problem of what happens when we have plant closures, to find ways to handle them, and how to adjust the society to those changes as a result of competition from abroad and technological changes.

In summary, I would like to go through what this compromise does. First of all, as agreed to last week, we have no consultation requirement. Again, that would have been a substantial change in labor law, and that is no longer in this bill.

We do not require the disclosure of relevant information, which would have created serious problems for businesses with respect to trade secrets, et cetera.

Again, the serious problems which would be created by injunctive relief, by the language which says this is an exclusive remedy, that is, that back wages are an exclusive remedy rather than just a permissible remedy, which we believe would result in the courts not exercising their injunctive relief procedures. Thus, whatever was stated prior to this with respect to the bill or Ford substitute no longer would be relevant to this amendment.

Also, there would be no coverage of temporary or seasonal workers. Our concern is for those workers who are permanent in the sense that they are members of the community and have employment which gives them a secure life. Those are the ones that we are primarily interested in. A reduction in hours no longer triggers the notice; in other words, it would take an actual layoff of employees to trigger notice. There is no commission to run alongside the Secretary's task force. In other words, there is no preemption of the efforts of the Secretary by virtue of his task force which would have been, at best, redundant and, at worst, self-defeating. My amendment has no onerous or impossible requirements for businesses.

In summary, we try to make sure that what we are doing here is only to provide adequate notice to a community to assist and to help in adjusting to the serious consequences resulting from business closings.

Simply, my amendment is a notice bill, really nothing more and nothing less. What are the provisions?

Businesses with 50 employees are covered. When they know they are going to close or to lay off workers, they have to give 3 months' notice to their workers. The task force is sanctioned and endorsed. That is really the long and short of this amendment, Mr. Chairman.

I urge my colleagues to support this amendment.

The CHAIRMAN pro tempore. The time of the gentleman from Vermont [Mr. JEFFORDS] has expired.

(On request of Mr. BARTLETT and by unanimous consent, Mr. JEFFORDS was allowed to proceed for 5 additional minutes.)

Mr. BARTLETT. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Texas.

Mr. BARTLETT. I thank the gentleman for yielding.

Mr. Chairman, I will not use the gentleman's time to debate the new, new substitute, but I do think it is important that we clarify it so we all know what it is.

From the way the gentleman described it, I do not believe it will be something that I could support or that most of us who are opposed to the bill could support.

Let me walk through it with the gentleman to make sure that we understand what it does.

First of all, as I understand this substitute or this in the nature of a perfecting amendment, it is substantially different from the substitute that the gentleman from Vermont was considering offering last week. It seems to be, from the way the gentleman described it, as moving back much closer to the original bill than the substitute. So it is not the substitute you were offering last week?

Mr. JEFFORDS, I would not use the word "substantial," I would use the word "significant," as the differences are significant. In the original substitute which we had, we had a 50-employee threshold. But in addition to that, in urban areas we had a 200-employee threshold. That is one difference.

In addition, there are different triggers.

Mr. BARTLETT. If the gentleman would yield further, now the threshold is 50 employees.

Mr. JEFFORDS. Right. We have modified with respect to the 50 threshold versus that of the Ford substitute. We have defined more specifically the employees covered, to make sure that wasters, such as temporary employees, are not covered.

So in that sense it is different from the original Ford substitute, but the gentleman is generally correct it is different from the original text that I was going to offer.

Mr. BARTLETT. If the gentleman will continue to yield, if I may ask the gentleman about each of the sections

in the gentleman's substitute as contrasted with last week's substitute.

Mr. JEFFORDS. Absolutely, I want to be sure that all Members are aware of what we have done here.

Mr. BARTLETT. And as it contrasts with the main bill. I will say to the gentleman that one contrast which is an improvement is the exclusive remedy that is in the bill. I commend the gentleman. That seems to be an improvement. First of all, the 90-day mandatory notice is still a 90-day notice, it is not any other notice, and it is uniform and mandatory, and it is across this country. It is the same notice in all situations, and it is 90 days, is that correct?

Mr. JEFFORDS. That is correct.

Mr. BARTLETT. Second, the employee coverage, this bill under the gentleman's new, new substitute would apply to all companies with 50 full-time employees or their equivalents. So, in effect, it applies to all companies if you define 50 or 60 employees as a small business. It would apply to a company of only 50 employees equally to a company of 2,500 employees.

Mr. JEFFORDS. That is correct. And that means that 90 percent of the small businesses in this country are not covered by this bill. Only 10 percent of the businesses in the country. In other words, 90 percent have 50 or fewer employees.

Mr. BARLETT. If the gentleman would further yield, it covers all employers with 50 or more employees full-time equivalent.

Mr. JEFFORDS. That is correct.

Mr. BARTLETT. Next, and I want to make sure we get this point, that is, it really does cover layoffs in the sense that any layoffs of 100 or more employees, this notification would be triggered.

□ 1105

So you do have a 30 percent, but that 30 percent is obviated when it reaches 100.

So, in any case, if there are 2,500 or 10,000 employees at a single site, if 100 employees were to be laid off, that would trigger this notification.

Mr. JEFFORDS. That is correct. It was felt that a layoff of 100 was significant enough to require notice.

I understand the gentleman disagrees with that.

That differs from my original substitute which provided that if 200 workers were laid off, in all cases it would be triggered. This amendment reduces that to 100.

Mr. BARTLETT. This is not that case. It is triggered by 100 employees being laid off.

Mr. JEFFORDS. That is correct.

Mr. BARTLETT. I understand the gentleman has made it an exclusive remedy, but the bill still provides for civil actions and for lawsuits, including class actions; is that correct? In the bill there is a remedy for civil action?

Mr. JEFFORDS. Yes, that is correct.

Mr. BARTLETT. I understand that the gentleman from Michigan [Mr. FORD] and the gentleman from Missouri [Mr. CLAY] are supporting this substitute. I am not certain that there would be any reason for people who are generally opposed to the concept to support it. It seems to me it would be much closer to either the first or the second or the third or the fourth version of the bill as they proceeded through committee, far closer than to your substitute of last week, even. But I do commend the gentleman for working to make some modest improvements in the bill. It seems to me that, in any event, the improvements are virtually indistinguishable from the original bill.

I thank the gentleman for yielding.

The CHAIRMAN pro tempore. The time of the gentleman from Vermont [Mr. JEFFORDS] has expired.

(On request of Mr. ROEMER and by unanimous consent, the gentleman from Vermont was allowed to proceed for 2 additional minutes.)

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I yield to the gentleman from Louisiana.

Mr. ROEMER. First of all, I want to thank the gentleman for his substitute and for his efforts on this bill. There are many of us in this body caught between a rock and a hard place, the rock being the need to give minimum reasonable notice as soon as possible. I think that is a fair concept for American business. The hard place being what is reasonable, what can work, what will not work to job disadvantage. Good men and women might disagree on that reasonable line. I thank the gentleman for his substitute.

One of the positive things about the substitute not brought up by my friend from Texas is the fact that the gentleman in the waiver provision does change the word, as I understand it, "unavoidable" to "unforeseeable" business circumstances. I think that is a reasonable and realistic improvement.

Does the gentleman agree that that change has been made?

Mr. JEFFORDS. Yes, it has been made, and I would agree with the gentleman's analysis of it.

I think we can discuss that to some extent in the colloquy a little later, but I think it is important to note the distinction created by the term "unavoidable" is really a drugstore quarterback's field day. They can come up with all sorts of things that might have been avoided. But "unforeseeable" is a more understandable word. If a closing is caused by something that a reasonable man or woman could not have foreseen, and if he or she could not be expected to foresee it, then he or she would be out of the notice requirement. So I think there is a distinction and a significant difference in those terms.

Mr. ROEMER. I thank the gentleman. And if the gentleman will yield further, one of my limitations on his substitute is the fact that it still is micromanagement in terms of a 15-employee unit. Fifteen employees is important. The question is, where do you draw the line so that we will not fiddle with, stick our nose in——

The CHAIRMAN pro tempore. The time of the gentleman from Vermont [Mr. JEFFORDS] has again expired.

Mr. ROEMER. Mr. Chairman, I ask unanimous consent that the gentleman from Vermont be allowed to proceed for 2 additional minutes.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Louisiana?

Mr. FORD of Michigan. Mr. Chairman, reserving the right to object, I will not object to this 2 minutes, but I will object to any further requests. The gentleman can get his own 5 minutes and limit himself to that. You dominated the debate when we were on the floor the last time by this kind of practice. And, frankly, this bill is being talked to death. So with all due respect, I will not object to the 2 minutes, but I will object to further requests of this kind.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

Mr. ROEMER. Mr. Chairman, will the gentleman yield further?

Mr. JEFFORDS. I yield to the gentleman from Louisiana.

Mr. ROEMER. I thank the gentleman for yielding, and I will keep my remarks to the point that the substitute suffers in two ways, in my opinion—perhaps it is only one person—micromanagement, 50-employee unit ought to be raised to 100, and in terms of small business. The economic evidence is clear where this has been tried elsewhere on Earth, and that is that if we get into the ramifications of small business, we hurt, not help, job opportunities.

I could support the substitute if it would raise the minimum level at least to 200 and raise the number of employees affected to 100.

I thank the gentleman for his attempt.

Mr. JEFFORDS. I thank the gentleman for his remarks.

Let me just finish by saying that it depends upon where you come from. Fifty in my State is a level that is necessary in order to assure that many, many local communities which have their sole business with 50 employees would have the same opportunity to

be able to adjust to the ramifications of plant closings as larger communities of larger businesses.

Mr. CLAY. Mr. Chairman, I rise in support of the Jeffords amendment.

What we now have before us is a compromise amendment which assures that whenever possible employees will get advance notice of a plant closing or a mass layoff. Quite frankly, in my view, workers are entitled to more because I believe that consultation is appropriate as well. Nevertheless, the Jeffords amendment contains the essential element of notice and it should be supported.

From the outset, we have made an effort to refine H.R. 1616 to address the concerns that have been raised. Today's amendment further modifies the bill to make appropriate adjustments. Most importantly it broadens the consensus on this bill. It holds out a realistic hope to the millions of workers who lose their jobs each year without notice.

The heart of the Jeffords amendment is the requirement that large employers give 90 days notice when they are about to lay off more than 30 percent of their work force. A layoff of more than 100 employees would also trigger the notice requirement and under no circumstances would layoffs of less than 50 workers require notice. The safeguard contained in the original bill is clarified to insure that notice is not required when a layoff is unforeseeable. We have also made it clear that seasonal employees are not covered by this bill.

The need for this legislation cannot be overstated. Job loss, under any circumstance, raises serious problems. During the hearings we have held on plant closings, stories about families that had just purchased a car or a home only to find themselves without a means of earning a living a short time later have been common.

When the losses occur in large numbers, with no warning, the problems can overwhelm and destroy an entire community with repercussions throughout a local economy. All too frequently small businesses, with no opportunity to prepare for changed economic circumstances, are themselves a casualty of the closing or layoff. The local cleaner, or hardware store, or 5 & 10 and the jobs it provided end up victims of the closure as well.

The impact of a mass layoff or plant closing on personal health and family relations has been well documented. Medical studies have shown that plant closings cause higher incidences of hypertension, respiratory diseases, ulcers, alcoholism, and diabetes. Incidences of child abuse and spouse abuse increase tremendously as do desertion, divorce, suicide, and murder. Finally, all of this occurs at a time when the worker, the family, and the community are least able to cope with the financial burdens that such problems impose. A plant may close overnight, but the demise of the family or community which depended on that plant is likely to be lingering and painful.

While nothing in this compromise amendment prevents plant closings, it does provide a necessary step—notification—to insure a more orderly process of adjustment when businesses make decisions that affect large numbers of workers. It provides workers an opportunity to adjust to adverse circumstances while they still have the resources to do so. While the market must work its will and we all strive to help the economy grow we also have a responsibility to cushion the impact of the inevitable dislocation that growth and change cause. Basic human decency requires no less.

Advance notice of a closing or mass layoff makes more than just good moral sense, it makes good economic sense as well. Timely notice can mean substantial savings for the taxpayer. Every study on worker dislocation has shown that workers with notice obtain new employment more quickly. Notice of just 1 month has reduced unemployment by 20 percent and translated into large savings in unemployment and other social service costs. Further studies have shown that when communities are aware of impending closings they are far more able to provide assistance in a timely, effective fashion. Providing notification reduces the burden on employers and taxpayers alike. How can we afford in this day of budget deficits to turn our back on these savings?

I commend my colleague from Vermont for fashioning a compromise which will make the notice provisions of H.R. 1616 work. I urge your support of this amendment.

Mrs. ROUKEMA. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, we are revisiting this subject here today in another form. As my colleagues will remember, last week the bill was pulled from the floor after the amendment to delete consultation requirements that modified the bill in a major way.

This amendment before us today is another attempt to reach a consensus and a compromise on this extraordinarily difficult issue.

I want to commend my colleague, the ranking minority member of the committee, the gentleman from Vermont [Mr. JEFFORDS], for his efforts in this regard, and certainly the distinguished chairman of the subcommittee, the gentleman from Missouri [Mr. CLAY]. But, unfortunately and reluctantly, I cannot agree and support the compromise that they have before us today.

While it does make progress in a number of areas, it is not as sound as I believe it can be and I hope that we can improve it before the day is over; therefore, I am rising in opposition to the amendment today.

I recognize that we are all in agreement, at least my chairman, myself, the ranking minority member and the authors of this bill are in agreement, that the humane and decent thing to do is for this House to pass some form of plant notification. But I suggest to the Members that this amendment is not the one that we should pass.

While it has notification, I feel it is deficient in a number of other ways where it might work adversely to the purposes we have stated here today. And why do I say adversely? Because although it may be humane in its advance notification, it is neither prudent nor wise in terms of the effect that this bill will have both in the number of days of notification as well as in the triggering mechanism and the coverage of the businesses for which this bill is designed to cover.

Let me repeat what has already been said today but make it explicity clear to my colleagues who may not yet understand the difference between what we had before last week and what we have now before us today. Today we have again a 90-day notification bill. In my opinion, Mr. Chairman, that 90 days is too long. Indeed, the two States which have notification legislation—those are Wisconsin and Maine—provide only a 60-day notice, and I think they provide that 60-day notice based on good sound judgment as to what is feasible, particularly for small businesses and medium-size businesses. I believe it should be stated here most emphatically that that is what we are talking about.

□ 1120

The large corporations can pretty much take care of themselves, as can the large unions, because most of them have these kinds of provisions already negotiated in collective-bargaining agreements.

So I would suggest to you that Wisconsin and Maine have made sound judgments in terms of a 60-day notification rather than a 90-day notification. Why? Because small and medium-sized businesses have to deal with problems of creditors, and they have to deal with the possibilities of possible mergers or selloffs of the business in order to save the jobs and not go to the brink of bankruptcy. The 90-day notice is simply unfeasible for the kind of job protection and business protection that we really should be seeking with this legislation.

Second, I think the amendment is deficient in terms of expanding the coverage. I am speaking now about part-timers, and not just full-time employees. I think this is an important distinction to make.

I think that we should be passing a bill here that has a notification but that more prudently and wisely delineates that coverage and does not include part-time employees. This hamstrings the business operation, increases the coverage, and brings a much wider net to this bill than is necessary to perform the humane purposes of the legislation.

If we did not have an alternative to this, some of our Members might feel tempted to vote for the amendment.

The CHAIRMAN pro tempore. The time of the gentlewoman from New Jersey [Mrs. ROUKEMA] has expired.

(By unanimous consent, Mrs. ROUKEMA was allowed to proceed for 2 additional minutes.)

Mrs. ROUKEMA. Mr. Chairman, I think if we had no alternative here—my colleague from Louisiana says many of us are between a rock and a hard place—if we had no alternative, some of us might be tempted to vote for this amendment as we know it. Fortunately we do have an alternative, and there will be opportunity to offer another perfecting amendment if this amendment is defeated. That perfecting amendment would establish a 60-day notification period and redefine the coverage as well as the triggering mechanism, so that it will truly apply to larger plants and not put small business at the disadvantage and in the straitjacket that I feel adoption of this amendment would.

I strongly oppose the passage of the amendment and urge favorable consideration for a perfecting amendment to follow.

Mr. LUNDINE. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to this amendment.

Mr. Chairman, I am opposed to this amendment, and I also opposed the Bartlett amendment striking the consultation provisions from this bill.

I think this measure is fundamentally flawed. No one in this Chamber has suffered from more plant closings than I. From the time I became mayor of Jamestown in 1970, and Art Metal, a major office manufacturer, went bankrupt and put more than a thousand workers out of jobs, to this year when American LaFrance Co., which had been making firetrucks in Elmira, NY, for 100 years, closed that plant, dislocating more than a thousand workers, I have suffered from the problems of plant closings along with my constituents.

No one in this House has been an earlier or more enthusiastic advocate of labor-management cooperation or employee ownership or other means to revitalize industries that might otherwise be shut down. Then why would I, someone with this kind of a record, speak out against plant-closing legislation? I believe that America stands on the precipice today. Within the next 6 to 9 months we could lose enormous additional numbers of industrial jobs in this country because of companies, both domestic and foreign, making logical decisions to relocate operations offshore.

American industry is at an almost crisis point. Industry does not like the kind of rigid regulations that Europeans have imposed upon them, and that is one reason why Europe is not growing. Industry will not like these regulations, even though most of them would voluntarily comply and do voluntarily comply.

I have been an advocate for what I like to call an industrial strategy. Some people call it industrial policy, and some advocates of this bill have said that this is the first aspect of industrial policy. Well, if industrial policy is more government regulation, not a positive attempt to stimulate industrial revitalization and industrial development, then count me out; that is not what I mean, not more regulation.

What I would like to do is see government, industry, and labor working together cooperatively rather than regulation, rather than litigation, or rather than creating a kind of absolute notice from which there is only an appeal through one's lawyers. Obviously, having been involved in many industrial problem-solving efforts, I understand that notice is very valuable in putting together a deal to restructure an industry and save those jobs. But as I indicated, notice has generally been given by responsible employers.

Today in my hometown of Jamestown, NY, TRW is either closing or selling a bearings manufacturing plant, and the ball-bearing import situation is very serious. More than a half of all the ball bearings used in America are imported today. So we have a very serious situation. This is an industry on the decline. But they have given plenty of advance notice, and we are working with them constructively, with labor, management, and local government working together. If they need Federal assistance, obviously they will get my help.

What we would do by adopting this amendment and adopting this bill would be simply to put another regulation on at the worst possible time, and those few unscrupulous employers who try to close down in the dead of night would end up in court.

The CHAIRMAN. The time of the gentlemam from New York [Mr. LUNDINE] has expired.

(By unanimous consent, Mr. LUNDINE was allowed to proceed for 2 additional minutes.)

Mr. LUNDINE. But, Mr. Chairman, in my judgment, I am not so concerned about litigation with a few irresponsible employers. I am deeply concerned that throughout industrial America, whether it is in the Northeast or the South or the West, we are going to cause a loss of jobs. I know that is not what the sponsors of this bill or this amendment intend. It is simply my honest conclusion as to what its effect will be.

So, Mr. Chairman, I would urge the Members of this body to think very seriously and not act just because it has a good name to it. I say that it is a misnomer as well, and I will actually be going back home and explaining my stand with some difficulty to people who ask, "How could STAN LUNDINE vote against plant closings?"

That is not what we are voting on here today. What we are voting on is the fall of industrial America. If Members think we can solve those problems by regulation, then they should vote yes, but if they think we must solve them by cooperation—and by that I mean voluntary cooperation—then I urge a no vote on this amendment and a no vote on this bill.

Mr. BARTLETT. Mr. Chairman, will the gentleman yield?

Mr. LUNDINE. I yield to the gentleman from Texas.

Mr. BARTLETT. Mr. Chairman, I think every Member of the House on both sides of the aisle will want to thank the gentleman from New York [Mr. LUNDINE] for his very thoughtful analysis. I know it is difficult to come to us and say these things, but the gentleman is known as a very thoughtful Member of this House.

The gentleman is saying that on the surface this becomes a very attractive political opportunity, but it is a bad policy, and if it were to be enacted, it would cause more plants to close and put more people out of work and send more jobs overseas.

Mr. Chairman, I very much want to thank the gentleman for his very thoughtful remarks.

Mr. LUNDINE. Mr. Chairman, there is absolutely no question in my mind about this, and I would not be here saying this if I did not honestly think this would cost a lot of jobs.

Mr. BROWN of Colorado. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I think it is important at times for us to listen to not only what is said but to recall what has not been said.

In the debate concerning this bill the point has been made that with the 90-day notice of closing, there is very grave danger of the credit of a plant being cut off. No one has risen to challenge that point.

□ 1130

The truth is that credit is endangered when you give notice of closing. The notice itself could precipitate the downfall of a business that does not

have to die. That point has remained unanswered.

The point has been made that suppliers may either cut off supplies or the credit of a business when a 90-day notice of closing is made. That point has gone unanswered.

The point has been made that customers may react by looking for other suppliers when a notice of closing is given. That point has remained unanswered.

The simple fact is this is a bill that will precipitate the closing of plants that do not have to close.

Mr. BARTLETT. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Colorado. I yield to the gentleman from Texas.

Mr. BARTLETT. Mr. Chairman, I will just ask the gentleman to yield briefly, because the gentleman has struck at the essential flaw of this bill and the substitute.

The substitute of the bill with a national mandatory, arbitrary notification period, as appealing as that sounds, has the effect on a company that is in trouble of drying up its credit, of a company that is in trouble of driving a wedge between employers and employees, of driving away customers. In effect, this bill would have the effect of closing down more plants.

So for those of us—and I know we all are concerned about unemployment and the loss of jobs—we should vote against this bill.

Mr. Chairman, I thank the gentleman for his point.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. BROWN of Colorado. I yield to the gentleman from Louisiana.

Mr. ROEMER. Mr. Chairman, I thank the gentleman for yielding.

I do not want to put the gentleman on the spot, we will have votes that probably do that already, but I wondered if the gentleman would support any bill that would realistically and uniformly give the workers the benefits of some foreknowledge of a major economic turn in his life.

For example, would the gentleman support a bill, and I know this is not the substitute before us now or the amendment, that would give 60 days notice, limited to medium and large size businesses, have unforeseeable as the test for waiver, would the gentleman support that kind of minimum national standard for the benefit of workers?

Mr. BROWN of Colorado. Private notice is a reasonable aspect of bargaining in good faith. I believe our labor laws could address that subject.

The problem I am concerned with is when you put into law situations that can shut down a business prematurely. This bill will damage workers.

Mr. ROEMER. Well, will the gentleman yield further?

Mr. BROWN of Colorado. Surely.

Mr. ROEMER. I take that as a qualified yes, that the concept of when possible, giving the worker notice so he can plan his or her life more satisfactorily, is one that the gentleman embraces.

Mr. BROWN of Colorado. Absolutely. The question is doing it in a way so that it does not destroy the viability of the enterprise that that team of labor and management.

Mr. ROEMER. Mr. Chairman, I thank the gentleman.

Mr. BROWN of Colorado. Mr. Chairman, it is most important that we look at the marketplace and understand what happens when we legislate. The clear impact of this bill will be to damage an enterprise and its workers. It will force companies and enterprises to give notice of closure when there is even a chance of closing.

The provisions of the bill ought to be examined very closely, because there is no escape clause for that. What you have done by this legislation is force a notice to come forward whenever there is a danger of closing, rather than deal with the real economic issues.

Mr. FORD of Michigan. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the Jeffords amendment.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. Yes; I yield to the gentleman from Vermont.

Mr. JEFFORDS. Mr. Chairman, I think it is important at this point when people have been focusing on a certain part of the bill I think quite erroneously, that we try to straighten that out. What we are talking about here is notice. That is the final analysis. Whether that notice is only required when it is foreseeable, and it is my understanding of the foreseeable concept here that it takes care of the problems which have been raised.

Foreseeable, as I understand it, means when there are serious economic circumstances that as long as the business is limping along, closing is not foreseeable; but when it becomes apparent and that decision has been made that there is no other option but to close, then that closing becomes foreseeable and the notice is required, but it is not required that action be taken on notice which is going to foul up the ability of that company to continue to limp along or to attempt to be able to survive.

The original bill had a three-part test on the escape clause. This is a one-part test, which is even a less strict one for businesses than my original substitute. I think it is critical that people know that, that we have reduced that test down to only such time as when it becomes obvious that there is no other alternative but to close. I think it is important that point be made at this time.

Mr. CLAY. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Missouri.

Mr. CLAY. Mr. Chairman, may I say to the gentleman from Vermont [Mr. JEFFORDS] that an important provision of H.R. 1616 is the escape clause in section 3 which permits an employer to order a plant closing or mass layoff without giving a full 90 days notice in certain circumstances.

The amendment we have worked out and which we are offering retains that feature, but the language has been modified.

Mr. JEFFORDS. That is correct. The reduced noticed period is conditioned on the employer being faced with "unforeseeable business circumstances," rather than "unavoidable business circumstances," as in the original draft. While these terms are similar, I do not consider them at all to be synonymous. While some situations might be unforeseeable, they might be avoidable.

For example, an employer faced with unforeseeable circumstances might satisfy the notice requirement through imprudent and extraordinary efforts. The change is intended to make it clear that an employer is not required to make such efforts, while maintaining the employer's obligation to provide notice when circumstances are foreseeable; in other words, there is no other option but to close.

Mr. CLAY. Well, may I say to the gentleman from Vermont [Mr. JEFFORDS] the committee report illustrated "unavoidable business circumstances," using situations where the employer could not foresee the need for a permanent mass layoff and could not therefore notify the employees 90 days in advance. Is that the gentleman's understanding of the new language?

Mr. JEFFORDS. Yes. I agree that the outcome of the examples in the committee report discussion of H.R. 1616 provisions of unforeseen business circumstances would be no different under the language of section 3(b) in my amendment.

Mr. CLAY. Mr. Chairman, I think the gentleman for yielding.

Mr. FORD of Michigan. Mr. Chairman, the gentleman from Texas [Mr. BARTLETT] and the gentleman from Louisiana [Mr. ROEMER] and others keep repeating the statement that giving this notice is going to drive people out of business and cost us jobs.

We did a quick little check. The State of Maine, which has a 60-day notice requirement and in addition to that requires the payment of severance pay when you have a closing, has an unemployment rate of 3.8 percent.

The State of the gentleman from Louisiana [Mr. ROEMER] has an unemployment rate of 10.7 percent without a notice.

Now, I do not submit that the reason it is 10.7 percent in Louisiana is because they do not have a notice requirement, but that would be about as sensible as urging upon this House repeatedly the often-repeated canard that an employer who responsibly gives notice of their intention to move a plant out of town is going to cause plants to close.

There is one other point that really concerns me and that is to keep saying that if you give notice, creditors are going to find out that you are in trouble. Well, I have not had an awful lot of experience with the Bankruptcy Act in recent years, but back when I was a real lawyer it used to be against the law to commit acts of bankruptcy, such as incurring additional debt after you knew that you were beyond the point of salvation, after you knew that in fact you were bankrupt, further incurring debts by accepting credit knowingly from somebody without informing them of your status. Such an act in bankruptcy is punishable in the Federal courts.

Now, I do not think you should continually suggest that the average American businessman is out there trying to commit such acts in bankruptcy, but it is not true that this bill will jeopardize legitimate attempts to obtain credit.

Mr. Chairman, I rise in support of the perfecting amendment of the gentleman from Vermont. The amendment, like all compromises, is no one's ideal solution to the problems we have been discussing here in the last 2 weeks. But there is no doubt in my mind that it is a good compromise, that it will provide substantial, urgently needed relief for dislocated workers, and that it deserves my colleagues' support. I commend the gentleman from Vermont and the gentleman from Wisconsin [Mr. PETRI] for their good will and sincerity in helping us fashion this bipartisan compromise.

The Jeffords amendment to my substitute transforms H.R. 1616 into what has been called a pure notice bill. The bill as amended will accomplish one purpose. It will give employees and communities at least a minimal fair warning of plant closings and permanent mass layoffs.

Employees whose jobs are eliminated by mass layoffs and plant closings will be entitled to 90 days' advance notice: Time to prepare for the hardships they will endure, to adjust their family budgets, to arrange for retraining, to find affordable health insurance coverage, or ideally, to find a new job. Communities, likewise, will be given an opportunity to prepare for the disruptions caused by business closings and cutbacks. Local governments, small businesses, school systems, and agencies such as the State employment services which serve dislocated workers will all have time to prepare their response to the dislocation.

The importance of advance notice should not be minimized. Without it, no constructive effort to prevent a shutdown or assist dislocated workers is possible. Although efforts to prevent dislocations would be far likelier to succeed if employers were required to make relevant information available, as H.R. 1616 originally provided, such efforts have sometimes succeeded in the absence of such a requirement.

The Labor Department recently highlighted in a labor-management cooperation brief an example of a successful community effort to prevent a plant relocation and save 500 jobs, an effort made possible by advance notice. The city of Philadelphia has a local ordinance which requires 60 days' advance notice of plant closings. In the summer of 1983, Kelsey-Hayes Co. complied with the ordinance and announced that because of $4 million losses and an obsolete plant it was shutting down its automotive division operations. For a month, city officials tried unsuccessfully to meet with Kelsey-Hayes management to discuss alternatives. Finally, another businessman persuaded Kelsey-Hayes' automotive division president to meet with city officials.

The results of the meeting were positive for everyone. Philadelphia sold a 63-acre site and building to Kelsey-Hayes, and arranged to initiate a counseling and placement program for its dislocated workers. Kelsey-Hayes replaced its obsolete plant, stayed in the city and retained 500 experienced workers.

This example highlights the benefits of advance notice, but it also gives the lie to arguments that advance notice laws are somehow antibusiness. Not only did Kelsey-Hayes benefit, but a look at Philadelphia's 5.6 percent unemployment rate shows that it has one of the healthiest big city economies in the Nation.

It is ironic that several Members have argued that an advance notice law will somehow jeopardize the Nation's economic competitiveness. A comparison between unemployment rates in the States and cities that require advance notice of shutdowns and those that don't should end the argument. Maine, which not only requires 60 days advance notice but also requires severance pay for dislocated workers, has an unemployment rate of 3.8 percent, despite being the frostiest State in the Frost Belt. Any Sun Belt State would envy Maine's low unemployment rate. Texas, 7.2 percent; Florida, 6.5 percent; Oklahoma, 6.3 percent; Louisiana, 10.7 percent; Mississippi, 9.8 percent; Georgia, 6.9 percent; and California, 7.0 percent all have much higher rates.

Philadelphia—5.6 percent unemployment—has not suffered compared to Miami, 7.7 percent; Las Vegas, 8.5 percent; Houston, 7.8 percent; or Atlanta, 5.6 percent. The 90-day notice in H.R. 1616 will help, not hurt, the economy.

The amendment we have worked out with Mr. JEFFORDS has been carefully tailored to protect the ability of businesses to operate efficiently. The notice requirement in the perfecting amendment, like that originally proposed in H.R. 1616, is not inflexible. It does not ask employers to do the impossible or penalize them if they cannot, in fact, provide the full 90 days' notice. Like the original bill, the amendment provides that if the need for layoffs could not be foreseen 90 days in advance, the employer is permitted to close or lay off its employees without giving the full 90 days' notice and without asking for the permission of any union or Government agency. In such a case, the employer must only notify the employees as soon as the need for a layoff becomes foreseeable.

Last week, Secretary Brock announced that his task force on plant closings will have its first meeting on December 17. I had doubted whether Secretary Brock would be able to establish the task force in an administration that is fiercely hostile to Government efforts to help dislocated workers, but he seems to have overcome his opposition. I still have serious doubts that this administration will permit the task force to operate in an unbiased manner or report recommendations that contradict the administration's current do-nothing policy. I hope, therefore, that a favorable vote by the House on this amendment and the bill will send a signal of support for the task force's work. The task force should also derive support from the provision in section 6 that the task force must issue its report no later than December 31, 1986.

Mr. Chairman, this is not the plant closing legislation I have worked for 11 years. But it is a start, and it deserves the support of the House. I urge my colleagues to vote for the Jeffords perfecting amendment.

Mr. BARTLETT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to speak against the amendment.

Mr. Chairman, I rise to oppose both the new-new version, entitled the Ford-Jeffords-Clay substitute, as well as the bill that is before us today on final passage.

The so-called substitute does make one or two modest improvements and for that I commend my ranking member, but it has the same effect. They are new words with the same

effect. I do not know how many Members noticed it, but it even required a formal colloquy on the floor a moment ago to clarify the difference between the words "unforeseeable" and "unavoidable." I agree that the word "unforeseeable" is a better word, but if you are an employer with a group of employees with jobs you are trying to save, and you are distressed, and in trouble, and trying to keep your customers, and keep your credit, and keep those jobs open, I am not sure that you could or would choose to undrstand the difference.

There have been so many versions of this bill since it first began in this House perhaps the House membership will realize that the bill is fatally flawed and has not been well thought through. When it was first introduced, the other side would not even accept any amendment. In fact, the gentleman from Wisconsin [Mr. GUNDERSON] brought in a very thoughtful substitute to the committee and it was not even debated. It ws just voted down on a party-line vote.

We had a new version on the floor last week when we started up debate that was different from what we saw in the committee and now a new version again today.

I think the best thing that the House can do is to defeat the new-new-new version. It is new, but it is not improved. The words have changed and I do commend the gentlemen for the one or two changes, but let me go through the essentials.

First, this is a layoff bill, not a plant closing bill. It provides that regardless of the size of the plant, if you have 100 layoffs then this is triggered.

Second, it is still 90 days, notification and it is still mandatory. It is not reduced down to the 60 days that was discussed.

Third, it still provides for civil action and for litigation, including class-action lawsuits.

Fourth, and one of the most significant, it still applies to small business and not to big corporate America. The coverage is still 50 employees. It still will have the same effect. It will cost American workers their jobs because the effect of this mandatory notification will be to dry up credit, to drive away customers, to cause companies that are trying to survive to not be able to do so.

For companies that are on the brink, this kind of legislation and this legislation specifically will push them over the brink just at the time when the employer and the employees together are trying to roll up their sleeves, put their heads down, go to work, and try to save that company, the Federal Government with this legislation will try to close it.

That is not to say that some employers could and should do a better job of notification, you bet. They could, they should, and perhaps this bill has already had its intended effect in part because of the debate in the introduction. Businesses throughout the country still are not perfect, but they are providing better notification and they will continue to do a better job. There has been much improvement, but a national, arbitrary Federal law cannot resolve that problem of business ethics. It cannot be resolved on the House floor. It has to be resolved between the employees and the employers.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I am happy to yield to my colleague.

Mr. ROEMER. Mr. Chairman, I want to thank the gentleman for yielding and respond to my good friend, the gentleman from Michigan.

Comparing the unemployment rate in Maine with that in Louisiana over this simplistic view that plant closing regulation did it is like comparing apples and hand grenades. There is no relationship, except in size.

Maine does not have a 90-day notice. If the gentleman wanted to impose the economic growth of Maine and pretend that it came from its plant closing law, why does not this bill have 60 days in it? That is not the point.

This is a complex, difficult, and we ought to make it a compassionate world. I am not opposed to notice. What I am opposed to is arbitrary regulation that does not fit the economic needs of our times and does not serve the workers well. Even this amendment still fiddles with small business and we ought to relieve small business so it can grow. It still has 90 days' notice when it ought to be 60.

I thank the gentleman for yielding.

Mr. BARTLETT. Mr. Chairman, I thank the gentleman for his comments.

Mr. BROWN of Colorado. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I yield to the gentleman from Colorado.

□ 1145

Mr. BROWN of Colorado. I thank the gentleman for yielding.

Mr. Chairman, responding to the point raised by the gentleman from Michigan, the Maine law affects businesses with more than 100 employees. This bill does not.

The Maine law requires 60 days' notice. This bill does not. It requires 90 days' notice.

The Maine bill is directed to closings that relate to movement or relocation out of State. This bill does not.

The Maine bill has an exemption for adjudicated bankruptcies, an exemption for relocations within 100 miles, and exemptions for closings caused by physical calamities. Identical exemptions are not contained in this bill.

The point is, the Maine bill is a much different animal than what we have before us.

Mr. BARTLETT. The gentleman is correct.

The CHAIRMAN. The time of the gentleman from Texas [Mr. BARTLETT] has expired.

Mr. BARTLETT. Mr. Chairman, I ask unanimous consent to proceed for 1 additional minute.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. CLAY. Mr. Chairman, reserving the right to object, and I will not object on this occasion, but on all future requests I will object.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Texas [Mr. BARTLETT] for 1 additional minute.

Mr. BARTLETT. Mr. Chairman, just because States can and should be encouraged to formulate local responses to local problems, we should not mandate a uniform, national response that would be so clumsy as to put a lot of people out of work.

The official title of this bill, the "Labor-Management Notification and Consultation Act of 1985," a very good political title, but upon some thought, a lot of Members of this body have concluded that it is bad policy. It has become known in the vernacular as the plant closing legislation because maybe that is the best title of all, because it is plant closing legislation since this kind of a sledge-hammer approach will result in more plant closings, not fewer, more unemployment, not less, drying up credit, drying up customers, drying up jobs.

Vote today against the Ford-Jeffords-Clay substitute, vote against final passage of the bill. Use your heads. Vote to help the workers of this country, not to hurt them.

Mr. ROEMER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, once again I would like to go on record, although sometimes it gets difficult to do so, to compliment the committee, the gentleman from Missouri [Mr. CLAY], the gentleman from Michigan [Mr. FORD], the gentleman from Vermont [Mr. JEFFORDS], the gentlewoman from New Jersey [Mrs. ROUKEMA], and all the others who, through their leadership, have given us a chance to look at this important issue.

Regardless of how we come down on it, I can assure my colleagues we take the debate with much compassion and great interest, and there is no need to

draw foolish, polarized lines on this subject.

I oppose the substitute as presented by the gentleman from Michigan [Mr. FORD], even as amended by the gentleman from Vermont [Mr. JEFFORDS]. The reason I oppose it is that, as written, in my opinion, it will hurt job opportunities in America. I do not oppose it because it opens the issue of notification. I like that and am willing to compromise toward that end.

The Jeffords amendment, and I have complimented the gentleman for offering it because it has some positive points like the issue of "unforeseeable." That is a positive step forward. It has two flaws, in my opinion.

One is the 90 days' notice. At 100 employees at 8 hours a day, 800 hours a day at $8 an hour, that is $6,400 a day. At 90 days' notice, that is 65 working days. We put $416,000 in cost in this bill for a company going out of business. The problem is, we need more companies in America, not fewer, and small businesses, when they start, have to garner the credit to go into business. If we pass this bill with a 90-day notice, they have to garner an additional $416,000 to go out of business.

The net result of that, and this is not something I made up, on testimony of Mr. Lester Thurow at MIT, neither meek nor conservative as an economist, is that it will cost jobs in the United States, as it has done in Europe. That is point No. 1.

The 90-day notice ought to be taken to 60 days. That holds to the principle of notice, but removes the burden of nearly a half a million dollars to go out of business when you do not have a choice.

Point No. 2: The bill as constructed under the Jeffords amendment still delves into the business of small business. Some people would say business is business; there is no difference. But we know that a small business, call it "Mom and Pop," call it whatever you want, has certain pressures, obligations, responsibilities, and liabilities. One of their biggest problems is cash flow and resources.

I think we ought to apply a plant notice of closing or layoff to businesses not in small business, and a reasonable 60-day period.

I am going to offer a substitute in a few minutes, whether this amendment is passed or not, that would do a couple of things. It would hold to the principles that Mr. FORD and Mr. CLAY and Mr. JEFFORDS have so rightly set forth. It would reduce the 90-days' notice to 60 and apply the notice requirements to other than small business. It would have 200 people having to be employed in the business before it would qualify, and notice would be given when layoffs or terminations exceed 100 employees.

I know that does not make everybody happy, I might get pelted by the left and the right, but I think it is fair, I think it is reasonable, and I think it will add to job opportunities in America.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. ROEMER. I yield to the gentleman from Vermont.

Mr. JEFFORDS. I thank the gentleman for yielding.

Mr. Chairman, just to straighten out the parliamentary procedure here, I am offering a perfecting amendment to the Ford substitute. So if that is adopted, we have the Ford substitute in the best light for people who support that concept.

The gentleman will then offer a substitute for the Ford substitute, as amended, so we will have a clear opportunity to take the gentleman's position on notice and the size that should be covered and triggering, versus the Ford amendment as perfected by my amendment.

Mr. ROEMER. Mr. Chairman, if I could reclaim my time, yes, the gentleman is correct. My substitute would endorse everything the gentleman and Mr. FORD and Mr. CLAY have put forward, with the following exceptions: The unit size affected would be 100 employees. Companies affected would be 200 members or more, and notice would be 60 days.

Mr. GUNDERSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman and Members, I rise in support of the amendment that is before us, and I would suggest that whether you are conservative or liberal, pro or antilabor, you ought to be voting for the pending Jeffords amendment because it improves the bill.

If you want to oppose this amendment which improves the bill, what you are really saying is that you want to oppose the amendment, you want to oppose notification, you want to oppose any kind of legislation here. My guess is that you would have also stood in this well and opposed OSHA, and my guess is that you would have also stood in this well and opposed minimum wage and you do not think, frankly, there ought to be any moral conduct in the operation of business in this country.

If you want to take that extreme, that is fine, but I would suggest to you, be careful, because even your President, our President, my President of my political party has suggested in his Executive order on South Africa that business ought to abide by certain mandates, and he has in that Executive order said there will be certain policies and moral standards in the conduct of business in South Africa by American companies or we will deny them any opportunity for trade assistance, et cetera.

Are we going to take a position in the Congress of the United States today that says that we do not have moral standards here in the United States for American workers but we are all for our President mandating those through an Executive order on workers in another country? Come on. Let us get over it. Let us be a little bit serious. Let us be a little bit reasonable.

I happen to like the Roemer substitute. I like the substitute because it is very close to what I offered in the full committee as a substitute. I think 60 days is better than 90 days. I think in terms of the enforcement going through DOL is better than through the courts.

But let us take a look at the amendment that we have in front of us at the present time.

First of all, this amendment, unlike the Ford substitute, provides an exemption for seasonal employers. I think everybody supports that. It was only a matter of coming up with language that is agreeable on both sides. We have talked about the 60 days. We talk about the escape clause which is in this particular substitute.

The fact is, folks, when we are talking about plant closings, we are talking about plants that are voluntarily closing. When I heard people stand up and talk about the credit issue, that is not an issue, because if a company goes bankrupt, they are not under the regulations of this bill. If they close for unforeseeable financial reasons, they are not under the regulations in the implementation of this particular legislation.

□ 1155

In addition, what the amendment to the Ford substitute does is delays the implementation of this language until the Brock task force has completed its work.

Whether you like or do not like the Ford substitute, the Ford concept on the legislation, the Jeffords amendment improves that. So I do not think we ought to even have a recorded vote on this. We ought to receive the Jeffords amendment, and we ought to go on and have a legitimate debate as to whether 60 or 90 days' notice. But above and beyond that, for gosh sake, the day our President comes home with the well-received and earned glory I think he has for his conduct at the summit, let us not slap him in the face by saying what you have done on South Africa is one thing, but gosh, do not expect us to impose moral standards on American workers and on American business.

With that, I yield back the balance of my time.

Mr. HAYES. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I was certainly bouyed by the remarks of my colleague from Wisconsin and his assessment of the position we find ourselves in as we discuss this amendment. I am in support of the Jeffords amendment.

Some who have spoken here already this morning in opposition to the amendment seem to place emphasis on the hardship that is placed on each employer rather than employees whose jobs are lost as a result of plant closings. They seem to forget that some corporate interests do not lose all their interest upon closedowns. Many times they gain financially from these closedowns.

On the other hand, the jobs and the debts of an employee are all that worker has. There is no way to bail out, no resources to buy another job if such opportunity exists.

Some seem to forget the important element of 90 days' notice that gives some time for employees and the employer, through their collective bargaining representative or entity if they have one, or if they do not have one, employees sometime on their own try to save both the company and the jobs that they have had.

The argument of drying up bank funds available as a result of an advance closedown notice, records will show that most chapter 11's are filed usually after the money is already dried up, and after the opportunities to borrow money no longer exist with lending institutions.

Other times, when they do not file bankruptcies, they usually do not close until the money is hard to obtain to continue to operate, or it becomes less profitable for them to operate.

I am not satisfied with this compromise of my colleague from Vermont, Mr. JEFFORDS, for the substitute to H.R. 1616, but I realize based on what happened early on when we emasculated here by our vote the consultation part of this bill, I realize without this nothing will happen here to aid people who deserve more than they are getting now when employers close down the place in which they work. We cannot continue to be insensitive to the needs of working Americans and their families who are affected through plant closings.

I suggest and recommend, Mr. Chairman, that we move to adopt this amendment that has been placed before us.

Mr. WRIGHT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the Jeffords amendment and the compromise that it represents. I think it is an intelligent and sensible kind of compromise. It recognizes the rights of business and it recognizes the rights of labor, the people who have to work for a living. It recognizes the agony and the anguish that afflict people, sometimes in the middle of life, in the middle of a working career, suddenly and without notice thrown out of work and deprived of their livelihoods.

Almost every week nowadays, a plant of some size closes somewhere in the United States, and where that happens, it leaves in its wake a trail of human tragedy. On 3 successive weeks in east Texas, adjoining Louisiana and Oklahoma, plants of quite substantial size for the communities they represented closed in Shreveport, in Paris, TX, and in Miami, OK, and layoffs of substantial magnitude occurred in Dangerfield, TX.

Recently we held a hearing of a task force of the House Budget Committee to ascertain the impact of these closures and their loss of jobs upon the economy. One of the most telling bits of testimony came from a shop steward who represented workers at a steel plant that had been closed in south Texas. He told us human stories.

He told us of the agonizing personal trauma that came to a family suddenly bereft of their livelihood, sometimes at the very moment when that family was trying to find a way desperately to save enough money to send their children to college.

He told of the sense of uselessness that slowly settled over the breadwinner of this family who after a lifetime of successful work had found himself without the capacity to feed his family. It told of the difficult decisions made between scrimping and deciding whether that last little dab of available cash should be spent on the doctor bill or on the electric bill. And he told of the broken families occasioned by these unannounced and unprepared-for plant closings.

I cannot believe that this Jeffords substitute would be harmful to small business. It takes into account the fact that 92 percent of all employers in the United States employ fewer than 50, and it fully exempts any employer with 50 or fewer. Beyond that, it exempts any employer of 100 of fewer. Beyond that, it exempts any employer of 100 or fewer if the layoffs do not constitute 30 percent of the total work force at one time.

Under those circumstances, it seems to me that it exempts all but maybe 4 or 5 percent of the businesses in this country. They surely are the ones that are large enough, and well enough organized that they ought to have some responsibility to notify those who work for them in advance of actual closure.

I have found some enlightenment and some painful similarities in reading William Manchester's book "The Glory and the Dream." In the prologue to that book, a long piece entitled "Rock Bottom" describes the ethos of the 1920's and the first few years of the 1930's. President Hoover's philosophy of Government, according to this, was that its function was to bring about "a condition of affairs favorable to the beneficial development of private enterprise," and the only moral way out of the depression, according to Mr. Hoover, was self-help, that the people should find inspiration in the devotion of "great manufacturers, our railways, utilities, business houses, and public officials."

Well, that may well be, but Henry Ford went on to say that unemployment insurance would only guarantee increased unemployment, and his logic was accepted as flawless. I am reading from Manchester's copy, "The enlightened editors of Fortune explained that business should reject the very concept of social responsibility, on the ground that the introduction of any noneconomic factor would destroy the benign workings of a free market."

The CHAIRMAN. The time of the gentleman from Texas [Mr. WRIGHT] has expired.

(By unanimous consent, Mr. WRIGHT was allowed to proceed for 1 additional minute.)

Mr. WRIGHT. Mr. Chairman, it seems to me that what we hear in objection to this reasonable compromise offered by our colleague from Vermont, Mr. JEFFORDS, is a throwback to that philosophy of the 1920's. Surely we have had enough enlightenment in the meanwhile to accept that, yes, business does have the right to expect opportunities and expect consideration from our Government. But yes, also, those employed by the big and successful businesses, have a right to expect from their employers the decency of a timely notification when their lives are about to be totally disrupted.

For that reason, I think all of us ought to be able to support this Jeffords substitute.

Mr. DELAY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, first let me dispell the rumor that has been passed around on this floor by the proponents of the substitute that this represents compromise. In my opinion, this is a rehash of what we have been working on for many weeks now. I for one am not caught between a rock and a hard place because I think the concept of this bill is so onerous to business people and to the working men of America that I do not have to be between a rock and a hard place. I am opposed to the entire concept of interference in our free market system.

To the gentleman from Wisconsin, I would say that the President and the administration oppose this bill. In fact, they strongly oppose this bill. I have a letter from Bill Brock, the Department of Labor, that strongly opposes the concept of plant closing noti-

fication and urges Members to reject H.R. 1616 or any substitute.

I must say I would like to welcome the President home with the defeat of this bill rather than embarrassing him by making him veto it at a later date.

Usually we bring legislation to the floor of this House to correct a wrong, to attack those that may be abusing someone or abusing society. But I do not see businessmen out there wringing their hands and laughing sinisterly about closing this plant and laying off employees and doing all kinds of things to make people lose their jobs. Closing a plant and laying off employees is a gut-wrenching thing. Being a businessman, I know what it is to lay off an employee, and it takes a long time for an employer to lay off employees because it makes one physically ill way down inside to lay somebody off.

It is not a very funny thing, it is not a sinister thing. It is a very hurting thing for the businessman, as well as for the employees that are being laid off or losing their jobs.

So this is not a phenomena that is going on all over the Nation. Plant closings are not running rampant across this Nation because responsible businesses do give notice when it does not interfer with their management decisions, when it does not interfer with their ability to gain financing to keep the doors open. The vast majority of employers out there right now do give some sort of notice when they are facing a plant closing or layoff.

But let us talk about examples. We talk about the bad businessman, and we talk about labor not producing, but let us just talk about some examples. What about this gentleman's company 2 years ago that was on the verge of bankruptcy, and this gentleman trying to gain financing and make the decisions that had to be made so that I could keep my business open and keep my employees working? What about that?

□ 1210

Under the guise, or what I think is the undefined, unforeseeable business circumstances, in order to protect myself, I would have had to give notice immediately, and I might not be in business right now if this kind of legislation, this quote simple notification bill was in effect.

What about Elder Manufacturing, in Webb City, MO, that closed its plant 2 weeks ago just because they heard this bill was coming to the floor? Do not laugh, it is not funny. They laid off 600 employees and moved the business to Costa Rica, who wanted the business, and had been after them to get that business moved to Costa Rica for years. Facing the threat of this legislation they decided to go ahead and move. This was the straw that broke the camel's back.

What about Jim Haggely in Ozark, MO? He employs 1,100 people. He has constantly been enticed and courted by Caribbean countries to the extent that they offered to move his plant equipment down there; they would give him a building, tax-free and low labor costs. But instead since his is a family-owned business; and has been in his family for generations; his employees are friends, and he is hanging on by his fingernails. He would shut down because of this bill, because he does not know from 1 week to the next whether he is going to be open or not.

Textile businesses. Those of you who are trying to protect the textile businesses, this bill will force some of your people to go down in to Central America and developing countries that want this kind of business.

The CHAIRMAN. The time of the gentleman from Texas [Mr. DELAY] expired.

Mr. DELAY. Mr. Chairman, I ask unanimous consent that I may be allowed to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. CLAY. I object, Mr. Chairman.

The CHAIRMAN. Objection is heard.

Mr. STENHOLM. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I rise in opposition of the Jeffords-Ford-Clay substitute, acknowledging that is certainly some improvement in the Jeffords amendment to the legislation before us, and there will be other amendments that will make improvements in the legislation.

Mr. Chairman, we can spend hours and hours debating the differences between notification for a 10-percent, 30-percent, 50-percent layoff; between 60 or 90 or 120 days' notification; between 50, 100, 200, or 250 employee-firms.

The fact remains that regardless of the numbers, the plant closing and notification bill, H.R. 1616, is a bad means to reach what sounds like a reasonable end.

I do have great respect for the good intentions of the sponsors of this legislation and this amendment. I have no quarrels with those intentions. There is not one of us here today that is not concerned about jobs for his or her constituents. There is not one of us here today who does not want to see constructive communication between employer and employee. There is not one of us here today who has not felt the effects or unemployment in our own districts, but H.R. 1616 is no solution to those concerns.

In fact, it will only exacerbate the problems.

Just as we have discovered what disasters can result from too much meddling in nature's life cycles, enactment of this bill will show us what great disasters can result from interfering with the life cycle of businesses all across America.

The market is a constantly changing, living, growing thing. How does a business survive in such an environment? Only by having the flexibility and adaptability to respond to the changing world around it. Only by having the opportunity to take those entrepreneurial risks that are necessary, when they are necessary. With a burdensome, restrictive government on its back, business becomes as ill-fated to its world as the dinosaur became to its world, particularly small business.

I am frequently amazed at the perception of the world that usually motivates legislation such as H.R. 1616. That perception seems to be that all business is big business, and that every business has mapped out a precise detail; every move that it will make affecting every one of its employees for months and years down the road.

This just is not the case. Many employment changes take place that the employer cannot foresee very far in advance. The supporters of this bill say that it is taken into account by their "escape clause," that exempts from liability an employer struck by "unforeseeable business circumstances."

What this escape clause really does is invite litigation over the employer's knowledge, intentions, and business judgment every time it is invoked, and I want to underline that, because that is a prime concern of this legislation.

What this escape clause really does is invite litigation, and I challenge anyone to suggest that it will not.

Despite the complicated threshold formula in the Jeffords amendment, as the Jeffords amendment is to the number of employees suffering an employment loss, the bill still potentially could apply to any employer with more than 50 employees.

According to the Census Bureau, this amounts to nearly 232,000 employers in 1983. In passing this legislation, we would be telling these 232,000 employers, most of them small businesses, that if they fall on hard financial times, they must worry not only about surviving and saving jobs, but also about dotting every "i" and crossing every "t" for the Government.

If this legislation becomes law, many employers will have no choice but to provide advance notice when an employment loss may only be speculative, and may in fact be unnecessary.

What else can happen to the employer trying to fulfill his or her legal obligations and trying to avoid future liability in this way and trying to take care of their employees? In many cases, once word is out, creditors will

begin calling loans; customers will search for a more secure supplier; suppliers will refuse to extend credit; investors and leaders will withhold the financing that could resuscitate the business.

In the end, employers that would not have had to, will be forced to close their doors and more jobs will be lost.

As bad as this legislation would be for existing employers and jobs, it would be worse for future job creation.

The CHAIRMAN. The time of the gentleman from Texas [Mr. STENHOLM] has expired.

Mr. STENHOLM. Mr. Chairman, I ask unanimous consent that I may be allowed to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. CLAY. Mr. Chairman, I object.

The CHAIRMAN. Objection is heard.

Mr. ROWLAND of Connecticut. Mr. Chairman, I rise in opposition to the bill.

First, Mr. Chairman, I want to thank and commend the gentleman from Vermont [Mr. JEFFORDS] for his sincere efforts to make this bill more acceptable. It is certainly a well-intentioned effort.

However, passing a bill with mandatory notification is still ill-conceived; adopting a flawed bill for the sole purpose of getting notification on the books is not good government practice.

The amendment changes the language affecting the reduction of notification period from unavoidable business circumstances to unforeseeable business circumstances. Both terms, in my opinion, are ambiguous and confusing.

Many interested parties, even those against notification, like this terminology. They feel it provides an escape hatch, and many even believe that it will gut the notification process.

However, I believe the ambiguous terminology merely throws the issue into the court system. Mandatory notification sends the wrong signal. It sends a distress signal; a surrendering signal. Quite frankly, it would be the same impact to have a company affected by 90-day notification to run a white flag up their particular flagpole.

Mandatory notification, in my opinion, guarantees loss of jobs. It guarantees that suppliers will stop supplying. It guarantees that supplies will be delivered c.o.d. or without any consideration with normal business considerations.

It will guarantee that customers and clients will go to their competitors; banks, and loan associations will look the other way, and finally, employees will jump ship as quickly as possible.

If the assumption of mandatory notification is to indicate a troubled financial condition, then it does not make much sense to put the final nail in the coffin by shutting off supplies, by shutting off creditors, by shutting off customers, and finally by shutting off employees.

My hometown of Waterbury, CT, used to be the brass capital of the world, and we have seen our share of plant closings over the years. In Connecticut, we have developed a positive approach. We considered notification over the past few years; we have developed an approach without any mandatory notification, the idea of giving severance pay to those affected employees. The idea of getting the economic development people to look at the affected employees as priority items, job training, job creation, fringe benefits, and continued health benefits; and again, the opportunity to get everyone involved in the process.

I believe this positive approach is the only way to solve the problem.

This bill is also presented as a compromise. Well, I have been looking at both sides and I wonder who the compromise is between: the supporters of the bill still support this amendment; those opposed to the original bill still oppose the amendment. So I would like to see where the so-called compromise exists.

If you are opposed to mandatory notification, you should be opposed to this amendment. There is no in-between. There is no easy political way out; and as we will soon see, there is no safe vote.

Making a bad bill better does not necessarily produce good legislation.

I believe we have got to work with companies that are in financial trouble; we have got to give economic assistance; we have got to get our State economic development people involved; we have got to get our community and political leaders involved, and finally we have got to prove that this legislative body should not force businesses to raise the white flag.

Let us not be the legislative body that forces the final nail in the coffin; let us be the positive reinforcement to the jobs in our community, and not the destructive, the negative, or the punishing impact that this bill would dictate.

□ 1220

There are a few bad apples, and we have discussed this. We have seen the horror stories. But I do not think we can paint this whole issue with one wide brush. Good intentions, and these are indeed good intentions as expressed on both sides of the issue, do not necessarily dictate good legislation.

I thank the chairman.

Mr. CONTE. Mr. Chairman, today we bring the committee the amendment to end all amendments, the compromise to end all compromising. No more deals; no more quibbling; no more nitpicking. Throw away all the speeches.

Today we give the committees straight up or down vote on 3 months' notification, pure and simple. You're either with us or against us.

Throw away your speeches about the demons that would be unleashed by consultation.

That battle was fought and lost on Thursday, and we have not included a consultation provision in the amendment before the committee. I, for one, wish an agreement could have been reached on consultation. But that's water over the dam at this point, and consultation is not before the committee.

Throw away your speeches about court injunctions preventing employers from shutting down unprofitable plants.

Injunctive relief was eliminated in the substitute we offered last week, and we do not bring it back in the amendment we offer today. A 90-day back pay remedy is the exclusive remedy for violations of the act.

Throw away your speeches about hidden agendas and union conspiracies. Many unions already have notice provisions in their contracts, so today's vote isn't about unions. Today's vote is about workers.

It's about the 80 percent of the work force that is not represented by unions and has no protections from sudden dislocation. It's about the 5½ million Americans who lost their jobs in the last 5 years and received no notice whatsoever of their layoff.

Just listen to the groups that endorse 90 days' notice: The National League of Cities, the National Urban League, the National Neighborhood Coalition, the Rural Coalition, the Full Employment Action Council, the Lutheran Council, the United Methodist Church, the Presbyterian Church, the U.S. Catholic Conference, and dozens of others. This isn't a union bill. This is a workers' bill. This is a bill about workers, their families, and their communities.

My friend from Texas [Mr. BARTLETT] said it best last week, when he said all the debate on this bill "boils down to two items. One is mandatory notification, and one is mandatory consulting." Well, consultation is gone, and that leaves notification.

Don't be fooled by those who suggest that last week's vote gutted this bill and today's action is meaningless. The canoe I spoke about last week is taking on water, but it hasn't sunk!

Consultation was an important part of our bill, but it only applied to 20 percent of the work force. Eighty percent of our bill, its heart and soul, is and has always been 90 days' notice. That's the issue today.

Any attempt today, however, to weaken this compromise, this bottom line position, would do it in. The amendment before the committee is already so watered down that if we water it down anymore, that's all we'll have left—water.

And if it's one thing we have enough of around here, it's water bills!

Mr. Chairman, it's been a long wait for a plant closing bill that provides at least some small measure of relief, some small measure of hope, for our people. But the wait is over. Today this House has an opportunity to do something for a group of people who don't have a rich and powerful lobby in Washington—the dislocated worker.

It won't cost Government a dime, and it won't impose on employers anything that responsible corporations aren't already providing voluntarily.

The amendment before the committee isn't everything our people need.

It's not everything I want. But it's the product of compromise, and I think 90 days' notice is the benchmark for consensus on this issue.

So throw away your speeches.

No more delay—and, of course, I mean no reference to our colleague from Texas—but I say again, no more delay! Ninety days' notice, up or down. Let's do something for our working people.

Let's do something for people facing the menace of sudden unemployment without notice. Let's do the right thing, and let's get on with it.

Mr. JEFFORDS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I just want to very briefly summarize where we are. The question comes right down to this: Do you believe that we should have notice or not? Now we can argue later on as to the size of that notice or the businesses that ought to be covered by that notice. But I think everyone ought to agree with my substitute unless you are totally against the bill and you do not want to improve it because you might make it better and it might pass.

Let us talk about what we have done here and look at the Roemer substitute.

I take the gentleman at good faith that he wants to come out with a bill that he can support and which would have notice in a different kind and size of coverage. The other parts of our bill are the same, pretty much, they will be the same. The differences we can talk about later on. But on such important items as the unforeseeability, in other words, we have tried to amend this to make sure that we do not require any businesses to absolutely go out of business until such time as there is no other alternative in that businessman's mind. We changed that. We agree on that. We also agreed that we should allow the task force to go forward to give us better ideas. And both of us, the gentleman from Louisiana and I, agree that we should have an effective date at a time when we can take into consideration those decisions of that task force to see if we have made any grievous errors in what we pass here today.

So I urge you to vote for my substitute because then we would be in a position to again discuss those questions of how much notice and the number of businesses to be covered.

Do those differences give you an idea? My amendment already will exclude 92 percent of the businesses in this country and 50 percent of the workers. That is going awful far. But we have done that because we think the size of the business is one that would have an effect on the community. Neither of us, the gentleman from Louisiana nor I—we agree that when 100 workers are laid off that ought to trigger it. In his, the coverage would exclude 95 percent, more than 95 percent of the businesses in this country and 75 percent of the workers. But we will discuss that issue later on. Let us get down to the two best alternatives if you believe that we should give workers and communities notice. That is the issue, that is what you are going to be asked to do now. Later on we can discuss those other issues.

I urge you to vote for this substitute regardless of how you feel about the gentleman from Louisiana's position.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Vermont [Mr. JEFFORDS] to the amendment in the nature of a substitute offered by the gentleman from Michigan [Mr. FORD], as amended.

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. CLAY. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present. Pursuant to the provisions of clause 2 of rule XXIII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the pending question following the quorum call. Members will record their presence by electronic device.

The call was taken by electronic device.

The following Members responded to their names:

[Roll No. 418]

Ackerman	Bedell	Brooks
Akaka	Bellenson	Broomfield
Alexander	Bennett	Brown (CO)
Anderson	Bentley	Broyhill
Andrews	Bereuter	Bruce
Annunzio	Berman	Bryant
Anthony	Bevill	Burton (CA)
Applegate	Bliley	Burton (IN)
Archer	Boehlert	Bustamante
Armey	Boggs	Byron
Aspin	Boland	Callahan
AuCoin	Boner (TN)	Campbell
Badham	Bonker	Carney
Barnard	Borski	Carper
Barnes	Bosco	Carr
Bartlett	Boucher	Chandler
Barton	Boulter	Chapman
Bateman	Boxer	Chappell
Bates	Breaux	Cheney
Clay	Hansen	Mitchell
Clinger	Hartnett	Moakley
Coats	Hatcher	Molinari
Cobey	Hayes	Mollohan
Coble	Hefner	Monson
Coleman (MO)	Heftel	Montgomery
Coleman (TX)	Hendon	Moody
Collins	Henry	Moore
Combest	Hertel	Moorhead
Conte	Hiler	Morrison (CT)
Cooper	Holt	Morrison (WA)
Coughlin	Hopkins	Mrazek
Courter	Howard	Murphy
Coyne	Hoyer	Murtha
Craig	Huckaby	Myers
Crane	Hughes	Natcher
Crockett	Hunter	Neal
Daniel	Hutto	Nichols
Dannemeyer	Hyde	Nielson
Darden	Ireland	Nowak
Daub	Jacobs	O'Brien
Davis	Jeffords	Oakar
de la Garza	Jenkins	Oberstar
DeLay	Johnson	Obey
Dellums	Jones (NC)	Olin
Derrick	Jones (OK)	Ortiz
DeWine	Jones (TN)	Owens
Dickinson	Kanjorski	Oxley
Dicks	Kaptur	Packard
Dingell	Kasich	Panetta
DioGuardi	Kastenmeier	Parris
Dixon	Kemp	Pashayan
Donnelly	Kennelly	Pease
Dorgan (ND)	Kildee	Penny
Dornan (CA)	Kleczka	Pepper
Dowdy	Kolbe	Perkins
Downey	Kolter	Petri
Dreier	Kostmayer	Pickle
Duncan	LaFalce	Porter
Durbin	Lagomarsino	Pursell
Dwyer	Lantos	Quillen
Dyson	Latta	Rangel
Early	Leach (IA)	Ray
Eckart (OH)	Leath (TX)	Regula
Eckert (NY)	Lehman (CA)	Reid
Edgar	Lehman (FL)	Richardson
Edwards (CA)	Leland	Ridge
Edwards (OK)	Lent	Rinaldo
Emerson	Levin (MI)	Ritter
English	Levine (CA)	Roberts
Erdreich	Lewis (CA)	Robinson
Evans (IA)	Lewis (FL)	Rodino
Evans (IL)	Lightfoot	Roe
Fascell	Lipinski	Roemer
Fawell	Livingston	Rogers
Fazio	Lloyd	Rostenkowski
Feighan	Loeffler	Roth
Fiedler	Long	Roukema
Fields	Lott	Rowland (CT)
Fish	Lowery (CA)	Rowland (GA)
Flippo	Lowry (WA)	Roybal
Florio	Lujan	Rudd
Foglietta	Luken	Russo
Foley	Lundine	Sabo
Ford (MI)	Lungren	Savage
Ford (TN)	Mack	Saxton
Fowler	MacKay	Schaefer
Franklin	Madigan	Scheuer
Frenzel	Manton	Schneider
Frost	Markey	Schroeder
Fuqua	Marlenee	Schuette
Gallo	Martin (IL)	Schulze
Garcia	Martin (NY)	Schumer
Gaydos	Martinez	Seiberling
Gejdenson	Matsui	Sensenbrenner
Gekas	Mavroules	Sharp
Gephardt	Mazzoli	Shaw
Gibbons	McCain	Shelby
Gilman	McCandless	Shumway
Gingrich	McCloskey	Shuster
Glickman	McCollum	Sikorski
Gonzalez	McCurdy	Siljander
Goodling	McDade	Sisisky
Gordon	McEwen	Skeen
Gradison	McGrath	Skelton
Gray (IL)	McHugh	Slattery
Gray (PA)	McKernan	Slaughter
Green	McMillan	Smith (FL)
Gregg	Meyers	Smith (IA)
Grotberg	Mica	Smith (NE)
Guarini	Michel	Smith (NJ)
Gunderson	Mikulski	Smith, Denny (OR)
Hall (OH)	Miller (CA)	Smith, Robert (NH)
Hall, Ralph	Miller (OH)	Snowe
Hamilton	Miller (WA)	
Hammerschmidt	Mineta	

Snyder	Tauzin	Weiss
Solarz	Taylor	Wheat
Solomon	Thomas (CA)	Whitehurst
Spence	Thomas (GA)	Whitley
Spratt	Torres	Whittaker
St Germain	Torricelli	Whitten
Staggers	Towns	Williams
Stangeland	Traficant	Wilson
Stark	Traxler	Wirth
Stenholm	Udall	Wise
Stokes	Valentine	Wolf
Strang	Vander Jagt	Wolpe
Stratton	Vento	Wortley
Studds	Visclosky	Wright
Stump	Volkmer	Wyden
Sundquist	Vucanovich	Wylie
Sweeney	Walgren	Yates
Swift	Walker	Yatron
Swindall	Watkins	Young (FL)
Synar	Waxman	Young (MO)
Tallon	Weaver	Zschau
Tauke	Weber	

□ 1235

The CHAIRMAN pro tempore (Mr. MURTHA). Four hundred eight Members have answered to their names, a quorum is present, and the Committee will resume its business.

RECORDED VOTE

The CHAIRMAN pro tempore. The pending business is the demand of the gentleman from Missouri [Mr. CLAY] for a recorded vote.

A recorded vote was ordered.

The CHAIRMAN pro tempore. Members are reminded that this is a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 211, noes 201, not voting 22, as follows:

[Roll No. 419]

AYES—211

Ackerman	Dorgan (ND)	Kanjorski
Akaka	Downey	Kaptur
Anderson	Durbin	Kastenmeier
Annunzio	Dwyer	Kennelly
Applegate	Dyson	Kildee
Aspin	Early	Kleczka
Barnes	Eckart (OH)	Kolter
Bateman	Edgar	Kostmayer
Bates	Edwards (CA)	LaFalce
Bedell	Erdreich	Lantos
Bellenson	Evans (IL)	Leach (IA)
Bennett	Fascell	Lehman (CA)
Berman	Fazio	Lehman (FL)
Bevill	Feighan	Leland
Boehlert	Fish	Levin (MI)
Boggs	Flippo	Levine (CA)
Boland	Florio	Lipinski
Boner (TN)	Foglietta	Long
Bonker	Foley	Lowry (WA)
Borski	Ford (MI)	Luken
Bosco	Ford (TN)	Madigan
Boucher	Frank	Manton
Boxer	Frost	Markey
Brooks	Garcia	Martinez
Bruce	Gaydos	Matsui
Bryant	Gejdenson	Mavroules
Burton (CA)	Gephardt	Mazzoli
Bustamante	Gibbons	McCloskey
Carper	Gilman	McHugh
Clay	Glickman	Mica
Clinger	Gonzalez	Mikulski
Coelho	Gordon	Miller (CA)
Coleman (TX)	Gray (IL)	Miller (WA)
Collins	Gray (PA)	Mineta
Conte	Guarini	Mitchell
Cooper	Gunderson	Moakley
Coughlin	Hall (OH)	Mollohan
Coyne	Hamilton	Moody
Crockett	Hayes	Morrison (CT)
Davis	Heftel	Morrison (WA)
de la Garza	Hertel	Mrazek
Dellums	Howard	Murphy
Dicks	Hoyer	Murtha
Dingell	Hughes	Natcher
Dixon	Jacobs	Nowak
Donnelly	Jeffords	Oakar
Oberstar	Sabo	Towns
Obey	Savage	Traficant
Olin	Scheuer	Traxler
Ortiz	Schneider	Udall
Owens	Schroeder	Vento
Panetta	Schumer	Visclosky
Pashayan	Seiberling	Volkmer
Pease	Sharp	Walgren
Penny	Sikorski	Waxman
Pepper	Skelton	Weaver
Perkins	Slattery	Weiss
Petri	Smith (FL)	Wheat
Rahall	Smith (IA)	Whitten
Rangel	Smith (NJ)	Williams
Reid	Solarz	Wilson
Richardson	Spratt	Wirth
Ridge	St Germain	Wise
Rinaldo	Staggers	Wolpe
Ritter	Stark	Wright
Robinson	Stokes	Yates
Rodino	Stratton	Yatron
Roe	Studds	Young (AK)
Rostenkowski	Swift	Young (MO)
Roybal	Torres	
Russo	Torricelli	

NOES—201

Alexander	Grotberg	Packard
Andrews	Hall, Ralph	Parris
Anthony	Hammerschmidt	Pickle
Archer	Hansen	Porter
Armey	Hartnett	Pursell
AuCoin	Hatcher	Quillen
Badham	Hefner	Ray
Barnard	Hendon	Regula
Bartlett	Henry	Roberts
Barton	Hiler	Roemer
Bentley	Holt	Rogers
Bereuter	Hopkins	Roth
Bilirakis	Huckaby	Roukema
Bliley	Hunter	Rowland (CT)
Boulter	Hutto	Rowland (GA)
Breaux	Hyde	Rudd
Broomfield	Ireland	Saxton
Brown (CO)	Jenkins	Schaefer
Broyhill	Johnson	Schuette
Burton (IN)	Jones (NC)	Schulze
Byron	Jones (OK)	Sensenbrenner
Callahan	Jones (TN)	Shaw
Campbell	Kasich	Shelby
Carney	Kemp	Shumway
Chandler	Kolbe	Shuster
Chapman	Lagomarsino	Siljander
Chappell	Latta	Sisisky
Cheney	Leath (TX)	Skeen
Coats	Lent	Slaughter
Cobey	Lewis (CA)	Smith (NE)
Coble	Lewis (FL)	Smith, Denny (OR)
Coleman (MO)	Lightfoot	Smith, Robert (NH)
Combest	Livingston	Snowe
Courter	Lloyd	Snyder
Craig	Loeffler	Solomon
Crane	Lott	Spence
Daniel	Lowery (CA)	Stangeland
Dannemeyer	Lujan	Stenholm
Darden	Lundine	Strang
Daub	Lungren	Stump
DeLay	Mack	Sundquist
Derrick	MacKay	Sweeney
DeWine	Marlenee	Swindall
Dickinson	Martin (IL)	Synar
DioGuardi	Martin (NY)	Tallon
Dornan (CA)	McCain	Tauke
Dowdy	McCandless	Tauzin
Dreier	McCollum	Taylor
Duncan	McCurdy	Thomas (CA)
Eckert (NY)	McDade	Thomas (GA)
Edwards (OK)	McEwen	Valentine
Emerson	McGrath	Vander Jagt
English	McKernan	Vucanovich
Evans (IA)	McMillan	Walker
Fawell	Meyers	Watkins
Fiedler	Michel	Weber
Fields	Miller (OH)	Whitehurst
Fowler	Molinari	Whitley
Franklin	Monson	Whittaker
Frenzel	Montgomery	Wolf
Fuqua	Moore	Wortley
Gallo	Moorhead	Wyden
Gekas	Myers	Wylie
Gingrich	Neal	Young (FL)
Goodling	Nichols	Zschau
Gradison	Nielson	
Green	O'Brien	
Gregg	Oxley	

NOT VOTING—22

Addabbo	Daschle	McKinney
Atkins	Dymally	Nelson
Biaggi	Hawkins	Price
Bonior (MI)	Hillis	Rose
Brown (CA)	Horton	Smith, Robert (OR)
Carr	Hubbard	Stallings
Chappie	Kindness	
Conyers	Kramer	

□ 1250

Mr. BEREUTER and Mrs. MARTIN of Illinois changed their votes from "aye" to "no."

Mr. PEASE changed his vote from "no" to "aye."

So the amendment to the amendment in the nature of a substitute, as amended, was agreed to.

The result of the vote was announced as above recorded.

Mr. GUNDERSON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I have taken this time in order to engage the distinguished chairman of the subcommittee and the distinguished ranking minority member of the committee in a colloquy.

I would like to address the definition of "affected employees," both as it currently stands in the pending Ford substitute and as it has now been amended by Mr. JEFFORDS' amendment.

There has been some question as to whether or not construction industry employees who are not hired on a permanent basis, but for a fixed tenure extending only to the completion of a special project, would be covered under this substitute—even if that project extends beyond 1 year. Is it the intention of those offering the substitute, that this measure applies to workers in the construction industry—and if so, to what extent?

Mr. CLAY. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I yield to my distinguished colleague, the gentleman from Missouri.

Mr. CLAY. In reply to the gentleman's question, the substitute is written to include the construction industry. However, it is the understanding and intent of those offering the substitute that, under normal circumstances—that is where a construction project is proceeding according to schedule and is being closed out in accordance with project plans—the standard hiring procedure would constitute appropriate notification of intent to lay off employees at the conclusion of the job.

Mr. GUNDERSON. I thank the subcommittee chairman for his explanation.

Mr. Chairman, I will ask the gentleman from Vermont [Mr. JEFFORDS], do you have a similar understanding as to how your amendment would affect construction workers employed on such fixed tenure projects?

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I yield to the gentleman from Vermont.

Mr. JEFFORDS. In answer to the gentleman's question, my amendment is not intended to exclude the construction industry either. Workers under temporary projects with durations of less than 2 years would not be covered under the provisions of the act as provided for under the definition of "employee" in my amendment. For those construction workers employed in projects which extend beyond a 1-year period, it is the intent of this amendment that when a construction project is proceeding according to schedule and is being closed out in accordance with project plans—even if that project extends beyond a 1-year period—the hiring procedure used by the employer would serve as notification of intent to layoff in accordance with this act, provided the employees are made clearly aware of this future termination at the time of hiring. Notice would have to be provided, however, if a layoff were to occur at any time other than that indicated at the time of hiring.

Mr. GUNDERSON. Mr. Chairman, I thank my ranking minority member for his response.

Mr. MURPHY. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I am happy to yield to the gentleman from Pennsylvania.

Mr. MURPHY. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, now that the House has wisely adopted the Jeffords amendment to restore to some extent the effectiveness of H.R. 1616, I rise in strong support of the measure.

Mr. Chairman, I rise in support of H.R. 1616 and urge my colleagues to vote for passage of this legislation.

The Plant Closing Notification and Consultation Act establishes for the first time that the employees of a company or plant about to be shut down have the right to be informed in advance of its closure. This legislation does not afford those employees the ability to prevent the shut down, and does not in any way restrict a company's right to move its operations elsewhere, or to eliminate inefficient or unproductive facilities. It simply provides that at least 3 months prior to closing a plant, or laying off employees for more than 6 months, the employees or their representative must be notified.

In southwestern Pennsylvania we have become all too familiar with the loss of major employers and the impact that that loss has on the surrounding communities. I understand the necessity of terminating inefficient plants and unprofitable product lines. As I have stated, this bill does not prevent that. However, those decisions are not made overnight. Before a corporation makes the decision to extinguish a multimillion dollar facility a great deal of planning and internal discussion is necessary. To state that corporations need the ability to act immediately in order to remain competitive is extremely naive, and also untrue.

My experience has been that corporations make the decision to close a particular plant as much as 2 years in advance. However, they frequently refrain from informing the employees until just days prior to their termination. I believe an employee who has labored for a company for 20 or 30 years deserves more than 48 hours' notice. In fact, that employee deserves much more than 90 days' notice.

Where an employer truly does need to close a facility overnight it would be permitted in this legislation. However, the employer would have a burden of proof. In a legitimate case that should not be a difficult requirement to meet.

In reacting to announcements of closing it is frequently possible to prevent the shutdown through consultation with local public officials, labor representatives, and interested members of the community. This bill does not mandate union, or community approval for the company's decision, but simply requires that the company consult with these parties as to why this action is being taken. Many times this consultation results in revised labor practices, improved service from the community, reformed tax schedules and several other measures which can eliminate the need for closing the plant. Without the knowledge that a company or plant is in financial trouble the community cannot help. Consultation makes it possible to try.

Also, notification of the work force has been proven to greatly ease the transition for those employees. Notice enables employees to begin to look for new jobs, or to seek out retraining while they are still employed. This greatly reduces the burdens on the Federal Government by decreasing the reliance on unemployment compensation, food stamps, and welfare.

Mr. Chairman, at a time when our domestic industries are forced to compete with illegally subsidized foreign companies without the benefit of enforcement of U.S. trade laws I would be willing to support almost any legislative effort to make the market more equitable. It is essential that we improve the ability of our industries to compete. However, it is even more important that in seeking to assist those companies we ensure that their employees are protected from abuse of our efforts. It is imperative that we not permit industries to abuse our sympathies by wantonly terminating the jobs of hardworking men and women under the guise of meeting foreign competition.

H.R. 1616 provides for fair treatment of the workers and communities that have enabled these industries to thrive.

Again, I urge my colleagues to support passage of this legislation.

Mr. DE LA GARZA. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will take but a very brief moment to ask a question of my distinguished colleague, the gentleman from Vermont [Mr. JEFFORDS].

In the gentleman's amendment he stipulates that seasonal-type operations will not be affected; is this correct?

Mr. JEFFORDS. Mr. Chairman, if the gentleman will yield, that is correct.

Mr. DE LA GARZA. In our area we have packing sheds and juice-canning plants, but sometimes it extends into other operations like a brick factory that in effect is seasonal but is unrelated to a crop. So by "seasonal," does the gentleman mean seasonal timewise, or is it tied to a seasonal crop?

Mr. JEFFORDS. Mr. Chairman, let me read the words of the amendment for the gentleman. I think this will clear up his concerns. This is under (3):

"Employee" means an individual who has been employed by an employer for more than 6 months, but does not include any seasonal worker or other worker for whom there is no reasonable expectation of permanent employment in excess of one year;

Mr. Chairman, I believe that would take care of the gentleman's circumstances.

Mr. DE LA GARZA. So regardless of whether it is in the building industry or in manufacturing, if it is temporary or employment for less than 1 year, the prevailing situation there is that it would be seasonal for whatever reason, and then it would come under that part of the gentleman's amendment; is that correct?

Mr. JEFFORDS. The gentleman is correct.

Mr. DE LA GARZA. Mr. Chairman, I thank the gentleman, and I yield back the balance of my time.

AMENDMENT OFFERED BY MR. ROEMER AS A SUBSTITUTE FOR THE AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. FORD OF MICHIGAN, AS AMENDED

Mr. ROEMER. Mr. Chairman, I offer an amendment as a substitute for the amendment in the nature of a substitute, as amended.

The Clerk read as follows:

Amendment offered by Mr. ROEMER as a substitute for the amendment in the nature of a substitute offered by Mr. FORD of Michigan, as amended: Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Community and Dislocated Worker Notification Act".

SEC. 2. DEFINITIONS.

As used in this Act, the term—

(1) "employer" means any business enterprise that employs 200 or more full-time employees at a single site;

(2) "plant closing or mass layoff" means, except as provided in section 4(b), an employment loss for 100 or more employees of an employer at any site during any 30-day period;

(3) "employee" means an individual who has been employed full-time by an employer for more than 6 months, but does not include any seasonal worker or other worker for whom there is no reasonable expectation

of permanent employment in excess of one year;

(4) "affected employees" means employees who may reasonably be expected to experience an employment loss as a consequence of a proposed plant closing or mass layoff;

(5) "representative" means an exclusive representative of employees as determined under the National Labor Relations Act (29 U.S.C. 141 et seq.) of under the Railway Labor Act (45 U.S.C. 151 et seq.);

(6) "employment loss" means—

(A) an employment termination, other than a discharge for cause,

(B) a layoff of indefinite duration, or

(C) a layoff of definite duration exceeding 6 months;

(7) "Secretary" means the Secretary of Labor; and

(8) "Task Force" means the National Task Force on Economic Adjustment and Worker Dislocation described in section 6 of this Act.

SEC. 3. NOTICE REQUIRED BEFORE PLANT CLOSINGS AND MASS LAYOFFS.

(a) NOTICE TO EMPLOYEES.—An employer shall not order a plant closing or mass layoff until the end of a period of 60 days after the employer serves written notice of a proposal to issue such an order to the representative or representatives of the affected employees with respect to such order or, if there is no such representative, to each affected employee with respect to such order.

(b) REDUCTION OF NOTIFICATION PERIOD.—An employer may order a plant closing or mass layoff before the conclusion of the 60-day period described in subsection (a) if the employer implements such order as a consequence of unforeseeable business circumstances.

SEC. 4. ADMINISTRATION AND ENFORCEMENT OF REQUIREMENTS.

(a) CIVIL ACTIONS AGAINST EMPLOYERS.—(1) Any employer who orders a plant closing or mass layoff in violation of section 3 of this Act shall be liable to each employee who suffers an employment loss as a result of such closing or layoff for back pay and related benefits for each day of such violation, not to exceed a total of 60 days. A person seeking to enforce such liability (including a representative of employees) may sue either for himself or for other persons similarly situated, or both, in any district court of the United States for any district in which the violation is alleged to have occurred, or in which the employer transacts business.

(2) In any such suit, the court may, in addition to any judgment awarded the plaintiff or plaintiffs, allow a reasonable attorneys' fee to be paid by the defendant, together with the costs of the action.

(3) The remedy provided by this subsection shall constitute the exclusive remedy with respect to violations of this Act.

(b) DETERMINATIONS WITH RESPECT TO EMPLOYMENT LOSS.—For purposes of this section, in determining whether a plant closing or permanent layoff has occurred or will occur, employment losses for two or more groups, each of which is less than the minimum number required by section 2(2) but which in the aggregate equals or exceeds such minimum number, occurring within any 90-day period shall be considered to be a plant closing or mass layoff unless the employer demonstrates that the employment losses are the result of separate and distinct actions and causes and are not an attempt by the employer to evade the requirements of this Act.

SEC. 5. PROCEDURES IN ADDITION TO OTHER RIGHTS OF EMPLOYEES.

The rights and remedies provided to employees by this Act are in addition to, and not in lieu of, any other contractural, statutory, or other legal rights and remedies of the employees, but the rights afforded to employees under this Act may be expressly waived as a permissive subject of bargaining pursuant to a collective bargaining agreement entered into under the National Labor Relations Act or the Railway Labor Act.

SEC. 6 NATIONAL TASK FORCE ON ECONOMIC ADJUSTMENT AND WORKER DISLOCATION.

(a) DUTIES.—The National Task Force on Economic Adjustment and Worker Dislocation established by the Secretary, shall, among other things, analyze—

(1) the personal, social, and economic costs associated with plant closings and mass layoffs;

(2) the causes of, and the nature of decisionmaking with respect to, such closings and layoffs;

(3) existing domestic and foreign governmental policies and programs for responding to such closings and layoffs;

(4) existing Federal programs directed at assisting the dislocated worker;

(5) exising and potential government programs, including potential incentives to employers, to assist business, labor, and communities to respond to the problems resulting from plant closing and dislocation;

(6) current voluntary activities within business and industry aimed at assisting the dislocated worker in making the transition to new work opportunities; and

(7) methods by which the Federal Government could encourage and assist States to strengthen experience rating systems in their unemployment compensation systems in a manner that would provide employers with incentives to give advance notification of plant closings.

(b) TASK FORCE REPORT.—The Task Force shall report its findings directly to the Secretary not later than December 31, 1986.

SEC. 7. EFFECTIVE DATES.

This Act shall take effect on July 1, 1987, except that section 6 shall take effect on the date of the enactment of this Act.

Mr. ROEMER (during the reading). Mr. Chairman, I ask unanimous consent that the substitute amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

□ 1300

Mr. ROEMER. Mr. Chairman, my substitute adopts all provisions of the Jeffords amendment to the Ford substitute that was just passed on the House floor, with two exceptions. It is those two exceptions that I ask you to consider.

In the debate back and forth on a 3-day period on this amendment, many good and serious economic points have been made. I believe that a step toward notification on behalf of employees is both needed and realistic.

I urge those who have considered voting against this measure no matter what its trappings to reconsider if my substitute can be adopted.

My substitute does two things. It changes the 90-day notice to 60, which happens to be the same notice as given in Maine talked about so frequently on this House floor as a success.

Number two, my amendment would have the unit size of companies affected raised from 50 in the Jeffords amendment to 200 in my amendment and the triggering loss would be 100 employees.

The majority leader just a few minutes ago when he spoke on behalf of the Jeffords amendment said on the House floor that we ought to tell the great and large corporations in America about their social responsibility for notice. I agree with that.

The only problem is that the Jeffords amendment did not do that. It did not tell the great and large corporations that they ought to give notice. The same corporations with money and staff and the ability to plan ahead ought to give notice.

What the Jeffords amendment did the way it was constructed is to go down into the bowels, the workings of a small business. It set the unit size at 50. That is too low.

I think good management and commitment to employees is important in America. We ought to emphasize that. The way to make it work, though, is not to put Government into the smallest of our mom and pop businesses. The way for it to work is not to put Government in the smallest restaurants across our towns, our cities and our country.

I am not asking you to give up notice. I am asking you to make notice work for just the purpose that the majority leader said, the good, the great and the large corporations of America.

Second of all, 60 as opposed to 90, we have limited working experience in the United States with notice, but where we have it, it is based on 60 days' notice, as in Maine. I am asking you to consider both these moves. I do not think they weaken the bill. I think they strengthen it. I think they say something across this country, but allow small business to grow unimpeded by our, I think, cavalierly affecting a unit size as small as 50.

My friend, the gentleman from Wisconsin [Mr. GUNDERSON], I think made a good point about the fact that we have often done things as a nation to improve the conditions of employers and employees. A classic example that he gave was the minimum wage. What we are talking about here is minimum notice. I know there are many who would like it to be 180 days or 360 days. It is impractical in the real world. I think 60 days is better than zero, but much better than 90. It is reasonable. It is realistic and when you couple it with a unit size of 200 employees, I think you make this bill stronger, not weaker.

Mr. Chairman, I urge the adoption of my substitute.

Mrs. ROUKEMA. Mr. Chairman, I move to strike the requisite number of words and I rise in support of the substitute.

Mr. Chairman, I strongly support the substitute of the gentleman from Louisiana. I do not wish to prolong the debate. This debate has carried on for many hours, but I would like to summarize my reasons for supporting the Roemer amendment.

The gentleman from Louisiana has done an eminently good job of doing that himself, but as the ranking Republican on the subcommittee, I want to express myself.

I think the gentleman quite correctly points out that this substitute will strike the proper balance, the balance that we need between our feelings of generosity and humaneness and understanding and empathy and sympathy for the working men and women of this country who, for all kinds of economic, social and psychological reasons, need some notification. But it recognizes in granting a 60-day notification the necessity for businesses, particularly small and medium-sized businesses, to have reasonable expectations that they can deal with their own internal economic problems and financial problems.

In some cases, if given a longer period of time, those businesses can actually survive.

Now, there is no magic number between 60 days or 90 days, but we do know two States who have such legislation and those two States have selected 60 days and it seems to be functioning and working on a practical basis in both Maine and Wisconsin.

With respect to the choice of the time for notification, let me say that if we are going to err, we must err on the side of caution, because too much economic dislocation and job loss would be the consequence if we were to make a wrong decision here.

Now, erring on the side of caution would be 60 days and for good reason. This bill is not going to trigger in and become effective until 6 months after the Brock task force has reported. Now, there has not been much reference here to the Brock task force, but it will play a very important role. The legislation recognizes that the Brock task force has something to contribute here because there is more that is unknown about our problems of economic dislocation than is known, such as the experience of the two States who have experience, and in Germany, France, and England, where plant closing legislation or notification has not worked effectively, and has actually been detrimental.

I raise the subject of the task force also in connection with the very real problem that we face here that the gentleman from Louisiana [Mr. ROEMER] has addressed in a very prudent way. That is the size of plants and businesses which should be covered in terms of whether they be part-time or full-time employees or the number of layoffs as a proportion of the total size of that plant. The gentleman from Louisiana [Mr. ROEMER] has spoken eloquently on making the distinction between a large corporation and the real needs of employers and employees in those small- and medium-sized plants.

Here again, the information that the task force gathers and the study that they give to this very profound problem will be most helpful, so I think the gentleman's substitute is wisely devised in raising the threshold to 100 and 200 employees.

Finally, I would like to stress, Mr. Chairman, that I hope that this legislation—whatever finally passes this House—I will not be polarizing in terms of contentiousness between one area of the country and the other, the Frost Belt and the Sun Belt, or be contentious in terms of pitting employees against other employees or employees against management.

Therefore, I think reaching this kind of a compromise that strikes a proper balance, that recognizes the important contribution of the task force, is most well advised. I believe that all of this House could get behind the Roemer substitute as a sane and prudent approach to a perplexing problem.

Mr. FORD of Michigan. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the Roemer amendment.

Mr. Chairman, the long and short of it is that 60 days notice is just not enough.

Business Week had Lew Harris do a poll that shows that 68 percent of Americans believe that 1 year's notice should be given of a shutdown. They want more, not less than this bill proposes.

The savings and positive employment effects of advance notice increase with the amount of notice. One month's notice led to 20 percent savings in unemployment compensation.

Now, experts in the field, including former Secretary of Labor, now Secretary of State George Shultz, who incidentally is a student of this phenomenon for many years, in his book interestingly enough thought that 90 days was an optimum period when considered from the standpoint of business and the interests of the workers. He has been on record with that figure for a long time.

Now, the second part of this that is just not right is setting the job loss trigger too high. According to the figures that are supplied by the U.S. Chamber of Commerce, 75 percent of the jobs lost in manufacturing plants are lost in layoffs of less than 200 employees. The Roemer amendment would exclude three-quarters of the American workers from coverage.

Ironically, it excludes the people who need the protection most, because in fact the big employers—and let us not get carried away with this, we do not need this for the auto industry. We do not need this for the steel industry, because we have union contracts in industries like that to provide for more notice, severance pay and all kinds of things that this bill does not do for them; so this bill is not for the large unionized industrial employers. They are already being responsible in a contractual way, if not any other way.

What you do need is the small plant in the small town that really is the heart and soul, the center of the town, that makes a sudden decision that leaves people in a job market where they are not readily absorbable. If you close down a plant with 200 employees in Detroit and it was the only plant that closed this year, we could absorb 200 employees; but I have a lot of small towns in my district that cannot absorb 200 employees. There are not 200 other jobs left in town when you take 200 out; so when you talk about big business being the target of the bill, they are not the target. I do not think there is any point really in passing legislation if you are going to exclude from the protection that you attempt to afford three-quarters of the work force, and particularly the people with the small employers.

We have substantially limited the application of the bill now by accepting the Jeffords amendment which did, in fact, raise the trigger and raises the threshold about double, I believe, from where it would have been under the bill the way we had it written, a little better than double. I think that is about as far as you can go and still have this notice mean anything.

In New York State in 1981, the Roemer trigger would have eliminated 99.8 percent of all the business closings that took place in that State. Now, that is narrowing the target down awfully fine and too small.

The bill and the Jeffords amendment do not ask an employer to do anything it cannot do. If the need for a shutdown is only foreseeable, and remember now that the language of the bill as amended by Jeffords only talks about a foreseeable closing, foreseeable 60 days in advance, the employer is only required to give 60 days' notice under the present bill, if that is the first time he knows that is going to happen. It could, in fact, be 30 if that is the first time he knows it is going to happen before the reality is upon him.

So even the 90-day notice here does not apply to circumstances where less than 90 is dictated by circumstances beyond the control of the owner. It is

only when the owner is making the determination at least 90 days ahead of time that they should come forward with that information.

□ 1315

Mr. GUNDERSON. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I hope to be very brief but would just like to share three quick points of the Roemer amendment because it is very identical to the substitute amendment which I offered in the full Committee on Education and Labor on this issue.

The first thing, and the beauty of the 60-day notice, as opposed to the 90-day notice which is presently in the Ford substitute, as amended by Jeffords, is that the States which presently have notification have 60-day notice requirements. I feel a little bit uncomfortable with this Congress getting into the business of superseding those State laws where we have those 60-day notices.

The State of Wisconsin, where I come from, happens to be one of those States with a 60-day notice. I can tell my colleagues, our 60-day notice is working well.

The second beauty of a 60-day notice is that it is a more viable, realistic one. To expect any business to have made this type of an economic business decision to voluntarily close a plant, in essence a quarter of the year ahead of time, really ignores the whole typical cycles of business that occur in this country. I think simply 90 days is a little bit longer than I would prefer that it would be.

The second element of merit in the Roemer substitute that is before us is that it deals with only those companies with over 200 employees. As the gentleman from Michigan said, I would hope that we do not deal with this legislation in a way that tells everyone the only way in which you can have protection is to have unions which negotiate protection, that frankly most of the unions have it. We are dealing with those companies which are not union.

I have shared with many people examples of my home community, where one large plant that was the lifeblood of that local community decided to close. When we are dealing with 100 employees being laid off at one time, when we are dealing with a company with 200 employees or more in their total work force, those are the kinds of companies that have a devastating effect on small communities.

So if that company up and closes and leaves town, I think not only the employees, but the city fathers, the local community, ought to have some kind of a notice.

So this substitute, in my opinion, strikes the perfect balance. It provides notification, and yet it does so in a way that does not overly burden small business. I encourage my colleagues to support it.

Mr. CLAY. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment offered by the gentleman from Louisiana. The gentleman has proposed that this legislation be limited to employers of 200 or more employees and to layoffs of 100 or more employees. The gentleman contends that the amendment is necessary to protect small employers, but small employers have already been exempted by the amendment offered by the gentleman from Vermont. Over 90 percent of all businesses in this country are exempted from coverage under the bill as it now stands, with us accepting the amendment offered by the gentleman from Vermont.

The gentleman from Louisiana contends that this bill applies to all employers of more than 50 workers. That is not completely accurate. Any layoff of less than 50 full-time workers is exempt, regardless of the size of the employer. Layoffs of less than 100 but more than 50 employees are only covered if the number of workers who are laid off exceeds 30 percent of the work force. Small businesses are not affected by this legislation. Only large businesses are affected, and only major adjustments in the work force, in the case of employers of 50 to 100 employees, only virtual closings are covered.

Let's look at the consequences of the amendment being offered by the gentleman from Louisiana. Think of the towns in your district that may depend on a single employer; the small town that has been built around a saw mill, or a small mine, or a small textile plant. Ask yourself, what would happen to those towns if that employer closed. Think not just of the workers of that plant, but also of all the smaller businesses that depend upon the salaries of those employees. Now think of how many of those major businesses in fact employ less than 200 workers.

As this legislation stands, it does not affect a typical adjustment in the work force that the employer at the mill or mine might have to make. These businesses would only be affected in the event of closure. But if we adopt the amendment offered by the gentleman from Louisiana, those communities, even in the event of the closing of the company that the entire community depends upon, would never have notice.

The circumstance that I have described represents, in my view, the strongest example of the need for this legislation without this amendment. I urge you to defeat this amendment.

Mr. BARTLETT. Mr. Chairman, I rise in support of the amendment.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I yield to the gentleman from Louisiana.

Mr. ROEMER. I thank the gentleman for yielding.

Mr. Chairman, I would like to respond quickly to my friend, the gentleman from Missouri, and the question of small business. I know we are in the business of trying to have it both ways, not you personally but we as a body.

We define small business in our Small Business Committee and the regulations of the Federal Government as 500 employees or less. So the question is small business is clear and I just wanted to set the record straight.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I will yield briefly to the gentleman from Michigan.

Mr. FORD of Michigan. I thank the gentleman for yielding.

I thought the gentleman was going to ask you, but I will ask you on his behalf.

If the Roemer amendment is adopted, will the gentleman then vote for the bill as amended?

Mr. BARTLETT. I cannot speak for the gentleman from Louisiana.

Mr. FORD of Michigan. No, I am directing the question to you.

Mr. BARTLETT. Mr. Chairman, reclaiming my time, I will be happy to answer the gentleman's question.

I cannot speak for the gentleman from Louisiana, but the gentleman from Louisiana is sincerely, as many Members of this House on both sides have tried to do for 6 months, is trying to improve the gentleman's bill. I detect the opposition, as every other improvement, has been opposed.

I would not vote for the bill on final passage so long as it has mandatory notification, because it does, in fact, lose jobs. On the other hand, I rise to support the gentleman's amendment because the gentleman from Louisiana has made a sincere attempt, as others have throughout the committee process, to improve a bad bill. Just as the other improvements have been rejected by the sponsors of the bill, this improvement seems to be rejected by the sponsors of the bill.

I know the gentleman from Louisiana has really struggled over these amendments. He has made two improvements in the legislation. One is to change the notification from 90 days to 60 days. The other one is to make it apply to employers of 200 employees or greater. Those are thoughtful improvements. Are they significant? Perhaps.

In reality, they probably will have no effect on the negative impact of the legislation, however. I would remind Members that this is offered in

the form of a substitute. So many Members, if they oppose the bill and the concept, no doubt will not be able to vote for this substitute because it is in the form of a substitute.

I do plan to vote yes, in large part out of the great respect that I have and this body has for the gentleman from Louisiana, in large part out of respect for the fact that the gentleman's substitute and amendments do improve a bad bill.

I do strongly urge, no matter what happens to these two improvements, a "no" vote on final passage. Final passage will be very, very close. It will be a chance, with a "no" vote, to vote for the workers of this country, to say that we want them to stay competitive, to say that we want them to keep their jobs, to say that we want employers and employees to work together to find ways to preserve those jobs and those plants. Is everything perfect? No. Do all employers act perfectly every time? No.

Would this legislation, no matter how amended, make things perfect? No. This legislation, no matter how amended, will still drive away jobs, will send jobs overseas, will close plants faster.

I do urge a "yes" vote on the first two improvements to the legislation that this body has seen on the Roemer amendment, and I urge a "no" vote on final passage.

Mr. SEIBERLING. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman and my colleagues, we are debating something that should not even be debatable if we really mean it about becoming a competitive industrial nation again.

Some years ago, in trying to study what the Japanese were doing that caused their tremendous industrial success in the postwar period, I got the idea that maybe it would be helpful if American employers could be stimulated to focus on profit sharing with their employees as one means of providing an incentive for productivity and a greater stake in the profits of the business itself, because this is one of the principal features of Japanese employee relations that they have used with great success.

□ 1325

I introduced a bill which would have given a tax credit to employers who worked out with their employees a profit-sharing agreement, and I sent copies of it to labor union people, economists and industry people all over the country, and by and large got a very supportive response. Since then, of course, General Motors and Ford and many of the other big corporations have instituted, at least on a modest scale, profit-sharing arrangements.

One of the letters I got back was from the vice president for productivity of one of the largest manufacturing firms in the United States. He was a person that I happened to have known personally and I went to college with him, and he is a engineer by training. He told me he had just been back from a 2-week visit to Japan studying how the Japanese provided greater incentives for productivity, and he said that my bill was right on target.

Let me read you a couple of lines from his letter. He said:

I recently returned from a 2-week visit to Japan with a group of people from our company who are assigned responsibility for productivity improvement. During that 2 weeks, we visited 12 companies in varying diverse industries and were able to observe firsthand many of the things which we have all been reading about over the last couple of years.

This was written in May 1982. I go on to quote:

We found that the unions in Japan were organized in such a way that each union dealt with one company only and was quite concerned about the fortunes of that particular company. On the other hand, the management took the position that the workers were just as valuable as the fixed-capital assets, and this caused management to act in a way to protect the workers when business turned down. We found that generally when a turndown occurred, actions would be taken to take care of the lower sales revenue in the following order:

1. Bonus was decreased.
2. Salary increases for midmanagement stopped.
3. Midmanagement salary decreased.
4. Dividends reduced.
5. New hiring stopped.
6. Transfer of personnel to other companies if possible.
7. Solicit early retirement through special incentives and,
8. Final action—lay off personnel.

It does seem to me, Mr. Chairman, that if we are going to compete with the Japanese and other countries in the Third World, then we are going to have to do more, not less, to provide job security for our employees. If we are going to expect them to make the output that is needed and give the dedication to greater productivity, and even to accept wage concessions, which have been asked in many cases, then in return they are entitled to the kind of job security that Japanese employers provide for their employees.

Make no mistake, this bill is an extremely modest step in that direction. And as has already been pointed out by the gentleman from Michigan, most big corporations today already have agreements with their employees about notification. In the case of, for example, Firestone, one of the leading companies in my district, it is a 6-month notice.

So we are not imposing any huge burden. But it seems to me that industry all over this country, if they are going to survive, are going to have to give the employees that kind of stake in their jobs.

Mr. DELAY. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I will be happy to yield to the gentleman from Texas.

Mr. DELAY. Mr. Chairman, listening to the gentleman's remarks, is the gentleman suggesting that the United States have the same sort of system as Japan where an employee cannot move from one company to another, he is with a company for the rest of his life?

The CHAIRMAN. The time of the gentleman from Ohio [Mr. SEIBERLING] has expired.

(By unanimous consent, Mr. SEIBERLING was allowed to proceed for 1 additional minute.)

Mr. SEIBERLING. Mr. Chairman, of course, I am not making any such suggestion. I am merely suggesting that we are going to have to make some changes in the way we treat employees in this country if we are going to have the kind of dedication from employees that we expect and we must have if we are going to survive as a competitive nation.

This bill, with the Jeffords amendment, is a modest step in that direction.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. SEIBERLING. I yield to the gentleman from Louisiana.

Mr. ROEMER. Mr. Chairman, I just want to say that I could not agree with the gentleman more. I think it is good business, good management, good economics to put your workers number one.

The only quarrel here is what type of notice shall we set as a national standard, and which companies should be affected first off the bat.

I come to you genuinely thinking small business ought to be excluded on the first round, and the notice ought to be 60 days.

Mr. SEIBERLING. Small business is, in the sense that if it is less than 100 workers, they are not going to be affected by this in any significant way.

But let me say all businesses should be on the same basic plane so that one does not have a competitive advantage against the other.

Mr. DELAY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will be very brief. I just want to point out to the Members that if you are for the concept of mandatory notification, then I would think that you would be for that concept to reach as many employees as you possibly can. Therefore, you should vote no on the Roemer substitute.

If you are against mandatory notification of any kind, then you should be against the concept in whole and realize that the Roemer substitute be-

comes the bill, and all the problems that we have with the bill are still there, although it does apply to larger corporations.

Unfortunately, in this Congress, we seem to beat up on the larger corporations because larger corporations can handle it a little bit better than the smaller corporations. But larger corporations, it is easier for them to shut down and move out of this country, as they have been moving, or not building in Europe under this same sort of concept.

So if you are against mandatory notification, then you ought to be against the Roemer substitute.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. DELAY. I will be glad to yield to the gentleman from Louisiana.

Mr. ROEMER. I thank the gentleman for his statement and for yielding to me.

The large corporations of America are sometimes an easy target, I could not agree with the gentleman more, and I do not want to participate in a witch's hunt in that regard.

But there are some differences that size yields, there are some critical mass differences in terms of resources, lawyers, planning, cash resources that do set large businesses apart from small businesses.

Point No. 2, large business in this country have an obligation, I think, in planning ahead, and even where they make a mistake, they have the resources to give minimal notice, and that is all I am asking, 60 days minimum notice. That is why there is a difference here.

Mr. DELAY. If I may reclaim my time, I agree with the gentleman and I respect him greatly, and usually I agree with everything he does, except in this one instance, and I respectfully disagree in this instance.

First off, you have economies of scale, whether it is a small corporation or a large corporation. If you are talking about going out of business and you only have a gross of $1 million, it still applies, if you are going out of business and you have a gross of $100 million. All the economies of scale still apply to large corporations as they do to small corporations and small businesses. Therefore, the concept and the problems we have with this mandatory notification, mandatory notifications still apply in this instance, and we would hope that we get a no against the Roemer substitute.

I yield back the balance of my time.

Mr. JEFFORDS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment. I do so with some regret because the gentleman's amendment is very close not only to the substitute which was just passed, but in concepts that we are discussing now, close to those which I had in my original substitute.

But there is one important distinction which makes me rise against the amendment, and that is that I come from the most rural State in the country. When we take a look at who we are covering in this bill versus my substitute and the new substitute which is offered, there is that critical difference of the size of the plants that are covered. In my original substitute, I would distinguish between small rural communities and urban communities on the size of a plant to be covered. This one makes no such distinction.

It does reduce the number of workers covered by 25 percent, 75 to 50. Many, if not most of those, would be in rural areas.

It does reduce the number of businesses covered from 92 percent that are not covererd to over 95 percent that are not covered.

But let us look at the impact of what we are trying to protect against here. Why do we want to have notification, what purpose does it serve, and why are we debating that issue? We are doing it for basically two purposes.

One, and primarily, perhaps certainly it is for the workers to have an opportunity to be able to adjust to a circumstance which has been thrust upon them, to be able to look for work, to be able to look for training, to be able to find some way to accommodate the change in their life situation.

This is particularly hard in a rural community where there are no options for employment. In many cases, in fact, in most cases, it is the only plant. Their change is not driving from one block to another block, it is driving from one community to another community, it is trying to find employment somewhere in the near vicinity so that they do not have to disrupt their homestead, do not have to move their families. We should be concerned about them.

It gives the community and the workers notice, and an opportunity to do what many businesses, and most will do, and that is to sit down and consult, not because they are required to do so, but because in good conscience they want to do so to try to protect the jobs in their community, and because of the conscience of those that run the business, and maybe they want to find a way to try to stay in that locality. That benefits not only the workers, but the community who may very well be dependent upon the resources of that small business in that small community.

Thus, I would praise the gentleman for his good-faith efforts to try and bring us a bill that we can pass, and I certainly join with him in many of the points he has made and agree with much he does and has done. But I cannot support it because it is needed in rural communities as well as the big cities of America.

Mr. ROEMER. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I am happy to yield to the gentleman from Louisiana.

Mr. ROEMER. I thank the gentleman for his statement, and I would urge him to consider the economic fact that those who oppose notice at all I think do so steeped in the problems of small business, businesses of 50, 60, 70, 80, 120, 180, and according to this Congress, 500. I do not go that high. I have tried to draw a line that would distinguish between the very small where cash, planning and human resources are at a premium, and often a shortage, and those larger in size.

I have tried to keep the number small enough so that rural areas would get the very point you make. I wish I could convince the gentleman, and I do not seem to be able to, that 200 holds to his concept of notice and allows rural America to have hope, but does not interfere with the unique job creation and circumstances of small business. That is my intent, and by golly, I wish the gentleman were with me.

Mr. JEFFORDS. I wish I could convince the gentleman of the merit of my proposition, and gosh, we could join hands together here and this bill would pass almost unanimously.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Louisiana [Mr. ROEMER] as a substitute for the amendment in the nature of a substitute offered by the gentleman from Michigan [Mr. FORD], as amended.

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. ROEMER. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 109, noes 298, not voting 27, as follows:

[Roll No. 420]

AYES—109

Andrews	Dornan (CA)	Lagomarsino
Barnard	Dowdy	Leath (TX)
Bartlett	Eckert (NY)	Lewis (CA)
Barton	Erdreich	Lewis (FL)
Bateman	Flippo	Lightfoot
Bates	Fuqua	Livingston
Bennett	Gekas	Lloyd
Bereuter	Gibbons	Lujan
Bilirakis	Glickman	Lundine
Breaux	Goodling	Lungren
Broomfield	Green	MacKay
Brown (CO)	Grotberg	Martin (IL)
Carney	Gunderson	Martin (NY)
Chapman	Hall, Ralph	McCain
Chappell	Hammerschmidt	McCollum
Coats	Hartnett	McEwen
Coleman (MO)	Henry	McKernan
Coleman (TX)	Hiler	Meyers
Cooper	Hyde	Michel
Courter	Ireland	Miller (OH)
Dannemeyer	Kasich	Miller (WA)
de la Garza	Kemp	Molinari
Derrick	Kindness	Moore
DeWine	Kolbe	Morrison (WA)

Nichols	Shaw	Swindall
O'Brien	Shelby	Synar
Ortiz	Shumway	Tauke
Packard	Shuster	Tauzin
Pursell	Sisisky	Thomas (CA)
Regula	Slattery	Thomas (GA)
Roberts	Smith (NE)	Whittaker
Roemer	Snowe	Wolf
Roth	Solomon	Wortley
Roukema	Spence	Young (FL)
Schaefer	Spratt	Zschau
Schulze	Stangeland	
Sensenbrenner	Stenholm	

NOES—298

Ackerman	Evans (IL)	Madigan
Akaka	Fascell	Manton
Alexander	Fawell	Markey
Anderson	Fazio	Marlenee
Annunzio	Feighan	Martinez
Anthony	Fiedler	Matsui
Applegate	Fields	Mavroules
Armey	Fish	Mazzoli
Aspin	Florio	McCandless
AuCoin	Foglietta	McCloskey
Badham	Foley	McCurdy
Barnes	Ford (MI)	McDade
Bedell	Ford (TN)	McGrath
Beilenson	Fowler	McHugh
Bentley	Frank	McMillan
Berman	Franklin	Mica
Bevill	Frenzel	Mikulski
Bliley	Frost	Miller (CA)
Boehlert	Gallo	Mineta
Boggs	Garcia	Mitchell
Boland	Gaydos	Moakley
Boner (TN)	Gejdenson	Mollohan
Bonker	Gephardt	Monson
Borski	Gilman	Montgomery
Bosco	Gingrich	Moody
Boucher	Gonzalez	Moorhead
Boulter	Gordon	Morrison (CT)
Boxer	Gradison	Mrazek
Brooks	Gray (IL)	Murphy
Broyhill	Gray (PA)	Murtha
Bruce	Gregg	Myers
Bryant	Guarini	Natcher
Burton (CA)	Hall (OH)	Neal
Burton (IN)	Hamilton	Nielson
Bustamante	Hansen	Nowak
Byron	Hatcher	Oakar
Callahan	Hayes	Oberstar
Campbell	Hefner	Obey
Carper	Heftel	Olin
Carr	Hendon	Owens
Chandler	Hertel	Oxley
Cheney	Holt	Panetta
Clay	Hopkins	Parris
Clinger	Howard	Pashayan
Cobey	Hoyer	Pease
Coble	Huckaby	Penny
Coelho	Hughes	Pepper
Collins	Hunter	Perkins
Combest	Hutto	Petri
Conte	Jacobs	Pickle
Coughlin	Jeffords	Porter
Coyne	Jenkins	Quillen
Craig	Johnson	Rahall
Crockett	Jones (NC)	Rangel
Daniel	Jones (OK)	Ray
Darden	Jones (TN)	Reid
Daub	Kanjorski	Richardson
Davis	Kaptur	Ridge
DeLay	Kastenmeier	Rinaldo
Dellums	Kennelly	Ritter
Dickinson	Kildee	Robinson
Dicks	Kleczka	Rodino
Dingell	Kolter	Roe
DioGuardi	Kostmayer	Rogers
Dixon	LaFalce	Rowland (CT)
Donnelly	Lantos	Rowland (GA)
Dorgan (ND)	Latta	Roybal
Downey	Leach (IA)	Rudd
Dreier	Lehman (CA)	Russo
Duncan	Lehman (FL)	Sabo
Durbin	Leland	Savage
Dwyer	Levin (MI)	Saxton
Dyson	Levine (CA)	Scheuer
Early	Lipinski	Schneider
Eckart (OH)	Loeffler	Schroeder
Edgar	Long	Schuette
Edwards (CA)	Lott	Schumer
Edwards (OK)	Lowery (CA)	Seiberling
Emerson	Lowry (WA)	Sharp
English	Luken	Sikorski
Siljander	Sundquist	Waxman
Skeen	Sweeney	Weaver
Skelton	Swift	Weber
Slaughter	Tallon	Weiss
Smith (FL)	Taylor	Wheat
Smith (NJ)	Torres	Whitehurst
Smith, Denny (OR)	Torricelli	Whitley
	Towns	Whitten
Smith, Robert (NH)	Traficant	Williams
	Traxler	Wilson
Snyder	Udall	Wirth
Solarz	Valentine	Wise
St Germain	Vander Jagt	Wolpe
Staggers	Vento	Wright
Stark	Visclosky	Wyden
Stokes	Volkmer	Wylie
Strang	Vucanovich	Yates
Stratton	Walgren	Yatron
Studds	Walker	Young (AK)
Stump	Watkins	Young (MO)

NOT VOTING—27

Addabbo	Dymally	Nelson
Archer	Evans (IA)	Price
Atkins	Hawkins	Rose
Biaggi	Hillis	Rostenkowski
Bonior (MI)	Horton	Smith (IA)
Brown (CA)	Hubbard	Smith, Robert (OR)
Chappie	Kramer	
Conyers	Lent	Stallings
Crane	Mack	
Daschle	McKinney	

□ 1350

Mrs. HOLT, Mr. DAVIS, and Mr. MARLENEE changed their votes from "aye" to "no."

Messrs. CHAPPELL, LIGHTFOOT, IRELAND, HILER, and HAMMERSCHMIDT changed their votes from "no" to "aye."

So the amendment offered as a substitute for the amendment in the nature of a substitute, as amended, was rejected.

The result of the vote was announced as above recorded.

Mr. STARK. Mr. Chairman, I believe that one of the roles of a good and wise government is to deal with the many problems that face our Nation and to take steps to deal with them in a positive manner. This week, Members of the House will cast their vote on H.R. 1616, the Labor-Management Notification and Consultation Act of 1985. The vote that each member casts will be a statement of how we intend to deal with one of the larger problems facing American workers today.

The facts and figures logically point to the direction in which our votes should be cast. In the past 15 years, the United States has witnessed a myriad of closings in many of our oldest and largest industries. No particular group of employees have been exempt from this catastrophe. Industries that have been particularly hard hit by plant closings include steel, auto, glass, rubber, clothing, paper, as well as the highly touted computers and service fields. Virtually every region of the United States is affected by closings. During the years 1979 through 1984, 11.5 million people have lost jobs due to plant closings.

Losing a job at any time is an extremely tough situation to deal with, but to lose a job with only a week or less notification is terribly unfair and downright cruel. H.R. 1616 is a very modest proposal to simply give workers time to secure future employment or at least gear up to meet the crisis. The bill does not require employers to provide any financial assistance or any other measure that could cost them money. Two years ago, Atari in California gave workers 3 days' notice that they would lose employment due to a plant closing. This is no way to treat people that have given years of their life to a business.

I would like to ask of my own colleagues, how would you feel if you unexpectedly lost an election on November 5 and were told to be out of your office on the 8th instead of having a transition period of 60 days?

People affected by plant closing suffer higher rates of heart disease, hypertension, diabetes, and psychological problems. Suicide rates run high among these people. Many workers have spent a good number of years with one business. When they are shut out of their job because of a plant closing the benefits and seniority they've accumulated over the years are generally not transferable if they do get another job and certainly not worth anything if they don't.

In the best of all worlds a slower process of plant closings would occur during a normal business cycle and therefore a healthy job market would make it easier for laid-off workers to get jobs at a comparable wage and skill level. But our terrifyingly high trade deficit, high investment costs, and changing technology have eroded this cycle of events. Although H.R. 1616 will not prevent plant closings, it will help cushion the impact faced by workers, families and communities. The Labor-Management Notification and Consultation Act of 1985 is probably the most important step we can take this year in providing the human dignity that American workers deserve.

Mr. FLORIO. Mr. Chairman, as the chairman of the Subcommittee on Commerce, Transportation and Tourism of the House Energy and Commerce Committee I would like to clarify an aspect of H.R. 1616, the Plant Closing Notification Act, as it applies to those employers covered by the Railway Labor Act.

I have conferred with the main sponsor of the Plant Closing Notification Act to confirm whether its provisions encompass certain transportation industries such as railroads and airlines which are governed by the Railway Labor Act. Under that act, parties are subject to the jurisdiction of the National Mediation Board rather than the Federal Mediation and Conciliation Service. H.R. 1616 refers only to the FMCS as the Federal body that is to receive advance notice of plant closings and layoffs and authorizes only the FMCS to provide assistance and services in plant closing disputes.

I can assure those employees covered by the Railway Labor Act that this legislation is intended to apply to them as well. The act would apply to all private sector enterprises that employ 50 or more employees and are governed by either the Railway Labor Act or the National Labor Relations Act.

Mr. Chairman, it is my hope that the clarification allays the concerns of many thousands of employees governed by the provisions of the Railway Labor Act.

Mr. WALGREN. Mr Chairman, I want to urge support for H.R. 1616, the plant closing bill. I am a cosponsor of this legislation. In its original form, it would have an required employers with over 50 employees to give 3 months notice before permanently shutting down a plant or implementing a substantial layoff. That hardly seems to violate common sense. Employers would be required to consult with employee representatives on alternatives to layoffs or closings and to provide employees with written notice of anticipated closings or layoffs. In my view, this is common decency.

My area of the country has been unfortunately tagged the "rust belt," because we have an older economy founded on many of the basic manufacturing industries. With the effects of the recession of the early 1980's and the dislocation caused by unprecedented surges of imports since 1980, many of these basic industries are being forced to close or fundamentally change their operations.

The Center for Social and Urban Research at the University of Pittsburgh has documented the alarming circumstances in southwestern Pennsylvania:

Between 1980 and 1983, regional manufacturing employment declined by 35 percent, representing the loss of 94,000 jobs. More than one out of every three manufacturing jobs was lost during that period and then have not been regained.

Nonmanufacturing employment also declined by 10 percent, representing 10,000 additional jobs lost.

Between 1982 and 1984, 52 plants closed their doors in southwestern Pennsylvania—an average of almost 2 plants and over 400 jobs lost per month. Steel-related industries account for 48 percent of the manufacturing jobs lost and almost one-half of the plant closings.

It is widely recognized that our national economy is in transition and that this transition has meant unemployed and dislocated workers. Figures on new businesses and job creation are one thing, but they mask the regional impacts of massive changes like those occurring in southwestern Pennsylvania. It is of little consolation to the unemployed steelworker in my district that another job may be created in the computer industry in California.

The trauma of big layoffs and plant closings is multifold. Massive unemployment starts a spiral of decline, with tax revenues dropping, services deteriorating, and crime accelerating. The personal misery is real. Average workers over 40 suffer a 40-percent reduction in earnings in the year after jobs are lost through plant closings. One-half of the long-term unemployed have their life savings completely wiped out.

Researchers have documented striking health effects of job loss—increased blood pressure and cholesterol levels, weight loss, ulcers, alcoholism, and increased diabetes and allergies. The mortality rate for displaced workers is 16 times greater than the comparable rate for the working.

Similarly, communities come apart. Young people leave. Public services decline. There are communities in western Pennsylvania that have been forced to eliminate the town police force because widespread unemployment left no tax base to support even that.

This legislation is no cure-all, but it would be a help to communities like mine. Advance notice cannot solve all problems and perhaps none of the most intractable ones. But can help solve the most important one, finding a new job. There is widespread agreement that advance notice of unemployment enables people to adjust and thus reduces human misery. By giving workers a head start on finding new work, it results in substantial savings in unemployment compensation and other public costs. Notice can also give time to employers and employees to get together, to seek alternatives, to make concessions. Requiring notice may also build in an incentive for employers to consider costs of plant closings, beyond profits and losses. This is particularly critical in a time when more and more companies are under absentee ownership, distant corporations with few ties to local communities. We know corporate conglomerates simply write off a line of business, with little consideration of the impact on a community.

It is important to understand that H.R. 1616 does not tie business hands in making decisions. It essentially requires notice of layoffs and closings. This to me seems like a minimal requirement, in both business terms and in human terms. I urge support for this bill.

Mr. ECKERT of New York. Mr. Chairman, I want to express my concern about and opposition to H.R. 1616, the Labor-Management Notification and Consultation Act of 1985, which was considered but not completed by the House last week.

I do not ignore the serious nature of the problem which this bill attempts to address. The impact of layoffs or plant closings on the affected workers and their community can be severe.

However, I am not satisfied with the legislation as it is presented in H.R. 1616. Those who support H.R. 1616 consistently state that the bill only affects employers when a plant closing or mass layoff is to occur. This is not true. The fact is that many provisions of this legislation are triggered and would apply even in cases where employers merely reduce the hours of certain employees. Consequently, the bill would infringe upon a number of business decisions involving something considerably less than a plant closing. In fact, routine daily business actions such as relocating or subcontracting a portion of the work or consolidating certain operations would be regulated under this bill.

These and other infringements of the bill on businesses and the system of free marketplace are objectionable. The provisions contained in H.R. 1616 would do more harm than good. For example, we all know that in order for businesses to be successful, they must rely on speed and flexibility in their decisionmaking. If enacted, H.R. 1616 would impose the exact opposite—delays and rigidness, forcing businesses to postpone necessary decisions which may be detrimental and lead ultimately to a complete shutdown. Ironically, this is exactly what we are trying to avoid.

Business people do not go into business to layoff their employees. They go into business to hire employees and make a return on their investment. The language in H.R. 1616 would have you believe that employers go into business with absolutely no regard for their employees and the community. Certainly this is not the case. Many private sector businesses already take steps to consult with their employees before making a closing decision. These responsible companies have policies that they use to minimize the harm their plant closing or employment cutback will have on the community.

In my district, for example, a responsible business—in this case the Xerox Corp.—was successful in averting a threatened shutdown and elimination of over 180 production jobs without the restrictive language of H.R. 1616. In 1981 when Xerox Corp., proposed to eliminate 180 production jobs at its Rochester facility, members of management and the Amalgamated Clothing and Textile Workers Union negotiated an alternative. Through the exchange of ideas and information, productivity improvements were discovered, and implemented. These improvements saved several million dollars and all 180 jobs in the Rochester area.

Moreover, I believe that this legislation is ill-timed. The Secretary of Labor, William Brock, has recently appointed a task force to examine the issue of plant closings. The Task Force will evaluate current programs and policies concerning the dislocated worker and mass layoffs at the State, local and Federal level, as well as those of foreign nations. The findings of the task force which is to include the best minds from business, labor, academia, and State and local governments, will then be reported to Congress. It is important that before Congress act legislatively on this matter—we be apprised of the findings of the task force. To continue to consider H.R. 1616 at this time would be totally inappropriate. Therefore, it is my hope that the leadership of the House will cancel further consideration of H.R. 1616.

I remain convinced that the best way to protect jobs is for business to have the latitude to operate in a healthy economic environment, an environment which is free of excessive governmental regulation. Let's not take the misguided direction of H.R. 1616.

Mr. CLINGER. Mr. Chairman, the Ford substitute includes new instructions to Secretary Brock's Task Force on Economic Adjustment and Worker Dislocation that I would like to bring to the attention of the other Members. I have been working with the sponsors of this bill to incorporate language that simply directs the Commission

to include in its recommendations how the Federal Government could encourage and assist States to strengthen experience rating systems in their unemployment compensation systems in a manner that would provide employers with incentives to give advance notification of plant closings. It asks the commission to study a concept which would encourage businesses to give advance notice of plant closings by requiring them to pay into a state unemployment compensation fund part or all of an amount sufficient to pay benefits to its terminated workers, depending on the advance notice given.

Being a representative from a heavy-manufacturing district that has repeatedly felt the pains caused by plant closings, I have seen at first hand the anguish they cause. Double-digit unemployment rates persist in many of the counties in my district, and so I am committed to working to preserve and attract new jobs in my district. This additional instruction to the Commission seeks consideration of a possible two-pronged remedy to the problem of plant closings that I believe should be explored further. The idea was formulated by Dr. Pat Choate, a respected economist with TRW whose concepts were instrumental in formulating the "National Development Investment Act" which passed the House earlier this year, and the "National Training Incentives Act" this year.

In his book The High-Flex Society, Pat Choate discusses a way to ease the devastating effect of plant closings on workers and communities, while allowing business and industry enough flexibility to make the decisions that may be necessary for a firm to remain solvent and profitable. Under present practice, when a plant closes the funds made available to dislocated workers through unemployment compensation payments—the distribution of the unemployment insurance funds—are supplied by the businesses remaining in the State. The firm that closes a plant is no longer paying UI taxes on these employees. As a result, the remaining firms in the state with stable employment histories are left to shoulder the burden created by a plant closing or mass layoff. And the costs are significant: for every 1,000 workers displaced by plant closing, the unemployment compensation costs for the remaining businesses increase $6 to $7 million. And the extra financial drain can only make those remaining businesses less competitive, less capable of hiring new employees, more susceptible to sudden changes in the market.

I believe that we should explore restoring the effectiveness of experience rating in the unemployment insurance system. Under such a system, firms with unstable, erratic employment histories should pay proportionately higher UI premiums, much like the practice of automobile insurance companies requiring drivers with a history of traffic accidents to pay higher automobile insurance premiums. New Jersey is one of several States that do incorporate an experience rating into the formula for determining unemployment insurance costs. But on the average, nationwide, just 35 percent of the taxes on employers collected for unemployment insurance reflect a firm's unemployment record.

Second, we could encourage employers to give workers advance notification of a plant closing by requiring the employer to be responsible for the unemployment compensation costs of the affected employees if the company failed to give sufficient notice. For example: those employers who fail to give any advance notice of a plant closing or mass layoff would be required to pay the unemployment compensation costs for each affected employee until each employee finds a new job or for the full 26 weeks, whichever comes first. If a company provides workers with 6 months notice, it would not be held liable for any unemployment compensation costs. In cases where a company provides some advance notice, it would be responsible for unemployment compensation for 26 weeks minus the number of weeks of notification.

Mr. DREIER of California. Mr. Chairman, I rise in opposition to H.R. 1616, the Labor Notification and Consultation Act of 1985. I couldn't be more sympathetic to this bill's intention of easing the hardships imposed by factory layoffs. However, H.R. 1616 might be better named the Unfair Restriction and Encumbrance Act of 1985. H.R. 1616 is not, in its present or original form, the reasoned and moderate approach its proponents claim. No, the bill would not prevent plant closings and layoffs as defended by its proponents, but it could very well encourage them. This measure would tie employers hand unfairly and undermine a healthy business environment in which jobs are freely created and preserved.

At worst, H.R. 1616 severely hampers the employer's ability to make fundamental decisions the effective capital essential to preserving employment. At best, it ignores the provisions already taken by the Federal and State governments to assist dislocated workers—unemployment insurance, the Federal Employment Service, and title III of the Job Training Parternship Act. Further, the bill would tend to violate the current collective bargaining process under which management and labor negotiate plant closing agreements relevant to their own peculiar circumstances. Are we going to take this prerogative away from both labor and management in our efforts to alleviate, rather than complicate, the hardships of the workplace?

Mr. Chairman, H.R. 1616 is an ill-conceived piece of legislation, and despite the passage of the Bartlett and Jeffords' amendments, it remains bad legislation.

The CHAIRMAN. Are there further amendments?

If not, the question is on the amendment in the nature of a substitute offered by the gentleman from Michigan [Mr. FORD], as amended.

The amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. MURTHA], having assumed the Chair, Mr. OBERSTAR, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 1616) to require employers to notify and consult with employees before ordering a plant closing or permanent layoff, pursuant to House Resolution 313, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. BARTLETT. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 203, nays 208, not voting 23, as follows:

[Roll No. 421]

YEAS—203

Ackerman	Coleman (TX)	Ford (TN)
Akaka	Collins	Frank
Alexander	Conte	Frost
Anderson	Cooper	Garcia
Annunzio	Coughlin	Gaydos
Applegate	Coyne	Gejdenson
Aspin	Crockett	Gephardt
Barnes	Davis	Gilman
Bates	de la Garza	Glickman
Bedell	Dellums	Gonzalez
Beilenson	Dicks	Gordon
Bennett	Dingell	Gray (IL)
Berman	Dixon	Gray (PA)
Bevill	Donnelly	Guarini
Boehlert	Dorgan (ND)	Gunderson
Boggs	Downey	Hall (OH)
Boland	Durbin	Hamilton
Bonker	Dwyer	Hayes
Borski	Dyson	Heftel
Bosco	Early	Hertel
Boxer	Eckart (OH)	Howard
Breaux	Edgar	Hoyer
Brooks	Edwards (CA)	Hughes
Bruce	Evans (IL)	Jacobs
Bryant	Fascell	Jeffords
Burton (CA)	Fazio	Kanjorski
Bustamante	Feighan	Kaptur
Carper	Fish	Kastenmeier
Carr	Florio	Kennelly
Clay	Foglietta	Kildee
Clinger	Foley	Kleczka
Coelho	Ford (MI)	Kolter

Kostmayer	Natcher	Smith (FL)
LaFalce	Nowak	Smith (NJ)
Lantos	Oakar	Solarz
Leach (IA)	Oberstar	St Germain
Lehman (CA)	Obey	Staggers
Lehman (FL)	Ortiz	Stark
Leland	Owens	Stokes
Levin (MI)	Panetta	Stratton
Levine (CA)	Pease	Studds
Lipinski	Penny	Swift
Lloyd	Pepper	Torres
Long	Perkins	Torricelli
Lowry (WA)	Petri	Towns
Lujan	Rahall	Traficant
Luken	Rangel	Traxler
Madigan	Reid	Udall
Manton	Richardson	Vento
Markey	Ridge	Visclosky
Martinez	Rinaldo	Volkmer
Matsui	Ritter	Walgren
Mavroules	Robinson	Waxman
Mazzoli	Rodino	Weaver
McCloskey	Roe	Weiss
McDade	Rostenkowski	Wheat
McHugh	Roybal	Whitten
Mikulski	Russo	Williams
Miller (CA)	Sabo	Wilson
Mineta	Savage	Wirth
Mitchell	Scheuer	Wise
Moakley	Schneider	Wolpe
Mollohan	Schumer	Wright
Moody	Seiberling	Yates
Morrison (CT)	Sharp	Yatron
Mrazek	Sikorski	Young (AK)
Murphy	Skelton	Young (MO)
Murtha	Slattery	

NAYS—208

Andrews	Flippo	McCain
Anthony	Fowler	McCandless
Armey	Franklin	McCollum
AuCoin	Frenzel	McCurdy
Badham	Fuqua	McEwen
Barnard	Gallo	McGrath
Bartlett	Gekas	McKernan
Barton	Gibbons	McMillan
Bateman	Gingrich	Meyers
Bentley	Goodling	Mica
Bereuter	Gradison	Michel
Bilirakis	Green	Miller (OH)
Bliley	Gregg	Miller (WA)
Boner (TN)	Grotberg	Molinari
Boucher	Hall, Ralph	Monson
Boulter	Hammerschmidt	Montgomery
Broomfield	Hansen	Moore
Brown (CO)	Hartnett	Moorhead
Broyhill	Hatcher	Morrison (WA)
Burton (IN)	Hefner	Myers
Byron	Hendon	Neal
Callahan	Henry	Nichols
Campbell	Hiler	Nielson
Carney	Holt	O'Brien
Chandler	Hopkins	Olin
Chapman	Huckaby	Oxley
Chappell	Hunter	Packard
Cheney	Hutto	Parris
Coats	Hyde	Pashayan
Cobey	Ireland	Pickle
Coble	Jenkins	Porter
Coleman (MO)	Johnson	Pursell
Combest	Jones (NC)	Quillen
Courter	Jones (OK)	Ray
Craig	Jones (TN)	Regula
Daniel	Kasich	Roberts
Dannemeyer	Kemp	Roemer
Darden	Kindness	Rogers
Daub	Kolbe	Roth
DeLay	Lagomarsino	Roukema
Derrick	Latta	Rowland (CT)
DeWine	Leath (TX)	Rowland (GA)
Dickinson	Lent	Rudd
DioGuardi	Lewis (CA)	Saxton
Dornan (CA)	Lewis (FL)	Schaefer
Dowdy	Lightfoot	Schroeder
Dreier	Livingston	Schuette
Duncan	Loeffler	Schulze
Eckert (NY)	Lott	Sensenbrenner
Edwards (OK)	Lowery (CA)	Shaw
Emerson	Lundine	Shelby
English	Lungren	Shumway
Erdreich	Mack	Shuster
Evans (IA)	MacKay	Siljander
Fawell	Marlenee	Sisisky
Fiedler	Martin (IL)	Skeen
Fields	Martin (NY)	Slaughter
Smith (NE)	Stump	Vucanovich
Smith, Denny (OR)	Sundquist	Walker
Smith, Robert (NH)	Sweeney	Watkins
Snowe	Swindall	Weber
Snyder	Synar	Whitehurst
Solomon	Tallon	Whitley
Spence	Tauke	Whittaker
Spratt	Tauzin	Wolf
Stangeland	Taylor	Wortley
Stenholm	Thomas (CA)	Wyden
Strang	Thomas (GA)	Wylie
	Valentine	Young (FL)
	Vander Jagt	Zschau

NOT VOTING—23

Addabbo	Crane	McKinney
Archer	Daschle	Nelson
Atkins	Dymally	Price
Biaggi	Hawkins	Rose
Bonior (MI)	Hillis	Smith (IA)
Brown (CA)	Horton	Smith, Robert (OR)
Chappie	Hubbard	Stallings
Conyers	Kramer	

□ 1420

The Clerk announced the following pairs:

On this vote:

Mr. Stallings for, with Mr. Nelson of Florida against.

Mr. Biaggi for, with Mr. Archer against.

Mr. Hawkins for, with Mr. Crane against.

Mr. Bonior of Michigan for, with Mr. Chappie against.

Mr. Horton for, with Mr. Robert Smith of Oregon against.

So the bill was not passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. BONER of Tennessee. Mr. Speaker, I inadvertently cast a "nay" vote on final passage of H.R. 1616, the Labor Management Notification and Consultation Act of 1985. I am a cosponsor of this bill and I meant to cast a "yea" vote on final passage.

CONFERENCE REPORT ON H.R. 1714, NATIONAL AERONAUTICS AND SPACE ADMINISTRATION AUTHORIZATION ACT OF 1986

Mr. FUQUA. Mr. Speaker, pursuant to the order of the House of November 19, 1985, I call up the conference report on the bill (H.R. 1714) to authorize appropriations to the National Aeronautics and Space Administration for research and development, space flight, control and data communications, construction of facilities, and research and program management, and for other purposes, and I ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER pro tempore (Mr. KILDEE). Is there objection to the request of the gentleman from Florida?

There was no objection.

The Clerk read the statement.

(For conference report and statement, see proceedings of the House of Wednesday, November 20, 1985, at page H10448.)

Mr. FUQUA (during the reading). Mr. Speaker, I ask unanimous consent that the statement be considered as read.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

The SPEAKER pro tempore. The gentleman from Florida [Mr. FUQUA] will be recognized for 30 minutes and the gentleman from New Mexico [Mr. LUJAN] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Florida [Mr. FUQUA].

Mr. FUQUA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the committee of conference for the bill, H.R. 1714, authorizing funds for the National Aeronautics and Space Administration for fiscal year 1986 has successfully concluded its work.

The conference report on H.R. 1714, authorizing appropriations for the National Aeronautics and Space Administration, was filed on November 20 and is included in the record of that day. The conference report before you includes the disposition of differences in 11 research and development program line items, 3 space flight, control, and date communication line items, construction of facilities program funding, the research and program management line item, and a number of language amendments, including differences in title II which establishes a pricing policy for commercial and foreign users of the space shuttle.

The NASA budget request for fiscal year 1986 was $7,886 million. The action of the House/Senate conference would authorize $7,666 million which is $220 million less than the budget request.

The conferees believe that this conference action represents a reasonable compromise between the action of the two Houses and takes into account the appropriations level for NASA that the House approved last week in its vote on the HUD-independent agencies appropriations bill.

I am including in the RECORD a summary of the action taken by the committee of conference, but would like to highlight several portions of the bill.

NASA requested a total of $2,881,800,000 for research and development in 11 program line items. The conference action authorized $2,786,800,000, decrease of $95 million from the NASA request.

One of these program line items funds studies for a space station, which will enable the United States to establish a permanent manned presence in space beginning in the 1990's and will permit the development of major new uses of space for the benefit of all mankind. The NASA budget request for space station was $230 mil-

lion. The conference agreement authorizes $205 million for space station activities, which a decrease of $25 million from the NASA request.

For space flight, control and data communications NASA requested an overall figure of $3,509,900,000. The conference agreement authorizes $3,372,900,000 in three program line items, a decrease of $137 million.

NASA requested $149,300,000 for construction of facilities. The conference agreement authorizes $139,300,000, a $10 million general reduction.

For research and program management, NASA requested $1,345 million. The conference agreement authorizes $1,367 million, an increase of $22 million reflecting an increase of $42 million for civil service pay and a general reduction of $20 million.

I want to acknowledge the excellent efforts of the House conferees on both sides of the aisle in completing this conference.

Mr. Speaker, the United States has long been the world leader in the exploitation and use of outer space for the benefit of all mankind. The conferees agree that it is absolutely imperative that this Congress continues to ensure U.S. preeminence in space. The level of competition in the space arena continues to increase. This means that the United States will have to work very hard to remain at the forefront of civilian space technology. However, if the United States does continue its position of leadership, this will not only add to our national prestige, but will also make major contributions to our economy, our national defense, and the overall health and welfare of the general public.

As you know Mr. Speaker, the Congress is making some very tought budgetary decisions this year. The committee of conference believes that it has formulated a conference agreement that is consistent with the spirit of the congressional budget cutting actions. Accordingly, I urge the support of my colleagues for this conference report.

Mr. LUJAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this legislation, the conference report on H.R. 1714, is a bill which all of us can support. The conferees have come up with a bill which achieves a good balance between funding important NASA programs and getting the most out of every dollar we have allocated. Our final figure of $7.666 billion reflects the difficult decisions the conferees have had to make. Our final number of $7.6 billion is $220 million below the President's request and is at the level passed by this body during debate on the NASA appropriations bill in July.

As the ranking Republican on the Science and Technology Committee, I can say that the conferees have done their work well. This authorization bill will enable NASA to conduct a wide range of activities during the next fiscal year. With two launches of long-awaited scientific missions—Galileo and Ulysses—next year promises to be an exciting one. Next year will also see the launch of the Hubble space telescope. Discoveries made by this remarkable instrument may well provide us with answers to the question of whether we live in an open or a closed universe. Answers to this question will revolutionize space astronomy and astrophysics.

Not only does the next fiscal year promise to be an exciting one for the future of space science, but it promises to be a challenging one for out national space transportation system. The launch schedule is tight and the operational challenges are great.

H.R. 1714 also provides funding for continued design and development of the space station—NASA's newest and most exciting project. Once in orbit, this facility will give us and our allies a permanent presence in space and will serve as a place where we can live, work, and develop new products to better our lives in the future.

In all, Mr. Speaker, this legislation is carefully crafted and well balanced. I urge my colleagues to lend this bill their full support.

Mr. Speaker, I yield 3 minutes to the gentleman from Pennsylvania [Mr. WALKER].

Mr. WALKER. Mr. Speaker, I thank the gentleman for yielding this time to me.

Mr. Speaker, I rise in strong support of the conference report on H.R. 1714, the NASA Authorization Act of 1986.

As the ranking Republican member of the Subcommittee on Space Science and Applications, I believe we have a conference report that represents the best possible allocation of resources for our space program.

The President's request for fiscal year 1986 totaled a little over $7 billion or nearly $8 billion. The conferees kept within the guidance of the House and agreed upon an authorization level of $7.666 billion, which is a reduction of $220 million below the President's request.

Under this authorization NASA will conduct a wide range of space activities during the fiscal year. Within the month our colleague, the gentleman from Florida, who serves as the chairman of our subcommittee, will be the first House Member to have the opportunity to experience space flight as an example.

Next May NASA plans two major launches which will occur within days of each other. The Galileo mission will head toward Jupiter, where it will study that giant planet and send information back to the Earth. Days later the Ulysses mission, formerly called the International Solar Polar mission, will depart to study our Sun and our solar system from an entirely new perspective.

We have provided $205 million for definition efforts on the space station, which the conferees view as the next logical step in our exploration and exploitation of space.

In the next few months the western launch site at the Vandenburg Air Force Base, which is located just north of Los Angeles, will become operational, and we will be able to launch the shuttle into polar orbit.

During the course of fiscal year 1986, we will also see the launch of the Hubble space telescope, one of the great astronomical observatories, which is expected to allow giant strides to be made in the field of astronomy.

Mr. Speaker, there are two parts of this authorization that I want to note particularly. The first section is section 111 of the bill which directs the Administrator of NASA to initiate an immediate feasibility study to ensure flight opportunities for a diverse segment of the American public, including a physically disabled American. NASA has been in the forefront in developing new technology to assist the handicapped.

□ 1430

This Member of Congress is pleased to say that the Congress now believes that the time has arrived to show the world that those who bear the lifelong burden of a handicap on Earth can be freed from their disability in the weightlessness of space.

Mr. Speaker, I am also pleased with title II of the bill which establishes a shuttle pricing policy for foreign and commercial users for all flights starting in 1989.

When this legislation was before the House in April I offered pricing language designed to provide flexibility, language which the House adopted on a close bipartisan vote.

I would like to compliment both gentlemen from Florida [Mr. FUQUA], who is the chairman of the full committee, and Mr. NELSON, who is chairman of the subcommittee, and also the gentleman from New Mexico [Mr. LUJAN] who is the ranking Republican member of our full committee for their support in working out a final compromise on pricing.

The conference agreement would set a base price for shuttle flights of $74 million starting in 1989; but we have also provided the Administrator with considerable flexibility, within specific guidelines, to recover launch costs in a manner which ensures commercial access to space and maintains American preeminence and the U.S. preeminence in an international competitive position.

As the author of this pricing policy, I am pleased to assure the House that the Administrator will have the flexibility to both establish an auction mechanism for the sale of launch services and a lower base price, after notification to the Congress, to not less than additive cost of approximately $44 million to meet foreign competition.

Thus, the policy adopted by the conferees allows the real market pressures to provide the leveage to adjust the shuttle price.

Within the next few years we expect to see the demand for launch services start to increase, and eventually we expect to see demand exceed available launch capacity.

At that time we expect that commercial and foreign users of space to respond to market pressures and increase their auction bids above the $74 million base price. In time, the price would rise to a point where domestic ELV manufacturers will again be interested in providing launch services.

Mr. Speaker, this pricing policy is an excellent resolution to the needs to reconcile the interests of the taxpayer, the market stability required by the institutional investor, and the needs of the Administrator to be able to respond to unforeseen change.

Finally, Mr. Speaker, there is a matter contained in the statement of the conferees which causes me some concern. The conferees of H.R. 3038, the HUD and Independent Agencies Appropriations Act for 1986, saw fit to include authority to use $400,000 of the NASA fiscal year 1986 budget authority for the National Commission on Space.

When that report was on the floor of the House on November 13, I pointed out that while I support the activities of the Commission, there are some very serious questions concerning how they propose to spend the additional sums and the propriety of some of those proposed expenditures. I refer the House back to that, because I think those concerns are still valid. They are valid because in this conference report we have included some language that relates to that expenditure; but overall, I think this is a very good conference report and it deserves the approval of the House.

Mr. NELSON of Florida. Mr. Speaker, during the past 4 years of use, the space shuttle has demonstrated that it is a truly unique and very valuable asset. Additionally, it symbolizes the innovative spirit of this country and will permit the birth of a new era in the evolutionary development and use of space.

A key determinate of the extent to which space becomes an economic arena is the cost that foreign and commercial users must incur to place their payloads into orbit. Accordingly, the prices that these users must pay for a space shuttle launch can greatly effect the extent to which space commercialization will develop.

In order to promote and enhance the full and effective use of space, the conferees on H.R. 1714 have established a pricing policy for foreign and commercial users of the space shuttle designed to achieve the following goals:

First. The preservation of the role of the United States as a leader in space research, technology, and development;

Second. The efficient and cost effective use of the Space Transportation System;

Third. The achievement of greatly increased commercial space activities; and

Fourth. The enhancement of the international competitive position of the United States.

The conferees also allow the Administrator of NASA the widest possible flexibility to recover launch costs, within certain guidelines.

For flights in 1989 and beyond, the committee and conference has set a base price for commercial and foreign users of the space shuttle at not less than $74,000,000, in 1982 dollars, for each dedicated flight. In order to keep the United States competitive in the international marketplace, the Administrator of NASA would be allowed to lower this base price, to not less than additive cost, 45 days after notification to the Congress. This mechanism is intended to be used if, for example, the Administrator determines that foreign competition is undercutting the Shuttle's base price.

The policy also permits the Administrator of NASA to provide customer incentives which may include discounts and reflight guarantees. Additionally, the Administrator is permitted to offer lower-priced or no-cost flights for any commercial or foreign users involved in cooperative research, development and demonstration programs with NASA.

Finally, the Administrator of NASA would be required to report to the Congress annually on how the policy goals of this legislation are being attained.

The conferees believe that the pricing policy provisions of H.R. 1714 are completely fair and equitable, and provide the NASA Administrator with a high degree of flexibility in adopting provisions and procedures to implement this pricing policy. This is one important reason why Members should support the conference report on H.R. 1714.

Mr. Speaker, I also fully support the NASA budget authorizations contained in the bill, and urge all Members to vote for adoption of the conference report.

Mr. ANDREWS. Mr. Speaker, as a member of the conference on the NASA authorization for fiscal year 1986, I am pleased to strongly endorse this conference report authorizing $7.666 billion for the very important and worthwhile work of the National Aeronautics and Space Administration.

Beyond supporting the many vital missions of NASA, this authorization contains two provisions of which I would like to take particular notice. One regarding shuttle pricing policy is of interest because it sets a floor of $74 million per flight starting in fiscal year 1989 and gives the NASA Administrator the flexibility to adjust that price to meet the demands of international competition as well as take into account the needs of our domestic launch vehicle industry. I am very pleased with this flexible language and think it will serve our national interests well.

My second point is on the provisions in the budget for the commercial use of space. Though the $17 million is much lower than I am sure we all would like to provide for this cutting-edge portion of the budget, I believe it still allows NASA to pursue its initiatives in this area, the major one being the establishment of the Centers for the Commercial Development of Space. I am a firm believer that the fostering of commercial interest and activity in space is an innovative and excellent way to assure the American presence in outer space.

Again, I endorse this report and recommend the points I have mentioned to my colleagues' attention.

Mr. BROWN of California. Mr. Speaker, I want to associate myself with the remarks of the chairman of the Science and Technology Committee. I would also like to amplify his comments by mentioning a relatively small, but highly valuable part of NASA's work. I want to call my colleagues' attention to the first "A" in "NASA"—sometimes referred to by aeronautical people as the small "a."

I say "small" because the funding for aeronautics is small—less than 10 percent of the total NASA program.

Yet the payoff is exceedingly large. In these days of towering trade deficits, it is important to note the favorable contribution of aerospace exports.

For example, in 1984, export sales of aerospace products, the bulk of which were civil aircraft, exceeded $15 billion. Imports were estimated to be $4.7 billion. The resulting $10.2 billion net positive contribution to our balance of trade was the largest of any U.S. manufacturing industry.

U.S. suppliers have built nearly 90 percent of the free world's civil air fleet by dollar value. Our airlines are our best ambassadors, offering superior quality, safety, comfort, and reliability, at economical costs. They speak well of America, to operator and user alike.

Of course, these results did not just happen. They came because we have consistently had the best products. And one of the big reasons for that has been the long-standing partnership between Government and industry in developing new aeronautical technology.

NASA has a long history of emphasizing the high-risk, long-term research and technology that industry is financially unable or unwilling to undertake. Such efforts provide the foundation for future aircraft and engines which return many times their initial cost to the economy. In this sense, NASA's aeronautical R&D is an investment in the truest meaning of the term.

Because of this, the Committee on Science and Technology has repeatedly urged

the administration and the Congress to increase the resources devoted to aeronautical R&D. We have pointed to the many long-term benefits of such investment, which are reflected in billions of dollars in sales of U.S. aircraft both here and abroad, and in millions of jobs for Americans.

The conference report on H.R. 1714 recommends $354 million for aeronautical research and technology, the amount proposed by the administration. I believe this amount is sufficient to allow continued progress on several key technologies which are very important to retaining world leadership in aeronautics, the kind of leadership that both assures military supremacy and produces civil export sales.

So, I would urge the House to adopt the conference report.

Mr. FUQUA. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

LEGISLATIVE PROGRAM

(Mr. LOTT asked and was given permission to address the House for 1 minute.)

Mr. LOTT. Mr. Speaker, I have asked for this time for the purpose of receiving the schedule for the balance of the day and for the week after the Thanksgiving district work period.

I would be glad to yield to the distinguished majority leader for that information.

Mr. WRIGHT. Responding to the distinguished acting minority leader, I would say this concludes the business for today and for this week, except for two commemorative bills that will be taken up immediately hereafter.

No further votes are expected today or this week.

There will be no session tomorrow. Next week the House will be in recess, of course.

Mr. LOTT. Mr. Speaker, may I ask, we will have the joint session tonight at 9 o'clock.

Mr. WRIGHT. The joint session will begin tonight at 9 o'clock and Members will respond when the bells ring summoning us to assemble here approximately at 8:30. I think the session itself we should consider to begin about 8:30. The President is scheduled to begin his address at 9 o'clock.

Mr. LOTT. I thank the distinguished majority leader.

Mr. WRIGHT. Members, of course, will want to be here long before that.

When we have completed this business at hand with these two commemorative bills, it is my understanding that the Chair expects to declare a recess until such time as we reassemble to hear the President.

Next week we will be in recess for the Thanksgiving and district home work period.

On the following Monday, December 2, we will reconvene at noon. There are no votes scheduled for Monday. We expect to take up six bills on suspension of the rules. Those bills are listed on the sheet of paper which the distinguished minority leader has before him and will appear at this point in the RECORD, as follows:

S. 1639, authorize the minting of gold bullion coins;

H.R. 237, amend the Fair Debt Collection Practices Act;

H.R. 1362, load lines and vessel measurements bill;

H.R. 3272, to designate the shipwreck *Titanic* as an International Maritime Memorial;

H.R. 1404, Virginia National Wildlife Refuge Expansion and National Fish and Wildlife Service Training Center Establishment Act; and

H.R. 2704, Fish and Wildlife Coordination Act amendments.

Votes on those bills will be postponed until Tuesday, December 3.

We meet again at noon on Tuesday. Votes on any of those suspensions on which a vote was demanded——

Mr. LOTT. Mr. Speaker, if the gentleman will yield, those votes will occur at the beginning of business after the 1-minute speeches on Tuesday, is that the intention?

Mr. WRIGHT. That is correct. That is the plan, and when that has been done then we would take up H.R. 1562, the Textile and Apparel Trade Enforcement Act of 1985. It is my understanding that a motion will be made to take from the Speaker's desk that bill, together with the Senate amendment, and agree to the Senate amendment. That, of course, will be subject to the granting of a rule, as would be with H.R. 3700, the Higher Education Act Amendments of 1985, which are scheduled to follow action upon the textile bill.

On Wednesday and the balance of the week, we will meet at 10 o'clock. We believe the House would consider H.R. 281, the Construction Industry Labor Law Amendments of 1985, subject to a rule being granted, and the continuing appropriations for fiscal year 1985.

Further action on the debt limit conference report may be ripe for our consideration on the House floor next week. Members should be prepared with that possibility in mind.

Conference reports may be brought up at any time, of course, and any further program will be announced later.

Mr. LOTT. I thank the majority leader.

Just one other question. Perhaps the Members have already been notified, I know it is being discussed actively. Does the gentleman have a target date for attempted adjournment for this session? I heard earlier, of course, discussion of December 6. Now I hear we are talking in terms of the 13th. Is that the latest information?

Mr. WRIGHT. The more realistic target and the target affirmed as recently as this morning in the Whip's meeting by the Speaker is December 13. We expect and intend to adjourn, having concluded our business for the session on that date.

Mr. LOTT. Members should be on notice depending on events we may not foresee at this point, that date could also change, but the target is the 13th; is that correct?

Mr. WRIGHT. Absolutely, it is the target. Possibilities for extenuation always lurk in the unknown future. One never can be absolutely certain, but that is our absolute target. That is our intention. That is our hope and it is our expectation that we will conclude on the 13th of December.

Mr. LOTT. I thank the distinguished leader.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY, DECEMBER 4, 1985

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday, December 4, 1985, may be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

AUTHORIZING THE SPEAKER TO ACCEPT RESIGNATIONS AND APPOINT COMMISSIONS, BOARDS, AND COMMITTEES, NOTWITHSTANDING ADJOURNMENT

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that, notwithstanding any adjournment of the House until Monday, December 2, 1985, the Speaker be authorized to accept resignations, and to appoint commissions, boards, and committees authorized by law or by the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

SWEET SUMMER LINGERS ANOTHER DAY

(Mr. OBERSTAR asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. OBERSTAR. Mr. Speaker, the Washington Post regularly publishes weather reports from regions around the country, but rarely does it receive firsthand a report on a localized weather condition as it did this morning, receiving a report on the weather in northeastern Minnesota from a

member of my congressional office district staff.

I include in the RECORD at this point that report, since it is of such significance, reporting on conditions in a very personal way, as staff member Jeanne Prittinen did.

The article is as follows:

SWEET SUMMER LINGERS ANOTHER DAY—RESIDENTS REVEL IN 75-DEGREE WEATHER, BUT COOLER TEMPERATURES EXPECTED TODAY

(By John F. Harris)

Nancy Schlie kicked off her shoes and threw her head back to catch the sun in Lafayette Park yesterday while she pondered whether her boss would be upset with the long lunch hour she awarded herself in honor of the unseasonably warm temperatures.

Two thousand miles away, in Big Sandy, Mont., Cliff Gulickson insisted in a telephone interview that he was equally content. "It's a real nice day. You ought to see it. It's real calm and still, and there's about four inches of snow,' said Gulickson, a farmer whose project for the day was to attach a snow plow to his tractor. "The temperature? Well, let's see . . . It's about 8 below."

At National Airport, the National Weather Service reported a high of 75 degrees Fahrenheit—four degrees below the record high set in 1942. But the crowds of people on downtown streets who shucked off their coats, loosened their ties and donned sunglasses seemed pleased enough that the temperature was above 56, the normal high for the date in Washington.

At Baltimore-Washington International Airport, the temperature climbed to 77 degrees, a record high there.

The pleasure will be fleeting. A cold front is expected to bring temperatures today as low as the 30s, with highs in the 50s and a 60 percent chance of rain to the area, a spokesman for the weather service said, and cool and cloudy weather with a chance of rain is expected to remain through Sunday.

Of greater concern is Hurricane Kate, about 250 miles southwest of the Florida panhandle. Although forecasters aren't yet predicting that the storm will have a significant impact, Kate does have the potential to dump large amounts of rain along the Eastern seaboard.

From the standpoint of productivity in the nation's capital, the return to normal temperatures, and dreary skies may be a blessing. Yesterday's weather seemed to be the ideal climate for goofing off.

"You know, I was driving to work and every place I was supposed to turn left I wanted to turn right. I just didn't want to come in today," said Jennifer Russell, a financial analyst having lunch at Farragut Square. "It's so beautiful. I'd like to play all day."

"I think they should just give everybody the whole day off," agreed Sarah Lyall, a clerical worker.

But Judy Fried, who with her husband Jerry owns the Ski Haus on Rockville Pike, spoke for the other side: "[The heat] is definitely having an adverse effect. We are seeing a slower pace in the store.

"People need that nip in the air before they think of buying winter clothes."

Even though the store's air conditioning was turned on for the first time in weeks, the heat made it plain unpleasant to put on the insulated ski apparel.

"People walk in and they're sweating. They don't want to try something on that will make them sweat some more," Fried said. "They say, 'I'm hot enough.' "

In fact, having summer in November presented something of a crisis for those attuned to fashion. "It's so hard to dress in this weather," said Terry Barnes, who had accompanied Russell to lunch. "One of the reasons we're here is to check out what other people are wearing."

The problem: wearing summer clothes is gauche this time of year, but fall attire can leave one dripping. The solution, Russell said: dark cottons.

Vexing problems such as these are one reason that Jean Prittinen, a staff assistant in Chisholm, Minn., for Rep. James L. Oberstar (D-Minn.) was not the slightest bit envious of Washington yesterday.

"Deep down, most people here are proud of the way they can handle the cold," she said in a telephone interview from Chisholm, where the temperature hovered just above zero yesterday. "It can be really beautiful. Besides, you can always put more clothes on, but you can't take them off. Not always, anyway.

PARLIAMENTARY INQUIRY

Mr. WALKER. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. WALKER. Mr. Speaker, are the special orders going to be called now at the end of this session?

The SPEAKER pro tempore. The Chair may call 5-minute special orders but may not call all the full special orders until after the joint session.

Mr. WALKER. Mr. Speaker, can the Chair cite for me what the precedent is for holding over the special orders until after the President's speech this evening?

The SPEAKER pro tempore. The Chair will state that in 1983 that took place, after the President addressed the joint session of Congress.

Mr. WALKER. It is the intention of the Chair then to prevent all other special orders from taking place until after the President's speech tonight, other than the 5-minute special orders?

The SPEAKER pro tempore. The Chair will entertain other special orders now until the recess when the Chamber is to be cleared but will protect the rights of other Members who wish to give their special orders after the President's address.

Mr. WALKER. I thank the Chair.

PERMISSION FOR COMMITTEE ON RULES TO FILE THREE PRIVILEGED REPORTS

Mr. FROST. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file three privileged reports from the Committee on Rules.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. WALKER. Reserving the right to object, Mr. Speaker, it is my understanding on this side that we do not know what those particular reports are. Could the gentleman describe in some detail what it is?

Mr. FROST. The gentleman from Mississippi [Mr. LOTT], the gentleman's deputy leader and a member of the Rules Committee, knows what those are. They are matters that have been considered in the Rules Committee today and which the Rules Committee delayed a vote until now to accommodate Members who were not present this morning. There is no question about what these matters are. They are matters that are on the schedule for the next week when we come back.

There is the Textile and Apparel Trade Enforcement Act of 1985, H.R. 1562. The gentleman from Tennessee [Mr. QUILLEN] I believe is on the floor, a member of the Committee on Rules, and is familiar with these. These are the three matters that were up in the Rules Committee today.

There is H.R. 3700, the Higher Education Amendments of 1985, and H.R. 281, the Construction Industry Labor Law Amendments of 1985. These are matters that were considered in the Rules Committee and the Rules Committee delayed a vote to accommodate members of the Rules Committee who were not present this morning and it is taking the votes right now.

Mr. WALKER. Further reserving the right to object, Mr. Speaker, I realize that the members of the Rules Committee are probably familiar with it.

These matters have been cleared with them to bring to the floor at the present time, to allow these reports to be filed; it has been cleared with the gentleman from Mississippi [Mr. LOTT] and the gentleman from Tennessee [Mr. QUILLEN]?

Mr. FROST. They are upstairs right now. I just came down to make the request. I just passed them on the way. They are familiar with what we are doing.

Mr. WALKER. Well, being familiar with it and having it cleared by our leadership are two different things. Is the gentleman telling us that these matters have been cleared by them?

Mr. FROST. I will say to the gentleman from Pennsylvania [Mr. WALKER] that I cannot speak to that. I was asked to come down and make the unanimous-consent request because the Rules Committee is voting right now.

Mr. WALKER. All right Mr. Speaker, I am now told they have signed off on that, and I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

MADE IN AMERICA MONTH

Mr. DE LUGO. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 206) to authorize and request the President to designate the month of December 1985, as "Made in America Month," and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from the Virgin Islands?

Mr. HANSEN. Mr. Speaker, reserving the right to object, I do not object, but simply would like to inform that House that the minority has no objection to the legislation now being considered.

Mr. Speaker, under my reservation, I yield to the gentleman from North Carolina [Mr. BROYHILL], who is the chief sponsor of Senate Joint Resolution 206, Made in America Month.

Mr. BROYHILL. Mr. Speaker, I thank the gentleman for yielding.

I want to thank the members of the committee for bringing up this bill at this time.

Mr. HANSEN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from the Virgin Islands?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 206

Whereas the trade deficit in our country in 1984 reached a record level of $123,000,000,000;

Whereas the 1985 trade deficit is predicted to increase to $150,000,000,000;

Whereas over one and one-half million jobs have been lost in the manufacturing sector since 1980 as a direct result of imports;

Whereas imports now account for more than 20 per centum of all manufactured products sold in the United States;

Whereas imports continue to grow at an increasing rate and constitute a larger and larger percentage of all manufactured goods sold in this Nation;

Whereas the manufacturing sector of the United States economy is shrinking dramatically as a result of imports;

Whereas a continuing flood of imports of manufactured goods could permanently reduce the manufacturing capacity of our Nation and, as a direct result, threaten our ability to respond to a National emergency and make the United States highly vulnerable to embargoes of a wide range of products necessary for the National defense and the smooth functioning of the National economy;

Whereas there is little awareness of the country of origin of most products sold in the United States;

Whereas United States consumers should be aware of the impact that their purchase decisions could have on their own jobs and the economy as a whole; and

Whereas traditionally the United States government has not effectively linked the growth of imports to the growth of domestic consumption: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating the month of December 1985, as "Made in America Month" and to call upon Federal, State, and local government agencies, and the people of the United States to observe the month with appropriate programs, ceremonies, and activities.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

□ 1445

NATIONAL HOME CARE WEEK

Mr. DE LUGO. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 139) to designate the week of December 1, 1985, through December 7, 1985, as "National Home Care Week," and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from the Virgin Islands?

Mr. HANSEN. Mr. Speaker, reserving the right to object, and I will not object, I would simply like to inform the House that the minority has no objection to the legislation now being considered.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from the Virgin Islands?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 139

Whereas organized home health care services to the elderly and disabled have existed in this country since the last quarter of the eighteenth century;

Whereas home health care, including nursing services, physical therapy, speech therapy, social services, occupational therapy, health counseling and education, and homemaker-home health aide services, is recognized as an effective and economical alternative to unnecessary institutionalization;

Whereas caring for the ill and disabled in their homes places emphasis on the dignity and independence of the individual receiving such services;

Whereas the Federal Government has supported home health services since the enactment of the medicare program, with the number of home health agencies providing services increasing from less than five hundred to more than five thousand; and

Whereas many private, public, and charitable organizations provide these and similar services to millions of patients each year preventing, postponing, and limiting the need for institutionalization and enabling such patients to remain independent: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week of December 1, 1985 through December 7, 1985, is designated as "National Home Care Week", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe the week with appropriate programs, ceremonies, and activities.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. DE LUGO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on Senate Joint Resolution 206 and Senate Joint Resolution 139, the Senate joint resolutions just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from the Virgin Islands?

There was no objection.

GROUND WATER PROTECTION ACT OF 1985

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas [Mr. BUSTAMANTE] is recognized for 5 minutes,

Mr. BUSTAMANTE. Mr. Speaker, I am introducing today a bill which provides for the protection of our ground water resources. I would like to thank Senator MITCHELL for his work in developing and introducing this bill in the other body.

Ground water is one of our most precious natural resources. Over half of the American people depend on ground water for drinking water. Most urban areas are to some extent dependent on ground water. Many of our cities, such as Miami, San Antonio, Nassau-Suffolk Counties of Long Island, Memphis, Dayton, Honolulu, and Tuscon, are served entirely by ground water. Our rural areas are even more dependent on ground water. Approximately 95 percent of our rural households depend solely on ground water for drinking water.

In addition to domestic use, ground water is an essential component of States' agricultural and industrial dynamics. This is particularly true among western States, such as, California, Texas, Nebraska, and Arizona, due to the drier climates and limited supplies of fresh water.

Unfortunately, our growing dependency on ground water is accompanied by an increased incidence of ground water contamination. During the last few years, over 4,000 wells have been confirmed as contaminated. A study conducted by the EPA

found contaminants in 30 percent of our urban wells and about 20 percent of our smaller rural wells. While the severity of this pollution has been more modest, it is important to note that ground water resources are much more difficult and costly to clean up than surface water. And in many cases these wells are impossible to adequately treat once contaminated.

However, several incidents have been reported which constitute a more urgent threat to public health. For instance, in 1978, 38 wells were closed in the Long Island, NY area, affecting over 2 million people. Another case in California involved the closing of 39 wells which threatened the drinking water of 400,000 people.

We in San Antonio have been fortunate. The Edwards aquifer was the first sole source aquifer designated under the Safe Drinking Water Act; and area officials have done an excellent job of protecting the acquifer. However, we have learned that not all ground water resources are adequately protected nationwide. The real danger facing our Nation's water resources is that given the wide scope of ground water usage and the growing threat of contamination, we still have no comprehensive ground water policy.

Our current ground water policy consists of a piecemeal Federal strategy and inconsistent States' policy. To date, individual States have taken the lead on the prevention of ground water contamination, and I believe this issue should and must be addressed by individual States. But, I also believe, States are in need of grants, technological assistance, and direction from the Federal Government. The Ground Water Act of 1985 is a legislative endeavor which will bring local authorities, States, and Federal officials into a healthy debate on actual policy.

I take this opportunity to recognize the outstanding work done by my fellow colleague, Congressman MIKE SYNAR, chairman, of the Subcommittee on Environment, Energy, and Natural Resources. Mr. SYNAR'S leadership was demonstrated during hearings held before his subcommittee. These hearings represent a definitive contribution made by Congress to the ground water contamination debate. I hope the bill I am introducing today will carry the knowledge and the spirit of the subcommittee's efforts into other channels of Congress.

This bill establishes an interdependent State and Federal network for assessing and addressing our gound water contamination problems. Between these two poles, States are given a clear priority. I believe that States must take the lead on this issue partly because of my States rights philosophy, but more importantly because of the nature of ground water contamination.

States' ground water resources, problem contaminants, and developmental priorities are diverse. Thus, the comprehensive program this bill provides gives States full authority to set their own standards and priorities.

However, it also ensures direction from the Federal level. The EPA would be responsible for enumerating a substantially expanded list of contaminants for States to use as standard criteria. In addition, EPA would help States establish management strategies and conduct periodic public reviews of States' ground water contamination programs. Also, the U.S. Geological Survey [USGS] would assist the EPA in strategy guidance and would coordinate States' information on ground water resources.

Funds will be made available from the USGS for ground water assessment, and the EPA will give grants for the costs of implementation and development of a ground water contamination prevention program. The authorization for this will include $25 million for the first 3 fiscal years after the act for USGS grants. EPA grants will be authorized at $50 million for the first 5 years after the act. Finally, $25 million will be authorized for additional administrative costs for 5 years following the act.

I realize that these figures are intimidating at first glance. But we must remember that these figures are a fiscal outline for our program, not a fiscal necessity. More importantly, we should not underestimate the long-term economic and health benefits a comprehensive ground water strategy would bring.

In closing, I would like to repeat my conviction that this legislation is best viewed as a framework. Our colleagues in the other body have provided us with what I believe to be an excellent legislative tool to begin a fuller and more expanded debate on the issue of ground water contamination. The Ground Water Act of 1985 is a beginning, perhaps a bold one, but one sure to raise a fruitful debate.

INDEPENDENT OIL STORAGE CORPORATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Rhode Island [Mr. ST GERMAIN] is recognized for 5 minutes.

Mr. ST GERMAIN. Mr. Speaker, I am today introducing legislation to create an independent oil storage corporation.

The establishment of this corporation—to store gasoline and home heating oil that would then be sold during times of shortage—would put an end to the recurrent exercise of oil price increases during time of plenty. Our problem, as evidenced by the fact that we are going into the home heating season with historically low heating oil inventories, continues to be one of a shortage of a sound, efficient, consumer interest oriented management in the oil industry, rather than a shortage of crude oil. This legislation would enable us to overcome that deficiency.

Last year, despite a crude oil glut, the tactic of maintaining low inventories beyond the onset of winter became a standard of management procedure among American oil companies. For that the American consumer paid a dear price.

This coming winter seems to be no exception to their rules of "fare" play. Already the news is out.

Seasonal inventories are at an historic low.

We are heading into the heating oil season.

Fingers are being crossed in the hope we will again luck out and not have that all too predictable cold snap, followed by panic buying, followed by hoarding and—ultimately—by catastrophic price increases.

Mr. Speaker, on several occasions in the past, I have advanced the idea of establishing a backup supply of oil for the most needy regions within the United States. This makes particularly good sense where imports of oil are the sole means by which a region meets its energy needs. Such is especially the case for New England and for the Northeastern United States, which qualify easily when you realize that the 6 New England States are among those 18 which are both non-oil producing and lack most energy resources. These States relay on petroleum products for over 60 percent of their energy needs, and their economies are higly vulnerable to any oil supply and price changes. Yet, though the region of New England, for example, has decreased its oil consumption pattern by nearly 50 percent since 1973, it remains 22 percent more dependent upon oil as a primary energy source than does the United States as a whole. Their belts are beyond being able to be tightened—further.

Mr. Speaker, an oil storage corporation, such as I propose be established, would provide the means to avoid that all too familiar feeling of being left "high and dry." Should there be any serious energy shortages this or any other winter, the oil storage corporation could be a much-needed stabilizing influence in an industry that, to say the least, has, and continues to have, an enormous effect upon our economy, our comfort, and our collective well-being.

Mr. Speaker, at this time, I urge my colleagues to join with me in their sponsorship of this consumer-oriented legislation.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. NELSON] is recognized for 5 minutes.

Mr. NELSON of Florida. Mr. Speaker, due to official business, I was unable to be present and voting for rollcall Nos. 414 through 416 on November 20, 1985. Had I been present, I would have voted "aye" on roll No. 414, the Young motion to instruct House conferees to insist on the House position with respect to Coast Guard funding levels (H.R. 3244, Department of Transportation appropriations); "aye" on roll No. 415, the Bennett amendment to H.R. 3622, Joint Chiefs of Staff Reorganization; and, "aye" on roll No. 416, final passage of H.R. 3622, Joint Chiefs of Staff reorganization.

FARM CREDIT ACT AMENDMENTS AND PRODUCER REFERENDUM ACT OF 1985

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Oregon [Mr. WEAVER] is recognized for 5 minutes.

Mr. WEAVER. Mr. Speaker, I rise to introduce the "Farm Credit Act Amendments and Producer Referendum Act of 1985". This legislation provides the most equitable and fiscally responsible solution to the crisis facing American agriculture today.

My bill will allow the producers of wheat and feed grains to effectively manage their supply. Overproduction, encouraged and supported by this Government, has brought about an agricultural crisis more severe than the depression of the twenties and thirties.

The Members are familiar with the severity of the crisis across rural America. The impact soon to be felt in our urban centers, the rapid decline in the ability of our lending institutions to cope with staggering losses, and the potential drain on the National Treasury when the Congress is asked to bail out one institution after another, demand that Congress move from a simple state of awareness to an immediate state of action.

Recently, the Farm Credit Administration requested $5 billion in immediate relief. The House Agriculture Subcommittee on Credit, on which I serve, was given the unpleasant task of drafting legislation to rescue this $70 billion institution from collapse. I commend the fine work of the subcommittee chairman, Mr. JONES of Tennessee. The committee bill adequately addresses the structural changes of the Farm Credit Administration necessary to weather the coming storm. I have followed the committee recommendations in these areas.

During committee testimony, witness after witness stated that the crisis in agriculture is an income crisis—not a credit crisis. My bill addresses the root cause of the current depression. My bill will allow the borrower to pay back his loans.

Mr. Speaker, according to estimates prepared by the Congressional Budget Office, my bill will save the American taxpayers $30 billion over the next 5 years. My bill will give the farmer the right to vote in a referendum to institute effective supply management. Farm income will increase 52 percent over 1985 levels. The downward spiral of agricultural land values will be halted. Family farms will survive. And Congress will not be required to pour billions of dollars into a remodeling for the *Titanic*.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO FILE REPORT ON RESOLUTION MAKING FURTHER CONTINUING APPROPRIATIONS, FISCAL YEAR 1986

Mr. NATCHER. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight tonight to file a report on a joint resolution making further continuing appropriations for the fiscal year 1986.

The SPEAKER pro tempore (Mr. GRAY of Illinois). Does the Chair understand that this has been cleared with the other side?

Mr. NATCHER. This has been cleared, Mr. Speaker.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

ORDER OF BUSINESS

Mr. LUNGREN. Mr. Speaker, I ask unanimous consent that I be permitted to proceed first with my 1-hour special order this afternoon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

DESIGNER DRUGS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. LUNGREN] is recognized for 60 minutes.

Mr. LUNGREN. Mr. Speaker, every year the U.S. Government wages a multibillion-dollar war against narcotics abuse. Every year we launch undercover operations, negotiate with foreign countries, and organize raids on the distributors of these deadly substances. And every year narcotics traffickers seek new routes of evasion. With the advent of designer drugs, however, evasion has turned into attack, and a frightening and highly elusive set of weapons has entered the combat.

Designer drugs pose such a grave threat to our society that we must not permit any loopholes for producers to crawl through. The emergency scheduling provisions of the Comprehensive Crime Control Act of 1984, which I will shortly review, represented a major step forward in this direction. But the mutability of these drugs, their profitability and their horrifying effects mandate that they be outlawed, and I have introduced a bill to accomplish this. My colleagues must recognize that the narcotics business constitutes domestic terrorism, and that we will need both energy and foresight to fight it effectively.

Now, what exactly are "designer drugs"? I'd like to say first of all that they are not what the unfortunate appellation might suggest. When we say "designer," we think of Yves St. Laurent or Gloria Vanderbilt, or anybody like that. But there is nothing glamorous about having your brains obliterated by one of these substances. I also dislike the use of the vague term "drugs," which may imply some connection with products that provide medical benefit to people. I can't stress enough this afternoon that the existence of these narcotics must not lead to restrictions on the legitimate products of pharmaceutical companies; indeed, my legislation incorporates that principle. All in all, I would much prefer the term "synthetic narcotics" to "designer drugs." The latter is the common parlance, however, so I will employ it this afternoon.

Putting it concisely, these designer drugs result from the chemical alteration of well-known substances in order to produce analogs of controlled substances that are not covered by the Controlled Substances Act. Through the slight arrangement of molecules, the underground chemist can then "design" a new drug that lies just beyond the scope of Federal sanction. However, the adoption of the Crime Control Act of 1984 at the close of the last Congress provided the Department of Justice with a new weapon to address the problem of designer drugs.

The Drug Enforcement Administration had, previous to that legislation, faced delays of up to 1½ years in placing substances on the CSA schedule. Under the new law, currently in effect, the Attorney General has the authority to schedule a drug on an emergency basis, after first having a 30-day public comment period in the Federal Register, and that can remain on the schedule on an emergency basis for up to 1 year if it is determined that such scheduling is necessary to avoid an imminent hazard to public safety. This emergency placement is a completely separate action from the normal administrative process and will in no way interfere with parallel procedures regarding the permanent scheduling of designer drugs.

The DEA has already made good use of this authority against the most dangerous and highly abused designer drugs identified to date. On April 25, 1985, the DEA placed the heroin substitute 2-methylfentanyl on the CSA schedule on an emergency basis. The drug MDMA was added to the schedule on July 1, 1985. Nine days later, Acting Drug Enforcement Administrator John Lawn signed an order to place MPPP and PEPAP on the drug schedule. And as of November 29, eight fentanyl derivatives will also be on the emergency schedule.

Given that the new laws have been in effect less than a year, and given the fact that 12 substances have already been outlawed, it's clear that the emergency scheduling system is off to a successful start. Underground chemists, those evil geniuses, must now be aware that they have only a limited time to peddle their poisons. Yet the properties of these narcotics indicate that even a limited time may be much too much time for the drug-consuming population.

The first grim fact that we must confront is that these drugs are easily

produced. There is no essential organic ingredient, even though the substances bear some resemblance in their effect to heroin or morphine. Rather, these druges can emanate from laboratories—and very cheap ones at that.

This problem was illuminated at a July 25 hearing of the Senate Subcommittee on Children, Family, Drugs, and Alcoholism. The distinguished chairwoman of that subcommittee remarked at the outset of the hearing that an individual could start such a laboratory with $50 worth of equipment and materials available from hardward stores and pharmacies. Dr. Robert Roberton, chief of California's Department of Alcohol and Drug Problems, testified that, theoretically, a minimum of space would be needed for such facilities; perhaps even a closet would be sufficient. Such limitations would not hamper the product from causing a great deal of pain on the streets, however. Dr. Roberton put it this way: "If you can imagine, Madam Chairman, holding 200 grams in one hand, that is 200 million doses if it were to be sold on the streets of California. That is a lot of doses and a very small amount of material. A shoeboxful could supply half a million heroin addicts in this country for about 6 months. That is how small the material is. That is one of the big problems," he concluded. Another witness at the hearing, Richard Hawks of the National Institute on Drug Abuse, revealed an additional "big problem." He testified that one only needed a B.S. in chemistry to create these substances. Obviously, this fact greatly increases the potential pool of manufacturers.

These factors mean grievous headaches for law enforcement officials because they all tie in to the worst reality of all: mutability. The closet chemist can keep changing the formulas for his drugs in order to bypass the legal restrictions on his last product. Dr. Donald MacDonald, Administrator of the Alcohol, Drug Abuse and Mental Health Administration in the Health and Human Services Department, testified to this effect at the aforementioned hearing, He said:

> There is almost a limitless number of drugs that can be produced. In the case of fentanyl, maybe 4,000 possible derivatives can come, and it does not take a genius to do it.

□ 1455

In other words, what we are saying is this: Although we did take a major step in passing the Crime Control Act of 1984 with respect to the emergency scheduling provisions given to the Attorney General, the fact of the matter is with these multiplicity of molecular changes that can take place for any of these derivatives, we are always going to be following these evil geniuses after they have done their damage. During the period of time under present law that they come up with their new poisons, until we can identify those poisons and can get enough information on them to identify them to satisfy the requirements under the emergency scheduling provisions, there is no illegality involved in the designer drug creation and actual distribution.

The incentive for those who engage in this seamy commerce can be described in one word: profits. We have already seen that the capital prerequisites are limited, and this naturally bolsters the probability of successful operations. John Lawn, presently chief of the Drug Enforcement Administration, described the problem to the subcommittee:

> The profit motive is a major factor in the manufacture and distribution of designer drugs. It is estimated that one kilogram of the fentanyl analog, which produces approximately 50 million dosage units, could be manufactured for under $2,000 and have a retail street value of over $1 billion. Obviously, the financial rewards of such an endeavor are enormous and enticing.

Not surprisingly, an inviting market already exists in which the criminal can operate. Thousands of addicts hunger for heroin, and these synthetic drugs are easily transformed into facsimiles of "China White" and "Mexican Brown."

Anybody with any intelligence and any ability in the area of chemistry can make these synthetics appear what they want them to be. Dr. Roberton of the State of California commented in testimony that 20 percent of his State's 130,000 heroin addicts were already using fentanyl analogs. He estimated that 70 percent of this new group were not aware that they were using a phony heroin. One of the subcommittee's witnesses, a Baltimore heroin user named William, fit in with this pattern. He too had used the designer drugs as heroin without knowing what they really were. Unfortunately for him, William said he had injected these chemicals 20 to 30 times—a statistic that also bodes ill for Baltimore.

Dr. Roberton added that recently, some addicts in California, the State I represent, have been asking for "that synthetic stuff," believing that it provides a stronger "high" and is therefore "purer." Further, California cocaine addicts used the same drugs to relieve the high nervous pitch that their habit induces. Given these facts, we must realize that a market does not need to be cultivated for designer drugs—it is already filled with customers.

These customers will not only pay money for their designer drugs, but a brutal toll on their minds and bodies as well. Indeed, the cruelty of the effects of these narcotics are so startling that it virtually cries out for the full measure of the law to be applied against it. Let's look at the fentanyl analogs first. According to Dr. Roberton, over 100 people, 100 people in my home State of California, have died from this series of narcotics. It's no wonder. Dr. Roberton observed that 3-methyl-fentanyl, the first drug to be placed on the emergency schedule, was "between 1,000 and 3,000 times stronger than morphine sulphate." Dr. MacDonald pointed out that the fentanyl analogs as a whole are over 100 times as strong as heroin. In other words, an addict would need 100 injections of herion to obtain the same high he gets from fentanyl derivatives. Frankly, I'm amazed that anyone could absorb that much havoc in their bodies and still live.

As an aside, I must join with Dr. Roberton in stressing that the original fentanyl is a safe and extremely useful drug. It is used frequently in surgical procedures and is well-regarded. But the analogs of fentanyl cause disaster.

If the powerful fentanyl derivatives were alone on the street, Government officials would already have their hands full—especially since most labs used by parole, probation, military, and police authorities can't detect the minute fentanyl ingredients. Unfortunately, there are other designer drugs available. Tragically, MPTP is one such example.

While the fentanyl analogs kill people through overdoses, MPTP simply cripples them. Dr. Roberton explained the situation in his testimony:

> The MPTP is a new Toxin that destroys brain cells, that cripples people for life * * *. It kills the cells in the substantia nigra which, in essence, are the same cells that die in Parkinson's disease in old people * * *. The clients that have been seen—and we have about 400 now identified that have used this material, many of them chronic Parkinson's disease—they have the same signs and symptoms, the shuffling gate, the seborrheic changes, oily skin, rigidity, tremors, the cob-wheeling of the joints, drooling, difficulty in speaking—all the classic signs of Parkinson's disease.

Individuals have been treated with medicines for these symptoms but those medications lead to a toxic buildup. When that happens, the victim visits a hospital—sometimes an intensive care unit—for detoxification. Then he or she goes back on the medication which is so desperately needed. Obviously, this chemical imprisonment represents both a gruesome life for those involved and a tremendous expense for taxpayers.

Individual testimony completes this portrait. During a recent segment of the MacNeil-Lehrer Newshour, Dr. William Langston of the Santa Clara County Medical Center revealed the fate of his MPTP patients. He spoke of David, who now suffers the Parkinson's syndrome and takes medication

to ameliorate it. Dr. Langston noted the limitations of medication to treat the effects of MPTP:

Off medication he loses all ability to move. He can only move his eyes to the left and to the right. We are in a situation where he either has to tolerate the side effects, these extra movements you're seeing, or he becomes frozen.

The reporter, Kwame Holman, then asked Diane, another MPTP user, about her condition. She gave this response:

With the medication I'm OK * * *. I know I can deal with death now that this has happened to me, because I'm just so unhappy with this disease that if it got any much worse I wouldn't want to live anyway. So, you know. All I know is it's a messed up trip. It really is.

I'd like to remind my colleagues that most of these people are in their twenties or thirties.

The prognosis for another designer drug, MDMA, popularly known as Ecstasy, is murkier but not better. Scientific evidence has only recently emerged. Pharmacologists at the University of Chicago have examined two close cousins of MDMA, MDA and MA, and have found that they provoke malfunctions in the operations of the brain. When scientists gave laboratory animals regular doses of MDA, the animals experienced a 50-percent reduction in their supply of serontonin, a brain chemical that regulates sleep, aggression, and other vital functions. With injections of MA, the animals lost dopamine, a chemical which guides bodily movement. The lack of dopamine leads to symptoms which resemble Parkinson's disease. Dr. Jeffrey Rosecan of the Columbia Presbyterian Medical Center has himself treated MDMA users who have experienced hallucinations. One student believed that his friends were going to kill him. He therefore locked himself in his dormitory room for 2 weeks. A second student was also convinced that others were trying to kill him, and as a result spent 4 weeks in a hospital before moving to a group home in Pennsylvania, where he currently resides. it seems to me that hallucinations and brain damage are a rather grotesque form of "ecstasy," and I believe the DEA should be applauded for placing the chemical on the emergency schedule.

Now I could cite test results and other statistics all night long. But I'm convinced that my colleagues need to hear about actual people before they will fully realize that designer drugs do not merely cause pain, but devastation as well. One couple bore witness to this fact in testimony before the Senate Budget Committee on July 18 of this year. The Kidstons lost their son to designer drugs, probably MPTP. I should say that Mrs. Kidston's statement was interrupted a couple of times by Senator CHILES.

Thank you. It is a difficult story to tell, but thank you for this opportunity. I hope this will help someone else along the line.

In January 1976 Barry was enrolled at George Washington University with a major in chemistry. He was an intelligent young man. He had a great personality. Of course, I am a little biased because he was my son but I still thought a great deal of him. He got along well with people. He liked to help people and do things. He was outgoing, but then he started a laboratory in our basement.

Our basement is not very large. It is a room where I have a sewing machine and a washer and dryer and the usual gas furnace and that sort of thing. He decided to make some—do some experiments. Basically he told us they were for class, to help him in this class work at GW, and also to try to develop a synthetic demerol, which would be a nonaddicting Demerol. I don't think we realized at that point how serious he was into the drug field or not. I don't know. But as we know now, what he did do, I guess he got into what we are now calling designer drugs.

He didn't even have as fancy a gadget as that thing up there (referring to an exhibit). He had a little Aetna burner. He had flasks and beekers, and he had one of those glass trays that I see. In fact, I have a little note about that being washed in my dish washer, not realizing what was being washed. He bought chemicals from mail-order houses. He ordered chemicals from chemical supply houses in the Rockville area. He bought—I bought chemical books for him, rather expensive ones but he felt he needed them for George Washington school and he also went to various libraries and researched what was needed. He went to the National Institute of Health Medical Library and the other one across from Bethesda Naval Hospital and he would Xerox formulas and descriptions and bring them home and work on them.

We didn't realize what he was doing until the 30th of September in 1976 when a boil erupted on his arm. I took him over to Bethesda Naval Hospital and he told the story, and he told me the same story, that bees had stung him a couple of weeks prior to that and the stinger were still in his arm. Bethesda treated him, sent him home and that healed. But in November 1976—he wasn't going to school at that point, he had dropped out of George Washington—he showed some signs of being lackadaisical around the house or not being enthusiastic about anything and then one day he couldn't bring his arms down out of the air.

Senator CHILES. Couldn't bring his arms down out of the air?

Mrs. KIDSTON. He was stiff. He was walking with a very peculiar gait. I took him to a psychiatrist who I knew and who had been working with us, and who knew the family situation, background, the whole story. He didn't know at that point about the chemicals that Barry had been making. Barry was put in Sibley Hospital. He was there approximately 4 weeks. He was completely catatonic. He was diagnosed as a catatonic schizophrenic.

Senator CHILES. Catatonic schizophrenia was the diagnosis?

Mrs. KIDSTON. Yes. They did give him electrical shock treatments with our permission, and then there was a discussion that they felt it was not a catatonic condition, that it could be a neurological problem. At that point we started getting into the Parkinsonian syndrome which is what they said it could be. Navy talked to him but referred him to NIH and at NIH they gave him some treatment as an inpatient and outpatient, both the psychiatric department, the neurological department, everybody was involved in it. When he was an outpatient he would be at home with us.

It was difficult living with him. He would not sleep well at night. He seemed to sleep well during the day but not at night. I would sit up and play chess with him—not chess, I can't remember what it was—until 3 or 4 in the morning, but I had to go to bed because I had to get up and go to work the next morning.

That continued until in November—the summer of 1978, when I was working in the garden. My husband came out and told me he had to call the police, that Barry had threatened him. The police came. We had quite a to-do about it because Barry had a gun in the house. The police came in and talked to us after they settled him down. We worked everything out, but we told Barry he had to leave.

He moved over to Greenbelt with a friend who unfortunately was heavy into cocaine but Barry at this point—well it was a matter of living with the cocaine or he would have gone out and gotten the cocaine. We really couldn't do much with him. He got a job in the Door Store in Georgetown. Living in Greenbelt he would miss the last bus, and he would call me and ask me, would I come and pick him up and take him home, I would do that.

Then on the 3d of September, that was a Labor Day weekend, he called. It was about 4 in the morning. He was over at the campus, University of Maryland campus, and would I come and get him. So I did. I picked him up and told I would like to take him home. He said, let's pick up my laundry first. We went to his apartment. He went in to get the laundry. I waited for about 2 hours. I didn't know his apartment number, unfortunately. I waited until I saw a woman watering her flowers and went up and introduced myself. I called my husband and asked him for Barry's phone number, I called Barry and asked him his apartment number and I went upstairs and when I got up to the apartment, Barry was sitting on a commode and just slumped over. I thought he was unconscious. He wasn't. He was in a sort of stupor.

We got in the car and I took his laundry and we started out the beltway to Bethesda. I was furious with him and I let him know it in no uncertain terms but it didn't help much. I got a little of the steam out of me, I guess, and that morning we got back to the house. It was about 7:30, Barry went down to the basement. I wanted to get him breakfast. He wasn't interested, and he finally said he was going home. He called a friend that he lived with and the friend came and Barry and he left and the last I saw of Barry is as he walked out the door through the car port, smiling and waving goodbye.

About 6:30 or 7 p.m., we had a call from Bethesda Naval Hospital. They asked if Barry was our son. I said, yes. They said they are checking records. About 9 o'clock or 10 o'clock NIH called saying they wanted to know if Barry was our son. They said they were retiring records.

About 10 o'clock that night the front door bell rang and there were three gentlemen. One was from the coroner's office and one was from the FBI, and the other was a State trooper. The FBI was involved because Barry had been found under a tree dead on the NIH grounds.

Later, when we pieced some of the story together, we learned Barry had gone to a Pharmacy across the street from NIH to buy some Robutussin cough medicine with codeine. Whether he ever got it or not, I don't know, except that the death certificate does show an overdose of cocaine and codeine. Maybe he did get the bottle. I think they come in about 8 ounces.

But at the same time, on a manila envelope he had written out his will of what he wanted done with what he thought was his share of what our estate would be when we were gone. I have all of that.

They took him to Baltimore for an autopsy. And I called NIH and asked them if they would like his brain. I felt it would serve some purpose, With Parkinson's, I believed this would show up in the brain.

□ 1510

Mr. Speaker, I selected this testimony by Mrs. Kidston in part because it demonstrates that the user of these narcotics is not alone in his anguish. Too often we consider the ill effects of drugs from the sole viewpoint of the addict, without recognizing that the latter's loved ones suffer too. In this instance, designer drugs crushed three people, not just one.

Before closing my discussion of the consequences of designer drug use, I wish to add a couple of warnings. First, we should be aware that toxic impurities in these chemicals are likely because of the sloppy conditions of production. Dr. William Langston of Santa Clara Valley Medical Center has observed in Budget Committee testimony that new and as yet undiscovered damage to the brain is possible in these circumstances. Second, Dr. Roberton commented in his testimony that addiction to these drugs can be transmitted to the unborn. He noted that in California, newborns in this situation are treated in the same way as the progeny of heroin addicts. It's hard to imagine a worse heritage than an appetite for these drugs, which are so exceptional in their destructive power.

Mr. Speaker, one of the things that we ought to realize is that the people who are producing and purveying this poison in our communities are not really concerned about the impact on the user; they are not concerned about the Parkinson's disease that is created in the user; they are not concerned about other unforeseen complications of the usage of their designer drugs; their only concern is getting around the law, creating a chemical analog which just because of a minute change in molecular structure means it is no longer on the controlled substances list.

So they do not care about going through the procedures that the normal pharmaceutical companies go through to make sure they know all of the possible side effects, and then make a determination as to whether they should put that in the commerce of America based on a cost-benefit analysis; that is, the cost to the user and the benefit to the user.

They do not worry about having to go through the regular FDA procedures to make sure that we have a double check on the use of such drugs in their both intended and unintended benefits.

So, Mr. Speaker, what we have are a group of people, probably few in number thus, far, who are out to make a buck doing one of the most damning things you could do; ruining people's lives, their bodies, their brains, and the people around them.

The question is, what can we do to prevent future tragedies such as the Kidston's? I believe that my legislation presents one possible answer to this question. First of all, it focuses on the manufacturing and distributing of these designer drugs. It does not focus on the substances themselves because they can be readily modified and the theoretical number of these drugs is infinite.

Specifically, the proposal adds new section 403A to the Controlled Substances Act to make it unlawful to manufacture with the intent to distribute, to possess with the intent to distribute, or to distribute a dangerous class of substances known as designer drugs intended for human consumption unless such action is in conformance with the Federal Food, Drug and Cosmetic Act, regarding new drug approval.

The term "designer drug" is defined for purposes of the proposed provision to mean a substance other than a controlled substance that has a chemical structure substantially similar to that of a controlled substance in schedules I or II or that was specifically designed to produce an effect substantially similar to that of a controlled substance in schedules I or II.

The focus of this proposal is clearly to impact on the designer drug phenomena by making it illegal for the clandestine chemists to manufacture and distribute these substances. In development of the proposed statute every care was taken to assure that the proposed legislation would impact only on the undesirable activity and not on legitimate manufacture and research. The proposal, unlike one that would focus on the drugs themselves, does not set up a regulatory or administrative framework with which legitimate industry and researchers would have to comply. It places no additional burdens on anyone legitimately involved with these types of substances. Legitimate activity regarding new drugs is protected by the exemption for manufacturing or distribution of a substance in conformance with the new drug approval provision of the Federal Food, Drug and Cosmetic Act. Early-stage clinical research activity is protected by reference to the exemption from the new drug approval requirement for investigational use. Also, nonclinical research and industrial applications would not be affected since they obviously are not intended for human consumption.

Additional protection for legitimate activity and a clear statement of the focus of the proposal are both afforded by the definition of "designer drugs." In addition to the specifications listed above, the definition provides examples of chemical classes in which designer drugs are found. The definition requires that there be a substantial degree of similarity in order for a substance to be considered a designer drug. Moreover, if the substance falls within the purview of the definition because of its effect, rather that its chemical structure, the substance must have been specifically designed to produce such an effect. Thus, for example, although caffeine may produce effects which resemble those produced by certain controlled substances, the similarity is not so significant as to bring caffeine within the purview of the definition of "designer drugs;" nor would its design meet the effect requirements of the definition. Similarly, this proposal is not intended to cover alcholic beverages, tobacco products, aspirin, or other legitimate consumer products.

Some additional technical provisions involve the clarification, for purposes of this proposal, of the applicability of the new drug approval process of the Food, Drug and Cosmetic Act and the establishment of a definition for the term "human consumption." The proposal clarifies that, for purposes of the proposed provision, the new drug approval process of the Food, Drug and Cosmetic Act applies irrespective of whether there is an intent to introduce the substance into interstate commerce. Thus, the broad scope of the Controlled Substances Act—which does not require an interstate commerce nexus—applies to the proposed exemption, as well as to the proposed offense.

The approach taken by this bill provides for an effective and, most importantly, an immediate law enforcement response to the manufacture and distribution of designer drugs. No longer will individuals be able to circumvent the Controlled Substances Act through skillful manipulation of the chemical structure of potent and dangerous drugs. It makes it a crime punishable by imprisonment for up to 15 years and a fine up to $250,000 to manufacture with the intent to distribute a designer drug intended for human consumption. This is done without placing additional burdens on legitimate industry and without restricting legitimate research.

□ 1520

The Drug Enforcement Administration has made life uncomfortable for the chemists behind designer drugs by arranging to schedule their wares only months after they have appeared. We must understand, however, that the deadliness of their products, the ease with which they are altered and the attractiveness of their sale means great hardship for society. We must take the additional step of banning these materials to constrict this danger. In other words, a window of vulnerability exists in present legislation, and the public weal and the safety of our constitutents demand that we close it.

The use of the term "window of vulnerability" is not incidential. When we face drugs that maim people and leave them wards of the State, when we discover narcotics that can cause hundreds of overdoses, and when we confront the potential birth of an autonomous narcotics industry, it becomes clear that we are dealing not with "another drug problem," but with a sort of terrorism. This terrorism has no goal or organization. But it does resemble international terrorism in its capacity to disrupt and demoralize the fabric of society. And like international terrorism, it can be discouraged by preventive action. The new age of chemistry in narcotics abuse, along with other recent developments in the production of drugs, must signal a new age of foresight and anticipation in narcotics control. Energetic reactions—like the south Florida task force headed by Vice President BUSH—are essential, but we must learn to keep a step ahead of the drug traffickers as their activities grow in sophistication. H.R. 2977 is a step in this direction.

As you know, Mr. Speaker, I represent the State of California. In some ways we are called trend setters. I am proud to say that proposition 13 began that tremendous revolution that has swept across this country known as the tax revolt. We have made changes in our States, changes have been made in other States, changes have been made on the Federal level in our taxes because of that which, I guess, began in my home State.

There are some other things that some suggest we might lead the States in. There are also some things we are not so proud to lead the States in. One of them is apparently some of the newest and most innovative ways to poison our youth through drugs.

Designer drugs thus far have been largely restricted to my home State of California. The manufacturing of these drugs has been primarily in the State of California. In fact, it has been primarily in several counties within the State of California. But it has begun to spread. Much like PCP, "angel dust," which raised its awful head in California before it did in many other areas, we have seen it spread. I recall a number of years ago dealing with legislation in the Committee on the Judiciary, the Subcommittee on Criminal Justice, and having a Member from another State ask me what PCP was and suggested that my effort to increase the penalty for PCP was not necessary because they did not have it in his home State, he had not heard of it, and it really was not a problem.

I think PCP is probably a problem in every State of every Member who serves in this body. Designer drugs may have started in California, but, believe me, Mr. Speaker, they have begun to spread, and they will spread with a vengeance around this country.

We have made a great effort in stemming a good deal of the drugs that come from outside this country. We have done much in creating coordination between the FBI and the DEA; we have done much in enlisting the assistance of our defense establishment in helping to stop or interdict drugs on their way here. We have gotten the cooperation of foreign countries. There is virtually a civil war in parts of Colombia right now because the Colombian Government is assisting us in attempting to stem the flow of drugs to the United States.

That is all well and good. We must do that, we must do that and more. But we cannot lose sight of the fact that even if we cut off that flow, we will continue to have a massive problem here in the United States that is getting worse and worse, as we speak. Designer drugs is the new battlefront on the drug scene.

Mr. Speaker, we need new legislation which will allow us to act immediately, immediately not later. We have got to act before that stuff gets out on the streets, before more people take it in their veins, before more people are destroyed by it.

Members may not appreciate the significance of this because all the deaths thus far reported have been in California, over 100 deaths. Members may not be as impacted as my home State is because, as I understand it, virtually all of those who have been treated and hospitalized on an inpatient basis for Parkinson's disease having developed from chemical analogs are in the State of California, but it is spreading, and it will continue to spread, and we must have more action.

The folks out there are smart. They are sophisticated. They know their chemistry. They know the law, they know how to get around the law.

Mr. Speaker, we have to be as smart as, if not smarter than, they are. We have to close those loopholes so those evil geniuses cannot continue to crawl through them.

Mr. Speaker, I commend the attention of my colleagues to H.R. 2977 so that we can have quick action on it, so we can have the ability to deal with these problems in the very near future.

Mr. Speaker, I yield back the balance of my time.

GENERAL LEAVE

Mr. LUNGREN. Mr. Speaker, I ask unanimous consent that all members be permitted 5 legislative days in which to extend their remarks and to include therein extraneous material on the conference report to accompany H.R. 1714 NASA authorization which was agreed to by the House today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

RECESS

The SPEAKER pro tempore. Pursuant to the order of the House of Thursday, November 14, 1985, the Chair declares the House in recess until 8:45 p.m.

Accordingly (at 3 o'clock and 28 minutes p.m.), the House stood in recess until 8:45 p.m. today.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. NATCHER) at 8 o'clock and 45 minutes p.m.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 235. Concurrent resolution providing for an adjournment of the House from November 21 to December 2, 1985, and an adjournment of the Senate from November 21, November 22, or November 23 to December 2, 1985.

JOINT SESSION OF THE HOUSE AND SENATE HELD PURSUANT TO THE PROVISIONS OF HOUSE CONCURRENT RESOLUTION 234 TO HEAR AN ADDRESS BY THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore of the House presided.

The Doorkeeper, the Honorable James T. Molloy, announced the President pro tempore and Members of the U.S. Senate who entered the Hall of the House of Representatives, the President pro tempore taking the chair at the right of the Speaker pro

tempore, and the Members of the Senate the seats reserved for them.

Mr. NATCHER. On the part of the House the Chair appoints as Members of the committee to escort the President of the United States into the Chamber: the gentleman from Texas [Mr. WRIGHT], the gentleman from Washington [Mr. FOLEY], the gentleman from Missouri [Mr. GEPHARDT], the gentleman from Arkansas [Mr. ALEXANDER], the gentleman from California [Mr. EDWARDS], the gentlewomen from Ohio [Ms. OAKAR], the gentleman from Illinois [Mr. MICHEL], the gentleman from Mississippi [Mr. LOTT], the gentleman from New York [Mr. KEMP], the gentleman from California [Mr. MOORHEAD], and the gentleman from California [Mr. LAGOMARSINO].

Senator THURMOND. The President pro tempore of the Senate, at the direction of that body appoints, the following Senators as members of the committee on the part of the Senate to escort the President of the United States into the House Chamber: the Senator from Kansas [Mr. DOLE], the Senator from Wyoming [Mr. SIMPSON], the Senator from South Carolina [Mr. THRUMOND], the Senator from Indiana [Mr. LUGAR], the Senator from Florida [Mrs. HAWKINS], the Senator from Georgia [Mr. MATTINGLY], the Senator from Idaho [Mr. SYMMS], the Senator from Arizona [Mr. GOLDWATER], the Senator from West Virginia [Mr. BYRD], the Senator from California [Mr. CRANSTON], the Senator from Hawaii [Mr. INOUYE], the Senator from Rhode Island [Mr. PELL], the Senator from Vermont [Mr. LEAHY], and the Senator from New York [Mr. MOYNIHAN].

The Speaker and the Vice President assumed the chair, the Speaker presiding.

The Doorkeeper announced the ambassadors, ministers, and charges d'affaires of foreign governments.

The ambassadors, ministers, and charges d'affaires of foreign governments entered the Hall of the House of Representatives and took the seats reserved for them.

The doorkeeper announced the Cabinet of the President of the United States.

The members of the Cabinet of the President of the United States entered the Hall of the House of Representatives and took the seats reserved for them in front of the Speaker's rostrum.

At 9 o'clock and 19 minutes p.m., the Doorkeeper announced the President of the United States.

The President of the United States, escorted by the committee of Senators and Representatives, entered the Hall of the House of Representatives, and stood at the Clerk's desk.

[Applause, the Members rising.]

THE GENEVA SUMMIT—ADDRESS OF THE PRESIDENT OF THE UNITED STATES

The SPEAKER. Members of the Congress, I have the high privilege and the distinct honor of presenting to you the President of the United States.

[Applause, the Members rising.]

The PRESIDENT. Thank you, ladies and gentlemen.

Mr. Speaker, Mr. President, Members of the Congress, distinguished guests, and my fellow Americans:

It's great to be home. Nancy and I thank you for this wonderful homecoming. And before I go on I want to say a personal thank you to Nancy. She was an outstanding ambassador of good will for all of us. She didn't know I was going to say that.

Mr. Speaker, Senator DOLE, I want you to know your statements of support here were greatly appreciated. You can't imagine how much it means in dealing with the Soviets to have the Congress, the allies, and the American people firmly behind me.

I guess you know that I have just come from Geneva and talks with General Secretary Gorbachev. In the past few days, we spent over 15 hours in various meetings with the General Secretary and the members of his official party. Approximately 5 of those hours were talks between Mr. Gorbachev and myself just one on one. That was the best part—our fireside summit.

There will be, I know, a great deal of commentary and opinion as to what the meetings produced and what they were like. There were over 3,000 reporters in Geneva, so it's possible there will be 3,000 opinions on what happened. Maybe it's the old broadcaster in me but I decided to file my own report directly to you.

We met, as we had to meet. I had called for a fresh start—and we made that start. I can't claim that we had a meeting of the minds on such fundamentals as ideology or national purpose, but we understand each other better. That's a key to peace. I gained a better perspective; I feel he did, too.

It was a constructive meeting, so constructive, in fact, that I look forward to welcoming Mr. Gorbachev to the United States next year. And I have accepted his invitation to go to Moscow the following year. We arranged that in the parking lot.

I found Mr. Gorbachev to be an energetic defender of Soviet policy. He was an eloquent speaker, and a good listener. Our subject matter was shaped by the facts of this century.

These past 40 years have not been an easy time for the West or for the world. You know the facts; there is no need to recite the historical record. Suffice it to say that the United States cannot afford illusions about the nature of the U.S.S.R. We cannot assume that their ideology and purpose will change. This implies enduring competition. Our task is to assure that this competition remains peaceful. With all that divides us, we cannot afford to let confusion complicate things further. We must be clear with each other, and direct. We must pay each other the tribute of candor.

When I took the oath of office for the first time, we began dealing with the Soviet Union in a way that was more realistic than in the recent past. And so, in a very real sense, preparations for the summit started not months ago but 5 years ago when—with the help of Congress—we began strengthening our economy, restoring our national will, and rebuilding our defenses and alliances. America is once again strong—and our strength has given us the ability to speak with confidence and see that no true opportunity to advance freedom and peace is lost. We must not now abandon policies that work. I need your continued support to keep America strong.

That is the history behind the Geneva summit, that is the context in which it occurred. And may I add that we were especially eager that our meetings give a push to important talks already underway on reducing nuclear weapons. On this subject it would be foolish not to go the extra mile—or in this case the extra 4,000 miles.

We discussed the great issues of our time. I made clear before the first meeting that no question would be swept aside, no issue buried, just because either side found it uncomfortable or inconvenient.

I brought these questions to the summit and put them before Mr. Gorbachev.

We discussed nuclear arms and how to reduce them. I explained our proposals for equitable, verifiable, and deep reductions. I outlined my conviction that our proposals would make not just for a world that feels safer but that really is safer.

I am pleased to report tonight that General Secretary Gorbachev and I did make a measure of progress here. While we still have a long way to go, we're at least heading in the right direction. We moved arms control forward from where we were last January, when the Soviets returned to the table.

We are both instructing our negotiators to hasten their vital work. The world is waiting for results.

Specifically, we agreed in Geneva that each side should move to cut offensive nuclear arms by 50 percent in appropriate categories. In our joint statement we called for early progress on this, turning the talks toward our chief goal, offensive reductions. We called for an interim accord on intermediate-range nuclear forces, leading,

I hope, to the complete elimination of this class of missiles. All this with tough verification.

We also made progress in combating together the spread of nuclear weapons, an arms control area in which we've cooperated effectively over the years. We are also opening a dialog on combating the spread and use of chemcial weapons, while moving to ban them altogether. Other arms control dialog—in Vienna on conventional forces, and in Stockholm on lessening the chances for surprise attack in Europe—also received a boost. Finally, we agreed to begin work on risk reduction centers, a decision that should give special satisfaction to Senators NUNN and WARNER who so ably promoted this idea.

I described our strategic defense initiative—our research effort that envisions the possibility of defensive systems which could ultimately protect all nations against the danger of nuclear war. This discussion produced a very direct exchange of views.

Mr. Gorbachev insisted that we might use a strategic defense system to put offensive weapons into space and establish nuclear superiority.

I made it clear that SDI has nothing to do with offensive weapons; that, instead, we are investigating non-nuclear defensive systems that would only threaten offensive missiles, not people. If our research succeeds, it will bring much closer the safer, more stable world we seek. Nations could defend themselves against missile attack, and mankind, at long last, escape the prison of mutual terror—this is my dream.

So I welcomed the chance to tell Mr. Gorbachev that we are a Nation that defends, rather than attacks, that our alliances are defensive, not offensive. We don't seek nuclear superiority. We do not seek a first strike advantage over the Soviet Union. Indeed, one of my fundamental arms control objectives is to get rid of first strike weapons altogether. This is why we have proposed a 50-percent reduction in the most threatening nuclear weapons, especially those that could carry out a first strike.

I went further in expressing our peaceful intentions. I described our proposal in the Geneva negotiations for a reciprocal program of open laboratories in strategic defense research. We are offering to permit Soviet experts to see first hand that SDI does not involve offensive weapons. American scientists would be allowed to visit comparable facilities of the Soviet strategic defense program, which, in fact, has involved much more than research for many years.

Finally, I reassured Mr. Gorbachev on another point. I promised that if our research reveals that a defense against nuclear missiles is possible, we would sit down with our allies and the Soviet Union to see how together we could replace all strategic ballistic missiles with such a defense, which threatens no one.

We discussed threats to the peace in several regions of the world. I explained my proposals for a peace process to stop the wars in Afghanistan, Nicaragua, Ethiopia, Angola, and Cambodia, those places where insurgencies that speak for the people are pitted against regimes which obviously do not represent the will or the approval of the people.

I tried to be very clear about where our sympathies lie. I believe I succeeded.

We discussed human rights. We Americans believe that history teaches no clearer lesson than this: Those countries which respect the rights of their own people tend, inevitably, to respect the rights of their neighbors. Human rights, therefore, is not an abstract moral issue—it is a peace issue.

Finally, we discussed the barriers to communication between our societies, and I elaborated on my proposals for real people-to-people contacts on a wide scale.

Americans should know the people of the Soviet Union—their hopes and fears and the facts of their lives. And citizens of the Soviet Union need to know of America's deep desire for peace and our unwavering attachment to freedom.

As you can see, our talks were wide ranging. Let me at this point tell you what we agreed upon and what we didn't.

We remain far apart on a number of issues, as had to be expected. However, we reached agreement on a number of matters, and, as I mentioned, we agreed to continue meeting and this is important and very good. There's always room for movement, action, and progress when people are talking to each other instead of about each other.

Well, we have concluded a new agreement designed to bring the best of America's artists and academics to the Soviet Union. The exhibits that will be included in this exchange are one of the most effective ways for the average Soviet citizen to learn about our way of life. This agreement will also expand the opportunities for Americans to experience the Soviet people's rich cultural heritage—because their artists and academics will be coming here.

We have also decided to go forward with a number of people-to-people initiatives that will go beyond greater contact not only between the political leaders of our two countries but our respective students, teachers, and others as well. We have emphasized youth exchanges. This will help break down stereotypes, build friendships, and frankly, provide an alternative to propaganda.

We have agreed to establish a new Soviet Consulate in New York and a new American Consulate in Kiev. This will bring a permanent U.S. presence to the Ukraine for the first time in decades.

We have also, together with the Government of Japan, concluded a Pacific Air Safety Agreement with the Soviet Union. This is designed to set up cooperative measures to improve civil air safety in that region of the Pacific. What happened before must never be allowed to happen there again.

As a potential way of dealing with the energy needs of the world of the future, we have also advocated international cooperation to explore the feasibility of developing fusion energy.

All of these steps are part of a long-term effort to build a more stable relationship with the Soviet Union. No one ever said it would be easy. But we've come a long way.

As for Soviet expansionism in a number of regions of the world—while there is little chance of immediate change, we will continue to support the heroic efforts of those who fight for freedom. But we have also agreed to continue—and to intensify—our meetings with the Soviets on this and other regional conflicts and to work toward political solutions.

We know the limits as well as the promise of summit meetings. This is, after all, the 11th summit of the post-war era—and still the differences endure. But we believe continued meetings between the leaders of the United States and the Soviet Union can help bridge those differences.

The fact is, every new day begins with possibilities; it's up to us to fill it with the things that move us toward progress and peace. Hope, therefore, is a realistic attitude—and despair an uninteresting little vice.

And so: Was our journey worthwhile?

Thirty years ago, when Ike, President Eisenhower, too had just returned from a summit in Geneva, he said, "* * * the wide gulf that separates so far East and West * * * (is) * * * wide and deep." Today, three decades later, that is still true.

But, yes, this meeting was worthwhile for both sides. A new realism spawned the summit; the summit itself was a good start; and now our byword must be: Steady as we go.

I am, as you are, impatient for results. But goodwill and good hopes do not always yield lasting results. Quick fixes don't fix big problems.

Just as we must avoid illusions on our side, so we must dispel them on the Soviet side. I have made it clear to Mr. Gorbachev that we must reduce the mistrust and suspicions between us if we are to do such things as reduce arms, and this will take deeds, not

words alone. I believe he is in agreement.

Where do we go from here? Well, our desire for improved relations is strong. We're ready and eager for step-by-step progress. We know that peace is not just the absence of war. We don't want a phony peace or a frail peace; we did not go in pursuit of some kind of illusory détente. We can't be satisfied with cosmetic improvements that won't stand the test of time. We want real peace.

As I flew back this evening, I had many thoughts. In just a few days families across America will gather to celebrate Thanksgiving. And again, as our forefathers who voyaged to America, we traveled to Geneva with peace as our goal and freedom as our guide. For there can be no greater good than the quest for peace—nor no finer purpose than the preservation of freedom.

It is 350 years since the first Thanksgiving, when Pilgrims and Indians huddled together on the edge of an unknown continent. And now here we are gathered together on the edge of an unknown future—but, like our forefathers, really not so much afraid, but full of hope, and trusting in God, as ever.

Thank you for allowing me to talk to you this evening, and God bless you all.

[Applause, the Members rising.]

At 9 o'clock and 41 minutes p.m., the President, accompanied by the committee of escort, retired from the Hall of the House of Representatives.

The doorkeeper escorted the invited guests from the Chamber in the following order:

The members of the President's Cabinet.

The ambassadors, ministers, and charges d'affaires of foreign governments.

JOINT SESSION DISSOLVED

The SPEAKER. The Chair declares the joint session of the two Houses now dissolved.

Accordingly, at 9 o'clock and 43 minutes p.m., the joint session of the two Houses was dissolved.

The Members of the Senate retired to their Chamber.

RECESS

The SPEAKER. Without objection, the Chair declares the House in recess subject to the call of the Chair.

There was no objection.

Accordingly, (at 9 o'clock and 44 minutes p.m.), the House stood in recess subject to the call of the Chair.

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore [Mr. NATCHER] at 9 o'clock and 54 minutes p.m.

MESSAGE OF THE PRESIDENT REFERRED TO THE COMMITTEE OF THE WHOLE HOUSE ON THE STATE OF THE UNION

Mr. ALEXANDER. Mr. Speaker, I move that the message of the President be referred to the Committee of the Whole House on the State of the Union and ordered printed.

The motion was agreed to.

□ 2155

COMMENTS ON THE GENEVA SUMMIT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Arkansas [Mr. ALEXANDER] is recognized for 60 minutes.

Mr. ALEXANDER. Mr. Speaker, the summit meeting between representatives of the United States and the Soviet Union is at center stage in the world of public opinion. More than 2,000 journalists traveled from the United States and the free world to meet in Geneva this week to cover a meeting between Ronald Reagan and Mikhail Gorbachev.

Tonight Americans celebrate democracy as our President reported to the Congress on the issues raised at Geneva. Now is the time for Congress to respond to Mr. Reagan's address.

After the death of former General Secretary Chernenko and the election of General Secretary Gorbachev, former Senator William Fulbright of Arkansas observed to some of his colleague, as a noted scholar and expert on foreign affairs, that a historic occasion had been presented by the generational change of leadership in the Soviet Union and that the Western World was presented a unique and timely opportunity to take advantage of this generational change in order to lessen tensions between the United States and the Soviet Union toward world peace.

This week Mr. Reagan has seized that opportunity to seek a fresh start in United States-Soviet relations. Mr. Gorbachev, as reported in the news just today, that the meeting made the world a better, quieter, safer place to live.

Although the conference was short of monumental arms control achievements, this was a historic achievement for Ronald Reagan. I applaud the President for his peace initiative. I look forward to General Gorbachev's visit to the United States next summer and wish President Reagan well in his trip to the Soviet Union.

This is a step in the right direction for the American people, for the people of the free world, for the people that I represent in the First District of Arkansas. I applaud President Reagan.

Mr. Speaker, at this time I yield to the gentleman from New Mexico [Mr. RICHARDSON].

Mr. RICHARDSON. I thank my colleague for yielding.

As usual, the President's speech was a home run. As usual, the President made us all proud tonight. There is no question that he and his team did an outstanding job, but the results of the summit, I think more at this point, are like a solid base hit rather than that home run speech. It was a good start but in reality the summit, at best, was a moderate success.

The final verdict on the summit is probably a year or two away. On the plus side, I think as my colleague pointed out, the fact that the summit took place after 5 years of calling each other names, evil empires, hegemonists, that was the first success.

Second, the fact that there will be further summits, as the President said, one next year and one in his last year in office when he goes to Moscow, that is a positive result.

Third, it seems that a good personal chemistry was established, perhaps erasing some of the mutual distrust and suspicion that had evolved in the last 5 years between the Soviet Union and the United States.

Fourth, and I think this is critically important, although some denigrate it, is the fact that there will be educational and people-to-people programs and exchanges of scientists and professors. We have lost that battle to the Soviet Union throughout the world, and I think that is a very important step that will be taken.

On the negative side, regrettably, like many, we are concerned that there were no solid arms control agreements; that we do not know what the interplay was between star wars and other issues of contention, the ABM Treaty. We are concerned, too, that there was no substantial progress made or announcements on human rights. It seems that Mr. Gorbachev uses PR rather than concrete actions to hide a very dismal record.

On the negative side also, I think it appears that our bureaucracy is in disarray; that the Secretary of Defense and the Secretary of State have two different factions in pursuit of the President's mind. That has to stop. There has to be a way in which both of them can work together. The Secretary of Defense's letter was unfortunate. Hopefully, the President will now say, "Let George do it," the Secretary of State. Let him be the leader on arms control.

It seems that there are elements in the Defense Department that do not want an agreement.

Lastly, of course, the White House Chief of Staff's remarks about women was unfortunate.

On the whole, I think the President's trip was a success, and as any American tonight, I am proud of him. But I think the days and months and years ahead will show whether, in effect, we are back on a route of peace and a route of disarmament and arms control, a path that we have not been taking. We hope this will mean restraint on the part of the administration toward blank-check defense budgets and that hopefully we will have some opportunity for leaving the good atmosphere of these talks to result in some positive, possible agreements and continued good atmosphere; that it is not continuously poisoned by those who do not want arms agreements.

Mr. ALEXANDER. I thank the gentleman from New Mexico for his extraordinary interest in the cause of peace and for his participation this evening.

Mr. Speaker, I now yield to the gentlewoman from California [Mrs. BOXER].

Mrs. BOXER. I thank my colleague very much for this opportunity to discuss with him some of the ramifications of the President's report to us this evening.

Tonight I feel a sense of relief perhaps more than anything else, relief that after 5 years of no communication, or at best miscommunication between the two greatest superpowers on Earth, there is at least dialog, at least some communication. I am pleased to see the warming of relations, and I pray, and I will work with my colleagues to see, that such a warming will bring real arms reductions and along with that real progress in human rights.

So many Soviet Jews want to emigrate, and perhaps, as in the past when relationships thawed and emigration increased, we will see that this will happen again.

Congress is ready to work with the President on arms control. Congress has been ready for a very long time. There are many initiatives that many of us have taken in this arena. For example, the Comprehensive Test Ban Treaty. This is something we should begin since the President spoke of the warming of relations and the fact that both he and Mr. Gorbachev talked about verification, the time is now to move on a test ban treaty, when we know we have the ability to verify it down to the very smallest blast. This is the time to move forward.

It is time to look at a verifiable and mutual nuclear weapons freeze. It is time to look at limiting star wars to research. It is time to look, again, at the SALT Treaty.

So I would say to my colleague in conclusion that I feel better tonight for all the people of America from my constituency who worked so hard and so many long hours to pass a nuclear weapons freeze in California. At least we see now that there is a rebuilding of the lines of communication. I feel good about that. Now, I am ready, as I know my colleagues in Congress are, to work with the President to get some real progress.

Mr. ALEXANDER. I thank the gentlewoman for her contribution.

Mr. Speaker, I now yield to the gentleman from California [Mr. TORRES].

Mr. TORRES. I thank the gentleman from Arkansas for yielding to me on this special order to simply echo the comments of my colleagues here enunciated here tonight in commending the President of the United States in what all of us recognize as a tremendous aftermath of the spirit of Geneva.

It is now a question of what happens, and where do we go beyond this. I am happy to note, of course, in the President's comments that there are proposals for a 50-percent reduction in the worst threatening weapons in the nuclear category and, of course, in other appropriate categories. I believe that this bodes well for the possibilities that behold our Geneva negotiators.

□ 2205

While the President did not elaborate to a large extent on the question of human rights, I am of course hopeful that the one-on-one discussions between President Reagan and Secretary General Gorbachev will yield and provide meaningful results in the kinds of discussions they have on this question.

On the issue of regional conflicts, I hope that the talks that dealt with the question of Afghanistan and Nicaragua, Lebanon, and the conflicts therein, that we can look to the future and see fruitful results from this.

We knew from the very beginning that the talks in Geneva were not going to yield great abundance of agreements; yet the very fact that these two gentlemen met, representing the two largest, greatest superpowers in the world I think bodes well for the world.

As the President said, there is always room for improvement, action and progress when people talk to each other. It is really a contrast from a year ago when the President was talking about the evil empire, and Mr. Gorbachev was talking about the warmonger.

I think that the contrast that we see today in Geneva in itself is obviously a reduction in the kinds of tensions between our two nations; and I hope that in the months ahead we will look to benefits from these talks.

Mr. ALEXANDER. I thank the gentleman for his remarks, and I yield to the gentlewoman from Ohio [Ms. OAKAR].

Ms. OAKAR. Mr. Speaker, I want to first of all commend the gentleman from Arkansas [Mr. ALEXANDER] for having this special order. I think it is very, very important that all Americans of both political parties to unite in applauding the President for his personal approach to meeting with Mr. Gorbachev in Geneva.

I think it was very, very important for the President to personally do this; particulary since he has made a career out of attacking the Soviet Union and that type of governmemt. I think he was sensitized; and frankly I think the President learned a lot in terms of dealing on a one-to-one basis; as opposed to reading various periodicals and listening to some of his aides.

I think he is sensitized to the situation, and I think he was sensitized even moreso than in the past, that we have the capacity, both nations, to really devastate the universe, and that is really one of the bottom lines aspects of what this arms meeting is all about.

So I was pleased that the President went personally, and on his return talked directly to the American people about this journey. It certainly was in startling contrast to some past remarks that he has made.

I was pleased that the President mentioned that they had discussed the limitation of weapons; that is so very important. Personally, I think that there ought to be a discussion of not only a limitation of some weapons but all weapons, pleased with the fact that he mentioned human rights, pleased with the fact that Mr. Gorbachev and he will permit and provide the catalytic atmospheres for individuals to be culturally exchanged.

The Soviet people have a very, very interesting culture; certainly in the areas of arts and science they have achieved notable success, and so have we. We have a lot to be proud of, and I think the American exposure to the Soviet Union and the Soviet people will do a lot of good for those people in knowing us, and we will learn as well from that exchange because we have a certain stereotyped view of the people themselves; and I think it is healthy to exchange now, that you cannot always appreciate something you do not know.

I was, frankly, Mr. Speaker, somewhat disappointed that the President still appears to be very heavily married to the stars wars mentality, and hopefully in the next meetings he will be able to be somewhat more open minded about that.

One thing that he said in the area of human rights that I hope does not escape the American people. That is, the Soviet Union and the American Government is going to exchange consulates; one in New York City for the Soviets, and we will have one in Kiev in the heart of the Ukraine.

I think that means an awful lot to many, many people throughout this

country, and I know that the Ukranian people were so terribly disappointed and saddened and hurt by the manner in which our Government handled the Sailor Medvid affair; that the announcement of this opening will in some way diminish some of the deep feelings that they have about that affair.

I did ask the President, when we met at the White House about that situation, and asked him if he would bring that up, the whereabouts of this sailor as well as other people who are denied their human rights, and we look forward to a more specific report.

I am on the whole very, very pleased. I think this Thanksgiving we have something to really say "Thank you" about. We are really, indeed, the greatest country in the world and we want to share our sense of worthwhile feelings toward the people in the Soviet Union and the world in a very, very humble way, and I think that the President gave us something to say "Thank you" about this Thanksgiving.

Let us hope, Mr. Speaker, that the continuation of the talks bring about more specific successes. I look forward to the future with optimism.

Mr. ALEXANDER. I thank the gentlewoman from Ohio, and yield to the gentleman from Kansas [Mr. GLICKMAN].

Mr. GLICKMAN. Mr. Speaker, I thank the gentleman from Arkansas for yielding to me.

Mr. Speaker, we live in extraordinary times, and we may just be in a pivotal period in this world where we may be at the brink of seeing some meaningful arms reduction proposals and some reduction in the hostilities that have afflicted us for an awfully long period of time.

I thought it would be interesting for me to quote for a moment from a speech that Richard Nixon made in the Newspaper Editors Association last year, a speech that Ronald Reagan appears to have picked up in substance if not in theme.

Nixon said, and I quote here:

> I know the Russians. We don't have to convince them that we are for peace—they know that. We have to convince them that they cannot win a war and that the rewards of peace are infinitely greater than anything they could gain from war. Putting it very simply, we have to take the profit out of war, we have to put more profit into peace.

He went on:

> But because of our irreconcilable differences, the government of the United States and that of the Soviet Union can never be friends. However, we cannot afford to be enemies. The most and the least we can hope to do is to develop a process, a process in which we negotiate about our differences, resolve them where possible, but develop a process where we learn to live with those differences rather than die with them.

Finally, he said:

> You can call this detente, you can call it peaceful competition, you can call it cold peace. But it is infinitely to be preferred to the alternative, which is continued confrontation in the hostile way and possible nuclear annihilation.

Now that was Richard Nixon, who has become, to some extent, a guru, curiously, with respect to foreign policy considerations, but I think that the President has learned from that. It does not matter when you learn in your life; early, middle, or late. Life is a learning process, and Ronald Reagan appears to have grown in his views toward the Soviet Union.

I would like to close with one other point: I was in the Soviet Union 2 years ago with a mission led by Congressman FOLEY of Washington, and at that time, several of us were at lunch in a palace in the Kremlin. It was a georgeous place, and we were having a wonderful meal. I was sitting next to a man named Yuri Zhukov, who was affectionately referred to as "the Butcher of Moscow" or was.

It was a little unusual eating dinner sitting next to the Butcher of Moscow, but I decided that I would engage in a conversation with this gentleman, who was much my elder, and he proceeded to tell me about, he said, "You know, your President is not our friend." I said why?

He said, "He doesn't show us any respect." I said, Well, what do you mean?

He said, "Well, Mr. Nixon came to this very room in 1972 when you were negotiating the Nuclear Nonproliferation Treaty with us at the very time that our ships were being subject to being bombed in Haiphong Harbor."

He said, "You showed courage, Mr. Nixon showed courage by coming here to sign a treaty at the very time that our ships were at risk." He said, "Young man, the lesson of that story is that Mr. Nixon showed us respect."

Basically I think tonight what we have seen is Mr. Reagan being firm, being tough, but at the same time appearing to be reasonable, which I believe he was; showed the Soviets respect; and of course we demand the same thing back from them as well. Each one showing the other party some respect, perhaps we are at the brink of something magnificent that we can tell our children about in years to come.

Mr. ALEXANDER. I thank the gentleman from Kansas; and it is true, quoting the President, that there is a new realism that has overcome the President and we applaud that event.

I yield to the gentleman from Oklahoma [Mr. WATKINS].

□ 2215

Mr. WATKINS. I thank the gentleman for yielding. I thank my colleague, Mr. ALEXANDER, for calling this special order on this significant occasion. I, along with all Americans, I think, applaud President Reagan for this step forward in the search for peace. The President stated as a result of the trip, "We understand each other better. That is a key to peace." I think that we all realize in our own personal lives, in our families, in our business, in our relationships here in Congress, and also those with the White House that communication and respect for one another definitely lead to more harmony and a greater peace here at home and abroad. That is true. Communication brings us that peace that we all search for.

I am also pleased that from this particular summit meeting in Geneva that Mr. Gorbachev plans to visit the United States next year.

I think that will be only a positive step. I am greatful that President Reagan has also agreed to go to the Soviet Union in 1987. I would only hope that maybe every 2 or 3 months such an opportunity would prevail because we are spending $300 billion per year on defense weaponry systems. I think with that much expenditure it would behoove us to try to sit down together, either through satellite, TV other communications, setting at the fireside in the White House and also in Moscow and chitchat before the world and exchange ideas.

I think that would also bring that harmony and a movement toward peace.

I am encouraged, without question, by the public commitment by the President to move toward "significant nuclear arms reductions." I know that there are millions of young people tonight who have been going to bed in fear because of nuclear war. Hopefully and prayerfully, many of those young people can go to bed tonight with hope and with a prayer that in their lifetime they will see this nuclear reduction and that we will become a nation that has a strong defense and all nations will not have to have offensive weaponry.

I also join in applauding the agreements on the elimination of chemical weapons. We also welcome the expension of the bilateral context of cultural exchanges. It is my hope, and I know that the people-to-people approach, the people-to-people contact, the people-to-people being able to see, and touch, and feel one another, will improve and strengthen that opportunity for peace.

I want to also quote what the President said tonight on human rights. President Reagan said: "Human rights is more than a moral issue, it is a peace issue."

Mr. President, there will be no peace without justice, whether that justice is in world human rights, without providing that justice for an economic opportunity for all our people here in America. There will be no peace with-

out justice, and we must provide justice here at home for all of our people as well as abroad.

I want to commend the President on his remarks, I think without question his remarks have mellowed a great deal. I think that is a sign of tremendous hope that in his remaining years of his Presidency that it can lead to that opportunity for peace, something that has been missing a great deal.

I am thankful that even though it has been 5 years into his Presidency, this opportunity has prevailed, to be able to go to Geneva, to this summit and to spend those 5 years one on one with the new Soviet leader.

I think this is a joint step forward. I join with the millions and millions of our citizens in America tonight saying, "Thank God, we are all willing to search for that peace."

Mr. ALEXANDER. I thank the gentleman from Oklahoma for his comments.

At this time, Mr. Speaker, I yield to the gentlewoman from Colorado.

Mrs. SCHROEDER. I thank the gentleman for yielding.

Mr. Speaker, I would like to open by talking a bit about Thanksgiving, that the President ended up talking about, because I think a lot of the summit would not have happened if it had not been for the American people practicing the democracy that those Pilgrims envisioned when they landed on our shores. I think it is very clear that part of what we are excited about tonight is the fact that this really happened, that the President really went to the summit, because 5 years ago it was very clear he was not thinking about doing that type of thing.

I think the thing that changed his mind was the American people, the American people being out there and saying this is very important, and educating the President, and explaining to him that you negotiate with people you do not trust, not with people you trust.

Obviously, with people you trust you do not sign a contract because you trust them. And also educating him that we were not asking for something we were to sign on trust, we wanted something signed that was verifiable.

I think that those things have happened now. The President listened to the American people practicing the democracy that those forefathers thought about and those foremothers thought about when they landed on these shores. He has now gone to the Soviet Union. But I think now the question is, what follows? We had the coming-out party, we have had the celebrations, we have had the fancy dresses, we have had the food, and we have had all of that. Now the question is, will we get down to the substance of lowering the level of nuclear terror on this planet? Will we get down to having a test ban treaty, which I think is so important, if you want to stop the third generation of nuclear weapons?

Somehow we have been fortunate enough to live through the first and second generations, but can we possibly stop the third generation?

We know that a test ban treaty is verifiable. There are over a thousand seismographic stations around the world which can detect any kind of a test.

So I hope those kinds of substantive things will now follow on because that was the other piece of what the American people were asking the President to do.

Yes, meet; yes, talk; yes, deal with him; yes, we all agree that we are not going to change them to our system and they are not going to change us to their system. But is there not some way we can find that we can compete in some area other than war-making or nuclear warheads? Is there not some way that we can coexist and compete in medical research, compete in something else that is going to be of benefit to mankind?

I think we also know that the allocation of resources on this planet is very serious. We spent $800 billion last year on the arms race on this planet and 600 million people are malnourished on this planet. So something is really crazy, something is amiss.

Mr. Speaker, I belong to a group of world parliamentarians from all five continents; they are all women but they are all working and talking about those new priorities and how we get some substance now into this agreement.

I know that we want to take just a little time and I have probably taken too much time, but the one thing that I wish the President would also include in his exchanges—and I think the exchanges are important—is grandparents. I think if you have to look at both sides of the Iron Curtain, the people who have the most historic content understand how important it is to get some substance in these agreements, to make sure that we do not blow ourselves up with this insane level of nuclear war that is potentially out there, our grandparents.

They have the time, the devotion, the tenacity, the historical background, and the understanding. So I hope he also includes not only young people but grandparents in the exchanges because that would move us to where we want to go.

Some of the things that have been accomplished now is now we have had the meeting, and thank goodness; now let us hope it moves on to content as they have agreed to have more meetings so that we will see content in dealing directly with the arms race.

We also now have everybody in the world convinced that nuclear winter is a real possibility and that we really do not have time to just keep meeting; we now have to do something.

So I thank the gentleman for allowing us to talk about this.

I think we are very pleased that after 5 years the first step has been taken. I eagerly await the following steps and I thank everyone for this wonderful democracy where the people have been allowed to have their input and to get the gentlemen to the table.

I thank the gentleman again.

Mr. ALEXANDER. I thank the gentlewoman from Colorado.

Mr. Speaker, I yield to the gentleman from Washington.

Mr. DICKS. Mr. Speaker, I want to compliment my colleague from Arkansas, the deputy whip of the House of Representatives, for taking this special order this evening. I think all of us are pleased that President and Mrs. Reagan are back home. I think all of us feel that the summit was a very good idea, that the dialog between the two leaders, Mr. Reagan and Mr. Gorbachev, was certainly important to having on both sides a better understanding of the issues that confronted the United States and the Soviet Union.

I think particularly since there has been 6 years of nondialog, direct dialog between the two leaders of our two countries, I think that the summit in that respect was very, very successful. The constructive nature of the rhetoric is encouraging as is the agreement to accelerate the work of the negotiators in Geneva.

Mr. Speaker, as the gentleman from Arkansas knows, I serve as one of the appointed observers to the arms control talks. I have had the privilege of going twice to Geneva, getting to know our fine negotiators and I might tell the American people that we have excellent negotiators in Geneva, led by Max Kampelman, who are doing a very fine job of presenting the U.S. position.

I must confess tonight to some disappointment over the lack of substantive progress on the central issue of arms control. And, yes, it may have been too early in this series of talks for an ultimate agreement to have been reached between the United States and the Soviet Union and I hope that there is a political impulse to the negotiators, as Secretary Shultz talked about after he said that really no progress or no new agreements had been reached, so that we can, as PAT SCHROEDER just said, make progress in the future.

I really think the success of this summit will be determined in the next year or so as the negotiators get down to the real substance of the impasse that currently exists between the United States and the Soviet Union.

I am one of those that believes that we have a historic opportunity to get deep reductions in offensive weapons, both strategic weapons and intermediate nuclear weapons. I think that that opportunity is there, if we are prepared to say to the Soviets that we will conduct the SDI Program in terms of compliance, in compliance with the existing ABM agreement and with the so-called restrictive interpretation.

I think that agreement is out there to be achieved. I frankly think that the President should at some point down the road seize that opportunity because during his term in office the thing that he could do that would most help his dream of a strategic defense initiative, if we are to have one, is to get major cuts in offensive weapons, because that would mean that the defensive system would have less to cope with.

Second, I think during this term of office what we need to focus on is research, not making judgments now that we are going to go ahead and deploy and SDI system, but let us do the research and decide whether in fact it is viable or not to have a strategic defense initative. During this President's term of office I think we could go ahead and do that research and make a judgment late in this decade about whether SDI is in fact viable. There are many scientists who have raised serious questions about its viability.

So I think what we will find out in the months ahead is to see if the fireside spirit of Geneva translates into real movement toward agreement to reduce nuclear weapons. Now, certainly by the time the two leaders meet again next year we can expect them to be well beyond the get-acquainted stage which aptly describes the situation at the summit this year.

□ 2230

Now, what could be done during these next several months that would be positive? First of all, I think it is essential that the administration continue its adherence to the Salt II Treaty as the very first decision that the President should make after the summit, to show good faith. I hope that the Soviets will continue to abide by the Salt II treaty as well. Retaining the limits on offensive strategic weapons is not only in our national security interest, it is critical to the prospects of any future agreement to achieve deep reductions in nuclear weapons.

I also hope that we go ahead on risk-reduction centers. Senator Jackson from our State first made this proposal. It has been followed up with a proposal by Senator NUNN and Senator WARNER. I think risk-reduction centers, to avoid an accidental war, are absolutely essential.

On the question of SDI, I have already stated that I hope we can limit it at this point to a research program. Now, I want to point out that I think the Soviets are absolutely wrong when they say we cannot even conduct basic research on SDI, because they have had a very aggressive program underway for many years, and we need to do the research to make sure that there is no Soviet advantage or any Soviet breakout.

And the Soviets could also help this cause by making deep cuts in their big offensive missiles, their SS-18's and their SS-19's that hold our land-based nuclear missiles at threat.

This is not just a one-way thing. We are not just asking President Reagan to make all the concessions. We realize that the Soviets have to make concessions as well.

And I hope that we just continue here in the Congress. I think we have a responsibility of reviewing the defense budget, to make sure that the President has adequate strength, that we have a good modernization program, one that is going to add to stability, and that the President will be able to negotiate from a position of strength.

But I also believe that we have the responsibility to tell the President again and again that the American people support equitable verifiable arms control agreements and that his Presidency, in many respects, will be judged by whether he in fact succeeds in getting deep reductions. If he can do that, then he certainly can go down as one of the greatest Presidents in this century.

I just hope and pray that we can continue to give him positive and constructive advice and move him in that direction of moderation.

I think Ronald Reagan wants to do the right thing. I think he wants to get those deep reductions. But I am very, very concerned that there are people around him, some of his advisers, particularly in the Defense Department, who are so adamantly opposed to the Soviet Union that they will not agree to any kind of arms control agreement under any set of circumstances. I think that is misguided and wrong. The American people are smart enough to judge an arms control agreement. I think this President has got the historic opportunity to get one, and I just hope he is not undercut by his own advisers, some of whom have made a career out of opposing arms control agreements over the last decade or two.

So I want to thank the gentleman from Arkansas, who is one of the real leaders in this House, who has given strong support to improving our defenses, who is one of the most thoughtful Members of the House as it relates to these important arms control issues, for calling this special order tonight. Let us give the President a little applause and a warm welcome home. Let us wish him well in the months ahead, because the real work is ahead of us.

Mr. ALEXANDER. I thank the gentleman from Washington for his diligence and his dedication.

We have tonight talked a great deal about military power and strength of defense. But we have demonstrated another kind of strength tonight, another kind of power, and that is the strength and power of a free nation whose elected Representatives can openly debate national security issues so that the whole world can see. Yes, our Nation's fundamental strength lies in a political system which allows us to assemble freely, to speak openly and to express our views before the citizens of our Nation and the citizens of the world.

There has been a great deal of talk tonight also about Thanksgiving and the thanks that we all have as citizens of this great land for the rights and the privileges that we have and the opportunities that our citizens have. I am thankful, as well, to find citizens like you and the other Members of Congress who have participated in this special order for your energy, for your intelligence, for your sensitivity and, yes, your commitment, the commitment that you have that you demonstrate by coming here at this late hour to talk about a matter not only of national interest but of concern to all people on Earth.

I am encouraged by you and by the remarks of other Members of Congress who have participated this evening. And as I close, I am reminded of the words of one of our greatest Speakers, Sam Rayburn, who said of the House of Representatives that the House of Representatives is a house of hope where men and women are elected to represent their people from the farm and from the factory, from the country and from the city, black people, brown people, red, white, and yellow, who come to Washington to work for a better chance for the people at home and for peace throughout the world.

I thank the gentleman and all who have participated this evening.

Mr. DICKS. If the gentleman will yield further, the gentleman has taken, in a very positive way, the name of Sam Rayburn, and one of the most positive eras in our country's history was a time when Mr. Rayburn was Speaker of the House and the gentleman from Texas was the majority leader in the other body. We had a great era of bipartisanship. And I happen to believe that if we are really going to move this country's foreign policy and national security agenda ahead we need to have that kind of bipartisanship and the kind of dialog that we have had here tonight in order to get a full discussion of these

issues. I think working together we can give the President the kind of support that he needs and try to push him and nudge him in a constructive way to get the arms control agreements that the people of this country and our allies so desperately want.

Again I want to compliment the gentleman on his special order.

Mr. ALEXANDER. I think the gentleman has demonstrated that interest, and I certainly have, and all who have participated this evening. Maybe the President, in making a new start in Geneva, is also willing to make a new start in Washington.

Mr. DICKS. Well, I hope so. And I think that is going to be also very important in the months ahead, the willingness of the administration to talk to those of us in the other party who have been interested in these issues and to give us a good report on what has happened in Geneva and their plans for the future. I hope this is the start of a positive future in our United States-Soviet relations.

Mr. ALEXANDER. I thank the gentleman.

GENERAL LEAVE

Mr. ALEXANDER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order this evening.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

BISHOP JOSEPH A. FRANCIS ADDRESSES THE BUDGET COMMITTEE TASK FORCE ON ECONOMIC POLICY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey [Mr. RODINO] is recognized for 10 minutes.

Mr. RODINO. Mr. Speaker, yesterday I had the honor and privilege of introducing a good friend and respected clergyman from my district, Bishop Joseph A. Francis. Bishop Francis was in Washington representing the U.S. Catholic Conference's concerns on the national problem of unemployment. He addressed the task force on the social, human, and spiritual dimensions of unemployment and how these elements need consideration when discussing future economic policy.

Following is Bishop Francis' eloquent speech which articulates the social and moral aspects of joblessness:

BISHOP JOSEPH A. FRANCIS' TESTIMONY ON UNEMPLOYMENT

I am Bishop Joseph Francis, Auxiliary Bishop of the Catholic Archdiocese of Newark. I speak today on behalf of the United States Catholic Conference, the national action agency of the American Catholic bishops. I appreciate this opportunity to present testimony on the social and human costs of unemployment. I come before this task force, not with any particular economic expertise, but rather for the purpose of calling attention to some of the moral and human dimensions of unemployment. Others who will speak this afternoon will address this issue from a more strictly economic view. My remarks, therefore, will focus on the social and moral aspects of joblessness.

Allow me to begin by quoting briefly from a statement on unemployment issued by the Bishops of the United States in 1930. The bishops said:

"This unemployment returning again to plague us after so many repetitions during the century past is a sign of deep failure in our country. Unemployment is the great peacetime physical tragedy of the nineteenth and twentieth centuries, and both in its cause and in the imprint it leaves upon those who inflict it, those who permit it, and those who are its victims, it is one of the great moral tragedies of our time." (The Bishops of the United States, Unemployment, 1930)

In the Church's social teaching, employment has been seen as a central issue in the economy precisely because it is so important for human dignity. A belief in the special dignity that is inherent in every human person is the starting point for all of the Church's reflections on economic issues, but this is particularly true in the case of unemployment.

In our view, the formation of economic policy is far too important to be left solely to technicians, interest groups, and market forces. For the workings of the economy have implications far beyond the marketplace, the board room and the stock exchange. Behind the jumble of statistics and the rise and fall of economic indicators, lie human lives and individual tragedies. It is precisely for these reasons that economic issues are also moral issues. The basic test of economic policy is how it affects human persons, and how it promotes or denies human dignity and the common good.

Employment issues are at the heart of economic analysis from the Church's point of view, because work is seen to have a special dignity. It is linked to the very meaning of life. Work is, in the words of Pope John Paul II, "a key, probably the essential key, to the whole social question . . ." Through work, human beings express themselves, actualize themselves. They become more human, more capable of taking responsibility for their lives. Through working, men and women actually participate in creation. They share in God's work. Human labor, therefore, is ennobling because it contributes to the dignity of the human person and to the fulfillment of God's plan for creation.

Employment, therefore, involves more than mere economic productivity. It has to do with the very identity of the human person—how individuals see themselves. It has to do with their dreams and their visions for the future, with their ability to respect and love their fellow human beings. In short, employment involves more than dollars and cents, sweat and muscle. It involves the heart and the soul.

From this perspective, therefore, unemployment is a particularly serious evil. It ranks at the top of the Church's list of economic issues to be addressed. To the degree that we appreciate this special dignity that is attached to work, to that degree should we understand the tremendous social and human loss that results when millions of Americans cannot find work. Young people are in effect told: "Society has no productive role for you, there is no contribution which you can make." As a result, alienation and loss of confidence intensifies, leading to increased anxiety and despair. As a religious leader and pastor I can tell you of the relationship between high levels of unemployment and alcoholism, family breakdown, and violent crime. Each day I see hundreds of educable but cynical and frustrated young people out of the classrooms and on the streets near high schools.

But this is more than a personal conclusion drawn from my own experience. It is also the conclusion of formal research in the academic arena. As I am sure you know, Dr. Harvey Brenner of Johns Hopkins University, and others, have thoroughly documented the direct and startling relationship between economic distress and increased mental illness, cardio-vascular disease, and pre-natal deaths. High unemployment also frequently leads to greater alcoholism, drug abuse, child abuse, and crime. Moreover, it contributes to rising social and racial tensions. Threatened by loss of a livelihood, workers too often look for scapegoats and may blame minorities, aliens, women or young people, with serious consequences for intergroup relationships.

Of special concern to us is the negative impact of the loss of income and employment on personal and family relationships. Unemployment very often results in the loss of the home itself. It places intense strains on families and is often the main cause of the disintegration of families and communities.

There is also a spiritual aspect to this issue. What happens to a nation that begins to accept the notion that it cannot use the talents and labor of all its people? What happens to us as a people as we watch families which have made the slow and painful climb up the economic ladder, be pushed down once again into poverty and dependence by the loss of a job? As a society, can we accept the notion that some will have jobs and income while others will be told to wait a few years and to subsist on welfare in the interim? What does it mean when our leaders say there is no way in the foreseeable future to harness the idleness of so many for work on vital social needs such as housing, transportation, and health care. Are we saying that large numbers are indispensable? That society does not need them? Such questions pose profound issues of national purpose and identify. These social, human, and spiritual dimensions of unemployment deserve prominent consideration in deliberation on future economic policy.

We believe that the current levels of unemployment are unacceptable and that these human, social, and spiritual costs are intolerable. Fundamentally, our nation must provide jobs for those who can and should work and a decent income for those who cannot. An effective national commitment to full employment is needed to protect the basic human right to useful employment for all Americans.

Our nation simply cannot afford to have more than eight million workers unemployed. America cannot afford the destructive impact that joblessness has on its families and communities. We cannot afford the economic costs, the social upheaval, and the enormous human tragedy caused by unemployment. In the end, however, what we can least afford is the assault on human dignity that occurs every time another person is left without adequate employment.

We must resist the temptation to underestimate the dimensions of this problem. The official unemployment figures, as bad as they are, do not reveal the full magnitude of the human tragedy that is involved. In addition to the 8.3 million who are officially unemployed, many others are underemployed or have given up looking for work.

We feel that it is essential to note that unemployment strikes disproportionately at those who are weakest in economic terms and those who are subject to discrimination: minorities, young people, women, the poor, and the unskilled. For blacks the economy has been in recession on an almost permanent basis. During the last twenty-five years the unemployment rate for blacks has been roughly double the rate for whites.

Youth are also especially hard hit by unemployment. And for minority youth the magnitude of the problem almost defies description. Since 1958 more than one in four black youths in the labor force has been unemployed. The current rate is more than 30%. If an overall unemployment rate of 10% is called a recession, by what name do we describe the plight of black teenagers? Should not we be fearful of the possibility that a permanent underclass has developed, and that virtually an entire second generation of ghetto youth will never enter into the labor force?

Although my primary purpose here is not to describe employment policy, I do want to suggest some broad elements that will be necessary if we are to effectively combat unemployment. We must begin with a firm conviction that full employment is the foundation of a just economy. Therefore the most priority for domestic economic policy should be the creation of new jobs with adequate pay and decent working conditions. At present, there is minimal endorsement of this goal of full employment, but no real commitment to bringing it about. Clearly this must change if we are to end the human and social devastation that joblessness brings to our nation.

While the private sector plays a major role in the task of job creation, because about 80 percent of the jobs in the United States are found there, it must also be recognized that government has a prominent and indispensable role to play in addressing the problem of unemployment. The market alone will not automatically produce full employment. Therefore, the government must act to ensure that this goal is achieved by coordinating macro-economic policies, by job creation programs, training programs, and other appropriate measures.

A complex web of social forces have produced this human tragedy, and the solution will clearly not be a simple one. However, we must not be deterred. Apathy and cynicism in the face of this tragedy would be the worst kind of moral failure. There are those who will say our society cannot afford full employment, that government programs to stimulate and create jobs would simply cost too much, that we cannot risk higher inflation by lowering the unemployment rate too much. In contrast to such arguments, I ask: What cost is too high for reducing the despair and alienation of hundreds of thousands of able-bodied Americans? What cost is too high for reducing the crime, drug abuse, alienation and self-destruction caused by the currently massive youth unemployment? What cost is too high for restoring the vision and hope of those who will build the future? What cost is too high for human dignity?

Unemployment is not only a short range, cyclical problem requiring temporary measures to alleviate suffering. Rather, a careful analysis reveals that since World War II unemployment has been substantial, persistent and drifting upward. As I am sure you are aware, next year is the 40th anniversary of the Employment Act of 1946. The promise of that Act has not been fulfilled. In fact, it has fallen increasingly short of its broad social and economic purposes.

We believe that the improvement in the unemployment figures during the last several years should not divert us from the critical task of devising long-term policies and comprehensive programs that will ensure genuine full employment. Most forecasts sitll project that large-scale unemployment will extend into the next decade unless major new policies are adopted.

As members of the House Budget Committee, you have a significant role to play in this matter. As you know, the funding for unemployment and training programs has fallen since FY 1980 from over $9 billion to approximately $5 billion in FY 1986. In the context of continued high unemployment, these budget cuts have only exacerbated the problem. Clearly, this trend must be reversed. I strongly urge you to do all in your power to provide more adequate funding for employment and training programs in your deliberations next year.

On a related matter, I want to call attention to the fact that our nation's unemployment insurance program has been steadily eroded in recent years. Today the system provides benefits to only about 40% of the 8.3 million people who are jobless. Since 1981 major cutbacks in the system have been implemented. The joint federal-state program of extended unemployment benefits has been virtually eliminated, and in March Congress failed to extend the Federal Supplemental Compensation Program. As a result, many states now provide only the minimum amount of 26 weeks of unemployment coverage. For many long-term unemployed workers, benefits have been exhausted and no unemployment assistance whatsoever is available to them.

Despite the current "recovery," hundreds of thousands of long-term unemployed have been left behind. Their needs must not be neglected. In your budget deliberations, I urge you to provide adequate funding for the remaining portions of the unemployment insurance system.

Finally, I urge you to consider the fact that many of the long-term unemployed and those who have used up their unemployment benefits are now among the ranks of the poor. Joblessness has pushed them into poverty. The so-called safety net for the poor has been more symbolic than real in recent years. As I am sure you know, federal funding for programs that provide basic necessities for low-income people have been cut by about $30 billion since 1980.

Yet poverty in our nation continues to be a widespread and urgent problem. The current poverty rate is the highest for any nonrecession year since 1966. One of every seven Americans is poor. More than one of every five American children are poor. Nearly one of every two black children in this nation are poor. With alarming statistics like these, is it not obvious that we have an urgent task before us. We simply must summon the political will and the moral rectitude to implement an aggressive campaign to reduce unemployment and poverty. For the current trends in these areas are not only unacceptable; they are a serious threat to our society's future, a scar on the face of our nation, and a violation of the most basic norms of human dignity.

I fully understand that this task force is not able to singlehandedly solve these massive problems. Yet I sincerely urge you to do your part by working to provide adequate funding for employment and human needs programs.

In closing, let me try to convey a sense of urgency in this matter by reciting for you the words of a 52-year-old man—unemployed and the father of nine children.

"Let me tell you what it's like for one guy to be 52 years old and jobless in America. Your days start with it, and end with it. It's all pervasive. It's numbing. It's mind-boggling. Things you've always taken for granted fall apart. To feel the disintegration of your confidence as a man, and your ability to protect your family from economic disaster. It's to envy just about everybody who has a job, any job.

"It's to realize the simply stunning fact that you are without meaningful representation in this society. It's to realize that for many Americans the problem you are facing for the first time has become a way of life. The carnage is strewn about America for anyone with eyes to see. In our mental hospitals, in our drug-abuse centers, in the alcoholic wards of our hospitals, in our juvenile shelters, in our prisons, and on the streets of our cities.

"And finally, it's to lie sleepless in bed waiting for the dawn of a new day and realize that something is terribly wrong."

Thank you.

THE SUMMIT: STRENGTHENING INTERNATIONAL COOPERATION IN FUSION ENERGY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California [Mr. STARK] is recognized for 5 minutes.

Mr. STARK. Mr. Speaker, I'd like to congratulate President Reagan and Secretary Gorbachev on the Geneva summit. Though the United States and the Soviet Union still have a long road to travel toward true arms control agreements, many good things came from their meeting. In particular, an agreement was signed by both leaders which strengthens the two countries' scientific and cultural exchanges.

I believe such agreements should also involve other countries as well. If the United States, the Soviet Union, Japan, and the European Community were to seriously share in scientific exchanges all could stand to gain considerably.

The Soviet Union, Japan, and the European Community are all financially strapped in one way or another. And, we're certainly aware of similar problems here in the United States. Given that some form of Gramm-Rudman will pass this year, money for scientific research and development is going to be very scarce. It is time to review the way in which the United States may hope to pursue scientific endeavors.

In January of this year I introduced House Joint Resolution 155 which calls for formation of a national policy and renewal of national attention on the future of fusion energy research and development and the possibilities of increased international cooperation in such efforts. Today, in light of the Geneva summit agreement to

expand and extend the 12-year agreement between the United States and the Soviet Union on a joint research program to harness fusion power I again urge my colleagues to join me in this effort.

The National Research Council issued a report in October of 1984 on "Cooperation and Competition on the Path to Fusion Energy" which moved me to introduce this legislation. The report outlined our country's options on fusion energy research and development. Its major conclusions are:

First, that on balance, there are substantial potential benefits of large-scale international collaboration in the development of fusion energy.

Second, a window in time for large-scale international collaboration is now open.

Third, large-scale international collaboration can be achieved, but not quickly.

Fourth, international collaboration will require stable international commitments.

Fifth, there are a host of considerations that must be resolved in the implementation, but these appear workable.

Sixth, past cooperation provides a sound basis for future efforts.

The agreement signed by the Soviet Union and the United States would extend the present joint research program 30 years and the 2 countries will spend as much as $3.5 billion to build a reactor demonstrating that electricity could be safely and commercially produced by fusion. Thus, I am encouraged to try and move my joint resolution forward. Now more than ever a window in time for large-scale collaboration is open.

In that the Soviet Union has made a special commitment, we in Congress should use this as a starting point to consult with them and other prospective partners to begin an international joint plan for large scale collaboration on fusion energy.

Forgetting the energy crisis of the mid-1970's, the United States has become complacent about our Nation's energy situation. Although there is much work yet to be done in the area of fusion energy development, the possibility of what lies ahead is well worth actively pursuing. A program which would aim for international collaboration has the potential to reach technological results sooner than a domestic program while reducing cumulative costs through sharing.

The United States has the chance to improve our prestige as a leader in fusion energy development by being out in front for international cooperative efforts. In Congress we can lend our support by voting for House Joint Resolution 155.

PROTECTING INDIAN CHILDREN FROM SEXUAL MOLESTATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Virginia [Mr. BOUCHER] is recognized for 5 minutes.

Mr. BOUCHER. Mr. Speaker, I have today introduced a bill to address a problem that seriously concerns native Americans and Federal prosecutors—the sexual molestation of children in Indian country.

Under present Federal law (the Major Crimes Act, 18 U.S.C. 1153), the Justice Department can prosecute Indians who commit certain offenses in Indian country. These offenses includes a number of sex crimes: rape, assault with intent to commit rape, carnal knowledge of a female under the age of 16 who is not the defendant's wife, incest, and involuntary sodomy (which was added to the list of offenses in the Major Crimes Act last year by Public Law 98–473). The Justice Department cannot prosecute, however, if an Indian engages in other serious sexual misconduct directed at children. Such conduct can only be prosecuted in tribal courts, and the maximum punishment that Federal law (25 U.S.C. 1302(7)) permits such courts to impose is 6 months imprisonment and a $500 fine.

The inability of the Justice Department to prosecute such conduct is troubling not only to Federal prosecutors, who have reported an increase of such incidents on Indian reservations, but also to Indians themselves. The National Congress of American Indians recently adopted a resolution stating that "it is necessary and crucial to effective law enforcement on Indian reservations and to protect the mental health and physical well-being of Indians" that the Major Crimes Act be amended to permit the Justice Department to prosecute serious child sexual molestation offenses.

My bill amends the Major Crimes Act to permit the Federal Government to prosecute "felonious sexual molestation of a minor." The "felonious" requires that the offense carry a prison term of more than 1 year under the law of the State in which is located the Indian country where the offense occurred. Federal law does not define an offense of "sexual molestation of a minor," so, as provided by the final paragraph of the Major Crimes Act, State law will be used to set forth the elements of the offense. The term "sexual molestation of a minor" is intended to be generic, so that it would not matter that a particular State called the offense "indecent liberties" or "sexual contact" with children. It is only necessary that the State law proscribe nonforcible sexual abuse of a minor. (State law will also provide the definition of who is a minor.)

Mr. Speaker, my bill will provide children who live in Indian country with greater protection from sexual molestation. I hope that it will be enacted into law.

CONFERENCE REPORT ON H.R. 3424

Mr. NATCHER submitted the following conference report and statement on the bill (H.R. 3424) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies, for the fiscal year ending September 30, 1986, and for other purposes:

CONFERENCE REPORT (H. REPT. 99-402)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3424) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies, for the fiscal year ending September 30, 1986, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 10, 16, 17, 19, 23, 29, 33, 36, 38, 56, 66, 67, 71, 72, 73, 79, 86, 88, 90, 103, 104, 107, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 137, 138, 144, 151, 152, 153, 156, 162, 165, 171, 175, 178, 192, 194, 196, 197, and 199.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 5, 8, 9, 12, 13, 15, 22, 24, 27, 28, 30, 34, 40, 42, 44, 46, 48, 50, 52, 54, 58, 60, 62, 75, 76, 81, 82, 83, 84, 85, 87, 89, 91, 95, 96, 97, 98, 99, 105, 131, 132, 133, 139, 140, 141, 160, 161, 168, 169, 170, 172, 173, 174, 176, 179, 180, 181, 182, 183, 187, 189, 190, 191, 193, and 195, and agree to the same.

Amendment numbered 3:

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$3,461,045,000*; and the Senate agree to the same.

Amendment numbered 6:

That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$2,456,240,000*; and the Senate agree to the same.

Amendment numbered 14:

That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$151,679,000*; and the Senate agree to the same.

Amendment numbered 20:

That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$38,730,000*; and the Senate agree to the same.

Amendment numbered 21:

That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$3,231,000*; and the Senate agree to the same.

Amendment numbered 35:

That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment insert *$471,861,000,*; and the Senate agree to the same.

Amendment numbered 41:

That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$1,258,159,000*; and the Senate agree to the same.

Amendment numbered 43:

That the House recede from its disagreement to the amendment of the Senate num-

bered 43, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$859,572,000*; and the Senate agree to the same.

Amendment numbered 45:

That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$103,377,000*; and the Senate agree to the same.

Amendment numbered 51:

That the House recede from its disagreement to the amendment of the Senate numbered 51, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$383,717,000*; and the Senate agree to the same.

Amendment numbered 55:

That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$321,972,000*; and the Senate agree to the same.

Amendment numbered 59:

That the House recede from its disagreement to the amendment of the Senate numbered 59, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$197,686,000*; and the Senate agree to the same.

Amendment numbered 61:

That the House recede from its disagreement to the amendment of the Senate numbered 61, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment insert *$156,592,000*; and the Senate agree to the same.

Amendment numbered 63:

That the House recede from its disagreement to the amendment of the Senate numbered 63, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$305,696,000*; and the Senate agree to the same.

Amendment numbered 64:

That the House recede from its disagreement to the amendment of the Senate numbered 64, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$11,568,000*; and the Senate agree to the same.

Amendment numbered 65:

That the House recede from its disagreement to the amendment of the Senate numbered 65, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$57,956,000*; and the Senate agree to the same.

Amendment numbered 68:

That the House recede from its disagreement to the amendment of the Senate numbered 68, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$958,860,000*; and the Senate agree to the same.

Amendment numbered 74:

That the House recede from its disagreement to the amendment of the Senate numbered 74, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$17,918,000,000*; and the Senate agree to the same.

Amendment numbered 77:

That the House recede from its disagreement to the amendment of the Senate numbered 77, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment insert *$89,533,000*; and the Senate agree to the same.

Amendment numbered 78:

That the House recede from its disagreement to the amendment of the Senate numbered 78, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$1,176,785,000*; and the Senate agree to the same.

Amendment numbered 93:

That the House recede from its disagreement to the amendment of the Senate numbered 93, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment insert *$790,237,000*; and the Senate agree to the same.

Amendment numbered 102:

That the House recede from its disagreement to the amendment of the Senate numbered 102, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$16,000,000*; and the Senate agree to the same.

Amendment numbered 108:

That the House recede from its disagreement to the amendment of the Senate numbered 108, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment insert: *two thousand four hundred and fifty*; and the Senate agree to the same.

Amendment numbered 135:

That the House recede from its disagreement to the amendment of the Senate numbered 135, and agree to the same with an amendment, as follows:

In lieu of the matter inserted by said amendment insert:

For carrying out the provisions of title II of the Education for Economic Security Act, $50,000,000 to become available on July 1, 1986, and remain available until September 30, 1987.; and the Senate agree to the same.

Amendment numbered 136:

That the House recede from its disagreement to the amendment of the Senate numbered 136, and agree to the same with an amendment, as follows:

In lieu of the matter inserted by said amendment insert:

For carrying out the provisions of title IX of Public Law 98-558, $7,500,000, to become available July 1, 1986 and to remain available until September 30, 1987.; and the Senate agree to the same.

Amendment numbered 143:

That the House recede from its disagreement to the amendment of the Senate numbered 143, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment insert: *the Helen Keller National Center Act, and the International Health Research Act of 1960, $1,362,000,000, of which $1,188,708,000 shall be for allotments under section 100(b)(1) of the Rehabilitation Act, $1,292,000 shall be for activities under section 110(b)(3) of the Rehabilitation Act, $2,200,000 shall be for special recreational programs under section 316 of the Rehabilitation Act, and $4,300,000 shall be for continued operation of the Helen Keller National Center for Deaf-Blind Youths and Adults*; and the Senate agree to the same.

Amendment numbered 148:

That the House recede from its disagreement to the amendment of the Senate numbered 148, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$940,777,000*; and the Senate agree to the same.

Amendment numbered 149:

That the House recede from its disagreement to the amendment of the Senate numbered 149, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment amended to read as follows: *$10,000,000 shall be available for title IV, parts A and C of the Carl D. Perkins Vocational Education Act including $6,000,000 for section 404 of said title*; and the Senate agree to the same.

Amendment numbered 150:

That the House recede from its disagreement to the amendment of the Senate numbered 150, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment insert: *: Provided further, That $7,300,000 shall be available*; and the Senate agree to the same.

Amendment numbered 154:

That the House recede from its disagreement to the amendment of the Senate numbered 154, and agree to the same with an amendment, as follows:

In lieu of the matter proposed by said amendment insert: *: Provided further, That $2,300,000 shall be made available for the National Occupational Information Coordinating Committee*; and the Senate agree to the same.

Amendment numbered 155:

That the House recede from its disagreement to the amendment of the Senate numbered 155, and agree to the same with an amendment, as follows:

In lieu of the matter proposed by said amendment insert: *: Provided further, That $7,500,000 shall be made available to carry out title III-A of that Act and $31,633,000 shall be made available for title III-B of that Act*; and the Senate agree to the same.

Amendment numbered 157:

That the House recede from its disagreement to the amendment of the Senate numbered 157, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$4,887,000,000*; and the Senate agree to the same.

Amendment numbered 163:

That the House recede from its disagreement to the amendment of the Senate numbered 163, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment insert *$293,030,000, of which*; and the Senate agree to the same.

Amendment numbered 164:

That the House recede from its disagreement to the amendment of the Senate numbered 164, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment amended to read as follows: *and $10,000,000 made available for undergraduate and graduate facilities grants under part B of title VII of said Act*; and the Senate agree to the same.

Amendment numbered 167:

That the House recede from its disagreement to the amendment of the Senate numbered 167, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$60,000,000*; and the Senate agree to the same.

Amendment numbered 177:

That the House recede from its disagreement to the amendment of the Senate numbered 177, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$44,580,000*; and the Senate agree to the same.

Amendment numbered 184:

That the House recede from its disagreement to the amendment of the Senate numbered 184, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment amended to change section number to 306; and the Senate agree to the same.

Amendment numbered 185:

That the House recede from its disagreement to the amendment of the Senate numbered 185, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert *307*; and the Senate agree to the same.

Amendment numbered 186:

That the House recede from its disagreement to the amendment of the Senate numbered 186, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$151,287,000*; and the Senate agree to the same.

Amendment numbered 198:

That the House recede from its disagreement to the amendment of the Senate numbered 198, and agree to the same with as amendment, as follows:

In lieu of the sum proposed by said amendment insert *$33,391,000*; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 7, 11, 18, 25, 26, 31, 32, 37, 39, 47, 49, 53, 57, 69, 70, 80, 92, 94, 100, 101, 106, 134, 142, 145, 146, 147, 158, 159, 166 and 188.

WILLIAM H. NATCHER,
NEAL SMITH,
DAVID OBEY,
EDWARD R. ROYBAL,
LOUIS STOKES,
JOSEPH D. EARLY,
BERNARD J. DWYER,
STENY H. HOYER,
JAMIE L. WHITTEN,
SILVIO O. CONTE,
GEORGE M. O'BRIEN,
CARL PURSELL,
JOHN EDWARD PORTER,
C.W. YOUNG,

Managers on the Part of the House.

LOWELL P. WEICKER, Jr.,
MARK O. HATFIELD,
TED STEVENS,
MARK ANDREWS,
WARREN B. RUDMAN,
ARLEN SPECTER,
JIM MCCLURE,
BILL PROXMIRE,
ROBERT C. BYRD,
ERNEST F. HOLLINGS,
LAWTON CHILES,
QUENTIN N. BURDICK,
DANIEL K. INOUYE,
TOM HARKIN,
JOHN C. STENNIS,

Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3424) making appropriations for the Departments of Labor, Health and Human Services, and Education, and Related Agencies for the fiscal year ending September 30, 1986, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report.

TITLE I—DEPARTMENT OF LABOR

EMPLOYMENT AND TRAINING ADMINISTRATION

PROGRAM ADMINISTRATION

Amendment No. 1: Appropriates $68,155,000 as proposed by the Senate, instead of $68,355,000 as proposed by the House.

Amendment No. 2: Makes available $42,666,000 from the Unemployment Trust Fund as proposed by the Senate, instead of $42,243,000 as proposed by the House.

TRAINING AND EMPLOYMENT SERVICES

Amendment No. 3: Appropriates $3,461,045,000, instead of $3,521,045,000 as proposed by the House and $3,453,677,000 as proposed by the Senate. The conference agreement includes the following amounts:

Job training block grant.....	$1,863,151,000
Summer youth employment (1987)	664,549,000
Job Corps	640,000,000
National activities:	
Rural concentrated employment programs	10,000,000
Labor market information	4,290,000
Veterans' employment.....	9,667,000

Amendment No. 4: Restores language proposed by the House setting aside $10,000,000 for rural concentrated employment programs.

Amendment No. 5: Deletes appropriation of $100,000,000 proposed by the House for summer youth employment for the summer of 1986.

STATE UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICE OPERATIONS

Amendment No. 6: Makes available $2,456,240,000 from the Unemployment Trust Fund, instead of $2,459,940,000 as proposed by the House and $2,446,240,000 as proposed by the Senate. The conference agreement includes $239,200,000 for unemployment insurance nonpersonal services costs.

The conferees note that under the provisions of section 6(b)(4) of the Wagner-Peyser Act the Secretary is authorized to withhold 3% of funds available to the States to offset losses in basic funding resulting from 1983 changes in the allocation formula. Conferees further note that the Secretary is provided with broad flexibility under the statute to determine the allocation of these 3% set-aside funds among the various affected States.

The conferees urge the Secretary to undertake a review of these allocation factors prior to publishing State-by-State allocations for the 1986 program year and, in so doing, to insure that States which have been disadvantaged by falling into the 90% hold harmless category in program years 1984 and 1985 are provided with sufficient funds to forestall closing or further consolidating needed employment service offices within their borders.

Amendment No. 7: Reported in technical disagreement. The managers on the part of the House will move to recede and concur in the Senate amendment which requires the Department of Labor to conduct a study of the status of automation in the labor exchange process throughout the Employment Service system.

Amendment No. 8: Makes available $769,500,000 from the Unemployment Trust Fund for Employment Service State grants as proposed by the Senate, instead of $778,000,000 as proposed by the House.

Amendment No. 9: Makes available $283,532,000 from the Unemployment Trust Fund for unemployment insurance contingency purposes as proposed by the Senate, instead of $278,732,000 as proposed by the House. The conference agreement includes $4,800,000 for retirement plan amortization payments to those States which had independent retirement plans prior to 1980 in their State employment security agencies.

LABOR-MANAGEMENT SERVICES

SALARIES AND EXPENSES

Amendment No. 10: Appropriates $57,505,000 as proposed by the House, instead of $57,612,000 as proposed by the Senate.

EMPLOYMENT STANDARDS ADMINISTRATION

SALARIES AND EXPENSES

Amendment No. 11: Reported in technical disagreement. The managers on the part of the House will move to recede and concur in the Senate amendment. The amendment appropriates $190,318,000, instead of $191,118,000 as proposed by the House, and specifies that not to exceed $8,000,000 shall be available for obligation through September 30, 1987 for acquisition of computer equipment.

BLACK LUNG DISABILITY TRUST FUND

Amendment No. 12: Makes available $988,422,000 from the Black Lung Disability Trust Fund as proposed by the Senate, instead of $988,471,000 as proposed by the House.

Amendment No. 13: Provides for transfer of $19,697,000 to departmental management, salaries and expenses as proposed by the Senate, instead of $19,746,000 as proposed by the House.

MINE SAFETY AND HEALTH ADMINISTRATION

SALARIES AND EXPENSES

Amendment No. 14: Appropriates $151,679,000, instead of $150,215,000 as proposed by the House and $153,224,000 as proposed by the Senate. The increase over the House bill is for the hiring of additional mine inspectors.

The conference agreement includes an additional 90 inspector positions over the number proposed in the budget request. The conferees remain concerned that MSHA has failed to make the minimum number of inspections at metal-nonmetal surface mines and expect that roughly two-thirds of these positions will be allocated for metal-nonmetal enforcement and one-third for coal enforcement.

BUREAU OF LABOR STATISTICS

SALARIES AND EXPENSES

Amendment No. 15: Appropriates $158,640,000 as proposed by the Senate, instead of $158,616,000 as proposed by the House. The conference agreement includes an increase of $151,000 and five positions over the budget request to finance continued monthly publication of the BLS Monthly Labor Review.

Amendment No. 16: Deletes language proposed by the Senate that would have earmarked funds for service sector activities.

The conferees are agreed that $2,300,000 shall be available for expenses of enhancing service sector activities.

DEPARTMENTAL MANAGEMENT

SALARIES AND EXPENSES

Amendment No. 17: Earmarks $2,136,000 for the President's Committee on Employment of the Handicapped as proposed by the House, instead of $1,000,000 as proposed by the Senate.

The conferees note that in 1986 the National Council on the Handicapped will be the subject of reauthorization. If the NCH is provided the statutory authority now given by Executive order to the President's Committee on Employment of the Handicapped, the conferees agree that 1987 funding for PCEH functions will be provided instead to the NCH.

The conferees urge the PCEH leadership and staff to work with their NCH counterparts to assure an orderly transition.

Amendment No. 18: Reported in technical disagreement. The managers on the part of the House will move to recede and concur in the Senate amendment with an amendment which will appropriate $99,303,000, instead of $99,037,000 as proposed by the House and $98,167,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement includes increases over the House bill of $190,000 for Women's Bureau model demonstration projects and $76,000 and nine positions for the Office of Civil Rights.

ASSISTANT SECRETARY FOR VETERANS EMPLOYMENT AND TRAINING

Amendment No. 19: Makes available $132,975,000 from the Unemployment Trust Fund as proposed by the House, instead of $124,485,000 as proposed by the Senate.

OFFICE OF THE INSPECTOR GENERAL

Amendment No. 20: Appropriates $38,730,000, instead of $39,323,000 as proposed by the House and $38,136,000 as proposed by the Senate.

Amendment No. 21: Makes available $3,231,000 from the Unemployment Trust Fund, instead of $4,300,000 as proposed by the House and $2,161,000 as proposed by the Senate.

GENERAL PROVISIONS

Amendment No. 22: Deletes language proposed by the House that would have delayed enforcement of the Supreme Court decision in *Garcia* vs. *San Antonio Metropolitan Transit Authority.*

Amendment No. 23: Deletes language proposed by the Senate concerning a comprehensive field sanitation standard for farmworkers. The conferees are agreed that the authorizing committees should examine this matter to determine if any legislation is necessary.

TITLE II—DEPARTMENT OF HEALTH AND HUMAN SERVICES

HEALTH RESOURCES AND SERVICES ADMINISTRATION

Amendment No. 24: Inserts legal citation as proposed by the Senate.

Amendment No. 25: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment which reads as follows:

In lieu of the matter inserted by said amendment, insert the following: *XV, XVI, XIX*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate. This language clarifies that funds are available for all activities under title XVI of the Public Health Service Act rather than being restricted to parts A and C as proposed by the Senate. The House bill included no similar provision.

Amendment No. 26: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate amended to read as follows:

In lieu of the matter inserted by said amendment insert the following: *$1,360,434,000, of which $500,000 shall be available for assistance to two-year schools of medicine or osteopathy under section 788(a) of the Public Health Service Act; of which $2,600,000 shall be available for grants under section 371 of the Public Health Service Act; of which $5,000,000 shall be for construction of and equipment for outpatient medical facilities under section 1610 (b)*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement provides $1,360,434,000 for Health Resources and Services activities instead of $564,853,000 as proposed by the House and $1,408,979,000 as proposed by the Senate. The language also earmarks, funds for three activities authorized under the Public Health Service Act. The conference agreement includes the following changes from the amounts proposed by the Senate.

Black lung clinics	−$100,000
Home health demonstrations	−1,500,000
Federal employee health	−600,000
Health teaching facilities	−28,000
Organ transplantation	−1,200,000
Nursing research	−300,000
Nursing special projects	−1,350,000
Nursing fellowships	−550,000
Community health centers	−5,000,000
Outpatient medical facility construction	+5,000,000
Migrant health	−1,100,000
Financial distress grants	−1,500,000
Disadvantaged assistance	+1,500,000
Family medicine department	−500,000
Health planning	−36,967,000
Program management, HRSA	−4,350,000
Total change	−48,545,000

The conference agreement includes $400 million for community health center grants authorized under section 330 of the Public Health Service Act. This is $5 million less than the amount proposed by the Senate. The House deferred consideration of funding for this program because of a lack of authorizing legislation. The conferees are agreed that the amount provided includes funding for selective increases to offset the cost of inflation for grantees who need such assistance. The conferees are agreed, however, that the need for such assistance must be balanced with the need for new services and the need to manage programs as efficiently as possible. This includes continued emphasis to maximize third party reimbursements and to control expenses, especially overhead costs.

The conference agreement also includes $5 million for construction of outpatient medical facilities under section 1610(b) of the Public Health Service Act. The conferees are agreed that these funds should be made available on a priority basis to public or nonprofit entities for the purpose of building and equipping outpatient medical facilities which meet the following conditions:

Are located in a rural or urban poverty area;

Are located in a health services shortage area;

Have recently experienced a disruption in the availability of primary care services due to a disaster such as a hurricane, tornado, flood or fire.

The conferees wish to emphasize that this appropriation is being made to assist communities which are experiencing serious problems. Applications are therefore to be processed on an expedited basis so that essential health services can be restored or preserved. Grants made under this appropriation shall be available for 100% of the cost of such projects as provided for under section 1610(b)(2) of the law. No single grant under this program may exceed $750,000.

The conference agreement provides $3,000,000 for organ transplantation activities including $400,000 for the cost of the organ transplantation network and $2,600,000 to be made available for grants under section 371 of the Public Health Service Act for organ procurement and distribution. The Senate bill included $4,200,000 for these purposes. The House bill included $400,000 for networks only.

The conference agreement also earmarks $500,000 for grants to 2 year schools of medicine or osteopathy under section 788(a) of the Public Health Service Act as proposed by the Senate. The House bill included no similar provision.

The conference agreement includes $3 million for Health Professions Special Educational Initiatives. The conferees recommend that up to $500,000 of these funds be made available for the planning and development of a program of computer-based simulations for medical training, in such fields as arthroscopy, on the basis of their understanding that the use of this new technology could lead to major improvements in the training of health professionals, especially surgeons, by allowing them to learn and practice their skills, not on live patients, but on computer simulations, and by permitting new methods of testing and accrediting their knowledge and competence.

The conference agreement includes $28,119,000 to maintain through September 30, 1986 State and local health planning activities. The managers recognize that authorization bills for FY 1986 have not been approved by either body, although they have been reported by the authorizing committees. Pending enactment of such an authorization the conferees have provided $20.9 million to continue all the on-going program activities by supporting grants to state and local health planning agencies, as well as contracts with Centers for health planning through the end of the fiscal year. The conferees intend that $ 7.2 million support federal salary and administrative costs during this period. It is the understanding that these amounts will support the current program through September 30, 1986, at which time further action, based on enactment of an authorization, may be necessary.

Amendment No. 27: Earmarks $3,300,000 for payment to the State of Hawaii for the partial support of programs to treat victims of Hensen's Disease as proposed by the Senate. The House bill included $2,500,000 of this purpose.

Amendment No. 28: Earmarks $5,000,000 for geriatric educational units as proposed by the Senate. The House bill contained no similar provision.

Amendment No. 29: Earmarks $1,200,000 for health teaching facility interest subsidy grants as proposed by the House. The Senate bill earmarked $1,228,000 for this purpose.

Amendment No. 30: Inserts language proposed by the Senate which limits private practice loans under the National Health Service Corps to $1,000,000. No similar language was included in the House bill which deferred consideration of health professions activities due to a lack of authorizing legislation. The President has since signed P.L. 99-219 which extends these activities for three years. This limitation was proposed by the President and has been included in previous appropriation acts.

Amendment No. 31: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate amended to read as follows:

In lieu of the matter inserted by said amendment, insert the following: *Provided further, That no funds appropriated to carry out the Public Health Service Act may be used to award grants to, enter into new contracts or cooperative agreements with, or otherwise assist, a State, or any agency thereof, to administer, or monitor the operation of, or operate (except as provided in section 329(h)(2) and 330(g)(3)) any program supported under section 329 or 330, or title XIX-C, of the Public Health Service Act*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conferees are concerned with the recent practice of the Bureau of Health Care Delivery and Assistance allowing States to administer portions of the Community and Migrant Health Centers Programs through "Cooperative Agreements". It is requested that the Bureau prepare a detailed report on the status of the existing agreements in preparation for appropriation committee hearings on the matter by March 1st of 1986. In the meantime, statutory language is included which would prohibit any new contracts or cooperative agreements. The original Senate language would have prohibited funding of all contracts and agreements. The House bill included no similar provision.

Amendment No. 32: Reported in technical disagreement. The managers on the part of the House will move to recede and concur in the Senate amendment. This language reauthorizes the HEAL loan guarantee program for fiscal year 1986 and makes clear that loans will be available to new borrowers. This language is compatible with the new health professions legislation recently signed by the President, P.L. 99-219.

Amendment No. 33: Deletes language proposed by the Senate which would have prohibited the executive branch from imposing any limitation on employment at the Health Resources and Services Administration. The conferees are agreed, however, that the funds agreed to for the program management activities shall be used to support not less than 3,412 full-time-equivalent positions, the same level available in fiscal year 1985.

Amendment No. 34: Inserts legal citation as proposed by the Senate.

CENTERS FOR DISEASE CONTROL

DISEASE CONTROL

Amendment No. 35: Appropriates $471,861,000, instead of $441,194,000 as proposed by the House and $480,277,000 as proposed by the Senate. The conference agreement eliminates the earmarking of immunization funds proposed by the Senate. The conference agreement includes the following amounts:

Preventive health block grant	$91,483,000
Prevention centers	1,500,000
Sexually transmitted diseases:	
Grants	46,511,000
Direct operations	9,774,000
Immunizations:	
Grants	47,359,000
Direct operations	8,235,000
Infectious disease	101,698,000
Chronic and environmental disease	30,425,000
NIOSH research	58,923,000
Epidemic services	51,300,000
Buildings and facilities	3,797,000
Program management	3,096,000

It is the intent of the conferees that the research, health education-risk reduction and training needs of the hemophilia population be fully addressed by the Public Health Service as part of its expanded AIDS/HTLV-III activities.

Amendment No. 36: Earmarks $3,797,000 for equipment and construction of facilities as proposed by the House, instead of $4,625,000 as proposed by the Senate.

Amendment No. 37: Reported in technical disagreement. The managers on the part of the House will move to recede and concur in the Senate amendment, amended to read as follows:

In lieu of the matter proposed by said amendment, insert the following: , *and of which $6,900,000 shall remain available until September 30, 1987 for the purchase and distribution of drugs, and of which $2,000,000 shall be used to establish, maintain, and operate a twenty-four-hour telephone hotline which permits calls to be made without charge to the caller, which provides general information concerning acquired immune deficiency syndrome and information concerning medical services and housing facilities for individuals with such syndrome, and which refers such individuals to counseling services.*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 38: Deletes language proposed by the Senate which would have established an employment level of not less than 4,437 full-time equivalent positions. It is the intent of the conferees that the amounts provided for the Centers for Disease Control should be used to maintain staffing for the Centers at not less than 4,398 full-time equivalent positions.

Amendment No. 39: Reported in technical disagreement. The managers on the part of the House will move to recede and concur in the Senate amendment which earmarks $1,000,000 for studies of designer or synthetic drug use.

NATIONAL INSTITUTES OF HEALTH

NATIONAL CANCER INSTITUTE

Amendment No. 40: Inserts legal citation as proposed by the Senate.

Amendment No. 41: Appropriates $1,258,159,000 instead of $1,221,590,000 as proposed by the House and $1,271,555,000 as proposed by the Senate.

NATIONAL HEART, LUNG, AND BLOOD INSTITUTE

Amendment No. 42: Inserts legal citation as proposed by the Senate.

Amendment No. 43: Appropriates $859,572,000 instead of $812,882,000 as proposed by the House and $863,652,000 as proposed by the Senate.

NATIONAL INSTITUTE OF DENTAL RESEARCH

Amendment No. 44: Inserts legal citation as proposed by the Senate.

Amendment No. 45: Appropriates $103,377,000 instead of $97,691,000 as proposed by the House and $103,728,000 as proposed by the Senate.

NATIONAL INSTITUTE OF ARTHRITIS, DIABETES, AND DIGESTIVE AND KIDNEY DISEASES

Amendment No. 46: Inserts legal citation as proposed by the Senate.

Amendment No. 47: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment which will appropriate $569,597,000 instead of $541,298,000 as proposed by the House and $565,924,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conferees request an evaluation of the proposal to establish up to six multidisciplinary, inter-institutional kidney-urology centers to be funded after employing the usual and customary processes of the National Institutes of Health to insure the quality and scientific merit of the proposals received.

NATIONAL INSTITUTE OF NEUROLOGICAL AND COMMUNICATIVE DISORDERS AND STROKE

Amendment No. 48: Inserts legal citation as proposed by the Senate.

Amendment No. 49: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment which will appropriate $433,595,000 instead of $418,590,000 as proposed by the House and $428,517,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

NATIONAL INSTITUTE OF ALLERGY AND INFECTIOUS DISEASES

Amendment No. 50: Inserts legal citation as proposed by the Senate.

Amendment No. 51: Appropriates $383,717,000 instead of $317,941,000 as proposed by the House and $429,453,000 as proposed by the Senate.

NATIONAL INSTITUTE OF GENERAL MEDICAL SCIENCES

Amendment No. 52: Inserts legal citation as proposed by the Senate.

Amendment No. 53: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment which will appropriate $514,814,000 instead of $455,593,000 as proposed by the House and $510,872,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

NATIONAL INSTITUTE OF CHILD HEALTH AND HUMAN DEVELOPMENT

Amendment No. 54: Inserts legal citation as proposed by the Senate.

Amendment No. 55: Appropriates $321,972,000 instead of $306,812,000 as proposed by the House and $323,071,000 as proposed by the Senate.

The conferees recognize the importance of developmental immunology and its application to the immune system in health and disease. The conferees expect NICHD and other institutes interested in developmental immunology to move forward to provide research and research training opportunities in the critical area of immunology.

NATIONAL EYE INSTITUTE

Amendment No. 56: Restores legal citation deleted by the Senate.

Amendment No. 57: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which will appropriate $195,168,000 instead of $188,988,000 as proposed by the House and $184,036,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

NATIONAL INSTITUTE OF ENVIRONMENTAL HEALTH SCIENCES

Amendment No. 58: Inserts legal citation as proposed by the Senate.

Amendment No. 59: Appropriates $197,686,000 instead of $188,319,000 as proposed by the House and $198,913,000 as proposed by the Senate.

NATIONAL INSTITUTE ON AGING

Amendment No. 60: Inserts legal citation as proposed by the Senate.

Amendment No. 61: Appropriations $156,592,000 instead of $149,067,000 as proposed by the House and $156,618,000 as proposed by the Senate.

The conferees are agreed that of the amount appropriated up to $2,500,000 should be used for the development and establishment of a registry for the collection of epidemiological data about Alzheimer's disease, and for the training of personnel in the collection of such data.

RESEARCH RESOURCES

Amendment No. 62: Inserts legal citation as proposed by the Senate.

Amendment No. 63: Appropriates $305,696,000 instead of $304,579,000 as proposed by the House and $305,739,000 as proposed by the Senate.

JOHN E. FOGARTY INTERNATIONAL CENTER

Amendment No. 64: Appropriates $11,568,000 instead of $11,529,000 as proposed by the House and $11,606,000 as proposed by the Senate.

NATIONAL LIBRARY OF MEDICINE

Amendment No. 65: Appropriates $57,956,000 instead of $46,972,000 as proposed by the House and $60,000,000 as proposed by the Senate. The increase over the amount provided by the House includes $7,790,000 for Medical Library Assistance activities, $1,000,000 for work on a unified medical language, $2,008,000 for preservation, library services, acquisition, and cataloging, and $186,000 for medical informatics.

OFFICE OF THE DIRECTOR

Amendment No. 66: Appropriates $117,085,000 as proposed by the House instead of $37,574,000 as proposed by the Senate.

RESEARCH ON ACQUIRED IMMUNE DEFICIENCY SYNDROME

The conferees have included $70,000,000 in the appropriation for the Office of the Director to be allocated among the individual institutes for research on AIDS.

The conferees are aware that there are a number of areas where additional basic research on AIDS and associated diseases is needed. Examples include studies of the structure-function relationships of the retroviral genome; understanding better how the AIDS virus impacts on the immune system as well as other organ systems; studies on the host defense mechanisms which can be mounted against the virus (which has implications for vaccine development); and studies on the mechanism of latency as well as the triggering mechanisms which are responsible for converting latent infection into a productive infection. Therefore, the conferees expect a portion of the additional resources provided for AIDS to be used for basic research on AIDS and associated diseases. The conferees place high priority on vaccine development, for which $14,000,000 would have been provided in the Senate bill.

While the conferees recognize that a great deal of progress has been made in the fight against AIDS, much remains to be done. The conferees believe that it is essential to marshal the scientific resources available both within the outside of government to address this serious public health problem. Thus, the conferees urge the Director, NIH to convene a working group of NIH institutes involved in AIDS research and expect representatives of the extramural research/scientific community to examine in depth, and on a periodic basis, AIDS research issues and requirements. The conferees would welcome a report from such group on the unmet needs in AIDS research; a suggested plan for the future direction that AIDS research should take; and the efforts that need to be undertaken to stimulate additional interest and participation in this effort by the extramural research community and relevant industries.

Amendment No. 67: Provides for the purchase of ten passenger motor vehicles instead of 13 as proposed by the Senate.

ALCOHOL, DRUG ABUSE AND MENTAL HEALTH

Amendment No. 68: Appropriates $958,860,000 instead of $903,637,000 as proposed by the House and $995,539,000 as proposed by the Senate. The conference agreement includes the following changes from the amounts proposed by the House:

Mental health research	+$4,021,000
Drug abuse research	+8,461,000
Alcoholism research	+2,741,000
Mental health services demonstration	+2,000,000
Mental health clinical training	+12,000,000
Research training	+21,000,000
Direct operations, ADAMHA	+5,000,000
Total change	$55,223,000

The conference agreement includes $20,000,000 for mental health clinical training. Within the amount provided, the conferees are agreed that $1,000,000 shall be for the training of health professionals in the identification and treatment of alcohol and drug abuse.

The conference agreement includes the increases above the budget request for AIDS research and technical assistance activities, consistent with the testimony of the Assistant Secretary for Health before various Committees of the Congress.

The conferees continue to be impressed by the long-term importance of prevention activities to the well being of the nation and accordingly encourage the National Institute of Mental Health to continue to give prevention a high priority under its clinical training and research authorities.

The conferees are pleased by the efforts of the clinical research centers for the elderly, and within the increased funds provided for NIMH research, encourage an expansion of this activity.

Amendment No. 69: Reported in technical disagreement. The managers on the part of the House will move to recede and concur in the amendment of the Senate, amended to read as follows:

In lieu of the matter inserted by said amendment insert the following: *: Provided, That in addition to amounts provided herein, $10,000,000 shall be available for carrying out activities for protection and advocacy for mentally ill persons, to become available upon enactment of authorizing legislation*

The managers on the part of the Senate will move to concur in the amendment of ths House to the amendment of the Senate.

The conferees have agreed to delete language proposed by the Senate which would have established a legal floor on the number of full-time equivalent positions at the Alcohol, Drug Abuse and Mental Health Administration. The conferees are agreed, however, that the amounts provided shall be used to support not less than 1,527 full-time equivalents at this agency. The House bill contained no similar provision.

The conference agreement also inserts language which appropriates $10,000,000 for a new program of protection and advocacy services for the mentally ill as proposed by the Senate. The language agreed to makes the availability of these funds conditional on the enactment of authorizing legislation. The House bill included no similar provision.

OFFICE OF ASSISTANT SECRETARY FOR HEALTH

PUBLIC HEALTH SERVICE MANAGMENT

Amendment No. 70: Reported in technical disagreement. The managers on the part of the House will move to recede and concur in the Senate amendment with an amendment appropriating $91,541,000, instead of $87,621,000 as proposed by the House and $90,636,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate. The conference agreement includes the following amounts:

Health statistics	$45,491,000
Smoking and health	3,526,000
Health promotion	3,000,000
Physical fitness and sports	1,379,000

The conferees understand that the Assistant Secretary for Health is responsible for the current Departmental effort to coordinate research and prevention relating to AIDS. The conferees wish to underline their concern, as resources are increased to over $200 million, that these resources are used by the many agencies involved in this effort in the most coordinated, well-planned manner possible. The conferees urge the Department of Health and Human Services to take whatever steps necessary, including the appointment of a coordinator, to develop and implement a comprehensive, planned research and develoment strategy. In addi-

tion, the Assistant Secretary shall report to the Congress and the House and Senate Committees directly on a regular basis as to the progress made in developing and implementing the national coordinated response and strategy to combat AIDS.

It is the intention of the conferees that the small but important Workplace Health Fund will continue to exist within the Office of Disease Prevention and Health Promotion.

Amendment No. 71: Deletes language proposed by the Senate that would have transferred $500,000 to this account from the Health Care Financing Administration.

Amendment No. 72: Makes available $1,050,000 from the Medicare trust funds as proposed by the House, instead of $3,500,000 as proposed by the Senate.

Amendment No. 73: Deletes language proposed by the Senate that would have earmarked $1,000,000 for a medical malpractice study.

HEALTH CARE FINANCING ADMINISTRATION

GRANTS TO STATES FOR MEDICAID

Amendment No. 74: Appropriates $17,918,000,000 in new budget authority for fiscal year 1986 instead of $17,710,469,000 as proposed by the House and instead of $18,315,492,000 as proposed by the Senate. In addition to this amount, $5,980,000,000 in fiscal year 1986 authority was provided in the 1985 Appropriation Act, Public Law 98-619. Together these amounts provide a total of $23,898,000,000 for Medicaid grants in fiscal year 1986.

Amendment No. 75: Deletes language proposed by the House related to the indefinite appropriations provided for this and other entitlement accounts funded in the bill.

The conferees have agreed to a technical change in the bill language affecting the so-called "borrowing authority" provisions contained in various entitlement accounts. This language provides indefinite authority effective in the 4th quarter of the fiscal year to expend such amounts as may be required to finance benefits in a given year if the appropriation proves inadequate. These provisions were added many years ago to prevent a disruption of benefits or services to indigents. Up until the current year this language has required that any budget authority made available "be charged to the subsequent appropriation for the current or succeeding fiscal year." This language has proved cumbersome from a bookkeeping standpoint because funds must appear in later acts but the budget authority counts in the year in which it was actually expended. The conferees have, therefore, agreed to the Senate amendments which convert these authorities to simple indefinite appropriations.

In order to provide an accurate accounting of the amounts which may be made available under these provisions, the Secretary of the Department of Health and Human Services is directed to submit by July 1 of the fiscal year a preliminary report indicating the best estimate of the amounts which may be required and made available under the shortfall authority. In addition, as soon as possible after the end of the fiscal year, the Secretary and the Director of the Office of Management and Budget are directed to jointly submit to the Appropriation Committees a final accounting of the new budget authority actually made available during the fiscal year.

Amendment No. 76: Appropriates $18,854,000,000 for Payments to Health Care Trust Funds as proposed by the Senate. The House bill included $19,659,000,000 for this account.

Amendment Nos. 77 and 78: Appropriate $89,533,000 instead of $88,185,000 as proposed by the House and $95,533,000 as proposed by the Senate to administer the Medicare and Medicaid programs. Also provide for the transfer of $1,176,785,000 from the Medicare trust funds for administrative costs instead of $1,168,108,000 as proposed by the House and instead of $1,182,885,000 as proposed by the Senate. The conference agreement includes the following changes from the amounts provided by the House:

General funds:	
Nursing home certification	+$1,925,000
Federal administrative costs	−577,000
Trust funds:	
Research and demonstrations	+3,000,000
Medicare contractors	+6,500,000
Federal administrative costs	−823,000

The conference agreement includes $978,500,000 for Medicare contractors. The conferees direct that within the amount provided, adequate resources be allocated to basic claims processing activities to ensure that the backlog of unprocessed claims be reduced to the maximum extent possible, and that under no circumstances should it be allowed to increase. Further, the conferees direct that services to beneficiaries not be allowed to deteriorate.

The conference agreement also includes $31,000,000 for research activities. This funding level will allow continuation of community-based social HMO demonstrations under Medicare and Medicaid; data collection and research activities related to the new Medicare prospective payment system, and in particular, studies in quality of care and access-to-care, including hospital care, nursing home care, and home health care. In addition, the conferees suggest that HCFA institute studies in the improvement of Medicare and Medicaid eligibility and benefits with respect to Alzheimer's disease and related disorders.

The Developmental Disabilities Act of 1984 (Public Law 98-527) required the Secretary of Health and Human Services to prepare and transmit to Congress a report containing recommendations to improve services provided under the Medicaid program to persons with developmental disabilities and persons with mental retardation. Although this report was to be transmitted to Congress in August 1985, it has not yet been received. The conferees recognize the importance of the information this report will provide, and urge the Secretary to issue this report immediately.

The conferees are concerned that the Health Care Financing Administration has issued regulations requiring providers who accept assignment to purchase HCFA Form 1500. The conferees direct the Health Care Financing Administration to review this decision due to its potential effect on the participation of providers in accepting assignment and on the potential for increased out-of-pocket expenditures by beneficiaries. In considering this policy, the conferees encourage the agency to consider the savings represented by physicians accepting assignment and the historical provision of forms wihtout charge since the inception of the Medicare program.

Amendment No. 79: Deletes language proposed by the Senate which would have provided an employment floor of 3,900 full-time-equivalent positions for the Health Care Financing Administration.

The conferees are agreed, however, that the funds provided shall be used to support not fewer than 3,900 full-time-equivalent positions for this agency.

SOCIAL SECURITY ADMINISTRATION

SPECIAL BENEFITS FOR DISABLED COALMINERS

Amendment No. 80: Reported in technical disagreement. The managers on the part of the House will move to recede and concur in the Senate amendment which provides that funds appropriated for black lung benefits remain available until expended.

Amendment No. 81: Deletes language proposed by the House related to indefinite appropriations provided for this and other entitlement accounts funded in the bill. (See amendment No. 75)

SUPPLEMENTAL SECURITY INCOME

Amendment No. 82: Deletes language proposed by the House related to indefinite appropriations provided for this and other entitlement accounts funded in the bill. (See amendment No. 75)

ASSISTANCE PAYMENTS PROGRAM

Amendment No. 83: Appropriates $6,859,578,000 as proposed by the Senate instead of $6,679,578,000 as proposed by the House.

Amendment No. 84: Deletes language proposed by the House related to indefinite appropriations provided for this and other entitlement accounts funded in the bill. (See amendment No. 75)

CHILD SUPPORT ENFORCEMENT

Amendment No. 85: Deletes language proposed by the House related to indefinite appropriations provided for this and other entitlement accounts funded in the bill. (See amendment No. 75)

REFUGEE AND ENTRANT ASSISTANCE

Amendment No. 86: Deletes language proposed by the Senate which would have extended the availability of fiscal year 1985 refugee assistance funds to January 1, 1986. This amendment relates to $11,526,000 of fiscal year 1985 funding for the targeted assistance program. The availability of these funds has been under dispute and is currently pending in Federal court. The Senate amendment was intended to make sure that these funds did not lapse prior to final court action. Subsequent to Senate action, however, the Congress was informed that these funds were fully obligated on September 30, 1985, and were being held in reserve pending the outcome of litigation. The Senate language is, therefore, no longer required. The conferees are in agreement that the obligation of these funds in fiscal year 1985 means that these funds will be counted as a 1985 expenditure and will not be counted as a 1985 carryover balance.

The conferees are further agreed that these funds should be released immediately to the intended grantees. While the initial dispute over these funds may have been based on an honest disagreement over the interpretation of the 1985 continuing resolution, this is no longer the case. Two opinions of the Comptroller General and a decision by the U.S. District Court for the Northern District of California in *Edwards vs. Heckler* have affirmed the availability of the funds. Based on these findings, the conferees believe that the funds should be released to the intended recipients so that services can be provided to needy refugees and entrants.

LIMITATION ON ADMINISTRATIVE EXPENSES

Amendment No. 87: Provides for a limitation of $3,992,486,000 on the amount of Social Security trust funds which may be used for administrative costs as proposed by the Senate. The House bill included a limitation of $4,022,486,000 for this purpose. (see Amendment No. 89)

Amendment No. 88: Deletes language proposed by the Senate which earmarked $2,295,098,000 of this account for personnel compensation expenses of the Social Security Administration. While the conferees have agreed to delete statutory language related to personnel levels, they are agreed that the funds provided shall be used to support an employment level at the Social Security Administration of 77,349 full-time equivalent positions, an increase of 1,000 over the number requested in the President's budget. This is the level approved by both the full House and the full Senate when they considered H.R. 3424 and it is the level which the conferees expect to be made available for the Social Security Administration during fiscal year 1986. Should the executive branch not make available sufficient resources to maintain the level of services to Social Security beneficiaries, the Congress will have to reconsider the need for statutory language in this area.

Amendment No. 89: Provides for a contingency reserve of $145,000,000 as proposed by the Senate instead of $175,000,000 as proposed by the House. This provides that $30,000,000 included in the House bill as part of the contingency reserve be used to finance the cost of the 1,000 additional full-time equivalent positions authorized for the Social Security Administration. The use of these funds is in lieu of an increase in the total limitation proposed by the House (see Amendment No. 87).

Amendment No. 90: Deletes language proposed by the Senate which would have required the Social Security Administration to maintain the number of field offices in fiscal year 1986 at not less than the number of field offices as of July 1, 1985. The conferees have agreed to delete this langauge based on the written, unequivocal assurance of the Department of Health and Human Services, with the concurrence of the Office of Management and Budget, that there are no plans for the closure of large numbers of Social Security offices during fiscal year 1986 and that during fiscal year 1986 the number of office closings and openings will not exceed historical averages.

HUMAN DEVELOPMENT SERVICES

Amendment No. 91: Inserts legislative citations proposed by the Senate relating to chapter 8-D of title VI-A of the Omnibus Budget Reconciliation Act (dependent care programs) and the Family Violence Prevention and Services Act.

Amendment No. 92: Reported in technical disagreement. The managers on the part of the House will move to recede and concur in the Senate amendment with an amendment as follows:

In lieu of the matter stricken and inserted by said amendment, insert the following: *$2,015,922,000: Provided, That $76,349,000 shall be the maximum amount available for Indian and migrant Head Start programs for fiscal year 1986*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement includes the following amounts:

Head Start	$1,087,059,000
Runaway youth	23,250,000
Dependent care	5,000,000
Family violence prevention	2,500,000
Developmental disabilities:	
State grants	53,400,000
Protection/advocacy	14,600,000
Special projects	2,800,000
University affiliated facilities	9,600,000

The conferees reaffirm their interest in the long term care gerontology centers in existence in fiscal year 1985 and direct the Administration on Aging to continue to fund these centers.

FAMILY SOCIAL SERVICES

Amendment No. 93: Appropriates $790,237,000 instead of $745,019,000 as proposed by the House and $810,412,000 as proposed by the Senate, and deletes earmarking of $3,000,000 for activities under Title II of Public Law 95-266 (adoption opportunities) proposed by the Senate.

The conferees are agreed that $3,000,000 shall be available under Title II of Public Law 95-266 for the recruitment and outreach of families to adopt special needs children, including minority children, and for the training of personnel to recruit and work with such families.

The conference agreement includes the following amounts:

Child welfare assistance	$220,000,000
Adoption opportunities	5,000,000
Child welfare research	11,825,000
Foster care	507,641,000

WORK INCENTIVES

Amendment No. 94: Reported in technical disagreement. The managers on the part of the House will move to recede and concur in the Senate amendment with an amendment appropriating $220,000,000 for the WIN program, instead of $250,000,000 as proposed by the House and $266,760,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

OFFICE OF COMMUNITY SERVICES

COMMUNITY SERVICES BLOCK GRANT

Amendment No. 95: Appropriates $372,435,000 as proposed by the Senate, instead of $361,700,000 as proposed by the House.

Amendment No. 96: Earmarks $19,920,000 for community economic development as proposed by the Senate, instead of $18,350,000 as proposed by the House.

Amendment No. 97: Earmarks $4,050,000 for rural housing as proposed by the Senate, instead of $3,720,000 as proposed by the House.

Amendment No. 98: Earmarks $3,035,000 for migrant and seasonal farmworkers as proposed by the Senate, instead of $2,800,000 as proposed by the House.

DEPARTMENTAL MANAGEMENT

GENERAL DEPARTMENTAL MANAGEMENT

Amendment No. 99: Appropriates $139,949,000 as proposed by the Senate instead of $123,949,000 as proposed by the House.

Amendment No. 100: Reported in technical disagreement. The managers on the part of the House will move to recede and concur in the Senate amendment which earmarks $16,000,000 for four demonstration projects on the delivery of health care services to victims of acquired immune deficiency syndrome (AIDS).

Amendment No. 101: Reported in technical disagreement. The managers on the part of the House will move to recede and concur in the Senate amendment which provides authority to transfer $4,500,000 from construction funds available to the National Cancer Institute, to be used by the Secretary of Health and Human Services for the construction of the Mary Babb Randolph Cancer Center in West Virginia.

OFFICE FOR CIVIL RIGHTS

Amendment No. 102: Appropriates $16,000,000 instead of $15,636,000 as proposed by the House and $16,259,000 as proposed by the Senate.

POLICY RESEARCH

Amendment No. 103: Appropriates $6,500,000 as proposed by the House instead of $6,000,000 as proposed by the Senate.

GENERAL PROVISIONS

Amendment No. 104: Restores language inserted by the House but deleted by the Senate relating to State personnel systems.

Amendment No. 105: Deletes language inserted by the House regarding cost sharing by research grant recipients.

Amendment No. 106: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment which reads as follows:

In lieu of the matter inserted by said amendment insert the following:

SEC. 202. Funds appropriated in this Act for the National Institutes of Health shall be used to support no fewer than 6,100 new and competing research projects.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

DIRECT AND INDIRECT COSTS OF RESEARCH

The conferees have agreed to drop Senate language which would have frozen indirect cost rates at the 1985 level, with the understanding that the Department of Health and Human Services will take vigorous steps during 1986 to restrain the increase in both the indirect and direct costs of research. The average cost of a competing research project supported by NIH, including both indirect and direct costs has risen from $133,000 in 1984 to $143,000 in 1985, and is projected to rise to $163,000 in 1986. Cost containment in government supported research should be a matter of serious concern to the Executive Branch. Additional legislation appears unnecessary. The Department of Health and Human Services, as well as other Federal agencies, negotiates an indirect cost rate for each grantee institution. The National Institutes of Health, through its very extensive peer review and grants management systems, determines the direct cost of each approved project. The conferees agree that greater cost consciousness is necessary, and could lead to the funding of many more projects within available funds. The conferees direct the Department and the NIH to take steps to contain both indirect and direct costs. Arbitrary percentage reductions in indirect and direct costs should not substitute for careful management. The White House Office of Science and Technology Policy has recently released a draft report on the subject of indirect costs. The conferees believe that the recommendations in this report should be given careful consideration by all Federal agencies supporting research, in cooperation with the entire grantee community.

RESEARCH PROJECT GRANTS

The conference agreement provides a total of $3,055,802,000 for research project grants, an increase of $283,957,000 over the 1985 level. Included in the total is at least $965,954,000 for competing projects, an increase of $46,621,000 over the amount available for competing projects in 1985. The conferees expect that, if serious efforts are made to restrain the growth of indirect and direct costs, the amount in the bill together with carryover balances, will support at least 6,100 competing projects for 1986.

Amendment No. 107: Inserts section number as proposed by the House.

Amendment No. 108: Provides for not to exceed two thousand four hundred and fifty commissioned officers in the Public Health Service Regular Corps instead of two thousand four hundred as proposed by the House and two thousand five hundred as proposed by the Senate.

Amendment Nos. 109 thru 115: Insert section numbers as proposed by the House.

Amendment No. 116: Deletes language inserted by the Senate which would have permitted payment of comparability allowances under 5 U.S.C. 5948 only to licensed physicians. The House bill contained no similar provision.

Amendment No. 117: Deletes language inserted by the Senate which would have provided the National Institutes of Health with the authority to transfer funds among the various institutes, and would have required consideration by advisory bodies of the full cost of NIH or ADAMHA research grants or contracts. The House bill contained no similar provision.

Amendment No. 118: Restore language inserted by the House but deleted by the Senate emphasizing the Surgeon General's authority to close or quarantine bathhouses and message parlors to stop the spread of AIDS.

Amendment No. 119: Deletes language inserted by the Senate which would have authorized the Secretary to make cash awards to commissioned officers of the Public Health Service for specific suggestions, inventions, or achievements, which are of benefit to the Government. The House bill contained no similar provision.

Amendment No. 120: Deletes language inserted by the Senate which would allow funds appropriated by the Act to be used for the purchase of dedicated telephone service between private residences and computer centers. The House bill contained no similar provision.

Amendment No. 121: Deletes language inserted by the Senate which would have provided that: "notwithstanding any other provision of law, amounts appropriated by this Act for the National Institute of Health shall be used to maintain not less than 13,507 Federal full-time equivalent positions". The House bill contained no similar provision. It is the intent of the Congress that the level of full-time equivalent (FTE'S) positions for the NIH shall be restored to 13,507 FTE's in fiscal year 1986. This level of 13,507 FTE's is the minimum that NIH shall receive and is defined as the same categories of employment that counted against FTE ceilings in fiscal year 1985. The conferees are particularly concerned that adequate staffing be provided for the NIH clinical center and for the attack on AIDS.

TITLE III—DEPARTMENT OF EDUCATION

COMPENSATORY EDUCATION FOR THE DISADVANTAGED

Amendment No. 122: Deletes language proposed by the Senate specifying that the criteria of poverty used by the Bureau of the Census in the 1980 decennial census shall be used as the basic for allocating funds under chapter 1 where applicable, and providing that no funds under chapter 1 shall be allocated on the basic of data taken from the 1975 survey of income and education conducted by the Bureau of the Census.

IMPACT AID

Amendment No. 123: Appropriates $675,000,000 for Title I of the Act of September 30, 1950 as proposed by the House instead of $622,000,000 as proposed by the Senate.

Amendment No. 124: Earmarks $22,000,000 for entitlements under section 2 as proposed by the House instead of $20,000,000 as proposed by the Senate.

Amendment No. 125: Earmarks $643,000,000 for entitlements under section 3 as proposed by the House instead of $592,000,000 as proposed by the Senate.

Amendment No. 126: Inserts language relating to the local contribution rate proposed by the House instead of language proposed by the Senate.

Amendment No. 127: Appropriates $20,000,000 for the Act of September 23, 1950 as proposed by the House instead of $10,000,000 as proposed by the Senate.

Amendment No. 128: Earmarks $8,500,000 for awards under section 10 as proposed by the House instead of $4,250,000 as proposed by the Senate.

Amendment No. 129: Earmarks $8,500,000 for awards under sections 14(a) and 14(b) as proposed by the House instead of $4,250,000 as proposed by the Senate.

Amendment No. 130: Earmarks $3,000,000 for awards under sections 5 and 14(c) as proposed by the House instead of $1,500,000 as proposed by the Senate.

SPECIAL PROGRAMS

Amendment No. 131: Appropriates $5,000,000 for activities under section 1524 of the Education Amendments of 1978 (relating to general assistance for the Virgin Islands) as proposed by the Senate instead of $2,700,000 as proposed by the House.

Amendment No. 132: Appropriates $1,700,000 for activities under Public Law 92-506 (Ellender fellowship program) as proposed by the Senate instead of $1,500,000 as proposed by the House.

Amendment No. 133: Deletes appropriation of $5,000,000 proposed by the House for carrying out the provisions of title VI of the Education for Economic Security Act (Excellence in education program).

Amendment No. 134: Reported in technical disagreement. The managers on the part of the House will move to recede and concur in the Senate amendment which appropriates $2,500,000 to remain available until expended for carrying out title VI of the Education for Economic Security Act (Excellence in education program).

Amendment No. 135: Appropriates $50,000,000, to be available from July 1, 1986 until September 30, 1987, for carrying out the provisions of Title II of the Education for Economic Security Act (Science and mathematics education) instead of $90,000,000 as proposed by the Senate. The House bill includes no funds for this purpose.

Amendment No. 136: Appropriates $7,500,000, to be available from July 1, 1986 until September 30, 1987, for carrying out the provisions of Title IX of Public Law 98-558 (Leadership in educational administration) instead of $10,000,000 as proposed by the Senate.

BILINGUAL EDUCATION

Amendment No. 137: Appropriates $172,951,000 as proposed by the House instead of $143,000,000 as proposed by the Senate, and restores earmarkings proposed by the House.

Amendment No. 138: Deletes earmarkings inserted by the Senate.

EDUCATION FOR THE HANDICAPPED

Amendment No. 139: Appropriates $1,411,000,000 as proposed by the Senate instead of $1,320,100,000 as proposed by the House.

The conferees concur with the House in citing the importance of moving forward on an interdepartmental effort on the education and development of the learning disabled, with the effort headed by the Secretary of Education. This effort should include review of the effectiveness of P.L. 94-142 in addressing the needs of the learning disabled, development of recommendations to improve its effectiveness and examination of the criteria by which learning disabilities are identified. The conferees expect the Secretary to provide the House and Senate Committees with a progress report prior to next year's budget hearings and to provide a similar progress report to the House Education and Labor Committee and the Senate Labor and Human Resources Committee at the time the Department views are presented on reauthorization of special education discretionary programs.

The conferees are concerned that the Department of Education's preference for awarding single, comprehensive captioning contracts does not serve the long-term best interests of the deaf and hearing impaired community. In particular, the conferees are concerned that such awards discourage the healthy competition between qualified captioning agencies, and serve as a disincentive to private sector support for captioning services. Further, the conferees are concerned that recently proposed Department of Education contracts for captioning services may not be in complete conformity with the Competition in Contracting Act, P.L. 98-369.

In light of these concerns, the conferees direct the Department to review its policy of sole-sourcing these contracts and to seek every opportunity to make multiple awards among qualified captioning agencies.

Amendment No. 140: Earmarks $1,215,550,000 for section 611 (State basic grants) as proposed by the Senate instead of $1,135,145,000 as proposed by the House.

Amendment No. 141: Earmarks $30,000,000 for section 619 (Incentive grants) as proposed by the Senate instead of $29,000,000 as proposed by the House.

Amendment No. 142: Reported in technical disagreement. The managers on the part of the House will move to recede and concur in the amendment of the Senate which earmarks $500,000 for the Theater of the Deaf. The House bill does not include an earmark for this purpose.

REHABILITATION SERVICES AND HANDICAPPED RESEARCH

Amendment No. 143: Appropriates $1,362,000,000 as proposed by the Senate instead of $1,233,900,000 as proposed by the

House. The conference action deletes earmarkings proposed by the House with the exception of special recreation programs under section 316 of the Rehabilitation Act for which the conferees have earmarked $2,200,000.

The conferees are aware of and strongly support the efforts of the National Institute of Handicapped Research to meet the need for psychiatric rehabilitation through its centers program and encourages the National Institute to expand this program, to the extent possible, within the funds provided. The conferees are also aware that the National Institute has recommended for funding in fiscal year 1985 projects with high priority scores but was not able to fund them. The conferees urge the National Institute to continue to support approved and high quality projects in research and training relating to the psychiatrically disabled from available fiscal year 1986 funds and equitably distribute these funds nationally.

Amendment No. 144: Deletes earmark of $9,000,000 proposed by the Senate for activities under section 100(b)(2) and part C of title I of the Rehabilitation Act. The conferees are agreed that $9,000,000 shall be used to award grants for projects that develop or expand transition from school to employment programs within States, including the establishment of supported employment programs for severely disabled individuals. The conferees expect that not less than one such grant shall be awarded within each Department of Education Region.

Amendment No. 145: Reported in technical disagreement. The managers on the part of the House will move to recede and concur in the Senate amendment which earmarks $20,200,000 for severely disabled of which $750,000 is for a grant to South Carolina to pay the full cost of the construction of the Comprehensive Medical Rehabilitation Center in Columbia, South Carolina.

Amendment No. 146: Reported in technical disagreement. The managers on the part of the House will move to recede and concur in the Senate amendment which earmarks $5,000,000 of the sum provided for the severely disabled for a grant to the Oregon Hearing Institute in Portland to pay the full cost of the research activities, and for construction and renovation associated with those activities.

Amendment No. 147: Reported in technical disagreement. The managers on the part of the House will move to recede and concur in the Senate amendment which inserts language related to funds for projects with industry, business opportunities for the handicapped and Centers for Independent Living specifying that funds shall be used to assist only those projects funded in 1985, with certain exceptions.

VOCATIONAL AND ADULT EDUCATION

Amendment No. 148: Appropriates $940,777,000 instead of $933,277,000 as proposed by the House and $946,314,000 as proposed by the Senate.

The conference agreement includes the following amounts:

Basic grants	$782,381,000
National programs	10,000,000
State councils	7,300,000
Community based organization	7,500,000
Adult education	101,963,000

The conferees wish to make clear that the $100 million which was included in the Fiscal Year 1985 Supplemental Appropriations bill (P.L. 99-88) for the Vocational Education Act, does include $1.5 million for the Indian and Native Hawaiian "set aside", as provided by section 103 of the authorization statute; and $2 million for activities described in title IV (other than part E) of the Act, relating to National Programs. Further, it is the intent of the conferees that within funds available for fiscal year 1986 the Department of Education should follow the intent of Congress to expand the Displaced Workers Program that is currently in operation, which meets the intent of Section 415 of the Carl D. Perkins Vocational Education Act.

Amendment No. 149: Provides $10,000,000 instead of $10,178,000 as proposed by the House shall be available for title IV, parts A and C of the Carl D. Perkins Vocational Education Act including $6,000,000 for section 404. The Senate bill deleted this provision.

Amendment No. 150: Provides further that $7,300,000 as proposed by the Senate shall be available for State Advisory councils, instead of $7,000,000 as proposed by the House.

Amendment No. 151: Restores language provisions in the House bill relating to amounts that each State shall receive under section 112 (State advisory councils) and title II (State basic grants) of the Carl D. Perkins Vocational Education Act.

Amendment No. 152: Restores amount and language in the House bill providing $101,963,000 for the Adult Education Act to be distributed so that each State shall receive an amount equal to the amount received in the previous year.

Amendment No. 153: Deletes language inserted by the Senate providing $10,000,000 for title IV to become available for obligation on July 1, 1986 and to remain available until expended.

Amendment No. 154: Provides $2,300,000 instead of $3,500,000 as proposed by the Senate shall be available for the National Occupational Information Coordinating Committee. The House bill includes no provision for this purpose.

Amendment No. 155: Earmarks $7,500,000 instead of $15,000,000 as proposed by the Senate to carry out title III-A (Community based organizations), and earmarks $31,633,000 for title III-B (Consumer and homemaking education) as proposed by the Senate. The House bill includes no earmarks for these purposes.

Amendment No. 156: Deletes earmark of $100,000,000 for the Adult Education Act.

STUDENT FINANCIAL ASSISTANCE

Amendment No. 157: Appropriates $4,887,000,000 instead of $4,910,482,000 as proposed by the House and $4,837,000,000 as proposed by the Senate. The conference agreement includes $3,588,000,000 for the Pell Grant program and $190,000,000 for Direct Loan capital contributions.

Amendment No. 158: Reported in technical disagreement. The managers on the part of the House will move to recede and concur in the Senate amendment which inserts language setting aside specific statutory requirements concerning Pell Grants.

Amendment No. 159: Reported in technical disagreement. The managers on the part of the House will move to recede and concur in the Senate amendment which authorizes the Secretary of Education to distribute supplemental grants, direct student loans, and work study grants in the same ratio as distributed in 1981; and authorizes the Secretary to allocate supplemental and work study grants to institutions that did not receive an allocation in 1979. The House bill includes no similar provisions.

GUARANTEED STUDENT LOANS

Amendment No. 160: Appropriates $3,300,000,000 as proposed by the Senate instead of $2,714,482,000 as proposed by the House.

Amendment No. 161: Deletes earmark proposed by the House relating to administrative cost allowances and loan advances.

HIGHER EDUCATION

Amendment No. 162: Restores legal citation proposed by the House.

Amendment No. 163: Appropriates $293,030,000 instead of $303,030,000 as proposed by the House and $282,100,000 as proposed by the Senate, and deletes appropriation of $5,338,000 for carrying out subpart 6 of title IV-A of the Higher Education Act of 1965.

The conference agreement includes the following amounts:

Special programs for disadvantaged	$176,370,000
Academic facilities grant	10,000,000
National graduate fellowships	2,500,000

Amendment No. 164: Provides that $10,000,000 instead of $20,000,000 as proposed by the House shall be available until expended for undergraduate and graduate facilities grants.

The conferees are disturbed that regulations to permit the obligation of funds appropriated in fiscal year 1985 for academic facilities construction under Title VII of the Higher Education Act have not yet been promulgated. In order to commence the grant application process, now so long overdue, for funds appropriated a year ago, the conferees direct the Department of Education to publish regulations within 60 days and to obligate fiscal year 1985 funds by no later than September 30, 1986.

Amendment No. 165: Restores appropriation of $6,000,000 proposed by the House and deleted by the Senate for carrying out title V, section 501 of the Human Services Reauthorization Act (Public Law 98-558).

Amendment No. 166: Reported in technical disagreement. The managers on the part of the House will move to recede and concur in the Senate amendment which appropriates $10,000,000 to remain available until expended for carrying out part E of title V of the Higher Education Act relating to the Carl D. Perkins Scholarship Program.

COLLEGE HOUSING LOANS

Amendment No. 167: Specifies $60,000,000 instead of $80,000,000 as proposed by the House and $40,000,000 as proposed by the Senate as the gross commitments for the principal amount of direct loans during fiscal year 1986.

EDUCATIONAL RESEARCH AND STATISTICS

The conferees are aware that the bill provides the National Institute of Education with $51,231,000, of which $1,500,000 shall be used for a program of competitive, field-initiative grants to collegiate schools and departments of education, working with NIE laboratories and centers, to improve teacher training programs.

The conferees note that the National Institute of Education has just completed a national competition to create 11 new education research and development centers in important areas of teaching, learning, and educational policy. The conferees note that NIE maintains an additional national center on reading whose contract expires in fiscal year 1986.

In order to ensure a continued focus on reading beyond fiscal year 1986, the conferees expect NIE to conduct an open competition to support a research center whose primary focus is research and study on reading.

LIBRARIES

Amendment No. 168: Inserts legal citations proposed by the Senate.

Amendment No. 169: Appropriates $130,000,000 as proposed by the Senate instead of $123,680,000 as proposed by the House.

Amendment No. 170: Earmarks $25,000,000 to remain available until expended for title II of the Library Services and Construction Act as proposed by the Senate instead of $23,680,000 as proposed by the House.

Amendment No. 171: Strikes word inserted by the Senate.

Amendment No. 172: Earmarks $5,000,000 to carry out title VI of the Library Services and Construction Act (Library literacy programs) as proposed by the Senate. The House bill includes no funding for this purpose.

SPECIAL INSTITUTIONS

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

Amendment No. 173: Appropriates $32,000,000 as proposed by the Senate instead of $31,400,000 as proposed by the House.

GALLAUDET COLLEGE

Amendment No. 174: Appropriates $62,000,000 as proposed by the Senate instead of $58,700,000 as proposed by the House.

HOWARD UNIVERSITY

Amendment No. 175: Appropriates $164,230,000 as proposed by the House instead of $158,230,000 as proposed by the Senate, and restores earmark of $2,000,000 for an endowment matching grant as proposed by the House.

DEPARTMENT MANAGEMENT

SALARIES AND EXPENSES

Amendment No. 176: Appropriates $225,867,000 as proposed by the Senate instead of $224,157,000 as proposed by the House.

OFFICE FOR CIVIL RIGHTS

Amendment No. 177: Appropriates $44,580,000 instead of $44,181,000 as proposed by the House and $45,000,000 as proposed by the Senate.

Amendment No. 178: Deletes language provision inserted by the Senate relating to full-time equivalent positions. The conferees intend that no limitation on full-time equivalent positions for this office shall apply to the use of funds made available by this Act for personnel compensation.

OFFICE OF THE INSPECTOR GENERAL

Amendment No. 179: Appropriates $15,312,000 as proposed by the Senate instead of $15,281,000 as proposed by the House.

GENERAL PROVISIONS

Amendment No. 180: Deletes language inserted by the House regarding cost sharing by research grant recipients.

Amendment Nos. 181 thru 183: Insert section numbers as proposed by the Senate.

Amendment No. 184: Restores language insert by the House but deleted by the Senate prohibiting the use of funds to prevent the implementation of voluntary prayer and meditation in the public schools, changes section number.

Amendment No. 185: Changes section number.

TITLE IV—RELATED AGENCIES

ACTION

OPERATING EXPENSES

Amendment No. 186: Appropriates $151,287,000, instead of $150,164,000 as proposed by the House and $152,164,000 as proposed by the Senate. The conference agreement includes the following amounts:

VISTA	$19,000,000
Service learning	1,368,000
Program support	25,312,000

Amendment No. 187: Earmarks $19,000,000 for the VISTA program as proposed by the Senate instead of $18,364,000 as proposed by the House.

CORPORATION FOR PUBLIC BROADCASTING

PUBLIC BROADCASTING FUND

Amendment No. 188: Reported in technical disagreement. The managers on the part of the House will move to recede and concur in the Senate amendment which appropriates $214,000,000 for fiscal year 1988 and inserts two restrictions on the use of funds. The House deferred consideration of this account.

NATIONAL CENTER FOR THE STUDY OF AFRO-AMERICAN HISTORY AND CULTURE

Amendment No. 189: Appropriates $200,000 as proposed by the Senate. The House bill included no funds for this purpose.

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

SALARIES AND EXPENSES

Amendment No. 190: Appropriates $690,000 as proposed by the Senate. The House bill included no funds for this purpose.

NATIONAL COUNCIL ON THE HANDICAPPED

SALARIES AND EXPENSES

Amendment No. 191: Appropriates $765,000 as proposed by the Senate instead of $704,000 as proposed by the House.

NATIONAL MEDIATION BOARD

SALARIES AND EXPENSES

Amendment No. 192: Appropriates $6,358,000 as proposed by the House instead of $6,432,000 as proposed by the Senate.

PROSPECTIVE PAYMENT ASSESSMENT COMMISSION

SALARIES AND EXPENSES

Amendment No. 193: Makes available $2,893,000 from the Medicare trust funds as proposed by the Senate instead of $2,784,000 as proposed by the House.

RAILROAD RETIREMENT BOARD

LIMITATION ON ADMINISTRATION

Amendment No. 194: Makes available $55,422,000 from the railroad retirement trust fund as proposed by the House instead of $56,501,000 as proposed by the Senate.

LIMITATION ON RAILROAD UNEMPLOYMENT INSURANCE ADMINISTRATION FUND

Amendment No. 195: Deletes reference to the Anti-Deficiency Act proposed by the House.

Amendment No. 196: Provides that $1,280,000 shall be derived from contributions credited to the railroad unemployment insurance account as proposed by the House instead of $3,038,000 as proposed by the Senate.

Amendment No. 197: Provides for 379 full-time equivalent employees as proposed by the House instead of 398 full-time equivalent employees as proposed by the Senate.

SOLDIERS' AND AIRMEN'S HOME

OPERATION AND MAINTENANCE

Amendment No. 198: Makes available $33,391,000 from the permanent fund instead of $33,276,000 as proposed by the House and $33,506,000 as proposed by the Senate.

CAPITAL OUTLAY

Amendment No. 199: Makes available $15,000,000 from the permanent fund as proposed by the House instead of $10,500,000 as proposed by the Senate.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1986 recommended by the Committee of Conference, with comparisons to the fiscal year 1985 amount, the 1986 budget estimates, and the House and Senate bills for 1986 follow:

New budget (obligational) authority, fiscal year 1985	$109,547,070,000
Budget estimates of new (obligational) authority, fiscal year 1986	101,579,276,000
House bill, fiscal year 1986	104,885,646,000
Senate bill, fiscal year 1986	106,975,907,000
Conference agreement, fiscal year 1986	106,587,748,000
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1985	−2,959,322,000
Budget estimates of new (obligational) authority, fiscal year 1986	+5,008,472,000
House bill, fiscal year 1986	+1,702,102,000
Senate bill, fiscal year 1986	−388,159,000

WILLIAM H. NATCHER,
NEAL SMITH,
DAVID OBEY,
EDWARD R. ROYBAL,
LOUIS STOKES,
JOSEPH D. EARLY,
BERNARD J. DWYER,
STENY H. HOYER,
JAMIE L. WHITTEN,
SILVIO O. CONTE,
GEORGE M. O'BRIEN,
CARL PURSELL,
JOHN EDWARD PORTER,
C.W. YOUNG,
Managers on the Part of the House.

LOWELL P. WEICKER, Jr.,
MARK O. HATFIELD,
TED STEVENS,
MARK ANDREWS,
WARREN B. RUDMAN,
ARLEN SPECTER,
JIM MCCLURE,
BILL PROXMIRE,
ROBERT C. BYRD,
ERNEST F. HOLLINGS,
LAWTON CHILES,
QUENTIN N. BURDICK,
DANIEL K. INOUYE,
TOM HARKIN,
JOHN C. STENNIS,
Managers on the Part of the Senate.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. MCKINNEY (at the request of Mr. MICHEL), for today, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. COMBEST) to revise and extend their remarks and include extraneous material:)

Mr. SNYDER, for 15 minutes, today.

Mr. BURTON of Indiana, for 30 minutes, today.

(The following Members (at the request of Mr. ANDREWS) to revise and extend their remarks and include extraneous material:)

Mr. ST GERMAIN, for 5 minutes, today.

Mr. NELSON of Florida, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. WEAVER, for 5 minutes, today.

Mr. RODINO, for 10 minutes, today.

(The following Members (at the request of Mr. ALEXANDER) to revise and extend their remarks and include extraneous material:)

Mr. STARK, for 5 minutes, today.

Mr. BOUCHER, for 5 minutes, today.

Mr. TAUZIN, for 60 minutes, December 5.

Mr. TAUZIN, for 60 minutes, December 11.

Mr. SOLARZ, for 60 minutes, December 12.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. CONTE, prior to the vote on the Jeffords amendment to the Ford of Michigan substitute for H.R. 1616, in the Committee of the Whole, today.

(The following Members (at the request of Mr. COMBEST) and to include extraneous matter:)

Mr. YOUNG of Alaska.

Mr. MCGRATH.

Mr. COATS.

Mr. DUNCAN.

Mr. GREEN.

Mr. CARNEY.

Mr. CLINGER.

Mr. O'BRIEN.

Mr. GEKAS.

Mr. BROOMFIELD.

Mr. COURTER.

Mr. BLILEY.

Mr. ECKERT of New York.

(The following Members (at the request of Mr. ANDREWS) and to include extraneous matter:)

Mr. DWYER of New Jersey.

Mr. BEILENSON.

Mr. DYMALLY.

Mr. MARKEY.

Mr. BOLAND in two instances.

Mr. LIPINSKI.

Mr. MCCLOSKEY.

Mr. FAZIO in two instances.

Mr. DASCHLE in two instances.

Mr. TALLON in two instances.

Mr. DOWNEY of New York in two instances.

Mr. SHELBY.

Mr. ST GERMAIN.

Mr. FLORIO.

Mr. DYSON.

Mr. FASCELL.

Mr. LELAND.

Mr. FORD of Michigan.

Mr. SOLARZ.

Mr. MINETA.

Mr. WALGREN.

Mr. LUNDINE.

Mr. TORRES in two instances.

Mr. MANTON.

Mr. BEDELL.

Mr. SWIFT.

Mr. FRANK.

Mr. WEISS.

Mr. KOSTMAYER.

ENROLLED BILL SIGNED

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 2419. An act to authorize appropriations for fiscal year 1986 for intelligence and intelligence-related activities of the U.S. Government, the Intelligence Community Staff, and the Central Intelligence Agency Retirement and Disability System, and for other purposes.

ADJOURNMENT

Mr. ALEXANDER. Mr. Speaker, pursuant to House Concurrent Resolution 235, I move that the House do now adjourn to meet at noon on Monday, December 2, 1985.

The motion was agreed to.

The SPEAKER pro tempore. Pursuant to the provisions of House Concurrent Resolution 235, 99th Congress, the House stands adjourned until 12 o'clock noon, Monday, December 2, 1985.

Thereupon (at 10 o'clock and 39 minutes p.m.), pursuant to House Concurrent Resolution 235, the House adjourned until Monday, December 2, 1985, at 12 o'clock noon.

EXPENDITURE REPORTS CONCERNING OFFICIAL FOREIGN TRAVEL

Reports of various House committees concerning the foreign currencies and U.S. dollars utilized by them during the third quarter of calendar year 1985 in connection with foreign travel pursuant to Public Law 95-384 are as follows:

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON APPROPRIATIONS, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JULY 1 AND SEPT. 30, 1985

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Hon. Tom Bevill	8/2	8/6	Netherlands		152.00						152.00
	8/6	8/8	Poland		75.00						75.00
	8/8	8/10	Czechoslovakia		75.00						75.00
	8/10	8/12	West Germany		216.00						216.00
	8/12	8/15	Luxembourg		112.50		3,585.00				3,697.50
Hon. Julian Dixon	8/11	8/12	Barbados		131.00						131.00
	8/12	8/14	Antigua		234.00						234.00
	8/14	8/18	St. Lucia		316.00						316.00
	8/18	8/19	St. Vincent		89.00						89.00
	8/19	8/22	Grenada		306.00						306.00
	8/22	8/25	Barbados		393.00		1,508.00				1,901.00
Hon. Bernard Dwyer	8/2	8/6	Netherlands		152.00						152.00
	8/6	8/8	Poland		75.00						75.00
	8/8	8/10	Czechoslovakia		75.00						75.00
	8/10	8/12	West Germany		216.00						216.00
	8/12	8/15	Luxembourg		112.50		3,585.00				3,697.50
Hon. William Gray	8/13	8/15	Senegal		156.00		4,055.00				4,211.00
Hon. Steny Hoyer	7/3	7/5	Sweden		320.00						320.00
	7/5	7/8	Denmark		228.00		835.96				1,063.96
Transportation (DOD)							2,863.02				2,863.02
Hon. William Lehman	6/28	7/5	United Kingdom		461.00						461.00
	7/5	7/7	Ireland		246.00		1,268.00				1,514.00
							1,563.00				1,563.00
	8/8	8/17	Guatemala		600.00		713.00				1,313.00
Hon. Robert Livingston	8/2	8/6	Netherlands		152.00						152.00

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON APPROPRIATIONS, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JULY 1 AND SEPT. 30, 1985—Continued

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
	8/6	8/8	Poland		75.00						75.00
	8/8	8/10	Czechoslovakia		75.00						75.00
	8/10	8/12	West Germany		216.00						216.00
	8/12	8/15	Luxembourg		112.50		3,585.00				3,697.50
Hon. Joseph McDade	8/29	8/31	West Germany		150.00						150.00
	8/31	9/31	Denmark		238.00		3,562.00				3,800.00
Hon. Robert Mrazek	8/21	9/26	Soviet Union		200.00		2,579.00		274.48		3,053.48
Hon. John Myers	8/2	8/6	Netherlands		152.00						152.00
	8/6	8/8	Poland		75.00						75.00
	8/8	8/10	Czechoslovakia		75.00						75.00
	8/10	8/12	West Germany		216.00						216.00
	8/12	8/15	Luxembourg		112.50		3,585.00				3,697.50
Hon. George O'Brien	8/2	8/6	Netherlands		152.00						152.00
	8/6	8/8	Poland		75.00						75.00
	8/8	8/10	Czechoslovakia		75.00						75.00
	8/10	8/12	West Germany		216.00						216.00
	8/12	8/15	Luxembourg		112.50		3,585,00				3,697.50
Hon. Carl Pursell	6/28	7/5	United Kingdom		461.00						461.00
	7/5	7/7	Ireland		246.00		1,268.00				1,514.00
							1,563.00				1,563.00
Hon. Hal Rogers	8/2	8/6	Netherlands		152.00						152.00
	8/6	8/8	Poland		75.00						75.00
	8/8	8/10	Czechoslovakia		75.00						75.00
	8/10	8/12	West Germany		216.00						216.00
	8/12	8/15	Luxembourg		112.00		3,585.00				3,697.50
Hon. Eldon Rudd	8/3	8/6	Yugoslavia		324.00						324.00
	8/6	8/7	Italy				[3]7,740.00				7,740.00
	8/7	8/8	Tunisia		108.00						108.00
	8/8	8/10	Morocco		216.00						216.00
	8/10	8/12	Algeria		384.00						384.00
	8/12	8/14	Spain		216.00						216.00
	8/14	8/16	Portugal		216.00						216.00
Transportation (DO)							4,399.16				4,399.16
Hon. Neal Smith	8/2	8/6	Netherlands		152.00						152.00
	8/6	8/8	Poland		75.00						75.00
	8/8	8/10	Czechoslovakia		75.00						75.00
	8/10	8/12	West Germany		216.00						216.00
	8/12	8/15	Luxembourg		112.50		3,585.00				3,697.50
Hon. Charles Wilson	9/22	9/25	Switzerland		285.00		4,081.00				4,366.00
George Allen	6/28	6/29	Germany		75.00						75.00
	6/29	7/2	Sweden		381.00						381.00
	7/2	7/5	Denmark		243.00						243.00
	7/5	7/6	Germany		75.00		3,355.28				3,430.28
	8/2	8/6	Netherlands		152.00						152.00
	8/6	8/8	Poland		75.00						75.00
	8/8	8/10	Czechoslovakia		75.00						75.00
	8/10	8/12	West Germany		216.00						216.00
	8/12	8/15	Luxembourg		112.50		3,585.00				3,697.50
	8/29	8/31	Germany		150.00						150.00
	8/31	9/3	Denmark		238.00		3,562.00				3,800.00
Greg Dahlberg	6/28	7/5	United Kingdom		461.00						461.00
	7/5	7/7	Ireland		246.00		2,140.00				2,386.00
							1,563.00				1,563.00
Jimmy R. Fairchild	8/2	8/6	Netherlands		152.00						152.00
	8/6	8/8	Poland		75.00						75.00
	8/8	8/10	Czechoslovakia		75.00						75.00
	8/10	8/12	West Germany		216.00						216.00
	8/12	8/15	Luxembourg		112.50		3,585.00				3,697.50
Thomas Kingfield	6/28	7/5	United Kingdom		461.00						461.00
	7/5	7/7	Ireland		246.00		2,140.00				2,386.00
							1,563.00				1,563.00
Richard N. Malow	8/8	8/9	Holland		75.00						75.00
	8/8	8/9	Holland		75.00						75.00
	8/9	8/13	Norway		387.00						387.00
	8/13	8/14	West Germany		75.00						75.00
	8/14	8/16	Austria		200.00						200.00
	8/16	8/20	England		614.00		2,658.00		98.13		3,370.13
William Marinelli	8/2	8/7	Germany		367.00						367.00
	8/8	8/9	England		248.00		3,800.00				4,048.00
Americo S. Miconi	6/28	7/5	United Kingdom		461.00						461.00
	7/5	7/7	Ireland		246.00		2,140.00				2,386.00
							1,563.00				1,563.00
Mark W. Murray	8/1	8/4	Iceland		359.00						359.00
	8/5	8/7	Germany		196.00						196.00
	8/8	8/9	England		248.00		3,800.00				4,048.00
William Schuerch	8/9	8/17	Guatemala		600.00		1,203.00				1,803.00
John G. Osthaus	8/2	8/6	Netherlands		152.00						152.00
	8/6	8/8	Poland		75.00						75.00
	8/8	8/10	Czechoslovakia		75.00						75.00
	8/10	8/12	West Germany		216.00						216.00
	8/12	8/15	Luxembourg		112.50		3,585.00				3,697.50
Paul E. Thomson	8/8	8/12	Belgium		332.00						332.00
	8/12	8/14	West Germany		180.00						180.00
	8/14	8/16	Austria		200.00						200.00
	8/16	8/20	England		620		2,407.42				3,027.42
Committee total					20,888.00		105,742.84		372.61		127,033.45
Surveys and investigations staff:											
John W. Frazer	9/29	10/4	Panama		372.00		497.00		6.00		875.00
John A. Friel	9/21	9/26	Korea		468.00		2,450.14				2,918.14
	9/26	9/28	Japan		236.25				8.80		245.05
Lisa M. Grob	9/21	9/26	Korea		468.00		2,091.00				2,559.00
	9/26	9/28	Japan		210.00				8.80		218.80
Walter G. Harlow	9/8	9/12	Japan		300.00		1,854.00				2,154.00
	9/12	9/20	Korea		832.00						832.00
Edward J. Healey	9/21	9/26	Korea		468.00		2,091.00				2,559.00
	9/26	9/28	Japan		236.25				8.80		245.05

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON APPROPRIATIONS, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JULY 1 AND SEPT. 30, 1985—Continued

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Francis J. King	9/21	9/26	Korea		468.00		2,450.14				2,918.14
	9/26	9/28	Japan		210.00				8.80		218.80
Louis J. Leporatti	9/19	9/25	Japan		468.75		2,148.22		8.33		2,625.30
	9/25	9/28	Philippines		220.00				10.83		230.83
Roy T. Mason	9/8	9/13	Japan		375.00		1,609.00				1,984.00
	9/13	9/18	Philippines		393.75						393.75
	9/18	9/20	Guam		204.75						204.75
Richard L. Mohler	9/18	9/25	Japan		543.75		2,545.00				3,088.75
	9/25	9/28	Philippines		243.75				8.85		252.60
	9/28	10/2	Guam		364.00				10.83		374.83
Timothy A. Nestor	9/8	9/13	Japan		375.00		1,629.00				2,004.00
	9/13	9/18	Philippines		393.75						393.75
	9/18	9/20	Guam		204.75						204.75
Douglas D. Nosik	9/8	9/12	Japan		300.00		2,003.30				2,303.30
	9/12	9/16	Korea		364.00						364.00
Bill G. Pales	9/29	10/4	Panama		372.00		497.00				869.00
Joseph D. Powell	9/29	10/4	Panama		372.00		497.00				869.00
Richard D. Robillard	9/8	9/12	Japan		300.00		1,854.00				2,154.00
	9/12	9/20	Korea		832.00						832.00
Susan V. Simens	9/19	9/25	Japan		468.75		2,545.00		8.65		3,022.40
	9/25	9/28	Philippines		243.75				11.10		254.85
	9/28	10/2	Guam				364.00				364.00
Surveys and investigations staff total					11,672.25		26,760.80		99.79		38,532.84

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

JAMIE L. WHITTEN, Chairman, Nov. 1, 1985.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON ENERGY AND COMMERCE, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JULY 1 AND SEPT. 30, 1985

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Robbins, Anthony	9/26	9/27	Canada		85.00						85.00
Local taxis									15.00		15.00
Commercial air							289.66				289.66
Finnegan, David	6/29	7/3	England		497.00						497.00
Commercial air							2,147.28				2,147.28
Kitzmiller, Wm. M	5/1	5/5	Haiti						160.27		160.27
McCarthy, Mark	8/25	9/1	Japan		840.00						840.00
Commercial air							2,089.00				2,089.00
Ritter, Don, M.C	7/1	7/3	Honduras		288.00						288.00
			El Salvador		75.00						75.00
			Costa Rica		150.00						150.00
			Nicaragua		180.00						180.00
			Cuba		172.00						172.00
Military A/C							6,342.50				6,342.50
Commercial air							426.00				426.00
Waxman, Henry, M.C	8/8	8/18	England		1,070.00						1,070.00
Paine, Christopher	9/21	9/25	Russia		313.44						313.44
Commercial air							2,600.05				2,600.05
Smith, Russell	9/4	9/6	Belgium		180.00						180.00
	9/6	9/9	Switzerland		358.00						358.00
Commercial air							950.56				950.56
Corr, Wm	9/8	9/11	England								
Commercial air							1,613.00				1,613.00
Conference fee									131.00		131.00
Franchot, Peter	9/21	9/25	Russia		453.44						453.44
Miscellaneous travel							21.05				21.05
Commercial air							2,579.00				2,579.00
Markey, Edward J., M.C	9/21	9/25	Russia		453.44						453.44
Miscellaneous travel							21.05				21.05
Commercial air							2,579.00				2,579.00
Codel expenses:											
Vehicle rental									683.63		683.63
Official telephone									99.24		99.24
Reception									792.12		792.12
Sims, Stephen	9/4	9/6	Belgium		180.00						180.00
	9/6	9/10	Switzerland		453.00						453.00
	9/11	9/12	France		115.00						115.00
Commercial air							1,349.00				1,349.00
Miscellaneous travel							31.19				31.19
Nelson, David	9/4	9/6	Belgium		180.00						180.00
			Switzerland		453.00						453.00
			France		115.00						115.00
Commercial air							1,349.00				1,349.00
Synar, Mike, M.C	8/27	9/1	Ethiopia		294.00						294.00
Commercial air							1,956.00				1,956.00
Committee total					6,905.32		26,343.34		1,881.26		35,129.92

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

JOHN D. DINGELL, Chairman, Nov. 14, 1985.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON GOVERNMENT OPERATIONS, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JULY 1 AND SEPT. 30, 1985

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Hon. Mike Synar	8/23	8/26	France	1,350	432.00	([3])	([3])			1,350	432.00

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] Travel provided by U.S. military.

JACK BROOKS, Chairman, Oct. 29, 1985.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, SELECT COMMITTEE ON NARCOTICS ABUSE AND CONTROL, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JULY 1 AND SEPT. 30, 1985

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Elliott A. Brown	8/3	8/6	Colombia		458.00		355.00		65.57		878.57
	8/7	8/8	Ecuador		216.00						216.00
	8/9	8/12	Peru		432.00		218.87		23.91		674.78
	8/13	8/14	Brazil		216.00				100.86		316.86
	8/15	8/17	Argentina		372.00		41.47		186.62		600.09
	8/18	8/19	Brazil		216.00				84.52		300.52
Military transportation							7,536.10				7,536.10
Lawrence Coughlin, M.C.	8/3	8/6	Colombia		458.00		355.00		65.57		878.57
	8/7	8/8	Ecuador		216.00						216.00
	8/9	8/12	Peru		432.00		218.87		23.91		674.78
	8/13	8/14	Brazil		216.00				100.86		316.86
	8/15	8/17	Argentina		372.00		41.47		186.62		600.09
	8/18	8/19	Brazil		216.00				84.52		300.52
Military transportation							7,536.10				7,536.10
Subtotal				3,820.00		16,302.88		922.96		21,045.84	
John T. Cusack	8/3	8/6	Colombia		458.00		355.00		65.57		878.57
	8/7	8/8	Ecuador		216.00						216.00
	8/9	8/12	Peru		432.00		218.87		23.91		674.78
	8/13	8/14	Brazil		216.00				100.86		316.86
	8/15	8/17	Argentina		372.00		41.47		186.62		600.09
	8/18	8/19	Brazil		216.00				84.52		300.52
Military transportation							7,536.10				7,536.10
George R. Gilbert	8/3	8/6	Colombia		458.00		355.00		65.57		878.57
	8/7	8/8	Ecuador		216.00						216.00
	8/9	8/12	Peru		432.00		218.87		23.91		674.78
	8/13	8/14	Brazil		216.00				100.86		316.86
	8/15	8/17	Argentina		372.00		41.47		186.62		600.09
	8/18	8/19	Brazil		216.00				84.52		300.52
Military transportation							7,536.10				7,536.10
Subtotal					3,820.00		16,302.88		922.96		21,045.84
Benjamin A. Gilman, MC	8/3	8/6	Colombia		458.00		355.00		65.57		878.57
	8/7	8/8	Ecuador		216.00						216.00
	8/9	8/12	Peru		432.00		218.87		23.91		674.78
	8/13	8/14	Brazil		216.00				100.86		316.86
	8/15	8/17	Argentina		372.00		41.47		186.62		600.09
	8/18	8/19	Brazil		216.00				84.52		300.52
Military transportation							7,536.10				7,536.10
Frank J. Guarini, MC	8/3	8/6	Colombia		458.00		355.00		65.57		878.57
	8/7	8/8	Ecuador		216.00						216.00
	8/9	8/12	Peru		432.00		218.87		23.91		674.78
	8/13	8/14	Brazil		216.00				100.86		316.86
	8/15	8/17	Argentina		372.00		41.47		186.62		600.09
	8/18	8/19	Brazil		216.00				84.52		300.52
Military transportation							7,536.10				7,536.10
Subtotal					3,820.00		16,302.88		922.96		21,045.84
Charles B. Rangel, MC	8/3	8/6	Colombia		458.00		355.00		65.57		878.57
	8/7	8/8	Ecuador		216.00						216.00
	8/9	8/12	Peru		432.00		218.87		23.91		674.78
	8/13	8/14	Brazil		216.00				100.86		316.86
	8/15	8/17	Argentina		372.00		41.47		186.62		600.09
	8/18	8/19	Brazil		216.00				84.52		300.52
Military transportation							7,536.10				7,536.10
Edolphus Towns, MC	8/3	8/6	Colombia		458.00		355.00		65.57		878.57
	8/7	8/8	Ecuador		216.00						216.00
	8/9	8/12	Peru		432.00		218.87		23.91		674.78
	8/13	8/14	Brazil		216.00				100.86		316.86
	8/15	8/17	Argentina		372.00		41.47		186.62		600.09
	8/18	8/19	Brazil		216.00				84.52		300.52
Military transportation							7,536.10				7,536.10
Subtotal					3,820.00		16,302.88		922.96		21,045.84
Committee total					15,280.00		65,211.52		3,691.84		84,183.36

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

CHARLES B. RANGEL, Chairman, Nov. 7, 1985.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMISSION ON SECURITY AND COOPERATION IN EUROPE, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JULY 1 AND SEPT. 30, 1985

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Hafner, Mary Sue	6/28	7/3	Norway		655.00		[3] 5,726.04				6,381.04
	7/3	7/5	Sweden		320.00						320.00
	7/5	7/7	Denmark		228.00						228.00
Committee total					1,203.00		5,726.04				6,929.04

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] Roundtrip military transportation.

STENY H. HOYER, Oct. 31, 1985.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2286. A letter from the Acting Secretary of the Navy, transmitting a draft of proposed legislation to authorize the provision of dental care of specified persons in U.S. Naval hospitals and dispensaries outside the continental United States and in Alaska; to the Committee on Armed Services.

2287. A letter from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation to amend chapter 47 of title 10 (the Uniform Code of Military Justice), to enhance disciplinary control over members of Reserve components who commit offenses against the Uniform Code of Military Justice, and for other purposes; to the Committee on Armed Services.

2288. A letter from the Secretary of Education, transmitting a report on final funding priorities for the Educational Media Research, Production, Distribution, and Training Program, pursuant to GEPA, section 431(d)(1) (88 Stat. 567; 90 Stat. 2231; 95 Stat. 453); to the Committee on Education and Labor.

2289. A letter from the Secretary of Education, transmitting notice of final annual funding priority—Training Personnel for the Education of the Handicapped Program, pursuant to GEPA, section 431(d)(1) (88 Stat. 567; 90 Stat. 2231; 95 Stat. 453); to the Committee on Education and Labor.

2290. A letter from the Comptroller General, General Accounting Office, transmitting a list of GAO reports issued in the month of October 1985, pursuant to 31 U.S.C. 719(h); to the Committee on Government Operations.

2291. A letter from the Administrator, National Aeronautics and Space Administration, transmitting the semiannual report of the inspector general of the National Aeronautics and Space Administration for the period ending September 30, 1985, pursuant to Public Law 95-452, section 5(b); to the Committee on Government Operations.

2292. A letter from the Executive Secretary, Office of the Secretary of Defense, transmitting the report on Department of Defense procurement from small and other business firms for October 1984 through October 1985, pursuant to 15 U.S.C. 639(d); to the Committee on Small Business.

2293. A letter from the Secretary of Labor, transmitting the quarterly report to the Congress on the expenditure and need for worker adjustment assistance training funds under the Trade Act of 1974, pursuant to Public Law 93-618, section 236(a)(2) (95 Stat. 885); to the Committee on Ways and Means.

2294. A letter from the General Counsel, Department of the Treasury, transmitting a draft of proposed legislation to amend section 5114 of title 31, United States Code, to authorize the Secretary of the Treasury to contract for a period of not more than 5 years to purchase, manufacture, supply, engrave, print, warehouse, and distribute U.S. savings bond stock; jointly, to the Committees on Banking, Finance and Urban Affairs and Ways and Means.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. RODINO: Committee on the Judiciary. H.R. 2183. A bill to amend title 28 of the United States Code to make certain changes with respect to the participation of judges of the Court of International Trade in judicial conferences and for other purposes; with an amendment (Rep. 99-390). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 2704. A bill to amend the Fish and Wildlife Coordination Act (Rep. 99-392). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 3272. A bill to designate the shipwreck of the *Titanic* as a maritime memorial and to provide for reasonable research, exploration, and, if appropriate, salvage activities; with amendments (Rep. 99-393). Referred to the Committee of the Whole House on the State of the Union.

Mr. MOAKLEY: Committee on Rules. House Resolution 324. Resolution providing for the consideration of H.R. 281, a bill to amend the National Labor Relations Act to increase the stability of collective bargining in the building and construction industry, (Rep. 99-394). Referred to the House Calendar.

Mr. DERRICK: Committee on Rules. House Resolution 325. Resolution providing for agreeing to the Senate amendment to H.R. 1562, a bill to achieve the objectives of the Multi-Fiber Arrangement and to promote the economic recovery of the United States textile and apparel industry and its workers (Rept. 99-395). Referred to the House Calendar.

Mr. BONIOR of Michigan: Committee on Rules. House Resolution 326. Resolution providing for the consideration of H.R. 3700, a bill to amend and extend the Higher Education Act of 1965 (Rept. 99-396). Referred to the House Calendar.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 1362. A bill to revise, consolidate, and enact certain laws related to load lines and measurement of vessels as parts C and J of subtitle II of title 46, United States Code; with amendments Senate (Rept. 99-398). Referred to the Committee of the Whole House on the State of the Union.

Mr. RODINO: Committee on the Judiciary. House Resolution 303. Resolution expressing the sense of the House of Representatives that the antitrust enforcement guidelines entitled "Vertical Restraints Guidelines," published by the Department of Justice on January 23, 1985, do not have the force of law, do not accurately state current antitrust law, and shall not be considered by the courts of the United States as binding or persuasive (Rept. 99-399). Referred to the House Calendar.

Mr. McCLOSKEY: Committee on Post Office and Civil Service. H.R. 2854. A bill to amend title 39, United States Code, to extend to certain officers and employees of the Postal Service the same procedural and appeal rights with respect to certain adverse personnel actions as are afforded to Federal employees under title 5, United States Code; with amendments (Rept. 99-400). Referred to the Committee of the Whole House on the State of the Union.

Mr. DINGELL: Committee on Energy and Commerce. H.R. 3492. A bill to assist the States to establish and operate protection and advocacy systems for mentally ill individuals and to promote family support groups for Alzheimer's disease patients and their families; with amendments (Rept. 99-401). Referred to the Committee of the Whole House on the State of the Union.

Mr. NATCHER: Committee of Conference. Conference report on H.R. 3424 (Rept. 99-402). Ordered to be printed.

Mr. WHITTEN: Committee on Appropriations. House Joint Resolution 465. Resolution making further continuing appropriations for the fiscal year 1986, and for other purposes (Rept. 99-403). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. GLICKMAN: Committee on the Judiciary. H.R. 3363. A bill for the relief of Hamilton Jordan (Rept. 99-391). Referred to the Committee of the Whole House.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

Mr. ASPIN: Committee on Armed Services. H.R. 2554. A bill to limit conflicts of interest in defense procurement; with an amendment; referred to the Committee on the Judiciary and the Committee on Post Office and Civil Service for a period ending not later than March 15, 1986, for consideration of such provisions of the bill and amendment as fall within the jurisdictions of those committees pursuant to clause 1 (m) and (o), rule X, respectively (Rept. 99-397, Pt. 1). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON:

H.R. 3804. A bill to contol trapping within the National Park System and on other public lands, and for other purposes; jointly, to the Committees on Interior and Insular Affairs, Agriculture, and Merchant Marine and Fisheries.

By Mr. BEDELL (for himself, Mr. VOLKMER, Mr. PENNY, Mr. WEAVER, Mr. JONES of Tennessee, Mr. ROSE, Mr. ENGLISH, Mr. DASCHLE, Mr. EVANS of Illinois, Mr. GLICKMAN, Mr. WHITLEY, Mr. ALEXANDER, Mr. DORGAN of North Dakota, and Mr. WATKINS):

H.R. 3805. A bill to amend the Agricultural Act of 1949 to provide for producer-approved wheat and feed grain referenda for the 1987 through 1990 crops of such commodities; to the Committee on Agriculture.

By Mr. BEILENSON (for himself, Mr. JEFFORDS, Mr. SIKORSKI, Mr. FRANK, Mr. STUDDS, Mr. LEVINE of California, Mr. STARK, Mr. DELLUMS, Mr. BROWN of California, Mr. MARTINEZ, Mr. WHEAT, Mr. BONIOR of Michigan, Mr. CONYERS, Mr. WOLPE, Mr. EVANS of Illinois, Mr. JACOBS, Ms. KAPTUR, and Mr. BARNES):

H.R. 3806. A bill to amend the Federal Election Campaign Act of 1971 to provide for the public financing of general election campaigns for the House of Representatives, and for other purposes; to the Committee on House Administration.

By Mr. BRYANT (for himself, Mr. SWIFT, Mr. LUKEN, and Mr. SIKORSKI):

H.R. 3807. A bill to amend the Communications Act of 1934 so as to encourage cable systems to carry local television broadcast signals; jointly, to the Committees on Energy and Commerce and the Judiciary.

By Mr. BUSTAMANTE:

H.R. 3808. A bill to provide for the protection of ground water through State standards, planning, and protection programs; jointly, to the Committees on Public Works and Transportation, Energy and Commerce, and Interior and Insular Affairs.

By Mr. DASCHLE:

H.R. 3809. A bill to exempt certain dormitories operated by the Bureau of Indian Affairs from space and privacy requirements; to the Committee on Education and Labor.

By Mr. RODINO (for himself, and Mr. MAZZOLI):

H.R. 3810. A bill to amend the Immigration and Nationality Act to revise and reform the immigration laws, and for other purposes; to the Committee on the Judiciary.

By Mr. EVANS of Iowa:

H.R. 3811. A bill to amend the Farm Credit Act of 1971 to provide certain protections for borrowers, and for other purposes; to the Committee on Agriculture.

H.R. 3812. A bill to amend the Farm Credit Act of 1971 to limit the separate sale by the Farm Credit System of mineral rights in certain land; to the Committee on Agriculture.

By Mr. FAZIO (for himself, Mr. PANETTA, Mr. AUCOIN, Mr. RICHARDSON, Mr. PENNY, and Mr. LAFALCE):

H.R. 3813. A bill to call for a multilateral conference, under the auspices of the International Monetary Fund, to seek a new international monetary regime within a flexible exchange rate structure; to assist the development of the private sectors of less developed countries and increase demand for U.S. exports; to strengthen the General Agreement on Tariffs and Trade and reform U.S. trade laws; to assist American industries in improving their competitive posture in international markets; and to provide transition assistance to workers and firms in response to changing global economic conditions; jointly, to the Committees on Banking, Finance and Urban Affairs; Ways and Means; Foreign Affairs; the Judiciary; Energy and Commerce; Science and Technology; and Education and Labor.

By Mr. FRANK (for himself, Mr. RODINO, and Mr. SOLARZ):

H.R. 3814. A bill to establish a Commission to Investigate Federal Involvement with the Immigration and Nazi Collaborators; to the Committee on the Judiciary.

By Mr. GEJDENSON:

H.R. 3815. A bill to provide incentives for States to enact garnishment laws to collect defaulted student loans; to the Committee on Education and Labor.

By Mr. McCLOSKEY:

H.R. 3816. A bill to amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 to require the States to conduct inventories of solid waste disposal sites containing hazardous substances; to the Committee on Energy and Commerce.

By Mr. MANTON (for himself and Mrs. BENTLEY):

H.R. 3817. A bill to amend the Export Administration Act of 1979 to place restrictions on exporting crude oil produced from Cook Inlet, AK; to the Committee on Foreign Affairs.

By Mr. PEPPER:

H.R. 3818. A bill to amend the Public Health Service Act to authorize the establishment of breast cancer screening centers at the national cancer research and demonstration centers established under title IV of that act; to the Committee on Energy and Commerce.

By Mr. RANGEL (for himself and Mr. GILMAN):

H.R. 3819. A bill to direct the Attorney General to study and recommend methods to control the diversion of legitimate precursor and essential chemicals to the production of illegal drugs; to the Committee on the Judiciary.

By Mr. ST GERMAIN:

H.R. 3820. A bill to stabilize domestic oil prices by creating an independent corporation to buy and sell crude oil and petroleum products; to the Committee on Energy and Commerce.

By Mr. SWINDALL (for himself, Mr. GINGRICH, Mr. HYDE, Mr. BARTLETT, Mr. SMITH of New Hampshire, Mr. COURTER, Mr. PETRI, Mr. HILER, Mr. SHUMWAY, Mr. RITTER, Mr. COBEY, Mr. GROTBERG, Mr. DORNAN of California, Mr. ARMEY, Mr. LUNGREN, Mr. SILJANDER, Mr. BLILEY, Mr. BLAZ, Mr. DANNEMEYER, Mr. SOLOMON, Mr. HUNTER, Mr. THOMAS of California, Mrs. VUCANOVICH, Mr. ECKERT of New York, Mr. BOULTER, Mr. CRAIG, Mr. CRANE, Mr. DENNY SMITH, Mr. DELAY, Mr. CALLAHAN, Mrs. BENTLEY, and Mr. YOUNG of Alaska):

H.R. 3821. A bill to improve the educational achievement of educationally deprived children by expanding opportunities for their parents to choose schools that best meet their needs, to foster diversity and competition among school programs for educationally deprived children, to increase private sector involvement in providing educational programs for educationally deprived children, and for other purposes; to the Committee on Education and Labor.

By Mr. WALGREN:

H.R. 3822. A bill to direct the Secretary of Health and Human Services to establish a grant program to fund research, training, and patient services in pediatric pulmonary medicine; to the Committee on Energy and Commerce.

By Mr. WEAVER:

H.R. 3823. A bill to amend the Farm Credit Act of 1971, to amend the Agricultural Act of 1949 to provide for producer-approved wheat and feed grain referenda for the 1987 through 1990 crops of such commodities, and for other purposes; to the Committee on Agriculture.

By Mr. BEDELL:

H.R. 3824. A bill to amend the Clayton Act to preserve and promote wholesale and retail competition in the retail gasoline market, and for other purposes; jointly, to the Committees on the Judiciary and Small Business.

By Mr. BERMAN (for himself and Mr. FRANK):

H.R. 3825. A bill to protect the public's right to receive and communicate information freely beyond U.S. borders, and to ensure the right of international travel; to the Committee on Foreign Affairs.

By Mr. BOUCHER:

H.R. 3826. A bill to amend section 1153 of title 18, United States Code, to make felonious sexual molestation of a minor an offense within Indian country; to the Committee on the Judiciary.

By Mr. FRANK (for himself, and Mr. BERMAN):

H.R. 3827. A bill to amend the Foreign Agents Registration Act of 1938, as amended, to encourage the free flow of information, and for other purposes; to the Committee on the Judiciary.

By Mr. IRELAND (for himself, Mr. BEDELL, and Mr. BERMAN):

H.R. 3828. A bill to amend the False Claims Act, and title 18 of the United States Code regarding penalties for false claims and for other purposes; to the Committee on the Judiciary.

By Mr. LELAND (for himself, Mr. CLAY, Mrs. COLLINS, Mr. CONYERS, Mr. CROCKETT, Mr. DELLUMS, Mr. FAUNTROY, Mr. FORD of Tennessee, Mr. HAYES, Mr. OWENS, Mr. SAVAGE, Mr. STOKES, Mr. TOWNS, and Mr. WHEAT):

H.R. 3829. A bill to establish an American Slavery Memorial Council and to provide for the construction of a permanent museum memorializing the victims of slavery; to the Committee on House Administration.

By Mr. MCKERNAN (for himself, and Ms. SNOWE):

H.R. 3830. A bill to provide for a Samantha Smith Memorial Exchange and Scholarship Program to promote youth exchanges between the United States and the Soviet Union, and for other purposes; to the Committee on Foreign Affairs.

By Mr. MINETA (for himself, Mr. WALGREN, Mr. LUNDINE, and Mr. BOEHLERT):

H.R. 3831. A bill to amend the Stevenson-Wydler Technology Innovation Act of 1980 for the purpose of improving the availability of Japanese science and engineering literature in the United States, and for other purposes; to the Committee on Science and Technology.

By Mr. GREEN (for himself, Mr. HORTON, Mr. FAZIO, Mr. RODINO, Mr. WAXMAN, Mr. WEISS, Mr. SAVAGE, Mr. LAGOMARSINO, Mr. FOLEY, Mr. ROE, Mr. ADDABBO, Mr. PRICE, Mr. PURSELL, Mr. APPLEGATE, Mr. CARNEY, Mr. MANTON, Mr. QUILLEN, Mr. FRENZEL, Mr. CARR, Mr. MAZZOLI, Mr. PASHAYAN, Mr. BOLAND, Mr. RAHALL, Mr. GEPHARDT, Mr. BARNARD, Mr. MOODY, Mr. COELHO, Mr. FOGLIETTA, Mr. SCHEUER, Mr. FLORIO, Mrs. BURTON of California, Mr. MCKINNEY, Mr. VANDER JAGT, Mr. OLIN, Mrs. HOLT, Mr. O'BRIEN, Mr. DAUB, Mr. ANNUNZIO, Mr. DANIEL, Mr. KASTENMEIER, Mr. CHAPPIE, Mr. GRADISON, Mr. BEVILL, Mr. LANTOS, Mr. OWENS, Mr. DWYER of New Jersey, Mr. MATSUI, Mr. LEWIS of California, Mr. MCDADE, Mr. NOWAK, Mr. MAVROULES, Mr. BERMAN, Mr. LENT, Mr. BENNETT, Mr. CONTE, Mr. REGULA, Mr. GARCIA, Mr. CHANDLER, Mr. WILSON, Mr. FISH, Mr. ORTIZ, Mr. HOWARD, Ms. OAKAR, Mr. CAMPBELL, Mr. MARKEY, Mr. SOLARZ, Mr. MORRISON of Connecticut, Mr. CLINGER, Mr. NATCHER, Mr. BATES, Mr. BUSTAMANTE, Mr. TOWNS, Mr. DYMALLY, Mr. JEFFORDS, Mr. CROCKETT, Mr. COOPER, Ms. MIKULSKI, Mr. RICHARDSON, Mr. YOUNG of Alaska, Mr. HEFTEL of Hawaii, Mr. BONER of Tennessee, Mr. DARDEN, Mr. HATCHER, Mr. WOLPE, Mr. DASCHLE, Mrs. BOXER, Mr. HUTTO, Mr. BROYHILL, Mr. SMITH of Florida, Mr. MARTIN of New York, Mr. VENTO, Mr. GILMAN, Mr. JONES of North Carolina, Mr. LIVINGSTON, Mr. MOORE, Mr. BOUCHER, Mr. FEIGHAN, Mr. HUGHES, Mr. MARTINEZ, Mr. HOYER, Mr. DIXON, Mr. MADIGAN, Mr. BONIOR of Michigan, Mr. DIOGUARDI, Mr. COYNE, Mr. AKAKA, Mr. NIELSON of Utah, Mr. ERDREICH, Mr. VALENTINE, Mr. KOSTMAYER, Mr. SCHUMER, Mr. STRANG, Mr. REID, Mr. LAFALCE, Mr. YATRON, Mr. BIAGGI, Mr. ANTHONY, Mr. WEAVER, Mr. COBEY, Mr. WORTLEY, Mr. KRAMER, Mr. BARNES, Mr. MOAKLEY, Mr. PEPPER, Mr. HYDE, Mr. LELAND, Mr. SABO, Mr. SOLOMON, Mr. WIRTH, Mr. BORSKI, Mr. WYDEN, Mr. KASICH, Mr. MURPHY, Mr. FAUNTROY, Mrs. COLLINS, Mr. LEVIN of Michigan, Mr. SUNIA, Mr. DYSON, Mr. FUSTER, Mr. HANSEN, Mrs. KENNELLY, Mr. LATTA, Mrs. LLOYD, Mr. LUKEN, Mr. MACK, Mr. SKELTON, Mr. SNYDER, Mr. TALLON, Mr. LEACH of Iowa, Mr. CONYERS, Mr. WALGREN, Mr. DOWDY of Mississippi, Mr. TRAXLER, Mr. CARPER, Mr. HAMMERSCHMIDT, Mr. WEBER, Mr. LEVINE of California, Mrs. BYRON, Mr. YOUNG of Missouri, Mr. WHITTAKER, Ms. SNOWE, Mr. SIKORSKI, Mr. IRELAND, Mr. GUARINI, Mr. FORD of Michigan, Mr. KEMP, Mr. JENKINS, Mr. DICKINSON, Ms. KAPTUR, Mr. MOLINARI, Mr. ACKERMAN, Mr. RANGEL, and Mr. DORNAN of California):

H.J. Res. 464. Joint resolution to designate the week of June 1, 1986, to June 8, 1986, as National Theater Week; to the Committee on Post Office and Civil Service.

By Ms. MIKULSKI (for herself and Mr. WEISS):

H. Con. Res. 236. Concurrent resolution urging the President to convene a conference to develop an international seaport security agreement relating to seaport and passenger vessel security among the United States, its allies, other interested nations, and the private sector; to the Committee on Foreign Affairs.

By Mr. DOWNEY of New York (for himself and Mr. JEFFORDS):

H. Con. Res. 237. Concurrent resolution supporting expanded cultural exchange between the United States and the Soviet Union; to the Committee on Foreign Affairs.

By Mr. ZSCHAU:

H. Con. Res. 238. Concurrent resolution commending President Reagan on the successful conclusion of the Geneva Summit with Soviet General Secretary Gorbachev; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII.

Mr. KINDNESS introduced a bill (H.R. 3832) for the relief of Joseph Karel Hasek; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 11: Mr. FOGLIETTA, Mr. ROSE, Mr. BROYHILL, Mr. DORGAN of North Dakota, and Mr. WALGREN.

H.R. 24: Mr. BOSCO.

H.R. 184: Mr. BILIRAKIS.

H.R. 708: Mr. STALLINGS.

H.R. 709: Mr. STALLINGS.

H.R. 979: Mr. GOODLING, Mr. MCGRATH, and Mr. SCHUMER.

H.R. 1021: Mr. CHENEY.

H.R. 1145: Mr. SIKORSKI.

H.R. 1262: Mr. YOUNG of Alaska.

H.R. 1309: Mrs. BURTON of California, Mr. EVANS of Illinois, and Mr. HAYES.

H.R. 1427: Mr. GINGRICH, Mr. WEISS, and Mr. FRANK.

H.R. 1704: Mr. TORRICELLI.

H.R. 1840: Mr. WEAVER, Mr. SWEENEY, Mr. TAUKE.

H.R. 1875: Mr. HEFNER, Mrs. COLLINS, Mr. GREEN, Ms. OAKAR, Mr. TALLON, Mr. MCCLOSKEY, Mr. STAGGERS, Mr. SOLARZ, Mr. LOWRY of Washington, Mr. STOKES, Mr. DASCHLE, Mr. WOLPE, Mr. LAGOMARSINO, Mr. HERTEL of Michigan, and Mr. SLATTERY.

H.R. 2001: Mr. MONTGOMERY and Mr. SHAW.

H.R. 2093: Mr. HUTTO.

H.R. 2157: Mr. WHITTAKER and Mr. MURTHA.

H.R. 2440: Mr. DORNAN of California, Mr. EMERSON, Mr. FUSTER, Mr. KOLTER, and Mr. SPRATT.

H.R. 2489: Mr. DONNELLY.

H.R. 2578: Mr. COATS, Mr. COBEY, Mr. DE LA GARZA, Mr. DYSON, Mr. GINGRICH, Mr. HATCHER, Mr. HOWARD, Mr. KILDEE, Mr. KOLBE, Mr. LEATH of Texas, Mr. MCGRATH, Mr. MARKEY, Mr. PACKARD, Mr. PICKLE, Mr. SLAUGHTER, Mr. DENNY SMITH, Mr. YATRON, and Mr. YOUNG of Missouri.

H.R. 2700: Mr. LEVIN of Michigan.

H.R. 2887: Mr. GILMAN, Mr. CHAPPELL, Mrs. LLOYD, Mr. GIBBONS, Mr. FOWLER, Mr. YATRON, Mr. BOEHLERT, Mr. ERDREICH, Mr. MONSON, Mr. DIXON, and Mr. ACKERMAN.

H.R. 2954: Mr. PACKARD, Mr. DARDEN, and Ms. FIEDLER.

H.R. 3004: Mr. MAZZOLI, Mr. SYNAR, Mrs. SCHROEDER, Mr. FRANK, Mr. MORRISON of Connecticut, Mr. BERMAN, and Mr. BOUCHER.

H.R. 3099: Mr. BROWN of California, Mr. LENT, Mr. BONIOR of Michigan, and Mr. STUDDS.

H.R. 3260: Mr. EVANS of Iowa, Mr. BARTON of Texas, Mr. PERKINS, Mr. LIGHTFOOT, Mr. ROSE, Mr. BATES, Mr. LOTT, Mr. WILSON, Mr. MCCAIN, Mr. DREIER of California, Mr. MORRISON of Washington, Ms. MIKULSKI, Mr. HORTON, and Mr. YOUNG of Alaska.

H.R. 3359: Mr. ROE, Mr. ZSCHAU, Mr. TORRICELLI, Mr. CLINGER, Mr. BLILEY, Mr. FAWELL, Mr. MCGRATH, Mr. MARTIN of New York, Mr. PORTER, Mr. SAXTON, Mr. EVANS of Iowa, and Mr. LUKEN.

H.R. 3415: Mr. MCKINNEY, and Mr. WEISS.

H.R. 3570: Mr. ANDREWS, Mr. GORDON, Mr. LATTA, and Mr. HUTTO.

H.R. 3599: Mr. BROYHILL, Mr. COELHO, Mr. ALEXANDER, Mr. LAGOMARSINO, Ms. KAPTUR, Mr. SILJANDER, Mr. APPLEGATE, Mr. COURTER, Mr. SAXTON, Mr. LEATH of Texas, Mr. SKELTON, Mr. KINDNESS, Mrs. BENTLEY, Mr. WILSON, Mr. WORTLEY, Mr. MCGRATH, Mr. LIPINSKI, Mr. DENNY SMITH, Mr. MORRISON of Connecticut, Mr. WEBER, Mr. BARTON of Texas, Mr. DORNAN of California, Mr. EMERSON, Mr. RANGEL, Mr. EDWARDS of Oklahoma, Mr. ATKINS, Mr. SWINDALL, Mr. BONIOR of Michigan, Mr. HUNTER, Mr. HENRY, Mr. COUGHLIN, Mr. MONSON, Mr. RUDD, Mr. BLILEY, Mr. EVANS of Illinois, Mr. VENTO, Mr. HUBBARD, Mr. BURTON of Indiana, Mr. BOUCHER, Mr. GRAY of Illinois, Mr. EDWARDS of California, Mr. HILER, Mr. DANIEL, Mr. NEAL, and Mr. PORTER.

H.R. 3615: Mr. MADIGAN, Mr. BEDELL, Mr. EVANS of Iowa, Mr. PERKINS, Mr. LIGHTFOOT, and Mr. DERRICK.

H.R. 3660: Mr. MOLLOHAN, Mr. WILSON, Mr. JONES of North Carolina, and Mr. MCCURDY.

H.R. 3661: Mrs. BENTLEY, Mr. BUSTAMANTE, Mr. EMERSON, Mr. FOWLER, Mr. KOLTER, Mr. LOWERY of California, Mr. REID, Mr. RINALDO, Mr. SUNIA, Mr. WHITLEY, Mr. WISE, and Mr. ZSCHAU.

H.R. 3688: Mr. HORTON, Mr. DANNEMEYER, Mr. MCGRATH, Mrs. BENTLEY, Mr. WHITEHURST, Mr. LEWIS of California, Mr.

McCANDLESS, Mr. BOULTER, Mr. COBLE, Mr. RITTER, Mr. DIOGUARDI, Mr. HILER, Mr. HENRY, Mr. KRAMER, Ms. FIEDLER, Mr. MARTINEZ, Mr. SCHAEFER, Mr. GINGRICH, Mr. SLAUGHTER, Mr. SWEENEY, Mr. AUCOIN, Mr. CAMPBELL, Mr. GIBBONS, and Mr. McCAIN.

H.R. 3749: Mr. KOLTER.

H.R. 3755: Mr. SEIBERLING.

H.R. 3777: Mr. LUKEN, Mr. MARKEY, Mr. HERTEL of Michigan, Mrs. BENTLEY, Mr. SHELBY, Mr. BRYANT, Mr. SPRATT, Ms. KAPTUR, Mr. TALLON, Mr. FORD of Michigan, Mr. NICHOLS, and Mr. WALGREN.

H.J. Res. 49: Ms. FIEDLER.

H.J. Res. 133: Mr. GREGG.

H.J. Res. 298: Mr. DERRICK, Mr. HALL of Ohio, Mr. HAWKINS, Mr. MORRISON of Connecticut, Mr. ROWLAND of Georgia, and Mr. SAVAGE.

H.J. Res. 319: Mr. LIVINGSTON, Mr. VALENTINE, Mr. WALGREN, Mr. TAUZIN, Mr. HEFNER, Mr. TALLON, Mr. DOWDY of Mississippi, Mr. APPLEGATE, Mr. RODINO, Mr. SAXTON, Mr. PRICE, Mr. SAVAGE, Mr. WOLPE, Mr. NATCHER, Mr. MOAKLEY, Mr. DARDEN, Mr. VANDER JAGT, Mr. MOLINARI, Mr. RICHARDSON, Mr. SCHUETTE, Mr. DONNELLY, Mr. COYNE, Mr. MILLER of California, Mr. McDADE, Mr. SUNDQUIST, Mr. MOODY, Mr. McHUGH, Mr. REGULA, Mr. MANTON, Mr. SCHEUER, Mr. KEMP, Mr. HYDE, Mr. MURPHY, Mr. HOWARD, Mr. LEVINE of California, Mr. ANNUNZIO, Mr. AKAKA, Mr. SHAW, Mr. BOLAND, Mr. BIAGGI, Mr. YOUNG of Florida, Mr. REID, Mr. SOLARZ, Ms. MIKULSKI, Mr. FRENZEL, Mr. PORTER, Mr. HOYER, Mr. SISISKY, Mr. BORSKI, Mr. SUNIA, Mr. FLIPPO, Mr. FAUNTROY, Mr. TOWNS, Mr. FOLEY, Mr. WILSON, Mr. LUNDINE, Mr. ATKINS, Mr. EDGAR, Mr. O'BRIEN, Mr. GEJDENSON, Mr. ROYBAL, Mr. ADDABBO, Mr. BONIOR of Michigan, Mrs. BYRON, Mr. CAMPBELL, Mr. ACKERMAN, Mr. CHAPPIE, Mr. STALLINGS, Mr. JACOBS, Mr. SABO, Mr. COUGHLIN, Mr. SHARP, Mr. GILMAN, Mr. GREGG, Mr. SKELTON, Mr. LEACH of Iowa, Mr. GEPHARDT, Mr. CHAPMAN, Mr. SYNAR, Mr. CONTE, Mr. EMERSON, Mr. GRADISON, Mr. COATS, Mr. QUILLEN, Mr. STARK, Mr. DERRICK, Mr. DYMALLY, Mr. HAMILTON, Mr. CLAY, and Mr. DASCHLE.

H.J. Res. 336: Mr. BOUCHER, Mr. BROWN of California, Mrs. BURTON of California, Mr. BUSTAMANTE, Mrs. BYRON, Mr. DARDEN, Mr. DASCHLE, Mr. DERRICK, Mr. DYMALLY, Mr. FROST, Mr. GLICKMAN, Mr. GRAY of Illinois, Mr. KLECZKA, Mr. LAFALCE, Mr. LEHMAN of California, Mr. LUNDINE, Mr. McKINNEY, Mr. MANTON, Mrs. MARTIN of Illinois, Mr. MOODY, Mr. OBERSTAR, Mr. PEPPER, Mr. SCHUMER, Mr. SWIFT, Mr. VALENTINE, Mr. WRIGHT, and Mr. GIBBONS.

H.J. Res. 376: Mr. BATEMAN.

H.J. Res. 377: Mr. SNYDER, Mr. TAUKE, Mr. WOLF, Mr. LIGHTFOOT, Mr. PACKARD, Mr. BREAUX, Mr. HAMMERSCHMIDT, Mr. GALLO, Mr. LAFALCE, Mr. MONTGOMERY, Ms. OAKAR, Mr. REID, Mr. SKELTON, Mr. STENHOLM, Mr. WILSON, Mr. McCANDLESS, Mr. RINALDO, Mr. SUNDQUIST, Mr. HAWKINS, Mr. MAZZOLI, Mr. HUBBARD, Mr. PARRIS, Mr. COBEY, Mr. SCHUETTE, Mr. MACKAY, Mr. MARTIN of New York, Mr. BATEMAN, Mr. MOORE, Mr. TRAFICANT, Mr. LELAND, Mr. MANTON, Mr. EVANS of Iowa, Mr. KILDEE, Mr. BOEHLERT, Mr. ROBINSON, Mr. ANTHONY, Mr. STANGELAND, Ms. SNOWE, Mr. BIAGGI, Mr. COYNE, Mr. FRENZEL, Mr. JEFFORDS, Mr. BILIRAKIS, Mr. GROTBERG, Mr. DELAY, Mr. SOLOMON, Mr. SMITH of New Jersey, Mr. LEACH of Iowa, Mr. DIOGUARDI, Mr. DREIER of California, Mr. LOWERY of California, Mr. THOMAS of California, Mr. LOEFFLER, Mr. ROBERTS, Mrs. VUCANOVICH, Mr. McDADE, Mr. CLINGER, Mr. O'BRIEN, Mr. ACKERMAN, Mr. ASPIN, Mrs. HOLT, Mr. ANDERSON, Mr. MOORHEAD, Mrs. MARTIN of Illinois, Mrs. JOHNSON, Mr. ROWLAND of Connecticut, Mr. COBLE, Mr. McMILLAN, Mr. HENDON, Mr. ROBERT F. SMITH, Mr. TAYLOR, Mr. COLEMAN of Missouri, Mr. HOPKINS, Mr. BARNARD, Mr. STUMP, Mr. GREEN, Mr. ROEMER, Mr. DARDEN, Mrs. LLOYD, Mr. LOTT, Mr. BARTLETT, Mr. GUNDERSON, Mrs. BURTON of California, Mr. ROTH, Mr. STRATTON, Mr. CLAY, Mr. GRADISON, Mr. ROYBAL, Mr. WALGREN, Mr. WORTLEY, Mr. EDGAR, Mr. YOUNG of Alaska, Mr. WHITTEN, Mr. McCAIN, Mr. COELHO, Mr. SHAW, Mr. DELLUMS, Mr. KOSTMAYER, Mr. HEFNER, Mr. RODINO, Mr. NATCHER, Mr. SPENCE, Mr. KASICH, Mr. DYMALLY, Mr. CHANDLER, Mr. QUILLEN, Mr. MICHEL, Mr. CALLAHAN, Mr. DICKINSON, Mr. SHELBY, Mr. EDWARDS of California, Mr. ZSCHAU, Mr. LANTOS, Mr. LEHMAN of Florida, Ms. FIEDLER, Mr. WAXMAN, Mr. HUTTO, Mr. BENNETT, Mr. McCOLLUM, Mr. MACK, Mr. WALKER, Mr. CRAIG, Mr. SAVAGE, Mr. STOKES, Mr. YATES, Mr. PORTER, Mr. CRANE, Mr. FAWELL, Mr. MADIGAN, Mr. KANJORSKI, Mr. KINDNESS, Mr. ARMEY, Mr. BROOMFIELD, Mr. McKERNAN, Mr. LENT, Mr. SKEEN, Mr. HEFTEL of Hawaii, Mr. MICA, Mr. BLAZ, Mr. BROWN of Colorado, Mr. CHENEY, Mr. DEWINE, Mr. ECKERT of New York, Mr. FRANKLIN, Mr. GILMAN, Mr. GREGG, Mr. HILER, Mr. LUJAN, Mr. McGRATH, Mr. MILLER of Washington, Mr. MOLINARI, Mr. OXLEY, Mr. REGULA, Mr. RIDGE, Mr. RITTER, Mr. SILJANDER, and Mr. SLAUGHTER.

H.J. Res. 439: Mr. MARTIN of New York, Mr. MATSUI, Mr. YATRON, Mr. JACOBS, Mr. CONTE, Mrs. LLOYD, Mr. CARR, Mr. SCHEUER, Mr. LEWIS of California, Mr. DORNAN of California, and Mr. WAXMAN.

H. Con. Res. 129: Mr. DASCHLE, Mr. MORRISON of Connecticut, Mr. SILJANDER, Mr. McKINNEY, Mr. CHANDLER, Mr. STALLINGS, Mr. HUTTO, and Mr. SPRATT.

H. Con. Res. 190: Mr. ZSCHAU, Mr. HEFNER, Mr. LIVINGSTON, Mr. ECKART of Ohio, Mr. BOEHLERT, and Mr. COBEY.

H. Con. Res. 204: Mrs. BENTLEY and Mr. GINGRICH.

H. Con. Res. 205: Mrs. BENTLEY and Mr. GINGRICH.

H. Con. Res. 206: Mrs. BENTLEY and Mr. GINGRICH.

H. Con. Res. 210: Mrs. SCHROEDER, Ms. MIKULSKI, Mr. BIAGGI, Mr. CONTE, and Mr. MARTINEZ.

H. Con. Res. 212: Mr. NEAL, Mr. HOYER, Mr. BORSKI, Mr. HYDE, Mr. BURTON of Indiana, Mr. OXLEY, and Mr. DENNY SMITH.

H. Res. 74: Mr. DELAY, Mr. McDADE, Ms. FIEDLER, Mr. DENNY SMITH, Mrs. BURTON of California, and Mr. MOAKLEY.

H. Res. 188: Mr. SAXTON, Mr. COBEY, and Mr. KILDEE.

H. Res. 315: Mr. EVANS of Illinois, Ms. KAPTUR, and Mr. LOEFFLER.

SENATE—*Thursday, November 21, 1985*

(Legislative day of Monday, November 18, 1985)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

The PRESIDENT pro tempore. Our prayer this morning will be delivered by the Reverend Richard Christian Halverson, Jr., Chesterbrook Presbyterian Church, Falls Church, VA, the son of our Senate Chaplain.

PRAYER

The Reverend Richard Christian Halverson, Jr., pastor, Chesterbrook Presbyterian Church, Falls Church, VA, offered the following prayer:

Let us pray together.

Father in Heaven, on behalf of all those who work together in the Senate, regardless of their position or responsibility, we ask that You fulfill Your promise that everything work out for the best for those who love You and are called by You.

Sometimes our greatest efforts to do something good for our State or country seem powerless in the midst of the vast machinery of human government, so remind us of Your omnipotent and merciful control over the affairs of mankind.

And if there be anyone here who is hurting or burdened because of something that has occurred or is happening to them, we pray You will use these problems to remind us that You are our Heavenly Father who loves us whether we are good or bad.

We ask these things in the name of Your Son, who intercedes with us the prayer He taught us, that, "Your will be done on Earth as it is in Heaven."

Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The distinguished majority leader is recognized.

SCHEDULE

Mr. DOLE. Mr. President, under the standing order, the leaders have 10 minutes each. I assume that the distinguished Senator from Wisconsin has the time of the minority leader, and I will reserve any time I do not use.

We have routine morning business until about 10 o'clock.

We hope that by 9:45 or 9:50, if we can work it out with the distinguished minority leader, we can do some of the wrapup items we have not been able to do the last few evenings because of the lateness of the hour.

We will then resume consideration of the farm bill. Pending is the Helms amendment dealing with food stamps. I think there are 8, 10, or 11 food stamp amendments. There are a lot of amendments that I hope will sort of disappear. I do not think it is necessary to have 11 food stamp amendments, believing there is little likelihood that they will be adopted. In addition there are a lot of other amendments on a variety of subjects that I think we can dispose of today. I know that the managers share that view.

We would like to complete action on this bill by, say, 7 o'clock this evening. As my colleagues are aware, there is a joint session scheduled for 9 p.m. and I know that the distinguished chairman, Senator HELMS, has an event tonight prior to 9 p.m. at which he will be the honoree, and he cannot cancel.

Our staff is working with the minority leader's staff to see if we can take up tomorrow some matters that must be done this year, which we believe can be done by unanimous consent. If that is the case, then it will not be necessary to be in session tomorrow except for that purpose.

However, if we do not complete the farm bill, we do not have any alternative, in the view of many of us who come from farm States: We will have to be here tomorrow to finish the farm bill, if we can; if not, on Saturday, so that we can go to conference our first week back after the Thanksgiving recess. We of course would like to give the staff of the Ag Committee all next week to prepare conference documents, so that a conference could be started on December 2 and completed that week.

We hope we will have a bill that the President will sign. We will have an opportunity to meet with the President and tell him that we may have bent the budget a little bit, but it is still an improvement, and would like the bill signed.

So, for those who have plans on Friday that take them away from the Nation's Capital, and if they have amendments, there is one way to accommodate yourself, and that is to be here with your amendment. The managers will be ready to proceed at 10 o'clock. Some amendments can be disposed of on a voice vote. Some can be disposed of by simply not bringing them up.

RECOGNITION OF THE ACTING MINORITY LEADER

The PRESIDENT pro tempore. Under the previous order, the acting Democratic leader is recognized.

WHY STAR WARS WILL DRIVE FEDERAL SPENDING OUT OF SIGHT

Mr. PROXMIRE. Mr. President, any Senator who believes star wars will not become the costliest project in the history of the United States or any other country should consider how it will devour Federal appropriations like a hungry shark. Sharks have been described as eating machines. They rip, rend, tear, chomp, chew, and swallow any object on which they can fix their voracious jaws. Star wars will do exactly this to the Federal Treasury. It is a man-eating shark. The "Jaws" of all spending programs.

Do you doubt it? Well just consider: We start this "Jaws" or star wars spending saga, but we do not finish it, with the biggest research program ever—a cool $50 billion—that's billion, Mr. President. We then move into one, but only one, phase of the real spending program; that is the acquisition of equipment—super computers, lasers, and an exotic array of defensive weapons that have yet to be dreamed of. We still do not know everything about this procurement but we know one thing for sure the cost will be immense.

Under Secretary of Defense for Procurement De Lauer has warned us. What were his words when asked about the cost of the Star Wars Program? Speaking for the Defense Department, he said, and I quote: "The cost will stagger you." I repeat, this top Defense Department expert said, "The cost will stagger you." And when the Defense Department warns that the cost of their special pet program will stagger you, prepare to be staggered.

But even this, Mr. President, is just the beginning. On Sunday, October 20, Fred Hiatt wrote in the Washington Post a brief memo entitled, "Measure and Countermeasure." The subtitle describes how this sharklike money-eating machine operates. The subtitle label was, "Each New Weapon Generates a Need for a Defense Against It." I might add a further subtitle: Each new defense against a new weapon also generates a refinement in the offense to overcome the defense.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

Mr. President, this process will surely go on and on. There is no end to it. It is a process that will exhaust the resources on both sides. We spend a trillion for defense against ballistic missiles. The Soviets spend half a trillion to overcome it. We spend another trillion to top their new offense. They spend another half trillion to overcome that, and on and on.

Back in 1972, both the United States and the Soviet Union saw the futility in this insane offense-defensive nuclear arms race. Result: In that year, the two superpowers negotiated the Anti-Ballistic Missile or ABM Treaty. That treaty declared in effect that both superpowers would confine antimissile defense to a single ABM system. One ABM for each side at one location and no more. For 13 years, that treaty has put at least some limit on the nuclear arms race. Now star wars—or SDI—will, when carried out, be a direct and total repudiation of the ABM Treaty. It will pull all effective limits off the arms race.

Do you doubt that, Mr. President? Then consider the Fred Hiatt memo I referred to earlier. Hiatt describes the Air Force Association Weapons Fair in September. On one wall of an exhibit booth, McDonnell Douglas displayed an exhibit of its star wars technology—designed to stop cold any incoming offensive nuclear missiles—and Ah! on the facing wall, there was an exhibit proudly showing star wars countermeasures; that is, measures to penetrate star wars. So McDonnell Douglas is already willing and able to provide both the technology to enable star wars to knock incoming missiles down and out and the penetration aids in turn to zap any star wars antimissile defense. The taxpayer will pay trillions and what does he get for it? He gets less, not more, security in this terribly dangerous nuclear world.

Why? Here is why: Obviously the Soviet Union plays the same arms race game to the hilt. Oh, yes, the United States may gain a temporary advantage as we have in the past in the nuclear arms race. But time after time, we have found the advantage slips away as the Soviets have matched our technology.

Here is why the Star Wars Program is not only a sure loser but a constantly surging, ravenous shark consuming appropriations without end.

Mr. President, I ask unanimous consent that the article "Measure and Countermeasure," to which I referred, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Oct. 20, 1985]

MEASURE AND COUNTERMEASURE

GA Technologies, a high-tech firm in California, wants the Defense Department to know that it can offer the latest model in high-energy beams, just right for zapping nuclear missiles in flight.

In case the Pentagon is interested, though, GA Technologies also happens to have an antidote: the latest word in "survivable materials" to prevent those missiles from being zapped.

If building a defense against strategic nuclear missiles will be big business, then the business opportunities if the Soviet Union responds in kind will be no less exciting.

It is a game as old as warfare—the development of new generations of weapons, and the development of countermeasures to those weapons, and of counter-measures and onward, as long as the budgets last. Even before President Reagan launched his Strategic Defense Initiative (SDI), the Pentagon was intrigued by "penaids": new technologies to help nuclear warheads penetrate an enemy's defenses.

With the advent of "Star Wars," though, "penaids" will become increasingly important, both to defeat any defenses the Soviet Union may build and to teach Star Wars contractors what they must overcome. In the upside-down world of nuclear weaponry, there is no irony intended when adjacent labs in the same arms company work simultaneously on both new weapons and countermeasures to them.

Thus, at the Air Force Association weapons fair last month, McDonnell Douglas Co. boasted on one curtained wall of an exhibit booth of its Star Wars prowess while displaying—with equal pride—on a facing wall its Star Wars countermeasures.

The company touted its MaRV, for example, a maneuvering reentry vehicle that would dodge an enemy's defenses and "enhance penetration and accuracy of ICBM forces." Even more alluring was the DSV, or defense suppression vehicle, which would hitch a ride on an intercontintental missile and then, wiggling through enemy defenses, home in on enemy radars so that follow-on warheads could drop in unimpeded.

A committee of the Electronic Industry Association predicted last year that, for years to come, countermeasures will offer a "growth market . . . rich in electronic content."

Said the panel: "We rate penaids, including smart end-game decoys, as good bets."—FRED HIATT.

MYTH OF THE DAY

Mr. PROXMIRE. Mr. President, my myth of the day is that we have resources available to fight a recession should one occur next year. The fact is we do not.

The standard cure for a recession involves stimulating the economy through expansionary monetary and fiscal policy. That policy usually makes sense, but the current level of deficit spending and monetary growth is so great that it is almost impossible to envision instituting still more stimulative macroeconomic policy.

If we compare the current situation with that which existed at the start of previous recessions, the contrasts are striking. When we look at the recession of 1954, we see that the Federal Government in fiscal year 1953 was running a deficit of $6.5 billion.

In the fiscal year just before the 1958 recession began, the budget was in surplus by $3.4 billion. We were running a surplus of $3.2 billion in fiscal year 1969, the year before the 1970 recession. Just over a decade ago, we entered the 1974 recession running a deficit of $14.8 billion. Finally, amazingly enough, in fiscal year 1979, the year just before we started down the path to our deepest post-World War II recession, the Federal deficit was only $27.7 billion.

Mr. President, if we now turn to our current situation, the contrast couldn't be clearer or more frightening.

In fiscal 1985, which just ended, the budget deficit was estimated to be in excess of $200 billion.

If that is not bad enough, the second macroeconomic way of stimulating the economy by increasing the money supply is also running with a wide-open throttle. For the first 9 months of 1985, the basic money supply, M-1, has grown at a 13 percent annual rate. This is far above both the historical trend and the Federal Reserve's own target rates.

If the economy does turn sour next year, what are we to do? The budget deficit will grow because revenues will fall as individual and corporate incomes decline and spending will increase as welfare and unemployment programs automatically expand. Can we stimulate the economy further by cutting taxes or creating new programs? Can we risk running a $300 or even a $400 billion deficit?

Can we attempt to stimulate the economy by having the money supply grow at 15 or even 20 percent a year? Would this not trigger another round of runaway inflation?

Mr. President, we have squandered our most important macroeconomic remedies for recession long before they were needed. Sadly, the present situation is akin to a scene in a Western movie where the good guys waste all their bullets long before the bad guys ride into view. Unfortunately, in the real world of economics there will be no cavalry riding over the hill to save us.

THE WORLD'S LEADING NAZI HUNTERS

Mr. PROXMIRE. Mr. President, this winter the world will focus its attention on the resumption of the trial of Klaus Barbie. Except for the efforts of Serge and Beate Klarsfeld, Barbie might well have gone untried in a court of law. The Klarsfelds have made his capture the object of a 12-year-long obsession.

Serge Klarsfeld's father was killed at Auschwitz. Beate knew little about the Holocaust until she met Serge in 1960. But together they have sought to bring to justice Nazi war criminals that have remained previously unpros-

ecuted. The Klarsfelds are professional Nazi war hunters.

Their tenacity and single-minded effort has brought several Nazi war criminals to justice. They have aided in the imprisonment of Nazis collectively responsible for tens of thousands of genocidal deaths.

The Klarsfelds search for justice will be greatly benefited by the ratification of the Genocide Convention. As a declaration of the moral and legal atrociousness of genocide, the convention can do nothing but further their campaign.

Their determination convinces me that ratification of the Genocide Convention is all the more urgent. Their vigilance inspires me to each day before this body, ask for the immediate consideration of this convention.

We have seen this convention return six times from the Committee on Foreign Relations with favorable recommendations. But since being transmitted to the Senate by President Truman in 1949, the Senate has turned it away unratified. We cannot continue to refuse its approval without jeopardizing progress toward the betterment of human justice.

It is not yet too late. Let us take this immediate opportunity to ratify the Genocide Convention. By doing so, we can join the Klarsfelds in their urgent pursuit of justice.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under previous order there will now be a period for the transaction of routine morning business for not to extend beyond the hour of 10 a.m. with statements therein limited to 5 minutes each.

The Senator from Rhode Island is recognized.

THE COMMUNITY AND FAMILY LIVING AMENDMENTS OF 1985

Mr. CHAFEE. Mr. President, many of my colleagues in the Senate have been receiving large quantities of mail about my bill, S. 873—the Community and Family Living Amendments of 1985.

A great deal of this mail is from the parents of disabled individuals who live in institutions. Many of us have been wondering why parents who have decided to keep their disabled children at home have not been writing in as great a number.

I shall take a moment to read a copy of a letter I received written to Senator LEVIN from a mother who lives in West Bloomfield, MI. This letter tells an all too common story which I think my colleagues in the Senate need to hear.

As the mother of a severely mentally impaired 14-year-old boy, I urge passage of Senate bill 873—legislation that would provide for more community based services for mentally retarded citizens.

I understand that there has been quite a bit of mail against passage of this bill. Much of this opposition comes, I believe, from parents with children in institutions.

If there has been less mail from those of us who care for our handicapped children at home, it is not because we do not passionately care about the issue. You and other legislators may not have heard from us for some or all of the following:

First, parents who care for their disabled children at home are putting in very long hours. Subtracting the 6 hours a day my son is in school and the 8 hours he is asleep, I, for example, spend 10 hours a day caring for him. On weekends it's 16 hours a day. That's 82 hours a week—no holidays off.

Second, in addition to this 82-hour workweek, many of us have other children to care for. Those of us who are single parents may have to squeeze in another job on top of that. There is little time or energy to write our representatives in Congress.

Third, another reason some of us caretaker parents don't write is that we fear any request for help will be interpreted as a complaint against our handicapped child. Many of us have been criticized or warned about the difficulties of caring for our children ourselves. We feel that since we've chosen to do so we should keep our mouths shut as times get tough—and they get very tough as our children get older.

Fourth, on the other hand, some of us don't write for help because we've been told so often how wonderful we are for being such terrific parents that we are embarrassed to say we can't do it alone. Not one of us who is caring for a disabled child was born with a saintliness gene. We are no better, stronger, or kinder than your average run-of-the-mill mortal. We've simply had to draw on every ounce of strength, patience and resourcefulness we have to make it from day to day—and sometimes that's not enough.

We caretaker parents really do need help—desperately. Specifically, here are some of the services that should be available: Convenient, accessible respite care center; recreation programs so our kids can swim, play and socialize the way other kids do; summer camps that everyone can afford so families can sometimes take real vacations; day care for those of us whose college educations and skills have lain fallow for years might have paid careers if we choose a sufficient number of small well-run group homes to accommodate all of our children when they become adults to live among their fellow humans as independently as possible.

As difficult as our lives often are, we know that by making room for our handicapped children in our homes and in our lives we have done what is best for them and for us because we see that they can be a part of the main—of all of us.

I know that some parents simply cannot care for their own disabled children. If more community services were available many of these parents could keep their children at home or at least be willing to try.

Please vote for and work for passage of Senate bill 873. Passage of this legislation will mean our children's lives will be expanded and we the parents will find our own lives partly our own again.

Thank you for your time and interest.

This letter explains in stark personal terms what my bill is all about and what it means to parents of disabled children, but there are other, equally compelling personal stories. I would like to take a moment to relate one more such example.

On July 29, 1985, I held a hearing in Rhode Island on community based care. Ms. Anne Paquette testified at that hearing about her two sons John and Joshua. John and Joshua are twins with severely disabling conditions.

Ms. Paquette is a single parent who has cared for her sons at home since their birth. She testified about her life with John and Joshua. Clearly, she is reaching the point where she cannot remain healthy and care for the boys at home unassisted. Yet, Ms. Paquette is vehemently opposed to their placement in an institution.

I asked Ms. Paquette what the Federal Government could do for her. Listen to this modest request. Here is a woman who is caring not only for one but two severely disabled children at home. And if you could have heard that testimony, you would have stood in awe at how she managed to do it. This is what she asked for; 2 weekends a month and 2 weeks a year of respite care for these children would enable her to remain healthy and, consequently, keep her boys with her at home. What a modest request—yet the State cannot provide that service to her under the Medicare Program.

For all practical purposes, Medicare is the sole Federal program which provides States with funding for long-term care services for the disabled. At present, about 45 percent of total Medicaid expenditures are for long-term care services.

Federal Medicaid funds flow primarily toward large facilities. The reason for this has more to do with what Medicaid will pay for than what system of care is best. Since 1977, less than 20 percent of our ICF/MR dollars—is for intermediate care facilities for the mentally retarded—have gone to support persons with mental retardation development disabilities in the community—less than 20 percent to keep them in the community—80 perdent has been spent to house people in institutions.

For the Paquette family, this rather dry description of the Medicaid Program translates into a very human and wrenching situation: We can continue current policy—rip the Paquette family apart, refuse to pay for 2 weeks and 2 weekends a month of respite care, and those children will go into an institution where it will cost $40,000 a year for each child. We can either do that or we can help them remain together as a family at the modest cost of providing respite care to Ms. Paquette. It seems to me that no more eloquent statement about the inadequacy of the Government's policy direction can be made.

It is precisely because of the situation illustrated by Ms. Paquette's testimony and the letter I shared with you, that I introduced S. 873.

The concept of this legislation, which I intend to pursue until it is passed by Congress and signed into law, is simple: It advocates a shift in the current Medicaid policy to place the emphasis on community-based care—group homes, individual apartments, foster care, and in home support. This shift in emphasis is accomplished by requiring that the bulk of Medicaid funds be spent not for institutional care but for community services. Let these children and other disabled individuals stay in the community where their families can keep them at home, if possible; if not, in community-based homes where the individual will rise to his or her greatest potential.

I urge my colleagues in the Senate to join me in this effort to enhance the lives of disabled individuals and their families.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

H.R. 3608 HELD AT THE DESK

Mr. DOLE. Mr. President, I ask unanimous consent that H.R. 3608, a bill to amend the Small Business Investment Act of 1985, which was passed by the House today, be held at the desk pending further disposition.

The PRESIDING OFFICER. Without objection, it is so ordered.

FEDERAL RETIREMENT REFORM ACT OF 1985

Mr. DOLE. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on H.R. 2672.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the House disagree to the amendments of the Senate to the bill (H.R. 2672) entitled "An Act to redesignate the New York International and Bulk Mail Center in Jersey City, New Jersey, as the 'New Jersey International and Bulk Mail Center', and to honor the memory of a former postal employee by dedicating a portion of a street at the New York International and Bulk Mail Center in Jersey City, New Jersey, as 'Michael McDermott Place'", and ask a conference with the Senate on the disagreeing votes of the two Houses thereon.

Ordered, That the following are appointed as conferees:

From the Committee on Post Office and Civil Service, for consideration of all matters: Mr. Ford of Michigan, Mr. Clay, Ms. Oakar, Mr. Taylor, and Mr. Myers of Indiana.

Appointed as additional conferees, for consideration of Senate amendment numbered 3:

From the Permanent Select Committee on Intelligence, solely for the consideration of title IV, and modifications thereof committed to conference: Mr. Hamilton, Mr. Stokes, Mr. Beilenson, Mr. Stump, and Mr. Ireland.

From the Committee on Foreign Affairs, solely for the consideration of title V, and modifications thereof committed to conference: Mr. Mica, Mr. Kostmayer, and Ms. Snowe.

From the Committee on Ways and Means, solely for the consideration of section 101 establishing a new subchapter III of chapter 84, Thrift Savings Plan; establishing a new section 8475 in subchapter VII, transition provisions; title II; and section 305, and modifications thereof committed to conference: Mr. Rostenkowski, Mr. Russo, Mr. Stark, Mr. Archer, and Mr. Thomas of California.

Mr. DOLE. Mr. President, I move that the Senate insist on its amendments, agree to a conference, and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to, and the Chair appointed the following Senators conferees on the part of the Senate: Mr. ROTH, Mr. STEVENS, Mr. MATHIAS, Mr. EAGLETON, and Mr. GORE.

JOINT MEETING OF THE TWO HOUSES TO RECEIVE A MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate turn to House Concurrent Resolution 234 dealing with a joint session of Congress on Thursday, November 21, just received from the House of Representatives.

The PRESIDING OFFICER laid before the Senate House Concurrent Resolution 234 which was read as follows:

A concurrent resolution (H. Con. Res. 234), *Resolved by the House of Representatives (the Senate concurring)*, that the two Houses of Congress assemble in the Hall of the House of Representatives on Thursday, November 21, 1985, at 9 o'clock post meridiem, for the purpose of receiving such communication as the President of the United States shall be pleased to make to them.

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate proceed to the immediate consideration of the concurrent resolution.

The PRESIDING OFFICER (Mr. HATFIELD). Is there objection to the immediate consideration of the concurrent resolution?

There being no objection, the Senate proceeded to consider the concurrent resolution.

The PRESIDING OFFICER. The question is on agreeing to the concurrent resolution.

The concurrent resolution (H. Con. Res. 234) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the concurrent resolution was agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

THE CALENDAR

Mr. DOLE. Mr. President, I would like to inquire of the minority leader if he is in a position to pass the following calendar items: Calendar No. 394, Calendar No. 395, Calendar No. 396, Calendar No. 402, Calendar No. 408, Calendar No. 409, and Calendar No. 417.

Mr. BYRD. Mr. President, I am happy to respond to the inquiry of the distinguished majority leader.

All measures enumerated by him have been cleared on this side with the single exception of Calendar Order No. 395.

Mr. DOLE. Mr. President, I ask unanimous consent that all other times, with the exception of No. 395, be considered en bloc, passed en bloc, and that all reported committee amendments be considered agreed to.

The PRESIDING OFFICER. Without objection, it is so ordered.

TEHRAN AMERICAN SCHOOL CLAIM ACT OF 1985

The bill (S. 173) to settle and adjust the claim of the Tehran American School for $13,333.94, was considered, ordered to be engrossed for a third reading, read the third time, and passed; as follows:

Mr. DOLE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

S. 173

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Tehran American School Claim Act of 1985".

SEC. 2. The Comptroller General of the United States be, and he hereby is, authorized and directed to settle and adjust the claim of the Tehran American School for $13,333.94, which amount constitutes proceeds from the sale of three motor vehicles arranged by the United States Embassy in Tehran, Iran, in 1979. There is hereby appropriated from any money in the Treasury not otherwise appropriated such amount as may be necessary for the payment of the claim.

DAUGHTERS OF UNION VETERANS OF THE CIVIL WAR 1861-1865

The bill (H.R. 1806) to recognize the organization known as the Daughters

of Union Veterans of the Civil War 1861-1865, was considered, ordered to a third reading, read the third time, and passed.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

FEDERAL OFFENSE FOR OPERATION OF A COMMON CARRIER WHILE INTOXICATED OR UNDER THE INFLUENCE OF DRUGS

The Senate proceeded to consider the bill (S. 850) to create a Federal criminal offense for operating or directing the operation of a common carrier while intoxicated or under the influence of drugs.

Mr. THURMOND. Mr. President, I urge my colleagues to vote for final passage on S. 850, which creates a new Federal criminal offense for operating, or directing the operation of, a common carrier while intoxicated or under the influence of drugs. The penalty would be a fine of up to $10,000, or imprisonment for up to 5 years, or both.

There are currently no Federal criminal laws which specifically address the use of drugs or alcohol by persons while they are operating, or directing the operation of, common carriers.

Recent figures released by the Department of Transportation reveal that since 1975, 48 train accidents have occurred due to employees impaired by drugs or alcohol. These accidents have claimed the lives of 38 people; caused at least 80 injuries; and, destroyed more than 34 million dollars' worth of property. According to Department of Transportation officials, this is only the tip of the iceberg—the problem being far more widespread and serious than the statistics indicate.

Mr. President, I firmly believe that Federal criminal sanctions are necessary and proper to address this situation. This legislation should prove to be an effective deterrent and reflects a common understanding throughout our Nation that driving while under the influence of drugs or alcohol will not be tolerated. Federal action to make it a criminal offense for this type of inexcusable activity is long overdue and I urge the Senate to support final passage of S. 850.

The bill was considered ordered to be engrossed for a third reading, read the third time, and passed; as follows:

S. 850

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) part I of title 18, United States Code, is amended by inserting after chapter 17 the following:

"CHAPTER 17A—COMMON CARRIER OPERATION UNDER THE INFLUENCE OF ALCOHOL OR DRUGS

"341. Definitions.
"342. Operation of a common carrier under the influence of alcohol or drugs.
"343. Presumptions.

"§ 341. Definitions.

"As used in this chapter the term 'common carrier' means a rail carrier, a sleeping car carrier, a bus transporting passengers in interstate commerce, a water common carrier, and an air common carrier.

"§ 342. Operation of a common carrier under the influence of alcohol or drugs

"Whoever operates or directs the operation of a common carrier while under the influence of alcohol or drugs, shall be imprisoned not more than five years or fined not more than $10,000, or both.

"§ 343. Presumptions

"For purposes of this chapter—

"(1) an individual with a blood alcohol content of .10 or more shall be conclusively presumed to be under the influence of alcohol; and

"(2) an individual shall be conclusively presumed to be under the influence of drugs if the quantity of the drug in the system of the individual would be sufficient to affect the perception, mental processes, or motor functions of the average individual.".

(b) The table of chapters for part I of title 18, United States Code, is amended by adding after the item for chapter 17 the following:

"17A. Common Carrier Operation Under the Influence of Alcohol or Drugs ..... 341".

Mr. DOLE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

INTERNATIONAL SPACE YEAR IN 1992

The Senate proceeded to consider the joint resolution (S.J. Res. 177) relating to an International Space Year in 1992, which had been reported from the Committee on Foreign Relations, with an amendment to strike out all after the enacting clause, and insert the following:

Whereas the year 1992 is the five hundredth anniversary of the discovery of America by Christopher Columbus;

Whereas Spain will commemorate the discovery of America by launching an Hispanic communications satellite in 1992;

Whereas 1992 is the thirty-fifth anniversary of the International Geophysical Year (hereafter in this joint resolution referred to as "IGY"), when the first artificial satellites were launched, thus marking the beginning of the space age;

Whereas an International Geosphere/Biosphere Program is planned for the early 1990's as a sequel to the IGY, but its space activities will be limited to Earth observation;

Whereas space exploration has made enormous strides since the IGY and deserves concerted worldwide commemorative recognition and engagement as well;

Whereas an International Space Year in 1992 could help maximize budgetary efficency and scientific gain;

Whereas the United States has already established itself as the world leader in international cooperation in space; and

Whereas 1992 appears to be ideally suited for such recognition and engagement: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) it is the sense of the Congress that the President should—

(1) endorse the concept of an International Space Year (hereafter in this joint resolution referred to as "ISY") for 1992;

(2) consider the possibility of discussing an ISY with other foreign leaders;

(3) direct the Administrator of the National Aeronautics and Space Administration (NASA), in association with other relevant public and private agencies, to initiate interagency and international discussions that explore the opportunities for an ISY in 1992; and

(4) submit to the Congress at the earliest practicable date, but no later than May 1, 1986, a report detailing the steps taken in carrying out paragraphs (1), (2), and (3).

(b) Discussions referred to in subsection (a)(3) should address possible missions, research, and educational activities of an international character, including the possibility of incorporating already planned events into an ISY framework.

The amendment was agreed to.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

The amendment to the preamble was agreed to.

The preamble, as amended, was agreed to.

The joint resolution, as amended, and the preamble as amended; are as follows:

S.J. RES. 177

Whereas the year 1992 is the five hundredth anniversary of the discovery of America by Christopher Columbus;

Whereas Spain will commemorate the discovery of America by launching an Hispanic communications satellite in 1992;

Whereas 1992 is the thirty-fifth anniversary of the International Geophysical Year (hereafter in this joint resolution referred to as "IGY"), when the first artificial satellites were launched, thus marking the beginning of the space age;

Whereas an International Geosphere/Biosphere Program is planned for the early 1990's as a sequel to the IGY, but its space activities will be limited to Earth observation;

Whereas space exploration has made enormous strides since the IGY and deserves concerted worldwide commemorative recognition and engagement as well;

Whereas an International Space Year in 1992 could help maximize budgetary efficiency and scientific gain;

Whereas the United States has already established itself as the world leader in international cooperation in space; and

Whereas 1992 appears to be ideally suited for such recognition and engagement: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

That (a) it is the sense of the Congress that the President should—

(1) endorse the concept of an International Space Year (hereafter in this joint resolution referred to as "ISY") for 1992;

(2) consider the possibility of discussing an ISY with other foreign leaders;

(3) direct the Administrator of the National Aeronautics and Space Administration (NASA), is association with other relevant public and private agencies, to initiate interagency and international discussions that explore the opportunities for an ISY in 1992; and

(4) submit to the Congress at the earliest practicable date, but no later than May 1, 1986, a report detailing the steps taken in carrying out paragraphs (1), (2), and (3).

(b) Discussions referred to in subsection (a)(3) should address possible missions, research, and educational activities of an international character, including the possibility of incorporating already planned events into an ISY framework.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

APPROVAL AND IMPLEMENTATION OF A NUCLEAR COOPERATION AGREEMENT BETWEEN THE UNITED STATES AND THE PEOPLE'S REPUBLIC OF CHINA

The joint resolution (S.J. Res. 238) relating to the approval and implementation of the proposed agreement for nuclear cooperation between the United States and the People's Republic of China was considered, ordered to be engrossed for a third reading, read the third time and passed; as follows:

S.J. RES. 238

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That (a)(1) the Congress does favor the Agreement for Cooperation Between the Government of the United States of America and the Government of the People's Republic of China Concerning Peaceful Uses of Nuclear Energy, done on July 23, 1985 (hereafter in this joint resolution referred to as the "Agreement").

(2) Notwithstanding section 123 of the Atomic Energy Act of 1954, the Agreement becomes effective in accordance with the provisions of this joint resolution and other applicable provisions of law.

(b) Notwithstanding any other provision of law or any international agreement, no license may be issued for export to the People's Republic of China of any nuclear material, facilities, or components subject to the Agreement, and no approval for the transfer or retransfer to the People's Republic of China of any nuclear material, facilities, or components subject to the Agreement shall be given—

(1) until the expiration of a period of thirty days of continuous session of Congress after the President has certified to the Congress that—

(A) the reciprocal arrangements made pursuant to Article 8 of the Agreement have been designed to be effective in ensuring that any nuclear materials, facilities, or components provided under the Agreement shall be utilized solely for intended peaceful purposes as set forth in the Agreement;

(B) the Government of the People's Republic of China has provided additional information concerning its nuclear nonproliferation policies and that, based on this and all other information available to the United States Government, the People's Republic of China is not in violation of paragraph (2) of section 129 of the Atomic Energy Act of 1954; and

(C) the obligation to consider favorably a request to carry out activities described in Article 5(2) of the Agreement shall not prejudice the decision of the United States to approve or disapprove such a request; and

(2) until the President has submitted to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a report detailing the history and current developments in the nonproliferation policies and practices of the People's Republic of China. The report described in paragraph (2) shall be submitted in unclassified form with a classified addendum.

(c) Each proposed export pursuant to the Agreement shall be subject to United States laws and regulations in effect at the time of each such export.

(d) Nothing in the Agreement or this joint resolution may be construed as providing a precedent or other basis for the negotiation or renegotiation of any other agreement for nuclear cooperation.

(e) For purposes of subsection (b)—

(1) the continuity of a session of Congress is broken only by adjournment of the Congress sine die at the end of a Congress; and

(2) the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of the period indicated.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GLENN. Mr. President, Senate Joint Resolution 238, the so-called compromise resolution approving the Agreement for Nuclear Cooperation between the United States and People's Republic of China was passed by voice vote on the floor of the Senate earlier today. Because of my deep involvement with the United States/China agreement, including the fact that I have a bill, S. 1754, the Sino/American Nuclear Verification Act, presently pending in the Senate upon which the compromise was partly based, I wish to comment on Senate Joint Resolution 238 with respect to its content and the differences between it and my legislation.

When I introduced my legislation on October 9, 1985, I identified four major problems with the United States/China nuclear agreement.

First, the agreement provides for no safeguards against the misuse of United States nuclear exports to China, making this the first nuclear power agreement signed by the United States since the international safeguards system of the IAEA began, that calls for no safeguards.

Second, the agreement was accompanied by no public, detailed, written statement by China describing its nuclear nonproliferation policies, despite the fact that all other weapon states and the 125 nonweapon states that have signed the NPT have, in effect, issued such statements.

Third, the language of the agreement might be interpreted by the Chinese to bias in their favor the exercise of United States consent rights on production of weapons-useable materials by China using United States exported nuclear materials or equipment.

Fourth, the language of the agreement might be interpreted by the Chinese to supersede future United States export laws and regulations.

In my view the aforementioned deficiencies undermine the international nonproliferation regime and have the potential for causing serious disagreement in the future that will be damaging to United States/China relations. As a result of this view, on October 9, 1985, I introduced S. 1754 to deal with these problems.

S. 1754 requires no rejection of the agreement and requires no change in the language of the agreement. Instead, the bill relies on the agreement's provision for further diplomatic discussions with the Chinese on verification of peaceful uses to ensure, via Presidential certification, that the four problems that I have identified have been dealt with. In particular, the President would have to certify that:

First, international safeguards or their equivalent will apply to United States nuclear exports to China.

Second, China has provided a public, detailed, written statement of its nonproliferation policies.

Third, China agrees with the State Department's interpretation of the agreement's provisions on United States consent rights.

Fourth, China agrees with the State Department's interpretation of the agreement's provisions on the applicability of future United States export laws and regulations.

In my view, the required certification in S. 1754 are reasonable and prudent. We should recall that:

First. Until 1984, it was China's announced policy to favor proliferation, and there have been many disturbing stories in the press regarding unsafeguarded Chinese nuclear exports to nations with suspicious nuclear intentions.

Second, within months after the United States signed a high-technology export agreement with China in 1984, a number of indictments were handed down concerning the smuggling of militarily sensitive electronic

equipment from the United States to China. Some of this equipment is believed by U.S. authorities to be for nuclear applications.

Now, how does the compromise resolution, Senate Joint Resolution 238, differ from S. 1754 in dealing with the concerns that I raised originally about the agreement? The compromise resolution, while approving the agreement, does follow S. 1754 in form, that is, there are Presidential certifications required that deal with the four issues that are troublesome in the agreement. Unfortunately, however, while the resolution follows the form, it is sadly lacking in substance. In particular, Senate Joint Resolution 238:

First, does not require safeguards on United States exports, but simply requires that the President certify that the reciprocal arrangements with the Chinese on verification will be effective in ensuring peaceful uses.

Second, does not require that China provide a public, detailed, written statement of its nonproliferation policies, but simply requires that China provide additional information and that this information and all other available information not put the Chinese in violation of present United States nonproliferation laws. It is not made clear what the form or content of this additional information, might be.

Third, does not require a Chinese interpretation of the agreement's language on consent rights but restates a unilateral United States interpretation of such language.

Fourth, does not require a Chinese interpretation of the agreement's language on the future applicability of United States export laws and regulations, but simply restates the United States interpretation of such language.

Mr. President, these are not the only areas where Senate Joint Resolution 238 differs from S. 1754. It is important to note that S. 1754 would not have allowed any transfers of nuclear technology to the PRC under CFR part 810 until the appropriate residential certifications were made. Senate Joint Resolution 238, on the other hand, allows such certifications to be made even before the agreement goes into effect. So far this year, DOE has already approved 19 authorizations for nuclear technology transfers to China, without any congressional review. This may not be illegal, but in my view, it is improper.

Now, what do these differences between Senate Joint Resolution 238 and S. 1754 really mean?

Mr. President, I do not want to say that it is not useful to have the Congress pass a resolution that raises the visibility of the U.S. interpretation of parts of the agreement. But I will point out that some years ago, the United States made perfectly clear to India our interpretation of agreement language on the sale of heavy water to India and on the reprocessing of spent nuclear fuel at the United States exported nuclear reactors at Tarapur. Nonetheless, India had a different interpretation of the language in those agreements and as a result United States material was used in the production of India's nuclear device, and India still claims that it is free to extract plutonium from any spent fuel in the United States exported reactors at Tarapur.

I also think it is useful for the compromise resolution to require the Chinese to provide us with additional information, but I will only point out that the President is under obligation under section 129 of the Atomic Energy Act to prevent any nuclear exports from going to China if indeed there is any information showing that China is in violation of that section. Therefore, this part of the compromise resolution does little more than restate existing law.

But, Mr. President, the place where the compromise really falls down, in my view, is in the area of safeguards. Let us make no mistake about this. If the reciprocal arrangements which are negotiated between the United States and China do not provide for the equivalent of international safeguards, and yet the President ends up certifying that the arrangements are effective in ensuring peaceful uses, then the message we will be sending to the entire world is that the IAEA system of safeguards is more intrusive than it needs to be in order to detect or prevent misuse of peaceful nuclear materials and facilities. The statement in the compromise resolution that the United States/China agreement is not to be a precedent for future agreements does not mitigate this bold and alarming step backward in the United States support for the international nonproliferation regime. Moreover, there is no reason for the Congress or for the administration to be so timid on this issue. China has already said that it will make a voluntary offer to the IAEA regarding safeguards on some facilities in China. China has also signed nuclear agreements with Japan, Argentina, and Brazil providing for safeguards on any nuclear equipment or facilities exported to China by those countries. There is no reason why this compromise should not have contained a provision which would simply have said to the Chinese and to our own negotiators that the reciprocal arrangements on verification should take the Chinese offer and extend it so that safeguards would be attached to any United States nuclear exports to China. Perhaps we will be fortunate. Perhaps the Chinese will see that it is in their interest to allow safeguards to be attached to any United States nuclear exports to China. Perhaps our negotiators will realize the damage that we will end up doing to the international nonproliferation regime by not insisting on the equivalent of such safeguards in order to verify peaceful uses of our exported materials and equipment. If so, then perhaps the reciprocal arrangements will end up being what they ought to be—the equivalent of IAEA safeguards. But I cannot help but register my dismay that the compromise did not contain a clear instruction that this result should be attained.

As far as amending Senate Joint Resolution 238 is concerned, I am a political realist Mr. President. The United States-China nuclear agreement will go into effect around December 8, even if the Congress takes no action whatsoever on it. It has been made obvious to me that attempts to strengthen the compromise resolution may result in no action whatsoever. In that case the four issues that I felt needed to be addressed in the agreement might not be addressed at all. I would certainly prefer to have the compromise resolution, flawed as it is, than to have nothing. Accordingly, I do not oppose a straight up-or-down vote on it. No one will be more pleased than I if it turns out that an amendment was not necessary. But I cannot be true to my own principles if I were to pretend that we have dealt with the United States/China agreement in a way that fully protects United States nonproliferation interests and national security.

ACCEPTANCE OF TITLE TO THE MISSISSIPPI TECHNOLOGY TRANSFER CENTER

The Senate proceeded to consider the bill (H.R. 3235) to authorize the Administrator of the National Aeronautics and Space Administration to accept title to the Mississippi Technology Transfer Center to be constructed by the State of Mississippi at the National Space Technologies laboratories in Hancock County, MS.

Mr. GORTON. Mr. President, I ask the support of my colleagues for H.R. 3235, the Mississippi Technology Transfer Center Act of 1985. The purpose of this bill is to authorize the National Aeronautics and Space Administration [NASA] to accept title to a building, the "Mississippi Technology Transfer Center," that will be constructed with $4 million of funds that have been appropriated by the State of Mississippi. The facility's proposed construction site is at NASA's National Space Technology Laboratory [NSTL] in Hancock County, MS.

The reason that this legislation is necessary is that, under its Organic Act, NASA can accept only unconditional gifts. As a condition for the expenditures of the $4 million for this

facility, the Mississippi Appropriations Act has specified that NASA must exercise control and responsibility for the facility throughout the lifetime of the facility, at no cost to the State of Mississippi.

Mr. President, this facility will provide for a newly funded NASA Center for Commercial Development of Space. This Center will focus on remote sensing technologies that could have near-term commercial applications, and since there already is a significant amount of remote sensing research being conducted at NSTL, the Center and the facility will have a synergistic effect on this ongoing research and will enhance our Federal research and development investments.

NASA will rent out the remainder of the facility that is not occupied by the State of Mississippi, NASA, and NASA contractors. It is expected that the lease payments and user fees will closely approximate the annual operations and maintenance costs, which CBO has estimated to be $66,000. Therefore, any costs to the Federal Government to operate and maintain this facility will be minimal, at most.

Mr. President, the House passed this bill on October 28. Similar legislation enabling the transfer of this facility was included in the HUD-Independent Agencies appropriations bill (H.R. 3038), which the Senate approved on October 18, and on November 14, the Senate Committee on Commerce, Science, and Transportation approved H.R. 3235. Since the transfer of this facility is expected to occur, Senate approval of H.R. 3235 is necessary to establish the appropriate authority for this transfer.

Mr. President, I ask my colleagues to accept this bill by unanimous consent, which will provide an excellent example of Government, industry, and academia working together to further our Nation's scientific and technological capabilities. In addition, approval of this bill will send a positive signal that just such a working relationship is an efficient and economical way to maintain our Nation's leadership in the commercial development of space.

Mr. HOLLINGS. Mr. President, I support H.R. 3235, the Mississippi Technology Transfer Center Act and the efforts of the distinguished senior Senator from Mississippi in getting this measure adopted.

I also compliment the State of Mississippi for its commitment to the Center and for its efforts to improve the research, development, and technology base of the State.

I think this H.R. 3235 is a tribute to Senator STENNIS, who has worked so hard and continues to work hard to improve the economic well-being of his State. And, I ask that my colleagues approve this measure and send it to the President for his signature.

Mr. RIEGLE. Mr. President, I rise in support of H.R. 3235, the Mississippi Technology Transfer Center Act, and ask that my colleagues support this measure and send it to the President for his signature.

Mr. President, I also would like to compliment my friend, the distinguished senior Senator from Mississippi, for his dogged pursuit of this legislation and for his continued efforts to improve the State of Mississippi's technology base. Without the active support of the senior Senator from Mississippi, it is quite certain the legislation required to transfer this Center to NASA would not have been approved.

Mr. President, I believe this Center, which will house, among other entities, the recently approved NASA Commercial Center of Excellence in Remote Sensing, is of mutual benefit to NASA and the State of Mississippi. I also believe it is of benefit to the Nation since it will further enhance our competitive posture. Mr. President, I support this measure and ask my colleagues to join me.

The bill was considered, ordered to a third reading, read the third time, and passed.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

INTELLIGENCE AUTHORIZATION, FISCAL YEAR 1986—CONFERENCE REPORT

Mr. DOLE. Mr. President I submit a report of the committee of conference on H.R. 2419 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The bill clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2419) to authorize appropriations for fiscal year 1986 for intelligence and intelligence-related activities of the United States Government, the Intelligence Community Staff, and the Central Intelligence Agency Retirement and Disability System, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of November 14, 1985.)

Mr. DURENBERGER. Mr. President, I am pleased to place before the Senate, the conference report on the fiscal year 1986 intelligence authorization. While the specific details pertaining to the activities authorized by this act and the dollar amounts for such activities cannot be discussed in public, the annual authorization bill provides concrete evidence to the public that Congress is performing its oversight responsibilities and that the Nation's intelligence activities are being conducted in accordance with the law. I am pleased to note that Congress has enacted intelligence authorizations for every year beginning with fiscal year 1979, further evidence that Congress takes these responsibilities seriously.

The intelligence authorization bill is the principal means by which Congress directly impacts the Nation's intelligence programs. The conference report and the joint explanatory statement of the committee of conference sets forth the agreement reached on all legislative issues. In addition, the classified annex to the joint statement sets forth in detail the specific recommendations of the conference committee on all matters of difference between the two Houses relative to classified programs. This classified annex is available for review by all Members.

Together, these documents fully explain the legislation now before the Senate. I want to take a few moments, however, to discuss two very significant agreements worked out by the conferees and incorporated in the fiscal year 1986 Intelligence Authorization Act.

First, the legislation will require the Director of Central Intelligence to accompany the fiscal year 1987 National Foreign Intelligence Program budget with a document which sets forth a national intelligence strategy for the United States.

The national intelligence strategy is to be a blueprint for the intelligence community. In the national intelligence strategy, the Director of Central Intelligence will state the missions to which the intelligence community has committed itself, and the priority that the community has assigned to each mission. It will describe the resources that would ideally be required to carry out these missions, as well as the DCI's actual program for meeting those commitments within the real-world constraints of a limited budget.

Mr. President, the committee believes that the development of a national intelligence strategy may be the most significant event for the future of the U.S. intelligence community since the passage of the National Security Act of 1947. This will be the first time that the country's foreign policy goals and national security will be directly and formally linked to the intelligence program that is necessary to support them. The development of the national intelligence strategy will also signify the first time in which our intelligence priorities will be established by the consumer of intelligence

in a systematic description of the national foreign intelligence strategy.

The purpose of the national intelligence strategy is to serve both the intelligence producer and the intelligence consumer.

For the intelligence producer, the national intelligence strategy will be a planning tool—a device through which the intelligence community will be able to establish order over the competing demands that it must face in the future. The select committee is aware that the Director of Central Intelligence has headed an extensive planning process of his own for many years. Yet, there has never been a focal point at which the DCI has been able to bring the many parts of the intelligence community together and measure them against the country's foreign policy goals. The national intelligence strategy is intended to be that focal point.

For the intelligence consumer, the national intelligence strategy will reveal how the intelligence community plans to meet his intelligence needs—or even whether these needs are being considered within the current U.S. Intelligence Program. Up until now, there has been no clear connection between an intelligence requirement levied by an intelligence consumer and the response of the intelligence community to that requirement. The national intelligence strategy will express that response.

Finally, for the Senate and the members of the select committee, the national intelligence strategy will be a much needed tool for executing our oversight responsibilities. For many years, members of the select committee—and our colleagues in oversight, the members of the House Permanent Select Committee—have observed that even though the intelligence community is usually forthcoming when it is asked for specific information concerning particular programs, rarely, if ever, is Congress told how these individual pieces fit together. Senate Resolution 400, the charter of the select committee, charges the committee "to assure that the appropriate departments and agencies of the United States provide informed and timely intelligence necessary for the executive and legislative branches to make sound decisions affecting the security and vital interests of the Nation." The national intelligence strategy will be essential to the ability of the select committee to carry out this mission.

The members of the select committee appreciate that the development of a national intelligence strategy is an ambitious enterprise that will require several years to mature. We are gratified that, from the beginning, the Director of Central Intelligence has indicated his support for the national intelligence strategy. Because of his commitment and his belief that such planning is indispensable for meeting this Nation's intelligence needs, the committee has been informed that the DCI will have his first draft of a strategy by the time the intelligence community presents its budget proposals in January 1986. This will be the first time the National Foreign Intelligence Program will have been developed with such a comprehensive rationale, and the committee is thankful for the DCI's providing such wholehearted support.

The members of the committee understands the magnitude of the task that developing a national intelligence strategy presents. Therefore, we also understand that several years will be required before the strategy is fully incorporated into the planning procedures of the intelligence community. However, we also believe that it is absolutely essential that we begin this process now.

Mr. President, the challenges facing the intelligence community today are greater than any in the postwar era. Simply put, today's intelligence missions are tougher.

In the hearings the select committee held in connection with the development of a national intelligence strategy, at least four critical challenges facing the intelligence community today were cited time and again.

One challenge is simply that of information. Mr. President, there is an information explosion underway today. The amount of information that the intelligence community is required to collect, analyze, and disseminate is increasing exponentially. One intelligence platform recently placed into operation by the intelligence community, for example, produces 15 times as much data as its predecessor. Similarly, the rate at which this data must be processed is rising; the typical intelligence platform now entering service produces data at twice the rate of its predecessor. And the problem is not just technical; the human intelligence that the intelligence community must process is expanding at similar rates. The ability of the intelligence community to transform this information into useful information will lead to the success—or failure—of the intelligence community in the years to come.

A second challenge facing the intelligence community, Mr. President, is the growing number of consumers that it must support. Thirty-eight years ago when the present-day intelligence community was established, the chief consumers of intelligence included just the President, a small group of advisers and Cabinet officials, the Department of State, and the military. Today, of course, this is no longer true. Today the intelligence community must not only support these consumers, but also a multitude of other executive branch agencies. Congress, too, has become a major intelligence consumer as it has been required to play a larger role in national security policy. And not only has the number of intelligence consumers grown; the range of issues about which they must be kept informed has expanded as well.

The third challenge cited by the witnesses our committee heard was the increasing difficulty of collecting intelligence. From the denial of data from missile tests to the all too apparent counterintelligence threat, it is clear that the basic task of intelligence collection will become more difficult in the years ahead. The technical and human resources necessary to meet these challenges must now be planned 10 or 15 years in advance. This planning requires a strategy.

Finally, Mr. President, a fourth challenge facing the intelligence community today is one facing the Government as a whole: tighter budgets.

The members of the select committee are well aware of the budget pressures facing the Federal Government. All of us will agree that we must reduce the massive deficits projected for the years ahead. The hard reality is that the intelligence community cannot count on the growth in resources that it has enjoyed in recent years.

Budget pressures will adversely affect the intelligence process, especially if we operate with an incomplete understanding of the relationships among requirements, capabilities, costs and performance. In austere times such as those now predicted for the upcoming years, it is imperative that the intelligence community make the most of its resources.

The committee believes, however, that these economic constraints will also present an opportunity for the intelligence community. A national intelligence strategy will not only illustrate the tough choices that will need to be made in distributing limited resources; it will also provide the intelligence community with the opportunity to demonstrate the importance of intelligence to the Nation's welfare.

Taken together, these four challenges that face the intelligence community in the immediate future are indeed formidable. Meeting them will require the Congress to continue to provide substantial resources. Yet resources are only half the equation. Without a blueprint such as the national intelligence strategy, even massive infusions of money will be ineffective in maintaining the levels of support intelligence consumers need.

Without a doubt, the most important test of strategic intelligence is whether it helps our leaders to make better policy. To meet this test, the intelligence community must make clear just what is needed to support our na-

tional security policy and how it intends to meet these requirements. This is the purpose of the national intelligence strategy.

Mr. President, I also want to mention the issue of Nicaragua, which has consumed so much of our time and attention over the past few years.

The conferees carefully considered this issue in light of congressional action subsequent to passage of fiscal year 1986 intelligence authorization bills in the House and the Senate, and in the context of the current situation in Nicaragua.

The bill contains a specific classified authorization amount for communications equipment and related training for the Nicaraguan democratic resistance. This authorization is consistent with the action taken by the Congress in the Supplemental Appropriations Act (Public Law 99-88) to allow the U.S. Government to exchange information with the Nicaraguan democratic resistance. The classified authorization is designed to ensure that an exchange of information can be accomplished without compromising U.S. intelligence sources and methods.

The effect of other action taken by the conferees with respect to the administration's original budget request relating to military or paramilitary operations in Nicaragua is to make the CIA reserve for contingencies unavailable for such purposes. Approval of a reprogramming or of a transfer will be the only way in which funds, materiel, or other assistance beyond what is authorized in section 101 of the conference report and the classified schedule referred to in section 102, as I have just described, and what may become available pursuant to section 106 of Public Law 99-88, could be provided by the intelligence agencies to the Nicaraguan democratic resistance during fiscal year 1986, to support military or paramilitary operations in Nicaragua. Section 106 of the Supplemental Appropriations Act, 1985, provides for expedited congressional consideration of a Presidential request for assistance to the Nicaraguan democratic resistance in addition to the $27 million appropriated for humanitarian assistance for the Nicaraguan democratic resistance in that act.

I want to emphasize that the conferees considered authorizing the intelligence agencies to provide transportation equipment to the Nicaraguan democratic resistance, but determined not to authorize funds for such equipment because the Nicaraguan Humanitarian Assistance Office established by Executive Order 12530 of August 29, 1985, pursuant to the International Security and Development Cooperation Act of 1985 (Public Law 99-83) and the fiscal year 1985 Supplemental Appropriations Act, already has the authority to provide transportation equipment as part of the humanitarian assistance program, and the provision of such equipment is not precluded by the definition of humanitarian assistance contained in those acts so long as no modifications are made to the equipment designed to be used to inflict serious bodily harm or death.

I also want to emphasize that under current law and the restriction contained in section 105 of this conference report, the intelligence agencies may provide advice, including intelligence and counterintelligence advice, and information, including intelligence and counterintelligence information, to the Nicaraguan democratic resistance.

Clearly, the intelligence agencies will be providing information and advice on matters of concern to the Nicaraguan democratic resistance, such as information on Sandinista capabilities, resources and intentions, and advice on matters such as effective delivery and distribution of materiel. The conferees have, however, specified that the intelligence agencies are not to engage in activities that actually amount to participation in the planning or execution of military or paramilitary operations in Nicaragua by the Nicaraguan democratic resistance, or to participation in logistics activities integral to such operations.

Section 105 does not restrict the general conduct of intelligence liaison activities related to the Nicaraguan democratic resistance, but section 105 does not permit the departments, agencies, and entities described therein to engage in the solicitation of third countries to provide funds, materiel, or other assistance to the Nicaraguan democratic resistance to support military or paramilitary operations in Nicaragua. Section 105(b)(2), however, permits the solicitation by the Department of State through diplomatic channels of third country humanitarian assistance of the same kind that the Nicaraguan Humanitarian Assistance Office is authorized to provide to the Nicaraguan democratic resistance, so long as such third country assistance is furnished from the third country's own resources, and the United States does not enter into any arrangement conditioning, expressly or impliedly, the provision of U.S. assistance to a third country on the provision of assistance by such third country to the Nicaraguan democratic resistance.

Mr. President, it is my sincere hope that this will be the last statutory restriction that the Congress will enact with regard to this matter. I think that the time has come to return the issue to the intelligence oversight process, where it really belongs.

Mr. President, I wish at this time to express my appreciation to the vice chairman of the Select Committee on Intelligence, Senator LEAHY, for his efforts in support of this legislation, which have been in the finest tradition of bipartisanship with respect to the intelligence authorization process. I also want to take note of the contribution made by the staff of the Select Committee on Intelligence, particularly our staff director, Bernie McMahon, our chief counsel, Gary Chase, our minority staff director, Eric Newsom, our minority counsel, Dan Finn, and our budget staff, led by Senior Budget Officer Keith Hall. Budget staff members John Nelson and Charlene Packard made key contributions, and support staff members Kathleen McGhee and Linda Lawson also should be mentioned.

Mr. President, I believe that the conference report on the fiscal year 1986 intelligence authorization constitutes a sound agreement. Further, it continues the well established practice of a bipartisan approach to intelligence issues within the Congress. I urge my colleagues to support this legislation.

Mr. LEAHY. Mr. President, I am pleased to join my distinguished colleague, the chairman of the Select Committee on Intelligence, in submitting to the Senate the conference report on the Intelligence Authorization Act for fiscal year 1986. This is my first opportunity as vice chairman of the committee to manage the bill which authorizes funding of all U.S. intelligence agencies, and I do so with great pride.

We have come to the Senate with a good bill, one that provides sufficient funding for the Nation's intelligence agencies. In a time of budgetary difficulties, we have made reasonable economies in intelligence. In my view, when defense expenditure is under great pressure, as is certainly the case now, it is all the more important that we not cut into the muscle of U.S. intelligence. The superb intelligences capabilities this Nation possesses are not of our greatest advantages—a "great equalizer."

The joint explanatory statement of the committee of conference is quite clear in describing the actions of the conferees and the meaning of the provisions in the act. The chairman has added his own commentary and I do not want to take the Senate's time in repeating his various points.

However, Mr. President, this bill contains provisions and report language relating to United States support for the insurgents fighting against the Government of Nicaragua. On September 26, when the Senate was considering the bill reported by our committee, I offered certain assurances to Senators on my side of the aisle who wished to offer amendments which, in my judgment at the time, could have provoked a time-consuming and futile debate over the issue of aid to the Contras. I shared and still share their opposition to the administra-

tion's policy of supporting the Contra insurgency instead of seeking a negotiated political settlement with Nicaragua. I have repeatedly stated my opposition to that approach and the reasons for my opposition.

However, the issue of whether and how the United States would aid the Contras has been debated, voted on and settled by the Congress on the Supplemental Appropriations Act of 1985. At that time, Congress rejected the provision of lethal support to the Contras, while permitting "humanitarian assistance" to them. The CIA, Defense Department, and other intelligence agencies and entities of the U.S. Government were ruled out as a means for providing this so-called humanitarian assistance.

I opposed this approach, just as I opposed the former "covert" paramilitary assistance program which caused such serious harm to the CIA. Tying ourselves to the Contras is, I am convinced, harming U.S. foreign policy goals of stability and peaceful reform in Central America. Nevertheless, a majority of Congress supported this new humanitarian aid program. My goal has been to ensure that the limitations on that program are fully respected and adhered to by the executive branch.

My assurances last September did dissuade certain Senators from offering amendments aimed at blocking any renewal of military or paramilitary assistance. Frankly, I believed we opponents would again lose such a vote, possibly encouraging some in the administration to think revival of a covert paramilitary program might be possible. My friends agreed with that judgment. In private discussions and openly on the floor, I assured those Senators that the only program authorized by the Congress is the $27 million in so-called "humanitarian assistance," and that this bill contained nothing contrary to that. Further, I said that I would ensure that any new covert paramilitary plan submitted by the administration would be subject to full congressional consideration, in secret session if necessary.

My intention in the conference with the House was to honor fully those assurances. This conference report accords completely with the commitments I made to Senators in persuading them not offer their amendments to this bill last September.

Let me spell out clearly how this is so. The revised section 105 of the authorization provides that any military or paramilitary assistance can be authorized only as provided in section 101 of the act. There is no other statutory basis for a new program of military or paramilitary assistance other than what is provided for here. Section 101 permits only that a limited amount of communications equipment and training may be given to the Contras outside the $27 million humanitarian aid program. As the joint explanatory statement indicates, the conferees authorized this limited amount of communications equipment so that the exchange of intelligence information allowed by the 1985 supplemental appropriation "can be accomplished without compromising U.S. intelligence sources and methods." In other words, Mr. President, if Congress is determined to allow the United States to provide certain kinds of intelligence information to the Contras, I and those who share my views at least want that information to be passed in a secure manner that protects our own sources and methods from compromise.

Section 401 of the Intelligence Authorization Act amends the National Security Act of 1947 to prohibit the availability of funds for any intelligence activity for which Congress had denied funds. This is to prevent the administration from simply drawing on the contigency reserve to support intelligence activities for which Congress has denied funds. Therefore, since Congress has denied funds for a program of military or paramilitary assistance to the Contras, the administration may not seek to revive that program or some version of it and finance it through a withdrawal from the contingency reserve. Had we not taken that authority from the administration, it could have come forward with a new or amended covert paramilitary program and merely notified the necessary committees of Congress. Those committees would have had no power to disapprove such a program. However, the joint explanatory statement specifically states that the contingency reserve is not available for such an action by the administration.

Mr. President, what this means is that if the administration wants to initiate a program of military or paramilitary support to the Contras, it must do so in one of three ways, each of which is subject to disapproval by the legislative branch: It can submit a supplemental appropriation, subject to a vote by both Houses; it can seek committee approval of an interagency transfer; or it can propose a reprogramming of funds from one intelligence activity to another, again a procedure subject to disapproval by any one of the several committees who review the reprogramming request.

The conference committee also ruled out solicitation of lethal assistance from third countries by the CIA or other intelligence agencies of the U.S. Government for the Contras. We did not want to leave a loophole for agencies of the executive branch to seek to do through third countries what Congress had prohibited the United States from doing. However, though I am not happy with this, the conference recognized the right of the State Department to seek nonlethal assistance of the same type that the executive branch itself is authorized to provide. However, the State Department may not condition any United States foreign aid or any other type of assistance to a third country on its willingness to provide nonlethal assistance to the Contras.

The conference also discussed the question of allowing the CIA or other intelligence agencies to provide certain kinds of transportation equipment to the Contras. Again, the conference decided to prohibit such an activity by the intelligence agency or to authorize funds for that purpose, even if the equipment could not be used "to inflict serious bodily harm or death." However, the conferees did recognize that such transportation equipment could be provided by the Nicaraguan Humanitarian Assistance Office as part of the $27 million program approved by Congress in the supplemental appropriation, so long as the equipment is not modified for lethal use.

Once again, Mr. President, I cannot support any type of aid to the Contras, but I recognize that Congress has decided otherwise. My purpose in this conference was to avoid opening any other avenues for the administration to assist the Contras other than the specific humanitarian aid program approved and funded by Congress in the supplemental appropriation for fiscal year 1985. This provision contributes to that objective.

Title VI of the Intelligence Authorization Act provides an important authority to offer expeditious citizenship to certain aliens who has "made an extraordinary contribution to the national security of the United States or to the conduct of United States intelligence activities." The number of aliens who may benefit from this provision may not exceed five in any 1 year, and there is a 1-year residence requirement.

Mr. President, the purpose of this title is to provide incentive for persons who take extraordinary risks in the service of the United States, such as members of the KGB, by remaining in place prior to defection. When the contributions of such persons warrants, it will be possible to reward their service with expeditious citizenship. I anticipate this will be of considerable assistance to the CIA in its work with defectors.

Senator BENTSEN offered an amendment to the original Senate bill to increase funds available to the FBI for domestic counterterrorism activities. I am proud to have cosponsored that amendment. The Bentsen amendment was incorporated in the conference committee's action, and will represent an important augementation of the FBI's counterterrorism capabilities.

I want also to call attention to Senator NUNN's leadership in working out a compromise with the House on title VIII of the bill concerning Federal access to State criminal history records in the conduct of security investigations for access to classified information. We are all aware of deficiencies and problems in performing adequate security checks of Federal employees who are under consideration for access to sensitive national security information. It will be of great benefit to the Federal agencies to have access to State criminal history records—with the consent of the individual receiving the security check—in order to conduct as thorough a review of the person's background as possible. Several States have laws prohibiting the provision of such information, though by far the majority do respond to Federal requests.

The Nunn compromise reflected in the conference committee's bill and joint explanatory statement meets a basic concern of those States currently banning release of this criminal history information, that is, that they will be subject to suits for misuse of the records. The provision provides for Federal Government indemnity of such States for a 3-year trial period. During the first 2 years of that time, the Federal agencies involved will undertake a study of the program, to include consideration of whether States voluntarily participating should be included in any future indemnification arrangement. There is a sunshine cutoff of this indemnification portion at the conclusion of 3 years. We will then be able to review the indemnification issue with the benefit of the study carried out by the appropriate agencies.

Mr. President, I assure my colleagues that this is a balanced bill which provides for the funding needs of U.S. intelligence, consistent with the budgetary stringencies of which we all are aware.

Mr. President, I want also to thank Eric Newsom, the minority staff director, for his yeoman service in helping to form this legislation. He, Daniel Finn, the minority counsel, and George Tenet, my designee on the Intelligence Committee staff, and the rest of the committee staff, have done a superb job. I want also to call attention to the role of Keith Hall, the committee budget officer, and the budget staff, who have worked long and hard to produce this bill. Mr. Hall, budget staffers John Nelson, Carolyn Fuller, Charlene Packard, and Kathleen McGhee carried an immense load for the committee, and I am indeed appreciative. The candles burned long and late for all of them.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION AUTHORIZATION, FISCAL YEAR 1986—CONFERENCE REPORT

Mr. DOLE. Mr. President, I submit a report of the committee of conference on H.R. 1714 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The bill clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 1714) to authorize appropriations to the National Aeronautics and Space Administration for research and development, space flight, control and data communications, construction of facilities, and research and program management, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of November 19, 1985.)

Mr. GORTON. Mr. President, for the purpose of authorizing funds for fiscal year 1986 for the National Aeronautics and Space Administration [NASA], the Senate Committee on Commerce, Science, and Transportation is reporting a conference report which reflects an agreement reached between the Senate Commerce Committee and the House Science and Technology Committee.

On April 3, 1985, the House passed its NASA authorization bill, H.R. 1714, which authorized $7,510,700,000 for NASA in fiscal year 1986. On June 27, 1985, the Senate passed its NASA authorization, H.R. 1714, as an amendment in the nature of a substitute. The Senate authorization provided $7,652 million for NASA in fiscal year 1986.

The compromise legislation before us, H.R. 1714, as amended, authorizes $7,666 million for NASA in fiscal year 1986, a funding level which is $220 million below the administration's budget request of $7,886 million.

The major differences between this substitute amendment and the administration's request are as follows. The Space Station Program is authorized at a funding level of $205 million, which is $25 million below the administration's budget request of $230 million. Space shuttle capability development is authorized at a level of $437 million compared to the budget request of $459 million. This substitute funding level is based on the understanding that the cost overruns previously identified with the Centaur Upper Stage Program are now being accommodated through reprogramming and through a reallocation of some of these overrun costs into fiscal year 1987.

Commercial programs are authorized at $28 million, a funding level that is $13 million less than the administration's budget request. In spite of this reduction, NASA should still be able adequately to support its five new Centers for the Commercial Development of Space, a joint industry-government-academia initiative designed to stimulate private sector investment and involvement in space.

Finally, space flight, control, and data acquisition is authorized at a level of $3,371 million, which is $137 million below the administration's budget request of $3,510 million.

Mr. President, it is disturbing to point out in so many instances where the budget request exceeds the amount actually authorized. This is a constant reminder that for fiscal year 1986, NASA's authorization will not even keep pace with the rate of inflation. This deceleration in growth can only come back to haunt us in the future, as our Nation's scientific and technological advantage over the rest of the world narrows. Nevertheless, I recognize that all agencies are being asked to make sacrifices for the sake of reducing the budget deficits, and NASA is no exception. Only time will tell, however, whether or not these decisions will prove to be the wisest decisions for the future of our Nation.

During this past year, as the future of space commercialization has been discussed, one issue that has received considerable attention is that of establishing a shuttle pricing policy for foreign and commercial customers for fiscal year 1989 and beyond. For, until the space station is operating, the space shuttle will, unquestionably, be the key to the commercial development of space, and the cost of flying experiments and satellites aboard the shuttle will figure significantly into the development of commercial space endeavors.

In August, the administration announced its shuttle pricing policy for fiscal year 1989—$74 million (1982 dollars) for a dedicated shuttle cargo bay. The dominant factor in the administration's policy was to ensure that the space shuttle maintains a strong, competitive position in the world launch market. This is an issue of no small concern, as over the past 2 years, the French Ariane launch vehicle has made considerable inroads into this market.

I commend the administration for its excellent job in establishing this policy and in resolving this controversial issue. This conference report endorses the administration's policy and goes one step farther to ensure that the United States maintains leadership in the world launch market. This bill allows the NASA Administrator to lower the base price of $74 million to a price no lower than that of the additive cost of a shuttle mission. This additional authority provides the NASA Administrator some flexibility if a trend develops whereby the administration's base price of $74 million is being underbid and the shuttle is losing customers to our foreign competitors. This authority, however, can only be invoked after Congress has been notified of a decision to lower the base price. I believe that this notification requirement is an adequate safeguard to ensure that any decision to lower the base price is not done without considerable study by both NASA and the Congress.

Finally, Mr. President, this conference report earmarks within the total authorization no more than $400,000 as an additional authorization for the National Commission on Space, which was established by the fiscal year 1985 NASA authorization bill. The Commission determined that it needed additional funds to complete its task of examining long-term goals and options for our Nation's future in space. The Commission's report, which is due to the President and to Congress in April 1986, will provide recommendations for us to consider as we chart our Nation's course in space over the next 50 years.

Mr. President, in closing, I would like to compliment the Senator from Michigan [Mr. RIEGLE], the ranking member of the Senate Subcommittee on Science, Technology, and Space, for his considerable effort and assistance in formulating this fiscal year 1986 authorization for NASA. I think he will agree with me that, under the constraints of the deficit reduction initiative, this authorization bill supports an aggressive and balanced agenda for NASA in all areas of space flight, space science and applications, and aeronautical research and technology.

Mr. RIEGLE. Mr. President, I rise in support of H.R. 1714, the fiscal year 1986 NASA authorization conference report.

Mr. President, when the Senate passed its version of this bill in June, I felt certain that a conference agreement would be on the floor of the Senate by late July. Unfortunately, the unsettling budget dilemma that confronts the Congress, also unsettled the NASA bill.

Regardless of the fact the bill before us is long overdue, it is a well-crafted bill that leaves NASA with a reasonable level of resources in fiscal year 1986. The $7.666 billion contained in the fiscal year 1986 conference agreement is over $200 million below the fiscal year 1986 NASA budget request, but it also is $150 million above the fiscal year 1985 level of funding. In light of the current budget dilemma, NASA has fared quite well.

In negotiating the final conference agreement, there was a significant degree of give and take with the House, but the overall levels of programmatic funding closely approximate the Senate-passed bill—$7.666 billion in the conference report compared to $7.652 billion in the Senate-passed fiscal year 1986 NASA authorization. I am pleased to say the final conference agreement provides $205 million for the space station which should continue to support automation and robotics initiatives, $354 million for aeronautical research and technology including moneys for the NASA Lewis wind tunnel modeling activities, $17 million for space commercialization, $34 million for materials processing, the fiscal year 1986 request for all mission operations and research and analysis accounts—the lifeline of the university and basic research community, and $1.367 billion for research and program management.

At this point, I will submit a table depicting the levels of funding and the relationship of the Fiscal Year 1986 NASA Authorization Conference Report to prior congressional actions be printed in the RECORD at the conclusion of my remarks.

I also would like to indicate I was most pleased the final agreement manifested the level of support for civilian space science and applications activities that exists on the Science, Technology, and Space Subcommittee. The physics and astronomy, life sciences, planetary exploration, space applications and space research and technology accounts all fared well as did the Mars mission, the Upper Atmospheric Research Satellite Program, the Advanced Communications Technology Satellite Program, the Galileo and Ulysses missions, the Hubble space telescope, the Venus radar mapper, the solar optical telescope, the International Solar Terrestrial Physics Program, the ocean topography experiment, the space infrared telescope facility, the advanced x-ray astrophysics facility and gravity probe B. In addition, despite the severe budget constraints, the only new start included in the fiscal year 1986 NASA budget request—the orbital maneuvering vehicle—was funded at $13 million.

Mr. President, in addition to these programmatic initiatives, several policy issues were resolved during the conference. The two most important issues pertained to the International Space Year, Senate Joint Resolution 177, an initiative of Senators LUGAR, GARN and MATSUNAGA, and shuttle pricing policy.

With regard to the former, the conferees were able to include report language in the bill that directs the President to report to the Congress by May 1, 1986, as to any action taken with respect to the establishment in 1992 of an International Space Year. In addition, the statement of managers gives a thorough and concise explanation of the rationale for this initiative which is a unique opportunity for international cooperation in space and a fitting celebration of the 500th anniversary of the discovery of America.

I would like to thank the members of the Senate Foreign Relations Committee for their cooperation in this matter and am most pleased with the outcome of our collaboration on the International Space Year.

As for shuttle pricing policy, let me say that I was most pleased with the July 30, 1985, White House policy decision on shuttle pricing. Therefore, I am pleased to say the conference report has legislated a provision comparable to the administration's position—a 1989-91 base launch price of $74 million in fiscal year 1982 dollars.

In addition, the proposed conference agreement would permit the Administrator of NASA to reduce the base price of $74 billion if he determines that NASA is not meeting its stated policy goals; that is, maintaining world leadership in space transportation. However, in no situation may the price be reduced to a level below the additive cost of a shuttle launch, approximately $44 million in fiscal year 1982 dollars.

To invoke this authority, the Administrator must submit to the Senate and House Authorization Committees a description of the proposed reduction and a statement of need for the reduction. Forty-five days after Congress receives the request, the Administrator may implement the reduced price. This 45-day period would give Congress time to review the Administrator's proposed price reduction and to respond where necessary and appropriate. The intent of this price-reduction authority is to give the Administrator some flexibility if a trend develops whereby NASA is losing payloads to Ariane. It is not the intent for this additional authority to be exercised if NASA loses one or two payloads.

Finally, the proposed shuttle pricing agreement clarified NASA's authority to fly research, development, and demonstration payloads and to offer customer incentives.

Mr. President, I feel the resultant shuttle pricing policy contained in the Fiscal Year 1986 NASA Authorization Conference Report is in the best interest of the Nation and the Civilian Space Program and that it will preserve the role of the United States as a

leader in space research, technology, and development.

Mr. President, the Fiscal Year 1986 NASA Authorization Conference Report is a well-crafted bill and a measure I enthusiastically support. I ask that my colleagues also support this measure and our Nation's Civilian Space Program.

The table referred to follows:

FINAL CONFERENCE AGREEMENT COMPARED WITH FISCAL YEAR 1986 NASA AUTHORIZATION/APPROPRIATIONS ACTION

	House S&T (House passed)	House appropriation (House passed)	Senate appropriation (Senate passed)	Senate authorization (Senate passed)	President's request	Conference
I. Research and development	(2,862.8)	(2,756.8)	(2,776.4)	(2,775.8)	(2,881.8)	2,786.8
Space station	230.0	200.0	210.0	200.0	230.0	205.0
Space transportation capability	443.3	443.3	444.9	477.2	459.3	437.3
Physics and astronomy	637.4	612.4	620.4	608.4	630.4	620.4
Life sciences	72.0	68.0	70.0	68.0	72.0	68.0
Planetary	359.0	354.0	354.0	349.0	359.0	354.0
Solid Earth	74.9	74.9	74.9	70.6	74.9	.....
Environmental observations	316.5	287.5	296.5	291.0	317.5	.....
Materials processing	34.0	36.0	34.0	34.0	34.0	537.8
Communications	106.2	101.2	96.2	96.2	106.2	.....
Information systems	19.2	19.2	19.2	16.2	19.2	.....
Technical utilization	11.1	.....	.....	9.5	11.1	.....
	.....	28.1	33.1	.....	.....	28.1
Commercial programs	20.0	.....	.....	16.5	30.0	.....
Aeronautics R&T	354.0	354.0	354.0	350.0	354.0	354.0
SR&T	168.0	168.0	168.0	154.0	168.0	166.0
Tracking and data	16.2	16.2	16.2	14.8	16.2	16.2
General reduction	0	0	−15.0	0	0	0
II. Space flight control and data communications	(3,529.9)	(3,382.9)	(3,382.9)	(3,386.9)	(3,509.9)	(3,372.9)
Shuttle production and operational capability	1,011.5	976.5	976.5	941.5	976.5	961.5
Space transportation operations	1,715.1	1,725.1	1,725.1	1,700.1	1,725.1	1,710.1
Space ground network	803.3	701.3	711.3	745.3	808.3	701.3
General reduction	0	0	−30.0	0	0	0
III. Construction of facilities	148.3	139.3	141.3	139.3	149.3	139.3
IV. RPM	1,300.0	1,367.0	1,355.0	1,370.0	1,345.0	1,367.0
V. Unspecified reduction	331.0	0	−83.6	0	0	.....
Total	7,510.0	7,666.0	7,572.0	7,652.0	7,886.0	7,666.0

Mr. HEFLIN. Mr. President, I rise in support of the conference report on the 1986 NASA authorization bill. I congratulate the House and Senate conferees on their work. I especially want to commend my good friend Senator GORTON, the chairman of the Subcommittee on Science, Technology and Space, for his leadership.

As with most discretionary programs, NASA will take its fair share of budget cuts in fiscal year 1986. In fact, the conferees agreed on an authorization which is $220 million below the administration's request for 1986. However, in my judgment, the conferees distributed those cuts in a fair and thoughtful manner, ensuring that many important NASA projects will be adequately funded. As a result, the report before us today will help preserve the role of the United States as the world leader in space research, technology, and development.

Since its inception over 25 years ago, NASA's charter has been one of multiple responsibilities including the preservation of U.S. leadership in aerospace and science technology; cooperation with other nations in the peaceful applications of technology; expansion of the human knowledge of phenomenon in the atmosphere and space; and pursuit of the practical benefits to be gained from aeronautical and space activities. In our attempts to bring Federal spending under control, we must not forget the success NASA has had in responding to this congressional mandate. The return to the American taxpayers on their investment in NASA has been overwhelming.

The 1986 authorization for NASA contains funding for many important projects which will ensure a continuation of the dramatic accomplishments and excellent tradition of NASA. First, the conference agreement authorizes $205 million for the space station initiative. I have been an outspoken advocate for a permanently manned facility in low Earth orbit. A manned space station will revolutionize the development of material science, biotechnology, electronic and chemical engineering and will provide valuable information to improve manufacturing processes and the quality of life here on Earth. The conferees' strong support for the space station will help to ensure that this program continues on schedule.

Second, the conference agreement increases the funding for the materials processing in space program by $2 million over NASA's original request. This program is critical if the United States is to remain competitive with the Europeans and the Japanese in materials processing, and I am pleased that the conferees agreed to give it greater emphasis. I am in total agreement with the conferees that this area represents one of the most promising uses of the space station.

Third, the conference report contains adequate funding for NASA's space transportation systems, including $13 million for the orbital maneuvering vehicle [OMV]. The development of an OMV is extremely important in expanding the capability of the shuttle. Development of a reuseable OMV will begin in 1986 with initial operations planned for 1990. The OMV will be used to retrieve space craft, provide remote satellite servicing and for other operations beyond the shuttle's capability.

Fourth, the bill funds two very important physics and astronomy programs—the gravity probe B [GPB] and the advanced X-ray astrophysics facility [AXAF]. The AXAF is a free flying observatory which will be launched by the shuttle and maintained in orbit over a 15-year lifetime through periodic revisits. Unlike the space telescope, the AXAF will have the capability to observe objects in the X-ray regions of the electromagnetic spectrum rather than in the visible or ultraviolet regions. This will permit unique observations of many new objects and a subsequent better understanding of our universe.

Gravity probe B, an Earth orbital spacecraft containing the relativity gyroscope experiment, is one of the few known ways to test Einstein's theory of relativity. The technological impact of GPB is expected to be as significant as its scientific importance.

Fifth, despite budgetary pressures, the conferees were able to fully fund the fiscal year 1986 budget request for research and analysis and mission operations, the key source of university basic research moneys. Once again, the bill correctly prioritizes this NASA activity. It also points to the basic reality that the research of today represents the discoveries and breakthroughs of tomorrow and the United States must train its university students if we are to be competitive in future world markets.

Sixth, I am pleased that the conferees were able to authorize the full NASA request for the Aeronautical

Research and Technology Program. This program provides the broad technological base needed to maintain our Nation's leadership in aviation. Projects funded under this program include advance propulsion, improvements in high performance aircraft and aerodynamics simulation.

Finally, I strongly endorse the conferees statement that the space shuttle production and operational capability maintain production readiness for a fifth orbiter vehicle. I remain convinced that a five-orbiter fleet will be necessary to meet future space transportation requirements.

Mr. President, the conference report reaffirms our commitment to vigorous space and technology research and development. I urge my colleagues to give it their wholehearted support.

Mr. HOLLINGS. Mr. President, I rise in support of the fiscal year 1986 NASA authorization conference agreement, H.R. 1714, and I would like to compliment the chairman and ranking member of the Science, Technology, and Space Subcommittee for their tireless efforts on this legislation.

In June of this year, I described the Senate-passed NASA authorization bill as a "bill that balances the needs of today—a reduced Federal deficit—with the needs of tomorrow—a technologically strong and visionary America." I am pleased to say that the conference agreement closely resembles the Senate-passed bill and still maintains this delicate and necessary balance.

I regret to say that the fiscal year 1986 NASA authorization conference report comes to the floor days after the appropriations conference agreement. Despite the fact that the two bills are out of sync, they are not out of touch with the needs of NASA. Both bills achieve similar objectives. They meet the institutional and personnel requirements of NASA so as to preclude any reduction in force, and they allocate other reductions in an equitable manner. They do not reduce the proposed shuttle flight rate. They both stretch out rather than terminate major program activities. And they fully support the mission operations and research and analysis accounts—the lifeline of university and basic research.

The extent to which these bills share these common goals is no accident. Due to the extremely budgetary pressures confronting the Congress this year, the authorizing and appropriations committees worked more closely than ever before. At this time, I thank the chairman and ranking member of the HUD-Independent Agencies Appropriations Subcommittee, Senators GARN and LEAHY, for their cooperation and for their staff's cooperation. I think the end result, a NASA budget that will maintain U.S. leadership in space, is an accomplishment that all Members should be proud of.

Mr. President, for years I have stressed that America must start competing on the international marketplace if we are to have a vibrant economy and a high standard of living. Crucial to this objective is America's continued status as a world leader in technology, which is dependent upon continued support of research and development activities. NASA is one of the principal elements of the Nation's civilian research and development program, and it warrants our wholehearted support.

When the Senate considered the fiscal year 1986 authorization bill, I indicated that "the challenge of putting a man on the moon may pale in comparison with the challenge of obtaining funds in fiscal year 1986." Little did I know how prophetic my statement was. One could say that the $7.666 billion contained in the conference report are some of the hardest dollars NASA has ever earned. But that NASA has yet to get any fiscal year 1987 dollars.

Mr. President, as the Members of this body know, I am one of the most ardent opponents of deficit spending in the United States. However, I also recognize that we need to invest in America's future—in our children's and grandchildren's future. I am supportive of this conference report and our civilian space program because I believe it is the seed corn for the future. I hope my colleagues share my view of H.R. 1714, and I urge them to support it.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

EMERGENCY HUMANITARIAN ASSISTANCE TO COLOMBIA

Mr. DOLE. Mr. President, I send a concurrent resolution to the desk on behalf of Senator LUGAR, Senator PELL, Senator GRAMM, Senator BOREN, Senator HELMS, Senator BYRD, and myself, and ask for its immediate consideration. It is in reference to humanitarian assistance to Colombia. I ask unanimous consent that I be listed as a cosponsor of the concurrent resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the concurrent resolution.

The bill clerk read as follows:

A concurrent resolution (S. Con. Res. 89), relating to emergency humanitarian assistance to Colombia.

Whereas volcanic eruptions, floods and mudslides have destroyed the Colombian town of Armero and adjoining communities;

Whereas these disasters have resulted in massive loss of life, enormous human suffering and extensive property damage;

Whereas this tragedy comes in the immediate wake of another heavy toll imposed by the terrorist takeover of the Colombian Ministry of Justice;

Whereas the people of the United States share long-standing bonds of friendship with the people and democratic government of Colombia: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), that it is the sense of the Congress that the Government of the United States should express its condolences to the Government of Colombia and make available to the Government and People of Colombia—on an emergency basis—such humanitarian assistance and relief as may be required to help deal with this tragedy.

Mr. LUGAR. Mr. President, on behalf of myself and Senators PELL, HELMS, BOREN and GRAMM, I would like to introduce a resolution relating to the recent disaster in Colombia. We have all seen the television and newspaper accounts documenting the scope and horror of this tragedy. The Senate knows that the Colombian authorities are doing what they can to cope with the current emergency—and that they are receiving significant assistance from the United States Government and private sources in this country.

This resolution is intended to express the Senate's solidarity and sympathy with the Government and people of Colombia. Colombia has a long history of friendship with the United States and its Government has been most constructive and cooperative in confronting common problems. We believe they are most deserving of our support in this difficult hour. I therefore urge prompt and favorable consideration of this resolution.

Mr. PELL. Mr. President, in the aftermath of the volcanic eruption which has virtually wiped out the town of Armero and other communities, it is important that the Senate express its sympathy and support to the people and nation of Colombia. This enormous tragedy, with its death toll reaching about 22,000 victims ironically occurred while Colombia was still in a state of shock over the violent deaths of more than 85 people, among them 12 justices of the supreme court, as a result of the massive confrontation on November 7 in the Palace of Justice in Bogota.

This expression of sympathy will indicate a willingness on the part of the Congress to support emergency humanitarian assistance and will be a vivid demonstration to the people of Colombia that they are not alone in their days of national mourning and recovery. I urge my colleagues to support this resolution so that this important message can be conveyed as soon as possible.

Mr. BYRD. Mr. President, I ask unanimous consent that I may be a cosponsor of the concurrent resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the concurrent resolution.

The concurrent resolution (S. Con. Res. 89) was agreed to.

The preamble was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the concurrent resolution was agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

EXECUTIVE SESSION

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the following nominations on the Executive Calendar: Calendar No. 532, Carol Gene Dawson; Calendar No. 542, Robert Logan Clarke; Calendar No. 543, nominations under the Air Force; Calendar Nos. 544, 545, and 546 under the Army; Calendar Nos. 547, 548, 549, 550, 551, and 552 under the Navy; Calendar No. 553 under the Marine Corps; and, all nominations placed on the Secretary's desk.

There being no objection, the Senate proceeded to the consideration of executive business.

Mr. DOLE. Mr. President, I ask unanimous consent that these nominations be considered en bloc, and be confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

The nominations considered and confirmed en bloc are as follows:

CONSUMER PRODUCT SAFETY COMMISSION

Carol Gene Dawson, of Virginia, to be a Commissioner of the Consumer Product Safety Commission for a term of 7 years from October 27, 1985.

DEPARTMENT OF THE TREASURY

Robert Logan Clarke, of Texas, to be Comptroller of the Currency for a term of 5 years.

IN THE AIR FORCE

The following officers for appointment in the U.S. Air Force under provisions of section 624, title 10 of the United States Code:

To be major general

Brig. Gen. Jimmie V. Adams, xxx-xx-... FR, Regular Air Force.

Brig. Gen. Marcus A. Anderson, xxx-xx-... FR, Regular Air Force.

Brig. Gen. James T. Callaghan, xxx-xx-... FR, Regular Air Force.

Brig. Gen. James S. Cassity, Jr., xxx-xx-... FR, Regular Air Force.

Brig. Gen. Donald L. Cromer, xxx-xx-... FR, Regular Air Force.

Brig. Gen. Fredric F. Doppelt, xxx-xx-... FR, Regular Air Force.

Brig. Gen. Robert F. Durkin, xxx-xx-xxxx FR, Regular Air Force.

Brig. Gen. Robert D. Eaglet, xxx-xx-... FR, Regular Air Force.

Brig. Gen. George E. Ellis, xxx-xx-xxxx FR, Regular Air Force.

Brig. Gen. Richard F. Gillis, xxx-xx-... FR, Regular Air Force.

Brig. Gen. Richard B. Goetze, Jr., xxx-xx-... FR, Regular Air Force.

Brig. Gen. John E. Griffith, xxx-xx-... FR, Regular Air Force.

Brig. Gen. Michael D. Hall, xxx-xx-... FR, Regular Air Force.

Brig. Gen. William K. James, xxx-xx-x... FR, Regular Air Force.

Brig. Gen. Wayne O. Jefferson, Jr., xxx-xx-x... FR, Regular Air Force.

Brig. Gen. Peter T. Kempf, xxx-xx-... FR, Regular Air Force.

Brig. Gen. Donald J. Kutyna, xxx-xx-... FR, Regular Air Force.

Brig. Gen. Thomas A. LaPlante, xxx-x... FR, Regular Air Force.

Brig. Gen. Donald A. Logeais, xxx-x... FR, Regular Air Force.

Brig. Gen. Donald L. Marks, xxx-xx-x... FR, Regular Air Force.

Brig. Gen. Paul H. Martin, xxx-xx-... FR, Regular Air Force.

Brig. Gen. Robert P. McCoy, xx... FR, Regular Air Force.

Brig. Gen. Charles D. Metcalf, xxx-x... FR, Regular Air Force.

Brig. Gen. Thomas R. Olsen, xxx-xx-... FR, Regular Air Force.

Brig. Gen. Richard A. Pierson, xxx-xx-... FR, Regular Air Force.

Brig. Gen. Cecil W. Powell, xxx-xx-x... FR, Regular Air Force.

Brig. Gen. Robert L. Rutherford, xxx-xx-... FR, Regular Air Force.

Brig. Gen. Marin J. Ryan, Jr., xxx-xx-x... FR, Regular Air Force.

Brig. Gen. John C. Scheidt, Jr., xxx-xx-... FR, Regular Air Force.

Brig. Gen. Alexander M. Sloan, xxx-xx-... FR, Regular Air Force.

Brig. Gen. Richard J. Trzaskoma, xxx-xx-x... FR, Regular Air Force.

Brig. Gen. John H. Voorhees, xxx-xx-... FR, Regular Air Force.

IN THE ARMY

The following-named Army Chaplains competitive category officer for appointment in the U.S. Army to the grade indicated under the provisions of title 10, United States Code, sections 611(a) and 624:

To be permanent brigadier general

Col. Norris L. Einertson, xxx-xx-xxxx, Chaplains Competitive Category, U.S. Army.

The U.S. Army Reserve officer named herein for appointment as a Reserve commissioned officer of the Army, under the provisions of title 10, United States Code, sections 593(a) and 3384:

To be brigadier general

Col. Harvey G. Gulley, xxx-xx-xxxx

The following-named officer to be placed on the retired list in grade indicated under the provisions of title 10, United States Code, Section 1370:

To be general

Gen. Robert C. Kingston, xxx-xx-xxxx (age 57), U.S. Army.

IN THE NAVY

The following-named officer to be placed on the retired list in the grade indicated under the provisions of title 10, United States Code, section 1370.

To be admiral

Adm. Wesley L. McDonald, xxx-xx-xxxx, 1310, U.S. Navy.

The following-named officer, under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be vice admiral

Vice Adm. Kendall E. Moranville, xxx-xx-x... xxx-.../1310, U.S. Navy.

The following-named officer, under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States, section 601:

To be vice admiral

Rear Adm. Daniel L. Cooper, xxx-xx-xxxx/1120, U.S. Navy.

The following-named officer, under the provisions of title 10, United States Code, section 601, to be reassigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be vice admiral

Vice Adm. Nils R. Thunman, xxx-xx-xxxx/1120, U.S. Navy.

The following-named officer, under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be vice admiral

Rear Adm. Cecil J. Kempf, xxx-xx-xxxx/1310, U.S. Navy.

The following-named officer, under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be vice admiral

Rear Adm. William B. Ramsey, xxx-xx-x... xxx-.../1310, U.S. Navy.

IN THE MARINE CORPS

The following-named officer, under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be general

Lt. Gen. George B. Crist, xxx-xx-xxxx, U.S. Marine Corps.

NOMINATIONS PLACED ON THE SECRETARY'S DESK IN THE AIR FORCE, ARMY, COAST GUARD, MARINE CORPS, NAVY

Air Force nominations beginning Alfred G. Aldredge, Jr. and ending Ardyce M. Ausen, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of October 28, 1985.

Air Force nominations beginning Daniel E. Bethards, and ending Earl E. Whitt, Jr., which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of October 28, 1985.

Air Force nominations beginning Major Paul W. Arnett, and ending Major Roger H. Harkins, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of October 30, 1985.

Air Force nominations beginning Lt. Col. Ronald J. Grabe, and ending Major William A. Palles, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of November 12, 1985.

Army nominations beginning Thomas Charbonnel, and ending Alan D. Sandifer, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of October 16, 1985.

Army nominations beginning Anders B. Aadland, and ending Darlene A. Zwerner, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of October 16, 1985.

Army nominations beginning Wyont B. Bean, Jr, and ending David M. O'Neal, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of October 28, 1985.

Army nominations beginning Nicolas V. Costea, and ending Ben Zeichner, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of October 28, 1985.

Army nominations beginning James H. Aanenson, and ending Phillip J. Rapp, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of November 1, 1985.

Coast Guard nominations beginning Peter K. Valade, and ending Craig P. Coy, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of October 8, 1985.

Marine Corps nominations of Major David C. Hilmers, which was received by the Senate and appeared in the CONGRESSIONAL RECORD of November 12, 1985.

Navy nominations beginning Arthur Thomas Cooper, and ending Anthony Charles Sims, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of October 21, 1985.

Navy nominations beginning Barry Wayne Beaufort, and ending James Vincent Wright, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of October 22, 1985.

Navy nominations beginning Lewis M. Alexander, and ending John M. Socha, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of November 6, 1985.

Navy nominations beginning Susan Y. Abarbanell, and ending Lynda Zolman, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of November 6, 1985.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the nominations were confirmed.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I ask unanimous consent that the President be immediately notified that the Senate has given its consent to these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate resume consideration of legislative business.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I thank the distinguished minority leader.

Mr. BYRD. I thank the distinguished majority leader.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROBLEMS OF COMBAT STRESS

Mr. COHEN. Mr. President, more than a decade after the end of the war in Vietnam, there are wounds and scars which haunt and linger. Those familiar with war know that a soldier can be destroyed in many ways. A soldier can return with a missing limb or a shattered spine. But he can also return with less visible but equally devastating emotional and psychological injuries.

No parades or cheering crowds greeted veterans who returned home from Vietnam. They were met instead with either the indifference or hostility of the countrymen in whose behalf they had fought. And those who returned with psychological problems associated with combat stress have also encountered indifference at the hands of the Veterans' Administration and other officials. This situation is improving, but glacially.

One reason for a change for the better for veterans in my State suffering from combat stress has been an increased level of public attention because of a superlative series of articles in the Bangor Daily News. Tony De Paul, a gifted writer and reporter, spent months interviewing Vietnam veterans from Maine who had encountered significant readjustment problems as well as probing into the lethargy shown to date by the VA Hospital at Togus, ME. These articles, along with a public hearing I held with my esteemed junior colleague Senator MITCHELL November 9 to air veterans' complaints on the lack of attention to the problems of combat stress, have helped to increase public interest in this important problem.

Because Tony De Paul's articles convey graphically and effectively the problems of combat stress, I ask that his three-part series be included in the RECORD, along with a thoughtful editorial written by the News.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

"CHEMICAL STRAITJACKETS" NO CURE FOR VETS

"I didn't want to admit that I could be having problems because of my war experience, but damn it!—I couldn't come up with any other answer. Nothing else seemed to make sense. Everything focused back to me, but it wasn't anything that was going on in my present life. I had a job—I had a good job—my bills were being paid, there was food on the table, I had a decent home, I had a couple of kids, I had a good wife. I had all the things that anybody would want, but I wasn't happy. I was . . . not . . . happy.

"I didn't understand why I wasn't happy, I didn't understand why I was frightened, I didn't understand why I was jumpy. I didn't understand why I jumped up out of bed in the middle of the night screaming. And I didn't understand that I had been doing that for a long time, that my wife didn't tell me how many years I had been screaming in my sleep."—A Vietnam veteran in Maine

(By Tony De Paul)

Some of the grievances that took root in the paddies and the jungles, in the highlands and in the DMZ, were settled last month in a grassy field across from the Maine State House in Augusta. The crowd, the speeches, the music, the 21-gun salute—the dedication of the Maine Vietnam Veterans Memorial—healed some old wounds.

But not all.

There are Vietnam veterans in Maine who have never been able to put the war behind them: the terror, the trauma, in a neglected term, the evil. They live with the taint of death, the bitterness of betrayal, with a vision of the earth ignited from the sky, with the phantasmic faces of dead friends, dead enemies—dead innocents.

They live with a black, bottomless sorrow, the awful sense that the suffering and the sacrifice that scored an unpopular, unwinnable war were in vain.

The bad days begin with nightmares, with a household bolting awake to a haunted scream. On his good days, the veteran is simply distant, moody. A petty inconvenience might drive him to bloody his knuckles punching holes in the wall. He takes the edge off his psychic pain with alcohol or marijuana. When the pain keeps growing and the drinking gets heavier, he probably will lose his wife, and with her, his children; he will certainly lose his job.

When he's lost everything he will think about suicide, not infrequently, and not lightly.

In Maine, he can go to the Veterans Administration Hospital at Togus; he can tell the psychiatrists he is in trouble; he can be diagnosed as having Post Traumatic Stress Disorder; he can file a claim for compensation, and he can receive it if he meets the standards of the law, and if his claim is skillfully ushered through the system

If he is out of control, he can admit himself to the hospital.

What he cannot do at Togus—in the blunt verdict of former patients I interviewed—is get well.

Veterans are coming off the psychiatric wards at Togus saying they were wrapped in "chemical straitjackets," reduced to shadows under the weight of neuroleptic drugs—chemicals designed to alter psychotic behavior. The drugs make it difficult to think; they quiet the anger, smother the nightmares, but do nothing to heal the psychic wounds of Vietnam.

A veteran treated with these drugs at Togus said he felt as if he was going through life with a blanket over his head.

Veterans are coming off the wards saying they were treated with contempt and told to forget about Vietnam—that they would be all right if only they would stop dwelling on the war. Forgetting about Vietnam is precisely what PTSD veterans are unable to do. Psychiatry's official description of PTSD talks about "recurrent, painful, *intrusive* recollections."

For years, combat veterans tried to forget Vietnam, and they actively denied that their war experiences were troubling them.

Now, 15 or 18 years later, some can deny the truth no longer.

Desperate, they turn to Togus for help.

Veterans complain that Togus deals with Vietnam by drugging them and leaving them to watch soap operas, or to make leather belts and ceramic mugs in what Dr. Walter Rohm, the chief of psychiatry, calls "activity therapy." The veterans complain that their military histories are ignored, that they are evaluated as if they had never been to war.

Steven Bentley, a combat veteran from Scarborough, said, "You can't spend a year or more killing people, watching people die, in danger of being killed yourself, and not have something there. For people to deny that is nuts—*but they do!*"

They do at Togus.

That is the story these men are spreading across the state and thoughout New England.

Many veterans see themselves walking in the footsteps of Dana Bradford, a Marine combat veteran whose death earlier this year was linked to neuroleptic drugs prescribed at Togus. The complaints are now so many and so loud that Sen. William S. Cohen and Sen. George J. Mitchell have agreed to hear testimony in the Augusta Civic Center at 11 a.m. Saturday, Nov. 9.

Many veterans are so profoundly disgusted with Togus they believe nothing will come of the hearing with Cohen and Mitchell. Togus apparently agrees; in a recent interview, Rohm said, "I don't expect anything to be accomplished on Nov. 9. My prediction is it's going to be a shouting match, and nothing we say is going to make any difference."

According to sources inside the hospital, employees who intend to speak before Cohen and Mitchell have been required to submit their comments to the hospital administration in advance.

The unfiltered testimony will come from the veterans themselves, the men who have been PTSD patients on the wards at Togus; they will say they got the same treatment as men who never were in combat, men who were clearly psychotic—who were "crazy."

Combat veterans complain that the treatment for everyone on these wards—psychotic and PTSD patient alike—is drugs, that the drugs are not a part of the treatment for PTSD, but a substitute.

On this point, many veterans have an ambivalent attitude: they don't know what they fear most—the neuroleptic drugs Togus gives them, or the nightmares and the waking horrors that PTSD gives them. Consequently, some veterans stockpile the drugs that Togus does sends them in the mail. This Togus does not deny; Rohm said he knows some veterans stockpile VA drugs for "a rainy day."

Togus does not keep figures on the quantities of drugs dispensed by its psychiatrists. For example, the administration does not know whether use of the anti-anxiety drug Xanax is up, or down, or constant, James Ferguson, associate director of the hospital, said the numbers can be had with some research, but the hospital does not routinely keep track of the quantities of drugs prescribed from one year to the next.

Under the Freedom of Information Act, I asked Togus to account for quantities of 33 drugs dispensed over the last five years; on Aug. 20, 1985, Ferguson informed me that a search of the records would cost $52,160.

The neuroleptic drugs used in psychiatry can work miracles when prescribed in the right dosage for the right patient, but they can have terrifying side-effects. The ads in the psychiatric journals include long essays in caution—some as long as 2,000 words—reminding doctors that science does not fully understand how the drugs work and what they do to people over time.

The American Psychiatric Association published a letter this year warning that neuroleptics were all too commonly prescribed when anti-anxiety drugs or no drugs at all would be better for the patient.

A congressman in Illinois complained that the VA was dispensing these drugs carelessly; a veteran in his district had been found dead, and in possession of 9,700 pills the VA had sent him in the mail.

The inspector general of the VA is investigating as may as 100 VA employees suspected of accepting gratuities from drug manufacturers.

Neuroleptic drugs can cause tardive dyskinesia, an irreversible side-effect that causes patients to involuntarily chew, pucker their lips, or stick out their tongues; the drugs can cause swelling of the brain, abnormalities in spinal fluid, liver damage, and changes in heart function and the manufacturers concede that "the clinical significant of these changes is not known."

Finally, there is the danger of "neuroleptic malignant syndrome," a reaction that is nearly always fatal if unrecognized. A New Hampshire medical examiner ruled earlier this year that the syndrome killed Dana Bradford, 34, a PTSD patient under the care of Dr. Victor Pentlarge at Togus.

For many veterans, Bradford's death became a rallying point, and it shed light on a pervasive irony—that Togus acknowledges PTSD on one hand, and denies it on the other. The VA awarded Bradford a 100-percent disability pension for PTSD, yet veterans who were on the ward with him say his treatment was indistinguishable from the treatment given to patients who had never been in Vietnam.

Russell Mattson of Newport, who was on the ward with Bradford, said, "He was heavily medicated most of the time that I knew him . . . most of the time he stayed by himself in the room or he went down to ceramics and made different things, piggy banks for his kids, coffee cups, things like that.

"We all tried . . . all of us tried to tell him, 'You're taking way too many medications.' He got to a point where he didn't know what was real and what wasn't real.

"I think a lot of it was the Xanax talking."

Greg Christy of Old Orchard, also hospitalized with Bradford, said, "Dana was almost in a coma most of the time, he was just shuffling down the hall in what they call the 'Thorazine Shuffle,' just shuffling along."

Bradford died July 6, 1985, while taking his children to an amusement park in Bartlett, N.H. Police found eight kinds of prescription drugs in the trunk of his car. The medical examiner told reporters his hair "stood on end" when he saw the potency of the drugs Bradford had been taking.

The autopsy found that Bradford had died of acute swelling of his brain and lungs, and that his bone marrow and spleen showed evidence of polycythemia, an excess of red blood cells, a possible side-effect of the drugs. On the day he died, Bradford's metabolism went wild; his temperature rose until his heart or his lungs shut down. His body was taken to a hospital in an air-conditioned ambulance, and upon arrival its temperature was 108.4 degrees. The medical examiner said it "must have been higher" at the moment of death.

The medical examiner called it a "reaction to neuroleptic drugs prescribed to control a nervous condition—death by misadventure."

From his mother, Bradford got a three-word epitaph:

"Togus killed him."

A year before Bradford died, a panel of Togus employees had urged the administration to create a special treatment unit for PTSD. The "stress unit" was to treat veterans as profoundly troubled as Bradford. The task force wanted the administration to reserve 24 beds for the stress unit.

No psychiatrist was willing to serve on the task force (Dr. John St. Andre finally was appointed), and sources close to the issue say the psychiatrists worked to ruin the effort from the start. Rohm denies this, but the recommendation that was two years in the making ultimately went nowhere and the task force was disbanded. Ferguson said he and hospital director John Bunger were willing to create an eight bed unit, but were turned down when they asked Washington for extra money, an attempt to save the hospital from having to "find" the money in its budget.

When the medical examiner ruled that Bradford died from the drugs he had been given to control his symptoms of PTSD, a scare shot through the chain of command at Togus and a blanket of silence was thrown over the hospital. Rohm's Mental Health Council reviewed the case, but its findings were not disclosed, not even to Bradford's widow. Weeks later, Ferguson declined comment, saying, "at the appropriate time and the appropriate place, we will present our side of the situation."

Ferguson and Rohm deny that Bradford's death prompted Togus to cut the use of neuroleptic drugs on the wards. Three weeks after Bradford died, Rohm produced a memorandum listing the 20 patients most recently discharged and the drugs they were on; four veterans were on none, 12 were on one drug, and four were on two or more. Rohm claims the list was typical, but sources inside the hospital say the psychiatrists perceptibly eased up on the drug therapy after Bradford died.

The psychiatrist with the least seniority, Dr. Brian Gottlieb, was told he would become the hospital's expert on PTSD, and the administration started talking about gathering the Vietnam veterans scattered on three psychiatric wards and reassinging them to Ward 63 West. This was to be the beginning of a separate unit for PTSD patients.

Veterans believe the talked-about changes were programmed for failure: Gottlieb, by all accounts a competent, well-intentioned psychiatrist had no expertise in treating PTSD, and his assignment as the PTSD expert had been openly opposed, even ridiculed, by psychiatrists with seniority. Moreover, some of the nurses on 63 West complained that they did not want to work with Vietnam veterans; the administration made no effort to recruit nurses from other wards, some of whom had volunteered to serve on the stress unit recommended by the task force in 1984.

Veterans regard the events that followed Bradford's death as a token attempt to silence the critics, a frantic effort at damage control.

The second article in this series will focus on the grievances of 10 veterans; in all, I interviewed more than 20 men, and all told similar stories of drug misuse at Togus. To balance the report, I asked Rohm to put me in touch with veterans who would say some-

thing good about the treatment on his wards. He took down the newspaper's toll-free number and said he would ask his patients to call.

A week later, none had.

Rohm had insisted that it was a vocal minority raising questions about drug use at Togus, and said, "The ones that are satisfied with the treatment usually don't speak up."

In Ferguson's view, "You have a relatively small percentage that are going to be unhappy no matter what you do in any given endeavor. Not everybody is always happy with Burger King—and I'm not trying to be facetious. I think one has to keep in mind that we treat well in excess of 6,000 inpatients a year here, so what is the percentage, the 'groundswell,' of nonsupport for this institution?"

Rohm, a tall, thin man with a severe demeanor, was born in Austria in 1925. He attended the University of Vienna before emigrating first to Canada, then to the United States.

If Vietnam veterans have grievances against him, he has some of his own against them.

Many, he said, "are convinced, whether it's correct or incorrect that they got a raw deal from the government, and they want us to make it up with psychiatric treatment."

"The young chronic patient is a tremendous problem," he said, "because of their use of alcohol, of street drugs, and noncompliance with treatment. They want what they want right now, but they're not following the rules."

Some Vietnam veterans, he said, are uncooperative patients mired in their war experences.

"'There is a stage in treatment, the so-called debriefing stage, and you go over (the war experiences) once, or maybe twice, but then you have to put it aside," Rohm said. Some insist on talking about Vietnam because, "It's their only claim to fame and distinction; they won't give that up."

The best that Togus—that psychiatry—can do for Vietnam veterans, is to "teach them how they can cope with life despite the symptoms (of PTSD), with their understanding of what brings on the symptoms, what makes them worse, what makes them better, and how they can deal with whatever they need to deal with, despite having the disorder."

"Psychiatric treatment," Rohm said, "is never adequate."

As frequently as Vietnam veterans criticize Rohm and his psychiatrists, they speak highly of the psychologists and social workers in the outpatient section of the hospital. As outpatients, the veterans say, they were encouraged to cut their use of prescription drugs, to stop suppressing memories of the war, to talk about it, to grieve, and to examine the things they saw and the things they did in Vietnam.

To get help for PTSD, veterans typically say they had to check out of the hospital and become outpatients. Invariably, they say they got help from Dr. Bruce Letsch, a psychologist, and Molly Stanley, the coordinator of the outpatient PTSD program.

"When I started to get some real help," Bentley said, "it was from Molly Stanley. The most beneficial thing to me was a couple of hours a week of being able to sit down and finally coming to trust. And it took a long time for her to win that trust, because I didn't trust that system."

Dana Petersen of Yarmouth, also counseled by Stanley, said, "I'm lucky. When I needed it the most, I found someone who knew what they were doing."

"It's important to make this point," Bentley said. "There are some awfully good people working with Vietnam veterans up there, but . . . I feel as if their hands are tied."

For men who are seriously troubled with PTSD, the outpatient treatment is better than nothing, but not enough. They want Togus to create a stress unit as 13 of the VA's 172 hospitals have done. A typical stress-unit program involves a stay of three or four months in the hospital, followed by a year or two of outpatient treatment. The inpatient phase is intensive, with veterans participating in as many as 12 group counseling sessions a week—this in comparison to the once-a-week group sessions offered to inpatients at Togus.

Nurses on the psychiatric wards at Togus complain that veterans are hostile and disruptive when they come back from their once-a-week meetings; and the veterans don't like it any better. Bentley said the two-hour sessions just "open a guy up, and you have all that pain." A stress unit, he said, would use the pain to make progress, and would close the wound before letting the veteran leave.

The central issue, for Bunger, Ferguson and Rohm, is money.

The outpatient program at Togus brings a surplus of federal dollars into the hospital; but Ferguson said an inpatient PTSD program—a stress unit—would be a "money-loser."

For Ferguson, the choice is stark; setting up a stress unit, he said, might mean shutting down the dialysis machines that are keeping World War II veterans alive.

"We're doing the best that we can with a difficult problem, with the resources that we have, and still trying to meet all of our other responsibilities. We've got other veterans that have just as many problems. It may not have a tag on it of PTSD, but I can assure you, those other illnesses, to them, are just as serious."

Rohm, moreover, is not convinced that stress units work.

"There is no proof either way. We like to think that specialized units do something good for some patients, and this is the assumption on which we are trying to organize our thinking for the future, but certainly there is no experiential proof that 'this is it—nothing else will do.'"

For some veterans, the argument over the stress unit is a diversion from the real issue—that Togus is mistreating patients on the wards right now, that it is using dangerous drugs to put veterans in a "supervised stupor," to bury the things they need to talk about. The veterans say it will not take money or special authority from Washington to stop that.

The emphasis on drug therapy on the wards has made for bad blood between Togus and Vietnam veterans, and some veterans say it is incurably bad blood.

Their opinions are pure poison, and they are sure Togus loathes them as much as they loathe Togus.

Rohm concedes that some doctors and nurses do not want to work with Vietnam veterans, that they are intimidated by the hostility the veterans bring into the hospital. In fact, Rohm doubts that he could staff a stress unit from the existing pool of employees.

Combat veterans with PTSD can be demanding, disruptive, difficult to manage, hostile to authority—they admit this openly; but Rohm is not convinced that the anger is a symptom of what is wrong with these men, at least not in the majority of the cases.

Dr. Sally Brown, a Bangor psychiatrist who treats Vietnam veterans, said the anger and distrust are indeed symptoms of PTSD.

"They're not grateful; they're angry," she said. "I can understand the anger.

"And I can understand other people being angry that they're not grateful."

Former inpatients at Togus typically say they sensed that the people who are not afraid of them, and who want to help treat their war stresses, are not in positions of power, while the policymakers have an abiding contempt for Vietnam veterans and the problems they bring into the hospital. Veterans say they sense that the psychiatrists and the administrators would love to see Vietnam veterans walk out and keep on walking.

Increasingly, veterans diagnosed with PTSD are doing just that; some are going to private psychiatrists and counselors, some to VA hospitals outside Maine.

More importantly, some are not seeking treatment—these are the men about whom veterans are most concerned.

Men who gave up on Togus and went to stress units in other states generally give good reports when they come back to Maine. After being a PTSD patient in the VA hospital at Northampton, Mass., one Maine veteran said, "I felt as if the staff actually liked me." Another said, "They explained that I'm not really crazy, that anybody would react the same way if they went through what I went through."

In a telephone interview, a Maine veteran still at Northampton said he heard a doctor there refer to Togus as "the pill factory." Michael Harkins, 36, a Marine combat veteran from Lewiston, said, "I wasn't getting any help at Togus . . . all they want to do is give you medications and ship you out on the road.

"The doctors down there took me off all Togus medication."

At Northampton, Harkins said, Togus has a reputation as a hospital that is dragging its feet on recognizing and treating PTSD, even while the VA is sending out signals that PTSD has been ignored too long. A top official from the VA's central office in Washington, D.C., delivered a speech in Los Angeles this past summer, saying, "Mental symptoms remain an uncomfortable enigma for many. They frequently are perceived as something to be ashamed of, as signs of weakness, or as signs of a lack of self-discipline—not real disorders. . . . The fact that we have been slow in recognizing the full impact of these clinical realities and slow to reposition our clinical resources has to be acknowledged and corrected."

Rohm denies that Togus is dragging its feet, although sources at the hospital say most of the senior psychiatrists are inclined to call PTSD something else, or to at least treat it as if it were something else—some kind of antisocial complex, character defect, or even schizophrenia.

A few of the psychiatrists take a radically hard-line on PTSD; they regard it as a catch-all excuse for combat veterans who are malingering, according to observers in the hospital.

These same sources say the inertia at Togus is heavier than it should be, and that it centers on the influential senior psychiatrists: Rohm, and Drs. Thomas H. Thomas, Victor Pentlarge, John St. Andre, and William Groothof.

The dispute over the validity and the extent of PTSD is a worn-out, lingering controversy at Togus.

Thousands of scholarly articles on PTSD have been published in this century—although they did not call it PTSD before the Vietnam War. There is ample research documenting the "war neuroses" of the veterans who fought the "War to End All Wars." Finally, in 1981, the American Psychiatric Association recognized PTSD when it published the third edition of the psychiatrists' bible, the Diagnostic and Statistical Manual.

Psychiatry's official blessing was hard-won, and it came too late for many Vietnam veterans, the ones who came home and simply "went away," much like the most troubled veterans of the war in Korea and the world wars before them: they disappeared into the woods and the inner cities, the prisons and the drunk tanks, into themselves and into early graves.

Sources inside Togus say the notion lives on that PTSD is an exaggeration, an excuse for character defects and common laziness, even a social crusade. They say the argument drags on just beneath the surface of the day-to-day routine, leaving Togus in a backwater of spent controversy and bitterness.

Some employees accuse the administration of creating an atmosphere of indifference to the "Legacies of Vietnam" study, an eight-year research effort that was released in 1981. Commissioned by Congress and conducted by the center for Policy Research in New York, "Legacies of Vietnam" was a watershed in the emerging body of research on Vietnam veterans; it reinforced what private doctors had been reporting for years: that veterans of heavy combat—and even some who were not in combat—were living with anger and guilt, with insomnia aggravated by the fear of nightmares, with the fear of losing self-control, a loss of emotions and a sense of betrayal—with Post Traumatic Stress Disorder.

More importantly for Maine, the study noted that men from the rural Northeast were, for some unexplained reason, more likely to be troubled by their war experiences.

Four years after "Legacies of Vietnam" documented the continuing tragedy that as many as 500,000 veterans were facing, Togus still is assigning PTSD patients to the wards populated by the deranged, the psychotic, the hopelessly insane, and is still building its treatment plan around the mind-numbing effect of drugs.

Rohm believes that PTSD patients belong on his wards because most of them have mental illnesses besides PTSD.

"Having PTSD does not make you immune to other psychiatric disorders," he said. "Some people think everybody who was in combat in Vietnam and everything that befalls them ever after is PTSD."

He has not set aside a separate ward for PTSD because, "Patients do better if you have mixed diagnoses on one ward; the ones who are less ill serve as a model for the sicker ones.

"For the subjective impressions of some patients, it may be a drawback," Rohm said. "Some of them in the hospital—the vast majority—are unable to accept that they have a psychiatric illness. They deny it—the PTSD patient especially.

"This gives them a feeling that they don't belong here."

VETERANS AT TOGUS SAY DRUGS PLENTIFUL BUT HELP LACKING

More than 20 Vietnam veterans who sought treatment for war stresses at Togus agreed to be interviewed for this series. Ten of them will tell their stories here.

All are veterans of heavy combat, and all were wounded in Vietnam.

They have Purple Hearts to decorate the easy wounds, the ones left by steel and lead, the difficult ones went right to the spirit, leaving no marks, no easy, physical pain.

The veterans I interviewed want no more medals; they want treatment for their war stresses—for Post Traumatic Stress Disorder.

"It's not as if we were bum soldiers," one said.

When it became apparent that their testimony would show a uniformly dismal picture of the situation at Togus, I asked Dr. Walter Rohm, chief of psychiatry, to put me in touch with PTSD patients who would say something good about the treatment on his wards. He agreed, but a week later, no veterans had come forward with stories unlike the ones that follow.

Larry Harriman, 38, of Auburn, a two-tour Army veteran, said, "Togus had me on so many different drugs, I don't really remember how many."

Leaning on his cane at the dedication of the Maine Vietnam Veterans Memorial, Harriman said he took the drugs for years, but he finally threw them away because, "That's the only way you can survive."

"When I threw them away, I went through withdrawals—bad. Because I was taking a lot of drugs a day. . . . They told me I had to keep taking them, probably for the rest of my life.

"You go up there and something isn't working, they either give you more of it or they put you on something else altogether new, and I just got to the point where I couldn't function. I couldn't talk to people. I was withdrawing into myself and I didn't want nothing to do with anybody, my family, my children—nothing."

Without treatment for PTSD, Harriman said, "You take a way out. You take the only way out that you can. You get high or you get drunk and you try to forget.

"I just withdraw into myself," he said. "I go hide in the woods for a while."

Harriman said he went to Togus off and on for five years before doctors changed his diagnosis from schizophrenia to PTSD. Aside from that, he said, "Nothing's changed."

Bruce Buffum, a 36-year old Marine veteran from Yarmouth, was on a self-prescribed "cold-turkey" withdrawal from the anti-anxiety drug Xanax. When I interviewed him, he was obviously sick; he was sweating, his breathing was irregular, his face was trembling and his eyes were half-closed.

The view from his side was this: "I feel like my insides are coming out and the top of my head is coming off."

When Buffum went to Togus in 1984 for treatment of PTSD, he got "drugs, nothing but drugs, from day one," Mellaril, Thorazine, Navane, Xanax, Chloral Hydrate—"different times, different combinations."

He lost track of time. He thought he had been on the ward for four days, but 11 days had passed. The next event he remembers was on day 21.

In all, he would be at Togus 150 days.

The drugs, he said, "helped me for a while . . . but then they turned around. They didn't work anymore." After 16 months on Xanax, Buffum decided to quit. "I can't think anymore, and I hurt inside," he said. "I have no memory. I'm all screwed up on the dope, the drugs. I gotta get off it, or, I die."

Buffum's psychiatrist "didn't talk about my problems. He talked about his. He just talked about his life, and then he'd say, 'OK, you can leave.' He never asked me about anything. He'd just call me in anytime he felt like it and talk to me.

I tried to get off (Xanax) and they wanted me to take two more. They were going to increase the dosage. I was taking six, I wanted to get off them, and he says, 'Take two more. You'll feel better'."

Buffum had been in withdrawal for two days when I interviewed him. Some veterans who were taking care of him—one of whom had been through Xanax withdrawal himself—said they expected Buffum to recover within a week.

A few hours after the interview, he became sicker and his friends took him to Westbrook Community Hospital, where he was admitted overnight. When I saw him a few weeks later at the dedication of the Vietnam Veterans Memorial in Augusta, he was a different man—smiling, steady on his feet.

He had kicked Xanax.

Paul Shiplett, 34, of Augusta, is a Marine combat veteran, former bank robber, and a published poet.

When he was discharged from the Marine Corps in 1972, Shiplett was already in trouble with his memories of the war. From the VA, he got "free prescription drugs—Stelazine, Thorazine, Elavil, Valium—in large quantities, on a monthly basis. Within a year of that time, I was robbing banks and trains."

"I'll take responsibility for the criminal behavior," he said. "But they started it." He served seven years in federal prison in Virginia and in the Maine State Prison at Thomaston, and was released in 1979 when the Supreme Court overturned his second conviction.

He walked into the Portland Vet Center earlier this year, "desperate, suicidal, and with a few feelings of homicide going on in there." He was taken to Togus where he was interviewed by Dr. Brian Gottlieb, the hospital's PTSD expert.

"He said I had Post Traumatic Stress Disorder and there was not a f—— thing he could do about it because they didn't have any treatment program at Togus. So I said, 'How come you're the doctor for PTSD if there's nothing you can do about it?' He says, 'I am the new kid on the block.' And he is. He's the newest doctor at Togus and they gave him the job.

Gottlieb told me, "This is a place for you to come and rest and get in control and use this as sort of an aid station, and you can come back when you like. . . . He said a treatment modality is at least six months down the road. He said there was such a lack of enthusiasm . . ."

Assigned to Ward 63 West, Shiplett described it as "new zoo review time." He refused to take prescription drugs; he told the psychiatrists they would make him "dangerous."

"They had zombies walking around at Togus and I didn't want to become one. Whatever I faced with Post Traumatic Stress Disorder, I wanted to meet it head-on. I wasn't going to let them deal with it by just pushing the problem out of the way, and that's what they're doing.

For the majority of the people, Korea, World War II—at least in the psychiatric

aspect of that hospital—it's just a big, goddamn drunk tank."

After two and a half weeks on the ward, Shiplett said, "They kicked me out because they said they wanted to break up a clique, because I had eight or nine 'Nam guys and we all stuck together, we walked down the hallway together, made everybody get out of our way. And they said they were going to try to get me into Northampton, Massachusetts (VA hospital) because that seems to be the big deal going on now."

Paul Vitalone, 37, of Athens, was being treated for Post Traumatic Stress Disorder as an outpatient at Togus in 1983. Vitalone, who has a 100-percent disability from PTSD, said the doctors discouraged him from signing himself onto a ward.

"They didn't want to see me at Togus," Vitalone said. "I was too radical or some damn thing. They figured they couldn't handle me if I got excited, or, whatever it was, I don't know. I got the impression that they didn't want to see me, and my wife got the same impression. Instead of me going in for check-ups and so forth before they'd mail me my new 'meds,' they'd just mail them."

In the summer of 1984, Vitalone committed himself to Togus.

"I was losing the business that I had. I say it's because the PTSD was coming on, plus, with the drugs they was giving me at the time, I just couldn't handle what I had to. And (Togus) claimed it was the business that was bothering me, not 'Nam. I just got excited and said, 'F—— you, here's your medicine back.'

Other vets told me Togus was not the place, and just being there overnight and half a day, I realized that."

Vitalone turned to the VA hospital in Northampton, Mass., and was the first Maine veteran to complete the four-month program.

"They changed my medication immediately," he said. "They explained that I'm not really crazy, that anybody would react the same way if they went through what I went through.

"They cared. They wanted to help and I could see that. It set me at ease."

Steven Bentley, 38, of Scarborough, was discharged in 1969 "in a mass state of confusion" after two tours as a combat engineer. He drank and used street drugs for the next five years, "and nearly died from it."

Through Alcoholics Anonymous, Bentley sobered up and stayed sober for five years. He went on to win a presidential scholarship to Hamline University in St. Paul, Minn., earned a degree in psychology and a certificate in chemical dependency counseling.

"I still had a lot of anger," he said. "I still had a lot of depression, I still had a lot going on inside of me. I had never dealt with Vietnam . . . and I guess, at that time, I was beginning to feel hopeless. I was beginning to feel that whatever it was that was wrong with me, I wasn't going to get any help. I finally said to hell with it.

"I think I came to the conclusion that it had been five years (of sobriety), and if I was still going to feel like this, what was the point? So I started to drink again. And of course it just made things immediately worse."

Bentley ended up in Togus after "shooting up the house" with a handgun.

"The first thing they did at Togus was put me on drugs, right away," he said. "They gave me anti-psychotic drugs like Mellaril . . . At first, I let them give me the chemcials and I took them and I thought, 'Isn't life grand here? This is wonderful.' But it was behind the VA's chemicals that I began to get sicker and sicker."

Bentley said he understood why Togus gave him drugs upon arrival, but not why the treatment never progressed.

"I've been shooting up the house," he said. "I can see where they want to give me Chloral Hydrate. I can see where they knock me down for a while to see where I am. But to leave me there, to keep filling me with drugs, when there's no other kind of program going on, when they want me to go down and do basket-weaving—I mean, they have the leather shop.

"There's no treatment."

On the ward, Bentley said, he lived for his once-a-week group counseling session. But he added, "If once-a-week group worked, they'd do it at the Vet Center."

After his experience, Bentley said he would not send a fellow veteran to Togus "unless the man was in complete crisis."

"I know what he's going to get at Togus. He's going to get drugs and a few days time out. It's going to be a supervised stupor. And I guess that there are times when I feel that that's appropriate, when the man's a threat to himself or someone else. . . . But as far as any rehabilitation, as far as any therapy, as far as any true help that has to do with the soul of a man, Togus, is the last place in the world I'd send him."

Bentley's confidence in the Togus Psychiatry Service was this: "The doctors on these wards—and the one that I had—a lot of times I'd feel that he was really incompetent, that he was dangerous, that he would accidentally kill me out of his drug and chemical biases. . . . But at the same time, I'm working to get those drugs, because, I'm not well, I'm unhealthy. You don't go up to a psychiatric ward because you're in the best of mental health. And alcoholics and drug abusers are deluded by definition. . . . We have a delusion that says, 'Give us those chemicals.'

And a lot of guys go up and they look to those doctors, they give them that power, and they get in real deep trouble."

At Togus, Bentley said, "You have a choice between going downstairs to the alcohol ward and being an alcoholic, where they say, 'Vietnam's not your problem, you're using Vietnam as an excuse to drink. Your problem is alcoholism. What you've got to do is quit drinking, put the plug in the jug, come to these meetings, read the big book and say your daily prayers, and you're going to be all right.'

Or, now, if you don't want to be an alcoholic downstairs, you can go upstairs and be crazy. And if you go upstairs and it's PTSD, then what they do for that is they give you drugs, right away."

Bentley decided to go upstairs and be crazy; when he was discharged, he was in as much trouble with PTSD as he had been when he was admitted.

"You don't talk things out when your brains are full of glue," he said. "You don't experience any feelings when they're filling up that hole in your gut with a chemical."

Togus filled the hole in Bentley's gut with Xanax, a drug that Bentley said "intensifies and exacerbates the very kind of symptoms that it's supposed to alleviate, most notably the depression and rage and anger. And with me, it took me right to a suicidal edge. I just wanted to put the pistol to my head."

Bentley was discharged from Togus with his Xanax and his alcoholism, and before long he was on his way back to Togus, this time in restraints.

"I remember when I went to Building 209, and I knew, at that point, what was going to happen if I left 209 and went over to that psychiatric (ward). That doctor was going to begin to pump chemicals into me again. The insight I had was that . . . I wasn't going to get any help here. These people weren't going to do anything but kill me."

John Reny, 45, of Portland was discharged from the Marine Corps with shrapnel wounds and what the doctors called an "anxiety reaction." He lived with his war stresses until 1983 when "everything hit bottom" and he committed himself to Togus.

"They immediately drug you," he said. "It was a bunch of stuff, really a lot of stuff, to where I started to lose my thinking process, my ability to move, my ability to speak, to communicate. Everything just slowed down, down, down, down, down, to where I was hardly moving. I was in that for a period of three months. I thought I was really going to end up totally committed . . . forever."

At Togus, Reny was surrounded by "the complete psychotic patient that never was in combat, the drug addict that never was in combat, all these other problems that had nothing to do with what I was experiencing and what I needed." Reny distrusted his psychiatrist, "knowing that he would not know what I was, would not care, would not have any feelings for what I was going to say."

After six weeks on the ward, Reny stopped taking drugs.

"I'd spit them out. I would take them in my mouth and then go in the bathroom and spit them out. . . They were affecting me very badly, and I knew I had to be drug-free to deal with this."

He left Togus after 12 weeks. "I don't think anybody that comes off drugs would want to stay in that place. You get yourself off drugs, you leave that place. The atmosphere is not conducive to healing.

"When you get cut, or hurt, they treat the thing and it gets well, it gets better, it heals and it's all over with. Well, the 'cut' was always there. It was never healing."

When he left Togus, Reny said, "I had come to a point of dealing with things myself, not through the medical system but through people I had met in Togus, groups, contacts, people that did care—social workers, nurses that were concerned and helped a lot—and the fellow Vietnam veterans that I made contact with there."

Today, Togus sends the anti-psychotic drug Navane in the mail, but Reny quit taking it routinely about a year ago. Barring a complete breakdown from his war stresses, he plans to stay off Navane and stay out of Togus.

"The only way I'd probably go up there is if I lost it totally. Hopefully—I can't say it for sure—but hopefully, hopefully," he said, crossing his fingers, "I will not go back to Togus. Hopefully."

Dana Petersen, 36, of Yarmouth, a former door-gunner and paratrooper, was "pretty messed up" after two tours in Vietnam.

"I couldn't function at all. I couldn't go into a store. I couldn't understand what people were saying to me. I had anxiety attacks all the time."

At Togus, "They drugged me out. They hit me with Thorazine, put me in a straitjacket and tied me to a pillar for three days—I think it was three days—I'm not sure. And they just drugged me out, and they drugged me out for, probably, about 10 years. I was a vegetable."

Togus has changed his diagnosis from schizophrenia to atypical conduct disorder, he says, adding. "What I really have is PTSD."

Petersen said he was drugged for weeks at a time at Togus, drugged on Thorazine, Lithium, Valium, Phenobarbitol, Navane, and Haldol. He did not question his treatment: "What do I know? I'm just a patient. I don't know nothing. I'm the nerd they medicate in the corner."

When he sees his psychiatrist, "We don't talk about my case, we don't talk about my nervous disorder, we don't talk about Vietnam, we don't talk about my family . . . He wants to send me someplace and have me radiated for my skin disease. (Petersen has skin lesions that he says Togus has not been able to diagnose).

After 15 years of repeated admissions to Togus, Petersen said, "You got to understand: for me, right?—Togus is a frightening place. You go up there and they're liable to give you most anything. And these pills mess you up. All right? They mess you up a lot worse than any of the street drugs you can buy.

"I'm supposed to be on Thorazine, Lithium, Xanax, Atavan and Talwin, and if I did that, it'd kill me. Now, I know that. Nobody can tolerate that. I mean, they just killed a man who did their program.

"Dana Bradford (a veteran who suffered a fatal reaction to drugs prescribed at Togus) did their program."

Russell Mattson, a 35-year-old Marine veteran from Newport, was "in pretty ragged shape" when he got to Togus.

"I'd spent 20 days wandering around in the woods trying to figure out why I was having so many nightmares and staying up half the night. I was pretty off the wall when I first got down there."

His Togus psychiatrist told him "to avoid anything that had to do with Vietnam."

"We did have some heated disagreements," Mattson said. "He wanted me on medication and I told him I didn't want to do it on medication, (I wanted to) try any other outlet first. He threatened me at one point with 'resisting treatment,' and I told him he was full of it . . . He knew it and I knew it. He didn't pursue it anymore."

At Togus, Mattson said, "You feel like you're in a play; you feel like you're in 'One Flew Over the Cuckoo's Nest.' You're in there with some people that are really psychotic. They're talking, they hear voices. You're afraid to turn your back on some people."

Mattson eventually took Xanax and Thorazine at Togus and he also spent a lot of time agitating for reform and talking to the press.

"Togus wanted to get rid of me," he said. "The psychiatrist told me that he didn't really feel he was the most qualified person in the VA to really help me out, that Togus had really given me all that they could offer, and he recommended that I should transfer to Northampton VA where they had a combat stress unit. When I said, 'Yeah,' that I would be interested, he made the call to Northampton right then, that instant."

At Northampton, Mattson said he found "a whole different atmosphere."

"Everybody who was on the unit wanted to work with Vietnam veterans, for different personal reasons or clinical reasons or whatever. But they all were there for us."

Mattson was halfway through the four-month program when he got word that Dana Bradford, his former roommate at Togus, had suffered a fatal reaction to the drugs prescribed at Togus.

"I was putting 110 percent into the program up until that point, and there was a lot of confusion over Dana's death. I felt that if I stayed down there I was just ignoring his death, and I didn't want to do that."

TROUBLED VETS SEEK ALTERNATIVES TO TOGUS

"When they touched on the idea of Post Traumatic Stress and going for help, a lot of vets were yelling 'Where?' That's what they were saying, basically—'Where do you want us to go?' "

That was how Russell Mattson, a combat veteran who was unable to get in-hospital treatment for PTSD at Togus, remembered the dedication of the Vietnam Veterans Memorial across from the Maine Statehouse last month.

Where does Togus want veterans with serious PTSD to go?

It wanted Mattson to go to Massachusetts, and he did.

Other veterans have turned to private counselors and psychiatrists. Some reportedly have moved as far away as Bay Pines, Fla., or Menlo Park, Calif., where they can be close to the VA hospitals that are on the leading edge in treating war stresses.

Others are relying on the VA's Vet Centers in Bangor and Portland. The centers are not directly administered by Togus, and they offer counseling similar to what a veteran would receive as an outpatient at Togus. The vet centers are reluctant to refer their most troubled veterans to Togus as inpatients; consequently, these men do without the intensive treatment they need, or they go out of state to get it.

The private psychatrists in Maine who are treating PTSD are reporting fairly good results; in many cases, the veterans are either getting better or are getting no worse, and they are getting there without relying on neuroleptic drugs, the "major tranquilizers" preferred on the wards at Togus. Doctors outside Togus are more likely to prescribe less potent anti-anxiety drugs, if any at all.

Dr. Sally Brown, a psychiatrist practicing in Bangor, said the veterans she sees "are not psychotic, they are not hallucinating, they are not delusional, and they are not having fragmented thought processes. They do have problems with impulse control, but that's not a psychosis."

That tells her she probably will avoid prescribing major tranquilizers, the anti-psychotic drugs, "because the cost-benefit ratio is not necessarily good for these people.

"A lot of these guys, at some point in time, have tried self-medication with recreational chemicals," she added. "If it had worked, I wouldn't be seeing them."

In her practice, Brown sees no "typical" PTSD patient. "All of my veterans are distinct individuals, and if I started to think of them as typical, I wouldn't be able to treat them." If there is anything close to a common denominator, she said, it is that "most of these guys, in some way or another, feel inadequate, angry, cheated. And they've lost contact, to some extent, with the part of themselves that is strong and good and caring; they had to—to survive.

"They numbed-out. And numbing out to survive, they lost contact, and I try to help them re-establish that."

Dr. James Pang, practicing in Portland, said, "each case has to be taken as an individual case. If I see 50 people and they all need psychotherapy, then I have to see to it that they get it someplace; I have to see to it that they get the proper treatment. Some will need medication; some won't.

"I've certainly used medications with many patients, but oftentimes—and its' very nice to see—they do come off the medications and do well with psychotherapy alone."

Many Vietnam veterans have been mistreated, Pang said, because "the diagnosis of Post Traumatic Stress Disorder, with some emphasis placed upon it, has only been going on since 1981. . . and these guys themselves didn't know what was going on, so, a lot of times they were misdiagnosed, mistreated, or seemed to be just 'character disorders.'

"What I mean by that is many of these guys had been drinking, would get in fights, would not have jobs; they would look as though they weren't the greatest characters in the world. But if you end up working with these people, you get to know them, and they get to trust you.

"You begin to understand what's happened to their lives."

At Togus, there are mixed feelings on just what it is Vietnam veterans really want.

In an interview on PTSD treatment with James Ferguson, associate director of Togus, he said, "There are a lot of compensation issues here too: There's money involved. Certainly, not that (the veterans are) not entitled to it, but some get a fixation on that aspect of it, more so than they do on anything else."

"Maybe that's part of the solution," Ferguson said. "Maybe that's what's really on their minds. Maybe that's the most pressing thing in their personal lives, and if you resolve that (money) issue, some of the others certainly can diminish."

This suspicion that veterans clamoring for treatment might really want money is not just in the administration building at Togus. It's on the wards as well.

Greg Christy, a combat veteran who was a PTSD patient at Togus, gave this account of the events that followed his refusal to accept drugs as treatment at Togus: "They gave me a new doctor, and my initial meeting with him was incredible, just totally incredible . . . He says, 'Christy, I hear you're trying to run this hospital.'

"We sat down, he says, 'What do you want? The money?' And I said, 'I'm well capable of supporting myself, I've done it for 37 years, I can take care of myself, I don't need the money—*What else do you want to know?*'

"This is the man that's going to help me," Christy said, bitterly.

"He never saw me again after that in the four weeks I was there."

Merrill Morris Jr., a Vietnam combat veterans and a former service officer for AMVETS, a veterans organization chartered in 1947, talked about this "fixation" on money that Ferguson sees in Vietnam veterans.

Some do chase money at Togus, Morris said. But they do it because they can't get treatment. Getting the money becomes a kind of vendetta, a way to get back at a system that has demeaned the very constituency it was created to serve.

What the veterans don't know, Morris said, is the fighting for money while giving up the fight for treatment plays into the hands of an unfeeling, even hostile, bureaucracy.

"The veteran keeps thinking that he's going to stick it to them by getting them to pay," Morris said. But he does not realize that "money is not the question."

"They've got the second largest budget in the United States," Morris said. "The De-

partment of Defense is first; the Veterans Administration is second. It's the third largest employer in the country: The Department of Defense if first, the Post Office is second, and the VA is third.

"The only thing the VA wants to know is, 'Do we owe the sucker any money, and how much do we owe him? That's it. That's what this whole thing is about. That's what all those people in that adjudication division, in that administration office, in the fiscal section—that's their whole purpose, to figure out, 'Do we owe him? And how much do we owe?'

"And they write the check."

"The problem," Morris said, "is the veteran doesn't give a damn about just being rated. He wants to be fixed, and Togus can't fix you.

"He's asking to be fixed—'You made me this say, now fix me.' "

Morris said he spent three years at Togus watching the hospital ignore PTSD, even through the adjudication arm of Togus was recognizing the disorder and awarding compensation, as required by law.

Morris's job was to help veterans file claims. In all, he helped about 100 veterans file for compensation for PTSD, and he saw them get rated—10 percent disability, 30 percent, 50 percent, 70 percent, and 100 percent—as long as their claims were skillfully handled, and as long as the doctors who diagnosed the veterans had credibility in the eyes of the rating board.

But when the veteran realizes he will not get treatment, Morris said, he starts to put more and more energy into fighting for compensation, into having his PTSD recognized as "service-connected," into having it recognized as the price he paid for fighting in Vietnam.

"The veteran thinks he's going to get some justice by getting the check, and hopefully, he's going to get some treatment towards wellness: He *doesn't* get well, and when he gets the check, it feels kind of empty," Morris said.

"The veteran looks at it, he says 'Wow, I'm service-connected.'—*But he doesn't feel better!*

"So he says: "This isn't enough! I want more!"—this is what he does—'I want more. *They . . . owe . . . me . . . more!*'

"Because he still hurts.

"See, he hurts the same, and now he hurts more because they gave him sixty-four rotten, filthy dollars, and it didn't make him feel good."

"The Vietnam veteran," Morris said, "is a dinosaur before its time, because it grunts and groans as a group and never says what it wants. Try to get combat veterans together to tell you what they want: they can't; they won't. They won't tell you what they want because they don't know.

"What they want," he added, "is social justice. I'll say it: *'I . . . want . . . social . . . justice.'*

"I also know that I will never receive it.'

And neither will the men who fight for "justice" by fighting for higher and higher disability ratings at Togus. To get to the higher ratings, the PTSD veteran has to get sicker, in a self-destructive process that feeds on itself, the veteran has to give up whatever control he had learned to exercise over his illness.

Some men climb the ladder; they get sicker: from 10 percent to 30 percent to 50 percent to 70 percent, finally, to the 100-percent rating.

"And that," Morris said, "is the write-off. That's the end of the ballgame—the 100 percent.

"It's *over*, pal. They just filed you. You aren't even in the warehouse; you're in the dead-stack.

"You're the walking dead."

What does the veteran do?

"He goes away," Morris said, angry now.

"They go away."

This belief held among the administrative and psychiatric elite at Togus, that veterans calling for treatment might really be after money, is a disturbing attitude to many of the private psychiatrists who are treating PTSD on the outside.

"Disability compensation," Dr. Sally Brown said, "is not a substitute for treatment; it is part of the treatment. You first have to know that you have a roof over your head, you're warm in the winter, you have food in your belly, clothing on your back, and that the kids won't starve, before you can start pulling other things together. That is the rock-bottom line."

After years of neglect, she said, picking up the pieces of lives touched by PTSD is not easy.

"Twenty years after the fact, you're not going to cure it. The time to treat traumatic stress is right after the fact. Right then. Right there. You don't even wait a year, much less 20.

"I'm doing what I can," she said. "I look at these people that I'm dealing with and I *have* made a difference. Their lives are more comfortable, safer; the people around them are more comfortable and safer, and for most of them—with a significant amount of luck—there's a chance that they will be able to get on their feet again and be able to work productively, if we can somehow figure out a way to get them the support they need.

"I see that as being extremely difficult to get from the Veterans Administration at this time; it's like pulling teeth. They are not dealing with the individual; they are dealing with the system and trying to have the individual fit the system, and these guys don't—they are all unique and they don't fit into the system.

"In any system," Brown added, "the system's goals come first. The system has to survive in order to meet its goals, and the system's survival is the *first* goal. That's understandable; it's reasonable and logical—but it can interfere with the stance of the caretakers."

"Medicine is an art," she said, "It's not a science.

"And I fear, for most of the vets in Maine, Togus is not a very artistic place."

A Plea for Help

Maine's two U.S. Senators will hear much today in Augusta. Many of the state's Vietnam-era veterans want to talk. They need to express their anger and frustration to someone important who will listen.

We've all been told about the Vietnam veterans who came home, shattered inside, to a country that didn't care. What Sen. William S. Cohen and Sen. George J. Mitchell will see before them at the Civic Center are men who claim to have been internally battered again. It wasn't war that did it the second time. It was the system that was supposed to help them mend.

Earlier this week, the NEWS published staff writer Tony De Paul's series on the failures of the psychiatric system at the Veterans Administration hospital at Togus. It was painful to read the real stories of these Maine men, all good citizens, who fought for their country in a bitterly controversial war. They returned to the state fractured inside. But by their own account, the VA system at Togus just poured pills and drugs into their deep emotional and psychological wounds. In these cases, there was only a token attempt at healing. The objective was sedation.

"Former inpatients at Togus" reports De Paul, "typically say they sensed that the people who are not afraid of them and who want to help treat their war stresses, are not in positions of power, while the policymakers have an abiding contempt for Vietnam veterans and the problems they bring into the hospital. Veterans say they sense that the psychiatrists and the administrators would love to see Vietnam veterans walk out and keep on walking."

Nationally, Vietnam veterans have not fit comfortably into the elaborate traditional network of veterans groups, VA programs and hospitals. Many of the non-professional soldiers who served in Vietnam have unique problems. They simply cannot mesh with the liberators of Europe or the draftees and volunteers who stormed across the South Pacific.

What we are seeing in Maine, at Togus, looks very much like a tightly focused picture of a national problem. Men return home shaken, from an unpopular war. When they look for help to reassemble the pieces of themselves, they find contempt. When they ask for justice, they get red tape, neuroleptic drugs, a disability check and the brushoff.

"The only thing the VA wants to know," said one veteran, "is, 'Do we owe the sucker any money, and how much do we owe him?' " This is just one veteran speaking. If he spoke only for himself, his complaint could be written off as an isolated gripe. But he speaks for many.

The men not being served by Togus are asking that the government help them get well. They are frustrated. They are tired of hurting. They want what this country should be offering them: professional medical help delivered by physicians who understand Post Traumatic Stress Disorder and who care whether these men heal.

Sen. Cohen and Sen. Mitchell will hear a lot today.

Those who refuse to understand the problems of the Vietnam-era veteran will try to dismiss the tormented personal glimpses as groundless complaints—the efforts of malcontents or manipulators. The bureaucracy probably will try to defend its inadequacies.

But those who make the effort to hear will recognize the stories for what they are: pleas for help. We owe it to these men to listen.

MAX M. KAMPELMAN ASKS US TO PERSIST IN THE SEARCH FOR PEACE

Mr. DOLE. Mr. President, last Saturday night, November 16, I had the honor and pleasure to speak to the Council of Jewish Federations, an umbrella group for Jewish federations throughout America.

Foremost on the minds on everyone that evening was what would happen at the imminent meetings in Geneva. Today, at the conclusion of the summit, we can all take great comfort in the knowledge that the dialog between the world's two great superpow-

ers, the United States and the Soviet Union, will continue.

That dialog, however, actually resumed last spring, when negotiators from our two countries sat down to begin arms control talks.

Leading the U.S. delegation, is Ambassador Max M. Kampelman. I've known Max for many, many years. And all those years I've admired and respected him. His dedication to the principles propounded by the Founding Fathers, the principles of civil and human rights and worldwide peace, certainly assure me that the United States is in secure hands at the negotiating table in Geneva.

Max also spoke Saturday night. And his eloquent remarks about the differences between the Soviet Union and the United States and the need to try to bridge those differences—"To persist in the search for understanding and peace," are most worthy of our attention. That is why, Mr. President, I would like to include Ambassador Kampelman's speech in today's RECORD.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

REMARKS BY AMBASSADOR MAX M. KAMPELMAN AT THE COUNCIL OF JEWISH FEDERATIONS

In receiving your award, which I shall cherish, I must remind you of some wisdom from our sages. It is said that when God examines us, he looks not for medals and plaques, he looks rather for scars. Let us never forget that the true measure of worth in the judgment of history is the scars we have earned in the struggle for human dignity. I am aware that my deep scars are yet to come.

The ancient Hebrew tribes made their historic contribution to civilization by proclaiming to their neighbors that there was only one God. The immense significance of that insight was in the concept that if there is only one God, then all of us are His children and thus brothers and sisters to one another.

The Talmud asks: "Why did God create only one man?" In order that all men would have the same ancestor, and no man could claim superiority over another, was the response. The religious principle of human brotherhood has had inevitable social and political implications. Democracy became the political expression of that religious ethic. The notion that human beings are the children of God and that they thus have the potential for developing that which is God-like within them is clearly anathema to any political system which does not respect the dignity of the human being.

You, your associates back home, your organizations and all of your deeds are rooted in this tradition.

You will, I know, appreciate my inability to discuss with you the details of my current public assignment. My theme tonight is consistent with my new responsibilities; and, I believe, more fundamental in the search for world peace and understanding.

These are dangerous times. Our country and those of us who hold human values dear will require inner strength, understanding and faith to fulfill the demands upon us in the years ahead as we search for our goal of peace with dignity. That search for peace with dignity requires an acceptance of reality; and that is not easy.

We cannot ignore the continued presence of 120,000 invading Soviet troops in Afghanistan; the painful Soviet abuse of psychiatry for political punishment; the rampant government-sponsored Soviet anti-Semitism; the severe curtailment of immigration; the persecution of religious believers; the dehumanization in the Gulag slave labor camps—all these and much more in violation of international agreements. We must face this reality because there can be no international order and stability if any country reserves the right to decide which of the agreements they sign they are prepared to respect.

This is not an easy exercise for many of us. We yearn for peace; and we understand that in this nuclear age there can be no rationale alternative to peace with dignity through an evolving international law. For some, this yearning brings with it a reluctance to accept unpleasant facts which make the attainment of that goal more difficult. In turn, this makes easier a developing "peace at most any price" sentiment, which would immobilize the democratic alternative to Soviet totalitarianism. French President Mitterand had this phenomenon in mind with his sardonic comment that the Soviet Union produces weapons while the West produces pacifists. The Soviet use nuclear weapons for political as well as military purposes.

Let me digress here for a moment. One of the most important recent developments within the Soviet Union, one which can help foster the pluralization in that society so necessary for the peace and understanding we seek, is the impressive religious renaissance that is taking place there. It makes it all the more essential, therefore, that we keep the cause of religious liberty foremost on the agenda of our concerns. Yet, an increasing segment of the organized American religious community, headily and politically pre-occupied with what they like to believe is the cause of peace, has chosen to place the cause of religious liberty in a secondary position, in the fear that criticism of the Soviet Union will undermine their effectiveness as peace activists. I respectfully suggest, aside from the fact that I don't always recognize the same reticence to criticize American foreign policy, that those religious leaders, most of whom undoubtedly operate with the most humane intentions, thereby set back the cause of peace which they espouse.

Let us not be mistaken into believing that our differences with the Soviet Union are based on mutual misunderstandings. This is a misleading and patronizing over-simplification. Soviet leaders are not crude peasants who need some reassurance about how well-intentioned we are. Our problems are too profound to be thought of as being resolved by quick fixes, super negotiators, a summit, or a master-draftsman capable of divising language to overcome differences. The leadership of the Soviet Union is serious. Its diplomats are serious and well trained. Their response in a negotiation is motivated by one primary consideration: their perceived national self-interest, strengthened by the belief that the West is declining, divided, and devoid of the will to resist their military and ideological offensive.

I suspect that we and our friends who value freedom will pay a heavy price and suffer great anguish as we come to grips with this challenge. The integrity and character and strength of our society and our people will undergo the greatest challenge of our history as we learn how to live with Soviet military power, meet it, challenge it, and simultaneously strive to maintain peace and freedom.

The ancient Hebrew sages told us that there is in each one of us that in the heart and soul which is good and noble and God-like; and that there is also in each one of us that which is baser, bad—"yaitzer hatov" and "yaitzer hara." The great Protestant theologian, Reinhold Niebuhr, called it "Children of Light and Children of Darkness." Freud and modern psychology built on this truth. This dichotomy is not only a part of the human being, it is also a part of the societies which the human being creates. Democracy is the political expression of the "yaitzer hatov" within us. It is based on the religious notion of human brotherhood. Totalitarianism is an expression of the destructive drive, the "yaitzer hara" in us. The responsibility of those who would contribute to the onward evolutionary development of the human being, the essence of our religious faith, is to defend and extend that which is God-like in us as we strive to overwhelm those primitive and negative instincts that are within us as well.

Our task, therefore, is patiently and steadfastly to assert our values and act in accordance with them. We must work for peace and the reduction of arms because there is no alternative to that aspiration. But at the same time we must maintain and modernize our own military forces until such time as we can arrive at a mutual and verifiable agreement. President Chaim Herzog of Israel said a few weeks ago: "It is not enough to be right; we must also be strong."

The Soviet Union is not likely soon to undergo what Jonathan Edwards called "a great awakening." Yet, the imperatives for survival in the nuclear age require us to persist—through the deterrence that comes from military strength, through dialogue, through negotiation—to persist in the search for understanding and peace.

We hope the time will soon come when Soviet authorities comprehend that repressive societies in our day cannot achieve inner stability or true security. We hope they will come to understand the need to show the rest of us that cruelty is not indispensable to their system. We hope, but if we are to be prudent, we cannot trust.

In the meantime, what do we do? Do we remain silent because to speak out causes confrontation and that creates tension, too risky in this nuclear age? I suggest that such silence is submission to totalitarian intimidation. No peace with dignity can come from such intimidation. Silence in the face of cruelty may well be complicity, inadvertent as that may be.

We will come closer to our goal to the extent that we understand that our values are at the center of it all. The Nobel Committee shared this insight when it awarded Dr. Andrei Sakharov the Nobel Peace Prize. So did those members of Congress who later proposed Anatoly Shchransky for that distinction. We must, all of us, never lose our sense of identification with the heroes of the human spirit who keep reappearing in the pages of history.

All of us and our societies fall short of our aspirations. We grow by stretching to reach them. As we do so, however, let us be reassured by the conviction that the future lies with freedom because there can be no lasting stability in societies that would deny it. Only freedom can release the constructive

energies of men and women to work toward reaching new heights. A human being has the capacity to aspire, to achieve, to dream, and to do. We seek these values for all the children of God. Our task is to stretch ourselves to come closer to that realization.

Thank you.

GENEVA SUMMIT IS HOPEFUL BEGINNING

Mr. DOLE. Mr. President, as do all my colleagues, I look forward to the opportunity to welcome the President back this evening, to congratulate him on a job well done, and to hear his report on the Geneva summit.

The joint statement released in Geneva and the public comments made by the President and Soviet Leader Gorbachev indicate the summit was a hopeful beginning to a process of dialog and negotiations which we hope will become more comprehensive and bring more concrete progress in the future. In particular, the decision to hold future summits, including the next one in Washington next summer, is a welcome development.

Some positive immediate results were also achieved. The fact that the Soviets joined us in urging that the arms control talks be accelerated offers some hope that future rounds will bring more serious negotiations and less propaganda and posturing. Gorbachev's categorical acceptance of the concept of a possible interim INF agreement, separate from SDI or any other issue, is also a positive sign.

I also take special note of the strong statement favoring a prohibition on chemical weapons and the destruction of existing stockpiles of such weapons. If the Soviets are willing to follow through on that statement with serious negotiations, we may be able to achieve long overdue progress in developing a workable international agreement.

And, of course, the lower profile achievements—increasing cultural exchanges, opening new consulates in New York and Kiev, talks on risk reduction centers and the like—are also useful steps in the direction of better communications and understanding between our countries.

Through his leadership, the President has given us a good start on the road we all hope will bring us a more secure and stable world. We will continue to need his leadership and the unified support for the President I am proud the Senate has shown, as we move down that road to the tough challenges that lie ahead.

Mr. President, I ask unanimous consent that a copy of the joint statement issued in Geneva, be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

JOINT STATEMENT

By mutual agreement, President of the United States Ronald Reagan and General Secretary of the Central Committee of the Communist Party of the Soviet Union Mikhail Gorbachev met in Geneva November 19-21. Attending the meeting on the U.S. side were Secretary of State George Shultz; Chief of Staff Donald Regan; Assistant to the President Robert McFarlane; Ambassador to the USSR Arthur Hartman; Special Advisor to the President and the Secretary of State for Arms Control Paul H. Nitze; Assistant Secretary of State for European Affairs Rozanne Ridgway; Special Assistant to the President for National Security Affairs Jack Matlock. Attending on the Soviet side were Member of the Politburo of the Central Committee of the CPSU, Minister of Foreign Affairs E. A. Shevardnadze; First Deputy Foreign Minister G. M. Korniyenko; Ambassador to the United States A. F. Dobrynin; Head of the Department of Propaganda of the Central Committee of the CPSU, A. N. Yakovlev; Head of the Department of International Information of the Central Committee of the CPSU, L. M. Zamyatin; Assistant to the General Secretary of the Central Committee of the CPSU, A. M. Aleksandrov.

These comprehensive discussions covered the basic questions of U.S.-Soviet relations and the current international situation. The meetings were frank and useful. Serious differences remain on a number of critical issues.

While acknowledging the differences in their systems and approaches to international issues, some greater understanding of each side's view was achieved by the two leaders. They agreed about the need to improve U.S.-Soviet relations and the international situation as a whole.

In this connection the two sides have confirmed the importance of an ongoing dialogue, reflecting their strong desire to seek common ground on existing problems.

They agreed to meet again in the nearest future. The General Secretary accepted an invitation by the President of the United States to visit the United States of America and the President of the United States accepted an invitation by the General Secretary of the Central Committee of the CPSU to visit the Soviet Union. Arrangements for and timing of the visits will be agreed upon through diplomatic channels.

In their meetings, agreement was reached on a number of specific issues. Areas of agreement are registered on the following pages.

SECURITY

The sides, having discussed key security issues, and conscious of the special responsibility of the USSR and the U.S. for maintaining peace, have agreed that a nuclear war cannot be won and must never be fought. Recognizing that any conflict between the USSR and the U.S. could have catastrophic consequences, they emphasized the importance of preventing any war between them, whether nuclear or conventional. They will not seek to achieve military superiority.

NUCLEAR AND SPACE TALKS

The President and the General Secretary discussed the negotiations on nuclear and space arms.

They agreed to accelerate the work at these negotiations, with a view to accomplishing the tasks set down in the Joint U.S.-Soviet Agreement of January 8, 1985, namely to prevent an arms race in space and to terminate it on earth, to limit and reduce nuclear arms and enhance strategic stability.

Noting the proposals recently tabled by the U.S. and the Soviet Union, they called for early progress, in particular in areas where there is common ground, including the principle of 50% reductions in the nuclear arms of the U.S. and the USSR appropriately applied, as well as the idea of an interim INF agreement.

During the negotiation of these agreements, effective measures for verification of compliance with obligations assumed will be agreed upon.

RISK REDUCTION CENTERS

The sides agreed to study the question at the expert level of centers to reduce nuclear risk taking into account the issues and developments in the Geneva negotiations. They took satisfaction in such recent steps in this direction as the modernization of the Soviet-U.S. hotline.

NUCLEAR NONPROLIFERATION

General Secretary Gorbachev and President Reagan reaffirmed the commitment of the USSR and the U.S. to the Treaty on the Non-Proliferation of Nuclear Weapons and their interest in strengthening together with other countries the non-proliferation regime, and in further enhancing the effectiveness of the Treaty, inter alia by enlarging its membership.

They note with satisfaction the overall positive results of the recent Review Conference of the Treaty on the Non-Proliferation of Nuclear Weapons.

The USSR and the U.S. reaffirm their commitment, assumed by them under the Treaty on the Non-Proliferation of Nuclear Weapons, to pursue negotiations in good faith on matters of nuclear arms limitation and disarmament in accordance with Article VI of the Treaty.

The two sides plan to continue to promote the strengthening of the International Atomic Energy Agency and to support the activities of the Agency in implementing safeguards as well as in promoting the peaceful uses of nuclear energy.

They view positively the practice of regular Soviet-U.S. consultations on non-proliferation of nuclear weapons which have been businesslike and constructive and express their intent to continue this practice in the future.

CHEMICAL WEAPONS

In the context of discussing security problems, the two sides reaffirmed that they are in favor of a general and complete prohibition of chemical weapons and the destruction of existing stockpiles of such weapons. They agreed to accelerate efforts to conclude an effective and verifiable international convention on this matter.

The two sides agreed to intensify bilateral discussions on the level of experts on all aspects of such a chemical weapons ban, including the question of verification. They agreed to initiate a dialogue on preventing the proliferation of chemical weapons.

MBFR

The two sides emphasized the importance they attach to the Vienna (MBFR) negotiations and expressed their willingness to work for positive results.

CDE

Attaching great importance to the Stockholm Conference on Confidence and Security Building Measures and Disarmament in Europe and noting the progress made there, the two sides stated their intention to facilitate, together with the other participating states, an early and successful completion of the work of the conference. To this end, they reaffirmed the need for a document which would include mutually acceptable confidence and security building measures and give concrete expression and effect to the principle of non-use of force.

PROCESS OF DIALOGUE

President Reagan and General Secretary Gorbachev agreed on the need to place on a regular basis and intensify dialogue at varies levels. Along with meetings between the leaders of the two countries, this envisages regular meetings between the USSR Minister of Foreign Affairs and the U.S. Secretary of State, as well as between the heads of other Ministries and Agencies. They agree that the recent visits of the heads of Ministries and Departments in such field as agriculture, housing and protection of the environment have been useful.

Recognizing that exchanges of view on regional issues on the expert level have proven useful, they agreed to continue such exchanges on a regular basis.

The sides intend to expand the programs of bilateral cultural, educational and scientific-technical exchanges, and also to develop trade and economic ties. The President of the Untied States and the General Secretary of the Central Committee of the CPSU attended the signing of the Agreement on Contacts and Exchanges in Scientific, Education and Cultural Fields.

They agreed on the importance of resolving humanitarian cases in the spirit of cooperation.

They believe that there should be greater understanding among our peoples and that to this end they will encourage greater travel and people-to-people contact.

NORTHERN PACIFIC AIR SAFETY

The two leaders also noted with satisfaction that, in cooperation with the Government of Japan, the United States and the Soviet Union have agreed to a set of measures to promote safety on air routes in the North Pacific and have worked out steps to implement them.

CIVIL AVIATION CONSULATES

They acknowledged that delegations from the United States and the Soviet Union have begun negotiations aimed at resumption of air services. The two leaders expressed their desire to reach a mutually beneficial agreement at an early date. In this regard, an agreement was reached on the simultaneous opening of Consulates General in New York and Kiev.

ENVIRONMENTAL PROTECTION

Both sides agreed to contribute to the preservation of the environment—a global task—through joint research and practical measures. In accordance with the existing U.S.-Soviet agreement in this area, consultations will be held next year in Moscow and Washington on specific programs of cooperation.

EXCHANGE INITIATIVES

The two leaders agreed on the utility of broadening exchange and contacts including some of their new forms in a number of scientific, educational, medical and sports fields (inter alia, cooperation in the development of educational exchanges and software for elementary and secondary school instruction; measures to promote Russian language studies in the United States and English language studies in the USSR; the annual exchange of professors to conduct special courses in history, culture and economics at the relevant departments of Soviet and American institutions of higher education; mutual allocation of scholarships for the best students in the natural sciences, technology, social sciences and humanities for the period of an academic year; holding regular meets in various sports and increased television coverage of sports events). The two sides agreed to resume cooperation in combatting cancer diseases.

The relevant agencies in each of the countries are being instructed to develop specific programs for these exchanges. The resulting programs will be reviewed by the leaders at their next meeting.

FUSION RESEARCH

The two leaders emphasized the potential importance of the work aimed at utilizing controlled thermonuclear fusion for peaceful purposes and, in this connection, advocated the widest practicable development of international cooperation in obtaining this source of energy, which is essentially inexhaustible, for the benefit for all mankind.

PROPOSED AMENDMENT TO REQUIRE OPEN MEETINGS BY COMMISSION ON BICENTENNIAL OF THE CONSTITUTION

Mr. CHILES. Mr. President, S. 1779 is on the calendar and concerns amending the act which established the Commission on the Bicentennial of the Constitution of the United States.

When that bill is considered by the Senate, I will propose the following amendment. Its purpose is to require the Commission to hold its meetings publicly and in the sunshine.

The amendment follows:

At the end of the bill, add the following new section:

SEC. 9. For purposes of this Act and the Act entitled "An Act to provide for the establishment of a Commission on the Bicentennial of the Constitution", the Commission shall be deemed to be an agency which is subject to the provisions of section 552b of title 5, United States Code.

A TRIBUTE TO ANNA BROWN

Mr. GLENN. Mr. President, I ask my colleagues to join me today in honoring a great American, Anna Brown of Cleveland, OH, who died November 12 of cancer. Anna Brown worked tirelessly to improve the lives of older citizens as director of the Cleveland Department of Aging and as president of the National Council on the Aging. She will be missed by all of us who knew her and valued her friendship, but her outstanding contributions in aging will live on in many of our communities.

As the senior Democratic member of the Senate Special Committee on Aging, I was continually impressed with Anna's success in linking families, community groups, and the public and private sectors in her programs to benefit senior citizens. She traveled around the country to share her fresh ideas and innovative programs with others in the aging network. She was at the forefront of efforts to build a better life for older Americans and served as an example for all of us.

I can't possibly list all of the awards and honors bestowed on Anna Brown, because the CONGRESSIONAL RECORD would be too thick. But I will mention one award that she received this year from the National Caucus and Center on Black Aged—the 1985 Living Legacy Award. Anna Brown has left us a legacy—of ideas, programs, and advocacy on behalf of older citizens.

I am holding a series of hearings in Ohio on Women In Our Aging Society, and we were fortunate to have Anna testify at our first hearing in Columbus last year. In her usual manner, she brought the house down with her keen observations and suggestions for change. During her testimony, Anna explained her program in Cleveland to prevent hypothermia among the elderly, called Keep the Lid On. Anna's campaign to make sure older citizens wore hats and other protective clothing involved schoolchildren, utility companies, and the entire community. It is just one example of her innovative work that has served as a model for other communities to follow.

Mr. President, I ask unanimous consent that an excerpt from the hearing, "Women In Our Aging Society," be printed in the RECORD.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

[Excerpt from hearing of the U.S. Senate Special Committee on Aging, Oct. 8, 1985]

WOMEN IN OUR AGING SOCIETY

Senator GLENN. You played a very major leadership role in those innovative programs. Was there any one thing that you did, or how you set out to get community participation, because if we want to set up an ideal way of taking care of the aging, it would be OK for families to take care of families. Well, that doesn't happen. About 75 or 80 percent of the help for the elderly does come from families, but that leaves 20 percent of the people who are in deep, deep trouble. They need help. Well then you say we'd like to have local help.

Well, sometimes that works and sometimes that doesn't. Then we'd like to have State help or Federal help or a combination of all of these things. Now, you've been successful putting together community programs in Cleveland. Can you give us any advice that you can pass along to other communities as to how you do this, or how do you get community participation?

Mrs. BROWN. For one thing, I think necessity, I had no money, and you had to put it together if you were going to get it off the ground. First, we only had a very small grant to start. But I looked around to everything that was already operating and I began to make friends and linkages and bridges, and I do business with anybody who

wants to do something for old folks. If it is a bottling company, fine, what have you got, yes, take it, anything.

I also do business with the utilities. We have a great program in the survival of older people called Keep the Lid On. We parlay a lot of our program on other people's bad images and then they get a rate increase down here in Columbus at the PUCO, and I have an idea that old people are going to be cold and I've been researching hypothermia for 5 years and find out that 25 to 40 percent of your body's own heat goes out through the top of your head.

You can believe that I'm going to call east Ohio and say, "I know how to make you look good and smell like a rose. Come over here and let me tell you what I want you to do for old people in Cleveland by way of educating," and we've given out for 2 years now over 1,000 knitted hats for old people to wear.

We had Cleveland Electric Illuminating Co. come up and do a new pin with a logo with a little man saying, "Keep the lid on." We made Blue Cross-Blue Shield give us a survival brochure, 140,000 of them in all the major languages. We gave the pins out through the school system, 40,000 children went home with that on. But the important thing is 10 American cities this winter are going to do that program under the auspices of the American Gas Association. Now, that is what I'm talking about.

Now, to get them together, Senator, I have turf problems. Some of my people sitting right here if they have turf problems, I have two tables in my conference room. If they are hostile, don't speak to each other, can't stand the sight of each other, I use the small table. Then the elbows have to rub, have to look right into each other's eyes. And I let them know that neutral ground is right where I'm sitting. And if they have turf problems they'd better go now, and nobody ever goes, and therefore we get the job done.

But we make a mixture of public-private schools, churches. Somebody's giving me 1,000 blankets for old people on the kick-off day for Keep the Lid On. It's easily done, if we make the linkages. If we know what the resources are. If we tell somebody with enthusiasm what it is we want to do, and we can get it done. The GOH project is five agencies all well established, they formed themselves into a nonprofit.

Well, we didn't want to make any one Cleveland agency pay for it, so we made also a consortium of funding sources. Remember that model project that uses a street health worker on each street in their neighborhood to give surveillance to that population, all the money for that was raised in the city of Cleveland. There isn't one dime of Federal money. We have a small grant from the State of Ohio and a little community block grant money, but we did not write to AoA for any money.

Senator GLENN. I have another suggestion for a program like this is to have a Brown in every community. [Applause.]

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT OF 1985

The PRESIDING OFFICER. Under the previous order, the Senate will resume consideration of the unfinished business, S. 1714, which will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 1714) to expand export markets for United States agricultural commodities, provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes.

The Senate resumed consideration of the bill.

Pending:

(1) Thurmond amendment No. 1080 (to amendment No. 939), to require the approval of a majority of producers voting in a referendum as a prerequisite to the issuance of an order to establish a pork promotion program and to permit States to continue to operate existing pork promotion programs.

(2) Helms amendment No. 1081 (to Amendment No. 939), to authorize the Secretary of Agriculture to make a grant, upon the request of a State, to fund a low-income nutrition assistance program operated by that State in lieu of the Federal Food Stamp Program.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, is my impression correct that there is a pending amendment?

The PRESIDING OFFICER. The Helms amendment No. 1081 is the pending amendment.

Mr. HELMS. I thank the chair.

AMENDMENT NO. 1081

(Purpose: To authorize the Secretary of Agriculture to make a grant, upon the request of a State, to fund a low income nutrition assistance program operated by that State in lieu of the Federal Food Stamp Program)

OPTIONAL NUTRITION ASSISTANCE GRANT PROGRAM

Mr. HELMS. Mr. President, under the proposal, supported by the administration, each State would be permitted to establish a nutrition assistance program in lieu of operating the Federal Food Stamp Program within that State. Currently State and local welfare offices administer the Food Stamp Program. Federal funding for nutrition assistance would continue, but each State would be responsible for establishing all of the major parameters of program eligibility, administrative procedures, means of issuing benefits, amount of benefits, and so forth. Rather than being subject to detailed Federal regulations—which seemingly cover every conceivable substantive and procedural issue—States would have considerable flexibility to institute their own guidelines for providing food assistance to poor Americans.

States would be able to participate in the nutrition assistance grant by notifying the Secretary by April 1 preceding the fiscal year for which they wish to begin participation. Similarly, a State may opt to revert to the regular—that is, Federal—Food Stamp Program by giving similar notice.

The funding for each State would be determined by the total amount of benefits issued by the State during the preceding fiscal year, with adjustments to reflect changes in the unemployment rate and in the Consumer Price Index—for all urban consumers for food at home as published by the Bureau of Labor Statistics—and other factors as the Secretary of Agriculture deems appropriate.

I ask unanimous consent that the following table outlining the amount of dollars in benefits issued within each State during fiscal year 1984, be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

VALUE OF FOOD STAMP BENEFITS ISSUED

[Fiscal year 1984]

Rank	State	Benefits (thousands)	Percent of total
1	New York	$902,149	8.44
2	Illinois	696,400	6.52
3	Ohio	674,932	6.32
4	Texas	665,947	6.23
5	California	655,693	6.14
6	Michigan	581,815	5.44
7	Pennsylvania	557,759	5.22
8	Florida	379,274	3.55
9	Kentucky	335,158	3.14
10	Louisiana	322,181	3.02
11	Alabama	319,529	2.99
12	Georgia	294,980	2.76
13	Tennessee	289,611	2.71
14	New Jersey	265,568	2.49
15	Mississippi	257,701	2.41
16	Indiana	253,593	2.37
17	North Carolina	238,166	2.23
18	Missouri	209,484	1.96
19	South Carolina	201,521	1.89
20	Virginia	198,056	1.85
21	Massachusetts	182,482	1.71
22	Maryland	168,778	1.58
23	West Virginia	151,932	1.42
24	Wisconsin	141,354	1.32
25	Oregon	139,256	1.30
26	Arkansas	138,042	1.29
27	Washington	134,862	1.26
28	Arizona	127,174	1.19
29	Oklahoma	121,722	1.14
30	Iowa	104,129	.97
31	Minnesota	97,220	.91
32	Colorado	93,257	.87
33	New Mexico	85,483	.80
34	Hawaii	79,762	.75
35	Kansas	67,433	.63
36	Connecticut	64,965	.61
37	Maine	63,805	.60
38	District of Columbia	42,341	.40
39	Nebraska	41,022	.38
40	Utah	39,433	.37
41	Rhode Island	36,805	.34
42	Idaho	36,655	.34
43	Montana	29,333	.27
44	Delaware	24,407	.23
45	South Dakota	24,337	.23
46	Virgin Islands	24,124	.23
47	Nevada	21,120	.20
48	Vermont	20,720	.19
49	Alaska	19,854	.19
50	Guam	18,553	.17
51	New Hampshire	17,531	.16
52	North Dakota	14,485	.14
53	Wyoming	14,029	.13
	Total [1]	10,685,922	100.00

[1] Excludes SSI/Elderly cashout, Northern Mariana; preliminary data.

Source: U.S. Department of Agriculture.

Mr. HELMS. Also to be included in the nutrition assistance grant will be the Federal share of administrative

funding. A separate reform, which I will outline in a moment, is proposed for this aspect of the program.

The administration's bill is similar to legislation that I have introduced in the past and that I reintroduced earlier this year as part of S. 616. The block grant approach for Federal food assistance will no doubt attract favorable attention from States that desire to improve upon the provision of food assistance currently available through the Food Stamp Program.

Concerns have been expressed in the past about the rigidity of the present, federalized program. Virtually no differences in program operations are permitted despite the vast differences in the specific needs among and within States. For instance, the law and regulations permit no variances to recognize differences in food costs within the continental United States. No distinctions are made in most program operations between urban and rural areas where the needs are often quite varied.

The block grant system would permit States to construct systems that will meet the unique needs and desires of each State, without Washington-imposed uniformity. Hearings were held last year by the Senate Committee on Agriculture, Nutrition, and Forestry on February 1, and I would expect careful consideration of the block grant approach as part of the reauthorization of the Food Stamp Program. A fundamental change is needed to improve the administration of federally funded food assistance to poor Americans.

At this point, Mr. President, I would like to outline for the record a brief history of legislative activity surrounding the concept of providing Federal food assistance in the form of a block grant as well as information on the recommendation of the President's Task Force on Food Assistance.

PRESIDENT'S TASK FORCE ON FOOD ASSISTANCE

Interest in the State option block grant has accelerated since January 1984 when the President's Task Force on Food Assistance completed its review of Federal food assistance programs. The primary recommendation of the task force was that participation in any or all existing Federal food assistance programs, including the Food Stamp Program, should be optional for individual States, so that States could choose to operate a federally financed autonomous food assistance program of their own designed to provide for the food needs of low-income Americans. States would have the choice of the optional autonomous, or block grant style, program for each individual program.

For example, States would have the option, under the task force recommendation, of establishing an autonomous food assistance program in lieu of the Federal Food Stamp Program, while continuing to maintain the Federal School Lunch Program. Under the task force recommendation, funding allocations to States that choose to establish an autonomous food assistance program should be made according to a formula that would provide a predictable level of funds that meets the varying needs for food assistance in those States. This formula should be based on existing baseline levels of funding, on changes in food costs, and on the State population in need, for example, as reflected by the rate of unemployment in the State. The administration's proposal encompasses these recommendations of the task force.

The task force outlined the rationale for the optional block grant concept, termed "autonomous food assistance programs" by the task force, as follows:

> We have become convinced that people in need of food assistance would benefit if the programs or any subset of them were controlled at a more local level, such as the State or county. The gains from such a modification derive from allowing the States: (1) more autonomy in allocating funds among the various food assistance programs, (2) greater discretion in administrating programs, and (3) greater responsibility for assuring that funds are properly targeted toward those in greatest need. The greater flexibility and improved administration that would be gained would help to increase the benefits available to the truly needy without at the same time increasing the cost to the taxpayer.

Mr. MELCHER addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. MELCHER. Mr. President, I do not want to mislead the chairman. Earlier, I said I did not care whether there was a rollcall vote on this amendment or not. I may have left the impression that we would just pass it, just accept it. I personally would not want to see that happen.

This amendment was proposed in the committee and was rejected. I do not recall the vote. Was it close?

Mr. HELMS. If the Senator will yield, I believe the vote was 9 to 6, or something on that order, 9 opposed.

Mr. MELCHER. Mr. President, I am one of those who opposed the amendment. I will tell you why.

The Food Stamp Program is a Federal program and has been a Federal program since its inception. It was enacted into law before I came to Congress in 1969. I found out, from serving on the Agriculture Committee, from being in a position of dealing with the Food Stamp Act, many people wondered why this committee has the food stamp law. There is a very good reason that we do.

The reason we have it is that the Agriculture Committee deals with nutrition; it deals with the agricultural products produced in this country.

Under the Food Stamp Act, we have always recognized that the abundance of American agricultural products could make a difference in whether the nutritional level of the poor and the handicapped, the elderly, the disadvantaged, was adequate. We can make it adequate, and this is one of the ways of making it adequate. It is not a very perfect method, but it is the best we have. To return this authority—to put the authority somehow within the States would create the situation where it is a changed program.

I do not know of any time where our State, for instance, through the act of the legislature by resolution—a joint resolution, for instance—has advised Congress that we would like to have it become not a Federal program but, somehow, a State program at our option. I do not know of any time in our State when the Governor has made such an observation, no matter who was Governor.

I am only aware in the past 17 years of what the Food Stamp Act is, what it does, what its relationship is to the State, and how it seems to aid in the nutrition of low-income people in this country. I do not think our Governor or our legislature has ever had any inclination at all to make it anything but what it is, a program that is Federal and, that hopefully, we continue to improve through its operation. We do operate through the States, of course, but our making it a Federal program where somehow the States have an option whether they want to participate in it or not or how they participate or how they handle it is something that has never been discussed with me from the standpoint of my State of Montana. But I think I would have some misgivings about taking such an action now as the chairman's amendment would propose.

In the Food Stamp Act, as this farm bill is presented, we have a series of improvements which we hope will make the program more effective in terms of cost and a little more effective in terms of nutrition for those people who participate in the program. There has been a lot of fraud in food stamps. We have tried, during the last decade and a half, as the program first of all expanded—and by the way, it is still expanding—to stamp out the fraud. We are advised by the Department of Agriculture and by individual States that the fraud that has been prevalent in the Food Stamp Program has been cut back.

I do not want anybody to infer from those remarks that we are still free of fraud, because we are not. We are not. It still needs to be cleaned up. It still has to be handled very vigilantly, both by the Department of Agriculture and by the individual States.

There is one point that must not be missed about the Food Stamp Pro-

gram, and this is it: We have had an abundance of agricultural products in this country and because of farm programs, in many instances, with different commodities, tried to support the price in order to keep producers in business. The surplus commodities that are put into Federal storage are actually owned, in the case of wheat, feed grains, dairy, cotton, and rice, by the Federal Government. So for those commodities, all of which are food except cotton, before the Food Stamp Program, we relied principally on commodity distribution to the low income and the poor. We developed a concept of food stamps that takes advantage of a marvelous industry that we have in this country. We have a marvelous agricultural industry in this country and we also have a marvelous industry of distribution of agricultural commodities or agricultural products—wholesalers, retailers. So the Food Stamp Program was designed to be used through the retail outlets.

It is my understanding that the food distribution industry of this country would oppose this amendment and have opposed this amendment. They operate interstate, they understand the Food Stamp Program as it is. It is my understanding that they firmly want to keep it a Federal program.

So, Mr. President, we have the producers who have never indicated that they wanted the Food Stamp Program to be anything but a Federal program; we have the people who use the Food Stamp Program, the low-income people, who have never indicated that they want it to be anything but a Federal program; and we have the food distribution industry that believes it ought to be a Federal program.

Last, I believe it is the case that almost every State wants it to be a Federal program.

So, Mr. President, I hope the amendment is defeated. I suppose we had better have the yeas and nays. I want to defer to the chairman, but I think that is——

Mr. HELMS. We shall study about that, Mr. President.

Mr. MELCHER. All right, Mr. President, I shall not ask for the yeas and nays at this time. I shall defer and see what the chairman wishes.

Mr. McCLURE addressed the Chair.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. McCLURE. Mr. President, I thank the Chair.

I rise in support of Senator HELMS' amendment. I might state that as many Members know, I have an interest in the Food Stamp Program and in correction of some of the error and fraud to which the Senator from Montana has made reference. I have a series of amendments which I have prepared and intend to offer in this regard. Let me say at the outset that if the distinguished Senator's amendment is adopted, it would go a long way toward meeting some of the problems that I attempt to address with some of the other amendments. If it were adopted, I might well be persuaded to concentrate all the effort on adopting that amendment and forgo offering some of the other amendments which I intend to offer because I think it gives us an opportunity in one amendment by one change to address many of the fraud and abuse problems which have crept into the program.

I am aware of the actions taken by the committee in adopting some reforms, and I am grateful for the actions taken by the committee and commend the committee for doing so. A number of those reforms that have been adopted by the committee are reforms which I have urged in past years and which the Senate in its wisdom in past years refused to accept.

The State option block grant maintains Federal funding to provide food assistance to low-income citizens, but provides considerable flexibility to the States in decisions regarding its implementation.

A block grant was mandated by Congress in 1981 for Puerto Rico in lieu of continuing the Food Stamp Program there. The President's Task Force on Food Assistance proposed in January 1984 that all Federal food assistance programs, including the Food Stamp Program, be made available to States in the form of optional block grants, termed "autonomous food assistance programs" by the task force.

The task force stated the rationale for the optional block grant concept in its report as follows:

> We have become convinced that people in need of food assistance would benefit if the programs or any subset of them were controlled at a more local level, such as the State or county. The gains from such a modification derive from allowing the States: (1) more autonomy in allocation of funds among the various food assistance programs, (2) greater discretion in administering programs, and (3) greater responsibility for assuring that funds are properly targeted toward those in greatest need. The flexibility and improved administration that would be gained would help to increase the benefits available to the truly needy without at the same time increasing the cost to the taxpayer.

Under the present Food Stamp Program, there is no acknowledgment of differences in incomes—between rural and urban areas within a State, for instance, or between different parts of the country. Nor is there any difference in food stamp allotments to account for differences in food costs in the continental United States. A block grant approach would permit States to make such adjustments if they felt that would be the most appropriate way to serve their low-income citizens. Theo M. Murdock, administrator of the division of welfare in the Idaho Department of Health and Welfare, submitted the following testimony during the February 1, 1984 hearing:

> What may meet the needs of low-income people in a large, industrialized State, continues to fall far short of the needs of those individuals in the State of Idaho. . . . If funding is adequate to do a good job, States such as Idaho will initiate programs that will eliminate major abuses, reduce overhead costs, and meet the needs of their low-income citizens.

I remind my friends that that is not a Republican administration in the State of Idaho making that statement, that is a Democrat administration.

In addition to making decisions about eligibility and benefit levels, States would be responsible for deciding appropriate application procedures, means of verification, and other administrative procedures, most of which are currently mandated in considerable detail by the Federal Government and, I might add, many of which are inadequate under the current programs.

The Helms block grant proposal which mirrors the President's Task Force on Food Assistance recommendation are unique among many block grants in their "hold harmless" provisions. Many previous block grants such as those enacted in 1981, contained reductions in spending in the block grant coupled with mandatory participation. Senator HELMS proposes an optional program for each State. The Helms proposal specifically provides that States may change from block grant status back to the Federal program, with appropriate notice to the Secretary of Agriculture.

I support Senator HELMS in his efforts to provide an alternative to the current Food Stamp Program. The Block Grant Program is a good alternative. My State of Idaho wants a Block Grant Program. Those who are participants in the Food Stamp Program in Idaho can benefit from such a program. I encourage my colleagues to vote for this amendment.

Mr. President, the Senator from Montana said a moment ago that no State wants it. I hope the evidence that I have presented, as was presented in the testimony, indicates that at least one State does that I know of, my State.

Second, the Senator from Montana indicated, and I think correctly so, that the program has been subject to fraud and abuse from its inception, and that we have tried under Democratic and Republican administrations to reduce the nature and extent of that fraud and abuse. Some of the amendments that I have prepared and that I have offered in the past and will offer again today, if this amendment is not adopted, deal with those questions of fraud and abuse. How do you eliminate fraud and abuse?

One of the most certain ways to do it is to give the State a stake in eliminating the abuse. As it is now, the States are in effect administering Federal money with no reward to them if they do it well and no penalty to them if they do it poorly. No wonder there is no real change in the fraud and abuse; no wonder we must continue to legislate year after year trying to tighten up on a program where there is no incentive to the States to tighten up on it by themselves.

Some of the amendments which I will offer deal with that question. But the most important single step in that direction would be the adoption of the Helms amendment, which would make the State the beneficiary of good administration and make the State the recipient of the problem if, indeed, they administer it poorly. Right now, the State does not have that kind of stake in good or bad administration, and the Helms amendment would give them that, as well as giving them the opportunity to focus available resources on the greatest need as they can see it within their own State, which I am certain is better than we can see it from Washington.

Mr. HELMS. Mr. President, I thank the distinguished Senator from Idaho for his remarks. He is right on target. As he has indicated, his Governor is one of several who have written to us saying that the State of Idaho would very much like to have the optional block grant opportunity. Let me go down the list of the Governors, Mr. President, who have written to us. Gov. George Nigh, Democrat, of Oklahoma, said:

> The concept of an optional nutritional assistance grant is very appealing to the State of Oklahoma due to increased flexibility . . . Oklahoma's decision on whether to apply for the block grant will, of course, take account of the final content of the legislation and regulations. I believe that we will want to participate.

Governor Wallace of Alabama wrote:

> We endorse the concept of providing optional block grants to States for funding the Federal Food Stamp Program.

Gov. John Evans, Democrat, of Idaho, if the Senator will permit me, let me quote what he said:

> The changes made that I saw were all positive ones that would make the proposal more attractive to States . . . We have a great deal of interest in the concept of a block grant for nutrition assistance in place of the Food Stamp Program and I assure you the alternative will be seriously studied by the State of Idaho should such legislation pass.

All three of the Governors I mentioned so far are Democrats. Maybe we ought to be bipartisan.

Gov. Robert Orr, Republican, of Indiana said:

> I support the concept of the modified legislative proposal contained in your letter . . . which allows States the option of accepting a nutritional assistance grant in lieu of the national Food Stamp Program . . . It is apparent from the modifications you have suggested that you have evaluated the comments of States interested in this concept.

Back to the other side of the aisle: Gov. Bill Sheffield, Democrat, of Alaska:

> I am very pleased to see that your modified proposal responds to the most important concerns cited in my earlier letter to you. We will continue to follow the progress of this important legislation with much interest.

Gov. John Sununu, Republican, of New Hampshire, said:

> We view the Department of Agriculture initiative of offering this option as a very positive step in the Federal/State relationship. We also believe that, given the proper regulatory framework, this proposal will give states the administrative flexibility to . . . more efficiently target assistance to those in need.

Gov. Ed Herschler, Democrat, of Wyoming:

> The optional block grant appears sound on paper with many advantages in implementation.

Gov. Richard Bryan, Republican, of Nevada:

> I am pleased to hear states may have this opportunity if the legislation becomes law.

Mr. President, we had an equal number of Governors who indicated that they were not interested in the optional block grant. Fine. They do not have to bother with it. It is up to the Governors and their legislatures.

All this legislation proposes is that the individual States be given the option. For the life of me, I cannot understand—with all due respect to those who disagree with me—why there would be opposition to that.

I do not want to prolong consideration of the amendment, but let me address just one thing that my friend from Montana discussed, and that is the fraud and corruption in the Food Stamp Program. It still exists.

Do you know who tells me the most about fraud in the Food Stamp Program? It is the local administrators of the Food Stamp Program. As matters now stand, they are so inhibited by trying to follow the redtape and the regulations from Washington, DC, and the administration of the Food Stamp Program that they are not really able to do very much about it. They do the best they can. But the bottom line—if I may use that cliche—is that the people on the ground in the various States, and certainly in my own State and many other States, have come to me and said: "Give us an alternative. We will provide more food, less expensively, if we are not hamstrung by Federal regulations."

It should be borne in mind that the fraud and corruption in the Food Stamp Program is no minor matter. There is so much of it that even the Mafia is involved in the food stamp fraud. It is a multibillion-dollar shakedown of the American taxpayers.

At the very least, I think the Senate ought to be willing to let States which desire to do so try this plan on an optional basis. If they do not like it, they can go back to the Food Stamp Program as it is not—controlled, directed, and administered from Washington, DC.

Mr. President, I hope the Senate will approve this amendment.

I was very interested in the comments of my friend from Idaho. He said—or at least I inferred from what he said—that if this amendment is approved, we may save 3 or 4 hours of the Senate's time today, and that will mean that we will not be in so late tonight and perhaps not at all tomorrow. I am rather blatant in that suggestion, but it is kind of meaningful to me and, I imagine, to other Senators as well.

Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. COCHRAN. Mr. President, I have the greatest respect and admiration for the chairman of our committee. He has provided very capable and dedicated leadership in the development of this legislation, the farm bill that is now before us. I also have admiration for him with respect to the way he has tried to lead the committee in identifying fraud and abuse in the Food Stamp Program.

We have made many changes in this program in the past few years under his leadership in our committee. As a result of that work, this program has been improved, it has been strengthened, and today there is less abuse and less fraud because of the many changes that have been made to tighten it up and to try to get at some of the abuses that have been characteristic of it over the years.

In these circumstances, I hate to have to oppose this amendment, but I feel very strongly that if we adopt this amendment, we will undermine and undercut in a very serious way the efforts that are now being made by our Federal Government to provide needed assistance in the nutrition area to hundreds of thousands of poor people throughout this country.

In my State of Mississippi, we have a lot of people who participate in this program—probably a higher percentage per capita than any other State in the Union. So in the case of my State, we do have a very real concern about changes that could dramatically alter this program.

I am convinced that the adoption of this amendment would be an unfortunate step for the Senate to take. Right now, we are seeing in Mississippi our

legislature and our State government leaders meeting in sessions in an effort to try to come up with money to continue the operation of essential State programs. There has been an unfortunate erosion of revenues. The revenues that are coming in to the State government now are much less than had been projected earlier by those involved in the fiscal management of our State. If we were under the edict of this amendment in my State, I worry whether or not the benefits that would otherwise be made available under the nutrition assistance programs could be sustained, with the pressures that exist now from colleges, universities, school boards, teachers, and others who rely almost entirely upon the resources of the State to operate.

This program is operated fully by the Federal Government in terms of the appropriation of funds to sustain the Food Stamp Program. But under this approach, with a block grant of Federal dollars, the States have a great deal more to do with the administration of the program, with the decisionmaking power, as to exactly how the details of the program are going to be administered. I worry that instead of a Federal, a national commitment, we would break the program up into a program whereby in 50 States we could have a lot of different kinds of nutrition assistance programs.

Let me just say that the National Governors' Association has expressed itself on this subject and I would like to read a part of a letter which was dated June 26, 1985, to the chairman of our Subcommittee on Nutrition of the Senate Agriculture Committee, as follows:

The Governors oppose a block grant for the Food Stamp program. First, the NGA supports a national income security policy which will assure some basic level of food, shelter, transportation, clothing and health care for all persons below an established minimum income level. The Association believes that the federal government must play, over time, a larger role in financing that policy. We are concerned that a block grant, even an optional one, will undercut seriously that policy.

Second, the Food Stamp program is the only national income security program that establishes a uniform national benefit and which provides for eligibility on a noncategorical basis. The national entitlement nature of this benefit program is essential because states are generally unable to control the economic conditions which lead to dependency. In fact, the states with the greatest need for income support programs for their citizens are often the states with the least resources to meet those needs. Thus, the program assures that federal resources are immediately available as the dependent caseload increases. While some block grant proposals attempt to address these problems by adjusting the level of the grant to reflect changes in unemployment or other factors, these adjustments do not appear to offer comparable protection to the states or those in need of assistance.

Third, a block grant increases the possibility that the federal support for the Food Stamp program will be capped. The large federal deficit is certain to produce increased pressure for curtailing the growth in the cost of food assistance programs once the tie to actual food costs and individual need is eliminated.

Further, Mr. President, I refer to a letter dated July 23, 1985, to the chairman of our Subcommittee on Nutrition from the distinguished Senator from Minnesota [Mr. DURENBERGER] who is chairman of the Governmental Affairs Subcommittee on Intergovernmental Relations. In this letter he expresses strong opposition to the block grant proposal in the Food Stamp Program.

I ask unanimous consent that a copy of his letter be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE, COMMITTEE ON GOVERNMENTAL AFFAIRS, SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS,
Washington, DC, July 23, 1985.

Hon. ROBERT DOLE,
Chairman, Subcommittee on Nutrition, Committee on Agriculture, Nutrition, and Forestry, U.S. Senate, Washington, DC.

DEAR BOB: I understand that a Food Stamp Block Grant proposal is under serious consideration by your subcommittee as a State option to the existing system. As the Chairman of the Subcommittee on Intergovernmental Relations, I thought I should suggest to you my strong opposition to the proposal for blocking the Food Stamp program.

Block grants make good intergovernmental sense for many programs. Food Stamps is not one of them. Block grants are an appropriate way to simplify administration, to empower States by returning policy making responsibilities back to them, and to increase program efficiency by giving incentives to States to spend wisely. Of late, however, block grants have become a convenient way to help balance the federal budget. That, I fear, is what may happen in the future if we create a block grant for Food Stamps now. While good Federalism and deficit reduction are not inconsistent, we must not be indiscriminate when we turn back responsibilities to the states. Each case must be considered separately and in light of principles about what are national as opposed to State responsibilities in our federal system.

Throughout my Chairmanship of the Subcommittee on Intergovernmental Relations, I have said that the national government has the responsibility to provide for the income security of all Americans. Food Stamps is a program for people, not States. It provides the only existing national minimum benefit floor for poor children. A block grant would eliminate the floor. Today, over 93 percent of households receiving Food Stamps fall below the poverty line. Over half are children. Overall, the program mitigates disparities by raising the level of benefits for those living in "welfare poor" States. For example, with AFDC alone, Mississippi is more than 200 percent below the mean. Adding Food Stamps raises Mississippi to just below 12 percent below. Specialists at CRS, CBO, and experts on Federalism all agree that disparities would be exacerbated under a block grant.

Under a block grant, the program loses its entitlement status. Thus, if federal assistance is frozen or reduced, poor States are less able to make up the difference. And, if past experience with block grants is a guide, they may have to. Under all recent block grants, once policy and administrative responsibility are passed back, financial responsibilities soon follow.

Finally, there is no way a block grant can respond to changes in economic conditions and demographics as quickly as it must if benefits are to be provided when and where they are needed. Such is the nature of a block grant.

I realize that the Committee is under a great deal of pressure with respect to the overall agriculture bill, but the Food Stamp program should not be modified as part of the bargaining process. In the case of the Food Stamps, a block grant is not a pass back, but a pass off of national responsibilities.

Thank you, Bob, for your attention to this matter of importance.

Sincerely,

DAVE DURENBERGER,
U.S. Senate.

Mr. COCHRAN. Mr. President, I want to read one part of this letter to express again the concern of the poorer States for continuing the program and not having it changed, converted into a block grant program.

Today, over 93 percent of households receiving Food Stamps fall below the poverty line. Over half are children. Overall, the program mitigates disparities by raising the level of benefits for those living in "welfare poor" States. For example, with AFDC alone, Mississippi is more than 200 percent below the mean. Adding Food Stamps raises Mississippi to just below 12 percent below. Specialists at CRS, CBO, and experts on Federalism all agree that disparities would be exacerbated under a block grant.

Mr. President, for these and other reasons, I hope the Senate will reject the amendment offered to convert the Food Stamp Program to a block-grant-type program.

Mr. ZORINSKY. Mr. President, the amendment offered by my distinguished colleague and chairman of the Agriculture Committee, Senator HELMS, would provide States the option of receiving block grants to operate State nutritional assistance programs in lieu of the Food Stamp Program. The optional nutritional block grant that would be provided for by this amendment is similar to two proposals that were considered by the Committee on Agriculture, Nutrition, and Forestry during the markup of the farm bill. The committee rejected these proposals by votes of 6 to 11 and 5 to 12, respectively.

Although this proposal may have some merit, it is opposed by my State of Nebraska, as well as numerous others. The primary reason for the opposition from Nebraska is that providing for a nutritional assistance block grant, in lieu of the Food Stamp Pro-

gram, may in the future lead to reduced funding by the Federal Government and, thereby, impose a greater financial burden on the State.

I would like to quote from a letter from the Governor of the State of Nebraska:

Basing the level of nutritional support for the poor on a previous budget instead of need when our economy lately—

And he is referring to the farm economy in general—

has been so cyclical that it would appear to be antipoor.

Consumer-cost increases do not equate with increases or decreases in the number of poor. The greatest obstacle with the block grant perhaps is distrust of the Federal Government.

The current regulations, although tremendously burdensome and inefficient, have tended to prevent the Federal Government from making the drastic reductions they proposed in 1982.

The block grant would allow the States more flexibility, and I am confident we could develop a far better food stamp program than currently exists if we were allowed this freedom.

However, the past few years in dealing with our Federal Government makes me extremely leery and I am reminded of the quotation, "Beware the Trojan horse." Therefore, I must reluctantly oppose the proposed food stamp block grant legislation.

Another concern with the proposed block grant is that it would allow a State to cash out the program. My State is concerned that this could cause a reduction in the amount of food purchased by low-income households because the money could be used to meet other basic expenses of the household. This would be contrary to the basic purpose of the Food Stamp Program and would not be in the best interest of our low-income citizens and not in the best interest of the farmers and ranchers of this country.

Therefore, Mr. President, I would hope that my colleagues would oppose and vote against this amendment.

Thank you, Mr. President.

Mr. BOSCHWITZ. Mr. President, I also rise in opposition to the chairman's proposal to turn food stamps over to the States in the form of a block grant.

I join with my friend and colleague, the Senator from Mississippi, in his glowing remarks about the chairman and what has been achieved in the area of food stamps and how the program has been tightened up and improved over the years that Senator HELMS has been chairman of the program. I really believe that has happened.

However, the amendment would allow States to structure their own nutritional assistance program to benefit low-income people and the amount of the grant would be based on the States' share of administrative and benefit dollars in the preceding year and then would be indexed annually.

Why not turn food stamps over to the States? By and large, I believe in a block grant approach. They are convenient in many ways as it probably would help simplify in many areas but the Food Stamp Program, again, as my colleague from Mississippi pointed out, is the only benefit program in the United States that provides a national benefit for the poor families.

We feel that the National Government has a responsibility to provide a cornerstone for income security of all Americans through the Food Stamp Program. The Food Stamp Program really is directed at the people, not the State. It provides the only existing national minimum benefit floor for poor children or poor people. The block grant would eliminate that floor. The program mitigates disparities by raising the level of benefits to those living in welfare-poor States. It automatically helps to narrow the gap among State welfare payment levels by providing more food benefits to mothers and children who are poorer because their States pays low welfare benefits.

Also, the block grant approach could lead to food stamp benefit reductions for those with little political clout, typically poor women and children. The history of cash welfare programs bears this out. In those programs where benefit levels are set by States, women and children get substantially lower benefits than the elderly and disabled, who are better organized and have politically greater influence.

Under the block grant approach, States could set benefit levels to poor families at such reduced levels that, when combined with low welfare payments that already exist in some of those States, this could lead to further migration of families out of those States and into other States where benefits are more generous. This would place unfair burdens on States to which these families have migrated and create an imbalance that would not be necessarily well handled by the block grant approach and that would not be able to adjust rapidly to such disparities.

One of the options available to States under a block grant would be the cash outlay food program. Instead of receiving food stamps, recipients would receive cash. We lose all the assurance that the money the Federal Government has set aside for food stamps is going to be used to purchase food at all. Cashing out leads to reduced food consumption and would both lessen the nutritional impact of the program and its impact on agriculture producers.

The research conducted by the Department of Agriculture concluded that additional bonus stamp income is bound to have more than twice the effect on food spending as additional money income. So, in the event we give money, quite clearly spending on food would be decreased and the whole purpose of the program frustrated. This suggests that a program that replaces stamps with cash would be substantially less effective than the food enhancement program.

Another concern that we have under the block grant is that the program loses its entitlement status. While technically food stamps neither are fish nor fowl when it comes to entitlements or nonentitlements, it is in reality an appropriated entitlement. As the program currently operates, if an individual family meets the eligibility criteria, they get food stamps. Whether they live in Worthington, MN, or San Diego, CA, they are assured of getting benefits all through the year. What if the State plans poorly and runs out of money for low income nutritional assistance by the end of the year? Are people simply cut off? States would probably operate the program in a prudent enough manner to avoid this, but it is a danger, particularly when you have migration patterns that upset plans and you do not have a national approach to the whole problem.

Finally, there is no way a block grant can respond to changes in economic conditions and demographics as quickly as it must if benefits are to be provided when and where they are needed; such is the nature of a block grant. If the economy takes a downspin and there is much higher unemployment, then block grants are not quite as flexible as the present program. And, because of the nature of a block grant, we strongly believe that it is an inappropriate way to ensure that low-income Americans receive nutritional assistance.

Mr. President, I say this once again, having the highest regard for the chairman and what he is seeking to achieve and sharing with him many of the goals and methods of achieving those goals in the general area of the Agriculture Committee.

Mr. McCLURE. Mr. President, I wish to respond only to a couple of things that have been said by my friend from Mississippi and my friend from Minnesota. If I understood my friend from Minnesota, his real objections are two: One, he does not trust the States as much as the Federal Government, which surprises me a little bit; and the other is he does not trust the recipients to make their own decisions about how they spend their money, which surprises me a great deal.

I know there are a great many people in this body that believe the Federal Government has all the wisdom and we in Washington can make all the decisions far better than either the States or the people themselves who are involved. But I am a

little surprised to hear that coming from my friend from Minnesota.

Mr. BOSCHWITZ. Will the Senator yield?

Mr. McCLURE. I am happy to yield.

Mr. BOSCHWITZ. Mr. President, I think the Senator is casting an interpretation on my remarks that were not intended.

Mr. McCLURE. That may not have been intended, but there is no other interpretation possible. As a matter of fact, the words themselves speak very loudly that the States might make errors and, therefore, have the Federal Government do it; and the people might desire to spend the money differently rather than buy food, so we cannot trust the people to make their own decisions.

Now, that seems to me to be a credible argument for those who have great faith in the Federal Government's greater wisdom, but it seems to me to be an incredible argument for somebody who has any faith in either people or State or local governments. There are very clear divisions on that issue. Again, I am surprised my friend from Minnesota fell in that latter category.

The second response is with respect to my friend from Mississippi and the comments he made, because I do not understand the connection between allowing the State to administer a program because they get a block grant and allowing the State to administer the program because they get a direct grant.

The State administers the program now. The State would administer the program under a block grant. My friend from Nebraska read from the Governor's communication saying, in effect, if I understood the whole communication correctly, that the reason we really do not want a block grant is we fear you may reduce them, but otherwise we would like it. We would like it because we could do a better job with it. We would have more flexibility. We could give more of the money to the truly needy. We could cut down on the overhead without having to do all that redtape that is imposed upon us by the Federal Government. But, because we are afraid the Federal Government, as expressed by the Congress of the United States, might cut it back, we will accept the redtape, we will accept the difficulty, and we will accept the reduction of benefits to individuals because, otherwise, you might cut the program. That is the way I understood the Governor of Nebraska to be stating it.

Mr. President, the demographic changes, unless they occur very rapidly, within a calendar year, would obviously be adjusted by the Congress. The differences between the ability of one State, the State of Mississippi, a poor State, or any other to meet its own needs can be adjusted by the Congress in determining the formula by which the block grant is made. That is irrevelant to the discussion, unless you believe the Congress, having allowed the Federal Government to delegate a block grant to the State and allowed the State to administer the programs, unless you believe the Congress, having taken steps, would no longer be interested in the Food Stamp Program and would not police it, would not follow it, would not be concerned about whether it went to the right places, would not be concerned about whether the allocation of the States were adequate, and the Congress became disinterested in the changing demographics of this country, and I do not believe that Congress is going to do that.

I believe if the block grant is approved—and I hope this amendment will be adopted—that we will follow very closely whether or not the State is somehow changing it, whether indeed the people are being as foolish as some believe that they would be in spending the money unwisely, or it the State, having gotten the money, does a poorer job than they are doing now.

But, again, Mr. President, I would say that one of the things you must look at is the fact that the Federal Government gives the State the money to administer the program. They give the money to the State for the food stamp distribution itself. There is no motivation, neither reward nor penalty, upon the State for good administration.

Now, yes, the error rate is down. And I am not picking on my friend from Mississippi when I state that when you look at the error rate, the State of Mississippi has an average error rate of 12 percent, if I recall correctly. Maybe we do not care how much the State overissues or underissues. But I believe we should.

We did last year finally adopt a penalty on the administration funds if their error rate is 6.5 percent. I do not know why we should tolerate that kind of waste to the Federal taxpayers' money. I do not know what an appropriate error rate is. I have an amendment that would reduce that to 3 percent. I do not believe we should quietly sit by and allow State after State after State to overissue or misissue food stamps and say, "Oh, well, it's only food stamps."

A $10.7 billion program with an average error rate of almost 10 percent, average across the country, means that they are wasting $1 billion of the taxpayers' money.

This is not money that is being spent for the poor. This is not money that is being spent for those who are below the poverty line. By its definition, this is money going to people who should not receive it. One billion dollars of the taxpayers' money that is misallocated away from the poor and the needy to those who are neither by definition.

We miss the opportunity to correct a billion-dollar waste upon the chimera that somehow we in the Congress of the United States have greater wisdom?

I served in the State legislature for a period of time as many of my colleagues have. I am not smarter because I am here. I may be more wise because I served there for a time.

We have a number in this body who are former Governors. They are not smarter because they left the Governors' chairs and became U.S. Senators. They may be wiser because they have the experience. But just the act of being elected and coming to this body does not make us more capable—more capable then our colleagues at the State level to administer programs by our greater wisdom that bind into the straitjacket of a single Federal judgment.

I do not understand that argument. I do not understand why it is that an optional program must then not have both because if the State does not want it they do not have to have it.

The only single argument that I have heard that has any logical consistency at all is the one that says somehow if you start down this road it will weaken national support for the program and, therefore, it will be subjected to some cuts.

Mr. President, I do not believe that. I do not believe there is any possibility that the nutritional needs for the poor people of this country are going to lose attention simply because we allow the administration to shift to the State level where the States wish to do so. Remember, we pay them now. It is not a federally administered program. It will not, as was suggested by one of my colleagues, automatically pit the poor in the States against other interests in the States because it is still Federal money given to the States for a specific purpose, to be expanded for nothing else.

It does not subtract from the amount of money that goes into vocational education. It is still Federal money. It is a question of how will you administer, how will you set the priorities, who will have the option to make those decision, or must we always, perpetually, decide that here on the banks of the Potomac are the only great wisemen in the country.

I reject that notion that we, somehow, are invested because we read the Washington Post and breathe Potomac air with greater wisdom than the people in Minneapolis, Boise, Pierre, or wherever they may be across this Nation. That simply is not within the lexicon of my own experience and certainly not within the ambit of my own belief.

Mr. LEAHY addressed the Chair.

The PRESIDING OFFICER (Mr. COCHRAN). The Senator from Vermont.

Mr. LEAHY. Mr. President, first, I would like to commend the distinguished occupant of the chair for his eloquent statement regarding the optional block grant proposal in the Food Stamp Program. He stated with force and eloquence what many of us have so often tried to express—his statement should be listened to by all Members of this Chamber on both sides of the aisle.

Mr. President, we sit here, really, 100 men and women who live in what has to be considered almost a favored state. We have responsibilities which we carry out for our own State and for the Nation. I do not question the motivation of any Member of this body in doing that. Nor do I question in any way the diligence or hard work of any Member of this body on both sides of the aisle in carrying out their responsibilities.

But it is a fact that because of our position, our income, and other factors, that we fall into a very small, and very fortunate, group in this Nation. If any Member of this body goes hungry, they go hungry by choice. They go hungry by choice, not by necessity but by choice. Other citizens are hungry because they have no choice. There is an enormous contrast in these two situations. On the one hand, we have this, the richest, most powerful and affluent Nation in the world spending billions of dollars—billions and billions of dollars—every year for remedies telling us how to lose weight, while at the same time closing our eyes to the plight of the hungry in this Nation. This is obscene.

I am willing to tell any Member of this Senate, "Take me to your State, anywhere in your State, and I will show you hunger and I will show you poverty in your State."

I can in mine and I can in the other 49 States.

Certainly, if we want to consider the rarified air of Washington or within the beltway, I invite any Senator to come with me today or tomorrow or any other day, to walk with me for 20 or 30 minutes in the Capital of the most powerful Nation in the world, and I will show you hunger. I will show you hunger and destitution, people without hope. I will show you mothers and fathers who wonder how they will care for their children, how they will feed them.

Can you imagine what that must be like? I am a parent. I have never had a time when I could not feed my children. When I was a student in law school and my wife was working as a nurse, usually night duty because it paid another $5 or so a week, we did not have a great deal of money but we did not go hungry. By the time our first child came we had things a little easier and there was never a question that he could not be fed. Now, there is no question that that same child, now about 6 feet 6, and his brother and sister, can be fed. In fact, I sometimes feel that we are feeding an emerging Third World nation when they are all home from college.

Most of us have been able to bring up our children with no worry about where the next meal was coming from. Just think of a parent who has a hungry child, who cannot eat today, even though the parents will go without in order to save food for the children.

The Food Stamp Program began partly under the tutelage of my predecessor, Senator George Aiken of Vermont. I think the passage of this block grant amendment would begin to dismantle the Food Stamp Program as it exists today. I think that is why it was rejected in the Agriculture Committee by 12 to 5, a bipartisan vote.

I watch how the Food Stamp Program works in my State. It responds immediately to changes in the economy. Under the block grant, entitlements to individuals would end. The State would receive a fixed amount of funds, and if they are insufficient to meet changes in the economy resulting in unemployment or more people in poverty, benefits would either be reduced, needy people left off the program, or both.

Need would no longer be the criterion but solely the amount of money—this in a nation that spends billions of dollars a year to warehouse food that they cannot even give away, while we allow hunger to exist.

It is a national disgrace if hunger exists anywhere in this Nation.

Mr. President, there have been problems with the Food Stamp Program. The distinguished Senator from Kansas, the majority leader of this body, and I, have over the years cosponsored a series of Dole-Leahy amendments that have reduced food stamp error rates substantially, that have cut out waste and fraud, that make sure that food stamp benefits are targeted to the people who need them the most. I think this body should reflect on the work that we have done, the fact that we have kept the costs down, the fact that we have made the Food Stamp Program work the way it should, whether in Mississippi, Vermont, or Minnesota.

I hope, Mr. President, that this amendment will be defeated as it was when it came up first in the Senate Agriculture Committee.

I yield the floor.

Several Senators addressed the Chair.

The PRESIDING OFFICER (Mr. MCCONNELL). The Senator from North Carolina.

Mr. HELMS. Mr. President, I was very impressed with the remarks of my good friend from Vermont, Senator LEAHY. If it will satisfy him, we will put a provision in that nobody in the Senate favors hunger.

I yield the floor.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, I join my colleagues who are in opposition to this amendment. As the distinguished Senator from Nebraska said earlier, this proposal to shift to a block grant was defeated twice in committee by overwhelming votes in a bipartisan manner. I think that gives some indication of the kind of support this has. Now we are revisiting it and the comments made by the distinguished Senator from Minnesota [Mr. BOSCHWITZ], the Senator from Mississippi [Mr. COCHRAN], and the Senator from Vermont [Mr. LEAHY] were all appropriate to the point.

The problems I have with this amendment are numerous. Block grants might make good sense, good governmental sense, for many programs but food stamps is not one of them. Block grants are an appropriate way to simplify administration, to empower States by returning policymaking responsibilities to them, and to increase program efficiency by giving incentives to States to spend wisely.

I am quoting here from a letter from Senator DURENBERGER to the Senator from Kansas [Mr. DOLE], chairman of the Subcommittee on Nutrition. Senator DURENBERGER went on to say:

> Of late, however, block grants have become a convenient way to help balance the Federal budget. That, I fear, is what may happen in the future if we create a block grant for food stamps now. While good federalism and deficit reduction are not inconsistent, we must not be indiscriminate when we turn back responsibilities to the States. Each case must be considered separately and in light of principles about what are national as opposed to State responsibilities in our Federal system.

The Food Stamp Program, Mr. President, is a program for people and it is not a program for States. The Food Stamp Program provides the only existing national minimum benefit floor for poor children. As the Senator from Vermont just stated, we know that there are many poor children out there and they are increasing daily. A block grant would eliminate that floor.

Today, over 93 percent of households receiving food stamps fall below the poverty line. Let me repeat that: 93 percent of the households receiving food stamps fall below the poverty line. Over 50 percent of those in these households are children. The fastest-growing segment of those who live in poverty in this country today is children. A block grant to States would be a dagger plunged right in the heart of these poor children who, today, rely upon this national minimum benefit

floor that they have. But by going to a block grant, they will not have that kind of minimum floor.

Under the block grant situation, the program loses its entitlement status. Maybe that is really the intention, Mr. President, of the author of the amendment; I do not know. Maybe there are some who do want the Food Stamp Program to lose its entitlement status. But if this happens, then Federal assistance is frozen. What it means is that those poorer States, I think in line with what the Senator from Mississippi said, would be less able to make up the difference. So what we would have is a block grant that would be frozen.

Then, if there were some unforeseen contingencies that were to arise and the State were to run out of the block grants that it had, then it would have to do one of two things. It would either have to deny assistance to those who became eligible, or it would have to reduce benefits for all who are eligible. I think a recent case in point is my own State of Iowa.

If the block grant program had been in effect, let us say, last year, as this bill provides—if I am not mistaken, the Secretary had to report in April before the next fiscal year. It would be based upon the data from the States as of the April before the beginning of the next fiscal year. That means that in this fiscal year coming up, in my State of Iowa, we would have had to use figures based upon, actually, about 2 years ago. Well, what has happened in Iowa, as I have been saying for many days on the floor, is that we are facing a crash in our economy. Our farmers are losing their farms, small business is going out, the Waterloo John Deere plant that employed 6,000 people just about 4 years ago is now down to 2,000 people. We have had this huge increase in number of people applying for food stamps who are eligible.

Had we been on the block grant program and had a set amount of money to spend in this unforeseen event that came up, this tremendous turn of the economy in Iowa, the State of Iowa would have had to say to these people who are now eligible—they have lost their jobs, they are eligible for food stamps—"No, we are sorry, we have run out of money. We have allocated all our money and you are not eligible."

Or conversely, they would have to say to everybody, even those now eligible for food stamps, "Well, because of the increased number of people who need food stamps, what you got last month is going to be decreased even more."

I think that is not only a bad way to address the problem of hunger in this country, it is just a bad way to run Government. That would be a bad way to run any business.

Speaking of the business end of it, quite frankly, the Helms amendment would actually, I believe, increase costs to the Federal Government.

The Congressional Budget Office analysts have found that the block grant proposal would likely lead to an increase in Federal costs. This is because the fiscal sanctions on States for error rates above 5 percent would be wiped out. That has been said before by others here, that the error rate sanctions that are in place would be wiped out by the block grants and there would not be any provisions in there for States to be liable for any of these sanctions. What that would mean is that there would be an increase in Federal cost to the tune of about $185 million.

Now, this again is another letter dated July 25 from the Congressional Budget Office, and I will quote from it. It says, "For example, under the proposal," which is the amendment before us right now, "States would no longer be liable for fiscal sanctions currently charged to States with error rates above national target levels. If the Secretary of Agriculture does not make adjustments for error rates when determining the size of State grants, the Federal Government could lose up to the total amount of fiscal sanctions, which are estimated to be $185 million in 1989 and 1990."

So you get the worst of both possible worlds. You do not help those who are truly in need of food stamps and you do not save any money for the Federal Government. In fact, from all the sources I see, you are going to cost the Federal Government even more money, and you are going to work an undue hardship especially on those States which for one reason or another may find themselves in a very tough economic situation.

The Senator from Mississippi talked about Mississippi, but I can tell you right now that Iowa, which has generally been a State that has been pretty well off in the past, is in dire straits so we would be facing a terrible crunch at this time if we were faced with this block grant proposal. So those reasons, because there is just no flexibility at all during recessions, mandate that we not accept this kind of amendment.

I did want to talk also about the potential for increased errors. Now, I touched upon that briefly when I said that the States would not be liable for their sanctions, and I talked about it from a business standpoint of losing money for the Federal Government but also from a business standpoint of just poor management.

Mr. McCLURE. Will the Senator yield for a question?

Mr. HARKIN. I will be glad to yield for a question.

Mr. McCLURE. I thank the Senator. I hate to interrupt but I was trying to listen to the communication which was read a moment ago with respect to the error rates and the loss of discipline under a sanction. It would be my understanding, and perhaps the Senator can correct me—I ask the question in this form, if I may, that if there is a block grant which covers both the cost of administration and the benefits to be distributed within the State, and all of that is given to the State, is it not true that if the State makes an error it is absorbed by the State totally and that if the State reduces the error rate, the beneficiaries within that State get the total benefit of that reduction in the error rate?

Mr. HARKIN. I do not think that would happen because the State could have a high rate of fraud and waste but there would be no sanctions at all.

Mr. McCLURE. If the Senator will yield further, there would be no sanctions but they would absorb it. They would not come back to Uncle Sam and the taxpayers in every other State to pay that, I would say to my friend from Iowa. The error rate in Iowa is much lower than it is in other States. Why should the taxpayers in Iowa and the beneficiaries in Iowa have to pay for a higher rate of fraud and error in other States?

Mr. HARKIN. Wait a minute. Let us say that the State makes this application. They say they have this need and the Government gives them this big block grant.

Mr. McCLURE. Right.

Mr. HARKIN. They go into the next fiscal year and they have a lot of errors, a lot of waste, a lot of fraud, and stuff like that. They come back the next year. The Federal Government says, "Look, we have this increased caseload now in the States. We need a bigger block grant now. We need more block grants."

Mr. McCLURE. I assume that the Federal Government in making the allocation to the States of the amount of money that would be available would say to the State that is involved, "Here are the total number of cases that you have." We would check the error rates in exactly the same way we do now.

Mr. HARKIN. There is nothing in the amendment that says that.

Mr. McCLURE. There is nothing in the amendment that says you do not.

Mr. HARKIN. But there is in present law. That is why those who have said in the past that we tighten down—for the last 10 years we have been working to tighten down this problem. We have made good progress. Now I think this wipes it out.

Mr. McCLURE. I do not think it wipes it out at all. I think it recognizes one other thing, if I may, because I do not see that just making an error rate in 1 year will automatically increase the amount of the block grant the

next year, if that is the statement the Senator is making.

Mr. HARKIN. The statement I am making is that I do not think there will be the pressure on the States to reduce the error rate and any other waste and stuff like that that there is right now under the program as it is presently administered.

Mr. McCLURE. Right now—and I thank the Senator for yielding further—I agree that we have tightened up on the program. I have offered a number of amendments in the past, and I will offer a number of amendments today in the event this amendment is not adopted, to further tighten up on the error rate. But one of the basic reasons there is an error rate today that is as large as it is is that the Federal Government pays the total bill. The State is not penalized. Now, under the amendment that was adopted last year they are permitted a 5-percent error rate and they are penalized if they go over that 5-percent error rate. But under a block grant 100 percent of the error rate is absorbed within that State, either the State through administrative costs or the recipients of the program. So there is every incentive on the State under a block grant to eliminate errors. Right now the first 5 percent is free. The Federal Government pays for it, the Senator's taxpayers and mine. My State of Idaho is slightly higher in error rate than the State of Iowa.

Mr. HARKIN. I do not know why that is.

Mr. McCLURE. It is a little over 8 percent. But the national average is higher. So the taxpayers in the Senator's State are paying for the fraud, error and abuse in other States more greatly than they do in their own. If you have a single block grant which goes to the State which says, "Here are your administrative costs, here is the pot of money that is available for the recipients. Now, you administer it; if you make mistakes, that comes out of your pot; your administrative costs come out of the pot," is there not an incentive on the State then to eliminate the error because it comes out of their own rather than out of a free pot from the Federal Government?

Mr. HARKIN. If I can respond to the Senator, there would not be because if the past teaches us anything, and I think that it does, it is that the eligibility standards that were set up by the various States in the 1960's did not work and so the reason this block grant would not work is because what you are doing is letting each State set up their own standards of eligibility and how they are going to operate the program. What will happen is you will have 50 States out there with all kinds of different programs. You may have one State, it may be Iowa—I tend to think we have a pretty responsible Government. We would have maybe lower error rates and we might tighten down, but there may be some States that would not out there because they would have different standards so what they would do is get their big block grant and say, "Well, rather than tightening down on the error, the waste and the fraud, what we will do is just change the eligibility standards to make up for it, cut some people out of the program." And I think that is really what the effect of this thing will be.

Again, I point out that basically it was under the Nixon administration that the Food Stamp Program became a national program and it was President Nixon who established national eligibility and benefit standards for the Food Stamp Program to assure that low-income families regardless of age or family composition need not face hunger and malnutrition. He took this action after researchers found out that in the late 1960's when each State was left to design its own program major gaps in coverage and major problems of poverty-related hunger and malnutrition that far exceeded the problems which have today resulted. So we went to this national system. Now, what this amendment does is take us right back to the 1960's again and, quite to the contrary, if the States get this block grant and says, "Oh, my God, we have to tighten down," it would be the opposite. Right now, I respond to the distinguished Senator from Idaho, if the State has an error rate above 5 percent, they have to pay it back to the Federal Government out of their administrative funds. That is quite a sanction when they have to pay it back out of those administrative funds. That puts the pressure on the administrators of those programs to administer them in a responsible fashion. If, however, they get a block grant, what pressure is there? They do not have to pay back any money. They can use more and more money for administration.

That is another point: You give them a block grant, and watch their bureaucracy grow in those States. They will have more State administrators; they will have more food stamp people out there than you can imagine. Maybe that is what the proponents of the amendment want. Perhaps what they are seeking to do is to get a zero error rate.

As I said once before, when I was in the other body and we were debating a food stamp bill, I have a perfect solution as to how we can reduce the error rates in food stamps to zero, and it is simple: Have one food stamp worker for every recipient. You will have no errors then. Obviously, the problem is that it would cost us about $300 billion a year.

So there is some point where you understand that if you are administering a program like this, there are going to be some errors because it is so big.

Mr. DOLE. Mr. President, will the Senator yield for a question?

Mr. HARKIN. I yield for a question.

Mr. DOLE. Maybe it is a wish. We have been on this amendment about 1 hour 20 minutes, and there are listed about a dozen food stamp amendments.

I know that the farmers are very concerned about food stamps and the program, but I am more concerned about getting the farm bill passed, and I hope we can dispose of these food stamp amendments quickly.

I support the block grant. I think it is a good idea. I am not certain that I support any of the other amendments because, as the Senator from Vermont pointed out, we have tried to tighten up this program and have had some success.

I hope we can vote, get this big one moving, and then dispose of the others as rapidly as possible.

Mr. HARKIN. I have to respond to what the majority leader just said about wanting us to be cognizant of the time. I hate to say this, but I am constrained to do so: Those of us on the Ag Committee were ready to vote on July 15 to get the bill out of committee.

Mr. DOLE. I am not quarreling with the Senator from Iowa. I am saying to everybody, let us get moving.

Mr. HARKIN. We were ready to vote it out on July 15. It was finally prolonged for 2 more months, until September 19, when it came out, or 60 days later, and now I am being told that I cannot have any time.

Mr. DOLE. I did not suggest that. I spoke to everyone. A lot of my colleagues, including some on the other side, have indicated that they would like to finish the bill today. They have other plans tomorrow. I am trying to be helpful. I have criticism of the Senator from Iowa. I think that, overall, we have to move on this bill. There are about a dozen food stamp amendments, and I hope we can dispose of them rather quickly. Then I understand we will be within striking range of finishing. There is no criticism implied or intended.

Mr. HARKIN. I appreciate that, except that I have seen this before, where you bump up against a deadline like Thanksgiving or Christmas and then you have to rush this thing through, and we do not have our 10 or 15 minutes to talk about an amendment about which we feel strongly.

The majority leader says that he supports the block grant. I do not. I feel strongly about it, and I think the strongest possible case should be made against the block grant program, and I intend to take my time to do that.

I would like to get the farm bill through as rapidly as anyone else, but

we have sat here for 60 days. Why did we not bring up the farm bill the day after we reported it out of committee? So when these amendments come up that would devastate the Food Stamp Program, I feel that the strongest possible case has to be made against those amendments.

I want to return to the point I was making about the potential for increased errors. As I recall, when I left off, I think I said that if you had one food stamp worker per recipient, you could get the error rate down to zero, but the cost would be prohibitive. So at some point you have to rationalize about how much error you are going to have and what it will cost to go down to that. That is a point to be debated constantly, to try to figure out where that level is.

I think the block grant proposal would lift those kinds of sanctions we crafted carefully over the last several years to take the money out of their administrative costs. Nothing hurts bureaucrats more than to take money out of their administrative costs if they are administering a program; but under the block grant program, that would not happen. They would not have to take the money out of the administrative costs, and then you would see a tremendous increase in the error rates.

After all that is said, I think the bottom line for me—to use a cliche, as the distinguished chairman said—is that the Food Stamp Program has to remain a national program. It cannot become a State program like the block grant proposal would have it become.

We have hunger in all States. We have poor families in all States. I think there should be at least one national standard dealing with every citizen of this country, and that national standard ought to be how much nutrition each person in this country is entitled to—and I mean that.

I believe we are right enough, strong enough, powerful enough; we have surplus food; we have more food than we know what to do with. Our grain bins are bursting, and I hear about another big program to give grain back to farmers. We hear about the dairy program. We have more dry milk than the people in this country can consume in 3 years, as well as cheese and butter.

Yet, this proposal to have a block grant would say that, no, we as a Nation cannot have a national minimum standard of nutrition for our people; that we are going to turn it back to the States and let them decide.

This is one place we should draw a line and say that as a Federal system, not as a Confederacy—we fought that battle years ago—there ought to be certain Federal standards and guidelines for certain programs. This is one that I think we can never back off from. We need a national standard.

This block grant proposal would jeopardize the nutritional status of those most in need in this country, the poor famililes with children, not just adults who sometimes might have used the program or are in need, but especially those families with children.

The fastest growing segment of poverty today is the children of this country. I was surprised when I heard that. I could not figure out how it happened. How could children be the fastest growing portion of our poverty group today?

A woman appeared before our subcommittee on HHS, in appropriations, which is chaired by the Senator from Connecticut. I have the privilege of being a member of that subcommittee, and I asked the question: "How do you account for the fact that we are getting more and more children in poverty?"

She said: "It is very simple. More and more women are becoming single heads of households, and they are falling below the poverty line."

As every single parent falls below the poverty line, that single parent takes with her 2 or 3 children. So when one adult who is a single parent head of a household, mostly women, falls below the poverty line, that person takes 2 or 3 children below the poverty line.

The Food Stamp Program is the only benefit program that provides a national benefit floor. You are going to have factors involved whereby in States with low benefit levels, the families would say, "Let's go to another State that has a higher benefit level so we can eat."

So you have families moving across State lines just so they can get enough food to feed their children. I do not think that is what we as a nation want to see happen.

I know the President said something about people voting with their feet. I do not think we want poor to use their feet to get something to eat by walking across State lines to go to a State that has a higher benefit level.

I think what would happen is that those States that would have a higher benefit level would have an undue burden placed upon them and cause an unfair burden on those States that could not provide it. So that is why we have to have a national program.

If we back off on that then the amount of hunger and malnutrition we see in this country is going to increase more rapidly than anything we have ever seen and indeed we will become a nation truly of haves and have-nots. We will have those who can afford to eat and have the good things in life and have a segment of our population who are out on the streets begging.

I guess I will bring it to a close on that note.

In traveling around the world a couple times and going to various countries, I was asked once by some of my constitutents in Iowa about the Food Stamp Program and why do we have to give food stamps to people, and all that kind of stuff. I said, "You know, there are a lot of reasons for food stamps. People are poor. They need to eat. We want to make sure we have a nutritional level for all of the people of this country." I said, "Another thing I found interesting is that in many countries you travel to you see people lining the streets begging for food."

You go into any of the major cities of the Third World countries, there are people begging for food. That says something about our country. We do not have the people out on the streets of Des Moines, IA, or Chattanooga, TN, or Omaha, NE, or Chapel Hill, NC, begging for food. It says something about what kind of country we are when we do not have that happening.

If you want to see people out on the streets begging for food then you go to a block grant proposal. It would not happen right away. It would happen. You give us 1 year, or 18 months, and you will see people out there begging for food because maybe they do not have a car to put their family in to go across the State line to get higher benefit levels.

You have people, the new poor, put out of a job like in Iowa, and the State is saying, "I am sorry, we cannot give you food stamps because our block grant has run out." Where are they going to get their food? They are going to go out on the streets of Cedar Rapids, IA, and beg for food.

I do not think that is the kind of nation this Senator wants to see; I do not think it is the kind of nation any Senator here wants to see.

So I am hopeful that this amendment will be soundly defeated and that we can send a clear signal once again to this country that a Food Stamp Program is a national program and it will always remain a national program.

Mr. DURENBERGER. Mr. President, the Senate is now considering an idea advanced by both the administration and the chairman of the committee, and good friend from North Carolina, JESSE HELMS, that would give States the option to structure their own nutritional assistance programs for low-income people with Federal dollars. Grant allocations would be based on a State's share of administrative and benefit dollars in the preceding year and would be indexed annually to reflect food price changes.

Why not turn food stamps back to the States? The Nation's Governors today bear little resemblance to their predecessor "Good Time Charlies."

State legislatures and bureacracies, transformed by three decades of unprecedented constitutional, administrative, and political reform, are now centers of new ideas and initiatives. So, why not trust the States?

State capacity is not the issue here. A block grant for food stamps is not a simple matter of changing one form of program administration for another. It is a matter of good Federalism and of safeguarding the Nation's poor—especially its children.

The proponents of this amendment contend that the Food Stamp Program will be more efficient and effective if it is turned back to the States. But, will it? It is true that as a general rule of thumb the more leeway given to States, the better the program, the stronger the Federal partnership. By and large experience with block grants shows that when a program is intended for States and local governments, they know better than Washington how to tailor that program to their unique situations. In short, Federal programs affecting the States should be for the States.

But, food stamps are for people, not for States. There is nothing unique about hunger. It is the same in Mississippi, Minnesota, and New York.

Food stamps provide the only existing national minimum benefit floor for poor children. A block grant would eliminate that floor. Today over 93 percent of households receiving food stamps will fall below the poverty line. And over half are children.

The Food Stamp Program alleviates welfare disparities among the States by raising the level of benefits for those living in welfare poor States. For example, in 1984, there were 15 States in which a mother and two children with no other income received less than $3,000 a year in AFDC payments. In one State, the AFDC payment was just $96 a month to a family of three with no income. That's not even $1,200 a year. In over half the States, no AFDC benefits are provided to a family, no matter how poor it is, if both parents are present in the household. The Food Stamp Program, as it exists today, automatically helps to narrow the gap among State welfare payments by providing more food benefits to mothers and children who are poorer because their States are poorer. Under a block grant, they would be out of luck.

The Food Stamp Program responds immediately to economic and demographic changes. If unemployment in a State rises and more people are thrown into poverty, more food stamps are on the way. In contrast, block grant allocations are fixed from year to year. Without a crystal ball, responsiveness is lost because it is impossible to predict how much funding will be needed. The administration tells us not to worry. Adjustments can be made. Such assurances will be of small comfort to those who wait while the bureaucrats and politicians decide how to make up funding shortfalls.

Mr. President, one of the options available to States under the block grant would be to "cash out" their Food Stamp Programs. Instead of receiving food stamps, recipients would receive cash. Yet, research conducted by the Department of Agriculture concluded that this would be only half as effective getting food to poor children.

So, in the case of food stamps, a block grant is neither more efficient, nor more effective. So, if it's not broken, why fix it?

The answer is plain to see, Mr. President. While the proponents of the block grant are not likely to admit it, a block grant is the first step to Federal withdrawal. Block grants are more susceptible to budget cuts and freezes. Under all recent block grants, once policy and administrative responsibility are passed back, financial responsibilities soon follow. If past behavior is a guide to future action, there is little doubt that those who now advocate a block grant will later seek to cut it. A block grant will make their work that much easier because the Food Stamp Program would lose its entitlement status.

Some say a State option food stamp block grant would provide a useful experiment on feeding the poor. We could try it out to see if it works. Yet, between 1980 and 1983—the most recent figures—the number of children under 6 who fell into poverty jumped nearly 30 percent. Only in Washington could such experiments be contemplated. For the Nation's children, hunger has a face.

Mr. HARKIN. Mr. President, I move to table the amendment.

Mr. HELMS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Iowa to lay on the table the amendment of the Senator from North Carolina.

On this motion, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST] and the Senator from Connecticut [Mr. WEICKER] are necessarily absent.

The PRESIDING OFFICER (Mr. DENTON). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 68, nays 30, as follows:

[Rollcall Vote No. 325 Leg.]

YEAS—68

Abdnor	Durenberger	Mathias
Andrews	Eagleton	Matsunaga
Baucus	Evans	Mattingly
Bentsen	Exon	Melcher
Biden	Ford	Metzenbaum
Bingaman	Glenn	Mitchell
Boren	Gore	Moynihan
Boschwitz	Gorton	Nunn
Bradley	Grassley	Packwood
Bumpers	Harkin	Pell
Burdick	Hart	Pryor
Byrd	Hatfield	Riegle
Chafee	Hawkins	Rockefeller
Chiles	Heflin	Sarbanes
Cochran	Heinz	Sasser
Cohen	Hollings	Simon
Cranston	Inouye	Specter
D'Amato	Johnston	Stafford
Danforth	Kennedy	Stennis
DeConcini	Kerry	Stevens
Dixon	Lautenberg	Trible
Dodd	Leahy	Zorinsky
Domenici	Levin	

NAYS—30

Armstrong	Kassebaum	Proxmire
Denton	Kasten	Quayle
Dole	Laxalt	Roth
Garn	Long	Rudman
Goldwater	Lugar	Simpson
Gramm	McClure	Symms
Hatch	McConnell	Thurmond
Hecht	Murkowski	Wallop
Helms	Nickles	Warner
Humphrey	Pressler	Wilson

NOT VOTING—2

East	Weicker

So, the motion to lay on the table was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. HELMS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GORTON). Without objection, it is so ordered.

Mr. DOLE. Mr. President, we are still hopeful that we can move along here with some dispatch. Let me indicate that we still hold out a glimmer of hope that we might complete action on this bill by 6 this evening, but it is only a glimmer as I look at the number of possible amendments. I believe it is incumbent upon me to alert my colleagues that we need to have everybody here tomorrow to do business. There is always a chance that things will break loose, but with a dozen food stamp amendments, that could take 2 or 3 days by itself.

Again I indicate that there is a joint session tonight. Also, the distinguished chairman of the Agriculture Committee is being honored with a dinner tonight, so I must indicate that

we probably cannot stay in much past 6 o'clock.

I have also had another personal request. Let me read the letter:

DEAR SENATOR DOLE: I am having my second-grade play tonight. Please make sure there aren't any votes between 7 and 9 so my daddy can watch me. Please come with him if you can.

Love,

CORINNE QUAYLE.

This is another request I would like to honor. We all have these pressures from outside lobbyists and students and so on. We are trying to accommodate particularly a letter like this. I do not want to be in the doghouse with her.

I thank my colleagues.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SYMMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1082

(Purpose: To limit the effect of Reorganization Plan No. II of 1939 on the Secretary of Agriculture's authority under the Act of March 2, 1931 (46 Stat. 1468, chapter 370; 7 U.S.C. 426))

Mr. SYMMS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. There is an amendment by the Senator from South Carolina which is pending.

Mr. SYMMS. I ask unanimous consent that the pending amendment be laid aside so my amendment may be considered.

The PRESIDING OFFICER. Is there objection?

Mr. HARKIN. Reserving the right to object, Mr. President.

Mr. HEFLIN. Mr. President, reserving the right to object, is Senator THURMOND'S amendment being laid aside?

The PRESIDING OFFICER. The request is to lay aside the amendment of the Senator from South Carolina.

Mr. HELMS. Mr. President, this will take about 2 minutes.

The PRESIDING OFFICER. Is there objection to the unanimous consent request of the Senator from Idaho?

Without objection, it is so ordered.

The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Idaho [Mr. SYMMS] proposes an amendment numbered 1082.

Mr. SYMMS. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER (Mr. DENTON). Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment add:

On page 459, between lines 18 and 19, insert the following new section:

CONTROL OF AGRICULTURAL LOSSES CAUSED BY DEPREDATING ANIMALS

SEC. 1927. The authority of the Secretary of Agriculture under the Act of March 2, 1931 (46 Stat. 1468, chapter 370; 7 U.S.C. 426) shall not be limited by Reorganization Plan No. II of 1939, nor by any other executive action taken pursuant to the Reorganization Act of 1939 (or any successor statute to such Act).

On page 8, in the table of contents, insert after the item relating to section 1926 the following new item:

Sec. 1927. Control of agricultural losses caused by depredating animals.

Mr. SYMMS. Mr. President, this amendment addresses an historic agricultural problem. American stockmen have long suffered heavy losses due to predators. Starlings and blackbirds steal grain from feedlots, and damage rice and seed crops. Rodents destroy millions of dollars of agricultural produce in storage, and thousands of acres of range and forest resources.

My amendment corrects a serious misconception among executive legal authorities. It has been claimed that the Secretary of Agriculture has no authority to carry out programs to reduce animal-caused damages. They argue that this authority was transferred to the Secretary of the Interior in 1939.

A number of my colleagues and I disagree with this view. Congress clearly vested responsibility for protecting national food and fiber production in the Secretary of Agriculture. That is why Congress enacted the Animal Damage Control [ADC] Act of 1931, directed at the Secretary of Agriculture. In 1939, Congress transferred to Interior the Wildlife Management Agency that had previously carried out much of this responsibility, but it did not repeal the Secretary of Agriculture's ADC authority.

In the thirties and forties, animals causing agricultural losses were considered "undesirable forms of wildlife." It was the wildlife manager's job to destroy such animals—usually by offering bounties on predator pelts, rodent skins, and so forth. The bounty money originally came from State hunting and fishing licenses—it was believed that killing undesirables enhanced wildlife resources as well as protected agriculture.

The tools of animal damage control have since changed. Minimizing agricultural losses is not a chief concern of today's wildlife manager. Neither are bounties considered proper use of wildlife-generated revenue. The program today is not what was transferred to Interior in 1939—it relies on authority clearly assigned to the Secretary of Agriculture and not to a particular wildlife management agency under his jurisdiction.

This amendment clarifies that, in establishing the Fish and Wildlife Service in Interior, Congress did not intend to place limitations on the Animal Damage Control Act of 1931. Authority under that act still rests with the Nation's chief advocate for American farmers and ranchers, the Secretary of Agriculture. As I say, the purpose of this amendment is to clarify the authority of the Secretary of Agriculture to minimize animal-caused farm and ranch losses due to predators.

Mr. President, I thank the distinguished chairman—Senator HELMS—of the committee and the distinguished ranking member of the committee—Senator ZORINSKY—for their expeditious consideration of this amendment. I understand it has been accepted on both sides, and I am grateful for that.

Mr. President, I am also grateful for the dedication, persistence, and hard work of Mr. Trent Clark of Rexburg, ID, a most capable member of my staff, for his continued efforts on this issue.

Mr. HELMS. Mr. President, we have conferred with the Secretary about this amendment. Not only do we accept it, but we commend the Senator for it.

Mr. ZORINSKY. Mr. President, we have cleared the amendment on this side of the aisle. We recommend its approval and support its passage.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1082) was agreed to.

Mr. HELMS. I move to reconsider the vote by which the amendment was agreed to, Mr. President.

Mr. ZORINSKY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1083

(Purpose: To provide for cost-reimbursable agreements with State cooperative institution)

Mr. BYRD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. DENTON). It will take unanimous consent to set aside the Thurmond amendment and make this amendment the pending business.

Mr. BYRD. Mr. President, I make that request.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from West Virginia [Mr. BYRD] proposes an amendment numbered 1083.

Mr. BYRD. I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, add the following:

On page 298, between lines 7 and 8, insert a new section as follows:

"COST-REIMBURSABLE AGREEMENTS

"SEC. . Notwithstanding any other provision of law, the Secretary of Agriculture may enter into cost-reimbursable agreements with State cooperative institutions, as defined in section 1404(16) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (U.S.C. 3103(16)), without regard to any requirement for competition, for the acquisition of goods or services, including personal services, to carry out agricultural research, extension, or teaching activities of mutual interest. Reimbursable costs under such agreements shall include the actual direct costs of performance, as mutually agreed on by the parties, and the indirect costs of performance, not exceeding ten percent of the direct cost.".

Mr. BYRD. Mr. President, the amendment I offer today will address a problem that has arisen as a result of a decision by the General Counsel of the Department of Agriculture that the broad form cooperative agreements entered into with land grant colleges has been interpreted too broadly and, therefore, can no longer be used by the Agricultural Research Service [ARS]. It should be pointed out that these agreements have been used for more than 30 years by ARS to procure services and goods from land grant colleges to carry out agricultural research.

This interpretation of the provisions of the Federal Grant and Cooperative Agreement Act of 1977 has resulted in confusion, uncertainty, and most probably will result in a negative impact on the quality of research that will be undertaken by the various agriculture research laboratories in the future.

Simply, what this amendment does is allow the Department to enter into cost-reimbursable agreements without regard to competition, for the acquisition of goods or services to carry out agricultural research. A cap of 10 percent is placed on indirect costs.

Without the adoption of this amendment, the Department will go to contracting out on a competitive basis for scientific research and technical support services. While there may be some functions of Government that can be performed more cost effectively by the private sector, research is not one of those functions. The Federal Government has millions of dollars and many years invested in agricultural research. Some of the experimental trees and crops take years to develop and involve very sensitive equipment. One mistake on the part of an individual can effectively negate all that has been accomplished on a research project.

I do not believe that the Department of Agriculture or the Congress intends that we should take that chance with something that is so vital to the agricultural community, and I urge my colleagues to support the adoption of this amendment.

Mr. President, this amendment has been discussed with the distinguished chairman and the ranking member. I believe that they are probably inclined to accept it.

Mr. HELMS. Mr. President, the distinguished minority leader is exactly right. We have conferred on the amendment. I am prepared to accept it. This amendment does not mandate additional spending for agricultural research. It simply clarifies, as the Senator has said, the Secretary's authority to enter into cost reimbursible agreements with State cooperative institutions. My understanding is that the U.S. Department of Agriculture does not oppose this amendment. Whether they do or do not, I favor it.

Mr. BYRD. I thank the distinguished manager.

Mr. ZORINSKY. Mr. President, in 1981, the Congress attempted to provide the Secretary with language to facilitate the work of his research agencies as they pursued cooperative ventures with our fine land-grant institutions around the country. It appears that there is still some confusion regarding the intent of the Congress regarding such arrangements. This amendment will clarify the congressional intent by specifying that the Secretary, particularly through the Agricultural Research Service of the Department of Agriculture, can and should use the authority provided in this amendment to expedite research endeavors, continue cooperative efforts with a minimum of constraint and disruption of program, while assuring the continuation of prudent stewardship of the Nation's tax dollars supporting public research, extension, and teaching activities.

I urge the adoption of this amendment.

Mr. BYRD. Mr. President, I thank the managers.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from West Virginia.

The amendment (No. 1083) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1080

(Purpose: To require the approval of a majority of producers voting in a referendum as a prerequisite to the issuance of an order to establish a pork promotion program and to permit States to continue to operate existing pork promotion programs)

Mr. HELMS. Now, regular order, Mr. President. I believe the Senator from South Carolina has an amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Carolina.

Mr. GRASSLEY. Mr. President, you mean we are ready to vote? Is that what the Senator is ready to do?

Mr. HELMS. Of course not. We are just calling it up.

The PRESIDING OFFICER. The Chair is simply stating the question before the Senate.

Mr. THURMOND. Mr. President, as I understand it, my amendment is pending.

The PRESIDING OFFICER. The Senator is correct.

Mr. THURMOND. Mr. President, I ask unanimous consent that Senators HEFLIN, HOLLINGS, WARNER, LONG, TRIBLE, and DENTON be added as cosponsors of my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, first, this amendment would require the Secretary of Agriculture to conduct a producer referendum prior to implementation of the pork research and promotion program. Second, the amendment would permit existing State legislative pork research and promotion programs, created by State law, to continue to exist, rather than be preempted by Federal law.

This is clearly an issue of fairness, Mr. President. The farm bill, in its present form, would require that pork producers pay an assessment to support a national pork research and promotion program. Not until after at least 1 year would producers have an opportunity to express whether they want the program or wish to contribute to it. Forcing farmers to pay such an assessment without their prior approval or disapproval borders on taxation without representation.

Ten States now have legislated State pork promotion programs. The pork research and promotion program as provided for in the committee bill would pre-empt these worthwhile State pork programs.

A survey was taken by the National Pork Producers Council [NPPC] that obstensibly proves a national mandate for this checkoff program. Only 7 South Carolinians were among the 11,000 who responded to the survey. That is 7 producers among 14,000 producers in my State. I do not call that a mandate for a program.

Mr. President, the Farm Bureau is in line with the amendment I am offering today, and I will read just a few excerpts from their position:

What the measure would do requires all pork producers to pay for promoting sales of United States pork. This *mandatory* program would raise about $27 million annually and replace the current *voluntary* program, which has a $16 million dollar budget. There are several points that fly in the face of South Carolina growers as well as Farm Bureau policy.

The first, and most obvious is the way the program is being established. The NPPC plan calls for a program to be put into place by Congress. No opportunity is provided for growers to decide if the program is even desirable until after one year.

It should be 1 year.

Farm Bureau has long supported market promotion programs, but only as long as the growers want them. It is felt that the program must be supported from the grass roots, not Washington.

In a letter to Orville Sweet, executive vice president of the NPPC, American Farm Bureau president Robert Delano said, "We had felt the voluntary approach used by the NPPC was working well and were surprised to hear of this proposal. We question whether or not the vast majority of swine producers will be supportive of a mandatory checkoff with no opportunity to vote to determine if it should be established."

In the Palmetto State, reaction was at least as intense. South Carolina already has a voluntarily supported Pork Board that would be threatened if the national plan were to go into effect.

And while the NPPC claims national support, *only seven South Carolina farmers were involved in a 11,000 producer survey.*

In South Carolina the pork producers already have a high level of participation in their program, with producers being assessed ten cents per animal at slaughter. This amounts to about $70,000 annually, 19 percent of which goes to the national organization.

Mr. President, we do not feel that a program should be adopted until the farmers first approve it. Therefore, we are asking that we have this survey taken prior to the time it goes into effect rather than after 1 year. We feel that State programs should not be destroyed if the farmers in any State prefer to keep their State program. For those reasons, we think the amendment we have offered today with the various Senators is reasonable and fair. We think the farmers in each State ought to have a say in this and not be subject to a mandate from Washington that makes farmers do something they may not want to do.

For that reason, Mr. President, we ask the Senate to support this amendment.

Mr. TRIBLE. Mr. President, I rise in support of the amendment offered by the Senator from South Carolina.

The Pork Promotion, Research and Consumer Information Act, which is included in this bill, has great potential for enhancing the competitive position of pork products. It will expand demand for pork in both international and domestic markets.

Demand for pork and other red meat has been declining in the United States. Virginia pork producers and those around the Nation have supported a national "self-help" program. I am confident that this program should benefit farmers and the pork processing industry.

This amendment addresses two shortcomings of the program as it appears in the farm bill.

First, this legislation fails to accommodate States, such as Virginia, which already have a promotional program. It is only fair that Virginia pork producers should be permitted to continue their program and that the national program should impose no new costs. This amendment will do just that. Virginia pork producers will be able to continue their valuable program and still participate in the national program without an additional assessment. The assessment collected in States which now have a program will fund both the State and national promotional programs.

Second, we must be certain that this program meets with the approval of U.S. pork producers. This amendment will require that the Secretary of Agriculture conduct a pork producer referendum before a national program is implemented. It is essential that we take into consideration the views of pork producers before they are forced to pay an assessment, and the referendum will ensure that their voice is heard.

Mr. President, I urge all my colleagues to support this amendment.

Mr. HEFLIN. Mr. President, I rise in support of the amendment of the distinguished Senator from South Carolina, the President pro tempore. I should like to make one argument first which I think ought to be rather conclusive for all Members' support. That is, that there have been no hearings on this proposal of a checkoff before the Agriculture Committee or any other committee. It got into the committee bill, and it is rather unusual that it did, but that happened under certain circumstances and I do not want to raise them now. But there were no hearings on it, no opportunity for the programs from South Carolina, Louisiana, Maryland, Montana, North Carolina, Oklahoma, Texas, or Virginia to be heard.

Now, those are the States, Mr. President, that have existing promotion by checkoff. The checkoff is simple, when a pig or a hog is sold, there is a certain amount of money which is deducted from the sales price that then goes toward certain programs. Under this proposal which the National Pork Council is supporting, we would create this board for research and promotion and special projects.

The original proposal had 40 percent of all funds collected to be used for special projects. This provision was eliminated.

To me, the opportunity to be heard is important. A hearing is important, and there have been no hearings in this instance.

Originally, the proposal that was advocated by the National Pork Council would have had it that only members of that council could be elected to this board. They had a lot of other things about it which showed that they were attempting to impose their will, and they did not want too much light on it. A hearing would bring it to the attention of various people, the Members of the Senate, the Ag Committee.

I believe that the fact that there have been no hearings should be conclusive that Senator THURMOND'S amendment should be adopted.

On the other hand, there are other reasons. No. 1, of course, is, as he mentioned, that these States ought to be exempted. The pork producers in 10 major pork-producing States have already taken the initiative to pass legislation to establish effective research and promotional activities. Producer associations in these States voluntarily contributed to the national promotion and research through various organizations. The enactment of this proposed national checkoff would replace these programs.

We in Alabama adopted it by statute. We have it as a part of our statute. It was voted on. It is voluntary; it is not mandatory. Yet, it is working well in our State, and 97 percent of all producers participate in that program. We feel that we ought to have the right to continue our program, and this, of course, would supersede it. It would be an example of Federal preemption.

We are talking about States rights, but maybe we ought to say that pigs ought to have the right to have States rights. I am not sure that I want to become too humorous about this, but it seems to me that this is something that we ought to recognize, that these individual State programs ought to be allowed to continue.

The other aspect of Senator THURMOND'S amendment would call for an referendum before the program is implemented.

I have read this proposal, and it is interesting. They would be allowed to collect funds for up to 2 years before a referendum would be held, and there is no prohibition on the use of those funds relative to influencing the referendum. So they could collect the fees, the checkoffs, for 2 years. Then, under the authority they have for projects, with no limitation on research, promotion, and projects—certainly, an election to have affirmative action for a referendum would be a project—they

are prohibited from doing certain things about legislation. But they are not prohibited from having an election or a referendum.

They could use that money relative to influencing the outcome of the referendum. It seems to me that 2 years of collecting and taking the money and trying to use it to influence the outcome of a referendum is basically and grossly unfair.

So it seems to me that the thing to do in this instance is to call for the referendum to be held in the beginning, before any money is checkoff, before the treasury of this board becomes full and where they might abuse it; but then to go forward with that and have the referendum in the beginning, where the people can say whether or not they want such a program.

The other thing is to exempt those States that already have these programs that are working. To me, this is important. I go back to the argument that really we are talking about something where no hearings whatsoever were held. To me, it is important that we have hearings on any legislation. Hearings bring out bad points, bring out deficiencies. Maybe it was not the intent to use funds in an election. A hearing could have given an opportunity relative to that matter.

So I join the distinguished Senator from South Carolina, and I urge that the Thurmond amendment be adopted.

Mr. ZORINSKY. Mr. President, I have nothing but the highest esteem and respect for my colleague from South Carolina, the President pro tempore of the Senate. I find myself on the same side with him on many, many issues. However, on this one, based on the information I have concerning this amendment, I am required to oppose the amendment. It would do great damage to the committee reported bill, and I urge my colleagues to reject the amendment on that basis, and only on that basis.

S. 1714 provides a reasonable period of time for pork producers to evaluate the effectiveness of the Pork Promotion Program. A nationwide referendum on the Pork Promotion Program is to be held between 1 and 2 years after the date of the Secretary of Agriculture's original order. After this period of time, pork producers can determine if expenditures on advertising and research sufficiently contribute to pork sales.

Producers would not be harmed by this delay. Prior to the initial referendum, producers would be able—under the committee-reported bill—to obtain refunds of assessments. The program does not become mandatory until it receives nationwide approval in the election.

If the referendum was conducted prior to levying any assessment, the cost of the referendum would be borne by the taxpayer for the simple reason that, initially, there would be no assessment funds available to reimburse the Secretary of Agriculture for the costs of the referendum. The committee-reported bill is designed to establish a program that will operate at no cost to the taxpayer.

S. 1714 enhances State activities by ensuring more checkoff funds to existing legislative State pork promotion bodies. Thus, those States would be able to undertake more effective and expanded promotion activities. States would be relieved of the costs of administering the checkoff and collecting assessments, leaving them free to focus their efforts on promotion.

Under the committee language, States would remain free to raise their own appropriated funds and apply them to promotion. Also, States would specifically be permitted to engage in research affecting pork or pork products with State funds. Of course, States can continue to regulate and impose requirements upon pork and pork products to protect the public health.

Preemption would terminate at the moment that a referendum in support of the program did not receive the requisite producer and importer majority vote. At that point, all State laws now in effect relating to pork research and promotion would resume operation.

Each State would be entitled under the bill to a specific percentage of all the assessments collected in that State. State programs are expected to receive more funds as result of the nationwide checkoff.

Mr. President, the pork promotion legislation establishes a self-help program for pork producers to be operated at no cost to the Nation's taxpayer. There is strong support for this program among pork producers. The promotion program can have a positive effect on corn, soybean, and feed grain farmers. Large quantities of these commodities are used in the production of hogs. In addition, agribusiness service and supply companies will be strengthened.

Pork producers have not been immune to the burden of continuing financial problems in agriculture. Pork producers have had a difficult time maintaining, let alone expanding, their sales. Misconceptions about pork's nutritional value have hurt consumer acceptance. This program will allow producers to expand their advertising and promotional efforts and launch an information campaign to inform consumers of the nutritional value of pork products in the modern diet.

I urge my colleagues to oppose this amendment, which would reduce the effectivenesss of this important legislation.

Mr. President, the committee language is strongly supported by the National Pork Producers Council. I ask unanimous consent that a letter to me from the council opposing the amendment be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL PORK PRODUCERS COUNCIL,
Washington, DC, November 21, 1985.

Senator EDWARD ZORINSKY,
Washington, DC.

DEAR SENATOR ZORINSKY: The National Pork Producers Council opposes any additional amendments to the Pork Promotion Act, especially Senator Thurmond's amendment.

A referendum at the beginning of the Pork Act will not give the program ample time to work.

Preempting certain states will add confusion and create chaos in accounting procedures by collecting funds at various locations.

The National Pork Producers Council believes a national program must have unity, with all states participating.

Sincerely,

RON KAHLE,
President.

Mr. ZORINSKY. I yield the floor.

Mr. GRASSLEY. Mr. President, I, too, have great respect for the Senator from South Carolina and the Senator from Alabama. I can respect their desire and their responsiveness to represent their pork producers in their States.

What is at issue here, my colleagues, is that we are being asked to amend a national bill that will provide resources and will affect national unity, that will apply to every producer and every pork importer in this Nation except basically for the States of South Carolina and Alabama.

Basically this amendment would allow their States to maintain the status quo. Members of this body believe after 20 years that the time has arrived to have a national pork checkoff program. The Agriculture Committee bill should be maintained as a national program. What the amendment is asking us to do is turn this into a program run by the States, thereby losing its national character.

What the amendment by my colleague from South Carolina would do is create chaos in accounting procedures by collecting funds at a number of different locations.

Let me say for my State of Iowa, we probably slaughter hogs from 12 different States. In our particular instance, how are those producers in other States, who want a refund, going to get their refund unless we have a national program?

So, I rise to oppose Senator THURMOND's amendment. No State has more of an interest or an investment in seeing that this pork checkoff and promotion program is successful than my State of Iowa. My State produces

between one-third and one-fourth of all the hogs in this country. Even though my State will be contributing the lion's share to this checkoff and my State program will be preempted just as every other State who has a program will be preempted by the Agriculture Committee suggestion, Iowa recognizes the need for a national program. The pork industry needs to attack the serious problems they are now facing in a unified fashion. If they are unsuccessful the pork producers will vote against the referendum when it is brought up, which may be as soon as 12 months. If my producers in Iowa or Senator THURMOND's producers in South Carolina do not want their checkoff funds being sent to this body all they need to do is ask for a refund.

I understand Senator THURMOND's concerns and we went a long way toward addressing his concerns in the compromise amendment that was accepted yesterday in the action by this body last night before we adjourned. In the compromise that was adopted yesterday the delegate body, not the 15-member board governing the association, was given the authority to decide how large assessments would be and what the rate of returns to various States would be. This, in and of itself, helps to ensure that the grassroots will have control over this process and his State of South Carolina will have as much access to control as any State. As a matter of fact, the compromise yesterday went so far as to require that at least 12 States are represented on the 15-member board who will be overseeing this checkoff. This requirement will allow for a wide variety of opinions to be represented on this board and surely the views of all States of the Southeast will be heard.

In addition, the compromise that was passed yesterday separated the body who controlled the funds, that are collected from the checkoff, from any existing association or organization. This action addressed some of Senator THURMOND's concerns about any State being railroaded by the national association.

Finally, the compromise amendment that I refer to that was adopted just at the close of business yesterday opened up the nominating process to every producer who has paid an assessment. As a matter of fact, in the first election all a producer needs to do is be a producer, you do not have to belong to the organization in order to participate in the nominating process. I believe that this also goes a very long way toward satisfying the concerns of Senators from the Southeast as well as the Farm Bureau, the American Farm Bureau Federation who were afraid that some producers may be locked out of the process.

Mr. President, I do not think that this is a perfect checkoff, I do not know whether you can have such a thing. But we have gone a long way toward making it functional, fair, and acceptable. Let us not make the mistake, in this body, or penalizing the pork industry who have compromised and accepted many amendments that they did not originally want. We need to allow for the pork industry to approach the problems they have on a national scale.

To fragment that attack any further than what we have already done will ensure that the program will not be successful and the problems in the pork industry will continue. Therefore, I encourage my colleagues to oppose this amendment. I also ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HELMS. Mr. President, this is one of those times when there are convictions on both sides by reasonable men. I suppose that it is a fact that we are all responding to our constituents. But the fact remains that there is a principle involved that seems very dear to me and this causes me to come down as strongly as I can on the side of the distinguished Senator from South Carolina.

Historically, we have had taxation without representation and fought that battle; dumped some tea in the harbor. Now we have a proposition where, against the will of those being assessed, an assessment will be imposed substantially before a vote is taken on the assessment question, and I do not see that that can be justified.

This amendment simply would grandfather those State associations not wishing to participate in a mandatory pork assessment program. I think the Senator from South Carolina and the Senator from Alabama [Mr. HEFLIN] and others who are cosponsoring this amendment are on sound ground when they say it is not fair to impose the assessment prior to a vote on it. But the amendment provides that those States that currently have assessment programs could elect to participate or not to participate in the national program; and the amendment would also move the producer referendum up front.

Now the committee bill, in effect, begins the assessment program before the producers have a right to vote on whether they want it or not. That is a little autocratic. I did not like it when it passed the committee, and do not like it now. I believe, at a very minimum, it is a serious matter to which we ought to give serious consideration.

We have given the power to assess producers to other producer groups wishing to promote their product and the pork producers are probably as deserving. I do not dispute that at all. However, with the exception of dairy, Congress had never given these groups the power to assess an entire nationwide industry without first giving the individuals in that industry the right to decide for themselves if they indeed desire a mandatory nonrefundable assessment being imposed upon them.

Now, we all feel strongly about certain things. Senator ZORINSKY, for example, feels strongly that a mandatory production control program is needed for wheat. But my friend from Nebraska does not advocate imposing such a program on the producers without giving them the right to vote on it.

This pork program has some other major mechanical problems, in my view, that will probably hinder its operation and result in a significant portion of the assessment going to pay for legal fees. But I think the Senate should support the amendment offered by Senator THURMOND and Senator HEFLIN and some of the rest of us who are cosponsors of it.

I am ready to vote, Mr. President.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. (Mr. MATTINGLY). The Senator from Nebraska.

Mr. EXON. Mr. President, I would like to ask a question or two of the sponsors of this amendment if I could to decide how I intend to vote on this.

In the first place, the amendment offered by the Senator from South Carolina and supported by the chairman of the Agriculture Committee, with regard to the change in the pork checkoff program, is that supported by the Secretary of Agriculture? Do we have an expression from the administration on this particular bill?

Mr. HELMS. I will say to the Senator, I, frankly, do not know the answer to the question. And I will not try to fudge on it. I will see if I can find the answer for him.

Mr. EXON. Does the Senator from South Carolina know the answer to that question?

Mr. THURMOND. I do not know how the Secretary feels, but, generally speaking, on these agriculture programs the referendum is up front. In other words, if the farmers vote first on the program that is appropriate but waiting to vote until later after the program is in effect is too late. So we were just asking that the referendum be up front to begin with.

Furthermore, we are asking that if your State has a program that they want to keep and they are satisfied with it, do not make it mandatory here in Washington from a Federal standpoint to destroy your State program. In other words, we feel that the States that have programs and are satisfied with their programs ought to be allowed to keep those programs.

Mr. EXON. I would simply say, Mr. President, that the Secretary of Agriculture has been in these halls as much or more than some of the Members of the U.S. Senate in the last week or 10 days. He seems to have an opinion on everything on how we should do it here. I would just like to know—and I believe maybe the Senate should be entitled to know—how the administration feels on this proposal, as they seem to have an opinion on what we should and should not do on nearly everything that affects agriculture today. And if they want to be dictating here and threatening to veto what we do here if we do not do it a certain way—that does not affect my vote one way or the other as to what the administration thinks, because I always do what I think is in the interest of my family-sized food producers. But there are some Members of the Senate that I think are influenced from time to time, to some degree or another, on what the administration thinks.

I am just wondering if it would not be appropriate if the sponsors of this amendment might inquire as to the Secretary as to what the position of the administration is on this measure. Is it possible to find that out before we vote?

Mr. THURMOND. Mr. President, I do not know whether it is or not. I think we all know how we feel, whether we want our own State pork producers to make this decision or whether we are going to make it here in Washington. If the pork producers in our State have a program and they are satisfied with it, then I imagine they do not want that program destroyed. Now those who want to go into the program will have a chance to do so, but do not make them do it unless they want to participate in the program. That is the reason we favor the referendum up front rather than wait a year after program implementation for the referendum.

Mr. President, in reference to refund of assessments as provided for in the bill, it is true that any person may demand and receive a refund of their assessment.

That producer, however, must fill out a form, in accordance with regulations, and submit the request for refund to the pork board.

If a producer makes another sale in a different month, he will have to petition the board again for a refund.

Pork producers will have to go to a lot of trouble to get back the money that they did not want to contribute in the first place.

Mr. EXON. I guess I might tell the Senate I would kind of like to know about this because the head of the Pork Producers Association, who opposes this amendment, was at the White House 2 or 3 weeks ago. And he stood there in the Rose Garden—I do not know whether he was mesmerized or what—but he came out in total support of the administration's farm program. So I guess I would like to know if he is for the administration's farm program; then I want to accommodate him with my vote as to how the President feels on this program because I think that is forcing some degree of constituency. So I very much would appreciate if we could have somebody who is either outspokenly for or outspokenly against—and I would suggest it should be from the proponents of the amendment—maybe step off the floor and call the President or call the Secretary of Agriculture and find out how they feel about this. Would that be out of order?

Mr. THURMOND. I might say that the Senator, of course, is familiar with the Farm Bureau. The Farm Bureau is in every State in the Nation. They are in line with our thinking. I just quoted from the Farm Bureau here a few minutes ago.

Mr. EXON. Am I to be advised that the Farm Bureau supports the amendment?

Mr. THURMOND. The Farm Bureau thinking is in line with the amendment we offered. I just read excerpts a few minutes ago.

Mr. EXON. Is it also true that the Farm Bureau supports the agriculture policies of the administration?

Mr. THURMOND. I cannot tell the Senator how they feel about that.

Mr. EXON. I can tell the Senator. They have stood up on the lawn of the White House, and they support the agriculture policies of this administration. That is what I am trying to plead for—some degree of consistency. These people that support the agricultural program of this administration—which this Senator does not—cannot have it both ways. I will vote on this amendment on the basis of what is good for the goose is good for the gander.

Mr. HEFLIN. Will the Senator yield?

Mr. EXON. I am happy to yield.

Mr. HEFLIN. Is the Senator seeking someone who supports the Thurmond amendment, and opposes the administration market-oriented farm policy? If so, the Senator is looking at one.

[Laughter.]

Mr. HARKIN. Will the distinguished Senator yield to me?

Mr. EXON. I am happy to yield.

Mr. HARKIN. I was just listening to what the Senator was saying. Did the Senator say that the president of the National Pork Producers Council made a statement saying that he supported the President's agricultural program?

Mr. EXON. The Senator from Iowa is correct. The president of the National Pork Producers Council is a resident of my State, and an outstanding one at that. I was quite surprised at his statement but he is entitled to his opinion. He may well be right. I do not agree with him.

But I think that particular resident of Nebraska who is president of the National Pork Producers Council was speaking for the pork council in his support of the agricultural policies of the Reagan administration. Therefore, I think it would be in keeping with consistency if they support the agricultural policies of this administration. They could also support the policies of the administration with regard to the pork checkoff program. I am just trying to be consistent.

Mr. HARKIN. I think it is important that we find out what the administration's position is on this. I know what my position is. I think the Senator raises a very good point. I am hopeful that before this debate ceases on this amendment we will have some words from the distinguished chairman of the committee as to the administration's position on this. I think it would be wise for us to know if in fact they do have a position on it.

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, who had the floor prior to my seeking recognition?

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. HELMS. I thank the Chair.

Mr. President, I do not know how far you want to chase this rabbit. If I ever heard a non sequitur, it is this one. I say to my friend, while I do not know about the administration on this amendment, I imagine it is way down the list of the things that people are screaming about. But it is a matter of a difference of opinion between reasonable men from different States, and reasonable Senators.

I hope we can get to a vote, and not drag this thing out because the clock is ticking. I am certainly hopeful that we can finish this bill tomorrow but the majority leader has made clear to me that if we do not finish tomorrow, we are going to be here Saturday. I think we have done enough talking about this amendment. I hope we can go to a vote on it.

Mr. ZORINSKY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. ZORINSKY. I concur with the chairman. Nothing is going to change very many minds at this point in the game. I could care less what the Secretary of Agriculture thinks about this. The last time I asked his opinion on the Mandatory Allotment Program, he gave me an answer I did not like anyhow. [Laughter.]

So I do not think I can get anything different this time. I ask for regular order.

Mr. DENTON. Mr. President, will the Senator yield 30 seconds?

Mr. ZORINSKY. Yes.

Mr. DENTON. I want to associate myself with the view expressed by my senior colleague from Alabama. Although I normally want to go along with the administration, I have made the point recently that some of the more massive things they want to do require a closer look.

In this case, I see no objection, as the Senator from South Carolina, the President pro tempore, suggests—no logical objection—to letting the States themselves and their pork people decide they want this assessment.

We are simply going in this bill for a referendum up front by which that decision can be made. As the Senator from North Carolina pointed out, the Farm Bureau is in accord with that and, it seems to me, fairness and justice are also. We have many of our pork people here from Alabama today. They are strongly in favor of this bill.

I thank the Senator for yielding.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, I rise in opposition to the amendment by the Senator from South Carolina. I would characterize the amendment as the free-ride amendment because what is going to happen if this amendment prevails is that the bulk of the pork producers in my State and other States in the Midwest—you have to remember Iowa produces almost 26 percent of the pork in this country. I think South Carolina has about one-quarter of 1 percent. They are going to hop on our backs for a free ride.

All of our producers will be putting into a national pork promotion program and research program to get consumer demand up, to tell people what a good buy pork is, how nutritious it is. It is low fat content, and they are going to do a good job promoting it.

I believe there is a tremendous market out there for pork and pork products in this country which I believe with the proper research and promotion programs could closely parallel if not almost equal that of what has happened in the poultry business in the last few years.

Well, the pork producers have gotten together on a nationwide basis. They said here is what we have to do. We will assess ourselves a little bit of a checkoff for research and promotion to tap that great source and demand that is out there already to let them know about pork and pork products.

So now what I hear is that a few want to hop on our backs for a free ride. We are going to have a national program. We are going to stimulate the demand, and these few people may be in one State or another down there are going to get the benefits of it. They will be able to sell more hogs, too. Hopefully their prices will go up too. I see nothing wrong with that. That is fine. I hope they do. I hope the pork producers in South Carolina, Alabama, and other places make a lot of money.

I hope people will start eating more pork not only in those States but all over the country. But they will not be contributing to it. No. It will be the farmers of Iowa that will carry them on their backs.

The National Pork Producers Council sent out a poll. It was mailed to the entire national pork producers membership; 81 percent of those eligible said they were in favor of the concept—81 percent on a national basis.

And I am sure some even came from those States who are now trying to say they want their own program. They want to operate out of this national program.

I would like to ask the distinguished Senator from South Carolina a question, if the Senator would respond. Earlier on, if I am not mistaken, and maybe I was not on the floor, but it was reported to me that the Senator from South Carolina said that only a handful—I think a few, 14 or 12 ballots—came in or something from South Carolina out of 12,000 pork producers in the State. Are those figures about right? Is that what the Senator said? Could he enlighten me on that a little bit more. I apologize. I was not here when he said that.

Mr. THURMOND. I might say that in my State, out of 11,000 respondents to a nationwide survey, only 7 from South Carolina responded to this survey; 7 out of 11,000.

Mr. HARKIN. Resonded to what?

Mr. THURMOND. To the survey that was taken.

Mr. HARKIN. Might I inquire further of the Senator from South Carolina?

Mr. THURMOND. That survey did not consider these people.

Mr. HARKIN. Might I ask further: Was the list of the South Carolina pork producers made available to the National Pork Producers Council so they could mail the entire list in South Carolina?

Mr. THURMOND. They had the opportunity. We have a State program and it is working very well.

Senator WARNER has a statement. It says, "I have heard from Virginia pork producers that they are pleased with their program as it now exists. If it is indeed the judgment of a majority of pork producers nationwide, they are also willing to participate in this program."

In other words, leave it to the pork producers in each State. Why impose something on my pork producers if they do not want it? Why impose it on Alabama, Virginia, or any other State if they do not want it?

You are speaking about us piggybacking. What you are doing is trying to mandate something that our people may not want. In other words, let our people be free to keep the State program or go to the national program. That is all we are asking.

Mr. HARKIN. I thank the Senator for giving me a better term for this. Piggyback. I thank him for that.

The reason I was pointing that out, and I will maintain this unless it can be proven otherwise, the reason that only seven responded, is because the South Carolina pork producers would not make available the list to the National Pork Producers Council so they can mail their members in South Carolina. So it is not surprising that only seven responded. Until I get some definitive word otherwise, I think the fact that only seven responded is clear in light of the fact that they did not even have the mailing list to mail to those in South Carolina. Had they had the list available, I think the outcome would have been a great deal different.

The pork producers of this country spent a long time putting this together. It was not something hastily put together. They had the poll that they sent out. An information program was carried out at the State, county, and local levels. A special toll-free 800 number was set up and widely publicized so people could call in questions and concerns about it. Several hundred did.

A special producer task force, with members nominated by 38-member States, was established to provide additional input into the proposed act's context.

In July, the elected policy body of the National Pork Producers Association met in final session to decide the final language; 150 delegates from 38 States debated the proposed elements of this act point by point, making amendments all along the way.

I say that to show this has been a very long, tedious, well-thought-out process that has brought us to this point, not something hastily put together.

Of the projected $9 million additional revenue to be generated by the act, 83 percent goes toward increased promotion and advertising in hopes of stemming the declining consumer consumption of pork, which has declined in recent years. Pork producers realize that they must remain competitive with promotion and advertising methods of other proteins, and by proposing this act they are saying they are willing by themselves to pay for that additional effort.

This act, the Pork Promotion Research and Consumer Information Act, will include participation by importers of pork and pork products into the United States.

Again I would point out that the pork producers have been eminently fair every step of the way in not excluding anyone, by bending over backward to make sure that even producers in States that do not have many hogs are adequately represented.

U.S. producers have provided an opportunity for importers to have representation on the board and delegate body the same as domestic producers.

That is really bending over backward.

It also provides for a referendum.

I want to also mention that on this referendum, again showing how fairminded the pork producers have been, they have said, "Look, we will have the referendum. Up until that time anybody who has a checkoff will get a refund, up until the time of the referendum."

What could be fairer than that, than to allow the individuals to get a refund up to the time of the referendum? The one on the beef promotion did not even allow that. We will have an amendment to take care of that here on the floor pretty soon.

The pork producers said, "It would be unfair to take their money without them having the right to vote first and not refund it." So they allowed that refund to take place up until such time as they have a referendum.

I also raised another question, and I think it was talked about by my colleague from Iowa, the senior Senator, Senator GRASSLEY, whom I want to compliment on his fine statement. He pointed out that it would be very difficult if not impossible to separate and segregate all these hogs to get that State refund. Right now we have about 12 States that ship hogs into Iowa for slaughtering purposes and other purposes. How do you determine which hogs will belong to which States? You will have to have some method of segregating or separating out one hog from another. This hog is from Nebraska, these five hogs are from Oklahoma, these two hogs are from South Carolina. Somehow you will have to tag them, paint them, color them in some way so we would know what money went back to South Carolina.

Because of the mass movement of these animals, there is just no way that you are going to monitor and have any kind of a national system if you allow the Thurmond amendment to proceed.

I just defy anyone to explain to me how we in Iowa are going to separate and segregate out all of these hogs coming from various States and try to rebate back to those States their own State checkoff. It just would not work.

In effect, not only is this a piggyback amendment that allows those pork producers in South Carolina and other States to have a free ride, but it really is a killer amendment. If you do not want to have pork promotion, if you want to kill the whole thing, then vote for the Thurmond amendment. That will kill it because there is just no way that we are going to have any kind of a national program if this amendment goes ahead.

I might point out in drawing to a close that the Pork Promotion, Research and Consumer Information Act is strongly supported by a wide variety of not only producers and processors, but also those from institutions that are involved in research in animal husbandry, and those who also are involved in the selling of our meat and meat products in this country. The American Meat Institute, for example, supports it; a number of packing companies such as Oscar Mayer, Cudahy, Sara Lee, the American Society of Animal Science; Lee Kolmer, dean of the College of Agriculture, Iowa State University; Irvin Omtveldt, dean, the College of Agriculture of the University of Nebraska; Wilson Foods, Swift Corp.; C.B. Browning, dean of the College of Agriculture, Oklahoma State University.

All support this concept because they understand that there is indeed a large market out there and about the only way that we are going to be able to tap into that market and to provide the kind of competition for pork that we ought to have is for the pork producers to be allowed to fund their own checkoff systems.

Lastly, the argument is made that this national system would prevent States from fulfilling the purpose of their own State promotion laws. I do not think anything can be further from the truth than that.

In fact, what we have here would enhance State abilities to accomplish their State ends by delivering even more checkoff funds to existing legislative State department promotion bodies, thereby enabling individual States to undertake more effective and expanded promotion activities.

What we are saying is that the States would remain free if they want to raise their own appropriated funds for promotion. So if South Carolina wanted to have its own promotion program, it could go right ahead and have it. We are not preventing them from doing that. And it would not be inconsistent with what we are trying to do on a national basis. They could go ahead in their capacity as producers and have a checkoff in their State if they wanted to have an additional one for their own State purposes.

Maybe there are reasons why they would want a specific targeted program for the State of South Carolina or the State of Alabama or some other State. There may be some different eating patterns. Maybe people in South Carolina have a different way of eating pork than we do in Iowa. If they do, fine. Maybe there is a tailored kind of message or promotion program that could go to the people of South Carolina. But on a national basis, this would not work. I think there may be a misunderstanding that we would preempt State laws and not allow them to go ahead with their promotion. As I said, nothing could be further from the truth. In fact, this would be very supportive of those programs because there would be a referendum process and those States that want to have their own special program, if they wanted to piggyback at that time, they could.

They could go along with us and have their own checkoff in consonance with that and use it for their own specific promotion activities within the State.

So, for reasons of fairness and equity, of having all producers pay into it and not just those poor producers in Iowa, Nebraska, and a few other States carry the bulk of it, in the spirit of just having a good program that can be managed so we will not have to segregate hogs across State lines, which I think would be pretty nearly impossible, and for the benefit of a better diet, better nutrition, and better intake of protein by the people of this country, I think we ought to resoundingly defeat the Thurmond amendment.

Have the yeas and nays been ordered, Mr. President?

The PRESIDING OFFICER. They have.

Mr. HARKIN. Mr. President, I yield the floor.

Mr. EXON. Mr. President, I rise in opposition to the amendment offered by the Senator from South Carolina. I also wish to report to the Senate that unbeknownst to this Senator when I addressed this matter on the floor a few moments ago, my constituent from Nebraska, who was in the gallery, called me outside and assured me that neither he nor his organization supported the farm programs of the Reagan administration. He must have been misquoted from some source that I saw. I guess he did attend some kind of meeting at the White House where they were drumming up support for the policies of this administration, but he did not take part in that. I was tremendously pleased to hear that. I think it is time we cleared the air when there is a misunderstanding.

Given that information, I want to say that, for reasons that I have long held, I support the pork checkoff program and would encourage my colleagues to defeat the amendment. As a Governor of Nebraska, I was very supportive of State checkoff programs. On that basis, it might seem that I would oppose any legislation which would preempt State programs. However, I think it is time that all farm

States were unified in their marketing efforts.

In this case, the case of pork, no one knows or for that matter cares whether they are eating Nebraska or Illinois pork or Iowa or that of any other major pork producing State. While I do care a great deal about States' rights, I hope that States' rights issue would not cloud the issue of pork production and pork promotion. I believe our pork farmers back home are most concerned at this point, because increasing the demand for pork is what the checkoff program is all about, pork farmers helping themselves by the promotion of pork. We should not weaken this self-help legislation by complicating and splitting up the program. We should instead give this program a chance to work. The facts of the matter are that while a case might be made for a referendum up front as provided for in the amendment before us, that would be a killer amendment as far as doing anything now on pork promotion.

I know that this matter was carefully considered in the Senate Agriculture Committee. I know that there are refund provisions for those who do not want to participate in the program. Therefore, it seems to me that we should not be concentrating on States' rights in this matter; we should be concentrating on what we can do to help the pork producers promote their own product, which they do exceedingly well, probably better than any of the other agricultural interests that we have.

I simply say in this regard, Mr. President, that the reason I think this is important is I feel we should allow them and encourage them to help themselves and not get tied up on a States' rights matter where, in other situations, I would generally support States' rights in and of itself. I think this is extremely important because those in agriculture who try to make a living off agriculture are in an extremely difficult position right now.

I would like to bring to the Senate's attention that the consideration that has been given on this floor for the last few days to the agricultural policy is not in tune with nor is it taking corrective action which is obviously necessary if we are going to avert disaster in important sectors of our economy, particularly rural America. Within the last hour, information came over the United Press tape. I read it to the Senate:

CHICAGO (UPI).—A proposal approved by the U.S. Senate and aggressive commercial selling pressured soybean futures Thursday on the Chicago Board of Trade. Bean prices were sharply lower as the market opened but were trading above their lows at midmorning.

Grain futures also were lower, partly on spillover weakness from the soybean pit.

Corn was off 1 to 2½ cents at midmorning, soybeans off 3¼ to 6½ and wheat off 1¾ to 6 cents.

Traders said the Senate bill, sponsored by Majority Leader Robert Dole, could result in an increase in farmer selling if it is approved by the Administration.

Which it already has been.

I ask unanimous consent that the full text of the UPI story be printed in the RECORD immediately following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

[See exhibit 1.]

Mr. EXON. Mr. President, I certainly say it is a proud day indeed when the U.S. Senate, in working its will on the farm bill, is further depressing prices.

EXHIBIT 1

CHICAGO (UPI).—A proposal approved by the U.S. Senate and aggressive commercial selling pressured soybean futures Thursday on the Chicago Board of Trade. Bean prices were sharply lower as the market opened but were trading above their lows at midmorning.

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Widespread cash protection of up to 10 cents per bushel also discouraged buying interest in soybeans. Contract lows were set across the board early in the session.

Soybean oil prices were sharply lower in sympathy with losses in the bean pit and news that India had passed on its weekly vegetable oil tender.

Corn and wheat traded lower, but losses were limited by export business and rumors of upcoming export sales.

Reports of increased country movement also weighed on corn prices.

Local selling and the lack of buying interest pressured December wheat futures but activity was light.

The midmorning prices:

Corn Dec. 2.40 off 2½; Mar. 2.41 ¾ off 1¾; May 2.43 ½ off 1¾.

Soybeans Jan. 4.87 off 6; Mar. 4.93 ½ off 6½; May 5.00 off 5 ¾.

Wheat Dec. 3.38¼ off 6; Mar. 3.35 ¾ off 4; May 3.13 ¾ off 3.

Mr. HEFLIN. Mr. President, I shall make only a few brief remarks. Then I hope we can vote on this issue. There was some statement about some organization and professors and deans in colleges and universities that were in support of this proposal, but I want to point out that three main farm organizations composed of farmers are vigorously opposed to it. Those are the American Farm Bureau, the National Farmers Union, and the National Farmers Organization. All of them have come out in opposition to this proposal, largely on the basis of the fact that they feel that a farmer ought to have a right to vote before we impose a tax on him.

That is what is happening in the whole history of checkoffs. We have always gone with checkoffs, and in efect you vote on it. This, of course, would allow up to 2 years before you could have a vote and, as I pointed out, there is no prohibition that would not allow for the use of funds that are collected during those 2 years to be used to try to influence the outcome of the election.

Now, one other point—and I am going to report this out for those free traders who are vitally interested—this, of course, would be an assessment on importation of pork; it would impose a nontariff trade barrier.

I am not saying that is good or bad. I am saying it is something Senators ought to consider relative to this amendment.

This amendment ought to be supported because, first, there have been no hearings.

Second, it is a matter on which the farmers ought to be allowed to vote first.

Third, the State organizations that already have their checkoff program, their research, their promotional programs in force and effect ought to be allowed to continue and be exempt from this bill. Therefore, I support the Thurmond amendment. I feel we ought to support it strongly and vote down the committee approach that got into the bill without a hearing.

With that, Mr. President, it is time to vote. I suggest we go ahead.

Mr. WARNER. Mr. President, I rise in strong support of the amendment of the Senator from South Carolina.

Pork producers in the Commonwealth of Virginia are presently operating a successful promotion program for their products.

Under the mandatory checkoff program now contained in this farm legislation as reported by the Agriculture Committee, Virginia pork producers will have to discontinue their program and send their mandatorily deducted funds to a national program.

I have no objection to programs which promote agricultural products. However, I do not think that these programs should be instituted without the consent of those farmers who will be picking up the bill.

I am, therefore, a cosponsor of this amendment that calls for a referendum up front—it will allow each pork producer to vote on whether he would like his funds used for the purpose of a national promotion program.

If a majority of producers support a national checkoff, I will be pleased to support it also.

But I am not sure that this is something that enjoys universal support, and I feel that all producers should have a voice in whether or not we need a national pork checkoff program.

The Thurmond amendment would also provide that existing State promotion programs, such as we have in Virginia, will continue.

I have heard from Virginia pork producers that they are pleased with their program as it now exists.

If it is indeed the judgment of a majority of pork producers nationwide, they are also willing to participate in the national program.

However, Mr. President, these producers should not be penalized because they have had the foresight to begin to promote their own products.

I am proud that Virginia's pork producers recognized that a promotion program is in their interest and began one on their own.

They have been doing a good job with their program and should be allowed to continue it.

Mr. President, I hope my colleagues will recognize that this amendment provides basic fairness.

We are only asking that the farmers who must pay for this program have a voice in whether or not it should be instituted.

I urge my colleagues to support the Thurmond amendment.

Mr. HOLLINGS. Mr. President, I rise today to join my colleague from South Carolina, Senator THURMOND, in support of this amendment that provides for equitable treatment of pork farmers, and I am proud to be a cosponsor of it. The amendment has two parts: First, it would require a referendum of pork producers before a promotion and research fee could be assessed on each hog sold; and second, it would allow the 10 States that have taken the initiative on this issue by establishing State pork boards funded by checkoff programs to maintain their State programs if they so choose.

I am adamantly opposed to the imposition of a tax, or an assessment, or whatever you want to call this checkoff, without giving the farmers who are going to have to pay this fee a chance to vote on it. Under the committee bill, not only will farmers be denied a referendum on the checkoff, they will have no right to a refund for at least a year if they do not approve of how the National Pork Board spends their money. In my home State of South Carolina, we have a checkoff program that enjoys nearly universal participation, and that is because we sought input from the farmers who benefit from this program, but most importantly, who pay for it. The research and promotional programs that are to be funded by this national program will hopefully serve the pork producers as well on a national level as South Carolina's board has served State farmers on a State level. But the people who are the best judge of that are the pork producers, not the Congress. Let's give them a chance to vote.

In closing, Mr. President, I would like us to look at what the committee bill does. It supersedes successful State programs, it imposes a mandatory assessment without an opportunity for a referendum, and it provides at least a 1-year wait before a farmer who is unhappy with the way his money is being spent can get a refund. The amendment rectifies all of these problems, and I urge my colleagues to join with me in supporting it.

Mr. THURMOND. Mr. President, I wish to make just one comment. The National Pork Producers Association has 110,000 members. That is only a third of the producers in this country. They took their survey among their own organization members, and a good many of them voted against it. But there are 200,000 more pork producers besides those. Let us remember them. We do not want one little group controlling this whole situation.

Furthermore, we think they ought to vote whether or not they favor the program and do that before they enter into the program. That is the only way to do it.

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to the amendment of the Senator from South Carolina. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST] is necessarily absent.

The PRESIDING OFFICER (Mr. COCHRAN). Are there any other Senator in the Chamber who desire to vote?

The result was announced—yeas 38, nays 61, as follows:

[Rollcall Vote No. 326]

YEAS—38

Armstrong	Heflin	Nunn
Bingaman	Helms	Quayle
Bradley	Hollings	Rockefeller
Chafee	Humphrey	Rudman
Cohen	Johnston	Simpson
Denton	Kassebaum	Stevens
Domenici	Lautenberg	Symms
Garn	Laxalt	Thurmond
Goldwater	Long	Trible
Gorton	Lugar	Wallop
Gramm	Mathias	Warner
Hatch	McClure	Weicker
Hecht	Murkowski	

NAYS—61

Abdnor	Evans	Metzenbaum
Andrews	Exon	Mitchell
Baucus	Ford	Moynihan
Bentsen	Glenn	Nickles
Biden	Gore	Packwood
Boren	Grassley	Pell
Boschwitz	Harkin	Pressler
Bumpers	Hart	Proxmire
Burdick	Hatfield	Pryor
Byrd	Hawkins	Riegle
Chiles	Heinz	Roth
Cochran	Inouye	Sarbanes
Cranston	Kasten	Sasser
D'Amato	Kennedy	Simon
Danforth	Kerry	Specter
DeConcini	Leahy	Stafford
Dixon	Levin	Stennis
Dodd	Matsunaga	Wilson
Dole	Mattingly	Zorinsky
Durenberger	McConnell	
Eagleton	Melcher	

NOT VOTING—1

East

So the amendment (No. 1080) was rejected.

Mr. McCLURE. Mr. President, I move to reconsider the vote by which the amendment was rejected, and I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1084

(Purpose: To require the approval of a majority of producers voting in a referendum as a prerequisite to the issuance of an order to establish a pork promotion, research, and consumer information program)

Mr. THURMOND. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

Mr. MELCHER. Mr. President, is there an amendment at the desk?

The PRESIDING OFFICER. The Senator is correct.

Mr. MELCHER. May we have a copy of the amendment?

The PRESIDING OFFICER. The Senator from South Carolina has submitted an amendment to the desk and the clerk will state the amendment.

The assistant legislative clerk as follows:

The Senator from South Carolina [Mr. THURMOND], for himself and Mr. HEFLIN, Mr. HOLLINGS, Mr. WARNER, Mr. LONG, Mr. TRIBLE, Mr. DENTON, and Mr. HELMS, proposes an amendment numbered 1084.

Mr. THURMOND. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with, and I will explain the amendment.

The PRESIDING OFFICER. Is there objection?

Mr. MELCHER. Mr. President, reserving the right to object, we have not seen a copy of the amendment. We would like to have one.

The PRESIDING OFFICER. The Senator reserves the right to object.

The clerk will state the amendment.

The assistant legislative clerk resumed and concluded the reading of the amendment, as follows:

At the end of the pending amendment, add the following:

On page 383, line 25, insert "such order has been approved by a majority of persons voting in the referendum required under section 1811(a)(1)(A) and" after "if".

Beginning on page 401, strike out line 22 and all that follows through line 2 on page 402 and insert in lieu thereof the following:

Sec. 1811. (a)(1)(A) For the purpose of determining whether an order shall be issued, the Secretary shall conduct a referendum among persons who have been producers or importers during a representative period, as determined by the Secretary.

(B) For the purpose of determining whether an order shall be continued, during the period beginning not earlier than 1 year after the issuance of the order and ending not later than 2 years after the issuance of the order, the Secretary shall conduct a referendum among persons who have been pro-

ducers or importers during a representative period, as determined by the Secretary.

On page 402, line 3, insert "issued or" after "be".

Mr. MELCHER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BUMPERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUMPERS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BUMPERS. Mr. President, is an amendment which says at the end of the pending amendment, insert the following in order, or is it necessary to state a page and line number of the amendment?

The PRESIDING OFFICER. It is in order to say at the end of the pending amendment to add the following.

Mr. BUMPERS. I thank the Chair.

Mr. DOLE. Mr. President, if I could have the attention of my colleagues to try to give them a forecast for the remainder of the day and the remainder of the week.

The PRESIDING OFFICER. The Senate will please be in order.

The majority leader.

Mr. DOLE. Mr. President, I have had a number of my colleagues on both sides of the aisle make inquiries concerning completion of this bill.

Let me indicate that we are going to complete the bill. We are coming back tonight after the President's speech and work on it, and we will be working on it tomorrow and if necessary on Saturday.

We have now spent 2 hours on one food stamp amendment, 2 hours on one pork amendment, and there are 20-some amendments remaining.

My view is that we are spending entirely too much time on these amendments. I hope they can start reaching time agreements on the amendments.

That is the only alternative I know of, because I am convinced that if we do not send a farm bill to conference by December 2, there will not be a farm bill this year. And we are going to do all we can to make certain there is at least a conference, and, hopefully, a successful conference. So unless there is strong objection—and I have not found any yet—we are all going to be here tonight. We will just walk back after the President's speech and go back to work.

Mr. PACKWOOD. Tomorrow, too.

Mr. DOLE. Well, it may be tomorrow. So if we could get a time agreement, it would be very helpful.

Mr. THURMOND. If we can get a time agreement of 10 minutes on my side, I would agree to that.

The PRESIDING OFFICER. Is there debate on the amendment of the Senator from South Carolina?

Mr. THURMOND. Mr. President, this amendment would require the Secretary of Agriculture to conduct a producer referendum prior to implementation of the pork research and promotion program which would be established by enactment of the pending farm bill.

This is clearly an issue of fairness, Mr. President. The farm bill, in its present form, would require that pork producers pay an assessment to support a National Pork Research and Promotion Program. Not until after at least 1 year would producers have an opportunity to express whether they want the program or wish to contribute to it. Forcing farmers to pay such an assessment without their prior approval or disapproval borders on taxation without representation.

Mr. President, I have heard from some pork producers that are in favor of a national checkoff program. I have also heard from a considerable number that are adamantly opposed to such a program. It is questionable as to whether a majority of the pork producers in our Nation want to contribute to this research and promotion program.

When the U.S. Senate is in doubt concerning the desirability of a particular measure, we ask for a rollcall vote. We do so in deference to our colleagues, and in fairness to our constituents. I believe that our pork producers deserve the same consideration. Furthermore, requiring an up-front producer referendum is consistent with U.S. Department of Agriculture policy regarding research and promotion programs.

Mr. President, I urge my colleagues to support adoption of this amendment. I believe it is only fair that the pork producers of our Nation be given the opportunity to express themselves on the matter prior to implementation of the program, and prior to the collection of assessments.

Mr. METZENBAUM. Mr. President, I rise for a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. METZENBAUM. Mr. President, may a committee of the U.S. Senate meet beyond 2 hours after the Senate has gone into session, notwithstanding the fact that the Senate has not given its consent to that meeting; and, is it relevant to what the subject of the hearing is about?

Mr. THURMOND. Mr. President, might I say a word about that?

Mr. METZENBAUM. Mr. President, I have a parliamentary inquiry.

The PRESIDING OFFICER. The Chair will respond to the inquiry.

It does violate the rules of the Senate for a committee to meet beyond 2 hours after the Senate has convened.

Mr. METZENBAUM. It does violate the rules of the Senate; is that your answer?

The PRESIDING OFFICER. The Chair has not completed its response.

Mr. METZENBAUM. I am sorry.

The PRESIDING OFFICER. It is further the ruling of the Chair that it is not relevant what the subject matter of the meeting is.

Mr. METZENBAUM. I thank the Chair. I make the inquiry because it is my understanding that there is an effort on the part of the President pro tempore, the chairman of the Judiciary Committee, to be conducting a hearing at this point without legal consent. And I do not know what the rules provide as far as enforcement of the rule is concerned, and probably they do not provide for anything, but I would make the point that I believe if they do not, they should in the future.

Mr. DOLE. Mr. President, I would rather not get involved in this, but I understood this meeting was at the request of the distinguished Senator from Ohio and others who opposed the sale of Conrail. Or is this just another effort to delay that.

Mr. THURMOND. An informational hearing.

Mr. DOLE. Again, I am probably in deeper than I ought to be. But I believe it may involve the Department of Transportation.

Mr. THURMOND. Mr. President, the Judiciary Committee does not have jurisdiction of this bill. It is a Commerce bill. We are merely holding a meeting for informational purposes for anybody who wants to attend. In fact, the meeting was requested originally by Senator BIDEN and, I believe, Senator METZENBAUM to have Mrs. Dole come down and speak. She has come down merely for information. It is not an official meeting and, therefore, we think it does not contravene the rules of the Senate.

Mr. METZENBAUM. Mr. President, will the Chair be prepared to respond as to whether it does or does not, in view of the explanation by the distinguished President pro tempore of the Senate?

The PRESIDING OFFICER. The Senator did not state a parliamentary inquiry that requires a response from the Chair. The Chair has responded to the parliamentary inquiry of the Senator from Ohio.

Mr. METZENBAUM. I thank the Chair.

The PRESIDING OFFICER. Is there further debate on the amendment?

Mr. GRASSLEY. Mr. President, the only thing I can plead for your consideration at this time is this fact: That the present bill reported out of the Senate Agriculture Committee is a

compromise provision. I suppose I need to explain to you that there are a lot of good people like Senator THURMOND who can make a very good argument that there ought to be an immediate referendum before you go into a program like this; then there are a lot of people at another extreme who think you should never have a referendum.

I am not a member of the Senate Agriculture Committee, so I cannot speak for everything that went on there. But I know this was a highly controversial issue and it was eventually compromised down to the point where there would be a referendum incorporated in the process. Originally it was proposed that referendum would come after 2 years, but no less than 3 years; and then finally coming out of the Senate Agriculture Committee was a compromise on a referendum that would be held no sooner than 1 year and no later than 2 years with a refund up to the referendum.

Now what we are faced with here, Mr. President, is whether or not you can have a referendum on an idea, or whether you are going to have a referendum on a program that has been operational for 12 months.

The issue cannot be whether or not you are going to have a referendum and I do not say it has been presented that way. But I know during my contacts with colleagues in the well of the Senate during the last vote, I heard colleagues speak to the effect that we need a referendum, and the impression implicit in that was that there was not any referendum involved at all.

So I want to remind my colleagues that there is a referendum in the Senate bill. I think it is better to go with the bill's proposal and to defeat Senator THURMOND's amendment, because, No. 1, it is the product of a compromise, a very difficult compromise; and, second, you will be then having a referendum and the people who vote on the referendum will know how the program is working and whether or not they want to continue it.

Then there is a third and better reason because the point has been brought up that we might be taxing people without representation. But the fact of the matter is under the bill reported out of the Senate Agriculture Committee, any pork producer who is checked off can get a refund of his money. So there is not taxation without representation because there is provision allowing for a refund of the producers money up to the referendum.

For those reasons I ask my colleagues to defeat the amendment before us.

THE BEEF AND PORK PROMOTION PROVISIONS OF THE 1985 FARM BILL

Mr. DECONCINI. Mr. President, I rise in support of the Beef Promotion and Research Act and the Pork Promotion, Research, and Consumer Information Act which has been incorporated in the 1985 farm bill.

There are many reasons why these provisions should be retained in the bill without amendment. Americans are reducing their consumption of red meat; consumer demand for beef and pork has dropped in recent years. Since 1975, both per capita consumption along with per capita expenditures for both products has declined. Between 1983 and 1985 alone there has been a 24 percent drop in the number of households expressing a positive attitude toward beef and pork. In general, it is accepted that attitudes precede behavior. So apparently, the situation is going to continue to deteriorate for the producers of these products.

The cattle industry is the largest segment of U.S. agriculture, and should not be ignored. Only a united industry, supported by all producers, can survive in these challenging times. The beef and pork promotion provisions will help ensure the survival, growth, and financial well being of the pork and beef industries.

In the past, livestock producers have been very reluctant to seek direct Federal assistance. Consistent with that attitude, producers are not asking for a Government handout in this bill, rather, they are simply asking for an opportunity to help themselves through self financed education, research, and promotion.

Producers have not been waiting around for Government help. Currently domestic producers of 60 percent of all hogs and 68 percent of all cattle voluntarily participate in a checkoff program. Under this system all producers benefit, and it is only fair that all producers should share in the cost. The provisions in the farm bill will accomplish this—simply, fairly, and economically. Under the bill, as reported, all producers and importers will pay $1 a head checkoff for cattle, and one-quarter of 1 percent of value for hogs. Since the primary purpose of these provisions is to expand the domestic market for beef and pork, 70 percent of the funds collected will be used for promotion.

Mr. President, I wholeheartedly support the beef and pork promotion provisions of the farm bill. This is an industry self help program in which all producers participate. The U.S. Government is simply helping an industry to help itself, at no additional cost to the taxpayers. The program is 100 percent funded by the producers and importers of cattle and hogs. Not only will they benefit, but packers, processors, retailers, and consumers will benefit as well. These programs enjoy the overwhelming support of the producers themselves—they want it. No new bureaucracy will be created, and these programs may help prevent a calamity such as the one faced by many other farmers today.

Mr. President, we have a rare opportunity to allow an endangered industry to help itself. This is a fine example of how Government can help people help themselves, without cost to the taxpayers. I commend the members of the Agriculture Committee for their fine work on this legislation. I urge my colleagues on both sides of the aisle to give their full support to the beef and pork promotion provisions as incorporated in the 1985 farm bill, and to join me in opposition to any amendments that may be raised to this section.

Mr. ZORINSKY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. ZORINSKY. Mr. President, we had an extended debate on the previous amendment offered by the distinguished Senator from South Carolina. That amendment was defeated by a substantial margin. The pending amendment would do great damage to the committee-reported bill. I oppose it. I urge its rejection, and I move to table the amendment.

Mr. HEFLIN. Will the Senator withhold?

Mr. ZORINSKY. I withhold the tabling motion.

Mr. HEFLIN. I rise in support of the amendment of Senator THURMOND. We had two elements in the last one. This is the first element, which is just the election process

I do not want to take time because I spent a good deal of time arguing the merits before relative to the Thurmond amendment. But I do state that I think the issue here is whether or not you are going to have 2 years before you have an election by having a checkoff.

In practically every instance the farmers vote first on whether or not to have a checkoff before you start. Therefore, it is savings. It does not cost the Government a lot of money even if refunds are made. Therefore, I think it is wise to support Senator THURMOND in this instance.

Mr. ZORINSKY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. ZORINSKY. I move to table the amendment of the Senator from South Carolina, and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Nebraska to table the amendment of the Senator from South Carolina. On this question, the

yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST] and the Senator from Pennsylvania [Mr. HEINZ] are necessarily absent.

I further announce that, if present and voting, the Senator from Pennsylvania [Mr. HEINZ] would vote "yea."

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 58, nays 40, as follows:

[Rollcall Vote No. 327 Leg.]

YEAS—58

Abdnor	Ford	Moynihan
Andrews	Glenn	Murkowski
Baucus	Goldwater	Nickles
Bentsen	Gore	Packwood
Biden	Grassley	Pell
Boren	Harkin	Pressler
Boschwitz	Hart	Proxmire
Bumpers	Hawkins	Pryor
Burdick	Inouye	Riegle
Chiles	Kasten	Roth
Cochran	Kennedy	Sasser
Cranston	Kerry	Simon
D'Amato	Leahy	Specter
Danforth	Levin	Stafford
DeConcini	Matsunaga	Stevens
Dixon	Mattingly	Wallop
Dodd	McConnell	Wilson
Durenberger	Melcher	Zorinsky
Eagleton	Metzenbaum	
Exon	Mitchell	

NAYS—40

Armstrong	Hatfield	Nunn
Bingaman	Hecht	Quayle
Bradley	Heflin	Rockefeller
Byrd	Helms	Rudman
Chafee	Hollings	Sarbanes
Cohen	Humphrey	Simpson
Denton	Johnston	Stennis
Dole	Kassebaum	Symms
Domenici	Lautenberg	Thurmond
Evans	Laxalt	Trible
Garn	Long	Warner
Gorton	Lugar	Weicker
Gramm	Mathias	
Hatch	McClure	

NOT VOTING—2

East	Heinz

So the motion to table was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion was rejected.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

● Mr. HEINZ. Mr. President, I very much regret that Senate business which demanded my immediate attention prevented me from attending to the vote that just occurred. Had I been present, I would have voted aye.●

Mr. DOLE. Mr. President, I hope that the managers can start getting time agreements on these amendments. There are a lot of amendments here—8, 10, 11, or 12 on food stamps that I think could be discussed adequately in 10 or 15 minutes each, maybe 15 minutes equally divided or less. It is now 2:45. The last time I looked, there were 28 amendments left.

Mr. McCLURE. If the distinguished majority leader will yield, I have 10 food stamp amendments. On the first five of those, I would be willing to enter into a time agreement, 15 minutes equally divided; on the remainder, 10 minutes equally divided.

Mr. DENTON. Mr. President, I have some amendments on which I would be willing to enter a time agreement with the senior Senator from Alabama. I think if it is agreeable with him, we could go to 20 minutes equally divided.

Mr. DOLE. Mr. President, the Senator from Alabama is about to offer an amendment. May we have an agreement of 20 minutes equally divided on that amendment?

Mr. MELCHER. Reserving the right to object, Mr. President, we have only one problem. We have had difficulty getting the amendments and we have to allow the learned staff members a chance to know what amendment we are dealing with. I think if we could have a list of those that are going to be done and make sure we have the amendments, we would try to keep ahead of it. We would like to see some progress made, too.

Mr. DOLE. Mr. President, let me suggest, and I shall leave it to the managers, that we submit to the managers on each side the amendments we would like to get agreements on and maybe at the appropriate time, the managers could work it out.

Mr. HELMS. Mr. President, let me ask the distinguished majority leader, would he consider stacking the votes so we would have two or three at a time?

Mr. DOLE. I have no objection to that. I know it might save some time if we had them back to back. I hope they do not all require rollcalls. That is not a requirement around here.

Mr. McCLURE. If the distinguished Senator would yield, Mr. President, let me respond to the distinguished Senator from Montana.

Mr. BUMPERS. Mr. President, may we have order?

The PRESIDING OFFICER. The Senator's point is well taken. Would the Senator suspend so we may be in order?

The majority leader is recognized.

Mr. DOLE. I yield to the Senator from Idaho.

Mr. McCLURE. I wanted to respond to the Senator from Montana that I hand him a list of my amendments right now.

Mr. DOLE. I would leave that up to the managers. I have no problem with stacking votes. I do not know whether the distinguished minority leader has. The important thing is I do not think all these amendments have to be offered in the first place. That is my view and I am chairman of the Nutrition Subcommittee. I think most of them ought to be tabled as quickly as they are offered. I may do that.

AMENDMENT NO. 1985

(Purpose: To remove the prohibition on collecting sales tax on food stamp transactions)

Mr. DENTON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Alabama [Mr. DENTON] proposes an amendment numbered 1085.

On page 256, strike out lines 1 through 10.

The PRESIDING OFFICER. The Chair has to inform the Senator that the amendment as drafted is not in order. It is directed to the bill and not to the amendment.

Mr. DENTON. Mr. President, may it be modified to be placed in the appropriate sequence?

The PRESIDING OFFICER. The Senator has the right to modify his amendment.

The amendment, as modified, is as follows:

At the end of the pending amendment, insert:

On page 256, strike out lines 1 through 10.

Mr. MELCHER. Mr. President, I do not really care for the reading of the amendment, but we would appreciate a copy of it.

Is the majority leader still here? At any rate, Mr. President, we need copies of these amendments.

Mr. DENTON. I can tell the purpose of the amendment in 2 seconds.

Mr. MELCHER. Mr. President, I just want to make the point that it is necessary for the staff to have the amendment, to see what it is, to be able to appropriately designate what the position on this side is.

Mr. HELMS. Mr. President, will the Senator from Alabama yield?

Mr. DENTON. Yes, I yield, Mr. President.

Mr. HELMS. Mr. President, I fully concur in what the Senator from Montana has just said. As a matter of fact, just 5 minutes ago he wanted to call up an amendment and we did not have a copy of his amendment either. So we will all abide by it.

Mr. MELCHER. Mr. President, we have supplied copies for 2 weeks but they do get lost around here.

Mr. HELMS. Will the Senator from Alabama——

Mr. DENTON. Our amendment was on the desk a week ago, and I just handed the Senator a copy of the amendment. I can explain it in a couple of sentences.

The PRESIDING OFFICER. Will the Senators please suspend so that the clerk can report the amendment, as modified? The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Alabama [Mr. DENTON] proposes an amendment numbered 1085.

Mr. HELMS. Mr. President, will the Senator yield? Does he want to propound again his unanimous-consent request for 10 minutes equally divided?

Mr. DENTON. We have already recommended 20, and that was accepted by the majority leader.

Mr. HELMS. I do not think it was acted upon.

Mr. DOLE. I renew that request, 10 minutes on a side, equally divided.

The PRESIDING OFFICER. Is there objection?

Mr. HARKIN. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. HARKIN. This is the sales tax amendment; right?

Mr. DENTON. Yes; it is costing my State tens of millions of dollars, and it is going to cost the Food Stamp Program its existence. I think Senators are entitled to hear about that.

The PRESIDING OFFICER. The Senator from Alabama has the floor.

Mr. DENTON. Mr. President, the Governor of Alabama, the legislature, and the people in Alabama, as well as former Gov. Fob James' Commissioner of Pensions and Security, Mrs. Faye Bazziano, an arch-conservative, are all simply frantic to avoid this disaster, an unfair disaster—if this provision to prohibit the sales tax on food stamp purchases is passed.

I am offering an amendment today, Mr. President, in an effort to help the 650,000 food stamp recipients in Alabama and countless hundreds of thousands in Arkansas, Georgia, Hawaii, Idaho, Kansas, Mississippi, Missouri, New Mexico, Oklahoma, South Carolina, South Dakota, Tennessee, Utah, Virginia, and Wyoming who are apparently participating in a sales tax program which helps pay for the costs of administering the distribution of food stamps.

My amendment would delete one small section from this massive bill, namely section 1418.

Mr. DOLE. Will the Senator from Alabama permit me to try one more time for 20 minutes equally divided?

The PRESIDING OFFICER. Is there objection to the request?

Mr. BYRD. Mr. President, reserving the right to object, I have no objection. The distinguished Senator from Iowa——

Mr. DOLE. We have worked that out.

Mr. HARKIN. I think it is worked out. Reserving the right to object, how many people want to speak on this side against the amendment offered by the Senator from Alabama?

Mr. DOLE. I only want 1 minute.

Mr. HARKIN. For how much time did the Senator ask?

Mr. DOLE. One minute.

Mr. EAGLETON. Three minutes.

Mr. HARKIN. All right. I have no objection.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DENTON. I know Senator HEFLIN desires to speak on our side.

Section 1418 purports to exempt transactions where food stamps are the medium of exchange. In other words, my amendment would prevent sales tax on food stamp purchases from being abolished.

That sounds like kind of a copout in that you are taking money away from folks who have food stamps but, if Senators will listen, they will learn that that is quite the opposite if my amendment is not passed.

I wish to defer to the originators of 1418 who I think are trying to take a step in welfare reform, and to the liberals who are trying to protect the poor.

I go along with both. But the case involved here would eliminate the sales tax, the portion of which pays for the administration of the Food Stamp Program in Alabama.

Alabama is an extremely poor State. Like other poor States, it has a disproportionate load of food stamp recipients, and therefore a disproportionate load in the cost of administration of the food stamp and other welfare programs in the State. If you eliminate from that State the capacity to apply a sales tax to help them pay for the administration of that Food Stamp Program, we essentially are not going to be able to administer the program.

So I agree that welfare reform, including elimination of food stamp abuse, which is at least 1 billion dollars' worth, I have just learned—and I will be speaking on that on a subsequent day—I agree that that should be undertaken, but this particular approach aimed at killing food stamps in poor States is the wrong approach.

Like the other States I have mentioned, Alabama funds the costs to administer the Food Stamp Program from the collection of State tax on food stamp purchases. In Alabama's case, we are the ninth highest in the Nation in food stamp recipients, and even State sales tax revenues are not sufficient to fund the administration and have to be supplemented with other funds. The same thing is true with other welfare programs, examples of which I will be including in the RECORD today.

So I ask you, if you consider yourself a liberal or consider yourself conservative, consider the fact that the poorest States have the least wherewithal from which to pay the administration of these extremely costly programs, and, if you do not believe what I am saying, look at the numbers.

Now, I am not going to get into, in the interest of letting Senator HEFLIN and others speak, the other issue, but there is a problem constitutionally that can bring mischief to any and all States regarding their decisions regarding their taxes.

Over 200 years ago, Alexander Hamilton, writing in No. 32 of the Federalist Papers, resolved the issue in favor of the States. Mr. Hamilton states, "I am here to allow in its full extent, the justness of the reasoning which requires that the individual States should possess an independent and uncontrollable authority to raise their own revenues for the supply of their own wants. [A]n attempt on the part of the National Government to abridge them in the exercise of it would be violent assumpton of power, unwarranted by any article or clause in its Constitution."

The right of the independent States to tax is concurrent with the taxing power of the U.S. Government; it exists so that the States may support their governments and their programs, to include federally mandated programs. This is true because the States possessed the power without restriction before the U.S. Constitution was adopted, and they still retain taxing power except so far as it is restricted by that document. It follows then, as Alexander Hamilton stated, that the power of taxation granted to the United States does not curtail or interfere with the taxing power of the individual sovereign States. Since the Constitution does not delegate to the Congress any general authority to limit the power of the States to levy a sales tax, then any such limit or prohibition must, of necessity, be justified on the basis of another delegated power, such as the commerce power or the spending power. The Federal Food Stamp Program is predicated on the spending power; accordingly, the issue seems to be whether the Congress can, under such power, prohibit the application of a generally applicable sales tax in a transaction where the payment is made with food stamps instead of currency. According to a study conducted by the Congressional Research Service, "There is no authority in case law supporting an outright prohibition on State taxing power based on the spending power." In my judgment, and it is shared by several lawyers with whom I have discussed the issue, section 1418 is clearly unconstitutional.

But regardless of the constitutional argument, this provision should be rejected on policy grounds. Although the section only directly affects 16 or 17 States, the precedent it sets for future mischief in any and all States should be obvious. If we exempt food stamp transactions from sales tax simply because the sales tax diminishes the effect of this Federal ex-

penditure, there would seem to be no reason whatever not to place similar limits on other State taxes levied on food stamp beneficiaries, such as their income or property taxes, or to extend such prohibitions on State sales taxes to the beneficiaries of other Federal programs. If section 1418 achieves its goal, then why not extend its reach to transactions where the source of funds is aid to families with dependent children, or funds provided to buy fuel under the Low-Income Energy Program, or any other Federal program where the beneficiary receives Federal payment in cash and then purchases goods and services? Every one of those recipients pays sales tax. These programs are in place in every Senator's home State, as well as the 16 or 17 affected by this sales tax prohibition.

If we can exempt food stamp transactions from State sales tax, why could we not also exempt transactions where the source of funds is the Women, Infants, and Children's Program. Certainly WIC recipients are just as worthy and just as needy and just as deserving of increased purchasing power as food stamp recipients. Their benefits could be increased substantially if they did not have to pay State sales taxes. Then, Mr. President, what about other transfer payments like supplemental security income payments, or foster parent payments, or even Social Security transfer payments? Every one of those recipients pays sales tax. If we can exempt one type of Federal transfer payment from sales taxes, why not all such transfer payments?

Mr. President, my question is, Where would it all end? with so many interest groups with favorite target constituencies, we might wind up exempting so much as to preclude all prerogative of States to raise their own revenue.

There has been much debate during the past few weeks concerning the cost of Federal programs. The Food Stamp Program, I think all will agree, is a program that was designed to help those who are very much in need. Yet with escalating deficits and the rising costs of Federal programs, Congress has had to look at ways to pay for these programs that enable us to help the needy. One way is State/Federal cost sharing. Current provisions in this bill would impede the States' power to contribute to State/Federal cost sharing. Without the right to tax as they see fit, States like Alabama will be hard pressed to find resources to pay for the administrative costs of the Federal Food Stamp Program. I mention again at this point that Alabama is ninth in the Nation in total dollar food stamp distribution. It is my understanding that the Food Stamp Program in Alabama would be in serious jeopardy if this bill is passed with section 1418. Certainly, one alternate means of funding would be to raise sales taxes for everyone, but that approach would hit hardest on all of those at the low income level, on those who can least afford it.

My amendment would ensure continuation of the program as it exists today and as it has existed for 20 years. It deeply concerns me that 650,000 needy people in my State might lose the nutritional benefit of food stamps through no fault of their own, and it should also concern my colleagues from the other 15 States whose Food Stamp Programs will be placed in jeopardy if this current provision is passed.

It seems clear to me that we should reject this effort to amend the State sales tax laws, no matter how well this provision is intended.

As I said in my floor statement of October 17, I am of the opinion that the budget can be balanced by a deliberate bipartisan effort to overhaul our Federal welfare program, so that it is helping only the truly needy and helping them enough. I believe this amendment is intended as a step in the right direction, but I believe it is a wrong step.

Let us work harder to find the right steps. In the meantime, until we do, let us make sure the 650,000 food stamp recipients in the relatively poor States, such as Alabama, do not have to face the risk of cutoff by unconstitutional means. My amendment costs the Federal budget no money; section 1418 saves none. With the precedent of section 1418 we are opening the flood gates, and the rising water can engulf not only the 16 or 17 States directly in its path, but it can spill over to other States and other programs as it races out of control. I urge my colleagues to vote in favor of my amendment.

Mr. President, I ask unanimous consent to have printed in the RECORD articles by newsmen who have absolutely no ax to grind, as well as letters from Governor Wallace and Alabama Retail Association executive director, Charles McDonald. One article which I send to the desk, written by Randy Quarles, is entitled "Congress Tiptoes Toward Plan That Could Cost Alabama Its Entire Food Stamp Program." Another is entitled "Food Stamp Tax Ban Would Cost State $23 Million," and another is entitled "'Nightmare' Seen If Congress Okays Food Stamp Bill."

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATE OF ALABAMA,
DEPARTMENT OF FINANCE,
Montgomery, October 15, 1985.

Hon. JEREMIAH DENTON,
U.S. Senator, Hart Senate Office Building, Washington, DC.

DEAR SENATOR DENTON: Recently it came to my attention that Section 128 proposed U.S. Senate Bill 1730 would actually amend Alabama sales tax law. The effect of this provision if enacted into law would be to exempt from state and local sales taxes transactions where food stamps are the medium of exchange. The State of Alabama annually receives approximately $17 million to $20 million from this source to finance programs for the poor and needy through the Department of Pensions and Security. Without these dollars, either these vital programs would have to be drastically curtailed or replacement dollars would have to be found. Many cities and counties also have a parallel sales with the proceeds going in to their local school systems.

You have probably noted from the state press that the State's General Fund and Education budgets face severe funding shortfalls for FY 86-87. It is almost inconceivable to anticipate the possibility of reducing available funds to either or both of those budgets by $17 million to $20 million in order to continue present Department of Pensions and Security programs at current levels. The Alabama Special Educational Trust Fund is the primary source of funding for the program of excellence in education Governor Wallace initiated in January 1983. The General Fund provides dollars to finance most non-education functions of State Government and we have recently made some big strides in meeting court orders in prison and mental health. However, let me reiterate that both funds face shortfalls for FY 86-87.

ALABAMA RETAIL ASSOCIATION,
Montgomery, AL, October 11, 1985.

Hon. JEREMIAH A. DENTON, Jr.,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR SENATOR DENTON: The Senate will soon consider S. 1730, which contains provisions that prohibit states from charging sales taxes on food stamp purchases.

In Alabama, such sales are subject to sales taxes and the resultant tax revenue is an important part of the budget of the Department of Pensions & Security. This department, which administers the food stamp program, would lose over $16,000,000 annually if this proposal should pass. Such a loss would likely mean drastic roll-backs in services to the needy and the elderly.

Alabama retailers are opposed to this prohibition and ask your help removing this provision from S. 1730. Like you, we are concerned about the needy of our state and without this funding, the Department of Pensions & Security would be unable to properly attend to their needs.

Sincerely,

CHARLES MCDONALD,
Executive Director.

STATE OF ALABAMA,
GOVERNOR'S OFFICE,
Montgomery, October 1, 1985.

Hon. JEREMIAH A. DENTON, Jr.,
U.S. Senate, Hart Senate Office Building, Washington, DC.

DEAR SENATOR DENTON: I want to urge your assistance in regard to an issue which would have a disastrous financial impact on the State of Alabama. I have been advised that Congressional action is expected next week on S. 1730, the Reconciliation Bill. Similar legislation, H.R. 2100, was passed by the House on October 7. This legislation contains a provision which prohibits the collection of State and local sales tax now generated from the redemption of food stamps and would cost the State of Alabama approximately $22,962,592. This would have a

direct impact of approximately $16,401,851 on the Department of Pensions and Security in revenue earmarked by State law to fund the administrative costs of the Federal Food Stamp Program. The loss of food stamp revenue would have a significant impact on the Special Educational Trust Fund and would most likely result in a severe curtailment of services to the elderly and needy low-income Alabamians. In addition, counties and municipalities are dependent upon local sales tax revenue on food stamps redeemed in their localities as a source of funding for local needs.

I know you share our concern with respect to our funding problem and I will appreciate your assistance in defeating this proposal which will severely penalize State and local governments.

With kindest regards, I am

Sincerely yours,

GEORGE C. WALLACE,
Governor.

[From the Mobile Register, Oct. 10, 1985]

'NIGHTMARE' SEEN IF CONGRESS OK'S FOOD STAMP BILL

(By Randy Quarles)

WASHINGTON.—Alabama Medicaid Commissioner Faye Baggiano says the state is facing a financial "nightmare" if Congress takes away its power to collect sales taxes on food stamp transactions.

The proposed exemption's direct impact on state and local tax revenues would be a $23 million loss, Mrs. Baggiano said Thursday.

But by depriving the state of the money it uses to administer food stamps, she said, the exemption threatens the entire $350 million federally supported program.

"It's a killer," said Mrs. Baggiano in a telephone interview from her Montgomery office.

"It would mean the end of the food stamp program in Alabama—$350 million, gone."

The food stamp provision is in the 1986 budget reconciliation bill that the Senate began debating Thursday. Final action on the measure could come today or early next week.

The House approved legislation Oct. 7 that also would prevent states from taxing food stamps.

Sen. Jeremiah Denton, R-Ala., was rounding up support Thursday for an attempt to kill the tax ban, said his press secretary, Bob Hardy.

Sen. Howell T. Heflin, D-Ala., will co-sponsor Denton's amendment, according to Heflin press secretary Jerry Ray. A number of senators from 16 other states that stand to lose tax revenues are expected to support the bill, Senate aides said.

Mrs. Baggiano, who headed the Alabama Department of Pensions and Security under Gov. Fob James, said state officials did not realize that the food stamp plan was moving through Congress until she read something about it two weeks ago.

Because the new DPS commissioner, Gwen Williams, has just started in the job, Mrs. Baggiano is leading the state's lobbying campaign against the exemption. DPS handles the food stamp program.

The effort has been endorsed by the Alabama Education Association, Alabama Farm Bureau Federation, Alabama League of Municipalities, Alabama Retail Association, Alabama Association of County Commissioners, and Alabama Chamber of Commerce, according to Denton aides.

The group's concern may be due partly to fear that they would suffer from the inevitable power struggle in the Legislature should it be asked to shift money for the food stamp program.

"Everybody's involved, because everybody's going to lose money in it," said Mrs. Baggiano.

"It will be very, very difficult for our Legislature to raise that kind of money, especially because next year's an election year," she said.

The loss could further strain the state's Special Educational Trust Fund and its general fund, both of which already face the prospect of proration this year, other officials said.

Local school systems also would forfeit the money they have received from local sales taxes on purchases involving food stamps, they said.

Gov. George C. Wallace, in a letter to Denton, warned that the exemption would have a "disastrous financial impact" on the state.

"The loss of food stamp revenue would have a significant impact on the Special Educational Trust Fund and would most likely result in a severe curtailment of services to the elderly and needy low-income Alabamians," Wallace wrote.

The director of the Bureau of Food Assistance in DPA, John Hunt, said in an interview that the state's tax collections from food stamp transactions go into the education fund along with all other state sales-tax receipts. A portion of the local taxes reaped from the stamps goes into the fund, too, Hunt said.

DPS then receives from the education fund an amount equal to 5 percent of the value of all food stamp purchases, he said. This year's expected total is $16.4 million, said Hunt.

State Budget Officer Charles Rowe said the sales tax receipts provide the "seed money" that DPS combines with other revenues for the state's $25 million annual share. Without the sales taxes, Rowe said, the rest of the money would be unavailable.

But Denton and his allies have their work cut out for them in the Senate.

To begin with, they must buck Senate Majority Leader Robert Dole, R-Kan., and Senate Agriculture Committee Chairman Jesse Helms, R-N.C., both of whom want the exemption.

And Denton's forces will have to win the same battle twice: A similar tax ban is attached to the Senate version of a 1986 agriculture bill scheduled for floor debate next week.

The proposed exemption's supporters contend that taxing the stamps decreases their purchasing power, hindering the program's effectiveness.

In its report, accompanying the farm bill, the Senate Agriculture Committee notes that when the stamps are used to pay a 4 percent sales tax on food purchases, their buying power is only 96 percent of their intended value.

"Secondly, from a federal perspective, the existing policy serves as an indirect federal subsidy—through the Federal Food Stamp Program—to those state and local governments imposing a sales tax on food stamp purchases," the committee report says.

The committee's provision is two-pronged: Food Stamps could not be used to pay taxes on food, and states could not impose taxes on food stamp purchases.

"The national interest in protecting the buying power of food stamp recipients is considered paramount to the committee in deciding to turn aside some expressed concerns that the limitation interferes with state taxing powers," the report continues.

[From the Huntsville Times, Oct. 20, 1985]

CONGRESS TIPTOES TOWARD PLAN THAT COULD COST ALABAMA ITS ENTIRE FOOD STAMP PROGRAM

(By Randy Quarles)

WASHINGTON.—Alabama's state officials and its Capitol Hill crew must have been napping as Congress tiptoed toward approving a plan that would cost the state $23 million, and possibly its $350 million food stamp program.

They were rudely awakened a couple of weeks ago by Alabama Medicaid Commissioner Faye Baggiano, who noticed the activity, realized what it would mean to the state, and sounded the alarm.

"It's really a nightmare," said Mrs. Baggiano last week. "The money was there for all those years, and we may lose it within a matter of two weeks."

Mrs. Baggiano's Medicaid agency doesn't handle the food stamp program; it is the baby of the Department of Pensions and Security, which she used to head. But because DPS has been undergoing a change of administration, and the new DPS commissioner is one of her former staff members, Mrs. Baggiano has been in the forefront of the state's frantic maneuvering to avoid the disaster.

It's a good thing she still takes an interest in her former bailiwick. Otherwise, the state might not have known what was happening until it happened.

Not that it probably won't happen, anyway. It's just nice to know.

Sen. Jeremiah Denton, R-Mobile, now is spearheading an attempt in Washington to block the plan. Even with an earlier start, he and his allies would have faced imposing odds.

At stake are state and local sales taxes on purchases made with food stamps. Since the program was begun in 1964, Alabama and its cities and counties have collected the taxes on such transactions just as they do on all other food purchases.

All of the 4 percent state tax from the stamps and part of the local levies go into the Special Education Trust Fund, according to John Hunt, who heads the Department of Pensions and Security's Bureau of Food Assistance. DPS then gets the money—about $16.4 million this year—and uses it to administer the federally funded food stamp program.

The remainder of the local levies go to city and county schools systems. Based on figures provided by state officials, this year's total is around $6.5 million.

Fifteen or 16 other states around the country also charge taxes on the stamps.

Yet some people think it's not cricket of states to collect taxes off the stamps.

When the federal government provides $1 in food stamps, they say, the intent is to help a needy person buy $1 worth of food, to boost state revenues. Sacrificing several cents of that dollar to state and local taxes decreases the needy individual's buying power, and thereby the effectiveness of the program.

According to Denton and Mrs. Baggiano, that line of reasoning is hogwash.

If a person gets an aid check from the federal government, such as Aid to Families with Dependent Children, he or she cashes the check, and then pays state and local sales taxes on anything bought with that

cash. Food stamps are no different, the Alabama side contends.

Alabama authorities also sees the proposed food stamp exemption as an unconstitutional infringement on the state's power to decide how and what to tax.

The tax ban movement dates back about 10 years. But today, as budget-conscious congressmen try to find ways to stretch federal dollars, its time appears to have arrived.

Earlier this month the House approved legislation that would prevent states from collecting taxes on food stamps. Provisions with the same end result are included in both a budget bill and a farm bill pending in the Senate.

Senate backers of the plan include two formidable heavyweights; Majority Leader Robert Dole, R-Kans., and Senate Agriculture Committee Chairman Jesse Helms, R-N.C.

Chances are that Alabama and some of the other affected states will go to court to challenge the law's constitutionality, if it does make it through Congress and is signed by President Reagan.

A lawsuit will take time, though. Meanwhile, Alabama might be left with the choice of either taking money from some other activity in order to continue the food stamp program, or cutting off the 650,000 people in the state who depend on the assistance—one out of every six Alabama residents.

The state might end up having to rely on the Legislature's wisdom to produce a workable solution—a truly chilling prospect, indeed.

With both the education trust fund and the general fund already on the brink of proration, it would be easier to steal a bone from a pack of hungry Dobermans than to convince any of the special interest groups and their pet legislators to chip in for food stamps.

Everyone knows it would be a royal mess. That's why such groups as the Alabama Education Association, the Alabama Farm Bureau and the Alabama League of Municipalities endorse the state's efforts to hold onto the tax.

As Mrs. Baggiano pointed out last week, food stamp recipients aren't the only ones who stand to lose.

[From the Mobile Press Register, Oct. 29, 1985]

FOOD STAMP TAX BAN WOULD COST STATE $23 MILLION

(By Randy Quarles)

WASHINGTON.—Alabama's state officials and its Capitol Hill crew must have been napping as Congress tiptoed toward approving a plan that would cost the state $23 million, and possibly its $350 million food stamp program.

They were rudely awakened a couple of weeks ago by Alabama Medicaid Commissioner Faye Baggiano, who noticed the activity, realized what it would mean to the state, and sounded the alarm.

"It's really a nightmare," said Mrs. Baggiano last week. "The money was there for all those years, and we may lose it within a matter of two weeks."

Mrs. Baggiano's Medicaid agency doesn't handle the food stamp program; it is the baby of the Department of Pensions and Security, which she used to head. But because DPS has been undergoing a change of administration, and the new DPS commissioner is one of her former staff members, Mrs. Baggiano has been in the forefront of the state's frantic maneuvering to avoid the disaster.

It's a good thing she still takes an interest in her former bailiwick. Otherwise, the state might not have known what was happening until it happened.

Not that it probably won't happen, anyway. It's just nice to know.

Sen. Jeremiah Denton, R-Ala., now is spearheading an attempt in Washington to block the plan. Even with an earlier start, he and his allies would have faced imposing odds.

At stake are state and local sales taxes on purchases made with food stamps. Since the program was begun in 1964, Alabama and its cities and counties have collected the taxes on such transactions just as they do on all other food purchases.

All of the 4 percent state tax from the stamps and part of the local levies go into the Special Education Trust Fund, according to John Hunt, who heads the Department of Pensions and Security's Bureau of Food Assistance. DPS then gets the money—about $16.4 million this year—and uses it to administer the federally funded food stamp program.

The remainder of the local levies go to city and county schools systems. Based on figures provided by state officials, this year's total is around $6.5 million.

Fifteen or 16 other states around the country also charge taxes on the stamps.

Yet some people think it's not cricket of states to collect taxes off the stamps.

When the federal government provides $1 in food stamps, they say, the intent is to help a needy person buy $1 worth of food, not to boost state revenues. Sacrificing several cents of that dollar to state and local taxes decreases the needy individual's buying power, and thereby the effectiveness of the program.

According to Denton and Mrs. Baggiano, that line of reasoning is hogwash.

If a person gets an aid check from the federal government, such as Aid to Families with Dependent Children, he or she cashes the check, and then pays state and local sales taxes on anything bought with that cash. Food stamps are no different, the Alabama side contends.

Alabama authorities also sees the proposed food stamp exemption as an unconstitutional infringement on the state's power to decide how and what to tax.

The tax ban movement dates back about 10 years. But today, as budget-conscious congressmen try to find ways to stretch federal dollars, its time appears to have arrived.

Earlier this month the House approved legislation that would prevent states from collecting taxes on food stamps. Provisions with the same end result are included in both a budget bill and a farm bill pending in the Senate.

Senate backers of the plan include two formidable heavyweights: Majority Leader Robert Dole, R-Kan., and Senate Agriculture Committee Chairman Jesse Helms, R-N.C.

Chances are that Alabama and some of the other affected states will go to court to challenge the law's constitutionality, if it does make it through Congress and is signed by President Reagan.

A lawsuit will take time, though. Meanwhile, Alabama might be left with the choice of either taking money from some other activity in order to continue the food stamp program, or cutting off the 650,000 people in the state who depend on the assistance—one out of every six Alabama residents.

The state might end up having to rely on the Legislature's wisdom to produce a workable solution—a truly chilling prospect, indeed.

With both the education trust fund and the general fund already on the brink of proration, it would be easier to steal a bone from a pack of hungry Dobermans than to convince any of the special interest groups and their pet legislators to chip in for food stamps.

Everyone knows it would be a royal mess. That's why such groups as the Alabama Education Association, the Alabama Farm Bureau and the Alabama League of Municipalities endorse the state's efforts to hold onto the tax.

The PRESIDING OFFICER. Who yields time?

Mr. DIXON addressed the Chair.

Mr. DENTON. We yield time whenever Senator HEFLIN is ready to proceed.

The PRESIDING OFFICER. Who yields time?

Mr. DIXON, Mr. MELCHER, and Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, as I understand it, I am in control of the opposition time. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. HELMS. We have to watch this. One minute?

Mr. DIXON. Three minutes.

Mr. HELMS. I yield 3 minutes to the Senator from Illinois.

Mr. EAGLETON. Will the Senator keep me in mind for 2 minutes?

Mr. HELMS. Three minutes to the Senator from Illinois; 2 minutes to the Senator from Missouri.

Mr. DENTON. Senator HEFLIN is going to be talking on our side.

Mr. BOSCHWITZ. Mr. President, 1 minute.

Mr. HELMS. One minute each to the Senator from Alabama—he is on the other side. The Senator will get his time from Senator DENTON.

Mr. DENTON. Mr. President, is there anyone else who wishes to speak?

Mr. HELMS. I think we are in good shape.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. DIXON. Mr. President, let me say that this matter was thoroughly discussed—at great length—in the Agriculture Committee. It occupied a good deal of time and was discussed by everyone in the committee. I think the committee proposal is a correct one.

First of all, food stamps are paid for by the Federal Government to support those among us in our society who have the least ability to take care of themselves. Why should States be able to prosper and to receive funds from taxing food stamps which are paid for by the Federal Government to take

care of the food needs of the poorest people in our society?

Many of the States of our Union, as a consequence of this situation, exempt food from sales tax. I think that is an entirely appropriate thing for States like Alabama to consider; but I think it is reasonable to argue that to permit the State of Alabama or other States to tax food stamps, in essence, permits the State of Alabama to enrich itself at the expense of the Federal Government, which is paying for those food stamps to feed the poor people of Alabama.

It is an unreasonable position for the State to take, that this should be permitted, and I urge the Members of the Senate to support the committee position.

I again stress that the matter was thoroughly discussed in committee, in a bipartisan way, by Members on both sides of the table, and we all agreed ultimately that this was a right position for the committee to take.

Again, food stamps are paid for by the Federal Government to feed the very poor in our society. My friend from Alabama would suggest that the State should be able to tax those food stamps and enrich the revenue sources of Alabama at the expense of the Federal Government. I believe the amendment is not warranted.

Mr. DENTON. It is a 50-50 split between the Federal Government and the State government. The 50 percent we have to pay is not sufficiently augmented by the sales tax which the Senator wants to abolish

Mr. DIXON. Mr. President, I do not want to yield any of my time. I stand by my statements. What I have indicated is a matter that was thoroughly discussed in the committee, and I urge Senators to vote against this amendment.

Mr. DOLE. Mr. President, as the chairman of the Nutrition Subcommittee, I find myself in the position of having to defend a provision in the farm bill that was initially introduced by myself in the Domestic Food Assistance Act of 1984, and again in the bipartisan food stamp reauthorization bill that I introduced this year, which was similar to last year's legislation. I might mention that the distinguished Senator from New Mexico was a cosponsor of the 1984 bill—and both Kansas and New Mexico have State sales taxes on food. The issue at stake was equity to food stamp recipients.

CURRENT FARM BILL PROVISION

Mr. President, this farm bill contains a modification of my original proposal, which actually would have saved over $100 million a year. This current provision would declare food stamps to be a nontaxable event, thereby prohibiting States from charging a sales tax on food purchased by food stamp recipients. The Senator from Kansas admits that the original proposal may have been a bit awkward to administer, and the provision adopted by the Agriculture Committee during its consideration of issues related to the reauthorization of the Food Stamp Program would seem to be an improvement. The current proposal was suggested by the Department of Agriculture.

EQUITY TO FOOD STAMP RECIPIENTS

My original proposal would have required States that charge a sales tax on food to return to the Federal Treasury those moneys collected at the expense of food stamp recipients. Allowing States to take advantage of free revenues, while eroding the purchasing power of food stamp recipients is a practice that the Federal Government should discourage. It is inequitable to food stamp recipients, because they do not get the full value of their food stamp dollars, since part of the money goes to pay State sales taxes on food.

While some may argue that food stamp benefits are inadequate to begin with, it is certainly true that they are based on the most minimal cost diet available—the thrifty food plan. To erode these benefit levels further, while allowing States to collect revenues for their own purposes is most unfair.

I urge my colleagues to vote against this amendment offered by my colleague from Georgia.

Mr. EAGLETON. Mr. President, will the Senator from North Carolina yield me 2 minutes?

Mr. HELMS. I yield.

The PRESIDING OFFICER (Mr. ARMSTRONG). The Senator is recognized for 2 minutes.

Mr. EAGLETON. Mr. President, the Denton amendment is an idea whose time has come and gone.

Missouri is one of the 16 States that tax food stamps. It is singularly interesting that not one governmental official from Missouri has contacted me in support of the Denton amendment. I think they are embarrassed. I think they are chagrined. I think they are ashamed.

I cannot believe that our Governor or any member of our State legislature would call me on the phone, recommending that the law stay as it is, that we permit the State of Missouri to tax food stamps on a sales tax basis and to reduce the already meager allotment to needy individuals by 5, 6, or 7 percent, or whatever the sales tax may be.

I doubt that many Governors from the other 15 States have contacted many of their Senators, because it is a very inhumane concept that they would be advocating.

Let me read an excerpt from a letter from the Center on Budget and Policy Priorities:

By law, food stamp benefits are supposed to be based on the cost of the thrifty food plan, the lowest cost food plan USDA has devised. But in States with a sales tax on food stamp purchases, poor families and elderly persons do not receive enough in benefits to purchase this minimal diet.

Thus, Mr. President, I think it would be cruel—and I use that word advisedly—if we were to continue a policy of permitting States to levy sales taxes on these meager food stamp allotments.

Mr. President, I ask unanimous consent to have the letter printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CENTER ON BUDGET AND POLICY PRIORITIES,
Washington, DC, November 18, 1985.

DEAR SENATOR: We, the undersigned organizations, are deeply concerned about an amendment we understand will be offered to the food stamp provisions of the Farm Bill.

The bill currently contains an important provision adopted by the Agriculture Committee that would help to reduce the problem of hunger, and rectify a serious inequity in the food stamp program, without any federal cost. This provision would end the current practice whereby about one-third of the states now effectively siphon off a portion of the federal food stamp benefits intended for poor families by charging sales tax on all food stamp purchases. (A list of these states is attached.)

In these states, poor families and elderly persons now fail to receive enough benefits to purchase the lowest cost minimum-diet plan the federal government has designed, because their states divert some of the federal food stamp funds intended for the poor to other purposes.

We strongly support the provision of the Reconciliation bill to end this practice. We strongly oppose an amendment that we understand will be offered by Senator Denton to strike this provision.

By law, food stamp benefits are supposed to be based on the cost of the "thrifty food plan," the lowest cost food plan USDA has devised. But in states with a sales tax on food stamp purchases, poor families and elderly persons do not receive enough in benefits to purchase this minimal diet.

For example, if a state charges a 5% sales tax on food purchased with food stamps, poor households in that state receive benefits equal to only 95% of the cost of the thrifty plan. The state takes the other 5% of the benefits for purposes generally unrelated to food assistance.

From a federal fiscal standpoint, this means that federal funds appropriated to help provide food to needy persons are being diverted and spent in ways Congress did not intend.

From the standpoint of trying to alleviate hunger and malnutrition, it means that some of the nation's poorest families and elderly persons are not provided enough assistance to purchase a minimally adequate diet. We would note that President Reagan's Task Force on Food Assistance strongly recommended that food stamp benefits equal 100% of the cost of the thrifty food plan—a goal that the Denton amendment would thwart.

In addition, the current practice of allowing states to tax food stamp purchases also results in inequities across state lines. The two-thirds of the states that do not charge sales tax on food stamp purchases do not re-

ceive these extra federal funds. The other states do.

What makes this even more serious is that those states who do charge sales tax on food stamp purchases are, by and large, the same states that provide the lowest public assistance benefits in the nation. As a result, the families adversely affected in these states are among the poorest in the nation.

We therefore urge you to oppose the Denton amendment.

Sincerely,

Children's Defense Fund, Center on Budget and Policy Priorities, Church of the Brethren, Interfaith Action for Economic Justice, Presbyterian Church (U.S.A.).

United Church of Christ, Office for Church in Society, Friends Committee on National Legislation, National Council of Senior Citizens, United Food and Commercial Worker Union, American Public Health Association.

Coalition on Block Grants and Human Needs, National Association of Social Workers, National Urban League, Villers Advocacy Associates, Public Voice for Food and Health Policy.

American Association of Retired Persons, American Baptist Churches U.S.A., Church Women United, Lutheran Council in the U.S.A., Unitarian Universalist Association of Congregations in North America, Washington Office.

National Conference of Catholic Charities, Bread for the World, International Ladies' Garment Workers Union, United Steelworkers Union, Child Welfare League of America.

The Children's Foundation, Food Research and Action Center, National Council of La Raza, National Low Income Housing Coalition, Rural Coalition, Wider Opportunities for Women.

Mr. HELMS. Mr. President, I yield 2 minutes to the Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. HARKIN. Mr. President, I rise in opposition to the amendment offered by Senators DENTON and HELFIN to strike the committee provision with regard to sales tax.

The Agriculture Committee adopted a provision which would end the current practice of one-third of the States collecting sales tax on food stamp purchases.

By law, food stamp benefits are based on the cost of the thrifty food plan. This food plan is the lowest cost—while meeting the minimal nutritional standards—food plan, devised by USDA. However, with some States charging sales tax on food stamp purchases, food stamp recipients in those States are not able to purchase this food plan, thus not meeting even the minimal level of nutritional standards.

From a Federal fiscal standpoint, this means that Federal funds appropriated to help provide food to needy persons are being diverted and spent in ways Congress did not intend. These States are receiving extra Federal funds—unavailable to States who do not charge sales tax on food stamp purchases.

The committee adopted a provision requiring sales tax not be charged on food stamp purchases to ensure that the funds provided by Congress go for feeding families and elderly persons, not to be used for other purposes designated by the States. The committee provision also ensures that food stamp recipients are able to purchase at least the thrifty food plan—the Federal Government's lowest cost, minimum diet plan.

I urge my colleagues not accept the amendment to strike the sales tax provision adopted by the committee.

Mr. DENTON. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Five minutes and fifteen seconds.

Mr. DENTON. I will use 15 seconds before yielding Senator HEFLIN the remainder of the time.

Mr. President, this has been done for 20 years. The difference between Missouri and Alabama is that St. Louis and Kansas City have defense industry. Alabama has more people in the Food Stamp Program than does Missouri.

You are the ones who are going to hurt these poor people, not me. We do not have the dough to pay for this. We have article after article on this.

I yield to Senator HEFLIN the remainder of my time.

The PRESIDING OFFICER. Who seeks recognition?

Mr. HEFLIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

Mr. HEFLIN. Mr. President, in Alabama this sales tax is deposited in a special fund which is used for the administration of the Food Stamp Program. As I understand it, as the moneys from the overall Food Stamp Program come in, in a lump sum, they are being administered. It depends on the peculiarities of each State. You have peculiarities in each State.

As Senator DENTON has pointed out, we have a great number of poor people. We have a lot of administrative costs. the administrative cost on a per capita basis is probably much larger in most States, and therefore Alabama is in a different situation.

Mr. President, the amendment I am cosponsoring with my colleague from Alabama is both simple and important. It is simple in that it would delete only one provision of the many included in the farm bill.

At the same time, Mr. President, this amendment does carry an importance disproportionate to its brevity and simplicity—an importance with both immediate and long-range implications.

The section which we seek to delete calls for an exemption from State and local sales taxes of all transactions where food stamps are the medium of exchange. This exemption would not have an impact on every State, for some States have no sales tax on the sale of any grocery items, for example, but it does effect between 15 and 20 States, some with severe implications.

In some States, the revenues collected by a sales tax levied on transactions involving food stamps are used to support the State's share of the administrative costs of the program. In Alabama, for instance, all collections from the 4-percent State sales tax are deposited to the special education trust fund, but an amount equal to 5 percent of the face value of food stamps issued in Alabama is earmarked to pay the State share of the administrative costs of the Food Stamp Program. Should food stamp transactions be exempted from the sales tax, the State would lose more than $13 million a year, and, if these funds could not be found elsewhere—either by raising taxes or cutting other programs—Alabamians might lose access to a successful food stamp which provides assistance to over 650,000 citizens in my State alone.

Mr. President, this is the short-term implication of the section we seek to delete. I am certain that the proponents of this section had good intentions in its formulation, and wanted to increase the purchasing power of food stamp recipients. At the same time, however, I feel we are in danger of cutting off our nose to spite our face, and that while we will be increasing the purchasing power of some food stamp recipients, for others we are running the risk of their not having access to food stamps at all.

There are a number of other arguments that can be made against the bill as my colleague has pointed out. There is the constitutional question of the sovereignty over the power of taxation. There is also a clear States' rights argument. There is the question of why food stamps should be treated differently for the purpose of State taxation than are other Federal transfer payments.

In addition, Mr. President, there are practical arguments, as well. We would

be forcing stores to keep different records, of great complexity, so they would know just how much tax to pay to the State. Or we could be placing store owners in a perfectly designed "no win" situation—if a State refused to change their legal sales tax provisions, and we acted to exempt food stamp transactions from State sales taxes, a store owner would be violating State law if he failed to collect a sales tax on a food stamp transaction and he would be violating Federal law if he did collect such a sales tax.

Clearly, Mr. President, the bill creates many more question than it actually solves. I believe it is a bad provision, with an unsound base and creating frightening implications, and I urge my colleagues to support this amendment to have this measure removed from the bill.

Mr. President, I ask for the yeas and nays on this amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Who yields time?

Mr. HELMS. Mr. President, I regret that I must oppose the amendment of my distinguished colleague from Alabama.

The committee's provision with regard to sales taxes on food stamp sales is intended to address two issues:

First, the present practice of charging sales taxes on food stamp purchases in certain States represents reduced buying power for food stamp recipients in those States. Food stamp allotments are based on the thrifty food plan. (The thrifty food plan is a research-based set of economical and nutritious diets that, insofar as possible, reflect food choices of households with limited food budgets. It is composed of an assortment of foods that represents as little change from average food consumption of persons in U.S. households with relatively low costs as was required to provide a nutritious diet while controlling costs.) Applicable sales taxes on food purchases are not included in formulating the cost of the plan. For example, in States imposing a 4-percent sales tax on all food purchases, the real buying power for recipients in the grocery store is the equivalent of 96 percent of the thrifty food plan. Thus, the purchasing power of the food stamp allotment is reduced for recipients in States where sales taxes are imposed on food stamp purchases relative to the recipients in States with no such sales taxes and relative to the basis for the benefits, the thrifty food plan.

Second, from a Federal perspective, the existing policy serves as an indirect Federal subsidy—through the Federal Food Stamp Program—to those State and local governments imposing a sales tax on food stamp purchases.

Mr. President, the committee's provision is a good one which has been applauded by those concerned that food stamp recipients should receive the maximum purchasing power provided by food stamp benefits and by those who desire to see the end to the subsidy of State and local governments.

Mr. President, I yield the remainder of my time to the distinguished Senator from Minnesota.

Mr. BOSCHWITZ. Mr. President, I rise to oppose this amendment as well.

I recognize the fervor with which my friend from Alabama has spoken. Nevertheless, the fact remains when a person goes in to buy food with food stamps, for a certain portion of those food stamps, there is a sales tax percentage that has to be used to pay the sales tax rather than buy food.

Mr. President, I ask unanimous consent to have printed in the RECORD a table listing State fiscal year 1984 general sales tax receipts and receipts from taxes on food stamp sales.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

STATE FISCAL YEAR 1984 GENERAL SALES TAX RECEIPTS AND RECEIPTS FROM TAXES ON FOOD STAMP SALES

State	Percentage Tax [1]	Revenues from food stamp tax [2]	Percentage of total tax revenues from food stamp tax receipts [3]
Alabama [4]	4	$12,571,761	0.48
Arkansas	4	5,630,448	.33
Georgia	3	8,850,450	.22
Hawaii	4	3,184,561	.26
Idaho	4	1,414,065	.16
Kansas	3	2,010,343	.12
Mississippi	6	15,653,627	.89
Missouri	4.125	8,748,736	.24
New Mexico	3.75	3,252,745	.23
North Carolina	3	7,171,655	.15
Oklahoma	3	3,515,070	.12
South Carolina	5	10,236,830	.42
South Dakota	4	924,415	.28
Tennessee	[5] 4.5–5.5	13,962,715	.54
Utah	4.675	1,816,543	.14
Virginia	[6] 2–3	4,827,286	.12
Wyoming	3	397,701	.06
Total	2–6	104,168,951	.28

[1] Source Bureau of the Census via Congressional Research Service.
[2] Product of sales tax percentage multiplied by food stamp redemptions.
[3] Based on data from Congressional Research Service.
[4] Fiscal year 1984 comprised the period Oct. 1, 1983, through Sept. 30, 1984; remainder of States' fiscal year 1984 comprised the period July 1, 1983, through June 30, 1984.
[5] Tax rate at 4.5 percent through Mar. 30, 1984; 5.5 percent thereafter.
[6] Tax rate at 2 percent through Feb. 14, 1984; 3 percent thereafter.

Mr. BOSCHWITZ. So, in a State where there is a 4-percent sales tax, the food stamp recipient really only gets 96 cents; the other 4 percent of the food stamps has to be used to pay the sales tax.

That is why I oppose this amendment.

Mr. DENTON. Mr. President, is there any time remaining on my side?

The PRESIDING OFFICER. Twenty-two seconds.

Mr. DENTON. Mr. President, I wish to use that time to ask the Senator from Minnesota a question.

Mr. BOSCHWITZ. Yes.

Mr. DENTON. Is the Senator from Minnesota aware that the money used that the Government gives for programs like Women, Infants, and Children and all of those other financial programs which go to help people just as needy or, perhaps, in even more disadvantageous circumstances than using food stamps, are also subjected to sales tax when the purchase is made?

We are not taxing food stamps; we are taxing the purchases made with those food stamps as has been done for 20 years and still done with all the remainder of the money we are handing out in that way.

Mr. BOSCHWITZ. Mr. President, if I may respond, how much time do I have remaining?

The PRESIDING OFFICER. The Senator has 38 seconds.

Mr. BOSCHWITZ. WIC is not, as I understand, taxed in the State of Alabama. The Senator made a good point and we will make an effort to correct those items as well.

Mr. President, I yield the remainder of my time.

Mr. HELMS. Mr. President, I yield back my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Alabama.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST] is necessarily absent.

The result was announced—yeas 32, nays 67, as follows:

[Rollcall Vote No. 328 Leg.]

YEAS—32

Abdnor	Gore	Nickles
Armstrong	Gorton	Nunn
Bingaman	Gramm	Pressler
Boren	Grassley	Pryor
Bumpers	Hatch	Sasser
Cochran	Heflin	Simpson
Denton	Hollings	Stennis
Evans	Humphrey	Symms
Ford	Laxalt	Thurmond
Garn	Mattingly	Wallop
Goldwater	McClure	

NAYS—67

Andrews	Harkin	Mitchell
Baucus	Hart	Moynihan
Bentsen	Hatfield	Murkowski
Biden	Hawkins	Packwood
Boschwitz	Hecht	Pell
Bradley	Heinz	Proxmire
Burdick	Helms	Quayle
Byrd	Inouye	Riegle
Chafee	Johnston	Rockefeller
Chiles	Kassebaum	Roth
Cohen	Kasten	Rudman
Cranston	Kennedy	Sarbanes
D'Amato	Kerry	Simon
Danforth	Lautenberg	Specter
DeConcini	Leahy	Stafford
Dixon	Levin	Stevens
Dodd	Long	Trible
Dole	Lugar	Warner
Domenici	Mathias	Weicker
Durenberger	Matsunaga	Wilson
Eagleton	McConnell	Zorinsky
Exon	Melcher	
Glenn	Metzenbaum	

NOT VOTING—1

East

So the amendment (No. 1085), as modified, was rejected.

Mr. HELMS. Mr. President, I move the reconsider the vote by which the amendment was rejected.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1086

(Purpose: To modify certain requirements relating to the treatment of energy assistance payments for purposes of calculating excess shelter expense deductions under the food stamp program.)

Mr. STAFFORD addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont is recognized.

Mr. STAFFORD. Mr. President, I send an unprinted amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Vermont [Mr. STAFFORD], for himself and Mr. KENNEDY, Mr. HEINZ, Mr. GLENN, Mr. DANFORTH, Mr. LEAHY, Mr. D'AMATO, Mr. EAGLETON, Mr. BURDICK, Mr. COHEN, Mr. HATFIELD, Mr. MOYNIHAN, Mr. HART, Mr. ANDREWS, Mr. LAUTENBERG, Mr. RIEGLE, Mrs. HAWKINS, Mr. PELL, and Mr. HARKIN, proposes an amendment numbered 1086.

Mr. STAFFORD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment add the following: On page 278, after line 26, insert the following new section:

ENERGY ASSISTANCE PAYMENTS

Sec.—. (a) Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) (as amended by section 1410) is amended—

(1) by striking out ", excluding expenses of the household paid (directly or indirectly) under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.)" after "for shelter" each place it appears in clause (2) of the fourth sentence and subclause (C) of the last sentence; and

(2) by striking out the sixth and seventh sentences and inserting in lieu thereof the following new sentence: "If a State agency elects to use a standard utility allowance, the agency shall use a combined allowance for all households.".

(b) The amendments made by subsection (a) shall become effective one day after the date of enactment of this Act.

Mr. STAFFORD. Mr. President, I am agreeable to having 10 minutes on each side, if that is agreeable to the chairman of the committee.

Mr. HELMS. Mr. President, I ask unanimous consent that there be 20 minutes equally divided.

The PRESIDING OFFICER. Without objection, it is ordered.

Mr. STAFFORD. Mr. President, I rise to offer an amendment to correct what I think is a serious problem with this bill. I am joined in support of this amendment by my distinguished colleagues, Mr. KENNEDY, Mr. HEINZ, Mr. GLENN, Mr. DANFORTH, Mr. LEAHY, Mr. D'AMATO, Mr. EAGLETON, Mr. BURDICK, Mr. COHEN, Mr. HATFIELD, Mr. MOYNIHAN, Mr. LAUTENBERG, Mr. HART, Mr. ANDREWS, Mr. REIGLE, Mrs. HAWKINS, Mr. PELL, and Mr. HARKIN.

Mr. President, this amendment is essentially the same as the one that was adopted by the Senate on November 12 to the budget reconciliation bill by a vote of 60 to 37. It has the same cosponsors.

The bill as written would fundamentally alter the treatment of energy assistance payments for food stamp purposes. Congressional intent in reauthorizing the energy assistance program only last year, made it clear that energy assistance should not be counted as income for food stamps. In stark contrast, under the bill before us large numbers of elderly poor people would have their food stamp benefits cut because they received energy assistance benefits.

Unless this provision is removed from the pending bill, as many as 11 million low-income Americans could possibly face reductions in food stamp benefits during winter months, when good nutrition is important for good health.

For instance, two elderly persons living together who receive a $519 monthly Social Security check would have their food stamp allotment reduced by more than 76 percent—from the present $77 to $18 monthly—during the 5-month heating season.

Congress never intended for this to happen, as appears in the 1984 extension of LIHEAP, and I do not think that we should permit it to happen now.

We often hear of people faced with the "heat or eat" dilemma. I can think of no instance when this dilemma has been clearer. I certainly do not think we should be in the position of sanctioning it at this time.

It is claimed that the food stamp cuts for households receiving energy assistance benefits are minimal; but in fact, in many colder regions they are very significant and very painful. On average, Vermonters will lose $28.30 of groceries each winter month. Alaskans and Minnesotans lose over $32. North Dakotans lose $41 each month. Pennsylvanians lose $21.20 monthly, while Iowans lose $18.90. The poorest households, of course, get higher energy benefits and will, therefore, lose more food stamps. For example maximum losses in Minnesota can be $61.30 a month, in Vermont $79.30.

Mr. President, the monthly reduction in food stamp benefits over the 5-month heating season averages $14.70 nationally. Since a meal for a food stamp recipient costs 70 cents, he or she will lose an entire week's meals. Poorer households in colder States could lose as much as a whole month's meals for two household members.

Another important point is that some elderly and disabled households will become ineligible for food stamps under the provisions of the committee bill. These households' eligibility is based solely on net income after deductions, unlike that of other households.

Moreover, I am concerned that the committee's action strays into the jurisdiction of the Committee on Labor and Human Resources.

As I mentioned, Congress only last year reenacted the Energy Assistance Program. The committee again included the language prohibiting energy assistance benefits from being counted as income or resources for any purpose under any Federal or State law.

Despite this clear intent, the Department of Agriculture is currently trying to include energy assistance payments in the calculation of food stamp benefits.

To date, USDA's policy has been challenged in three courts. USDA has lost each case, and is prohibited in those States affected from enforcing this policy. I think the court's interpretations are correct, and I think they should ultimately be adopted nationwide.

Mr. President, I repeat, this is the same amendment that the Senate voted on and adopted by a vote of 60 to 37 on November 12 to the reconciliation bill.

The amendment I am offering is not costly but it will correct a serious inequity in the bill. It has broad support, not only within Congress, but outside it as well.

Let us not force people to heat or eat. Let us continue to recognize energy assistance as a supplemental program. And let us not undo what we did only last year and what we will probably do again next year. Mr. President, I urge my colleagues to give their full support to this amendment.

I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, I wish to inform my colleagues that this Senator from North Carolina will speak in opposition to this amendment.

Mr. President, I regret that the Senator wishes to strike this provision of the Agriculture Committee's provisions. It is one of the most logical and reasonable provisions we could have adopted. Its widespread support is indicated by the 17 to 0 vote in favor of its adoption during committee consideration.

The amendment was proposed by the Senator from Iowa [Mr. HARKIN]

and was included in a bipartisan proposal being advanced by Senators BOSCHWITZ and LEAHY.

Let me briefly explain the committee's provision and the need for its inclusion in this package.

There are several issues involved. First, let me make it clear and emphasize this point: The committee in no way changed the policy with respect to counting low-income energy assistance payments as income. The food stamp policy has long been that these federally funded energy assistance payments are not counted as income for purposes of determining either food stamp eligibility or benefit levels.

The only issue addressed by the Agriculture Committee was how to treat expenses paid for by income—from the Low Income Home Energy Assistance Program—that is excluded from counting as income.

Frankly, committee members were, I think, astounded to learn of the present, illogical food stamp policy. The committee did an excellent job in untangling present policy and recommending a consistent and logical policy.

There are generally two types of low-income energy assistance payments—direct payments made to individuals and indirect, so-called vendor, payments made to energy companies on behalf of individuals. Food stamp policy currently states that food stamp recipients who are also recipients of energy assistance vendor payments may not count energy costs paid to an energy company on behalf of the household as an expense for puposes of determining the household's deductible shelter expenses in the Food Stamp Program. This is a logical position because the household incurred no out-of-pocket expenses of its own. Rather, the Low Income Energy Assistance Program paid for those expenses. A recent court ruling has overturned this interpretation and stated that such vendor payments must be counted as part of the household's expenses when determining the household's deductible shelter expenses. Thus, the committee's bill explicitly puts into law the present regulatory policy in order to reverse the court ruling.

The committee bill goes a step further. The administration's treatment of direct energy assistance payments is as illogical as the vendor payment policy is logical. While vendor payments do not count toward the household's deductible shelter expenses, direct payments made under the Low Income Home Energy Assistance Program are permitted to count as deductible expenses. There is no reasonable rationale for this divergent treatment of such payments. The underlying principle should remain the same—that is, that expenses paid from excluded income should not be permitted as deductible shelter expenses. To remedy this situation, the committee has taken the step of providing that both direct and indirect payments for energy assistance may not be included by the household in determining permissible shelter expenses.

While it is true that some households may have a reduction in benefits, this reduction results solely from correcting this inconsistency in present law. I should emphasize that, at a maximum, the change would reduce food stamp benefits by a maximum of 30 percent of the value of energy assistance payments in those situations in which such payments are now being counted as allowable expenses.

I regret that the present policy has been in effect this long. It was drawn to the attention of the committee by our efforts to correct the initial court decision dealing with vendor payments.

I should point out that the pending amendment would eliminate $65 million in annual savings resulting from the Agriculture Committee's provison and potentially add another $57 million—if the eighth circuit court ruling were to be applied nationally.

For these reasons, I believed we must reject the pending amendment.

I ask unanimous consent that a table entitled "Food Stamp Benefit Reductions for Energy Assistance Households" in Senate Agriculture Committee bill be printed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

FOOD STAMP BENEFIT REDUCTIONS FOR ENERGY ASSISTANCE HOUSEHOLDS IN SENATE AGRICULTURE COMMITTEE BILL

State	Average reduction per month	Maximum reduction per month	Number of affected households
Alabama	$7.50	$24.00	51,600
Alaska	33.30	58.30	7,500
Arizona [1]	6.70	10.00	24,000
Arkansas	7.60	16.70	42,600
California [1]	8.60	26.70	283,800
Colorado	23.50	66.70	33,000
Connecticut	39.70	60.00	45,510
Delaware	22.00	32.00	7,941
Florida	9.50	13.30	94,626
Georgia	10.00	23.00	66,000
Hawaii [1]	NA	NA	16,288
Idaho	15.20	37.70	25,368
Illinois	15.00	31.70	270,000
Indiana	18.10	20.00	95,400
Iowa	18.90	31.00	63,931
Kansas [1]	14.70	33.30	27,906
Kentucky [1]	8.70	10.00	68,400
Louisana [1]	4.30	5.30	74,753
Maine	25.00	26.70	36,229
Maryland	16.90	46.00	53,899
Massachusetts	37.40	50.00	89,640
Michigan [1]	9.10	53.30	180,000
Minnesota	32.10	61.30	80,400
Mississippi	10.70	16.00	38,103
Missouri	15.80	28.80	88,334
Montana	30.80	87.50	13,800
Nebraska	NA	66.70	22,260
Nevada	15.90	32.00	6,803
New Hampshire	31.70	43.30	15,904
New Jersey	20.40	52.50	114,000
New Mexico	11.50	20.50	36,618
New York	14.10	20.30	619,800
North Carolina [1]	11.70	45.40	96,000
North Dakota	41.00	153.60	12,099
Ohio [1]	10.00	26.70	270,000
Oklahoma	9.10	20.00	50,172
Oregon	13.60	22.30	50,439
Pennsylvania	21.20	34.50	213,883
Rhode Island [1]	17.60	21.70	17,785
South Carolina [1]	8.20	12.40	51,768
South Dakota	24.10	46.00	13,840
Tennessee	12.60	13.30	66,000
Texas [1]	4.60	13.00	180,219
Utah	17.90	30.20	27,600
Vermont	28.30	79.30	12,022
Virginia	22.90	29.50	68,131
Washington [1]	12.00	14.70	45,000
West Virginia	10.80	14.30	45,900
Wisconsin	20.70	22.50	128,400
Wyoming	24.70	58.50	7,290
United States	14.70	153.60	

[1] Denotes States with large crisis or cooling programs where cuts are understated.

Note.—This analysis excludes cooling and crisis intervention payments (about 11 percent of LIHEAP assistance) and assumes a 5-mo. heating season.

Source: "Report on the Low Income Home Energy Assistance Program," OFA/SSA/HHS, Feb. 25, 1985. LIHEAP/food stamp households are 56 percent of LIHEAP recipients on average. U.S. Census, CPS 1983.

Mr. BOSCHWITZ. Mr. President, I yield to the majority leader.

Mr. DOLE. Mr. President, I reluctantly rise in opposition to the amendment of my good friend, the distinguished Senator from Vermont. But I wanted to include my statement into the RECORD and again indicate, if this amendment passed, it also passed out of the committee 17 to 0. In the reconciliation there was not much debate. Everyone was in a charitable mood. It is always easy to give money away we do not have. We did, $90 million.

I will just point out there are eight Democrats and nine Republicans on the Agriculture Committee. The vote was 17 to 0. Everybody was there and everybody voted. It is not a partisan amendment. It was by unanimous vote. It is just saying that out-of-pocket expenses are one thing but if they are not out of pocket, it is something else.

Mr. President, this amendment would reverse a significant provision adopted by a unanimous vote of 17 to 0 during Agriculture Committee consideration of a bipartisan food stamp reauthorization package offered by Senators BOSCHWITZ and LEAHY and sponsored by Senator HARKIN. Mr. President, this amendment has the effect of increasing food stamp benefits to reflect energy expenses which are already being paid by another Federal program.

The committee provision on energy assistance was adopted by a vote of 17–0, based on the policy merits. The committee did not set out to achieve savings in this way—certainly not at the "expense" of the elderly—but savings evolved as part of what seemed to us to be a rational approach to the issue. Rather, because of an eighth circuit court ruling, Congress needed to clarify the law to reestablish a national policy with regard to the treatment

of payments under the Low Income Home Energy Assistance Program [LIHEAP]. There was extensive debate both at the staff level and among members during the committee markup, and what emerged as a policy change was unanimously endorsed, because it was a sensible and equitable approach to the handling of these LIHEAP payments.

COMMITTEE ACTION

The committee adopted an amendment which would correct the discrepancy that presently exists in cases where food stamp recipients may deduct shelter expenses even when those costs were paid for by federally funded energy assistance payments. The Agriculture Committee's provision establishes the rational, straightforward policy that deductions for shelter expenses in the Food Stamp Program should not be allowed for expenses that are covered by either direct or indirect payments that are excluded as income for eligibility determination purposes and covered by benefits from other programs.

The effect of the previous Stafford amendment would be that two families in virtually identical financial circumstances would receive different levels of food stamp benefits just because one family's LIHEAP payment was sent as a check made out to them and the other family's check was sent to their utility company.

ENERGY ASSISTANCE POLICY

Mr. President, the committee action in no way changed the current policy that federally funded energy assistance payments may not be counted as income for purposes of determining either food stamp eligibility or benefit levels. The only issue addressed by the Agriculture Committee was how to treat expenses paid for by the Low Income Home Energy Assistance Program [LIHEAP].

The committee bill does not restrict the States' ability to use standard utility allowances. However, standard utility allowances, which reflect average utility expenses instead of each recipient's actual utility bills, must reflect only actual "out of pocket" expenses—not any Federal energy assistance payments received by the household. If a recipient's utility expenses exceed their LIHEAP payment, they will still be allowed to deduct those expenses and use the standard utility allowance.

The only change is that the committee provision requires that a standard utility allowance used for LIHEAP recipients must reflect LIHEAP payments. There is no requirement (and little likelihood) that the standard utility allowance would be reduced by the total amount of the average LIHEAP payment. In practice, States usually establish standard utility allowance high enough to ease the administrative complexity that occurs when many food stamp recipients have to deduct actual expenses above the standard utility allowance. Further, under current law, which was not modified by the committee, recipients may continue to deduct actual expenses for energy costs rather than using the standard utility allowance.

EXAGGERATION OF IMPACT FIGURES

Mr. President, there are some figures which have been circulated which greatly exaggerate the impact of the committee's provision. One such listing purported to demonstrate the State-by-State impact of the committee's action. However, a careful analysis of the figures indicates that the cumulative impact adds up to almost 5 times the total estimated by the Congressional Budget Office—definitely a worst case scenario. If Congress is to make sensible policy decisions, we need to be able to depend upon facts. The State-by-State analysis presents the "maximum impact" on recipients—not the average anticipated impact.

Many of the overstatements seem to result from miscalculations or misunderstandings of the existing Food Stamp Program deduction procedures. Opponents of the committee's provision neglect the fact that an estimated one-half of all energy assistance is provided in vendor payments directly to the utility company; the committee's provision merely reinforces current regulatory policy. These analyses also miss the fact that, because some States have significantly high energy costs and standard utility allowances, the committee's provision would have less impact in those States. Actually, the provision would probably have little or no impact on a State like Vermont, one of the States cited as an example. Also, opponents of the committee provision neglect to calculate that not all shelter costs are deductible now—a factor which the committee provision does not change.

TREATMENT OF LOW-INCOME ENERGY ASSISTANCE PAYMENTS

Generally speaking, there are two types of low income energy assistance payments—direct payments made to individuals and indirect, "vendor" payments made to utility companies on behalf of individuals. Current food stamp policy provides that, if the low-income energy assistance payment is made as a vendor payment, directly to the utility company, a recipient may not deduct the amount of these already paid expenses as a shelter expense. However, if the LIHEAP benefits are instead paid directly to the individual household, all energy expenses are deductible as shelter expenses, even those expenses paid for by LIHEAP. The Senator from Kansas believes this is a very reasonable, equitable policy approach, because the household incurred no "out-of-pocket" expenses of its own. Rather, the Low Income Energy Assistance Program paid for those expenses.

EFFECT OF 8TH CIRCUIT COURT RULING

A recent court ruling by the eighth circuit has stated that such vendor payments must be counted as part of a household's expenses when determining the household's deductible shelter expenses. The committee's action explicitly puts into law the present regulatory policy in order to reverse the court ruling. Otherwise the States in eighth circuit territory would be treating these payments differently than those in the rest of the country. The amendment would eliminate $65 million in annual savings resulting from the Agriculture Committee's provision and potentially add another $57 million annually—if the eighth circuit court ruling were to be applied nationally.

To the extent the amendment leaves the Food Stamp Program open to future court decisions like the ones already in place in 10 States, there will be benefit increases in any State now implementing the Department's rules regarding "vendor" recipients. Further, in a State not covered by a court decision that implements the Department's rules on vendor recipients in the future, there will be benefit reductions. In effect, the amendment leaves the program open to being run by court decisions and administrative rulings in this area, rather than by a policy of equity established by the Congress.

INEQUITIES OF STAFFORD-KENNEDY AMENDMENT

The Stafford-Kennedy amendment would retain the inequities of current rules. Current regulations and policy interpretations discriminate against LIHEAP recipients who get their LIHEAP benefit in the form of a "vendor" payment to their utility provider in States not covered by court decisions by not allowing them to claim a "standard utility allowance." Recipients of cash LIHEAP payments are allowed this option and the committee provisions would extend it to vendor recipients, although the standard utility allowance available to LIHEAP recipients would be adjusted to reflect their having LIHEAP benefits to help pay their energy expenses.

The other inequity retained would be the different treatment of LIHEAP recipients, depending on whether or not they are in a State under a Federal court decision. In the 10 States covered by court decisions, all LIHEAP recipients have access to the standard utility allowance and may claim expenses paid for under the LIHEAP as a deduction. In other States, current regulations and policy interpretations require that only cash recipients have such access to the allowance and the right to claim expenses covered under the LIHEAP. The committee provisions attempt to establish equity by si-

multaneously allowing all LIHEAP recipients who have any utility expenses above the value of LIHEAP assistance the right to claim a standard utility allowance, which may be significantly above their actual expenses.

TREATMENT OF DIRECT ENERGY PAYMENTS

Mr. President, the committee bill includes another improvement over current policy. The present treatment of direct energy assistance payments is as illogical as the vendor payment policy is logical. While vendor payments do not count toward the household's deductible shelter expenses, direct payments made under LIHEAP are permitted to count as deductible expenses. There is no reasonable rationale for this divergent treatment of such payments. The underlying policy should remain the same—expenses paid from excluded income should not be permitted as deductible shelter expenses. To remedy this situation, the committee has taken the step of providing that both direct and indirect payments for energy assistance may not be included by the household in determining allowable shelter expenses.

Opponents of the committee's provision claim that the committee provisions would require lowering standard utility allowances by the amount of LIHEAP benefits for all LIHEAP recipients. However, this is incorrect. The committee provisions do not specify the method by which any standard utility allowance applied to LIHEAP recipients is to be adjusted to reflect the reciept of LIHEAP benefits. The dollar-for-dollar reduction method suggested by sponsors of this amendment is the most dramatic possible method. There is little to support a claim that this is the way States would respond. In fact, since States use standard utility allowances to ease the administrative burden of dealing with an avalanche of monthly utility bills, there is every reason to believe that they will adjust them as little as possible in response to the committee provision in order to avoid additional administrative complexity.

Further, for a significant number of recipients—those at the $139 a month ceiling on shelter expense deductions—a lowering of standard utility allowances would have little or no effect, because they cannot take full advantage of the allowance. The sponsors of this amendment recognize this effect when they state that the committee provision would result in a benefit cut (in Minnesota and Vermont) of up to $32 and $29 a month—the maximum potential effect.

AMENDMENT WOULD LEAD TO INEQUITIES

Mr. President, this amendment to strike the food stamp provisions relating to expenses paid with benefits received under LIHEAP would leave in place current inequities in the system. These are the inequities that the reconciliation provisions attempt to correct.

Although low-income home energy assistance payments are not counted as income for food stamp purposes and would continue to be disregarded under the reconciliation provisions, food stamp households, in many instances, would be able to deduct all utility expenses—even those paid for out of (uncounted) LIHEAP benefits—as though they were paid for out of pocket. It is simply not fair that expenses paid for with income that presumably reduces a household's need for food assistance by freeing up other income, and yet is uncounted by food stamps, should also be allowed as a deduction that increases food stamp benefits. Of course, to the extent that households have actual out-of-pocket energy expenses not covered by their LIHEAP benefits, they should be allowed to deduct them—as the reconciliation provisions stipulate.

This inequity would be exacerbated under the Stafford/Kennedy amendment, because households that receive their LIHEAP benefits in the form of payments made directly to their energy provider (so-called "vendor payments") would not be allowed to claim the expenses covered by the LIHEAP benefit as a deduction—in contrast to those who receive it in cash. This situation would apply in all but the several States covered by current Federal court decisions.

EQUITY OF FARM BILL PROVISIONS

Mr. President, the farm bill provisions have a feature that mitigates the potential benefit reduction effect of requiring that utility expenses covered by LIHEAP benefits not be allowed as food stamp deductions. Recipients may still claim a standard utility allowance as long as they pay something toward their heating or cooling bills. This means that many LIHEAP beneficiaries could continue to claim utility expense deductions at a level comparable to that allowed under present rules for those who do not receive payments under LIHEAP. The farm bill provisions actually expand the availability of this standard allowance to households that cannot now claim it (that is those who receive their LIHEAP benefit in the form of a vendor payment to their utility provider but still have some out-of-pocket expense of their own).

CONCLUDING REMARKS

Mr. President, food stamp treatment of low income home energy assistance payments is a very complex issue. For this reason, the Senator from Kansas believes that it is best resolved by the Authorizing Committee, which has the expertise to deal with the complexity of the Food Stamp Program. The Agriculture Committee has carefully considered potential options in the treatment of LIHEAP payments, and their recommendation is the proposal contained in the 1985 farm bill—passed by a unanimous vote of 17-0.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. BOSCHWITZ. To qualify for food stamps, income must be at 130 percent of the poverty level or less. However, to actually receive the food stamps, the income must be at poverty level. In order to get from the 130-percent level down to the poverty level, there are certain deductions you can take. There is a standard deduction of $98 a month, a shelter and child care expense deduction, not limited at all for the elderly, and then there is a medical expense deduction also for the elderly.

If after making those deductions your income comes down to the level where you are at the poverty level, you are, indeed, entitled to food stamps.

The question is, if the Federal Government pays for your utilities, should you be able to deduct the cost of utilities even, though the Federal Government is paying for them?

The committee has said you should not be able to take the payment from the Federal Government and also make the deductions.

My good friend from Vermont wants to allow both the deduction and the receipt of the Government payment—a double dip.

Really, that is the issue here. We feel that the issuance of food stamps is being done unfairly, that it is not a choice between heat or eat, because, indeed, in the event that the Federal Government pays for the heating, that choice does not arise.

Really, the issue is, should there be a double deduction? Should you be able to make this statutory deduction of $139 a month, even though you receive payment for your utilities from the Federal Government?

Mr. LONG. Will the Senator yield at that point?

Mr. BOSCHWITZ. I yield. May we have order, Mr. President?

The PRESIDING OFFICER. The Senate will be in order.

Mr. LONG. Would not this have the effect of discriminating against earned income in favor of income one gets as a Government grant? If one goes out and earns the money, that is counted, but if you get it from the Government, it is not counted.

Mr. BOSCHWITZ. That is right.

Mr. LONG. Mr. President, for years I supported the kind of thing where we said a Social Security increase would not be counted for a person receiving a welfare payment. In due course we found that—because of this and other exclusions—we had a number of people well into the middle-income brackets who were still receiving welfare payments along with sundry other Government payments.

It seemed it was time to stop. Our means are not unlimited. We ought to consider all the various and sundry sources of income that people have. If you say you will not count Government Energy Assistance for the Food Stamp Program, then you are justified in saying you will not count welfare payments or other kinds of income. Then you find people up, well up in middle-income levels still receiving welfare payments and Government grants. It makes sense to count all the income. Having counted it all, if you want to be more generous, then you can be more generous in setting the basic assistance levels.

Mr. BOSCHWITZ. The Senator from Louisiana has certainly stated the issue clearly. Low income should be counted the same. It should not be the case where the income is not counted.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. STAFFORD. Mr. President, I yield the remainder of my time to the Senator from Massachusetts.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, this is a technical issue, a question which has been discussed and debated recently here on the floor. But I do not think we should lose in the technicalities what this amendment is really all about.

What this amendment of the Senator from Vermont is all about is whether we will allow those individuals who have the lowest income in our society, who are the neediest people in our Nation and who live in the coldest areas of our country to receive both fuel and food assistance.

Winter is the typical time of the year when low-income individuals receive energy assistance in order to provide minimum heating for their homes. Make no mistake about it, the fuel assistance program is exceedingly limited and the amounts provided to the poorest people in our country do not meet the sufficient heating needs of that population. The question before us is whether, during the coldest time of the year, we are going to punish those low-income individuals who receive energy assistance by limiting their food assistance which provides adequate nutrition to the neediest people in our society.

The Senator from Vermont has stated this amendment's intentions very clearly, and they were stated very clearly during consideration of the reconciliation bill when we last debated the Stafford amendment. During that time the Senate, with an overwhelming vote, accepted this amendment on two different occasions. Yet, nonetheless, we are visiting this issue again this afternoon. We are restating the clear policy decision of this Congress as expressed in the LIHEAP law and signed by the President of the United States. That law states that low-income fuel assistance payments would not count in considering the eligibility for food stamps. That policy has been accepted by the Senate, accepted by the Congress, and signed by the President of the United States.

The Department of Agriculture has tried to circumvent the clear intention of the Congress of the United States on this issue and those regulations have recently been struck down in the eighth circuit court of law.

The amendment of the Senator from Vermont is attempting to conform the pending legislation to what I think is a thoroughly justifiable policy decision made by the Congress and signed by President Reagan last year.

Mr. President, I do not believe that we should subject the neediest, the poorest individuals, the most vulnerable people in our society, such as our elderly and disabled citizens, and in a number of instances, children of some of the poorest people in our country, to the choice of whether they will eat or heat their homes this winter. Unless this amendment is accepted, that is the choice which is going to be presented to them.

Mr. President, I would like to reserve the remainder of my time to explain what I consider to be the problem which, unless we take this amendment, the various States and the poor people in our country will face. We have a number of States that provide cash assistance for the heating of their homes that will not be judged in terms of their eligibility for food stamps. But if a State uses vendor payments to provide energy assistance, which our State of Massachusetts does, food stamp beneficiaries who receive energy assistance will not be able to take the full shelter deduction. Basically, this amendment of the Senator from Vermont remedies that inequity and makes a good deal of sense, I think. I hope it will be accepted.

I reserve the remainder of my time.

Mr. CHAFEE addressed the Chair.

Mr. STAFFORD. Mr. President, how much time remains to the proponents?

The PRESIDING OFFICER. The Senator has 1 minute and 3 seconds remaining.

Mr. CHAFEE. Mr. President, my only request is to be added as a cosponsor to the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time?

Mr. BOSCHWITZ. Mr. President, I yield myself as much time as is necessary.

I point out to my friends who are proponents of this amendment that the chart they have sent around to us shows the number of affected people in each State and the amount that they will be affected by. If you multiply all that, that comes out to over $300 million. Yet CBO says that the amount that we would be saving and the amount that had been scored as a saving in the budget is only $65 million by virtue of the provision that is in the committee bill and that was voted on in the Agriculture Committee, 17 to 0, as the majority leader has already noted. I do not know how we can suddenly do $300 million worth of damage by saving $65 million. I think, as I have stated, respectfully, that the figures that have been submitted are really in error.

My friend from Massachusetts says the people with the very lowest income are going to be affected by this amendment. I respectfully take issue with that statement, because the people with the very lowest income really do not need any of these deductions. As a result, they would receive food stamps in any event.

I might also say that the people in the very coldest or, for that matter, the very hottest parts of the country—because people also receive low-income energy assistance for air conditioning as well as for heating—who may have high expenses can still only deduct $139 per month unless they are over 65. They can still only deduct $139 per month and let us presume that they get $50 a month from the Government and presume their expenses are $190 a month; they can still make that $139 deduction in any event.

We are trying to be fair with the committee provisions, which is one of the reasons it was sustained in the committee by a vote of 17 to 0.

I think it is really quite proper that, as the Senator from Louisiana points out, all income should be considered the same. In this case, not only should all income be considered the same but you should not have both the income and a deduction for the purpose of considering food stamp allowances.

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. BOSCHWITZ. I yield.

Mr. LONG. Mr. President, I have voted for every welfare program we have on the statute books, and that is a lot of welfare programs. I have also voted for the taxes to pay for them. I regret to say that officially we have more people in poverty now than we had when I started voting for all this. The reason for that is the way we keep the books. The reason we have 15 percent of our people in poverty, although the real figure is just a little more than half of that is that we count so little of the income they receive in kind. For example, food stamps is $12 billion worth of income to people. You can spend food stamps just as if it were cash. It is worth almost as much as cash. Yet our official poverty numbers do not count any of that $12 billion worth of income.

Likewise, Papa can be living in the house with Mama and the children. He can make plenty of money so he is not in poverty. They have what could be called a family of middle income, but because they have not formalized their relationship with a contract, none of it counts as income to the family under the welfare program. So here we are, paying more and more money out to people of middle income.

Mr. President, if we want to get people out of poverty, we ought to start counting the money we pay them in any form, and see how many we have left to take care of. We have been embarrassed from time by having people show to us that there are many people well into the middle-income brackets who still receive money from welfare programs. That gives the program a bad name.

I had hoped we could get everybody out of poverty, but I do not know how we are going to do it unless we start keeping the books to show who is really in poverty and who is not. I have no interest in cutting down the generosity of this program, but I think we ought to count the amount of money we give so we can see how many we have lifted out of poverty and how many we have not.

Mr. LEAHY. Mr. President, I want to point out that when the food stamp provisions were acted on by the Agriculture Committee, the Boschwitz-Leahy package contained the LIHEAP provision which we are not trying to amend. It was designed at the time to meet food stamp savings request by the Senate budget resolution. The subsequent final budget resolution gives us more flexibility in the food stamp area.

I reluctantly went along with the LIHEAP provision to facilitate getting the bill out of committee and to meet the budget targets, which were exceeded by $200 million.

This leaves plenty of room to correct a bad situation and to save poor people from losing food stamp benefits because of the energy assistance they may receive.

I have seen the figures for each State, as to how many households will be affected and how seriously they will be affected, if we do not pass this amendment. In Vermont, 12,022 households will lose monthly benefits, from an average of $28.30 per household and up to $79.30 for some households. Vermont has long, cold winters and I am not willing to let poor children and families go cold for the sake of making a greater savings than the Congress requires in the budget resolution.

Mr. President, I will vote for this amendment and I hope others will join me in passing this humanitarian provision.

Mr. GLENN. Mr. President, I am pleased to cosponsor this amendment to strike provisions of the farm bill that will reduce or eliminate food stamp benefits for our poorest citizens. I urge my colleagues to support this amendment.

The Low-Income Energy Assistance Act has always stated that energy assistance payments shall not be counted as income or resources for purposes of any other Federal or State program, including food stamps. It is the intent of Congress that energy assistance payments will supplement, rather than supplant, other forms of assistance. Our poor and elderly citizens should not be penalized for accepting assistance to pay skyrocketing utility bills.

A provision in the farm bill changes this longstanding policy. This provision would not allow the food stamp applicant to include any energy assistance payments in their shelter cost deduction. This means that the applicant's deduction will be lower, thus resulting in a higher net income and reduced food stamp benefits.

Unless this provision is removed from the farm bill, 5.5 million low-income Americans face reductions in food stamp benefits during the winter months, when good nutrition is especially important for good health. The average monthly reduction in food stamp benefits over the 5-month heating season is $14.70. The impact of this change in Ohio would mean an average reduction in food stamp benefits of $10 per month during the 5-month heating season, and a maximum reduction of $26.70 per month. The number of affected households in Ohio would be a staggering 270,000. In colder regions of our country the impact is even more severe. On average, Vermont recipients will lose $28.30 each winter month, recipients in Alaska and Minnesota will lose over $32 each month, and in North Dakota, the average loss will be $41 each month.

This provision will strike hardest at our elderly and disabled citizens, and could mean not just a reduction in food stamp benefits but a loss in eligibility for them. Unlike other applicants for food stamps, eligibility for the elderly and disabled is based solely on net income after deductions. The change in shelter cost deductions could eliminate eligibility for elderly households near the 130 percent poverty level. Winter weather has arrived in my State of Ohio and other parts of the country. It is unconscionable to force poor Americans, particularly those who are elderly or disabled, into a "heat or eat" choice.

Mr. President, such a major change in policy should not be enacted without carefully considering its serious impact on our poor and elderly citizens. I urge my colleagues to support this amendment.

Mr. CHAFEE. Mr. President, I am pleased to be a cosponsor of Senator STAFFORD's amendment, which preserves food stamp benefits for those Americans receiving Federal energy assistance payments.

Under the bill now before us, energy assistance payments would be counted as income for the purpose of determining food stamp benefits. This would hit millions of low-income Americans with food stamp reductions during the winter months—when the need for good nutrition is greatest.

In my home State of Rhode Island, for example, this provision in the bill would lower food stamp benefits by $17.60 per month for the average recipient.

This was clearly not the intent of Congress when it established the Low Income Energy Assistance Program. This program was intended to give the poor, elderly, and disabled extra help in heating their homes in the wintertime. These fuel assistance payments are intended to supplement—not to supplant—other forms of Federal assistance, such as food stamps.

We often hear of those who are faced with the "heat or eat" dilemma. This is precisely the choice that will be faced by 11 million needy Americans, if the energy assistance provisions of this bill are retained.

I urge my colleagues to follow the lead of the distinguished Senator from Vermont by voting to strike these provisions from the bill.

Mr. JOHNSTON. Will the Senator yield for a question?

Mr. LONG. Yes, Mr. President.

The PRESIDING OFFICER. The Chair regrets to inform the Senators that all time left in opposition has expired.

Mr. STAFFORD. Mr. President, the Senator from Vermont has about 1 minute remaining, is that correct?

The PRESIDING OFFICER. About 56 seconds.

Mr. STAFFORD. Mr. President, with regard to the committee vote which has been mentioned, four members of that committee are currently cosponsors of this amendment. The decision to go down the track that the Congress and the Nation has been following on this matter of low-income home energy assistance was set in 1984. It was decided then and decided again only on November 12 that low-income home energy assistance should not be counted in determining income for the purposes of receiving food stamps.

The compelling reasons that caused this body to vote 60 to 37 to adopt the Stafford-Kennedy amendment on November 12 exist as strongly now as they did then. I urge my colleagues to vote for this amendment.

The PRESIDING OFFICER. All time has expired. The question is on agreeing to the amendment.

Mr. ZORINSKY. Mr. President, I move to lay the amendment on the table.

Mr. BOSCHWITZ. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay the amendment on the table.

The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST] is necessarily absent.

The PRESIDING OFFICER (Mr. NICKLES). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 36, nays 63, as follows:

[Rollcall Vote No. 329]

YEAS—36

Armstrong	Hatch	Nunn
Bentsen	Hecht	Packwood
Boren	Helms	Pressler
Boschwitz	Johnston	Quayle
Cochran	Kassebaum	Roth
Denton	Laxalt	Simpson
Dole	Long	Stennis
Domenici	Lugar	Symms
Evans	Mattingly	Thurmond
Garn	McClure	Wallop
Gorton	McConnell	Wilson
Gramm	Nickles	Zorinsky

NAYS—63

Abdnor	Ford	Matsunaga
Andrews	Glenn	Melcher
Baucus	Goldwater	Metzenbaum
Biden	Gore	Mitchell
Bingaman	Grassley	Moynihan
Bradley	Harkin	Murkowski
Bumpers	Hart	Pell
Burdick	Hatfield	Proxmire
Byrd	Hawkins	Pryor
Chafee	Heflin	Riegle
Chiles	Heinz	Rockefeller
Cohen	Hollings	Rudman
Cranston	Humphrey	Sarbanes
D'Amato	Inouye	Sasser
Danforth	Kasten	Simon
DeConcini	Kennedy	Specter
Dixon	Kerry	Stafford
Dodd	Lautenberg	Stevens
Durenberger	Leahy	Trible
Eagleton	Levin	Warner
Exon	Mathias	Weicker

NOT VOTING—1

East

So the motion to lay on the table the amendment (No. 1086) was rejected.

Mr. STAFFORD. Mr. President, I move to reconsider the vote by which the motion was rejected.

Mr. KENNEDY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1086) was agreed to.

Mr. KENNEDY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. STAFFORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1087

(Purpose: To remove the State match requirement for the temporary emergency assistance program)

Mr. MITCHELL. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Maine [Mr. MITCHELL] for himself, Mr. HATFIELD, Mr. ANDREWS, Mr. HARKIN, and Mr. BURDICK, proposes an amendment numbered 1087:

At the end of the amendment add the following. On page 282, strike out the semicolon on line 17 and all that follows through the closed question marks on line 24.

Mr. HELMS. Mr. President, will the Senator yield?

Mr. MITCHELL. For what purpose?

Mr. LEAHY. May we have order, Mr. President?

The PRESIDING OFFICER. Senators will withhold for a moment. The Senate is not in order.

Mr. HELMS. Will the Senator let us have a copy of his amendment?

Mr. MITCHELL. Copies have been distributed to the Senator's staff. I will be glad to provide another one.

Mr. HELMS. May we have another copy?

Mr. MITCHELL. Yes.

Mr. HELMS. I thank the Senator.

Mr. MITCHELL. Mr. President, the Senator from Illinois has advised me that he has a brief amendment that has been accepted by both sides and has asked if I will yield in order to permit him to go ahead, because my amendment will take some time. I will be pleased to do that, provided his amendment will be accepted.

Mr. HELMS. Mr. President, which amendment is it?

Mr. SIMON. There are two amendments. One is the study on the dairy situation that I have cleared on both sides, with respect to the Department of Agriculture.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois to set aside the pending amendment?

Without objection, it is so ordered.

AMENDMENT NO. 1088

(Purpose: To require the Secretary of Agriculture to conduct a study of the feasibility and desirability of imposing a limitation on the total annual amount of payments a producer may receive under the milk price support program)

Mr. SIMON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Illinois [Mr. SIMON] proposes an amendment numbered 1088.

Mr. SIMON. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, add the following:

On page 69, between lines 20 and 21, insert the following new section:

STUDY OF MILK PRICE SUPPORT PAYMENT LIMITATION

SEC. . (a) The Secretary of Agriculture shall conduct a study of the feasibility and desirability of limiting the total amount of payments that a person shall be entitled to receive under an annual program established under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) for milk to $50,000.

(b) Not later than 1 year after the date of enactment of this Act, the Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the results of the study required under subsection (a), together with any recommendations for appropriate legislation or regulations.

Mr. SIMON. Mr. President, the amendment does precisely what I indicated. I think it has been cleared on both sides.

The PRESIDING OFFICER. Is there debate on the amendment?

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, the first amendment is numbered 1088. I ask the Chair, is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. HELMS. Mr. President, I have no objection to the amendment.

Mr. ZORINSKY. Mr. President, our side has no objection. It has been cleared. I recommend its adoption.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment of the Senator from Illinois.

The amendment (No. 1088) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ZORINSKY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1089

(Purpose: To exempt needs-based allowances and payments from the requirement that job training benefits be considered income for purposes of the food stamp program)

Mr. SIMON. Mr. President, I send a second amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Illinois [Mr. SIMON] proposes an amendment numbered 1089.

Mr. SIMON. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, add the following:

On page 243, line 12, insert ", other than needs-based allowances and payments received under such program," after "Act".

Mr. SIMON. Mr. President, this is identical to the amendment that Senator Quayle and I introduced in reconciliation regarding job training benefits and food stamps. I think it is cleared on both sides.

I would appreciate a favorable vote.

Mr. QUAYLE. Mr. President, today I am rising in support of Senator SIMON's amendment to revise a provision of the Agriculture, Food, Trade, and Conservation Act of 1985, S. 1714, relating to food stamps and the Job Training Partnership Act [JTPA]. S. 1714 requires that allowances, earnings, and payments received by individuals participating in JTPA programs be counted as income when determining an individual's level of benefits under the Food Stamp Program. This provision creates a disincentive for the economically disadvantaged to participate in JTPA.

As a compromise measure, our amendment to S. 1714 draws a distinction betwen earnings and allowances or payments. We propose that earnings be counted as income for purposes of the Food Stamp Program but not payments or allowances. Earnings under JTPA would be treated just the same as any other earnings. This would be consonant with the basic philosophy and goals of JTPA.

JTPA is based on the principle that training is an investment that will lead to independence and unsubsidized employment in the private sector. The return to society is measured by the reduction in welfare earnings and the increase in tax revenues.

Once, a JTPA participant begins the transition to independence, as demonstrated by earning wages through on-the-job training, it is equitable to expect a corresponding reduction in social welfare benefits. Prior to the participant earning a wage, social welfare benefits for JTPA participants are an investment in the future of that individual that will lead to eventual independence.

Clearly, reducing a JTPA participant's food stamp benefits as a consequence of that individual receiving funds to cover costs related to training, such as supplies, transportation, and child care, establishes a tradeoff.

The individual pays for training through reduced food stamp benefits. When a potential trainee must also take into consideration the well-being of dependents, it is not difficult to see why paying for training, especially in the form of forgone food stamps, begins to increase the personal risks and commitment required.

During recent oversight hearings on JTPA in Indiana, my constituents raised concerns about conflicting statutory requirements in social welfare programs that discourage participation among groups targeted under JTPA, such as recipients of aid to families with dependent children [AFDC] and older workers. S. 1714 establishes a new barrier to participation.

I urge my colleagues to join us in supporting this amendment to S. 1714.

Mr. HELMS. Mr. President, I am willing to accept the Senator's amendment with a caveat with which I hope he will agree that I think we must make up the lost savings. We cannot go on and on as we have been doing. If we take out of one pocket we have to find the funds to replace it.

I may offer such an amendment to do that later.

But I would hope maybe the Senator would support my amendment if, and when I do it.

I have no real objection to the Senator's amendment except it costs $5 million a year, thereby reducing the savings, such as they are, in the committee's bill.

But with that caveat, I accept the amendment.

The PRESIDING OFFICER. Is there any further debate on the amendment?

Mr. ZORINSKY. Mr. President, this side has no objection to the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Illinois.

The amendment (No. 1089) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ZORINSKY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HELMS. Mr. President, if the Senator will yield for only one moment, I see the majority leader in the Chamber.

I say to the majority leader I have conferred with the distinguished Senator from Nebraska, the ranking minority member of the committee. We are trying to put together some sort of package on which a unanimous-consent request can be based to limit amendments to, say, 10 or 12 agreed upon by the two sides and a time agreement.

I just want to know if that would be satisfactory with the majority leader.

Mr. DOLE. Mr. President, it would be not only satisfactory but I would welcome it with enthusiasm.

I would hope we could limit the number of amendments. I think the trend has pretty well been established around here on what is going to happen to amendments.

That does not mean they could not or should not be offered.

If we really want to complete action on this bill, then I think we have until about 7:30 p.m. tonight—maybe a little later—and then from, say, 10 p.m., after the President speaks, until——

Mr. HELMS. Conclusion.

Mr. DOLE [continuing]. Conclusion or maybe go to midnight, come back at 6 a.m. or something in the morning—make it 7 a.m.

Mr. HELMS. The majority leader is generous.

But it is the majority leader's intention that the Senate reconvene following the President's speech?

Mr. DOLE. That is right. I thank the distinguished chairman for indicating he was willing to do that, and I think that is agreeable with the distinguished manager on the other side, although I do not know as he does not like late night sessions.

Mr. ZORINSKY. Mr. President, what time is the majority leader going to close down before the speech, or are we going to work right up to the speech?

Mr. DOLE. I think it is about right up to the speech. Maybe we will give people a chance to catch a little dinner.

Mr. ZORINSKY. Does the majority leader mean not work up to the speech?

Mr. DOLE. No. Work up to about 8 p.m., I think, and give people about an hour. I have to run out to Andrews Air Force Base. I do not mind missing a vote or two.

Mr. HELMS. In any case, if the Senator will allow me, it is the intent to finish this bill if not tonight or early tomorrow morning, sometime tomorrow.

Mr. DOLE. That is correct, if we could get a time agreement and obviously if people stick around tomorrow, we would not have to stay late tonight and just go ahead and work to about 8 p.m.

I said earlier we would probably work to about 6 p.m. I understand the chairman made arrangements to continue working until about 8 p.m.

Mr. HELMS. Certainly.

Mr. DOLE. If that is all right with the manager on the other side.

Mr. ZORINSKY. There would be no windows or anything—we would be eligible for a vote anytime during that time?

Mr. DOLE. None. No one is going to be protected. Otherwise it would not do any good.

Mr. ZORINSKY. All right.

Mr. DOLE. If you give people a window around here they open the door on you. We have had enough of that.

Mr. HELMS. Sliding doors also.

Mr. DOLE. Sliding doors. Big, big doors. Some never return.

Mr. HELMS. Mr. President, I thank the majority leader and I certainly thank the Senator from Maine for yielding to me.

AMENDMENT NO. 1087

Mr. MITCHELL. Mr. President, this amendment which I offer with Senator HATFIELD and others strikes from the committee bill language that will require States to match on a dollar-for-dollar basis Federal administrative funding in order to participate in the temporary emergency food assistance program after January 1.

The dual purpose of the program is the disposal of Government-held surplus commodities to prevent waste and the provision of food assistance to low-income households. Under the program the Secretary of Agriculture makes available surplus Commodity Credit Corporation [CCC] commodities to States for distribution. The program also authorizes funds to assist States and local agencies with some of the costs associated with transporting, storing, and distributing the commodities.

The commodities are generally distributed in forms suitable for home consumption. They include: 5 pound blocks of process cheese, 1 pound prints of butter, 4 pound boxes of nonfat dry milk, 5 pound bags of flour and cornmeal, 2 pound bags of white rice, and 3 pound jars of honey.

The present program grew out of a discretionary dairy donation program that was implemented by USDA during 1982 and 1983.

In March of 1983, as title II of the emergency supplemental appropriations jobs bill, Public Law 98-8, Congress formalized the earlier discretionary donation program. In August 1983, the Temporary Emergency Food Assistance Act extended the program through fiscal year 1985. That law also tightened the administration of the program.

During the life of this program, from April 1983 through July 1985, USDA has distributed roughly 2 billion pounds of surplus commodities valued at about $2.4 billion.

Appropriations for the program in the same period have totaled $157 million: $50 million for part of fiscal year 1983, $50 million for each of fiscal years 1984 and 1985, with a supplemental appropriation of $7 million in fiscal year 1985.

The program expired on September 30, 1985, at the end of fiscal year 1985. The committee bill reauthorizes the Secretary of Agriculture to distribute surplus commodities.

Under the committee provision, beginning January 1, 1986, which is just a few weeks away, the Federal administrative funding assistance will only be available to match dollar-for-dollar cash expenditures by the State.

I object to the 50-50 match provision included in the committee bill for reasons that are simple and straightforward.

First, the January 1 cutoff date for States to match Federal expenditures on a dollar-for-dollar basis in order to participate will needlessly disrupt this program in almost every State.

Very few, if any, State legislatures will be in a position to address this new match requirement before January 1. The legislature in my State of Maine, for example, is not scheduled to return for regular session until January 8. The first of three scheduled 1986 commodity distributions in Maine is planned for January. Clearly that distribution will not occur under the present committee bill.

I might point out that according to the National Council of State Legislatures, seven State legislatures—Arkansas, Montana, Nevada, New Hampshire, North Dakota, Oregon, and Texas—are not scheduled to meet at all in 1986.

Enactment of the committee's January 1, 1986, match requirement may well preclude those States from participating in this program during the coming year or well into 1987.

But there are problems with the new match requirement that go beyond the date on which the committee would put it into place. For many States, meeting this new State match requirement will be impossible.

The requirement will force States to consider cutting other, vital social services now being provided in order to continue receiving surplus commodities. States that are unwilling or unable to make that choice will simply have to stop participating in the Commodity Distribution Program.

Without State participation, the local agencies, the food banks, the Community Action agencies, the churches and many other groups that help to distribute surplus commodities under this program will be denied access to them.

The purpose of this provision, according to the committee, is to increase the shared responsibility for funding the administrative costs of the program, based on the committee's assertion that "since the inception of TEFAP, the program has become almost totally federally funded."

Certainly, the surplus commodities valued at roughly $1 billion provided annually by the Federal Government through this program makes up the great bulk of this program.

But under the committee provision, the Federal Government will continue to provide, free of charge, the commodities and pay for the processing of the commodities into usable forms and transporting them to locations within the States. Thus, there are no budget savings associated with the committee's provisions.

I will refer to the program in my State of Maine as an example of that shared responsibility. It really is occurring, contrary to the committee's assumption. It also illustrates the fallacy of the committee's assertion that only the Federal Government is meeting its responsibility toward this program.

Maine's program distributes commodity food three times per year: In January, May, and September. In fiscal year 1985, USDA provided and Maine distributed 4.6 million pounds of commodities. This year the program expects to distribute about 4 million pounds of cheese, butter, dry milk, cornmeal, flour, and rice.

According to figures provided me by the Maine Division of Community Services, the cost of administering the program in Maine was over $308,000 in fiscal year 1984 and $372,000 in fiscal year 1985. The State has made available over $112,000 each year.

In anticipation of administrative costs of $367,000 in fiscal year 1986, the State government will make available $140,000 to help pay expenses in three major categories: storage, transportation to over 100 distribution sites throughout the State, and reimbursement for local distribution costs.

Much of the success of Maine's program is due to the interest and support provided by the Maine Community Action agencies who have been designated as local emergency feeding organizations and who are responsible for ensuring that food assistance reaches the many eligible households. Volunteers and corporate contributions are also essential ingredients of Maine's program.

At a typical distribution site, volunteers unload trucks, package food, collect applications and help the elderly and handicapped with packages of food. The local community action agencies in fiscal year 1985, received volunteer services from well over 700 people per distribution. For equipment donations, the agencies consistently receive pallet jacks, unloading rollers and, in one case, a major supermarket chain provides refrigerator trailers at no cost.

The committee's match requirement is based on the inaccurate premise that administrative, distribution, and storage costs of this program are not now fairly shared between the Federal Government and the States that receive the surplus commodities. That is obviously not the case in Maine and a great many other States.

One of the most puzzling aspects in dealing with the committee's match requirement is that while expecting a greater shared responsibility, it would specifically exclude any consideration of the extensive volunteer and private sector donations that make Maine's program and other State programs successful.

So by deliberately ignoring a demonstrated source of local and State support, the match requirement would needlessly disrupt the program in many States, even among States that might otherwise be willing to meet the 50-50 match requirement, but who would be unable to do so before January 1.

What will happen as a result? Hundreds of thousands of pounds of surplus commodities will then continue to sit in Federal warehouses. Those States with the ready cash resources to meet the 50-50 match will have even more surplus commodities and administrative funding made available to them.

But thousands of hungry people will go without in the States that are without the resources or one unwilling to reduce other programs. There are hungry people who, without the enactment of the 50-50 match requirement, would otherwise utilize these commodities to supplement their diets. I fail to see any wisdom in that approach.

A number of organizations have indicated their support of this amendment of the Senator from Oregon and myself. They include the United States Catholic Conference, the Interfaith Action of Economic Justice, the National Conference of State Legislatures, the National Association of Counties, and World Hunger Year.

A 1985 report on this program by the MIT Political Science Department, termed the distribution of surplus commodities, both under the discretionary USDA program and this Temporary Emergency Food Assistance Program, the "singular initiative to feed the hungry" of the Reagan administration, which has otherwise supported reduced benefits and restricted eligibility in such important feeding programs as food stamps, school breakfast, milk and lunch programs, summer feeding programs, the Child Care Food Program, the Women's Infants and Children Program.

I hope the Senate this afternoon will not support language which will in effect gut this program's usefulness to those hungry Americans who need it most.

Enactment of this match requirement would deny thousands of hungry Americans the chance to receive small amounts of surplus commodities. The requirement will at the same time, defeat efforts to reduce the levels of surplus Federal commodities.

So what this committee provision will do will be to effectively shut down the Surplus Food Distribution Program. If that happens, the $50 million appropriated for administration of the program will, of course, be saved. But at the same time, Federal cost for storage will increase. Then billions of pounds of surplus food—cheese, milk, butter, flour, rice, these and other products—will sit in storage or spoil while millions of poor and hungry Americans will be denied access to that surplus food.

That makes no sense. It is unwise public policy. It produces a result that is totally devoid of any compassion. To prevent that, I urge the adoption of this amendment.

Mr. HATFIELD addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. HATFIELD. Mr. President, I join and I have been listed as a cosponsor of the amendment offered by the Senator from Maine. I would like to make just one or two brief comments relating to the specific situation that we suffer in the State of Oregon which is similar to that of a number of other States. But wherever hunger exists, it is vital even if it were only one State.

First of all, I might say during the current calendar year, 1 Oregonian in 10 receives direct assistance from mass distribution of cheese and other commodities. In all, more than 5,000 tons—that is 10 million pounds—of Government surplus food was placed in the hands of men, women, and children who desperately need the sustenance that food provides.

Mr. President, I want to draw the Senate's attention to a pilot project study that was made in two central Oregon counties that indicated that 54 percent of all those receiving emergency food assistance were under 18 years of age. Forty-one percent of those reporting had lost at least 10 pounds of weight in the last 30 days, and 82 percent of those who have children under 5 had no fresh milk. This in a Nation drowning in surplus milk. These figures add up to a national disgrace which will only grow worse if we do not respond at this time.

Second, Mr. President, let me indicate that Oregon has been in the recession probably longer than any other State. We entered this recession in about 1979, and we have never recovered. Since we are basically a timber producing State, the combination of the housing market being what it is, with continuing high interest rates, the import of Canadian timber, and other such problems, the State of Oregon continues to suffer unemployment rates of 15 and 20 percent in some of our counties.

We have statewide unemployment of over 9 percent, sometimes hovering close to 10 percent. That has been now, Mr. President, for 8 years. That percentage of unemployment is not accurately reflected by merely a number because there are literally thousands of people who have given up from their unemployment status, and have moved away from the State of Oregon.

So consequently we have had this severe need for food assistance out of the surpluses of our country. The provision of this assistance not only aids the producers of this food, but certainly addresses the moral issue of not wasting food when there are hungry people.

Last, Mr. President, we have a biennial session of the legislature. In other words, the Oregon Legislature will not meet until 1987. Thus, there is no way that the Oregon Legislature can adjudicate this situation short of legislative action. In addition, the State of Oregon does not have the fiscal resources by which to meet those requirements. Due to the combination of State's almost exclusive dependence upon the revenues derived from an income tax and the high unemployment of which I mentioned earlier, revenues are not being produced through taxes. The consequence is a very serious fiscal situation for the State.

So I am very hopeful that we can take this action in the light of these circumstances that not only affect my State but, as I say, affect other States as well. I think it is a good amendment, and one in which we really have to address.

I urge support of the amendment now pending.

Mr. President, it is my pleasure to offer this important amendment with my distinguished colleague, the Senator from Maine, Mr. MITCHELL. He consistently has shown a special sense of caring for those Americans who are not able to share in the abundance of this Nation. Once again, this body has the opportunity to display that same sense of caring by ensuring that our surplus food commodities will be distributed fairly and equitably to the hungry. Without positive action on this amendment, citizens in many States may find their ability to feed their families severely curtailed.

When the Temporary Emergency Food Assistance Program was instituted it had a twofold purpose: To reduce the Government stores of surplus commodities and to feed Americans at a time of high unemployment. I need not remind any colleagues that we continue to hold tons of food in stor-

age in Government warehouses. But it may be necessary to point out that in these times of lowered national unemployment figures, there still are pockets of double-digit unemployment in this country.

In my travels around the State of Oregon, I have seen the effects of this fact borne out on the faces of proud men who always have provided for their families in time of need. However, because of Depression-like conditions in several industries in my State, these loggers and commercial fishermen have been forced to turn to alternative methods of feeding their children. One of the most effective tools available to them has been the TEFAP assistance we have provided.

TEFAP alone cannot solve the hunger problems of this Nation, but it is an important ingredient. By making surplus cheese, butter, honey, powdered milk, flour, rice and corn meal available to State agencies and local food banks, we are extending to our citizens a solid nutritional base which other programs can supplement.

In reviewing the history of TEFAP, it is important to remember that the administration initiated the program for dairy products alone and later expanded it to include the commodities I just mentioned. Because the State and local governments charged with distributing this food were finding it difficult to provide funding for this task, the Congress appropriated $50 million for storage and distribution costs. Some in this body assume that the States are now in a better position to share in these costs. That may be true in some States, but in the States that have not joined in the economic recovery, in the very States where the food is greatest, the program would die because of State and local government budget limitations. Let me use my own State as a case in point.

During fiscal year 1985, more than 1 Oregonian in 10 received direct assistance from mass distribution of cheese and other commodities. In all, more than 5,000 tons, that is 10 million pounds, of Government surplus food was placed in the hands of men, women, and children who desperately needed the sustenance that the food provided.

A pilot study in two central Oregon counties indicated that 54 percent of all those receiving emergency food assistance were under 18, 41 percent of those reporting had lost at least 10 pounds in the last 30 days, and 82 percent of those with children under 5 had no fresh milk, this in a nation drowning in surplus milk. These figures add up to a national disgrace which will only grow worse if this amendment is not enacted.

Furthermore, unlike some States with budget surpluses, my State is faced with budget shortfalls brought on by a sluggish economy. Instead of being able to come up with money to match Federal dollars to ensure that a vital program continues, existing programs are going to be cut back or eliminated. Because the current language of the bill accounts for no Federal savings, implementation of the language would only serve to kill TEFAP where it is needed most, in those States with chronically high unemployment and tight State budgets.

The Oregon Governor's office has informed me that there simply is no money for a Federal match of the $500,000 in TEFAP money Oregon would be eligible to receive. Presumably, this money would then be available to another State which has the luxury of being able to provide the Federal match.

Even without these budgetary constraints, the hungry in Oregon would be left to twist slowly in the wind because, like seven other States, our State legislature meets every other year. The next session of the Oregon Legislature is not scheduled to convene until January 1987. In the meantime, food banks in my State would be unable to meet the needs of over 200,000 hungry Oregonians.

The issue, of course, is money, not commitment. In Oregon alone, over 81,000 volunteer hours were provided at mass food distribution centers by citizens who care enough to give of their most valuable resource: Their time. I urge my colleagues to match the commitment of those Oregonians and thousands of other Americans by passing this amendment.

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, I find myself increasingly concerned about the tendency to be what I consider excessive concern about the States. Most States have a surplus. Certainly, they have a balanced budget. We are not anywhere close to that either by the action we take or inclination by any of the votes on this Senate floor this very day.

Yet time after time, amendment after amendment, and bill after bill here comes a torrent of legislation to lift responsibility off of the back of the State governments and pile it into Washington, DC. I do not understand.

Do Senators not realize that we have a $2 trillion national debt? We are not dealing in funny money. I am one who believes that the States ought to shoulder at least some of the responsibility.

So I am surprised by this amendment. A State-matching requirement for administrative costs associated with TEFAP program was adopted by the Senate Committee on Agriculture, Nutrition, and Forestry by a vote of 12 to 2. I well recognize some of the same Senators who voted in the committee will march right up here and vote the other way. I watched it on the previous amendment.

That is the way it goes. People vote one way one time, another way another time, and then go home and say, well, I voted with you, no matter whom they visited with.

I say to you, Mr. President, that I am witnessing the grossest sort of irresponsibility in Congress that could possibly occur.

Let me tell you about the committee vote—12 to 2—to require the States to do it a little bit. The committee was concerned that the surplus commodity distribution program which we call TEFAP has become almost totally federally funded, with a bankrupt Federal Government still shoveling it out.

In one of the rare circumstances of the Agriculture Committee, the committee took a firm stand—12 to 2. Here comes an amendment to reverse that.

Let us look at the arithmetic of it, Mr. President, in terms of this TEFAP program. The Federal Government is contributing surplus commodities belonging to the taxpayers of this country valued at $1.1 billion during fiscal year 1984, for example.

The Federal Government is paying for processing these commodities into usable form—that is to say, converting huge blocks of cheese into 5-pound blocks for distribution. That has cost the American taxpayers $165 million since 1982.

The Federal Government is paying to transport the commodities to the States. And this has cost the Federal taxpayers about $58 million since January 1982.

So let us total it up. The combined Federal Government cost of processing, packaging, and transportation has been about $243 million, and that does not include the $1 billion in the value of commodities. Yet, here we come weeping about the State government when we ask them, please, Mr. State Government, will you match by a total of $50 million for all of the 50 States the $50 million that the Federal Government is laying out?

I do not understand this amendment, Mr. President. I do not understand it. These are expenses that are going to continue. They are going to get worse. I tell you, Mr. President, money does not grow on trees in Washington, DC.

I went out on the Capitol lawn one day and walked all the way around, checking all of the trees, and not one of them had money on it.

What do Senators think is going to happen? Where do Senators get the idea that we are ever going to move toward a balanced budget if we continue this sort of thing?

Make every case you want to, but it still comes out vanilla.

I do not think the Federal Government should continue to pay $50 mil-

lion annually in addition to all of the costs I specified just a minute ago. It is over $50 million annually in addition to the costs I specified, paying for storage and distribution costs, after the commodities reach the State. Good Lord, Mr. President, if we give it to them, $1,100 million dollars' worth, if we haul it down there, across there, or up there, are the States unwilling or unable to accept any part of the responsibility?

I do not want any Senator to say anything about being in favor of the balanced budget if he votes for this amendment. I am going to watch the members of the Agriculture Committee who so valiantly voted with only two dissenting votes in this matter. Vote one way one time and vote another way another time? That will enable them to go home, no matter on which side the constituent may be, and they can say, "I voted with you." That is not the way to achieve good legislative measures.

Mr. President, I think I have made my point. It is going to be interesting to see, when the roll is called soon, how Senators vote on this. This is a litmus test on whether we are for real in terms of really wanting to balance the Federal budget. I yield the floor.

Mr. HATFIELD. Mr. President, if I could have the attention of the chairman, I would first of all like to make a gratuitous observation. I can empathize and identify with the Senator's remarks as he has just indicated the frustration he feels concerning those little patterns that we get into of wanting to vote for a balanced budget and for controlling the deficit on the one hand, and then on the other hand, vote for things that will add moneys to the expenditure requirements.

Let me tell my good friend from North Carolina, as chairman of the Appropriations Committee I go through that every bill that the Appropriations Committee brings a bill to the floor. I can fully understand the frustration.

Mr. President, notwithstanding the eloquence of the chairman's remarks about this whole matter in the context of the balanced budget, we still have to deal with the reality—and I know the chairman of the Agriculture Committee understands this clearly—of two things: One, of hungry people and how we are going to remove that hunger.

I think our argument now is really basically what are the best methods, what is the best procedure, what is the best sort of responsibility or shared responsibility to deal with this.

The second reality that we have to deal with, as I indicated a while ago, is that a number of States who would be in a position perhaps to pick up some of the responsibility, to share in this responsibility, do not have the calendar legislative sessions that can enact that kind of legislation that can take on those additional responsibilities.

I have talked to the chairman about this latter point which really, again, addresses the first point.

Perhaps a request I would make of the prime author of this amendment, the Senator from Maine, since I understand the parliamentary situation to be that no amendments are in order, I ask if the Senator from Maine would be in a position to modify his amendment to, in effect strike the existing language of the amendment and insert therein an extention of the time factor to January 1, 1987, which would then give us that opportunity for States to take necessary legal or legislative action to pick up this responsibility.

I have checked with the chairman. He has indicated a willingness to accept this possible modification. I have checked with the author, the prime sponsor of the amendment, my dear friend from Maine, who has indicated a willingness to do this. If they are agreeable, then we can dispose of the amendment by a voice vote and still put the States in a position to respond.

Is that a correct understanding, I would ask the Senator from North Carolina?

Mr. HELMS. The Senator is entirely correct. He does not have the opportunity to amend the amendment. The amendment of the Senator from Maine is a second-degree amendment.

I would say this to the Senator: If the problem is making it possible for the legislative process of the States to work, sure, I understand that. If the Senator from Maine will accept the language that the Senator from Oregon has just stated there would not be a rollcall vote. I will accept the amendment and I assume the distinguished Senator from Nebraska or his designee will accept it. I would say it is a fair compromise.

But I just cannot take the position that we should lift from the States any responsibility in this connection.

Mr. HATFIELD. I thank the Senator from North Carolina for his cooperation on this matter. I want to assure the Senator again that we do have some very serious problems in our relations with people and their needs. I think this will be very helpful. I know my State will put a very high priority on this kind of a program. In anybody's values, it is of the highest priority.

Mr. HELMS. The date the Senator is suggesting in his proposed modification is January 1, 1987?

Mr. HATFIELD. Yes.

Mr. HELMS. If the Senator will so modify the amendment, I will accept it.

Mr. HARKIN. Mr. President, I rise in support of the amendment of strike the committee provision on State match of funds for the Temporary Emergency Food Program [TEFAP].

TEFAP provides surplus commodities, such as cheese, to public or private nonprofit organizations that distribute food to the needy. This program provides a valuable service at a very limited Federal cost and is an excellent example of public sector/private sector partnership.

This program is different from other food programs in two ways. First, those people being served in soup kitchens, food pantries, or other outlets for distribution of surplus commodities are not the same people participating in the Food Stamp Program. Many are elderly, homeless persons, or laid off workers who cannot or choose not to deal with the paperwork involved in applying for food stamps—but, need food. In Iowa, we have over 10 percent of the population participating in this program at over 637 sites across the State. This program touches many people.

The second difference is the way the program operates. The Federal Government provides funds to States and local agencies to distribute and store the commodities. Most of the work is done through private nonprofit and religious organizations which cannot raise enough money to run the program, but do have a large volunteer effort to help transport and distribute these commodities.

Let me quote from a recent article in the Quad-Cities Times written by Michael V. Reagan, Iowa Human Services Commissioner. Mr. Reagan says:

> • • • people who operate food pantries say they can't keep up with the rising numbers of people who turn to them for assistance. • • • For the last four years, about 300,000 Iowans each month have received cheese, butter, powdered milk, rice, corn meal, or other commodities, not so much because the Federal Government saw fit to take it out of storage and distribute it, but because several thousand of their fellow Iowans—about 4,500 each month—donated time and labor to unload trucks, process application forms, and pass out commodities at more than 600 sites around the State.

In Iowa, we have an average of 20,000 volunteer hours per month going into this program.

And, until last February, Iowa was using an innovative way to cut costs in one area of the program to help fund another. USDA would give States 12½ cents per pound of commodity to process. Iowans—being as efficient and cost conscious as they are—were able to process for less than the allotted 12½ cents—about 8½ cents—using the rest for transportation costs. However, last year USDA decided it was more cost effective for them to process before distributing. My point is—States are giving people time, and thought to keep this program. A State match, dollar for dollar, will terminate this

program in many States—like Iowa—which use this program effectively.

Finally, the striking of the committee's provision for a State/Federal match dollar for dollar does not cost. The authorization level for this program remains at $50 million. Those who think that the State/Federal match will double the program are fooling themselves. What State has extra money in its budget to pick up this cost? As a result, the cost will be passed on to the local organizations who distribute these commodities to the hungry. These agencies do not have that kind of money. In fact, relief agencies are in a double bind, they have more people coming to them for help, but they also receive fewer charitable contributions, due to the economic conditions.

In committee, I offered an amendment to count nondollar contributions toward the State portion of the match. This amendment failed. As I said, the TEFAP Program in many States will die because they will not be able to meet the dollar for dollar match, while people are still hungry and volunteers are still ready to work—to make the program work, to feed their neighbors.

If we do want to consider the dollar—I think this program helps save Federal dollars. According to a recent USDA report to Congress, they found that after budget reductions and economic changes are factored in, there are 600,000 fewer food stamp recipients than can be explained. One likely reason is that some persons are going to emergency food agencies in a crisis and not applying for food stamps. If we had major reductions in emergency food providers—because they cannot afford to participate in the TEFAP—it could result in increased food stamp participation, and greater Federal cost.

Finally, as long as people are hungry and need these emergency services and as long as USDA has large supplies of surplus foods, this program should continue—without placing a burden on the States or local agencies to participate.

I urge my colleagues to support this amendment to strike the committee provision requiring States to match Federal administrative funding dollar for dollar in order to participate.

The PRESIDING OFFICER. The Senator from Maine.

Mr. MITCHELL. Mr. President, the modification suggested by the Senator from Oregon and accepted by the Senator from North Carolina is acceptable to me. I therefore ask unanimous consent that I be permitted to modify my amendment in the manner suggested by the Senator from Oregon.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment, as modified, reads as follows:

At the appropriate place in the pending amendment, insert the following:

On page 282, line 21, strike "January 1, 1986" and insert in lieu thereof "January 1, 1987".

The PRESIDING OFFICER. Is there further debate on the amendment?

If not, the question is on agreeing to the amendment.

The amendment (No. 1087), as modified, was agreed to.

Mr. HATFIELD. I move to reconsider the vote by which the amendment, as modified, was agreed to.

Mr. MITCHELL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. DOLE. Mr. President, while my colleagues are getting ready to offer an amendment, let me indicate again that Senator HELMS has submitted, as I understand it, a number of amendments to the distinguished ranking Democratic member, Mr. ZORINSKY. It is hoped we can have some agreement on the total number of amendments yet to be offered on this bill to reach some comprehensive agreement. Then we shall be in a position to advise our colleagues just how late we shall be here tonight and how long we shall be here tomorrow or Saturday or both.

Mr. SYMMS. Will the majority leader yield on that point?

Mr. DOLE. Yes, Mr. President.

Mr. SYMMS. I would like to say to the majority leader, as one Member of the Senate who comes from an agricultural State who is not on the Agriculture Committee, the farmers in my State have tremendous problems this year with poor prices, frozen potatoes, and I shall not go through the list and litany of problems they have confronted.

One of the worst things is the lack of predictability. I, as one Member of the Senate, urge the majority leader to keep this body in session until this bill is voted up or down. Let us find out where the votes are and how people in here feel: Do we want to pass a bill or do we not? I, for one, feel if we have to stay in here the next 48 hours or 72 hours, I am prepared to stay. I am hoping the majority of the Senate will stay here and get this issue resolved before Thanksgiving so at least the farmers will have some idea of what they have to look for next year—whether it is a good program or a bad program, at least know what the predictability is in the farm bill.

To carry this thing on and let it go over to next year, I believe, would be most unfortunate. It is becoming obvious to this Senator that there are some people in this Chamber who do not care whether there is a farm bill even passed or not.

I for one urge the majority leader to continue until a bill is passed, and he has my support to get that done.

Mr. DOLE. Mr. President, I thank the Senator. While I was out of the Chamber I heard the rather unanimous agreement that we ought to push forward, push ahead. It is the kind of support the leadership needs.

I do not find much disagreement on either side, I must say. I have had Members on the other side come and say, let us finish this bill. We think it is coming round.

I thank the Senator from Idaho.

AMENDMENT NO. 1091

(Purpose: To make State agencies liable under the food stamp program for payment error rates in excess of 3 percent)

Mr. McCLURE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Idaho [Mr. McCLURE] proposes an amendment numbered 1091.

Mr. McCLURE. I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place on the pending amendment, insert the following

STATE AGENCY LIABILITY FOR ERRORS

SEC. 1437. (a) Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) (as amended by sections 1416(c) and 1438) is further amended—

(1) by striking out subsections (c) and (d) and redesignating subsections (e) through (i) as subsections (d) through (h), respectively; and

(2) by inserting after subsection (b) the following new subsection:

"(c)(1) As used in this subsection:

"(A) The term 'dollar value equivalent' means the value of allotments determined by multiplying the payment error rate for a fiscal year by the dollar value of all allotments issued during that fiscal year by a State agency.

"(B) The term 'payment error rate' means the percentage of all allotments issued in a fiscal year by a State agency that are—

"(i) issued to households that fail to meet the eligibility requirements established under section 5 or 6; and

"(ii) overissued to households which meet such requirements.

"(2) The Secretary shall institute an error rate reduction program under which each State agency shall, other than for good cause as determined by the Secretary, pay to the Secretary or have withheld by the Secretary as described in paragraph (4), the dollar value equivalent of the any payment

error rate of the State agency which is over 3 percent, as determined by the Secretary.

"(3) If the Secretary makes a claim against a State for payment under paragraph (2), the State may seek administrative and judicial review of such claim under the procedures set forth in section 14.

"(4) If a claim made against a State for payment under paragraph (2) is ultimately determined to be valid or is not contested by the State, the claim shall be collected by the Secretary through State payment, withholding amounts otherwise payable to the State agency under this Act, or other mechanisms authorized by subchapter II of chapter 37 of title 31, United States Code. Such a claim may be collected on a monthly, quarterly, semiannual, or annual basis, as determined by the Secretary.".

(b)(1) Section 6(d)(4)(N)(ii) of such Act (as added by section 1416(a)(3)) is further amended by striking out "section 16 (a), (c), and (h)" and inserting in lieu thereof "section 16 (a), (c), and (g)".

(2) Section 11 of such Act (7 U.S.C. 2020) is amended—

(A) by striking out "section 16(e)" in subsection (e)(3) and inserting in lieu thereof "sections 16(d)"; and

(B) by striking out "sections 16(a) and 16(c)" in the second sentence of subsection (g) and inserting in lieu thereof "section 16(a)".

(3) Section 18(e) of such Act (7 U.S.C. 2027(e)) is amended by striking out the second sentence.

(c)(1) Section 11 of such Act (7 U.S.C. 2020) (as amended by sections 1414(b) and 1428) is further amended by striking out subsection (h) and redesignating subsections (i) through (n) as subsections (h) through (m), respectively.

(2) Section 11(e)(2) of such Act (7 U.S.C. 2020(e)(2)) is amended by striking out "subsection (i)" and inserting in lieu thereof "subsection (h)".

(3) Section 11(i)(2) of such Act (as amended by section 1428(b) and paragraph (1)) is further amended by striking out "subsection (i)" each place it appears and inserting in lieu thereof "susection (h)".

(4) Section 18(e) of such Act (7 U.S.C. 2027(e)) (as amended by subsection (b)(3)) is fruther amended by striking out "11(g) and (h)" and inserting in lieu thereof "11(g)".

Mr. McCLURE. Mr. President, it is my hope that we can get a time agreement on this amendment. This would simply limit the State error rate to 3 percent rather than the 5 percent contained in the Food Stamp Program as contained in the reconciliation bill of last year. I am perfectly willing to have a very brief time limit; whatever the managers of the bill might suggest, I would be willing to accept.

Mr. HELMS. Mr. President, I would like 20 minutes equally divided.

Mr. McCLURE. Twenty minutes equally divided is all right with this Senator.

Mr. HELMS. I propond such a request.

The PRESIDING OFFICER. Is there objection?

Mr. EVANS. Mr. President, reserving the right to object, I did not hear the time suggested.

Mr. HELMS. Twenty minutes equally divided.

Mr. EVANS. Mr. President, I would like the chairman to know I was in negotiation on a similar amendment. It would go in somewhat the same direction the Senator from Idaho has in mind. I would not want to step in front of the Senator, but whether it is on this or the next amendment, I guess we had better get a vote.

Mr. HELMS. Mr. President, if the Chair will bear with us just a moment.

Mr. McCLURE. Mr. President, part of our dilemma, of course, is that the Dole amendment is not being considered as original text for purposes of amendment. Therefore, my amendment is a second-degree amendment, not further amendable. The Senator from Washington [Mr. EVANS], as I understand it, is trying to eliminate the error rate—to eliminate the forbearance of error on the part of State agencies.

Mr. EVANS. What I am trying to do is establish a moratorium on the applying of the current sanctions for the next 2 years until the completion of a study on the virtue of those sanctions and the error rates that are appropriate. The 3-year cost of that proposal would be zero if, in fact, it were shown by the study that the current sanctions and error rates are appropriate. If not, if they are felt not to be appropriate, there will be some change. That is going to be the nature of my amendment.

Mr. McCLURE. I understand what the Senator is doing, Mr. President. Perhaps we could expedite the matter by allowing me to go forward with my amendment and we shall consider his as a separate issue.

Mr. President, if it would expedite things, I could withdraw this amendment and—I withdraw the amendment at this time and offer it again later.

The PRESIDING OFFICER. The Senator is advised that there was a unanimous-consent request for a time limit on the amendment.

Mr. McCLURE. I ask unanimous consent that I may withdraw my amendment without prejudice to offer it again at a later time.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 1091) was withdrawn.

AMENDMENT NO. 1092

(Purpose: To reduce the standard deduction used to compute income under the food stamp program)

Mr. McCLURE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Idaho [Mr. McCLURE] proposes an amendment numbered 1092.

At the appropriate place in the pending amendment insert the following:

STANDARD DEDUCTIONS

SEC. . The first sentence of section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by striking out "$85" and inserting in lieu thereof "$60".

Mr. McCLURE. Mr. President, I shall be happy to yield to the distinguished majority leader for an independent action without losing my right to proceed on this amendment.

ADJOURNMENT OF THE HOUSE OF REPRESENTATIVES AND THE SENATE UNTIL MONDAY, DECEMBER 2, 1985

Mr. DOLE. Mr. President, I understand the distinguished minority leader has no objection if we would now take up House Concurrent Resolution 235, the adjournment resolution received from the House of Representatives today. Is that correct?

Mr. BYRD. That is right.

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of House Concurrent Resolution 235.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The resolution will be stated.

The legislative clerk read as follows:

A resolution (H. Con. Res. 235) providing for an adjournment of the House from November 21 to December 2, 1985 and an adjournment of the Senate from November 21, November 22, or November 23 to December 2, 1985.

The PRESIDING OFFICER. The question is on the adoption of the resolution.

Mr. BYRD. Mr. President, reserving the right to object, will the Chair ask the clerk to read the resolution. I could not follow it as it was being read.

The PRESIDING OFFICER. Will the clerk please read the resolution again.

Mr. PRYOR. Mr. President, could we have more order in the Senate, please?

The PRESIDING OFFICER. The Senator is correct.

The clerk will report.

The legislative clerk read as follows:

A resolution (H. Con. Res. 235) providing for an adjournment of the House from November 21 to December 2, 1985 and an adjournment of the Senate from November 21, November 22, or November 23 to December 2, 1985.

Mr. BYRD. Mr. President, will the clerk read the resolution.

The PRESIDING OFFICER. The clerk will read the resolution.

The legislative clerk read as follows:

Resolved by the House of Representatives (the Senate concurring), That when the House adjourns on Thursday, November 21, 1985, pursuant to a motion made by the Majority Leader, or his designee, in accordance with this resolution, and that when the Senate adjourns on Thursday, November 21, 1985, or Friday, November 22, 1985, or on Saturday, November 23, 1985, pursuant to a

motion made by the Majority Leader, in accordance with this resolution, they stand adjourned until 12 o'clock meridian on Monday, December 2, 1985.

Mr. BYRD. Mr. President, I thank the Chair and I thank the clerk, and I have no objection.

The Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

Mr. BOSCHWITZ. Mr. President, reserving the right to object, I hope that we will be able to finish this bill by Saturday, and what happens if we cannot? I wonder if the majority leader should consider throwing in Monday, Tuesday, and Wednesday. If the majority leader is satisfied, I am.

Mr. BYRD. Mr. President, I do not believe there can be any debate on this type of resolution.

The PRESIDING OFFICER. The Senator is correct. The adjournment resolution is not debatable.

The question is on agreeing to the resolution.

The concurrent resolution (H. Con. Res. 235) was agreed to.

Mr. DOLE. Mr. President, move to reconsider the vote by which the resolution was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I am an optimist. I just feel that things are starting to move and that we may even be able to leave on tomorrow.

Mr. HELMS. If the majority leader will yield, that may be the most constructive thing we have done all day.

AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT OF 1985

The Senate continued the consideration of the bill (S. 1714).

Mr. BUMPERS. Mr. President, what is the parliamentary situation? Is there an amendment pending?

The PRESIDING OFFICER. The Senator from Idaho has the floor.

AMENDMENT NO. 1092

Mr. McCLURE. Mr. President, the amendment that I have sent to the desk and has been read by the clerk deals with the question of the standard deduction. This amendment dealing with the Food Stamp Program in the Agriculture, Food, Trade, and Conservation Act of 1985 deals with the standard deduction provision of this program.

In determining a household's net income, all households are automatically permitted a standard deduction. For fiscal year 1985, this deduction was $95 per month.

The standard deduction was originally recommended to replace numerous specialized deductions and exemptions that existed prior to the 1977 reforms. These included a work allowance, mandatory work expenses such as Federal, State, or local taxes, Social Security taxes, mandatory retirement payments, mandatory union dues, medical expenses, child care, tuition and mandatory fees, support and alimony payments, shelter costs and unusual expenses connected with a disaster or casualty. However, the standard deduction eventually replaced only some of these specialized deductions while other specialized deductions were retained.

Mr. BOSCHWITZ. May I ask the Senator from Idaho a question? Would he object to a time agreement of 10 minutes on each side on this matter?

Mr. McCLURE. I have no objection to a time limit, but my experience has been, up until now, that we spend more time getting it than we save by getting it, but I will make a unanimous-consent request that the time on this amendment be limited to 20 minutes equally divided.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. McCLURE. I thank the Chair, and I thank the Senator from Minnesota for the suggestion.

Because specialized deductions have been not only retained but have increased in number, it can be argued that the standard deduction should be deleted entirely. In a practical sense, the present deduction merely serves to exclude an ever increasing amount of income from being counted as income for purposes of determining benefit levels with little, or no, relation to expenses actually incurred.

Reducing the standard deduction, as my amendment does, would decrease the cost of the Food Stamp Program by $805 million according to the Congressional Budget Office. This would be a significant savings to the taxpayer. My amendment does not change any of the specialized deductions that exist, only decreases the standard deduction which was to replace the specialized deductions in the first place. This is a change that makes good sense, both from the original intent of the deductions and from a cost savings standpoint. I urge my colleagues to vote for this amendment.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. EVANS. Mr. President, who controls time?

Mr. BOSCHWITZ addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. EVANS. Who controls time, Mr. President?

Mr. HARKIN. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The manager of the bill controls time in opposition to the amendment, unless he is in favor of the amendment. In this case, the minority leader or his designee would control the time.

Mr. BYRD. May I offer a suggestion? Would the Senator ask that the control of the time be in the usual form?

Mr. McCLURE. I would certainly be happy to ask unanimous consent that the control of the time be in the usual form.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCLURE. Mr. President, I think the usual form in this instance would yield time to the distinguished minority leader, if the minority leader is in opposition to the amendment.

Mr. BYRD. I am sorry; I was not listening to the amendment when it was read.

The PRESIDING OFFICER. Control of time in opposition is held by the minority leader, if he is in opposition to the amendment, or the minority leader or his designee in opposition to the amendment.

Mr. BYRD. What position does the Senator from North Carolina have?

Mr. HELMS. I am in favor of it.

Mr. BYRD. Therefore, I would control the time. Is that correct?

The PRESIDING OFFICER. The minority leader controls time in opposition, regardless of whether or not he is in favor of the amendment.

Mr. BYRD. That is correct. But if the manager is in favor——

The PRESIDING OFFICER. The Senator is correct.

Mr. ZORINSKY. I am in favor of it.

Mr. BYRD. I will retain control.

Mr. EVANS addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. EVANS. Mr. President, will the Senator yield me 2 minutes?

Mr. BYRD. Is the Senator in opposition?

Mr. EVANS. Yes.

Mr. BYRD. I yield 2 minutes to the Senator.

Mr. EVANS. I will be very brief.

Mr. President, this is simply a question of whether we want to reduce benefits to those who now are eligible for food stamps. That is it. There is no complexity to this amendment. It cuts from $95 to the base of $60. It is simply a reduction.

If that is what we want to do during these times to further reduce the opportunity to serve those who are among the poorest and the eldest and the most disabled, that is fine. I, for one, am unwilling to do it. I think this body ought to be unwilling to do it. I urge my colleagues to oppose this amendment.

The PRESIDING OFFICER (Mr. GOLDWATER). Who yields time?

Mr. BYRD. Mr. President, is the Senator from Minnesota in opposition to the amendment?

Mr. BOSCHWITZ. Yes.

Mr. BYRD. I yield 2 minutes to the Senator.

Mr. BOSCHWITZ. Mr. President, I join the Senator from Washington [Mr. EVANS] in opposing this amendment.

While I have sought to bring as much order as possible to food stamps, and while I find myself on the opposite side of the Senator from Washington on some of these amendments, and also did not like the idea that one could deduct energy assistance, nevertheless, the standard deduction of $98 should not be reduced. I agree with the Senator from Washington that it is simply a reduction of food stamp allowances, straight and simple.

There really are only three types of deductions in these matters. There is a standard deduction of $98. Then there is a shelter and child care expense deduction of up to $139. That is not an automatic, and that is not limited by $139 in the case of the elderly. Then there is a deduction of medical expenses in the case of the elderly.

I do not think those deductions are excessive, nor should they be reduced. It would have a direct effect in the reduction of food stamp benefits, and I think the amendment of the distinguished Senator from Idaho should be opposed.

The PRESIDING OFFICER. Who yields time?

Mr. McCLURE. Mr. President, I will respond very briefly. What I say in this regard will apply to a number of actions we have been given the opportunity to vote upon and will be given the opportunity to vote upon.

There are three reasons why someone might oppose a saving in a program of this kind. First, they want them to go up continuously, as this program has over the many years. Remember, it started out as a 1-year, $30 million a year program, and it is now over $10 billion.

In spite of the reforms that have been made in recent years it is still over $10 billion of financial assistance to people, many of whom are in need and some of whom only find it convenient to have the kinds of assistance that are granted.

The second reason why someone might oppose this is that they are in favor of Gramm-Rudman but they do not want it to hit this program. So, inflate this program continually, so that when we get to the across-the-board cuts next year on Gramm-Rudman, they can then kind of mark the price up so that they can mark it down and have a sale next year. That is a familiar tactic among merchants and among politicians.

The third reason why some persons might oppose this is that they do not want any fiscal restraint on the welfare entitlement side. They want that to continue to grow.

I remember last December, almost a year ago, when I asked then-director Stockman of OMB what they were proposing in their budget, and he said they were proposing a freeze.

I looked at the charts, and I said: "How does that add up? I look at the welfare income security maintenance program, and over a 3-year period, they are 25 percent larger than they would otherwise be, and that is under a freeze."

He said: "What we do is freeze individual benefits, but allow the class to get larger."

There is another way to look at it; that is to look at eligibility, as to whether people, in the climate of today, are or should be entitled to ever-increasing payments.

I hope people have not forgotten that we are debating a farm bill dealing with a very troubled segment of our economy. We are not talking about food stamps for farmers. We are talking about a farm program that we hope will avoid bankruptcy for a great many of our citizens who have had reduced income—not increased income, not guaranteed income by the Federal Government, but a reduced income because of the conditions that rural America and the agricultural economy find themselves in today.

Time after time after time, when confronted with a choice, people on the floor of the Senate say:

Oh, but we are not going to change the old way of doing business. We are going to continue to increase the payments to people who are beneficiaries of various Federal programs.

Mr. President, I am not hard-hearted nor unwilling to recognize the need of the people at the lower end of our income structure in our country. But when we recognize that you cannot continue to increase their benefits without disadvantaging those people who are struggling for survival, having trouble keeping their heads above water, paying taxes to support the structure that we have, that we have created for the last 40 or 50 years?

It may be that the Senate today does not want to face that fact, that it does not want to anticipate what is going to happen next year when we have sequestering across the board and across-the-board cuts in Gramm-Rudman, which we have voted for upon several occasions on the floor of the Senate.

The question is, Do you really mean it? Are you ready to start now exercising that restraint? Or were you only kidding when you voted for Gramm-Rudman?

As a matter of fact, are the cynics right, the cynics who looked at us when Gramm-Rudman was passed and said: "The Senate is only trying to kid the American people; it does not really mean restraint; it does not have the guts to do it itself; it is going to let the President do it because they don't want to confront it"?

There may be some people who voted for Gramm-Rudman who really do not want to have to confront these issues. They want to shunt the responsibility and have the President of the United States do it on an across-the-board cut. But this Senator is willing to confront those realities and look at those tough choices and will be making them next year. Maybe the Senate is not ready yet, today. I hope it is ready, but maybe it is not. Maybe when we get to this vote, we will find that the Senate is ready. But if the Senate votes against this amendment, then I suggest that the cynics are right: We have not yet crossed that point in our own consciousness where we are willing to make real adjustments in real spending in order to get the deficit down.

Some will say: "Don't do it on this program. Don't do it now. These are poor people."

Let me tell you what happens when you do not control spending in this country in terms of inflation rates, in terms of interest rates, in terms of driving people into poverty, which we then say we will protect them against, but create it.

Mr. President, I reserve the remainder of my time.

Mr. BOSCHWITZ addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. BYRD. Mr. President, I designate to Mr. PRYOR the control of the time.

Mr. PRYOR. Mr. President, will the Chair please inform those opposing the McClure amendment how much time remains on our side?

The PRESIDING OFFICER. Seven minutes and 28 seconds.

Mr. PRYOR. I yield to the Senator from Minnesota 2 minutes.

Mr. BOSCHWITZ. Mr. President, to respond to my friend from Idaho, I point out that on page 225 of the report on this bill, the Senator will see what the Agriculture Committee has done since it has come under the chairmanship of the Senator from North Carolina, and I have participated in some of the changes that we have tightened up qualifications and other things for the program.

But you will see that in 1981 the spending on the program was $11.3 billion and then in 1982 it went down a little bit. In 1983, because of the recession, it went up to $12.7 billion and then it has come down from that point despite inflation and other matters, so that the growth in the program in the last few years has been really very

nominal and we have made great efforts to control.

Sure, if you go back far enough, you will find the program was very small, but in the last few years I think that we have exercised fiscal restraint and that the Senator from Idaho is wrong if he would indicate otherwise.

I might say the Senator's amendment would cut benefits for about 15 million persons. There are 22 or 23 million persons on food stamps, as I recall the number, perhaps somewhat less now, including 1 million low-income elderly and 8 million children. It would cut benefits $137 a year for about 75 percent of the households on the program. It would cut benefits by about $700 to $900 million a year and about $3 billion over the life of the farm bill.

It really would be the most draconian cut that I think has ever been attempted on the food stamp provisions and I think we have controlled it as the numbers on page 225 would indicate and we will continue to exercise fiscal responsibility with respect to the program, but I think that the Senator's amendment goes too far.

The PRESIDING OFFICER. Who yields time?

Mr. PRYOR. Mr. President, I yield to the Senator from Arkansas 2 minutes.

Mr. BUMPERS. Mr. President, it has become a fairly standard practice and very popular to beat up on the Food Stamp Program. I suppose I have done my share of it.

But you know the Food Stamp Program has been thrashed about as much as it can stand. This body ought to make up its mind whether we want to continue the program or whether we do not.

Let me tell you what the amendment of the Senator from Iowa does. It cuts food stamp benefits for about 15 million people, 8 million of whom are children.

We are the first developed nation in the history of the world to impoverish our children. In 1970, 12 percent of the children in this country under 18 were below the poverty line. Last year, in 1984, 22.5 percent of all the children in this country were living below the poverty line.

That figure happily is down a little bit from 1983. But prior to that time, the percentage of children in poverty had been increasing steadily. At least half of the people in this country who get food stamps are children.

This amendment is an attack on the most helpless of the helpless—the children and the low-income elderly.

Under this amendment food stamp benefits will be cut as much as $137 a year for 1 million low-income elderly and 8 million children.

If you want our society to be considered a decent, compassionate and caring one, then vote against this amendment. If you want to reverse the trend of the deliberate impoverishment of children and the elderly who are so far below the poverty line that it is hard to gauge the trauma of their misery, then vote against the amendment.

I thank the Senator for yielding.

The PRESIDING OFFICER. Who yields time?

Mr. PRYOR. Mr. President, I wonder if the Senator from Louisiana has a statement.

I know of no other speakers on our side.

I am glad to yield 2 minutes to the distinguished Senator from Washington.

Mr. EVANS. How much time remains for the opposition?

The PRESIDING OFFICER. Three minutes and twenty seconds.

Mr. EVANS. I will take 2 minutes.

Mr. President, I yield to no Member of this Senate in the belief that we must handle the fiscal affairs of this Nation better than we have over the last few years. I believe I have joined with the Senator from Idaho on every occasion that attempts to provide the largest kind of deficit reduction in virtually every program we can find.

That does not mean that we blindly strike out in every program to cut. Of course, we have to be selective and we ought to be selective. We ought to make our choices. I made mine, I might just say to my friend from Idaho, not long ago in attempting to end the life of the synfuels industry which had connected with it a whole lot bigger cut than this cut in the Food Stamp Program.

But we all have to make our selective choices as to whether we think those are good or bad ideas. It is only if we ultimately come to the second half of a Gramm-Rudman Program, if in fact it passes, that we would be faced with that across-the-board kind of cut.

And if we get there, food stamps along with virtually everything else, unless they are exempted by the Congress, would be subject to that across-the-board cut.

I do not think now is the time at the front end before we get to any of that across-the-board cutting we may have to do to start out by further cutting the Food Stamp Program and then subject them later on to yet another across-the-board cut if in fact we have not done our total job.

The PRESIDING OFFICER. Who yields time?

Mr. McCLURE. I am happy to yield to the Senator from North Carolina for a question.

Mr. HELMS. I wonder if the Senator from Idaho is aware of how much this program has grown. I have listened to my friend from Arkansas and he was on a salt and lashes routine about how terribly we are treating the people of America, the poor people. I will say to him and my friend from Idaho that since its inception this Food Stamp Program has grown 40,000 percent. And there are today 20 million people drawing food stamps.

I thank the Senator.

Mr. McCLURE. I say to my friend from North Carolina, of course he is correct and the table the distinguished Senator from Minnesota referred to that appears on page 225 of the report will indicate if no other authority were necessary, that since 1979 the program has doubled. Since 1980 it has gone up 30 percent. Since 1981 it has gone up 25 percent.

Mr. BOSCHWITZ. No. The Senator is not reading those figures right.

Mr. McCLURE. I have no time to yield. Everyone can look at the table and get the figures and make his own calculation.

I understand now how he did so well in the wood business up in Minnesota. His markups were a little different than the customers thought they were.

But, Mr. President, I intend to save a little of the time of this body. I do not intend to ask for the yeas and nays on this amendment. I have a series of amendments, and I will ask for the yeas and nays on some other amendments, but I am satisfied to have this amendment settled by voice vote.

The PRESIDING OFFICER. All time has expired.

Mr. PRYOR. How much time does the opposition to the amendment have?

The PRESIDING OFFICER. One minute and 32 seconds.

Mr. PRYOR. I think the distinguished Senator from Arkansas, my colleague, wants 1 minute on the measure.

Mr. BUMPERS. I wish to ask the sponsor of the amendment, Senator McCLURE, if he could tell us how much we have spent on food stamps each of the last 3 years?

Mr. McCLURE. The table on page 225 I had before me, and if the Senator would look at that, in 1982 the amount was $11,064,000,000, in 1983 $12,700,000,000, in 1984 $12,375,000,000. It is estimated for 1985 to be $12,578,000,000.

Mr. BUMPERS. Mr. President, I believe, if the figures the Senator has just given me are correct, that he is not talking about a 25- or 30-percent increase in the program between 1982 and 1986, but only a fraction of that rate of increase.

The PRESIDING OFFICER. The Senator's 1 minute has expired.

Mr. PRYOR. Mr. President, I wish to conclude by saying I hope the Senate will vote down this amendment offered by the Senator from Idaho. This amendment, we believe, has not had the ample study by the Agricul-

ture Committee. We believe that it is a bad amendment.

We believe it is time now to have a vote on the proposal by the Senator from Idaho.

The PRESIDING OFFICER. All time has expired.

Mr. BUMPERS. Mr. President, have the yeas and nays been requested?

The PRESIDING OFFICER. No, they have not.

The question is on agreeing to the amendment of the Senator from Idaho [Mr. McCLURE].

The amendment (No. 1092) was rejected.

AMENDMENT NO. 1093

(Purpose: To make State agencies liable under the food stamp program for payment error rates in excess of 3 percent)

Mr. McCLURE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Idaho [Mr. McCLURE] proposes an amendment numbered 1093.

Mr. McCLURE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the pending amendment insert the following:

Beginning on page 274, strike out line 3 and all that follows through line 6 on page 276 and insert in lieu thereof the following new section:

STATE AGENCY LIABILITY FOR ERRORS

SEC. 1437. (a) Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) (as amended by sections 1416(c) and 1438) is further amended—

(1) by striking out subsections (c) and (d) and redesignating subsections (e) through (i) as subsections (d) through (h), respectively; and

(2) by inserting after subsection (b) the following new subsection:

"(c)(1) As used in this subsection:

"(A) The term 'dollar value equivalent' means the value of allotments determined by multiplying the payment error rate for a fiscal year by the dollar value of all allotments issued during that fiscal year by a State agency.

"(B) the term 'payment error rate' means the percentage of all allotments issued in a fiscal year by a State agency that are—

"(i) issued to households that fail to meet the eligibility requirements established under section 5 and 6; and

"(ii) overissued to households which meet such requirements.

"(2) The Secretary shall institute an error rate reduction program under which each State agency shall, other than for good cause as determined by the Secretary, pay to the Secretary or have withheld by the Secretary as described in paragraph (4), the dollar value equivalent of the any payment error rate of the State agency which is over 3 percent, as determied by the Secretary.

"(3) If the Secretary makes a claim against a State for payment under paragraph (2), the State may seek administrative and judicial review of such claim under the procedures set forth in section 14.

"(4) If a claim made against a State for payment under paragraph (2) is ultimately determined to be valid or is not contested by the State, the claim shall be collected by the Secretary through State payment, withholding amounts otherwise payable to the State agency under this Act, or other mechanisms authorized by subchapter II of chapter 37 of title 31, United States Code. Such a claim may be collected on a monthly, quarterly, semiannual, or annual basis, as determined by the Secretary.".

(b)(1) Section 6(d)(4)(N)(ii) of such Act (as added by section 1416(a)(3)) is further amended by striking out "section 16 (a), (c), and (h)" and inserting in lieu thereof "section 16 (a), (c), and (g)".

(2) Section 11 of such Act (7 U.S.C. 2020) is amended—

(A) by striking out "section 16(e)" in subsection (e)(3) and inserting in lieu thereof "sections 16(d)"; and

(B) By striking out "sections 16(a) and 16(c)" in the second sentence of subsection (g) and inserting in lieu thereof "section 16(a)".

(3) Section 18(e) of such Act (7 U.S.C. 2027(e)) is amended by striking out the second sentence.

(c)(1) Section 11 of such Act (7 U.S.C. 2020) (as amended by sections 1414(b) and 1428) is further amended by striking out subsection (h) and redesignating subsections (i) through (n) as subsections (h) through (m), respectively.

(2) Section 11(e)(2) of such Act (7 U.S.C. 2020(e)(2)) is amended by striking out "subsection (i)" and inserting in lieu thereof "subsection (h)".

(3) Section 11(i)(2) of such Act (as amended by section 1428(b) and paragraph (1)) is further amended by striking out "subsection (i)" each place it appears and inserting in lieu thereof "subsection (h)".

(4) Section 18(e) of such Act (7 U.S.C. 2027(e)) (as amended by subsection (b)(3)) is further amended by striking out "11(g) and (h)" and inserting in lieu thereof "11(g)".

Mr. McCLURE. Mr. President, I will have a unanimous-consent request on the limitation of time, but before doing that I wanted to say that this is the amendment I had offered before and withdrew. It limits the error rate to 3 percent without penalty.

Mr. President, I ask unanimous consent that the time on this amendment be limited to 20 minuntes, to be equally divided and in the usual form.

Mr. EVANS. Mr. President, reserving the right to object, would the Senator from Idaho yield for a question?

Mr. McCLURE. Yes.

Mr. EVANS. Would it be appropriate, since I have an amendment on precisely the same subject, if the amendment of the Senator from Idaho were to lose, would he be willing to include in the unanimous-consent request that we proceed immediately to the amendment that I have? And I would be willing to have a similar time agreement.

Mr. McCLURE. Mr. President, I have no objection to that, if other Members do not.

Mr. BOSCHWITZ. Mr. President, may I ask the Senator if he would be agreeable to 15 minutes, equally divided, so that maybe we can shorten the time on some of the amendments?

Mr. McCLURE. I believe on this one I would like to have at least 10 minutes on my side.

Mr. PRYOR. Mr. President, reserving the right to object, I believe, not knowing this beforehand, that I am afraid I am managing on this side of the aisle for the moment. Will the Senator from Idaho just very succinctly explain the amendment?

Mr. McCLURE. The reconciliation measure adopted in 1982 limits the State error rate to 5 percent and has a sanction by way of a penalty on the State administration fund if the State error rate exceeds 5 percent. This amendment would reduce that to 3 percent.

Mr. BUMPERS. Will the distinguished Senator yield?

Mr. McCLURE. As I understand it, the Senator from Washington wants to suspend all sanctions pending a study, whether it be the 5-percent sanctions in the current law or 3 percent.

Mr. EVANS. It would not suspend it. It would put a moratorium for 2 years and during that time the study would be concluded and the moratorium would end and the sanctions during this period of time would be picked up if, in fact, the study showed that was appropriate.

But since the two are precisely on the same subject and they go in opposite directions, it seemed to me it would be appropriate to discuss them back to back.

Mr. BUMPERS. Mr. President, reserving the right to object.

The PRESIDING OFFICER. The Senator from Idaho has the floor.

Mr. McCLURE. Mr. President, my understanding is that the Senator from Washington asked me to modify the unanimous-consent request to include in it that he be recognized to offer his amendment immediately following the disposition of my amendment. I had indicated that I have no objection to that, but I did not want to include it in the unanimous-consent request until I heard whether others might have an objection.

Mr. PRYOR. Mr. President, will the Senator from Idaho mind answering this question: Is the Senator going to plan to have a rollcall vote?

Mr. McCLURE. Yes; I am.

Mr. PRYOR. And a rollcall vote on the amendment of the Senator from Washington?

Mr. EVANS. Well, I would prefer to have an overwhelming voice vote acceptance, but, if that fails, I certainly would ask for a rollcall.

Mr. PRYOR. Mr. President, under present circumstances, I am not authorized to engage in or agree to any unanimous-consent request. So, for

the time being, I suggest the absence of a quorum.

Mr. McCLURE. Will the Senator withhold that request for just a moment?

Mr. PRYOR. I will withhold it.

Mr. McCLURE. We are trying to expedite what is happening here. If the Senator has a question about the unanimous-consent request, I wonder if he would at least withhold the request for a quorum and allow us to proceed with the debate on the amendment.

Mr. PRYOR. Mr. President, I do withhold my request for a quorum.

The PRESIDING OFFICER. The Chair might observe that the Senator from Idaho has the floor and he would have to yield for the purpose of calling a quorum.

Mr. McCLURE. Mr. President, I am offering this amendment to the Agriculture, Food, Trade, and Conservation Act of 1985 which deals with State agency liability for errors made in administering the Food Stamp Program.

The Federal Government establishes the rules that govern the Food Stamp Program enacted in 1977. With certain variations for noncontinent States and territories, the rules are uniform. At the Federal level the program is administered by the U.S. Department of Agriculture's Food and Nutrition Service. At the State and local levels, it is administered by welfare departments.

States are responsible for certifying applicant households and arranging for the issuance of monthly benefits to them. The Federal Government is responsible for Federal regulations implementing the Food Stamp Act, overseeing State operation, printing and processing coupons and for approving and monitoring retail stores which redeem coupons.

The Federal Government pays the full costs of food stamp benefits. The Federal Government also pays for its own administrative costs, the cost of job search activities conducted by States and approximately 50 percent of eligible State and local administrative expenses as well as 75 percent of new computer systems and antifraud activities. States, and localities in some cases, finance roughly 50 percent of their administrative expenses. In some cases, the Federal Government's share of expenses may be as high as 75 percent.

The GAO has reported on the increased administrative costs associated with the program as well as the different rates of administrative expenses among States, and within States. Idaho's administrative costs per household per month was $19.09, which is .62 cents per household per month higher than the national average. The cost per household per month ranges from a high of $91.89 in Alaska to a low of $8.11 per household per month in West Virginia. Many reasons for these differences exist from the number of participants to the degree of computerization to overall efficiencies in management. In any case, the Federal Government picks up a great deal of the tab.

The GAO found in 1984, after reviewing the operation of the AFDC and Food Stamp Programs in several offices in eight States, that opportunities for productivity improvements could reduce administrative costs thus saving millions of dollars each year. In addition to the GAO report, the President's task force on food assistance and the Grace Commission both identified ways to reduce the cost of the Food Stamp Program to the Federal Government. One method of reducing costs which both studies identified was increased attention to overissuance errors by the States.

Error rates have been a significant problem in the Food Stamp Program for several years. And that has been referred to by people on all sides of the question; that, indeed, error rates are a problem.

Overissuances alone account for 9.19 percent of all food stamp benefits issued. These benefits go to those who are either totally ineligible for food stamp assistance, or to those who are eligible but receive more than the amount to which they are eligible.

The Omnibus Budget Reconciliation Act of 1982 established new error rates for the program of 5 percent. States are now required to have overissuance error rates at or below 5 percent. If the State fails to meet this error rate it incurs a penalty based on a reduction of the percentage of the Federal reimbursement for administrative costs for the program.

Mr. President, not one dime is taken away from any recipient. It comes out of the State's administrative expense reimbursement.

Dr. John Raisian, executive director of the President's task force on food assistance, testified on March 21, 1985, and stated that, "What we do find in our daily lifetime circumstances is that oftentimes when a penalty goes up, people do respond to the size of the penalty. In the case of sanctions of individual States being responsible for errors in excess 5 percent presumably * * * if that penalty is sufficiently high, then there would be a sizable response * * *." It should not be surprising that States have higher food stamp error rates than in other Federal programs.

The Grace Commission report states: "The Food Stamp Program is the only major welfare program whose benefits are 100 percent funded by the Federal Government, yet which is administered at the State and local levels." Findings indicate that States must be provided with greater incentives to reduce errors in the Food Stamp Program.

My amendment provides for a change in the law to strengthen the error rate sanction. It would require States to be fully responsible of overpayment errors above 3 percent and pay to the Secretary or have withheld by the Secretary the dollar value equivalent of any payment error rate over that level. This change will provide incentive for the States to make the changes necessary to reduce the costs of the program.

The projection for overissuances in the Food Stamp Program under the current law system, both in dollars and as a percent of benefits is $4.4 billion from 1986 through 1990, roughly 7.4 percent of benefits.

Again, I want to repeat what I just said. The error rate accounts for $4.4 billion from 1986 through 1990.

If the error rates could be reduced by this amendment the savings will be great without reducing the benefits of legitimate recipients. The States will be given additional incentive to ensure that they administer the program in an effective and efficient manner.

Mr. President, my State of Idaho in 1982 when we adopted the provision in the Reconciliation Act as I recall was around 13 percent—a little over 13 percent, if I recall correctly. We adopted the sanction that said you cannot have over a 5-percent error rate without losing some of your own administrative funds granted from the Federal Government. Today my State has an error rate of 4.28 percent as shown by the table on page 270 of the committee report.

If my State, as hampered as they are with a budget constraint and reductions in incomes to the State government under voter sanction limitations on taxes—and the downturn in our economy which had our State government reeling and asking for relief because they simply could not hire more people—under those circumstances can find it possible to reduce the error rate from over 13 percent to less than 5 percent, then, Mr. President, I think under the proper incentives other States, too, can find it in their administrative capability to reduce the error rate which is wasting billions of dollars of taxpayer money.

Mr. President, if we really care—and I hope we do but listen—about the poor people who are the beneficiaries of this program, and if at the same time we really care about the taxpayer burden of administering it, let us stop this error rate that drains $1 billion a year out of this program in benefits that should not be paid under the guidelines of the program. How can anyone on the floor of this Senate talk about fiscal restraint, responsibility, and justify an error rate of over 9 percent which is today the average?

Reduce the error rate just 2 percentage points, and you save the taxpayers of this country $200 million; $200 million is not much around here, but $200 million is something.

And I suggest to you that if we really want this program to work, to be run efficiently, the path has been charted, the studies have been held, the findings have been found, the action is indicated, we should go further than we went in 1982 in the Reconciliation Act, and reduce the allowable error rate to 3 percent.

The distinguished Senator from Iowa earlier today said you cannot get it to zero. I understand that. I agree. You cannot get it to zero. I am not suggesting that we get it to zero. But I do not believe that it is out of line to ask that the administration of this program be at least as error free as other similar welfare programs in the administration. Therefore, I urge the adoption of the amendment that would reduce the allowable error rate to 3 percent from the current 5-percent rate.

Mr. PRYOR addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Idaho yield the floor?

Mr. McCLURE. I yield the floor.

Mr. PRYOR. Mr. President, parliamentary inquiry: There is no time agreement. Am I correct?

The PRESIDING OFFICER. There is no time agreement.

Mr. EVANS addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. EVANS. Mr. President, I rise to oppose the amendment of my colleague from Idaho, and in order to try to compress the time I will not only speak in opposition to this amendment, but on behalf of the amendment which I hope to offer shortly after the disposition of this amendment of the Senator from Idaho.

I think there is a good deal of misunderstanding about the nature of error rates generally, how they come about, and what can be done about them, and the degree to which States are attempting to work on that proposition.

It is interesting, and I think somewhat ironic, to note that the Congressional Budget Office in making its estimate of what would happen with the increased sanctions in the bill in front of us could not predict a faster reduction in error rates because of those increased sanctions, and I think with good reason because the sanctions in themselves are not really what is going to bring down error rates.

We can look at this in one of two ways. To control error rates will be done as a quality control measure, which I think is appropriate. But I fear what is being attempted here is merely an opportunity to transfer from one level of government back to another money to help balance the budget.

Let me repeat that. I think this, instead of being a quality-control measure, which it ought to be, is a budget balancer, something to bring money in, and at 3 percent you can levy sanctions and bring more money in than if the error rate was 5 percent. I suppose if someone would want to make it 1 percent, you can at least calculate there is another several hundred million dollars that can be brought in.

But let us first look at where this money is going to come from. I know many of my colleagues have had the same responsibility I once had as Governor of a State, but no one serving in this body currently has had a longer period of time serving as Governor. I do not think Washington is very much different than any of the other States.

The general fund of each of the States in this Nation approximate the same sort of thing. Ninety-two percent of the general fund, virtually all of it, goes to just three programs: It goes to the support of common schools, it goes to the support of higher education, and it goes to the support of human resources.

If we are going to reach in here and through an increased sanctions program take another half billion dollars from the States—and that is even assuming that that is part of the administration of a program which is in itself federally funded—if we are going to take that from the States, who is going to get hurt? Who is going to get hurt?

We are not going to see the common schools stand by and suggest that they ought to pay. Higher education certainly will not stand by and say, "We ought to pay." So who is left to pay?

Only one agency, and those are the human resource agencies of the various States.

So who is going to get hurt? The States are as strapped as the Federal Government for money. They may not have the huge deficit we do, but they certainly have unfunded liabilities in pension payments and a number of other liabilities not normally counted, which puts them in the red as much as the Federal Government.

So who gets hurt?

Well, I will tell you who gets hurt. It will be the other recipients of aid in the human resource field. It will be the poor, the disabled, and the sick. Is that the way we want to balance the budget of the United States?

I think the fundamental question is, Who made the errors in the first place? Is it the Governor of a State? Is it the secretary of the social and health service department?

The errors are made on the front line of our human resource agencies. The errors are made, Mr. President, to a large degree, because of the complexities we here in the this Congress have put into the program. We have helped make it an error-ridden program.

I have here the application for assistance that is utilized in the State of Washington. Remember, these caseworkers are not dealing just with people who come in after food stamps. They are dealing with people who are in need of help, who are poor, who are disabled, who very likely have little in the way of education, and in some cases are not even literate.

The caseworker meets that person coming in not knowing at the beginning whether they qualify for food stamps, for AFDC, for Medicaid, or for any other program, for that matter.

What are they faced with? In the first place, the caseworker has a stack of thousands of pages of regulations that the caseworker is supposed to have memorized. The application in the State of Washington has 180 questions. Each caseworker has something approaching 300 clients a month and little time to deal with the complexities we have placed into that program.

Lest you think the State of Washington is unique, I have the certification guide of the State of New York. That is over 100 questions in that particular application, questions which in many cases are simply beyond the capability of the applicants to accurately answer.

Mr. President, let me just read briefly from the law which these caseworkers are supposed to understand and understand thoroughly to ensure that there be no error rate whatsoever, or certainly less than 3 percent, as my colleague from Idaho would have it.

Well, I will not read it simply because it is too mind-numbing to read. One sentence by word count has 323 words. And that is not even unusual.

There is no one working as a caseworker in the field of human resources who can accurately and easily deal with regulations that derive from a law that has sentences of that magnitude, complexities beyond belief, having 300-and-some people coming in seeking help, little time to deal with them, and 180 questions to have answered so they can accurately decide how much is authorized.

Beyond that, the very program of determining error rates is levied all on the side of the Federal Government. Each State has 30 days to make a determination on the eligibility of any applicant. At the end of that 30 days if they have not made the determination, they are in noncompliance with the law.

The Federal auditors, however, can go back and second guess, determine error rates, and do it forever, if they want. There is no time limit.

There is something wrong, Mr. President, with a system that even at 5 per-

cent error rates as now in the law currently sanctions 46 out of 50 States. No one on this floor can tell me that 46 out of 50 States are careless, do not care, have no idea of how to manage a program. It is the system, itself, that is out of whack, because we have set artificial levels for error rates and have not ever done an objective study to determine what is rational to try to set up a system that offers some incentives as well as sanctions.

I do not oppose sanctions. I think they are legitimate when they are properly proposed.

Not only have we sanctioned 46 States under food stamps, but 41 on our AFDC Program, and 44 on the Medicaid Program.

Mr. President, we have already taken care of the AFDC Program and the Medicaid Program. What I will offer, given the opportunity, is an amendment that would put us precisely in the same position on food stamps as we are now in with Medicaid and with AFDC.

Mr. President, I will be short so that we can dispose of this amendment and pick up again when there is an opportunity to deal with what I really believe ought to occur. We cannot in good conscience move from a 5-percent to a 3-percent error rate. We must and should, in turn, take a conscious, comprehensive look with an independent study and after that do a legitimate job of setting sanctions as well as incentives on this program.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. McCLURE. Mr. President, it is my understanding that the distinguished manager of the bill on the minority side wishes to speak very briefly and then will make a motion to table the amendment.

I will be very brief in my response because I do not wish to hold the Senate up. I think the Senate knows enough about the issue to register their judgment.

Allow me just this much in response to the Senator without anticipating the next amendment or speaking about the next amendment.

To assume that the States are incapable of compliance with the program is naive. As a matter of fact, some States do administer it well. There is a reason why they administer it poorly and it is not imbedded in stacks of paper. It is imbedded in the fact that the Federal Government pays the whole bill. If there is no financial incentive, then it is not unnatural to expect that the people who deal with that money will deal with it less carefully than if they had some financial stake in it.

Not every Governor or every State finds it impossible to administer the program well.

As I indicated, my State has reduced the error rate from over 13 percent to less than 5 percent. Because they have been able to tighten up on it, are they to be penalized? Are the States that do a good job to be penalized in order that the States that do a bad job can just shovel the money out the door?

Mr. President, I think it is obvious that, indeed, the taxpayers of this country should not have to stand the hemorrhage of $1 out of $10 through overissuance or to recipients that are not eligible to receive at all.

One dollar out of ten. No other program has this kind of error rate. The taxpayers should not expect that we would tolerate that. We have had a number of studies and analyses that indicate that, indeed, that is the problem and that this is the way to find an answer to that question.

I urge the adoption of the amendment, Mr. President. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. PRYOR. Mr. President, I do not believe there are any more speakers on our side or the other side opposing the McClure amendment. Let me make three brief points.

Mr. GOLDWATER. Will the Senator yield?

Mr. PRYOR. Mr. President, I yield to the Senator from Arizona.

Mr. GOLDWATER. Mr. President, I wanted to ask a question and I have to confess ignorance in not knowing the answer.

What is the level of income that a person must have before they are allowed to ask for food stamps?

Mr. McCLURE. Mr. President, I think the correct answer—first of all, there are some variables involved so we have to give averages. The correct answer, I believe, for an average family of four would be $13,000 per year.

Mr. GOLDWATER. Would it have to be measured by family or is it measured by individual?

Mr. McCLURE. It is measured by family unit. That is, as the regulations define the family.

Remember, Mr. President, there are expenses that are allowable that deal with the question of what is the amount of income that is attributed before—not all income is included in the calculation of income for eligibility purposes. Not all dollars that flow in—we had one of those debates recently with respect to low-income energy assistance, as an example.

Mr. GOLDWATER. Mr. President, to ask further, let us say the individual involved has other worth but has not made whatever that figure is—$10,000, $11,000 or $12,000 a year. Is that person still eligible?

Mr. McCLURE. If they have other income——

Mr. GOLDWATER. Not other income, other worth.

Mr. McCLURE. No, Mr. President, there is no assets test.

Mr. GOLDWATER. No assets test?

Mr. McCLURE. That is correct.

Mr. GOLDWATER. The reason I asked this question is I asked this question of my own State some years ago.

Mr. McCLURE. Mr. President, I am informed that I answered that question incorrectly. There is a second test in addition to the income test, that is, an assets test. That is, under current rules, the liquid assets cannot exceed $1,500, or $3,000 if the household has two or more members. That would be cash resources, automobile or other vehicle ownership. Regulations in effect in June 1982 have been made permanent, with few exceptions, but there are a lot of various kinds of assets that are not included within that test.

Mr. GOLDWATER. Well, let us say real estate.

Mr. McCLURE. The reason it is difficult to answer the question is that the regulations are complex and have an awful lot of variables.

Mr. GOLDWATER. I shall tell the Senator the reason for my inquiry. I have a strong feeling that my wife, who is not employed, but has around $1 million in assets, is eligible for food stamps, if you assume that her husband is not working, and you can assume that most of the time.

Mr. McCLURE. The value of a food stamp recipient's home, regardless of value, is not counted toward the assets test. Contiguous property surrounding the home regardless of value or regardless of acreage is not counted. Separate parcels of land, however, generally are counted as assets. The value of certain personal property—licensed and unlicensed vehicles, buildings and land, recreational properties—count toward the maximum allowable asset limits.

For instance, by statute—not by regulation—the value of any boat, snowmobile, or airplane used for recreation purposes is now counted as an asset. It was not earlier counted as an asset but is now.

A vacation home or a mobile home used primarily for vacation purposes is not counted as an asset. It was not earlier counted as an asset.

Mr. GOLDWATER. I thank the Senator, Mr. President. I just say what I said earlier, that which prompted my interest, the fact that I have a strong belief that if I were not employed and my wife—who has about a million dollars lying around someplace in assets, has quite a collection of art, owns a home—could get food stamps. I asked that once in my home State and the

answer was yes. I think they would tell her that when she comes down, do not drive the big car, do not wear your diamonds and do not wear your mink coat.

What I am getting at is this is a very stupid thing we are talking about and why not admit it? We are a welfare state and let us stop trying to fool ourselves.

Mr. PRYOR. Mr. President, if Mrs. Goldwater was drawing food stamps in 1982, before the majority leader, Senator DOLE, has adopted in our language an error rate sanction provision which would keep her from, first, being eligible and, second, if she were on food stamps, would attempt to correct it, would attempt to take her off the rolls.

Second, for 1985, the first year that the new sanction system was fully phased in, the national average error rate is projected by CBO to be 8.1 percent.

We think the McClure amendment at this point should be defeated. We think we have strong sanctions that are just now coming into place.

Mr. President, I move to lay the McClure amendment on the table.

Mr. McCLURE. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question now is on the motion to lay the amendment of the Senator from Idaho on the table.

ORDER OF PROCEDURE

Mr. DOLE addressed the Chair.

Mr. DOLE. Mr. President, let me indicate to my colleagues, some of them asked if we were going to have time to eat before the session, it is my intention to proceed until about 7:30. Then we are to reconvene in the Chamber at about 8:30. That will give everybody about an hour. They cannot go very far.

Then we shall recess until about 8:45 and be back on the bill at 9:45. I understand the President is going to make a very short address, maybe 15 minutes. There will probably be a lot of applause and it will take time, but we will be back here by 9:45.

Mr. LEAHY. The applause will be for the Senate leadership, Mr. President, as they walk in.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Idaho [Mr. McCLURE]. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST] and the Senator from Alaska [Mr. STEVENS] are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 77, nays 21, as follows:

[Rollcall Vote No. 330 Leg.]

YEAS—77

Abdnor	Eagleton	Lugar
Andrews	Evans	Mathias
Baucus	Exon	Matsunaga
Bentsen	Ford	Mattingly
Biden	Glenn	Melcher
Bingaman	Gore	Metzenbaum
Boren	Gorton	Mitchell
Boschwitz	Grassley	Moynihan
Bradley	Harkin	Nunn
Bumpers	Hart	Packwood
Burdick	Hatch	Pell
Byrd	Hatfield	Pressler
Chafee	Hawkins	Pryor
Chiles	Heflin	Quayle
Cochran	Heinz	Riegle
Cohen	Hollings	Rockefeller
Cranston	Inouye	Sarbanes
D'Amato	Johnston	Sasser
Danforth	Kassebaum	Simon
DeConcini	Kasten	Simpson
Denton	Kennedy	Specter
Dixon	Kerry	Stafford
Dodd	Lautenberg	Stennis
Dole	Leahy	Weicker
Domenici	Levin	Wilson
Durenberger	Long	

NAYS—21

Armstrong	Laxalt	Rudman
Garn	McClure	Symms
Goldwater	McConnell	Thurmond
Gramm	Murkowski	Trible
Hecht	Nickles	Wallop
Helms	Proxmire	Warner
Humphrey	Roth	Zorinsky

NOT VOTING—2

East	Stevens

So the motion to lay on the table was agreed to.

Mr. COCHRAN. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. ZORINSKY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1094

Purpose: To require studies on the quality control system used for the food stamp program and to impose a temporary moratorium on the collection of penalties under such program. To provide for reconciliation pursuant to section 2 of the first concurrent resolution on the budget for fiscal year 1986 (S. Con. Res. 32, Ninety-ninth Congress)

Mr. EVANS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Washington [Mr. EVANS] for himself, Mr. DANFORTH, Mr. LEVIN, Mr. ROCKEFELLER, Mr. MATSUNAGA, Mr. D'AMATO, Mr. STEVENS, Mr. NUNN, Mr. RIEGLE, Mr. MOYNIHAN, Mr. LEAHY, Mr. MURKOWSKI, Mr. BINGAMAN, Mr. KERRY, Mr. SARBANES, Mr. DECONCINI, Mr. STAFFORD, Mr. BURDICK, Mr. HEINZ, Mr. HATFIELD, Mr. DURENBERGER, Mr. SPECTER, and Mr. INOUYE proposes an amendment numbered 1094.

Mr. EVANS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the amendment, insert:

On page 5, insert the following:

SEC. 1444. Quality control studies and penalty moratorium.

On page 278, after line 26, add the following new section:

QUALITY CONTROL STUDIES AND PENALTY MORATORIUM

SEC. 1444. (a)(1)(A) The Secretary of Agriculture (hereafter referred to in this section as the "Secretary") shall conduct a study of the quality control system used for the food stamp program established under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

(B) The study shall—

(i) examine how best to operate such system in order to obtain information that will allow the State agencies to improve the quality of administration; and

(ii) provide reasonable data on the basis of which Federal funding may be withheld for State agencies with excessive levels of erroneous payments.

(2)(A) The Secretary shall also contract with the National Academy of Sciences to conduct a concurrent independent study for the purpose described in paragraph (1).

(B) For purposes of such study, the Secretary shall provide to the National Academy of Sciences any relevant data available to the Secretary at the onset of the study and on an ongoing basis.

(3) Not later than 1 year after the date of enactment of this Act, the Secretary and the National Academy of Sciences shall report the results of their respective studies to the Congress.

(b)(1) During the 24-month period beginning with the first calendar quarter which begins after the date of enactment of this Act (hereafter in this section referred to as the "moratorium period"), the Secretary shall not impose any reduction in payments to State agencies pursuant to section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025).

(2) During the moratorium period, the Secretary and the state agencies shall continue to—

(A) operate the quality control systems in effect under the Food Stamp Act of 1977; and

(B) calculate error rates under section 16 of such Act.

(c)(1) Not later than 18 months after the date of enactment of this Act, the Secretary shall publish regulations that shall—

(A) restructure the quality control system used under the Food Stamp Act of 1977 to the extent the Secretary determines to be appropriate, taking into account the studies conducted under subsection (a); and

(B) establish, taking into account the studies conducted under subsection (a), criteria for adjusting the reductions that shall be made for quarters prior to the implementation of the restructured quality control system so as to eliminate reductions for those quarters that would not be required if the restructured quality control system had been in effect during those quarters.

(2) Beginning with the first calendar quarter after the moratorium period, the Secretary shall—

(A) implement the revised quality control system; and

(B) reduce payments to State agencies—

(i) for quarters after the moratorium period in accordance with there structured quality control system; and

(ii) for quarters in and before the moratorium period, as provided under the regulations described in paragraph (1)(B).".

Mr. EVANS. Mr. President, I shall take about 3 minutes because much of what we debated in the preceding amendment would apply to this amendment.

This amendment would simply be for the next 2 years——

Mr. DOLE. Mr. President, will the Senator yield?

Mr. EVANS. I yield to the majority leader.

Mr. DOLE. He said 3 minutes. I wonder if there might be agreement to say 5 minutes on each side.

Mr. EVANS. I am perfectly willing.

Mr. DOLE. Is that all right with the distinguished managers?

Mr. ZORINSKY. Yes.

Mr. COCHRAN. Yes.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Washington.

Mr. EVANS. Mr. President, I yield myself 3 minutes.

Mr. President, I shall be short. This amendment would put a moratorium on collection of sanctions under the Food Stamp Program for the next 2 years, and during that 2-year period, there would be a comprehensive and independent study on what ought to be the legitimate measure of error rates so that we all know with much more surety what we are talking about.

It would not eliminate, would not excuse, anyone from potential penalty. It would put a moratorium on for 2 years. The 3-year cost is zero, unless the study proved that the current 5-percent error-rate provision was inappropriate.

Mr. President, let me only refer to one thing that has not been referred to in this debate. And that is a similar program, a similar program where there is State money, substantial State money involved, which is run by the Federal Government—the reverse situation, absolutely the reverse situation. That is the SSI Program.

Mr. President, what does the Federal Government do as far as their errors are concerned in that program which uses State money?

Let me tell you what they do.

Since its inception in 1974, the Federal Government measured its own payment error rates in SSI with no opportunity for States to do any audit as to what was happening to their money. In 1979, Federal regulations established rules governing Federal fiscal liability above certain tolerance levels in SSI. However, in April 1984, HHS terminated Federal fiscal liability for SSI through regulation. HHS cited, in support of the new proposal, its success in administering SSI. HHS argued that termination would "promote more efficient and economical administration" because the cost of program administration, added to the cost of the quality assurance process, far exceeded the amount of Federal fiscal liability payments to States, except that the States have no way of auditing, no way of knowing precisely what the circumstance is.

Mr. President, I think this is a reasonable approach to get us out of this current difficulty we are in and if at the end of such a study a result comes back which sets the sanction rate at 5 percent or 4 percent or 9 percent, if it is done legitimately and independently I will be among the first of the Senators to support that result.

Mr. COCHRAN. Mr. President, I yield myself such time as I may consume.

Mr. President, I rise in opposition to the amendment of the Senator from Washington but I commend him for his efforts to try to move toward a careful review of this entire error-rate problem. It has continued over the past life of the Food Stamp Program to be a difficult matter to resolve.

In the Committee on Agriculture, Nutrition, and Forestry, we considered proposals such as that urged by the distinguished Senator from Idaho but we decided to adopt a 5-percent error-rate level at which level sanctions would be imposed upon those States which continue to sustain high rates of errors.

The distinguished Senator from Washington would go too far in the other direction we are afraid, and that is why we are hoping that the Senate will reject this amendment as well.

The committee has carefully reviewed it. We think this is the proper place for determining error rate sanctions.

Mr. BOSCHWITZ. Mr. President, I rise today in opposition to the provision in Senator EVANS' amendment that would place a 2-year moratorium on the collection of error rate sanctions from the States.

A moratorium sends the wrong signal to the States and ultimately threatens the integrity of the Food Stamp Program. A moratorium indicated to the States that the Federal Government is not serious about reducing the error rates in the Food Stamp Program and requiring the States to assist in that effort.

In 1982, under the leadership of Senator DOLE, we enacted a provision that required States to gradually lower their error rates. In fiscal year 1983 States were allowed to have an error rate at or below 9 percent, in fiscal year 1984, the States had to reduce their error rates to 7 percent, and in fiscal year 1985, the tolerated error rate was lowered to 5 percent. As of the date of the enactment of that reauthorization of the Food Stamp Act in 1982 the Federal Government put States on notice that we were serious about controlling errors and holding States accountable for error rates over 5 percent. The moratorium would have the effect of forgiving, at least temporarily, errors that were made as long as 4 years ago, at error rates over 9 percent, that States have known they were responsible for paying.

Besides losing the interest on that money during the 2 years, which the Federal Government can ill afford to lose, I am also concerned about the feasibility of that money ever being collected. If the States are telling us they can't afford to pay 1 year's sanctions, are they going to be able to pay 3 year's at once?

I am not arguing that we have in place a perfect error rate sanction and quality control system in the Food Stamp Program. In fact, we would be well advised to take Senator EVANS' suggestion of conducting a study of the system. But, I think a moratorium does nothing to improve the system and goes a long way toward threatening the integrity of the entire Food Stamp Program. Right or wrong, the Food Stamp Program has had the reputation of being fraught with errors, backing off on efforts to control those errors threatens the reputation and political support for the program.

A moratorium would not help one food stamp recipient. The only beneficiaries of this moratorium are State treasuries. In reality, every dollar issued in error is $1 less in benefits going to a deserving recipient. To the extent error rates rise, or do not fall, as a result of this amendment, food stamp recipients are losing food stamp benefits.

There may be some objection from the States to my implication that error rates will rise if there is a moratorium on sanctions. However, the clear signal to the States of a moratorium combined with a study of the error rate sanction system is that a more lenient system will be designed and the Federal Government is not serious about collecting error rate sanctions and States should not be concerned. A moratorium implies that the problems in the system are so serious that it's necessary to abandon all efforts to make the current system work for at least 2 years.

The argument has been made that this moratorium is necessary to treat the Food Stamp Program consistent with the way AFDC and Medicaid are treated in the reconciliation bill. Food stamps is a very different program from AFDC and Medicaid. The tolerated error rate in AFDC and Medicaid is only 3 percent, as opposed to 5 percent in food stamps. AFDC counts technical errors—like not having a recipient's Social Security number recorded—that do not result in overis-

suances, food stamps do not. Most significantly, food stamps is totally federally funded, any dollars issued in error are dollars out of the Federal Treasury. In contrast, in AFDC and Medicaid the States share the costs of the program and payments made in error represents money lost by the States. States have limited resources, to be pragmatic they will focus the State resources on lowering error rates where they feel the pinch, in Medicaid and AFDC.

In the Food Stamp Program, error rate sanctions are the only means we have of holding States accountable for errors where in Medicaid and AFDC they are held accountable for errors even during a moratorium on sanctions through the States cost-sharing of those programs.

Mr. DOLE. Mr. President, as chairman of the Nutrition Subcommittee, I rise in opposition to the amendment offered by the distinguished Senator from Washington [Mr. EVANS]. A similar amendment was tabled by a vote of 52 to 46 on the reconciliation bill, and I think this was a proper disposition of this issue. The effect of this amendment would be to undermine the error rate sanction system provisions for the Food Stamp Program. While the Senator from Washington argues that he is proposing his amendment in order to make policy consistent with AFDC and Medicaid, the Food Stamp Program issues should be evaluated in their own context.

The Senator from Kansas has no quarrel with the part of the amendment that would initiate a study of the quality control system. However, the 2-year moratorium on sanctions should be opposed. Issues related to the error rate sanction systems in the food stamp, AFDC and Medicaid programs are very different, and should be dealt with in their own individual program contexts.

LEGISLATIVE HISTORY OF ERROR RATE SANCTION SYSTEM

Mr. President, since the current error rate sanction system was proposed by the Senator from Kansas as chairman of the Nutrition Subcommittee, this Senator feels a great responsibility to see that it is working effectively. There have been attempts along the way to lower the targets, which this Senator has consistently opposed as unrealistic. I believe that what we now have is an equitable system that is having positive results in States' efforts to improve their program administration.

When the current food stamp error rate sanction system was developed back in 1982, we took into consideration most of the recommendations offered by the Governors, program administrators, and certain advocacy groups. The system was designed to address the legitimate concerns of the Governors, State program administrators, Congressional Budget Office, bipartisan members of the Senate Agriculture Committee, and certain advocacy groups—all of whom were represented and actively involved in the process.

Recognizing that error rate targets lower than 5 percent would be unrealist for a program such as food stamps, when error rates for SSI, a completely federally administered program, were around 4 percent, we tried to make it easy for the States to improve their program administration by phasing in 9- 7- 5-percent targets over a 3-year fiscal period. Those States with unusually high error rates were allowed to come one-third of the way to the 5-percent target the first year, and two-thirds of the way toward the 5-percent the second year. The eventual 5-percent target was something to which the States had plenty of time to adjust.

This system was specifically designed to give States time to adjust, in recognition of the special problems States might encounter in reducing errors—given the widely varying caseload—and to account for any uncertainties in the quality control measurement system. It is simply not good policy to suspend collection of sanctions for error rates in excess of the carefully crafted thresholds adopted in 1982.

CURRENT SANCTIONS

Under the post-1982 system, States avoid sanctions if their error rate was under 9 percent in fiscal year 1983, under 7 percent in fiscal year 1984, or under 5 percent in fiscal year 1985 and thereafter. In addition, even if their error rates were above the interim targets of 9 and 7 percent for 1983 and 1984, sanctions are not charged if the State has reduced its error rate annually by one-third of the difference between its 1981 error rate and the eventual 5-percent goal.

SANCTIONS NOT HEAVY HANDED

Further, instead of implementing dollar-for-dollar sanctions, the actual sanctions constituted a percentage of administrative funds. Our intent was to give the States an incentive to improve their performance without making the task impossible or the sanctions overly heavy handed. In other words, there was a delicate balancing point, and we tried to achieve that balance based on the input of those groups most affected by the outcome. We listened to those directly concerned with the impact of the food stamp error rate sanction system, and we addressed their concerns at the time. If sanctions are being levied now, it is because the system is achieving results, as they said it would.

MORATORIUM APPLIES TO 9 PERCENT TARGET PERIOD

One of the reasons the Senator from Kansas objects to this amendment so strongly, after having done our best to incorporate the recommendations and address the concerns of those most involved, is that the 2-year moratorium period in question would apply to the time when error rate targets were 9 percent or higher. We feel such a moratorium is unnecessary for this program. Unlike AFDC and Medicaid whose error rate targets are 3 percent, the food stamp targets reflected a sincere attempt to be both fair and realistic at a time when the administration and others were advocating error rates of 3 percent or lower.

DIFFERENT SANCTION SYSTEMS

As I have previously stated, the food stamp quality control fiscal sanction rules are structured very differently from those in the AFDC Program, and, because of that, the moratorium approved for AFDC sanctions should not be extended to the Food Stamp Program. The proposed moratorium would bar collection of any food stamp quality control fiscal sanction for 2 years. This would mean that amounts owed by States for error rates in excess of thresholds that were purposefully designed to be substantially more liberal than those in the AFDC Program need not be paid for at least 2 years. While it might make sense to impose a moratorium in the case of AFDC, given its very stringent error-rate threshold, it would not for food stamps.

Beginning with fiscal year 1984, States have been liable for errors in excess of 3 percent of their payments under AFDC rules. Prior to that, they were liable for errors in excess of 4 percent. Both thresholds are much more stringent than any food stamp threshold, now or in the past.

In the Food Stamp Program, States were liable for errors in excess of the national average error rate through fiscal year 1982. This means that, in fiscal years 1981 and 1982, they were liable only to the extent their error rates were above 10 percent. And, even these sanctions were waived by the Federal Government in recognition of the efforts made to reduce errors.

Since 1982, States have been liable for errors to the extent they did not make substantial progress toward an eventual goal of 5 percent.

QUALITY CONTROL SYSTEM

Mr. President, the food stamp quality control sanction system takes a long time to collect, review, and evaluate the necessary data, to give States the time to question Federal interpretations and appeal Federal decisions, and to assess the appropriate sanction. The time needed for this process is up to 2 years. As a result, States will probably not be assessed sanctions under the most stringent of the food stamp error-rate thresholds—5 percent for 1985—until sometime late in 1987, if not later. This is approximately equal

to the time contemplated by the proposed 2-year moratorium. In effect, the moratorium will only be suspending collection of sanctions based on the most liberal food stamp error-rate thresholds.

A study of the food stamp quality control system is, of course, advisable in order to ensure that, when sanctions under the final, more stringent, 5-percent threshold rule are imposed, they reflect the most accurate error-rate measurements possible. However, a study could be completed and necessary adjustments made within the next 2 years, without a moratorium, and without exposing States to sanctions for anything except errors in excess of the interim error-rate reduction standards—9 percent for 1983, 7 percent for 1984, or lack of a one-third annual reduction.

FOOD STAMPS TOTALLY FEDERALLY FUNDED

Once again, there are significant differences in the error rate sanction systems of the three programs in question. While States invest 50 percent of their own money in AFDC and Medicaid benefits, food stamp benefits are totally federally funded. This means that, during a moratorium on error rate sanctions in Medicaid and AFDC, States still risk financial losses for errors. A moratorium on food stamp sanctions completely takes States off the hook for 2 years.

Although States are responsible for the administration of the Food Stamp Program, they have been reluctant to apply their own resources to improve program administration. Apparently, a contributing factor in the States' inaction is that food stamp benefits are totally federally funded. Therefore, for years prior to the sanction system, States had little incentive to strengthen their administrative procedures in the Food Stamp Program, because no loss of State funds was involved.

DIFFERENCES IN FOOD STAMPS, AFDC, AND MEDICAID

Mr. President, a 2-year moratorium on sanctions in the Food Stamp Program in order to be consistent with the moratorium proposed for AFDC and Medicaid sanctions makes little sense. In effect, it is a prejudgment that the food stamp quality control system has flaws similar to those in the AFDC and Medicaid systems, although the programs are very different. The Food Stamp Program is one in which States administer federally established, nationally uniform rules, with the Federal Government paying all benefit costs, including the cost of erroneous benefits.

The AFDC and Medicaid Programs are Federal/State programs where the Federal Government sets general guidelines. There is substantial variation among the States in administrative practices and basic eligibility and benefit rules; the Federal Government pays only about 55 percent of benefit costs. This means that the substantial differences in interpretation that can arise in the AFDC and Medicaid Programs—which might argue for a moratorium and review of their quality control systems—are much less likely to be present in the Food Stamp Program.

ERROR RATE PROGRESS

Much progress has been made in reducing State overissuance error rates since the implementation of the Dole sanction system. This year's reconciliation bill contains a further strengthening of this system to provide slightly higher sanctions for States that continue to have unacceptably high error rates.

FISCAL CONDITION OF THE STATES

The contention has been made that States will have to pay significant sanctions; many Governors complain that their States cannot afford the sanctions. The Senator from Kansas wishes to make clear that it is not the goal of the error-rate sanction system to require heavyhanded payments to the Federal Government. Rather, it was the intent that States invest in better management practices to achieve greater accountability in their administration of the Food Stamp Program.

Only if certain States fail to take such corrective action will sanctions actually be levied by the Federal Government. Based on the comparative financial conditions of the States—many of which have significant budget surpluses—and the Federal Government, which has ongoing massive deficits, it seems clear that the States can afford to invest in improved administrative techniques, or pay for part of the cost of overissuances. Currently, the Federal Government absorbs the cost of overissuances, which consistently total about $900 million annually, only a part of which is recovered through the error-rate sanction system.

WRONG SIGNAL TO STATES

The food stamp quality control system—including sanctions against States—should be studied for any flaws since its statistical methodology and certain other features are similar to those in the AFDC and Medicaid Programs. In this, the proposed amendment has merit. However, calling for a moratorium simply for consistency's sake, without any other substantive evidence of major problems and no committee consideration of this issue, would not be advisable and would send the wrong signal to the States.

Further, the moratorium proposed by the amendment would extend to sanctions for erroneous payments made as long as 4 years ago, at a time when the level of erroneous payment permitted before imposition of a sanction was much higher than the current 5 percent "tolerance level." This moratorium would apply to the time period when the error rate target was 9 percent—not an unreasonable goal.

Any proposal to weaken the error rate sanction system would seriously discourage good program management, and I urge my colleagues to reject this type of amendment. The error rate sanction issues as they relate to the Food Stamp Program differ from the AFDC and Medicaid Programs and should be dealt with in their own context. I urge my colleagues to vote against this amendment.

COMPARISON WITH PROVISION IN RECONCILIATION BILL

The reconciliation provisions on sanctions against States for high rates of erroneous benefit payments in the Food Stamp Program are not necessarily more punitive than under current law.

While the provisions might increase sanctions in many States that fail to substantially reduce errors, in other States sanctions may actually be reduced.

In reality, the reconciliation recommendations provide for a more equitable basis for assessing sanctions than under current law and are much more consistent with the sanction system under the AFDC Program than is now the case.

At present, the amount of a State's fiscal sanction is based on how much it spends on administering the program, that is, the sanctions are assessed as a percentage of the Federal share of a State's administrative costs. This means that two States with exactly the same error rate and exactly the same benefit payout—that is, exactly the same extent of erroneously paid benefits—can have very different fiscal sanctions applied to them if their spending on administration differs.

States spending the most to improve administration are penalized the most. Under the reconciliation provision, the sanctions would be based, more realistically, on the actual amount of erroneously paid benefits, which is a much more equitable way of assessing penalties. This method is also more consistent with the way sanctions are based in the AFDC Program.

Mr. COCHRAN. Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER (Mr. SYMMS). Who yields time?

Mr. BOSCHWITZ. Will the Senator from Mississippi yield me time?

Mr. COCHRAN. How much time does this Senator have remaining?

The PRESIDING OFFICER. The Senator has 3 minutes remaining.

Mr. COCHRAN. Mr. President, I yield 2 minutes to the distinguished Senator from Minnesota.

Mr. BOSCHWITZ. I thank my colleague.

I say to my colleagues that I opposed the amendment of the Senator from Idaho because it was too stringent an amendment to go down to a 3-percent error rate. However, the committee did go down to a 5-percent error rate and imposed sanctions above that changing the sanctions and making the sanctions more severe.

I think that the committee really has acted wisely.

Now my friend from Washington wants to move in the other direction. By having a moratorium really on any type of penalty for a couple of years is really saying to the State it is not important to continue a very healthy trend in lowering error rates that have continued now for a dozen years.

Error rates began at 16 percent and nationally now are down to 8.3 percent. We want to get them down still further. To do what my friend from Idaho suggested to impose sanctions above 3 percent is indeed too severe but to impose sanctions above 5 percent, and mind you to share it—the State does not pay the entirety of it but the Federal does as well—but to impose sanctions above 5 percent is an important thing to do.

Food stamps is the largest program in the Government where the States entirely administer the program so that all of the money really comes from the Federal except some of the administration money and that is a small part of the whole.

I think we have done the reasonable and prudent thing and that we should continue to press on in reducing error rates and not allow that flow toward the lower error rate number to be abated.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BOSCHWITZ. Thank you.

The PRESIDING OFFICER. Who yields time?

Mr. EVANS. Mr. President, how much time is remaining on each side?

The PRESIDING OFFICER. The Senator from Washington has 3 minutes; the Senator from Mississippi has 1 minute.

Who yields time?

Mr. EVANS. Mr. President, I yield myself such time as I may need.

Mr. President, I have no desire to extend this.

Let me just say very briefly, 46 States of the Union today are under sanction. Those sanctions are multimillion-dollar sanctions.

Where do you think that money is going to come from? It is going to come out of the Health and Human Services Department of the various States. And where do you think that will hurt? It will hurt the elderly, the sick, the poor. That is the only place that money can and will come from.

When you have any sanction program where 46 out of the 50 States are being penalized it is broke and it is time to fix it.

I believe it is time to fix it by putting a moratorium on. I must disagree with my good colleague from Minnesota. No one, certainly not this Senator, is suggesting that we necessarily increase the allowable error rates above 5 percent. All I am suggesting is, let us find out what it ought to be, and no one, no one to this date, has done a legitimate independent study to determine that fact.

The PRESIDING OFFICER. Who yields time?

Mr. EVANS. I yield back my remaining time.

The PRESIDING OFFICER. Is all time yielded back?

Mr. COCHRAN. I yield back the balance of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on the amendment.

Mr. COCHRAN. Mr. President, I move to table the amendment and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Mississippi [Mr. COCHRAN] to table the amendment of the Senator from Washington [Mr. EVANS]. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST], the Senator from Indiana [Mr. QUAYLE], and the Senator from Connecticut [Mr. WEICKER] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Florida [Mr. CHILES], the Senator from Colorado [Mr. HART], the Senator from Louisiana [Mr. LONG], and the Senator from Mississippi [Mr. STENNIS] are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 39, nays 54, as follows:

[Rollcall Vote No. 331 Leg.]

YEAS—39

Armstrong	Grassley	Nickles
Bentsen	Hawkins	Pressler
Boren	Hecht	Proxmire
Boschwitz	Helms	Roth
Chafee	Humphrey	Rudman
Cochran	Johnston	Simpson
Cohen	Kasten	Symms
Danforth	Laxalt	Thurmond
Denton	Lugar	Trible
Dole	Mattingly	Wallop
Domenici	McClure	Warner
Garn	McConnell	Wilson
Gramm	Meicher	Zorinsky

NAYS—54

Abdnor	Ford	Mathias
Andrews	Glenn	Matsunaga
Baucus	Goldwater	Metzenbaum
Biden	Gore	Mitchell
Bingaman	Gorton	Moynihan
Bradley	Harkin	Murkowski
Bumpers	Hatch	Nunn
Burdick	Hatfield	Packwood
Byrd	Heflin	Pell
Cranston	Heinz	Pryor
D'Amato	Hollings	Riegle
DeConcini	Inouye	Rockefeller
Dixon	Kassebaum	Sarbanes
Dodd	Kennedy	Sasser
Durenberger	Kerry	Simon
Eagleton	Lautenberg	Specter
Evans	Leahy	Stafford
Exon	Levin	Stevens

NOT VOTING—7

Chiles	Long	Weicker
East	Quayle	
Hart	Stennis	

So the motion to lay on the table amendment No. 1094 was rejected.

Mr. DOLE. I move to reconsider the vote by which the motion to lay on the table was rejected.

Mr. EVANS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1094) was agreed to.

Mr. DOLE. I move to reconsider the vote by which the amendment was agreed to.

Mr. EVANS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. DOLE. Mr. President, if the Senator will yield, let me indicate again we will have a recess from 7:30 to 8:30. We will meet here at 8:30 to go over to the House in a group. We will then recess until approximately 9:45. At that time, it is my hope that we will have a list of the amendments that we can reach a time agreement on. If we can do that and if it is a rather lengthy list, I would prefer to start early in the morning rather than to stay here all night and tomorrow morning. I will have to check with the managers as to their desires.

As I understand, the distinguished minority leader can soon provide us with a list.

Mr. PRYOR. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. DOLE. Maybe we will have an opportunity to go over that list in the time between 8:30 and the time we come back and at that time propound a unanimous-consent agreement that will lock in all amendments to the bill, though not final passage. If that can be done, if it is satisfactory to the

managers, probably getting it done around 10:30, we could postpone further action until tomorrow morning. I do not have the list yet. I do not know how many amendments there are. I do not know what the time request would be on either side. I indicate that to my colleagues so they will know the circumstances.

Mr. CRANSTON. Will the Senator yield for a question?

Mr. DOLE. Yes.

Mr. CRANSTON. It being 7:13, can we assume no more rollcalls until after the recess?

Mr. DOLE. I understand there are some noncontroversial amendments.

Mr. CRANSTON. Does that mean no further rollcall votes until we return from the other Chamber?

Mr. DOLE. That is correct.

The PRESIDING OFFICER. The Senator from Iowa has the floor.

Mr. BYRD. Mr. President, I ask if the distinguished majority leader will yield. He has the floor.

Mr. DOLE. I yield.

Mr. BYRD. In any event, and no disrespect meant to the distinguished Senator from Iowa, in response to the statement of the distinguished majority leader of a moment ago, I asked my staff early on to try to determine what Senator on our side would want to call up amendments, the identity of the amendments and the time limitation on each amendment if such author would be willing to enter a time agreement.

I think I am prepared at this moment, or very shortly, to seek agreement on, I would say, approximately 30 amendments which I have in my hand. On most of these, the time limitations would be of rather short duration. If the distinguished majority leader would like to see this list in privacy, he can proceed, or if he would wish me to hand it to him and let him proceed to get the agreements, I will be glad to cooperate either way.

Mr. DOLE. I think it might be better if I could have an opportunity to review the list and also discuss it with the chairman, who is not available right now. Maybe when we return from the joint session, we could propound some requests. I do not know what is in the suggested list yet. I think it would be better if I have a chance to look at it.

Mr. BYRD. I believe the distinguished majority leader, when he sees it, may wish to proceed on it before the Senate recesses for the joint session. There may be other amendments which he may have to clear on his side.

Mr. PRYOR. If the minority leader will yield, if I am not mistaken—I do not have an amendment to offer—there may be most of those amendments on the minority leader's list that will not require a rollcall vote and could be accepted. So it may not be as bad as it may seem.

Mr. DOLE. It may be that the minority leader is correct. This would tend to grow if not acted upon. It might be in my interest and in the interests of everyone if I took a look while the distinguished Senator from Iowa is offering his amendment.

AMENDMENT NO. 1095

(Purpose: To authorize loans on silage corn in the case of producers who participate in the set-aside program)

Mr. GRASSLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Iowa [Mr. GRASSLEY], proposes an amendment numbered 1095.

Mr. GRASSLEY. I ask unanimous consent that further reading of an amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, add the following:

On page 459, between lines 18 and 19, insert the following new section:

PRICE SUPPORT FOR CORN SILAGE

SEC. . (a) Notwithstanding any other provision of law, effective only for each of the 1986 through 1989 crops of feed grains, the Secretary of Agriculture may make available loans and purchases, as provided in this section, to producers on a farm who—

(1) for silage—

(A) cut corn (including mutilated corn) that the producers have produced in such crop year; or

(B) purchase or exchange corn (including mutilated corn) that has been produced in such crop year by another producer (including a producer that is not participating in a set-aside program for such crop established by the Secretary); and

(2) participate in a set-aside program for such crop of wheat established by the Secretary.

(b) Such loans and purchases may be made on a quantity of corn of the same crop, other than the corn obtained for silage, acquired by the producer equivalent to a quantity determined by multiplying—

(1) the acreage of corn obtained for silage; by

(2) the lower of the farm program payment yield or the actual yield on a field, as determined by the Secretary, that is similar to the field from which such silage was obtained.

Mr. GRASSLEY. Mr. President, the amendment I am offering will authorize the Secretary of Agriculture to make loans on silage corn. This option has been in the farm program since 1984. To date the Secretary of Agriculture has not used this option but that does not mean this option should not be available. Today the farmer who produces for silage has no protection from free falling prices. This amendment offers at least the option to protect these farmers.

This amendment will change the present program only slightly. First, it allows farmers to be eligible for loans on mutilated corn.

Second, this amendment allows for farmers to substitute purchased corn for processed corn. In addition, a farmer would be allowed to exchange corn the farmer has produced on a nonparticipating farm and still be eligible for a loan, if he is participating in the set-aside program on the farm the silage is produced on.

As most Senators are aware, our farm programs discriminate against livestock producers. For this reason under this provision farmers who have participated in the set-aside program will be allowed to use corn for loans that they have produced on farms not in the program. In many cases farmers cut silage because of the convenient location of the field. Since many farmers rotate from field to field it is important that this program is flexible for farmers whose storage facility is close to a given field. Many of the farmers who would need this program are livestock farmers, therefore it only makes sense not to exclude them from this option, should the Secretary decide to implement it.

We in Congress should be aware of the plight of our livestock farmers. Prices have dropped dramatically over the last few months and that means a loss in income to a cattle or hog producer. These farmers have no program and no protection from the changing winds of the free market. This amendment takes a small step toward helping these farmers. I not only urge my colleagues to accept it but I also urge the Secretary to implement it whenever possible to help these producers through these tough times.

Mr. President, it is my understanding that this amendment has been accepted by both sides and I urge for its immediate consideration.

Mr. HELMS. Mr. President, the amendment would provide authority for the Secretary of Agriculture to make commodity loans available to producers who cut their crop for livestock feed in the form of what is known as silage.

Am I correct in my understanding that these loans would be discretionary on the part of the Secretary?

I ask that question because there are some very serious issues involved in making these loans.

First, one of the principal features of these commodity loans is that they are "nonrecourse" in nature. What that means is that if the producer does not wish to repay the loans, he or she may simply call USDA and say "you can have the stuff" regardless of what it is worth.

That is bad enough—I do not know of any other institution that would lend money that way. However,

making loans on silage is a particular problem.

Silage is stored in special facilities in the form of a kind of moist mulch that is fermenting. It makes excellent cattle feed.

It, on the other hand, is not easy to move and not good for much of anything else. Frankly, it is useless to anyone who is not in the cattle feeding business and unlikely that USDA could ever take over forfeited silage.

Second, commodity loans are based on the actual number of bushels for which there is collateral. It is very difficult to determine just how much grain is in a pile of silage. This is because the stocks and leaves of the entire plant are mixed in with the grain from the ear of corn.

The USDA would be guessing on how much to loan the producer.

Mr. President, with the understanding that these loans would be discretionary the majority can accept the amendment.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agreeing to the amendment.

Mr. BYRD. Mr. President, could we hear from the manager on this side?

The PRESIDING OFFICER. Is there further debate?

Mr. ZORINSKY. Mr. President, we have examined the amendment and we are prepared to accept the amendment. We recommend its adoption.

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to the amendment.

The amendment (No. 1095) was agreed to.

Mr. GRASSLEY. I move to reconsider the vote by which the amendment was agreed to.

Mr. ZORINSKY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1096

(Purpose: To require the Comptroller General to conduct a study of labeling and sanitation standards for the importation of agricultural commodities)

Mr. GRASSLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Iowa [Mr. GRASSLEY] proposes an amendment numbered 1096.

Mr. GRASSLEY. I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, add the following:

On page 459, between lines 18 and 19, insert the following new section:

STUDY OF LABELING AND SANITATION STANDARDS FOR IMPORTATION OF AGRICULTURAL COMMODITIES

SEC. . (a)(1) The Comptroller General of the United States shall conduct a study of product purity and inspection requirements and regulations of the Secretary of Health and Human Services and the Secretary of Agriculture in effect on the date of enactment of this Act for imported agricultural commodities and the products thereof.

(2) The study shall include—

(A) an evaluation of the effectiveness of requirements and regulations referred to in paragraph (1) in detecting—

(i) prohibited chemical residues and foreign matter in or on food or raw agricultural commodities in processed or unprocessed form; and

(ii) in imported live animals chemicals and chemical residues the use of which is prohibited in the production of domestic live animals; and (B) recommendations on—

(i) the feasibility of requiring that quality control reports relating to product purity and inspection procedures be submitted from processing plants certified by the Secretary of Agriculture as eligible to export meat and meat food products to the United States; and

(ii) the adequacy of requiring the Secretary of Health and Human Services and the Secretary of Agriculture to prescribe and enforce food sanitation requirements and chemical and chemical residue standards for imported agricultural commodities and the products thereof.

(b) The study shall also include an evaluation of the feasibility of requiring—

(1) all imported meat and meat food products, agricultural commodities, and the products thereof to bear a label stating the country of origin of such commodities and products; and

(2) any person owning or operating an eating establishment that serves any meat or meat food product required to be marked or labeled under paragraph (1) or (2) of section 7(c) of the Federal Meat Inspection Act (21 U.S.C. 607(c) (1) or (2)) to inform individuals purchasing food from such establishment that meat or meat food products served at the establishment may be imported articles—

(A) by displaying a sign indicating that imported meat is served in such establishment; or

(B) by providing the information specified in paragraph (1) of such section 7(c) on the menus offered to such individuals.

(c) Not later than 1 year after the date of enactment of this Act, the Comptroller General shall submit the results of the study required under this section to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

Mr. GRASSLEY. Mr. President, the amendment I have offered has been cleared on both the Republican and the Democratic sides.

It will help to answer some serious questions about the safety of imported meat and other agricultural products. This amendment will require the Comptroller General of the United States to conduct a study of the Department of Health and Human Services and Department of Agriculture. The study will zero in on product purity and inspection requirements and regulations currently in effect for imported food products and agricultural commodities. The study shall evaluate the effectiveness of Federal regulations and inspection procedures to detect prohibited chemical residues and foreign matter in or on food or raw agricultural commodities in processed or unprocessed form.

For years questions have been raised regarding the proper inspection of foreign agricultural products and particularly imported meats. The American consumer demands and deserves a sanitary, wholesome and pure food supply. The purpose of this amendment is to determine whether or not imported products are subject to inspection standards which ensure safe consumption by the American consumer. We must assure the consumer that imported products are handled in a sanitary manner and are held to high standards of wholesomeness. We must realize that the consumer does not necessarily differentiate between domestic and imported products, especially meat products. Therefore, quality problems, will damage our domestic producers at least as much as foreign producers.

Another purpose of this amendment is to ensure that no meat or meat products are imported from countries where animal drugs, feed additives, or other livestock and agricultural chemicals are used, which are disallowed in the United States. It only makes sense to develop procedures which detect and exclude chemicals in live and processed meats which are alleged to have harmful properties. Why should we prevent our domestic producers from using a chemical and then turn around and import that same dangerous chemical in agricultural products? We must take steps to protect against this practice.

I constantly hear concerns from constituents that imported meat is low quality or even dangerous. The purpose of this amendment is to either lay their concerns to rest or establish a base of information for future legislation. This is the least we can do when the health of our citizens are at stake.

I know that many groups have concerns about the labeling of imported meats because these meats are so intermingled with our domestic meats. This amendment will not require the labeling of imported meats but it does initiate a feasibility study to investigate the possibilities of implementing such a proposal. Groups who recognize the interrelationship between domestic and foreign meats should endorse this proposal because it will help to protect against unwarranted food scares.

This amendment is a good first step toward clearing up some of the misconceptions about our Nation's food

supply. Therefore, I encourage all my colleagues to support this legislation and work toward gaining stability in a very important sector of our economy.

Mr. BOSCHWITZ. Mr. President, the amendment is acceptable on this side.

Mr. ZORINSKY. Mr. President, I support the amendment offered by Senator GRASSLEY to require the Comptroller General to conduct a study of labeling and sanitation standards for the importation of agricultural commodities.

I realize that Members of the Senate and House are concerned about the standards used in allowing imported meat into this country. Since this issue has been raised on a number of occasions, I believe that a study is in order and would be helpful toward reaching a final determination.

I urge the passage of this amendment.

The PRESIDING OFFICER. Is there further debate? The question is on agreeing to the amendment.

The amendment (No. 1096) was agreed to.

Mr. GRASSLEY. I move to reconsider the vote by which the amendment was agreed to.

Mr. ZORINSKY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GRASSLEY. Mr. President, I want to thank the managers on the Republican and the Democratic side for helping move these amendments along.

Mr. BOSCHWITZ. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MELCHER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1097

(Purpose: To provide for pilot programs under which the Secretary of Agriculture would barter surplus agricultural commodities in exchange for strategic materials)

Mr. MELCHER. Mr. President, I have a couple of amendments which I think are acceptable.

I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from Montana [Mr. MELCHER] proposes an amendment numbered 1097.

Mr. MELCHER. Mr. President, I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, add the following at the appropriate place in the bill, add a new section as follows:

PILOT BARTER PROGRAM FOR EXCHANGE OF AGRICULTURAL COMMODITIES FOR STRATEGIC MATERIALS

SEC. . Section 416 of the Agricultural Act of 1949 is amended by adding at the end thereof a new subsection as follows:

(e)(1) the Secretary shall establish and carry out a pilot program under which strategic or other materials that the United States does not produce domestically in amounts sufficient for its requirements and for which national stockpile or reserve goals established by law are unmet shall be acquired in exchange for commodities meeting the criteria specified in subsection (a).

(2) The program established under paragraph (1) shall be carried out through agreements with at least two countries.

(3) In establishing the pilot program under paragraph (2), the Secretary shall give priority to—

(A) the acquistion of materials that involve less risk of loss through deterioration and have lower storage costs than the agricultural commodities or products for which they are exchanged; and

(B) nations with food and currency reserve shortages.

(4) To the extent practical, the Secretary shall use private channels of commerce to consumate any exchange of commodities for materials under the program.

(5) Any material acquired under the programs shall be held by the Commodity Credit Corporation and may be transferred, on a reimbursable basis, to any Department or agency of the United States that has responsibility for any reserve or other need for the material. Any material acquired, in excess of any required reserve, may be sold be the Corporation to the extent authorized by the Secretary taking into consideration any effect that such sale may have on the commercial market of such material.

(6) The program established by the Secretary shall be carried out during the fiscal years ending September 30, 1986, and September 30, 1987, and the Secretary shall submit a report to Congress, not later than 60 days after the end of each such fiscal year with respect to the operation of the program.

Mr. MELCHER. Mr. President, this amendment would provide a pilot project under section 416, using our commodities to be bartered to friendly countries for strategic materials. It is an amendment that the House considered and accepted. I reviewed it after that event and it found favor with me. It is suggested as a good amendment to be added to this bill.

The PRESIDING OFFICER. Is there further debate?

Mr. BOSCHWITZ. Mr. President, I suggest the absence of a quorum while we review the amendment.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MELCHER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

NCP AND BONUS COMMODITIES

Mr. MELCHER. Mr. President, while the majority side is reviewing the amendment, I wish to discuss another aspect of the bill that is before us on a different subject.

I am very pleased that the bill before us contains both a continuation of the National Commodity Processing Program as well as an amendment that would expand the bonus commodity program to include wheat and wheat products, in addition to dairy and other items. The NCP Program has, in my opinion, worked well. It has extended the benefits of processing to all schools throughout the country as well as to other nonschool eligible recipient agencies that were not previously benefiting from the program.

It is my intention, as the author of these amendments, that the two provisions work together. All commodities that the Secretary has in such quantities that they are not likely to be sold by the Commodity Credit Corporation or otherwise used would be "bonus" commodities under section 1114 of the Agriculture and Food Act of 1981, as amended by the Agriculture, Food, Trade and Conservation Act of 1985. In short, wheat along with cheese, would be eligible for processing under the National Commodity Processing Program.

Working together these two sections of law have the ability to increase the consumption of commodities held by the CCC. NCP has worked well with dairy products and I am pleased that this legislation will extend that program to wheat and other bonus food items.

Mr. President, I ask the majority side if they have reviewed the amendment, No. 1097.

Mr. BOSCHWITZ. We have reviewed the amendment that the Senator has submitted and we have no objection to it.

Mr. HELMS. Mr. President, the Senator from Montana's amendment would force the Secretary of Agriculture to carry out two barter agreements by the end of 1987.

The amendment is modest. It does not specify any dollar amount, what products are bartered, or what countries are to be bartered with.

However, it has the same problems most barter proposals have.

As one Agriculture Committee witness stated:

3000 years ago the Phoenicians invented money, and that was an improvement over the barter method of exchange that had been previously used. I think that was a great forward stride, and I do not think that a return to the pre-3000 year ago method is a very good method. Money is a wonderful institution and it does not depend on what barter depends on, which is the simultaneous existence of demand for the two commodities involved.—(Dr. Don Paarlberg, March 12, 1985)

The words of our witness are instructive because this amendment has no provision for the Commodity Credit Corporation to be reimbursed for these barter transactions other than the hope that some other agency wanted whatever USDA bartered for or USDA were somehow to sell the products on the market.

The likelihood of either event happening is slim and therefore you end up with USDA holding bauxite, zinc, or something else for which they have no earthly need.

However, since it is a modest proposal, I support the amendment.

The PRESIDING OFFICER. Is there further debate?

Mr. ZORINSKY. Mr. President, we have examined the amendment and are prepared to accept it.

The PRESIDING OFFICER. Is there further debate? The question is on agreeing to the amendment.

The amendment (No. 1097) was agreed to.

Mr. BOSCHWITZ. I move to reconsider the vote by which the amendment was agreed to.

Mr. ZORINSKY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1098

Mr. MELCHER. Mr. President, I have another amendment which I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Montana [Mr. MELCHER] proposes an amendment numbered 1098.

Mr. MELCHER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment insert the following:

At the appropriate place in the bill, insert the following new section:

SEC. . (a) The Secretary of Agriculture may furnish commodities eligible for distribution under section 416(b) of the Agricultural Act of 1949 in connection with (1) concessional sales agreements entered into under Title I of the Agricultural Trade Development Act of 1954 or other statutes, or (2) agricultural export bonus or promotion programs carried out under the Commodity Credit Corporation Charter Act or other statutes.

(b) Eligible commodities may be furnished by the Secretary under this section in connection with agreements by recipient countries to acquire additional agricultural commodities from the United States through commercial arrangements.

(c) The amount of any commodity furnished under this section in any fiscal year shall not be considered for the purpose of determining whether the requirements of section 416(b)(10)(A) of the agricultural Act of 1949 has been met during such fiscal year.

Mr. MELCHER. Mr. President, this amendment was offered and briefly discussed in the committee while we were marking up the bill. It was rejected by a very narrow margin. I think it was 9-7 or 9-8 or 8-7, or something like that, one or two votes difference. I told the committee then that I thought it was a worthwhile amendment and would again offer it after there was a chance to review it from all aspects.

What the amendment seeks to do is provide under section 416, which is one of the commodity donation programs that we have under farm law—this amendment would make a combination of both the donated product to a country—it has to be a friendly country— and the sale of a commodity that is surplus to our country from commercial sources be dovetailed together. This is no more or no less than what many countries do and what we do not do enough of. While we have a lot of food aid, we do not attempt, or did not up until now, to tie the two together. There is a necessity to do so.

Some countries' economic situation is such that they find it difficult to pay the full world price for commodities. In many instances, we donate the commodity to them under 416 or under Public Law 480, title 1 or title 2. Title 1 would be a concessionary sale.

Then that is separated or segregated from a commercial sale. This amendment would seek to give the discretion to the Secretary to bargain to tie the two together. It is not mandatory. It is only discretionary. It is something that I believe would be worth trying.

We have discussed the amendment with the Department. They seem to find wonderment that they would ever use it. I suggest that if it is in the statute—and this is a 4-year farm bill—perhaps during that time they would find some basis for using it and would tie together with the commercial sale. Commercial commodity sales would like the amendment.

Mr. BOSCHWITZ. Will the Senator yield?

Mr. MELCHER. Yes, I am delighted to yield.

Mr. BOSCHWITZ. As the Senator knows, this side of the aisle is not going to be able to accept that amendment. As the Senator may also know, the majority leader announced that at 7:30 we would recess, and I would like to put the Senate into recess at this time.

Mr. MELCHER. Did the manager of the bill state the majority could not accept it?

Mr. BOSCHWITZ. That is correct.

Mr. MELCHER. It is a good amendment. Perhaps we ought to debate it when we get back, or discuss it anyway when we get back.

Mr. BOSCHWITZ. For the information of all Senators, the Senate will proceed as a body to the Hall of the House of Representatives at 8:40 p.m. this evening for a joint session. Therefore, Senators are asked to assemble in the Senate Chamber no later than 8:30 p.m. Also, it is anticipated that the Senate will be ready to resume the farm bill possibly as early as 9:30 this evening following the joint session, and votes can be expected into the night.

RECESS UNTIL 8:30 P.M.

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that the Senate stand in recess until 8:30 p.m.

There being no objection, the Senate, at 7:32 p.m., recessed until 8:30 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. WILSON].

Mr. MATTINGLY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SIMPSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

JOINT SESSION OF THE TWO HOUSES—ADDRESS BY THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 99-131)

Mr. SIMPSON. Mr. President, I ask unanimous consent that the Senate stand in recess, subject to the call of the Chair, so that, in accordance with the previous order, Senators may proceed to the Hall of the House of Representatives for the joint session.

The PRESIDING OFFICER. Without objection, it is so ordered.

Thereupon, at 8:38 p.m., the Senate, preceded by the Deputy Sergeant at Arms, Trudi Morrison; the Secretary of the Senate, Jo-Anne L. Coe; and the President pro tempore [Mr. THURMOND], proceeded to the Hall of the House of Representatives to hear the address by the President of the United States, Ronald Reagan.

(The address delivered by the President of the United States to the joint session of the two Houses of Congress, is printed in the proceedings of the House of Representatives in today's RECORD.).

At 9:47 p.m., the Senate having returned to its Chamber, reassembled, and was called to the order by the Presiding Officer [Mr. STAFFORD].

Mr. PRESSLER addressed the Chair.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. PRESSLER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PRESIDENT REAGAN'S ADDRESS TO THE JOINT SESSION OF CONGRESS

Mr. MOYNIHAN. Mr. President, I appear to be the first Senator on the floor who has returned from the joint session of the Congress which has heard the President's address.

I had the great honor to be a member of the escort committee. I think I would speak for certainly the Senate and I believe the whole of the Congress in saying we have not had such a heartening and encouraging statement from a Chief Executive in a long while.

We welcome the President back. We welcome the First Lady back. We heard specific propositions about the recommencement of a working relationship which, while never to be exaggerated, even so, never is to be underestimated.

The President said tonight that he would meet with the General Secretary of the CCCP here in the United States next year, and thereafter would hope to meet with him the following year in the Soviet Union.

He spoke of specific measures that have been taken for the advancement of arrangements that are conducive certainly to better relations. We certainly welcome in every respect those which he has made, and we take with great respect the reservations which he made about the extent to which one exchange between a President and a General Secretary changes a basic relationship between the two systems of government.

But even so, Mr. President, there cannot have been any question about the welcome the President received and the welcome his report received, and it is a matter of some pleasure for this Senator to be able to speak first to the Senate in that regard.

Mr. President, in order that it might be a part of our record, I ask unanimous consent that the President's remarks on this occasion be printed in the RECORD at this point.

The PRESIDING OFFICER. There being no objection, the statement was ordered to be printed in the RECORD, as follows:

TEXT OF AN ADDRESS BY THE PRESIDENT TO A JOINT SESSION OF CONGRESS

The PRESIDENT OF THE UNITED STATES. Thank you, ladies and gentlemen.

Mr. Speaker, Mr. President, Members of the Congress, distinguished guests and my fellow Americans:

It's great to be home. Nancy and I thank you for this wonderful homecoming. And before I go on I want to say a personal thank you to Nancy. She was an outstanding ambassador of good will for all of us. She didn't know I was going to say that.

Mr. Speaker, Senator DOLE, I want you to know your statements of support here were greatly appreciated. You can't imagine how much it means in dealing with the Soviets to have the Congress, the allies, and the American people firmly behind me.

I guess you know that I have just come from Geneva and talks with General Secretary Gorbachev. In the past few days, we spent over 15 hours in various meetings with the General Secretary and the members of his official party. Approximately 5 of those hours were talks between Mr. Gorbachev and myself just one on one. That was the best part—our fireside summit.

There will be, I know, a great deal of commentary and opinion as to what the meetings produced and what they were like. There were over 3,000 reporters in Geneva, so it's possible there will be 3,000 opinions on what happened. Maybe it's the old broadcaster in me but I decided to file my own report directly to you.

We met, as we had to meet. I had called for a fresh start—and we made that start. I can't claim that we had a meeting of the minds on such fundamentals as ideology or national purpose, but we understand each other better. That's a key to peace. I gained a better perspective; I feel he did, too.

It was a constructive meeting, so constructive, in fact, that I look forward to welcoming Mr. Gorbachev to the United States next year. And I have accepted his invitation to go to Moscow the following year. We arranged that in the parking lot.

I found Mr. Gorbachev to be an energetic defender of Soviet policy. He was an eloquent speaker, and a good listener. Our subject matter was shaped by the facts of this century.

These past 40 years have not been an easy time for the West or for the world. You know the facts; there is no need to recite the historical record. Suffice it to say that the United States cannot afford illusions about the nature of the U.S.S.R. We cannot assume that their ideology and purpose will change. This implies enduring competition. Our task is to assure that this competition remains peaceful. With all that divides us, we cannot afford to let confusion complicate things further. We must be clear with each other, and direct.

We must pay each other the tribute of candor.

When I took the oath of office for the first time, we began dealing with the Soviet Union in a way that was more realistic than in the recent past. And so, in a very real sense, preparations for the summit started not months ago but 5 years ago when—with the help of Congress—we began strengthening our economy, restoring our national will, and rebuilding our defenses and alliances. America is once again strong—and our strength has given us the ability to speak with confidence and see that no true opportunity to advance freedom and peace is lost. We must not now abandon policies that work. I need your continued support to keep America strong.

That is the history behind the Geneva summit, that is the context in which it occurred. And may I add that we were especially eager that our meetings give a push to important talks already underway on reducing nuclear weapons. On this subject it would be foolish not to go the extra mile—or in this case the extra 4,000 miles.

We discussed the great issues of our time. I made clear before the first meeting that no question would be swept aside, no issue buried, just because either side found it uncomfortable or inconvenient.

I brought these questions to the summit and put them before Mr. Gorbachev.

We discussed nuclear arms and how to reduce them. I explained our proposals for equitable, verifiable, and deep reductions. I outlined my conviction that our proposals would make not just for a world that feels safer but that really is safer.

I am pleased to report tonight that General Secretary Gorbachev and I did make a measure of progress here. While we still have a long ways to go, we're at least heading in the right direction. We moved arms control forward from where we were last January, when the Soviets returned to the table.

We are both instructing our negotiators to hasten their vital work. The world is waiting for results.

Specifically, we agreed in Geneva that each side should move to cut offensive nuclear arms by 50 percent in appropriate categories. In our joint statement we called for early progress on this, turning the talks toward our chief goal, offensive reductions. We called for an interim accord on intermediate-range nuclear forces, leading, I hope, to the complete elimination of this class of missiles. All this with tough verification.

We also made progress in combating together the spread of nuclear weapons, an arms control area in which we've cooperated effectively over the years. We are also opening a dialog on combating the spread and use of

chemical weapons, while moving to ban them altogether. Other arms control dialogs—in Vienna on conventional forces, and in Stockholm on lessening the chances for surprise attack in Europe—also received a boost. Finally, we agreed to begin work on risk reduction centers, a decision that should give special satisfaction to Senators NUNN and WARNER who so ably promoted this idea.

I described our Strategic Defense Initiative—our research effort that envisions the possibility of defensive systems which could ultimately protect all nations against the danger of nuclear war. This discussion produced a very direct exchange of views.

Mr. Gorbachev insisted that we might use a strategic defense system to put offensive weapons into space and establish nuclear superiority.

I made it clear that SDI has nothing to do with offensive weapons; that, instead, we are investigating non-nuclear defensive systems that would only threaten offensive missiles, not people. If our research succeeds, it will bring much closer the safer, more stable world we seek. Nations could defend themselves against missile attack, and mankind, at long last, escape the prison of mutual terror—this is my dream.

So I welcomed the chance to tell Mr. Gorbachev that we are a Nation that defends, rather than attacks, that our alliances are defensive, not offensive. We don't seek nuclear superiority. We do not seek a first strike advantage over the Soviet Union. Indeed, one of my fundamental arms control objectives is to get rid of first-strike weapons altogether. This is why we have proposed a 50-percent reduction in the most threatening nuclear weapons, especially those that could carry out a first-strike.

I went further in expressing our peaceful intentions. I described our proposal in the Geneva negotiations for a reciprocal program of open laboratories in strategic defense research. We are offering to permit Soviet experts to see first hand that SDI does not involve offensive weapons. American scientists would be allowed to visit comparable facilities of the Soviet strategic defense program, which, in fact, has involved much more than research for many years.

Finally, I reassured Mr. Gorbachev on another point. I promised that if our research reveals that a defense against nuclear missiles is possible, we would sit down with our allies and the Soviet Union to see how together we could replace all strategic ballistic missiles with such a defense, which threatens no one.

We discussed threats to the peace in several regions of the world. I explained my proposals for a peace process to stop the wars in Afghanistan, Nicaragua, Ethiopia, Angola, and Cambodia, those places where insurgencies that speak for the people are pitted against regimes which obviously do not represent the will or the approval of the people.

I tried to be very clear about where our sympathies lie. I believe I succeeded.

We discussed human rights. We Americans believe that history teaches no clearer lesson than this: Those countries which respect the rights of their own people tend, inevitably, to respect the rights of their neighbors. Human rights, therefore, is not an abstract moral issue—it is a peace issue.

Finally, we discussed the barriers to communication between our societies, and I elaborated on my proposals for real people-to-people contacts on a wide scale.

Americans should know the people of the Soviet Union—their hopes and fears and the facts of their lives. And citizens of the Soviet Union need to know of America's deep desire for peace and our unwavering attachment to freedom.

As you can see, our talks were wide ranging. Let me at this point tell you what we agreed upon and what we didn't.

We remain far apart on a number of issues, as had to be expected. However, we reached agreement on a number of matters, and, as I mentioned, we agreed to continue meeting and this is important and very good. There's always room for improvement, action, and progress when people are talking to each other instead of about each other.

Well, we have concluded a new agreement designed to bring the best of America's artists and academics to the Soviet Union. The exhibits that will be included in this exchange are one of the most effective ways for the average Soviet citizen to learn about our way of life. This agreement will also expand the opportunities for Americans to experience the Soviet people's rich cultural heritage—because their artists and academics will be coming here.

We have also decided to go forward with a number of people-to-people initiatives that will go beyond greater contact not only between the political leaders of our two countries but our respective students, teachers, and others as well. We have emphasized youth exchanges. This will help break down stereotypes, build friendships, and, frankly, provide an alternative to propaganda.

We have agreed to establish a new Soviet Consulate in New York and a new American Consulate in Kiev. This will bring a permanent United States presence to the Ukraine for the first time in decades.

We have also, together with the Government of Japan, concluded a Pacific Air Safety Agreement with the Soviet Union. This is designed to set up cooperative measures to improve civil air safety in that region of the Pacific. What happened before must never be allowed to happen there again.

As a potential way of dealing with the energy needs of the world of the future, we have also advocated international cooperation to explore the feasibility of developing fusion energy.

All of these steps are part of a long-term effort to build a more stable relationship with the Soviet Union. No one ever said it would be easy. But we've come a long way.

As for Soviet expansionism in a number of regions of the world—while there is little chance of immediate change, we will continue to support the heroic efforts of those who fight for freedom. But we have also agreed to continue—and to intensify—our meetings with the Soviets on this and other regional conflicts and to work toward political solutions.

We know the limits as well as the promise of summit meetings. This is, after all, the 11th summit of the post-war era—and still the differences endure. But we believe continued meetings between the leaders of the United States and the Soviet Union can help bridge those differences.

The fact is, every new day begins with possibilities; it's up to us to fill it with the things that move us toward progress and peace. Hope, therefore, is a realistic attitude—and despair an uninteresting little vice.

And so: was our journey worthwhile?

Thirty years ago, when Ike, President Eisenhower, too had just returned from a summit in Geneva, he said, "* * * the wide gulf that separates so far East and West * * * (is) * * * wide and deep." Today, three decades later, that is still true.

But, yes, this meeting was worthwhile for both sides. A new realism spawned the summit; the summit itself was a good start; and now our byword must be: Steady as we go.

I am, as you are, impatient for results. But goodwill and good hopes do not always yield lasting results. Quick fixes don't fix big problems.

Just as we must avoid illusions on our side, so we must dispel them on the Soviet side. I have made it clear to Mr. Gorbachev that we must reduce the mistrust and suspicions between us if we are to do such things as reduce arms, and this will take deeds, not words alone. I believe he is in agreement.

Where do we go from here? Well, our desire for improved relations is strong. We're ready and eager for step-by-step progress. We know that peace is not just the absence of war. We don't want a phony peace or a frail peace; we did not go in pursuit of some kind of illusory détente. We can't be

satisfied with cosmetic improvements that won't stand the test of time. We want real peace.

As I flew back this evening, I had many thoughts. In just a few days families across America will gather to celebrate Thanksgiving. And again, as our forefathers who voyaged to America, we traveled to Geneva with peace as our goal and freedom as our guide. For there can be no greater good than the quest for peace—nor no finer purpose than the preservation of freedom.

It is 350 years since the first Thanksgiving, when Pilgrims and Indians huddled together on the edge of an unknown continent. And now here we are gathered together on the edge of an unknown future—but, like our forefathers, really not so much afraid, but full of hope, and trusting in God, as ever.

Thank you for allowing me to talk to you this evening, and God bless you all.

[Applause, the Members rising.]

Mr. MOYNIHAN. Mr. President, I thank the Chair.

I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. PRESSLER). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MATSUNAGA. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. WALLOP. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

The assistant legislative clerk resumed the call of the roll.

Mr. HARKIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARKIN. Mr. President, I ask unanimous consent that Jean Jones, of the Congressional Research Service, be granted the privilege of the floor during consideration of S. 1714, including all rollcall votes thereon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARKIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. GRASSLEY). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PRESSLER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. GARN. Mr. President, I object on behalf of the leadership.

Mr. PRESSLER. Mr. President, what is the pending business?

The PRESIDING OFFICER. There is a quorum call in progress.

Mr. PRESSLER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. GARN. I object.

The PRESIDING OFFICER. Objection is heard. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. GARN. I object.

The PRESIDING OFFICER (Mr. PRESSLER). Objection is heard.

The assistant legislative clerk continued the call of the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT OF 1985

The Senate continued with the consideration of S. 1714.

Mr. DOLE. Mr. President, if I may have the attention of my colleagues and the staff, I must say that I was encouraged earlier this afternoon when I heard people say that they wanted to get out of here. Now we have 86 amendments, and I must say that there are about as many on each side, so I do not cast any aspersions.

Everybody seems to be thinking, "Boy, this is a piece of cake. Any amendment you want, throw it on the farm bill."

I think we have to make a judgment as to whether we want a farm bill or want to stay here and take all these amendments. We are advised that some are going to request rollcall votes. We think we will have 12 rollcalls on the 37 amendments on this side, and I do not know how many of the 56 amendments on the other side. But if you have 20, that is 32 rollcalls, 15 minutes each. You figure out how we are going to complete action on this bill if we stay all night tonight and all night tomorrow night and all night Saturday night.

So I think we have to decide whether we just clean out the wastebasket, everything you could find in the legislative aid's office, and say, "I'll put this in the farm bill."

I am prepared to stay here all night and all day tomorrow, because we are going to pass a farm bill sometime between now and Sunday morning, hopefully—maybe not. It seems to me that we will all have to restrain ourselves from offering amendments. Many amendments can be accepted in a minute or two. But if they are not really that urgent and if we do not have to press for a rollcall, then I can see where the managers could get us out of this blizzard of amendments.

I leave it up to the managers as to whether we continue tonight until 1 or 2 a.m. and come back at 8 in the morning or go out now and come back at 8 in the morning, and maybe forget to bring them in in the morning.

I know many people have stated they want votes. If there are some people who will offer amendments and not talk very long, we are ready to do business—the managers are, Senator HELMS and Senator ZORINSKY. We cannot get an agreement on the 89 amendments.

AMENDMENT NO. 1098

Mr. BUMPERS. Mr. President, what is the parliamentary situation? Is there an amendment pending?

The PRESIDING OFFICER. The question is on the amendment of the Senator from Montana.

Mr. BUMPERS. Could the Senator from Montana tell us how long he intends to take with his amendment?

Mr. DOLE. He is finished. It has been accepted.

Mr. MELCHER. I hope it will be accepted.

SEVERAL SENATORS. Vote!

Mr. PRYOR and Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

Mr. PRYOR. Mr. President, may I offer a suggestion to the distinguished majority leader?

Mr. HELMS. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Montana.

Mr. HELMS. Very well.

Mr. DOLE. They are ready to accept his amendment.

Mr. PRYOR. I do not want to get in the way of that.

The PRESIDING OFFICER (Mr. SYMMS). The question is on agreeing to the amendment.

The amendment (No. 1098) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ZORINSKY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1100

(Purpose: To modify the beef promotion program)

Mr. BUMPERS. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Arkansas [Mr. BUMPERS], for himself and Mr. DOLE, Mrs. HAWKINS, Mr. HARKIN, Mr. HELMS, and Mr. DOMENICI, proposes an amendment numbered 1100.

Mr. BUMPERS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Add the end of the pending amendment, add the following:

On page 421, lines 1 and 2, strike out "To the maximum extent possible, the Committee shall" and insert in lieu thereof "The Committee may".

On page 422, strike out lines 20 through 22 and insert in lieu thereof the following:

"SEC. 7. (a)(1) In the manner prescribed in the order, except as provided in paragraph (2), the order shall provide that an assessment shall be collected by an appropriate qualified State beef council from—

On page 423, strike out lines 3 and 4 and insert in lieu thereof the following:

"(2) If an appropriate qualified State beef council does not exist to collect an assessment in accordance with paragraph (1), such assessment shall be collected by the Board.

"(3) Each qualified State beef council shall transmit to the Board the amount of any funds from assessments collected under paragraph (1).

On page 423, line 12, strike out "Secretary" and insert in lieu thereof "Board".

On page 427, strike out lines 4 through 6 and insert in lieu thereof the following:

"(A) is comprised of at least a majority of cattle producers; or

"(B) represents at least a majority of cattle producers in a State or unit;

On page 427, line 25, strike out "2 years" and insert in lieu thereof "18 months".

On page 429, line 12, insert "the total number of" after "10 percent of".

On page 430, between lines 11 and 12, insert the following new section:

"REFUNDS

"SEC. 12. (a) During the period prior to the approval of the continuation of an order pursuant to the referendum required under section 10(a), subject to subsection (f), the Board shall—

"(1) establish an escrow account to be used for assessment refunds;

"(2) place funds in such account in accordance with subsection (b); and

"(3) refund assessments to persons in accordance with this section.

"(b) Subject to subsection (f), the Board shall place in such account, from assessments collected under section 7 during the period referred to in subsection (a), an amount equal to the product obtained by multiplying—

"(1) the total amount of assessments collected under section 7 during such period; by

"(2) the greater of—

"(A) the average rate of assessment refunds provided to producers under State beef promotion, research, and consumer information programs financed through producer assessments, as determined by the Board; or

"(B) 20 percent.

"(c) Subject to subsections (d), (e), and (f) and notwithstanding any other provision of this subtitle, any person shall have the right to demand and receive from the Board a one-time refund of all assessments collected under section 7 from such person during the period referred to in subsection (a) if such person—

"(1) is responsible for paying such assessment; and

"(2) does not support the program established under this Act.

"(d) Such demand shall be made in accordance with regulations, on a form, and within a time period prescribed by the Board.

"(e) Such refund shall be made on submission of proof satisfactory to the Board that the producer, person, or importer—

"(1) paid the assessment for with refund is sought; and

"(2) did not collect such assessment from another producer, person, or importer.

"(f)(1) If the amount in the escrow account required to be established by subsection (a) is not sufficient to refund the total amount of assessments demanded by all eligible persons under this section and the continuation of an order is approved pursuant to the referendum required under section 10(a), the Board shall—

"(A) continue to place in such account, from assessments collected under section 7, the amount required under subsection (b), until such time as the Board is able to comply with subparagraph (B); and

"(B) provide to all eligible persons the total amount of assessments demanded by all eligible producers.

"(2) If the amount in the escrow account required to be established by subsection (a) is not sufficient to refund the total amount of assessments demanded by all eligible persons under this section and the continuation of an order is not approved pursuant to the referendum required under section 10(a), the Board shall prorate the amount of such refunds among all eligible persons who demand such refund.

On page 430, line 13, strike out "12" and insert in lieu thereof "13".

On page 431, line 5, strike out "13" and insert in lieu thereof "14".

On page 432, line 11, strike out "14" and insert in lieu thereof "15".

On page 432, line 16, strike out "15" and insert in lieu thereof "16".

Mr. BUMPERS. Mr. President, I ask unanimous consent that I be permitted to yield to my distinguished colleague, Mr. PRYOR, for an inquiry or a statement to the majority leader.

Mr. HELMS. Mr. President, before that occurs, if the Senator will yield, I would like to have a copy of the amendment.

Mr. BUMPERS. This is on the beef checkoff. The amendment has been there for some time. It has been there for about a day-and-a-half.

Mr. PRYOR addressed the Chair.

The PRESIDING OFFICER. The senior Senator from Arkansas has the floor.

Mr. BUMPERS. Mr. President, I ask unanimous consent that I be permitted to yield to my colleague for a comment to the majority leader or a question to the majority leader.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PRYOR. If I may pose a question to the managers and to the majority leader, would it be anywhere near feasible if those Members of the Senate—say, 15 or 20—who have amendments tonight would like to lay down those amendments, let them be read and let them be debated tonight, and we stack them at a time certain tomorrow—say, 11 a.m.—and vote on the amendments as they came before the body?

I am not being in any way facetious. I am offering that as a constructive suggestion for a way out of our dilemma in order to get this bill passed tomorrow night.

Mr. DOLE. Let me respond that I tried to figure out how many rollcalls there would be. If there are 30 rollcalls, how many minutes is that? Eight hours or 7½ hours. I do not think we can be serious about this.

Either we are going to kill this bill by amendment or are going to pass it. If we have to go through 8 hours of amendments, we may pass the bill and kill a few Senators. [Laughter.]

Mr. PRESSLER. Mr. President, will the Senator yield?

Mr. DOLE. I do not have the floor, but I yield, anyway.

Mr. PRESSLER. Mr. President, for an hour I was prepared to offer amendments, and we were told there was an objection because the leadership was not here. We have lost an hour, and I have amendments ready to offer.

I have never taken more than 5 minutes in any speech I have given in the Senate since I came here. We were waiting for the leadership for an hour, I complain.

Mr. DOLE. We had to see the President off. You know how it is.

Seriously, we had to go over these amendments with the chairman of the committee, and it took 45 minutes just to count the Republican amendments. We did not go over the others. We thought they were all meritorious. [Laughter.]

Mr. BUMPERS. Mr. President, this is an amendment presented on behalf of myself and Mr. DOLE, Mrs. HAWKINS, Mr. HARKIN, and Mr. HELMS. It is a beef checkoff amendment, and here it is in a capsule——

Mr. HELMS. Mr. President, if the Senator will yield, he has made a sale. I accept the amendment.

Mr. President, this amendment is needed to provide some equity to the beef promotion and research provisions of the committee bill.

Hinsight is 20/20, but looking back on this whole process with the pork and beef tax provisions, I believe the committee would have done well to hold separate hearings and markup on these proposals.

There are tremendous amounts of money involved. While the lobby groups may be all in favor of these livestock taxes, I am not so sure rank and file livestock producers like the way this is being done.

The beef proposal is particularly unfair in its treatment of individual producer rights. The committee bill is basically an exercise in taxation without representation.

It would mandate that all producers be taxed on their cattle sales with no voice in whether they want to be taxed. Further, unlike the pork provision, there was no opportunity for

refund prior to approval of the program by producer referendum.

The amendment, while not providing a complete refund provision, does set up an escrow account whereby producers who request a refund will be repaid about 18 months after the program begins.

I support the amendment and urge its adoption.

Mr. DOLE. Mr. President, I am pleased to join my colleague from Arkansas, Mr. BUMPERS, and other distinguished colleagues in offering this amendment to make certain improvements in the Beef Referendum and Promotion Program in the pending bill.

The program in the Senate bill provides for a 2-year delay before a producer referendum is held, during which the assessment of $1 per head would not be refundable. State program assessments of up to 50 cents would be deductible from the $1.

The Bumpers/Dole amendment would reduce the period prior to a producer referendum to 18 months, and establish a method for refunding assessments to producers and others who request them. An escrow account is established, into which 20 percent of total receipts would be placed. After the referendum, these funds would be rebated back to those individuals who request refunds.

If the amount of funds in the account is not adequate to make the rebate in full, and the referendum succeeds, receipts will continue to be diverted into the account and paid out until the payments are complete. If the referendum fails, the rebate will be prorated among individuals requesting refunds.

Mr. President, I believe this amendment will restore some responsibility to the Beef Promotion Program by ensuring that producers have an opportunity of regaining these assessments during the period prior to passing judgment on whether to continue the program on a permanent basis.

The PRESIDING OFFICER (Mr. TRIBLE). The question is on agreeing to the amendment of the Senator from Arkansas.

The amendment (No. 1100) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ZORINSKY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

AMENDMENT NO. 1101

Mr. GRASSLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Iowa [Mr. GRASSLEY] proposes an amendment numbered 1101.

Mr. HELMS. Mr. President, I cannot hear. May we have order?

The PRESIDING OFFICER. The Senate is not in order.

Mr. HELMS. Which amendment is this?

Mr. GRASSLEY. This is the one on bankruptcy.

The PRESIDING OFFICER. The Senator will suspend until the Senate is in order.

The Senator from Iowa has offered an amendment.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the pending amendment add the following: (a) Where shall be appointed, pursuant to section 152(a)(1) of title 28, United States Code, an additional United States bankruptcy judge for both the northern and southern districts of Iowa.

(b) To reflect the change made by this section in the table of judges for each of the judicial districts, section 152(a)(2) of title 28 United States Code, is amended by striking out the following:

"Iowa
"Northern..... 1"
"Southern..... 1"

and inserting in lieu thereof the following:

"Iowa
"Northern..... 2"
"Southern..... 2"

SEC. 2. Notwithstanding section 152(a)(1) of title 28, United States Code, with respect to the number of years to which a bankruptcy judge is appointed, the first backruptcy judge appointed to both the northern and southern districts of Iowa after the date of enactment of this Act shall be appointed for a term of no more than five years.

Mr. GRASSLEY. Mr. President, this is the most special interest amendment that you are going to be dealing with on this farm bill. This is the most special interest amendment. This amendment deals just with the State of Iowa. This is one opportunity for those of you who for the last 8 to 10 months who have been asking me and Senator HARKIN—and let me say that this amendment is cosponsored by Senator DECONCINI and Senator HARKIN, as well—I do not know how many times I have been asked by my colleagues in this body, "Is the farm situation as bad in Iowa as we are led to believe it is?"

And the situation is it is that bad, and one of those alarming statistics about how bad the farm situation in Iowa deals with the bankruptcy filings in my State.

This amendment can very legitimately be called the Judge Thinnes Memorial amendment. We have had a vacancy until 1 day ago in the northern district of the State of Iowa because 55-year-old Judge Thinnes, one of the most respected bankruptcy judges in the United States, was so wound up in his work and so overworked. The day he went to the hospital he was supposed to be acting on 103 cases that day, and he is in his grave now because he was overworked because of the bad agricultural situation in Iowa.

I do not mean to imply that all of the bankruptcy cases that he was dealing with were agriculture but they were overwhelming the number of cases and bankruptcy in agricultural was the major reason for this.

So I ask my colleagues here to bear with me as I go through the justification for this amendment that would establish a temporary bankruptcy judgeship for the northern and southern districts of Iowa not for the 14 years that permanent judgeships would be but a 5-year period of time.

Now the fact of the matter is that the end of the crisis for many farmers is bankruptcy. That is not the way it should be, but that is the way it is and my amendment focuses itself on one of the most acute problems in my home State, that is the problem of lack of access to the bankruptcy courts. The topic of farm bankruptcy has been the recent focus of 2 days of hearings before my own Judicary subcommittee that I chaired.

Mr. President, in those hearings we focused some attention on a courageous Federal bankruptcy judge who literally gave his life as a result of an overburdening caseload.

Mr. President, on a Saturday morning in June, Iowa Bankruptcy Judge William Thinnes collapsed at his desk from a bleeding ulcer. That Saturday morning in Cedar Rapids, IA, he was scheduled to hear 103 cases. Before he collapsed, Judge Thinnes and his staff regularly worked 15 hours a day. Now get this, please. This judge and his staff worked regularly 15-hour days, not 5 days a week, not 6 days a week, but 7 days a week in an effort to cope with the worst caseload in America.

And Judge Thinnes, as I said, never recovered. He died in September. Now the northern district of Iowa has no full-time, permanent judge until a decision was made within the last 2 or 3 days.

Mr. President, at our hearings we also heard testimony from the only bankruptcy judge in the southern district of Iowa, that conditions there are only slightly better than they are in any other district in America.

Unless swift action is taken to provide a second judgeship for the U.S. bankruptcy court for the two districts of Iowa, farmers filing for bankruptcy will not be able to obtain the timely consideration required by the Bankruptcy Code and guaranteed in the Constitution.

These are the statistics that I want you to be aware of as you consider this amendment.

This year to date, 2,310 new bankruptcy cases have been filed in the northern district of Iowa. The largest number of cases filed in any previous year was 1,819. Of that 2,310, 252 are time-consuming chapter II filings, the majority being farm related. In addition, the court has 604 pending chapter II filings, well over 500 which are farm related. The number of pending chapter II filings is greater than the total bankruptcy caseload of all types of most courts. The northern district court also has 420 adversary proceedings pending. Finally, the two largest bankruptcy cases ever filed in the State of Iowa—the Moramerica and the Morris Plan filings—are pending before this same court in the northern district of Iowa. Creditors involved with these two cases total over 20,000. You are not talking about just a few farmers, a few business people filing for bankruptcy. But you are talking about affecting 20,000 people, in turn affected by these bankruptcies and I want to say to you in regard to Moramerica and the Morris Plan that many of these are elderly people that have their savings tied up while they are trying to live their normal life.

The judicial conference has in the past recommended a second judgeship for these courts, and it is my understanding that sometime in the future, the Conference will again recommend a second judgeship for these courts, and I have been in conference with Senator THURMOND about that.

Mr. President, I know that the case load in my State is many times per judge higher than any other State in the eighth circuit. Therefore, I am willing to specifically distinguish the type of relief that the crisis in Iowa calls for. This amendment, as I said previously, is limited—we are not even asking for an additional full 14-year term judge. Instead, we are only asking for a limited-term judgeship, not to exceed 5 years.

Mr. President, all observers agree—Iowa is in fact a different case and deserves different treatment.

I urge my colleagues to adopt the amendment.

Mr. DECONCINI. Mr. President, will the Senator yield?

Mr. GRASSLEY. Yes.

Mr. DECONCINI. Mr. President, I join Senator GRASSLEY. This is an exceptional case.

First, I want to say that I know the Senator from South Carolina, the distinguished chairman of the Judiciary Committee, has a different view and perhaps rightfully so. He is charged, as we are in the Judiciary Committee, to tend to the business of the entire judicial branch of Government and that I think we do respectively well, now and then messing up one for one reason or another. But in this case, we have a real tragedy occurring in one of our States.

And when a tragedy, a national emergency occurs in one of our States, we respond in unity usually and that is what happened here.

If you look at the figures the Senator has given out and the tragic death of Judge Thinnes there is no reason that we ought not to help this particular situation.

Bankruptcy is not an earthquake in the sense that you can see the earth shake and people dead and houses crumble. It is not a tornado. It is not a flood. So the physical losses there are not evident to us as we walk the streets or see the television. But what has happened in Iowa and perhaps some other States, too, but this one is the worst situation. We owe it to this country, we owe it to the people of Iowa and I would say that if the situation was in Arizona or California or South Carolina.

I support the amendment of the Senator from Iowa. The unique circumstances that exist in Iowa certainly justify the addition of one new bankruptcy judge for each of the northern and southern districts of Iowa. The approach taken by this amendment addresses the heavy caseload crunch now being experienced in Iowa while at the same time assuring that when the present crunch subsides, the Federal court system will not be saddled with expensive, excessive bankruptcy judicial personnel.

The statistics on bankruptcy in the northern district of Iowa are staggering. For example: That district now has 620 pending chapter 11 cases, most of them farm cases; 50 percent of all cases filed are business cases; filings over the first 10 months of this year have been 20 percent higher than for any other full year ever; farm bankruptcies have gone from 4 in 1980 to over 200 per year. Add to this the fact that bankruptcy court is held in six different locations and often in a climate that makes travel difficult and dangerous, and the need for another judge in Iowa becomes very clear.

The magnitude and scope of the work of the bankruptcy judge is often overlooked. Let me share with you one recent example in Iowa that highlights the pressures not only on that court but on other bankruptcy courts. There are presently pending in the northern district the chapter 11 cases of Morris plan and Moramerica. In these two interrelated cases, there are more than 28,000 creditors; assets in the case total over $175,000; at a recent meeting of creditors over 5,000 creditors showed up. Now I suspect that this case alone could keep a bankruptcy judge and staff, not to mention the U.S. Marshals Office, busy for a goodly long time. But remember, in the northern district they also have 618 other chapter 11 cases, many with assets in the millions and many affected creditors. There are hundreds or other more routine chapter 7 and 13 cases.

To maintain the confidence of the debtors and creditors involved in these cases, and more generally to maintain the faith of the people of Iowa in the ability of their government to provide a working court system within which the fate of their lives and fortunes can be reasonably determined, we need adequate numbers of judicial personnel on the bankruptcy bench. We have all heard the stories of the extreme hardships facing so many farmers in the Midwest. Iowa has been the hardest hit of all both in farm foreclosures and banking problems. This amendment goes just a little way toward trying to assure that law and order will at least have a chance at sorting out these problems.

Mr. President, I want to again express my strong support for this bill. I also want to recall an outstanding bankruptcy judge who served in the northern district of Iowa until his death a little more than 2 months ago. I'm speaking of Judge William Thinnes. If it could ever be said that a person worked themselves to death, it could be said Judge Thinnes. He worked 14 hour days, often holding court until 6 or 7 in the evening and on Saturday—11 Judges have been called to serve in Iowa since his death and caseloads are still running 60 days to 4 months behind a normal schedule. It is a tribute to Judge Thinnes that he held the dam from breaking for so long, but it is unfair and unjust to place the same burdens on his successor. I can assure this body that the American public will get their money's worth from the, hopefully, two new judges that will be serving in Iowa. I urge support for the this amendment because it is a good government provision; it is nonpolitical, nonideological, and meets a crying need that can be easily met.

We are asking for something special here. No question about it. I would like to have some new bankruptcy judges in Arizona and I intend to work hard for that through the normal process. But we are not in a normal situation. The Senator from Iowa deserves the attention of this body and I hope that the votes to give them this temporary judgeship he is not asking for some pork barrel or any charge that this is political. This is just a temporary assistance for a State that is suffering very severely. I hope my colleagues will do this because it is right.

Mr. GRASSLEY. Mr. President, I compliment the Senator from Arizona for his statement, his willingness to look at a special problem that we have in my State but particularly I hope my colleagues respect the view of the Sen-

ator from Arizona because there is no one in this body who was more involved in 1978 with the bankruptcy legislation than the Senator from Arizona. He knows the law. He knows how the system works. And he should be recognized as a person who knows when special problems come as a result of that.

I suggest before I relinquish the floor that there will be many suggestions this evening before we close debate on this that there are other ways we can handle this situation or that we should wait until we look at the overall picture.

But I am calling upon my colleagues to remember that we have looked for alternatives. I would like to suggest to you a recent telephone conversation just tonight that my office had with Ralph Mechan, who is the Director of the Administrative Office of the U.S. Courts. He says that, looking at all the alternatives, there is really nothing more that they can do, and they have tried to do a lot. They have sent a lot of temporary judges in there, but there is nothing more they can do to bring temporary judges or retired judges who might be willing to serve the way that this problem must have judges to serve to alleviate it.

Because the administrative office lacks the authority to install new judges, no matter how bad the need, it is up to the Congress to fill that need. Therefore, even Mr. Mechan agrees we really have no alternative for immediate and certain relief other than this amendment.

Mr. HELMS. Mr. President, while I share the concern of the Senator from Iowa over the current backlog of bankruptcy proceedings in Iowa, this is a matter that is not within the jurisdiction of the Agriculture Committee; therefore, I defer to the distinguished Senator from South Carolina, the chairman of the Judiciary Committee, which does have jurisdiction over bankruptcy matters.

I understand that the Judicial Conference of the United States, which reviews the conditions of the courts in the United States, will soon make comprehensive recommendations to Congress concerning the creation of new judicial positions, and that the Senate Judiciary Committee intends to hold hearings to review the recommendations of the judicial conference. In my view, Congress should not act until those recommendations have been made to Congress and the Senate Judiciary Committee has had the opportunity to carefully review the substance of the recommendations.

The inclusion of the amendment by the Senator from Iowa would needlessly complicate the conference with the House by adding an area outside the jurisdiction of the two Agriculture Committees. With the short time that we will have available for conference before the end of the session.

Mr. THURMOND. Mr. President, I rise in opposition to the amendment to add an additional bankruptcy judge in both the northern and southern districts of Iowa.

Many Federal districts have been swamped by the recent increase in bankruptcy filings and have sought much needed relief. We simply cannot single out one jurisdiction in one State over the other jurisdictions in other States to authorize the creation of a new judgeship. To do so would set bad precedent. There is a well established procedure to be followed under these circumstances and that procedure is clear. Any request to create a new judicial position is presented to the Judicial Conference of the United States, which takes the request under consideration in its comprehensive survey of the conditions of business in the courts of the United States. The judicial conference then makes a recommendation to Congress on all Federal judgeships. Hearings to review the findings are then held by the respective Committees on the Judiciary, which, in turn, prepare appropriate legislation.

While I have great sympathy for this request from the Senator from Iowa, I want to point out that the bankruptcy filings in my home State of South Carolina, and it is about the same size of the Senator's State of Iowa, have also increased dramatically. We have only one bankruptcy judge—the Senator from Iowa has two—and this man is overloaded. He works from day to night and he needs another one badly. But this is not the way to do it.

Unfortunately, I have had to tell the sole bankruptcy judge in South Carolina that he must await relief until the judicial conference has completed this survey. I understand that the judicial conference is now finalizing its study and that it expects to send this recommendation to the Congress at a reasonably early date.

I have a list of them already that I have received. That did not come officially, but I have received it. There are 22 States that need judges. Why should this State get judges over the rest of them? The judicial conference says they need them just as bad as he does.

Mr. METZENBAUM. Will the Senator from South Carolina yield for a question?

Mr. THURMOND. I am pleased to yield.

Mr. METZENBAUM. Is it not a fact, whether or not there is merit for Iowa or any other State in the Union with respect to additional bankruptcy judges, that the agriculture bill is the last place in the world where such an amendment belongs, and that a member of the Judiciary Committee is in a position to bring that issue up at the Judiciary Committee and deal with it in the committee that has jurisdiction?

Mr. THURMOND. That is exactly right, and we are going to bring it up and put it ahead of everything just as soon as we get the official report. And we are looking for it in the next day or two. I already have a copy here that is not official, but I have a copy that provides for 22 States to get these judges, and 47 bankruptcy judges are contained in this report.

If this amendment is adopted, I am going to offer this tonight and get them all adopted. Let us treat everybody the same. Why single out one over the rest of them?

Mr. President, I wish to say further that an immediate alternative remedy is available. The Bankruptcy Amendments and Judgeship Act, which Congress passed last year, provides for the temporary transfer—and there have been temporary transfers, and I understand there will be other temporary transfers. It also allows for a retired bankruptcy judge to be called back into service, and this can be done. I understand that these procedures are being utilized now to help alleviate the immediate problem.

Further, it is my understanding that the vacancy in the northern district of Iowa which was created by the death of the sitting bankruptcy judge, is currently in the process of being filled. They have already selected him. He has already been selected. He will go to work right away. So you have a new judge coming in to fill this vacancy or you have temporary judges that can come in and you have retired judges that can come in, so why give them a preference over everyone else?

Mr. President, the procedure is for the judicial conference to study all the districts in the United States and make recommendations. They have done that. They are ready to report and will bring this report just as quickly as possible. Then, after that, the Judiciary Committee considers these recommendations and brings the Senate a recommendation.

Why are you going to ignore the Judiciary Committee? Are you not setting a dangerous precedent to pick up for one State a bankruptcy judge and not let the judiciary committee consider the matter? Why show any favoritism when the Judicial Conference says that 22 States need bankruptcy judges? They need 47 bankruptcy judges and we are expected to act on it just as quickly as we can get the report and we ought to get it in the next day or two.

Mr. President, it is extremely important that any additional judgeships be studied carefully and that all jurisdictions be treated equally and concurrently. The recommendation from the

judicial conference will be presented to Congress very soon and we are committed to hold hearings in the Senate Committee on the Judiciary as soon as possbile to ensure that the approval of all necessary additional judgeships is expedited. I strongly object to singling out one jurisdiction over all others that are also impacted and I urge my colleagues to vote against this amendment.

Mr. SIMON. Will the Senator yield?

Mr. THURMOND. I am pleased to yield to the able Senator from Illinois.

Mr. SIMON. I thank my chairman.

Mr. President, I sympathize with my colleague from Iowa, but I simply want to concur with the Senator from South Carolina. Senator DIXON and I, about 5 months ago, introduced a bill for a very similar situation we faced in central Illinois. South Carolina faces a similar situation. I want to help Iowa, but I want to take a look at the national picture. The way to do that is through the committee process. I concur completely with my chairman.

Mr. THURMOND. I can assure you there will not be any delay. There will be prompt action as quickly as we can get the report and we ought to get it in a few days.

As I say, I will be compelled tonight to offer these 47 judges if this amendment passes, because this is the wrong procedure. It sets a dangerous precedent. I believe we ought to follow the judicial procedure. Furthermore, I would rather not see it taken up on this agriculture bill anyway.

Mr. President, I move to table the amendment

The PRESIDING OFFICER. The question is on the motion to table.

Mr. CHILES. Will the Senator yield?

The PRESIDING OFFICER. Debate is not in order. The question is on the motion to table.

Mr. GRASSLEY. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from South Carolina [Mr. THURMOND] to table the amendment of the Senator from Iowa [Mr. GRASSLEY]. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], the Senator from Oregon [Mr. PACKWOOD], the Senator from New Hampshire [Mr. RUDMAN], and the Senator from Connecticut [Mr. WEICKER] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Missouri [Mr. EAGLETON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Georgia [Mr. NUNN], the Senator from Mississippi [Mr. STENNIS] are necessarily absent.

The result was announced—yeas 60, nays 31, as follows:

[Rollcall Vote No. 332 Leg.]

YEAS—60

Andrews	Hatch	McClure
Armstrong	Hatfield	McConnell
Biden	Hawkins	Metzenbaum
Bradley	Hecht	Mitchell
Burdick	Heflin	Moynihan
Byrd	Helms	Murkowski
Chafee	Hollings	Nickles
Cochran	Humphrey	Proxmire
Cohen	Johnston	Rockefeller
Danforth	Kasten	Roth
Denton	Kerry	Sasser
Dixon	Lautenberg	Simon
Dole	Laxalt	Simpson
Domenici	Leahy	Specter
Evans	Levin	Stafford
Ford	Long	Symms
Garn	Lugar	Thurmond
Glenn	Mathias	Wallop
Gorton	Matsunaga	Wilson
Gramm	Mattingly	Zorinsky

NAYS—31

Abdnor	Dodd	Pell
Baucus	Durenberger	Pressler
Bentsen	Exon	Pryor
Bingaman	Gore	Quayle
Boren	Grassley	Riegle
Boschwitz	Harkin	Sarbanes
Bumpers	Hart	Stevens
Chiles	Heinz	Trible
Cranston	Inouye	Warner
D'Amato	Kassebaum	
DeConcini	Melcher	

NOT VOTING—9

Eagleton	Kennedy	Rudman
East	Nunn	Stennis
Goldwater	Packwood	Weicker

So the motion to lay on the table amendment (No. 1101) was agreed to.

Mr. THURMOND. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, we have Senators on both sides who want to offer amendments. I think the only fair thing is to go from one side to the other side. That would be my preference, if we could go to the Democratic side and then to the Republican side. Otherwise, we will run into difficulty.

Several Senators addressed the Chair.

Mr. HELMS. Mr. President, while I do not favor the amendment of the Senator from Illinois [Mr. DIXON], he has been waiting around for a long time.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senate will be in order. There are many Senators on their feet seeking recognition.

The majority leader.

Mr. DOLE. Mr. President, I just want to make an announcement. I do not want to do anything that might take any time.

I think we have sort of decided among ourselves not to stay in all night but stay in all night tomorrow night. There will be a vote on the Dixon amendment, as I understand it. Then there are about 8 or 10 amendments, maybe, that could be taken.

Mr. BYRD. Mr. President, will the distinguished majority leader yield?

Mr. DOLE. In any event, there will be one more rollcall. We hope Senators on this list will stay and amendments will be taken.

There is an 8:30 briefing tomorrow morning with Secretary of State Shultz in 407, and we hope we could be back on the bill at 9:30. So anything we have to do ahead of that time, some of us will come in and do it, but we will be on the bill at 9:30 and then continue and see how far we go.

I am happy to yield to the minority leader.

Mr. BYRD. I thank the majority leader.

I have talked to Senator DIXON who indicated a willingness to have a time agreement of 10 minutes on a side.

Mr. DIXON. Ten minutes.

Mr. DOLE. Mr. President, I make that unanimous-consent request, 10 minutes on a side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, before the Senator calls up his amendment, will he yield to me?

Let me identify the amendments that we are willing to accept. I encourage the eight Senators as of now to stay around and let us complete action on those amendments: Mr. HARKEN, ACP clarification; Mr. FORD, agriculture high school study; Mr. CHAFEE, the Farmers Home disposition of properties; Mr. GRASSLEY, Farmers Home B&I transfer; Mr. MELCHER, barter amendment; Mr. DURENBERGER—it says here "commission"; BOSCHWITZ, food stamp computer; Mr. ABDNOR, the OTH study. We will do these in short order after we get the Chamber cleared.

Mr. PRESSLER. Will the Senator yield? Is my amendment among those?

Mr. HELMS. I am sorry, I did not hear the Senator.

Mr. PRESSLER. Is my amendment among those the Senator just listed?

Mr. HELMS. No, it is not.

Mr. PRESSLER. I would like to offer my amendment this evening and get a vote on it.

Mr. HELMS. I was listing those amendments on which a rollcall will not be required.

Mr. PRESSLER. I would like to offer my amendment this evening and get a rollcall on it.

Mr. DOLE. Maybe we could lay the amendment down tonight and it will be voted on first thing in the morning.

Mr. PRESSLER. That is fine with me.

Mr. DOLE. Is that all right?

Mr. HELMS. That is fine.

Mr. DIXON. Will the Senator yield for a question before I go to my amendment?

Mr. HELMS. The Senator has the floor. The Senator yielded to me.

Mr. DIXON. I was not yet ready to do my amendment. I wanted to inquire about the agreed amendments. There is one by Senator WILSON and myself that I believe both sides have agreed to, may I ask the distinguished floor manager, regarding exports?

Mr. HELMS. That is right. That is No. 9.

Mr. DIXON. I thank the Senator.

The PRESIDING OFFICER. The Senator from North Carolina has the floor.

Mr. HELMS. I yield the floor.

The PRESIDING OFFICER. Does the Senator from North Carolina yield the floor?

Mr. HELMS. Yes.

AMENDMENT NO. 1102

Mr. DIXON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report the amendment.

The bill clerk read as follows:

The Senator from Illinois [Mr. DIXON], for himself, Mr. JOHNSTON, Mr. PRYOR, Mr. RIEGLE, Mr. SASSER, Mr. BOSCHWITZ, and Mr. BUMPERS proposes an amendment numbered 1102.

Mr. DIXON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, add the following:

On page 459, between lines 18 and 19, insert the following:

SEC. . (a) Section 13 of the Federal Deposit Insurance Act (12 U.S.C. 1823) is amended by adding at the end thereof the following:

"(j)(1) With the consent of the Corporation, which shall not be unreasonably withheld, and upon recommendation of the appropriate Federal banking agency or a State bank commissioner or on its own motion, the Corporation may by order, regulation, or otherwise authorize one or more of the actions referred to in paragraph (2) to be taken by an agricultural bank. The Corporation may not authorize any such action unless—

"(A) such action will enable the agricultural bank to survive, remain viable, and show a net profit; and

"(B) there is no evidence of fraud or gross mismanagement by the management of the agricultural bank.

"(2) The actions which may be authorized under this subsection are as follows:

"(A) The agricultural bank may file financial reports in accordance with regulatory accounting practices, and use push down or purchase method accounting principles.

"(B) The agricultural bank may reappraise its buildings and other tangible property, real or personal, and any increase between fair market value and the book value of such property may be credited to the capital accounts of the agricultural bank.

"(C) The agricultural bank may renegotiate and reamortize on an amortization schedule not to exceed 30 years qualified problem loans owned by the agricultural bank as of January 1, 1985, and additional qualified problem loans renewed or made by the agricultural bank after January 1, 1985, but prior to January 1, 1995. In the event a renegotiated loan is prepaid or at the maturity of the renegotiated loan, or in the event of default by the borrower in the repayment of the renegotiated loan, or in the event any collateral securing the renegotiated loan is sold without the prior written consent of the agricultural bank, the borrower, at the option of the bank, shall be obligated to repay the principal balance due on the renegotiated loan, plus accrued interest, plus that portion of the difference between the principal of and accrued interest on the qualified problem loan and the beginning principal balance of the renegotiated loan which has not been charged off by the agricultural bank. The terms of the renegotiation and reamortization of the renegotiated loan, including, by way of illustration only, the rate of interest to be charged, shall be at the sole discretion of the agricultural bank. The agricultural bank may charge off the difference between the principal of and accrued interest on the qualified problem loan or loans and the beginning principal balance of the renegotiated loan or loans over a 30-year period.

"(D) The agricultural bank may mark to market the value of any real estate or other property, real or personal, owned by the agricultural bank on January 1, 1985, and any additional property subsequently acquired by the agricultural bank prior to January 1, 1995, and charge off any loss recognized over a 30-year period. Market value may be determined by income approach to value, cost approach, comparable sales approach, or such other acceptable method of valuation.

"(E) With respect to the expenses incurred by the agricultural bank related to the ownership of the real estate or other property referred to in subparagraph (D) above, including, by way of illustration only, the payment of real estate taxes, personal property taxes, insurance premiums, and payments to senior lien holders, the agricultural bank may write off such expenses over a 20-year period.

"(F) The agricultural bank may mark to market and sell any securities held in its investment portfolio as of January 1, 1985, and any additional securities subsequently acquired by the agricultural bank prior to January 1, 1995, and charge off any loss recognized over a 30-year period.

"(3) As a condition of eligibility under this subsection, the agricultural bank must agree to maintain in its loan portfolio a percentage of agricultural loans which is not lower than the percentage of such loans in its loan portfolio on January 1, 1985.

"(4) As used in this subsection—

"(A) the term 'agricultural bank' means—

"(i) a bank which is located in an agricultural area whose economy is dependent on agriculture;

"(ii) a bank which has assets of $200,000,000, or less; and

"(iii)(I) a bank which has a least 25 percent or more of its total loans in agricultural loans which were made to finance the acquisition of farm real estate or farm equipment and the production of agricultural products or livestock in the United States; or

"(II) a bank which has fewer than 25 percent of its total loans in agricultural loans but which the appropriate Federal banking agency or State bank commissioner may recommend to the Corporation as eligible, or the Corporation, on its own motion, may deem eligible;

"(B) the term 'qualified problem loan' means a loan made to finance the production of agricultural products or livestock in the United States, a loan secured by farm land or farm machinery, or the unsured or unguaranteed portion of any Farmers' Home Administration or Small Business Administration loan serviced by the agricultural bank, or such other category of loans as the appropriate Federal banking agency or State bank commissioner may recommend to the Corporation as eligible, or the Corporation, on its own motion, may deem eligible in order to allow the agricultural bank to remain viable.".

(b) Paragraph (1) of section 172(b) of the Internal Revenue Code of 1954 (relating to net operating loss carrybacks and carryovers) is amended—

(1) by adding at the end thereof the following new subparagraph:

"(L) In the case of a financial institution, a net operating loss for any taxable year beginning after December 31, 1984, with respect to any loan or security which is subject to the provisions of section 13(j) of the Federal Deposit Insurance Act, shall be a net operating loss carryover to each of the 30 taxable years following the taxable year of such loss.",

(2) by striking out "and (k)" in subparagraph (A) and inserting in lieu thereof "(K), and (L)"; and

(3) by striking out "and (J)" in subparagraph (B) and inserting in lieu thereof "(J), and (L)".

Mr. DIXON. Mr. President, there will be some controversy about this amendment. If I could have the attention of the Senate——

The PRESIDING OFFICER. If the Senator will suspend, the Senate is not in order.

Mr. BYRD. Mr. President, will the distinguished Senator yield for a question to the manager of the bill?

Mr. DIXON. I yield.

Mr. BYRD. I thank the Senator.

Mr. President, the Senator will retain his rights to the floor, will he?

The PRESIDING OFFICER. That is correct. The Senator from Illinois has the time. He has yielded to the distinguished minority leader.

Mr. BYRD. I believe an agreement has been entered into. May I ask the distinguished manager if I heard the distinguished majority leader correctly in any case that this would be the last rollcall tonight?

Mr. HELMS. That is correct.

Mr. BYRD. I thank the Senator, and I thank the Senator from Illinois.

Mr. HELMS. I might add that Senator PRESSLER will lay down an amendment, on which there will be a rollcall

first thing in the morning. Following that, we will handle all of the amendments that we can which will not require a rollcall vote.

The PRESIDING OFFICER. The Senator from Illinois.

THE FARM CREDIT RELIEF ACT OF 1985

Mr. DIXON. Mr. President, I am offering as an amendment to the 1985 farm bill the text of S. 1151, the Farm Credit Relief Act, which I introduced, together with my distinguished colleagues, Senators JOHNSTON, PRYOR, SASSER, and RIEGLE, on May 16 of this year. This proposal was the subject of a July 24 hearing by the Banking Committee.

S. 1151 is an attempt to address part of the crisis that is devastating American agriculture and our rural economy. One of the most troubling aspects of this crisis has been the explosion of farm debt. Farmers now owe more than $215 billion, and the simple truth is that too low prices for agricultural products means that it is more and more difficult for farmers to service that debt.

Farm prices are down, and the value of farm land has dropped by as much as 40 percent or even more. Bankruptcies, however, are way up, and unless we are able to provide some badly needed assistance, the current appalling bankruptcy rate is likely to go much, much higher.

Unless we act, many of our Nation's full-time farmers will be wiped out. Many of these farmers were able to get a crop into the ground this spring, but without help, it is doubtful that many of them will be able to do so next year. The shakiest of these mid-sized farmers owe nearly a third of total farm debt—over $73 billion—an amount that compares with the Latin American debt held by the Nation's largest banks.

Farm debt, however, unlike foreign debt, is not held largely by money center banks. It is held by the Nation's more than 4,200 agricultural banks. These banks are small in size, but they are of vital importance to their communities.

While they do not hold the bulk of long-term debt, agricultural banks are a major source of operating and other short-term loans. According to the Comptroller of the Currency, banks hold about $9 billion of the $112 billion in long-term debt, and they hold almost $40 billion, or about 40 percent of the short-term debt. This is a serious problem because while most farmers have the resources to service their mortgage debt, many can no longer also meet their short-term debt obligations.

Agricultural banks are therefore also under serious strains, and the evidence is that their problems are becoming more severe. We had 79 bank failures last year—the highest number since the Great Depression—and a disproportionate number of those failing were agricultural banks. This trend appears to be continuing. Over 11,000 banks—an alltime record—are on the Federal regulators problem list. There have already been 101 bank failures this year, many of which were agricultural banks, and there could be as many as 130 or more before the year is out.

This trend is especially troubling because historically agricultural banks are among the strongest in our financial system. Agricultural banks traditionally have a very strong capital base, and they have followed the kind of prudent banking practices that have protected their depositors.

As strong as they are, however, agricultural banks are not immune from a crisis in the overall agricultural economy. There is no way they could be immune. More than 1,700 banks have more than 50 percent of their portfolios in agricultural loans, and that figure greatly understates the true dimensions of the problem since it does not include loans to agribusiness and other rural businesses dependent on a strong and profitable agricultural sector.

What we need, therefore, are solutions directed toward helping both farmers and the agricultural banks that serve them. It makes no sense to help the banks alone if that help does not permit them to continue to play an active role in their local communities. And farmers clearly need help to restructure their debts so that they are not forced off the land or put in the position of being tenant farmers on what was their land.

The amendment my colleagues and I are offering is an attempt to provide assistance and needed flexibility for both farmers and their leaders. It does not pretend to be a complete solution to the problems of either, but it will provide needed transitional assistance as more fundamental, long-term solutions are put into place. We need to make it possible for farm exports to begin expanding again. We need to restore the opportunity to make a profit to American farmers. We need to bring interest rates down to more reasonable levels. But all these things will take time; time that many of our farmers and rural financial institutions do not have unless we are able to act soon on appropriate safety net protections.

The provisions of S. 1151 ought to be a component of this safety net. The amendment will permit banks to negotiate with farmers on appropriate debt restructuring, restructuring that will leave farmers with payments they can meet while bringing the banks greater financial returns than foreclosure would. It helps ensure that farmers aren't forced off their land, and helps the banks retain customers that they want to retain, customers that they have had a good relationship with over the years and who, with this help, will be good customers again. It does not require any bank to act to restructure loans. It simply permits banks to take actions, with the approval of Federal regulators, that banks believe are in their interests and which will benefit hard-pressed but fundamentally sound farmers.

The heart of the amendment is a provision that permits agricultural banks to write down loans from their book value to their fair market value. Banks can do this now, but under current law, they must deduct the amount written off from their capital all at once. Even though agricultural banks are well capitalized, They cannot withstand losses of this magnitude, so banks are forced to foreclose rather than write down loans. This benefits neither the banks nor the farmers.

Under the Farm Credit Relief Act, on the other hand, the amount written down could be amortized over a period of up to 30 years. Banks could renegotiate with the borrowers for repayment of the remaining portion of the loans eligible for this assistance. However, if a farmer defaulted on the remaining portion of the loan or sold his land, the farmer would be responsible for repaying not only the unpaid portion of the remaining loan, but also the portion of the written-down amount that had not yet been amortized. Any loan made to finance agricultural production, including the unguaranteed portion of FmHA or SBA guaranteed loans, made by an eligible bank, is qualified for this favorable amortization treatment.

Current law forces banks to try not to acknowledge the extent of their problems, because any losses in a loan portfolio must be written off against capital at the time they are recognized. Now in normal business conditions that is sound practice. In the current crisis situation in our agricultural economy, however, the pressure on agriculture bank capital it creates is so great that it actually adds to the problems facing both farmers and banks. Losses on agricultural loans can cause reductions in bank capital. That reduction can force a bank to call in more loans, generating more losses, forcing still further reductions in bank capital, and so on, in a destructive cycle that could destroy both the bank and many basically sound American farmers. At the very least, banks may have to withdraw as lenders to their communities with all the problems that the loss of such a major source of credit always causes.

Amortizing the losses, however, creates an incentive for banks to deal with their problems in a way that can help to minimize those losses. I do not suggest this step lightly. I recognize the seriousness of this proposal. But I

believe that the only alternative to this kind of package is direct assistance—and with our budget problems, it is difficult to see how that kind of help could be provided.

Let me say in conclusion that this proposal, if enacted, will work to provide needed assistance for American farmers who deserve our help. It will also provide assistance for agricultural banks, who through no fault of their own, are being squeezed by the ongoing agricultural crisis, permitting these fundamentally sound banks to weather this storm. We have provided special assistance for financial institutions in the past, most recently for foreign loans and for the housing industry. I believe American agriculture is just as deserving of the assistance of the U.S. Senate. I urge the adoption of the amendment.

Mr. President, I have offered this amendment on behalf of myself, Mr. JOHNSTON, Mr. PRYOR, Mr. RIEGLE, Mr. SASSER, Mr. BOSCHWITZ, and Mr. BUMPERS. This amendment is an amendment which addresses the farm credit problem so far as the private sector is concerned. It has no budgetary impact. It relates to the relationship between a private bank and a farmer.

I am here to tell you, Mr. President, that this amendment is supported by the Independent Bankers Association of America and the American Farm Bureau. The amendment simply says that in a situation where an agricultural bank, which is defined as a bank under $200 million and has at least 25 percent or more of its loans in agriculture, has a loan with a farmer, the bank may reduce the amount of that loan not lower than the collateral held by the farmer and then amortize the debt over a maximum 30-year period so that the bank does not have to take the hit in the first year.

Mr. President, here is a hypothetical illustration of what the bill would do.

Assume farmer owes bank $150,000, but the collateral securing that debt is only worth $60,000. Under this proposal, rather than the farmer defaulting on the loan and losing his farm, the farmer and the bank could renegotiate a new payment schedule and a smaller, written down loan.

A farmer and the bank could agree to write down the loan to $90,000, and create a repayment schedule on that amount that the farmer's cash flow could support. The bank, with the approval of the Federal regulators, decides to write off the $60,000 over 15 years—$4,000 per year—although the bill would permit writeoff periods of up to 30 years; which is much better for the bank than taking the writeoff all the first year, which is what happens if it has to foreclose on the loan. Further, the bank does not have to acquire the property, or manage it, and continues its relations with its borrowers.

If the farmer were to default or sell the land, say in year 10, then that farmer would owe the remaining amount on the $90,000 loan plus the amount of the $60,000 that had not been written off, in this case, $20,000.

Now, here are the good things about this amendment. It is good for the bank, which can then amortize the debt and does not go into the farming business. It is good for the farmer who gets to continue to own his farm and manage and operate it. It costs nothing. It has no budgetary impact. I suggest that while it is not a solution to the farm credit problem in America, it is at least a modest attempt to solve the problem for many thousands of farmers all over the United States of America who face foreclosure possibilities.

I do not want to use any more time. I think that perhaps others on the floor may want to speak in support of this legislation, including Senator BOSCHWITZ, who I see rushing to the floor right now, and perhaps Senator PRYOR and Senator JOHNSTON.

I yield the remainder of my time to those people, Mr. President. And I know the Senator from Utah wants to be heard in opposition.

Mr. GARN. Mr. President, there is no member of the Banking Committee that I consider a better friend than the Senator from Illinois, or a more loyal and cooperative member of that committee. But I must admit that, from a procedural standpoint, I am distressed that this amendment is being offered to this bill tonight.

I think it is important to note that I am always willing to work with my committee members when they introduce bills, to schedule hearings, and to move to markups; and I did that on this particular bill, which was introduced in May of this year.

I was willing to move to hearings, and we did hold the first of two scheduled days of hearings in July of this year. At that time, we heard all the witnesses in support of the legislation. Then, working with the staff of the distinguished Senator from Illinois on holding an additional hearing after the August recess, we were never able to agree on a time. I continued to ask that that second day of hearings be held.

My point, to shorten the debate, is simply that the Banking Committee was willing to hold hearings on this issue. We held 1 day of those hearings and were unable, for whatever reason, to hold an additional hearing. As late as 2 weeks ago, I offered to hold a second day of hearings with the regulatory agencies and was not able to do that.

With incomplete hearings on a very important issue, here we are facing it at 11:30 at night, on an ag bill, and something that is purported to help the farmers and the agricultural banks of this country.

I do not want to take a lot of time, because there is a lot of substance in this bill. Let me read parts of a letter that I hope is meaningful to Members of this body on both sides.

When we did not get to hold the second day of hearings with the regulators who might know something about agricultural credit and the managing and examination of banks, I requested an opinion from the FDIC. The Federal Deposit Insurance Company, for those who do not realize what that is, happens to be the insuring agency for all banks in this country up to $100,000. I will read only parts of the letter, because it is a 2-page letter.

> The proposed legislation purports to lessen problems affecting both farmers and agricultural banks by sustaining, through liberalized accounting procedures, the book solvency of agricultural banks and thereby allowing those banks to continue to provide needed farm financing. The FDIC is adamantly opposed to this bill because we believe implementation of the bill's provisions would not lead to achievement of its stated goals, and would in fact be counterproductive.

The PRESIDING OFFICER. If the Senator will suspend, the Chair cannot hear the Senator's remarks, and it is obvious that no one else can hear them, either. The Senate is not in order.

Those staff members carry on coversations on the Republican side should take leave of the Chamber if they wish to continue their discussions.

Those Senators wishing to converse ought to accord their colleagues the courtesy of carrying on their conversations elsewhere.

The Senator from Utah.

Mr. GARN. Again quoting from the letter from the FDIC:

> The basic flaw with S. 1151 is that it attempts to change red ink into black ink through the use of liberalized accounting techniques.

Another quotation from the letter:

> We note that the thrift industry has been granted accounting conventions similar to those proposed in S. 1151. Even a cursory analysis of the use of these accounting methods by the thrifts will reveal with stark clarity the failure of these methods in dealing with that industry's problems.

They also mention that the bill relates only to commercial banks:

> The FDIC believes that any attempt to address the financing needs of farmers cannot succeed if the scope of the remedy is limited only to commercial banks. The Farm Credit System, which is by far the biggest supplier of credit to farmers, should be made an indispensable party to any efforts to improve fanancing for farmers.

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. GARN. I yield at this time, because there are other quotations I would like to read.

Mr. JOHNSTON. Is it not true that under this amendment there is no compulsion on the FDIC to do anything? Rather, the FDIC is granted permissive authority within the limited guidelines of the amendment. Is that not a fact?

Mr. GARN. That is correct. That still does not address the problem, and my distinguished friend from Louisiana is ignoring the fact that the FDIC is adamantly opposed to this piece of legislation, of turning red ink into black ink through an accounting procedure. We are not solving the problems of the agricultural banks.

I will paraphrase the other quotations.

They believe that using these kinds of shadows and mirrors will cause more bank failures and make it virtually impossible for the FDIC to examine these banks, by softening the accounting procedures to try to correct the difficulties that we both agree exist.

Mr. JOHNSTON. Can the Senator tell me why in Heaven's name the FDIC should be adamantly opposed to anything that does not require them to do a thing, that simply gives them permissive authority to help save some agricultural banks that are in trouble, if they want to and if they think it is proper?

Mr. GARN. That is easy. The same reason I am opposed: Because it gives the impression, it sends a lot of false hope, it will delude the farmers and the agricultural banks of this country into thinking that something is being done for them. It is far more serious than changing the accounting procedures. This was done for the S&L's, and the evidence is overwhelming that it did not help.

The PRESIDING OFFICER. Who yields time?

Mr. GARN. Mr. President, I believe I still have the floor.

The PRESIDING OFFICER. That is correct. The Senator from Utah still retains the floor.

Mr. GARN. While I am looking for more quotations, if others wish to speak in favor of the bill, they may do so. So that I do not just stand here fumbling through the papers, I will yield the floor at this time.

Mr. DIXON. Mr. President, I yield the remainder of my time to Senator JOHNSTON and Senator BOSCHWITZ. I do not know how much time I have remaining.

The PRESIDING OFFICER. The Senator has 7 minutes remaining.

Mr. DIXON. I yield 3 minutes to the Senator from Louisiana.

Mr. JOHNSTON. Mr. President, this bill, first, helps farmers by being able to reduce the amount of debt that farmers have. It helps farmers reduce the debt without 1 cent to the U.S. Treasury.

Second, it helps agricultural banks, because when banks reduce a note to a farmer, the amount of that reduction may be carried on the books of that bank for the purpose of its debt-equity ratio for the period of time they allow the creditor to pay, not to exceed 30 days.

So, in effect, you are able to write down the debt of a farmer, not just give him more time, not just extend him terms, but actually write the debt of the farmer down.

The bank is helped because the bank is helped in its debt-equity ratio—that is, it is permitted to carry on the books of that bank the amount by which they reduce the debt to the farmer.

The only objection we have heard to this is that the FDIC adamantly opposes it. The FDIC is not required to do a thing under this amendment. The FDIC is just given permissive authority to permit this to be done, provided that the FDIC must first make a finding that the bank is more likely to survive with this remedy than without it.

If the FDIC first decides that they think that the bank is less likely to survive if this remedy is invoked, then not only should they not, they are not permitted to invoke this remedy and they are not under any circumstances required to use this remedy.

So it seems to me, Mr. President, when you can write down farm debt, give real relief to farmers by reducing the amount of their debt, when you can allow agricultural banks to succeed and when you do not require the FDIC to do a thing and moreover when it does not cost the taxpayer a cent, it seems to me it is worth a try.

If the FDIC is right that this should not be done they do not have to do it because it is permissive legislation.

Mr. GLENN. Mr. President, will the Senator yield for a question?

Mr. JOHNSTON. I yield.

Mr. GLENN. Is it true this would not cost the taxpayer a cent? I have not made up my mind on this particular vote yet. Is it true there would be no loss to the taxpayers?

It seems to me if you are extending this debt out giving a bank an advantage in effect on this there would be lesser taxes paid and it would cost the Government something.

Are there estimates on this, or can either the managers or the Senator answer that?

Mr. JOHNSTON. It does not cost anything at all as a matter of fact. As a matter of fact if anything it would probably be more to the Treasury because rather than taking, let us say you have a debt, you write it down, rather than write it down in 1 year, you wrote it down over a period of years.

Mr. GLENN. Can the floor manager answer that?

The PRESIDING OFFICER. The Senator from Minnesota has the floor. The Senator from Illinois yielded 3 minutes to the distinguished Senator from Louisiana and 4 minutes to the Senator from Minnesota.

Mr. DIXON. I yield the remainder of my time to the Senator from Minnesota.

Mr. BOSCHWITZ. I am going to yield it back to the Senator because I would like to ask him a question that my colleague came over to ask him that is whether or not we could not change this amendment so it triggers on the first.

If the chairman of the Banking Committee, Senator GARN, would pay attention for a minute, perhaps we could trigger this amendment so it goes into effect on the 1st of March in the event we have not come up with a more complete solution to the agricultural credit problem. If we do not adopt something, I can just see us roll all over the floor here as it were last winter and early spring and do something in a hurry. But in the event we adopt this, we trigger it for the 1st of March. In the event that we have not taken more complete or at least equivalent action, I think that we would be making a forward step.

I agree with the Senator from Utah who has said that this is an incomplete solution to the whole thing, and I ask the Senator from Utah in the event we were to trigger this so that it would not take effect before March 1 if that would make it more acceptable, because I know I understand from the majority leader and also from the others that we intend to act on the farm credit and we really have to do it in the month of December so that regulations can be written prior to planting, prior to the needs of the spring.

Mr. GARN. I answer the Senator from Minnesota saying that in the limited time I agreed to the questions that are now being asked on the floor, the question the Senator from Ohio asked should have been answered in committee hearings. We were denied the opportunity to fully explore this problem, forgetting the agricultural credit system, the bank part of it. The Banking Committee was willing to proceed with hearings. I cannot answer all of the Senator's question because we were not allowed to have the remainder of the witnesses testify.

Mr. BOSCHWITZ. I suggest to my friend from Illinois in that case that we perhaps should change the amendment to say that the trigger should take effect on the 1st of March 1986, in the event more complete or at least equivalent legislation regarding farm credit had not been acted and we simply have to get about that because if we do not do it before we adjourn sine die, we are not going to be able to have the regulations and do the things

necessary prior to spring planting. That is why I support this which I consider to be a limited effort.

Mr. DIXON. I say to my friend from Minnesota I accept the March 1, 1986, effective date so in the interim period things can be done. I do not think you can put in a proviso that makes sense on the basis of what has been discussed here, but a March 1, 1986, effective date for now I would accept and then in the interim period, if something else is done, we can always return to this question.

The PRESIDING OFFICER. Who yields time?

Mr. GARN. Mr. President, I yield myself such time as necessary.

Comment was made and again we do not have the time—maybe we should not have agreed to such a short time agreement to discuss the substance of this bill in great detail. I think most of my colleagues would agree it is not a solution to the problem but to say that the only evidence against this is the FDIC I would say that the Federal Deposit Insurance Corporation, which so many people are worried about and we are holding hearings on the deposit insurance reform, should be a very good witness when they say they are adamantly opposed. They are responsible for the safety and soundness of all of commercial banks of this country.

The other quote I was looking for a few minutes ago.

This bill would make it nearly impossible to properly supervise agricultural banks. FDIC operational procedures now place a great deal of reliance on off-site monitoring through the use of computer generated analytical information taken from quarterly reports submitted by banks. The use of accounting conventions proposed in this bill would make data obtained useless for discovering banks in need of closer supervision. This in turn would result in inadequate supervision, increased bank failures, and a greater drain on the deposit insurance fund.

I have never seen more direct opposition to a bill in the 11 years I have been on the Banking Committee in such direct terms. We talked about the permissiveness as well of this legislation. It is not clear how many agricultural banks could take advantage of the provisions of S. 1151. FDIC could deny authority to use the benefits of this bill to any bank in which there is evidence of management fraud or gross mismanagement, unless those accounting changes would enable the bank to survive. It is not totally permissive. There are some very restrictive areas in which the FDIC could deny authority to these banks. I hate this late at night to even be dealing with this issue. It is too sensitive and too important to legislate this way.

I am perfectly willing to continue the hearings at any time the Senator from Illinois would agree to a date and inviting the additional witnesses.

Mr. DIXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois has no time remaining under the unanimous consent.

Mr. DIXON. May I ask the President, can I have leave to amend the bill to have the March 1, 1986, effective date requested by others on the other side and suggested as a possibility by the majority leader and others?

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois?

Mrs. HAWKINS. Mr. President, reserving the right to object.

Mr. HELMS. Mr. President, I hope the distinguished Senator will not object.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Illinois?

Mr. GARN. Reserving the right to object, and I will not object, I simply say changing the date does not change the nature of this bill or the FDIC opposition to it.

So I hope none of my colleagues will be drawn into voting for it because we simply made a date change. It is a very bad solution to a very serious problem.

The PRESIDING OFFICER. Is there objection?

Mrs. HAWKINS. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. ZORINSKY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Utah yield time?

Mr. GARN. I yield the remainder of my time—I only have about 1 minute—to the distinguished minority leader.

Mr. ZORINSKY. Mr. President, the amendment of the Senator from Illinois [Mr. DIXON] adds to the farm bill the provisions of S. 1151, a bill introduced by Senator DIXON and others earlier this year. The new provisions will provide much-needed temporary assistance to rural lenders while more comprehensive, long-term solutions are pursued.

The amendment provides that agricultural banks may write down problem loans from book value to fair market value, and deduct the amount written down over a period of time. Under current law, banks must deduct from capital the entire amount written off at the time of the writedown. Under the amendment, an agricultural bank may charge off the amount written down over a period of up to 30 years.

Mr. President, this amendment will allow banks to acknowledge the amount of bad debt and permit recognition of the extent of the financial problems in rural America.

I yield back the remainder of my time.

Mr. GARN. I yield back.

Mr. DIXON. I yield back the remainder of my time and ask for the yeas and nays.

The PRESIDING OFFICER. Is there sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. GARN. Mr. President, I move to table and ask for the yeas and nays.

The PRESIDING OFFICER. Is there sufficient second? There is sufficient second. The yeas and nays were ordered.

The question is on agreeing to the motion of the Senator from Utah to lay on the table the amendment of the Senator from Illinois. On this question the yeas and nays were ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], the Senator from Nevada [Mr. LAXALT], the Senator from Oregon [Mr. PACKWOOD], the Senator from Connecticut [Mr. WEICKER], are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Missouri [Mr. EAGLETON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Vermont [Mr. LEAHY], and the Senator from Mississippi [Mr. STENNIS] are necessarily absent.

The PRESIDING OFFICER (Mr. GORTON). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 47, nays 44, as follows:

[Rollcall Vote No. 333 Leg.]

YEAS—47

Armstrong	Hatch	Proxmire
Bentsen	Hatfield	Quayle
Bradley	Hawkins	Riegle
Chafee	Hecht	Roth
Cochran	Heinz	Rudman
Cohen	Helms	Simpson
D'Amato	Humphrey	Specter
Danforth	Inouye	Stafford
DeConcini	Kassebaum	Stevens
Denton	Lautenberg	Symms
Dole	Lugar	Thurmond
Domenici	Mathias	Trible
Evans	Mattingly	Wallop
Garn	McClure	Warner
Gorton	McConnell	Wilson
Gramm	Murkowski	

NAYS—44

Abdnor	Exon	Melcher
Andrews	Ford	Metzenbaum
Baucus	Glenn	Mitchell
Biden	Gore	Moynihan
Bingaman	Grassley	Nickles
Boren	Harkin	Nunn
Boschwitz	Hart	Pell
Bumpers	Heflin	Pressler
Burdick	Hollings	Pryor
Byrd	Johnston	Rockefeller
Chiles	Kasten	Sarbanes
Cranston	Kerry	Sasser
Dixon	Levin	Simon
Dodd	Long	Zorinsky
Durenberger	Matsunaga	

NOT VOTING—9

Eagleton	Kennedy	Packwood
East	Laxalt	Stennis
Goldwater	Leahy	Weicker

So the motion to table amendment No. 1102 was agreed to.

[The following proceedings occurred after midnight.]

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion to table was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HELMS and Mr. PRESSLER addressed the Chair.

The PRESIDING OFFICER. The Senator from South Dakota.

AMENDMENT NO. 1103

Mr. PRESSLER. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from South Dakota [Mr. PRESSLER] proposes an amendment numbered 1103.

Mr. PRESSLER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the pending amendment insert the following:

SEC. 207. It is the Sense of the Senate that the Secretary of Agriculture shall promulgate standards requiring the accurate disclosure on the label of food products under the jurisdiction of the Department which accurately describes each ingredient in the product based on actual ingredient composition and shall require prominent disclosure of the presence of imitation dairy products.

Mr. PRESSLER. Mr. President, the amendment I am offering expresses the sense of the Senate that the Secretary of Agriculture promulgate rules and regulations to require clear and accurate labeling of food products under his jurisdiciton. The amendment is primarily directed at the labeling of meat pizzas as containing cheese when the product contains a large share of imitation cheese.

With passage of the Federal Food, Drug and Cosmetic Act of 1938 the Federal Government established guidelines for the labeling of food products. Under the act, food imitations had to be labeled as such. In 1969 the White House Conference on Food, Nutrition and Health made recommendations favoring the abandonment of the use of the word imitation. As a result of 1973 the Food and Drug Administration proposed that the word "imitation" only be applied to foods which are "nutritionally inferior" to the food they purport to resemble. The term "nutritionally inferior" was proposed to be defined as "a reduction in the content of an essential vitamin or mineral or of protein that amounts to 10 percent or more of the U.S. recommended daily allowance." When the proposal was made, the majority of the comments submitted were in opposition to the change.

In 1980, USDA adopted a regulation for meat pizza products containing both cheese and cheese substitutes which established a ratio of at least one part of cheese per nine parts of imitation or substitute cheese. If the product meets this requirement, then the label on the main panel does not have to declare that the product contains imitation cheese. On August 5, 1984, USDA published a proposed rule on meat products containing imitation or substitute cheese. The proposal would have required a 6-percent-by-weight real cheese minimum in meat pizza products, and a principal display panel declaration when imitation or substitute cheese is used. A final rule has not been published.

The Senate should adopt this amendment for several reasons. First, a recent survey conducted by the Opinion Research Corp. established without a doubt that consumers expect to purchase a frozen pizza which contains 100 percent real cheese. In most cases the consumer is actually purchasing a pizza containing 90 percent imitation cheese. The survey also found that 96 percent of the consumers want to be notified on the principal display panel when substitute cheese is used. The current regulations do not effectively inform consumers of the content of the frozen meat pizzas they purchase.

Second, the use of imitation or substitute cheese product displaces real cheese. This reduces the sale of domestically produced dairy products and increases the cost of the dairy price support program. A study conducted by the University of Wisconsin found that dairy product imitations equal 30 percent of the overall market for dairy products. Cheese was also found to be the most vulnerable to increased competition from imitation products. Cheese production is the second largest utilizer of milk with consumption of 29 percent of milk production in 1984. In 1984 imitation cheese products accounted for an estimated 6.4 percent of the natural cheese production in the United States. Imitation cheese utilization in 1984 equaled 64 percent of the CCC purchases of cheese. A clear labeling of these imitation cheese products as imitations would result in an increased usage and sale of real dairy products. This could substantially reduce the cost of the dairy price support program.

Third, the major component of the imitation cheese which is used on many of the frozen pizzas sold in the United States is casein. A 1981 International Trade Commission study found that 36 percent of the casein imported into the United States was used to produce imitation cheese. The majority of casein is imported from the EEC and New Zealand. These countries heavily subsidize the production and export of casein. For example, in 1984 the EEC provided on the average, an export subsidy of approximately 95 cents per pound of casein. This heavy subsidy allows the imitation cheese pizzas to be sold at a lower price than pizzas using real cheese. The result has been an increase in the use of imitation cheese in frozen pizzas. A recent survey of 26 grocery stores found that pizza brands using imitation cheese outnumbered real cheese pizzas by a margin of 18 to 14. Imitation cheese was used in the production of meat pizzas by 20 different firms. Consumers should be made aware that they are purchasing pizzas containing imitation cheese and clearer labeling on the main panels of product containers is needed to accomplish this. The current policy not only deceives the consumer but also costs the taxpayer a substantial amount of money in additional dairy price support costs.

Mr. President, my amendment simply expresses the sense of the Senate. I would hope that the Secretary would take the action called for in the amendment and revise the labeling standards for meat products containing imitation cheese. I urge my colleagues to join me in support of this amendment.

Mr. President, I understand that the amendment has been agreed to on both sides.

Mr. HELMS. Mr. President, we are willing to accept the amendment on this side.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment.

The amendment (No 1103) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BOSCHWITZ. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, the Senator from Nebraska is seeking recognition to offer an amendment on his side of the aisle.

Mr. ZORINSKY. Mr. President, we have an amendment to offer on this side of the aisle.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, here are the amendments we have cleared. If Mr. HARKIN is on the floor, we can take him next. We have cleared the amendments of Mr. HARKIN, Mr. FORD, Mr. CHAFEE, Mr. GRASSLEY, Mr. DURENBERGER, Mr. BOSCHWITZ, and Mr. ABDNOR, the first eight, and we have six or eight more.

We are going to decorate this Christmas tree in short order, so let us have a little order.

Is the Senator from Nebraska going to offer Senator HARKINS' amendment?

Mr. ZORINSKY. Senator HARKIN is present.

AMENDMENT NO. 1104

Mr. HARKIN. Mr. Pesident, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Iowa [Mr. HARKIN] proposes an amendment numbered 1104.

Mr. HARKIN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment add the following. At the appropriate place in the bill, add the following sections:

TITLE —

SECTION 1. SHORT TITLE.

This title may be cited as the "School Lunch and Child Nutrition Amendments of 1985".

SEC. 2. AUTHORIZATIONS OF APPROPRIATIONS UNDER THE CHILD NUTRITION ACT OF 1966.

(a) SPECIAL SUPPLEMENTAL FOOD PROGRAM.—Section 17 of the Child Nutrition Act of 1966 is amended—

(1) in subsection (c)(2) by striking out "Subject to" and all that follows through "1984." and inserting in lieu thereof "Subject to amounts appropriated for the purpose of this program under subsection (g)—";

(2) in subsection (g) by striking out the first sentence and inserting in lieu thereof "There are authorized to be appropriated $1,629,000,000 for fiscal year 1986 and such sums as may be necessary for each of the fiscal years 1987 and 1988 for the purpose of carrying out the program authorized by this section."; and

(3) in subsection (h)(2) by striking out "1984" and inserting in lieu thereof "1988".

(b) STATE ADMINISTRATIVE EXPENSES.—Section 7(i) of the Child Nutrition Act of 1966 is amended by striking out "1984" and inserting in lieu thereof "1988".

(c) NUTRITION EDUCATION AND TRAINING.—Section 19(j)(2) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(j)(2)) is amended by striking out "1984" and inserting in lieu thereof "1988".

SEC. 3. AUTHORIZATIONS OF APPROPRIATIONS UNDER THE NATIONAL SCHOOL LUNCH ACT.

(a) SUMMER FOOD PROGRAM.—Section 13(p) of the National School Lunch Act (42 U.S.C. 1761(p)) is amended by striking out "1984" and inserting in lieu thereof "1988".

(b) COMMODITY DISTRIBUTION PROGRAM.—Section 14(a) of the National School Lunch Act (42 U.S.C. 1762a(a)) is amended by striking out "1984" and inserting in lieu thereof "1988".

SEC. 4. FOOD SERVICE EQUIPMENT ASSISTANCE.

(a) GRANTS.—The National School Lunch Act is amended by inserting after section 4 the following new section:

"FOOD SERVICE EQUIPMENT ASSISTANCE

"SEC. 5. (a) Subject to the availability of appropriations, the Secretary shall make grants to school food authorities to assist in providing food service equipment. Such grants shall be awarded on the basis of need, as determined by the Secretary.

"(b) There are authorized to be appropriated $1,000,000 for fiscal year 1986 and such sums as may be necessary for each of the fiscal years 1987 and 1988 for the purposes of this section.".

(b) DEFINITION.—Section 12(d) of the National School Lunch Act is amended by inserting at the end thereof the following new paragraph:

"(8) 'Food service equipment' means equipment used by schools in storing, preparing, or serving food for schoolchildren.".

SEC. 5. INCLUSION OF WHOLE MILK AS A SCHOOL LUNCH BEVERAGE.

Section 9(a) of the National School Lunch Act is amended by inserting after the first sentence the following: "In addition to such other forms of milk as the Secretary may determine, such lunches shall offer whole milk as a beverage.".

SEC. 6. ELIMINATION OF REFERENCE TO FOOD STAMP PROGRAM ELIGIBILITY STANDARDS.

Section 9(b)(1)(A) of the National School Lunch Act is amended—

(1) by striking out in the second sentence "For the school years ending June 30, 1982, and June 30, 1983, the" and inserting in lieu thereof "The"; and

(2) by striking out the third sentence.

SEC. 7. AUTOMATIC ELIGIBILITY FOR CERTAIN PROGRAMS.

Section 9(b) of the National School Lunch Act is amended by inserting after paragraph (5) the following new paragraph:

"(6) Any child who is a member of a household under the food stamp program or a member of an AFDC assistance unit (under the aid to families with dependent children program under Part A of title IV of the Social Security Act), in a State where the standard of eligibility for such assistance does not exceed 130 per centum of the income poverty guidelines, shall be served a free lunch and breakfast without further application or eligibility determinations. For the purposes of any verification under paragraph (2)(C), proof of receipt of food stamps or AFDC shall be sufficient.".

SEC. 8. LIMITATIONS ON MEAL CONTRACTING.

Section 9 of the National School Lunch Act is amended by inserting at the end thereof the following new subsection:

"(e) A school or school food authority participating in a program under this Act may not contract with a food service company to provide a la carte food service unless such company agrees to offer free, reduced-price, and full-price reimburseable meals to all eligible children.".

SEC. 9. CHANGE IN TUITION LIMITATION FOR PRIVATE SCHOOLS.

(a) SCHOOL LUNCH PROGRAMS.—Section 12(d)(5) of the National School Lunch Act is amended—

(1) in the first sentence by striking out "$1,500" and inserting in lieu thereof "$2,500"; and

(2) by inserting at the end thereof the following new sentence: "On July 1, 1986, and on each subsequent July 1, the Secretary shall prescribe an annual adjustment in the tuition limitation amount in the first sentence of this paragraph to reflect changes in the Consumer Price Index for All Urban Consumers during the most recent twelve-month period for which such data is available.".

(b) CHILD NUTRITION PROGRAMS.—Section 15(c) of the Child Nutrition Act of 1966 is amended—

(1) in paragraph (A) by striking out "$1,500" and inserting in lieu thereof "$2,500"; and

(2) by inserting at the end thereof the following new sentence: "On July 1, 1986, and on each subsequent July 1, the Secretary shall prescribe an annual adjustment in the tuition limitation amount in the first sentence of this paragraph to reflect changes in the Consumer Price Index for All Urban Consumers during the most recent twelve-month period for which such data is available.".

SEC. 10. USE OF SCHOOL LUNCH FACILITIES FOR ELDERLY PROGRAMS.

Section 12 of the National School Lunch Act is amended by inserting at the end thereof the following new subsection:

"(i) Facilities, equipment, and personnel provided to school food authorities for programs under this Act and under the Child Nutrition Act of 1966 may be used, as determined by the local educational agency, to support nonprofit nutrition programs for the elderly (including programs funded under the Older Americans Act).".

SEC. 11. STUDY OF A UNIVERSAL SCHOOL LUNCH PROGRAM.

The National School Lunch Act is amended by inserting at the end thereof the following new section:

"STUDY OF A UNIVERSAL SCHOOL LUNCH PROGRAM

"SEC. 24. The Secretary shall conduct a study to consider the feasibility of making the school lunch program a universal program for all children and to consider various methods of operating a self-financing school lunch program for all children, including reserving a separate source of revenue for any such program. The Secretary shall submit a report of such study to the Congress, together with any recommendations or proposals for legislation, by January 1, 1988.".

SEC. 12. SIMPLICATION OF PROGRAM ADMINISTRATION.

The National School Lunch Act is amended by inserting at the end thereof the following new section:

"SIMPLIFICATION OF PROGRAM OPERATIONS

"SEC. 25. The Secretary shall conduct an analysis of program requirements under this Act and the Child Nutrition Act of 1966 to identify program changes that would simplify program operation at the local level. Within one year after the date of the enactment of this Act, the Secretary shall report the results of such analysis, together with any recommendations or proposals for legislation, to the appropriate committees of the Congress.".

SEC. 13. RESTORATION OF CERTAIN KINDERGARTENS TO SPECIAL MILK PROGRAM.

Section 3(a) of the Child Nutrition Act of 1966 is amended in the first sentence immediately before ", and (2)" by inserting "(except that the preceding limitation shall not apply to kindergarten programs in such schools)".

SEC. 14. ADDITIONAL FUNDING TO IMPROVE SCHOOL BREAKFAST PROGRAM MEAL PATTERN.

(a) ADDITIONAL FUNDING.—Section 4(b) of the Child Nutrition Act of 1966 is amended by inserting at the end thereof the following paragraph:

"(3) The Secretary shall increase by 6 cents the annually adjusted payment for each breakfast served under this Act and section 17 of the National School Lunch Act to assist States in improving the nutritional quality of such breakfasts, to the extent feasible.".

(b) NUTRITION REQUIREMENTS.—The Secretary of Agriculture shall review and revise the nutrition requirements for meals served under the school breakfast program to improve the nutritional quality of such meals, taking into consideration both the findings of the National Evaluation of School Nutrition Programs and the need to provide increased flexibility in meal planning to local school food service authorities. Not later than one hundred and eighty days after the date of enactment of this Act, the Secretary of Agriculture shall promulgate regulations to implement such revisions.

SEC. 15. EXTENSION OF OFFER VERSUS SERVE PROVISION TO THE SCHOOL BREAKFAST PROGRAM.

Section 4(e) of the Child Nutrition Act of 1966 is amended—

(1) by inserting "(1)" after "(e)"; and

(2) by inserting at the end thereof the following new paragraph:

"(2) At the option of the local school food authority, students in schools that participate in the school breakfast program under this Act may be allowed to refuse not more than one item of such breakfast which they do not intend to consume, and any such refusal of such offered food item shall not affect the full charge to the student for a breakfast meeting the requirements of this section or the amount of payments made under this Act to any such school for such breakfast.".

SEC. 16. STATE ADMINISTRATIVE EXPENSES STUDY.

Section 7 of the Child Nutrition Act of 1966 is amended by inserting after subsection (i) the following new subsection:

"(j) The Secretary shall conduct a study of the allocation formula and procedures under section 7 of the Child Nutrition Act of 1966. Such study shall provide information on State costs and contributions for administrative expenses, as well as the merits of a State matching requirement. The Secretary shall submit a report of such study to the Congress, together with any recommendations, by January 31, 1986.".

SEC. 17. COSTS FOR NUTRITION SERVICES AND ADMINISTRATION.

(a) DEFINITION.—Section 17(b) of the Child Nutrition Act of 1966 is amended—

(1) by striking out paragraph (1);

(2) by redesignating paragraphs (2), (3), and (4) as paragraphs (1), (2), and (3), respectively; and

(3) by inserting after paragraph (3), as so redesignated, the following new paragraph:

"(4) 'Costs for nutrition services and administration' means costs that shall include, but not be limited to, costs for certification of eligibility of persons for participation in the program (including centrifuges, measuring boards, spectrophotometers, and scales used for such certification), food delivery, monitoring, nutrition education, outreach, startup costs, and general administration applicable to implementation of the program under this section, such as the cost of staff, warehouse facilities, transportation, insurance, developing and printing food instruments, and administration of State and local agency offices.".

(b) CONFORMING CHANGES.—Section 17 of the Child Nutrition Act of 1966 is amended—

(1) by striking out "administrative funds" each place it appears in subsections (f)(11), (h)(2), (h)(3), and (h)(4), and inserting in lieu thereof "funds for nutrition services and administration"; and

(2) by striking out "administrative costs" each place it appears in subsection (h) and inserting in lieu thereof "costs for nutrition services and administration".

SEC. 18. STATE ELIGIBILITY FOR WIC FUNDS.

Section 17 of the Child Nutrition Act of 1966 is amended in subsection (c) by inserting after paragraph (3) the following new paragraph:

"(4) A State shall be ineligible to participate in programs under this section if the Secretary determines that State or local sales taxes are collected within that State on purchases of food pursuant to this section.".

SEC. 19. COORDINATION WITH AID TO FAMILIES WITH DEPENDENT CHILDREN PROGRAM.

Section 17(f)(1)(K) of the Child Nutrition Act of 1966 is amended by inserting "the aid to families with dependent children program," after "child abuse counseling,".

SEC. 20. IMPROVING STATE AGENCY ADMINISTRATIVE SYSTEMS.

Section 17(g) of the Child Nutrition Act of 1966 is amended in the second sentence by inserting "providing technical assistance to improve State agency administrative systems," after "health benefits,".

SEC. 21. PRIORITY FUNDS FOR WIC MIGRANT PROGRAMS.

(a) PRIORITY FUNDING.—Section 17(g) of the Child Nutrition Act of 1966 is amended by inserting at the end thereof the following: "Of the sums appropriated for any fiscal year for programs under this section not less than nine-tenths of one percent shall be first available for services to eligible members of migrant populations. Such migrant services shall be provided in a manner consistent with a State's priority system for program participation.".

(b) ACCOUNTABILITY.—To the extent possible, accountability for migrant services under section 17(g) of the Child Nutrition Act of 1966 (as amended by subsection (a) of this section) shall be conducted under regulations in effect on the date of the enactment of this Act.

SEC. 22. PAPERWORK REDUCTION.

Section 17(h)(1) of the Child Nutrition Act of 1966 is amended by inserting at the end thereof "The Secretary shall limit any such documentation required under the preceding sentence to a minimal level.".

SEC. 23. APPORTIONMENT OF FUNDS.

Section 17(i) of the Child Nutrition Act of 1966 is amended—

(a) by inserting "(1)" after "(i)"; and

(b) by inserting after paragraph (1) (as so designated) the following new paragraph:

"(2) Notwithstanding any other provision of law, funds appropriated for a full fiscal year under this section shall be apportioned in such manner as shall ensure that not less than 70 per centum of the total funds appropriated for such fiscal year are obligated or expended by July 1 of such fiscal year, except that such requirement shall not apply to any supplemental appropriations enacted after January 1 of such fiscal year or to any funds reallocated pursuant to paragraph (1).".

SEC. 24. EXPENDITURE OF FUNDS FOR THE SPECIAL SUPPLEMENTAL FOOD PROGRAM.

(a) EXPENDITURE OF FUNDS.—Section 17(i) of the Child Nutrition Act of 1966 is amended by inserting after paragraph (2) (as so designated in section 22 of this Act) the following new paragraph:

"(3) Notwithstanding any other provisions of law, not more than 2.5 per centum of any State's allocation under this section for supplemental foods for any fiscal year may be expended by such State for expenses incurred under this section for supplemental foods during the fiscal year preceding the fiscal year for which the sums were appropriated.".

(b) APPLICATION.—The amendments made by subsection (a) shall not apply to appropriations made before the date of enactment of this Act.

SEC. 25. NATIONAL ADVISORY COUNCIL.

(a) VACANCIES.—Section 17(k)(1) of the Child Nutrition Act of 1966 is amended by inserting at the end thereof "The Secretary shall fill any vacancy in the Council within ninety days.".

(b) MEETINGS.—Section 17(k)(3) of the Child Nutrition Act of 1966 is amended—

(1) in the first sentence by inserting immediately before the period "and shall ensure that the Council meets at least once every twelve months"; and

(2) by striking out the second sentence.

SEC. 26. STUDY OF CHILD NUTRITION PROGRAMS.

The Child Nutrition Act of 1966 is amended by inserting aat the end thereof the following new section:

"STUDY OF CHILD NUTRITION PROGRAMS

"SEC. 21. The Secretary shall conduct a study of the effect on families of the school breakfast program, the child care food program, and other programs under this Act. Such study shall consider whether alternative nutrition delivery programs would strengthen families. The Secretary shall submit a report of such study to the Congress, together with any recommendations or proposals for legislation, by January 1, 1987.".

SEC. 27. LIMITATION ON CHANGES IN INCOME FOR PROGRAM ELIGIBILITY.

The Secretary may not make any change in the method of calculating income, as in effect on January 1, 1985, used to determine eligibility for free or reduced-price meals, food supplements, or other assistance under the National School Lunch Act or the Child Nutrition Act of 1966, which would result in any reduction in, or denial of, such assistance, except as specifically directed in an enactment of law. The limitation under this section shall take effect on the date of the enactment of this Act and shall be effective through fiscal year 1986.

SEC. 28. EXTENSION OF ALTERNATIVE MEANS OF ASSISTANCE.

(a) EXTENSION.—Upon request to the Secretary of Agriculture, any school district receiving all cash or all letters of credit in lieu of commodities under the school lunch program on January 1, 1985, shall continue to receive all cash in lieu of commodities or all letters of credit in lieu of commodities through the school year ending June 30, 1987. Such school districts shall receive bonus commodities in the same manner as such commodities are made available to any other school district participating in the school lunch program.

(b) COMPENSATION.—

(1) Upon request of a participating school district (and after consultation with the Comptroller General of the United States with respect to accounting procedures used to determine any losses), the Secretary of Agriculture shall provide cash compensa-

tion, subject to the availability of funds, to a school district which was participating in the school lunch pilot project study on or before the date of the enactment of this Act for losses sustained by the district as a result of the alteration of the methodology used to conduct the study during the school year ending June 30, 1983.

(2) For purposes of this subsection the term "school lunch pilot project study" means the study provided for in the last proviso of the matter under the heading "CHILD NUTRITION PROGRAMS" in title III of the Act entitled "An Act making appropriations for Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1981, and for other purposes", approved December 15, 1980 (94 Stat. 3113).

(3) There are authorized to be appropriated such sums as may be necessary to carry out this subsection.

SEC. 29. NATIONAL DONATED COMMODITY PROCESSING PROGRAMS.

(a) REPROCESSING AGREEMENTS.—Whenever a commodity is made available without charge or credit under any nutrition program administered by the Secretary of Agriculture, the Secretary shall encourage consumption of such commodities through agreements with private companies under which the commodity is reprocessed into end food products for use by eligible recipient agencies. The expense of such reprocessing shall be paid by such eligible recipient agencies.

(b) SETTLEMENT OF ACCOUNTS.—To be eligible to enter into any agreement with the Secretary of Agriculture under subsection (a), a private company shall annually settle all accounts with the Secretary and any appropriate State agency regarding commodities processed under such an agreement.

SEC. 30. TECBNICAL AND CONFORMING AMENDMENTS.

(a) SCHOOL LUNCH PROGRAMS.—The National School Lunch Act is amended—

(1) in section 12(d) by inserting at the end thereof the following new paragraph:

"(9) 'Secretary' means the Secretary of Agriculture."; and

(2) by redesignating the second section 22 as "SEC. 23.".

(b) CHILD NUTRITION PROGRAMS.—The Child Nutrition Act of 1966 is amended—

(1) in section 4(a) by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services";

(2) in section 17(e)(2) by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services";

(3) in section 17(k)(1) and (2) by striking out "Health, Education, and Welfare" each place it appears and inserting in lieu thereof "Health and Human Services"; and

(4) in section 19(d) (2) and (3) by striking out "Health, Education, and Welfare" each place it appears and inserting in lieu thereof "Health and Human Services".

SEC. 31. EFFECTIVE DATES.

(a) GENERAL PROVISION.—Except as otherwise provided, the provisions of this title shall take effect on the date of the enactment of this Act.

(b) EXCEPTIONS.—

(1) The provisions of sections 4, 5, 7, 9, 11, 13, 14, 16, 17, 19, 20, 21, 22, 23, 24, and 26 shall take effect on October 1, 1985.

(2) The provisions of section 18 shall apply to a State beginning with the fiscal year which commences after the end of the first regular session of the State legislature following the date of the enactment of this Act.

(3) The provisions of section 29 shall take effect July 1, 1985 and shall not have effect after October 15, 1987.

Mr. HARKIN. Mr. President, I ask unanimous consent that this amendment be laid over until tomorrow and that it be the pending business when the Senate convenes tomorrow.

Mr. HELMS. Mr. President, I object. That is not part of the agreement which we had about proceeding.

Mr. HARKIN. Mr. President, I was just laying down an amendment. I thought there was to be an amendment laid down for tomorrow. I sought recognition to have it laid down for tomorrow.

Mr. HELMS. What is the amendment?

Mr. HARKIN. My amendment deals with the child nutrition program.

Mr. HELMS. As I indicated earlier, Mr. President, it was on the basis of the clarification amendment that the Senator was recognized.

Mr. President, I object.

Mr. ZORINSKY. Mr. President, will the Senator yield?

Mr. HELMS. Yes.

Mr. ZORINSKY. If the Senator will remember, the amendment that he has has been cleared on both sides of the aisle. The Senator from North Carolina did announce that now we would take up all those amendments that have been cleared on both sides of the aisle and pass them by unanimous consent, by voice vote. As a matter of fact, that one we were going to do for the Senator from Iowa.

The laying down of the amendment for tomorrow morning would be precluded until we have finished. We have a list of something like 12 or 15 amendments which have been cleared on both sides of the aisle. If we can finish that commitment, then I guess the chairman of the committee would be open for whatever is to be laid down for tomorrow.

The PRESIDING OFFICER. Does the Senator withdraw his amendment?

Mr. HARKIN. Mr. President, I do not. I do not wish to withwraw it.

Several Senators addressed the Chair.

Mr. HELMS. Mr. President, I move to table the amendment. Comity has vanished from this Chamber, I would say.

Several Senators addressed the Chair.

Mr. BYRD. Mr. President, I hope that is not true. Would the distinguished Senator from North Carolina allow the Senator from Iowa to at least finish his sentence before he moves to table?

The PRESIDING OFFICER. The Senator from North Carolina was not recognized.

Mr. BYRD. Who has the floor?

The PRESIDING OFFICER. The Senator from Iowa.

Mr. BYRD. If he has the floor, the motion to table cannot be made.

Mr. HARKIN. Mr. President, I was not privy to what all was going on. I thought I was recognized to offer an amendment and I offered an amendment dealing with an issue that I have had here all day today which I have been trying to offer.

Mr. CHAFEE. Will the Senator from Iowa yield for a question?

Mr. HARKIN. I will yield for a question only.

Mr. CHAFEE. As I understood what has taken place here this evening, it was that the chairman of the committee announced a series of amendments which were going to be accepted by unanimous consent on both sides. He went through the order pointing out the amendments. Mr. HARKIN apparently has one, then Senator FORD, then I have one, and he went on down the list.

Suddenly into the midst of this comes an amendment which is not under this agreement. I wonder if the Senator would withdraw his amendment and permit the rest of us to go ahead, those who have abided by the agreement and who waited so patiently all day for the opportunity to have these amendments accepted, accepted by your side as well as ours.

Mr. HARKIN. I think the Senator from Rhode Island has made clear what the situation is. As I understand it——

Mr. BOSCHWITZ. May I say that the Senator's amendment is the first one on the list that the chairman of the committee has. That is why he turned to you. It was for another amendment, not this amendment. That is why he turned to you and suggested that you receive recognition.

Mr. HELMS. The RECORD will show that I identified each amendment.

The PRESIDING OFFICER. The Senator from Iowa has the floor.

Mr. HARKIN. Mr. President, the agreement has been reached that there will be no more votes. I understood that there would be no more votes. That is why I asked that this amendment be laid over until tomorrow, to have the vote on it tomorrow. I have been waiting for a long time to offer this amendment today. I sought recognition before and did not get it. I thought that I was recognized for the purpose of offering an amendment.

If the agreement has been reached that there will be no more votes today, I only ask that it be laid over until tomorrow. I thought that the amendment of the Senator from South Dakota was going to be laid over, but it was not. This amendment could be the first order of business in the morning. We would not have to vote on it tonight. It could be the first order of business in the morning.

Mr. President, I will yield for a question.

Mr. HELMS. Mr. President, we have no alternative from here on out. We will give the Senator preferential treatment.

Has the amendment been stated?

The PRESIDING OFFICER. It has been.

Mr. ZORINSKY. Will the Senator from North Carolina yield?

Mr. HELMS. Yes.

Mr. ZORINSKY. Mr. President, I just want to apologize to the Senator from North Carolina. Because the Senator from Iowa was seeking recognition, I grabbed the Senator from North Carolina and pointed to the Senator from Iowa because in my opinion he was going to offer an amendment cleared on both sides of the aisle. I had the assurance of the Senator from North Carolina, assuring the recognition of the Senator from Iowa to offer the amendment which had been cleared. I apologize.

Mr. HELMS. No apology is necessary.

Mr. HARKIN. Mr. President, in order to expedite the proceedings, and again I do not want to cause any undue disruptions on the floor of the Senate, and I certainly do not want to keep people here or bring people back who have already gone for a vote—that was not my intention at all, to call for a vote; my intention was only to lay down the amendment for tomorrow—if the understanding was that only amendments would be brought up that were cleared before—and that was not my understanding of it, but from what the Senator from Rhode Island has said, which clarified it for me more than anybody else, that that was the agreement—if that is the agreement, in order to expedite the proceedings and in the spirit of comity, I withdraw the amendment.

The PRESIDING OFFICER. Does the Senator from Iowa wish to ask for the consideration of the amendment on which there was an agreement?

Mr. DOLE. The ACP amendment.

Mr. HELMS. The ACP amendment. Does the Senator wish to call it up?

Mr. HARKIN. I do not have it. I do not know where that amendment is. Somebody has a copy of it somewhere.

AMENDMENT NO. 1105

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Iowa [Mr. HARKIN] proposes an amendment numbered 1105.

At the end of the amendment insert:

On Page 345, strike out lines 10 and 11 and insert in lieu thereof the following:

"Subject to such plan do not exceed the standards determined by the Secretary of Agriculture. The Sec-"

Mr. HARKIN. Mr. President, I will not take much time. This is a technical change requested by the Department of Agriculture which I think makes a lot of sense. It will clear up some misunderstandings in the ACP Program.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. We are ready to proceed with the amendment.

Mr. ZORINSKY. It is cleared on this side of the aisle.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa.

The amendment (No. 1105) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1106

(Purpose: To expand the study currently being conducted by the National Academy of Sciences on agriculture education at the secondary school level to include a study of potential uses of modern technology in the teaching of agriculture at the secondary level)

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. FORD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Kentucky [Mr. FORD], for himself, Mr. HECHT, and Mr. BINGAMAN proposes an amendment numbered 1106.

Mr. FORD. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, add the following:

On page 301, between lines 11 and 12, insert the following new section:

EXPANSION OF STUDY

SEC. 1526. (a) The Secretary of Agriculture and the Secretary of Education shall take such joint action as may be necessary to expand the scope of the study, known as the Study of Agriculture Education on the Secondary Level, currently being conducted by the National Academy of Sciences and sponsored jointly by the Departments of Agriculture and Education to include—

(1) a study of the potential use of modern technology in the teaching of agriculture programs at the secondary school level; and

(2) recommendations of the National Academy of Sciences on how modern technology can be most effectively utilized in the teaching of agricultural programs at the secondary school level.

(b) Any increase in the cost of conducting such study as a result of expanding the scope of such study pursuant to subsection (a) shall be borne by the Secretary of Agriculture out of funds appropriated to the Department of Agriculture for research and education or from funds made available to the National Academy of Sciences from private sources to expand the scope of such study.

Mr. FORD. Mr. President, today I am offering an amendment to compliment this the 1985 farm bill. I feel the amendment will provide for the long-term implications of a changing industry. I am joined in offering this amendment by Senators BINGAMAN and HECHT.

Currently, 500,000 high school student are studying vocational agriculture. Over 13,000 of these students are in the Commonwealth of Kentucky. I believe that as farmers and agri-business leaders of the future, our young people deserve to have the best opportunity to master the skills associated with agriculture and new emerging technologies.

Young people who plan a career in farming or agriculture have a greater challenge facing them than ever before.

Farming has become more complex in recent years, both in actual farm practices and in managing farm cashflow. Many farmers are finding that tools of modern technology, such as computers, are helping them keep pace with the constantly changing environment of agriculture.

Over the past decade, farm productivity has increased dramatically. Output under current conditions exceeds demand. Production costs are climbing, but a cost of a valuable and emerging tool for controlling production inputs is actually declining. Emerging technology will be used to help a farmer to be more efficient and become better managers. Personal computers, as an example, which today sell for under $2,000 have more capabilities that far exceed those machines which cost $50,000 just a few years ago.

The emerging technology is geared to be used by the family farmer. A recent article in Electronics Week expounded upon the ways in which automation may save farmers. A report by the Office of Technology Assessment proposed that many moderately sized farms could be saved if new technologies and training were made available to farmers.

For this reason, I am offering an amendment along with Senators BINGAMAN and HECHT to require that a study of agricultural education now under way at the National Academy of Science be expanded to include recommendations for equipping these high schools with the tools of modern technology.

Included in that report should be specific recommendations on how the study of math, and basic sciences should be incorporated into the curriculum to build a stronger educational base for these technologies. In addition, I hope the report will suggest

ways that Government and private enterprise can work together to equip these high school programs so students can get hands on experience.

For that reason, I have included in the amendment that any additional costs associated with expansion of this study be covered by private contributions.

I am encouraged by the fact that over a half of million of our young people are interested in pursuing a career in agriculture. However, I feel that a great debt is owed to these young folks. We must be sure to provide all the necessary tools and advantages so that their future may be as bright as possible.

Currently fewer than 10 percent of our Nation's 600,000 full-time farmers own personal computers. By contrast about 30 percent of nonagricultural small businesses use them. Computers can help farmers by automatically gathering information, over telephone lines, about weather, insects and commodity prices to paint a picture of outside factors which affect them. They are also useful tools efficiently managing cash-flow.

While computers are available today to help farmers. The future holds devices such as electronic cowbells to track how much a specific animal eats and how much milk it produces. Robotic harvesting is also being developed. This will incorporate microcomputers using special cameras to look for fruit or vegetables ready to ship to market. Mechanical telescopic arms would then pick the sighted fruit or vegetable.

Developers of these and other technologies say their goal is not to replace the farmer, but to help him do his job better with lower production costs and better quality products.

While Congress must develop policies that stabilize farm markets in the future, we must also encourage development and use of new technologies that provide young farmers the edge they need to compete and profit in the farm economy. The last Census of Agriculture showed that there were 4,200 fewer farmers age 25 and under nationwide than 4 years earlier. We must reverse this trend by assuring our young people of a promising future in farming.

Mr. HELMS. Mr. President, we find the amendment acceptable on this side.

Mr. ZORINSKY. This side of the aisle supports passage of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kentucky.

The amendment (No. 1106) was agreed to.

Mr. FORD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ZORINSKY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. FORD. I thank the two distinguished floor leaders.

AMENDMENT NO. 1107

(Purpose: To permit the Secretary of Agriculture to grant or sell to local or State governments or private nonprofit organizations for conservation purposes the development rights to real property acquired by the Farmers Home Administration separately from the underlying fee possessed by the United States)

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Rhode Island [Mr. CHAFEE] proposes an amendment numbered 1107.

Mr. CHAFEE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment follows:

At the appropriate place in the pending amendment, add the following:

On page 365, line 15, insert "(a)" after the section designation.

On page 365, strike out lines 20 through 22 and insert in lieu thereof the following:

(2) in subsection (c)—

(A) by striking out "The" in the first sentence and inserting in lieu thereof "Except as provided in subsection (e), the"; and

(B) by adding at the end thereof the following new sentence: "Notwithstanding the preceding sentence, the Secretary may for conservation purposes grant or sell an easement, restriction, development rights, or the equivalent thereof, to a unit of local or State government or a private nonprofit organization separately from the underlying fee or sum of all other rights possessed by the United States."; and

On page 368, line 16, strike out "amendment" and insert in lieu thereof "amendments".

Mr. CHAFEE. I wonder if we might have order, Mr. President.

The PRESIDING OFFICER. The Senate will be in order.

Mr. CHAFEE. Mr. President, America's farmlands are disappearing at an alarmingly rapid rate. During the 1970's, slightly over 1 million acres of rural land were converted to urban or transportation uses.

With farm foreclosures on the rise, the Farmers Home Administration—as the farm lender of last resort—stands to acquire a massive amount of farmland in the very near future. It already holds in its inventory over 1 million acres of land which it has acquired through foreclosure. How it disposes of this land will—to a great extent—determine our success in keeping good land in agriculture.

The problem my amendment addresses is this: Farmers Home has taken the position that current law does not permit it to sell the development rights to a parcel of land separately from the property itself. This closes off an option which has been invaluable in the preservation of farmland—the purchase of development rights.

The purchase of development rights is a creative and cost-effective way to preserve open spaces—and particularly farmland. When a local government or nonprofit land conservation group is interested in preserving a particular piece of prime farmland, it can step in and offer to purchase the development rights. In so doing, it bridges the gap between the land's farm value and its development value. In many areas, this gap is so large as to make it financially impossible for working farmers to keep or acquire good land. Six States have enacted purchase-of-development-rights programs, or PDR programs, and have established funds for this purpose.

But this option is not available in the case of land offered for sale by Farmers Home—land which it has acquired through foreclosure. The result is that those who wish to preserve farmland are put into direct competition with well-heeled developers and land speculators. Few farmers, State and local governments, or nonprofit conservation groups can affort to win or even fight such a bidding war.

My amendment would address this problem by expressly permitting Farmers Home to sell the development rights to property separately from the property itself. This would clarify a major area of confusion under the current law.

In one particular case, my State wants to purchase such a conservation easement from Farmers Home before the Agency sells the land. The Agency is willing to sell, but its lawyers say that current law prevents them from doing so. We are currently at an impasse, even though all the policymakers and administrators seem to agree that the transaction would be in the interests of all concerned.

This amendment would make it clear beyond a shadow of a doubt that Farmers Home may grant or sell conservation easements separately from the underlying property, just as it may grant or sell a highway right-of-way.

This change would work to the benefit of all concerned. It would benefit farmers in general, by keeping farmland affordable in areas where it is becoming increasingly scarce. It would benefit the individual farmers who take advantage of this option, by reducing their tax liability and allowing them to stay in farming. And it would

stretch State and local conservation dollars at a time when it is becoming prohibitively expensive to acquire tracts of land: Entities interested in preserving a particular parcel of farmland need not buy full title to the property in order to preserve it; they need only buy the development rights.

These rights would be valued at the difference between the farm-use value of the land and its development value. Thus, from the standpoint of revenue to the Federal Government, the effect would be the same as if the land had been sold to a single buyer.

In many areas, the nonfarm value of the land vastly exceeds its farm value because of the pressure of commercial residential development. The ability to purchase development rights is absolutely critical to farmland preservation in such cases.

In my home State of Rhode Island, farmland totals about 30,000 acres—less than one-third of what it was 40 years ago. And according to a Federal study, Rhode Island may have no farmland at all by the turn of the century, if current trends continue.

On Tuesday, November 5, voters in my State overwhelmingly approved a bond referendum to replenish the fund with which the State purchases conservation easements. This program was established 3 years ago, and thus far, the State has used it to buy the development rights to 1,000 acres of land.

This amendment would buttress similar efforts now underway in many States to preserve quickly-disappearing tracts of farmland, thus assuring that it will remain available and affordable to many future generations of farmers.

I urge my colleagues to lend their support to this amendment, and I ask unanimous consent that a copy of an article from the Providence Journal on the purchase of development rights program currently underway in Rhode Island be printed in the RECORD.

There being no objections, the article was ordered to be printed in the RECORD, as follows:

[From the Providence Journal, Aug. 15, 1985]

STATE WILL SPEND $703,000 TO SAVE 200 FARMING ACRES

DEVELOPMENT RIGHTS TO BE BOUGHT TO THREE FARMS UNDER NEW PROGRAM TO HELP PRESERVE FARMLAND

(By Scott MacKay)

The state will buy development rights to three farms, in Warren, Little Compton and Portsmouth, to ensure that about 200 acres will never be commercially developed, it was announced yesterday.

Buying the development rights will cost $703,000 and marks the first purchases using money from a $2-million agricultural-land preservation fund approved by voters in 1982, said Robert L. Bendick Jr., director of the state Department of Environmental Management.

Under the program, a landowner retains ownership but agrees never to use the land for anything but farming. The provision remains in the deed so all future buyers of the property are barred from developing it.

In return, the landowner receives a state payment based on an assessment of what the land would be worth if developed.

It is designed to save the state's few remaining farms from developers' bulldozers. Massachusetts, New Jersey, Washington and Connecticut have similar programs.

Bendick said it will guarantee that another generation of Rhode Islanders will make a living from the land. Without the possibility of development, the land can be sold only for what it is worth as a farm, meaning that a young farmer can afford to get a start in the business.

Largest of the three is the Chace Farm, a dairy farm owned by Doris Chace of Warren. The 250-acre farm straddles the Massachusetts border, with about 145 acres in Warren, the rest in Swansen, Mass.

The rolling acres that hug the Kickamult River have been farmed since the 1680s, Mrs. Chace said. Now, it is one of about 80 dairy operations left in the state, according to DEM spokesman Stephen Morin.

The state will pay $435,000 for development rights to the 145 acres in Rhode Island. Mrs. Chace said she is seeking to sell development rights to the Swansen portion to Massachusetts under a similar program there.

Rights to a 17-acre vegetable farm next to the Transcom Electronics Inc. factory, off Route 138 in Portsmouth, will be bought for $83,000, and rights to 34 acres used for growing potatoes off Old Main Road in Little Compton will be bought for $185,000. Lawrence Thurston owns the Portsmouth farm; Jason Peckham owns the Little Compton land.

Mrs. Chace and her late husband, Robert, bought the Warren farm in 1946. The couple raised six children there. Mrs. Chace's son, Robert Jr., 38, helps his mother manage the herd of 110 Holsteins.

Subject to the vagaries of the milk market and federal farm-support programs, dairying has always been a precarious business, said Robert Chace Jr. It has gotten tougher in recent years because Congress, faced with a nationwide milk surplus, has cut federal support.

"There is not much profit in farming," said William Stamp Jr. of Cranston, president of the Rhode Island Farm Bureau. "A lot of farmers say, 'I can't make a living on this; enough is enough, and let's sell it'" for development.

"Having the State of Rhode Island purchase the rights is the only way we are going to keep any agricultural land," said Stamp.

A 1976 federal Soil Conservation Service study showed that Rhode Island was one of four states that would lose all its farmland to development by the end of the century, according to Merlin. "This study was based on the rate of farmland lost," he said.

"There is no way I would be able to survive without this," said Chace yesterday afternoon. Pointing to his cows, he said, "I can't squeeze enough milk out of them to pay the taxes."

A quarter-mile from bustling Route 136, Chace's land would be worth between $8,000 and $10,000 an acre if it were subdivided for housing lots, Chace said. As farmland, it is worth between $800 and $1,400 an acre, he said.

Chace said he will benefit in several ways. He will now pay taxes only on what the land is worth for farming and will have $43,500 in new capital from the sale of the development rights to put into the farm.

And his four children will have the choice of continuing the family farming tradition. "I don't know if my kids want to continue," said Chace. "But if they pave it over, it is gone."

More than 40 farmers have applied for the program, Bendick said. The $2 million fund is administered by the State Agricultural Land Preservation Commission, of which Bendick is chairman.

Commission members choose eligible farms based on the likelihood the soil can support a profitable farm and the proximity to development, Bendick said. "We don't just want open land on gentlemen farms," said Bendick. "We want to preserve working farms in Rhode Island."

The price for the development rights is arrived at after appraisals and surveys of the farms, according to Bendick. The amount of land that can be preserved is limited by the size of the fund but Bendick said yesterday that voters will be asked this fall to authorize another $2 million bond issue for more development purchases.

In Massachusetts, rights to 13,550 acres have been bought for $24 million, according to Christine Sullivan of the Massachusetts Department of Food and Agriculture. The state is negotiating for 3,000 more acres, including the Swansen part of the Chace farm, Sullivan said.

Mr. HELMS. Mr. President, I commend the Senator from Rhode Island for bringing this situation to our attention.

As I understand this amendment, it would allow the Secretary of Agriculture to grant or sell an easement, restriction, or development rights for property acquired by the Farmers Home Administration to local or State governments or private nonprofit organizations.

This transaction would allow prime farmland to remain in agricultural use which otherwise might be sold for development purposes.

The problem which the Senator from Rhode Island seeks to address is that in some cases the value of certain prime farmland is greater for development purposes than for agriculture. Based solely on its economic value, the land would be removed from farming even though it is necessary that we retain such land in agriculture for the future production of food and fiber in this country.

This amendment would allow for the land to be sold, for agricultural use only, after the development rights were purchased by a unit of Government or nonprofit organization. In this manner Congress would ensure that the Government receives fair market value for its surplus FmHA property since the difference in price of such land would be made up through the sale of the development rights.

In this way, land which has special value for farming might be preserved for agricultural use instead of being sold for development purposes.

The Government's interests would be fully protected since FmHA would receive full value through the sale of the development rights plus the sale of the land with a farm-use-only restriction.

I urge the adoption of this amendment.

Mr. ZORINSKY. Mr. President, the amendent has been cleared on this side of the aisle. We recommend its approval.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Rhode Island.

The amendment (No. 1107) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ZORINSKY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CHAFEE. I thank the floor managers.

Mr. DURENBERGER addressed the Chair.

The PRESIDING OFFICER. The Chair advises the next amendment on the list is of the Senator from Iowa. Is that amendment to be presented by the Senator from North Carolina?

AMENDMENT NO. 1108

(Purpose: To require the Secretary of Agriculture to provide loan guarantees and grants to nonprofit national rural development and finance corporations)

Mr. HELMS. Mr. President, on behalf of the Senator from Iowa, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from North Carolina [Mr. HELMS], for Mr. GRASSLEY, proposes an amendment numbered 1108.

Mr. HELMS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, add the following:

On page 377, between lines 20 and 21, insert the following new section:

NONPROFIT NATIONAL RURAL DEVELOPMENT AND FINANCE CORPORATIONS

SEC. . (a)(1) For the fiscal year ending September 30, 1986, the Secretary of Agriculture (hereafter in this section referred to as the "Secretary") shall guarantee loans made by public agencies or private organizations (including loans made by financial institutions such as insurance companies) to nonprofit national rural development and finance corporations that establish similar and affiliated statewide rural development and finance programs for the purpose of providing loans, quarantees, and other financial assistance to profit or nonprofit local businesses to improve business, industry, and employment opportunities in a rural area (as determined by the Secretary).

(2) To be eligible to obtain a loan quarantee under this subsection, a corporation must—

(A) demonstrate to the Secretary the ability of the corporation to administer a national revolving rural development loan program;

(B) be prepared to commit financial resources under the control of the corporation of the establishment of affiliated statewide rural development and finance programs; and

(C) have secured commitments of significant financial support from public agencies and private organizations for such affiliated statewide programs.

(3) A national rural development and finance corporation receiving a loan guarantee under this subsection shall base a determination to establish an affiliated statewide program in large part on the willingness of States and private organizations to sponsor and make funds available to such program.

(4) Notwithstanding section 346(b)(2)(A) of the Consolidated Farm and Rural Development Act (as amended by section 1715 of this Act) or any other provision of law, for the fiscal year ending September 30, 1986, of the amounts available to guarantee loans in accordance with section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) from the Rural Development Insurance Fund, $20,000,000 shall be used by the Secretary to guarantee loans under the national rural development and finance program established under this subsection, to remain available until expended.

(b)(1) For the fiscal year ending September 30, 1986, the Secretary shall make grants, from funds transferred under paragraph (2), to national rural development and finance corporations for the purpose of establishing a rural development program to provide financial and technical assistance to compliment the loan quarantees made to such corporations under subsection (a).

(2) All funds deposited in the Rural Development Loan Fund under sections 623(c)(1) and 633 of the Community Economic Development Act of 1981 (42 U.S.C. 9812(c)(1) and 9822) that are available on the date of enactment of this Act shall—

(A) be transferred to the Secretary for the purpose of making grants under paragraph (1); and

(B) remain available until expended.

Mr. GRASSLEY. Mr. President, I want to emphasize from the outset that although this amendment will provide essential Federal assistance for the development of new jobs in rural areas by stimulating private investment in off-farm enterprises, we do not propose to add a single dollar to the 3-year cost of this bill. Our amendment would simply direct that the $20 million annual loan guarantee authorization provided by this bill for the amended 310(b) of the Consolidated Farm and Rural Development Act would be utilized by the Secretary to stimulate private, off-farm, job-creating, rural economic and business development and transfer to the Secretary available funds from section 623(c)(1) of the Community Economic Development Act of 1981 for these same purposes.

Mr. President, most of S. 1714 seeks to address the problems on the farm in these disastrous times for rural America. Historically whenever the farm economy has taken a downward turn—and even when times were relatively good—farmers and farm families have sought off-farm supplemental employment to sustain family income. There is, unfortunately, precious little diversity in the economies of rural communities. So much of the local economy is directly related to the farm. When an economic crisis of current proportions hits rural America, not only do individual farms and cooperatives fail but entire communities begin to wither and die. When this happens there is little hope left for farm families to find off-farm supplemental employment that will provide survival income and hope for holding on to the family farm.

The goal of this amendment is to establish a National Rural Development and Finance Program with State affiliates. The program would be designed to stimulate off-farm diversified, small enterprises generating supplemental employment for farm families.

This program would build upon the successful single project efforts of the nonprofit National Rural Development and Finance Corporation in several States throughout rural America. These projects have leveraged 3½ times the investment dollars loaned by the nonprofit corporation and have resulted in the creation of approximately one, new, full-time equivalent job for every $8,000 loaned by the nonprofit corporation. The program, with its State affiliates, would continue to attract private and philanthropic dollars and would require sponsorship and financial support from State governments.

The amendment would not add any new cost to S. 1714. It would redirect to this program $20 million of the loan guarantees authorized by S. 1714. It would also redirect to this program the balance of already appropriated but still unobligated moneys—approximately $13.8 million in rural development loan funds authorized by the Community Economic Development Act. This last fund was established to assist rural development in small communities but has not made a loan in over 2 years. However, the Agency spends $600,000 a year for the management of the program.

It is anticipated that this small amount of loan guarantees and rural development funds would be sufficient to initiate rural development and finance programs in each State interested in establishing an affiliated program. The goal is to involve more than 20 States throughout rural America.

The program would be administered by the National Rural Development and Finance Corporation, if the Secre-

tary of Agriculture decides this is the nonprofit organization to administer the program. There would be no administrative costs to the Department or the Federal Government.

Please allow me to give you a little background on how we see this program working. Over the past 2 to 3 years as we have seen farm income erode, farmers have found it necessary to look for off-farm jobs to produce added income to supplement their incomes.

By providing this seed money it is hoped that we will be able to expand a proven program to help encourage small business to be established in rural communities of 25,000 or less. Loans at lower than market rates would be provided to developers who would start businesses to provide jobs for those workers that are presently unemployed or need the second income to keep their farms going. The money would be used for capital expenses, startup costs, and working capital. A direct hands-on program would be developed to work with a new business to ensure the success of that business.

In the past, National Rural Development and Finance Corporation has worked to develop such a program on a limited basis using funds orginally administered by USDA and later transferred to the community services administration. They have maintained a successful revolving loan fund making lower interest loans to higher risk rural ventures benefiting poor farmers and their communities. An advantage to utilizing a successful nonprofit corporation for this program is that guaranteed loans would be made to such a corporation by national financial institutions within the timeframe and be reloaned to the State program or its individual projects as they are made ready.

We believe that with this limited loan guarantee authority and the momentum provided by stimulating new loans from financial institutions, along with the interest demonstrated by foundation sources in such a program, the sponsorship and contributions of participating States, and the transfer funds from the Community Economic Development Act authority that this could be an ongoing national program.

The National Rural Development and Finance Corporation is already working with 10 State officials to develop a State rural development and finance package.

The Secretary would maintain full authority to regulate this program, select the corporation(s) to administer it, and monitor and audit their performance. We see this as a one-time commitment on the Federal Government's part—not a program that would continue to come back again and again for assistance.

In Iowa, and in several other farm States, State officials have been working with the National Rural Development and Finance Corporation to generate loans for individual off-farm rural economic development projects. For every dollar loaned this group for such projects, $3½ additional business development have been leveraged for each project. The average off-farm economic development project loan made by this group totaled approximately $85,000 and generated an average of 40 new jobs in diversified businesses and industries. These 40 new jobs have the potential of providing supplemental income to as many as 100 farm families in a year since a significant portion are less than full-time jobs.

If we can utilize this small amount of seed money to involve States across rural America in a program that will leverage much larger amounts for rural business development in diversified industries, we will help farm families and farm communities save themselves in the short term and greatly strengthen themselves for the long term. We anticipate that the nonprofit corporation will seek support, as they have in the past, from national and regional insurance companies which serve rural constituencies and national philanthropic organizations interested in rural issues, enabling them to expand their lending capacity. This will all be done without adding additional costs to the farm bill or Federal agencies. The money already appropriated in existing accounts would be directed to a program that has shown it can stimulate diversified development and off-farm supplemental employment in the rural economy at a time when the administration is killing the Farmers Home Administration's business and the industrial loan program which, in the past, has helped to provide this type of assistance.

I urge my fellow Senators to join in supporting this amendment.

Mr. ZORINSKY. Mr. President, the amendment has been cleared on this side. We recommend its passage.

Mr. HELMS. I move its approval, Mr. President.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa.

The amendment (No. 1108) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. McCLURE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1058, AS MODIFIED

(Purpose: To establish a National Advisory Commission on Rural America)

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. DURENBERGER. Mr. President, I call up amendment numbered 1058, as modified, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Minnesota [Mr. DURENBERGER] for himself, Mr. GRASSLEY, Mr. ABDNOR, Mr. BOSCHWITZ, Mr. LEAHY, Mr. PRYOR, Mr. EXON, Mr. DANFORTH, Mr. ARMSTRONG, Mr. MITCHELL, Mr. HARKIN, Mr. ANDREWS, Mr. DIXON, and Mr. LEVIN, proposes an amendment numbered 1058, as modified.

Mr. DURENBERGER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the amendment insert:

On page 459, between lines 18 and 19, insert the following new subtitle:

Subtitle D—National Advisory Commission on Rural America

Sec. 1930. Findings and Purposes.

(a) Congress finds that:

(1) The conditions which attend the farm crisis, including the decline in farm income, farm property values, and available credit, are having serious adverse effects on rural enterprises which derive their principle support from the farm industry;

(2) These enterprises together with the farm industry that supports them are the mainstay of the rural tax base;

(3) The farm crisis foreshadows an even larger crisis in rural America—a crisis of governance;

(4) Rural communities throughout the United States which rely primarily on a single form of economic activity—agriculture, forestry, mining, manufacturing or tourism—are part of this emerging crisis;

(5) If unabated, the rural crisis will undermine the fiscal capacity of rural government and the ability to provide basic public services including education, health, housing, police, and other emergency services;

(6) The relationship between the declining rural economy and the provision of basic public services in rural communities of the United States is not well understood or documented; and

(7) An independent analysis of the nature of the relationship is required in order to determine the appropriate roles and responsibilities of all levels of government in responding to this emerging problem.

(b) The purpose of this Subtitle is to create a National Advisory Commission on Rural America to conduct a study and report to Congress and the President on conditions in rural America and relate those trends and problems to the provision of public services by federal, state and local governments.

ESTABLISHMENT OF COMMISSION

SEC. 1931. (a) There is established a National Advisory Commission on Rural America (hereafter in this subtitle referred to as the "Commission") to study conditions in rural areas of the United States.

(b)(1) The Commission shall be composed of 21 members appointed as follows:

(A) Three members appointed by the President, from among representatives of

Federal entities, in accordance with paragraph (2)(A).

(B) Twelve members appointed by the President, from among private citizens or elected officials or employees of State or local governments, in accordance with paragraph (2)(B).

(C) Three members appointed by the President pro tempore of the Senate from members of the Senate in accordance with paragraph (2)(C), on the recommendation of the majority leader or the minority leader of the Senate, as the case may be, with respect to members appointed from the political party of that leader.

(D) Three Members of the House of Representatives appointed by the Speaker of the House of Representatives in accordance with paragraph (2)(C).

(2)(A) In carrying out paragraph (1)(A), the President shall appoint three members, from among representatives of Federal entities, with an expertise in conditions in rural areas of the United States, including—

(i) the Secretary of Agriculture; and

(ii) the Assistant to the President for Intergovernmental Affairs.

(B) In carrying out paragraph (1)(B), the President shall appoint 12 members, from among private citizens or elected officials or employees of State or local governments, with an expertise in conditions in rural areas of the United States, including—

(i) four members appointed to represent various rural interests, including—

(I) one member appointed to represent economic interests;

(II) one member appointed to represent agricultural interests;

(III) one member appointed to represent small businesses; and

(IV) one member appointed to represent employees;

(ii) two members appointed to represent rural service delivery interests; and

(iii) six members appointed to represent State, local, and regional governments, including—

(I) two members appointed to represent State governments;

(II) two members appointed to represent local governments; and

(III) two members appointed to represent State-recognized consortia of local governments.

(C)(i) In carrying out subparagraph (C) or (D) of paragraph (1), the President pro tempore of the Senate and the Speaker of the House of Representatives shall give special consideration to the appointment of members of the Senate or the House of Representatives, as the case may be, who are members of the committees of their respective Houses that have legislative jurisdiction over, or special concerns with respect to, matters relating to conditions in rural areas of the United States and intergovernmental relations.

(ii) Not more than two members of the Commission appointed under paragraph (1)(C) shall be members of the same political party.

(iii) Not more than two members of the Commission appointed under paragraph (1)(D) shall be members of the same political party.

(c) A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(d) The Commission shall elect a Chairman from among the members of the Commission.

(e) The Commission shall meet at the call of the Chairman or a majority of the Commission.

STUDY

SEC. 1932. (a) The Commission shall conduct a study of conditions in rural areas of the United States and the manner in which such conditions relate to those trends and problems to the provision of public services by Federal, State and local governments.

(b) The study shall include an analysis of—

(1) conditions that reflect the declining rural economy, including economic and demographic trends, rural and agricultural income and debt, and other appropriate social and economic indicators of such conditions;

(2) trends and fiscal conditions of rural local governments;

(3) trends and patterns in the delivery of rural public services;

(4) the impact of the deregulation of transportation, telecommunications, and banking on the rural economy and delivery of public services; and

(5) trends and patterns of Federal, State, and local government financing, delivery, and regulation of public services in rural areas of the United States.

ADMINISTRATION

SEC. 1933. (a) The Commission may, for the purpose of carrying out this subtitle, hold such hearings, sit and act at such times and places, administer oaths, take such testimony, and receive such evidence under subpoena or otherwise, as the Commission considers appropriate.

(b)(1) Except as provided in paragraph (2), members of the Commission shall serve without any additional compensation for work performed on the Commission.

(2) Such members who are private citizens of the United States may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons serving intermittently in the Federal Government service under sections 5701 through 5707 of title 5, United States Code.

(c) Subject to the availability of funds appropriated in advance and such rules as may be adopted by the Commission and without regard to the provisions of title 5, United States Code, governing appointments in the competitive service or the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, the Chairman of the Commission may appoint and fix the compensation of a director and such additional staff personnel as the Commission determines are necessary to carry out the duties and functions of the Commission.

(d)(1) On the request of the Commission, the Secretary of Agriculture shall furnish to the Commission, such personnel and support services as are necessary to assist the Commission in carrying out the duties and functions of the Commission.

(2) On the request of the Commission, the heads of other executive agencies and the General Accounting Office may furnish the Commission with such personnel and support services as the head of the agency or office and the Chairman of the Commission agree are necessary to assist the Commission in carrying out the duties and functions of the Commission.

(3) The Commission shall not be required to pay or reimburse an agency or office for personnel and support services provided under this section.

(e)(1) In accordance with section 12 of the Federal Advisory Committee Act (5 U.S.C. App. 2), the Secretary of Agriculture shall maintain records of—

(A) the disposition of any funds that may be available to the Commission; and

(B) the nature and extent of activities of the Commission.

(2) The Comptroller General of the United States shall have access to such records for purposes of audit and examination.

(f) The Commission shall be exempt from sections 7(d), 10(e), 10(f), and 14 of the Federal Advisory Committee Act and sections 4301 through 4308 of title 5, United States Code.

REPORT

SEC. 1934. (a) Not later than 1 year after the establishment of the Commission, the Commission shall submit a report to the President and Congress containing the findings and recommendations of the Commission with respect to the matters referred to in section 1931, including—

(1) an analysis of the manner in which changes in the rural economy affect rural local governments;

(2) a description of the measures of rural distress in rural communities that result from changes in the rural economy, including an analysis of the regional and geographical distribution of such distress and a description of trends in the severity and changing nature of rural distress;

(3) a detailed analysis and description of the extent to which distress in rural communities affect the ability of such communities to raise revenues, sustain employment, maintain infrastructure, and deliver services adequate to meet current and anticipated public needs;

(4) a description of the programs and policy instruments available to Federal, State, and local governments to address distress in rural communities;

(5) the development of a framework within which to analyze such instruments;

(6) a comparative analysis of each of the instruments that utilizes such framework;

(7) an assessment of whether and in what ways Federal and State governments can mitigate the decline in economic conditions in rural America which, if unaltered, will erode the fiscal capacity of rural governments to finance such public services; and

(8) recommendations about the appropriate role of Federal State governments in assuring the continued provision of basic public services, including education, health, housing, police, and other emergency services.

(b) The Commission may not comment on legislation pending before Congress unless specifically requested to do so by the chairman of a committee of Congress.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 1935. (a) There are authorized to be appropriated $800,000.00 to carry out this subtitle.

(b) To the maximum extent practicable, this subtitle shall be carried out using funds otherwise available to the Secretary of Agriculture for the expenses of advisory committees.

TERMINATION

SEC. 1936. The authority provided under this subtitle and the Commission shall terminate 60 days after the submission of the report required under section 1933(a).

Mr. DURENBERGER. Mr. President, I ask unanimous consent that the following Senators be added as cosponsors of the pending amendment:

Mr. ANDREWS, Mr. LEVIN, Mr. PRYOR, Mr. ARMSTRONG, Mr. ABDNOR, Mr. LEAHY, Mr. EXON, Mr. DANFORTH, Mr. MITCHELL, Mr. HARKIN, and Mr. DIXON.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DURENBERGER. Mr. President, I rise today to offer an amendment on behalf of myself and my colleagues, Senators GRASSLEY, ABDNOR, LEAHY, PRYOR, EXON, DANFORTH, ARMSTRONG, MITCHELL, HARKIN, ANDREWS, DIXON, LEVIN, and BOSCHWITZ, to establish a National Advisory Commission on Rural America.

The farm bill and this debate is an appropriate forum to bring to the attention of Congress, the President and this Nation the emerging crisis in the rural areas of the United States. The problems of farmers and the farm economy are becoming well known to the American people, and I hope this farm bill will address those problems. Less widely known, however, is the fact that we are on the leading edge of an economic and social crisis in rural America which is far more serious than the agriculture problems which have caused it.

Over the past 6 months I have spent my weekends in outstate Minnesota. In towns like Fairmont, where every other storefront is vacant, or Worthington, where 30 businesses have closed their doors since January 1985, or Madelia which once had 15 implement dealers and now has but one.

I met with farmers whose land values declined 24 percent between 1984 and 1985, whose incomes plummeted 84 percent in 1984. In Jackson County, MN, land which was worth $3,695 an acre in 1980 cannot be sold at $700 per acre today.

I surveyed 10 Minnesota counties in which 80 percent of the total market value of the land in the county is farm property. I also requested four regional development commissions to canvas their regions to assess the impact of the farm crisis on the local community.

What I have found there is disheartening. The following quotes are typical of the conversations I have had:

A few months ago there were four Cenex Stations in the county, three are closing now and the only one left is under consideration for closing.

I have one farm account that defaulted on $30,000 in bills.

Do they really want to retame the frontier?

A current farm activity is cleaning the barn in preparation for foreclosure.

Local retail stores will simply fade away as owner-operators cut back, decrease inventory and reduce expenses until they disappear.

The people in the community of Red Lake Falls see the effects of recent changes and developments in the rural-agricultural economy very clearly. They reported:

The effects are a loss of jobs, a loss of services, a loss of business, a loss of opportunity and maybe the loss of a future. These effects are so real that some days you can taste them, some days you can hear them and every day you can feel them.

Mr. President, I ask unanimous consent to print in the RECORD the summary of the Red Lake Falls survey.

There being no objection, the survey was ordered to be printed in the RECORD, as follows:

RED LAKE FALLS IN BRIEF

People in the Community of Red Lake Falls see the effects of recent changes and developments in the Rural/Agricultural economy very clearly. The effects are a loss of jobs, a loss of services, a loss of business, a loss of opportunity, maybe the loss of a future. These effects are so real that somedays you can taste them, somedays you can hear them and everyday you can feel them. During the last day of interviews for this study it was announced that the local hospital was closing. Thirty members of the Community lost their jobs and there are probably not new jobs for most of these people. Talk on the streets is that the City's major employer will be closing this winter. They manufacture homes for people who have left. Many of the workers are not sure if they even care anymore. Their pay has been reduced, benefits taken away, lay-offs are more frequent then paydays and hope seems to have taken a vacation.

Some of this was expected. Everyone knows there has been a loss of business to larger towns. Everyone knows some decline in population was expected. Everyone knows things change. What was not expected was that the agricultural base of the area would be one step past the edge of drastic changes in 1985. In 1975 land values in Red Lake County were rising, technology was bringing higher yields, farm credit was opening up and the City was growing to accommodate the increasing demands for services. A new mall was built, an implement dealer expanded to a new location and discussions were being held on bringing in new industry to stabilize seasonal unemployment. The decisions are now focused on the effects of predictions that 20-30% of the farm families will be gone in 2-3 years and the fact that the population has already dropped rapidly. The specter of huge automated machines roaming and cultivating a vast non-populated Red Lake County lurks as an unpleasant, impractical but potential future.

Red Lake Falls is organizing to examine the recent economic changes, to understand the implications and to implement actions which will change the future course. The City has hired a full time Economic/Community Development Director and the County has formed a Planning Commission directed towards agriculture related problems. Local public money has been spent to promote private development and almost every source of private and public funding has been tapped for local developments. The fear that is now openly discussed in Red Lake Falls is that the Community is hopelessly outmatched by the large scale state, national and world economic trends and policies which have contributed to both the recent expected and the unexpected events. This situation is not one of dealing with change, it is one of dealing with crisis.

Mr. DURENBERGER. I have said again and again during this debate that we must consider the broader crisis growing in the Nation's heartland. There is a whole set of businesses, financial institutions, and local governments whose livelihoods depend on the farmers.

This emerging crisis is not limited to agricultural communities. Communities throughout the United States which rely primarily on natural resource based economies—forestry, mining, small manufacturing, or tourism—are in the same boat.

People throughout rural America are concerned, and even fearful, Mr. President, of what the future holds for them in the way of economic opportunity and economic progress. There are those who would argue that this emerging crisis parallels the Great Depresson, that the economic gains of the past 40 years are lost.

There is a difference in the situation today, however, and the situation which existed in the 1930's. During the 1930's city dwellers and rural residents alike were caught up in the terrible events of those years. Today, the depressed economy principally affects rural, not metropolitan, America.

It is clear to anyone who takes the time to look that what we are seeing today is only the tip of something much much bigger. Statistics are only beginning to come in—and they affirm that rural communities are in trouble.

First, look at what is happening in the area of property taxes, the local government's tax base. When I surveyed 10 counties in Minnesota where 80 percent of the total market value of land in the county is farm property, I found those counties receive between 30 and 50 percent of their revenues from property taxes. But the property values in those counties have dropped tremendously—and they are not alone.

According to a report from the economic research service, farm market values in Minnesota counties plummeted 24 percent between 1984 and 1985 alone. This decline follows on the heels of the previous year's 12 percent fall.

Not only have farm market values fallen, but property tax delinquency rates have risen. In 1984, delinquency rates rose an average of 56 percent in the counties I surveyed. What is even more alarming is that those delinquency rates include both farm property and business and residential property in rural areas.

In Red Lake County alone, land values decreased by 28 percent in the last 3 years, compared to a 41 percent increase in the 3 previous years. The amount of county delinquent taxes increased from $95,000 in 1977 to $600,000 in 1984. Property values have decreased by 20 percent in the past year. The loss in total net farm income for the county was $1,197,000 from 1982 to 1983. Payroll loss to the

county is estimated at over $600,000 based on the 1985 decreases alone.

Rural communities, businesses, and local governments are caught up in a downward economic spiral. Overall retail sales in Madelia are down, from as low as 2 percent to as high as 70 percent. Retail sales in Fulda declined by nearly $4 million since 1982, representing a 55 percent decline, and six businesses and a bank have closed in the past year.

These losses represent the heart of the rural community, cafes, lumber yards, implement dealers, hardware stores, furniture stores, children and adult clothing stores, drug stores, and gas stations.

Construction of new farm buildings and equipment such as grain drying systems is at a standstill. Owners of farm construction and contracting firms are making due with repair work. Most have layed off over half their workers. Sales of fertilizer and chemicals is off 25 percent since 1980. Grain elevator sales are off by 37 percent since 1984.

Rural population, which experienced strong gains in the late 1970's and early 1980's is once again dropping. The Census Bureau reported yesterday that nationwide rural growth has slowed. We are seeing a renewal of the period of loss that was interrupted in the 1970's. I ask unanimous consent that the RECORD include a newsclip from this mornings' Minneapolis Star and Tribune.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Minneapolis Star and Tribune, Nov. 21, 1985]

CENSUS BUREAU SAYS RURAL GROWTH SLACKENING

The nation's urban areas are growing faster than the countryside in this decade, reversing the "rural renaissance" trend of population growth in the 1970s, the U.S. Census Bureau said Wednesday in Washington.

The metropolitan population grew by 4.5 percent to 180 million people between 1980 and 1984, while the number of nonmetropolitan residents increased by 3.4 percent to 56.4 million, a study found. While metropolitan areas continued to grow at the 1 percent annual rate that prevailed in the 1970s, the nonmetropolitan growth rate fell from 1.3 percent annually in the last decade to about 0.8 percent a year since 1980.

"This apparently restores a pattern of predominantly metropolitan population growth which had extended for more than a century until the dramatic turnaround of the 1970s," said the report, "Patterns of Metropolitan Area and County Population Growth."

The same trend held true in Minnesota, where the metropolitan population grew about twice as fast as the rest of the state, according to the Office of the State Demographer.

(The metropolitan population increased by about 68,000 to 2.69 million people, an increase of 2.6 percent, while the nonmetropolitan population grew by 17,000 to 1.47 million people, for an increase of 1.2 percent. Metropolitan areas in Minnesota, as defined by the Census Bureau, include the Twin Cities, Duluth-Superior, Rochester, St. Cloud and Fargo-Moorhead.)

The 1970s pattern has been widely discussed as a rural renaissance, with Americans moving to the countryside in search of a new lifestyle.

"What this (new report) suggests is not a total halt, but it has definitely slowed down," said Donald Starsinic, a Census Bureau statistician in Washington.

"The 1970s was a special period, and we really didn't know how long it would continue. But its reversal of old patterns has not continued," he said.

"That does not mean we are going back to a pattern when metro area growth totally dominates the country."

"We can't be sure if this is a real trend or just a temporary aberration caused by the recession, the decline in (rural) job opportunities and the energy crunch," the Census official said. "It's too soon to tell."

Minnesota demographer Tom Gillaspy said this state's "rural renaissance" during the 1970s must be viewed with some caution. He noted that growth enjoyed by rural areas was "almost more of a factor of where they are than the fact that they are rural."

For example, the state experienced growth around lakes and outside Twin Cities suburbs, both of which meet the Census Bureau's definition of rural. "When you talk about rural you're not always talking about real rural," Gillaspy said.

Mr. DURENBERGER. Other regional trends in Minnesota show a slow rate in the growth of family income in comparison to the State—12.7 percent versus 20.4 percent, higher unemployment rates, an increase in the aged dependency rate, and an increase in the number of older farmers. For example, in the Worthington area 83 of 186 farmers are over 55.

I am tempted to say, as Charlie Brown said after Lucy related the long, painful facts of their baseball team's hundreds of successive losses, "Tell your statistics to shut up."

I wish it could be that easy, but its not and in fact if we look beyond the numbers we are compelled to ask what is left? What does it mean for rural communities?

In Fulda it means that there is a 35 percent increase in the number of free school lunches. It means that next year they will have to get $330,000 in State funds because of devaluation of property taxes as opposed to $3,000 this school year. It means that city taxes are rising sharply to keep up with increasing expenditure costs and declining property values.

In other communities it means they can't sell their homes. It means that communities are losing hospitals and adequate access to health care. For some individuals it means they have to return to school or seek vocational training.

It means, in short, that rural communities can no longer afford to provide basic services to their residents at precisely the time their citizens are most in need of those services. They can't build roads, provide jails, or maintain schools. Those who remain must watch the Government services which have nourished the country way of life erode.

Minnesota localities are not alone in their problems. In fact, because of a healthy economy in the Twin Cities and higher than average levels of State aid to farmers and local governments, rural communities in Minnesota are better off than many of their neighbors.

For example, in some counties in Iowa, 15 to 24 cents of every dollar levied last year remained uncollected as of May 1. In Lebanon, KS, the drop in population has prompted education officials to close the local school. In North Dakota school districts are combining sports programs rather than consolidating school districts or eliminating extracurricular activities.

Mr. President, we must recognize that not only is the future of the family farmer on the line, but whole rural communities, local governments and businesses, and a way of life we have known and celebrated as truly American.

When I put on my intergovernmental relation's hat and look at these numbers, I grow even more alarmed. I submit that if unabated, the rural crisis will continue to undermine the fiscal capacity of rural governments and their ability to provide basic public services including education, health, housing, police, and other emergency services. Further, the relationship between the declining rural economy and the provision of basic public services in rural communities is not well understood or documented. Finally, there is a large measure of uncertainty in the intergovernmental community regarding the appropriate roles and responsibilities of all levels of governments in responding to this crisis.

I am offering this amendment today because there are questions begging for answers. Because people are losing a way of life they have known for generations. Because we are tumbling and do not know where to.

If my colleagues will remember, President Johnson created a National Advisory Commission on Rural Poverty in response to the urban riots of 1967. The thesis and conclusion of the Commission was that rural poverty was the root of urban unrest and if addressed properly we would be on the road to solving the urban problem.

Although we are not in immediate danger of confronting widespread urban violence, we must recognize the risk we run if we continue to avoid the problem. The Federal Government has been making policy changes right and left, changes which profoundly affect rural America's ability to with-

stand today's economic pressures, without taking the time to consider rural America's needs. But now I say stop!

The National Advisory Commission on Rural America would be composed of representatives of the administration, Congress, State and local governments, farm groups, rural businesses, and related interests. The Commission is charged with the task of undertaking a comprehensive study of the problems which have already surfaced in rural areas across this country and to call attention to the emerging crisis they foreshadow. The Commission will report their findings to the President and Congress including proposed solutions and the appropriate responsibilities of Federal, State, and local governments. In doing their work, the Commission would draw on ongoing government, academic and private sector research activities, hold public hearings around the country, and conduct original research.

This Commission would complement, not conflict with the National Commission on Agricultural Policy which is already contained in this bill. I compliment and applaud the committee's foresight in creating an Agricultural Commission. In this time of declining commodity prices, land values, and farm incomes, it is absolutely necessary to reevaluate this Nation's agricultural policy. The difficulty we are having in getting a consensus in this body on what the appropriate Federal agricultural policy should be for the next 4 years is indicative of the need for such a Commission. Its work will make a significant contribution to the formulating of agricultural policy in the future.

I would suggest that the arguments for the Agricultural Policy Commission hold true for the rural America Commission. We can no longer afford to assume that agricultural policy encompasses rural policy. And in this debate we cannot presume that if we address the farm income question satisfactorily, we've taken care of rural America.

We must do that, yes. But we must do more.

There may be some Members of this body who will argue that we don't need a new rural Commission. That the Secretary already has the authority under the 1980 Rural Development Policy Act to call together a Rural Advisory Council to assist him in formulating Federal rural development policy, developing and updating a rural development strategy and carry out other requirements of the 1980 act.

Despite this authority, and the clear need, the Secretary notified the 22 members of this Council on May 20 of this year that their services were no longer necessary. The 1985 update of the rural strategy report was issued in July, it was 4 pages long and began with the sentence, "The condition of rural America is basically sound."

Now, I ask you, what type of rural commission would note in the summer of 1985 that the conditions in rural America are sound?

Not one that was in touch with rural America as I know it in Minnesota. And I would hazard a guess that it wasn't in touch with rural America in Iowa, North Carolina, Nebraska, or Kansas.

We need this Commission because this administration has chosen not to use the tools made available to them under the 1972 Rural Development Act or the 1980 Rural Development Policy Act. We need this Commission because this administration has chosen to ignore the failing economies in rural America. We need a commission because Hometown, U.S.A., is on the endangered species list.

Mr. President, throughout our history we have made a conscientious commitment to agriculture and to rural America because we recognized the economic, social, and moral values farmers have contributed to the well-being of this Nation.

"Cultivators of the earth," Thomas Jefferson wrote,"are the most valuable citizens. They are the most rigorous, the most independent, the most virtuous, and they are tied to their country and wedded to its liberty and interests, by the most lasting bonds."

Rural America has made an incalculable contribution to the greatness of this Nation. It has produced an abundance of food to be sure, but it has also produced cherished American values, which are our greatest strength. I believe we owe it to future generations to protect this national asset.

I urge my colleagues to support this initiative, to focus the attention of the Nation on the emerging rural problem now, in the hopes that we will be better prepared to address this looming crisis once the Commission completes its work.

Mr. President, besides first-hand observation, I think the best way for all of us in Washington to understand the devastating effect the rural crisis is having on our society is through the pointed and often poignant comments of troubled farmers, teachers, bankers, and small business people in the agricultural communities of Minnesota. I ask unanimous consent that a number of those letters be included in the RECORD. They say more than this Senator can about the human tragedy we face and the urgent need for our action today.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

DEAR SENATOR DURENBERGER: I just turned 50 this spring. I have a wife and three children and a son-in-law that I am very proud of and love very much. I love my country and am very concerned about the pain and suffering.

The farm my grandfather homesteaded, 120 acres, has been taken away from us along with all our personal possessions, including all household items, food, clothing, including our shorts and socks and under garments, records, my grandfather's bible, my bible, my son's confirmation bible . . . my son's medicines and medical records, my wife's wedding dress, my daughter's wedding dress, all of our pictures, family heirlooms, our family tree dating back to 1549, irreplaceable to the family.—Atwater, Minnesota.

We farm for a living and you probably already realize that if substantial financial help does not come immediately, the family farm will be extinct! . . .

The family farm is the backbone of America's food factory and well worth saving!!! Please do all you can to help! Time is very, very short!—New Richland, Minnesota.

Something needs to be done to turn around the financial crisis in our agriculture economy very soon. . . .

I am teaching school this year after being forced out of farming. With my background I was able to find employment locally. It was not easy fo find employment in rural Minnesota.

I do have many friends who are still farming yet! Not for long if something is not done! They, in many cases have been farming for 20-plus years. Help is needed! Families are under real stress and pressure that in many cases could bring disaster of many different forms.

In my classroom in Montevideo, MN, I have three students moving out of town or state in the next month. Across the hall another teacher has had three moves already since school started in September. We have not had any students added since September. Our rural communities need help . . . The Executive Branch and Legislative Branch do not seem to understand the problem and its depth. We are not looking for a big glowing income, but survival.—Montevideo, Minnesota.

Mr. President, these comments were received from concerned residents of Benson, MN, following a recent town meeting:

We definitely need our farmers. If they go (as many have already) everything will go down. Please help them soon in any possible way you can.

TRC, Inc., one of the major fertilizer manufacturers in the U.S., had an indefinite shut-down until the farm economy picks up. Seventy-five plus jobs are affected.

I own a grocery store in Benson, MN, and feel that if the farmers go under I will be close behind. Please help.

We live in a small town. So far one of our banks has collapsed and several businesses have closed. If something isn't done soon, who's going to pay taxes. We'll all be on welfare.

This whole farm situation is a disaster and getting worse and worse. It's taking down businesses right with it. It's approaching a presence of violence.

Please, please, please. Time is running out for all of us. Help American farmers, you helped Brazilians and Argentinian farmers. We need your help.

We are the third generation on our country farm, please see to it that we are given a fair price for our crops!

It's getting critical out here. The most competent farmers out here are growing record crops and losing on every bushel. Something is seriously out of joint.

If rural America is not the interest, what will happen to the rest of the country? Every dollar we get spreads out 42 times.

I own and operate a farm related business. In the last year alone my gross receipts are 50 percent less than a year ago, mainly due . . . to the decrease in milk support price. My business will not survive another year like this.

Three farmers have now gone under along our road. We had our farm all paid for but now owe more than we paid for it. My husband had me quit teaching in 1969—he felt someone that needed the income should have the job. Now he sees that was a mistake. No incentive left in farming—very stressful.

DEAR SENATOR DURENBERGER: The persecution of the farm family has been endured too long. What was once a noble and satisfying profession has become a mockery of justice throughout rural America.

When the farm people, who are the backbone and provide the food and fiber for this nation, are ashamed to face their own families, friends, co-workers and yes, their creditors, then its time to step back, take a long look, and make some demands. We deserve to be heard! When whole families are torn apart in the ugly mess of trying to hold a farming operation together, when blame gets tossed around like a hot potato, then we need to ask what's happening here and how can we turn this economic depression around.

Please support the family farm. It will affect all Americans sooner or later.—Waseca, Minnesota.

I am from a farm family and have watched many farmers have sales in the last few months. I am a senior in high school and I was considering going into farming with my dad, but I am uncertain now because there is no money in it. My family is doing as good as can be expected.—Jackson, Minnesota.

Community-based agricultural banks must not be forgotten and allowed to fail. A plan must be devised that will prevent the failure of our system of agricultural credit or a major depression will occur whose repercussions will be felt fully by the entire economy.—Vernon Center, Minnesota.

We sold our 160-acre farm to our daughter and her husband six years ago. This year it got harder for them, in the last four years it got a little harder for them—"robbing Peter to pay for Paul," as they say. So that leaves me short. Also, this year they are six months short on their interest payment.—Owatonna, Minnesota.

We in rural America continue to face a virtual depression in our economy. The crisis facing many of our friends and neighbors on the farm plague our rural towns and cities.

This past spring has been very difficult for all of us. Many farm operations continue to not have the necessary operating money to run their farms. Still others have been able to piece together a patchwork of loans and promises which have enabled them to continue their livelihood.

Main street businesses already have seen the slowdown from the depressed farm sector. Many businessmen in my area may be forced to close their doors if the farm economy does not improve.

I am frustrated with our federal government in Washington because it appears they have not given this crisis in rural America greater attention. Is it the government's plan to purge the farm sector to a point where there are only a few "big" farms left? If so, how will the government be able to support the increased numbers on the welfare roles. Certainly the big cities will not be able to offer employment to a large influx of people who need employment who formerly were employed on the farms. With the problems in agriculture, the industries that are involved with ag-related goods, will also feel the pinch and go out of business. This is not an easy issue to deal with I am sure. But something has to be done because it appears to me that it is like a time bomb just ready to explode and it will take a lot of people, businesses, etc. with it. Then what?—Sleepy Eye, Minnesota.

As an educator and concerned citizen of rural America, I am becoming increasingly concerned about the current plight of the farm economy.

Poor prices, land devaluations, high production costs and inclement weather are placing an unfair burden on our farmers. Many of these individuals are very efficient in their operations.—Montevideo, Minnesota.

I am writing in regard to the Farm Credit System bailout, I feel the FCS should be treated as they have treated their borrowers. They have no mercy on foreclosing after they have given poor advice. Our family was one of their classic examples.

They advised us to buy a quarter section of land at the time it was at its peak. Within one year they forced us to sell it with a loss of $90,000. They sweet-talked us into a second mortgage on our home farm—to keep us in farming, they said. Less than 60 days later they were wanting us to liquidate. We finally got tired of all the harassment; sold our machinery, livestock; and moved from the farm. The only way the P.C.A. would leave us alone was to give them the deed to the farm.

We are in our late fifties and thought the farm was to be used for our retirement income. Now we have nothing.—Worthington, Minnesota.

I am a seminary student and future pastor from St. Paul. . . . We need to preserve small and medium-sized family farms—if we lose them we have "lost our soul."—St. Paul, Minnesota.

I am a seminary student who was born and raised on a farm. As a person who will be serving as a clergy member possibly in a rural community, I can not and will not be a part of helping to just teach people how to die and bury their farms. I want to be a part of the movement for life and growth and solution for hunger, not corporate expansion and the demise of family and simple life.—St. Paul, Minnesota.

As a farm management instructor from West Central Minnesota, I have witnessed first-hand the stress and fears this farm crisis has placed on cooperators of our farm management program. I truly believe this very real rural crisis is and will continue to erode away the basic values of rural life. I also see the federal government in an ideal position to supply solutions in legislation which could provide answers to the problems facing Minnesota agriculture and our rural communities.

These solutions must be tied to objectives that will provide farmers with a fair income while improving the competitiveness of American producers in the world market. Our local data show over 40 percent of the 85 enrolled farm families in 1984 had a disposable income of less than $10,000 per farm operation to use living and principle payments. Additionally, another 30-40 percent of these families indicated severe financial net worth losses. The continuous financial losses since 1981, unless checked will realistically eliminate at least 40 percent of our area farmers within the next year, and an additional 30-40 percent within a few years. A loss of 80 percent of our area farm families would be an economic catastrophe to our farm and business community.—Montevideo, Minnesota.

My wife's parents farm in Waseca County. As she reports it, bankers in neighboring Freeborn County estimate that one-third of all the farmers in that county will be out of business by next harvest season.

Living in Northern Minnesota, we tend to be preoccupied with our own economic problems. It's easy to sit back and speculate about the causes of other people's misfortunes, especially when the "other people" are nameless and faceless. When you know one of those "other people," or when you are one of them, the situation seems a lot more immediate.—Grand Rapids, Minnesota.

I am a seventeen year old girl from the farming country of Southern Minnesota.

If you don't help the farmers, not only will they suffer, but many farm related industries will be affected. We can see it in Owatonna already. The manufacturing company (of farm machinery) that my father works for has had to lay off people as well as cut down hours for the rest of the people. I work in a local grocery store and see the prices rise all the time for produce and the people can't afford to buy it. Yet my father and other farmers can't get enough to pay for the seed that it takes to plant the crop.—Owatonna, Minnesota.

I am 57 years old, third generation farmer on our 320 acre farm. My son would like to be a fourth generation farmer. We have a registered Hereford cow herd, cattle, and hog feeding operation.

In 1976 out total debt was $80,000. We expanded our cattle feeding operation by two-thirds, building silos, feedbunks, etc. to provide extra income when our son was brought into our operation. Three hundred additional acres were rented to provide extra feed. Annually we produced 180,000 lbs. of beef, 40,000 lbs. of pork, and breeding stock from Hereford herd.

We ran a fist class operation. We were selected as an ideal farm for two representatives of India to see what American farms

produce. Their comment was, in India it would take 30 or more people to produce the same volumes myself, my wife, and son produce.

Approximately $30,000 annually was borrowed to purchase feeder cattle. In 1976 and 1977 interest was at 8 percent. In 1979 it was 13½ percent to a peak of 17½ percent in 1982. With the promise from Washington to lower it, we continued our operation. In 1984 it was still at 14¾ percent which is double the amount a farmer can pay.

In 1985 we decided farming was not going to improve for several years. My son went back to school and also worked 8 hours. The schedule is very difficult and he will probably work and give up the education. We are reducing our operation to a volume, we hope, my wife and I can handle.

Our debt-to-asset ratio in 1976 was less than 20 percent. Now it is at 52 percent. After losing money on cattle feeding operation, 50 percent reduced land value, including 1985's disastrous $150 loss per head on cattle. We subsidized the consumer $22,500 this year.

Farming is just like any other business, we can not guarantee a profit. We do not need a guaranteed profit if the over-valued dollar would be reduced to a realistic level. The result is a disastrous trade imbalance. Agriculture imports should have quotas. Agriculture is the only industry our country can not survive without.

Our debt in December 1985 will be $207,000. Our annual interest is $25,607. I am going to apply for a FHA loan. I am told there are no funds for the 5¼ percent loan. I will try to qualify for the 7¼ percent loan.

Our farm credit system is going broke. Our neighbor's farms, our farm Co-ops and many rural banks are going broke. . . .

I appreciate your efforts in the past in support of farmers. Please continue your efforts in the future and don't let us be sold down the river.—Foley, Minnesota.

Mr. DURENBERGER. Mr. President, I am indebted to a number of individuals and towns in Minnesota who have made an indispensible contribution to the effort I am involved in here on the floor of the Senate. I want to take a moment to recognize their role in the decision the Senate makes today to establish the National Advisory Commission on Rural America.

Within the Washington Beltway, we tend to deal with problems as if they were academic abstractions. I have been fortunate in my efforts on this amendment to have benefited from the first-hand observation and carefully prepared reports of those who have lived with these problems everyday. They have opened their doors and their books to me and members of my staff in a way that has driven home the severity of the crisis in rural America and reinforced the urgent need to get all the facts and get to work on solutions.

I would like to particularly thank Terence Stone, the executive director of the Region Nine Development Commission, Thomas P. Jorgens, the executive director of the Northwest Regional Development Commission, Otto Schmid, executive director of the Upper Minnesota Valley Regional Development Commission, and Brian Shoten, executive director of the Southwest Regional Development Commission.

I ask unanimous consent, Mr. President, a number of submissions I received from Minnesota towns and development commission appear at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

A COMMUNITY FIGHTING AN ECONOMY—A SHORT CASE STUDY OF CURRENT RURAL AND AGRICULTURAL PROBLEMS

RED LAKE FALLS IN BRIEF

People in the Community of Red Lake Falls see the effects of recent changes and developments in the Rural/Agricultural economy very clearly. The effects are a loss of jobs, a loss of services, a loss of business, a loss of opportunity, maybe the loss of a future. These effects are so real that some days you can taste them, some days you can hear them and every day you can feel them. During the last day of interviews for this study it was announced that the local hospital was closing. Thirty members of the Community lost their jobs and there are probably not new jobs for most of these people. Talk on the streets is that the City's major employer will be closing this winter. They manufacture homes for people who have left. Many of the workers are not sure if they even care anymore. Their pay has been reduced, benefits taken away, lay-offs are more frequent than paydays and hope seems to have taken a vacation.

Some of this was expected. Everyone knows there has been a loss of business to larger towns. Everyone knows some decline in population was expected. Everyone knows things change. What was not expected was that the agricultural base of the area would be one step past the edge of drastic changes in 1985. In 1975 land values in Red Lake County were rising, technology was bringing higher yields, farm credit was opening up and the City was growing to accommodate the increasing demands for services. A new mall was built, an implement dealer expanded to a new location and discussions were being held on bringing in new industry to stabilize seasonal unemployment. The decisions are now focused on the effects of predictions that 20-30% of the farm families will be gone in 2-3 years and the fact that the population has already dropped rapidly. The specter of huge automated machines roaming and cultivating a vast non-populated Red Lake County lurks as a unpleasant, impractical but potential future.

Red Lake Falls is organizing to examine the recent economic changes, to understand the implications and to implement actions which will change the future course. The City has hired a full time Economic/Community Development Director and the County has formed a Planning Commission directed towards agriculture related problems. Local public money was spent to promote private development and almost every source of private and public funding has been tapped for local developments. The fear that is now openly discussed in Red Lake Falls is that the Community is hopelessly outmatched by the large scale state, national and world economic trends and policies which have contributed to both the recent expected and the unexpected events. This situation is not one of declining change, it is one of dealing with crisis.

The regional setting

Red Lake Falls is situated in the seven county Northwestern Region of Minnesota. The Region contains approximately 96,000 persons. The area is dominated economically by agricultural production with a variety of other activities ranging from tourism to snowmobile manufacturing. The heavy dependence of the area on agriculture and the area's vulnerability to the natural and economic agricultural cycles is well documented. Economic development planning and activities have always stressed diversification to establish a more stable economic base. General economic conditions in the Region are best described by two factors: high unemployment and population loss. Unemployment rates stood at 11.7% at the most recent count and population estimates show a loss of around 1,300 persons between 1980 and 1984. The general labor force and population conditions are in contrast to the State conditions which show a downward trend in unemployment, with a current rate of 5.7% and population gains.

Other general Regional trends include a slow rate in the growth of family income in comparison to the State (12.7% vs. 20.4%), a decreasing share of potential retail sales (down 33.4%, 1977-1982) and an increase in the aged dependency rate (up 1.6% from 1970-80).

The overall outlook in terms of economic trends for the Region could easily have been described as somewhat dim based on these facts and a variety of other indicators. However, these facts have been known for some time and are indicative of long term trends. The type of situations that planners plan for, demographers predict and government officials worry over. The remaining characteristic and one which was not predicted or forecast or even dreamed of, is that the agricultural sector would develop dramatic problems in a matter of only five years. Bad weather, high interest rates, low crop prices, high production costs, rapid expansion and large investments have resulted in some of the worst agricultural years in history. Farm closings, farm protests, and national news coverage have documented the situation in a clear manner. Northwest Minnesota has been a center of these difficulties. Difficulties which are piled on top of long term social and economic problems and which hit where we are most dependent.

Red Lake Falls—Symptoms of rural crisis

The Northwest Regional Development Commission and the Red Lake Falls Community have worked on a number of projects for the Community over the past ten years. These projects have ranged from business surveys to grant applications and the City has been very aggressive in terms of pursuing all avenues of development. An industrial park and supporting facilities were developed, a Community Development Block Grant for over one million dollars was written and approved, a $45,000 city business improvement loan program was funded with City money, a Federal Disaster grant was obtained to build a new library, a public fund drive raised $150,000 to build a swimming pool, $15,000 in local funds have been committed to the Economic Development Administration/NWRDC sponsored Regional Revolving Loan Fund, tax increment funding was used in several local projects, a State tourism Joint Venture Grant and matching local funds were used to promote new tourism attractions, a State Economic Development Loan was obtained to expand an agriculture processing operation, local

funds and a State Parks and Recreation Grant were used for major City Park improvements, a local Development Corporation helped fund a small sports equipment manufacturing project and a major improvement project addressed ongoing problems with bad streets. The City was even given an award by the Governor for outstanding efforts in Community Improvements. These are positive responses to the well defined long term problems facing a rural community. The addition of the agricultural problems seems to have crushed the hopes which were based on these efforts and very quickly created a new set of symptoms for which new responses are necessary. The symptoms of the rural crisis in Red Lake Falls are as follows:

County Unemployment is 17.7%

Eight of the eighty-four businesses closed in 1984.

Job loss in just the city is estimated at 50 in 1985.

Official city population estimates show a loss of 132 people from 1980-1984 (a 7.6% decline).

Local estimates see 100-150 more persons by leaving the end of 1985 (a possible decline of 16.3%).

Land values in the County have decreased by 28% in the last three years compared to a 41% increase in the 3 previous years.

The amount of county delinquent taxes increased from $95,000 in 1977 to $600,00 in 1984.

Property values have decreased by 20% in the past year.

The loss in total net farm income for the county was 1,197,00 from 1982 to 1983.

Payroll loss to the community is estimated at over $600,000 based on the 1985 decreases alone.

Local realtors estimate a housing vacancy rate of around 13%.

These are the current factual symptoms. Recent meetings between County officials and lending agencies in the area place the number of likely-to-fail farm operators at 20% and the possible-to-fail numbers at another 15%. These are the conservative estimates, speculation ranged at double this amount. The symptom in the Community is fear. The loss of farm operators between 1977 and 1985 was 123 and the full effect has not been felt. The 120-130 more over the next 2-3 years could signify something like this:

A total initial population loss of up to 1,000 persons (total original population 5,219).

A total loss of 288 additional jobs based on the farm operator loss (using University of Minnesota estimating factors).

The loss of at least 16 more businesses as a result of farm failures (University of Minnesota estimating factors).

The loss of 800-1000 additional persons based on job loss.

Entry into a cycle of population loss and economic decline with an unknown end point.

These are the symptons and the fears caused by the symptoms and consideration has not even been given to the declines which were already in motion prior to the agricultural situation.

Red Lake Falls—The perspective from local people

During the gathering of the information and while attempting to get a feel for the local situation a number of interviews were conducted with various officials, agency heads, business persons and others. The majority of the interviews were almost strange in both content and flow. Many of the local officials seemed reluctant to talk at first and wanted to project a positive image for the area. They had been told too many times that everyone was sick of carrying black clouds around and dispensing gloom by the bushel. Then things would change and the numbers and the emotions would glide out smoothly until things bad was almost good and there was pride in living under adversity. The conversation would stop then and become confused and turn to a resentment for even bringing this all up again. The following are some quotes from these conversations which may help to translate the feelings:

"A few months ago there were four Cenex Stations in the County, three are closed now and the only one left is under consideration for closing."

"I have one farm account that defaulted on $30,000 in bills."

"Local retail stores will simply fade away as owner-operators cut back, decrease inventory and reduce expenses until they disappear."

"Do they really want to re-tame the frontier when this is all over?"

"The current agricultural crisis is the rural equivalent of the Twin Cities losing 3-M, Control Data, the State Capital and downtown Minneapolis."

"There was a good crop this year but it was too wet to get it out of the field. It was there but just out of reach, like having it dangled in front of you just out of reach. If we could have just one good year."

"A current farm activity is cleaning the barn in preparation for foreclosure."

"We are tumbling and do not know where to."

"The stack of contract defaults and foreclosures made the decline of property values clear and understandable."

"Losing a downpayment of $200,000 in cash so you don't owe the remaining $500,000 which you can't pay is the best deal in town there days."

As the interviewer I will always remember Red Lake Falls when farming was "gloom by the bushel."

Red Lake Falls—Suggestions

There were some fairly clear ideas in the Community on what types of tools were needed and on how the local situation should be handled. The following is a summary of those thoughts:

The long term need is still to diversify the economic base. The modern agricultural situation needs second incomes and support from the local area during the bad years.

In the short term every effort should be made to minimize the population loss. If farmers don't own the land but are still farming the overall effect on the whole community is much less.

The area must maintain and even improve services and cultural opportunities. If this is all over and everything is gone, Red Lake Falls will never be able to catch up or offer the things which draw professionals, industry or just people looking for a good place to live.

Efforts should be made to communicate the needs of small towns and businesses. Governmental Programs can only be used if they are designed right.

Every effort should be made to continue and expand the use of development tools available from the State and Federal levels. These tools have helped Red Lake Falls in the past and may be the key to minimizing the damage.

MADELIA, MINN.

Madelia, Minnesota, a city of 2,096 persons is located in northeastern Watonwan County. It is approximately 100 miles southwest of the Twin Cities, 25 miles southwest of Mankato, 38 miles north of Fairmont and 20 miles south of New Ulm. Nearly all the land surrounding Madelia is used for farming—primarily corn and soybeans but with some cattle and specialty crops also present. In most ways Madelia is typical of a south-central Minnesota farm service town. The difficulties faced by Madelia are shared by most agricultural towns throughout the state. In general, how goes agriculture so goes the rest of the community.

Madelia and the surrounding area has lost population since the 1960s. Because of increased efficiency in agriculture and decrease in cattle farming, fewer farmers are needed to farm a given acreage. Between 1960 and 1984, the townships around Madelia (roughly its trade area) has decreased from 4,636 to 3,523, a drop of 24%. Madelia itself has declined in population although at a lower rate. Over the same period the city lost 94 persons from 2,190 in 1960 to 2,096 in 1985, a drop of 4.3%.

The city government (mayor council form) has an overall budget of approximately $596,025—$245,000 from the mill levy, $204,000 in state aid, and $25,000 in federal revenue sharing. With this the city provides a standard range of services including police protection, volunteer fire protection, streets and utilities. Electric power is also a municipal function under a separate budget. The city payroll of 18 full-time persons increases to 60 in the summer with personnel hired for the municipal golf course, swimming pool and other recreation and service departments. Sewage treatment facilities and water treatment are adequate for now and the foreseeable future.

Madelia is largely a farm service and retail center. Many businesses rely directly on the farmer such as grain elevators, fertilizer and seed dealers, the feed mill and agriculture construction. As agriculture goes so do these businesses. When yields and prices are good business is good. When the farm economy is difficult, business is slow. Other businesses cater to the community as a whole and are thus less directly and quickly affected by the ag economy. But without agriculture bringing money into the economy, grocery, clothing and furniture stores begin to suffer. This slowdown in retail sales is beginning to show in Madelia, as the farm crisis continues.

Professional business, depending on the type, are affected differently by the agricultural situation. Lawyers and accountants show an increase in revenue as farmers and business people seek financial counseling and assistance. Doctors and dentists show little change although the feeling is that non-essential services are delayed as long as possible.

Madelia is fortunate in having three large and several smaller industrial plants that are not dependent on the farm economy or the local customers base. These include two food processing plants, a printing company and a chemical supply business. These companies diversify the economic base and provide a steady source of income into the town.

By visiting Madelia and discussing the current financial situation on a one to one basis, the RNDC hopes to get a true picture of the economy of the city and the affect of the agricultural crisis. For the most part,

business owners and others talked willingly, but there was some reluctance to discuss specific figures. Overall trends, however, can be seen. Below is a listing of the various types of businesses and a report of our findings.

RETAIL/SERVICE/PROFESSIONAL

Madelia business owners show strong willingness to adapt to meet the changing needs of their customers or clients. This fact was evident by retail stores offering a different product mix than five years ago and the types of services they offer. Another significant item mentioned by a number of retailers was their willingness to cooperate and work more closely together. The local chamber of commerce reports portion of the business district is now involved in a variety of community promotions.

There is an increase in clients using the public accounting firm to assist them in identifying financial information pertinent to the survival of their business or farm operation.

Historically, rural communities have been service oriented. Several businesses pointed out how they are increasing services to better serve their customers. This ranged from the automobile dealer increasing his service staff and being more aware of totally re-conditioning a vehicle for resale to the appliance dealer or retailer who provides gift delivery.

Approximately 55 businesses were personally contacted by the RNDC staff. There are more than 90 businesses listed by the Madelia Chamber of Commerce.

KEY RESULTS

1. Overall retail sales down—varies from business to business. Range from 2-40%.

2. Strong feeling that worst is yet to come.

A. Next 3 months will most vividly tell their retail story. Concensus the negative impact will continue to grow the next few months to five years.

3. Only one business (automotive dealer) said he could sell his business if he wanted to today—or in the future, if conditions remain the same. One businessman said his son was planning to take over the family business, now this is extremely doubtful.

4. Accounts receivable don't appear to be a major problem as people are paying cash, buying only items which are a necessity. Past due accounts from a year ago or more are the major problem.

5. Almost every business interviewed said the major reason(s) they are surviving is:

A. Other businesses of same type have closed (example cafe).

B. Better management, less inventory, decreased interest rate, changes in product mix or services have been the key to continuing, although business sales continue to decline. Gross sales in some instances were up but profit percentage dropping each month.

C. Community businesses are pulling together more than ever before. Increased community promotions.

6. Price is becoming increasingly important plus increased advertising and ability to change market area (example hourly wage customers rather than farm trade which is almost non-existent in particular businesses).

7. Increasingly important for small business owner to have more than one income source (example a second business or family member working at another job to provide adequate family income).

8. Decline in net profit may indicate business owners, like farmers, are using life savings and assets to keep business afloat.

9. Strongly suggested if loss could be spread over longer length of time for tax purposes it would be extremely helpful. Debt re-structuring or tax legislation is a possibility.

10. Items that need to be reviewed are: insurance, workmen's comp, unemployment tax, interest rate, job training program, types of training for management skills, advertising workshop, ways to increase trade area, industry which can provide second income to farm and/or business families and training on product or service mix.

RETAIL SALES

State sales tax figures for 1980-1984 indicate retail sales show a slight increase, but what we found to date in 1985 is the businesses rely the most on farm customers show the greatest decline.

Indications are that hourly wage earners are a significant part of the Madelia retail market, but they are not shopping locally in a number of the retail stores.

Retail businesses in the majority showed a decline in sales over the past five years. Percentage of gross sales decrease varied from 2 to 70%.

Increased gross sales were noted by several businesses which emphasized although gross volume is on the incline the quality and/or price of individual items is down.

Increased sales were noted by more than one business but percentage of profit decreased, although business owners/managers were keeping closer control on inventory and becoming increasingly aware of the need for skilled management.

Majority of retailers indicated they feel the worst is yet to come. Next three months to five years will tell the story of the future of the community.

Accounts receivable for current accounts is not a major problem. Accounts over 90-120 days are greatest problem.

Price of item appears to be more of a priority in making buying decision than it was even a year ago.

Owners/managers report customers primarily buying necessity items.

Most retailers showed increased advertising expense due to trying to obtain their share of the buying public and need for persons to know they can purchase items which are new in the market in a rural community.

Retailers showed strong willingness to change product mix and/or services offered to meet todays needs.

Business owners/managers said they need to expand their customer base although state population figures show this is a loss of 1,206 persons in Madelia and the surrounding townships during the last five years.

FARM DEPENDENT BUSINESS

Farm dependent businesses are those that rely on farmers for their customer base. In Madelia, these include the grain elevator, feed and seed dealers, implement dealers and farm construction and electrical contractors. The well being of these businesses is directly related to the well being of the farmer. Among the businesses polled, these have been hardest hit with sales and profits at very low figures.

Comments

In 1975 Madelia had 15 implement dealers—in 1985 there are none. All have gone out of business or combined with a dealership in another city.

Construction of new farm buildings and equipment such as grain drying systems is at a standstill.

Owners of farm construction and contracting firms are making due with repair work. Most have layed off over half their workers.

Sale of fertilizer and chemicals is off 25% since 1980.

Grain elevator sales are off by 37% since 1984.

Accounts receivables are high and many are written off due to bankruptcy. Business owners feel they need to be able to write off bad debt over a longer period of time.

Business owners are working more on a cash basis.

Farmers are waiting until absolutely necessary to purchase and try to repair rather than buy new.

Only independently owned feed company in the county shows increase in sales due to increase in prices.

One farm related business has become very progressive in offering management service to livestock facility owners and out-of-state investors. Also offering financial management services to area farmers. Entire method of operation has changed over past four years and now sees possibility of expanding number of employees.

One ag related business wrote off $50,000 in 1983 and anticipates this will be about $150,000 in 1985.

CLOSED BUSINESSES

Within the last year 10 businesses have closed their doors and have not been replaced (although some similar businesses have taken up the slack). Closed businesses include: Two implement dealers, Zimmerman's Variety Store, Jerry's Cafe, Howard's Bakery, Montgomery Ward Categories Store, The Corner Store (Clothing), John Morrell Meats—buying station, Jordahl Machinery and Auto Repair, A commodity trading business, Haycraft Farm Tiling.

During this time only one new business has started, Ryters Print Shop. This business was a spin off from Ryter Corporation and does Ryters in-house printing and other commercial printing. They hope to increase their "main street" printing business. A small office supply store is planned in the front of the Ryter Printing Shop.

INDUSTRY

Madelia is fortunate in having a good non-farm related industrial base. Included in this category are two food processers, a chemical supply business, a printing company and even a small fire truck manufacturer. These businesses provide the city with a good tax base and a steady reliable source of payroll income which is not dependent on the cycles of the agricultural economy or the local customer base. Together these industries employ approximately 600 persons.

Comments

Madelia's work force is seen as efficient and reliable with excellent productivity and low rates of absenteeism.

Because of the ag economy, there is a large pool of potential workers. One business has over 75 people on call for part-time minimum wage employment.

One business plans $3 million expansion which will add to the product line increase employment.

The food processors feel Madelia is ideally situated for product ingredient purchase.

Businesses are working with the displaced farmer program.

The customer base for these industries is regional (Upper Midwest) national inter-national.

The printing company reports 1985 as the "best year ever" although accounts receivable are becoming more of a problem as their customers (example newspapers) have difficulty collecting accounts receivables.

One industry reports four major expansions in past five years.

MADELIA SCHOOL DISTRICT

From a high point in the early 1970s Madelia has lost 40% of their student body.

In 1980 there were 750 students enrolled in the school with about 85 additional students in the parochial school.

In 1985 there are 601 students in the school and 119 students in the parochial school.

Of these 720 students, 350 are riding school buses. This means that a decrease in farm families could have an impact on the enrollment of the schools.

There is a 70% increase in the number of free and reduced lunches being provided at the public school in the last 5 years.

The local levy for 1984-85 was $1,641,000. The levy for 1985-86 is $1,400,000. This is an added burden to the State of Minnesota because they must make up the difference. A portion of this decrease is because of declining valuation.

The payroll at the school is 1,350,000. This is a significant amount of income for the community.

FARM FINANCIAL COUNSELING

Pauline Nichols of the Watonwan County Extension office, submitted the following report covering their efforts to counsel farm families with financial problems. From her report it is clear that farm families need assistance in setting up and maintaining financial systems and management plans. Through such a system, early warning signs of problems could be detected and preventative measures taken.

TEEN DISTRESS

Mrs. Nichols also summarizes a study of distressed teens in southwestern Minnesota. The study shows a great increase in distressed and troubled teenagers. The reported rate of teenage suicide attempts was 300% greater than expected. Uncertain economic times certainly contribute to this distress. The need for preventative education and counseling is very strong.

FULDA FARM CRISIS STATISTICS

	Population			
	1970	1980	1983 (est.)	1970–83 Δ percent
Murray County	12,508	11,507	11,441	(8.5)
Fulda	1,326	1,308	1,306	(1.5)

Source: U.S. Census Minnesota Demographer.

	Households/real estate valuations			
	1970	1980	1983 (est.)	1980–83 Δ percent
Number of Fulda households	467	511	547	17.1

	Murray County property tax delinquencies			
	1981	1984	1985	1981–85 Δ percent
Murray County	$30,437	$179,512	$447,226	1,369.4
Fulda		6,700	14,905	122.6
4 townships around Fulda		44,400	126,769	185.5

Ag land values for Fulda areas were at a high of $2,100 per acre in 1979 to a low of $900 per acre in 1985.

Fulda city lots: $10,000 in 1979 declining to $3,500 in 1985.

Example: $70,000 lake home having difficulty selling at $45,000.

5 homes foreclosed in 1985.

Local bank closes.

Source: County auditor.

	City revenues and expenses			
	1980	1982	1984	1980–84 Δ percent
Revenues	$422,898	$463,178	$421,953	[1]1
Expenses	225,500	307,753	388,293	72

[1] Approximately $10,500 per year revenue sharing.

Projected taxes (local) 1985: 8 percent Increase. Projected 15 percent increase in 1986.

Increases will not actually increase revenues or total income, it will attempt to maintain revenues because of declining taxable base.

Source: Fulda city clerk.

REGIONAL FARM STATISTICS

	Number of farms		Percent Δ	Δ
	1978	1982		
Cottonwood	1,198	1,053	(12.1)	145
Jackson	1,329	1,253	(6.1)	76
Lyon	1,191	1,175	(1.3)	16
Lincoln	917	823	(10.3)	94
Murray	1,224	1,150	(6.1)	74
Nobles	1,479	1,413	(4.5)	66
Pipestone	847	828	(2.2)	19
Rock	1,019	953	(6.9)	66
Redwood	1,674	1,544	(7.8)	130
	10,878	10,192	(6.3)	667

Source: U.S. Census of Agriculture.

(1) One in ten state farmers will quit within the next year. This would result in 996 farmers in Region 8.

(2) For each farm eliminated about three jobs are lost. This result to 2,988 jobs lost next year and 8,964 in five years in Region 8.

(3) For every ten farms lost, one farm related business folds. Region 8 would experience a 332 decline in farm related businesses.

(4) Farm liquidations have caused a 40-percent decline in land values and 50-percent decrease in equipment.[1]

BUSINESS FAILURES 1985

6 businesses, 21 jobs lost; retail sales decline from $7,498,763 in 1979 to $3,374,012 in 1984.

Source: Mayor of Fulda, State of Minnesota.

SCHOOL ENROLLMENT

Population decreased 10 kids since 1984-1985.

Superintendent anticipates another 12 to leave by the end of year.

35 percent increase in the number of free/reduced meals given.

Usually receive 99 percent of taxes levied. This year district has $27,000 delinquent taxes. Estimate $42,000 (86) for next year.

1985-86 school year received $3,000 in state aid, next year will have to get $330,000 in state funds because of devaluation of property values.

Source: School Superintendents.

SUMMARY

Decline in population, especially at the county level.

Although population is declining, the number of housing units continued to increase. Since the demand for public services is more closely related to the number of households than to size of population, Fulda is experiencing increasing demand for services.

Demand for services and other City expenses continues to increase as revenue base declines.

Tax delinquencies increasing dramatically at County, City, Township (122 percent-1370 percent).

City taxes rising sharply to keep up with increasing expenditure costs and declining property valuations.

Loss of 6 local businesses and 21 jobs.

Bank failure.

School district enrollment declining with greater reliance on state aid because of increasing tax delinquencies and loss of local income (noon lunch program).

$4,124,751 decrease in retail sales between 1982-84, representing a 55 percent decline.

[1] Figures based on "State Agriculture Policy Project Task Force" findings.

UPPER MINNESOTA VALLEY REGIONAL DEVELOPMENT COMMISSION,
Appleton, MN, October 31, 1985.

To: Hon. DAVE DURENBERGER.

From: Otto Schmid, Executive Director.

Re: Overview of Economic Conditions and Various Trends in the Upper Minnesota Valley Region as well as Profile of a Local Community in this Region.

At the request of Senator Durenberger's office, I submit the following information to be used by the Senator's office as they see fit.

The Upper Minnesota Valley Region is located adjacent to South Dakota along the midwestern border of Minnesota. The region consists of the five counties of Big Stone, Chippewa, Lac Qui Parle, Swift, and Yellow Medicine and totals approximately 3,332 square miles.

School enrollment: After significant increases in school enrollment for the last 30 years, the number of students began to drop significantly after 1970. The 1970 enrollment was 17,800 while the 1984-85 enrollment was 11,219 or 63 percent of the 1970 figure. The estimate for the year 2000 is for a school age population of approximately 11,400. This same estimate analysis was about 600 too low for the 1985 enrollment estimate, indicating that little additional decline is expected, in fact a slight increase might occur.

There are 20 public school districts and three nonpublic schools within the region. Even with the apparent stoppage in the regional enrollment decline, several public and two nonpublic school districts with total enrollments of less than 300 students may experience financial hardship. Several districts have already achieved partial economies of scale by operating their elementary systems by contracting with an adjacent district for secondary education. Three districts have enrollments in the 1,000 pupil range which some educators feel may be a threshold for adequate education, at least in a financial sense. These districts are Granite Falls, Benson, and Montevideo.

Housing: The early rapid growth of the area's population, coupled with the latter continual decline in that population, has left this region with an aged stock of housing. Older housing, usually defined as having been constructed prior to 1940, not only has the maintenance problems which develop as structures age; it also lacks adequate components. By components we mean heating systems that are both inefficient and expensive to operate or electrical systems which cannot serve the large number of appliances in use today. Plumbing systems are also a concern as well as a lack of insulation and airtight windows. It is esti-

mated that 60 percent of the year round housing units in this region were built prior to 1940. Several attempts have been made to estimate the total number of these housing units which need rehabilitation or replacement. These estimates range from 15-30 percent of the year round housing units or from 3,375 to 6,427 units out of the total 21,606 estimated housing units in the region. Regional income level estimates indicate that about one-third of the non-elderly and 80 percent of the elderly population are below 80 percent of their county median income. This translates to an enormous need for housing subsidy assistance. The Upper Minnesota Valley Regional Development Commission estimates that 4,666 households need housing aid. Of that total, 2,898 or 62 percent are elderly and 1,768 or 38 percent are family.

Human resources and labor profile: This section will attempt to analyze and describe the demographic makeup of this region including population trends, projections, geographic distributions, education and income levels, as well as labor force characteristics.

The population of the Upper Minnesota Valley Region remained relatively stable between 1930 and 1950. During this same period the State grew in population so that the regional percentage of the State continually dropped from 2.82 percent in 1930 to 2.44 percent by 1950. The 1980 percentage of 1.46 percent is projected to continue to drop, thus lowering the percentage to at least the year 2000 (estimated to be 1.22 percent). In 1930, the total regional population was 72,358, in 1950 it was 73,007, and in 1980 the region's population was 59,822. This reflects a 17.32 percent decrease between 1930 and 1980. The decrease between 1950 and 1980 is 18.06 percent decrease. All counties within the region have continually lost population between 1950 and 1980. Several factors determine the dynamics of population change. These factors include natural increase/decrease and migration. Each county lost population due to outmigration. Eighty townships within the region lost population between 1970 and 1980. One township experienced no change and the remaining 13 townships gained in population. With no exception, those townships that gained in population are located adjacent to a municipality or they are along a major transportation or highway link. Of the 37 incorporated municipalities in the region, only four of those had a 1980 population of more than 2,500. An additional six municipalities have populations between 1,000 and 2,500. Three municipalities have between 500 and 1,000 and over two-thirds of them have populations of less than 500. Between 1960 and 1980, ten of the region's 37 municipalities experienced growth. While decline in population of the remaining municipalities was not substantial, it could be stated that the loss of population in the rural townships was reflected in a migration of the farming community to nearby municipalities. In 1970, the rural non-farm and urban population accounted for 62 percent of the total. At the same time, rural farm population accounted for approximately 38 percent. In 1980, the rural non-farm and urban population amounted to 71 percent of the total and the rural farm population accounted for 29 percent.

In 1980, this region had a greater proportion of its residents in the over 50 catgegory and less in every other category below 50, except the 0-4 classification. This can best be explained by the continual long-term outmigration from the region, those most likely to migrate are the young adults. The most dramatic change in the age composition occurred between 1960 and 1980. The age composition breakdown between the counties shows very little difference. The regional median age is 34.2 years and the 1980 state median age is 29.2.

Income: Median family income in this region is consistently lower than that of the State of Minnesota. In 1970, the median family income in the region equalled $6,786 and at the same time median family income for the State of Minnesota was $9,931. In 1980, the median family income for the region was $15,303 while that of the State of Minnesota was $21,185. Individually, none of the counties within the region had a median family income which exceeded that of the State. Census figures indicate that half the families in the region earned less than $10,000 in 1980, while half the families in the State earn more than $13,000 and for reference purposes half the families in the Twin Cities earn more than $22,500. This latter figure may indicate the attraction of larger cities that fosters outmigration from this region.

Labor force: The labor force is defined as those people who are employed or if unemployed are actively seeking employment. Between 1970 and 1980 the labor force for this region has grown steadily. This is noteworthy when consideration is given to corresponding population statistics. The region has steadily lost population at the same time the labor force has grown. Several possible explanations exist for this. An increase in number of jobs as well as an increase in labor force, possibly new non-traditional members entering the labor force. Between 1970 and 1980, a rapid increase in the female labor force between 16-34 years old was experienced. This phenomenon may reflect the perceived need of the region's farm families that supplemental incomes were necessary to maintain the farming operation. It should also be stated, that during that same period of time, agricultural employment between 1970-1980 declined by 5.8 percent. In 1980, the unemployment rate in the region amounted to 6.0 percent. At the same time the unemployment rate in the State of Minnesota was 5.9 percent and that in the U.S. was 7.1 percent. In 1984, the region's unemployment rate was 7.3 percent compared with 6.3 percent for the State, and 7.5 percent for the U.S.

Agriculture: The agriculture sector has experienced declines in rural farm population, number of farms, and total employment; this trend may continue as overcapitalized operators cannot continue to amortize debts. All individual hardships cannot be discounted, the history of decline is not totally and necessarily bad, as in other sectors of employment in the state and nation, technological advances and economies of scale have dictated fewer farm units while increasing the size of each unit. The 1982 figures indicate a cash income received by farmers in the region of almost $500,000,000. This cash income can be broken down as follows: 55 percent was derived from crops, 42 percent was derived from livestock, and three percent was derived from government intransfer payments. The 1982 cash income figures are the most current that the Regional Development Commission office has access to. In analyzing the local markets and prices paid for commodities and livestock in 1982, in comparison to 1985, would suggest that cash income received by our farmers this year will be substantially lower. It is suggested that individuals requesting further clarification as to the potential for cash income received by farmers in 1985, contact area extension offices or the State Department of Agriculture.

Financial resources: The major source of private capital in this region is from the banks. Banks with conservative lending policies can be a detriment to economic development, especially for venture capital loans. Almost $600 million was on deposit in regional banks as of December 1984; while almost $400 milion was on loan or discount. The regional loan to deposit percentage at that time was 64.99 percent. While it is difficult to establish a bench mark for evaluation of these percentages, most smaller rural banks have between 50-60 percent of their deposits on loan. This figure changes based on profitability as well as portfolio distribution. The regional figure of 64.99 percent is quite high when one considers that much of the banks funds in this region are tied up in agricultural loans. The combination of consistently low farm commodity prices and high production costs have often resulted in renewal rather than repayment of some of these loans. This combination of events has led to a substantial shortage of capital to finance both continued farming operations as well as expansion of business and industry. Within the five-county regional area during the past twelve months, two banks have failed and are in the process of reorganizing.

Regional summary: It can be seen from previous discussion concentrating on a half a dozen or so segments of the area's economy, the Upper Minnesota Valley Region is experiencing the impacts of an agricultural economy that has been declining over the years. It should be emphasized, that by no means, is this a condition that has all of a sudden happened in the rural area. The depression in the region's rural economy has been in the making for the past 20 years. There are many factors that obviously come into play in attempting to analyze all of the reasons for this decline. Most of those factors are beyond the control of local decision makers, business community, agricultural community, and the citizenry of the region.

Community profile: In addition to the overall view of the regional economy, we are presenting a profile of what is considered to be a typical community within this rural region. In discussing the reasons for and the information to be provided in this memo, it was determined by the mayor and members of the city council that they wished to have their community's identity remain anonymous.

This particular community, is not unlike a half dozen or so of the communities identified as secondary growth centers through the region's economic development plan process. Although the term secondary growth center may seem inconsistent with the information that will be provided as a part of this profile, it should be stated that there exists an attitude within these rural communities that indeed these communities are a good place to live, work, and raise one's family. By and large, representatives of municipal government from this regional area realize there exists a substantial investment in infrastructure in each and every one of their communities. This investment in infrastructure is cost effective only when the dynamics of economic development are present. Concern exists when stagnation or economic decline begins to set in. The most visable example of economic decline in a small rural community is the closure of main street business concerns. In the profile

of the community chosen by the Regional Commission staff, fourteen main street or service related businesses have closed their doors during the past 18 months. This includes a lumber yard, two cafes, two hardware stores, two furniture stores, one shoe store, one law office, one gas station, one implement dealer, one children's clothing store, a drug store, and an electronic manufacturing concern. These business foreclosures represent a total job loss in the community (jobs not replaced) of approximately 115 individuals. The direct loss of jobs also has a ripple effect through the remainder of the community's economy as well as that of the county and the region. This multiplier effect can be measured in the hundreds of thousands of dollars in lost wages both in the primary business loss as well as the secondary and tertiary business loss felt by those remaining.

In addition to business closings, one must also look at the real estate market for an indication of measuring not only distress but whether or not there exists stagnation or obvious economic decline. In viewing the community profile, it was determined through surveying real estate agents in the area, that there exists an inventory of approximately 50 homes. Of these 50 homes, 42 have been on the market longer than one year. Of these 40 homes, more than half are vacant and of the remaining most of those have been rented.

The school district in this community has experienced an almost 30 percent decline in school age children K-12 between 1975-76 to 1985-86. Despite this fact, the school budget has increased by 31 percent during the six year period 1980-81 to 1985-86. Although the school district has attempted to keep the tax rate down and two tax levy referendums for the general fund in recent years have been defeated, it is sufficed to say that generally a reduction in school population also means a reduction in state aid to the school district. A total enrollment of the school district during 1980-81 amounted to 833 students. In 1985-86 the population of the student body amounted to 694. During that same period of time, the school district's cost increased from a little over $1.5 million to just under $2 million for 1985-86. Although the school's population has declined, it should be remembered that the school district's boundaries exceed those of the municipalities.

The municipality's population has remained constant for the past 20+ years. However, the population of the surrounding townships has declined substantially witnessed the result of that decline in the reduction of the school's population. The reduction of the population in the rural townships is almost totally related to the reduction of the number of farms in the area.

Summary: This community, and the regional area in which it lies, has been described by some individuals as being very similar in condition as that of some third world nations. This an area in transition located within a state and nation in transition. The major difference is that this region and this community are experiencing difficulties directly related to the decline of the rural economy. Most urban dwellers may find it difficult to understand or hard to believe that there exists situations within their own state that can be compared to the economic conditions found in many third world countries. The communities in this region, as well as the region itself, see opportunity for economic development only if there is an awareness on the part of state and national leaders that rural areas of this country provide opportunities for diversification and expansion for existing and new private sector activities. Agriculture will remain the primary resource and the backbone of this area's economy. However, there exists a realization within this region that most of the problems that must be overcome will require a measured amount of outside assistance. Without this assistance, the future of this rural region should be evident.

Mr. MITCHELL. Mr. President, I rise in support of Senator DURENBERGER's amendment to the farm bill to establish a National Advisory Commission on Rural America. I believe the concerns and interests of rural States in our country will be well served by such a Commission.

I would like to direct a question to Senator DURENBERGER with regard to this amendment however. As a Senator from a rural State and one who is very concerned about the health care of rural Americans, I am particularly interested in that in the scope of its review, the Commission examine and address the special needs of health care delivery of rural America.

I believe there is a critical need for those of us who represent rural States to examine and address the special needs of rural health care, including quality of care, access to care, and the high cost of providing health care in sparsely populated areas.

After reviewing the proposed membership of the National Advisory Commission, I do not see that the membership will include a person who will represent the health care needs of rural America. Have the Senators given any consideration to the inclusion of a member to the Commission with expertise in the special concerns of rural health care delivery?

Mr. DURENBERGER. I appreciate the Senator's support for this amendment and for the concern he has expressed for the health care needs of rural America. I share his concern about this issue.

As the chairman of the Senate Subcommittee on Health, and a member of the Senate Rural Health Caucus, I, too, recognize the serious needs of Americans in rural States for quality health care. The issue of health care was not forgotten as I worked to develop a design for this Commission.

Two members of the Commission will represent rural, private-sector service delivery interests. One of these members will specifically be appointed with expertise in rural health care.

Mr. MITCHELL. I thank the Senator for his response on this critical matter facing rural America. I do not believe that rural people in our country should be forced to accept second-class care. We must search for solutions to the problem of access to quality health care at reasonable costs for those who live in the most remote parts of our States.

I hope that the National Advisory Commission on Rural America will be able to examine and address the concerns facing health care in sparsely populated areas of our States and will find viable solutions to some of the problems facing the delivery of rural health care in our country.

I support Senator DURENBURGER in this initiative and urge my colleagues to support this amendment as well.

Mr. HELMS. Mr. President, we have examined the amendment and find it acceptable on this side.

Mr. ZORINSKY. This side of the aisle has examined the amendment and supports its passage.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Minnesota.

The amendment (No. 1058), as modified, was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DURENBERGER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1109

(Purpose: To require the Office of Technology Assessment to conduct a study of quality standards for exported grain)

Mr. HELMS. The next would be Mr. ABDNOR and his amendment on the OTA study.

Mr. ABDNOR. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from South Dakota (Mr. ABDNOR) for himself, Mr. ZORINSKY, Mr. EXON, Mr. SYMMS, Mr. BOSCHWITZ, and Mr. DURENBERGER proposes an amendment numbered 1109.

Mr. ABDNOR. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the pending amendment, add the following: On page 459, between lines 18 and 19, insert the following new section:

STUDY OF GRAIN STANDARDS

SEC. . (a)(1) The Office of Technology Assessment shall conduct a study of United States grain export quality standards and grain handling practices.

(2) The Office of Technology Assessment shall conduct such study—

(A) in consultation with the Secretary of Agriculture; and

(B) in accordance with section 3(d) of Technology Assessment Act of 1972 (2 U.S.C. 472(d)).

(b) In conducting such study, the Office of Technology Assessment shall—

(1) evaluate the competitive problems the United States faces in international grain markets that may be attributed to grain

quality standards and handling practices rather than price;

(2) identify the extent to which United States grain export quality standards and handling practices have contributed toward the recent decline in United States grain exports; and

(3) perform a comparative analysis between—

(A) the grain quality standards and practices of the United States and the major grain export competitors of the United States;

(B) the grain handling technology of the United States and the major grain export competitors of the United States; and

(4) evaluate the consequences on United States export grain sales, the cost of exporting grain, and the prices received by farmers should United States export grain elevators be subject, by law or regulation, to requirements that—

(A) no dockage or foreign material (including but not limited to dust or particles of whatever origin) once removed from grain shall be recombined with any grain if there is a possibility that the recombined product may be exported from the United States;

(B) no dockage or foreign material of any origin may be added to any grain that may be exported if the result will be to reduce the grade or quality of the grain or to reduce the ability of the grain to resist spoilage; and

(C) no blending of grain with a similar grain of different moisture content may be permitted if the difference between the moisture contents of the grains being blended is more than 1 percent.

(c) Not later than December 1, 1986, the Office of Technology Assessment shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report containing the results of the study required under this section, together with such comments and recommendations for the improvement of United States grain export quality standards and handling practices as the Office of Technology Assessment considers appropriate.

Mr. ABDNOR. The purpose of the amendment, Mr. President, is to have the Office of Technology Assessment perform a study of U.S. grain export quality standards and grain handling practices.

For as long as I can remember, Mr. President, there has been a constant controversy concerning U.S. grain quality standards. It seems every year we hear horror stories of disgruntled foreign customers and lost sales due to the poor quality of the grain we sell and export. We also hear how we come up a very poor second in the quality of our grain exports compared with our competitors, particularly the Canadians.

We have heard many examples as to how American farmers have been, and continue to be, disadvantaged in the promotion and sale of their products in international markets: the high value of the dollar, trade barriers, foreign subsidies, to mention but a few.

Given the huge surpluses of grain in the world today, it's a buyers market. A successful sale of grain requires competitive quality as well as price.

My amendment is designed to ultimately yield recommendations which would promote export grain sales by protecting the quality of grain exported from the United States.

I've chosen the Office of Technology Assessment—an agency of the Congress—to perform this study not only because of its excellent reputation with the Congress, but because of the technology aspects of this issue. I, and many others, I would suspect, are concerned that our grain handling practices as well as our quality standards may be following the same road traveled by the U.S. auto industry—recognizing too late the changing preferences and needs of the customer.

The Office of Technology Assessment has informed me that they are capable of handling this controversial project and provide its report with recommendations to the Congress within 12 months.

I am confident, Mr. President, that this study will go a long way in answering many of the apparent ageless questions about this Nation's export practices.

For example, this study will gauge the extent to which our quality standards have contributed to the dramatic decline in our exports the last several years; do a comparative analysis between our standards and those of our competitors; and address the highly controversial question: What effect will regulated or legislated mandatory improvements in quality standards have on prices received by farmers. I'm personally convinced that these questions need to be answered before we unnecessarily burden our already embattled grain export sector with the heavy and oftentimes misdirected hand of Government.

Mr. HELMS. Mr. President, we have examined the amendment and find it acceptable and commend the Senator.

Mr. ZORINSKY. Mr. President, the amendment has been cleared on this side of the aisle and we recommend its passage.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from South Dakota.

The amendment (No. 1109) was agreed to.

Mr. ABDNOR. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1110

(Purpose: To require the President to take all steps necessary and appropriate to end unfair practices of the European Communities, including practices harmful to Amercan citrus, wheat flour, poultry, canned fruits, and raisins.)

The PRESIDING OFFICER. The Senator from California.

Mr. WILSON. Thank you, Mr. President.

Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from California (Mr. WILSON) for himself, Mr. CRANSTON, and Mr. DECONCINI proposes an amendment numbered 1110.

Mr. WILSON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the pending amendment, add the following:

At the appropriate place in the bill, insert the following:

UNFAIR TRADE PRACTICES

SEC. 114. (a) The Congress finds that—

(1) United States producers and processors of citrus, wheat flour, poultry, canned fruits, and raisins have filed petitions under section 302 of the Trade Act of 1974 alleging that the subsidies and discriminatory tariffs of the European Communities are inconsistent with the principles and terms of the General Agreement on Tariffs and Trade (hereafter referred to in this section as the "GATT") and have placed United States exporters at a competitive disadvantage;

(2) throughout the past decade, the European Communities have repeatedly rebuffed extensive United States efforts to resolve these matters through bilateral consultations and multilateral negotiations, as well as through consultations under the provisions of the GATT;

(3) after many years of frustrated discussions, the United States had no choice but to invoke the dispute settlement procedures of the GATT as the only remaining means of seeking redress for American producers and processors;

(4) investigatory panels, established by the GATT to review separately each of the United States complaints, concluded that European Communities subsidies and discriminatory tariffs had nullified and impaired rights of United States exporters and were in violation of the GATT and recommended that the European Communities take necessary steps to rectify the matters;

(5) the European Communities has effectively and repeatedly prevented adoption by the GATT of each of these reports, most recently, the favorable report involving the 15-year-old citrus complaint;

(6) on May 1, 1985, the President concluded that the GATT dispute settlement process with respect to the citrus complaint was terminated and, pursuant to section 301 of the Trade Act of 1974, the President had to consider a subsequent course of action to re-

dress the injury to United States citrus exporters;

(7) on June 20, 1985, the President announced that a reasonable and appropriate course of action in response to the unwillingness of the European Communities to implement the unanimous finding of the GATT panel or to negotiate a mutually acceptable resolution of the citrus complaint is to withdraw an equivalent amount of concessions from imported European Communities pasta products and, in response, the European Communities notified the United States that the European Communities would retaliate by increasing the European Communities duties on United States lemon and walnut imports;

(8) on July 19, 1985, the United States and the European Communities agreed to suspend until October 31, 1985, the tariff increases, in order to provide the European Communities with additional time to resolve the citrus complaint; and

(9) despite this suspension, the European Communities has failed to present to the United States an acceptable proposal to resolve the citrus complaint, and effective November 1, 1985, the United States reinstated the pasta tariff increase, and in turn, the European Communities reinstated the lemon and walnut tariff increase.

(b) The President shall take all appropriate and feasible action within the power of the Presidency (including, but not limited to, the actions described in section 301 of the Trade Act of 1974 (19 U.S.C. 2411)) to—

(1) ensure a prompt and satisfactory resolution of all complaints regarding subsidies and discriminatory tariffs of the European Communities which—

(A) are set forth in petitions filed under section 302 of the Trade Act of 1974 by United States exporters of citrus, wheat flour, poultry, canned fruits, and raisins, and

(B) are pending before the GATT on the date of enactment of this Act,

(2) counter any retaliatory action of the European Communities by withdrawing additional trade consessions, and

(3) balance the level of concessions in the trade between the United States and the European Communities.

Mr. WILSON. Mr. President, I offer an amendment to the farm bill on behalf of thousands of American producers and processors of citrus, canned fruit, poultry, and wheat flour who have suffered monetary loss due to the unfair trading practices of the European Economic Community [EEC] and who, because of the EEC's intransigence, have been denied fair restitution under the dispute settlement procedures of the General Agreement of Tariffs and Trade [GATT].

This amendment will require the President to take all appropriate and feasible action within the power of the Presidency—including, but not limited to, the actions described in section 301 of the Trade Act of 1974—to ensure a prompt and satisfactory resolution of all section 301 complaints regarding subsidies and discriminatory tariffs of the EEC which have been filed by U.S. exporters of citrus, canned fruit, poultry, and wheat flour and which are currently pending before the GATT. Additionally, the amendment directs the President to take actions to counter any retaliatory action of the EEC by withdrawing additional concessions and to rebalance the level of concessions in U.S.-EEC trade.

Mr. President, I offer this amendment as a fair and pragmatic remedy to the agricultural trade disputes which have damaged our trade relations with the European Community over the months and years. In the short term, this amendment will strengthen the President's immediate ability to resolve these cases. The administration has already attempted to expedite the ongoing negotiations in the canned fruit case by setting a December 1 deadline for its resolution. This amendment will also convince our trading partners that we will not hesitate to seek alternate and, if necessary, unilateral solutions when both GATT dispute settlement and bilateral negotiations fail to provide fair restitution to the American industries placed at a competitive disadvantage by unfair EEC trade practices.

In the longer term, by eliminating the underlying tensions caused by these trade disputes, we and the European Community can work to improve our bilateral trade relationship, to break down barriers to trade and to revitalize the GATT dispute settlement process.

The history of these cases demonstrates most clearly why we need a new approach to move forward with these cases. Attempts to obtain fair restitution either through the GATT dispute settlement process or in bilateral negotiations have been futile for the American citrus, canned fruit, poultry, and wheat flour industries. First these American exporters lost markets to unfair EEC export and processing subsidies which violate the rules of fair trade. Then the damage suffered by their industries has been compounded by the EEC's refusal to accept the findings of GATT investigatory panels created to review these disputes and recommend compensatory measures to the injured party.

For example, in 1975 the U.S. wheat flour industry filed a 301 petition charging that the EEC provided export subsidies that were excessively high and allowed material price undercutting in third country markets. For 6 years, the U.S. Government held technical discussions and unsuccessful consultations with the EEC, and, finally, in 1981, invoked the GATT dispute mechanism by requesting an investigatory panel.

After a 2-year inquiry, the panel's findings were inconclusive and failed to address a number of issues raised in the 301 petition. As a result, the matter was referred, in 1983, to the GATT's Subsidies Code Committee, where the EEC has the ability to forestall the resolution of the complaint. Thus, 10 years after the original petition was filed, our Nation's wheat flour industry is understandably frustrated.

The U.S. poultry industry's 301 case, charging the EEC with using export subsidies to undercut prices and to gain a larger share of world trade, has been complicated and prolonged by EEC maneuvering. While the case has wallowed through 4 years of unsatisfactory consultations and is presently stymied before the GATT's Subsidies Code Committee, the EEC's export subsidies have allowed it to become the world's largest exporter of poultry and eggs. Conversely, our own domestic industry has seen its export markets diminish. For example, in 1980, U.S. exports of broilers to the Middle East were valued at $47 million; however, by the end of last year, they had plummeted to less than $340,000—largely displaced by cheaper, subsidized EEC exports.

The U.S. processed fruit industry filed a 301 petition in 1981 alleging that EEC production subsidies for canned peaches, canned pears, and canned fruit mixtures nullify and impair tariff concessions which the EEC has extended to our country and inhibit U.S. exports of these products to the EEC. Not surprisingly, a bilateral solution to the complaint was unsuccessful, and the United States, once again, requested that a GATT investigatory panel review the case.

After a 14-month inquiry, the panel report, which was favorable to the United States, was given to the parties to the dispute; however, on three successive occasions, the EEC was successful in delaying its formal release and in ultimately pressuring the members of the panel to alter significantly some of its findings. The final version of the report, which remained favorable to the United States on canned fruit, but less so on raisins, has yet to be adopted by the GATT, due to continued EEC opposition.

In the meantime, our domestic canned fruit industry has not only lost its European markets, but is being displaced in our own country by cheap EEC imports. U.S. canned peach exports worldwide have dropped from nearly 1.8 million cases in 1982–83 to an estimated 300,000 cases this year. This translates into $60 million in lost sales in just 4 years. In the EEC market alone, exports of canned peaches have dropped from 500,000 cases worth $6 million in 1981 to only 7,000 cases valued at barely $126,000 in 1984. At the same time, subsidized imports from the EEC and other countries increased from zero cases in 1982–83 to over 1.2 million cases in 1984–85. In 1982, EEC canned fruit exports to the United States totaled about $2,000. By 1984, this had skyrocketed to about $4 million. These numbers underline the damage to an important American

industry because of EC refusal to resolve this case.

On September 7, President Reagan directed the USTR to expedite proceedings in this case and to prepare a list of products for retaliation unless the problem is resolved by December 1, 1985. I commend the President on this decision and urge him to accept nothing less than a full and meaningful settlement to this case. This settlement should include steps that directly benefit the struggling U.S. canned fruit industry. After 4 long years of pursuing a GATT resolution in good faith, the U.S. industry should at least be able to obtain relief from our section 301 proceedings.

The longest standing 301 complaint—filed a full 15 years ago—was initiated by U.S. citrus growers, and because of recent developments, is also the most timely and symbolically important case.

Since 1969, the EEC has granted preferential treatment to citrus and citrus products from Mediterranean countries to the detriment of American citrus growers. The annual loss of sales by U.S. exporters of oranges and lemons because of these preferential Mediterranean tariff agreements is estimated at $48 million. In 1970 and 1972, citrus growers from California, Arizona, Texas, and Florida lodged complaints against the EEC's preferential tariffs under section 252 of the Trade Expansion Act of 1962. In 1976, the citrus industry utilized section 301 of the recently enacted Trade Act of 1974 to file a complaint alleging that the EEC's discriminatory tariffs are inconsistent with the most-favored-nation [MFN] principle of the GATT and placed U.S. exporters at a competitive disadvantage in the EEC market.

Throughout the past decade, the EEC has rebuffed extensive U.S. efforts to resolve the matter through bilateral consultations with the EEC, rather than mounting a legal challenge against the EEC in the GATT. Our Government also tried without success to resolve the issue with the EEC during the Tokyo round of Multilateral Trade Negotiations, which concluded in 1979. The EEC has continued to reject all efforts at a negotiated compromise even after the U.S. initiated consultations under the provisions of the GATT and agreed to the unusual step of allowing the director general of GATT to arbitrate the dispute.

Finally in November 1982, after 6 years of frustrated discussions, the United States had no choice but to invoke the dispute settlement procedures of the GATT as the only remaining means of seeking redress for American citrus growers.

After 2 years of study, the GATT panel found unanimously that the EEC tariff preferences on fresh oranges and lemons from Mediterranean countries nullify and impair the most-favored-nation [MFN] rights of the United States. The GATT recommended that the EEC reduce its MFN tariff rate on U.S. oranges and lemons.

Despite the favorable panel findings, the GATT has been unable to adopt the report and implement the recommendations because the EEC has effectively prevented a vote from occurring during several GATT meetings held earlier this year. A unanimous vote to adopt the GATT panel report must occur before any compensation by the guilty party is required.

Therefore, on May 1 of this year, our Government disappointedly, but in my opinion, realistically, had to conclude that the GATT dispute settlement process was terminated, and pursuant to section 301, had to consider a subsequent course of action to redress the injury to U.S. citrus exporters.

On June, 1985 President Reagan announced that a reasonable and appropriate course of action in response to the unwillingness of the EEC to implement the unanimous finding of the GATT panel or to negotiate a mutually acceptable resolution of this issue was to withdraw an amount of concessions from imported EEC pasta products equivalent to the U.S. citrus trade which had been adversely affected. The EEC promptly announced counterretaliation against U.S. exports of lemons and walnuts by imposing a prohibitively high tariff increase.

This unjustifiable response back in July prompted me to introduce the "Fair Access to Foreign Markets Act." The amendment I am offering today parallels that legislation. However, its adoption now is even more critical than it was in June because of recent events in what has come to be known as the "pasta-citrus war."

When we were in round 1 of the pasta war in June, EEC officials obviously realized the potential implications which a provision in the Fair Access to Foreign Markets Act requiring the President to rebalance the level of concessions in U.S.-EEC trade, could have on European wine exports because the Community quickly rescinded the retaliatory walnut and lemon tariffs and, in a further action, decided to reduce subsidies on EC pasta exports by 45 percent, thereby resolving the longstanding pasta 301 case. In exchange, the United States agreed to suspend our increase in pasta duties.

Central to this agreement, however, was the commitment which EEC officials gave to the U.S. Trade Representative to take steps to increase access to the EC market for U.S. citrus exports. As Ambassador Yeutter said in his July 19 statement announcing this agreement, "If the EC fails to take satisfactory action on citrus by October 31, 1985, both sides acknowledge that the United States reserves the right to retaliate against the EC's discriminatory tariff treatment on U.S. citrus exports."

That October 31 deadline ended without satisfactory action to improve access for U.S. citrus exports to the EEC. Pursuant to the July agreement, the U.S. tariff increase on EC pasta imports was reinstated on November 1 to rebalance the level of concessions in U.S.-EC trade.

Immediately thereafter, in a completely unjustified response, the European Community, again, targeted for retaliation two California crops by imposing exorbitant tariff increases on walnuts and lemons. The consequences and the timing of this action are particularly devastating to California walnut growers, who account for 99 percent of our domestic production.

This latest retaliatory act makes it unmistakably clear that the more patient we are with the European Community, the more our good faith is abused. The United States, in an act of good faith, suspended the increase in pasta tariffs in July because of the EC's express promise to accommodate our requests on citrus. Rather than using the summer months to abide by their agreement, EC officials procrastinated until late October. At that time, they came to the negotiating table with a woefully inadequate proposal which our negotiators rightfully rejected.

Unless we stand firm until this case is resolved in an equitable manner, the ultimate loser will be every American farmer who is attempting to compete in worldwide markets, every U.S. business that depends upon a fair opportunity to deal across the globe, and in the end, the U.S. Government's trade policy—struggling to reinvigorate itself in the face of a growing balance-of-trade deficit.

The long and painful history of these 301 cases, as I have just outlined, demands a new approach. My amendment offers that approach, by requiring the President to use all available means within existing laws to resolve these cases, including the retaliatory powers granted him under section 301 of the Trade Act of 1974. Once these disputes cease to disrupt our bilateral relationship, we and the EC can move forward to reconstruct an atmosphere of more harmonious trade, a goal which our trading partners in the EC undoubtedly share. I thank my colleagues and urge them to support this amendment.

Mr. HELMS. Mr. President, the amendment is acceptable on this side.

Mr. ZORINSKY. Mr. President, this side of the aisle has examined the amendment, and it is acceptable.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1110) was agreed to.

Mr. ZORINSKY. Mr. President, I moved to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Chair believes that that amendment was out of order.

Mr. HELMS. Is Mr. DIXON in the Chamber?

I inqure of the Senator from California if his next amendment is on marketing orders.

Mr. WILSON. Yes.

Mr. HELMS. Has the Senator sent it to the desk?

The PRESIDING OFFICER. The Senator from California.

AMENDMENT NO. 1111

(Purpose: To increase penalty for marketing order violations.)

Mr. WILSON. Mr. President, on behalf of Senator CRANSTON, Senator DECONCINI, and myself, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from California [Mr. WILSON], for himself, Mr. CRANSTON, and Mr. DECONCINI, proposes an amendment numbered 1111.

Mr. WILSON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objecton, it is so ordered.

The amendment is as follows:

At the appropriate place in the pending amendment, add the following:

On page 459, between lines 18 and 19, insert the following new section:

MAXIMUM PENALTY FOR MARKETING ORDER VIOLATIONS

SEC. 1927. (a) Section 8c(14) of the Agricultural Adjustment Act (7 U.S.C. 608c(14)), as reenacted and amended by the Agricultural Marketing Act of 1937, is amended by striking out "$500" and inserting in lieu thereof "$5,000".

(b) The amendment made by subsection (a) shall not apply with respect to any violation described in section 8c(14) of the Agricultural Adjustment Act occurring before the date of the enactment of this Act.

Mr. WILSON. Mr. President, this amendment would increase the range of monetary penalties for violations of the Agricultural Marketing Agreement Act of 1937, which applies to Federal marketing orders. Specifically, current law authorizes penalties between $50 and $500. My amendment substitutes $5,000 for $500, thereby expanding the range of penalties to between $50 and $5,000.

While the scope of this amendment is rather narrow, it is of significant importance to producers of 33 specialty crops, which include over half of the tree fruits and nuts produced in the United States and about 15 percent of the vegetables. These are the commodities covered by 47 different Federal marketing orders.

The 1937 marketing order law authorized criminal fines ranging from $50 to $500 per violation of a marketing order agreement. The same penalties still apply, today, nearly 50 years later; however, the economic conditions of the affected industries are substantially different. Consequently, several marketing order administrative committees have become concerned that this range of penalties is out of date and no longer serves as a sufficient deterrent to marketing order violations.

Additionally, I have received reports from growers of citrus, almonds and avocados in my State indicating a decrease of interest on the part of Federal enforcers in pursuing possible violations of the law. Given the limited resources and heavy case load of attorneys at the Departments of Agriculture and Justice, who are charged with investigating and enforcing violations of the 1937 law, it is understandable—indeed, predictable—that crimes involving penalties of $500 or less may be given a low priority status in the face of larger concerns.

In my view, I regard the criminal penalty provisions in effect since 1937 as inadequate to discourage marketing order violations and contributing to less aggressive enforcement efforts by Federal officials. Because the integrity of any marketing order program suffers when growers and handlers who are subject to it disregard binding regulations without fear of significant penalty, I am offering this amendment which will restore significance to the range of penalties under the 1937 act.

An identical amendment was approved by the House of Representatives and is contained in its farm bill.

Mr. President, I believe that my amendment has been cleared on both sides of the aisle, and I ask for its adoption.

Mr. HELMS. Mr. President, this amendment has been cleared on this side.

Mr. ZORINSKY. Mr. President, this amendment has been examined on this side, and we recommend that it be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1111) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HELMS. Does the Senator from California wish to call up the Dixon-Cranston amendment on ag export?

Mr. WILSON. I do.

The PRESIDING OFFICER. The Senator from California.

AMENDMENT NO. 1112

(Purpose: To provide targeted export assistance for agricultural commodities and the products thereof adversely affected by retaliatory actions resulting from a favorable decision under Section 301 of the Trade Act of 1974 and to modify the conditions for providing targeted export assistance and Commodity Credit Corporation commodities for export assistance)

Mr. WILSON. Mr. President, I send an amendment to the desk on behalf of Senator CRANSTON and Senator DIXON.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from California [Mr. WILSON], for himself, Mr. CRANSTON, and Mr. DIXON, purposes an amendment numbered 1112.

Mr. WILSON. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the pending amendment, add the following:

On page 14, strike lines 11 through 23, and insert the following new section:

(b)(1) The funds or commodities specified in this section shall be used by the Secretary only to counter or offset the adverse effect on the export of a United States agricultural commodity or the product thereof of a subsidy (as defined in paragraph (2)), import quotas, or other unfair trade practices of a foreign country.

(2) As used in paragraph (1), the term subsidy includes an export subsidy, tax rebate on exports, financial assistance on preferential terms, financial assistance for operating losses, assumption of costs or expenses of production, processing, or distribution, a differential export tax or duty exemption, a domestic consumption quota, or other method of furnishing or ensuring the availability of raw materials at artificially low prices.

(c) The Secretary shall provide export assistance under this section on a priority basis in the case of

(1) agricultural commodities and the products thereof with respect to which there has been a favorable decision under section 301 of the Trade Act of 1974 (19 U.S.C. 2411); or

(2) agricultural commodities and the products thereof for which exports have been adversely affected, as defined by the Secretary, by retaliatory actions related to a favorable decision under section 301 of the Trade Act of 1974 (19 U.S.C. 2411).

Mr. WILSON. Mr. President, the purpose of this amendment is simple and obvious. It is to try to offset the unfair trading practices of our trading partners that have an adverse impact on the export of United States agricultural commodities. We have defined subsidy and unfair trade practices in this amendment.

TARGETED EXPORT ASSISTANCE

Mr. WILSON. Mr. President, this amendment is more in the form of a clarification rather than a substantive change of a provision which was approved by the Agriculture Committee and is included in Title I of the farm bill.

Specifically, I am referring to Section 104 of the bill regarding "Targeted Export Assistance." This provision authorizes the Secretary of Agriculture to spend not less than $325 million annually to enable U.S. exporters of agricultural commodities and products thereof to combat unfair trade practices which have cost them sales abroad.

This assistance, which may be in the form of money or surplus commodities, represents a much needed commitment from our Government to stand behind our Nation's farmers, many of whom have been victimized by foreign price subsidies, credit subsidies, unfair marketing arrangements, or innumerable other unfair trading practices. Moreover, this provision sends both a clear and long overdue signal to our trading partners that the cheek of the U.S. trade policy has been sheepishly turned for the last time.

Of particular concern to members of the Agriculture Committee were agricultural commodities and products which had utilized existing U.S. trade law to establish before the International Trade Commission the existence of an unfair trade practice. For that reason, the committee bill instructs the Agriculture Secretary to target the export assistance on a priority basis to commodities which have received from the ITC a favorable decision under Section 301 of the Trade Act of 1974.

In recent years, commodity producers which have filed section 301 cases and have received a favorable decision include citrus, pasta, wheat flour, poultry, canned fruit, and raisins.

While these commodities are clearly priority recipients of the export assistance authorized in the farm bill, recent events painfully demonstrate that farmers of other agricultural commodities, who may not have filed an initial 301 case, are potential victims of unfair, retaliatory acts initiated by our trading partners in response to efforts to enforce the favorable ITC decision. For example, U.S. wheat farmers and our growers of walnuts and lemons have incurred severe economic injury related to a favorable 301 case filed by the U.S. citrus industry.

The 15-year-old citrus case alleged that the European Community granted preferential tariffs to Mediterranean countries which produce citrus, thereby discriminating against U.S. citrus imports and denying them fair access to a $50 million market. In an attempt to rebalance U.S.-EC trade, President Reagan recently increased our tariffs on European pasta imports. In response, the Europeans imposed prohibitively high tariffs on U.S. walnut and lemon exports, which threaten to preclude our walnut growers from participating fairly in a $36 million a year market. Also in response, the Europeans have recently cancelled contracts to purchase approximately $4 million of American wheat used to make Italian pasta.

While it is clear that our walnut, wheat and lemon growers are being denied a fair opportunity to sell their products to European consumers, it is not clear from the existing language in the farm bill that they will be eligible for the "targeted export assistance." Because the current language may only allow the Agriculture Secretary to assist citrus producers in recapturing lost European markets, but not walnut or wheat growers, I am offering this amendment to prevent such disparate treatment which contradicts the intent and purpose of the provision.

The amendment makes it clear that both the commodity producers who have filed a successful 301 complaint, such as citrus, pasta, wheat flour, poultry, canned fruits and raisins, as well as commodity producers who are adversely harmed as a result of that complaint, such as walnuts and wheat, will be eligible for assistance on a priority basis upon enactment of this legislation.

Mr. President, I am pleased that this amendment is cosponsored by Senators Cranston and Dixon and understand that it has been cleared by both managers of the bill. I greatly appreciate the support and cooperation of my colleagues and move that the amendment be adopted.

Mr. HELMS. Mr. President, this amendment has been cleared on this side.

The Christmas tree is taking shape. We just dropped some tinsel over here.

Mr. ZORINSKY. Mr. President, this amendment has been looked at on this side, and we recommend its approval.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1112) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HELMS. Mr. President, for the information of the chair, we are jumping to amendment No. 11 as listed here, the Pressler amendment.

AMENDMENT NO. 1113

Mr. HELMS. Mr. President, on behalf of the Senator from South Dakota, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from North Carolina [Mr. HELMS], for the Senator from South Dakota [Mr. PRESSLER], proposes an amendment numbered 1113.

Mr. HELMS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At an appropriate place in the pending amendment insert the following:

SEC. 1310. It is the Sense of the Senate that the Secretary revise Department of Agriculture regulations concerning land eligibility for crop diversion programs. To increase the effectiveness of the program farmers should be prohibited from placing the same cropland in any crop diversion program which may be in effect during consecutive years, except under uncontrollable circumstances such as heavy rains, drought or other adverse weather.

Mr. PRESSLER. Mr. President, the amendment I am offering is intended to make some minor changes in the crop diversion program to make it more effective. The amendment expresses the sense of the Senate that the Secretary of Agriculture make changes in the crop diversion program regulations to discourage farmers from placing the same acreage in the setaside program in consecutive years.

Currently, many farmers place the same land in setaside programs year after year. This land is generally the least productive land. As a result, the crop diversions are not nearly as effective in controlling production as they could be. My amendment would encourage the changing of regulations to only allow the same land to be placed in the setaside program in consecutive years under certain circumstances. For example, unusually wet weather would allow USDA to permit farmers to place certain land in the setaside program in consecutive years. I had considered offering an amendment to prohibit the placement of the same land in the diversion program in consecutive years. I decided that some discretion should be maintained. However, it is important that the current regulations be tightened up.

Currently, land must have been devoted to small grain, including volunteer stands, row crop or other crop planted annually in 2 of the last 3 years. Land that is placed in the setaside program is considered to have been planted for program purposes. This allows farmers, to, year after year is they chose, place the same land in the setaside program. The majority of farmers want to use proper conservation practices and rotate the land

idled. Unfortunately, there are some farmers who do not.

When the same land is continually idled it makes the crop diversion program much less effective. The least productive land is taken out of production. Consequently crop production is not reduced substantially. If farmers are not allowed to continually divert the same land more productive land will have to be diverted. This will make crop production control programs more effective.

The amendment will also encourage farmers to use better soil conservation policies. If they must divert different cropland to participate in farm programs, it encourages them to rotate their idle acres. This will help to control soil erosion and maintain the fertility of the soil.

Mr. President, my amendment would not mandate a change in the setaside program but does encourage the Secretary to make several much needed changes in USDA regulations. I urge my colleagues to join me in support of this amendment.

Mr. HELMS. Mr. President, the amendment has been cleared on this side.

Mr. ZORINSKY. Mr. President, the amendment has been cleared on this side, and we recommend its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1113) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1114

(Purpose: To ensure equitable treatment of poultry, beef and pork meats and meatfood products under any program operated by the Secretary for the purpose of encouraging or enhancing commercial export sales of United States agricultural products and commodities)

Mr. HELMS. Mr. President, we now go to the Mattingly amendment. On behalf of the distinguished Senator from Georgia, I send the amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from North Carolina [Mr. HELMS], for Mr. MATTINGLY, Mr. BUMPERS, Mr. BIDEN, Mr. PRYOR, Mr. NUNN, Mr. COCHRAN, Mrs. HAWKINS, Mr. ROTH, Mr. THURMOND, and Mr. HEINZ, proposes an amendment numbered 1114.

Mr. HELMS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment insert the following new section:

"SEC. . In the case of any program operated by the Secretary of Agriculture during the years 1986 through 1989, for the purpose of encouraging or enhancing commercial sales in foreign export markets of agricultural products or commodities produced in the United States, which program includes the payment of a bonus or incentive (in cash, commodities, or other benefits) provided to the purchaser, the Secretary shall expend annually at least 15 per centum of the total funds available (or 15 per centum of the value of any commodities employed to encourage such sales) for program activities to likewise encourage and enhance the export sales of poultry, beef or pork meat and meat products.".

Mr. HELMS. Mr. President, we have discussed this amendment with the distinguished Senator from Georgia and we find it acceptable on this side.

Mr. ZORINSKY. Mr. President, we have examined the amendment on this side of the aisle and move its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Georgia.

The amendment (No. 1114) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HELMS. Mr. President, the final two amendments which we are in position to clear at this time are those of the distinguished Senator from Idaho [Mr. MCCLURE].

AMENDMENT NO. 1115

(Purpose: To provide for the emergency prevention, suppression, control, or eradication of grasshoppers and Mormon crickets on public lands)

Mr. MCCLURE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Idaho [Mr. MCCLURE] for himself and Mr. SYMMS, Mr. WALLOP, and Mr. MELCHER proposes an amendment numbered 1115.

Mr. MCCLURE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the pending amendment insert the following:

CONTROL OF GRASSHOPPER AND MORMON CRICKETS ON PUBLIC LANDS

SEC. . (a) The Secretary of Agriculture shall carry out a program to control grasshoppers and Mormon Crickets on all federal lands.

(b)(1)(A) Subject to paragraph (2), the Secretary of Agriculture shall expend or transfer, and the Secretary of Interior shall transfer to the Secretary of Agriculture, from funds available until expended for the prevention, suppression, control, or eradication of actual or potential grasshopper and Mormon cricket outbreaks on lands under the jurisdiction of the Federal Government.

(2)(A) Appropriated funds made available to the Secretary of the Interior shall be available for the payment of obligations incurred on Federal lands subject to the jurisdiction of the Secretary of the Interior during the preceding fiscal year.

(B) Funds transferred pursuant to this paragraph shall be requested as promptly as possible.

(C) From any funds made available to the Department of the Interior until expended, moneys shall be made available for the transfer by the Secretary of the Interior to the Secretary of Agriculture for the prevention, suppression, control, or eradication of grasshoppers and Mormon cricket outbreaks only on Federal lands under the jurisdiction of the Secretary of the Interior.

(c)(1) On request of the administering agency or a landowner, the Secretary of Agriculture shall immediately treat Federal, State, or private lands that are infested by grasshoppers or Mormon crickets at levels of economic infestation of eight grasshoppers or more per square yard, unless the Secretary determines that delaying treatment will optimize biological control and not cause greater economic damage to adjacent landowners.

(2) The Secretary of Agriculture shall—

(A) pay out of appropriated funds made available to the Secretary or transferred to the Secretary by the Secretary of the Interior—

(i) 100 percent of the cost of grasshopper or Mormon cricket control on Federal lands;

(ii) 50 percent of the cost of such control on State lands; and

(iii) 33.3. percent of the cost of such control private lands; and

(B) participate in prevention, control, or eradication programs for grasshoppers and Mormon Crickets in conjunction with other Federal, State, and private prevention, control, suppression or eradication efforts.

(d) From appropriated funds made available or transferred by the Secretary of the Interior to the Secretary of Agriculture for such purposes, the Secretary of Agriculture shall provide adequate funding under the rangeland pest control program for a program to train personnel to effectively accomplish the objectives of this section.

Mr. MCCLURE. Mr. President, this amendment is to provide for the emergency prevention, suppression, control, or eradication of grasshoppers and mormon crickets on public lands.

In 1984, the Animal and Plant Health Inspection Service spent $585,000 to treat grasshopper outbreaks on approximately 70,000 acres of BLM-administered public lands in the West. In 1985, APHIS spent $22 million on 5 million acres of infested lands in the fight to control this year's grasshopper outbreak.

Forecasts for next year are already being made. APHIS expects another outbreak next year if weather conditions remain favorable. The Federal Government, the landowner of 65 percent of the State of Idaho, must have in place a program with adequate

funding to control outbreaks on Federal lands.

Grasshopper infestations cause severe economic damage to Western crops and rangelands. APHIS is responsible for both managing and funding grasshopper spray programs designed to control the number of grasshoppers on Federal, State, and private rangelands. The APHIS budget contains a line item called the contingency fund, which should contain moneys for grasshopper and other pest control in the United States.

In June 1984, when calls came from Idaho to begin the grasshopper control efforts, the APHIS contingency fund was empty. The entire $1 million placed in the fund for pest control was gone, used to control Mediterranean fruit fly in northern Guatemala and southern Mexico, not one penny was left to help American farmers fight the plague of grasshoppers invading their croplands from federally controlled and managed rangelands.

APHIS alleged that since the land belonged to the Bureau of Land Management, BLM should pay the bill. However, as I came to find out, APHIS and the BLM had memorandums of understanding [MOU's] which placed the responsibility for pest control and the payment of pest control efforts in the hands of APHIS. The problem was that APHIS was out of money.

For the past several years APHIS has been under increasing pressure to control its budget. Since 1981, APHIS has not requested any appropriations for actual grasshopper spray control work. This situation is due in part because APHIS has given the spray program low priority. APHIS was concerned that grasshopper funding would detract from other APHIS programs. APHIS does not have a budget item strictly for grasshoppers. They do have a line item for grasshopper survey work. The spray control work, if needed, is funded out of the contingency fund. Because of budgetary pressures, the contingency fund has been reduced, from $2.5 million per year in 1976 to 1981 to $1 million in 1982 to 1984. The major consequence of eliminating funds earmarked for grasshopper spray control and relying on the shrinking contingency fund is that in most years money was not available for grasshopper spray control.

The available alternative is the Secretary's emergency authority to borrow funds from other Department sources or from the Commodity Credit Corporation. However, APHIS and USDA officials are reluctant to request that the Secretary of Agriculture use such authority because they consider funding the Grasshopper Spray Program by borrowing funds an abuse of the Secretary's borrowing authority.

These pressures have led APHIS to attempt to settle the funding question unilaterally. Since 1982, APHIS has tried several times to cancel or revise its MOU's with BLM and the Forest Service in order to force these agencies to share in the cost of funding the spray program. APHIS notified both agencies in June 1982 that it intended to cancel the MOU's but the Forest Service and BLM objected. In late 1982, the Senate directed USDA to review the MOU's and in the interim to continue its grasshopper survey work.

In March 1983, APHIS proposed to modify the MOU's to provide for cost sharing with BLM and Forest Service for pest control on lands these agencies own. Both agencies objected and APHIS decided to renew the existing MOU's for 1983 only, while APHIS continued to study the matter. In November 1983, APHIS reported to the Senate Committee on Appropriations that it intended to vigorously pursue the cost-sharing concept for grasshopper control work.

All of these events did not affect grasshopper control work through 1983 as grasshopper infestations did not become a serious threat and Federal spray control programs were not required. In the spring and early summer of 1984, APHIS decided that, based on grasshopper surveys, no serious grasshopper infestations would occur in the Western States. However, by mid-June in some parts of Idaho and by mid-July in the rest of Idaho and other Western States, weather conditions changed and an infestation of grasshoppers covered more than 3½ million acres of federally owned rangelands.

Grasshoppers soon moved off the rangelands onto private croplands. Farmers were experiencing grasshopper populations of 50 grasshoppers per square yard and higher. APHIS considers eight grasshoppers per square yard an economic infestation. Eight grasshoppers per square yard can eat as much forage as a cow and calf each day. It is clear how much 50 grasshoppers per square yard or more will do to a crop of wheat, hay, barley, oats, sugarbeets, or potatoes. Farmers in Idaho have written to me telling of losses last year of $94,000, $200,000, and more. The total damages and losses experienced last year will never be known. This year damages will be even greater because of the enormity of the outbreak and the slowness of getting the program on the ground.

Many Idaho farmers have written to me about the severity of the damages. They speak very eloquently on the problem caused by uncontrolled grasshoppers migrating from Federal lands to private croplands. The farmers in my State cannot stand another year like this year. They must have relief. Adequate funding must be provided, not just at the last minute, but every year, to maintain the program. It is needed to keep the personnel trained and the extension agents in the counties aware of how the control program is to be run. Enough funding must be available to combat the numbers of grasshoppers on the vast amounts of acreages in the West. It is the responsibility of the Federal Government to set up a program which will not only maintain a program but provide adequate funding in a timely manner.

If APHIS had taken timely, adequate measures in the summer of 1984, Idaho and several other Western States would not have suffered the losses they suffered this year. Last year the Federal Government was penny wise and pound foolish. If $10 million had been spent last year to combat grasshoppers, as I requested from the Secretary of Agriculture, $30 million might not have been spent this year.

Last year, we spent $585,000, on 75,000 acres of Federal lands. This summer the Federal Government spent $28 million on 13 million acres, of which 6.3 million acres was in Idaho. If the grasshoppers had been killed in 1984, they would not have laid their eggs and multiplied this summer. We need an effective, timely grasshopper control program for the Federal lands in this country.

This amendment will provide for a grasshopper control program on BLM lands, controlled by either BLM or APHIS, but with funding for the control program on BLM acreages coming from the BLM. BLM has the majority of the lands which were sprayed, both in Idaho and in other Western States. In Idaho a total of 6.3 million acres were sprayed in 1985. BLM manages 4.75 of the 6.3 million acres. The State of Idaho manages 0.3 million, private ownership is 1 million and other entities, such as Bureau of the Indian Affairs and the Department of Defense, manage the remaining 0.25 million. Clearly the majority of the land is BLM owned and controlled. It is time BLM began to carry their fair share of the financial burden.

To provide sufficient funding, this bill allows the Secretary of the Interior to transfer funding from any program within the Department of the Interior to be used for the grasshopper control program until the Department can request funding on an appropriations bill. This will allow the Department to have a program ready at any time, lack of funding will no longer be an excuse for not controlling grasshoppers. The Secretary of Interior, under this bill, shall treat Federal, State, or private lands which are infested by grasshoppers at significant levels of economic infestation. There will no longer be an excuse to wait until funds are arranged, the Secre-

tary must activate the program. The Government must be a good neighbor and manage its lands as any private landowner must—without endangering its neighbors. I urge my colleagues to help in this effort.

Mr. SYMMS. Mr. President, I commend my colleague, Senator McCLURE, I appreciate the excellent work he's done on this amendment. Under his guidance were crafted a framework for grasshopper control that will, in my opinion, make it much more efficient and much less expensive to control these insects in the future. It will also, I believe, make it simpler for the agencies to do their jobs properly.

Our Western States have suffered serious damage from grasshoppers and I'm proud to be associated with Senator McCLURE on this amendment. I urge my colleagues to support it.

Mr. HELMS. Mr. President, we have discussed this amendment, and examined it, and find it acceptable.

Mr. ZORINSKY. Mr. President, we have examined the amendment on this side of the aisle and find it acceptable and recommend its passage.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Idaho.

The amendment (No. 1115) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1116

(Purpose: To extend the pilot project study of cash and commodity letters of credit assistance under the school lunch program)

Mr. McCLURE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Idaho [Mr. McCLURE] proposes for himself, Mr. SYMMS, Mr. SIMON, Mr. COHEN, Mr. THURMOND, Mr. HEINZ, Mr. ROCKEFELLER, Mr. RIEGLE, and Mr. HOLLINGS an amendment numbered 1116.

Mr. McCLURE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the proper place in the pending amendment insert the following:

On page 284, between lines 14 and 15, insert the following new section:

SCHOOL LUNCH PILOT PROJECT

SEC. . (a) As used in this section, the term "eligible school district" means a school district that on the date of enactment of this Act, is participating in the pilot project study provided for under the last proviso of the paragraph under the heading "CHILD NUTRITION PROGRAMS" in title III of the Act entitled "An Act making appropriations for Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1981, and for other purposes", approved December 15, 1980 (Public Law 96-258; 94 Stat. 3113).

(b) Effective through the school year ending June 30, 1987, the Secretary shall permit an eligible school district to receive assistance to carry out the school lunch program operated in the district in the form of, in lieu of commodities, all cash assistance or all commodity letters of credit assistance.

(c) If an eligible school district elects to receive assistance in the form of all cash assistance or all commodity letters of credit assistance under subsection (a), the Secretary shall provide bonus commodities to the district in the form of all cash assistance or all commodity letters of credit assistance, as the case may be, to the same extent as bonus commodities provided to other school districts participating in the school lunch program.

Mr. McCLURE. Mr. President, this amendment which has several cosponsors deals with allowing school districts currently receiving cash or commodity credits to continue to do so until the end of the 1987 school year.

I think the amendment has been cleared on both sides, and I know of no objections to the amendment.

Mr. President, my amendment allows school districts currently receiving cash or a commodity letter of credit to continue to do so until the end of the 1987 school year. It is unreasonable and would cause a significant hardship on these school systems if they were forced to dismantle their food purchasing program 4 months into a school year.

In 1980, the Congress required the Department of Agriculture to conduct a demonstration project and associated evaluation in order to compare the effectiveness and efficiency of the commodity system with cash and a letter of credit system. The evaluation called for the provision of information on the operations and relative effectiveness of the three alternatives for meeting the dual objectives of supporting farm prices and providing nutritious food to the school children of this Nation. The evaluation was to examine the effects of the three systems in the following areas:

First. The extent to which the cash and CLOC systems resulted in changes in the composition and/or quantity of food acquired by school food authorities;

Second. The benefits accruing to farmers from the Commodity Donation Program and changes that might occur under the cash or CLOC systems;

Third. The effects of the cash or CLOC systems on the cost of operating school lunch programs at the local, State, and Federal levels;

Fourth. The effects of the cash and CLOC systems on students, including changes in the nutritional content of the foods available for use in school feeding programs, and the changes in student-level participation in the Lunch Program.

Fifth. The feasibility of administering and monitoring the cash and CLOC systems on a national basis, including the impact of such a change on other programs currently eligible to receive commodities.

In order to accomplish the congressional purpose, approximately 100 school districts throughout the United States agreed to alter their existing food purchasing and management programs. Today, 5 years later, Congress is now receiving the completed study data. While at the same time current law requires these volunteers to go back to receiving donated commodities beginning January 1, 1986. These school districts sacrificed for the long-term benefits of all the participants and now Congress has an obligation to allow these contributors the option to continue or withdraw as they see fit until Congress reviews and acts upon this report.

I expect the committees of juridiction will soon begin to examine the reported findings and make appropriate determinations as to whether the current commodity system serves farmers, taxpayers, and recipients better than either of the two tested options.

Since Congress has not made that determination, it is to our advantage to continue the options for those districts who wish to continue. By allowing them to continue through school years 1985-86 and 1986-87, we will have acted to protect the integrity of the districts' food service programs. Furthermore, Congress maintains continuous operational systems and a source of firsthand knowledgeable witnesses who can provide us with answers not available in the USDA report. The first report in a series of five has been sent to Congress and the other four are expected before December 1985.

Finally, there are no costs to the Federal Government in allowing these local school districts to continue through this school year.

Mr. HELMS. Mr. President, we find the amendment acceptable and recommend its adoption.

Mr. ZORINSKY. Mr. President, we looked at the amendment, supported and recommended passage.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Idaho.

The amendment (No. 1116) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1117

(Purpose: To require the Farmers Home Administration personnel to work overtime to process loan applications if it is necessary to meet the time schedules set by this Act)

Mr. ZORINSKY. Mr. President, on behalf of the Senator from Michigan (Mr. LEVIN), I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Nebraska [Mr. ZORINSKY], for Mr. Levin, proposes an amendment numbered 1117.

Mr. ZORINSKY. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, insert the following new Section:

SEC. —. "As soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985, the Secretary shall take such steps as are necessary to make personnel and other resources of the Department of Agriculture available to the Farmers Home Administration as are sufficient to enable the Farmers Home Administration to expeditiously process loan applications that are submitted by farmers and ranchers, including but not limited to said personnel to work overtime."

Mr. LEVIN. Mr. President, when we considered farm crisis legislation earlier this year the amendment I am offering today was contained in a larger package which was accepted by the Senate.

I am adding a section which was included in the Senate Agriculture Committee's reported bill with an additional direction to the Secretary of Agriculture to require Farmers Home Administration [FmHA] to work overtime if necessary to process farmer and rancher loans. The Senate Agriculture Committee, in its reported bill, did a very good job of tightening up the schedules the Farmers Home Administration [FmHA] must follow with regard to processing farmer and rancher loans. The timetables assure farmers that they will get a response in a reasonable amount of time and it is my understanding that section will be added to the pending amendment.

My amendment makes clear the Secretary of Agriculture is authorized to require FmHA employees to work overtime if necessary to comply with those time schedules and requires the Secretary of Agriculture to make adequate personnel and other resources of the Department of Agriculture available to the FmHA to expeditiously process loans.

Although I understand FmHA is not currently facing a backlog of crisis proportions, I believe we must take all responsible steps to avoid the recurrence of this problem in the future. According to the latest statistics I was able to obtain, we now have a nationwide backlog of 41,792 in comparison with a 145,000 backlog in January of this year. The reduction in that backlog is certainly encouraging and I believe my amendment ensures FmHA's previous backlog problem will not happen again.

I urge adoption of my amendment.

Mr. ZORINSKY. Mr. President, this amendment, I believe, has been cleared on both sides of the aisle and I recommend its passage.

Mr. HELMS. That is correct, Mr. President. It has been cleared on both sides.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1117) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HEFLIN. Mr. Chairman, I have some concern about the language contained in the committee report pertaining to the use of commercial nurseries in providing the trees, seedlings, and cuttings for the conservation reserve program. It is my understanding that we will need all commercial nurseries and all State nurseries producing at full capacity to meet the demand for trees, seedling, and cuttings. For example, if at least 5 million acres of the conservation reserve is put into trees, as this bill requires, then over 2 billion trees will be needed. While I do not question the qualifications of commercial nurseries, I do question the capacity of these nurseries to meet such a demand. Was it the intent of the committee to specifically exclude the State nurseries from providing trees, seedlings, and cuttings?

Mr. HELMS. No; it was not the intent of the committee to specifically exclude the State nurseries. I think it is clear that State nurseries will be needed to provide the needed trees and seedlings. In fact, the bill specifically states that the Secretary may utilize all services of the State forestry agencies in administering the conservation reserve program. The intent of the committee's bill is simply to give priority to the use of privately held nursery stock to the extent that use of this privately held stock is practical and cost effective.

Mr. President, I yield the floor.

AMENDMENT NO. 1118

(Purpose: To reauthorize certain child nutrition programs)

Mrs. HAWKINS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Florida (Mrs. HAWKINS) proposes an amendment numbered 118.

Mrs. HAWKINS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

Mr. HARKIN. Mr. President, I reserve the right to object.

Mr. MELCHER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

At the appropriate place in the pending amendment, insert the following:

On page 459, between lines 18 and 19, insert the following new title:

TITLE XX—CHILD NUTRITION REAUTHORIZATION

Subtitle A—Reauthorization of Child Nutrition Programs

SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

SEC. 2001. Section 13(p) of the National School Lunch Act (42 U.S.C. 1761(p)) is amended by striking out "1984" and inserting in lieu thereof "1989".

COMMODITY DISTRIBUTION PROGRAM

SEC. 2002. The matter preceding clause (1) of section 14(a) of the National School Lunch Act (42 U.S.C. 1762a(a)) is amended by striking out "1984" and inserting in lieu thereof "1989".

STATE ADMINISTRATIVE EXPENSES

SEC. 2003. Section 7(i) of the Child Nutrition Act of 1966 (42 U.S.C. 1776(i)) is amended by striking out "1984" and inserting in lieu thereof "1989".

SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS, AND CHILDREN

SEC. 2004. (a) The first sentence of section 17(g) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(g)) is amended—

(1) by striking out "and" after "1983,"; and

(2) by inserting after "1984," the following: "$1,570,000,000 for the fiscal year ending September 30, 1986, $1,641,000,000 for the fiscal year ending September 30, 1987, $1,710,000,000 for the fiscal year ending September 30, 1988, and $1,782,000,000 for the fiscal year ending September 30, 1989".

(b) Section 17 of such Act is amended—

(1) by striking out "1984" in the matter preceding clause (A) of subsection (c)(2) and inserting in lieu thereof "1989"; and

(2) by striking out "1984" in subsection (h)(2) and inserting in lieu thereof "1989".

NUTRITION EDUCATION AND TRAINING

SEC. 2005. The first sentence of section 19(j)(2) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(j)(2)) is amended by striking out "1984" and inserting in lieu thereof "1989".

Subtitle B—School Lunch and School Breakfast Programs

REFUSAL OF COMMODITIES

SEC. 2011. Section 6(a) of the National School Lunch Act (42 U.S.C. 1755(a)) is amended by striking out the second sentence.

BASIS OF COMMODITY ASSISTANCE

SEC. 2012. (a) Section 6(e) of the National School Lunch Act (42 U.S.C. 1755(e)) is amended—

(1) by designating the first sentence as paragraph (1);

(2) by designating the second through seventh sentences as paragraphs (3) through (8), respectively; and

(3) by inserting after paragraph (1) (as designated by clause (1)) the following new paragraph:

"(2) For each school year, the total commodity assistance or cash in lieu thereof available to a State shall reflect the number of meals served in the preceding school year.".

(b) The second sentence of section 17(b) of such Act (42 U.S.C. 1766(h)) is amended by striking out "during that school year" and inserting in lieu thereof "during the preceding school year".

AUTOMATIC ELIGIBILITY FOR CERTAIN PROGRAMS

SEC. 2014. Section 9(b) of the National School Lunch Act (42 U.S.C. 1758(b)) is amended by adding at the end thereof the following new paragraph:

"(6)(A) A child shall be served a free lunch and breakfast under this Act and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.), respectively, without further eligibility determinations, if the child is a member of—

"(i) a household receiving assistance under the food stamp program authorized under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.); or

"(ii) a family in which all members are qualified for and receiving assistance under the aid to families with dependent children program (AFDC) authorized under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) in a State where the standard of eligibility for such assistance does not exceed the poverty line (as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) by more than 30 percent.

"(B) Proof of receipt of assistance under the food stamp program or the aid to families with dependent children program in which all members are qualified for and receiving assistance from the AFDC program shall be sufficient to satisfy any verification requirement imposed under paragraph (2)(C).".

ADMINISTRATION OF CHILD NUTRITION PROGRAMS FOR NONPUBLIC ENTITIES

SEC. 2015. (a)(1) Section 10 of the National School Lunch Act (42 U.S.C. 1759) is amended by adding at the end the following:

"(c) Notwithstanding paragraph (a), if, as of October 1, 1980, a State does not disburse the funds payable to the State under this Act to any of the nonpublic schools, institutions, or service institutions in the State, the Secretary shall—

"(1) contract with another organization to act as a State agency for such nonpublic entities; or

"(2) disburse such funds directly to such nonpublic entities.

"(d) Funds payable to the State for the participation of such nonpublic schools, institutions, or service institutions shall be—

"(1) withheld by the Secretary; and

"(2) used for carrying out contracts, or disbursing funds directly, in accordance with subsection (a).

"(e) Of the funds available to the State under section 7 of the Child Nutrition Act of 1966 (42 U.S.C. 1776), the Secretary shall withhold funds equal to the cost of carrying out contracts, and disbursing funds directly, in accordance with subsection (c).".

(2) Section 6(b) of the National School Lunch Act (42 U.S.C. 1755(b)) is amended—

(A) by designating the first through fifth sentences as paragraphs (1) through (5), respectively;

(B) by striking out paragraph (3) (as designated by clause (A)) and inserting in lieu thereof the following new paragraph:

"(3) If, as of October 1, 1980, a State does not disburse funds payable under this section to nonpublic schools in such State, the Secretary shall—

"(A) withhold from the funds to be paid to such State under this subsection an amount that bears the same ratio to the total amount of such funds as the number of lunches served in such nonpublic schools bears to the total lunches served under the school lunch program in all schools in such State in such school year; and

"(B) use such funds in accordance with section 10."; and

(C) by striking out ", and the Secretary in the case of private schools in which the Secretary directly administers the school lunch program," in paragraph (4) (as designated by clause (A)).

(b)(1) Section 5 of the Child Nutrition Act of 1966 (42 U.S.C. 1774) is amended by adding at the end the following:

"(c) Notwithstanding paragraph (a), if, as of October 1, 1980, a State does not disburse the funds payable to the State under this Act to any of the nonpublic schools or institutions in the State, the Secretary shall—

"(1) contract with another organization to act as a State agency for such nonpublic entities; or

"(2) disburse such funds directly to such nonpublic entities.

"(d) Funds payable to the State for the participation of such nonpublic schools or institutions shall be—

"(1) Withheld by the Secretary; and

"(2) used for carrying out contracts, or disbursing funds directly, in accordance with subsection (a).

"(e) Of the funds available to the State under section 7, the Secretary shall withhold funds equal to the cost of carrying out contracts, and disbursing funds directly, in accordance with subsection (a).".

(2) Paragraph (6) of section 7(a) of the Child Nutrition Act of 1966 (42 U.S.C. 1776(a)(6)) is amended to read as follows:

"(6) If, as of October 1, 1980, does not disburse funds payable under this section to nonpublic entities in such State, the Secretary shall withhold funds payable to such State under this section in accordance with section 5 of this Act and section 10 of the National School Lunch Act (42 U.S.C. 1759).".

USE OF SCHOOL LUNCH FACILITIES FOR ELDERLY PROGRAMS

SEC. 2016. Section 12 of the National School Lunch Act (42 U.S.C. 1760) is amended by adding at the end thereof the following new subsection:

"(i) Facilities, equipment, and personnel provided to a school food authority for a program authorized by this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) may be used, as determined by the local educational agency, to support a nonprofit nutrition program for the elderly, including a program funded under the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.).".

DEPARTMENT OF DEFENSE OVERSEAS DEPENDENTS' SCHOOLS

SEC. 2017. (a) Section 22 of the National School Lunch Act (42 U.S.C. 1769b) (as added by section 1408(a) of the Education Amendments of 1978 (92 Stat. 2368)) is amended—

(1) by striking out subsection (d); and

(2) by redesignating subsection (e) as subsection (d).

(b) Section 20 of the Child Nutrition Act of 1966 (42 U.S.C. 1789) is amended—

(1) by striking out subsection (d); and

(2) by redesignating subsection (e) as subsection (d).

STAFFING STANDARDS

SEC. 2018. Section 7 of the Child Nutrition Act of 1966 (42 U.S.C. 1776) (as amended by section 2003) is further amended—

(1) by striking out subsection (b); and

(2) by redesignating subsections (c) through (i) as subsections (b) through (h), respectively.

RESERVE FOR DEVELOPMENTAL PROJECTS

SEC. 2019. The last sentence of section 10 of the Child Nutrition Act of 1966 (42 U.S.C. 1779) is amended by striking out "and may" and all that follows through "developmental projects".

INTEREST ON CLAIMS AGAINST STATE AGENCIES

SEC. 2020. Section 16(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1785(b)) is amended—

(1) by designating the first through third sentences as paragraph (2) through (3); and

(2) by adding at the end thereof the following new paragraph:

"(4) A State agency shall be liable for interest on a claim assessed against the State agency under this Act or the National School Lunch Act (42 U.S.C. 1751 et seq.) from the date of the final administrative determination made with respect to such claim.".

CASH GRANTS FOR NUTRITION EDUCATION

SEC. 2021. Section 18 of the Child Nutrition Act of 1966 (42 U.S.C. 1787) is repealed.

Subtitle C—Summer Food Service Program for Children

MODEL MEAL SPECIFICATIONS

SEC. 2031. The third sentence of section 13(f) of the National School Lunch Act (42 U.S.C. 1761(f)) is amended by striking out ", with the assistance of the Secretary, prescribed model meal specifications and model food quality standards, and".

STARTUP FUNDS

SEC. 2032. Section 13(g) of the National School Lunch Act (42 U.S.C. 1761(g)) is amended by striking out the second and third sentences.

Subtitle D—Child Care Food Program

HEARINGS ON FEDERAL AUDIT ACTIONS

SEC. 2041. Section 17(e) of the National School Lunch Act (42 U.S.C. 1766(e)) is amended—

(1) by striking out "The" and inserting in lieu thereof "(1) Except as provided in paragraph (2), the"; and

(2) by adding at the end thereof the following new paragraph:

"(2) The State is not required to provide a hearing to an institution concerning a State action taken on the basis of a Federal audit determination.".

STARTUP FUNDS

SEC. 2042. Section 17(f)(3) of the National School Lunch Act (42 U.S.C. 1766(f)(3)) is amended by striking out subparagraph (C).

ADVANCE PAYMENTS

SEC. 2043. Paragraph (4) of section 17(f) of the National School Lunch Act (42 U.S.C. 1766(f)(4)) is amended to read as follows:

"(4)(A) A State may provide advance payments for a month to each approved institution in an amount that reflects no more than the full level of valid claims customarily received from such institution for one month of operation.

"(B) An advance payment made to an institution that is not subsequently deducted from a valid claim for reimbursement shall be repaid on demand by the State.".

Subtitle E—Special Supplemental Food Program for Women, Infants, and Children

COSTS FOR NUTRITION SERVICES AND ADMINISTRATION

SEC. 2051. (a) Section 17(b)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)) is amended by striking out "warehouse facilities,".

SALES TAX

SEC. 2052. (a) Section 17(c) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(c)) is amended by adding at the end thereof the following new paragraph:

"(4) A State shall be ineligible to participate in the program authorized by this section if the Secretary determines that State or local sales taxes are collected within such State on food purchased under such program.".

(b) The amendment made by this section shall apply to a State beginning on the first day of the fiscal year that commences in the calendar year during which the first session of the legislature of such State is convened following the date of enactment of this Act.

NUTRITIONAL RISK CRITERIA

SEC. 2053. Section 17(d)(2) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)(2)) is amended—

(1) by designating the first and second sentences as subparagraphs (A) and (C), respectively; and

(2) by inserting after subparagraph (A) (as designated by clause (1)) the following new subparagraph:

"(B) In establishing such criteria, the Secretary shall assign the highest priority to pregnant women, breastfeeding women, and infants at nutritional risk as demonstrated by hematological or anthropometric measurements, or other documented nutritionally related medical conditions, that demonstrate the need of a person for supplemental foods.".

PARTICIPATION REPORT

SEC. 2054 (a) Section 17(d) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)) is amended by adding at the end thereof the following new paragraph:

"(4) The Secretary shall report biennially to the Congress on—

"(i) the income and nutritional risk characteristics of participants in the program;

"(ii) participation in the program by members of families of migrant farmworkers; and

"(iii) such other matters relating to participation in the program as the Secretary considers appropriate.

(b) The second sentence of section 17(g) of such Act is amended by inserting "preparing the report required under subsection (d)(4)," after "benefits,".

PLAN OF OPERATION AND ADMINISTRATION

SEC. 2055. Paragraph (1) of section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)(1)) is amended to read as follows:

"(1)(A) Each State agency shall submit annually to the Secretary, by a date specified by the Secretary, a plan of operation and administration for a fiscal year.

"(B) To be eligible to receive funds under this section for a fiscal year, a State agency must receive the approval of the Secretary for the plan submitted for the fiscal year.

"(C) The plan shall include—

"(i) a description of the food delivery system of the State agency and the method of enabling participants to receive supplemental foods under the program, to be administered in accordance with standards developed by the Secretary;

"(ii) a description of the financial management system of the State agency;

"(iii) a plan to coordinate operations under the program with special counseling services such as, but not limited to, the expanded food and nutrition education program, immunization programs, prenatal care, well-child care, family planning, alcohol and drug abuse counseling, child abuse counseling, and with the aid to families with dependent children, food stamp, and maternal and child health care programs;

"(iv) a plan to provide program benefits under this section to, and to meet the special nutrition education needs of, eligible migrants and Indians;

"(v) a plan to expend funds to carry out the program during the relevant fiscal year;

"(vi) a plan to provide program benefits under this section to unserved and underserved areas in the State, if sufficient funds are available to carry out this clause;

"(vii) a plan to provide program benefits under this section to eligible persons most in need of such benefits and to enroll eligible pregnant women in the early months of pregnancy, to the maximum extent practicable; and

"(viii) such other information as the Secretary may require.

"(D) The Secretary may permit a State agency to submit only those parts of a plan that differ from plans submitted for previous fiscal years.

"(E) The Secretary may not approve any plan that permits a person to participate simultaneously in both the program authorized under this section and the commodity supplemental food program authorized under sections 4 and 5 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note).".

PUBLIC COMMENT

SEC. 2056. Paragraph (2) of section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)(2)) is amended to read as follows:

"(2) A State agency shall establish a procedure under which members of the general public are provided an opportunity to comment on the development of the State agency plan.".

NOTIFICATION PERIOD

SEC. 2057. The first sentence of section 17(f)(7) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)(7)) is amended by striking out "twenty" and inserting in lieu thereof "30".

AVAILABILITY OF PROGRAM BENEFITS

SEC. 2058. Paragraph (8) of section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)(8)) is amended to read as follows:

"(8)(A) The State agency may, in cooperation with participating local agencies, publicly announce and distribute information on the availability of program benefits (including the eligibility criteria for participation and the location of local agencies operating the program) to offices and organizations that deal with significant numbers of potentially eligible persons (including health and medical organizations, hospitals and clinics, welfare and unemployment offices, social service agencies, farmworker organizations, Indian tribal organizations, and religious and community organizations in low income areas).

"(B) The State agency and local agencies shall distribute such information in a manner designed to provide such information to potentially eligible persons who are most in need of such benefits, including pregnant women in the early months of pregnancy.".

REPAYMENT OF CERTAIN BENEFITS BY RECIPIENTS

SEC. 2059. Section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)) (as amended by section 509) is further amended by adding at the end thereof the following new paragraph:

"(16) If a State agency determines that a member of a family has received an overissuance of benefits under the program authorized by this section as the result of the misrepresentation by a member of such family, the State agency shall recover from such family, in cash, an amount that the State agency determines is equal to the value of the benefits overissued to such member, unless the State agency determines (in accordance with standards developed by the Secretary) that the recovery of such benefits would not be cost effective.".

ALLOCATION STANDARDS

SEC. 2060. Section 17(h)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(3)) is amended—

(1) by striking out ", which satisfy allocation guidelines established by the Secretary" in the second sentence; and

(2) by striking out the last sentence.

ADVANCE PAYMENTS

SEC. 2061. Section 17(h)(4) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(4)) is amended by striking out "shall" and inserting in lieu thereof "may".

SEC. 2062. Section 17(i) of the Child Nutrition Act of 1966 (42 U.S.C 1786(i)) (as amended by section 515) is further amended by inserting after paragraph (3) the following new paragraph:

"(4)(A) Notwithstanding paragraph (3), of the amount of funds allocated to a State agency for a fiscal year under this subsection up to 2 percent of such amount may be obligated and expended by such State agency during the subsequent fiscal year.

"(B) Any funds made available to a State agency in accordance with subparagraph (A) for a fiscal year and obligated shall not affect the amount of funds allocated to such State agency for such year.".

Subtitle F—Nutrition Education and Training Program

NEEDS ASSESSMENT

SEC. 2071. Section 19(h) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(h)) is amended—

(1) in the second sentence of paragraph (1)—

(A) by striking out " make an assessment of the nutrition education needs in the State as provided in paragraph (2) of this subsection,"; and

(B) by striking out the comma after "paragraph (3) of this subsection"; and

(2) in paragraph (2), by striking out "and assess" in the first sentence and all that follows through the period at the end of the

paragraph and inserting in lieu thereof a period.

STATE PLANS

SEC. 2072. Paragraph (3) of section 19(h) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(h)(3)) is amended to read as follows:

"(3)(A) To be eligible to receive funds under this section, a State must—

"(i) submit to the Secretary a plan for nutrition education; and

"(ii) receive the approval of the Secretary for such plan.

"(B) The Secretary shall establish standards for such plan.".

BASIS FOR NUTRITION EDUCATION GRANTS

SEC. 2073. Section 19(j)(2) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(j)(2)) is amended by striking out "$75,000" each place it appears and inserting in lieu thereof "$50,000".

Subtitle G—Technical Corrections

OBSOLETE PROVISIONS

SEC. 2081. (a)(1) Sections 18 and 19 of the National School Lunch Act (42 U.S.C. 1767 and 1768) are repealed.

(2) The first sentence of section 3 of such Act (42 U.S.C. 1752) is amended by striking out "sections 13, 17, and 19" and inserting in lieu thereof "sections 13 and 17".

(b) Section 20 of such Act (42 U.S.C. 1769) is amended—

(1) by striking out "except for the pilot projects conducted under subsection (d) of this section," in the first sentence of subsection (c); and

(2) by striking out subsection (d).

(c) Section 22 of such Act (42 U.S.C. 1769c) (as added by section 9 of the Child Nutrition Amendments of 1978 (92 Stat. 3623)) is repealed.

(d)(1) The National School Lunch Act (as amended by sections 208(a) and subsections (a), (b), and (c)) is further amended by redesignating sections 20, 21, 22 as sections 18, 19, and 20, respectively.

(2) Clause (3) of the first sentence of section 6(a) of such Act (42 U.S.C. 1755(a)) is amended by striking out "section 20" and inserting in lieu thereof "section 18".

OBSOLETE REFERENCES

SEC. 2082. (a) Clause (1) of the sixth sentence of section 17(a) of the National School Lunch Act (42 U.S.C. 1766(a)) is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(b) The Child Nutrition Act of 1966 is amended by striking out "Health, Education, and Welfare" each place it appears in section 4(a) (42 U.S.C. 1773(a)), subsections (b)(6), (b)(13), (e)(2), (k)(1), and (k)(2) of section 17 (42 U.S.C. 1786), and subsections (d)(2) and (d)(3) of section 19 (42 U.S.C. 1788) and inserting in lieu thereof "Health and Human Services".

(c) Section 19(j)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(j)(3)) is amended by striking out "Office of Education of the Department of Health, Education, and Welfare" and inserting in lieu thereof "Department of Education".

CONFORMING AMENDMENTS

SEC. 2083. (a) Section 12(d) of the National School Lunch Act (42 U.S.C. 1760(d)) is amended by adding at the end thereof the following new paragraph:

"(8) 'Secretary' means the Secretary of Agriculture.".

(b) Section 19 of such Act (42 U.S.C. 1788) (as amended by sections 105 and 603) is further amended by redesignating subsection (j) as subsection (i).

(c) Such Act (as amended by sections 105, 208(b), 601, 602, 603, and 702(b) and subsection (c)) is further amended by redesignating sections 19 and 20 (42 U.S.C. 1788 and 1789) as sections 18 and 19, respectively.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. HARKIN. I object.

The PRESIDING OFFICER. Objection is heard.

The legislative clerk resumed the call of the roll.

Mr. MELCHER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SIMPSON addressed the Chair.

The PRESIDING OFFICER. The assistant majority leader is recognized.

Mr. SIMPSON. Mr. President, I want to sincerely thank Senator HARKIN, and Senator MELCHER, for their fine assistance in enabling us to conclude our efforts this evening because we will very likely have a long evening tomorrow night. They have been very differential, and very helpful in resolving this matter.

I am deeply personally appreciative of Senator HARKIN, especially with regard to something that he feels very intensely about. He is assured that tomorrow he will have the opportunity to progress with his amendments whatever they may be, and Senator MELCHER has been very helpful in resolving this situation.

HUNGER EPIDEMIC

Mr. BIDEN. Mr. President, there has been a lot of debate today concerning the Food Stamp Program and whether or not it should continue to be a Federal program. We've talked about food stamp error rates, fraud and abuse, and sales taxes on food stamps. However, what we have not discussed is the hunger epidemic in America and what we should do about it. Mr. President, it is my opinion that we should cry in holy indignation at the alarming hunger statistics and the infant mortality rates in our country. They are a moral disgrace to this Nation and a disgrace to the sense of compassion of we who legislate.

Mr. President, I'm sure my colleagues would agree that all of us are concerned about deficit reduction. But, why have we condemned children to pay the price for the reduction of our $2 trillion national debt?—children—Mr. President, who have suffered as a result of the more than $12 billion which have been cut from domestic and nutrition programs in the last 3 years.

Mr. President, the United States is now the only industrialized nation in the world where children are the poorest age group. A recently released Harvard University-based physician task force has reported that over 33 million Americans live in poverty; 40 percent of them are children. Seventy-five percent of the unemployed now receive no unemployment benefits—and children suffer as a result. We cut feeding programs from children, breakfast programs from children, milk programs from children and nutrition programs from pregnant women and infants and we tell them not to worry because the defense budget will also be cut. Mr. President, that is no consolation to the hungry.

In 1981 alone, Mr. President, we cut children's nutrition programs by one-third and we cut the Food Stamp Program by $7 billion. Mr. President, I truly believe that we in this Chamber believe that hungry children should be fed, there is no argument about that. However, if we continue to undermine feeding programs which have worked to eliminate low-birthweight, a leading cause in infant mortality and if we continue to cut away at the Food Stamp Program, there will come a day each of us will have to face—that day when we will cry out in holy indignation because we will have decreased the Federal deficit through the sacrifice of this Nation's most valued resource—our children.

Mr. President, my home State—Delaware, is ranked fourth in the entire Nation in terms of the national infant mortality rate. What that means is that children in America are dying at a rate equal to that of developing nations. Mr. President, we are not a developing nation. We are the richest nation in the world.

Mr. President, these children are dying for two reasons: One, because they lack adequate nutritional intake; and two, because their mothers lack proper prenatal care. There is no doubt that our priorities are misplaced.

Mr. President, it my hope that we in Congress will not consider catsup a vegetable nor the militarization of space more important than the health and well-being of our heirs—our children.

Mr. BAUCUS. Mr. President, yesterday I voted against tabling Senator PRESSLER's amendment No. 1069. I want to discuss this issue a little. At the outset, let me commend Senator PRESSLER for taking the leadership on an issue of great importance to agricultural producers. The question before the U.S. Senate is whether an agricultural producer, a farmer or a rancher, can have his or her day in court if they wish to allege price-fixing violations by food manufacturers or retailers. This is an issue of basic fairness.

Under the Illinois Brick decision, farmers are not entitled to get into court to allege price-fixing against anyone other than the individual to whom they sold their product. In many instances, the alleged price-

fixing is conducted by those further down the stream such as retailers. Often, middlemen are not inclined to bring price-fixing actions because of their direct economic relationship with the retailer. Therefore if price-fixing suits are brought, they are only likely to be brought by the producers themselves.

The issue before us is not whether anyone is engaged in price-fixing. The Pressler amendment does not assume that any retailer does engage in price-fixing. Rather, the Pressler amendment simply gives the producer the right to his or her day in court to determine whether or not they can prove a price-fixing case. Times are tough enough in the agricultural community today without permitting price-fixing that adversely effects farmers to go on.

Because of this situation, in the 98th Congress I introduced S. 2835, the Agricultural Producers Protection Act. It is virtually identical to the Pressler amendment. It would address the same limited set of circumstances and would do so without prejudging the outcome of those cases. Hearings on S. 2835 were held by the full Senate Judiciary Committee on September 24, 1984.

In conclusion, Mr. President, the Pressler amendment simply opens the courthouse door to farmers and ranchers who believe that they have been underpaid due to downstream anti-competitive tactics. The farmer and rancher must be able to take legal action against all those who handle their products, if they are to be protected against such price-fixing and market manipulation. This provision gives farmers and ranchers their day in court and allows them to stand up on their own if they think they have been wronged. The burden continues to be on them to prove their case, but it is intrinsic to the way we do things in America that we allow them the opportunity to have their case heard.

Without the courts being open to farmers and ranchers the antitrust laws are rendered meaningless for them. Farmers, particularly these days, ought to be able to protect themselves against anticompetitive tactics, and that is simply what the Pressler amendment attempts to do. I fully support it and I urge my colleagues to do the same.

Mr. ZORINSKY. Mr. President, I would like to ask the chairman of the Senate Banking Committee about the hearings on the Federal Deposit Insurance Corporation. I believe that more careful regulation of our financial institutions is clearly needed. I understand that the Banking Committee is conducting hearings on improvements that can be made in our current system of regulating and insuring financial institutions, including a review of the Federal Deposit Insurance Corporation. Is this the correct impression?

Mr. GARN. The Senator from Nebraska is correct. The Senate Banking Committee began hearings in July 1985 on deposit insurance reform and will continue them through the end of this calendar year. Our oversight hearings will conclude with testimony from the new chairman of the FDIC.

Mr. ZORINSKY. I am pleased to hear of these plans, for nowhere in America are the troubles of the banking system in greater evidence than in our rural communities. However, when we address the problem of banking regulation and deposit insurance, I feel we must pay careful attention to the fragility of the agriculture economy.

The FDIC has a great deal of power over the local economy when a bank fails. Sometimes, in its attempt to serve the immediate interests of the depositors, the FDIC has been unreasonable in its demands on borrowers. For example, as the law now stands, the FDIC is often able to disregard perfectly legitimate side agreements worked out between a borrower and a bank before the bank went under. Such agreements would enable the borrower to weather temporarily tight financial times, and then repay the loan. When the FDIC refuses to honor these agreements, it often effectively forces the borrower out of business. The local economy is hurt and the loan not repaid. This result clearly does not serve the interests of the depositors. Such shortsighted policies should be reviewed and curbed.

I offered a bill, S. 1824, which restores a modicum of reasonableness and sensitivity to the laws governing the FDIC. Since my bill would help many people in the agriculture community, I am inclined to offer it as an amendment to the farm bill. I believe the amendment would pass. If however, I can be assured that the particular issues addressed by my bill, as well as the general problem of FDIC overzealousness in its dealings with borrowers at failed agriculture banks, will be included very early in the Senate Banking Committee's hearings on the FDIC, then I would defer to the committee's expertise on this issue and not offer the amendment at this time. Is the chairman of the committee able to tell me whether his hearings on the FDIC will cover these concerns of mine?

Mr. GARN. I can assure the Senator from Nebraska that the Senate Banking Committee will pursue the specific matter raised by S. 1824 as well as other liquidation policies. We will work to see what changes can be made which will protect borrowers work out arrangements without creating a situation which would encourage questionable or fraudulent transfer just before failure. The issues the Senator from Nebraska raise are important ones and will receive close attention. I appreciate my colleague's raising them. Thank you.

REALLOCATION OF LOST OR RELEASED QUOTA

Mr. HEFLIN. Mr. President, I should like to ask the Senator from North Carolina a question concerning the disposition of peanut poundage quota that a quota holder loses as a result of his failure to produce it in 2 of the last 3 years, or that he chooses to release voluntarily. What happens to the poundage quota lost or released under these circumstances?

Mr. HELMS. Under the bill, quota that is lost by failure to produce in 2 of the most recent 3 crop years or is permanently released voluntarily by the quota holder shall be reallocated to other farms within the same State on which peanuts were produced in at least 2 of the 3 years immediately preceding the year in which the allocation is being made. The bill provides further that not less than 25 percent of such poundage quota lost or released shall be assigned to other farms within the same State that are nonquota farms but that otherwise meet the 2 out of 3 year production test required under the bill.

Mr. HEFLIN. Very well. But how is the reassignment or reallocation made and by whom?

Mr. HELMS. The allocation, or reallocation, of poundage quota lost or released will be made according to regulations issued by the Secretary of Agriculture. However, although this shall be done in the name of the Secretary of Agriculture, it is the intent of the Committee on Agriculture that to the greatest extent possible the State agriculture stabilization and conservation committees make the determination of how and on what basis the allocation shall be made in their respective States, consistent, of course, with the law. It was the feeling of the Senate Committee on Agriculture that the State ASC committees know the situation and conditions that exist in their respective States and are, therefore, in the best position to determine how the quota reallocation should be made on a basis of fairness, equity, and need. There may be some conditions prevailing in some States and not in others that should be taken into account in making the allocation of poundage quota.

Mr. HEFLIN. Do you think the bill adequately protects the nonquota holders who have proved their interest in growing peanuts by producing in at least 2 of the last 3 years?

Mr. HELMS. Yes, I do. The bill provides that at least 25 percent of poundage quota that is lost by the holder's failure to produce it in 2 of the last 3 years, or that is permanently and voluntarily released, shall be allocated to farms on which no quota

was established for the preceding year's crop: In other words, a nonquota farm. A State ASC committee in a given State may determine that more than 25 percent of this quota should be allocated to such farms. But in no event, under the law, can it be less than 25 percent. As the Senator knows, this is another area in which the bill will open up peanut production to anyone wishing to grow peanuts.

ROUTINE MORNING BUSINESS

Mr. SIMPSON. Mr. President, I ask unanimous consent that there be a period for the transaction of routine morning business until the hour of 1:15 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

NUCLEAR ENERGY TRADE AGREEMENT WITH CHINA

Mr. CRANSTON. Mr. President, I believe we can now go ahead with the Nuclear Energy Trade Agreement with China while still guarding against the spread of nuclear weapons.

I supported the thrust of the original agreement because of the importance of trade—especially to California and especially now, at a time when a huge trade deficit has thrown hundreds of thousands of people out of work.

But I refused to agree to selling nuclear technology to a Communist nation without adequate safeguards to protect America's security interests.

Senator RICHARD LUGAR and I came up with a compromise that received overwhelming support in the Foreign Relations Committee.

We proposed approving the China agreement on condition that President Reagan certifies that China will use whatever nuclear materials we sell them for peaceful purposes only—and that the Chinese will not use those materials to help other nations develop a nuclear bomb.

These safeguards give us the protection we need and which we must have with these assurances.

AN INTERNATIONAL SPACE YEAR IN 1992

Mr. MATSUNAGA. Mr. President, I rise in strong support of Senate Joint Resolution 177, providing for the observance of International Space Year [ISY] in 1992, legislation which I introduced with the cosponsorship of the distinguished Senator from Utah, Mr. GARN, the only astronaut-Senator. The bill is a document of major significance that can be easily overlooked in our absorption with day-to-day matters. The future of the American Nation will be determined by our response to the challenge of the next frontier in space, and that response is primarily determined by the nature and level of congressional support for space activities administered by NASA. The United States is currently the world's leader in space exploration and it is my fervent hope that we will retain that leadership as civilization continues its inevitable march toward new worlds beyond this planet.

In order to meet the challenge of the space age, it is necessary to recognize that space activities will develop on a scale such as humanity has never known. Space exploration and settlement will involve missions—requiring enormous expenditures and decades of planning, design and development—that will be carried out over distances of millions of miles. The scope of these undertakings will be so vast, that nations will find coordination of their efforts is a prerequisite for lasting success.

Mr. President, Senate Joint Resolution 177 invites President Reagan to "endorse the concept of an International Space Year in 1992 and consider the possibility of discussing the ISY with foreign leaders." It also directs NASA to "initiate Interagency and International discussions that explore the opportunities for an ISY in 1992" and it requires the President "to submit to the Congress by May 1, 1986, at the latest, a report on any action taken with respect to the establishment in 1992 of an International Space Year."

Mr. President, I would like to thank the distinguished chairman of the Foreign Relations Committee, Mr. LUGAR, for early and favorable consideration of Senate Joint Resolution 177 by his committee. The amended version of Senate Joint Resolution 177 that unanimously passed his committee included extremely valuable suggestions.

As is evident and fitting, the proposal for an International Space Year has received bipartisan support. Such support is wholly in character with the transcendent space age for which the ISY speaks, an age that will lead nations and peoples into cooperative activities of unprecedented scope and complexity. The ISY will mark a transition to that new age of coordinated activity, and, as such, I believe it will be the most inspiring event of the century.

But if an International Space Year is a worthy concept, why hold it in 1992 and not some other year?

Mr. President, the proposed year of observance takes advantage of a dramatic convergence—1992 is the 500th anniversary of the discovery of America by Christopher Columbus in 1492. It is also the 35th anniversary of the International Geophysical Year, or IGY, which launched the space age in 1957 with the first manmade orbiting satellites.

Today, the United States is recognized as the most forward-looking nation of the New World discovered by Columbus in the 15th century.

And in the 20th century, the New World is in space.

What could be more fitting than for our Nation to commemorate its discovery by leading the way in organizing new discovery fleets for space? Already, Spain is planning to commemorate the discovery of America by launching a Hispanic communications satellite in 1992. It is also likely that the Russians are planning a major space event for 1992, since that year is the 75th anniversary of the Russian revolution and the 35th anniversary of sputnik, which was launched during the IGY. The United States would suffer extreme embarrassment if the U.S.S.R. launched a dramatic space mission in 1992, while we celebrated the discovery of America with replicas of the *Nina*, *Pinta*, and *Santa Maria* using actors in 15th century costumes.

It would be far wiser and more productive, in every respect, for us to take the lead in urging all space-firing nations to coordinate their activities in an ISY.

The United States, U.S.S.R., Europe, and Japan are already planning missions for the early 1990's that would benefit from coordination. They include missions to the Moon, Mars, asteroids, and comets as well as solar terrestrial research activities. In addition, the United States-Europe-Japan space station, scheduled for construction in 1993, might be coordinated with a large Soviet space station due at the same time or sooner.

An ISY could thus initiate a whole new, exciting era in space exploration, as nations moved to meet a truly cosmic challenge that transcends national frontiers. I look forward to our Government's activities on behalf of an ISY with great anticipation. I urge the adoption of Senate Joint Resolution 177.

A TASTELESS "JOKE"

Mr. WALLOP. Mr. President, I would like to insert for the RECORD the attached article from the November 8, 1985, New York Times concerning a recent prank mounted by staffers of the Senate Select Committee on Intelligence. I also wish to express my view on that affair. This "joke" can only be called a truly tasteless matter, but more than that, irresponsible. That it was purposely leaked to the New York Times indicates a level of petty vindictiveness unworthy of an oversight committee.

The staff should be enjoined from engaging in so-called jokes of this kind. The staff is hired by Congress to perform professional services for them. To play silly games of the high

school locker room variety is bad enough, but to insert this streak of meanness is uncalled for. They are completely out of line in using official Senate Committee stationery to ridicule the head of an agency of the U.S. Government. The misuse of Senate official stationery for such frivolous purposes is a highly questionable activity which should be examined by the Senate Ethics Committee as an abusive practice which should be stopped at once.

Even more unworthy is the content of the mock press release. Serious professionals should recognize that their credibility is not enhanced by letting their personal biases show. How can they be said to be capable of independent competence? Furthermore, pranks of this kind which end up in internationally respected newspapers are read around the world where they do damage to the international image of the United States and Congress. They play right into the hands of the Soviet Union and its deception, deceit, and propaganda organs. Before we know it, the so-called joke could be printed in Pravda and or otherwise used to the detriment of the United States and our Intelligence Community.

Mr. President, this mock press release cannot be characterized as humorous. It is serious business and is unbecoming to the dignity of the U.S. Senate. The American public has the right to expect better professional conduct from Senate staff of the select committee. I urge that the Senate take action to prevent such episodes from recurring.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Nov. 8, 1985]

WASHINGTON TALK—BRIEFING

CASEY THE DEFECTOR?

The press release, printed on the committee's official stationery, looked normal. But something was wrong. The headline read: "Senate Intelligence Committee Reaction to Defection of D.C.I. William J. Casey." It was, of course, a spoof. But when it was handed out yesterday at a closed meeting of the committee, it drew bitter laughter, according to one Senator who was present.

Mr. Casey, the Director of Central Intelligence, is considered a master of obfuscation and obstructionism by many lawmakers, and the bogus release took a sharp dig at him. It purported to quote Senator Dave Durenberger of Minnesota, the chairman of the committee, as saying Mr. Casey's defection to Moscow would have "mixed" effects on American intelligence operations.

"Of course, Mr. Casey was privy to some of the country's most sensitive secrets," the spoof said. "On the other hand, there is the possibility that the K.G.B. will ask Mr. Casey to accept a position in its own management structure."

At a news conference in Moscow, it went on, "Mr. Casey recalled the past six months, during which time he was repeatedly subjected to such torture and abuse at the hands of U.S. authorities as being repeatedly required to appear before the Senate Select Committee on Intelligence."

This week, Senator Durenberger and other members of the panel criticized Mr. Casey's handling of Vitaly Yurchenko, the Soviet agent who fled to the West three months ago and then decided to return to Moscow. It was the latest in a long line of incidents in Mr. Casey's tenure that have drawn Congressional criticism.

The spoof made that point, subtly but unmistakably, when it quoted Mr. Durenberger on replacing Mr. Casey: "It will be difficult to fill Bill's shoes. I really do not expect to meet another man like him in my lifetime."

MESSAGES FROM THE HOUSE

At 9:45 a.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bill and joint resolution, in which it requests the concurrence of the Senate:

H.R. 6. An act to provide for the conservation and development of water and related resources and the improvement and rehabilitation of the Nation's water resources infrastructure; and

H.J. Res. 459. Joint resolution reaffirming the friendship of the people of the United States with the people of Colombia following the devastating volcanic eruption of November 13, 1985.

At 3:35 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (S. 1714) to authorize appropriations to the National Aeronautics and Space Administration for research and development, space flight, control and data communications, construction of facilities, and research and program management, and for other purposes.

The message also announced that the House has passed the following joint resolutions, without amendment:

S.J. Res. 139. Joint resolution to designate the week of December 1, 1985, through December 7, 1985, as "National Home Care Week;" and

S.J. Res. 206. Joint resolution to authorize and request the President to designate the month of December 1985, as "Made In America Month."

ENROLLED BILL SIGNED

The message further announced that the Speaker has signed the following enrolled joint resolution:

H.R. 2419. An act to authorize appropriations for fiscal year 1986 for intelligence and intelligence-related activities of the U.S. Government, the intelligence community staff, and the Central Intelligence Agency Retirement and Disability System, and for other purposes.

The enrolled bill was subsequently signed by the President pro tempore [Mr. THURMOND].

MEASURES PLACED ON THE CALENDAR

The following bill was read the first and second times by unanimous consent, and placed on the calendar:

H.R. 6. An act to provide for the conservation and development of water and related resources and the improvement and rehabilitation of the Nation's water resources infrastructure.

The following joint resolution received from the House on yesterday, November 20, 1985, was read the first and second times by unanimous consent, and placed on the calendar:

H.J. Res. 459. Joint resolution reaffirming the friendship of the people of the United States with the people of Colombia following the devastating volcanic eruption of November 13, 1985.

MEASURES HELD AT THE DESK

The following bill, received from the House on yesterday, November 20, 1985, was ordered held at the desk by unanimous consent:

H.R. 3608. An act to amend the Small Business Investment Act of 1958.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2023. A communication from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation to amend chapter 47 of title 10, United States Code (the Uniform Code of Military Justice), to enhance disciplinary control over members of Reserve components who commit offenses against the Uniform Code of Military Justice, and for other purposes; to the Committee on Armed Services.

EC-2024. A communication from the Chief of the U.S. Forest Service, Department of Agriculture, transmitting, pursuant to law, notice of a decision to relocate a portion of the official corridor boundary for the Chattooga Wild and Scenic River; to the Committee on Energy and Natural Resources.

EC-2025. A communication from the Secretary of Labor, transmitting, pursuant to law, the quarterly report on the expenditure and need for worker adjustment assistance training funds under the Trade Act of 1974 for the third quarter of fiscal year 1985; to the Committee on Finance.

EC-2026. A communication from the Assistant Secretary of State (Legislative and Intergovernmental Affairs), transmitting, pursuant to law, a report on the availability of 24-hour emergency telephone service at U.S. consular offices and the publication of such numbers for the information of U.S. citizens; to the Committee on Foreign Relations.

EC-2027. A communication from the Assistant Secretary of State (Legislative and Intergovernmental Affairs), transmitting, pursuant to law, a report concerning proposals to improve the staffing and personnel management in the Department's Bureau of

International Narcotics Matters; to the Committee on Foreign Relations.

EC-2028. A communication from the Assistant Attorney General (Administration), transmitting, pursuant to law, notice of the modification of a Privacy Act system of records; to the Committee on Governmental Affairs.

EC-2029. A communication from the Secretary of Education, transmitting, pursuant to law, final funding priorities for the Educational Media Research, Production, Distribution, and Training Program; to the Committee on Labor and Human Resources.

EC-2030. A communication from the Secretary of Education, transmitting, pursuant to law, notice of final funding priority—Training Personnel for the Education of the Handicapped Program; to the Committee on Labor and Human Resources.

EC-2031. A communication from the Executive Secretary, Office of the Secretary of Defense, transmitting, pursuant to law, a report on Department of Defense procurement from small and other business firms for October 1984 through August 1985; to the Committee on Small Business.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary, with amendments:

S. 86. A bill to amend the laws of the United States to eliminate gender-based distinctions (Rept. No. 99-194).

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

S. 593. A bill for the relief of the Merchants National Bank of Mobile, AL (Rept. No. 99-195).

By Mr. THURMOND, from the Committee on the Judiciary, with an amendment in the nature of a substitute and an amendment to the title:

S. 1437. A bill to amend the Controlled Substances Act to create new penalties for the manufacturing with intent to distribute, the possession with intent to distribute, or the distribution of "designer drugs," and for other purposes) Rept. No. 99-196).

By Mr. McCLURE, from the Committee on Energy and Natural Resources, without amendment:

S. 686. A bill to provide for the relief of water users deprived of winter stock water on Willow Creek, ID, below the Ririe Dam and Reservoir (Rept. No. 99-197).

By Mr. THURMOND, from the Committee on the Judiciary, with amendments:

S. 1082. A bill granting the consent of Congress to the Arkansas-Mississippi Great River Bridge Construction Compact.

By Mr. THURMOND, from the Committee on the Judiciary, with an amendment:

S. 1798. A bill to grant the consent of the Senate to the Northeast Interstate Low-Level Radioactive Waste Management Compact.

By Mr. THURMOND, from the Committee on the Judiciary, without amendment and with a preamble:

S.J. Res. 198. Joint resolution to designate the year of 1986 as the "Sesquicentennial Year of the National Library of Medicine."

S.J. Res. 229. Joint resolution designating the week of January 13 through January 19, 1986, as "National Productivity Improvement Week."

By Mr. MATHIAS, from the Committee on Rules and Administration, without amendment:

S. Con. Res. 91. An original concurrent resolution to require publication in the CONGRESSIONAL RECORD of the costs incurred for processing mass mail for individual Senators, Representatives, committees, and other offices.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary:

John T. Noonan, Jr., of California, to be U.S. circuit judge for the ninth circuit.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. SPECTER:

S. 1873. A bill to require the Secretary of Health and Human Services to make grants to, and enter into contracts with, community based health care organizations in order to support disease prevention and health promotion projects; to the Committee on Labor and Human Resources.

By Mr. WEICKER (for himself, Mr. STAFFORD, Mr. KENNEDY, Mr. KERRY, Mr. THURMOND, and Mr. SIMON):

S. 1874. A bill to authorize quality educational programs for deaf individuals, to foster improved educational programs for deaf individuals throughout the United States, to reenact and codify certain provisions of law relating to the education of the deaf, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. ARMSTRONG:

S. 1875. A bill to designate the Closed Basin Conveyance Channel of the Closed Basin Division, San Luis Valley Project, Colorado as the "Franklin Eddy Canal"; to the Committee on Energy and Natural Resources.

By Mr. HATCH (for himself, Mr. GRAMM, Mr. LAXALT, Mr. GOLDWATER, Mr. HECHT, Mr. WALLOP, Mr. DENTON, Mr. QUAYLE, Mr. EAST, and Mr. HELMS):

S. 1876. A bill to improve the educational achievement of educationally deprived children by expanding opportunities for their parents to choose schools that best meet their needs, to foster diversity and competition among school programs for educationally deprived children, to increase private sector involvement in providing educational programs for educationally deprived children, and for other purposes; to the Committee on Labor and Human Resources.

By Mr. PRYOR:

S. 1877. A bill to protect savers and investors; to the Committee on Finance.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. LUGAR (for himself, Mr. PELL, Mr. GRAMM, Mr. BOREN, Mr. HELMS, Mr. DOLE, and Mr. BYRD):

S. Con. Res. 89. A concurrent resolution relating to emergency humanitarian assistance to Colombia; considered and agreed to.

By Mr. LAUTENBERG (for himself and Mrs. KASSEBAUM):

S. Con. Res. 90. A concurrent resolution urging the President to convene a conference to develop an International Seaport Security Agreement relating to seaport and passenger vessel security among the United States, its allies, other interested nations, and the private sector; to the Committee on Foreign Relations.

By Mr. MATHIAS; from the Committee on Rules and Administration:

S. Con. Res. 91. An original concurrent resolution to require publication in the CONGRESSIONAL RECORD of the costs incurred for processing mass mail for individual Senators, Representatives, committees, and other offices; placed on the calendar.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SPECTER:

S. 1873. A bill to require the Secretary of Health and Human Services to make grants to, and enter into contracts with, community based health care organizations in order to support disease prevention and health promotion projects; to the Committee on Labor and Human Resources.

COMMUNITY BASED DISEASE PREVENTION AND HEALTH PROMOTION PROJECTS ACT OF 1985

Mr. SPECTER. Mr. President, today I am introducing the Community-Based Disease Prevention and Health Promotion Projects Act of 1985. This legislation recognizes the need for a concerted attack on the shocking problem of infant mortality in certain segments of our population. It proposes a partnership between Government, health care professionals, and individuals in addressing infant mortality. The area of health promotion and disease prevention is critical at this point in our medical history. Through research and technology we are able to provide people in this country with the most sophisticated level of health care in the world. Yet, a crucial element has been missing—that of helping individuals increase their own abilities to promote their own health, and aid in preventing diseases from striking themselves and their families.

Recently, the Department of Health and Human Services completed a year-long study of the disparities in the health status of whites and minority groups. The report issued as a result of this study concluded that black, Hispanic, and Native American people "have not benefited fully or equitably from the fruits" of biomedical science. Members of these groups die younger and are generally less healthy than non-Hispanic whites. According to the report, an excess of 6,100 deaths from infant mortality occur among blacks each year compared to those which would occur if the health status of blacks were on a par with that of non-Hispanic whites.

Health and Human Services Secretary Margaret M. Heckler has indicat-

ed that much of the health gap is related to knowledge and lifestyle.

It is my sense that if we target the at risk population, provide the necessary nutritional and medical resources, and assist in outreach and education efforts, we can wage a successful attack on this deplorable disparity in health status.

On August 6, 1984, I met with representatives of the Pittsburgh Black Women's Health Network, and other health professionals at the Alma Illery Health Center to discuss the issue of black infant mortality. A subsequent meeting took place on October 22, 1984.

Infant mortality is the death of a live born infant under 1 year of age. Approximately two-thirds of all infant deaths occur in babies weighing less than 5½ pounds at birth. Such low weight births are generally attributed to factors which include: A lack of, or poor prenatal care; poor maternal nutrition; maternal age—teen mothers are twice as likely to give birth to low weight babies; bearing children at less than 2-year intervals; smoking, alcohol, and drug use and abuse; and social and economic background. A 1980 study by the Department of Health and Human Services cited the mother's educational attainment as one of the most critical factors correlating with birth weight. In this study, the proportion of infants of low birth weight born to mothers with 16 years or more of education was half that of infants born to mothers with less than 9 years of education.

Four years ago the Department of Health and Human Services indicated an objective of reducing by the year 1990 the national infant mortality rate to 9 deaths for each 1,000 babies born, and to reduce the rate for racial and minority ethnic groups to 12 deaths per 1,000 live births.

In 1982, Pittsburgh led every other city in America with a rate of 29.7 black infant deaths per 1,000 live births; white infants had a rate of 10.1 deaths per 1,000 live births.

A high infant mortality rate is, of course, an indication of the poor health status of the affected population group. In the case of Pittsburgh, experts indicate that there is no single cause, but more infants could be saved through proper nutrition, family planning, education, early and regular prenatal care, medical evaluation and appropriate intervention for high risk mothers.

In reviewing the infant death problem in Pittsburgh, the Allegheny County Health Department noted that:

First, a black baby born in Pittsburgh is 2.7 times as likely to die before its first birthday as a white baby, making the mortality rates for blacks almost three times that for white babies.

Second, approximately 16 percent of the black infant deaths are due to potentially preventable infection.

Third, less well-educated mothers had more premature babies than the better-educated women; and

Fourth, black women aged 21 to 25 face the greatest risk of having dead babies.

Cities in my home State of Pennsylvania are not alone in this infant death problem. A 1984 report prepared by the Congressional Research Service cited Maryland, Illinois, Missouri, Ohio, and Louisiana among the States with cities wherein infant mortality rates are very high.

Mr. President, although in general our Nation can claim great progress in reducing the overall infant mortality rate, there is still a troublesome disparity between the health status of the majority and minority population groups. I believe that a targeted, concentrated effort to conduct outreach and to provide health education to women in high risk population groups is needed so that we can improve the general health status of the affected groups, and help reduce the high rate of infant deaths.

That is why I am introducing the Community-Based Disease Prevention and Health Promotion Projects Act of 1985. My bill amends the Public Health Service Act to provide for the development and implementation of community-based health promotion and outreach efforts. This legislation:

Allows nonprofit community-based health organizations to apply for grants to develop and implement health education and outreach efforts to increase public awareness and use of health promotion strategies.

Directs that emphasis for targeting of efforts be placed on groups with poor health status indicators such as high infant mortality rates.

Directs that projects funded under this act be designed so as to consider the cultural and lifestyle realities of the target population group.

Mandates that a community resource panel including consumers, representatives of local government, the private sector, the health profession, board of education, and the clergy be involved in the design and implementation of the project.

Mr. President, the funds we spend on this self-help approach can save dollars and lives in the long run. The cost of educating women of childbearing age, for example, on how to modify aspects of their lifestyle—nutrition, drug and alcohol use, getting appropriate medical care—can help save some of the millions of dollars that are spent on the weeks of intensive care for low birth weight babies. We cannot continue to let infants die unnecessarily. We must educate and encourage potential mothers to take better care of themselves so that they can produce healthy babies, and maintain their own health.

In addition, as we target these women, we must ensure that those who live in or near poverty have access to the appropriate nutritional and medical requirements. Educating the target population will not work effectively if basic human and medical needs remain unmet.

Finally, I see a great challenge for this Nation as we approach the year 1990. Although the diagnosis and treatment of disease are primarily the responsibility of physicians and other health professionals, there are actions which each individual can take to reduce the risk of injury and disease. Indeed, we must all view it as one of our greatest obligations to promote healthier habits of living for ourselves, our families, and our communities.

As I have mentioned, I met with several individuals in Pittsburgh to discuss the black infant mortality problem. I greatly appreciate the counsel provided by these constituents, and I ask unanimous consent that their names appear in the RECORD immediately following my statement.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1873

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Community Based Disease Prevention and Health Promotion Projects Act of 1985".

SEC. 2. (a) Section 1701(a)(10) of the Public Health Service Act is amended—

(1) by striking out "and" at the end of subparagraph (C);

(2) by striking out the period at the end of subparagraph (D) and inserting in lieu thereof a semicolon and "and"; and

(3) by adding at the end thereof the following new subparagraph:

"(E) carry out section 1707.".

(b) Section 1701(b) of such Act is amended—

(1) by inserting "(1)" before "To";

(2) by striking out "this title," and inserting in lieu thereof "this title (other than section 1707),"; and

(3) by adding at the end thereof the following new paragraph:

"(2) To carry out section 1707, there are authorized to be appropriated $15,000,000 for the fiscal year ending September 30, 1987, and $18,000,000 for the fiscal year ending September 30, 1988, and $20,000,000 for the fiscal year ending September 30, 1999.

(c) Title XVII of such Act is amended by adding at the end thereof the following new section:

"PROJECTS BY COMMUNITY BASE HEALTH CARE ORGANIZATIONS

"SEC. 1707. (a) The Secretary may make grants to or enter into contracts with nonprofit community based health care organizations in order to support projects for the development and implementation of activi-

ties designed to increase public awareness of information relating to, and the use of methods for, disease prevention and health promotion. Projects supported under this section shall target population groups who have indicators of poor health status, such as high rates of infant mortality.

Contracts entered into and grants awarded under this section shall:

(1) have as their first priority activities directed to outreach and education of females of child bearing age who are at high risk of producing low birth weight babies. High risk groups shall be defined, for the purpose of this Act, as teenage women, minority women, poor women, and women having their first pregnancy at age 35 or older.

(2) be for projects designed to help women understand the benefits of their own health, and to the health of their child, of behavior factors which include:

Receiving early and continuous prenatal care;

Ceasing to smoke, consume alcohol and drugs;

Delaying pregnancy until after teenage years;

Maintaining a well-balanced, nutritious diet.

"(b) The Secretary may not make a grant or enter into a contract for a project under this section unless an application therefor is submitted to the Secretary. The application shall contain—

"(1) information demonstrating that the project has been developed, and will be implemented, by members of the community based health care organization applying for such grant or contract who live or work in the community to be served by the project;

"(2) information demonstrating that the project has been designed to consider the particular health care needs, culture, and life style of the population to be served by the project, including information demonstrating that the applicant has—

"(A) identified the health problems of the population to be served by the project;

"(B) identified and assessed existing resources and programs which are available to address such problems; and

"(C) identified existing and potential relationships among such resources, programs, and problems;

"(3) a description of the manner in which the project will support and develop linkages among health care providers and the community to be served by the project;

"(4) a description of—

"(A) the manner in which the applicant has involved the community resource panel required under subsection (c) in the development of the project; and

"(B) the manner in which the applicant will involve such panel in the implementation of the project;

"(5) a statement of the methods by which the applicant will evaluate the effectiveness of the project; and

"(6) such other information as the Secretary may by regulation prescribe.

"(c) Each applicant for a grant or contract for a project under this section shall, prior to applying for such grant or contract, establish a community resource panel to assist such organization in the development and implementation of the project. Such panel shall be composed of not less than 9 and not more than 15 individuals, and shall include but not be limited to—

"(1) at least one representative of the local government for the community to be served by the project;

"(2) at least one representative of private business located in or near such community;

"(3) at least one physician who practices in such community;

"(4) at least one representative of the local educational agency for the school district for such community;

"(5) at least one member of the clergy who serves in such community; and

"(6) at least one representative of community health centers, health education programs, or consumer health groups located in such community.

"(d) Each recipient of a grant or contract for a project under this section shall report to the community served by the project on the progress of the efforts of the recipient in carrying out the project for each year that the recipient receives such grant or contract. Any such report may be provided in conjunction with a workshop, seminar, health fair, or other activity carried out by the recipient in the community.

"(e) The amount of any grant made or contract entered into under this section shall not exceed $75,000 in any fiscal year. The Federal share of the costs of any project supported under this section shall not exceed 67 percent.

"(f) The Secretary shall establish procedures for the appropriate review of applications for grants and contracts under this section.".

Audrey Glenn-Woods, Alma Illery Medical Center.

Lois J. Thomas, Alma Illery Medical Center.

Carol Syrheureaz, Allegheny County Health Department.

Oswald J. Nickens, M.D.

Margaret S. Washington, Presbyterian-University Hospital.

Kenneth B. Goodrich, M.D.

James A. Stewart, M.D., Medical Director Alma Illery Medical Center.

Samuel Thompson, Jr., Alma Illery Medical Center.

Richard Adams, Jr., Alma Illery Medical Center.

Charles M. Denmon, Automated Health Systems, Inc.

Jeanne C. Kish, Allegheny County Health Department.

Dr. Frank A. Bonati, Family Health Council of W. Pa.

Hortense James, Social Worker, Alma Illery Medical Center.

Sara M. Thomas, Pgh. Public Schools/Black Womens Health Network.

Pinkie A. Familoni, Allegheny County/Black Womens Health Network.

Eberhard Mueller-Heubach, M.D., University of Pittsburgh, Magee-Womens Hospital.

Mrs. Cora Raiford, Alma Illery Medical Center/Black Women's Health Network.

Mr. Wilford Payne, Executive Director/Alma Illery Medical Center.

Mr. Jack Gernetta, Allegheny County Housing Authority.

Dr. Ann Jones, School of Social Work, University of Pittsburgh.

Mrs. Edna Gerner, Allegheny County Health Department.

Mrs. Virginia Bowman, Allegheny County Health Department.

Carol A. Kinley.

By Mr. WEICKER (for himself, Mr. STAFFORD, Mr. KENNEDY, Mr. KERRY, Mr. THURMOND, and Mr. SIMON):

S. 1874. A bill to authorize quality education programs for deaf individuals, to foster improved educational programs for deaf individuals throughout the United States, to reenact and codify certain provisions of law relating to the education of the deaf, and for other purposes; to the Committee on Labor and Human Resources.

EDUCATION OF THE DEAF ACT

Mr. WEICKER. Mr. President, I rise today to introduce the Education of the Deaf Act of 1985. Cosponsored by Senators STAFFORD, KENNEDY, KERRY, THURMOND, and SIMON, this bill is a response to the Subcommittee on the Handicapped's oversight hearing conducted earlier this year on Gallaudet College and the National Technical Institute for the Deaf, and the GAO study issued this summer.

Gallaudet College and the National Technical Institute for the Deaf are important national resources providing high quality services for deaf students—services that address a critical need, services which are clearly a Federal responsibility. Congress has provided virtually all of the funding for Gallaudet for over 120 years and the National Technical Institute for the Deaf since 1965. Yet, until this summer, there had never been any formal congressional oversight by Congress—other than appropriations hearings—to examine these important programs in depth.

Currently, the authorizations for Gallaudet and the National Technical Institute are indefinite—there is no established reauthorization cycle. The significant changes in the last 20 years in the philosophy and practice of the education of handicapped students highlight the need for ongoing oversight of these institutions of higher education.

At our subcommittee hearing in June, we received testimony from representatives of the Department of Education, Gallaudet College, the National Technical Institute for the Deaf, and the General Accounting Office. The testimony revealed some important facts and indicated the need for change. We heard that:

The total Federal expenditure of $92 million annually for postsecondary deaf education serves less than half of the college age deaf students in the country.

Of the $92 million spent by the Federal Government on deaf education, $90 million goes to Gallaudet and the National Technical Institute for the Deaf.

The cost per student at Gallaudet is $23,000 per year and almost $20,000 per year at the National Technical Institute for the Deaf. These costs are significantly higher than those at similar institutions.

While mainstreaming has been established as the state of the art for educating handicapped students, Gallaudet runs segregated elementary and secondary programs which are intend-

ed to serve as models for the rest of the country.

The bill I introduce today is a response to these concerns and others. It combines the authorizing legislation for Gallaudet, Kendall Elementary School, the Model Secondary School, and the National Technical Institute for the Deaf and establishes a 5-year reauthorization cycle for these programs. It requires that the elementary and secondary school programs operate under the requirements of Public Law 94-142, the Education for all Handicapped Children Act. It establishes authorized funding ceilings allowing inflation increases over the next 5 years, and encourages the programs to raise private funds. Annual independent audits of both Gallaudet and the National Institute for the Deaf are required. A program officer is designated in the Department of Education to provide ongoing review and evaluation. Finally, the bill establishes an ad hoc National Commission on the Education of the Deaf with the charge of studying the current status of deaf education throughout the country and reporting specific recommendations to Congress for improvements. This Commission would follow in the footsteps of the 1965 National Advisory Committee on Education of the Deaf, whose report of 20 years ago was instrumental in initiating the dramatic improvements in deaf education that have occurred since that time.

Let me close by reaffirming the importance of the Federal commitment to programs educating the deaf. Both Gallaudet and the National Technical Institute for the Deaf provide high quality services to deaf students. These programs have made unparalleled contributions to deaf education. I urge my colleagues to renew the commitment to the provision of quality education programs for deaf students and to join with me in cosponsoring the Education of the Deaf Act of 1985. I ask unanimous consent the text of the bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1874

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Education of the Deaf Act of 1985".

TITLE I—GALLAUDET UNIVERSITY

PART A—GALLAUDET UNIVERSITY GENERAL AUTHORITY

CONTINUATION OF GALLAUDET COLLEGE AS GALLAUDET UNIVERSITY

SEC. 101. (a) GALLAUDET UNIVERSITY CONTINUED.—The Gallaudet College created by an Act entitled "An Act to amend the charter of the Columbia Institution for the Deaf, change its name, define its corporate powers, and provide for its organization and administration, and for other purposes," approve June 18, 1954, is continued as a body corporate under the name of Gallaudet University. Hereafter Gallaudet College shall be known as Gallaudet University and have perpetual succession and shall have the powers and be subject to the limitations contained in this Act.

(b) PURPOSE.—The purpose of Gallaudet University shall be to provide education and training to deaf individuals and otherwise to further the education of the deaf.

PROPERTY RIGHTS

SEC. 102. (a) PROPERTY RIGHTS DESCRIBED.—Gallaudet University is invested with all the property and the rights of property, and shall have and be entitled to use all authority, privileges, and possessions and all legal rights which it has, or which it had or exercised under any former name, including the right to sue and be sued and to own, acquire, sell, mortgage, or otherwise dispose of property it may own now or hereafter acquire. Gallaudet University shall also be subject to all liabilities and obligations now outstanding against the corporation under any former name.

(b) DISPOSAL OF PROPERTY.—(1) With the approval of the Secretary of Education, the Board of Directors of Gallaudet University may convey fee simple title by deed, convey by quitclaim deed, mortgage, or otherwise dispose of any or all real property title to which is vested in the United States, as trustee, for the sole use of Gallaudet University, Gallaudet College, the Columbia Institution for the Deaf, or any predecessor corporation.

(2) The proceeds of any such disposition shall be considered a part of the capital structure of the corporation, and may be used solely for the acquisition of real estate for the use of the corporation, for the construction, equipment, or improvement of buildings for such use, or for investment purposes, but if invested only the income from the investment may be used for current expenses of the corporation.

BOARD OF DIRECTORS

SEC. 103. (a) COMPOSITION OF THE BOARD.—(1) Gallaudet University shall be under the direction and control of a Board of Directors, composed of twenty-one members selected as follows:

(A) Three public members of whom: one shall be a United States Senator appointed by the President of the Senate; two shall be Representatives appointed by the Speaker of the House of Representatives; and

(B) Eighteen other members, all of whom shall be elected by the Board of Directors, who on the effective date of this Act shall include those individuals serving as nonpublic members of the Board of Directors of Gallaudet College immediately prior to such date, and of whom one shall be elected pursuant to regulations of the Board of Directors on nomination by the Gallaudet University Alumni Association for a term of three years.

The members appointed from the Senate and House of Representatives shall be appointed for a term of two years at the beginning of each Congress, shall be eligible for reappointment, and shall serve until their successors are appointed.

(2) The Board of Directors shall have the power to fill any vacancy in the membership of the Board except for public members. Nine directors shall be a quorum to transact business. The Board of Directors, by vote of a majority of its membership, is authorized to remove any member of their body (except the public members) who may refuse or neglect to discharge the duties of a director, or whose removal would, in the judgment of said majority, be to the interest and welfare of said corporation.

(b) POWERS OF THE BOARD.—The Board of Directors is authorized to—

(1) make such rules, regulations, and bylaws, not inconsistent with the Constitution and laws of the United States, as may be necessary for the good government of Gallaudet University, for the management of the property and funds of such corporation and for the admission, instruction, care, and discharge of students;

(2) provide for the adoption of a corporate seal and for its use;

(3) fix the date of holding their annual and other meetings;

(4) appoint a president, professors, instructors, and other necessary employees for Gallaudet University, delegate to them such duties as it may deem advisable, fix their compensation, and remove them when, in their judgment, the interest of Gallaudet University shall require it;

(5) elect a chairman and other officers and prescribe their duties and terms of office, and appoint an executive committee to consist of five members, and vest the committee with such of its powers during periods between meetings of the Board as the Board deems necessary;

(6) establish such departments and other units, including a department of higher learning for the deaf, a department of elementary education for the instruction of deaf children, a graduate department, and a research department, as the board deems necessary to carry out the purpose of Gallaudet University;

(7) confer such degrees and marks of honor as are conferred by colleges and universities generally, and issue such diplomas and certificates of graduation as, in its opinion, may be deemed advisable, and consistent with academic standards;

(8) subject to the provisions of section 403, control expenditures of all moneys appropriated by Congress for the benefit of Gallaudet University; and

(9) control the expenditure and investment of any moneys or funds or property which Gallaudet University may have or may receive from sources other than appropriations by Congress.

PART B—KENDALL DEMONSTRATION ELEMENTARY SCHOOL

AUTHORITY OF GALLAUDET UNIVERSITY

SEC. 111. (a) GENERAL AUTHORITY.—For the purpose of providing day and residential facilities for elementary education for individuals who are deaf in order to prepare them for high school and other secondary study, and to provide an exemplary educational program to stimulate the development of similar excellent programs throughout the Nation, the Board of Directors of Gallaudet University is authorized to maintain and operate Kendall Demonstration Elementary School as a demonstration elementary school for the deaf, to serve primarily residents of the National Capital region.

(b) APPLICABILITY OF LAW.—The provisions of part B of the Education of the Handicapped Act shall apply to the programs described in subsection (a).

PART C—MODEL SECONDARY SCHOOL FOR THE DEAF

AUTHORITY OF GALLAUDET UNIVERSITY

SEC. 121. (a) GENERAL AUTHORITY.—For the purpose of providing day and residential facilities for secondary education for indi-

viduals who are deaf in order to prepare them for college and other advanced study, and to provide an exemplary secondary school program to stimulate the development of similarly excellent programs throughout the Nation, the Board of Directors of Gallaudet University is authorized, in accordance with the agreement under section 122, to maintain and operate a model secondary school for the deaf to serve primarily residents of the District of Columbia and of nearby States.

(b) APPLICABILITY OF LAW.—The provisions of part B of the Education of the Handicapped Act shall apply to the programs described in subsection (a).

AGREEMENT WITH GALLAUDET UNIVERSITY FOR THE MODEL SECONDARY SCHOOL

SEC. 122. (a) GENERAL AUTHORITY.—The Secretary, after consultation with the National Advisory Committee on Education of the Deaf (created by Public Law 89-258, 42 U.S.C. 2495) is authorized to continue an agreement with Gallaudet University for the establishment and operation, including construction and equipment of a model secondary school for the deaf to serve primarily residents of the District of Columbia and of nearby States.

(b) PROVISIONS OF AGREEMENT.—The agreement shall—

(1) provide that Federal funds appropriated for the benefit of the model secondary school will be used only for the purposes for which paid and in accordance with the applicable provisions of this Act and the agreement made pursuant thereto;

(2) provide for utilization of the National Advisory Committee on Education of the Deaf to advise the college in formulating and carrying out the basic policies governing the establishment and operation of the model secondary school;

(3) provide that the University will make an annual report to the Secretary;

(4) provide that in the design and construction of any facilities, maximum attention will be given to excellence of architecture and design, works of art, and innovative auditory and visual devices and installations appropriate for the educational functions of such facilities;

(5) include such other conditions as the Secretary, after consultation with the National Advisory Committee on Education of the Deaf, deems necessary to carry out the purposes of this part; and

(6) provide that any laborer or mechanic employed by any contractor or subcontractor in the performance of work on any construction aided by Federal funds appropriated for the benefit of the model secondary school will be paid wages of rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5); and the Secretary of Labor shall have, with respect to the labor standards specified in this paragraph, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 5 U.S.C. 133z-15) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

(c) SUBMISSION OF REPORT.—The Secretary shall submit the annual report of the University (required by clause (3) of subsection (b)) to the Congress with such comments and recommendations as the Secretary may deem appropriate.

TITLE II—NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

AUTHORITY

SEC. 201. For the purpose of providing a residential facility for postsecondary technical training and education for individuals who are deaf in order to prepare them for successful employment, the institution of higher education with which the Secretary has an agreement under this title is authorized to operate and maintain a National Technical Institute for the Deaf.

AGREEMENT FOR THE INSTITUTE

SEC. 202. (a) GENERAL AUTHORITY.—The Secretary is authorized to continue an agreement with an institution of higher education for the establishment and operation, including construction and equipment, of a National Technical Institute for the Deaf. The Secretary, in considering proposals from institutions of higher education to enter into an agreement under this Act, shall give preference to institutions which are located in metropolitan industrial areas.

(b) PROVISIONS OF AGREEMENT.—The agreement shall—

(1) provide that Federal funds appropriated for the benefit of the Institute will be used only for the purposes for which paid and in accordance with the applicable provisions of this Act and the agreement made pursuant thereto;

(2) provide that the Board of Trustees or other governing body of the institution, subject to the approval of the Secretary, will appoint an advisory group to advise the Director of the Institute in formulating and carrying out the basic policies governing its establishment and operation, which group shall include individuals who are professionally concerned with education and technical training at the postsecondary school level, persons who are professionally concerned with activities relating to education and training of the deaf, and members of the public familiar with the need for services provided by the Institute;

(3) provide that the Board of Trustees or other governing body of the institution will make an annual report together with an accounting of all indirect costs paid to the institution of higher education under the agreement to the Secretary, which the Secretary shall transmit to the Congress with such comments and recommendations as the Secretary may deem appropriate;

(4) include such other conditions as the Secretary deems necessary to carry out the purposes of this part; and

(5) provide that any laborer or mechanic employed by any contractor or subcontractor in the performance of work on any construction aided by Federal funds appropriated for the benefit of the Institute will be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5); and the Secretary of Labor shall have, with respect to the labor standards specified in this paragraph, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 5 U.S.C. 133z-15) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

(c) LIMITATION.—If within twenty years after the completion of any construction (except minor remodeling or alteration) for which such funds have been paid—

(1) the facility ceases to be used for the purposes for which it was constructed or the agreement is terminated, unless the Secretary determines that there is good cause for releasing the institution from its obligation, or

(2) the institution ceases to be the owner of the facility,

the United States shall be entitled to recover from the applicant or other owner of the facility an amount which bears to the then value of the facility the same ratio as the amount of such Federal funds bore to the cost of the facility financed with the aid of such funds. Such value shall be determined by agreement of the parties or by action brought in the United States district court for the district in which the facility is situated.

TITLE III—COMMISSION ON EDUCATION OF THE DEAF

COMMISSION ESTABLISHED

SEC. 301. (a) ESTABLISHMENT.—There is established a Commission on Education of the Deaf to make a study of the quality of elementary, secondary, and postsecondary education furnished to deaf individuals.

(b) COMPOSITION.—(1) The Commission shall be composed of 12 members as follows:

(A) Three members shall be appointed by the President.

(B) One member shall be appointed by the Comptroller General of the United States.

(C) Four of the members shall be appointed by the Speaker of the House of Representatives, with the approval of the Majority Leader and the Minority Leader of the House of Representatives.

(D) Four of the members shall be appointed by the President pro tempore of the Senate, with the approval of the Majority Leader and the Minority Leader of the Senate.

(2)(A) Members of the Commission shall be appointed from among individuals who have broad experience and expertise in program evaluation, deafness, or education, which experience and expertise are directly relevant to the issues to be studied by the Commission.

(B) The Chairman shall be appointed jointly by the Speaker of the House of Representatives, with the approval of the Majority Leader and the Minority Leader of the House of Representatives, and the President pro tempore of the Senate, with the approval of the Majority Leader and the Minority Leader of the Senate.

(3) Members of the Commission may not be employed by or be a consultant to the National Technical Institute for the Deaf or Gallaudet University on the date the members of the Commission are appointed or for a period of 3 years prior to such date.

(4) Of the members appointed by the Speaker of the House of Representatives under paragraph (1)(C), at least 1 must be deaf and not more than 2 may be from the same political party. Of the members appointed by the President pro tempore of the Senate under paragraph (1)(D), at least 1 must be deaf and not more than 2 may be from the same political party.

(5) Any vacancy in the Commission shall be filled in the same manner as the original appointment.

(6) Members of the Commission shall be appointed not later than 30 days after the date of enactment of this Act.

DUTIES OF THE COMMISSION

SEC. 302. (a) STUDY DESCRIBED.—(1) The Commission shall make a study of—

(A) the degree to which appropriate postsecondary educational opportunities are available to deaf individuals;

(B) the advisability of expanding the number of federally supported postsecondary regional educational programs which serve the deaf;

(C) the training and technical assistance needs of elementary, secondary, and postsecondary programs which serve the deaf;

(D) the degree to which appropriate elementary and secondary educational opportunities are available to deaf students including (i) the effects of part B of the Education of the Handicapped Act on elementary and secondary educational programs for the deaf and (ii) the role played by the Model Secondary School for the Deaf and the Kendall Demonstration Elementary School;

(E) the role of research, development, dissemination, and outreach activities conducted by Gallaudet University and the National Technical Institute of the Deaf in education of the deaf;

(F) any other issues which the Commission determines will improve the quality of elementary, secondary, and postsecondary education provided to the deaf; and

(G) any other recommendations to improve quality or increase cost effectiveness of providing the education of the deaf.

(2) The study of each field described in paragraph (1) shall include a description of the findings in each such field together with recommendations for actions designed to address identified needs.

(b) REPORTS.—The Commission shall submit to the President and to the Congress such interim reports as it deems advisable, and not later than 18 months after the date of enactment of this Act, a final report of its study and investigation together with such recommendations, including specific proposals for legislation, as the Commission deems advisable.

(c) TERMINATION.—The Commission shall cease to exist 90 days following the submission of its final report.

ADMINISTRATIVE PROVISIONS

SEC. 303. (a) PERSONNEL.—(1) The Commission may appoint such personnel, including a Staff Director, as the Commission deems necessary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and such personnel may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, but no individual so appointed shall be paid in excess of the rate authorized for GS-18 of the General Schedule.

(2) The Commission is authorized to obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code.

(b) HEARINGS; QUORUM.—(1) The Commission or, with the authorization of the Commission, any committee thereof, may, for the purpose of carrying out the provisions of this Act, hold such hearings and sit and act at such times and such places within the United States as the Commission or such committee may deem advisable.

(2) Six members of the Commission shall constitute a quorum, but a lesser number of two or more may conduct hearings.

(c) CONSULTATION.—In carrying out its duties under the Act, the Commission shall consult with Gallaudet University, the National Technical Institute for the Deaf, other programs and agencies serving or representing the interests of deaf people, other Federal agencies, representatives of State and local governments, State and local educational agencies, and private organizations to the extent feasible.

(d) INFORMATION; STATISTICS.—(1) The Commission is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality (including the General Accounting Office), information, suggestions, estimates, and statistics for the provisions of this title. Each such department, bureau, agency, board, commission, office, establishment, or instrumentality is authorized and directed, to the extent permitted by law, to furnish such information, suggestions, estimates, and statistics directly to the Commission, upon request made by the Chairman.

(2) For the purpose of securing necessary data and information the Commission may enter into contracts with universities, research institutions, foundations, and other competent public or private agencies.

(e) AGENCY COOPERATION.—(1) The heads of all Federal agencies are, to the extent not prohibited by law, directed to cooperate with the Commission in carrying out this title.

(2) The Commission is authorized to utilize, with their consent, the services, personnel, information, and facilities of other Federal, State, local and private agencies with or without reimbursement.

(f) GIFTS.—The Commission is authorized to accept in the name of the United States, grants, gifts, or bequests of money for immediate disbursement in furtherance of the functions of the Commission. Such grants, gifts, or bequests, after acceptance by the Commission shall be paid by the donor or the representative of the donor to the Treasurer of the United States whose receipts shall be their acquittance. The Treasurer of the United States shall enter the gifts in a special account to the credit of the Commission for the purposes in each case specified.

COMPENSATION OF MEMBERS

SEC. 304. (a) UNITED STATES OFFICER AND EMPLOYEE MEMBERS.—Members of the Commission who are officers or full-time employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States; but they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

(b) PUBLIC MEMBERS.—Members of the Commission who are not officers or full-time employees of the United States shall receive compensation at a rate equal to the daily equivalent of the pay rate specified for GS-18 of the General Schedule under section 5332 of title 5, United States Code, for each day (including traveltime) during which such members are engaged in the actual performance of duties vested in the Commission. In addition, such members may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

TITLE IV—GENERAL PROVISIONS

DEFINITIONS

SEC. 401. As used in this Act—

(1) The term "Board of Directors" means (unless the context requires otherwise) the Board of Directors of Gallaudet University established under section 103.

(2) The term "construction" includes construction and initial equipment of new buildings, and expansion, remodeling, and alteration of existing buildings and equipment thereof, including architect's services, but excluding off-site improvements.

(3) The term "elementary school" means a school which provides education for deaf children from the age of onset of deafness to age fifteen, inclusive, but not beyond the eighth grade or its equivalent.

(4) The term "Institute" means the National Technical Institute of the Deaf.

(5) The term "institution of higher education" means an educational institution in any State or in the District of Columbia which (A) admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such a certificate, (B) is legally authorized within such State (or in the District of Columbia) to provide a program of education beyond secondary education, (C) provides an educational program for which it awards a bachelor's degree, (D) includes one or more professional or graduate schools, (E) is a public or nonprofit private institution, and (F) is accredited by a nationally recognized accrediting agency or association. For the purpose of this clause, the Secretary shall publish a list of nationally recognized accrediting agencies or associations which the Secretary determines to be reliable authority as to the quality of training offered.

(6) The term "secondary school" means a school which provides education in grades nine through twelve, inclusive.

(7) The term "Secretary" means the Secretary of Education.

GIFTS

SEC. 402. (a) GALLAUDET UNIVERSITY.—Gallaudet University is authorized to receive by gift, devise, bequest, purchase, or otherwise, property, both real and personal, for the use of said Gallaudet University, or for the use of any of its departments or other units as may be designated in the conveyance or will, and to hold, invest, use, or dispose of such property for the purpose stated in the conveyance or will.

(b) NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.—The National Technical Institute for the Deaf is authorized to receive by gift, devise, bequest, purchase, or otherwise, property, both real and personal, for the use of said Institute, or for the use of any of its programs as may be designated in the conveyance or will, and to hold, invest, use, or dispose of such property for the purpose stated in the conveyance or will.

AUDIT

SEC. 403. (a) GENERAL ACCOUNTING OFFICE AUTHORITY.—All financial transactions and accounts of the corporation or institution of higher education, as the case may be, in connection with the expenditure of any moneys appropriated by any law of the United States—

(1) for the benefit of Gallaudet University or for the construction of facilities for its use; or

(2) for the benefit of the National Technical Institute for the Deaf or for the construction of facilities for its use,

shall be settled and adjusted in the General Accounting Office.

(b) INDEPENDENT AUDIT.—Gallaudet University and the institution of higher education operating the National Technical Institute for the Deaf shall have an independent audit made of the programs and activities of

the University and of the Institute, as the case may be.

REPORTS

SEC. 404. (a) GALLAUDET UNIVERSITY.—The Board of Directors of Gallaudet University shall annually prepare and submit a report to the Secretary as soon as practicable after the first day of July of each year the condition of the corporation, including—

(1) the number of students of each description received and discharged during the preceding school year and the number remaining;

(2) the branches and type of training and education taught and progress made therein;

(3) a statement showing the receipts of said corporation and from what sources; and

(4) its expenditures and for what objects.

(b) NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.—The Board of Trustees or other governing body of the institution of higher education with which the Secretary has an agreement under section 202 shall prepare and transmit to the Secretary a report on the activities of the Institute, pursuant to the agreement under section 202(b)(3).

(c) MONITORING AND EVALUATION REPORT.—The Secretary, as part of the annual report required under section 426 of the Department of Education Organization Act, shall include a description of the monitoring and evaluation activities pursuant to section 405, together with such recommendations, including recommendations for legislation, as the Secretary deems necessary.

MONITORING AND EVALUATION ACTIVITIES

SEC. 405. The Secretary shall conduct monitoring and evaluation activities of the education programs and activities and the administrative operations of Gallaudet University and of the National Technical Institute for the Deaf. In carrying out the responsibilities described in this section, the Secretary is authorized to employ such consultants as may be necessary pursuant to the provisions of section 3109 of title 5, United States Code.

PROJECT OFFICER FOR EDUCATIONAL PROGRAMS FOR THE DEAF

SEC. 406. Not later than 30 days after the date of enactment of this Act, the Secretary shall appoint a project officer in the Office of Special Education and Rehabilitation Services of the Department of Education from among individuals who have experience and expertise in the education of the deaf to have responsibility for programs authorized by this Act. The project officer shall report directly to the Secretary. The project officer shall—

(1) coordinate the activities of Gallaudet University, the National Technical Institute for the Deaf, and other postsecondary educational programs for the deaf under the Education of the Handicapped Act and the Rehabilitation Act of 1973 to insure the provision of quality education to deaf individuals and avoid unnecessary duplication;

(2) review and comment on plans and other materials submitted by Gallaudet University and the National Technical Institute of the Deaf relating to research and demonstration activities, outreach activities, dissemination of information activities, technical assistance, and development of instructional materials; and

(3) assist in the preparation of budget requests with respect to programs authorized by this Act.

OVERSIGHT AND EFFECT OF AGREEMENTS

SEC. 407. (a) OVERSIGHT ACTIVITIES.—Nothing in this Act shall be construed to diminish the oversight activities of the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives with respect to any agreement entered into between the Secretary of Education and Gallaudet University, and the institution of higher education with which the Secretary has an agreement under title II.

(b) CONSTRUCTION OF AGREEMENTS.—The agreements described in subsection (a) of this section shall continue in effect, insofar as such agreements are not inconsistent with the provisions of this Act.

AUTHORIZATION OF APPROPRIATIONS

SEC. 408. (a) GALLAUDET UNIVERSITY.—There are authorized to be appropriated—

(1) $65,300,000 for the fiscal year 1987;

(2) $69,000,000 for the fiscal year 1988;

(3) $73,100,000 for the fiscal year 1989;

(4) $77,400,000 for the fiscal year 1990; and

(5) $82,000,000 for the fiscal year 1991,

to carry out the provisions of the Act, relating to—

(A) Gallaudet University,

(B) part B of title I, relating to Kendall Demonstration Elementary School, and

(C) part C of title I, relating to the model secondary school for the deaf.

(b) NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.—There are authorized to be appropriated—

(1) $33,700,000 for the fiscal year 1987;

(2) $35,700,000 for the fiscal year 1988;

(3) $37,800,000 for the fiscal year 1989;

(4) $40,000,000 for the fiscal year 1990; and

(5) $42,400,000 for the fiscal year 1991,

as may be necessary for each succeeding fiscal year ending prior to October 1, 1991 to carry out the provisions of title II, relating to the National Institute for the Deaf.

(c) COMMISSION ON EDUCATION FOR THE DEAF.—There are authorized to be appropriated such sums as may be necessary, but not more than $1,000,000 to carry out the provisions of title III, relating to the Commission on Education of the Deaf. Sums appropriated pursuant to this subsection shall remain available until expended or until the termination of the Commission, whichever first occurs.

REPEALS

SEC. 409. (a) GALLAUDET COLLEGE.—The Act entitled "To amend the charter of the Columbia Institution for the Deaf, change its name, define its corporate powers, and provide for its organization and administration, and for other purposes", approved June 18, 1954 (other than section 9) is repealed.

(b) KENDALL DEMONSTRATION ELEMENTARY SCHOOL.—The Act entitled "To modify and enlarge the authority of Gallaudet College to maintain and operate the Kendall School as a demonstration elementary school for the deaf to serve primarily the National Capital region, and for other purposes", approved December 24, 1970, is repealed.

(c) MODEL SECONDARY SCHOOL FOR THE DEAF.—The Model Secondary School for the Deaf Act is repealed.

(d) NATIONAL TECHNICAL INSTITUTE FOR THE DEAF.—The National Technical Institute for the Deaf Act is repealed.

By Mr. ARMSTRONG:

S. 1875. A bill to designate the Closed Basin Conveyance Channel of the Closed Basin Division, San Luis Valley project, Colorado, as the "Franklin Eddy Canal"; to the Committee on Energy and Natural Resources.

FRANKLIN EDDY CANAL

● Mr. ARMSTRONG. Mr. President, today I am introducing a bill which would name the Closed Basin Conveyance Channel of the San Luis Valley project, located in Colorado, the "Franklin Eddy Canal." This bill is identical to H.R. 3443, introduced in the House by my colleague, Congressman MIKE STRANG, on September 26, 1985, and which passed the House by unanimous consent October 9, 1985.

The San Luis closed basin project was authorized by Public Law 92-514, October 20, 1972, and amended by Public Law 98-570, October 30, 1984. It is located in south-central Colorado in Saguache and Alamosa Counties. The purpose of the project is to help salvage, regulate, and deliver to the Rio Grande River, water that is not now being beneficially consumed within the closed basin. However, its major intent is to deliver water to the Rio Grande to help Colorado meet its commitments for water deliveries to New Mexico and Texas under the Rio Grande Compact of 1939 and to assist the United States in meeting its commitments to Mexico under the Rio Grande Convention of 1906. The project will also provide water to the Alamosa National Wildlife Refuge and establish the Russell Lakes National Wildlife Management Area.

The late Franklin Eddy was the main force in developing the concept and securing authorization and funding for the closed basin project. He was involved in the original formation of the Rio Grande Water Conservation District in 1967, the primary organization sponsoring the project. He served on its board of directors and later as its manager, until his death in May 1980. As the board of directors of the Rio Grande Water Conservation District put it in a resolution dated April 16, 1985:

Franklin Eddy was a major force in water resource development in the San Luis Valley for over thirty years; and * * * Mr. Eddy worked tirelessly to secure the authorization for and construction of the Closed Basin Project * * *.

The loss of Franklin Eddy has been strongly felt by his many friends and admirers. It is my honor to introduce this legislation in commemoration of an outstanding citizen and his contributions to the residents of the San Luis Valley.

Mr. President, I ask for unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1875

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. DESIGNATION OF CLOSED BASIN CONVEYANCE CHANNEL AS THE "FRANKLIN EDDY CANAL."

The Closed Basin Conveyance Channel of the Closed Basin Division, San Luis Valley Project, Colorado, constructed, operated, and maintained under Public Law 92-514, as amended, hereafter shall be known and designated as the "Franklin Eddy Canal."

SEC. 2. REFERENCES TO CHANNEL.

Any reference in any law, regulation, document, record, map or other paper of the United States to the channel referred to in Section 1 is hereby deemed to be a reference to the "Franklin Eddy Canal."●

By Mr. HATCH (for himself, Mr. GRAMM, Mr. LAXALT, Mr. GOLDWATER, Mr. HECHT, Mr. WALLOP, Mr. DENTON, Mr. QUAYLE, Mr. EAST, and Mr. HELMS):

S. 1876. A bill to improve the educational achievement of educationally deprived children by expanding opportunities for their parents to choose schools that best meet their needs, to foster diversity and competition among school programs for educationally deprived children, to increase private sector involvement in providing educational programs for educationally deprived children, and for other purposes; to the Committee on Labor and Human Resources.

EQUITY AND CHOICE ACT OF 1985

Mr. HATCH. Mr. President, I applaud Secretary Bennett's presentation of TEACH, an optional voucher program available to the parents of economically and educationally disadvantaged children. I am proud to be the original sponsor of the Equity and Choice Act of 1985. As chairman of the Senate Labor and Human Resources Committee, to which "TEACH" will be referred, I guarantee that this innovative and sensible approach will have high priority for serious consideration by the U.S. Senate.

Parents who choose to receive a voucher under our proposal will be able "to buy" the remedial education and services which they believe are most appropriately suited to their own child's individual educational needs. They will be able to choose among a variety of services offered by public and private schools, within and outside their child's usual school attendance district. Offering these parents and children—55 percent of whom are from minority families—a wider choice in the kind of education their own children are to receive is good policy.

In passing, I would like to address quickly several complaints which have already been voiced against this voucher plan by some of the antichoice lobby. For instance, these lobbyists argue that a voucher plan will "gut" the chapter 1 remedial services program when exactly the same amount of funding—not one penny less—will be spent on the revised program. They also argue that an optional voucher plan will undermine the public schools. It can't. The traditional chapter 1 services will continue to exist under TEACH and, if the remedial services offered by one or more public schools are recognized as superior by parents, it is entirely possible that enrollment at these public schools will increase. Surely the largest majority of our public schools and the teachers in them believe sufficiently in the quality of education they now offer that they will be glad to face the small element of competition and choice "TEACH" introduces.

Another charge should be laid to rest right now. There is no way that an optional voucher plan for remedial education and services will promote racial and economic segregation. Precisely the opposite is true. By law, the vouchers cannot be used at schools which discriminate on the basis of race. In fact, vouchers are likely to be used by parents to buy educational services from schools in neighborhoods or districts where they might presently be unable to afford a home. If anything, not only will this voucher proposal promote improvement and excellence in remedial education, it will also promote social justice by equalizing the educational opportunities of our neediest students.

Again, I commend Secretary Bennett for the time and effort spent in formulating The Equity and Choice Act of 1985. It is a proposal with exemplary goals. It is a proposal which can have significant educational benefits for the students who are most in need of extra help. I shall do all that I can to make this proposal a reality, to enact it into law, and I am delighted to have been asked to assist in this effort.

● Mr. DENTON. Mr. President, I am pleased to be an original cosponsor of TEACH, the Equity and Choice Act of 1985. The bill is the administration's voucher bill, which will allow the parents of poor and disadvantaged children to have the same opportunities that wealthier people have to choose the schooling that they want for their children.

I introduced the administration's original voucher bill in 1983, when I was a member of the Senate Committee on Labor and Human Resources. My firm support for vouchers continues but, since I am no longer a member of the committee, I am pleased to lend my support to Senator HATCH, the chairman of the committee, who is introducing the administration's voucher bill this year. I will look forward to working with him in the Senate to generate support for the legislation, which will offer choice to the disadvantaged students who are most in need of quality education.

Under the bill, parents will have the option to continue sending their children to their local public school, or to send them to another public school either in or out of their district, or to choose a private school. Parents of disadvantaged children will now be allowed to select the education most appropriate for their children. The bill should foster diversity and stimulate competition among schools, improving the overall educational opportunities for everyone.

The voucher concept is not new to Federal education, but has been used successfully for many years in other programs. In fact, we place great emphasis on choice and options through our student financial aid programs for higher education. We not only permit but encourage access to both public and private schools. Students and their parents choose the institutions best suited to the student's needs, and the Federal Government provided funding in the form of a Pell grant. The GI bill offers educational opportunities for veterans, and allows choice—the educational grant can be used to attend public or private schools. I believe that the parents of educationally disadvantaged students should have the same options as those offered by the Federal Government in its higher education programs.

The legislation offers fresh ideas on ways to improve our current compensatory education program by making it more responsive to the needs of the students it serves. Let us not forget that the real purpose of providing Federal funds for remedial education is allowing children to learn. We should be supporting the best kinds of programs possible in order to allow the best opportunities for students. The legislation seeks to encourage competition and provide new options for students and parents, thus enhancing the diversity, and therefore the quality, of American education. I hope that the Senate will give the educational vouchers proposal the careful study and consideration it deserves.●

● Mr. QUAYLE. Mr. President, I join with Senator HATCH and my other colleagues in the introduction of the Equity and Choice Act of 1985 [TEACH]. This bill would allow parents of students participating in the Federal compensatory education programs to request an educational voucher to obtain comparable educational services at the school of their choice. This bill gives parents the freedom to choose the school that best suits the needs of their children and will encourage and strengthen parental involvement in education.

According to a 1985 Gallup poll, 59 percent of blacks and 53 percent of those living in central cities support an educational voucher. These are the individuals who have been most limited in their selection of schools for their children. These parents will now have the ability to send their children to the public school of their choice or to a private school, which most have

not been able to afford. Wealthier families have always been able to select their public schools by the neighborhood they choose to live in. TEACH will help to equalize this imbalance.

TEACH will also help provide compensatory educational services to students attending private schools without the threat that the provision of those services is in violation of the U.S. Constitution. A voucher is financial aid that goes to parents and individuals, it is not aid that goes to a school; therefore, the issue of separation of church and state is totally avoided.

While I support the administration and Secretary Bennett for their desire to increase parental choice and involvement in education, and for giving low-income families an opportunity to obtain the best education for their children, I am concerned about the administrative burden this proposal will place on schools. A voucher program will entail a great deal of tracking of students, much more so than currently exists. Also, it is my understanding that schools would be required to provide transportation for students attending other public schools, and this cost would be charged against their administrative expenses. If administrative costs increase, it is possible that the money available for services will decrease. With any changes to the chapter I program, I want to ensure that the money for direct services to the students does not decrease as a result of increased administrative burden on the schools.

Mr. President, I am supporting this educational voucher bill because I believe that it deserves serious consideration. I support the concept of increased parental choice, greater competition among schools, and allowing chapter I money to be used for services at private schools without the entanglement of church and state. I am hopeful that we can use this proposal as a starting point in achieving these three goals.●

● Mr. EAST. Mr. President, we are all painfully aware of the crisis in American education. Now, rather than merely lamenting that fact, we are in a position to do something about it. Secretary of Education William Bennett has proposed, and Senator ORRIN HATCH has introduced, the Equity and Choice Act of 1985, to be appropriately known by the acronym TEACH. This bill represents a significant step toward excellence in American education, and I am pleased to join in cosponsoring it.

I will not attempt a section-by-section analysis of TEACH, but I would like to explain some of my reasons for cosponsoring it. First, TEACH will increase parental choice in the upbringing of their children. This surely is the most treasured privilege and honor of parenthood. There are those who imply that the parents of chapter I students, mostly of whom are poor and members of minority groups, are unfit to choose their children's education. I completely reject this condescending and elitist notion, and I hope that those who believe that such is the case will be honest enough to say so openly so that the matter may be debated.

Second, TEACH will increase competition among schools. Such competition is one of the sharpest spurs toward excellence. More competition will improve the quality of all schools involved with chapter I, and thus will help all of the children who attend those schools, regardless of whether they fall under chapter I and whether their parents decide to choose a new school.

I also understand that opponents of TEACH argue that the amount of money involved under the new voucher system will be too small to allow many parents to take advantage of it, and that it will force a disastrous diversion of funds away from public schools. I will answer both objections.

It may be true that a small number of parents will be unable to take advantage of TEACH, but the program will make all of the difference in the world for countless other parents. Thus, I believe that it is better to help some parents rather than none. Also, as I have already observed, the stimulus of competition will be beneficial for all.

To object to TEACH because it will divert funds away from public schools is wrong on at least two counts. First, this argument focuses on schools as institutions rather than on students. It is children's need for education that is the end, while schools are the means to that end. In short, the good schools is necessarily subordinate to the good of the schoolchildren.

Second, schools receive funds because educating children creates expenses. If a given child leaves a school, then the school's expenses should fall by a certain amount. Hence, the school needs less funds. If a chapter I student transfers as a result of using a TEACH voucher, then the chapter I funds follow the child, but the per pupil chapter I funding for the original school will remain unchanged.

In conclusion, Mr. President, I would like to point out that what counts is that chapter I funds should go to schools that convince parents that they can do the best job. In other words, the funds should go to the most deserving schools.●

ADDITIONAL COSPONSORS

S. 992

At the request of Mr. COHEN, the name of the Senator from Michigan [Mr. LEVIN] was added as a cosponsor of S. 992, a bill to discontinue or amend certain requirements for Agency reports to Congress.

S. 1073

At the request of Mr. ROCKEFELLER, the name of the Senator from Washington [Mr. GORTON] was added as a cosponsor of S. 1073, a bill to amend the Stevenson-Wydler Technology Innovation Act of 1980 for the purpose of improving the availability of Japanese science and engineering literature in the United States, and for other purposes.

S. 1134

At the request of Mr. COHEN, the name of the Senator from Tennessee [Mr. GORE] was added as a cosponsor of S. 1134, a bill to amend title 5, United States Code, to provide administration civil penalties for false claims and statements made to the United States by certain recipients of property, services, or money from the United States, by parties to contracts with the United States, or by Federal employees, and for other purposes.

S. 1250

At the request of Mr. HEINZ, the name of the Senator from South Carolina [Mr. THURMOND], and the name of the Senator from Massachusetts [Mr. KERRY] were added as cosponsors of S. 1250, a bill to amend the Internal Revenue Code of 1954 to extend the targeted jobs tax credit for 5 years, and for other purposes.

S. 1480

At the request of Mr. WILSON, the name of the Senator from New York [Mr. MOYNIHAN] was added as a cosponsor of S. 1480, a bill to permit placement of a privately funded statue of Haym Salomon in the Capitol Building or on the Capitol Grounds and to erect a privately funded monument to Haym Salomon on Federal land in the District of Columbia.

S. 1615

At the request of Mr. KENNEDY, the name of the Senator from Michigan [Mr. RIEGLE] was added as a cosponsor of S. 1615, a bill to amend the Public Health Service Act to permit continuation of health benefits coverage for certain uninsured individuals, to provide incentives for the establishment of statewide insurance pools, to prohibit hospitals from refusing to examine or provide appropriate treatment to stabilize patients in medical emergencies, and for other purposes.

S. 1616

At the request of Mr. CRANSTON, the name of the Senator from Massachusetts [Mr. KERRY] was added as a cosponsor of S. 1616, a bill to require the Administrator of Veterans' Affairs to provide for the conduct of an epidemiological study of the gender-specific effect of exposure to the herbicide known as agent orange on women veterans of service in the Republic of Vietnam.

S. 1707

At the request of Mr. SIMON, the name of the Senator from Minnesota [Mr. BOSCHWITZ] was added as a cosponsor of S. 1707, a bill to authorize the President to present a gold medal to the parents of Father Jerzy Popieluszko.

S. 1756

At the request of Mr. SIMON, the names of the Senator from Ohio [Mr. METZENBAUM], and the Senator from Alaska [Mr. STEVENS] were added as cosponsors of S. 1756, a bill to authorize the President to present to Sargent Shriver, on behalf of the Congress, a specially struck medal.

S. 1774

At the request of Mr. GRASSLEY, the name of the Senator from Minnesota [Mr. BOSCHWITZ] was added as a cosponsor of S. 1774, a bill to amend section 1951 of title 18 of the United States Code, and for other purposes.

S. 1806

At the request of Mr. BOREN, the name of the Senator from New Mexico [Mr. BINGAMAN] was added as a cosponsor of S. 1806, a bill to amend the Federal Election Campaign Act of 1971 to change certain contribution limits for congressional elections and to amend the Communications Act of 1934 regarding the broadcasting of certain material regarding candidates for Federal elective office, and for other purposes.

S. 1849

At the request of Mr. MELCHER, the name of the Senator from Hawaii [Mr. INOUYE] was added as a cosponsor of S. 1849, a bill to protect consumers and franchised automobile dealers from unfair price discrimination in the sale by the manufacturer of new motor vehicles, and for other purposes.

SENATE JOINT RESOLUTION 232

At the request of Mr. SIMON, the name of the Senator from Hawaii [Mr. MATSUNAGA] was added as a cosponsor of Senate Joint Resolution 232, a joint resolution to designate October 6, 1986, through October 10, 1986, as "National Social Studies Week."

SENATE JOINT RESOLUTION 236

At the request of Mr. GORTON, the names of the Senator from Minnesota [Mr. BOSCHWITZ], the Senator from North Dakota [Mr. BURDICK], the Senator from Minnesota [Mr. DURENBERGER], the Senator from North Carolina [Mr. EAST], the Senator from Washington [Mr. EVANS], the Senator from Tennessee [Mr. GORE], the Senator from Pennsylvania [Mr. HEINZ], the Senator from Louisiana [Mr. JOHNSTON], the Senator from Georgia [Mr. NUNN], the Senator from Virginia [Mr. WARNER], and the Senator from Nebraska [Mr. ZORINSKY] were added as cosponsors of Senate Joint Resolution 236, a joint resolution to authorize and request the President to issue a proclamation designating April 20 through April 26, 1986, as "National Organ and Tissue Donor Awareness Week."

SENATE CONCURRENT RESOLUTION 58

At the request of Mr. PROXMIRE, the names of the Senator from Maryland [Mr. SARBANES], the Senator from West Virginia [Mr. BYRD], the Senator from Arizona [Mr. DECONCINI], the Senator from West Virginia [Mr. ROCKEFELLER], the Senator from South Dakota [Mr. PRESSLER], the Senator from Massachusetts [Mr. KERRY], and the Senator from Michigan [Mr. RIEGLE] were added as cosponsors of Senate Concurrent Resolution 58, a concurrent resolution expressing the sense of the Congress that Medicare patients are entitled to accurate and timely information regarding their Medicare benefits.

SENATE CONCURRENT RESOLUTION 72

At the request of Mr. SIMON, the names of the Senator from Minnesota [Mr. BOSCHWITZ], and the Senator from Rhode Island [Mr. PELL] were added as cosponsors of Senate Concurrent Resolution 72, a concurrent resolution expressing the sense of Congress concerning human rights in Poland.

SENATE CONCURRENT RESOLUTION 78

At the request of Mr. BRADLEY, the names of the Senator from New Mexico [Mr. BINGAMAN], the Senator from Kentucky [Mr. FORD], and the Senator from Connecticut [Mr. DODD] were added as cosponsors of Senate Concurrent Resolution 78, a concurrent resolution in support of universal access to immunization by 1990 and accelerated efforts to eradicate childhood diseases.

SENATE CONCURRENT RESOLUTION 81

At the request of Mr. SIMON, the names of the Senator from Hawaii [Mr. MATSUNAGA], and the Senator from Michigan [Mr. RIEGLE] were added as cosponsors of Senate Concurrent Resolution 81, a concurrent resolution requesting the President to begin talks with the Government of the Soviet Union to establish a United States-Soviet Union student exchange for peace program.

AMENDMENT NO. 1080

At the request of Mr. THURMOND, the names of the Senator from Alabama [Mr. HEFLIN], the Senator from South Carolina [Mr. HOLLINGS], the Senator from Virginia [Mr. WARNER], the Senator from Louisiana [Mr. LONG], the Senator from Virginia [Mr. TRIBLE], the Senator from Alabama [Mr. DENTON], and the Senator from North Carolina [Mr. HELMS] were added as cosponsors of amendment No. 1080 proposed to S. 1714, an original bill to expand export markets for U.S. agricultural commodities, provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes.

SENATE CONCURRENT RESOLUTION 89—EMERGENCY HUMANITARIAN ASSISTANCE TO COLOMBIA

Mr. LUGAR (for himself, Mr. PELL, Mr. GRAMM, Mr. BOREN, Mr. HELMS, Mr. DOLE, and Mr. BYRD) submitted the following concurrent resolution; which was considered and agreed to:

S. CON. RES. 89

Whereas volcanic eruptions, floods and mudslides have destroyed the Colombian town of Armero and adjoining communities;

Whereas these disasters have resulted in massive loss of life, enormous human suffering and extensive property damage;

Whereas this tragedy comes in the immediate wake of another heavy toll imposed by the terrorist takeover of the Colombian Ministry of Justice;

Whereas the people of the United States share long-standing bonds of friendship with the people and democratic government of Colombia: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that the Government of the United States should express its condolences to the Government of Colombia and make available to the Government and People of Colombia—on an emergency basis—such humanitarian assistance and relief as may be required to help deal with this tragedy.

SENATE CONCURRENT RESOLUTION 90—RELATING TO INTERNATIONAL SEAPORT SECURITY

Mr. LAUTENBERG (for himself and Mrs. KASSEBAUM) submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 90

Whereas the Congress condemns and deplores the recent hijacking of the Italian passenger vessel, Achille Lauro, and the subsequent murder of American citizen Leon Klinghoffer by international terrorists;

Whereas these terrorists were able to smuggle weapons onboard the Achille Lauro while it was docked at one of its ports of call;

Whereas this lack of seaport security and security aboard the Achille Lauro contributed substantially to the circumstances which enabled the four hijackers to seize control of the Achille Lauro;

Whereas there could be substantially stronger seaport and passenger vessel security around the world, and such security would help prevent the possibility of future passenger vessel hijackings or terrorist activities at seaports; and

Whereas there is a great need for the United States to call upon its allies and the passenger vessel and seaport industries to join in combating international terrorism at seaports and on ocean-going vessels; and

Whereas the International Maritime Organization (IMO) has made commendable efforts to address the issue of standards for the improvement of international seaport and passenger vessel security, although

such standards are not binding: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the President is urged to convene a conference for the purpose of developing an International Seaport Security Agreement among the United States, its allies, other interested nations, and the private sector, which would be binding on all signatory nations. Such agreement would establish seaport and passenger vessel security standards and could include—

(1) seaport screening of cargo and baggage similar to that done by airports;

(2) security measures to restrict access to cargo, vessels, and dockside property to authorized personnel only;

(3) additional security onboard passenger vessels;

(4) international criminal sanctions against terrorists who seize, or attempt to seize, passenger vessels; and

(5) licensing or certification of compliance with appropriate security standards.

● Mr. LAUTENBERG. Mr. President, today Senator KASSEBAUM and I are submitting a concurrent resolution which calls on the President to convene a conference to develop a binding international seaport security agreement on seaport and cruise ship security with our allies, other interested nations, and the private sector. The same concurrent resolution is being submitted in the House of Representatives by Congresswoman BARBARA MIKULSKI and Congressman TED WEISS.

One and one-half million Americans will travel on cruise ships this year, armed only with American passports. As passengers on the *Achille Lauro* learned, that is not enough. The *Achille Lauro* hijacking dramatized how vulnerable cruise passengers can be to the ruthless tactics of terrorists. Nothing stopped the terrorists from smuggling weapons aboard the *Achille Lauro* while it was docked at one of its ports of call. No security measures prevented those terrorists from turning hundreds of dream vacations into nightmares. As Viola and Seymour Meskin, constituents of mine from New Jersey and passengers on the ill-fated *Achille Lauro,* testified before the House Merchant Marine Subcommittee, no one checked their bags or their person at any time before or during the cruise. The *Achille Lauro* was a floating invitation to terror. And there are more ships like it.

Before the *Achille Lauro* provides deadly inspiration to other terrorists, security aboard cruise ships must be improved. One life is too many to lose to terrorists.

Fortunately, until now, shipboard terrorism has not been as common as that directed at airlines. But cruise and cargo ships are large, slow moving means of transportation. They are ideal targets for major acts of terrorism and war. Others are undoubtedly watching to see if security improves in the wake of the *Achille Lauro.* It is in the interest of passengers, shipowners, and nations to make ships as secure as possible.

Currently, no Federal or international laws require that security measures be taken to protect ports, vessels, passengers, or crew from incidents of terrorism. Though many cruise ships and ports take such measures voluntarily, many do not. A cruise ship passenger simply cannot rely on the fact that the particular ship he or she boards will be safe.

Passing U.S. laws requiring stricter security on ships, while desirable, is not the ultimate solution. The cruise ship industry in the United States consists of only two ships, with a third coming into operation within months. Most cruise ships are foreign-flag and foreign operated. Real improvements in cruise ship security will come only the adoption of binding international safety standards. We need cooperation on an international scale. And such cooperation has already begun.

The International Maritime Organization [IMO], a U.N. agency whose charter directs it to aid cooperation among governments on matters affecting shipping, completes a meeting of its Assembly in London this week. At this meeting, the United States, along with seven other countries, introduced a resolution to direct IMO's maritime safety committee to draft international safety standards for shipboard security. If such standards are drafted by the maritime safety committee, which meets in Washington this January, they will undoubtedly provide an excellent basis for reaching a workable international agreement on seaport security.

However, since the IMO's functions are consultative and advisory, and it does not have the power to draft binding international agreements, an international conference to follow up on its recommendations is essential. Congresswoman MIKULSKI and I have already written to the head of the U.S. delegation to the IMO, Admiral Gracey of the Coast Guard, commending him on the introduction of the resolution, and asking for a full report on the IMO meeting when the delegation returns.

An international seaport security agreement, as envisioned by the concurrent resolution, will increase safety for the traveling public by requiring that countries adopt and observe agreed upon international standards to prevent terrorists from gaining a foothold on cruise and passenger ships. Measures that could be adopted to increase security range from instituting seaport screening of cargo and baggage to requiring additional security on board cruise ships. Other measures could include enacting international criminal sanctions against terrorists who seize or attempt to seize ships.

Cruise passengers, seeking relief from the wear and tear of ordinary international travel in the leisurely pace of a cruise ship would gladly endure some inconvenience in return for peace of mind on their cruise. As Viola and Seymour Meskin testified from firsthand experience, whatever it takes to ensure that cruise passengers are safe would be a great improvement over being hijacked.

Mr. President, the best tribute to the bravery of the *Achille Lauro* hostages, and to the life of Leon Klinghoffer, is to take strict precautions to assure that their experiences are not repeated. While the United States cannot act alone, we can lead the way. I urge my colleagues to adopt this concurrent resolution, and call for the convening of a conference on international seaport security as soon as possible.●

SENATE CONCURRENT RESOLUTION 91—ORIGINAL RESOLUTION REPORTED REQUIRING PUBLICATION OF COSTS INCURRED FOR PROCESSING OF MASS MAIL

Mr. MATHIAS, from the Committee on Rules and Administration, reported the following original resolution; which was placed on the calendar:

S. CON. RES. 91

Resolved by the Senate (the House of Representatives concurring), That, two weeks after the close of each calendar quarter, or as soon as practicable thereafter, the chairman of the Senate Committee on Rules and Administration shall cause to be published in the Congressional Record a tabulation of the costs of mass-mail processed for individual Senators, committees of the Senate, and other offices of the Senate. Such tabulations shall set forth for each Senator, committee, or other offices: (1) the name of the Senator, committee, or other office, (2) the total number of pieces mailed during the quarter, (3) the total postage and other costs associated with such mail for the quarter, and (4) with respect to Senators, the cost per capita, based on the total population of each Senator's State as set forth in the lastest estimates of the Bureau of the Census. Information shall be arranged in three groups: Senators, committees, and other offices, and in in alphabetical order by name of Senator, committee, or other office within such groupings.

SEC. 2. Two weeks after the close of each calendar quarter, or as soon as practicable thereafter, the chairman of the House Committee on House Administration shall cause to be published in the Congressional Record a tabulation of the costs of mass-mail processed for individual Representatives, committees of the House, and other Representatives, committee, or other office: (1) the name of the Representative, committee, or other office, (2) the total number of pieces mailed during the quarter, (3) the total postage and other costs associated with such mail for the quarter, and (4) with respect to Representatives, the cost per capita, based on the total population of each Representative's district as set forth in the latest estimates of the Bureau of the Census. Information shall be arranged in three groups:

Representatives, committees, and other offices, and in alphabetical order by name of Representative, committee, or other office within such groupings.

SEC. 3. The mass-mail costs required to be published by sections 1 and 2 shall include the costs of postage, paper, and other operating costs incurred as a result of mass-mailings processed for such Senators, Representatives, committees, or other offices. Other operating costs, as used in the preceding sentence, shall include direct labor and managerial overhead, supplies and materials, and the prorated value of equipment. It shall not include the costs of space, power, heating, ventilation, and air conditioning with respect to mass-mailings processed by employees of the Senate or the House of Representatives in public buildings. Costs for space, power, heating, ventilation, and air conditioning included in costs for processing purchased from commercial sources may but need not be excluded. Costs associated with the writing and editing of the material printed in such mass-mailings shall not be included. The Senate Committee on Rules and Administration and the House Committee on House Administration shall prescribe regulations pertaining to the compilation of such costs by the appropriate organizations within their respective Houses.

AMENDMENTS SUBMITTED

AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT OF 1985

SYMMS AMENDMENT NO. 1082

Mr. SYMMS proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill (S. 1714) to expand export markets for U.S. agricultural commodities, provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes; as follows:

At the end of the pending amendment add:

On page 459, between lines 18 and 19, insert the following new section:

CONTROL OF AGRICULTURAL LOSSES CAUSED BY DEPREDATING ANIMALS

SEC. 1927. The authority of the Secretary of Agriculture under the Act of March 2, 1931 (46 Stat. 1468, chapter 370; 7 U.S.C. 426) shall not be limited by Reorganization Plan No. II of 1939, nor by any other executive action taken pursuant to the Reauthorization Act of 1939 (or any successor statute to such Act).

On page 8, in the table of contents, insert after the item relating to section 1926 the following new item:

Sec. 1927. Control of agricultural losses caused by depredating animals.

BYRD AMENDMENT NO. 1083

Mr. BYRD proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following:

On page 298, between lines 7 and 8, insert a new section as follows:

"COST-REIMBURSABLE AGREEMENTS

"SEC. . Notwithstanding any other provision of law, the Secretary of Agriculture may enter into cost-reimbursable agreements with State cooperative institutions, as defined in section 1404(16) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(16)), without regard to any requirement for competition, for the acquisition of goods or services, including personal services, to carry out agricultural research, extension, or teaching activities of mutual interest. Reimbursable costs under such agreements shall include the actual direct costs of performance, as mutually agreed on by the parties, and the indirect costs of performance, not exceeding ten percent of the direct cost.".

THURMOND (AND OTHERS) AMENDMENT NO. 1084

Mr. THURMOND (for himself, Mr. HEFLIN, Mr. HOLLINGS, Mr. WARNER, Mr. LONG, Mr. TRIBLE, Mr. DENTON, and Mr. HELMS) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following:

On page 383, line 25, insert "such order has been approved by a majority of persons voting in the referendum required under section 1811(a)(1)(A) and" after "if".

Beginning on page 401, strike out line 22 and all that follows through line 2 on page 402 and insert in lieu thereof the following:

SEC. 1811. (a)(1)(A) For the purpose of determining whether an order shall be issued, the Secretary shall conduct a referendum among persons who have been producers or importers during a representative period, as determined by the Secretary.

(B) For the purpose of determining whether an order shall be continued, during the period beginning not earlier than 1 year after the issuance of the order and ending not later than 2 years after the issuance of the order, the Secretary shall conduct a referendum among persons who have been producers or importers during a representative period, as determined by the Secretary.

On page 402, line 3, insert "issued or" after "be".

DENTON AMENDMENT NO. 1085

Mr. DENTON proposed an amendment, which was subsequently modified, to amendment No. 939 as amended and proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, insert:

On page 256, strike out lines 1 through 10.

STAFFORD (AND OTHERS) AMENDMENT NO. 1086

Mr. STAFFORD (for himself, Mr. KENNEDY, Mr. HEINZ, Mr. GLENN, Mr. DANFORTH, Mr. LEAHY, Mr. D'AMATO, Mr. EAGLETON, Mr. BURDICK, Mr. COHEN, Mr. HATFIELD, Mr. MOYNIHAN, Mr. HART, Mr. ANDREWS, Mr. LAUTENBERG, Mr. RIEGLE, Mrs. HAWKINS, Mr. PELL, and Mr. HARKIN) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment add the following:

On page 278, after line 26, insert the following new section:

ENERGY ASSISTANCE PAYMENTS

SEC. . (a) Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2614(e)) (as amended by section 1410) is amended—

(1) by striking out ", excluding expenses of the household paid (directly or indirectly) under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.)," after "for shelter" each place it appears in clause (2) of the fourth sentence and subclause (C) of the last sentence; and

(2) by striking out the sixth and seventh sentences and inserting in lieu thereof the following new sentence: "If a State agency elects to use a standard utility allowance, the agency shall use a combined allowance for all households.".

(b) The amendments made by subsection (a) shall become effective one day after the date of enactment of this Act.

MITCHELL (AND OTHERS) AMENDMENT NO. 1087

Mr. MITCHELL (for himself, Mr. HATFIELD, Mr. ANDREWS, Mr. HARKIN, and Mr. BURDICK) proposed an amendment, which was subsequently modified, to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the appropriate place in the pending amendment, insert the following:

On page 282, line 21, strike "January 1, 1986" and insert in lieu thereof "January 1, 1987".

SIMON AMENDMENTS NOS. 1088 AND 1089

Mr. SIMON proposed two amendments to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions to the bill S. 1714, supra; as follows:

AMENDMENT No. 1088

At the end of the pending amendment, add the following:

On page 69, between lines 20 and 21, insert the following new section:

STUDY OF MILK PRICE SUPPORT PAYMENT LIMITATION

SEC. . (a) The Secretary of Agriculture shall conduct a study of the feasibility and desirability of limiting the total amount of payments that a person shall be entitled to receive under an annual program established under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) for milk to $50,000.

(b) Not later than 1 year after the date of enactment of this Act, the Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the results of the study required under subsection (a), togeth-

er with any recommendations for appropriate legislation or regulations.

AMENDMENT No. 1089

At the end of the pending amendment, add the following:

On page 243, line 12, insert ", other than needs-based allowances and payments received under such program," after "Act".

GORTON (AND BRADLEY) AMENDMENT NO. 1090

(Ordered to lie on the table.)

Mr. GORTON (for himself and Mr. BRADLEY) submitted an amendment intended to be proposed by them to amendment No. 939, as amended, to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment add the following:

Beginning on page 210, strike out line 11 and all that follows through line 6 on page 212 and insert in lieu thereof the following new section:

SUGAR PRICE SUPPORT

SEC. 1001. Section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended—

(1) by striking out "honey, and milk" in the first sentence and inserting in lieu thereof "honey, milk, sugar beets, and sugarcane"; and

(2) by adding at the end thereof the following new subsection:

"(i)(1) The price of each of the annual crops of sugar beets and sugarcane shall be supported in accordance with this subsection.

"(2) The Secretary shall support the price of domestically grown sugarcane through nonrecourse loans at such level as the Secretary determines appropriate but not less than 18 cents per pound for raw cane sugar for the 1985 crop. In the case of each of the 1986 through 1988 crops, such level as the Secretary determines to be appropriate taking into consideration the total supply of sugar, total program costs, and such other factors as the Secretary determines to be appropriate, except that the established price for a crop determined under this clause may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(3) The Secretary shall support the price of domestically grown sugar beets through nonrecourse loans at such level as the Secretary determines necessary to reflect a fair and reasonable relationship between the level of price support for sugarcane and sugar beets.

"(4) The Secretary shall announce the loan rate to be applicable during any fiscal year as far in advance of the beginning of such fiscal year as is practicable consistent with the purposes of this subsection.

"(5) Loans under this subsection during any fiscal year shall be made available not earlier than the beginning of such fiscal year and shall mature before the end of such fiscal year.".

McCLURE AMENDMENTS NOS. 1091 THROUGH 1093

Mr. McCLURE proposed three amendments to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

AMENDMENT No. 1091

At the appropriate place on the pending amendment insert the following:

STATE AGENCY LIABILITY FOR ERRORS

SEC. 1437. (a) Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) (as amended by sections 1416(c) and 1438) is further amended—

(1) by striking out subsections (c) and (d) and redesignating subsections (e) through (i) as subsections (d) through (h), respectively; and

(2) by inserting after subsection (b) the following new subsection:

"(c)(1) As used in this subsection:

"(A) The term 'dollar value equivalent' means the value of allotments determined by multiplying the payment error rate for a fiscal year by the dollar value of all allotments issued during that fiscal year by a State agency.

"(B) The term 'payment error rate' means the percentage of all allotments issued in a fiscal year by a State agency that are—

"(i) issued to households that fail to meet the eligibility requirements established under section 5 or 6; and

"(ii) overissued to households which meet such requirements.

"(2) The Secretary shall institute an error rate reduction program under which each State agency shall, other than for good cause as determined by the Secretary, pay to the Secretary or have withheld by the Secretary as described in paragraph (4), the dollar value equivalent of any payment error rate of the State agency which is over 3 percent, as determined by the Secretary.

"(3) If the Secretary makes a claim against a State for payment under paragraph (2), the State may seek administrative and judicial review of such claim under the procedures set forth in section 14.

"(4) If a claim made against a State for payment under paragraph (2) is ultimately determined to be valid or is not contested by the State, the claim shall be collected by the Secretary through State payment, withholding amounts otherwise payable to the State agency under this Act, or other mechanisms authorized by subchapter II of chapter 37 of title 31, United States Code. Such a claim may be collected on a monthly, quarterly, semiannual, or annual basis, as determined by the Secretary.".

(b)(1) Section 6(d)(4)(N)(ii) of such Act (as added by section 1416(a)(3)) is further amended by striking out "section 16 (a), (c), and (h)" and inserting in lieu thereof "section 16 (a), (c), and (g)".

(2) Section 11 of such Act (7 U.S.C. 2020) is amended—

(A) by striking out "section 16(e)" in subsection (e)(3) and inserting in lieu thereof "sections 16(d)"; and

(B) by striking out "sections 16(a) and 16(c)" in the second sentence of subsection (g) and inserting in lieu thereof "section 16(a)".

(3) Section 18(e) of such Act (7 U.S.C. 2027(3)) is amended by striking out the second sentence.

(c)(1) Section 11 of such Act (7 U.S.C. 2020) (as amended by sections 1414(b) and 1428) is further amended by striking out subsection (h) and redesignating subsections (i) through (n) as subsections (h) through (m), respectively.

(2) Section 11(e)(2) of such Act (7 U.S.C. 2020(e)(2)) is amended by striking out "subsection (i)" and inserting in lieu thereof "subsection (h)".

(3) Section 11(i)(2) of such Act (as amended by section 1428(b) and paragraph (1)) is further amended by striking out "subsection (i)" each place it appears and inserting in lieu thereof "subsection (h)".

(4) Section 18(e) of such Act (7 U.S.C. 2027(e)) (as amended by subsection (b)(3)) is further amended by striking out "11 (g) and (h)" and inserting in lieu therof "11(g)".

AMENDMENT No. 1092

At the appropriate place in the pending amendment insert the following:

STANDARD DEDUCTIONS

SEC. . The first sentence of section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended by striking out "$85" and inserting in lieu thereof "$60".

AMENDMENT No. 1093

At the appropriate place in the pending amendment insert the following:

Beginning on page 274, strike out line 3 and all that follows through line 6 on page 276 and insert in lieu thereof the following new section:

STATE AGENCY LIABILITY FOR ERRORS

SEC. 1437. (a) Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) (as amended by sections 1416(c) and 1438) is further amended—

(1) by striking out subsections (c) and (d) and redesignating subsections (e) through (i) as subsections (d) through (h), respectively; and

(2) by inserting after subsection (b) the following new subsection:

"(c)(1) As used in this subsection:

"(A) The term 'dollar value equivalent' means the value of allotments determined by multiplying the payment error rate for a fiscal year by the dollar value of all allotments issued during that fiscal year by a State agency.

"(B) The term 'payment error rate' means the percentage of all allotments issued in a fiscal year by a State agency that are—

"(i) issued to households that fail to meet the eligibility requirements established under section 5 or 6; and

"(ii) overissued to households which meet such requirements.

"(2) The Secretary shall institute an error rate reduction program under which each State agency shall, other than for good cause as determined by the Secretary, pay to the Secretary or have withheld by the Secretary as described in paragraph (4), the dollar value equivalent of the any payment error rate of the State agency which is over 3 percent, as determined by the Secretary.

"(3) If the Secretary makes a claim against a State for payment under paragraph (2), the State may seek administrative and judicial review of such claim under the procedures set forth in section 14.

"(4) If a claim made against a State for payment under paragraph (2) is ultimately determined to be valid or is not contested by the State, the claim shall be collected by the Secretary through State payment, withholding amounts otherwise payable to the State agency under this Act, or other mechanisms authorized by subchapter II of chapter 37 of title 31, United States Code. Such a claim may be collected on a monthly, quarterly, semiannual, or annual basis, as determined by the Secretary.".

(b)(1) Section 6(d)(4)(N)(ii) of such Act (as added by section 1416(a)(3)) is further amended by striking out "section 16 (a), (c), and (h)" and inserting in lieu thereof "section 16 (a), (c), and (g)".

(2) Section 11 of such Act (7 U.S.C. 2020) is amended—

(A) by striking out "section 16(e)" in subsection (e)(3) and inserting in lieu thereof "sections 16(d)"; and

(B) by striking out "sections 16(a) and 16(c)" in the second sentence of subsection (g) and inserting in lieu thereof "section 16(a)".

(3) Section 18(e) of such Act (7 U.S.C. 2027(e)) is amended by striking out the second sentence.

(c)(1) Section 11 of such Act (7 U.S.C. 2020) (as amended by sections 1414(b) and 1428) is further amended by striking out subsection (h) and redesignating subsections (i) through (n) as subsections (h) through (m), respectively.

(2) Section 11(e)(2) of such Act (7 U.S.C. 2020(e)(2)) is amended by striking out "subsection (i)" and inserting in lieu thereof "subsection (h)".

(3) Section 11(i)(2) of such Act (as amended by section 1428(b) and paragraph (1)) is further amended by striking out "subsection (i)" each place it appears and inserting in lieu thereof "subsection (h)".

(4) Section 18(e) of such Act (7 U.S.C. 2027(e)) (as amended by subsection (b)(3)) is further amended by striking out "11(g) and (h)" and inserting in lieu thereof "(11(g)".

EVANS (AND OTHERS) AMENDMENT NO. 1094

Mr. EVANS (for himself, Mr. DANFORTH, Mr. LEVIN, Mr. ROCKEFELLER, Mr. MATSUNAGA, Mr. D'AMATO, Mr. STEVENS, Mr. NUNN, Mr. RIEGLE, Mr. MOYNIHAN, Mr. LEAHY, Mr. MURKOWSKI, Mr. BINGAMAN, Mr. KERRY, Mr. SARBANES, Mr. DECONCINI, Mr. STAFFORD, Mr. BURDICK, Mr. HEINZ, Mr. HATFIELD, Mr. DURENBERGER, Mr. SPECTER, and Mr. INOUYE) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the amendment, insert: On page 5, insert the following:

SEC. 1444. Quality control studies and penalty moratorium.

On page 278, after line 26, add the following new section:

QUALITY CONTROL STUDIES AND PENALTY MORATORIUM

SEC. 1444. (a)(1)(A) The Secretary of Agriculture (hereafter referred to in this section as the "Secretary") shall conduct a study of the quality control system used for the food stamp program established under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

(B) The study shall—

(i) examine how best to operate such system in order to obtain information that will allow the State agencies to improve the quality of administration; and

(ii) provide reasonable data on the basis of which Federal funding may be withheld for State agencies with excessive levels of erroneous payments.

(2)(A) The Secretary shall also contract with the National Academy of Sciences to conduct a concurrent independent study for the purpose described in paragraph (1).

(B) For purposes of such study, the Secretary shall provide to the National Academy of Sciences any relevant data available to the Secretary at the onset of the study and on an ongoing basis.

(3) Not later than 1 year after the date of enactment of this Act, the Secretary and the National Academy of Sciences shall report the results of their respective studies to the Congress.

(b)(1) During the 24-month period beginning with the first calendar quarter which begins after the date of enactment of this Act (hereafter in this section referred to as the "moratorium period"), the Secretary shall not impose any reductions in payments to State agencies pursuant to section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025).

(2) During the moratorium period, the Secretary and the state agencies shall continue to—

(A) operate the quality control systems in effect under the Food Stamp Act of 1977; and

(B) calculate error rates under section 16 of such Act.

(c)(1) Not later than 18 months after the date of enactment of this Act, the Secretary shall publish regulations that shall—

(A) restructure the quality control system used under the Food Stamp Act of 1977 to the extent the Secretary determines to be appropriate, taking into account the studies conducted under subsection (a); and

(B) establish, taking into account the studies conducted under subsection (a), criteria for adjusting the reductions that shall be made for quarters prior to the implementation of the restructured quality control system so as to eliminate reductions for those quarters that would not be required if the restructured quality control system had been in effect during those quarters.

(2) Beginning with the first calendar quarter after the moratorium period, the Secretary shall—

(A) implement the revised quality control system; and

(B) reduce payments to State agencies—

(i) for quarters after the moratorium period in accordance with the restructured quality control system; and

(ii) for quarters in and before the moratorium period, as provided under the regulations described in paragraph (1)(B).

GRASSLEY AMENDMENTS NOS. 1095 AND 1096

Mr. GRASSLEY proposed two amendments to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

AMENDMENT NO. 1095

At the end of the pending amendment, add the following: On page 459, between lines 18 and 19, insert the following new section:

PRICE SUPPORT FOR CORN SILAGE

SEC. . (a) Notwithstanding any other provision of law, effective only for each of the 1986 through 1989 crops of feed grains, the Secretary of Agriculture may make available loans and purchases, as provided in this section, to producers on a farm who—

(1) for silage—

(A) cut corn (including mutilated corn) that the producers have produced in such crop year; or

(B) purchase or exchange corn (including mutilated corn) that has been produced in such crop year by another producer (including a producer that is not participating in a set-aside program for such crop established by the Secretary); and

(2) participate in a set-aside program for such crop of wheat established by the Secretary.

(b) Such loans and purchases may be made on a quantity of corn of the same crop, other than the corn obtained for silage, acquired by the producer equivalent to a quantity determined by multiplying—

(1) the acreage of corn obtained for silage; by

(2) the lower of the farm program payment yield or the actual yield on a field, as determined by the Secretary, that is similar to the field from which such silage was obtained.

AMENDMENT NO. 1096

At the end of the pending amendment, add the following: On page 459, between lines 18 and 19, insert the following new section:

STUDY OF LABELING AND SANITATION STANDARDS FOR IMPORTATION OF AGRICULTURAL COMMODITIES

SEC. . (a)(1) The Comptroller General of the United States shall conduct a study of product purity and inspection requirements and regulations of the Secretary of Health and Human Services and the Secretary of Agriculture in effect on the date of enactment of this Act for imported agricultural commodities and the products thereof.

(2) The study shall include—

(A) an evaluation of the effectiveness of requirements and regulations referred to in paragraph (1) in detecting—

(i) prohibited chemical residues and foreign matter in or on food or raw agricultural commodities in processed or unprocessed form; and

(ii) in imported live animals chemcials and chemical residues the use of which is prohibited in the production of domestic live animals; and

(B) recommendations on—

(i) the feasibility of requiring that quality control reports relating to product purity and inspection procedures be submitted from processing plants certified by the Secretary of Agriculture as eligible to export meat and meat food products to the United States; and

(ii) the adequacy of requiring the Secretary of Health and Human Services and the Secretary of Agriculture to prescribe and enforce food sanitation requirements and chemical and chemical residue standards for imported agricultural commodities and the products thereof.

(b) The study shall also include an evaluation of the feasibility of requiring—

(1) all imported meat and meat food products, agricultural commodities, and the products thereof to bear a label stating the country of origin of such commodities and products; and

(2) any person owning or operating an eating establishment that serves any meat or meat food product required to be marked or labeled under paragraph (1) or (2) of section 7(c) of the Federal Meat Inspection Act (21 U.S.C. 607(c) (1) or (2)) to inform individuals purchasing food from such establishment that meat or meat food products served at the establishment may be imported articles—

(A) by displaying a sign indicating that imported meat is served in such establishment; or

(B) by providing the information specified in paragraph (1) of such section 7(c) on the menus offered to such individuals.

(c) Not later than 1 year after the date of enactment of this Act, the Comptroller General shall submit the results of the study required under this section to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

MELCHER AMENDMENTS NOS. 1097 AND 1098

Mr. MELCHER proposed two amendments to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

AMENDMENT No. 1097

At the end of the pending amendment, add the following: At the appropriate place in the bill, add a new section as follows:

PILOT BARTER PROGRAM FOR EXCHANGE OF AGRICULTURAL COMMODITIES FOR STRATEGIC MATERIALS

SEC. . Section 416 of the Agricultural Act of 1949 is amended by adding at the end thereof a new subsection as follows:

(e)(1) The Secretary shall establish and carry out a pilot program under which strategic or other materials that the United States does not produce domestically in amounts sufficient for its requirements and for which national stockpile or reserve goals established by law are unmet shall be acquired in exchange for commodities meeting the criteria specified in subsection (a).

(2) The program established under paragraph (1) shall be carried out through agreements with at least two countries.

(3) In establishing the pilot program under paragraph (2), the Secretary shall give priority to—

(A) the acquisition of materials that involve less risk of loss through deterioration and have lower storage costs than the agricultural commodities or products for which they are exchanged; and

(B) nations with food and currency reserve shortages.

(4) To the extent practical, the Secretary shall use private channels of commerce to consummate any exchange of commodities for materials under the program.

(5) Any materials acquired under the programs shall be held by the Commodity Credit Corporation and may be transferred, on a reimbursable basis, to any Department or agency of the United States that has responsibility for any reserve or other need for the material. Any material acquired, in excess of any required reserve, may be sold by the Corporation to the extent authorized by the Secretary taking into consideration any effect that such sale may have on the commercial market of such material.

(6) The program established by the Secretary shall be carried out during the fiscal years ending September 30, 1986, and September 30, 1987, and the Secretary shall submit a report to Congress, not later than 60 days after the end of each such fiscal year with respect to the operation of the program.

AMENDMENT No. 1098

At the end of the pending amendment insert the following:

SEC. . (a) The Secretary of Agriculture may furnish commodities eligible for distribution under section 416(b) of the Agricultural Act of 1949 in connection with (1) concessional sales agreements entered into under Title I of the Agricultural Trade Development Act of 1954 or other statutes, or (2) agricultural export bonus or promotion programs carried out under the Commodity Credit Corporation Charter Act or other statutes.

(b) Eligible commodities may be furnished by the Secretary under this section in connection with agreements by recipient countries to acquire additional agricultural commodities from the United States through commercial arrangements.

(c) The amount of any commodity furnished under this section in any fiscal year shall not be considered for the purpose of determining whether the requirements of section 416(b)(10)(A) of the Agricultural Act of 1949 has been met during such fiscal year.

GRASSLEY AMENDMENT NO. 1099

(Ordered to lie on the table.)

Mr. GRASSLEY submitted an amendment intended to be proposed by him to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment add the following:

On page 459, between lines 18 and 19, insert the following new section:

STRATEGIC ETHANOL RESERVE

SEC. 1927. (a) The Secretary of Agriculture shall establish, maintain, and utilize a Strategic Ethanol Reserve.

(b)(1) The Secretary shall, within 180 days after the date of the enactment of this section, prepare and transmit to the Congress a Strategic Ethanol Reserve Plan which shall detail the Department of Agriculture's proposal for designing, constructing, filling, maintaining, and operating the storage and related facilities of the Reserve.

(2) The Secretary shall design the Plan to assure, to the maximum extent practicable, that the Reserve will provide the Federal Government with immediate access to ethanol in any case in which the President declares that it is needed to assist in meeting the energy needs of the Nation.

(3) The Plan shall include—

(A) a comprehensive environmental assessment;

(B) a description of the type and proposed location of each storage facility proposed to be included in the Reserve.

(C) an estimate of the volumes of ethanol proposed to be stored in each such storage facility;

(D) a program schedule for overall development and completion of the Reserve (taking into account all relevant factors, including cost effectiveness, the need to construct related facilities, and the ability to obtain sufficient quantities of ethanol to fill the storage facilities to the proposed storage levels);

(E) an estimate of the direct cost of the Reserve, including—

(i) the cost of storage facilities;

(ii) the cost of the ethanol to be stored;

(iii) the cost of related facilities; and

(iv) management and operations costs; and

(F) a distribution plan setting forth the method and manner of drawdown and distribution to be utilized with respect to the Reserve.

(c)(1) To the extent necessary or appropriate to implement the Plan, the Secretary shall prescribe regulations and shall, subject to the availability of funding in the account established by subsection (f)—

(A) acquire by purchase, condemnation, or otherwise, land, interests in land, and improvements thereon for the location of storage and related facilities;

(B) construct, purchase, lease, or otherwise acquire storage and related facilities;

(C) use, lease, maintain, sell, or otherwise dispose of storage and related facilities acquired pursuant to this section;

(E) acquire by purchase, exchange, or otherwise, ethanol for storage in the Reserve;

(F) execute any contracts necessary to carry out the provisions of such Plan;

(G) maintain, operate, test, protect, and conserve the Reserve; and

(H) bring an action, whenever the Secretary deems it necessary to implement the Plan, in any court having jurisdiction of such proceedings, to acquire by condemnation any real or personal property, including facilities, temporary use of facilities, or other interests in land, together with any personal property located thereon or used therewith.

(2) Before any condemnation proceedings are instituted, a reasonable effort shall be made to acquire the property involved by negotiation.

(3) The Secretary shall, for purposes of implementing the Plan, obtain, store, and transport only ethanol which is produced in the United States from grain grown in the United States.

(d)(1) The Secretary shall, to the extent funds or Commodity Credit Corporation stocks are available, fill the Reserve at a minimum required fill rate of 3,000,000 barrels in fiscal year 1986, 6,000,000 barrels in fiscal year 1987, 9,000,000 barrels in fiscal year 1988, and at least 10,000,000 barrels in each succeeding fiscal year until the barrels in the Reserve equal at least 10 percent of the number of barrels of petroleum product stored in the Strategic Petroleum Reserve established under part B of title I of the Energy Policy and Conservation Act.

(2) In fiscal year 1986, the Secretary shall operate and fill the Reserve using the accumulated stock held by the Commodity Credit Corporation as payment-in-kind for the purchase of ethanol. The implementation of the payment-in-kind program in fiscal year 1986 shall be conducted in such a manner as to require no additional appropriations to the Department of Agriculture for that fiscal year. Depending on the level of funds in the Strategic Ethanol Reserve Account and the amount of accumulated stocks held by the Commodity Credit Corporation, the Secretary may use a payment-in-kind program to fill the ethanol reserve for all years after fiscal year 1986. If a payment-in-kind program is used, no ethanol for that fiscal year shall be purchased from funds in the Strategic Ethanol Reserve Account.

(e)(1) Except as provided in paragraph (2), the Secretary may withdraw and distribute ethanol in the Reserve only as a result of a declaration made by the President to meet the energy needs of the United States.

(2) The Secretary may withdraw and distribute ethanol from the Reserve for periodic testing of the storage and distribution system; except that no such drawdown and distribution may be conducted until all ethanol withdrawn from the Reserve in the most recent test drawdown has been replaced.

(3) The Secretary may—

(A) restrict the use, exchange, or resale of ethanol withdrawn from the Reserve;

(B) require the prompt processing, refining, or delivery of the ethanol or products derived from such ethanol; and

(C) require the allocation of products refined from ethanol withdrawn from the Reserve.

(4) Ethanol in the Reserve may not be sold, exchanged, or otherwise disposed of for a price less than market value.

(f)(1) There is hereby established in the Treasury of the United States an account designated as the "Strategic Ethanol Reserve Account".

(2) There shall be credited to such account—

(A) revenues from the sale or other disposal of ethanol from the Reserve; and

(B) such sums as may be appropriated to such account.

(3) Funds credited to such account shall as provided for in appropriations issue be utilized by the Secretary for—

(A) the procurement of ethanol for the Reserve;

(B) the construction and operation of facilities associated with the Reserve;

(C) the drawdown and distribution of the Reserve; and

(D) the maintenance and operation of the Reserve.

(g) The Secretary shall, beginning not later than January 1, 1987, transmit an annual report to the Congress with a detailed accounting of the activities carried out under this section, including—

(1) the operation and maintenance of the system of the Reserve;

(2) the fill level of the Reserve;

(3) expenditures of funds from the account established by subsection (f);

(4) any changes made to the Plan established under subsection (b);

(5) a description of any legal actions involving the Reserve, which were initiated, pending, or concluded during the year for which the report is made;

(6) a description of all condemnation actions brought under subsection (c); and

(7) other activities which have been taken to implement such Plan.

(h) For purposes of this section—

(1) the term "Plan" means the Strategic Ethanol Reserve Plan established pursuant to subsection (b);

(2) the term "related facilities" means facilities associated with the storage, handling, processing, and use of liquid fuels, including pipelines, terminals, storage tanks, and refineries;

(3) the term "Reserve" means the Strategic Ethanol Reserve established pursuant to subsection (a);

(4) the term "Secretary" means the Secretary of Agriculture.

BUMPERS (AND OTHERS) AMENDMENT NO. 1100

Mr. BUMPERS (for himself, Mr. DOLE, Mrs. HAWKINS, Mr. HARKIN, Mr. HELMS, and Mr. DOMENICI) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following:

On page 421, lines 1 and 2, strike out "To the maximum extent possible, the Committee shall" and insert in lieu thereof "The Committee may".

On page 422, strike out lines 20 through 22 and insert in lieu thereof the following:

"SEC. 7. (a)(1) In the manner prescribed in the order, except as provided in paragraph (2), the order shall provide that an assessment shall be collected by an appropriate qualified State beef council from—

On page 423, strike out lines 3 and 4 and insert in lieu thereof the following:

"(2) If an appropriate qualified State beef council does not exist to collect an assessment in accordance with paragraph (1), such assessment shall be collected by the Board.

"(3) Each qualified State beef council shall transmit to the Board the amount of any funds from assessments collected under paragraph (1).

On page 423, line 12, stirke out "Secretary" and insert in lieu thereof "Board".

On page 427, strike out lines 4 through 6 and insert in lieu thereof the following:

"(A) is comprised of at least a majority of cattle producers; or

"(B) represents at least a majority of cattle producers in a State or unit;

On page 427, line 25, strike out "2 years" and insert in lieu thereof "18 months".

On page 429, line 12, insert "the total number of" after "10 percent of".

On page 430, between lines 11 and 12, insert the following new section:

"REFUNDS

"Sec. 12. (a) During the period prior to the approval of the continuation of an order pursuant to the referendum required under section 10(a), subject to subsection (f), the Board shall—

"(1) establish an escrow account to be used for assessment refunds;

"(2) place funds in such account in accordance with subsection (b); and

"(3) refund assessments to persons in accordance with this section.

"(b) Subject to subsection (f), the Board shall place in such account, from assessments collected under section 7 during the period referred to in subsection (a), an amount equal to the product obtained by multiplying—

"(1) the total amount of assessment collected under section 7 during such period; by

"(2) the greater of—

"(A) the average rate of assessment refunds provided to producers under State beef promotion, research, and consumer information programs financed through producer assessments, as determined by the Board; or

"(B) 20 percent.

"(c) Subject to subsections (d), (e), and (f) and notwithstanding any other provision of this subtitle, any person shall have the right to demand and receive from the Board a one-time refund of all assessments collected under section 7 from such person during the period referred to in subsection (a) if such person—

"(1) is responsible for paying such assessment; and

"(2) does not support the program established under this Act.

"(d) Such demand shall be made in accordance with regulations, on a form, and within a time period prescribed by the Board.

"(e) Such refund shall be made on submission of proof satisfactory to the Board that the producer, person, or importer—

"(1) paid the assessment for which refund is sought; and

"(2) did not collect such assessment from another producer, person, or importer.

"(f)(1) If the amount in the escrow account required to be established by subsection (a) is not sufficient to refund the total amount of assessments demanded by all eligible persons under this section and the continuation of an order is approved pursuant to the referendum required under section 10(a), the Board shall—

"(A) continue to place in such account, from assessments collected under section 7, the amount required under subsection (b), until such time as the Board is able to comply with subparagraph (B); and

"(B) provide to all eligible persons the total amount of assessments demanded by all eligible producers.

"(2) If the amount in the escrow account required to be established by subsection (a) is not sufficient to refund the total amount of assessments demanded by all eligible persons under this section and the continuation of an order is not approved pursuant to the referendum required under section 10(a), the Board shall prorate the amount of such refunds among all eligible persons who demand such refund.

On page 430, line 13, strike out "12" and insert in lieu thereof "13".

On page 431, line 5, strike out "13" and insert in lieu thereof "14".

On page 432, line 11, strike out "14" and insert in lieu thereof "15".

On page 432, line 16, strike out "15" and insert in lieu thereof "16".

GRASSLEY AMENDMENT NO. 1101

Mr. GRASSLEY proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the bill S. 1714; as follows:

At the appropriate place in the pending amendment add the following:

(a) There shall be appointed, pursuant to section 152(d)(1) of title 28, United States Code, an additional United States bankruptcy judge for both the northern and southern region of Iowa.

(b) To reflect the change made by this section in the table of judges for each of the judicial districts, section 152(a)(2) of title 28, United States Code, is amended by striking out the following:

"Iowa
"Northern..... 1"
"Southern..... 1"

and inserting in lieu thereof the following:

"Iowa
"Northern..... 2"
"Southern..... 2"

SEC. 2. Notwithstanding section 152(a)(1) of title 28, United States Code, with respect to the number of years to which a bankruptcy judge is appointed, the first bankruptcy judge appointed to both the northern and southern districts of Iowa after the date of enactment of this Act shall be appointed for a term of no more than five years.

DIXON (AND OTHERS) AMENDMENT NO. 1102

Mr. DIXON (for himself, Mr. JOHNSTON, Mr. PRYOR, Mr. RIEGLE, Mr. SASSER, and Mr. BUMPERS) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following:

On page 459, between lines 18 and 19, insert the following:

SEC. . (a) Section 13 of the Federal Deposit Insurance Act (12 U.S.C. 1823) is amended by adding at the end thereof the following:

"(j)(1) With the consent of the Corporation, which shall not be unreasonably withheld, and upon recommendation of the appropriate Federal banking agency or a State bank commissioner or on its own motion, the Corporation may by order, regulation, or otherwise authorize one or more of the actions referred to in paragraph (2) to be taken by an agricultural bank. The Corporation may not authorize any such action unless—

"(A) such action will enable the agricultural bank to survive, remain viable, and show a net profit; and

"(B) there is no evidence of fraud or gross mismanagement by the management of the agricultural bank.

"(2) The actions which may be authorized under this subsection are as follows:

"(A) The agricultural bank may file financial reports in accordance with regulatory accounting practices, and use push down or purchase method accounting principles.

"(B) The agricultural bank may reappraise its buildings and other tangible property, real or personal, and any increase between fair market value and the book value of such property may be credited to the capital accounts of the agricultural bank.

"(C) The agricultural bank may renegotiate and reamortize on an amortization schedule not to exceed 30 years qualified problem loans owned by the agricultural bank as of January 1, 1985, and additional qualified problem loans renewed or made by the agricultural bank after January 1, 1985, but prior to January 1, 1995. In the event a renegotiated loan is prepaid or at the maturity of the renegotiated loan, or in the event of default by the borrower in the repayment of the renegotiated loan, or in the event any collateral securing the renegotiated loan is sold without the prior written consent of the agricultural bank, the borrower, at the option of the bank, shall be obligated to repay the principal balance due on the renegotiated loan, plus accrued interest, plus that portion of the difference between the principal of and accrued interest on the qualified problem loan and the beginning principal balance of the renegotiated loan which has not been charged off by the agricultural bank. The terms of the renegotiation and reamortization of the renegotiated loan, including, by way of illustration only, the rate of interest to be charged, shall be at the sole discretion of the agricultural bank. The agricultural bank may charge off the difference between the principal of and accrued interest on the qualified problem loan or loans and the beginning principal balance of the renegotiated loan or loans over a 30-year period.

"(D) The agricultural bank may mark to market the value of any real estate or other property, real or personal, owned by the agricultural bank on January 1, 1985, and any additional property subsequently acquired by the agricultural bank prior to January 1, 1995, and charge off any loss recognized over a 30-year period. Market value may be determined by income approach to value, cost approach, comparable sales approach, or such other acceptable method of valuation.

"(E) With respect to the expenses incurred by the agricultural bank related to the ownership of the real estate or other property referred to in subparagraph (D) above, including, by way of illustration only, the payment of real estate taxes, personal property taxes, insurance premiums, and payments to senior lien holders, the agricultural bank may write off such expenses over a 20-year period.

"(F) The agricultural bank may mark to market and sell any securities held in its investment portfolio as of January 1, 1985, and any additional securities subsequently acquired by the agricultural bank prior to January 1, 1995, and charge off any loss recognized over a 30-year period.

"(3) As a condition of eligibility under this subsection, the agricultural bank must agree to maintain in its loan portfolio a percentage of agricultural loans which is not lower than the percentage of such loans in its portfolio on January 1, 1985.

"(4) As used in this subsection—

"(A) the term 'agricultural bank' means—

"(i) a bank which is located in an agricultural area whose economy is dependent on agriculture;

"(ii) a bank which has assets of $200,000,000, or less; and

"(iii)(I) a bank which has at least 25 percent or more of its total loans in agricultural loans which were made to finance the acquisition of farm real estate or farm equipment and the production of agricultural products or livestock in the United States; or

"(II) a bank which has fewer than 25 percent of its total loans in agricultural loans but which the appropriate Federal banking agency or State bank commissioner may recommend to the Corporation as eligible, or the Corporation, on its own motion, may deem eligible;

"(B) the term 'qualified problem loan' means a loan made to finance the production of agricultural products or livestock in the United States, a loan secured by farm land or farm machinery, or the uninsured or unguaranteed portion of any Farmers' Home Administration or Small Business Administration loan serviced by the agricultural bank, or such other category of loans as the appropriate Federal banking agency or State bank commissioner may recommend to the Corporation as eligible, or the Corporation, on its own motion, may deem eligible in order to allow the agricultural bank to remain viable.".

(b) Paragraph (1) of section 172(b) of the Internal Revenue Code of 1954 (relating to net operating loss carrybacks and carryovers) is amended—

(1) by adding at the end thereof the following new subparagraph:

"(L) In the case of a financial institution, a net operating loss for any taxable year beginning after December 31, 1984, with respect to any loan or security which is subject to the provisions of section 13(j) of the Federal Deposit Insurance Act, shall be a net operating loss carryover to each of the 30 taxable years following the taxable year of such loss.",

(2) by striking out "and (k)" in subparagraph (A) and inserting in lieu thereof "(K) and (L)"; and

(3) by striking out "and (J)" in subparagraph (B) and inserting in lieu thereof "(J), and (L)".

PRESSLER AMENDMENT NO. 1103

Mr. PRESSLER proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At an appropriate place in the pending amendment insert the following:

SEC. 207. It is the Sense of the Senate that the Secretary of Agriculture shall promulgate standards requiring the accurate disclosure on the label of food products under the jurisdiction of the Department which accurately describes each ingredient in the product based on actual ingredient composition and shall require prominent disclosure of the presence of imitation dairy products.

HARKIN AMENDMENTS NOS. 1104 AND 1105

Mr. HARKIN proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

AMENDMENT NO. 1104

At the end of the pending amendment add the following:

TITLE

SECTION 1. SHORT TITLE.

This title may be cited as the "School Lunch and Child Nutrition Amendments of 1985".

SEC. 2. AUTHORIZATIONS OF APPROPRIATIONS UNDER THE CHILD NUTRITION ACT OF 1966.

(a) SPECIAL SUPPLEMENTAL FOOD PROGRAM.—Section 17 of the Child Nutrition Act of 1966 is amended—

(1) in subsection (c)(2) by striking out "Subject to" and all that follows through "1984." and inserting in lieu thereof "Subject to amounts appropriated for the purposes of this program under subsection (g)—";

(2) in subsection (g) by striking out the first sentence and inserting in lieu thereof "There are authorized to be appropriated $1,629,000,000 for fiscal year 1986 and such sums as may be necessary for each of the fiscal years 1987 and 1988 for the purpose of carrying out the program authorized by this section."; and

(3) in subsection (h)(2) by striking out "1984" and inserting in lieu thereof "1988".

(b) STATE ADMINISTRATIVE EXPENSES.—Section 7(i) of the Child Nutrition Act of 1966 is amended by striking out "1984" and inserting in lieu thereof "1988".

(c) NUTRITION EDUCATION AND TRAINING.—Section 19(j)(2) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(j)(2)) is amended by striking out "1984" and inserting in lieu thereof "1988".

SEC. 3. AUTHORIZATIONS OF APPROPRIATIONS UNDER THE NATIONAL SCHOOL LUNCH ACT.

(a) SUMMER FOOD PROGRAM.—Section 13(p) of the National School Lunch Act (42 U.S.C. 1761(p)) is amended by striking out "1984" and inserting in lieu thereof "1988".

(b) COMMODITY DISTRIBUTION PROGRAM.—Section 14(a) of the National School Lunch Act (42 U.S.C. 1762a(a)) is amended by striking out "1984" and inserting in lieu thereof "1988".

SEC. 4. FOOD SERVICE EQUIPMENT ASSISTANCE.

(a) GRANTS.—The National School Lunch Act is amended by inserting after section 4 the following new section:

"FOOD SERVICE EQUIPMENT ASSISTANCE

"SEC. 5. (a) Subject to the availability of appropriations, the Secretary shall make grants to school food authorities to assist in providing food service equipment. Such

grants shall be awarded on the basis of need, as determined by the Secretary.

(b) There are authorized to be appropriated $1,000,000 for fiscal year 1986 and such sums as may be necessary for each of the fiscal years 1987 and 1988 for the purposes of this section.".

(b) DEFINITION.—Section 12(d) of the National School Lunch Act is amended by inserting at the end thereof the following new paragraph:

"(8) 'Food service equipment' means equipment used by schools in storing, preparing, or serving food for schoolchildren.".

SEC. 5. INCLUSION OF WHOLE MILK AS A SCHOOL-LUNCH BEVERAGE.

Section 9(a) of the National School Lunch Act is amended by inserting after first sentence the following: "In addition to such other forms of milk as the Secretary may determine, such lunches shall offer whole milk as a beverage.".

SEC. 6. ELIMINATION OF REFERENCE TO FOOD STAMP PROGRAM ELIGIBILITY STANDARDS.

Section 9(b)(1)(A) of the National School Lunch Act is amended—

(1) by striking out in the second sentence "For the school years ending June 30, 1982, and June 30, 1983, the" and inserting in lieu thereof "The"; and

(2) by striking out the third sentence.

SEC. 7. AUTOMATIC ELIGIBILITY FOR CERTAIN PROGRAMS.

Section 9(b) of the National School Lunch Act is amended by inserting after paragraph (5) the following new paragraph:

"(6) Any child who is a member of a household under the food stamp program or a member of an AFDC assistance unit (under the aid to families with dependent children program under part A of title IV of the Social Security Act), in a State where the standard of eligibility for such assistance does not exceed 130 per centum of the income poverty guidelines, shall be served a free lunch and breakfast without further application or eligibility determinations. For the purposes of any verification under paragraph (2)(C), proof of receipt of food stamps or AFDC shall be sufficient.".

SEC. 8. LIMITATION OF MEAL CONTRACTING.

Section 9 of the National School Lunch Act is amended by inserting at the end thereof the following new subsection:

"(e) A school or school food authority participating in a program under this Act may not contract with a food service company to provide a la carte food service unless such company agrees to offer free, reduced-price, and full-price reimbursable meals to all eligible children.".

SEC. 9. CHANGE IN TUITION LIMITATION FOR PRIVATE SCHOOLS.

(a) SCHOOL LUNCH PROGRAMS.—Section 12(d)(5) of the National School Lunch Act is amended—

(1) in the first sentence by striking out "$1,500" and inserting in lieu thereof "$2,500"; and

(2) by inserting at the end thereof the following new sentence: "On July 1, 1986, and on each subsequent July 1, the Secretary shall prescribe an annual adjustment in the tuition limitation amount in the first sentence of this paragraph to reflect changes in the Consumer Price Index for All Urban Consumers during the most recent twelvemonth period for which such data is available.".

(b) CHILD NUTRITION PROGRAMS.—Section 15(c) of the Child Nutrition Act of 1966 is amended—

(1) in paragraph (A) by striking out "$1,500" and inserting in lieu thereof "$2,500"; and

(2) by inserting at the end thereof the following new sentence: "On July 1, 1986, and on each subsequent July 1, the Secretary shall prescribe an annual adjustment in the tuition limitation amount in the first sentence of this paragraph to reflect changes in the Consumer Price Index for All Urban Consumers during the most recent twelvemonth period for which such data is available.".

SEC. 10. USE OF SCHOOL LUNCH FACILITIES FOR ELDERLY PROGRAMS.

Section 12 of the National School Lunch Act is amended by inserting at the end thereof the following new subsection:

"(i) Facilities, equipment, and personnel provided to school food authorities for programs under this Act and under the Child Nutrition Act of 1966 may be used, as determined by the local educational agency, to support nonprofit nutrition programs for the elderly (including programs funded under the Older Americans Act).".

SEC. 11. STUDY OF A UNIVERSAL SCHOOL LUNCH PROGRAM.

The National School Lunch Act is amended by inserting at the end thereof the following new section:

"STUDY OF A UNIVERSAL SCHOOL LUNCH PROGRAM

"SEC. 24. The Secretary shall conduct a study to consider the feasibility of making the school lunch program a universal program for all children and to consider various methods of operating a self-financing school lunch program for all children, including reserving a separate source of revenue for any such program. The Secretary shall submit a report of such study to the Congress, together with any recommendations or proposals for legislation, by January 1, 1988.".

SEC. 12. SIMPLIFICATION OF PROGRAM ADMINISTRATION.

The National School Lunch Act is amended by inserting at the end thereof the following new section:

"SIMPLIFICATION OF PROGRAM OPERATIONS

"SEC. 25. The Secretary shall conduct an analysis of program requirements under this Act and the Child Nutrition Act of 1966 to identify program changes that would simplify program operation at the local level. Within one year after the date of the enactment of this Act, the Secretary shall report the results of such analysis, together with any recommendations or proposals for legislation, to the appropriate committees of the Congress.".

SEC. 13. RESTORATION OF CERTAIN KINDERGARTENS TO SPECIAL MILK PROGRAM.

Section 3(a) of the Child Nutrition Act of 1966 is amended in the first sentence immediately before ", and (2)" by inserting "(except that the preceding limitation shall not apply to kindergarten programs in such schools)".

SEC. 14. ADDITIONAL FUNDING TO IMPROVE SCHOOL BREAKFAST PROGRAM MEAL PATTERN.

(a) ADDITIONAL FUNDING.—Section 4(b) of the Child Nutrition Act of 1966 is amended by inserting at the end thereof the following paragraph:

"(3) The Secretary shall increase by 6 cents the annually adjusted payment for each breakfast served under this Act and section 17 of the National School Lunch Act to assist States in improving the nutritional quality of such breakfasts, to the extent feasible.".

(b) NUTRITION REQUIREMENTS.—The Secretary of Agriculture shall review and revise the nutrition requirements for meals served under the school breakfast program to improve the nutritional quality of such meals, taking into consideration both the findings of the National Evaluation of School Nutrition Programs and the need to provide increased flexibility in meal planning to local school food service authorities. Not later than one hundred and eighty days after the date of enactment of this Act, the Secretary of Agriculture shall promulgate regulations to implement such revisions.

SEC. 15. EXTENSION OF OFFER VERSUS SERVE PROVISION TO THE SCHOOL BREAKFAST PROGRAM.

Section 4(e) of the Child Nutrition Act of 1966 is amended—

(1) by inserting "(1)" after "(e)"; and

(2) by inserting at the end thereof the following new paragraph:

"(2) At the option of the local school food authority, students in schools that participate in the school breakfast program under this Act may be allowed to refuse not more than one item of such breakfast which they do not intend to consume, and any such refusal of such offered food item shall not affect the full charge to the student for a breakfast meeting the requirements of this section or the amount of payments made under this Act to any such school for such breakfast.".

SEC. 16. STATE ADMINISTRATIVE EXPENSES STUDY.

Section 7 of the Child Nutrition Act of 1966 is amended by inserting after subsection (i) the following new subsection:

"(j) The Secretary shall conduct a study of the allocation formula and procedures under section 7 of the Child Nutrition Act of 1966. Such study shall provide information on State costs and contributions for administrative expenses, as well as the merits of a State matching requirement. The Secretary shall submit a report of such study to the Congress, together with any recommendations, by January 31, 1986.".

SEC. 17. COSTS FOR NUTRITION SERVICES AND ADMINISTRATION.

(a) DEFINITION.—Section 17(b) of the Child Nutrition Act of 1966 is amended—

(1) by striking out paragraph (1);

(2) by redesignating paragraphs (2), (3), and (4) as paragraphs (1), (2), and (3), respectively; and

(3) by inserting after paragraph (3), as so redesignated, the following new paragraph:

"(4) 'Costs for nutrition services and administration' means costs that shall include, but not be limited to, costs for certification of eligibility of persons for participation in the program (including centrifuges, measuring boards, spectrophotometers, and scales used for such certification), food delivery, monitoring, nutrition education, outreach, startup costs, and general administration applicable to implementation of the program under this section, such as the cost of staff, warehouse facilities, transportation, insurance, developing and printing food instruments, and administration of State and local agency offices.".

(b) CONFORMING CHANGES.—Section 17 of the Child Nutrition Act of 1966 is amended—

(1) by striking out "administrative funds" each place it appears in subsections (f)(11), (h)(2), (h)(3), and (h)(4), and inserting in lieu thereof "funds for nutrition services and administration"; and

(2) by striking out "administrative costs" each place it appears in subsection (h) and

inserting in lieu thereof "costs for nutrition services and administration".

SEC. 18. STATE ELIGIBILITY FOR WIC FUNDS.

Section 17 of the Child Nutrition Act of 1966 is amended in subsection (c) by inserting after paragraph (3) the following new paragraph:

"(4) A State shall be ineligible to participate in programs under this section if the Secretary determines that State or local sales taxes are collected within that State on purchases of food pursuant to this section.".

SEC. 19. COORDINATION WITH AID TO FAMILIES WITH DEPENDENT CHILDREN PROGRAM.

Section 17(f)(1)(K) of the Child Nutrition Act of 1966 is amended by inserting "the aid to families with dependent children program," after "child abuse counseling,".

SEC. 20. IMPROVING STATE AGENCY ADMINISTRATIVE SYSTEMS.

Section 17(g) of the Child Nutrition Act of 1966 is amended in the second sentence by inserting "providing technical assistance to improve State agency administrative systems," after "health benefits,".

SEC. 21. PRIORITY FUNDS FOR WIC MIGRANT PROGRAMS.

(a) PRIORITY FUNDING.—Section 17(g) of the Child Nutrition Act of 1966 is amended by inserting at the end thereof the following: "Of the sums appropriated for any fiscal year for programs under this section not less than ninetenths of one percent shall be first available for services to eligible members of migrant populations. Such migrant services shall be provided in a manner consistent with a State's priority system for program participation.".

(b) ACCOUNTABILITY.—To the extent possible, accountability for migrant services under section 17(g) of the Child Nutrition Act of 1966 (as amended by subsection (a) of this section) shall be conducted under regulations in effect on the date of the enactment of this Act.

SEC. 22. PAPERWORK REDUCTION.

Section 17(h)(1) of the Child Nutrition Act of 1966 is amended by inserting at the end thereof "The Secretary shall limit any such documentation required under the preceding sentence to a minimal level.".

SEC. 23. APPORTIONMENT OF FUNDS.

Section 17(i) of the Child Nutrition Act of 1966 is amended—

(a) by inserting "(1)" after "(i)"; and

(b) by inserting after paragraph (1) (as so designated) the following new paragraph:

"(2) Notwithstanding any other provision of law, funds appropriated for a full fiscal year under this section shall be apportioned in such manner as shall ensure that not less than 70 per centum of the total funds appropriated for such fiscal year are obligated or expended by July 1 of such fiscal year, except that such requirement shall not apply to any supplemental appropriations enacted after January 1 of such fiscal year or to any funds reallocated pursuant to paragraph (1).".

SEC. 24. EXPENDITURE OF FUNDS FOR THE SPECIAL SUPPLEMENTAL FOOD PROGRAM.

(a) EXPENDITURE OF FUNDS.—Section 17(i) of the Child Nutrition Act of 1966 is amended by inserting after paragraph (2) (as so designated in section 22 of this Act) the following new paragraph:

"(3) Notwithstanding any other provisions of law, not more than 2.5 per centum of any State's allocation under this section for supplemental foods for any fiscal year may be expended by such State for expenses incurred under this section for supplemental foods during the fiscal year preceding the fiscal year for which the sums were appropriated.".

(b) APPLICATION.—The amendments made by subsection (a) shall not apply to appropriations made before the date of enactment of this Act.

SEC. 25. NATIONAL ADVISORY COUNCIL.

(a) VACANCIES.—Section 17(k)(1) of the Child Nutrition Act of 1966 is amended by inserting at the end thereof "The Secretary shall fill any vacancy in the Council within ninety days.".

(b) MEETINGS.—Section 17(k)(3) of the Child Nutrition Act of 1966 is amended—

(1) in the first sentence by inserting immediately before the period "and shall ensure that the Council meets at least once every twelve months"; and

(2) by striking out the second sentence.

SEC. 26. STUDY OF CHILD NUTRITION PROGRAMS.

The Child Nutrition Act of 1966 is amended by inserting at the end thereof the following new section:

"STUDY OF CHILD NUTRITION PROGRAMS

"SEC. 21. The Secretary shall conduct a study of the effect on families of the school breakfast program, the child care food program, and other programs under this Act. Such study shall consider whether alternative nutrition delivery programs would strengthen families. The Secretary shall submit a report of such study to the Congress, together with any recommendations or proposals for legislation, by January 1, 1987.".

SEC. 27. LIMITATIONS ON CHANGES IN INCOME FOR PROGRAM ELIGIBILITY.

The Secretary may not make any change in the method of calculating income, as in effect on January 1, 1985, used to determine eligibility for free or reduced-price meals, food supplements, or other assistance under the National School Lunch Act or the Child Nutrition Act of 1966, which would result in any reduction in, or denial of, such assistance, except as specifically directed in an enactment of law. The limitation under this section shall take effect on the date of the enactment of this Act and shall be effective through fiscal year 1986.

SEC. 28. EXTENSION OF ALTERNATIVE MEANS OF ASSISTANCE.

(a) EXTENSION.—Upon request to the Secretary of Agriculture, any school district receiving all cash or all letters of credit in lieu of commodities under the school lunch program on January 1, 1985, shall continue to receive all cash in lieu of commodities or all letters of credit in lieu of commodities through the school year ending June 30, 1987. Such school districts shall receive bonus commodities in the same manner as such commodities are made available to any other school district participating in the school lunch program.

(b) COMPENSATION.—

(1) Upon request of a participating school district (and after consultation with the Comptroller General of the United States with respect to accounting procedures used to determine any losses), the Secretary of Agriculture shall provide cash compensation, subject to the availability of funds, to a school district which was participating in the school lunch pilot project study on or before the date of the enactment of this Act for losses sustained by the district as a result of the alteration of the methodology used to conduct the study during the school year ending June 30, 1983.

(2) For purposes of this subsection the term "school lunch pilot project study" means the study provided for in the last proviso of the matter under the heading "CHILD NUTRITION PROGRAMS" in title III of the Act entitled "An Act making appropriations for Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1981, and for other purposes", approved December 15, 1980 (94 Stat. 3113).

(3) There are authorized to be appropriated such sums as may be necessary to carry out this subsection.

SEC. 29. NATIONAL DONATED COMMODITY PROCESSING PROGRAMS.

(a) REPROCESSING AGREEMENTS.—Whenever a commodity is made available without charge or credit under any nutrition program administered by the Secretary of Agriculture, the Secretary shall encourage consumption of such commodities through agreements with private companies under which the commodity is reprocessed into end food products for use by eligible recipient agencies. The expense of such reprocessing shall be paid by such eligible recipient agencies.

(b) SETTLEMENT OF ACCOUNTS.—To be eligible to enter into any agreement with the Secretary of Agriculture under subsection (a), a private company shall annually settle all accounts with the Secretary and any appropriate State agency regarding commodities processed under such an agreement.

SEC. 30. TECHNICAL AND CONFORMING AMENDMENTS.

(a) SCHOOL LUNCH PROGRAMS.—The National School Lunch Act is amended—

(1) in section 12(d) by inserting at the end thereof the following new paragraph:

"(9) 'Secretary' means the Secretary of Agriculture."; and

(2) by redesignating the second section 22 as "SEC. 23.".

(b) CHILD NUTRITION PROGRAMS.—The Child Nutrition Act of 1966 is amended—

(1) in section 4(a) by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services";

(2) in section 17(e)(2) by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services";

(3) in section 17(k) (1) and (2) by striking out "Health, Education, and Welfare" each place it appears and inserting in lieu thereof "Health and Human Services"; and

(4) in section 19(d) (2) and (3) by striking out "Health, Education, and Welfare" each place it appears and inserting in lieu thereof "Health and Human Services".

SEC. 31. EFFECTIVE DATES.

(a) GENERAL PROVISION.—Except as otherwise provided, the provisions of this title shall take effect on the date of the enactment of this Act.

(b) EXCEPTIONS.—

(1) The provisions of sections 4, 5, 7, 9, 11, 13, 14, 16, 17, 19, 20, 21, 22, 23, 24, and 26 shall take effect on October 1, 1985.

(2) The provisions of section 18 shall apply to a State beginning with the fiscal year which commences after the end of the first regular session of the State legislature following the date of the enactment of this Act.

(3) The provisions of section 29 shall take effect July 1, 1985 and shall not have effect after October 15, 1987.

AMENDMENT NO. 1105

At the end of the amendment insert:

On page 345, strike out lines 10 and 11 and insert in lieu thereof the following: "Subject to such plan do not exceed the standards determined by the Secretary of Agriculture. The Sec-".

FORD (AND OTHERS) AMENDMENT NO. 1106

Mr. FORD (for himself, Mr. HECHT, and Mr. BINGAMAN) proposed an amendment to amendment No. 939, as amended, to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following:

On page 301, between lines 11 and 12, insert the following new section:

EXPANSION OF STUDY

SEC. 1526. (a) The Secretary of Agriculture and the Secretary of Education shall take such joint action as may be necessary to expand the scope of the study, known as the Study of Agriculture Education on the Secondary Level, currently being conducted by the National Academy of Sciences and sponsored jointly by the Departments of Agriculture and Education to include—

(1) a study of the potential use of modern technology in the teaching of agriculture programs at the secondary school level; and

(2) recommendations of the National Academy of Sciences on how modern technology can be most effectively utilized in the teaching of agricultural programs at the secondary school level.

(b) Any increase in the cost of conducting such study as a result of expanding the scope of such study pursuant to subsection (a) shall be borne by the Secretary of Agriculture out of funds appropriated to the Department of Agriculture for research and education or from funds made available to the National Academy of Sciences from private sources to expand the scope of such study.

CHAFEE AMENDMENT NO. 1107

Mr. CHAFEE proposed an amendment to amendment No. 939, as amended proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the appropriate place in the pending amendment, add the following:

On page 365, line 15, insert "(a)" after the section designation.

On page 365, strike out lines 20 through 22 and insert in lieu thereof the following:

(2) in subsection (c)—

(A) by striking out "The" in the first sentence and inserting in lieu thereof "Except as provided in subsection (e), the"; and

(B) by adding at the end thereof the following new sentence: "Notwithstanding the preceding sentence, the Secretary may for conservation purposes grant or sell an easement, restriction, development rights, or the equivalent thereof, to a unit of local or State government or a private nonprofit organization separately from the underlying fee or sum of all other rights possessed by the United States."; and

On page 368, line 16, strike out "amendment" and insert in lieu thereof "amendments".

GRASSLEY AMENDMENT NO. 1108

Mr. HELMS (for Mr. GRASSLEY) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following:

On page 377, between lines 20 and 21, insert the following new section:

NONPROFIT NATIONAL RURAL DEVELOPMENT AND FINANCE CORPORATIONS

SEC. . (a)(1) For the fiscal year ending September 30, 1986, the Secretary of Agriculture (hereafter in this section referred to as the "Secretary") shall guarantee loans made by public agencies or private organizations (including loans made by financial institutions such as insurance companies) to nonprofit national rural development and finance corporations that establish similar and affiliated statewide rural development and finance programs for the purpose of providing loans, guarantees, and other financial assistance to profit or nonprofit local businesses to improve business, industry, and employment opportunities in a rural area (as determined by the Secretary).

(2) To be eligible to obtain a loan guarantee under this subsection, a corporation must—

(A) demonstrate to the Secretary the ability of the corporation to administer a national revolving rural development loan program;

(B) be prepared to commit financial resources under the control of the corporation to the establishment of affiliated statewide rural development and finance programs; and

(C) have secured commitments of significant financial support from public agencies and private organizations for such affiliated statewide programs.

(3) A national rural development and finance corporation receiving a loan guarantee under this subsection shall base a determination to establish an affiliated statewide program in large part on the willingness of States and private organizations to sponsor and make funds available to such program.

(4) Notwithstanding section 346(b)(2)(A) of the Consolidated Farm and Rural Development Act (as amended by section 1715 of this Act) or any other provision of law, for the fiscal year ending September 30, 1986, of the amounts available to guarantee loans in accordance with section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) from the Rural Development Insurance Fund, $20,000,000 shall be used by the Secretary to guarantee loans under the national rural development and finance program established under this subsection, to remain available until expended.

(b)(1) For the fiscal year ending September 30, 1986, the Secretary shall make grants, from funds transferred under paragraph (2), to national rural development and finance corporations for the purpose of establishing a rural development program to provide financial and technical assistance to compliment the loan guarantees made to such corporations under subsection (a).

(2) All funds deposited in the Rural Development Loan Fund under sections 623(c)(1) and 633 of the Community Economic Development Act of 1981 (42 U.S.C. 9812(c)(1) and 9822) that are available on the date of enactment of this Act shall—

(A) be transferred to the Secretary for the purpose of making grants under paragraph (1); and

(B) remain available until expended.

ABDNOR (AND OTHERS) AMENDMENT NO. 1109

Mr. ABDNOR (for himself, Mr. ZORINSKY, Mr. EXON, Mr. SYMMS, Mr. BOSCHWITZ, and Mr. DURENBERGER) proposed an amendment to amendment No. 939, as amended, to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the appropriate place in the pending amendment, add the following:

On page 459, between lines 18 and 19, insert the following new section:

STUDY OF GRAIN STANDARDS

SEC. . (a)(1) The Office of Technology Assessment shall conduct a study of United States grain export quality standards and grain handling practices.

(2) The Office of Technology Assessment shall conduct such study—

(A) in consultation with the Secretary of Agriculture; and

(B) in accordance with section 3(d) of Technology Assessment Act of 1972 (2 U.S.C. 472(d)).

(b) In conducting such study, the Office of Technology Assessment shall—

(1) evaluate the competitive problems the United States faces in international grain markets that may be attributed to grain quality standards and handling practices rather than price;

(2) identify the extent to which United States grain export quality standards and handling practices have contributed toward the recent decline in United States grain exports; and

(3) perform a comparative analysis between—

(A) the grain quality standards and practices of the United States and the major grain export competitors of the United States;

(B) the grain handling technology of the United States and the major grain export competitors of the United States; and

(4) evaluate the consequences on United States export grain sales, the cost of exporting grain, and the prices received by farmers should United States export grain elevators be subject, by law or regulation, to requirements that—

(A) no dockage or foreign material (including but not limited to dust or particles of whatever origin) once removed from grain shall be recombined with any grain if there is a possibility that the recombined product may be exported from the United States;

(B) no dockage or foreign material of any origin may be added to any grain that may be exported if the result will be to reduce the grade or quality of the grain or to reduce the ability of the grain to resist spoilage; and

(C) no blending of grain with a similar grain of different moisture content may be permitted if the difference between the moisture contents of the grains being blended is more than 1 percent.

(c) Not later than December 1, 1986, the Office of Technology Assessment shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report containing the

results of the study required under this section, together with such comments and recommendations for the improvement of United States grain export quality standards and handling practices as the Office of Technology Assessment considers appropriate.

WILSON (AND OTHERS) AMENDMENTS NOS. 1110 AND 1111

Mr. WILSON (for himself, Mr. CRANSTON, and Mr. DECONCINI) proposed two amendments to amendment No. 939, as amended to the motion to recommit with instructions the bill S. 1714, supra; as follows:

AMENDMENT No. 1110

At the appropriate place in the pending amendment, add the following:

UNFAIR TRADE PRACTICES

SEC. 114. (a) The Congress finds that—

(1) United States producers and processors of citrus, wheat flour, poultry, canned fruits, and raisins have filed petitions under section 302 of the Trade Act of 1974 alleging that the subsidies and discriminatory tariffs of the European Communities are inconsistent with the principles and terms of the General Agreement on Tariffs and Trade (hereafter referred to in this section as the "GATT") and have placed United States exporters at a competitive disadvantage;

(2) throughout the past decade, the European Communities has repeatedly rebuffed extensive United States efforts to resolve these matters through bilateral consultations and multilateral negotiations, as well as through consultations under the provisions of the GATT;

(3) after many years of frustrated discussions, the United States had no choice but to invoke the dispute settlement procedures of the GATT as the only remaining means of seeking redress for American producers and processors;

(4) investigatory panels, established by the GATT to review separately each of the United States complaints, concluded that European Communities subsidies and discriminatory tariffs had nullified and impaired rights of United States exporters and were in violation of the GATT and recommended that the European Communities take necessary steps to rectify the matters;

(5) the European Communities has effectively and repeatedly prevented adoption by the GATT of each of these reports, most recently, the favorable report involving the 15-year-old citrus complaint;

(6) on May 1, 1985, the President concluded that the GATT dispute settlement process with respect to the citrus complaint was terminated and, pursuant to section 301 of the Trade Act of 1974, the President had to consider a subsequent course of action to redress the injury to United States citrus exporters;

(7) on June 20, 1985, the President announced that a reasonable and appropriate course of action in response to the unwillingness of the European Communities to implement the unanimous finding of the GATT panel or to negotiate a mutually acceptable resolution of the citrus complaint is to withdraw an equivalent amount of concessions from imported European Communities pasta products and, in response, the European Communities notified the United States that the European Communities would retaliate by increasing the European Communities duties on United States lemon and walnut imports;

(8) on July 19, 1985, the United States and the European Communities agreed to suspend until October 31, 1985, the tariff increases, in order to provide the European Communities with additional time to resolve the citrus complaint; and

(9) despite this suspension, the European Communities has failed to present to the United States an acceptable proposal to resolve the citrus complaint, and effective November 1, 1985, the United States reinstated the pasta tariff increase, and in turn, the European Communities reinstated the lemon and walnut tariff increase.

(b) The President shall take all appropriate and feasible action within the power of the Presidency (including, but not limited to, the actions described in section 301 of the Trade Act of 1974 (19 U.S.C. 2411)) to—

(1) ensure a prompt and satisfactory resolution of all complaints regarding subsidies and discriminatory tariffs of the European Communities which—

(A) are set forth in petitions filed under section 302 of the Trade Act of 1974 by United States exporters of citrus, wheat flour, poultry, canned fruits, and raisins, and

(B) are pending before the GATT on the date of enactment of this Act,

(2) counter any retaliatory action of the European Communities by withdrawing additional trade concessions, and

(3) balance the level of concessions in the trade between the United States and the European Communities.

AMENDMENT No. 1111

At the appropriate place in the pending amendment, add the following:

On page 459, between lines 18 and 19, insert the following new section:

MAXIMUM PENALTY FOR MARKETING ORDER VIOLATIONS

SEC. 1927. (a) Section 8c(14) of the Agricultural Adjustment Act (7 U.S.C. 608c(14)), as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, is amended by striking out "$500" and inserting in lieu thereof "$5,000".

(b) The amendment made by subsection (a) shall not apply with respect to any violation described in section 8c(14) of the Agricultural Adjustment Act occurring before the date of the enactment of this Act.

WILSON (AND OTHERS) AMENDMENT NO. 1112

Mr. WILSON (for himself, Mr. DIXON, and Mr. CRANSTON) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the appropriate place in the pending amendment, add the following:

On page 14, strike lines 11 through 23, and insert the following new section:

(b)(1) The funds or commodities specified in this section shall be used by the Secretary only to counter or offset the adverse effect on the export of a United States agricultural commodity or the product thereof of a subsidy (as defined in paragraph (2)), import quotas, or other unfair trade practices of a foreign country.

(2) As used in paragraph (1), the term subsidy includes an export subsidy, tax rebate on exports, financial assistance on preferential terms, financial assistance for operating losses, assumption of costs or expenses of production, processing, or distribution, a differential export tax or duty exemption, a domestic consumption quota, or other method of furnishing or ensuring the availability of raw materials at artificially low prices.

(c) The Secretary shall provide export assistance under this section on a priority basis in the case of

(1) agricultural commodities and the products thereof with respect to which there has been a favorable decision under section 301 of the Trade Act of 1974 (19 U.S.C. 2411); or

(2) agricultural commodities and the products thereof for which exports have been adversely affected, as defined by the Secretary, by retaliatory actions related to a favorable decision under section 301 of the Trade Act of 1974 (19 U.S.C. 2411).

PRESSLER AMENDMENT NO. 1113

Mr. HELMS (for Mr. PRESSLER) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At an appropriate place in the pending amendment insert the following:

SEC. 1310. It is the sense of the Senate that the Secretary revise Department of Agriculture regulations concerning land eligibility for crop diversion programs. To increase the effectiveness of the program farmers should be prohibited from placing the same cropland in any crop diversion program which may be in effect during consecutive years, except under uncontrollable circumstances such as heavy rains, drought or other adverse weather.

MATTINGLY (AND OTHERS) AMENDMENT NO. 1114

Mr. HELMS (for Mr. MATTINGLY, for himself, Mr. BUMPERS, Mr. BIDEN, Mr. PRYOR, Mr. NUNN, Mr. COCHRAN, Mrs. HAWKINS, Mr. ROTH, Mr. THURMOND, and Mr. HEINZ) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment insert the following new section:

"SEC. . In the case of any program operated by the Secretary of Agriculture during the years 1986 through 1989, for the purpose of encouraging or enhancing commercial sales in foreign export markets of agricultural products or commodities produced in the United States, which program includes the payment of a bonus or incentive (in cash, commodities, or other benefits) provided to the purchaser, the Secretary shall expend annually at least 15 per centum of the total funds available (or 15 per centum of the value of any commodities employed to encourage such sales) for program activities to likewise encourage and enhance the export sales of poultry, beef or pork meat and meat products.".

McCLURE (AND OTHERS) AMENDMENT NO. 1115

Mr. McCLURE (for himself, Mr. SYMMS, Mr. WALLOP, and Mr. MELCHER) proposed an amendment to amendment No. 939, as amended, pro-

posed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the appropriate place in the pending amendment insert the following:

CONTROL OF GRASSHOPPER AND MORMON CRICKETS ON PUBLIC LANDS

SEC. . (a) The Secretary of Agriculture shall carry out a program to control grasshoppers and Mormon Crickets on all federal lands.

(b) (1)(A) Subject to paragraph (2), the Secretary of Agriculture shall expend or transfer, and the Secretary of the Interior shall transfer to the Secretary of Agriculture, from funds available until expended for the prevention, suppression, control, or eradication of actual or potential grasshopper and Mormon cricket outbreaks on lands under the jurisdiction of the Federal Government.

(2)(A) Appropriated funds made available to the Secretary of the Interior shall be available for the payment of obligations incurred on Federal lands subject to the jurisdiction of the Secretary of the Inerior during the preceding fiscal year.

(B) Funds transferred pursuant to this paragraph shall be requested as promptly as possible.

(C) From any funds made available to the Department of the Interior until expended, moneys shall be made available for the transfer by the Secretary of the Interior to the Secretary of Agriculture for the prevention, suppression, control, or eradication of grasshoppers and Mormon cricket outbreaks only on Federal lands under the jurisdiction of the Secretary of the Interior.

(c)(1) On request of the administering agency or a landowner, the Secretary of Agriculture shall immediately treat Federal, State, or private lands that are infested by grasshoppers or Mormon crickets at levels of economic infestation of eight grasshoppers or more per square yard, unless the Secretary determines that delaying treatment will optimize biological control and not cause greater economic damage to adjacent landowners.

(2) The Secretary of Agriculture shall—

(A) pay out of appropriated funds made available to the Secretary or transferred to the Secretary by the Secretary of the Interior—

(i) 100 percent of the cost of grasshopper or Mormon cricket control on Federal lands;

(ii) 50 percent of the cost of such control on State lands; and

(iii) 33.3 percent of the cost of such control private lands; and

(B) participate in prevention, control, or eradication programs for grasshoppers and Mormon Crickets in conjunction with other Federal, State, and private prevention, control, suppression or eradication efforts.

(d) From appropriated funds made available or transferred by the Secretary of the Interior to the Secretary of Agriculture for such purposes, the Secretary of Agriculture shall provide adequate funding under the rangeland pest control program for a program to train personnel to effectively accomplish the objectives of this section.

McCLURE (AND OTHERS) AMENDMENT NO. 1116

Mr. McCLURE (for himself, Mr. SYMMS, Mr. SIMON, Mr. COHEN, Mr. THURMOND, Mr. HEINZ, Mr. ROCKEFELLER, Mr. RIEGLE, Mr. HOLLINGS, and Mr. HECHT) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, surpa; as follows:

At the proper place in the pending amendment insert the following:

On page 284, between lines 14 and 15, insert the following new section:

SCHOOL LUNCH PILOT PROJECT

SEC. . (a) As used in this section, the term "eligible school district" means a school district that on the date of enactment of this Act, is participating in the pilot project study provided for under the last proviso of the paragraph under the heading "CHILD NUTRITION PROGRAMS" in title III of the Act entitled "An Act making appropriations for Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1981, and for other purposes", approved December 15, 1980 (Public Law 96-258; 94 Stat. 3113).

(b) Effective through the school year ending June 30, 1987, the Secretary shall permit an eligible school district to receive assistance to carry out the school lunch program operated in the district in the form of, in lieu of commodities, all cash assistance or all commodity letters of credit assistance.

(c) If an eligible school district elects to receive assistance in the form of all cash assistance or all commodity letters of credit assistance under subsection (a), the Secretary shall provide bonus commodities to the district in the form of all cash assistance or all commodity letters of credit assistance, as the case may be, to the same extent as bonus commodities provided to other school districts participating in the school lunch program.

LEVIN AMENDMENT NO. 1117

Mr. ZORINSKY (for Mr. LEVIN) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, insert the following new section:

SEC. . As soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985, the Secretary shall take such steps as are necessary to make personnel and other resources of the Department of Agriculture available to the Farmers Home Administration as are sufficient to enable the Farmers Home Administration to expeditiously process loan applications that are submitted by farmers and ranchers, including but not limited to said personnel to work overtime.

HAWKINS (AND OTHERS) AMENDMENT NO. 1118

Mrs. HAWKINS (for herself, Mr. DOLE, Mr. KENNEDY, Mr. BOSCHWITZ, Mr. HARKIN, Mr. COHEN, Mr. ZORINSKY, Mr. BENTSEN, Mr. DODD, Mr. DURENBERGER, Mrs. KASSEBAUM, Mr. DANFORTH, Mr. KASTEN, Mr. ABDNOR, Mr. MATTINGLY, Mr. HEINZ, Mr. ANDREWS, Mr. SYMMS, Mr. D'AMATO, Mr. GORTON, Mr. PRYOR, Mr. LEAHY, Mr. SPECTER, Mr. KERRY, Mr. MELCHER, Mr. SASSER, Mr. CHAFEE, Mr. EXON, Mr. BURDICK, Mr. FORD, Mr. DENTON, Mr. MOYNIHAN, Mr. BINGAMAN, Mr. THURMOND, Mr. DIXON, and Mr. DOMENICI) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the appropriate place in the pending amendment, insert the following:

On page 459, between lines 18 and 19, insert the following new title:

TITLE XX—CHILD NUTRITION REAUTHORIZATION

Subtitle A—Reauthorization of Child Nutrition Programs

SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

SEC. 2001. Section 13(p) of the National School Lunch Act (42 U.S.C. 1761(p)) is amended by striking out "1984" and inserting in lieu thereof "1989".

COMMODITY DISTRIBUTION PROGRAM

SEC. 2002. The matter preceding clause (1) of section 14(a) of the National School Lunch Act (42 U.S.C. 1762a(a)) is amended by striking out "1984" and inserting in lieu thereof "1989".

STATE ADMINISTRATIVE EXPENSES

SEC. 2003. Section 7(i) of the Child Nutrition Act of 1966 (42 U.S.C. 1776(i)) is amended by striking out "1984" and inserting in lieu thereof "1989".

SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS, AND CHILDREN

SEC. 2004. (a) The first sentence of section 17(g) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(g)) is amended—

(1) by striking out "and" after "1983,"; and

(2) by inserting after "1984," the following: "$1,570,000,000 for the fiscal year ending September 30, 1986, $1,641,000,000 for the fiscal year ending September 30, 1987, $1,710,000,000 for the fiscal year ending September 30, 1988, and $1,782,000,000 for the fiscal year ending September 30, 1989".

(b) Section 17 of such Act is amended—

(1) by striking out "1984" in the matter preceding clause (A) of subsection (c)(2) and inserting in lieu thereof "1989"; and

(2) by striking out "1984" in subsection (h)(2) and inserting in lieu thereof "1989".

NUTRITION EDUCATION AND TRAINING

SEC. 2005. The first sentence of section 19(j)(2) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(j)(2)) is amended by striking out "1984" and inserting in lieu thereof "1989".

Subtitle B—School Lunch and School Breakfast Programs

REFUSAL OF COMMODITIES

SEC. 2011. Section 6(a) of the National School Lunch Act (42 U.S.C. 1755(a)) is amended by striking out the second sentence.

BASIS OF COMMODITY ASSISTANCE

SEC. 2012. (a) Section 6(e) of the National School Lunch Act (42 U.S.C. 1755(e)) is amended—

(1) by designating the first sentence as paragraph (1);

(2) by designating the second through seventh sentences as paragraphs (3) through (8), respectively; and

(3) by inserting after paragraph (1) (as designated by clause (1)) the following new paragraph:

"(2) For each school year, the total commodity assistance or cash in lieu thereof

available to a State shall refelct the number of meals served in the preceding school year.".

(b) The second sentence of section 17(h) of such Act (42 U.S.C. 1766(h)) is amended by striking out "during that school year" and inserting in lieu thereof "during the preceding school year".

(c) The amendments made by this section shall become effective on July 1, 1986.

INCLUSION OF WHOLE MILK AS A SCHOOL-LUNCH BEVERAGE

SEC. 2013. Section 9(a) of the National School Lunch Act (42 U.S.C. 1758(a)) is amended—

(1) by designating the first, second, and third sentences as paragraphs (1), (3), and (4), respectively; and

(2) by inserting after paragraph (1) (as designated by clause (1)) the following new paragraph:

"(2) In addition to such other forms of milk as the Secretary may determine, such lunches shall offer whole milk as a beverage.".

AUTOMATIC ELIGIBILITY FOR CERTAIN PROGRAMS

SEC. 2014. Section 9(b) of the National School Lunch Act (42 U.S.C. 1758(b)) is amended by adding at the end thereof the following new paragraph:

"(6)(A) A child shall be served a free lunch and breakfast under this Act and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.), respectively, without further eligibility determinations, if the child is a member of—

"(i) a household receiving assistance under the food stamp program authorized under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.); or

"(ii) a family in which all members are qualified for and receiving assistance under the aid to families with dependent children program (AFDC) authorized under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) in a State where the standard of eligibility for such assistance does not exceed the poverty line (as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) by more than 30 percent.

"(B) Proof of receipt of assistance under the food stamp program or the aid to families with dependent children program in which all members are qualified for and receiving assistance from the AFDC program shall be sufficient to satisfy any verification requirement imposed under paragraph (2)(C).".

ADMINISTRATION OF CHILD NUTRITION PROGRAMS FOR NONPUBLIC ENTITIES

SEC. 2015. (a)(1) Section 10 of the National School Lunch Act (42 U.S.C. 1759) is amended by adding at the end the following:

"(c) Notwithstanding paragraph (a), if, as of October 1, 1980, a State does not disburse the funds payable to the State under this Act to any of the nonpublic schools, institutions, or service institutions in the State, the Secretary shall—

"(1) contract with another organization to act as a State agency for such nonpublic entities; or

"(2) disburse such funds directly to such nonpublic entities.

"(d) Funds payable to the State for the participation of such nonpublic schools, institutions, or service institutions shall be—

"(1) withheld by the Secretary; and

"(2) used for carrying out contracts, or disbursing funds directly, in accordance with subsection (a).

"(e) Of the funds available to the State under section 7 of the Child Nutrition Act of 1966 (42 U.S.C. 1776), the Secretary shall withhold funds equal to the cost of carrying out contracts, and disbursing funds directly, in accordance with subsection (c).".

(2) Section 6(b) of the National School Lunch Act (42 U.S.C. 1755(b)) is amended—

(A) by designating the first through fifth sentences as paragraphs (1) through (5), respectively;

(B) by striking out paragraph (3) (as designated by clause (A)) and inserting in lieu thereof the following new paragraph:

"(3) If, as of October 1, 1980, a State does not disburse funds payable under this section to nonpublic schools in such State, the Secretary shall—

"(A) withhold from the funds to be paid to such State under this subsection an amount that bears the same ratio to the total amount of such funds as the number of lunches served in such nonpublic schools bears to the total lunches served under the school lunch program in all schools in such State in such school year; and

"(B) use such funds in accordance with section 10."; and

"(C) by striking out ", and the Secretary in the case of private schools in which the Secretary directly administers the school lunch program," in paragraph (4) (as designated by clause (A)).

"(b)(1) Section 5 of the Child Nutrition Act of 1966 (42 U.S.C. 1774) is amended by adding at the end the following:

"(c) notwithstanding paragraph (a), if, as of October 1, 1980, a State does not disburse the funds payable to the State under this Act to any of the nonpublic schools or institutions in the State, the Secretary shall—

"(1) contract with another organization to act as a State agency for such nonpublic entities; or

"(2) disburse such funds directly to such nonpublic entities.

"(d) Funds payable to the State for the participation of such nonpublic schools or institutions shall be—

"(1) withheld by the Secretary; and

"(2) used for carrying out contracts, or disbursing funds directly, in accordance with subsection (a).

"(e) Of the funds available to the State under section 7, the Secretary shall withhold funds equal to the cost of carrying out contracts, and disbursing funds directly, in accordance with subsection (a).".

"(2) Paragraph (6) of section 7(a) of the Child Nutrition Act of 1966 (42 U.S.C. 1776(a)(6)) is amended to read as follows:

"(6) If, as of October 1, 1980, does not disburse funds payable under this section to nonpublic entities in such State, the Secretary shall withhold funds payable to such State under this section in accordance with section 5 of this Act and section 10 of the National School Lunch Act (42 U.S.C. 1759).".

USE OF SCHOOL LUNCH FACILITIES FOR ELDERLY PROGRAMS

SEC. 2016. Section 12 of the National School Lunch Act (42 U.S.C. 1760) is amended by adding at the end thereof the following new subsection:

"(i) Facilities, equipment, and personnel provided to a school food authority for a program authorized by this Act of the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) may be used, as determined by the local educational agency, to support a nonprofit nutrition program for the elderly, including a program funded under the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.).".

DEPARTMENT OF DEFENSE OVERSEAS DEPENDENTS' SCHOOLS

SEC. 2017. (a) Section 22 of the National School Lunch Act (42 U.S.C. 1769b) (as added by section 1408(a) of the Education Amendments of 1978 (92 Stat. 2368)) is amended—

(1) by striking out subsection (d); and

(2) by redesignating subsection (e) as subsection (d).

(b) Section 20 of the Child Nutrition Act of 1966 (42 U.S.C. 1789) is amended—

(1) by striking out subsection (d); and

(2) by redesignating subsection (e) as subsection (d).

STAFFING STANDARDS

SEC. 2018. Section 7 of the Child Nutrition Act of 1966 (42 U.S.C 1776) (as amended by section 2003) is further amended—

(1) by striking out subseciton (b); and

(2) by redesignating subsections (c) through (i) as subsections (b) through (h), respectively.

RESERVE FOR DEVELOPMENTAL PROJECTS

SEC. 2019. The last sentence of section 10 of the Child Nutrition Act of 1966 (42 U.S.C 1779) is amended by striking out "and may" and all that follows through "developmental projects".

INTEREST ON CLAIMS AGAINST STATE AGENCIES

SEC. 2020. Section 16(b) of the Child Nutrition Act of 1966 (42 U.S.C 1785(b)) is amended—

(1) by designating the first through third sentences as paragraph (1) through (3); and

(2) by adding at the end thereof the following new paragraph:

"(4) A State agency shall be liable for interest on a claim assessed against the State agency under this Act or the National School Lunch Act (42 U.S.C 1751 et seq.) from the date of the final administrative determination made with respect to such claim.".

CASH GRANTS FOR NUTRITION EDUCATION

SEC. 2021. Section 18 of the Child Nutrition Act of 1966 (42 U.S.C 1787) is repealed.

Subtitle C—Summer Food Service Program for Children

MODEL MEAL SPECIFICATIONS

SEC. 2031. The third sentence of section 13(f) of the National School Lunch Act (42 U.S.C. 1761(f)) is amended by striking out ", with the assistance of the Secretary, prescribed model meal specifications and model food quality standards, and".

STARTUP FUNDS

SEC. 2032. Section 13(g) of the National School Lunch Act (42 U.S.C. 1761(g)) is amended by striking out the second and third sentences.

Subtitle D—Child Care Food Program

HEARINGS ON FEDERAL AUDIT ACTIONS

SEC. 2041. Section 17(e) of the National School Lunch Act (42 U.S.C. 1766(e)) is amended—

(1) by striking out "The" and inserting in lieu thereof "(1) Except as provided in paragraph (2), the"; and

(2) by adding at the end thereof the following new paragraph:

"(2) The State is not required to provide a hearing to an institution concerning a State action taken on the basis of a Federal audit determination.".

STARTUP FUNDS

SEC. 2042. Section 17(f)(3) of the National School Lunch Act (42 U.S.C. 1766(f)(3)) is amended by striking out subparagraph (C).

ADVANCE PAYMENTS

SEC. 2043. Paragraph (4) of section 17(f) of the National School Lunch Act (42 U.S.C. 1766(f)(4)) is amended to read as follows:

"(4)(A) A State may provide advance payments for a month to each approved institution in an amount that reflects no more than the full level of valid claims customarily received from such institution for one month of operation.

"(B) An advance payment made to an institution that is not subsequently deducted from a valid claim for reimbursement shall be repaid on demand by the State.".

Subtitle E—Special Supplemental Food Program for Women, Infants, and Children

COSTS FOR NUTRITION SERVICES AND ADMINISTRATION

SEC. 2051. (a) Section 17(b)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)) is amended by striking out "warehouse facilities,".

SALES TAX

SEC. 2052. (a) Section 17(c) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(c)) is amended by adding at the end thereof the following new paragraph:

"(4) A State shall be ineligible to participate in the program authorized by this section if the Secretary determines that State or local sales taxes are collected within such State on food purchased under such program.".

(b) The amendment made by this section shall apply to a State beginning on the first day of the fiscal year that commences in the calendar year during which the first session of the legislature to such State is convened following the date of enactment of this Act.

NUTRITIONAL RISK CRITERIA

SEC. 2053. Section 17(d)(2) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)(2)) is amended—

(1) by designating the first and second sentences as subparagraphs (A) and (C), respectively; and

(2) by inserting after subparagraph (A) (as designated by clause (1)) the following new subparagraph:

"(B) In establishing such criteria, the Secretary shall assign the highest priority to pregnant women, breastfeeding women, and infants at nutritional risk as demonstrated by hematological or anthropometric measurements, or other documented nutritionally related medical conditions, that demonstrate the need of a person for supplemental foods.".

PARTICIPATION REPORT

SEC. 2054. (a) Section 17(d) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)) is amended by adding at the end thereof the following new paragraph:

"(4) The Secretary shall report biennially to the Congress on—

"(i) the income and nutritional risk characteristics of participants in the program;

"(ii) participation in the program by members of families of migrant farmworkers; and

"(iii) such other matters relating to participation in the program as the Secretary considers appropriate.

amended by inserting "preparing the report required under subsection (d)(4)," after "benefits,".

PLAN OF OPERATION AND ADMINISTRATION

SEC. 2055. Paragraph (1) of section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)(1)) is amended to read as follows:

"(1)(A) Each State agency shall submit annually to the Secretary, by a date specified by the Secretary, a plan of operation and administration for a fiscal year.

"(B) To be eligible to receive funds under this section for a fiscal year, a State agency must receive the approval of the Secretary for the plan submitted for the fiscal year.

"(C) The plan shall include—

"(i) a description of the food delivery system of the State agency and the method of enabling participants to receive supplemental foods under the program to be administered in accordance with standards developed by the Secretary;

"(ii) a description of the financial management system of the State agency;

"(iii) a plan to coordinate operations under the program with special counseling services such as, but not limtied to, the expanded food and nutrition education program, immunization programs, prenatal care, well-child care, family planning, alcohol and drug abuse counseling, child abuse counseling, and with the aid to families with dependent children, food stamp, and maternal and child health care programs;

"(iv) a plan to provide program benefits under this section to, and to meet the special nutrition education needs of, eligibile migrants and Indians;

"(v) a plan to expend funds to carry out the program during the relevant fiscal year;

"(vi) a plan to provide program benefits under this section to unserved and underserved areas in the State, is sufficient funds are available to carry out this clause;

"(vii) a plan to provide program benefits under this section to eligible persons most in need of such benefits and to enroll eligible pregnant women in the early months of pregnancy, to the maximum extent practicable; and

"(viii) such other information as the Secretary may require.

"(D) The Secretary may permit a State agency to submit only those parts of a plan that differ from plans sumitted for previous fiscal years.

"(E) The Secretary may not approve any plan that permits a person to participate simultaneously in both the program authorized under this section and the commodity supplemental food program authorized under sections 4 and 5 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note).".

PUBLIC COMMENT

SEC. 2056. Paragraph (2) of section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)(2)) is amended to read as follows:

"(2) A State agency shall establish a procedure under which members of the general public are provided an opportunity to comment on the development of the State agency plan.".

NOTIFICATION PERIOD

SEC. 2057. The first sentence of section 17(f)(7) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)(7)) is amended by striking out "twenty" and inserting in lieu thereof "30".

AVAILABILITY OF PROGRAM BENEFITS

SEC. 2058. Paragraph (8) of section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)(8)) is amended to read as follows:

"(8)(A) The State agency may, in cooperation with participating local agencies, publicly announce and distribute information on the availability of program benefits (including the eligibility criteria for participation and the location of local agencies operating the program) to offices and organizations that deal with significant numbers of potentially eligible persons (including health and medical organizations, hospitals and clinics, welfare and unemployment offices, social service agencies, farmworker organizations, Indian tribal organizations, and religious and community organizations in low income areas).

"(B) The State agency and local agencies shall distribute such information in a manner designed to provide such information to potentially eligible persons who are most in need of such benefits, including pregnant women in the early months of pregnancy.".

REPAYMENT OF CERTAIN BENEFITS BY RECIPIENTS

SEC. 2059. Section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)) (as amended by section 509) is further amended by adding at the end thereof the following new paragraph:

"(16) If a State agency determines that a member of a family has received an overissuance of benefits under the program authorized by this section as the result of the misrepresentation by a member of such family, the State agency shall recover from such family, in cash, an amount that the State agency determines is equal to the value of the benefits overissued to such member, unless the State agency determines (in accordance with standards developed by the Secretary) that the recovery of such benefits would not be cost effective.".

ALLOCATION STANDARDS

SEC. 2060. Section 17(h)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(3)) is amended—

(1) by striking out ", which satisfy allocation guidelines established by the Secretary" in the second sentence; and

(2) by striking out the last sentence.

ADVANCE PAYMENTS

SEC. 2061. Section 17(h)(4) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(4)) is amended by striking out "shall" and inserting in lieu thereof "may".

SEC. 2062. Section 17(i) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(i)) (as amended by section 515) is further amended by inserting after paragraph (3) the following new paragraph:

"(4)(A) Notwithstanding paragraph (3), of the amount of funds allocated to a State agency for a fiscal year under this subsection up to 2 percent of such amount may be obligated and expended by such State agency during the subsequent fiscal year.

"(B) Any funds made available to a State agency in accordance with subparagraph (A) for a fiscal year and obligated shall not affect the amount of funds allocated to such State agency for such year.".

Subtitle F—Nutrition Education and Training Program

NEEDS ASSESSMENT

SEC. 2071. Section 19(h) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(h)) is amended—

(1) in the second sentence of paragraph (1)—

(A) by striking out "make an assessment of the nutrition education needs in the State as provided in paragraph (2) of this subsection,"; and

(B) by striking out the comma after "paragraph (3) of this subsection"; and

(2) in paragraph (2), by striking out "and assess" in the first sentence and all that follows through the period at the end of the paragraph and inserting in lieu thereof a period.

STATE PLANS

SEC. 2072. Paragraph (3) of section 19(h) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(h)(3)) is amended to read as follows:

"(3)(A) To be eligible to receive funds under this section, a State must—

"(i) submit to the Secretary a plan for nutrition education; and

"(ii) receive the approval of the Secretary for such plan.

"(B) The Secretary shall establish standards for such plan.".

BASIS FOR NUTRITION EDUCATION GRANTS

SEC. 2073. Section 19(j)(2) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(j)(2)) is amended by striking out "$75,000" each place it appears and inserting in lieu thereof "$50,000".

Subtitle G—Technical Corrections

OBSOLETE PROVISIONS

SEC. 2081. (a)(1) Sections 18 and 19 of the National School Lunch Act (42 U.S.C. 1767 and 1768) are repealed.

(2) The first sentence of section 3 of such Act (42 U.S.C. 1752) is amended by striking out "sections 13, 17, and 19" and inserting in lieu thereof "sections 13 and 17".

(b) Section 20 of such Act (42 U.S.C. 1769) is amended—

(1) by striking out "except for the pilot projects conducted under subsection (d) of this section," in the first sentence of subsection (c); and

(2) by striking out subsection (d).

(c) Section 22 of such Act (42 U.S.C. 1769c) (as added by section 9 of the Child Nutrition Amendments of 1978 (92 Stat. 3623)) is repealed.

(d)(1) The National School Lunch Act (as amended by sections 208(a) and subsections (a), (b), and (c)) is further amended by redesignating sections 20, 21, and 22 as sections 18, 19, and 20, respectively.

(2) Clause (3) of the first sentence of section 6(a) of such Act (42 U.S.C. 1755(a)) is amended by striking out "section 20" and inserting in lieu thereof "section 18".

OBSOLETE REFERENCES

SEC. 2082. (a) Clause (1) of the sixth sentence of section 17(a) of the National School Lunch Act (42 U.S.C. 1766(a)) is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(b) The Child Nutrition Act of 1966 is amended by striking out "Health, Education, and Welfare" each place it appears in section 4(a) (42 U.S.C. 1773(a)), subsections (b)(6), (b)(13), (e)(2), (k)(1), and (k)(2) of section 17 (42 U.S.C. 1786), and subsections (d)(2) and (d)(3) of section 19 (42 U.S.C. 1788) and inserting in lieu thereof "Health and Human Services".

(c) Section 19(j)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(j)(3)) is amended by striking out "Office of Education of the Department of Health, Education, and Welfare" and inserting in lieu thereof "Department of Education".

CONFORMING AMENDMENTS

SEC. 2083. (a) Section 12(d) of the National School Lunch Act (42 U.S.C. 1760(d)) is amended by adding at the end thereof the following new paragraph:

"(8) 'Secretary' means the Secretary of Agriculture.".

(b) Section 19 of such Act (42 U.S.C. 1788) (as amended by sections 105 and 603) is further amended by redesignating subsection (j) as subsection (i).

(c) Such Act (as amended by sections 105, 208(b), 601, 602, 603, and 702(b) and subsection (c)) is further amended by redesignating sections 19 and 20 (42 U.S.C. 1788 and 1789) as sections 18 and 19, respectively.

NOTICES OF HEARINGS

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. McCLURE. Mr. President, I would like to announce for the information of the Senate and the public that in anticipation of House action on H.R. 2478, it also may be considered at the public hearing scheduled before the Committee on Energy and Natural Resources on Tuesday, December 3, 1985, at 9:30 a.m., in room SD-366 of the Senate Dirksen Building in Washington, DC.

Depending upon House action, testimony may be received on H.R. 2478, a bill to amend the Revised Organic Act of the Virgin Islands, to amend the Covenant to Establish a Commonwealth of the Northern Mariana Islands, to provide for the governance of the insular areas of the United States, and for other purposes. As previously announced, testimony also will be received on Senate Joint Resolution 192, to authorize financial assistance for the Northern Mariana Islands, and for other purposes and S. 1441, to amend the Guam Organic Act, and for other purposes.

Those wishing to testify or who wish to submit written statements should write to the Committee on Energy and Natural Resources, U.S. Senate, room SD-358, Dirksen Senate Office Building, Washington, DC 20510. For further information, please contact Debbi Rice or Al Stayman at (202) 224-2366.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ARMED SERVICES

Mr. DOLE. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet during the session of the Senate on Thursday, November 21, 1985, in order to receive testimony on the organization and decisionmaking procedures of the Department of Defense and the Congress.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON ENERGY REGULATION AND CONSERVATION

Mr. DOLE. Mr. President, I ask unanimous consent that the Subcommittee on Energy Regulation and Conservation of the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Thursday, November 21, to hold an oversight hearing to review the Federal Energy Regulatory Commission's Order No. 436, final rule and notice requesting supplemental comments on regulation of natural gas pipelines after partial wellhead decontrol (docket No. RM85-1-000).

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. DOLE. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on Thursday, November 21, in closed session, to receive a briefing on intelligence matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON AVIATION

Mr. DOLE. Mr. President, I ask unanimous consent that the Aviation Subcommittee of the Committee on Commerce, Science, and Transportation be authorized to meet during the session of the Senate on Thursday, November 21, to conduct a meeting on Oversight of Aviation Labor Issues.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Mr. DOLE. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Thursday, November 21, to mark up and report out the following bills:

S. 1798, to grant the consent of the Senate to the Northeast Interstate Low-level Radio Active Waste Management Compact;

S. 1082, granting the consent of Congress to the Arkansas-Mississippi Great River Bridge Construction Compact;

H.R. 1890, to provide for an equitable waiver in the compromise and collection of Federal claims;

S. 1818, to prevent sexual molestation of children in Indian country.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

NATIONAL FAMILY WEEK

● Mr. DOMENICI. Mr. President, I am honored to call the attention of my colleagues in the Senate to National Family Week, November 24-30, 1985. This week is truly a week of thanksgiving to our Creator for the many blessings of this year.

As we focus our thoughts on the family, we recall the many images of the Holy Family as depicted by Nicolas Poussin, the fine Renaissance painter from France. His bold images of child, mother, and father give us the strong image of family that we carry in our hearts.

It is, after all, the family unit that nurtures our future. The hand that rocks the cradle truly shapes the minds and hearts of tomorrow's leaders. Our diverse and wide-ranging efforts in this Capitol can be seen to be directed to strengthening the family and its potential. Our defense struc-

ture, education programs, food support decisions, highways, poverty programs, business incentives, and communication laws can all be seen as efforts to create a better life around the family hearth.

As we debate the best paths to economic security for the Nation, we are really talking about economic security for the family. As our hopes for a lasting peace traveled to the Geneva summit with President Reagan, we have peace for our families uppermost in mind. As we learn about the joint international efforts to track and learn from Halley's Comet, our hopes for the dream of an international family of nations is heightened.

While we each have a family experience that is unique, the family unit is nonetheless indispensable. Not as many modern painters now attempt to depict the Holy Family that is familiar to all of us from our visits to museums. Yet this old image is very timely in shaping the 21st centruy. The new and heartening rise in our Nation's birth rate is a clear indication that our people understand the importance of old values for building the next century. Those who are being born today will be the college graduates of the next century. They will be the space travelers, and the builders of tomorrow's cities. They will be the thinkers and doers who will eradicate disease, feed the hungry, and stand by the oppressed.

These are truly exciting times to be alive, Mr. President. I would simply like to remind my friends and colleagues that our hopes and dreams for a better tomorrow can be closer to reality by adding the timeless ingredient of the every sacred relationship between father, mother, and child.●

SOVIET JEWRY CALL TO CONSCIENCE

● Mr. GLENN. Mr. President, with the conclusion of the Geneva summit, it is imperative that we not forget the plight of Soviet Jewry. While the recent decision to grant exit visas to several Soviet citizens who have spouses living in the United States is a positive development, the Soviet Government is showing no signs of flexibility on the issue of Jewish emigration. General Secretary Gorbachev has been recently quoted as saying that problems for Jews in the Soviet Union simply "do not exist." The facts strongly indicate otherwise.

Jewish emigration from the Soviet Union has fallen sharply from a high of 51,320 in 1979 to a low of 896 in 1984—a decrease of nearly 98 percent during the past 5 years. Freedom of emigration is a basic human right guaranteed by a number of internationally accepted documents such as the Helsinki Final Act. Clearly, the Soviets are not living up to these agreements.

The case of Lev Blitshtein is an example of Soviet intransigence. Mr. Blitshtein first applied to emigrate from the Soviet Union in June 1974. He was turned down in January 1975, and subsequently lost his job as a foreman at a meat processing plant in Moscow. Since then, he has repeatedly applied for an exit visa, but without success. No specific reason has been given for his denial.

Mr. President, Lev Blitshtein is no threat to Soviet state security. He is simply a decent hard-working man who desperately wants to be reunited with his family.

Unfortunately, the problem with exit visas is but one form of harassment that Soviet Jews must endure daily. Soviet officials have broken up religious study circles and beaten and detained both teachers and students. During the last year, Hebrew teachers have been arrested and sentenced to prisons or labor camps. In addition, the Soviet news media disseminates anti-semitic propaganda, belittling Jewish history and maligning Jewish activists.

Mr. President, we must continue to speak out on the plight of Soviet Jewry. Improvement in emigration policy for Soviet Jews is a vital precondition for the establishment of better ties between the United States and the Soviet Union. The appalling legacy of anti-Semitism in the Soviet Union must be ended once and for all. We cannot permit this injustice to be ignored.●

FREE CHINA'S POSITIVE REACTION TO UNITED STATES TRADE DEFICIT

● Mr. GOLDWATER. Mr. President, we all know that the enormous size of the trade deficit of the United States is without precedent in our Nation's history. This year the deficit is expected to reach or exceed $150 billion. Unfortunately, this development had created serious protectionist pressures on the administration and the Congress.

It is my hope the problem will be resolved in a lasting and fundamental way without resort to self-defeating protectionism. The answers will require the cooperation of all our friends and allies in the world who are running surpluses in trade with the United States.

One of these nations is the Republic of China on Taiwan, which had a surplus exceeding $10 billion with the United States last year. Much of the reason for the great success of the economy on Taiwan lies in the fact that the Government of the Republic of China has pursued policies favoring private enterprise and encouraging the growth of private entrepreneurship. The stability of government and consistency of free market economic policies in the Republic of China have provided an ideal situation for the growth of business.

The lack of natural resources and the small domestic market in the Republic of China, with only 19 million people, compared to 230 million in the United States, shows that its economic success is almost entirely due to good governmental policies and the natural ability and skills of the people. However, these same two factors compel the Republic of China to export or suffer economic decline. Thus, exports now constitute 51 percent of the Republic of China's gross national product.

During the first half of the last 30 years, from 1954 to 1984, the United States enjoyed a trade surplus with the Republic of China. Beginning in 1968, however, the Republic of China gained the advantage. Moreover, the Republic of China's surplus has continued to grow.

The United States is currently the largest trading partner of the Republic of China, and the Republic of China is the sixth largest trading partner of the United States. The total amount of trade exceeds $20 billion annually and is important to both sides. The United States supplied 100 percent of the the Republic of China's soybean imports, 99 percent of its corn, 83 percent of its tobacco, and 64 percent of its apple imports. Incidentally, about 90 percent of Arizona cotton is exported to East Asian countries and Taiwan purchases a healthy share of those Arizona exports.

Its great trade success has caused the Government and private sector in the Republic of China to make special efforts to purchase American products and seek to bring bilateral trade more into balance. For example, my colleagues from many different States across the Nation will recall that from 1978 to this year, our States have been visited by special procurement missions from the Republic of China. In fact, there have been at least 11 such "Buy-American" missions which have purchased almost 8 billion dollars' worth of U.S. goods.

In addition, the Republic of China recently agreed to make extensive concessions opening its market to more United States exports. Last month, the Republic of China announced commitments to reduce tariffs on 192 popular U.S. products. The new rates will take effect in January. Fully 112 of these tariff reductions were included on a list of requests made by U.S. interests and the other 80 tariff reductions were voluntarily offered by the Republic of China.

The average tariff rate in the Republic of China is down to 7.6 percent and will fall to 5 percent by the year 1990. In addition, beginning in 1986, the so-called tariff "uplift', which had

amounted to 20 percent, will be eliminated. Also, the Republic of China recently opened its service sector to foreign investment. As we all know, this is an area in which the United States is strongly competitive.

In some categories of imports, the Republic of China makes special concessions only to North America. In some other cases, the sources of import items are limited to U.S. equipment.

Another recent modest step toward adjusting the trade deficit which I would like to call to the attention of my colleagues is the pending joint venture between the Taiwan Power Co. and Rocky Mountain Energy, a subsidiary of the Union Pacific Corp., to explore for uranium in seven U.S. States and to ultimately supply processed materials for Taipower's nuclear powerplants. The seven States include Arizona, New Mexico, Colorado, Texas, Nebraska, Wyoming, and Washington. The ore would be processed entirely in the United States, adding extra jobs in this country.

Mr. President, this agreement, when given final approval, will be one in a long line of steps being taken by the Republic of China to correct the trade imbalance between our two countries. I believe it is clear the Republic of China has a very positive attitude toward promoting imports from the United States, and I hope that other nations of the world will follow their example by viewing free trade as a two-way street that runs both ways, not just from other countries to here.●

RICHARD GOODWIN—A MAN FOR ALL REASONS

● Mr. KERRY. Mr. President, few Americans have had a more distinguished record of public service than Richard Goodwin. He served as a law clerk to Justice Felix Frankfurter; as Assistant Special Counsel to President John F. Kennedy; as Deputy Assistant Secretary of State for Inter-American Affairs; as Special Assistant to President Lyndon Johnson; and as an adviser in the campaigns of Senators Eugene McCarthy and Robert Kennedy. He has also published three books and innumerable magazine pieces; written a play; and is currently under contract with Little Brown to write an autobiographical history of the 1970's.

Dick Goodwin, who I am pleased to count as a good friend, has now embarked on a new career as a syndicated columnist for the Los Angeles Times, and is the sole representative of that newspaper in the Boston area. In his columns, Dick writes with the same clarity and vision which have made him a distinguished public servant and respected political commentator. The topics of his columns range from the arms race, to South Africa, to the economy, to issues of constitutional law, but they are all characterized by independent, hard-hitting, cogent analysis and commentary. I congratulate Dick on his new role as a syndicated columnist, and I ask that a selection of his recent columns be printed in the RECORD.

The material follows:

CASEY (RON?) AT THE BAT IN BIGGEST GAME

(By Richard N. Goodwin)

To almost every American President, usually well along in his Administration, comes a time that should be known as Casey's moment:

The outlook wasn't brilliant for the Mudville nine that day;
The score stood 4 to 2, with but one inning more to play;
And so when Cooney died at first, and Barrows did the same,
A sickly silence fell upon the patrons of the game.
A straggling few got up to go in deep despair. The rest clung to the hope that springs eternal in the human brest. . . .

For President Dwight D. Eisenhower that moment came in the spring of 1960, when, after years of the most strident Cold War rhetoric, he neared a summit meeting with Nikita S. Khrushchev, prepared to offer compromises devised in good faith to reduce hostilities and reverse the arms race. Then the CIA sent an ill-timed U-2 spy plane over the Soviet Union, and the hope was gone. Later a melancholy President confided to his science adviser, George B. Kistiakowsky, that the collapse of the peace-making effort meant the failure of his presidency—in his own eyes, and in the judgment of history.

It is an emotion whose harrowing poignancy can be known only to Presidents who, alone among their fellows, have no unclimbed mountains, no unconquered territories of ambition; who can aspire only to influence the remorseless judgment of the future on their mastery of the present. If, that is, they care about the future at all.

Until a few weeks ago it seemed that Ronald Reagan was complacently content to bequeath a world more dangerous, more blemished by hate, than the one that he inherited.

But Flynn let drive a single, to the wonderment of all,
And Blake, the much despised, tore the cover off the ball;
And when the dust had lifted, and they saw what had occurred,
There was Jimmy safe on second, and Flynn a-hugging third. . . .

Then, in the last week, a flurry of background leaks, trial balloons and new proposals cascaded from the White House: substantial reductions of nuclear arms, compromises on verifications, even, *mirabile dictu*, a presidential promise not to use "Star Wars" until all the nuclear weapons that it is supposed to halt had been destroyed.

There will be debate, even consternation, over the specific content of our positions. But the words are not important. It's the music. There is a change of tempo, a melodic shift that indicates—unless I am the victim of wishful thinking (not the first time)—that someone, somewhere, wants something to happen at Geneva. And that can only be one man.

Then from the gladdened multitude went up a joyous yell, . . .
For Casey, mighty Casey, was advancing to the bat.

Naturally even if this is true, it only makes achievement possible. Even Reagan—I am told—cannot have everything. However, presidential will can disperse the mind-blurring rhetoric that engulfs any effort to deal sensibly with the Soviet Union. It can discard the irrational objection that we neither trust the Russians nor like them. These sentiments are not irrational because they are false. They are irrational because they are not relevant. If affection and trust were necessary to agreement, most daily business in the United States would come to a halt, and the unemployment rate in Hollywood would approach 100%.

What is relevant, and essential, is a concurrence of reason and interest. And it is this that gives us hope. For it is in the rational self-interest of both the United States and the Soviet Union to de-escalate everything: nuclear weapons, the technological arms race, antagonistic acts, strident accusations and the bloody, interminable contest for the transient allegiance of Third World nations. Any other course leads toward certain decline, either in the apocalypse of actual war or, more likely the gradual erosion of the economic foundation on which both countries rest their very different hopes for the future.

Obviously the Soviet Union cannot hope to match our prodigious military efforts without abandoning any prospects for an improving national life. And we are in much the same position. Our military budget is larger than during any "hot war" of this century. And we are financing it with a credit card whose bill, when it arrives will bring us toward, perhaps over, the brink of bankruptcy. Indeed, the current economic stagnation may already herald the approach of that inexorable collection agency from which there is no appeal.

Even our awesome budget figures do not measure the cost of our contest with the Soviet Union, it is draining the technological and managerial talent that would allow us to modernize our economy. There is no way, short of de-escalation, to compensate this loss. We can always print dollars. But we can't manufacture intelligence and creativity. And more ominous is the unmeasurable militarization of a free society in which every national leader is a part-time general, and every living room is visited by fantasies of conspiracy, spies, assassination and the portent of violence.

It seems obvious the rational pursuit of self-interest, the avoidance of self-inflicted injury, should lead us to success at the summit, and continued achievement in the years to come. Unfortunately, history teaches another lesson. The ancient Athenians wasted their empire with a meaningless war over barbarous Sicily, and in our own century the states of Europe tore themselves apart and forfeited their dominion. Still, error is not inevitable. A foundation is there: reason, interest and now, perhaps, a leader desiring entrance to the sparse Pantheon of peacemakers.

There are two endings to Casey's moment. Everyone knows the first. But there is a second version:

But here the pitcher whirled again—was that a rifle shot?
A whack, a crack, and out through space the leather pellet flew;
A blot against the distant sky, a speck against the blue.

Ten thousand hats were thrown in air, ten thousand threw a fit;
But no one ever found the ball that mighty Casey hit.

Go Ronny. You'll never have a bigger crowd, or a bigger game.

BEWARE THE TYRANNY OF THE RIGHTEOUSNESS—MEESE FORGETS WHAT "THE FOUNDERS" INTENDED HIS OFFICE TO BE

(By Richard N. Goodwin)

Yesterday, having studied our attorney general's noxious views on American freedom and feeling in need of spiritual cleansing. I walked through my home town of Concord, Mass., past Wright's Tavern where Adams and Hancock plotted armed rebellion against the state, to the Concord River; its slow sun-dappled currents, reflecting the autumn flame, revealed no trace of the "founding generation" who on that spot 200 years ago had fired the first, deadly shots against their British rulers.

I wondered how a transient bureaucrat, from an overbuilt marshland called Washington, could understand our progenitors so well to nominate himself their personal representative to 1985 America, the embodiment of ancient intentions that he, as the vessel of our past, would now impose through the powers of his high office.

Then, turning, I saw the grave of the British soldiers shot in that same battle. And all became clear. The marker read: "They came 3,000 miles and died/To keep the past upon its throne." Edwin Meese III was a true clairvoyant. Unfortunately, his messages were coming from the wrong side. He had, unwittingly, I am sure—the graves are close together—become the spokesman for those who would hold freedom subject to the power of the state, chain liberty to the conditions of a distant past, helpless against the myriad dangers of a changed world.

It is difficult to make sense of the attorney general's views. And it wouldn't be worth the effort if they were not, unfortunately, joined to a great deal of righteous power. That power, while real, is also illegitimate. It is not his job. His job is to enforce the laws, not make them: to obey the mandates of Constitution and Congress, not evade them by selecting those he likes and those he finds disagreeable.

Meese accomplishes his evasion by referring issues of human rights to the inner intentions of the Founding Fathers: They did not mean, he tells us, that freedom of religion should allow the choice of no religion at all.

This approach to issues of liberty leaves Meese with some complicated choices. Sam Adams, who started the revolution, believed that no Roman Catholic should hold public office. (So much for John F. Kennedy. Fortunately for the attorney general, Adams never spoke on the subject of Californians.) Thomas Jefferson seems to have had no attachment to any traditional religion. John Jay, the first chief justice of the United States, believed that "those who own the country ought to govern it," a belief close to Meese's own convictions.

However, Meese would not limit his prophetic gifts to subjects such as religion, on which, at least, there is some record. If we are patient we can anticipate an exposition of the "founding generation's" views on computerized invasion of privacy, the intrauterine device, a community's right to exclude noxious chemical wastes, mandatory seat-belt laws and the power of multinational corporations.

Nor is the Meese intuition focused solely on our early years. Its spans a century to inform us that the 14th Amendment—that enduring triumph of the Civil War—does not extend the Bill of Rights to the states. This means—or would, if anyone took it seriously—that any state could strip a citizen of the freedom to speak his mind, worship as he chose, defy arbitrary arrest, that a state might even, if it wished, reimpose racial segregation.

The reality is that the founding generations, and the more principled among their successors, were not trying to define the precise limits of freedom—what is allowable and what's prohibited. They couldn't. No one could. They were saying that individual beliefs and individual opinions—the repugnant and established alike—were not the business of the state.

Meese's views defy the entire conservative tradition of America, founded in opposition to the intrusion of the state. He invokes the past to support a most radical break with the past. And he means it. He does not like the civil-rights laws, so he does not enforce them. He does not like antitrust laws, and so will not enforce them. Indeed, in a more prudent and rational time we would not be listening to his views on the Constitution, but his response to articles for impeachment for neglect of duty.

As a law clerk to Justice Felix Frankfurter, I was taught to be a judicial conservative. I do not believe that the basic policy decisions of a democracy should be made by nine men meeting in secret on a Friday afternoon. But, I believe, even more strongly, they should never be made by some federal officeholder in the closed chambers of a gray government building.

History shows that time will correct the errors of the Supreme Court. But there will be no corrective possible if petty tyranny is allowed to undermine the authority of that institution which is our solitary protection against the inevitable arrogance of power.

DEMOCRACY TEETERS ON THE INCOME GAP—THE MIDDLE CLASS' MOTIVATOR, OPPORTUNITY, IS VANISHING

(By Richard N. Goodwin)

So then, to every man his chance . . . his shining golden opportunity . . . to live, to work, to be himself. And to become whatever thing his manhood and his vision can combine to make him. This seeker, is the promise of America.—Thomas Wolfe

The American dream, is dying. It has been a simple dream: A society in which all would have a chance to share in growing abundance; a land without huge inequalities of wealth or fixed class divisions; a nation that promised each individual not a certain income but the opportunity to achieve for himself the limits of his capacities.

In 1947 the government began to collect statistics on the distribution of income. For a while, during our huge postwar expansion, the rising tide lifted all boats. Growing numbers of individuals shared in rising affluence. We even thought for a while, to wipe out poverty completely. But more than a decade ago, as growth continued the doors began to narrow. Today the bottom 60% of all American families receive a smaller share of the national income—about 32%—than at any time since we began to measure. The wealthiest 20% get 43%. And if current trends continue, that one-fifth of families will soon claim more than half the income that our vast economy produces.

This sad narrative is not a tale of helpless poverty. It records the misfortunes of the American middle class—a majority of the hard-working, patriotic citizens who labor to support themselves and their families. It reveals a country where, over the last dozen years, despite rising national wealth, the median income for all American families has actually fallen (in terms of constant dollars). It tells, in the sterile jargon of statistics, of a land of shrinking opportunity, where effort, courageous toil and devotion will not be rewarded, where parents cannot reasonably expect their children to inherit a better and more fulfilling life.

This is a sea change in American life. it forebodes hardening inequalities of circumstance and condition, not between individuals but between large groups and classes of citizens, a retreat from the principle of universal opportunity, barracaded by a just government, as the necessary foundation for freedom—an outlet for human energies that would prohibit the suppression of tyranny against the turbulent discontent of imprisoned masses.

Present gulfs, the symptom of receding opportunity, do not result from some inexorable law of nature or history. They are the consequence of our own actions—of miscalculations, ideological blinders and ravenous greed. To some extent, they are the product of private failure to adapt. But they are also the consequence of national policies. We have adopted a "trickle-up economies" in which more and more of the wealth created by the great mass of citizens percolates into the pockets of the few.

For example, in the last 15 years we have virtually abolished the tax on large corporations, while increasing the tax on poor families by several hundred percent. In the name of the free trade, we are exporting hundreds of thousands of jobs to foreign countries and, with them, the income and know-how that might be used to reinvigorate our own distressed industries.

In many substantial shallows of economic life—from agriculture to investments—the large fish are swallowing the small, not because they are more efficient or more productive, not because they have won the battle of a free market, but because they are allowed or given money to buy out their competitors. The result is less efficiency, less growth, fewer jobs and diminishing income. Not for everyone, of course. Some get very rich.

This small space does not allow description of the deliberate distortions that are draining income and opportunity from the many. But they are everywhere to be found. And they are undeniable, unless we wish to contend that the majority of Americans, through laziness or incompetence, have become less worthy to share in our national weath.

Many would accuse this discussion of demagogic oversimplification, pointing to the proliferating changes of modern economic life. But that response is, itself, an easy out. It is, in many hands, a disguise, a resort to the technical jargon of modern "economic science" to mask greed, hypocrisy and flagrant transgression of the mandate that every American be allowed the largest possible scope for a personal "pursuit of happiness."

Admittedly, economic solutions require deliberations and analysis. (Although we might begin with a fair tax code and an end to nonsensical exhortations about an "open world economy" in a world that is far from open, and where free trade means the freedom to drain away American resources.) But once we share the understanding that a nar-

rowing base of opportunity is eroding the very foundation of American democracy, we will find those solutions. We dug this hole, and we can fill it. If not, we will be forced to accept the verdict of George Washington who, resigning his commission after Yorktown, explained "If (our) citizens should not be completely free and happy, the fault will be entirely their own."

TAKING CARE OF BUSINESS (MEN)—WITH CONGRESS' TRACK RECORD, DON'T BET ON TAX REFORM

(By Richard N. Goodwin)

Some years ago, while turning the pages of that journal most essential to all students of hypocrisy, the Congressional Record. I chanced upon an astonishingly brief Senate debate that culminated in the passage of the Historic Preservation Act.

This brilliantly named measure (who wishes to destroy history?) was among the more outrageous tax evasion schemes enacted by a Congress that, over the last 30 years, has labored diligently to lower taxes for men of means at the expense of everyone else. It provided that any building designated as a historic structure—an old brewery, for example—could be transformed into a shopping center or condominiums, and the entire cost of transformation could be deducted over a five-year period. In other words, a developer could invest a million, then deduct a million, and end up owning a valuable commercial property built in large measure at government expense.

This act would scarcely deserve mention—after all, it has cost the Treasury only a billion or two—were it not for the fact that only two members of the Senate voted against it. Daniel K. Inouye (D-Hawaii), presumably because he thought his state lacked structures of historic moment, and William Proxmire (D-Wis.), who opposes on principle the use of the tax laws for any objective save the raising of revenue.

The unnoticed ease of passage, however, is evidence of the impossibility of achieving tax justice through the present process. "Name me the 10 largest real-estate developers," said a man who is himself in this select group, "and I'll name you 10 men who will pay no taxes." The same could be said of most large corporations, oilmen, cattle breeders, racehorse owners, etc.

If passed, the present tax "reform" legislation—like all its predecessors—will not reform these inequalities. It will only change and complicate techniques for evading taxes. Those of large income will, at worst, be forced to revise their investments, shift from one type of shelter to another and adapt their spending to fit new categories of deduction. Indeed, the current proposals, like most others, could well be entitled "The Lawyers and Accountants Income Relief Act."

This predictable outcome is not merely the consequence of corruption. It is the inevitable result of a belief—old as the New Deal—that worthwhile social objectives can be accomplished through the tax laws. It is proposed, for example, to help industry modernize by giving special tax benefits to new investments. After eloquent debate over the obsolescence of steel mills, a law is passed that, because it is written in general terms, also helps to finance department stores, warehouses and gambling casinos.

Who pays for all of this? Middle-class America. If revenue does not come from the more affluent, it is taken from the rest of us. In the evenhanded world of taxation, one man's break is another man's burden.

It would be a mistake to think that some outpouring of popular indignation can correct present injustices. It is those who benefit most who own the lawyers and lobbyists and pour millions of dollars into the campaigns of supplicant congressmen.

More important, the system is powerfully seductive, enabling government to do by indirection what it lacks the courage to accomplish directly. It is, for example, much easier to stimulate construction through accelerated depreciation deductions, which few can comprehend, than by direct subsidies that everyone will understand.

The problem is that such tax relief, unlike straight payments, helps pay not only for middle-class housing or modern mills for a distressed textile industry, but also for condominiums for the wealthy, luxury hotels and gleaming new offices to replace perfectly serviceable old buildings. Moreover, there is always a way to transfer the benefits of these tax breaks away from the activities they are to benefit into the hands of outside investors whose only purpose is not productivity or even profit but the reduction of their obligation to pay taxes. The result is that many investment decisions are made not to maximize production or profit in a competitive market, but to minimize taxes in ways that ensure the inefficient and unproductive use of capital.

Our tax laws are not awesomely complex out of necessity. Nor is complexity the problem. It is a result of the problem—the unwillingness of the government to enforce economic justice and its cowardice in confronting real national needs.

The only possible resolution is quite simple. It is to tear down most of the existing structures of shelters, deductions, exemptions and credits, replace it with a relatively simple progressive tax, and subsidize directly those activities that are thought to need and deserve assistance. This way we could move toward worthy and defensible purposes directly, at far less cost. We could also eliminate, or at least be forced to confront, the injustices that now exempt so many from the burden of enlarging the opportunities and well-being of the society that makes them rich.

JESSE JACKSON, THE LAST DEMORCRAT

(By Richard N. Goodwin)

In the late spring of 1968, during the California primary campaign, I was riding with Sen. Robert F. Kennedy through a section of Los Angeles where large crowds of blacks had lined the streets to cheer his presidential campaign. He turned to me and, barely audible above the noise, said, "You know, I may be the last white politician they'll ever trust. If anything should happen . . ." The rest went unspoken.

He was right, of course. It was almost 20 years before black Americans found another national politician they could trust. And this one, Jesse Jackson, is black.

It would be a mistake to underestimate the magnitude of Jackson's achievement. There have been many black leaders in America. Some, like Martin Luther King, Jr., were men of historic dimension. But Jackson is the first to rise to a position of national leadership through the political process, and not through protest movements or black organizations. He entered the 1984 Democratic presidential primaries and, despite an under-financed and understaffed campaign, accumulated impressive vote totals in the South and in urban areas of the North.

How has the bureaucratic leadership of the Democratic Party responded to this phenomenon? With an unerring instinct for self-destruction they have tried to downplay Jackson's achievement, degrade his motives and deprive his followers of important party posts. If possible, they would drive him from the dwindling ranks of Democratic regulars.

What was fairly won on the battlefield of electoral politics is being stripped away in the paneled sanctum of the myopic Democratic National Committee. Men as distinguished as Richard Hatcher, the Democratic mayor of Gary, Ind., have been thrown out of their party posts because of their support of Jackson. A whispering campaign continually maligns Jackson's personal integrity and the sincerity of his expressed convictions. All this to the only political leader who can inspire blacks to register and vote in large numbers for any candidate of any political party, and who, more importantly, is the single most significant source of black pride and hope for economic justice.

For three weeks in 1984 I traveled with Jesse Jackson through Alabama, Georgia, Mississippi and Florida. The crowds were largely black, but their intensity matched what I had last seen in the campaigns of John and Robert Kennedy. Blacks of middle age and beyond could not conceal their pride—and almost surprised joy—as if youthful dreams, long-interred, were being unexpectedly resurrected. And when Jackson leaned over the platform, extended his arms, and promised "these hands that picked cotton are going to pick a President," young faces glistened with the tearful exultation of dreams not yet crushed. Indeed, until he inflicted the scar of suspected anti-Semitism on himself, he had begun to attract a following of young whites who heard in his Populist convictions the possibility of rescue from the politics of banal hypocrisy that dominates the Democratic Party.

I am not qualified to conduct instant psychoanalysis. However, I did spend a lot of time with Jackson—enough, at least, to learn something of the man. I don't know how he feels about Jews. Indeed, I don't know how he feels about whites. But I could say the same thing about most of the white politicians I worked for. The only relevant consideration, for the voting public, is not the composition of a candidate's soul but how he is likely to conduct his office.

If Jackson is able to demonstrate that his passion for economic and social justice will extend to all citizens—the white working class along with minorities—he can become a powerful force for political change in America. I have no cause to doubt his passion. He is an angry man—angry at the injustices he experienced, angry at those inflicted on others of his race. I am not saying that these are the limits of his concerns. I cannot penetrate the concealed recesses of brain and heart. I do know that he asserts far broader sympathies to all victims of injustice and deprivation, and a more profound anger against all those institutions and individuals who benefit from narrowing the door of opportunity. If he truly possesses these larger dimensions and can convince others of it, if he can transcend his blackness, then Jesse Jackson will be one of the most important political leaders in the country. If not, well, I suppose the people can endure another disillusionment. Someone else will come along.

Meanwhile, those of us with a stake in the future of the Democratic Party should demand that Jackson and his supporters be

incorporated into the party of all the people, rather than ejected in a back-room conspiracy worthy of the Nixon White House. And if they don't, Democrats should get rid of them and find some people who know that you win elections by cultivating your base, not banking it.

IS WINNING ARMS RACE WORTH LIVING FOR?

(By Richard N. Goodwin)

To enter the realm of expert discourse on arms control, one must pass beyond a Lewis Carroll looking glass where nearly everything is possible, the possible becomes the necessary, and the necessary keeps us all alive.

It is a wondrous place, in which the inhabitants solemnly agree that something must be done, and that no specific action is possible; that the affliction is fatal but all remedies are even worse. It is the only territory where Soviets and Americans dwell in complete harmony compounded of total discord; where all discourse is conducted in an alien language laced with exotic terms such as assured destruction, scenario, SS-20, Midgetman, simulation, strategic theory; and mathematical formulas are grounded not in physical reality but in transcendent imagination.

We might be content to marvel at this artifact of human creativity if it did not threaten to return through the looking glass and destroy the civilization we have so laboriously constructed.

One should not, however, make the mistake of thinking that prosaic reason can influence the natives of nonsense, whose definitive response is a commanding "off with their heads." To debate on these grounds defies the philosopher who warned that if he could phrase the question, he would guarantee the answer.

Therefore, ignoring for the moment our theorists of destruction, it seems plain that arms control is desirable for two reasons: to reduce the chance of nuclear war, and to reverse the ascending militarization of the American economy that is undermining our way of life, narrowing opportunity for our children and mocking the consent of the governed.

Avoiding nuclear destruction, while preeminently desirable, is an objective whose attainment is distant. Should we—the United States and the Soviet Union—halt today all work on new weapons and dismantle half or more of all we have, we could still destroy the world. While there would be survivors, our friends and families, the communities we inhabit, the work that sustains us and the society that gives us meaning beyond mere survival would all be gone. All the debate over survival ratios and defense capabilities does not address the irrefutable fact that we would lose all that makes life desirable, except the benevolent wish that the modern offspring of survival might do a better job than the sons of Noah.

Our second motive, the demilitarization of America, can be addressed immediately. Our $300-billion defense budget is straining the economy beyond its capacities, forcing us to borrow—on an immense scale—the resources needed to meet the demands of the generals and their commander in chief. The military-industrial complex prophesied by Dwight D. Eisenhower has become an overpowering reality, and has discovered the golden path to an arms race that need never end.

Not long ago we realized there were no more targets in the Soviet Union left uncovered by our strategic weapons. We hurdled this impasse by accelerating the technological arms race, made possible by the marvels of modern electronics. We would make weapons faster, more accurate, difficult to spot. Lasers and space stations would be devised to shoot down enemy missiles, and, perhaps, destroy Soviet cities. With the space shuttle we would move toward orbiting weapons systems. And beyond this are the dreams of particle physics, and perhaps an army on the moon, or—for nothing is impossible—an entire solar system devoted to deterrence.

The prospects, and expenditures, are limited only by the fertile imagination of warrior/scientists and their four-star employers. And each step of the way, the Soviets will match us. There are no more secret weapons. Since the Soviet atomic bomb exploded the American dream of lasting supremacy, the history of almost half a century proves that they can do what we do, and they will.

Nor can we expect that more and better arms will help us achieve our global political objectives. The necessities of survival keep both superpowers from direct conflict. Otherwise, we are muscle-bound. Our wondrous power did not deter the Soviets in Afghanistan, Hungary, Czechoslovakia or Poland. They could not restrain us in the Dominican Republic or Vietnam; nor will they in Nicaragua should we elect military intervention.

Halting the technological arms race will require Soviet agreement. Will they agree? We will never know until we try. There is a basis for agreement in shared interests: They don't want to die, they need their resources for more productive uses, and they have an ascendant military that threatens the rule of the Communist Party.

Maybe the Soviets do want to rule the world. Even so, they'll never get there by out-arming us. They can't. But we can harm ourselves. For if we fail to halt this accelerating race to nowhere, we may not be blown up, but we will surely become a different, less abundant and less free America.

IN SOUTH AFRICA, U.S. MUST GO WITH FORCES OF FUTURE

(By Richard N. Goodwin)

News Dispatch: "In a 24-hour period, government-sponsored violence destroyed thousands of shops and homes belonging to an outcast race. Twenty-six deaths were reported, and as many as 20,000 men and women placed in detention. The President of the United States expressed regrets that 'such things could occur in a 20th-Century civilization.' After hurried meetings, most world leaders chose to remain silent, expressing in private their view that harsh comment would only lessen their ability to influence a worsening situation."

If you did not see these events on any recent edition of the evening news, it is because they occurred not in South Africa but in Germany, almost half a century ago, on Krystallnacht—the night of the broken glass, when the Nazis savagely revealed to the world their long-established repression of the Jews.

The South African version of Krystallnacht is known as the "State of Emergency." And, since history rarely recurs with precision, it has occupied not a night but months. The victims are blacks, not Jews. Almost 700 have been killed, the destruction of homes and families has been far more extensive, and the number of those detained is unknown. There is, however, one striking similarity. We still talk as if there were a South African "issue," as if we were burdened with complicated choices of policy toward a state founded on principles of racial enslavement.

An overstatement? In five years beginning in 1976, 10 million South African blacks were stripped of citizenship. Millions of blacks were uprooted from their homes and herded into "homelands"—concentration camps without barbed wire, whose borders are maintained by armed officials. They are forcibly denied almost all the rights that we regard as the elements of human freedom. They have been forced to serve as laborers to enrich their white rulers. And, though they are not "owned," their niggardly pay does not provide them with the standard of care that a slave might receive just because he was valuable property.

Toward such a country, only one relationship is possible—no relationship at all. No diplomatic relationship, no economic relationship. No negotiations. And no discussion. Moral and practical imperatives combine to dictate that we sever ourselves from the white oligarchy.

Only thus can we discharge the special moral responsibility rooted in our national history. Thomas Jefferson was speaking of American slavery as well as European oppression when he expressed the hope that our new nation "may . . . be to the world, what I believe it will be . . . the signal of arousing men to burst the chains . . . and to assume the blessings and security of self-government."

It took almost a century before a bloody civil war shattered the bonds of slavery. It was another century before the turbulence of mounting protest and much violence brought American blacks toward the fulfillment of equality. And that story is not yet over.

The stain of racial oppression, America's original and still unexpurgated sin, imposes a special responsibility to associate ourselves with the black struggle for freedom. It is a debt that we owe to history—our own history. We cannot actively police the rights of the oppressed in other lands. But we cannot be Jefferson's signal unless our message goes forth clearly, unequivocally, without qualification, diplomatic jargon or flimsy pretenses woven of meaningless sanctions or pious exhortations to peaceful change.

President Reagan has established a "high-level committee" to consider measures for peaceful change in South Africa. It is like setting up a commission of astronomers to reconsider the proper orbit of Halley's comet. God and nature direct the comet. And South Africans will guide the future of that pain-filled land. It is the zenith of empty-headed arrogance to think that we can tame the savage growth so deeply rooted in alien soil.

In a society whose values, intentions and subtleties of will are so remote from our understanding, a debate as to whether particular actions "help blacks" or "hasten reforms" is nonsense heaped on ignorance. If we accomplish anything at all, it will be to delay the inevitable reckoning between South Africans and the mortally flawed society that they have created, while distancing ourselves from the righteous passions of the black majority.

"Nothing is more certainly written in the book of fate," Jefferson wrote of American blacks, "than these people are to be free." Iran taught us the stupidity of association with an oppressive minority. In South Africa we still have a chance to be allied with the forces of future rule rather than with a crumbling tyranny. Nor is it just

good fortune that moral imperatives and practical self-interest urge us in the same direction. Our values as a nation are the only compass that we have to guide us through the storm-stained continence of the emerging world.

THE MASS EVACUATION OF THE LEFT—CONSERVATIVE IDEOLOGY ACCELERATES THE PROCESS OF U.S. EROSION

(By Richard N. Goodwin)

In the 20 years since they began and lost a major war, the Democrats have not held executive power, save for the brief Carter aberration—the product of Watergate and the nomination of a disguised Republican to lead the Democratic ticket. Indeed, in the 125 years since Lincoln, only three non-incumbent Democrats—Cleveland, Roosevelt and Carter—have received more than half the national vote. Clearly the country prefers Republican Presidents unless given a substantial reason to elect a Democrat. And whatever reason remains is rapidly disappearing as Democrats across the land backpedal into the murky floodwaters of Republican thought.

In strident confrontation in Congress and on election platforms, Democrats and Republicans debate—not economic policy, but how to chip a few flakes from a mountainous deficit; not defense policy, but the cost of military toilet seats; not foreign policy, but whether to oppose the Sandinistas with words, dollars, guns or men.

In the fierce combat for the mantle of "prudent mainstream pragmatist," the term "liberal" has itself become a pejorative, attracting modifiers like "softminded" or "reflex" (as if conservatives didn't have awfully swift reflexes of their own), evoking images of middle-aged congressmen inarticulately upholding the virtues of Social Security, food stamps and other equally ancient though honorable triumphs.

Some Democrats, sensing the danger of resting on an ambiguous past, sternly dedicate themselves to "new ideas" that, if made tangible, turn out to be banalities (the American family) or specific, technical cures for particular problems without roots in any public policy. Public programs are not ideas. They are the fruit of ideas. They emerge from a coherent purpose. They do not provide it.

This mass evacuation of the left, although ominous for Democrats who seem determined to give the electorate an echo and not a choice, would be a harmless show of political cowardice if conservative thought was in fact leading the country toward a more ample future. Unfortunately, its almost unchallenged rule is hastening the tendencies toward national decline. These tendencies are multiple, but merge in the onset of an economic stagnation that has reduced our productivity, arrested the climb in living standards and hardened the barriers between income groups, hastening the establishment of a permanent and restless underclass.

This same retreat from ideological combat has allowed a foreign policy consisting of an occasional pause to brandish our latest technological marvels at the Soviets while we rush from one real or imagined trouble spot to another, from the halls of Managua to the shores of Cape Town. It is possible that by 1988 we will look back on a decade whose sole unchallenged achievement was the invasion of Grenada, and whose consequence was an America in fearful isolation against the weapons of its adversaries and the factories of its friends.

Left virtually unchallenged, the ruling conservative ideology accelerates the process of erosion, its proclamation of traditional pieties unable to mask the militarization of our foreign policy and the tightening control of the marketplace by waxing concentrations of economic power. The small farmer is allowed to perish, small businesses collapse, large industries coalesce—all in the name of free enterprise. The absurd gulf between conservative pronouncements and the uses of conservative power reflects our reluctance to concede that private control of the economy can be as deadening and dangerous as public control, that private bureaucracies can be as unresponsive to challenge as any department of government, that the Chamber of Commerce is a special interest even if its unofficial leader is also the President of the United States.

A public policy of the left, if there is to be one, will address not the exemplary slogans of conservatism, but these tangible consequences that threaten the hard-won position of the American middle class. In the 1930s Franklin Delano Roosevelt said that his task was to save businessmen from themselves, meaning intervention to restore a free-enterprise system that had paralyzed itself through concentration and abuse of power. Today, as then, the principal, primary task of liberalism is to protect the market; to ensure the open, free competition that, in the American context, is the only possible stimulus to innovation, efficiency and economic achievement.

This goal may sound moderate, positively traditional. But its actual execution would require drastic, even radical, change: the fragmentation of the hugely inefficient economic bureaucracies that dominate production, and the dismantling and disciplining of a conglomerate financial structure that is at the brink of insolvency.

This cannot be accomplished by pious exhortations to civic virtue. The problem is not a moral one. The aggrandizing drive of business, a positive virtue in a truly competitive system, also moves it to subdue threatening competition. As this goal is neared, government must intervene to restore the market, which is the source of individual opportunity. Failure to do so means stagnation, decline and ultimate collapse.

Armed with a purpose so large and difficult, men of the left will find a place to stand from which they can move the nation. The only real issue is whether obsolete structures can be forced to yield gracefully or whether they must be allowed to self-destruct, as in the 1930's. An America no longer isolated from the world's economy—an imperial superpower—cannot afford the luxury of waiting; lacking, as we do, any assurance that we will emerge from future panics or depressions with our liberties, or even our lives, intact.

NATIONAL DIABETES MONTH—NOVEMBER 1985

● Mr. DOMENICI. Mr. President, on July 19, 1985, the Senate by unanimous consent passed Senate Joint Resolution 145 designating November 1985 as National Diabetes Month. I was glad to be a cosponsor of that resolution for reasons that I would now like to make part of the CONGRESSIONAL RECORD.

Diabetes is a devastating disease that affects more than 12 million Americans. This disease alters the way in which the body uses food such that blood sugar, or glucose, levels become abnormally high. If this situation is not corrected, changes occur in blood vessels and nerves that can lead to blindness, kidney disease, heart attacks, and ultimately death.

There are two basic types of diabetes. Type I which used to be called juvenile onset diabetes occurs when the pancreas stops making insulin altogether. Daily injections of insulin are then required for the victim to remain alive. Physicians have come to realize that this type of diabetes can occur at any age, and it is now referred to as insulin-dependent diabetes.

Type II, or noninsulin dependent, diabetes occurs when the pancreas does not produce enough insulin or the insulin that is produced cannot be used for some other reason. This type of diabetes can sometimes be controlled without insulin injections. Either type of diabetes can be devasting to the individual victim and his or her family.

Surprisingly, there are some good things that can be said about this disease. Diabetes research and treatment presents us with one of the most successful interactions of academia, Government and business in solving the Nation's health problems. Research has produced a pump that allows insulin to be continuously infused, when needed, into the blood stream. Sandia Laboratories in New Mexico was involved in the development of this apparatus.

Recombinant DNA research is producing a synthetic insulin that may ultimately prove to be cheaper and easier to take than the current biologic product. We are on the verge of conducting clinical trials to determine if the surgical replacement of the pancreatic cells which produce insulin can in fact cure the disease completely for some affected individuals.

In addition epidemiologic research is beginning to give us a picture of why some population groups such as American Indians have a higher incidence of the disease than other groups. In the next 5 to 10 years we may not only be able to cure this disease but also use our knowledge of how it works to help us treat other similar disorders.

Most exciting of all because of our studies on risk factors associated with diabetes we may be able to prevent type II disease entirely in some individuals with a combination of diet and weight control. Some of you may have seen the Today Show on television 3 to 4 weeks ago when the Zuni Hospital project on diabetes prevention was reviewed. This project in Zuni, NM, has been successful in involving the Zuni tribe in a program of exercise, diet and weight control; 25 of their participants have been able to decrease by one-third the amount of insulin that they use.

All of this activity has been coordinated and directed at both treatment and prevention by a number of national and local boards, associations, advisory panels and institutes. At the moment, Henry Rivera, from Albuquerque is director of the national office of the American Diabetes Association. In recognizing National Diabetes Month, we should recognize the positive contributions of this activity as well as the continuing needs of diabetic patients and their families.●

KEEP THE 401-K PLAN

● Mr. SIMON. There is extensive discussion going on in Congress these days about what a recent article in the USAir magazine calls the "Best fringe benefit in town: the new 401-K plan."

The 401-K plan is named after the section in the Federal Income Tax Code that authorized it and the interest in and popularity of 401-K plans has grown dramatically in recent years. The Employee Benefit and Retirement Institute estimates that the number of participants have grown from 1.7 million in 1983 to 9.5 million in 1985.

Approximately 80 percent of all Fortune 500 companies offer 401-K plans; however, they are not the only ones who see the mutual benefit in allowing their employees to save money for retirement and to reduce their income taxes by putting up to 20 percent of their wages in some sort of tax deferred savings plan. Most companies match worker contributions on a $0.50 to $1 or $1 for every $3 that the employer contributes basis.

In October Steven R. Koch, vice president of the Peoria Journal-Star, testified before the Senate Labor and Human Resources Subcommittee on Labor. He outlined one of the important roles played by 401-K plans.

By way of background, the Peoria Journal Star has historically been closely held and locally owned. They are one of the few major newspapers which remain independent of a national chain. National newspaper chains are quite anxious to acquire newspapers such as the Journal-Star, and their shareholders have been presented with many opportunities to sell their shares at very attractive prices. The family which has owned the Peoria Journal-Star has, however, foregone such opportunities because of their strong belief that ownership of the newspaper should remain local and should ultimately rest with the employees of the newspaper.

Therefore, in order to ensure local, employee ownership, the Journal-Star established its employee stock ownership plan [ESOP] in 1983, and the existing shareholders entered into a "put and call agreement" giving the ESOP the right to acquire shares from them over a 10-year period ending in 1993. Their goal was and is to achieve 100 percent employee ownership as quickly as we can do so in a practical, orderly manner. The section 401-K arrangement is essential if that goal is to be achieved. Under that arrangement, each employee may contribute a portion of his salary to the ESOP, and the company matches that contribution on a dollar-for-dollar basis up to 5 percent of salary.

The success of the ESOP hinges on the section 401-K arrangement. By substantially diminishing the time required in order for employees to obtain control of the company, the section 401-K arrangement makes the goal of control vastly more tangible for the employees. To the extent that the objective of the ESOP is to improve employee morale and productivity, the section 401-K arrangement is essential because an employee who has voluntarily placed his own funds at risk in the business has a far greater stake in its success than one who has not. To the extent that the goal of the ESOP is to encourage saving by employees, the section 401-K arrangement with its matching feature is a very powerful device indeed.

Over 80 percent of our eligible employees participate in the section 401-K arrangement. The average employee contributes over 4 percent of his annual salary to the ESOP. In light of the numerous articles bemoaning the very low rate at which the American public saves—a rate which fell to a 26 year low of 2.8 percent in August—the fact that our employees are willing to contribute more than 4 percent of salary to the ESOP is significant indeed. I might add that our employees have been well rewarded economically for their investments in the ESOP. As of March 1985, the average employee account contained $25,599 worth of stock in the Peoria Journal-Star. The appraised value per share of that stock increased by 25 percent during 1984, as compared with a 6.2-percent increase in the Standard & Poor's 500.

Legislation introduced in the Senate and House by my colleagues Senator JOHN HEINZ and Representative BILL CLAY on October 22, 1985, would modify the complex discrimination test of a 401-K plan while retaining its two most important features—simplicity and employee tax advantages the Heinz-Clay bill is especially beneficial to small employers. As a former small businessman, I applaud this initiative which is designed to encourage small employers to establish pension plans and make contributions on behalf of employees. This is necessary because only about 52 percent of the American work forces covered by a pension plan at their place of employment, while more than 47 million workers don't even have the opportunity to earn a pension benefit.

All is not rosy with 401-K plan. There are several serious drawbacks, including: First, employee contributions are often insufficient to allow for the accumulation of sufficient income for retirement purposes, for example, more than 95 percent of contributors to 401-K plans put in less than $6,000 per year; second, employees who cease working for an employer with a 401-K plan often withdraw their contribution and spend it rather than reinvesting it in some other source of retirement plan, for example, recent data show that only 5 percent of the lump sum cash distributions taken before retirement are rolled into a retirement savings account and only 32 percent are used in any form which might result in savings, including the purchase of a home; and third, 401-K plans permit an employer to provide an employee with adequate retirement income at little or no cost to the employer.

Overall, I believe that 401-K plans are a net plus for the employee and should be retained with some modifications. I urge my colleagues to learn more about these plans and therefore I ask consent to include in the RECORD the October 1985 USAir article by Barbara Gilder Quint. I hope my colleagues will take the opportunity to read this informative article on 401-K plans.

The article follows:

BEST FRINGE BENEFIT IN TOWN: THE NEW 401K PLAN

(By Barbara Gilder Quint)

Merrill Lynch has one. American Hospital has one. So do IBM, Bantam Books, Hammermill Paper, and a growing number of America's biggest—and not so big—corporations. It's the new salary-diversion plan, or "401K plan," as it is called after the section in the Federal Tax Code that authorized it, and for many people it may turn out to be the best and safest tax-sheltered fringe benefit around.

How does a 401K work? 401K plans offered by different companies differ in detail, but are generally similar. The main purpose is twofold: to save money for retirement, and to reduce current income taxes. A corporation decides to offer its employees the opportunity (and it is always voluntary) to have their pay "reduced" by a given amount, usually 4 to 10 percent. For example, if you earn $40,000 and your company offers a 10-percent salary-reduction plan, your pay would be sliced by $4,000 to $36,000. However, since the federal income tax you'd otherwise pay on that $4,000 might run as much as $1,500, your actual take-home pay would be reduced by only $2,500. Your company would then take the entire $4,000 of your "pay cut" and place it is a savings plan for you, investing in, say, stocks or a money fund. Often the company adds some matching funds, perhaps $1 for each $3 you contribute. So even though you might end up each year with $2,500 less in your paycheck, you might also end up with as much as $5,300 in your savings plan (assuming your employer also contributed).

What happens to the dollars you leave in your 401K plan? Income earned by invest-

ments in your 401K are not currently taxable. This means that if you have $5,300 in your plan (say, in a fixed-income package earning 10 percent), the full amount of interest will be added to your account each year without any tax bite.

How do you get your money out of a 401K? Access to money invested in a 401K is reasonably good. You can get your money out at any time if you retire or leave the firm. You can also withdraw all or part of your money while you continue as an employee if you are experiencing "hardship." The official definition of "hardship" will probably be established by the IRS sometime later this year; for now, each company makes its own definition. In almost all companies, hardship include: such things as having to pay large medical bills not covered by insurance, buying a house, or sending children to college. Some companies interpret hardship even more broadly. R. Theodore Benna, executive vice president of Johnson Companies, a consulting firm specializing in employee-benefit plans, tells of one plan in which employees have been permitted to withdraw funds from their 401Ks to buy or repair cars. Benna says the consensus is that the official IRS rules, when they come, will include, at the least, a definition of "hardship" that covers medical, college, and house-buying bills, and that conceivably they might be even more liberal.

What taxes do you pay when you take your money out? First, let's look at what happens if you remain with your company but withdraw your money under the hardship provision. In this case, if you have participated in the 401K for fewer than five years, you pay taxes at your ordinary income-tax rates. However, if you've been in the plan for more than five years, and you withdraw everything in the account, you may be eligible for 10-year averaging, a special formula in the tax code that can cut the tax bite enormously. For example, the taxes on $20,000 of ordinary income for someone in the 40-percent bracket would normally run $6,000; if you have $20,000 in your 401K and withdraw it, and if you qualify for 10-year averaging, taxes would run only around $1,000!

If you leave the firm, your options are ever more attractive. If you've been in the plan for fewer than five years when you leave, you can either take the entire amount outright and pay ordinary income taxes on it, or you can defer all taxes by reinvesting the amount in an IRA "rollover" account. If you've participated for more than five years, you have the choice of either taking the money and paying taxes on it under the attractive 10-year averaging method or deferring all taxes by using an IRA rollover.

What kinds of investments are offered for your 401K money? Most companies offer you a selection of investments. Typically, you can choose to put your 401K dollars into a fixed-dollar investment such as a savings account, or a portfolio of stocks and bonds, or an all-stock portfolio. If you prefer, you can divide your money among the various alternatives. You can even change your mind periodically—for example, switching after six months from 100 percent common stocks to 50 percent stocks and 50 percent savings accounts, and after a year going back to all stocks.

Many experts suggest that your best investment philosophy in a 401K—especially if you have outside investments—could be to keep the money in a fixed investment such as a high-yielding, fixed-income account, often called a "guaranteed income fund." Today, these accounts pay between 10 and 11 percent. The reasoning holds that if you can earn 10 or 11 percent tax-free and risk-free it is not worthwhile to take the risks involved in owning stocks. The point is that in your "outside" (non-401K) investments, buying stocks is advantageous because the taxes on capital gains (profits from stock trading) are much lower than the taxes paid on interest income. In a 401K, however, the tax treatment is identical, with neither capital gains nor interest being taxed at all. Moreover, if you lose money on investments in the outside (non-401K) world, you can deduct all or part of those losses from the rest of your income. In a 401K, however, there is no tax benefit to losses.

401Ks and the employer. From the employer's point of view, 401Ks offer unique pluses when compared with most other fringe benefits. They provide employees with adequate retirement income at little cost to the employer. This point is that if the plans are adopted by most employees, says Howard Sontag, a benefits consultant with Buck Consultants of New York, "there will be less pressure down the road [for the company] to make out-of-pocket pension increases," increases that would undoubtedly cost the company much more than the relatively small matching contributions connected with most 401Ks.

Summing it up: The overall advantages of a 401K. Looking ahead, Benna believes that 401k plans will eventually turn out to be the "backbone of the private retirement system." For most middle- and upper-level executives, the tax savings makes it easy and attractive to enroll in the plan—that is, it costs relatively little in after-tax dollars to tuck a substantial amount into savings. Add to this the sweetener provided by matching contributions from an employer, and you have a package that most employees find too good to resist. In fact, the numbers can be mind-boggling. Let's take the case of a 40-year-old employee earning $40,000 who participates in a 5-percent 401K. In the plan, the employer contributes $1 for each $3 from the employee. Should the employee decide to retire at the end of 20 years, when he's 60, assuming an average return of 10 percent obtained by keeping the funds in a fixed-income account, he'd have almost $175,000 in the plan—and all this at an out-of-pocket cost to the employee of only $1,300 a year or $26,000 in all?

Anyone offered a 401K should note its special advantages over most other savings/retirement packages. Because of the hardship clause, you keep reasonable access to your money, without penalty. Compare this, for example, to an IRA in which you are subject to a 10-percent penalty if you withdraw your money before age 59½.

Many financial experts suggest that although you are legally entitled to both an IRA account and a 401K, you might consider opting for the 401K rather than the IRA if you don't have enough cash available for both.●

A KOREAN WAR MEMORIAL: LONG OVERDUE

● Mr. ARMSTRONG. Mr. President, it has been my deep pleasure to take part in the effort to build a Korean War Memorial to honor those who served and those who died in Korea. I am pleased to say today that 58 of my colleagues here in the Senate have joined me in so honoring the heroes of the Korean war. They, as do I, believe this country has a moral obligation to recognize the courage and sacrifices made by those young Americans more than 30 years ago.

Let there be no mistake. My bill, S. 1223, authorizes the construction of an appropriate memorial through Federal funds. This was done for very specific reasons. First, those who fought in Korea were serving their country at the request of their Government. Therefore, the Government should willingly provide the minimal amount of funds needed to build a memorial.

Second, private efforts to build a Korean War Memorial have been entirely unsuccessful to date and surrounded by controversy. In light of these experiences, prospects for mounting a new successful private effort are of deep concern to many who have been seeking a memorial for some time. However, by using the facilities of the American Battle Monuments Commission, an agency of the Federal Government, we can ensure that indeed a memorial will be built and that the funds will be secure. As an added benefit, the American Battle Monuments Commission is authorized to accept contributions which, I would like to add, have increased fivefold since introduction of S. 1223 even without publicity. I have no doubt that announcements in veterans publications will bring in tremendous sums once S. 1223 is passed.

Third, by using Federal funding, we can be assured that a memorial will be built in a timely manner. As soon as Congress provides funding, the work can begin. If a private effort is required, construction cannot begin until substantial donations are collected. It should be noted that roughly a half million veterans of the Korean War have already passed away due to the natural calamities of life. We would be remiss if we did not do everything in our power to build a memorial before more time slips by.

Fourth, S. 1223 provides the best of both worlds—recognition by this country as a whole that those who served in Korea should be honored for their deeds, and participation by individuals and groups who wish to show their personal appreciation to our Korean vets by donating directly to the American Battle Monuments Commission fund. Those donations are held in a trust fund until work begins on a memorial and are then used to reimburse the Federal Government's outlays.

Col. William Ryan of the American Battle Monuments Commission has been kind enough to share with the Senate some of the donation letters he has received supporting the Korean War Memorial effort. Nothing can be more illustrative of the broad range of support we can expect from the Amer-

ican people. Clearly, this is an idea whose time has come.

I ask that portions of the letters be printed in the RECORD at this point.

The material follows:

SIR: We, the members of the Suwon AB Security Police are proud to present your monument fund with the enclosed amount of $110.00. We raised the money within our small unit in one weeks time. Being that we are serving here in Korea we are constantly reminded of the sacrifices that were given to make this country free and feel it only just that the veterans and those who gave their lives be always remembered. Again it gives me and the other members of this branch great pride to present this to the fund.

TERRY L. WULFF, *SSgt, USAF.*

SIRS: Enclosed is $10.00 donation for the Korean War Memorial. I'll try to send $10.00 per month for a total of $100.00. My husband died in a POW camp some where in N. Korea. His body still lies some place in North Korea. No coffin, no marked grave. I think he and all vets deserve this memorial.

ETHEL M. DICK.

SIR: I would like to contribute $5.00 to the Korean War monument. My dad served there.

TED BOAG.

DEAR SIR: My family and I have a personal interest as we lost a son and brother in that so called "police action". My brother, John Marchese, was attached to the 1st Marine regiment and lost his life while on patrol in May 1952.

What a long time has passed for someone to remember that the heroes of the Korean conflict died for their country.

Mrs. R. SOUTER.

As a vet of WWII—Korea—Nam I can't believe the Korean one "may be" forgotten.

J. BAGLAMA.

SIRS: Check enclosed for Korean War Memorial. Long overdue.

BOB HOWE.

DEAR COLONEL RYAN: The members of our detachment think the establishment of a Korean War Memorial is a very worthy and deserving project. Many of our members served in that war and during that period of time and did not realize that a specific memorial or monument to that war had never been built.

For that reason we are glad to donate $25.00 toward that purpose.

BOOT MARINE DETACHMENT,
Hanover, PA.●

MEETING INTERNATIONAL COMPETITON WILL TAKE MORE HELP FROM SMALL BUSINESS

● Mr. KERRY. Mr. President, as a member of the Senate Small Business Committee, and its Subcommittee on Innovation and Technology, I would like to call attention to some of our accomplishments, and as some of the goals that remain unmet.

I believe that we can take pride in the fact that the committee was the first to advocate a government-wide small business innovation research program, and that the Senate took the initiative in the enactment of the Small Business Innovation Development Act in 1982 (Public Law 97-219).

We can also derive satisfaction that the 11 Federal departments and agencies participating in the program, and the community of small techology based companies in this country have made this program a ringing success. That is the good news.

The bad news is that in 1977, before the SBIR program was extended to all Federal agencies, a Presidential study found that the small business share of Federal research and development funds was approximately 3½ percent. For fiscal 1984 the small business share of those funds was 2.91 percent, according to a recent SBA [Small Business Adminstration] report (See "Second Year Result Under the Small Business Innovation Development Act of 1982" Report No. 453, March 15, 1985, exhibit 3-6, page 26.)

I believe this decline is unfortunate in view of the conclusions of the 1977 study that: First, small business had consistently accounted for half of all industrial innovation, second, this consituted "a striking record of innovation"; and third, that small technology-based enterprise deserved greater Federal research and development support as a way to strengthen the innovation process in this country.

LEGISLATIVE HISTORY

In 1978, the Senate and House Small Business Committees held joint hearings on the utilization of small business enterprise in solving the nation's technology problems. The evidence was that executive departments and agencies, such as the National Science Foundation, NASA [the National Aeronautics and Space Administration] and the Defense Department, which has increased small business R&D funding, were better able to fulfill their mission responsibilities. (See 29th Annual Report of the Senate Small Business Committee, Senate Report No. 96-31, page 144.) These hearings and the consequent joint report of the two committees (Senate Report No. 1413, December 28, 1978) became the foundation for the enactment, in 1982, of the Government-wide SBIR program under the leadership of the Senator from New Hampshire [Mr. RUDMAN], and the Senator from Connecticut [Mr. WEICKER].

SUCCESS OF THE PROGRAM

The SBIC legislation provides that each Federal department or agency with extramural research budgets exceeding $100 million should participate in this program, and 11 departments and agents doing so. In response to their solicitations, they have, over the past 3 years, received approximately 25,000 SBIR research proposals aimed at solving technical problems which they need to surmount to better perform their assigned missions.

In fiscal year 1983, the agencies solicited proposals on 618 topics and made 686 awards. In 1984 the number of topics had grown to 1,650 and the agencies had made 999 phase I awards (up to $50,000 to illustrate the technical feasibility of the innovation) and 338 phase II awards (up to $500,000 to bring the project to a proto-type or pre-production stage). These figures are derived from testimony by Richard Shane, Assistant Administrator of the Small Business Administration, in hearings before the Subcommittee on General Oversight, House Committee on Small Business November 6, 1985, conducted by Representative MAVROULES.

MASSACHUSETTS RANKS SECOND IN THE NATION

I am proud to say Massachusetts is the second ranking State in the number of awardees. For the first 2 years of the program, that is fiscal year 1983 and fiscal year 1984, California had received 416 awards for a total dollar amount of $36.4 million, while Massachusetts had won 337 awards for a total amount of $30 million. The quality of awards originating in Massachusetts is indicated by the high proportion of proposals from the Bay State that are successful under the program. The so-called "Route 128" technology based firms are thus making signal contributions to our national research and development and I salute our Massachusetts entrepreneurs for their efforts.

Interest in the program on the part of small technology-based firms remains high. I understand that the interagency SBIR orientation conference scheduled for November 25 and 26, 1985 at the Marriott Copley Place in Boston has attracted over 800 attendees. These conferences are obviously filling a need. I congratulate the National Science Foundation, the Energy Department and other Federal departments and agencies for organizing these events, and wish the Boston conference well.

Thus, in my opinion, the SBIR program is proving to be good for the country and good for the State of Massachusetts.

A notable aspect of the program is its marriage of public and private sector judgment. When firms submit their applications for phase II awards, the determining factor is the applicant's ability to obtain a private venture capital commitment. What this means is that if the innovation meets its specifications, the private money will be invested to produce the innovation for the commercial marketplace.

Another aspect is that SBIR does not cost the taxpayer any additional money. It sets aside a percentage—up to 1.25 percent in the final year—of whatever the agency budget happens to be for this SBIR type of competitive procurement. About 1 out of 12

proposals wins a phase I contract or grant. I believe these features make a lot of sense and we should commend the designers of this program as well as those in the Congress who recognized the merit of this system and guided the program to enactment.

SIBR ALLOWS VERY SMALL FIRMS TO COMPETE

Among the consequences of SBIR is to keep alive the spirit of Yankee ingenuity, and to open the doors of massive Government agencies to the very small firm which may have an idea that can revolutionize an industry. For example, of the companies funded by one prominent Government agency, 48 percent were less than 5 years old and 44 percent had fewer than 10 employees (Business Week, October 22, 1984, page 146.) Such small firms do not have the teams of engineers, administrators and lawyers to deal with book-sized bidding instructions from Federal agencies or to put together lengthy contract proposals. Under the SBIR program, all phase I proposals are limited to 25 pages. It is encouraging to note the report from the same article that Federal agencies, after initial fears that they would have to deal with hundreds of small inexperienced bidders, now say that they are getting "two worthwhile proposals for each one they can fund." SBIR funds help the firms to grow into better competitors.

VALUE OF SBIR TO LARGE CORPORATIONS AND UNIVERSITIES

The program has proven good for large businesses. One study indicates that more than 40 percent of the SBIR winners expect to develop one or more of its innovations in some sort of licensing arrangement, or joint venture with a larger firm. (Venture magazine, November 1985, page 148.)

The program has also been good for universities. Business Week also reported that a significant proportion of the proposals funded are "university-coupled," that is using university professors as consultants or subcontractors for research or facilities. In some agencies, the share is well above 50 percent.

Business Week also reported the universities, which initially opposed the SBIR program as competition for Federal research money, will now admit that the program "is working well." Since the Federal research budget for the current fiscal year is approximately $53 billion, and the amount allocated to SBIR is approximately $200 million, the SBIR share of total Federal research dollars amounts to less than one-half of 1 percent. That is not much competition, especially in an era of rapidly rising research budgets. Yet, despite the miniscule participation of small high-tech firms in federally funded R&D, small business innovations have played a critical role in the American economy.

THE NEED FOR BETTER INDUSTRIAL COMPETITION AGAINST IMPORTS

Our adverse trade balance is sending us messages that the United States is now in a global market, and we are losing out in international competition in many areas.

This is not the fault of our efforts in pure scientific research in this country. The efforts of U.S. universities and nonprofit organizations have, in fact, been the envy of the world. Our researchers have won part or all of 87 Nobel Prizes in physics, chemistry and medicine while the Japanese researchers have won only 4 such prizes. The state of our pure research is excellent, and we should continue to support and expand it.

However, what is not so good is the state of our applied research. What we need to improve as a nation is translating the results of our magnificant pure research into commercial products that can be sold in the marketplace, both here at home and in world export markets.

The innovation process, by large and small companies, is the bridge over which these research results travel to enter the market place. Small business accounts for half of the traffic. Examples of small business innovations include the xerox process, the instant camera, the helicopter, the catalytic cracking process for oil refining, hand-held calculators, mini-computers, and hundreds of others.

Our need for more commercial innovation is demonstrated by the trade balance of the United States over the past decade. For the 5 years from 1976 to 1980, the international balance of payments on goods and services, which includes all investment transactions, services, travel and transportation receipts—but not pensions and other transfer payments—amounted to a net surplus of $2.6 billion. For the years 1981 through the first half of 1985, the U.S. goods and services balance was a net deficit of $164.4 billion. High technology products have been an incresing proportion of U.S. exports.

The influx of foreign goods into the United States is beating the socks off of traditional mainstay American manufacturing industries such as steel, automobiles, TV, shoes and textiles. For example, in the past month General Electric Co. has closed its last television manufacturing facility in this country.

I believe that our inability to compete with imports in many of our traditional industries has become a crisis for the U.S. economy. If we hope to turn that balance of payments around, we need more innovation from large and small business. Experience such as the SBIR program indicates that increased support for small business will help us meet the international challenge by bringing more innovation into production sooner.

THE NEED FOR MORE JOBS IN THIS COUNTRY

Another consequence of the adverse balance of payments is that the United States is loosing jobs.

Although the number of jobs in our economy set records in 1984 and 1985, job creation did not keep pace with our needs. Unemployment still came to 8½ million in 1984 and "part-time employment for economic reasons" added another 5½ million, a total of more than 12 percent of our labor force which is not fully utilized. (Economic Indicators, Joint Economic Committee, October 1985, page 11.) Further, a thoughtful report entitled "The Future of Work" has predicted that "4 to 6 million jobless workers may become part of a permanent labor surplus * * *." if action is not taken to attack the Nation's unemployment problems. (A report by the AFL-CIO Committee on the Evolution of Work, August 1983). I am concerned over the present unemployment situation and the potential of even greater problems in the future.

THE VITAL ROLE OF SMALL BUSINESS

However, some of the best news in the job market in recent years has come from small business. In 1981 and 1982, small independent firms created 2,650,000 new jobs, while the rest of the economy was loosing 1,664,000 jobs. The overwhelming proportion of those jobs were generated by small, independent private enterprise businesses with less than 100 employees. These are not only high-tech firms, but medium-tech, low-tech and no-tech firms as well. But, of course, the firms that are developing new innovations and products and new industries have the greatest history of and potential for job creation.

TEAMWORK CAN HELP ACHIEVE THESE GOALS

My point is that we need teamwork and balance among all elements of American society—large businesses, small businesses, universities, nonprofit organizations and a knowledgeable government. There is a place for all. Especially in light of the experience in my own State of Massachusetts, and the national and international evidence, I am convinced that programs such as SBIR, which permits the small business community to attain a higher degree of Federal research support, help the country quicken the innovation process. In turn, this can help our national competitiveness and job creation in the years ahead.●

TEACH: EDUCATIONAL VOUCHERS FOR DISADVANTAGED CHILDREN

● Mr. DENTON. Mr. President, I am pleased to be an original cosponsor of TEACH, the Equity and Choice Act of 1985. The bill is the administration's voucher bill, which will allow the par-

ents of poor and disadvantaged children to have the same opportunities that wealthier people have to choose the schooling that they want for their children.

I introduced the administration's original voucher bill in 1983, when I was a member of the Senate Committee on Labor and Human Resources. My firm support for vouchers continues but, since I am no longer a member of the committee, I am pleased to lend my support to Senator HATCH, the chairman of the committee, who is introducing the administration's voucher bill this year. I will look forward to working with him in the Senate to generate support for the legislation, which will offer choice to the disadvantaged students who are most in need of quality education.

Under the bill, parents will have the option to continue sending their children to their local public school, or to send them to another public school either in or out of their district, or to choose a private school. Parents of disadvantaged children will now be allowed to select the education most appropriate for their children. The bill should foster diversity and stimulate competition among schools, improving the overall educational opportunities for everyone.

The voucher concept is not new to Federal education, but has been used successfully for many years in other programs. In fact, we place great emphasis on choice and options through our student financial aid programs for higher education. We not only permit but encourage access to both public and private schools. Students and their parents choose the institutions best suited to the student's needs, and the Federal Government provided funding in the form of a Pell grant. The GI bill offers educational opportunities for veterans, and allows choice—the educational grant can be used to attend public or private schools. I believe that the parents of educationally disadvantaged students should have the same options as those offered by the Federal Government in its higher education programs.

The legislation offers fresh ideas on ways to improve our current compensatory education program by making it more responsive to the needs of the students it serves. Let us not forget that the real purpose of providing Federal funds for remedial education is allowing children to learn. We should be supporting the best kinds of programs possible in order to allow the best opportunities for students. The legislation seeks to encourage competition and provide new options for students and parents, thus enhancing the diversity, and therefore the quality, of American education. I hope that the Senate will give the educational vouchers proposal the careful study and consideration it deserves.●

AMERICAN EDUCATION WEEK

● Mr. SIMON. Mr. President, we are now at the end of American Education Week for 1985. We in the U.S. Senate need to make a great commitment to education, as do all citizens of the United States. There has been a national focus on education since the study "A Nation at Risk" was published in 1983. This focus has been healthy for education as a whole. It has made all of us involved in education—from the classroom teacher to the principal to the administrator to the Member of Congress—take a closer look at what reform is indeed needed at all levels of education.

But we cannot expect to make the needed commitment to education without the needed funding. We cannot expect to continue the waste in our Government spending without some adverse effect on the educational system in the country. The funding must be there for the programs to exist. Without the Federal programs, many students would not get the best education they could otherwise receive.

What can our country do without the adequate education of our young people? The future of our country lies in our ability to bring about the proper funding and legislation to assist education and educators to provide the finest education possible for our future leaders. Without this support we can have no future.

We need to attract the best and the brightest students to the teaching profession. We need to attract current teachers to inservice and institute programs. We need to develop partnerships between institutes of higher education and local education agencies, for the betterment of both the students and teachers at both institutions. And we need to develop exchange programs to allow our youth to understand and communicate with other students in other lands around the world.

Mr. President, all of these goals are attainable. We can work on legislation such as the Higher Education Act and the School Excellence and Reform Act. We have our opportunity to ensure that the future of our country rests on sound and reliable leadership. We must seize this opportunity and run with it to achieve the excellence in education we all realize is necessary.

I think the educators of our Nation deserve a pat on the back this week. The recognition they so richly deserve often goes unspoken. I commend those involved in the education field nationwide for their efforts to provide the highest quality education possible for the youth of our Nation.

Mr. President, I have a column written by J.M. Sachs, president emeritus of Northeastern Illinois University. In this column, the author brings up many good points about why we need quality education and quality educators, as well as how to achieve this. I ask that the text of this article be printed in the RECORD.

The article follows:

[From the Chicago Tribune, Nov. 12, 1985]

THE ART OF GOOD TEACHING

(By J.M. Sachs)

What is good teaching? I believe teaching is at least as much an art as a science, and so learning a set of precepts does not ensure good teaching. Teaching is a complex process and cannot be learned as fixed operating rules.

The first ingredient needed is knowledge. This is so obvious that stating it seems absurd. Is it? A small lesson is part of a larger topic that is in turn part of a discipline. Teachers must prepare students for connections to be made later. Narrow focuses give students bits and pieces without patterns or larger structure. Such anchorless learning quickly dissipates. A well-educated teacher can provide a path toward Whitehead's "seamless coat of learning." One who leads students to see perspectives is a rarity to be cherished, rewarded and acclaimed.

The second necessity is communication. Depth and breadth of knowledge are essential; a good teacher is able to give both. The competent teacher can speak and write so students understand.

The third necessity is enthusiasm. Teachers must believe what they teach is important and exciting. Only exceptional students find this excitement for themselves. Acquiring knowledge is not painless. The rewards for persisting, for enduring discomfort, are a sense of wonder, the thrill of an elegant argument or proof, the appreciation of beautifully crafted language, the joy of speculation in the world of ideas. Without feeling this excitement, a teacher cannot create the provocative atmosphere in which learning thrives or lead learners past the struggle to the delight of discovery.

Most of us recall the inspirational quality in teachers who influenced us. This quality was one I was able to identify in colleagues in later years. For example, I recall the team teaching of constitutional history by two people with different views. Classes began with a brief presentation by one teacher, a rebuttal by the other and student argument encouraged by both. There was one complaint: Students lingered in the classroom arguing so the next class could not start promptly.

What are the priorities?

It is a fundamental error to assume that teachers in preschool, kindergarten and the lower elementary grades need little of the first component, knowledge. Great depth in a narrow specialization is not essential here, but breadth to aid in concept building is.

Skill in communication is essential. How can a teacher who is not an expert communicator promote learning when that teacher is the only resource?

The third component is vital and is a key in early education. Enthusiasm generates enthusiasm. Excitement must permeate formal schooling. A child must be an active participant in the process. The teacher is a guide, at times a provocateur, not a data dispenser.

In the upper grades, junior high and high school connections are built based on concepts developed earlier. Ability to guide students to seek relationships is important. Communication is slightly less important as

students find other resources. The need for enthusiasm is great. Not only can the specialist show his love for his subject and demonstrate by word and deed how exciting it is, but a pedestrian approach can dull a previously sharp edge.

Much of this is obvious. Some may think it impractical as it applies to young children. Good schools depend upon teachers who have all three of the characteristics discussed. Mathematics and science are areas for subject specialists in the lowest grades. Teachers of young children must have status and good salaries.

To attract the best young people, rewards for well-educated, avid communicators must equal those they could attain in business. There are excellent, mediocre and poor teachers in the schools now. No magic wand or words will give the best the rewards they deserve, make the mediocre ones improve or the poorest disappear, but there are ways to reward, upgrade and eliminate.

As a first step in convincing the public there is a serious effort to provide better teachers, we must attract top college students to teaching, students with great potential in the three critical areas, idealists eager to be guides in the learning process. No profession is more important; only the best, talented academically, eager and excellent in communication should apply. Let it be as difficult to gain entry to teaching as it is to medicine.

This will probably create or accentuate a teacher shortage, but so be it! Drastic steps are needed to re-establish the prestige of teaching and create a climate for proper support. One reaction to a shortage can be the lowering of standards. All those concerned with better schools must refuse this easy but harmful solution. There are fine prospects who can be attracted to teaching and there are ways to find and screen them. Let no one enter the profession who is not highly qualified.

Increased support is an absolute necessity. An outstanding teacher must have a salary on a par with what he or she could earn in another profession. Excellent teachers deserve recognition and reward. Marginal teachers can be given opportunities to improve. Poor teachers, who do great harm, must be encouraged to find other employment.

Of those who claim that this difficult, thorny process is impossible, I ask: What are the alternatives? Can we afford the present attitude toward schools? Shall we abandon public schools in some communities? What better plans are there? Changes in curricula have only Band-Aid effects. If we do nothing we face a bleak future as a nation, failing in a noble venture—our effort to provide the opportunity for a good education to all children whatever their financial status, race, color or ethnic origin.●

FOREIGN ASSISTANCE APPROPRIATIONS

● Mr. LUGAR. Mr. President, the Senate Appropriations Committee has reported S. 1816, the foreign assistance and related programs appropriations for fiscal year 1986. This bill proposes new budget authority for funding U.S. participation in multilateral economic institutions, including the world bank, our multifaceted bilateral economic assistance programs, the military assistance programs, and funding for the Export-Import Bank.

The chairman and ranking members of the Foreign Operations Subcommittee and of the full Appropriations Committee are to be commended for moving the bill to its present stage. The annual foreign assistance legislation—both the authorizing legislation and the appropriations—are the principal vehicles through which the Congress exerts its influence on the conduct of U.S. foreign policy and, to some degree, national security planning.

For the process to work, Congress must be able to enact responsible legislation that has been fully aired by both the Authorizing and Appropriations Committees and debated on the Senate floor. Mindful of the failures of the Authorizing Committee in the past, my colleagues on the Foreign Relations Committee and I worked in concert to produce the first authorization bill in 4 years. This bill received wide support among all our colleagues and garnered more votes than any other foreign aid bill in memory. This is good for the process and contributes to good foreign policy.

Similarly, it is imperative that the appropriations bill for foreign assistance be brought to the Senate floor where all Members may participate in a full and open debate. Such a discussion is the only way a bipartisan foreign policy can be forged, and only by building such a consensus can the United States adequately pursue its national interests.

Mr. President, I believe most provisions in this foreign assistance appropriation bill will be supported by the overwhelming majority of Members of the Senate, if given the opportunity to debate and vote on them. Some provisions may not have wide support. Nevertheless, only through open public discussion can the Senate work the will of the American people. That is the way our legislation process should work, although it has not always worked that way in the past. Over the past several years, in fact, the Appropriations Committee has carried the major burden of providing foreign assistance legislation in support of our foreign policy and that role should be acknowledged as we proceed with this year's appropriations bill. However, the situation is different this year. Earlier this year, the Senate Foreign Relations Committee held several hearings, heard many witnesses, and engaged in many debates within the committee and on the floor of the Senate over the foreign assistance authorization bill. The Senate approved overwhelmingly the committee bill with amendments and it was signed by the President on August 8.

The foreign aid appropriations bill reported by the Appropriations Committee closely parallels the authorization act in most respects. However, it does contain some provisions which cause me some concern. Included among these are policy provisions which run counter to those which the full Congress and the President agreed to only last summer. Funding levels exceed the authorized levels by a substantial amount. All earmarks in the authorization bill are waived and the President's ability to react to a crisis is limited. Thus, the bill raises a number of concerns not only for the members of the Senate Foreign Relations Committee but also for Members of the Senate as a whole.

Moreover, I understand that is it not clear how CBO will score the bill. But this is not the key issue. What needs to be asked is how much this legislation will cost the American taxpayer? However good and honorable the objectives of the bill may be, I'm fearful that some provisions not only run counter to provisions in the recently enacted Foreign Assistance Act but also make more difficult our effort to contain U.S. Government spending.

Finally, Mr. President, let me reiterate that the foreign assistance appropriations bill is central to shaping the direction of our foreign policy and national defense goals and must be debated by the entire Senate. I hope that we can do this, despte the crowded agenda, and if we do I look forward to working with the members of the Appropriations Committee and the Budget Committee to iron out differences that exist. I believe this procedure will help us produce a foreign assistance appropriations bill that will further our national security interests.●

THE GAS RESEARCH INSTITUTE

● Mr. McCLURE. Mr. President, I wish to call to the attention of my colleagues the recent approval by the Federal Energy Regulatory Commission of the funding for the Gas Research Institute's 1986 Program in Order 243, issued September 26, 1985. The year 1986 marks the 10th anniversary of GRI's organization as the entity which plans, manages, and develops financing for a Research and Development Program for the natural gas industry and its customers.

In the past 10 years, the gas industry has seen a great deal of change, from a fear of natural gas shortages in the 1970's to a gas glut in the mid-1980's. We have passed through an energy crisis to a period of energy complacency. A review of the history of Federal involvement in the natural gas industry over the past 10 years also tells a story of marked change, from a period of intense Federal involvement in funding the development and demonstration of new ways to produce and efficiently use natural gas to the current philosophy of limited

Federal involvement in longer range, more high-risk projects.

At a time in this country's history when clean air is a vital concern, the gas industry can provide a clean, efficient fuel which can be used alone or in conjunction with other fuels to provide clean energy for our Nation. But if it is to remain an attractive option for residential, commercial, and industrial energy users, technologies for the production, delivery and use of gas must keep pace with the efficiency, economy, and convenience of other energy forms in our increasing high-tech society.

Through support of GRI, the natural gas industry, it customers, and its regulators, have demonstrated a determination to increase and maintain that technology base needed to complete with other fuels. Through GRI's work with scientific organizations, universities, and Government laboratories, and with substantial support from manufacturers, new technologies and equipment have been brought into the marketplace. This has helped to maintain the role of natural gas as an efficient, clean, and safe energy option for the Nation.

While no one can predict the future of the gas industry as it undergoes many institutional transformations, it is clear that the gas industry may not remain competitive unless technologies remain current. The gas industry, through GRI, is answering this challenge.

I am encouraged that the members of the gas industry recognize this and continue to support the GRI Program. I am also pleased that the Federal Energy Regulatory Commission supports the GRI Program and its efforts.●

THE NEW BUSINESS BREED

● Mr. HOLLINGS. Mr. President, we are indebted to Mr. Donald Lambro for his fine article in yesterday's Washington Times entitled "The New Business Breed." In it, he chronicles the outstanding success of a young entrepreneur, Joel Hyatt, the founder of Hyatt Legal Services. Mr. Lambro provides a brief glimpse at a young man who defined a specific need and developed a system to provide for that need. As they say, Mr. President, "the rest is history."

What is impressive, Mr. President, is that at the ripe old age of 35, Joel has operated his ever expanding legal service for nearly a decade. Any who have worked in the field of legal services, as I have, readily understand the pitfalls involved. Considering Joel's success in this light only serves to heighten his accomplishments.

Those of us who know Joel, Mr. President, are not particularly surprised that he would be successful. With his background, ability, and talent—and, incidentally, this talent extends to the tennis court as well—the question is not "Would he be successful," but "When would he be successful." Perhaps what is unique here, and this is the thrust of Mr. Lambro's article, is that Joel bypassed the traditional routes for success for an attorney and embarked on a somewhat risky venture. Today his path to success is prime material for a case study at the Nation's leading business schools.

From Mr. Lambro's article, we learn that Joel, and Hyatt Legal Services, are examples of a new wave of creative talent that is taking up the challenges of the business world. It is pure American in spirit and has as its creed, "Build a better mousetrap and the world will beat a path to your door." Besides keeping tabs on his growing enterprise, Joel finds time to speak to others interested in following his entrepreneurial ways. He is amazed at the number of young people who turn out to learn about how to become entrepreneurs. Mr. President, we can all take satisfaction in the fact that more and more seek to take advantage of the opportunities available in the marketplace. The economic growth and jobs they provide mean a higher standard of living for us all.

Finally, Mr. President, if all his many achievements were not enough, Joel Hyatt is the son-in-law of our distinguished colleague from Ohio, HOWARD METZENBAUM. Mr. President, I ask that Mr. Lambro's article, to which I have referred, be printed in the RECORD.

The article follows:

[From the Washington Times, Nov. 20, 1985]

THE NEW BUSINESS BREED

(By Donald Lambro)

Joel Hyatt was 27 when he started Hyatt Legal Services eight years ago on a hope and a dream. The dream was to make legal services affordable to everyman through a chain of efficient, low-cost H&R Block-type offices across the country.

Webster's New Collegiate Dictionary defines an entrepreneur as "one who organizes, manages, and assumes the risks of a business or enterprise." Mr. Hyatt organized, managed, and took risks in order to make legal assistance affordable for lower- to middle-income people.

He used television personally to sell his idea, ending his TV ads with the promise, "You've got my word on it." Thus, he joined a steady stream of mass-media entrepreneurs, like Remington's Victor Kiam, Chrysler's Lee Iacocca, and that ultimate chicken salesmen, Maryland's Frank Perdue, who personally stand behind the integrity of their products.

Today there are Hyatt Legal Services offices in 200 locations, with more to open in the future, and Joel Hyatt has become a symbol of a new breed of young American enterprisers who have turned the 1980s into the Age of the Entrepreneur. Yet along the way, Mr. Hyatt says he has gained a deeper appreciation of the need for policies that encourage economic growth and strengthen the private sector.

Ironically, Mr. Hyatt says, "It was really idealism that caused me to start it, much less than a self-perception of being an entrepreneur." A graduate of Dartmouth and Yale Law School, he is a product of the liberal activism of the '60s and '70s and managed the 1976 Senate campaign of his father-in law, Howard Metzenbaum of Ohio, one of the Senate's most liberal Democrats. Mr. Hyatt had plans for a life of public service: "It really was kind of a surprise that I became an entrepreneur."

But times have changed since the days when many college students thought the way to fight poverty was to become a VISTA volunteer, and in many ways Mr. Hyatt has changed, too. A better way to fight poverty—in many ways the most effective way—is to start a business and create jobs. And that is what has been happening in the '80s, in droves. More than 637,000 new businesses were created last year. Meanwhile, the business schools are packed with the entrepreneurs and the corporate executive officers of the future.

"No one that I knew then (in college) was talking about being an entrepreneur," Mr. Hyatt says. "That clearly has changed. Today, there's almost a cult about entrepreneurship. Lots of college kids really want to become entrepreneurs." About a year ago, he spoke at a conference at Stanford on entrepreneurship and was "amazed at how many hundreds of young people came to attend the conference over the weekend to learn how to become an entrepreneur.

"I believe it really is the entrepreneur who is creating economic growth in the country," he says. "And I've come to believe, too, that in terms of our social agenda, we really can't do as much as we should in this society unless we're a growing society.

"So," he adds, "I've really come to be a much stronger believer in the importance of entrepreneurial activity, the potential that it holds out—indeed, even to the point of believing that a lot of society's problems can be dealt with in the private sector. I think Hyatt Legal Services is an excellent example of that."

What kind of problems? Well, take the Legal Services Corporation, the federally funded corps of poverty lawyers that President Reagan wants to abolish. Says Mr. Hyatt, "I think that it's not nearly as good a program as the private sector can do."

His experience has also taught him some valuable lessons about the kinds of regulatory obstacles that await entrepreneurs. In his case, he says, "There are regulations governing the practice of law which I think still create unnecessary barriers." State bar associations, for example, "have too many regulations that seek to limit competition" and thus stymie economic growth.

Like a lot of young entrepreneurs of his generation, Mr. Hyatt found a way to build a better, but cheaper, mousetrap. And the fact that there is a line of entrepreneurs from here to Amarillo ready to emulate him gives us every reason in the world to feel bullish about the future.●

MILITARY CONSTRUCTION APPROPRIATION, 1986

Mr. SIMPSON. Mr. President, I submit a report of the committee of conference on H.R. 3327 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 3327) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1986, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of November 20, 1985.)

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. SIMPSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SIMPSON. Mr. President, I move that the amendments of the House to the amendments of the Senate in disagreement be considered en bloc, and that the Senate recede on Senate amendment No. 27.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was agreed to.

Mr. SIMPSON. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. HELMS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MATTINGLY. Mr. President, I am pleased to bring before the Senate the conference agreement on H.R. 3327 making appropriations for military construction for fiscal year 1986.

The conferees have agreed to provide $8,497,859,000 for military construction and military family housing in fiscal year 1986.

The amount agreed to by the conferees is $125 million above the House-passed bill and $222 million below the Senate-passed bill.

The conferees worked hard to come to a compromise position on this legislation which will provide the Department of Defense with the necessary funds to construct or improve facilities which support the operational readiness of our military forces. We also have provided the funds necessary to construct, improve, operate, and maintain the family housing worldwide which is so vital to the quality of life for our military families.

Mr. President, I want to state for the record that this bill is within the allocations for the subcommittee (302B)—the bill is about $500 million under in budget authority and $100 million under in outlays.

Mr. President, let me highlight just a few points that I believe are important and on which the conferees have agreed: $56 million has been provided to improve security at our Pershing II missile sites in Germany; the conferees agreed to the Senate report language with the regard to our military installations in the Philippines and have provided $81 million for various facilities at this strategically important location; funds for the related facilities to place the ground launched cruise missile [GLCM] in the Netherlands have been provided—$16 million—contingent upon the favorable vote of the Dutch Parliament to deploy these missiles on Dutch soil; $55 million for necessary road and silo modifications for the MX missile deployment, missiles 11 to 40; $140 million to initiate construction for the Army's new light division at Fort Drum, NY; $70 million for facilities to establish new Navy homeports on the east and west coasts; and $200 million for facilities involved in the beddown of the B-1 aircraft at various locations.

These are just a few of the larger items provided in this bill. We have also provided nearly 40,000 new barracks spaces for our military personnel as well as many new and modernized facilities worldwide to improve working conditions and the quality of life of the service personnel.

Mr. President, I believe that we have provided a balanced program for military construction; and we have brought back to the Senate a piece of legislation that can be supported by my colleagues.

I want to thank the distinguished ranking minority member of the subcommittee for his cooperation and help during the consideration of this bill. And, I will now yield to the Senator from Tennessee, Mr. SASSER, for any comments he may wish to make.

Mr. SASSER. Mr. President, I urge adoption of the conference report.

The bill which has been approved by the conferees is a responsible piece of legislation.

The conferees have proven that it is possible to cut the defense budget and still provide funding for those priority items necessary to enhance national security and force readiness.

The bill before us is a modest $114 million over the amount enacted into law last year. That is little more than a 1-percent increase.

So, I believe the conferees have tackled a difficult job and have produced a good bill.

Mr. President, I am sure my colleague, the distinguished chairman of the subcommittee, will agree that it has not been easy making the cuts and reductions which had to be made.

We have cut more than $1.8 billion from the President's budget request. I hope the administration will take note of the actions Congress has taken on the fiscal year 1986 bill as officials prepare to submit the 1987 budget early next year. The Department of Defense would be well advised to submit a more moderate budget to the next session of the Congress.

Mr. President, I will not take the time of the Senate to go over the conference agreement in detail. However, I do want to mention three items of particular interest.

First, the conferees adopted the Senate's language regarding the need to improve security at Philippines bases and initiate contingency planning for alternate facilities in the Pacific.

None of the conferees believes we should abandon our Philippine bases and unilaterally seek other locations. Our Philippine bases are too vital to the security of the Pacific for us to do that. But we are realists. We understand that the Communist insurgency continues to grow in that country. And we know that the Marcos government has been unable to stem that insurgency and provide for the legitimate needs of the Filipino people.

So, we have encouraged the Department of Defense to begin to take steps to strengthen our military base in the Philippines against this growing threat.

The second item I would like to mention is funding to improve security at our Pershing missile sites in Germany. Following an unfortunate accident at one of the Pershing bases, the Department of the Army initiated a survey of security needs. The Army identified a number of deficiencies which existed.

The Senate committee provided $56 million to initiate the security upgrades which have been identified. The House initially failed to fully support the security upgrade plan prepared by the Army and sought instead to urge funding by NATO.

While I strongly support the sentiment of the House that our NATO allies should be providing a large share of the defense burden in Europe, I believe the Pershing security upgrade plan is so vital that the United States should move forward and provide the structures necessary to protect these missiles.

I am pleased that the House conferees agreed to provide the full amount approved by the Senate. The conferees have indicated that the Department of Defense must submit prefinancing statements to NATO to be reimbursed for that share of the projects which are eligible for NATO infrastructure funding. I am pleased we have resolved this issue, and I hope that Army will move with dispatch in implementing the security upgrade plan.

Finally, Mr. President, I would point out that the conferees have approved a number of financial reforms in the military construction accounts. The House made a number of suggestions, accepted by the conference committee, which will, in my view, strengthen congressional oversight of the military construction process.

I have been particularly concerned with the magnitude of project changes and reprogrammings which are submitted to the committees during the course of a year.

I hope that the reform approved by the conferees will enable the Department of Defense to do a better job of managing the military construction accounts.

Mr. President, I want to commend the chairman of the subcommittee for his hard work and diligence on the fiscal year 1986 military construction appropriations bill.

I yield the floor.

Mr. DOMENICI. Mr. President, I rise in support of the conference agreement on H.R. 3327, the military construction appropriation bill, 1986.

I would like to commend my distinguished colleague, Senator MATTINGLY, chairman of the Subcommittee, for his work in moving this legislation through the Congress.

This bill provides $8.5 billion in budget authority and $2.2 billion in outlays for the construction projects of the Department of Defense.

With outlays from prior-year budget authority taken into account, the subcommittee is $0.5 billion in budget authority and $0.1 billion in outlays under the subcommittee's 302(b) allocation.

Mr. President, I will ask unanimous consent that tables showing the relationship of the reported bill, to the congressional budget, the Senate- and House-passed bills, and the President's budget request, and a summary of total appropriations actions to date, be printed in the RECORD at the conclusion of my remarks.

Once again, I commend Senator MATTINGLY and all the members of the committee for their work on this bill and for bringing it in below the subcommittee's 302(b) allocation under the fiscal year 1986 budget resolution. I hope my colleagues will join me in supporting the conference report.

I ask unanimous consent that the tables to which I earlier referred be printed in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

MILITARY CONSTRUCTION SUBCOMMITTEE: SPENDING TOTALS—CONFERENCE AGREEMENT

[In billions of dollars]

	Fiscal year 1986	
	Budget authority	Outlays
Outlays from prior-year budget authority and other actions completed		5.4
H.R. 3327, conference agreement	8.5	2.2
Subcommittee total	8.5	7.5
Subcommittee 302(b) allocation	9.0	7.6
House-passed level	8.4	7.5
Senate-passed level	8.7	7.6
President's request	10.3	7.9
Subcommittee total compared to:		
Subcommittee 302(b) allocation	−.5	−.1
House-passed level	+.1	+(1)
Senate-passed level	−.2	−.1
President's request	−1.8	−.3

(1) Less than $50 million.

Note:—Details may not add to totals due to rounding.

STATUS OF APPROPRIATION BILLS IN THE SENATE

[In billions of dollars]

Subcommittee	Appropriations Committee's 302(b) allocation		Adjusted bill totals[1]		Bill compared to allocation		Bill status
	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays	
Agriculture	28.2	25.2	28.2	25.2	−(2)	−(2)	Senate-passed.
Commerce-Justice	12.0	11.9	11.9	12.0	−0.1	+0.1	Do.
Defense	285.5	252.2	286.9	255.0	+1.4	+2.8	Senate-reported.
District of Columbia	.5	.5	.5	.5	+(2)	+(2)	Senate-passed.
Energy-Water	15.3	15.6	15.3	15.6	−(2)	−(2)	Public Law 99-141.
Foreign ops	15.2	14.7	16.1	15.2	+.9	+.5	Senate-reported.
HUD-independent	58.7	61.2	59.9	61.2	+1.2	+(2)	Conference.
Interior	8.2	8.9	8.2	9.3	+(2)	+.4	Senate-reported.
Labor-HHS	108.0	115.3	108.0	115.3	+(2)	−(2)	Senate-passed.
Legislative branch	1.7	1.7	1.7	1.7	−(2)	+(2)	Public Law 99-151.
Military construction	9.0	7.6	8.5	7.5	−.5	−.1	Conference.
Transportation	10.5	26.6	9.9	26.6	−.6		Senate-passed.
Treasury-Postal	13.1	13.1	13.4	13.3	+.3	+.2	Conference.
Unassigned	1.2	−.4			−1.2	+.4	
Total, Appropriations Committee	567.1	554.1	568.7	558.5	+1.5	+4.3	

[1] In addition to the bill, includes outlays from budget authority enacted in prior years, possible later requirements, adjustments to conform mandatory items to the budget resolution level, and other adjustments.
[2] Less than $50 million.

Note.—Details may not add to totals due to rounding.

Source: Senate Budget Committee staff.

Mr. BINGAMAN. Mr. President, I had intended to offer an amendment to the amendment in disagreement regarding the Navy's military construction appropriations. That amendment would have made subject to future authorization $39.7 million which has been appropriated in this bill for a project that has not been authorized.

Mr. President, I am privileged to serve as the ranking Democratic member of the Military Construction Subcommittee of the Senate Armed Services Committee. Although the Senate passed its version of the military construction authorization bill last June, it was not until mid-October that the House was able to pass its version of the authorization bill. The conferees on the authorization bill met, and as my colleagues recall, the Senate adopted the conference report on the military construction authorization bill on November 12. The House adopted the military construction authorization conference report just 2 days ago.

It is unfortunate that it took so long to move the legislative process along on the authorization bill. I am sure that our delay in passing the authorization bill created some difficulty for the members of the Military Construction Appropriations Subcommittees in both the Senate and the House.

In fact, I want to compliment the chairman of that subcommittee, the Senator from Georgia, Senator MATTINGLY, and the ranking Democratic member, Senator SASSER, for their cooperation and close working relationship throughout the process this year. As a further tribute to their efforts, it is my understanding that there is only one project in this entire appropriations bill for which funds are provided that has not been authorized by the Armed Services Committee. That project, a berthing pier and bulkhead at the Naval Station, Staten Island, NY, is the only project that this amendment would have addressed.

However, rather than offer that amendment, I have discussed this matter at length today with the chairman and ranking member of the Appropriations Subcommittee, the ranking member of the Senate Armed Services Committee, Senator NUNN, and with the Secretary of the Navy. I

have received a letter from the Secretary of the Navy providing his assurances that none of the funds provided for in this appropriations bill for the berthing pier and bulkhead will be obligated or expended until that project is properly authorized by the Congress. I ask unanimous consent that the text of the Secretary's letter addressed to Senator THURMOND, the chairman of the Senate Armed Services Committee's Military Construction Subcommittee, be inserted at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF THE NAVY,
Washington, November 21, 1985.

HON. STROM THURMOND,
Chairman, Military Construction Subcommittee, Committee on Armed Services, Washington, DC.

DEAR MR. CHAIRMAN: Pursuant to our recent telephone conversations, let me confirm that if funds are appropriated for the facilities for homeporting the IOWA in Staten Island, New York, we will not obligate these funds until we have obtained authorization from the Armed Services Committees. We would hope that such authorization could be obtained early in calendar year 1986.

We very much appreciate your continuing support for our austere homeporting initiatives.

Best regards,

J.F. Lehman.

Mr. BINGAMAN. With these assurances, and the understandings of the Appropriations Committee that this action today does not represent a precedent for how the Senate Armed Services Committee may view other efforts by the Appropriations Committee to appropriate without an authorization, either in a military construction appropriations bill or in a Defense appropriations bill, I will not offer my amendment.

Mr. President, I know there is a great deal of controversy surrounding the entire strategic homeporting concept. In our authorization bill, we have fenced the expenditure of funds at both Staten Island, NY, and Everett, WA, for a period of 90 days following the date of submission of a comprehensive report by the Secretary of the Navy on several aspects of the strategic homeporting program. In addition, the statement of managers accompanying the conference report on the Military Construction Authorization Act for Fiscal Year 1986 spelled out in detail some of our concerns.

Nevertheless, the authorization bill which has cleared the Congress does provide $21,464,000 for three projects at the Naval Station, NY. These projects are land acquisition ($2,940,000), site improvements ($3,920,000) and utilities ($14,600,000). Each of these projects has been fully funded in this appropriations conference report, as well. In addition, the authorizing committees have provided project approval for extensive dredging at New York ($11,700,000), even though this project does not require an appropriation. The action we are taking today should not in any way prejudice the report which the Secretary is to submit pursuant to the authorization bill's requirement, or how the Senate Armed Services Committee will view future requests for funding for this specific project.

Mr. President, the single project at issue, the berthing pier and bulkhead, was not in the President's budget request. The Senate did not include this project in either its authorization or appropriations bills. While the House authorizing and appropriations committees did have this project included, the conferees on the Authorization bill clearly did not agree to this project. Without authorization, the project should not have been appropriated.

Mr. President, if I may take just one more moment on this bill. In addition to the unauthorized appropriation of this single project, there are a number of legislative provisions which have been included in this bill. Although I do not intend to challenge them at this time, I do not believe the Appropriations Committee should be amending the Department of Defense Authorization bill, or amending title 10 of the United States Code, or legislatively providing for certain land transfers. Even though, as a matter of policy, I might support some of those initiatives, I believe that each of these matters is solely and exclusively within the jurisdiction of the authorizing committee—the Senate Armed Services Committee. To permit this type of legislation on an appropriations bill to continue is to ignore the clear rules of the Senate, the unambiguous jurisdiction of our respective committees, and the clear split between the authorizing and appropriating committees. This is a situation that the leadership of the committees, and of the Senate, must carefully address in the very near future.

Mr. President, I thank the members of the Appropriations Committee for their assistance in this matter. I yield the floor.

ORDERS FOR FRIDAY

RECESS UNTIL 9:15 A.M.

Mr. SIMPSON. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 9:15 a.m., Friday, November 22, 1985.

The PRESIDING OFFICER. Without objection, it is so ordered.

REDUCTION IN LEADERSHIP TIME

Mr. SIMPSON. Mr. President, I ask unanimous consent that the leaders' time under the standing order be reduced to 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. SIMPSON. Mr. President, following the recognition of the two leaders, I ask unanimous consent that there be a period for the transaction of routine morning business, not to extend beyond the hour of 9:30 a.m., with Senators permitted to speak therein for not more than 1 minute each.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

RESUME CONSIDERATION OF S. 1714

Mr. SIMPSON. Mr. President, following routine morning business, the Senate will resume consideration of S. 1714, the farm bill. Rollcall votes are expected throughout the day. It is anticipated that the day may well last a while and into the evening hours.

Pending is the Hawkins amendment. Therefore, a rollcall vote could occur as early as 10 a.m.

Again, I express my appreciation to Senators HARKIN and MELCHER for their assistance in resolving this rather late night caper.

RECESS UNTIL 9:15 A.M.

Mr. SIMPSON. Mr. President, there being no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until 9:15 a.m.

The motion was agreed to; and the Senate, at 1:12 a.m., recessed until 9:15 a.m., Friday, November 22, 1985.

CONFIRMATIONS

Executive nominations confirmed by the Senate November 21, 1985:

CONSUMER PRODUCT SAFETY COMMISSION

Carol Gene Dawson, of Virginia, to be a Commissioner of the Consumer Product Safety Commission for a term of 7 years from October 27, 1985.

DEPARTMENT OF THE TREASURY

Robert Logan Clarke, of Texas, to be Comptroller of the Currency for a term of 5 years.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

IN THE AIR FORCE

The following officers for appointment in the U.S. Air Force under provisions of section 624, title 10 of the United States Code:

To be major general

Brig. Gen. Jimmie V. Adams, xxx-xx-... [redacted]FR, Regular Air Force.

Brig. Gen. Marcus A. Anderson, xxx-xx-x... xxx-... [redacted]FR, Regular Air Force.

Brig. Gen. James T. Callaghan, xxx-xx-... [redacted]FR, Regular Air Force.

Brig. Gen. James S. Cassity, Jr., xxx-xx-x... xxx-... FR, Regular Air Force.
Brig. Gen. Donald L. Cromer, xxx-xx-... xxx... FR, Regular Air Force.
Brig. Gen. Fredric F. Doppelt, xxx-xx... FR, Regular Air Force.
Brig. Gen. Robert F. Durkin, xxx-xx... FR, Regular Air Force.
Brig. Gen. Robert D. Eaglet, xxx-xx-... xxx-... FR, Regular Air Force.
Brig. Gen. George E. Ellis, xxx-xx-xxxx FR, Regular Air Force.
Brig. Gen. Richard F. Gillis, xxx-x... FR, Regular Air Force.
Brig. Gen. Richard B. Geotze, Jr., xxx-xx-... xxx-... FR, Regular Air Force.
Brig. Gen. John E. Griffith, xxx-xx... FR, Regular Air Force.
Brig. Gen. Michael D. Hall, xxx-xx... FR, Regular Air Force.
Brig. Gen. William K. James, xxx-xx... FR, Regular Air Force.
Brig. Gen. Wayne O. Jefferson, Jr., xxx-xx-x... FR, Regular Air Force.
Brig. Gen. Peter T. Kempf, xxx-xx-x... FR, Regular Air Force.
Brig. Gen. Donald J. Kutyna, xxx-xx-... xxx-... FR, Regular Air Force.
Brig. Gen. Thomas A. LaPlante, xxx-xx-x... xxx-... FR, Regular Air Force.
Brig. Gen. Donald A. Logeais, xxx-xx-x... xxx-... FR, Regular Air Force.
Brig. Gen. Donald L. Marks, xxx-xx... FR, Regular Air Force.
Brig. Gen. Paul H. Martin, xxx-xx-x... FR, Regular Air Force.
Brig. Gen. Robert P. McCoy, xxx-xx-... xxx-... FR, Regular Air Force.
Brig. Gen. Charles D. Metcalf, xxx-xx-x... xxx-... FR, Regular Air Force.
Brig. Gen. Thomas R. Olsen, xxx-xx-x... xxx-... FR, Regular Air Force.
Brig. Gen. Richard A. Pierson, xxx-xx... FR, Regular Air Force.
Brig. Gen. Cecil W. Powell, xxx-xx-... xxx-... FR, Regular Air Force.
Brig. Gen. Robert L. Rutherford, xxx-xx-... xxx-... FR, Regular Air Force.
Brig. Gen. Martin J. Ryan, Jr., xxx-xx-x... xxx-... FR, Regular Air Force.
Brig. Gen. John C. Scheidt, Jr., xxx-xx... FR, Regular Air Force.
Brig. Gen. Alexander M. Sloan, xxx-x... FR, Regular Air Force.
Brig. Gen. Richard J. Trzaskoma, xxx-xx... FR, Regular Air Force.
Brig. Gen. John H. Voorhees, xxx-xx-x... xxx-... FR, Regular Air Force.

IN THE ARMY

The following-named Army chaplains competitive category officer for appointment in the U.S. Army to the grade indicated under the provisons of title 10, United States Code, sections 611(a) and 624:

To be permanent brigadier general

Col. Norris L. Einertson, xxx-xx-xxxx, chaplains competitive category, U.S. Army.

The U.S. Army Reserve officer named herein for appointment as a Reserve commissioned officer of the Army, under the provisions of title 10, United States Code, sections 593(a) and 3384:

To be brigadier general

Col. Harvey G. Gulley, xxx-xx-xxxx

The following-named officer to be placed on the retired list in grade indicated under the provisions of title 10, United States Code, Section 1370:

To be general

Gen. Robert C. Kingston, xxx-xx-xxxx (age 57), U.S. Army.

IN THE NAVY

The following-named officer to be placed on the retired list in the grade indicated under the provisions of title 10, United States Code, section 1370:

To be admiral

Adm. Wesley L. McDonald, xxx-xx-xxxx/1310, U.S. Navy.

The following-named officer, under the provisions of title 10, United States Code, section 601, to be reassigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be vice admiral

Vice Adm. Kendall E. Moranville, 493-34-4890/1310, U.S. Navy.

The following-named officer, under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be vice admiral

Rear Adm. Daniel L. Cooper, xxx-xx-xxxx/1120, U.S. Navy.

The following-named officer, under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be vice admiral

Vice Adm. Nils R. Thunman, xxx-xx-xxxx/1120, U.S. Navy.

The following-named officer, under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be vice admiral

Rear Adm. Cecil J. Kempf, xxx-xx-xxxx/1310, U.S. Navy.

The following-named officer, under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be vice admiral

Rear Adm. William E. Ramsey, xxx-xx-.../1310, U.S. Navy.

IN THE MARINE CORPS

The following-named officer, under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be general

Lt. Gen. George B. Crist, xxx-xx-xxxx, U.S. Marine Corps.

IN THE AIR FORCE

Air Force nominations beginning Alfred G. Aldridge, Jr., and ending Ardyce M. Ausen, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of October 28, 1985.

Air Force nominations beginning Daniel E. Bethards, and ending Earl E. Whitt, Jr., which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of October 28, 1985.

Air Force nominations beginning Major Paul W. Arnett, and ending Major Roger H. Harkins, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of October 30, 1985.

Air Force nominations beginning Lt. Col. Ronald J. Grabe, and ending Major William A. Palles, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of November 12, 1985.

IN THE ARMY

Army nominations beginning Thomas Charbonnel, and ending Alan D. Sandifer, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of October 16, 1985.

Army nominations beginning Anders B. Aadland, and ending Darlene A. Zwerner, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of October 16, 1985.

Army nominations beginning Wyont B. Bean, Jr., and ending David M. O'Neal, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of October 28, 1985.

Army nominations beginning Nicolas V. Costea, and ending Ben Zeichner, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of October 28, 1985.

Army nominations beginning James H. Aanenson, and ending Phillip J. Rapp, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of November 1, 1985.

IN THE COAST GUARD

Coast Guard nominations beginning Peter K. Valade, and ending Craig P. Coy, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of October 8, 1985.

IN THE MARINE CORPS

Marine Corps nominations beginning Major David C. Hilmers, which was received by the Senate and appeared in the CONGRESSIONAL RECORD of November 12, 1985.

IN THE NAVY

Navy nominations beginning Arthur Thomas Cooper, and ending Anthony Charles Sims, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of October 21, 1985.

Navy nominations beginning Barry Wayne Beaufort, and ending James Vincent Wright, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of October 22, 1985.

Navy nominations beginning Lewis M. Alexander, and ending John M. Socha, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of November 6, 1985.

Navy nominations beginning Susan Y. Abarbanell, and ending Lynda Zolman, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD of November 6, 1985.

EXTENSIONS OF REMARKS

REMEMBERING CLARENCE M. MITCHELL, JR.

HON. CHARLES McC. MATHIAS, JR.
OF MARYLAND
IN THE SENATE OF THE UNITED STATES

Thursday, November 21, 1985

● Mr. MATHIAS. Mr. President, one of the most remarkable men with whom I have worked in my congressional career was the late Clarence M. Mitchell, Jr. This great Baltimorean served for many years as the Washington representative of the National Association for the Advancement of Colored People. His unflagging advocacy for legislation to secure the civil rights of all Americans earned him the sobriquet "101st Senator." Clarence's death on March 18, 1984, took from our midst a dedicated and courageous soldier for justice.

On October 30, 1985, another veteran of the legislative battles over civil rights, Joseph L. Rauh, Jr., delivered the first Clarence M. Mitchell, Jr., Memorial Lecture at Washington's Martin Luther King Library. Joe Rauh's reminiscences of Clarence Mitchell are so evocative that I wanted to share them with my colleagues.

Mr. President, I ask that the text of the first Clarence M. Mitchell, Jr., Memorial Lecture be printed in the RECORD.

The text follows:

FIRST CLARENCE M. MITCHELL, JR., MEMORIAL LECTURE AT THE MARTIN LUTHER KING, JR., LIBRARY BY JOSEPH L. RAUH, JR.

Family, friends and admirers of Clarence Mitchell: there are many who worked with Clarence Mitchell in the civil rights movement who could give this first lecture in his honor with far greater eloquence, skill and scholarship. But I doubt that there are many whose voices would flow from a deeper wellspring of affection for Clarence than my own. It is in that spirit that I accept my assignment this morning to give the initial lecture in what I hope and trust will be a long series of addresses worthy of the honoree.

In a life as blessed with inspiring associations as good fortune has showered upon me, no association outside my family has been more meaningful than trudging the corridors of Capitol Hill behind Clarence's long strides and selfless advocacy for civil rights. In victory he was generous with the credit. In defeat—and that's about all there was at the beginning—he was indomitable, always optimistic, always determined to fight on to a brighter day. His faith that the legal process—legislative and judicial—would one day protect the civil rights of all never wavered.

Things were not easy for Clarence when he became director of NAACP's Washington Bureau in 1950 and took over the role as its legislative leader. No civil rights legislation had been passed by Congress for 80 years. King Filibuster ruled the Senate. A hostile Rules Committee governed the House. We would cheer each other up with fanciful strategies to overcome those roadblocks—which we knew wouldn't work—but Clarence always clung to the belief that, some way or other, those roadblocks would one day be overcome. His faith that right would triumph was his religion.

I remember walking the Senate corridors with Clarence in the early 1950's. We were losing battle after battle—no anti-lynching bill, no anti-poll tax bill, no FEPC, no nothing. Clarence had helped persuade President Truman to outlaw segregation in the Armed Forces by Executive order, but conditions in many units of the National Guard remained a disgrace. So Clarence tried to shake things up by finding a lone liberal Senator willing to offer an amendment to the pending appropriation bill to bar any funds for segregated National Guard units. No Senator—and Clarence stormed office after office with me tagging along in his wake—would try what appeared to be so foolhardy a legislative gambit. Sitting on the steps of the Senate Office Building just as dusk was setting in that evening, Clarence said almost to himself: "We will never make it till we have a black Senator." That was as close to bitterness as this warm and forgiving spirit ever came. No man suffered so many rebuffs with such graceful courtesy and so little rancor. Each rebuff was simply a challenge to him to do better.

That was only one of the reasons for Clarence's ultimate triumph on Capitol Hill. He was eloquent even in private discussions. He was generous, always giving credit to the Senators and Congressmen and to his own allies. He was law-abiding to a fault; my arms still remember the times he pulled me back from trying to walk against a red light. He was a healer, smoothing over differences between labor and blacks, between Jews and blacks. He was a coalition builder—there was more bipartisanship on civil rights than almost anything else on Capitol Hill. He was optimistic, yet he could count votes. When things went wrong he never blamed others. He never threatened or recriminated. Clarence Mitchell didn't speak too often of brotherly love; he lived it.

Clarence, as I just said, was optimistic, yet he could count votes. His great friend and civil rights advocate, Senator Charles Mathias, always liked to joke about Clarence's rebuffs in the early days. Over and over again he would tell the story that when Clarence Mitchell and Joe Rauh were not thrown out of some Senator's or Congressman's office, they put the Senator or Congressman down as ready to vote in their favor. No Senator loved Clarence more than Mac Mathias and no Senator did more for civil rights. But Clarence's counts were far more accurate the Mac's humorous anecdote about the two of us suggests.

Clarence somehow weathered the dark days of the early and middle 1950's. Then in 1957 the House sent over to the Senate a bill empowering the Attorney General to enforce civil rights in general, including the great school desegregation decision 3 years earlier. Clarence was ecstatic, but the ecstasy was short-lived. Senate Majority Leader Lyndon Johnson, who later became a great hero of Clarence's, watered down the bill to little more than pale support for the right to vote. First Johnson got the Senate to delete part III of the House bill which would have given the Attorney General power to enforce the 1954 school desegregation decision and other civil rights and then he administered a further defeat to the civil rights forces by adding a jury trial provision for contempt of any civil rights order. When Clarence walked out of the Capitol that night, he argued that the bill was just not worth saving. But I had hardly opened my eyes the next morning before Clarence was on the telephone saying that we had to support what was left of the bill before people got the idea the legal process did not work in the field of civil rights legislation. How right he was!

Lyndon Johnson, of course, got his price from the southern Democrats for watering down the bill—they agreed not to filibuster what was left. One Senator alone refused to honor that arrangement. That was Strom Thurmond. He talked all night in a record-breaking filibuster and one man sat alone in the Senate gallery representing the civil rights forces—Clarence Mitchell. No wonder he was called "the 101st Senator."

The 1957 bill, weak as it was, became the first step in the long journey to the great laws of the 1960's. Maybe old Senator Harry Byrd saw this coming when he looked up in the gallery at Clarence and me during the debate on the '57 law and shouted angrily, "There they are, the gold dust twins." I doubt if Senator Byrd realized how heartwarming it was to be considered even by him any kind of twin of Clarence Mitchell.

No one did more than Clarence to bring about the enactment of the Civil Rights Act of 1964, the Voting Rights Act of 1965, and the Fair Housing Act of 1968. He never rested—it was late at night when he left Washington for his beloved Baltimore home and early in the morning when he returned. He never ate—my own figure is attributable in part to the fact Clarence never gave me time off for lunch. Clarence never tired—except once. I remember the day in the 1960's when we were sitting in the Senate gallery and a page handed us a note from Senator Pete Williams, saying: "Some watchdogs!" We were both so tired we had just dozed off.

Clarence shepherded the 1964, 1965 and 1968 civil rights laws straight through Congress from their conception. Time does not permit a detailed look at Clarence's performance in connection with all three of these laws, but the 1964 story is possibly the best illustration of how Clarence worked and I thought I would take a few minutes to go through the history of that law.

Throw your minds back to 1963. Clarence had been pressing President Kennedy and his administration to support a strong civil rights bill, including a fair employment practices law, authority for the Attorney General to file civil injunctive suits in civil

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member of the Senate on the floor.
Boldface type indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

rights cases (the old part III deleted from the 1957 bill), an immediate first step to school desegregation and other needed reforms. But the President's long-awaited civil rights message to Congress in February of 1963 proposed almost nothing—patchwork improvements in existing voting legislation, technical assistance for school districts voluntarily seeking to desegregate, and extension of the Civil Rights Commission. Clarence, never willing to admit things were going badly for civil rights, walked into the hastily convened meeting of the leadership conference on civil rights with a smile on his face. He handed out a sheaf of civil rights bills just then being introduced by liberal Republican Senators and covering much of what the Democrats had promised and a public accommodations bill to boot. Clarence hid his disappointment in President Kennedy's action behind bills introduced by a handful of the Senate Republican minority, and tried manfully, if unsuccessfully, to cheer up the rest of us.

Two men changed the picture. In May of 1963, Martin Luther King, Jr., shrugging off advice that he withhold his protest demonstrations in Birmingham until the newly-elected moderates took over the city government there, started massive protests in the streets of Birmingham. "Bull" Connor, never one to use a scalpel with an axe at hand, brought out the dogs, the fire hoses, the electric cattle prods. Front-page pictures of Birmingham atrocities against children began to arouse the slumbering conscience of the Nation. As President Kennedy said to a group of civil rights leaders about that time, " 'Bull' Connor has done more for civil rights than anyone in this room."

Martin Luther King lost the battle of Birmingham for his immediate demands, but the noble suffering of his protesters did not go unheard. Clarence swung into action to expose the Kennedy proposals of February as totally inadequate to the new situation and to force the administration to come up with an all-out civil rights bill. He persuaded group after group to let the White House and the Justice Department know what was really needed: a law providing access to all public accommodations, an FEPC to deal with the drastic black unemployment, immediate first-step school desegregation everywhere, black registration and voting before Federal registrars, and, of course, a part III giving the Attorney General power to enjoin civil rights violations, including State interference with peaceful protests as in Birmingham.

Clarence and his cohorts kept the heat on, but the President's package that went to Congress in June of 1963 was still somewhat limited in scope: the major proposals were a restricted public accommodations bill, power in the Attorney General to sue for school desegregation (but without any requirement for immediate desegregation) and withholding of Federal funds supporting segregated or discriminatory State or local activities.

Underlying all this was a very real clash of strategies between the Kennedy administration, on the one hand, and Clarence and me and our cohorts in the leadership conference on the other. Our strategy was to start with the strongest possible bill and then fight for it every inch of the way. The administration strategy was to ask for only what they thought they could hold on to in the long congressional process. So we disagreed sharply on what the President should have sent up to Congress and what was to be done in Congress.

At the hearings on the administration bill before the House Judiciary Subcommittee and in discussions with its members, Clarence and I soon realized we had a majority of the subcommittee for almost anything we wanted. We pushed for amendments adding part III, an FEPC, and all public accommodations—what we had wanted the administration to include in the first place. In September, Clarence and I attended Chairman Celler's press conference announcing that the subcommittee had approved the bill with everything for which we had asked. Misty eyes made it difficult for us to read the text of this dream bill.

Clarence and the leadership conference immediately called upon the full House Judiciary Committee to approve the subcommittee bill "without dilution or delay." But the administration stuck by its strategy and promptly pushed the full committee into cutting back the bill we had won in subcommittee. FEPC was retained but with judicial rather than administrative enforcement, part III was retained but limited to Attorney General intervention, and public accommodations were limited in scope. Even with these cutbacks, Clarence and the leadership conference had substantially strengthened the bill from what the administration had originally sent up.

The tragic assassination of President Kennedy in November of 1963 brought a new leader to the struggle for civil rights legislation, President Lyndon Johnson. As Senate majority leader in the 1950s, Johnson's relations with Clarence and me had been erratic to say the least. But everybody forgave everybody's previous hurts and promptly started to work together.

The first hurdle, of course, was the House Rules Committee with anti-civil rights Congressman Howard Smith as its chairman. We needed eight votes in the Rules Committee to report out the bill and Congressman Dick Bolling promptly rounded up six Democrats for us. Clarence, who had started out as a Republican and maintained the best relations of any of us with the Republicans in Congress, promptly won the support of Clarence Brown. Smith, who knew Dick Bolling or Clarence Brown would soon produce the last needed vote, surrendered, saying: "I know the facts of life around here."

So the bill went to the House floor. In a meeting with President Johnson on January 21, 1964, the President informed Clarence and me that he opposed any changes in the bill. Recognizing the unlikelihood of strengthening amendments and the danger in adopting a strategy on the House floor differing from that of the new President, the leadership conference, led by Clarence, supported the President's opposition to all weakening amendments and left the problem of strengthening amendments in limbo.

Clarence and the rest of us, particularly such civil rights stalwarts as Arnold Aronson, Frank Pohlhaus, Marvin Caplan and Jane O'Grady, kept tabs on the whereabouts of all the congresspersons on our side as well as on their votes. It was the best lobbying job I have ever seen and the payoff was that the bill came through the House unscathed. As Clarence and I were sitting in the gallery savoring our victory, I got a message to call the leadership conference office at once. President Johnson was calling. His first words were simple and direct "What are you two fellows doing about the Senate?"

Clarence and I hired ourselves over to Democratic Majority Leader Mike Mansfield's office and the Senate strategy was easily agreed upon: keep the bill away from Senator Eastland's Judiciary Committee, give Hubert Humphrey the leading role on the Senate floor, and stand by the bill as passed by the House. President Johnson had made it clear to Clarence and me at the January 21st meeting that he would not care if the Senate did not do another thing for 3 months until the filibuster was defeated and the bill enacted. He made this crystal clear to the Senate leadership.

On Mondays and Thursdays during the months-long Senate filibuster, Clarence and I met regularly with the bipartisan civil rights leadership of the Senate. At the very first meeting everybody agreed that there would be no effort at cloture to end the filibuster until we had the required two-thirds votes in hand. This, with the President's backing, proved to be the crucial decision.

Only sporadically did that decision get questioned. The first time someone suggested trying cloture before the votes were fully committed, Clarence demanded instead that the Senate sergeant at arms arrest the southern Senators and bring them to the floor to help make the necessary quorums. No one agreed to Clarence's suggestion, but the talk of trying a cloture vote before we were ready died down for a period. But in early May of 1964, one of the Senators at the regular Monday-Thursday meetings suggested that the Senate was getting restless and some concessions might be required to get cloture. Clarence, eyes flashing, exploded that the blacks of America would never understand weakening the civil rights bill now; he eloquently portrayed the depth of feeling and the violence that would inevitably flow from any weakening of the bill. Hubert Humphrey smilingly broke the tension with, "Clarence, you are three feet off your chair." But the no-compromise message from black America had been heard and taken to heart.

The end came swiftly. Senators Humphrey and Dirksen negotiated some language changes required by the latter as the price of needed Republican votes for cloture. On May 14 their tentative agreement was given to Clarence who immediately showed it to me and Tom Harris, the legal advisor of the AFL-CIO. An hour's careful reading and I was able to assure Clarence that nothing of substance had been lost in the negotiations. With Dirksen's support the cloture vote passed easily and the bill was sent to the White House for President Johnson's signature. Clarence had done as much or more than any other human being to bring that about.

Clarence's combination of fire, eloquence, strength and integrity carried the day for the 1964 bill and so it was in all the legislative battles of the sixties and seventies. When Clarence entered the struggle for national civil rights legislation, the law of the land permitted and even supported discrimination and segregation. Schools were segregated, often by law. Courts enforced restrictive covenants buttressing housing segregation. Roadblocks to black voting and employment abounded. Public accommodations were largely closed to blacks. The law mocked both equality and fairness.

Clarence led a legal revolution which turned the law upside down. Where the law once supported discrimination and segregation, it stands today as the bastion of equality. Reactionaries of this day may tilt at the edges, but the legal revolution of Clarence's day is here to stay.

Hundreds, even thousands, of men and women, black and white, contributed to making this legal revolution a reality. Four black men stand out in this struggle:

A. Philip Randolph, fearless, selfless and determined, was a master of extracting concessions from a reluctant white establishment by unyielding pressures and threatened marches.

Martin Luther King's eloquence not only gave expression to the aspiration of blacks but also appealed to the moral forces latent within the white community; his voice taught black people to hope and white people to care.

Roy Wilkins, longtime national leader of the NAACP, was the great organizer of the civil rights movement; he built the strongest black organization in American history and forged a coalition of men and women of all colors that overcame in Congress and in the courts.

Clarence Mitchell channeled the strength of Randolph, the eloquence of King and the organizational genius of Wilkins into an irresistible legislative force. Few times in history have four great contemporary leaders so perfectly complemented each other. Millions of Americans and even more millions yet unborn will live their lives as first-class citizens because of what this quadrumvirate did. This includes not only the blacks but the women, the Hispanics, the handicapped, and the others whose rights were proclaimed in the aftermath of the earlier legal revolution for the blacks.

Our generation now passing from the scene can be proud of its role in that legal revolution. But pride must not obscure the obvious—that legal equality, while a necessary condition for practical equality, is a far cry from bringing it about. Discrimination over the years has created harsh economic and social differences and they cannot be wiped out simply by ordering an end to future discrimination and segregation. The bitter fruits of past discrimination are burdens and handicaps upon the victimized groups which are everywhere visible. We do not all stand even at life's starting gate; it must never be forgotten that equal treatment of unequals is inherently unequal.

More is needed to attain the goal of a fair and just society, much more.

We need a program of affirmative action that gives preference in employment, education and training to qualified persons in the groups that have so long sufferd the burdens of discrimination and segregation.

We need to give the children of deprived families the opportunity to go to the best schools even if that requires busing out of the neighborhoods in which they live. A society that long bused black children past neighborhood white schools to enforce segregation can hardly be heard to proclaim that there is something awful in busing black children to white schools for a better and integrated education.

But most of all, recompense for the wrongs of the past will require tax and other economic measures geared toward producing a more equal distribution of wealth—A subject far beyond our reach in this lecture and my own competence.

But this I do know. Tributes alone will never repay Clarence for his selfless humanity. He visualized a world of true equality and helped make that possible by opening the legal gates to opportunity for all. We will serve him and his memory best by dedicating ourselves to fulfilling Clarence's dream of real equality for all Americans. Let us here and now determine not only to hurl back the Reagan administration's onslaught on civil rights but to go forward from here with renewed resolve to build a fairer and more equitable society in the spirit of Clarence Mitchell that right will make might.

I believe Clarence would have approved of concluding this lecture with the hymn of hope I now read:

What is the memory that's valued so highly
That we keep alive in our flame
What's the commitment to those who have died
When we cry out "They've not died in vain."

We have come this far always believing
That justice will somehow prevail.
This is the verdict, this is the promise
And this is why we will not fail.●

THE DOORS OF THE FLANDREAU SCHOOL SHOULD REMAIN OPEN

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. DASCHLE. Mr. Speaker, on September 9, the Bureau of Indian Affairs issued a new set of regulations setting out minimum standards for living space in dormitories used by native American students. I am very much in favor of having minimum standards, but in the case of at least one South Dakota school, these regulations are unnecessary and may force the school to close its doors.

The Flandreau Indian School, funded by the BIA, has about 600 students. Under the new regulations, the school might be forced to restrict enrollment to 300 students. At that level of enrollment, it might not be able to afford to continue operating. The students would lose their school, and the employees would lose their jobs.

The Flandreau school is an excellent boarding school. I have personally visited the facility, and can assure you that the rooms are quite comfortable and humane. Most college students around the country have less space.

Mr. Chairman, the ideal solution to the problem would be for the BIA to exclude from its regulations any currently operating Indian schools and to provide money for the construction of new dormitories at those schools that need the extra space. But there is no reason to believe that BIA will take this action on its own. I intend to lobby heavily for the money to build new dormitories at Flandreau, but until then, the first thing we must do is to prevent the school from being closed down.

To that end, I am introducing today a bill amending the Education Amendments of 1978 preventing the new space requirements from applying to any dormitory used for boarding Indian students before October 9, 1985.

This bill, if passed, will allow thousands of Indian students to receive a quality education at the school of their choice. As such, it deserves the support of every member of this body.

I remain hopeful that the BIA will act on its own to save the Flandreau school. But one way or another, we must keep open the doors of this fine school.

The bill follows:

H.R. 3809

A bill to exempt certain dormitories operated by the Bureau of Indian Affairs from space and privacy requirements

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EXEMPTION FROM SPACE AND PRIVACY REQUIREMENTS.

Section 1122 of the Education Amendments of 1978 (25 U.S.C. 2002) is amended by inserting at the end thereof the following new subsection:

"(e) SPACE AND PRIVACY.—Criteria established under this section for dormitory situations shall not apply to any dormitory used for boarding Indian students immediately before October 9, 1985.".

FRIENDLY ENEMIES

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. GARCIA. Mr. Speaker, Elizabeth Pond wrote a clear-headed assessment of the Reagan-Gorbachev summit in today's Christian Science Monitor. She expresses cautious optimism over the ability of the United States and the Soviet Union to be able to learn to live with each other.

Ms. Pond states that, "Both sides seem to be making a genuine effort to grope toward more ambitious arms control than has ever been attempted. . . ." Whether or not an agreement is reached remains to be seen, but it is certain that, if nothing else, the summit earned a measure of good will from both President Reagan and Secretary Gorbachev for each other. That in itself is important.

I commend Ms. Pond's article to my colleagues.

[From the Christian Science Monitor, Nov. 21, 1985]

MUTUAL INTERESTS COMPEL LEADERS TO GROPE TOWARD ARMS CONTROL

(By Elizabeth Pond)

GENEVA.—The two superpowers are finally holding their noses and dealing with each other—not because they want to, but because they have to if they are to survive in the nuclear era.

Despite the continued news blackout, this seems to be the message emerging on the second day of summit talks between President Reagan and Soviet Communist Party General Secretary Mikhail Gorbachev. Both sides seem to be making a genuine effort to grope toward more ambitious arms control than has ever before been attempted—and to do so despite their continuing mutual antipathy.

It's linkage of a sort, and a tricky business. It requires both sides to think through their priorities, to admit they are not going to usher in an age of harmony but are going to be locked in an adversarial relationship for a long time; then, however, to go on to

reduce to dangers that that confrontation could ever go nuclear.

The last effort to manage the relationship in this fashion—the détente of the 1970s—failed. Will the new attempt fare any better? Will the "new beginning" that both sides say they want create a relationship mature enough this time to survive their fierce continued rivalry?

Washington's affirmative answer would be that Mr. Reagan brings to the incipient rapprochement an America strong enough to hold its own—and at the same time brings enough "realism" about Moscow to prevent dangerous euphoria at home or misjudgment of American will in Moscow. The United States has recovered from the trauma of Vietnam, Watergate, and the oil crisis, and Moscow knows that it can't push Washington around.

Moscow's reciprocal answer would be that Mr. Gorbachev's Soviet Union is reviving from stagnation fast enough—and has a sufficiently vigorous new leadership after years of elderly and ill party chiefs—to prevent bullying by the US.

To this the US would add that there is now new caution in Moscow. For the first time in Soviet history the Kremlin feels pressed by long-term crisis in its economy and in its empire. It needs a quiet spell abroad to solve problems at home.

To this the Soviet Union would add that Washington is learning that it can't push Moscow around, and that all Reagan's belligerence and jokes about bombing the Soviet Union won him nothing.

Both might add the hope that they were burned badly enough by the disastrous end of détente to have learned some lessons for today.

Back in the 1970s a negative kind of linkage worked all too well.

Arms control was the central pillar of the whole set of eased relations dubbed détente. And when the Soviets intervened militarily in Angola, Ethiopia, and Afghanistan it angered the US Senate and doomed not only broad détente, but also specific arms control.

SALT II, as the saying had it, was lost in the sands of Ogaden.

This may have fit Moscow's perception of itself as rising and the US as declining in a shifting "correlation of forces," as Soviet jargon put it.

And it may have suited Moscow's sense of mission in spreading revolution.

But it also meant that Moscow badly skewed its own self-interest. It sacrificed stabilization of its existential nuclear relationship with the US to marginal and ephemeral gains in Africa. It defeated US ratification of the second Strategic Arms Limitation Treaty (SALT II). It probably speeded the conservative resurgence in the US that elected Ronald Reagan on a party platform of seeking military superiority over the Soviet Union. It triggered a dramatic rise in US defense budgets. It stimulated Reagan's plans for research into space-based strategic defense that Moscow so loathes.

And when the US reacted, the Soviets counteracted. They said they would never deal with Reagan. They gave as good as they got in the name-calling.

The conspicuous end to this name-calling as Reagan and Gorbachev keep slipping away from official summit sessions for private chats hardly ensures the success of their search for a new *modus vivendi*. But it does signal the new start they're both promoting.

For the Rand Corporation's Arnold Horelick, former chief analyst of the Soviet Union for the Central Intelligence Agency, any new start will have a chance of succeeding only if it corrects the mistakes of the 1970s. This means first and foremost that both the Soviet Union and the US must learn that the other superpower, whatever its temporary adversities, is still a superpower, and should not be kicked while it is down.

In this year's review of "America and the World" in the magazine Foreign Affairs, Mr. Horelick wrote about Moscow's mistake in setting off a US "backlash" by "greedy strategic behavior and Third World assertiveness in a time of US adversity, disarray, and distraction."

He warned, "We would do well to heed the lessons of the second half of the 1970s now being learned to their regret by the Soviets: don't kick a superpower when it is down. It is better in the long run to make it an offer it could accept but which it concludes is in its best interests to accept."

He goes on to say that such an offer "must also be sensitive to Soviet strategic anxieties, which are growing; it must promise Moscow a more acceptable outcome in the mid-term than the Soviets could expect from a totally unregulated strategic competition. It should communicate US determination to shape an international environment that is increasingly less hospitable to Soviet aggrandizement, but that is not so implacably hostile as to signal that Soviet self-restraint would remain unreciprocated."

It remains to be seen if this sort of reasoning will now become the guideline in Washington and Moscow. It's not the kind of approach that has hitherto been favored either by the Reagan administration or the Kremlin. Toughness has generally been preferred.

But, the hints at the Geneva summit so far are that such advice is now coming into increasing vogue.

ADMINISTRATION'S FAILED TAX POLICIES IMPACT UPON LODGING INDUSTRY

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. FLORIO. Mr. Speaker, in 1981 and again in 1982 Congress reacted to the popularity of the President and passed significant tax legislation. Those new laws, widely heralded at the time, have not been completely beneficial to the hotel and motel industry. The normal laws of supply and demand have been superceded by the new tax inducements offered in the 1981 and 1982 tax laws. Perhaps, though, I should let the following letter and speech speak for themselves.

Dr. Walter S. Mason of the Best Western International hotel and motel chain has written me and offered a speech he made recently at a Best Western convention here in Washington. Mr. Speaker, I think that my colleagues will benefit from Dr. Mason's remarks and I ask that they be included in the RECORD.

The letter and speech follow.

NOVEMBER 12, 1985.

Hon. JAMES J. FLORIO,
House of Representatives, Rayburn House Office Building, Washington, DC.

DEAR CONGRESSMAN FLORIO: Several of your colleagues suggested that I send you a copy of my recent address to more than two thousand independent owners and operators of Best Western hotels, motor inns and resorts attending our annual convention in Washington, DC, earlier this month.

Your help is desperately needed—our situation is critical! As small business people, we form the very backbone of our great American system of free enterprise. We ask only for the opportunity to continue operating in a fair, competitive environment. This is not the first time Congress has been asked to re-examine Congressional action of the past which is being used in direct opposite of well-meaning intent.

Under separate cover, I am sending you a copy of our current Road Atlas & Travel Guide, with complete details on all our North American properties. When our 1986 issue is published, we will send you a copy.

Thank you for your action and support.

Sincerely,

Dr. WALTER S. MASON, Jr.,
Director, District V,
President, 1984.

DR. MASON'S SPEECH, BEST WESTERN INTERNATIONAL, 1985 CONVENTION

Thank you, President Staed, and good morning all you rich Best Western Operators.

Aren't you glad you're in the motel business? . . . Are you sure you still are?

Out on the road, where I've been lately, bodies of sick and dying motel and hotel people are stewing about everywhere. A worse epidemic than aids, just doesn't get as much publicity.

I tell you, it's a gruesome sight. Those not yet expired are gasping for breath . . . choking to death from swallowing all those empty rooms . . . or bleeding to death from their own price-cutting wounds.

I'm here to tell you it's time we do something about this sad situation. Otherwise we'll become an endangered species. Maybe an extinct species.

A few years from now they may be reading about us on the same page of the encyclopedia where they talk about the dodo bird. The dodo bird was a wonderful creature sorta like us.

The dodo became so smart and advanced as a bird, it forgot how to do the most basic things birds do. It forgot how to fly. So it died out completely.

That's us. We've gotta learn how to fly again . . . fly on our own.

We're in trouble . . . bad trouble . . . and nobody is going to get us out of the hole we've dug into except you and me.

Where do we start? Right here, in Washington, DC, our nation's capitol.

When do we start? How about right now? . . . TODAY.

What do we do? I'll tell you what I'm gonna do.

As soon as possible after leaving this meeting, I'm going to call on my Congressman and United States Senators. I've got news for them. I don't believe they know how sick and tired I am of all the help and encouragement they have given us over the year.

We asked for . . . and got . . . amendments to laws that we figured would make us filthy rich. Turns out we just got filthy. Somebody else got rich. That wonderful

preferential tax treatment we begged for is now sending you and me down the rocky road to bankruptcy and the poor house.

Remember how we rejoiced over investment tax credits, fast depreciation and other goodies dished out here in Washington? Seemed too good to be true . . . remember?

Now we know it really was to good to be true. Those tax breaks brought everybody and his brother into our act. Which resulted in such cut-throat competition between ourselves, nobody can make a living in this business anymore . . . nobody except the promoters and smart investors. They take the gravy and we get ours where turkeys always get it . . . right in the neck.

I guess you've heard of supply and demand. Supply and demand are what keep the economy in balance . . . prevent dumb things like over-building.

I hate to tell you this but they repealed the law of supply and demand for us when people who know nothing about running a property . . . the promoters and sharp investors, took over our industry.

We let 'em do it . . . even cheered 'em on. Worst of all, they're still at it. Building and building for tax credits and fast depreciation benefits. Meantime, a lot of us are getting ready to go into a new business on some street corner . . . with a little pushcart and a box of apples.

I hope you haven't forgotten how to sing that wonderful old tear-jerker, "Brother, Can You Spare A Dime?"

Out my way, where there's both an oil and agriculture depression going on . . . we're seeing brand new motels being boarded up just before they're scheduled to be opened up. Yet people still are financing and building more of the same not too far away.

Like I say, the law of supply and demand got repealed for us . . . repealed by too much easy financing and tax breaks. What that produced is our giant oversupply of rooms, mostly vacant, killing competition, red-ink bookkeeping and a lot of crying in our beer.

I say it's time we quit crying and start doing. First, we need to become a brotherhood of operators . . . trying to help ourselves by helping each other.

You may think it's smart to undercut the guy down the road five-bucks a night . . . but I guarantee he's gonna retaliate. So everybody loses . . . nobody wins.

We need to get back to barnyard basics. I'm talking about building properties for people, not promoters.

We have far too many properties now . . . which is something we'll just have to ride out. . . and it's gonna be a rough ride . . . but for crying out loud, let's at least try to cure some of the insanity going around . . . which has changed our business from hosts for travelers into real estate speculation for investors.

We've been too busy trying to get something for nothing . . . what we're ending up with is nothing for something . . . at the same time we're doing our part to help bankrupt the government, while losing our own shirts.

What we need is a lot of cooperation and efficiency the next few years. We must get rid of some free investment rides causing our industry to be taken over by somebody else.

We should be shouting out to the world of investors that the big chains are taking on too many identities . . . way overdoing their franchising.

Hotels and motels are getting to be like filling stations used to be, one on every corner. The oil companies are getting wise and closing up a lot of their retail outlets. We should at least try to cut down the building of new properties.

I don't believe revenue bonds and big investment credits have helped our business. What they have done is nearly killed us.

I'm convinced we ought to get rid of some of these wonderful freebies which caused our businesses to be taken over by somebody else.

The place to work on that is right here in Washington . . . where each of us has a Congressman and two United States Senators we can talk and write to.

I'm visiting mine and bringing a strong message on this trip. I hope you'll do the same. It will help.

At this point, we must look to ourselves. If we don't change the situation, who do you suppose will? Nobody, that's who.

It's up to you . . . and it's up to me. Nobody else.

So let's get started! . . . Thank you.

A SALUTE TO MARK TWAIN

HON. NANCY L. JOHNSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mrs. JOHNSON. Mr. Speaker, in honor of National Mark Twain Day, I rise to salute this American author, humorist, and social critic. November 30, 1985, marks the 150th anniversary of the birth of Samuel Clemens, or, as many know him, Mark Twain.

Mark Twain is recognized as one of America's greatest authors. His works have been read around the world, having been translated into more than 50 languages. Mark Twain is also recognized as having been a humorist of extraordinary wit and a social critic of rare perception.

Samuel L. Clemens, his wife, Livy, and their three daugthers resided in Hartford, CT, from 1874 to 1881, perhaps the most creative years of Mark Twain's career. During this time he wrote seven major works, including perhaps his most famous, "The Adventures of Huckleberry Finn," and "Tom Sawyer." Ernest Hemingway described "The Adventure of Huckleberry Finn" as the first and perhaps greatest American novel ever written. It is truly fitting that Congress recognizes such an outstanding American author.

Mr. Speaker, this important occasion is being celebrated throughout the Nation, especially in all of Mr. Twain's "home States" of Connecticut, Missouri, Nevada, California, and New York. It will be a momentous occasion in many communities thanks to the literally millions of hours of volunteer service people have given over many decades to restore and preserve collections of Mark Twain's writings and the sites where he lived and worked. Each year thousands of visitors from all over the world tour the privately funded, nonprofit Mark Twain Memorial in Hartford, CT, to view the fascinating house that Mark Twain built and occupied for 17 years. Said he of his home:

THIS IS THE HOUSE THAT MARK BUILT

These are the bricks of various hue
And shape and position, straight and askew,
With the nooks and angles and gables too,
which make up the house presented to view,
The curious house that Mark built.

This is the sunny and snug retreat,
At once both city and country seat,
Where he grinds out many a comical grist,
the author, architect, humorist,
The auctioneer and dramatist,
Who lives in the house that Mark built . . .

Samuel L. Clemens his maiden name;
As a humorist not unknown to fame,
As author or architect all the same,
At auction or drama always game,
An extravagant wag whom none can tame:
He lives in the house that Mark built.

Here is the Innocent Abroad,
The patron too of the lightning rod;
And here disports the Jumping Frog,
Roughing it on his native log;
Tom Sawyer, with his graceless tricks,
Amuses the horse-car lunatics;
And here is the grim historic sage,
Who hurled in the facts of the Gilded Age,
In this curious house that Mark built.

And below is the alias autograph
Over which he has given you many a laugh,
This author, architect, humorist,
This auctioneer and dramatist,
Who still keeps grinding his comical grist
In his cozy, sunny and snug retreat,
At once both city and country seat,
Made up of bricks of various hue
And shape and position, straight and askew,
With its nooks and angles and gables too,
The curious that Mark built.—Mark Twain.

The Mark Twain Memorial organization and its many volunteers should be congratulated for preserving such an American home. This historic house is kept in its original condition through primarily volunteer efforts with the utmost attention payed to the intricate details. Each visitor is treated to not only the beauty of the house itself, but facts and history of the man and his family as well. Dedicated volunteers have thoroughly researched Mr. Clemens to provide the tourist with an accurate, complete impression of this remarkable American artist.

I think it is important for all of America to honor Mark Twain during this year, the 150th anniversary of his birth, the 75th of his death, and the 100th publication of "Aventures of Huckleberry Finn." It is fitting that we honor the 150th birthday of such an important literary figure whose works capture the spirit of the entire Nation in a way which no other author has been able to duplicate.

PRESERVING THE STATE AND LOCAL TAX DEDUCTION

HON. RAYMOND J. McGRATH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. MCGRATH. Mr. Speaker, as many of my colleagues know, I have spent the better part of the last year working to preserve the State and local tax deduction. The House Ways and Means Committee is nearing the end of the drafting of the tax reform bill, and will take action on the

State and local deduction shortly. In this regard, I want to bring to the attention of my colleagues a very thoughtful commentary by the noted economist Martin Feldstein which appeared in the Wall Street Journal on November 20, 1985. I think Mr. Feldstein has raised some very crucial points which give further support to retaining the State and local tax deduction.

The article is as follows:

[From the Wall Street Journal, November 20, 1985]

A TAX-REFORM MIRAGE

(By Martin Feldstein)

The administration's case for eliminating the deductibility of state and local taxes is based on a fiscal illusion. The Treasury claims that eliminating deductibility would yield a substantial increase in tax revenue that could be used to finance a reduction in personal tax rates. In fact, the likely increase would be far smaller than the Treasury predicts and could actually turn out to be a net loss of revenue.

How is this possible? The reason is quite simple. If the deductibility of personal income, sales and property taxes were eliminated, states and cities would increase their reliance on business taxes and on fees. Deductible personal taxes now acccount for less than two-thirds of the revenue raised by state and local governments. If deductibility were eliminated or substantially reduced, this share would decline in favor of more business taxes and fees.

A SHIFT TO BUSINESS LEVIES

Businesses must, of course, be allowed to include state and local taxes with the other costs that they deduct in calculating their federal tax liabilities. In addition, many of the fees collected by state and local governments are paid by corporations and are also deductible business expenses. The significance of this is that while all businesses deduct their payments to state and local governments, most individuals do not itemize their deductions. Moreover, even those individuals who do itemize their deductions have tax rates that are generally lower than the 46 percent tax rate at which corporations take their deductions.

The net effect of eliminating deductibility therefore would be to shift a portion of the finance of state and local governments from individuals—where each dollar of state and local tax payment has a relatively small impact on federal tax receipts—to corporations where those same state and local tax payments have a much larger impact in federal tax revenue. If eliminating deductibility causes a large enough shift from personal taxes to business levies, the Treasury actually would lose money by eliminating deductibility.

An example will indicate how this could occur. Consider a state that, together with local governments within that state, now collects $10 billion a year in taxes, of which $6 billion comes from personal income, sales and property taxes. The national experience indicates that about 50 percent of these potentially deductible state and local personal taxes do get deducted and that the marginal tax rates at which these deductions are taken average 27 percent. Applying these national averages to the $6 billion implies that $3 billion of taxes is deducted and that these deductions reduce federal income tax liabilities by $810 million.

Eliminating deductibility would make reliance on personal taxes less attractive to the state and local governments relative to business taxes and various fees. If the state and its local governments shift $1 billion of the $6 billion now paid by individuals to taxes and fees paid by business, their tax deductions would rise by $1 billion. Since businesses pay federal tax at a 46 percent rate, this would reduce federal tax collections by $460 million, off setting more than half of the Treasury's gain from increased personal taxes. And if state and local governments were instead to shift $2 billion of the $6 billion now paid by individuals, business tax payments to the federal government would fall by $920 million and the Treasury would actually have less revenue than under the present system.

The prediction that a change in deductibility would cause state and local governments to increase their use of other revenue sources is not only common sense but is supported by statistical evidence. I recently completed a study at the National Bureau of Economic Research that indicates that the current differences among states in the proportion of taxpayers who itemize and in the average tax rate of itemizers has an important effect on the way that states and local governments finance their spending. The statistical estimates imply that eliminating deductibility would cause enough of a shift in the mix of state and local revenue sources to cut the Treasury's prospective revenue gain by more than half. Although there are, of course, many complexities in interpreting the statistical evidence, the clear implication is that the Federal revenue effect of eliminating the deductibility of state and local taxes is uncertain at best.

Eliminating deductibility of state and local personal taxes is critical to the administration's tax plan because the projected revenue gain from the elimination of deductibility is the largest single source of increased revenue in the administration's plan. The Treasury predicts this change in tax rules would raise amounts that increase from $33 billion in fiscal year 1987 to $40 billion in 1990. Indeed, in 1990 it accounts for more than 85 percent of all additional revenue raised from individuals by broading the tax base. The Treasury projects that this increased revenue would finance 55 percent of the personal rate reductions, with most of the remainder financed by the increased taxes on corporations.

OTHER ISSUES INFLUENCE DECISION

There are, of course, other issues that must influence the decision about whether to change the current deductibility of state and local taxes. Some argue that the deduction should be retained to avoid double taxation of income. Others argue that it should be eliminated to avoid the distorting effect of deductibility on spending by state and local governments. But I suspect that the principal reason it is being considered is that it looks like the only way to raise substantial tax revenue with which to finance reductions in personal tax rates. Unfortunately, that is a fiscal illusion on which it would be reckless to rely.

PUBLIC FUNDING FOR HOUSE GENERAL ELECTIONS

HON. ANTHONY C. BEILENSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. BEILENSON. Mr. Speaker, along with several of my colleagues I am introducing today a bill to establish public financing of general elections to the House of Representatives, in exactly the same fashion as general elections for President have been financed for the last 10 years.

This proposal addresses in a fundamental way some of the most basic issues confronting our political process—the integrity of our electoral system and the confidence of our citizens in their elected officals. For too long, the political process has been hurt by the astronomical and ever-increasing cost of running for public office and the concomitant increased level of reliance by candidates on special interest campaign contributions or, alternatively, on the personal fortunes of wealthy candidates themselves. At the same time that campaign spending has skyrocketed, small contributions to House and Senate candidates have declined, leaving many candidates even more dependent on PAC contributions.

Nowhere have these trends been more pronounced than in the elections for the U.S. Congress. Roughly $412 million was spent by candidates for the House and Senate in the 1984 elections, a 75-percent increase over just 4 years earlier. The average expenditure by a winning House candidate in 1984 was some $270,000, compared with $177,000 in 1980, and the average expenditure by a winning Senate candidate was $2.9 million, well more than double the $1.2 million spent 4 years ago—all of this during a period of sharply reduced inflation generally. And average figures do not tell the whole story: Last year we saw 35 House candidates spend in excess of $600,000, and 11 Senate candidates spend more than $3 million each—four of whom spent more than $9 million each.

Just as campaign costs have risen, so too has the role of special interest groups through PAC contributions. PAC's donated some $105 million to House and Senate candidates in 1984, almost double the level given in 1980. Placing the role of PAC's in perspective, fully 38 percent of contributions to House candidates in 1984 came from PAC's; if one looks only at House winners, the figure rises to 41 percent, and among incumbents seeking reelection, 44 percent of receipts came from PAC's up from 34 percent in 1980. Finally, more than one-third of current House Members received at least half their funds from PAC's.

Let me state at the outset that I firmly believe in the integrity of my colleagues in Congress, and I do not believe our votes on public policy matters are for sale. But the burdens of raising huge sums of campaign money and the increasing reliance on interest groups and on wealthy candidates are real nonetheless. They constitute a fact of life on Capitol Hill with which we all must deal, as reflected in the amount of time diverted from legislative business to the business of raising campaign money and in the daily decisions we make in prioritizing whom we have time to see and whose phone calls we have time to return. Can we continue to ignore the steady stream of our former colleagues, good men and women on both sides of the aisle, who have ex-

pressed frustration over the role campaign money is playing in the legislative process? Some have retired prematurely, in large measure because of this, and there is no way of knowing—although I could venture a guess—how many capable and worthy people avoid seeking public office at all because they lack the personal wealth or because they refuse to undertake the kind of efforts and make the kind of commitments needed—or perceived to be needed—to wage a credible race.

If there is some dispute over how campaign fundraising actually affects our work, there can be little dispute over how this process erodes the public's confidence in the job we do. A CBS/New York Times survey following the 1984 elections found that only 40 percent of the public believed that government is run for the benefit of all the people. While this figure has risen from an alltime low in recent years, we can hardly take comfort when the survey showed that even now one-half the population—49 percent—expressed the view that government is pretty much run by a few big interests looking out for themselves. It is little wonder that a Harris poll in May 1984 found that 70 percent of those surveyed opposed candidates for high Federal office taking PAC funds.

Solutions to the problems raised by current campaign finance practices have been proposed in every Congress since well before I was first elected. These proposals have been increasingly creative and have included such ideas as adjustments in the various contribution limits, constitutional amendments to impose spending limits, tax credits to promote individual contributions to candidates or parties, limits on PAC donations, matching public funds for congressional candidates, et cetera. But all of these offer partial solutions, many based on an assessment of what realistically may be expected to pass the current Congress. Even the most dramatic of these—partial public funding—fails to provide the element indispensable to true candidate independence: the assurance of sufficient "disinterested" money to wage a viable campaign without having to appeal to and depend on special interest contributors.

What I am proposing today is that we pick up where Congress left off in 1971 and extend full public funding to House candidates in the general election. We have had three elections for President under this system and, while problems have occurred, most observers believe the system has worked well in achieving its goals. In a 1982 study by the Kennedy School of Government for the Senate Rules and Administration Committee, the general election system of full public funding was declared a success:

. . . the major candidates have enjoyed a guaranteed financial floor with predictable levels of funding. In the process, they have been relieved by the burden of raising money during a crucial and brief, period of the campaign.

Specifically, my bill would do the following: (1) provide grants of $200,000 to major party nominees in House general elections, with lesser amounts for minor party candidates using the same formula as in the Presidential system; (2) a spending ceiling of $200,000—the full amount of subsidy—and a prohibition against accepting any outside contributions; (3) a limit of $10,000 on contributions by the candidate to his or her own campaign; and (4) the option to forgo public financing and the concomitant limits, but every dollar raised and spent by such candidate in excess of $200,000 would be matched with public funds to the opponent, if participating in the system. This system would be financed by increasing the amount of the current tax checkoff for the Presidential election campaign fund to provide sufficient revenues anticipated by this bill and the companion measure in the Senate. I estimate that the House general election funding would cost $87.5 million on an annual basis.

I believe this plan would be simpler in operation and far less burdensome to administer than a matching fund system, and it would also be easier to explain to the public. Rather than a radical new plan, it is merely an expansion of what has been the law of the land for 10 years—and has worked. I am convinced it will accomplish the primary goal of providing sufficient funds so that candidates can compete effectively without having to rely on special interest contributions.

Finally, let me address two of the principal objections which have traditionally been raised to this sort of plan. The first is the concern that by limiting challengers and incumbents to the same level of funding, it would have a built-in bias toward the incumbent or better known candidate. While there may be a handful of races in which a challenger is hampered by not being able to outspend the incumbent, I believe there are far more elections which would be made more competitive by providing an equal amount to the challenger as to the incumbent. In 1984, the average expenditure by a general election candidate for the House was approximately $206,000—just $6,000 more than the ceiling in my bill. More to the point, however, is that the average spent by an incumbent was some $259,000 while the average challenger spent only $121,000. Therein lies the root of the lack of competiveness in most House races—the habitual inability of challengers to raise sufficient funds to compete on even a nearly equal level with the better known incumbents. I wonder how many of those challengers might have run a better race had they been guaranteed a campaign fund equal to that of the incumbent, and how many of the 60 races with only one major party candidate in 1984 might have turned into real contests had a potential opponent been guaranteed that "critical mass" of funding.

The second objection to public funding is the cost, with the question asked; How in this time of huge deficits and fiscal austerity can we propose another costly Government program? I might first point out that the $87.5 million annual cost of my plan is less than the $103 million the Pentagon spends each year for military bands. But, more importantly, I would turn the question around: Is there any doubt that in the long run the taxpayer pays far more than this $87.5 million a year in the form of special tax breaks and programs promoted by the interest groups which now finance the campaigns of our elected officials?

I would argue, in other words, that in the short run this plan would be worth the cost, and in the long run it would be a step toward bringing the Federal budget under control. I would conclude by asking: Can we really afford not to implement the plan I have outlined here today?

Mr. Speaker, I urge all Members to join me and several of our distinguished colleagues in sponsoring this vital legislation.

THE ELECTRIC CONSUMERS PROTECTION ACT

HON. RICHARD C. SHELBY

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. SHELBY. Mr. Speaker, I rise today to focus congressional attention on increasingly intense support for H.R. 44, The Electric Consumers Protection Act. Since the bill's original introduction last Congress, over 66 organizations, including utility regulators, business and labor groups, and senior citizens advocates, have endorsed its consumer protections. Nationwide support is evident from the 75 editorial endorsements from all regions of this country.

Most recently, the Wall Street Journal pointed out the crux of this bill, "Why municipalities anywhere should be able to grab off hydroelectric plants owned by private utilities and thereby force other customers served by those utilities to pay higher rates?" The obvious answer is for Congress to stop the indiscriminate transfer of a valuable energy resource based simply on a "preference" for Government-owned utilities. Last month's ruling in the Merwin case makes congressional action imperative to protect the majority of this Nation's ratepayers against needless increases in their power bills.

Mr. Speaker, the Senate is preparing to consider the Electric Consumers Protection Act. Because the House is the Chamber closest to the American wallet, I urge this Chamber's favorable and prompt consideration of a bill to help the vast majority of this Nation's electric consumers. I also ask that the Wall Street Journal editorial of November 19, 1985, be included in the RECORD.

LICENSE TO STEAL

Santa Clara, Calif., is a nice town, but it is not entirely clear why it should be able to lower the electric bills of its citizens at the expense of energy customers all over Northern California. Or, indeed, why municipalities anywhere should be able to grab off hydroelectric plants owned by private utilities and thereby force other customers served by those utilities to pay higher rates. Yet that is the effect of a recent decision by the U.S. Court of Appeals in Washington.

Judge Abner Mikva, a former liberal congressman, wrote the decision. Two of his colleagues concurred. With an interesting interpretation of the Federal Power Act of 1920. Judge Mikva reversed the Federal Energy Regulatory Commission and ruled that government-owned utilities have a "preference" in the relicensing of hydroelectric projects initially licensed by the government many years ago. The effect of the ruling is that cities and towns with municipal utilities can take over hydroelectric projects in their areas and reserve the cheap power for their own customers.

The payments they would be required to make to the owners are based on the original cost of the projects, many of which were built years ago. They are usually a small fraction of what it would cost to replace the power the plants generate. Naturally, municipal utilities around the country already are making a mad dash to get their hands on many of the 177 federal licenses for hydroelectric plants that come up for renewal between now and 1994.

In the Merwin Dam case decided by Judge Mikva and his colleagues, Pacific Corp. stands to lose its license for a 136,000-kilowatt plant on the Lewis River in Washington State that serves 650,000 customers in six states. A strict reading of the 1920 law would have Pacific Corp. accept $9.4 million from the municipal applicants of Clark and Cowitz counties to compensate for the company's net investment. That compares with a replacement cost of $700 million to $800 million. Another utility, Pacific Gas & Electric, figures customers deprived of hydro power will pay $140 million more a year.

Legislation before Congress would stop this dam grab. Called the Electric Consumers Protection Act, the bill has the bipartisan support of 32 cosponsors in the Senate and 180 in the House. The Senate Energy Committee has already overwhelmingly approved the measure and it awaits only scheduling by the Senate leadership for a floor vote. In the House, an energy subcommittee is expected to mark up its version of the bill shortly. Put simply, the legislation would close the loophole in the 1920 law.

Early in this century when Congress was debating the use of water resources, the Naderites of that era wanted hydro projects controlled exclusively by state and local governments or other public entities. If that had been the case, hydroelectric development would have been very slow in coming. As things stand now, investor-owned utilities operate 366 licensed hydroelectric plants serving millions of customers in 41 states. This relatively inexpensive source of power helps to keep electricity bills down. Municipally owned utilities, on the other hand, serve only 12% of electricity consumers in the U.S. Contrary to the public power rhetoric of the early 1900s, private investors weren't "power grabbers" but power suppliers. It would be grossly unfair to both the utilities and their customers to let Judge Mikva's decision stand.

WILLIAM F. BUCKLEY ON STRATEGIC DEFENSE

HON. JIM COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. COURTER. Mr. Speaker, I commend to my colleagues the following article by William F. Buckley on the strategic defense debate.

A frequently missing element in this debate is consideration of the different purposes served by the American and Soviet nuclear arsenals, and the implications of these purposes for the two nations' views of strategic defense. Since our purpose is deterrence of nuclear war, we can accept the idea of both the United States and the Soviet Union possessing missile defenses. But since the Soviet goal is to reach strategic superiority, to serve as a cloak for an aggressive foreign policy, the Soviet Union insists on building defenses while pressing for a ban on similar American capabilities.

If you view the foreign policies of the United States and the Soviet Union as essentially equivalent, this will not come to light. Mr. Buckley's incisive analysis of this crucial aspect of the strategic defense question is an important contribution to the debate, and I commend it to my colleagues.

The article follows:

[From the Newark (NJ) Star-Ledger, Nov. 17, 1985]

AMERICANS AND SOVIETS, APPLES AND ORANGES

(By William Buckley)

The Union of Concerned Scientists dominated the airwaves on Tuesday last with its opposition to the space shield program, and a featured speaker was former Defense Secretary Robert McNamara, who fell for the Big Line, which is that the Soviet Union and the United States are for all intents and purposes to be viewed equally. Why? Because the Soviet Union fears a first strike from us, even as we fear a first strike from them. Don't you see how it's a Tweedledee Tweedledum problem? They're afraid of us, we're afraid of them, that makes us equal, right? Wrong.

Don't you see, McNamara explained, the Soviet Union fears our MX missiles, and our Trident II missiles. That is all very well, except that in fact we do not have any MX missiles in place, and the number we plan to deploy is now reduced to 50. And we do not have any Trident IIs—they are down the line a far piece. But the Soviet Union has at this moment 6,000 warheads geared for a first strike. Assuming a) that we get our 50 MX missiles, and b) that they do in fact withstand a first strike, why then, c) we would have exactly 500 missiles (the MXs would be MIRV'd) with which to take out 4,000 Soviet military targets. If the Soviet Union is afraid of this potential threat, then they're afraid of our reserves of poison ivy.

We are headed to Geneva with about 70 percent of the intercontinental land missiles the USSR has. Their proposal? Two to one, to their advantage. We arrive with half the bombers they have; the USSR proposal is to reduce us to 34 percent. We arrive with six times as many air-launched cruise missiles as they have; the Soviet Union proposes we both cut down to zero-zero. In each case, the U.S. proposal is for straight parity.

The scientists concerned with everything except U.S. security want us primarily to drop Star Wars, and in this effort they have engaged the enthusiastic attention of Mr. McNamara. But what never gets mentioned in the controversy is the Soviet race toward a space shield. Sen. Albert Gore, among others, suggested that if we went after a space shield, so would the Soviet Union, creating another arms race. But they do not give us the known figures about the intensity with which the Soviet Union is pursuing that race at this very moment.

The shrewdest estimate of the dollars being spent by the Soviet Union on its space shield is $25 billion, a figure achieved by collating testimony by the CIA before a Senate committee, consultations with experts, and other means. Moreover, the Soviets are spending huge sums on civil defense. The Soviets have 10,000 people working on military lasers, spending three to five times as much as we are spending under the program headed by Gen. James Abrahamson. The Soviet Union is all told spending 10 times as much as we are on a space shield. So who is initiating an arms race?

The rhetorical technique is ever the same, Professor Robert Jastrow of Dartmouth, the distinguished astrophysicist, points out. It is the technique of assuming a symmetry of capability and of intentions. If the Soviet Union were as menacing to us as say, Switzerland, we could talk about first-strike threats to each other using the same assumptions. But we are facing a superpower that is by its nature an aggressor. Switzerland is not. And the difference in context is absolutely critical. We are dealing with a nation spending $80 billion per year on weapons defensive and aggressive. It is the intention of the Soviet Union that ought to concern us, because it is that which catalyzes their inventory of weapons.

Many years ago James Burnham reminded us that a rifle is no more dangerous than a broomstick in the absence of an impulse to use the rifle as a rifle. The Union of Concerned Scientists speaks in a surrealistic idiom, paying no attention to the lethal quality of Soviet arms that flows from the evil intentions of Soviet policy-makers.

It is every day clearer and clearer that the Soviet Union wishes to proceed uninterrupted with its own timetable. The great day when they can face us and say: Boys, it is all over. Our defenses are for all intents and purposes impregnable. Now here is the new map of the Soviet world . . .

ANGLO/IRISH AGREEMENT ON NORTHERN IRELAND

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. MARKEY. Mr. Speaker, November 15, 1985, was a day of enormous significance to Northern Ireland and its 1½ million people. As you well know, on that day, the Prime Ministers of Ireland and Great Britain signed an agreement designed to achieve a peaceful settlement in Northern Ireland. On that same day, you had the foresight to meet personally with President Reagan and along with him reaffirm the commitment of the United States to help promote peace and reconciliation in Northern Ireland in a concrete way, including doing all within your power to see that such a commitment including appropriate financial and economic assistance is honored by the Congress as swiftly and fully as possible.

The new agreement on Northern Ireland is not the first important step in turning that country away from violence and

toward peace and prosperity, and it is certainly not the last. Rather, it is a significant milestone in a long and difficult process whose architect, my good friend John Hume, the leader of the Social Democrat and Labour Party in Northern Ireland, designed and which has received so much help from men and women of determination and good will in his country as well as in Ireland, Great Britain, and the United States. Mr. Speaker, I congratulate you for your initiative and courage in condemning violence in Northern Ireland and calling the attention of so many of your colleagues to the fact that peace in that troubled country can only be obtained through nonviolence and within a constitutional framework.

An important organization in this country in advancing the cause of peace through nonviolence in Northern Ireland is the Committee for a New Ireland which, although founded only 3 years ago, has very active chapters in cities throughout the United States including my own city of Boston. That committee, which strongly endorses the agreement, issued an excellent statement on the day the agreement was reached; and I am submitting it for the RECORD so that my colleagues can better understand the significance of November 15, 1985, not only to Northern Ireland, but to all of us who have been committed for so long to finding peace in that troubled country through nonviolence.

STATEMENT OF THE COMMITTEE FOR A NEW IRELAND

The Committee for a New Ireland endorses the efforts of both the Irish and British governments to achieve a peaceful settlement in Northern Ireland. The agreement announced today by the Prime Ministers of those two countries is a significant step toward such a settlement and the reconciliation of the two traditions on the island of Ireland.

Two and a half years ago the constitutional nationalist parties in Ireland, North and South, formed the New Ireland Forum, within which the parties undertook discussions to find ways to achieve lasting peace and stability in a new Ireland through the democratic process.

The New Ireland Forum agreed that the rights of both the Nationalist tradition and the Unionist tradition to effective political, symbolic and administrative expressions of their respective identities, their ethos and their way of life must be protected.

A year ago the Prime Ministers of Ireland and Britain met and agreed that the "identities of both the majority and minority communities in Northern Ireland should be recognized and respected and reflected in the structures and processes of Northern Ireland in ways acceptable to both communities."

They also agreed that "the process of government in Northern Ireland should be such as to provide the people of both communities with the confidence that their rights will be safeguarded."

Lasting peace and stability can only emerge through a process of involvement and of dialogue between both the Irish and British governments and both the communities in Northern Ireland.

The agreement reached between the two governments today reflects the outcome of negotiations where both governments have committed themselves to finding structures which will assist the process of Anglo-Irish co-operation and which will end Nationalist alienation of Northern Ireland. Both governments have reassured Nationalists and Unionists that their respective traditions will be treated equally.

The agreement between the two governments is part of the ongoing Anglo-Irish process and represents substantial progress toward achieving stability and peace in Northern Ireland.

American Presidents have enthusiastically endorsed the Anglo-Irish process. In August, 1977, President Carter said that:

"A peaceful settlement would contribute immeasurably to stability in Northern Ireland and so enhance the prospects for increased investments. In the event of such a settlement, the U.S. Government would be prepared to join with others to see how additional job creating investment could be encouraged to the benefit of all the people of Ireland."

On March 17, 1985, President Reagan renewed the United States commitment by saying:

"We firmly believe that foreign investments and the employment opportunities that would accompany such investments, can play an increasing significant role in promoting peaceful change. In this regard, I urge that serious consideration be given all economic as well as political proposals evolving from a spirit of consensus and reconciliation. We in the United States can be counted on to do our part to ensure that proposals which can be of assistance in promoting this process receive due consideration."

The Committee for a New Ireland supports these commitments by Presidents Carter and Reagan. The Committee for a New Ireland will work to assure that this Anglo-Irish agreement achieves the goals which are the building blocks of this agreement.

The Committee for a New Ireland was formed in 1982 to facilitate and encourage the efforts of individuals and organizations who share the common desire to seek peaceful resolution to the conflict in Ireland.

The Committee is incorporated as a nonprofit [501(c)3], nonpartisan, organization in the United States with the following objectives:

1. To educate the American public regarding all aspects of the political, social and economic situation on the island of Ireland.

2. To serve as a conduit for the dissemination of information between parties and individuals working toword peaceful resolution of the conflict in Northern Ireland.

3. To promote awareness of, and aid in the development of peaceful alternatives to the current violence in Northern Ireland.

4. To facilitate free and open dialogue among concerned individuals and parties working toward the resolution of the Irish problem through peaceful means.

5. To further religious tolerance and a spirit of ecumenical co-operation among parties and individuals involved in the process of resolution and reconciliation of the conflict in Northern Ireland.

It is the hope of the Committee for a New Ireland that all Americans will unite behind the leadership given today in a historic White House press conference at which the President of the United States, Ronald Reagan, and the Speaker of the House of Representatives, Thomas P. O'Neill—both of Irish ancestry—enthusiastically backed the agreement and promised it their full political and economic support.

TRIBUTE TO HONORABLE ARMISTEAD I. SELDEN

HON. BILL NICHOLS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, November 20, 1985

Mr. NICHOLS. Mr. Speaker, I am honored to be priviledged to pay tribute to our longtime friend Armistead Selden, whom I had the pleasure of serving with for many years in the Alabama Congressional Delegation and who married Mary Jane Wright, whose family are longtime residents of Talladega County in my congressional district.

Armistead was for many years a member of the House Committee on Foreign Affairs and was the spokesman for matters relating to Central and South America. He understood our relationship in this vital part of our hemisphere, and his wise counsel was generally followed by both his committee and by the House of Representatives.

I recall his race for the U.S. Senate in which he lost by a scant 4,000 votes and of his service in the Defense Department as Assistant Secretary of Defense for International Security Affairs.

Later, my wife, Carolyn, and I had the pleasure of visiting him and Mary Jane when he served as our Ambassador to New Zealand, and we recognized the great respect in which this outstanding Alabamian was held by officials of the New Zealand Government.

Armistead was my friend, and I shall miss his warm smile, his cherry outlook, and his good counsel on all matters relating to congressional decisions.

I have followed his illness and visited with him on two occasions during his stay at the Bethesda Naval Hospital. Later on the morning of Friday, November 8, I visited him in the Birmingham Veterans' Administration hospital. Even at this late stage in his illness, Armistead had that wonderful smile, and we shook hands and talked briefly of mutual longtime friends in the Congress.

I shall miss Armistead Selden as much as any colleague with whom I have ever served, and I extend my deepest sympathy to his wife, Mary Jane, his sons, Armistead Inge Selden III, Jack Selden, and Tom Selden, and his daughters, Mrs. Edith Selden Ezell and Mrs. Martee Selden Hewitt.

HISPANIC WOMEN IN THE LABOR MARKET

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mrs. SCHROEDER. Mr. Speaker, in October of this year, the National Council of La Raza published a study concerning the status of Hispanic women in the labor market. I would like this important work

to become a part of the CONGRESSIONAL RECORD.

As the fastest growing population group in the country, Hispanics are projected to account for at least 8 percent of the labor force by 1995. However, the growth in the total U.S. labor force is also due to the increasing number of women entering the labor force. It is important to note that Hispanic women are the lowest paid workers in the labor force.

I urge my colleagues to review this additional information as we look at the Economic Equity Act, the Civil Rights Restoration Act, the Parental and Disability Act, and other legislation that establishes more equitable opportunities for women and minorities.

LABOR MARKET STATUS OF HISPANIC WOMEN

I. INTRODUCTION

The Hispanic population in the United States is increasing faster than any other population group in the country. According to the 1980 census, the Hispanic population of the United States was 14.6 million—6.4% of the total U.S. population—and had increased 61% since 1970. While part of this apparent growth actually reflects a reduced undercount of Hispanics in 1980 as compared with 1970, the population is increasing rapidly. In 1980, Hispanic women 18-44 years old recorded 106.5 births per 1,000 women, compared to 68.5 births per 1,000 White women, and 84.0 births per 1,000 Black women. These high birth rates, which stem partly from a higher proportion of Hispanic women of child-bearing age, reflect the low median age of Hispanics, which is 23.2 years as compared to 31.7 years for Whites, and 24.9 years for Blacks.

In addition, statistics reveal that Hispanic wives plan to have more children throughout their child-bearing years than do any other population group. For example, 19.4% of Hispanic wives expect to have four or more children, compared to 8.8% of White wives and 14.2% of Black wives. Almost one-fourth or all Hispanic wives expect to have three children, a higher rate of expectation than any other group.

As the youngest and fastest-growing population group in the country, Hispanics are projected to account for at least 8% of the labor force by 1995. However, the growth in the total U.S. labor force is also due to the increasing number of women entering the labor force. In the last quarter of calendar year 1981, 47 million working women accounted for about 43% of the work force. Such growth equalled two-thirds of the total labor force increase during 1981.

Hispanic women are becoming an increasing segment of the labor force. They are a youthful population group; in 1983, 46.7% of adult Hispanic women were between the ages of 20-34 as compared to 36.5% of all U.S. women. The labor force participation rate for Hispanic women is now similar to that of other women: In 1984, the labor force participation rate for Hispanic women was 50.0%, compared to 52.4% for White women and 53.7% for Black women.

Hispanic women, however, face serious educational and employment problems. They are the least-educated and the lowest-paid of all population groups in the country. Like all Hispanic workers, Hispanic women are distressed workers—a phrase coined by Professor Daniel Saks of Vanderbilt University to identify large segments in the labor force who do poorly in the labor market despite good economic times. Hispanic women are most vulnerable to shifts in the economy and to restrictive federal policies in educations and employment and training.

II. EDUCATION

Data from the March 1981 Current Population Survey reveal that Hispanic women are the least-educated major population group in the country:

Median school years completed, 1981

[Persons 25 years old and over]

	Years
White males	12.6
White females	12.5
Black males	12.1
Black females	12.1
Hispanic males	11.0
Hispanic females	10.5

Hispanic females are more likely to drop out of school than are Hispanic males, and are more likely than other groups of women to be high school dropouts. Census data from 1980 showed that by age 17, 20.9% of Hispanic females have left high school without a diploma. In 1979, of Hispanic women aged 16-24, 34.2% were high school dropouts as compared to 31.5% of Hispanic males, 12.8% of White females, and 20.0% of Black females.

A 1982 research project of the National Council of La Raza which analyzed data from the March 1981 Current Population Survey found that Hispanics, both males and females, did not receive financial benefits from their education equal to those received by Whites. That is, it is expected that earnings will be, in part, determined by education, and for every additional year of education received, earnings will increase. Though this was found to be partially true, Hispanics received less income for each additional year of schooling than did Whites. Hispanic women were worst off in this regard, as they earned only an additional $271.93 per year for each year of education received, while Hispanic males earned $524.84, White females $544.51, and White males $870.91.

III. UNEMPLOYMENT

The unemployment rate for Hispanic women is similar to that of Hispanic men—it is lower than the Black unemployment rate but higher than the White unemployment rate. In 1984, the annual unemployment rate for all women was 7.6%. However, Hispanic women had an unemployment rate of 11.0%, compared to 6.5% for White women, and 15.4% for Black women. Hispanic subgroups also differ in employment status: In 1984, Mexican-origin women had an unemployment rate of 10.9%, compared to 14.7% for Puerto Rican-origin women, and 6.7% for Cuban-origin women.

IV. OCCUPATIONAL DISTRIBUTION

Hispanic women, like Hispanic men, are more heavily concentrated than Whites or Blacks in blue-collar jobs. In 1980, 28.4% of employed Hispanic women were blue-collar workers, compared to 18.6% of Black women, and 14.3% of White women. Most employed Hispanic women hold one of three types of positions:

1. Clerical and kindred work, where 36% of Hispanic women workers are employed, compared to 35% of Black women, and 40% of White women. These jobs include bank tellers, billing clerks, bookkeepers, and cashiers. The 1980 median annual earnings for women clerical and kindred workers were $10,909; for men, $18,474.

2. Operatives, where Hispanic women are especially overrepresented; 22.0% of Hispanic women work as operatives compare to 11.3% of Black women, and 9.7% of White women. The operative jobs in which women are predominantly employed include laundry and dry cleaning operatives, packers and wrappers, sewers and stitchers, shoemaking machine operatives, and textile operatives. The 1980 median annual earnings for women operative workers were $9,476; for men, $15,473.

3. Service work, in which 13% of Hispanic women workers are found, compared to 24% of Black women, and 10% of White women. Service work includes jobs such as cooks, dishwashers, food counter and fountain workers, cleaning service workers, waitresses, nurse's aides, child care workers, and dental assistants. The 1980 median annual earnings for women service workers were $8,043; for men, $13,140.

Though women in general are making progress in entering the professional and technical fields, Hispanic women remain as the single group most severely underrepresented in these occupations. In 1980, only 10.9% of Hispanic women workers held professional and technical positions, compared to 17.6% of Black women, and 19.5% of White women.

V. MEDIAN WEEKLY EARNINGS

Hispanic women are the lowest-paid workers in the labor force. For the first quarter of 1985, the median weekly earnings by sex and ethnic origin, for individuals 25 years and over, were as follows:

Median weekly earnings, first quarter 1985

White men	$452
Black men	325
Hispanic men	319
White women	293
Black women	255
Hispanic women	237

For Hispanic women, this pattern of lowest median weekly earnings is a recurrent one, as the following table indicates:

MEDIAN WEEKLY EARNINGS

	1980	1981	1982	1983	1984
Total White	$265	$292	$307	$321	$339
Male	321	353	374	397	403
Female	203	220	243	253	264
Total Black	208	236	247	257	265
Male	246	264	279	299	304
Female	184	204	214	231	242
Total Hispanic	207	223	242	250	256
Male	236	251	263	274	286
Female	170	188	203	209	224

These large wage gaps are primarily attributable to such factors as levels of educational attainment, number of hours worked, opportunities for high-wage occupations, and age. Research done by the National Council of La Raza found that unequal opportunities faced by Hispanics account for much of the earnings gap. These inequalities, however, do not account for the total difference between earnings of Whites and Hispanics. La Raza's regression-based analysis evaluated the effects of the following variables on wage and salary income: age, sex, ethnicity, marital status, hours worked, occupation, employment sector (private versus public sector), and industry (which was divided into nine different categories). The results of the analysis indicate that even when all other variables are controlled—thus assuming that Hispanics were equally educated, trained, work the same number of hours, etc.—ethnicity alone appears to account for 14% of the wage differences between White and Hispanic males

and 29% of the total difference in earning power between White males and Hispanic females.

VI. FEMALE HEADS OF HOUSEHOLDS

There has been a rapid increase in the proportion of Hispanic families maintained by women, and the percentage increase is higher than the corresponding figure for non-Hispanic families. The U.S. Bureau of the Census found a 3% increase in the number of Hispanic heads of households in three years between 1980 and 1983:

PERCENT OF HOUSEHOLDS HEADED BY WOMEN

[In percent]

	1970	1980	1983
Hispanic origin	15	20	23
Non-Hispanic origin	11	14	15

In 1984, about 810,000 Hispanic-origin families (23%) were maintained by women. More than half (54%) of these families had incomes in 1983 which placed them below the U.S. poverty level, as compared with 36% of all families maintained by women. Such poverty has had a severe impact on children. For example, in 1984, 71.0% of Hispanic children in female-headed families were poor, compared to 66.1% for Black children, and 39.7% for White children. Due to a lesser amount of hours worked and lower wage rates than their male counterparts, Hispanic female heads of households earn the lowest median incomes of any major subpopulation group, as shown below:

MEDIAN INCOME BY TYPE OF HOUSEHOLD HEAD

	All households	Households headed by females
1982 all races	$20,171	$11,883
White	21,117	13,940
Black	11,968	7,742
Hispanic	15,178	7,602
1980 all races	17,710	10,830
White	18,684	12,327
Black	10,764	7,693
Hispanic	13,651	7,239

VII. CONCLUSION

An analysis of the labor market data clearly shows that Hispanic women occupy the bottom rungs of the labor market. Hispanic women are the least-educated and earn the lowest wages of any major subpopulation group in the country. Research from the National Council of La Raza shows that the large earnings gap between Hispanic and White workers is primarily a result of differences in educational attainment, training opportunities, and ability to obtain full-time jobs. However, the analysis also determined that while these are very serious barriers to employment equality, they do not account for the entire wage gap. Ethnicity appears to be an important contributing factor in the differences in earning power between Hispanics and Whites.

Hispanic women are a youthful subpopulation group with a vast productivity potential. The National Council of La Raza strongly supports the continuation and improvement of federal programs and policies which seek to eliminate the barriers to equal employment opportunities. A strong federal commitment to the elimination of unequal access for minorities to education and employment and training programs is essential if Hispanics, especially Hispanic women, are to obtain equal employment oppportunities in the future.

HONORING GEORGE ROBERT (BOB) WOODRUFF: 22 YEARS OF SERVICE TO THE UNIVERSITY OF TENNESSEE ATHLETIC DEPARTMENT

HON. JOHN J. DUNCAN

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. DUNCAN. Mr. Speaker, the University of Tennessee in Knoxville has long been a progressive force in making the Southeastern conference a league that places emphasis on balanced sports programs. Retiring director of Athletics, Bob Woodruff, has served the university for 22 years. Bob Woodruff has been a friend to all UT fans, a national leader among athletic directors and a champion of true athletic character and dedication. UT president, Edward J. Boling, expressed the views of his SEC colleagues when he remarked not long ago: "Everybody listens when Bob speaks."

The latest is a long series of accolades directed at the silver-haired director of the Big Orange sports program came in June when the national Football Writers Association singled him out to receive its annual award for contributing to college football through coaching.

Under Woodruff's guidance, the Tennessee Vols have been a dominant force in competition for the Bernie Moore Trophy, symbolic of a balanced sports program.

The Moore Award, named in honor of the late commissioner of the Southeastern conference, goes to the SEC school that compiles the best overall athletic record each year. Tennessee shared the crown with Alabama in 1982 after winning it outright in 1980 and 1981. The Vols finished second to the Tide for the 1982–83 school year and second to Auburn for 1983–84.

The Vols' recent success was not without precedent. As a matter of fact, UT has claimed eight Southeastern conference all-sports championships in the last 16 years, bringing to mind Woodruff's assertion when he was named to the athletic director's post in 1963: "Any sport worth having is worth supporting."

Woodruff has been backed by a university administration that fully appreciates the value of athletics. He has directed a program that has been a source of pride to Tennesseans from Bristol to Memphis.

A power in the SEC with its span of all-sports titles from 1969 to 1972, Tennessee returned to the throne in 1975 and then put together back-to-back championships in 1980 and 1981 before catching Alabama with a heroic baseball effort on the final days of competition in 1982. The Vols have finished first, second, or third for 15 of the past 17 years.

Tennessee's athletic balance first gained national recognition when the 1972 cross-country team breezed home first in the NCAA meet at Houston, TX. It was joined in 1974 by a track and field national title. Swimming reached the pinnacle with an NCAA title in 1978.

At the same time Woodruff has shaped the Vol athletics setup into a program of consistent success, he has been steadfast in his devotion to the old-fashioned values he regards as the bedrock of college athletics. He is a man of uncompromising integrity who is highly respected in athletic circles throughout the Nation.

An example of Woodruff's bringing his expertise to bear on amateur sports away from the UT campus was his assignment to the U.S. Olympics Committee for the 1972 games at Munich. He was charged with responsibility for housing the American team.

An impressive assortment of honors has been heaped on George Robert (Bob) Woodruff in recent years. Thirteen years ago the Tennessee Hall of Fame opened its doors to Woodruff, enshrining him as a standout football player at UT in the late thirties, the highly successful head coach of Baylor and Florida, and—of most satisfaction to Tennesseans—for his achievements as UT athletic director.

Even before his induction into Tennessee's Hall of Fame, Woodruff was similarly honored by the Hall of Fame of his native Georgia. In Florida, where he had built a first-class athletic program for the university of Gainesville, the State high school coaches association elected him to an honorary lifetime membership. Next came his induction into the University of Florida Hall of Fame.

Although Woodruff's induction into the Tennessee Hall of Fame was based on all aspects of his career, his selection was triggered by the outstanding performances of Tennessee sports teams in the years he has served as director of athletics. The Vols have earned victories at a ratio of better than 70 percent.

Woodruff disclaims personal credit for UT's glittering success. He prefers to work without fanfare, his feet planted firmly on the ground, and points with pride to the Vols' fine staff of coaches and the scores of outstanding athletes who represent the Big Orange.

But it would be futile for Woodruff or anybody else to deny the obvious truth that as a long-time college athletic director—first at Florida and now at Tennessee—Woodruff and victory have been closely allied.

Particularly in the last 20 years has a pattern for victory accompanied by a wide assortment of championships been established at Tennessee. The 1967 and 1969 SEC championships, 10 straight bowl appearances (1965–1974) and 5 recent bowl visits mirrored the solid footing of the football program. Other Vol attainments include SEC titlewinners and high national rankings in basketball, tennis, swimming, cross country, track, baseball, and golf.

Even as Volunteer athletic teams racked up victories in unprecedented numbers, UT stayed ahead of the times with an ambitious building program that included a swimming facility with indoor and outdoor

pools, an enlarged football stadium to provide seating for a growing student body, a modernized baseball plant, a new tennis stadium and a golf putting and pitching area. A new 25,000 basketball arena is under construction on campus under auspices of the State, UT, and the city and county as well as private donors.

Woodruff, a thoughtful and meditative leader who acts only after examination of all the facts, draws on an extensive background both in administration and coaching to handle the diversified duties of athletic director.

A faculty for thinking through a situation and reaching a careful, intelligent conclusion is instrumental in Woodruff's approach to the directorship. He has met his responsibilities at Tennessee with a forceful confidence that stems from the experience gained through a long-lasting association with college athletics.

UT needs, and Woodruff actively solicits, statewide help from alumni and all segments of the population. "We must have the support of everyone who loves the University of Tennessee, if we are to maintain and extend our tradition for winning athletics," he said.

Woodruff was able to take firm administrative control of the athletic department from the day of his appointment. For 10 years he served as athletic director at the University of Florida where he guided a sports program that was one of the most dynamic in the Nation.

The decade of Woodruff's direction from 1950 through 1959 was marked by a continuous program of achievement, not only in boosting football to previously unscaled heights, but in bolstering all phases of athletics. The Gators posted the best combined win-lost record in the Southeastern conference during Woodruff's reign.

As successful as was his athletic directorship, Woodruff's coaching prowess should not be overlooked. Moving to Florida in 1950 after 3 years at Baylor University in which he compiled a 19–10–2 worksheet, Woodruff took over a team that in the previous four seasons had won only 13 of 39 games. From perennial SEC doormat, he turned the Gators into a consistent first-division threat and in 10 years as head coach posted a record of 54 victories, 42 defeats and 6 ties.

A native of Athens, GA, Woodruff was a standout tackle at Tennessee from 1936 to 1938 on teams that won 23 games and lost only 5. After receiving his engineering degree, he remained on the Vol football staff as an assistant to Bob Neyland in 1939 and 1941. Entering the Army in 1942, he was discharged in 1946 with the rank of major. In 1944 and 1945, he helped coach West Point to two national championships under Earl Blaik.

In 1946, he was line coach at Georgia Tech, moving to Baylor as head coach the following season. Prior to being named athletic director at Tennessee, he was an assistant coach of the Vols for two seasons (1961–62).

Woodruff serves as NCAA District 3 representative to the National Football Foundation and Hall of Fame.

The University of Tennessee and the world of amateur athletics will greatly miss Bob Woodruff, his expertise and leadership in collegiate sports. He remains an outstanding example of the qualities this country cherishes; independent thinking, strong leadership ability, and the desire to work tirelessly toward the completion of goals. I commend Bob as an outstanding individual with all these talents, and thank him for his continuing efforts in developing one of the best athletic programs in this country.

COLONIAL WILLIAMSBURG HONORS CARLISLE HUMELSINE

HON. EDWARD P. BOLAND

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. BOLAND. Mr. Speaker, on November 16, I had an opportunity to participate in an exceptional tribute to an extraordinary man.

Last Saturday marked the retirement of Carlisle H. Humelsine as the chairman of the board of trustees of the Colonial Williamsburg Foundation after 32 years of service to that remarkable institution. No one who visits Colonial Williamsburg could help but be impressed by the care and devotion to detail with which it has been restored. Much of the credit for the transformation that has taken place at Colonial Williamsburg belongs to Carl Humelsine. His leadership, his vision, and his sense of history are evident throughout the Historic Area, and in the many educational and cultural programs which the restoration of that area has made possible.

I have the pleasure of serving with Carl Humelsine on the Board of Regents of the Smithsonian Institution. In the work of that Board, I have seen the skills as a mediator and as a diplomat, which were his hallmark at Colonial Williamsburg, brought to bear on a number of complex and controversial issues. As a result of that experience, I was able to more fully appreciate the depth of feeling behind the accolades Carl and his wife and partner, Mary, received last weekend. He is a person of rare talent and it was a privilege for me to see how deeply that talent is appreciated by the people connected with Colonial Williamsburg. I am especially pleased Carl's talents will continue to be available to the people of this Nation through his service as a Regent of the Smithsonian.

Mr. Speaker, on November 16, the Virginia Gazette published an editorial which I think well summarizes Carl Humelsine's contributions to Colonial Williamsburg and the reasons for his success. I would like to include that editorial at this point in the RECORD.

EXIT HUMELSINE

After a 32-year stewardship of Colonial Williamsburg, Carlisle H. Humelsine is retiring. This weekend is his last as chairman of the foundation. As executive vice-president, president, and chairman, he has been the keeper of the traditions of quality, accuracy, inquiry, and integrity that John D. Rockefeller Jr. breathed into the fledgling restoration from 1926 until his death in 1960.

It is impossible to enumerate or measure all the contributions he has sponsored. Under his leadership, Colonial Williamsburg's early high standards have been retained and enhanced. America's living museum has neared completion, and a fundraising program has been instituted that rivals the best in the country.

The Antiques Forum, now approaching its 28th session, achieved its full potential for excellence under his responsive guidance. He became a national spokesman for historic preservation and was accorded national acclaim for his work in this field.

More than anything else, Carl Humelsine internationalized Colonial Williamsburg by working closely with the U.S. State Department to begin a long line of visits to the Historic Area by foreign heads of state. We join the Williamsburg community—indeed the entire Virginia community—in thanking him for his tireless pursuit of excellence and wishing him and his lovely wife, Mary, a long and enjoyable retirement.

MR. DORGAN: 1985 FARM BILL—LESS OF THE SAME

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. DASCHLE. Mr. Speaker, I recently had the opportunity to review an article written by our colleague from North Dakota, Mr. DORGAN. This article could have been written by many Members of this body for it states concerns many of us felt during consideration of the House version of the 1985 farm bill, a bill many feel repeats the mistakes of the past 4 years.

For many of the same reasons Mr. DORGAN outlined in his article, I, too, opposed the House farm bill on final passage. Mr. DORGAN states what many Members felt when viewing the final version of that legislation. The House-passed farm bill did not do the job that needed to be done in reforming the methods by which our farm programs operate. Continuing for another 4 years the obviously failed policies of the past 4 will not solve the critical crisis facing our Nation's family farmers and ranchers. By bowing to the administration, unfortunately we have chosen that course of action.

Because of the continuing debate on agricultural policy, I would ask that Mr. DORGAN'S article be included in the RECORD for the benefit of all of our colleagues.

1985 FARM BILL—LESS OF THE SAME

In the midst of a farm crisis, the Democratic House of Representatives has written a farm bill that will reduce farm price supports, will continue spending most of the farm program's money on the largest corporate agrifactories, and will fail once again to establish a government policy demonstrating that this country is serious about maintaining a network of family farms.

In short, the Democratic House of Representatives wrote a farm bill that philosophically moves more in the direction of Ronald Reagan and Herbert Hoover than the progressive policies needed to give family farmers a fighting chance to survive.

The message coming from the U.S. House action on the farm bill is that the government is prepared to do "less of the same." And, of course, "the same" has not worked at all.

It's a bizarre twist that family farmers are going broke in record numbers at the same time our taxpayers are paying through the nose for a farm program that sends its money in the wrong direction.

1985 should have been the time for the government to analyze what it really wants to accomplish with the farm program. But instead of a comprehensive review of farm policy, the House of Representatives just sanded down a few of the edges, applied a new coat of paint, gave it a new name, and passed the same old farm bill—except less of it.

I and a number of other Democrats and Republicans from the Farm Belt voted against the farm bill despite the fact that a farm bill is critically needed in our region of the country. We simply couldn't bring ourselves to vote yes on something that is so fundamentally wrong.

Why did the U.S. House fail to chart a new course? It's simple. Those who now get the bulk of the benefits in the farm program fight hard to keep them. Under our supply management farm programs, the biggest producers get the biggest benefits. As long as we hitch ourselves to those kinds of programs, those who produce the most will get the most.

A hundred years from now someone will look back at these farm programs and conclude that we were all a little goofy. They will wonder why, when farmers were going broke in record numbers, spending on agricultural programs was increasing dramatically, but the money was being used to give big benefits to big producers. Historians are going to scratch their heads and wonder what on earth we were doing. They will see that we could have spent less money than that and developed a program that would have restored financial health to virtually every family farmer in America, and they'll see the shame of it all.

Today's farm program operates like a giant hose sucking money out of the federal Treasury and depositing it in the pockets of the biggest corporate farms in America. If we're going to save family farmers, we're going to have to change that. We have to wean the biggest corporate farms from the public trough and use the money instead to provide a stronger target price for the first increment of production for family farmers.

Some countries (European countries, Japan, and others) have already made the basic policy decision to do what's necessary to preserve the family farm. They've come to the conclusion that it's important from a security standpoint for them to maintain a network of family farms. The United States has not yet made that decision, but it must. If we don't do it soon, only a few thousand agriculture behemoths will remain to produce America's food and that would be a serious economic mistake for America.

At a meeting I held with farmers in North Dakota last year, one fellow said something very poignant about America and its farms. He said, "If America could trumpet one success to the world, it would have to be that we've created the most efficient agricultural system in the world. But if we had to confess to one failure, it would have to be the shame in standing by while so many of our good family farmers who helped create that agricultural system are going broke because of wrong-headed farm policies."

I'm disappointed by the House of Representatives' recent action on the farm bill. It was wrong. But there will be another time, and I hope someday there will be another result. I hope that for the sake of family farmers and for the sake of this country.

HOSPITAL TREATMENT CRITICIZED

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. CLAY. Mr. Speaker, hospital care is one of the most pressing needs of the underprivileged citizens throughout this Nation. In my district, the First District of Missouri, the city of St. Louis, and St. Louis County recently merged care services for the indigent with disastrous results for some. There is a lesson to be learned for other communities in the attached article.

HOSPITAL TREATMENT CRITICIZED

(By Linda Eardley)

Zachary Stringfellow says he went to St. Louis Regional Medical Center's emergency room in severe pain Saturday and waited for about four hours to see a doctor. Five hours later, emergency surgery was performed to remove his ruptured appendix.

Mary Moore says her son, Nathan D. Briggs, was taken to Regional's emergency room Friday with a foot that was nearly severed. About four hours later, he was found by a doctor wandering around the hospital's parking lot, dragging his foot behind him, Moore said. Briggs said he had left the hospital because "he had sat there so long in so much pain and they weren't doing anything for him," Moore said.

These reports have surfaced in the aftermath of the death Friday of Ivory "Ike" Herron, who died of a ruptured appendix after he left Regional without being treated. Herron's brother said Herron had waited for 90 minutes before he left.

Herron's death is being investigated by the Missouri Bureau of Hospital Licensing and Certification, said Bob Gillilan, the bureau's director.

Alderman Steven C. Roberts, D-20th Ward, is calling for an aldermanic investigation.

"We're going to get to the bottom of this," Roberts said Tuesday. "I've received over a dozen calls today from people expressing problems they've had" with Regional. "This is becoming frightening."

Stringfellow, 37, of 4041 St. Louis Avenue, said he had driven himself to Regional's emergency room about 2:30 a.m. Saturday. He said he had been neglected in the emergency room and after his surgery.

Stringfellow, a construction worker and carpenter, gave this account:

"When he arrived at the emergency room, he waited for about a half-hour for the receptionist to come to the desk to take his name.

"I told her I had a bad pain in my chest and side. I thought I was going to have a heart attack," he said.

The receptionist told him to sit down. He said he waited for at least two hours without seeing a doctor or a nurse. He told the receptionist again that he was in severe pain. She told him to sit down, and he waited for an additional 1½ hours, he said.

Stringfellow said the emergency room had not been busy. While waiting, his wife, Beverly, and nephew, Edroy Granberry, joined him. Stringellow said he had been in so much pain that he lay down across Granberry's legs.

Stringfellow then was seen by two doctors, one of whom refused to help him undress when he asked for help. He then waited for about two hours to get an X-ray.

While waiting in the examination room, Stringfellow said his wife and nephew had started quarreling with hospital personnel about his care and had been asked by a guard to leave and go back to the waiting room.

He was admitted to the hospital and taken to a patient room about 9:15 a.m., he said. Surgery was performed two hours later.

Stringfellow said the surgeon had done a good job but that problems had begun again on the patient floor after surgery. The nurses did not check him as often as needed, he said. One nurse turned on the water in the sink and then left. The overflow flooded his room and seeped into the hallway, he said.

"I kept hollering and banging on the walls for her to come in," he said.

Stringfellow transferred to Jewish Hospital, where he is in stable condition.

He said Regional "should've been a little more concerned and more prompt about the conditions of people."

In the Briggs case, Moore said she did not know exactly what had happened to him between the time he was taken to the emergency room and when he was found on the parking lot four hours later.

Moore, of Hillsdale, said Briggs, 33, had been robbed of about $120 and injured about 1:30 a.m. Friday while leaving a tavern at Martin Luther King Drive and Goodfellow Avenue.

"Six or seven men followed him out, jumped him and knocked him unconscious in the street," she said. "Then they got into the car and ran over him, nearly severing his foot."

Moore said her son had been taken by ambulance to the emergency room. She said a nurse had told her later that a doctor arriving for work had found Briggs wandering around the parking lot about 6 a.m. Friday. Hospital employees were uncertain how long he had been there, she said.

"They said he had to be half out of his head," Moore said. "His foot was almost detached. He was walking around on the bone, dragging his foot behind him and leaving a trail of blood."

Her son underwent 5½ hours of surgery to reattach his foot, Moore said. Briggs was in serious condition Tuesday at Regional.

"They said he might lose the foot," Moore said.

"I'm very upset about the care that he got" in the emergency room, Moore said.

Moore said her son was a mechanic and lived in the 2100 block of 69th Street in Hillsdale.

Dr. John Kissel, director of medical services at Regional, said he was unaware of the Briggs and Stringfellow cases. He said the hospital's investigation into the Herron case was continuing.

Dr. Christopher Ronneau, director of the emergency room refused to give details of

the investigation because "we understand there's going to be litigation."

Roberts, chairman of the aldermanic Health and Welfare Committee, said he would meet with the committee and then ask the Board of Aldermen on Friday to authorize a broad investigation of the hospital.

Ivory Herron's brother has said Herron was not seen by a doctor or nurse in the 90 minutes the two of them and a friend were in Regional's emergency room.

The brother, Kyle Herron, said he and a friend had told a receptionist that Herron was suffering from "intestinal flu." Kyle Herron said neither he nor the friend had alerted the hospital's staff to Ivory Herron's acute pain.

Gillilan, of the state Bureau of Hospital Licensing and Certification, said an administrator at Regional had said Kyle Herron and his friend apparently had not registered at the emergency desk to get Ivory Herron's name on the list to be seen.

"Apparently they didn't understand the system" Gillilan said.

[Marjorie Mandel and Mark Schlinkmann of the Post-Dispatch staff also contributed information to this story.]

CLEAN WATER ACT

HON. GENE SNYDER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. SNYDER. Mr. Speaker, I rise to bring to the attention of my colleagues a situation which is very troubling to me. In his campaign for the Presidency in 1980, President Reagan promised to get the Government off the backs of the people. Soon after taking office, he formed the Presidential Task Force on Regulatory Relief which then asked the public at large which Federal regulatory programs were the most onerous. High on the list of programs looked at was the Section 404 Permit Program of the Army Corps of Engineers. The task force examined this regulatory mechanism thoroughly, came up with a list of necessary reforms and directed the responsible agencies, mostly the Army Corps of Engineers and the Environmental Protection Agency [EPA] to carry them out.

These reforms are under attack by those who would prefer to have the old way of doing business—a way in which the program was beset by unnecessary delay, uncertainty and redtape. The administration has been able to cut the average processing time of 404 permits almost in half and they have been able to do this without sacrificing environmental safeguards. In fact, I might argue that by better utilizing scarce resources on more permit actions, environmental objectives have been furthered.

The process is still, however, very cumbersome and costly. For minor, routine actions, it can cost individual property owners $500, $1,000, or more for plans and environmental investigations. For large development projects, it still takes several years and upward of several million dollars to survive the regulatory process. Any streamlining of the process is truly a clear and direct benefit to the public.

I am aware that many charges have been leveled against these reforms including the charge that these reforms do not carry out the law. Mr. Speaker, I have not known the opponents of the administration's efforts to streamline the regulatory program ever to be bashful about bringing litigation when they felt the laws were not being carried out. I want to point out that in no instance have the administration's efforts on 404 been successfully challenged in court.

Perhaps the most troubling aspect of the charges against the 404 reforms has been the charge that they subvert the will of the Congress. I have served in the Congress since the inception of the 404 Program. I have sat in countless hearings and markups, and I have participated in hours of floor debate on the Clean Water Act generally and 404 specifically. I have sat through numerous House-Senate conference sessions. I can say unequivocably that these reforms carry out the will of the Congress rather than running counter thereto.

I would call my colleagues' attention to section 101(f) of the Clean Water Act which reads as follows:

It is the national policy that to the maximum extent possible," let me repeat that, to the maximum extent possible, the procedures utilized for implementing this Act shall encourage the drastic minimization of paperwork and interagency decision procedures, and the best use of available manpower and funds, so as to prevent needless duplication and unnecessary delays at all levels of government.

It is also instructive to look at the words of section 404(q) of the Clean Water Act which directs the Secretary of the Army to enter into agreements with the other agencies:

• • • to minimize to the maximum extent practicable, duplication, needless paperwork and delays in the issuance of permits under this section.

The administration has done nothing more and nothing less than carry out section 101(f) and section 404(q). In fact, if the administration backs away from its regulatory reforms, I will feel strongly that then it will have gone counter to the will of Congress.

Mr. Speaker, I am concerned about what is going on over in the other body right now in this area. At the urging of a few special interest groups, a few key Senators are doing everything they can to undo the regulatory reforms—everything, that is, short of proposing legislation, an avenue which is certainly open to them.

There are still strong forces around who would have no development. They are well organized and they bring pressure to bear on legislators. I would urge my colleagues to beware of such narrow special interest groups and keep in mind that the vast majority of permit applicants are individual private citizens who are unorganized as a group and who have no advocate in Washington. They may need one or two permits in a lifetime and their only direct contact with their Federal Government is when they have to get a permit.

Wetlands are important for many purposes as described in the Clean Water Act legislative history. One of the major difficulties, however, and one that has apparently been overlooked by the critics, is that many of the Nation's wetlands occur on private property. Regulation of private property is a common, accepted and sometimes necessary function of Government. However, it is entirely something else to talk about preservation of private property in its natural state by prohibiting any form of development through the regulatory process. The Clean Water Act was not intended to halt all development of private property. Rather, it calls for reasoned judgment to find ways to weigh and balance the issues to optimize tradeoffs between use and conservation. Let me suggest that if the Congress had intended to preserve wetlands from any development, it should not have established a permitting process but rather a land acquisition program. The mere existence of a permitting process is a clear signal that use of wetlands is to be sanctioned under certain proper conditions.

I am certain that anyone who takes an objective look at the Section 404 Program as administered by the Army will see it as a balanced program which provides maximum consideration for wetland values consistent with the statute and with notions of private property use and equity to the citizens of this country.

Let me simply say again that as ranking minority member of the House Public Works and Transportation Committee which has jursidiction over section 404 and the Corps of Engineers that I find the administration's regulatory reforms and the actions that the Army has taken to implement these requirements to be very much within the will and intent of the Congress, and I object to and strongly disagree with statements that the situation is otherwise.

CONGRESS SHOULD NOT MAKE HANDGUNS EASIER TO OBTAIN

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. LEHMAN of Florida. Mr. Speaker, I am greatly dismayed by the recent passage of S. 49, the McClure-Volkmer bill. If enacted, this legislation would only make handguns more available. The already easy access to handguns resulted in the following statistics for 1984: 7,732 handgun murders, 1,200 handgun accidents, and about 14,000 handgun suicides. That is more than 23,000 handgun deaths last year alone.

Easy access has resulted in people of all ages being able to obtain handguns. For example, in October of this year, a 15-year-old Jackson High student in Miami was shot twice and critically wounded by a 16-year-old while eating in the school cafeteria.

Many law enforcement organizations have contacted my office to tell of their opposition to S. 49. They are worried about the provision which would allow interstate sales of handguns, thus undermining State

and local laws and making their job of protecting the public more difficult. Our Nation's law enforcement agencies are calling for tougher measures to keep handguns out of the wrong hands.

Instead of turning the clock back on handgun regulation, we should have stricter regulations. We need a mandatory waiting or cooling off period before final purchase of a handgun. Many shootings occur out of sudden rage or in the heat of passion. With a cooling off period, many of these deaths could be avoided. A waiting period would also allow time for a background check of any person purchasing a handgun and a mandatory fingerprint check at all levels of government, not just the local level. This would prevent many criminals or emotionally or psychologically disturbed people from obtaining handguns. A provision such as this could have prevented the senseless shooting in a surburban Philadephia mall recently by a woman who had been in and out of a mental institutions all her life.

I am pleased to be a cosponsor of H.R. 1442, the Handgun Crime Control Act of 1985. This legislation would ban the cheap and widely available Saturday Night special handgun and would require a 21-day waiting period before any handgun could be purchased. This bill would also improve the firearms tracing system and would transfer the responsibility for the enforcement of these laws from the Treasury Department to the Justice Department. I feel these are important and monumental changes that must be passed.

I also strongly favor H.R. 3155, the Racketeer Weapons and Violent Crime Control Act of 1985, which would strengthen the Gun Control Act of 1968. Many of my colleagues may be surprised to learn that the purchase of machine guns and silencers is legal. These weapons are not used for sporting purposes; they are the weapons used by terrorists, cocaine cowboys, and contract murderers. This legislation would prohibit the possession of machine guns and silencers.

Handgun deaths and injuries are an epidemic in this country. To assist our law enforcement agencies and insure the safety of our citizens, Congress must consider ways to make our present gun control laws more effective. I urge my colleagues to oppose the McClure-Volkmer bill and lend their support instead to the legislative efforts of Judiciary Committee Chairman PETER RODINO and Chairman BILL HUGHES of the Crime Subcommittee.

Mr. Speaker, Sarah Brady, the wife of Presidential Press Secretary James Brady, has written eloquently about her opposition to the McClure-Volkmer legislation. Following is a copy of her article in the November 8, 1985, New York Times:

[From the New York Times, Nov. 8, 1985]

HOW TO DETER FUTURE HINCKLEYS

(By Sarah Brady)

WASHINGTON.—My husband and I met through politics and our lives moved from campaign to campaign until early 1981, when Ronald Reagan asked Jim to be his White House press secretary. The first two months of that year were the most exciting we ever spent. But all that was soon to change.

On the morning of March 30, 1981, as Jim was about to leave for the White House, he decided to go upstairs and have a romp with our young son Scott. It was the last time Jim would climb those stairs to Scott's bedroom.

At 2:30, Jim was shot through the head by a deranged young man. He nearly died. The President nearly died, and two of his security men were seriously wounded.

Now, more than four years later, Jim gets better every day. Although he still holds the title of White House press secretary and goes there once a week, his recovery has been long and slow and at times very painful. His determination and the support of many loving people are pulling him through. Still, I ask why it is possible for the John Hinckleys of this world to walk into a store, buy a handgun and go out and shoot people because they hear voices or have strange visions.

Last July, the Senate passed the McClure-Volkmer bill, which would make it even easier for the kind of tragedy that struck down my husband to happen again. This bill would severely undermine Federal handgun laws by allowing anyone to buy handguns across state lines, by limiting Government inspections of gun dealers' records and by repealing certain handgun record-keeping requirements. I decided I had to do more than think about the problem.

I am a Republican and a conservative. Many people whose political views are similar to mine oppose what they call "gun control." As they define it, so do I. They oppose more controls on hunting weapons, bans on guns and confiscation of guns. I am against these things, too.

What I am for is finding ways to keep handguns out of the wrong hands—the hands of the mentally incompetent, children, drunks, drug users, criminals and the person who has just had a fierce argument with a spouse, relative, friend or neighbor.

The case of John Hinckley is a vivid reminder of how easy it is for a handgun to fall into the wrong hands. He walked into a Dallas pawnshop, purchased a cheap "Saturday Night Special"—no questions asked, no waiting period to see if he had a criminal or mental illness record—and a few minutes later was on his way, ready to shoot the President of the United States because he thought it would make a popular actress, Jody Foster, fall in love with him.

Had a national waiting period and backgound check been in effect, John Hinckley could have been stopped. He lied about his address and used an old Texas driver's license to purchase that revolver. He was not a Texas resident. A police check would have stopped him from buying a handgun in Texas. In fact, by lying on the Federal form. John Hinckley might well have been in jail instead of on his way to Washington.

It is hard to imagine any member of Congress believes a Hinckley should be able to buy a handgun—yet, under present law, this could all happen again and the bill that passed the Senate would make it even easier. That is why I am fighting McClure-Volkmer, now in the House. I am not alone. Every major law enforcement organization in the nation opposes it, too.

Many say the way to keep handguns out of the wrong hands is to give mandatory sentences to those who are convicted of crimes involving handguns. That helps, but it addresses only part of the problem. Locking up John Hinckley did not take back the bullet that nearly killed my husband, nor did it spare him these years of pain.

What is needed beyond mandatory sentencing is preventive action. A mandatory waiting period and background check for purchasers of handguns is one step. Others include licensing of handgun owners, safety training for new handgun owners and halting the manufacture and sale of snub-nosed handguns—the "Saturday Night Specials"—favored by criminals.

These steps could become part of the solution to the problem of handgun violence. I hope the day will come when no family has to go through what we have been through. I know that the McClure-Volkmer bill is not part of the solution. It is part of the problem.

THE 85TH BIRTHDAY CELEBRATION OF AARON COPLAND

HON. VIC FAZIO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. FAZIO. Mr. Speaker, One week ago, Aaron Copland, an extremely talented and respected lecturer, author, pianist, and composer, celebrated his 85th birthday. While his birthday has passed, I urge my colleagues to continue the celebration and join me in honoring this talented American, who has been referred to as the "most distinguished American composer of his generation and certainly the most popular."

In light of Aaron Copland's enormous achievements, I have introduced legislation, H.R. 3041, to honor this great American with a Congressional Gold Medal. I believe that Mr. Copland is most deserving of this special recognition as a result of his enormous commitment and contributions to American music.

While Aaron Copland has achieved enormous popular support, he has also received a multitude of honors for his contributions, including the first Guggenheim Fellowship awarded to a composer, a Pulitzer Prize, the New York Music Critics Circle Award, a Gold Medal for Music from the American Academy of Arts, and Letters, an Academy Award, and the Presidential Medal of Freedom.

I would also like to submit the following article for inclusion in the CONGRESSIONAL RECORD. This interesting article, "American Classic: Aaron Copland and His Simple Gift," further documents the composer's important role in American music. Again, I urge you to please join me in this celebration.

[From the Washington Post]

AMERICAN CLASSIC: AARON COPLAND AND HIS SIMPLE GIFT

(By Joseph McLellan)

"Tis a gift to be simple, 'tis a gift to be free,

'Tis a gift to come down where you ought to be . . .

Aaron Copland did not write the melody associated with those words, but if any tune belongs especially to Copland, this is it. He

has used it so eloquently—in the climactic variations section of "Appalachian Spring" and in a plain, powerful arrangement for solo voice—that it is forever associated with his name.

But the music is not the only part of the old Shaker hymn "Simple Gifts" that is thematic in the life and work of Copland. The words are no less important. This composer, who reaches his 85th birthday Thursday, attained his unique position as the No. 1, certified national monument in American classical music by mastering the gift to be simple.

Or at least to appear simple, to generate an uncomplicated, spontaneous response. Copland is neither the most inventively and distinctively American of American composers (that would probably be Charles Ives or perhaps George Gershwin), nor is he the most influential on the world's music scene (that might be Elliott Carter, John Cage or Phillip Glass, depending on the kind of influence you are looking at).

He was by no means the first composer to work American folk motifs into classical structures—that technique is at least as old as the American republic, and those who did it well before Copland include such relatively unknown composers as James Hewitt and Elie Siegmeister as well as the familiar giants Louis M. Gottschalk, Ives and Virgil Thomson.

But Copland is the American serious composer who has most thoroughly and durably captured wide spread popular attention. After experimenting with other idioms that ranged from jazz to atonality, he compounded what we might call the "American sound" from a combination of folk melodies and French-inspired orchestration. He has set to music American folk heroes who range from Abraham Lincoln to Billy the Kid, not to mention more generic cowboys and Appalachian farmers. And he has done it for audiences that number in the millions. Most of his best known music is for ballet, which plays well on television and has helped him to win a wide video audience. But ballet in America was an esoteric art for specialized audiences when Copland wrote that music, and he has helped to bring it into the American cultural mainstream.

It is easy, looking at his most popular work, to dismiss Aaron Copland as a "cowboy from Brooklyn," the Walt Disney of American music, but there is much more than that in him and in his music. He has composed works of deep complexity and high quality in the most uncompromisingly modern idioms. It is excellent music though not frequently performed.

Much of it was written for piano, including the Variations (1930), the Sonata (1941), the Fantasy (1957). There is also distinguished chamber music: the Sextet (1937), the Piano Quartet (1950) and the Nonet (1961), as well as orchestral music with sounds that match such arcane titles as "Connotations" (1962) and "Inscape" (1967). In vocal music, there are the "12 Poems of Emily Dickinson." Some of this music may be destined to keep Copland's name and work alive a century from now.

It would not be quite accurate to call these works the "unknown" Copland; almost everything he wrote has been recorded, and his less known works are generally well regarded by connoisseurs. But compared with "Appalachian Spring," "Billy the Kid," "Rodeo," "A Lincoln Portrait" and "Fanfare for the Common Man," this music has not found much of an audience. Once or twice, when invited to guest conduct an American orchestra Copland has been known to think about programming "Inscapes" or "Connotations," then to dismiss the idea with the sad comment that it would be "too complicated."

"Appalachian Spring" is not too complicated, but there is a fine sophistication in its structure and its subtly shifting instrumental colors that works on the audience's imagination without calling attention to itself. It sounds utterly plain, like the lives of the Pennsylvania farmers who are the music's subject. But it is (like so much of Copland's best known work) highly skilled theatrical music, as subtly inflected as a fine actor's voice delivering a line of Shakespeare.

Copland's craftsmanship is of the highest order: the art that conceals its artfulness. And he has described it with a properly sophisticated air of simplicity. The art of orchestration, he once told an interviewer, "consists in keeping instruments out of each other's way." But, being Copland, he did not say "the art of orchestration," he said "orchestral know-how." Copland is a man who uses simple words where others use jargon, a man who understates his cleverness where others try to proclaim theirs.

Nowhere is the art that conceals itself more vital than in movie sound tracks. Copland composed eight of these, mostly in the 1940s, and he won an Oscar in 1950—ostensibly for "The Heiress" but actually for revitalizing the whole art of sound-track composing, bringing to it a new sense of freedom and stylistic variety. The award was well earned.

Copland talked about sound tracks in one of the best sequences of "Aaron Copland: A Self-Portrait," an unusually fine documentary that was aired last month on PBS. And he got to the essence of it: the way the music works subliminally on an audience, telling it how to feel about what is happening on the screen. There was one highly dramatic scene in "The Heiress" where the audience laughed at a sneak preview. Copland told how the studio executives came to him in a panic asking him to fix it. And the insertion of music to tell the audience that this scene was tragic, not funny, did the trick.

The documentary also explored other relatively unfamiliar sides of Copland's art and personality, revealing the expert hand of Joan Peyser (a musicologist at Yale and collaborator on Copland's autobiography in progress). Copland worked hard as a promoter of American music through concerts, festivals, publication of scores, articles in Modern Music magazine and such books as "Our New Music," "Music and Imagination" and "What to Listen for in Music."

He was associated with the summer school at Tanglewood for a quarter century (most of that time as its chairman), and he has served as a mentor for younger composers as diverse as Leonard Bernstein, Ned Rorem, David Diamond, David del Tredici and Toru Takemitsu, encouraging each to develop his talent in his own distinctive way, not shaping them into little Coplands. In this, he is faithful to the example of his teacher, Nadia Boulanger, who became the godmother to a whole generation of wildly diverse American musicians largely because Aaron Copland was one of her first students.

Beneath the simple exterior of this visionary artist and solid craftsman, who was born when the century was new and who stamped his image firmly on its music, lie complexities that his mass audience has hardly begun to explore. If there is one tragedy in his life, it is probably that he has not managed to bring that audience along into the more rarefied regions of his art. But the fact that he found that audience and took it as far as he did makes him unique among the composers of his time.

THE SECRETS OF INTELLIGENCE

HON. ROBERT H. MICHEL

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. MICHEL. Mr. Speaker, Cord Meyer, whose experience in national security and intelligence affairs goes back many years, has written a newspaper column about the proposal of our colleague, HENRY HYDE, to create a joint committee on intelligence. I recommend Mr. Meyer's article to all of our colleagues, because he reminds us of the need for secrecy and the dangers we face when secrets are available to too many people.

At this point I wish to insert in the RECORD, "Playing Russian Roulette with Our Secrets" by Cord Meyer, in the Washington Times, Friday, November 15, 1985.

PLAYING RUSSIAN ROULETTE WITH OUR SECRETS

During the last few weeks, the U.S. intelligence community, including the CIA, the FBI, and the Senate and House Intelligence Committees, has been staggered by a series of major blows that indicate the need for prompt reforms and even in one case for radical institutional surgery.

Less-publicized than the Vitaly Yurchenko re-defection, but far more serious in its potentially disastrous impact on the effectiveness of American intelligence throughout the world was the recent leak to the press of the Reagan administration's clandestine plans to weaken the Libyan dictator, Col. Muammar Qaddafi.

Unless drastic and effective action is publicly seen to be taken to reduce the possibility of such leaks in the future, even the most friendly foreign government will hesitate to cooperate with the United States in any joint enterprise that requires secrecy. It is no exaggeration to state that leaks as serious as this one, if they go unpunished and unrepaired, can permanently cripple the CIA's ability to function in a dangerous world.

While the Justice Department's Internal Security Section and the FBI pursue the long and usually fruitless search for the anonymous individuals who leaked the story, Republican Rep. Henry Hyde of Illinois is finding a surge of new, bipartisan support in the House for a joint resolution he introduced last January. It calls for creation of a single Joint Committee on Intelligence to replace the two existing Senate and House Intelligence Committees.

Although part of the administration's anti-Qaddafi plan appears to have leaked from within the executive branch itself, Reagan officials and top CIA officers are convinced that many of the details were leaked or confirmed to the press by sources inside the intelligence committees. It is Mr. Hyde's contention that now, if ever, is the time for the Congress to clean up its act in its exercise of intelligence oversight.

The more than 50 House members who support the Hyde resolution believe that a single, slimmed-down committee in the intelligence field would accomplish two major objectives. As compared with the 96 members and staffers who now make up the two committees, a single committee would allow a drastic reduction in the number exposed to the most sensitive secrets. In addition, the present bloated and politicized staff-structure could be replaced by a small group of professional experts.

National Security Council staffers and CIA officials would warmly welcome this institutional surgery, since it would eliminate the duplication of briefings now necessary and would provide the executive with a single focal point of responsibility in the Congress to deal with in times of crisis. Former CIA directors Richard Helms, James Schlesinger, and Stansfield Turner are all on record in favor of this overdue change, and it only remains for the Senate and House leadership to get on the bandwagon.

As compared with the Qaddafi leak, the problems flowing from the re-defection of Mr. Yurchenko are of a different order of magnitude and don't require drastic institutional change.

There is a growing consensus in the intelligence community that Mr. Yurchenko was probably a genuine defector and made his decision to return to Russia for a complex variety of personal reasons. While the possibility that he might have been a double agent is being thoroughly explored, more attention is being paid to what reforms in the handling of genuine defectors are necessary to keep them on our side.

There is general agreement that the traumatic experience of defection requires sensitive management by a corps of specialists who are fully conversant with the Russian language and culture. The testimony of recent defectors clearly shows that the CIA has a long way to go to improve its performance in this field.

Survivors of the defection process also make the point that early attention should be paid to the defector's desperate need for the security of a respectable job and an assured place in society. Fortunately, a privately financed institution, the Jamestown Foundation, now exists to provide this kind of guidance, and it has a remarkable record of successfully helping many who were on the verge of re-defection. In the future, this foundation will be called upon at an early stage in the course of resettlement.

In dealing with these defection problems and with so many other difficult issues, the U.S. intelligence agencies look forward to the day when they can cooperate with a genuinely bipartisan Joint Committee on Intelligence with a small professional staff that does not leak.

Testifying in closed session before the oversight committees as they are now constituted is for intelligence officials like playing Russian roulette with this nation's most valuable secrets.

TOXIC AND HAZARDOUS WASTE-SITES

HON. FRANK McCLOSKEY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. McCLOSKEY. Mr. Speaker, just recently in my district in southern Indiana, and in other locations around the Nation, undocumented sites where toxic and hazardous substances were dumped or burned have been located and reported by citizens. Some of these sites pose a serious, immediate threat to the health and safety of the surrounding community.

The General Accounting Office recently released a report entitled "EPA's Inventory of Potential Wastesites Is Incomplete," which was prepared at the request of the distinguished chairman of the Subcommittee on Commerce, Transportation, and Tourism, Congressman FLORIO.

The report states that even though directed to do so, the EPA has given a relatively low priority to discovery of hazardous waste sites, and has not diligently directed any State efforts to do so. The report concludes that although EPA has identified approximately 19,400 locations where hazardous wastesites are suspected, a systematic discovery effort and a change in program emphasis could increase this number to over 378,000 sites. This severe lack of action on the part of the EPA can only lead to an increased potential hazard to the health and safety of the citizens who may be harmed by the undetected and undocumented seepage of toxic materials into their water and air. Further, without a current and complete inventory of all sites which may contain hazardous waste, we cannot make an accurate estimate of the cost of an effective Superfund Program.

For these reasons, I have today introduced legislation to amend the Superfund Act which provides that each State shall undertake a search of its records for the past 30 years and prepare a continuing inventory of solid wastesites at which hazardous substances may have been disposed. The bill includes authority for the Administrator of the EPA to provide grants and technical assistance to the States to carry out this project, and also provides certain sanctions for failure to act.

I encourage my colleagues to review the GAO report and join me in sponsoring this vitally important legislation.

SOCIAL SECURITY BENEFITS

HON. DAN MICA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. MICA. Mr. Speaker, today I would like to bring to the Congress' attention a situation of which we are all aware but have not yet resolved. In 1977 legislation was approved which deprives many Social Security beneficiaries born after 1917 of benefits which those born before 1917 receive. The Congress acted in an effort to correct a flaw in previous legislation which would have resulted in increasing benefits over the 1970's far more than was intended or expected at the time the legislation was passed.

I recognize that there are no easy solutions to this problem, yet I welcome the efforts of Mr. and Mrs. Julian Stern, both residents in my district, to focus attention on this disparity and to create a more equitable approach to deal with this "notch." I congratulate the Sterns for their leadership in this endeavor, and would like to enter into the RECORD this memorial which was adopted by the Legislature of the State of Florida on their behalf and on the behalf of others in similar circumstances.

Whereas, at the present time under the Social Security Act, individuals who became eligible for benefits in or after 1979 receive reduced benefit levels compared to individuals who became eligible prior to 1979, due to changes made in 1977 in the benefit computation formula, and

Whereas, this disparity in benefit levels has been referred to as the "notch" and has resulted in the award of reduced benefits to approximately five million persons, and

Whereas, any remedy for narrowing the gap in benefits is complicated because the notch has been in use since 1979, and

Whereas, legislation has been introduced in the 99th session of the United States Congress in an effort to eliminate the notch,

Therefore, it is appropriate for the United States Congress to take action in remedying this situation.

SOVIET SEAMAN MIROSLAV MEDVID

HON. WILLIAM O. LIPINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. LIPINSKI. Mr. Speaker, the recent incident of the Soviet seaman, Miroslav Medvid, who jumped ship in the Mississippi River only to be returned to his ship captain, was disturbing to many Americans. I do not believe there has been anything in recent years, involving just one individual, which has caused more concern on the international level than this apparent attempt of a young man to find a better life for himself in America.

Many of us here in the House of Representatives signed letters and cosponsored resolutions which either directly or indirectly addressed the situation of the Soviet seaman Medvid. However, we were not the only legislative body in this country to feel the need to express our interest in the problem of Seaman Medvid.

It is my privilege to share with my colleagues the text of resolution No. 860, as offered in the Illinois General Assembly House of Representatives by Representative Myron J. Kulas and adopted by that body on November 4, 1985.

STATE OF ILLINOIS 84TH GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES

HOUSE RESOLUTION NO. 860—OFFERED BY REPRESENTATIVE KULAS

Whereas, This House has learned that Miroslav Medvid, the Soviet seaman who last week attempted to swim away from the Soviet freight ship on which he was stationed, has reportedly decided to return to the Soviet Union; and

Whereas, When Mr. Medvid initially abandoned his ship he indicated that he wanted

to remain in the United States but was returned to his ship; and

Whereas, After being transferred from the Soviet ship to a United States Naval base for an interview with State Department officials regarding his intentions, Mr. Medvid appeared to have changed his mind and signed a statement indicating he wished to return home, and

Whereas, Now, a translator who spoke with Mr. Medvid believes that he might have wanted to stay; therefore, be it

Resolved, by the House of Representatives of the 84th General Assembly of the State of Illinois, That we urge the United States State Department to thoroughly investigate the circumstances surrounding Miroslav Medvid's return to the Soviet ship; and be it further

Resolved, That a suitable copy of this preamble and resolution be sent to President Reagan and Secretary of State George Shultz and to each member of the Illinois Congressional delegation.

Adopted by the House of Representatives on November 4, 1985.

MICHAEL J. MADIGAN,
Speaker of the House.
JOHN R. O'BRIEN,
Clerk of the House.

NUCA CHAPTER DONATES OVER $500,000 TO PAUL ANDERSON YOUTH HOME

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. WOLF. Mr. Speaker, the Heavy Construction Contractors Association is a vital part of the dream of Coach Joe Gibbs for the Paul Anderson Youth Home which is now a reality. It is a shining example of the tremendous spirit in the private sector in meeting community needs—such initiatives have been instrumental in our Nation's advancement and deserve our attention and recognition. I salute the efforts of the membership of the Heavy Construction Contractors Association in this significant contribution, and I ask that an article written by Robert B. Woodward be printed at this point in the RECORD for the benefit and inspiration of us all.

The article follows:

NUCA CHAPTER DONATES OVER $500,000 TO PAUL ANDERSON YOUTH HOME

(By Robert B. Woodward)

FAIRFAX, VA.—Do the names Joe Gibbs and Roger Staubach mean anything to you? One is the Head Coach of the 1982 Super Bowl XVII Champions, the Washington Redskins, and the other was the premier quarterback for the World Champion Dallas Cowboys. They have taken on another championship role in the past several years, eclipsing their football hero status. They are now heavily involved as spokesmen for the Paul Anderson Youth Homes Foundation, encouraging businessmen and women around the country to get involved in funding and promoting the construction and functioning of homes to house young boys and girls who have a strong need for a natural home environment, where they are taught respect for other people, and surrounded with love, understanding, and a Christian environment.

This story was brought to NUCA's Northern Virginia Chapter, the Heavy Construction Contractors Association, in early May, at which time Coach Gibbs asked that he be allowed to tell the membership a little bit about the proposed construction of a Paul Anderson Youth Home on a 137-acre site in Bristow, Virginia, a stone's throw from Washington, D.C. This residence is scheduled for completion in early 1986, and by 1989 it is expected that over a hundred boys and girls, between the ages of fifteen through nineteen, will be housed, educated, and spiritually guided on their role to becoming responsible adults.

Coach Joe Gibbs appeared before NUCA's HCAA Chapter on May 21, speaking to an audience of approximately 200 men and women. By the time he had finished his presentation, and after asking the question of his audience, "Can you help us with this project?", HCCA members stepped forward and by evening's end all of the site work development had been pledged, amounting to over $500,000.

Formal dedication of the youth home project was held June 1, attended by HCAA President J. G. (Dick) Miller, and Executive Director Bob Woodward. Clearing and grubbing had already begun, and much of the preliminary road work was in its final stages. In less than two months, a third of the utility work has been put in place, with the balance of the HCCA-pledged construction work expected to be completed by early Winter.

HCCA member firms who have participated in this voluntary project will be recognized in the form of a bronze plaque, to be prominently displayed in the main lobby of the new home. In the meantime, coordination of the NCCA-member-work goes forward, with a number of member firms waiting in line to begin their portion of the project.

What prompted the HCCA to get involved in this extensive project? No one seems to be able to put their finger on the exact reason, but the presence of Washington Redskins' Joe Gibbs at the May 21 General Membership Meeting at the Country Club in Fairfax seems to be the key to the enthusiastic response by the membership. It's a combination human relations, public relations and spontaneous reaction by the membership to the call for industry expertise.

HCCA President Dick Miller, appearing on local TV channel 30, said "Every time I think of the way in which our member firms responded to this plea for assistance I get a lump in my throat. There was apparently no hesitation on the part of the membership 'to get involved,' and it was an inspiration to see our members jump on the bandwagon to share in this momentous project."

Coordination was a problem at the inception, since it isn't often that one finds several dozen utility contractors all participating in one project. But it was coordinated by several of HCCA's member firms, and administratively supervised by the HCCA, who provided the liaison between Coach Gibbs, the Paul Anderson Youth Home administrator, and the participating member firms.

The Paul Anderson Youth Homes were originally founded in 1961 in Vidalia, Georgia, by Paul Anderson, the 1956 Olympic Weightlifting Gold Medalist, and his wife, Glenda. Upon returning from the Olympics and having the occasion to visit several juvenile penal institutions through his speaking engagements, Paul discovered there were no homes other than state training or reform schools for the older teenage boys who were status offenders or who had committed minor crimes against society.

The first Boys' Home in Texas was established in 1972. The program has expanded to the Washington, D.C. area, where the ultimate goal is to establish "clusters" of three Homes and a school for both boys and girls at Bristow, Virginia. The Paul Anderson Youth Homes are set up to provide, as closely as possible, a natural home situation for teenage boys and girls, who are delinquent, pre-delinquent, or homeless. They are referred through welfare agencies, juvenile courts and private placements.

Each Home is structured to handle a maximum of twenty-four teenagers, with a ratio of at least one houseparent for every five youths. The Home operates on the premise that at the core of every ideal home environment is strong parental guidance. Through this guidance, the youngsters know where they stand and what is expected of them at all times—an absolute necessity for their development.

After the Redskins Super Bowl victory in 1983, Coach Joe Gibbs determined that he wanted to bring to the great city of Washington, D.C. more than just a greater sports tradition. He determined at that time to attempt to start a boys' home. At first, he simply began to ask friends for ideas. One friend would introduce him to another. Finally a nucleus of men began to formulate ideas. It was on a trip in April 1983 that Coach Gibbs visited the Paul Anderson Youth Home at Lewisville, Texas through a contact with Roger Staubach.

As Coach Gibbs got on the plane that day to return to Washington, he said to one of his group: "Hey, I don't know about you, but that's a dream come true! Why should we try to reinvent the wheel when these guys are doing such a great job?"

So, the Bristow, Virginia site for the Paul Anderson Youth Home became a reality. And now the Heavy Construction Contractors Association is a vital part of this dream of Coach Gibbs. By the time the entire site development phase of the Bristow home is completed, HCCA member firms will have contributed over $500,000 in labor, material, services, expertise, and love.

"This is more than just the utility construction industry furnishing labor and material for a commercial venture," said HCCA President Dick Miller. "It's the contributions by many members to a venture that has significant meaning to our organization. We saw in this project the opportunity to contribute something more than just money. We saw the occasion to contribute, without reservation, to the construction of a home for needy boys and girls. It 'turned us on,' and we're happy that Coach Gibbs told us the Paul Anderson Youth Home story. I can only hope that other groups such as the Heavy Construction Contractors Association will get equally involved in their respective areas."

AMERICAN JEWISH COMMITTEE HONORS DAVID FLEEMAN

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. LEHMAN of Florida. Mr. Speaker, My good friend David Fleeman was recently honored by the American Jewish Com-

mittee for the valuable contributions he has made over many years of association with the committee and its goals. His active involvement has done a great deal to strengthen the work and achievements of the American Jewish Committee in its pursuit of equality and justice for religious and ethnic minorities and in the coalition building that is so essential for its successes.

I would like to insert in the CONGRESSIONAL RECORD the remarks of David Fleeman upon receiving the American Jewish Committee Award on November 9, 1985:

REMARKS OF DAVID FLEEMAN

Thank you. I am grateful to all of you and grateful to the American Jewish Committee.

The AJC has captured my loyalty because as an institution I visualize it as having the characteristics which I would admire and try to emulate in interpersonal relations.

The AJC is a good listener. That is, it attempts to gather and assess all related facts and issues before making final decisions or pronouncements.

AJC has broad interests and a broad point of view. It is sensitive to the interpretation of issues. While it has special concerns for Jewish issues, it has long ago transcended sectarianism and has vigorously involved itself in the protection and expansion of human rights wherever they are violated or threatened.

The AJC has the capacity to make friends. It has magnified its effectiveness in many areas because of its unique ability to build coalitions and to demonstrate its willingness to work cooperatively with a wide variety of religious and ethnic groups.

As much as anything else, I admire AJC for its manners. I firmly believe that civility should be cherished as an end in itself. Dialogue and intellectual exploration can be carried forward only in an atmosphere that has not been charged by hostility and confrontation. The exchange of conflicting ideas by the display of opposing bumper stickers has never satisfactorily reconciled conflicting interests. Persuasive civil discourse conducted by openminded persons of good will might and in some cases has.

All in all, my many years of association with AJC has been most gratifying in that I felt that I was part of an effective organization which has unusual deliberative skills and behaves in an exemplary manner.

Of course I am grateful to all of you for participating in this event. Nevertheless, I must confess, I keep hearing the persistent voice of conscience which says over and over again, "You foolish, fat, old man, nobody knows better than you the difference between the pitifully short distance that you have ascended which might represent your accomplishments, as contrasted with the height of the mountain which represents your aspirations".

The fact is that I have been somewhat of a community busy body. I have been privileged to participate in a variety of committees and associations of good people who were sincerely involved in efforts of communal amelioration. It is impossible to measure the degree to which the community benefited from these associated efforts. The degree to which I have benefited, I know to be immeasureably great. The feelings of warmth and good will which are expressed here this evening help, in no small measure, to remind me that all of us are participants together in the desire to construct a set of ideas which will support a more amiable and more just society. You undoubtedly share with me the sense of personal inadequancy and of frustration in the face of the complexity of the problems.

All of us are undoubtedly aware of the intimate and reciprocal relationship between form or style and content. The content of the American Jewish Committee is represented by the programmatic efforts. The matters in which it chooses to get involved as an organization. In terms of program it has been overwhelmingly successful in some aspects, less so in others, and has questioned and retreated from some program emphases. I recognize and applaud its accomplishments.

My personal enchantment with AJC finds its emphasis in what I perceive to be its style. I see it as characterized as a thoughtful, deliberative organization. I see it as dedicated to ideation as an antidote to ideology.

If we are to achieve, not the utopian society, but the more amiable and more just society, it will be under the influence of people who are capable of pointing out subtle distinctions, capable of putting ambiguous notions into more exact contents. This includes the capacity to redefine such stirring notions as freedom and justice into terms whose meaning is more readily apparent in a highly interdependent society. Our American Founding Fathers, when they addressed themselves to the concept of freedom, were speaking in a context far different from those of us who see freedom from want or freedom from fear as a human right.

The notion of AJC as an organization whose program efforts are preceded by hard, discursive, analytic, thought has tremendous appeal for me. It is my hope that its manner will be infectious.

I see no dichotomy between thought and feeling. I see thought as the distillation and clarification of ambiguous feelings; and words as the most appropriate symbols of its expression. I am severely discomfited by some other modes of expression. Particularly the upraised arm, whether it is topped by the clenched fist or the peace sign. Perhaps this is due to the too vivid recollection that not long ago human beings were marched to gas chambers by people who mindlessly expressed their deepest allegiances by raising their arms and saying "Heil".

The closing paragraph of an essay by Susanne K. Langer expresses better than I can what I am trying to say. I quote,

"What we need today is not primarily a rebirth of good will, or a return to some ancient order of life, we need a generation of vigorous thinkers, fiercely devoted to philosophy, trained in logic, linguistics, mathematics, and prepared to learn whatever special skill or knowledge they may find needful on their way—trained as fully as any scientists, without evasion of dry subjects or stepwise procedures—people who can tackle terrible questions and fight through all the misconceptions and confusing traditions that mix up our thoughts and our lives. We must construct the scaffold for our new life, fast, ingeniously, and on big lines. We need big ideas, abstract, powerful, novel—in short, modern so that the human mind shall always encompass and control what human hands may reach".

In closing, until that generation arises and develops the new and appropriate insights, I suggest to you that we could well cling to those suggested by the overtones and implications of the words of the prophet Micah. "And what does the Lord require of you but to do justice and to love kindness, and to walk humbly with your God".

THE INTRODUCTION OF THE AMERICA TRADE REFORM ACT OF 1985

HON. VIC FAZIO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. FAZIO. Mr. Speaker, today along with several of my colleagues, I am introducing the American Trade Reform Act of 1985, a bill which offers a comprehensive solution to the current trade crisis.

Last year, the United States suffered a record trade deficit of $123 billion.

Just a few weeks ago, the Commerce Department announced that in September we suffered the highest single month trade deficit in our Nation's history—$15.5 billion.

The costs of the trade crisis in lost jobs, bankrupt businesses and declining economic productivity are unacceptable.

Today, Mr. Speaker, I am offering my colleagues an alternative to the protectionists solutions that treat only the symptoms of the trade crisis and the administration's minimalist policy which offers only a token response. This proposal offers a third alternative to those who would do nothing and those who would settle for anything.

This proposal, which is identical to a bill introduced in the other body by Senator HART, offers a comprehensive, constructive, and future-oriented solution to the trade crisis.

Our proposal gets at the root causes of the trade deficit. It will help bring down the overvalued dollar, strengthen the economies of the developing nations which absorb many of our exports, impose stronger multilateral and bilateral sanctions against blatantly unfair trade practices, improve American productivity and competitiveness, and provide some real protection to American workers now in declining industries.

Instead of setting up arbitrary formulas or thresholds for specific countries to meet, as in many of the protectionist bills introduced earlier this year, our bill attempts to be flexible and fair to all of our trading partners. Our bill will let our trading partners know exactly what is expected of them. If they fail to measure up, if they engage in unfair trade practices and make no effort to negotiate a solution, sanctions will be automatic and appropriate to the offense.

This proposal offers a real solution to the trade crisis, one that will restore control over America's economic destiny to our workers and businesses.

Briefly, Mr. Speaker, the competitive America trade reform Act will:

I. CORRECT THE CURRENT IMBALANCE BETWEEN THE U.S. DOLLAR AND OTHER CURRENCIES

The bill proposes a new Bretton Woods, under the auspices of the International Monetary Fund, to bring currencies back into line while preserving a flexible exchange rate system.

II. HELP REMEDY THE DEBT AND RECESSION CRISES IN THE WORLD'S LESSER DEVELOPED AND NEWLY INDUSTRIALIZED COUNTRIES

These nations have historically absorbed 40 percent of our exports; however, the ability of these nations to purchase U.S. products has fallen dramatically. The bill will help these nations expand their economies and make debt payments without adding to internal political instability by linking expanded aid—through investment and debt-recyling assistance—to increase American access to Third World markets. This measure would create a program similar to the Cooley loan program of the 1950's and expand the powers of the Overseas Private Investment Corporation. It also calls for a new multilateral agreement to prevent the IMF from imposing austerity measures that threaten new democracies.

III. IMPOSE STRONGER MULTILATERAL AND BILATERAL SANCTIONS AGAINST BLATANTLY UNFAIR FOREIGN TRADING PRACTICES

The bill directs the U.S. Trade Representative to seek the extension of GATT to world trade in services, high technology, and intellectual property—areas largely ignored by the current GATT. The bill also calls for strong sanctions against nations that fail to agree to expanded trade rules. Trade concessions, such as most-favored-nation status would be withheld or revoked until trading partners abandon practices that restrict competitive trade. Sanctions would automatically be invoked upon a finding by the ITC that a trade competitor is engaging in an unfair practice. The ITC would also be required to clarify which practices actually constitute injury or unfairness to American industry.

IV. CLOSE THE DEFICIT BY IMPROVING THE PRODUCTIVITY AND COMPETITIVENESS OF AMERICAN WORKERS AND INDUSTRY

The bill would establish a National Commission on International Competitiveness, which would include representatives from both the public and private sector, and from all trade-related agencies of the Federal Government. The bill calls for the establishment of industrywide modernization compacts and export promotion to improve trade competitiveness.

V. ENSURE THAT AMERICAN WORKERS ARE NOT HELD HOSTAGE TO CHANGES IN THE GLOBAL MARKET THAT ARE BEYOND THEIR CONTROL

The measure will increase funding for the trade adjustment assistance program while requiring that affected industries develop realistic adjustment plans. These adjustment contracts would be developed in conjunction with the Department of Labor, financed with a small, universal tariff, and phased out over a 3- to 5-year period.

The United States and California are in the center of a new highly competitive and expanding global market, and we must adopt our trade laws to meet this new reality. We believe in free and fair trade, these are not mutually exclusive. This legislation will establish the ground rules for America's participation in the world marketplace for the next half century.

I urge my colleagues support of this legislation and welcome their suggestions to make this a more effective and viable proposal.

CABLE MUST CARRY

HON. JOHN BRYANT

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. BRYANT. Mr. Speaker, on July 19, 1985, the Federal Appeals Court for the District of Columbia struck down the Federal Communications Commission's must-carry rules, which, for 20 years, helped maintain a level playing field for local television broadcasters and cable television operators alike.

Cable systems were prohibited from discriminating by carrying some local stations and not others. In exchange, cable operators were granted in the 1976 Copyright Act the compulsory free use of local television programming and below-market rate use of programming from nonlocal or distant stations. In short, cable systems' obligation to carry all local stations was balanced by the privilege of not having to compete in the open market for vast amounts of programming.

This balance was eliminated by the appeals court decision. While they still enjoy the enormous benefit of the compulsory license by which they obtain station programming at little or no cost, cable systems are now free to discriminate among local stations.

There is only one cable system in most U.S. communities, just as there is only one telephone company, one gas company, and one electric company. For the 45 percent of Americans to whom cable is available and who now subscribe, cable is the sole source of their television programming. A local station, licensed by the Federal Government to serve the unique needs of its community, is doomed if it is not carried on the local cable system. Not only would cable viewers be effectively denied the choice of watching a local station not carried on cable, but, if the station fails as a result, all viewers, regardless of whether they subscribe to cable, would be deprived of the right to receive free, over-the-air television broadcasts. What has happened as a result of the court decision is wrong, unfair, and contrary to more than 50 years of public policy in communications.

I have my disagreements with the broadcasting industry. I believe commercial stations should voluntarily do a better job of serving the educational programming needs of our Nation's children and young people. There is too much violence and too little thought-provoking information.

Nonetheless, our country's more than 1,000 local television stations have enormous—although not yet fully realized—potential for serving all Americans, not just those who have the wherewithal to pay for cable subscriptions. With the recent proliferation of new, independent UHF stations, ownership opportunities for women and minorities have been expanded, and the court's decision also jeopardizes that important new trend.

Government-authorized cable monopolies should not have life and death power over local stations.

When the must carry rules were struck down in the Quincy decision, the FCC chose not to appeal the case to the Supreme Court or to immediately promulgate the rules in constitutional fashion. That inaction was, I believe, a mistake. On September 20, 1985, eight other members of the Energy and Commerce Subcommittee on Telecommunications, Consumer Protection, and Finance and I wrote FCC Chairman Mark Fowler urging him to open rulemaking on new must carry rules. Although he acted reluctantly, I applaud his decision to do so.

Unfortunately, the potential for irreparable damage to local television stations, particularly the newer ones, is too great for us to await the FCC's months long rulemaking process that may conclude without the adoption of a new, constitutional rule. While I am convinced that a majority of the FCC Commissioners agree with Chairman Fowler that the elimination of cable's compulsory license is the answer, the FCC clearly cannot repeal the 1976 Copyright Act. For that reason, I fear that the FCC will decide, rather than adopt a rule, to recommend that the Congress amend the copyright law to repeal the compulsory license. This is no solution.

The bill I have introduced is, I believe, a preferable approach. It meets the constitutional objections of the appeals court to the old must carry rules by making carriage voluntary; it is an approach the FCC has clear authority to implement without any further delegation of authority by Congress. I urge the FCC to adopt a rule consistent with this legislation. However, I believe it is important for the Congress to move ahead with this legislation in the event that the FCC evades its responsibility in this area and attempts to shift the burden to the Congress.

Unlike the old rules, my bill would not require cable systems to carry any television broadcast station. Instead, it creates an incentive for them to do so and to not discriminate against local stations. Cable systems would have the option of carrying local stations' broadcasts and being entitled to utilize the compulsory license privilege or not carrying local stations and having to negotiate in the open market for the purchase of the right to carry station programming.

That section of the Copyright Act establishing cable's compulsory license specifies that it is the FCC's responsibility to determine which stations a cable system must carry. My bill merely specifies under what circumstances and by the carriage of which stations cable systems will be entitled to the compulsory license.

As I recognize that the old must carry rules did, on occasion, result in some unintended and anomolous problems for cable operators, I have also sought to address these. Local television stations are defined

in my bill as those within a 50-mile radius of the cable system, thus eliminating the "significant viewing test" of the old must carry rules which sometimes required the carriage of stations 100 miles away. In addition, my bill exempts those cable systems with 12 or fewer channels from the obligation to carry local stations as a prerequisite for use of the compulsory license. And it eliminates the potential duplication of national network signals.

So, my bill does not simply restore the status quo prior to the July 19, 1985, court decision. Must carry would be changed to a quid pro quo system in which the cable operator could not take advantage of free or inexpensive programming through compulsory license without assuming the obligation of carrying local stations' broadcasts, and the definition of what is a local station has been limited.

Because cable has declared itself to be in direct competition with local broadcasters, the concept of a level playing field is essential to prevent the unfair advantage that cable systems currently have available to them.

Although the FCC currently has the authority to adopt rules which would accomplish what my bill mandates, prompt action by the Congress is essential to ensure that both cable systems and local television licensees are treated fairly and responsibly regardless of the FCC's action or inaction.

I commend this legislation to my colleagues' attention and solicit their support.

POLICE TRAINING FOR GUATEMALA

HON. BARBARA BOXER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mrs. BOXER. Mr. Speaker, the following is testimony that I submitted for the recent hearing before the House Foreign Affairs Committee on the administration's proposal to provide $54 million in counterterrorist aid to Central America. My testimony focused on Guatemala. I hope this testimony will help to clarify the inherent danger of this legislation, not only for Guatemala, but for Central America as a whole:

I would first like to thank the chairman and members of the committee for permitting me the opportunity to voice my concerns about H.R. 3463. In my statement I have limited myself to addressing the relationship of this bill to Guatemala, for I understand that some of my colleagues will be speaking about the other Central American countries involved.

Mr. Chairman, I have a personal interest in this legislation. In July of this year, as part of the Foreign Aid Authorization, the House accepted my amendment declaring that Guatemalan support for human rights groups, particularly the Group for Mutual Suppport, be part of the President's certification that Guatemala is making progress in human rights. My concern about the Group was kindled by the murder of one of its leaders, Hector Gomez, 2 weeks after the Group was denounced by Gen. Meija Victores. That same week, the Group's vice president and two of her relatives were also murdered.

H.R. 3463 authorizes $5 million in military aid to Guatemala, but does not subject the funds to the human rights certification language, including my amendment, carefully worked out in the foreign aid authorization. This means that the funds authorized by this bill, $2 million for the army and $3 million for the police, could be used to repress not only the vulnerable human rights groups, but also the indigenous Indian population that has borne the brunt of past abuses. The funds can also be provided immediately, without waiting for the elected government to take power and make a formal request. I ask my colleagues on the committee, is this the proper message to be sending to Guatemala at this delicate stage?

Everyone in this room is familiar with the sad story of human rights in Guatemala. The figures speak for themselves: From 1980 through 1985, between 50,000 and 75,000 people were killed as a result of the rural pacification plan by the army. The OAS Inter-American Commission on Human Rights noted that there were an average of 80 disappearances a month in 1984. As part of the counterinsurgency plan, 900,000 men and boys, mostly Indians, are forced to serve in unpaid civil defense patrols. In January of this year, America's Watch concluded that:

Torture, killings and disappearances continue at an extraordinary rate and millions of peasants remain under strict scrutiny and control of the government through the use of civil patrols and model villages. Guatemala remains, in short, a nation of prisoners.

Mr. Chairman, we are all familiar with stories about the abuses committed by the army. What I would like to emphasize today is that our country has provided Guatemala with funds for police training in the past. A forthcoming staff study by the Arms Control and Foreign Policy Caucus documents that from 1957 to 1972 the United States, through AID, provided close to $6 million for the training of 32,000 police personnel. In 1967, AID sent a consultant to Guatemala who later reported about the police training program that, "there did appear to be some organization in existence that bypassed the courts in impressing suspected guerrillas and supporters of the errors of their ways." Does this sound familiar?

The consultant concluded, "the use of extra-legal means suggest, of course, that the court system needs reforming, and this should be done without delay." I would suggest to the members of the committee that we should not make this mistake twice. Let us reform the courts first this time and then think about providing unrestricted military aid. I might also suggest that the committee obtain a 1971 AID document that was prepared by the Office of Public Safety evaluating the police training program. For some reason this document has remained classified to this day, almost 15 years after its release.

There is currently some hope for Guatemala, especially in light of the recent election that by all accounts was a fair one. Congress has approved an aid request—the first substantial request since 1977—with wide bipartisan support. Once we determine that the new government is in place and functioning and once we determine that the Government of Guatemala is indeed taking steps to improve its human rights record, then Congress might reasonably consider additional military aid. To do so now would only send the wrong signals to the Guatemalan Government, the Guatemalan people, and the human rights community throughout the world.

THE NEED TO IMPROVE PEDIATRIC LUNG DISEASE RESEARCH AND CARE

HON. DOUG WALGREN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. WALGREN. Mr. Speaker, today I am introducing legislation designed to focus Federal attention on pediatric pulmonary research, training and services. This bill would create a program of assistance to centers specializing in pediatric pulmonary medicine for basic and clinical research, training, and treatment demonstrations. It would remove the pediatric pulmonary centers program from the current Maternal and Child Health Block Grant Program and authorize funding for them of $12 million.

THE TOLL OF CHILDREN'S LUNG DISEASE

Of all causes of illness among children, most of the disabilities and deaths are the result of respiratory disease. One-third of the infants who die in the first year of life are victims of respiratory disease. Some experts say that sudden infant death syndrome, which account for 5,000 deaths a year, may be due to abnormalities in the control of breathing. Episodes of pulmonary disease cause more hospitalization, more time lost from school or play, and more disruption of family activity than illness involving any other organ. What parent has not coped with a frightening cough in a child?

Young infants may have numerous infections, such as pneumonia, bronchiolitis, whooping cough or croup. Some conditions, such as asthma and cystic fibrosis, become chronic, with periods of worsening and improvement. As medical science is able to save more and more premature babies, we can expect the statistics on lung problems to increase.

Beyond infancy, for children under age 17, there are 103 million cases of respiratory disease annually, about one and a half illnesses per child per year. This accounts for over half of all acute illness among children or 56 percent of the time lost by children because of illness.

Chronic respiratory diseases, like asthma, bring only disrupted living. About 18 percent of all children—12.2 million—suffer from chronic respiratory conditions. Pediatric asthma costs the country $610 million annually.

There is growing evidence that premature birth, childhood respiratory infections, and exposure to pollutants in the child's environment may contribute to the development of adult lung disease; 73 million people—one-third of the U.S. population—have had some experience with chronic respiratory disease. Lung diseases account for more than 20 percent of all physician contacts and account for more lost workdays than any other category of illness.

PEDIATRIC PULMONARY CENTERS

In the 1960's, Congress established a Pediatric Pulmonary Centers Program, with the goal of increasing the supply of trained pediatric lung specialists and providing a network of facilities to provide a full range of services for children. For various reasons—authorization changes over the years, ups and downs in funding—the original goals have not been fully realized. In 1981, pediatric pulmonary centers were put into the maternal and child health services block grant in the Omnibus Budget Reconciliation Act—a move I did not support. Under current law, most of the funds go to States, but the Secretary of Health and Human Services is authorized to use 10 to 15 percent of the total amount of the block grant for programs of regional or national significance. Pediatric pulmonary centers are one such program, but must compete with many other worthwhile needs. In addition, the existing centers have found funding in recent years to be uncertain and the funding process protracted. It is very difficult to develop a solid, reliable program with such "fits and starts" at the Federal level. Today there are eight centers tenuously hanging on, with a Federal commitment of $2 million.

In the current tight budget climate, it is difficult to promote increased funding for anything. The President just vetoed the National Institutes of Health Legislation for the second time. But in health research and health care, we cannot afford to be "penny wise and pound foolish." What we do not spend in preventing disease, we spend in treatment of diseases—and more.

A network of comprehensive centers, specializing in the alleviation of children's lung disease, can attract top professionals, can bridge the gap between research and services, and can serve as models of care for the Nation. I hope this bill will become a focus of public discussion on the need to improve pediatric pulmonary research and care.

REALLY, MR. REGAN?

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. DOWNEY of New York. Mr. Speaker, I was indeed shocked by a statement made earlier this week by White House Chief of Staff Donald Regan indicating that most women wouldn't understand the issues at stake at the summit.

I don't know who Mr. Regan is talking about, but it certainly is not the women of my district or the women of Long Island. The women I know are profoundly concerned with and understand the peace process. Women are leaders in the many grassroots nuclear freeze organizations that have sprung up around this Nation and the world. Women are also leaders in organizations concerned about the human rights of people trapped behind the Iron Curtain. And my mail tells me that those who are not affiliated with particular organizations are also deeply concerned that this world not be consumed by a nuclear holocaust. Women are interested in the substance of the summit just as men are.

If I know the women of Long Island and of this Nation I am certain they care much more about the details of the results of the summit talks than they care about the details of the First Lady's wardrobe.

SUPERFUND REVENUES AND FAIRNESS

HON. MICKEY LELAND

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. LELAND. Mr. Speaker, today I would like to address a proposal that would adversely impact an industry that is important to the economy of my home State of Texas, my hometown of Houston, and most importantly the national economy and our goal of energy self-sufficiency. I am referring to the impact of proposed amendments to the Superfund reauthorization bill on the petroleum and petrochemical refining industries—particularly the proposal raising the so-called chemical feedstock tax over 100-percent above the level approved by the Ways and Means Committee.

Currently, the petroleum and chemical industries pay 95 percent of all feedstock taxes, the principal financing mechanism for the Superfund Program to date. Increasing the current tax would hurt the ability of these industries, as well as those using their products, to compete in the international and domestic markets. At a time when we are running a record trade deficit, I feel we should not undertake a scheme giving foreign competition an unfair advantage over U.S. industries. And, by raising costs at home, feedstock taxes would encourage investors to locate their facilities—and the jobs that go with them—in a country where costs are lower. Our Nation cannot afford to lose more jobs.

The refining industry would be particularly hard hit by a rise in the feedstock tax. About 119, or one-third, of the 315 domestic refineries in operation in 1981 have ceased production. The remaining refineries are operating at only slightly more than three-fourths capacity.

Employment in the petroleum and chemical industries has been impacted heavily by reduced operations. Since 1984, employment in the petroleum refining industry has been reduced by more than 32,000 workers. With employees in this industry earning wages generally 61-percent higher than the national average, local economies have been hurt by the drop in refining-related employment.

If the current situation of lowered demand and refinery utilization prevails, refiners would not be able to offset the cost of increased Superfund feedstock taxes. For example, a 1-cent-per-barrel increase in the crude oil component of the feedstock tax would raise domestic refiners' cost by $44 million per year, based on domestic refinery runs. A 7-cent increase would raise costs by more than $300 million. The committee proposal of a 3.85 cents per barrel tax represents a fivefold increase in the petroleum component. Other proposals would raise the crude oil tax by 1,500 percent. This I find outrageous.

Singling out the petroleum and chemical refining industries to bear almost the entire burden for Superfund financing is simply unfair. According to the Congressional Budget Office, Superfund tax collections from the State of Texas alone represent 56.7 percent of the fund. Texas generates only 13.1 percent of hazardous wastes—in thousands of metric tons—yet has been obligated a mere 5 percent of the fund. Most importantly, singling out petroleum industries exacerbates the economic hardships of the industries, its employees, and the local communities whose economies depend on their vitality for their survival—industries, which as I have indicated, are already perched on shaky economic foundations. Instead of making proposals that hurt industries essential to our national and economic defense, we should search for ways to ensure all parties responsible for the proliferation of hazardous wastes are equally liable for cleanup.

The results of a recent study by Kidder, Peabody & Co. indicate that over 100 companies and institutions outside the oil and petrochemical industries—including eight U.S. Government agencies—have been identified by the Environmental Protection Agency [EPA] as potentially responsible parties [PRP's] in the spread of toxic wastes. Thus, to make only two industries responsible for the vast majority of Superfund revenues is inequitable and ludicrous.

I strongly urge my colleagues to vote against all proposals to increase feedstock taxes.

JOB WELL DONE, MR. PRESIDENT!

HON. WM. S. BROOMFIELD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. BROOMFIELD. Mr. Speaker, I want to welcome our President home after his worthwhile meeting with the Soviet leader. Our President has taken the first step on the road to peace. He has brought about a fresh start in Soviet-American relations. While preserving America's security interests, a new dialog has begun with the Soviet Union.

The summit was clearly a prolog. It was the first in a series of high level meetings between President Reagan and the Soviet leader. Let us hope that this ongoing effort will create a new relationship between our two nations.

The dialog between our President and Mr. Gorbachev was a frank and realistic one. Both sides agreed that there are deep differences which divide our two nations. Our two systems are different and competition between them will continue. What is most important, however, is that our two nations have an overriding responsibility to work together for peace. Relations between countries will evolve. I believe we and the Soviets can work together to improve our long-range relationship. Frank discussions do help.

The President's plans for strategic defense initiative were prudently left intact. Our Nation can continue to have this defensive system as a leverage. SDI helped to bring about this summit meeting, and it can continue to exert significant leverage in future ones. SDI research can continue while we and the Soviets talk about the arms control issue. Of great importance is the commitment which both men made to continuing arms reduction talks.

There was much on the summit platter. Regional issues and human rights problems in the Soviet Union are important issues to be resolved. While we cannot paper over these differences, we must continue talking about them. Our country has always believed in negotiating solutions to problems. President Reagan is one of the many American Presidents who has sat down with Soviet officials and tried to resolve differences.

While much more remains to be done, I am pleased that progress in the bilateral area was made. A number of important agreements and initiatives were agreed to.

The President is to be commended for taking a bold step on the road to peace. With this new dialog and acceptance of major differences between our countries, both leaders can work together for progress in the future. By any standard, President Reagan did the right thing in Geneva. He stuck to his own agenda, and created a fresh start in Soviet-American relations. It was a job well done, Mr. President!

TAMZIN MacDONALD McMINN

HON. DEAN A. GALLO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. GALLO. Mr. Speaker, today is a day of mixed emotion for me. I am extremely happy to see that one of my employees is advancing herself and moving into the private sector. On the other hand, I am saddened that my office, and for that matter, this House, is losing a valued and competent resource.

Tamzin MacDonald McMinn, my legislative counsel, will be leaving the House of Representatives to join TMG [The Marketing Group] as a marketing consultant.

Over the years that I have known Tami, I have been struck by her remarkable successes. She has never let anything deter her from having dreams and from achieving them.

After graduating from Swarthmore College, she, and her husband Bob, undertook the formidable task of raising a family. In this endeavor, they have been as successful as any people I know. Their children, Virginia and Donald, have grown to be mature, educated, young adults. Donald has followed in his parents footsteps and will soon be graduating from Swarthmore. Virginia has graduated from Bucknell University and received her masters of business administration from the Fuqua School of Business at Duke University.

While raising the family, Tami always had time to be involved in local, county, and State political and civic activities. Tami made a permanent mark on the people and programs with which she was involved.

In the late 1970's, Tami decided that the time was ripe for her to seek a legal education. In spite of the many years away from school books and lectures, Tami applied and was admitted to Rutgers University Law School, where once again, she excelled. The degree of juris doctor was conferred upon her in 1981.

Tami was a fixture in the Morris County area. A lawyer, a mother, a school board member, and so on. But, like all good things, at least for Morris County residents, it appeared that Tami's continual efforts to improve their quality of life had come to an end. In 1984, Bob transferred to the Washington, DC area.

Earlier this year, Mr. Speaker, when you swore me in as a Member of Congress, I had an opportunity to give Tami a chance to once again become involved with the county. And, for that matter, with the country as a whole.

I hired her as my legislative counsel in January of this year.

Tami has done a remarkable job for me, for this body, and for this country. Her work for me on the Public Works and Transportation Committee has been beyond comparison.

Over the past few months, Tami has been steeped in Superfund. And her efforts have left a mark which will last for many generations on the reauthorization of this most important program.

Tami, to a large degree, is responsible for the inclusion of the strong community right to know and emergency response planning provisions of the Superfund reauthorization as it is presently written. For that, this body and this Nation owe her a debt of gratitude.

She has also been a most valued resource for me in analyzing the legal aspects of trade legislation, commerical legislation, transportation and public works bills, and virtually any other issue area in which I've needed assistance.

As I mentioned, Tami will be leaving soon to pursue a career in the private sector. Based on her history of commitment and accomplishment, her new career will be as successful as all of her endeavors.

Mr. Speaker, it is absolutely right and fitting that this House recognize Tamzin McDonald McMinn's accomplishments, her dedication, and her desire to making our world a little better all the time.

Mr. Speaker, we are all fortunate to have been graced by Tami's presence. I hope that you, and all of our fellow Members of Congress will join together to thank her, and to wish her the very best of continued successes in her new career.

INTERNATIONAL SEAPORT AND PASSENGER VESSEL SECURITY

HON. BARBARA A. MIKULSKI

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Ms. MIKULSKI. Mr. Speaker, today Senator LAUTENBERG and I are introducing companion resolutions that call upon the President to convene an international conference to develop an international seaport security agreement.

The recent hijacking of the cruise ship the *Achille Lauro,* which resulted in the death of an innocent American citizen, Leon Klinghoffer, was a cowardly act of terrorism that all of us deplore.

This terrible tragedy resulted in large part because of lax security at one of the *Achille Lauro's* ports of call. The lack of baggage and passenger screening at Genoa appears to have enabled the hijackers to smuggle weapons on board that made it much easier for them to take control of the ship.

Unfortunately, the lack of security at the Port of Genoa is not an isolated situation. Currently, there are no international standards on seaport or passenger vessel security. As a result, many seaports do not have sufficient baggage and personnel screening. And in many places, access to passenger and cruise vessels is completely unrestricted.

Without tougher seaport security measures, we are giving an open invitation to would-be terrorists to take advantage of these lax standards.

The resolution which we are introducing today would address this phase of international terrorism in several ways.

First, it asks the President to convene a conference with our allies and other interested nations to develop an international seaport security agreement which would be binding on those nations which sign it.

Our experience with the *Achille Lauro* demonstrates the need for standards that will be strictly enforced at ports throughout the world. The murder of Leon Klinghoffer is a painful reminder to us of the need to protect our citizens not only while they are in the United States, but when they are abroad or at sea as well.

Second, the resolution calls for including the private sector, those connected with ports and the passenger vessel industry, to play an active role in formulating these international standards.

I represent the Port of Baltimore, which has made major strides in improving its own security. Baltimore has increased its budget for security personnel and imposed tough restrictions on those who have access to vessels calling on the port.

Steps like those taken in Baltimore indicate there is a willingness among port officials and the cruise industry to guarantee that the high seas are free from piracy.

Last month, at a House hearing I attended, two of Senator LAUTENBERG's constituents, Seymour and Viola Meskin, relayed to us that the beginning of their venture on the *Achille Lauro* was just like thousands of other vacationing Americans each year: They simply wanted to enjoy a well-deserved cruise.

Instead, their trip turned into a chamber of horrors that resulted in threats to their own lives and in the death of a dear friend. The Meskins and other Americans deserve the strongest available protection when they travel at sea.

We, as a nation, and our allies, must be willing to take the necessary steps to ensure this protection.

The death of Leon Klinghoffer is a call to action to this country, to our allies and to all who condemn terrorism:

It demands that we bring his murderers, and all those who commit terrorist acts, to justice;

And it reminds us of the need to take preventive steps at seaports and on passenger vessels around which will reduce the threat of any similar tragedies.

That is why Senator LAUTENBERG and I will be pushing for early action on this resolution by our colleagues. Passage of this resolution by Congress, and subsequent action by the President, will go a long way toward taking these necessary, preventive steps.

PRODUCER REFERENDUMS FOR THE 1987 THROUGH 1989 CROPS OF WHEAT AND FEED GRAINS

HON. BERKLEY BEDELL

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. BEDELL. Mr. Speaker, I am today introducing, along with my colleagues, Mr. VOLKMER, Mr. PENNY, Mr. WEAVER, Mr. JONES of Tennessee, Mr. ROSE, Mr. ENGLISH, Mr. DASCHLE, Mr. EVANS of Illinois, Mr. GLICKMAN, Mr. WHITLEY, Mr. ALEXANDER, Mr. DORGAN of North Dakota, and Mr. WATKINS, a bill to provide wheat and feed grain farmers with perhaps their only opportunity, for the balance of this decade, to obtain improved farm income.

Briefly, this legislation will allow wheat and feed grain producers to vote in a producer referendum on whether to establish a program of higher price supports and aggressive export incentives in order to boost farm income and maximize our grain exports. This bill is similar to the Marketing Certificate Program that, because of an all-out effort by the Department of Agriculture, was defeated in October during consideration of the 1985 farm bill. If adopted, this measure would allow farmers to vote on July 1, 1986, and again on July 1, 1988, on whether such a program should be implemented in 1987 and 1988, and in 1989 and 1990, respectively. This bill, like the original referendums proposal removed from the farm bill, offers farmers the chance to vote for improved farm income while reducing Federal farm program costs.

Mr. Speaker, in my view the reintroduction of the Marketing Certificate Program is made necessary for a number of reasons. I remain convinced that the continued, rapid deterioration of conditions in the farm economy, the extremely bleak outlook for agricultural exports, and concern and uncertainty over the soundness of the entire agricultural lending system are likely to force reconsideration of the farm income issue next year even if a new farm bill is signed into law this session.

In addition, the sustained pressure on the Congress to come to grips with record, annual Federal budget deficits is going to require a complete examination, each year, of all areas of Federal spending, including agriculture, regardless of the condition of the farm economy.

Finally, I believe that the action taken by the other body yesterday during its consideration of the 1985 farm bill, and the administration's continued insistence on still further reductions in farm price supports requires that a clear statement be made that further retrenchment from even the provisions of the House farm bill is completely unacceptable. In my view, the major price support provisions adopted by the other body, if enacted, would simply ensure that the crisis that threatens many farmers becomes an inferno that engulfs them all. Moreover, I believe that acceptance of these lower support levels further jeopardizes the likelihood that agreement can be reached on farm legislation this year, and enhances the prospect that other options will be revisited next year amidst an atmosphere likely marked by near panic conditions throughout our farm economy.

As the Congress is forced to return to the farm issue, I believe that we must have concrete proposals—such as the Marketing Certificate Program—ready for consideration.

Mr. Speaker, I urge my other colleagues to join the several of us introducing this measure today so that we can clearly draw the line on acceptable agricultural policy.

PALESTINIAN TERRORISTS

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. DOWNEY of New York. Mr. Speaker, when the five Palestinian terrorists were convicted of gun and explosives possession in connection with the hijacking of the *Achille Lauro*, the public prosecutor made a statement that cannot go unnoticed by the world community.

After admitting that the five Palestinians used terrorist methods the prosecutor then stated that they should be treated leniently because their cause "cannot be considered devoid of valid motivations." Because the stated goal of the PLO and its associated groups is the destruction of the State of Israel, the justification of the Palestinian terrorist cause is an outrage to all of us who believe in and support the State of Israel.

His statement is also an outrage for all of us who deplore terrorism. Everyone of us is vulnerable to terrorist activities. To justify terrorist acts in any way endangers all of us.

To condone terrorist methods in any way, in any form, for any reason, in any place, cannot and should not be acceptable.

AMERICANS HELD HOSTAGE IN LEBANON 625 DAYS

HON. GEORGE M. O'BRIEN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. O'BRIEN. Mr. Speaker, today marks the 625th day Americans have been held hostage in Lebanon.

A Foreign Service officer, William Buckley, was kidnapped in Beirut on March 16, 1984, 625 days ago today.

Father Lawrence Jenco, the head of Catholic Relief Services in Beirut, has been held hostage for 318 days. Next Thursday, November 27, will be Father Jenco's 51st birthday.

The director of the American University hospital, David Jacobsen, was kidnapped 177 days ago.

Thomas Sutherland, dean of the American University Agriculture School, has been held hostage 164 days.

Today also marks the 352d day since the disappearance of Peter Kilburn, the American University librarian.

Mr. Speaker, I am indebted to my good friend and colleague, the gentleman from Michigan, Mr. KILDEE, for the words to an ancient prayer, dating back to the time of the Crusaders, said for those unjustly deprived of liberty:

Father, your son came among us as a slave to free the human race from the bondage of sin. Rescue those unjustly deprived of liberty and restore them to the freedom you wish for all men as your sons.

Mr. Speaker, all our prayers today are with the hostages in Lebanon and those working for their swift release.

NATIONAL THEATRE WEEK

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. GREEN. Mr. Speaker, today I am introducing a joint resolution which designates the week of June 1, 1986, as "National Theatre Week." One hundred and seventy-two of our colleagues are original cosponsors of this bill. I hope many more of you will cosponsor this legislation.

This is the fourth year that I have introduced this bill in the House. For the last 3 years, "National Theatre Week" has been celebrated in all 50 States. This legislation has the support of 350 legitimate theaters, 7 nationally prominent unions with thousands of members, and individual State and community arts agencies as well as the National Association of State Arts Agencies.

"National Theatre Week" pays tribute to the thousands of Americans in professional theater companies, high schools, colleges and community theaters whose talents make the American theater one of the finest cultural and educational resources in the world.

During the past few years, we have seen a rebirth of theater not only in major urban areas, but also in smaller communities and towns where both professional and amateur theater bring the theater to new audiences.

The continued success of this art form, which has played a part in the growth of America since George Washington's time, requires the continued commitment of both large and small communities, philanthropies, organizations, actors, stage crews and most importantly, theatergoers. "National Theatre Week" is designated as a time to affirm the commitment of these groups to keeping the theater alive.

THE TRUTH IN IMPORT ADVERTISING ACT OF 1985

HON. JAMES A. TRAFICANT, JR.

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. TRAFICANT. Mr. Speaker, today I am introducing a bill which will give individual American consumers a voice in our trade policy by giving them the information necessary to intelligently choose whether they want to buy foreign made goods.

The bill I am introducing today is titled the "Truth in Import Advertising Act." This bill will require that all consumer commodities bear a label which discloses whether the item was produced in the United States and what percentage of the items components parts are domestically produced.

Further, it will require that similar information be provided in any television, radio, or print media advertisements.

This bill does not limit the quantity of imported goods that may come into this country. Nor does this bill limit the amount of domestic content that a particular good can have. Rather, it puts to work the forces of the marketplace.

Opponents of restrictive trade legislation argue that measures such as quotas or higher tariffs act to artificially distort the flow of economic factors. They claim that the marketplace operates best when it operates freely.

However, one important prerequisite to an efficient market is that individual consumers have full information. The condition of access to perfect information by all consumers is one of economic assumptions which any economics textbook will state is essential to rational decisionmaking.

The Congress has previously recognized the importance of disclosure of product information and product labeling through the enactment of the Fair Packaging and Labeling Act, 15 U.S.C. 1451 et seq. This act requires fair and accurate labeling of retail commodities regarding information such as weight, measure, numerical count, and ingredients. The goal of such a requirement is twofold: First, to eliminate deceptive advertising; second, to give consumers accurate information so that they can intelligently choose which products they want to buy.

My bill would complement existing labeling laws. First, it would uncover some of the deceptive practices that occur with some foreign made items. One example of this is in the auto industry. Several weeks ago I made a speech titled, "The Era of the Hybrid in the Auto Industry." I based this speech on an article which appeared in the New York Times some time ago titled "The Disappearing U.S. Car." In this speech I pointed out how many supposedly American-made cars were actually foreign imports in disguise. I have included, to be printed below, a copy of this newspaper article. The Truth in Import Advertising Act would reveal to the American consumer the extent to which this hybridization is occurring.

Second, this bill would put squarely in the hands of the American consumer the decision of whether they want to buy foreign made goods. Some may object by claiming that this is too burdensome and would only further encourage a protectionist attitude.

I would reply by simply stating: What could be more democratic? This measure would give people the ultimate choice. The burden this would create is minimal in light of labeling requirements which already exist. This burden is also insignificant when compared to the benefit it would create.

Further, many believe that there are significant quality differences between foreign and domestic goods. Some might suggest that it is foreign products that are superior; however, this is not what I am hearing. Rather, I am hearing from the people I talk to that they want American made goods and they want to be sure that they can identify which goods are foreign made and which are American made.

To be against this measure is, in effect, tantamont to saying to your constituents: "I don't want you to know if you're buying foreign made goods." Yet jobs continue to leave this country and the Congress has not done anything about it. If you won't let the American people's voices speak through your vote, then let them speak with their pocketbooks.

I personally believe that American made goods have unfairly gotten a bad reputation, particularly with respect to items such as automobiles. I still believe that American made goods are the best made in the world and I think that if the American people were made fully aware of the choice, they would overwhelmingly choose American over foreign made goods.

I say, let's have an opportunity to see if I'm right * * * let's put it before the toughest judges of all: the American consumer. I submit to you that the scrutiny of the marketplace, the exacting eye of the American consumer, is the toughest test any product can face. But this test can only work if the American people have the proper information.

My hope is that if this bill is enacted it will allow the American consumer to do what this Congress has, up to this point, been unable to do—and what this administration seems unwilling to do—stop the flood of imports, many produced at near slave wages, which are coming into this country and taking away American jobs.

Let's keep jobs here in America.

Let's put the decision in the hands of the American people.

The bill and the article follow:

THE TRUTH IN IMPORT ADVERTISING ACT OF 1985

To establish requirements for the labeling of consumer commodities to indicate the foreign and domestic content of the commodities

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Truth in Import Advertising Act of 1985".

SEC. 2. FINDINGS.

The Congress finds that—

(1) imports into this country have eliminated jobs and damaged the economic base of the United States,

(2) consumers are concerned about the effect of their purchases of imported goods on jobs and the economy,

(3) consumers want accurate information about the foreign and domestic content of the products they buy,

(4) such information is not readily available and voluntary efforts to provide such information are likely to fail,

(5) competitive market forces will not induce businesses to provide this information, and

(6) the only reasonable and feasible way to assure that consumers have access to this information is to impose a uniform national requirement that the information be provided.

SEC. 3. LABELING REQUIREMENT.

(a) IN GENERAL.—

(1)(A) It shall be unlawful for any person engaged in the packaging or labeling of any consumer commodity for distribution in commerce, or for any person (other than a common carrier for hire, a contract carrier for hire, or a freight forwarder for hire) engaged in the distribution in commerce of any consumer commodity, to distribute or to cause to be distributed in commerce any such commodity unless it is labeled in accordance with subsection (b).

(B) It shall be unlawful to advertise (other than by billboards) any consumer commodity distributed in commerce unless the advertising contains the label required by subsection (b) or—

(i) in the case of radio broadcast advertising, contains a recitation of the content of such label, or

(ii) in the case of television broadcast advertising, contains a recitation of the contest of such label or a conspicuous display of the label.

(2) The prohibition contained in paragraph (1) shall not apply to persons engaged in business as wholesale or retail distributors of consumer commodities except to the extent that such persons (A) are engaged in the packaging or labeling of such commodities, or (B) prescribe or specify by any means the manner in which such commodities are packaged or labeled.

(b) LABELING REQUIREMENT.—A consumer commodity distributed in commerce shall be labeled as follows:

(1)(A) Except as provided in subparagraph (B) or (C), if the commodity was produced in the United States, the label shall state: "This product was produced in the United States and has % domestic content", with the blank being filled with the percent of the product which originated in the United States.

(B) If the commodity was produced in the United States and the percent of the product which originated in the United States is less than 50 percent, the label shall state: "This product was produced in the United States and ONLY has % domestic content", with the word "only" in capital letters and the blank being filled with the percent of the product which originated in the United States.

(B) If the commodity was produced in the United States and the percent of the product which originated in the United States was at least 85 percent, the label may state: "Made in U.S.A.".

(2)(A) Except as provided in subparagraph (B), if the commodity was not produced in the United States, the label shall state: "This product was NOT produced in the United States and has % domestic content", with the word "not" in capital letters and the blank being filled with the percent of the product which originated in the United States.

(B) If the commodity was not produced in the United States and the percent of the product which originated in the United States is less than 50 percent, the label shall state: "This product was NOT produced in the United States and ONLY has % domestic content", with the words "not" and "only" in capital letters and the blank being filled with the percent of the product which originated in the United States.

(c) LABEL PLACEMENT.—The label required by subsection (b) shall—

(1) be placed on the consumer commodity itself and on any outer container or wrapping used in the retail display of the commodity,

(2) appear in conspicuous and easily legible type in distinct contrast by typography, layout, color, embossing, or molding with other matter on the package on which the label appears,

(3) shall contain letters and numerals in a type size which shall be uniform for all packages of substantially the same size, and

(4) be conspicuously displayed so that a consumer inspecting the consumer commodity on which the label appears in a manner in which the consumer commodity would typically be inspected would obviously see the label.

SEC. 4. REGULATIONS.

The authority to promulgate regulations for the implementation of section 3 is vested in (1) the Secretary of Health and Human Services with respect to any consumer commodity which is a food, drug, device, or cosmetic, as each such term is defined by section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321); and (2) the Federal Trade Commission with respect to any other consumer commodity.

SEC. 5. ENFORCEMENT.

(a) IN GENERAL.—

(1) Any consumer commodity which is a food, drug, device, or cosmetic, as each such term is defined by section 201 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 321), and which is introduced or delivered for introduction into commerce in violation of section 3(a) or the regulations issued to implement such section, shall be deemed to be misbranded within the meaning of chapter III of the Federal Food, Drug, and Cosmetic Act, but section 303 of that Act (21 U.S.C. 333) shall not apply to any violation of section 3(a).

(2) Any violation of any section 3(a) or the regulations issued to implement such section with respect to any consumer commodity which is not a food, drug, device, or cosmetic shall constitute an unfair or deceptive act or practice in commerce in violation of section 5(a) of the Federal Trade Commission Act and shall be subject to enforcement under section 5(b) of the Federal Trade Commission Act.

(3) In the case of any imports into the United States of any consumer commodity, section 3(a) shall be enforced by the Secretary of the Treasury pursuant to subsection (a) and (b) of section 801 of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 381).

(b) INJUNCTION.—

(1) The district courts of the United States shall have jurisdiction over civil actions to restrain any violation of section 3. Such a civil action may be brought in the United States district court for the judicial district in which the violation of section 3 occurred or in which the defendant is found or transacts business.

(2)(A) Except as provided in subparagraph (B), any person may commence a civil action to restrain any violation of section 3. Such a civil action shall be brought in the United States district court for the judicial district in which the violation occurred or in which the defendant resides or has a principal place of business.

(B) No civil action may be commenced under subparagraph (A) to restrain a violation of section 3—

(i) before the expiration of 60 days after the plaintiff has given notice of such violation to the Secretary of Health and Human Services or the Federal Trade Commission, as the case may be, and to the person who is alleged to have committed such violation, or

(ii) if the Secretary of Health and Human Services or the Federal Trade Commission has commenced an action under paragraph (1) with respect to such violation.

SEC. 6. EFFECT ON STATE LAW.

No State or political subdivision may establish or enforce a requirement for the labeling of the domestic content of consumer commodities unless such requirement is the same as or more stringent than the requirement of section 3.

SEC. 7. DEFINITIONS.

For purposes of this Act:

(1) The term "consumer commodity" means any food, drug, device, or cosmetic (as those terms are defined by the Federal Food, Drug, and Cosmetic Act), and any other article, product, or commodity of any kind or class which is customarily produced or distributed for sale through retail sales agencies or instrumentalities for use by individuals.

(2) The term "package" means any container or wrapping in which any consumer commodity is enclosed for use in the delivery or display of that consumer commodity to retail purchasers, but does not include—

(A) shipping containers or wrappings used solely for the transportation of any consumer commodity in bulk or in quantity to manufacturers, packers, or processors, or to wholesale or retail distributors thereof; or

(B) shipping containers or outer wrappings used by retailers to ship or deliver any commodity to retail customers if such containers and wrappings bear no printed matter pertaining to any particular commodity.

(3) The term "label" means any written, printed, or graphic matter affixed to any consumer commodity or affixed to or appearing upon a package containing any consumer commodity.

(4) The term "commerce" means commerce between any State, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States, and any place outside thereof but does not include exports to foreign countries.

SEC. 8. EFFECTIVE DATE.

This Act shall apply to consumer commodities distributed in commerce on or after 180 days after the date of the enactment of this Act.

[From the New York Times, Aug. 10, 1985]

THE DISAPPEARING "U.S. CAR": IT'S ALL OR PART FOREIGN MADE

(By John Holusha)

DETROIT, August 9.—The All-American car is becoming increasingly hard to find—and the imported version increasingly hard to spot.

Consider the Chevrolet in its various manifestations. Buyers of a Chevrolet Celebrity pretty much have a domestic car, although Chevrolet executives say virtually all cars assembled in this country carry some imported parts.

But anyone who has a Chevrolet Sprint or Spectrum in the driveway has a Japanese automobile. It was made either by the Suzuki Motor Company or Isuzu Motors Ltd. and imported by General Motors Corporation to compensate for G.M.'s inability to make small cars as efficiently as the Japanese.

And the new Chevrolet Novas, assembled in California by members of the United Automobile Workers Union, are in fact thinly disguised Toyota Corollas, put together largely from imported parts at a factory co-owned and wholly managed by executives of the Toyota Motor Corporation.

Not that long ago, there were only two sorts of cars: American-made and imports. But a combination of Japanese economic achievement and American political pressures has blurred that simple breakdown and produced a stew of confusing classifications.

Some cars are manufactured abroad, but sold here under Detroit's marquees. Other vehicles bear names like Honda and Nissan, but are assembled in the United States, largely from imported components. The direct imports—the cars manufactured in Toyota City, Japan, and sold here as fast as they leave the docks—are all too obvious. But less noticeably, foreign-made parts are increasingly finding their way into familiar Detroit models.

Ford Escorts carry manual transmissions that the Mazda Motor Company makes in Japan. Engines for Pontiac Sunbirds are shipped in from Brazil, and Chrysler relies on the Mitsubishi Motor Company for optional engines across most of its product line.

What all this means is that the foreign grip on the American auto market is even larger than it appears. Direct, outright imports command roughly a quarter of the market. But when the count is extended to domestic imports, transplanted imports (the ones assembled here), and invisible imports (the parts under the hood), the actual impact is about a third.

And it is headed higher. According to Lee A. Iacocca, chairman of the Chrysler Corporation, company studies indicate that the Japanese are moving quickly to capture a full 50 percent of the American auto industry, when fully built cars, hybrids and components are added together. And, he concedes, they are doing it with Detroit's help.

"Within 24 months our projection is that" the Japanese "will crack, for the first time, 50 percent of everything," Mr. Iacocca said recently. "We will have managed to take the biggest single industry the world has ever seen and give away over half the total value added."

The success of imported cars, and Detroit's efforts to find ways around its $2,000-a-car cost disadvantage compared to Japanese producers, is making the entirely American car something of the past.

PLANTS BUILT IN UNITED STATES

Three Japanese auto companies, Toyota, Nissan and Honda, are already making cars in the United States and two others, Mazda and Mitsubishi, have announced plans to build assembly plants. Toyota, G.M.'s partner in New United Motor Manufacturing Inc. in Fremont, Calif., produces the Corolla-based Novas and has announced plans to build a plant of its own in this country. Mazda will sell about half of its American output to its affiliate, the Ford Motor Company, to be marketed as Fords, and Mitsubishi has a similar arrangement with Chrysler.

Chrysler has been selling cars imported from Mitsubishi plants in Japan for 12 years under its own Plymouth and Dodge brand names and Ford has established a new model line, Merkur, to sell high-performance sedans made by its German subsidiary.

Since cars assembled here by foreign companies all have imported engines, transmissions and other major components, some American auto executives say the figures reporting sales of imported autos routinely understate how deeply the domestic industry has been penetrated by foreign companies. In the Chevrolet Nova, for example, 70 percent of the complex, costly components are shipped to Fremont from Japan.

Major Japanese components suppliers, like the Nippondenso Corporation, which makes electrical components in Michigan, have been establishing facilities in this country to sell to their established customers and to seek business with Detroit's Big Three.

IACOCCA BLAMES WASHINGTON

Mr. Iacocca blames Federal policies, which he said have given Japanese producers an economic advantage in currency exchange rates and tax policies, for the erosion of the American industry. "That's why I went to Japan," he said. "I've got to build some of my stuff in yen and sell it for dollars. That's the magic of it."

The eroding distinction between domestic and imported cars can create some odd differences. Purchasers of Honda Accords who live east of the Mississippi get one assembled in Ohio, regardless of any preference for imports. Nissan Sentras are now coming off the assembly line in Smryna, Tenn., and within a few years, Mazdas will be put together south of Detroit in Flat Rock, Mich., and Mitsubishis and Toyotas elsewhere in the country.

Automobile fleet managers in companies with a mandate to "buy American" are in for increasing headaches, according to industry analysts.

Runzheimer & Company, which monitors automotive and travel costs for large corporations, reported recently that 72 percent of fleet managers surveyed said they had formal or informal policies requiring them to purchase American cars.

Runzheimer officials cautioned fleet executives that a domestic nameplate did not rule out the possibility that the car was an import, with the possibility of service problems and parts shortages.

To help clear up the confusion, the company has developed a four-category system for classifying cars, listing them as domestic nameplate/foreign made, domestic nameplate/domestically made, foreign nameplate/domestically made and foreign nameplate/foreign made.

The stituation will only become more complicated as the world auto industry becomes more unified, analysts observe. Both Chrysler and Cadillac have plans to build high-priced sports cars in affiliation with Italian companies. In the case of the Cadillac, the chassis will be built in Detroit and shipped to Italy where Pininfarina will add the body and ship it back to the United States for assembly.

A 1987 or 1988 Pontiac model will likely have the most complicated ancestry of all. The as-yet-unnamed car will be built in South Korea with the assistance of Isuzu from a design originally developed by G.M.'s Opel subsidiary in West Germany.

THE VARIETIES OF AUTO IMPORTS

Honda Accord SE-i 4-Door Sedan—Transplanted import: Manufactured in the U.S. by foreign companies, with a varying amount of U.S.-produced content. Sold under the parent company's name, through its own dealer network.

Honda Civic CRX HF—True import: Made abroad and sold under a foreign name through its own dealerships.

Chevrolet Nova—Joint venture: Assembled in the U.S. by a partnership of General Motors and Toyota Motor Co. called New United Motor Manufacturing. About 70% of the car's content comes from abroad.

Chevrolet Sprint—Captive import: Made abroad but sold under a Detroit nameplate by domestic dealers.

Pontiac Sunbird—Invisible import: Manufactured in the U.S. by American auto maker, but with many imported parts.

BISHOP CURTIS DOUGLAS GILMORE

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. RODINO. Mr. Speaker, it gives me great pleasure today to bring to my colleagues' attention an extraordinary minister, Bishop Curtis D. Gilmore of Newark, NJ, for his continuing contribution to our community.

It will indeed be an honor for me to join with Bishop Gilmore on Sunday, November 24 of this year to celebrate his 16th Pastoral Anniversary Dinner sponsored by The St. John's Unified Free Will Baptist Church, located at 1066 Bergen Street in Newark. Bishop Gilmore was founder of the church and has been pastor for the last 16 years.

During the past 16 years Bishop Gilmore has had the privilege of ordaining 17 ministers who are now pastoring their own churches in various locations.

In the end of 1986 Bishop Gilmore and the St. John's Unified Free Will Church, with a membership of 350, will be celebrating a ground-breaking ceremony for an extension to their church.

Bishop Gilmore is a retired Newark police officer, married to Mrs. Dixie Gilmore. They have five children and two grandchildren, all lifelong residents of Newark.

BENSONHURST-WEST END COUNCIL CELEBRATING A SILVER ANNIVERSARY OF STERLING SERVICE

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. SOLARZ. Mr. Speaker, I would like to pay tribute to the Bensonhurst-West End Community Council upon the celebration of its 25th anniversary as a leading civic association in the Bensonhurst section of Brooklyn.

Serving the residents of this community for the past quarter of a century, the council is one of the oldest civic groups in the borough. During this period, it has established a long and distinguished record of community services. Devoted to maintaining the quality of life in the community, the members work tirelessly to ensure that Bensonhurst remain a strong and viable neighborhood where traditional family and social values are paramount.

The strength and productivity of the council have been sustained over the years because of the community-minded citizens who comprise the organization. With the support of local school, religious, police, and elected officials, the Bensonhurst-West End Community Council epitomized the success that can be achieved when people work together for the benefit of the community.

Because the council strives to have a significant impact upon all of Bensonhurst, its activities are numerous and wide-ranging. To assist the senior citizens of the community, the council sponsors the Bensonhurst-West End Senior Center seniors have the opportunity to gather regularly. In addition, it has played a major role in helping to address the increasing problem of crime at the Marlboro housing development—a large public housing development in Bensonhurst. In a society that all too often neglects those who are in need, the council reminds us that we have an obligation to provide assistance to our fellow citizens.

To encourage community service among the Bensonhurst youth, each year the council distinguishes graduating students from local elementary schools by awards of community service trophies. What is more, it also has helped to instill in neighborhood youngsters a sense of community spirit and pride by conducting an antigraffiti campaign. As a part of this project, the council published a brochure, "Don't Be A Graffidiot," which received citywide acclaim for its content.

The council also sponsors an annual art show in Bensonhurst Park where local artists are given the opportunity to display their talent. This highly successful art show attracts hundreds of exhibitors and visitors each year. The scope of the council is indeed diverse.

As president of the council for the past 3 years, Camine Santa Marja has been instrumental in maintaining the vitality of this organization. His dedication to the neighborhood and to the service of his community is both legendary and unparalleled. I applaud him and the other members of the council for their exemplary work in helping to make Bensonhurst a better place to live and work. I offer my heartfelt congratulations to the Bensonhurst-West End Community Council on their 25th anniversary and wish them continued success in all their future endeavors.

"THE CARL ALBERT FEDERAL BUILDING"

HON. WES WATKINS

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. WATKINS. Mr. Speaker, during the 98th Congress, a measure which originated in this body, H.R. 5945, and its companion legislation, S. 2820, received prompt and serious consideration. It was passed by the Congress and became Public Law 98–393.

The measure names the Federal Building in McAlester, OK, "The Carl Albert Federal Building." As we know, the Honorable Carl Albert was Speaker of the House immediately prior to the current Speaker. He has retired after 30 years service to the Third District, to Oklahoma, and to the Nation in the Congress and now lives in McAlester. His steady hand during some of the Nation's perilous times helped us survive.

Wednesday, November 27, at 9 a.m., former Speaker Albert will be honored with a public ceremony observing the occasion of the formal naming of the Federal Building for him. The General Services Administration is actively involved in joining with the Oklahoma Congressional Delegation and the many friends of Carl Albert to mark this signal day. I would like to read into the record the invitation: "Terence C. Golden, Administrator, General Services and J. Fike Godfrey, Regional Administrator, Region 7, cordially invite you to attend a ceremony observing the naming of the McAlester Federal Building and United States Courthouse as the Carl Albert Federal Building and United States Courthouse, Wednesday, November 27, 1985, 9:00 a.m. Third and Carl Albert Parkway, McAlester, Oklahoma."

On behalf of Speaker Albert, the delegation, the city of McAlester and Oklahoma, I invite my colleagues to join us in paying tribute to a great American.

AGRICULTURAL CONSERVATION EASEMENT ACT OF 1985

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. DASCHLE. Mr. Speaker, I rise today in support of H.R. 3557, the Agricultural Conservation Easement Act of 1985, which would do a great deal to mitigate the effects of many farm foreclosures across the country.

We are in the midst of a gripping agricultural crisis. The alarming decline in land values is one of the most important problems farmers are facing. In certain States, agricultural land values have dropped approximately 50 percent since 1981, and in nine States, values fell by 20 to 30 percent in a recent 12-month period. In South Dakota, between 1981 and 1985, there was a 33-percent decline in the value of farm real estate. As a result, regularly competitive lenders and producers are forced into a foreclosure situation.

This does not have to be the case, however. The Agricultural Conservation Easement Act of 1985, of which I am a cosponsor, is designed to improve soil conservation efforts, reduce the impact of devastating loan losses, and stabilize the agricultural land market, by authorizing the Secretary of Agriculture to purchase conservation easements or land in danger of foreclosure.

If this legislation is enacted, it would help farmers avoid foreclosures by voluntarily selling property rights to the Government for conservation purposes. In exchange for specified payments, the owner gives up the right to specific uses of the land, depending on the exact terms of the easement. Consequently, the proceeds from the easement agreement would often allow the lender to avoid foreclosing on the borrower.

The legislation also grants the Secretary the authority to set up a system whereby original owners would have the first chance to repurchase the easement rights after the agreement expires.

This is an outstanding program and one I wholeheartedly support. It is not a giveaway program, and the Government will receive all the conservation benefits it negotiated in the agreement. In addition, because the easement would call for reduced production, the Government would save in farm price support payments.

In these times of such uncertainty for so many American farmers, I believe this program would be a welcome and much needed bright spot in an otherwise cloudy farm picture. I would strongly urge my colleagues to cosponsor Mr. EVANS' bill and join us in this fight to help save our country's agriculture industry, and promote prudent conservation practices at the same time.

A TRIBUTE TO JAMES HAZEN

HON. GEORGE W. GEKAS

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. GEKAS. Mr. Speaker, on Tuesday, November 26, 1985, 79 young men from Dauphin, Cumberland, Franklin, and Perry Counties in Pennsylvania will be honored at the eleventh annual Eagle Scout recognition dinner sponsored by the Keystone Area Council, Boy Scouts of America for

receiving the highest achievement in Boy Scouting—the Eagle Scout Award.

We as Members of Congress know well the importance and noteworthiness of attaining this high achievement. It demonstrates that the goals we have set for ourselves to improve our society are not out of reach.

Mr. Speaker, I have been given the distinct pleasure of serving as sponsor for one of these young honorees and would like to bring to the attention of the Congress the achievements of Mr. James Hazen of Harrisburg, PA.

Mr. Hazen, who has been a member of Boy Scout Troop 307 for 4 years, has displayed his energetic capabilities by participating in many different projects and community services which have won him 24 merit badges. A junior at Central Dauphin High School, Mr. Hazen has outlined his career intentions of becoming an astronomer specializing in stellar evolution.

I am proud to congratulate James Hazen and all of the young men being honored at the eleventh annual Eagle Scout recognition dinner. Their outstanding contributions to their communities set an example for the rest of us to follow.

HONORING MR. ALBERT S. WOODFORD ON THE OCCASION OF THE RENAMING OF PIER 96 THE ALBERT S. WOODFORD MARINE TERMINAL

HON. THOMAS M. FOGLIETTA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. FOGLIETTA. Mr. Speaker, I rise today to pay tribute to one of the most distinguished and best loved men in the great city of Philadelphia, Mr. Albert S. Woodford. Albert Woodford is to receive a unique recognition in Philadelphia on November 26. In a dedication ceremony on the Delaware River waterfront the Philadelphia Port Corp. and the city of Philadelphia will rededicate pier 96. From Tuesday on, it will be known as the Albert S. Woodford Marine Terminal.

Never before in Philadelphia's history has such a tribute been paid to any man, much less a man who is still contributing daily to the revitalization and reshaping of the Philadelphia waterfront. Albert S. Woodford is an engineer of distinction. The man who was responsible for the Packer Avenue and Tioga Marine Terminals is today shaping the plan and execution for the construction of the new automobile import/export facility in Philadelphia, a project with tremendous significance for the future economic health of the port and the Delaware Valley.

As large as these contributions are, they show only one side of the man. Many men have contributed to Philadelphia; few have brought with these contributions the character of this man. Albert Woodford received the Bronze Star for heroism and valor in World War II. As a husband and father he has raised two children, teaching them the kind of values which made them Eagle Scouts in the Boy Scouts of America. Indeed, Albert Woodford has given himself to his community as much as to his work. He has been involved with the Boy Scouts for more than 20 years, sharing his skills and his life with hundreds of young men.

Mr. Speaker, Albert S. Woodford is the kind of man which any company, any city, would treasure. It is our good fortune that he is a son, and father, of Philadelphia. As a craftsman he has few rivals, as a father, few equals, and as a treasure to his community, he is unique. It is fitting that Philadelphia honor him in this way.

TRIBUTE TO EDITH EDELSON

HON. BERNARD J. DWYER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. DWYER of New Jersey. Mr. Speaker, it is my distinct honor to call to the attention of my colleagues, the work of one of New Jersey's most dedicated and effective advocates for our State's elderly citizens: Edith Edelson.

Ms. Edelson is being honored December 2, 1985, by the Home Health Agency Assembly of New Jersey in conjunction with its celebration of Home Health Care Week. The Home Health Agency has shown great wisdom in its choice of this year's honoree, because Ms. Edelson has been, and continues to be, a powerful voice for the health care needs of senior citizens.

Through her work as editor of the New Jersey senior citizen newspaper, Senior Power, and in her leadership role with the New Jersey Federation of Senior Citizens, Ms. Edelson has proven time and time again her commitment to protecting the rights of senior citizens.

She is a recognized expert on such programs as Social Security and Medicare, senior citizens' housing and social services. She has been tireless in her efforts to ensure that these vital programs are preserved and that the hard-earned benefits of senior citizens are not eroded. I know that my offices have benefited greatly from her insights over the years on the problems facing the elderly.

There are many issues of crucial importance to the senior citizens of our Nation, and I know that elderly residents of New Jersey take great pride in one of their most effective and compelling spokespersons, Edith Edelson. As the Home Health Agency Assembly of New Jersey honors her for her contributions to quality and affordable health care to New Jersey's senior citizens, we join in offering her our warmest wishes and appreciation for all her fine work.

A TRIBUTE TO RIC ROSE

HON. WILLIAM CARNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. CARNEY. Mr. Speaker, I would like to bring to the attention of my colleagues in the House the unselfish good works and dedication of Ric Rose, a fellow Long Islander and resident of New York's First Congressional District.

As president and chief operating officer of Clare Rose Inc. of Patchogue, NY, Ric Rose overseas one of Long Island's most successful and respected beverage distributing companies. In addition, he is an unflagging champion of the causes of his community and is deeply committed to aiding those less fortunate than himself.

His humanitarian work includes serving on the board of directors of both the Brookhaven Memorial Hospital and the Maryhaven Center of Hope. He is also a moving force in the Suffolk County Boy Scouts. On November 23, Ric Rose will be honored by the YMCA of Long Island during its annual Service to Youth award dinner for his continuing support of the organization's many important activities.

Mr. Speaker, I urge all my colleagues to join me in paying tribute to Ric Rose, a man of outstanding compassion, concern, and commitment.

AMERICAN LEAGUE MVP DON MATTINGLY

HON. FRANK McCLOSKEY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. MCCLOSKEY. Mr. Speaker, last year one of my constituents distinguished himself by winning the American League batting title on the last day of the 1984 baseball season. Yesterday, Don Mattingly of Evansville, IN, was voted the Most Valuable Player for the 1985 baseball season in the American League. Don's statistics on the season were truly impressive. He hit for an average of .324 while hitting 35 home runs and driving in 145 runs. He led the major leagues in doubles with 48. His 370 total bases and 86 extra base hits paced the junior circuit. A total player, Don's fielding average lead the AL for first basemen. His performance in clutch situations helped keep the New York Yankees in the division race until the last 2 days of the season. I think the residents of Evansville and the rest of the State can be proud of Don's achievements and I wish this young man continued success in the years to come.

EXPORT EXPANSION PROJECT FOR AMERICAN BUSINESSES

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. YOUNG of Alaska. Mr. Speaker, I would like to introduce to you today a unique project developed by one of my fellow Alaskans. Project EXPEX is an impressive export venture aboard a 300 foot, 6 deck private corporate ship, the motorship *Expex,* a floating export/exhibition center and live showcase for the products of selected American manufacturers. Endorsed by the U.S. Department of Commerce, the *Expex,* and its team of 60 specialists in various technological fields proposes to present appropriate American technology to the less developed nations of the world. It offers products and talents developed in America to people around the world with the intent of opening international markets to small- and medium-sized American businesses by establishing dealers and distributorships for them in other countries.

On its first voyage the M.S. *Expex,* will sail to 50 ports in 40 countries in South America, Africa, the Mediterranean, and the Middle East. Subsequent voyages will reach the nations of the Far East, Southeast Asia, China, and Oceania. Government officials and business people of these many nations will be invited aboard to participate in conferences and hands-on workshops. During their visit they will be offered an opportunity to select from this array of American wares, those products which can best assist their people to improve their health and standard of living.

Examples of product lines exhibited on board the ship will include agricultural, irrigation and aquacultural equipment; electronic industrial measurement and testing devices; electronic medical, dental and hospital equipment; food preparation, processing and packaging equipment; marine and fishery equipment; meteorological equipment; energy related and environmental control devices; mining, road construction and building equipment; petroleum and geological equipment; computer hardware and software; telecommunications and data transmission equipment; audio/visual and educational aids; and television and radio broadcasting equipment.

Project EXPEX was conceived and developed within the private sector through an investment of 5 years and $25 million by Dr. Mir-Javid Jalali, a Native Alaskan by naturalization. This business project addresses two current issues: The trade deficit and the inability of our own small businesses to expand their markets to foreign shores because of distance and costs.

The countries to be visited by *Expex,* on its first voyage have a total combined import of 200 billion dollars' worth of foreign goods each year. Opening these economies to American manufacturers will not only expand our markets to areas previously overlooked, but could also result in the creation of as many as 200,000 American jobs and produce sales revenues of several billion dollars.

As the activities of traders down through the centuries brought knowledge and understanding of the ideas, customs, and culture of many different people to each other, Project EXPEX will continue this long-established tradition. Just as American traders moved their wares worldwide in the early years of our history, Project EXPEX will bring the knowledge and understanding of our Nation to others by creating a favorable business climate between our nations. In bringing such a host of different products from our Nation to the very doorsteps of developing nations, Project EXPEX will be a representation of the vigor of American business.

Mr. Speaker, I am pleased and hopeful that this project will help to present American business and its products in a positive light to open new markets in our fight to reduce this country's trade deficit.

AN HONOR FOR THE CITADEL

HON. TIM VALENTINE

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. VALENTINE. Mr. Speaker, earlier today I indulged in a little bragging on the colleges and universities in my home State that have been ranked among the top academic institutions by a nationwide poll of college presidents. I now rise to brag some more—this time about my alma mater, the Citadel, the military college of South Carolina, located in Charleston.

I am proud to report that the Citadel was rated by college presidents as one of the 10 best comprehensive institutions in the South.

I spent 4 years, with a break for service on active duty in World War II, at this outstanding institution, and I will be forever grateful for the education and training I received. The Citadel regimen then, as it remains now, was spartan and demanding, and great emphasis was placed on the timeless values of patriotism, discipline, and teamwork. My experience at the Citadel has stood me in good stead throughout my life.

The high place earned by the Citadel in the U.S. News & World Report survey is well deserved. Under the leadership of its president, Maj. Gen. James A. Grimsley, and his illustrious predecessors, the Citadel has prepared thousands of young Americans for successful military and civilian careers. The excellent faculty also deserves great credit for the Citadel's unique record of achievement.

Mr. Speaker, my education at the Citadel has been one of the cornerstones of my life. I am delighted that my alma mater has received this national distinction.

RAINBOW NAVIGATION AND MARITIME SECURITY

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. DYSON. Mr. Speaker, I would like to bring to the attention of my colleagues an administration policy that not only threatens the economic well-being of our maritime industry, but also seriously compromises our strategic defense posture.

Acting in violation of the Cargo Preference Act of 1904, the Department of State, the Department of Defense, and the Maritime Commission, have implemented a plan to undermine the shipping business of Rainbow Navigation, an American-flag shipping company which has operated a general cargo vessel between Norfolk, VA and Keflavik, Iceland since May 1984.

The facts, Mr. Speaker, are hardly in dispute. On August 8, the administration attempted to pull the rug out from under Rainbow Navigation by declaring its freight charges—charges which are actually the same as those offered by Icelandic carriers—to be "excessive and unreasonable". Next, while Congress was in recess, the Pentagon began to divert westbound cargo to military aircraft. As a result, an American firm in an already struggling industry was brought to the brink of collapse.

Subsequently, Rainbow Navigation filed suit in the U.S. District Court for the District of Columbia for declaratory and injunctive relief, alleging that the actions of the administration were contrary to the Cargo Preference Act, the procurement statute and regulations, and to the Constitution and Civil Rights Act. Fortunately, the U.S. District Court, in granting Rainbow Navigation partial summary judgment, held that the Government's action was based on "impermissible factors and is otherwise without factual support".

While I can appreciate the Icelandic Government's interest in securing business for its own carriers, it is inconceivable to me that the administration would allow foreign interests to dictate to us how we must transport the supplies, equipment, and property of our Defense Department. It would seem to me, that by offering up for sacrifice a perfectly sound U.S. shipping firm in order to appease one of our trading partners is not only bad policy, but is also unfair to Rainbow Navigation in the extreme.

Mr. Speaker, I find it ironic indeed that the Department of the Navy sees fit to squeeze an American-flag carrier out of business on the one hand, and promote a 600-ship Navy on the other. Surely the administration must know that the Cargo Preference Act is designed to ensure that the United States does not become overly dependent on foreign shippers to carry military supplies in the event of war. The administration must also know that the ship building industry, which has suffered a disturbing decline in construction over

the past decade, can ill-afford to have our Government using its power to create disincentives to domestic maritime growth.

Accordingly, I strongly urge the administration to reassess its thinking on this matter and pursue a course of action that is consistent with the requirements of a strong maritime component of our national defense posture. Only in this way can both the letter and spirit of the Cargo Preference Act be respected.

1985 PEACH BASKET FESTIVAL

HON. EDWARD P. BOLAND

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. BOLAND. Mr. Speaker, I take pleasure in announcing that the city of Springfield, MA, the birthplace of basketball and home of the new Basketball Hall of Fame, will once again play host to the first Division 1 college basketball game of the 1985–86 season. This year's matchup promises an exciting game, as the No. 1 ranked Ramblin' Wreck of Georgia Tech takes on the Michigan Wolverines, ranked No. 3 in the country in the preseason polls.

Before those players hit the court for that first game, the Springfield community, together with its civic leaders, businesses, and citizens, will have welcomed them through its annual Peach Basket Festival. The festival was initiated in 1979, and has continued to have grown in scope and popularity since. Through the untiring efforts of many individuals and organizations the Peach Basket Festival has celebrated the game and its players in grand fashion. One of the businesses that has been a principal sponsor and supporter of the celebration has been the Friendly Ice Cream Corp. Friendly's has always been a leading corporate citizen and friend of the Greater Spingfield community. The spirit exhibited by Friendly's in their participation in the Peach Basket Festival has been emulated by all the citizens of the Springfield area. The same spirit and cooperation needed to put together a winning basketball team can be found in all the sponsors and participants in this great community event.

I applaud Friendly Ice Cream and all the individuals and organizations that infuse their time and energy into this important annual civic celebration. While Springfield is a city of thousands, it so often comes together as one to display its pride in itself and its history. The annual Peach Basket Festival is one example of the special cohesiveness that Springfield possesses.

HOWARD HEARD COMPLETES CONGRESSIONAL FELLOWSHIP

HON. MERVYN M. DYMALLY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. DYMALLY. Mr. Speaker, I am grateful for having had the opportunity over the past year to have on my staff as a Congressional Fellow Mr. Howard Heard. We were lucky enough to obtain Howard from the executive branch where he is a 17 year veteran in government service. Before coming to work for the Government Howard was employed by IBM. With that kind of expertise in the public and the private sectors, you can see why I've chosen to let my colleagues know about him only at the end of his fellowship. I couldn't risk allowing any of my colleagues the opportunity to spirit him away.

Howard has used computers in his work since the early 1960's. Understandably, I asked Howard to help my office automate, and in response he laid out a development plan that is comprehensive and that will keep my office on the cutting edge of computer technology for years to come as we move step by step to implement the plan. Those of my colleagues who are now beginning to use personal computers for in-house functions and to address remote mainframes know that the path to automation is full of pitfalls. Thanks to Howard's help, our office became one of the first to begin using personal computers extensively for a spectrum of office applications. Thanks to Howard, we maneuvered around some of the pitfalls and managed to overcome many of the obstacles that we were unable to avoid.

Much of Howard's career in Government service has been spent as a mathematical statistician. He has performed such work for the Bureau of Labor Statistics, the Small Business Administration, the National Institutes of Health, as well as the Consumer Product Safety Commission. And presently he is an operations research analyst with the Federal Energy Regulatory Commission. We were able to draw on his analytical background to look at existing and proposed legislation with a degree of sophistication that previously had not been available to us.

Not only did Howard's training aid us in analyzing legislation but it is helping us to develop legislation as well. While Howard has served with us, I have developed an interest in technical applications of computer science in lesser developed countries. Of special interest is the use of computers to aid agricultural development. I expect because of the groundwork Howard has laid, to be able to move for consideration of targeted technical aid to developing countries during the next round of consideration of the foreign aid authorization.

Needless to say, we are returning Howard to the executive branch with great reluctance. The people of the 31st District of California are better served because Howard has given us a year of his time. I want to publicly acknowledge Howard for this service and to extend to him a warm thank you from myself, my staff, and my constituents.

THERE IS STILL TIME TO INCREASE THE EXEMPTION

HON. DAN COATS

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. COATS. Mr. Speaker, the Ways and Means Committee is due to finish markup on tax reform this week. As it stands now, their proposal increases the personal exemption to $1,500 and adds $500 to the standard deduction for each dependent. This provision is a compromise from the popular proposal to increase the personal exemption to $2,000. In essence, it allows the full exemption to those families which don't itemize, but denies it to those who do. Promoted as a means of differentiating between rich and poor, it would simply discriminate against families with more than $4,750 in itemizable expenses. Young families trying to pay for a first home would be left out in the cold.

If the personal exemption had kept up with inflation and income growth since 1950, it would be worth $5,600 today. But it didn't keep up, and the middle income family of four has experienced a 154-percent increase in its average effective tax rate since 1954. Meanwhile, persons without dependents have experienced an increase of less than 19 percent.

The $2,000 figure is itself a compromise from the past value of the personal exemption; is further compromise really necessary? Families in the 1980's are going through tough times; why should we make them tougher?

Have we figured out a replacement for the family? Have we found a cultural institution as ennobling as family life? Have we discovered a better instrument of economic growth, savings, and investment; and job creation and training? Have we created a better means of rearing the young, protecting the weak, or attending the elderly? If not, then certainly we should rethink the treatment of families in the tax reform proposal.

The Ways and Means Committee has had a difficult and frustrating task. I do not doubt that many who voted to decrease the personal exemption 6 weeks ago believed that families would be compensated for the loss through other provisions. Instead, they have seen special interests receive preference to families.

But there is time left. Before the committee reports out its proposal there will be opportunity to look again at the personal exemption and its importance to families. It is difficult to redo work already done, but in this case, it is worth doing. It is worth doing for the sake of America's families and America's future.

ANDERSON REINTRODUCES HUMANE TRAPPING LEGISLATION

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. ANDERSON. Mr. Speaker, today I am introducing legislation to control trapping within the National Park System and on other public lands. This legislation, which is similar to legislation that I have introduced in the past, would control trapping and encourage humane trapping methods.

The inhumane methods used to trap animals have long been of concern to me. As we develop new and more humane methods of trapping, I believe that we should require the utilization of the most humane and selective methods of trapping. The primary intent of this legislation is to do just that—encourage the use of the most humane and selective methods of trapping and discourage the use of nonselective, painful, and injurious techniques.

This legislation sets about controlling trapping by banning trapping in the National Park System, except in Alaska and where wildlife is damaging the park. It sets up a permit system for trapping on lands managed by the Department of the Interior and trapping standards for use on these lands. In addition, the legislation sets up a mechanism to encourage the development of more humane traps, and an advisory committee to the Secretary of the Interior on matters pursuant to the act.

As many Members of this House know, I have introduced very similar legislation in the past. I believe that we have permitted inhumane trapping on public lands for far too long. We should not allow this abuse of animals to continue.

I believe that this legislation is a reasonable attempt to place restrictions on the use of traps; restrictions which will move us toward significantly decreasing the needless pain endured by trapped animals, yet reasonable enough so that it will not adversely affect our national economy. We should act now before any more animals are needlessly killed or maimed on our public lands.

TAX REFORM

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. GINGRICH. Mr. Speaker, I believe that the following editorial that appeared in the November 11 edition of the Atlanta Journal deserves the careful consideration of my colleagues.

DEDUCTION QUESTION MIGHT GROUND TAX REFORM PLAN

It's a bit painful to consider, but Rep. Newt Gingrich may be right: Tax reform likely is dead this time around and certainly it is for this year.

We thought Gingrich and his colleagues from the Conservative Opportunity Society were premature two weeks ago when they announced the ship was sinking and they were inflating the rafts. The evidence now approaches being conclusive.

Treasury Secretary James Baker was, until the weekend, boycotting committee meetings. Most telling was the comment from New York Gov. Mario Cuomo that he was prepared to give "enthusiastic support" to the tax bill that is to emerge from the House Ways and Means Committee.

If Cuomo is aboard the ship, it might be sunk. His presence means, of course, that the House committee will retain in the tax measure full deductions for state and local taxes.

Not only are the deductions wrong and unfair, they are costly. From $33 billion to $38 billion is lost to Washington because of them. The amount is enough to force the maximum personal income tax rate from the 35 percent demanded by President Reagan to from 38 percent to 40 percent.

Tax reform must be about more than lowering rates, though that should always be sought when a government has lost control of spending. It should be about closing loopholes and special preferences. It should be about fairness.

Press accounts indicate that Ways and Means Chairman Dan Rostenkowski has engaged in so many tradeoffs just to get a bill—any bill—that many objectionable preferences have been retained. There is increasing evidence that too much of the tax burden would fall on businesses and risk hampering economic growth. And yet several of the bill's stipulations damage individual savings and investments.

But the retention of deductions for state and local taxes is the main problem. Under the current system, state and local tax increases can be sheltered from public wrath. They reward the rich and comfortable as well, since only a maximum of 40 percent of the taxpayers itemize deductions in the first place.

We hope we're wrong, but it appears that the governor of the nation's largest and most taxing state almost singlehandedly has scuttled a tax simplification plan that began with so much promise. The committee may produce a bill saying otherwise, but the result is more likely to be Status Cuomo.

It then will be up to the Reagan administration to see if it can live with the philosophical problems in return for lower individual rates. If the administration chooses to pursue its plan, the Senate will be the next battleground for the continuing fight among special interests, protectors of high state and local tax rates and those who seek a simple, clean system that encourages investment and growth.

U.S. SCIENCE POLICY: SOME CONCERNS

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. PORTER. Mr. Speaker, my personal science adviser, Dr. Robert Serafin, of the Center for Atmospheric Research in Boulder, CO, brought to my attention an extremely important policy statement recently presented to the Science Policy Task Force.

The statement, while affirming the basic health of U.S. science, sounds warnings that the American scientific community is overwhelmed with Government paperwork, suffers from excessive intrusion of politics in project funding, and fails to give sufficient support to outside-the-mainstream innovative scientific gambler.

I believe these and the other concerns expressed in the following statement to be of such importance to our country that I wish to share it with my colleagues:

STATEMENT OF SCIENCE POLICY TASK FORCE

An informal Colorado science policy group has pondered for several months the issues underlying national science policies. Our deliberations were also discussed in an electronic teleconference with national scope. From these deliberations have come several specific viewpoints and recommendations, which we respectfully advance to the Science Policy Task Force. We will be happy to amplify any of the points. We present this statement as individuals, and not as representatives of the organizations with which we are affiliated.

At the outset we convey some general comments on the health of science in this country, and on national science policies as we perceive them to be today.

A. SCIENTIFIC HEALTH AND POLICY AS WE PERCEIVE THEM TODAY

Science in the U.S. appears to us to be mature and healthy. We do see signs of stress that bode ill for the future contributions of science to human welfare, and imperil the lead the country now holds in most fields of science and technology.

Among our concerns:

(1) The scientific establishment in government and academia is suffering from overregulation, undue rigidity of oversight, and excessive paper-work. Most of this derives from federal policies, and much of it originates from Congress. Creative people now spend too much time and money meeting excessive accountability demands. This shows progress and inflates costs.

(2) Pork-barrel politics play too strong a role in allocation of priorities for new science project funding. Choices should be based on what is most needed and who can do it best, and not on who has the most "pull" with some power center. The discussion of national priorities needs to move to a higher ethical plane and to be conducted with longer range perspectives.

(3) Defense funding for basic research appears to us to play too large a role. This threatens subtly and adversely to affect the research objectives of unclassified programs.

(4) Restrictions on open sharing of unclassified research are a potential threat to scientific progress. We cite as examples, those suggested for papers at a recent optical meeting, or the restrictions on correspondence the ONR sought to impose, a few years ago, on some ONR contractors.

(5) The science support system lacks strong enough incentives for administrators to fund innovative gambles, in addition to peer-endorsed mainstream programs. There should be stronger encouragement and protection to grant makers to take risks in a reasonable number of the proposals they support.

(6) The mechanism by which Congress reviews the overall quality and productivity of scientific research needs reconsideration both in regard to government and academic

centers. We believe that Congress needs more informed and effective evaluation machinery. As indicated below under Recommendation #2, Part 10, possibly a new role should be assigned to the Office of Technology Assessment.

(7) There is growing unease in the scientific community about declining federal funding for basic science and for the infrastructure supporting science at universities and other research centers. Many fear that support will decline still further in coming years. An item of particular concern is the steady erosion of financial support for training of graduate students and the lack of effective tax or patent incentives towards innovation for scientists in university or government or national laboratories. Recommendation #3, below, addresses these concerns

B. RECOMMENDATIONS REGARDING SCIENCE AND TECHNOLOGY POLICY

Recommendation #1:

Our first recommendation is a general one. The issues listed above, we believe, need to be confronted directly by the Task Force, and assessed by a group of responsible persons not primarily from science and engineering. Means should be generated to remedy the shortcomings we note if, after independent review, our criticisms appear to be valid.

Recommendation #2:

Our second recommendation deals with the specific matter of science policy. It appears to us that many agencies do not have clearly enunciated policies that state the reasons that they believe it necessary and desirable to support basic and applied research, and that define the domains of research the agency considers relevant to support, as well as the mix between highly vectored research towards agency-related goals and research of more general scientific importance. In today's world, our group believes, every entity that represents the public interest should have explicitly enunciated policies with respect to science and technology. This responsibility should apply, at the minimum, to the Executive Branch of the federal government, the Houses of Congress, the major federal departments and to the Chief Executives of State governments.

The National Science Foundation, in particular, should have a periodically reviewed and reaffirmed statement of science policies that addresses its role in invigorating and nourishing the health of the nation in basic sciences.

The policies of all public bodies should be available for scrutiny by the public, and should be restated at specified regular intervals.

It is our view that these policy documents should address, among other things, the following issues:

(1) The relative amounts of support for research and engineering apportioned between "research for its own sake" and "research relevant to national needs." It appears to us important to have a policy on this, because in times of budget stress "pure" research often gets squeezed down—to the long term detriment of the nation's leadership and quality in research. In stating this, we recognize the fuzziness of the boundaries between these categories.

(2) The apportionment of funding between research done by the resident staff of an agency (such as the Air Force Geophysical Laboratories) and the work sponsored by grants or contracts with outside organizations. The problems here are similar to the above. In times of budget cuts outside research is often easier to cut. On the other hand, a healthy symbiosis between in-house and outside researchers often promotes better and more innovative sponsored research because it assures in-house competence to judge research proposals, providing an alternative to the conservatism often inherent in the peer review process.

(3) Policies with respect to the manner of review of proposals and performance, whether in-house or sponsored.

(4) Definition of boundaries between the "turfs" of the specific departments and organizations responsible for components of complex large-scale projects that involve numbers of interests. Example: development of measuring systems and the analysis and dissemination of data for severe storms involving interests of the military, the FAA, Agriculture, NOAA, the Universities and the commercial sector. Interagency committees do this to a degree, now, but it appears to us that the absence of clear policies governing division of responsibility for many projects leads to delays, misunderstandings and conflicts.

(5) Position regarding multiplicity of sources of research support necessary to encourage innovative gambles as well as research judged important by consensus of peers. Excessive reliance on the same teams of peer reviewers can stiffle boldness and originality. There should be room for not-too-rare ventures to support scientists somewhat outside the main stream.

We also believe that it is often quite valuable to have different departments or agencies support basic research and graduate student training for similar programs by separate groups. This encourages multiple approaches to the same problem by independent minds; history shows that such competition often leads more promptly and cost-effectively to progress. We think agency policies should explicitly acknowledge this. In some very advanced research fields duplication of effort is desirable and perhaps even essential. Agency policies should make room for it.

(6) Position with respect to open dissemination of information. There should be no fuzziness between what is classified and what is to be freely released. We consider undesirable several recent examples of restricted attendance at meetings for unclassified presentations or suggested control of super-computer access to nationals of certain countries. Likewise, control of correspondence with nationals of certain countries by scientists with agency research contracts is contrary to scientific practice and detrimental to research advancement. Attempts at restrictions of this sort, we think, probably result from a lack of explicit agency policies about open publication and access for unclassified research.

(7) Statement at high levels of executive and legislative branches of government of the goals and the justifications, in terms of public interest, for pursuit of large scale research programs vectored toward specific accomplishments. This should address the relative merits of any proposed large program as compared to other trade-offs. Examples: Strategic Defense Initiative vs. jet aircraft windshear avoidance system vs. Superconducting Super Collider. Where do the priorities lie in terms of national welfare? What are the criteria to use in making such priority judgments?

(8) Measures taken to assure objective assessment of the merit of sponsored programs and projects independent of promotional efforts by special interest groups. These need to be clearly on record for contract holders and grantees at the start of sponsored work.

(9) Means employed and resources committed to assure lucid, nonspecialist dissemination of goals and accomplishments of science and engineering aimed at promotion of public understanding of work supported by public funds. The public needs to know, in accurate and non-technical terms, the significance of the work being accomplished with tax funds, and what it means to the welfare of the nation as a whole.

(10) We recommend the conduct of occasional independent reviews of the quality, efficiency and productivity of major components of the scientific establishment by an office or entity responsible to the Congress and at the request of the Congress. This should include reviews of in-house and sponsored research and should encompass major government and academic research centers. It should provide the Congress and the public a clear assessment of what their money is buying in the science and technology market. This responsibility might well be assigned to the Office of (Science and) Technology Assessment. However, such reviews should not simply be added on to what now exists in OMB, or other review bodies whose findings are made available to the Congress. It should be designed in such a way as to reduce the need for certain other oversight mechanisms. The last thing we want to suggest is an added layer of regulation, oversight and bureaucracy.

Recommendation #3:

A small Presidential Commission or Panel from the National Academy of Sciences, not constituted mainly of scientists, should examine the question of declining federal support for basic science, degrading science infrastructure, and eroding support for graduate student fellowships and assistantships.

The Commission or Panel should address the difficult and elusive issue of what fraction of the Federal Budget should be expended for basic research in the interest of national economic security and the maintenance of our tradition of scientific leadership.

It should also examine the issue of whether too many universities are trying to be involved in every area of science and technology, and whether it is in the national interest to designate some as special centers of excellence in selected fields.

Still further, it should look at means to enhance more extensive partnerships among government, industry and the universities through revision of anti-trust policies, fostering of consortia of public-private nature. Attention should also be given to finding means, such as tax and other policies, to increase the incentives for scientists to innovate and to remain in academic posts while so doing. The Bayh-Dole Act of 1982, if effectively implemented, may help in this problem.

Finally, we believe that the long term nature of certain reseach pursuits must be more explicitly recognized and appropriate commitments made in selected instances. Researchers in these areas should not be burdened with the unnecessary and wasteful effort to write proposal after proposal. Reviews of longer-range projects should be scheduled at pertinent intervals, with funding between reviews assured without new proposals. The focus or reviews in such cases should be on results achieved, and not on project management details.

Partial list of participants involved in drafting this statement (additional names will be supplied later):

Richard A. Anthes, Director, Atmospheric Analysis and Prediction Division, National Center for Atmospheric Research, Boulder, Colorado.

Harriet Crowe, Director, Corporate Affairs Office, University Corporation for Atmospheric Research, Boulder, Colorado.

Bruce R. Ekstrand, Vice Chancellor for Research, University of Colorado, Boulder, Colorado.

Judson M. Harper, Vice President for Research, Colorado State University, Ft. Collins, Colorado.

Walter Orr Roberts, President Emeritus, University Corporation for Atmospheric Research, Boulder, Colorado.

Robert J. Serafin, Director, Atmospheric Technology Division, National Center for Atmospheric Research, Boulder, Colorado.

ABORTION HAS TO BE A PERSONAL, NOT POLITICAL, DECISION

HON. PETER H. KOSTMAYER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. KOSTMAYER. Mr. Speaker, the following letter, which appeared in the November 19 Philadelphia Daily News and is from an unnamed constituent of mine, speaks for itself.

Like the author of the letter, I agree that we ought not promote abortion but rather recognize it as a medical option to which an individual remains entitled under U.S. law.

As the letter notes, abortion has to be a personal decision made by an individual in consultation with her family, physician, and clergy.

It ought never to be a political decision.

The letter as printed follows:

ABORTION HAS TO BE A PERSONAL DECISION

Many of your recent editorial pages have included letters on abortion. On Oct. 25, I had an abortion. It seems that everyone who talks down about abortion is making the teenagers who have them seem dirty or unwanted. I'm beginning to feel that way myself.

No one knows what it's all about until they go through it themselves. It's hard enough getting over the guilt and sickness alone, but then I'm reading how people are picketing and making bomb threats to abortion clinics. If it weren't for these places, teens like myself, would be dying in back alleys from infections or doing it themselves. Is this what they want because it is what will happen whether we want it or not?

True, all we have to say is no, but once we're beyond that point, there is no turning back. I didn't know where to go, what to do or who to go to tell. If anyone out there is in this position, please make this decision for yourself. Don't let anyone make this decision for you. That's the worst mistake anyone can make. Keep control of your mind, body and life. It's your body, and you should talk to someone who knows what they are talking about.

I recommend Northeast Women's Center, where they take good care of you. They don't tell you to get an abortion, they help you decide. Also they will financially help you if you decide to carry out the pregnancy. All clinics are there to help. If you really care about teens and what they do, don't picket clinics. They are not butcher shops. Take it from someone who has gone through the entire ordeal.

I'm not encouraging abortion, all I'm asking is that those of us who are abused, raped or forced into an unwanted pregnancy, let us suffer our own agonies. Don't make it any worse by telling us of wrongs or what can't be done. We must be realistic. Please, help us and let us get back to having our normal lives as quickly as possible.

Recovering,

YARDLEY.

EDITOR'S NOTE: We do not publish anonymous letters unless requested, and we consider the request justified.

CELEBRATING THE 50TH ANNIVERSARY OF FEDERATION OF THE HANDICAPPED

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. WEISS. Mr. Speaker, 1985 marks the 50th anniversary of Federation of the Handicapped, a not-for-profit vocational rehabilitation facility located in New York City. Federation, one of the largest organizations of its kind in the country, was founded as a voluntary organization by a handful of severely disabled persons who banded together to fill a common need. From these modest origins, Federation has evolved into an internationally recognized, multifaceted center of vocational rehabilitation excellence that meets the needs of up to 1,500 persons daily.

To follow the evolution of Federation is to trace the growth and development of vocational rehabilitation services in this country for the past five decades.

Peter M. Panken, chairman of the board of Federation said, "the history of this organization is characterized by creative partnerships with the private sector and government. While the essential direction of the agency was charted by its founders, the dynamic character of Milton Cohen helped give day-to-day shape and substance to that course." As executive director of the agency for the past 37 years, Mr. Cohen has worked tirelessly in establishing Federation as a center of excellence. Federation currently provides diagnostic vocational evaluation, work adjustment training, personal adjustment training, job readiness and job placement services as well as sheltered employment for thousands of severely disabled persons each year. In addition to being in the forefront of providing those facilities that provide vocational services to the homebound disabled, Federation is also a national leader in the community of work centers engaged in Government contracting pursuant to the Javits-Wagner-O'Day Act. Working closely with Senator Jacob K. Javits, the sponsor of the act, Mr. Cohen was a key figure in promoting this legislation. As a result, Federation and work centers throughout the country have assisted the disabled in obtaining training, employment and job placement.

Federation's programs have always stressed the need to coordinate training with employment opportunities. This orientation has led Federation into large scale contractual relationships with both government and private industry. Through these contracts, Federation employs over 1,500 disabled persons. Approximately 300 persons are employed in the manufacture of electronic life support equipment for the Department of Defense and in the provision of services to such diverse government agencies as the General Services Administration, the Federal Aviation Administration, the Enviromental Protection Agency, and the U.S. Navy. Additional service areas range from home health care for the severely disabled homebound to the repair of electronic cable television converters.

Federation's programs have taken large numbers of disabled from the ranks of the unemployed and transformed them into self-sustaining, taxpaying partners in the American dream. In the past 12 months, through Federation's services, severely disabled have earned approximately $20 million and have paid millions of dollars in Federal, State, and city taxes.

Major funding sources such as the Job Training Partnership Act, the U.S. Department of Education, Rehabilitation Services Administration, and the New York State Office of Vocational Rehabilitation have helped to support Federation training programs in such diverse areas as automated office services, word processing and transcription services, electronic technician and repair services, optics and home health care.

The history of Federation is characterized by the agency's ability to create opportunity where it did not previously exist. There is a consistent and growing tradition of dynamic partnership with industry and government. These partnerships are based on the effective matching of the capabilities of skilled disabled persons with the productive requirements of the wider marketplace. Federation has excelled in the creation and management of such programs and is to be recognized for this major accomplishment.

I congratulate Federation of the Handicapped on its 50th anniversary.

THE NATIONAL HISPANIC MUSEUM

HON. ESTEBAN EDWARD TORRES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. TORRES. Mr. Speaker, I rise to share with my colleagues plans to build a museum honoring the national history of all Hispanic Americans.

The Los Angeles Unified School District has proposed a plan to build a National Hispanic Museum. I believe the history of Hispanic people within the United States

deserves the attention and lasting recognition that a museum can provide. Hispanic history is filled with creative achievers who have made significant contributions throughout all levels of American society. The National Hispanic Museum will be the first of its kind to present the national history of all Hispanic Americans be developing and producing works and exhibits that reflect the sensitive and humanistic aspects of Hispanic culture. It will also serve as an educational alternative for the adolescent community of Los Angeles. The museum will help to steer young people away from the influences of drugs and violence. The Los Angeles location of the museum could not be more appropriate—the Hispanic community comprises nearly half of the California population. Annual attendance is forecast in excess of half a million visitors, with over 50 percent made up of students from southern California.

The plan for this collection and display of human accomplishment is long overdue. As an American proud of my heritage, I express my support for a National Hispanic Museum. This artistic display will enlighten its visitors from all over about another important facet of American history.

ASTORIA STUDIOS: GOLDEN YEARS TODAY AND TOMORROW

HON. THOMAS J. MANTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. MANTON. Mr. Speaker, the November issue of Smithsonian magazine features an article on the Kaufman-Astoria Studios, which are located in my district in New York. The article, entitled "Those Golden Years Back East," traces the illustrious history of these buildings, which were constructed in Astoria more than 65 years ago.

The Kaufman-Astoria Studios were the site of the filming of many of the most famous silent films produced in this country. Between 1920 and 1932, more than 14 silent movies were filmed there. These include, "Back Home and Broke," "Tongues of Flame," and "Dancing Mothers," to name a few.

When the motion picture industry turned to talkies, so did the Astoria Studios. Great film classics such as "The Cocoanuts" by the Marx Brothers and Tallulah Bankhead's "My Sin" were filmed there. Many of W.C. Fields earlier movies were made at Astoria. Ginger Roger's first major role in a feature, "Young Man of Manhattan," was also shot there.

In 1932, Paramount stopped using Astoria and moved its production facilities to the west coast. When war came in 1942, the Army Signal Corps needed a studio to shoot training films and moved in and stayed for 30 years. In peacetime, Astoria became the Army Pictorial Center. Young actors such as Charlton Heston, Paul Newman, and Jack Lemmon worked there early in their careers. During the military's years at Astoria, much of its early history was lost. When the Army left Astoria, it gave the property to the City University of New York [CUNY]. However, for 4 years the studios were unused and the property decayed.

In 1972, Glenn Ralston, a city planner, recognized the historical importance of the Astoria Studios as well as the potential for its revitalization. As the studios continued to decay, Ralston worked to have the studios declared a national landmark and included in the National Register. The designation would allow the studios to be given to the city of New York and renovation could be started. Also at this time the Astoria Motion Picture & Television Foundation was formed. By 1977, the foundation had a $300,000 grant from the State legislature. Ralston and others worked to raise funds for the foundation as well as beginning to relocate memorabilia associated with the studios.

Although "The Wiz" and other movies were filmed there and helped the renovation effort, by 1980 it was clear that additional help was need for renovation. At that time, George Kaufman became involved in the project, and built new sound stages and two recording studios. He was successful in luring permanent tenants to the property. Kaufman also purchased neighboring small plants and created a 15-acre, 10-building complex.

Mr. Speaker, George Kaufman turned the dream of the residents of Astoria into a reality. Without Kaufman's assistance, and his ability to attract additional investors, the renovation would probably never have occurred. The studios are now a successful operation and are appropriately renamed Kaufman Astoria Studios. Everyone in Astoria will be eternally grateful for everything George Kaufman has done for the community.

Although Astoria played such an important role in the development of the motion picture industry, it has been left out of many cinematic history books. Glen Ralston and the Astoria Motion Picture & Television Foundation made a start on collecting oral histories from people who had worked at the studios. Now a museum has been established at the studios and Rochelle Slovin serves as its executive director. Slovin helped to create the American Museum of the Moving Image, the only public institution in the United States entirely devoted to the history of film and television. Under Slovin's direction, Glenn Ralston's initial historial collection has grown to 6,000 objects. Rochelle Slovin's commendable efforts have added to the success of the studios and have preserved the history of film and its effect on American culture. She has ensured that Queens role in the motion picture industry of yesterday and today will never be forgotten.

Mr. Speaker, today, in addition to the growing museum, the Kaufman Astoria Studios are once again used for the creation of major motion picture and television films. I urge my colleagues to take a few minutes and read the fascinating article on the story of Astoria studios in this month's Smithsonian magazine. And, if any of my colleagues have the opportunity to visit New York, I strongly suggest they visit the Ninth Congressional District and take a tour of the Kaufman Astoria Studios. These facilities are a tribute to George Kaufman, Glenn Ralston, Rochelle Slovin, and everyone who has helped make this facility one of the most unique assets of my district.

AMENDMENT TO TITLE IV OF H.R. 2817

HON. THOMAS J. BLILEY, JR.

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. BLILEY. Mr. Speaker, title IV of H.R. 2817, as reported by the Committee on Ways and Means, would establish several new sources of funding for the Superfund Program. Section 415 would add a new subchapter to the Internal Revenue Code establishing a hazardous waste management tax. This tax would be imposed upon the receipt of hazardous waste at a qualified hazardous waste management unit. However, a credit equivalent to the tax paid would be allowed if the waste is subsequently incinerated or is disposed of in a manner equivalent to incineration.

A method, technique or process is defined as the equivalent of incineration if (a) it meets detailed performance standards established by the Environmental Protection Agency, and (b) such standards require a destruction and removal efficiency for the hazardous waste involved at least equivalent to the destruction and removal efficiency applicable to incineration on land. Currently, the destruction and removal efficiency standard for the incineration of most hazardous waste is 99.99 percent.

The purpose of the proposed tax credit for incineration is unobjectionable. Hazardous waste which is incinerated is for all practical purposes completely destroyed and no longer poses any threat to public health or the environment. Incineration and equivalent methods of disposal should not be discouraged through the imposition of a tax. However, the language defining what is the "equivalent of incineration" (proposed section 4673(b)(2)) may be unreasonably restrictive, and could result in frustration of what appears to be the committee's objective.

Some background information is necessary. Incinerators are currently required to obtain permits under subtitle C of the Solid Waste Disposal Act, also known as RCRA. For purposes of RCRA, incineration is the burning of hazardous waste for the purpose of destruction. There are, however, a significant number of facilities that burn ignitable, high Btu value hazardous waste not for the purpose of destruction, but for energy recovery. Although required to do so by the Hazardous and Solid Waste Amendments of 1984, EPA has not yet established permit requirements and performance standards for these facilities. EPA hopes to promulgate these regulations by this time next year, but given the agency's track record

and the enormous backlog of regulations on the agency's agenda, it is quite unlikely that this goal will be achieved.

Much of the hazardous waste that is burned for energy recovery is handled and destroyed in a manner that compares favorably with the performance of incinerators, particularly in the case of large industrial furnaces and industrial boilers. I am personally familiar with one company that relies heavily on ignitable hazardous waste for use as a fuel, Solite Corp. Solite manufactures lightweight aggregate, a building material, in Virginia and several other States. Lightweight aggregate is manufactured in large rotary kilns, in which the waste fuels are burned at temperatures of approximately 2,000 °F. Solite kilns have been thoroughly tested by EPA contractors and it has been established that they achieve destruction and removal efficiencies beyond the 99.99 percent required of incinerators. In addition, although the actual burning of the waste is not subject to permit requirements, every previous stage in the handling of the waste is currently regulated under subtitle C of RCRA. The wastes that Solite burns are all manifested and transported in fully permitted trucks to RCRA permitted storage [TSD] facilities. Solite will only accept liquid ignitable material that meets certain specifications. All materials are tested before acceptance and are rejected and returned to the shipper if they include unacceptable materials.

Solite has been safely burning ignitable wastes since 1972. In doing so, it has both protected the environment from the hazards associated with other methods of waste disposal and has saved many millions of gallons of imported oil. However, despite this record, it appears that Solite would not be eligible for the "equivalent of incineration" tax credit as it is presently drafted, because EPA has not established "detailed performance standards" for lightweight aggregate kilns and other industrial furnaces. This is obviously unfair and may discourage environmentally desirable methods of waste disposal.

The amendment that I am proposing, and which appears in today's RECORD, would define a method, technique or process as equivalent to incineration for purposes of a tax credit if (a) it has been shown to achieve a destruction and removal efficiency for the hazardous waste involved at least equivalent to the destruction and removal efficiency applicable to incineration on land, and (b) it meets any applicable detailed performance standards that have been established by the Environmental Protection Agency. Under this amendment, a facility using the process that has been shown to destroy waste at least as effectively as incineration will be immediately eligible for a tax credit. However, to continue to qualify for the credit, such facility will have to meet any additional performance standards promulgated by EPA in the future. The burden of showing equivalence will be on the person seeking the tax credit. I believe that this amendment is fully consistent with the essential purpose of the Ways and Means Committee provision.

Finally, it should be noted that because only a small fraction of the total volume of hazardous waste that is generated is suitable for burning for energy recovery purposes, the impact of this amendment on the revenues generated by the hazardous waste management tax is relatively insignificant.

Amendment to H.R. 2817, title IV, as reported by the Committee on Ways and Means: Page 261, strike out line 1 and all that follows through line 13, and insert in lieu thereof the following:

"(2) EQUIVALENT OF INCINERATION.—For purposes of subparagraph

"(A), a method, technique, or process shall be treated as the equivalent of incineration on land if—

(A) such method, technique, or process has been shown to achieve a destruction and removal efficiency for the hazardous waste involved at least equivalent to the destruction and removal efficiency applicable to incineration on land, and

"(B) such method, technique, or process meets any applicable detailed performance standards established by the Environmental Protection Agency.".

LEGISLATION TO MODIFY MFJ LIMITS ON RBOC'S

HON. AL SWIFT

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. SWIFT. Mr. Speaker, when we were working 2 years ago on telephone legislation, many of us were worried about the threat of bypass of the local system by long-distance carriers. That fear has come to pass much more quickly than any of us imagined at the time and, today, we're looking at the real possibility of massive and uncontrolled bypass that will deprive the local telephone companies of the revenues they need to assure universal, affordable telephone service and to assure that the basic system will meet the needs of everyone, not just the well-to-do.

As the result of the break-up of AT&T, the Bell companies today are prohibited by the Modified Final Judgment [MFJ] from competing in many aspects of the telecommunications industry. Unshackling the Bell companies can be an important part of the solution to assuring they have the ability to survive and prosper. Most important for me, it can also help keep telephone rates affordable and universally available. I am happy to join with my colleague, the gentleman from Iowa [Mr. TAUKE], in introducing legislation that addresses some of the issues that have been raised in recent weeks related to the MFJ limits on the Bell companies.

I certainly do not see this bill as a finished product. In many ways, it is a starting point. However, the issues that have been raised in the wake of the MFJ deserve to be examined in hearings as soon as possible. We need, for example, to examine the consumer impact that changes will have. The Bell companies have suggested to me that consumers will benefit from lifting the MFJ restrictions. Others believe differently. And all sides should have their chance to make their best case so that we can begin solving these problems.

Another example is the question of how employees in the telecommunications industry will be affected by changing the MFJ? The Bell companies claim that changes will mean new jobs but will creating those new jobs displace other workers? Will the new jobs be in this country? What will be the impact on current and future jobs—within the Bell companies and other companies as well? Those questions are best left to negotiation between employees and their companies, something I strongly encourage both sides to do. However, Congress will need information about the employment impact as it considers legislation.

Let me add that, although the bill is drafted to prohibit anticompetitive subsidies from monopoly ratepayers to competitive ventures, it could allow a fair and reasonable contribution from new ventures to the local regulated telephone service thus helping to hold local rates down.

There is much we need to know in order to refine legislation to best deal with the situation. To that end, I urge an early and vigorous hearing schedule.

ANGOLA TESTS THE REAGAN DOCTRINE

HON. JIM COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. COURTER. Mr. Speaker, a very fine report on the Angolan situation and the urgency for providing material aid to Jonas Savimbi and UNITA was published on November 14 by The Heritage Foundation. Its author, visiting fellow William W. Pascoe III, has provided those interested in the critical southern African region with a sound analysis of military realities and political necessities. But for its considerable length, I would ask that Mr. Pascoe's complete paper be read into today's RECORD; I have instead made several selections from it, and wish to place them before my colleagues. The paper is titled: "Angola Tests the Reagan Doctrine."

ROOTS OF THE PROBLEM

Ten years ago, the departing Portuguese colonial government signed an agreement with the three Angolan independence movements. The Alvor Agreement created a coalition government made up to the MPLA, FNLA, and UNITA, which was to hold elections. Before they could be held, the MPLA imported 13,000 Cuban troops and Soviet advisors, and ousted the other two movements. The FNLA disbanded, while Savimbi and his UNITA forces retreated into Angola's southeastern corner, an area labelled by the Portuguese as "The Land That God Forgot."

From his redoubt, Savimbi has forged a powerful fighting machine. In 1981, with his troops numbering 50,000, he recaptured Mavinga, a small town 150 miles to the north-

east of Jamba. With its hard-packed gravel airstrip, Mavinga became a key logistical center for UNITA and the base for its supply lines to the North.

In August 1983, Savimbi launched a successful assault against the MPLA-PT garrison at Cangamba in central Angola. The two-week battle, the first major conventional UNITA attack against MPLA-PT forces, was a turning point in the war. It confirmed Savimbi as a serious threat to the Luanda regime, forced the Angolan communists to shift away form tentative negotiations with South Africa and back to the battlefield, and forced Moscow and Havana to reassess the situation.

Immediately following the battle, Lucio Lara, believed to be the leader of the MPLA-PT's pro-Soviet faction, rushed to Moscow. The Soviets apparently decided to reinforce their Angolan clients and began sending massive amounts of arms to Luanda, including T-62 heavy tanks, Mig-23 jet fighters, SU-22 fighter bombers, and MI-24 helicopter gunships. This bolstered an arsenal which already included Mig-17s, Mig-21s, and hundreds of T-54/55 and PT-76 tanks. Concurrently, the Soviets installed a new air defense line in southern Angola, deploying radars and SA-8 surface-to-air missiles. In November and December 1983, additional Cuban troops were transferred to Angola from Ethiopia, bringing the total number to 35,000.

Through last year and the first half of this year, the Soviets restocked the MPLA-PT's arsenal. By this August, government forces had over 500 Soviet tanks, including 30 T-62s; over 100 sophisticated Soviet fighter aircraft, including about 30 Mig-23s and 70 Mig-21s; and roughly 25 deadly MI-24 helicopter gunships. The value of these arms transfers has been estimated at $1 to $2 billion.

CRITICISMS OF AMERICAN AID TO UNITA

Critics offer four arguments against providing such aid: (1) U.S. aid to UNITA strengthens the Angolan government's dependence on the Soviet Union and Cuba, and thereby increases Soviet influence in the region; (2) aid to UNITA undermines the three-way negotiations between the Angolans, the South Africans, and the U.S. over the independence of South West Africa/Namibia at a very delicate stage in the negotiations; (3) aid to UNITA would "ally" the U.S. with South Africa, thus damaging the U.S. image in southern Africa; and (4) aid UNITA would widen the Angolan civil war.

As for the first argument, it is hard to see how the MPLA-PT could possibly become more dependent on the Soviets and Cubans than it already is. The regime receives massive amounts of military and economic assistance from the Soviet bloc, Soviet and Cuban pilots fly the combat missions for the Angolan Air force, and Soviet officers have taken direct control of combat operations.

There are serious doubts, moreover, as to the ability of the Angolan communist regime to send the Cuban troops and Soviet commanders home even if they wanted to. In a conversation held with The Heritage Foundation earlier this fall, Angolan Minister of Trade Ismael Gaspar Martins could not answer in the affirmative when asked if the MPLA-PT would be able to remove all Soviet bloc forces if it wanted to. Three times he was asked this question very specifically; three times he evaded it.

Even if U.S. aid to Savimbi would increase Soviet influence over the MPLA-PT, this would be of little consequence if Savimbi continues to win battles and eventually defeats the MPLA-PT or, at least, forces his way into a coalition government. The best way to reduce Soviet influence in southern Africa is to remove a Soviet client regime from power. Aid to UNITA could do just that.

The second argument against U.S. aid is made, curiously, by Secretary of State George Shultz. He claims that negotiations between South Africa and Angola have reached a very delicate stage; as such, goes the argument, U.S. aid to UNITA would cause Angola to quit the discussions. Shultz and his principal State Department advisors feel that the only way to ease Cuban forces out of Angola is to broker an accord trading their departure for a South African withdrawal from Namibia.

The problem with this, of course, is that these negotiations have been underway for a decade and are no closer to conclusion now than when they began. The State Department, for reasons unknown, overlooks the fact that the main purpose of Cuban forces in Angola is to prop up the MPLA-PT regime. The only realistic hope of removing Cuban troops is a UNITA victory over the MPLA-PT.

The third argument is that aid to UNITA effectively would ally the U.S. with South Africa. While it is true that Pretoria aids UNITA overtly, so do West European, black African, and Middle Eastern states concerned about Soviet expansionism in southern Africa. By helping UNITA, therefore, Washington also would be allying with these nations.

U.S. aid to UNITA, in fact, actually would lessen Savimbi's reliance on South Africa. For one thing, U.S. aid would dilute immediately the influence of South Africa. For another, and more important, it would signal those nations already aiding UNITA that the U.S. agrees with them on the need to help Savimbi. They probably would increase their own aid, further weakening South Africa's influence.

The final argument against U.S. aid to UNITA is that it would widen the war. But this is only true if "widening" means enabling UNITA to fight effectively enough to win—and to end the civil war. The men and women of UNITA—Angolan, nationalist, and anti-colonialist—are fighting to drive the foreign Cuban and Soviet occupying forces from Angolan soil. Savimbi does not want or need foreign troops to help UNITA wage its war; in fact, he specifically rejects this solution. He merely wants aid.

CONCLUSION

The Soviet assumption of control of military actions in Angola is a serious escalation of Soviet intervention in southern Africa. It is a new threat to U.S. interests in that geostrategically and economically critical region. In response, the U.S. must take new actions to prevent the defeat of UNITA by Soviet-directed and Cuban-backed MPLA-PT troops.

The greatest threat to Savimbi comes from the addition of massive air power to the Angolan arsenal. The deadly MI-24 helicopter gunship, already used by the Soviets in Afghanistan and Nicaragua, gives the MPLA-PT effective air cover and, when used in conjunction with high performance MiG-23 and SU-22 fighters, and in coordination with heavy T-62 tanks, shifts the tactical balance in Angola. Savimbi's forces so far have been able to destroy some of these helicopters only by attacking them on the ground with mortars. Shoulder-fired anti-aircraft missiles would greatly improve UNITA's defensive capability and would help to balance the tactical equation. Anti-tank weapons similarly would help UNITA.

Western European, black African, and Middle Eastern nations already aid UNITA. But they are hesitant to make their assistance known publicly for fear of provoking the Soviet Union. U.S. aid to UNITA would reassure them and encourage them to boost their backing. When the rainy season ends in March, the Soviets are sure to launch another offensive against UNITA. By then, the Reagan Administration will have demonstrated whether the Reagan Doctrine and its vow to help Freedom Fighters are simply empty rhetoric or a blueprint for American policy. Democrats and Republicans in Congress, in mounting numbers, want to turn that rhetoric into policy. Perplexingly, only the Administration—and particularly the State Department—stands in the way.

THE 25TH ANNIVERSARY OF "THE HOLIDAY SHOW"

HON. ROBIN TALLON

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. TALLON. Mr. Speaker, on November 21, 1960, WOLS Radio in Florence, SC, introduced a new program to its listening audience. "The Holiday Show" with host Doug Williams is celebrating its 25th anniversary today. The program still airs live each weekday morning at 9:30 from a local restaurant. Over the past 25 years, "The Holiday Show" has grown in popularity and importance to the Florence community. Its purpose today, just as it was then, is to inform and entertain.

With no rehearsals and an ever interesting mix of guests, "The Holiday Show" is a must if you want to keep up with events and personalities. I rise today, Mr. Speaker, to express my congratulations and appreciation to WOLS, Doug Williams and "The Holiday Show" for keeping me and all the people of the Florence area informed about items of interest in our State, region and Nation as well.

Today marks a milestone for WOLS and "The Holiday Show," I am pleased to have this opportunity to extend my best wishes and thanks for many hours of informative and entertaining radio. I also want to say that we are looking forward to at least 25 more years of "Tthe Holiday Show."

INTRODUCTION OF THE JAPANESE TECHNICAL LITERATURE ACT OF 1985

HON. STAN LUNDINE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. LUNDINE. Mr. Speaker, I am pleased to join my colleagues Mr. MINETA, Mr. WALGREN, and Mr. BOEHLERT in introducing the Japanese Technical Literature Act of 1985, which is intended to increase the efforts of the U.S. Government to make

Japanese technical literature available to U.S. companies and researchers. This proposal is the companion measure to S. 1073, which was introduced by Senators BAUCUS and ROCKEFELLER and reported by the Senate Commerce Committee in September.

The position of the United States as world leader in the areas of technology, innovation, engineering, and manufacturing is being severely tested in the international marketplace. To meet the challenge head on, the United States must not only recognize the full value of our own technology but we must also become aware of the research and technology being developed by our major competitors. While the United States has built the strongest scientific base in the world, many of our competitors have increased their commitment to basic research, at the same time that they continue to translate American research into competitive products.

This is one of many areas in which the Japanese have increasingly excelled. Not only have the Japanese worked diligently and successfully to acquire American technology, they are now spending, per capita, nearly as much as the United States on research and development. In particular, Japan has increased its commitment to advanced research in the areas of robotics, biotechnology, computer technology, and electronics, areas in which the United States has a great stake.

Industry and business in this country are slowly becoming aware that they must stay abreast of new Japanese innovations if they are to compete. Efforts to acquire, translate, and use Japanese scientific and technical information are increasing in the private sector. However, we believe the Federal Government must play a role in complementing these efforts and in helping overcome barriers of access, language, and cost that prevent American companies from acquiring valuable Japanese technical information.

This legislation proposes a specific program within the Department of Commerce to encourage the acquisition and utilization of Japanese technical information. The legislation builds on existing programs, making it clear that it is intended to complement ongoing or future private sector initiatives.

Specifically, the legislation would authorize $1 million to carry out four major tasks. The Department of Commerce would be required to issue an annual report on Japanese technological trends, especially trends in computers, semiconductors, biotechnolgy, and robotics. An office in Japan would be maintained to monitor Japanese scientific and technical developments and translate selected Japanese scientific and technical documents for government, businesses, and academia, on a cost-reimbursable basis, and only to the extent that those documents are not readily available from private-sector sources. The Department would be charged with coordinating existing Federal Government translation programs, including publishing an annual index of existing Federal translations and reporting on overall Federal efforts to translate and disseminate Japanese scientific and technical information.

Japanese businesses and scientists have access to our best scientific and technical information and have utilized this information to the detriment of our industrial competitiveness. It is time for the United States to have the same opportunities to learn from them. The legislation we are introducing would help improve the ability of our business and industry to acquire important Japanese technical information and is a step toward improving our competitiveness. This is a worthwhile and modest investment by the Federal Government in our Nation's future and I hope it will be favorably considered.

INTRODUCTION OF THE JAPANESE TECHNICAL LITERATURE ACT OF 1985

HON. NORMAN Y. MINETA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. MINETA. Mr. Speaker, along with my colleagues Mr. WALGREN, Mr. LUNDINE and Mr. BOEHLERT, I am introducing the Japanese Technical Literature Act of 1985. We are introducing this legislation to encourage the translation of Japanese technical and scientific leterature and to guarantee that such materials are readily accessible to Government agencies, to the research community and to the private sector. This proposal is the companion measure to S. 1073 which was introduced by Senators BAUCUS and ROCKEFELLER in the U.S. Senate.

The United States no longer commands an unchallenged lead in scientific and technical accomplishments. Other nations have emulated us by devoting resources and energies in prodigious amounts to the development of state-of-the art products and processes. As a result, competition in the world marketplace is keener and the United States must accustom itself to greater challenges from our trading partners.

Underlying the commercial success achieved by other nations is a solid body of scientific and technical material that is readily available, provided it can be translated and disseminated in this country. Without question, some of the finest scientific and commercial research is presently being done in Japan, and, yet, we have failed to train enough translators with proficiency both in the Japanese language and in handling technical information. As a result, we have only scant awareness of the range of research being carried out in Japan and we are in many instances oblivious to the progress made by first-rate researchers and innovators.

The notion that the United States is alone in producing the next generation of commercial products and scientific breakthroughs is an antiquated one. Failure to recognize the strides made by other nations and failure to assimilate the technological information they produce will be to our detriment. It is time for us to learn from countries such as Japan which set about years ago to engage in systematic collection of scientific and technical data and to put such information to good use. Similarly, we should be screening, abstracting, translating, and distributing Japanese technical literature.

Therefore, we are introducing this legislation today to improve awareness by Americans of technological advances in Japan and to make such information more accessible. It is our intention that we no longer allow the language barrier to impede the flow of information from Japan to the United States. Greater access to this material will help us not only to understand our competition, but also to help us set new directions for our own commercial and academic enterprises.

The legislation builds on existing programs and is designed to enhance—not duplicate—the ongoing efforts of private industry to make translated material available. The Department of Commerce, with a modest authorization of $1 million, would conduct a range of activities. The Department would monitor Japanese scientific and technical developments and would translate Japanese scientific and technical documents for Government, academia, and private businesses on a cost-reimbursable basis. The Department would be required to produce an annual report covering trends and developments in scientific and technological disciplines, especially trends pertaining to computers, semiconductors, robotics, and biotechnology. In addition to maintaining an office in Japan, the Department would coordinate existing Federal Government translation programs and, in addition, would publish an annual index of existing Federal translations.

This is a modest beginning. In fact, we should be seeking additional mechanisms for understanding our counterparts who are also striving for commercial and scientific success. The Japanese, by their own example, have demonstrated the importance of learning from others. To do so, however, requires greater proficiency in the Japanese language and it requires a willingness to learn from others. We hope this legislation will serve as a catalyst in this regard.

TAX REFORM

HON. THOMAS N. KINDNESS

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. KINDNESS. Mr. Speaker, under present U.S. tax law, self-employed individuals are not permitted to deduct any of their health insurance premium costs.

Because of the added burden this imposes on American small businesses and the struggling U.S. agriculture community, I have again in this Congress joined nearly 200 Members of this body in cosponsoring H.R. 11, which would allow a self-employed taxpayer to take a tax deduction equal to

one-half of his or her health insurance premium costs.

There is an issue of fairness here, Mr. Speaker, because employers who provide health insurance coverage for their employees are entitled to a similar deduction under existing law.

I commend my colleague, Mr. LATTA, for his leadership on H.R. 11, and I would urge the cosponsorship of those in this body who have not yet indicated their support.

As this session of the Congress winds down and the House Ways and Means Committee continues to consider tax reform legislation, I would urge members of that committee to take note of the broad support for this measure and to include its provisions in any final tax reform package.

PLIGHT OF SOVIET JEWRY

HON. BARNEY FRANK

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. FRANK. Mr. Speaker, the President made it clear that issues of human rights had to be considered as much an item on the summit agenda as arms control, and I think most Members of this body agree with him. Many of us have signed letters to the President urging him to bring up the subject of Soviet Jewry, and many of us have brought to his attention cases of particular concern. I was pleased that when the Reverend Jesse Jackson was given a chance to discuss a broad range of issues with Secretary Gorbachev this week, he made a point of raising the plight of Soviet Jews. Secretary Gorbachev tried to duck the question, and the Reverend Jackson stood his ground, and forced Mr. Gorbachev to reply.

Many of us in this body know the frustration of trying to get through to the Soviets on this issue. I have sent dozens of letters to the Soviet authorities on human rights cases, none of which have ever been acknowledged. I, too, have held discussions with Soviet officials on this issue, but these have always been private. The answers I have received have never been satisfying, any more than the response Mr. Gorbachev gave was satisfying. It is not very often that we are able to raise the issue with the Soviets at the highest level, and even less often are we able to do so in a manner open to the public. I want to congratulate the Reverend Jackson for taking advantage of a rare opportunity to engage in face-to-face public discussion of this issue with the leader of the Soviet Union.

AMERICAN SUCCESS STORY

HON. CARL D. PURSELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. PURSELL. Mr. Speaker, December 9th is an important day in the life of a gentleman from my district who has become an American success story. It was 25 years ago that Thomas S. Monaghan, along with his brother, James, borrowed $500 and bought a small pizza store in Michigan.

At that time, the 23-year-old Monaghan did not realize that his pizza business someday would stretch from coast to coast with over 2,500 units and be worth millions of dollars. Mr. Monaghan is founder, chairman, and president of Domino's Pizza, the second largest and fastest growing pizza chain in our Nation.

As part of this 25th anniversary celebration, Domino's is opening a new corporate headquarters and farm on a 300-acre site in Ann Arbor, MI. When completed, the entire project will have cost $120 million, and will stand as an architectural tribute to the late Frank Lloyd Wright.

I am proud to have such a project and firm located in my district. I also value the opportunity to know and work with Tom Monaghan. Beyond being a captain of industry, Mr. Monaghan is a family man and a community-minded citizen. In addition to operating Domino's, he owns the Detroit Tigers baseball team and keeps active in a variety of civic organizations.

Raised as an orphan, Tom Monaghan's accomplishments are an encouragement to all. He exhibits the type of enthusiasm and motivation from which we all can take note. His dream—of success and the opportunity to make the world a better place to live—is the "American Dream." I ask my colleagues to join with me in congratulating Mr. Monaghan and Domino's Pizza on their 25th anniversary.

U.S. EYES OVER RUSSIA: HOW MUCH CAN WE SEE?

HON. FRED J. ECKERT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. ECKERT of New York. Mr. Speaker, as we await the return of President Reagan from Geneva, Switzerland, to report to us tonight in a joint session of the Congress on his just-completed summit meeting with Soviet leader Mikhail Gorbachev, it is most appropriate to ponder the very serious issue of the matter in which the Soviet Union approaches compliance with its treaty obligations. I urge my colleagues to read a truly informative and very timely article by Ralph Kinney Bennett, "U.S. Eyes Over Russia: How Much Can We See?" which appeared in the October issue of Reader's Digest. This excellent article very effectively points out the limits of our "national technical means" in keeping track of what the Soviet defense establishment is doing. More seriously, as the article also points out, our ability to catch the Soviets at cheating, however deficient, is not as deficient as our political will to effectively respond to violations that we do detect.

U.S. EYES OVER RUSSIA: HOW MUCH CAN WE SEE?

(By Ralph Kinney Bennett)[1]

Using its elaborate worldwide system of photographic and electronic satellites, surveillance aircraft and ships, and huge on-ground listening stations, the United States has been able to uncover massive Soviet violations of the strategic-arms agreements. But there is much our system cannot see or hear—or even know about—inside the most compulsively secretive society in history. Here, drawn from sensitive sources, is a look at the startling achievements—and grave limitations—of the U.S. high-tech window on the Soviet Union.

In the Washington Navy Yard, 16 blocks from the Capitol, sits a plain, almost windowless concrete building. Into it come spools of high-resolution photographic film. Days or even hours earlier, these spools were inside capsules hurtling earthward from the threshold of space. High over the Pacific Ocean off Hawaii, the capsules were snatched in midair by planes trailing special wire rigging. After initial processing, the film was brought to this super-secret building, the National Photographic Interpretation Center.

Following a meticulous enhancement process, thousands of feet of film are ready for analysis. Individual pictures may be brought up on computer-console screens, where photo interpreters can zoom in on vivid details—such as two men servicing radar on a "Flogger" all-weather fighter at an air base west of Moscow, or a tractor-trailer parked outside the weapons-grade-plutonium plant at Dodonovo.

The average citizen accustomed to "satellite pictures" on television weather reports would be astounded by the clarity of these close-ups. On a bright day, the make of a car on a Moscow street can be easily distinguished. Some typical overhead "snapshots" from inside Russia:

At the Black Sea port of Nikolayev, the Soviets are building their first U.S.-style aircraft carrier (present Soviet carriers handle only helicopters or vertical-takeoff aircraft). At the Saki naval airfield, a 975-foot flight deck has been laid out on a runway to train pilots in simulated carrier takeoffs and landings.

At Uzhur, in southwestern Siberia, lies a Soviet ICBM complex. A blast-door is clearly visible on each of the 64 precisely located silos. Nestled inside every one, we assume, is an SS-18, largest ICBM in the world. Each SS-18 carries 10 to 14 warheads and can be "cold launched"—popped clear of its silo by compressed gas before it fires, thus permitting reloading of the silo. About ten percent of the Soviet arsenal of ICBM warheads is here.

At Zagorsk, just northeast of Moscow, our space cameras show a heavily guarded complex called the Scientific Research Institute of Sanitation. It is, in fact, a factory and storage area for deadly biological-warfare mycotoxins and related weapons.

HIGH-TECH SPONGES

Pictures such as these are mainly the product of our Keyhole (KH) satellites, which circle the globe every hour and a half in north-south polar orbits. Their telephoto

[1] Ralph Kinney Bennett has covered strategic affairs for Reader's Digest from Washington for the past 17 years. In his May '79 article, "The Fateful Illusions of SALT II," he first raised the matter of hidden Soviet strategic missiles.

lenses can take shots of virtually any point in the world. KH satellites are launched when needed and usually operate four to nine months before running out of film.

The sophisticated, 15-ton, school-bus-size KH-11 satellite can operate indefinitely and send photos back to earth within minutes via its TV-transmission system. Its pictures can reach the White House inside an hour, to reveal a Soviet troop convoy in Afghanistan or a military runway in Nicaragua.

There are currently between 50 and 60 U.S. military satellites aloft. Some are for weather forecasting, navigation and communication relay. The rest are under the direction of an organizaton so secret its existence is barely acknowledged; its name, the National Reconnaissance Organization (NRO), is simply not acknowledged at all.

The NRO operates its stable of intelligence satellites from the Pentagon's fourth floor. Tiny ferret satellites traveling in very low orbit read radar frequencies. "Elint" satellites intercept a wide variety of electronic emissions that are sorted out by the computer banks of the National Security Agency. Caught in their net is a varied bag of scrambled phone coversations, radio, radar and TV signals, telex and Morse-code messages.

Other satellites that have compromised Soviet secrecy are the Rhyolite series, which, among other things, monitor missile telemetry. In 1973 the first of the Rhyolites were put into orbits that match the earth's rotation so they hover over a fixed point of the globe. One Rhyolite, roughly over Singapore, monitors the Far East; the other, over the Indian Ocean, covers western Russia. These high-tech sponges soak up radio and other signals and beam them back to ground stations.

When any kind of missile is test-fired, it is fitted with tiny telemetry transmitters that send back data on flight performance. Intercepting and analyzing this telemetry enables U.S. intelligence to surmise Soviet missile performance—range, accuracy and number of warheads. Soviet knowledge of Rhyolite and other ferret satellites, gained in espionage coups, may be a reason why in 1974 they began encrypting their telemetry (in violation of the later SALT II treaty), sending back to earth a gibberishlike code that has sorely tried U.S. analysts.

Nonetheless, the electronic cacophony rising from the Soviet landmass provides a torrent of data for the U.S. collection system: specific radar frequencies, telemetry signals and even conversations on car telephones. The system can eavesdrop on Soviet tank crews on maneuvers in the Caucasus and record the dialogue of Soviet fighter pilots such as those who shot down Korean Airlines Flight 007. Here's a glimpse into the secret world of electronc detection, showing how the United States caught the Soviets violating the first SALT treaty.

CHEATING SIGNALS

The SALT I-ABM treaty stipulated that neither side would build a nationwide antiballistic missile system—or test anti-aircraft radars "in an ABM mode"—that is, to detect incoming missiles. No sooner had the Soviets signed the treaty than they began violating it. In June 1973 U.S. satellites picked up a Soviet radar signal of 6675 megahertz. The signal was recorded six more times that year, but little attention was paid to it. Then, between April 2 and June 21, 1974, the signal showed up again. This time analysts correlated it with the re-entry phase of ballistic-missile flights launched from a secret test facility at Kapustin Yar.

The unique signal was believed to come from Square Pair, an advanced Soviet anti-aircraft radar associated with SA-5 surface-to-air (SAM) missiles. Several Square Pairs had been photographed in the Sary-Shagan missile test corridor. Between April 2, 1974, and February 28, 1975, the signal was ferreted out of the atmosphere more than 30 times in conjunction with a ballistic-missile flight from Kapustin Yar. On three occasions, the signal was "collected" as it bounced off a missile, confirming that the radar signal was focused on the ICBM—a clear SALT violation.

Confronted with the evidence, the Soviets denied testing an anti-aircraft radar as an ABM radar. A few weeks later, the signal ceased. U.S. arms controllers in Geneva, anxious to placate the Soviets, hailed the disappearance of the signal as a "success" of the arms-control process. In fact, as other intelligence confirmed, the Soviets had simply completed their testing.

But a year later, use of Square Pair against missiles resumed, and more sophisticated ABM testing continues. The United States, apparently to preserve the proper arms-control "atmosphere," has suppressed information on it and not effectively challenged the Soviets.

"RANGE OF UNCERTAINTY"

Our remarkable technical capabilities have led arms-control devotees to oversell the public on surveillance as our insurance that arms treaties can be "adequately verified." But electronic detective work, done at ranges up to thousands of miles, is often limited and, at best, imperfect.

There are indeed limits to our intelligence collection. Some are physical realities—darkness, clouds, smoke, distance. (During a typical spring and summer in some areas of Russia, only two or three days a month may be cloudless. Others involve ill-timed satellite passes and Soviet evasive tactics when satellites are overhead. We once had to wait four months to get a certain photograph of Moscow.

The Soviet Union is also dotted with thousands of buildings whose contents and purpose remain unknown. Some experts wonder if a significant number of missiles may be hidden in them. The sheer size of the Soviet landmass creates challenges as well. In recent years several large Soviet military installations were not spotted for months after construction had begun. The most serious example is the ABM radar installation being completed near Krasnoyarsk, a grave violation of the ABM treaty. Construction had been underway for at least 18 months before a tip, apparently from a defector, caused the United States to film it.

Today, moreover, the Soviets are deeply engaged in *Maskirovka*, which Assistant Defense Secretary Richard Perle calls "a vigorous program of deception deliberately leading us to believe that we have seen things that we haven't." Early on, satellites spotted dummy silos at ICBM sites. "The Soviets even built fake submarines (a U.S. satellite caught one bent at right angles after a sudden storm at Vladivostok) and dummy SAM installations. The range and vigor of *Maskirovka* seem to grow with each passing month.

The Soviets are also jamming and trying to drown out the electronic sensors of U.S. satellites. In a 1981 incident, the Russians apparently succeeded in switching one of our satellites off with a radio signal. And the Soviets have tried to damage our satellites with laser beams.

They have further sought to deceive us by subtracting warheads and fuel from—or adding them to—missiles so they transmit misleading data on range, speed and other characteristics.

Defense Secretary Caspar Weinberger recently admitted to the Senate that there is a "range of uncertainty" in U.S. assessment of the number of Soviet SS-18 warheads. Though Pentagon estimates of all Soviet ICBM warheads have ranged from 6300 to 8500, David Sullivan, a former CIA and arms-control official, calculates that covert stockpiles—counting re-fires—put the total over 20,000.

WHERE THERE'S A WILL . . .

It is also becoming obvious that our technological ability to detect violations has far outrun our will to deal with them. When President Carter was pushing for ratification of SALT II, he assured Congress that, in the face of a significant Soviet violation, "there is no doubt that we would discover it in time to respond fully and effectively."

But the delay in finding such a large installation as the Krasnoyarsk radar makes discovery "in time" a matter of serious doubt. As for responding "fully and effectively," the U.S. record is not good. Henry Kissinger has observed: "Successive Administrations have been reluctant to make a formal charge of violation lest they undermine the domestic support for negotiation and because they did not know what to do about it."

This is the Achilles' heel of the arms-control process. We have devised no punishment for the crime of treaty violation. As the Soviets continue their systematic violations of the SALT treaties, they have observed open warfare in Congress against defense-budget increases and our delay or cancellation of vital new strategic weapons.

The Administration must explore every avenue of real arms control, but it must as well begin to fashion a decisive policy with enough muscle to *deter* Soviet cheating.

Unless we muster the national will and commit ourselves to the defense programs necessary to offset treaty cheating, we will face the consequences. As Defense Secretary Weinberger warns: "Since the Soviets have suffered practically no penalty for violating their current arms-control commitments, they are unlikely to be deterred from more serious violations in the future."

TRIBUTE TO ARNOLD M. JOHNSON

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. KEMP. Mr. Speaker, I rise today to call the attention of my colleagues to the career of a man who has championed the rights of the working man and woman in New York State for 44 years.

Arnold Johnson joined Local 187 of the Carpenter's Union in Geneva, NY, in November 1941. He was elected as business agent of the Carpenter's Union in 1950 and served in that post with distinction for 35 years.

Arnold is an activist and has accumulated an impressive list of accomplishments. He is former president and secretary of the

Finger Lakes Building Trades; Secretary of the Geneva Federation of Labor; former member of the Executive Board of the New York State Council of Carpenters; member of the advisory boards of Chase Lincoln Bank and the Community College of the Finger Lakes; and former member of the Advisory Board of Alfred University.

Arnold's efforts have helped to bring advancement in wages and benefits for the working men and women of the Finger Lakes region. In 1953, he successfully negotiated the first Upstate Health and Welfare Program. He later helped institute a pension plan and a supplemental unemployment insurance plan that were so well crafted that only minimal changes have been made through the years.

Friends and associates praise Arnold Johnson and look to him for leadership and advice. It has been a pleasure for me to work with Arnold for the past several years, and I wish Arnold and his family the very best in the years to come.

IN SUPPORT OF HOUSE JOINT RESOLUTION 428

HON. ROBIN TALLON

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. TALLON. Mr. Speaker, I am pleased that the House of Representatives has passed Senate Joint Resolution 228, barring the sale of any weapons to Jordan until March 1, 1986, unless direct and meaningful negotiations between Israel and Jordan are underway. It is important to note that this resolution does not preclude any future action by the Congress which would outright disapprove of the Jordanian arms sale.

The peace process in the Middle East has been at a delicate stage for the past several months. It is not the appropriate time for a major arms sale to Jordan which could significantly impact Israel's ability to defend itself.

Furthermore, arms sales seldom advance the peace process. The Camp David accords were achieved without a major arms sale to Egypt. For 35 years, the selling of sophisticated weapons have failed to bring peace to the Middle East. I believe that the administration's proposed sale of arms to Jordan would simply escalate the Middle East arms race.

Therefore, Mr. Speaker, I urge my colleagues to go beyond Senate Joint Resolution 228 and join me in cosponsoring House Joint Resolution 428, which prohibits the sale of advanced arms to Jordan before Jordan and Israel engage in direct negotiations.

THE JAPANESE TECHNICAL LITERATURE ACT OF 1985

HON. DOUG WALGREN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. WALGREN. Mr. Speaker, along with my colleagues Congressmen MINETA, LUNDINE, and BOEHLERT, I am pleased to introduce today the Japanese Technical Literature Act. The purpose of this bill is to create a program within the Federal Government to increase the availability of Japanese technical literature in the United States.

In order to maintain international competitiveness, the United States must remain at the forefront in its scientific and technological efforts. In recent years, however, other nations, and especially Japan, have made remarkable progress in such high-technology areas as computers, semiconductors, fiber optics, ceramics, and robotics. Japan spends, per capita, almost as much as the United States does on research and development; but since Japan spends almost nothing on military research and development, its research spending is concentrated on the development of new industrial technology.

The fact that Japan has attained a positive bilateral trade balance with the United States, going from a deficit in 1968 to a surplus of $3.7 billion this year, would seem to indicate that perhaps the United States can indeed learn something from Japan. We can no longer afford to indulge in a "not invented here" reluctance to take advantage of valuable information that is available.

At least part of Japan's economic success can be attributed to its active national effort to collect, translate, and apply foreign scientific and technical information to meet its own needs. The United States does not have a similar coordinated effort on a national level. In fact, our policy is "not to have a policy." If we are to remain internationally competitive, we must make an attempt to become internationally minded and be aware of technological developments in other countries, and especially Japan.

The Science and Technology Committee recognizes the importance of monitoring Japanese technical developments and has held congressional hearings in 1984 and 1985 in an effort to focus public attention on this important issue. As a result of hearings held in 1984, the committee proposed legislation authorizing funding for the Office of Productivity, Technology and Innovation [OPTI] in the Department of Commerce for the purpose of increasing the availability of Japanese science and engineering literature. The bill, H.R. 5172, passed both the House and Senate only to be vetoed by the President for reasons unrelated to the subsection related to Japanese literature.

This year, Senators BAUCUS and ROCKEFELLER introduced legislation (S. 1073) based on that earlier bill (H.R. 5172), and the bill that my colleagues and I are introducing today is the counterpart to that legislation.

QUIT PLAYING POLITICS WITH SOCIAL SECURITY

HON. DENNY SMITH

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. DENNY SMITH. Mr. Speaker, the big spenders in Congress seem determined to spend our Nation into bankruptcy. Even worse, they seek to gain politically from their fiscal irresponsibility by preying on the fears of our Nation's senior citizens.

Our national debt is now $2 trillion, $1 trillion of which has been added in just the last 5 years. We now spend 15 percent of the Federal budget just to pay the interest on this debt. Despite all the rhetoric about budget cuts, Federal spending is still out of control.

On occasion, those of us who believe in balancing the budget can force the big spenders out into the open. When the Government spends more than it has, it must borrow the difference. This borrowing increases our national debt. Since the debt is limited by law, the spendthrifts are periodically forced to vote to increase this limit. Of course they never consider cutting spending so the Government can live within its means.

A few weeks ago, the big spenders decided to spend even more. They wanted to add another $17 billion to our debt in just over 2 weeks. To add insult to injury, they claimed that if they couldn't get enough Congressmen to vote with them to bust the budget and raise the debt limit, the Federal Government would be forced to raid the Social Security trust funds to keep their spending habits alive.

This is no way for Members of Congress to act. Do they really believe they can pressure the responsible Members left in this body into voting to bust the budget by preying on the fears of millions of our Nation's senior citizens? This Congressman didn't buy that line, and I voted not to increase the debt limit.

Mr. Speaker, again I want to assure senior citizens in Oregon that their Social Security benefits will continue to be paid in full and on time.

How often must I assure Social Security recipients that their benefits are secure? How many times will the spendthrifts in Congress try to justify their big spending habits by charging that if we don't bust the budget, the most vulnerable people in our country will somehow be harmed? Mr. Speaker, I can't imagine you would allow any harm to come to the Social Security recipients of this Nation, and neither would I.

I continue to have a deep commitment to meeting this Government's obligations to the people on Social Security. And I'm darn tired of the big spending politicians who try to scare seniors into thinking their Social Security is threatened.

The American people have sent us a clear message about the need to control deficit spending. I've heard that message and refuse to support increasing the national debt by another dime. I've also heard their message that they want Social Security protected, and they have my commitment on that, too.

There's plenty of room to cut spending in the Federal Government without touching Social Security. But you wouldn't know that by listening to the big spenders. Their tactics remind me of what occurs every time the Park Service budget comes before Congress, we're told that if we cut even a dime they will be forced to close the monuments in Washington, DC. Well, Mr. Speaker, you and I know that's not going to happen. And we also know that Social Security benefits will not be cut either.

So let's call a truce to the political scare tactics and start solving the problems the American people are counting on us to solve.

TEACH

HON. PAT SWINDALL

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. SWINDALL. Mr. Speaker, today I am introducing the Equity Choice [TEACH] Act of 1985, an administration bill which I believe responds to the need for greater choice in education.

This bill is designed to provide social equity by giving poor families some of the educational choices currently available to affluent families who can now select a public school by buying a home in the neighborhood of their choice or by sending their child to a private school.

Currently, chapter 1 funds serve children who are educationally disadvantaged and live in low-income areas. TEACH gives parents of educationally disadvantaged children—chapter 1 participants—a number of options for school attendance:

First, the current public or private school.

Second, a public school in the same school district.

Third, a public school in another district.

Fourth, a private school.

TEACH fulfills the promise of title I by expanding the range of choices available to the parents, through the use of a voucher system, and by addressing students' individual needs. Parental choice will promote a healthy competition among schools to improve the education of chapter 1 children. Voucher funds go to parents, not the school, avoiding the entanglement issue.

Unquestionably, our goal must be to provide the best possible education for our children and to maintain the highest of standards in our public schools which are indeed the backbone of our country.

TEACH not only offers more parental involvement and freedom of choice, but also provides our public with the healthy competitiveness needed to bring them back to the highest of standards.

It is my belief that this legislation is the key to a bright future for many who would not otherwise have that opportunity of choice.

THE CITY OF SANTA FE SPRINGS 1985 TACO BOWL FESTIVAL

HON. ESTEBAN EDWARD TORRES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. TORRES. Mr. Speaker, I want to inform my colleagues about the 1985 Taco Bowl Festival in the city of Santa Fe Springs.

On December 28, in my congressional district, alumni from Pioneer High School in Whittier will play against alumni from St. Paul and Santa Fe high schools in a charity football game. All the proceeds collected from ticket sales are returned to the schools to promote athletic programs and buy equipment. This year benefits will also be extended to the physical education programs at Los Nietos Elementary District and the Little Lake School District.

Mr. Speaker, last year's game drew over 5,000 people and chances are excellent that this year's game will do even better.

The idea for the Taco Bowl is the creation of Luis Franco. Mr. Franco, a longtime resident of Santa Fe Springs, decided he wanted to do something to help local youth. He got together with other leaders in the community and the annual Taco Bowl was created to help local athletic programs.

Mr. Franco and many other volunteers have worked hard to make this event a success for the participants and the community. The city of Santa Fe Springs has also given a large amount of time, money, and personnel to help with the event. I want to commend all of them for their selfless dedication and generous contributions to the schools and the community of Santa Fe Springs.

QUESTIONS REMAIN ON GRAMM-RUDMAN

HON. BERKLEY BEDELL

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. BEDELL. Mr. Speaker, one of our top priorities must be to reduce budget deficits. The Gramm-Rudman budget plan passed by the Senate in October is supposed to be a simply way to balance the budget. The Gramm-Rudman plan is an amendment to legislation (H.J. Res. 372) that would raise the ceiling on the national debt. This amendment to this particular bill was prompted by concerns that the national debt has doubled in the last 5 years. A House-Senate conference committee continues to try to negotiate a compromise version, and the full House of Representatives will consider the Senate plan and alternative proposals later this year. In the meantime, I think there are several questions that should be answered before we make this plan the law of the land.

We all know what the problem is—the national debt has doubled in the last 5 years. Not only has this Government borrowing spree has created an economic time bomb which is already causing us serious problems, but it threatens to burden the next generation with debts that will permanently lower our children's standard of living and reduce their economic opportunities.

In every one of the two dozen open door meetings I have held in Iowa this year, people told me that they are willing to freeze spending for their favorite programs, and even take their fair share of cuts, if everyone else will too. I have supported and across-the-board spending freeze in all programs, with no increases for inflation. Earlier this year, I voted against the final House-Senate compromise budget resolution for fiscal year 1986 because it allowed a $10-billion increase for defense and did not reduce deficits enough. I have been very active in fighting Defense Department waste, such as the $435 hammer, and voted twice this year against increasing military spending when other programs are being frozen or cut. I am a cosponsor of stiff minimum tax legislation that would make sure every individual and corporation pays a fair share of taxes.

As a member of the House Agriculture Committee, I have labored long and hard to craft a workable farm bill that keeps overall spending for agriculture within the limits voted by Congress in the budget resolution. Because I believe in the budget freeze concept, I have also voted for cuts in spending for many worthy programs in which I strongly believe.

I think that these are exactly the kinds of hard choices and fiscal discipline that we must face if we are to get control of spending. However, it is clear that more needs to be done. The Gramm-Rudman concept is a positive step because it has focussed discussion on a comprehensive approach to deficit reduction. In brief, the plan sets deficit ceilings for the next 5 years that decline to zero by 1991. If the deficit for any year is projected to exceed the ceiling for that year, the plan's formula requires the President to make automatic spending cuts in about half of the Government's spending programs until total spending is brought under the ceiling.

My primary concern is that we should know what we are doing before we enact this plan. There are people who say that anyone who questions the details is really trying to nitpick the plan to death. In fact, when he was pushing for a quick vote on Gramm-Rudman only 2 days after it was proposed, the majority leader of the Senate said, "The longer something sits around here, the staler it gets. People start reading it." Such people argue that the budget process is not working, and that we should do something—anything—drastic. I disagree, and believe that we should read and under-

stand this important legislation before we vote on it.

Congress has made this mistake before, and should not be fooled into making it again. This is not the first time that Senator GRAMM, our colleague from Texas, has offered us a simple solution to a complex problem. Four years ago, Senator GRAMM was one of the authors of the Gramm-Latta budget plan approved by Congress, which I voted against. That plan increased defense spending and lowered taxes, and Senator GRAMM promised that it would balance the budget by 1983. Simple. What happened? Four years ago the budget deficit was $28 billion. This year the budget deficit is $211 billion. In the last 5 years, the national debt has doubled, from about $1 trillion to almost $2 trillion.

Now, Senator GRAMM says he has a plan to balance the budget in 5 years.

I think it is fair that we ask to see the details, that we ask to know excatly how this plan would affect our national security, our farm programs and our economic prosperity. I hope that some of these issues can be addressed before Congress considers Gramm-Rudman and any alternatives later this year.

First, I believe that any budget plan must ask equal sacrifices from everyone if it is to win broad support. It is only fair that all spending should be on the table. I am therefore concerned that more than half of the Federal budget would be exempt from Gramm-Rudman's automatic budget cuts. Most missile contracts would be protected, but double cuts would be required from agriculture, medicare, education, some veterans programs, law enforcement and other programs. More than 50 percent of Federal spending would be exempt from cuts, including interest payments on the national debt, Social Security, many military contracts, and many other programs. It is simply not fair that agriculture programs, for example, which compose only 2 percent of the Federal budget, should be asked to take 4 percent of any total required budget cut.

The situation may be even more unfair. In their few public statements to date on the subject, both President Reagan and Secretary of Defense Casper Weinberger have claimed that the entire defense budget (about one-third of Federal spending) would be off limits for Gramm-Rudman cuts. If true, this would mean that a total of more than 75 percent of the Federal budget would be off-limits for cuts. Even Mr. GRAMM denies his plan says this, but only the Supreme Court can say for sure. I do not understand how the President can say he supports the Gramm-Rudman plan to cut the deficit, and then say that the plan would not apply in any way to military spending.

Second, if deficit reduction is so important, I do not understand why the version of the Gramm-Rudman plan originally passed by the Senate would not require any budget cuts until fiscal 1987, after the next election. The original Gramm-Redman plan's deficit ceiling for this year would be $10 billion higher than the deficit approved by Congress in this year's budget resolution.

Third, Gramm-Rudman would have a disastrous impact on agriculture. It would require a double budget cut because agriculture, which composes about 2 percent of total Federal spending, would have to accept about 4 percent of any total required budget cut. It would require that any onetime Federal expenditures in the coming year to stabilize the Farm Credit System be offset by cuts in other agriculture programs. Gramm-Rudman would have an unknown and unforeseeable impact on commodity programs. The House Agriculture Committee, on which I serve, recently asked the Department of Agriculture to testify at a hearing to explain how USDA would implement Gramm-Rudman budget cuts in commodity programs. I was very disturbed that they could not tell me how they would carry out such cuts.

Fourth, I fear that Gramm-Rudman would endanger our national security by cutting exactly the wrong part of the defense budget. Gramm-Rudman's military spending cuts would fall disproportionately on annual expenditures for readiness (manpower, ammunition, fuel, spare parts, etc.) while not affecting long-term contracts for the development of exotic and expensive strategic weapons. U.S. national security requires that we maintain flexible conventional forces, and not be forced to rely only on strategic nuclear forces.

Fifth, Gramm-Rudman has absolutely no limits on increased tax loopholes. Special tax allowances, deductions and exemptions cost the Government hundreds of billions every year, and such "tax expenditures" are expected to increase in coming years. Gramm-Rudman has no limit on tax expenditures, but would require spending cuts or tax increases elsewhere to offset any revenues lost through new loopholes.

Sixth, I am concerned that I cannot obtain accurate information on how Gramm-Rudman would affect veterans programs. I think it is outrageous that the President forbade Veterans Administration head Harry Walters from testifying before Congress to explain which veterans programs would be subject to what kind of budget cuts. Veterans who have served their country, many of them in war, deserve better.

Our deficit problem is serious, and I am willing to consider any solution. However, I insist that we know exactly how proposals would work, and that they be fair.

CONGRESSIONAL AWARD PRESENTED TO 25 YOUTH IN 10TH DISTRICT OF VIRGINIA

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. WOLF. Mr. Speaker, yesterday I had the honor of presenting Bronze and Silver Congressional Awards to 25 high school and college students from the 10th Distirct of Virginia in a ceremony held in the Cannon Caucus Room and the first local congressional awards ceremony in Virginia.

I formed the 10th District Congressional Award Council earlier this year composed of 48 community leaders representing business, education, religious, political, and youth services who will recommend young people to receive congressional award medals for outstanding voluntary public service and personal achievement.

As you know, the Congressional Award Program was established by Congress in 1979 and is designed for members and the private sector to work together to recognize initiative, achievement, and excellence of America's youth. Young people may earn awards by meeting criteria established in the areas of voluntary public service, personal development, and physical fitness. It is the only award which Congress presents to youth ages 14 to 23 in recognition of their voluntary public service and personal excellence.

Mr. Speaker, our youth are our leaders of tomorrow. This program serves the important purpose of motivating our young people to succeed and achieve personal excellence while making a contribution through service to their communities.

Murriel Price and George Layne, principal and assistant principal respectively, at McLean High School in McLean, VA, are copresidents of the 10th District Congressional Award Council.

COUNCIL MEMBERS

Sister Majella Berg, RSHM,
Rabbi Laszlo Berkowits,
Margaret Bocek,
Ann Bumpus,
Robert Butt,
Dr. Michael Collins,
Mark Crowley,
Daniel P. De Somma,
Robert B. Dix, Jr.,
Joseph Downs,
Fred Drummond,
Reverend Emmitt Eccard,
Dr. Richard J. Ernst,
The Honorable Nancy Falck,
Father Edward Gallagher, S.A.,
The Honorable Shannon Geddie,
The Honorable Dorothy T. Grotos,
Father John A. Heenan, O.S.F.S.,
Fred Hetzel,
The Honorable John F. Herrity,
Michael S. Horwatt,
The Honorable Henry Hudson,
Reverend Peter James,
Dr. George W. Johnson,
Reverend Neal Jones,
John Koons, Jr.,
The Honorable Henry O. Lampe,
Dr Mary Ann Lecos,
Reverend Aaron Mackley,
Dr. Philip Mazzocchi, Jr.,
Leonard McDonald,
Dr. Elizabeth Morgan,
Becky Ottinger,
The Honorable Martha Pennino,
John W. Pumphrey III,
The Honorable Kenneth Rollins,
The Honorable George P. Shafran,
John M. Toups,
Richard E. Wiley,
Earle C. Williams,
Susie Wyland.

In addition to recognizing the work of the council, I would also call attention to the outstanding jobs in preparation for the awards ceremony performed by Margaret Stimpfle, award review committee chairman; Anne M. Morton, ceremony committee chairman; Jan Schar, fundraising committee chairman; William Roeder, legal committee chairman; George Layne and Murriel Price, networking committee chairmen; and Linda Douglas, public relations committee chairman.

Young people may earn a congressional award by achieving activity goals in each of the following three areas. Within standard age and time requirements:

Voluntary public service: To provide voluntary public service to community.

Personal development: To develop personal interests, social and employment skills.

Physical fitness activities: To improve health and fitness and leadership skills.

Bronze Award: Youth can be recommended for a Bronze Award if they are between the ages of 14 and 17 and have completed 200 activity hours—100 hours in voluntary public service, 50 hours in personal development and 50 hours in physical development.

Silver Award: Youth can be recommended for a Silver Award if they are between the ages of 17 and 20 and have completed 400 activity hours—200 hours in voluntary public service, 100 hours in personal development and 100 hours in physical development.

Gold Award: Youth can be recommended for a Gold Award if they are between the ages of 20 and 24 and have completed 800 activity hours—400 hours in voluntary public service, 200 hours in personal development and 200 hours in physical development.

Recipients of the congressional award from the 10th District of Virginia are:

BRONZE AWARD RECIPIENT PROFILES

MISS DEBORAH ANN BERKOWITS, MC LEAN HIGH SCHOOL, AGE 16

Voluntary Public Service: Worked as a Candy Striper at Arlington Hospital; participated in activities arranged through her church's youth group.

Personal Development: Participated in youth group activities; completed requirements to become active member of her church; worked with residents of a nursing home; developed playing skills on the piano through practice and lessons.

Physical Fitness and Expeditions: Participated as an active member of a soccer team; developed a personal fitness program which included bicycle riding and dancing.

MISS JAE-YUN CHA, MC LEAN HIGH SCHOOL, AGE 14

Voluntary Public Service: Visited residents of a nursing home; participated as an active member of the charity committee of her church's youth group; provided support for World Vision; served as assistant to the McLean High School science department chairman; coordinated the receipt and delivery of supplies to teachers; organized, cataloged, and labeled equipment for science room; assisted teacher of elementary students during a church retreat.

Personal Development: Completed an introductory typing course outside her high school program; studied piano—learning to read and interpret musical pieces.

Physical Fitness and Expeditions: Participated as a cheerleader in regular practices, games, and rallies.

MISS JISOO CHA, MC LEAN HIGH SCHOOL, AGE 16

Voluntary Public Service: Served as a teaching assistant during summer bible school; organized and prepared for church services; participated in the church youth choir; held an office in the church youth group; served as editor for the church youth magazine; organized a Thanksgiving celebration senior banquet, and Christmas gift exchange; participated in Keyette service activities which included assisting with donations to a bloodmobile, distribution of box dinners for the needy, construction of a playground, and collection of funds for cystic fibrosis.

Personal Development: Developed interest and talents in fine arts through painting and sketching lessons; completed an introductory typing course outside her high school curriculum.

Physicial Fitness and Expeditions: Participated in the high school drill team attending practices and games.

MISS DEBRA DAWN CLUFF, LANGLEY HIGH SCHOOL, AGE 16

Voluntary Public Service: Worked as a Candy Striper at Fairfax Hospital, served as manager of the varsity basketball team.

Personal Development: Worked as an office assistant developing skills in typing, word processing, office organization, and work production.

Physical Fitness and Expeditions: Participated in an individualized exercise program which included aerobics, slimnastics, weight lifting, and jogging.

MISS HEATHER LYNN DELAHANTY, MC LEAN HIGH SCHOOL, AGE 16

Voluntary Public Service: Served as a library aide responsible for organizing and maintaining the periodicals; visited residents of a nursing home; participated in a peer counseling program.

Personal Development: Participated in a foreign study program in Spain involving the study of the Spanish language and culture.

Physical Fitness and Expeditions: Improved her physical stamina through playing field hockey and golf; increased her endurance and skill through sailing and bicycling.

MISS KRISTIN ANN-ALEXIS JAMES, MC LEAN HIGH SCHOOL, AGE 16

Voluntary Public Service: Participated in a program at a nursing home which included a variety of group activities and meeting with individual residents.

Personal Development: Participated in a church youth group which provides assistance to those in need; involved as an active member of her church's bell choir which includes participation at practices and services.

Physical Fitness and Expeditions: Participated as an active member of the McLean High School Marching Band which includes participation at practices and performances at games and other events.

MR. ANDREW DOUGLAS PRICE, MC LEAN HIGH SCHOOL, AGE 16

Voluntary Public Service: Participated in Key Club service projects supporting those in need; completed Eagle Scout service projects involving the construction of an outdoor recreation area and walking path.

Personal Development: Developed and improved playing skills on the classical acoustic and electric guitar through lessons and performance; participated in religious classes to gain knowledge and assume responsibilities in his church.

Physical Fitness and Expeditions: Completed two boy Scout expeditions involving skiing, canoeing and camping; earned American Red Cross certification in advanced Lifesaving and Water Safety.

MR. PAUL LOUIS RODRIQUEZ, MC LEAN HIGH SCHOOL, AGE 15

Voluntary Public Service: Participated in Key Club service projects supporting those in need; assisted at church services on a regular basis.

Personal Development: Studied the violin to develop playing skills and experience in concert performance; played with the McLean High Orchestra during regular concerts and for festivals.

Physical Fitness and Expeditions: Played on a school soccer team, attending practices and regularly scheduled games.

MISS DEDORAH MARIE SCOFFONE, WASHINGTON-LEE HIGH SCHOOL, AGE 16

Voluntary Public Service: Worked as a Candy Striper and youth volunteer for Arlington Hospital.

Personal Development: Developed piano performance skills through weekly lessons and practice; performed with the Washington-Lee High School Marching Band, orchestra, and concert band; worked as a sales clerk at a local store with responsibility for closing and securing the facility.

Physical Fitness and Expeditions: Participated as a member of the cross-country team; served as officer of the marching band which included attending practices as well as organizing music and assisting the director.

MISS MARGARET KATHLEEN SMITH, MC LEAN HIGH SCHOOL, AGE 16

Volunteer Public Service: Participated as an active member of the Keyette Club which included working to raise funds for Cystic Fibrosis, collecting food for the needy, spending evenings with the elderly, and visiting residents at St. Elizabeth's Hospital.

Personal Development: Served as student trainer to the athletic trainer which included maintaining the training room, preparation of the field, securing supplies and loading the activity bus before away games, and preparation of locker room for half-time activities.

Physical Fitness and Expeditions: Participated as an active member of the varsity indoor track team which included attendance at all practices and meets.

MR. ANDRE KENNARD WILLIAMS, MC LEAN HIGH SCHOOL, AGE 16

Voluntary Public Service. Participated as an active member of a church youth group which included providing assistance to the needy, elderly, and delinquent youths; served as vice-president of a church singing group which performs at charitable events and is involved with work for hospitals, retirement homes, and urban developments.

Personal Development: Served as vice-president of this class assuming responsibility for the leadership of class events; served as vice-president of a school singing group; worked as a groundskeeper for his church.

Physical Fitness and Expeditions: Developed a personal fitness program which included tennis, basketball, football, and archery.

MISS MAUREEN WOLTHUIS, MC LEAN HIGH SCHOOL, AGE 16

Voluntary Public Service: Served as class president, participated as an active member of the Keyette Club which included work on projects with the elderly, children, and the needy; participated in church projects devoted to assisting those in need.

Personal Development: Developed a program concentrating on academic excellence, basketball skills, and leadership which included holding a class office, participation on the basketball team, and maintaining academic progress and excellence in her studies.

Phsical Fitness and Expeditions: Participated as an active member on basketball teams, and soccer teams, involving attendance at practices and games, leading to her commendation as most valuable player and participation on an allstar team.

SILVER AWARD RECIPIENT PROFILES

MR. JEREMY JON BILLY, SOUTH LAKES HIGH SCHOOL, AGE 17

Voluntary Public Service: Participated as an active member of the Key Club including work with children in the Headstart program; fund raising for cystic fibrosis, and organizing for a Red Cross blood drive; worked with other students in a peer counseling program; tutored students through an Honor Society program; volunteered to assist with officiating for track events.

Personal Development: Held offices in the Key Club, Freshmen Class, and French Club which provided opportunities for the development of leadership skills; developed his interest in photography which included darkroom experience.

Physical Fitness and Expeditions: Participated as an active member of the South Lakes Track Team in practices and meets; developed an individual personal physical fitness program.

MISS KAREN ELIZABETH BRADFORD, WASHINGTON-LEE HIGH SCHOOL, AGE 17

Voluntary Public Service: Participated in a dance group which performs at nursing homes, churches, handicap centers, fairs, and other community centers for the benefit of the community; worked as a volunteer at Washington-Lee High School on a project to enhance the physical plant.

Personal Development: Developed performance skills on the piano through weekly lessons and practice; participated in the Washington-Lee High School Marching Band and concert band.

Physical Fitness and Expeditions: Participated in a dance group which included many practices in preparation for charitable performance.

MISS DANA LYNN BRICK, OAKTON HIGH SCHOOL, AGE 17

Voluntary Public Service: Participated in as a youth deacon at her church; served as coordinator for the church youth program; participated in local service projects in Oakton, Fairfax, and Washington, D.C. which included visiting nursing homes, repairing homes of the needy, and participating in organizations dedicated to improving the welfare of others; worked on annual mission projects in Tennessee, Maine, and New York.

Personal Development: Developed her skills and interests in music through participation in the Oakton High School Concert Choir, the church choir, the Fairfax regional choir, the Virginia State Honors Choir, and through voice lessons; worked on developing public speaking skills through speaking at church; worked at a retirement home to develop her communication skills with residents.

Physical Fitness and Expeditions: Participated as a team member on the cross/country and winter/spring track teams; attended a running camp in Colorado which included participation in a marathon race.

MR. GLEN DAVID GADDY, JOHNS HOPKINS UNIVERSITY, AGE 18

Voluntary Public Service: Researched differences in protein and enzyme compositions of saliva for the NIH in the National Institute of Dental Research during his high school years; contributed to further analysis of various disorders affecting the secretory system that may yield diagnostic methods for many terrible diseases, such as cystic fibrosis.

Personal Development: Developed engineering skills required to perform failure analysis in metal including metallographic sample preparation, use of the metallographic microscope, and statistical analysis.

Physical Fitness: Supported community youth and improved his physical and mental agility by umpiring baseball for youths 12-19 years old.

MISS JULIE LORAINE GANTZ, MC LEAN HIGH SCHOOL, AGE 17

Voluntary Public Service: Participated in Keyette service activities including assisting with donations to the Red Cross Bloodmobile, construction of two elementary playgrounds, collection of funds for Cystic Fibrosis and visitations to St. Elizabeth's Hospital; assisted a high school math teacher with daily tasks such as grading papers.

Personal Development: Attended Governor's School for the Gifted studying physiology, current events and philosophy with emphasis on in vitreo fertilization, organ donation, physiological effects of drugs, abortion, euthanasia, Central America and U.S. relations with the U.S.S.R.

Physical Fitness: Played on the varsity soccer team focusing on sportsmanship, conditioning, skills development and teamwork; developed skills in swimming, weight training, running, walking and bicycling through a physical therapy program.

MISS KATHLEEN MARIE GELVEN, MC LEAN HIGH SCHOOL, AGE 17

Voluntary Public Service: Established and taught advance therapy program at a local nursing home using the creative movement of ballet and jazz for therapeutic exercise and artistic expression; held several offices in her church youth group; organized and assisted with numerous volunteer services for those in need and shared her musical and dance talents for the benefit of her parish and community.

Personal Development: Worked as a records clerk in a law firm assuming responsibility for files, documents and procedures; performed with the McLean High School Madrigals.

Physical Fitness and Expeditions: Studied classical ballet which included regular attendance at classes and performances; participated in bicycle expeditions.

MISS MONESSA L. HART, MARY WASHINGTON COLLEGE, AGE 18

Voluntary Public Service: Managed a church puppet team which performed for churches, parks, hospitals, and hospices; met on a bi-weekly basis with residents of a retirement home to discuss current events; participated in a Salvation Army mission trip.

Personal Development: Worked as a personal assistant to a U.S. Senator; assisted an evangelist tenor in his ministry; held the office of Chairman in the Langley High School Teen Age Republicans; served on the President's National Advisory Committee on Prayer in Schools and presented testimony at Congressional hearings; worked as an intern at the Joint Economic Committee.

Physical Fitness and Expeditions: Worked as a games director and camp counselor; participated in church sponsored athletic events, such as volleyball and softball.

MISS RACHEL ANN HUTCHISON, MCLEAN HIGH SCHOOL, AGE 17

Voluntary Public Service: Participated in Keyette service projects which included assisting with a bloodmobile drive, constructing a playground, and collecting food donations for the needy; coached a girls basketball team; assisted a chemistry teacher by helping prepare for classes; played with the McLean High School Chamber Players for charity functions.

Personal Development: Participated in the National Music Camp at Interlocken, Michigan developing performance skills on the viola.

Physical Fitness and Expeditions: Played on the varsity field hockey team and for McLean Youth Basketball.

MISS DE ANN LYNNE JONES, CHANTILLY HIGH SCHOOL, AGE 18

Voluntary Public Service: Served as a member of the volunteer rescue squad in Purcellville, Virginia which included responding to emergency calls, giving talks on safety to youth groups, and teaching CPR classes; participated in Special Olympics as a volunteer gymnastics coach for handicapped children.

Personal Development: Developed skills as a receptionist which included answering phones, taking messages, and receiving deliveries; particpated as a member of the Future Business Leaders of America; participated as a presenter in the Fire Prevention Program in Loudoun County.

Physical Fitness and Expeditions: Coached and competed in gymnastics events; pursued additional interests which included lifting weights and skiing.

MR. RANDALL SCOTT REED, OAKTON HIGH SCHOOL, AGE 18

Voluntary Public Service: Participated in the youth choir at his church which involved touring to perform in other churches; worked on summer mission projects in Tennessee and Ohio; participated in effort to fund the needy abroad; worked on a conservation project.

Personal Development: Served on the youth council at his church; assisted with the organization of a summer mission project which included preparing supplies, teaching first aid, and recording expenses; developed an Eagle Scout project; participated in youth group activities which included career counseling and retreats, studied voice.

Physical Fitness and Expeditions: Participated through scouting activities in jogging, weight training, skiing, rappelling, moutain climbing, horseback riding, and swimming; hiked the President's Trail; played soccer as a member of a team.

MISS LAURA ANN STAUBES, MCLEAN HIGH SCHOOL, AGE 17

Voluntary Public Service: Worked as a Candy Striper at Fairfax Hospital on the pediatric ward.

Personal Development: Participated as a member of the Northern Virginia Youth Symphony Qrchestra, McLean High School

Orchestra and Quartet, and McLean Community Orchestra as a viola player.

Physical Fitness and Expeditions: Participated on swimming teams in the community and on the McLean High School team.

MR. EDWARD KENT WHEATON, MC LEAN HIGH SCHOOL, AGE 17

Voluntary Public Service: Completed a project which included planning and building a picnic area for the use of church members and residents of a retirement home.

Personal Development: Participated as an active member of Boy Scouts which included holding the positions of historian, librarian, assistant quartermaster, quartermaster, assistant patrol leader, patrol leader, assistant senior patrol leader, and junior assistant scoutmaster; provided leadership during campouts and ski trips.

Physical Fitness and Expeditions: Developed skills in canoeing, swimming, shooting, fishing, hiking, and rowing through participation with his own troop and through assistance provided to others.

MISS SANDRA J. WILCOX, LANGLEY HIGH SCHOOL, AGE 17

Voluntary Public Service: Served as assistant Brownie troop leader; acted as guide at the C & O lock house; provided dance instruction for a children's group; participated in group working with underprivileged children in Washington, D.C.; volunteered as an usher and ticket sales person at theatre productions at her school; involved with youth group activities which included visiting residents of a nursing home and singing in a youth choir; participated on the high school Student Coordinating Council.

Personal Development: Developed and taught a dance program for children which included jazz, ballet, and gymnastics.

Physical Fitness and Expeditions: Participated on the J.V. soccer team attending practices and games and developing running skills and coordination.

CONGRESSIONAL SALUTE TO THE SLOVAK CATHOLIC SOKOL OF PASSAIC, NJ, UPON THE CELEBRATION OF THE 80TH ANNIVERSARY OF ITS FOUNDING

HON. ROBERT A. ROE

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. ROE. Mr. Speaker, on Sunday, December 1, 1985, residents of the city of Passaic, my congressional district and State of New Jersey are planning a gala celebration to commemorate the grand opening of the renovated home office of Slovak Catholic Sokol in Passaic, NJ, and join in the celebration of the 80th anniversary of the establishment of the Slovak Catholic Sokol here in the United States. I know that you and our colleagues here in the Congress will want to join with me in extending our warmest greetings and felicitations to the officers and members of Slovak Catholic Sokol on this first festive occasion in appreciation of their outstanding service to our people.

At the outset let me commend to you the founders and officers of the Slovak Catholic Sokol whose quality of leadership and sincerity of purpose throughout the years have helped to perpetuate its sterling principles in pursuit of the improvement and enhancement of the physical well-being and way of life for all mankind, as follows:

FOUNDERS OF THE SLOVAK CATHOLIC SOKOL

The Honorable:

Matthew Husy, William Lapsansky, Michael Kalafut, William Bednarcik, Joseph Rafac, Joseph Kalafut, Joseph Pavlicko, Matthew Kuruc, John Hilla, Jr., Jacob Plucinsky, and Jacob Skupin.

William Tomaskovic, Andrew Servas, John Gronkovsky, Lukas Kuna, George Halupka, Joseph Kuruc, Joseph Halupka, George Kopacka, Michael Zagursky, Joseph Kacmarcik, and Stephen Bigos.

Joseph Hilla, Jr., Jacob Waxmonsky, Paul Tibus, Michael Kucala, George Lopusnak, Michael Prelich, John Moss, Andrew Bekes, Andrew Kovalik, Jacob Bucz, and George Domyon.

Joseph Hilla, Jr., Martin Molitoris, Valent Soltis, Joseph Prelich, John Hlavac, Jacob Frankovic, Joseph Paluch, Ludwig Soltis, Vincent Drobnak, and Andrew Klukosovsky.

Mr. Speaker, we are deeply saddened to learn that on September 4, 1985, the supreme chaplain, Rev. Andrew M. Blasko, passed away in Lorain, OH. On September 23, 1985, the supreme president, Hon. John J. Klimchak, died of a heart attack in Pittsburgh, PA. May I seek a moment of silent prayer in memoriam to these departed gentlemen of distinction and share the sorrow in the heart of their family members. May they soon find abiding comfort in the faith that God has given them and in the knowledge that their beloved—Rev. Andrew M. Blasko and the Hon. John J. Klimchak—are now under His eternal care. May they rest in peace.

Mr. Speaker, may I also commend to you and our colleagues the following newly elected officers of this most prestigious organization:

The Honorable:

Steve J. Hruska, Supreme President.

Reverend Jerome J. Pavlik, O.F.M., Supreme Chaplain.

Andrew J. Hvozdovic, Supreme Vice President.

Joseph J. Sobek, Member, Supreme Court.

Mr. Speaker, this year marks the 80th anniversary of the establishment of the Slovak Catholic Sokol. For eight decades this organization has served the Slovak-American community, providing financial security in the best traditions of the fraternal benefit system, combined with a unique program of gymnastics and athletics. In addition, the organization has been a source of Slovak ethnic pride over these decades. Through the rich fraternal programs, generations of their members have benefited from their motto: "For God and Nation," and time-honored slogan "A Sound Mind in a Sound Body."

The organization has its roots in the Sokol movement, which developed in what is present-day Czecho-Slovakia and which was brought to these shores by hearty Slav immigrants. Sokol organizations developed among the Czech, Slovak, Polish, and Serbian ethnic groups in the United States. The first Sokol organization was established in St. Louis, MO, in 1865. The first Slovak Sokol organization was established in 1896, in Chicago, IL.

The Slovak Catholic Sokol had its organizational meeting on January 18, 1905, in the city of Passaic, NJ, when a group of 27 Catholic members of an existing Slovak Sokol society met to organize a distinctly Catholic Sokol lodge for Slovaks. When they applied as a subordinate lodge in the Slovak Sokol organization, as St. Joseph's Society, their request was denied.

At the group's second meeting, April 12, 1905, the members decided to operate on a national basis. The name chosen for the new organization was "The Roman and Greek Catholic Slovak Gymnastic Union Sokol." St. Joseph's Society became Assembly One, known as the father of the Slovak Catholic Sokol. Several months later, a second assembly was established in Hibernia, NJ. A meeting of both lodges was called for July 4, 1905, in Passaic, NJ. As patriotic Americans, the group chose Independence Day as the occasion for the establishment of a new Slovak Catholic fraternal organization.

The first convention of the newly established organization was held on December 2, 1905, in Passaic, NJ. At this convention St. Martin, Bishop of Tours, was chosen as the patron of the organization and the motto of the organization "For God and Nation," in Slovak: "Za Boha a Narod," was coined.

Mr. Speaker, in reflecting on the history of the Slovak Catholic Sokol of Passaic, NJ, the late Supreme President John J. Klimchak eloquently summed up their noble goals and objectives in his salute to the athletes of the 32d National Catholic Sokol meet when he stated:

The spirit of the athlete which resides in the Slovak Catholic Sokol of the United States and Canada is the finest tradition of our experiences. This spirit is a desire to compete; thus, enabling the participants to build a reputation for inspiring 'Sound Mind in a Sound Body'. . . . The Slovak Catholic Sokol meet continues the chief elements of our heritage, a priceless legacy, which we must cherish with all our hearts, if we are to be 'true heirs' of the inheritance. . . .

Throughout the past four decades the Slovak Catholic Sokol has also provided substantial financial contributions to Slovak religious institutions, national and international, for the promulgation of the elegance of their faith, hope and charity including the education of future priests to work in Slovakia and among Slovaks throughout the world. They have sponsored outstanding athletic programs and held national field meets in various States throughout our country, building strength of character, fair play and sportsmanship through recreation in athletic and social activities. Participants in the field meets have attained blue ribbon performances and in addition to their personal enjoyment in participating they have also brought joy and refreshment of spirit to all of our people.

Mr. Speaker, to understand the present, we must understand the past; to understand the need for historical preservation,

we must understand the present and future. We do indeed need for ourselves and future generations a chance to sit and reflect in beauty and culture and gain strength from our heritage. The charitable and athletic activities of the Slovak Catholic Sokol span the needs and concerns of all of our people—young and adults alike.

As we reflect in deep appreciation and gratitude of all Americans for the wealth of wisdom, standards of excellence and cultural enrichment that the people of Slovak heritage have contributed to the quality of life and way of life here in America, we do indeed salute the officers and members of the Slovak Catholic Sokol of Passaic, NJ, upon the celebration of the 80th anniversary of its founding.

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LET'S BEGIN CUTTING THE DEFICIT NOW

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1985

Mr. WIRTH. Mr. Speaker, over the past few weeks we have been debating two versions of the so-called Gramm-Rudman deficit reduction proposal: a slightly modified version passed by the Senate and the alternative approved by the House. I support the House alternative because I firmly believe that we must begin cutting the deficit now. While I do not agree with every provision within the House bill, it makes a number of important improvements in the Gramm-Rudman legislation that deserve our support.

The deficit is no longer just a problem—it is a national crisis, and we must act now to solve it. Our Nation simply cannot afford to postpone the tough choices which must be made to bring the Federal deficit under control. Of the two approaches before us, only the House-passed version would significantly reduce the deficit this year and the next. In fact, the Senate version would actually allow greater total deficits over the next 2 fiscal years than the much maligned budget package which Congress passed last August.

While I favor the tougher deficit reduction targets contained in the House proposal, I have reservations about the automatic spending reduction mechanisms which both proposals would institute. These mechanisms would require the President to make automatic spending reductions according to a congressionally defined formula. In the past, these types of automatic budget devices have been nothing more than budget gimmickry which allows Members to tell their constituents they worked to cut the deficit, while they avoid making the tough decisions and critical program-by-program reviews which are necessary to achieve true deficit savings.

Moreover, the automatic spending mechanisms contained in both the House and Senate proposals would exclude at least of the budget from supposedly "across-the-board" cuts. As a result, many of the programs which have been scaled back substantially by past budget cutting will end up taking disproportionately large cuts in the future—including those key investments in education, infrastructure, and research and development which are so vital to our long-term economic growth. In addition, some contend that military procurement would be exempt from the automatic spending cuts. Wasteful military spending like the famous $7,600 coffee pot would be passed over by the budget mechanism, while the ax would fall on training, spare parts, ammunition, and maintenance—the essential elements for winning the kind of conflicts we are most likely to face.

Of the choices before us, however, I think that the House alternative presents us with the best alternative for making meaningful progress on the deficit in the near term. The unfortunate reality is that the Senate version of Gramm-Rudman reverts to the kind of political games of smoke and mirrors that have gotten us into the deficit mess in the first place. In postponing all of the tough choices until after the 1986 elections, it would allow Members to vote for their pet projects this year while claiming they voted for reducing the deficit.

In fiscal year 1986, the Senate proposal sets a deficit target of $180 billion—$9 billion more than the $171 billion level agreed to by the House and Senate in this year's budget resolution. But since the plan also allows the deficit to exceed that target by 7 percent before triggering the automatic spending reduction process, this year's deficit could actually increase to $192.6 billion under the Senate version. In fiscal year 1987, the presently projected deficit of $155 billion would only have to be reduced by $4 billion to avoid triggering spending cuts.

In short, the Senate version of Gramm-Rudman would allow the total deficits for the next 2 fiscal year to increase by about $15 billion over current policy projections.

That's not deficit reduction—that's procrastination, plain and simple, and it conveniently leaves all of the painful decisions for the next Congress. But since future Congresses cannot be bound by the provisions within Gramm-Rudman, the whole exercise could prove to be fruitless.

The time to cut the deficit is now—not 3, 4, or 5 years down the road. If we are ever going to achieve sustained deficit reduction to provide for long-term economic growth, Congress must seize the opportunity and immediately start building upon the deficit cutting efforts already set in place by this year's budget package.

The House alternative to Gramm-Rudman does just that. It adopts tougher deficit reduction targets, forcing Congress to make the difficult decisions this year. In contrast to the Senate's fiscal year 1986 target of $180 billion, this proposal mandates a deficit of $161 billion—which means that spending cuts would automatically be triggered in the next few months. Moreover, based on forecasts by the nonpartisan Congressional Budget Office [CBO], the House bill would cut the deficit by $34 billion more in fiscal year 1987 than the Senate proposal.

Since the House budget plan begins cutting the deficit now and not 2 or 3 years down the road the Senate's proposal does, it would lead to a balanced budget 1 year earlier—saving the taxpayers billions of dollars. Based on current CBO economic projections, this amendment would save $208 billion more in accumulated national debt than the Senate plan.

The second major improvement this amendment makes in Gramm-Rudman is in providing flexibility to deal with economic fluctuations. During years in which the economy is growing more rapidly and deficit cutting is easier, we would cut more; in years when economic performance is weak, we would have to cut less. By beginning the deficit cutting this year, when the economy is still relatively strong, the House alternative would make much deeper cuts in the deficit and substantially more progress toward balancing the budget.

Mr. Speaker, I understand that a major point of contention in the House plan is the $161 billion deficit target it sets for fiscal year 1986. Critics have argued that it is somehow unfair that the bill specifies a target which is lower than the spending reductions already set in place by this year's budget, thereby triggering the automatic budget in the next month or two. As a result the fiscal year 1986 deficit target may be a major sticking point in the House-Senate conference.

To avoid a mistake I want to suggest the following compromise: The Senate would agree to the deeper House cuts in exchange for a requirement that both Chambers pass another deficit reduction bill which identifies specific cuts necessary to meet the target. The House and Senate would then have an opportunity to come up with the required savings before the automatic spending mechanism would be triggered.

This approach would allow us to make the tough choices this year without excluding half of the budget from deficit reduction and without abdicating responsibility to some kind of budgetary robot. It would give Congress one last chance this year to conduct the critical program-by-program review which has always been the keystone of responsible fiscal policy.

Mr. Speaker, there are clearly problems with both choices before us, but those can be worked out in conference. The choice we have today boils down to one basic issue: do we want to cut the deficit or do we want to leave the job for the next Congress. To agree to the Senate plan is to adopt a policy of deficit procrastination, not deficit reduction.

SENATE—*Friday, November 22, 1985*

(Legislative day of Monday, November 18, 1985)

The Senate met at 9:15 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray.

Mighty God of grace and peace, with profound gratitude we praise Thee for the safe return of President and Mrs. Reagan, for the progress made at Geneva, and for the prospect and promise of future meetings.

Father in Heaven, an approaching recess seems always to generate undue tension. In this powerful forum, where multitudes of agendas compete and strong wills clash—when bodies are tired, minds are weary, and emotions strained, we need Your intervention. We pray that Your grace, love, and peace may permeate frustration, discouragement, and hostility, dissolve that which obstructs, and transform impasse into equitable resolution. Protect joyful anticipation of family togetherness at this Thanksgiving season from being thwarted. Earnestly we beseech Thee in the name of Him Whose mercy endures forever. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The distinguished majority leader is recognized.

SCHEDULE

Mr. DOLE. Mr. President, under the standing order, we have reduced leader time to 5 minutes each because we hope to be on the bill by 9:30. Following that, if there is any time for routine morning business, certainly we can conduct it. I think the pending amendment is a child nutrition amendment. I hope we can reach a time agreement on that.

Let me indicate to my colleagues that I do not know of any alternative but to prepare to stay here for however long it takes, whether it is 5 o'clock, 8 o'clock, midnight or 8 a.m. tomorrow morning. Alternatively we may all be here all day tomorrow.

I think it is fair to say based on my conversations with Members on both sides of the aisle, we are going to have a lot of rollcall votes. So it is not a good day to be absent from the Senate. I know some have official commitments they cannot change and I apologize to those of my colleagues on either side, but I think it is necessary that we complete action on this bill.

I had an opportunity to speak with the Speaker last evening as we were coming in with the President, and he still insists we are going to leave here on December 12. That is good news and bad news. It is good news if we can finish the farm bill by then and the continuing resolution and the debt ceiling extension and some of the other must legislation. But, if not, than I am not certain how we can leave on December 12.

It seems to me that if we can finish this bill and give the staff next week to prepare the conference papers, we can surely conclude an agriculture conference within 5 working days starting December 2 and then, hopefully, have it close enough to the budget that the President would sign it.

I indicated to the President last night we were still working on the farm bill; that we had made some progress; we had reduced the cost of it; we were hopeful that we might even do better in the conference and, of course, we were optimistic that he would be able to sign a farm bill as he has indicated that he would like to do if we could all get together.

So I would just urge my colleagues—no threats, just a matter of fact—there are a lot of amendments; many can be disposed of on a voice vote.

I will be meeting later on this morning with the distinguished minority leader.

(Mrs. HAWKINS assumed the chair.)

Mr. DOLE. It would seem to me one way to speed up the process is to reach some agreement that we are going to start tabling a number of these amendments. A lot of these amendments have been dug out of the files and dusted off and brought over here and just dumped in the pot. I would hope we might show a little more discipline with regard to amendments.

I thank my colleagues.

Madam President, I am advised there could be a vote as early as 10 a.m.

I yield back the remainder of my time.

RECOGNITION OF ACTING MINORITY LEADER

The PRESIDING OFFICER. The acting minority leader is recognized.

Mr. PROXMIRE. Madam President, I shall not use all of the time allotted to the minority leader but I shall use part of it.

PROGNOSIS FOR ARMS CONTROL: GRIM TO TERMINAL

Mr. PROXMIRE. Madam President, arms control faces far worse prospects than most Americans realize. Can we reasonably expect that the two superpowers can continue the halting, hesitant progress that the two countries have achieved over the past 25 years? Of course, in human relations—as in economics—nothing is finally and firmly predictable. Anything can happen. Gorbachev and Reagan could begin to lay the foundations for ending the suicidal and immensely costly arms race. Certainly, the conditions are there to make such a happy outcome possible. Both leaders have everything to gain in their national and international reputation, if they can advance nuclear weapons arms control. Obviously, each nation will benefit greatly by removing the immensely heavy burden of the arms race from its economy. Only an arms control agreement can do this. Both superpower leaders know this.

Why, then, is the outlook for arms control so grim? First, consider the antiarms control position taken by President Reagan and his success in beginning to put billions of dollars behind that position. The President has made an absolute commitment to the Strategic Defense Initiative, or SDI—also known as star wars. What is the purpose of star wars? It is to build a defensive shield that would try to prevent the penetration of American airspace by intercontinental nuclear missiles. If star wars works, what effect would its success have on the Soviet nuclear deterrent? It would nullify that deterrent. The Soviets could not retaliate for an American nuclear attack. If they tried, SDI would shoot down their missiles.

So, as the Soviets see it, the United States could attack and destroy the Soviet Union, at will—anytime, for whatever reason, without any fear of retaliation. So, it follows that in an ultimate showdown between the Soviet Union and the United States, the Soviets would have no choice except to surrender. They would have to say "uncle." Now all of this happy scenario depends on whether the SDI or star wars would work. Will it work? There

is widespread agreement in the scientific community that it will not work, unless—and this is the crucial necessity—the Soviets sharply reduce their offensive missiles. So the President has adopted a transparent strategy. He will build SDI or star wars, and he will call on the Soviets to reduce, sharply reduce, their offensive missiles. Will the Soviets accept this?

Well, Madam President, it is hard for any American to do this. But put yourself in the position of Secretary Gorbachev. If you were Gorbachev, is there any possible way you would agree to helping make the American star wars system work by reducing your offensive missiles to a level that would assure the elimination of your deterrent? The answer is obvious. There is no possible way Gorbachev would make such an agreement. Oh, sure, there may be a cosmetic and strategically meaningless reduction of offensive missiles on both sides. Both superpowers have far more offensive nuclear power than they need. Even if the SDI worked perfectly, 10 or 20 percent of the present Russian nuclear arsenal could probably overwhelm it. And, without question, in the next 10 or 15 years before this country could start meaningful deployment of SDI, the Soviets could develop the penetration aids that would pierce the SDI defense and the cruise missile capacity to underfly it. So it is possible some limitation or even reduction in nuclear missiles might eventually emerge from the beginning at the Reagan-Gorbachev summit. That has just taken place, but such an agreement will have no military significance whatsoever.

Meanwhile, SDI would certainly torpedo the antiballistic missile or ABM Treaty, probably the best arms control agreement made by the superpowers. After all, what was the purpose of the ABM Treaty? Simple—to stop either superpower from building an antiballistic missile system that would, if successful, nullify each superpower's nuclear deterrent. The deployment of star wars would clearly and totally repudiate that arms control agreement. The SALT II Treaty is now hanging by a thread. The President nearly repudiated it earlier this year. It expires soon. With the threat of star wars facing it, the Soviet Union will very likely be unwilling to agree to the restraints SALT II imposes on ICBM's.

Spurgeon Keeney is the executive director of the Arms Control Association. He has written an excellent article in the summer issue of Arms Control Today. I have relied extensively on that article in preparing this speech. Keeney writes that the collapse of the Soviet-United States arms control relationship which I have described:

> would have a profoundly negative effect on efforts to prevent the future proliferation of nuclear weapons to other countries.

He also contends that:

> The loss of the arms control regime developed over the past 25 years would not return the arms control process to square one, but would drive it completely off the board. Burdened then by a legacy of failure and confronted with vastly larger and more complex offensive and defensive strategic systems, it would be a long and difficult process to discover an acceptable new approach to arms control. The risk of nuclear war would certainly be greatly increased.

Madam President, I ask unanimous consent that the article to which I have referred by Spurgeon Keeney be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE UNCERTAIN FUTURE OF ARMS CONTROL

(By Spurgeon M. Keeney, Jr.)

The resumption of U.S.-Soviet arms control talks in Geneva and the announcement of a summit meeting between President Reagan and General Secretary Gorbachev have generated widespread expectations of renewed progress in arms control. In reality the prospects of arms control have never been bleaker. President Reagan's vision of a defensive shield that will make nuclear weapons "impotent and obsolete" has become not only a barrier to progress but a threat to the entire structure of arms control developed over the past two decades.

The President's vision, conceived without benefit of serious scientific, military, or diplomatic advice, can no longer be dismissed by critics as misguided political rhetoric or cynically embraced as a potentially valuable bargaining chip. The vision has spawned the Strategic Defense Initiative (SDI), which is rapidly evolving into by far the most ambitious research and development program ever undertaken by man. Instead of clarifying the technical feasibility of strategic defense, the SDI threatens to take on a life of its own, leading to eventual deployment as justification for the unprecedented investment in dollars and technological resources. Although the SDI has been widely criticized domestically on technical, strategic, and economic grounds, the fundamental nature of its adverse impact on arms control and the arms race has not been adequately appreciated by a public bemused by hints of breakthroughs in U.S.-Soviet negotiations.

In truth, this new U.S. policy virtually precludes serious progress in the Geneva negotiations. The Soviet Union has taken a firm position that it will not agree to substantial, or even modest, reductions in its strategic offensive forces as long as the United States is engaged in a massive program with the stated goal of developing a highly effective nationwide defense against ballistic missiles. The Soviet refusal to deal separately with offensive and defensive issues was totally predictable and consistent with elementary military logic. When faced with improved defenses, the military has always sought quantitative or qualitative improvements in its offensive forces to insure its ability to penetrate those defenses. The ability to retaliate after a preemptive strike has been equated with the ability to deter nuclear war. The surprise at Geneva was not the Soviet reaction but the willingness of the United States to advance such a strategically unsound position.

In the past, when faced with major Soviet strategic defense programs, the United States has consistently acted to insure its retaliatory capability. In the late 1960s when U.S. officials were concerned that the Soviet Union might be undertaking a nationwide ballistic missile defense, the United States did not abandon or reduce reliance on ballistic missiles but introduced MIRVs to increase firepower and assure the ability to penetrate the projected Soviet defense. Similarly, although the Soviet Union for the past thirty years has invested vast sums in its air defense system, the United States has not abandoned long range strategic bombers. On the contrary, the United States has improved the ability of bombers to penetrate defenses in a series of qualitative improvements involving electronic countermeasures, short-range nuclear missiles designed to suppress defenses, air-launched cruise missiles, the B-1 bomber, and currently stealth technology to make aircraft and eventually cruise missiles harder for enemy radars and other sensors to detect. One cannot help but wonder how the U.S. Joint Chiefs-of-Staff would react if the Soviet Union were to reverse its position in Geneva and call for deep reductions in strategic offensive forces and the elimination of all constraints on ballistic missile defenses.

In addition to precluding major new strategic agreements in Geneva, the new U.S. strategic defense program poses a direct threat to the ABM Treaty, which is the keystone to the entire framework of existing arms control agreements. The President's vision and the goal of the Strategic Defense Initiative are diametrically opposed to the underlying objective of the ABM Treaty of preventing a nationwide ballistic missile defense. Despite the Administration's reassurances that the Strategic Defense Initiative at this stage is only a research program fully consistent with specific treaty obligations, the initiative and the ABM Treaty are by definition on a direct collision course.

Whatever view one takes on the legality of specific activities in the currently defined Strategic Defense Initiative, development and testing that cannot possibly be reconciled with treaty provisions will occur in the not too distant future. The SDI test program so far described by the Defense Department will provide only a few of the answers needed to make a rational decision on deployment and will certainly have to be followed by many more development tests which would be unambiguously in violation of the ABM Treaty. Some critics argue that this breach will in fact result from presently planned tests within three years; the Administration asserts that by carefully defining and structuring these tests to conform to Treaty provisions the breach can be postponed for at least five years. But regardless of when these tests occur or how successful they may be, the Treaty will be breached long before a rational decision could possibly be made on whether to deploy a ballistic missile defense system.

Some critics of the program believe that, if pursued, the initiative will collapse from the weight of unresolved technical problems and mounting costs long before deployment could possibly be undertaken. Others argue that in a few years the momentum of the program will inevitably force a decision to deploy the system. Such a system would in all likelihood not be based on the much touted exotic technology displayed in the media but on updated versions of present components. The resulting partial defense would have little to do with the President's vision of an invulnerable America, completely shielded from nuclear attack. But wheth-

er the program ultimately collapses or produces some sort of limited defense, the results will very likely have been disastrous for the ABM Treaty and the prospects for future arms control.

The demise of the ABM Treaty and the unratified SALT II agreement, which is already seriously threatened and could not possibly survive the ABM Treaty, would essentially constitute the destruction of the entire framework of post World War II arms control efforts. The loss of these restraining agreements would unleash a major acceleration of the strategic offensive and defensive nuclear arms race. Ancillary agreements such as the Outer Space Treaty and the Limited Test Ban Treaty would have little chance of surviving the ensuing military buildup. The terms of these treaties would not only prevent advanced development of such exotic approaches to strategic defense as nuclear pumped X-ray lasers but would also interfere with the "conventional" nuclear ballistic missile defense systems that the Soviet Union and probably the United States would actually pursue in a serious strategic defense arms race. Finally, the collapse of the U.S.-Soviet arms control relationship would have a profoundly negative effect on efforts to prevent the future proliferation of nuclear weapons to other countries. Both our allies and nonaligned states would inevitably feel compelled to reassess their national interest in obtaining an independent nuclear weapons capability in a world in which the superpowers had not only abandoned all pretense of progress in arms control but also the modest restraints of existing agreements.

The loss of the arms control regime developed over the past 25 years would not return the arms control process to square one, but would drive it completely off the board. Burdened then by a legacy of failure and confronted with vastly larger and much more complex offensive and defensive strategic systems, it would be a long and difficult process to discover an acceptable new approach to arms control. The risk of nuclear war would certainly be greatly increased in a world where the course of the arms race and crisis stability would depend solely on the unilateral decisions of two adversarial superpowers whose hostility and suspicion would have been substantially increased by the disintegration of formal undertakings to build restraint and predictability into their strategic relationship.

Tragically, the future of arms control has been made hostage to the pursuit of a technological will-o'-the-wisp that will draw us ever deeper into a fruitless high technology arms race. There is widespread agreement in the scientific community that the possibility of developing a highly effective strategic defense system against a sophisticated and determined adversary such as the Soviet Union is so remote that it should be irrelevant for serious long range national security planning.

The underlying problem with the President's vision lies in the incredible destructive power of thermonuclear weapons. Each weapon can have more than a million times the yield of a comparable-sized conventional weapon. Since a single thermonuclear warhead can destory a city and the stockpiles of strategic weapons on each side number around 10,000, a defensive system must be extremely effective to provide a credible territorial defense. To accomplish this task, a complex network of detectors, assessors, trackers, and exotic kill mechanisms, on earth stations and outer space, would have to be linked and operated automatically by computers dependent on an unprecedentedly large and complex program that would have to work flawlessly when used for the first time in a hostile environment. This is a staggering technical challenge even under ideal conditions. In the real world, however, such a system would be "fatally flawed" since it would not be operating against a cooperating partner but rather against an adversary determined to foil it. The Soviet Union can draw from a large range of options to defeat the defense at a small fraction of the cost of building and maintaining the defense network.

The offense can attack the vulnerable points of this system. Such an attack could take place at the outset of hostilities or even during peacetime since a clandestine, or even an overt attack on a satellite would be unlikely to trigger an all out nuclear response. Satellite battle stations will certainly prove to be highly vulnerable and tempting targets. The extreme vulnerabililty of the prime radars, on which the *Safeguard/Sentinel* program depended, was a primary reason these early U.S. systems were rejected as serious candidates for a nationwide defense against Soviet attack. Another option for the offense is simply to overwhelm the defense by brute force with more missiles, MIRVs, or decoys designed to simulate real reentry vehicles. Yet another approach is to nullify or diminish the effectiveness of the sensors and the kill mechanisms used by the defense. An example of such techniques would be the use of fast-burn boosters that would prevent or immensely complicate attack against the boost phase of the ballistic missile trajectory by shortening the time of exposure of the potentially vulnerable boosters to attack. Technical ingenuity will produce a host of ideas, such as spinning boosters, shields, and coatings to reduce at relatively low cost the effectiveness of directed energy systems, and thereby increase the cost of defense. Finally, the offense can choose simply to circumvent the ballistic missile defense system with air-breathing systems that fly under the shield. For example, low flying cruise missiles, using stealth technology to avoid detection and launched from close-in-submarines, would constitute an entirely new threat fully as difficult to defend against as ballistic missiles.

Despite the incompatibility of the evolving U.S. strategic position with prospects of progress in arms control, the American public understandably has a strong predilection to give the Administration the benefit of the doubt and an opportunity to pursue its new approach. Even if the approach seems incredible, an outsider can never be confident of knowing all the relevant facts. The papers are constantly filled with vague reports from unidentified high Administration spokesmen that the United States or the Soviet Union have hinted at some new arms control move. There are always authoritative assurances that the President really wants an agreement and sage commentaries on the obvious political advantages to the President of an agreement. In these circumstances, there is a natural reluctance to be seen as undercutting one's own government's negotiating position. A low profile also avoids the uncomfortable possibility of losing credibility by being seen as a false prophet in the unlikely event that the negotiations should eventually lead to an agreement.

Such restraint, which may have been a sign of wisdom in previous negotiations, is totally inappropriate at this time given the potentially catastrophic consequence of current U.S. policies on the future of arms control. There must be both a strong public defense of existing arms control agreements and a focused attack on those policies which are eroding these agreements and ultimately promise to destroy them. In the latter respect, one can applaud the President and Secretary of State when they call for steps to reverse the erosion of the ABM Treaty. But they must be told clearly that the Strategic Defense Initiative coupled with Presidential rhetoric is a far more fundamental and corrosive element of this erosion than the apparently illegal Soviet Krasnoyarsk radar.

Despite the slim prospects for progress, even the most vocal critics of the Administration's arms control policy should support the resumption of the Geneva negotiations. The negotiations have had the salutory effect of focusing U.S. and Allied attention on the impasse created by the Strategic Defense Initiative. Moreover, even though the negotiations are being exploited more and more by both the United States and the Soviet Union as political theater, the negotiations in themselves do have something of a stabilizing effect on the arms race. True, the Administration uses the negotiations to justify additional expenditures for military programs, such as the MX missile, and the Soviet Union uses the negotiations to attempt to weaken the NATO alliance. At the same time, the negotiations even as political theater put pressure on both sides not to abrogate, openly violate, or consensually accelerate the erosion of existing agreements. In the absence of such negotiations, either side could more easily ignore or repudiate the agreements on the grounds that the other side by its actions had effectively destroyed the arms control process.

In this hostile environment, the arms control community should close ranks in emphasizing the critical importance of maintaining the integrity of the arms control process. The principal objective should be to insure that the United States and the Soviet Union support both the spirit and the word of the ABM Treaty. Both governments should be pressed to reverse the current erosion of the Treaty by tightening, not relaxing, their interpretations of its provisions. Where there are grey areas in treaty provisions, such as the definition of treaty terms like "development" or "components," the United States should take the lead in insisting on as restrictive interpretations as the negotiating and legislative history permit. The United States should not advance self-serving interpretations of these concepts which can only serve to erode the effectiveness of the Treaty. If there is serious interest on both sides, problems of definition and disputed provisions can be resolved by supplemental common understandings without recourse to amendments or additional agreements.

A major effort must be made to restrain unilaterally the scope of the Strategic Defense Initiative. Even without the accompanying rhetoric, an undertaking funded at the level of the present U.S. program is entirely inconsistent with the intent of the ABM Treaty. The same can of course be said of the very extensive Soviet ballistic missile defense program, which also undercuts confidence in the long-term Soviet approach. But we can hardly hope to restrain the scope of Soviet activities if we do not ourselves exhibit serious respect for the ABM Treaty and its goals.

A major effort must also be made to insure that the quantitative and qualitative limits of the unratified SALT II Treaty do not end when the agreement runs out December 31, 1985. In this connection, the President is to be commended for his recent decision, apparently despite contrary recommendations by some senior advisors, to continue adherence at least temporarily to the limits of the unratified SALT II treaty. The rationale for continued U.S. adherence to the SALT II limits after the scheduled termination at the end of this year is clear and compelling. The question remains: how long will the Soviet Union continue its commitment to the unratified SALT II agreement in the face of an expanding Strategic Defense Initiative?

The erosion of the arms control regime is underway not only as a result of U.S. and Soviet military programs, but also in the attitudes of the American people who in the final analysis must be willing to support the continuation of existing as well as any future agreements. Formal charges by the U.S. government of alleged "possible," "probable," "almost certain," as well as "clear" Soviet violations of various "legal" and "political" obligations have seriously eroded public confidence not only in the agreements themselves but in the entire process of arms control. This unpromising environment for public support is further poisoned by the constant leaks of highly misleading information, charging additional Soviet treaty violations or the intention of breaking out of the Treaties. The public can do little to assess independently the validity of such distorted and misleading reports from unidentified sources who are clearly dedicated to the destruction of existing agreements and prevention of any future accords.

Compliance issues cannot and should not be ignored. In fact, the arms control community has a special responsibility to face up to such problems and protect the integrity of agreements from all enemies, domestic and foreign. At the same time, a major effort must be made to help the public keep the security implications of alleged violations in proper perspective in relation to the importance and accomplishments of an agreement. Above all, the arms control community should seek and support constructive solutions to genuine problems that have arisen either through misunderstandings or the misguided efforts of either side to push the limits of their own self-serving interpretations of various Treaty provisions.

I have focused on the contribution of the United States to the present arms control impasse. The Soviet Union certainly has earned its share of criticism. The level of Soviet ballistic missile defense research and development is beyond the spirit of the ABM Treaty. The Soviet Krasnoyarsk radar appears to be a clear violation of the ABM Treaty and other Soviet activities have raised serious questions under this and other agreements. The Soviet position in Geneva, demanding that the United States abandon all research related to the Strategic Defense Initiative while the Soviet Union insists it can continue similar research, as well as development and testing, is hardly a serious approach to the problem.

Unfortunately, however, it is our own government that has introduced a new crippling concept into the arms control process. In these circumstances, it is clearly more appropriate and more constructive to try to influence the policies of our own government. We do not know what the position of the new Soviet leadership will prove to be. There appear to be strong factions in the Soviet Union interested in containing the arms race and promoting strategic stability for compelling internal economic, political, and military reasons. We can best try to influence the evolution of constructive Soviet behavior by creating U.S. policies that support the existing structure of arms control agreements and are compatible with further arms control progress. While such constructive engagement certainly does not guarantee success, it is a prerequisite to challenging the Soviet Union to a positive response.

Others have suggested that a radical new approach to arms control is necessary to alter the course of events. But, when the ship is sinking one must focus on damage control and not speculate on better approaches to transportation. The first order of business is to save the existing structure of arms control. This can only be accomplished by a broadly based campaign of constructive domestic and allied criticism of the military and arms control policies of the Reagan Administration. This campaign is the only hope that arms control will indeed have a future.

MYTH OF THE DAY—MORE ACCURATE AND COMPLETE DATA AVAILABLE ON LABOR MARKETS

Mr. PROXMIRE. Madam President, my myth of the day is that we are getting more accurate and complete data on labor market developments than ever before.

The Bureau of Labor Statistics just celebrated its 100th anniversary. For over a century it has provided key economic employment and price data that have been critical to management, labor, and Government in both day-to-day operations and long-term policy decisionmaking. The Bureau of Labor Statistics today is headed by Dr. Janet Norwood, who is an outstanding, nonpartisan professional economist.

Unfortunately, questionable budgetary decisions have forced the Bureau of Labor Statistics to curtail and eliminate important information, some of which had been gathered continuously for better than 60 years.

The BLS has ended its gathering of data on fringe benefits. Ironically, fringe benefits have become a more and more important part of a worker's total compensation package and often plays a critical role in major labor-management contract agreements.

The BLS has ended its collection of regular data on the number of strikes and lockouts when fewer than 1,000 workers are involved. It had been producing that series since just after World War I.

Another important series which has recently been terminated involves the so-called turnover rate. That is, how many workers are fired, quit, retire or die in the course of a year. Without that information it becomes increasingly difficult to understand exactly what is happening in labor markets.

Fortunately, Congress seems to have foiled an administration plan to terminate a BLS study of the effects of plant closures on individual communities and the Nation.

If the data we use is to remain accurate, it must change as labor markets change. Traditionally, manufacturing jobs made up the vast majority of the Nation's employment. Today, that sector accounts for less than 30 percent. Because of recent budget cuts, the Bureau of Labor Statistics has been unable to expand its coverage of the service sector employment conditions as rapidly as originally planned.

While it is true that vast improvements and expansion of our economic data base has taken place over the 100-year existence of the BLS, it is clear that recent decisions by the administration have caused us to lose valuable information on some aspects of the labor market.

This past summer Chairman DAVID OBEY of the Joint Economic Committee conducted hearings on the economic conditions in the State of Wisconsin. At those hearings, Dr. Donald Nichols, the chairman of the economics department at the University of Wisconsin-Madison, began his presentation to us with the following plea: "Look fellows, you're asking me for information about our economy. I have a request of you. Please don't put our eyes out."

What Dr. Nichols was obviously referring to was the systematic effort by some people to restrict, shrink, and control the important data base supplied by the Bureau of Labor Statistics and other Federal Government data collection agencies.

If we are to make intelligent decisions as policymakers here in Congress, it is critical that the integrity, accuracy, and scope of the information supplied to us by agencies such as the Bureau of Labor Statistics is not curtailed or compromised.

SIMPLE ACTIONS OF MORAL CLARITY

Mr. PROXMIRE. Madam President, there is a small village tucked away in the crevice of a high plateau in Southern France. It is home to a simple farming community, home to practitioners of the Protestant faith. And it is home to one of the most miraculous stories of selflessness and courage to emerge from the grim days of World War II.

It is the village of Le Chambon. During World War II it served as a safe haven for Jews eluding the grasp of the Nazis and seeking to escape through France into Switzerland. The Chambonnais risked the murderous retribution of the Vichy government and a nearby division of the Nazi SS to save thousands of lives.

The Chambonnais were pacifists in the technical meaning of the term—they eschewed the use of violence to further their political ends. Yet they were not passive. They took risks daily to defend the human life they judged to be so precious.

The Senate has been passive. It has allowed the Genocide Convention to languish since 1949. The Foreign Relations Committee has favorably reported the convention and both Democratic and Republican administrations—including the Reagan administration—have supported the convention.

But the Senate has stalled. The actions of a small village tucked away in Southern France may seem inconsequential when compared to the larger struggle of World War II. The vote to ratify the Genocide Convention may seem frivolous when compared to votes appropriating billions of dollars. But the Chambonnais have shown that sometimes the most simple actions ring with moral clarity. The Senate should heed their example and ratify the Genocide Convention.

RESERVATION OF MINORITY LEADER'S TIME

Mr. PROXMIRE. Madam President, I reserve the remainder of the leader's time.

I yield the floor, Madam President.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business for not to extend beyond the hour of 9:30, with statements therein limited to 1 minute each.

THE CORPORATE DEBT EXPLOSION

Mr. PROXMIRE. Mr. President, recently I asked the Chairman of the Federal Reserve Board to assess the growing explosion of debt both public and private. Chairman Volcker's response indicated his concern that our mounting debt burdens are not compatible over time with economic and financial stability. He renewed his pleas for decisive action to reduce the Federal budget deficit.

But he went on to talk about the exploding deficit in the private sector which has received far less public attention. He indicated that:

> Borrowing by private sectors also is of concern, particularly to the extent that heavy leveraging may have increased the vulnerability of some firms and individuals to adverse market developments.

According to the figures on private debt compiled by the Federal Reserve staff, corporate and consumer debt has reached a 20-year high when measured as a percent of our GNP. Much of the sharp growth has occurred in 1984 and 1985. For example in 1984: Corporate debt reached $1.3 trillion, up 16 percent over 1983; noncorporate debt reached $566 million, up 16 percent; household debt reached $2.1 trillion, up 14 percent; farm debt reached $188 billion, up 2 percent.

The sharp increase in corporate debt might be justified if it was used to finance the expansion of new business endeavors, thereby creating jobs and enhancing economic growth. But nearly half of the $220 billion increase in corporate debt in 1984 was not used for any productive purpose whatsoever. Instead, $95 billion was used to retire existing equity securities and substitute debt securities. This type of borrowing does not make corporations stronger; it makes them weaker.

The retirement of equity for debt securities has continued at the same high rate in 1985—a rate far in excess of what was ever experienced in our recent economic history. As a result, the corporate debt equity ratio is rapidly approaching an all-time high.

What does this mean for the average family struggling to make ends meet? It means that our entire economy is becoming far more vulnerable to an economic slowdown. When our major corporations begin trading on a thinner and thinner base of equity, there is a stronger possibility that we will see a wave of bankruptcies of those companies that do not have enough capital to ride out the hard times. As we know, the ripple effect of a large number of corporate bankruptcies can send shock waves throughout the economy and turn a mild recession into a deep depression. So that is why the figures on corporate debt are of significant interest, not only to financial analysts, but to the public at large.

Why, during this period of our history, are we suddenly experiencing a wholesale exchange of debt for equity. Chairman Volcker mentions the incentives in our tax laws that favor debt over equity. But these tax incentives have been on the books for years. It does not explain the sudden and sharp increase in debt over equity experienced during the last 2 years.

I believe one of the major reasons for the corporate debt explosion can be traced to the wave of hostile corporate takeovers. One of the first things a corporate raider does if he gets control of a company is to boost earnings per share through increased leveraging, that is, more debt and less equity.

Increased leverage can raise earnings per share, at least in the short run. But higher leverage also leaves the company more vulnerable to an economic downturn in the longer run. Of course, from the perspective of the professional corporate raider, he is only interested in turning a quick profit. He could care less about the long-term survival of the corporation as long as he can cash in his profits. Thus, most of the so-called wealth created by corporate takeovers may well turn out to be illusory.

Corporations also increase their debt equity ratio in response to the threat of a hostile takeover. More debt does raise earnings per share and makes the company a less attractive target. It also removes equity securities from the general public and thus from the potential hands of the raider.

Mr. President, the report from Chairman Volcker is one more reason why Congress should go forward with legislation to curb the incidence of hostile corporate takeovers. I ask unanimous consent that Chairman Volcker's letter and the staff report be inserted in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM,
Washington, DC, November 8, 1985.

Hon. WILLIAM PROXMIRE,
U.S. Senate, Washington, DC.

DEAR SENATOR PROXMIRE: I am pleased to respond to your request for informaton and commentary on the rapid growth of debt in our economy. Enclosed is some material compiled by Board staff to provide a quantitative picture of the recent debt expansion, the sources of growth, and the effects on the financial positions of households and firms.

The speed of debt growth does concern me. So far, the mounting debt burdens have not in any clear way proven an obstacle to the overall expansion of the economy, but I don't believe current trends are compatible over time with economic and financial stability.

The staff's exhibits show quite dramatically the distortions of financial relations caused by the fiscal posture of the federal government. The persistence of deficits of such awesome dimensions worsens our long-run prospects for economic growth, ensures that a substantial portion of our future income will have to be sent abroad to finance indebtedness to foreigners, and perpetuates the difficulties of our industries that compete in world markets. By contributing to high real interest rates, the deficits help to support a high exchange value of the dollar, weakening the ability of farmers and others exposed to trade pressures to repay loans. Moreover, the rapid growth of federal debt exacerbates financial problems elsewhere in the economy. The high real interest rates raise the debt service costs of all borrowers, including those overseas with debts to U.S. banks.

Borrowing by private sectors also is of concern, particularly to the extent that heavy leveraging may have increased the vulnerability of some firms and individuals to adverse market developments. An aspect of our financial environment conducive to borrowing is the structure of our tax system. The current code encourages both households and businesses to finance purchases with debt rather than with savings or equity. Tax reform proposals currently under consideration by Congress contain some provisions, albeit limited in scope, that would reduce these incentives by lessening the double taxation of dividends and limiting the deductibility of interest payments;

other steps in this direction may well be worth considering.

As a regulator of financial institutions, the Board is especially concerned with the risks accepted by such institutions in the process of creating new debt. If we are not careful, mistakes made by some can spread financial stress to many others through ever more complex financial interrelationships. At the first level of responsibility, it is incumbent on creditors to exercise due caution in their lending activities and to analyze credit quality risk with great care. But beyond that, we also are considering more explicit rules regarding capital needed to support off-balance sheet risks, and, as I told the Banking Committee in September, I think the possibility of increasing bank capital by adding a lawyer of subordinated debt to current capital adequacy requirements is an idea which deserves further study.

I hope you find these comments and the enclosed report useful.

Sincerely,

PAUL.

RECENT DEBT GROWTH

Debt has grown at an extraordinary pace in the United States over the past few years. Indeed, the percentage increase in the outstanding debt of domestic nonfinancial sectors in 1984, at more than 14 percent, was the biggest on record. As chart 1 shows, the growth of debt in "real" terms—that is, after deducting the rate of inflation—has been even more exceptional in comparison with the experience of the preceding quarter century.

[NOTE: The Charts referred to herein are not reproducible in the Record.]

The expansion of debt has vastly outpaced that of nominal gross national product since 1981, a marked departure from the pattern of the 1960s and '70s. As a result, documented in chart 2, the ratio of debt owed by domestic nonfinancial sectors in GNP has risen from about 1.4 in 1981 to more than 1.6; moreover, available evidence points to a continued sharp rise in this ratio over the remainder of this year. (Scaling debt by domestic spending rather than GNP—in consideration of the implications of the divergence of domestic spending and production as the trade deficit has widened in recent years—changes the picture only slightly quantitatively, and not at all qualitatively.)

Federal Government

As chart 2 makes apparent, the rapid growth of debt in the last few years reflects in large part the exceptional size of federal government, rather than private, borrowing. Between the end of World War II and the mid-1970s, federal debt had declined relative to nominal GNP. The ratio of federal debt to GNP then was essentially stable until 1981, when it began a marked rise. In a cyclical context, heavy borrowing by the federal government historically has occurred during economic recessions and has diminished during expansions; thus the persistently massive credit demands of the federal sector in the current expansion have added atypically to pressures in financial markets at a time when demands of private sectors also have risen, in conjunction with expanding economic activity.

State and local governments

Although credit usage of the private sector—defined to include state and local governments as well as households and nonfinancial businesses—has moved in line with the expansion in economic activity than has borrowing by the federal government, the ratio of private sector debt to GNP has risen noticeably in the past couple of years. Chart 3 shows that, in particular, the debt burdens of the household and business sectors have risen to record high levels. The ratio of state and local government debt to GNP lately also have been on the rise.

Aggregate state and local budgets have been in surplus since the last recession, but sate and local borrowing nonetheless has been very large. In addition to funding traditional public programs, some of the borrowing has funded programs with essentially private purposes—mortgages on single-family houses, in particular. This year, a large share of the new debt has been issued for the purpose of refunding old debt at some future date; because the funds obtained are invested in Treasury securities in the meantime, such borrowing has had little impact on general conditions in credit markets, though the heavy issuance of tax-exempt securities has contributed to upward pressures in municipal security yields relative to other interest rates.

Nonfinancial business

In the business sector, the ratio of aggregate debt to GNP decreased during the first year of economic recovery, when investment spending was low, but, since the start of 1984, it has increased rapidly. Substantial improvements in cash flow have outpaced increases in expenditures on fixed capital and inventories, holding down the business sector's underlying external financing needs. At the same time, however, an extraordinary pace of mergers, leveraged buyouts, and share repurchases has retired enormous amounts of corporate equity—far in excess of new issues (table 1). The bulk of these retirements has been financed by credit and this is the primary factor in the recent rise in debt-equity ratios (table 2). From the end of 1983 to last quarter's close, debt-equity ratios of nonfinancial corporations—whether based on balance sheet data or based on market values—show appreciable increases.

While these aggregate measures are not now at exceptional levels, the aggregation masks declines for some firms which have been offset by increases, often very large ones, for other firms and even whole industries. Reflecting this divergent behavior, recent bond rating changes show a large number of upgradings but an even larger number of downgradings, an unusual pattern during an expansion period (chart 4). For some firms, changing business opportunities may have altered investors' perceptions of the most desirable debt-equity ratios. Where cash flow has risen relative to investment needs, more funds are available for return to investors. Because interest payments are tax deductible, returning funds in the form of interest payments rather than dividends lowers taxes, encouraging firms to replace equity with debt.

Even in such cases, however, the changes to balance sheets have been so dramatic that there is a danger that excesses have occurred. Clearly, firms that have increased their leverage are now more vulnerable to a period of weakness in their line of business. They also may be more vulnerable to a run-up in interest rates. While interest coverage ratios have improved with the decline in interest rates and the improvement in earnings over the past three years (chart 5), average maturities of outstanding debt have been shrinking steadily, and the portion of nonfinancial corporate debt that comprises loans and open market paper—a proxy for shorter term or floating rate instruments—now exceeds 50 percent of the total (chart 6). Thus, any future increase in interest rates likely will be felt more fully and quickly than ever before.

Firms appear to have borrowed in short-term markets mainly because the cost of long-term funds has been high relative both to historical norms (especially in real terms) and to the current cost of shorter term funds. Investors' fears of the future consequences of large deficits probably are responsible in part for the steepness of the yield curve. In addition, the heavy volume of federal borrowing in long-term bond markets has added substantially to total demand for long-term funds, possibly crowding out corporate borrowers from these markets. Scaled by GNP, new offerings of 20- and 30-year Treasuries have tripled in recent years while those of long corporate bonds have been halved. During the past 2½ years, Treasuries have accounted for more than ¾ of total new long-term volume (table 3). Firms also may be willing to borrow more heavily in short-term markets because they are ensuring access to credit by obtaining loan commitments or hedging their interest-rate risks by making interest-rate swaps or by buying interest rate futures or options. These hedges, while they do not eliminate risks, transfer them to others who may be better placed to bear them.

Households

Recent rises in household debt also are especially noteworthy. Relative to disposable personal income, both mortgage and consumer debt have moved to new highs after a long period of stability (chart 7). Some of the surge in consumer borrowing may be attributable to increased use of credit cards as a convenience in making payments, but this probably can explain only a limited share of the debt expansion. And though household financial assets also have grown along with debt, much of the growth has been in illiquid forms such as pension plan assets or IRAs. Consumer loan delinquency rates, which were very low not long ago, have risen to moderate levels, while mortgage delinquencies have remained high throughout this expansion (chart 8).

One notable change in the composition of household debt is the increase in variable rate borrowing. During the past two years, more than half of new conventional mortgage loans have had adjustable rate features. Interest rates that move with market rates also have become more common for consumer loans as well, accounting for about 10 percent of new loans in recent quarters. Although these loans may carry significantly lower initial rates, borrowers might find their debt-servicing ability pinched if rates were to rise much.

Financial markets and institutions

Despite the rapid accumulation of debt, market indicators do not reveal generalized concerns about credit quality. Yield spreads among debt issues of differing quality (chart 9) remain relatively low, and new issue markets remain receptive to securities of less than "investment" grade. Still, more localized problems have been plentiful, even as the business expansion continues. In a few industries, heavy debt loads have heightened difficulties brought on by disinflation and sectoral imbalances. The farm credit problem is obviously one of these. In many instances, farmers borrowed at high interest rates to buy land at prices justified only by expectations of high and rising food

prices. With the slowing of general inflation and with the huge government borrowing, which helped push up the dollar and drive down crop prices, those expectations were not met. In the mortgage area, many of today's problems stem from debt incurred on the basis of an assumption of continued rapid rises of real estate prices. Increased problems of depository institutions in their energy loan portfolios also reflect decisions predicated on continued high prices and anticipated increases.

Problem loans in these and other areas have contributed to the difficulties of many banks and savings institutions. Banks also continue to be faced with uncertainties regarding their international credits, and thrift institutions still suffer from mismatched balance sheets. Increased use of ARMs has improved balance sheets, but, in some cases, eagerness to qualify borrowers has led to an increase in credit risk, at least partially offsetting the reduction in interest rate risk. The potential for future problems resulting from other innovations is also a concern. The rapid growth of credit has been accompanied by vastly increased use of low-rated bonds, leveraged buyouts, securitized loans, off balance sheet financial guarantees, and other techniques with which we have little experience and for which the magnitude and distribution of risks are not entirely clear.

Foreign borrowing

One of the most unusual aspects of recent credit growth is the extent to which it has been financed by foreign funds. Because the federal deficits have been so huge and have absorbed so much saving, the strength of investment spending has depended on saving from abroad which has been invested here (chart 10). At the same time, however, these foreign inflows are necessarily accompanied by large trade and current account deficits. Some of the domestic industries most affected, like farming, are among those with the biggest debt problems. From a longer perspective, foreign borrowing on such a large scale raises the specter of burdensome debt service costs to foreigners in the future.

Our present external position clearly is unsustainable: among other things, it would imply a buildup over time of claims against the United States in volumes that foreign investors could not be expected to hold willingly. Nonetheless, if the capital inflows were to be reduced, those funds would have to be replaced or interest rates would rise sufficiently to squeeze out a sizable portion of our net investment. Higher rates, in turn, would create or intensify financial pressures for many firms and households. The key to maintaining investment that is essential to the nation's long-run economic health is a reduced federal budget deficit, which would free up more domestic savings.

TABLE 1.—OFFERINGS AND RETIREMENTS OF EQUITY BY NONFINANCIAL CORPORATIONS

[In billions of dollars, annual rates]

	Offerings (including private sales)	Retirement [1]	Net change
1980	21.1	8.2	12.9
1981	21.5	33.0	−11.5
1982	28.9	17.5	11.4
1983	40.0	11.7	28.3
1984	18.0	92.5	−74.5
1984:			
1st quarter	18.3	76.8	−58.5
2d quarter	20.3	120.8	−100.5
3d quarter	15.0	82.2	−67.2
4th quarter	18.3	90.0	−71.7
1985:			
1st quarter	19.7	104.0	−84.3
2d quarter	27.9	95.0	−67.1

[1] Includes equity retired through mergers, leveraged buyouts, share repurchases, and other restructuring plans.

TABLE 2.—DEBT-TO-EQUITY RATIOS NONFINANCIAL CORPORATIONS

[In percent]

	Debt (par),[1] equity (current)	Debt (market),[2] equity (market)
End of period:		
1962	42.5	42.4
1964	45.4	37.7
1966	47.4	43.4
1968	50.5	35.6
1970	50.7	48.0
1971	50.7	46.7
1972	50.3	45.4
1973	48.9	61.9
1974	43.8	91.1
1975	41.6	72.0
1976	41.1	72.9
1977	41.4	84.0
1978	41.1	87.5
1979	39.9	79.0
1980	37.8	60.2
1981	38.3	70.0
1982	40.1	71.1
1983	40.7	63.3
1984	46.1	74.3
1985–3d quarter [3]	48.5	76.3

[1] Debt is valued at par, and equity is balance sheet net worth with tangible assets valued at replacement cost.
[2] The market value of debt is an estimate based on par value and ratios of market to par values of NYSE bonds; equity value is based on market prices of outstanding shares.
[3] Estimate.

TABLE 3.—PUBLIC OFFERINGS OF LONG-TERM BONDS

[Percent of GNP]

	Bonds with maturities of 20 years or more		
	Corporate [1]	Treasury	Total
Period:			
1979	.62	.33	.95
1980	.69	.29	.98
1981	.40	.51	.91
1982	.34	.33	.67
1983	.35	.88	1.23
1984	.22	.99	1.21
1985–H1	.33	1.07	1.40

[1] Excludes convertible bonds.

RECOGNITION OF THE CITADEL

Mr. HOLLINGS. Mr. President, I have recently received word that one of the colleges in my home State of South Carolina has been ranked among the top 10 comprehensive colleges in the South. The survey, which was conducted by the U.S. News & World Report magazine, placed the Citadel fifth in a list that included such institutions as the University of North Carolina at Charlotte and Appalachian State University.

The results of this survey come on the heels of an article by Michael Weisskopf of the Washington Post on the practices, traditions, and history of the Citadel. I must admit to a feeling of great pride at the recognition that this fine institution has finally achieved, recognition that it richly deserves. I must also admit to being a little biased on this subject, since I am a Citadel graduate, or, as Mr. Weisskopf put it, a "wearer of the ring."

For the past 143 years, the Citadel has stood for honor, duty, discipline and tradition. It is the preservation of these codes that has served to make the Citadel a living link to our past, and a beacon for our future. Mr. President, I ask that the article by Mr. Weisskopf be printed in the RECORD.

There being no objection, the article was ordered to the printed in the RECORD, as follows:

AN AMERICAN SPARTA—TRADITIONS DEFINE ROUTINE AT THE CITADEL

(By Michael Weisskopf)

CHARLESTON, S.C.—Few treasures inspire the passions of "the ring," and few can exact such sacrifices of young men. For four years, they live monastically in a corner of this seductive southern city, obeying a strict military code of conduct that prescribes everything from table manners to the contents of each dresser drawer.

What drives them is the right to wear a gold oval conferred like knighthood, "the ring" that confirms their passage through The Citadel.

The Citadel is a military college of the old-fashioned sort, an American Sparta in the age of permissiveness. Even as the military service academies, such as West Point, admit women and liberalize campus life, The Citadel maintains the male exclusivity and the restrictiveness set out by its founders 144 years ago.

Unlike the service academies, however, The Citadel, a state institution, charges tuition and does not require military service for cadets after graduation. Only half enter the military.

"We try to pass to young people the moral and ethical values that have undergirded Western civilization to date," said retired Army major general James A. Grimsley Jr., the college's president. "The Citadel has never wavered from that ideal."

The Citadel, to be sure, accommodates modern times when necessary. Faced with a federal desegregation order in 1980, the school that contributed many officers to the Army of the Confederacy has more than doubled its black enrollment in the last five years. Today, 8 percent of the 2,000 students are black. They are excused from having to sing the school fight song, "Dixie."

Freshmen hazing, for years a Citadel staple made famous by the novel and movie "The Lords of Discipline," has been strictly prohibited since a college president resigned in 1980—partly as a protest against such abuses.

"Times have changed, and we've changed with them," Grimsley said.

Still, it is the tradition of relentless discipline set in the antebellum society of citizen-soldiers that draws teen-agers to The Citadel today, steels them and underlines the value of the college ring as a badge of survival.

Indeed, The Citadel is enjoying unusual popularity after lean years during the Vietnam war. More than three applicants compete for each spot—mostly from South Carolina and the rest of the South, where military tradition runs deep.

"It's honor and duty, the qualities of Robert E. Lee that we're all about," said senior Luke Kissam, 21.

Symbols of those virtues are engraved in the cherished college ring: a rifle, saber, wreath and five-pointed "Star of the West," the name of the Union steamer shelled en route to Fort Sumter by a detachment of Citadel cadets as the Civil War began.

The ring takes on mystical power for denizens of a cloistered culture. Seniors receive it early in their final year at a "ring ceremony" in the college chapel. They celebrate it at the "ring hop." There is barracks talk that it contains so much gold that the alumni association has to subsidize it. In fact, seniors pay $322 for it, signing a pledge to return it if they fail to graduate.

"When it gets rough, I tell myself I could have gone someplace else and had a good time," said senior Phil Simmons, 21. "but when I get the ring, there will be no time as good."

Junior Charles Dunn, 21, said he dreams about the ring. "Sometimes, there's a big set of lips, saying, 'You can't have the ring,' he said. "Then, I see a giant ring and go to grab it. But I can't reach it. Something keeps hitting back my hands."

"The ring is a visible sign that you conquered The Citadel," said retired Army colonel T. Nugent Courvoisie, a former assistant commandant. "We threw you into the whirlpool, and you passed the test."

The test begins after a freshman passes through Lesesne Gate onto The Citadel grounds, 110 acres of South Carolina low country abutting the Ashley River. There, he finds tall oak trees dripping Spanish moss and white, Moorish-style buildings enclosing the center of campus like a military fortress.

Assigned to a battalion and company, he receives uniforms, the "Blue Book" of regulations and a haircut so short that first-year cadets are known as "knobs." On "Hell Night," upperclassmen rouse the initiates from their beds, shout at them and order push-ups in the barracks quadrangle while a bugler plays taps.

For a full year, a freshman must sit at attention on the edge of his chair while eating meals, walk in single file in sidewalk gutters known as "knobs' alley," polish his shoes and brass to glassy perfection and remain silent in most public places. "Don'ts" range from running on stairways to carrying reading material to the toilet.

Upperclassmen cannot physically or psychologically attack knobs but can "verbally reprimand" them for violations of the rules. Certain cadet officers are authorized to mete "on-the-spot correction" in the form of 15 push-ups an hour, 60 a day.

Retired admiral James Bond Stockdale, who served as school president from 1979 to 1980, said freshmen came to him "in emotional shell shock" from hazing and were dropping out in droves. Stockdale, who received the Medal of Honor for bravery while imprisoned by the North Vietnamese, said he ordered seniors to read Herman Melville's novella "Billy Budd" to teach them that "responsibility could not be carried out with brutality."

Grimsley said the freshman attrition rate has fallen dramatically since "we cut out the nonsense. There's nothing military about hazing."

Knob initiation is intended to ingrain Citadel principles. Although the pressure eases after the first year, campus life remains highly regimented, with 22 separate bugle calls daily from reveille at 6:30 a.m. to taps at 11 p.m.

The "Blue Book," a half-inch-thick manual, spells out the rules: mandatory class attendance, military haircuts, 6 p.m. curfews for authorized trips to town, no beards, no civilian clothing, no hitchhiking, no public gum chewing or smoking in uniform, no profanity, no gambling and no sunglasses without a prescription.

A beefy, one-time Marine drill sergeant named Harvey Dick administers the rules. In his office is a picture of two bulls locking horns and the words, "Lord, forgive those who don't see things my way."

"Everyone has certain rules to live by," said Dick, the assistant commandant. "We help young men to get in the habit."

Rules are enforced by a demerit system for such minor infractions as a missing button or unauthorized television-watching. For each demerit in excess of the monthly allowance, cadets receive a 50-minute "confinement" to barracks or a 50-minute "tour" marching with rifle and uniform in the quadrangle.

More serious offenses, such as possession of alcohol on campus or more than four hours absence without permission, can bring penalties of 120 "tours," enough to consume all of a cadet's free time for months.

An Honor Code strictly forbids cheating, lying, stealing or failing to report a fellow student for any of those offenses. A cadet accused of violating the code if formally tried before the Honor Court of 10 cadets supervised by a faculty member.

The defendant can hire a private lawyer to help prepare his case but can be represented in court only by a fellow cadet. A unanimous decision is necessary for conviction. A guilty cadet can be expelled or given "leniency"—120 tours. He has the right to appeal to the college president.

Last year, a senior was expelled for cheating on a take-home test a few months before his graduation. He asked a South Carolina circuit court to overturn the expulsion, claiming he was denied due process. The court upheld The Citadel.

A Citadel graduate gains far more than honor. In South Carolina, the ring is an important calling card, opening doors for jobs or bank loans. In a state steeped in military tradition and military bases, Citadel men are considered the cream of the crop.

Far fewer Citadel men rise to top military jobs than graduates of West Point and the Naval and Air Force academies, which train students specifically for military careers. But The Citadel, offering a liberal arts curriculum, contributes heavily to the South Carolina business and political establishment. Graduates include Charleston Mayor Joe Riley, Sen. Ernest F. Hollings (D) and former governor John C. West.

"There's a Citadel graduate in every hamlet of South Carolina," said Arthur Wilcox, editor of The News and Courier of Charleston. "They have a network which functions in their behalf. If you need a favor, you know where to get it."

Wilcox said he believes that the power of the ring will extend even to black graduates, who share few of the school's southern traditions but find a certain equality in a system that treats all newcomers as lowly knobs.

"Those who get into The Citadel find themselves in the mainstream of South Carolina," he said. "When they [blacks] get out, they'll be recognized as just another member of the clan."

Chip Lilliewood, 21, a black senior from Columbia, S.C., said racial tension at The Citadel melts in the uniformity of campus life. He said he expects to tap the influential alumni network after graduation.

"I'm sure there will be a few good old boys," he said. "But for the most part, those guys are going to help."

After all, he will be wearing the ring.

TRIBUTE TO NAVAL UNDERSEA WARFARE ENGINEERING STATION

Mr. STEVENS. Mr. President, the November 25 issue of Federal Times contains an article on efforts of civilian employees of the Department of the Navy to salvage what was formerly discarded Navy equipment and thereby save taxpayer dollars. We are all mindful of and encourage Federal agencies and departments to recycle equipment when possible. The U.S. Naval Undersea Warfare Engineering Station [NUWES] corrosion removal and prevention shop, or salt shop as it is commonly known, is doing just that.

This group of dedicated Federal employees has saved the Federal Government millions of dollars in refurbishing naval parts. Last year, the station received the Productivity Excellence Award for its accomplishments. This shop, which costs the Federal Government approximately $170,000 a year to maintain, has saved the Federal Government $18 million over the past 3 years by recovering and refurbishing electronic hardware contaminated by salt water.

Mr. President, I want to take this opportunity, as chairman of both Civil Service, Post Office, and General Services Subcommittee and the Defense Appropriations Subcommittee, to salute these outstanding Federal employees and commend them on their efforts. This is an excellent example of the fine work our Federal employees perform.

I ask unanimous consent to have printed in the RECORD the entire article written by Rick Stedman for Federal Times.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NAVY SALT SHOP SAVES MILLIONS BY RENOVATING TORPEDO PARTS

(By Rick Stedman)

In most instances, common table salt (NaCl) is welcome for enhancing flavor.

But inundating a torpedo with salt is like planting a seed of cancer—it spreads, killing everything in its path. Several intuitive employees at Kayport, Wash., recognized that fact and did something about it.

Since its inception in June 1982, the Naval Undersea Warfare Engineering Station (NUWES) corrosion removal and prevention shop—or the salt shop, as it's commonly known—has saved the station and the federal government several million dollars in refurbished torpedo parts.

In March 1984, the station was awarded the Productivity Excellence Award for its accomplishments. Twenty employees, including four associated with the salt shop, were cited for productivity enhancement.

Al Jacobs, Rich Lunden, Frank Baldwin and Roy Duncan were acknowledged for their roles in establishing and improving the shop. At that time, the shop had cost savings exceeding $6 million for the Torpedo Mark 48 Program.

Duncan got the concept going with a beneficial suggestion. In it, he suggested recovering saltwater-contaminated electronics hardware. The procedure was suggested for salvaging exercise sections in short supply, and in late 1982 it was extended to include all electronic items of the Mark 48.

In its three years, the shop has salvaged expensive hardware from the would-be scrap bin at a total savings of $18 million. According to Dave Jensen, the salt shop leader, it costs only $170,000 a year to maintain the facility.

In fiscal 1984, the shop became a universal electronics refurbishment area. Prior to that time, almost all work done by shop personnel was performed on Mark 48 functional item replacement packages. But in fiscal 1984, other departments became aware of the cost savings possibilities.

As a result, the shop began working on such programs as the Mark 47 exercise heads, Mark 27 targets, Mark 60 mines, emergency shutdown pingers, Mark 46 logic assemblies, torpedo instrumentation exercise system (TIES) 3 electronic exercise units, Mark 48 and TIES cable and various other programs.

According to Jensen, this has resulted in an approximate savings (excluding Mark 48 FIR packages) of more than $2 million for fiscal 1984. This represents only a small fraction of the salted hardware on station (not to mention the potential savings to the fleet and taxpayers if the shop were used on a nation-wide basis.)

For fiscal 1985, the shop began working with more Mark 46 excercise material as well as fire control hardware, Mark 85 cold packs, printed circuit boards, consoles, panels, etc. Shop personnel also produced work for the new Mark 40 target program, resulting in a letter of appreciation from the Honeywell Corporation.

At present, the shop has processed approximately $1.5 million worth of salted electronics hardware for fiscal 1985 (excluding Mark 48 FIRs).

Awareness is the key in preventing salt contamination from spreading, say salt shop workers. "But no one can be certain of the 'drop dead time' for a salted package," said Jensen. "There are just too many variables involved."

Salt shop employees also have to work hard to overcome biases such as: once a unit is salted it's no good. "This statement is just not true," emphasized Duncan. "This is the old feeling, and it's hard to change peoples' minds—but we're doing it."

The awareness factor can be emphasized in another light, that is, making known the shop's existence and capabilities on a much larger scale. Those associated with the salt shop feel that the facility would benefit others outside Defense Department activities.

For example, a Navy official proclaimed that of the 3000-plus Navy surface-to-air missiles, one out of five are contaminated by salt.

ANNIVERSARY OF MOROCCAN GREEN MARCH

Mr. HATCH. Mr. President, this month marks the 10th anniversary of the Moroccan Green March, a unique event in which 350,000 Moroccans, without weapons of any sort peacefully reclaimed the Western Sahara from Spanish colonial rule.

As we head toward a summit between the superpowers, world attention is focused on the need to find ways to conduct our relations without the use or threatened use of force. That is why, Mr. President, I am bringing this milestone anniversary of the Green March to my colleagues' attention.

The territory involved was roughly 103,000 square miles, originally part of the Spanish Sahara, which became a Spanish possession in 1884. Following World War II, King Hassan II's father, Mohammed V tried repeatedly, but without success, to achieve a negotiated reunification settlement for centuries.

In 1975, after years of fruitless negotiations with Spain, King Hassan II determined Morocco was obliged to act unilaterally. While firm action was needed, the King was committed—as was his father—to a solution which risked neither loss of life nor open hostilities. King Hassan II assembled a peaceful volunteer "army" which, unarmed walked into the Western Sahara and symbolically occupied the land that had been Moroccan for centuries.

On November 6, 1975, the Green March began with 350,000 Moroccans carrying portraits of King Hassan and copies of the Koran as they crossed the frontier into the Sahara. This extraordinary, innovative and bold solution to a seemingly intractable international situation proved to be a great success: Morocco reclaimed the Sahara without incident. Morocco's historical sovereignty in the Western Sahara has since been affirmed by the International Court of Justice.

Despite the Green March, problems have persisted in the Sahara, chiefly in the form of the military conflict between Moroccan armed forces and the guerrillas of the Polisario, an external force backed by Algeria.

I am especially pleased to note for my colleagues that in an October 23 message to the United Nations General Assembly, King Hassan II announced a unilateral cease-fire in the Western Sahara. In this message, read by Moroccan Prime Minister Mohammed-Karim Lamrani, the King reaffirmed the commitment to have neutral onsite obsevers to verify the ceasefire, and to hold a self-determination referendum in the Western Sahara early next year. "The boys who are in the Sahara, are my boys," the King has said in the past, adding "and if I can save one cartridge and save one life, I must try."

Mr. President, the Kingdom of Morocco remains one of our strongest allies and closest friends in North Africa. Its leader is a man of vision whose high regard for the value of human life is reflected throughout his leadership. His is an excellent example which we all hope other nations, Arab and non-Arab, will emulate.

A TRIBUTE TO SENATOR JOHN SPARKMAN

Mr. DENTON. I rise to express deep sadness at the death of former Senator John J. Sparkman of Alabama. Senator Sparkman was a towering oak for Alabama in the U.S. Congress for 40 years.

Although I did not have the privilege of personally knowing Senator Sparkman, I do know him through his giant reputation. A current member of my staff worked for Senator Sparkman for 20 years. She has told me of his compassion, graciousness, and personal attention to his constituents. I am told that he would come into the office on Saturdays and personally telephone constituents to provide what assistance that he could for them.

Senator Sparkman was elected to the House of Representatives from the Eighth District of Alabama in 1936. He was reelected for five terms without opposition and served as majority whip during his last term.

Senator Sparkman also holds the distinction to be the only man in U.S. history to be elected simultaneously to both Houses of the Congress. In 1946, he was elected to the Senate to fill the unexpired term of the late Senator John Bankhead and was also reelected to the House of Representatives. After serving five terms in the Senate, Senator Sparkman retired in 1978.

While serving in the Senate, he was the chairman of the Senate Committee on Banking, Housing, and Urban Affairs and the Senate Committee on Foreign Relations. Senator Sparkman was widely known for his efforts to provide adequate housing for all citizens. He also championed many issues that were important to Alabama such as the establishment of Huntsville as a NASA research center; the Tennessee Valley Authority; and the approval of funds to develop Alabama's waterways, including the construction of the Tennesse-Tombigbee Waterway. All of these efforts were important to the economic development of Alabama.

I wish to pay my sincere respects to the family of Senator Sparkman. Even though his death saddens us, we can all celebrate the productive life that he lived and be thankful that he faithfully served Alabama and the Nation for so many years. He was a true statesmen—a man for whom all Alabama can be justly proud.

Mr. President, I ask unanimous consent that an editorial about Senator Sparkman be inserted in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[The Birmingham News, Nov. 18, 1985]

SPARKMAN'S SERVICE

Former U.S. Sen. John Jackson Sparkman, one of the most influential politicians ever to come out of Alabama and a major architect of the nation's post-war housing program, has died. He was 86.

He served his state and nation well from the depths of the Great Depression through the upheaval of the Vietnam War. He was among the last survivors of a great generation of Alabama representatives in Washington that had included his longtime Senate colleague Lister Hill. Hill's successor, Jim Allen, and several strong leaders in the House of Representatives.

Sparkman retired in 1976 after serving in Congress for 42 years. He had spent 32 of those years in the Senate, longer than any other Alabamian. The only political defeat of his illustrous career came in 1952, when he was the vice presidential nominee on the Democratic ticket headed by Adlai Stevenson.

While that nomination put Sparkman in the national limelight, his real influence came in the halls of Congress, where he was recognized as a champion of the small businessman, the Tennessee Valley Authority, Marshall Space Flight Center and especially, as "Mr. Housing."

He served for many years as chairman of the Senate Banking, Housing and Urban Development Committee, a post he used to develop and promote legislation to encourage home building and home ownership.

He gave up that assignment in 1975 to become chairman of the more prestigious Senate Foreign Relations Committee, a fitting position for a senior statesman, who, in addition to his 24 years on the committee, had served as a U.S. delegate to the United Nations and as one of the negotiators of the peace treaty with Japan.

Sparkman, born in a Morgan County log cabin, studied law at the University of Alabama, where he was elected president of the Student Government Association and edited the student newspaper. After practicing law in Huntsville, he was elected to the House in 1936.

Ten years later, he had been nominated for another House term when Sen. John Bankhead died. To keep the House seat from falling into Republican hands while he sought a place in the Senate, Sparkman ran for and was elected to both houses of Congress at the same time—a unique achievement in the annals of Alabama history.

As he approached retirement, Sparkman said he took satisfaction "in knowing that I have always done all that I could for Alabama and my country." He did a tremendous amount of good, and set a lofty standard for all who follow in his path of service.

THE CIVILIAN AGENCY MULTIYEAR CONTRACTING ACT OF 1985

Mr. COHEN. Mr. President, last week the Senate included as part of S. 1730, the Consolidated Omnibus Budget Reconciliation Act of 1985, a section that authorizes civilian procuring agencies to enter into multiyear contracts, not to exceed 5 years, when it is determined to be in the Government's best interest. This section incorporates the language of S. 678, the Civilian Agency Multiyear Contracting Act of 1985, which I introduced along with Senators LEVIN and DANFORTH on March 18 of this year. S. 678, moreover, is identical to a bill I sponsored last year, S. 2300, which the Senate passed unanimously.

The genesis of this proposal dates back to the Commission on Government Procurement. In 1972, the Commission reported to Congress that the advantages of multiyear contracting exceed the disadvantages, and recommended that this procurement method should be used, when appropriate, on a Governmentwide basis. The General Accounting Office agreed in a 1978 report, entitled "Federal Agencies Should Be Given Multiyear Contracting Authority for Supplies and Services," and recommended that legislation should be enacted to provide this authority. The Office of Federal Procurement Policy also endorsed the concept of Governmentwide multiyear contracting in its February 1982 proposal for a Uniform Federal Procurement System, as did the Grace Commission in its June 1983 report on procurement. Finally, a similar proposal to extend multiyear contracting authority to the civilian agencies was included as part of the administration's management reform initiatives that were recently submitted to Congress.

The Governmental Affairs Subcommittee on Oversight of Government Management, which I chair, held a hearing last year on S. 2300 and again considered the proposal this past January in its review of the Grace Commission's procurement recommendations.

Under present law, multiyear contracting may be used only when no-year or multiyear funds are available or, in the case of 1-year funds, when multiyear contracting is specifically authorized by statute. The Department of Defense has such statutory contract authority and has used it effectively. Civilian procuring agencies, however, generally do not have multiyear contracting authority and are consequently precluded by fiscal law restrictions—such as the Anti-Deficiency Act—from entering into contractual agreements requiring obligations in excess or in advance of appropriations.

The Civilian Agency Multiyear Contracting Act, as passed by the Senate last year and included in the reconciliation package this year, would authorize civilian procuring agencies to contract on a multiyear basis, provided the following criteria are met.

First, appropriations must be available for the first year of the multiyear contract and there must be a reasonable expectation that, during the remaining years the contract is in effect, additional funding will be requested.

Second, the agency head awarding the multiyear contract must determine that the contract will serve the best interests of the Government by (a) reducing costs; (b) achieving economies in administration, performance, and operation; (c) increasing quality of performance by or service from the contractor; or (d) encouraging effective competition.

Third, during the proposed contract period, there will be a continuing need for the property or services, and this minimum need is expected to remain substantially unchanged.

Fourth, the specifications for the property or services being procured are expected to be reasonably stable.

And fifth, the use of such contracting method will not inhibit small business participation.

The objective of these selection criteria is to ensure that multiyear contracting will be used judiciously and to safeguard against any possible abuse. These criteria, which in some respects are more stringent than the criteria in title 10 governing the Defense Department's multiyear contracting authority, are designed to limit the use of multiyear contracting for civilian agencies to only those circumstances when there is great potential for benefits and less potential for cancellation.

In my judgment, multiyear contracting is especially appropriate for civilian agencies, considering the nature of their procurements. Civilian agencies anticipate using multiyear contracting for standard services, such as trash removal, and for certain commercial items, such as typewriters. These recurring, common-use goods and services, for which there will always be a need, are not technologically sophisticated, involve no research and development, and consequently do not entail the risks inherent in multiyear contracting for major weapons systems. It is highly unlikely, therefore, that the civilian agencies will ever incur significant cancellation costs. The bottom line is that civilian agencies will obtain benefits from multiyear contracting, similar to those experienced by the Defense Department, but without assuming as great a risk.

The primary benefits of extending multiyear contracting authority Governmentwide are reduced costs, improved quality, and increased competition.

Multiyear contracting, used appropriately, provides significant reductions in the cost of procurement resulting from lower contract prices as well as lower administrative expenses.

According to estimates by the Office of Federal Procurement Policy [OFPP], based on data used within the Defense Department, approximately 15 to 20 percent of civilian agency procurement costs could be saved when multiyear contracting is

used. The Grace Commission estimated that savings of $1.8 billion could be realized annually through the expanded use of multiyear contracting, which includes savings by the Defense Department, as well. Officials from the General Services Administration [GSA] testified last year that the GSA alone could save up to $200 million annually through multiyear contracting. Finally, the Congressional Budget Office has estimated that this section would produce savings exceeding $500 million in the next 2 fiscal years.

These cost savings result from increased competition, economies of scale, improved contractor productivity, or a contractor's ability to amortize nonrecurring startup costs. Annual contracts frequently involve "startup" costs which must be recovered during the year. This has a direct impact on the price of property or services offered to the Government. Under a multiyear contract, such nonrecurring costs could be prorated over the life of the contract, thus reducing the unit cost of the work performed and consequently the price offered to the Government.

In some cases, multiyear contracting would allow agencies to take advantage of greater price discounts. For example, GSA analyzed the pricing practices of a major automated data processing [ADP] equipment vendor and found that the vendor's price varied significantly based on its customer's ability to commit for multiple-year leases of equipment. Those customers—all commercial—who would commit to a 5-year lease were granted discounts ranging from 62 to 75 percent of the 1-year rates.

The maximum volume discounts given to those customers who could only commit to a single year was 5 percent of the 1-year rate. In effect, customers such as the Government who leased equipment for several years, but who could only contractually commit themselves to a lease of 1 year, have paid as much in 2 years as other customers pay in 5 years.

Administrative costs to the Government could also be reduced. For annual contracts, agencies expend a significant amount of time and money to accomplish a variety of contract formation functions, including market research, preparation of solicitations, evaluation of offers, negotiation of prices, terms and conditions, and technical analyses. Agencies could reduce their cost of doing business if these administrative activities were performed on other than an annual schedule.

In addition to savings in contract prices and administrative costs, the second benefit of multiyear contracting is that the quality of performance and service from contractors is likely to improve. The GAO found in its 1978 report that multiyear contracting can improve contractor performance and service by reducing the uncertainty of continued Government business, providing continuity in the delivery to recurring supply and service needs, and enabling the contractor to maintain a stable, well-trained work force.

Many contracts, particularly those for the provision of services, experience a "learning curve" phenomenon where a new contractor's performance improves steadily as its workers gain experience with the peculiarities of the Government's work requirements. When annual contracts are required and successive contracts are awarded to different firms, the impact of the initial stages of the performance "learning curve" is felt each year. With multiyear contracts, this impact is felt only in the initial year of the contract. Subsequent years should experience a sustained level of quality performance.

The third and perhaps most important benefit in multiyear contracting, which contributes to reduced costs and improved quality, is increasing competition in contracting.

Many companies are often unwilling or unable to make significant capital investments for 1-year contracts, because it is difficult to recoup such investments and be price competitive. Multiyear contracts would make such undertakings more attractive by providing longer periods of assured business in which to recoup capital investments, thereby encouraging more companies to compete for the contract.

An example of an annual procurement which would have been competitive had it been awarded on a multiyear basis involves a GSA contract for converting waste into fuel. The GSA received proposals from firms indicating an interest in contracting with GSA to collect trash from Federal buildings, convert it into refuse-derived fuel, and sell it back to GSA for burning in Federal heating plants. GSA's contracting authority for such a service contract, however, is currently limited to a 1-year period. Considering the large front-end investment that would be required for a contractor to acquire the necessary equipment and facilities, potential contractors were unwilling to make such an investment for a 1-year contract. According to GSA, if multiyear contract authority were enacted, GSA would be able to contract competitively for conversion of waste to fuel, with anticipated savings in cost and energy resources.

Small businesses, in particular, stand to benefit substantially from multiyear contracting. According to the Commission on Government Procurement's report:

> Authorizing all executive agencies to enter into multiyear contracts with annual appropriations will permit small firms to become more competitive for contracts requiring substantial startup costs and capital outlays. Usually such expenditures are more burdensome to small than to big business. The ability to amortize such costs over longer periods should be helpful for small firms in competing for service and support contracts.

In other words, small businesses would now be able to submit offers on multiyear contracts by prorating nonrecurring startup costs which, for a 1-year contract, would preclude these businesses from competing.

The prospective uses of multiyear contracting for civilian agencies are varied and numerous. The GSA, for example, anticipates that multiyear contracting could be used for recurring support services, such as janitorial, maintenance and repair of real and personal property, protection, trash and snow removal services. GSA would also consider using such authority selectively in the procurement of certain common use supplies and ADP and telecommunications equipment. Multiyear contracting could also be used for small demand items which, when bought in larger quantities, might encourage increased competition.

To ensure effective and uniform implementation, the Governmental Affairs Committee recommended last year in its report to accompany S. 2300 (98-417) that the Office of Federal Procurement Policy—the central procurement policy office in the executive branch—should take the lead in monitoring the use of this new authority and fostering the exchange of ideas and experiences between the agencies. The OFPP should consider establishing an interagency task group on multiyear contracting for these purposes.

The committee also recommended that the OFPP, working together with the GSA, should incorporate management controls in the Federal Acquisition Regulation to ensure proper use of this broadened authority. Proposed management controls should first, require a determination and finding for using multiyear contracting, and second, require that multiyear contracts above an established threshold be reviewed by the agency's procurement executive.

Taken together, statutory guidance, regulatory controls, and management oversight should go far to ensure effective and uniform implementation. Government contracting, however, comprises a series of judgment calls which cannot always be legislated, regulated, or managed. Appropriate use of multiyear contracting, therefore, will also depend on improved training of the procurement work force. After all, we should not only focus upon the reforms in the process, but the personnel who will implement these reforms.

The committee recommended that the Federal Acquisition Institute, now a part of GSA, should coordinate this training program to instruct agency procurement personnel how to: First,

select candidates for multiyear contracting; second, conduct the initial market research which precedes the formulation of solicitations; third, obtain comparative quotations based on single-year and multiyear quantities; fourth, provide incentives for greater competition both at the prime and subcontractor levels; and fifth, assess what would constitute a reasonable cancellation charge in the event the contract cannot be continued.

For many civilian agencies, multiyear contracting is new and untested. While the potential benefits are great, inexperience may also lead to potential problems. The committee therefore recommends that those agencies inexperienced in multiyear contracting should first conduct pilot programs to ensure appropriate use of this new authority.

In closing, Mr. President, considering the support throughout the procurement community for extending multiyear contracting authority Governmentwide, the potential benefits to be gained, and the prospective uses, I am pleased that this provision was included in the package, and I am hopeful that my colleagues in the House will lend their support.

Mr. DOLE. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT OF 1985

The PRESIDING OFFICER. The Senate will now resume consideration of the unfinished business, S. 1714, which will be stated by title.

The legislative clerk read as follows:

A bill (S. 1714) to expand export markets for United States agricultural commodities, provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes.

The Senate resumed consideration of the bill.

Pending:

Hawkins Amendments No. 1118 (to Amendment No. 939), to reauthorize certain child nutrition programs.

Mr. DOLE. Madam President, a parliamentary inquiry. What is the pending question?

The PRESIDING OFFICER. The pending question is on the Hawkins amendment, No. 1118.

Mr. DOLE. Madam President, we had a late, late evening last night. I guess it was about 1:11 this morning when the Senate adjourned.

Many of our colleagues attended the briefing by Secretary of State George Shultz this morning, and that probably has delayed some of them.

However, I believe I reflect the views of Members on both sides when I say there is a desire to move ahead with this bill, and one way to do that is to get a vote early on, so that Members will know that we are serious about it.

I will not make the unanimous-consent request now, but I will do so when the managers arrive, and that is that there be 30 minutes equally divided on the pending amendment. I hope it can be worked out in a bipartisan way. Child nutrition never has been partisan.

It seems to me that we can accommodate the concerns of everyone.

It is good that the Senator from Florida has submitted an amendment somewhat different from the House version, so that we can go to conference and work out some important areas that should be addressed.

I will wait until the managers arrive, but I hope we can obtain that unanimous-consent agreement.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SYMMS). Without objection, it is so ordered.

Mr. DOLE. Mr. President, I understand some of our colleagues are stuck in traffic. I think the rain is the problem in addition to everything else. That is where a couple of my colleagues are who have an interest in this bill.

Senator MELCHER has an interest in this amendment. I think at least we could start the debate on it. Senator MELCHER has asked me questions that I cannot fully respond to. But I think the one significant difference between this bill and the House-passed bill is the funding level. So we might as well go to work.

AMENDMENT NO. 1118

(Purpose: To reauthorize certain child nutrition programs)

Mr. MELCHER. Mr. President, this is a child nutrition measure; it is not just a run-of-the-mill amendment. It is one of the significant bills that Congress addresses from time to time to make sure that the child nutrition programs are kept and upgraded as much as possible.

The House passed a bill earlier this year by an overwhelming margin. I think the vote was almost 360 in favor and less than 60 opposed.

We have had it in the Agriculture Committee for some time. It was my understanding that perhaps the bill would be passed separately.

There really are not any enemies that I know of in either body to child nutrition programs.

So I am quite amazed to find now that we are addressing it as an amendment to the farm bill, but since it has not been taken care of, this is one of the vehicles to which it can be attached. So I have no objection to that.

But I do have some problem when I try to understand what in the child nutrition program is in the bill that was passed by the House that is not in this bill.

So for that purpose I would seek to inquire, if she will yield, if the author of this amendment will explain exactly what are the differences between the House-passed bill and this amendment as offered.

(Mr. WILSON assumed the chair.)

Mrs. HAWKINS. As I understand it, the amendment at the desk does not add 6 cents to the breakfast program at a cost of $42 million. It does not raise the current tuition limit of the private school participation at an increased cost of $3 million. It extends the special milk program with regards to schools which currently are ineligible for the program. It does not have an increase cost of $15 million. It does include food service equipment assistance. It does not increase the cost of the program by $1 million. It does have the special supplemental food program. It does not increase cost by $60 million.

So those are the funding increases contained in H.R. 7 that my amendment does contain. The programs are there, it just does not have this increased money.

Mr. MELCHER. If the Senator will yield further, nothing else has changed in the House bill?

Mrs. HAWKINS. I did not understand the question.

Mr. MELCHER. Those were the only changes from the House-passed bill?

Mrs. HAWKINS. There are some technical changes in some programs and administratively. I have a 5-page section-by-section analysis which I will be glad to send to the Senator.

Mr. MELCHER. Yes, I would be happy to receive that.

Mr. President, as the majority leader has earlier stated, the chairman of the Agriculture Committee and ranking member of the Agriculture Committee and several others of the Senate Agriculture Committee that are interested in this proposal—it is the Child Nutrition Reauthorization Act, but it is of-

fered as an amendment—are not here yet. They are apparently caught in traffic.

As I look around on both sides, I believe maybe that is true of the committee staff, also. They must have been caught in traffic.

This is an extremely important act. And if it is going to be an amendment to this bill—if that is the best and most expeditious way to handle it—it merits some consideration and some full understanding by the Senate. I believe there is a great deal of interest in it.

I am going to start my preparation now, Mr. President, as expeditiously as I can to address these matters contained in this act and see what the differences are as it is presented here from the House-passed bill. Unless someone else seeks the floor, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mrs. HAWKINS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. D'AMATO). Without objection, it is so ordered.

Mrs. HAWKINS. Mr. President, I might make some statements which would be helpful to all those who are so vitally interested in this program which has languished in the Senate for 2 years. We should have reauthorized this a year ago.

There are no surprises in this amendment. It is very similar to a bill that Senator DOLE introduced last year. It is quite close to the draft of the Dole-Boschwitz bill that was circulated at staff level in between food stamp markup sessions. The changes proposed for various child nutrition programs constitute some fine-tuning measures.

I am not really certain the farm bill is the best way to accomplish program reauthorization. However, we are running out of time in this session and I really do not feel, as we are nearing Thanksgiving, that the committee should forget the children again.

We are talking about how we want to have a child nutrition program. We need to do this and we need to do it today.

The programs, as I said, were supposed to be reauthorized last year but Congress never completed the process. This past year they continued on a rather tenuous basis through appropriation. It is time we end the situation and act responsibly to ensure the future of these programs.

Mr. President, this amendment would reauthorize the five expiring child nutrition programs for 4 years at current service. It is very simple. There are no spending increases.

Much like the House bill, which contains $120 million in cost increases for fiscal year 1986, the programs that would be reauthorized are the Summer Food Service Program; the Supplemental Food Program for Women, Infants, and Children, usually referred to as WIC; the Commodity Distribution Program; nutrition education and training; and State administrative expenes. It is a brief, straightforward amendment. We hope that the section-by-section analysis of the amendment that we have distributed will answer the questions of those that are so concerned about child nutrition.

It is not a very controversial thing on the floor. This is not controversial. It has never been partisan since I have been in the Senate. And being a member of the Agriculture Committee and also chairman of the Subcommittee on Children, Family, Drugs and Alcoholism, I feel it is a duty upon this body, if we do nothing else at all before Thanksgiving, that we take care of this languishing reauthorization. It is a very bad example to the school programs, to those children that are waiting, and all of or administrators who do not know what is going to happen with the children's programs.

We hope that we would just have a bipartisan cosponsorship. Anyone who is interested in this is welcome to come down and be a cosponsor. The amendment is designed to steer clear of those who wish to reduce spending in some or all of these programs and those who wish to increase spending. That is the way it works here. No one gets the whole pie.

In several cases, haphazardly, in my judgment, this is the only way we can realistically hope to achieve a reauthorization of these programs this year. As I stated earlier, before some of the Senators came to the floor, this is no surprise. We have had this circulated, I believe, since May or June. It seems like I have seen it many, many times, and wondered why we did not hurry and work on it.

It would have been introduced last night, early in the evening; however, it was my understanding that the managers of the bill wanted to accept some amendments by unanimous consent and I was told to wait until all of those that were noncontroversial and that had unanimous consent be authorized and then, on an orderly basis, we would submit our amendments. I chose to be orderly and I submitted mine after being recognized.

This is the Hawkins-Dole and others amendment. The programs need the support of this Senate. We need stability in this program. It is a multiyear reauthorization that we can afford.

We need a vehicle to go to conference on. These are probably the most important programs, and I do not believe they should be left behind in the rush of other legislative matters that may be of some interest to some States and of no interest to other States. Good, sound program management is most achievable only when the people operating these programs know that Congress supports the programs fully, and intends for them to be continued for several years.

I mentioned that phones in the offices of other Senators do not ring as often as mine, being chairman of the Children and Family Subcommittee.

The amendment that I submitted would clear a logjam that has existed in this body for over 1 year, and there is nothing complicated about this. The authorization for five child nutrition programs expired September 30, 1984. I think it is inexcusable that people are standing around talking about what is the difference between this and the other bill when we all know it is going to go to conference. These programs have been continued by virture of the appropriations contained in regular and continuing resolution appropriation acts. Good, sound program management is not achievable when we have so many wrong signals going to those that absolutely wonder if we are going to cut, add, eliminate, or all or some of the above. We are talking about child nutrition—the most important part, I feel sometimes, of the entire farm bill.

I would like to let those of our colleagues know why we chose to put child nutrition on the farm bill. It was the only game in town last night.

Our committee, as everyone has known, has been consumed with an enormous workload this year in hearings, markup meetings, and now floor consideration. We have talked so much about wheat, grain, feed grains, corn, other commodities, targeted programs, marketing orders, dairy programs, and creating havoc in my opinion for certain commodities in the United States.

I think it is time and have felt it was time, but in the interest of the lateness of the hour last night we agreed earlier on to lay the amendment down, and we would consider it this day. It is time we focused on these child nutrition programs.

Those that serve with Senator DOLE on the Nutrition Subcommittee, on the Agriculture Committee have been concerned for over a year that we need to deal with reauthorization. Meetings have been held. Most of the meetings were at staff level to assess what type of child nutrition package might be acceptable in a broad spectrum to the committee, and to the full Senate. Suggestions and recommendations were obtained which resulted in the removal of a number of items from several sources from a potential nutrition package.

This package, to the best of my knowledge, represents a consensus of what we believe is double in the time left in this session. It should not be controversial. There should not be perception in anybody's mind that this is not straightforward. If we were to do the right thing, which is a wonderful way to start this day so early in the morning for those that were here so late in the night, we could get everybody on both sides of the aisle, and the consponsors to accept the amendment, and get on with it.

I feel for too long we have held this bill hostage. It is not right. It is not the right signal. Grown up people play big games sometimes, and forget about the children. But I never forget about the children, and the Nation will benefit by its children.

This program has to have a constant signal, and has to have reauthorization. And I apologize to those managers of these programs throughout the country for having not had the package since its expiration in September 1984.

Mr. MELCHER. Mr. President, will the Senator yield?

Mrs. HAWKINS. Mr. President, I ask for the yeas and nays.

Mr. MELCHER. Will the Senator yield for a question?

Mrs. HAWKINS. Yes.

Mr. MELCHER. I have listened to the comments of the junior Senator from Florida, and she is absolutely correct. I commend her for bringing this matter to a head. I can only say that within the committee it would have passed any time, any day that she or one or two others from the majority side of the Agriculture Committee would vote with us. We would have had this in the farm bill a long time ago. This was the best vehicle.

Might I ask the Senator from Florida, did I understand that the total difference in cost between the Child Nutrition Reauthorization Act passed by the House, and what is before us now is $250 million per year?

Mrs. HAWKINS. That is 2 years, Senator.

Mr. MELCHER. It is $125 million per year?

Mrs. HAWKINS. One hundred million dollars per year.

Mr. MELCHER. Per year? The Senator listed other costs. What is the total cost per year difference between this version of reauthorization and the version of reauthorization in child nutrition that the House passed?

Mrs. HAWKINS. This bill is at current services.

Mr. MELCHER. This bill is at current services?

Mrs. HAWKINS. That is correct.

Mr. MELCHER. My question is still the same. What is the savings difference between this and what the House has passed per year?

Mrs. HAWKINS. I read a list off in answer to a previous question about what it did not contain.

It does not contain the increased cost of $42 million for school breakfast; it does not include the increased cost of $3 million for private school participation; it does not include the costs of $15 million for special milk programs; it does not include $1 million for food service equipment assistance; and, it does not include the $60 million for the special supplement program. It does not include the $121 million that the House has. It maintains all programs.

Mr. MELCHER. Is it $241 million?

Mrs. HAWKINS. $121 million.

Mr. MELCHER. The total is $121 million, and that is per year?

Mrs. HAWKINS. Yes.

Mr. MELCHER. $121 million per year. I thank the Senator.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The distinguished majority leader.

Mr. HARKIN. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, let me indicate that I do not think there is much controversy about this program. I am chairman of the Nutrition Subcommittee. It had been our hope to have a separate piece of legislation. In fact, it has been on what we call the "must" list that I give to Senator BYRD from time to time of things we must do. One of the things has been child reauthorization programs.

So I hope we can dispose of this matter on a voice vote. I think the difference is in the funding level. We are going to go to conference with the House, and I think we can probably work out the differences.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, I want to join my distinguished colleague from Montana and also compliment the Senator from Florida for bringing this to a head and bringing this before the Senate floor. I was listening to the distinguished majority leader just a moment ago saying this was on his "must" list. I say the "must" list also. But I would point out that the House has passed this four times, and sent it to the Senate. It has gone to the Senate Agriculture Committee where it sat languishing for lack of action.

Most recently the House passed H.R. 7 in September by a vote of 367 to 59, which indicates it had broad bipartisan support in the House.

So I am glad this is coming to a head. However, I am greatly disappointed that the amendment now before us does absolutely nothing—absolutely nothing—to repair the damage that has been wrought over the last 4 years by the budget cuts on the poor and disadvantaged children of this country.

For the life of me, I cannot understand why we have to be so cautious when the House of Representatives by a vote of 367 to 59 passed H.R. 7.

I think we should be as equally concerned about the poor children of this country as are the Members of the other body.

The amendment before us, as I said, does absolutely nothing to repair the damages. It only contains the basic services which we have now, which are at best woefully inadequate to meet the needs that exist.

If the distinguished Senator from Florida would yield for a question, I would like to inquire why, since the budget allows for the increases in H.R. 7, it is not part of this amendment? Why is this $120 million cut if, in fact, the budget allows.

I wonder if the Senator from Florida would respond to that question. Why is it that we have so little to maintain the services at the lower sum and not have the $120 million increase provided for in H.R. 7?

Mrs. HAWKINS. I would like to answer.

Mr. HARKIN. Why is it that the budget allows $400 million, and the House passed H.R. 7 which restored some of these cuts at $120 million—why is it that we have to be so harsh in the services, if the budget allows for the larger amount? Why do we not put it in?

Mrs. HAWKINS. The budget resolution did not allow for increases unless they were taken out of someplace else. The nutrition program was to be continued at the current level. This level provided that the nutrition programs could be increased at $120 million but it stated that savings of $120 million would be found in other items.

Mr. HARKIN. If I may respond to that——

Mrs. HAWKINS. I believe that Senator D'AMATO will introduce amendments today to include reductions to compensate for the increases that some wish to propose. As I said earlier, before the Senator came to the floor, this is not what everybody would like.

I have been here for quite some time, and I must tell the Senator that this body does not have the luxury to spend a lot of time watching what the House does. This body has to spend a lot more time on our own bills, and be a lot more responsible. It is quite irresponsible not to agree on these programs for child nutrition which expired on September 30, 1984. We need to send a signal that good, sound Government management is achievable when people who operate these programs know that the Congress supports the programs fully. We have had a lot of debate about those programs over the years. This has been a com-

promise. We have a lot of people who are concerned about this. Some Members do want to increase the amounts. A lot of times, it is difficult to do that or consider it, especially at 9 o'clock at night. It seems to me, in my judgement, that responsible Senators, the chairman, and the Senator from Kansas, who was chairman of the Nutrition Subcommittee, have worked hard to break the logjam. We must send a signal to those participating in this program. We would like to have the junior Senator from Iowa be a cosponsor. We would like to have this amendment sponsored by all Senators on the floor. I have not asked for the yeas and nays, but it seems to me that this could be a program that would quickly be accepted.

As a member of that Agriculture Committee, we are hurting farmers every minute we stand here and do not enact a farm bill.

That is what we are here for, to talk about a farm bill, and every minute we stand here and do not enact a farm bill, we are costing individual farmers millions of dollars, untold uncertainties, with pleadings for more and more help for farmers going into bankruptcy.

I must say I would plead with the Members of this body to just accept this amendment so we can get back to the important farm bill, so that we can go on to farm credit.

I did not ask for the yeas and nays earlier, but I will ask for the yeas and nays at this time. I would also ask unanimous consent to add Senator DOLE as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HARKIN. Mr. President, I have the floor.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. HARKIN. Mr. President, I had yielded to the Senator from Florida to answer a question. I was waiting for her to finish her answer. Mr. President, I have the floor.

Mrs. HAWKINS. I believe I had the floor.

The PRESIDING OFFICER. The Senator from Florida was recognized. The Senator from Florida has asked for the yeas and nays.

Who yields time?

Mr. HARKIN. I did not yield the floor.

The PRESIDING OFFICER. The Senator from Florida has the floor.

Mrs. HAWKINS. Mr. President, to correct the record, I had yielded——

Mr. HARKIN. Mr. President, I have the floor and I have not yielded the floor.

The PRESIDING OFFICER. The Senator from Iowa has the floor.

Mr. KENNEDY. Mr. President, will the Senator yield to me?

Mr. HARKIN. I am delighted to yield to the Senator from Massachusetts for the purpose of questions and comments.

Mr. KENNEDY. Mr. President, first, I commend the work and leadership of the Senator from Iowa on this issue which I believe is of enormous importance and consequence to our country. In establishing the priorities of this country, there is no clearer issue to be chosen than this particular question of nutrition for our children. Our commitment as a society and as a nation is to reach out and provide food and nutrition to the neediest people in our society, primarily the children in our society. This is the basic question that we are addressing here today.

Some say that this amendment is a real compromise and that we ought to be willing to accept this particular proposal. I find it very difficult to understand why this proposal is a true compromise. It appears to me that we have seen a steady erosion of support and commitment as a society to the food programs that affect the low-income people of this Nation. There has been, as I understand it, a dramatic reduction in the child nutrition programs over the last 3 years. I would be interested if the Senator from Iowa would agree with me.

I understand that the funding for the child nutrition program in 1981 was cut by $1.5 billion, or a third of its funding which represents the deepest cut of any of the means-tested Federal entitlement programs. The cumulative cuts in these programs total $5.2 billion from 1982 to 1985. We are not just talking about cosmetics, we are talking about deep cuts. We have budget problems and we are going to deal with those problems. There is some room in the budget conference however to provide for modest expansions in these programs.

The commitment of this country to addressing the problems of child nutrition has faded in the period of the last 3 to 4 years. I am wondering if the Senator from Iowa would agree with me that of all the various policy programs we have in our country, the one thing we know how to do is grow food and fiber in this country and the second thing is feed people. The evaluation of these programs, I believe, has indicated very clearly that: First, there is a need; and second, these programs have been effective. We are not talking about waste, fraud, and abuse—these are sort of standard words around here—in bloated social programs. These programs have been evaluated, they are meeting a critical need.

I am interested, as one who is strongly committed to these programs, in what the view of the Senator from Iowa is in terms of instructing us whether he feels that even with this amendment, with all good intentions of the Senator from Florida—and I certainly would grant those good intentions—whether his analysis of this proposal is that it is a very significant and major retreat from this Nation's commitment to that whole range of child nutrition programs which I review in my formal statement on this matter.

Mr. HARKIN. I appreciate the remarks of the distinguished Senator from Massachusetts. He is absolutely right; this is a retreat, a massive retreat. I cannot understand why, when the budget allows and the House has passed H.R. 7, which encompasses some of the increases necessary to repair damage done in the last 4 years by a vote of 367 to 59—the House has passed legislation four times and the Senate has not acted on it—why we cannot also repair the damage that was done.

A moment ago, I was told by the author of this amendment that there were not offsetting cuts that would allow for this, that the function 600 would not allow for this.

I responded by saying we did indeed cut food stamps by $580 million, the same function. The budget conferees allowed for a $240 million increase in food stamps. So there is about an $800 million cut right there.

All we are asking for is $120 million to increase the WIC Program, the School Breakfast Program, and the Supplemental Milk Program.

What we have before us, while I agree with the Senator it is well-intentioned, does not even take the first step in repairing the damage done over the last 4 years.

Mr. KENNEDY. Let me ask another question of the Senator. Is there not also a clear tone in this amendment—a clear policy declaration? This amendment eliminates the Summer Food Service Program startup funds, the Child Care Program startup funds, and the Child Care Food Program advance payments. We as a country are trying to address the problems of families, of working people where two members of the family are out working. We are trying to address the problems of single-parent families. The explosion in those demographic figures in the period of the last 5 years has just been extraordinary. There have been efforts in the private sector and in the public sector to provide child care programs for millions of needy children and others in our society. And, we have found in the past that in this kind of situation, there is a need for small amounts of start-up money to develop programs. Is it the understanding of the Senator from Iowa that this particular amendment effectively cuts or eliminates those start-up

funds for programs? It is my reading of the amendment that it does.

So this is a very clear indication of, really, what those who support this amendment are attempting to do. They are saying, "Halt, stop. We are not going to provide the kinds of early start-up resources which are so essential to programs, so we will effectively deny otherwise qualified children from being able to participate in these programs." I must say I find that enormously distressing and I think it is a very clear indication that this amendment is very, very seriously flawed. I think we are left in a position where someone could possibly say that if we oppose this amendment we are somehow indifferent to these kinds of problems and, on the other hand, a vote in favor of the amendment could be interpreted as supporting many of these policy decisions which I find enormously troublesome.

I am interested in what observations the Senator from Iowa would make.

Mr. HARKIN. Mr. President, I think the Senator from Massachusetts is absolutely right. The children in these programs are the very children that will fall through the so-called safety net. These are the children most in need; yet they are being left behind with this amendment. They are just being left out, carved out, as if they were of no consequence whatsoever. It is a very small amount of money. We are not asking to bust the budget. This is well within the budget. We cut the Food Stamp Program, we allowed for this money, now we are being told we have to back off even more.

The Senator from Massachusetts is absolutely right on point. These programs that he mentioned are left behind, not included in this amendment. How can this be a compromise? This is no compromise. This is a backward step we are taking here.

I understand they say, well, they are going to go to conference on it, maybe they will work something out. But I do not think we ought to take the position in this body that we have to start from behind ground zero to go to conference with the House on this. I think we have to start from the strongest possible position.

Do we as a body want to repair the damage that has been done over the last 4 years to programs like the WIC Program? This amendment does not provide any increase at all in WIC—none, zero, zip.

The WIC Program is a program which is currently serving about one-third of the eligible people in this country, and this program has proven to be cost effective; for every dollar we have invested we have gotten $3 in savings. It is one of the best programs we have ever had in this country, and yet this amendment allows for no increase at all, when in fact the budget allows for it. That is what is so perplexing to me, why we have to be saddled with an amendment that not only leaves behind the programs that were just mentioned by the distinguished Senator from Massachusetts but which does nothing to increase the WIC Program, the School Breakfast Program, which the USDA has already said is nutritionally inadequate, and yet the House bill—in fact, the bill that was before the Senate last year in the Senate Agriculture Committee—had funds in it for the School Breakfast Program. I do not know why this amendment does not do anything for the School Breakfast Program. Again, I would like to ask the author of the amendment, why is there not anything in this amendment providing for any kind of increase in the School Breakfast Program? Does the author of the amendment feel the School Breakfast Program is adequate the way it is, or, again, is this some kind of budget consideration? I am just wondering why there is no money for the School Breakfast Program.

Mrs. HAWKINS. The junior Senator from Iowa is on target. I do not disagree with the Senator that we do not need further reductions, but in following this program—I do not know if the Senator attended the hearings or not—we had testimony in the hearings conducted by Senator DOLE which showed that the changes made in 1981 provided a better program, that the WIC Program became a better program. They had some trouble adjusting to the changes to WIC, say, in 1981, but when the statement is made that there is no money increase here, the WIC Program has grown from $800 million in 1980 to $1.5 billion last year, and that is a huge change. In farm belt programs, maybe that is not a big change, but WIC has gone up. I do not need to talk about how the participation has increased. It has been a very, very good program; 2 to 3 million kids are now participating in it. This Senator is on record for 5 years as casting votes on many, many occasions that supported child nutrition. It was this Senator who led the fight on the floor to prevent reductions in the same Child Nutrition Program when earlier this year there was a reduction proposed by the administration as part of its fiscal year 1986 budget recommendations.

Mr. HARKIN. Mr. President, if I can retain the floor——

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. If I can retain my time, I do not doubt the good intentions of the Senator from Florida. She is right. She has been a leader in this area, and I know that she is very concerned about it. That is why I am engaging in this colloquy, because I feel that there is enough support in this body for the kind of restoration that is encompassed in H.R. 7. I believe the votes are here for it. You cannot make a budget argument against it.

As I said, we made those cuts in the Food Stamp Program. What H.R. 7 did and what is lacking in this amendment is, No. 1, a restoration of a mere $1 million to the School Lunch Program which was cut $1 billion in the 1981 Reconciliation Act. H.R. 7 restored $1 million to the School Lunch Program. I know the Senator from Florida knows as well as I do what has happened in that School Lunch Program since 1981. We have had 3 million kids dropped out of the School Lunch Program since 1981. The data I have shows that the student enrollment in those schools which have a School Lunch Program has gone down by 6 percent, but the program participation has gone down by 13.6 percent. So we have had a tremendous dropoff in the School Lunch Program. I think it is asking too much to restore $1 million.

The second part of H.R. 7 that is not encompassed in this amendment, I talked about just a moment ago, and that is $42 million for the School Breakfast Program—again, a program which the USDA has said is nutritionally inadequate. We know that the School Breakfast Program reaches the poorest and most needy of kids and yet this amendment does not allow for that.

The third thing that this amendment lacks is the special milk program, the kindergarten milk program, at a cost of only $15 million. In 1982, this special milk program was cut by $110 million, a 90-percent cut in 1982, and all we are asking is let us put back $15 million.

Finally, H.R. 7 added an authorization of $60 million to the WIC Program which would serve an additional 125,000 women, infants, and children. In total, $120 million, which was encompassed in the budget. I do not understand why we cannot do that. As I said, I believe the votes are here for it. Quite frankly, I believe the Senator from Florida supports it, so I do not know why we have to be taking such a back seat in this effort. I think we ought to send a message loudly and very clearly to this country that we have accepted all the cuts we are ever going to accept in these programs and we are going to restore some of the damage that was done. Between 1980 and 1984, the total number of children in poverty increased by about 16.3 percent. The need is great. As the Senator from Massachusetts pointed out, what this amendment does is leave a glaring loophole for really the poorest and neediest of children to fall through and not be served.

So again I hope that some needed changes might be made in this amendment to bring it up to a level that I think would reflect what this body really wants to do. I do think the votes

are here for it. I do not think we have to be so cautious in this. If there is some possibility of working out perhaps some agreements on some modest increases, I think we can move ahead on it very expeditiously.

Mr. DOLE. Will the Senator yield?

Mr. HARKIN. I am delighted to yield.

Mr. DOLE. Mr. President, I wonder if I might suggest that we temporarily lay this amendment aside and the two Senators get together and see if they can resolve these differences. Then we could, hopefully, if we do that, vitiate the yeas and nays and have a voice vote. If that is satisfactory to both principals in this case, I would make that request.

Mr. HARKIN. I would be delighted to do so.

The PRESIDING OFFICER. Is there objection?

Mr. KENNEDY. May I hear the request, Mr. President?

Mr. DOLE. I just asked that we temporarily lay this amendment aside, we have a little confab with the interested parties and then hopefully be able to work out what we can here and work out the rest in conference and have a voice vote.

Mr. KENNEDY. Fine. No objection.

The PRESIDING OFFICER. Is there objection?

Mr. MELCHER. Reserving the right to object.

Mr. DOLE. Now there is no objection, as I understand it.

The PRESIDING OFFICER. Is there objection? Hearing no objection, it is so ordered.

AMENDMENT NO. 1119

(Purpose: To require Federal agencies before making loans or grants to foreign countries to certify that the loans or grants will not be used to enhance the competitiveness of foreign soybeans)

The PRESIDING OFFICER. The Senator from Alabama.

Mr. HEFLIN. I send to the desk an amendment which has been cleared, as I understand it, dealing with soybeans.

The PRESIDING OFFICER. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from Alabama [Mr. HEFLIN] proposes an amendment numbered 1119.

Mr. HEFLIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, add the following: At the appropriate place in the bill, add a new section as follows:

FOREIGN SOYBEANS

SEC. . Notwithstanding any other provision of law, in order to make a loan or grant to a major soybean producing country in competition with the United States for export markets, before making such loan or grant, the head of an agency (as defined in section 551(1) of title 5, United States Code) must certify to Congress that such loan or grant will not be used to enhance the capability of such country to export soybeans.

Mr. HEFLIN. Mr. President, I rise today to offer an amendment on behalf of the American soybean producer.

Over the past 7 years, I have discussed many issues with the soybean farmers in Alabama. The one issue that has brought more complaints and more attention is the Government subsidies that enhance the competitiveness of soybean producers in countries such as Brazil and Argentina. Sadly enough, many of these subsidies are provided not by the governments of these countries, but rather by the U.S. Government.

Mr. President, I have no problem with the use of Federal money for humanitarian purposes in some countries; however, I don't think it is necessary for us to spend taxpayers money to promote a product in another country that will be exported against U.S. farm grown commodities. I think Mr. B.B. Spratling, Jr., a good friend of mine and former president of the American Soybean Association, best sums up the situation. He said in a recent article, "Federal agencies need to look at the difference between humanitarianism and cut-throat competition."

Many countries already enjoy competitive advantages over the U.S. farmer. One advantage, is the cost of labor. American farmers spend about $25 per acre for labor while farmers in other countries spend less than $3 an acre. Moreover, American farmers pay about $14 an acre more for herbicides than do their competitors. Foreign governments heavily subsidize the processing of their soybeans into meal and oil to the extent that United States suppliers cannot offer raw beans to a country like Pakistan as cheap as Brazil would offer processed meal and processed oil.

Mr. President, in addition to these advantages, the Agency for International Development has expended millions of dollars in research projects to help Brazil to develop subtropical varieties of soybeans to further compete with the American farmer on the world market. According to an Agency for International Development representative, AID spent $330 million on agricultural programs in foreign countries during the 1984 fiscal year.

It would appear that these advantages would be enough to enhance the position of our trading partners. But it does not stop here. Other U.S. money has been or will be spent to construct or improve transportation links, such as roads and railways, to enable farmers to transport their raw products to shipping docks or processing facilities.

The U.S. Agency for International Development has agreed to take a closer look at its foreign agricultural programs. I am told that this is an effort to "take a more careful look at programs to be certain to minimize serious adverse effects on U.S. agricultural exports."

Mr. President, this is not the time to take a closer look. We all know the current economic conditions in the farm sectors brought on by reduced agricultural exports. It is time to take action.

The amendment I offer today is a step in the right direction. It is a short amendment and is self-explanatory. The amendment reads:

Notwithstanding any other provision of law, in order to make a loan or grant to a major soybean producing country in competition with the United States for export markets, before making such loan or grant, the head of an agency must certify to Congress that such loan or grant will not be used to enhance the capability of such country to export soybeans.

Mr. President, I would like to distinguish my amendment from an earlier amendment that was offered by the Senator from Idaho, Senator SYMMS, and was agreed to by a vote of 65 to 13.

The Symms amendment, as I understand it, gives the Secretary of Treasury the authority and directive to instruct the U.S. executive directors of the international banks to use the voice and vote of the United States to oppose any assistance by such institutions for the production of agricultural commodities if these commodities are in surplus or the export of such commodity would cause substantial injury to U.S. producers of the same commodity.

The amendment I offer is directed at taxpayers money that Congress appropriates to departments and agencies. This amendment requires that the head of any department or agency that makes loans or grants, to a major soybean producing country in competition with the United States for export markets, must first certify to Congress that such loans or grants will not be used to give foreign soybean producers a competitive edge over our own farmers in world markets.

Mr. President, I urge my colleagues to support this amendment that I have offered on behalf of all U.S. soybean farmers.

Mr. President, I understand that this amendment is acceptable to both sides.

Mr. HELMS. Mr. President, if the Senator will forbear for 30 seconds, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HEFLIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HEFLIN. Mr. President, I ask unanimous consent that the name of my colleague from Alabama, Senator DENTON, be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, we have examined the amendment, and now that it is acceptable, I should like to be a cosponsor of it.

Mr. HEFLIN. I ask unanimous consent that the name of the Senator from North Carolina (Mr. HELMS) be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ZORINSKY. Mr. President, we have examined the amendment on this side of the aisle and recommend its adoption, and I ask that my name be added as a cosponsor.

Mr. HEFLIN. Mr. President, I am delighted to ask unanimous consent that the name of the Senator from Nebraska [Mr. ZORINSKY] be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

If there is no further debate, the question is on agreeing to the amendment.

The amendment (No. 1119) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HEFLIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1120

(Purpose: To minimize the adverse impact of the milk program on beef and pork producers)

Mr. HEFLIN. Mr. President, I send to the desk an amendment which I understand has been cleared or is in the process of being cleared.

The PRESIDING OFFICER. Does the Senator ask unanimous consent that amendment No. 1118 be temporarily laid aside?

Mr. HELMS. I ask unanimous consent that amendment No. 1118 be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Alabama [Mr. HEFLIN] proposes an amendment numbered 1120.

Mr. HEFLIN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

AVOIDANCE OF ADVERSE IMPACT OF MILK PROGRAM ON BEEF AND PORK PRODUCERS

SEC. . The Secretary shall take into account any adverse impact of the reductions in milk production on beef and pork producers in the United States and shall take all feasible steps to prevent such impact.

Mr. HEFLIN. Mr. President, when the Dairy Diversion Program was authorized in the Dairy and Tobacco Adjustment Act of 1983, there was some concern in this body as to the existing potential for a severe impact on both pork producers and cattlemen by the cull dairy cows which dairymen would be selling for slaughter. There was a fear that the additional volume of meat on the market would be directly competing with beef and pork for the consumer's dollars.

At that time, I cosponsored an amendment that required the Secretary of Agriculture, in setting up contracts for the paid diversion program, to take into consideration any adverse impact this program would have on pork and beef producers. The amendment was designed to provide for the orderly marketing of cull dairy cows so as not to disrupt the cattle and hog market.

Mr. President, the dairy title of this bill, as you well know, does not contain a whole herd buy-out provision as does the House-passed farm bill, nor does it contain a dairy diversion program as does the House-passed farm bill. The dairy title does, however, give the Secretary of Agriculture authority to adjust the milk support price if Government purchase exceed or fall short of some trigger level. With so much surplus dairy production taking place these days, and so many surplus cows giving milk, any adjustment which we make to bring dairy production in line is bound to bring more meat on the market. However, in making adjustments, we in Congress, as well as the Secretary, should take every precaution to help minimize any adverse affect which these adjustments could have upon livestock producers.

Mr. President, it is important to recognize the strains under which livestock producers have been operating in the past few years. First, the administration implemented the Payment-in-Kind Program which resulted in increased feed cost. We saw devastating drought conditions in many parts of the country. Now, we see a flood of cheap meat imports from Canada. We must be sensitive to any additional impact on the red meat sector that could result from a new dairy program.

The amendment I offer today simply requires the Secretary to take into account any adverse impact of the reductions in milk production on beef and pork producers. It also directs the Secretary to take all feasible steps to minimize such impact.

I urge my colleagues to join in support of my amendment.

Mr. HELMS. Mr. President, we have examined the amendment and find it entirely acceptable on this side.

Mr. ZORINSKY. Mr. President, we have examined the amendment offered by the distinguished Senator from Alabama, and we accept it.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (1120) was agreed to.

Mr. HEFLIN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ZORINSKY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HEFLIN. Mr. President, I ask unanimous consent that the name of my colleague from Alabama, Senator DENTON, be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HEFLIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1121

(Purpose: To permit producers under certain conditions to repay loans for a crop of soybeans at a level that is the lesser of the loan level determined for such crop or the prevailing world market price for soybeans)

Mr. HELMS. Mr. President, I ask unanimous consent that amendment No. 1118 be laid aside temporarily.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HEFLIN. Mr. President, I have an amendment which has been discussed, and I believe it will be cleared.

This amendment would give discretionary authority to the Secretary of Agriculture to implement a marketing loan for soybeans. It is in his discretion.

One purpose of this amendment is to expand the parameters as we go to conference on the soybean title and give the matter attention. In conference, we would have the opportunity to look at a soybeans marketing loan as a potential for the final farm bill to include.

This amendment, in effect, would make it discretionary with the Secretary as to whether or not he wanted a marketing loan. Then it would be available in conference, as we consider soybeans problems, and it would be within parameters for the conference to consider.

I do not think there is any objection to this. It is purely discretionary.

At this time, I send the amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Alabama [Mr. HEFLIN] proposes an amendment numbered 1121.

Mr. HEFLIN. Mr. President, I ask unanimous consent that the amendment be notified.

Is there objection to this amendment?

Mr. HELMS. I do not know. I have not seen it.

Mr. HEFLIN. Basically, it just makes it discretionary for the Secretary to have the right to create a marketing loan for soybeans, in his discretion.

Mr. HELMS. If the Senator will let us look at it for a moment, I suggest the absence of a quorum.

Mr. HEFLIN. If the Senator will withhold that, I will withdraw the amendment, and we can take it up later.

Mr. HELMS. All right.

Mr. HEFLIN. Mr. President, I withdraw the amendment at this time.

The PRESIDING OFFICER. The Senator has that right. The amendment is withdrawn.

Mr. ZORINSKY. Mr. President, I ask unanimous consent that the pending amendment be set aside so I may offer an amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1122

(Purpose: To make Commodity Credit Corporation stocks available free or at reduced cost for liquid fuels processing)

Mr. ZORINSKY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Nebraska [Mr. ZORINSKY] proposes an amendment numbered 1122.

Mr. ZORINSKY. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows;

At the end of the pending amendment, add the following:

On page 459, between lines 18 and 19, insert the following new subtitle:

SUBTITLE D—ETHANOL

LIQUID FUELS

SEC. . Section 423(a) of the Agricultural Act of 1949 (7 U.S.C. 1433b) is amended by striking out all after "the Commodity Credit Corporation," and inserting in lieu thereof the following: "the Corporation may, under terms and conditions established by the Secretary, make its accumulated stocks of agricultural commodities available, at no cost or reduced cost, to encourage the purchase of such commodities for the production of liquid fuels and agricultural commodity byproducts. In carrying out the program established by this section, the Secretary shall ensure, insofar as possible, that any use of agricultural commodities made available be made in such manner as to encourage increased use and avoid displacing usual marketings of agricultural commodities.".

Mr. ZORINSKY. Mr. President, The amendment I am proposing would allow the Secretary of Agriculture to make surplus Commodity Credit Corporation stocks available free or at reduced cost for processing into liquid fuels.

As we face overwhelming levels of production and declining exports, we must pursue alternate uses for our Nation's surplus crops or simply become buried in mountains of grain. This amendment will promote the utilization of surplus grain in a manner that will not only reduce such surpluses—and thereby enhance the market price—but will contribute to domestic fuel self-sufficiency and national security as well.

I urge its adoption.

I believe this has been cleared by both sides.

Mr. HELMS. Mr. President, it has indeed.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment of the Senator from Nebraska.

The amendment (No. 1122) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Florida will be temporarily laid aside.

AMENDMENT NO. 1123

Mr. HART. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Colorado [Mr. HART], for himself and Mr. DOLE, proposes an amendment numbered 1123.

Mr. HART. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment insert: On page 231, between lines 5 and 6, insert the following new section:

PROTECTION OF SUGAR PRODUCERS

SEC. . (a) Section 401(e) of the Agricultural Act of 1949 (7 U.S.C. 1421(e)) is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) (A) If the assurances under paragraph (1) are not adequate to cause the producers of sugar beets and sugar cane, because of the bankruptcy or other insolvency of the processor, to receive maximum benefits from the price support program within 30 days after the final settlement date provided for in the contract between such producers and processor, the Secretary, upon demand made by such producers and upon such assurances as to nonpayment as the Secretary shall require, shall pay such producers such maximum benefits less benefits previously received by them. Upon such payment, the Secretary shall be subrogated to all claims of such producers against the processor and other persons responsible for nonpayment and shall have authority to pursue such claims as necessary to recover the benefits not paid to the producers. (B) The Secretary shall carry out this paragraph through the Commodity Credit Corporation.".

(b) The amendment made by this section shall apply to nonpayments occurring after January 1, 1985.

Mr. HART. Mr. President, let me begin by expressing my thanks to the majority leader for his help in formulating this proposal. His work, and the efforts of Senator BAUCUS, the Democratic manager, Mr. ZORINSKY, and others, are most appreciated.

This proposal applies to the sugar program under the 1949 Agriculture Act. It provides that the USDA, through the Commodity Credit Corporation, is responsible for direct payments to producers if processors enter bankruptcy or insolvency. If a producer enters into a program of the USDA in good faith, and with the assurances that program requirements are followed, the USDA bears a reasonable responsibility to the producer. That would mean that the Secretary would be obligated to recover lost assets from the appropriate court.

The need for this amendment became apparent when, this summer, producers in five States had between $24 and $27 million in payments withheld due to the Great Western processor bankruptcy. I wrote the USDA asking for assistance for farmers in Kansas, Colorado, Nebraska, Montana, and Ohio. And USDA replied there was nothing in the law to make these farmers whole.

To avoid this problem in the future, the amendment changes the basic certification process whereby USDA approves processors for conveyance of payments to producers. Until now, this process had no teeth—the Department has engaged in a perfunctory certification process based solely on an application filed by letter.

In the event of a bankruptcy, under our amendment, the Secretary shall make payments to producers within 30 days of the final payment date specified in contracts between processors and producers. The Secretary is provided a grace period to establish whether, in fact, payments have been denied.

Through the work of the majority leader and others, the amendment has been written retroactive to January 1, 1985. This means that protection will not only be afforded in the future, but will also be extended to the producers who suffered due to the inadequacy of the existing certification program.

This amendment affirms the intent of Congress. The payments we provide under the sugar program are for the farmers who participate in it. The amendment does not disturb the orderly conduct of the bankruptcy process, but protects producers who have participated in good faith. The amendment is supported by the National Sugar Beet Growers Association, the Rocky Mountain Farmer's Union and others.

In addition to Senators DOLE and BAUCUS, Senators ZORINSKY, EXON, and GLENN have pledged their support. I urge the adoption of the amendment.

Mr. DOLE. Mr. President, I share the views of the distinguished Senator from Colorado on the impact of about 17 States here as far as the prospective provisions of this measure are concerned.

There are also a number of sugar beet producers in Kansas, Colorado, Nebraska, Montana, Ohio, a number of States that have been severely impacted because, as the distinguished Senator from Colorado pointed out in this case, the processor gets the loan and the producers do not get the loan. The processor takes bankruptcy and there are the producers without any recourse or very little recourse.

Mr. President, I am pleased to join the Senator from Colorado, Senator HART, in offering this amendment to rectify a longstanding inequity with respect to repayments under sugar producer-processor marketing agreements. I am particularly gratified that, by making this provision retroactive to the first of this year, we may be able to make sugar producers whole who lost their entire crop value back in March when the Great Western Sugar Co. filed for bankruptcy.

Mr. President, sugar is the only crop where, as a result of the perishable nature of the commodity, processors rather than farmers take out the actual price support loan from the Commodity Credit Corporation. They do so only after signing a contract with CCC assuring that they have entered into marketing agreements, committing them to repay the producers once the refined sugar is sold.

In the case of bankruptcy or other insolvency on the part of the processor, as in the case of Great Western, sugar under loan is forfeited to the Government and producers with marketing agreements are forced to pursue their claims as unsecured creditors. As in other instances, such as the grain elevator bankruptcy case in 1981, the likelihood of receiving more than a few cents on the dollar is minimal.

This amendment would rectify this situation by requiring the CCC to step in after a bankruptcy declaration or insolvency and repay the loan to producers with marketing agreements. CCC would then assume the producers' legal interest with respect to distribution of any assets under the bankruptcy proceeding.

Mr. President, I appreciate the work of the Senator from Colorado in this issue, and hope that the managers of this bill will accept the amendment.

I thank the Senator from Colorado for initiating this action.

Mr. BAUCUS. Mr. President, this amendment corrects an egregious error.

This year farmers in five States were left holding the bag when the Great Western Sugar Co. filed for bankruptcy.

Great Western had collected funds from the USDA sugar program. Great Western had also taken possession of sugar beets from farmers in five Western States—including Montana.

The farmers had given up their crop but had not received payment.

When Great Western filed for bankruptcy these CCC funds—those funds destined for farmers—were placed in a pot with all the rest of Great Western's assets.

Farmers in five States—including my own State of Montana—lost $25 million.

This is especially outrageous given the fact that USDA is required to certify that processors are worthy conveyors of funds from the CCC to farmers. It is clear that USDA treats this requirement rather casually. If USDA is going to grant certification without examination, then USDA should bear the costs.

The amendment authored by the Senator from Colorado, the Senator from Nebraska, and myself is very simple. It says that where USDA certifies a processor as worthy and that processor then defaults or files for bankruptcy, the USDA shall pay the farmers who have turned over their crop.

I am glad to remedy this wrong.

(The names of Senators DOLE, ZORINSKY, BAUCUS, KASSEBAUM, GLENN, SYMMS, EXON, BENTSEN were added as cosponsors of the amendment, by unanimous consent.)

Mr. HELMS. Mr. President, we approve the amendment.

Mr. ZORINSKY. Mr. President, we have looked at the amendment on this side of the aisle and recommend its approval.

I congratulate the Senator from Colorado for his wisdom in recognizing this much-needed amendment and introducing it.

This amendment provides lien protection and rules for conveyance of payments to sugar producers.

Under the sugar program, sugar processors are the conduit for support payments intended to benefit producers. Unfortunately, when processors go bankrupt, as happened with Great Western Sugar Co. in 1985, sugar payments are treated as assets of the processor, and are seized to satisfy claims of unsecured creditors. This is clearly contrary to program intent.

The amendment further provides that sugar forfeited under the program and sold by the Commodity Credit Corporation be treated as an asset to be used for producer restitution.

Common notions of equity dictate that these changes be made to ensure that the benefits of the sugar program continue to go to those for whom the program was implemented.

I urge my colleagues to join me in adopting the amendment.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment of the Senator from Colorado.

The amendment (No. 1123) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Florida will be temporarily laid aside.

AMENDMENT NO. 1124

(Purpose: To express the sense of the Congress that food producers who permit gleaning of their fields and nonprofit organizations which glean fields and distribute the resulting harvest to help the needy should be commended for their efforts, and for other purposes)

Mr. TRIBLE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Virginia [Mr. TRIBLE] proposes an amendment numbered 1124.

Mr. TRIBLE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, insert:

On page 284, between lines 14 and 15, insert the following new section:

GLEANING OF FIELDS

SEC. . (a) Congress finds that—

(1) food banks, soup kitchens, and other emergency food providers help needy per-

sons seeking food assistance at no cost to the government:

(2) gleaning is a partnership between food producers and nonprofit organizations through which food producers permit members of such organizations to collect grain, vegetables, and fruit which have not been harvested and distribute such items to programs which provide food to needy individuals;

(3) support of gleaning to supply food to the poor is part of the Judeo-Christian heritage as set out in the Book of Leviticus: "When you reap the harvests of your land, do not reap to the very edges of your field or gather the gleanings of your harvest. Do not go over your vineyard a second time or pick up the grapes that have fallen. Leave them for the poor and the alien.";

(4) a 1977 General Accounting Office analysis estimated that during the 1974 harvest 60,000,000 tons of grain, vegetables, and fruit, valued at $5,000,000,000, were unharvested;

(5) the diets of millions of people in the United States could have been supplemented with such lost grain, vegetables, and fruit;

(6) a number of State and local governments have enacted "Good Samaritan" laws which limit the liability of food donors and provide an incentive for food contributions; and

(7) numerous civil, religious, charitable, and other nonprofit organizations throughout the country have begun gleaning programs to harvest such food items and channel them to the needy in the United States.

(b) It is the sense of Congress that—

(1) food producers who permit gleaning of their fields and civic, religious, charitable, and other nonprofit organizations which glean fields and distribute the resulting harvest to help the needy should be commended for their efforts; and

(2) State and local governments should be encouraged to enact tax and other incentives designed to increase the number of food producers who permit gleaning of their fields and the number of shippers who donate, or charge reduced rates for, transportation of gleaned produce.

At the end of the pending amendment add the following:

On page 413, line 8, insert ", including veal" before the period.

On page 420, line 8, insert "(A)" after the paragraph designation.

On page 420, between lines 11 and 12, insert the following:

"(B) In developing plans or projects, the Committee shall—

"(i) to the extent practicable, take into account similarities and differences between certain beef, beef products, and veal; and

"(ii) ensure that segments of the beef industry that enjoy a unique consumer identity receive equitable and fair treatment under this Act.

Mr. TRIBLE. Mr. President, this amendment commends those farmers and charitable organizations who aid the needy both here and abroad by gleaning America's farmlands.

Throughout the United States there is an active gleaning movement. Farmers donate surplus crops to help those who are less fortunate and charitable groups distribute these crops to feed the hungry in America and around the world. Virginia and many other States have enacted tax incentives encouraging surplus crop donations.

The people involved in these worthwhile efforts deserve to know that the Congress supports their work. My amendment commends those individuals and encourages State and local governments to adopt tax incentives and other measures that will promote this worthy charitable effort.

The gleaning of fields to supply food to the poor is as old as the Book of Leviticus where it is written "When you reap the harvests of your land, do not reap to the very edges of your field or gather the gleanings of your harvest. Do not go over your vineyard a second time or pick up the grapes that have fallen. Leave them for the poor and alien." Today, food producers and hunger relief organizations collect vegetables, grains, and fruit which are passed over during harvest or may not be suitable for sale. Those food stuffs are then distributed to needy individuals, rather than being lost.

One of the best examples of such an effort is the potato project in Virginia. This program is administered largely by three individuals from the Society of St. Andrew in Big Island, Virginia. It began as a temporary effort to distribute surplus potatoes to needy families in Virginia and the District of Columbia. Yet, after only 2 years, the society has distributed millions of pounds of surplus potatoes—which otherwise would have simply been thrown away—to needy individuals in more than 40 States.

Mr. President, I ask unanimous consent that a Washington Post article describing the potato project be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

POTATO POWER—2 VA. PASTORS GATHER TONS OF TUBERS TO FEED NEEDY IN D.C., 35 STATES

BIG ISLAND, VA.—Nothing about the weather-beaten sheep shed off a narrow gravel road that twists up through the Blue Ridge some 30 miles west of Lychburg suggests it is the headquarters of a growing national hunger-fighting organization.

But before the year is out, a unique operation called the Potato Project, based here, will have rescued 8 million pounds of potatoes from garbage heaps and dispatched them to hungry people in 35 states and the District of Columbia.

Begun 14 months ago by two United Methodist preachers, the Potato Project has forged a long-missing link in the food distribution chain between waste in the fields and hungry people in the cities.

The basic premise is simple: Collect potatoes that are not marketable—because they are misshapen or were nicked by the digging machines—but are perfectly good to eat, and ship them to food warehouses and soup kitchens in cities and on Indian reservations.

"We stumbled into it last spring [1983] and were just going to do it for eight weeks, from the Eastern Shore to eight Virginia cities and the District of Columbia," said the Rev. Ray Buchanan, one of the founders of the Potato Project. "Somehow, we just never stopped."

From the improvised office in their hill country sheep shed, Buchanan and his partner, the Rev. Kenneth Horne, have distributed potatoes through more than 80 outlets, at a cost currently running at 3.8 cents a pound. They plan to double the volume in 1985, as well as branching out into such items as green beans, corn and frozen fish. They learn about available potatoes "by word of mouth," Horne said. "You work with one farmer. He learns that things are on the up and up, and he says, 'I know a guy you ought to call,' and the word gets around."

Last week, for example, they had a call from a broker on Virginia's Eastern Shore whom they had got in touch with four or five months ago. Could the Potato Project use a load of potatoes rejected by the "chippers" because they had knots on them and wouldn't fit in the potato chip machinery?

They could.

Two days later, a huge silver tractor-trailer truck eased into the space behind First Rising Mount Zion Baptist Church on N Street NW and dumped 49,000 pounds of potatoes for the Council of Churches to distribute to the poor in Washington.

To keep costs at a minimum, the Potato Project seeks distribution sites as close as possible to where the potatoes are grown. "We try to make sure that nothing is resold, and we try to make sure it gets to the people who need it," Horne said.

Their United Methodist connections come in handy, but "if we find a place where there's not a Methodist Church, we can always call the Episcopalians or the Lutherans," Horne said.

Buchanan and Horne are convinced they have only scratched the surface of a mountain of food that could go to the needy. "We'll move 8 million pounds [of potatoes] this year, and we're only dealing with 27 or 28 growers" in a dozen states, Buchanan said. "In Maine alone there are 1,100 growers.

"Last year, one grower, who is also a broker, gave us 2.4 million pounds. I asked him, 'What did you do before we came along?' He said, 'Well, I gave the starch plant all they could use, and then I dumped 3 million pounds.' "

The Potato Project pays the growers' cost of bagging the potatoes—the bulk load that went to Washington last week was unusual—and the freight to the nearest distribution center, though the receiving food banks or soup kitchens are invited to help pay shipping costs if they can.

Besides the satisfaction of knowing the potatoes are nourishing someone in need, the grower may get a tax benefit for a charitable contribution. Buchanan has been lobbying both in Richmond and in Washington recently to get laws covering such benefits strengthened.

The early days of the Potato Project were particularly chaotic on the financial front, Kenneth Horne's brother David recalled. "There was a time last winter when we were in a really tight financial situation.

"We finally got out from under, and Ken went off to raise some money so we would have a little cushion. But while he was gone, a guy called and wanted to give us 2.25 million pounds. And somebody else called with another batch. We hated to turn them down, so when Ken came back in a couple days, he was all excited because he'd raised $6,000. But we'd already spent it!" David Horne said.

Buchanan and Kenneth Horne, both Vietnam veterans who have been friends ever since they began graduate study for the ministry at Duke University, have long since given up the pastoral ministry to operate the Potato Project full time, though "somebody is speaking somewhere about three times a month," Buchanan said.

The speaking helps raise money to keep the project going. The three administrators pay themselves salaries of $17,500 each. Bills for telephone service, which is essential, run to $600 or more a month, David Horne said.

The bulk of next year's $646,300 budget will go for bagging the potatoes and for freight. "We're looking for donated bags and donated freight, but donated freight is very difficult to arrange because of the nature of the business," said fund-raiser Horne.

Farmers and processors have offered them other foodstuffs. "A green bean packer on the Eastern Shore of Virginia said he could give me several hundred bushels of green beans," Buchanan said. Their only flaw: they are too long or too short to fit into the processing machinery.

There have also been offers of frozen fish, dairy products, even watermelons.

"What we foresee at some time in the future is that we may get so many potatoes given to us that we can't use them all fresh, so we may want to experiment with dehydration. Then you get into a whole new ballgame," said Buchanan.

"One of the things that makes this program is that it's not just direct relief; it strikes at one of the systemic causes of hunger," he said. Given the amount of food that they have already collected, and the tons more they know is out there, he said, "the only limitation to the program is financial."

Mr. TRIBLE. Mr. President, the potato project is one of many gleaning programs that are helping in the fight against hunger. It is a valuable and moving example of volunteerism at work, and exactly the sort of private sector initiative that we in Congress should encourage.

My amendment commends such efforts and acknowledges the contribution they make. The amendment also urges State and local governments to enact measures promoting gleaning programs like the potato project.

I urge my colleagues to adopt this amendment.

Mr. President, this amendment has been shared with both the majority and minority sides. It is my understanding that they also support this initiative.

I yield the floor at this time.

Mr. HELMS. Mr. President, I thank the Chair.

This is a good amendment and I commend the Senator from Virginia on it.

Like the able Senator from Virginia, I have been tremendously impressed by the creative effort being put forward by so many individuals and private nonprofit organizations who are working to help feed the poor. They are sort of the unsung heroes. We do not read anything about them. All we hear about is what the Government is doing and what the Government should do.

We have many examples of it in my own State, I say to the Senator.

But I do commend him on the amendment.

There often appears to be a misunderstanding that the sole source of food assistance for the poor in the United States is—or should be—provided by the Federal Government in the form of various Federal food and nutrition programs. Certainly this is a major portion of the overall effort. Federal programs such as food stamps and other programs cost taxpayers over $18 billion annually. However, what is often overlooked is the significant contribution being made by individuals and private groups.

Gleaning—the process of gathering the fruit and vegetables remaining after harvest—is certainly a vital element in this network of private sector responses to feeding the needy in the United States.

I am familiar with the specific "Potato Project" identified by Senator TRIBLE. From all I've heard and read, it is, indeed, a worthy project making a tremendous impact in providing food to the needy, both directly and through nonprofit organizations.

One of the most encouraging mornings I have spent in the Senate was 2 years ago when I chaired a hearing of the Senate Committee on Agriculture, Nutrition, and Forestry on "Private Sector Initiatives to Feed America's Poor." The rich diversity of efforts being initiated was most encouraging. These individuals and groups have identified problems specific to their communities, and they have developed successful, varied approaches to address these problems.

Several groups that submitted testimony included references to gleaning programs. One of the most extensive gleaning programs is operated by the Food Bank, Inc., of Santa Clara County, San Jose, CA. A food "mobilizer" contacts orchardists, growers, and packers. Volunteers and a paid truckdriver then pick the produce, following carefully predetermined arrangements agreed upon with the owner, and haul it back to the warehouse for storage and distribution. The food bank maintains an insurance policy and extensive liability coverage to protect the grower. The food bank provides the fruit and vegetables to local nonprofit agencies that feed the needy as well as distributing "brown bags" of the produce to low-income elderly persons each week.

These gleaning operations are indeed a labor of love and compassion by the countless volunteers who participate in the many phases of the successful gleaning program. The Senator from Virginia is wise to bring this issue before the Senate to commend these operations, and on behalf of the majority, I am prepared to accept the amendment with wholehearted enthusiasm.

We do approve the amendment on this side.

Mr. ZORINSKY. Mr. President, I am pleased to support Senator TRIBLE's amendment commending the efforts of food producers who permit gleaning of their fields and nonprofit organizations that glean the fields and distribute the commodities to the needy.

I am proud of the recent efforts in my own State of Nebraska in this regard. In October of this year, the Nebraska State Legislature agreed to a resolution encouraging Nebraskans to help alleviate hunger in my State and abroad. "Nebraska Shares" is the official name of this statewide effort. Nebraska producers are helping by donating grain to this effort. This has a twofold effect: It helps alleviate the glut of grain and helps feed hungry people in Nebraska and abroad. In addition, 10 percent of the accumulated proceeds has been earmarked specifically to meet Nebraska's needs.

I applaud the Senator's efforts to encourage and commend the practice of gleaning fields, and I urge my colleagues to support the amendment.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment of the Senator from Virginia.

The amendment (No. 1124) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Florida will be temporarily laid aside.

AMENDMENT NO. 1125

(Purpose: To ensure the promotion of veal under the beef promotion program)

Mr. QUAYLE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Indiana [Mr. QUAYLE] proposes an amendment numbered 1125.

Mr. QUAYLE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment add the following:

On page 413, line 8, insert ", including veal" before the period.

On page 420, line 8, insert "(A)" after the paragraph designation.

On page 420, between lines 11 and 12, insert the following:

"(B) In developing plans or projects, the Committee shall—

"(i) to the extent practicable, take into account similarities and differences between certain beef, beef products, and veal; and

"(ii) ensure that segments of the beef industry that enjoy a unique consumer identity receive equitable and fair treatment under this Act.

Mr. QUAYLE. Mr. President, today, I am introducing an amendment to the beef promotion provision of the farm bill. My amendment would guarantee the producers of veal fair and equitable treatment under the provisions of the act.

I am pleased to say that I have worked closely with representatives of both the U.S. cattle and veal industry to construct an amendment that can be supported by the proponents of the beef promotion and research provision.

Under the act as written, the veal industry would contribute significantly to the program, but would have little hope of benefiting from direct promotion or research during implementation of the program. Given the structure of the beef board and operating committee set forth in the act, it is unrealistic and highly unlikely that veal, a distinctive and easily recognizable meat product, would receive product-specific promotion and attention under the act, as is necessary in order for this program to be administered fairly.

My amendment would simply ensure that the final promotion and research program, as approved by the Secretary of Agriculture, would include as a part of its overall activities a fair and equitable treatment of the veal industry.

The veal industry is primarily located in the Great Lakes States, Wisconsin, Indiana, Illinois, Michigan, and Ohio. My State of Indiana ranks second overall in veal production. This important industry contributes not only to the economy of the local and State communities in which these farms are located but also serves as an additional market for dairy calves and fluid milk; the two primary inputs required in the production of commercial veal.

Mr. President, every year, more than 1 million milk-fed commercial veal calves are sold in the United States, and an additional 4 or 5 million head of grass-fed and so-called bob veal are marketed. Because of the size and prominence of the veal industry, it will contribute substantially to the Beef Promotion and Research Program being debated as part of this farm bill.

In crafting such a program, we must take great care to ensure that no segment of an industry required to participate is unfairly disadvantaged by the structure of the act. My amendment recognizes the characteristic nature of the veal industry, its distinct consumer identity and ensures its producers fair and equitable coverage under this promotion effort.

I would again remind my colleagues that I have worked directly with the leadership of the beef industry in crafting this amendment, and have developed it with the assistance and support of the National Cattlemen's Association and the American Veal Association, and I would hope that it could be accepted by this body.

Mr. KASTEN. Mr. President, I rise in support of the Quayle amendment.

Wisconsin has a $125 million veal industry, the largest in the country. Veal brings Wisconsin several thousand jobs, and provides vitally needed income to thousands of Wisconsin dairy farmers. The Wisconsin Department of Agriculture estimates that 1 out of every 4 calves born on Wisconsin dairy farms goes into the veal industry.

Veal occupies an important, and distinct, place in the American diet. I was therefore concerned to see that the Beef Promotion Program reported by the Agriculture Committee included no specific mention of veal or the need for veal promotion.

Clearly, veal is not the same as beef. To a large extent, veal and beef are competitors for the public's food dollar. Yet, because both come from dairy cattle, both beef and veal producers would be assessed $1 per head to fund the promotion program established in this bill.

Mr. President, I support promotional efforts for beef. The Dairy Promotion Program we established 2 years ago has worked well for dairy farmers, and I am hopeful that a promotion program for beef might bring similar good results.

But I point out to my colleagues that veal producers have a turnover on each calf of 4 months or less, compared to 2 years or so for beef cattle. Relative to the weight of their calves, veal producers are actually assessed more heavily than beef cattle producers.

Equity demands that veal producers be assured that veal will be treated equitably under the promotion program. The Quayle amendment provides fairness, by requiring that segments of the beef industry, including veal, receive equitable and fair treatment under the act.

Mr. President, I can honestly say that veal producers in Wisconsin were delighted and relieved to hear about the Quayle amendment. They are a relatively small industry, and they were justifiably afraid that Congress was about to tax them to pay for a program that might not help them promote their product. The language in the Quayle amendment substantially meets their concerns; I am very pleased to support it; and I urge my colleagues to join me.

Mr. HELMS. Mr. President, as the Senator has indicated, this amendment would simply direct the committee and the board entrusted to administer the beef promotion and research program to treat veal products in an equitable manner, along with other beef products. Veal producers are concerned that, because their product is a specialty product, the checkoff fund will not be used to promote the product they produce, to wit, veal.

This language is acceptable to everyone, as I understand it, and certainly is on this side. Speaking for the majority, we are willing to accept it.

Mr. ZORINSKY. Mr. President, we have not seen the amendment yet. I suggest the absence of a quorum just for a moment so we can take a look at it.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ZORINSKY. Mr. President I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ZORINSKY. Mr. President, we have examined the amendment on this side of the aisle and can find no objection and recommend its approval and passage.

Mr. MELCHER. Mr. President, do I understand that this is an amendment to help those people who produce veal calves, may I ask the distinguished Senator from Indiana?

Mr. QUAYLE. Yes; the Senator is correct. This is an amendment to ensure the producers of veal fair and equitable treatment under the Beef Promotion Act.

Mr. MELCHER. And that they receive part of the funds, part of the funds designated for research?

Mr. QUAYLE. Just a fair amount; not necessarily a designated amount, but "fair and equitable" is the language.

Mr. MELCHER. Who is to determine that?

Mr. QUAYLE. The Secretary and the Board.

Mr. MELCHER. Is this amendment one that has been reviewed by the American Cattlemen's Association?

Mr. QUAYLE. The Senator is correct. It is my understanding that the Cattlemen's Association, which I know the Senator has a great deal of interest in, supports it.

Mr. MELCHER. I thank the Senator from Indiana for clarifying this. I certainly have no objection.

Mr. QUAYLE. Mr. President, I ask unanimous consent that Senator LUGAR be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from Indiana [Mr. QUAYLE].

The amendment (No. 1125) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1126

(Purpose: To modify the provisions relating to honey price support)

Mr. QUAYLE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. DENTON). Without objection, the amendment of the Senator from Florida will be temporarily set aside.

The clerk will report the amendment of the Senator from Indiana.

The legislative clerk read as follows:

The Senator from Indiana [Mr. QUAYLE] proposes an amendment numbered 1126.

Mr. QUAYLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, add the following:

Beginning on page 212, strike out line 8 and all that follows through line 14 on page 214 and insert in lieu thereof the following:

HONEY PRICE SUPPORT

SEC. 1101. Section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended—

(1) by striking out "honey," in the matter preceding subsection (b); and

(2) by amending subsection (b) to read as follows:

"(b)(1) For each of the 1986 through 1988 crops of honey, the price of honey shall be supported through loans, purchases, or other operations at such level as the Secretary determines, will maintain the competitive relationship of honey in domestic and export markets after taking into consideration the cost of producing honey, supply and demand conditions, and world prices for honey.

"(2) Beginning with the 1989 crop of honey, the price of honey shall not be supported through loans, purchases, or other operations.

On page 214, line 15, strike out "(6)" and insert in lieu thereof "(3)".

Mr. HELMS. Mr. President, I wonder if I could suggest to the distinguished Senator from Indiana and to the able ranking minority member a 30-minute time limitation, equally divided.

Mr. ZORINSKY. Mr. President, I would like to clear this with Senator BOREN as to the time limit, because he does have an interest in this. I would like an opportunity to contact him before agreeing to the unanimous-consent request.

Mr. HELMS. That would be satisfactory, of course.

Might I ask the Chair to start the clock, just in case we get the time agreement?

Mr. ZORINSKY. We have no objection to taking it up, but without a time limit until Senator BOREN is notified.

The PRESIDING OFFICER. The clock has been started in case an agreement is reached.

Mr. QUAYLE. Why don't I go ahead and talk while the Senator is trying to arrange a time agreement?

Mr. HELMS. Very well.

Mr. QUAYLE. Mr. President, this amendment will have a little bit of controversy; unlike my last amendment, that was not.

Basically, Mr. President, this amendment phases out the honey price support program over a period of 3 years. I would say at the outset that what we are confronted with here is this: Does this body have the capacity to say no, or to begin to eliminate subsidies and farm programs that we have had on the books for a number of years and that are no longer needed? I certainly believe that this is one such program.

I would say that this is perhaps a small litmus test designed to see how responsive we are going to be to a very, very small group of people that benefit overwhelmingly from this honey program. It is a sweet program for a few selected people in this country. There are a total of about 211,000 beekeepers in this country. Of that number, only 2,400 participate. Many of these beekeepers receive a subsidy, a direct payment, on the forfeiture of their collateral in excess of $1 million. This is a $1 million farm program we are talking about.

We are not talking about the little guy in this case. We are not talking about the family farmer. We are talking about beekeepers that make $1 million in 1 year on providing bees to this country.

Now I know everybody likes bees. They all like honey. They are nice little things, as long as they do not sting you. But I will tell you, we, the Government and the taxpayers, have been stung to the tune of about $100 million a year for this program. It is one of the sweetest ripoffs that has come along in a long, long time—$100 million to take care of 2,400 beekeepers.

Now I am sure that in each State we all have a few beekeepers that participate in this program. In my home State of Indiana we have 8,000 beekeepers. And I have heard from some of them and I am sure everybody else has heard from their beekeepers, each of which make a lot of money from this program.

We have to ask ourselves why we have this program. People make the argument that the reason we have this program is for pollination purposes; that you have this program for cross-pollination; that the bees help pollinate seeds and the fruits and berries and things like that; and that you are going to have bees there to have any kind of crop. Well, there is no doubt about it, bees help those crops.

But do you know what is interesting? Over the course of the years, Mr. President, that actual number of bee colonies from those States that produce these crops, like the State of Washington and New York, beekeepers have actually left those States. Beekeepers have left those States where they are needed for pollination and they have migrated basically to the upper central Midwest States, where it is more economical to locate bees there because of the clover and alfalfa and the production of honey is better. Not for purposes of pollination, or for helping out seeds and fruits, and everything else that we are talking about in pollination, but to increase the production of honey.

That was not the intended purpose of this program. So what we have seen in some capacity is that those people who need this program have actually been hurt because the beekeepers have actually left their State. They have moved to profitable areas. Therefore, we now have a situation where the supply of honey is abundant; the Government is going to purchase 75 percent of the honey production in this country—75 percent of it. It is going to cost the taxpayer $100 million a year.

We have seen over the years where in 1980 there were 1,500 particpants. It has grown. It is now around 2,400. some estimate that the number is as high as 3,000. It is going to be going up and up and up. And why is it going to be going up and up and up? Because it is very profitable, and very lucrative for a small number of beekeepers in this country.

It is the type of situation where we have encouraged production of honey—not pollination, but encouraged production.

I think this is an interesting proposition. Because we will hear the defenders of the bees and beekeepers and all of that. This will test whether we, in fact, as a U.S. Senate, can actually say no to a very, very small group of people that have utilized this program to their own economic benefit, and I would suggest not to the benefit of agriculture in general.

Furthermore, there are a lot of people in agriculture that need to have beehives, and that need to have colonies on their farms. There is no doubt about that. It is a cost. It is a cost that is incurred. It is a cost—like you have to have fertilizer. You have to have equipment. You have to have seed. It is a cost of doing business.

I suggest that if this amendment is agreed to many of those people in agriculture that are dependent upon

bees for pollination on their farms would benefit by this, because what you would have is people that are presently in the bee production business just to produce honey—and not for pollination purposes—would get back into the pollination business. Therefore, the actual cost for pollination would go down to that individual farmer, and also obviously the price is going to go down to the Federal Treasury as well.

This program in my opinion is absolutely outrageous. The more I got into it the more I could not believe it. When I first heard about this program from some of my colleagues on the Agriculture Committee, and Senator BOSCHWITZ, I said, you have got to be kidding me. I remember over in the House every once in a while SILVIO CONTE would stand up and make a speech about it. Nothing was ever done. It sort of went away. No one paid a lot of attention to it.

Now we have gotten into a situation where the number of participants have grown over the years, the cost of the program has grown over the years, and we are now spending $100 million. Let me repeat. This money is not for the dirt farmer. This is not for the family farm out there. This is for the millionaire. You have a millionaire bees club around America.

They probably all contacted everybody. They are very wealthy, influential people. They own a lot of bees. They want to have more bees. They've got bees everywhere. You know, they buzz around here. Sometimes there are not even bees buzzing around here. Other things buzz around here.

But bees? They are important. We are probably going to hear some arguments about bees being important to our national security. We are not going to be able to get along without the bees, particularly the 100 million dollars' worth of bees—buzz, buzz, buzz; bees, bees, bees. They are buzzing about everywhere. We are going to have a lot of bees on this floor and bees around everywhere, and bees for everybody—100 million dollars' worth for the millionaire—not the little guy, but for the millionaire.

This is just a test to see if we can say no to those lovely little things called bees. But, actually, we are not saying no to the bees, because they are going to be here. We are not going to be saying no to those farmers that need the bees for pollination purposes, because, as a matter of fact, I think they would do better without this program. We are going to be saying no to those people that have had it very, very good for a long period of time.

So we will just see, Mr. President, whether we can build up our courage here and say no to the beekeepers, the big boys, the few that benefit from this program. Maybe we cannot. But if we cannot say no in this particular program, we might as well throw in the towel, we might just as well say we cannot do it, and we are going to spend whatever it takes. Whatever little special interest group come along, we are going to say yes.

This is a lesson of political science. How to get organized, how to get organized at the grassroots level and make sure that you contact that Senator and that Congressman, and make sure they preserve the status quo. Make sure they preserve that sweet subsidy that has been ripping off the taxpayers for a numbers of years. Make sure that they are able to organize, and will come up and, by golly, if you do not vote for them, watch out for those bees, watch out for those bees. We need bees. We like the little buzz and hum. We like bees.

Well, Mr, President, we will see. The amendment is very straightforward. We have the support of the administration. They would like to get rid of it. They have a very difficult time monitoring the program. There are all sorts of reports. The GAO report is very, very exact, and it says we ought to get rid of the program. They have a tough time monitoring the program.

The reason they do is that you can take honey from Canada or somewhere, and turn that in as collateral. You can add corn syrup to it, and get the poundage up a little bit. How many inspectors are going to go out and monitor it? Once we buy it, we have to store it. We have to pay for the storage cost, we have to pay for the transportation cost, and we have to pay for the administration cost. We would phase out this program over a 3-year period of time. As a matter of fact, I would like to eliminate it today. It would not cause me any heartburn. The reason we choose to phase it out over 3 years is that people said "no," you cannot be too abrupt. They said, "Senator, you cannot do it overnight. You have to give these people time, and you have to give them notice." We do give them notice.

We give them notice 3 years. I say if anybody is really interested in this program, and what an unsweet deal it really is, they ought to read the GAO report on the Federal price support for honey, and its recommendation that it ought to be phased out. It is a good, well-documented report.

I wish everybody could read it because I tell you, if one would read this report—as a matter of fact, if you even listened to this debate, you would be hard pressed to vote for a continuation of this program. I realize there are a lot of obligations out there and things of that sort. I hope we can in fact just begin this ball rolling in a different direction.

At this time, Mr. President, I ask unanimous consent to add Senator KERRY as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that my name also be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOSCHWITZ. Mr. President, I have talked to my friend from Indiana a number of times about this program, and the facts are quite straightforward and direct. We produced in 1983, the last year for which we have figures, 205 million pounds of honey. The CCC acquired 115 million pounds of honey.

So one would think, my goodness, we are short of honey. But do not despair. We imported 110 million pounds of honey. So the 205 million pounds that were produced, the CCC came up with 115, and in order to bridge the gap, 110 million pounds were imported.

Indeed, some of the larger producers imported honey because it was more profitable to surrender at 60 cents a pound, more profitable to surrender the honey that they produced to the CCC, and imported from abroad for less, and supply their customers with imported honey.

As my friend from Indiana has noted, there are about 210,000 maybe 250,000 beekeepers in this country—3,000, 4,000, 5,000 of them are in the program. The program has some very, very large users. They are few to be sure.

I might say that Minnesota is one of the largest States that uses this program. There really are only eight States that do use the program.

The program simply is not sensible, for us to acquire 115 million pounds of honey and then import virtually the same amount at a lower price. It is not sensible.

This program really has very little justification for continuity.

The GAO report that my friend from Indiana referred to goes into quite great detail about the uses of the bees and pollinating and so forth, and says in the event the program were to be discontinued, such pollination services as the bees provide would not be inhibited, would not be in short supply. Of course, certainly they are very important, important in Minnesota, in California, and in other States. But the facts just speak for themselves.

We produce 205 million pounds of honey. The CCC buys well over half of that, and then we just import what the CCC buys. Even some of the larger producers that now surrender to the CCC are supplying their customers with imported honey.

I think this is a program which really should be high on the list for discontinuance. I suggest to my friend from Indiana we could have done it faster than 3 years, but, nevertheless,

3 years is a good start. I trust the Senate will see it that way.

I yield the floor.

Mr. PRESSLER addressed the Chair.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. PRESSLER. Mr. President, I rise in opposition to my good friend's amendment to eliminate an essential farm program.

Let me say first of all that beekeepers are not millionaires. The beekeepers I know are South Dakota farmers and people who have beehives on a part-time basis. They are struggling to make a living. The impression which has been put forth of beekeepers by my good friend from Indiana, at least from my point of view, is very misleading. Beekeepers I have known, and I had been one many years ago in the 4-H, are in quite a different category.

In any event, to get on with the substance of the issue, the Honey Loan Program not only assures a supply of honey, but, more importantly, provides the assurance that nearly 100 agricultural crops will be effectively pollinated. We can afford to import honey, but we cannot afford not to have pollination.

When the Honey Program was established, its main purpose was to provide adequate pollination of agricultural crops in the United States.

It was known then and it is known today that honeybees help in the pollination of crops raised in the United States. Without the pollination provided by honeybees, production of these crops would be substantially reduced. The estimated value of these crops is $19 billion.

Honeybees also provide essential pollination services for hundreds of wild plants on which animal wildlife depends for food. Over 90 percent of the pollination done by beekeepers is done free of charge. The only income these beekeepers receive is from the production of honey. If we take away this program, many of these beekeepers will be forced out of business.

I can say if our beekeepers were treated fairly in terms of imports and exports, they would not need these types of programs. As I shall point out, they have not been treated fairly in the import situation. We have tried for years to get the International Trade Commission to take action but we have not been successful.

What this amendment is proposing would destroy the domestic beekeeping industry. That is what we are voting on in the Senate today.

If these beekeepers are lost, then the pollination service they provide will also be lost.

Experts estimate that a further reduction in the number of bee colonies in the United States would correspondingly reduce production of certain crops. We are currently near the minimum number of bee colonies to meet the pollination demands of our agricultural producers.

I would say to those Senators and staffs from urban areas who are listening in the various offices, that every American has an interest in preserving the beekeeping industry because of the interest in having an adequate supply of good, low-cost food.

My friend's comments sound very similar to the many statements which I have heard in this Chamber before.

For over 10 years many of us have been trying to get the attention of three different administrations and to urge them to take some action against the increased honey imports. In 1976 the International Trade Commission investigated the impact of honey imports on the domestic industry and the price support program. The International Trade Commission nearly 10 years ago recommended that action be taken to restrict honey imports. Unfortunately, the recommendations of the ITC were never implemented. As a result, honey imports have continued to increase.

During the past 10 years honey imports have increased from 34 million pounds to 120 million pounds. During this same period honey production has not increased. In fact, the USDA estimate of honey production for 1984 shows the lowest level in 30 years.

The impact of higher imports on the Honey Program was well illustrated last year. In 1984 domestic honey production fell to the lowest level in 30 years. Imports were at the highest level in history and the cost of the Honey Program was also at the highest level in history.

It is clear that the real problem the honey program faces is not overproduction, excessive support levels, or a decline in consumption but imports. Rather than eliminate the honey loan program, we should be addressing the issue of constantly increasing honey imports.

For 5 years we have tried to get the administration to conduct a section 22 International Trade Commission investigation of honey imports. The administration has continually said imports are not the problem and has argued that the support level is too high.

The determination has been made without any study or investigation.

I would suggest that before we eliminate the Honey Program, let us investigate the issue of excessive imports. If the ITC finds that imports are not the problem, only then should we consider making changes in the Honey Program.

I have introduced legislation, cosponsored by 17 of my colleagues, to mandate a section 22 International Trade Commission investigation of honey imports. I am considering offering this legislation as an amendment to the farm bill. I believe such an action is a much more responsible approach than eliminating and destroying the beekeeping industry.

Mr. President, let me make a few more comments to summarize. I know there have been many articles written and it is always tempting to make light of bees and so forth, and being stung, et cetera.

As I pointed out in my speech, we are talking about a very basic natural resource.

Let me just respond to some of the points which have been made concerning the honey loan programs.

The statement that a small percentage of people participate in the honey program is very deceiving. When GAO determined 211,007 beekeepers were eligible for the program, they included all the people who maintained a few beehives as a hobby. The honey they produce is used by their family and friends. Including these people in the statistics would be like considering every American who has a garden eligible for farm program benefits. If we used this type of definition for all farmers we would probably have nearly 100 million farmers in the United States.

More accurate statistics indicate that approximately 200,000 of those beekeepers are hobbyists, similar to the people who have a garden in their backyard as a hobby. There are approximately 10,000 part-time beekeepers who maintain bees as a sideline business. They derive most of their business from other sources. There are only approximately 1,600 full-time beekeepers in the United States. Most of them participate in the Honey Program.

If the Honey Program were eliminated, most, if not all of the commercial beekeepers and many of the part-time beekeepers would be forced out of business. Without the loan program the domestic price for honey would very likely drop to the 25 to 30 cents per pound range. No commercial operation could survive at that price. As a result we would import virtually all of the honey consumed in the United States and potentially suffer a significant reduction in the production of a number of crops due to lack of proper pollination. If the farmers did begin to pay pollination fees to beekeepers that would only increase their costs and increase the price of apples, oranges, and dozens of other foods.

The loss of these commercial beekeeping operations would also put thousands of people out of work. Beekeeping is a very labor intensive industry. One beekeeper or worker can maintain about 1,000 hives. This is a full-time job. So if we eliminate the commercial beekeeping industry approximately 40,000 jobs across the United States would be lost. Many of

these jobs are in rural areas and in many cases are the only industry in a small town. The loss of the beekeeping industry would only further depress these rural areas and put more people on unemployment.

The various commodity groups do not say they need the beekeepers to pollinate their crops because they take the service provided by the honeybees for granted. The farmers have always had the honeybees there to pollinate so they do not know how much they depend on the honeybee for pollination.

Mr. President, the GAO report cited very few actual abuses in the honey program. Basically, it only talks about possible methods of abusing the program, rather than actual abuses. I would like to give an equal number of ways that one can abuse almost any other Federal program

The primary concern about the GAO report is the lack of information about honey production. That I would go along with. Maybe if USDA had more information or personnel who understand the honey industry, they would realize the real problem is honey imports and that we do need to maintain a beekeeping industry in the United States. The GAO report also states that a number of cooperatives and commercial beekeepers place a large amount of money in a CCC loan. I would say these loans appear to be very small in comparison with the benefits some of the huge dairy operators, cotton, corn, and wheat farmers receive under Federal programs. If the Senate wants to prevent honey producers or beekeepers from getting farm program benefits——

Mr. HELMS. Mr. President, will the Senator yield?

Mr. PRESSLER. Yes.

Mr. HELMS. Mr. president, I asked the Senator to yield even though I am fascinated by the Senator's defense of the program. Would he be interested in entering into a time agreement?

Mr. PRESSLER. Does the Senator mean move to table?

Mr. BOREN. Mr. President, I would like to speak very briefly.

Mr. HELMS. Senator BOREN is on the Senator's side and I think he will want to let Senator BOREN speak before he tables.

Mr. PRESSLER. I appreciate that, Mr. President. I am known for very-short speeches in this Chamber. I have never talked for more than 5 or 10 minutes. I have talked for 6 minutes here. I come from the House, where we are limited to about 5 minutes. I am just about finished with this particular speech. Then I may respond to further statements made on the amendment.

Mr. HELMS. Maybe it would be well to——

Mr. PRESSLER. I would be delighted with a time agreement. I would like 2 more minutes unless there are more people who want to speak on it in this Chamber.

Mr. QUAYLE. Mr. President, I want 1 minute.

Mr. BOREN. I would like 2 minutes. If we could enter into an agreement of 4 minutes to a side, that should be adequate.

Mr. QUAYLE. Four minutes to a side would be all right.

Mr. PRESSLER. Mr. President, I shall summarize what I have said here.

Mr. BOREN. Mr. President, I wonder if the Senator might yield to make that unanimous-consent request?

The PRESIDING OFFICER. The Chair advises that the Senate has spent 30 minutes, 56 seconds on bees so far. The Senator from North Carolina is recognized.

Mr. HELMS. Mr. President, I want to ascertain from the distinguished Senator from South Dakota if he is agreeable to a time agreement from this time on of 4 minutes to a side?

Mr. PRESSLER. Absolutely, Mr. President.

Mr. HELMS. Mr. President, I make that request.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. PRESSLER. Mr. President, I conclude by saying that the principal point of my speech is that we should address the import issue. It is very unfair, as the International Trade Commission has found. But we have not succeeded in getting any administration to take action. That is real problem.

Let us not destroy a basic industry, one that is basic to our food supply and, yes, I would say to our national defense, because it is related. Therefore, I rest my case.

Mr. HEINZ. Mr. President, I rise as a cosponsor of this amendment introduced by my distinguished colleague from Indiana, Senator QUAYLE, that will phase out the Department of Agriculture Honey Support Program. The honey program is an example of farm policy designed with the best intentions, but which has had disastrous results for consumers, for honey processors and packers, and for many commercial beekeepers as well.

The Honey Support Program was enacted in 1949 in an effort to stimulate pollination and insure a sufficient supply of domestically produced honey. Rather than increasing pollination, the program has succeeded in reducing the number of bee colonies by 24 percent over thc past 30 years. In addition, the program has allowed the current price of honey to rise to 65 cents per pound, nearly double the world market price of between 30 and 40 cents per pound. This increase has resulted from the formula used to set the honey support price under the program, which is based on inflation and other economic factors that bear no relation to world market conditions for honey.

One result of this large price differential is that the U.S. Government has become the chief customer for domestically produced honey. Honey producers who participate in the program are allowed to forfeit back to the Government honey they have produced under program loans but which they are unable to sell commercially. Between 1980 and 1983, the amount of honey forfeited under the program increased from just over 5 million pounds a year to 106 million pounds a year. Simultaneously, imports of honey have been increasing at a rapid rate. From 1978 to 1984, total honey imports more than doubled, from 56 million pounds a year to 128 million pounds a year.

Mr. President, the honey program has clearly not had the desired effect of increasing honey production in a cost-effective manner. It is opposed by the USDA, and has been the subject of a lengthy and critical report by the General Accounting Office. The honey program is costly to the Government, it hurts consumers and manufacturers of honey products, and it should be eliminated. I urge my colleagues to join in support of this amendment to phase out the Honey Program.

The PRESIDING OFFICER. Will the Senator from North Carolina indicate whether he is in favor of the amendment so we may keep track of the time?

Mr. HELMS. Mr. President, I am opposed to the amendment.

I designate to the Senator from Indiana control of the time.

Mr. CHAFEE. Mr. President, will the Senator yield to me?

Mr. QUAYLE. I yield 2 minutes to the Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I rise in support of the amendment of the Senator from Indiana [Mr. QUAYLE]. This amendment embodies a course of action recently recommended by the General Accounting Office, and I urge the Senate to take that recommendation to heart.

This very modest proposal would phase out the honey price support program over 3 years. By approving it, we would take a small but significant step toward a more sensible agricultural policy. If, on the other hand, we reject the Quayle amendment, we will establish beyond a shadow of doubt that we are incapable of correcting even the most egregious of farm program absurdities.

The Honey Program has rightly become a prime example of a Federal farm program gone sour. It has outlived its usefulness, and benefits only a few, at the expense of many.

It seems to me we are right down to hard rock now, Mr. President. If we

cannot adopt this amendment, I just do not think that the U.S. Senate has the capacity to get a handle on this farm program in any respect.

Under this scheme, taxpayers pay $100 million per year to support 1 percent of the Nation's beekeepers. This amounts to about 2,500 producers—most of them large, commercial producers who sell 75 percent of their honey to the Government.

The average subsidy is about $40,000 per year. A handful of individual producers, however, have been known to collect as much as $1 million per year by selling their wares to their best customer—the U.S. Government.

Meanwhile, the honey we buy with our scarce tax dollars is given away, because American consumers can buy cheaper honey from abroad.

Perhaps these anomalies could be overlooked if there were a compelling need for the program. According to the GAO, this is quite simply not the case. Its August 1985 report points out that the Honey Program was originally intended to be temporary—a means of ensuring that crop pollination would take place until producers could pay for it themselves. We have clearly reached that point, as the report states in no uncertain terms.

After its extensive survey, GAO concluded that the Honey Program has become costly and unnecessary, that its administration is insufficient to prevent fraud and abuse, and that improvements would be costly and not necessarily effective. Its final recommendation to Congress: phase out the program.

Five weeks ago, 75 Senators voted to adopt the Gramm-Rudman proposal. Many of us did so in the hope that the specter of automatic, across-the-board spending cuts would jar us into making some difficult choices—far more difficult than the one before us today.

I would urge every Senator who supported Gramm-Rudman to support this amendment as well. As far as I can see, the choices aren't going to get any clearer or easier than this.

Mr. President, I think it is time we did away with this program. We are trying to get a grip on the budget. We passed the Gramm-Rudman proposal, which 75 Senators voted for, in order to do something about these terrible deficits. Here is a teeny little step that I hope we will take to eliminate this program.

I commend the Senator from Indiana.

Mr. QUAYLE. Mr. President——

Mr. HELMS. Mr. President, will the Senator yield to me?

Mr. QUAYLE. Yes, Mr. President.

Mr. HELMS. I am advised that I said I was opposed to the amendment. I am so sleepy that I misspoke.

Mr. QUAYLE. I hope the Senator supports my amendment.

Mr. HELMS. I am in favor of the amendment, which is why I designated the Senator from Indiana to be in control of the time. I do not know if this is a question of to bee or not to bee—that is not the question.

I thank the Senator.

Mr. QUAYLE. Mr. President, how much time do I have?

The PRESIDING OFFICER. The Senator has 4 minutes of the 8 minutes left.

Mr. QUAYLE. We have 4 minutes a side. The Senator from either Nebraska or Oklahoma has 4 minutes.

Mr. ZORINSKY. Mr. President, I ask unanimous consent to designate Senator BOREN in control of the time in opposition to the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. QUAYLE. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Two minutes of the Senator's time have been used.

Mr. QUAYLE. Mr. President, the question of national security has been raised, which is not unbelievable, but a bit incredulous. As a matter of fact, there was a national security issue back in World War II. Beeswax was used as a lubricant.

I want to tell the Senate that we no longer need to have beeswax as a lubricant. We have progressed immensely since World War II in that area, so no longer is it a national security issue.

Now, imports have been raised. In 1970, at 13 cents per pound, we had 8.9 million pounds of imports. When we went up to 69.8 cents per pound, we had 128 million pounds. The higher the price support, the higher the imports. So that is the import argument.

Now, the pollination argument. On the $19 million figure that has been bandied around here, it assumes in phasing out this program that you are going to lose pollination. I say that by phasing out this program, you are going to increase pollination because the beekeepers have seen a nice little, sweet subsidy out there, and they have gotten out of pollination and into the production of honey.

Now, this is very simply a litmus test of whether this place can say no to anybody, bees included—bees, bees, bees, buzz, buzz, buzz, buzz all around the place, buzz everywhere. There is nothing finer than a honeybee. I understand that. But, by golly, enough is enough. We have to say no to this ripoff. I hope that the Senate would support the amendment that phases it out over 3 years. I would like to phase it out today, or yesterday, if I could, but this is a modest approach.

I have been approached by a number of people: "Don't do it in 1 year. Give us some time."

This does give us some time. I like bees. We all love bees. But we cannot afford them any more; $100 million saved is $100 million earned. I am sorry for all those wonderful bees, to be against bees, because I like the honeybee as much as anybody else.

The PRESIDING OFFICER. There are 10 seconds left on the side for the amendment. The Senator from Oklahoma.

Mr. BOREN. How much time is remaining to those opposed to the amendment?

The PRESIDING OFFICER. Two minutes and 3 seconds.

Mr. BOREN. I thank the Chair. I yield myself 2 minutes.

Mr. President, I am very encouraged by the eloquent statement by the author of the amendment just now that he loves bees. I hope that, if his amendment passes, we will be able to get the zoos of the country to have a few bees for display so that his children in future years will have the opportunity to know about honeybees as he has, because we probably will not have any more if his amendment passes.

Seriously, this is an important matter. The problem is not the domestic program. The problem is imports. The domestic use of honey from 1980 to 1983 has grown from 226 million pounds to 278 million pounds. The production by domestic producers during this same period of time has grown from 200 million pounds, only up to 205 million. So clearly the increases in production have been very, very modest for the domestic producers over the past 4 years. They have not been as much as the increase in domestic usage.

The reason for the problem is imports. Imports in 1980 were only 49 million pounds, and they have now grown to 109 million pounds. If you trace the growth of imports compared to the growth of CCC stocks, you will find that they have tracked exactly.

Imports are the problem. We have not changed the duty on imports from the 1 cent per pound set back in 1955.

Now, we have tried to deal with that problem in the bill. Obviously, we will want to deal with it as we have with other commodities. That is the reason why we have adopted a marketing loan approach so that the price will be set by the market. This will stop the incentive for the influx of foreign imports and will solve the problem.

It would be easy to be lighthearted about this matter, but it is serious. I ask unanimous consent to print in the RECORD at this point an article from Farmline—that is a USDA publication—September 1984, "More Than Honey at Stake."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Farmline, September 1984]

MORE THAN HONEY AT STAKE

Rising honey stockpiles are creating a buzz about a price support program that was once considered noncontroversial.

Until a few years ago, there were no significant honey surpluses on government hands. The honey program mainly provided beekeepers with low-interest operating loans that allowed them to use their honey as collateral. When beekeepers sold their crops, they repaid the government loans. Things worked so well, in fact, that the government accumulated no honey surpluses under the price support program during the 1970's.

In 1980, however, things changed. Surpluses began to pile up and, every year since then, government acquisitions and expenditures have grown dramatically. In one word, the problem might be summarized as price.

In 1981, for the first time ever, the U.S. government support price was higher than the wholsale price for extracted honey, according to USDA enconomist Frederic L. Hoff of the Economic Research Service. Some analysts contend that U.S. inflation pushed the support price to an artificially high level. Others say world prices did not keep pace with the U.S. support price because of lagging world demand. Whatever the cause, imports, particularly from Mexico and China, increased dramatically.

With no quotas on imports and only a 1-cent per pound tariff, U.S. processors could make more of a profit by purchasing cheaper foreign honey. The resulting surpluses in domestic output were handled in accordance with methods prescribed by the honey support program, ending up in government storage, either purchased outright or voluntarily forfeited by beekeepers under the terms of their loans. There is little incentive to repay loans if the loan price is as high as or higher than the market price.

The government acquired 6 million pounds of the 1980 honey crop at an estimated cost of $3 million. The following year, 39 million pounds worth $22 million were added to stocks; then, 75 million pounds of the 1982 honey crop were acquired at a cost of $45 million. USDA's Agricultural Stabilization and Conservation Service (ASCS) currently estimates that 115 million pounds, more than half of the 1983 honey crop, will be acquired by the government at a cost of around $72 million. Since raw honey is purchased under the program, additional government expenditures will be required to process and dispose of the stocks through donations to charity, the school lunch program, and other food assistance programs.

When compared with costs of other agricultural support programs, expenditures for honey appear insignificant. However, they have been rising and they're already quite large relative to the value of the honey crop. The entire 1983 crop was valued at only $125 million.

A LITTLE HISTORY

Unlike most other support programs, price supports for honey did not originate during the Depression. The commercial honey industry was smaller in the 1930's. Cane sugar was the universal sweetener, and "domesticated" bees were valued primarily for their role in pollinating farm crops.

During World War II, sugar rationing opened more of a market for honey as it was substituted for cane sugar in processed foods. At the government's request, beekeepers went all out to increase colony numbers and honey production. Then, when sugar rationing ended after the war, honey's use and price dropped close to pre-war levels.

To preserve the domestic honey industry, a price support program was established by the Agricultural Act of 1949. By 1952, the current program had evolved. In the early years, the government accumulated stocks of honey, but by 1954 demand caught up with production and government storage was soon emptied.

Basically, the support program has two parts: purchases and loans. Although most of the program activity has centered around loans, purchase provisions allow beekeepers to sell their honey directly to USDA's Commodity Credit Corporation (CCC) at the support price. Loan provisions permit beekeepers to apply for loans that require the domestically produced honey crop as collateral. If market prices don't at least match the guaranteed support price, beekeepers may forfeit their honey crop instead of repaying their loans.

By using a formula, USDA determines a parity price, and the Secretary of Agriculture sets the support price within the legislated range of 60 to 90 percent of parity. For the past 12 honey crops, the support has been set at the minimum 60 percent. The support price has still risen each year, however, because of increasing input costs and other factors used in the parity pricing formula.

TODAY'S INDUSTRY

The honey industry has evolved, like the rest of commercial agriculture, into a specialized farm enterprise. Commercial beekeepers (those with 300 or more hives) produce an estimated 60 percent of the domestic honey crop, although they account for only about 1 percent of the nation's 200,000 or more keekeepers.

The structure of commercial beekeeping can be divided into two groups: migratory and nonmigratory. Most commercial beekeepers relocate their bee colonies several times during the year to provide pollination services, to reach the most abundant sources of nectar, or often to escape damage from pesticides. By migrating, beekeepers can also provide their bees with a longer supply of nectar to extend the production season. The nonmigratory beekeepers seldom move their colonies over any significant distance.

A small group of beekeepers specialize in the production of queens and package bees. This tiny industry does not depend on honey production at all, but provides queens and bee colonies for new and replacement hives.

The remaining beekeepers fall into two more categories: hobbyists who have fewer than 25 hives; and part-timers, with 25 to 299 hives. These operations, for the most part, are too small to require a full-time beekeeper.

For many producers who specialize in commercial honey production, honey provides about 90 percent of their income from beekeeping. "Some beekeepers," Hoff says, "either supplement or earn a significant portion of their income from fees charged for pollination services on farms and in orchards."

MORE THAN HONEY AT STAKE

Pollination is one good reason why the bee industry is critically important to the nation's agriculture, and it's often used to help justify a federal support program for honey. Insect pollination is essential to the production of many crops, including apples, almonds, alfalfa, and cucumbers. According to USDA statistics, in 1973 about 3.5 million acres of fruits, vegetables, oilseeds, and legume seed crops produced in the United States were dependent upon insect pollination. Another 63 million acres derived some benefit from insect pollination.

Honeybees are the most reliable pollinators. Farmers cannot depend on wild bees and other pollinating insects to do the whole job, according to USDA scientist Hachiro Shimanuki of the Agricultural Research Service. "Wild bee populations have dramatically declined in the past few decades," he says. The reasons: the increasing use of pesticides and the destruction of natural habitats for bees as man changes the environment to suit his own needs.

The assurance of an adequate honeybee population depends on commercial beekeeping and, thus, on a profitable honey industry, Shimanuki says. "Since many beekeepers depend on honey for the vast majority of their income, the economic well-being of the honey industry will dictate the number of commercial beekeepers."

The industry already has some concerns about its future. Glen Gibson, a spokesman for the American Beekeeping Federation, says that members of his organization want import limitations and increased tariffs on honey to limit the competition from abroad. He contends that lowering the support price would push returns below the cost of production.

"We don't have a market at home, and we can't sell overseas because of prices. It's sell to the government at the support price or go out of business," Gibson says.

In 1976, the International Trade Commission recommended a 5-year plan of import restrictions and higher tariffs. At that time, however, President Ford decided it was not in the national economic interest to impose such restrictions.

Should import quotas now be used to restrict the quantity of honey entering the domestic market, even though such quotas seem to conflict with the objective of free trade? Hoff says this issue will almost certainly receive attention as the new farm legislation for 1985 is being developed. "When examining the honey program, it's likely that legislators will take a close look at program costs, imports, and the pollination issue," he says.●

Mr. BOREN. I urge my colleagues to consider that the pollination provided for fruit trees and other growing crops is exceedingly important for this industry, and that it may not only be that bees will disappear and have to be kept in the zoo, but it also may be that other crops will be severely jeopardized because of the failure to have cross-pollination. So it is serious. I urge my colleagues to vote no.

I yield back the remainder of my time.

The PRESIDING OFFICER. All time has expired.

Mr. BOREN. There is no time. All time has expired.

Mr. President, I move to table the amendment of the Senator——

Mr. HELMS. Will the Senator withhold?

Mr. BOREN. I withhold.

Mr. HELMS. Mr. President, I ask unanimous consent that I may proceed for 30 seconds.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. I thank the Chair.

I do not know who wrote the song, "If you got the money, I got the hives," but it sure fits this piece of bureaucracy—this giveaway program.

Mr. President, in the realm of agricultural programs, the Honey Program is relatively small. However, over the past few years, it has become increasingly expensive to the American taxpayer, and burdensome to administer.

Under the current honey price support program, the Secretary of Agriculture offers loans or purchases intended to support the price of honey at a level between 60 and 90 percent of parity.

For more than a decade, the support price has been set near the minimum level of 60 percent of parity. However, the amount of honey placed under loan and ultimately forfeited to the Commodity Credit Corporation has increased dramatically over the past 5 years.

Acquisitions by the CCC amounted to approximately 6 million pounds of the 1980 crop. This figure jumped to 38.7 million pounds for 1981 and 74.5 million pounds for 1982. In 1983, the Government acquired 115 million pounds, an amount representing one-half of the honey produced in this country.

Since 1974, the price support level for honey has grown by almost 320 percent, from 20.6 cents a pound to 65.8 cents. The recent jump in Government acquisitions of honey can be traced to increases in the support price above market clearing levels. While the support price in 1980 approximated the average domestic wholesale price, the spread between the support price and the market clearing level has dramatically increased over the past 4 years. It is estimated that, in 1984, the support price exceeded wholesale prices by 15 cents.

These increasing CCC acquisitions of honey have resulted in significantly increased costs to the American taxpayer. While the Honey Program cost $4 million in 1980, it exceeded $88 million in 1983.

Mr. President, the benefits of this nearly $100 million program went to relatively few people. Specifically, according to a recent GAO report, only 2,300 people participated in the Loan Program. The remaining 210,000 beekeepers in the United States are largely hobbyists, who, for the most part, distribute their honey locally to friends and neighbors.

It is important to remember, Mr. President, that under the Honey Program, and on behalf of but a couple of thousand people, our Government is acquiring more than 1 out of every 2 pounds of honey produced in this country.

Ironically, to avoid spoilage, the Department has been distributing forfeited honey through the various feeding programs. But in doing so, they have displaced commercial sales, and the Government ends up taking over still more honey.

In addition, there is reason to believe, that as part of these forfeitures, the Government is overtaking honey that may be foreign produced or adulterated. According to the GAO report, it is very difficult, and sometimes impossible for the Department to determine whether honey is imported or domestically produced.

In addition, it is possible to mix as much as 40-percent corn syrup with honey, without altering the taste or appearance of the honey. While there is a test to determine whether honey is so adulterated, it is prohibitively expensive for the Department to undertake.

Mr. President, I am sympathetic with the plight of the beekeeper. However, with the current budgetary situation, I don't think we can afford to run $100 million programs for the benefit of but 2,300 people, especially where the program is so open to fraud and abuse.

The General Accounting Office has recommended that we phase out this program. Their recommendation is embodied in the Quayle amendment, and I feel it is a recommendation we should all support.

Mr. President, the Honey Program is relatively small, but as has been indicated this morning, it is becoming increasingly expensive to the American taxpayer. So maybe honey does not have the money anymore.

Mr. COCHRAN. The Honey Program has operated since 1950, enabling beekeepers to have loan funds for operating expenses while waiting for favorable prices to market their honey.

Under current law, honey price supports are calculated as a percentage of parity. The 1985 rate is 65.3 cents per pound; in 1984, it was 65.8 cents. If the market price fails to reach this support price, farmers can cancel their loans by forfeiting their honey to the Government.

In 1980, borrowers started forfeiting their honey to the Government for the first time in 10 years because of a flood of low-priced imports. Since that time, the Government has been acquiring increasing quantities of honey as forfeiture of loan collateral because the support price has been greater than the world market price. From 1980 to 1983, honey acquisition costs multiplied more than 24 times. Over 220 million pounds were forfeited, at a cost of nearly $133 million.

Imported honey is priced considerably below the U.S. loan support level of 65.3 cents per pound. At this price support level, CCC inventories will continue to grow rapidly as imported honey takes away the domestic market for U.S.-produced honey.

Recognizing this problem the Agriculture Committee adopted two changes with substantial budget implications. The committee agreed to implement the marketing loan allowing for flexible repayment terms and initiate a schedule of honey price support reductions to address the dual problem of excessive CCC inventory and growing program cost.

If the Senate retains the committee-reported program, dramatic results are expected. To illustrate, in 1983, 106 million pounds of honey were forfeited to the CCC at a cost of $65.7 million. GAO estimates that an additional 14 cents per pound must be added to this for handling, storage, processing, and transportation, bringing the total cost to the Government to almost $80.6 million for the 1983 crop.

An analysis supplied by the American Beekeeping Federation indicates if the 1983 crop had been under the program outlined in the bill reported by the Agriculture Committee, and the 1983 62-cent-per-pound loan rate had been discounted to 40 cents—approximately the world market price—producers could have sold their honey rather than forfeiting it to the CCC. The resulting cost to the Government would have been less than $24 million.

It could be assumed that additional production would have been put under the program had the marketing loan provisions been available in 1983. Even taking this into account, and adding $5.5 million to the cost to cover an additional 25 million pounds, the cost would still have been less than $29 million. The savings over the 1983 actual cost would have been almost $52 million according to this analysis.

Under the new bill reported by the Agriculture Committee, the parity based loan program is terminated and a market-oriented loan program is established. In 1986, the loan rate would be the same as for 1985—65.3 cents per pound. But, for 1987 through 1989, the loan would be the higher of 85 percent of the average price received by farmers during the preceding 5 years, excluding the high and low years, or 50 cents per pound. To allow for a smooth transition, the loan level would not be reduced more than 5 percent in any year.

The committee-reported Honey Program also includes the marketing loan. It is this provision that would have produced the savings for 1983 that I just described. Under the marketing loan, the Secretary can permit repayment of loans at levels that would minimize loan forfeitures, eliminate

excessive Government stocks, reduce Government storage costs, and maintain the competitiveness of U.S. honey in domestic markets.

Analysis by USDA and CBO are identical for honey and show that the provisions adopted by the Agriculture Committee will make substantial reductions in program cost. Savings for 1986-88 total $114 million from cost of extending current law. And, by 1990, the annual cost will decline from $125 million to $42 million—a 66-percent reduction.

The Agriculture Committee's approach is on the right track and provides maximum flexibility to the Department of Agriculture to operate an efficient and effective Honey Program. It supports the domestic industry in a very cost effective manner by providing a flexible pricing system to compete with imported honey while efforts are made to increase consumption in this country. At the same time, it provides for phasing in a more market-oriented loan rate to more accurately reflect market prices for honey.

The honey industry is another example of a U.S. industry facing stiff foreign competition. This does not mean the program should not be changed. What it means is the program must be efficient and effective—and to reach these objectives, the program must be flexible and market responsive. The committee bill offers such a program.

I urge Senators to support the committee-passed Honey Program because it is responsive to the needs of both the domestic industry for income support and the Federal budget by reducing program cost.

Mr. BOREN. Mr. President, on behalf of myself and the Senator from South Dakota, I move to table the pending amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], and the Senator from Connecticut [Mr. WEICKER] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Ohio [Mr. METZENBAUM] is necessarily absent.

The PRESIDING OFFICER (Mr. EVANS). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 36, nays 60, as follows:

[Rollcall Vote No. 334 Leg.]

YEAS—36

Abdnor	Exon	Leahy
Andrews	Ford	Long
Baucus	Glenn	Matsunaga
Bentsen	Grassley	McClure
Boren	Harkin	Melcher
Bumpers	Hart	Nunn
Burdick	Hatfield	Pressler
Byrd	Hawkins	Pryor
Chiles	Heflin	Rockefeller
Cochran	Hollings	Stennis
Cranston	Inouye	Symms
DeConcini	Johnston	Zorinsky

NAYS—60

Armstrong	Gramm	Nickles
Biden	Hatch	Packwood
Bingaman	Hecht	Pell
Boschwitz	Heinz	Proxmire
Bradley	Helms	Quayle
Chafee	Humphrey	Riegle
Cohen	Kassebaum	Roth
D'Amato	Kasten	Rudman
Danforth	Kennedy	Sarbanes
Denton	Kerry	Sasser
Dixon	Lautenberg	Simon
Dodd	Laxalt	Simpson
Dole	Levin	Specter
Domenici	Lugar	Stafford
Durenberger	Mathias	Stevens
Eagleton	Mattingly	Thurmond
Evans	McConnell	Trible
Garn	Mitchell	Wallop
Gore	Moynihan	Warner
Gorton	Murkowski	Wilson

NOT VOTING—4

East	Metzenbaum
Goldwater	Weicker

So the motion to lay on the table the amendment (No. 1126) was rejected.

Mr. QUAYLE. Mr. President, I move to reconsider the vote by which the motion to lay on the table was rejected.

Mr. KENNEDY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, has the amendment been disposed of?

The PRESIDING OFFICER. The motion to table has been defeated. The amendment has not been adopted.

Mr. BOREN. Mr. President, will the majority leader yield?

Mr. DOLE. Yes.

Mr. BOREN. I believe the will of the Senate has bene expressed on this. I would not object to proceeding now to voice vote the matter, if that is the will of the author of the amendment.

Mr. HELMS. Have the yeas and nays been ordered?

The PRESIDING OFFICER. They have not been ordered.

The question is on agreeing to the amendment of the Senator from Indiana [Mr. QUAYLE].

The amendment (No. 1126) was agreed to.

Mr. KENNEDY. Mr. President, I moved to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, if I could have the attention of my colleagues.

The PRESIDING OFFICER. The Senate will please be in order.

Mr. DOLE. Mr. President, I have been importuned by a number of my colleagues on each side about what our plans are. I can only say I do not really know. We are going to continue as long as necessary to complete action on the bill. That may be a long time. But do not be misled by that adjournment resolution which says Saturday night. That could be circumvented quite easily.

So it just seems to me there are a lot of amendments out there. We hope some will just fly away.

I wish to congratulate the managers. We have disposed of 7 or 8 this morning and I believe 14 or 15 last night. We are about to work out something on child nutrition. We hope other major amendments—I believe the chairman has an A list he would like to dispose of—that they can be brought up as quickly as possible and that others might be able to tell the managers that they were not going to offer seven amendments but maybe only one. Then we could notify our colleagues, many of whom would like to know by 2 o'clock just how late we will be here tonight.

Mr. BYRD. Will the distinguished majority leader yield?

Mr. DOLE. Yes.

Mr. BYRD. Mr. President, I wish to support the majority leader in what he says. We ought to try to finish this bill today; if not today, tomorrow. But there are some Senators who have not had a chance to call up their amendments. They are entitled to call them up, and I am sure the majority leader agrees with me on that.

But let us do everything we can to see that Senators who have amendments and want to call them up, that they have the opportunity, and the opportunity not be denied them, and get on, as well as we can, to expedite the agriculture bill.

Mr. DOLE. I certainly urge my colleagues again on both sides that we are not going to request rollcall votes, either the minority leader or me, but there will probably be a number of votes. So keep that in mind before you head for the airport.

Mr. STEVENS. Is it possible that we might get some time limit on amendments, even though we do not have an overall time agreement, so that there would be a fairer allocation of time here as we go into the night and possibly tomorrow?

Mr. DOLE. We have been doing that quite successfully as they come up. Both managers have been willing to accept 10 minutes on a side, some even less. The last amendment was 15 minutes. I guess we did not get an agreement on the bees and that took about an hour.

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from Florida, No. 1118.

Mr. HELMS. Mr. President, I inquire of the distinguished Senator from Iowa and the distinguished Senator from Florida if I am correct in my impression that——

Mr. FORD. Mr. President, I make a point of order that the Senate is not in order.

The PRESIDING OFFICER. The Senator from Kentucky is correct. Those Senators who are conversing in the aisle, please retire to the cloakrooms so the Senator from North Carolina may be heard. Those Senators who are conversing in the aisles, please retire to the cloakroom or to their desk so that we may continue. The Chair will not continue until the Senate is in order. The Senate is not in order.

The Senator from North Carolina.

Mr. HELMS. I thank the Chair.

My question was: Does the Senator from Iowa perceive that we may be able to proceed to what I understand to be an accommodation between Senator HAWKINS and Senator HARKIN? Can the Senator give me some idea when that will be?

Mr. HARKIN. If the Senator will yield.

Mr. HELMS. Certainly.

Mr. HARKIN. Yes, we have reached an agreement. I just gave Senator DOLE, the majority leader——

Mr. HELMS. Mr. President, I cannot hear the distinguished Senator; I am sorry.

Mr. HARKIN. I thank the Senator.

Yes, we have worked out an accommodation and, hopefully, the language will be prepared soon. I recently checked with the distinguished majority leader and I believe it is being worked out right now. I have a feeling pretty soon it will all be worked out. So we will have an agreement made on the child nutrition issue.

Mr. HEFLIN. Mr. President, I ask unanimous consent that any impediment to prevent the consideration of the amendment that I will send to the desk at this time be removed.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1127

(Purpose: To permit producers under certain conditions to repay loans for a crop of soybeans at a level that is the lesser of the loan level determined for such crop or the prevailing world market price for soybeans)

Mr. HEFLIN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Alabama [Mr. HEFLIN] proposes an amendment numbered 1127.

Mr. HEFLIN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment add the following:

On page 209, between lines 9 and 10, insert the following:

"(3)(A) If the Secretary determines that such action will assist in maintaining and competitive relationship of soybeans in domestic and export markets after taking into consideration the cost of producing soybeans, supply and demand conditions, and world prices for soybeans, the Secretary shall permit a producer to repay a loan made under this subsection for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the prevailing world market price for soybeans, as determined by the Secretary.

"(B)(i) If the Secretary makes the determination described in subparagraph (A), the Secretary shall prescribe by regulation—

"(I) a formula to define the prevailing world market price for soybeans; and

"(II) a mechanism by which the Secretary shall periodically announce the prevailing world market price for soybeans.

"(ii) If the Secretary makes the determination described in subparagraph (A), not later than 60 days after such determination, the Secretary shall—

"(I) publish in the Federal Register proposed regulations specifying such formula and mechanism; and

"(II) invite public comment on such proposal.

On page 209, line 10, strike out "(3)" and insert in lieu thereof "(4)".

On page 209, line 13, strike out "(4)" and insert in lieu thereof "(5)".

On page 210, line 1, strike out "(5)" and insert in lieu thereof "(6)".

Mr. HEFLIN. Mr. President, this amendment has been cleared on both sides and I believe it will be accepted. It establishes a "marketing loan" for soybeans which is discretionary with the Secretary of Agriculture to whether or not he will put it into force and effect.

This has already been agreed to. If I could get the attention of the chairman of the Agriculture Committee and the ranking Democrat, I believe we can dispose of this amendment.

Mr. BOSCHWITZ. Will the Senator state the content of the amendment?

Mr. HEFLIN. Mr. President, I believe this has been cleared on both sides. It is a discretionary "marketing loan."

Mr. HELMS. Mr. President, I apologize to the Senator. I was conferring with another Senator.

Mr. President, this amendment is acceptable on this side.

Mr. MELCHER. Mr. President, I wonder if the distinguished Senator from Alabama will briefly explain to me what this would mean in the loan level for soybeans.

Mr. HEFLIN. It would keep the loan level in soybeans at the same level as the present time. It does not lower the loan rate relative to soybeans. It just allows a repayment at the world price. It does not change the loan rate from the current law. It differs only in the rate of repayment of the loan. It is discretionary with the Secretary. The main object is to increase the parameters as the bill goes to conference. It will be within the parameters for the conferees to consider, as they consider other matters dealing with soybeans.

Mr. BUMPERS addressed the Chair.

Mr. MELCHER. Mr. President, I will yield to the distinguished Senator from Arkansas in a moment, but I wish to pursue the thought so I know where we are coming out.

We have adopted in the Dole package a different concept for soybeans than we heretofore have had. My question goes to the point, since that had an effect on loan rates in the Dole package, does this change what the effect of the Dole package was?

Mr. HEFLIN. Whatever final disposition is made pertaining to the loan rate by this would be maintained. As I am informed, this does not change it. It would mean only the repayment phase of it and it is discretionary.

Mr. MELCHER. I understand that. The Dole proposal on soybeans would pay producers $35 an acre and the forgiving of some interest on any soybeans that they had under loan. So it might be described as about a $49 per acre payment to soybean producers; that is, $35 per acre, plus the interest forgivings.

I think it is 35 and 5—35 plus whatever the interest is which has been estimated to be conceivably, or approximately, $14 per acre for the amount of soybeans produced per acre that are under loan.

That is not very confusing except for the general public, including myself. But that is my understanding.

The Dole soybean proposal, in addition, would start phasing down the loan, 85 percent of the rolling average of prices for soybean—that is, the rolling average being a 5-year average, plus with the high and the low years out. Then that would probably reduce the loan rate for soybeans. That is my understanding.

Mr. HEFLIN. Let me respond to that. What this says is the Secretary——

Mr. MELCHER. I want to make clear.

Mr. HEFLIN. Let me respond.

Mr. MELCHER. I was talking about what is in the Dole version.

Mr. HEFLIN. I understand that. I am trying to explain how mine plays into this. This would say if the Secretary determines that if an effective marketing loan is needed or, if he makes that determination, the Secretary shall commit a producer to repay a loan made under this section for a

crop at a level which is a lesser of, first, the loan level determined for such crop; two, the prevailing world market price.

So this does not get into the formula pertaining to the loan rate. It just says if it is determined that it goes into effect, then it will be the loan level determined for such crop, or the prevailing world market price for the soybeans.

Mr. FORD. Mr. President, will the distinguished Senator yield?

Mr. HEFLIN. Whichever is less. That is the marketing loan.

The PRESIDING OFFICER. The Senator from Montana has the floor.

Mr. MELCHER. I yield.

Mr. FORD. Mr. President, will the Senator yield without losing his place on the floor for a question?

Mr. MELCHER. I yield to the Senator from Kentucky for a question.

Mr. FORD. I just wanted to ask a question.

Does the amendment of the distinguished Senator from Alabama start now for the 1985 crop?

Mr. HEFLIN. No.

Mr. FORD. It does not? It starts on the 1986 crop?

Mr. HEFLIN. Yes, it starts with the 1986 crop.

Mr. FORD. Nobody can use it in 1985?

Mr. HEFLIN. First, it does not start unless the Secretary directs. It is strictly discretionary with the Secretary. It is put in there for the purpose of giving, within the parameters of the conferees, the power to look at a marketing loan.

Mr. FORD. Mr. President, I want to do something for the soybean growers. I think we have gone too far. I think what we have done in this bill will give them the opportunity 1 year, and for the out years there is no floor out there. We are really going to see small soybean growers go under.

I wish maybe we could have an opportunity to get all of our collective heads together as it relates to what we are going to do with soybeans. Others of us had another amendment that we tried to put together along with the amendment of the distinguished Senator from Arkansas.

I want to find out where you are going. I do not want too many soybean amendments today, if I can keep from it; just one.

Mr. HEFLIN. I do not think this causes any problem. First, it is discretionary. It does not change the loan formula. It merely says that the producer can repay at the lesser of either two options: one, the loan level that is determined for such crop; second, the prevailing world market price.

Mr. MELCHER. Mr. President, I thank both Senators for their comments, and response. It is my judgment that soybeans were placed in a position of uncertainty in the Dole package. At least it is not certain in my mind what the final outcome of that is in terms of where does the loan rate go after they get $50 per acre in the 1986 crop.

What is the loan rate for 1987, 1988, and 1989? Soybeans are not a crop we are involved in in Montana. I only address my remarks to soybeans in regard to the overall package of what we are doing with the various crops because, after all, there is some sort of an interplay between soybeans and other crops throughout the country.

So the less soybeans are grown in a soybean area, we would anticipate more grains to be grown. So there is an interplay. We have to try to understand what the outcome of this entire package will be.

As I judge from the remarks of the Senator from Alabama, I think his amendment is more attuned to what the committee has in the committee bill.

May I ask the Senator a question without losing my right to the floor? I address that question to the Senator from Alabama. Does not his amendment align soybeans and soybean loans more like the committee bill was than is in the Dole package?

Mr. HEFLIN. Yes; but it does not change the existing provisions.

Mr. MELCHER. I thank the Senator. I think we are going to be having other amendments of this nature that were touched upon in the Dole package.

I think when we go to conference, there is going to be some real debate on which way we go. After all, we get conflicting things in the same bill. The conferees are supposed to be directed one way or the other. For that purpose, Mr. President, I ask for the yeas and nays on this amendment.

Mr. HEFLIN. Just a moment. I suggest the absence of a quorum.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

Mr. BUMPERS. Will the Senator from Montana yield so that I may ask the Senator from Alabama a question?

Mr. MELCHER. Yes. I am happy to yield to the Senator from Arkansas.

Mr. BUMPERS. I have a soybean amendment that I am going to offer shortly changing the loan rate on soybeans. But as I understand this, this does not go to the floor that is set up in the Dole substitute.

Let me just rehash where we are. Under the Dole substitute bill we are amending now, the soybean loan rate, which at this moment is $5.02 a bushel, will in 1986 be 75 percent of the average price of beans for the preceding 5 years, taking out the high and low years.

So whatever the average price is for a 3-year period, 75 percent of that will become the loan rate. We have done some calculations and that means that the loan rate in 1986 is going to fall to $4.40, a very dramatic drop from today's loan rate of $5.02.

My question to the Senator from Alabama is simply that I want to be sure I understand his amendment. It says that wherever the loan rate is established next year, that the Secretary will have the discretion to allow farmers to pay the loan back at the loan level, or the world market price, whichever is lower. So if beans are selling on the world market at $4 and the loan is $4.60, a farmer can redeem the $4.60 loan at $4, which is the lesser of those two figures.

Mr. HEFLIN. That is right.

Mr. BUMPERS. Mr. President, are you not glad that you have me here to explain these things for you?

Mr. MELCHER. I will say to the Senator from Arkansas he has my eternal gratitude.

[Laughter.]

The PRESIDING OFFICER. Is there further debate?

Mr. MELCHER. Mr. President, do I understand the Senator from Alabama does not want the yeas and nays?

Mr. HEFLIN. Not if the managers will agree to accept the amendment.

Mr. HELMS. Mr. President, I accept the amendment on this side.

Mr. MELCHER. I will not ask for the yeas and nays.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1127) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HEFLIN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1128

(Purpose: To direct the Senate conference on S. 1714 to work toward the targeting of wheat deficiency payments to family farmers)

Mr. BOREN. Mr. President, I ask unanimous consent that the pending amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOREN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Oklahoma [Mr. BOREN], for himself and [Mr. MCCLURE], proposes an amendment numbered 1128.

Mr. BOREN. Mr. President, I ask unamimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, add the following:

At the appropriate place in the bill, add the following section:

TARGETING OF WHEAT DEFICIENCY PAYMENTS

SEC. . (a) The Senate finds that—

(1) A family farm is defined by the Department of Agriculture as one having gross agricultural sales between $30,000 and $499,999;

(2) There are 603,782 farms that fall within USDAs definition of a family farm;

(3) These family farms account for 90 percent of all agricultural production in the United States;

(4) Family farms hold 66.82 percent of total farm debt;

(5) 20 percent of all family farms have both a negative cash flow and a debt-to-asset ratio above 40 percent;

(6) 58 percent of all family farms are facing financial difficulty;

(7) There were a total of 328,194 farmers who received wheat deficiency payments in 1984; and

(8) Approximately 30 percent of all wheat deficiency payments were made to farmers who do not primarily rely upon the production of wheat for a living.

(b) Based on the findings set out in subsection (a), it is the sense of the Senate, that the Senate conferees on S. 1714, the Agriculture, Food, Trade, and Conservation Act of 1985, work towards targeting, to the maximum extent practicable, the benefits of wheat deficiency payments to family farms that rely upon agriculture for their primary source of income; and

(c) It is further the sense of the Senate that the Senate conferees should take into consideration producers whose wheat production may be minimal but nevertheless rely upon agriculture as the primary source of income.

Mr. BOREN. Mr. President, this is a sense-of-the-Senate resolution offered as an amendment. It says that our conferees will work as hard as possible in conference when working on the wheat program to develop a program——

Mr. STENNIS. Mr. President, may we have order so that the Senator can be understood?

The PRESIDING OFFICER. The Senate will please be in order.

Mr. BOREN. I thank the Chair and the Senator from Mississippi.

Mr. President, this amendment would simply express the sense of the Senate that our conferees should work in conference when working on the wheat program to try to direct the maximum benefit possible to those who are family-size farmers.

As we have discussed many times before on this floor, we obviously have limited resources. The family-size farmers are experiencing the greatest degree of financial stress.

We discussed this in the committee at length and we have discussed this on the floor.

This would simply express the sense of the Senate that we should, to the maximum degree possible, try to provide assistance, to the greatest extent possible, from these programs to the family-size farmers. It will give us direction as we go into the conference. It is my understanding that it has been cleared on both sides of the aisle.

I have offered the amendment on behalf of myself and Senator MCCLURE.

In the interest of time, I will forego any further comments because I think this is a matter that is fully understood on both sides of the aisle.

The PRESIDING OFFICER. Is there further debate?

Mr. DOLE. Mr. President, I have looked at the amendment. I do not think it is a good idea at all, but it is a sense-of-the-Senate amendment. I do not know how you will administer a means test program. I know the Senator from Oklahoma is very sincere and has worked hard on it. We are willing to take it to conference.

The PRESIDING OFFICER. Is there further debate? If not, without objection, the amendment is agreed to.

The amendment (No. 1128) was agreed to.

Mr. HELMS. I move to reconsider the vote by which the amendment was agreed to.

Mr. BOREN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1129

(Purpose: To prohibit the availability of funds for certain foreign assistance activities which would assist the export of competing agricultural commodities)

Mr. BUMPERS. Mr. President, I ask unanimous consent that the pending amendment be temporarily set aside so that I may offer an amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUMPERS. I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Arkansas [Mr. BUMPERS] proposes an amendment numbered 1129.

Mr. BUMPERS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, add the following: At the end of the bill, add the following:

PROHIBITION ON ASSISTANCE FOR COMPETING AGRICULTURAL COMMODITIES

SEC. . None of the funds authorized to be appropriated to carry out chapter 1 of part I of the Foreign Assistance Act of 1961 may be available for any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training in connection with the growth or production in a foreign country of an agricultural commodity for export if such export would compete in world markets with a similar commodity grown or produced in the United States. Nothing in this section shall be construed to prohibit activities designed to increase regional food security in developing countries if such activities will have a negligible impact on efforts to promote agricultural commodities of the United States; nor shall anything in this section be construed to prohibit research activities intended primarily to benefit American producers.

Mr. BUMPERS. I will be very brief, Mr. President.

Incidentally, the language of this amendment has been changed ever so slightly since I sent it to the managers a couple of days ago. It has been done in deference to some concerns of the Foreign Relations Committee.

Mr. President, I call this amendment the U.S. AID amendment. What it says is the U.S. Agency for International Development may not give grants for research to benefit foreign countries so as to improve foreign crop varieties and production practices where the commodity grown in that country will compete in world markets with an exported American agricultural commodity.

The Foreign Relations Committee raised an objection and said two things:

No. 1, there are some areas of Africa where there are small quantities of exports between countries. I have done my very best to carefully word this amendment so that these small exports will not be disturbed. I, of course, have absolutely no objection to countries in Africa attempting to develop the ability to feed themselves with our help who further this aim by exporting small quantities between neighbors. As everybody knows, that is a terribly deprived area.

No. 2, my amendment will not disturb research done to improve the plant genetics or plant production, or even the introduction of a new plant varieties where the research is intended to help feed the people of the benefited foreign country.

Let me explain the genesis of my amendment:

Brazil, not too long ago, had about 1 percent of the world soybean export market. Today, Brazil has about 15 percent of the export market of soybeans. A lot of that can be attributed to research grants which have been given to American universities by the United States Agency for International Development exclusively for the purpose of helping Brazil produce better varieties of soybeans.

AID may not be abusing the research programs on a large scale, but I can tell you one thing: When it was determined, and the press reported, that grants were going to American universities to help Brazil improve the quality of their soybeans that compete with us in international markets—and Brazil is one of the biggest nemeses we

have in this business—our farmers were outraged.

You have heard a lot of talk here about soybeans and how the soybean farmers are going broke. The loan price does not even equal the cost of production, and the current slump in soybean prices, as well as rice and cotton prices, can, in some measure, be attributed to U.S. AID assistance to our competitors.

I hope the managers of the bill will be willing to accept my amendment.

Mr. President, while the managers are discussing, I want to point out that exports of agricultural products in this country have gone from a high of $44 billion in 1981 to, in 1985, $33.3 billion. That is a decline of 25 percent in exports of American products. The projection for 1986 is for a further decline.

Mr. President, let us save the U.S. aid for international development. Let us not give money to foreign countries so as to assist them to compete with American-grown export products.

The PRESIDING OFFICER. Is there further debate?

Mr. HELMS. Mr. President, we find the amendment acceptable on our side.

I am advised that it is cleared on both sides.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1129) was agreed to.

AMENDMENT NO. 1130

(Purpose: To improve the use of automated data processing and information retrieval systems under the food stamp program)

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that the pending amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOSCHWITZ. In behalf of myself, Senator DOLE, and Senator HAWKINS, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Without objection, the amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Minnesota [Mr. BOSCHWITZ] for himself, Mr. DOLE, and Mrs. HAWKINS, proposes an amendment numbered 1130.

At the end of the pending amendment, add the following:

On page 278, after line 26, insert the following new section:

AUTOMATED DATA PROCESSING AND INFORMATION RETRIEVAL SYSTEMS

SEC. . (a) Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end thereof the following:

"(o)(1)(A) Not later than October 1, 1986, each State agency shall develop and submit to the Secretary a plan for the use of an automated data processing and information retrieval system to administer the food stamp program in such State.

"(B) Such plan shall provide for the automation of such operations necessary to administer the food stamp program as the Secretary considers appropriate.

"(C) Such plan may provide for automation of intake procedures, eligibility determinations, calculation of benefits, verification procedures, coordination with related Federal and State programs, the issuance of benefits, reconciliation procedures, the generation of notices, program reporting, and other appropriate operations necessary to administer the food stamp program.

"(2)(A) Not later than April 1, 1987, the Secretary shall prepare and submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an evaluation of the sufficiency of the plan submitted by each State agency under paragraph (1).

"(B) Such report shall include an analysis of any additional steps required to be taken by each State agency to achieve an effective and cost-efficient automated data processing and information retrieval system.

"(C) After submitting such report, the Secretary shall periodically update such report.

(b)(1) Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) (as amended by section 1438) is amended by adding at the end thereof the following new subsection:

"(j)(1) Subject to paragraph (3), in the case of a plan for an automated data processing and information retrieval system submitted by a State agency to the Secretary under section 11(o), such State agency shall—

"(A) commence implementation of such plan not later than October 1, 1987; and

"(B) complete implementation of such plan not later than October 1, 1989.

"(2) Subject to paragraph (3), if a State agency fails to complete implementation of such plan in accordance with paragraph (1)(B), the Secretary shall reduce by 5 percent the percentage points by which costs may be paid by the Secretary under subsection (g) for each 6 month period that a State agency fails to implement such plan after October 1, 1989.

"(3) The Secretary may—

"(A) extend a deadline imposed under paragraph (1); or

"(B) waive or reduce the amount of the reduction required under paragraph (2) on the basis of the good faith effort of a State agency to implement a plan in accordance with paragraph (1)(B).".

(2) Section 16(g) of such Act is amended by inserting "subject to subsection (j)," after "1980,".

Mr. BOSCHWITZ. Mr. President, this amendment encourages the States to automate the Food Stamp Program.

Medicaid and AFDC are well ahead of food stamps in automation; this amendment would help bring food stamp computerization up to speed. Eligibility determinations, calculation of benefits, and issuance of benefits could all be automated to improve and modernize the Food Stamp Program.

States would be required to submit a 2-year plan for the use of an automated data processing and information retrieval system to administer the Food Stamp Program.

I believe this amendment has been cleared on both sides.

Mr. DOLE. Mr. President, I am advised that the amendment is acceptable on both sides.

Mr. ZORINSKY. Mr. President, I support the amendment to improve the use of automated systems under the Food Stamp Program.

I feel confident that this amendment will help States in their attempts to reduce food stamp errors.

I urge my colleagues to join me in supporting the amendment.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment.

The amendment (No. 1130) was agreed to.

Mr. DOLE. I move to reconsider the vote by which the amendment was agreed to.

Mr. BOSCHWITZ. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1131

(Purpose: To subject publicly owned lands to the provisions relating to highly erodible land conservation, and wetland conservation)

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. KASTEN. Mr. President, I ask unanimous consent that the pending amendment be temporarily set aside.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. KASTEN. I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Wisconsin [Mr. KASTEN] proposes an amendment numbered 1131.

At the end of the pending amendment insert:

On page 316, line 1, insert "(including publicly owned land)" after "land" the second place it appears.

On page 317, line 21, insert ", whether publicly or privately owned" after "area".

Mr. KASTEN. Mr. President, these are technical amendments to the conservation title of the farm bill. These amendments aim at clarifying the intent of Congress as to the scope of the sodbuster and swampbuster sections of this title. They would ensure that these sections apply to land leased from Federal, State, and local governments for the production of agricultural commodities.

About 0.3 percent of federally owned land is planted to crops of various kinds. That amounts to approximately 771,000 acres, scattered over most of the 50 States. This land is leased or rented from a number of Federal agencies: About two-thirds of it from

the Corps of Engineers and the Fish and Wildlife Service.

Extending the protections of the sodbuster and swampbuster sections to this land is a logical addition to what I believe is an excellent conservation title, far and away the best Congress has ever included in a farm bill.

Mr. President, I urge adoption of my amendments.

Mr. President, I believe this amendment is acceptable to the managers of the bill.

The PRESIDING OFFICER. Is there further debate?

Mr. DOLE. Mr. President, this amendment really strengthens the sodbuster legislation. I understand from the minority side that it has been carefully examined on their side and is acceptable.

The PRESIDING OFFICER. Is there further debate, If not, the question is on agreeing to the amendment.

The amendment (No. 1131) was agreed to.

Mr. KASTEN. I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1132

(Purpose: To freeze the bases and yields for wheat, feed grains, cotton, and rice)

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that the pending amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOSCHWITZ. I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Minnesota [Mr. BOSCHWITZ] proposes an amendment numbered 1132.

At the end of the pending amendment add the following:

SEC. . Notwithstanding any other provision of this Act:

"(a) The farm program payment yield for each of the 1986 through 1989 crops of wheat shall be the average yield established for the farm for the 1981 through 1985 crops of wheat, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for wheat was established for the farm for the 1981 through 1985 crops of wheat, the Secretary may determine such yield as the Secretary finds fair and reasonable.

"(b) For the purpose of determining any reduction required to be made for any of the 1986 through 1989 crops of wheat as the result of an acreage limitation program, the acreage base for any farm shall be the average acreage planted to wheat for harvest in the 1981 through the 1985 crop years.

"(c) The farm program payment yield for each of the 1986 through 1989 crops of feed grains shall be the average yield established for the farm for the 1981 through 1985 crops of feed grains, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for feed grains was established for the farm for the 1981 through 1985 crops of feed grains, the Secretary may determine such yield as the Secretary finds fair and reasonable.

"(d) For the purpose of determining any reduction required to be made for any of the 1986 through 1989 crops of feed grains limitation program, the acreage base for any farm shall be the average acreage planted to feed grains for harvest in the 1981 through 1985 crop years.

"(e) The farm program payment yield for each of the 1986 through 1989 crops of upland cotton shall be determined on the basis of the average yields per harvested acre on the farm for the 1981 through 1985 crops of upland cotton, except that the average yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, or other natural disaster, or other condition beyond the control of the producer. In case farm yield data for 1 or more years are unavailable or there was no production, the Secretary shall provide for appraisals to be made on the basis of actual yields and program payment yields for similar farms in the area for which data are available.

"(f) For the purpose of determining any reduction required to be made for any of the 1986 through 1989 crops of upland cotton as the result of an acreage limitation program, the acreage base for any farm shall be the average acreage planted to upland cotton for harvest in the 1981 through 1985 crop years.

"(g) The yield established for a farm for any of the 1986 through 1989 crops of rice shall be determined on the basis of the average yields per harvested acre for the 1981 through 1985 crops of rice. The average yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, other natural disaster, or other condition beyond the control of the producer. If no rice was produced on such farm during such period, the yield shall be determined taking into consideration the yield of comparable farms in the surrounding area and such other factors as the Secretary determines will produce a fair and equitable yield.

"(h) For the purpose of determining any reduction required to be made for any year as the result of an acreage limitation program, the acreage base for any farm shall be the average planted to rice for harvest in the 1981 through 1985 crop years.

"(i) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm."

Mr. BOSCHWITZ. Mr. President, the amendment would have the effect of increasing tillable acreage bases and yields on program crops which have crept upward over a period of years. For instance, in 1975, the base on wheat was 53.5 million acres. Today, the base on wheat is 93.9 million acres. Of course, there has also been an increase in yield over the period.

Mr. DOLE. Mr. President, if the Senator will yield, I wonder if we could get a time agreement of 20 minutes equally divided on the amendment?

Mr. BOSCHWITZ. That would be agreeable with me.

Mr. ZORINSKY. That is satisfactory to us, Mr. President.

The PRESIDING OFFICER. Is there objection, Without objection, it is so ordered.

Mr. BOSCHWITZ. Mr. President, instead of just providing income protection on current programs, really, the current programs have built-in incentives which encourage planting for the program. The more acres one can get into the program, the higher the yield they can get, the more the program benefits are. So this amendment would go a long way in freezing down the growth of the cost of Government programs.

It is easily possible, I might say, Mr. President, to have a combined base acreage of more than you have tillable in acres on your farm. That is phantom acres. This amendment also addresses that question.

It is easily possible to have a combined base acreage for two or more farm crops that exceeds the total tillable acres on the farm. This occurs when a farm with a wheat base, for example, that exceeds the payment limitation, is allowed to plant a different crop, perhaps barley, on the acres that would otherwise be set-aside, so the farm retains its wheat base and at the same time develops a barley base. The result is that the bases exceed the total acreages of the farm. So this amendment would also deal with phantom acres.

Basically, it sets the base on an average of 1981 through 1985 for both the base in acres and also the base in yields. The amendment is estimated to save $700 million over 3 years and would go a long way toward restraining the growth of the cost of the various commodity programs.

Mr. President, I reserve the remainder of my time.

Mr. ZORINSKY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I am advised that the distinguished Senator from North Carolina (Mr. HELMS) is in agreement with the policy. It is a good policy. I think the Senator from Minnesota has demonstrated time and again that he seeks a good policy. It may also save $700 million.

I know there may be some who will not share that view.

Mr. HELMS. Mr. President, the Senator from Minnesota has once again gone to the heart of a very basic problem with our farm programs.

That problem is that the more acres multiplied by the more bushels, pounds, or bales a farmer can possibly produce, the more subsidies he gets.

Naturally, when the Government provides as much incentive for production as it presently does—production goes up. This is what I liken to the accelerator foot.

Then with the other foot—the brake foot—we institute acreage control programs to try and stop the accelerating production machine.

The Senator's amendment would effectively take some pressure off of the accelerator foot. It would tell farmers that they will no longer get increasing subsidies for increasing the size of their farms or increasing their yields.

The amendment makes good sense and as a bonus, the Department of Agriculture informs me that it will save $700 million over the next 3 years.

I urge support for the amendment.

Mr. DOLE. Mr. President, I ask unanimous consent that while we are awaiting the distinguished Senator from Montana [Mr. MELCHER] to come to the floor if there are no others wishing to speak, that at least for the next few moments, the quorum not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. HEFLIN. I object.

The PRESIDING OFFICER (Mr. COHEN). Objection is heard.

The legislative clerk continued the call of the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I ask unanimous consent that the two pending amendments be set aside for the purpose of an amendment being called up by the distinguished Senator from New Jersey and the distinguished Senator from Washington.

Might I inquire of all interested in the sugar amendment if a time agreement of 1 hour, equally divided, is satisfactory.

Mr. GORTON. That is acceptable.

Mr. BRADLEY. Mr. President, it is acceptable to the Senator from New Jersey, but I do not know if the Senators from Hawaii would agree to that, and they do have an interest in the amendment.

The PRESIDING OFFICER. Is there objection?

Mr. ZORINSKY. Mr. President, reserving the right to object we would like to check with two other participants. Can we start the amendment and then get a time agreement?

The PRESIDING OFFICER. The Chair cannot hear the Senator from Nebraska.

Mr. HELMS. Mr. President, I will withhold my unanimous-consent request at the moment. I suggest that we proceed as if we have a time agreement and that the time be recorded so that we will know if and when we get the time agreement. Would that be satisfactory?

Mr. BRADLEY. The distinguished Senator from Hawaii is on the floor now.

Mr. HELMS. The proposal has been made for 1 hour, equally divided.

Mr. INOUYE. Mr. President, if the chairman will yield, I would be very happy to accept that.

Mr. HELMS. In that case, I do propound the unanimous-consent request.

Mr. BOSCHWITZ. Mr. President, reserving the right to object, it is my understanding that, under this unanimous-consent agreement, at the conclusion of the sugar amendment, we will return to my amendment that is presently pending.

The PRESIDING OFFICER. That is correct.

Mr. HELMS. Has the Chair ruled on the unanimous-consent request?

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. I thank the Chair.

AMENDMENT NO. 1133

(Purpose: To provide price support for the 1985 and subsequent crops of sugar)

Mr. BRADLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New Jersey [Mr. BRADLEY], for himself, Mr. GORTON, Mr. CHAFEE, Mr. LAUTENBERG, Mr. MOYNIHAN, and Mr. ROTH proposes an amendment numbered 1133.

Mr. BRADLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment add the following:

SUGAR PRICE SUPPORT

SEC. 1001. Section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended—

(1) by striking out "honey, and milk" in the first sentence and inserting in lieu thereof "honey, milk, sugar beets, and sugarcane"; and

(2) by adding at the end thereof the following new subsection:

"(i)(1) The price of each of the annual crops of sugar beets and sugarcane shall be supported in accordance with this subsection.

"(2) The Secretary shall support the price of domestically grown sugarcane through nonrecourse loans at such level as the Secretary determines appropriate but not less than 18 cents per pound for raw cane sugar for the 1985 crop. In the case of each of the 1986 through 1988 crops, such level as the Secretary determines to be appropriate taking into consideration the total supply of sugar, total program costs, and such other factors as the Secretary determines to be appropriate, except that the established price for a crop determined under this clause may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(3) The Secretary shall support the price of domestically grown sugar beets through nonrecourse loans at such level as the Secretary determines necessary to reflect a fair and reasonable relationship between the level of price support for sugarcane and sugar beets.

"(4) The Secretary shall announce the loan rate to be applicable during any fiscal year as far in advance of the beginning of such fiscal year as is practicable consistent with the purposes of this subsection.

"(5) Loans under this subsection during any fiscal year shall be made available not earlier than the beginning of such fiscal year and shall mature before the end of such fiscal year.".

Mr. BRADLEY. Mr. President on behalf of myself and my distinguished colleagues—the Senator from Washington, Mr. GORTON, the Senator from Rhode Island, Mr. CHAFEE, the Senator from New Jersey, Mr. LAUTENBERG, and the Senator from New York, Mr. MOYNIHAN—I ask that we deal with the question of sugar subsidies that are now in the current farm laws.

Mr. President, this amendment will accomplish moderate, but important, reforms in American sugar policy. Our present Federal Sugar Program is completely irresponsible. It costs American consumers a fortune each year, creates tremendous economic distortions in our domestic economy, hinders our efforts to promote exports of American products, undermines the economies of our allies in the Caribbean and Latin America, and most recently, results in direct outlays from the Federal Treasury.

Before describing the amendment, Mr. President, let me first discuss our present sugar policy in further detail. Under the 1981 farm bill, the Government provides nonrecourse, low-interest loans to sugar producers. These loans are extended by the Commodity Credit Corporation of the Department of Agriculture to sugar producers who use their sugar as collateral for the loans. If the domestic price for sugar exceeds the loan rate, plus shipping, handling, and storage costs, the producers will sell the sugar on the market and pay off the loan. If, however, the market price is below the price guaranteed by the Government program, the producer simply defaults on the loan. Since the collateral on the loan is the sugar itself, the Government ends up owning the sugar and the producer keeps the money from

the loan at whatever price was set by the Government.

Under the program, loan levels have increased from 17 cents per pounds for the 1982-83 crop to 18 cents per pound currently. Since the 1981 bill has been enacted, world sugar prices have been substantially below the loan rates set out in legislation. Indeed, world market sugar has been priced at 5 cents for most of this year. To make certain that domestic prices stay well above the inflated loan levels, the Government has taken drastic steps. These have come in the form of import quotas, which were first imposed in May 1982. Each year, the quotas have been tightened to limit supply in this country and keep prices well above the loan levels set out in the farm bill. While the United States imported over 5 million tons of sugar in 1981, the quotas for this year was less than 2.5 million tons.

I might say that in this bill those quotas will go even lower. Mr. President, this is truly an amazing program. Perhaps the finest and most accurate analysis of this program was performed by the Economists' Committee on Public Policy. This group has been able to obtain unanimity among 124 economists—and we all know how difficult it is to get economists to agree on anything—including four Nobel laureates, eight past Presidents of the American Economic Association and a host of other dignitaries and former officials, that the current sugar program is inefficient, inequitable and ineffectual. Mr. President, I ask that the Economists' statement be printed in the RECORD at this time.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

ECONOMISTS' COMMITTEE ON PUBLIC POLICY

ECONOMISTS' STATEMENT OPPOSING THE SUGAR PRICE SUPPORT PROGRAM

We, the undersigned economists, understand that the sugar price support program will be phased out or revised as part of the ninety-ninth Congress's deliberations on the Farm Bill. The Administration has submitted legislation which promises to reduce the sugar price supports substantially. We believe that the sugar price supports should be eliminated or reduced in the interest of consumers, of general economic efficiency and of international comity.

We take this position out of our persuasion that costs of the program are large and its benefits small, that it is inequitable, that it is ineffectual, and that it is inconsistent with sound international economic policy.

The program raises the cost of sugar to consumers—that is its most obvious direct result. As has been demonstrated through competent econometric analysis, it also raises the prices consumers must pay for sugar substitutes such as high fructose corn syrup. Similarly, it has been demonstrated that these price increases result in higher prices for sweetener—intensive goods, including beverages, bakery goods, dairy products, and confections.

In 1983 alone, the direct cost to consumer's is estimated by the Department of Agriculture to have been $3.1 billion. For 1984 the total cost to consumers, taking account of the effects on the prices of substitutes is estimated by various scholars as lying between $3.5 billion and $4.5 billion. Taking $3.75 billion as a best estimate of the total cost to consumers, this translates to an average cost of $41 in one year to each American household.

The net benefits accruing to sugar producers and processors, were at most $386 million, about 10.3% of the costs. Further, the total one-time loss of investment in specialized equipment and facilities, whose value would be largely obliterated if the program were discontinued in its entirety, is less than half a single year's cost of the program to consumers.

Thus, the net costs to the American economy amounted to an estimated $3.3 billion in 1984.

The costs of the program are high and the benefits are low for one main reason: most of the resources used in producing both cane sugar and beet sugar could be put to better use, that is, they could be used to produce commodities that people value more highly than sugar. Artificially diverting those resources to sugar production, deprives consumers and the rest of the economy of those other goods that could, at current levels of economic activity, be produced instead.

The program is inequitable. Since people with lower incomes spend a larger share of their budgets on food than do those in higher brackets, it is they who bear a disproportionately large share of the cost. In contrast, few of the benefits accrue to small family farms. About two-thirds of the sugarcane crop is produced in Florida and Hawaii. More than 95 percent of production in Hawaii is carried out by five large corporations. In Florida, plantations average 2,826 acres and most of the production is concentrated on a small number of them. Although sugar beet farming is predominantly family farming, the average individual unit is large. In 1974, the latest year for which suitable data are available, 66 percent of cash receipts for sugar beets were received by farms that grossed $500,000 or more ($982,000 or more in 1984 prices).

The program is ineffectual. The program failed entirely to protect consumers from extraordinarily high prices in 1974 and 1980, when wholesale prices were as high as 30 cents per pound (equivalent to 59.2 cents and 35.4 cents, respectively, in 1984 prices). With the program, sugar consumption per capita has declined by 31 percent since 1970, primarily as a result of increased production of sugar substitutes, under the umbrella of the sugar price supports.

The international impacts of the program are also undesirable. The program impairs the ability of developing countries, as well as the United States, to make efficient use of their agricultural resources.

The program currently provides to nations favored by the grant of sugar quotas short-run benefits in the form of premiums over the world market price, amounting, for some countries, to tens or hundreds of millions of dollars in 1984. But these benefits are rapidly disappearing as imported sugar is displaced by substitutes. Our sugar program ensures that sugar imports are the first to be crowded out. Exports to the United States from Latin American countries declined from 3.4 million tons in 1981 to 1.7 million tons under the quotas for crop year 1984-85. Furthermore, the program has depressed the price at which sugar exporters can sell their product on the world market.

By reducing the ability of debtor nations in the third world to earn dollars, the program impairs their ability to import and to service their debts. The program, thus, hurts American agriculture and other export sectors and workers employed in them, while, at the same time, it reduces the earnings and stability of American financial institutions.

Finally, the program is inconsistent with the announced American commitment to open international markets and with our long-standing policy of assisting developing countries. It is specifically inconsistent with current American efforts to expand world markets for American agricultural exports.

We urge the elimination of the program of price supports and import quotas for sugar. If that should prove impossible, we recommend reducing the supports from the current loan rate of 18 cents per pound to a level such as the 12 cents per pound initially proposed by the Administration, elimination of the quotas, and a return to import duties to the extent necessary to protect the lower support price.

Mr. BRADLEY. Mr. President, the present program benefits few people at a tremendous cost to the many. In 1984, the total cost to consumers has been estimated at between $3.5 and $4.5 billion dollars. What is worse is that the net benefit to producers is at most $386 million. So the benefits of this program are one-tenth the total cost. It would make more sense to simply write a check to producers in this amount, scrap the program and rid the American consumer of this horrendous burden. And, Mr. President, let us not mince words here—this cost to consumers resulting from a misguided Federal program is nothing more than a hidden tax on American citizens.

To add insult to injury, this hidden tax places an unfair burden on the lower income groups within our society. These groups invariably spend a greater portion of their income on necessities such as food—since sugar is a food item, lower income families are taxed disproportionately. And the beneficiaries? More than 95 percent of sugar production in Hawaii is in the hands of five corporations. Where is the social justice in such a policy?

But the failure of the program to protect consumers does not end there Mr. President. While providing a guaranteed minimum price for producers, there is no protection for consumers if prices were to drastically increase as they did in 1981. This is a special interest policy at its worst. We are telling people, if prices drop we will help producers and pass the costs onto consumers; if prices rise, producers can reap the rewards of the market but consumers must fend for themselves.

The problems do not end here. Sugar is treated as no other agricultural commodity; thereby, adversely affecting all other components of our agricultural economy. In all other

cases, farmers are responsible for the cost of transporting goods to Government storage locations; sugar farmers are not. The Federal Government maintains a ridiculously high market stabilization price, almost five times higher than the world market price. In an effort to avoid loan forfeiture, USDA imposes stringent import restrictions on sugar producing nations—our allies in the Caribbean and Latin America. The result, these countries do not earn dollars and therefore are unable to purchase other American commodities.

Mr. President, I only wish the story ended here. Supporters of our present sugar policy argue that so many jobs are at stake that the program must continue. They conveniently ignore the job displacement this policy is causing in other sectors. Job losses are greatest in refineries that can no longer purchase foreign sugar and among numerous confectioners—manufacturers of candy, chocolates, baked goods, and so forth. It is estimated that 10 percent of the jobs in the candy manufacturing industry could be affected. In the interests of protecting domestic sugar producers from foreign competition we are choking another viable sector of our economy. The Commerce Department reported a 43-percent increase in imported candy in 1984 and expects another 40-percent increase this year.

Mr. President, all of these arguments lead to only one possible conclusion. The Sugar Program must be completely dismantled. However, in deference to political realities what we are proposing today is a much more moderate action. First, our amendment has no effect upon this year's crop. All changes take effect on October 1, 1986. At that time, the price support level—presently 18 cents per pound—will be reduced by 5 percent. Additional reductions of 5 percent will apply to the 1988 crop and the 1989 crop. This will result in lower costs for all American consumers. This amendment will not affect the special treatment sugar producers receive in having the Federal Government pay the costs of transporting their sugar to storage locations. I wish it did. But we chose not to.

Mr. President, we have here a fair and moderate proposal. The present Sugar Program is horrible economic policy. A vote against this amendment is a vote in favor of continuing what is effectively a $3.5 to $4.5 billion tax burden, an average of $41 per household; it is a vote in favor of severely impacting the ability of other farmers to compete in foreign markets; it is a vote in favor of unfairly displacing jobs in the refinery and candy-making industry; and, it is a vote to increase the budget deficit. Yes, Mr. President, a major argument of proponents of our present sugar policy has been that the program has no budgetary impact. This is false. USDA estimates that the cost of the Sugar Program in fiscal year 1985 was $140 million. Its estimate for fiscal year 1986 is $214 million. I realize that we just passed language requiring the President to operate the program at no cost to the Treasury. First off, that language is not in the House bill and I doubt its prospects of ever becoming public law. And second, if it did become law it would be yet another way to mislead the American citizen. We can proclaim that the Sugar Program operates at no cost to the taxpayer. What we do not publicize is the horrendous burden on the American consumer—yet another hidden tax.

Mr. President, I ask unanimous consent that a letter from the Secretary of State in support of our amendment be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF STATE,
Washington, DC, October 11, 1985.

Hon. BILL BRADLEY,
U.S. Senate.

DEAR SENATOR BRADLEY: I am writing in support of the Gorton/Bradley amendment to the Agriculture, Food, Trade and Conservation Act of 1985 (S. 1714) that would reduce the current price support level for sugar by one cent per pound each year from 1987 to 1989. The Administration has long recognized the serious problems which the high U.S. sugar support price causes for our trading partners in the Caribbean Basin and elsewhere, as well as the costs imposed on the U.S. consumer. We believe that passage of your amendment would be in the long-term foreign policy interest of the United States as well as in the interest of the American consumer.

The high U.S. support price encourages inefficient U.S. production and the substitution of sugar by other sweeteners. It thus cuts opportunities for lower-cost and more efficient Caribbean Basin and other producers' sugar to compete in our market. While exporters to the U.S. also receive the high U.S. price, they have nevertheless seen total revenues decline because of drastic reductions in the quotas they are allowed to ship, currently less than half of 1981 levels. Latin American sugar exports to the U.S. were valued at $1.4 billion in 1981; this was reduced to an average of $693 million annually for 1982-84. This reduction in revenues has had a serious impact on strategically important nations in the Caribbean and Central America. Employment has been severely harmed, with implications for social and political unrest in those regions.

Sugar had long been the third largest export to the U.S. from Latin America. It is a key foreign exchange earner for the countries of Central America and the Caribbean, and an important one for such major debtor countries as Brazil and Argentina. The strategically important Dominican Republic, for example, which is undergoing a difficult economic adjustment program, has traditionally derived close to thirty percent of its total foreign exchange earnings from sugar sales to the U.S. Sugar is important to many countries in Asia and Africa as well.

The reduced access to the U.S. sugar market for beneficiary countries of the Caribbean Basin Initiative (CBI) has undermined the CBI trade program, a top foreign policy priority approved by Congress in the Caribbean Basin Economic Recovery Act. We have a major national interest in revitalizing the economies of the strategically important Caribbean Basin and in continuing to provide export opportunities to those countries which are struggling to repay their external debts.

The contracting U.S. sugar market, and the downward pressure on world sugar prices, has meant a continuation of major economic and hence political stress in these countries. It also has meant an increased need for U.S. economic assistance, especially balance-of-payments support, and the arguments for extending that aid will become more compelling if access to our market continues to be reduced.

In the Administration's view, the Gorton/Bradley amendment will provide basic protection to U.S. sugar producers against highly depressed world prices without encouraging inordinately high-cost production or inefficient substitution. Lower U.S. domestic prices will decrease Caribbean Basin exporters' per-unit revenues in the short term. However, lower U.S. prices will reduce the difference between the protected domestic price and the world price and will have a stabilizing effect on the share of our market available to friendly foreign producers. We believe that your amendment would have the effect of allowing our financially-strapped Caribbean Basin and other sugar suppliers their traditional access to the U.S. market while saving the American consumer billions of dollars in unnecessary costs for sugar and sweetened products.

For these reasons we believe the Gorton/Bradley amendment merits the full support of members of Congress.

Sincerely yours,

GEORGE P. SHULTZ.

Mr. BRADLEY. Mr. President, the U.S. Department of Agriculture supports the amendment. Consumers are in support of the amendment. One hundred twenty-five economists are in support of our amendment. But a handful of sugar producers are opposed. Mr. President, this is a clear vote—will the special interest prevail or sound economic policy?

Mr. President, I yield 10 minutes to the Senator from Washington.

Mr. GORTON. Mr. President, I am pleased to join with my colleague from New Jersey, Senator BRADLEY, and a number of my other distinguished colleagues, including Senator ROTH, Senator LAUTENBERG, and Senator MOYNIHAN in offering this amendment to the Sugar Program contained in the 1985 farm bill.

As the bill currently is written, the Federal loan rate for domestically produced sugar would be frozen at 18 cents per pound for the 4 year duration of the bill. Our amendment would maintain that freeze for the first year of the program, then drop the loan rate 5 percent in each of the next 3 years.

I would like to point out that this amendment is wholly consistent with provisions in the Dole amendment passed earlier. In that amendment the

Senate includes a provision for a 1-year freeze in the target prices for feed grains, cotton and rice and established an acreage reduction-target price model for wheat which achieves similar results in the long run. All this amendment seeks to achieve is equality with the treatment afforded the other major commodities in this bill. If we are going to freeze support mechanisms for commodities for 1 year and reduce them by 5 percent in the next 3 years, let us do it across the board. At the very least, we should seek equality between the crops, as we have for wheat. If we are going to be fair in our approach to reducing the Federal expenditures for farm programs and consumer impacts of farm programs, this is an appropriate amendment.

Mr. President, before we proceed far in this debate, our colleagues should understand clearly that this amendment is not designed to dismantle the domestic sugar industry, as some have inferred. This amendment will not throw thousands of farmers off their farms, as some have said. And this amendment will not, in any way, shape or form, mean that consumers will not be able to go to their supermarkets and purchase high quality sugar and sugar-containing products, as others have maintained.

In fact, this amendment represents a minor reform in a very expensive program, the cost of which is borne by the American public every time anyone buys food for his or her families. Moreover, this program, if continued at the level anticipated in the committee approved farm bill, will continue to affect the taxpayer through increased Federal expenditures. The amendment does not dismantle the Sugar Program. It freezes it for 1 year and then reduces it by less than 1 penny—less than 1 penny, Mr. President—In each of the next 3 years.

I hope that as this debate continues, my colleagues will not lose sight of what the Bradley-Gorton amendment attempts to do.

Mr. President, proponents of the current Sugar Program claim that any savings that might be achieved through reductions in the sugar price support program in the United States will not be passed on to the consumer. That is nonsense. According to the Department of Agriculture, changes in the price of raw and refined sugar are directly and almost immediately reflected in retail sugar prices. Forty percent of the sugar consumed in this country is purchased as a plain, off-the-shelf commodity. The other 60 percent of the sugar consumed in the United States is contained in processed products such as cake mixes, jams and bakery products.

Mr. President, I ask unanimous consent to include a table at this point in the RECORD which clearly shows that since 1980, when retail sugar prices reached over 50 cents per pound, wholesale and retail prices for plain, off-the-shelf sugar have followed parallel paths. The translation of this table is quite plain—the price that sugar retailers have charged consumers for their product has reflected the price changes in raw or refined sugar. The savings indeed have been passed on to the consumer.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 2.—U.S. SUGAR PRICES, 1980–84

[In cents per pound]

Calendar year and quarter	New York spot raw [1]	Wholesale refined [2]		U.S. average retail refined
		Chicago-West	Northeast	
1980	30.11	38.30	40.99	42.70
1981	19.73	28.25	30.68	40.00
1982	19.92	27.62	29.91	34.30
1983	22.04	29.09	31.98	36.20
1984	21.74	30.00	31.50	36.30
1980:				
I	21.84	28.71	30.66	30.97
II	28.89	36.30	39.01	39.27
III	32.64	41.17	44.04	46.80
IV	37.09	47.00	50.25	53.93
1981:				
I	26.50	35.50	38.27	51.73
II	18.76	27.47	29.67	40.33
III	17.33	25.43	27.97	35.07
IV	16.34	24.63	26.83	32.90
1982:				
I	17.69	27.50	27.40	33.63
II	19.50	26.77	29.23	33.80
III	21.83	28.20	32.13	34.30
IV	20.69	28.00	30.87	35.40
1983:				
I	21.62	28.00	31.60	35.73
II	22.52	28.87	32.13	35.73
III	22.28	29.50	32.50	36.50
IV	21.75	30.00	31.67	36.73
1984:				
I	21.80	30.00	31.50	36.47
II	22.03	30.00	31.50	36.60
III	21.77	30.00	31.50	36.00
IV	21.35	30.00	31.50	36.23

[1] Raw sugar, c.i.f., duty/fee-paid, contract No. 12.
[2] Refined sugar list prices, Northeast cane and Chicago-West beet, f.o.b. plant. Starting 1982, prices are for bulk; prior years are for 100 paper bags.

Source: Bureau of Labor Statistics; Coffee, Sugar, & Cocoa Exchange, Inc.; and Thurston Greene Co.

Mr. GORTON. The case for processed products containing sugar is just as compelling. When prices for sugar rose dramatically by 77 percent in 1980, prices for sugar-containing products also rose, but by much less—only 11.2 percent. As sugar prices have moderated since 1980, price advances have fallen sharply for all sugar-containing products, despite the continuing escalation of labor, packaging, and other cost factors. The average price increases for sugar-containing products over the past 5 years have been less than half those of refined sugar. For example, in 1980, the cost of a typical sugar-containing product rose 11.2 percent; that same year the cost of cola beverages rose 14.3 percent. The next year, 1981, when raw sugar prices began to drop, the cost of an average sugar-containing product rose only 5.4 percent, and cola beverages rose only 2.5 percent. This pattern continues today. While sugar-containing products have continued to inch up in price, their price rises have slowed to reflect the lower cost of raw and refined sugar.

Mr. President, I ask unanimous consent to include in the RECORD at this point a table prepared by the Department of Agriculture that shows in detail the relationship between the price of raw and refined sugar and the price consumers pay for sugar-containing products.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

PRICE TRENDS FOR SUGAR AND SUGAR-CONTAINING PRODUCTS, 1980 to 1984

[Annual percentage change]

	Refined sugar (N.E. wholesale)	Average 14 sweetener containing products	Cola beverages
Year:			
1980	+76.7	+11.2	+14.3
1981	−25.1	+5.4	+2.5
1982	−2.6	+2.0	+1.6
1983	+7.0	+2.4	+.5
1984	−1.6	+3.1	−1.1
5-year average change	+10.9	+4.8	+3.6

Source: USDA, Sugar and Sweetener Outlook and Situation Yearbook, July 1985, tables 4 and 6.

Mr. GORTON. We also should not lose sight of the fact that American consumers pay more for sugar than nearly every other citizenry in the world. In May 1985, the average retail price of sugar purchased in Washington, DC, was 85 cents per kilogram—more than twice as much as a consumer in Ottawa, Canada, paid for an equivalent amount. At this same time, the price of sugar in London was 57 cents per kilogram—28 cents below the U.S. price. The price in Paris was 54 cents—31 cents below the U.S. price. And, the price in Rome was 65 cents—20 cents below the U.S. price. Of all the world's capital cities, only one, Tokyo, has a higher retail price for sugar than we do here.

Mr. President, now that we have established that changes in the price of raw and refined sugar are passed on to consumers, we must ask: Why do Americans pay so much for sugar and sugar-containing products than nearly every other nation on Earth?

The answer is straightforward, Mr. President. We have established a Federal Sugar Program that is not paid for out of the Treasury, Rather it is paid for out of consumers' pockets. Every 1 cent increase in the price of sugar costs American consumers $300 million per year in the prices they pay for sweetners and sweetened products. With sugar selling on the world market for less than 5 cents per pound and selling in the United States for around 22 cents per pound, the taxpayers are footing a tremendous bill each year. That is why every major consumer organization in the United States is opposed to maintaining the Sugar Program in its current form.

Mr. President, there is now a new danger on the horizon that will certainly become a reality if we do not begin to reduce our unreasonably high price supports for sugar. In September the administration made a decision to change the guidelines for administering the sugar price support program. In short, the administration made a policy decision to put a floor on our sugar import quotas at about the same level as in fiscal year 1985.

This decision was done in the face of opposition from the sugar producing industry in the United States, which wanted even greater restrictions on imported sugar to this country. If the current Sugar Program is extended in the new farm bill as recommended by the Agriculture Committee, it has been projected that the Sugar Program will cost the Treasury $1 billion over the life of the bill. This is because domestic producers operating under excessively high Federal loan rates will begin defaulting on those loans and the Government will begin accumulating surplus domestic sugar in large quantities.

If the Bradley/Gorton amendment were to pass, this budgetary impact would be mitigated. Even a less than 1 penny per year decrease in the loan rate would help alleviate this drain on the Federal budget. The lower loan rate under Bradley/Gorton would restore some balance to the sugar supply-demand situation, and permit the Commodity Credit Corporation to market the sugar that will be forfeited.

I am sure that some of my colleagues will seek to remind me that the recently approved Dole amendment contained a provision which states that the Federal Sugar Program must operate at no cost to the Government. This provision simply and emphatically dictates that the supply of foreign sugar into the United States must be reduced. This means that the President must alter his decision, made in September of this year, to continue our quotas on imported sugar at approximately the same level that they were last year.

Mr. President, this action provides an unprecedented price guarantee to the large sugar producing corporations in this country. By controlling the supply of foreign sugar, much like we control the flow of water out of a faucet, the Federal Government can guarantee a targeted market price—or market stabilization price—for domestic sugar producers. The lower the amount of sugar we import, the higher the guaranteed prices for domestic growers.

Our amendment does not seek to strike this provision as contained in the Dole amendment accepted by this body. If this provision of the Dole package becomes law, however, the Bradley/Gorton amendment will provide a minimum degree of control over the ever-increasing prices guaranteed to sugar producers in this country. Indeed, if the quota provision becomes law, the Bradley/Gorton amendment becomes even more crucial. Again, our amendment calls for a freeze, then 5 percent reductions in the loan rate in each of the next 3 years. If this amendment is enacted, and the quota provision is also made law, the net affect on the income of sugar producing companies will be close to zero. Without our amendment, the Congress will be handing sugar conglomerates a Government created, Government regulated market which will provide them with income guarantees far and above those earned by any other group of farmers in this Nation.

If any of my colleagues doubt the power and audacity of the sugar industry in this country, they need only look at the facts. Just this month, less than 2 weeks ago, sugar producers in this country threatened Congress and the administration with defaulting on Federal loans for thousands of tons of domestically produced sugar. This sugar would become the property and responsibility of the Federal Government. As if this were not enough, these same producers, dominated by six large sugar conglomerates, have reportedly begun buying foreign sugar to meet their domestic sugar contracts. Mr. President, let me repeat: The domestic sugar producers who are lobbying so hard for a continuation of the current Sugar Program are so strident in their demands on the Federal Government that they are threatening to default on their Federal loans, dump their sugar on the Federal Government, and begin buying up cheap foreign sugar to meet their domestic contracts. This attitude is unconscionable, but the real tragedy is that it is commonplace in the domestic sugar industry.

The solution to this problem is not capitulation to the sugar industry: It is the passage of Bradley/Gorton amendment which will begin the slow process of weaning the sugar industry off the assumption that the Federal Government is going to give them exactly what they want out of the Sugar program.

Mr. President, I have already described the impact of the Sugar Program on the U.S. consumer. Unfortunately, that is not the end of the story—the negative impact of the current Sugar Program goes far beyond the consumer. While the program benefits fewer than 12,000 U.S. sugar producers, who are dominated by six large corporations, the program is threatening the jobs of thousands of working men and women employed in other industries.

Cane sugar refineries in the United States depend upon imported raw sugar. Since the 1981 Sugar Program was enacted and import quotas were imposed, six cane sugar refineries have closed. These refineries employed over 2,000 Americans in 1981. There are still over 4,000 people employed in the refining industry, but their jobs could be lost as well if the Sugar Program is left unchanged.

The chocolate and confectioner industries employ 60,000 people in the United States. They, too, have been stung by our Federal Sugar Program. Since 1981, imports of chocolate and confectionary products made with low-priced sugar obtained on the world market have doubled, and in some categories tripled and quadrupled. American candy manufacturers, who pay American prices for sugar, will not be able to compete with foreign competitors unless the Sugar Program is changed. If things continue as they are, many domestic companies will have no choice but to relocate their manufacturing facilities outside the United States, so they too can use low priced sugar. These jobs will be lost to American workers.

The effect of the Sugar Program even stretches to other producers of agricultural products. The Sugar Program is one of the most generous agriculture programs we have.

The numbers speak for themselves. During 1982, in Minnesota and North Dakota, farmers' return over variable costs from sugar beets averaged $411 per acre, while the return for corn averaged $121 per acre. Similarly, in Louisiana the return for sugarcane averaged $458 per acre, while the soybean return was only $69 per acre. As I said earlier, this program benefits only a handful of producers: 12,000 sugar producers compared to 715,000 corn farmers, 511,000 soybean farmers, and 466,000 wheat growers.

To compound the problem, the Sugar Program lessens the willingness and ability of sugar producing nations to import American agricultural products. For example, in 1981 Brazil exported 1.09 million short tons of sugar, valued at $388 million, to the United States. At the same time, it imported 3.9 million short tons of American wheat and corn, valued at $639 million. This year, Brazil will be permitted to ship only 368,000 tons of sugar to the United States valued at $145 million. Next year it will be permitted to export only about half of that amount to the United States. If the import quotas cause Brazil and other similarly situated nations to reduce imports of U.S. grain, as a retaliatory move or due to economic hardship, the American grain farmer will pay a very high price to support the few who produce sugar.

The effect of the current Sugar Program on our Latin American neighbors cannot be underestimated. There is a bipartisan consensus that political sta-

bility in Latin America and the Caribbean is critically important to the United States. For that reason, we have provided economic assistance to our neighbors in this hemisphere and enacted the Caribbean Basin Initiative.

Unfortunately, our Sugar Program is doing more to damage our Latin American and Caribbean allies than the Caribbean Basin Initiative and our other aid programs are accomplishing in the form of assistance. Sugar is a critical cash crop to many nations in Latin America and the Caribbean, and exports of sugar are critical to their economies and their ability to pay their debts. Yet, the U.S. Sugar Program, by restricting the amount of sugar imported into this country, is destroying this major source of income for sugar-producing nations.

Before the current program was enacted, we imported an average of 3.3 million tons of sugar from Latin America and the Caribbean into the United States each year. This sugar produced $1.4 billion in earnings for those nations in 1981. Imports from the region, however, are expected to drop to less than 1 million tons in the coming quota year worth less than $500 million. For nations like the Dominican Republic and Guatamala, the losses from sugar sales will exceed the total aid they receive from the United States.

Equally alarming, our policy is driving our allies to find support from the Soviet Union. In the past, Caribbean and Latin American nations shipped little if any sugar to the U.S.S.R. However, in the last 3 years, shipments to the U.S.S.R. have averaged over 1 million tons a year. Unless our Sugar Program is changed, the trend will continue. These nations will depend more on the Soviet Union and less upon the United States.

Mr. President, the arguments against the high loan rate for sugar in the farm bill are clear. Equally clear to my colleagues should be the understanding that this amendment permits the program to continue virtually in its present form. We do not propose the dissolution of the program, and we recognize that the world market price for sugar is artificially low. All we propose is that the program be treated on a par with other commodities and that it show some compassion for the American consumer who pays for the program every time he visits the supermarket. The way we can do that is to adopt the Bradley/Gorton amendment today. I urge my colleagues to join Senator BRADLEY, the other cosponsors, and me in this important effort.

The PRESIDING OFFICER. Who yields time?

Mr. BRADLEY. Mr. President, how much time remains on the side of the proponents?

The PRESIDING OFFICER. Seven minutes thirty seconds.

Mr. BRADLEY. I shall reserve the remainder of the time.

Mr. INOUYE. Mr. President, before yielding to my friend from Louisiana, may I yield to my friend from North Dakota?

Mr. JOHNSTON. That is fine, Mr. President.

Mr. INOUYE. I yield to the distinguished Senator from North Dakota [Mr. ANDREWS].

Mr. ANDREWS. Mr. President, we are talking about a commodity program that is totally different, totally separate from other commodity programs. This is a commodity that we do not produce in surplus, Mr. President. If we could manage any type of commodity program, we ought to be able to manage one like this. We can and we have and we have done it while making a profit for the U.S. Treasury.

The Sugar Program we enacted as part of the 1981 farm bill was unique in that, for the most part, it worked.

Certainly, it worked insofar as consumers are concerned. Since 1981, they have enjoyed a reliable supply of sugar at a stable, reasonable price—currently 7.5 cents a pound below 1980 and nearly 5 cents lower than 1981.

The program we approved 4 years ago provided a simple nonrecourse loan to domestic sugar producers, starting at 17 cents a pound, raw value, with very modest annual increases to the current 18 cents a pound level for the 1985 crop.

Following extensive hearings and due deliberation, the Agriculture Committee has recommended that the program be continued for another 4 years with the loan level "frozen" at not less than 18 cents a pound.

Legislative history developed in connection with the 1981 Sugar Program urged that it be administered in a fashion that would avoid loan forfeitures resulting in Commodity Credit Corporation ownership of sugar. Operated this way, the program would have no budget impact and no cost to the Treasury.

For the first 3 years of the current program, it was successfully administered in this regard. Indeed, it is estimated the Treasury was enriched by some $355.2 million in duties and fees imposed on foreign sugar imports.

During the most recent fiscal year, however, as a result of some errors in judgment and some rather "loose" administrative practices, a quantity—some 430,000 tons—of raw and refined sugar was forfeited. I am confident this situation can be corrected, however, and as chairman of the Agriculture Committee's Subcommittee on Rural Development, Oversight and Investigations, it is my intention to hold hearings in the near future designed to find the answer to what I am sure is a temporary problem. We will help the administration "rediscover" the cost-free method of running the Sugar Program.

In the meantime, to no one's surprise, opposition to continuing the current Sugar Program has surfaced and changes are being proposed.

It is important to consider who will really benefit and who will be penalized by these changes proposed by Senators BRADLEY and GORTON.

They call for a 3.5 cents reduction in the effective support level for domestically produced sugar starting with next year's crop. And, they maintain, this will result in billions of dollars in savings for consumers.

That is not true.

It is important to remember, some 75 percent of all sugar consumed in this country is contained in already prepared and processed foods and beverages. There's an average of 2.5 pounds of sweetener in a 24-bottle case of soda pop, for instance. The Bradley-Gorton amendment would reduce the value of that sweetener in a case of pop by 8.75 cents—or about a third of a cent a bottle. Is that savings going to be passed on to consumers? Or, is it simply going to enrich the bottler to the tune of $70 per ton for all the sweetener he buys. According to Fortune magazine, the soft drink industry is already the most profitable of all American businesses.

Candy bars, cookies, ice cream—Mr. President, you name the product and I can assure you the price the consumer pays for it has virtually nothing to do with the price of the sugar it contains. If it did, how come they all cost so much more today than they did 5 years ago when sugar prices were a whole lot higher?

For more on consumers, if needed, my colleagues should see addendum No. 1 showing U.S. workers labor only 1.47 minutes to earn the price of a pound of sugar, less than any other country.

Despite their claim, the Bradley-Gorton proposal will do little or nothing for consumers.

They claim a reduction in the loan level for domestic sugar is somehow going to help our trading partners, particularly in the Caribbean and Latin America. The fact is, those countries have benefited from the U.S. Sugar Program because they get the U.S. price for the sugar they sell here as opposed to the world "dump" price.

Given the disparity between the current world dump price—5 cents—and the price earned by foreign sellers to the U.S. market—18 to 20 cents—our trading partners would have to more than triple their volume of sales to the United States to match their current dollar earnings.

And, the only way sugar imports from any foreign source can be increased is to reduce U.S. production.

Approval of the Bradley-Gorton amendment, in the simplest terms, is to approve exporting U.S. jobs to import more sugar.

If one shares my concern about our balance of trade deficit and if you care about the more than 100,000 Americans employed in the domestic sugar producing industry, you'll vote against the Bradley-Gorton amendment.

The net effect of the Bradley-Gorton amendment is to reduce the level of support for the 1986 crop of domestically produced sugar by 3.5 cents per pound. The average U.S. beet sugar grower produces some 5,000 pounds of sugar per acre and, in 1984—according to USDA—he had a net, bottom line profit of $69.75 per acre. That is about a 11 percent return on full economic costs. The grower's share of a 3.5 cents per pound reduction on 5,000 pounds of sugar equals $105 per acre. Based on 1984 production costs, the Bradley-Gorton proposal will result in the average grower losing $35 per acre next year, and put him an additional $30 in the hole each of the next 3 years as the support price is dropped an additional penny.

The Bradley-Gorton proposal would wipe out a $70 per acre profit and give the average sugar beet grower a $120 per acre loss in 3 years—assuming there is no increase in production costs during the period.

It will, in short, destroy the domestic sugar producing industry.

Because of the glut resulting from overproduction, world sugar prices have been on the decline since 1981. In the United States, although we export no sugar on the world market, we have lost eight beet sugar processing plants and three raw cane mills since 1981 and our annual sugar production has decreased by some 200,000 tons.

There are 14 sugar exporting nations in the Caribbean Basin and, of course, they're most concerned about falling world sugar prices. But, their response to the world market surplus situation has been to increase production by nearly a quarter million tons. They've been surpassed in this regard by European Community nations which have increased their annual sugar production since 1981 by more than 300,000 tons—and forecasters are predicting even greater production next year.

Five years ago, when sugar prices on the world market were considerably higher than they are today—and interest rates were a good deal higher, too—the Wall Street bankers were anxious to make loans to our less developed Caribbean and Latin American neighbors. Now, the bottom has dropped out of the world sugar market and we are being told some of these countries may not be able to service their debts unless the United States, in effect, transfers our domestic sugar producing industry out of the country. It's reasonable to expect the United States should do what it can to help our neighbors, but there is no reason to expect the full weight of such an economic burden should rest with U.S. sugar producers any more than it should be borne by American shoe manufacturers, textile workers or any other single industry.

We can call this program several things, Mr. President. I think we can point out that it is a successful job protection bill for the United States. I think we ought to point out that it points the way to let us produce our own needs in sugar. But let me point out something even more important than that, Mr. President.

I am getting darned sick and tired of individuals talking about the cost of the Sugar Program to the United States. I think we ought to examine what the world price of sugar is. That has been alluded to as 4 cents. That is hokum and everybody who studies the issue knows it is strictly hokum. The world price for sugar is a dump price for sugar that has no home. Ninety percent of the sugar in this world, Mr. President, trades at agreed-upon prices—28 and 29 cents a pound in the case of Europe. As a matter of fact, the Soviet Union is paying the Cubans 33 cents a pound. But that Latin American producer who is producing sugar on a contract for Europe at 27 or 28 cents, if he 10-percent overproduces, gives it away or dumps it. That is where you get the 4 cents a pound. Today, we find our European allies supporting their price of sugar at 28 cents a pound and dumping the excess they have this year on the world market in the neighborhood of 4 cents. Several years ago, they were not dumping it on the world market at 4 cents and we were forced to pay in the neighborhood of 50 or 60 cents a pound for sugar in this country. The American consumer does not gain from being on a yoyo, roller-coaster, pricing program for sugar. That is exactly what would happen.

I think we all have to realize that we do in fact and indeed have a sensible, broad-gauged, equitable program for the American sugar producer.

And, there's no reasonable argument to support the suggestion the U.S. sugar industry should be destroyed so we can forfeit our domestic sugar market to the predatory trade practices of France and the rest of the EEC.

Virtually every sugar producing country in the world has a national policy that insulates its producers and/or consumers from the wild gyrations of the residual, dump, world sugar market. Our own Sugar Program has and can work well without impacting on our Nation's budget and our Agriculture Committee has unanimously agreed it should be extended.

You may regard the committee's sugar proposal as a trade bill because it sends a clear message that the U.S. sugar industry is not going to be sacrificed in order to expand the market for heavily subsidized foreign producers.

You may regard it as a jobs bill, because it preserves employment opportunities for more than 100,000 Americans.

May I point out we are debating a farm bill and wondering what to do with surpluses.

The Bradley-Gorton proposal will destroy the domestic sugar industry and bankrupt the more than 12,000 American sugar-belt growers. It will export jobs and divert a million acres of sugar-beet land to other crops already in surplus crop production.

The Bradley-Gorton amendment would benefit no one and must be defeated.

We have had, Mr. President, three separate rollcall votes on this issue in this body in the last 2 or 3 years. In each instance, they have been defeated by a 2-to-1 margin. It is my suggestion that we show that same good wisdom and defeat this proposal by a substantial vote.

Mr. INOUYE. Mr. President, I yield time to the Senator from Louisiana.

Mr. JOHNSTON. I thank the Senator. Mr. President, here comes this amendment in the name of the consumer, but when you lift that sheep's clothing, what do you find under this amendment? You find the big soft drink makers, you find the big confectioners, you find the big corporate candymakers. There they are, carefully concealed under the sheep's clothing of this consumer amendment.

Mr. President, do you think for 1 minute if this were passed that the consumers would be helped? Oh, no. You go to your supermarket today and compare the difference in the cost of Diet Coke and the real thing and you will find that they are at the same cost. They would have you believe that it is the cost of that sugar that has made Coke go up from, in the old days, 5 cents to where it is today—I do not know where it is but it is on the way up from wherever it is.

Mr. President, this is no consumer amendment. This is an amendment to make some big people bigger and in the process, to run the farmer out of business. It is not too much to say, Mr. President, that this will run the sugar farmer out of business. They are already on very meager, thin rations. They are already barely surviving. There are sugar mills that close up each year in my State, and when they do, down that drain go with them sugar farmers and jobs and a bit of rural America. In the process, the consumer has not been helped one bit.

Oh, I hear the siren song of the free market—let the free market work for the consumer. Mr. President, if there

was ever a contradiction in fact, that is it. No. 1, it is not going to and it never has helped the consumer. No. 2, there never was and there never will be a free market in sugar. It is almost all controlled except that which is dumped here in America. Most of the sugar is sold on long-term contracts from like Cuba to the Soviet Union or like in the Common Market—very controlled, very long term contract and a miniscule amount is dumped right here in the United States, to be sure at artificially low prices. But if you think you are going to cure that problem by destroying the American sugar industry, you are not going to do it. If you destroy the American sugar industry, you would come right back with higher prices and dumped products, only it would help some foreign producer and help some domestic large corporate soft drink maker.

Can I have 1 more minute?

Mr. INOUYE. I yield 1 more minute.

Mr. JOHNSTON. And it is not going to help the American farmer.

Mr. President, to me it is a supreme irony when my dear friend and great colleague from New Jersey, who has been the No. 1 Member of the Senate, I guess, in defending the strategic petroleum reserve, when it comes to keeping this country from being dependent on OPEC oil, says, "Oh, my gosh, we cannot be dependent on OPEC oil; we have to put more oil in the strategic petroleum reserve, because it is a terrible thing"—and I agree with him—"to be dependent on foreign sources."

What does this amendment do? It drives the American sugar farmer off the farm, increases the profits of the big corporate conglomerates who are making Coke and Pepsi and all the rest and in the process it is hurting the American farmer. We ought to defeat this amendment.

Mr. INOUYE. Mr. President, I yield 4 minutes to the Senator from Minnesota [Mr. BOSCHWITZ].

Mr. BOSCHWITZ. I thank the Senator. I may not take all 4 minutes to pursue the course of my friend from North Dakota and also the course of the distinguished junior Senator from Louisiana that the retail price will probably be unaffected, because as he points out, the soft drink producers do not make a distinction in cost whether it is a sugar or unsugared product.

Then my friend from North Dakota talked about the international market in sugar. It is interesting to look at that international market. There is about 100 million pounds of sugar produced throughout the world but most of that is consumed in countries where it is grown. Only about a quarter of that comes onto the world market—about 25 million tons, 26 million tons. A good deal of the 25 or 26 million tons is tied up on long-term credits; for instance, Cuban sugar which is committed to other countries within the Eastern bloc. So that perhaps 18, 19 or 20 million tons of sugar comes off the world market.

If we suddenly submarined the Sugar Program in this country and we turned the 10 million tons that is consumed in this country onto the world market, then indeed the world market is not going to stay at 4 or 5 cents. The world market is extremely volatile and has proved itself such over the years, and whether or not there would be a savings to the consumer is very, very questionable. If the American demand for sugar comes onto the world market, it would consume upward of half of the existing world market, perhaps more, and that sugar price would clearly shoot up and clearly not be the savings that are suggested by my friend from Washington or my friend from New Jersey.

My friend from New Jersey says that this program also adversely affects all other products. I certainly would disagree with that and so would every corn producer. The corn sweetener industry really has been promoted by the sugar program of this bill, and the corn industry would also suffer a very, very harsh blow if this program with respect to domestic sugar were undermined.

Furthermore, as my friend from North Dakota pointed out, if sugar acres were removed from the production of beets or cane, they would turn to other commodities already in surplus and would drive those prices down as well.

This has been a program that has had no net cost to the Government. This has been a program that has, indeed, afforded some prosperity in just small segments of the farm economy, and this is a program that should be retained. Let nobody believe that the world market price of 4, 5 cents is going to stay there if American demand for sugar is suddenly thrown onto the world market. I thank the Senator.

The PRESIDING OFFICER. The Senator from Hawaii.

Mr. BURDICK. Will the Senator yield for a question?

Mr. INOUYE. After I yield to the Senator from Idaho.

Mr. President, I yield 2 minutes to the Senator from Idaho.

Mr. SYMMS. I thank the Senator for yielding.

The PRESIDING OFFICER. How much time does the Senator yield?

Mr. SYMMS. Two minutes.

The PRESIDING OFFICER. Two minutes.

Mr. SYMMS. Mr. President, I agree with what my colleagues have said, Senator BOSCHWITZ and Senator ANDREWS and the distinguished Senator from Louisiana. They make the point very well about the world sugar market, but I want to talk to my colleagues about the practical aspect of this amendment. I happen to agree with what Senator BOSCHWITZ just said about the world sugar market. It is highly questionable what would happen if there is a shortfall of some 10 million tons of sugar not produced in the United States, but let us take an isolated case and look at what would happen in Idaho.

The major cost in our farm program is that of the surplus grain, which we have in storage. If the price of sugar falls significantly as a result of this amendment, it is logical to assume that the growers are going to turn to another crop and they will go out of the business. That is what happened when the price went below this level cost of production a few years back; we lost a lot of sugar production.

In my State—and you can multiply this by the other sugar-producing States, but just in Idaho we currently grow about 149,000 acres of sugar beets. If this acreage were planted to wheat—we have to remember this is highly productive land. At a minimum it would provide 100 bushels of wheat per acre. That is 14 million bushels of wheat that it will produce, and that is a very conservative estimate, I say to my colleagues. We already have over 1 year's supply of wheat in storage in the loan program in the State of Idaho. They grow about 60 million bushels of wheat now and they cannot sell it is what I am saying, because the market price is above the market clearing rate. Therefore, the wheat will probably go under the CCC loan and the loan will not be redeemed.

This will cost $3 for the loan plus 60 cents a year for storage and handling, and since the current price is $4.38, this would add another $1.38 to the cost. So the net result is that this one State, which produces some of the sugar in the United States, will end up costing the taxpayers approximately $60 million more. I do not see how my colleagues can come in here and say they are going to save the taxpayers any money by proposing an amendment that is going to cause farmers to grow crops we cannot sell already.

Mr. President, the sugar beet growers of my State of Idaho and the neighboring State of Oregon are very concerned about the future of their industry.

I have a letter from the executive secretary of the Nyssa-Nampa Beet Growers Association expressing some of their concerns.

I ask that it be entered in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NYSSA-NAMPA BEET
GROWERS ASSOCIATION,
Nyssa, OR, September 25, 1985.

Senator STEVE D. SYMMS,
U.S. Senate, Washington, DC.

DEAR SENATOR SYMMS: You are well aware of the importance of the sugar beet industry to Idaho's agriculture based economy. The Nyssa-Nampa Beet Growers Association thanks you for your past support of our industry and ask for your continued support as the Senate addresses the Senate's Farm Bill. The Board of Directors are in favor of the continuance of the loan support program at the eighteen cent level, but oppose any amendments which would lower the loan rate. We oppose the Gorton-Bradley Amendment to the Farm Bill, and ask that you oppose the same.

Prior to my being employed by the Nyssa-Nampa Beet Growers Association, I farmed in the State of Washington and witnessed first hand the effect upon the local agricultural economy the loss of the sugar beet industry. Those crop acres were converted to crops already in over-production and some supported by government subsidies. The sugar program, with the proper management can function at no cost to the government. Ideally, all government programs should operate on that principle.

Again, on behalf of the sugar beet growers in western Idaho, we urge your continued support for the continuance of a viable sugar industry.

Sincerely yours,

RICH TURNER,
Executive Secretary.

The PRESIDING OFFICER (Mr. DURENBERGER). As much as the Chair enjoys the comments of the Senator, his time has expired.

Mr. INOUYE addressed the Chair.

The PRESIDING OFFICER. The Senator from Hawaii.

Mr. INOUYE. I yield 3 minutes to the senior Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. LONG. Mr. President, the burden of the argument against the sugar industry is that our opposition seems to feel that our farmers are making too much money producing sugar.

Mr. President, that is not the case in Louisiana, and I doubt it is the case anywhere in the United States. We have lost thousands of workers, thousands of jobs in sugar production. In some parts of the State, where we once produced sugar, we no longer produce it, so those who would like to put us out of sugar can feel reasonably pleased about the way things are in Louisiana in that regard. We have areas where we once had active raw sugar mills grinding sugarcane where today it is not planted and it is not taken to the mills because there is nothing of that sort in the area any longer.

When that happens, of course, it displaces a lot of workers. Admittedly, those are not high wage jobs. They were benefited by what amounts to a minimum wage. Many of those poor souls are forced onto the welfare rolls and unemployment rolls because they have nowhere else to go.

I believe that the people of this Nation want to preserve jobs for our dedicated workers, who struggle very hard in those fields, to make a living producing sugarcane and sugar. I am sure the plight of the sugar beet farmers is no better.

Those who speak of this matter think about the relatively small number of people. They are referring to the persons who own the farms. This program also benefits those many thousands who work in the fields, because without this program there would be no sugarcane field workers.

As has been indicated, this program is sustaining this Nation's need for sugar. It is also providing very important jobs to people who work very hard and really do not make much in the course of it all.

This amendment would further reduce the price of sugar. This type of thing has been voted down before, and I hope the Senate will vote it down again.

The PRESIDING OFFICER. Who yields time?

Mr. INOUYE. I yield 1 minute to the Senator from North Dakota for a question.

Mr. BURDICK. The able Senator and I were in this body a number of years before there was a Sugar Act. Is that correct?

Mr. INOUYE. The Senator is correct.

Mr. BURDICK. And at that time there was little stability in the market. I know that the sugar prices went through wide fluctuations. Will the Senator tell me what the high and low prices were at that time for sugar?

Mr. INOUYE. Mr. President, during that period, when the Sugar Act was not in operation, in 1974, it went as high as 65 cents a pound. Then, suddenly, because of the oversupply in the late 1970's, it came down to 17 cents a pound, like a roller coaster, and then up to 42 cents a pound in 1980. Today, the so-called world sugar price is 12 cents a pound.

Mr. BURDICK. Then, the present act brings stability to the market. Is that not in the interest of the American consumer?

Mr. INOUYE. The Senator is correct.

Housewives can go to the supermarket shelves and notice that, whereas prices of the other commodities may be a roller coaster, in the case of sugar, it has been rather stable.

Mr. BURDICK. I thank the Senator.

Mr. EXON. Mr. President, a point of order.

The PRESIDING OFFICER. Who yields time?

Mr. INOUYE. I yield 5 minutes to my colleague from Hawaii.

The PRESIDING OFFICER. The Senator from Hawaii.

Mr. MATSUNAGA. I thank my senior colleague for yielding.

Mr. President, I rise in strong opposition to the Bradley amendment. The sugar program is perhaps the most misunderstood of all the agricultural programs we have on our statute books. There are certain basic truths which we need to know before voting on the Bradley amendment:

First, sugar is an import commodity, not an export commodity, as are all the other commodities covered in the farm bill. The domestic industry produces only 55 percent of the sugar consumed in the United States; 45 percent is imported. It is important therefore, that we control the amount of sugar imported into this country in order to protect our domestic sugar industry.

The committee bill and the Dole substitute will do this.

Second, the sugar program has not cost the taxpayer 1 cent. In fact, the sugar program has been of profit to the taxpayer.

During the period of the old Sugar Act of 1934, which was mistakenly repealed in 1974, the taxpayer profited by as much as $600 million over and above the cost of operating the program. Under the current sugar program, during the past 4 years, the U.S. Government has actually made a profit of more than $200 million.

No other agricultural commodity, or any other federally operated program, can make that claim.

Moreover, the Government sugar program saved U.S. farmers, businesses, and the U.S. Treasury billions of dollars over the past 4 years, according to a recent study. That study, conducted by Economic Perspectives, Inc. [EPI], of McLean, VA, found that if Congress had not included sugar in the 1981 farm bill, American corn growers would have lost $900 million, and the Commodity Credit Corporation would have spent an additional $1.5 billion in grain price supports.

In 1975, when the Sugar Act was repealed, I happened to be managing the debate on the floor of the House; and I made the prediction that if the Sugar Act were repealed, the price of sugar would jump from 17 cents, which it was at that time, to at least 27 cents a pound. I was wrong. The price of sugar jumped up to 67 cents a pound within 2 weeks after the Sugar Act was repealed.

So we have a case where the Sugar Act has been good not only for the taxpayer but also for the consumer. The facts show that whenever the sugar program has been in effect, the consumer has paid less for sugar than when the program was not in effect.

Third, there is no such thing as a so-called free world sugar market, as the proponents of the Bradley amendment

claim. Of the 99 million tons of sugar produced throughout the world, only about 12 million tons are sold in the so-called world market.

What is this free world market sugar? It is dumped sugar.

Take the European Economic Community [EEC], for example. Up to 1974, the EEC imported sugar. But because the price of sugar jumped up, after the Sugar Act was repealed, to such astronomical heights, they felt it was a profitable venture to go into and the European Economic Community subsidized their sugar growers by as much as 14 cents a pound to encourage sugar production.

The price of producing sugar in France, for example, runs up to 24 cents a pound. It is sold for about 27 cents in France, but dumped into the United States at 2 cents and 4 cents a pound—even below what the Government pays the farmer. Is this a fair market? Is this fair competition for the American sugar producer? Definitely not. If this were being done to American steel or American oil, would we be standing still for an amendment such as that now being offered? Of course not.

I point out in this connection, too, that most of the sugar sold in the world is under agreement.

For example, under a special marketing agreement between Cuba and Russia, Cuba sells sugar to Russia at six times the current world price in cash and goods. That is the way it is. There is really no free world market in sugar.

Fourth the domestic industry is important to the welfare of the Nation; 13,000 farm families in 15 States and 100,000 workers in the industry are dependent on the domestic sugar industry for their livelihood. Another 150,000 workers hold jobs indirectly related to the industry and would be affected by any change in the industry. In Hawaii, the jobs of 7,000 sugar workers and an additional 18,000 workers whose jobs are dependent on the industry's survival are at stake. Our industry is losing money now, despite a 12½-percent reduction in cost since the present program was enacted. There is just no way that our industry could survive the $120 a ton reduction in gross proposed by Bradley/Gorton over the next 3 years. That is more than one-third of current gross earnings. Without sugar, unemployment on our neighbor islands would be devastating—29 percent on my native island of Kauai.

Mr. President, the sugar program has been good for the country. We should keep it as it is. For the reasons stated, I urge the defeat of the Bradley amendment.

The PRESIDING OFFICER. The Senator has used the 5 minutes allotted to him.

Who yields time?

Mr. INOUYE. Mr. President, I yield 2 minutes to the senior Senator from Idaho.

Mr. McCLURE. I thank the Senator for yielding.

Mr. President, I will not repeat everything my colleagues have said, although I support what my colleagues have said in opposition to the pending amendment.

I also rise in strong opposition to the pending amendment, but I wish to make three or four points quickly that have not been concentrated on by my colleagues.

First of all, with respect to the facts, the question whether they are making big profits, whether the farmers are really rolling in money because of it. No, they are not.

This is very carefully adjusted to be right at the margins of the cost of production.

I have reviewed the farm problems in my State, looked at the foreclosures and the operating loan statements, and there is only one segment of the farm economy in my State that is stable today, and that is the sugar program. That is not because they are making lots of money but because it is predictable and stable.

Mr. President, if you want to create great chaos in the irrigated lands of southern Idaho where the sugar beet production is located, just do away with this program, dump those very productive acres into the production of other commodities that are already depressed, and you will have farm chaos in my State. It is not an idle threat. It is simply a prediction of fact.

Second, I wish to look also at the question of what this means to the small farm communities, what it means in terms of having a sugar beet factory have the campaign as they call it, the period of time when they process beets from the time they dig them in the fall to the time they close the plants down in late winter. That provides us the farm employment for hundreds of people that would simply have no opportunity for off-farm income if they did not have the sugar beet plant in those communities.

Finally, Mr. President, why should we once again make the farmers the hostage to foreign policy considerations? The only way this program will cost the taxpayer one dime in outlays through the farm program is if we decide as a matter of foreign policy we want to increase imports of foreign sugar. Why should American farmers be hostage to foreign policy?

Reject this amendment.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. INOUYE. Mr. President, how much time do we have remaining?

The PRESIDING OFFICER. The Senator has approximately 2 minutes.

Mr. EXON. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator from Nebraska is recognized.

Mr. EXON. Mr. President, since the Senator from Nebraska has not made a decision on how he is going to vote on this measure I do not wish to ask either side for time. I ask unanimous consent that I be allotted 3 minutes and no more, not charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. I thank the Chair and I thank my colleagues.

It is coming-home-to-roost time, is it not? The amendment before us is very cleverly drawn, and I congratulate my friends who are putting this up. This amendment simply said the sugar program should be treated equally and the same as the fashioned noncompromise before us for corn, wheat, and feedgrains.

It places the Senator from Nebraska and many others similarly situated in the most difficult position. If we vote against the amendment that is being offered, then we are saying we in the grain-producing States should not be treated the same as sugar. If we vote the other way, then we are saying we do not care about our corn and wheat farmer.

The dilemma that I wish to lay out clearly is, as I said in the debate in 1981, repeated this time, the farm coalition has been put asunder. It has been split in a million different ways. There have been all kinds of deals made behind closed doors to get the bill that is before us now in the condition that it is in now.

Shame on the farm coalition.

I have friends who have stood with me firm and strong when it was not in their political interests to help the feed grain producers. Therefore, I suspect that I will vote against the interests of the corn and the wheat farmers on the amendment coming up.

I am simply saying to some of the tobacco people and some of the sugar people who have not stood with us, who have sold out time and time again for their special interest, they had better get the message now and they better get it clear. We are not going to allow the farm coalition to be under foot or placed asunder, I do not think. Unless we can get the farm coalition back together and stop the onslaught from the other side of the aisle to destroy the family sized food producer we are all in trouble.

Mr. President, I thank the Chair and thank my colleagues for yielding to me time to make this statement.

Mr. CHAFEE. Mr. President, U.S. sugar producers enjoy a level of subsidization unrivalled among other Federal farm progams. Each year, the Federal Government pays approximately $3,500 in benefits to each of 800,000 wheat farmers, and $9,000 in

benefits to each of 300,000 milk producers. But under the sugar program, benefits average $250,000 per year per producer.

We have heard a great deal about the sugar program being a no-cost program. You may ask yourself, then, what is the source of this great munificence? Who's footing the bill?

The American consumer is footing the bill—to the tune of almost $5 billion per year. Nearly everything we eat has some sugar in it—and we pay dearly for it.

The domestic price of raw sugar is approximately five times its world market price—that adds about $60 per year to the grocery bill of the average family of four. Our sugar program is nothing but a hidden tax, and a regressive one at that.

Simple fairness demands that we adopt the Bradley-Gorton amendment. The bill before us freezes the loan rates for wheat, feed grains and other commodities for one year, lowering them by 5 percent per year thereafter. Sugar is treated differently, however—its loan rate is held at the current inflated level of 18 cents per pound for 4 years!

There is no excuse for this preferential treatment. By adopting the Bradley-Gorton amendment, we will simply bring sugar into line with all other commodities.

The adverse effects of high sugar price supports and tight import quotas have been well documented in a series of recent editorials criticizing U.S. sugar policy.

These include high costs for U.S. manufacturers of processed foods containing sugar. Many manufacturers are finding it impossible to compete with low-priced products containing sugar purchased on the world market. Without action to remedy the situation, some may have no alternative but to move their operations overseas. This means more lost jobs.

High sugar price supports also impose a heavy burden on developing countries, notably those in Latin America and the Caribbean. These countries have borrowed extensively from American banks and depend heavily on export earnings to service their debts.

To stave off major debt defaults among these Third World countries, the United States must keep its markets open to LDC exports. Maintaining this protectionist scheme as welfare for the American sugar industry is totally inconsistent with our obligation to keep markets open and to prevent damage to American lenders.

I urge my colleagues to give their support to this very modest proposal. Fairness, common sense, and consistency require that we do so.

Mr. HELMS. Mr. President, the Sugar Program is one of the more difficult issues to come before our committee. Indeed, the sponsors of this amendment to reduce the support level, raise a number of very good arguments. Despite the eloquent presentation of this amendment, however, I cannot support it.

As much as we would like to see our sugar industry compete in a free market, I don't know if that is possible with present market conditions. Like it or not, our sugar farmers are competing today against countries whose sugar industries are either heavily subsidized, or as in Cuba, supported by what amounts to slave labor.

Sugar is one of the world's most politicized and controlled commodities. Of the nearly 170 countries in the world, about 100 produce at least some sugar, some 115 import part or all of their sugar requirements, and approximately 80 are listed as sugar exporters.

Most nations intervene in their sugar markets. According to a recent study, all major exporters guarantee producer price minimums, and most control exports and amounts available for domestic consumption. Some exporters prohibit imports and both importers and exporters tend to restrict imports by taxing them. Of the world's major producers, only the United States did not maintain or increase the area in sugar production during the 1970's.

Seventy-five to eighty percent of the world's almost 100 million tons of sugar produced annually is consumed in the country of origin. The balance is available for trade. More than half of the sugar available each year for international trade is shipped under "special arrangements" and the residual is commonly called the "world market sugar." Because it is a market of last resort for many sellers, and remains relatively "thin" compared to world supply and demand, it is subject to significant price volatility.

It is interesting to note, Mr. President, that of the nations that subsidize their exports, those within the European Community are possibly the worst offenders. The Community guarantees producer prices, applies prohibitive levies to imports—except limited amounts from former colonies—and subsidizes exports to the extent necessary to create sales.

Although a net importer of sugar through the early 1970's, the Community has so successfully stimulated sugar production through massive subsidies, that they are now a major exporter. Last year, they accounted for almost 20 percent of all sugar moving in world trade. In 1982, with world sugar prices at less than 6 cents a pound, European farmers were, according to a recent economic perspectives study, getting 26.7 cents a pound.

Sugar is but only one of the commodities which the Community has moved into the world market at heavily subsidized prices.

Through the use of such subsidies, the Community has succeeded in taking markets to which our farmers once provided such products as wheat, flour, eggs, and raisins. The loss of these and other markets has had a great effect on America's farm economy and balance of payments.

If the United States were to lower the loan level for sugar at this time, it would send a contradictory signal to the Europeans about our willingness to provide our farmers with fair trade. In addition, it is just not fair to leave our U.S. sugar producers to compete on a world market with such heavily subsidized sugar.

In light of these factors, I feel I must oppose this amendment, and support the committee proposal to continue the Sugar Loan Program with the loan level set for the life of the bill at the 1985 level of 18 cents per pound for raw cane sugar.

Mr. McCLURE. Mr. President, I rise in support of the Sugar Act.

The Sugar Act, as written in 1981, is a very important piece of legislation that has stabilized U.S. sugar prices in spite of a world sugar market which was in disarray. We once again are given the opportunity, the responsibility, to provide for the future of the sugar industry to allow it to continue to be an aggressive and integral part of the American agriculture industry.

HISTORY

For the benefit of my colleagues, allow me to briefly review the history of Government cooperation in the sugar industry. Beginning in 1890 until 1934, the United States used tariff barriers to protect its domestic sugar industry. Modern support of the industry began in 1934 with the Jones-Costigan Act, which became known as the Sugar Act. The U.S. policy for this act was to preserve within the United States the ability to produce a substantial portion of its sugar requirements. The act designed a new policy that allocated the domestic sugar market between foreign suppliers and domestic producers based upon quotas. Foreign suppliers and domestic producers have an approximate 45/55 percent split.

In 1948, the Sugar Act was reauthorized until 1974. During this time the act specified mandatory changes in quotas in an effort to attain the price objective if raw sugar prices varied from the price objective by more than a few percentage points.

In 1974, when sugar prices were approaching record high levels, the House of Representatives rejected amendments to extend the Sugar Act as proposed by the House Agricultural Committee. Growers anticipated continuing strong demand and high prices and did not press for renewal of the program. Most of the provisions of the 1948 act expired ending 40 years of

U.S. sugar policy based on the Sugar Act and its predecessors. These high prices stimulated the development and growth of a new, lower cost product from the corn wet milling industry, high fructose corn syrup [HFCS]. HFCS has taken 30 percent of the sweetener market, displacing primarily imported sugar.

Along with the demise of the Sugar Act in 1974, the record high prices in 1974 and 1975 began to drop dramatically. In November 1974 the price was at a high of 60 cents per pound raw value, New York spot price. By the end of 1977 the price had fallen to 7 cents per pound. These low prices, in the face of high production costs and declining sales, produced severe economic hardship for many domestic sugar producers.

During the summer of 1977, Congress included an aid to the sugar industry in the development of the Food and Agriculture Act. The act, which passed on September 29, 1977, provided that the price of the 1977 and 1978 crops of sugar beets and sugarcane would be supported through loans or purchases with respect to the processed products. The act provided that in carrying out the price-support program the Secretary of Agriculture would establish minimum wage rates for agricultural employees engaged in the production of sugar.

A new program authorizing commodity loans for domestically produced sugar was included in the Agriculture and Food Act of 1981 which went into effect on October 1, 1982. USDA was directed to operate a program which provided the sugar producers the alternative of selling sugar to the Government for 16.75 cents per pound if they could not get more in the marketplace.

By mid-1981, world sugar prices began a precipitous decline. The Government restricted sugar imports through a combination of duties, fees, and quotas. Quotas are allocated among foreign nations on the basis of traditional market shares and are now the sole means of import restraint. The Government can avoid any default on nonrecourse price support loans and the consequent acquisition of sugar stocks when the price is at the market stabilization price.

The peak level of sugar imports was 5.6 million metric tons in 1973–74. The new 10-month sugar quota has been announced at 1.67 million metric tons and that should result in an annual import level of about 2.1 million metric tons in 1985–86. In contrast, domestic production peaked at 6.3 million metric tons in 1975–76 and is projected to be 5.4 million metric tons in 1985–86. The shift to corn sweeteners and away from sugar has meant a 14-percent drop in domestic sugar production from the peak year. Most of the adjustment has been on the import side with quotas forcing a cut of nearly 63 percent.

The proposed farm bill will extend the current program another 4 years but with the minimum loan rate to be no lower than 18 cents for the duration of the program. Unlike the past 4 years, there would be no mandatory gradual increase in the minimum loan rate.

WORLD SITUATION

Most nations have intervened in their sugar markets. All major exporters guarantee producer price minimums and most control exports and amounts available for domestic consumption. Some exporters prohibit imports and both importers and exporters tend to restrict imports by taxing them.

The European Community guarantees producer prices, applies prohibitive levies to imports and subsidizes exports as necessary to compete. Of the world's major producers, only the United States did not maintain or increase the area in sugar production during the 1970's.

Over 75 percent of the world's 100 million tons of sugar produced annually is consumed in the country of origin, leaving 25 percent available for trade. More than half of the balance is available each year for international trade. The remainder is commonly called the "world market sugar" and is a market of last resort for many sellers. Its' price remains relatively "thin" compared to world supply and demand. It is subject price volatility. Currently the world market price is fluctuating between 3 to 7 cents with an average price close to 4 cents. The U.S. sugar industry is not competing in a free market throughout the world but against countries whose sugar industries are heavily subsidized. All exporting nations that sold sugar in the world market received a price for these sales averaging one-third lower than would have been the case with the United States purchasing a larger volume. Last year, the European Community accounted for almost 20 percent of all sugar moving in the world trade. In 1982, with world sugar prices at less than 6 cents a pound, European farmers were getting 26.7 cents a pound. Through the use of such subsidies, the American sugar industry is losing markets. This has a great effect on America's farm economy and balance of payments.

It is almost certain that not even the most efficient sugar producers in any nation could survive for very long at the current world price because it barely covers their variable production costs. Because of Government intervention, few producers depend solely on the volatile and currently abnormally low priced open market.

Developing nations of the Caribbean, Central America, South America and the Philippines are also taking an increasing share of the world's exporting market. Without the sugar program, imports for 1985 to the United States would have been an estimated 7.2 million metric tons. Imports are estimated at 2.3 million metric tons.

Production is intimately tied to a highly capitalized processing industry that will not be built and will not survive in the face of volatile short-run price declines. Only with the assurance of an adequate supply of sugar cane or beets will investors build a new mill or factory. Grain crops, like wheat and corn, are not so closely linked to industrial processing and can be easily stored for relatively long time periods; hence their price volatility will not be as great.

An examination of productions costs in the United States compared to other nations may be useful. Sugar production costs in the United States are about on par, at 105 percent, with the average of all the world's sugar producing nations.

The major exporters stand as follows with the percentage of the cost of sugar production in the United States:

	Percent
Brazil	54
South Africa	54
Australia	59
Dominican Republic	66
Cuba	68
France	70
Philippines	71
Thailand	86

These lower production costs can be largely explained by wage differences, crop yield differences, sugar factory recover rate differences, or a combination of these factors. Moreover, the variable production costs among the most efficient producers run at only 3 to 4 cents per pound. This allows them to continue to produce for the export market in the face of currently low prices. Major sugar exporters have a clear and sizable absolute production cost advantage over the United States. Open access to the U.S. market would likely encourage further expansion of production in the tropical, less developed countries that have additionally a comparative economic advantage in sugar production.

There exists around the world a large amount of government intervention in sugar production and trade. The economic reason for intervention is to provide the necessary price stability to ensure the survival of efficient producers. The world price is a distorted remnant, not reflecting supply and demand but rather the almost universal intervention of governments. A U.S. sugar policy that opens the door to imports will immediately worsen the balance-of-trade deficit and affect the growing numbers of U.S. industries which are suffering under current trade laws.

The United States has already made a substantial investment in its own

sugar industry and this industry has historically provided sugar at about the cost of obtaining it elsewhere. There would be painful adjustment cost to an open market policy because the domestic sugar industry would almost certainly undergo a drastic contraction. It would also have a negative impact on the balance of trade.

The current U.S. sugar policy, while effectively stabilizing domestic prices, does not restrict domestic competition among sweeteners. In recent years, the U.S. sweetener industry has expanded because it developed and maintained production cost advantages. The most efficient sweetener producers in the United States or elsewhere, however, could not survive competition with producers whose governments enable them to export at prices so low that all of the sugar traded is sold below production cost.

If the United States were to lower the loan level for sugar at this time, it would place a heavy burden on our sugar industry. We should not have to compete on a world market with heavily subsidized sugar. The loan level should be set for at the 1985 level of 18 cents per pound for raw cane sugar. The Secretary of Agriculture should make annual adustments in the support price for each of the crop years covered by the bill based on changes in factors such as inflation, increased cost of production and other circumstances which may adversely impact domestic sugar production if he deems it necessary.

UNITED STATES INDUSTRY

The United States imports the second largest amount of sugar in the world. We import about 12 percent of the world's share of trade. The U.S.S.R. imports approximately 19 percent. Approximately two-thirds of the sugar which we consume in the United States is produced domestically. Slightly more is produced from sugar beets than from sugarcane.

In 1982, the farm value of the sugar produced in the United States amounted to $1.53 billion. More than 100,000 workers are directly employed in the sugar industry in the United States with another 250,000 workers indirectly involved. There are 18,000 farmers who raise sugar beets and sugarcane.

Idaho ranks third in the Nation in net cash receipts for sugar beets. These receipts, to the grower, amounted to over $131,000,000 in 1984. The average yearly receipts since 1979 amounted to $125,000,000. The net receipts to the Idaho grower and producer amounted to over $216,000,000 in 1984.

In 1984, the State of Idaho had 144,000 acres in sugar beet production in 15 counties. These acres produced 3,312,000 tons of beets. The beets are taken to one of the three refineries in Idaho, located at Paul, Twin Falls and Nampa. These plants employ over 650 people year-round and up to 1,600 people during the peak season, which occurs from mid-September to early February.

In comparison with the other major importers and exporters, U.S. sugar policy has relatively modest objectives. Under the 1981 program, raw sugar price supports were begun at 16.75 cents per pound, raw value, and increased by a total of 1.25 cents per pound over the next 5 years. Compared to the average cost of producing sugar in the United States, the Government's market stabilization price was 0.8 cent per pound below production cost for raw cane sugar and 4.79 cents below for refined beet sugar in 1982. The United States maintains no price supports, production or trade restriction on HFCS in contrast with other major sweetener importers.

During the 4-year period the program has been in place, domestic sugar production has declined slightly, from 5.8 million metric tons, raw value to 5.4 million metric tons. Raw sugar prices have been comparatively stable, between 19.7 cents and 21.5 cents per pound. The current price is 21.5 cents.

Sugarcane is grown in four States; Florida, Hawaii, Louisana, Texas, and Puerto Rico. In 1982, over 28 million short tons of sugarcane was produced. Sugar beets, a cool-weather plant which grows most successfully in the northern latitudes, reaches its greater production levels in the States of Minnesota, California, Idaho, and North Dakota. In 1982, the production was recorded at 20.9 million short tons.

I ask my colleagues to support the Sugar Act as the committee has recommended. This program will assure adequate supplies of sugar at stable prices for the American consumer. This program will give stability to smaller businesses which cannot speculate on volatile sugar prices. Larger corporations can purchase huge stocks of sugar when prices are low and then "weather the storm" of high prices by using their stockpiles small business cannot. This program will allow the sugar industry to exist throughout the United States, providing a viable economy in rural America. Let us give a vote of confidence through our support of the Sugar Act to an industry which has a rich heritage with this legislative body.

Mr. MOYNIHAN. Mr. President, I rise today to cosponsor an amendment introduced by my colleagues, Senators BRADLEY and GORTON, to reduce sugar price supports. The amendment is simple and modest: It freezes the sugar support price—which is a loan rate, actually—for the current crop at 18 cents per pound and it allows for 5 percent annual reductions in the support price thereafter—through the 1989 crop.

Three seemingly unrelated events have occurred over the past few months that point to the urgent need for reform of the Sugar Price Support Program: The Coca-Cola Bottling Co., with much publicity, introduced the New Coke; one of the largest employers on the Brooklyn waterfront closed its doors; and U.S. Customs officials detained a shipment of Israeli frozen pizzas.

On April 23, 1985, the Coca-Cola Bottling Co. announced the reconcocting of its 99-year-old, secret formula. Coke has a new look and taste. What's new about the taste? Well, it's sweeter. Why? Because Coke now contains more fructose than it did before. High fructose corn syrup sweetens Coke now, not sucrose—sugar. Actually, Coca-Cola and other soda drink manufacturers quietly began substituting corn syrup for sugar early in 1980.

The reason is simple: Corn syrup is considerably cheaper than real sugar, which is made from sugar beets and sugarcane. Now, why is that? Because, for the past 3 years, the Federal Government has supported the domestic price of sugar at some three to six times the world market price, currently 6 cents per pound. And that is why a tremendous market for corn syrup and artificial sweeteners has developed—also at higher prices.

Let's be clear about just how the Government props up sugar prices. The Department of Agriculture's Commodity Credit Corporation [CCC] administers a price support program. As with most other, federally supported commodities, the CCC loans money for planting and harvesting the crop. The raw sugar serves as collateral. In this instance, the CCC extends nonrecourse, low-interest loans to sugar processors—those who process sugar beets and sugar cane into raw sugar. Loans are made on the premise that the sugar will fetch a price above the loan rate. If domestic sugar prices exceed the loan rate, processors sell the sugar and repay the loans. If market prices fall below the loan rate, processors default on the loans and forfeit the sugar to the CCC.

The Agriculture and Food Act of 1981—Public Law 97-98—set the current loan rate for cane sugar at 18 cents per pound—the loan rate for beet sugar is set in relation to raw cane levels and is slightly higher. The Federal Government has a powerful incentive to see that domestic sugar prices do not fall below 18 cents per pound—that is, to prevent loan defaults. Indeed, the CCC has been so zealous in its efforts to prevent forfeitures on its loans, that it has set a "market stabilization price" of 21.50 cents per pound.

How can the Government maintain domestic sugar prices at several times the world price? The President has

two tools at his disposal: Tariffs and quotas.

The President has exercised his authority to assess fees and duties on imported sugar, raw and refined, to support the domestic sugar prices. The maximum fees and duties allowable, however, have not been sufficient to discourage foreign producers from flooding the domestic market with sugar, given the tremendous disparity between the world price and the domestic price. So, for the past 4 years, the President has also exercised his authority to impose restrictive sugar quotas. In May 1982, the President imposed quotas of 2.890 million short tons for crop—fiscal—year 1983, 3.175 million short tons for crop year 1984, 2.677 million short tons for crop year 1985, and 1.850 million short tons for the current crop year. In 1981, the last full year before quotas were imposed, the U.S. imported 5 million short tons of raw sugar.

The fees, duties, and quotas have supported a domestic price 3 to 4 cents per pound over the loan rate, and more than three times the current world market price. Over the past few years, the program worked exactly as intended: domestic prices exceeded the market stabilization price, and no sugar loans were forfeited to the Government. But this year, sugar processors will forfeit some 400,000 tons of sugar to the Government, at a taxpayers' expense of $200 million. The disparity between world and domestic prices has grown too great.

And what does Congress propose to do? The sugar provisions of the House-passed farm bill, H.R. 2100, freeze the sugar loan rate at 18 cents per pound through the 1989 crop. The so-called package amendment offered by Senator DOLE and adopted by the Senate 2 days ago—November 20—freezes the rate, too, and proposes to reduce quotas. This is nonsensical.

Might we not ask, Mr. President, who benefits from this Sugar Price Support Program?

Some 11,000 sugar beet and sugarcane farmers.

While it may be important to preserve some domestic capacity to produce sugar, the rate at which we subsidize our producers should be reasonable. Sugar beets are supported at nearly four times the level of corn on a return-per-acre basis—$403 per acre versus $113 per acre. Sugarcane is supported at three times the level of corn on a return-per-acre basis—$353 per acre versus $113 per acre. I would suggest that such rates are unreasonable.

Moreover, there is another side to this issue, those who must pay artificially high prices for sugar and sugar-containing products.

First, consumers. The organization public voice for food and health policy estimates that in 1983, consumers paid $3.6 billion in higher product costs as a result of our sugar price support program. Price supports added 60 cents to the cost of a 5-pound bag of refined sugar. Higher sugar prices also affect sugar-containing products such as candy, jams and jellies, and powdered drink mixes, all of which are more expensive as a result. And as the price of sugar goes up, so too does the price of all other sweeteners, both nutritive and nonnutritive. Artifically high sugar prices cost the average family of four an additional $60 per year. This is a regressive tax of sorts that particularly hurts poorer people.

The refining industry is also adversely affected by sugar price supports. Seven cane sugar refineries have closed since 1981; 13 are still operating, but at reduced rates of capacity utilization. The refining industry is concentrated in the older port cities of the East and Deep South—Boston, New York, Philadelphia, and New Orleans—many suffering from urban blight and the flight of industry. Additional plant closings will wreak havoc with the economies of these areas.

Which brings me to the second event I mentioned earlier. On March 22, the Revere Sugar Corp. closed its Red Hook sugar refinery on the Brooklyn waterfront. The plant had operated 24 hours a day, 5 days a week since the 1930's, converting 6,000 tons of raw sugar into refined products—such as syrup and sucrose—weekly. Revere laid off 350 workers, and is unlikely to reopen the refinery.

Regions that would otherwise import more sugar are also hurt. Let me cite one example. In 1983, 891,358 long tons of sugar were imported into the New York and New Jersey area; 1983 was the first full year in which imports were governed by quotas. Consequently, this level of imports was 26 percent lower than the previous year's imports. Yet the New York-New Jersey Port Authority, in an internal study, estimated that in a 17-county region, these sugar imports created 1,950 jobs; provided $41 million in personal income; and generated $127 million in regional activity—sales—$23 million in business income, $4 million in regional tax collections, and $12 million in Federal tax collections. Imagine the impact full imports would have on the region.

Domestic food manufacturers pay more for sugar, which is an essential ingredient in countless processed foods. The manufacturers must contend with rapidly increasing imports of less-expensive, sugar-containing products such as candy, powdered drink mixes, and jams and jellies. Which brings me to the last event.

You see, Mr. President, not only candy, jam, and jello contain sugar. Even pizza contains sugar. The current 15-cent-per-pound difference between the world price of sugar and the domestic price means that foreign manufacturers of processed foods, who can purchase sugar at the world price, enjoy a tremendous cost advantage for at least this one ingredient. This advantage could enable those manufacturers to undersell domestic producers of the same product, increasing their share of our market.

Domestic sugar producers and processors, seeing demand by domestic manufacturers for American sugar decline, pressed for more protection. And so, in January of this year, the President imposed emergency quotas on "edible preparations" that contain sugar. By the beginning of March, these restrictive quotas were filled—leading to the impoundment of the Israeli frozen pizza I mentioned earlier. I might also note that Customs similarly impounded Korean noodles and Japanese surimi—artificial crab legs. These incidents were reported in the Wall Street Journal on April 29, 1985, and the subject of a New York Times editorial published on April 23, 1985. The President lifted some of the quotas in May, but others remain in force.

These are serious matters, and are seen as such by our trading partners. They are viewed—correctly—as just the kind of market access barriers that we in the Congress spend so much time accusing our trading partners of erecting. Most recently, on March 28, 1985, the Senate unanimously passed a resolution calling on the President to negotiate elimination of Japanese trade barriers. Do not our own sugar product quotas, which are not necessary to protect the Sugar Price Support Program—let alone sugar producers—legitimize other countries' attempts to restrict access to our exports?

This is yet another instance of this administration's failure to consider the broad trade implications of its decisions. It did not do so in 1981, when it created huge budget deficits, sending interest rates soaring and precipitating the unparalleled rise in the U.S. dollar—making foreign imports cheaper and our exports less competitive. It did not do so in 1983, when it gave foreign manufacturers of telecommunications equipment unrestricted access to our market following the breakup of ATT, without insisting that our own products be allowed free entry into their markets. And it has not done so with respect to the consequences of the Sugar Price Support Program, either.

Mr. President, the time has come for action to reform that Sugar Price Support Program, to reduce the unfair burden it places on our Nation's consumers, refiners, and food manufacturers and exporters. The amendment before us provides for modest but necessary change. I urge my colleagues to adopt it.

Mr. SIMPSON. Mr. President, 13,000 farm families in 15 States and 100,000 workers have become dependent on the domestic sugar industry for their livelihood. In my home State of Wyoming we have three communities which are sugar-producing areas. In fact, for those employees of the beet processing plants, alternative job opportunities are just not available in those communities. Additionally, the 430 families in my State now producing sugar beets would be forced to turn to alternate crops should the price supports be reduced as is proposed by this amendment—since we have been told that it would no longer be economically feasible to keep the processing plants open. And the only crops they could produce on that same ground are those very grains that are already in such huge surplus in this country.

I am, however, in full sympathy with many of the remarks of my fine colleague from New Jersey. It would indeed appear that consumers are being overcharged because of our current sugar price support operations by USDA. However, a study by the Congressional Research Service of the Library of Congress concludes "lower support prices would hasten the contraction in the U.S. domestic sugar industry and thereby increase the market for overseas sugar, lifting the price somewhat." So while this amendment might very well remove sugar beets as an agricultural product of Wyoming, such a proposal may not be of much benefit to this Nation's consumers. In fact, those years in which we have seen huge increases in the retail price of sugar are the very same years in which this country did not have a Sugar Price Support Program.

And what about costs? This year $55 million in sugar was forfeited as a result of the bankruptcy of Great Western Sugar. More than one-third of that amount has already been resold by USDA at 2 cents per pound more than the forfeited price. That created a tidy $21 million profit for the CCC. Gad,—if only we could get some of those deals on the other commodities in Government storage. In addition, this Government has collected as estimated $355 million in import duties and fees used in administering this program.

It is true that the current world price of sugar is far below U.S. support levels. In fact, the world price of sugar today is approximately one-third of the cost of production for the world's most efficient producers. The European Economic Community supports sugar-beet production—at a price of approximately 31 cents per pound—as opposed to the U.S. rate of 18 cents per pound. The EC has no choice but to dump its excess sugar production on the world market—and with a support price of 31 cents you can bet a buck they have plenty of excess. It has been estimated that without the EC's dumping of surplus sugar, the current world market price would be 24 cents higher—considerably above the U.S. support rate and, I might add, no boon to consumers either.

Having said all that, Mr. President, I wish to reflect a moment on exactly what we are doing here on this farm bill. We can argue long into the night about farm programs, their costs and their benefits. But what it comes right down to is, "What will be of most benefit to my constituents?" Our hands seem tied so often by this question in this marvelous arena. I traveled over Wyoming during the recent August recess to visit with those fine farmers and ranchers out there. They are a highly thoughtful, intelligent—and highly opinionated—lot. In the course of my travels I told all of those fine constituents of mine exactly the same thing:

> We're all in this together. As we grapple with reducing Government expenditures, we invariably say, "But not my program". If we continue on that path, there will never be any meaningful or responsible reductions in Federal spending.

So I made an offer to those fine people—I said:

> Look, I'll support your programs just this one more time if you will promise to assist me in exploring ways in which we can develop some really responsible programs for this country's agricultural producers without these constantly bloated and growing Federal expenditures.

They agreed and so here I stand on the floor of the U.S. Senate protecting the interests of sugar producers, protecting the interests of wool growers, looking out for my State's agricultural interests and on it goes. But at some point it must stop. We cannot go on with the spending and spending—the placing of such an enormous debt on our grandchildren that they may never be able to recover. We had best be about our business. As for me, I'll take one more whirl around the floor, but next farm bill I'll sit this one out—unless serious changes are made.

Mr. LAUTENBERG. Mr. President, I rise in strong support of this amendment to reform the Government's current price support program for sugar. This amendment would freeze the price support level for sugar in 1986, and then reduce it by 1 cent in 1987, 1988, and 1989. It would require that farmers who default on their loans pay the cost of transporting the sugar to points designated by the USDA, bringing the treatment of sugar in line with that of other commodities.

The sugar program keeps sugar prices high through a combination of nonrecourse loans and import quotas. Under the sugar program, the Government loans sugar growers a certain amount of money, using their sugar crop as collateral for the loan. If the market price of sugar falls below the congressionally set loan rate, plus the cost of shipping, handling, and storage, the sugar farmer can sell his crop to the Government by simply keeping the loan money and letting the Government keep his sugar. By assuring that a farmer can always sell his or her crop to the Government if the market price falls below the loan rate, the Government in effect guarantees the sugar farmer a minimum price for his or her crop.

Because it costs the Government less for sugar farmers to sell in the open market rather than to the Government, the Government also imposes import quotas on sugar to keep the domestic price of sugar above the loan rate.

The combination of these nonrecourse loans and import quotas, known as the sugar program, harms the American consumer, businesses involved in food processing, and exporters by creating artificially high sugar prices. The numbers tell the story. Raw sugar currently sells for about 21 cents per pound in the United States. But it costs only 4 to 5 cents per pound on the world market. This price difference is estimated to add about $3 billion a year to the bill Americans pay for sweeteners. Since lower income consumers pay a higher portion of their total income for food, this program represents a hidden tax on food items for those who can least afford it.

The sugar program also hurts those involved in the processing of products containing sugar by impairing their ability to compete with foreign businesses who can buy cheaper foreign sugar. Chocolate manufacturers, candy and cookie manufacturers, and makers of jellies and jams all suffer a competitive disadvantage from the sugar program. Candy makers, for whom sugar constitutes between 50 and 85 percent of most sweets, are hit especially hard. Some of them may be forced to relocate abroad in order to compete, causing a loss of American jobs.

Sugarcane refiners have been hard hit by the sugar program as well. They are going out of business because they cannot get adequate raw sugar supplies to keep their refineries in operation. Many jobs in the sugar refining industry, as well as jobs of the stevedores and truck drivers who unload raw sugar and deliver it throughout the country, depend on sugar imports. We often hear the argument that the jobs of our sugar farmers depend on the sugar program. But are the jobs of the sugar farmers in Louisiana or Minnesota really more important than the jobs of people employed in the sugar refining or food processing industry? I think not. All of the jobs at stake should be considered when we vote on the future of the sugar program.

Finally, the sugar program hurts agricultural producers and manufacturers who export to sugar producing nations. By restricting our imports of sugar, we impair the ability and the willingness of foreign nations to buy our other agricultural commodities and manufactured products. For example, in 1981, Brazil exported to the United States 1.08 million short tons of sugar worth $388 million. That same year they imported 3.9 million short tons of American wheat and corn worth $639 million. But this year, Brazil will be permitted to ship only 368,000 tons of sugar to the United States valued at $145 million. It is likely that American grain farmers will find themselves paying the price for Brazil's decreased ability to export sugar to the United States.

The sugar program gives a small group of sugar growers a very sweet deal at the expense of consumers, food processors and their employees, exporters, and others dependent on sugar imports. Only 12,000 sugar producers receive about $250,000 in benefits each. During 1982 in Minnesota and North Dakota, the return over variable cost from sugar beets was $411 per acre, while the corn return was only $121 per acre. Clearly, no other farm program comes close to being as generous as the sugar program.

This amendment represents a moderate approach to reform of the sugar program. It would allow the price of sugar to decline in a gradual, controlled manner by decreasing sugar subsidies over time. It would not take subsidies away entirely. It's high time that the sugar program is reformed, and I urge my colleagues to support this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. BRADLEY. Mr. President, I yield myself 4 minutes.

The PRESIDING OFFICER. The Senator from New Jersey is recognized for 4 minutes.

Mr. BRADLEY. Mr. President, I send a modification to the amendment to the desk and ask unanimous consent that it be so modified.

The PRESIDING OFFICER. Is there objection to the Senator's request?

Mr. BRADLEY. The modification has been approved by the Senator from Hawaii. It is simply a date change.

The PRESIDING OFFICER. Without objection, it is so modified.

The modified amendment is as follows:

At the end of the pending amendment add the following:

SUGAR PRICE SUPPORT

SEC. 1001. Section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended—

(1) by striking out "honey, and milk" in the first sentence and inserting in lieu thereof "honey, milk, sugar beets, and sugarcane"; and

(2) by adding at the end thereof the following new subsection:

"(i)(1) The price of each of the annual crops of sugar beets and sugarcane shall be supported in accordance with this subsection.

"(2) The Secretary shall support the price of domestically grown sugarcane through nonrecourse loans at such level as the Secretary determines appropriate but not less than 18 cents per pound for raw cane sugar for the 1986 crop. In the case of each of the 1987 through 1989 crops, such level as the Secretary determines to be appropriate taking into consideration the total program costs, and such other factors as the Secretary determines to be appropriate except that the established price for a crop determined under this clause may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(3) The Secretary shall support the price of domestically grown sugar beets through nonrecourse loans at such level as the Secretary determines necessary to reflect a fair and reasonable relationship between the level of price support for sugarcane and sugar beets.

"(4) The Secretary shall announce the loan rate to be applicable during any fiscal year as far in advance of the beginning so such fiscal year as is practicable consistent with the purposes of this subsection.

"(5) Loans under this subsection during any fiscal year shall be made available not earlier than the beginning of such fiscal year and shall mature before the end of such fiscal year.".

Mr. BRADLEY. Mr. President, I ask unanimous consent that the distinguished Senator from Delaware [Mr. ROTH] and the distinguished Senator from New York [Mr. MOYNIHAN] be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BRADLEY. Mr. President, I have listened to this debate and listened to people say that the real problem is not the cost to the consumers of the sugar program. Never mind the 124-person Nobel Laureate panel of economists said that it cost between $3.5 to $4.5 billion. Never mind what the economists said. Simply go into the grocery store and see sugar in Washington, DC, at 85 cents a pound. Go into a grocery store in Ottawa, Canada, our next-door neighbor, and see the same sugar at 42 cents a pound.

Mr. BOSCHWITZ. Mr. President, will the Senator yield?

Mr. BRADLEY. Mr. President, I wish to finish.

So much for the argument that consumers are not affected by the sugar program.

Mr. President, 40 percent of the sugar goes into direct consumption. It is not used in candy or soda pop. It goes into direct consumption, sold on the shelves of the grocery stores at 85 cents a pound in Washington, DC, instead of 42 cents a pound in Ottawa, Canada.

Now, I heard the distinguished Senator from Louisiana make the argument this is really just for the big candy manufacturers. Never mind that 2,000 sugar refinery workers lost their jobs since 1981. Never mind that the Confectioners Association estimates 6,000 confectioner workers will lose their jobs. Never mind that candy imports have increased 43 percent in 1983 and 40 percent more in 1984 for an 80 percent in candy imports.

Never mind, Mr. President, that this subsidy does not go to 715,000 corn farmers in this country or to 511,000 soybean farmers in this country or to 446,000 wheat farmers in this country. But this subsidy goes to 12,000 sugar producers—12,000 sugar producers, Mr. President.

The distinguished Senator from Louisiana who is not here presently also lent a new dimension to the national security protectionist argument. He said because I am for the strategic petroleum reserve, certainly I would want to protect sugar.

Mr. President, I have yet to believe that sugar is a national security item.

Finally, foreign policy considerations—why do you think Secretary Shultz sent a letter up here supporting our amendment? He sent a letter up here because he recognizes that imports from Latin America have dropped from $1.4 billion to $700 million in just the last several years. Brazil has dropped $250 million. Because they cannot export sugar into our market they do not get the foreign exchange to repay our banking institutions.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BRADLEY. Mr. President, I yield myself 2 additional minutes.

Mr. BOSCHWITZ. Mr. President, will the Senator yield?

Mr. BRADLEY. How much time remains?

The PRESIDING OFFICER. The Senator has 3 minutes and 45 seconds remaining.

Mr. BRADLEY. I yield myself 1 additional minute.

Mr. BOSCHWITZ. Mr. President, will the Senator yield?

Mr. BRADLEY. I wish to finish my statement.

The PRESIDING OFFICER. The Senator is recognized for an additional 2 minutes.

Mr. BRADLEY. Why does he send a letter up? He sends a letter up because he knows that those banks will not be repaid and if they are not repaid this will have repercussions through the whole Farm Credit System.

So, this is a matter of whether we want to address the problem now or later send aid to Latin America and the Caribbean Basin to make up for this, I think, wrong economic policy.

Finally, Mr. President, why are we going to treat sugar producers different than wheat, corn, and maize, virtually any other kind of commodity in this bill? We should not. All this amendment does is treat sugar producers the same as we have treated wheat, as we have treated corn, as we have treated soybeans in this bill, a 5-percent cut.

Mr. GORTON. Mr. President, will the Senator yield?

Mr. BRADLEY. I am pleased to yield to the distinguished Senator from Washington.

Mr. GORTON. I thank my colleague from New Jersey.

Mr. President, there is at least one area in which the proponents and opponents of this amendment agree and that is if the amendment is passed, six major sugar conglomerates and some sugar producers will receive less money from the American consumers than they do at the present time.

It is, however, curious to have noted that every single opponent of the amendment represents a sugar-producing State and that at least half of them claim to be representing the consumer's interest; that, in fact, this program is somehow or another, by raising prices, good for consumers. I can only point out to those of my colleagues who are not immediately involved with this debate that every consumer organization and every consumer of sugar agrees with the amendment; that the consumer interest is in favor of this amendment and not against it. It is clearly a red herring to say that to defeat this amendment is in the interest of consumers. It is certainly accurate to say that it is in the interests of the corporate producers of the commodity.

Moreover, most of the arguments made against the amendment assume that this amendment would end the sugar program. It does not. It modestly modifies it. It cannot seriously be stated that there would be massive losses of sugar production in the United States. There simply would not be. There would be much, if not more, efficiency, and we would have something closer to a free market. I thank my distinguished cosponsor.

Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have not been ordered.

Mr. GORTON. I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DURENBERGER. Mr. President, I rise in opposition to the Gorton-Bradley amendment and urge the Senate to reject this short-sighted attempt to gut one of the most cost-effective farm programs this country has ever had. The simple fact remains that, under the current program, the price of sugar has fallen, the number of sugar growers has declined, and the number of processing plants has fallen—and it is the consumer who has benefited.

The proponents of this amendment make three claims to support the lowering of the sugar loan rate.

First, they argue the program benefits large, wealthy, corporations, and individuals.

Second, they argue that the program inflates the cost of the prices consumers pay for sugar containing products.

Finally, they argue that the domestic support price should be brought down to the world market prices.

In response to their claims, I would like to make the following comments:

First, this meager support price—18 cents a pound—is extremely important to thousands of small family-sized sugar beet growers in Minnesota's Red River Valley. Minnesota is this country's No. 1 sugar beet State, and it is those small growers, not some big corporation, who have joined together to form the cooperatives who process Minnesota's beets.

Second, the current program has helped stabilize prices after years of boom/bust cycles in the sugar market. The domestic price of sugar today is actually 6 to 7 cents below the price of sugar before this program was put in place.

Finally, reducing the loan rate will not result in lower prices for consumers. More likely then not, this amendment will only result in lower input, prices, and higher profits for those who utilize sugar in their products. Just compare the difference between "Tab" and "Coke" and you will know how much the consumer will benefit from a lower sugar loan rate.

Mr. President, I hope the Senate rejects this amendment. It is an ill-conceived attempt to lower consumer prices by putting American farmers out of business. Minnesota lost 5,000 farmers last year. Let's not add to that distressing figure.

Mr. CHILES. Mr. President, I rise in opposition to the amendment offered by the Senators from New Jersey and Washington. While I can appreciate the intent of their amendment, I must point out that its effect would be to gut the sugar program.

Mr. President, sugar is important to Florida and a number of other States. In my State alone, the industry accounts for over $1 billion in economic activity and employs 16,500 people directly and another 26,000 indirectly. Nationwide, 100,000 people are directly employed in sugar production and another 250,000 are indirectly involved.

One of the charges leveled against the current sugar program is that it keeps sugar prices artificially high. But let's look at this a couple of different ways.

Between 1934 and 1974, we had a sugar program for the country. It kept prices stable and supplies assured. In fact, during this period, prices did not vary more than 1 cent or 2. But in 1974, the sugar program was not renewed and prices began to go up and down like a yo-yo. How much did prices fluctuate? Glad you asked. In the period between 1974 and 1981, when no sugar program existed, prices reached a high of 65 cents per pound and dipped as low as 10 cents per pound. In addition, there were often shortages of sugar in the supermarkets. This was caused by a great deal of panic and speculative buying. No one benefited under this arrangement. Not the consumer, not the producer. So, in 1981, Congress reinstituted a sugar program and once again we established stability and sanity to prices in the domestic sugar market. The current market stabilization price for sugar is about 21 cents per pound. This is the reference price below which there occurs the risk of forfeiture to the Commodity Credit Corporation. Since the sugar program was reinstituted in 1981, this price has been relatively constant.

Let's look at the price issue in another way too. That is in the context of the world pricing scheme. We all hear about the world price of sugar being 4 or 5 cents a pound. That if only the U.S. sugar program were eliminated, we would all be able to run down to the corner store and pick up a bag of sugar for next to nothing. Right? Wrong. Let me tell you how the real world works. The basic fact is that sugar is a very, very controlled commodity. You think we have free trade problems in some areas, then take a look at sugar. There is virtually no free trade in sugar. In almost all countries, sugar production, consumption and price are highly regulated. In the first place, about 70 percent of the sugar produced worldwide is consumed in the country of its origin. Then about half of the remaining 30 percent is spoken for under international special arrangements. The remaining 15 percent is then sold on the world market. Did I say sold? I meant dumped. Do you really believe that anyone in the world can actually produce sugar for 4 cents per pound? Even with Third World labor rates? The answer is no. In the United States where we have about the most efficient sugar production in the world, we cannot produce it for less than about 18 cents per pound. What is happening, pure and simple, is that sugar is being dumped on the world market. If we let the American sugar producer go out of business, don't think for a minute you would continue

to see any 4- or 5-cent sugar on the world market.

One other thing and then I will quit. I want my colleagues to know that for the duration of the sugar program, it has operated at no cost to the taxpayer. But many of you may have read that some sugar was recently forfeited to the CCC. Was it because sugar producers became inefficient? No. The reason is that our own Government has failed to administer the program in the proper manner. A point of fact is that the United States is an importer of sugar. We only produce about two-thirds of the sugar we need. We have to import the other one-third. But to keep the domestic market price stable, we have instituted as part of the sugar program a quota system on imported sugar. The level of sugar imports allowed under the quota is only supposed to be enough to make up the difference between domestic consumption and domestic production. Just recently, however, the Department of Agriculture decided to implement a Cabinet Council decision to drastically lower the quota on imported sugar. The result is that we will import much more sugar then we ever need in order to satisfy domestic consumption. The result also is to lower the price of sugar below the market stabilization rate. This results in forfeitures to the Commodity Credit Corporation. It is estimated that the possible cost of these forfeitures could be $288 million. So, in effect, it is not the sugar producers' fault that the CCC is taking some sugar; it is our own Government's fault. I tried to remedy this situation during consideration of the Agriculture Appropriations bill but a majority of committee did not agree that $288 million was a bit too much to pay for higher import quotas. I'm glad to see we had a change of heart and included a no-net cost provision for sugar as part of the Dole package.

Mr. President, in closing, I would urge my colleagues to reject this amendment. If we are concerned about keeping a domestic steel industry or a domestic textile industry, then we should also be concerned about keeping a domestic sugar industry that is capable of providing stable and fairly priced supplies of sugar. I yield the floor.

Mr. ARMSTRONG. Mr. President, the farmers and ranchers of America are experiencing their toughest financial conditions in 50 years. The Nation has become tragically aware this past year that many farming families are experiencing the greatest devastation for any farmer—the loss of the farm. After generations of a family working the land to produce the food we need to survive and protecting the soil resources for future generations, many farmers simply cannot make a living under current conditions. The farmer's job is an important one and his pride in his work and contribution to society make it especially tragic when he suffers through hard times.

I think there is at least one more story that should be told and that is the plight of the Colorado sugar beet growers, who have ceased all but a small amount of production this year because of the closing of Colorado's five sugar processing plants in Fort Morgan, Loveland, Ovid, Greeley, and Sterling. Sugar beets dry climate and sandy loam soils are ideally suited to sugar beet production. They have been an integral part of the economy of northeastern Colorado as both a high-return crop, a major feed component for the large cattle industry, and a source of jobs and income for the rural economy at sugar processing plants. It is estimated that in a good year, the sugar industry contributes as much as $90 million to Colorado's economy.

The closing of the sugar plants means simply that sugar beets aren't being grown in Colorado. Growers are faced with a drastic change in their operations that has forced them to grow lower value crops already in surplus and find additional jobs to supplement their income. The impact of the plant closure and the removal of sugar beets from Colorado's agricultural economy is doubly devastating because on the last crop—the 1984 crop—not all payments have been made to growers under the sugar loan program. This has happened because the creditors of the sugar processors had first right under the law to the processors' sugar loans from the Government. Approximately $22 million was not paid to 2,000 growers in the four-State area of Colorado, Nebraska, Wyoming, and Kansas. Colorado growers alone have not received about $10 million they expected during the 1984 crop year. In view of the already distressed conditions in agriculture, the closing of the sugar plants and the failure of the 1984 crop payments to be made on time could not have happened at a worse time.

I mention the situation facing the sugar beet growers in Colorado, because the amendment before us today addresses the sugar program. Notwithstanding the loss of processing plants in Colorado, sugar beet acreage in Colorado declined from 80,000 acres in 1981 to 40,000 acres by 1983 and total production declined from over 7 million tons to just under 4 million tons. Nationwide, the number of acres has declined by 200,000 from 1981 to 1983 and production has declined by 6 million tons.

A primary reason for this decline is the loss of sugar markets to sugar substitutes, such as corn syrup. This market loss is almost entirely attributable to the much more competitive price of the substitutes, despite their lower quality. In the liquid sugar market, in fact, nearly the whole market has been taken over by corn syrup. At the same time, those products that still prefer sugar over substitutes, primarily candies and baked goods, have faced increased competition from foreign manufacturers who have access to lower priced sugar.

The amendment recognizes that congressionally mandated loan rates without consideration to supply and demand conditions in the market, have just about priced U.S. sugar out of the market. The amendment seeks to help increase sales of sugar again, by slowly reducing the loan rate by 3 cents over a 4-year period. In 1986, the loan rate would remain at the current level of 18 cents. In 1987, 1988, and 1989, the loan rate would be reduced by 5 percent each year.

Even though the sugar industry in Colorado is very close to being lost to a large extent by the bankruptcy of the Great Western Sugar Co., I want to see sugar beets remain as a potential crop for the West. We desperately need a major cash crop like sugar beets to help stabilize income for as many farmers as possible. However, if the crop is ever to again become a reliable income producer for Colorado farmers, it is vital that it become more competitive with both domestic sweetners made from corn and other sources of sugar.

In summary, the amendment recognizes the need to retain the sugar program, but make the necessary adjustments to move the U.S. sugar industry toward a more competitive position in the long run.

The PRESIDING OFFICER. Who yields time?

Mr. INOUYE. I yield 30 seconds to my friend from Minnesota.

Mr. BOSCHWITZ. Mr. President, I wish to rebut my friend from New Jersey, who said that sugar is 85 cents on the grocery shelf. I took the time to get my shopper, Senator HAWKINS—I do not know exactly where she is at the moment—to call Safeway and Giant this morning. The Senator will be pleased to hear that sugar is $2.25 for a 5-pound bag, which is 45 cents per pound, and often it goes on sale for 99 cents, which would be 20 cents a pound.

Mr. BRADLEY. Will the Senator yield?

Mr. BOSCHWITZ. So that sugar is not at 85 cents, as the Senator suggests.

The PRESIDING OFFICER. The Senator's 30 seconds have expired.

Mr. INOUYE. Mr. President, I yield 30 seconds to my friend from California.

Mr. WILSON. Mr. President, I rise in opposition to the amendment offered by my colleagues from New Jersey and Washington which would

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reduce the price support level for American sugar producers.

Under the current program, the price which U.S. beet and cane producers receive for their sugar is a function of the loan level—established by statute—and the market stabilization price—administered by the Agriculture Department. The farm bill approved by the Agriculture Committee reauthorizes the present program, thereby retaining the current price support level of $0.18 per pound and a market stabilization of 3½ cents per pound. This will maintain the price of sugar to U.S. purchasers at approximately 21½ cents per pound.

The Bradley-Gorton amendment seeks to reduce the level of income to U.S. sugar growers by requiring a drop in the loan level. Specifically, the amendment would reduce the loan level by 1 cent per pound effective in 1987, 1988, and 1989. The result will be a $0.15 per pound loan level.

I believe these reductions would have a very adverse effect on our domestic sugar industry, leaving the United States in the unenviable position of relying heavily on a volatile and highly subsidized world market.

Sugar is one of the world's most politicized and controlled commodities. Nearly two-thirds of the countries in the world produce at least some sugar, about 115 countries import all or part of their sugar, and approximately 80 are listed as sugar exporters.

Most nations intervene in their sugar markets. Studies have shown that all major exporters guarantee producer price minimums, and most control exports and restrict imports available for domestic consumption.

The most notorious example of such market distorting practices, as we know, comes from the European Community. The Community guarantees high producer prices, applies prohibitive levies to imports, and subsidizes exports as necessary to compete. Although a net importer of sugar throughout the early 1970's, the EC has so successfully stimulated sugar production through massive subsidies, that it is now a major exporter whose subsidies and overproduction distort the market for all producers, including developing countries who depend heavily on sugar production for their livelihood.

Accordingly, since world sugar markets are neither fair nor equitable, it would be unreasonable to expect U.S. sugar producers alone to stake their livelihood on a market-oriented approach when that market has become so fundamentally distorted by foreign government subsidies and trade practices.

About two-thirds of the sugar consumed in the United States is produced domestically. My State of California ranks second in the Nation in production of sugar beets, accounting for almost 19 percent of total U.S. sugar beet production. Our domestic producers in California are highly efficient and produce 4 or more tons of sugar per acre compared to 3.5 tons per acre for either beets or cane worldwide. Furthermore, the average cost of production worldwide is only slightly below the average cost in the United States. So one cannot justifiably say that the Sugar Program, unlike some other Federal support programs, serves to protect an inefficient or privileged industry.

On the contrary, our current Sugar Price Support Program protects domestic sugar growers from unfair competition abroad in a modest way by providing a floor below which the price of domestically produced sugar cannot fall. Furthermore, since 1982, when the current program went into effect, the Commodity Credit Corporation only last year accepted sugar in lieu of loan repayment for the first time. Those forfeitures of cane and beet sugar amounted to under $800,000—less than 18 percent of the total amount of loans made under the program in that year.

If the United States were to lower the loan level for sugar as this amendment requires, it would send a contradictory signal to the Europeans about our willingness to provide our farmers with fair trade. The current program signals to our trading partners that the United States will not be a dumping ground for subsidized surpluses.

Finally, for those who argue that the Sugar Program escalates consumer prices, I would like to point out that the average price of sugar on store shelves remains lower than in 1980 and 1981 when there was no Sugar Program. Most of the average American's annual consumption of sugar is in commercially prepared food and soft drinks. The value of sugar constitutes a very small portion of the price of these products. While increases in sugar prices are frequently used to explain increases in the prices of these goods, the prices of those goods do not come down when the price of sugar drops. In other words, the price may drop for the sugar producer, but the consumer does not necessarily benefit from this lower price: His soda or candy bar will still cost him the same.

The basic equity of the current sugar program assures U.S. producers a reasonable and fair return for their efforts while harming neither the consumer nor the U.S. Treasury.

For these reasons, I intend to vote against the proposed amendment to reduce the support price for sugar and would urge my colleagues to do likewise.

Mr. MELCHER. Mr. President, I ask unanimous consent that I may be yielded 1 minute.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The Senator from Montana.

Mr. MELCHER. Mr. President, I merely wanted to say this. What the committee has brought forward here is a minimum needed for the domestic sugar producers of this country. If we want to further decimate the situation in agriculture, adopt amendments such as has been offered here. I will vote against it. I will encourage everyone else to vote against it.

We should hold onto the minimum that was done in the Senate committee bill. That is the least we should have for the sugar producers of this country.

Mr. INOUYE. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Hawaii has 29 seconds.

Mr. INOUYE. Twenty-nine seconds? Twenty-eight.

[Laughter.]

Mr. INOUYE. Mr. President, I rise in strong opposition to the amendment being offered by Senators BRADLEY and GORTON to the sugar title of S. 1714, the 1985 farm bill.

The Senate has had ample opportunity over the past 4 years to weigh the importance and wisdom of having a sugar price support program to protect American producers from unfair foreign competition. We have repeatedly decided in committee, on the floor, and in conference that a viable sugar program is in the national interest.

I was thus pleased with the Agriculture Committee's decision to report a farm bill that provides the minimum required for the continued existence of the domestic sugar industry: 18 cents a pound. I am similarly disappointed by the effort on the part of some sugar users to fatally weaken the program.

At stake in this debate is the future of American agriculture and our country's trade deficit. Do we want to keep American farmers involved in the production of sugar, something they have done for 200 years, or do we want to export their jobs? Do we want to meet most of our sugar needs through domestic production, or do we want to become totally dependent on a volatile world sugar market?

Do we want to improve our trade deficit, or worsen it by spending billions of dollars to import all—not just some—of our sugar? In this time of acute economic crisis for our Nation, I think the answer is clear. I trust that my colleagues will join me in voting against the Bradley-Gorton amendment.

In debating the need for an effective sugar price support program, I note with chagrin that certain Senators are raising the same fallacies that were put to rest in 1981. I would, therefore,

like to set the record straight about who the winners and losers really are under the current sugar program.

For our colleagues who are new to this discussion, there are over 100 nations that produce sugar, and over 70 percent of this production is consumed in the country of origin. Another 10 to 20 percent is marketed abroad under contracts, preferential trade agreements, and quotas. This leaves only 10 to 20 percent available for sale on the so-called world market. Small variations in production can thus mean huge fluctuations in both supply and price because demand for sugar is fairly inelastic. For example, a 3 percent change in world production results in a 15 percent change in supply on the world market.

Given that over the last three decades sugar production has exceeded consumption in 2 years out of every 3, the result is a roller coaster whereby the price of sugar has gone from 65 cents a pound in 1974 to 7 cents a pound in the late 1970's then back up to 42 cents a pound in 1980, and now back down to 4 cents a pound.

Sugar is one of the most volatile commodities in the world, and the international sugar market is primarily a dumping ground for residual supplies at 5 cents, 10 cents, and even 15 cents below the cost of production. Note however that all it is thus not against more efficient producers that American Farmers are being asked to compete, but foreign governments which throw the full weight of their economic and political resources into subsidies and noncompetitive trade practices in order to protect their own industries. Indeed, the world sugar market is so skewed by the need of different governments to protect their own industries that the international sugar agreement collapsed last year when it came up for renewal. And yet given these realities, Senators BRADLEY and GORTON are joining the President in asking us to adopt an ineffective sugar program and sacrifice American producers in the name of free trade.

I would refer them to the recent CRS study, "World Sugar Trade and U.S. Sugar Policy," which concludes: "It has been shown that world prices, because of their residual nature, do not represent a solid basis on which national policies can be built" (p. 18).

Mr. President, one would get the impression from today's debate that the sugar program is a boondoggle that costs American consumers and taxpayers inordinate sums of money. Nothing could be further from the truth, and I use as an example the letter circulated earlier this summer by CRISP—the so-called coalition to reduce inflated sugar prices.

One, the fact that there are a mere 12,000 sugar beet and cane growers is a testament to their efficiency and productivity, whereby relatively few farmers produce sizable crops. It also reflects the economic and historical reality that sugarcane is best grown on large plantations. Finally, it points to the unique position of sugar as the only major commodity which we import. Unlike the other commodities addressed in the farm bill, we only grow enough sugar to meet 60 percent of our domestic needs. The other 40 percent must be imported. In a year of record trade deficits, the American sugar industry has saved us more than $2 billion by meeting some of our demand locally rather than having us buy all our sugar abroad. I cannot think of a worse time for the U.S. Senate to consider making the United States completely dependent on imported foreign sugar—something that would happen should we reduce the loan rate even a penny.

With regard to the cost of the program, the figures often heard are wildly inaccurate and unfounded, for example, the sugar program costs consumers $3 billion, the domestic industry consists of a handful of large corporations and producers who reap a transfer of benefits of $250,000 per producer. Furthermore, Senators BRADLEY and GORTON have divided apples by oranges to produce an alleged return per acre for sugarcane of $458, which is supposed to be higher than any other commodity.

The implication of all these phantom numbers is that the domestic sugar industry is earning undue profits thanks to a costly program, a notion which is patently false.

To illustrate my point, I would note that over the past 4 years, the Hawaiian sugar cane industry—which produces more sugar per acre and more sugar per man-hour than any other place in the world—lost money. In 1981, the Hawaiian industry, on operating revenues of nearly $400 million, posted a pretax loss of $89 million. In 1982, it lost $1.5 million, while in 1983 and 1984 it made profits of $29 million and $20 million respectively.

The result over the life of the 1981 farm bill has been a net loss of $41.5 million—hardly a fantastically high return as suggested by Senators BRADLEY and GORTON when they introduced S. 1222.

In discussing the effects of the sugar price support program, we are not talking about profits, we are talking about survival: the sugar loan rates and the quotas necessary to make them work do nothing more than enable the most efficient American producers to survive. Marginal land is being taken out of production, the number of workers is being reduced, and mills continue to close, so that only the leanest, most efficient producers are still in business.

These businesses are not making profits; they are just staying alive in the hopes of better days ahead. In so doing, they provide direct employment for tens of thousands of Americans who would otherwise be without jobs.

Are we then asking Americans to support an outmoded or an inefficient industry? Not in the least. As the Congressional Research Service has concluded: "The fact is that the U.S. industry has been capable of producing sugar at prices that are close to the average level of world production costs (p. 18)"—and we do it while providing our workers with the highest standard of living available to sugar growers anywhere in the world.

It is often suggested that the quotas necessitated by the dumping of surplus sugar on the world market at ruinous prices are an unnecessary and counterproductive restraint of international trade. Free trade is a fine ideal, but the reality of the world sugar market is that there is no such thing as free trade in sugar. As the CRS study notes:

> There is no major sugar producing country which does not attempt in some way to insulate its domestic producers and consumers from the fluctations in the price of that portion of world sugar that is traded on the free market (P. 15).

I would also point out that quotas are not "causing serious damage to the economies of our allies in the Caribbean," as alleged by proponents of this amendment. Given that our trading partners are able to export to the United States only 44 percent of the sugar that they could 4 years ago, I would ask: Would they rather ship us their 1981 volume at the current world price, which is 4 cents a pound, or would they prefer sending 44 percent of that volume at 21 cents a pound, the price fetched under the current sugar program? Simple algebra tells us that they are making more than twice as much money today under our quota program than they would at world market prices. Moreover, in testimony before the Agricultural Committee last April, Mr. Vicini, speaking on behalf of the International Sugar Policy Coordinating Commission of the Dominican Republic, stated:

> From what I have said it should be evident that the Dominican sugar industry cannot survive with over half of its exports facing the unfair competition of the EEC and others in the free market. Achieving a higher volume of exports to the United States at the cost of a much lower U.S. price, however, would not provide a remedy for this grave situation.

What then should we make of the sensational claims that the Sugar Program is costing American consumers hundreds of millions of dollars each year by denying them the privilege of buying sugar on the world market where supply and demand have no bearing on the actual price?

Mr. Chairman, this is nothing but a smokescreen put forward by some sugar users who would like to increase

their profits by having access to the current glut of sugar on the world market. I would cite three examples to prove my point.

First, the cost of sugar that you buy in the supermarket is cheaper today than it was in 1980–81, when we had no Sugar Program. How could this be if the Sugar Program has unfairly increased costs to the consumer over the past 4 years?

Second, if lower sugar prices are supposed to mean lower costs to the consumer, why have we not seen this in the marketplace?

I take as my example the market basket survey published by the New York Department of Consumer Affairs on March 25, 1985. Based on a survey of 150 different food stores in New York City for the period January 1984 to January 1985, the Department of Consumer Affairs found that while the cost of sugar decreased by 4 percent last year, the price of 16-ounce sandwich cookies increased by 10 percent, the cost of ice cream went up 13 percent, and incredibly, the cost of colas rose 12 percent. I say incredibly because during this period most soft drink manufacturers switched completely to high fructose corn syrup in formulating their soft drinks. HFCS is available in the United States for 25 percent less than sugar, yet the price of cola increased significantly.

Given that caloric sweeteners like sugar are an important component of processed foods, where are the savings that were supposed to accrue from lower sugar prices? There were none. Savings from cheaper sugar are not being passed on to consumers, nor would they be if we abolished the sugar price support program or quotas. Rather, the New York City Department of Consumer Affairs has underscored the point that high sugar prices are used as an excuse for raising the cost of sugar-containing products in times of short supply, but these prices do not come down when the price of sugar drops.

Third, I can disprove the consumer cost argument by citing the case of Canada, where the Government supports sugar growers through direct payments and does not limit access to the world sugar market. If the sugar users' argument is correct, we would expect consumers in Canada to enjoy significant savings over their American counterparts. But this is definitely not the case. As was reported at the International Sweetener Colloquium earlier this year, the retail price of sugar in Canada averaged just under 33 cents a pound in January 1985, while in the United States it was 34 cents a pound.

Where are the much touted savings for consumers in a country that allows free use of world sugar? There are not any—the difference between retail sugar prices in the United States and Canada was just a penny a pound.

Mr. President, I have yet to receive a letter from an angry constituent complaining about the high cost of sugar in the supermarket. The current program is safeguarding a vital American industry and providing consumers with a reliable supply of sugar at stable and reasonable prices. It is doing so at no net cost to the American taxpayer—unlike so many of our other commodity programs—and is a clear example of a successful agricultural program.

American sugar producers are not asking for guaranteed profits; they merely want the opportunity to compete with subsidized foreign producers in a skewed and artificial world sugar market. I believe that an 18-cent-per-pound loan rate is the least we can do for these hard-working Americans, and I urge my colleagues to reject this unfortunate attempt to undermine the Sugar Program contained in S. 1714.

Mr. President, I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. The Senator from New Jersey has 40 seconds remaining on the amendment.

Mr. BRADLEY. Mr. President, if I could make the point on the consumer prices once more for the RECORD, I ask unanimous consent that a table produced by the Department of Agriculture be printed in the RECORD, which shows the retail price for a kilogram of sugar in Ottawa, Canada, at 42 cents and the price for a kilogram of sugar in Washington, DC, at 85 cents.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Price trends for sugar containing products also clearly reflect changes in sugar prices. When prices for sugar rose dramatically by 77 percent in 1980, prices for sugar containing products rose also, but by much less—only 11.2 percent. (See table and chart.) As sugar prices have moderated since 1980, price advances have fallen sharply for all sugar containing products, despite the continuing escalation of labor, packaging and other cost factors. The average price increases on sugar containing products over the past five years have been less than half those of refined sugar.

PRICE TRENDS FOR SUGAR AND SUGAR CONTAINING PRODUCTS, 1980–84

[Annual percentage change]

Year	Refined sugar (NE wholesale)	Average 14 sweetener containing products	Cola beverages
1980	+76.7	+11.2	+14.3
1981	−25.1	+5.4	+2.5
1982	−2.6	+2.0	+1.6
1983	+7.0	+2.4	+.5
1984	−1.6	+3.1	−1.1
5-year average change	+10.9	+4.8	+3.6

Source: U.S.D.A., "Sugar and Sweetener Outlook and Situation Yearbook," July 1985, tables 4 and 6.

According to the U.S.D.A., retail sugar prices in the United States are among the highest in the world. This is wholly attributable to our excessive domestic price support levels as retail margins have remained modest. U.S. retail sugar prices are higher than those in any other major capital (except Tokyo), and are double those in Ottawa, where sugar is purchased at world market prices.

Average retail sugar price, May 1985

[In cents per kilogram]

Bern	54
Bonn	60
Brasilia	33
Buenos Aires	54
Canberra	51
London	57
Madrid	54
Mexico City	31
Ottawa	42
Paris	54
Pretoria	57
Rome	65
Seoul	81
Stockholm	82
Tokyo	110
Washington	85

Source: "World Production and Trade: Weekly Roundup," June 19, 1985. Foreign Agriculture Service, USDA.

Mr. BRADLEY. Mr. President, I hope we will not mix up what is the consumer vote here.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. INOUYE. Mr. President, I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Hawaii [Mr. INOUYE] to table the amendment of the Senator from New Jersey [Mr. BRADLEY]. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. EXON (when his name was called). Present.

Mr. HEINZ (when his name was called). Mr. President, pursuant to paragraph 3 of rule 12 of the Senate Rules, I wish to be recorded as voting "present" because I have a potential conflict of interest with respect to the USDA Sugar Program.

Mr. SIMPSON. I announce that the Senator from New Mexico [Mr. DOMENICI], the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], the Senator from Pennsylvania [Mr. SPECTER], and the Senator from Connecticut [Mr. WEICKER] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Ohio [Mr. GLENN] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 60, nays 32, as follows:

[Rollcall Vote No. 335 Leg.]

YEAS—60

Abdnor	Gore	McClure
Andrews	Gramm	McConnell
Baucus	Grassley	Melcher
Bentsen	Harkin	Murkowski
Bingaman	Hart	Pressler
Boren	Hatch	Pryor
Boschwitz	Hatfield	Riegle
Bumpers	Hawkins	Rockefeller
Burdick	Hecht	Sasser
Byrd	Heflin	Simon
Chiles	Helms	Simpson
Cochran	Hollings	Stennis
Cranston	Inouye	Stevens
DeConcini	Johnston	Symms
Denton	Kassebaum	Thurmond
Dixon	Laxalt	Trible
Dole	Levin	Wallop
Durenberger	Long	Warner
Ford	Matsunaga	Wilson
Garn	Mattingly	Zorinsky

NAYS—32

Armstrong	Humphrey	Nickles
Biden	Kasten	Nunn
Bradley	Kennedy	Packwood
Chafee	Kerry	Pell
Cohen	Lautenberg	Proxmire
D'Amato	Leahy	Quayle
Danforth	Lugar	Roth
Dodd	Mathias	Rudman
Eagleton	Metzenbaum	Sarbanes
Evans	Mitchell	Stafford
Gorton	Moynihan	

ANSWERED "PRESENT"—2

Exon	Heinz

NOT VOTING—6

Domenici	Glenn	Specter
East	Goldwater	Weicker

So the motion to lay on the table amendment No. 1133 was agreed to.

Mr. INOUYE. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. WILSON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

Mr. WILSON. Mr. President, could we have order?

The PRESIDING OFFICER. The Senate will be in order.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from California.

Mr. WILSON. Mr. President, we are ready for the next amendment.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Mr. President, I ask unanimous consent that the pending amendment be temporarily set aside.

Mr. LEAHY. Could we have order, please, Mr. President?

The PRESIDING OFFICER. The Senate will be in order. The only way that the Senate can be in order is for all Senators to cease conversations on the floor of the Senate.

Mr. WILSON. Mr. President, what was the request?

The PRESIDING OFFICER. The request was to temporarily lay aside the pending business. Is there objection?

Mr. BOSCHWITZ. Reserving the right to object, it is my understanding that if the amendment is set aside it will become the pending business immediately upon the disposition of the amendment to be offered by Senator BUMPERS.

The PRESIDING OFFICER. The Senator is correct.

Mr. BOSCHWITZ. Mr. President, might I ask the Senator from Arkansas if he will agree to a time limitations on this amendment?

Mr. BUMPERS. Mr. President, Senator STENNIS is the chief cosponsor of this amendment. I would like to defer that question to him. This is a very important amendment, the most important one that I have. I would be willing to go 40 minutes, with 20 minutes on each side.

Mr. STENNIS. That would be agreeable.

Mr. BUMPERS. Mr. President, this is an amendment that allows the Secretary to reduce the loan rate on soybeans no more than 5 percent a year, nor below $4.50 per bushel.

Mr. STENNIS. Mr. President, I have no objection to 40 minutes.

The PRESIDING OFFICER. A willingness has been indicated to enter into a time agreement.

Mr. BUMPERS. Mr. President, I ask unanimous consent that there be a time limitation of 40 minutes on this amendment, 20 minutes to a side. That is my unanimous-consent request. Maybe we can do it in less time.

Mr. LEAHY. Mr. President, reserving the right to object, and I shall not object, what was the amendment again?

Mr. BUMPERS. It is an amendment which deals with the loan rate on soybeans.

The PRESIDING OFFICER. Is there objection? If not, without objection, it is so ordered.

AMENDMENT NO. 1134

(Purpose: To improve the soybean price support provisions by ensuring that the soybean support price shall not decrease by more than 5% per year nor fall below $4.50 per bushel)

Mr. BUMPERS. Mr. President, I send my amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Arkansas [Mr. BUMPERS for himself and Mr. STENNIS, Mr. PRYOR, Mr. BAUCUS, Mr. HOLLINGS, Mr. SIMON, Mr. PRESSLER, Mr. FORD, and Mr. SASSER] proposes an amendment numbered 1134.

Mr. LEAHY. Mr. President, if it is a short amendment, would the Senator mind having it read? There is some confusion.

Mr. BUMPERS. Not at all. If we are going to have it read, let us have order, Mr. President.

The PRESIDING OFFICER. The Senate will be in order while the clerk reads the pending amendment.

Mr. BUMPERS. Mr. President, everybody is in a hurry to get this farm bill considered so we can all leave here but nobody is in a hurry to cease conversation so we can have order in the Senate.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

At the end of the pending amendment, add the following: At the end of the bill, add the following:

"SEC. . Notwithstanding any provision of this Act, in implementing the soybean price support program required by this Act, in no event shall the Secretary reduce the soybean support price by more than five percent from the support price determined for the preceding crop; *provided further* that in no event shall the soybean support price be established at a level below $4.50 per bushel."

Mr. BUMPERS. Mr. President, if I may have the attention of my colleagues for about 4 minutes, I can explain this amendment, I think, about as clearly as I can explain it.

The House farm bill right now provides for a loan rate of $4.75 a bushel on soybeans. The current loan rate is $5.02. If we were to adopt the House farm bill loan rate, it would be 27 cents below the loan rate right now. However, the Dole substitute, which is the pending amendment here, goes much further than the House bill.

The Dole package establishes that the loan rate on soybeans will be 75 percent of the average market price for the last 5 years, taking out the high and the low years. Whatever the average, you take 75 percent of that.

If you calculate that, right now, it means the loan rate on soybeans next year, 1986, will be around $4.40. This bill that the majority leader has given us has a lot to recommend it. There are some things about it that are good for the rice, corn, and cotton farmers, but the soybean farmers are not satisfied with it by a long shot. This amendment is simply trying to redress what I believe is the honest, genuine, legitimate concern of the soybean farmers of America.

I am not unmindful that this bill carries a $35 bonus per acre for soybeans grown in 1985. Yet I tell you, Mr. President: We have not done this out of an act of generosity. For people who think we are just giving farmers $35 an acre because we care about them and because our Government is magnanimous, that is not quite the full truth. The full truth is that by giving them $35 an acre, we are goihg to keep 300 to 700 million bushels of beans from being forfeited, thereby saving ourselves a double ton of

money in the process. Farmers must avoid putting beans into loan, or they must redeem beans currently under loan, before they are eligible for the $35 payment. In effect, we have created a recourse loan to which the market is responding.

No. 2, the problem with agriculture in America has not been addressed in this bill, at least a good portion of it has not been, because the problem is that our agricultural lenders are going broke. I am not going to debate the Farm Credit System, Mr. President, but I will say this: By giving soybean farmers $35 an acre, we are at least infusing some cash into their pockets that will allow a lot of them to repay some of their production loans this fall that will otherwise go into default. I simply want to put the $35 per acre payment into perspective and say the Government is going to get the lion's share of that $35 back.

What does the loan rate amount to, Mr. President?

Mr. BOSCHWITZ. Will the Senator yield?

Mr. BUMPERS. Yes, Mr. President.

Mr. BOSCHWITZ. How does the Government get the $35—actually, it is $50 because it will accrue some interest. But how does the Government get that money back?

Mr. BUMPERS. I just got through saying, Mr. President, that the $35 payment keeps 300 to 700 million bushels of beans from being forfeited, because right now, soybeans are selling for about $4.75 a bushel, and the loan price is $5.02.

I ask the Senator how many beans he thinks will be forfeited for $5.02 when the cash market price right now is $4.60. The $35 payment will help the Government avoid this situation.

Mr. BOSCHWITZ. With that amendment, we have not yet had the 1985 crop, so in that way——

Mr. BUMPERS. It may happen in Minnesota, Mr. President, but there are a lot of beans being harvested in my State right this minute.

The Senator is from an agricultural State and he also has agricultural lenders. All I am saying is that the $1 billion the soybean farmers are going to get as a result of the payment is going to go right back to the Farmers Home Administration, right back to the Production Credit Association, and right back to the Farm Credit System and that is money that will not be available for 1986 credit.

If you want to know what this bill does to soybean farmers, Mr. President, listen to this: You tell me how many farmers can survive on a $4.40 loan rate in 1984, the last year for which we have figures, the cost of production for soybeans, on average, was $184 per acre. A $4.40 loan on 34 bushels per acre would mean a loss of $40 to $45 per acre based on the national average of 34 bushels per acre.

My amendment says, Mr. President, that the Secretary may not lower the loan rate more than 5 percent a year nor below $4.50 per bushel. All I am saying is let us not break them all at one time. Let us cut their tails off just a little bit at a time.

The ultimate result, unless we can export a lot more than we have been in the past, is going to be the same. What I am saying is the House is at $4.75. If you adopt my amendment, our loan rate will be $4.75, and that will be one item we will not have to fight in conference.

Now, if you want to say that for 1985 we have already given them $1 a bushel, you can say that. But my amendment goes much further than that. It goes through 1989, too.

Our soybean farmers are going to need help from 1986 through 1989 when the payment is gone. Under the Dole option, the loan will continue to spiral downward, and my amendment will help arrest this downward movement.

I am going to tell you something, Mr. President. In 1986 and 1987, as happy as the farmers are to get that $35 an acre, when that money is gone our soybean farmers are going to start dropping like tenpins. I am simply saying let us at least ease the burden on the soybean farmers.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER (Mr. DANFORTH). Twelve minutes.

Mr. BUMPERS. I yield such time to the Senator from Mississippi as he may use.

Mr. STENNIS. Mr. President, will the Chair inform me at the end of 5 minutes, please.

Mr. President, I am happy to sponsor this amendment, along with my good friend from Arkansas. Senator BUMPERS, to provide some support to our ailing soybean farmers.

The so-called compromise package offered yesterday by the distinguished majority leader is, in many ways, good farm legislation for my State. His provisions for the cotton and rice programs will provide needed support for farmers without too much cost to the Government. However, I found myself forced to vote against the package yesterday because it provides absolutely no security for soybean farmers beyond the current crop year.

The amendment we are offering now would strengthen the bill by bringing the Soybean Program more in line with the other commodity programs. While it would allow the loan rate to drop to a lower level and float with the average market price, it would do so more gradually than the proposed bill.

As you know, the target prices for feed grains, cotton, and rice can be lowered under the compromise package, but by no more than 5 percent in any year. Our amendment would accomplish the same for the soybean loan rate.

Under the compromise package the loan rate for the 1986 crop would drop to an estimated $4.40/bushel, less than any farmer in my State can produce soybeans. Our amendment would establish a floor of $4.50 for the soybean loan rate, which with current estimates, would be reached in 2 to 3 years. This would allow time for the price of soybeans to reach a level, on its own, high enough to cover the cost of production. Or it will provide sufficient time for farmers to voluntarily reduce their acreage.

Finally, Mr. President, our amendment would provide stability in faultering soybean market which, in the last few days, has suffered drastic reductions. For the first time that I can remember, the price of soybeans this week has dropped to a point below the current loan rate solely because of the rumors of drastic reductions in loan rates that are now a part of the bill being considered by this body.

Mr. President, it is a matter of reality that soybeans have been a good source of income for the producer, the grower, at very little cost to the Government. There has been a loan program, but the price was up at or above the loan level a little, and really it sustained a fine product and program and has carried on. Now though, it has gotten to the point that the price has gone down below the loan figure, unless we do something to change what happens the first year when the bonus payment comes in. One year, that is this year now 1985, and that bonus will be over.

Now, this amendment for a crop that has been so profitable—as I said, no farmer has gotten rich, but it was carried on by the Government in such a fine way it has not cost—will merely put it in the same category that we already have for the feed grains, rice, and cotton.

Now, those commodities are in the bill that was adopted Wednesday by the Dole amendment. At that time we had not worked out anything for soybeans. We did not have this clearly ready to present. The Senator from Kansas was not able to consider it. Therefore, I did not vote for the package. It is so important in our area of the country that I just could not vote for the amendment unless something was done about this item; it is so vital.

Now, I am talking about men I have known for years in my home county. I know they are good, intelligent farmers. They are hard workers. They pay their debts. They tell me they are already keeping books on it and they absolutely cannot produce these beans at the low loan levels that will be within the Government program according to this package. Now after this year is

out, there is 1 more year that they will be protected, there is an abyss. There is no support of any kind for these producers.

Now, unless something is done, there are a whole lot of fine people who know how to farm but are going to go broke. We are going to lose one of the most profitable businesses we have in this international trade war that we are rapidly losing.

These are things that I do know something about personally. These matters are present in my home county. I have dealt with the people on it for years. These are the facts.

Now, it is not fully understood. There was some kind of a misunderstanding about it to begin with. The facts got jumbled up somehow without the committee being at fault. Perhaps it did not get the true facts in the beginning. But this is a distressing situation.

If Senators will adopt this amendment and let it go on to conference, I will do what little I can to see that it is further given attention to get to the true facts.

Just to allow these farmers to make a living is all I am asking. This is not a program where the people can grow something and sell it to the Government at a profit and everybody is happy again. It is not that at all. This is a question of survival. This is a question of keeping the tractor notes up, keeping the other investments up and making a go of this fast-fading farm situation in many areas.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. STENNIS. I hope the Senate will take this quite seriously and that Senators will support the amendment.

The PRESIDING OFFICER. Who yields time?

Mr. WILSON. Mr. President, I yield myself such time as I shall require.

Mr. President, this amendment is a clear example of the difficulty that we get into when we seek to amend this 1985 farm bill.

Recently, the distinguished chairman of the Agriculture Committee received a visitation from soybean farmers representing the industry in his home State of North Carolina, which I might add is a major soybean producer. They came to him last week and pleaded to have their program put on a market-oriented course for the long haul. They said to him, "We want to get our exports and domestic demand going again and we know that means our prices have to come down."

Mr. President, they do not want target prices and acreage controls that have been so damaging to other commodities. Soybean farmers want a simple payment not linked to bushels, pounds, or bales to get them over the hump.

The majority leader with the strong encouragement of the Senator from Minnesota included a market-oriented plan in his package that had the approval of the soybean representatives.

The plan clearly costs money, but the money was spent with the understanding that in crop year 1987 the soybean loan rate would drop to 75 percent of a simple moving market average for 5 years, dropping the high and low years. And the soybean farmers will receive direct payment of $35 per acre on their 1985 crop.

This amendment now seeks to destroy the hopes of those soybean farmers to capture more markets. It keeps loan rates too high and it guarantees that the Government will end up buying a large part of the soybean crop.

Mr. President, we have a group of farmers who believe in the marketplace. They are willing to take their chances. Let us not decree that they must instead become wards of the state.

Incidentially, the Congressional Budget Office estimates that the amendment will cost $300 to $500 million.

Mr. President, I yield to the Senator from Minnesota such time as he shall require.

Mr. BOSCHWITZ. I suggest the Senator reserve the remainder of his time. His statement was very complete and I think covered most of the arguments. Perhaps we could listen to see if the other side raised new arguments and perhaps then I will answer them.

Mr. WILSON. Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. LEAHY. Mr. President, I think we are ready to go to a vote.

Mr. BUMPERS. Mr. President, how much time do I have remainng?

The PRESIDING OFFICER. Seven minutes.

Mr. BUMPERS. Seven minutes. I yield to the Senator from Nebraska 2 minutes.

Mr. EXON. I thank my friend from Arkansas. I have been listening to this debate with much interest and become more confused as I have been confused on what the farm soybean raisers want.

Now, there was a hastily conceived proposition inserted among other hasty proposals in the Dole measure that passed here the other day. Ever since them, the market price of beans has been free falling. I was told yesterday by a Nebraska grower at Brownville, NE, on the Missouri River, the beans were down to $4.30. I believe what has happened is that when we held out at the request of the top organization people in the soybean structure that we are going to pay them $35 for the crop that they have harvested, or about to harvest, they thought that would give them some immediate cash-flow in a situation which is desperate in agriculture today.

I suspect that what has happened is that the people who process soybeans saw that coming and caused the market to free fall.

I do not know what the soybean people want. I am getting conflicting signals. The leadership of the soybeans people say this is a good bill. From the debate that I have just heard, as explained by the Senator from California—and I am sure he is speaking from a position that he believes is correct—I hear one thing. I hear my friend from Arkansas, who also knows something about soybeans, saying directly the opposite.

I certainly agree, though, with my friend from Mississippi. It seems to me that with soybeans in a free-fall situation, we had better come in with the more minimal support prices as suggested in the amendment offered by the Senator from Arkansas. I think discretion the far better part of valor right now during a collapse of the soybean market.

Therefore, I urge the Senate to adopt the amendment offered by the Senator from Arkansas.

Mr. BUMPERS. I thank the Senator very much.

Mr. President, does the other side wish to use some time? I would like it if they would.

Mr. BOSCHWITZ. Is the Senator from Arkansas out of time?

Mr. BUMPERS. No, I am not, and I hope I do not run out.

Mr. BOSCHWITZ. Mr. President, will the Senator yield a few minutes to me?

Mr. WILSON. I yield to the Senator from Minnesota such time as he requires.

Mr. BOSCHWITZ. Mr. President, I will not repeat the arguments of my good friend from California, except to say that together with the representatives of the American Soybean Association, we did work out this compromise that has been put into effect, which makes a payment of $35 an acre and excuses the interest on the loan. So it has the effect, as the distinguished Senator from Nebraska [Mr. ZORINSKY] noted earlier, of about $50 an acre. In exchange for that, the American Soybean Association is supporting the package put together by Senator DOLE and others. The American Soybean Association is supporting the package as it is. It is not supporting the position of the Senator from Arkansas, and I think that the Senator from California has ably made the argument with respect to this.

So I suggest that we proceed to a vote.

Mr. FORD. Mr. President, will the distinguished Senator from Arkansas allow me a minute or two?

Mr. BUMPERS. I yield to the Senator.

Mr. FORD. I thank the distinguished Senator.

Mr. President, we talk about making arrangements here in Washington with heads of associations. I happened to go back home and talk to my growers. My growers met last night. My growers do not want this. My growers say leave them alone, if you are going to have a free-falling situation after the first year.

Mr. President, America's soybean farmers have a problem. I, for one, believe that the amendment this body has accepted in this farm bill relating to soybeans will increase the soybean farmers troubles.

The changes in the soybean market have already reacted to this amendment on a farm bill that has not even cleared for final passage. I ask that an article from yesterday's Wall Street Journal, entitled "Soybeans Tumble as the Farm Bill Advances in Senate," be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SOYBEANS TUMBLE AS THE FARM BILL ADVANCES IN SENATE

(By Wendy L. Wall)

Senate deliberations on farm legislation sent soybean futures prices tumbling for the second time in a week.

The Senate's consideration of a proposal that would discourage farmers from putting their crop into government-financed storage raised the specter of a post-harvest glut on cash markets.

The measure, part of a farm bill amendment introduced by Senate Majority Leader Robert Dole (R., Kan.), was passed by the Senate late yesterday, after the futures market closed. The bill itself is still pending in the Senate.

But anticipation of its passage torpedoed soybean futures, with contracts for delivery next summer falling to life-of-contract lows. Prices for delivery in January, the nearest-term contract, fell 6.75 cents to $4.93 a bushel, hovering near the nine-year lows for nearby contracts set earlier this week.

The measure calls for soybeans farmers to receive a $35-an-acre payment this year if they agree not to put their crop into government price-support storage programs. The storage programs are designed to bolster prices by withholding supplies from the market. Farmers would receive $5 of that payment in the form of soybeans from government stockpiles.

The measure is a compromise worked out Tuesday among Senate staffers, Agriculture Department officials and the American Soybean Association. Sen. Dole and the Agriculture Department had rejected an earlier Soybean Association proposal as too expensive, an association official said.

The soybean group's proposal, which helped prompt heavy selling in soybean futures Monday, called for a reduction in the 1985 loan rate—the amount farmers can borrow in return for putting their crops into government-financed storage—to $4 a bushel from $5.02 a bushel. The loan rate is important because it acts as a floor under prices.

In contrast to the soybean group's original proposal, the measure would maintain the loan rate for the current crop at $5.02 a bushel. But beginning in 1986, the loan rate would float at 75 percent of the average soybean price during the previous five years, excluding the highest and lowest yearly averages.

The measure passed yesterday could lead to a fairly rapid release of the portion of this year's soybean crop that has been stored in return for price-support loans. Farmers who have already signed up for price-support storage programs would have 60 days after passage of the legislation to repay their government loans and regain control of their soybeans. That step would make them eligible for the $35-an-acre government payout.

Despite the heavy selling in the soybean pit, corn futures rose moderately, buoyed by tight cash-market supplies. A Mexican purchase of 360,000 metric tons of U.S. corn and rumors that the Soviet Union might be seeking to buy corn also led to buying. Wheat futures closed mixed, with most contracts little changed.

Mr. FORD. Mr. President, the committee-reported farm bill very clearly established a minimum loan rate of $5.02/bushel for soybeans. The amendment will, in effect, lower that loan rate below the $5.02 level after 1985. Average yields for soybeans are at record levels and total supplies for 1985–86 will be over 2.4 billion bushels, or a 1⅓-year supply under current projected demand.

What this body has done is buy off the soybean farmer for 1 year. We are paying the soybean farmer $35/acre to not forfeit his crop to the Government; to not allow his beans to be held in an effort to hold the market price to at least the $5.02 level.

The result of the Senate's action is, in effect, to buy down the market price of soybeans. Farmers will indeed accept the $35/acre payment, and move their beans into the marketplace. Realizing this development, grain elevators in my State refused to accept soybeans upon hearing just of the possibilities of passage of this bill, refused because they anticipated a decline in the marketplace. Quite frankly, they were correct, the cash price for beans is down to $4.85/bushel and expected to fall further.

The Senate has bought off the soybean farmer. The $35/acre payment will keep beans from going under loan, to stabilize the market, instead they will move into the marketplace with no floor, and the price will fall.

Next year, for the 1986 crop of soybeans, the support level will be based upon 75 percent of the moving market average, an average that will be based upon the 1985 price that will be driven lower by the action of this Senate.

I first became aware of the framework of a plan that led to the change in the so-called Dole package late this summer. I was, at first, drawn to its concept, that of recognizing a need to support agricultural income without confusing the market. It only makes sense to support the farm sector, the Nation's most important industry.

However, I was drawn to a change in an agricultural concept of farm programs. I was drawn to supporting farm income directly, and doing so without confusing the marketplace. I was first drawn to this plan because it was long term in nature.

Unfortunately, I feel as if I was drawn down a primrose path. The original intent of the soybean proposal was long term, and did not disrupt the marketplace with Government intervention.

I was not in favor of the plan recently passed by the Senate, in fact, I condone it. Instead of adhering to the original principles of the American Soybean Association plan, it uses a $35/acre payment, not to support farm income, but to buy down the price of soybeans, in effect, totally manipulating the market.

The original intention of the American Soybean Association plan deserved to be studied, it was good farm policy because it was long-term. However, the original has been twisted to conform to a 1-year nightmare for the soybean farmer. The net effect of what this body has done is to effectively reduce the income to the soybean farmer over the long term. I fear that the proposal will erode the market stability for soybeans, and it be hard pressed to ever recover.

The Senate, this responsible body must do what is fair for the soybean producer. The amendment being offered today is simply the right thing to do. Soybean producers deserve to have a minimum floor price as a form of protection. The amendment we offer today will provide this protection and prohibit such wide fluctuations in the marketplace for the future.

Unless we pass this amendment, starting with the 1986 crop of soybeans, the producers will not have a program whatsoever, while all other commodities shall have some form of market protection.

I urge my colleagues to do the right thing.

Mr. BUMPERS. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Three minutes.

Mr. BUMPERS. I yield 1 minute to the Senator from Alabama.

Mr. HEFLIN. Mr. President, my position is that the loan rate should not be disturbed. I would be opposed to this amendment if it had not been for the fact that you have had already an amendment that is part of the Dole package which is going to lower the loan rate to $4.38 a bushel.

Frankly, if it were up to me, I am not for lowering the loan rate whatsoever. But I must support this on the basis that it is better than what is now in the bill. In doing so, I do not want it

to be interpreted that I am in favor of a 5-percent reduction in the loan rate for soybeans in each year of the bill.

Mr. STENNIS Mr. President, will the Senator yield me a half-minute?

Mr. BUMPERS. I yield.

Mr. STENNIS. Mr. President, let me repeat that the important thing is that all this amendment does is to give the same treatment to soybeans, in view of forthcoming certain trouble, that we have already given grain, cotton, and rice in this bill. There is an impending calamity in soybeans.

It will be noted that those in this body who have had direct contact with the problems all agree that something more should be done. I am afraid that, as sure as we are here today, very grave trouble is going to occur to this one outstanding earning product that presently is in our favor in world trade.

I hope we let this go to conference, where there will be another chance to work out something that is fair—not to give anyone anything, but to keep soybean farmers from going broke and losing everything.

The PRESIDING OFFICER. Who yields time?

Mr. BUMPERS. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. One minute.

Mr. BUMPERS. Is the other side prepared to yield back the remainder of their time?

Mr. WILSON. Not until we have heard the devastating closing argument of the Senator from Arkansas.

The PRESIDING OFFICER. Who yields time?

Mr. WILSON. I yield to the Senator from Minnesota.

Mr. BOSCHWITZ. Mr. President, I respectfully disagree with my good friend, the senior Senator from Mississippi. The soybean program is somewhat different because of the direct payment of $35 or $50 an acre, whichever way you construe it. So it is somewhat different from the program for the feed grains, wheat, cotton, and rice.

Mr. STENNIS. Mr. President, if the Senator will yield, that is just for the current year, is it not—for 1985?

Mr. BUMPERS addressed the Chair.

Mr. FORD. If it is on their time, I would like to ask the Senator a question.

The PRESIDING OFFICER. Who yields time?

Mr. BUMPERS. Mr. President, right now, beans put into the loan program are without recourse. The farmer does not have to pay the loan back, he can forfeit his beans.

If the Senator from Nebraska is correct, spot price beans today are $4.35. That means even with a $35 an acre payment, farmers are going to spend $23 of that redeeming the loan; and because it is no longer, in effect, a recourse loan with the payment eligibility requirements, they have to pay it back.

So for $35 we try to buy their soul just like Faust. Faust said, "If you will just make me young again so I can have a few more years with this beautiful woman, then I will be willing to suffer in hell."

That is what we are doing, giving them $35, and next year and the year after, the pillage and the disaster occurs.

If you want to stabilize soybean prices, you should support this amendment and I believe soybean prices will have some immediate recovery. If you do not, you are telling every soybean farmer in this country goodbye.

The PRESIDING OFFICER. All time of the Senator from Arkansas has expired.

Mr. WILSON. Mr. President, with admiration for the metaphor of the Senator from Arkansas, if not his argument, I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California to lay on the table the amendment of the Senator from Arkansas.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. SIMPSON. I announce that the Senator from New Mexico [Mr. DOMENICI], the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], the Senator from Pennsylvania [Mr. SPECTER], and the Senator from Connecticut [Mr. WEICKER], are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Ohio [Mr. GLENN] is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 50, nays 44, as follows:

[Rollcall Vote No. 336 Leg.]

YEAS—50

Andrews	Hatfield	Murkowski
Armstrong	Hawkins	Nickles
Bingaman	Hecht	Packwood
Boschwitz	Heinz	Pell
Bradley	Helms	Proxmire
Chafee	Humphrey	Quayle
Chiles	Kassebaum	Roth
Cohen	Kasten	Rudman
D'Amato	Lautenberg	Simpson
Danforth	Laxalt	Stafford
Dole	Lugar	Stevens
Durenberger	Mathias	Symms
Evans	Mattingly	Trible
Garn	McClure	Wallop
Gorton	McConnell	Warner
Gramm	Metzenbaum	Wilson
Hatch	Moynihan	

NAYS—44

Abdnor	Exon	Matsunaga
Baucus	Ford	Melcher
Bentsen	Gore	Mitchell
Biden	Grassley	Nunn
Boren	Harkin	Pressler
Bumpers	Hart	Pryor
Burdick	Heflin	Riegle
Byrd	Hollings	Rockefeller
Cochran	Inouye	Sarbanes
Cranston	Johnston	Sasser
DeConcini	Kennedy	Simon
Denton	Kerry	Stennis
Dixon	Leahy	Thurmond
Dodd	Levin	Zorinsky
Eagleton	Long	

NOT VOTING—6

Domenici	Glenn	Specter
East	Goldwater	Weicker

So the motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion to table was agreed to.

Mr. COCHRAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HARKIN and Mr. COCHRAN addressed the Chair.

The PRESIDING OFFICER. The Senator from Mississippi.

AMENDMENT NO. 1135

(Purpose: To provide protection for buyers of farm products)

Mr. COCHRAN. Mr. President, I ask unanimous consent that the pending amendment be set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COCHRAN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Mississippi [Mr. COCHRAN] for himself Senators GARN, ANDREWS, BENTSEN, and MATTINGLY, proposes an amendment numbered 1135.

Mr. COCHRAN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The amendment is as follows:

At the end of the pending amendment, add the following:

On page 459, between lines 18 and 19, insert the following new section:

PROTECTION FOR BUYERS OF FARM PRODUCTS

SEC. —. (a) For purposes of this section:

(1) The term "buyer" in the ordinary course of business" means a person who, in the ordinary course of business, buys farm products from a person engaged in farming operations.

(2) The term "central filing system" means a system for filing effective financing statements or notice of such financial statement on a statewide basis under which—

(A) effective financing statements or notice of such financing statements are filed with the office of the secretary of state of a State;

(B) the secretary of state records the date and hour of the filing of such statements;

(C) the secretary of state compiles all such statements into a master list—

(i) organized according to specific farm products;

(ii) arranged within each such product in—

(I) alphabetical order according to the last name of the individual debtors or, in the case of debtors doing business other than as individuals, the first word in the name of such debtors; and

(II) numerical order according to the social security number of the individual debtors or, in the case of debtors doing business other than as individuals, the Internal Revenue Service taxpayer identification number of such debtors; and

(III) geographically by county;

(iii) containing the information referred to in paragraph 4(D);

(D) the secretary of state maintains a list of all buyers of farm products, commission merchants, and selling agents who register with the secretary of state, on a form indicating—

(i) the name and address of each buyer, commission merchant and selling agent;

(ii) the interest of each buyer, commission merchant, and selling agent in receiving the lists described in subparagraph (E); and

(iii) the specific farm products in which each buyer, commission merchant, and selling agent has an interest;

(E) the secretary of state distributes regularly as prescribed by the state to each buyer, commission merchant, and selling agent on the list described in subparagraph (D) a copy in written or printed form (or, where available, by means of an automated information retrieval system) of those portions of the master list described in paragraph (C) that cover the specific farm products in which such buyer, commission merchant, or selling agent has registered an interest;

(F) the secretary of state furnishes to those who register pursuant to (2)(D) of this Act oral conformation within 24 hours of any effective financing statement on request followed by written conformation to any buyer of farm products buying from a debtor, or commission merchant or selling agent selling for a seller covered by such statement.

(3) The term "commission merchant" means any person engaged in the business of receiving any farm product for sale, on commission, or for or on behalf of another person.

(4) The term "effective financing statement" means a statement that—

(A) is an original or reproduced copy thereof;

(B) is signed and filed with the secretary of state of a State by the secured party;

(C) is signed by the debtor;

(D) contains,

(i) the name and address of the secured party;

(ii) the name and address of the person indebted to the secured party;

(iii) the social security number of the debtor or, in the case of a debtor doing business other than as an individual, the Internal Revenue Service taxpayer identification number of such debtor;

(iv) a description of the farm products subject to the security interest created by the debtor, including the amount of such products and a legal description of the real estate concerned; and

(E) must be amended in writing similarly signed and filed, to reflect material changes;

(F) remains effective for a period of 5 years from the date of filing, subject to an extensions for an additional periods of 5 years and by refiling or filing a continuation statement within 6 months before the expiration of the initial 5-year period;

(G) lapses on either the expiration of the effective period of the statement or the filing of a notice signed by the secured party that the statement has lapsed, whichever occurs first;

(H) is accompanied by the requisite filing fee set by the secretary of state; and

(I) substantially complies with the requirements of this subparagraph even though it contains minor errors which are not seriously misleading.

(5) The term "farm product" means a specific agricultural commodity such as a type of crop or a species of livestock used or produced in farming operations, or a product of such crop or livestock in its unmanufactured state (such as ginned cotton, wool-clip, maple syrup, milk, and eggs), that is in the possession of a person engaged in farming operations.

(6) The term "knows" or "knowledge" means actual knowledge.

(7) The term "security interest" means an interest in farm products that secures payment or performance of an obligation.

(8) The term "selling agent" means any person, other than a commission merchant, who is engaged in the business of negotiating the sale and purchase of any farm product on behalf of a person engaged in farming operations.

(9) The term "State" means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Trust Territory of the Pacific Islands.

(10) The term "person" means any individual, partnership, corporation, trust, or any other business entity.

(11) The term "secretary of state" means the Secretary of State or the designee of the state.

(b) Except as provided in subsection (c) and notwithstanding any other provision of Federal, State, or local law, a buyer who in the ordinary course of busines buys a farm product from a seller engaged in farming operations shall take free of a security interest created by the seller, even though—

(1) the security interest is perfected; and

(2) the buyer knows of the existence of such interest.

(c) A buyer of farm products takes subject to a security interest created by the seller if—

(1)(A) Within 12 months prior to the sale of the farm products, the buyer has received from the secured party or the seller written notice of—

(i) the security interest, including—

(I) the name and address of the secured party and the seller; and

(II) a reasonable description of the property, including the jurisdiction in which the property is located; and

(ii) any payment obligation imposed on the buyer by the secured party as a condition for the waiver or release of the security interest; and (B) the buyer has failed to perform such obligation;

(2) in the case of a farm product produced in a State that has established a central filing system—

(A) the buyer has failed to register with the secretary of state of such State; and

(B) the secured party has filed an effective financing statement that covers the farm products being sold; or

(3) in the case of a farm product produced in a State that has established a central filing system, the buyer—

(A) receives from the secretary of state of such State written notice as provided in subparagraph 2(E) or 2(F) that specifies both the seller and the specific farm product being sold by such seller as being subject to an effective financing statement; and

(B) does not secure a waiver or release of the security interest specified in such effective financing statement from the secured party by performing any payment obligation or otherwise.

(C) The State shall determine under what circumstances receipt, as used in this Act shall be presumed.

(d)(1) Except as provided in paragraph (2) and notwithstanding any other provision of Federal, State, or local law, a commission merchant or selling agent who sells a farm product for others shall not be subject to a security interest created by the seller in such farm product even though the security interest is perfected and even though the commission merchant or selling agent knows of the existence of such interest, if the sale is made in the ordinary course of business.

(2) A commission merchant or selling agent who sells a farm product for others shall be subject to a security interest created by the seller in such farm product if—

(1)(A) within 1 year before the sale of such farm product the commission merchant or selling agent has received from the secured party or the seller written notice of—

(i) the security interest, including—

(I) the name and address of the secured party and the seller; and

(II) a reasonable description of the property, including the jurisdiction where the property is located; and

(ii) any payment obligation imposed on the commission merchant or selling agent by the secured party as a condition for waiver or release of the secured interest; and

(B) the commission merchant or selling agent has failed to perform such obligation.

(2) in the case of a farm product produced in a State that has established a central filing system—

(A) the commission merchant or selling agent has failed to register with the secretary of state of such state; and

(E) the secured party has filed an effective financing statement that covers the farm products being sold; or

(3) in the case of a farm product produced in a State that has established a central filing system, the commission merchant or selling agent

(A) receives from the secretary of state of such State written notice as provided in subparagraph 2(E) or 2(F) that specifies both the seller and the specific farm products being sold by such seller as being subject to an effective financing statement; and

(B) does not secure a waiver or release of the security interest specified in such effective financing statement from the secured party by performing any payment obligation or otherwise.

(C) the state shall determine under what circumstances receipt, as used in this Act, shall be presumed.

(e)(1) A security agreement in which a person engaged in farming operations creates a security interest in a farm product may require the person to furnish to the secured party a list of the buyers, commission merchants, and selling agents to or through

whom the person engaged in farming operations may sell such farm product.

(2) If a security agreement contains a provision described in paragraph (1) and such person engaged in farming operations sells the farm product collateral to a buyer or through a commission merchant or selling agent not included on such list, the person engaged in farming operations shall be subject to paragraph (3) unless the person—

(A) has notified the secured party in writing of the identity of the buyer, commission merchant, or selling agent at least 7 days prior to such sale; or

(B) has accounted to the secured party for the proceeds of such sale not later than 10 days after such sale.

(3) A person violating paragraph (2) shall be fined $5,000 or 15 percentum of the value or benefit received for such farm product described in the security agreement, whichever is greater.

(f) This section shall become effective 12 months after the date of enactment of this Act, except that, in the case of any State where the legislature does not meet in regular or special session within such 12 month period, this section shall become effective with respect to that State 60 days after the adjournment sine die of the next session of the legislature of such State. A security interest that attaches prior to the effective date of this section shall be exempt from this section for one year.

Mr. COCHRAN. Mr. President, this amendment is cosponsored by Senators GARN, ANDREWS, BENTSEN, and MATTINGLY. It is the so-called clear title amendment to the farm bill. For the information of Senators, this is the amendment that was considered by the Committee on Agriculture, and approved by an almost unanimous vote but then was referred as a separate bill to the Committee on Banking where hearings were held to review the proposal.

The Banking Committee has jurisdiction of that area of the legislative process involving the Uniform Commercial Code. This amendment is an effort to make uniform throughout the States the filing of financial statements as they relate to the protection of security interests in agriculture commodity transactions.

For some time, there has been concern on the part of those who sell and buy agriculture commodities that there is really no practical uniform way to determine whether a lender has a security interest in those commodities other than going through a very involved and expensive—sometimes a county-by-county and sometimes State-by-State—search of public records.

This amendment seeks to establish a greater degree of uniformity, make it less onerous and burdensome for buyers and sellers, and protect the interests at the same time of lenders who may have a security interest in the commodities, the crops, or the livestock being sold in commercial transactions throughout the country.

It establishes an alternative procedure for providing notice to those who deal in these commodities, notice of a prior end. Under the commercial code, as Senators may know, simply the filing of a financing statement in the county of the residence of the borrower, or the ultimate seller of the commodity, would be enough to give all potential purchasers notice of that security interest.

If they bought that commodity then they would buy it subject to the lender's interest. If the borrower had not paid his loan, they could end up paying twice for what they purchased under the assumption they were getting clear title even though they might have made an exhaustive search which did not provide them with actual notice of the security interest.

I hope that we have settled most of the concerns that have been expressed about this. It is true enough that this started out as a very controversial item in terms of its interpretation by the agriculture industry, and the lending institutions around the country. Both expressed concerns about the problem. We have tried to work them out. I think we by and large have satisfied most of those concerns.

I want to thank Senator GARN, the distinguished chairman of the Banking Committee, for his assistance in developing this amendment to be sure that it does some of the concerns that were expressed by those involved in making loans to farmers, and to those who secure those loans with mortgages or security interests on livestock or growing crops.

Mr. President, for the past 3 years the Congress has grappled with perhaps the most unfair and certainly the most non-uniform provision of the Uniform Commercial Code. I refer to the farm products exception of section 9-307(1), which is in effect in every State except for California.

Under the rules that generally governs commercial transactions, a buyer of goods in the ordinary course of business takes those goods, for example, a coat or an appliance, free of any security interest, however perfected by a lender. Even if all of the seller's inventory is subject to a debt that he owes to a lender and even if the buyer of goods is fully aware of that fact, the lender has no right against the purchaser. The lender's only recourse is against the seller to whom the money was lent.

But, under the farm products exception, the buyer of farm products such as grain or livestock does not, by virtue of this purchase, take that grain or livestock free from the lender's security interest. Instead, any buyer of farm products, be it a grain elevator company or the consumer purchasing a dozen ears of corn at a roadside stand, becomes a surety on the farmer's debt to the farmer's secured creditor. Should the farmer default on that debt, the secured party can successfully hold the buyer responsible to the extent of the secured party's interest in the collateral.

The buyer of consumer goods pays once. He pays that seller for his television and owns the television, and that is that. The buyer of farm products may have to pay twice. Once, to the farmer-seller from whom he obtains the livestock. And again to the farmer-seller's secured creditor should the farmer-seller not happen to make good on his debt. This risk of double liability is a unique and unhappy feature that governs all transactions in farm products.

This exception to the rule may have had some justification once in the special characteristics of farm loans, including the fear that, because of the fungible and rapidly movable nature of the lender's collateral, lenders might not make credit readily available to the agricultural community. The old rationales for the exception no longer exist. American agriculture no longer needs the farm products exception in order to obtain financing. Today, the exception frustrates the free flow of farm goods in commerce. Lenders now routinely ignore their farmer-borrowers to pursue the grain elevators, cattle auctioneers, and livestock packers and processors to whom the exception gives them easy access. The buyers of farm products, many of them already conducting business with low profit margins, find themselves "laboring under the contingent liability of the national farm debt," as one livestock processor has phrased it.

Nor can the buyers protect themselves by simply checking the lien records in the seller's State to determine if the goods are subject to a security interest. There is no such thing as a simple check: the record search often must be made in the seller's home county, wherever that may be; the records may be riddled with error; the buyers are under both time pressure to pay promptly (section 228b of the Packers and Stockyards Act mandates payment for livestock by the next business day) and volume pressure at harvest time. A "quick" search becomes an endless, exhausting procedure.

The States have recognized the inequity of putting the buyer of farm products in this position. They have, in recent years, sought to modify it as best they could on a State-by-State basis in the absence of any national guidance from the Permanent Editorial Board of the Uniform Commercial Code. The result has been chaos and nonuniformity.

One State—California—repealed the farm products exception in 1976, with no detectible diminution in California banks' willingness to make loans to farmers. Instead, lenders in California have protected themselves by notify-

ing potential buyers of the existence of their liens.

A few other States have exempted commission merchants and auctioneers from liability for selling farm products that are subject to a security interest, although that hardly shields the buyers from suits by the very same lenders seeking to recover from them. Many States have passed, and others are contemplating passing, some form of a central filing system to enable secured creditors to perfect their security interests in farm products. But what form will separate and independently developed central filing systems take? Each system has disparate features. None are the same in format and operation. Some States command buyers to require their sellers to give them the names of the sellers' secured creditors so that the buyers can make out checks jointly payable to the sellers and the lenders. Finally, some States require the lenders to "prenotify" the buyers of the lenders' security interests in agricultural products.

Some States have more than one version of these revisions of the exception. All States vary in the details of their laws. Many have tinkered with the laws on their books in 1983, and again in 1984, and again in 1985. This unceasing State action is undeniably intended to help the buyers of farm products. But it has, however unintentionally, increased rather than alleviated the uncertainty and jeopardy of those buyers of farm products who buy in more, and often many more, than one State. Each day that passes, with one additional change in one more State only makes matters worse.

The time has come to transform the farm products exception, but transform it on the national level. Fortunately, no issue remains with respect to Federal preemption or national override of State laws. All of the interested parties appear to agree that the only issue is not whether a Federal law should be passed, but what sort of Federal law it ought to be. The question is how to redefine the rights and liabilities of agricultural lenders and buyers and which provision that Congress might enact would best balance the competing interests at stake.

The farm products exception of the Uniform Commercial Code should be repealed and replaced with Federal guidelines that would take into account the legitimate concerns of lenders as well as buyers in an attempt to accommodate them. Continuing to leave this matter entirely to the States is an invitation to more nonuniformity in the code. We in the Congress need to act to vindicate, at the same time, important national interests in the fetterless financing of farmers, assuring an adequate flow of credit to the agricultural community, a need strongly asserted by the bankers, and important national interests in the unencumbered interstate marketing of crops and livestock to bolster farm sales and income, a need vigorously championed by the users of farm products. We, in the Congress, should take the lead to simplify, clarify, modernize, and make uniform the law governing commercial transactions, which section 1-102 (A) and (C) of the Uniform Commercial Code proclaims as one of the code's underlying purposes.

The code itself explicitly recognizes the prospect and even seems to invite the actuality of preemption in section 9-104(a) in which it renders article 9's security interest provisions inapplicable "to the extent that such statute (i.e., Federal Law) governs the rights of parties to and third parties affected by transactions in particular types of property." The Supreme Court in a 1979 decision, while deferring to "the ready made body of state" commercial law on security interests in the absence of Federal law, noted that the code would be ousted were Congress to determine what accommodation it wished to strike. See *United States* v. *Kimbell Foods*, 440 U.S. 715, 740(1079). The Congress has, on numerous occasions, enacted statutes that contravened or otherwise displaced the code, with the code incorporating many of them, particularly those involving the recording and filing or security interests in certain forms of property; for example, bills of lading, railroad rolling stock, certain commerical motor vehicles, aircraft and some of their major replacement parts, federally protected copyrights, and patents.

Congress' displacement of various provisions of the code has accelerated somewhat in recent years; for example, Packers and Stockyards Act trust in 1974, Magnuson-Moss warranties in 1975, Perishable Commodities Act trust and grain elevator bankruptcy claims both in 1984. This has paralleled Congress' increasing ventures in the field of banking regulation in restricting the operation of State consumer credit rules, usury laws, and due-on-sale mortgage clauses. The pace of preemption has quickened in the 1980's whenever Congress has become convinced—as it has in this instance—that the concrete force of substantial national concerns should supplant the vagaries and nonuniformity of State law.

The problem then is how to arrive at a solution that, while rejecting the status quo of the exception in its present form as unacceptable because it tilts too much in favor of the lenders to the serious detriment of buyers, nontheless maintains some equitable balance of responsibility between lenders and buyers of farm products to ensure that the farm products lien is satisfied. The multiple State variations on the basic farm products exception are no answer, especially as they continue to multiply in ever-intensifying complexity.

The Senate Agriculture Committee reported a bill, S. 744, which I introduced, that would delete the farm products exception, but still permit lenders to protect their security interests by choosing to pre-notify potential buyers of the lenders' security interests on a routine basis well in advance of any sales. This would occur after the lenders required from their creditor-sellers, as part of the loan application, a list of each seller's likely buyers. The buyer's only burden, upon receiving written notice from a lender that describes the collateral sufficiently to permit the buyer to relate specific farm products to the lender's security interest, would be to retain all the notices received in some accessible form and consult those records at times of purchase in order to make joint-payee arrangements. If there were no such lender pre-notification or if the buyer complied with the requirements of that notice, the buyer would take the farm products free from any double jeopardy. No longer would buyers have to fear belated claims by lenders requiring them to pay twice for the same products previously bought from the sellers.

The House passed farm bill contains provisions essentially comparable to S. 744. The provisions of S. 744, however, have not received the support of lenders nationwide. They express concern that adequate lien protection is not provided because all potential buyers may not readily be identified.

But an alternative proposed in the Garn-Andrews amendment to S. 744 is not supported by agriculture because of its uncertain impact on buyers' ability to determine the existence of all liens. The Garn-Andrews proposal calls for adding to the possibility of lender pre-notification to the buyer, contained in S. 744, open-ended authorizing of lender protection through compliance with State central registration and buyer notification systems, whatever their detailed provisions may be. There is no attempt to specify the basic prerequisites of a central filing system. If a State called its system "central registration," that would apparently suffice, whether or not the buyer would in fact receive actual notice of a lien before he had to pay the seller. Providing only for buyer notification could allow placing the entire burden of inquiry, however, unmanageable that burden may be, upon the buyer as some State systems now do.

Reliance upon central filing systems to deliver the lender's notice to the buyer can be effective and efficient, provided that the central filing system contains certain features designed to avoid the difficulties created by many such systems that tend to favor the

lender at the expense of the buyer. In those cases where States want a central filing system, I support a system that would protect the lender from the loss of his collateral but would also address the buyer's operating problem of obtaining notice of all liens, without making the seeking of such notice time-consuming, costly, cumbersome, uncertain, and potentially misleading. I would not permit the buyer to completely walk away from farm product liens, but neither would I require the buyer to suffer all of the inadequacies latent in central filing systems that have no defined characteristics.

The answer I propose is to refine the Garn-Andrews amendment by clearly defining a central filing/central notice system. My solution would impose upon lenders the relatively simple burden of filing financing statements with the office of the Secretary of State, or the designee of the State, in any State in which lenders anticipated their creditors might sell their products and impose simultaneously upon the buyers the relatively simple burden of registering to receive a State-compiled printed and carefully indexed list of those statements and of locating the relevant statements in the list prior to purchase, much as store salespersons check lost, stolen, or lapsed credit card lists before ringing up a sale.

The concept is clear and uncluttered, but its details are crucial to its successful replacement of the current exception. The financing statements that lenders would have to file with the State office in order to protect their liens would have to be signed by both parties and include certain information that is in every way comparable to, if not identical with, the information that lenders have to file under article 9-402 (1) and (3) of the Uniform Commercial Code in order to perfect security interests in nonfarm products. Those items of information include the name and address of both the secured party and the debtor-farmer; the debtor-farmer's social security number if an individual or internal revenue service taxpayer number if doing business otherwise than as an individual; and a description of the farm products in question by amount and legal description of their location.

Because the buyer would have to rely completely upon the accuracy of this data when he searches the State-compiled lists prior to purchase, it is only appropriate to place the risk of any error that might escape the attention of a reasonably diligent buyer upon the lender. The accuracy and completeness of lien information has proven to be a constant thorn in the side of buyers in many State so-called central filing systems that make the buyers shoulder those risks. It is often hard to link the vaguely identified owners of farm products with essentially homogeneous commodities—especially grains—particularly if the seller is anxiously idling his truck outside the office or the 24-hour livestock payment rule is in effect.

In return for the lenders' commitments to file accurate financing statements and to update them, as needed, to reflect material changes, such as the addition of further commodities or the satisfaction of the obligations, the buyers would be required to register with all the State offices in States where their sellers might have borrowed to receive monthly State-compiled master lists of security interests on file with respect to specific farm products. The buyer would further have to review those lists with care before making any purchases to ascertain whether their sellers had any outstanding, unsatisfied security interests. If the master lists accurately disclosed them, buyers would take subject to them as under the existing farm products exception.

Unlike most central filing systems now in operation, buyers would not have to undertake the time-consuming and difficult task of conducting in person searches of county or State records in an often impossible effort to locate outstanding liens. Instead, the buyers would have to register to receive the State lists and would have to scrutinize those lists carefully upon receipt and prior to purchase. If they failed to register, they would purchase farm products subject to any lien on file in an effective financing statement. Buyers would not be permitted to be passive, but they would not be required to be hyperactive either.

I recognize that the establishment of central filing systems that comply with my amendment may take some time to accomplish. My suggestion for dealing with the timing question is to delay implementation of the entire nationwide overhaul of the farm products exception for 1 year from the enactment of the farm bill. Three hundred and sixty-five days thereafter the exception would be abrogated in favor of a system in which buyers take farm products free of liens unless they fail to either (1) satisfy seller obligations of which they were prenotified in advance or (2) register with State central systems that comply with statutory standards, while lenders file the requisite financing statements covering the products at stake or (3) obtain waiver or release of security interests spelled out in master lists that they have received from the State.

Mr. President, my solution to the problem of developing an approach that best balances the interest and concerns of buyers and lenders is to allow States to choose between two systems, but specifically define the alternatives to establish maximum uniformity, effectiveness, and efficiency.

I believe my amendment is a good compromise that addresses the basic concerns of buyers and lenders. It does not completely satisfy buyers or lenders but compromises never do provide complete satisfaction to all parties.

Mr. President, I urge my colleagues to support this amendment.

Mr. GARN. Mr. President, after a review of the clear title issues to be resolved by S. 744, I recognized that buyers of farm products are placed in a difficult situation under the UCC—in some States they must search for liens county by county, occasionally pay within 24 hours of purchase, and risk having to pay for the same products twice if a lien was missed. Nevertheless I believed the proposal needed to become more balanced. Senator ANDREWS and I proposed an amendment which would have:

First, alleviated the burden of lien searches by buyers;

Second, minimized the potential of double jeopardy buyers currently face;

Third, given States the flexibility to adopt a balanced approach to clear title within limited Federal guidelines; and

Fourth, prevented the likelihood of farmers being denied credit because a lender would evaluate a loan as unsecured.

In short, I sought to achieve a common ground among farmers, lenders and buyers and balance the need for uniformity with States' rights to flexibility to solve problems unique to their local market.

In the interest of achieving more workable uniform system and in the true spirit of compromise, the Senator from Mississippi proposed more specificity. As the Senator and I and our staffs have discussed these issues, the distinguished Senator from Mississippi has sought to accommodate many, if not all of the concerns which I first raised.

In the last several hours, questions of a technical nature have been presented to me and my staff. In our discussions, it is clear that we both realize that many of the matters contained in the Uniform Commercial Code are highly technical and interrelated.

In the event real technical problems are presented, would the Senator and his staff be willing to work with me and my staff to make sure that the provisions of the proposal of the Senator from Mississippi are operational and technically correct—both before and during conference?

Mr. COCHRAN. Yes, as the Senator stated, my objective is to resolve the double jeopardy problem and create uniformity. Without question the more limited State alternatives contained in my bill must be operational. I would be delighted to work further with the Senator from Utah, to resolve

any technical problems which may arise either before or during conference.

Mr. GARN addressed the Chair.

The PRESIDING OFFICER. The Senator from Utah.

Mr. GARN. Mr. President, I will only take a moment, and certainly not add to what the distinguished Senator from Mississippi has outlined. He has described the amendment very well. It is not exactly what I would like or what he would have liked. But under the circumstances I think it is a very good compromise between two very divergent viewpoints, not ours—groups out there in the agricultural community. I think it is a very, very good compromise to solve a lot of problems, and therefore, I support it.

Mr. COCHRAN. Mr. President, I want to thank Senator ANDREWS and Senator BENTSEN for their assistance in the development of the language of this amendment.

Mrs. KASSEBAUM. Mr. President, I would like to outline briefly my thoughts on this issue of "clear title" for buyers of farm products. This is a complicated issue which is critically important for one very fundamental reason—the cost of any system we might devise will ultimately be borne by our struggling farmers. It is for this reason that I believe, if we determine that a Federal preemption is necessary, we must take care to ensure that the system we establish is the least costly and most efficient.

Most Members have struggled with this issue, trying to find a solution to a complex problem. Nearly every Member of the Senate is obligated to represent farmers, farm product buyers, and farm lenders. Because of the debate and polarization this issue has engendered, none of us have relished the opportunity to vote for or against important constituencies.

My friend from Mississippi, Senator COCHRAN, and the chairman of the Banking Committee, along with others, have worked diligently and responsibly to find that elusive middle ground where we all might stand together. I applaud those good faith efforts. I believe it is possible to protect the interests of the lender in a secure loan, the interests of a buyer in clear title, and, most importantly, the interests of the farmer in receiving affordable credit and a fair price in the marketplace.

Mr. President, the proposal now before us is not unreasonable. It is, however, very complex and detailed. It preempts State law and mandates instead two different alternatives. First, a State may accept the prenotification provisions included in S. 744. Second, a State may choose to establish a technologically elaborate central filing system which includes a buyer registration provision. Under this latter option, lenders would file financing statements at the State level, the State would organize those statements according to several criteria, and buyers would receive from the State a list of all lien filings for a particular farm product.

My concern, Mr. President, is not that this proposal is unreasonable in concept. My fear is that it is unworkable in practice. Kansas has one of the most sophisticated central filing systems in the country today. By January 1986, 24-hour telephone service will be available. In addition, buyers can request and can receive lien filing by ZIP Code. Kansas has been perfecting this system since 1983 and I believe the Kansas Secretary of State's office has a wealth of experience in this field which we may lack.

The reaction of the Kansas Secretary of State to this proposal has been strong. It will be costly, burdensome, and technologically difficult. No State in the Union has this system or anything similar. No one really knows how this central filing system may work in practice, how courts may define provisions which differ from current UCC language, or the overall cost of such a system. At the very least, we should take care to devise a system which retains as much of exiting statutory and case law as possible. Creating brand new Federal law, with little or no legislative history or hearings on major provisions, may well lead to unforeseen problems and a need to revisit this issue.

Mr. President, I sympathize with the double jeopardy risk faced by farm product buyers. Perhaps simply shifting that risk to the lender would be preferable. I am willing to find and support some reasonable sharing of that risk, and have made efforts in that direction. However, I do not believe this proposal is the answer.

Our effort should try to preserve those choices which have evolved at the State level while encouraging more uniformity nationwide. After listening to the concerns of those who must administer any central filing system and considering the potential impact of this proposal on farmers and farm credit, I must reluctantly oppose this amendment. Surely, given better information and more time, we can do better.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator form Iowa.

Mr. HARKIN. Mr. President, I believe I rise in support of this amendment. However, I have not seen the final product. I was the author of clear title bill in the other body in the last Congress. I was a cosponsor of the clear title bill that was introduced by the Senator from Mississippi earlier this year which has been referred to the Agriculture Committee.

What I would like to inquire of the Senator from Mississippi is, are there any changes in this amendment just offered from what was in the clear title bill that the Senator introduced earlier this year, of which I was a cosponsor?

Mr. COCHRAN. Mr. President, if the Senator will yield——

Mr. HARKIN. I am delighted to yield.

Mr. COCHRAN. The changes that have been made are three: First of all, S. 744 is introduced providing simply for a repeal of the agriculture exception in the Uniform Commercial Code and would have treated the purchase of agriculture commodities the same as the purchase of any other personal property such as a bicycle, appliances, or clothes from a store. The purchaser would take title free and clear from any security interest; period.

Mr. HARKIN. Which, if I might interrupt, is, I believe, what we ought to be doing.

Mr. COCHRAN. The House did that. The other body included in the agriculture bill such a provision. Here we encountered requests for reexamination of that, and we felt that arguments were being made that had merit. Some States, for instance, had developed a central filing system for lands. It was thought that it would be appropriate to find an alternative way of giving notice.

The House provided for an actual notice procedure called "prior notification." We included that in the bill, but we have also added the alternative of a central filing system that may be developed by a State under which both lenders and purchasers of agricultural commodities can determine, by using the service, whether or not there is land for growing crops or livestock.

Third, the bill as originally proposed provided that lenders would pay the cost of this State service or central system. That has been changed in this amendment so that the amendment is silent as to who has to pay the expense of operating and using the service.

That can be assessed by a State as it sees fit. We do not pretend to tell them how to pay for the operation of the service.

Mr. HARKIN. Mr. President, I appreciate the explanation by the distinguished Senator from Mississippi.

I do not have any real opposition to any of those changes, except I would just raise the specter of a problem with having a dual system of central filing and notification. Perhaps this can be worked out in conference. I am hopeful that it could be. But I think, if something like that were to go forward on a two-track system like that, you are going to have more problems than you have with the system we presently have.

I understand what is necessary to get this thing moving and I compli-

ment the Senator from Mississippi for his diligent efforts in this regard.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment.

The amendment (1135) was agreed to.

Mr. COCHRAN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ZORINSKY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DECONCINI. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1136

(Purpose: To authorize the Secretary of Agriculture to conduct demonstration projects to promote the development of critical agriculture materials)

Mr. DECONCINI. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Arizona [Mr. DECONCINI], for himself and Mr. BENTSEN, proposes an amendment numbered 1136.

Mr. DECONCINI. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, add the following:

"On page 301, between lines 11 and 12, insert the following new section:

CRITICAL AGRICULTURAL MATERIALS

SEC. . (a) Section 5(b)(9) of the Critical Agricultural Materials Act (7 U.S.C. 178c(c)(9) is amended by inserting ", carrying out demonstration projects to promote the development or commercialization of such crops (including projects designed to expand domestic or foreign markets for such crops)," after "purposes,".

(b) Section 5 of such Act is amended by adding at the end thereof the following new subsection:

"(d) Not withstanding any other provision of law, in carrying out a demonstration project referred to in subsection (b)(9), the Secretary may—

"(1) enter into a contract or cooperative agreement with, or provide a grant to, any person, or public or private agency or organization, to participate in, carry out, support, or stimulate such project;

"(2) make available for purposes of clause (1) agricultural commodities or the products thereof acquired by the Commodity Credit Corporation under price support operations conducted by the Corporation; or

"(3) use any funds appropriated pursuant to section 16(a), or any funds provided by any person, or public or private agency or organization, to carry out such project or reimburse the Commodity Credit Corporation for agricultural commodities or products that are utilized in connection with such project.".

Mr. DECONCINI. Mr. President, my amendment would authorize the Department of Agriculture to conduct demonstration projects to promote the commercialization of developmental industrial crops. Under my amendment the Department of Agriculture would be able to contract with farmers to produce developmental industrial crops and then pay them for growing these crops with surplus commodities from the Commodity Credit Corporation inventory.

With the approval of this amendment the Department of Agriculture will be able to test the commercial feasibility of growing and pulping kenaf fiber in three to four geographical locations. Kenaf is a woody fiber plant which can be used in manufacturing newsprint. Currently there are a number of existing newsprint manufacturing facilities experiencing shortages of pulping materials. Price increases in imported newsprint has caused renewed interest in kenaf. Also, research has demonstrated that existing pulping mills can process kenaf with little alteration to the manufacturing facility. There have only been limited demonstration projects in the past because until now economic conditions have not warranted expansion of the kenaf industry.

This amendment will allow the Department of Agriculture, if it chooses, to contract with farmers who would otherwise produce cotton, to produce kenaf. The farmers would then be paid for growing kenaf with surplus cotton from the CCC inventory.

This demonstration project will open the door for other industrial-type crops to be trialed in the same manner, which could lead to their commercialization. Commercialization of industrial crops would benefit nearly all of the Nation's agricultural areas. Besides the woody fiber, kenaf, other agricultural crops including guayule, a natural rubber, and jojoba, an industrial oil, can be grown in the arid Southwest. Carambe, which is an oil producing plant, can be grown in the major production areas of the Midwest, South, and Southwest, the same areas in which the soybean is grown.

Mr. President, these demonstration projects are needed to prevent increased U.S. dependence on other nations for a broad range of materials, many of which are of strategic importance to the United States. Many of these products are or could be agriculturally produced in the United States and used as an industrial materials.

The Department of Agriculture must be able to facilitate the commercialization of new crops to replace those that are chronically in surplus by sharing with individuals, businesses, or organizations the capital and technological risks associated with testing new enterprises. Because it is now economically feasible to move from research and development to commercialization of these industrial crops, this amendment is very timely. I urge my colleagues to join me in support of this amendment.

Mr. President, this amendment will authorize the Department of Agriculture to contract with individual businesses or organizations to grow new industrial-type crops in place of crops currently grown under any program. It is at the discretion of the USDA and it is a demonstration project. There is no cost involved.

Mr. President, I am advised that both sides, the chairman of the Agriculture Committee and the ranking members, have agreed to this amendment. I move its adoption.

The PRESIDING OFFICER. Is there further debate?

Mr. COCHRAN. Mr. President, has the Senator completed his statement?

Mr. DECONCINI. Mr. President, I have yielded the floor.

Mr. COCHRAN. Mr. President, the amendment is designed to authorize the Secretary of Agriculture to conduct demonstration projects to promote the development of critical agricultural material.

There is no objection to the amendment on this side.

Mr. ZORINSKY. Mr. President, the amendment offered by the Senator from Arizona [Mr. DECONCINI] authorizes the Secretary of Agriculture to carry out demonstration projects that will lead to domestic production of materials critical to the national interest.

The amendment specifically authorizes the Secretary to support demonstration projects that develop new industrial-use crops, such as kenaf—a product used in manufacturing newsprint. Under the amendment, the Secretary can obtain the critical material in one of two ways. They can be purchased with cash, or the Secretary can pay the grower of the critical material in kind, using agricultural commodities, or the products thereof, acquired by the Commodity Credit Corporation under price support operations.

We find the amendment acceptable and urge its adoption.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment.

The amendment (No. 1136) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DECONCINI. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ABDNOR. Mr. President, I ask unanimous consent that the pending amendment be temporarily laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1137

(Purpose: To provide feed for livestock to producers in disaster areas when there is a shortage of feed in such areas)

Mr. ABDNOR. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from South Dakota [Mr. ABDNOR] for himself, Mr. PRESSLER and Mr. MELCHER, proposes an amendment numbered 1137.

Mr. ABDNOR. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the pending amendment, add the following:

On page 459, between lines 18 and 19, insert the following new section:

EMERGENCY FEED ASSISTANCE

SEC. 1927. Section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by inserting after the fifth sentence the following new sentence: "Notwithstanding the foregoing provisions of this section relating to the authority of the Commodity Credit Corporation to make available to certain persons in certain areas during emergencies feed for livestock, the Commodity Credit Corporation (1) may make such feed available to such persons in areas in which feed grains are normally produced and normally available for feed purposes, but in which they are unavailable because of a catastrophe described in the fourth sentence of this section, (2) may make such feed available to such persons through feed dealers in the area, (3) shall make such feed available at a price not less than the price prescribed in the fourth sentence of this section, and (4) shall bear any expenses incurred in connection with making such feed available to such persons under this sentence, including transportation and handling costs.".

Mr. ABDNOR. Current law under this program, permits the Secretary of Agriculture to provide CCC stocks through feed dealers to livestock producers in such areas at a price equal to 75 percent of the county loan rate.

But what happens when a feed dealer does not have any supplies of feed due to the drought? Presently, livestock producers in South Dakota drought areas must travel in some cases hundreds of miles to feed dealers who have feed stocks. The cost of transportation incurred by these livestock producers totally offsets the benefits and intended purpose of this well-intentioned program.

In the event feed dealers and livestock producers find themselves in this dilemma, my amendment would have the Commodity Credit Corporation provide feed to these producers through local feed dealers and pay necessary transportation and handling costs. As in current law, this feed at this price is to be provided only to producers who need such assistance in the preservation and maintenance of foundation herds, including producing dairy cattle.

Mr. President, it is no secret that we have had a very severe drought in the State of South Dakota. It is a result of this drought, feed supplies are scarce—if not nonexistant—in some localized areas. Strange as it may seem one-half of South Dakota had an abundance of moisture, while the other half was devastated by drought, grasshoppers, and range fires. Cattlemen in disaster areas are now in great danger of losing their foundation herds because they lack feed to winter their stock. The crisis has been intensified by unusually heavy snowfalls totally covering what standing forage still remained.

The western part of South Dakota has been declared disaster area and is eligible for the Emergency Feed Assistance Program.

An added benefit of making this program viable is that we are utilizing stocks of low quality or damaged grain. As you know, the Federal Government is currently making storage payments on this grain and the removal of it from storage could result in considerable savings.

Mr. President, it would be good business to bring this grain into disaster areas and sell it under this program. I think that this is prudent legislation and would benefit the people in drought disaster areas.

At present, they either have to dispose of their cattle or pay outrageous feed and transportation costs. I urge my colleagues to give those hard-pressed farmers and ranchers a chance by making this program fair and viable.

The PRESIDING OFFICER. Is there further debate?

Mr. HELMS. Mr. President, as I understand it, this amendment would change current law by requiring the Secretary to provide transportation expenses under the livestock feed program. It is not cost neutral.

Producers who receive emergency feed assistance already get feed at discounted rates. The problem comes when the discount is outweighed by the costs of transporting the feed from the CCC storage area to where the cattle are located.

Mr. President, I am not sold on the idea of emergency feed in the first place because it harms feed producers who would be more than willing to sell feed to these people.

However, if we are going to provide a program, it should be workable and in this light I support the amendment.

Mr. ZORINSKY. Mr. President, we have examined the amendment and we have no objection to it.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment.

The amendment (No. 1137) was agreed to.

Mr. ABDNOR. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ZORINSKY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Idaho.

Mr. HARKIN. Mr. President, I ask unanimous consent that the pending amendment be laid aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARKIN. I thank the Chair.

Mr. President, after all this time debating amendments such as honey, sugar, soybeans and everything else, all of which are important and meaningful amendments, I think the time has come to begin laying down the amendment dealing with the referendum issue and whether or not we are going to give farmers the right to vote in a national referendum as to what kind of farm program they want.

This is an idea, I believe, whose time has come. It is a concept that was born and nurtured here within the beltway of the city of Washington, DC. It was indeed an idea that was born out in the corn fields and the wheat fields, the soybean fields and the cotton fields around this country.

A couple of years ago farmers began having meetings by themselves all over the Midwest trying to decide what they wanted in a farm program.

What came out of this were larger meetings deciding what kind of forms a new direction in farm legislation had to take.

They recognized then, as I think we all recognize now, that the farm policies of the past have failed us: huge surpluses, tremendous Government outlays, farmers going broke.

So the farmers came up with the concept of having a referendum, a vote, on a program that would bind them all together in a cooperative way to bring supply in line with demand.

So this is not an idea that came from the committees nor from Government bureaucrats.

It is an idea that came from the farmers themselves. Mr. President, given the actions of this body in recent days, I think we must acknowledge that our wheat and/or corn farmers now face a desperate situation. Our actions here have taken away what little hope they had left.

Just as important is just what has gone so wrong with U.S. agricultural policies that one-third of the farmers in my State of Iowa are in the words of an Iowa State University study "slipping toward insolvency."

I want to underscore that it is not just Iowa farmers who are being forced off their land—land that has

been worked by their fathers and grandfathers. Another recent study concluded that if farm income continues to fall, 1 of every 4 acres of farmland in the Midwest will end up on the auction block.

Spending for agricultural programs has quadrupled in the past 5 years and yet the heartland of this country is undergoing a social and financial upheaval as wrenching as during any time of the Great Depression.

We do not need the Vice President to go out to Iowa to listen to what is happening. We need this administration to recognize their farm programs for what they are—colossal failures. The time for listening passed us long ago. We need leadership. And frankly, I think many of us are fed up with the kind of leadership we have been getting out of the White House which to date has consisted almost solely of veto threats for what we might do here.

We need to take a new direction in our agricultural policies. And it is clear that the direction this farm bill is going is the wrong direction. The farm bill pending before us will not begin to solve the economic crisis facing rural America and will, in fact, further contribute to its economic decline.

Efforts to bring the bill in line with the budget, expecially the 1-year target price freeze with 5 percent reductions thereafter for feed grains can only be characterized as disasterous. Over the 4-year life of this bill, the majority leader's amendment would mean a loss of over $1.1 billion just to Iowa corn farmers. Given the fragile financial condition of many of the farmers in my State and the dismal outlook for farm income under this administration, a farm bill which cuts farm income will doom thousands of hard working family farmers.

Mr. HELMS. Mr. President, will the distinguished Senator yield?

Mr. HARKIN. I shall be glad to yield, Mr. President.

Mr. HELMS. I wonder if we might contemplate a time agreement on this amendment?

Mr. HARKIN. I do not have any objections to a time limit that would afford me time not only to finish my statement but for other Senators to speak who indicated to me they wanted to speak on it, and then provide me a short opportunity perhaps to respond to any comments there might be from the other side. I would think an hour on each side would be fine and, obviously, if they do not come to speak, I would be glad to yield back whatever time I have remaining.

Mr. HELMS. As I understand it, Mr. President, the Senator himself will need about a half hour and he is asking for the additional half hour to cover the possibility that other Senators he and I discussed may want to enter into the debate.

Mr. HARKIN. Yes, Mr. President, because I do not know how long it is going to take for my statement. I know I have a statement I want to make and put in the RECORD. It may not take me a half-hour, I do not know.

Mr. HELMS. Mr. President, let us start with that, an hour on each side, with the understanding that we shall do our best on both sides to accelerate it.

I ask unanimous consent that the amendment to be called up by the Senator from Iowa have a time limit of 2 hours equally divided, with the understanding, of course, that both sides may not use nearly that much time.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered.

Mr. HELMS. I thank the Senator from Iowa.

Mr. HARKIN. Mr. President, I thank the Senator, and I shall try to yield back any time, of course.

Mr. President, I send the amendment to the desk.

AMENDMENT NO. 1138

(Purpose: To establish producer-approved wheat and feed grain programs)

The PRESIDING OFFICER (Mr. GORTON). The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Iowa [Mr. HARKIN] proposes an amendment numbered 1138.

At the end of the pending amendment, add the following: In the engrossment of S. 1714, the enrolling clerk is directed to make the following changes:

On page 71, strike out line 4 and all that follows through line 4 on page 81.

On page 81, line 9, strike out "407" and insert in lieu thereof "401".

On page 81, line 15, strike out "paragraphs (2) and (3)" and insert in lieu thereof "paragraph (2)".

On page 81, strike out line 23 and all that follows through line 7 on page 82.

On page 82, strike out lines 8 through 11 and insert in lieu thereof the following:

"(2)(A) Except as provided in subparagraph (B), the loan and purchase level determined under paragraph (1) shall—".

On page 83, line 15, strike out "(4)" and insert in lieu thereof "(3)".

On page 83, line 22, strike out "(3)" and insert in lieu thereof "(2)".

On page 83, line 24, strike out "(3)" and insert in lieu thereof "(2)".

On page 84, line 9, strike out "(5)" and insert in lieu thereof "(4)".

On page 85, line 10, strike out "(4)" and insert in lieu thereof "(3)".

On page 85, strike out lines 21 through 23.

On page 85, line 24, strike out "(D)" and insert in lieu thereof "(C)".

On page 88, line 1, strike out "(E)" and insert in lieu thereof "(D)".

On page 88, strike out lines 9 through 17 and insert in lieu thereof the following:

"(E) The established price for a crop of wheat shall not be less than—

On page 88, line 24, strike out "(H)" and insert in lieu thereof "(F)".

On page 89, line 4, strike out "(I)" and insert in lieu thereof "(G)".

On page 92, lines 3 and 4, strike out "For any crop of wheat for which marketing quotas are not in effect, the" and insert in lieu thereof "The".

On page 93, lines 6 and 7, strike out "for which marketing quotas are not in effect".

On page 93, line 13, strike out "(i)".

On page 93, line 14, strike out "for which marketing quotas are not in effect".

On page 93, line 19, strike out "(ii)" and insert in lieu thereof "(B)".

On page 94, line 1, strike out "(iii)" and insert in lieu thereof "(C)".

On page 94, line 7, strike out "(iv)" and insert in lieu thereof "(D)".

On page 94, strike out lines 11 through 16.

On page 95, lines 22 and 23, strike out "for which marketing quotas are not in effect".

On page 101, line 20, strike out "program, set-aside program, or marketing quotas" and insert in lieu thereof "or set-aside program".

On page 105, line 19, strike out "408" and insert in lieu thereof "402".

On page 106, line 8, strike out "409" and insert in lieu thereof "403."

On page 106, strike out lines 14 through 23 and insert in lieu thereof the following:

SUSPENSION OF MARKETING QUOTAS AND PRODUCER CERTIFICATE PROVISIONS

SEC. . Sections 331, 332, 333, 334, 335, 336, 338, 339, 379b, and 379c of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1331–1336, 1338, 1339, 1379b, and 1379c) shall not be applicable to the 1986 through 1989 crops of wheat.

SUSPENSION OF QUOTA PROVISIONS

On page 106, line 24, strike out "411" and insert in lieu thereof "405".

On page 107, line 7, strike out "412" and insert in lieu thereof "406".

On page 130, after line 22, insert the following new title:

TITLE —PRODUCER-APPROVED WHEAT AND FEED GRAIN PROGRAMS REFERENDA AND PRODUCTION ACREAGES, MARKETING CERTIFICATES, AND MINIMUM LOAN RATES FOR THE 1986 THROUGH 1989 CROPS OF WHEAT AND FEED GRAINS

SEC. . Effective only for the 1986 through 1989 crops of wheat and feed grains, title V of the Agricultural Act of 1949 (7 U.S.C. 1461 et seq.) is amended to read as follows:

"TITLE V—REFERENDA AND PRODUCTION ACREAGES, MARKETING CERTIFICATES, AND MINIMUM LOAN RATES FOR THE 1986 THROUGH 1989 CROPS OF WHEAT AND FEED GRAINS

"WHEAT AND FEED GRAINS REFERENDA

"SEC. 501. (a)(1) The Secretary shall conduct a referendum by secret ballot of wheat and feed grain producers every 2 years to determine whether they favor or oppose the national marketing certificate program established under this title.

"(2) In the case of each of the 1986 and 1987 crops, the referendum shall be conducted as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985, but not later than February 1, 1986.

"(3) In the case of each of the 1988 and 1989 crops, the referendum shall be conducted not later than July 1, 1987.

"(b)(1) Any producer on a farm with a wheat or feed grain crop acreage base of 15

or more acres for the then current crop, as determined under section 107D or 105C, shall be eligible to vote in a referendum.

"(2) For the purposes of this section. the term 'producer' shall include any person who is entitled to share in a crop of the commodity, or the proceeds thereof, because the person shares in the risks of production of the crop as an owner, landlord, tenant, or sharecropper.

"(3) A landlord whose return from the crop is fixed regardless of the quantity of the crop produced shall not be considered a producer.

"(c)(1) The Secretary shall proclaim the results of any referendum held under this section within 15 days after the date of such referendum.

"(2) If the Secretary determines that 60 percent or more of the producers of wheat and feed grains (including 50 percent or more of the producers of wheat and 50 percent or more of the producers of feed grains) voting in the referendum are in favor of the implementation of a national marketing certificate program, the Secretary shall proclaim that a national marketing certification program will be in effect for—

"(1) with respect to the referendum held not later than February 1, 1986, the 1986 and 1987 crops of wheat and feed grains; and

"(2) with respect to the referendum held not later than July 1, 1987, the 1988 and 1989 crops of wheat and feed grains.

"(d) If marketing certificates are not approved by producers in a referendum conducted under this section with respect to any crop of wheat or feed grains, in lieu of a national marketing certificate program for that crop, the Secretary shall provide such loans, purchases, payments, and other assistance to producers of wheat and feed grains as is provide for in sections 107D and 105C.

"NATIONAL MARKETING CERTIFICATE PROGRAM FOR WHEAT

"SEC. 502. (a)(1) Notwithstanding any other provision of this Act, if a national marketing certificate program for a crop of wheat is approved under section 501, the Secretary shall make available to producers on each farm loans and purchases for such crop of wheat for a quantity of wheat produced on the farm equal to—

"(A) the individual farm program acreage for the crop, as determined under subsection (d) or (f) of section 107D (as limited under subsection (c)); times

"(B) the program yield of the farm for the crop of wheat, as determined under 107D(e).

"(2) Loans and purchases shall be made available during the marketing year for any such crop of wheat at such level as the secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat, except that the level of wheat loans and purchases for any such marketing year may not be established at less than the higher of 70 percent of the parity price or $4.86 per bushel.

"(b) Notwithstanding section 107D, if a national marketing certificate program for a crop of wheat is approved under section 501, the individual farm program acreages for such crop may not be established at less than 65 percent of the wheat crop acreage base of each farm for the crop.

"(c)(1)(A)(i) The Secretary shall make available to producers on each farm marketing certificates for any of the 1986 through 1989 crops of wheat for which a national marketing certificate program is in effect.

"(ii) The quantity of such marketing certificates made available to the producers on a farm for a crop shall equal a quantity of wheat determined by multiplying—

"(I) the individual farm program acreage for the crop, as determined under subsection (d) or (f) of section 107D (as limited under subsection (c)); by

"(II) the program yield of the farm for the crop of wheat, as determined under section 107D(e).

"(B)(i) The Secretary may make available to importers marketing certificates for wheat or wheat products imported during the marketing year for any of the 1986 through 1989 crops of wheat for which a national marketing certificate program is in effect.

"(ii) The quantities of such imported wheat or wheat products shall not exceed the quantity that may be imported under restrictions resulting from the imposition of measures under section 22 of the Agricultural Adjustment Act (7 U.S.C. 624).

"(2)(A)(i) A marketing certificate applicable to a crop of wheat issued to a producer shall authorize such producer to market, barter, or donate, without restriction, a quantity of wheat equal to the quantity of such marketing certificate.

"(ii) Wheat may not be marketed, bartered, or donated domestically by a producer without a marketing certificate, except that wheat not accompanied by a marketing certificate may be—

"(I) used for feed, human consumption, or other purposes on the farm of the producer; or

"(II) sold or otherwise transferred by the producer for export.

"(B)(i) A marketing certificate applicable to a quantity of wheat or wheat products issued to an importer shall authorize such importer to market, barter, or donate, without restriction, a quantity of wheat or wheat products equal to the quantity of such marketing certificate.

"(ii) Wheat or wheat products may not be marketed, bartered, or donated domestically by an importer without a marketing certificate.

"(3) Wheat accompanied by a marketing certificate that is sold or otherwise transferred for export shall be eligible for an export incentive payment on such wheat, as provided in section 106 of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(4) Wheat accompanied by a marketing certificate that is marketed, bartered, or donated domestically and purchased or otherwise acquired by a domestic user of such wheat may be eligible for an incentive payment, as determined by the Secretary, to assure that such wheat and the products thereof remain competitive in the domestic market for such wheat and wheat products.

"(5)(A) If for any crop, wheat that the producer harvests exceeds the quantity of the commodity that may be marketed, bartered, or donated by the producer under a marketing certificate, the excess may be—

"(i) used for feed, human consumption, or other purposes on the farm of the producer; or

"(ii) sold or otherwise transferred for export.

"(B) In addition, such excess may be carried over by the producer from one marketing year to the succeeding marketing year and marketed under a certificate in the succeeding, marketing year to the extent that—

"(i) the total quantity of such wheat available for marketing under a certificate from the farm in the marketing year from which such commodity is carried over does not exceed the quantity of the marketing certificates made available to the producers on the farm for that crop; and

"(ii) the total quantity of wheat available for marketing under a certificate in the succeeding marketing year (that is, the sum of the quantity of such wheat carried over and the quantity of wheat produced on the farm eligible for marketing certificates in the succeeding year) does not exceed the quantity of marketing certificates made available to the producers on the farm for the succeeding marketing year.

"(6)(A) Marketing certificates made available to a producer or an importer of wheat or wheat products shall not be transferable, except to the extent that such certificates accompany wheat or wheat products that are marketed, bartered, or donated under paragraph (2).

"(B) Any such transfer that does not accompany wheat or wheat products shall render such certificates null and void.

"(7) Wheat harvested in a calendar year in which marketing certificates are made available to producers for the marketing year beginning therein may not be marketed by a producer under a certificate prior to the date on which such marketing year begins.

"(8) No person may purchase or otherwise acquire a quantity of wheat in excess of the quantity of wheat that may be marketed, bartered, or donated under marketing certificates issued under this title and held or readily available, except wheat that must be exported may be acquired as provided under paragraph (2).

"(9) If marketing certificates for wheat are not made available to producers for any crop, all previous marketing certificates applicable to wheat shall be terminated, effective as of the first day of the marketing year for such crop of wheat.

"(10) Except as otherwise provided in this title, the disaster payment, program yield, program acreage, acreage reduction, paid diversion, and related provisions of section 107D shall apply to producers of wheat for which a national marketing certificate program is in effect under this title.

"PENALTIES WITH RESPECT TO WHEAT

"SEC. 503. (a)(1) Notwithstanding any other provision of this Act, except as provided in subsection (b), if a producer fails to comply with any term or condition of a wheat program conducted under this title, the producer shall be ineligible for any loan, purchase, or payment under this Act for the crop of wheat involved.

"(2) Except as provided in subsection (c), during the marketing year for any crop of wheat for which marketing certificates are made available to producers, if any person markets, barters, or donates wheat other than for export without marketing certificates issued under section 502 or markets, barters, or donates a quantity of wheat for domestic use in excess of the quantity of wheat the person is permitted to market, barter, or donate under such certificates, the Secretary shall—

"(A) assess a civil penalty against such person in an amount equal to three times the current minimum loan rate for the wheat so marketed, bartered, or donated; or

"(B) with respect to a producer, decrease the number of acres of the individual farm program acreage of the farm for wheat such producer may devote to production for the

succeeding crop of wheat by a number of acres that, if planted, would result in the production of a quantity sufficient to satisfy the penalty referred to in subparagraph (A).

"(3) If a person, knowingly purchases or otherwise acquires a quantity of wheat for any purpose other than export in excess of the quantity of wheat that may be marketed, bartered, or donated by such person under marketing certificates issued under this title and held or readily available to such person, the Secretary shall assess a civil penalty against such person in an amount equal to three times the current minimum loan rate for the wheat so purchased or acquired.

"(b) If a producer fails to comply fully with the terms and conditions of a wheat program conducted under this title and the Secretary believes the failure should not preclude the making of loans, purchases, or payments under this Act to the producer, the Secretary may make loans, purchases, or payments in such amounts as the Secretary determines to be equitable in relation to the severity of the program violation.

"(c) If the Secretary otherwise determines that the penalties provided for in subsection (a) are not warranted by the severity of the program violation, the Secretary may reduce or waive such penalties.

"(d) Penalties collected under this section shall be deposited into the account of the Commodity Credit Corporation.

"(e) The prohibitions and penalties for marketing, bartering, donating, purchasing, or otherwise acquiring wheat set out in this section or section 502 shall apply to wheat in unprocessed or processed form, and to products of wheat, prior to the conversion of such wheat or wheat products into end-use food or other products or intermediate-use products in which the wheat or wheat products loses its separate identity.

"NATIONAL MARKETING CERTIFICATE PROGRAM FOR FEED GRAINS

"SEC. 504. (a)(1) Notwithstanding any other provision of this Act, if a national marketing certificate program for a crop of feed grains is approved under section 501, the Secretary shall make available to producers on each farm loans and purchases for such crop of feed grains for a quantity of feed grains produced on the farm equal to—

"(A) the individual farm program acreage for the crop, as determined under subsection (d) or (f) of section 105c (as limited under subsection (c)); times

"(B) the farm program yield for the crop, as determined under section 105C(e).

"(2) Loans and purchases shall be made available during the marketing year for any such crop of corn at such level as the Secretary determines will maintain the competitive relationship of feed grains to other grains in domestic and export markets after taking into consideration the cost of producing feed grains, supply and demand conditions, and world prices for feed grains, except that the level of corn loans and purchases for each of the 1986 through 1989 marketing years may not be established at less than the higher of 70 percent of the parity price or $3.55 per bushel.

"(3) Loans and purchases shall be made available for a crop of grain sorghums, barley, oats, or rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level most loans and purchases are made available for corn under this subsection, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b).

"(b) Notwithstanding section 105C, if a national marketing certificate program for a crop of feed grains is approved under section 501, the individual farm program acreages for such crop may not be established at less than 80 percent of the feed grains crop acreage base of each farm for the crop.

"(c)(1)(A)(i) The Secretary shall make available to producers on each farm marketing certificates for any of the 1986 through 1989 crops of feed grains for which a national marketing certificate program is in effect.

"(ii) The quantity of such marketing certificates made available to the producers on a farm for a crop shall equal a quantity of feed grains determined by multiplying—

"(I) the individual farm program acreage for the crop, as determined under subsection (d) or (f) of section 105C (as limited under subsection (c)); by

"(II) the program yield of the farm for the crop, as determined under section 105C(e).

"(B)(i) The Secretary may make available to importers marketing certificates for feed grains or feed grain products imported during the marketing year for any of the 1986 through 1989 crops of feed grains for which a national marketing certificate program is in effect.

"(ii) The quantities of such imported feed grains or feed grain products shall not exceed the quantity that may be imported under restrictions resulting from the imposition of measures under section 22 of the Agricultural Adjustment Act (7 U.S.C. 624).

"(2)(A)(i) A marketing certificate applicable to a crop of feed grains issued to a producer shall authorize such producer to market, barter, or donate, without restriction, a quantity of feed grains equal to the quantity of such marketing certificate.

"(ii) Feed grains may not be marketed, bartered, or donated domestically by a producer without a marketing certificate, except that feed grains not accompanied by a marketing certificate may be—

"(I) used for feed, human, consumption, or other purposes on the farm of the producer; or

"(II) sold or otherwise transferred by the producer for export.

"(B)(i) A marketing certificate applicable to a quantity of feed grains or feed grain products issued to an importer shall authorize such importer to market, barter, or donate, without restriction, a quantity of feed grains or feed grain products equal to the quantity of such marketing certificate.

"(ii) Feed grains or feed grain products may not be marketed, bartered, or donated domestically by an importer without a marketing certificate.

"(3) Feed grains accompanied by a marketing certificate that are sold or otherwise transferred for export shall be eligible for an export incentive payment on such feed grains, as provided in section 106 of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(4) Feed grains accompanied by a marketing certificate that are marketed, bartered, or donated domestically and purchased or otherwise acquired by a domestic user of such feed grains may be eligible for an incentive payment, as determined by the Secretary, to ensure that such feed grains and the products thereof remain competitive in the domestic market for such feed grains and feed grains products.

"(5)(A) If for any crop, feed grains that the producer harvests exceed the quantity of the commodity that may be marketed, bartered, or donated by the producer under a marketing certificate, the excess may be—

"(i) used for feed, human consumption, or other purposes on the farm of the producer; or

"(ii) sold or otherwise transferred for export.

"(B) In addition, such excess may be carried over by the producer from one marketing year to the succeeding marketing year and marketed under a certificate in the succeeding marketing year to the extent that—

"(i) the total quantity of such feed grains available for marketing under a certificate from the farm in the marketing year from which such commodity is carried over does not exceed the quantity of the marketing certificates made available to the producers on the farm for that crop; and

"(ii) the total quantity of feed grains available for marketing under a certificate in the succeeding marketing year (that is, the sum of the quantity of such feed grains carried over and the quantity of feed grains produced on the farm eligible for marketing certificates in the succeeding year) does not exceed the quantity of marketing certificates made available to the producers on the farm for the succeeding marketing year.

"(6)(A) Marketing certificates made available to a producer or an importer of feed grains or feed grain products shall not be transferable, except to the extent that such certificates accompany feed grains or feed grain products that are marketed, bartered, or donated under paragraph (2).

"(B) Any such transfer that does not accompany feed grains or feed grain products shall render such certificates null and void.

"(7) Feed grains harvested in a calendar year in which marketing certificates are made available to producers for the marketing year beginning therein may not be marketed by a producer under a certificate prior to the date on which such marketing year begins.

"(8) No person may purchase or otherwise acquire a quantity of feed grains in excess of the quantity of feed grains that may be marketed, bartered, or donated under marketing certificates issued under this title and held or readily available, except that feed grains that must be exported may be acquired as provided under paragraph (2).

"(9) If marketing certificates for feed grains are not made available to producers for any crop, all previous marketing certificates applicable to feed grains shall be terminated, effective as of the first day of the marketing year for such crop of feed grains.

"(10) Except as otherwise provided in this title, the disaster payment, program yield, program acreage, acreage reduction, paid diversion, and related provisions of section 105C shall apply to feed grains and producers of feed grains for which a national marketing certificate program is in effect under this title.

"PENALTIES WITH RESPECT TO FEED GRAINS

"SEC. 505. (a)(1) Notwithstanding any other provision of this Act, except as provided in subsection (b), if a producer fails to comply with any term or condition of a feed grain program conducted under this title, the producer shall be ineligible for any loan, purchase, or payment under this Act for the crop of feed grains involved.

"(2) Except as provided in subsection (c), during the marketing year for any crop of feed grains for which a marketing certificate is made available to producers, if any person markets, barters, or donates feed

grains other than for export without a marketing certificate issued under section 504 or markets, barters, or donates a quantity of feed grains for domestic use in excess of the quantity of the commodity the person is permitted to market, barter, or donate under such certificates, the Secretary shall—

"(A) assess a civil penalty against such person in an amount equal to three times the current minimum loan rate for the feed grains so marketed, bartered, or donated; or

"(B) with respect to a producer, decrease the number of acres of the individual farm program acreage of the farm for feed grains such producer may devote to production for the succeeding crop of feed grains by a number of acres that, if planted, would result in the production of a quantity sufficient to satisfy the penalty referred to in subparagraph (A).

"(3) If a person knowingly purchases or otherwise acquires a quantity of feed grains for any purpose other than export in excess of the quantity of feed grains that may be marketed, bartered, or donated by such person under marketing certificates issued under this title and held or readily available to such person, the Secretary shall assess a civil penalty against such person in an amount equal to three times the current minimum loan rate for the feed grains so purchased or acquired.

"(b) If a producer fails to comply fully with the terms and conditions of a feed grain program conducted under this title and the Secretary believes the failure should not preclude the making of loans, pruchases, or payments under this Act to the producer, the Secretary may make loans, purchases, or payments in such amounts as the Secretary determines to be equitable in relation to the severity of the program violation.

"(c) If the Secretary otherwise determines that the penalties provided for in subsection (a) are not warranted by the severity of the program violation, the Secretary may reduce or waive such penalties.

"(d) Penalties collected under this section shall be deposited into the account of the Commodity Credit Corporation.

"(e) The prohibitions and penalties for marketing, bartering, donating, purchasing, or otherwise acquiring feed grains out in this section and section 504 shall apply to feed grains in unprocessed or processed form, and to products of feed grains, prior to the conversion of such feed grains or feed grain products into end-use food or other products or intermediate-use products in which the feed grains or feed grain product loses its separate identity.

"FEES OR QUANTITATIVE LIMITATIONS

"SEC. 506. In carrying out this title, the Secretary shall advise the President, as necessary, under section 22 of the Agricultural Adjustment Act of 1933 (7 U.S.C. 624), of the need to impose fees or quantitative limitations on any article or articles that may be imported, to ensure that such article or articles that may be imported do not render ineffective the loan and purchase programs authorized under this title.

"TRANSITION REGULATIONS

"SEC. 507. (a) The Secretary may issue such regulations as the Secretary determines necessary to carry out this title, including procedures to ensure the equitable treatment of producers with wheat or feed grains under loan at such time that the marketing certificate program authorized under this title takes effect.

"(b)(1) The procedures prescribed under subsection (a) shall offer such producers the opportunity to extend the period of such loans, forfeit the grain securing such loans, or continue to store such grain in a manner that will reduce to the Federal Government the cost of otherwise acquiring and storing such grain.

"(2) In no case shall such procedures require producers to redeem grain held under section 110.

"USE OF THE COMMODITY CREDIT CORPORATION

"Sec. 506. The Secretary shall carry out programs provided for under this title through the Commodity Credit Corporation.

"ADMINISTRATIVE PROVISIONS

"Sec. 509. Sections 372(d), 373, 375, and 376 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1372(d), 1373, 1375, and 1376) shall apply to the programs in effect under this title for any of the 1986 through 1989 crops of wheat or feed grains.".

TECHNICAL AMENDMENTS

Sec. (a) Effective only for the 1986 through 1989 crops of wheat and feed grains, the Agricultural Adjustment Act of 1938 is amended—

(1) in section 301(b)(6) (7 U.S.C. 1301(b)(6))—

(A) by inserting "(excluding wheat and corn with respect to any crop in which a program is in effect under title V of the Agricultural Act of 1949)" after "wheat" the first place it appears in subparagraph (A); and

(B) by adding at the end thereof the following:

"(D) 'Market', in the case of wheat and feed grains of any crop for which a program is in effect under title V of the Agricultural Act of 1949, means to dispose of by voluntary or involuntary sale or exchange.";

(2) by inserting "or title V of the Agricultural Act of 1949" after "this Act" both places it appears in section 372(d) (7 U.S.C. 1372(d));

(3) in section 373 (7 U.S.C. 1373)—

(A) by striking out "corn" both places it appears in the first sentence of subsection (a) and inserting in lieu thereof "feed grains";

(B) by inserting "and title V of the Agricultural Act of 1949" after "this title" in the second sentence of subsection (a);

(C) by striking out "corn, wheat" in subsection (b) and inserting in lieu thereof "feed grains";

(D) by inserting "and title V of the Agricultural Act of 1949" in subsection (b) after "this title";

(4) in section 375(a) (7 U.S.C. 1375(a))—

(A) by inserting "other feed grains," after "corn,"; and

(B) by inserting "or title V of the Agricultural Act of 1949" after "this title"; and

(5) by inserting "and title V of the Agricultural Act of 1949" after "this title" both places it appears in section 376 (7 U.S.C. 1376).

(b) Effective only for the 1986 through 1989 crops of wheat and feed grains, section 401(c) of the Agricultural Act of 1949 (7 U.S.C. 1421(c)) is amended by inserting after the first sentence the following new sentence: "Compliance by a producer with requirements under title V, if programs under title V are in effect for a crop, shall be required as a condition of price support.".

SEC. . This title and the amendments made by this title shall become effective 10 days after the date of this Act.

On page 221, line 17, strike out "107D(a)(4)" and insert in lieu thereof "1070(a)(13)".

On page 221, line 24, strike out "1070(a)(3)(B)" and insert in lieu thereof "1070(a)(2)(B)".

On page 223, line 9, insert "and" after the semicolon.

On page 223, line 12, strike out "; and" and insert in lieu thereof a period.

On page 223, strike out line 13 and all that follows through line 2 on page 224.

Mr. HARKIN. Mr. President, I was saying I think it is time we had a new direction in this farm bill.

There is an alternative which would substantially and immediately increase farm income while greatly reducing the cost of these programs to the Federal Government. My amendment would give farmers a choice, to cooperatively choose by means of a referendum between whatever the final provisions of this farm bill are, or as the alternative, a much stronger supply management program which will do a much better job of matching supply with demand.

Here is how my amendment would work.

First, my amendment would apply just to wheat and feed grains—corn, grain sorghum, oats, barley, and rye—and no other commodity. Also, it would in effect expand the wheat referendum provision that was authored by the distinguished Senator from Nebraska and reported in the committee version of the bill. Without a doubt, the areas of the country which produce these commodities—wheat and feed grains—are where the farm crisis is centered and where the need for this type of program is the greatest.

Second, my amendment would mandate that by February 1 next year, the Secretary of Agriculture would be required to conduct a joint referendum on a voluntary marketing certificate program for wheat and feed grain producers which would apply to the 1986 and 1987 crop years. A second and similar referendum would be held not later than July 1, 1987, to apply to the 1988 and 1989 crop years.

A referendum would require a 60-percent vote for approval including separate approval by at least 50 percent of the wheat producers and 50 percent of the feed grain producers. To be eligible to vote, a farmer must have a farm with a wheat or a feed grain base of at least 15 acres.

The choice in the referendum would be quite simple. A "yes" vote would be a vote in favor of a voluntary marketing certificate program with a higher support level. And a "no" vote would be a vote in support of the farm program determined by the underlying provisions of this farm bill as administered by the Secretary of Agriculture.

What, I ask, could be more logical or fair? Rather than having a farm policy

dictated by Washington, what is wrong with letting farmers through the democratic process, have some say in their destiny? I have the faith and confidence that the wheat and corn farmers of this country are perfectly capable of making that choice. It is a process that seems to have worked fairly well in the past, and not just to elect the leaders of this Nation. But, referendums have been used widely in agriculture in the past. This is nothing new. We have had referendums to determine producer approval of marketing orders, commodity promotion programs, and numerous other activities throughout the history of agriculture in this country.

In fact, my colleagues should be aware that this bill as reported from the committee contained three referendums provisions—a referendum on a mandatory wheat program, one on a pork promotion, research and consumer information program, and one on a beef promotion and research program. So the idea of having a referendum is not a new idea to the farmers or to my colleagues on the Agriculture Committee.

In talking with farmers throughout this land, I find overwhelming support for the concept of at least having a referendum to let farmers choose for themselves among the differing alternatives. A poll of farmers in Iowa found support for a referendum by a 2 to 1 margin. Yes, some may not favor the route I am proposing, but at least they would like to have the chance to vote, and would be willing to abide by the outcome, whatever that might be. And, frankly, most farmers cannot understand the President's refusal to support even the concept of having a referendum.

Mr. President, I was intrigued by a recent edition of the Kansas Farmer, the November 16, 1985 issue, in which there was printed the results of a poll. The first question in the poll was:

Should farmers be allowed to vote in a referendum for or against a specific farm program?

Eighty-one percent said yes, 10 percent no, 9 percent not sure.

And here is what is interesting, Mr. President. In the language accompanying the poll it said:

An impressive 81 percent believe farmers should be allowed to vote on farm programs. This included both those who would favor and oppose the program in Senator Harkin's bill. Apparently, the concept of holding a vote is the important thing. Whether or not they agree with the program being voted on is secondary.

I make that point because the farmers do want to have a choice. I think they are sick and tried of having this Washington-based farm program rammed down their throats. They would like to have at least an alternative. They might not vote for this. They may want what we pass here, but at least they would have some choice.

There was also another recent poll in Nebraska. It came out in a recent edition of the Lincoln Star, I believe it is. The poll indicated a broad support for this.

An overwhelming 73 percent of Nebraska farmers said yes when asked "Do you think farmers should be allowed to vote on whether they want the Federal Government to restrict crop production so that prices of feed grains and wheat will rise?" Only 18 percent said no.

So in Nebraska 73 percent of the farmers said that they wanted a referendum.

Mr. President, I ask uanimous consent that both of these articles be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

MARKET-ORIENTED POLICY: MOST OF THESE FARMERS SAY "NO"

(By Steve Watson)

Are farmers in the mood to retrench? To rely less on foreign markets? Maybe so.

If farmers in Kansas could vote on farm programs, it looks like they would surprise a few people. Based on results of our opinion survey in the Oct. 19 issue, Kansas farmers would idle more acreage in exchange for higher prices.

Responses have come so far from 125 farmers, mostly wheat and grain sorghum producers. Every area of the state has been well represented.

The farmers responding to the survey may or may not represent the majority of Kansas farmers. And not every farmer agreed about any one certain question. But in general, their opinions overwhelmingly favored certain positions. Here's a summary.

An impressive 81 percent believe farmers should be allowed to vote on farm programs. this included both those who would favor and oppose the mandatory control program in Sen. Tom Harkin's (D-Iowa) bill. Apparently, the concept of holding a vote is the important thing. Whether or not they agree with the program being voted on is secondary.

Market-oriented programs took a beating. About 3 out of 4 farmers oppose the idea of producing more for less. The export market gets a cold shoulder from most, since it is now being associated with low prices.

Farmers are willing to idle more of their acreage if it would improve prices. They reject the notion that they'd be worse off by producing less for higher prices. Significantly, 76 percent of the farmers believe that less production and higher prices would help agribusiness and their local economy.

Trade barriers against imported wheat, soybeans, pork and dairy products get pretty fair support, Even at the risk of trade reprisals, 53 percent of these farmers would OK trade barriers against low-price wheat from Argentina.

Acreage base reform is needed. Nearly all farmers believe that. Solutions vary.

The majority favor shifting from acreage to bushel allotments.

What follows are some of the comments farmers had about acreages base reform and farm programs in general.

"Limit base acres to a certain percentage of total acres because some farmers are planting more acres than normal to artificially raise their base. Continuous cropping and double-cropping are raising production and lowering prices," says a farmer from Rawlins County.

"The current acreage base system is absolutely unfair. Some farmers are rewarded for planting 100 percent or so. Others who have always planted 50 percent can't afford to be cut another 30 to 40 percent, especially small farmers."

—from Rush County.

"Eliminate bases which total more than farms acreage."—Wallace County.

"Every farmer should have the same bushel allotment, say 10,000 bushels of any one grain, at 100 percent of parity. That would save the family farmer."—Barber County.

"We are penalized for planting alfalfa to build up our ground."—Pottawatomie County.

"Acreage bases need to be determined on a 30-year history."—Sumner County.

"We need to get away from wheat and feedgrain bases, and count all productive acres in one base."—Brown County.

"Alfalfa and soybeans should be included."—Lyon County.

"We should have mandatory acreage or bushel controls with teeth in the law. Nothing will change until 1990 to 1995, at which time my generation (the baby boom generation) will take over and rectify past mistakes."—Doniphan County.

"The acreage base needs to be based on tillable acres. That way, if you change your farming program a little, you aren't suddenly caught with a lot of acres and a small base."—Saline County.

"We need a mandatory set-aside so everyone would be treated equally"—McPherson County.

"Go to bushel allotments. Nothing else will ever control production."—Rooks County.

"It should be fair to farmers who summerfallowed when there was no allotment. Those who planted fence to fence have larger bases now. ASCS committeemen said they had to go by the rules and 90 percent of them were farmers who planted fence to fence."—Rice County.

"If we must control production, use a bushel basis. Each farmer should be given a bushel allowance at support price, then for all production over that the farmer would be on his own at market prices. I really feel it's time to abolish ASCS control programs. Let everyone go on his own. More money is spent for administration, computers, CED lounge chairs, etc. than in helping the true farmer. Put the money saved by abolishing the ASCS into SCS and land conservation programs. Put ASCS equipment in SCS offices and see this county reap the rewards."—Ellsworth County.

"Government farm programs should be phased out over a 4-year period with loans and target prices reduced 5 percent each year and eliminated the 5th year."—Clay County.

"Go back to the National Crop Acreage."—Colorado.

"Everybody's base should be a percentage of cultivated acreage. It should not be a percentage of what they sowed the last 2 years or whatever. The farm program right now is not fair because one farmer can plant more than his neighbor and get a higher base."—Rush County.

"Keep it simple. Set a $6 target price on the first 10,000 bushels."—Harvey County.

"Return to the Normal Crop Acreage concept to allow rotation of crops from year to year."—Shawnee County.

"We need to get back to a crop rotation that includes clover and alfalfa on each farm. This would take care of prices and costs. Over-production has been caused by cropping all the land and not having any legumes on each farm it would save on fertilizer, herbicide and insecticide costs."—Doniphan County.

"Those who have practiced conservation should not be penalized with lower acreage bases."—Saline County.

"There should be bushel allotments, if any, with one price for domestic use and another for export."—Ottawa County.

"Every farm's base should be set as a certain percentage of cultivated acreage. Everyone should get the same percentage."—Ellis County.

KANSAS FARMER OPINION SURVEY RESULTS

RESPONSES ARE LISTED AS PERCENTAGE OF TOTAL

(1) Should farmers be allowed to vote in a referendum for or against a specific farm program?

81% yes; 10% no; 9% not sure.

(2) Would you be in favor of a marketing certificate program such as the one in the House Ag Committee bill?

62 yes; 22; no 16 not sure.

(3) Would you like to have commodity prices based primarily on market forces and have fewer controls on production?

18 yes; 74 no; 8 not sure.

(4) Would you be willing to accept lower loan rates and target prices in exchange for lower set-aside requirements?

10 yes; 78 no; 12 not sure.

(5) Would you rather:

69 leave 40% of your acreage base idle and receive higher prices; 8 set aside 30% of your base at current target prices and lower loan rates; 10 operate at full production at world market prices; 4 sell out; 9 none of the above.

(6) Do you believe the acreage base system now in operation needs reform?

85 yes; 15 no;

(7) If so how? (see story).

(8) If you were asked to accept lower commodity and target prices in order to increase exports, would you agree that the trade-off would be worth it?

13 yes; 73 no; 14 not sure.

(9) Do you believe that less production and higher prices would help or hurt agribusiness and your local economy?

76 would help; 14 would hurt; 10 not sure.

(10) How long do you feel you can ride out the current farm economy if interest rates stay the same and commodity prices don't improve?

10 indefinitely; 6 5 to 10 years; 30 2 to 5 years; 28 less than 2 years; 13 I'm going under now; 13 not sure.

(11) At the risk of trade reprisals, would you like to see the U.S. government impose trade barriers against the possible import of low-priced:

53 wheat from Argentina; 45 soybeans from Brazil; 47 pork products from Canada; 43 dairy products from Europe; 35 none of the above.

(12) Would you favor shifting production controls from acreage to bushel allotments?

67 yes; 20 no; 13 not sure.

(13) If commodity prices rose through production controls, do you believe that farmers would just end up selling less and that you would be worse off?

15 yes; 70 no; 15 not sure.

(14) Would you favor a two-price program that offered high price supports for domestic production only and very low supports for all excess production?

53 yes; 29 no; 18 not sure.

POLL INDICATES BROAD SUPPORT FOR GOVERNMENT AID TO FARMERS

(Dan Looker)

Most Nebraskans, including those who work in agriculture-related occupations, share broad support for government assistance to farmers, according to the results of four questions in a poll conducted for The Lincoln Star and the Lincoln Journal.

An overwhelming 73 percent said yes when asked "Do you think farmers should be allowed to vote on whether they want the federal government to restrict crop production so that prices of feed grains and wheat will rise?" Only 18 percent said no.

When asked "Do you think the federal government should give financial help to farmers? 66 percent said yes; 25 percent said no.

Public support dropped slightly when lending institutions were included in assistance proposals, but a solid 55 percent majority said yes when asked whether "the federal government should help support the Federal Land Banks and Production Credit Associations to keep them from closing?" Only 27 percent said no.

A 51 percent majority said they favor a two-year moratorium on mortgage foreclosures for Nebraska's farmers." Twenty-six percent opposed it. (Current law requires district courts to grant a 9-month "stay of execution" on foreclosures. State Sen. Don Eret of Dorchester has introduced legislation that would allow an indefinite moratorium at the discretion of district court judges.)

The four questions about farm policy were part of a poll of 448 Nebraskans conducted Nov. 5-13 by Research Associates of Lincoln.

Roy Frederick, a farm policy specialist with the University of Nebraska agricultural economics department said the response to the questions shows a recognition "by most citizens of the state that agriculture is important to the state."

Because of the current economic problems of agriculture, "I'd say the number (of those recognizing agriculture's problems) is higher than it would have been a couple years ago and certainly than in the 1970s," he added. Frederick has conducted extensive polls of farmers on government policies.

The newspapers' poll results "are in line with some of the polling that we've done," Frederick said.

His July 1984 poll of Nebraska farmers showed roughly a third favored more government involvement, a third supported continuation of the federal government's current price support program for grains and a third supported the Reagan Administration's desire to phase the government out of agriculture.

That boils down to two-thirds of the farmers supporting some form of "financial help to farmers," nearly the same as the 66 percent of those polled by Research Associates who supported giving "some form" of financial help to farmers.

The 24 percent of those Nebraskans who told Research Associates that they work in an "agriculture-related occupation," were slightly less in favor of federal help for farmers; 59 percent favored it and 35 percent opposed it. Of those who don't work in agricultural jobs, 68 percent favored it and 23 percent opposed. The difference isn't statistically significant, however, said Doug Evans, a senior partner with the polling firm.

City and farm-related workers agreed that farmers should be allowed to vote on whether they want a government program to restrict crop production. Both groups favored that proposal by 73 percent.

As Evans pointed out, "we aren't saying they want restricted crop production," however. The poll shows only broad support for allowing farmers to vote on the issue.

"To allow people to vote on something is an attractive thing. It's up there with motherhood and apple pie," says UNL's Frederick. Frederick said he suspects the public might have shown less support for the vote if the question were phrased differently or if it was pointed out that a positive vote to restrict crop production might cause higher food prices for consumers or a reduction in U.S. grain exports.

A farmer election on restricting crop production would have been allowed under an amendment to the House version of the 1985 Farm Bill that was offered by Rep. Berkley Bedell, D.-Iowa. The amendment, which was defeated, drew support from Nebraska representatives Doug Bereuter and Virginia Smith, both Republicans.

Although eastern Corn Belt farmers are less interested in cutting grain production, and the nation's largest farm organization, the American Farm Bureau Federation lobbied against the Bedell amendment, Frederick said he thinks Nebraska farmers would have voted for a crop reduction program if the amendment had become law.

Frederick's own 1984 poll of Nebraska farmers showed that 37 percent favored one of two proposals to restrict crop production; 25 percent favored continuing current programs and 22 percent want to "eliminate set-aside, price-support and government storage programs." The latter position is closest to that of the Farm Bureau, although the Farm Bureau wants a gradual phase-out with direct "deficiency payments" continued for several years to help farmers adjust to lower market prices.

Frederick senses growing support for Bedell's "supply management" philosophy among farmers and less support for the Reagan administration's desire to phase out farm programs. "I don't think you'd find that 22 percent (favoring the phase-out) right now. We're anxious to update that poll," Frederick said.

Frederick said there would be regional differences in a farmer election in Nebraska, which seems to be supported by the result of the Research Associates poll. In eastern Nebraska's 1st Congressional District, devoted predominantly to grain production, 80 percent of the respondents said farmers should be allowed to vote on reducing crop production. In western and central Nebraska's 3rd District, where ranchers and cattle feeders have traditionally opposed high price supports for grains, a vote is less popular, but is still endorsed by a strong 64 percent majority.

"We normally think of the 3rd District as being more conservative on all issues," Frederick said, and that apparently applies to assistance for farmers.

The confidence level of the Research Associates poll is 95 percent, meaning that if the poll were repeated 100 times, the results would fall within the stated accuracy range at least 95 times. The accuracy range is plus or minus 4.6 percent.

Following are detailed Congressional district and occupational results of the polling on farmer voting on crop production (totals

may not all add to 100% because of rounding):

	Yes	No	No opinion
			(Percent)
Norm	73	18	10
Congressional District:			
District 1	80	13	7
District 2	74	15	11
District 3	64	25	11
Occupation:			
Agriculture	73	20	8
Non-ag-related	73	17	10

Mr. HARKIN. To complete the explanation of my amendment, Mr. President, I would point out that if either of the referenda proposed were to receive the necessary 60 percent approval a voluntary marketing certificate program would be put into effect. Here is how it would work.

Based on the supply/demand situation, the Secretary of Agriculture would announce an acreage reduction program in the same fashion as is done now. Likewise, farmers would decide, just as they do now, whether or not they will participate in the program. However, with a marketing certificate program, each producer would have to hold a marketing certificate in order to commercially market any wheat or feedgrains in the United States. Otherwise, grain produced on nonparticipating farms or grain in excess of that covered by the marketing certificate on participating farms could only be consumed on that farm—that is, fed to livestock—or exported at the prevailing world price.

Furthermore, unlike current voluntary farm programs which do not restrict the amount of grain which can be placed under loan or marketed by farmers who participate in the program, a farmer participating in this program will be limited in his marketings by his marketing certificate. This quantity will be determined by multiplying the allowable planted acres for the farm by the ASCS program yield of the farm. These numbers can easily be produced by any county ASCS office for any farm in the county, so there are no new administrative requirements in my approach.

Farmers will benefit because of the market price response resulting from simply doing better job of matching supply with demand. To ensure that this will happen requires placing some necessary leverage upon the Secretary of Agriculture who, unfortunately, continues to preach the cheap food policy of this administration even as the financial crisis in rural America swallows up his own farming operation.

To provide this leverage, my amendment requires that the nonrecourse loan rate for the commodities involved be raised to 70 percent of the parity price or its current equivalent, whichever is higher. Presently this would be $3.55 per bushel for corn and $4.86 per bushel for wheat. In other words, to minimize the cost of this program, the Secretary of Agriculture will have the tools necessary to bring supply in line with demand and raise market prices so as to avoid large forfeitures of grain to the Government through the loan program. This matching supply with anticipated demand is the true market-oriented approach rather than the administration's production only program which is drowning us in a sea of surplus grain.

By today's standards, the prices in my amendment may seem high, but quickly we forget. On January 20, 1981, nearly 5 years ago when Ronald Reagan was first sworn in as President, the cash selling price was $3.60 for corn and $4.64 for wheat. Today the cash price is about $2.37 a bushel and wheat is $3.39. Need I say more about why we have a crisis in rural America. The disasterous decline in farm prices brought about by this administration is at the heart of the crisis in rural America, and this bill, as it now stands, is going to drive these prices even lower.

Until we return profitability to agriculture, this crisis will only worsen. The plan I offer with this amendment is the only alternative presented so far that has a realistic opportunity of doing that in the forseeable future—of increasing income to farmers.

The final feature of my amendment is the suspension of target price payments once the marketing certificate program goes into effect. So rather than just being another expensive price support program, my amendment offers the opportunity to save the Federal Government a substantial amount of money relative to the pending bill. In fact, the CBO estimates that the 5-year savings of my amendment would be $31.7 billion. So in terms of cost to the treasury, my amendment is, without a doubt, the cheapest way to go.

The budget as passed by this body provides for $38.8 billion allowed for CCC. My bill, according to CBO, comes in at $35.1 billion, or $3.7 billion below budget. So in no way does this even approach what we are allowed in the budget. It is the cheapest of all of the programs offered thus far.

I might say that it is cheap because it does not cost the Government anything. There are no Government payments. And most of the farmers I talk to would rather receive their income from the marketplace rather than from a Government clerk, which is the current system and which will only be expanded by the pending bill. With my amendment, if the referendum were to pass, the farmer would be freed from his dependence on direct subsidy payments.

What I hear from my farmers is we have to do two things: Decrease the deficit and increase from income. But the bill before us does just the opposite; it increase the deficit and decreases farm income.

Now, I have to be open and honest about the effect on consumers. Yes, consumers would pay slightly more for the food they eat. But it should be stressed that on a $1.09 loaf of wheat bread at the local grocery store that the farmer only receives 3 to 4 cents. That is all. And to increase the income of our family farmer 33 percent, it would cost consumers less than a penny increase on that loaf of bread.

Mr. President, I had different sources work out the increase to the consumers of this country, and it works out amazingly cheap. The annual cost of a food basket per person in this country is $1,017.90 a year, according to the USDA. According to CBO, the increase under my amendment would be $30.53 a year per person, or 9 cents a day. Yet, the consumer cost, while it would be a $7.2 billion saving in Government cost, would be $7.6 billion, and the increase in farm net income for my amendment is $8.5 billion.

The consumers could ask for no better deal than this. They will save in tax dollars what they would pay a little bit more in increased prices for the food they eat; and that price will not go to the grocery store; it will not go to the processor, the packer, the shipper, or anybody else. It will go directly to the farmer, under my amendment.

I think that the consumers of this country would be willing to pay 9 cents a day more for their food if they were assured that the money went to the family farmers and not just to the grocery store. Under my amendment, that would happen.

Mr. President, I ask unanimous consent to have a table printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

CONSUMER COST FOR THE HARKIN AMENDMENT

Cost of the market food basket at low cost to feed a family of four with income of $26,433.00 per year.

	Per person	Family of four
Annual cost of food basket	$1,017.90	$4,071.60
Increase (Harkin amendment) annual	30.53	122.15
Increase (Harkin amendment) month	2.54	10.18
Increase (Harkin amendment) week	.63	2.54
Increase (Harkin amendment) day	.09	.35

Total consumer cost from amendment, $7.2 billion.

Saving in Government cost from amendment, $7.60 billion.

Increase in farm net income from amendment, $8.5 billion.

Mr. HARKIN. Mr. President, I wish that I could take credit for the good ideas that are contained in this

amendment, but I cannot. This is a program that was written by farmers themselves as a result of grassroots organizing activities throughout the country. This approach has received the backing of a broad coalition of farm and banking organizations.

I have a list of groups supporting my position. The Independent Bankers Association of America supports providing for a referendum among wheat and free grain producers. I have a letter of support from the United Auto Workers for this amendment. I have a whole list of organizations and associations—everything from the Rocky Mountain Farmer's Union to the Texas Farmer's Union to the North Dakota Farm Bureau to the Minnesota Soybean Association. Literally hundreds of groups support this concept.

I ask unanimous consent that this list of supporting organizations and individuals be printed in the RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

American Agriculture Movement, Inc. and all state affiliates.
North American Farm Alliance.
Rocky Mountain Farmers Union.
The Seafarers International Union of North America.
Nebraska Wheat Growers Association.
Texas Corn Growers Association.
Iowa Farm Unity Coalition.
Center for Rural Studies.
League of Rural Voters.
Arkansas Farmers Union.
Ohio Family Farm Movement.
Illinois Farmers Union.
Missouri Catholic Rural Life Conference.
Iowa National Farmers Organization.
American Farmland Trust.
Nebraska Farm Crisis Committee.
Texas Farmers Union.
Missouri AFL-CIO.
California Association of Family Farmers.
Kansas City CAP Council.
Wisconsin Farm Unity Coalition.
Arkansas Gov. Bill Clinton.
Rural Life Council, St. Paul Archdiocese.
Iowa United Auto Workers.
Illinois Farm Alliance.
Texas Wheat Growers.
Iowa Farmers Union.
Prairie Fire.
Minnesota United Auto Workers Union.
Family Farm Legal Assistance Project.
Illinois National Farmers Organization.
Southwestern Missouri Ag & Rural Trade (SMART).
Ohio Public Interest Campaign.
Illinois South Project.
Minnesota Groundswell.
Dakota Survival League.
Illinois Public Action Council.
Bishop Maurice Dingman of the Des Moines, Iowa Diocese.
Michigan Democratic Agriculture Committee.
Farm Alliance of Rural Missouri.
Texas Family Farm and Ranch Advisory Committee.
Missouri Groundswell.
Iowa Catholic Rural Life Conference.
Minnesota Seventh District for the '85 Farm Bill.
Wisconsin Groundswell.
Floyd Agricultural Energy Cooperative.
Michigan Farm Unity.
Missouri UAW.
Friends of a Non-Violent World.
Texas Agriculture Commissioner Jim Hightower.
Family Farm Organizing Resource Center.
Rural Virginia, Inc.
National Grain Sorghum Producers.
Northwest Minnesota Ag-Action, Inc.
Friends of the Earth, Minnesota.
Hunger Action Coalition.
Minnesota First District for the '85 Farm Bill.
Northern Sun Alliance.
Metro Committee for the '85 Farm Bill.
Clergy & Laity Concerned.
Minnesota Catholic Rural Life Directors.
Land Stewardship Project.
Twin Cities Co-op Association.
North American Water Office.
New Mexico Farmers Union.
North Dakota Farm Bureau.
Minnesota Soybean Association.
Independent Bankers Association of America.

Mr. HARKIN. Mr. President, I point out that these individuals and these groups who support this amendment really represent people. They represent family farmers, not the big boys, not the processors, not the shippers, not the manufacturers. They represent grass roots farmers, and that is where the support for this amendment is coming from.

Mr. President, that completes my explanation of the amendment. I would now like to address some of the obvious questions that will be raised.

First, some will claim that this is a mandatory program which will require every wheat and corn farmer to participate. This is not the case, because only those farmers desiring to sell grain in the domestic market will have to participate. If you do not want to, you do not have to come under this program as a farmer. Even if the referendum were to pass and you did not want to participate, you would not have to. It would mean that you would not get a marketing certificate, but you could still take your grain and feed it to your livestock on your own farm or sell it in export. But only those farmers who participate would get the marketing certificate so that they could market their grain in the domestic market.

Under the pending bill, loan rates for both wheat and corn are decreased substantially, thus widening the spread between the target price and the loan. All predictions are that under the pending bill cash prices will also decline as the loan rate is decreased, making the potential deficiency payment much larger than ever before. This will induce record participation in the farm program because few farmers will be able to afford staying out of the program. This is confirmed by the CBO which estimates that participation in the wheat and feed grain programs over the next 4 years under the committee bill will exceed 90 percent of the base.

So, while those who say that under my approach, with the referendum, they would be forced into participating, I can only add that under the present CBO estimates, 90 percent of the wheat and feed grain farmers would be forced into the program. Under either approach, my amendment or the pending bill, we would have about the same level of program participation. So if anybody says it is mandatory, that is just a red herring.

Next, I would like to discuss the impact that my amendment would have upon exports. As we examine the global marketplace, let us keep these points in mind. First, because we supply nearly 60 percent of the world's feed grains in international trade and 40 percent of the world's wheat, the United States effectively sets the world price.

In a recent statement by the Australian Wheat Board, Mr. James R. Smith wrote:

> We, the Australian Wheat Board, express the view that because the USA is the world's largest exporter of wheat as well as being the world's residual supplier, the USA automatically sets the world base price for wheat.

There you have it. Even the Australian Wheat Board says that we set the world price.

Second, we are the only country in the world, the only one, that exports its grain through private grain companies. Every other country, without exception, uses a governmental or quasi-governmental grain board to set the price at which that country will sell grain.

The United States sets world prices and other countries use grain boards to peg their prices just below ours. If our prices are high, theirs are high and vice versa.

It works like this: Let us say the Soviet Union wants to buy 10 million tons of corn and the market price in the United States is $2 per bushel. The Argentina Grain Board has two million tons of corn to sell in the international market, so they approach the Soviet Union and offer 2 million tons at $1.95 per bushel. If the Soviets do not like that price, the Argentines will bid down to $1.90 to sell their corn. The Soviet Union buys 2 million tons from Argentina and the other 8 million tons from the United States.

Now, if the price of corn in the United States is $3.50 per bushel, will the Argentina Grain Board offer to sell 2 million tons at $1.95 a bushel? Of course not. The Argentines may offer to sell their corn for $3.45 a bushel or even $3.40 a bushel, but a grain board will always maximize the earnings they can get in the international market.

So the United States can have, and in the past has had, the effect of raising grain prices around the world or lowering grain prices around the

world, depending upon the actions we take.

Third, raising the price of grain on a worldwide basis will not only help our farmers but it will help other countries, especially the Third World countries where they need to earn more money. The Reagan administration's policy of lowering prices of grains in the world market will not only bankrupt our farmers but farmers in developing nations as well. We should not take the lead in driving down the economies of developing Third World nations. This is a sure-fire formula for creating more chaos and unrest and potential violence in the developing countries.

In addition, the argument is made that to maintain the price levels in this amendment, it would necessitate a PIK-type acreage reduction program every year. This is simply not true. The payment-in-kind [PIK] program of 1983 was a disaster. We went from 8.2 billion bushels of corn produced in 1982, to 4.2 billion in 1983, and then back up to 7.7 billion in 1984—a definite roller coaster in boom-and-bust prices for our farmers. We need stability over a longer period of time.

The United States needs about 5 billion bushels of corn for domestic uses and about 2 billion for export.

When supply is in line with demand, the market dynamics are such that a very small reduction in the grain supply will cause a substantial increase in price. Likewise, a small overproduction can cause a drastic decrease in price. We do not want to produce just 4.2 billion bushels of corn as we did during the PIK Program. We want to produce somewhere around 7 billion, not 8.5, but somewhere around 7, a little bit more some year but maybe a little less some year, but not the drastic increases and declines as we had in the PIK Program.

Last, another argument used was that livestock and poultry production would shift abroad where feed costs would be lower. I already answered that because grain prices around the world would tend to go up so foreign poultry and livestock producers would not have a leg up on us.

Also they say our domestic meat industry would be hurt, but if there is anything that is as true as night follows day it is that cheap grain leads to cheap livestock. It has happened before and it will happen again.

The best thing we could do for our livestock producers would be to get the grain price up and hold it up for a long period of time.

Mr. President, in summary, all I am asking is that we give farmers a voice and a vote in their future. They are not asking for a lot, just a chance to have a vote, a chance to make a go of it on their own.

We have a crisis. We should put these politics aside. We should craft legislation that will not bankrupt our farmers in this country.

One thing is clear: At a time when family farmers are losing their land, it is time for bold action, for new policies and new directions.

Our farmers have survived droughts and floods and hailstorms, but they are not surviving the farm policies of this administration.

Our farmers want to express themselves. Sometimes they cannot do it here. Oh, yes, there are lobbyists all over here. There are all kinds of lobbyists, some of them my very close friends. But they are very far removed from those farmers out there in the field and sometimes what they want kind of gets lost here.

Look what we just did on soybeans. The Soybean Association came in and wanted this program which pays $35 an acre, and decreases the loan rate next year, and we saw what happened to the soybean prices. Soybean farmers did not want that. But some of their lobbyists up here did. I do not think there is a clearer example of what I mean by taking what we do here and putting out to the farmers for a vote and letting them vote on it. I have a feeling, if we had a referendum on the Soybean Program in this bill, we would have seen a different result because farmers could have sat down and penciled out what would have happened to them.

That is what I am asking for in this amendment. Give the farmers a chance to vote. You are not dictating anything to them. You are just giving them the right to choose between whatever we think is best for them here in this body and what they think is best for them. Give them a right to vote—that is all we ask for.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

If no one yields time, time will run equally against both sides.

Mr. HARKIN. May I inquire how much time do I have remaining?

The PRESIDING OFFICER. Thirty-four minutes.

Mr. HARKIN. I do not see any opponents here. Evidently, they have nothing to say about it. Therefore, I yield such time as he may desire to the distinguished Senator from Nebraska.

Mr. EXON. I thank my friend from Iowa.

Mr. President, I have seen others rising in strong support of the amendment offered by my colleague from Iowa and if he has not added me as a cosponsor of the amendment, I would like to have my name added at this time.

Mr. HARKIN. Mr. President, I ask unanimous consent that the distinguished Senator from Nebraska [Mr. EXON] be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. I say to my colleagues in support of this amendment that since the opposition to the amendment is not here to offer any amendments opposed to it, I am just wondering, is this something that could be adopted unanimously without a vote as many other matters have been disposed of today?

Could I ask the managers of the bill, since there is no opposition, evidently, on the floor now and, as I understand it, none of the time in opposition to the Harkin amendment has been used and possibly will not be—I hesitate to use all of the time on this side until we at least hear the opposition to the measure so that we might rebut. So I would rather speak in rebuttal if there is going to be any opposition to the bill. If not, might I suggest to the managers of the bill that if there is no opposition, would it be in order to accept the Harkin amendment by voice vote, which I think the Senator from Iowa would not object to?

Mr. HARKIN. In response, if they want to voice vote it or accept it, that is fine, if there is no opposition to it.

Mr. HELMS. Mr. President, I recognize that we have a Christmas tree around this place, but the Senator need not look for a gift yet.

He need not worry about using the time. He has 34 minutes remaining. I think he can proceed.

Mr. EXON. If the Senator will yield me time, I will be glad to give opening remarks on this.

Mr. HARKIN. I am glad to yield 5 minutes of my time to the distinguished Senator from Nebraska.

Mr. EXON. Mr. President, there has been no amendment offered during debate on the farm bill, nor I say will there be an amendment offered to the farm bill that will save more money than the amendment that is being offered by the Senator from Iowa.

This is by far and away the best way that we can reduce the costs to the taxpayers of the farm program by accepting the amendment offered by the Senator from Iowa, to which my colleague, Senator ZORINSKY, and myself are enthusiastic cosponsors.

This is a situation that has been brought about by many of the farm organizations and the farmers themselves saying "We recognize that one of the main problems that we have today, along with many others, is the fact that we are producing more raw materials today than we can sell as a profit."

So they are simply saying if we can adopt this as policy of the Federal Government, it would begin immediately to institute a policy for farmers to not plant as much of the given crops as they otherwise would and, therefore, get on the road to not only

having billions and billions of dollars in reduction in the cost of agricultural programs, but likewise have the salutary situation of raising farm products to a level where the farmers would not need nor would they want a farm program.

It seems to me, therefore, that the amendment offered by the Senator from Iowa is strongly supported by every poll that I have seen among not only farmers in farm States but people who reside in farm States, and I do not know, Mr. President, whether it has been entered into the RECORD or not by my colleague from Iowa, but a few days ago I talked on the floor and entered in the main statistics of a significant survey among farmers in our neighboring State of Kansas, strongly in support of the farmers having a right to vote in a referendum whether a proposal like the one offered by the Senator from Iowa should be adopted.

Yesterday a separate poll in a separate newspaper, this particular newspaper being the Lincoln Star of Lincoln, NE, indicated the same satisfactory approval rating or higher among not only farmers but among the people of Nebraska as a whole.

I can say it no better than I heard it said by my colleague from Iowa a few moments ago: This is a self-help situation being offered to reduce the outlays and cost to the taxpayer of farm programs by asking the farmers themselves to make some sacrifices. But the important thing is we are not mandating this. This is a voluntary program and it would not go into effect unless the farmers themselves and the commodities affected vote for taking that action.

So it is effective from that standpoint, Mr. President. It is a very effective check and balance about what we do or do not do here by referring that to the farmers and allow them to vote on their own destiny, so to speak, on the various commodities involved.

I see, really, basically nothing wrong whatsoever with this program. I suspect that had we even offered something like this 5 years ago, there would have been overwhelming rejection on the part of the farmers because farmers themselves will agree that what most farmers like to do, what all farmers like to do, is to plant bigger and better each and every year. They are optimists, honest, straightforward people by nature, and, generally speaking, their theory is that: "If I work hard, if I plant and if I harvest, and if I make the extensive capital investment requirements that are necessary to raise a crop today, that I am basically willing to take my responsibility and my risk."

The PRESIDING OFFICER. The Senator's time has expired.

Mr. EXON. I ask unanimous consent for one additional moment.

Mr. HARKIN. I yield 5 minutes to the Senator from Nebraska.

Mr. EXON. I will only need one additional moment and I will reserve the balance of the time.

What I am saying, Mr. President, is that this is a self-help program that farmers have put together for farmers and for protecting the food plant of the United States of America.

So I simply say, Mr. President, that I hope that the Senate will not get in the way of a thoughtful, constructive program like this. Let us pass it. Let us put it into effect and let us see if it will work.

I reserve the balance of anytime assigned to me.

The PRESIDING OFFICER. Who yields time?

Mr. HARKIN. I yield 3 minutes to the distinguished Senator from Nebraska, Senator ZORINSKY.

Mr. ZORINSKY. Mr. President, I support the amendment of the Senator from Iowa, Senator HARKIN, to establish a quota program subject to a referendum. I think history will show us that all the Solomons and the wisdom and the generosity of the bureaucracy and the elected officials in Washington, DC, thus far have not resolved the problem of overproduction of agriculture commodities in this Nation. The surpluses hanging over the market are what, in every economist's estimation, cause low prices. Therefore, supply management is necessary. Without some type of supply management applied to all commodities sold in this country, farmers will be headed to the 11 bankruptcy courts.

You cannot sell something for less than what it costs to produce and stay in business. The key word for staying in business is profit. And the only way you can profit, as a result of years under previous farm bills, we must have supply management if we are to have supply in synchronization with demand. If that does not happen, we will continue to have an oversupply and that is our problem in agriculture. That is why this is so vital to the Nation.

In the farm land that I visited, the one byword I hear is: "You great people in Washington that have brought us farm bill after farm bill after farm bill. These bills have also given us surpluses that have depressed the prices of commodities. For once, give us a chance in our lifetime to make the decision for ourselves. We are the experts in this business."

And I defer to their opinion. A farmer knows much more about farming than this former mayor of Omaha, NE. I grew up and was raised in an urban atmosphere. So I ask my colleagues to give an opportunity to those that are having the economic plight in mid-America, farmers of America, to at least make their choice. Farmers may not agree with the end results and may vote against the program this type of a referendum would offer them. But at least give farmers that voice. In doing so, you will give them the same voice that the voters of America have been given by our Constitution which enables us as Senators to sit in this Chamber and vote.

Mr. President, the Nation simply produces more grain than it can consume or sell abroad. This has led to the accumulation of massive Government surpluses, accompanied by plummeting market prices and skyrocketing Government expenditures. Growers, in response to low market prices, have signed up en masse for Government farm programs. Program participation for the upcoming crop year will likely approach 100 percent.

This increased program participation has led to greater Government expenditures for deficiency payments under income support/target price provisions, increased surplus accumulation through loan forfeitures under price support/loan rate provisions, and increased Government expense related to the storage of Government-owned grain and grain in the farmer-owned reserve.

The need for an effective supply management program is overwhelming. For example, the American Farm Bureau Federation reports that current wheat acreage exceeds demand by 34 percent. Some economists predict that if present trends continue, demand for our grain will be severely reduced through the remainder of the century. Given the continuing advances in genetics, hybridization, and biotechnology, as well as a heightened desire by our current purchasers abroad to become more nutritionally self-sufficient, this estimate may be conservative. At any rate, the need for fencerow-to-fencerow production is absent, at least for the foreseeable future.

In fact, another administratively-imposed Payment-In-Kind Program [PIK] appears possible, unless legislative action is taken to reduce surpluses in a more orderly manner and with less detrimental effect on agribusiness.

Conceptually, supply management merely entails bringing production into balance with demand. It is the most fundamental tenet of the marketplace. General Motors does not operate its plants at full capacity when to do so would glut the market and force it to sell units below their cost of production. Yet this is exactly what we force our farmers to do. The absence of effective supply management would bankrupt General Motors just as it is bankrupting our Nation's agricultural producers.

Much of the opposition to supply management comes from entities whose primary interests do not include

the return of profitability to agriculture. Many of these entities benefit from full production and cheap grain. I understand their concerns. But what they need to understand is that Federal farm programs should work to the primary benefit of producers, and that when production agriculture is profitable, the corollary industries that support and are in turn supported by agriculture will be profitable as well. Short-term policies designed to benefit agribusiness are doomed to fail in the long run if the producer cannot make a profit and survive.

The PRESIDING OFFICER. The Senator has used the time yielded to him.

Mr. HARKIN. Mr. President, may I inquire, how much time do I have remaining?

The PRESIDING OFFICER. Twenty-two minutes and twenty-four seconds.

Mr. GRASSLEY. Will the Senator yield me some time?

Mr. HARKIN. Mr. President, I yield 10 minutes to my distinguished colleague and friend from Iowa, Senator GRASSLEY.

Mr. GRASSLEY. I would suggest I may not use all the 10 minutes, but I do appreciate the allocation and if I do not use it I will yield it back.

First of all, I thank my colleague for yielding to me.

I rise in support of this amendment. I urge my colleagues to vote in favor of the amendment. It calls for a farmer referendum for the farmers themselves to decide whether or not they want the farm bill crafted by our congressional deliberations or whether they want one that would give farmers an option for larger production controls in exchange for higher price supports.

This is not the mandatory control referendum that my colleague from Iowa was considering offering earlier this year. This referendum, if passed, would still, however, provide farmers with the option of participating or not participating.

Some may argue that if the referendum passes, farmers are not offered much of a choice. Well, I know a lot of farmers from Iowa would argue that they are not being given much of a choice with what Congress presently has crafted in what was probably the most controversial vote so far on the deliberation on this farm bill, the package that was put together this week.

I have already told you what the present bill would cost corn farmers from what they have under the 1985 farm program. It could cost as much as 82 cents per bushel during the next 3 years. Now, everyone here from the Midwest knows that we cannot afford that in Iowa or Nebraska or anyplace else in the corn-growing regions of this country. And that is what the proposal before us could do.

I believe that maybe some people might fall back from this proposal for a referendum, feeling, "Why mix up referendums with farm programs?" I want to suggest to you that referendums are not a new concept. It is obvious that they have been around for years—referendums dealing with farm programs, constitutional amendments, fiscal issues, tax issues, environmental issues, just to name a few.

Keep in mind, the Agriculture Adjustment Act of 1938 provided for mandatory production controls through farmer referendums. And although corn farmers never voted to invoke these controls, I will remind my colleagues that tobacco and peanuts, for instance, have been brought under mandatory controls and remain so today.

All we are suggesting here today is that other farmers now be given another opportunity to vote again on this matter. It is clear to me, and it should be to my colleagues, that our farmers know their business better than most of us in Congress and are therefore quite able in a referendum to decide whether or not a certain program option is the best way to go.

As I stated, referendums are not a novel idea. Recently, I received a report entitled "Initiative and Referendum Report," produced by the Institute for Government and Politics. Mr. Paul M. Weyrich is the publisher of this report. The report describes itself as, I quote, "A Monthly Nonpartisan Analysis of Direct Democracy."

Let me repeat that: A Nonpartisan Analysis of Direct Democracy.

Mr. Weyrich's report states that voters in nine States and the District of Columbia will consider a total of 53 ballot propositions in statewide elections this November. In addition, citizens in dozens of communities will consider a range of local ballot propositions.

These referendums deal with nuclear waste; rent controls; sewage treatment and water quality; highway, bridge, and airport improvement; railroad rehabilitation; pinelands protection; legislative veto; job development bonds; enlarging court jurisdiction; real estate taxes; coal research; tax exemptions for widows of veterans—and I could go on and on.

If citizens throughout the United States are allowed to participate in this "direct democracy", why should not the farmers of the United States be given the same option?

Some may be concerned that farmers might vote in favor of a more restrictive farm policy. If you are truly concerned about that, instead of voting against this referendum amendment, why not help develop a better farm program so they won't need to vote for this alternative?

Mr. President, this amendment asks you to vote to give farmers the right to chose between two farm program options. Some may not like the option it provides. Well, you should realize that this is not my colleague's original proposal. It is not a mandatory controls option. My colleague from Iowa has already made major concessions and changes in his proposal to accommodate several of his colleagues from his side of the aisle. This is a voluntary proposal, not mandatory.

But the bottom line is, regardless of whether or not you think it is a good farm program option, no one who continues to support marketing orders, acreage allotments, and quotas for other commodities should argue that grain farmers ought not have the same right as these other farmers to vote in a referendum to determine their program.

I urge my colleagues to support this amendment.

Let me suggest to you that there is an awful lot of contact I have had from farm organizations around the United States, particularly their representatives in Iowa who have opposed my position on farmer referendum. I explained that even if Congress comes up with a very good farm bill, and quite frankly, in my estimation, it does not look like we are going to be able to come up with one as good as I would hope for, would propose, and actually thought we might get. But even suspecting that we might get the very best farm bill, it seems to me as I tour my state—and I get to each one of the 99 counties at least once a year for grassroots meetings—that there still is not a feeling out there that Congress really understands the agricultural problem.

And I feel that this referendum will bring credibility to whatever farm bill we pass—good or not so good of a farm bill—but it will bring some credibility to that farm bill because it is going to have our farmers feel as if they have had an opportunity to participate in the process of deciding their pocketbook.

That is a worthy goal in and of itself because a basic problem we have here in the Congress of the United States, probably worse with farm legislation but true of a lot of things we do here, is that there is not a lot of credibility with what we do. I feel this referendum lends credibility to whatever farm bill reaches the President's desk.

I want to contribute to reestablishing some credibility in our policies out of this Department, but I also want to give farmers who know better than any of us do what their condition is, and how they ought to be able to respond to it, and a voice in determining their destiny.

I yield back my unused time.

Mr. HARKIN. Mr. President, I want to thank my esteemed colleague from Iowa for a very eloquent statement which he just made.

Senator GRASSLEY and I served together for many years in the other body on the Agriculture Committee. I have always found my colleague to be closely in tune with farmers, what they are thinking, and what their needs are.

I think what my colleague just said about the credibility issue is right. Farmers out there think we just left them out, that they really do not have any input any longer into some of the things we are doing.

I had not thought of that. I had not thought of that aspect of it. But I think by us providing this kind of a referendum to the farmers, it will go a long way toward restoring the credibility that we need, and that the Department of Agriculture needs with the farming community of this country. That is a very perceptive statement made by my colleague.

I want to thank him for his support of this amendment.

I want to thank him for the very fine statement that he just made.

Mr. GRASSLEY. If my colleague will yield?

Mr. HARKIN. I am happy to yield.

Mr. GRASSLEY. I suggest to the Senator that I appreciate some responses that the Senator made to some aspects of the bill that I desire to have changed so that I can support it. I appreciate that very much. But more importantly, this is a controversial approach. The Senator recognizes it. There is nothing wrong with controversy. That is what makes this body function. That is what participatory democracy is all about.

I think the Senator has shown tremendous leadership in taking this issue, and the Senator had to craft it to satisfy a lot of different divergent groups. It did come in pretty much in the way of grassroots participation in its right. I think there are very few pieces of legislation that I see like this that really come from the grassroots up.

I first became acquainted with it last January when I attended my first meeting with thousands of people in Sioux City, who came in and said, "We want to help write a farm bill." There were a lot of different ideas presented at a lot of other meetings all over the Midwest for that matter, not just in our State.

Maybe I am wrong. But I perceive this to be the product of that grassroots work.

Mr. HARKIN. I thank my colleague. I think it is. I think that is exactly where it came from. From all I have been able to find this is exactly where it did come from.

Again, I appreciate the Senator's involvement in this, and the Senator's suggestions that my colleague made along the way that we made changes in this to incorporate into some aspects that would be more acceptable to broader segments of agriculture. I think we still came out with the basic underlying concept of what the farmers want. I thank the Senator for his suggestions, advice, and counsel along the way.

Mr. President, how much time do I have?

The PRESIDING OFFICER. Nine minutes, thirty-seven seconds.

Mr. HARKIN. I reserve the balance of my time, Mr. President.

The PRESIDING OFFICER. Who yields time?

A TIME TO CHOOSE: DON'T FORGET THAT IT'S THE FARMER WHO FEEDS US ALL

Mr. HART. Mr. President, recently the administration announced new crop and export data in an effort to show that the Senate Agriculture Committee bill would be unaffordable. They tell us that the current conditions will push the cost of the bill's comittee commodity support programs alone to between $60 billion and $70 billion.

But those new figures tell us a great deal more:

The new data confirm that farm exports are on a nosedive—in large part, because this administration has no policy to make our crops competitive in world markets.

The new figures suggest that Government-held stocks will be so high as to demand extraordinary action by Congress. Production far exceeds the estimates USDA gave us prior to Senate committee action on the farm bill.

The Government's new cost projections for the commodity programs are premised on high participation rates; their premise confirms that prices are so weak that hardworking farmers will participate in any program in record numbers.

Indeed, the administration has unintentionally made the most forceful argument for allowing farmers the choice of a strict supply management program. This is the approach advocated by my colleague from Iowa, Senator HARKIN.

It is the most effective farm program proposal yet offered. It will dramatically reduce market depressing oversupplies should it be approved. It encourages long-term export contracts at stable fair prices and it offers the flexibility to devise direct farm credit assistance within our current budget targets. The producer referendum on supply management has the potential to meet the administration's stated No. 1 goal in farm legislation, it stays within budget and it meets the farmers No. 1 need, it increases farm income.

A continuation of current programs would be daring only in its refusal to recognize and remedy the seriousness of what is undeniably a new farm depression.

We know that farm prices, in relation to production costs, are at their worst level since 1932; exports are down 16 percent from this time last year. Yet, the administration says we must accept 3 or 4 more years of falling farm prices. Crisis hotlines in Iowa and Colorado tell us we cannot accept the consequences of such a decision. Depression bred three suicides last week in Iowa. Bankruptcies and forced liquidations of century farms and former "farmers of the year" tell us this is not merely a loss of inefficient farmers.

We cannot afford a course of inaction that will inevitably result in the collapse of our farm sector. We cannot afford to create a new class of rural poor. Farmers would rather produce commodities for American and world consumption than strain already-overburdened social programs. And we cannot afford to let our food supply system be controlled by those who would dictate food supply and price from a corporate boardroom.

We must remember that it's the farmer who feeds us all. The survivial of our family farms is all that guarantees adequate supplies over the long-term at reasonable prices for all Americans.

Mr. President, the time has come to allow our family farmers to choose whether they wish to work cooperatively toward a solution. They should have the choice of jointly reducing oversupply through the production of a portion of their historic yield in a way that maintains farm income.

Some argue that such a measure would boost consumer prices. But any rise in consumer food prices would be smaller than the eventual costs of the demise of family farming. If we are to sustain that system, all Americans must contribute to the solution—farmers, consumers, and the middleman corporations. It is well known that farm prices bear little relationship to food product cost. A loaf of bread may contain 3 cents worth of wheat. A candy bar less than 3 cents worth of sugar. If farm prices improve, food prices go up. If farm prices go down, food prices stay the same. This administration must hold the line on inflationary food prices, not the income received by farmers.

The administration's concern for our budget is justified. Interest rates are staggering for farmers. Farming is the most capital intensive industry in America. Deficit reduction is essential if we are to reduce real interest rates, revive our balance of trade, and maintain the fiscal integrity of our Government. I have supported efforts to bring costs under the Senate Agriculture Committee bill down without

scaling back farm income. But it is increasingly clear that the only realistic way to adopt a fiscally responsible farm bill is to embrace a cost-saving Supply Management Program.

A voluntary Supply Management Program that targets assistance at small- and medium-sized family farms can stay within budget while reducing oversupply. If we add to that program some form of direct credit assistance to draw out farm debt at reasonable interest rates, we would have a sound defense against the mushrooming farm credit crisis.

By keeping family farmers on the land we will protect America's consumers and economy. By guaranteeing that mortgages will be paid, we provide our farm bank institutions with a backup instead of a bailout. If this body and the administration allow farmers the right to choose, we can find a path to survival for rural America.

In the absence of a new farm bill, we will automatically revert to legislation in permanent law since 1949 that would cost $74.8 billion over 3 years as opposed to $35.1 billion for a supply management approach. Reverting to that law would guarantee a budget hemorrhage. For example, according to USDA's Economic Research Service, the $16 per hundredweight supports it provides for dairy would cost over a quarter billion dollars a month and would wreak havoc on any orderly approach to improving our farm policy. No responsible family farmer or urban taxpayer will condone such a failure by our policy makers to act and to lead.

Our choices are apparent. We can allow the production of America's food to be controlled by a few corporate farms that waste energy and deplete the land. Or we can work for a fiscally responsible solution to preserve the broad-based farm economy.

We can ask America to act together to avoid destruction of our farm economy, or we can sit idly as America severs its rural roots.

Mr. President, I would close by entering into the RECORD some lines from a song popular with Midwestern farmers during the 1880's. As we consider who will till the land next year and the years after, this song holds a message for us all:

When the farmer comes to town/with his wagon broken down/the farmer is the one who feeds us all.

Then they take him by the hand/and they lead him from the land/and the middle man's the one who gets it all.

With the interest rate so high/it's a wonder he don't die/for the mortgage man's the one who gets it all.

The farmer's pants are wearing thin/his condition it's a sin/don't forget that he's the man who feeds us all.

Mr. LEVIN. Mr. President, the Harkin amendment would result in production controls on wheat and corn, under certain conditions

Although I will vote for the amendment, I want to discuss some of the serious qualms I have with it. First, under the amendment, only 60 percent of the producers would have to approve of this mandatory system for it to go into effect. I would have been more comfortable with a requirement of 75 percent, a figure closer to a consensus.

Furthermore, I am also concerned that by reducing the supply of domestic grain, as this amendment might lead to, we could end up raising the world price of grain for consumers.

I am also troubled by the degree of Government intervention in agriculture which this amendment suggests.

But it is important to keep in mind that these serious concerns about the Harkin amendment are in the context of an even more severe crisis in agriculture. Innovative measures will have to be taken in order to remedy the situation. In the 1930's in an effort to revitalize a stricken economy, Franklin D. Roosevelt was willing to experiment with solutions which involved risks. I believe the time has come with respect to the farm economy today when we cannot afford not to take some risks. The Harkin amendment at most involves a limited 2-year risk that we should be willing to take in order to obtain some stability, raise farm income, get supply and demand back in sync, and to reduce and reduce government expenditures.

We are facing a severe budget deficit in this country. And that crisis requires drastic measures. The Congressional Budget Office estimated this amendment would save the Government $35 billion over the next 4 years. That is a significant savings which I do not believe we can ignore.

For those reasons, I will vote for the Harkin alternative.

Mr. DOLE. Mr. President, I do not think we are going to take much time on this amendment. It is so bad I hope we do not have to talk too long about it.

It is an amendment that lost in the House by 69 votes. It is, as I understand it, called a voluntary program. But it is not a voluntary program. What happens? Say I would like to know if it is voluntary, and then I stay out of the program. Would the Senator from Iowa explain to me what happens? What rights do I have as a producer?

Mr. HARKIN. If the Senator will yield, I will be glad to respond to that.

If you have a referendum, as it passed, you have the option of going in the program or not. If you went in the program, you would get a marketing certificate which would allow you to market a certain amount of grain, feed grains or wheat on the domestic market.

If you were not in the program, you can do two other things. You could feed the grain to your livestock on your farm without any penalty, or you could sell it in export. You just could not sell it domestically. If you were not in the program, you could feed it or sell it as export chattel for the world price.

Mr. DOLE. Again I do not quarrel. We have a referendum in the bill now. I am not quarreling with that concept so much but to call this program voluntary probably means voluntary bankruptcy for those who did not participate, particularly if they have not got anything to feed it to. They can export it, which I assume requires some export subsidies. I guess the Department has indicated the cost could get to $20 billion or more if you are going to try to be competitive or try to sell some of the wheat.

This amendment got 4 votes out of 17 in the committee. It lost by 69 votes in the House.

It would price U.S. wheat and corn out of export markets, forcing cutbacks of 55 percent and 20 percent respectively.

I understand, from the information I have seen, that most of the corn producers are concerned about anything in excess of a 10-percent reduction program.

Costs to livestock producers would increase, in some cases dramatically.

We have the Zorinsky wheat referendum in the 4-year freeze—and I know this is important to some and I do not quarrel with that—and we also have a wheat "TOP" program which provides for a choice between five income support and reduction levels for wheat. The TOP price level for 1986 is $5.50 at a 40-percent ARP in the TOP program, compared to $4.86 at 35 percent.

I would suggest the wheat producer is better off with a truly voluntary program where he can determine what target price he would have to receive and how much he would want to retire.

I think the amendment has been well debated.

I know this amendment is well supported. I have visited with some of my farmer friends in the American agriculture movement. They gave me a copy of the amendment yesterday. They indicated it was voluntary and I guess it is. In other words, if you do not comply, you can feed it. But if you do not have anybody to feed it to or anything to feed it to, you must export it. If there is no export market, I guess you can pile it up. But it is all voluntary.

It seems to me that the best thing to do with this amendment at the appropriate time is to move to table it.

Mr. HARKIN. Will the distinguished majority leader yield for a response?

Mr. DOLE. I am happy to yield the floor.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. This amendment, first of all, was not voted on in the committee. What was voted on in the committee was the mandatory program. There was a lot of opposition to that.

Again, I pointed out in my remarks, and the distinguished majority leader may not have been here, that CBO estimated that under the present bill we have, there will be 90 percent or greater participation because under what is happening out there, the farmers are going to participate in a program, even the bill we have before us now, and they estimate about 90 percent would participate under my program. So we get about the same participation whether it is under that approach or my approach. So both are voluntary to that extent.

On livestock, as I pointed out before, cheap grain leads to cheap livestock. The best thing we can do for them is to have a very stable, higher price for grain over a longer period of time.

I reserve the remainder of my time.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Is all time yielded back?

Mr. HARKIN. Can we get an up-or-down vote?

Mr. DOLE. I am afraid I cannot accommodate the Senator on an up-or-down vote. I would be prepared to yield back the remainder of my time if the Senator is prepared.

Mr. HARKIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, we yield back our time.

The PRESIDING OFFICER. Does the Senator yield back his time?

Mr. HARKIN. Mr. President, if I could ask the distinguished chairman of the committee, can we get an up-or-down vote on this?

Mr. HELMS. Yes.

Mr. HARKIN. I appreciate that.

Mr. President, the yeas and nays have been ordered?

The PRESIDING OFFICER. Yes.

Mr. HELMS. I hope it will be more down than up.

Mr. HARKIN. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time has been yielded back. The question is on agreeing to the amendment of the Senator from Iowa. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from New Mexico [Mr. DOMENICI], the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], the Senator from Pennsylvania [Mr. SPECTER], and the Senator from Connecticut [Mr. WEICKER] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Delaware [Mr. BIDEN], the Senator from Ohio [Mr. GLENN], and the Senator from Massachusetts [Mr. KENNEDY] are necessarily absent.

The PRESIDING OFFICER (Mr. COCHRAN). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 36, nays 56, as follows:

[Rollcall Vote No. 337 Leg.]

YEAS—36

Baucus	Grassley	McClure
Bingaman	Harkin	Melcher
Boren	Hart	Metzenbaum
Bumpers	Heflin	Moynihan
Burdick	Inouye	Pell
Byrd	Johnston	Pressler
Chiles	Kasten	Pryor
Dodd	Kerry	Riegle
Eagleton	Leahy	Rockefeller
Exon	Levin	Sasser
Ford	Long	Simon
Gore	Matsunaga	Zorinsky

NAYS—56

Abdnor	Gorton	Nickles
Andrews	Gramm	Nunn
Armstrong	Hatch	Packwood
Bentsen	Hatfield	Proxmire
Boschwitz	Hawkins	Quayle
Bradley	Hecht	Roth
Chafee	Heinz	Rudman
Cochran	Helms	Sarbanes
Cohen	Hollings	Simpson
Cranston	Humphrey	Stafford
D'Amato	Kassebaum	Stennis
Danforth	Lautenberg	Stevens
DeConcini	Laxalt	Symms
Denton	Lugar	Thurmond
Dixon	Mathias	Trible
Dole	Mattingly	Wallop
Durenberger	McConnell	Warner
Evans	Mitchell	Wilson
Garn	Murkowski	

NOT VOTING—8

Biden	Glenn	Specter
Domenici	Goldwater	Weicker
East	Kennedy	

So the amendment (No. 1138) was rejected.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HELMS. Mr. President, am I correct in my impression that regular order will bring up the Boschwitz amendment?

The PRESIDING OFFICER. The Senator is correct.

Mr. HELMS. And behind that is the Hawkins amendment?

The PRESIDING OFFICER. The Senator is correct.

Mr. HELMS. I thank the Chair.

I think there may be an inclination to postpone the Boschwitz amendment a little while.

May I inquire if there are other amendments? We might go to third reading.

Mr. DOLE. Mr. President, I have had several people ask me at 2 o'clock what we are going to do, and I did not make that announcement at 2 o'clock. It would have been that we are going to be here until evening.

It is now 5:45, and I know that a number of Members on both sides are concerned about when we are going to wind down the amendments. I have had suggestions from Members on both sides on how to proceed.

I will say this: We are going to continue to take up amendments. I hope that Members who have amendments that they really want to be considered will call them up and not just bring up amendments because we are here. A lot of people would rather be anywhere but here.

I suggest that we have made good progress, and we will try to obtain very short time agreements on every amendment. So if Senators have amendments they are yearning to offer, this would be a good time. I think there are a couple of amendments pending, and we may be able to take care of them first.

Mr. ZORINSKY. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. ZORINSKY. Mr. President, I say to my colleagues on this side of the aisle that I have found out that being ranking minority member, sitting in this chair, you become an expert on how many more amendments remain and when we are going out and whether an airplane ticket is good for whatever time.

I say this to my colleagues: If they have amendments, I would appreciate time agreements, as briefly as possible. Half the squawk boxes are turned off, and we have all been here long enough to know that extended debate, in the end, does not change many votes.

So if we do want to get out at a reasonable hour this evening, it is in your hands, not my hands. I appreciate any cooperation.

Mr. HELMS. Mr. President, will the Senator yield?

Mr. ZORINSKY. I yield.

Mr. HELMS. Will you now turn to this side of the aisle and say the same thing? [Laughter.]

Mr. DOLE. Mr. President, I think the Senator from Arkansas [Mr. BUMPERS] has an amendment.

Mr. BUMPERS. Yes, I do.

Mr. DOLE. I know that you have 13 of them. I hope you do not offer all of them.

Mr. BUMPERS. Are we waiting for an amendment to be offered?

The PRESIDING OFFICER. Does the majority leader yield the floor?

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, I have an amendment, but I will defer to the Senator from Arkansas.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. HELMS. Before the Senator calls up his amendment, is there a possibility that we can negotiate a time agreement?

Mr. BUMPERS. I will have to wait a moment. I cannot find the amendment.

Mr. HELMS. I have the same problem.

The PRESIDING OFFICER. Does the Senator from Arkansas yield the floor?

Mr. BUMPERS. Yes.

AMENDMENT NO. 1139

(Purpose: To improve crop insurance coverage of winter and spring wheat.)

Mr. ABDNOR. Mr. President, if it is in order, I want to submit an amendment. I ask unanimous consent that the pending amendment be set aside.

Mr. ZORINSKY. I object.

The PRESIDING OFFICER. Objection is heard to the pending amendment being set aside.

The question is on the Boschwitz amendment.

Mr. HELMS. Mr. President, the train left the station, and I did not hear what happened. What was the unanimous-consent request?

The PRESIDING OFFICER. The Senator from South Dakota requested unanimous consent that the pending amendment be set aside.

Mr. ABDNOR. I ask the Chair: Is it necessary for me to move that the pending amendment be set aside?

The PRESIDING OFFICER. It is necessary that unanimous consent be requested. The unanimous-consent request was made, and objection was heard.

Mr. ZORINSKY. Mr. President, I withdraw my objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment will be stated.

The bill clerk read as follows:

The Senator from South Dakota [Mr. ABDNOR] proposes an amendment numbered 1139.

Mr. ABDNOR. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 231, at the appropriate place in the pending amendment, add the following between lines 5 and 6 insert in lieu thereof the following new section:

CROP INSURANCE COVERAGE OF WINTER AND SPRING WHEAT

SEC. . (a) The second sentence of the first paragraph of section 508(a) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)) is amended by inserting "(including winterkill of winter wheat)" after "winterkill".

(b)(1) The Secretary of Agriculture shall conduct a study of the practice of offsetting the quantity of winter and spring wheat of a producer for the purpose of determining the amount of benefits due such producer under a policy insured under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).

(2) Not later than 180 days after the date of enactment of this Act, the Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the results of the study conducted under paragraph (1), together with any recommendations for any legislation or regulations necessary to rectify any inequities identified in such study.

Mr. ABDNOR. Mr. President, I have an amendment which addresses a problem with the Federal Crop Insurance Program with respect to coverage of wheat in States considered to be primary growing areas for both winter and spring wheat.

While separate production records—and, more importantly, separate premiums—are required for winter and spring wheat, production of one is offset against losses of the other for the purpose of determining benefits.

Now, it is just not fair that the FCIC has it both ways. Either they are separate crops or they are not, and both premiums and benefits should be treated accordingly.

Since this problem is confined to a limited area of the country, however, FCIC has indicated that the national policy is unlikely to be changed administratively and without direction from Congress.

A related problem is the issue of winter kill. Acreages planted to wheat in the fall under FCIC coverage are not eligible for indemnification due to the failure of the crop to survive the winter. While "replant payments" are made by FCIC on certain row crops which must be replanted, no such payments are made for wheat.

The farmer must replant spring wheat or winter-killed wheat acreages and the effect is that the crop insurance coverage for which he paid in the fall is of no value whatsoever to him.

The winter kill issue is very clear-cut and the solution is simple: FCIC should be required to make "replant payments" to those who suffer winter kill and are forced to replant in the spring. My amendment simply includes "winter kill of wheat" in the list of risks to be covered by the FCIC.

The "wheat is wheat" issue is more complex, and my amendment would require the FCIC to study the inequities of offsetting winter and spring wheat production, take steps to ensure fairness in the areas considered to be both spring and winter wheat-growing areas, and report to Congress on any needed changes in law or regulation to address this problem.

I understand that USDA wishes to move away from disaster payments to crop insurance. In order to have a crop insurance policy which is attractive and benefits farmers of this Nation, it must be fair. Until, there is fairness in Federal Crop Insurance programs we will not have the participation levels needed to keep premiums reasonable.

Certainly the time has arrived that we should address those problems, I urge the adoption of this fairness amendment.

If we really want to get Federal Crop Insurance "off and rolling" we have to make these kinds of corrections. I think this is a step in the right direction.

Mr. HELMS. Mr. President, the amendment of the distinguished Senator from South Dakota rectifies what obviously is a problem with the Federal Crop Insurance Program in Winter Wheat areas.

This amendment—and the Senator will correct me if I am wrong—would mandate a study of the crop insurance policy whereby Winter and Spring Wheat are considered as one for determining indemnity.

Mr. ABDNOR. Yes; it would be a study.

Mr. HELMS. Mr. President, I support this amendment, but let me encourage my friend from South Dakota to consider looking into some problems that have been brought to my attention regarding the Winter Wheat Program. Specifically, for example, it is my understanding that Winter Wheat that is winterkilled may be entered into the Government set-aside program.

Is that right? I am sure that is correct.

Mr. ABDNOR. I believe that is correct.

However, if the chairman will yield, I would say that when Wheat Winter kills, generally a majority of a field fails, not just the small portion which would be normally set-aside. I have seen it completely wipe out areas. It is not fair that winterkill of wheat is not considered for some kind of adjustment when other crops are.

Mr. HELMS. But, in any case, it can be entered as a set-aside program, and my hypothetical question is: If this happens and a producer were also to receive a crop insurance payment, it would be logical, would it not, to conclude that these practices may be one of the reasons why wheat production control programs are so ineffective.

I am not suggesting——

Mr. ABDNOR. Maybe the chairman is making a point. But, on the other hand, they are treated as two com-

pletely different. However, Winter Wheat farmers who participated in Federal Crop Insurance Programs only other alternative is to replant, without indemnification.

Replanting costs. Winter wheat farmers go through the same practice, and procedures for replanting that they do for any other crop.

In South Dakota, winter wheat country, you will find a vast amount of the producers actually farm 2 acres to get 1 acre of a crop, because of fallow acres. They have a heavy, heavy investment. Regardless of how well it has been farmed, if winter kill sets in it wipes out a whole area, a whole field, and they have to start all over from scratch. There is no set-aside large enough to take care of the kind of possible set-aside acres I think the chairman is saying.

If I am going to encourage participation of farmers in South Dakota, where we have not been participating, we have to take care of inequities like this. Last year, we had a similar problem with flooding of row crops and a lack of prevented planting payments. Farmers which participated in crop insurance did not get one nickel out of it if they were unable to plant their crop. On the other hand, those who planted it and were drowned out were reimbursed.

I believe that the chairman took care of this inequity and I commend him for addressing that problem. Now, I feel that a study is very much in order, if we really want to make crop insurance take off and be beneficial for the farmers of this country by encouraging them to protect themselves instead of expecting disaster payments. But in the meantime, this winter kill problem is obvious. I think the majority leader must have people down in Kansas who have been wiped out by winter kill.

Mr. DOLE. We are for the amendment. The Senator has won.

Mr. ABDNOR. Thank you.

Mr. HELMS. Mr. President, the Senator made a valuable contribution. I was encouraging him to make this colloquy a matter of record in the RECORD because I think that both he and I and others should encourage the USDA and Federal Crop Insurance Corporation to look into this general situation.

Mr. ABDNOR. Mr. President, I might say if they know of any inequity while making the study they should be looking into it and report back.

Mr. HELMS. Yes; I thank the Senator. I support the amendment. It has been cleared on this side.

Mr. ZORINSKY. Mr. President, we have looked at the amendment and support its passage.

Mr. ABDNOR. I thank both Senators.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment of the Senator from South Dakota.

The amendment (No. 1139) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BUMPERS. Mr. President, is the Boschwitz amendment still pending?

The PRESIDING OFFICER. The Senator is correct.

Mr. BUMPERS. Mr. President, I ask unanimous consent that it be temporarily laid aside and be in order immediately after the next amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments of the Senator from Minnesota [Mr. BOSCHWITZ] and the Senator from Florida [Mrs. HAWKINS] are temporarily set aside.

AMENDMENT NO. 1140

(Purpose: To encourage administrative action against unfair subsidization of rice by the Government of Thailand)

Mr. BUMPERS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Arkansas [Mr. BUMPERS] proposes an amendment numbered 1140.

Mr. BUMPERS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

UNFAIR SUBSIDIZATION OF THAI RICE

SEC. . (a) Congress finds that:

(1) Rice ranks 9th among major domestic field crops in value of production;

(2) Rice accounts for about 5% of the value of major field crops produced in the United States;

(3) The value of domestic rice production annually is over $1.5 billion.

(4) Ending stocks for rice have sharply increased since 1980;

(5) The projected 1985-1986 carryover of rice as a percentage of annual use is 62%;

(6) Between 1980 and 1983, rice stocks rose and prices fell, pushing rice program costs from less than one-tenth to over nine-tenths of the value of U.S. rice production;

(7) Over the last several years, the percentage of world rice exports from the United States has fallen from a high of 25% to 18% in 1985;

(8) In the last several years, Thailand has become the largest rice exporter in the world, accounting for 30% of the world primarily through their use of export subsidies;

(9) Thai rice imports into the U.S. have displaced normal sales of U.S. rice and have increased government costs;

(10) In 1983, the U.S. imported 33.2 million pounds of rice from Thailand, in 1984 the U.S. imported 51.3 million pounds of rice (an increase of 53%), and in the first six months of 1985, rice imports from Thailand to the U.S. have already reached 58.3 million pounds; and

(11) The Rice's Miller's Association has filed a petition with the Department of Commerce asking that countervailing duties be imposed upon imports of Thai rice into the U.S.

(b) Based upon these findings, it is the sense of Congress that:

(1) Our domestic rice industry is of vital importance and must be protected from unfair foreign competition;

(2) The government of Thailand is unfairly subsidizing the export of rice, and this is adversely affecting the U.S. domestic rice industry; and

(3) The Secretary of Commerce should give immediate and favorable consideration to the countervailing duty petition filed by the Rice Miller's Association, and should impose appropriate countervailing duties on imports of rice from Thailand.

Mr. BUMPERS. Mr. President, this is a sense-of-the-Congress amendment dealing with the importation of Thai rice into the United States.

If the chairman and ranking minority leader cannot lay their hands on the amendment, I can get them another quickly.

Mr. ZORINSKY. Mr. President, will the Senator from Arkansas yield for a question?

Mr. BUMPERS. I yield.

Mr. ZORINSKY. We had a copy of the original and we understand it has been modified to some extent. We have not seen the copy of the final product.

Mr. BUMPERS. Just a second.

Mr. HELMS. Is there a copy of it at the desk?

Mr. BUMPERS. While the managers of the bill are having an opportunity to look at that amendment, this is a fairly up-front amendment, on the importation of Thailand rice. I wish to point out that Thailand has increased their imports into the United States of milled rice 58 percent in the past 2 years, and imports in the first 6 months of 1985 exceeded the total of all of 1984.

This amendment encourages the Secretary of Commerce to favorably consider the Rice Miller's of America's petition to impose countervailing duties on Thai rice exported to the United States and they seek countervailing duties on Thai rice for the reason that Thailand, one of the poorest nations on Earth, subsidizes rice growing and rice exports perhaps more than any other nation on Earth.

If Thailand were going to export $9 million of rice to the United States, as they have so far this year, and that is up from $6 million last year, obviously $6 million or $9 million is not going to break the American rice industry. But I just want to nip this in the bud because they so heavily subsidize rice and it continues to grow every year, and I can see the handwriting on the wall.

It is going to become a very important competitive product in the U.S. market with American rice, to the detriment of our farmers and at a sizable cost to the taxpayers.

This is a sense-of-the-Congress amendment asking the Secretary to favorably consider the Rice Miller's petition to impose countervailing duties on their rice.

Mr. ZORINSKY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. MATTINGLY). The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, while they are negotiating on this amendment, I think it would be appropriate—the distinguished Senator from Illinois has an amendment and he is willing to take 20 minutes on a side—that after disposition of the Bumpers amendment, I ask unanimous consent that the two pending amendments be set aside and that an amendment then be offered by the distinguished Senator from Illinois [Mr. SIMON], with a time agreement of 20 minutes equally divided.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUMPERS. Mr. President, we have agreed to modify this amendment and I do hereby modify the amendment.

Mr. President, has my amendment been temporarily laid aside?

The PRESIDING OFFICER. No; the amendment is still pending.

Mr. BUMPERS. Mr. President, I modify my amendment on page 2, paragraph 3, so that it reads as follows:

The Secretary of Commerce should give immediate consideration to the countervailing duty petition filed by the Rice Miller's Association.

The PRESIDING OFFICER. The Senator has a right to modify his amendment and it is so modified.

The amendment (No. 1140), as modified, is as follows:

At the end of the pending amendment, add the following: At the end of the bill, add the following:

UNFAIR SUBSIDIZATION OF THAI RICE

SEC. . (a) Congress finds that:

(1) Rice ranks 9th among major domestic field crops in value of production;

(2) Rice accounts for about 5% of the value of major field crops produced in the United States;

(3) The value of domestic rice production annually is over $1.5 billion;

(4) Ending stocks for rice have sharply increased since 1980;

(5) The projected 1985-1986 carryover of rice as a percentage of annual use is 62%;

(6) Between 1980 and 1983, rice stocks rose and prices fell, pushing rice program costs from less than one-tenth to over nine-tenths of the value of U.S. rice production;

(7) Over the last several years, the percentage of world rice exports from the United States has fallen from a high of 25% to 18% in 1985;

(8) In the last several years, Thailand has become the largest rice exporter in the world, accounting for 30% of the world market primarily through their use of export subsidies;

(9) Thai rice imports into the U.S. have displaced normal sales of U.S. rice and have increased government costs;

(10) In 1983, the U.S. imported 33.2 million pounds of rice from Thailand, in 1984 the U.S. imported 51.3 million pounds of rice (an increase of 53%), and in the first six months of 1985, rice imports from Thailand to the U.S. have already reached 58.3 million pounds; and

(11) The Rice Miller's Association has filed a petition with the Department of Commerce asking that countervailing duties be imposed upon imports of Thai rice into the U.S.

(b) Based upon these findings, it is the sense of Congress that:

(1) Our domestic rice industry is of vital importance and must be protected from unfair foreign competition;

(2) The government of Thailand is unfairly subsidizing the export of rice, and this is adversely affecting the U.S. domestic rice industry; and

(3) The Secretary of Commerce should give immediate consideration to the countervailing duty petition filed by the Rice Miller's Association.

Mr. BUMPERS. Mr. President, I hope this amendment will be acceptable in light of that.

Mr. ZORINSKY. Mr. President, speaking on behalf of the majority and the chairman of the committee, he has authorized me to recommend passage of the amendment. On our side, we have also accepted the amendment and recommend its favorable approval.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arkansas [Mr. BUMPERS].

The amendment (No. 1140), as modified, was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ZORINSKY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1141

(Purpose: To restore the producer reserve program for wheat and feed grains)

Mr. SIMON. Mr. President, I ask unanimous consent to set aside the Boschwitz amendment so that I may offer an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. That has already been granted. The Senator may offer his amendment. The clerk will report.

The bill clerk read as follows:

The Senator from Illinois [Mr. SIMON] proposes an amendment numbered 1141.

Mr. SIMON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, add the following:

Beginning on page 219, strike out line 5 and all that follows through line 16 on page 220 and insert in lieu thereof the following new section:

REPEAL OF CERTAIN RESERVE PROVISIONS AND CONFORMING AMENDMENTS

SEC. 1206. (a)(1) Section 813 of the Agricultural Act of 1970 (7 U.S.C. 1427a) is repealed.

(2) Clause (2) of the second sentence of section 110(f) of the Agricultural Act of 1949 (7 U.S.C. 1445e(f)) is amended—

(A) by inserting "and" after subclause (A); and

(B) by striking out "and (C) section 813 of the Agricultural Act of 1970;".

(b)(1) The Food Security Wheat Reserve Act of 1980 (7 U.S.C. 1736f-1) is repealed.

(2) Section 202(b) of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended—

(A) by striking out "section 302(b)(1) of the Food Security Wheat Reserve Act of 1980" in the first sentence and inserting in lieu thereof "section 1202(b)(1) of the Agriculture, Food, Trade, and Conservation Act of 1985"; and

(B) in the second sentence—

(i) by striking out "from the Food Security Wheat Reserve" and inserting in lieu thereof "from the food assistance reserve"; and

(ii) by striking out "the provisions of section 302(b) of the Food Security Wheat Reserve Act of 1980" and inserting in lieu thereof "section 1204(a) of the Agriculture, Food, Trade, and Conservation Act of 1985".

(3) The first sentence of section 110(f) of the Agriculture Act of 1949 (7 U.S.C. 1445e(f)) is amended by striking out "except as otherwise provided under section 302 of the Food Security Wheat Reserve Act of 1980 and section 208 of the Agricultural Trade Suspension Adjustment Act of 1980,".

(c) Section 208 of the Agricultural Act of 1980 (7 U.S.C. 4001) is repealed.

Mr. SIMON. Mr. President, this is almost a motherhood and apple pie amendment and, frankly, I do not understand why it is not being accepted, but I hope the majority of the Members of this body will vote for it.

This continues the farmer owned reserve program. And the advantages of that are several: First, we are interested in saving money in this body. CBO estimates that in 5 years, the next 5-year period, this will save $460 million. That is a pretty good chunk of money. Anyone interested in saving $460 million I urge you to vote for this amendment.

Second, it helps farmers in their prices by not dumping the grain onto the market. I do not need to spell out, after all the debate we have had, the problems that farmers face. And for us

to compound the problems by discontinuing the farmer-owned reserve just does not make sense.

Third, and not least important, while we have supplies and we talk about surpluses, in fact, in overall terms, we have less than a 1-month supply of grain for this world. If there is a real disaster in this country or in other major grain-producing countries, we could have serious problems. It is a way of saying to the rest of the world, "If you have a calamity, we have something here to be of assistance to you."

I hope my colleagues on both sides of the aisle will accept this. Again, it saves money; CBO says $460 million over the next 5 years, better than $90 million a year. It helps on prices and it prevents disaster in case we face some major calamity around the face of the Earth.

I reserve the remainder of my time.

Mr. BOSCHWITZ. Mr. President, I rise in opposition to the amendment that would reverse the policy that we agreed to in the Senate Agriculture Committee which eliminated the farmer-owned reserve. Continuation of the farmer-owned reserve will certainly be expensive in the long run, as that has proven to be in the past, and it will hurt the farm prices, as it certainly has proven in the past and, at the same time, it will provide our foreign competitors the luxury of avoiding their own grain reserve. We became the reserve for the entire world.

The farmer-owned reserve program operates on a faulty assumption that we can store our way to prosperity. This is simply not the case. You simply cannot store your way to prosperity. Farmers must produce to selling markets not to Government storage. The farmer-owned reserve has been anything but the orderly marketing tool that it was intended to be. If it is to be continued as proposed by my friend from Illinois, it will continue to be used for political, not economic, purposes.

If we accept the amendment, farmers will continue to push themsleves toward more, not less, dependence on the Government.

Since the farmer-owned reserve was instituted, we have experienced huge runups in grain stocks on several occasions. In crop years 1978, 1979, and 1982, farmer-owned reserves provide a convenient way of avoiding the problems of farm production and prices that were too high for a world market.

Faced with the projected excessive supplies, the farmer-owned reserve appears to be an easy answer for carryovers which have been produced in response to other elements in the farm program that we are considering here. We used it in 1978, and we did it again in 1979 and 1982. And if this amendment is successful, probably we will do it in 1986.

The question will be asked: Why should we not take these surplus commodities and lock them up with the farmer-owned reserve? The answer to the question is simple: It is bad for farmers. It depressed market prices for years. It causes those excessive stocks to overhang the market well into the future. It also has quite an impact in expanding farm planting. At least that has been our experience.

The burden of billions of bushels in grain in the Government-controlled reserve program exerts extreme downward pressure on farm prices for as long as those commodities remain in that reserve. Our farmers really cannot afford to operate with such excessive reserves depressing farm prices so often as far as the eye can see. Because the United States has a policy that locks up huge quantities of the grain for world markets, buyers and our competitors know that they need not store any portion of their needs. As a result, we carry a disproportionate share of the total world grain storage burden.

The United States accounts for approximately 32 percent of world corn usage, yet at the end of the current marketing year, we will have 81 percent of the total world corn carryover.

Our consumption of wheat is approximately 6 percent of the total. Yet at the end of the marketing year, we will hold 36 percent of the world wheat carryover. We simply cannot continue a program which provided this service to those in direct competition with the U.S. farmers.

To do so would be inefficient, but more importantly it will continue to keep us from ever competing on an even playing field in international trade. Elimination of this program, however, will not jeopardize food security reserves and necessary carryovers that must be held in order to assure adequate supplies of grain for the world.

Title 12 of the bill we are considering contains a provision that has food assistance reserve which the Secretary may use to meet urgent humanitarian needs. The marketplace will also recognize an appropriate level of carryover supply which will assure stability and adequancy in meeting food needs. Certainly we do not need additional reserves today.

CBO calculates that savings can be incurred by continuation of the farmer-owned reserve and that Government storage payments are less under such a program. However, continuation of the farmer-owned reserve will assure us that the total Government expenditures are actually increased but occurring in small increments over the life of the program.

The bottom line is that the farmer-owned reserve is more expensive in the long run, creates great hardship in agricultural markets, and we cannot afford short-term budgetary savings that will choke our ability to compete in world markets and create excessive budgetary exposure that continues indefinitely.

Mr. SIMMON addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. SIMON. I yield 3 minutes to my colleague from Montana, Senator MELCHER.

Mr. MELCHER. Mr. President, this is a very important amendment. It should not be thought of as something, well, this is something we have to go through. This amendment was offered once in a package that I offered for savings purposes. But this amendment is now being offered for a dual purpose: policy and savings.

Under the 3-year cycle, it is $235 million savings. It is kind of hard for us sometimes to think that something that has been in place under current law and would be retained by this amendment would actually save some money over the next 3 years.

The Senator from Illinois recited the figure, I believe, of $420 million, or $460 million over 5 years—$460 million saving over 5 years. The saving over 3 years—that is a CBO figure we have been using for this bill simply because that is a 3-year budget cycle—$235 million.

Part of the problem we have is to bring this bill under the budget, and also more than under the budget—more cost savings so that the administration will feel free to sign it.

If we do not want to have savings, and if we do not want to have that credited in the package we are passing, then vote against it. If we do not want to continue a program that farmers are demanding be continued, then vote against it. If you want just an exercise in futility, vote against it because it will probably be offered again because of the cost savings, and because of the need for it as far as farmers are concerned.

It is good policy. They like it. The house has it locked in there tight. It is not going to come out. The House is not about to give in to the conference on this one. They have everything going right for them. They have the savings. That is one thing. They have the demand of farmers. That is two things. And third, they have the belief rather solidly—I am speaking now of the House of Representatives—that they want it in there because they like it.

We can just keep voting on this thing over and over and over if you want to. I would suggest we might as well vote for it and pass it. I think it is worth changing. I think we need the savings. Let us pass it.

Mr. BOSCHWITZ addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. BOSCHWITZ. Mr. President, how much time is remaining on our side?

The PRESIDING OFFICER. The Senator has 4½ minutes.

Mr. BOSCHWITZ. I would be willing to yield the balance of my time, and will make a motion to table if the Senator from Illinois wishes to yield back the balance of his time.

Mr. SIMON. I wish to speak briefly. I will not consume all the time.

Mr. ZORINSKY. Will the Senator from Illinois yield for a supportive statement?

Mr. SIMON. I am pleased to yield to my colleague from Nebraska.

Mr. ZORINSKY. I thank my colleague.

Mr. President, in 1977, the United States established a farmer-owned reserve for grains. Specifically, the Food and Agriculture Act of 1977 required the Secretary of Agriculture to establish a wheat reserve and authorized a feed grain reserve. The purpose of the farmer-owned reserve for wheat and feed grains is to remove grain from the marketplace during periods of surplus production and low demand. I believe that the program has helped to provide stability and should be maintained. My amendment will simply continue the current farmer-owned reserve program.

It is generally accepted that the existing grain reserve was established with several purposes in mind: First, maintain the U.S. position in world trade as a dependable source of products; second, strengthen farm prices when supplies are excessive; and third, dampen food price gyrations.

Under the current program, farmers are the owners of the grain held in the reserve. Once the release price is reached in an upward price movement, then, all marketing decisions rest with the farmers. They have the choice to continue holding their grain in anticipation of higher prices, or they may sell their grain immediately. The role of the Government is to make it financially attractive to farmers to store grain when market prices are low and to sell when market prices are high. This allows farmers to make marketing decisions that even out supplies coming onto the market and to moderate market price fluctuations.

I believe the grain reserve mechanism is necessary if we are to achieve a farm program that meets the needs of the farmer to provide direction on the course of the market as the farmer makes plans for production. Adding to a grain reserve when large supplies depress prices will steady farm income, and it will maintain needed food supplies in times of shortfalls, cushioning farmers and consumers alike against wild gyrations.

I believe the committee's action to repeal this vitally important program is ill advised and I urge my colleagues to support me in restoring this essential program.

I ask unanimous consent that a letter to me from the Director of the Congressional Budget Office spelling out the savings that would be achieved by this amendment.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CONGRESSIONAL BUDGET OFFICE,
Washington, DC, October 23, 1985.

Hon. EDWARD ZORINSKY,
Ranking Minority Member, Committee on Agriculture, Nutrition, and Forestry, U.S. Senate, Washington, DC.

DEAR SENATOR: This letter is in response to your request for the estimated cost of changes in grain reserve programs as provided in S. 1714, as ordered reported by the Senate Committee on Agriculture, Nutrition, and Forestry, September 19, 1985.

S. 1714 would eliminate authority for the farmer-owned grain reserve (FOR) and the food security wheat reserve. In their place the bill would require the Secretary of Agriculture to establish a food assistance reserve of wheat and feed grains to be used to meet urgent humanitarian needs overseas.

We estimate that these provisions of S. 1714 would increase Commodity Credit Corporation (CCC) outlays, relative to the budget resolution baseline, by $240 million over the fiscal years 1986 through 1988, and by $460 million over the 1986-1990 period.

The estimated outlay increase is due to elimination of the FOR. Under current law, farmers placing grain in the FOR receive a three-year nonrecourse loan and annual storage payments. If crop prices reach high enough levels, farmers may sell FOR grain and repay the loans. However, if prices are not attractive enough to induce repayment, farmers may default on the loans upon maturity and give the grain to the government. Eliminating the reserve would prevent new placements into the FOR beginning with 1986 crops. Existing FOR loans would likely be forfeited to the CCC, assuming the relatively low crop prices projected under the bill. Outlays would increase, since the government's costs of obtaining and storing forfeited grain would exceed savings from reduced FOR storage payments to farmers.

I would be happy to discuss these estimates with you, or your staff may call Andy Morton (226-2946).

With best wishes.

Sincerely,

RUDOLPH G. PENNER,
Director.

Mr. ZORINSKY. I thank the President. I thank the Senator from Illinois.

I yield the floor.

Mr. SIMON. I thank my colleague.

Mr. President, let me simply underscore the points that have been made. My distinguished friend from Minnesota—and he is my friend—made basically three points:

No. 1, this amendment would cost money.

I do not know who prepared the facts and figures. The Senator cited no specific facts and figures. But CBO says it will save $460 million over 5 years. You can either take some nebulous charge it is going to cost some money or take CBO's figures. I suggest we take CBO's.

No. 2, my distinguished friend says it is going to hurt farmers. The reality is nothing is going to hurt farmers more than simply dumping these reserves onto the market, onto an already depressed market. It simply does not hold water.

No. 3, the Senator makes the point that we do not need the reserves.

I hope the Senator is correct in that. I do not happen to be a prophet, nor, with all due respect to my good friend from Minnesota, is he a prophet. Whether we need the reserves or we do not need the reserves, we do not know. But let us not make some foolish gesture that takes away reserves that could save some country, including our own, from calamity.

I hope the Members of the body will have the good sense to defeat the motion to table that is about to be made, and will accept this amendment.

Mr. BOSCHWITZ addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. BOSCHWITZ. Mr. President, I am prepared. I respect my friend from Illinois. We have so much grain in the CCC in reserve. I really do not think the farmer-owned reserve is necessary. That is why I oppose it. I am prepared to yield back the balance of my time.

Mr. SIMON. I yield back the balance of my time, Mr. President.

The PRESIDING OFFICER. Time has been yielded back.

Mr. SIMON addressed the Chair.

The PRESIDING OFFICER. The Senator from Illinois.

Mr. SIMON. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. DOLE. Mr. President, let me suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. SIMON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there further debate? If not, the question is on agreeing to the amendment.

The amendment (No. 1141) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. SIMON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1142

(Purpose: To modify the method of funding the Federal Crop Insurance Corporation)

Mr. COCHRAN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. It would require unanimous consent to temporarily lay aside the pending amendment.

Mr. COCHRAN. Mr. President, I ask unanimous consent that the pending amendment be temporarily laid aside and that I may offer my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The bill clerk read as follows:

The Senator from Mississippi (Mr. COCHRAN) proposes an amendment numbered 1142.

Mr. COCHRAN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the pending amendment, add the following:

On page 231, between lines 5 and 6, insert the following new section:

FEDERAL CROP INSURANCE CORPORATION FUNDING

SEC. . (a) Section 504 of the Federal Crop Insurance Act (7 U.S.C. 1504) is amended to read as follows:

"CAPITAL STOCK

"SEC. 504. (a) The Corporation shall have a capital stock of $1.00 subscribed by the United States of America, payment for which shall be considered to have been made.

"(b)(1) Not later than 30 days after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985, the Secretary of the Treasury shall cancel, without consideration, receipts for payments for or on account of the stock of the Federal Crop Insurance Corporation outstanding immediately prior to such date of enactment.

"(2) Such receipts shall cease to be liabilities of the Corporation.".

(b) Section 506 of such Act (7 U.S.C. 1506) is amended—

(1) by striking out "and" at the end of subsection (j);

(2) by striking out the period at the end of subsection (k) and inserting in lieu thereof a semicolon; and

(3) by adding at the end thereof the following new subsections:

"(l) may borrow money pursuant to section 516; and

"(m) in the conduct of the business of the Corporation, shall use—

"(1) all funds and other assets of the Corporation, including capital and net earnings therefrom; and

"(2) all funds and other assets of the Corporation that have been or may be transferred or allocated to, borrowed by, or otherwise acquired by the Corporation.".

(c) Subsection (a) of section 516 of such Act (7 U.S.C. 516(a)) is amended to read as follows:

"(a)(1)(A) Subject to subparagraphs (B) through (D), there are authorized to be appropriated such sums as may be necessary—

"(i) to redeem notes or obligations made by the Corporation to the Secretary of the Treasury; and

"(ii) to cover the operating and administrative costs of the corporation, including agents' and brokers' commissions, interest on Treasury notes and other obligations, partial premium payments by the Corporation, an the direct cost of loss adjusters for crop inspections and loss adjustments.

"(B) Funds appropriated to carry out subparagraph (A)(i) may be used only after all other sources of monies available to the Corporation, including monies available from premiums, are used to the fullest extent possible to redeem notes or obligation referred to in subparagraph (A)(i).

"(C) Funds appropriated to carry out subparagraph (A) shall be alloted to the Corporation in such amounts and at such time or times as the Secretary of Agriculture may determine.

"(D)(i) Expenses in connection with agents' and brokers' commissions, interest on Treasury notes and other obligations, partial premium payments by the Corporation, and the direct cost of loss adjusters for crop inspections and loss adjustments may be paid from premium income and other Corporation funds.

"(ii) Any such payments may be restored by appropriations in subsequent years.

"(2)(A) If the Corporation earns a net realized gain for any year, the full amount of such gain shall be held on deposit in the Treasury in an interest-bearing account.

"(B) Subject to subparagraph (C), the proceeds of such account, including both principal and accrued interest, shall remain available to the Corporation without fiscal year limitation.

"(C) The Corporation shall use such proceeds, to the fullest extent practicable, to repay any outstanding debt or other obligation to the Treasury incurred by the Corporation.".

(d) Section 516 of such Act is amended—

(1) by striking out subsection (c); and

(2) by redesignating subsection (d) as subsection (c).

(e) Section 516(c) of such Act (as redesignated by subsection (d)) is amended—

(1) by striking out "Except as provided in subsection (c) if at any time" in the first sentence and inserting in lieu thereof "If";

(2) by striking out "or the issuance of capital stock under section 504 of this title" in the second sentence and inserting in lieu thereof ", appropriations made under this section, or any other source"; and

(3) by striking out the last sentence and inserting in lieu thereof "The total amount of all money borrowed by the Corporation under this subsection at any time shall not exceed $1,000,000,000.".

Mr. COCHRAN. Mr. President, this is an amendment that relates to the funding of the Federal Crop Insurance Program, and specifically the Federal Crop Insurance Corporation.

Mr. President, there have been difficulties, as Senators know, from time to time, when the Federal Crop Insurance Corporation has exhausted its funds and has been unable to pay claims of farmers who have sustained insured losses.

From time to time, this has required supplemental appropriations or emergency funding measures, to be taken so that farmers could be reimbursed in a timely fashion. Even though these emergency measures have operated to sustain the program, there have been instances of temporary hardship, and certainly there have been instances where the farmers' confidence in the Federal Crop Insurance Program have been diminished.

Mr. President, the Federal Crop Insurance Program has become a farm program which is of utmost importance to our farmers. Losses have been dramatic in my State of Mississippi and they have illustrated how important it is to have a dependable crop insurance program.

However, as a result of high losses in many areas of the United States, claims of farmers participating in the Crop Insuance Program have exceeded the Federal Crop Insurance Corporation's funding level. This has created instances where emergency action has been necessary to provide FCIC with additional funding to meet these claims.

As a result of the Federal Crop Insurance Corporation's temporarily running out of money, there have been several articles in the press about the Corporation being bankrupt. This has tended to diminish farmer confidence in the program. In order to allow FCIC to carry out its responsibilities and indemnify farmers for losses and to provide the protection to our farmers, my amendment would provide FCIC with the authority to borrow money so it could pay claims to farmers who have suffered losses. My amendment would do this by creating an account at the Department of Treasury and it would allow FCIC to borrow money from the Treasury to meet its responsibilities.

Mr. President, I would like it understood that my amendment is providing FCIC with authority to meet its responsibilities as Congress has legislated. I would also like FCIC to understand that this body, once we have addressed the important farm issues which confront us today, will pay very close attention to the operations of the FCIC. We are not entirely happy with the way this program is being administered. I intend to schedule hearings before the Agriculture Production, Marketing and Stabilization of Prices Subcommittee of the Senate Agriculture Committee or the Subcommittee on Agriculture, Rural Development and Related Agencies of the Appropriations Committee, both of which I chair, to review the operations of the Federal Crop Insurance Corporation.

I ask that my colleagues join me in support of this amendment to ensure that our Naiton's farmers are provided adequate protection against insured losses.

Mr. President, I have discussed the amendment with the managers of the legislation. We appreciate very much

their assistance in working on this change in the bill.

Mr. HELMS. Mr. President, we have indeed worked with the distinguished Senator from Mississippi on this amendment. It is a good amendment and we accept it on this side.

Mr. ZORINSKY. Mr. President, this amendment would strengthen the Federal Crop Insurance Program. The program is of vital importance to the farmers of this Nation. I compliment the Senator for his amendment and I recommend its adoption.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment.

The amendment (No. 1142) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. COCHRAN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HELMS. Mr. President, I yield the floor.

AMENDMENT NO. 1143

Mr. KERRY. Mr. President, I ask unanimous consent that the pending amendment be temporarily set aside and that I may proceed with the offering of my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Massachusetts [Mr. KERRY], for himself, Mr. KENNEDY, Mr. LEAHY, Mr. SIMON, Mr. HARKIN, and Mr. METZENBAUM, proposes an amendment numbered 1143.

At the end of the bill, add a new section as follows:

"SEC. . Effective December 1, 1985, no article of tobacco (however provided for in part 13 of schedule 1 of the Tariff Schedules of the United States (19 U.S.C. 1202) that is the growth, produce, or manufacture of the Republic of South Africa may be entered, or withdrawn from warehouse for consumption, in the customs territory of the United States until the President (1) determines that the Republic of South Africa has repealed all laws, regulations, rules, orders, travel limitations, and other legal limitations imposed by the Government of that country that restrict the coverage by foreign journalists of news events that relate to social, economic, and political unrest in that country and (2) submits to Congress a report containing the basis for such determination."

Mr. KERRY. Mr. President, this amendment is a very straight-forward amendment. It is cosponsored by Senator LEAHY, Senator SIMON, Senator KENNEDY, and Senator METZENBAUM.

Mr. HELMS. Mr. President, will the Senator yield for one moment?

Mr. KERRY. For a question?

Mr. HELMS. Yes, Mr. President. The question is, Would the Senator be willing to enter into a time agreement on this amendment?

Mr. KERRY. Absolutely, Mr. President. I should be delighted.

Mr. HELMS. What would be his pleasure? Ten minutes equally divided? Twenty minutes equally divided?

Mr. KERRY. Twenty minutes equally divided would be fine.

Mr. HELMS. Mr. President, I ask unanimous consent to that effect.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. The majority leader suggested that the time limitation be made retroactive to the beginning of the Senator's speech.

Mr. KERRY. I could not agree to that. I shall finish very quickly.

I thank the chairman.

Mr. KERRY. Mr. President, my amendment is very simple. I would prohibit the importation into this country of South African tobacco until that Government repeals all the restrictions it has imposed on the foreign and South African news media.

On November 2, of this year, the South African Government imposed new restrictions that sharply limit press access to the often bloody clashes between police and black protestors. Both France and Britain lodged diplomatic protests with Pretoria, criticizing the new curbs on press freedom. The Reagan administration also has noted our own Government's concern for these measures.

The new rules are toughest on broadcast journalists. The television and photographic crews are now required to leave the scene if violence breaks out in any of the 38 districts where the government has declared a state of emergency. Print reporters are permitted to stay in off-limit areas, but they must first report to the local police station.

This latest action by the South African Government has precipitated concern on the part of the black leadership that the absence of reporters and cameras could result in increased brutality against blacks protesting the apartheid policies of that government. In light of a report carried in today's edition of the New York Times, it appears that concern is warranted.

According to the Times report, six people in the black township of Mamelodi were killed by South African police yesterday, including several elderly women. The Times correspondent, relying upon eyewitness accounts, reported that the shootings occurred as thousands of residents gathered at a local government office to protest high rents, the presence of police and army squads in the township, and the banning of weekend funerals. These witnesses estimated the crowd to be 50,000 and that hundreds were injured in the headlong rush from police gunfire and tear gas.

According to the New York Times, the deaths brought to 23 the number of blacks killed by authorities so far this week. Since September 1984, an estimated 865 people, most of them black, have been killed by South African security forces.

This step at restricting the news media's ability to report on government repression of the black majority in that country does not bode well for the prospects for peaceful change in South Africa. Press censorship and restrictions on both Western and South African news agencies means that neither the outside world nor the South Africans themselves will be allowed to have any information regarding the true state of violence that is occurring in that country. It also means that the unrest and tension could get even worse in the future and it will be hidden from the American people.

If there is one thing that Americans understand and appreciate, it is the fact that freedom of the press is fundamental to any democracy. It is one of the freedoms guaranteed by the democratic societies that distinguish us from totalitarian regimes. Even in repressive military dictatorships, on occasion there is a modicum of press freedom. Totally restricting the press's ability to report on societal ills is a totalitarian tool which we expect from Communist countries—not countries who claim membership in the Western community of nations.

Spokesmen for the Reagan administration have urged that talks be opened up with the banned African National Congress in order to find peaceful resolution to the South African crisis. Yet, just 2 weeks ago the editor of the Cape Times in South Africa, was arrested, detained, and charged with violating the country's internal security act of publishing an interview with Oliver Tambo, the exiled President of the African National Congress. If prosecuted and convicted, Heard could receive a jail sentence of up to 3 years. In that interview, Tambo urged the creation of an improved climate in which talks would occur.

Mr. President, the amounts of tobacco involved in my amendment may seem rather minor, and they are. In 1983, the United States imported only 31 metric tons of scrap tobacco from South Africa. This grew to 239 metric tons in 1984. However, while we imported 1,318 metric tons of other tobacco from South Africa in 1983, this declined to 243 metric tons in 1984. Part of this decline can be explained by the fact that scrap tobacco came under very favorable tariffs in 1983 and 1984. Therefore, it appears that much of the high-grade burley tobacco, which is subject to much higher tariffs, than scrap tobacco has been shredded in order to be classified as scrap tobacco.

Our imports of South African tobacco are minimal as a percentage of the

worldwide total of tabacco imports coming into this country. Nearly 25,000 metric tons of scrap tobacco were imported in 1984, and 19,450 metric tons of other tabacco were imported in the same year.

However, I am cognizant of the fact that those of my colleagues who come from tobacco-producing States are concerned deeply over the plight of their tobacco producers. As a result, a special legislative remedy was offered by these Senators in order to ease the economic problems faced by family-farm tobacco-growing operations. I know there is significant concern, and growing opposition to, tobacco imports coming into the United States. This latter problem was addressed in the Senate Agricultural Committee's report on the Dairy and Tobacco Adjustment Act of 1983 which stated:

The increase of foreign grown tobacco is perceived as being a major contributor to the problem of oversupply of domestic tobacco. The importation of large amounts of foreign tobacco could have a detrimental effect on the stability of the tobacco program . . .

On January 21 of this year, our distinguished colleague, Senator FORD, inserted into the RECORD a resolution passed by the Kentucky General Assembly which addressed the problems plaguing tobacco producers. The resolution specifically requested the President to reduce tobacco imports in order to bring the excessive tobacco loan stocks under control.

The resolution noted that American tobacco farmers had to endure production controls while foreign producers did not, therefore providing an unfair advantage for foreign producers.

While my amendment may be viewed as a minimal step in redressing this problem—which has been acknowledged as a serious problem by the Committee on Agriculture—at least American tobacco producers would not have to worry about unfair competition from South Africa. Every metric ton of foreign tobacco denied the American market is just one more metric ton over which our domestic producers will not have to worry.

Mr. President, from all the evidence, it is obvious that the violence against blacks continues unabated in South Africa. As the New York Times reported, and I reiterate, at least 23 blacks have been killed by South African security forces in this week alone.

All this points to is the fact that the government of Pik Bota is incapable of change. Quite the contrary, the Botha government is only capable of hastening the day when an all-out race war breaks loose in South Africa.

As white South African author, Nadine Gordimer, pointed out in her article which appeared in the September 8, 1985, edition of the New York Times magazine:

The police dogs are guarding the gates of paradise. Keep away from the roads that pass where the blacks and the policy-army are contained in their vortex of violence, life can go on as usual. • • •

There is a physical and mental cordoning-off of areas of unrest. The police and army take care of the first matter, and the extraordinary sense of whiteness, of having always been different, always favored, always shielded from the vulnerabilities of poverty and powerlessness takes care of the second.

All of us are concerned over the possibility of a Marxist takeover in South Africa or anywhere in the world. But as one South African student, who talked of a Socialist solution to the problems of his country, observed in Ms. Gordimer's article:

Capitalism has no future in this country. Look where it has gotten us.

Mr. President, that is the essence of the problem for the United States and the West. Black South Africans have suffered under the yoke of apartheid's version of capitalism. They do not have any firsthand knowledge of Marxist systems that crush labor unions in Poland, persecute Jews in the Soviet Union, and slaughter freedom fighters in Afghanistan.

No, the blacks in South Africa suffer under the yoke of the only experience with capitalism that they have had. And it disturbs all of us who believe in democratic principles, and who believe the Western economic system offers a better way of life for everyone than Marxist systems. The very credibility of our beliefs and philosophy are undermined by a racist, totalitarian regime. But, it should not be surprising to us—because we have made it clear, at least until recently, that in the case of South Africa that repression and racism are tolerable if it is anti-Communist.

The illegitimacy of the South African political system has finally caught up with it. A system that has denied 80 percent of the people all political rights because of their skin color never rested on the consent of the Government. Today, the Botha regime governs only by an army of occupation in the black townships.

I was deeply moved by the sentiments expressed by Zambian President Kenneth Kaunda reported in the September 16, 1985, edition of Time magazine, who stated:

We can be black dictators, or brown or yellow or white. The people will reject us. When we defy God's law that we are made in his image, we are in trouble. We are dealing here with a situation in which one human being says to another, "You are inferior because God made you black." There is no exception to God's law on human rights. The dignity of man is there, always. Power must be given to all the people of South Africa, all of them.

The white minority regime in South Africa professes Western values and claims membership in the Western community of nations based upon these professed values. However, it is our obligation to impress on that Government that there is a price for admission to membership in our club, if they want to claim the benefits of our system.

This history of humankind has been plagued by injustice carried out in the name of racial ethnic prejudice. The Holocaust perpetrated against the Jews was carried out by the Nazis in the name of creating a pure Aryan race. The persecution of the Jews in the Soviet Union is carried out because they are Jews.

In our history, we have witnessed discrimination against blacks, the Irish, Italians, and Catholics, just to name a few ethnic and religious groups. And we have made significant strides in erasing prejudices that still linger in our own society.

But it has been the problem of racial discrimination which has been so pernicious. The color of one's skin has been, and continues to be, one of the most persistent prejudices with which humankind has had to struggle to overcome.

Just as President Kaunda of Zambia is a devout Christian who believes that God created all men and women equal, regardless of the color of their skin, I believe we are a nation which espouses and represents a Judeo-Christian belief in the inherent equality of men and women. As such, we have a moral responsibility to act consistent with our beliefs.

Mr. President, the South African Government may want to remove from international scrutiny the daily repression it heaps upon 80 percent of its own population. By imposing such stringent restrictions upon the news media, and in particular television coverage of their system, they are attempting to run from their problem. But they cannot hide. The death toll continues to mount, the violence continues to spread. And some day it will reach into the white suburbs from which the South African Government is attempting to hide the truth.

Mr. President, I would like to conclude my remarks by quoting John F. Kennedy, who observed in a March 13, 1962, address commemorating the first anniversary of the Alliance for Progress:

Those who make peaceful revolution impossible, will make violent revolution possible.

I ask unanimous consent that Nadine Gordimer's article from the New York Times magazine of September 8, 1985, the Time magazine interview with Zambian President Kenneth Kaunda of September 16, 1985, and today's New York Times report on the latest round of violence in South Africa, be printed in the RECORD.

There being no objection, the article were ordered to be printed in the Record, as follows:

[From the New York Times Magazine, Sept. 8, 1985]

GUARDING 'THE GATES OF PARADISE'

(By Nadine Gordimer)

We whites in South Africa present an updated version of the tale of the emperor's clothes; we are not aware of our nakedness—ethical, moral, and fatal—clothed as we are in our own skin. This morning on the radio the news of the withdrawal of more foreign diplomats from South Africa, and the continuing threat of the withdrawal by foreign banks, was followed by a burst of pop-music defiance by the state-owned South African Broadcasting Corporation, on behalf of Afrikaners and English-speaking whites. "Allies," yelled a disco idol, "We're allies, with our backs against the w-all. . . ."

There is an old misconception still current abroad: the Afrikaners are the baddies and the English-speakers, the angels among whites in our country. The categories do not fall so neatly into place. Not all Afrikaners support the state of emergency and the sadistic police and army actions that led up to it, and not all English-speakers would implode apartheid tomorrow if it were possible to prevail against the Afrikaner army that mans the Afrikaner fortress.

The misconception surprises me. Anyone who follows the reports of foreign press correspondents in South Africa must be aware that in November 1983, the Prime Minister, Mr. P.W. Botha, received an overwhelming "yes" vote for his new Constitution, with its tricameral parliament for whites, Indians and colored (people of mixed race)—and the total exclusion of the black majority. The referendum held was open to whites only, both Afrikaners and English-speakers; Mr. Botha could have received a mandate if the English-speaking whites had voted "no." "Yes," they said, voting along with supporters of Mr. Botha's National Party. "Yes," they said, 23.5 million black people shall have no say in the central government of South Africa.

And "yes," said the Reagan Government too, entering into constructive engagement with a policy destructive of justice and human dignity, while mumbling obeisance to abhorrence of apartheid like those lapsed believers who cross themselves when entering a church.

THE DIVISION OF WHITES UNDER CRISIS

There is no special position of non-Afrikaner whites in South Africa, nor has there been for a very long time.

The actual division among whites in our country falls between the majority—Afrikaner and English-speaking—who support the new Constitution, whether directly or circuitously, as a valid move toward "accommodating black aspirations" (let us not invoke justice), and the minority—English-speaking and Afrikaner—who oppose the Constitution as irremediably unjust and unjustifiable. Fewer Afrikaners than English-speakers oppose apartheid, but the English-speakers who uphold the central government of South Africa represent a majority in their language group.

When blacks speak about the "Boer" these days, they're not just referring to Afrikaners; the term has become a generic rather than an ethnic one. It is likely to refer to a mode of behavior, an attitude of mind, a *position*. The nomenclature encompasses all whites who voluntarily and knowingly collaborate in oppression of blacks. Not all Afrikaners are "Boer," and many English-speakers with pedigrees dating back to the 1820 settlers are. . . . States of mind and ways of life under crisis would be expected more or less to follow the lines of division, and I believe that states of mind do. Everywhere I go, I sense a relaxation of the facial muscles among whites who had appeared to be tasting the ashes of the good life when Soweto was on fire in the week before the state of emergency was declared in July. Approval of the state's action is not often explicit in my company, because it is known that I belong to the minority within the white minority that opposes the Constitution as a new order of oppression in contempt of justice, and sees the state of emergency as an act of desperation: a demonstration of the failure of the Government's atrocious "new deal" only a few months after it was instituted. The general feeling among whites is that fear has been staved off—at least for a while.

The police dogs are guarding the gates of paradise. Keep away from roads that pass where the blacks and the police-army are contained in their vortex of violence, and life can go on as usual. One can turn one's attention to matters that affect one directly and can be dealt with without bloodying one's hands: lobbying all over the world against disinvestment and sports boycotts. These are areas where sophisticated people understand one another in economic and leisure self-interests: for many, the only brotherhood that transcends nation and race.

There is a physical and mental cordoning-off of "areas of unrest." The police and army take care of the first matter, and that extraordinary sense of whiteness, of having always been different, always favored, always shielded from the vulnerabilities of poverty and powerlessness, takes care of the second.

As for the less worldly among the white majority, they express openly their approval of Government violence in the last few months, and there is a group that believes there has not been enough of it. "The Government should shoot the lot." This remark was offered to my friend, the photographer David Goldblatt, in all crazy seriousness; there are whites in whose subconscious the power of the gun in a white man's hand is magical (like his skin?) and could wipe out an entire population more than five times as large as that of the whites.

In bizarre historical twinship, this is the obverse of the teachings of the mid-19th-century prophetess Nongqause, of the Xhosa tribe. Nongquase told her people that by following her instructions they could cause all those who wore trousers—the white men—to be swept away by a whirlwind. . . .

It is not true that the South African Government is bent on genocide, as some black demagogues have averred (the black man is too useful for that); but it is true that the unconscious will to genocide is there in some whites.

So is belief in the old biblical justification for apartheid, that blacks are the descendents of Ham, although even the Dutch Reformed Church has embarrassedly repudiated this. Over lunch on his father's Transvaal farm recently, I met a handsome young Afrikaner on leave from military service. Grace was said. When the young man lifted his bowed head, he gave an exposition of biblical justification that was all his own, I think: blacks are the descendants of Cain and a curse on humankind. I did not rise to the bait; but my eyes must have betrayed that I could scarcely believe my ears. Later, among the women of the family, I was shown their new acqusition, a pristine white dishwasher that had replaced the black maid. The young Afrikaner took the opportunity to fire at me, "Yes, it's a good white Kaffir girl."

VIOLENCE AND THE EARLY WARNINGS

During the weeks that led up to the state or emergency, the Eastern Cape black townships had become ungovernable. Violence was horrific in the vicinity of Grahamstown. The white town of Grahamstown is the English 1820 Settlers' Association showpiece answer to the Afrikaner Voortrekker Monument at Pretoria. Soldiers and armored vehicles had taken the place of cultural festival visitors.

It was only when, closer to home, Soweto became a hell to which Johannesburg's black workers returned each night as best they could (buses would not venture farther than Soweto boundaries) that white faces in Johannesburg became strained. Until then, most whites in South Africa were in a state of anguish over the outcome of the New Zealand Government's determination to stop a rugby team's tour of South Africa.

The minority within the white minority did not have to wait for any declaration to be aware of an emergency beyond the nation's rugby fields. Some leaders had been warning for months that an uprising was inevitable: built into the new Constitution as its own consequence. Outstanding among them were Bishop Desmond M. Tutu; the Rev. Beyers Naudé, general secretary of the South African Council of Churches, and the Rev. Allan Boesak, president of the World Alliance of Reformed Churches and a founder of the United Democratic Front—who was detained in August on the eve of an illegal protest march and the widespread violence that followed.

Also there was Sheena Duncan of the Black Sash—a women's organization that has done more than any other source to expose the appalling forced removals of black rural people. Goverment policy has meant that in the past 25 years, one in ten blacks has been moved to make way for whites.

The Government was arresting trade union leaders and leaders of the United Democratic Front, an organization which recognizes no racial or color distinctions and stands for a unitary state in South Africa. And just as, abroad, one may mutter abhorrence of apartheid and go on funding it morally and materially, so the Government was busy reiterating a litany of dedication to consultation and change, while arresting almost every black leader with any claim to be consulted about change.

On the minority side of the dividing line between white and white, a new organization had grown in urgent response to the deployment of 7,000 troops against the people of the black township of Sebokeng, 40 miles south of Johannesburg, last October. This force included young army recruits. Resistance to conscription—while still rare—was suddenly no longer some fringe defection on religious grounds by a handful of Seventh-day Adventists, but a wave of revulsion against "defending one's country" by maiming, killing and breaking into the humble homes of black people.

In this horrifying domestic context, a group called the End Conscription Campaign held a three-day gathering in Johannesburg. A large crowd of young men and

their families debated the moral issues of conscientious objection and defined their position not as pacifist but a refusal to defend apartheid.

I gave a reading there of poetry by South African writers, black and white, in whose work, like that of playwrights, lately, resistance to military service has been the theme. The subject has to be handled gingerly, whether in poetry or platform prose; it is a treasonable offense in South Africa to incite anyone to refuse military service. The E.C.C. is not yet a mass movement, and maybe will not become one, but the Government is sufficiently alarmed by it to have detained several members.

Again, there is a strange historical twinship. Even after 1960, when the South African revolution may be said to have begun, the sons of liberal and left-wing families docilely accepted, *force majeure*, the obligation to do military service, if with a sense of resentment and shame. At the same time, whites who support black liberation have long wondered why blacks have not turned significantly against the informers and collaborators among their own people.

Now, young whites have at last found the courage to fulfill the chief provision blacks demand of them if they are to prove their commitment to the black cause: to refuse to fight to protect racism. Meanwhile, young blacks themselves have reached the stage of desperation that leads them to hunt down and destroy those who are their own people in terms of skin, but not loyalty.

Both developments—the first positive, the second tragic—are the direct result of the new Constitution. The blacks were not consulted about it, rejected it, and are now in a continuous state of rebellion, out of bottomless frustration at finding themselves finally cast out, in civic and even physical terms, from their own country. The Government deals with this rebellion by sending in white soldiers to terrorize blacks into temporary submission; young whites are confronted with the loathsome "duty" it was surely always clear racism eventually would demand.

For years, when one asked blacks why they allowed black police to raid and arrest them, they would answer: "Our brothers have to do what whites tell them. We are all victims together." Now, black youths are confronted with what surely always was clear would be the ultimate distortion of their lives by apartheid: brothers, co-oped as police informers and city dignitaries by white power, becoming enemies.

Many of us who belong to the minority within the minority already were accustomed, before the state of emergency, to using the telephone for the kind of call not made outside thriller movies in your country.

When the South African Defence Force raided the capital of one of our neighboring countries, Botswana, earlier this year, we feared for the lives of black and white friends living in exile there.

For some days, we could piece together their fate only by exchanging guarded word-of-mouth news. For my fellow writer, Sipho Sepamia, the news was bad. He traveled across the border to Botswana to the funeral of a relative murdered in the raid. We were nervous about his doing so, since the brutal raid—which resulted in indiscriminate killing, so that even children died—was purportedly against African National Congress revolutionaries, and the demonstration of any connection with even random victims could rub off as guilt by association.

With the beginning of the state of emergency came mass arrests, and severe penalties for revealing without authority the identity of any detainee. The names we know are confined to those permitted by the police to be published. Who can say how many others there are? So our ominous kind of morning gossip has increased—and there remains the fear that the individual one calls may not answer because he or she has been taken.

Some of us have friends among those who are the accused in the treason trials in session or about to commence, mainly trade unionists and leaders of the United Democratic Front. I telephone my old friend, Cassim Saloojee, a social worker and an officer in the United Democratic Front. He is at home on bail after many weeks of detention before being formally charged with treason. One discovers, these days, that genuine cheerfulness exists, and it is a byproduct of courage. He has only one complaint, which is expressed in a way that catches me out—"I've been spending my time watching pornographic films," he says.

With my tactfully unshockable laugh, I suddenly remember that active resistance to apartheid is "political pornography." The films he has been viewing are video cassettes of public meetings made by the United Democratic Front as records of their activities. They have been seized by the state. For the purposes of their own defense, the accused must study what may now be used as evidence against them. "Ninety hours of viewing. . . ."

The case is sub judice, so I suppose I cannot give here my version of whether the particular meetings I attended (the U.D.F. is a nonracial, nonviolent and legally-constituted movement) could possibly be construed as violent and treasonous, but I hope that among all that footage there is at least recorded the time when the crowd in a Johannesburg hall heard that there was police harassment of some supporters in the foyer, and, from the platform, Cassim Saloojee succeeded in preventing the crowd from streaming out to seek a confrontation that doubtless would have resulted in police violence.

While writing this letter, I have received a call from Colin Coleman, a young white student at the University of the Witwatersrand, down the road, himself a veteran of detention. His brother is now in detention for the second time.

At least, after more than two weeks, Colin Coleman's parents have managed to get permission to visit Neil Coleman in prison. Like well over a thousand others, he has not been charged. The parents are founder members of the well-established Detainees' Parents Support Committee. This title and status indicate the enduring state of mind that prevails among white people like these, stoic but unintimidatedly active on the part of all prisoners of conscience, black and white, whether or not in the family.

Colin called to ask me to take part in a panel discussion on South African culture to be held by the students' Academic Freedom Committee. Irrelevant while we are in a state of emergency? Concurrently with engagement in the political struggle for the end of apartheid, there exists an awareness of the need for a new conception of culture, particulary among whites. Young people like Colin Coleman are aware that a change of consciousness, of the white sense of self, has to be achieved along with a change of regime, if, when blacks do sit down to consult with whites, there is to be anything to talk about.

The arts in South Africa sometimes do bear relation to the real entities of South African life in the way that the euphemisms and evasions of white politics do not. This is increasingly evident in the bold themes explored by blacks and whites in South Africa's theater and literature.

These are the states of mind of the majority of white South Africans, and of the minority within the white population. Within the first group, the majority, the preoccupations of the second are no more than newspaper stores you, too, read thousands of miles away: so long as the Caspir armored monsters patrol the black townships and even mass funerals are banned, the majority feel safe, since there is no possibility that they may be imprisoned for a too-active sense of justice, or find any member of their families or their friends in detention, on trial, or in danger of losing a life in right-wing terrorist attacks. There isn't any possibility that one of their lawyers might be gunned down, as was Victoria Mxenge, a member of a treason trial defense team, outside her home near Durban in July.

The conditions of life, for whites, are a different matter. Even those few whites who have members of their families in prison themselves continue to wake up every morning as I do, to the song of weaver birds and the mechanical-sounding whir of crested barbets in a white suburb. Soweto is only eight miles from my house; if I did not have friends living there, I should not be aware of battles of stones against guns and tear gas that are going on in its streets, for images on a TV screen come by satellite as easily from the other side of the world as from eight miles away, and may be comprehended as equally distanced from the viewer. How is it possible that the winter sun is shining, the randy doves are announcing spring, the domestic workers from the backyard are placing bets on Fah Fee, the numbers game, with the Chinese runner, as usual every afternoon?

In terms of ways of life, conditions of daily living are sinisterly much the same for all whites, those who manage to ignore the crisis in our country, and those for whom it is the determining state of mind. Some go to protest meetings; others play golf. All of us go home to quiet streets, outings to the theater and cinema, good meals and secure shelter for the night. Meanwhile, in the black townships, thousands of children no longer go to school, fathers and sons disappear into police vans or lie shot in the dark streets, social gatherings are around coffins and social intercourse is confined to mourning.

The night the state of emergency was declared, I was at a party held at an alternative education center, the Open School, in the downtown area where banks and the glass palaces of mining companies run down into Indian stores and black bus queues. The school is directed by Colin and Dolphine Smuts (black, despite their Afrikaans surname), for blacks youths and children who study drama, painting, dance and music there—subjects not offered by Government's "Bantu" education. The occasion was a celebration: the school, which had been in danger of closure for lack of funds, was to receive a Ford Foundation grant. Colin had not known until the evening began whether the new ban of gatherings might not be served on the celebration. Dolphine had gone ahead and prepared food.

There were polite speeches, music, drumming and the declamatory performance of poetry that has been part of resistance rhet-

oric since young people began to compose in prison during the Soweto uprisings in 1976 and which sets such gatherings apart from their counterparts in other countries. Soweto was sealed off by military roadblocks. Yet the black guests had come through somehow, thoroughly frisked in the "elegantly casual" clothes we all, black and white, wear to honor this of kind occasion. I asked a couple I had not met before what it was like to be in Soweto now, looking at them in the inhibited, slightly awed way one tries not to reveal to people who have emerged alive from some unimaginable ordeal. The man took a bite from a leg of chicken and washed it down with his drink. "In your street, one day it's all right. The next day, you can cross the street when a Caspir comes round the corner, and you'll die. It's like Beirut."

Yes, if you want to know what it's like here, it's more like Beirut than he knew. I remember a flim I once saw, where the camera moved from destruction and its hateful cacophony in the streets to a villa where people were lunching on a terrace, and there were birds and flowers. That's what it's like. I also remember something said by a character in a novel I wrote ten years ago. "How long can we go on getting away scot free?"

[From the New York Times, Nov. 22, 1985]

POLICE KILL 6 IN SOUTH AFRICA; 23 DIE IN WEEK

(By Sheila Rule)

MAMELODI, South Africa, Nov. 21.—The police shot dead at least six people in this black township today, including several elderly women, according to witnesses. The deaths brought the number killed by the authorities so far this week to at least 23.

The police confirmed only two deaths in the township near Pretoria, saying a man and woman were shot dead when groups of blacks attacked police vehicles with gasoline bombs and stones.

HUNDREDS ARE INJURED

The shootings occurred as thousands of residents gathered at a local government office to protest high rents, the presence of police and army squads in the township and the banning of weekend funerals.

Hundreds of others in the crowd, estimated at 50,000 people, were injured in a confused, headlong rush from police fire and tear gas.

The deaths brought to more than 865 the number of people killed, most of them black, since violence erupted in South Africa's segregated townships in September of last year.

Meanwhile, there was growing speculation in Pretoria that Nelson Mandela, the jailed leader of the African National Congress, might be released soon. He has been in prison since 1964 on a life sentence for sabotage and plotting revolution.

Mr. Mandela's wife, Winnie, said in response to questions that she had no "specific information as to when he will be released." But she added that she took the "speculation seriously because of its great intensity."

President P.W. Botha, asked by reporters whether the authorities intended to release the black nationalist leader, said, "No decision has been taken." A spokesman in Mr. Botha's office in Pretoria said, however, that there was "no truth in the rumors."

The police clashed with demonstrators in the dilapidated township of Mamelodi after residents of the area stayed away en masse from work and thousands of elderly women and others marched to the town council office in the protests over rents, police presence and the funeral ban.

No taxis or buses operated in Mamelodi—one driver told prospective passengers that his vehicle would surely be stoned—as youths urged commuters not to go to work. One visitor was warned that the young "comrades" might think her large brown purse indicated she was coming from work and that they might therefore confiscate it.

The protestors confronted the Mayor of the Township and urged him to ask the authorities to deal with their grievances.

DROWNED OUT BY CHANTS

The Mayor, standing in a police armored vehicle, tried to address the crowd but was drowned out by chants and freedom songs. As the demonstrators grew restive and shouted invective, the police opened fire.

Several people lay motionless on the ground, as thousands of others fled. Scores of people suffered bullet wounds, and others were trampled in the stampede. The police reported that they had arrested four "ringleaders" of youths who had urged commuters to stay away from work.

Policemen and soldiers patrolled the township in armored vehicles this afternoon under a scorching sun, as youths erected barricades in the streets with burning tires.

The police stopped all cars on the major road into the area. They ordered passengers out and demanded that they face in the direction of an open field as policemen, saying they were looking for drugs, dug into purses and packages and searched in trunks and under seats. Television crews were turned away.

In other developments, the authorities said they had "overlooked" five bodies with bullet wounds that had been found during police action on Sunday in a black township outside Queenstown, near East London. As a result, they said, they had failed to mention them the next day in their routine police report.

The announcement brings to 14 the number of people killed in the area Sunday, possibly the highest one-day toll of deaths since a state of emergency was imposed in townships on July 21.

Mrs. Mandela said at a news conference in Cape Town, meanwhile, that her husband was seeking permission from the authorities to meet with his lawyers on Friday.

She declined to answer reporters' questions about whether she or Mr. Mandela had met in recent weeks with the Minister of Justice. She said she might be able to answer that question after a meeting with the lawyers.

The lawyers said tonight that the meeting had been approved and that they would meet with Mr. Mandela on Friday at Volks Hospital in Cape Town, where he is recovering from prostate surgery.

Mrs. Mandela said her husband would reject an offer to be released on condition that he would be sent to the nominally independent Transkei. He was born there before the authorities turned it into a so-called homeland as part of their grand design of apartheid.

When asked whether Mr. Mandela would accept a deal that made his release conditional on deportation to Zambia, where the exiled and outlawed African National Congress has its headquarters, Mrs. Mandela said, "That would be an exciting possibility for him to see his long-gone colleagues, but I don't see that happening."

[From Time, Sept. 16, 1985]

WAITING FOR AN EXPLOSION

(Kenneth Kaunda, 61, who has been President of Zambia since his country's independence in 1964, is one of black Africa's elder statesmen. Though not a Marxist, he is a firmly committed nationalist who supported the independence struggles in Angola, Mozambique and Zimbabwe. Kaunda is, however, also a devout Christian who believes that "when the good Lord said 'Love thy neighbor as thyself,' he didn't mention color." He has met with South African leaders in an effort to bring about an end to apartheid. TIME Diplomatic Correspondent William Stewart recently visited the Zambian capital of Lusaka to talk with Kaunda in his study at the State House, the elegant mansion that once housed the governors of Northern Rhodesia. During the interview Kaunda applauded the growing opposition to apartheid in the U.S. and made an impassioned plea for international action to save South Africa from what he believes will be a bloody revolution. Excerpts:)

Twelve and a half years ago, a South African journalist asked me when a possible explosion might take place in his country. I said in 15 years. He said "That long?" And I replied, "Of course." We are left with 2½ years of my prediction, and I am not sure we have even that long.

We can be black dictators, or brown, yellow or white. The people will reject us. When we defy God's law that we are made in his image, we are in trouble. We are dealing here with a situation in which one human being says to another, "You are inferior because God made you black." There is no exception to God's law on human rights. The dignity of man is there, always. Power must be given to all the people of South Africa, all of them. The 5 million whites are as Africa as I am, and so are the 24 million blacks. So are the coloreds [people of mixed race] and the Indians. They have to sit together to discuss their future. If they do not, the explosion we have been fearing will take place. When it happens—not if, but when—it will make the French Revolution look like a Sunday school picnic. Black and white will perish, not by the thousands as in Zimbabwe, but by the hundreds of thousands. We have to move at breakneck speed, with only a possibility of averting it.

The thin thread by which all this hangs is the immediate and unconditional release of [imprisoned African National Congress Leader] Nelson Mandela. State President P.W. Botha has got to release Mandela unconditionally if he wants to save the situation. I believe President Botha is a sincere man, despite what has happened. It is a good quality, but in this situation it is not enough. I don't think he has the courage to see his sincerity through.

The outside world must also participate by imposing economic sanctions. [If they are imposed], the 24 million black Africans will see that the outside world is assisting them [and] will say, "The world has not forgotten us. Let's wait and see." This is the thin hope. We have been told several times that it is we [black Africans] who will suffer most if sanctions are imposed. Nobody knows that better than I do, nobody. I've gone through it, my people and I, as a result of the British-proposed sanctions at the United Nations [against Rhodesia in the 1960s]. But an explosion is about to take place in South Africa, and when it does, it will destroy everything in its wake. So

whether there is an explosion or whether there are sanctions, we are involved. As a matter of both principle and self-interest, we want to do everything possible to avert that explosion. Final arrangements can only be determined by the South Africans themselves. But we might give a hint: It's always dangerous giving too little too late. I told Botha in my [Botswana] border meeting with him in 1982, "You and the moderate whites in commerce, the moderate blacks in commerce form a very substantial middle group. You should together form a new structure for the country, politically, economically and socially. Once you do that, South Africa will be home free. Fail, and disaster." How to do this is their concern, but speed is of the essence.

Mr. KERRY. Mr. President, I ask my colleagues to do two things here: One, make a small statement about that importation problem and literally open the door to some small but greater amount of domestic tobacco being produced; second, and perhaps far more importantly, make an important continued statement about our unwillingness to sit idly by while the Government of South Africa pursues a policy which we all know is abhorrent to the basic tenets of democracy in this country.

Mr. President, I urge adoption of my amendment and while I would hope that the distinguished managers of the bill here, Senator HELMS and Senator ZORINSKY, might in the interest of time agree to a voice vote on the amendment, I would otherwise ask for the yeas and nays.

Mr. DOLE. Mr. President, I hope the distinguished Senator would not request a rollcall. We are prepared to accept the amendment.

Mr. KERRY. If the Senators are prepared to accept it, I withdraw my request for the yeas and nays.

I thank the majority leader.

Mr. ZORINSKY. Mr. President, I commend the junior Senator from Massachusetts for his amendment, and I urge my colleagues to support it. It seems to me that this amendment kills two birds with one stone. First, it puts the Congress clearly on record in opposition to the recently imposed restrictions on journalistic coverage of social, economic, and political unrest in South Africa. In this regard it is consistent with the position taken earlier this year by the Senate in overwhelmingly supporting sanctions against the Government of South Africa in order to motivate reform in that nation. I note here that the amendment is not overly broad, but addresses only the specific problem of press restrictions adopted since the imposition of sanctions by President Reagan.

Second, the amendment extends some very needed help to our Nation's tobacco farmers who have been continually threatened by foreign imports. Generally speaking, I believe in free trade, but I can see no reason in logic or principle for American farmers to suffer from these imports when the Government of South Africa continues on a course with which we so fundamentally disagree.

For these reasons Mr. President, I congratulate the Senator on his amendment, and I intend to support it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Massachusetts.

The amendment (No. 1143) was agreed to.

Mr. ZORINSKY. I move to reconsider the vote.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I thank the distinguished Senator from Massachusetts. I do not believe the amendment belongs on this bill, but neither did the bankruptcy judge amendment.

Mr. President, I hope we are prepared with other amendments.

AMENDMENT NO. 1061

Mr. MATHIAS. I have one. Mr. President, I have an amendment at the desk. I ask that it be immediately considered.

The PRESIDING OFFICER. There are two amendments pending that must be set aside, the Chair informs the Senator from Maryland.

Mr. MATHIAS. If the President will bear with me one moment, it is amendment No. 1061.

The PRESIDING OFFICER. The Senator must request that the other amendments be set aside so he can offer his amendment.

Mr. MATHIAS. I ask unanimous consent that the pending amendment be set aside so I can offer amendment 1061.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Maryland [Mr. MATHIAS] proposes an amendment No. 1061.

Mr. MATHIAS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 21, line 8, insert the following: World Agricultural Summit, (after Trade Negotiations and before Export Promotion)

On page 23, line 18, insert a new section 107 (c), changing the current section 107 (c) to section 107 (d) and so on.

(c) It is the sense of Congress that the President should, at the earliest practicable time after the date of enactment of this Act, convene an international conference of major agricultural nations to discuss trade and agricultural problems for the purpose of—

(1) elevating global food and agricultural issues to the attention of the highest policy-making officials of the nations of the world;

(2) developing a long-term plan for strengthening the world food and agricultural trading system in ways that foster the best interests of both exporting and importing countries alike;

(3) insuring an adequate system of transportation and distribution and stable agricultural economy;

(4) insuring that there will be at all times an adequate supply of food for the peoples of the world and an equitable principle adopted for sharing it; and

(5) building a foundation for negotiating a more open and fair world agricultural trading system under the General Agreement on Tariffs and Trade (GATT).

Mr. MATHIAS. Mr. President, we have been working here for a number of days on fashioning an agricultural bill for the United States. The debate which has occurred during these days has illustrated how very difficult and complex this task is. But the fact is that it is an even more difficult and complex task than it has appeared here in the Senate, because we no longer have control of world agricultural markets. The United States today has less influence in world agricultural markets than at any time since the end of World War II. The fact is that many countries which were formerly our customers for agricultural products are now our competitors. The People's Republic of China is now a grain exporting nation, not by a great deal, not by a large margin, but it is a country that is in surplus. That is important in itself. The Republic of India, a country which at one time was a purchaser of large amounts of American grain, is now a self-sufficient country. The European Economic Community has an agricultural surplus.

All of this means that there has been a revolutionary change in world agricultural markets. This amendment very simply calls upon the President to convene a conference with other leading agricultural nations to examine the nature of the global agricultural market. We want to assure that there is adequate food in the world, but also to be sure that there are stable and dependable markets upon which the world agricultural community can rely. Very simply, that is what the amendment calls for.

Mr. HELMS. Mr. President, with all due respect to my dear friend from Maryland, I cannot support his amendment. He mentioned the changes in world trade and our participation in it and he is right about that. These changes have occurred insofar as the declining percentage of the world market claimed by the United States has resulted from failed farm policies—pricing ourselves out of the market.

We are supporting one commodity after another at a level far above the world price. That is the cause of that. But this amendment sounds good and its intent is the best; it seems just to

propose another conference. It is the kind of amendment that we would usually accept, but I have to say to my friend that as a sense-of-the-Congress resolution, this proposal sets forth some specific goals for food trade and international policy with which I cannot agree.

It calls, for example, for the President to convene a world agricultural summit. It requires that conference to develop, among other things, an equitable "principle" for sharing the world's food supply. It seems to me that the free enterprise system is about as equitable a principle as there is and we ought to get about the business of promoting that better around the world than we have been.

Mr. MATHIAS. If the chairman will yield, I have no desire to dictate at the outset what that principle should be. All I am suggesting is that we ought to think about it.

Mr. HELMS. I understand that, but I will say to my friend—and he is my friend and he knows that—that there already exists various mechanisms, various organizations, governmental agencies—for example, the food and agricultural organizations of the United Nations, the International Wheat Agreement and GATT—through which these kinds of issues may be addressed.

With all due respect to the Senator, I do not think another forum and all the expense and everything else will do one bit of good. But I am perfectly willing to face the fact that there is going to be a voice vote and I will lose, but I felt obliged to state the way I feel about it.

Mr. SARBANES. Mr. President, I rise in very strong support of the amendment offered by my colleague from Maryland. I think he has spoken eloquently to the need for such a conference and the need to develop a stronger foundation for agricultural trading on a more equitable basis and to address some of the problems with respect to the transportation and distribution of products and the supply of food for peoples around the world. I hope the Senate will adopt this sense-of-the-Congress proposal which my colleague has put forward.

I might point out, because it was just stated in opposition to the amendment that the blame lies with our internal policies, that major agricultural nations have worked out a very complicated system of support and subsidy for their producers and that a conference of the sort outlined by my colleague might well go a long way toward rationalizing this international agricultural trading system to the advantage of everyone including both producers and consumers. I commend my colleague for offering the amendment.

Mr. MELCHER. Mr. President, I am very much in support of the sense-of-the-Congress resolution offered by the Senator from Maryland. I want to tell you a few of the things that it dovetails within the export title of the committee bill.

While I recognize the frustrations that have been expressed by the chairman of the committee, I want to tell you for sure that our committee was united in developing the export title and it was united because we have been absolutely frustrated here in the United States by our lack of ability to expand exports more than we have, and, indeed, we are really shocked and saddened to watch the decline in the agricultural exports from the United States.

To attempt to stem that decline and to go upward again, increasing the amount of agricultural exports from this country, we have in the committee, in the export title of it, enhancement of Food for Peace in section 416, a Special Assistant to the President, and accepting the opportunities that exist and finding greater opportunities that may exist to broaden our exports through these very significant and important trade enhancement tools that we have in these two pieces of law in section 416.

Often we are frustrated by the inadequacies and the blindness and the clumsiness of people within the State Department and occasionally within the Department of Agriculture to take advantage of these opportunities.

The special assistant to the President has to assist in ironing out these difficulties and to bring about some systematic method of accepting the applications of various countries around the world that want to participate in our food, and by doing so to give us the opportunity not only to assist them but also, in the very long run, to develop markets in those particular countries—paying markets, annual markets.

The committee bill also adds enhancement of export credit, enhancement of a targeted export assistance. It also adds a very important section, which is new, the food for peace section designed by the chairman.

All I am saying is that, despite our frustration and our disappointment at the decline of American agriculture, we think we can do a much better job. Therefore, I very much appreciate and applaud the sense-of-the-Congress resolution offered by the Senator from Maryland. I hope it is accepted.

Mr. ZORINSKY. Mr. President, I echo the sentiments of the Senator from North Carolina with respect to some of the inequities we have: not having an equal playing field with respect to what other governments do for their agriculture in the area of subsidization in the international marketplace. That is the real marketplace; that is real competition out there.

As the Senator from Maryland indicated, this amendment does not presuppose to tell anyone, including the Senate, as to what the causes are.

It is hoped that we will find out that our farmers can compete with other farmers, but they cannot compete with the treasuries of other nations, with the strong dollar, and with many other items that affect the inequities of our deficit in trade with the rest of the world.

I support the amendment, and ask my colleagues to support it.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment.

The amendment (No. 1061) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MATHIAS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HELMS. Mr. President, sometimes I miss all the fun.

I regret that I was called off the floor when the distinguished Senator from Massachusetts offered his amendment with respect to South Africa. I know that he intended it as—I do not know what he intended it to be. But I say this with all respect for the Senator: It is the first frivolous amendment that has been offered to this farm bill. Foreign policy has nothing to do with this farm bill—certainly not this kind of farm bill.

If I had been here, I would have asked him to consider modifying his amendment where he says "Effective December 1, 1985"—and I will skip—I would suggest that he insert "and the People's Republic of China."

I would be willing to wager that the Senator would have rejected that suggestion, which brings the focus to a point that I believe is too often ignored.

If the Senator really wants to be punitive toward a nation with a long history of genocide, he ought to think about the People's Republic of China—Red China. Around this place we expect our friends to be perfect; and when we look at communist nations we say, "Well, boys will be boys."

So far as South Africa is concerned, I do not know anybody who is in favor of apartheid, nor do I know anybody who will explain to me satisfactorily why there is such a flow of immigration of black people into South Africa.

I do wish I had been on the floor when the distinguished Senator offered his amendment, because it would be interesting, very interesting, to see how he would have reacted to my suggestion that he include the People's Republic of China—Red China—in his foreign policy invasion of the farm bill.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that the amendments now pending be laid aside and that they be continued as the order of business after the consideration of the following amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1144

Mr. BOSCHWITZ. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Minnesota [Mr. BOSCHWITZ] proposes an amendment numbered 1144.

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER (Mr. GRAMM). Without objection, it is so ordered.

The amendment is as follows:

At the end of the reading amendment, add the following: On page 459, between lines 18 and 19, add the following new subtitle:

"SUBTITLE D—COMMODITY PROVISIONS

"SUBDIVISION A—WHEAT LOAN RATES AND TRANSITION PAYMENTS FOR THE 1986 THROUGH 1991 CROPS OF WHEAT

"SEC. . Effective only for the 1986 through 191 crops of wheat, the Agricultural Act of 1949 is amended by adding after section 107C a new section as folllows:

"SEC. 107D. Notwithstanding any other provision of law—

(a) The Secretary shall make available to producers nonrecourse loans for each of the 1986 through 1991 crops of wheat at a level of $2.20 per bushel, except that if the Secretary determines that, based upon market conditions during the immediately two preceding marketing years, the loan level should be increased and that any such increase in the loan level will not jeopardize the competitive position of United States agriculture in world markets, the Secretary may increase the loan level for the next marketing year to an amount which does not exceed 105 percent of the level of loans which is in effect at the time of the increase. Notwithstanding the foregoing, the Secretary shall annually determine the average price of wheat received by producers during each of the immediately preceding two marketing years. If the Secretary determines that the average price of wheat received by producers in any markets year, beginning with the 1986 marketing year is not more than 105 percent of the level of loans for such marketing year, the Secretary may reduce the level of loans for the following marketing year by an amount not greater than 10 percent of the level of loans which is in effect at the time of the decrease. If the Secretary determines that the average price of wheat received by producers in any two consecutive marketing years, beginning with the 1986 marketing year, is not more than 105 percent of the level of loans at the time of such determination and the loan rate was not adjusted downward for the marketing year prior to the marketing year for which the determination is made, the Secretary shall reduce by at least 10 percent the level of loans for the next marketing place. If the Secretary adjusts the level of loans in accordance with this subsection, the adjusted level shall remain in effect until such time as the Secretary makes a subsequent adjustment in the level of loans.

(i) The Secretary may permit a producer to repay a loan made under this paragraph for a wheat crop at a level that is the lesser of—

(I) the loan level determined for such crop; or

(II) the prevailing world market price for such wheat, as determined by the Secretary

(ii) The Secretary may prescribe by regulation—

(I) a formula to define the prevailing world market price for wheat; and

(II) a mechanism by which the Secretary may announce periodically the prevailing world market price for wheat.

"(b)(1) With respect to the 1986 through 1991 crops of wheat, the Secretary shall make payments to producers on farms having a wheat acreage base for the 1986 crop year. The Secretary may make a portion of the payment in wheat owned by the CCC instead of cash. The payments shall be made in an amount computed by multiplying (i) the payment rate as defined in subsection (b)(2) of this section by (ii) the payment quantity as defined in subsection (b)(3) of this section, by (iii) 100 percent for the 1986 crop, and for the 1987 through 1991 crops, not more than 100 percent for each crop, and not less than 90 percent, 80 percent, 70 percent, and 60 percent for the 1987, and 50 per centum 1988, 1989, and 1990 and 1991 crops, respectively.

(2)(A) The payment rate for wheat to producers on farms on which producers were participants in either the 1984 or 1985 Wheat Program established under section 107B of the Agricultural Act of 1949 shall be $1.42.

"(B) The payment rate for wheat to producers on farms not specified in subsection (b)(2)(A) shall be $1.10.

"(C) Notwithstanding any other provision of this subsection, if the Secretary decreases the level of loans for the 1987, 1988, 1989, 1990, or 1991 marketing year in accordance with subsection (a) of this section, the Secretary shall increase the payment rate for wheat for such marketing year by a percentage equal to the percentage by which the Secretary decreases the level of loans for such marketing year.

"(3)(A) The payment quantity for each of the 1986 through 1991 marketing years shall be computed by multiplying the acreage base by the payment yield established for the farm for wheat.

"(B) The acreage base for any farm shall be the average acreage planted and considered planted to wheat for harvest in the 1981, 1982, 1983, 1984 and 1985 crop years. For the purpose of the preceding sentence, acreage planted to wheat for harvest shall include any acreage which the producers were prevented from planting to wheat or other nonconserving crop in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers. The Secretary may make adjustments to reflect established crop rotation practices and to reflect such other factors as the Secretary determines should be considered in establishing a fair and equitable acreage base.

"(C) The payment yield for wheat shall be the yield established for the farm for the crop year, adjusted by the Secretary to provide a fair and equitable yield. If no yield for wheat was established for the farm in the 1985 crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable. If the Secretary determines it necessary, the Secretary may establish national, State, or county payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the 1985 crop year. If national, State, or county payment yields are established, the farm payment yields shall balance to the national, State or county yields.

"(4)(A) A producer on a farm with respect to which payments are authorized by this subsection shall be eligible for such payments on such farm only with respect to that portion of the acreage base which the producer devotes to wheat or other agricultural commodity or to an approved conservation use as defined by the Secretary.

"(B) The Secretary shall require, as a condition to receive payments under this subsection, that producers report annually on a date prior to harvest specified by the Secretary, the amount of the farm acreage base which is devoted to the production of agricultural commodities or conserving uses.

"(d)(1) The Secretary shall not require participation in any production adjustment control program for wheat or any other commodity as a condition of eligibility for the loans or payments authorized by this section.

"(2) The Secretary shall not make land diversion payments to producers of wheat.

"(e) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under Section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(f) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(g) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(h) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to the assignment of payments) shall apply to payments under this section.

"(i) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(j) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(k) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans or payments under this section.".

NONAPPLICABILITY OF CERTIFICATE REQUIREMENTS

SEC. . Section 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (which deal with marketing certificate requirements for processors and exporters) shall not be applicable to wheat processors or exporters during the period June 1, 1986, through May 31, 1992.

SUSPENSION OF MARKETING QUOTAS AND PRODUCER CERTIFICATE REQUIREMENTS

SEC. . Sections 331, 332, 333, 334, 335, 336, 338, 339, 379b, and 379c of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1986 through 1991 crops of wheat.

SUSPENSION OF QUOTA PROVISIONS

SEC. . Public Law 74, Seventy-seventh Congress (55 Stat. 203, as amended) shall not be applicable to the crops of wheat planted for harvest in the calendar years 1986 through 1991.

NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949 TO THE 1986 THROUGH 1991 CROPS OF WHEAT

SEC. . Section 107 of the Agricultural Act of 1949 shall not be applicable to the 1986 through 1991 crops of wheat.

SUBDIVISION —LOAN RATES AND TRANSITION PAYMENTS FOR THE 1986 THROUGH 1991 CROPS OF FEED GRAINS

SEC. . Effective only for the 1986 through 1991 crops of feed grains, the Agricultural Act of 1949 is amended by adding after section 105B a new section as follows:

"SEC. 105C. Notwithstanding any other provision of law—

"(a) The Secretary shall make available to producers nonrecourse loans for each of the 1986 through 1991 crops of corn, grain sorghum, barley, and oats at a level of $1.90, $1.80, $1.63, and $1.01 per bushel, respectively, except that if the Secretary determines that, based upon market conditions during the immediately two preceding marketing years, the loan level for any such commodity should be increased and that any such increase in the loan level will not jeopardize the competitive position of United States agriculture in world markets, the Secretary may increase the loan level for such commodity for the next marketing year to an amount which does not exceed 105 percent of the level of loans which is in effect at the time of the increase. Notwithstanding the foregoing, the Secretary shall annually determine the average price of corn, grain sorghum, barley, and oats received by producers during each of the immediately preceding two marketing years. If the Secretary determines that the average price of any such commodity received by producers of such commodity in any marketing year, beginning with the 1986 marketing year, is not more than 105 percent of the level of loans for such commodity for such marketing year, the Secretary may reduce the level of loans for such commodity for the following marketing year by an amount not greater than 10 percent of the level of loans for such commodity which is in effect at the time of the decrease. If the Secretary determines that the average price of any such commodity received by producers of such commodity in any two consecutive marketing years, beginning with the 1986 marketing year, is not more than 105 percent of the level of loans for such commodity at the time of such determination and the loan level was not adjusted downward for such commodity for the marketing year prior to the marketing year for which the determination is made, the Secretary shall reduce by at least 10 percent the level of loans for such commodity for the next marketing year. If the Secretary adjusts the level of loans in accordance with this subsection, the adjusted level shall remain in effect until such time as the Secretary makes a subsequent adjustment in the level of loans.

(i) The Secretary may permit a producer to repay a loan made under this paragraph for a feed grains crop at a level that is the lesser of—

(I) the loan level determined for such a crop; or

(II) the prevailing world market price for such feed grains, as determined by the Secretary.

(ii) The Secretary may prescribe by regulation—

(I) a formula to define the prevailing world market price for feed grains; and

(II) a mechanism by which the Secretary may announce periodically the prevailing world market price for feed grains.

"(b)(1) With respect to the 1986 through 1991 crops of corn, grain sorghum, barley, and oats, the Secretary shall make payments to producers on farms having an acreage base for the commodity for the 1986 crop year. The Secretary may make a portion of the payment in feed grains owned by the CCC instead of cash. The payments shall be made in an amount computed by multiplying (i) the payment rate as defined in subsection (b)(2) of this section, by (ii) the payment quantity as defined in subsection (b)(3) of this section, by (iii) 100 percent for the 1986 crop, and, for the 1987 through 1991 crops, not more than 100 percent for each crop and not less than 90 percent, 80 percent, 70 percent, 60 percent, and 50 percent for the 1987, 1988, 1989, 1990, and 1991 crops, respectively.

"(2)(A) The payment rate for corn, grain sorghum, barley, and oats to producers on farms on which producers were participants in either the 1984 or 1985 program for such commodity established under section 105B of the Agricultural Act of 1949 shall be $0.94, $0.88, $0.78, and $0.51, respectively.

"(B) The payment rate for corn, grain sorghum, barley, and oats to producers on farms not specified in subsection (b)(2)(A), shall be $0.65, $0.62, $0.45, and $0.30, respectively.

"(C) Notwithstanding any other provision of this subsection, if the Secretary decreases the level of loans for corn, grain sorghum, barley, or oats for the 1987, 1988, 1989, 1990, or 1991 marketing year in accordance with subsection (a) of this section, the Secretary shall increase the payment rate for such commodity by a percentage equal to the percentage by which the Secretary decreases the level of loans for such commodity for such marketing year.

"(3)(A) The payment quantity for each of the 1986 through 1991 marketing years shall be computed by multiplying the acreage base for the commodity by the payment yield established for the farm for the commodity.

"(B) The acreage base for any farm for corn, grain sorghum, barley, and oats shall be the average acreage planted and considered planted to the commodity for harvest in the 1981, 1982, 1983, 1984 and 1985 crop years. For the purpose of the preceding sentence, acreage planted to the commodity for harvest shall include any acreage which the producers were prevented from planting to the commodity or other nonconserving crop in lieu of such commodity because of drought, flood, or other natural disaster, or other condition beyond the control of the producer. The Secretary may make adjustments to reflect established crop rotation practices and to reflect such other factors as the Secretary determines should be considered in establishing a fair and equitable acreage base.

"(C) The payment yield for feed grains shall be the yield established for the farm for the commodity for the 1985 crop year, adjusted by the Secretary to provide a fair and equitable yield. If no yield for the commodity was established for the farm in the 1985 crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable. If the Secretary determines it necessary, the Secretary may establish national, State, or county payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the 1985 crop year. If national, State or county payment yields are established, the farm payment yields shall balance to the national, State or county yields.

"(4)(A) A producer on a farm with respect to which payments are authorized by this subsection shall be eligible for such payments on such farm only with respect to that portion of the acreage base which the producer devotes to a feed grain or other agricultural commodity or to an approved conservation use as defined by the Secretary.

(B) The Secretary shall require, as a condition to receive payments under this subsection, that producers report annually on a date specified by the Secretary the amount of the farm acreage base which is devoted to the production of agricultural commodities or conserving uses.

"(d)(1) The Secretary shall not require participation in any production adjustment control program for feed grains or any other commodity as a condition of eligibility for the loans or payments authorized by this section.

"(2) The Secretary shall not make land diversion payments to producers of feed grains.

"(e) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(f) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(g) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(h) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this section.

"(i) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(j) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(k) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans or payments under this section.".

NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949 TO THE 1986 THROUGH 1991 CROPS OF FEED GRAINS

SEC. . Section 105 of the Agricultural Act of 1949 shall not be applicable to the 1986 through 1991 crops of feed grains.

SUBDIVISION C—COTTON SUSPENSION OF BASE ACREAGE ALLOTMENTS, MARKETING QUOTAS, AND RELATED PROVISIONS

SEC. . Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 shall not be applicable to upland cotton of the 1986 through 1991 crops.

REPEAL

SEC. (a). Section 506 of the Agriculture and Food Act of 1981 is repealed.

(b) Subsection H of section 103 of the Agricultural Act of 1949, as amended, is repealed effective beginning with the 1986 crop of extra long staple cotton.

LOAN RATES AND TRANSITION PAYMENTS FOR THE 1986 THROUGH 1991 CROPS OF COTTON

SEC. . Effective only for the 1986 through 1991 crops of upland cotton, section 103 of the Agricultural Act of 1949 is amended by adding at the end thereof a new subsection as follows:

"(i)(1)(A) The Secretary shall make available to producers nonrecourse loans for each of the 1986 through 1991 crops of upland cotton at a level of $0.50 per pound, except that if the Secretary determines that, based upon market conditions during the immediately two preceding marketing years, the loan level should be increased and that any such increase in the loan level will not jeopardize the competitive position of United States agriculture in world markets, the Secretary may increase the loan level for the next marketing year to an amount which does not exceed 105 percent of the level of loans which is in effect at the time of the increase. Notwithstanding the foregoing, the Secretary shall annually determine the average price of upland cotton received by producers during each of the immediately preceding two marketing years. If the Secretary determines that the average price of upland cotton received by producers in any marketing year, beginning with the 1986 marketing year, is not more than 105 percent of the level of loans for such marketing year, the Secretary may reduce the level of loans for the following marketing year by an amount not greater than 10 percent of the level of loans which is in effect at the time of the decrease. If the Secretary determines that the average price of upland cotton received by producers in any two consecutive marketing years, beginning with the 1986 marketing year, is not more than 105 percent of the level of loans at the time of such determination and the loan rate was not adjusted downward for the marketing year prior to the year for which the determination is made, the Secretary shall reduce by at least 10 percent the level of loans for the next marketing year.

(i) The Secretary may permit a producer to repay a loan made under this paragraph for a cotton crop at a level that is the lesser of—

(I) the loan level determined for such a crop; or

(II) the prevailing world market price for such feed grains, as determined by the Secretary.

(ii) The Secretary may prescribe by regulation—

(I) a formula to define the prevailing world market price for cotton; and

(II) a mechanism by which the Secretary may announce periodically the prevailing world market price for cotton.

"(B) For purposes of this subsection, extra long staple cotton means cotton which is produced from pure strain varieties of Barbadense species or any hybrid thereof, or other similar types of extra long staple cotton, designated by the Secretary, having characteristics needed for various end uses for which American upland cotton is not suitable and grown in irrigated cotton-growing regions of the United States designated by the Secretary or other areas designated by the Secretary as suitable for the production of such varieties or types and which is ginned on a roller-type gin or, if authorized by the Secretary, ginned on another type gin for experimental purposes.

"(C) The Secretary shall make available to producers nonrecourse loans for each of the 1986 through 1991 crops of extra long staple cotton at such level as the Secretary determines is fair and reasonable in relation to the level of loans for upland cotton, but in no event at a level in excess of 50 percent of the level of loans for upland cotton in effect at the time of the determination.

"(D) If the Secretary adjusts the level of loans for upland cotton or extra long staple cotton in accordance with paragraph (1) of this subsection, the adjusted level shall remain in effect until such time as the Secretary makes a subsequent adjustment in the level of loans for such commodity.

"(E) If authorized by the Secretary, nonrecourse loans provided for in this subsection may, upon request of the producer during the tenth month of the loan period for the cotton, be made available for an additional term of eight months.

"2(A) With respect to the 1986 through 1991 crops of cotton, the Secretary shall make payments to producers on farms having an upland cotton or extra long staple cotton acreage base for the 1986 crop year. The Secretary may make a portion of the payments in cotton owned by the CCC instead of cash. The payments shall be made in an amount computed by multiplying (i) the payment rate as defined in subparagraph (B) of this paragraph by (ii) the payment quantity as defined in subparagraph (C) of this paragraph, by (iii) 100 percent for the 1986 crop, and, for the 1987 through 1991 crops, not more than 100 percent for each crop, and not less than 90 percent, 80 percent, 70 percent, 60 percent, and 50 percent, for the 1987, 1988, 1989, 1990, and 1991 crops, respectively.

"(B)(i) The payment rate for upland cotton to producers on farms on which producers were participants in either the 1984 or 1985 Upland Cotton Program established in accordance with subsection (g) of section 103 of the Agricultural Act of 1949 shall be $0.183.

(ii) The payment rate for upland cotton to producers on farms not specified in subparagraph (B)(i) shall be $0.073.

"(iii) The payment rate for extra long staple cotton to producers on farms on which producers were participants in either the 1984 or 1985 Extra Long Staple Cotton Program established in accordance with section 4 of the Extra Long Staple Act of 1983 shall be $0.275.

"(iv) The payment rate for extra long staple cotton to producers on farms not specified in subparagraph (b)(iii) shall be $0.11.

"(v) Notwithstanding any other provision of this subsection, if the Secretary decreases the level of loans for upland cotton or extra long staple cotton for the 1987, 1988, 1989, 1990, or 1991 marketing year in accordance with paragraph (1) of this subsection, the Secretary shall increase the payment rate for such commodity for such marketing year by a percentage equal to the percentage by which the Secretary decreases the level of loans for such commodity for such marketing year.

"(C)(i) The payment quantity for upland cotton and extra long staple cotton for each of the 1986 through 1991 marketing years shall be computed by multiplying the acreage base for such commodity by the payment yield established for the farm for such commodity.

"(ii) the acreage base for any farm shall be the average acreage planted and considered planted to upland cotton or extra long staple cotton for harvest in the 1981, 1982, 1983, 1984 and 1985 crop years. For the purpose of the preceding sentence, acreage planted to upland cotton or extra long staple cotton for harvest shall include any acreage which the producers were prevented from planting to such commodity or other nonconserving crop in lieu of such commodity because of drought, flood, or other natural disaster, or other condition beyond the control of the producers. The Secretary may make adjustments to reflect established crop rotation practices and to reflect such other factors as the Secretary determines should be considered in establishing a fair and equitable acreage base.

"(iii) The payment yield for upland cotton or extra long staple cotton shall be the yield established for the farm for such commodity for the 1985 crop year, adjusted by the Secretary to provide a fair and equitable yield. If no yield for such commodity was established for the farm in the 1985 crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable. If the Secretary determines it necessary, the Secretary may establish national, State, or county payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the 1985 crop year. If national, State, or county payment yields are established, the farm payment yields shall balance to the national, State, or county yields.

"(D) A producer on a farm with respect to which payments are authorized by this paragraph shall be eligible for such payments on such farm only with respect to that portion of the acreage base which the producers devotes to cotton or other agricultural commodity or to an approved conservation use as defined by the Secretary.

"(E) The Secretary shall require, as a condition to receive the payments under this paragraph, that producers report annually

on a date prior to harvest specified by the Secretary, the amount of the farm acreage base which is devoted to the production of agricultural commodities or conserving uses.

"(3)(A) The Secretary shall not require participation in any production adjustment control program for cotton or any other commodity as a condition of eligibility for the loans or payments authorized by this section.

"(B) The Secretary shall not make annual land diversion payments to producers of cotton.

"(4) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this subsection precludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(5) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provision of this subsection.

"(6) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

"(7) The provision of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to the assignment of payments) shall apply to payments under this subsection.

"(8) The Secretary shall provide for the sharing of payments made under this subsection for any farm among the producers on the farm on a fair and equitable basis.

"(9) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans or payments under this subsection.

"(10) In order to encourage and assist producers in the orderly ginning and marketing of their cotton production, the Secretary shall make recourse loans available to such producers on seed cotton in accordance with authority vested in the Secretary under the Commodity Credit Corporation Charter Act.".

MISCELLANEOUS COTTON PROVISIONS

SEC. . Sections 103(a) and 203 of the Agricultural Act of 1949 shall not be applicable to the 1986 through 1991 crops.

SKIPROW PRACTICES

SEC. . Section 374(a) of the Agricultural Adjustment Act is amended by striking out "1981" and inserting in lieu thereof "1991".

PRELIMINARY ALLOTMENTS FOR 1992 CROP OF UPLAND COTTON

SEC. . Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938, as amended, shall again become effective as preliminary allotments for the 1992 crop.

SUBDIVISION D—RICE LOAN RATES AND TRANSITION PAYMENTS

SEC. . Effective only for the 1986 through 1991 crops of rice, section 101 of the Agricultural Act of 1949 is amended by adding at the end thereof a new subsection as follows:

"(j) Notwithstanding any other provision of law—

"(1) The Secretary shall make available to producers nonrecourse loans for each of the 1986 through 1991 crops of rice at a level of $5.50 per hundredweight, except that if the Secretary determines that, based upon market conditions during the immediately two preceding marketing years, the loan level should be increased and that any such increase in the loan level will not jeopardize the competitive position of United States agriculture in world markets, the Secretary may increase the loan level for the next marketing year to an amount which does not exceed 105 percent of the level of loans which is in effect at the time of the increase. Notwithstanding the foregoing, the Secretary shall annually determine the average price of rice received by producers during each of the immediately preceding two marketing years. If the Secretary determines that the average price of rice received by producers in any marketing year, beginning with the 1985 marketing year, is not more than 105 percent of the level of loans for such marketing year, the Secretary may reduce the level of loans for the following marketing year by an amount not greater than 10 percent of the level of loans which is in effect at the time of the decrease. If the Secretary determines that the average price of rice received by producers in any two consecutive marketing years, beginning with the 1986 marketing year, is not more than 105 percent of the level of loans at the time of such determination and the loan rate was not adjusted downward for the marketing year prior to the marketing year for which the determination is made, the Secretary shall reduce by at least 10 percent the level of loans for the next marketing year. If the Secretary adjusts the level of loans in accordance with this subsection, the adjusted level shall remain in effect until such time as the Secretary makes a subsequent adjustment in the level of loans.

(i) The Secretary may permit a producer to repay a loan made under this paragraph for a rice crop at a level that is the lesser of—

(I) the loan level determined for such a crop; or

(II) the prevailing world market price for such rice, as determined by the Secretary.

(ii) The Secretary may prescribe by regulation—

(I) a formula to define the prevailing world market price for rice; and

(II) a mechanism by which the Secretary may announce periodically the prevailing world market price for rice.

"(2)(A) With respect to the 1986 through 1991 crops of rice, the Secretary shall make payments to producers on farms having a rice acreage base for the 1986 crop year. The Secretary may make a portion of the payment in rice owned by the CCC instead of cash. The payments shall be made in an amount computed by multiplying (i) the payment rate as defined in subparagraph (2)(B) of this section by (ii) the payment quantity as defined in subparagraph (2)(C) of this section, by (iii) 100 percent for the 1986 crop, and, for the 1987 through 1991 crops, not more than 100 percent for each crop, and not less than 90 percent, 80 percent, 70 percent, 60 percent, and 50 percent for the 1987, 1988, 1989, 1990, and 1991 crops, respectively.

"(B)(i) The payment rate for rice to producers on farms on which producers were participants in either the 1984 or 1985 Rice Program established under subsection (i) of section 101 of the Agricultural Act of 1949 shall be $4.26.

"(ii) The payment rate for rice to producers on farms not specified in subparagraph (2)(B)(i) shall be $2.50.

"(iii) Notwithstanding any other provision of this subsection, if the Secretary decreases the level of loans for the 1987, 1988, 1989, 1990, or 1991 marketing year in accordance with paragraph (1) of this subsection, the Secretary shall increase the payment rate for rice for such marketing year by a percentage equal to the percentage by which the Secretary decreases the level of loans for such marketing year.

"(C)(i) The payment quantity for each of the 1986 through 1991 marketing years shall be computed by multiplying the acreage base by the payment yield established for the farm for rice.

"(ii) The acreage base for any farm shall be the average acreage planted and considered planted to rice for harvest in the 1981, 1982, 1983, 1984 and 1985 crop years. For the purpose of the preceding sentence, acreage planted to rice for harvest shall include any acreage which the producers were prevented from planting to rice or other nonconserving crop in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers. The Secretary may make adjustments to reflect established crop rotation practices and to reflect such other factors as the Secretary determines should be considered in establishing a fair and equitable acreage base.

"(iii) The payment yield for rice shall be the yield established for the farm for the 1985 crop year, adjusted by the Secretary to provide a fair and equitable yield. If no yield for rice was established for the farm in the 1985 crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable. If the Secretary determines it necessary, the Secretary may establish national, State, or county payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the 1985 crop year. If national, State, or county payment yields are established, the farm payment yields shall balance to the national, State, or county yields.

"(D)(i) A producer on a farm with respect to which payments are authorized by this subsection shall be eligible for such payments on such farm only with respect to that portion of the acreage base which the producer devotes to rice or other agricultural commodity or to an approved conservation use as defined by the Secretary.

"(ii) The Secretary shall require, as a condition of eligibility to receive payments under this paragraph, that producers report annually on a date prior to harvest specified by the Secretary the amount of the farm acreage base devoted to the production of agricultural commodities or conserving uses.

"(5)(A) The Secretary shall not require participation in any production adjustment control program for rice or any other commodity as a condition of eligibility for the loans or payments authorized by this section.

"(B) The Secretary shall not make land diversion payments to producers of rice.

"(6) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section pre-

cludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness or the failure. The Secretary may authorize the country and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(7) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(8) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(9) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this section.

"(10) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(11) The Secretary shall provide adequate safeguards to protect the interest of tenants and sharecroppers.

"(12) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans or payments under this subsection.".

On page 220 beginning on line 21 strike all through page 223, line 4 and insert in lieu thereof the following:

(1) The total amount of payments that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 for wheat, feed grains, cotton, and rice shall not exceed $50,000 for the 1986 crop, $45,000 for the 1987 crop, $40,000 for the 1988 crop, $35,000 for the 1989 crop, $30,000 for the 1990 crop, and $25,000 for the 1991 crop.

(2) The term "payments" as used in this section shall not include loans.

(3) The Secretary shall issue regulations defining the term "person" and prescribing such rules as the Secretary determines necessary to assure a fair and reasonable application of the limitations provided by this section.

On page 328, between lines 11 and 12, insert the following:

Notwithstanding any other provison of this title—

(e) The Secretary shall identify at least 30 million acres of land devoted to the production of agricultural commodities that are subject to excessive erosion. Such acreage shall include at least 2.2 percent of the farm acreage bases of farms as established in Titles III, IV, V, and VI of this Act in areas subject to excessive wind erosion as determined by the Secretary unless the producers on such acreage demonstrate that they have installed and maintained shelterbelts or other practices approved by the Secretay. The Secretary shall not make available to producers price support loans as provided for by this Act with respect to commodities which are produced on acreage which is detemined to be subject to excessive erosion in accordance with this subsection. In addition, the Secretary shall not make payments which are authorized by Titles III, IV, V, and VI to producers with respect to such acreage. Notwithstanding any other provision of this subsection, no acreage so identified shall include lands on which an approved Soil Conservation Service plan is being followed by the producer.

(f) Acreage identified as lands subject to excessive erosion under the provisons of subsection (a) of this section shall be eligible for the Conservation Acreage Reserve in accordance with the other provisions of this title.

Mr. BOSCHWITZ. Mr. President, the amendment I have offered is an alternative. It is not instead of a 1-year freeze or a 4-year freeze, but it is an additional alternative that can be considered in conference. It is not meant to be placed in the existing parts of this package, nor is it so written.

It is written so that it can be considered in conference as an alternative.

Mr. President, this amendment encompasses the bill that Senator BOREN and I introduced in the Agriculture Committee months ago and it is a bill that has considerably different elements to it than the things we are now considering.

It is a bill that is extremely market oriented for one thing.

Mr. President, I ask unanimous consent that we operate under the time agreement of 40 minutes equally divided.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota?

Mr. ZORINSKY. I object.

The PRESIDING OFFICER. Objection is heard.

The Senator from Minnesota.

Mr. BOSCHWITZ. Mr. President, this amendment, as I said, is the bill that Senator BOREN and I introduced.

Mr. President, I ask unanimous consent that we proceed under a time agreement on this amendment of 40 minutes, 20 minutes on each side.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOSCHWITZ. Mr. President, once again this is the bill that Senator BOREN and I offered, and it is a considerably different bill than anything that the Senate has thus far considered. It is a bill that would return agriculture to a free market system over a period of approximately 6 years, at least halfway.

First, this is a 6-year bill, not a 4-year bill.

One of the important things in agriculture is to be able to plan and to plan ahead so the idea of going beyond the customary 4-year bill I think is a very important one. That in itself distinguishes it from the bill that we now have before us.

In addition, we have a transition payment that, as I say, would return farmers to the marketplace over a 6-year period, or rather I should say halfway to the marketplace, and that is an important element, Mr. President, because just a couple or 3 or 4 years ago, really 4 years ago, perhaps 15 or 20 percent of the farmers enrolled in the programs. Today enrollment in the programs in wheat is expected to be 93 percent and in corn and other feed grains 86 percent in the coming year, so that now the farmer, by and large, is a captive of the Government, and all of the income or so much of the income comes from the Government rather than from the marketplace.

The transition payment, Mr. President, is just what it sounds like. It is transition down. In the case of wheat and the transition payment is $1.42 a bushel and in the second year it is $1.28 or 10 percent less and in the third year it is 60 percent of $1.42 which would be $1.14 and so it goes down over a period of time.

Another interesting point is the loan rate, Mr. President. The loan rate is $2.20 which is a very low loan rate indeed, lower than any other loan rate that has been considered and it is a loan rate that would clearly make us competitive in the world marketplace.

But what happens to the farmer, if you reduce the target price in effect from $4.38 to $3.64 or $3.60 as in this bill and then you drop the loan? Are you not unduly penalizing the farmer? The answer is no, Mr. President, for a couple of reasons. Number one, this bill has no ARPP's, no acreage production programs, no setasides as they are sometimes called. It has no setasides because, as the four former Secretaries of Agriculture, Secretary Freeman, then Secretaries Horton, Butz, and Bergland, who ran the Agriculture Department from 1960 through 1980, as they said, acreage reduction programs are futile. All we do is give away the world market. All we do is just hand to the foreign competition a larger share of the world market, and as a result, even though my friends at the Department of Agriculture and OMB score great savings due to the fact that there are acreage reduction programs and say that the cost of agriculture will be smaller because of those acreage reduction programs, nothing in our experience would suggest that that has happened.

As a matter of fact, everything in our experience would suggest that the acreage reduction payments indeed increase the cost because as we give away our share of the world market, CCC is required to buy and to store and to pay interest on more and more of the crop.

So these transition payments, Mr. President, as a transition down, they also should be considered and weighed from the standpoint that there is no acreage reduction program, that the transition payment is paid on the entire base and on the entire yield that the farmer has.

Another very important aspect of the bill, Mr. President, is the fact that in the event there is a market recovery, and there always is a market recovery, there always has been a

market recovery, anything above the loan rate inures to the benefit of the farmer.

So, therefore, if wheat, which has averaged about $3.50 a bushel over the last 10 years, were to continue with that average, the farmers indeed would make out very well because $1.30 over and above the loan rate they would keep. It would not be a reduction of the transition payment as is presently the case with the deficiency payment. In the event the market rises the farmer gains nothing if he is part of the Government program. In the event the market rises the Government payment is simply reduced.

The farmer benefits from the market from day number one on the bill that Senator BOREN and I introduced back in committee and that now is part of this amendment.

As a matter of fact, Mr. President, in the event that the dollar continues in its decline, and that is not unlikely, the commodities indeed may recover and there would be a great boon certainly for the farmer in this bill because the upside market opportunity is for the farmer. It simply does not cause a reduction in farm payments from the Government. The market opportunity is for the benefit of the farmer.

The important elements of the bill are really the fact that it returns the farmer in degrees to the marketplace. Second, it lowers loan rates to a very low level so that the signal that we send around the world about planting is that if you are planting for export and if you plan to get a share of the export market, by George, the Americans are in that business, they are going to compete for that export market, and I think that the plantings that occur for export, the increases in those plantings will certainly reduce. And we can return in this country to a full production agriculture.

That is another aspect of this bill, Mr. President. It is a full production bill. As a matter of fact, the bill is entitled The Family Farm Protection and Full Production Act.

And it is a full-production bill because there is no set-aside. And it is a full-production bill for another reason as well. One of the greatest advantages that agriculture has in the United States is the infrastructure—the trucks, the highways, the rivers, the deep ports, the rails, the locks, the dams, the barges, the elevators that are located every 15 or 20 miles, the automated loading and unloading equipment. Even in the countries such as Argentina and Brazil, if farmers were to harvest a bushel of wheat, the cost of getting that bushel of wheat to market is extraordinarily higher than it is here in the United States. It is higher because they do not have an infrastructure.

Frankly, Mr. President, the infrastructure of agriculture deserves protection as well. The infrastructure probably employs more people than there are farmers, as a matter of fact. And the infrastructure relies principally on volume, not so much on the price of the product itself. So this bill not only is farmer oriented but, alone among all the bills that have been presented, is oriented to the infrastructure as well—to those who truck, to those who are the purveyors of seeds, fertilizer, or other farm inputs, to Main Street, U.S.A. and the rural parts of America, to the implement dealers, and to all others who rely upon rural America and the farm economy for income.

This is an unusual bill. This is a bill that is different than those that have been presented and this is a bill that I think will restore prosperity not only to agriculture but to all of rural America and put rural America back to work.

Mr. President, I might also say that there is a large sodbuster provision of conservation reserve in the bill of 30 million acres. No payments are made to the farmers. However, they can bid to become part of the conservation reserve and the Secretary is directed to accept 20 million acres of those bids.

So, Mr. President, this is a bill that is oriented to the farmer. This is a bill that is oriented to the world market. This is a bill that supports only the agricultural part of the economy but also supports the infrastructure that really is one of the most important elements of the agricultural scene.

There is another element of this as well, Mr. President. We reduce costs over time, and surely it will come because we phase down the maximum payment limitation. We phase it down by 10 percent a year. So at the end of the sixth year, it starts at 100 percent, and it will become 50 percent and be $25,000. So that, too, will act as a cap to the costs of agricultural payments.

So through low loans, by not having set asides, by freezing the base end yield, by allowing the market upside, the opportunity income to the farmer, by not requiring planting for the program, by having a loan rate that will make us competitive on the world marketplace, I believe, Mr. President, that indeed we will have a resurrection of rural America and that is the desire of my bill.

I reserve the balance of my time.

The PRESIDING OFFICER. Who yields time?

Mr. MELCHER. Mr. President, the amendment offered by my friend from Minnesota is the same type of proposal that was considered in the Senate Agriculture Committee and rejected.

Mr. BOSCHWITZ. I would say to my friend, it was never voted on in the committee.

Mr. MELCHER. It was before the committee. It was never voted on and perhaps is not correct to say rejected.

My friend from Minnesota told me it would have been rejected if it had been offered. I think that is correct. So I have stated the situation properly.

As I have examined the amendment, just scanning it, actually, I believe it would be attached to this motion to recommit in such a position that if it were accepted by the Senate it would become another part of the bill which is in direct conflict with many other sections of the bill. I do not want to mislead or misinterpret the outcome of my friend's amendment if it were accepted. I will now yield to him to elaborate on that point.

Mr. BOSCHWITZ. I wanted to make the point again, Mr. President, that the amendment really offers a third option for the program crops. It does not strike any of the other provisions previously agreed to. It contains the basic elements of the bill that the Senator may recall that we talked about in committee. So that it simply adds another option for consideration at the conference. And it certainly is different than other provisions of the bill, but does not strike them by any means. It is an addition.

Mr. MELCHER. Yes, that is it precisely. It is another addition that does not strike and insert, it merely adds to it. We call them option tickets.

But the Senate is supposed to vote out a farm bill that has instructions and requirements for the Secretary of Agriculture and the other agencies to carry out the duties of implementing the farm programs.

Those that will be on the conference in the House are not inviting us to come with a multiple choice, so aptly described by the majority leader a couple of days ago, of what does the conference want. When we get there, there has got to be a Senate position on each of these issues that are different between the House and the Senate. And each Senate conferee will present the Senate's position. Selecting a variety of different concepts does not enhance or expedite or help in any way the successful presentation by the Senate at that conference. Certainly it ought to create all kinds of opportunity for a very slow, sluggish, mixed-up conference. I really do not advise that.

What we need in the Senate-passed bill is a clear statement of what the Senate's position is, and the Senate conferees to go to the conference with the House representing those positions and iron out the differences. That is standard operating procedure. We certainly need some definitiveness and clearness in this farm bill, as this is a very critical time for farm and ranch operators.

So, Mr. President, I hope the amendment is not accepted. And, with all due respect to the fine points that are contained in the concept, it simply would bog down and be in conflict or at least be confusing in this bill. It is confusing enough.

Mr. ZORINSKY. Mr. President, I have the utmost respect for Senator BOSCHWITZ, the Senator from the great State of Minnesota, specifically as a businessman. Basically, I am sure this idea has a lot of basic, good principles in it from which its origin was derived.

However, this farm bill has rapidly become not a farm bill but a committee markup where we are rewriting and writing the farm bill on the floor of the Senate. When I first came to the U.S. Senate I did not think much of the seniority process because if you have not been a former Congressman your seniority when you come in here is in alphabetical order. That is not good for somebody like me. [Laughter.]

But now that I have seniority, I do not think that is a bad system after all. However in my position as a ranking minority member, we spent many weeks, days, and hours in committee marking up that bill. When that committee bill left, obviously it can be subject to amendments also on the floor in the Senate to the extent where it is difficult to recognize what came out of the committee.

To further exacerbate the situation I think would make a mockery of the committee system, and therefore I would have to oppose this amendment.

Also, Mr. President, I ask my distinguished colleague from Minnesota if there is available a recent cost estimate concerning this proposal.

Mr. BOSCHWITZ. There is indeed, Senator. It is over about a 3-year period—about $60 billion or $68 billion, somewhat less than the committee bill itself, and about the same as the cost of the Budget Committee's estimate as it has been reestimated for October economics. It is not a cheap bill, but probably a little less than that in the bill pending before us, however.

Interestingly, Senator, it is a bill that did not go up to cost. It was the price at $51 billion back in April. Everybody oohed and ahed, gee, look how expensive the farm bill was, and at that time, it was very, very expensive but as economic conditions changed and as a very large profit came in, prices eased, exports declined, and everybody else's bill went up but because we do not have set-asides. Because we in effect make payments on the entire crop, and because we do not require planting for the program the cost of our bill did not go up. It went up $7 billion or $8 billion but that is because the cost of 1986 went up, and 1986 as you know is governed by the 1981 farm bill.

So our costs really did not rise. One of the advantages of our bill is the stability of the costs, and it is not a cheap bill. It is considered to be a bill that has excellent policies.

So it is not a cheap bill. It is no more expensive than any other.

Mr. ZORINSKY. I thank the Senator.

If none of my colleagues are seeking recognition to make any further comments on this amendment—Mr. President, how much time do we have left on the opposition side?

The PRESIDING OFFICER. Eleven minutes are left in opposition, and 7 minutes are left in support.

Mr. ZORINSKY. Mr. President, the Senator from Minnesota has made a good point on budgetary allotments. If our original farm bill as it came out of committee after markup had been presented to this body in January of this year, it probably would have been within the budgetary constraints and budgetary allotments.

What keeps changing that is the CBO's and USDA's estimate of increasing exports and decreasing commodity prices which in turn increase the deficiency payments which the U.S. Treasury and the taxpayers of this country are exposed to. With each month that goes by that we do not pass a farm bill quite obviously the costs of the budget go up because they are projected figures. As commodity prices go down, deficiency payments are projected to go up which means you keep getting deeper and deeper in the hole concerning meeting your budgetary target requirement.

So a bill that would be within the budget last January or February—of course now we are looking at November—all of a sudden we were on the budget constraints until we found other ways to reduce the exposure of the budget.

So these are all projected figures based on commodity price projections. Right now it appears we still look at that graph, and every economist I have talked to that prepares a graph indicates commodity prices are still going down, and exports are still expected to go down which means exposure to the deficiency payments will go up which means we will be further pressing and exacerbating an already overburdened budget.

So if we include this type of amendment and go to conference, I am concerned we may deadlock the conference, confuse the conference to the extent of a couple of more months, and again we will be over budget just sitting still waiting to pass a farm bill because in the meantime the exports will continue to decline, commodity prices will continue to decline, and deficiency payments will continue to go up.

So I think it is time for some action on this. Hopefully with the cooperation of my colleagues, 10 o'clock would be a good time to leave this evening if we can get some action on the rest of these. I will yield back the balance of our time.

I hold on to the balance of my time.

Mr. BOSCHWITZ. Mr. President, I might say to the Senator that Senator BOREN wants to come over and speak about this.

Mr. ZORINSKY. Mr. President, I suggest the absence of a quorum, and ask unanimous consent that the time be charged against both sides.

Mr. BOSCHWITZ. Mr. President, can we withhold the quorum call one moment? I would like to yield such time as the Senator from Texas would desire.

Mr. ZORINSKY. I withhold the quorum call request.

Mr. GRAMM. Mr. President, I certainly do not consider myself an expert on the proposal of the Senator for Minnesota. I have, however, looked at the proposal closely enough to know that it does one thing that no other major proposal presented on this floor through this long debate has done; it moves us toward a system that can and will work.

I think what is most distressing to me about the whole farm debate is that in an effort to help the farmer, we spend money on programs that simply generate oversupply and declining prices. What a paradox it is that we have in the last 4 years spent more money on farm price support programs than we have in the previous 20 years combined, and yet never in the last quarter century has the farmer been in such a destitute state as he is today.

The problem here is not that we are not spending enough. The problem here is that our program is fundamentally wrong. Our program encourages overproduction and impoverishes the farmer and the taxpayer at the same time.

The solution is clear. The long-term solution is to get the U.S. Government out of agriculture, and there are very few Members of this body and very few people knowledgeable about agriculture in America who do not understand that.

The problem is that the Government has gotten the farmer in such dire straits that it is difficult to get Government out of agriculture while keeping the farmer in business. Our problem is not that we do not know where we need to go. Our problem is that we do not know how to get there from here.

I do not believe we are going to adopt a 4-year farm bill. Quite frankly, I would like to see us adopt a 10-year farm bill that would set out a practical program to return to the free market

in agriculture and to provide a transition that would help the farmer get there in a sound financial condition.

I am concerned that we are going to end up writing a 1-year farm program extension. That will mean that we will write a new farm bill under the Gramm-Rudman-Hollings proposal. Under the requirement to balance the budget, we will be forced to make decisions based on what programs cost and at that point, we can begin to move in the right direction.

I think this amendment makes entirely too much sense to be given serious consideration in this debate, and I do not expect it to get much. There are probably things in it that I do not understand well enough to oppose. But I believe it is a step in the right direction. I applaud our distinguished colleague for his courage, especially in the face of all these bad ideas which spend more money on programs that do not work, on programs that generate political support back home, but do not put money in the farmer's pocket, do not pay off bad loans, and do not make it possible for people to earn a real living in American agriculture.

I am delighted that we have someone who had enough courage to come forward and to present a better idea.

The distinguished Senator from Minnesota has presented to us the most revolutionary idea in the history of mankind. He didn't invent it, of course; it is called free enterprise. We don't have it in agriculture. We made the farmer dependent on the Government and consequently, we have impoverished him. Some day, some way, we are going to get back on the right track.

There was a time when we could all stand up and smugly say, "No matter how bad government policy is, the American farmer is so efficient he can overcome it and outproduce and undersell anybody."

Well, that is not true today. American technology is being utilized all over the world. More new production will come on the world market in the next 5 years using that technology than we are currently selling abroad.

Unless we get on with a production-oriented program for agriculture, we are going to be swept out of the world market.

I think it is time for a change in agriculture. We are not going to get that change this year, but I want to predict that there is ultimately going to be a change. When we are forced to make decisions within the constraints of a balanced budget, we are not going to have people who cast votes to fund unproductive programs simply because somebody wants those programs. We are going to have to make hard choices. Hard choices make good policies. Those hard choices are ultimately going to mean moving toward a free market in agriculture.

I believe that if we can get the farmer back on his feet and then move back toward production for a world market, we can make rural America not just a good place to live but a good place to make a living again.

I thank our colleague for this start.

Mr. ZORINSKY. Mr. President, I yield 4 minutes to the Senator from Oklahoma.

Mr. BOREN. I thank my colleague from Nebraska.

Mr. President, I am very proud to join with the Senator from Minnesota in this effort. It is a bipartisan effort. It is a proposal that we first put before the Senate Agriculture Committee in the hope that we might put aside the mistakes of the past and try a new approach, one that would have great benefits over past agricultural policies.

I have said on the floor of the Senate that I do not particularly like the idea that we are writing a multiple choice farm bill, and I do not. I do not like the fact that we have a 4-year freeze in one part of the bill and a 1-year freeze in another part of the bill. I think we ought to make those decisions for ourselves.

But it is very clear from action already taken on the floor that a majority of my colleagues have been braced to the concept of a multiple choice farm bill. That being the case, I think it important that we put another option into the bill and one that makes sense from many points of view, one that is a new approach, one that does get us away from the mistakes of the past.

I would point out that this proposal as an option would give about 5-percent greater income to the farmer than the so-called flexible target provisions which have been written into a section of the bill.

It has many merits.

First of all, under this program, in which a payment is made directly to the farmer, we no longer have farmers producing for the program itself. That is one of the faults and failures of the other options before us. They give incentives to the farmers to plant for the program rather than to plant for the market.

This would enable farmers to make decisions about how much to plant based upon the market prices, based upon the economics, their own cost of production, and it would also give them greater flexibility in deciding what to plant. They would not lose their historic bases if they decided to switch to other nonprogram crops.

It is a great crime, I think that we have in the United States the best educated farmers in the world, many of them with master's degrees and doctor's degrees in agricultural economic, MBA's in business, and they are given no flexibility to make decisions about how to run their own farms. They are told by the program what they shall plant and what they shall plant to qualify.

That approach will give them an opportunity to plant on the basis of solid economic decisions of their own.

It is the only option that would allow the farmer to benefit if there is an increase in the market price. If we begin to get things that work, the money will go to the farmer, not the Government. The present approach is when the market prices goes up, the Government payment goes down and, therefore, the farmer does not really benefit very much with the increase in market prices. So this is a direct payment to the farmer, a transition payment to the farmer, as we move to the free market.

It will also do more than any other proposal before us to put us in the position to compete in the world marketplaces and to get back our share of the market. We have had a disastrous reduction in farm exports, 30 percent, 35 percent, up as high as 40 percent, in terms of both wheat and corn in just the past 2 or 3 years.

This will enable us to get out and compete on the world market price. It will send a strong message to the European Community and others that we will no longer bear the cost of their agricultural policies. We will no longer store all the surpluses for the rest of the world and then allow them to turn around and plant more, taking advantage of the market price guaranteed by the American taxpayer.

It is in essence also a full production approach. We have not only our farmers who are suffering in this country right now; we have all of the related businesses. We have the equipment makers. We have those who are selling the seed and fertilizer and the other inputs. We have whole communities and our small towns impacted negatively as we have had programs to artificially cut production back so much that they have decimated all of the related businesses in rural America. In fact, they have pulled the rug out from under the entire economic base of the rural parts of our country.

So, for so many reasons, this policy option presented by the Senator from Minnesota and myself to the Agriculture Committee——

The PRESIDING OFFICER (Mr. GRAMM). Time has expired.

Mr. ZORINSKY. I yield 2 additional minutes, Mr. President.

Mr. BOREN. I thank my colleague.

I am very proud to have joined with my colleague from Minnesota in making this proposal and I want to give him full credit for initiating the major concepts in this approach.

To those of us who say, "When are you going to come up with something new in agricultural policy? When are

we going to get away from the mistakes of the past?" I would simply say here is an opportunity, an opportunity to move us in a reasonable way toward a free market approach while at the same time preserving an adequate standard of living for our family farmers as we move toward that free market.

It is also a bill that will help us get a truly free market. One of the problems right now is that our farmers have to compete with the governments of other countries, not with the farmers of other countries. It will make it so expensive for the European market and others to continue their kinds of subsidies that they have had in the past. It will give us some bargaining leverage to get a truly free market in which the American farmer can compete.

If we can ever have a truly free market, our farmers can outcompete any other farmer anyplace in the world. This will help us get that leverage on behalf of our farmer to move us to a free market and it will give the flexibility to the farmer to make their own business decisions.

As I say, if we are going to have, over the objections of this Senator, a multiple approach setting out several policy alternatives to take to the conference committee, I think this is one of the policy options. It makes great good sense to include it in the hope that our conferees might decide as they deliberate to try something that might really work; that they might have the courage to start a new approach and one which I think would put American agriculture on a solid footing for a long, long time.

Again, I commend my colleague from Minnesota. This is a bipartisan proposal and I hope that my colleagues will seriously consider at least saying to the conferees, this is a policy option that we hope you will at least look at in the conference committee.

The PRESIDING OFFICER. The Senator's 2 minutes have expired. Who yields time?

Mr. BOSCHWITZ. Mr. President, how much time do I have left?

The PRESIDING OFFICER. There are 2 minutes to a side.

Mr. SYMMS. Will the Senator yield?

Mr. BOSCHWITZ. I yield 2 minutes to the Senator from Idaho.

Mr. SYMMS. Mr. President, first, let me say that before I came to Congress, I spent my entire working life in agriculture. I spent 8 years in the other body on the Agriculture Committee. I have seen these farm programs up and down the line, constantly working on a program of supply management. If we do manipulate the price—if we try to repeal the law of supply and demand—we manipulate the price upward, sometimes it has that effect. Usually what happens is we reduce our production and our foreign competitors increase their production to offset it. We have negligible impact; yet we are doing one thing, Mr. President. We are shutting off the world's most efficient food machine. The farmers of the United States of America and the agribusiness that supports them, the extension system, the university experiment stations, all the things that go into Americas agricultural machine are literally being shut down by our farm policies.

I wish to give my highest commendation to the two Senators who brought this proposal forward. It may not be perfect but it is certainly better than our current system because our farmers are going broke. In my State, the farm economy has never been worse. The taxpayers are paying through the nose and the foreign competitors are taking our markets away from us. The Boren-Boschwitz plan offers us a chance. It allows us a chance to turn on the food machine of the United States, allows our technology to work, allows the farmers out there working to get full production. Mr. President, this is what we must do, we must use the power of Government to buy freedom for the farmers.

It is true we have gotten ourselves into such a mess that even I, who would like to advocate no Government interference in agriculture, as the distinguished Senator from Texas stated, am hoping to use Government to turn on this machine. There is a trade war going on. If we adopt a policy like this, we can turn on the most efficient machine of our economy. In the long run, we will be helping the farmer, helping to support industry. All the suppliers and producers are going to be involved. The suppliers will be making a good living, there will be a lot of jobs involved in agriculture.

Mr. President, the most concern I have with this amendment is the declining payment limitation from $50,000 to $25,000, that begins in the second year.

Senators MCCLURE, GORTON, and EVANS also share my concern and believe that this part of the amendment must be corrected. If it is not the declining payment limitation will hurt our wheat growers in the Northwest. This is not acceptable.

With this reservation Senators MCCLURE, GORTON, and EVANS also support this amendment.

I appeal to my colleagues to vote for this amendment.

I also would like to ask my colleagues, if they do not get anything else out of this agriculture legislation, to get the series of six letters from Senator BOSCHWITZ and at least take a plane trip and read those letters. It is one of the best things that has been done around here for a long time.

I commend my colleague from Minnesota for thinking this thing through and knowing the market is the only way we are going to solve this problem. I thank the Senator and I support the amendment.

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that our side have 4 minutes more.

Mr. BAUCUS. I object.

Mr. BOREN. Mr. President, I ask unanimous consent that I be added as a cosponsor.

The PRESIDING OFFICER. Without objection it is so ordered.

Mr. ZORINSKY. Mr. President, how much time do I have?

The PRESIDING OFFICER. Two minutes.

Mr. BOSCHWITZ. Is the Senator from Idaho done?

Mr. SYMMS. I ask unanimous consent that I be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is ordered.

Mr. ZORINSKY. Mr. President, I yield back the remainder of our time.

The PRESIDING OFFICER. The question is on agreeing to the amendment. Those in favor will say yeas, those opposed, nay.

It appears the yeas have it.

Mr. ZORINSKY. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from New Mexico [Mr. DOMENICI], the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], the Senator from Alaska [Mr. MURKOWSKI], and the Senator from Pennsylvania [Mr. SPECTER] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Delaware [Mr. BIDEN], the Senator from New Jersey [Mr. BRADLEY], the Senator from Ohio [Mr. GLENN], the Senator from Massachusetts [Mr. KENNEDY], and the Senator from Mississippi [Mr. STENNIS] are necessarily absent.

The PRESIDING OFFICER (Mr. GARN). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 42, nays 48, as follows:

[Rollcall Vote No. 338 Leg.]

YEAS—42

Armstrong	Hatfield	Nunn
Boren	Hawkins	Packwood
Boschwitz	Hecht	Quayle
Chafee	Heinz	Roth
Cochran	Helms	Rudman
Cohen	Humphrey	Simpson
Danforth	Kassebaum	Stafford
Dole	Laxalt	Stevens
Durenberger	Long	Symms
Evans	Lugar	Thurmond
Garn	Mattingly	Trible
Gorton	McClure	Wallop
Gramm	McConnell	Warner
Hatch	Nickles	Wilson

NAYS—48

Abdnor	Exon	Matsunaga
Andrews	Ford	Melcher
Baucus	Gore	Metzenbaum
Bentsen	Grassley	Mitchell
Bingaman	Harkin	Moynihan
Bumpers	Hart	Pell
Burdick	Heflin	Pressler
Byrd	Hollings	Proxmire
Chiles	Inouye	Pryor
Cranston	Johnston	Riegle
D'Amato	Kasten	Rockefeller
DeConcini	Kerry	Sarbanes
Denton	Lautenberg	Sasser
Dixon	Leahy	Simon
Dodd	Levin	Weicker
Eagleton	Mathias	Zorinsky

NOT VOTING—10

Biden	Glenn	Specter
Bradley	Goldwater	Stennis
Domenici	Kennedy	
East	Murkowski	

So the amendment (No. 1144) was rejected.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BUMPERS. Mr. President, is there an amendment pending at this time?

The PRESIDING OFFICER. There are two amendments that must be laid aside by unanimous consent.

Mr. BUMPERS. I ask unanimous consent that those amendments be temporarily laid aside in order that I may offer an amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, will the Senator from Arkansas yield?

Mr. BUMPERS. I yield.

Mr. DOLE. Mr. President, I have been asked by the managers of the bill that all Senators who have amendments please stay on the floor. We are getting down to the point where we can almost count the number of amendments, and it will be very helpful if Members who have amendments will stay on the floor.

The PRESIDING OFFICER. The Senator from Arkansas has the floor.

AMENDMENT NO. 1145

(Purpose: To authorize the making of loans to borrowers who default on FmHA loans secured by principal residences and to modify the eligibility requirements for FmHA loans)

Mr. BUMPERS. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Arkansas [Mr. BUMPERS] proposes an amendment numbered 1145.

Mr. BUMPERS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment add the following:

On page 377, between lines 20 and 21, insert the following new sections:

PRINCIPAL RESIDENCE LOANS

SEC. 1719. The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) (as amended by section 1716) is further amended by adding at the end thereof the following new section:

"SEC. 351. (a) If a loan made under this title is secured by the principal residence of the borrower of the loan, the borrower defaults on the repayment of the loan and, as a result of such default, the borrower is required to forfeit the residence to the Secretary or to pay to the Secretary an amount equal to the equity of the borrower in the residence, the appropriate Director of the State office of the Farmers Home Administration may make a loan to the borrower in accordance with this section.

"(b) In order to be eligible to obtain a loan under this section, a borrower must have the ability (as determined by the Secretary) to repay the loan and otherwise meet the eligibility requirements established under section 302.

"(c) The amount of a loan made under this section may not exceed the lesser of—

"(1) an amount equal to the amount of equity the borrower has in such residence at the time such loan is made; or

"(2) the outstanding amount of principal and interest owed by the borrower to the Secretary on the loan referred to in subsection (a) on which the borrower has defaulted.

"(d) The interest rate on a loan made under this section shall be the rate required under section 307(a) to be paid on a loan made or insured under this title on the date the loan is made.

"(e) The period for the repayment of a loan made under this section may not exceed 25 years.

"(f) If a borrower makes all payments due on a loan made under this section in accordance with the loan agreement entered into with respect to such loan, an action may not be brought against the borrower for the repayment of such loan or the loan referred to in subsection (a) on which the borrower has defaulted.".

SECURITY FOR LOANS

SEC. 1720. The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) (as amended by section 1719) is further amended by adding at the end thereof the following new section:

"SEC. 352. (a) Except as provided in subsection (b) and notwithstanding any other provision of this title, to be eligible to obtain a loan under this title, a borrower of the loan shall—

"(1) provide only such security for the loan as the Secretary determines is necessary to secure the loan for the term of the loan including real estate, buildings, machinery, equipment, crops, crop insurance, crop assignments, livestock product assignments, livestock, furniture, fixtures, inventory, accounts receivable, cash, stocks, bonds, personal and corporate guarantees, marketable securities, the cash surrender value of life insurance, or any combination thereof;

"(2) dispose of all real property that the Secretary determines is not essential to the operation of farm and nonfarm enterprises by the borrower;

"(3) in the case of an operating loan made under subtitle B for the annual production of crops or livestock, pledge such crops or livestock and any other property which the Secretary determines is necessary to secure the loan;

"(4) in the case of a real estate loan made under subtitle A, pledge real estate to secure such loan; and

"(5) in the case of a loan secured by chattels whose loss would jeopardize the interests of the Federal Government, insure such chattels against hazards customarily covered by insurance in the surrounding community.

"(b) If a borrower provides security for a loan in accordance with subsection (a), the Secretary may not require as a condition of eligibility for the consolidation, rescheduling, reamortization, or deferral of the loan under this title that the borrower provide additional security for the loan.

The PRESIDING OFFICER. The Senate will be in order. The Chair cannot hear the Senator from Arkansas and doubts whether anyone else in the Chamber can. If the Senate would like to go home at a reasonable time, the Chair suggests that we stop wasting time with conversation, so that Members who offer amendments can be heard. We will not resume until the conversations stop. The Senator from Arkansas is entitled to be heard.

Mr. BUMPERS. Mr. President, maybe if everybody who does not have amendments will leave the floor, we can get on with this.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Mr. President, this is an amendment which I think has been cleared on both sides, and it does two things.

First, it provides that in case the Farmers Home Administration forecloses on a loan that includes the farmer's home, they should try their best to negotiate an arrangement with him under which he can save his home.

Second, the FmHA would be prohibited from taking more than necessary security to collateralize a loan.

We are all well aware of the numbers of farmers who are being forced off the land in this country. However, I do not think that farmers should be required to forfeit their homes to FmHA if there is any way at all to avoid it.

As is typically the case, however, most farmers do not have the up-front money in which to make such buyouts or purchases. In those cases, my amendment would give these farmers the opportunity to secure an equity loan from the FmHA. The loan would be at regular FmHA rates with terms up to 25 years. In exchange for a 25-year loan, the FmHA will not write off the judgment debt which was due and owing to the FmHA until the equity loan is retired. Should a farmer fail to remain current on his equity loan during the course of that loan, the FmHA could declare the entire debt, including the debt of the foreclosed

farm or the voluntarily conveyed farm, as again due and owing.

This amendment would not be attractive to farmers who had more than modest homes. It would primarily be attractive to those farmers who had modest homes, homes of great value to them but perhaps of little value to the government as collateral. Farmers who could show that they had an outside income could maintain payments so they could keep their homes and stay on the farm and in the rural setting, so that there may be an opportunity for them to get back into farming. Although we all know that we are facing a major readjustment in rural America, I think this one procedure would go a long way in helping unfortunate farmers maintain a homestead and maintain the homestead in rural America.

Third, this bill provides that the FmHA will not take any more collateral than is absolutely necessary to secure their loan. Right now, the FmHA takes as collateral everything they can; they take the home, the land, the equipment, they take the crop, they take the wife, they take the children, they take a mortgage on everything they can lay their hands on whether it is necessary or not as a matter of policy. This amendment would require that the FmHA limit their collateral to just what is really needed to secure their loan and no more. I believe by all means the FmHA should have each of their loans effectively and adequately collateralized. But I do not believe that we should jeopardize the ability of farmers to arrange other credit simply because the FmHA happens to own all security as a matter of policy, some of which they may not need.

Mr. DOLE. Mr. President, will the Senator yield?

Mr. BUMPERS. I yield.

Mr. DOLE. Mr. President, I am advised it has been cleared.

Mr. BUMPERS. I am happy to move adoption of the amendment if it has been cleared on both sides.

Mr. DOLE. It has been cleared on this side. I cannot speak for the other side.

Mr. ZORINSKY. Mr. President, this side has looked at the amendment and supports its approval and passage.

Mr. BUMPERS. Mr. President, I move adoption of the amendment.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment of the Senator from Arkansas.

The amendment (No. 1145) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BUMPERS. Mr. President, I ask unanimous consent that the pending amendment be set aside in order that I may submit another amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1146

(Purpose: To modify the eligibility requirements for emergency loans)

Mr. BUMPERS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Arkansas [Mr. BUMPERS] proposes an amendment numbered 1146.

Mr. BUMPERS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment follows:

At the end of the pending amendment add the following:

On page 356, line 22, strike out "crop" and insert in lieu thereof "crop losses".

Mr. BUMPERS. Mr. President, this is a technical amendment which has been cleared by both sides.

This is a simple amendment to section 1706 of S. 1714 as it regards emergency loans [EM] offered by the FmHA. Under section 1706(b) an applicant shall be ineligible for financial assistance under this subtitle for crop losses if crop insurance was available to the applicant for such crop under the Federal Crop Insurance Act. My amendment would simply strike out the word "crop" on line 22 of the act and insert the words "crop losses" plus add an additional clarifying sentence.

Although this amendment is simple, it will help clarify a possible situation that may develop similar to the interpretation of the Federal crop insurance requirement under the Disaster Payment Program included in the 1981 farm bill. Although I understand that section 1706 of S. 1714 deals with disaster loans and not disaster payments, I am afraid that, without clarification of this amendment, farmers will face exactly the same difficulty qualifying for EM loans as many farmers in Arkansas did when attempting to qualify for disaster payments under the 1981 farm bill.

In Public Law 97-98, the 1981 farm bill, the bill language under the disaster payment program stated that producers on a farm shall not be eligible for disaster payments under this paragraph if crop insurance is available to them under the Federal Crop Insurance Act. Three exceptions are made to this provision, two of which are: First, if Federal crop insurance indemnity payments and other forms of assistance that were made available by the Government were insufficient to alleviate the economic loss or second, if no crop insurance covered the loss because of transitional problems within the Federal Crop Insurance Program, then a producer could be eligible for disaster payments.

Many farmers in Arkansas who attempted to qualify for disaster payments, especially those farmers who farmed in areas where Federal crop insurance was available but certain coverages were excluded, were prohibited from qualifying for disaster payments. This was because of an interpretation by the Department that according to the statutes, if Federal crop insurance was generally made available, a producer was not eligible for disaster payments even if the specific loss the producer suffered was excluded from his Federal crop insurance policy. I do not believe that this was the intent of Congress when it passed the 1981 farm bill, and it is my intention to clarify section 1706 of S. 1714 to assure that such misinterpretation does not prohibit farmers caught in a similar circumstance from attempting to qualify for emergency loans following the passage of this bill.

My amendment would simply state that an applicant shall be ineligible for EM assistance under this subtitle for crop losses if crop insurance was available to the applicant for such crop losses under the Federal Crop Insurance Act. I do not believe that it is entirely unreasonable to require producers to seek subsidized Federal crop insurance in order that massive Federal assistance through the Emergency Loan Program can be avoided. However, I do not believe that it is fair to penalize producers who suffer a loss on any particular crop if crop insurance for that crop is generally available but the type of loss he suffered was excluded from the policy.

I am advised by the committee that no one really intended that result.

Mr. HELMS. Mr. President, we find the amendment acceptable.

Mr. ZORINSKY. Mr. President, the amendment is acceptable.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment of the Senator from Arkansas.

The amendment (No. 1146) was agreed to.

Mr. BUMPERS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ZORINSKY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. McCLURE. Mr. President, I ask unanimous consent that the pending amendment be temporarily laid aside so that I may offer an amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1147

(Purpose: To amend the payment limitation provisions)

Mr. McCLURE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Idaho [Mr. McCLURE] for himself and Mr. HELMS, Mr. WILSON, Mr. SYMMS, and Mr. BOREN proposes an amendment numbered 1147.

Mr. McCLURE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the pending amendment insert the following:

On page 223, line 4, insert after "section." the following: "In addition the Secretary shall issue regulations under which Subchapter S Corporations are treated as a partnership for purposes of the maximum payment limitation under this section."

Mr. McCLURE. Mr. President, I bring an amendment to the farm bill, S. 1714, which addresses a problem found in my State and I am sure other States with large farms. The problem that my amendment addresses is caused by placing a cap on deficiency payments. Many family farms in Idaho have incorporated to benefit from the inheritance tax benefits and the limited liability associated with subchapter S Corporations.

The Subchapter S Corporation was designed to provide these benefits to farmers and small businessmen. For many farmers it has made the difference between being able to hand the farm over to the next generation in one piece or in a much reduced version due to forced sale of part of the farm to pay the inheritance tax.

In my State the average farm is 598 acres but in the north the farms are much larger, most are above 1,100 acres. The land and the weather is perfect for raising wheat. Most of these farms are family farms. Many have incorporated for tax purposes.

For many of these farmers to qualify for program benefits they must give up the benefits of incorporation. The reason is that they do not qualify for Federal acreage programs because the current law treats the corporation as one person. These family farm corporations cannot benefit from Federal programs nor can they contribute to efforts to reduce production.

The $50,000 payment limitation on deficiency payments has caused Subchapter S Corporations to break up their corporations to be able to participate in Federal commodity control programs. By forming a partnership, these family farms can qualify for the programs because each person or husband/wife unit is counted as a person for purposes of payment limitations. Members of a Subchapter S Corporation are counted as one person making it difficult or impossible for the farm to participate in Federal programs.

Congress must make up its mind whether it wants to control production or provide income maintenance to farmers. By placing a cap on deficiency payments which are part of a program which is designed to control production, the program automatically limits the number of farmers who can use the program. The larger farms, the ones with 1,100 acres and larger must be allowed legally into these programs if any type of set-aside program or supply control program is to be successful. If Congress does not want to control production, only support the income of small farmers, it should scrap the diversion programs and find another program. If Congress wants to continue with acreage diversions to control production, it should lift the cap altogether.

If this Congress is not willing to lift the deficiency payment limit, and truly begin to control supply, at least change the law to stop the breakup of Subchapter S Corporations. By accepting this amendment you will allow those family farmers who have used the Subchapter S Corporation benefits to help reduce the surplus of commodities in the upcoming 4 years, by participating in Federal supply control program.

Let's stop the forced breakup of these farming operations. Let's stop the planting from fence row to fence row by family farmers which want to sign up in acreage reduction program but cannot. Let us put an end to forcing the breakup of these corporations, let us change the law.

Without inclusion of the majority of the producers, supply control will never work. If Congress cannot decide which method of farm-income support it wants to provide and to whom it shall provide. If Congress cannot design a workable program at least we can eliminate a provision which is unfair to many family farmers. I urge my colleagues to vote for this amendment and stop the unnecessary breakup of these Subchapter S Corporations. In many States like mine this will provide relief for many family farms.

Mr. ZORINSKY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I ask unanimous consent that the three pending amendments be laid aside so that the Senator from Arkansas may call up an amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1148

(Purpose: To assure more certainty to Farmers' Home Administration borrowers regarding the liquidation of loans)

Mr. BUMPERS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Arkansas [Mr. BUMPERS] proposes an amendment numbered 1148.

Mr. BUMPERS. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment add the following:

On page 369, lines 1 and 2, strike out "determines that a loan made or insured under this title should be liquidated" and insert in lieu thereof "accelerates a borrower loan made or insured under this title".

Mr. BUMPERS. Mr. President, I have discussed this with both managers of the bill.

This is a simple amendment that will give some certainty to Farmers Home borrowers. Under the language as currently in S. 1714, an FmHA borrower has no standard, guideline, or certainty in knowing when a county supervisor will determine that a loan made to the borrower should be liquidated. Under the language currently in the bill, the county supervisor is not required to proceed under any legal requirement to accelerate an account before he can notify the borrower that the Farmers Home Administration shall no longer release normal income necessary to pay household or farm operating expenses. Such a decision is left solely to the discretion of the county supervisor, and it would be very difficult for a borrower to challenge or appeal in a timely manner.

By requiring that the FmHA must accelerate an account, certainty is given in the borrower's situation and the borrower has the benefit of an established, adequate appeal procedure. One of the greatest problems experienced by farmer borrowers when dealing with the FmHA is the tremendous degree of discretion held by county supervisors who operate with few guidelines or checks and balances. Section 1713 of S. 1714 concerns the release of normal income and is an attempt to statutorily establish and clarify a practice currently being exercised by the FmHA of allowing distressed farmer borrowers to use certain amounts of cash proceeds from the sale of farm products for basic household and/or

operating expenses. The current language in the bill is too vague and I believe that the release of income allowance must have more exact guidelines.

This amendment will avoid the common "starve-out" technique practiced by the FmHA in which a farmer is forced off the farm without the agency taking any adverse action. By establishing that a formal acceleration must be established before income can be cut off, a farmer borrower has a formal appeal option with the ability to appeal a county supervisor decision without the threat of losing his operating and living allowance.

Mr. HELMS. Mr. President, we find the amendment acceptable.

Mr. ZORINSKY. Mr. President, we have cleared the amendmemt on our side and recommend its approval.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arkansas.

The amendment (No. 1148) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ZORINSKY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. GRAMM. Mr. President, I ask unanimous consent that the three pending amendments be temporarily set aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1149

Mr. GRAMM. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Texas [Mr. GRAMM] proposes an amendment numbered 1149.

Mr. GRAMM. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, add the following:

SEC. . (a) Notwithstanding any other provision of this bill, the Secretary of Agriculture is authorized to formulate a plan and provide technical assistance to property owners and agencies of local and state governments and interstate river basin commissions to—

(1) protect the quality and quantity of subsurface water including water in the nation's aquifers,

(2) assist property owners in reducing their vulnerability to flood hazards that may affect water resources, and

(3) control the salinity in the nation's agricultural water resources.

Mr. GRAMM. Mr. President, this amendment is cleared on both sides. It is an effort to try to authorize the Secretary to give assistance to farmers and local government officials to deal with problems that affect aquifers.

Mr. HELMS. Mr. President, we have discussed the amendment and it is cleared on this side.

Mr. ZORINSKY. Mr. President, it is cleared on this side and we recommend its approval.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas.

The amendment (No. 1149) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ZORINSKY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1147

Mr. HELMS. Mr. President, what is the pending business?

The PRESIDING OFFICER. The amendment of the Senator from Idaho numbered 1147.

Mr. McCLURE. Mr. President, I believe it has been cleared on both sides.

Mr. HELMS. Mr. President, it has indeed been cleared on this side.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Idaho.

The amendment (No. 1147) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ZORINSKY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

SCHOOL LUNCH AND CHILD NUTRITION AMENDMENTS OF 1985

UNANIMOUS CONSENT AGREEMENT

Mr. DOLE. Mr. President, if I could propound a unanimous-consent request, I understand the child nutrition amendment has now been cleared by everyone and cosponsored by nearly everyone in the Chamber. It was worked out by Senator HAWKINS, Senator HARKIN, Senator KENNEDY, and others, with the help of staff on the Ag Committee. I now propound the unanimous-consent agreement:

Mr. President, I ask unanimous consent that H.R. 7 be discharged from the Agriculture Committee and that the Senate proceed to the consideration of this bill.

I ask unanimous consent that all after the enacting clause be stricken, that the Hawkins child nutrition amendment, Amendment No. 118, as modified, be inserted, and that no further amendment be in order.

I then ask unanimous consent that the bill be deemed to have been read a third time and passed; that the Senate insist on its amendment and request a conference with the House, and that the Chair be authorized to appoint conferees.

The PRESIDING OFFICER. Is there objection?

Mr. THURMOND. Mr. President, reserving the right to object.

Mr. HEFLIN. Reserving the right to object.

Mr. MELCHER. Mr. President, I join in the reservation of the right to object. I suggest to the majority leader that it might be expeditious if we could have that unanimous-consent request to look at for a few moments and while we are doing that go on with another amendment.

Mr. DOLE. Let me indicate the list of cosponsors on what we are doing: Senators HAWKINS, DOLE, BOSCHWITZ, KENNEDY, HARKIN, COHEN, ZORINSKY, BENTSEN, DANFORTH, DODD, KASTEN, ABDNOR, DURENBERGER, MATTINGLY, KASSEBAUM, HEINZ, ANDREWS, SYMMS, D'AMATO, GORTON, PRYOR, LEAHY, SPECTER, KERRY, MELCHER, SASSER, CHAFEE, EXON, BURDICK, FORD, DENTON, MOYNIHAN, BINGAMAN, THURMOND, DOMENICI, and DIXON.

The PRESIDING OFFICER. Is there objection?

Mr. MELCHER. Mr. President, reserving the right to object, I do not believe we have had an opportunity to look at this. I believe we would like to have a few moments to look at it. I do not believe we have any objection.

Has Senator BYRD seen it?

Mr. DOLE. I do not know. I was told it was ready to go. Senator HARKIN prepared it, so we assumed it had been cleared on that side.

Mr. President, I withhold the request.

The PRESIDING OFFICER. Who seeks recognition?

Mr. ZORINSKY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. MELCHER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MELCHER. Mr. President, I have an amendment that I will briefly describe. If it is acceptable, I will offer it during this interim if there is no objection to it. But I do not want to slow down the process of the majority leader.

In committee we tugged and toiled over the amendment of the minimum quantity of agriculture commodities that would be distributed under title II of Public Law 480. The best we came up with at that time was a minimum tonnage of 1.9 million metric tons for the fiscal years 1986 and 1987. Then, in fiscal year 1988, we dropped off and also in fiscal 1989.

There is a problem that comes with that. It is not the usual thing we have been doing. There has been just a very slight gradual buildup in minimum tonnages used under title II of Public Law 480. I believe most of the Members of the Senate know that this is food for peace donations. It has been helpful for those countries and those parts of the world that have been in dire need of food for emergency purposes over the past 30 years since food for peace was passed in the Eisenhower administration.

We find now, in checking with the private, voluntary organizations and cooperatives that utilize this food in helping the countries that are in dire need of food and developing—it has twin functions; they also develop potential markets in these various countries. It has been a very successful program.

My amendment would hold at 1.9 million metric tons for fiscal year 1986 and would go up to 2 million metric tons, a slight increase, for fiscal year 1987 and another slight increase of 100,000 tons in fiscal year 1988, and another slight increase in fiscal year 1989.

The private, voluntary organizations and cooperatives encourage this and feel it is realistic and are very anxious that we continue this gradual climb rather than do what we did in the bill—have 1.9 million metric tons and then have drops in subsequent years. It does not provide them with the necessary planning.

That is the amendment. I withheld it in case it would ball anything up. But I shall offer it at this time if it is acceptable and will not require any time and, therefore, not infringe on the agreement we hopefully have on the Child Nutrition Program.

Mr. BOSCHWITZ. Mr. President, it is with great regret that I must tell my friend from Montana that the amendment will not be acceptable. The Senator from Montana has indeed been a leader in the whole area of international food assistance. He has offered the international food assistance section of the committee farm bill, to a large degree.

Specifically, he can claim credit for convincing the committee to adopt this list of 12 items:

First, a temporary increase in title II minimum tonnages, and a permanent increase in the title II subminimum for nonemergency programs of nonprofit voluntary organizations and cooperatives.

Second, a return to payments for local currency under title I.

Third, a requirement that 75 percent of commodities used for title II nonemergency programs be value-added.

Fourth, encouraging the President to enter into multiyear agreements with nonprofit, voluntary organizations and cooperatives.

Fifth, empowering the President to authorize nonprofit, voluntary organizations to establish local food reserves.

There is just a whole list for which the Senator from Montana should have great pride.

Sixth, a clarification of monetization authority under title II.

Seventh, a mandate that a minimum of 5 percent of commodities distributed under nonemergency title II programs be monetized.

Eighth, an expansion of section 416 authority to permit the donation of any CCC-acquired commodity, not just dairy products and wheat.

I might say I learned more about section 416 from the Senator from Montana than I ever realized I would about that section.

Ninth, a clarification and expansion of monetization authority under section 416.

Tenth, monetization of a minimum of 5 percent of commodities distributed by nonprofit voluntary organizations and cooperatives under section 416.

Eleventh, a requirement that at least 400,000 metric tons of surplus be shipped annually under section 416.

And, for an even dozen, a requirement that the President appoint a Special Assistant for Agricultural Trade and Food Aid.

Those are some of them, Mr. President. But this title 2 minimum that the Senator now requests not only would cost $240 million additional moneys in the next several years, but we have a letter from the United Nations saying that many of the traditional Sahelian countries will not need emergency food aid in the coming year, because of policy considerations that accompany bringing free food into the countries and the impact it has on their own domestic marketplaces.

That and the cost are the reasons that we would oppose this amendment.

I might add, Mr. President, that this country——

Mr. MELCHER. Will the Senator yield?

Mr. BOSCHWITZ. If I may conclude, because I will be very brief—that this country should have great, great pride in what it has done for the hungry of the world. We have distributed billions of dollars worth of food aid and millions of tons. We have always risen to the occasion whenever that occasion arises. We have led the world.

We have not only given of our own food from our own larder, but we have encouraged and obtained contributions from other countries. We will continue to do so in the future. I know the Senator from Montana will be a leader in seeing that we do so.

I will be joining him in that effort. But to establish minimums may not be the best policy both from the standpoint of cost and from the standpoint that it may well depress agricultural markets by creating the necessity of having to send food in any instance whether or not there is a need.

Mr. MELCHER. I thank the distinguished Senator from Minnesota for his very worthwhile remarks. I do not know that I deserve much credit for what the committee in the Congress has done in these various programs. But I have been pleased to work with the distinguished Senator from Minnesota, others on the committee, and others in the Senate to accomplish the goals that we have accomplished.

But I must say of what we could accomplish we have not accomplished enough. The Senator from Minnesota read off the long list of a variety of programs. This is only one of them. It is one of the very good ones.

Mr. BOSCHWITZ. I read off the list of achievements, just the achievements that the Senator from Montana is really responsible for in committee to see that this title of the farm bill is both effective, and the reason that Public Law 480, both titles I and II, will be most effective in the coming years of this farm bill is to a large degree the Senator's doing. The Senator can take considerable pride in that.

Mr. MELCHER. I thank the Senator. He is very kind.

Only one thing I want to clarify. I do not know whether the figure mentioned was referring to 4 years or not. But what we must consider by CBO is the costs for the 3-year budget period. That amount is $150 million, roughly an average of $50 million a year.

The importance of the amendment is not so much in what it costs, or that it does not increase it very much. The importance is that there is some predictability of a steady climb. The dropping off that we have in the fiscal years of 1987, 1988, and 1989 in the bill that is now before us is what disturbs the private voluntary organizations, and disrupts some of their projects.

The work they do is to relieve the food needs that are pressing now, but also to develop the agricultural base, and the economy of these countries for the future. It does work. It does provide an expanding market for our products over the years. I have not offered the amendment.

I see the majority leader on his feet now. I shall not offer it because I might offer it subsequent to this. But I shall not offer it now because I do want to expedite the procedure for clearing up the Child Nutrition Act.

Mr. DOLE. Mr. President, I now understand the situation—in fact, I discussed this with the distinguished minority leader, and I would renew my request. Let me restate it.

I ask unanimous consent that H.R. 7 be discharged from the Agriculture

Committee, and that the Senate proceed to the consideration of this bill.

The PRESIDING OFFICER. Without objection it is so ordered.

The Senate proceeded to consider the bill.

Mr. DOLE. I also ask unanimous consent that all after the enacting clause be stricken, that the Hawkins child nutrition amendment, No. 1118, as modified by Mr. DOLE, Mr. KENNEDY, Mr. BOSCHWITZ, Mr. HARKIN, Mr. COHEN, Mr. ZORINSKY, Mr. BENTSEN, Mr. DODD, Mr. DURENBERGER, Mrs. KASSEBAUM, Mr. DANFORTH, Mr. KASTEN, Mr. ABDNOR, Mr. MATTINGLY, Mr. HEINZ, Mr. ANDREWS, Mr. SYMMS, Mr. D'AMATO, Mr. GORTON, Mr. PRYOR, Mr. LEAHY, Mr. SPECTER, Mr. KERRY, Mr. MELCHER, Mr. SASSER, Mr. CHAFEE, Mr. EXON, Mr. BURDICK, Mr. FORD, Mr. DENTON, Mr. MOYNIHAN, Mr. BINGAMAN, Mr. THURMOND, Mr. DOMENICI, and Mr. DIXON, be inserted, and that no further amendments be in order.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. I also ask unanimous consent that all after the enacting clause be stricken, that the Hawkins child nutrition agreement, 1118, as modified by Harkin, Kennedy, and others be inserted, and that no further amendments be in order.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment (No. 1118), as modified, is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following: That this Act, with the following table of contents, may be cited as the "School Lunch and Child Nutrition Amendments of 1985".

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TITLE II—SCHOOL LUNCH AND BREAKFAST PROGRAMS

Sec. 201. Refusal of commodities.
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Sec. 210. Interest on claims against State agencies.
Sec. 211. Cash grants for nutrition education.

TITLE III—SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

Sec. 301. Model meal specifications.

TITLE IV—CHILD CARE FOOD PROGRAM

Sec. 401. Hearings on Federal audit actions.

TITLE V—SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS, AND CHILDREN

Sec. 501. Administrative costs.
Sec. 502. Sales tax.
Sec. 503. Nutritional risk criteria.
Sec. 504. Participation report.
Sec. 505. Plan of operation and administration.
Sec. 506. Public comment.
Sec. 507. Notification period.
Sec. 508. Availability of program benefits.
Sec. 509. Repayment of certain benefits by recipients.
Sec. 510. Allocation standards.
Sec. 511. Advance payments.
Sec. 512. Availability of funds.

TITLE VI—NUTRITION EDUCATION AND TRAINING PROGRAM

Sec. 601. Needs assessment.
Sec. 602. State plans.
Sec. 603. Basis for nutrition education grants.

TITLE VII—TECHNICAL CORRECTIONS

Sec. 701. Obsolete provisions.
Sec. 702. Obsolete references.
Sec. 703. Conforming amendments.

TITLE I—REAUTHORIZATION OF CHILD NUTRITION PROGRAMS

SUMMER FOOD SERVICE PROGRAM—PROGRAM FOR CHILDREN

SEC. 101. Section 13(p) of the National School Lunch Act (42 U.S.C. 1761(p)) is amended by striking out "1984" and inserting in lieu thereof "1989".

COMMODITY DISTRIBUTION PROGRAM

SEC. 102. Section 14(a) of the National School Lunch Act (42 U.S.C. 1762a(p)) is amended by striking out "1984" and inserting in lieu thereof "1989".

STATE ADMINISTRATIVE EXPENSES

SEC. 103. Section 7(i) of the Child Nutrition Act of 1966 (42 U.S.C. 1776(i)) is amended by striking out "1984" and inserting in lieu thereof "1989".

SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS, AND CHILDREN

SEC. 104. Section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786) is amended—

(1) by striking out "1984" in subsection (c)(2) and inserting in lieu thereof "1989";

(2) in the first sentence of subsection (g)—

(A) by striking out "and" after "1983,"; and

(B) by inserting after "1984," the following: "$1,570,000,000 for the fiscal year ending September 30, 1986, $1,641,000,000 for the fiscal year ending September 30, 1987, $1,710,000,000 for the fiscal year ending September 30, 1988, and $1,782,000,000 for the fiscal year ending September 30, 1989,"; and

(3) by striking out "1984" in subsection (h)(2) and inserting in lieu thereof "1989".

NUTRITION EDUCATION AND TRAINING PROGRAM

SEC. 105. The first sentence of section 19(j)(2) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(j)(2)) is amended by striking out "1984" and inserting in lieu thereof "1989".

TITLE II—SCHOOL LUNCH AND BREAKFAST PROGRAMS

REFUSAL OF COMMODITIES

SEC. 201. Section 6(a) of the National School Lunch Act (42 U.S.C. 1755(a)) is amended by striking out the second sentence.

BASIS OF COMMODITY ASSISTANCE

SEC. 202. (a) Section 6(e) of the National School Lunch Act (42 U.S.C. 1755(e)) is amended—

(1) by designating the first sentence as paragraph (1);

(2) by designating the second through seventh sentences as paragraphs (3) through (8), respectively; and

(3) by inserting after paragraph (1) (as designated by clause (1)) the following new paragraph:

"(2) For each school year, the total commodity assistance or cash in lieu thereof available to a State shall reflect the number of meals served in the preceding school year.".

(b) The second sentence of section 17(h) of such Act (42 U.S.C. 1766(h)) is amended by striking out "during that school year" and inserting in lieu thereof "during the preceding school year".

(c) The amendments made by this section shall become effective on July 1, 1986.

INCLUSION OF WHOLE MILK AS A SCHOOL-LUNCH BEVERAGE

SEC. 203. Section 9(a) of the National School Lunch Act (42 U.S.C. 1758(a)) is amended—

(1) by designating the first, second, and third sentences as paragraphs (1), (3), and (4) respectively; and

(2) by inserting after paragraph (1) (as designated by clause (1)) the following new paragraph:

"(2) In addition to such other forms of milk as the Secretary may determine, such lunches shall offer whole milk as a beverage.".

AUTOMATIC ELIGIBILITY FOR CERTAIN PROGRAMS

SEC. 204. Section 9(b) of the National School Lunch Act (42 U.S.C. 1758(b)) is amended by adding at the end thereof the following new paragraph:

"(6)(A) A child shall be served a free lunch and breakfast under this Act and the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.), respectively, without further eligibility determinations, if the child is a member of—

"(i) a household receiving assistance under the food stamp program authorized under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.); or

"(ii) a family in which all members are qualified for and receiving assistance under the aid to families with dependent children program (AFDC) authorized under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) in a State where the standard of eligibility for such assistance does not exceed the poverty line (as defined in section 673(2)) of the Community Services Block Grant Act (42 U.S.C. 9902(2)) by more than 30 percent.

"(B) In the case of a family in which all members of such family are qualified for and receiving assistance under the aid to families with dependent children program or in the case of a household receiving assistance under the food stamp program, proof of receipt of such assistance shall be sufficient to satisfy any verification requirement imposed under paragraph (2)(C).".

ADMINISTRATION OF CHILD NUTRITION PROGRAMS BY CONTRACT OR DIRECT DISBURSEMENT

SEC. 205. (a) (1) Section 10 of the National School Lunch Act (42 U.S.C. 1759) is amended to read as follows:

"ADMINISTRATION OF SCHOOL LUNCH PROGRAM BY CONTRACT OR DIRECT DISBURSEMENT

"SEC. 10. (a) If the Secretary has withheld funds payable to a State under this Act and disbursed the funds directly to schools, institutions, or service institutions within the State for the purposes authorized by this Act, to the extent that the Secretary has so withheld and disbursed such funds continuously since October 1, 1980, but only to such extent (except as otherwise required by subsection (b)), the Secretary shall—

"(1) contract with another organization to act as a State agency for such entities; or

"(2) disburse such funds directly to such entities.

"(b) If a State educational agency is not permitted by law to disburse the funds paid to it under this Act to any of the schools in the State, the Secretary shall—

"(1) contract with another organization to act as a State agency for such schools; or

"(2) disburse such funds directly to such schools.

"(c) Funds payable to the State for the participation of schools, institutions, or service institutions under this section shall be—

"(1) withheld by the Secretary; and

"(2) used for carrying out contracts, or disbursing funds directly, in accordance with this section.

"(d) Any funds so withheld and used shall be used for the same purposes, and shall be subject to the same conditions, as applicable to a State disbursing funds made available under this Act.

"(e) If the Secretary is administering (in whole or in part) any program authorized under this Act, the State in which the Secretary is administering the program may, on request to the Secretary, assume administration of such program.".

(2) Section 6(b) of the National School Lunch Act (42 U.S.C. 1755(b)) is amended—

(A) by designating the first through fifth sentences as paragraphs (1) through (5), respectively;

(B) by striking out paragraph (3) (as designated by clause (A)) and inserting in lieu thereof the following new paragraph:

"(3) If a State does not disburse funds payable under this section to certain schools, institutions, or service institutions in such State as described in section 10, the Secretary shall—

"(A) withhold from the funds to be paid to such State under this subsection an amount that bears the same ratio to the total amount of such funds as the number of lunches served in such entities bears to the total lunches served under the school lunch program in all entities in such State in such school year; and

"(B) use such funds in accordance with section 10."; and

(C) in paragraph (4) (as designated by clause (A)), by striking out ", and the Secretary in the case of private schools in which the Secretary directly administers the school lunch program," and inserting in lieu thereof ", and an organization or the Secretary in the case of schools, institutions, or service institutions in which the organization or the Secretary administers the school lunch program,".

(b)(1) Section 5 of the Child Nutrition Act of 1966 (42 U.S.C. 1774) is amended to read as follows:

"ADMINISTRATION OF SCHOOL BREAKFAST PROGRAM BY CONTRACT OR DIRECT DISBURSEMENT

"SEC. 5. (a) If the Secretary has withheld funds payable to a State under this Act and disbursed the funds directly to schools or institutions within the State for the purposes authorized by this Act, to the extent that the Secretary has so withheld and disbursed such funds continuously since October 1, 1980, but only to such extent (except as otherwise required by subsection (b)), the Secretary shall—

"(1) contract with another organization to act as a State agency for such entities; or

"(2) disburse such funds directly to such entities.

"(b) If a State educational agency is not permitted by law to disburse the funds paid to it under this Act to any of the schools in the State, the Secretary shall—

"(1) contract with another organization to act as a State agency for such schools; or

"(2) disburse such funds directly to such schools.

"(c) Funds payable to the State for the participation of schools or institutions under this section shall be—

"(1) withheld by the Secretary; and

"(2) used for carrying out contracts, or disbursing funds directly, in accordance with this section.

"(d) Any funds so withheld and used shall be used for the same purposes, and shall be subject to the same conditions, as applicable to a State disbursing funds made available under this Act.

"(e) If the Secretary is administering (in whole or in part) any program authorized under this Act, the State in which the Secretary is administering the program may, on request to the Secretary, assume administration of such program.".

(2) Paragraph (6) of section 7(a) of the Child Nutrition Act of 1966 (42 U.S.C. 1776(a)(6)) is amended to read as follows:

"(6) If the Secretary contracts with another organization to act as a State agency for schools, institutions, or service institutions or disburses funds directly under this Act or the National School Lunch Act, the amount of funds that would be allocated to the State agency under this section and under section 13(k)(1) of the National School Lunch Act (42 U.S.C. 1761(k)(1)) shall be retained by the Secretary for the use of the Secretary in carrying out contracts or disbursing funds directly.".

USE OF SCHOOL LUNCH FACILITIES FOR ELDERLY PROGRAMS

SEC. 206. Section 12 of the National School Lunch Act (42 U.S.C. 1760) is amended by adding at the end thereof the following new subsection:

"(i) Facilities, equipment, and personnel provided to a school food authority for a program authorized under this Act or the Child Nutrition Act of 1966 (42 U.S.C. 1771 et seq.) may be used, as determined by the local educational agency, to support a nonprofit nutrition program for the elderly, including a program funded under the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.).".

DEPARTMENT OF DEFENSE OVERSEAS DEPENDENTS' SCHOOLS

SEC. 207. (a) Section 22 of the National School Lunch Act (42 U.S.C. 1769b) (as added by section 1408(a) of the Education Amendments of 1978 (92 Stat. 2368)) is amended—

(1) by striking out subsection (d); and

(2) by redesignating subsection (e) as subsection (d).

(b) Section 20 of the Child Nutrition Act of 1966 (42 U.S.C. 1789) is amended—

(1) by striking out subsection (d); and

(2) by redesignating subsection (e) as subsection (d).

STAFFING STANDARDS

SEC. 208. Section 7 of the Child Nutrition Act of 1966 (42 U.S.C. 1776) (as amended by section 103) is further amended—

(1) by striking out subsection (b); and

(2) by redesignating subsections (c) through (i) as subsections (b) through (h), respectively.

RESERVE FOR DEVELOPMENTAL PROJECTS

SEC. 209. The last sentence of section 10 of the Child Nutrition Act of 1966 (42 U.S.C. 1779) is amended by striking out "and may" and all that follows through "developmental projects".

INTEREST ON CLAIMS AGAINST STATE AGENCIES

SEC. 210. Section 16(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1785(b)) is amended—

(1) by designating the first through third sentences as paragraphs (1) through (3), respectively; and

(2) by adding at the end thereof the following new paragraph:

"(4) A State agency shall be liable for interest on a claim assessed against the State agency under this Act or the National School Lunch Act (42 U.S.C. 1751 et seq.) from the date of the final administrative determination made with respect to such claim.".

CASH GRANTS FOR NUTRITION EDUCATION

SEC. 211. Section 18 of the Child Nutrition Act of 1966 (42 U.S.C. 1787) is repealed.

TITLE III—SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

MODEL MEALS SPECIFICATIONS

SEC. 301. The third sentence of section 13 (f) of the National School Lunch Act (42 U.S.C 1761(f)) is amended by striking out", with the assistance of the Secretary, prescribed model meal specifications and model food quality standards, and".

TITLE IV—CHILD CARE FOOD PROGRAM

HEARINGS ON FEDERAL AUDIT ACTIONS

SEC. 401. Section 17(e) of the National School Lunch Act (42 U.S.C. 1766(e)) is amended—

(1) by striking out "The" and inserting in lieu thereof "(1) Except as provided in paragraph (2), the"; and

(2) by adding at the end thereof the following new paragraph:

"(2) The State is not required to provide a hearing to an institution concerning a State action taken on the basis of a Federal audit determination.".

TITLE V—SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS, AND CHILDREN

ADMINISTRATIVE COSTS

SEC. 501. Section 17(b)(1) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)(1) is amended by striking out "warehouse facilities,".

SALES TAX

SEC. 502. (a) Section 17(c) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(c)) is amended by adding at the end thereof the following new paragraph:

"(4) A State shall be ineligible to participate in the program authorized by this section if the Secretary determines that State or local sales taxes are collected within such State on food purchased under such program.".

"(b) The amendment made by this section shall apply to a State beginning on the first day of the fiscal year that commences in the calendar year during which the first session of the legislature of such State is convened following the date of enactment of this Act.

NUTRITIONAL RISK CRITERIA

SEC. 503. Section 17(d)(2) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)(2)) is amended—

(1) by designating the first and second sentences as subparagraphs (A) and (C), respectively; and

(2) by inserting after subparagraph (A) (as designated by clause (1)) the following new subparagraph:

(B) In establishing such criteria, the Secretary shall assign the highest priority to pregnant women, breastfeeding women, and infants at nutritional risk as demonstrated by hematological or anthropometric measurements, or other documented nutritionally related medical conditions, that demonstrate the need of a person for supplemental foods.".

PARTICIPATION REPORT

SEC. 504. (a) Section 17(d) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(d)) is amended by adding at the end thereof the following new paragraph:

"(4) The Secretary shall report biennially to the Congress on—

"(A) the income and nutritional risk characteristics of participants in the program;

"(B) participation in the program by members of families of migrant farmworkers; and

"(C) such other matters relating to participation in the program as the Secretary considers appropriate.".

(b) The second sentence of section 17(g) of such Act is amended by inserting "preparing the report required under subsection (d)(4)," after "benefits,".

PLAN OF OPERATION AND ADMINISTRATION

SEC. 505. Paragraph (1) of section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)(1)) is amended to read as follows:

"(1)(A) Each State agency shall submit annually to the Secretary, by a date specified by the Secretary, a plan of operation and administration for a fiscal year.

"(B) To be eligible to receive funds under this section for a fiscal year, a State agency must receive the approval of the Secretary for the plan submitted for the fiscal year.

"(C) The plan shall include—

"(i) a description of the food delivery system of the State agency and the method of enabling participants to receive supplemental foods under the program, to be administered in accordance with standards developed by the Secretary;

"(ii) a description of the financial management system of the State agency;

"(iii) a plan to coordinate operations under the program with special counseling services such as, but not limited to, the expanded food and nutrition education program, immunization programs, prenatal care, well-child care, family planning, alcohol and drug abuse counseling, child abuse counseling, and with the aid to families with dependent children, food stamp, and maternal and child health care programs;

"(iv) a plan to provide program benefits under this section to, and to meet the special nutrition education needs of, eligible migrants and Indians;

"(v) a plan to expend funds to carry out the program during the relevant fiscal year;

"(vi) a plan to provide program benefits under this section to unserved and underserved areas in the State, if sufficient funds are available to carry out this clause;

"(vii) a plan to provide program benefits under this section to eligible persons most in need of such benefits and to enroll eligible women in the early months of pregnancy, to the maximum extent practicable; and

"(viii) such other information as the Secretary may require.

"(D) The Secretary may permit a State agency to submit only those parts of a plan that differ from plans submitted for previous fiscal years.

"(E) The Secretary may not approve any plan that permits a person to participate simultaneously in both the program authorized under this section and the commodity supplemental food program authorized under sections 4 and 5 of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note).".

PUBLIC COMMENT

SEC. 506. Paragraph (2) of section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)(2)) is amended to read as follows:

"(2) A State agency shall establish a procedure under which members of the general public are provided an opportunity to comment on the development of the State agency plan.".

NOTIFICATION PERIOD

SEC. 507. The first sentence of section 17(f)(7) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)(7)) is amended by striking out "twenty" and inserting in lieu thereof "30".

AVAILABILITY OF PROGRAM BENEFITS

SEC. 508. Paragraph (8) of section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)(8)) is amended to read as follows:

"(8)(A) The State agency shall in cooperation with participating local agencies, publicly announce and distribute information on the availability of program benefits (including the eligibility criteria for participation and the location of local agencies operating the program) to offices and organizations that deal with significant numbers of potentially eligible persons (including health and medical organizations, hospitals and clinics, welfare and unemployment offices, social service agencies, farmworker organizations, Indian tribal organizations, and religious and community organizations in low income areas).

"(B) the State agency and local agencies shall distribute such information in a manner designed to provide such information to potentially eligible persons who are most in need of such benefits, including pregnant women in the early months of pregnancy.".

REPAYMENT OF CERTAIN BENEFITS BY RECIPIENTS

SEC. 509. Section 17(f) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(f)) is amended by adding at the end thereof the following new paragraph:

"(15) If a State agency determines that a member of a family has received an overissuance of benefits under the program authorized by this section as the result of the misrepresentation by a member of such family, the State agency shall recover from such family, in cash, an amount that the State agency determines is equal to the value of the benefits overissued to such member, unless the State agency determines (in accordance with standards developed by the Secretary) that the recovery of such benefits would not be cost effective.".

ALLOCATION STANDARDS

SEC. 510. Section 17(h)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(3)) is amended—

(1) by striking out ", which satisfy allocation guidelines established by the Secretary" in the second sentence; and

(2) by striking out the last sentence.

ADVANCE PAYMENTS

SEC. 511. Section 17(h)(4) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(h)(4)) is amended by striking out "shall" and inserting in lieu thereof "may".

AVAILABILITY OF FUNDS

SEC. 512. Section 17(i) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(i)) is amended—

(1) by designating the first, second, third, fourth, and fifth sentences as paragraphs (1), (2), (4), (5), and (6), respectively; and

(2) by inserting after paragraph (2) (as designated by clause (1)) the following new paragraph:

"(3)(A) Notwithstanding paragraph (2), of the amount of funds allocated to a State agency for a fiscal year under this subsection, up to 2 percent of such amount may be obligated and expended by such State agency during the subsequent fiscal year.

"(B) Any funds made available to a State agency in accordance with subparagraph (A) for a fiscal year and obligated shall not affect the amount of funds allocated to such State agency for such year.".

TITLE VI—NUTRITION EDUCATION AND TRAINING PROGRAM

NEEDS ASSESSMENT

SEC. 601. Section 19(h) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(h)) is amended—

(1) in the second sentence of paragraph (1)—

(A) by striking out "make an assessment of the nutrition education needs in the State as provided in paragraph (2) of this subsection,"; and

(B) by striking out the comma after "paragraph (3) of this subsection"; and

(2) in paragraph (2), by striking out "and assess" in the first sentence and all that follows through the period at the end of the paragraph and inserting in lieu thereof a period.

STATE PLANS

SEC. 602. Paragraph (3) of section 19(h) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(h)(3)) is amended to read as follows:

"(3)(A) To be eligible to receive funds under this section, a State must—

"(i) submit to the Secretary a plan for nutrition education; and

"(ii) receive the approval of the Secretary for such plan.

"(B) The Secretary shall establish standards for such plan.".

BASIS FOR NUTRITION EDUCATION GRANTS

SEC. 603. Section 19(j)(2) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(j)(2)) is amended by striking out "$75,000" each place it appears and inserting in lieu thereof "$50,000".

TITLE VII—TECHNICAL CORRECTIONS

OBSOLETE PROVISIONS

SEC. 701. (a)(1) Sections 18 and 19 of the National School Lunch Act (42 U.S.C. 1767 and 1768) are repealed.

(2) The first sentence of section 3 of such Act (42 U.S.C. 1752) is amended by striking out "sections 13, 17, and 19" and inserting in lieu thereof "sections 13 and 17".

(b) Section 20 of such Act (42 U.S.C. 1769) is amended—

(1) by striking out "except for the pilot projects conducted under subsection (d) of this section," in the first sentence of subsection (c); and

(2) by striking out subsection (d).

(c) Section 22 of such Act (42 U.S.C. 1769c) (as added by section 9 of the Child Nutrition Amendments of 1978 (92 Stat. 3623)) is repealed.

(d)(1) The National School Lunch Act (as amended by section 207(a) and subsections (a), (b), and (c)) is further amended by redesignating sections 20, 21 and 22 as sections 18, 19, and 20, respectively.

(2) Clause (3) of the first sentence of section 6(a) of such Act (42 U.S.C. 1755(a)) is amended by striking out "section 20" and inserting in lieu thereof "section 18".

OBSOLETE REFERENCES

SEC. 702. (a) Clause (1) of the sixth sentence of section 17(a) of the National School Lunch Act (42 U.S.C. 1766(a)) is amended by striking out "Health, Education, and Welfare" and inserting in lieu thereof "Health and Human Services".

(b) The Child Nutrition Act of 1966 is amended by striking out "Health, Education, and Welfare" each place it appears in section 4(a) (42 U.S.C. 1773(a)), subsections (b)(6), (b)(13), (e)(2), (k)(1), and (k)(2) of section 17 (42 U.S.C. 1786), and subsections (d)(2) and (d)(3) of section 19 (42 U.S.C. 1788) and inserting in lieu thereof "Health and Human Services".

(c) Section 19(j)(3) of the Child Nutrition Act of 1966 (42 U.S.C. 1788(j)(3)) is amended by striking out "Office of Education of the Department of Health, Education, and Welfare" and inserting in lieu thereof "Department of Education".

CONFORMING AMENDMENTS

SEC. 703. (a) Section 12(d) of the National School Lunch Act (42 U.S.C. 1760(d)) is amended by adding at the end thereof the following new paragraph:

"(8) 'Secretary' means the Secretary of Agriculture.".

(b) Section 19 of the Child Nutrition Act of 1966 (42 U.S.C. 1788) (as amended by sections 105 and 603) is further amended by redesignating subsection (j) as subsection (i).

(c) The Child Nutrition Act of 1966 (as amended by sections 105, 207(b), 601, 602, 603, and 702(b) and subsection (b)) is further amended by redesignating sections 19 and 20 (42 U.S.C. 1788 and 1789) as sections 18 and 19, respectively.

Mr. DOLE. Mr. President, the Senator from Kansas is pleased that we were able to work out an agreement on the reauthorization of the five expiring child nutrition programs. What we now have before us represents a bipartisan compromise. I commend the leadership of the distinguished Senator from Florida on this important issue.

Since these programs technically expired at the end of last year, they have been continued through appropriations for over a year. It is high time we end this situation and send a strong signal to program administrators that their programs do not have to continue on a tentative basis.

This reauthorization would extend the Special Supplemental Food Program for Women, Infants and Children [WIC], the Summer Food Service Program, the Nutrition Education and Training Program, commodity distribution authority and State administrative expenses. This legislation is a 4-year reauthorization at current services levels—there are no program expansions. This is a compromise between those who would have preferred to achieve savings and those who wanted to increase spending. Neither side got what they wanted, and so what we have is what I believe represents a valid compromise.

STRONG CONGRESSIONAL SUPPORT

As chairman of the Nutrition Subcommittee, I have always been a strong supporter of these programs. They have been valuable in providing good nutritional input to the children of this country. Although some budget reductions were made in the 1981 reconciliation process, we have had testimony before the committee that these changes actually made the programs stronger in many respects. Certainly the targeting of benefits has been improved.

For fiscal year 1986, the Federal Government will invest about $5.599 billion in child nutrition programs, of which $2.771 billion represents school lunch. Since the National School Lunch Program was initiated in 1946, it has been a very popular program, providing nutritional benefits to American children who otherwise might not have had access to a healthy diet. In addition to the School Lunch Program, several other important child nutrition programs have evolved over time.

There is the Child Care Food Program, the Summer Food Service Program, and Commodity Supplemental Food Program. These programs complement each other with regard to the child population they serve.

WIC'S GREAT TRACK RECORD

The Special Supplemental Food Program for Women, Infants and Children [WIC] has perhaps the strongest track record, generating strong bipartisan congressional support. This has happened because WIC has continually demonstrated its effectiveness from both a nutrition and a budget standpoint. An often-quoted study by the Harvard School of Public Health has demonstrated that every dollar spent on WIC can save about $3 in potential medical costs for neonatal intensive care. It has certainly been very helpful in reducing the incidence of low birthweight.

This is an intervention program that serves a very vulnerable population—pregnant women and young infants—and it works very well. In fact, during a budget-cutting era in the Congress, this program has carved out an exception for itself. It has expanded from about $775 million in 1980 to $1.5 billion in fiscal year 1985. Similarly the number of low-income women, infants, and children who participate has increased from 1.9 million in 1980 to 3.1 million this last fiscal year.

REAUTHORIZATION PROCESS

Mr. President, last year, the Agriculture Committee attempted to reauthorize these same child nutrition programs, but could not agree on specific program changes. This Senator had introduced a bill, which is very similar to the Hawkins reauthorization before us now. For some time, staff have been working on a draft that we hoped would represent a committee consensus. The language introduced by the Senator from Florida is largely the product of negotiations that have been ongoing over a period of 2 years. It is a great relief to be this close to passing a child nutrition bill on the Senate side. This means another 4 years of program stability.

REAUTHORIZATION PROVISIONS

Mr. President, most of the changes contained in this bill relate to the WIC Program. They are primarily administrative improvements and provisions that would decrease the amount of regulation and paperwork required in conjunction with WIC. There are some provisions that make improvements in the school lunch and breakfast programs, as well.

I ask unanimous consent that a section by section description of this legislation be inserted in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SECTION BY SECTION ANALYSIS OF PROVISIONS

Authorization of Appropriations for the Summer Food Service Program for Children—Section 101 reauthorizes the Summer Food Service Program through September 30, 1989.

Authorization of Appropriations for the Commodity Distribution Program—Section 102 reauthorizes the availability of commodities for the Child Nutrition Programs and Title III of the Older Americans Act through September 30, 1989.

Authorization of State Administrative Expense Funds—Section 103 reauthorizes State Administrative Expense (SAE) funding through Fiscal Year 1989.

WIC Reauthorization—Section 104 amends Section 17(g) of the Child Nutrition Act of 1966 to provide for a four-year reauthorization of the WIC Program at the following levels: $1.570 billion for FY '86; $1.641 billion for FY '87; $1.710 billion for FY '88; and $1.782 billion for FY '89.

Authorization of Nutrition Education and Training Program—Section 105 reauthorizes the Nutrition Education and Training (NET) Program through Fiscal year 1989.

School Lunch and School Breakfast Programs—Refusal of Commodities—Section

201 eliminates the system whereby schools may refuse up to 20 percent of commodities made available to them.

Basis of Commodities Assistance—Section 202 bases the amount of commodities available to a State on the number of free and reduced price meals served in the State during the preceding school year. Currently, the availability of commodities is based on a final estimate done by the Department late in the same school year.

Inclusion of Whole Milk as a School Lunch Beverage—Section 203 requires that whole milk be offered as a beverage in all school lunches.

Automatic Eligibility for Certain Programs—Section 204 provides automatic (or categorical) eligibility for free lunches and breakfast for children if, in the course of applying for such meals, they show proof of participation in the food stamp of AFDC program.

Administration of School Lunch Program and School Breakfast Program—Section 205 requires the Department either to contract for administration of any Child Nutrition Program or to administer those programs directly in those States in which the State agency has not been disbursing funds to schools, institutions, and service institutions since October 1, 1980.

Use of School Lunch Facilities for Elderly Feeding Programs—Section 206 provides for the use of school food service personnel and facilities to support elderly feeding programs.

Department of Defense Overseas Dependents' Schools—Section 207 eliminates payment for administrative costs and for food costs in excess of regular reimbursement rates made to the Department of Defense (DoD) for its operation of the school lunch and breakfast programs in overseas dependents' schools. Regular per meal reimbursement rates would continue to be provided to DoD for meals served in its schools.

Staffing Standards—Section 208 eliminates the requirement that the Secretary, in cooperation with the States, develop State staffing standards for the programs funded by SAE.

Reserve for Developmental Projects—Section 209 deletes the authority for the Secretary to reserve for special development projects up to one percent of the funds available to a State for programs under this Act.

Interest on Claims Against State Agencies—Section 210 specifies that State agencies shall be liable for interest on claims established by the Secretary under the Child Nutrition Act or the National School Lunch Act from the date of the final administrative determination.

Cash Grants for Nutrition Education—Section 211 repeals the Department's authority to make cash grants for nutrition education. These grants have been superseded by the Nutrition Education and Training Program.

Summer Food Service Program Model Meal Specifications—Section 301 removes the obsolete requirement that States prescribe model meal specifications and model food quality standards in the Summer Food Service Program.

Child Care Food Program Hearings on Federal Audit Actions—Section 401 stipulates that a State is not required to go through a fair hearing procedure in the case of an institution when the State agency takes action against the institution based on a Federal audit determination.

Administrative Costs—Section 501 amends Section 17(b)(1) of the Child Nutrition Act of 1966 by eliminating the cost of warehouse facilities as an administrative cost and thus allowing this to be considered a food cost.

Sales Tax—Section 502 amends Section 17(c) of the Child Nutrition Act of 1966 by making states ineligible to administer the program if a State or local sales tax is collected on WIC food purchases. The bill provides time for State legislatures to meet prior to implementation of the provision.

High-Risk Applicant Priority—Section 503 amends Section 17(d)(2) of the Child Nutrition Act of 1966 by requiring the Secretary to assign the highest priority to pregnant and breastfeeding women and infants with medical risk conditions.

Participation Report—Section 504 amends Section 17(d) of the Child Nutrition Act of 1966 by requiring biennial reports on participants' incomes, nutritional risks, and other data as appropriate, with the first report due by March 1, 1987.

State Plans—Section 505 amends Section 17(f) of the Child Nutrition Act of 1966 by simplifyng the contents of state plans.

Public Comment—Section 506 amends Section 17(f) of the Child Nutrition Act of 1966 by requiring unspecified forms of public comment on the development of State plans.

Notification Period—Section 507 amends Section 17(f) of the Child Nutrition Act of 1966 by extending the timeframe for determining eligibility from 20 to 30 calendar days.

Availability of Program Benefits—Section 508 amends Section 17(f) of the Child Nutrition Act of 1966 by requiring targeted outreach to potentially eligible persons and organizations serving such persons.

Repayment of Certain Benefits by Recipients—Section 509 amends Section 17(f) of the Child Nutrition Act of 1966 by requiring repayment of the cash value of overissued benefits resulting from misrepresentation, as determined by States, unless a State determines it is not cost effective (according to USDA standards).

Allocation Standards—Section 510 amends Section 17(h)(3) of the Child Nutrition Act of 1966 by deleting the requirement for USDA rules on local agency funding allocations.

Advance Payments—Section 511 amends Section 17(h)(4) of the Child Nutrition Act of 1966 by making advance payments to local agencies an option.

Availability of Funds—Section 512 amends Section 17(i) of the Child Nutrition Act of 1966 by permitting States to carry over up to 2 percent of a year's funds to the next year without affecting the amount of funds allocated to such State in that year.

Nutrition Education and Training Program Needs Assessment—Section 601 removes the specific requirement that State NET coordinators assess the nutritional needs of their States annually.

Nutrition Education and Training Program State Plan—Section 602 deletes the specific items currently required to be included in the NET coordinator's State plan. While a plan would still be required, the specific content would be left to the discretion of the Secretary.

Basis for Nutrition Education Grants—Section 603 reduces from $75,000 to $50,000 the minimum amount of funds which any one State can receive in a fiscal year for the purpose of conducting nutrition education and information programs, putting into the statute appropriate language approved for several years.

Mr. DOLE. Mr. President, as I have previously stated, this legislation represents a true compromise between those who wanted further budget cuts and those who wanted to increase spending. It does neither—it merely reauthorizes five child nutrition programs at current services for 4 years. But this is a big step, because it has taken us about 2 years to get to this point in the Senate.

I urge my colleagues to vote in favor of this child nutrition reauthorization and commend the Senator from Florida for expediting consideration of this important issue.

Mrs. HAWKINS. Mr. President, I thank my distinguished colleagues from Massachusetts and Iowa for their support of my amendment and am pleased to have them as cosponsors at this time. They have been very helpful in working out the provisions of this child nutrition reauthorization, and they are as committed as I am to these child nutrition programs. Our first priority this year is to make certain that the five expiring programs are reauthorized—they have been continued on a tenuous basis for over a year, and we need to assure the program administrators that there will be no program disruptions. This is a strong signal—and it also preserves the bipartisan spirit that has always existed with regard to the Child Nutrition Program area.

After negotiations this morning, we agreed to the following changes in the amendment that was under discussion earlier—the provisions eliminating startup funds for the Child Care Food Program and the Summer Food Service Program have been deleted.

We have also taken out the provision that would make advance payments in the Child Care Food Program a State option. This leaves current policy in place. Further, we have maintained funding at current services levels for WIC, and all of the other programs.

We will now take this amendment to conference as a separate bill, and by the time the conferees conclude their work, the Senator from Florida is confident that there will be many program improvements in child nutrition.

I thank my colleagues on both sides of the aisle for their cooperation. It has preserved the bipartisan spirit that has always existed.

Mr. HELMS. Mr. President, I commend the Senator from Florida for her initiative in focusing the Senate on these important child nutrition programs.

I think that the accommodation that has been reached on this subject between the Senators from Iowa [Mr. HARKIN], Massachusetts [Mr. KENNEDY], and Florida [Mrs. HAWKINS] is a reasonable one which sets us on the path toward achieving a child nutrition reauthorization this year.

Indeed, the proposal now has such wide bipartisan support in the Senate that I would hope the House would consider accepting the Senate's package without further amendment. This would save a great deal of time for both the Agriculture Committee and the House Education and Labor Committee and would also resolve the great uncertainty among the managers of these child nutrition programs.

Obviously, the Senate Agriculture Committee is going to be deeply immersed for weeks to come with the farm bill conference—assuming the Senate can pass a bill—and possibly two such conferences if we cannot avoid a veto of the bill. As such, it will be very difficult for the Senate conferees to work on any extensive child nutrition conference with the House. I know that the House bill, as has been pointed out by the discussion this morning, calls for significant increases in spending for these various programs. These are simply unrealistic in light of the overall budget constraints within which we must work.

These increases simply cannot be afforded in the present budget context.

When supporters of H.R. 7 contend that the House-passed bill is within the budget resolution, they are only partially accurate. The budget resolution, in a compromise only Congress could pass, said the following:

"Nutrition programs are assumed to be continued at current services levels." That is what is provided in the Senate's provision.

"Increases are permitted provided"—and here's the caveat not addressed by supporters of the costly House bill—"that offsetting reductions are made." Thus, if nutrition programs are increased by $120 million, it was expected—indeed, required—that savings of $120 would be found in function 600—income security—programs.

I have seen nothing to indicate that the supporters of increased child nutrition spending ever intend to include any offsetting reductions to compensate for the increases they wish to implement. And without such offsetting reductions, the House bill is not within the budget resolution.

Unless such offsetting reductions are proposed, the increased spending as specified in the House bill simply is not going to be enacted. I simply cannot imagine the Congress adopting such increases in the face of overwhelming deficits which we face.

The bill as sponsored by the Senator from Florida is a responsible and reasonable amendment that deserves enactment. Again, I commend her for her resourcefulness in proposing the child nutrition amendment.

Mr. President, this bill has several important provisions.

First, it is indeed significant that the Senator from Florida has successfully assembled a package to reauthorize these important programs for 4 years.

The provision takes the significant step also of eliminating the practice of charging State and local sales taxes on WIC purchases. This practice, currently employed in about a dozen States, effectively dilutes the impact of the WIC Program by diverting WIC funds to State and local governments. Participation will be increased modestly by the prohibition on State and local sales taxes on purchases made with WIC vouchers.

The committee has acted similarly in eliminating this practice in the Food Stamp Program. The impact in the WIC Program is estimated to be about $10 million annually which is diverted from actual program benefits to State and local governments.

With regard to the WIC Program, perhaps the most important element is the new emphasis on targeting of program benefits to those in greatest need. It seems that recent reports from the General Accounting Office have underscored the need to target WIC benefits to those most likely to benefit from program participation—that is, pregnant women, nursing mothers, and infants at nutritional risk.

Mr. BOSCHWITZ. I understand that the current practice for distributing WIC funds among State agencies involves two formulas devised by the Secretary of Agriculture. In general, the first formula provides funding to maintain each State's participation at stable operating levels. It is frequently called the stability formula. Put simply, this funding takes each State's grant from the prior year and, subject to increased appropriations, adds funds to cover the cost of food price inflation. If funds are available in excess of the requirements of the stability formula, additional funds are allocated to States based on a growth formula. It targets the additional funding to States that serve a smaller portion of their estimated income eligible population than the national average based on several factors. Is that correct?

Mr. HELMS. That is correct. There are three factors considered in the so-called growth formula. They are: First, the number of women, infants, and children etimated to have income below 185 percent of the poverty guideline; second, the rate of low weight births; and third, infant mortality rates.

Mr. BOSCHWITZ. This is a practice that I think is commendable for its effect of targeting Federal assistance where it is most likely to be effective. However, it seems that more could be done in this regard.

The Secretary of Agriculture should target increases in funding, when increased funds are available, by providing a full inflation adjustment only to the portion of each State's caseload that is women and infants. A lesser adjustment would be provided for the portion of a State's caseload that is children—for example, half an inflation adjustment. The purpose here is to free up more funds to be distributed among those States that serve a smaller portion of their potentially income eligible population than the national average. Does the Senator from North Carolina agree?

Mr. HELMS. Yes; I certainly do. In general, women and infants are the categories of WIC participants for whom the benefits of the program are believed to be greatest. In particular, the highest priority category is composed of pregnant women, breastfeeding women, and infants at nutritional risk as demonstrated by hematological or anthropometric measurements, or other documented nutritionally related medical conditions, that demonstrate the need of a person for supplemental foods. It is the intention of the committee that the Secretary exercise the discretion he has at his disposal to target assistance aggressively.

DESCRIPTION OF PROVISIONS

I would like to just briefly summarize the provisions of the compromise bill.

REAUTHORIZATION OF CHILD NUTRITION PROGRAMS

Sections 101 to 105 extend through fiscal year 1989 five programs: the Special Supplemental Food Program for Women, Infants, and Children [WIC]; the Summer Food Service Program for Children; Commodity Distribution Program authority; the assistance for State administrative expenses; and the Nutrition Education and Training Program. Authorization for these programs under the current Child Nutrition Act expired September 30, 1984; authorization for the programs' continuation has been maintained through appropriations and continuing resolution acts. All of the funding is consistent with the baseline spending of the Congressional Budget Office, as included in the first concurrent budget resolution.

SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS, AND CHILDREN (WIC)

Section 104 reauthorizes the WIC Program through September 30, 1989. The section authorizes to be appropriated the following amounts: For fiscal year 1986, $1.570 billion; for fiscal year 1987, $1.641 billion; for fiscal year 1988, $1.710 billion; and, for fiscal year 1989, $1.782 billion. These funding levels are based on the Congressional Budget Office's estimates of budget authority needed to maintain current services—that is, to maintain about the same level of participation as during fiscal years 1984 and 1985, approximately 3 million participants per month. It will bring greater predictability and stability to a program

which has grown rapidly in the past several years. Between fiscal years 1980 and 1985 the program's costs doubled, growing from $750 million to $1.5 billion—and will continue to grow, to $1.782 billion by fiscal year 1989, under this amendment.

SCHOOL LUNCH AND SCHOOL BREAKFAST PROGRAMS REFUSAL OF COMMODITIES

Section 201 eliminates the federally required system by which schools may refuse up to 20 percent of commodities made available to them and receive other commodities in their place. The provision has proven to be impractical and unnecessary. Currently, most States use an alternative "offer and acceptance" system where schools indicate the amount of an available commodity that they would like delivered. These State systems achieve the same goals as the current system, to offer local districts the opportunity to choose the types and amounts of commodities that they prefer. Since the 20 percent refusal option is required by law, however, the two systems exist together, causing duplication of effort and cost by State agencies.

BASIS OF COMMODITY ASSISTANCE

Section 202 bases the amount of commodities available to a State on the number of free and reduced price meals served in the State during the preceding school year. Currently, the availability of commodities is based on a final estimate done by the Department late in the same school year. This change gives both the Department and States more time to plan for the purchase, distribution and use of these commodities, and thus provide improved program management.

INCLUSION OF WHOLE MILK AS A SCHOOL LUNCH BEVERAGE

Section 203 requires schools to offer whole milk in the School Lunch Program. Current regulations stipulate that low fat, skim, or butter milk must be offered at lunch; whole milk is optional.

AUTOMATIC ELIGIBILITY FOR CERTAIN PROGRAMS

Section 204 provides automatic—or categorical—eligibility for free lunches and breakfasts for children if, in the course of applying for such meals, they show proof of participation in the Food Stamp or AFDC program, thus easing administrative verification procedures for local schools and parents.

ADMINISTRATION OF SCHOOL LUNCH PROGRAM AND SCHOOL BREAKFAST PROGRAM

Section 205 allows the Department to contract for the administration any child Nutrition Program in those States in which the State agency has not been disbursing funds to nonpublic schools and institutions. The provision thus allows the Secretary to enter into contracts where States have not been directly administering various programs. If the Secretary is unable to contract for the services, the Secretary will continue to operate the programs as current law requires, until a contractor can be found. Funding for the contracts would come from SAE funds available to the individual State within which the contracts are utilized as would continue to be the case in funding for the Secretary's administration.

USE OF SCHOOL LUNCH FACILITIES FOR ELDERLY FEEDING PROGRAM

Section 206 allows schools facilities, equipment, and personnel to be used to support nonprofit nutrition programs for the elderly. This proposal does not intend to supplant the traditional efforts made on behalf of these programs by community volunteers, donated food preparation facilities, and donated transportation and storage.

DEPARTMENT OF DEFENSE OVERSEAS DEPENDENTS' SCHOOLS

Section 207 eliminates administrative funds and payments to DOD overseas schools which exceed reimbursement rates. This proposal deletes a provision of the law that has never been used. When DOD overseas schools were made part of the School Lunch Program, there was concern that the cost of producing meals would greatly exceed the reimbursement rates in place, so flexibility was added for DOD to claim additional reimbursement rates. This has not been necessary, and the change in law will result in no change in current program operations.

STAFFING STANDARDS

Section 208 eliminates the Secretary's responsibility to coordinate with States the development of State staffing standards to ensure sufficient planning and administration of programs covered by State administrative expense funding. The provision has been difficult to put into practice; States are in the best position to determine their own staffing standards.

RESERVE FOR DEVELOPMENTAL PROJECTS

Section 209 eliminates the Secretary's authority to reserve up to 1 percent of the funds available for developmental projects. The current provision has not been used for several years, and the proposal ensures that all program benefits are passed through to local school food authorities for use in producing meals.

INTEREST ON CLAIMS AGAINST STATE AGENCIES

Section 210 reinforces the Secretary's existing authority, exercised under the Federal Claims Collection Act enacted in 1982, to charge interest on delinquent debts. Under this provision, States are liable for interest on claims only from the date of the final administrative determination of the claim. Interest would accrue during any subsequent judicial appeal. This provision makes current authority more explicit. The provision parallels one recently adopted by the Agriculture Committee for the Food Stamp Programs.

The proposed clarification is in response to a recent adverse ruling in *Perales* v. *Block* (751 F.2d (2d Dir. 1984)). This decision found invalid a policy of charging interest in State agency debts under the Food Stamp Program due to lack of specific authority to do so in the Food Stamp Act. Charging interest on these debts is a means to discourage dilatory judicial appeals—because interest accrues during the appeals process—and a way to hasten collection of debts owed to the Federal Government by State agencies.

CASH GRANTS FOR NUTRITION EDUCATION

Section 211 repeals the Department's authority to make cash grants for nutrition education. These grants have not been funded since before 1980, and the work which they were intended to carry out is being accomplished through the Nutrition Education and Training Program and other means.

SUMMER FOOD SERVICE PROGRAM MODEL MEAL SPECIFICATIONS

Section 301 removes the requirement that States prescribe model meal specifications and model food quality standards in the Summer Food Service Program. This requirement was originally added because problems in administration by private sponsors occurred. This requirement has become largely obsolete since sponsor eligibility has been limited to public sponsors who have traditionally been more experienced in food service preparation. Other procurement and contractual requirements also provide additional safeguards in this area.

CHILD CARE FOOD PROGRAM HEARING ON FEDERAL AUDIT ACTIONS

Section 401 stipulates that a State is not required to go through a fair hearing procedure in the case of an institution when the State agency takes action against the institution based on a Federal audit determination. Since Federal audit determinations cannot be overturned by State agencies are held accountable for all findings and recommendations in Federal audits, it is inappropriate for such fundings and recommendations to be considered by State appeal officers. Such appeals now serve as a means to delay final action against the institution.

SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS, AND CHILDREN [WIC]

ADMINISTRATIVE COSTS

Section 501 amends the current definition of allowable administrative costs for State and local agencies by deleting warehouse facilities as a specified administrative cost.

The removal of warehouse costs from specified administrative cost would permit these costs to be counted as food costs. Currently, the State of

Mississippi and a small number of other sites choose to buy foods wholesale and directly distribute them to participants. This reduces their food costs to enable them to serve more participants, but causes them to incur higher administrative costs, compared with the more common system of providing WIC vouchers, or checks, redeemable at retail stores. In the retail purchase system, the cost of warehousing and distributing foods at the retail level is accounted for as a food cost. This amendment would have minimal impact in most areas, but would permit a more equitable treatment of, and compensation to, States willing to take on the extra management duties of a direct delivery system.

SALES TAX

Section 502 makes States ineligible to participate in the WIC Program if State or local sales taxes are collected on food purchased under the program. This provision would not be effective for a State until the first day of the fiscal year that begins in the calendar year during which the first legislative session of such State is convened following the date of enactment of this law.

The taxation of WIC benefits reduces the amount of money available to serve more WIC participants. According to information provided by the Department of Agriculture, 15 States—Alaska, Arkansas, Georgia, Hawaii, Idaho, Kansas, Louisiana, Missouri, Oklahoma, South Carolina, South Dakota, Tennessee, Utah, Virginia, and Wyoming—charge State or local sales taxes on WIC purchases. The Department estimates that the amount of State or local taxes which will be collected in these States will be about $10.5 million in fiscal year 1986. Five States have food sales taxes, but exempt WIC food purchases from taxation—Illinois, Wisconsin, New Mexico, Mississippi, and North Carolina.

This provision would not permit States to participate in WIC if they tax WIC food purchases. Hopefully, the States would instead decide to eliminate the taxation of WIC foods, in lieu of termination from the program. Recognizing that State legislatures would need time to convene and consider such actions, the provision provides adequate effective dates. Of the 15 States mentioned above, all but 2 have annual sessions of the State legislatures. Two—Arkansas, and Tennessee—meet only in odd years. If these States eliminate the sales taxes on WIC foods, then it will permit participation to grow with no added Federal cost.

NUTRITIONAL RISK CRITERIA

Section 503 establishes that the highest priority of participants in the program are pregnant women, breastfeeding women, and infants at nutritional risk, as demonstrated by hematological or anthropometric measurements, or other documented nutritionally related medical conditions, that demonstrate the need of persons for supplemental foods. Under current regulations, the WIC Program has six mandatory priority levels and an optional seventh to be used in determining who should next participate when a local agency has reached its maximum caseload. This provision specified in law the definition of the priority I group; it is the same as the current regulatory category. The provision thus underscores the need to target WIC benefits to those most in need of WIC services.

PARTICIPATION REPORT

Section 504 requires that by March 1, 1987, and every 2 years thereafter, the Secretary of Agriculture submit a report on the income, nutritional risk, and other characteristics of WIC participants to the House Committee on Education and Labor and the Senate Committee on Agriculture, Nutrition, and Forestry. Currently, there is minimal information on these critical topics to help Congress and others make informed decisions about the WIC Program. Such reports would provide a basis for assessing the progress of the WIC Program in serving the neediest people. Current legislation already sets aside up to $3 million a year for WIC research projects. This provision would permit use of such funds to finance these participation reports. Thus, this would not cost additional Federal funds.

STATE PLAN OF OPERATIONS

Section 505 simplifies requirements for the mandated State plans of operation and administration, which must be submitted annually as a precondition to funding. The amendment deletes the legislative mandate for several aspects of the specified State plan, and permits the Secretary greater flexibility to determine the necessary content. It also permits the Secretary to require submission only of items that have changed since the last year. State agencies and the Department have complained of the unnecessary burdens of the bulky State plans. This provision permits streamlining of the plans, so that administrative resources can be directed to program improvement.

PUBLIC COMMENT

Section 506 requires States to develop procedures to obtain public comment during the development to State plans. This replaces a current requirement for public hearings. States have cited the inefficiency of public hearing in some cases, and have proposed alternative means of getting public comments, for example, surveys. This provision provides more flexibility in soliciting public input.

NOTIFICATION PERIOD

Section 507 extends the maximum period for notifying applicants whether they can participate from 20 to 30 days after the date of the first visit to the WIC clinic. State administrators have cited problems which may prevent applicants from being determined eligible within 20 days of the application. These include: overburdened clinic schedules, satellite clinics which only meet once a month, and delays in obtaining laboratory tests results in time. Most applicants are notified of their eligibility the same day that they apply; it is intended that this would remain the case under this provision. However, it would relieve undue pressure from local administrators in those rare occasions in which more than 20 days are needed. The provision also is consistent with the requirements of other Federal programs which typically provide 30 days for certification.

AVAILABILITY OF PROGRAM BENEFITS

Section 508 requires States agencies to distribute information on the availability of progam benefits to potentially eligible persons and organizations serving such persons. This would substitute for current law which requires at least annual outreach to specified types of organizations. This amendment would clarify that such distribution of information be targeted to high priority categories of participants.

REPAYMENT OF CERTAIN BENEFITS BY PARTICIPANTS

Section 509 requires that if a State determines that benefits have been overissued to participants, the State is to recover the cash value of the benefits overissued, unless the State determines that such recovery of benefits would not be cost effective, based on standards established by the Secretary. Current legislation only provides that participants can be disqualified and subject to criminal fines and/or imprisonment in the event of fraud. This amendment offers a new mechanism to reduce erroneous benefits to participants and to recover such money and recycle it back to serve other participants. It is recognized that in some cases, collection of such overissuances may cost more than the amount overissued. Thus, the provision permits the Secretary of Agriculture to establish standards for determining when this will be cost effective. Recovery is only established in the case of misrepresentation by a member of the family such as underreporting income.

In developing these standards, the Secretary shall consider not only the obvious costs and savings of such a recovery process, but also the deterrent effect of this process on those ineligi-

bles who might be tempted to misrepresent their circumstances.

ALLOCATION STANDARDS

Section 510 deletes the requirement for the Secretary of Agriculture to establish rules on local agency funding allocations. This change is based on a recommendation from the Department, indicating that this is unnecessary because States are capable of determining how to allocate funds to local agencies, and should do so without unnecessary Federal directives.

ADVANCE PAYMENTS

Section 511 makes the requirement for State advance payments to local agencies optional for States. The mandatory advance of funds to local agencies may have been appropriate at an earlier state in the WIC Program in which many local agencies were opening. Insofar as the program has been and is expected to remain relatively stable, advances of funds no longer need to be required but should be left to State discretion.

AVAILABILITY OF FUNDS

Section 512 permits States to carryover up to 2 percent of a year's grant into the next fiscal year without affecting the amount of funds allocated to such State in that year. The General Accounting Office has expressed the concern that States may add low priority participants at the end of a year because they are afraid of losing funds in the recovery and reallocation process. By permitting a limited degree of carryover, this will reduce the incentive for poor targeting at the end of a fiscal year. According to the Department, less than 2 percent of WIC funds are unspent after the end of the fiscal year on a national basis. For fiscal year 1984, 14 States had more than 5 percent of their funds unspent.

NUTRITION EDUCATION AND TRAINING PROGRAM (NET)

NEEDS ASSESSMENT

Section 601 eliminates the specific requirement that State NET coordinators annually assess the nutrition education needs of their States. Given the modest level of NET funding, deleting the annual needs assessment will permit more NET resources to be available for program services and education projects.

NET STATE PLAN

Section 602 eliminates the specific items currently required to be included in the NET coordinator's State plan. While a plan is still required, the specific content is left to the discretion of the Secretary. This provision allows for simplification of the plan and for greater flexibility on the part of States and the Federal Government. The provision also enables the Secretary to alter the plan to meet shifting program needs without seeking further legislation.

BASIS FOR NUTRITION EDUCATION GRANTS

Section 603 reduces from $75,000 to $50,000 the minimum amount of funds which any one State can receive in a fiscal year for the purpose of conducting nutrition education and information programs. The decrease in the minimum grant continues a practice established through appropriation acts since 1982 and ensures a more equitable allocation of program funds among States, considering the current appropriation level. Failure to reduce the minimum grant would result in smaller States receiving a disproportionately larger share of Federal funding.

TECHNICAL CORRECTIONS

OBSOLETE PROVISIONS

Section 701 repeals references to studies which were required to have been completed several years ago. Since the studies in question have been finished, the results submitted, and program decisions made, elimination to these references will have no effect on the program.

OBSOLETE REFERENCES

Section 702 replaces all references in the Child Nutrition Act of 1966 to "Health, Education, and Welfare" with "Health and Human Services."

CONFORMING AMENDMENTS

Section 703 deletes references in the Child Nutrition Act of 1966 to cash grants for nutrition education, and makes further technical changes in the act conform with the previously described changes.

WIC CARRYOVER AUTHORITY

Mr. HELMS. Mr. President, I particularly commend the Senator from Florida for the inclusion in her package of authority for State WIC programs to retain up to 2 percent of any unspent WIC funds to be used—or "carried over"—in the following fiscal year.

I proposed a similar amendment in June as an amendment to the supplemental appropriations bill. Under that provision I would have permitted a 5-percent carryover authority.

The provision of the Senator from Florida is designed to improve the orderly administration of the Special Supplemental Food Program for women, infants, and children (WIC). This proposal incorporates the suggestion of State administrators and reflects a recommendation being made by the General Accounting Office.

Current policy requires that State agencies expend all of their WIC allocations during the fiscal year for which appropriations are made. Toward the end of the fiscal year, if all funds are not likely to be expended by the State agency, the Department of Agriculture reapportions, or reallocates, unexpended funds to other States.

The result of the policy is tremendous instability at the end of the fiscal year. This is especially true when additional appropriations are made late in the fiscal year—such as in fiscal year 1985. The current policy causes States to panic, and adopt a "use-it-or-lose-it" philosophy in program management.

This is an understandable reaction under the present system because State agencies will otherwise forfeit their allocations. The system causes instability. Sometimes, States overshoot the mark and spend more than their allocation, resulting in State or local expenditures to compensate for the overage. Or, conversely, the State may have to make reductions in caseloads to stay within the federally funded allocation.

The amendment establishes the same principle which applies with respect to most other Federal health programs, that is, that States may expend appropriations in the following fiscal year. States would be permitted to retain, or carry over, up to 2 percent of their WIC allocations which remain unobligated to the following fiscal year. The amendment applies needed flexibility beginning with fiscal year 1986

By providing this flexibility, States will not have to worry about losing their allocations to other States. Only those States that spend less than 98 percent of their allocations would forfeit some of their allocation—that is, all unobligated funds except for the 2 percent of the allocation which may be carried over.

It is the intent of the amendment that the funds carried over would be available to the State in the subsequent fiscal year without affecting the State's allocation for the subsequent fiscal year. Thus, this amendment should provide greater stability in State management of WIC program caseloads and avoid disruptive, end-of-the-year fluctuation.

A recent report by the General Accounting Office focuses on this and other managerial functions that need to be improved.

Currently there are 9 States that benefit from the existing situation and 41 States which do not, and I ask unanimous consent that 2 tables outlining those States that have previously forfeited unspent WIC funds be printed at this point in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

FISCAL YEAR 1984 YEAREND FUNDS

41 STATES WITH WIC FUNDS UNSPENT IN FISCAL YEAR 1984; UNSPENT FUNDS FORFEITED

Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Minnesota, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, West Virginia, and Wyoming.

9 STATES WITH NO UNSPENT WIC FUND FOR FISCAL YEAR 1984

Maryland, Washington, Massachusetts, Michigan, Mississippi, Missouri, New York, Vermont, and Wisconsin.

Source: U.S. Department of Agriculture.

UNSPENT WIC FUNDS

State agency	Fiscal year 1983				Fiscal year 1984			
	Unspent food funds	Unspent administration funds	Total unspent funds	Fiscal year 1983 percent unspent	Unspent food funds	Unspent administration funds	Total unspent funds	Fiscal year 1984 percent unspent
Connecticut	542,863	188,344	731,207	3.66	444,286	153,084	597,370	2.64
Maine	176,935	68,895	245,830	3.83	448,168	56,333	504,501	6.66
Massachusetts	700,814	190,869	891,683	4.43	0	0	0	0.00
New Hampshire	142,992	56,663	199,655	3.79	145,174	10,819	155,993	2.60
New York	2,530,392	1,588,774	4,119,166	4.02	0	0	0	0.00
Rhode Island	46,973	0	46,973	0.80	41,630	79	41,709	0.62
Vermont	0	0	0	0.00	0	0	0	0.00
Indian Twns	7,839	0	7,839	12.44	0	0	0	0.00
P. Point	8,073	3,443	11,156	15.99	701	949	1,650	2.50
Penobscot	4,970	0	4,970	14.68	4,173	0	4,173	12.46
Semeca Nati	3,497	0	3,497	1.62	0	0	0	0.00
Subtotal	4,165,348	2,096,988	6,262,336	3.74	1,084,132	221,264	1,305,396	0.66
Delaware	187,465	0	187,465	7.79	33,433	17,270	50,703	1.68
Maryland	631,173	11,406	642,579	3.60	0	0	0	0.00
New Jersey	1,540,504	361,696	1,902,200	7.91	590,753	551,816	1,142,569	3.89
Pennsylvania	2,322,253	322,908	2,645,161	6.09	924,583	482,279	1,406,862	2.68
Puerto Rico	89,909	40,274	130,183	0.39	0	497,584	497,584	0.96
Virginia	975,385	0	975,385	3.88	978,376	0	978,376	3.65
Virgin Islands	156,351	127,178	283,529	8.33	39,767	0	39,767	1.06
West Virginia	248,532	9,883	258,415	2.24	95,082	20,273	115,355	0.95
District of Columbia	0	0	0	0.00	0	20,145	20,145	0.39
Subtotal	6,151,572	873,345	7,024,917	4.25	2,661,994	1,589,367	4,251,361	2.08
Alabama	1,351,213	429,433	1,780,646	7.36	0	74,962	74,962	0.25
Florida	1,666,686	476,344	2,143,030	5.91	1,484,734	329,060	1,813,794	4.37
Georgia	536,168	4,521	540,689	1.45	1,010,973	146,316	1,157,289	2.35
Kentucky	939,112	269,441	1,208,553	4.52	575,737	69,168	644,905	2.08
Mississippi	834,204	435,685	1,269,889	4.63	0	5	5	0.00
North Carolina	3,205,202	1,038,842	4,244,044	10.61	1,923,535	461,031	2,384,566	5.43
South Carolina	799,557	298,160	1,097,717	3.85	1,042,660	112,487	1,155,147	3.51
Tennessee	1,671,193	238,294	1,909,487	6.70	544,641	32,321	576,962	1.90
Seminoles	33,199	1,732	34,931	36.47	52,511	4,303	56,814	39.63
Miccosukee	7,134	1,397	8,531	21.15	2,296	997	3,293	9.43
Choctaw, MS	53,336	3,084	56,420	16.86	14,622	7,960	22,582	7.16
E. Cherokee	32,788	1,660	34,448	8.27	38,235	0	38,235	8.91
Subtotal	11,129,792	3,198,593	14,328,385	5.74	6,689,944	1,238,610	7,928,554	2.73
Illinois	2,217,799	341,377	2,559,176	5.66	508,673	0	508,673	0.94
Indiana	1,131,983	3,154	1,135,137	6.15	1,011,603	190,708	1,202,311	5.23
Michigan	1,031,496	34,092	1,065,588	2.77	0	0	0	0.00
Minnesota	888,974	250,174	1,139,148	5.79	315,937	229,784	545,721	2.37
Ohio	2,789,036	1,262,690	4,051,726	8.44	50,637	1,027,305	1,077,942	1.66
Wisconsin	1,313,601	124,834	1,438,435	6.33	0	0	0	0.00
Subtotal	9,372,889	2,016,321	11,389,210	5.91	1,886,850	1,447,797	3,334,647	1.37
Arkansas	408,524	0	408,524	3.31	105,529	0	105,529	0.65
Louisiana	798,516	1,287,042	2,085,558	5.22	0	188,050	188,050	0.42
New Mexico	81,172	0	81,172	1.23	0	1,939	1,939	0.02
Oklahoma	143,516	0	143,516	0.84	218,971	0	218,971	1.22
Texas	623,741	0	623,741	0.97	0	93,381	93,381	0.11
Acoma	0	1,012	1,012	5.79	N/O	N/O	N/O	N/O
Acl	19,951	18,231	38,182	16.56	17,967	0	17,967	7.47
Bn Pueblo	31,574	5,628	37,202	14.66	23,954	0	23,954	9.09
Isleta	6,221	0	6,221	2.77	4,771	0	4,771	1.94
Santo Domin	10,242	0	10,242	5.49	0	20	20	0.01
S Sandoval	28,852	0	28,852	10.12	3,444	0	3,444	1.37
San Felipe	4,098	0	4,098	3.06	0	2,892	2,892	1.83
Wcd	46,742	13,497	60,239	7.52	17,429	0	17,429	2.30
Choctaw, OK	0	5	5	0.00	0	2,575	2,575	0.27
Cherokee, OK	151,297	22,260	173,557	8.56	14,935	0	14,935	0.71
Chickasaw	53,246	0	53,246	10.94	9,016	885	9,901	1.84
Tunkawa	24,986	0	24,986	10.33	12,514	0	12,514	4.45
Potawatomi	11,833	0	11,833	2.70	17,635	1	17,636	3.13
Zuni	1,184	52	1,236	0.64	1,490	0	1,490	0.60
Subtotal	2,445,695	1,347,727	3,793,422	2.59	447,655	289,743	737,398	0.41
Colorado	427,234	61,797	489,031	4.23	336,825	67,641	404,466	2.99
Iowa	742,777	135,733	878,510	7.16	390,622	148,014	538,636	4.20
Kansas	469,275	76,431	545,706	6.35	572,128	274,857	846,985	8.21
Missouri	932,169	81,980	1,014,149	4.06	0	0	0	0.00
Montana	180,407	14,834	195,241	3.95	86,729	34,753	121,482	2.23
Nebraska	349,007	110,191	459,198	7.87	363,918	53,808	417,726	5.95
North Dakota	47,878	0	47,878	1.06	61,789	63,155	124,944	2.51
South Dakota	72,000	0	72,000	1.85	32,789	180,929	213,718	4.80
Utah	163,706	99,256	262,962	3.27	189,396	162,962	352,358	3.24
Shus/Ara	0	0	0	0.00	2,061	8,548	10,609	2.84
Ute Mountain	2,227	0	2,227	4.39	0	0	0	0.00
Minnebago	79,498	65	79,563	23.70	0	0	0	0.00
Cheyenne Rv	9,943	7,732	17,675	4.78	15,147	11,314	26,461	6.48
Rosebud	17,080	0	17,080	2.37	4,096	5,814	9,910	1.42
Stand Rock	0	0	0	0.00	0	0	0	0.00
Ft. Berthold	19,527	808	20,335	8.52	0	4,016	4,016	1.61
Wyoming	184,245	20,767	205,012	7.17	132,343	7,615	139,958	4.40
Subtotal	3,696,973	609,594	4,306,567	4.79	2,187,843	1,023,426	3,211,269	3.11

UNSPENT WIC FUNDS—Continued

State agency	Fiscal year 1983				Fiscal year 1984			
	Unspent food funds	Unspent administration funds	Total unspent funds	Fiscal year 1983 percent unspent	Unspent food funds	Unspent administration funds	Total unspent funds	Fiscal year 1984 percent unspent
Alaska	14,299	46,112	60,411	3.13	0	49,862	49,862	1.82
Arizona	197,923	190,748	388,671	3.32	234,609	117,831	352,440	2.57
California	2,854,877	2,067,560	4,922,437	4.88	3,419,418	1,358,285	4,777,703	4.10
Hawaii	42,084	0	42,084	1.42	98,439	114,921	213,360	5.30
Idaho	138,625	10,948	149,573	2.64	293,549	21,418	314,967	4.77
Nevada	234,759	33,973	268,732	5.42	120,188	25,778	145,966	2.74
Oregon	156,548	33,172	189,720	1.45	0	185,421	185,421	1.25
Washington	692,182	202,631	894,813	6.04	0	0	0	0.00
***	12,764	13,536	26,300	5.06	10,880	128	11,008	1.94
***	41,251	9,161	50,412	18.05	0	0	0	0.00
Navajo National	302,505	7,600	310,105	3.63	251,077	101,478	352,555	3.64
Guam	331,716	22,128	353,844	60.08	0	9,221	9,221	0.74
Subtotal	5,019,533	2,637,569	7,657,102	4.61	4,428,160	1,984,343	6,412,503	3.33
National	41,981,802	12,780,137	54,761,939	4.65	19,386,578	7,794,550	27,181,128	1.92

*Note.—Includes Indian tribes which serve as State agencies.

Source: U.S. Department of Agriculture.

Mr. HELMS. Second, the administration strongly supports this amendment as do many administrators all around the country. I noted in my prepared remarks, which I did not deliver in the interest of time, that there appeared before the Committee on Agriculture this spring a representative of the General Accounting Office who focused on this and other managerial functions that in the words of the GAO need to be improved.

Mr. Brian Crowley testified, on June 17, outlining the findings from the report that was forthcoming from the GAO at that time. Let me quote him. He said:

Local agency staff told us that when substantial growth funds become available and/or when fund reallocation provide additional funds, WIC frequently becomes "a numbers game" where the number of applicants enrolled becomes more important than their relative vulnerability and need for WIC. State and local officials who were talked with said that states should be permitted to carry over their unspent WIC funds (up to a certain limit) from one year to the next.

That is precisely what this amendment does, Mr. President. I continue to quote from Mr. Crowley. He said:

Several (Food and Nutrition) Service management initiatives regarding how WIC funds are allocated to, and managed by, state and local agencies hold promise for improving the funding process and bringing more stability to the program's management.

As a way to bring greater stability and predictability to WIC program funding, our draft report points out the need for the Secretary (of Agriculture) to propose legislation to eliminate the requirement for periodic recapture and reallocation of unused WIC funds, and to authorized state agencies to carry over their unspent WIC funds (up to a certain limit) to the next year.

The GAO report describes the result of the existing system in undermining the targeting of benefits to those groups among the potentially eligible population that are the most vulnerable and thus likely to benefit most from program participation.

The . . . practice of recovering and reallocating funds previously allocated among states has . . . conditioned the operating incentives of WIC managers and in some cases has placed a premium on obtaining and spending funds to increase caseloads quickly as opposed to the measured and deliberate building of caseloads through targeting.

The GAO notes that "the composition of WIC caseloads and the degree of effort being made by state and local WIC agencies to target benefits to higher risk categories of potential eligibles" have been factors considered in past reallocations.

The GAO reported:

. . . Local agency officials often told us that at times they came under pressure from state agency officials to meet or exceed caseload assignments made by the state agency and to do all they could to avoid having an unexpended administrative fund at the end of the program year. . . . Local agency officials told us that, during periods of rapid caseload buildup (which generally occur during the latter months of a program year), they often have been told to do whatever is necessary to facilitate enrollment of new participants and expedite the expenditure of available funds. Such steps might include paying overtime to clinic staff, hiring additional staff, extending hours of clinic operation, and aggressively advertising the availability of WIC benefits. Some officials also suggested that purchases of supplies, equipment, and other goods and services under these circumstances could help ensure maximum use of available funds and preclude the return of unexpended funds to the Service after the end of the program year."

Officials in the five States surveyed by the GAO—California, Illinois, Nevada, Minnesota, and Pennsylvania—cited the need for carryover authority.

According to the GAO report:

Citing the difficulty of precisely projecting and managing participation and expenditure levels from month to month while attempting to avoid overspending or underspending, some state and local officials have suggested that a limited carryover authority of 3 to 5 percent of a state's yearly allocation would give them increased management flexibility and would promote more effective use of funds.

Frankly, Mr. President, many of the State WIC directors that expressed support for the carryover authority sought a higher amount in the range of 3 to 5 percent. However, in the interest of compromise on the subject the pending bill would provide 2 percent carryover. Two percent is the approximate national average of carryover, although a number of States have higher amounts which they do not currently spend.

Let me quote from some of those who support the carryover concept.

Now, there is much more which Senators may find in the printed record, but I will not take the time of the Senate to go into that. But we checked with administrators, Mr. President, around the country and let me give you just a couple of brief typical statements. The WIC director from the State of Florida, Miss Ann Rhode, said:

"Carryover" authority would be very helpful to us, but only if it would not affect the next year's allocation.

This amendment does not. She says:

Florida is one of those states that has always exercised fiscal responsibility for WIC funds and as a result has been penalized every year when the program received additional funds late in the fiscal year. This provision would be especially important to us this year considering the recent release of full FY 85 funding . . .

We feel that 5 percent would be an appropriate percentage. This amount would allow us some flexibility in planning WIC program operations and result in more efficient utilization of funds."

Ms. Audrey Koehn, Wisconsin's WIC director, responded:

The Wisconsin WIC Program supports legislation that would permit the carryover of funds from one fiscal year to the next in order to maximize allocations.

Carryout authority would be helpful to all WIC Programs in the present fiscal year given the current impoundment situation and uncertainties of the upcoming year.

Ms. Alice Lenihna of North Carolina responded:

The North Carolina WIC program would welcome your support for a change in legislation which would enable states to carry forward . . . unexpended funds into the next fiscal year. . . . The proposed change in the legislation would be helpful in the present fiscal year.

Other responses were received.

Proposed legislation (to permit carryover authority) would allow some flexibility in planning and managing caseload levels throughout the year, and from year-to-year. We support additional flexibility in management practice.—Gloria R. Smith, Director, Michigan Department of Public Health.

The Maryland Department of Health and Mental Hygiene fully supports this proposed legislation (to permit carryover authority) since it gives states a greater opportunity to operate their WIC programs in a manner which more truly reflects the nutritional needs of low-income pregnant women, infants, and children.—Adele Wilzack, Secretary, Maryland Department of Health and Mental Hygiene.

Your proposal of "carry-over" authority of unspent WIC funds would allow States to better project their caseload status and better serve the population in need.—Marie C. Meglen, Bureau Director, South Carolina Bureau of Maternal and Child Health.

We budget our grant as close to allocation as possible, but must allow for some cushion because final food costs are not known for a fiscal year until two months into the following fiscal year. This proposal (for carryover authority) would provide us an opportunity to budget more realistically without fear of being penalized for operating within our budget.—David L. Jackson, Ohio Director of Health.

While the present redistribution of WIC allocations during the fiscal year has not placed an undue burden on our WIC program, your proposal to permit States to retain, or carry-over a certain percentage of their allocations to the following fiscal year may help many States.—Robert Bernstein, Texas Commissioner of Health.

The uncertainty and past instability of WIC funding has made administration of the WIC program exceptionally difficult. Clients in the various categories are frustrated and confused with the "off-again," "on-again" posture states have been forced to assume as a result of uncertain appropriations.

It has been the case each of the past four years that we could not, because of uncertain budgets and cutbacks in mid-stream, decrease our client counts and then in the 4th quarter when money materialized, increase client counts rapidly to expend the state award.

Thus, I believe your proposal (for carryover authority) will enable our state to more adequately address program needs and requirements without reducing client caseloads of those in need. It will add a more stable approach to predicting appropriation and expenditure over the fiscal year without having to make poorly thought-out adjustments in the 4th quarter of any given fiscal year. Most appreciative of all to the solution as proposed will be the eventual consumer—the person in need.—John J. Drynan, Director, Montana Department of Health and Environmental Sciences.

The South Dakota Department of Health endorses and supports your proposed legislation (for carryover authority).

Even though South Dakota has benefited in some previous years from reallocation funds . . . in FY '84 we were forced to return 4.80 percent of our budget because it was unspent. We cannot manufacture an increase in caseload overnight to utilize reallocation funds. Further, this type of funding is not ongoing, thus when the money is spent the state then has to reduce the caseload to accommodate our actual level of funding.—John N. Jones, Division Director, South Dakota Department of Health.

Mr. KENNEDY. Mr. President, I support this amendment to reauthorize for 4 years the five expired programs under the School Lunch and Child Nutrition Act and I thank the distinguished majority leader, Senator DOLE, Senator HARKIN, and Senator HAWKINS for their hard work in crafting the compromise we are now considering. Our action here today will ensure that the WIC program, the Summer Food Service Program, the commodity distribution funding authority, State administrative expenses, and the Nutrition Education and Training Program will continue for 4 more years.

This compromise addresses some of the major concerns that my colleague from Iowa, Senator HARKIN and I had with the amendment as originally drafted. As a result of this compromise, Summer Food Service and Child Care Food Program startup costs will continue to be provided to schools and day care homes so that these important nutrition programs can be implemented. As well, the requirement for State agencies to make advance payments to all institutions participating in the Child Care Food Program will not be eliminated. These are important changes and will make a significant difference in the lives of many children who participate in the summer food and child care food programs.

I am pleased that we have reached agreement on some of my concerns yet, I would like to reiterate the concerns that I have and that I know Senator HARKIN shares that are not specifically addressed in that amendment. Senator HARKIN's child nutrition proposal provided for modest increases in such programs as WIC, School Breakfast, and the Special Milk Program. I understand that the House-passed child nutrition legislation contains these same targeted increases. I wish to voice my strong support for the modest targeted increases contained in the House child nutrition bill and put forth by Senator HARKIN and I urge the Senate to carefully consider the critical need for the following increases when they meet in conference on this legislation.

The Special Supplemental Food Program for women, infants and children should be increased by $60 million in order to permit 120,000 additional poor pregnant women, mothers, their babies and their children to receive the medical and nutritional services provided by the WIC Program. We know that the WIC Program which has been proven effective over and over again only serves about one-third of the women and children who are eligible. We also know that the WIC Program is cost effective and on the average results in as much as $3 of savings in medical costs for every $1 spent. The need for the WIC Program is more critical today than ever. There are 13 million poor children in this country. The rate of decline in infant mortality has slowed and we know that our Nation's poor children and their mothers are suffering from hunger.

We should provide for the improvement of the School Breakfast Program by increasing the Federal amount paid for each breakfast by 6 cents. The School Breakfast Program which is targeted primarily on low-income children will be increased by $42 million. Recently the USDA reported that school breakfasts were lacking in certain nutritional requirements and urged an improvement in the meal pattern of the breakfasts. The modest increase provided by our amendment will add 6 cents per meal to the Federal assistance provided for school breakfasts so that its deficiency can be eliminated.

We should conform current law to allow the Special Milk Program to serve children in kindergarten. It is important for children attending kindergarten to participate in the milk program because they are unable to benefit from school breakfast or school lunch due to split sessions. With a modest increase of $15 million, we will provide 1 million kindergarten students with a basic nutritional need.

In all, the modest expansions proposed in this amendment will total $121 million. This increase is well within the limits of the Budget Committee and the final budget conference report as reported by both the House and Senate. Surely the 36 Senators who just voted to continue the Honey Program at a cost of $100 million a year would be willing to support $100 million to provide a low-income pregnant mother with prenatal care, insure that a poor child receives a nutritious breakfast and allow a kindergartner to drink a glass of milk each day.

For those of my colleagues who may balk at these proposed increases, I would like to take a moment to remind them of the drastic cuts that this Government has imposed on the School Lunch and Child Nutrition Program since 1981. And, as my colleagues listen to the numbers, let me remind them that there are thousands and thousands of suffering children behind these numbers.

In 1981, child nutrition was cut by $1.5 billion which represented one-third of its total funding. The child nutrition programs were cut deeper in

1981 than any other means-tested Federal entitlement program.

Even though the child nutrition programs represent only one-half of 1 percent of the total Federal budget, these programs shouldered a 4-percent cut in 1981.

The cumulative cuts to these programs total $5.2 billion from 1982 to 1985.

And 400,000 fewer children are participating in the School Breakfast Program since the 1981 cuts and 60 percent of these children cut from the program were poor.

In 1982, 3 million fewer children participated in the School Lunch Program; 1 million of these children were poor.

In 1985, the Census Bureau reports that 1 million more children are eligible for the free and reduced price school lunch.

President Reagan's 1986 budget request called for a $700 million reduction in child nutrition.

It is an understatement to say that our children have suffered a disproportionate share of Federal cuts in the past few years. And these facts tell us that this administration has been relentless in its pursuit of cuts to programs that provide our poor children with a basic human need—adequate nutrition. Certainly President Reagan does not expect children to be alert and able to learn if they have not eaten that day or the night before. I wonder if the President knows that school lunch may be the only meal that thousands of our young children eat in a day.

Mr. President, there are 33 million citizens who are poor in this country. We have been told again and again over the past 3 years that more and more Americans are going hungry. I have seen our suffering citizens for myself. We have heard the facts from over 15 national studies that confirm the existence of hunger. We have been told by a task force of notable physicians this year that 20 million citizens are suffering from hunger and that hunger is a problem of epidemic proportions across this country.

Most recently, Bread for the World issued a report telling us that there has been a 16.25-percent increase in the number of needy men, women, and children seeking help from the voluntary emergency food programs since last year. And, for those of my colleagues who have not had an opportunity to read all these reports, I suggest that you read the Metro section of the Washington Post from Wednesday's edition which describes the dramatic increase in the numbers of people seeking a hot meal in Montgomery County, a 15-minute drive from this Chamber.

The hungry Americans that these reports describe include thousands and thousands of children. We know that the school lunch and child nutrition programs work and today we have the opportunity to help them work a little bit better and to provide a nutritious breakfast or lunch to a few more poor children.

Today, one in every four of our children under the age of 6 lives in poverty. Our young people are the ones receiving the least amount of help from our Government and it is clear that their needs are great. Every child that is suffering and in need in this country is our responsibility. Every Senator in this Chamber either accepts or rejects that responsibility with a vote. I call on each of my colleagues to accept the moral obligation and personal responsibility for the well-being of our children in need by casting a "yes" vote for this amendment and I urge the conferees to provide the justifiable expansions that Senator HARKIN and I believe are necessary. The fate of this country depends on how we treat our neighbors in need and when those neighbors are children and babies in need, the very future and existence of this Nation is at stake.

Mr. BOSCHWITZ. Mr. President, I rise in support of the amendment offered by Senator HAWKINS. This amendment has been modified with the help of Senators HARKIN, and KENNEDY and I think with their assistance we have improved this amendment.

I would like to commend both Senator HAWKINS and Senator HARKIN for bringing child nutrition reauthorization to the attention of the Senate. The five expiring child nutrition programs were due to be authorized by the end of fiscal year 1984. It is time they were brought up for the Senate's consideration. The Senate Agriculture Committee has certainly had a full agenda this year with little opportunity to turn its attention to child nutrition. However, I think the hearings that were held both last year and this year and the staff work that was done both last year and this year have brought us to the point of being ready to pass a child nutrition reauthorization bill.

The five expiring child nutrition programs include: the Special Supplement Food Program for women, infants and children; the Summer Food Service Program, the State Administrative Expense [SAE] Program, the Commodity Distribution Program, and the Nutrition Education and Training Program. All other child nutrition programs, for example school lunch and school breakfast, are permanently authorized.

The Special Supplemental Food Program for women, infants and children, better known as WIC, provides supplemental foods and nutrition education to low income pregnant, postpartum, and lactating women, infants and children up to 5 years old. The Summer Food Program provides meals in the summer to children in low income areas through schools, local government agencies and summer camps.

The State Administrative Expense Program authorizes funding to States for their administrative expenses associated with operating the school lunch, school breakfast, special milk, and child care food programs. The Commodity Distribution Program requires the use of agricultural support funds to purchase commodities for the child nutrition programs and for the elderly programs—Meals on Wheels and congregate dining.

The Nutrition Education and Training Program provides grants to State education agencies for comprehensive nutrition education and training programs. This is the second year these programs have been appropriated but not authorized.

This amendment represents a compromise agreement that is basically a current services 4-years reauthorization. There are several provisions designed to streamline and improve the programs, but there is no major rearrangement of priorities.

Some of the improvements made in this bill include; requiring whole milk to be offered in all school lunches; categorical eligibility for free lunches and breakfast for children who participate in AFDC or food stamps; allowing the use of school food service personnel and facilities to support elderly feeding programs; and, making States ineligible to administer the program if State or local sales tax is collected on WIC food purchases.

In my opinion this is an eminently reasonable compromise that will enable us to pass a child nutrition reauthorization bill, go to conference with our colleagues in the House on child nutrition, and get the child nutrition programs reauthorized and signed into law.

I urge my colleagues to support this amendment.

Mr. ZORINSKY. Mr. President, I am pleased to support legislation that will extend five vitally important child nutrition programs. In addition, the legislation will make administrative changes. Last year Congress did not reauthorize these programs, but rather relied on appropriations to continue the programs. Program stability is essential if we are to expect State, local school districts, and WIC Clinics to keep errors down and operate the programs in an efficient manner. For this reason, I believe the legislation before us is necessary.

The legislation does not provide for increases as H.R. 7 does, but that does not mean that the Senate is any less committed to these programs. An agreement had to be reached by Republicans and Democrats so that these programs could be reauthorized in a

timely manner. My overriding concern is that the Senate take decisive action on this vitally important legislation before adjournment so that we can provide program stability.

For nearly 40 years, Congress has supported food programs designed to assist the most nutritionally vulnerable children of our Nation. And while we are not able to increase funding at this time, we do believe that these programs contribute to the well-being of our Nation's children.

I urge my colleagues to join me in supporting the legislation.

WOMEN'S, INFANT AND CHILDREN'S PROGRAM (WIC)

Mr. LEAHY. Mr. President, I want to be sure that everyone understands a suggestion made by my colleagues on the other side, concerning the allocation of funds in the WIC Program.

There is no question that pregnant women and infants should rate the highest priority among WIC clients. We all agree to that.

But there is an implicit assumption here that States which serve a larger number of children than they do women and infants, are not doing a good job—that they are not making a real effort to serve women and infants.

This may be true in some States. It is not true in mine and this provision would, in effect, penalize my State, and others, for doing a good job.

Vermont was enthusiastic about the WIC Program and laid the groundwork early on, so that when WIC funds became available, we were ready to implement the program on a statewide basis.

Today, Vermont ranks among the highest in the Nation in the percentage of eligibles served. This is an achievement of which we are very proud, and we did not neglect needy women and infants to do it. Rather, it is an indication of the success of the program and shows the results of coordination outreach, and good planning.

However, if the suggestion which was made should become a reality, my State would be penalized and would lose funds.

In August 1985, Vermont's WIC caseload was 15,800. Of these, 18.8 percent were women, 14.7 percent were infants, and 66.5 percent were children.

If this new allocation plan which has been suggested becomes a reality, my State will be in trouble.

As I understand it, Vermont would get less that 100 percent of growth funds for more than one-half of its caseload. These funds would be reallocated to some other State which, presumably, serves or will serve, more women and infants.

In my opinion this pits women and infants against children, and State against State.

A fair and reasonable way to address this problem, I think, is for the Secretary to use his authority within the law to assist those States which are underserving women and infants, with technical assisance and other appropriate means, to correct the situation.

I just want to be sure that, in our zeal to see that States do the right thing, we do not inadvertently prevent them from feeding eligible children or that good programs are penalized to help other less successful programs.

Thank you, Mr. President.

Mr. KENNEDY. Mr. President, I join my distinguished colleague Senator LEAHY in expressing concern over regarding a recent discussion by some of my colleagues on the Senate floor regarding the distribution of WIC funds and the targeting of excess funds above and beyond the stability formula to women and infants. I share the concern of my colleagues with providing nutritionally at-risk women and infants with vital medical and food supplement services but I do not think that this targeting should be accomplished by using inflation funding for the WIC Program.

Many States serve a large portion of children and I am concerned that by using funds appropriated for inflation to target women and infants that we would be reducing the total WIC funding going to some States and would place children being served under this program in jeopardy of losing their WIC services in these States.

Mr. GORTON. Mr. President, I rise today to urge my colleagues to join me in supporting H.R. 7, the School Lunch and Child Nutrition Act Amendments of 1985, as amended by Senators HAWKINS, HARKIN, and others. This amendment to the farm bill will reauthorize the child nutrition programs.

I believe, Mr. President, that it would be difficult to come up with a more vital issue, affecting our Nation—indeed, the whole world—than hunger, specifically hunger among children.

Sometimes we despair at our inability to have an effect on a challenge so great, but it is through key programs, such as child nutrition that we can work toward eliminating hunger among the children of our Nation.

The child nutrition programs being reauthorized by this amendment provide direct assistance to children who face the day-to-day reality of hunger in our country. For example, under the school lunch program, the Federal Government subsidizes lunches for some 24 million children in over 85,000 schools. These lunches are served either free of charge, or at a significantly reduced price to children who meet a low-income test. More than 12 million—52 percent—of the children participating in the school lunch program fall into this category. The remaining lunch participants—11.6 million children—receive so-called paid lunches which are subsidized by these Federal dollars.

The other meal service programs being reauthorized by this amendment are the school breakfast, child care food service, and summer food service. Though these programs serve considerably fewer children than the school lunch program, they are nonetheless essential programs.

The child nutrition programs included in this amendment are rounded out with the WIC Program, the program which provides monthly food packages to low-income pregnant women, or low-income women with infants and children. The WIC Program not only contributes toward inproved health and productivity among these children, it is a cost-effective way of reducing Medicaid payments and preventing many maladies associated with malnutrition. In addition, the WIC Program, which serves more than 3 million people each month, over 40,000 of which are in my own State of Washington, is one of our best resources for reducing the infant mortality rate.

In addition to reauthorizing the direct [WIC] and indirect—meal service—food assistance, this amendment provides for support services associated with the operation of child nutrition programs. These programs are designed to train teachers and food personnel, in addition to actually instructing children about nutrition.

Mr. President, I would like to conclude by saying that I am proud to be a cosponsor of this amendment, and that I urge my colleagues to support this amendment to reauthorize the child nutrition programs.

Mr. HELMS. Mr. President, the inclusion of the carryover authority will contribute to helping better target WIC benefits. Such was the recommendation of an important new report by the General Accounting Office. [See "Need to Foster Optimal Use of Resources in the Special Supplemental Food Program for Women, Infants, and Children (WIC), "September 27, 1985.]

Certainly, the WIC program is one of the most popular Federal programs among many members of Congress. It is not perfect, however, and the GAO's recent report focused on how the program could be made more effective in meeting its fundamental objectives.

I ask unanimous consent that the digest from the General Accounting Office report be printed at the conclusion of my statement.

The PRESIDING OFFICER. Without objection, so ordered.

Mr. HELMS. Mr. President, I am pleased that the Senate is moving responsibly to address the subjects raised by the GAO report. We are stressing the importance of targeting by specifying in the statute the importance of the first priority recipients—

that is, those pregnant women, nursing mothers, and infants at nutritional risk, and by focusing outreach on these same potential recipients. The suggestion made by the Senator from Minnesota [Mr. BOSCHWITZ] and myself would also move in a gradual way toward better targeting on the most potentially vulnerable recipients through the allocation formula.

I would hope that the WIC program managers would note the sense of the Senate and the recommendations of the General Accounting Office and work toward a greater concentration on these priority recipients.

The following table demonstrates the percentage of caseload by priority categories served during September 1984.

PERCENTAGE OF CASELOAD BY PRIORITY RISK CATEGORIES SERVED, SEPTEMBER 1984 [1]

	I	II	I & II	III	IV	V	VI	VII
GAO sample data	30.2	9.5	39.7	35.6	6.8	15.0	2.6	.....
Service data:								
Nationwide	28.3	11.8	40.1	83.3	4.5	12.0	5.0	0.1
New Mexico	54.3	21.5	75.8	24.3	0	0	0	.....
Oregon	38.0	11.4	49.4	29.6	6.9	13.1	1.1	.....
Washington	37.7	9.7	47.4	37.1	4.2	10.9	.4	.....
Oklahoma	30.2	22.5	52.9	35.5	4.5	7.1	.03	.....
Arizona	29.7	18.0	47.7	30.3	4.9	9.1	8.0	37.1
California	37.1	18.1	55.2	26.0	2.1	5.7	11.0	.....
Delaware	23.1	16.3	39.4	41.4	3.6	6.8	1.3	7.5
Alaska	29.7	11.0	52.3	46.1	.1	.9	.6	.....
Illinois	34.3	13.7	48.0	34.5	5.5	9.8	2.2	.....
Florida	32.5	18.1	50.6	35.3	2.7	5.3	6.2	.....
South Carolina	35.5	16.1	51.6	39.7	4.7	3.4	.7	.....
Puerto Rico	37.1	9.8	46.9	49.3	.6	2.3	.8	.....
Utah	26.5	13.3	39.8	41.3	1.9	11.8	5.1	.....
Guam	21.4	6.8	28.2	42.3	6.2	19.2	4.2	.....
Kansas	31.8	8.4	40.2	36.6	8.6	13.7	1.0	.....
Nebraska	26.7	10.8	37.5	35.8	3.0	15.6	8.1	.....
Missouri	24.1	14.7	38.8	35.7	8.3	15.2	2.1	.....
Arkansas	24.1	6.6	30.7	30.0	12.2	27.1	0	.....
Hawaii	30.9	7.4	38.3	29.5	11.4	15.0	5.7	.....
Wisconsin	30.3	10.1	40.4	49.0	2.5	8.0	0	.....
Texas	29.2	10.6	39.8	29.4	8.6	16.0	6.2	.....
Tennessee	22.9	14.5	37.4	34.3	16.2	6.2	6.0	.....
Colorado	25.0	7.5	32.5	34.6	6.1	24.6	2.1	.....
North Carolina	28.2	10.7	38.9	44.4	2.7	7.7	6.3	.....
Pennsylvania	23.2	6.7	29.9	55.6	2.0	5.7	6.8	.....
South Dakota	27.3	8.5	35.8	39.2	5.9	19.2	0	.....
Wyoming	28.9	7.0	35.9	40.9	3.0	15.0	5.2	.....
Indiana	23.8	9.1	32.9	29.5	6.9	23.6	7.1	.....
Kentucky	18.9	14.8	33.7	28.7	7.8	21.8	8.0	.....
Virgin Islands	19.0	18.6	37.6	49.9	1.7	3.7	7.0	.....
Ohio	23.4	8.5	31.9	45.3	2.8	13.8	6.2	.....
Minnesota	25.7	8.8	34.5	47.2	3.1	13.3	1.9	.....
Maine	20.5	8.7	29.2	33.0	8.2	23.1	6.4	.....
Virginia	21.5	10.5	32.0	25.1	8.3	21.4	6.1	7.1
Idaho	19.8	10.3	30.1	18.6	16.5	34.5	.3	.....
District of Columbia	17.4	10.5	27.9	25.8	7.7	30.0	8.6	.....
Connecticut	19.2	10.6	29.8	36.9	5.9	23.2	4.2	.....
West Virginia	25.4	10.6	36.0	51.3	4.3	7.7	.7	.....
New Hampshire	19.2	8.3	27.5	33.9	5.8	26.4	6.4	.....
Nevada	20.0	6.7	26.7	30.0	8.7	27.7	7.0	.....
North Dakota	22.7	13.4	36.1	30.7	10.3	22.9	0	.....
Iowa	18.2	10.4	28.6	19.2	10.3	42.1	0	.....
Vermont	12.7	12.1	24.8	26.5	4.1	39.7	4.9	.....
Oklahoma	30.2	22.5	52.9	35.5	4.5	7.1	.03	.....

[1] Service Priority Categories: I. Pregnant and breastfeeding women and infants at nutritional risk as demonstrated by anthropometric or hematological (blood-related) assessments or by related medical conditions, such as high-risk pregnancy. II. Infants, under 6 mo of age, of women who were in the WIC Program during pregnancy or had priority I conditions during pregnancy. III. Children at nutritional risk as demonstrated by anthropometric or hematological assessments or by related medical conditions. IV. Pregnant and breastfeeding women and infants at nutritional risk due to inadequate dietary patterns. V. Children at nutritional risk due to inadequate dietary patterns. VI. Postpartum women at nutritional risk (for any of the above-mentioned reasons). VII. WIC regulations published on Feb. 13, 1985, allow state agencies the option of establishing a separate priority VII for risk of regression. This priority category is reserved for previously certified participants who might regress in nutritional status without continued supplemental foods and nutrition counseling. As the table indicates, 2 State agencies reported data in this category for September 1984.

Source: General Accounting Office.

The Department of Agriculture's WIC Program provided supplemental foods and nutrition counseling to 3 million participants at a cost of $1.36 billion in fiscal year 1984. These participants comprised pregnant and postpartum (after childbirth) women, infants (up to 1 year), and children (1 to 5 years) who met specified income criteria and were judged to be a nutritional risk. According to some estimates, those who participated represented about one-third of the national WIC-eligible population. Viewing this eligibility potential against efforts to stem federal spending, GAO sought to identify ways to make the best use of limited WIC resources through improved program management.

Because WIC is not an open-ended entitlement program but must operate within congressional funding levels, not all who may be eligible can be served. Thus, it is important to ensure that program resources are used effectively. In its review GAO found, however, that WIC benefits were not routinely being targeted on a priority basis to eligible individuals who program officials believed were inherently the most vulnerable and therefore stood to benefit most from WIC. GAO also found that program resources could be used more effectively if nutritional risk criteria were uniform and stringently applied, income eligibility procedures were strengthened, and WIC funding patterns and practices were changed.

Targeting WIC benefits to most vulnerable eligibles needs more emphasis

Agriculture's Food and Nutrition Service, which administers the WIC Program, has not emphasized targeting as a major policy objective, encouraged states to give special emphasis to continuous targeting, or assessed targeting performance in its management evaluations. Currently, WIC agencies are required to use targeting only when they reach the highest participation level that available funds will support, commonly referred to as maximum caseload. At other times, eligible applicants are enrolled on a first-come-first-served basis.

GAO's discussions with WIC program officials and other experts showed a consensus that pregnant women (especially adolescents), infants (especially those born prematurely), breastfeeding women, and postpartum adolescents should be the highest priority targets because they are the most vulnerable during critical periods of growth and development. Of the children, those 1 and 2 years old were considered to be more vulnerable than 3- to 5-year-olds. The Service's prioritizing of participants into specific categories (see p. 10) is generally in line with these views—the two highest priority categories comprise pregnant and breastfeeding women and infants.

A 1982 report by the WIC National Advisory Council estimated that about 2.7 million pregnant women and infants were potentially eligible for WIC. These two highly vulnerable groups almost equaled the total WIC caseload in 1984.

GAO's sampling of casefiles at 20 clinics in five states (California, Nevada, Minnesota, Illinois, and Pennsylvania) showed that less than half (48 percent) of the 20 clinics' participants were pregnant or breastfeeding women or infants—the most vulnerable groups. Of the children, about one-third were in the age group (3 to 5 years) considered to be the less vulnerable. At the clinics in Illinois and California, states that have given special emphasis to targeting, over 60

percent of the caseloads consisted of the most vulnerable groups (pregnant or breastfeeding women or infants). The percentages for the other three states' clinics ranged from 35 to 40.

Most WIC officials at all levels that GAO talked with said that they supported giving increased and continuous attention to serving those who are the most vulnerable. Some WIC agencies had already taken steps to do this. For example, Illinois had a targeted outreach campaign stressing WIC as a nutrition intervention program for pregnant women and infants.

Nutritional risk criteria should be uniform and more stringently applied

To enter WIC, applicants must, among other things, be determined to be at nutritional risk. The Service lets each WIC state agency establish and apply its own nutritional risk criteria within broad Service guidelines. Program officials GAO talked with generally agreed that two factors in particular—inadequate dietary pattern and risk of regressing to a previous risk condition—are the least reliable as measures of nutritional risk and have potential for variability and overuse.

GAO's review suggests a need to limit the use of these factors as a basis for WIC certification and a need for refinement and tightening of related standards. GAO's review also pointed out a need to make other nutritional risk standards uniform—including those related to anemia, frequent colds, age of adolescents, and smoking—to ensure that applicants have an equitable access to WIC benefits. GAO raised similar concerns in a 1979 report, which pointed out that a WIC applicant could be considered eligible in one state but not in another—depending on the risk factor and standard applied.

Income eligibility procedures need strengthening

The Service has not established specific guidance for documenting and verifying applicants' income and family size. (Income limits increase for each additional family member reported.) State and local procedures for determining income eligibility vary, and in some cases are not sufficient to ensure that only income-eligible individuals obtain WIC benefits. Most state and local agency officials GAO contacted agreed that the procedures need to be strengthened.

WIC applicants' income eligibility is automatic if they participate in other programs, such as Food Stamp and Medicaid, that are considered to have income limits and screening procedures at least as rigorous as WIC's. Of WIC participants at the 20 local clinics, about one-third were automatically certified. The others were certified on the basis of reported incomes—some of which were based on applicants' self-declarations.

The states' policies on obtaining and retaining income documentation varied. Of the casefiles GAO sampled in California, Nevada, and Minnesota, 54, 76, and 100 percent, respectively, did not contain any income documentation. In Illinois and Pennsylvania, over 85 percent of the casefiles contained documentation. The clinics that generally had documentation did not consider obtaining and retaining it to be unduly burdensome.

The clinics rarely had independently verified the accuracy and completeness of unsupported income information provided by WIC applicants. In addition, in the case of family size, clinics generally relied solely on applicant's declaration without requiring any documentation or verification.

WIC funding can be an aid or an impediment to program effectiveness

Judicial and legislative funding and/or spending actions or directives have caused spurts of rapid WIC Program growth and alternative periods of maintaining existing caseloads. These initiatives, combined with Service changes in fund allocation formulas and Service actions (as required by law) to recover states' unspent WIC funds and reallocate them to other states, have led to management and spending pressures that have worked against targeting and orderly, effective caseload management. State and local officials GAO talked with, said that states should be permitted to carry over their unspent WIC funds (up to a certain limit) from one year to the next.

Local agency staff told GAO that when substantial growth funds become available and/or when fund reallocations provide additional funds, the number of applicants enrolled sometimes becomes more important than their relative vulnerability and need for WIC.

Several Service initiatives regarding how WIC funds are allocated to, and managed by, state and local agencies hold promise for improving the funding process.

Recommendations

GAO recommends that the Secretary of Agriculture require the Food and Nutrition Service to:

Emphasize targeting as a major policy objective to be followed by state and local WIC agencies.

Provide for uniformity in establishing, and stringency in applying, nutritional risk factors and standards by developing dietary screening and assessment techniques and uniform standards of risk for use in certifying WIC applicants.

Strengthen WIC income determination processes.

Obtain state caseload information to help monitor targeting performance and decide on fund allocations.

Propose legislation to eliminate the requirement for periodic recapture and reallocation of unused WIC funds, and to authorize state agencies to carry over their unspent WIC funds (up to a certain limit) to the next year.

Mr. HARKIN. Mr. President, I rise in support of Senator HAWKINS' revised child nutrition amendment. I wish to thank the distinguished Senator from Florida for her persistence in this matter which has allowed us to debate the reauthorization of these child nutrition programs on the Senate floor. I would like to recognize Senator HAWKINS' continued interest and support in issues which affect our children. I would also like to commend the Senator from Massachusetts, Senator KENNEDY, for his efforts on this important matter.

I am pleased we were able to reach this agreement for a number of reasons. I feel the reauthorization of these child nutrition programs is essential. The House has passed legislation four times in the last 2 years to do this and the Senate had not acted. Last year, even though a bill similar to the House-passed bill had 52 cosponsors, the Senate did not act. In fact, the Senate has not passed a child nutrition reauthorization since 1980.

I am also pleased to be named a conferee on this bill. I do have some disagreements with Senator HAWKINS' amendment, which I hope can be worked out in conference. This bill does not contain any increases in the WIC Program. The House bill, H.R. 7, contained a modest increase in the WIC Program. This increase would add 120,000 poor women, infants and children to the program. With this program serving only 34-45 percent of the eligible population, I feel this is vital. The WIC Program has been proven cost-effective with every $1 invested a $3 savings in later medical costs. This is not only a sound investment of Federal dollars, but an important program for our poor pregnant women, infants and children.

This bill also does not contain any increases for the School Breakfast Program. The Breakfast Program has been found to be extremely effective in encouraging children who would not normally eat—to eat breakfast, a very important meal. These kids are the poorest of the poor. With one child in five living in poverty, I feel support and increased funding for this program is essential. And, the Breakfast Program has been shown to be nutritionally deficient. We must feed our children nutritious meals and an increase in breakfast funding would work toward that goal.

As I said, I am a conferee and I hope some of these differences can be resolved. I feel very strongly that these programs merit increases in funding. We cut child nutrition programs in 1981. The cumulative amount cut over the last 4 years totals $5 billion. The cuts in the School Lunch Program has caused over 3 million children to drop out of the program. This trend must be reversed.

In closing, I would just like to point out that the number of children in poverty increased by 16.3 percent over the last 4 years. This country has the resources to feed our people, especially our children. We must adequately, fund these programs if we are to assure healthy children and a healthy nation.

Mr. DOLE. Mr. President, I ask unanimous consent that the bill be deemed to have been read a third time and passed, that the Senate insist on its amendment and request a conference with the House and that the Chair be authorized to appoint conferees.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 7) was deemed to have been read a third time, and was passed.

Mr. BYRD. Mr. President, does the distinguished majority leader wish to move to reconsider?

Mr. DOLE. Yes. I move to reconsider the vote by which the bill was passed.

Mr. ZORINSKY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I would now ask the Chair to appoint conferees on H.R. 7, as amended.

The PRESIDING OFFICER. Under the previous order, the Chair has that authority and the Chair appoints Mr. HELMS, Mrs. HAWKINS, Mr. LUGAR, Mr. COCHRAN, Mr. BOSCHWITZ, Mr. ZORINSKY, Mr. MELCHER, Mr. DIXON, and Mr. HARKIN conferees on the part of the Senate.

AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT OF 1985

The Senate continued with the consideration of the bill (S. 1714).

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Based on the action just taken, I ask unanimous consent that the Hawkins amendment which is pending be withdrawn.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who seeks recognition?

Mr. MELCHER addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. MELCHER. Mr. President, I am going to slightly modify this proposal on minimum tonnages for Public Law 480. I now send it to the desk.

Mr. President, is the pending business the amendment offered by the distinguished Senator from Minnesota, Senator BOSCHWITZ?

The PRESIDING OFFICER. That is correct.

Mr. MELCHER. I ask unanimous consent that it be set aside temporarily, and that I be allowed to offer an amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1150

Mr. MELCHER. Mr. President, I send an amendment to the desk, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Montana [Mr. MELCHER] proposes an amendment numbered 1150.

Mr. MELCHER. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MELCHER. Mr. President, we are discussing the costs of this amendment. I cited the 3-year cost which is approximately $150 million. What was described by the distinguished Senator from Minnesota was $240 million. That discrepancy was because it covered 4 years rather than 3 years. I was speaking of 3 years. The budget cycle, the distinguished Senator from Minnesota, was speaking of 4 years.

The modification that I have sent to the desk does not do much in reducing those costs—probably about $40 million, or maybe $50 million for the 4-year figure.

But what it does retain is the very essential of keeping that 1.9 for the first year, going up 100,000 tons for the second year to 2 and in the third year to 2.1, and plateauing it for the fourth year. That is the savings—in other words, 2.1.

This is not an amendment just to be taking up our time. It is an amendment that the private voluntary organizations and cooperatives say is very essential.

The distinguished Senator from Minnesota just a few moments ago said something about alleviating the conditions in the Sahel and Africa was getting better. For Africa alone last year we spent more than this amount for 1 year, just for Africa.

What we are talking about here is the regular amount that we authorize to be available so that the private voluntary organizations and the hundred countries they work in around the world will have some continuity of knowing what is available and be able to make their plans.

It is very essential that that figure remain at least the same or with a slight increase over the years of the bill because they have to have plans ahead of time on what they are going to do in their cooperative efforts in these countries.

So, as I stated earlier, we toiled in the committee a long time over this, but we ended up with a flaw. We reached this point of 1.9, which was an increase, and then we held it there and let it taper off over the 4 years. That does hamper the planning and the activities of the private voluntary organizations and cooperatives.

You might say, "Well, maybe if they need more food later on, we will get it to them."

I am sure we would, but the fact remains that planning requires some knowledge of what they are going to be doing over a 3- or 4-year period. They are rather small, individual operations in each of these countries, but, nevertheless, they are planned for several years. To taper off on that does hamper their activities.

I hope the Senate can accept this amendment. I assure the Senate it is most necessary.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I noticed several Senators are still discussing the amendment offered by the distinguished Senator from Montana, but let me tell our colleagues if there are amendments to be offered—not amendments to sweeten programs or to tie up what we do in conference—we will be glad to entertain those amendments. If Members do have amendments, I suggest they notify either the distinguished Senator from Nebraska or the distinguished Senator from Minnesota. We would like to say we can see the light at the end of the rainbow, and I think if all the staff would go home and leave the Members alone, we could that.

I see the Senator from Illinois here. Has his staff been working on an amendment?

Mr. DIXON. No, Mr. President, this one has been cleared.

Mr. DOLE. As long as the staff stays here there will be more amendments. If they go away, we could all go home. Except the committee staff.

Mr. MELCHER. Mr. President, I wish to modify my amendment further. I understand it will be acceptable then. We would simply not have any decreases—they would just remain steady at the line which is 1.7 million metric tons, which is better than what we now have in the bill. I would not want to be repititious because I have already stated the case. We needed this correction, but we also needed modest increases. Nevertheless, if the majority is not willing to accept any more than this—they have indicated they would at least accept this—I shall take what I can get, I guess is the best way to phrase that.

Mr. President, I send the modification to the desk.

The PRESIDING OFFICER. The Senator has the right to modify his amendment.

The amendment (No. 1150), as modified is as follows:

At the end of the pending amendment add the following. At the end of the bill, add a new section as follows:

MINIMUM QUANTITY OF AGRICULTURAL COMMODITIES DISTRIBUTED UNDER TITLE II

Sec. . Notwithstanding any other provision of law, including this Act, the minimum quanity of agricultural commodities distributed under Title II of the Agricultural Trade Development and Assistance Act of 1954—

(1) for the fiscal year ending September 30, 1986, shall be 1,900,000 metric tons, of which not less than 1,425,000 metric tons for nonemergency programs shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program;

(2) for the fiscal year ending September 30, 1987, shall be 1,900,000 metric tons of

which not less than 1,425,000 metric tons for nonemergency programs shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program;

(3) for the fiscal year ending September 30, 1988, shall be 1,900,000 metric tons of which not less than 1,425,000 metric tons for nonemergency programs shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program; and

(4) for the fiscal year ending September, 1989, shall be 1,900,000 metric tons of which not less than 1,425,000 metric tons for nonemergency programs shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program; unless the President determines and reports to the Congress, together with his reasons, that such quantity cannot be used effectively to carry out the purposes of this title: *Provided*, That such minimum quanity shall not exeed the total quantity of commodities determined to be available for disposition under this Act pursuant to section 401, less the quantity of commodities required to meet famine or other urgent or extraordinary relief requirements. (7 U.S.C. 1721).

Mr. BOSCHWITZ. Mr. President, I thank the distinguished Senator from Montana. The amendment is acceptable on this side. I suggest we move to speedy adoption.

Mr. ZORINSKY. Mr. President, we have looked at the amendment on this side and concur with the modification. We recommend its approval.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment.

The amendment (No. 1150), as modified, was agreed to.

Mr. BOSCHWITZ. I move to reconsider the vote.

Mr. ZORINSKY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MELCHER. Mr. President, I have another similar amendment which applies to section 416. That is another one of the food development-trade enhancement parts of our law that operates in foreign countries. It is similar in many aspects to Public Law 480, title II. What we placed in the minimum tonnages for section 416 was 400,000 metric tons.

Again, the private voluntary organizations and cooperatives had indicated that that is slightly—well, it is too low. So I have this amendment which would increase it to 650,000 metric tons. In order to shorten the process, I ask the distinguished Senator from Minnesota to listen while I say this: Before I send the amendment to the desk, I shall make the modification that I know the Senator is going to ask me to do or else the amendment will not be accepted. That is, cut that amount down to 575,000 tons so that we shall save ourselves too much delay and therefore will have the modest increase to satisfy part of the needs of the PVO's and the cooperatives. We will still be slightly below what the House has in for fiscal 1987 and considerably below what the House has in for fiscal 1986 for this same purpose.

That said, Mr. President, I sent the amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The Senator from Montana should be advised that there is a Boschwitz amendment pending.

Mr. MELCHER. I ask unanimous consent that we temporarily lay aside the Boschwitz amendment so my amendment may be considered.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from Montana [Mr. MELCHER] proposes an amendment numbered 1151.

At the end of the pending amendment add the following:

At the end of the bill, add a new section as follows:

"Sec. . Notwithstanding any other provisions of law, including any other provision of this Act, in carrying out subsection (b) of Section 416 of the Agriculture Act of 1949, during each fiscal year, the Secretary shall furnish to nonprofit voluntary agencies, cooperatives, and the World Food Program for distribution in developing countries not less than 575,000 metric tons of eligible commodities that are available for distribution under this subsection of which one-half of the amount of eligible commodities required to be furnished shall be grains and cereals.

Mr. BOSCHWITZ. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. DIXON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DIXON. May I ask the distinguished manager of the bill if I may proceed with an amendment that has been agreed to on both sides by the distinguished majority member and the distinguished ranking member on this side?

Mr. DOLE. Yes, Mr. President.

Mr. DIXON. What is the pending business, Mr. President?

The PRESIDING OFFICER. The Melcher amendment is pending. It would require unanimous consent to temporarily lay that aside.

Mr. DIXON. Mr. President, I ask the Senator from Montana and others if I may proceed with my amendment.

Mr. MELCHER. That is all right, Mr. President.

Mr. DIXON. I make that request.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1152

(Purpose: To modify the conditions for providing targeted export assistance and Commodity Credit Corporation commodities for export assistance)

Mr. DIXON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER (Mr. WILSON). The amendment will be stated.

The legislative clerk read as follows:

The Senator from Illinois [Mr. DIXON] proposes an amendment numbered 1152.

At the end of the pending amendment, add the following:

On page 16, strike out lines 3 through 5 and insert in lieu thereof the following:

(A) to counter or offset—

(1) the adverse effect on the export of a United States agricultural commodity or the product thereof of a subsidy (as defined in paragraph (3)) or other unfair trade practice of a foreign country that directly or indirectly benefits producers, processors, or exporters of agricultural commodities in such foreign country;

On page 17, between lines 3 and 4, insert the following new paragraph:

(3) As used in paragraph (2)(A)(1), the term "subsidy" includes an export subsidy, tax rebate on exports, financial assistance on preferential terms, financial assistance for operating losses, assumption of costs or expenses of production, processing, or distribution, a differential export tax or duty exemption, a domestic consumption quota, or other method of funishing or ensuring the availability of raw materials at artificially low prices.

PROTECTING AGRICULTURAL EXPORTS

Mr. DIXON. Mr. President, this amendment would strengthen the Secretary of Agriculture's authority to counteract export subsidies and other unfair trade practices which have resulted in the loss of U.S. agricultural export markets.

Nations seeking to subsidize their exports have begun to develop new ways of achieving this result without violating the traditional definition of an "export subsidy." For example, Brazil and Argentina now employ a differential export tax system which has the same effect as an export subsidy. Spanish domestic consumption quotas on soybean oil and tax rebates on the export of soybean products have also hurt U.S. exports.

As a result of these practices. U.S. export revenues from soybeans and soybean products have declined significantly. The U.S. share of world soybean meal markets has decreased from 78 percent in 1973-74 to 30 percent in 1983-84. The U.S. share of soybean oil products decreased from 70 percent to 24 percent during this period. The U.S. balance of trade on soybean-related export earnings decreased from $8 billion in 1980 to only $5 billion in 1985.

This amendment defines subsidies to include a number of specific practices such as differential export taxes, differential export duty exemptions, tax rebates on exports, financial assistance on preferential terms, fund to cover operating losses, and other methods of making available raw materials, at artificially low prices which have undermined the competitiveness of U.S. exports.

International markets are critically important to our Nation's agricultural economy. For example, soybean processors purchase approximately 60 percent of America's soybean crop to produce soybean meal and soybean oil. The loss of these markets would jeopardize the jobs of 11,000 workers in the U.S. soybean processing industry.

This amendment was accepted on a bipartisan basis in the House farm bill.

I urge my colleagues to support this amendment to strengthen the Secretary of Agriculture's authority to protect U.S. agricultural producers from export subsidies and other unfair trade practices.

Mr. DOLE. Mr. President, we have examined the amendment carefully and it is acceptable on this side.

Mr. ZORINSKY. Mr. President, we have examined the amendment and support its approval and passage.

Mr. DIXON. I thank the distinguished majority leader and the mangers of the bill on this side.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1152) was agreed to.

Mr. ZORINSKY. I move to reconsider the vote by which the amendment was agreed to.

Mr. DIXON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1153

(Purpose: To impose a quota on fuel ethanol)

Mr. GRASSLEY. Mr. President, I sent an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. Is there objection to setting aside the two pending amendments? Without objection, it is so ordered. The clerk will report.

The legislative clerk read as follows:

The Senator from Iowa [Mr. GRASSLEY], for himself, Mr. EXON, Mr. DURENBERGER, Mr. DOLE, Mr. ZORINSKY, Mr. BOSCHWITZ, and Mr. DIXON, proposes an amendment numbered 1153.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment is as follows:

At the end of the pending amendment, insert the following:

On page 130, after line 22, add the following:

FUEL ETHANOL

SEC. . (a) In order to prevent material interference with the United States price support program for feed grains, the President shall, for each calendar quarter beginning after calendar year 1985, issue a proclamation which limits the aggregate quantity of fuel ethanol that may be entered during the calendar year of which such quarter is a part to an amount that does not exceed the applicable limitation for such calendar year.

(b) For purposes of this section—

(1) The term "fuel ethanol" means—

(A) any ethyl alcohol (provided for in item 427.88 of the Tariff Schedules of the United States),

(B) any mixture containing ethyl alcohol, and

(C) any other ethanol product designated by the President under this subparagraph,

that is imported for use as a fuel.

(2) The term "applicable limitation" means—

(A) for calender year 1986, 100,000,000 gallons, and

(B) for each succeeding calendar year, an amount equal to the excess, if any, of—

(i) the aggregate amount of fuel ethanol that the Secretary of Agriculture estimates will be consumed in the United States during such calendar year, over

(ii) the aggregate amount of fuel ethanol that the Secretary of Agriculture estimates will be produced in the United States during such calendar year.

(3) The term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States.

(c) The Secretary of Agriculture shall revise the estimates described in clauses (i) and (ii) of subsection (b)(2)(B) for each proclamation issued by the President under subsection (a).

(d) Any proclamation issued under subsection (a) shall be treated as a proclamation issued under section 22 of the Agricultural Adjustment Act (7 U.S.C. 624) that meets all the requirements of such section.

Mr. GRASSLEY. Mr. President, I also ask unanimous consent that Senator EXON, Senator DURENBERGER, Senator DOLE, Senator ZORINSKY, and Senator BOSCHWITZ be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GRASSLEY. Mr. President, the amendment I am introducing will protect our farm programs from unfair international interference. This amendment would limit the amount of ethanol imported into this country to 100 million gallons in 1986. In each succeeding year after 1986 the amount of ethanol entering the United States will be determined quarterly and can not exceed the absolute difference between the aggregate domestic demand and the aggregate domestic supply. This amendment is completely GATT legal because it takes place under section 22 of the Agricultural Adjustment Act.

We have been discussing in this body since debate on the farm bill began that costs involved with this farm program are going up. This amendment is an opportunity for us to do something about these increased costs. In 1984 alone the increase in corn demand as a result of ethanol production was 200 million bushels. This saved our Federal Price Support Program $500 million. By 1990 the anticipated domestic production of ethanol will be 1 billion gallons which will utilize 400 million bushels of corn and save the U.S. Government $1 billion in farm programs. The ethanol industry is a refreshing breeze in an otherwise stormy agricultural picture.

But this picture is in the process of being shattered. Today our ethanol industry is being threatened by unfairly subsidized imports. Brazilian imports alone are capable of satisfying the total U.S. demand for ethanol by the year 1988. We may expect the Brazilians to capture a significant portion, if not all, our domestic market by the year 1990. This invasion would cost our farm programs tremendously as Brazilian ethanol is produced from Brazilian corn. It is completely unreasonable for us to expect our young domestic ethanol industry to compete against an established highly subsidize industry from Brazil.

Mr. President, our ethanol industry serves an important role in our economy and will serve an even larger role in the future. We have more than 145 fuel ethanol plants across this country representing an investment of over $1 billion. Thousands of Americans depend on this industry for their livelihood and even more are employed in the related agricultural, construction, and transportation industries. The ripple effect from our domestic ethanol production is estimated to add more than $2 billion to our gross national product.

In addition to the important economic gain from the use of domestically produced ethanol there are several social and national security reasons for this industry. Ethanol provides an enviromentally safe fuel which is capable of replacing leaded gas as lead is phased out over the next few years. Ethanol is a fuel which uses a product we have in excess to produce energy domestically free from international interference. During times of international stress our ethanol industry will be able to supply us with much needed energy, if we don't let it be destroyed. Both Congress and the States have recognized the importance of the ethanol industry by enacting a variety of economic incentives. Such incentives include investment tax credits, loan guarantees, and sales and excise tax exemptions for fuel containing alcohol, in order to encourage the consumption of fuel ethanol.

Mr. President, our present policies make no sense. We provide incentives for the consumption of ethanol and then turn around and let foreign countries enjoy the benefits of that increased demand. We develop an industry to give us a reliable domestic supply of energy and then stand back and watch it get run over by illegally subsidized imports. We complain about the increased costs of farm programs and then watch an important potential market for our agricultural products disappear.

This amendment will help eliminate these misguided policies. We are not stopping all imports from coming into this country, imports would increase as demand increases. All we would be doing by passing this legislation, is save our domestic ethanol industry from unfair competition. In addition, we would be helping to lower the costs of our farm programs by protecting an important market for our agricultural products.

I encourage my colleagues to support this legislation and take this first step toward fiscal responsibility and trade sanity.

Mr. DOLE. Mr. President, will the Senator yield?

Mr. GRASSLEY. Yes.

Mr. DOLE. We are prepared to accept on this amendment.

Mr. DIXON. Mr. President, will the distinguished Senator add me as a cosponsor?

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the Senator from Illinois [Mr. DIXON] be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ZORINSKY. Mr. President, we have examined the amendment and support its passage.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa.

The amendment (No. 1153) was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. GRASSLEY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1154

Mr. DIXON. Mr. President, what is the order of business?

The PRESIDING OFFICER. The pending question is the Melcher amendment, No. 1151.

Mr. DIXON. Mr. President, I ask unanimous consent that the Melcher amendment be temporarily set aside so I may send an amendment to the desk.

The PRESIDING OFFICER. Is there objection to temporarily setting aside the two pending amendments? Without objection, it is so ordered.

Mr. DIXON. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Illinois [Mr. DIXON] proposes an amendment numbered 1154.

Mr. DIXON. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, insert the following new subtitle:

On page 459, between lines 18 and 19, insert the following:

Subtitle—Special Study and Pilot Projects on Futures Trading

FINDINGS AND DECLARATION OF POLICY

SEC. . (a) Congress finds that there is a need for investigation and development of alternative price support programs carried out by the Department of Agriculture; that agricultural producers and others have insufficient knowledge concerning the nature and extent of price stabilization available in the private sector; and that more information is needed to accurately assess the Federal budgetary impact of producer participation in such private sector risk avoidance services.

(b) It is declared to be the policy of the United States that the Department of Agriculture conduct economic research to develop more information concerning the manner in which producers might utilize agricultural commodity futures markets and options markets in connection with their marketing of the agricultural commodities of their own production; and to determine the nature and effect widespread utilization of such markets by producers would have on the prices they receive for their agricultural commodities, and to determine the feasibility of interfacing traditional federal price support programs with private sector risk avoidance services.

STUDY BY THE DEPARTMENT OF AGRICULTURE

SEC. The Secretary of Agriculture shall conduct a study utilizing the services of the various agencies of the United States, including, but not limited to, the United States Department of Agriculture and the Commodity Futures Trading Commission, to determine the manner in which agricultural commodity futures markets and agricultural commodity options markets might be used by producers of agricultural commodities traded on such markets to provide such producers with price stability and income protection; the extent of the price stability and income protection producers might reasonably expect to receive from such participation; and of the Federal budgetary impact of such participation compared with the cost of the applicable established price support programs for agricultural commodities. The Secretary shall report the results of such study to the Committee on agriculture, Nutrition and Forestry of the Senate and the Committee on Agriculture of the House of Representatives on or before December 31, 1988.

PILOT PROGRAM

SEC. In connection with the study to be undertaken by the Secretary as required by Section of this subtitle, the Secretary shall conduct a pilot program with respect to the crops of wheat, feed grains, rice, soybean and cotton in at least 40 counties which actively produce reasonable quantities of such major agricultural commodities traded on the commodity futures markets and the commodity options markets. The Secretary shall, in cooperation with the futures and options industry, and the Chairman of the Commodity Futures Trading Commission, conduct an extensive educational program for producers in the counties selected for the pilot program. The program shall, among other things, provide that a reasonable number of producers, as determined by the Secretary, may at their election and in accordance with pilot program requirements developed by the Secretary, participate in the trading of designated agricultural commodities on a futures market or options market in a manner designed to protect and maximize the return on agricultural commodities of their own production marketed by them in accordance with program requirements. Participating producers shall be assured by the Secretary under the terms of the program, using funds of the Commodity Credit Corporation, that the net return received for the agricultural commodities that such producers allocate to the program in the manner specified by the Secretary is no less than the price support loan level for such agricultural commodity in the county where it is produced. In the formulation of the pilot program the Secretary shall utilize the services of an advisory panel selected by the Secretary consisting of producers, processors, exporters, and futures and options traders on organized futures exchanges.

Mr. DIXON. Mr. President, I rise to offer a noncontroversial pilot program and study amendment designed to study and test alternative means of supporting farm income. As we in this Chamber have debated farm policy, it is obvious that all of us are searching for new answers to the problem of maintaining farm income. I do not think any of us have an answer that we are sure will work. However, I think it is incumbent upon us to continue to test new ideas, while not endangering any programs that have been tried over the years.

It is for this reason that I offer this amendment to require the Secretary of Agriculture to study and test the possible utilization of agricultural commodity futures markets and agricultural commodity options markets as an alternative to price support loans. The pilot program would be conducted in 40 counties for the crops of wheat, feed grains, soybeans, and cotton. Of course, my amendment does not seek to spell out exactly how the pilot program would be structured. That would be left to the discretion of the Secretary of Agriculture, who would utilize the services of an advisory panel that would consist of producers, processors, exporters and futures and options traders. Since this program would be offered as an alternative to other Government price support assistance, it should have no additional cost to Treasury.

Mr. President, this amendment has been cleared on both sides. It is a study and a pilot program. I appreciate the understanding of the majority leader and the ranking member.

Mr. DOLE. Mr. President, the amendment has been cleared. It is a meritorious amendment, one which I wish I would have thought of.

The PRESIDING OFFICER. Is there further debate?

Mr. ZORINSKY. Mr. President, our side has looked at it and support its passage.

The PRESIDING OFFICER. Is there further debate? If not, the ques-

tion is on agreeing to the amendment of the Senator from Illinois.

The amendment (No. 1154) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DIXON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LEAHY. Mr. President, I send an amendment——

Mr. DOLE. Mr. President, I might say to the distinguished Senator from Vermont we are in the process of looking at his amendment.

Mr. LEAHY. I am sorry, Mr. President. I had understood it had already been cleared. I will withhold for the moment.

Mr. DOLE. Are there any other amendments? I know Senator THURMOND has an amendment we are working on, and I know Senator GRASSLEY has an amendment, and Senator MELCHER has an amendment pending. Senator LEAHY has an amendment that is outstanding. I am not certain the amendment is outstanding.

Mr. LEAHY. The Senator certainly is.

Mr. DIXON. The Senator certainly is.

Mr. LEAHY. The Senator heard the old song about farmers outstanding in their field.

AMENDMENT NO. 1151, AS MODIFIED

Mr. MELCHER. Mr. President, I ask unanimous consent that the Boschwitz amendment be temporarily laid aside.

The PRESIDING OFFICER. Is there objection to the request?

Mr. MELCHER. Mr. President, may I ask what is the pending business?

The PRESIDING OFFICER. The pending business is the amendment of the Senator from Montana.

Mr. MELCHER. Mr. President, I send a modification of the amendment to the desk.

The PRESIDING OFFICER. The Senator has that right. He may modify his amendment.

The modification is as follows:

At the end of the bill, add a new section as follows:

"SEC. . Notwithstanding any other provision of law, including any other provision of this Act, in carrying out subsection (b) of Section 416 of the Agriculture Act of 1949, during each fiscal year, the Secretary shall furnish to nonprofit voluntary agencies, cooperatives, and the World Food Program and in the case of the Food for Progress Program provided for in this Act, foreign governments for distribution in developing countries not less than 650,000 metric tons of eligible commodities that are available for distribution under this subsection of which one-half of the amount of eligible commodities required to be furnished shall be grains and cereals and of which not less than 150,000 metric tons shall be distributed under the Food for Progress Program provided for in this Act."

Mr. MELCHER. Mr. President, I shall describe the modification. The modification would provide for 650,000 metric tons under section 416, minimum tonnage, and of that 650,000, 150,000 would be utilized in Food for Progress. Therefore, a minimum tonnage of 150,000 is for Food for Progress.

This proposal was made by the majority side. I find it a very commendable proposal—in fact, one that I think we overlooked and intended at some point to include in the final bill. So I am glad this was suggested.

I understand the amendment is acceptable by the managers of the bill, and I hope it is acceptable to the Senate.

Mr. DOLE. Mr. President, I am advised by staff working with Senator MELCHER that this amendment, as modified, is acceptable on this side of the aisle.

The PRESIDING OFFICER. Is there further debate?

Mr. ZORINSKY. Mr. President, we accept the modified amendment and recommend its passage.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment of the Senator from Montana, as modified.

The amendment (No. 1151), as modified, was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MELCHER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1155

(Purpose: To improve the Farmland Protection Policy Act)

Mr. LEAHY. Mr. President, I ask unanimous consent that the pending amendment be set aside temporarily.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEAHY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Vermont [Mr. LEAHY] proposes an amendment numbered 1155.

Mr. LEAHY Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the pending amendments, add the following:

At the end of title XIX, add a new section as follows:

SEC. . (a) Subsection (a) of section 1541 of the Farmland Protection Policy Act (7 U.S.C. 4202(a)) is amended to read as follows:

"(a) It shall be the policy of the United States that the expenditure or other commitment of funds to federal programs shall not contribute to the irreversible conversion of farmland to nonagricultural uses, unless it can be clearly demonstrated that there is no feasible alternative to achieve the program objective.".

"(b) Section 1546 of the Farmland Protection Policy Act (7 U.S.C. 4207) is amended by striking out "Within one year after the enactment of this subtitle," and substituting therefore "On January 1, 1987, and at the beginning of each subsequent calendar year.".

(c) Section 1548 of the Farmland Protection Policy Act (7 U.S.C. 4209) is amended by striking out "any State, local unit of government, or" and inserting before the period at the end of the sentence ": *Provided*, That the Governor of an affected State where a State Policy or program exists to protect farmland may bring an action in the Federal district court of the district where a Federal program is proposed to enforce the requirements of section 1541 of this subtitle and regulations issued pursuant thereto".

Mr. LEAHY. Mr. President, I am happy to have the opportunity to offer an amendment to the Farmland Protection Policy Act [FPPA], which I authored as part of the 1981 farm bill.

When the FPPA was passed by Congress in 1981 it was intended to provide precise guidelines for Federal agencies to consider the adverse impacts their various projects would have on prime agricultural land and on farm or ranch operations. USDA was given the lead role in developing the guidelines and in monitoring their implementation.

The FPPA was a logical and badly needed response to the problems identified in the 1981 National Agricultural Lands Study [NALS] and further articulated in the act's findings. The latter includes formal recognition by Congress that America's shrinking farmland is a "unique natural resource" essential for providing the country with a sustainable food and fiber supply. The FPPA's stated purpose is to minimize the significant contribution of over 90 Federal programs in 37 Federal agencies to the unnecessary and irreversible conversion of the best of the Nation's farmland to nonagricultural purpose.

Given its simplicity and its worthy objectives, it is not surprising that the act retains strong bipartisan support and that its critics are few in number. Nevertheless, some dissenters persist in attacking the statute with a number of arguments. For instance, it is claimed to be a restrictive measure designed to circumscribe the property rights of individuals. In light of this contention, it bears reiterating that while the FPPA pertains to Federal agency actions and to federally subsidized actions of other government or private entities, it does nothing to restrict any landowner who wishes to convert prime farmland to nonagricultural uses without Federal assistance.

Some opponents even dispute the existence of a national cropland conversion problem, challenging a fundamen-

tal premise of the FPPA. A few have charged, for example, that the NALS findings were based on faulty statistical information. This argument misses the point. While there is bound to be disagreement on precise numbers, it is inarguable that there is an overall trend of formerly rural areas yielding to industrial, suburban, and other development at a rapid pace, particularly around highways and metropolitan areas. In fact, the most cropland converted to nonagricultural uses is prime farmland. A recent data obtained from the Soil Conservation Service in USDA shows that the conversion of prime farmland to nonagricultural uses has actually increased by 9 percent in those agricultural counties adjacent to major metroplitan areas. The data also shows that 90 percent of the cropland converted to nonagricultural uses is prime farmland. A recent analysis by the American Farmland Trust further verifies this trend by stating that of 619 most agriculturally significant counties in the United States, more than 400 of them were either part of or adjacent to standard metropolitan regions.

Others have argued that the existence of commodity surpluses, price supports, and crop and acreage reduction programs indicate that the United States has a surplus, not a scarcity, of farmland. This argument, too, is unpersuasive. First, the FPPA is concerned only with the loss of the most valuable of our agricultural lands, not all of them. The undersigned would be among the first to contend that much land currently being farmed could and in fact must be taken out of production, especially marginal cropland which presents environmental problems such as soil erosion and water pollution. This in no way, however, argues against the notion that the very best, most productive land for farming should remain available for that purpose.

Second, to fail to protect the best farmland on the basis of current surpluses is extremely shortsighted. Demand for agricultural products is steadily rising as the population grows. Moreover, the degree to which there is a surplus is dependent on factors such as weather and export policy, which are difficult to predict and can vary widely. Regardless of need, 21st century farmers and consumers will never be able to reclaim the prime farmland that was paved over with 20th century concrete. We believe that in this context it simply makes good sense for Federal agencies to consider carefully the impact of their programs on our most valuable cropland, and to consider alternatives and take steps which would minimize adverse effects.

However simple and as straightforward as the FPPA was designed USDA has not responded with an enthusiastic effort for implementation. The Agriculture Department took almost 3 years to issue the rules for other Federal agencies to follow in implementing the act. This is extremely unfortunate in light of the interest shown by State and local governments in protecting their farmland. When the NALS was completed in 1981 about one dozen State governments had farmland protection programs or polities and about 270 local governments had their own programs. Now over 20 States have developed farmland protection programs and over 600 local governments have instituted programs protecting almost 80 million acres of our Nation's best farmland.

I am pleased to say that my own State of Vermont has developed its own State policy and several townships throughout the State have implemented farmland protection programs.

The Federal Government should be mindful of these State policies and local programs as it undertakes projects throughout the country. FPPA is intended to make sure this happens.

Therefore the amendment Senator SPECTER and I are offering today is quite straightforward.

First, it requires USDA to report annually to Congress beginning in 1987 on the progress of implementing the FPPA. Second, it would give the Governor's of those States with farmland protection policies or programs the power to intervene in Federal district court in those instances where Federal actions are in direct conflict with State and local programs. And third, it clarifies the original act to ensure that the expenditure of Federal funds does not contribute to the irreversible conversion of farmland to nonagricultural uses unless there are no feasible alternatives.

In light of the fact that the conservation title of the Senate's 1985 farm bill will seek to remove up to 45 million acres of highly erodible land from our cropland base—it clearly underscores the need to protect our most highly productive prime farmland for future generations.

Mr. President, I believe this amendment has been cleared on both sides.

Mr. HELMS. Mr. President, we find the amendment acceptable.

Mr. ZORINSKY. We have seen the amendment and suggest its adoption.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment.

The amendment (No. 1155) was agreed to.

Mr. LEAHY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ZORINSKY. I move to leave that motion on the table.

The motion to lay on the table was agreed to.

Mr. LEAHY. I thank the distinguished managers of the bill.

AMENDMENT NO. 1156

(Purpose: To express the policy of Congress not to impose any charge or assessment on dairy producers to reduce milk production)

Mr. HELMS. Mr. President, I ask unanimous consent that the pending amendment be set aside temporarily.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from North Carolina [Mr. HELMS] proposes an amendment numbered 1156:

At the appropriate place in the pending amendment, add the following:

On page 69, between lines 20 and 21, insert the following new section:

CHARGES OR ASSESSMENTS TO REDUCE MILK PRODUCTION

SEC. 207. It is the sense of the Senate that no charge or assessment that is intended primarily to encourage reductions by producers in total milk production should be imposed on, or collected from, producers of milk.

Mr. HELMS. Mr. President, this amendment would express that it is the policy of Congress that we not have another milk tax. Such a tax was included first in the Omnibus Reconciliation Act of 1982, and again in the Dairy and Tobacco Adjustment Act of 1983. A renewal of the tax is now part of the House farm bill, S. 2100.

A milk tax is bad policy. It hurts both farmer and consumer, and has proven unable to solve the basic problems facing the Dairy Price Support Program.

For the dairy farmer, a milk tax is unfair. It reduces his income much more than does a comparable drop in the support level, and unlike a price cut, it does nothing to increase the sale of his products.

Let me illustrate how a milk tax reduces a farmer's income more than does a comparable drop in the support level.

As my colleagues will recall, the 1983 act contained a 50-cent assessment—or tax—which meant that every dairy farmer in the country had a full 50 cents per hundredweight pulled out of his milk check.

Also as part of the 1983 act, we had a 50-cent price cut take effect on January 1, 1984. However, USDA figures indicate that in none of the Federal orders of this country did the farmer have his blend price drop the full 50 cents. In fact, it only dropped an average of 20 cents nationwide, with no region having an average blend price drop of more than 25 cents.

It is apparent, then, Mr. President, that when it comes to the dairy farmer's bottom line, price cuts are much

better than milk taxes. As I have illustrated, this is because while taxes come directly out of a farmer's check, the effects of price cuts are buffered by market forces.

While dairy taxes have the maximum effect on reducing farm income, they deter increases in consumption, and I might point out, Mr. President, that the surest way to maintain the health of the dairy industry, and promote opportunity for dairy farmers everywhere is for the industry to sell more milk.

It is estimated that by the year 2000, cows will be 43 percent more productive than they are today. This means that if demand for milk fails to increase at the same rate as productivity, fewer cows—and farmers—would be needed to meet market needs for milk.

If instead of taxing dairy farmers, we were to allow a comparable reduction in the price support level, then we could sell more milk and keep more farmers in business. Specifically, according to a recent study done at Purdue, a drop in the price of milk of just 10 percent will result in an increase in consumption of 17 percent.

On the other hand, to the extent that milk taxes are used to artificially inflate the price of milk, consumption is discouraged forcing farmers to live with stagnation and shrinking markets.

With artificially high prices, users of milk and dairy products seek substitutes, consumers buy less in the store, and the food industry is provided with a strong disincentive to finding new uses for milk and dairy products.

In addition, Mr. President, a milk tax is also a tax on consumers—a tax which falls heaviest upon those in society who can least afford it.

A milk tax maintains artificial prices for milk and dairy products in the grocery store. By so doing, it operates as does any other food tax—requiring consumers to pay more than they would otherwise.

As a food tax, it falls heaviest upon the low-income family—which on the average spends two and a half times as much of their income on food as compared to average income families.

And a milk tax is possibly even more regressive then the average food tax as it is the young families of America—the homes with infants, children, and adolescents—who are the major consumers of milk and dairy products.

Mr. President, milk taxes are just plain wrong. They reduce farm income without increasing consumption, and they tax those in society least able to afford it.

Despite the inequities of milk taxes, the House bill contains a new milk tax estimated to exceed $1.05 a hundredweight as part of a scheme to sharply increase consumer prices for milk and pay farmers not to produce.

It will not be easy for those of us who will sit on the conference committee to hold back those from the other body who would single out dairy farmers to pay a new tax.

This amendment will send a strong signal to the conferees that the Senate believes milk taxes to be inequitable and wrong, and thus help assure that such taxes are not included in the final version of the farm bill.

Mr. President, I ask unanimous consent that the name of the distinguished Senator from New York [Mr. D'AMATO] be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. I ask unanimous consent that the name of the distinguished Senator from California [Mr. WILSON], the present occupant of the Chair, be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there further debate?

Mr. KASTEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KASTEN. Would an amendment to the amendment be in order?

The PRESIDING OFFICER. It would not.

Mr. KASTEN. We are at the end of the amendment tree—is that essentially where we are?

The PRESIDING OFFICER. The Senator is correct.

Mr. KASTEN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Obviously the amendment is acceptable on this side.

Mr. ZORINSKY. Mr. President, this amendment is consistent with the language of the dairy title of S. 1714. We find it acceptable.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment of the Senator from North Carolina.

The amendment (No. 1156) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ZORINSKY. I move to lay that motion on the table, Mr. President.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Is there objection to setting aside the pending amendment.

Without objection, it is so ordered.

AMENDMENT NO. 1157

(Purpose: To express the sense of the Senate that any adjustment to the price received for class I milk produced under milk marketing orders be made only through regulations issued by the Secretary of Agriculture)

Mr. KASTEN. Mr. President, I send an amendment to the desk and ask its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Wisconsin [Mr. KASTEN] proposes an amendment numbered 1157.

Mr. KASTEN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the amendment, add the following:

On page 69, between lines 20 and 21, insert the following new section:

ADJUSTMENT OF CLASS I MILK DIFFERENTIALS

SEC. . It is the sense of the Senate that any adjustment under section 8c(5)(A) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)(A)) to the price received for class I milk produced under milk marketing orders issued under section 8c of such Act be made only through regulations issued by the Secretary of Agriculture.

Mr. KASTEN. Mr. President, this amendment expresses the sense of the Senate that class I differentials shall not be changed except through regulations issued by the Secretary of Agriculture.

Mr. President, the procedures for making adjustments in class I differentials for fluid milk were adopted in the 1930's and 1940's. They provide for thorough examination of all the evidence from all interested parties, and allow dairy farmers, processors, and consumers an opportunity to decide their own destiny.

Under this process, class I differentials are determined by the Secretary of Agriculture after public hearings. Most people in the dairy industry feel that this process has served both the industry and the public well.

Mr. President, we have not in the Senate held any hearings on the issue of whether to alter this system. I hope it may be possible next year for the Agriculture Committee to consider the entire milk marketing order system. I think it makes sense for Congress to take a long look at this issue, precisely since the marketing order system has been in operation for so long.

It makes sense, I think, to think about fundamental reform of milk marketing orders, to be accomplished after we in Congress have had opportunity to fully explore all the issues involved.

It does not make sense to make extensive changes in class I differentials without such careful consideration in

this body. I was frankly disappointed to see that the other body chose to make such changes—and made them in an arbitrary manner, as part of a purely political deal.

Mr. President, I believe the changes made in the other body are grossly inequitable to the upper Midwest, the region that has more dairy farmers than any other.

But I urge my colleagues to resist the other body's attempt to usurp the prerogatives of the Senate and the Senate Agriculture Committee, and to state the Senate's objection formally by adopting my amendment.

Mr. President, I have reviewed this amendment with the managers of the bill on both sides, and I am hopeful this sense-of-the-Senate amendment will be acceptable.

Mr. HELMS. Mr. President, I find the amendment acceptable on this side.

Mr. ZORINSKY. Mr. President, we have examined the amendment and find it acceptable also.

The PRESIDING OFFICER. If there be no further debate, the question is on agreeing to the amendment of the Senator from Wisconsin.

The amendment (No. 1157) was agreed to.

Mr. KASTEN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ZORINSKY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Is there objection to the setting aside of the pending amendment? Without objection, it is so ordered.

AMENDMENT NO. 1158

Mr. HELMS. Mr. President, I send an amendment to the desk and ask for that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from North Carolina [Mr. HELMS] proposes an amendment numbered 1158.

Mr. HELMS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment add the following:

At the appropriate place in the bill add the following new section:

SALES FOR FOREIGN CURRENCIES

SEC. . (a) Section 101 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701) is amended to read as follows:

SEC. 101. (a) In order to carry out the policies and accomplish the objectives set-forth in section 2, the President is authorized to negotiate and carry out agreements with friendly countries to provide for the sale of agricultural commodities—

"(1) for dollars on credit terms;

"(2) to the extent that sales for dollars under the terms applicable to such sales are not possible, for foreign currencies on credit terms and on terms that permit conversion to dollars at the exchange rate applicable to the sales agreement; or

"(3) for foreign currencies for use under section 108 on terms that permit conversion to dollars.

"(b)(1) Except as provided in paragraph (2), for the fiscal year ending September 30, 1986, and each fiscal year thereafter, sales for foreign currencies for use under section 108 under agreements entered into under this title shall be made at an annual level of—

"(A) not less than the higher of—

"(i) 25 percent of the aggregate value of all sales of agricultural commodities made under this title; or

"(ii) 500,000 metric tons; and

"(B) not more than 50 percent of the aggregate value of all such sales.

"(2)(A) For each of the fiscal years ending September 30, 1986, September 30, 1987, and September 30, 1988, except as provided in subparagraph (B), the President may reduce the minimum levels of sales for foreign currencies prescribed under paragraph (1)(A) if—

"(i) there is an insufficient number of approved financial intermediaries that have entered into agreements to carry out the program provided for in section 108;

"(ii) there are insufficient requests made by such intermediaries for loan funds to utilize the foreign currencies generated by such sales; or

"(iii) the President requires additional time to implement such program.

"(B) The President may not reduce the minimum level of sales for foreign currencies under subparagraph (A) below an annual level of less than—

"(i) for the fiscal year ending September 30, 1986, 5 percent of the aggregate value of all sales of agricultural commodities made under this title during such fiscal year;

"(ii) for the fiscal year ending September 30, 1987, 10 percent of the aggregate value of all sales of agricultural commodities made under this title during such fiscal year; and

"(iii) for the fiscal year ending September 30, 1988, 15 percent of the aggregate value of all sales of agricultural commodities made under this title during such fiscal year.

"(c) Agreements for sales for foreign currency in a developing country for use under section 108 may not be entered into to the extent that such agreements would generate currency in amounts that cannot be produc ively used and absorbed in the private sector of such country.

"(d) Sales for foreign currencies for use under section 108 under agreements entered into under this title shall be made on such terms and conditions as are specified in such agreements.".

(b) Section 103 of such Act (7 U.S.C. 1703) is amended—

(1) by inserting ", in section 108," after "section 104" in subsection (b);

(2) by striking out "for dollars on credit terms" in the last sentence of subsection (d);

(3) in subsection (m)—

(A) by inserting "except as provided in section 108," after the subsection designation;

(B) by striking out the semicolon and inserting in lieu thereof a period; and

(C) by adding at the end thereof the following: "In carrying out this subsection, the President shall require that foreign currencies to be used under section 108 that are acquired under an agreement for the sale of commodities be convertible to dollars during the period beginning 10 years after the date of the last delivery of such commodities and ending 30 years after the date of such delivery. Such agreement for sale shall establish a schedule for such conversion but need not specify the exchange rate for such conversion;";

(4) by striking out "for dollars on credit terms" and "for cash dollars" in subsection (n);

(5) by striking out "Take" in subsection (o) and inserting in lieu thereof "take";

(6) by striking out "Assure convertibility" in subsection (p) and inserting in lieu thereof "except as provided in section 108, assure convertibility"; and

(7) by striking out "Assure convertibility" in subsection (q) and inserting in lieu thereof "except as provided in section 108, assure convertibility".

(c) The first sentence of section 105 of such Act (7 U.S.C. 1705) is amended by striking out "section 104" and inserting in lieu thereof "sections 104 and 108".

(d) Section 106(a) of such Act (7 U.S.C. 1706(a)) is amended by adding at the end thereof the following new paragraph:

"(3) Payment for sales made for foreign currencies that are to be used under section 108 under an agreement entered into under this title shall be made on such terms as are specified in such agreement.".

(e) Such Act is amended by inserting after section 107 (7 U.S.C. 1707) the following new section:

"SEC. 108. Notwithstanding any other provision of law:

"(a) As used in this section:

"(1) The term 'developing country' means a country that is eligible to participate in a sales agreement entered into under this title.

"(2) The term 'financial intermediary' means a bank, financial institution, cooperative, nonprofit voluntary agency, or other organization or entity, as determined by the President that has the capability of making and servicing a loan in accordance with this section.

"(b) In order to foster and encourage the development of private enterprise institutions and infrastructure as the base for the expansion, promotion, and improvement of the production of food and other related goods and services within a developing country and pursuant to an agreement for the sale of agricultural commodities entered into under this title, the President may enter into an agreement with a financial intermediary located or operating in such country under which the President shall lend to such financial intermediary foreign currency that accrues as a result of commodity sales to such country under a sales agreement entered into under this title after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(c) To be eligible to obtain foreign currency under this section, a financial intermediary must enter into an agreement with the President under which the intermediary agrees to use such currency to make loans to private individuals, cooperatives, corporations, or other entities within a developing country, at reasonable rates of interest for the purpose of financing—

"(1) productive, private enterprise investment within such country, including such investment in projects carried out by cooperatives, nonprofit voluntary organizations, and other entities found to be qualified by the President;

"(2) private enterprise facilities for aiding the utilization and distribution, and increasing the consumption of and markets for, United States agricultural commodities and the products thereof; or

"(3) private enterprise support of self-help measures and projects.

"(d) An agreement entered into under this section shall specify the terms and conditions under which the foreign currency shall be used and subsequently repaid including the following terms and conditions:

"(1) A financial intermediary shall, to the maximum extent feasible, give preference to the financing of agricultural related private enterprise with the funds provided under this section.

"(2)(A) A financial intermediary shall repay a loan made under this section, plus accrued interest, at such times and in such manner as will permit conversion of such foreign currency to dollars in accordance with the schedule for such conversion.

"(B) A financial intermediary may repay a loan made under this section prior to the repayment date specified in such agreement.

"(3) To be eligible to receive financing from a financial intermediary under this section, an entity or venture must—

"(A) be owned, directly or indirectly, by citizens of the developing country, except that up to 25 percent of such ownership interest may be held by citizens of the United States; and

"(B) not be owned or controlled, in whole or in part, by the government or any governmental subdivision of the developing country.

"(4)(A) The rate of interest charged on funds loaned to a financial intermediary under this section shall be such rate as is determined by the President and the intermediary.

"(B) In the case of a cooperative or nonprofit voluntary agency that is acting as a financial intermediary, the President may charge a lower rate of interest on funds loaned to such intermediary under this section than is charged to other types of intermediaries or make a grant from currencies received from sales made under section 103(a)(3) of the Act to defray the startup costs of becoming a financial intermediary.

"(5) No currency made available under this section may be used to promote the production of agricultural commodities or the products thereof that will compete, as determined by the President, in world markets with similar agricultural commodities or the products thereof produced in the United States.

"(6) The President may not require a developing country to guarantee the repayment of a loan made to a financial intermediary under this section as a condition of receipt of such loan.

"(e)(1) All currencies repaid by financial intermediaries under agreements entered into under this section shall be deposited and accounted for in accordance with section 105.

"(2) Currencies repaid by financial intermediaries shall, as determined by the President—

"(A) be used to finance additional productive, private enterprise investment under agreements with financial intermediaries entered into under this section;

"(B) be used for the development of new markets for United States agricultural commodities;

"(C) be used for the payment of United States obligations (including obligations entered into pursuant to other laws of the United States); or

"(D) be converted to dollars.

"(3) Section 1306 of title 31, United States Code, shall apply to currencies used for the purpose specified in paragraph (2)(C).

"(f)(1) Any agreement entered into under this section shall be subject to periodic audit to determine whether the terms and conditions of the agreement are being fulfilled.

"(2) Not later than 180 days after the close of each fiscal year, the President shall report to the Committee on Agriculture and the Committee on Foreign Affairs of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Foreign Relations of the Senate on the activities carried out under this section during the preceding fiscal year, including an evaluation of the impact of investment under this section on the development of agricultural related private enterprise in each participating country.

"(g) The President may provide agricultural technical assistance to further the purposes of this section, including the funding of market development activities. To the maximum extent practicable, the President shall use at least 5 percent of the foreign currencies obtained for use under this section from sales of agricultural commodities made under agreements entered into under this title after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985 to carry out such assistance.".

Mr. HELMS. Mr. President, I am proposing this amendment largely as a result of a very strong suggestion by the distinguished Senator from Indiana [Mr. LUGAR].

Senator LUGAR and I discussed some needed changes in the Public Law 480 title I program contained in the committee bill. This amendment is largely technical. This new program aims to direct activities associated with title I sales more toward the development of private enterprise.

Although we spent literally 1 week in markup putting together this program, it has become apparent, since that time, that some refinements are necessary. Under the committee bill, the program would be implemented by the Department of Agriculture. However, the Department has recently informed me of their preference that field responsibilities for this program be referred to other agencies that may be better equipped to handle the responsibility.

In light of this, Senator LUGAR and I believe that the amendment is in order, is needed, and should be approved to provide that the President would administer the program. In addition, the committee bill provides that cooperatives and private voluntary organizations would participate in this program as financial intermediaries and may be provided with preferential interest rates in order to defer some of their startup costs.

However, since the time of the committee markup of this bill, questions have been raised as to the efficiency of the use of this mechanism to support startup costs. In light of this, the amendment authorizes the President to grant cooperatives and private voluntary organizations local currencies received under this program to support startup costs.

This amendment, of course, would make some significant changes in the title I program, essential changes in the program provided for in the committee bill. I urge its adoption.

The PRESIDING OFFICER. Is there further debate?

Mr. ZORINSKY. Mr. President, we have examined the amendment and recommend its approval.

The PRESIDING OFFICER. Is there further debate? If not, the question is on agreeing to the amendment of the Senator from North Carolina [Mr. HELMS].

The amendment (No. 1158) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MELCHER. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending business is the amendment of the Senator from Minnesota, amendment No. 1133.

Mr. MELCHER. Mr. President, I ask unanimous consent that the pending amendment be temporarily set aside.

The PRESIDING OFFICER. Is there objection to the request?

Without objection, it is so ordered.

AMENDMENT NO. 1159

(Purpose: To provide for entry into the United States of sugar from the Philippines on at least as favorable terms as sugar from any other country)

Mr. MELCHER. Mr. President, we have had an amendment that would increase slightly the Philippine sugar quota printed in the RECORD and circulated for a number of weeks. We have discussed this amendment with the interested Members of the Senate and have attempted to meet some concerns. I believe we have met those concerns, or I hope we have, and I now call up the amendment at the desk on behalf of myself, Senator INOUYE, Senator SYMMS, and Senator HATCH and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Montana [Mr. MELCHER], for himself, Mr. INOUYE, Mr. SYMMS, and Mr. HATCH, proposes an amendment numbered 1159.

Mr. MELCHER. Mr. President, I ask unanimous consent that further read-

ing of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment add the following:

At the end of the bill, add two new sections as follows:

SEC. . Congress finds that the Philippines—

(1) have been a reliable supplier of sugar to the United States since 1796 when the first shipment of their sugar arrived at Boston Harbor;

(2) have a special historical relationship with the United States and has been one of this Nation's most constant and dependable allies;

(3) rely on the exportation of sugar to generate needed capital;

(4) have not been afforded fair and adequate access to the United States sugar market since import quotas were imposed on sugar in 1982; and

(5) should be given access to the United States sugar market at least as favorable as the access provided to any other country.

SEC. . Notwithstanding any other provision of law—

(a) beginning with the first calendar quarter of 1986, the total base quota amount of sugars, sirups, and molasses permitted to be imported into the United States under headnote 3, subpart A of part 10 of schedule 1 of the Tariff Schedules of the United States shall be allocated on such basis that the percentage of such quota base allocated to the Republic of the Philippines shall not be less than the percentage allocated to any other country;

(b) during any calendar year in which sugars, sirups, and molasses from any country are not subject to any rate of duty provided for in subpart A of part 10 of schedule 1 of the Tariff Schedules of the United States and are permitted to enter the United States duty-free, sugar, sirups, and molasses from the Republic of the Philippines shall be permitted, to the same extent, to enter duty-free; and

(c) unless specifically authorized by statute, no agency or instrumentality of the United States shall provide, in any rule, regulation, shipping schedule, or otherwise, for the entry into the United States of sugars, sirups, and molasses from any country under terms or conditions more favorable than those applicable to the entry of sugars, sirups, and molasses from the Republic of the Philippines.

(d) to the extent that this section shall require a reallocation of quotas, the President shall first reduce, and if necessary, eliminate, the quota base of any country which produces less sugar than the aggregate total of such country's domestic consumption of sugar plus the quota base provided for such country under headnote 3, subpart A of part 10 of Schedule 1 of the tariff schedules of the United States during the 12 months prior to such reallocation, as determined by the President.

(e) to the extend practicable, the Philippines Sugar Commission shall use the value of any increased quota required by this section to acquire United States commodities by barter for use in feeding programs available to the sugar workers and their families in the provinces of Negros and Tarlack of the Philippines.

Mr. MELCHER. Mr. President, very briefly, this amendment would increase the Philippine sugar quota by approximately 3 percent and would help to rectify some of the cuts that have been made in their sugar quota over the past several years. After we quit taking Cuban sugar, we indeed took a great amount from the Philippines. They became a large supplier of that sugar. And then, in 1982, we cut them back and added insult to injury by not giving them the best deal, as good a deal as we gave to other countries that we import sugar from, in terms of the duty that we charge on the sugar.

As I stated at the outset, while we had this amendment around, we discussed it with various Members of the Senate and have modified it to try to take in some of the questions that were raised. Let me briefly describe those questions.

First of all, the question was raised: "Well, is that country not in unrest and is there not some question about this? Granted, there are unemployed sugar workers there by the hundreds of thousands, but how can you be sure if you increase the quota for them that that would help the workers themselves?"

Let me tell you now this part of the amendment is new to the amendment that is now before us. We added this language:

To the extent practicable, the Philippines Sugar Commission shall use the value of any increase quota required by this section to acquire United States commodities by barter for use of feeding programs available to the sugar workers and their families in the provinces of Negros and Tarlack of the Philippines.

Now, that allayed one of the fears, or I hope it does. The question was raised is this somehow political? Is this somehow political at this time in the Philippines? Let me read you a telegram received from Senator Salvador H. Laurel, who is thought to be the opposition candidate for the presidency in next year's election there.

He says:

Allow us to seek your support to restore Philippine sugar quota . . .

Restoration urgently needed to help extricate over 4.5 million dependents of field sugar industry from worsening subversion, insurgency, criminality, poverty, hunger, other forms of economic and social unrest in sugar areas.

As America's friend and ally, Philippines was stable sugar supplier of United States since 1796.

Mr. President, I want to point out that was 1796. That is not a misreading.

America's increasing demands for Philippine sugar shipments resulting from break of diplomatic relations with Cuba in 1959 brought about massive expansion of Philippine sugar industry with additional investments of over 12 billion pesos that resulted in construction of 18 new sugar mills, doubling areas for sugar cane cultivation and increased production capacity to three million tons yearly.

Philippine sugar quotas in America reached 1.6 million tons in 1974. These were drastically reduced to 210,000 tons in 1985 resulting in massive unemployment and various economic and social disorders now widespread in sugar areas.

Mr. DOLE. Mr. President, will the Senator yield?

Mr. MELCHER. I am delighted to yield to the majority leader.

Mr. DOLE. Mr. President, I understand the distinguished Senator from Minnesota, Senator DURENBERGER, is here and opposes the amendment. I would just indicate that this is strongly opposed by the State Department. There are a lot of rumors floating around that this amendment is designed to help a couple of powerful families in the Philippines. I am not certain that is correct. I hope someone here can address that rumor that is floating around the Capitol so that we can put it to rest or know what the facts are.

Mr. SYMMS. Mr. President, I am pleased to join in the cosponsorship of this amendment with our colleague from Montana. I believe that we all should take heed of the statement, which was true when it was said in he 1930's and is true today in the 1980's, by the late Douglas MacArthur, when he said: "The Phillipines are the necklace around the throat of Asia." How important they are strategically to the peace and security of the free world and the West in the trading alliance with the Pacific rim and how important they are to the future of the Pacific region of the world.

This amendment is very simple. It just corrects an injustice in the way we treated the Philippines when the sugar quotas were reinstated in 1982. The Philippines had been our oldest and most dependable supplier of foreign sugar. From 1961 through 1975 the Philippines supplied us with an average of 27 percent of our imported sugar.

It was most unfair to drastically cut their quota by 13.5 percent in 1982. This amendment only partially restores, Mr. President—I repeat, only partially restores—the Philippine quotas to where it should be. But it is a step in the right direction. That is why my colleagues and I have joined together with Senator MELCHER to offer this amendment here on the floor today.

Mr. President, I come from a sugar producing State. When we talk about sugar, my first interest is keeping a healthy domestic sugar industry. However, we cannot, and we never have been able to produce enough sugar in the United States to meet our needs. Every year we have to import sugar. The question is who do we import it from? I want to emphasize that a vote for this amendment in behalf of the Philippines will not cost our American

sugar producers one single pound of their sugar market.

I repeat, Mr. President. It will not cost any American sugar producer one single pound of the production.

It is not going to deprive the American sugar producers of markets for their sugar. This amendment provides that in the future the Philippine quota will be at least as large as the quota of any other country that we purchase sugar from, and the duty will be at least as low as that of any other country we purchase sugar from, and in every respect, as far as shipping schedules, regulations, and other requirements regarding sugar imports, the Philippines will be treated equally and as favorably as we treat most favored nations in exporting sugar to the United States.

Mr. President, this amendment is needed. I want to go through a few points of why I urge my colleagues to support it. The Philippines is our oldest trading partner. Before 1960, when Castro came to power in Cuba, the Philippines supplied 97 percent of our sugar. After the embargo was placed on their goods, the Cuban portion of the sugar market was divided equally between 30 or so nations.

When the Sugar Act expired in 1975, the Philippines was left with a large productive capacity that had just been expanded to fulfill their commitment to the American quota. The distance from the United States compared to the Dominican Republic and other suppliers meant that the Philippines could not be competitive in the American market, and had to look for other outlets in this new free market environment.

Another point, Mr. President, the Philippine quota is presently based on an average of their exports to the United States from the end of the last quota system in 1975 to the beginning of the new system in 1982. The system that expired in 1975 had evolved from the pre-Castro basis of sugar allocation with the Philippines retaining roughly the same share in 1975 that they had held in 1960.

The present quota is supposedly based on historical suppliers of sugar to the United States. The quota system in place before 1960 started with the assumption that Cuba and the Philippines should virtually be our sole sources of sugar. Historically, therefore, we decide to base our quota not on the basis of market forces, but on the basis of supporting a friend—Cuba before Castro, and the Philippines.

Mr. President, let us talk about supporting a friend. The Philippines have been a constant ally. They have sent troops to help our cause in both the Korea and Vietnam conflicts. They continue to host our overseas troops at Subic Bay and Clark Field. This is a known fact. It is known that what happens in the Philippines is important.

This is an issue on which all Filipinos agree.

Senator MELCHER pointed out that the opposition party supports this amendment, and they said it is one of the most important things to the security, to the freedom, and economic future of the Philippine Islands. They may disagree with the Marcos regime, but they believe their faithfulness to the United States is being rewarded with a stab in the back.

Mr. President, the current anti-American sentiment in the Philippines would not rise by increasing our purchases of one of their economic resources. This might go a long way of showing the Filipinos in the Philippines that we care about them.

We can show the average Filipino that we want the Filipinos to prosper economically. We can also demonstrate to President Marcos that while we might voice our concerns about some of his policies we have the long-range interests of the Philippines in mind.

I might say, Mr. President, the long-range best interests of the Philippines happen to coincide with the long-range best interests of the United States. It will be little good for us to do things that jeopardize the economic security of the Philippines, and end up with a government less friendly to the United States, less friendly to human rights, less friendly to the things and values the we believe in—to replace the current government and the current system that is there.

There are two major questions, Mr. President, that have been asked. Before I ask those, I would like to share a letter with my colleagues from a Member of this body.

SCOTT, HARRISON & MCLEOD,
Washington, DC, October 31, 1985.

Hon. STEVEN D. SYMMS,
U.S. Senate,
Washington, DC.

DEAR STEVE: During World War II, I served as a Navy Lt. Commander in the Pacific. I spent considerable time in the Philippines and was in Manila Bay at the time of the Japanese surrender. This war experience was the beginning of a life-long friendship with the Philippines and the Filipino people.

I have been back to the Philippines on several trips as a Congressman and later as a Senator. I have found the deterioration in American/Philippine relations, as revealed in the press the last few years, and particularly in the last few weeks, to be disheartening and disappointing. The Republic of the Philippines is a loyal ally and a great friend. We all know the importance of the two military bases in the Philippines and our mutual defense pact with the Philippines.

Many of my Filipino friends have expressed their disappointment that the U.S. replaced them as our leading supplier of foreign sugar in 1982, and I continue to hear reports from the Philippines that it is in the sugar areas that the communists are making their biggest gains.

One of the easiest ways that we can improve our relations with the Philippines is to do what we can to help their sugar industry. I understand that my friends Orrin Hatch and Steve Symms have joined Dan Inouye and John Melcher in sponsoring an amendment to assist the Philippines sugar industry. This amendment has support from all sides in the Philippines, including opposition leaders, and I think it would be sound policy if the Congress approved the amendment and let the Philippines know that their record of being a loyal ally to the U.S. is going to be reciprocated in their time of need.

This could well be the breakthrough that will lead to much needed help for the Philippines economy and a much better Philippine attitude toward the United States.

With best personal regards,

Sincerely,

HUGH SCOTT.

That letter was signed by the former minority leader, the distinguished Senator from Pennsylvania, Hugh Scott, who was a Member of this body.

I see my good friend and colleague on the floor, Mr. DURENBERGER. I know there ave been many allegations cast around the floor. I want to answer a couple of those before we go any further.

There have been charges made that the proceeds received from additional sugar sales from the Philippines would not go to the growers but would only line the pockets of Marcos and his cronies. I would like to answer that question before it is even brought up on the floor.

The Philippine Sugar Commission has been completely reorganized as part of an agreement with the IMF to qualify for IMF funds for Philippines. The commission is now composed of three commissioners elected by the growers, three commissioners elected by the millers, and six commissioners appointed by the Philippine Government.

Included in the reorganization of the commission are new requirements for accounting and handling of funds in accordance with the IMF requirements. the Philippine Government and the Philippine Sugar Commission have met and agreed with the IMF requirements and have, therefore, been eligible for and have received sugar crop and accounting modifications that are acceptable to the IMF for the crop financing. They should certainly be acceptable to the United States.

Congress has seen to it that the proceeds from the additional United States sugar purchases reach the producers of the Philippines.

That is the answer to the first one.

The other question that comes up—and some of my colleagues have asked me about it—is would this amendment make it difficult to allocate sugar quotas?

First off, Mr. President, that is simply not true. Dr. Martin Sorkin, a long-time economist with USDA, Chief Economist, and an expert in sugar

policy said it would merely require minor adjustments that any junior accountant could make in reallocating an import quota.

One way would be to take the 4-percent difference between the Dominican Republic's 17.6 percent and the Philippines' 13.5 percent. The new total of 104.1 percent would then be reduced to 100 percent, with all other countries having a slightly smaller percentage than they presently have with the Philippines having slightly more.

Another way of adjusting the import quotas would be to add an adjustment reserve. The estimation of a needed import quota is not an exact science, and can often be off by as much as 200,000 tons annually.

If we are talking about a 1-million-ton quota, we could easily add 41,000 tons to the Philippine quota which would make it equal to the quota allocated to the Dominican Republic. The total quota instead of being 1 million tons would now be 1,041,000. Therefore, any adjustment downward would be taken into consideration with the following year's quota.

This would achieve the objective of allowing the Philippine quota to be at least equal to that of the Dominican Republic, and at the same time maintaining the quota percentages of any country that provides the United States with sugar.

Mr. President, I think this is a most important amendment. I hope my colleagues will look favorably upon this amendment. I think that the underlying fact that we should remember is that the Philippines are our very old ally and trading partner. They are a long-time friend and certainly an important ally, securitywise, strategicwise, of the United States of America in the Pacific area.

As General MacArthur stated in the 1930's, the Philippines are the necklace around the throat of Asia.

Should we turn our backs when the purpose of this entire program originally was to buy sugar from our friends, support our friends, not buy sugar from our enemies?

I would say I find it very difficult to understand why some people on that list have any quota at all when it is very obvious that they are buying sugar from Castro's Cuba and selling it back to the United States.

We have an ally who is in trouble.

These are difficult times in the Philippines. The letter from Senator Scott attests to the fact of the Communist expansionism that has been taking place in some of the sugar-growing areas. It is most important that we not turn our back or do anything to disrupt civility in that country at this point in time.

I yield the floor.

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, I wonder if I could interest Senators in a time agreement. I checked with the timekeeper and Senator SYMMS and Senator MELCHER have used 17 minutes.

Mr. THURMOND. I would like to have 1 minute.

Mr. HELMS. How about 30 minutes on a side, and consider that the time already used be deducted? Is that all right?

Mr. MELCHER. Well, there are others who want to speak on this subject, such as Senator INOUYE.

Mr. SYMMS. I will say also to the distinguished chairman that it might be that he would want to check with Senator LAXALT's office because he indicated he was supportive of this amendment. He may want to speak.

I may say to the distinguished chairman I am happy to enter into a time agreement, but I do not know how long the distinguished Senator from Minnesota may need. We also need some minor amount of time for rebuttal.

Mr. DURENBERGER. I would not take too long.

Mr. ZORINSKY. We are looking at 10:30 or 11 o'clock for third reading of this bill. We would like to get some cooperation on time. If we do not want that, that is something else. I know a lot of our colleagues would like to finish this.

I do not want to put anybody in the position where we take away their right to speak as long as they want. But I am saying this is a good evening to remember your colleagues, also. As strongly as emotions run on some of these amendments being offered, again I would like to say that two things a Senator loves to hear is their name and their own voice.

Everybody would appreciate it if whatever needs to be said could be said briefly.

Mr. McCLURE. Will the Senator yield?

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. Mr. President, I wish to associate myself with the splendid remarks of the able Senator from Idaho on this subject. I think this is a sound amendment.

I request the chief author of this amendment to add my name as a cosponsor. I ask unanimous consent that that be done.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCLURE. Will the Senator yield for a suggestion?

Mr. HELMS. Certainly.

Mr. McCLURE. I wonder if this would be possible. As I understand it, the proponents have 17 or 18 minutes on their side. Would it be possible to get the opponents to agree to 10 additional minutes on their side and 20 additional minutes for the proponents?

Mr. SYMMS. That sounds fair to me.

Mr. DURENBERGER. Mr. President, I do not know who else wishes to speak.

Mr. McCLURE. That will give you 20 minutes.

Mr. DURENBERGER. We have several issues here. This is not an agriculture issue but it is a foreign policy issue. There is really a lot to be discussed. I cannot imagine that in opposition I can do it in less than 30 minutes. There may be others who may want to speak within that timeframe. I do not want to spend the evening on the matter.

Mr. MELCHER addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. MELCHER. Mr. President, I have not concluded my remarks. I yielded to the majority leader a few moments ago in the middle of my remarks. I want to complete them now.

Mr. DOLE. If you will yield to me one more time, I will appreciate it.

Mr. MELCHER. I yield one more time.

Mr. DOLE. I do not want to be accused of shutting off debate on this bill, but the only way I know to terminate some of this debate is to start to table all amendments. I think the Members on both sides can determine, and they have been here long enough, if that is the procedure we should follow.

I do not know whether this belongs on a farm bill or not. Here it is almost 10 o'clock. We are almost heading for Saturday. We have had the Philippines, bankruptcy judges, and so on. But this is supposed to be a farm bill. As soon as I get a few indications from the other side that they are prepared, we are going to move to table all amendments.

Mr. MELCHER. I thank the majority leader.

I must say that certainly a sugar quota does belong on an agriculture bill. Ever since I have been here, that is where sugar quotas belonged. If there is not some Sugar Act, we would feel like we had lost part of our turf. But it is not just turf. It is sugar, indeed an important agriculture commodity, and this is a good place to be discussing something regarding sugar quotas.

Just to complete my remarks, the letter from Salvador Laurel very earnestly urging the adoption of this amendment reflects what the opposition party thinks on this issue. It is not two-sided out there. It is the Marcos party, the Government itself, and the opposition party all having endorsed increasing this sugar quota for the Philippines. They do so because of the suffering in the two provinces that

produce sugar in the Philippines, Negros, and Tarlack. They are suffering there, the unemployed workers and their families, it being the worst provinces in the entire Philippines.

It does lead to insurgency and unsettled social conditions so it is extremely important from the standpoint of both the opposition and the Marcos government that something be done about it.

On the two times I have been in the Philippines during the last 2 years, the one constant uniform comment that was made by opposition leadership and by the Government was economic conditions could be improved if the United States would increase the sugar quota from the Philippines.

We should. It is worthy of doing on the merits. The needs are extremely crucial. As to what will happen with the proceeds, that is another section of the amendment I have not discussed to the extent practical.

We require that:

The Philippines Sugar Commission shall use the value of any increased quota required by this section to acquire United States commodities by barter for use in feeding programs available to the sugar workers and their families in the provinces of Negros and Tarlack of the Philippines.

Second, to the extent that this section shall require a reallocation of quotas, the President shall first reduce the quotas of any country that engages in transshipping.

That is done. We do not allow, in our basic importation of food commodities where we have quotas, transshipping.

What does that mean? It means that you buy sugar from one country, bring it into your own country, and then sell it to the United States; that should be forbidden. With the beef imports, it is absolutely forbidden and it is enforced. Canada cannot buy beef from Australia and then transship it to the United States as part of the quota. No other country can buy beef from somewhere else, take it to their country, then transship it to the United States as part of their quota. It should be the same on sugar.

This amendment carries that provision in it, to take the quota from those countries that are transshipping.

Mr. MATSUNAGA. Will the Senator yield for one question?

Mr. MELCHER. Yes, Mr. President.

Mr. MATSUNAGA. As I understand the Senator's amendment, the total amount of imports of sugar will not in any way be increased by the Senator's amendment. Am I correct?

Mr. MELCHER. The Senator is absolutely correct. The increase in the quotas for the bill, which is a modest one, which, first of all, would come out of those countries that do transship to us, would not increase the overall quota. In no event would the foreign quota be increased. It must come out of the whole pie.

Mr. MATSUNAGA. I thank the Senator for his response. On that condition, I shall support the Senator's amendment.

Mr. KERRY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KERRY. Mr. President, may I inquire at this time, are we under a time agreement for this amendment?

The PRESIDING OFFICER. We are not.

Mr. KERRY. Mr. President, I rise to oppose this amendment. I understand and am sympathetic to the desire of my colleagues to try to supplement and deal with some of the very real economic problems that currently exist in the Philippines. There is no question that those problems are serious and they are part of the overall dynamic of what is happening in that region, which is so important to us. But at this current moment, the Committee on Foreign Relations, in a bipartisan effort between the House and the Senate, is engaged in an effort to use whatever leverage we have—and obviously, our leverage is not great—in an effort to guarantee that this sudden change in the political scene in the Philippines, of a new "snap" election as it is called, is going to be a fair election and we are going to have the ability to leverage to whatever degree we can that election in whatever way necessary.

The quotas were reduced in recent years for a reason. That reason, for those who have been watching the Philippines and watching what has happened, has not disappeard. President Marcos is a master at the process of elusive change. He is a master at taking an existing committee which has drawn criticism and changing the form of that committee in one way or another but in no way altering the substance of that committee. While some so-called reforms may have been put in place with respect to the Commission on Sugar, the fact—and it is an irrefutable fact, and anybody who is following closely what is happening in the Philippines knows it is a fact—is that the money is still controlled by the so-called cronies. There is still a monopoly as there are in other areas of the economy.

If this quotas is raised, we shall be merely rewarding a no-reward-due situation. We shall be saying to the people in the Philippines, we shall be saying to the oppostion at a critical moment in their election process, that all bets are off and it does not really matter, that we are willing to raise the quotas and allow them to go ahead with business as usual.

In the last few weeks, I have had frantic communications from the opposition in the Philippines because, as Mr. Marcos undertakes to set up the structure for this so-called snap election, he is already in the process of guaranteeing that the outcome of that election is a foregone conclusion. He is doing that in the same way, by setting up what are called the Baranguay captains as the key people in the electoral process, by making sure that the polling places will be in the homes of the Baranguay captains whom he controls, so he can intimidate. The entire process, Mr. President, is subject only to a minimal amount of influence by the Senate, the House, the Congress of the United States, and this country.

I would be surprised—I have not heard any communication from the administration, but we have been working extremely closely with Assistant Secretary of Defense Richard Armitage, with Assistant Secretary of State Paul Wolfowitz, with Ambassador Stephen Bosworth, who was here and met with Senator LAXALT just the other day in the Foreign Relations Committee.

I would be extremely surprised if this administration at this point in time would be willing to say this is a reward that the Marcos regime ought to receive.

There is a second critical reason why I think we should not adopt this amendment. There was a telegram read from Senator Laurel. Senator Laurel is a member of the opposition of one form or another in the selection process for the presidential candidacy. I have no doubt that telegram will be circulated in his efforts to shore up his candidacy and there is a very delicate process of negotiations going on right now in the Philippines as to whether or not there will be one candidate or two or what form that candidacy may take. It this amendment were to pass, the Senate would have unwittingly put itself in a partisan sort of way in the midst of that candidacy selection.

Mr. MELCHER. If the Senator will yield, perhaps he was not here when I earlier stated that I want to make it abundantly clear that, of course, Senator Laurel supports this as evidence by his telegram. I also want to make it abundantly clear that Cory Aquino supports this; that every opposition leader I have conferred with supports it. Cory Aquino is of the Aquino family in tarlac, where sugar production is one of the principal chances, sometimes the only chance for the livelihood of those families. The Aquino family itself has been in the sugar plantation business for many years. But they well understand the urgency of this.

I can assure the Senator that all of the opposition leaders, all of the potential candidates, are very sincere in their request for the correction of this terrible injustice that has been done to the Philippines and has caused so much unemployment over the past 5 years, particularly during the last 3 years. They want some adustment.

Mr. KERRY. Mr. President, I thank the distinguished Senator from Montana for his comment. I welcome it. I understand the need that exists over there. I reiterate the comment that I made, then I shall yield the floor.

I think the timing is wrong. I think in a month, 2 months, as we begin to see how the die is cast with respect to the election, we shall have a number of options and we shall face a number of very difficult choices in the Senate. But I think at this moment, given what I believe are the desires of this administration and the current efforts of our Ambassador—who, I think, is doing an outstanding job and is very sensitive to what is happening over there—in a meeting just a couple of days ago, there was not request from his or from the administration to move in this direction.

We met recently with one of the top businessmen in the Philippines, a graduate of the Harvard Law School and Business School and the president of one of the major corporations in that region. His feeling is that the cronyism is so pervasive, that the fundamental inability of a free capitalist society to exist under the current structure is so clear, that for the United States to take this kind of step would be a serious breach in the current posture we have taken with respect to our demand that there be a loosening up of that process and a genuine reform effort take place.

Mr. President, I yield the floor.

Mr. DURENBERGER. Mr. President, I rise in opposition to this amendment, and I intend to be brief. I intend to move to table the amendment as soon as any other opponents of the amendment have an opportunity to be heard. There is much to be said on the subject, but the hour is late and the amendment I think inappropriate.

Mr. President, I was watching the David Brinkley program on Sunday television a week or so ago, and I watched in amazement as the President of the Philippines on national television apparently allowed himself to be talked into having an election by Sam Donaldson. If David Brinkley had not cut off Sam Donaldson and gone to a commercial break, I imagine he would have set the date, set the terms, done the whole works right there on the David Brinkley show. I could not believe what I was seeing.

To a degree, I have a little difficulty trying to figure out what it is we are doing here in the waning minutes of a bill we have fought so hard over for the last 3 or 4 weeks trying to change sugar policy for the United States, if in fact that is what we are trying to do.

Mr. President, let me just say that I do not know that the issue is quotas. If the issue is the quotas, I would be prepared to discuss that. The administration has taken a position in opposition to this amendment.

I could spend some time detailing the violations of GATT. I leave that to others. But, Mr. President, let me say my principal opposition, if you want the bottom line, may just be one of timing. The Philippines have been one of the oldest democracies in that part of the world. The Filipino people, as the Senator said from Hugh Scott's letter, have been our closest friend, but that democracy and those people are in substantial danger today. The question is simply how we are going to best perform in our role as their friends. If there is going to be a fair and open and free election in the Philippines, then let there be a fair and free and open election. But let us not in any way try to influence the outcome of that election by what we do on the floor of the Senate tonight.

The person I saw on television call an election at Sam Donaldson's request is equally capable of taking credit for everything that is proposed to be done here today. If you want the credit to go to the farmers in Negros or Central Luzon, if you want the credit to go to the poor people of that country who raise that sugar, then do not pass this amendment.

Wait until there has been a free election. Wait until the people of the Philippines have decided their own future. Then come to the floor of the Senate and ask us to accommodate that decision with regard to our trade policy. I would be glad to yield to the Senator from Missouri.

Mr. DANFORTH. Mr. President, before the Senator from Minnesota makes his tabling motion, I appeal to the Senator from Montana not to press this matter to a vote. Let it be said that this was one amendment that was not put on this bill. If this amendment does get on the bill, there is no doubt at all the position the House will take. We have tried putting trade matters on legislation before, on Senate bills before. The House position is very clear. It is a dead-end street. The House takes the position—and we can quarrel with it but it is their position—that trade legislation that goes on Senate bills gets blue slipped, and that is the end of it. The Ways and Means Committee is very jealous about protecing their jurisdictional turf. This is a dead-end street on this bill which has been on the floor now on and off since October 2. Here we are at 10:15 Friday night. The time has come to put an end to this torture. I hope that the Senator from Montana would agree that this is one amendment, because it is going no where with the House of Representatives, that we would just not press to a rollcall vote.

Mr. MELCHER. Will the Senator from Minnesota yield so I can respond?

Mr. DURENBERGER. For what purpose?

Mr. MELCHER. To respond to that point.

Mr. DURENBERGER. All right.

Mr. MELCHER. I respond to my friend from Missouri by stating that unless the House Agriculture Committee has changed since I left it, they do, indeed, feel very strongly about what we are doing with the sugar quotas. I do not think they would find it a place where they did not want this type of amendment. I think they would welcome it.

Mr. DURENBERGER. Mr. President, I am glad to yield to the chairman of the Foreign Relations Comittee.

Mr. LUGAR. Mr. President, I join my colleague from Missouri with a gentle spirit and gentle words to the Senator from Montana. I ask that he not press the amendment. I appreciate that he has enthusiasm for it; many Members do. It is a legitimate question whether sugar is an agricultural subject. And it in many cases clearly is, but it has been demonstrated, if one takes a look at the minutes of the debate we have had thus far tonight, we have been discussing foreign policy, discussing the contestants in an election that is going to take place, and it is one on which this body spoke last week. We outlined in a unanimous resolution which came out of the Foreign Relations Committee to the floor that we are deeply concerned about the process in the Philippines.

We are not trying to pick the winners of the election, although we may have enthusiasm for some. But we are deeply concerned that our future in the Philippines depends upon there being a free and fair election; that the procedures are of the essence; that it is a delicate situation. Our colleague PAUL LAXALT has visited frequently over the telephone with the President of the Philippines and those now involved in that electoral commission.

Now, clearly this enters into that picture. It is a very large departure from an allocation of sugar from the Caribbean Initiative situation, which this body also discussed as a foreign policy issue, to the Philippines right in the heart of the matter, at least of our looking at how a nation such as our own can move ahead with friends without interfering with their procedures and at the same time looking to our interests.

Now, I would simply say that it is arguable in terms of jurisdiction but in this particular context much less so. And I hope the Senator would not press the situation. But if he does, clearly I would have to oppose it, and I hope a large majority of Members would oppose it this evening on the basis that clearly this is a foreign policy. It will be discussed again and

again in that context and does not belong on this bill at this time.

Mr. MURKOWSKI. Mr. President, I rise in opposition to the proposed amendment.

The timing of this amendment is, for a variety of reasons, politically inappropriate. The Congress last week voted unanimously for a concurrent resolution calling for free and fair elections in the Philippines. I was proud to cosponsor that resolution.

In the resolution, various references are made to the need for the reinvigoration of, and a restoration of public confidence in, that nation's democratic institutions. The implication is clear. There has been a deterioration in the political and economic situation in the Philippines in recent months, and we have a responsibility to help do something about it.

The cause of this unfortunate situation is the growing corruption and lack of credibility within the Philippine Government and its leading institutions, including the business community. As I noted in a statement last July, this corruption is of many types and has gone in many directions. This includes extensive capital flight by the wealthiest element of the Filipino population, who are sending a significant proportion of their capital abroad in search of safe havens.

I find it particularly disturbing that this activity is being practiced by those who have benefited the most from the Philippine economy. Further, it comes at a time when that nation is most in need of internal investment to help it overcome major economic problems.

Mr. President, in that regard I will later ask unanimous consent that an article which appeared in the New York Times of November 20 on this subject be included in the RECORD.

Mr. President, the concurrent resolution the Congress passed a few days ago concentrated on the political dimension within the Philippines. But the message was clearly directed to all elements of Philippine Government and society. The message was, quite simply, that the time has come: First, to stop the activities which have significantly eroded confidence both here and there in the Philippines, and, second, to begin to implement significant reform throughout Philippine society.

As that resolution implies, the elections next year for President and Vice President of the Philippines can be the key step in initiating that process—if they are truly free, and fair, and reflect the will of the people. If that doesn't happen, many will conclude that our hopes are in vain and that the deterioration that is so obvious cannot be halted.

In short, we are at a major turning point in our relations with the Philippines. We have gone on record as informing the Philippines that we are engaged in watchful waiting to see in which direction the Government and people of the Philippines truly want to go.

For these reasons, it would be inappropriate for us now to take any step which could be interpreted, for whatever reason, as support for any relevant person, group, or policy inside or outside the Philippines.

Giving the Philippines a larger quota of sugar exports to the United States, as proposed in this amendment, would be just such a step, and that is mainly why I oppose it. If passed, it could be seen as a means of giving congressional approval to the current Philippines Government, thus bringing into question American neutrality in the upcoming election. Others will note that the Philippine sugar industry is in the hands of a private monopoly which has assured that the benefits of the sale of Philippine sugar goes not to the workers, but to themselves. Such observers might than conclude that helping this monopoly via this amendment would prove that the United States is hypocritical about its criticism of corruption in the Philippines and its desire to help a majority of the Filipino people.

In short, sending the Philippine establishment the message, through this amendment, that we will reward them no matter what reforms are made—and even before any are made—would be a tragic mistake. The damage we could do to our relations with—and the economies of—other friendly nations whose sugar quotas would have to be reduced is a related and very relevant point to consider as we vote on this measure.

Mr. President, I can understand the desire of the sponsors of this measure to help the Filipino sugar workers who have had a very difficult time recently. But, for the reasons I have mentioned, neither those workers nor the Philippine people as a whole are going to benefit under present circumstances.

Just as importantly, by passing this amendment we will be doing potentially great damage to our foreign policy and our ability to bring about truly meaningful reforms in the Philippines in the near future.

I call on my colleagues to vote against this amendment in proportions approaching that by which we supported our concurrent resolution the other day, that is unanimously.

This is not a time for mixed signals. It is time for a solid, straightforward, and unified signal of support—not for a faction or group in the Philippines, but for free and fair elections which can benefit all Filipinos and their future as a democratic people with confidence in their Government and their economic institutions.

Mr. President, I now ask unanimous consent that the article from the New York Times be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Nov. 20, 1985]

MARCOS FORTUNE: ITS SOURCES RAISE QUESTIONS

(By Jeff Gerth)

WASHINGTON, November 19.—As has often happened in the history of the Philippines, official corruption is emerging as a central issue within the nation. Now, according to Congressional sources and Administration officials, it is becoming an increasingly important factor in relations between the United States and the Philippines.

The corruption issue figured in an unsuccessful effort to impeach President Ferdinand E. Marcos last summer. Opposition leaders have said they intend to bring it up in the elections scheduled for early next year and may refile impeachment charges with new documentation.

In the United States, Congressional investigators and a Federal grand jury in the Washington area are looking into corruption in the Philippines.

At the heart of the issue is President Marcos, his wife, Imelda, and their associates. Filipino opposition leaders and official American reports have charged that the Marcos family and their friends have drained the economy while enriching themselves and then transferred billions of dollars abroad.

A Senate Intelligence Committee staff report made public this month summarized the charge against the Marcos family this way: "Corruption has become a serious burden on the economy. The first family and their favored cronies use their position to amass great wealth, much of which is transferred abroad."

President and Mrs. Marcos have publicly denied the charges. Unlike in the United States, the first family in the Philippines does not have to make a public accounting of its finances. Mr. and Mrs. Marcos have not responded to a list of questions about their finances submitted to the Philippines Embassy by a New York Times reporter last summer.

Philippine opposition leaders have uncovered what they believe to be Marcos family holdings all over the world, but none of the assets are held in the Marcos name. Marcos supporters say the information is unsubstantiated and based on partisan politics.

A survey of public records in the United States and the Philippines, as well as interviews with Marcos business associates and American and Philippine officials, raises questions about the personal finances of the first family, the management and accountability of corporations controlled by the Marcos Government, the handling of American aid to the islands and the role of the Marcos family in questionable payments by American corporations.

WEALTH IN THE BILLIONS

Specifically, these sources have disclosed this information:

The Marcos family wealth totals a few billion dollars, made up of real estate, banks, stocks and jewels, but the assets are hidden behind layers of off-shore corporations, attorneys and nominees, according to Marcos business associates, court documents and American officials. Mrs. Marcos also collects

antiques; in 1981 she paid more then $4.5 million to the estate of a New York woman for a collection of furnishings and English antiques, according to four people familiar with the transaction.

Mrs. Marcos heads more than 30 Government corporations and Philippine auditors corporations and Philippine auditors have raised significant questions about 25 of them. For example, the 1984 audit of the National Food Authority found that $125 million in inventory had not been reconciled with the accounting records.

Last summer, after the United States forced the food authority to give up its monopoly over grain distribution, Mr. Marcos tried to help set up a private monopoly for a close associate, according to American and Philippine officials. The effort was dropped after American officials held up $19 million in aid and questioned the intervention, the officials said.

There are more than 300 Government corporations in the Philippines. Many of these were private companies that received favored treatment from the Marcos family and then were absorbed by the Government after they failed, according to State Department documents.

Although Government corporations are subject to audit under the Philippines Constitution, more than half could not be audited last year, according to Philippine documents. Of the corporations that were audited, the majority were found to have significant problems, documents further show.

Mrs. Marcos heads the Ministry of Human Settlements, a large social welfare agency. Official American reports have charged that United States aid to the ministry has been mishandled, but the reports did not charge that monies were misappropriated or diverted. However, a Federal grand jury is looking into what happened to tens of millions of dollars in military aid to the Philippines. Federal officials suspect that a relative and close friend of Mr. Marcos may have wound up with some of the money, according to American officials.

During the 1970's American corporations spent millions of dollars in questionable payments while doing business in the Philippines. Some of those transactions involved Mr. Marcos, according to former American officials.

IMPEACHMENT ATTEMPT FAILS

Corruption in the Philippines and the notion that public office can be used for private gain predates Mr. Marcos. Government salaries are hardly lavish; the President makes 100,000 pesos, or slightly more than $5,000 a year. But a recent Senate report found that corruption under Mr. Marcos exceeded normal standards.

"Enriching oneself while in office has been a commonly accepted practice," the Senate Intelligence Committee report noted of the Philippines, but the intervention by President Marcos "on behalf of family and friends has well exceeded social norms."

Last summer, 56 of the 200 members of the Philippines National Assembly accused Mr. Marcos of "graft and corruption" and tried to remove him from office. Marcos supporters defeated the measure saying it was unsubstantiated and motivated by "petty partisan intentions."

Opposition leaders said that corruption was one of two main issues in the coming election—the other is human rights—and that they were going to refile impeachment charges based on new information.

The staff of the House Foreign Affairs Subcommittee on Asian and Pacific Affairs is taking a preliminary look at the opposition charges, but a subcommittee aide said it was difficult to trace personal holdings.

CORPORATIONS BALK AT AUDIT

It is also difficult to keep track of the hundreds of Filipino corporations owned or controlled by the Marcos Government.

No single Philippine Government office keeps an up-to-date list of Government corporations, even though they make up 30 percent of the Government's total debt, according to a 1984 report titled Government-Owned and Controlled Corporations. The report, recently made public in Manila by the Commission on Audit, identified 303 Government corporations at the time.

Most of these refused to be audited by the commission despite a provision in the Philippine Constitution calling for an audit, according to the report.

Of the 118 corporations that were audited, only 50 were given a clean bill of health. The 68 others were found to have "material exceptions" or other reservations.

The report listed Mrs. Marcos as being on the board of 31 corporations; in all but one case she was listed as chairman of the board. Of the 31 corporations only 6 received a clean bill of health.

The report said the audit of the National Food Authority found that $125 million in inventory had not been reconciled with the accounting records, but offered no elaboration.

Last summer the United States held up some $40 million in food aid until the authority relinquished its monopoly over the importation of wheat and flour. After the aid was released, President Marcos wrote a letter to the head of the Philippine Central Bank asking that foreign exchange, necessary to pay for imports, be granted to only one group, according to American and Philippine officials, including Reginald Velasco, the third secretary for economic affairs at the Philippines Embassy. This request would have created, in effect, a private monopoly for a close associate of Mr. Marcos.

U.S. PRESSURE SUCCEEDS

The request was rescinded, the officials said, after the United States held up an additional $19 million in development aid and protested that the action would violate various agreements.

Many of the Government corporations have been recently organized or have absorbed assets of recently failed companies.

One often cited example of a questionable Government corporation involves the Construction and Development Corporation of the Philippines, one of the country's largest conglomerates, which was owned by Rodolfo Cuenca, a close associate of President Marcos.

First organized as a private corporation, it did most of its business with the Government. In the early 1980's it developed financial problems, accumulating more than $1 billion in debts.

Linda K. Richter, an associate professor of political science at Kansas State University, told Congress earlier this year that in 1983 the Philippine Government secretly converted the debt into equity, in effect making the failing company a Government corporation. The cost of the takeover, Congress was told, equalled 20 percent of the entire money supply for the Philippines.

The takeover of the corporation "illustrates the way the Philippine national interest is subordinated to President Marcos' personal political ties," Professor Richter said in her testimony.

KENNEDY ASKS INQUIRY

A 1984 State Department planning document noted that the Philippine Government had taken over the assets of "over a hundred financially distressed establishments" and that "a good number of the firms seemed to enjoy special privileges from the Government of the Philippines."

"Access to leaders determines economic decisions," said Representative Stephen J. Solarz, Democrat of Brooklyn and chairman of the subcommittee that is examining the question of the Marcos family wealth. "The President issues decrees to protect his associates who may have made unwise investments."

This month Senator Edward M. Kennedy, Democrat of Massachusetts, asked the General Accounting Office, the investigating arm of Congress, to look into reports of corruption involving American aid to the Philippines.

"There have been an increasing number of reports of corruption at the highest levels of the Filipino Government leading to my concern that United States aid to the Philippines has been diverted by President and Mrs. Marcos or by individuals acting on their behalf," Mr. Kennedy wrote.

The G.A.O. and the inspector general of the Agency for International Development have previously investigated American aid to the Philippines and found irregularities but no evidence that aid had been diverted. Some of the irregularities involved the handling of money provided by the United States to Mrs. Marcos's welfare ministry.

GRAND JURY INVESTIGATING

A federal grand jury in Alexandria, Va., is investigating tens of millions of dollars in Philippine military contracts financed by the Pentagon, according to Administration officials. Some officials said they suspected that some of the money may have wound up with Gen. Fabian Ver, the former Chief of Staff of the Philippine armed forces. Both General Ver and Mr. Marcos, who are related and close associates, were involved in approving the contracts.

During the 1970's a number of American corporations, including McDonnell Douglas Corporation, GTE and I.T.T. Corporation were charged with making illegal or questionable payments while doing business in the Philippines, according to public records.

According to a 1977 complaint by the Securities and Exchange Commission, GTE distributed about $4.5 million to four Filipinos selected by "officials at the highest levels of the Government of the Philippines." According to one former S.E.C. official, GTE officials testified in private that President Marcos had directed the payments but his name was deleted from the public complaint because it was considered too sensitive.

The former official also said that the S.E.C. suspected that some of the $4.5 million went to Mr. Marcos, but the commission could not trace the monies beyond a Bahamian corporation.

Mr. DURENBERGER. Mr. President, I would like to yield to the Senator from New Jersey.

Mr. BRADLEY. Mr. President, I rise in opposition to the pending amendment offered by the Senator from Montana. It makes no sense for the United States to be rewarding President Marcos and his friends with bigger sugar quotas unless and until

they undertake fundamental economic and political reforms. The amendment before us is contrary to U.S. policy. It will thwart, not promote, the restoration of democracy and the reinvigoration of the Philippine economy. It will send a signal that America is not serious about reform. And it will embolden Mr. Marcos and his cronies to resist the sweeping changes that must take place if Communist insurgency in the Philippines is to be contained.

Mr. President, a fundamental restructuring of the Philippine economy is necessary to reduce popular support for the Communist-backed New People's Army. But President Marcos stubbornly resists such reforms because they would destroy the monopolies that fuel his political machine.

Nowhere is this more apparent than sugar. For more than a decade, the sugar monopoly has given Mr. Marcos and his deputies political and economic control over one of the Philippine's most important industries. Ending the monopoly means ending that control. That is why President Marcos opposes it.

To enlarge the sugar quota at this time will just provide an infusion of new funds for Marcos and his friends. Little if any of these funds will benefit Filipino sugar workers, many of whom are literally starving because of the monopoly's vast corruption.

Mr. President, as the Senate knows, I am strongly in favor of liberalizing sugar quotas. But the time to raise the quota for the Philippines is after essential electoral and economic reforms are in place, not before.

So I urge my colleagues to vote against this amendment, if the distinguished Senator from Montana insists on pushing it to a vote. It is my hope, however, that he will withdraw it.

Mr. ROTH. Mr. President, I arise in opposition to the amendment introduced by the senior Senator from Montana, Senator MELCHER. The Melcher amendment provides that the quota of sugar which the United States allows the Philippines to export to this country shall be increased by some 70,000 tons. I do not feel that the increase in the Philippine quota should be made at the expense of other countries which also export sugar to the United States. Instead the increase in the Philippine quota should be provided for by an overall increase in the general quota of foreign sugar allowed into this country.

What is the rationale for my opposition? I believe the answer to this question is clear. Mr. President, I fail to see the point of the sugar quota of one poor country, or group of countries, for the benefit of another poor country, in this case, the Philippines. If we are to increase the Philippines' sugar quota, are we to do so at the expense of the Dominican Republic, Honduras, Belize, Guatemala, or El Salvador? I would hope not, because we have a serious national security stake in the economic development of these nations. Granted, we have a major stake in the Philippines, but that should not blind us to our major interests in Central America.

In fact, Mr. President, this entire business of sugar quotas resembles nothing more than a complex but pointless process of robbing Peter to pay Paul. Let me read a partial list of major international sugar producers provided by the Foreign Agricultural Service: Barbados, Belize, Colombia, Costa Rica, the Dominican Republic, El Salvador, Guatemala, Honduras, Jamaica, the Philippines, Swaziland, Zimbabwe. What do these countries have in common besides that activity in the international sugar market? They are all recipients of U.S. foreign aid, many of them large recipients of foreign aid.

In other words, Mr. President, we are telling these countries that we have a major stake in the development of their economies and the consequent stabilization of their political environment but, at the same time, we are telling them that we will purchase only a limited amount of their sugar, which they produce at very low cost. We then compensate the countries for the economic damage done to them by our protectionist policies by providing them with generous portions of foreign aid.

Who wins and who loses in this process? The domestic sugar producer wins heavily through the maintenance of artificially high sugar prices. The foreign sugar producer neither wins nor loses, since his export losses are compensated by U.S. foreign aid. The one person who emerges as a truly massive loser is the U.S. citizen, who loses twice over, both as a consumer and as taxpayer.

As a consumer, the U.S. citizen suffers from the economic consequences of sugar quotas, being obliged to pay an artificially high price of 18.7 cents per pound, when the world market price is a mere 5.18 cents per pound. In other words, our consumers must pay 260 percent more for sugar than they should have to in order to maintain sugar quotas.

However, when this agony is over, the U.S. citizen must still continue paying because then, as a taxpayer, our citizens must dig deep into their pockets for foreign aid money and repair the economic damage done by our protectionist position.

Mr. President, I am not ashamed to say that I do not like foreign aid. No matter how nicely we work it, foreign aid is still nothing more than a handout and that is not the American way. If we are going to protect our security interests in Central America and the Caribbean, we would be far better advised to let those countries get down to their economic development rather than telling themwhat they can and cannot grow and sell. I am similarly reluctant to tell U.S. consumers that the Congress had decided that they are going to have to pay twice over, through high prices and taxation in order to provide economic benefits for the few.

Mr. HELMS. Mr. President, under the current quota system, there are some countries with sugar quotas despite the fact that they produce less sugar then they consume, or none at all. This means such countries buy world sugar at 4 or 5 cents and then transship it to the United States.

Mr. President, there is good reason to believe that at least one of these countries is buying sugar produced in Cuba and transshipping to the United States.

Mr. President, I don't believe that American citizens want the sugar program to support Fidel Castro's sugar industry.

This amendment would effectively stop this transshipment of Cuban sugar and give the resulting excess quota to the Philippines.

Mr. DURENBERGER. Mr. President, I move to table the amendment, and I ask for the yeas and nays.

Mr. MELCHER. Mr. President, will the Senator withhold that until one of the sponsors of the amendment has spoken?

The PRESIDING OFFICER. Will the Senator suspend? There is a motion to table.

Mr. DURENBERGER. Mr. President, I withhold my motion to table.

Mr. PRESIDING OFFICER. The Senator from Hawaii.

Mr. INOUYE. Mr. President, my distinguished colleagues in opposition to this amendment have suggested that its adoption would send a terrible message to the people of the Philippines. Let us review the history of messages we have sent to the Philippines.

In 1980, the Filipinos provided 27 percent of America's sugar quota. In 1981, while proclaiming our deep and abiding friendship for the Filipinos, we cut their quota in half—not by 5 percent or 10 percent, but by 50 percent. And we wonder what happened to their economy.

There were other messages, Mr. President.

In World War II, the most devastated city was Manila—not Dresden, not Berlin, not Tokyo, but Manila. Thousands upon thousands of Filipino men and women died for their land and died for our cause.

At the end of that terrible war, with much justification, they expected their big brothers and sisters of the United States to come forth with magnanimity and restore their land. But we had a foreign policy that said we must build up Europe and we must

build up Japan to serve as bulwarks against communism.

So the Philippines were put on the back burner. We restored Japan, while we gave the Philippines independence and told them, "You rebuild your land." That was a strange message.

Then came the Korean war, and here we decided that, as part of the policy of containing communism, we would use Japan as a logistics center. Meanwhile, the Filipinos were still waiting for their turn. They sent troops to Korea; the Japanese did not send any. The Japanese flourished; the Filipinos waited.

Came the Vietnam war, and, as all of us know, Vietnam is just across the river from the Philippines. The Filipinos felt that maybe this time Manila would be the logistics center for the United States. No; it became Japan again. The Filipinos sent troops to Vietnam; the Japanese did not send any. The Japanese flourished; the Filipinos waited.

During the administration of President Carter, I was asked by the President to travel to Manila to confer with President Marcos, to urge the latter to send his negotiators back to the bargaining table. As all of us recall, at that moment the United States and the Philippines were in the midst of their first base negotiations.

We have had base negotiations with the British, with the Spaniards, with the Greeks, and with the Turks. This was the first time with the Filipinos. President Carter could not understand why suddenly Marcos withdrew his negotiators. So he asked me, "Why don't you go there and find out what's wrong, and urge the President to send his men back?"

I will tell you why President Marcos withdrew his negotiators. Our side adamantly refused the request on the part of the Filipinos to permit the Filipinos to fly the flag of the Philippines on Subic and Clark Air Fore Base. Keep in mind that these parcels belong to the Philippines.

In Britain, the British flag and the American flag fly together. In Germany, the German flag and the American flag fly together. In Greece, the Greek flag and the America flag fly together. In Turkey, the Turkish flag and the American flag fly together. But in the Philippines, the land of our brown brothers, we said: "No, your flag is not fit to fly next to ours."

What sort of message would that send to our friends? Well, Mr. President, it is tempting to equate President Marcos with the Philippines, but Ferdinand Marcos is not the Philippines. He will not be there forever. The Filipinos have been extremely patient with us. We have imposed upon the Filipinos conditions that we have never imposed upon other friends of ours.

What this amendment does is not to restore the 13.5 percent to 27 percent. All we are saying is, let us give the Philippines as much as any other country gets.

When we cut the Filipino quota, who do you think got that 13.5 percent? Canada got some of it. The Canadians do not grow sugar. So what sugar do we buy from the Canadians? The sugar they buy from Cuba. That is glorious, is it not?

Then we decided that the Irish needed a quota. Well, I suppose it is very popular among Irish Americans, but they do not grow sugar there either.

But we told the Philippines, "We love you very much, you are a great democratic country, but we are going to cut your quota in half" and we wonder why the economy is in a shambles.

Certainly there is corruption there, terrible corruption. But if you want to help the cause of democracy, I would say the adoption of this amendment does more than just criticize the Philippines. I think it is about time we sent a message, a very positive one of friendship. It is not an expensive one. Instead of restoring 13½ percent we will restore just 3½ percent.

Mr. President, I hope that for at least one moment we can think of the Philippines without the specter of Marcos. I am voting for the Philippines, Mr. President, not for Marcos.

Thank you.

Mr. DURENBERGER. Mr. President, I have watched and worked with and admired my colleague from Hawaii for 7 years now and probably no more than I do tonight on one of the rare opportunities in which we are on different sides of the issue.

I cannot disagree with his history of the Second World War, the Korean war period, the Vietnam war period.

But let me, without too much detail, remind my colleagues the issue tonight is really not the Philippines. It is Marcos.

While all of those things were happening in the 1970's that our colleague talked about, the sugar industry in the Philippines was not controlled by Filipino farmers, growers of sugarcane. The sugar industry in its access to the U.S. market was controlled by a Government marketing monopoly called Nasutra.

Sugar was purchased from the growers by Nasutra at about half the free market price. The difference was then raked off into an account in the Republican Planters' Bank which was controlled by one of Marcos' oldest and dearest cronies, Benedicto.

Billions of dollars were obtained in this fashion. They were used to purchase shipping lines. They were used to purchase bus companies. They were used to purchase retail shops, industries of one kind or another, auto repair facilities and the list could go on and on for Mr. Benedicto, not for the grower, not for all of those Filipinos. For Mr. Benedicto.

The effect of that has been to virtually wipe out the commercial middle class in the sugar growing part of the Philippines.

The sugar was then sold by Nasutra to Revere Inc. in Boston at below market prices, and the difference between the sale price and the world price was raked off again into personal accounts, this time in Singapore bank and Swiss bank accounts.

Nasutra also held long-term multiyear contracts with international traders in London for purchases at approximately 25 cents per pound.

We have had a lot of discussion on sugar today, and you know that the world market price at one point dropped precipitously. These contracts then, obviously, became quite valuable. What did Mr. Benedicto do? Benedicto sold the contracts back to the London traders and pocketed the profits.

This wholesale corruption finally bankrupted Nasutra, the Government marketing monopoly.

Responding to this and to IMF pressure to end the Government monopoly, the Government dismantled Nasutra and replaced it with a private monopoly under another Marcos crony by the name of Gustilo. Gustilo was given effective control of half of Negros as a warlord with his own private army, and that private army recently killed 20 peaceful Filipino demonstrators in what is now called the Escalante Massacre. But the export marketing monopoly remains intact, justified as necessary to allocate exports to the United States under the quota that our colleagues would have us expand.

The effect of all of this has been to divert billions of dollars into the private accounts of Marcos' friends. And the producers of sugar, all those Filipinos, the people we care so much about on the floor of this body, are starving.

Mr. President, I move to table the amendment.

Mr. DOLE. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota to lay on the table the amendment of the Senator from Hawaii.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from New Mexico [Mr. Do-

MENICI], the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], the Senator from Alaska [Mr. MURKOWSKI], and the Senator from Pennsylvania [Mr. SPECTER] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Delaware [Mr. BIDEN], the Senator from Massachusetts [Mr. KENNEDY], and the Senator from Mississippi [Mr. STENNIS] are necessarily absent.

The PRESIDING OFFICER (Mrs. KASSEBAUM). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 69, nays 23, as follows:

[Rollcall Vote No. 339 Leg.]

YEAS—69

Abdnor	Eagleton	Metzenbaum
Andrews	Evans	Mitchell
Armstrong	Garn	Moynihan
Baucus	Glenn	Nickles
Bingaman	Gore	Nunn
Boren	Gorton	Packwood
Boschwitz	Gramm	Pell
Bradley	Grassley	Pressler
Bumpers	Harkin	Proxmire
Burdick	Hart	Pryor
Byrd	Hawkins	Quayle
Chafee	Heinz	Riegle
Chiles	Hollings	Rockefeller
Cochran	Kassebaum	Roth
Cohen	Kerry	Sarbanes
Cranston	Lautenberg	Sasser
D'Amato	Leahy	Simon
Danforth	Levin	Stafford
DeConcini	Long	Trible
Dixon	Lugar	Wallop
Dodd	Mathias	Warner
Dole	Mattingly	Weicker
Durenberger	McConnell	Wilson

NAYS—23

Bentsen	Helms	Melcher
Denton	Humphrey	Rudman
Exon	Inouye	Simpson
Ford	Johnston	Stevens
Hatch	Kasten	Symms
Hatfield	Laxalt	Thurmond
Hecht	Matsunaga	Zorinsky
Heflin	McClure	

NOT VOTING—8

Biden	Goldwater	Specter
Domenici	Kennedy	Stennis
East	Murkowski	

So the motion to lay on the table amendment No. 1159 was agreed to.

Mr. DOLE. Madam President, I move to reconsider the vote by which the motion was agreed to.

Mr. MATHIAS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1160

Mr. BENTSEN. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The two pending amendments would have to be set aside by unanimous consent.

Mr. BENTSEN. Madam President, I ask unanimous consent that we set aside the two pending amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report the amendment of the Senator from Texas.

The assistant legislative clerk read as follows:

The Senator from Texas [Mr. BENTSEN], for himself and Mr. COCHRAN and Mr. DECONCINI, proposes an amendment numbered 1160.

Mr. BENTSEN. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the pending amendment, add the following:

On page 231, insert between lines 5 and 6 the following new section:

"COTTONSEED PROGRAM

"SEC. 1310. (a) If the price of the 1985 crop of cottonseed is adversely affected as a result of any amendment made by the Agriculture, Food, Trade, and Conservation Act of 1985 to the 1985 soybean program authorized by section 201(g) of the Agricultural Act of 1949, the Secretary of Agriculture shall implement a program providing for fair and equitable treatment for the cottonseed industry based upon oilseed product value which existed on November 1, 1985, prior to any adjustments in the 1985 soybean program.

"(b) Any program which is implemented by the Secretary for cottonseed under this section shall be carried out through the Commodity Credit Corporation.".

Mr. BENTSEN. Madam President, this amendment simply directs the Secretary of Agriculture to provide fair and equitable treatment for the cottonseed industry in the event that the farm bill makes substantial changes, such as a direct payment program, in the treatment of other oilseeds, including soybeans and sunflowers. I am joined in offering this amendment by the distinguished Senator from Mississippi [Mr. COCHRAN] and the distinguished Senator from Arizona [Mr. DECONCINI].

The amendment we agreed to, modifying the 1985 Soybean Program creates some very serious problems for the cottonseed industry, whose products were valued at more than $330 million in my State alone in the latest census year.

Soybeans comprise such a huge proportion of the oilseed market that its product prices set the prices of other oilseed products like cottonseed, for which there is no Government program.

The 1985 cottonseed harvest is almost complete, and the standard practice is for cottonseed oil mills to purchase and store the crop immediately upon harvest and ginning. There is no futures market in cottonseed products, and the only hedge possible against price changes is forward sales, which have been almost nonexistent this season due to the heavy worldwide surplus of oilseeds.

Cottonseed mills, therefore, bought cottonseed at the equivalent of the $5.02 soybean loan in the belief that the program would not change. Now, with the change only discussed, but not yet enacted, soybean prices have already dropped substantially. Soybean product prices inevitably follow soybeans, dragging cottonseed product prices with them.

We have made soybean producers whole with the $35 per acre payment. Soybean processors typically do not purchase very much ahead of their needs and have means of hedging their purchases, so they are also protected.

To prevent our action on soybeans from resulting in huge losses for cottonseed mills, some fair and equitable treatment is required. The amendment which we are offering would simply direct the Secretary of Agriculture to provide that equal protection by using existing programs and authorities. We anticipate that this will result in no cash outlays, since USDA can and probably will use surplus commodities.

Madam President, I have discussed this with the leadership on the majority side and the minority side. I understand it is acceptable to them.

I urge adoption of the amendment.

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Madam President, this amendment has been cleared on this side.

The PRESIDING OFFICER. Is there further debate on the amendment? If not, the question is on agreeing to the amendment of the Senator from Texas.

The amendment (No. 1160) was agreed to.

Mr. HELMS. Madam President, I move to reconsider the vote by which the amendment was agreed to.

Mr. MELCHER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BENTSEN. Madam President, I ask unanimous consent that the pending legislation be set aside temporarily.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1161

Mr. BENTSEN. Madam President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Texas [Mr. BENTSEN], for himself, Senator COCHRAN, Senator DOLE, Senator STENNIS, Senator PRYOR, Senator BUMPERS, Senator BOREN, Senator NICKLES, and Senator GRAMM, proposes an amendment numbered 1161.

Mr. BENTSEN. Madam President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the pending amendment, add the following:

On page 231, insert between lines 5 and 6 the following new section:

ADVANCE ANNOUNCEMENT

"SEC. 1320. The Agricultural Act of 1949 is amended by redesignating section 406 as "406(a)" and adding a new subsection "(b)" to read as follows:

"(b)(1) Notwithstanding any other provision of this Act, the Secretary of Agriculture shall offer an option to producers of the 1987 through 1990 crops of wheat, feed grains, upland cotton and rice and respect to participation in commodity price support, production adjustment and payment programs as provided in this subsection.

"(2) With respect to the 1987 through 1990 crops of wheat, feed grains, upland cotton, and rice, in any county in the United States, if the Secretary has not made final announcement of the terms of the commodity price support production adjustment, and payment program for wheat, feed grains, upland cotton, or rice on or before the later of: (A) 60 days prior to the normal planting date of such commodity in such county, as determined by the Secretary, and (B) in the case of wheat, July 1 of the calendar year prior to the crop year for which such program is announced; in the case of feedgrains, November 15 of the calendar year prior to the crop year for which such program is announced; in the case of upland cotton, November 1 of the calendar year prior to the crop year for which such program is announced; in the case of rice, January 31 of the calendar year that is the same as the crop year for which such program is announced—the Secretary shall permit producers of any such commodity in such county to elect to receive price support, payments and other program benefits as provided in (i) the program for such commodity for the current crop year or (ii) paragraph (3).

"(3)(A)(i) The Secretary shall permit producers eligible to make the election provided by the subsection to participate in the program described in this paragraph by complying with the terms of the program announced for the preceding crop of such commodity.

"(B)(i) Except as provided in clause (ii), the Secretary shall make available to producers of a commodity who exercise the election provided by this section and who comply fully with the terms and conditions of any acreage reduction program established for the preceding year's crop of the commodity—

"(I) loans and purchases at the level established for the program for which the crops with respect to which the election is made;

"(II) deficiency payments calculated on the same basis as the deficiency payments which were calculated for the crop immediately preceding the crop with respect to which the election is made;

"(III)(aa) Payments equal to the difference between the level of loans and purchases for the crop with respect to which the election is made and the level of loans and purchases for the crop immediately preceding the crop with respect to which the election is made.

"(bb) Payments authorized by subclause III (aa) shall be made in the form of cash or in-kind commodities.

"(ii) In the case of the 1990 crops, the Secretary shall make available to producers of a commodity who exercise the election provided by this section and who comply fully with the terms and conditions of any acreage reduction program established for the 1989 crops of the commodity—

"(I) loans and purchases at the level established for the 1990 crop under legislation enacted subsequent to the enactment of the Agriculture, Food, Trade, and Conservation Act of 1989, *Provided,* That, if legislation is enacted subsequent to the enactment of Agriculture, Food, Trade, and Conservation Act of 1985 which provides that loans and purchases shall not be made with respect to the 1990 crop of a commodity, the Secretary shall make available to producer of such commodity eligible for the election provided by this subsection loans and purchases at the level determined for the 1989 crop. *Provided further,* That, if legislation is not enacted subsequent to the enactment of the Agriculture, Food, Trade, and Conservation Act of 1985 which provides that loans and purchases shall be made with respect to the 1990 crop of a commodity, none of the provisions of this section shall apply to the 1990 crop. l

"(II) Deficiency payments calculated on the basis of the established price for the commodity determined for the 1989 crop.

"(III)(aa) Payments equal to the difference between the level of loans and purchases that the producer is eligible to receive under clause (I) for such commodity for the 1990 crop and the level of loans and purchases determined for such commodity for the 1989 crop.

"(bb) Payments authorized by this clause (III) shall be made in cash or in the form of in-kind commodities.

"(C) The Secretary shall consider the acreage base and yield for any farm with respect to which a producer exercises the election provided by this section to be equal to the acreage base and yield that was established, or would have been established, for such farm for the year preceding the year for which the election is made.".

Mr. BENTSEN. Madam President, I offer this on behalf of myself, Senator COCHRAN of Mississippi, Senator STENNIS, Senator PRYOR, Senator BUMPERS, Senator HEFLIN, Senator BOREN, Senator DOLE, Senator NICKLES, and Senator GRAMM.

What we are trying to do here is pass legislation to provide the farmers some effective relief from the problems that have been caused by late announcements in farm programs.

Madam President, this amendment will protect farmers in future years from problems like those we are having this year due to the late announcement of the farm programs. It will extend through the 1990 crop, so for the first time in many years we will have a farm program for wheat farmers in the next farm bill year, 1989. South Texas farmers will also have effective protection from late program announcements.

My amendment will minimize the damage done to farmers by late program announcements. It says that whenever the farm program for cotton, wheat, feed grains, or rice is announced by the Secretary after the deadline set in the farm bill for that commodity and later than 60 days before the average planting date in a county, then farmers in that county will have the option of participating in either the farm program announced by the Secretary for the coming year or in the program that was announced for the past year.

This in effect tells a farmer automatically, 60 days before he must plant, that he is guaranteed at least last years' program. Sixty days is a very minimal advance notice. We normally put down herbicide for our cotton in the Rio Grande Valley of Texas around Thanksgiving and then plant in February. That requires the cotton farmer to know how many acres he can plant almost 90 days in advance of planting. So 60 days is not a generous figure; it is a minimum figure. And with the financial state of agriculture today, with many farmers right on the brink, they need every little bit of help they can get.

Today is November 22, and we still have not passed a farm bill into law. The bill was ordered reported from the Senate Agriculture Committee on September 19. Yet we still have no bill. More importantly, our farmers have no farm program.

Wheat farmers have had to plant without knowing what the wheat program would be. Farmers in Texas and other winter wheat States have planted 75 percent of our Nation's wheat crop without knowing what the program would be. They do not know how to qualify for price supports, or what those price supports will be. They do not know how much land they must set aside. They do not know whether they can graze cattle as they normally do on those acres. They are flying blind. They are being forced to guess at the farm program requirements that will eventually be announced, and they will be penalized if they guess wrong.

Cotton, rice, and feed grains do not have a program either. Cotton planting starts in February and feed grains start the last week of January. We start that annual planting process with milo in the Rio Grande Valley of Texas, and from there it sweeps north across our Nation. But many people do not realize that farming is a continuous process. Land must be prepared, herbicides bought and put down, seed purchased, financing arranged. All this must be done weeks and months before actual planting.

At today's prices, many farmers cannot get financing without being eligible for farm price supports. Bankers cannot make loans on speculation of what a farm program might be, so farmers are being forced to wait. They have been waiting for weeks now. And while they wait they must forego normal crop preparations, which in-

creases their costs and decreases their efficiency.

Farmers must plan well in advance and cut all possible corners in order to survive. To do this they must get a farm program announced in time to make those plans.

It is totally unfair to hold innocent farmers hostage as pawns in the legislative process. It is totally unfair—but we do it every 4 years when we consider the farm bill.

I have been told that hostages are necessary in order to pass a farm bill, that we need pressure to force a bill on through. However, what we are doing now is not holding hostages—we are hanging them out to slowly twist in the wind. Under an optimistic scenario for the farm bill we could get a program announced by late December. It might be much later. This would devastate farmers who are squeezed between mother nature and the legislative process.

Mr. President, I do not take the time of the Senate lightly. I assure my colleagues that any inconvenience from dealing with this amendment now at this late hour is very slight compared to the problems suffered so far this year by wheat, cotton, feed grain, and rice farmers. This amendment will prevent those problems in future years. It will prevent southern farmers from being held hostage for future farm bills. It will provide for equal treatment for all farmers.

I have taken this up with the majority. I have taken it up with the minority. I believe they have no objection to the particular amendment.

Madam President, I urge the adoption of this amendment.

Mr. President, I ask unanimous consent to have printed in the RECORD a summary of the amendment.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUMMARY OF BENTSEN EARLY PROGRAM ANNOUNCEMENT AMENDMENT

Amendment provides that farmers impacted by late announcement of a farm program will be protected, and allowed to go forward with normal cultivation practices, by being given the option of participating in the farm program under the terms announced by the Secretary for the current crop year or under the terms announced by the Secretary for the previous crop year.

This amendment applies to the 1987-1990 crops of cotton, wheat, feed grains and rice. It does not apply to the 1990 crop if a farm bill is not passed in 1989.

The provisions of this amendment apply only to producers of a commodity in counties for which the Secretary's announcement of the farm program for that commodity was after the later of either the program announcement deadline specified for that commodity by the farm bill or 60 days prior to the average planting date for that crop in that county.

Farmers meeting these conditions would be given the option of participating in the farm program for that commodity either under the terms announced by the Secretary for the current crop year or under the terms announced by the Secretary for the previous crop year, with the following exceptions:

(1) The loan rate for producers choosing to participate in the previous year's program would be the same as the loan rate announced by the Secretary for the current year's program.

(2) Marketing loan and other provisions tied to the loan rate would also be the same as those provisions announced by the Secretary for the current year's program.

Amendment is silent on the applicability to the TOPS program for wheat. These provisions will be dealt with in conference.

For administrative reasons and to minimize defaults to the C.C.C., all farmers must receive the same loan rate. Therefore, the loan rate and related provisions under both options will be those specified in the current year's program. In order to give the farmer choosing last year's program the effective benefit of that year's loan rate, the difference between the two loan rates will be paid to the farmer, either in cash or commodities, without being subject to any payment limitation.

Mr. HELMS. Madam President, this amendment has been cleared on this side.

Mr. MELCHER. Madam President, I commend the senior Senator from Texas for developing an innovative approach for helping our wheat, cotton, and rice producers overcome the problem of uncertainty whenever there is a substantial delay in announcing a farm program for a particular crop.

The amendment will allow farmers to make planting decisions with some knowledge of the program available to them.

This will be accomplished by giving producers—in case of an announcement delay—the option of participating in the farm program under the terms of the previous year's program, or under the terms of the current year's program. However, the loan rate for those participating in the previous year's crop would be the same as the current year's loan rate.

In case the previous year's loan rate is lower than the current year's loan rate, farmers who participate in the previous year's program would be paid an amount equal to the difference between the current year's loan rate and rate for the previous year.

In cases of a substantial delay of program announcement, this option should be very useful to our farmers and I urge its adoption.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1161) was agreed to.

Mr. HELMS. I move to reconsider the vote by which the amendment was agreed to.

Mr. ZORINSKY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. BOREN. Madam President, earlier today there was a discussion between the Senator from New Jersey, Senator BRADLEY, myself, and the chairman of the Energy Committee, Senator MCCLURE, with regard to the serious problem which has developed in relation to order No. 436 of the Federal Energy Regulatory Commission.

The Senator from New Jersey and I have been contemplating the possibility of offering a legislative proposal dealing with that situation to be added to the pending farm bill.

The problem has developed because many pipelines that have been carrying gas in interstate markets from producers directly to end consumers have decided, in response to the issuance of this rule, to discontinue the carrying of that gas. That has caused a problem for consumers who are not threatened with the loss of a lower cost source of fuel.

It is also a very serious problem in the producing States.

In my home State of Oklahoma, it is estimated that 600 million cubic feet of natural gas is now shut in. The net result in over $1 million per day in revenues is lost to producers. The reduced cash-flow is being felt through the financial community and disrupting the financial relationships between the producers and the financial institutions.

It is very clear that it is in the interest of both consumers and producers to have a system under which they can have nondiscriminatory access to pipelines for the transportation of their product.

As I said, the Senator from New Jersey and I have seriously considered offering legislation together on this particular piece of legislation which would join the interests of the independent producers so severely impacted now with the interests of the consumers, so that they can have natural gas at a fair price.

We talked about this with the distinguished chairman of the committee, who is now on the floor. It is my understanding from him that he feels perhaps we should defer for the present moment since his committee is looking into this matter very thoroughly and also since they are in communication with the Federal Regulatory Commission, which is also considering further action.

I would like to yield first to the Senator from Idaho to see if I have correctly stated his feeling and see if we can get assurances from him that this matter will be considered by his committee and also that he follow very carefully the activities of the Federal Energy Commission, and then I will yield to my colleague from New Jersey

concerning the possibility of a legislative approach.

Mr. McCLURE. Will the Senator yield?

Mr. BOREN. I am happy to yield.

Mr. McCLURE. We have had discussions about a proposed legislative initative with respect to the Federal Energy Regulatory Commission Order No. 436.

As the Senator will recall, and I hope others will, too, we have spent a long time trying to deal with this question of the natural gas industry deregulation or modification of the regulatory regime.

The Federal Energy Regulatory Commission, picking up on actions that were taken in our committee, largely under the leadership of the distinguished Senator from New Jersey [Mr. BRADLEY] dealing with the question of contract carriage, has attempted to further the deregulation of the industry by making it possible for producers and consumers to deal directly together without having to go through the intermediary step of selling to a pipeline and buying from a pipeline.

As the distinguished Senator from Oklahoma knows, that is a very complicated and complex subject. In spite of our efforts to legislate in that area, we have never been able to get all of the pieces necessary to present such a balance to all of the various kinds of producers, to the various kinds and types of pipeline companies, to the various kinds of local distribution companies, to the various kinds of consumers on the other end of the pipelines, so that they could feel a sufficient balance or tradeoff among all the other elements and accept the legislative package.

FERC has been trying to deal piecemeal with that which we have been trying to deal with in the composite. It is extremely difficult to do.

The result is that FERC Order 436, which was designed to produce one set of results which would hopefully bring consumers and producers together, has had an adverse effect on both.

It has resulted in shut-in supplies from some producers and deprived consumers from volumes of gas that might have moved to them at better rates.

I think the Senator is correct, that FERC recognizes that what they have done is not accomplishing what they set out to do.

Again under the leadership of the distinguished junior Senator from Oklahoma [Senator NICKLES], we have been trying within the committee to look at the producer end of that as well as Senator BRADLEY's initiative with respect to the consumer end of the contract carriage issue to provide some constructive comment to the Federal Energy Regulatory Commission in hopes they would modify what they have already done. I think we are making some progress in those discussions.

I would appreciate it if indeed the Senator could find it possible to do so, to allow our committee to continue that effort and to allow FERC to continue their effort without attempting to legislate here this evening.

Mr. BOREN. I appreciate the comments of the distinguished chairman.

I know that my colleague, Senator BRADLEY, wants to present a comment also. We have been working to try to see if we could blend together the legitimate interests of the producers.

I will yield to him at this time.

Mr. BRADLEY. I thank my distinguished colleague from Oklahoma.

Our discussions today have been in the direction of general discussions as against the deregulation and what form that might have taken several years ago.

Very clearly, the 98th Congress voted in favor of contract carriage. It passed the Energy Committee by a vote of 18 to 1.

It is safe to say that is one aspect of the natural gas policy that does have a strong base of support, and many pipelines wish now they had supported it at that time. There is little doubt that contract carriage could deliver significant benefits to consumers.

In my State of New Jersey, there is a program, for example, that reduces the gas cost to consumers and would do so by allowing contract carriage which could only happen if there was access to the gas transportation systems.

Rule 436, which is the concern of our comments this evening, is a new rule and was created to increase competition in the natural gas industry. In fact, at the oversight hearings on rulemaking, FERC Chairman O'Connor was questioned closely on the impact of the proposed rule and he was quite reassuring when he said if implemented, "It would be equivalent, really, to carriage."

I suggest that the rule went into effect on November 1. Unfortunately, as it turns out, there are two problems with the rule. First, the rule is voluntary. Second, most of the pipelines are not volunteering. So the effort of the distinguished Senator from Oklahoma and me is to say maybe we need a legislative remedy so that pipelines will, indeed, carry the gas; maybe we need FERC to take a stronger position; or perhaps Congress should require the pipelines to carry gas. I know the chairman of the committee is sensitive to this and will look at it very carefully.

Mr. NICKLES. Will the Senator from Oklahoma yield?

Mr. BOREN. Madam President, I shall yield and we shall bring this to a rapid conclusion. I know my junior colleague from Oklahoma, with whom I have had a discussion, wants to make a brief comment.

Mr. NICKLES. I thank my colleague.

Madam President, we have worked many hours on this issue. We had a meeting yesterday from 9:30 to 2:30. We do have a very, very serious problem with the FERC Order 436. It is our intention, our hope, our desire that the FERC will amend their rule and allow the system to change to where the pipelines will participate. There is not any participation, we are not moving gas; as a result, consumers are not getting lower priced natural gas, producers are not selling gas. It is a very chaotic situation.

We will do everything we can to get them to change the rules so it will work. If not, I will join the Senator from New Jersey, the Senator from Kansas, the Senator from Oklahoma, and others to move to a different system.

Mr. BOREN. Madam President, I thank my friends and my colleague. After hearing the comments from the distinguished chairman, the Senator from New Jersey and I shall hold off with that amendment tonight. We shall be watching this very closely and it is possible that before Congress adjourns for the year we may be led to take legislative action if we do not see steps taken to ease this crisis.

Mr. DOLE. Madam President, I thank my colleagues.

AMENDMENT NO. 1162

(Purpose: To require labeling of imported meat)

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Madam President, I have an amendment I send to the desk.

The PRESIDING OFFICER. Is there objection to setting aside the pending amendment?

Mr. HARKIN. I ask unanimous consent to set aside the pending amendment.

Mr. DOLE. Madam President, can we find out first—I reserve the right to object—what the amendment is?

Mr. HARKIN. It is the import labeling.

Mr. DOLE. No objection.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report.

The bill clerk read as follows:

The Senator from Iowa [Mr. HARKIN] for himself, Mr. EXON, and Mr. HEFLIN, proposes an amendment numbered 1162:

At the end of the pending amendment, add the following: At the appropriate place in the bill, insert the following:

LABELING IMPORTED MEAT

SEC. . Section 1(n) of the Federal Meat Inspection Act (21 U.S.C. 601(n)) is amended—

(1) by striking out "or" at the end of paragraph (11);

(2) by striking out the period at the end of paragraph (12) and inserting in lieu thereof a semicolon and "or"; and

(3) by adding at the end the following new paragraph:

"(13) If it is or was imported and if its labeling fails to bear the words 'foreign', 'of foreign origin', 'this product contains foreign meat', 'this product may contain foreign meat', 'this container contains foreign meat', or 'this container may contain foreign meat', as the case may be, or words to indicate its country of origin.".

(b) The amendments made by this section shall become effective one year after the date of enactment of this Act.

Mr. HARKIN. Madam President, I let the clerk read the entire amendment. It is very short, but I thought that by reading it it would alert Senators as to the intent of the amendment and what it says. Basically, my amendment is a meat labeling amendment. It would provide for the labeling of meat and meat products that come into this country either as to the country of origin or that, in fact, it provides some kind of label that says the meat was imported, is of foreign origin, or words to that effect.

The purpose of this amendment is to enable consumers in this country to determine whether the meat they buy is of domestic or foreign origin. The amendment says that all meat and meat food products made in whole or in part of imported meat must be so labeled, so that citizens may know when they are buying a product of foreign origin.

Madam President, legislation passed years ago by this Congress greatly expanded Federal monitoring and control of meat production, processing and marketing to the American people.

The purpose of this legislation was, of course, to protect the health and well-being of consumers and enable them to know what they are buying and eating. We have without a doubt the best meat inspection and labeling law in the world. American consumers know that when they buy meat regulated by our laws it has been rigorously examined for wholesomeness and purity and it is labeled according to requirements meant to tell people what they are buying and where it came from.

Mr. DOLE. Madam President, could we get a time agreement on this amendment?

Mr. HARKIN. Sure.

Mr. DOLE. Ten minutes on a side?

Mr. HARKIN. Fifteen.

Mr. DOLE. It is 11:25. Fifteen.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HARKIN. What this basically says is that in addition to regulating domestically produced meat and meat products, our existing Federal law also applies to canned, processed and prepared meats which come from foreign countries. Such products must be labeled as to country of origin. In other words, if a can of meat is imported it has to have on it where it came from. If you buy a Polish sausage that is in a vacuum package, it has to tell you what country it came from. We import 1.9 billion pounds of processed and canned meat every year but, Madam President, processed meat that is already labeled only accounts for about a third of what comes in.

The rest of it comes in the form of frozen meat that is in packages; it is not labeled and the consumer has no way of knowing when he or she is buying or consuming this foreign meat. Typical of the products made from foreign meat, but not so labeled are hot dogs, soups, TV dinners, and hamburger. The meat in these kinds of products is often imported. But unlike the canned luncheon meat from Argentina or Canada, the hot dogs and hamburger and other products bear no label telling the buyer where the meat came from. The consumer who wishes to do so cannot restrict purchases to domestically produced and inspected beef and meat because there is no way to determine the origin of the meat in most products.

So our law in effect requires that foreign meat entering the United States that is canned or processed or prepared has to be labeled for the benefit of American consumers. And get this: Our law even requires that domestically produced meat intended for sale to foreign countries bear a label saying it is for export and disclosing information about any preservatives used. This is for the protection of foreign consumers of American meat. But the law does not require disclosure of the origin of more than 2 billion pounds of foreign beef and meat which enters the United States every year in fresh, chilled, and frozen form. This meat is sold to consumers in supermarkets throughout the country. It is made into hamburger, hot dogs, frozen dinners, soup, lunch meat, and dozens of other products.

Now, the labels on these products must by law tell consumers the name of the product, the ingredients, the name and place of business of the manufacturer, the packer, the quantity of the contents and whether the product was inspected. But the most important information, the origin of the meat, does not appear on products made from imported fresh, chilled, or frozen meat. That is a serious oversight and a loophole in the law which my amendment would correct.

We are not talking about a minor amount of meat, Madam President. We are talking about billions of pounds of imported meat made into products sold to millions of American citizens.

Last year we imported about 1.96 billion pounds of this meat which was not labeled as to origin when it reached the retail level.

Madam President, this amendment could actually be called the truth in labeling amendment. Right now, when you buy a shirt at your local department store, it has to tell you what country it was made in, whether it was imported or not. Most manufactured goods have to tell you whether it was imported or not. We all remember 1981 when the big scandal happened out on the west coast. We found out that consumers who thought they were buying hamburger were buying kangaroo meat and horse meat that they thought was hamburger. Well, I have to admit most of that has been taken care of, I would agree. But other countries still use pesticides and chemicals that are banded in this country, that find their way into the meat chain but still we let it come into this country. This is a loophole in the law. Right now the law covers canned meats, processed meats, and packaged meats but not the fresh, chilled, or frozen meats.

Madam President, just for the information of the Senators who are listening this same amendment was offered on March 21, 1978. On March 21, 1978, this amendment was offered by the distinguished Senator from Wyoming, Senator Hansen.

Senator Talmadge, at that time chairman of the Agriculture Committee, supported the amendment. I note for the record that the present distinguished majority leader, Senator DOLE, said he supported the amendment. I just want to list the present Senators, for their attention, who supported it at that time.

Cosponsors of Senator Hansen's amendment were Senators MELCHER, DOLE, DOMENICI, MCCLURE, THURMOND, BURDICK, BENTSEN, all of whom are still with us in this body.

I want them to know that this is basically the same amendment I am offering here that was offered by Senator Hansen in 1978. It was accepted by this Chamber then, but it got kicked out in conference.

I think the time has come to close this loophole in the law, to let the American people know, when they buy a hamburger or a hot dog or a TV dinner, whether they are buying beef that came from this country or from some other country.

In no way am I trying to restrict or unduly hamper the import of meat into this country. I just think it is time that the American people know where that meat is coming from. The American consumer should have no less. I think our beef producers in this country should have no less.

Those who raise the finest beef in this country—in Iowa, Nebraska, and the plains of Texas and Kansas—raise a good, wholesome product. It is inspected diligently. It is pure. It is clean. It is wholesome. The American

people know when they buy that beef that they are getting a good product. Well, they should know about the beef that comes from foreign countries. This amendment would close that loophole and let people know where their meat is coming from.

I reserve the remainder of my time.

Mr. President, how much time do I have remaining?

The PRESIDING OFFICER (Mr. ABDNOR). The Senator has 8 minutes and 6 seconds.

Mr. HARKIN. Mr. President, I ask unanimous consent that the names of Senator EXON, Senator MELCHER, Senator HEFLIN be added as cosponsors of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time? If neither side yields time, the time is charged equally against both sides.

Mr. HARKIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I appreciate the Senator's offering this amendment, and it might be well if we had some time to fully explore it and how it might affect products we ship overseas. I will confess to having voted for this amendment earlier.

I point out that, as I understand it, we are adding $18 million to $30 million the first year in labeling changes for the industry and $1 million thereafter, and about $7 million thereafter for compliance and enforcement. The first year, it would be about $35 million or $40 million.

I guess the trade implications are not certain. I do not disagree with the Senator from Iowa when he talks about the treatment of our products. I know it makes people feel good in Iowa and Kansas to say we are going to put the stamp on foreign meat, on every hot dog and every hamburger. I am not certain whether this would bring counterrestrictions on goods that go to another country.

I guess you can pass the costs on to consumers. That is never an argument. Just pass the cost on to the consumers. Then you could substitute some other product, rather than meat, for your diet. If the cost got too high, you could eat something else and you would not have any meat. I point out that current regulations require the name of the country of origin to appear with a product name on the containers of all products distributed to U.S. consumers. That is a result, as I recall, of the efforts of many of us. I do not think we used the word "foreign." I think we used the word "imported," and that is why now we have the country of origin regulations.

I know that this has appeared in a number of House bills. I know it is opposed by the American Meat Institute, and I know that the National Cattlemen's Association has taken no position.

Mr. President, beyond all that, it is now 20 minutes to midnight, and I am not certain how many other amendments are around. I assume that a lot of Members are coming in with amendments in their pockets and they want to offer them. There is not much else going on.

So, at the appropriate time, I will move to table the amendment. I will yield back the time on this side. If the Senator from Iowa will yield back the time, maybe we can move on to something else.

Mr. LEVIN. Mr. President, I will vote against the Harkin amendment to require that the packages of meat sold at the retail level be labeled "foreign" if they contain imported meat. Presumably that includes hamburgers, hot dogs, and so forth, packaged for sale at fast food restaurants and ball games.

I am concerned that the use of the term "foreign" could create confusion when we are dealing in the context of food ingredients. I am also troubled by the administrative burdens which this labeling will impose on the processor and the retailer, and whether those burdens are justified by any potential benefits to consumers. If labeling a food item as "foreign" is designed to indicate that it has not undergone U.S. quality control testing and may be substandard, then labeling would be insufficient to protect the public safety—the food item should not be sold at all. If the labeling process is not a question of public safety, but is merely designed to be informational about the origin of the ingredients, it is unlikely that it will significantly affect the consumers' choice at the same time that it significantly increases the burden on the processor and retailer. In the first case, the labeling required by this amendment would be inadequate. In the second, it would be unnecessary.

The confusion and cost isn't justified by the benefit in this instance, given the wording of this amendment.

Mr. HARKIN. Mr. President, I will take a few more minutes to respond.

While it is true that a container that comes into this country that has fresh chilled frozen meat in it has to bear the country of origin, once a box is opened and the meat is taken out that is the end of it. Right now many of the hot dogs you eat have some imported meat in it, but I bet you that not one person in 10,000 consumers in this country even knows it.

Again, I heard it said it is going to cost some money to print it on the labels that it contains foreign meat or the country of origin. It does not have to say "foreign meat." It can just put "imported from Australia," or "imported from Argentina."

I do not care if it says you can use the country of origin. I do not care.

But does it not seem odd that if you buy a can of meat that it has to say what country it comes from or if you buy a small container of Polish sausage or something in a vacuum pack it has to say where it is from. But if you bring in big bulk meat, break it down, and make it into hot dogs, wrap it in a package and sell it to the consumer in a store, it does not have to say where it comes from.

This loophole has been in the law too long.

Yes, it is going to cost a little money in the change of labeling, but this is a drop in the bucket. We are talking about 1.9 billion pounds of this meat coming in every year.

I just strongly feel that the American consumer has a right to know this and it is not just saying to my Iowa cattlemen or Kansas cattlemen we are going to label it. I think it is the fair and right thing to do for people to be able to know where this is coming from.

Did the Senator from Nebraska wish me to yield to him?

Mr. EXON. Mr. President, will the Senator yield to me a couple of minutes?

Mr. HARKIN. I yield.

Mr. EXON. I thank my friend from Iowa.

Mr. President, I rise in support of the amendment offered by the Senator from Iowa. I think he made an excellent case.

Every time we bring up something like this, there are thousands of reasons why we cannot do it.

I would guess that if you ask the housewife of America, "Would you like to know if it is true that half of the meat in that hot dog that you are ready to serve your youngster is from a foreign country," that housewife might like to know.

I suspect that there are thousands and thousands of hot dogs consumed where it is all American meat.

I do not know every record that any of us has seen that has been kept shows the steady decline in the consumption of red meat in the United States, and it is, therefore, our producers of red meat who are suffering.

It seems to me that the Senator has made an excellent case that if we insist on labeling on cans of meat, if we insist on a shirt being labeled made elsewhere, why is it not good business that we insist just for health and safety reasons, if for no other, that it be required to specify that there is for-

eign or imported, call it what you will, meat from another country.

I think it is clear that we have higher meat standards, higher quality of meat from a health standpoint than any other country in the world. I believe it is only playing fair with the consumer to require such an indication on the fresh meat that they purchase and consume.

Mr. HARKIN. I thank my friend from Nebraska for his words.

Again, this amendment, as I said, is long overdue to close this loophole in the law. I believe most Senators would like to express themselves on it.

Therefore, Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. Mr. President, have the yeas and nays been ordered on the amendment?

Mr. HARKIN. Yes; on the amendment.

Mr. DOLE. Does the Senator yield back his time?

Mr. HARKIN. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. Forty seconds.

Mr. HARKIN. Mr. President, I yield back the time.

Mr. DOLE. Mr. President, let me just make this prefectly clear, as we said on our side of the aisle here years ago.

Mr. HARKIN. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The majority leader has the floor.

Mr. DOLE. I do not yield it back yet.

The question is whether we want to continue this until 3 or 4 a.m. in the morning. It is all right with me.

Mr. DIXON. Let us get rid of it.

Mr. DOLE. If we are going to table this amendment, maybe we will stop the next amendment, and I am going to move to table this amendment. I do not care. I am not going anywhere. I had a lot of people tell me they want to go home. It is only quarter to 12 on a Friday night. They want to go home now. I am certain you will have more amendments, and if this is not tabled, that is all right with me.

But I want to find out, and maybe the best thing to do, if we cannot complete the bill tonight, is to stop here after this vote and come in tomorrow morning early.

Mr. FORD. I am for that.

Mr. DOLE. We will find out how it goes and it is everyone's call.

I yield back the remainder of my time and move to table the amendment.

Mr. ZORINSKY. Mr. President, will the majority leader yield?

Mr. DOLE. I yield.

Mr. ZORINSKY. Mr. President, I wish to tell my colleagues that we were in 4 months about marking up this bill. This could have been offered in markup anytime.

Mr. DIXON. It was.

Mr. ZORINSKY. If it was offered, it did not pass, which is even worse yet.

Mr. HARKIN. Mr. President, will my friend yield?

Mr. DOLE. I am happy to yield to the Senator from Iowa.

Mr. HARKIN. I thank the majority leader for yielding.

Mr. President, I did offer this in committee. It was debated, and it was set aside, never to be brought up again. So it was never acted on in committee. I want to make that clear.

Mr. ZORINSKY. The Senator from Iowa is making a point of it at 11:45 at night. He could have made a point of it and not withdrawn it or had the vote in committee any day of those 4 months.

Mr. HARKIN. Mr. President, if the majority leader will yield one more second, I did not have that. It was set aside but the chairman of the Agriculture Committee asked me if I would mind setting it aside and taking it up some other time, and as a favor to him I complied.

Mr. ZORINSKY. If it is set aside now would the Senator set it aside? Why does he not set it aside then.

Mr. HARKIN. No. This is my last chance to offer it and have action on it.

Mr. DOLE. Mr. President, I do not have any stake in this except trying to finish the bill.

I yield back the remainder of my time and move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas to lay on the table the amendment of the Senator from Iowa.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from New Mexico, [Mr. DOMENICI], the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], the Senator from Alaska [Mr. MURKOWSKI] and the Senator from Pennsylvania [Mr. SPECTER] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Louisiana [Mr. JOHNSTON], the Senator from Massachusetts [Mr. KENNEDY] and the Senator from Mississippi [Mr. STENNIS] are necessarily absent.

The PRESIDING OFFICER (Mr. PRESSLER). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 53, nays 39, as follows:

[Rollcall Vote No. 340 Leg.]

YEAS—53

Abdnor	Hatch	McConnell
Andrews	Hatfield	Moynihan
Armstrong	Hawkins	Packwood
Boschwitz	Hecht	Quayle
Bradley	Heflin	Roth
Chafee	Heinz	Rudman
Cochran	Helms	Simpson
Cohen	Humphrey	Stafford
Cranston	Kassebaum	Stevens
D'Amato	Kasten	Symms
Danforth	Laxalt	Thurmond
Dixon	Leahy	Trible
Dole	Levin	Wallop
Durenberger	Long	Warner
Evans	Lugar	Weicker
Garn	Mathias	Wilson
Gorton	Mattingly	Zorinsky
Gramm	McClure	

NAYS—39

Baucus	Exon	Metzenbaum
Bentsen	Ford	Mitchell
Biden	Glenn	Nickles
Bingaman	Gore	Nunn
Boren	Grassley	Pell
Bumpers	Harkin	Pressler
Burdick	Hart	Proxmire
Byrd	Hollings	Pryor
Chiles	Inouye	Riegle
DeConcini	Kerry	Rockefeller
Denton	Lautenberg	Sarbanes
Dodd	Matsunaga	Sasser
Eagleton	Melcher	Simon

NOT VOTING—8

Domenici	Johnston	Specter
East	Kennedy	Stennis
Goldwater	Murkowski	

So the motion to lay on the table amendment No. 1162 was agreed to.

[The following proceedings occurred after midnight.]

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. RUDMAN addressed the Chair.

The PRESIDING OFFICER. The Senator from New Hampshire is recognized.

Mr. RUDMAN. Mr. President, I thank the Chair.

Mr. President, I just want to address a few comments to the majority leader, and anybody else who might care to listen.

Where I am from, if you run your head into a brick wall 10 times, after the 11th time you head in a different direction.

I am not sure what is going on here tonight. Physically I expect the Senator from New Hampshire has got as much endurance as anybody in this Chamber. I know there are people here who are not feeling very well. We have some colleagues that are home who do not feel very well.

We are getting involved in a marathon around here, and in my opinion making fools of ourselves and this institution. If there are those who want to carry this on all night, I am going to say to the majority leader that this

Senator believes it is time to call a halt to the foolishness.

Let us recess the U.S. Senate, let us come back tomorrow morning at 9 o'clock, and if people want to bat their heads against the wall until tomorrow night at 9 o'clock, then let us do it. And, Mr. President, let us come back on Monday. Let us come back on Tuesday, and if this farm bill is that important to the country, then let us pass it.

But quite frankly, to sit here until 3 or 4 o'clock in the morning involved in the same repetitious foolishness that we have seen for the last 4 hours is not fitting of this institution, its history, or its Members.

I do not think we should keep going on night after night until all hours of the morning in the hope that somebody is going to break because what may happen, Mr. President, is somebody's health may break. And it will not be mine.

Mr. DECONCINI. Mr. President, will the majority leader yield?

Mr. DOLE. I am happy to yield.

Mr. DECONCINI. Mr. President, I sympathize with the Senator from New Hampshire. I want to say in Arizona you only have to hit your head against the wall once to realize how foolish some of the things are that go on in this Chamber.

I happen to agree. I do not see any reason to stay up all night for whatever is going on here. We know, I think, the chemistry of this Chamber well enough, and what some of these concerns are. And they are legitimate.

Everybody can debate as long as they want to until cloture is imposed. I do not see any reason to stay here, and continue to do this.

I am prepared. I canceled my appointments for the whole day. I was supposed to be in Los Angeles. Other Members did the same. I think only 8 are missing, or now there are 10. And I think we ought to go home. There are better places to be than here at midnight tonight.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The distinguished majority leader is recognized.

Mr. DOLE. Mr. President, some of my friends are for it, and some of my friends are against it. I guess I will stick with my friends.

But I have had people say, well, let us go all night; let us go home; let us do whatever. My view is we ought to stop offering amendments.

We have had a great many amendments offered to this bill. The managers have taken amendment after amendment after amendment.

Now it seems to me that we ought to wind it up. I do not know how many amendments we have taken. But I know other Members still have amendments.

They have a right to offer their amendments. It would seem to me that we have a choice to make. I do not have any desire to stay here all night either.

The last thing I want to do is stay here until 4 o'clock, and then not finish the bill. I think if we can finish the bill by 1 or 2 a.m., that is one thing. But to stay here until 2 or 3 o'clock, or 4 or 5 o'clock and not finish it, in my view would not be in the interest of any of us here. I am convinced we are going to finish this bill before we leave.

The adjournment resolution means that we cannot adjourn over until the 2d of December, if we stay here and recess over until Monday. I am prepared to do that. I am prepared to recess until Monday, if that is the will of the Senate. I would like to finish this farm bill. It is important to many of us who live in farm States.

I know it is frustrating to those people who do not come from farm States. I know they may feel that we are sometimes hard to get along with.

But how many amendments are left? Give me some indication.

Mr. SYMMS. Mr. President, will the majority leader yield? I would like to ask the majority leader, or maybe I should pose this parliamentary inquiry. Is it the parliamentary situation that we could vote on whether or not to go to third reading, and find out where all of the Senators stand? That is a suggestion that I am making to the majority leader.

I suggest that we move to go to third reading, and vote it up or down. We have 51 votes, and we can go to third reading. We can go ahead. We will know where we stand.

Mr. DOLE. Mr. President, under the present arrangement, it is not quite that easy.

We have considered 136 amendments, we have been on the bill 82 hours, we have had 39 rollcall votes, we have agreed to 96 amendments, we have rejected 7, we have tabled 20, we have withdrawn 6, 1 was out of order, 2 were not acted on, 1 was laid aside, 3 are pending, and 1 they cannot find. [Laughter.]

How many amendments are left? How many people have amendments? The Senator from Iowa.

Mr. HARKIN. Will the majority leader yield?

Mr. DOLE. Yes.

Mr. HARKIN. I thank the distinguished leader.

I hear rumors, and I have a copy of not a bill but an explanation, of an agricultural credit bill that I understand is going to be brought up when the farm bill is finished tonight.

I am as interested as anyone else to do something about the disastrous condition of farm credit. But I would hope that we would not be acting on a subject as important as that right after the farm bill is finished. I would hope we could get a copy of the bill so we could look at it over the Thanksgiving break and then act on it on the first day back. I wonder if the majority leader can tell us his intentions if he is going to bring up the farm credit bill after the farm bill is completed.

Mr. DOLE. I know there are some who would like to bring it up and some who would like to postpone it. It is a real crisis in some of the areas of this country—in the Omaha district, the Wichita district, the Jackson, MS, district. What we would like to do is maybe set it for a day and time certain when we come back and try to finish it.

I am advised that there is a chance we may adjourn the Congress on the 12th of December. We are coming back on the 2d, which means we are not going to do a great deal on the 2d. We will not do anything until after the policy luncheons on the 3d. So we start with 1½ days in the week gone. I assume some people will also want to go home Friday. We have the continuing resolution, the debt ceiling, the Gramm-Rudman-Hollings amendment. I hope we will have the farm bill conference the following week. We have the Interior appropriations and Labor-HHS appropriations conference report and things of that kind.

I assume the continuing resolution is going to take some time. There is also the farm credit bill which may not be important to all, but it is important to many others.

If we come back with 8½ days with all of these issues piled up, I hope we can at least agree on a time certain, take it up and complete it. If we start down the path of offering amendments and getting into another farm bill debate, we will not have a farm credit bill this year. So there has been some discussion about doing that. I know there have been discussions by Senators on both sides of the aisle. I have not been participating in many of those discussions.

If we are in tomorrow; we might take it up tomorrow.

Mr. HARKIN. Will the majority leader yield for another question?

Mr. DOLE. I want to find out how many have amendments.

SEVERAL SENATORS. Third reading.

Mr. ZORINSKY. Will the majority leader yield for a suggestion?

Mr. DOLE. Yes.

Mr. ZORINSKY. Possibly if we could offer the farm credit amendment, just offer it, over the recess there would be ample opportunity for everyone to take a look at it. Then when we come back we could perhaps get a time certain on it in trade for possibly a cessation of amendments so we can get the farm bill out and then go home. Maybe that would be a better idea than trying to rush through a major piece of legislation this evening.

Mr. MELCHER. Will the majority leader yield?

Mr. DOLE. Yes.

Mr. MELCHER. I certainly commend him for the remarks he has made about farm credit. As we discussed earlier in the day, I discussed very seriously with the majority leader the need for action on farm credit soon. I personally would like to see it expedited in any way it is possible, even as an amendment on this bill. There is some objection to that. There would be some objection to even calling it up tomorrow, for instance, or whenever this bill is completed.

Comments have been made about amendments this evening. There are a lot of amendments. There is one in my hand which is not my amendment but it is from the other side. It would require additional time, including the resources of the staff people.

It is not easy to go through all these amendments. I think perhaps the amendments, most of them, that have been accepted either without a vote or with a vote, are the important amendments. I think it is a question, when we get to final passage, it would depend on how many amendments there are, and then, of course, working our way out of this tangled web we have, having all this attached to a motion to recommit. It is a difficult web to untangle without unanimous consent.

I have been working with the majority leader and the chairman of the committee since 4 o'clock on a proposal that I have which would remove some very important amendments on this side if we could get agreement. I am still working with them. I have not heard from them. I guess that means we are still working on that possibility.

I do want to assure all my colleagues that I would like to see this bill get out of here, but it is in a precarious situation right now and will require a lot of cooperation. I think possibly if we can get that and get the necessary unanimous-consent agreements, it would allow it to move on. But the first process is to get the amendments that people have considered and acted upon, getting them out of the way.

SEVERAL SENATORS. Third reading.

Mr. BOSCHWITZ. I have an amendment pending and an additional amendment.

Mr. DOLE. What do you want to do about the pending amendment?

Mr. BOSCHWITZ. I believe it would require about 15 minutes or less time.

Mr. DOLE. Is that with reference to the pending amendment?

Mr. BOSCHWITZ. The pending amendment.

Mr. DOLE. With reference to the pending amendment, I thought it was a good idea. It freezes bases and yields. However, I am advised if that amendment passes, it may destroy a lot of support for this bill. I do not want to be a party to that. I would hope we might withdraw that amendment or if we want to pursue it, we can table it at the appropriate time. I think it would be very good for those of us who live in the wheat areas, but I am advised by a number of Senators who indicate support for this bill that they will not support it if that amendment is adopted.

Mr. FORD. Will the majority leader yield for a moment?

Mr. DOLE. Yes.

Mr. FORD. Your amendment which is a substitute is to go back to the committee and report back forthwith.

There are several items that need to be put together. I think the distinguished Senator from New Hampshire made a good recommendation. I believe if we could have the package put together and do it in a short period tomorrow, it would be better. If my antanna quivers the way I think it does when I get the right kind of message, there will have to be some unanimous-consent agreements. That will be very difficult to achieve, I think, unless certain things happen.

I think it is time to consider what the distinguished Senator from New Hampshire said and try to work between now and 9 o'clock in the morning, try to work this out and get it out.

Mr. BUMPERS. Will the majority leader yield?

Mr. DOLE. Yes.

Mr. BUMPERS. When the majority leader asked if there were any more amendments, the only thing I heard was the Senator from Minnesota saying he had one pending and another one.

I do not know if there is anything else. The majority leader has asked the question three times. That is all I have heard. Perhaps it would be in order to say let us have a 15-minute time agreement on his two amendments and go to passage or something. If that is the only thing. I have an amendment I am going to withdraw and not offer. I think a lot of Senators here who have amendments are not going to offer them now. Maybe we can pass this thing in the next hour.

Mr. LEAHY. Will the majority leader yield for a moment?

Mr. DOLE. Yes; let me first state that the distinguished Senator from Minnesota would like to withdraw the pending amendment, so that will take care of that amendment.

Mr. LEAHY. Mr. President, I think we should not lose sight of the discussion by the distinguished Senator from New Hampshire and others when we talk about having things set aside and come back and putting things together. It is not just the 100 Members of the Senate who are weary. We have some very good staff on both sides of the aisle here who have been working virtually around the clock for the past week. There is only so much you can expect there. We should keep that in mind. If we could reach an agreement to wrap up this thing and go to passage, we should, but let us not put superhuman burdens on them.

Mr. DOLE. I appreciate that, Mr. President. In fact, I indicated earlier that as far as I am concerned, the staff could have gone home at 6 o'clock and we would have had a lot fewer amendments. But no one left.

I know they are tired and I know they have worked hard.

Let us see if we cannot dispose of the pending amendment. Where is the distinguished Senator from Minnesota?

Mr. HELMS. Mr. President, let me get one technical amendment taken care of.

AMENDMENT NO. 1163

(Purpose: To make technical and clarifying corrections)

Mr. HELMS. Mr. President, I ask unanimous consent to lay the two pending amendments aside.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. On behalf of Senator ZORINSKY and myself, I send two purely technical amendments to the desk and ask that they be immediately considered.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from North Carolina [Mr. HELMS] for himself and Mr. ZORINSKY, proposes an amendment numbered 1163.

At the appropriate place in the pending amendment, add the following:

On page 51, line 1, strike out "(a)".

On page 318, line 12, strike out "(a)".

On page 365, line 15, insert "(a)" after the section designation.

On page 455, line 18, strike out "at least equal to" and insert in lieu thereof "the same as".

Mr. HELMS. Mr. President, this amendment makes several technical and clarifying changes in the bill by striking out an extra line. The amendment also changes the provision relating to inspection of imported poultry products to provide that imported poultry must have been processed in facilities and under conditions that are the same as those under which similar products are processed in the United States. This change clarifies the provision to reflect the original intent of the provision as adopted by the committee in markup.

The PRESIDING OFFICER. Is there further debate? The Chair hears none. The question is on agreeing to the amendment.

The amendment (No. 1163) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote.

Mr. ZORINSKY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

Mr. DOLE. I think one of the Senators from Iowa—I think Senator GRASSLEY—has an amendment that he is trying to clear.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the two pending amendments be laid aside temporarily.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1164

Mr. GRASSLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Iowa [Mr. GRASSLEY] proposes an amendment numbered 1164.

At the end of the pending amendment, add the following:

On page 334, between lines 13 and 14, insert the following new paragraph:

(3) In determining the acceptability of contract offers, the Secretary may give priority to offers made by owners and operators who are subject to the highest degree of economic stress, such as a general tightening of the agricultural credit or an unfavorable relationship between production costs and prices received for agricultural commodities.

Mr. GRASSLEY. Mr. President, the amendment I am introducing will authorize the Secretary of Agriculture to use financial stress as a criterion for evaluating bids for the conservation reserve.

In this bill, 40 million acres of land will be brought into the conservation reserve. It is very important that farmers in financial stress are given some special consideration in participating in this program.

Agriculture is in serious trouble. We need to use existing programs to help these farmers. I strongly encourage my colleagues to support this amendment and encourage the Secretary to use this provision to its fullest.

It is my understanding that this amendment has been accepted on both sides.

Mr. HELMS. Mr. President, I am pleased to accept the amendment offered by the distinguished Senator from Iowa.

The committee-approved bill presently contains two factors for acceptance into the conservation reserve:

First, the degree of erodibility of the land.

Second, the amount of the landowner's bid for annual contract payments.

This amendment would authorize the Secretary to consider the degree of financial stress being experienced by the landowner. If the Secretary must choose between bids where the erodibility factor and the amount bid by the landowners are similar, he should choose the bid offered by the landowner experiencing the most financial stress.

I move adoption of the amendment and I commend the Senator's efforts.

Mr. President, we accept the amendment on this side.

Mr. ZORINSKY. Mr. President, we have looked at the amendment and we recommend its approval and passage.

Mr. CHAFEE. May I ask a question, Mr. President?

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. As I understand it, this authorizes the Secretary but does not require him. Is that correct?

Mr. GRASSLEY. That is right.

Mr. CHAFEE. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1164) was agreed to.

Mr. GRASSLEY. I move to reconsider the vote.

Mr. ZORINSKY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1065, AS MODIFIED

Mr. DOLE. Mr. President, I think it was yesterday—I cannot recall—or the day before that we attempted by unanimous consent to correct an inadvertent error on page 259(c) of the amendment that I sent to the desk. The amendment should have read in the last sentence: "at the end of the crop year for which the determination is being made will exceed 33 percent of the annual usage of such commodity."

It is not stated that way and we regret that. Of course, I need unanimous consent now to make that modification.

Mr. EXON. Reserving the right to object.

Mr. DOLE. I have not made the request yet.

If I cannot get that consent, I have no choice but to offer the amendment because it involves considerable savings. If we are going to get a farm bill, we have to have the savings. Of course, it is open to debate and people can debate it the rest of the evening.

First, let me ask unanimous consent that I may be permitted to modify the amendment to state it as it was intended to be stated at the time.

Mr. EXON. Reserving the right to object, and I am not certain I shall object to the request of the majority leader, with whom I have tried to cooperate, and I think he would agree, the reason I objected the other day is I want the Senate to understand what this is.

This is an amendment that is going to allow the Secretary to use an additional 5-percent set-aside to qualify for programs. Now, does everyone understand that?

Mr. DOLE. It is discretionary.

Mr. EXON. It means the farmer is going to make that much less money but he is going to make so much less money with all the other things that have been done on the floor of the Senate that I am not going to object at this time. The reason that I objected the other day was that I thought maybe, just maybe, the amendment would be understood by enough people on the floor of the Senate that they would not think we should so penalize the farmer. But the package of amendments passed in any event, and therefore at this time I do not offer an objection, but I wanted the Senate to know what we are doing when we allow the majority leader to make his correction.

Mr. DOLE. I appreciate that. There may be others who may not be as charitable, but it is discretionary and is the same approach used by others when looking for savings. It amounts to about $3.8 billion. That is the CBO estimate. Of course, if we are going to get a farm bill signed, we have got to have savings somewhere in the neighborhood of between $11 billion or $13 billion or $14 billion to bring it in somewhere close to $51 billion, $52 billion instead of $65 billion. So I make that request.

Mr. HARKIN. Reserving the right to object.

Mr. MELCHER. Reserving the right to object.

Mr. HARKIN. Reserving the right to object, Madam President.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, again I reserve the right to object, again to follow up on what the Senator from Nebraska said and to inform Senators what this amendment does. I probably will not object but I want the RECORD to show very clearly that I am opposed to it and that I did not just stand by while this was offered and say nothing. What this says is that next year, the beginning of the crop year 1986, that the Secretary can just add an additional 5-percent ARP or acreage reduction program for feed grain, cotton, rice producers, wheat producers if the carryover exceeds 33 percent of the estimated annual production, which is about one-third. But I am telling you right now that every crop will have that; they are going to have that much carryover next year. We already know that. What it does is it takes the Secretary off the hook of having any meaningful kind of supply management program.

Earlier this year, late last year we tried to get the Secretary to implement a modest paid diversion program which would have been cheaper, more efficient; they would have saved money, but they did not do it. And so now they are winding up paying for all the excess production that they had

this year. If they just had a modest paid land diversion this year, they would not have had all of the target price payments.

What this amendment does is it is going to do next year exactly what it did this year. It is going to mean huge carryovers, huge payments, and then he is going to take it out of the hides of the farmer by saying, "OK, now you are going to have to take 5 percent more of your land out of use just to qualify for the program."

I thank the majority leader. I just wanted to make that point. I would not object, but I am opposed to it.

Mr. DOLE. Let me indicate that I do not quarrel with the Senator from Iowa, but there has to be a surplus or carryover or in excess of one-third of annual usage. I would also say if you look at the House bill, this is how they got most of their savings, and they are much more drastic than this. This is discretionary. In the House bill, for example, they got savings by saying you had to have a 30-percent set-aside on wheat. So we think this is a moderate position. I am not saying that what the Senator indicated was incorrect, but it is not just something the Secretary can do. First, he has to determine that there is a surplus.

Mr. EXON. Will the majority leader yield. He was talking about the House bill. It should only be fair to point out, because there is give and take on these, the House the effect of a 5-year freeze on target prices. If we had something like a 5-year freeze on target prices; If we had something like that, then I would not be as much concerned as I am about the amendment that I am allowing to be corrected over my better judgment.

Mr. MELCHER. Reserving the right to object, Mr. President.

The PRESIDING OFFICER. The Senator from Montana.

Mr. MELCHER. This, indeed, is scored by CBO as a $3.8 billion savings over the next 3 years. We have in our proposal a $2.3 billion savings on set-aside acres affecting these same commodities. Now, the majority leader is saying that this is discretionary with the Secretary of Agriculture. It is something he may do.

Well, if this is something the Secretary of Agriculture may not do, it would not be scored by the CBO as a $3.8 billion saving.

The reason CBO gave it that savings is simply because they asked the Department of Agriculture, "If you had this language, what does it mean?" And the Department of Agriculture says it means a 5-percent, an additional 5-percent set-aside. And therefore it would save so much money.

The set-aside for wheat and corn—that is the acres that must come out of production—has already been established in the bill. This is another 5-percent. The saving that is described and accredited to it is because it is there. It is phrased in such a way that it is a certainty that both wheat and corn acres, wheat and corn farms will provide this additional 5-percent.

It is phrased that perhaps rice will be better off, it will not be affected as much, cotton might be better off. It will not be affected as much. So the $3.8 billion in savings is coming out of the wheat and corn farmers for the most part by far. Now, that is where the savings are. We wonder why we have amendments. The Senator from New Hampshire wondered, I think, why there were so many amendments, why it was necessary to continue to proceed as we have proceeded with more amendments. Here is an example. Here is an example. There are many facets to this farm program and there are many reasons why amendments have to be offered. This happens to be a corrective amendment to the 25 amendments that were laid down en bloc in the motion to recommit by the majority leader. That is a 300-page amendment. There are probably other areas that need to be corrected just as it was determined this one needed to be corrected.

Mr. EXON. Will the Senator yield for a question?

Mr. MELCHER. Yes.

Mr. EXON. Is the Senator from Montana telling the U.S. Senate and this Senator from Nebraska that wheat, corn, and feed grains are coming off less well in the reappropriation of the cuts than cotton and rice and tobacco and other crops of basically the South? Is that what the Senator from Montana is indicating to the U.S. Senate?

Mr. MELCHER. The facts of life are that that, indeed, is true.

The point is this. There are reasons that we are trying to work with the majority leader and the chairman of the committee, the manager of the bill to untangle this parliamentary monstrosity that must be untangled before we have final passage. Now, I am not sure what the majority leader and the distinguished chairman of the committee want to do about working further on such an agreement.

Nevertheless, I want to state that there are reasons to seek that agreement by those of us who represent wheat and corn States.

Do not get me wrong: We are not in the corn program in Montana. We are just in the wheat program. Some of the other Senators have both wheat and corn.

So there is a reason why we have to continue to struggle here to get to the point to where we can welcome final passage of this bill. I do not think we are quite there. I will continue to work with the distinguished majority leader as long as he wants to, and the distinguished chairman of the committee, as long as they care to work out such an agreement.

As to this unanimous-consent request: We have had it fully discussed, and of course I do not object to the request to correct the majority leader's amendment.

The PRESIDING OFFICER. Is there objection to the modification? The Chair hears none, and it is so ordered.

Mr. DOLE. I thank my distinguished colleagues.

I regret that the error was made. I did not read page 259-C, and I might not have thought of it if I had read that far. We did compute the savings in our amendment, as we properly should have, because that was our understanding and our intent.

Now we are at the point where I cannot do much without unanimous consent. I have heard the distinguished Senator from Montana. I know what he is saying, and I do not know what kind of agreement we can make.

There is a 4-year freeze in this bill, notwithstanding the amendment of the distinguished Senator from Iowa which was defeated. There is still a 4-year freeze in the bill, and there is a 1-year freeze in the bill, and there is a 5-year freeze in the House bill.

There are going to be five Republicans and four Democrats representing the Senate in the conference, and I would assume that there is enough flexibility in that conference with the House with a 5-year freeze, and we have a 1-year freeze and a 4-year freeze. There should be the seeds of a pretty good agreement. But to say now that we should agree to a 3-year freeze, which is in essence what the distinguished Senator from Montana would like us to do, I cannot do that. I would not have the support on this side to do that.

I have been in conferences, and I believe I will be a conferee. I am a member of the committee.

I hope I could now propound a unanimous-consent request that would terminate all this in the next 30 seconds, and then we would have final passage.

Mr. MELCHER. Before the request is made, will the majority leader allow me to make some comments?

Mr. DOLE. Yes.

Mr. MELCHER. Mr. President, we have two items in this bill that are important. One of them happens to be with regard to cost. There are two things we have to take into consideration on cost. The first is, is the bill going to be within the budget?

CBO has scored the cost savings that we have made somewhere around $10 billion to $11 billion, which is pretty good. That certainly brings us within our budget resolution.

The other part of it is that the administration has said they want fur-

ther reductions. How much, we are not quite certain. I am speaking very candidly. I think the majority leader would agree. We are getting close.

There are one or two items more that I am aware of that we have offered which could further reduce the cost. The majority leader may have some others if they are necessary.

Some of these cost-saving amendments are very aggravating. The last one we talked about is pretty aggravating, that $3.8 billion cut. Nevertheless, they are available; and if they stay in the bill in its final form, as it leaves the Senate, we can say that we are within shooting distance.

Now, as to the freeze, whether it is a 4-year freeze or a 1-year freeze or a 2-year freeze or a 3-year freeze, that has been paramount all along, especially with wheat and corn producers. With the addition of this extra 5 percent an acreage reserve program, it is particularly necessary to have some guarantee of stability in the bill regarding target prices. Therefore, we are talking about whether it is for 1 year or 4 years or 2 or 3.

As to the conference committee: The way the bill is before us now, if it is not changed, the position of the Senate when we get to conference on the freezes will be for either 1 year or 4 years—the position of the Senate. That is what the bill says. But the facts of life are that it will be 1 year, unless we get some agreement. It will be 1 year. That will be the Senate position, unless we get some agreement. We have not had that agreement.

If we go to conference with a 1-year freeze and some doubt on what cost savings we have, we will present a conference where all the Senate position will be represented by the majority. We have only one vote—whatever the majority is.

So we are talking about cost savings to get it down low enough for the administration to be agreeable with it, that it is enough cost savings. They are going to say it is not enough, by the way.

Second, the administration is going to say that they prefer the 1-year freeze. So we have the Senate majority as conferees, those five, voting the Senate position, and the administration saying they like the 1-year freeze and they want some more cuts anyway, and that is up against the House conferees.

What is going to be the outcome? There is no certainty as to what is going to be the outcome.

We are not just talking about what we would like to do. We are talking about what the wheat farmers and the corn farmers and the rest of these producers are going to be faced with for the next 4 years, the life of this bill. That is pretty important stuff where I come from, and I think it is pretty important stuff for other wheat and farm State Senators. Their home States are telling them, "This is a pretty significant thing you are doing, and you had better do it so we can survive."

I think there is some need for accommodation, for some understanding, between these two sides here. This bill is far from over unless we get that, I am afraid. I am afraid it is far from over.

I am trying to work with the majority leader and the chairman of the committee, working in good faith. I finally got my answer to the discussion we had at 4 o'clock. We get it now. The answer is no, that proposal does not seem to be any good.

That does not leave us much room, much room at all. And I do not know where we are going from here. But I will wait on the distinguished chairman and the distinguished majority leader, and I will wait and some of the rest of us over here will wait and see where we are going to come out.

I hope it is better news a little bit later on.

Mr. DOLE. Mr. President, I am going to make the unanimous consent request here in a moment and then we will find out where we are and if I cannot do that then there are, of course, other things I have to do.

It is not that I have any quarrel with the distinguished Senator from Montana personally, but you cannot lose and then say "I want what I lost." I have never been able to do that.

My view is we have had about 85 hours of debate on this bill. Everyone has offered amendments. They have been debated fairly and squarly. We have had the vote. We have victories and defeats, all of us, and it is 10 minutes of 1 on a Saturday morning and it would seem to me—I do not know what else to do unless you say well, we won, but we want everyone to be happy so I cannot do that. I do not have the support on this side to do it if I wanted to do it.

So it is not just the chairman and the majority leader making an arrangement with someone on the other side or someone on this side.

I understand that before I make that request there has been an agreement worked out on the hog provision. If we can get rid of the hogs here.

Mr. HARKIN. Hogs?

Mr. DOLE. H-o-g, yes.

Mr. HELMS. Like in Redskins.

Mr. DOLE. Is that ready?

Mr. HARKIN addressed the Chair.

Mr. DOLE. Mr. President, I have the floor.

The PRESIDING OFFICER. The majority leader has the floor.

Mr. HARKIN. Will the majority leader yield for comments?

Mr. DOLE. Let us take care of the amendment first and then I will yield.

The PRESIDING OFFICER. Without objection, the Boschwitz amendment is set aside.

AMENDMENT NO. 1165

(Purpose: To provide for funding of State associations)

Mr. THURMOND. Mr. President, I send to the desk an amendment and ask the clerk to state it.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from South Carolina [Mr. THURMOND], for himself, Mr. HEFLIN, and Mr. DOLE, proposes an amendment numbered 1165.

Mr. THURMOND. Mr. President, the clerk might state the sponsors of this amendment, which includes Senator DOLE, and this is concurred in by Senator ZORINSKY.

The PRESIDING OFFICER. Is there objection to the amendment?

Mr. SARBANES. Mr. President, might we have an explanation of what the amendment does?

It is fine for two or three people to convene down in the well and work out an amendment while everyone else sits in their seat, but it seems to me as a minimum we should be told a little bit about what the amendment did and what it does and we want to make a judgment as to whether we want to be for it or against it.

Mr. HARKIN. Mr. President, a parliamentary inquiry.

Mr. THURMOND. The amendment is not very long. I think it might be well to read it.

The PRESIDING OFFICER. The Clerk will read the amendment.

Mr. HARKIN. May we have a copy of it?

Mr. THURMOND. We had an amendment here and it turned out the fight was not between us and someone else. It turned out between ourselves and the national organization, but they have gotten together. They have been working here for several hours. Senator ZORINSKY and Senator GRASSLEY and all of them have worked together. They have been telephoning and they finally have gotten together on this.

So everyone now it seems is satisfied with it. I mention that, and ask that the clerk read the amendment.

The PRESIDING OFFICER. The clerk will read the amendment.

The assistant legislative clerk read as follows:

At the end of the pending amendment, add the following: At the appropriate place in title XVIII, subtitle A, section 1809, add the following new section:

MINIMUM FUNDING OF STATE ASSOCIATIONS

SEC. . (a) In no event shall the percentage determined pursuant to subsection (c)(1)(A)(ii) of section 1809 of this subtitle, in the case of a State in which there existed a State pork promotion program as of June

30, 1985, be less than that which is necessary to provide the State association of such State with an amount of funds equal to the amount that would have been collected from production in such State pursuant to such State pork promotion program which existed on June 30, 1985, less the amount of any refunds made to producers in such State pursuant to section 1813 of this subtitle, and less an amount equal to such sums as contributed by such State to national programs in the twelve-month period preceding June 30, 1985: *Provided, however,* no such State shall receive an amount which is less than sixteen and one-half per centum of the sum of the assessments collected from production of such State under the Act.

Mr. MELCHER. Mr President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, the purpose of the amendment is to make clear what the proponents of this national pork program have stated on the floor during debate on the issue. Specifically, no State that has an existing State pork promotion program shall receive from the national program less than they would have collected from their own producers had the State program not been preempted by this bill.

Mr. MELCHER. Mr. President, would it be piggish for us to ask for a copy of the amendment so we can have it and analyse it and see whether or not this fits in with the pork promotion section of this bill?

Mr. President, while we are waiting, while we have this good attendance, might I just say that the majority leader referred to what we have lost on this side. We think we have lost a good solid clear position on whether we had a 4-year freeze or not because now we have a 1- or a 4-year freeze.

It simply means that the Senate, if we pass it the way it is, is not in a clear position for conference, and that is why the great fear of about what would be the case if this bill would be passed as it is.

What we are facing right now, I will tell my colleagues, is this, because this is a motion to recommit all of the amendments that are attached to this one motion to recommit, of course, or will be subject to individual votes after we dispose of the motion to recommit.

We could get to that stage pretty quickly, could even get beyond that, and then we have all these amendments all subject to consideration again, every one of them, to be read, to be voted upon. Well, first of all, after reading, to be amended, open for amendment, and then be voted upon.

I think he said there are about 100 and some. It is a very difficult position. It does require unanimous consent and it does require some cooperation, and I certainly urge cooperation and that urging started earlier in the day, some 9 hours ago now, and I hope we can get to that stage before we have to stay here too much longer.

Mr. HARKIN. Mr. President, will the Senator from Montana yield?

Mr. MELCHER. I do not want to take up the floor because now we have the amendment.

Just seek recognition on your own.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, I wish to talk about something else. But is the amendment before us?

A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARKIN. What is the status of the amendment now before us? Has it been laid down?

The PRESIDING OFFICER. The amendment is pending.

Mr. THURMOND. Mr. President, did the clerk finish reading the amendment?

The PRESIDING OFFICER. The clerk read the amendment.

The question is on agreeing to the amendment of the Senator from South Carolina.

The amendment (No. 1165) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, if I can avoid entertaining any further amendments, I am going to make my unanimous consent request now and determine what happens, and I will say one other time I cannot accommodate the Senator from Montana. I cannot capitulate to the Senator from Montana. We had the vote. It was 56 to 41, and then there was a motion on a 4-year freeze and that was defeated by the same vote.

Mr. HARKIN. Mr. President, will the majority leader yield on that point? Will the majority leader yield for an inquiry on that point?

Mr. DOLE. Yes.

Mr. HARKIN. The majority leader said there was no support on his side. However, on October 30 the amendment offered by the Senator from Indiana providing for a 1-year freeze was defeated. It was defeated with a number of votes from that side of the isle.

So there is support over there for something more than a 1-year freeze. Where it is I do not know.

Mr. DOLE. We can debate that. I think most Members have had enough debate.

There was a much greater vote against the 4-year freeze than there was against the 1-year freeze.

Mr. ZORINSKY. Will the majority leader yield?

Mr. DOLE. Yes.

Mr. ZORINSKY. Maybe we could look at it in this context: There are going to be four minority members on the conference. We do not have to sign the conference report. We can try to get a better deal in conference, it is true. When that conference report comes back unsigned by the four minority members, the conference report will still be debatable and filibusterable and there will be another day and another night like this available to us if, in effect, we cannot better the farm bill for the farmers and agriculture of America in that conference.

So my recommendation would be to send it forward to see if we can better it, that we can reach some accommodation, that we can influence a positive note to agriculture in the future of the farmers of this country, rather than this evening dash the hopes of many farmers throughout this country. We still have another day, another shot at this, and we can have a pretty long extended debate once again on this subject.

Mr. GLENN. Will the Senator yield?

Mr. DOLE. I believe the Senator from Nebraska was seeking recognition.

Mr. EXON. I thank the majority leader. I know that there are colleagues, good friends of mine, on both sides of the aisle who feel strongly about this matter. I had an unkind comment from my friend from South Carolina, one of my dearest friends here. Tempers are short. There are those of us who feel extremely strong about this matter, the matter of what is going to happen to our wheat and corn farmers.

I cannot agree with my good friend and colleague from Nebraska. I think if we are going to argue this, this is the time to argue it. This is the time to use whatever leverage we have to present whatever we think is proper. And I, for one, am not satisfied with the position of saying, "Well, let's just shuffle it off into the committee and see what can be done."

My stern feeling is that we are not going to be as strong in the conference committee as we would be here on the floor of this body. And I say that with apologies in one sense, but in a larger sense no apologies at all. Because when people feel strongly about issues—and there are few in this room tonight that have not felt as strongly as some of us do about this issue. So I apologize for our position, but in a larger sense I hope that you will understand that we are doing what we think is fundamentally necessary for our people.

Mr. DOLE. Mr. President, let me indicate that there will be a conference. Maybe there will not be a conference. Maybe there will not be a farm bill. But as long as the RECORD reflects why

there will not be a farm bill, I guess we can all tolerate that.

But, as the distinguished manager of the bill on the Democratic side indicated, the conference report is going to come back, if there is a conference report before we adjourn this year.

I would say that if we cannot pass this bill tonight, the likelihood of a farm bill passing this year is probably less than 10 percent, because the only alternative would be to move to the House bill. If I cannot get consent to move to that and ask that we strike all after the enacting clause and substitute the language of S. 1714 as it would read pursuant to the already agreed to amendments, then it is open to amendment.

I agree with the distinguished Senator from Montana. I assume the way we are pursuing it that you could probably have 60, 70, or 80 votes. So there is no easy course. But I feel the responsibility for the great majority in this body on both sides.

Mr. President, I now ask unanimous consent that the Senate proceed to the consideration of H.R. 2100, the House companion bill; that all after the enacting clause be stricken and the language of S. 1714, as if it had been amended by those amendments already agreed to, except that no amendment shall be vitiated and inserted in lieu thereof, and that the House bill be considered as having been read a third time.

The PRESIDING OFFICER. Is there objection?

Mr. HARKIN. Reserving the right to object.

Mr. MELCHER. Reserving the right to object.

The PRESIDING OFFICER. The Senator from Montana.

Mr. MELCHER. Mr. President, if you want to call it a filibuster when the clerk is asked to read, it is certainly an imposition on the clerk, it is an imposition on the staff, and I apologize. It is not much of a talking filibuster.

The amendments, I believe I understand this parliamentary procedure the majority leader got us into when he chose not to allow myself or others here—I was certainly seeking recognition to present an amendment that would bring the cost down. I got recognition. My amendment was out of order, was not hung on the right way, as so many amendments were at first in this procedure. From then on, we lost the floor for weeks. We could not get back at it.

So that procedure was followed. A motion to recommit with instructions, filling the Christmas tree. It is a procedure available, but it is one that makes every amendment then subject to the same procedure we have already gone through.

I can tell you that the most time-consuming part of that whole procedure will not be votes. It will be the reading of the amendments. The votes can, for the most part, be continuously just a monotonous drone with a voice vote after every amendment from one or two present here. So if there is a filibuster, it is not a talking filibuster. It is simply continuing to say, every time a unanimous-consent request is made, "I object." So it is kind of an easy one.

I do not recommend that. I recommend that we do what we have done, to find the area of agreement. The freeze seems to be the one big stumbling block. Others may have different ideas, but that is the way I see it.

Are we quite there? I do not think everybody is through with amendments. We are not quite there. But it is a long, tedious procedure, and I hope we do not get into it. I hope we can avoid that.

Mr. EXON. Mr. President, reserving the right to object, and I do.

The PRESIDING OFFICER. Objection is heard.

Mr. DOLE. Mr. President, I want the record to reflect, and it will reflect, where the objection came from. That is certainly a right the Senator has. The only recourse we have now is to stay here the next few days and try to complete this farm bill. If we are going to be frustrated by the will of one or two or three or four or five who cannot have their way and do not believe they can be effective in conference, then I do not know what other recourse the leadership has. That is their right to torpedo the farm bill. That may be what happens. I am not prepared to give up that easily. If I had done that, I would not be here now.

I am going to try another way. I ask unanimous consent that we proceed to H.R. 2100, which is the House bill.

Mr. HARKIN. Reserving the right to object.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, I reserve the right to object and I will object.

Again, I would repeat for emphasis what my friend from Montana said. We are not responsible for this mess we are in.

Several Senators called for regular order.

The PRESIDING OFFICER. Regular order has been called for. Is there objection?

Mr. DOLE addressed the Chair.

Mr. HARKIN. Mr. President, I object.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. Is there objection?

Mr. HARKIN. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. DOLE. Mr. President, I move we proceed to immediate consideration of H.R. 2100.

The PRESIDING OFFICER. The question is on the motion.

Mr. BYRD. Mr. President, reserving the right to object, I wonder if the majority leader would withdraw that request for a moment.

Mr. DOLE. Withdraw the motion?

Mr. BYRD. Withdraw the request.

Mr. DOLE. Mr. President, I made a motion to proceed to H.R. 2100.

The PRESIDING OFFICER. The question is on the motion.

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The Democratic leader is recognized.

Mr. BYRD. Mr. President, this is a debatable motion, is it not?

The PRESIDING OFFICER. The motion to proceed is debatable.

Yes.

Mr. HARKIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, as I began to say earlier, no one wants to prolong this. [Laughter.]

We are not responsible for this mess we are in.

As my friend from Montana said a couple weeks ago when we started this, we were ready to proceed on a clean bill which we could have amended, debated openly, but we were precluded from doing so.

Now I hear the words to the effect that the will of the majority of this body cannot be frustrated by one or two or three of the individuals. We have a legislative process here. It is suposed to work. Yet, we were precluded a few weeks ago—a couple of weeks ago when this thing came down—from engaging in the orderly legislative process of this body.

The Senator from Montana was frustrated for weeks because he could not even be recognized to offer his amendment. The parliamentary tree was filled up. Fine. I mean that is allowed under the rules. But this is also allowed under the rules, too.

I think we exercise this because we feel, as the Senator from Nebraska said, very strongly about this. So we are not responsible for this mess we are in. But what we are responsible for is trying to do the best we can for those constituents that we represent.

I ask you to come out to Iowa sometime and see what is happening out there; see how many farmers are going broke, the suicides that are increasing, and the John Deere plant in Waterloo that employed 16,000 people 4 years ago that employs 6,000 now. Come out and look at our closed schools, look at our families being torn apart, come out and visit the youth shelters in three or four cities in Iowa, and see the number of abused teenage kids, the battered wives, the increase in drunkenness and alcoholism in Iowa because of what is happening out there.

We are supposed to sit back and calmly let this bill go through that is even going to be more disastrous for the State of Iowa? Not on your life. We feel very strongly about this.

And I do not believe for a minute that there is not some room for accommodation on this. Reasonable people can get together——

Mr. DOLE. Reasonable people.

Mr. HARKIN. And can decide upon a midcourse. As I said, 3 weeks ago, there was a vote. The majority here decided that a 1-year freeze was not acceptable. Then later on after we had gone through this procedure here of filling up a tree, not allowing us to offer our amendments, and to follow the normal legislative process, then another vote was taken and provided for a 1-year and a 4-year freeze. Then I offered the amendment to see just exactly where people stood on that issue.

It became clear what was then afoot—nothing more or less than to impose upon the conferees a mandate for a 1-year freeze.

I think that my constituents and the farmers in Iowa and around this country deserve better than that.

I feel very strongly—as I know that the Senator from Nebraska does, too—that we would be shirking our responsibilities. As I said before in this body, I was not sent here just to rubberstamp what any President wanted, whether it was a Democratic or Republican President. We hear threats of vetoes. Well, he will veto this. I heard so many threats of vetoes in the last 10 years I have been here that I am sick of them. They threaten it, send it down, and they sign it anyway.

I am sick and tired of having this threat of a veto hanging over our heads as though we cannot do anything but what the White House tells us to do. My responsibility lies in a different area; that is, to fight as hard and as long as I can under the rules of this body to ensure that we get the best possible farm bill for my farmers in Iowa and the farmers all over this country.

I do not think we have that in this bill. I have been forced by restrictions of budget considerations, and other things. We have made cuts. The Senator from Montana had an amendment that would have allowed us to have a 4-year target price freeze had he been allowed—had he been allowed—to offer his amendment 2 weeks ago. But no, that was not what one or two individuals wanted; one or two or three individuals wanted something else.

So they proceeded to fill up this parliamentary tree so that we could not proceed down the normal legislative processes in this body.

So now we are in a quagmire, not put there by us, not by this Senator, not by the Senator from Montana nor the Senator from Nebraska, but put there because one or two or three individuals did not want to follow what the majority vote would be here on the floor of the Senate.

So I do not think we can be faulted for now standing our ground, and holding fast for what we believe in.

That is the reason I object. That is the reason I will continue to object.

If the majority leader's intent is to bring up the House-passed bill H.R. 2100, and if he wants to pass it as the House passed it, I will vote for it if that is his intent. If we want to bring up H.R. 2100 just as it was passed by the House, it will have my support. But if it is being brought up as just another means of imposing on us a 1-year target price freeze, and the other cuts that are in the bill, then I would not support it.

So I do not object to just bringing up H.R. 2100. I object to using it as a vehicle again to limit our rights to fight for what we want. So if H.R. 2100 does come up, and we want to pass it in its form, that is fine. I do not know if that is the intent of the majority leader.

I would like to ask if he would answer that question. Is it the intent of the majority leader to bring up H.R. 2100, and to pass it as the House passed it?

Mr. DOLE. The Senator knows better than that. If he wants to talk, go ahead.

Mr. HARKIN. I wanted to ask. I wanted to make it clear that is not the intent.

Well, I think once again you see that the normal legislative process here has been thwarted again not by us. We are not responsible for this mess we are in, and we are going to fight for what we believe in.

The PRESIDING OFFICER. The question is on the motion.

Mr. MELCHER addressed the Chair.

The PRESIDING OFFICER. The question is on the motion.

Mr. MELCHER addressed the Chair.

Mr. SARBANES. Mr. President, the Senator from Montana is seeking recognition.

Mr. BYRD. Mr. President, this Senator, whether we agree with him or not, is seeking recognition.

The PRESIDING OFFICER. The Senator from Montana.

Mr. MELCHER. Mr. President, the situation is one where I would like to see something happen that can resolve it. If everybody throws it in—I am speaking of the distinguished majority leader, and the distinguished chairman of the committee—we are going to have to map out hard, naturally.

As I have said earlier, I hope we are not frozen in. I hope there is some room for negotiation. I still have that hope.

Mr. President, I suggest the absence of a quorum.

Mr. DOLE addressed the Chair.

Mr. ZORINSKY. Mr. President, will the Senator withhold the suggestion of an absence of a quorum?

The PRESIDING OFFICER. Will the Senator withhold?

Mr. MELCHER. Certainly. I withhold. I ask unanimous consent that I may yield to my friend from Nebraska without losing my right to the floor.

The PRESIDING OFFICER. Without objection——

Mr. DOLE. Regular order, Mr. President.

Mr. MELCHER. Mr. President, I suggest the absence of a quorum.

Mr. DOLE. All right. Read it fast.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HATFIELD). Without objection, it is so ordered.

The majority leader is recognized.

Mr. DOLE. Mr. President, I move to table the motion to proceed to H.R. 2100 and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to proceed to H.R. 2100. The yeas and nays were ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from New Mexico [Mr. Domenici], the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], the Senator from Alaska [Mr. MURKOWSKI], and the Senator from Pennsylvania [Mr. SPECTER] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Louisiana [Mr. JOHNSTON], the Senator from Massachusetts [Mr. KENNEDY], and the Senator from Mississippi [Mr. STENNIS] are necessarily absent.

The result was announced—yeas 38, nays 54—as follows:

[Rollcall Vote No. 341 Leg.]

YEAS—38

Baucus	Eagleton	Matsunaga
Bentsen	Exon	Melcher
Biden	Ford	Metzenbaum
Boren	Glenn	Mitchell
Bradley	Gore	Moynihan
Bumpers	Harkin	Nunn
Burdick	Hart	Pryor
Byrd	Heflin	Riegle
Chiles	Inouye	Rockefeller
Cranston	Kerry	Sarbanes
DeConcini	Lautenberg	Sasser
Dixon	Leahy	Simon
Dodd	Levin	

NAYS—54

Abdnor	Boschwitz	D'Amato
Andrews	Chafee	Danforth
Armstrong	Cochran	Denton
Bingaman	Cohen	Dole

Durenberger	Kassebaum	Quayle
Evans	Kasten	Roth
Garn	Laxalt	Rudman
Gorton	Long	Simpson
Gramm	Lugar	Stafford
Grassley	Mathias	Stevens
Hatch	Mattingly	Symms
Hatfield	McClure	Thurmond
Hawkins	McConnell	Trible
Hecht	Nickles	Wallop
Heinz	Packwood	Warner
Helms	Pell	Weicker
Hollings	Pressler	Wilson
Humphrey	Proxmire	Zorinsky

NOT VOTING—8

Domenici	Johnston	Specter
East	Kennedy	Stennis
Goldwater	Murkowski	

So the motion to lay on the table was rejected.

Mr. DOLE. Mr. President, let me indicate to my colleagues that we hope to make a judgment in a few minutes on which way we are going to go. I know that many are exhausted, and I think we have to make a judgment.

I have cloture motions to file on the motion to proceed to H.R. 2100.

Mr. President, a parliamentary inquiry: If those are filed now, when would they ripen or mature.

The PRESIDING OFFICER. A cloture motion filed now would ripen in the next legislative day plus one—the day of a session.

Mr. DOLE. This is Saturday. Right?

The PRESIDING OFFICER. The majority leader is correct.

[Laughter.]

Mr. DOLE. So if we had a pro forma session on Sunday, the cloture could come on Monday.

The PRESIDING OFFICER. The majority leader is correct

Mr. DOLE. I wonder if the distinguished Senators from Montana, Nebraska, and Iowa would do this: If they want to vote on a 3-year freeze and we have a 10-minute time agreement, if the test is whether or not they have the support on a 3-year freeze, and we agree to vote on a 3-year freeze after 10 minutes of debate, and abide by the vote, then proceed to final passage, it seems to me that would be a fair proposition.

Mr. DECONCINI. I accept.

[Laughter.]

Mr. DOLE. Unless you just do not want a bill.

If that is, in essence, what the distinguished Senators desire, I must say that I am not suggesting that everybody over there vote for a 3-year freeze, because I am not certain what the outcome would be. I think we have to be very careful about the outcome, because there is a lot in this bill for a number of States on both sides of the aisle that I think are very important.

I want to get a bill signed. I know we can quarrel about costs and policy, and I am not going into that. But I have a very strong feeling that we will have to work very hard in conference to get that done. If that is the holdup or the hangup, let us give it a shot. Offer your amendment. Offer your 3-year freeze, with 10 minutes of debate, and we will have a vote. If not, let me move to proceed to H.R. 2100, and I will offer a substitute and you can start amending that. If you just want to kill the bill, say so, and we can take it from there.

Mr. EXON. Mr. President, will the Senator yield?

Mr. DOLE. I yield.

Mr. EXON. I can only state for one Senator that I think we do not need to beat around the bush. We do not need to talk. We do not need to posture. We certainly want a farm bill. But it should be clear to all now that we are not sure at all that we like or want the farm bill that has been fashioned.

With respect to the kind offer by the majority leader to vote on a 3-year freeze, certainly the majority leader and all in this room know that we had ample opportunity for that kind of vote had we wanted one.

There has been a great deal of talk around here about fairness, about butting one's head against a stone wall, about going along with the majority.

In the first place, let me say that the parliamentary situation we are in is of the making of the majority leader and no one else. When he started down that tree route, as has been indicated on several occasions by the Senator from Iowa and others, it prevented us from offering a whole series of amendments. I did not criticize the majority leader for doing that, and I do not criticize him for doing that now. He thought that the best way to pursue the position he was supporting was to take that route. As he took that route, of course, he got himself into the position that he finds himself in now; and certainly we are not going to destroy whatever position we now have by agreeing to a 3-year freeze vote.

It may well be that the majority leader is correct in assuming that he is not sure how that would come out.

I have a pretty good idea how it would come out and I have a pretty good idea how the votes were going to come out after we were successful by two or three votes in defeating the first 1-year freeze amendment offered by the Senator from Indiana, as I remember it.

So I simply say to the majority leader we have been mindful and we have been watching the structuring of the votes, the building of the trees, all primarily designed to carry forth the position as outlined by the Senator from Kansas, the distinguished majority leader and representing basically the position on a 1-year freeze, with other shortcomings, in our opinion, on the agricultural bill.

Then, when that first 1-year freeze failed, there were a whole series of meetings that many of the Senators on both sides of the aisle knew about. Then and only then did we lose the votes that we thought we had and were counting on to have a fair up or down vote on a 3- or a 4-year freeze.

We all know how some votes were taken away. We all know or can pretty well imagine the deals that were made with certain Senators to destroy a coalition that we thought on the merits of the case would support our position.

But once again those are tools that the majority leader uses and I do not fault him for using those tools.

Therefore, I hope that he will not fault us for using the very limited tools that we have now available to use and the proper use of one of those tools, in the opinion of this Senator, would not be to agree to a 10-minute debate and then followed by a vote on a 3-year freeze.

Mr. DOLE. Mr. President, it is obvious that it seems to me the Senator wants a free freeze. He does not want to vote on it. He wants someone to give it to him.

I do not know—I never had that success in the legislative body that if I did not have the votes I got my way anyway.

I really think the underlying concern here is who is going to determine what happens in the U.S. Senate, whether we are going to have 3, 4, or 5, 6, 70, 80 or 90 and I understand it does not take many to hold up progress on the eve of an announced recess.

But I do not see any other—I do not want to detain my colleagues any further. Again we could vote on the motion to proceed. I renew the vote on the motion to proceed.

The PRESIDING OFFICER. The question is on the motion to proceed.

Mr. EXON. I could not hear the majority leader or would he please restate it or the Chair advise the Senator from Nebraska?

The PRESIDING OFFICER. The majority leader has the floor.

Mr. DOLE. I wanted to get a voice vote on the motion to proceed to H.R. 2100.

The PRESIDING OFFICER. The question is on the motion to proceed.

Mr. EXON. Mr. President, reserving the right to object.

The PRESIDING OFFICER. All in favor signify by saying, "aye."

Several Senators addressed the Chair.

Mr. SARBANES. I ask for the yeas and nays.

Mr. MELCHER addressed the Chair.

Mr. SARBANES. I suggest the absence of a quorum.

Mr. BYRD. Mr. President, I ask for the yeas and nays; the Senator suggests a quorum.

Mr. DOLE. I wonder if the Chair might then recognize the distinguished Senator from Montana.

The PRESIDING OFFICER. The Senator from Montana is recognized.

Mr. MELCHER. Mr. President, the parliamentary procedure. I believe we are in is we are on a debatable motion. Might I ask the Chair that?

The PRESIDING OFFICER. The motion to proceed is a debatable motion.

Mr. MELCHER. Mr. President, might I further inquire whether the Senator on his feet seeking recognition will be recognized to debate that motion?

Mr. DOLE. They have been recognized.

The PRESIDING OFFICER. The Senator has the right to ask for recognition.

Mr. MELCHER. I thank the Chair.

I was confused because it seemed as though we were all of a sudden voting when we were seeking recognition. But I think the request or the suggestion of the majority leader about where we were is the suggestion I made earlier.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. EXON. I yield.

Mr. BYRD. So that I might withdraw my request for the yeas and nays. That request is still before the body and the Chair has not put it. I withdraw it.

Mr. MELCHER. I thank the Senator.

I think that is a way out of here and, as I have described earlier, discuss that with the distinguished majority leader and the chairman of the committee, the manager of the bill on this side, and get on the thought perhaps we would find some accommodation that way. That did not seem to pan out.

Now, I think what is obvious is that we would like to see what further could be worked out.

Mr. DOLE. Will the Senator yield?

Mr. MELCHER. I am delighted to yield without losing my right to the floor.

Mr. DOLE. We can vote on a 3-year freeze. That is what the Senator indicated earlier he wanted today. Now let us vote on it. If you do not have the votes why should someone hand it to you?

Mr. MELCHER. I was going to address that point.

Mr. DOLE. I know you can lock up the farm bill but there are a lot of people in this Chamber who have farmers who may like what we are doing. They are not certain but they would like to see what comes out of the conference.

Mr. MELCHER. Mr. President, have I yielded the floor?

The PRESIDING OFFICER. The Senator from Montana has the floor.

Mr. MELCHER. I was going to discuss that point. We came to the floor with a bill with a 4-year freeze and we would like to retain it. We lost that in effect when we lost the vote on the majority leader's amendment containing both the 1- and the 4-year freeze.

I think it is bad procedure to have the two in the bill. I do not think it means much. What is the Senate's position? Is it 1 year or 4 years?

My suggestion to the distinguished majority leader and the manager of the bill, the distinguished chairman of the Agriculture Committee, earlier in the day was let us clarify this and let us get on with the business of something that we feel comfortable in and we can get away from a long protracted delay of this farm bill. That is what I suggested, a 3-year freeze and get the cost savings down, reduce the cost in the bill enough to arrive at the point where we were not just under the budget but where we are at the point where the administration would feel comfortable enough with the bill to indicate approval.

Obviously there are several advantages to that.

No. 1, to avoid doing what we are doing right now, delay here, stall, stymie. No. 2, to put us in a clear position to go to conference with the House, not have a 1- or a 4-year freeze in the same bill. Clarify that and allow that point to be sort of put to rest before we get into conference.

The House conferees tell me they are going to hold out long for their 4- or 5-year freeze. If they have a 5-year bill, it will be a 5-year freeze. If they have a 4-year bill, it will be a 4-year freeze. They are going to hold out long for that. That serves no particular purpose in expediting this legislation, either delay here or delay in the conference.

These suggestions were made in good faith and are, I think, very practical suggestions.

Third, the question is what will the administration accept? This talk about a veto, I believe, has been overdone, perhaps. But, nevertheless, we do have an executive branch that has to agree with whatever the Congress passes or it does not become law.

So what is the true position? Where is the bottom line of the President? We will find that out as quickly as possible on this point.

The cost? If the cost is right, whatever agreement we arrive at on the freeze position, whether it is 4 years or 3 years, is that all right with the administration? Now these are all very practical suggestions and I do not suppose I am reciting to you anything that you would not believe was in our discussion earlier this afternoon.

I do not think we ever get to too late a stage to where we cannot work out some accommodation rather easily. But if we are locked into that position forever, I hope that is not the case. I think that is a poor way of going, certainly the protracted method.

Every step of this, by the way, here in the Senate tonight and in the conference and what the White House and the administration will truly accept, every one of those steps is very important to understand so that we can expedite this procedure. We have all these amendments that still have to be ironed out and dovetailed with whatever the House has. And this is a big procedure in itself.

But the underlying, I guess you can say the bottom line is, What is the final package going to be and can the administration accept it?

Mr. EXON. Will the Senator yield?

Mr. MELCHER. I ask unanimous consent that I may yield for a question and still retain my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. EXON. Mr. President, I would like to ask my colleague from Montana if he did not think it would be a good idea—and I would hope that the majority leader and the two managers of the bill could hear this question—would it not be a good idea, since so many magical things have happened on the debate of this farm bill down in the majority leader's office, would it not be a good idea, in an attempt to compromise and to reach some possible understanding that maybe cannot be reached, would it not be a good idea for the majority leader and the distinguished chairman of the Agriculture Committee and my colleague, the ranking member of the Agriculture Committee, and Senator MELCHER to possibly go to the majority leader's office to see if some accommodation at least cannot be listened to or possibly advanced?

I, for one, would be willing to be bound by whatever unanimous agreement could be worked out by those four people in whom I have a great deal of confidence. Does the Senator from Montana think something like that might begin to form an end to the impasse that we presently find ourselves?

Mr. MELCHER. Well, I thank my friend for the suggestion, and hope springs eternal. Of course, I would hope that something like that could be worked out. That is what we have been discussing.

Now I ask unanimous consent that I might yield to the distinguished Senator from Michigan for a question without losing my right to the floor.

The PRESIDING OFFICER. Without objection.

Mr. RIEGLE. I thank the Senator for yielding. I wanted to ask a question. Has there yet been an opportunity for the Senator from Montana and possibly Senator EXON and also Senator HARKIN, who have strong feelings here, to have the chance to sit down in the kind of session off the floor that has just been described by the Senator from Nebraska? I ask the question because we do that all the time around

here. I can think of dozens and hundreds of times where we have done that where we have had a snag. And I sense maybe there is a way to find an answer. I just say that to my colleagues on the other side of the aisle.

I am not sure we are that far from finding a way to resolve this issue if the desire is there to do it. I, for one, would like to see if we could not perhaps find that solution. We balanced this bill any number of times along the way to meet the needs and concerns of individual Senators. This has been a moving target as this adjustment process has gone on.

It seems to me that if the potential is there in a meeting this evening, or early this morning that might take place now or even tomorrow morning after people have had some rest, to try to see if that kind of formula cannot be found, it seems to me that that makes good sense.

I will just finish by making the observation that I have seen us do that a lot of times around here. That is not an unusual procedure. In fact, more often than not when you have snags like this it is the normal procedure to do that.

If we want to fight it out here on the floor in terms of who is more determined than whom, it seems to me we can end up staying a long time and wasting a lot of time. And I am not sure that helps a lot of our farmers, or anybody else for that matter.

So I guess my question would be to the Senator from Montana: Has there been such a meeting as that? Has there been a meeting where he and the Senators from Nebraska and Iowa have had the chance to sit down with those on the other side of the aisle to see if we could not find a solution? And if not, I am wondering if he and the others would be willing to take part in a meeting like that to see if we cannot resolve this as we normally do when we get impasses of this kind.

Mr. MELCHER. I think the question of the distinguished Senator from Michigan is a very understandable question and he has outlined a very reasonable scenario by framing his question.

The answer to that is that I did have the opportunity—I suppose others might have too—extended so courteously and generously by the majority leader and distinguished chairman of the committee to do that. I was not sure what the answer was except, as the hours went by, I was afraid I did not think it was worthwhile. But it is still possible.

Mr. DOLE. Will the Senator yield at that point?

Mr. MELCHER. Yes.

Mr. DOLE. As I recall, we had a good visit. I do not want to downplay the visit. Sort of the nub of it was you would like to have a 3-year freeze and I would like to vote on it right now. We are ready.

Mr. MELCHER. I was getting to that point.

Mr. DOLE. I want to get to the vote. A lot of these people have plans. They have planes to catch. They have families. Let us offer the amendment.

I do not know what you gain. If you want a 3-year freeze—I cannot deliver a 3-year freeze. I would be run out of town by this side of the aisle. But I am willing to put it up for a vote. I can offer it myself, you know. Why do you not offer it? You are the one that wants the 3-year freeze.

Mr. MELCHER. Are you asking me? I was just getting to that point.

The position we are in——

Mr. DOLE. You do not have the votes; that is the position you are in.

Mr. MELCHER. At 2:20 a.m. is not conducive to discussing this matter. As a matter of fact, on the motion to proceed, we could clear up a couple of deals and get to the point rather quickly.

But I believe, while the offer is made, it is obvious at this point that it is not what we are talking about. Getting to a quick vote, where, obviously, I believe the vote we just had we could look at and would indicate the result.

Mr. DECONCINI. Will the Senator yield for a question?

Mr. MELCHER. Yes; I yield for a question without losing my right to the floor.

Mr. DECONCINI. I wonder if my good friend from Montana would answer this question.

Does he favor a 3-year freeze? Can he tell me that? Or has he changed his position from earlier in the day?

Mr. MELCHER. No. I have not. I tell my friend I think that is a good solution. But it is meaningless if we are just going to have another rollcall, and we do not resolve a resolution of the problem.

Mr. DECONCINI. If my friend will yield, will that not be a first step to go ahead and see what kind of problem we have after we vote for a 3-year freeze? I would like to vote for a 3-year freeze. I tell my good friend the sooner we can do it the more I am likely to vote for a 3-year freeze. [Laughter.]

My farmers really do not care. But I would like to help the good Senator from Montana and others who want a 3-year freeze. I would like to go ahead, do so, and urge my friend to do so.

Mr. MELCHER. I thank my friend from Arizona. He has been very considerate during this whole process while we have gone through the farm bill thus far. I hope his very generous considerations will continue as we proceed. I do not like the situation we are in right now at all. I would like to have it resolved.

I think the real point is, unless there is going to be some understanding that we can resolve it and vote right now at this time of night, it is not going to be very successful for us, I am afraid. I have not personally counted who is there, and who is not there. I shall do so. But we are in a position now to discuss this very thoroughly, why we do not have a freeze with this bill, and what that means to us that represent some producers that are really looking at what is ahead for the next 4 years.

Also, earlier there was mentioned that part of the discussion with the distinguished majority leader and the committee chairman which involved the credit situation which hopefully we can get close to resolving.

The remarks that were made by the distinguished majority leader earlier indicated that had a good possibility. I am delighted to hear that. If we can get rid of this problem, I think we would be taking the necessary step to get to the farm credit situation.

In many instances with many producers, the farm credit situation is more severe and more in need of some action quickly that can be addressed in this farm bill.

In other words, the farm credit bill may be even more important to a lot of producers than anything that is in this farm bill.

So we are getting somewhere, I think, in the area of trying to help agriculture that is distressed. I have to repeat what has been said by myself and others earlier. What is in here now for wheat farmers, and I am told corn farmers—I can speak for the wheat farmers myself, but I am told also by Senators from corn States that the same is true with corn farmers—is precious little, and not enough for us to feel like we have done the right kind of a job at all unless we can straighten out this freeze.

Mr. EXON. Will the Senator yield for a question without losing his right to the floor?

Mr. MELCHER. I yield the floor if the Senator desires.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Nebraska.

Mr. EXON. Mr. President, I renew once again the suggestion that I made in the form of a question. It seems to me that if we are hearing here on the floor that those on the leadership on that side of the aisle will not even sit down and talk with the managers of the bill on this side because they do not even want to listen to what they have to say, that is a pretty high-handed position to take.

I renew my suggestion. What is wrong, what possibly could be hurt either now at the option of the majority leader or in the morning or sometime in the morning, I mean later on this morning, for the majority leader and the chairman of the Agriculture Committee, my colleague from Nebras-

ka, and my associate and colleague from Montana to sit down for 15 minutes and have a talk?

I do not have to be there. I do not suspect anyone else on this side has to be there. Maybe we can even suggest that we take, if you want to do it now, a half-hour recess, have a 15-minute session where the Democrats could meet with our representatives, the senior Senator from Nebraska, and the Senator from Montana, and be in the Senator's office in 15 minutes to meet. Maybe there is just a chance, you know, that we could work something out, or if that is not possible, if the Senator does not want to even consider it, we will be forced to proceed under the circumstances that we now find ourselves in.

Mr. DOLE. Mr. President, I do not want to help you out on this filibuster. I want to indicate we have had some good visits. I am accustomed to visiting with my colleagues. I think I have visited nearly most of them in the past few days on the farm bill including a number of visits on and off the floor with the Senator from Montana.

But the bottom line is he wants a 3-year freeze. He does not want to vote on it. If I were making a judgment outside of this Chamber, and some had a 3-year freeze, but they did not want to vote on it, I would wonder. I do not understand that. The Senator cannot have it both ways, not here or anywhere else. The Senator can stand up here and talk and talk and get a lot of headlines somewhere, but I think when it is all said and done we are either going to get a farm bill or we are not.

Again I want to repeat what I think the call is for the rest of the year. We may not go out here until Wednesday or Thursday. I apologize to my colleagues right now. But I believe we are determined—many of us who want a farm bill. There is no need to walk away from it. We will come back tomorrow morning. We will come back this morning at 9 or 10 o'clock. We will not do anything until noon or 1 or 2 o'clock, and everybody misses another day of their vacation with their families. I will have to accept the responsibility for that.

But when we come back on the 2d of December, if we leave, the 2d of December is going to be devoted to debate on a Boren amendment, on political action committees, and take off the low-level nuclear waste compacts, one that affects Oklahoma, and we are going to offer the PAC amendment to that particular issue.

We are going to debate that on Monday, and I just indicated to the distinguished minority leader earlier we would vote on it after 2 o'clock on Tuesday. Following that I have indicated to the Senator from Idaho, Senator MCCLURE, chairman of the Energy Committee, that we might spend a couple of hours or the balance of that day on Interior appropriations. That is the end of the 3d of December.

Then you have the 4th, 5th, and 6th. There are a number of items that Members have asked me to bring up. We are going to try to accommodate Members. One of them we have taken care of today, the child nutrition legislation, which was not on the must list. That is on the way to the House.

I do not say the 12th is that important. Maybe the 19th is just as satisfactory. But I do believe that we must have a farm bill. I think if you took a poll in this Senate on either side among farm State Senators it would be nearly unanimous. But what do we do? I do not say it critically of anyone.

When you have eight or nine to one who wants to do something, you cannot do it. You have two choices—to capitulate, which I do not intend to do, or to tell the farmers, well, we cannot get a farm bill because we have a Senator from Nebraska, one from Montana, and one from Iowa who will not let us vote even on the proposal they wish—a 3-year freeze. If I were a farmer saying, let us see now, I wonder why we did not vote on a 3-year freeze with all of this talk about not amending. There have been more amendments on both sides—130-some amendments offered to this bill. Nobody was denied a right to offer amendments. No one was shut out. We did get some time agreements.

But I do not see what could be accomplished if we cannot vote. Let us vote, and then have the meeting.

Mr. BYRD. Mr. President, will the distinguished majority leader yield?

Mr. DOLE. I am happy to yield the floor.

Mr. BYRD. Mr. President, the distinguished majority leader——

The PRESIDING OFFICER. The Democratic leader is recognized.

Mr. BYRD. I thank the Chair.

I say to the distinguished majority leader that he and I have been up now without rest for 20½ hours. We have here a very strong clash of wills. I know that the burdens of the majority leader are heavy. I know that he has the responsibility to schedule the program, and get legislation passed, and it is hard to do at times.

My suggestion would be—and I offer it in good faith, and in the spirit of trying to reach some accommodation at some point—to the distinguished majority leader that we go home, and let tempers cool. When he comes back in later today, if he does, he still might not get a bill passed. But if I read this situation correctly—maybe I am wrong—I do not think this bill will be passed tonight.

We can stay here until 4:30 in the morning or we can be here at 9:30 in the morning. The Senate will still not have passed this bill. So what should we do? Should we go until 9, 10 or 12 o'clock tomorrow and still not have a bill passed? Senators will have missed their airplanes. Or should we go home and let things cool off. Maybe something can be worked out tomorrow morning. If they cannot be, we are still no worse off than we are now. In the meantime, we will have gotten a little sleep. Some of us have wives who are also awake at this hour and will not sleep until some time tomorrow if we do not get home by then.

I hope the majority leader would do this and start off fresh in the morning.

I realize this is a gratuitous suggestion, but it seems to me that this is the best way, at this hour in the morning, to proceed.

I have had the same situation in the past, but there comes a point in time when we have to recognize that some things are just not going to move. When we reach that point, it is no defeat to say, "Well we cannot finish tonight. Let us go home and try again tomorrow."

If the majority leader suggests we come in on Monday, he can call us in.

I would offer that and hope that the majority leader will hear it in the spirit in which it is offered.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, I discussed earlier this evening with the minority leader that we had to make a judgment one way or the other. But I am importuned by Members on both sides who would like to do other things for the remainder of the week. Some want to sleep who are asleep. In the cloakroom are cots. Five of ours have gone home. That ought to tempt you. Five.

Mr. MELCHER. It might become very tempting. We are not saying that the majority leader is not generous in his offer. We are just saying that we are going to need some time to see where we are. At someplace we might like the generous offer of the distinguished majority leader but we do have that opportunity at another point when we get to it to offer that amendment on our own. At this time we just do not think it is a very good time.

Mr. DOLE. Why not end the agony of people who would like to do other things for the 3, 4 or 5 days before December 2? Why filibuster the motion to proceed to the House bill that you would like to have? I am trying to go to the House bill that has all these things you want and you will not even let me go to the House bill, H.R. 2100.

Mr. MELCHER. I do not want the majority leader to misunderstand.

The PRESIDING OFFICER. Will the majority leader yield?

Mr. DOLE. I yield for a question.

Mr. MELCHER. If we adopted the House bill, would the next motion be

something in the nature of substituting what we have done to the House bill or would we just start working on the House bill?

Mr. DOLE. No, no. We would have a little substitute.

Mr. MELCHER. I do not want to repeat all these amendments if we can help it on the House bill.

I am of the feeling that we probably have not talked enough about what we need to get this whole process moving smoothly. I do not want to go all through this amendment process again. I participated in a great part of it in terms of looking at the amendments that were being offered. I think there were possibly more from the other side than there were from our side. That process has been done. I hope we do not have to go through it all again. I do not believe anybody wants to. I certainly do not want to. I think the majority leader has made a kind offer. I just do not think the offer—well, we have to think about it. I may want to discuss this with the majority leader and the distinguished chairman.

Mr. DOLE. What you are saying is that you are not willing to abide by the outcome of the vote of your colleagues. They voted down the 3-year freeze and you want to continue the filibuster. That is the way it works around here. If you offer an amendment, it seems to me if you have a vote on it, you abide by the results. If you win, I may be the one who would be filibustering. At least you would get away from that. But if you lose we would pass the bill and go to conference where the very able Senator is a conferee.

I have known the Senator from Montana for a long time and I do not think he will retreat in the conference, be a shrinking violet and not say anything, and not reflect the views of the people who share his feelings on that side of the aisle and our side of the aisle, because he has friends on both sides of the aisle.

I am just puzzled why the Senator would be filibustering a bill that he would like to embrace. I do not understand that. I have not been here that long.

Mr. SIMPSON. Mr. President——

Mr. DOLE. Mr. President, I yield to the Senator from Wyoming.

Mr. SIMPSON. Mr. President, I was just reflecting on what the minority leader has told us should be done, and I agree with him in that sense. I have been here 7 years.

He says we will be able to move the farm bill issue. In my 7 years here, we have never moved a farm bill issue. I can think of PIK. The reason we got stuck with PIK is because we could not do a statutory PIK on this floor because of the Senator from Montana. I remember that.

So we then ended up with an administrative PIK which is also referred to by some as administrative PIK-pocket, which generosity went to some of the biggest heavy hitters in the United States.

I am fascinated, absolutely fascinated. I come from an agricultural State. Lord, they do not even know what we are talking about. They cannot figure it out. They cannot figure out why our neighbor to the north, who is a remarkable Senator, whom I watched while practicing law in Cody, WY, does things that puzzle any guy who grows wheat, corn, or anything—soybeans—you name it the issue is we never ever get to a farm issue because of my neigbhor to the north.

If somebody can point that out differently for me I am sure my neighbor to the north will point it out to me. I can remember farm issue after farm issue after farm issue on this floor which, in some way or another, has been stalled by the Senator from Montana, my neighbor to the north.

He puts a cool breeze on everything that comes up with regard to farm issues. I do not know why that is. But what is more puzzling is when I go home, they say to me, "What is it? How come we cannot plant our wheat every year—or no year—without knowledge of the program?"

I say, "I don't know. Every time it comes up, there is a wheat State Senator who does not let us get that done."

They say, "Well, that is odd."

I say, "Yes, it is. It is quite odd to me, too."

To say that the majority leader is not accessible or cooperative, is not so, for all of us know he is. He is at least always one thing, he is patient, patient, patient beyond my every possible belief. If I were thrashing around in this, I would have egg all over my face by now because there are ways to do things so that we can do our business. They are not always good—and would probably be impatient. But we do not ever do farm business in this place—and every time I look at the spoor on that trail, it leads to my neighbor from the north.

So we do not plant wheat. We cannot do that because we do not have any steadiness of policy. No wonder the farmers are confused. There is not any way they could help but be confused because there is no stability; we do not give them any. There is nothing there.

I do not know what the motives are I really do not. But somewhere along the line, there is always a reason for something and then there is always a real reason for something. I hear the reason for something given here but I do not know what the real reason is.

Just let me finish I have not said a thing in this debate.

Mr. DOLE. If the Senator would complete his question.

Mr. SIMPSON. It is a little long! I have not seen a thing in this debate that would show me what we are really doing for the little guy in the Oshkosh B'gosh overalls with the hoe in his hand. We play with the big ticket guys, the rice cats, the corn cats, the wheat cats, all of them heavy hitters. Then we get up and talk about that poor little guy. I do not see anything going out to him at all. I just see the heavy money streaming out the door and then we hear about the poor old little farmers of America. We gave them $63 billion of the taxpayers money in 4 years—and more. It went down the rat hole faster than at any other period in our history. It did not work. They are hurting bad. How fascinating.

I do not know what the real reasons are as we stall along here because I personally do not spend too much time trying to figure out how to roll bombs over to the other side of this aisle; how to blow up my friend DAVE PRYOR from Arkansas, or DENNIS DECONCINI of Arizona, or ALAN CRANSTON of California, how to roll one over there and just see it go poof, just see how to rip them up.

There are guys on that side of the aisle who do not particularly like that art form, and on this side, too. But there are some guys, about 10 or 15 of us, who just love to trash the other guy. They do not give one whit what the issue is. Not one whit.

Maybe they want to get BOB DOLE. He is an oddity you see. He may just run for President of the United States. It would be well for them to blow him up before he gets to that point; if we could just pick off BOB DOLE in 1986.

Mr. BIDEN. Could we vote on that?

Mr. SIMPSON. I hear my good friend and colleague from the Judiciary Committee airing a comment. Why if we could do that, that would be a noble purpose, no matter how long it takes. Of course, it may take until Thanksgiving Day.

So I shall now repair to my chambers. I have those just down here now. I have a cot in there and will rest lightly.

Mr. FORD. Is it long enough?

Mr. SIMPSON. I am sure some will remain here for the debate and require a colostomy bag for the next 4 days.

I think it would be a dandy idea to vote on a 3-year freeze. That is what my neighbor from the north has asked for. But I know assuredly that he will not—because in 7 years of being here he has proven it to me absolutely, totally, and completely.

I thank the Chair.

Mr. DOLE. Mr. President, I withdraw my motion to proceed.

The PRESIDING OFFICER. The Senator has that right.

The motion to proceed was withdrawn.

Mr. DOLE. Mr. President, what is the pending business?

The PRESIDING OFFICER. The amendment of the Senator from Minnesota [Mr. BOSCHWITZ] is the pending business of the Senate.

Mr. DOLE. I ask unanimous consent that that amendment be set aside.

CLOTURE MOTION

Mr. BYRD. Mr. President, I send a cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on the Dole motion to recommit with instructions S. 1714, a bill to expand export markets for United States agricultural commodities, provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes.

J. James Exon, John Melcher, Alan J. Dixon, Robert C. Byrd, Tom Harkin, David Pryor, Alan Cranston, Quentin Burdick, Lawton Chiles, Ted Kennedy, Jim Sasser, Wendell Ford, John D. Rockefeller, John F. Kerry, Joe Biden, and John C. Stennis.

AMENDMENT NO. 1166

Mr. DOLE. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Kansas [Mr. DOLE] proposes an amendment numbered 1166.

At the end of the amendment add the following:

SEC. . Notwithstanding any other provision of law, the established prices for each of the 1986 through 1988 crops: wheat, feed grains, upland cotton, and rice shall not be less than the established prices for the 1985 crop of such commodities.

Mr. DOLE. Mr. President, this is a 3-year freeze, that very thing that the distinguished Senator from Montana proclaimed he wants. I do not want a 3-year freeze, I want a farm bill. I do not know any way else to get this issue before our colleagues so they understand who is holding up the bill. It seems to me that one way to resolve this dispute before we add further discomfort to our colleagues is to have a vote on the 3-year freeze.

I hope that my colleagues, in the spirit that should prevail at this time of the year, would let us proceed.

Mr. MELCHER. Mr. President, may I inquire of the majority leader, does this strike out the 1 and 4, or would we have 1, 3, and 4, if it prevails, in the same bill—a 1-year freeze, a 3-year freeze, and a 4-year freeze—or is it just 3 years and strike out 1 and 4?

Mr. DOLE. It does not strike out 1 and 4.

Mr. MELCHER. And we have 1, 3, and 4 in the same bill?

Mr. CRANSTON. If the majority leader will yield, would not the fact that this comes in at the end of the bill and contains the language "notwithstanding any other provision" make the 3-year freeze the provision predominating in the bill?

Mr. DOLE. As I understand predominance, it would not work that way.

Mr. CRANSTON. But in the consideration of the Senate before it goes to the conference, that would be the predominant position taken by the Senate.

Mr. DOLE. I hope it is not the predominant position taken by the Senate. All I am trying to do is find out somehow if we can get a test vote of some kind and maybe satisfy the Senators from Iowa, Nebraska, and Montana, because I understand that is precisely what they want to have a meeting for. Maybe the Senator from Iowa has 9 or 10 other things.

Mr. HARKIN. If the majority leader will yield on that point.

Mr. DOLE. I yield for a question.

Mr. HARKIN. I do not know why the majority leader keeps talking about just the 3-year freeze. There are a lot of other options. I can only speak for myself. I was never invited into any of these meetings. I do not think my colleague was, either. I cannot speak for him; I know I was not. I think Iowa is the second leading State in the Nation in terms of agricultural products and what we sell. But there are other options. My colleague from Iowa came up with one that was going to be a 1-year freeze, then a 5-percent reduction when the years were out and those 5 percent were going to be made up with PIK type grains. That is another option that has not even been explored yet.

I do not know if the 3-year freeze is going to be it.

That may be one option, but there are other things that might be worked out that have not been discussed at all. I do not know why this 3-year freeze keeps coming up as the only thing that needs to be discussed. There are other options and other proposals.

Mr. DOLE. I would be glad to offer those, too. I will offer those for the Senator if he wants me to.

Why does the Senator not offer the amendment, with all these options he has? He has been offering amendments all day long, all day yesterday, with no constraints. Everybody had an opportunity to offer amendments.

Mr. HARKIN. If I could have some time to speak, 3 or 4 minutes, I would like to respond to that.

Mr. DOLE. I want to get a vote here. I have the floor.

Mr. HARKIN. I would like to respond to that.

Mr. EXON. Will the majority leader yield?

Mr. DOLE. I yield for a question.

Mr. EXON. The question is why is it that we have been holding meetings on everything under the Sun on this bill in the magical room down the hall, but we cannot hold a meeting on what has this place tied up in a knot right now? I associate myself with the remarks of the Senator from Iowa. I have not been called in. I did not want to be. The majority leader has not talked with me about the freeze proposal at all. As far as I know, he has not talked to my friend and colleague, the manager of the bill on this side, about a freeze. I think there have been no negotiations whatsoever on the freeze, with the possibility of one conversation that was held between I believe the majority leader and the chairman of the Agriculture Committee and my friend from Montana. I believe that the manager of the bill on this side was left out of that, as far as I know.

What I am saying is that there is some additional input that I would like to make, not for myself but through my colleague from Nebraska, who is the manager on this side, and Senator MELCHER, that could possibly break this impasse. But I take it from the statements that have been made thus far by the majority leader he is going to try and roll his juggernaut over us. He may get the job done and probably will. But he better get rolling with it.

I would simply say once again, which is the question, why is the usually amiable majority leader, who seeks compromise, not in a position to even talk compromise at this moment?

Mr. DOLE. Let me indicate I did not know the Senator from Nebraska wanted to discuss it. He never approached me on it. The Senator from Montana did. And we have not only had one visit, but we are friends. We have known each other a long time. We visited all over the floor. We visited in my office. We visited with the Senator from Iowa about farm credit, the Senator from Nebraska about farm credit. He did not raise anything about a 3-year freeze or a 10-year freeze.

I cannot read minds. I do not know what is on everyone's mind as far as a solution to the farm bill. I am just trying to figure out how to get out of this mess. There may not be any way. Senator BYRD's suggestion is sounding better and better as I look at the clock. But I think we ought to have a vote before we do anything. Let us try to express ourselves on a 3-year freeze.

Now, a 3-year freeze would be vetoed, but I think that is really what the three Senators want, for the President to have to veto it. Then we could not get another bill passed this year, and somehow that would be blamed on the President or Republicans. That is a perfect right they have. But I am not certain how that is going to play in the farm belt.

I want the President to sign a bill. I think the President should sign a bill. We are going to lean on the President to sign legislation.

Mr. SIMON. Will the majority leader yield?

Mr. DOLE. Yes.

Mr. SIMON. It seems to me that the minority leader made a suggestion that just is eminent good sense, that we recess, that tomorrow morning the majority leader and my three colleagues and whoever, the Senator from North Carolina, get together and see if there is, on this one vital issue, in an hour, an hour and a half, a compromise. We can vote on a 3-year freeze. We know what is going to happen. We will have accomplished nothing. Some kind of practical compromise is going to have to get worked out. We are not going to do it at 3 a.m. I urge that we recess until 11 o'clock tomorrow, or 9:30, the majority leader and TOM HARKIN, JOHN MELCHER, and JIM EXON meet and see if something can be worked out. Does that make sense?

Mr. DOLE. I know it is seriously offered, and again I do not know how we can reach an agreement if what they want is a 3-year freeze, and a 3-year freeze is pending and we cannot vote on it.

Mr. SIMON. The Senator from Iowa has suggested that maybe there is some compromise.

The PRESIDING OFFICER. The Senate will be in order.

Mr. SIMON. And the suggestion of the Senator from Iowa [Mr. GRASSLEY]. I do not know. The majority leader has been in this process a long time. I have been in this process a long time.

I have to believe there are practical compromises that can be worked out by men and women of good will if we just sit down and try to work them out.

I thank the majority leader.

Mr. DOLE. Mr. President, I want to make certain I do not offend anybody, but I would like to have a vote on this amendment. Is that going to be objected to?

I yield for a question from the Senator from Iowa.

Mr. HARKIN. I do not have so much in the way of a question as I do a short statement in response to a couple things that have been said this evening. I suppose we are going to get a vote on this, but if the majority leader will yield without losing the floor for just a short statement, I would like to be able to at least say something.

Mr. DOLE. I am willing to yield for a couple minutes without losing the floor.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. HARKIN. I thank the distinguished majority leader for yielding. I want to respond to the comments made by the distinguished Senator from Wyoming about the Senator from Montana.

We all have different perceptions of people as we see them. We see them from different angles at different times and different places.

I served with the distinguished Senator from Montana in the other body, on the House Agriculture Committee, for quite a few years.

Mr. RIEGLE. May we have order, Mr. President.

The PRESIDING OFFICER. The Senate is in order.

Mr. HARKIN. I served with him for quite a few years over there, and I always found him to be forthright, amiable, always willing to try to do the best that he could for farmers.

Yes; he can be hardheaded. You darned right he could be. But I always found that his hardheadedness was in the right direction. That was a deep and abiding faith in our family farm structure, a deep and abiding conviction that we here have a role to play in preserving and protecting the system. I never found in the other body, and I have not found it this year, that he was ever trying to blow things up or blow anybody up. But I found in every instance during the debate, the long debate in the markup sessions in the Senate Agriculture Committee, the distinguished Senator from Montana was one of the few individuals who was always there on time, always paid attention, always knew what was going on, and always engaged in the markup sessions. Would it be that all other Senators were so diligent in carrying out their responsibilities. So I see the distinguished Senator from Montana perhaps in different light, one of an individual with very deep convictions and a willingness to fight long and hard for those convictions that he holds. I do not see anything wrong with that. I think that is a good trait.

Lastly, the distinguished majority leader keeps talking about wanting to have a farm bill that the President can sign. I would like to have a farm bill that the President can sign, but just what kind of farm bill? If it is going to be a farm bill that is going to rip the heart and soul out of the State of Iowa, that is going to cost our farmers $1.1 billion by estimates I have seen from the bill that we have before us, do I want the President to sign that bill? Of course not. I do not want the President to sign that bill.

Now, I might view it differently if I came from Louisiana or Texas or Massachusetts or California. Things might look a lot different to this Senator, a lot different. But there are things that could be done. I know that disaster payments are now going to go to some farmers who are hard hit in parts of the South and Louisiana, soybean farmers. They deserve it and ought to get it. But I point out that 2 years ago when the farmers in my State had a disaster, they did not get any disaster payments, not one bit. We asked for them—the Governor of Iowa, a member of the Republican Party.

The PRESIDING OFFICER (Mr. NICKLES). The Senator's 2 minutes have expired.

Mr. DOLE. Mr. President, in order to find out what the will of the Senate is, and I am willing to abide by it, whether we stay longer or not I think if I move to table my amendment, in an effort to find out what the sentiment is—and I hope it is tabled by a big margin. I hope it is an indication that we want to conclude this.

Mr. MELCHER. Mr. President, will the Senator withhold that for a moment?

Mr. DOLE. Yes.

Mr. MELCHER. I thank the majority leader.

It is regrettable that we cannot really get to a serious point. I am not faulting the majority leader for his proposal that dramatizes a point. It really puts us in a peculiar position, the entire Senate, of voting into or attempting to vote into the bill a 1-year, 3-year, or 4-year combination of target price freezes.

On the basis of trying to avoid even the disparity between 1 and 4, in my discussion—and it was an amiable discussion, and the majority leader is very kind and generous with his time in having discussions of this nature—my only regret is that we are still at the point of 1 and 4; and if this did carry—and it will not—it would be 1, 3, and 4.

Is the majority leader going to move to table it?

Mr. DOLE. Yes: I would, if it were all right. I want to yield first to the Senator from Arkansas.

Mr. PRYOR. I thank the majority leader for yielding.

I wonder if we might have a 10-minute rollcall vote rather than a 15-minute rollcall vote.

Mr. DOLE. I think the problem is that many of our colleagues are off, and we will have to wake them up. It may even extend beyond the normal 15 plus 5, in fairness to many of our colleagues on both sides.

After this vote—I hope the amendment is tabled—I would suggest that

we stand in recess until about 11 o'clock tomorrow.

Mr. DECONCINI. Mr. President, if the Senator will yield for a question, is the only reason he is moving to table because he does not feel he could get an up-and-down vote on it?

Mr. DOLE. I could probably get an up-and-down vote.

Mr. DECONCINI. I think that would help to clarify it. It is a suggestion.

Mr. RIEGLE. Mr. President, if the Senator will yield, going back to the colloquy with the Senator from California, is it the intent to take out the 1-year and the 4-year freezes and put in the 3, or is it to add it so that there would be all three?

Mr. DOLE. the way it is drafted, it would indicate that there would be the 1 and 4 plus 3.

I must say that I am not going to convince my colleague from Montana, but I do not see any reason for this. We have a 1-year freeze and a 4-year freeze. The House has a 5-year freeze. We are going to conference, and we have all been there before. The options are unlimited. The Senator from Montana will be a conferee.

Mr. President, I will ask for an up-and-down vote. I ask for the yeas and nays.

Mr. RIEGLE. Will the Senator yield for a moment, and I will join him in seeking the yeas and nays?

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. RIEGLE. I am wondering if, in order to find out what the sentiment really is—if that is going to be the last vote tonight, we will walk out with some knowledge of what to do tomorrow—I suggest that the 3-year freeze be a replacement for the one and four so that we really get the sentiment as to whether 3 years applies or does not.

Mr. DOLE. I think we might address that later, but we need to find out.

I must say to my colleagues that I do not want this to be adopted, and do not misunderstand me. I think it would be walking into a bear trap if it were adopted. I urge my colleagues who supported us previously to give us their support.

Mr. HARKIN addressed the Chair.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The Senator from Iowa.

Mr. HARKIN. Mr. President, now it is going to be an up and down vote. As I understand it, we still have the option of debating this for a little bit.

SEVERAL SENATORS. Vote! Vote!

Mr. HARKIN. Mr. President, do I have the floor?

Mr. BYRD. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order. The Senator from Iowa has the floor.

Mr. HARKIN. Mr. President, I was cut a little bit short, and I want to finish my statement.

I keep hearing about the legislative process and letting it work. If we cannot get what we want in a 3-year freeze on this vote, then we continue on with this process. That is really not the point.

The point is really what got us here. What got us here was this kind of convoluted process we had a couple of weeks ago that prohibited us from engaging in the normal legislative process of this body. That was done, I am sure, to try to prevent an outcome that might be undesirable for one or two individuals or perhaps to the administration. But had we followed the normal legislative process at the time, then perhaps Senator MELCHER could have offered his amendment. Perhaps it would have carried. Having carried, then perhaps other Senators might have felt more free to vote for a 4-year freeze, and the outcome would have been different. We would be at a different place right now. We would probably be home. But, no, the normal legislative process was not allowed to work.

So this convoluted tree was built up, which prevented us on this side from trying to shape the legislation according to the will of the majority.

Well, now we are being asked to vote and abide by the will of the majority. But that is sort of like being put through a kangaroo court, sent before a firing squad, and complaining because you have 10 rifles pointed at you. You would rather have 10 shotguns. The point is that it is the kangaroo court that got you there.

Mr. RIEGLE. Mr. President, may we have order?

The PRESIDING OFFICER. The Senator is correct. The Senate will be in order. Senators will take their conversations to the rear of the Chamber.

The Senator from Iowa.

Mr. HARKIN. Thank you, Mr. President.

We spent months on this bill in the committee. I point out again that we were ready to vote it out. We sat there. All the individuals on our side sat there on July 15 ready to vote it out. No; we did not have the vote because the outcome of it would not be what a few people wanted it to be.

So we went on through July, and we went through August and September.

Finally, when we could not go any further, the vote itself came out just as it would have come out on July 15 with the 4-year target freeze.

That is exactly what happened on July 15, happened on September 19. Then we were held up a couple months here, for 60 days, before we really brought it out on the floor.

Then overnight we get this convoluted steam buildup. We could not vote. We could not even talk one day, and I made that point on the floor. We could not vote, and we could not talk.

So that went on for a while. Deals were made and cut. I have no problem with that. That is the way things work.

But then the next morning we get placed on our desks a 262-page, warm bill.

I just have to ask, "Is that any way to run a ship?" We have had our committee meetings, markup, we have the bill out, we have the report, and bang, we get a 262-page, brandnew bill overnight.

Why even have an Agriculture Committee? Why have any committee? Let us just let all the things be written in the back room and come out here and be put on our desk miraculously overnight and then we can have a buildup in this tree. We cannot vote and cannot talk. Then come down to the same point we are tonight, not just on the Agriculture bill but every other authorization bill that will come before this body.

Regardless of the outcome of this, and I assume that some compromise, something will be done in the ensuing few hours or the remainder of what remains of Saturday, but regardless of what happens to the outcome of this, I think it should be a lesson.

Mr. President, may we have order?

The PRESIDING OFFICER. The Senator will withhold. The Senate is not in order. The Senator is entitled to be heard. Other Senators are entitled to sleep.

The Senate will be in order.

The Senator will proceed.

Mr. HARKIN. Thank you, Mr. President.

I repeat that regardless of what happens and what the outcome is, it should stand as a lesson that from now I think it behooves the majority party on that side and the majority leader to let the normal legislative process work its way and its will through the floor of the Senate. That way you do not wind up with these kinds of situations where people find themselves in a box, unable to proceed unless there is a unanimous-consent request that can be agreed to.

That really should not be the way it works. It should be done on the vote of the majority and let the majority will work.

But a couple weeks ago the majority will was not allowed to work on this floor of this Senate. We were stifled, cut out of the process.

So I just hope that regardless of this outcome those who serve on other authorizing committees will be well warned to pay heed to what is happening right now. The same thing will happen on other authorization bills at other times. We will find ourselves in this position. I will not be here talking like this because I will not have an in-

terest in it. Perhaps it will not affect the people in my State the way this does, but it may affect some of you and your constituents, and you will find yourselves in this same box because the normal legislative process was not allowed to work.

There are other options; there are other things that can be done.

I may even vote against tabling or vote to table the amendment on the 3-year price freeze.

I think to add another 3 year with the 1 year—4 years is silliness. One-year freeze, 3-year freeze, 4-year freeze.

I much prefer a cleaner and sharper way of doing it and have the votes up or down on whether it is going to be 1 year, 2 year, 3 year, and see what the majority will of the body is.

I wish to think we should not do it tonight when it is so late. We should have a break and come in fresh tomorrow or later today and go ahead and have clear votes on that. I would not be opposed to that if we could just have up-or-down votes, not whether 1, 2, or 4, but just what it is the majority would like to have in that bill. But beyond that, as I said before, that is not the only option.

There are other concepts and ideas that others have had. As I mentioned my colleague from Iowa had one which I thought and I still think is meritorious and I think may be a way out of the dilemma if we are going to have a target price freeze for 1 year or whatever it might be, and then you are going to have reductions in the outyears, which I am opposed to. That comes as no surprise to anyone. If you are going to have that, perhaps one thing we could do is use some surplus carryover we have in a PIK fashion to make up for those decreases.

I do not know if anyone looked at that. I thought that was a meritorious idea. That has not been talked about. I think it is one of the things that could be talked about.

I mentioned the fact that disaster payments were going out to some of the farmers hard hit in the South because of storms. That is fine. As I said, I do not begrudge them that. I think they deserve it and should have it.

Again I point out how those are used. Two years ago when we had a disaster in Iowa, we did not get one lick of it. We wrote letters to the Secretary of Agriculture. The Governor of Iowa wrote letters to the President. We beseeched and begged, and yet nothing came of it. We were told that the disasters in Texas got the payments. I guess if I remember right some disasters were too big and some too small. I think we were too small. Some were too big. You have to have the right size disaster to get a disaster payment. We were cut out of it.

You know, again, if disaster payments are going to go out, perhaps there should be some for other places in the country that are hard hit also that deserve them equally as well, equally as well as farmers in Louisiana or Texas.

Like I said, I do not begrudge them that. I do not want to take it away from them. I am saying what is fair is fair. Farmers should be treated equally around this country when they have a disaster hit him. A farmer in Iowa has a disaster just as one in Texas had one a couple of years ago. Texas got theirs and Iowa did not get theirs. I always find that rather odd. Farmers in different parts of the country are treated differently.

Well, we want a farm bill. We want a farm bill that has some meaning in it and something that does not just have a downward slide to the farmers in Iowa.

I tell you right now that any vote for this bill as far as the farmers in Iowa is just a vote to take money out of their pockets. It is simply a vote to throw them even farther into bankruptcy, despair, and gloom than they already are.

So the issue is really not how you are going to to vote up or down on adding a 3-year target price freeze to this bill. I may vote against it myself because I think it is foolishness. The issue is the process that brought us to this point. The process that brought us to this point put us in this box with only the ability of having perhaps no objection to unanimous-consent requests to get us out of it.

Having used that convoluted process to in the beginning thwart the majority will of this floor, because I do believe that Senator MELCHER's amendment would have carried had he been allowed to offer it——

Mr. BYRD. Mr. President, may we have order in the Senate? You may not disagree with what the Senator is saying, but let us have the courtesy of listening to him.

The PRESIDING OFFICER. The Senator is correct. The Senate will be in order.

Mr. DOLE. Mr. President, if the Senator will yield, if the Senator wants a vote to say yes or no that will be all right. I know he loves every moment of it.

Mr. HARKIN. I absolutely intend to yield the floor in just a moment.

As I said, the issue is not this 3-year freeze. As I said, it is that process. I do believe Senator MELCHER's amendment would have carried a couple of weeks ago and people would have found they could have voted for a 4-year target price freeze at that point.

So I guess this is one Senator that does not like the implications that somehow it is just us who are thwarting the will of the majority. The legitimate rules of the Senate were used perhaps to an extent beyond what they should have been used, prior to this, to put us in this position. We are simply exercising our rights now to do whatever we can to get the best possible farm bill for the farmers that we represent. It is not whether it is a 3-year freeze in with the 1 and 4. That is not the issue.

I yield the floor.

Mr. DOLE. Mr. President, before I move to table, I believe it might save time, but first I ask unanimous consent that we might have final passage of H.R. 2100, as amended by S. 1714, at noon tomorrow.

The PRESIDING OFFICER. Is there objection?

Mr. HARKIN. Reserving the right to object, Mr. President, I did not hear the unanimous consent request.

Mr. DOLE. Mr. President, I ask unanimous consent that we might vote at noon today—noon tomorrow would not be correct—noon today, Saturday, on H.R. 2100, the House companion bill, after striking out the enacting clause and inserting the language of S. 1714. In other words, the same request I made earlier; that we vote at noon today.

The PRESIDING OFFICER. Is there objection?

Mr. EXON. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. DOLE. I made the same request that we vote at 4 o'clock p.m. today.

The PRESIDING OFFICER. Is there objection?

Mr. HARKIN. Reserving the right to object. Is the request for a vote on recommittal?

Mr. DOLE. Final passage.

Mr. HARKIN. Final passage of what?

Mr. DOLE. Of the House bill, as amended by S. 1714, the text as amended by those amendments already agreed to.

The PRESIDING OFFICER. Is there objection?

Mr. EXON. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. DOLE. Mr. President, I move we vote at 6 p.m. today.

Mr. EXON. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. DOLE. Let us try 8 o'clock.

The PRESIDING OFFICER. Is there objection?

Mr. EXON. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. DOLE. Mr. President, I move to table the amendment. Let me advise my colleague that if the tabling motion prevails, then I will ask unanimous consent that the Senate stand in recess until 11:30 a.m. today.

I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BYRD. Mr. President, is the unanimous-consent request to recess until a certain hour later today in either event, regardless of the outcome?

Mr. DOLE. In either event, regardless of the outcome.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas to table the amendment.

The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from New Mexico [Mr. DOMENICI], the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], the Senator from Alaska [Mr. MURKOWSKI], and the Senator from Pennsylvania [Mr. SPECTER], are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Louisiana [Mr. JOHNSTON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Louisiana [Mr. LONG], and the Senator from Mississippi [Mr. STENNIS], are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 91, nays 0, as follows:

[Rollcall Vote No. 342 Leg.]

YEAS—91

Abdnor	Glenn	Metzenbaum
Andrews	Gore	Mitchell
Armstrong	Gorton	Moynihan
Baucus	Gramm	Nickles
Bentsen	Grassley	Nunn
Biden	Harkin	Packwood
Bingaman	Hart	Pell
Boren	Hatch	Pressler
Boschwitz	Hatfield	Proxmire
Bradley	Hawkins	Pryor
Bumpers	Hecht	Quayle
Burdick	Heflin	Riegle
Byrd	Heinz	Rockefeller
Chafee	Helms	Roth
Chiles	Hollings	Rudman
Cochran	Humphrey	Sarbanes
Cohen	Inouye	Sasser
Cranston	Kassebaum	Simon
D'Amato	Kasten	Simpson
Danforth	Kerry	Stafford
DeConcini	Lautenberg	Stevens
Denton	Laxalt	Symms
Dixon	Leahy	Thurmond
Dodd	Levin	Trible
Dole	Lugar	Wallop
Durenberger	Mathias	Warner
Eagleton	Matsunaga	Weicker
Evans	Mattingly	Wilson
Exon	McClure	Zorinsky
Ford	McConnell	
Garn	Melcher	

NOT VOTING—9

Domenici	Johnston	Murkowski
East	Kennedy	Specter
Goldwater	Long	Stennis

So the motion to lay on the table amendment No. 1166 was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. MATSUNAGA. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

REMEMBERING JFK

Mr. DOLE. Mr. President, 22 years ago today John F. Kennedy was struck down and the course of American history was for ever changed. We all remember where we were and what we were doing.

The shock of the tragedy affected every American. But in our grief we found a sense of unity. We had all been captivated by this vibrant and visionary leader, who had the ability to project the hopes and spirit of this Nation both home and around the globe.

His dream of peace and prosperity, though still unfulfilled, embodies the promise of America.

I was a young Congressman from Kansas, and while I had my political differences with the President, like most Americans I came to admire his wit, intellect, and vigor. I also shared his goals of peace through strength and equality through compassion.

Today, as we look optimistically to meet the new challenge of peace laid down by the Geneva summit, we should recall the calculated risks President Kennedy took to preserve our freedom.

He had the courage to stand fast, the confidence to negotiate, and the conviction to defend the free world wherever and whenever it was threatened.

We can learn from his example.

The legacy of John F. Kennedy will be judged by history. But his optimism and vision continued to enrich the Nation.

MASS-MAIL COSTS

Mr. MATHIAS. Mr. President, yesterday the Committee on Rules and Administration reported favorably an original measure to require that individual mass-mail costs of Senators, Representatives, committees of the House and Senate, and other offices of the House and Senate be published quarterly in the CONGRESSIONAL RECORD. Congressional mail costs are estimated at $144 million for this fiscal year alone and grow higher with each Congress. The estimated portion of that total for the Senate is $56 million and the estimated portion for the House of Representatives is $88 million. By way of comparison, the total appropriation request for the Senate was $296 million, not including postage. This means that postage is over 16 percent of the sum of the direct appropriation and the Senate's estimated share of the postal bill. We spend more on postage than we do on all the committees of the Senate and we could televise Senate proceedings for 10 years with less than one-fourth of the Senate's annual postage bill. The total congressional amount, $144 million, is 8 percent of the total legislative branch request of $1.9 billion, which includes all the legislative support agencies: the General Accounting Office, the Government Printing Office, the Congressional Budget Office, the Library of Congress, the Office of Technology Assessment, and the Architect of the Capitol. It is over 18 percent of the sum of the direct appropriations for the House and Senate, which is $790 million.

If there were anything essential about this cost, I would be the last one to say anything about it, but it is obvious to anyone who will take the time to look into it that the vast majority of it is for self-generated and not responsive. So I hope for speedy action by both sides on this concurrent resolution.

It is especially important that we do so because of the entitlement aspects of congressional postage. It is an entitlement in the sense that Senators, in using their annual paper allotments, and Representatives in using their privilege of mailing the equivalent of six-district-wide postal patron mailings plus unlimited name-addressed mailings, do not have to pay the postage out of their own office expense accounts, although Representatives do have to pay for paper and printing. The postage is paid from a joint account, administered by the Clerk of the House, on the basis of quarterly bills from the U.S. Postal Service. If the amount appropriated is not enough to pay the bills, a supplemental appropriation has to be passed. In the conference report on legislative branch appropriations, the amount of the official mail account was reduced to $100 million, but the Appropriations Committees acknowledged the largely symbolic nature of the reduction, which would require some action by the committees with authorizing jurisdiction to curb the amount of mail that can be set.

It is instructive to look at what the costs could be under the current Senate paper allowances. The current paper allowance provides Senators with one and one-third sheets of blank paper per adult constituent per year, with a minimum of 1.8 million sheets per year. This is a total of over 490 million sheets a year. If the entire amount were to be used, for example, for town meeting notices, the postage, at 10.1 cents each, would be over $99 million. Think of it, Mr. President, the Senate postage bill which is now estimated at $56 million for this fiscal year, could go as high as $99 million simply as a result of Senators deciding to send town meeting notices instead of newsletters. Actually, the situation

is worse than that because in the Rules Committee meeting on May 2, 1985, the committee agreed not to charge the paper allowance for town-meeting notices where the Senator, as opposed to staff members, would be in attendance.

Mr. President, I would like to insert in the RECORD at this point two tables comparing official mail costs to costs of some other Government activities.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

APPROPRIATION FOR "OFFICIAL MAIL COSTS" COMPARED WITH LEGISLATIVE BRANCH TOTAL AND OTHER MAJOR COMPONENTS

[Dollar amounts in thousands]

	Fiscal year 1986 budget authority	Percent of total
Senate	$295,743	15.3
House	494,494	25.6
Joint items:		
Joint Economic Committee	2,680	0.1
Joint Committee on Printing	945	.0
Joint Committee on Taxation	3,897	0.2
Official mail costs	144,458	7.5
House	88,125	4.6
Senate	56,333	2.9
Other	3,837	0.2
Congressional Budget Office	18,455	1.0
Architect of the Capitol	119,571	6.2
Library of Congress		
Congressional Research Service	43,292	2.2
Other	302,173	15.7
Government Printing Office	122,268	6.3
General Accounting Office	339,639	17.6
U.S. Tax Court	24,817	1.3
Office of Technology Assessment	17,000	0.9
Other	7,217	0.4
Deductions for offsetting receipts	(10,880)	−0.6
Total	1,929,606	100.0

SENATE POSTAGE COSTS FOR 1986 COMPARED WITH SOME OTHER SELECTED COSTS [1]

[Dollar amounts in thousands]

	Amount	Mass-mail costs as a percentage of other costs
Senate mass-mail costs	$56,533	100
Total, other Senate costs	295,743	19
Senators' office staff	102,391	55
Senate committees	53,916	105
Sergeant at Arms (Computer Center, Service Department, Telecommunications, etc.)	83,134	68
Ten years of televising the Senate	12,500	452
Cost of the Hart Building	137,000	41
Congressional Research Service	43,012	131
The Supreme Court	17,782	318
The Office of Management and Budget	39,966	141
Bureau of the Census	184,708	31
Truman Scholarship Foundation	3,194	1,770
Mediation and Conciliation Service	22,822	248

[1] All costs are fiscal year 1986 estimates from the President's January 1985 budget, except the cost of the Hart Building and the estimate for 10 years of televising the Senate, which is based on projecting the CBO estimate of $3.5 million the first year and approximately $1 million per year thereafter.

Mr. MATHIAS. On a related subject in its meeting on May 2, 1985, the Committee on Rules and Administration voted to raise the minimum amount of paper allowed to Senators from 1.2 million blank sheets per year to 1.8 million. It was also agreed that the increase in the paper allowance and the exemption of certain town-meeting notices from being charged to the paper allowance should be matched by cost disclosure.

The requirement agreed to in that meeting took effect with respect to the quarter beginning July of this year. That quarter is ended and the figures have been compiled and are ready for publication in the semiannual report of the Secretary of the Senate, pursuant to the regulation.

The report, which has a statutory publication deadline of 60 days after the close of the fiscal year, should be published not later than November 29 this year.

In closing, Mr. President, let me say that I know of no other area of public expenditure where an individual can just put his foot on the pedal and run up a bill of $3.8 million in a year, as one Senator did last year, and never have anyone know about it. These costs should be treated like any other item of public expense.

CAPT. JOHN FOSTER WILLIAMS COAST GUARD BUILDING IN BOSTON

Mr. KENNEDY. Mr. President, on behalf of Senator KERRY and myself, I am pleased to send to the desk a bill to designate the new headquarters of the Coast Guard in Boston as the "Capt. John Foster Williams Coast Guard Building," in recognition of Captain Williams' extraordinary contributions to the Massachusetts Navy, to American liberty during the Revolutionary War, and to the U.S. Coast Guard in its founding years after the war.

In his illustrious career at sea during the Revolutionary War, Captain Williams commanded a number of vessels, including the largest ship in the Massachusetts Navy, the 26-gun *Protector*. In 1781, he was captured by the British in a battle off Block Island and sent to a prison in London, from which he subsequently escaped and resumed his daring role in the war.

After independence was won, Captain Williams continued to serve his country. His connection with the U.S. Coast Guard goes back to the very beginning of the service, when it was known as the U.S. Revenue Marine.

Captain Williams headed the committee of the Boston Marine Society which designed the first revenue cutter, the *Massachusetts*, and he served as its master, or commander, from the completion of its construction in 1790 until his death in 1814.

In addition to his military talents, Captain Williams was also a distinguished chartmaker and inventor, charting Provincetown Harbor and other waters in New England, and inventing a shipboard process for distilling fresh water from the sea.

Now, nearly two centuries after Captain Williams' heroic service, the 1st Coast Guard District is moving to new headquarters at the U.S. Appraiser's Stores Building in Boston. It is especially fitting that the building should be named in honor of this North End son who became one of Massachusetts' first and greatest naval heroes.

I ask unanimous consent that the text of the bill and an excerpt on Captain Williams' service in the Revolutionary War may be printed in the RECORD.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the building known as the "U.S. Appraiser's Stores Building," located at 450 Atlantic Avenue, Boston, Massachusetts, shall hereafter be known and designated as the "Captain John Foster Williams Coast Guard Building," in recognition of Captain John Foster Williams' contributions to the Commonwealth of Massachusetts during the Revolutionary War. Any reference in a law, map, regulation, document, record, or other paper of the United States to such building shall be deemed to be a reference to the "Captain John Foster Williams Coast Guard Building."

(From "A History of the Boston Marine Society 1742-1981" by William A. Baker)

CAPTAIN JOHN FOSTER WILLIAMS, MASTER

Known as a "North End boy" and "one of the most conspicuous sea rovers of the day," Captain Williams had been born in Boston in 1743. His father, Sendall Williams, was a "culler of staves" (barrel-maker), a constable, a Captain in the Ancient and Honorable Artillery Company organized in 1637, and one of three persons appointed to preside at funerals in the Old and South Burying Grounds and to ring the bell in the steeple of South Church at regular hours. In the latter capacity he was eventually fired for tardiness in ringing the bell at nine, five and 11 o'clock. The family was said to be descendants of Roger Williams, the 17th century dissenter. Jonathan Williams, the Captain's grandfather, had been Deacon of First Church, Boston, in 1711.

Young Williams had little formal education but was an ardent reader, especially of sea stories. He schooled himself in mathematics and history and learned to write in a decorative and forceful style, which is evidenced in his 1780 log of the State Navy Ship Protector, now a prized possession of the New England Historic Geneological Society in Boston.

When he was 15 years old he went to sea with a sea chest and his mother's blessing. By the time he was 22 he was commanding merchant vessels. It was in a leaky Brig, *John*, that he left Boston January 20, 1769, for Surinam on the coast of South America. Nine days later, in Latitude 34:30 N, Longitude 60 W (northeast of Bermuda), he encountered a gale. A major leak developed. Before he could cut the foremast, the wind toppled it. The foremast and the rest of the rigging were then cleared away, but the Brig was in extremis when a sloop was sighted nearby.

For a day and a half the men waited to be rescued. The sloop saw them and loitered but then sailed away. Nothing was left on board *John* but one barrel of beef and one barrel of pork. The men had no clothes except those they wore. One by one they died, until the Captain was the only man alive. Six weeks after the storm, he was picked up, more dead than alive, by a passing packet boat.

An experience like this might have kept another man ashore. Williams was soon back at sea.

Soon after this marrige to a Boston girl, Hannah Homer, in 1774, he took up arms against the British. He appears to have been the "Capt. Williams" who chased the British Packet Boat *Falmouth* out of Machias, Maine, when she was trying to get lumber for the King's Navy July 10, 1775. Thomas Flinn, the packet's Master, complained to his superiors in Halifax that he was pursued by "Lieutenant Knight of the *Diligent* and a sloop from Machias commanded by Capt. Williams." The Packet was brought to off The Wolves, near Grand Manan. After boarding her, Knight and Williams allowed her to proceed.

By 1776 Captain Williams was wearing the green and white uniform of the Massachusetts State Navy as commander of *Republic*. On May 14 he captured the British *Julius Caesar* without bloodshed. From 1776 to 1778 he had two other commands, *Massachusetts* and *Wilkes*. In 1778 he was captured by the British and sent to England in the prison ship *Lord Sandwich*, arriving at Bristol March 7. He did not, however, remain long in England. Either by exchange or escape, he was back in Boston June 28.

AS GOOD A VESSEL AS EVER SWAM

He was then given command of the best in the State Navy, the 14 gun Brig *Hazard*, built by Peck of Boston. She was called Peck's Folly, probably because Peck had been so meticulous and spent so much money and effort in building her. One of Williams' contemporaries said of the *Hazard* that "She was as good a vessel as ever swam".

In *Hazard*, Williams fought a major battle near the West Indies, when he captured the British *Active*, 18 guns. Three men were lost on *Hazard*, 13 on *Active*. He brought *Active* back to Boston, laden with sugar, rum, molasses and cotton in October 1778.

The following summer he was ordered to join Commodore Dudley Saltonstall's fleet in an attack on Bagaduce (Castine) in Penobscot Bay, Maine. The British had sent General Francis MacLean with 650 King's men from Nova Scotia and three sloops of war to occupy and fortify Bagaduce, a major center for lumber for the King's Navy.

Saltonstall arrived July 25, 1779, with 44 American vessels and between 3,000 and 4,000 men. With this superior force he should have overwhelmed the British but he delayed action waiting for a land army until August 13, while many of the men in his fleet, notably Captains Williams, Walters, and Hacker, fumed. The men discussed replacing Saltonstall but nothing was done. On August 13 a superior British naval force entered the Bay and overwhelmed the Americans.

The Americans fled to the head of the Bay and were trapped. Many of the Captains burned their vessels to prevent them from being taken. *Hazard* was the last vessel to strike colors. When she did, Williams sent his men ashore and remained behind to put a torch to a train of powder leading to her magazine. It must have been a sad moment for him when he saw "as good a vessel as ever swam" go up in smoke.

When Saltonstall was investigated by the Board of Admiralty, Williams said: "In my opinion it was the power of the fleet to have taken or destroyed the enemy's shipping at any time before the arrival of their reinforcements without the assistance of the land army, without any considerable hazard to any of us, and had we taken them the fort might have surrendered."

Novelist-historian James Fenimore Cooper agreed with him. "The commanding officer of the Massachusetts State Navy," he wrote later, "was Captain John Foster Williams who performed many handsome exploits, proving himself on all occasions an officer of merit. It would probably have been better for Massachusetts had it named his meritorious officer to the command of the naval armament on that occasion."

Five hundred lives were lost in the Penobscot disaster. Williams and his men managed to make their way back to Boston where the largest vessel in the State Navy, the 26 gun *Protector*, was being fitted for action. Williams was put in command and, in the Spring of 1780, tried to round up a crew of 300 men. After the Penobscot debacle this was not easy. Dockside games and the roll of drums brought few recruits. Eventually Williams had to resort to that unsavory practisce—shanghaiing.

But if crew were reluctant to sign up, officers were not. Officers were eager to serve with him, and men along the New England coast begged him to take along their sons as midshipmen. Among those under his command were First Lieutenant George Little, his brother Midshipman Luther Little, and Midshipman Hezekiah Welch Jr., son of a Lieutenant in the Continental Navy. With too many applicants for the midshipman post, Williams took on six younger men as acting midshipmen. Among these was a future Navy hero, 18-year-old Edward Preble of Maine, who climbed aboard *Protector* just as she was ready to sail from Nantasket April 4, 1780.

PROTECTOR SINKS THE DUFF

On the morning of June 9, off Cape Race, Newfoundland, *Protector* encountered the 32 gun East Indiaman *Admiral Duff* bound home to England from the West Indies. In Captain Williams' own words, and in his own handwriting, the action is recorded in "Ship *Protector's* Logg Book" as follows:

"At 7 A M Saw a Ship to the Westward. We stood for her, under English colours, the Ship's Standing athought us, under English colours, appeared to be a large ship- at 11 came a long side of her, hailed her, she answered from Jamaica. I shifted my Colours and gave her a Broadside, she soon returned us another, the Action was very heavy for near three Glasses, when she took fire and blew up- got out our Boats to save the men, took live 55 of them, the greatest part of them wounded with our Shott, and Burnt when the Ship blew up- she was called the Admiral Duff of 32 guns commanded by Richard Strange from St. Kitts Estasia."

On July 9, 1780 Captain Williams achieved a victory at sea when his command *Protector* blew up the British East Indiaman *Admiral Duff*. He stood by to pick up 55 survivors.

"Ladened with Sugar and Tobacco bound to London. We lost in the action one man (Mr. Benjamin Scollay) and 5 wounded. Received several Shott in our Hull and several of our shrouds and stays Shott away."

During the height of the action, grape shot from the enemy ship blew the speaking trumpet out of Captain Williams' hand. Dented, it fell to the deck. Years later his men would remember how he picked it up, without altering his stride, and went on giving orders.

Some records say that survivors of the sea battle were carried ashore to a Newfoundland farm house but Williams makes no mention of this in his log. The ship's surgeon cared for many of them. For several days Williams and his men mended sails and rigging. Then they lowered boats to view the damage to *Protector* and "scrubb her round". Soon the surgeon found he had fever victims to care for. The captured men had brought West Indies fever along with them. Many of *Protector's* men became ill. For a month *Protector* cruised off Newfoundland and Nova Scotia. Then she sailed into Broad Bay (Muscongus Bay) Maine, where Williams put hisprisoners ashore. Some had died en route, and fever was claiming more and more of Williams' men. On July 15 he recorded that "died this a.m, Sharp Quam, one of our Black men" and on the July 16: "Died last night Simeon Fletcher one of our marines". The following day he wrote "Put prisoners on schooner, sail at 10 P.M.".

After another cruise to Nova Scotia, *Protector* headed southwest, and on August 14 saw land in Massachusetts. At the same time a gun ship hoisted French colors to salute them. "We answered in Continentale" wrote Williams. The following day *Protector* reached Boston where the port doctor described her as "probably the most sickly vessel that ever came into this port".

In December she sailed again, this time in company with the *Deane*, whose Captain, Elisha Hinman of Connecticut, was also destined to become Master of a Revenue Cutter in later life. For several months Williams and Hinman worked in tandem foraging along the Atlantic Coast, but they had split tacks before May 1781 when *Protector* and Williams ran out of luck of Block Island.

Wanted dead or alive by the British, he was pursued southwest of the island after he had taken a British merchant ship and sent her off towards Boston under command of Luther Little. Probably tipped off by Tories in Boston, the 44 gun *Roebuck* and the 26 gun *Medea*, were in the vicinity. When they bore down upon him, and Williams saw that escape was impossible, he struck his colors, saying to his men:

"To provoke a hopeless contest, shed blood unnecessarily and bear the responsibility of causing men to die needlessly are responsibilities I do not care to answer for when summoned to render my earthly account."

One third of *Protector's* men—the more fit—were immediately taken into the British Navy. The rest, 179 men including Williams and the other officers, sailed to New York where they were jailed in the loathesome prison ship *Jersey*, a rotten 74 gun derelict. Williams had slightly better quarters in the ship's barge, and was given a 10 day leave to go to Philadelphia with the ship's surgeon to discuss the fate of his men with the Continental Board of Admiralty.

He found that men in the Massachusetts Navy were regarded as neither "public nor private officers". The Board of Admiralty turned a deaf ear to his pleas for an exchange for his men and sent him back to New York.

As he wrote friends in Boston:

"I know not what we shall be exchanged for as the Admiralty here says the State of Massachusetts has no right to give a commission, that they look on me as not a public or private officer."

A PRISONER IN ENGLAND AGAIN

Williams and his men were not exchanged. Only Preble, through influential Tory friends in New York, went free. Williams, First Lieutenant Little and *Protector's* surgeon were sent to Old Mill Prison in

London. It is said that they bribed a sentry, scaled the wall of the prison, crossed the English Channel in an oepn boat and made their way to France. In any event they were in L'Orient March 16, 1782, when Captain John Barry sailed from that port in the Continental Navy frigate *Alliance*. Barry refused to take commercial cargo and turned down wealthy travelers but willingly took John Foster Williams, "a noted privateersman who had just escaped", and his surgeon.

Alliance had a rough passage back to America. Eight of the crew died on the voyage. It was April before *Alliance* reached the Bahamas and May 10 before she reached Cape Henlopen where she encountered the British Ship of the Line *Chatham*. In no condition to fight *Chatham*, Barry dodged into shallow water. By May 12 he was at Sandy Hook and on May 13, after passing Montauk and picking up a pilot at Fishers Island, *Alliance* cast anchor at New London.

The next morning Barry, Williams, and Dr. Dexter went ashore to Thomas Allen's famous tavern, a rendezvous for sailors from all over the world. The following day Williams headed for Boston by way of Norwich, Connecticut. He reached home May 19.

William continued his commerce raiding. On January 3, 1783, he took command of a 17 gun privateer *Alexander*, with a crew of 50, and hunted the British until the Treaty of Paris was signed later that year.

WILLIAMS SAILS ON LAND

After the Treaty, the Captain returned to merchant shipping and made a comfortable living for his wife and family. He was a major figure in Boston and took a prominent part in the 1788 parade marking the adoption of the Constitution. Doggerel, sung to the tune of Yankee Doodle, recounts that

"John Foster Williams, in a ship
Jointed with the social band, sir,
And made the lasses dance and skip
To see him sail on land, sir."

On a float, made to resemble *Protector* drawn by 13 white horses, Williams and his men rode through the streets of Boston. The men reefed sails, heaved lead lines, and peered through telescopes while the Captain, on the quarter deck, called out through his speaking trumpet. Was it the trumpet made famous in the battle with the *Duff*? Probably not, say some historians, believing that the trumpet may have been lost when Williams was taken prisioner.

DESIGN CONCEPT OF THE MIDGETMAN

Mr. GORE. Mr. President, in my last two speeches in this series I have been dealing with what I believe to be some of the internal reservations about the Midgetman that played a role in the administration's offer to give it up. The first such issue was a lack of confidence in the will of the Congress to support the system—a view which the administration appears to have reached despite a preponderence of evidence to the contrary. The second such issue was a belief that mobile ICBM's are destabilizing and better off banned—a view which ignores the clear results of strategic analysis, and which turns the findings of the Scowcroft Commission on their head. Today, I will deal with the third issue: A belief that the design concept for the Midgetman is faulty, in view of uncertainties created by the SDI.

Logically, the concept of single warhead missiles is not hostile to SDI. On the contrary, they mesh. For example, one of the great barriers to be overcome in designing a defensive system is the so-called midcourse problem. This is the challenge of dealing with thousands of warheads, decoys, and other objects that would be dispersed by rocket boosters once they have powered themselves up out of the Earth's atmosphere. Single warhead systems, though capable of carrying decoys, would, nevertheless, represent a far less serious midcourse threat to a defensive system than would large MIRV'd missiles.

Moreover, if we assume that the deployment of single warhead missiles could help make possible major overall reductions in the numbers of ballistic missile boosters and warheads, then the total problem for SDI would be greatly alleviated. In other words, the kinds of reductions that might occur in a stable agreement would help to make the scientific and financial problems of SDI less staggering.

True, the Midgetman concept has the effect of rendering unnecessary any defensive system dedicated to the protection of our ICBM's. By itself, the Midgetman raises the Soviet price to attack, to such a point that additional expenditures for site defense would appear to be unneeded.

In terms of the President's conception of an "astrodome defense" for populations, that ought not to be a problem. But if you are someone whose real objective is site defense for ballistic missiles, then Midgetman stands in the way. In my opinion, the entire SDI enterprise is riddled with such people, whose private agenda is precisely missile defense. Is it possible that they see this objective threatened by the Midgetman, and have, therefore, become interested in dooming the project?

Let us now turn to what is being said by those who have emerged as critics of the Midgetman, who as it turns out are invariably charter advocates of the SDI.

In the view of such persons, Midgetman is too small to be useful under the kind of conditions that SDI is actually likely to produce. It is a very illuminating and revealing argument.

As my colleagues know, Congress imposed a limit of 30,000 pounds on the weight of the Midgetman, drawing upon the recommendations of the Scowcroft Commission for that number. The reason Congress imposed a strict legal weight limit, was because of a well-founded suspicion that without such a cap the Air Force would gradually gold plate the missile out of existence.

Initially, as the development program got underway, there was legitimate doubt that a 30,000 pound missile could fly the 6,000 miles needed to cover the full range of Soviet targets from a wide assortment of potential bases in the continental United States. After 18 months of work, however, it is already clear that this problem can be handled.

Now, the complaint is that Midgetman is too lean at 30,000 pounds, because it needs to be able to offset a possible Soviet ballistic missile defense. How much heavier is a little unclear, except that what is wanted is: enough throwweight to allow the missile to be covered with a protective coating against lasers; to be given a jazzed up fast-burn propellant system; to carry elaborate penetration aids; to be equipped with a maneuvering reentry warhead to evade Soviet interceptors; and better yet, in their view, to be MIRV'd with three warheads.

At that rate, we are looking at a missile that would weigh between 37,000 pounds and 70,000 pounds. At 37,000 pounds, it would not be hard to make the needed engineering changes and there would be little risk to the basic rationale for the system. It would of course be nice to be shown some cogent reasons why the extra weight should be allowed, but so far as I know, they haven't been thought through or committed to paper in more than a rudimentary form. Nevertheless, in theory, a very small increase to accommodate penetration aids without raising the possibility of additional warheads or compromising mobility, would not do damage to the basic idea embodied in Midgetman.

Seventy thousand pounds, however, is what the Midgetman's detractors have in mind. At that level, we are talking about a missile and launcher whose combined weight would approach 300,000 pounds, with concomitant loss of speed and mobility. This, in turn, would lead to a much lower price to attack for the Soviet Union, and therefore represents a threat to the concept as a whole.

What makes these criticisms interesting is the degree to which they expose the inherent risks of SDI.

Whenever the President talks about SDI, he appears to understand that it might represent a dangerous new dimension of the United States-Soviet rivalry. But he sees that risk as being covered, by way of unusual forms of United States-Soviet cooperation. Hence, his ideas for allowing Soviet inspection of our research facility, and his offer of making SDI readily available to others after we have perfected it.

A much sterner view, on the other hand, is to be found in the reasoning of Midgetman's opponents. In their minds, the Soviets might decide the

President is right, and acting on this revelation, deploy defenses of their own. Such a development would be anything but benign. Even contemplating the possibility leads such persons to demand we make absolutely certain that each and every United States weapons system has whatever it takes to overcome any hypothetical Soviet defense.

There, as if in a test tube, we see what really happens when you expose the military and like-minded political leaders to the prospect of an enemy defensive system: they want to beef up the offense, and fast. There is the proof, if any were needed, that SDI is the germ of a double arms race: one in defensive weapons; the other in offensive weapons; with each feeding upon the other.

In purely military terms, the Midgetman has a great deal to offer. Specifically, it would fill a gap where U.S. strategic nuclear doctrine defines requirements that cannot now be met by weapons presently in our inventory, or even by weapons now under development. Namely, the Midgetman is the closest we have yet been able to come toward realizing a land-based weapon with counterforce accuracy, that will be "survivable and endurable." Indeed, Mr. President, there is an irony here that only nuclear specialists may be able to fully savor: That this very requirement for survivable and endurable forces was written into U.S. strategic doctrine by the present administration itself.

Of course, we might yet see a basing mode for the MX that meets these criteria—there is already talk of something called carry-hard—but there would be a great deal of skepticism on that point. And even if this were to occur, the Midgetman would still satisfy the needs of our existing doctrine in ways that MIRV'ed missiles cannot.

U.S. targeting doctrine is centered around the concept of the so-called limited nuclear option—the idea that the President should be able to invoke nuclear weapons at many levels of violence short of an all-out attack. For this purpose, the 10 warhead MX or the 8 warhead D-5 are the very opposite of what is wanted. The launch of just one of these missiles would propel us well beyond where our theory suggests we should go. In other words, if one is serious about limited nuclear options—and every President since Richard Nixon has been—then what you need is a very accurate, very survivable single warhead missile.

In a sense, Mr. President, I think the administration has been misled by the name "Midgetman" into thinking somehow that this is the runt of the nuclear litter. Perhaps, if the same public relations man who came up with Peacekeeper for the MX had come up with, say, "Winchester" for the single warhead missile, the administration would have grasped the facts.

Midgetman, as presently conceived, combines enough yield and accuracy to destroy any hardened point target the Soviets are thought to possess. Moreover, if a decision were made to go to the 37,000 pound variant of the design, then it could incorporate future advances in guidance such as would render even superhardened silos vulnerable, should the Soviets decide to construct them.

A deployment of 500 Midgetman represents, Mr. President, the missing 500 MX warheads for which the Air Force continues to grieve. It represents them in a form so resistant to Soviet attack as to synergistically lend credibility even to our silo-based forces. How does it do that? By hedging our overall force posture against the consequences of an attack on silos alone, while making an attack on both silos and mobiles absurd.

But what about the dependence of the Midgetman on arms control? Doesn't this system require the most drastic Soviet reductions to be survivable? Yes, it certainly does if we do what the President has proposed to do, and give up mobility in preference to fixed basing in silos. But if we proceed with Midgetman as presently conceived, then the story is entirely different. As a mobile system, the Midgetman tolerates Soviet threat levels up to and including those which would be legal under SALT II.

And what combination of circumstances might lead to Soviet warhead and throw-weight levels substantially above SALT II levels? There are a number of them. But the one which ought to stand out most clearly in our sight, is the limitless hostility of some within this administration to arms control in general, and to SALT II as its latest accomplishment. For them, the great threat is that an arms control agreement might come. In their logic, and for their purposes, bad news in United States-Soviet relations is good, and worse is better. Therefore, if SDI works against arms control, they embrace it with zeal; and if Midgetman works toward arms control, they energetically seek its destruction.

That, Mr. President, is the meaning of an American arms control proposal which protects SDI at any cost, while it offers up the Midgetman at the first opportunity. That is precisely what the President's "counter-counter offer" did, thereby leading us into the presence of a very great error. I deeply hope that this series of speeches will serve in some measure to illuminate the nature of that error, and in establishing the case for correcting it as a matter of the greatest possible urgency.

NEED A LIFT?

Mr. PELL. Mr. President, most Americans are well aware of the ever-increasing cost of higher education.

While there are many private and governmental assistance programs available, some of these sources of aid are not utilized because college-bound students and their parents simply do not know that they exist. Fortunately, the American Legion has recognized this problem and for 34 years has produced an excellent publication which is entitled, "Need a Lift?" It contains descriptions of various programs offering financial aid to defray the expense of college or vocational education.

This publication is one of the best of its kind currently available. It is sent each year to thousands of high schools nationwide and for years I have found it indispensable in answering student aid inquiries from my home State of Rhode Island. I strongly encourage all of my colleagues to become familiar with it. I am sure you will agree that "Need a Lift?" is an essential reference for anyone contemplating college or involved in career planning.

This handbook is available for general distribution through The American Legion Education Program, Americanism and Children and Youth Division, Indianapolis, IN 46206, for a nominal fee.

CRIME PREVENTION PROGRAM FOR CHILDREN AND HANDICAPPED

Mr. DIXON. Mr. President, we read and hear about abductions, gang violence, and other crimes victimizing children much too often. Many of these tragic incidents could be avoided if young people were made more aware of how to truly "play safe." Unfortunately, parents and the police are often unable to effectively communicate safety tips to this most vulnerable group.

It is a vital matter for every child, including the hearing impaired, to be informed of the many dangers inherent in our complex society.

Mr. President, the officers of the Chicago Police Department's 24th District stand out in their efforts to effectively construct a bridge of communication to all children, including those most difficult to reach, the hearing impaired. Sergeant Northfell, and Officers Rottner, Summers, and Libaris created a puppet show to dramatize the hazards of daily life. Young children identify with the puppets and listen to their invaluable advice on how to be safe. After successfully producing and performing the show for some time, these officers asked Officers Levin and Anthony to translate the show into sign language and to then videotape the result. Another version without the signing was also

videotaped and both versions were distributed and shown throughout the area. The completed version of the show was so well-received that President Reagan, Governor Thompson, the City Council of Chicago and the Illinois House of Representatives have commended it. Best of all, this worthy program did not cost the taxpayers one extra cent. All funds were provided by the generous and civic-minded members of the Rogers Park Kiwanis.

I would like to join those who applaud the officers of the 24th District, the Rogers Park Kiwanis, and everyone else involved in this exceptional effort. The idea of a crime prevention program for the hearing impaired and other handicapped children is worthy of national attention—especially, a program entirely funded through private donations. The contribution of the officer's time and the funds given by the Kiwanis Club truly exemplify the highest tradition of service to others.

DEATH OF MRS. JOHN NICHOLAS BROWN

Mr. PELL. Mr. President, I am sad at the news of the death of Mrs. John Nicholas Brown. She was known to all of us in Rhode Island as a wonderful, feisty lady who never minced words in expressing her strongly held views. Herself of an old and distinguished clerical family she was the widow of John Nicholas Brown, the premier citizen of our State.

Our country will be the poorer become of her loss and I know the grief that must be the lot of her children. They should know that their grief is shared by so many of us.

I ask unanimous consent that there be inserted in the RECORD an editorial and an obituary from the Providence Journal.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Providence Journal, Nov. 21, 1985]

ANNE S.K. BROWN, 79; SOCIETY GRANDE DAME

NEWPORT.—Anne Seddon Kinsolving Brown, 79, a grande dame of Rhode Island society, patron of the arts, military historian and widow of John Nicholas Brown—scion of the state's most prestigious family—died this morning at her Harbor Court home.

A woman known for her outspokenness, Mrs. Brown told a *Journal* reporter in one of the last interviews she gave, "I've always had the trouble of being much too frank. I suppose I get myself into trouble by saying what I think. But why think it if you can't say it?" And her husband often said of her: "Never a dull moment."

In her later years, Mrs. Brown set Newport society on its ear when in 1982, she took the stand to testify as a character witness for Claus vonBulow.

"Claus no more tried to murder Sunny than the man in the moon," she declared, calling the charges against him "one of the most wicked cases to ever happen in Rhode Island."

Her testimony prompted another socialite, Eilleen Slocum, to declare that Mrs. Brown has "disgraced herself" in court.

After her husband died in 1979, Mrs. Brown become a tax exile, declaring her legal residence as Palm Beach. She spent half of her year in Newport, and divided the rest of her time between her yacht, the Malaguena, and Florida.

Mrs. Brown was born in Brooklyn, N.Y., on March 25, 1906, the daughter of an Episcopal minister, the Rev. Arthur B. Kinsolving, and Sally (Bruce) Kinsolving. Both her parents are members of the Virginia aristocracy, and both members of notable heritages.

On her father's side was a long line of eminent ecclesiastics, and her father himself was a scholar. Her mother was a poet.

The family moved to Baltimore when she was six months old, and she considered that her native city.

She was apparently headstrong from the start, lighting up her first cigarette at age 11 and in her own description, setting everything on fire—"my school, the church, the rectory," and dropping ashes in the attic. Faced with the real possibility of seeing his home go up in smoke, the Reverend Kinsolving required that his daughter smoke in public.

She apparently never stopped.

She was educated at Bryn Mawr school, but rejected a college education, announcing flatly to her godmother, who had hoped to send her to Vassar, "I grew up with four sisters and I never want to see another woman as long as I live. I'm going to work."

Shortly thereafter, a New Year's Eve date when she was 18 accidentally led Mrs. Brown into a career in journalism.

Out on the town with a fellow who was society editor for the Baltimore American, she took charge when he had indulged in too much New Year's cheer, drove him back to the office and wrote his column.

"The next day three outraged husbands arrived to complain about my descriptions of their wives," she told the Journal in 1984. "The city editor sent for me and said, 'You know, Miss Kinsolving, I think we could use you.'"

Thus she embarked on her job as feature-writer and music critic for the next eight years for the Baltimore News, the American's sister paper. She made her mark in her first story when she climbed into a dumbwaiter to interview a well-to-do teenager who had robbed a jewelry shop on a lark.

She went anywhere and did anything to get a story, including once driving a high-powered cross-country locomotive, covering the funeral of film heartthrob Rudolph Valentino and riding upside down in a plane over the Washington Monument with a wartime flying ace.

The Boston Globe in 1930 remarked upon this choice of career by noting that there was, no doubt, a certain curiosity as to how this debutante, bearing so prominent a name and born to such delicate traditions, would confront the hurly-burly of high-pressure journalism."

But the Globe commented that Miss Kinsolving readily dissolved any doubts about her abilities, and described how the tall lovely with the coal-black hair and "calculated daring of dress" distinguished herself in her work.

Her friends say one of her most astounding abilities is the readiness with which she accommodates herself to any sort of gathering or person—from an imprisoned criminal who must be interviewed to the Baltimore Assembly."

Her articles "ranged over a great field, from all sorts of children's contents to resumes of opinions on a curfew; from the parties of fashionable youth to reviews of the threatre and opera."

She was also regarded as a linguist of decided ability, "having more than a passing knowledge of French, Italian, German and Russian." She was also accomplished at both piano and violin.

She married John Nicholas Brown, one of the richest men in America, after only three dates, having met him indirectly through a former beau who had been with Brown at Harvard. After the third date, Anne Kinsolving went to the hospital with appendicitis; and it was there that her husband-to-be proposed, or as she put it: "I got engaged under the ether."

Anne Kinsolving was 24 at the time and Brown was 30. Their engagement caused a tizzy and was heralded with a headline that said, "Million-Dollar Baby Marries Cinderella Girl."

Their union lasted 49 years and produced three children and eight grandchildren.

By all accounts, it was a marriage of extraordinary love.

Her son, John Carter Brown, executive director of the National Gallery in Washington, D.C., said in 1984 that his father "was often very amused at her vivid way of phrasing things," even though she was likely to tweak. "He admired the fact that she had the courage of her convictions. They had an extraordinary relationship: I know of few that are so close for over half a century.

"My grandmother used to say the world could be divided into two types of people, the stirrers-up and the smoothers-over. My father was the smoother-over, while my mother was the stirrer-up. It couldn't have worked out better as a team."

Mrs. Brown herself was often fond of quoting her husband's highest compliment: "Anne has often tried me but she's never bored me."

The Browns traveled the world on a succession of 21 boats they owned during their life together that were all named for dances. The Browns favored such places as the Sinai Peninsula, Egypt and Mexico, Italy, London, Paris, Florence, Vienna, Munich and Greece.

During her marriage, Mrs. Brown became involved with many charitable and civic organizations. During World War II, she ran a mobile canteen for the American Red Cross in Newport and served on the national board of the U.S. Navy Relief society. The Browns were also instrumental in starting the Newport Music Festival in 1969. She served as president of the Providence Community Concert Association and was a staunch supporter of the Rhode Island Philharmonic Association.

Earlier in her life, she also took up another cause: in 1933, she became a leading opponent of prohibition, heading a convention of reform-minded females called "women wets."

In 1949, she became a co-founder of the Company of Military Collectors and Historians, having been inspired by her own collection of 3,000 miniature soldiers and a houseful of reference books. That collection is now in the Brown University's John Hay Library and is considered the finest of its kind in the world.

Some of her many other involvements included: trustee of the Providence Symphony Orchestra from 1936-1940; visiting committee, Department of Music, Harvard University, 1936-1949; National Council, Metropolitan Opera Company, 1960-1963; vice-president of the Rhode Island Arts Foundation at Newport in 1969; participant in the International Conference of Military History in 1975; participants in "Current Strategy Program" at the U.S. Naval War College in 1980.

She also belonged to the American Military Institute, the Military Historical Society of London, the National Society of Colonial Dames of America.

She received many awards for distinguished service in the arts and military history, including: Fellow Company of Military Collectors and Historians in 1956; Phi Alpha Theta Honor Society, University of Rhode Island in 1962; The Governor's Award for Excellence in the Arts, 1969; The Gilbert Chinard Prize by the Institute Francaise de Washington, and the Society for French Historical Studies, 1973, and the Award of Merit from the American Association for State and Local History in 1973.

A lifelong Democrat, she was a Roosevelt Presidential elector in 1936, though she backed Wendell Wilkie in 1940. She once served as the only woman on the Rhode Island State Liquor commission.

She wrote or co-wrote many historical books and publications, including, The Anatomy of Glory: The Story of Napoleon and His Guard and The American Campaigns of Rochambeau's Army: 1780, 1781, 1782, 1783.

During her life, Mrs. Brown had a great many opinions on a great many subjects. A sampling:

"You can't have too much of a good thing; you can only have too much of a bad thing."

"I think the reason I like musicians is that they really are day laborers"

"I like traveling within range of plumbing. And no fleas."

"Love and friendship have very little to do with one another. If you can combine them, fine."

Though she one said she chose the role of black sheep of the family, Mrs. Brown relied on the ecciesiastical heritage of her father's side of the family to see her through.

"I just hope they all prayed me through the pearly gates, because I'll never get their on my own," she said.

Mrs. Brown is survived by two sons, Capt, Nicholas Brown, USN-Ret., of Baltimore, Md., and John Carter Brown of Washington, D.C., director of the National Gallery of Art; a daughter, Angela Bayard Fisher of Dedham, Mass.; a brother, Herbert L. Kinsolving of Annapolis, Md.; a sister, Mrs. Egbert G. Leigh III of Washington, D.C., and eight grandchildren.

The funeral will be held Monday at 11 a.m. in the Church of St. John the Evangelist on Washington Street. Burial will be private.

[From the Providence Journal, Nov. 21, 1985]

MRS. JOHN NICHOLAS BROWN, PATRON OF THE ARTS

Anne Brown's reputation rests on grounds far more solid than her lifelong attractiveness as a much-covered (and much underestimated) media "personality." She was a woman of extraordinary talent, charm and commitment, whose death yesterday is like the loss of a rare natural species.

Long before assertiveness for women became a cheap buzz-word, Mrs. John Nicholas Brown wrote the book on it, so to speak. Forceful without being imperious, persuasive and yet kindly in her approach, this tall, strong-voiced woman with the elegant bearing dominated any assembly in which she found herself. To hear her "carry on" was an enjoyable lesson in interpersonal dynamics (a phrase that she would have abhorred).

She shared with her late husband the benefits of wealth, education, extensive travel and an uncompromising aesthetic sense. She liked results and got them, whether in community service, music, historical scholarship or church affairs. Paradoxically, for a woman so qualified to stand alone, she and Mr. Brown seemed utterly dependent on each other. They were, as the old-fashioned saving goes, quite a pair.

In one role gratuitiously assigned to her by the press, that of grande dame or dowager or high-society leader, she was perhaps a failure. Anne Brown was far too intelligent and "deep" to fit within such a narrow definition, although she relished a social whing-ding as much as anyone. She was a scholarly patron of the arts and of many good works, but above all, she was a patron, a devotee and a high priestess at the altar of the independent mind.

NATIONAL POW/MIA RECOGNITION DAY

Mr. MATTINGLY. Mr. President, today I am adding the names of 47 of my colleagues as cosponsors of Senate Joint Resolution 220, a resolution designating September 19, 1986, as "National POW/MIA Recognition Day." Senators MURKOWSKI, THURMOND, DIXON, and HOLLINGS were original cosponsors of the legislation that I introduced on October 21 of this year. Thus, a total of 51 Members of this body have joined me and added their names to the legislation. I might add that the fact that 26 Republicans and 26 Democrats are on the bill is clear evidence of the bipartisan support that the legislation has deservedly gathered and that the issue continues to receive.

President Reagan continues to place the POW/MIA issue high on his personal agenda. Earlier this year, in July at the annual meeting of the National League of Families, Robert McFarlane, the President's assistant for national security affairs, quoted the President when he stated:

In this effort, there can be no partisan or parochial views or any special interests, but only the interest of the American people to see to it that all of us do our duty toward those who served this nation so well in time of war and their families who look to us to help secure the answers they so rightfully seek and deserve.

That is exactly what we seek to achieve with this resolution; to salute all Americans who have fought for our Nation and who were imprisoned or who remain missing and unaccounted for. Significant progress continues to be made in the ongoing efforts to reach a complete accounting of the fate of our servicemen.

One of the reasons for that progress is the unified support of the Congress for measures such as this which keep the issue in the public consciousness. I urge the support of all my colleagues for the measure and its passage by the Senate at the earliest possible time.

Further, I ask unanimous consent that the names of these 47 cosponsors of Senate Joint Resolution 220 be printed in the CONGRESSIONAL RECORD.

There being no objection, the list was ordered to be printed in the RECORD, as follows:

LIST OF COSPONSORS TO BE ADDED TO SENATE JOINT RESOLUTION 220

The Senator from Virginia (Mr. Trible), the Senator from Massachusetts (Mr. Kerry), the Senator from South Dakota (Mr. Abdnor), the Senator from Louisiana (Mr. Johnston), the Senator from Vermont (Mr. Leahy), the Senator from Oklahoma (Mr. Nickles), the Senator from Michigan (Mr. Levin), the Senator from Florida (Mr. Chiles), the Senator from Rhode Island (Mr. Pell), the Senator from Arkansas (Mr. Pryor), the Senator from Indiana (Mr. Quayle), the Senator from Maryland (Mr. Sarbanes), the Senator from Pennsylvania (Mr. Heinz), the Senator from Idaho (Mr. McClure), the Senator from Indiana (Mr. Lugar), the Senator from Illinois (Mr. Simon), the Senator from Oklahoma (Mr. Boren), the Senator from Rhode Island (Mr. Chafee), the Senator from Hawaii (Mr. Inouye), the Senator from Utah (Mr. Garn), the Senator from Michigan (Mr. Riegle), the Senator from California (Mr. Wilson), the Senator from Hawaii (Mr. Matsunaga), the Senator from Nebraska (Mr. Zorinsky), the Senator from West Virginia (Mr. Rockefeller), the Senator from North Dakota (Mr. Burdick), the Senator from North Dakota (Mr. Andrews), the Senator from Minnesota (Mr. Boschwitz), the Senator from Virginia (Mr. Warner), the Senator from Arizona (Mr. DeConcini), the Senator from Kansas (Mr. Dole), the Senator from New York (Mr. Moynihan), the Senator from Tennessee (Mr. Sasser), the Senator from Idaho (Mr. Symms), the Senator from New Hampshire (Mr. Rudman), the Senator from Maine (Mr. Mitchell), the Senator from Colorado (Mr. Hart), the Senator from Tennessee (Mr. Gore), the Senator from Alabama (Mr. Heflin), the Senator from Georgia (Mr. Nunn), the Senator from North Carolina (Mr. East), the Senator from Delaware (Mr. Roth), the Senator from Nevada (Mr. Hecht), the Senator from Maine (Mr. Cohen), the Senator from Mississippi (Mr. Cochran), the Senator from Utah (Mr. Hatch), and the Senator from Kansas (Mrs. Kassebaum).

MARY McLEOD BETHUNE AND NATIONAL COUNCIL OF NEGRO WOMEN

Mr. HOLLINGS. Mr. President, last week was a great week for all those who revere the memory of Mary McLeod Bethune, the famous black educator who was born to former slaves in Mayesville, SC, and rose to be an adviser to Presidents Roosevelt and Truman. Along the way she founded

Bethune-Cookman College in Daytona Beach, FL; and most important of all, established the National Council of Negro Women.

On November 18, the Committee on Energy and Natural Resources reported S. 1116, a bill that Senator WARNER and I introduced to maintain the assistance to the Mary McLeod Bethune Council House, which is a national historic site here in Washington. At the council house there is the Bethune Museum, and the National Archives for Black Women's History. Passage of this bill will continue the operation and maintenance of the site and carry on the vital work of the Bethune Museum and Archives. I urge the leadership to schedule this bill for early consideration so that the necessary budgeting and programming can proceed.

It was at the council house where the National Council of Negro Women was formed by Mrs. Bethune in 1935. Last week council members from across the Nation gathered here to celebrate the 50th anniversary of the council.

Dorothy Height has headed the council for 28 years, and despite a broken hip and shattered elbow, suffered just a few weeks previous, addressed the assembled delegates for 62 minutes. On November 15 the Washington Post published a warm story about Dorothy Height, by Jacqueline Trescott which provides great insights into this lady who is really "the grande dame of the civil rights movement."

Mr. President, along the same line, Dorothy Gilliam's column in the Washington Post of November 18 was devoted to Mary McLeod Bethune and the National Council of Negro Women. In this excellent column, Ms. Gilliam asks "How will the next generation advance black women's progress after the era of the 73-year-old Height ends?" She concludes that if Bethune's dream is to continue the council "must move with more vigor to attract this generation's young women."

Mr. President, indeed this was a high moment for the National Council of Negro Women and I ask unanimous consent that the two articles from the Washington Post that I mentioned be printed in the RECORD at this point.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

CALL OF THE WOMAN WARRIOR—DOROTHY HEIGHT'S 50 YEARS AT THE FOREFRONT OF THE CIVIL RIGHTS BATTLE

(By Jacqueline Trescott)

A few weeks ago, Dorothy Irene Height, the 73-year-old grande dame of the civil rights movement, broke her hip and shattered her elbow and was forced to spend two weeks in the hospital. As she has with dining rooms, airport lounges and auditoriums for the past 50 years, Height turned her hospital room into a war room.

One morning after the insertion of a pin in her hip, she was sitting in a wheelchair and moving only slightly to answer the phone. Yet in a two-hour period she dictated a funeral appreciation for a friend, worked on an article about Dr. Martin Luther King Jr. and oversaw arrangements for the convention of the National Council of Negro Women (NCNW), which is celebrating its 50th anniversary here this week.

But perhaps more telling, the fall in her apartment elevator had not shaken her confidence or dignity. Looking better than she had in years and still imposing with a broad figure and a strong lyrical voice, she was enjoying the mini-havoc she was creating. The private room had four dozen basket of flowers—including ones from Camille and Bill Crosby—and just as many had been given to other patients. She was on a first name basis with the messengers. The doctor were dropping by to check on her, grab their lunch from her fruit baskets and check out her library. "They tell me there hasn't been this much activity since the president was here," said Height, clearly delighted.

Yesterday, dressed in a violet Ultra-Suede suit, she used a walker to approach the podium at the Hyatt Regency Hotel and a wheelchair to leave the room where she addressed 700 delegates at the council's convention. She spoke for a full 62 minutes about her vision of black women.

"I used to hear the men in World War II say that on all the lists of names in the Army . . . beside all of those who were black they put an asterisk," she said. "They said every once in a while they would get all the asterisks together. That's what we have been so often.

"If the reports are about what is happening to the family, then there's an asterisk about the black family. When the report is about women, there's an asterisk about black women. We don't want and will not be asterisks, we will define ourselves."

Height's refusal to slow down is typical. For the last half-century, she has been at the call of the famous, like Mary McLeod Bethune and Eleanor Roosevelt; at the side of the famous, like King, Whitney Young and Roy Wilkins; and at the forefront of women's rights through alliances with advocates ranging from Esther Peterson to Shirley Chisholm to Eleanor Smeal.

"She is the mother of us all," declares former congresswoman Chisholm. "She has a great leavening influence. We know when Dorothy is going to say something she is going to put us back on track."

Height has been the woman with the gentle face and high cheekbones (often accented with a fashionable hat) pictured in all the photographs as the civil rights bills of the 1960s were signed into law.

Of all the "Big Six" civil rights leaders of the 1960s—King, Young, Wilkins, James Farmer and John Lewis were the others—she alone still heads an organization. Today she is the senior member of the Black Leadership Forum and, again, one of the organization's few women. The group of 20 years ago, she says, didn't always see why she was linking desegregation with hunger and other issues, but "I had the feeling of operating with peers. There were never any condescension. I have to give the men credit."

Among the intramovement debates about leadership and image in those days, "there was always the thought [of being out front] and who's going to say, 'Let me go ahead of Martin Luther King.' But I think the competition was among them. I recognized the different roles and different leadership skills." And when she grew weary of their agitation, she would take out her knitting and sigh, "If you would take advice from a mere woman . . ."

For the last 28 years she has run the NCNW, the principal advocacy group for black women, and one which claims an outreach of 4 million members. The organization was started by Bethune in 1935 to give successful black women a hands-on way to help the less fortunate. Though always struggling for funds, the council has mothered dozens of successful projects ranging from swine "banks" for rural areas to career training to teen-age parent counseling.

These days both friends and potential rivals look for signs that Height, after so long at the helm, might be preparing to step aside, or grooming a successor. She herself shrugs off the question. A close friend says when succession is discussed even in a general way, Height inquires, "Who's getting old?"

Indeed, her experience remains among her most valuable assets. The day before the National Organization for Women called a press conference to endorse a candidate for president in 1984, Height chaired a meeting with many women leaders to stress that the white women's arm of the women's movement was repeating history. NOW had not given a hearing to the Rev. Jesse Jackson, and Height and others reminded the women of the split between Frederick Douglass and Susan B. Anthony almost a century earlier. "She was saying they were making the same mistake, they were excluding black women," says Donna Brazille, executive director of the National Black Women's Political Congress.

In the highly charged arguments during black leadership meetings over whether a black should run for president or trade votes for political leverage, some people were surprised that she supported black candidacy. "Her position was . . . 'What was the civil rights fight all about?' She would say, 'What are we saying to our children if we say a black man doesn't have a right to run?' " recalls M. Carl Holman, president of the National Urban Coalition.

In her childhood in Richmond, where she was born, and Rankin, Pa., where she moved when she was 4, her parents set a standard of juggling timetables and meeting goals. Fannie Height worked as a nurse and active club woman and James Height was a building contractor. But they were much more.

"Both of them were active in the church. But my father had his own business, he was also a choirmaster and head of the Sunday-school union. So I grew up in an organizational family," says Height, who has three sisters.

Through an oratory contest (which she prepared for in two days, remembers her sister, Josephine Ryals), Height won a college scholarship and was turned down by her first choice, Barnard College, because it had its quota of two blacks. She went to New York University, where she finished in three years and earned a master's degree in an additional year.

Height stayed in New York, working as a caseworker for the welfare department and, through the Harlem Christian Youth Council and the influence of the Rev. Adam Clayton Powell Sr., got her first civil rights experiences lobbying merchants on 125th Street.

In 1937 her road to public service took an auspicious turn. Bethune was holding a meeting at the Harlem YWCA and Height, a junior staff member, was assigned to meet Eleanor Roosevelt at the door. But the

president's wife parked her own car and came in a door that wasn't being watched. "Needless to say, I ran in right fast and I met her before she got to the auditorium," recalls Height." As I was leaving Mrs. Bethune said to me, 'What is your name?' and I told her and she said, 'Well, you come back, we need you.' And I've been in it ever since."

At the Y, Height got involved with the American Youth Congress, a group that demonstrated and lobbied in Washington for improved economic distribution and racial equality. Molly Yard, the political director of NOW, says, "I remember her vividly from those days. She was one of the most beautiful people I ever saw. She had a beautiful smile, and when you saw it, it made you happy."

In 1939 Height joined the staff of the Phyllis Wheatley Y here and formed a working relationship with other young women like Bennetta Washington. "She was a role model. She came in well-educated, she was concerned about professionalism and she understood the issues black women were going to face," says Washington, who later got help from Height when Washington was associate director of the Jobs Corps. "She gave many of us ideas that we would have never had."

From 1946 until 1957 Height was president of the Delta Sigma Theta sorority. And during the early 1950s she worked on such diverse projects as unionization of the YWCA staff and social work in India. She became president of NCNW in 1958, but continued to work for the YWCA full time until 1975. Today she is widely praised for the leadership training workshops she instituted.

In the 1960s the NCNW followed its tradition of personal activism and moderate issue-oriented politics, sponsoring voter-registration drives and an education foundation that provided tuition funds for civil rights activists, such as Marion Barry (now mayor), who interrupted their education.

Height's personal favorite was the "Wednesdays in Mississippi" project, when interracial groups of women would help out at Freedom Schools. "One day we were in Hattiesburg, Miss., and a Molotov cocktail was thrown right through this church where we were holding a session. A young fellow from Oberlin went to the organ and played the 'Hallelujah Chorus.' We were living the reality right there."

Because of her identification with women's issues, some of her experiences with younger black women in the late 1960s and 1970s were difficult. "It was not easy. I'll have to admit that. It was not easy because they tended to think you were either being co-opted by the white women's groups or playing down the severity of the [black] problems."

The council is an official observer at the United Nations, and Height has participated in all three meetings of the Decade for Women. At the 1980 meeting in Copenhagen, Alexis Herman, former director of the Labor Department's Women's Bureau, recalls that Height helped engineer a compromise over a resolution on racism—a compromise that averted a walkout by blacks in the U.S. delegation.

At last year's Democratic National Convention, Height, whose luggage was lost and who ended up wearing the same dress for several days, plunged right into the role of peacemaker, "We were angry," says Brazille, "White women were angry because we were angry. There was so much confusion, people screaming over one another. Then she spoke and was an incredible force. She picked up the phone and called Judy Goldsmith, Gloria Steinem, and others. Most of us had stopped talking. She didn't stop."

Under the leadership of Height the NCNW achieved tax-exempt status; raised the money for a statue of Bethune, the first statue of a black woman erected in Washington; developed several model programs that have been replicated by other groups; and established the National Archives for Black Women's History and the Bethune Memorial Museum, the first institution devoted to black women's history.

The last five years have been ones of financial hardship for the council, which has 30 affiliates and 200 local member organizations. Since 1980 the council's federal funding has been cut from $6 million to $1 million, but an increasing amount of money has been contributed by the private sector. Height remains one of the few traditional civil rights leaders with access to the White House.

It is undoubtedly Height's dominance, and her standing as an institution, that keeps NCNW a force. Some students of her career feel she demands personal deference; others feel she has earned it. Yet at the same time, "She rejects being out front," says John Jacobs, president of the National Urban League. "She has been resisting may suggestion that she run for president of the forum. Part of that is her own personality and part is her desire to stabilize NCNW."

Its programs have often set the pattern for other organizations. For 20 years NCNW has run a center for education and career advancement for minority women in New York. Next year that center is expected to receive accreditation as a separate educational institution. NCNW also ran a project in 10 cities to help girls in trouble with the law. The project was supported by $4 million from the Justice Department.

In 1968 NCNW sponsored a conference on the problems of teen pregnancy and teen parenting, which has become a priority for many groups. "We had to overcome a certain amount of resistance because there were those who thought that we would be adding a stigma to ourselves as women," says Height.

For the last 10 years NCNW has been involved in development projects in seven African countries. After the late King Sobhuza II of Swaziland saw a film of the council's pig farms in Mississippi, he asked the group to help his citizens start a similar project. The success of the program, supported by the Agency for International Development, says Height, has led the Swazi people to feel "this may decrease their dependency on South African pork."

She says she doesn't feel bad that some other groups have come along, improved on the council's original idea and stolen the lime-light. "You have to work cooperatively and collaboratively. That isn't easy to do because we've grown up in such a competitive climate," says Height. Yet, "the conditions of black people have been worsening. If we want to do anything about it we must work together and not worry about who is getting particular credit."

But some feel an even more critical problem is the future of black women's leadership. "It is a deep concern that persons like Dorothy Height and Shirley Chisholm must be able to push younger women on to do some of the works we did in our lifetime," says Chisholm. "This is a problem in our race—that we have not prepared younger people. This is a reality."

Yet some former NCNW staffers feel Height has groomed them well. "She gave you full responsibility and was not a person who would hover over you. She was a terrific teacher in how to manage a program, how to manage a staff. She was incredible at the board meetings. She would listen to everyone's ideas and then it would come out exactly like she wanted," says Alma Brown, a District official who directed three programs before the funds dried up.

Height's accident may have slowed her down physically, but it hasn't yet crimped her agenda. "My career is not just accidental, it is by choice, I simply try to respond as best I can to what is needed," says Height. "To learn to do and help others to do."

CARRYING ON THE GOOD WORK

(By Dorothy Gilliam)

A half-century ago, when Mary McLeod Bethune came up with the idea of organizing all of the nation's black women's organizations under one umbrella as a way to gain power to deal with their economic and political problems, it was a stroke of sheer genius.

Bethune was a former South Carolina cotton picker who founded a school on a garbage dump. The school grew into a college and Bethune advised United States presidents. Powerful and charismatic, she was also shrewed and practical.

Bethune knew that unifying independent organizations under a single umbrella would be a tough job.

But she pressed ahead and founded the National Council of Negro Women. During 14 years as president, she made the council a major advocate for black women.

Last week in Washington, the council celebrated its 50th anniversary. On that occasion, Dorothy I. Height, the woman who moved the organization closer to realizing Bethune's dream, began her 29th year as its head.

Says historian Bettye Collier-Thomas: "Dorothy Height implemented [Bethune's] concept . . . vastly expanding the organization's administrative and fiscal base and developing an extensive and impressive array of programs."

With 30 organizations beneath its umbrella and claiming an outreach to 4 million members, the council has developed major programs throughout the United States and in Africa, focusing on youth, employment, civil rights and development.

Besides establishing a black women's archives, the organization spearheaded erection of a Bethune statue here in Lincoln Park, the first memorial to a black American in the nation's capital.

Whereas Bethune's tenure was during the depths of the Depression, Height's leadership encompassed the civil rights movement and its aftermath when issues of social justice pointed a clear direction for an energetic warrior.

Moreover, the council's current focus on such problems as teen-age pregnancy is a realistic recognition that blacks must battle internal forces that threaten their progress.

Further, most black women's groups belong to the council and carry out their own impressive national programs as well.

Just last week, for example, The Links Inc., a 39-year-old black women's public service organization, opened a new national headquarters building at 1200 Massachusetts Ave. NW.

In addition, the group recently made a $1 million gift to the United Negro College Fund.

According to Links President Dolly D. Adams, these achievements are steps in fulfilling a broader mission of providing support services for numerous local and national programs.

The progress of The Links is also an important development for the council concept, for the success of Bethune's idea depends on member groups' maintaining their individual power and integrity even as they work together.

But the question people are asking today is, how successfully has Bethune's original idea of an "organization of organizations"—wielding real power and affecting economic, political and social change—been implemented?

The answer is that while the council has achieved many of its original aims and racked up impressive achievements against the odds, in a larger sense the challenge of achieving real power remains.

Building on faith, dreams and determination, women such as Bethune and Height have made significant contributions to black women and the nation.

Today's black women face such enormous problems as the devastating gap between the haves and have-nots and the feminization of poverty.

So another question being raised is, how will the next generation advance black women's progress after the era of the 73-year-old Height ends?

Many younger women attended last week's anniversary celebrations. Some have taken their places in the organization's higher echelons of leadership, but there are far too few.

If Bethune's dream of power for black women through unity is to continue to live, this organization must move with more vigor to attract this generation's young women.

RETIREMENT OF DENNIS J. POLIVKA

Mr. HOLLINGS. Mr. President, on Monday, November 25, 1985, the many friends, associates, and admirers of Dennis J. Polivka will gather at the Department of Commerce to bid farewell to an outstanding civil servant. Mr. Polivka's more than 30 years of Federal service will serve as an inspiration to all who follow the large footprints he leaves.

Mr. Polivka was born in Czechoslovakia where he earned his bachelor of arts, as well as a masters in business administration. Following the Communist takeover of Czechoslovakia, Dennis came to the United States.

Since coming to America, Mr. Polivka has earned a bachelor of science degree from Roosevelt University while working as a butler in Chicago. In 1951, he embarked on a Federal career, first with the General Accounting Office, and for the last 20-plus years, with the Economic Development Administration of the Department of Commerce. Czechoslovakia's loss was truly America's gain as Dennis has been a leader in the development of accounting systems which have been applied throughout the Government.

Another Czech loss was Dennis' lovely wife, Jirina, who he met while working in Iowa. Mrs. Polivka is equally distinguished as she now serves as chair of the social work department of George Mason University.

Incidentally, I am informed that in the early days of EDA, the budget officer was from Wales, the management director was from Germany, and the accounting department was headed by a Czech.

Mr. Polivka's outstanding contributions to his field have won him considerable praise and recognition. For example, the Department of Commerce has a series of honor awards for outstanding accomplishments by its employees. Few of the tens of thousands of Commerce's personnel are singled out for these honors.

On November 13, 1985, Mr. Polivka was awarded the Department's Gold Medal, which is granted by the Secretary of Commerce "for rare and distinguished contributions of major significance to the Department, the Nation, or the world." That alone would qualify Dennis for the wide admiration he enjoys, but he now becomes one the few persons who has also received the Department's Silver Medal, 1982, and Bronze Medal, 1974, as well as many other citations recognizing his excellent service to his adopted country.

In awarding the Gold Medal to Dennis, Secretary Baldrige said:

Mr. Polivka is recognized for achieving lasting improvements not only to the accounting systems of the Economic Development Administration but to the overall effectiveness of the Department. His energy and creativity have made the Department a leader in cash management and debt collection, resulting in significant savings for the Nation's taxpayers. His work in systems development has advanced the state of the art, beginning with the accounting system of EDA itself. He also developed a financial management system for the $6 billion local public works program and strengthened letter of credit procedures, producing significant interest savings. In the management field, Mr. Polivka has been recognized by the Joint Financial Management Improvement Program for developing a methodology for measuring productivity in Government accounting; the system has been approved for implementation throughout the Federal Government.

As Mr. Polivka leaves the Federal service, I want to extend to him my personal appreciation for a great career of faithful and dedicated service. I wish him well-deserved, long and happy retirement.

UNITED STATES-PEOPLE'S REPUBLIC OF CHINA NUCLEAR COOPERATION AGREEMENT

Mr. COHEN. Mr. President, yesterday after 2½ years of close congressional involvement in the issue of sharing nuclear technology with the People's Republic of China, the Senate quietly, quickly, and with inadequate notice passed a resolution approving, with contingencies, the United States-People's Republic of China Nuclear Cooperation Agreement.

Given the longstanding concerns of many Senators regarding this agreement, I am quite displeased with the manner in which the resolution was raised and passed. Despite the impression that might be created by yesterday's CONGRESSIONAL RECORD of this morning's media coverage, no floor discussion took place. There was no opportunity for Senators who had been involved in the drafting of this legislation to discuss on the floor its meaning or the manner in which it should be implemented. After 2½ years of controversy, this legislation was whispered through in a matter of seconds.

In my view, proceeding in such a manner on matters of great significance over which Senators have expressed strong interest is highly inappropriate. I find this particularly disturbing since goodwill and trust among the key executive and legislative players is essential if the agreement is to be successfully implemented through the process provided for in this legislation. Moreover, it is especially unfortunate that this occurred, since it culminated what was otherwise a rather cooperative endeavor among the members of the Foreign Relations Committee and the Subcommittee on Nuclear Proliferation. While differences of opinion remained, good faith efforts by all involved produced what I viewed to be an acceptable compromise.

As a part of this cooperative endeavor, I, Senator GLENN, and other Senators testified before the Foreign Relations Committee that it would be unwise for the Congress to simply approve the agreement and unfortunate if we were forced to simply disapprove it. I made specific suggestions, as did others, as to how the Congress could legislatively link the approval of the agreement with clarification of key elements of the agreement and of the Chinese nonproliferation commitments which accompanied it. This legislation does not completely meet the objectives which I had hoped it would. It does, however, represent a good faith effort to address the concerns that I and others have raised. Under the provisions of Senate Joint Resolution 238, implementation of the agreement is contingent upon certain actions by both the President and the Chinese. There should be no doubt that congressional acceptance of actual exports and transfers is linked to satisfactory fulfillment of these legislative requirements.

HISTORY OF CONGRESSIONAL INVOLVEMENT

Congressional interest in this agreement goes back several years. In July 1983, I joined seven other Senators in writing the President to express our concern over reports of United States-People's Republic of China negotiations on such an agreement and to request that the matter be addressed publicly. Later that year, a hearing of the Governmental Affairs Committee's Subcommittee on Energy, Nuclear Proliferation, and Government Processes provided an opportunity to question administration witnesses about these negotiations.

Numerous other Senators have taken other action, such as writing to the President and to the Secretaries of Defense, State, and Energy concerning the agreement and China's nuclear export policies.

In August of this year, Senator DOLE led a delegation, of which I was a member, to the People's Republic of China. The Chinese were quite gracious and generous to us during this visit. The Nuclear Cooperation Agreement was an important subject in our discussions with Chairman Deng and President Li. We informed them of the serious concerns in Congress about the PRC's nonproliferation policies, stemming from both China's historical attitude toward nuclear proliferation and Chinese actions up until very recently.

CHINA'S POLICY ON PROLIFERATION

The PRC's historical attitude toward nuclear nonproliferation can hardly bring comfort to those concerned about the spread of nuclear weapons. As the administration's nuclear nonproliferation assessment statement discusses, the People's Republic of China has consistently opposed both the concept and the reality of the international nuclear nonproliferation regime.

I recognize that many of the PRC's most worrisome declarations were made during the period of the cultural revolution, and that China has now entered the Deng era. Nonetheless, these sobering facts of China's history have caused justifiable concern as the People's Republic of China has become involved in international nuclear commerce. Events of the last few years have demonstrated this concern to be well founded.

As the Members of this body know, there have been reports that the People's Republic of China has provided Pakistan with assistance in acquiring a uranium enrichment capability and with detailed nuclear weapons design information. Significantly, reports indicated that such enrichment assistance continued even after the United State-People's Republic of China Nuclear Cooperation Agreement was initialed during President Reagan's visit to Beijing in April 1984. Other reports indicate that the People's Republic of China has provided enriched uranium to Argentina, and may have provided heavy water to Argentina, India, and South Africa and enriched uranium to South Africa.

All of this highlights the critically important opportunity associated with the understandings that accompany the agreement. These understandings, which are contained in the State Department document "United States Summary of Discussions," concern the People's Republic of China nuclear nonproliferation policies. If the United States summary accurately reflects People's Republic of China nonproliferation policies and the People's Republic of China were to adhere to such policies, this would mark a significant step toward strengthening the nonproliferation regime.

QUESTIONS ABOUT THE UNDERSTANDINGS AND AGREEMENT

However, because the record of these understandings is a United States summary, not a People's Republic of China summary, uncertainty exists as to whether this faithfully reflects People's Republic of China nuclear nonproliferation policies. Other uncertainties also exist with regards to this United States document and People's Republic of China nuclear nonproliferation policies.

Additionally, several questions have been raised with respect to provisions of the agreement, itself. Foremost among these are questions regarding United States prior consent rights, required by United States law, over potential People's Republic of China reprocessing or enrichment activities involving United States-supplied materials or facilities. Questions have also been raised about guarantees of peaceful use of materials and equipment exported to the People's Republic of China under the agreement.

During the September 1983, hearing which I mentioned, ACDA Director Adelman and I discussed situations in which the United States and another country have entered into an agreement without adequately clarifying the agreement's meaning:

Senator COHEN. Mr. Adelman, what has been your experience when there has been a disagreement between two major countries over an interpretation over a treaty provision?

Mr. ADELMAN. My experience has been that they just talk about it forever until the accusing party decides to forget it. It has not been a happy experience.

I would agree with Dr. Adelman's assessment and recall specific instances, such as the unilateral understanding of SALT I regarding heavy missiles. In my view, it is better to make the effort to create a solid foundation for our developing friendship with China than to build that relationship upon shifting sands of ambiguity and what may amount to unilateral declarations.

AGENDA FOR CONGRESSIONAL ACTION

I share the view that these are serious concerns that should be addressed. Congress, in my view, can play a productive role by taking action to:

Dispel the uncertainty as to whether the "United States Summary of Discussions" is a faithful representation of People's Republic of China nuclear nonproliferation policies;

Clarify the ambiguities with the agreement that appear to exist; and

Prevent the unorthodox aspects of the agreement from serving as a precedent for future nuclear cooperation agreements.

I suggested to the Foreign Relations Committee specific legislative provisions for accomplishing this. Senate Joint Resolution 238 incorporates certain of these provisions and addresses the concerns dealt with by the others.

Let me outline the particular elements involved.

REAFFIRMING THE BEIJING UNDERSTANDINGS

It would not be responsible, in my view, for the Congress to approve implementation of the agreement relying upon the "United States Summary of Discussions," as provided to the Congress. In my view, the Congress should have a written statement by the People's Republic of China itself—rather than by another branch of the United States Government—that clearly and precisely states the People's Republic of China's nuclear nonproliferation policies.

Senate Joint Resolution 238 would prohibit the licensing of any nuclear export under the agreement until two requirements are met. First, China must provide the United States with additional information regarding its nuclear nonproliferation policies beyond that already provided. Second, the President must certify, based on this and all other available information, that China is not engaged in proliferation-related activities and any previous proliferation-related activities have terminated.

As I have indicated, I would have preferred that Congress require that such additional information to be provided by China be in written form to avoid potential misunderstanding and that a minimum standard for such information—such as reaffirmation of the United States Summary of Discussions—be set. In a recent hearing of the Energy and Nuclear Proliferation Subcommittee, I requested specific information from administration officials on what additional information it will seek and in what form, as well as the minimum additional information it believes it would need to be able to meet this certification requirement. It is my hope that there will be consensus between the executive and legislation branches on appropriate certification standards. If there is not, firmer

congressional action may be necessitated.

GUARANTY OF PEACEFUL USE

The NNPA also requires that nuclear cooperation agreements include "a guaranty that safeguards as set forth in the agreement will be maintained." The matter of guaranty of peaceful use is addressed at various points in the agreement, including the provisions in article 8 for information exchanges and visits, but details regarding the implementation of these provisions are not addressed.

The Congress could accept the agreement with less trepidation, in my view, if it knew how this guaranty would be implemented. I proposed, as did Senator GLENN, that no nuclear export license for the People's Republic of China be issued until the President certifies to the Congress that the arrangements made pursuant to article 8 will be essentially equivalent to that provided by the materials accounting and inspection standards normally applied by the IAEA.

This legislation has a more ambiguous requirement that the President certify that these arrangements have been designed to be effective in ensuring that exports shall be used solely for the intended peaceful purposes. The IAEA norms provide a standard of effectiveness against which to measure the arrangements to be made pursuant to article 8. It is my hope that the administration will insist on arrangements as effective as IAEA norms, which, I would note, China has agreed to accept for nuclear transfers it receives from Japan and certain other countries.

U.S. PRIOR CONSENT RIGHTS

The Nuclear Non-Proliferation Act [NNPA] clearly states that agreements for nuclear cooperation must include a guaranty against reprocessing or enrichment activities involving U.S.-supplied materials or facilities without prior approval of the United States. The provisions of the United States-People's Republic of China agreement on this matter could invite misunderstanding unless they are clarified.

The administration has told Congress that these provisions, by which the United States undertakes to favorably consider such activities, do not prejudice the decision of the United States with regards to arrangements for such activities. I proposed to the Foreign Relations Committee that no nuclear export license be issued for the People's Republic of China under the agreement until after the President certifies the correctness of this interpretation. This requirement is contained in this legislation.

SUI GENERIS NATURE OF THE AGREEMENT

The United States-People's Republic of China Nuclear Cooperation Agreement is unique. As the President noted in his letter transmitting the agreement to Congress, the agreement "is the first peaceful nuclear cooperation agreement by the United States with a Communist country and the only such agreement with another nuclear weapon state—the United Kingdom and France are covered by United States agreements with EURATOM."

Accordingly, I am pleased that this legislation explicitly states that the agreement holds no precedent for agreements for peaceful nuclear cooperation that the United States might negotiate, renegotiate, or enter into in the future.

PRIORITY OF U.S LAW

Article 2 of the agreement states that "the parties recognize, with respect to the observance of this agreement, the principle of international law that provides that a party may not invoke the provisions of its internal law as justification for its failure to perform a treaty." Such a statement does not occur in other recent agreements for nuclear cooperation signed by the United States, such as the agreements with Sweden and with Norway. Nor is such a statement included in the nuclear cooperation agreement between the People's Republic of China and Japan signed in July 1985.

The NRC states that it "is concerned that this new provision could be read as reducing the flexibility of the United States, including that of Congress, in enacting and implementing future legislation afffecting future United States-People's Republic of China nuclear relations. However, we believe that subsequently enacted domestic legislation that was inconsistent with the provision of the agreement would have priority." State Department officials have stated that subsequently enacted legislation would, indeed, be treated as having priority.

This legislation reaffirms this by declaring that each proposed export under the agreement shall be subject to U.S. laws and regulations in effect at the time of each such export.

CONCLUSION

There are few other areas of foreign policy in which the Congress has played as integral a role as in nuclear nonproliferation. In my view, the many difficult and controversial aspects of this agreement and accompanying understandings demonstrate the wisdom of the Congress' decision to create an institutional framework for close collaboration between the executive and legislative branches on nuclear nonproliferation matters. It also indicates that we would be equally wise to continue this collaboration in the case of United States-People's Republic of China nuclear cooperaton by ensuring that the provisions of this legislation are fully met before the United States-People's Republic of China Agreement is implemented.

THE IMMIGRATION BILL

Mr. GRASSLEY. Mr. President, I would like to introduce into the RECORD today an editorial by the Wall Street Journal that is critical of the Immigration Reform and Control Act, which is sponsored by Senator SIMPSON, and Senator SIMPSON's letter in response.

I believe that the letter neatly and succinctly responds to the many criticisms that have been leveled at the immigration bill's main enforcement provision—employer sanctions. The Senate passed the immigration bill for a third time this September, and it has clearly recognized the weakness of the Journal's analysis. For those who are yet unsure about the propriety of this legislation, I direct their attention to Senator SIMPSON's response.

I ask unanimous consent that the editorial and Senator SIMPSON's letter be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, Oct. 1, 1985]

THE UNENDING WETBACK SAGA

Some people just can't leave bad enough alone. Having already twice failed to get Congress to pass legislation to solve the "problem" of Hispanics flocking to the U.S. for work, Sen. Alan Simpson (R., Wyo.) now has pushed another bill through the Senate. The best thing that could happen to it would be the same thing that happened last year, when the two houses of Congress could not agree on what kind of immigration bill they wanted.

The latest Senate product, which ultimately passed by a vote of 69 to 30, will be controversial in the House because it contains, a "guest worker" provision, allowing foreign workers to come in to help growers, mainly in the West, harvest perishable crops. The House, which is more susceptible than the Senate to the pressures of organized labor, traditionally has resisted such provisions.

If another fight over guest workers is what it takes to stall the Simpson bill once more, we'll settle for that. But the continuing effort to close the door to guest workers is only one of the problems with the anti-immigration movement. As passed, the Senate bill has three main provisions. The first is that those illegal aliens who have been in the U.S. since 1980 would become eligible for citizenship. Second, businesses who knowingly hire illegal aliens would now be subject to criminal as well as civil penalties. Finally, millions more in taxpayer dollars would be funneled to the Immigration and Naturalization Service to hunt—probably with continued limited success—people whose only crime was to cross a border in search of work.

While everyone is willing to debate the effect of the guest-worker provision on some hypothetical union member who might want to pick oranges, very few legislators seem interested in how unfair the bill is to employers. They are being pressed into service as government cops and if they don't perform, too bad for them. Employers who show a "pattern or practice" of hiring undocumented workers would face a fine of be-

tween $3,000 and $10,000 per illegal alien and a possible six-month prison term.

In face of such threats employers would be understandably reluctant to take on possible illegals. Anyone whose skin was too dark or who spoke English with an accent would thus become immediately suspect, particularly if he or she could not readily produce proof of citizenship. Yet these same employers who would be responsible for making sure Hispanics are legal are already subject to criminal prosecution if they discriminate against Hispanics. So the bill would put them in a damned-if-you-do-damned-if-you-don't situation. At the very least they are faced with yet more federal red tape.

The immigration debate in the Senate gave some idea of how ambivalent members of Congress are about the Simpson enterprise. First the Senate defeated an amendment offered by Sen. Pete Wilson (R., Calif.) that would have allowed guest workers into the country to harvest perishable crops and fruit. Two days later the Senate reversed itself, passing a similar amendment that limited guest workers to 350,000 a year. Many of Sen. Simpson's colleagues who favored his overall legislation were opposed to the guest-worker provision. Bitterly opposed to a guest-worker amendment himself, the Senator then lashed out at the "greed" of the growers opposing him, those terrible folks who try to keep the nation's supermarkets stocked with fresh and wholesome fruits and vegetables.

For a while it looked as though the wrangling over these contradictions might keep the Senate from acting on Sen. Simpson's bill, Sen. John Heinz (R., Pa.) held up the final vote by offering a non-binding sense-of-the-Senate resolution proposing that the Social Security system not be included in the unified federal budget, even though it has nothing to do with immigration. Then, too, the Senate also approved an amendment by Sen. Paul Simon (D., Ill.) to put a three-year cap on the guest-worker plan unless Congress voted to continue it.

Now the play switches to the House, where Rep. Peter Rodino (D., N.J.) is pushing an immigration bill without the guest-worker provision. If this issue gets to a conference committee once more, we'll be rooting for another deadlock. There's not much to be said for a bill that makes cops out of employers and criminals out of honest and willing workers.

[From the Wall Street Journal, Oct. 23, 1985]

CONGRESS MUST ACT ON ILLEGAL IMMIGRATION

I write in response to your Oct. 1 editorial "The Unending Wetback Saga." The title itself is insensitive and offensive and the article has more loose ends than a $10 hairpiece. I have often said—and say again—The Wall Street Journal has less idea of what the hell is going on with regard to illegal immigration than any major publication in the U.S. You have never understood it.

I shall never foget visiting with your editorial board some three years ago. And halfway through I just scratched my head and said, "I just don't really believe you're hearing what I'm saying," and one genial fellow replied, "I've lived in Teaneck, N.J. all my life and I've never seen an illegal alien!" I crumpled my hat in hand and took my leave.

Thank heaven you have my fine friend Al Hunt here as bureau chief and some ace reporters in David Rogers, Ellen Hume, and David Shribman. They well make up for the occasional lapses of the hierarchy in New York.

Once again the Journal is asking us to "close our eyes" and have faith that the free market system will solve all of our problems with illegal immigration. I'm surprised you did not use the phrase "open borders" or "safety valve," or the other code words for the status quo. I, too, wish the free marketplace would solve our problems in immigration reform, but unfortunately it will not.

The Journal criticizes the recently passed Senate immigration bill for making "cops out of employers and criminals out of honest and willing workers." Let's just take on the most obvious errors first: (1) You might agree that it would be extremely difficult to believe that the U.S. Chamber of Commerce, the National Association of Manufacturers, the Business Roundtable and the National Federation of Independent Businesses would endorse a bill that would "make cops out of employers." For the very first time, all of these major groups endorsed this bill because of the more workable paperwork requirements. They are not onerous. (2) The bill does not make "criminals out of honest and willing workers"—since it is our current law that already does just that. It is not illegal under current law for an employer to hire an undocumented alien, but it is illegal for that alien to be employed. How's that for conflict and confusion? This absurd present situation is what the bill attempts to remedy.

The Journal next charges that the bill's main enforcement provision—employer sanctions—promotes discrimination against "anyone whose skin was too dark or who spoke English with an accent." That is perhaps the most dazzling and self-serving argument I have yet heard the Journal advance. In the House-Senate Conference Committee deliberations last year the question of employment discrimination arose. The very able Congressman Peter Rodino of New Jersey responded that the very first group in America who ever sent out the early-warning cry that employer sanctions would cause discrimination against "foreign-looking people" were those hypocritical employers who profited handsomely by hiring low-wage, easily exploited, illegal aliens. Now, certain other groups opposed to any kind of immigration reform have taken up the claim of discrimination—but the employers of illegal aliens first used this argument many years ago in order to distract the public and the Congress from their greedy primary interest: the obtaining of cheap labor. Sensing the Journal's clear and intense interest in perpetuating a low-wage labor pool in the U.S.—no matter what might be the conditions of employment—I would be a bit startled to find the editorial motivation different this year than in past years.

You certainly flunked the saliva test on the issue of civil and criminal penalties. This bill provides a six-month education period, during which no fines may be imposed, and an additional six-month warning period before employers may be assessed any civil fines. The first offense then brings a civil fine of not less than $100 nor more than $2,000 per alien. The second-offense civil fine is not less than $2,000 nor more than $5,000. A pattern-and-practice offense carries civil fine of $3,000 to $10,000. Only if a person then has been apprehended again for a second pattern-and-practice violation does a criminal penalty fall. If an employer doesn't wake up and smell the coffee by that point—on the fourth go-round—then most would feel he deserves something more than just a civil fine—which is apparently nothing more than a "cost-of-doing-business" item to him.

The editorial also soars into high hysterics concerning my comments about those the Journal refers to as "those terrible folks who try to keep the nation's supermarkets stocked with fresh and wholesome fruits and vegetables." I have long been aware of the Journal's position as cheerleader for a very large-scale guest-worker program, but in my mind such a program works against both the goals of immigration reform and the best interests of U.S. workers. I have always indicated that the producers of perishable agriculture commodities do have some very special needs which any immigration bill must address—but this does not entitle them to a simple legalization of the status quo. Sen. Pete Wilson of California is one of the brightest participants in this national debate, but I objected to his guest-worker amendment because I think that before we temporarily allow foreign workers in the country legally to work we should first ensure that there are no U.S. workers available and that the wages and working conditions offered to foreign workers will not depress those of U.S. workers. I did not believe that the Wilson amendment would achieve this goal. Every major group representing U.S. workers—and the Reagan administration—agreed with my position. Please recall that under my bill we expanded dramatically the legal H-2 worker program in order to meet the needs of the perishable-fruit industry and even created a program to allow them three years to make the transition from an illegal work force to a legal one.

The Journal is only stating again its clear and long-standing preference for the status quo. I never seem to be able to penetrate the editorial staff with the kernel of information that we are talking about *illegal* immigration. I suggested to the Journal crew once that if they have some other alternative we would surely like to hear of it—but no fair quoting from the Statue of Liberty. The statue does not have etched on it, "Send us everybody you've got—legally or illegally." Unless we correct these problems with illegal immigration—where 1.2 million people apprehended at our border just last year from 92 different nations and we think we apprehend one out of every two—then our historical compassion for legal immigration, indeed our very heritage will become endangered.

I think the Journal should be deeply concerned to know what will happen if we continue to do nothing. The scenario of the status quo is rather clear: public pressure will require ever more budgetary assistance to the Immigration Service and to the Border Patrol; there will be more raids on employers; more "sweeps" more "Operation Jobs" and similar enforcement activities—and finally U.S. employers will be so damn tired of being raided and harassed that they may well resignedly say, "I've got this baby figured out; I'll never hire another guy again who looks foreign!" That then will be the ultimate repugnant act of discrimination. That is what the immigration bill seeks to avoid—just what the Journal very implicitly and duly encourages by championing "things as they are."

Invite me up again sometime. I'd love to kick it around with you. And, as I often say,

when everything else fails, why not read the bill?

ALAN K. SIMPSON, (R., Wyo.),
U.S. Senate.

WASHINGTON.

MELINA MERCOURI VISITS WASHINGTON

Mr. PRESSLER. Mr. President, Melina Mercouri, the Greek Minister of Culture and Science, was recently in Washington. As chairman of the Subcommittee on European Affairs of the Foreign Relations Committee, I had the pleasure of hosting an event honoring Minister Mercouri's accomplishments in the area of arts and humanities. On September 22, Melina Mercouri addressed the Smithsonian Resident Associates Program in honor of the program's 20th anniversary. Therefore, I would like to take this opportunity to summarize some of Minister Mercouri's career accomplishments.

As Minister of Culture and Science, Melina Mercouri plays an important role in one of the world's culturally richest nations. She was the first major film actress elected to a national governing body. However, Minister Mercouri is now a widely respected Greek Cabinet member in Athens. She was appointed to her current position in October 1981. Elected to the Greek Parliament in November 1977, Minister Mercouri represented the working class district of Piraeus—the port of Athens.

During her tenure as Minister of Culture, Melina Mercouri has implemented many programs designed to focus attention on Greece's great wealth of cultural treasures. She has a special interest in the Greek movie industry—having initiated a program of channeling movie-tax revenues into Greek film production. Government subsidies have been provided to inspire a Greek artistic renaissance. Perhaps her most publicized work has been her fight for the return of the Elgin, or Parthenon, marbles. In 1810, marble friezes were removed from the Parthenon by Lord Elgin, British Ambassador to the Ottoman Empire, which then ruled Greece. They were then sold to a British museum. Minister Mercouri has engaged in a battle for their return to Greece.

Other programs she has implemented include building provincial libraries and arts centers, and spurring archeological and historical preservation. She was also instrumental in developing the European Community's new program of choosing a European city as the European cultural capital each year. It was Melina Mercouri who called together the European Community's Ministers of Culture to create this program. Athens was the first cultural capital chosen under this program.

At the Smithsonian in September, Minister Mercouri announced her plans to organize a Greek month in the United States, and an American month in Greece. I commend Minister Mercouri on these plans. Having been a supporter of the arts since coming to Congress, I believe that exchanges such as this are important in developing a better understanding of the world around us.

Mr. President, in these times of budgetary concerns, little attention is given to the study of culture and the arts. Institutions such as the Smithsonian, and the National Endowments for the Arts and Humanities have been the leaders in this field for the United States. I commend these institutions for their continued leadership and commitment to preserving the culture of our Nation. Melina Mercouri's effective leadership in this area, and her frequent demonstration that greater attention to the arts and humanities can bring people closer together, are valuable reminders of the virtues of vigorous involvement in the cultural life of nations.

JO ANNE WOLD

Mr. MURKOWSKI. Mr. President, I rise today to honor and remember Jo Anne Wold, an Alaskan author who passed away on October 29.

Jo Anne, a life long resident of Fairbanks, was an award winning writer and journalist. At age 12, she was stricken with polio, leaving her paralyzed from the neck down. Many of her readers and fans didn't know that she wrote her books and articles by painstakingly tapping the keys of her manual typewriter, and later her personal computer, using a pencil held between her teeth.

She wanted to be judged and remembered, however, not for her personal struggle, but for her books and articles. She wrote four books, including the highly acclaimed "This Old House," the story of Fairbanks pioneer Clara Rust. Her books and articles of the history of Interior Alaska won 13 State and national journalism awards.

Like any good author, Jo Anne's books and articles will live long after her. But those of us who knew her will also remember her unconquerable spirit, her personal faith, and her constant optimism.

I ask that the following articles and editorial from the Fairbanks Daily News-Miner be printed in the RECORD.

The material follows:

[From the Fairbanks Daily News-Miner, Oct. 29, 1985]

FAIRBANKSAN WON MANY AWARDS—AUTHOR JO ANNE WOLD DIES

Fairbanks author Jo Anne Wold died today at 12:20 a.m. at Fairbanks Memorial Hospital from complications relating to pneumonia.

A memorial service will be Thursday at 7 p.m. at the First United Methodist Church. The family asks that "in lieu of flowers, perform an act of loving kindness to another individual" or make a donation to the Alaska Crippled Children and Adults.

Wold, 47, was an award-winning journalist who lived in Fairbanks all her life and "was an inspiration to anyone who knew her," said friend Kathleen "Mike" Dalton.

In 1950 when she was 12, Wold was stricken by polio, a disease that left here paralyzed from the neck down. At first, people feared that if she ever caught cold she would die, but with the support of her mother Eleanor, Jo Anne persevered and refused to let paralysis ruin her life.

She began her career at the age of 16 when she taped "The Magic Storybook," a weekly radio program on KFAR.

She went on to write four books and numerous magazine articles in addition to working for five years as an editor and columnist for the Daily News-Miner and Jessen's Daily.

She taught herself to type on a manual typewriter by holding a pencil between her teeth. She worked at home and used a special telephone she could dial and answer, in recent years she used a home computer.

Many of her readers did not know she was paralyzed and even her friends tended to forget it because she never dwelled on her handicap.

"It's rewarding to me that there are readers out there who know nothing about me, (who) judge me by my work. I'm a journalist," Wold told Fairbanks writer Norma Bowkett in a 1979 interview. "Someone who types with a pencil in her mouth—that's got to be secondary."

Wold finished elementary school and high school in Fairbanks. Studying at home, she graduated from Lathrop with the class of 1960. Nineteen years later she received an honorary doctorate of arts and letters from the University of Alaska-Fairbanks.

"My life is not as easy nor as difficult as some people might think," Wold told Bowkett. "But isn't that true of everybody?"

Often, people she had just met would reach out to shake hands with her and Wold would say, "I'm sorry, I can't." They would invariably apologize and Wold would just say, "That's all right. You're not the first" and she'd cheerfully change the subject and ask about their family or occupation.

Wold's writing career got a boost in the early 1960s when News-Miner publisher C.W. Snedden hired her to edit the women's section. Wold told Bowkett she didn't think she could do it at first, but that Mike Dalton "bailed me out of tight squeezes."

She said the highlight of her career was getting her first book published, "Gold City Girl" appeared in the late 1960s.

Two other children's books "Well, Why Didn't You Say So?." and "Tell Them My Name is Amanda," followed as did "This Old House," the story of Fairbanks pioneer Clara Rust.

Wold was born April 20, 1938 in Fairbanks. She was a Christian Scientist and her friends say her religion gave her great inner strength.

She is survived by: husband Lee Schroer; step-father Glen Buchanan of Anchorage, cousin Robyn (Wold) Dobson of Fairbanks; aunt Marge Perkins of Fairbanks; aunt Adelle Swanson of Minneapolis; sisters Kay Effenbeck, of Soldotna and Bonnie Kuykendahl of Edgewater, Fla.; and nine nieces and nephews.

Her mother died in 1969 of leukemia. Her father Arnold died in 1948 of the same illness. Her uncle was Sig Wold.

Wold was a honorary member of the Fairbanks Soroptimist Club, a life member of the Fairbanks Republican Women's Club, an honorary member of the Tanana Yukon Historical Society and the winner of 13 major state and national journalism awards.

A REAL LOSS: JO ANNE WOLD

The death of Fairbanks author Jo Anne Wold means a loss to many Fairbanksans and Alaskans. Her children's books, pioneer biography, newspaper column and many historical articles enriched the lives of many of us who are interested in knowing more about our community's roots.

Although Wold was paralyzed after a bout with polio as a child, many of her readers never knew of her personal struggle. They judged her as an author, and that was the way she wanted it.

As an author and as a human being, Jo Anne did much to enrich the lives of those around her. She was a personal inspiration to those who did see the cheerfulness with which she attacked her special challenges. And her books, stories, articles and columns added measurably to the body of knowledge about interior Alaska. Though she is gone, her writing will continue to help readers understand more about Fairbanks, about Interior Alaska, and about the people who have helped it grow.

Jo Anne's life touched the lives of others and helped them grow. Certainly, she was one of those special Alaskans who will not soon be forgotten.

[From the Fairbanks Daily News-Miner, Oct. 30, 1985]

WOLD WAS A TOWER OF STRENGTH TO HER FRIENDS

(By Dermot Cole)

Her body may have been weakened by polio, but her friends will always remember Jo Anne Wold as a tower of strength.

"I couldn't speak more highly of Jo Anne, whom I always called my little sweetheart," said Ester artist Rusty Heurtin. "She went through an awful lot—more than anyone I've known all these years—and succeeded. She did great work."

Wold, 47, died early Tuesday at Fairbanks Memorial Hospital after a bout with pneumonia. She grew up in Fairbanks and contracted polio when she was in the seventh grade. For the rest of her years she was unable to move her arms or legs, but her mind was never paralyzed.

She wrote four books, including "Gold City Girl," a children's book about a girl who grew up in Fairbanks, and "This Old House," the widely acclaimed story of Fairbanks pioneer Clara Rust. She also worked as a newspaper editor and columnist and wrote numerous magazine articles. She received at least 13 state and national journalism awards over the years.

Wold's physical abilities were severely limited—she used a pencil between her teeth to punch the keys on a typewriter—but she never concentrated on her own problems. She conquered them by giving help to others, working hard at her writing and living her faith.

"She was always so cheerful and she never complained about the things of life," said Edna Wilder-Cryan. Wold encouraged her to continue painting and writing.

Former University of Alaska-Fairbanks journalism professor Jimmy Bedford said Wold was one of his first students here.

"I thought she was one of the most optimistic people I ever met. If you ever felt down in the dumps you could go over and see Jo Anne and she'd cheer you up. I never thought of her as being handicapped because she had overcome it so beautifully," Bedford said.

Those who knew her before and after she contracted polio say that her personality didn't change after she became ill in 1950. If anything, she became stronger.

"She was a great inspiration to people," said Rosamond Weller, who taught Wold in the fourth grade. "She just didn't let the condition that she had to work in bother her. She never complained. She was always cheerful and was such a joy to be around."

Wold lived near the McGowan family for almost 20 years.

"My sisters and I worked for Jo Anne for many years and we feel we were privileged to have known her so well," said Grace (McGowan) Becker. "She was loving and giving and fun to be with and she was always willing to help those around her."

Jo Scott helped Wold get her first job back in the 1950s as host of a weekly children's radio show on KFAR. She said Jo Anne's mother, Eleanor, refused to lose hope in her daughter and the spirit was contagious.

"The marvelous thing was it was such a happy household." Scott said, "You'd go in that house and there was just cheer and love radiating out. If there was ever any lesson about Christian faith, that family had it. They lived their faith."

Services for Jo Anne Wold will be Thursday at 7 p.m. at the First United Methodist Church at 915 Second Ave.

LA PEROUSE EXPEDITION

Mr. MURKOWSKI. Mr. President, I rise today to memoralize an early episode in Alaska's history. In 1786, 21 brave sailors and soldiers of the La Perouse expedition perished in the turbulent waters at the entrance of Lituya Bay, now included in the Glacier Bay National Park.

On August 12, 1985, Dr. Robert Horchover led an expedition to place a handsome bronze plaque on the northeast corner of Cenotaphe Island, Lituya Bay, to memorialize the tragic loss as well as the triumphs of the expedition led by La Perouse. I was fortunate to have taken part in this commemorative expedition. It is worthwhile to review briefly some of the historical events which preceded this ceremony as they relate in part to the purposes of the park and the role of Alaska in relation to Pacific-rim countries.

Comte de la Perouse was born Jean-Francois Galaup in Albi, France in 1741, the year Bering made the first discovery landfall on Kayak Island, off Mount St. Elias. La Perouse was recognized as a humane gentleman, a great naval captain, and a scientific explorer second only to Captain Cook.

In 1785, he was chosen by Louis XVI of France to lead a scientific and exploratory expedition to circumnavigate the globe in two French frigates named *La Boussole* and *L'Astrolabe.* The ships' complements included scholars chosen by the Academy of Science in each of the natural sciences.

The expedition left Brest on August 5, 1785, rounded Cape Horn, and conducted a number of investigations, such as confirming the location of Easter Island. It left the Hawaiian Islands on May 13, 1786, and, using marine data compiled by Captain Cook, made its next landfall on June 23 by sighting Mount St. Elias, AK. On July 3, the ships passed through the narrow entrance of Lituya Bay on the last of the flood tide and anchored in the Bay for scientific discovery purposes, refurbishing, and communication with local native inhabitants.

On July 16, 1786, two yawls and a smaller jolly boat were dispatched to investigate and explore the entrance tides. They were sent with explicit written instructions to avoid the turbulent water of the half tides. One of the yawls was drawn into the strong ebb currents and swamped in the riptides. The other yawl followed for rescue purposes, but it too was swamped. All officers and seamen in the two yawls perished. The jolly boat survived the passage and its crew was able to reenter on the last of the flood.

In the two volume English edition of "The Voyage of La Perouse Round the World" translated from French for John Stockdale, Picadilly, London, and published in 1979, La Perouse was reported as writing:

> Before our departure we erected a monument to the memory of our brave sailors on the island in the middle of the bay, to which I gave the name l'Isle de Cenotaphe. An inscription of the disaster by M. de Lamanon was buried in a bottle at the foot of the monument.

This monument was probably lost or moved by one of the Giant Waves of Lituya Bay. The largest was the wave which reached a height of 1,720 feet as a result of the earthquake of July 9, 1958. The quake, centered in the Fairweather Fault, caused the fall of over 40 million cubic yards into Gilbert Arm, creating the wave estimated to have moved out of the bay to its mouth at between 97 and 130 miles per hour. Evidence indicates at least four previous waves: October 1936, reaching a height of 490 feet; 1899, of 200 feet in height; 1874, of 80 feet in height; and 1853-54, reaching a height of 3295 feet. (Dan J. Miller, Geological Survey professional paper 345-C, publishied in 1960.)

The 1958 earthquake and landfall completely filled Gilbert Arm which, according to the La Plrouse sketch map of Lituya Bay made in 1786, is shown as one of two arms forming a "T" across the head of the bay below Mount Fairweather. Each of the arms is shown on the sketch map as extending several miles, and soundings disclosed very deep water. Members of our 1985 expedition walked over that

barren landfall for nearly 2 miles to the foot of Gilbert Glacier. Five glaciers flow into the two arms. The only sound was the sharp crack of advancing ice. It was truly a remarkable experience.

Upon leaving Lituya Bay, the La Perouse expedition sailed soutward, observing Cross Sound and Mount Edgecumbe, to the Spanish settlement at Monterey, CA. After nearly a year of extensive exploration in the Pacific, including visits to the Fiji Islands China, the Philippines, and the discovery of the strait between Hokkaido and the Kuriles, the expedition arrived at the Port of St. Peter and St. Paul, Siberia, on June 9, 1787. The extensive maritime and scientific records of the expedition were dispatched to France by M. de Lesseps, Consul of France, who arrived at Versailles on October 17, 1787.

From the reports of subsequent mariners and searchers, it is believed that La Perouse and the two vessels were lost on reefs off Vanikoro Island, near Tikopia Island, in the vicinity of the Fiji Islands, shortly after leaving Botany Bay in Australia.

On August 7, 1978, the French Frigate *Amiral Charner,* under Commander Bousquet, attempted the entry to Lituya Bay to place a plaque to the memory of the perished sailors to replace the monument lost or moved in the 1958 earthquake. Breaking swells prevented entry and the vessel proceeded to Juneau for several arranged public receptions. The plaque was left with then French Vice Consul Frederick Eastaugh to arrange for its placement.

This was done in July 1979, in cooperation with the National Park Service by Dr. Robert Horchover and his family on his charter vessel *Sylvia J.* Assisting in the ceremony were Mr. Frederick Eastaugh, Mr. and Mrs. Elmer E. Rasmuson, and Mr. and Mrs. Richard Hall of Anchorage, AK, Mr. and Mrs. Myles Jacob of New Jersey, and Mayor and Mrs. Don Kinney of Pelican, AK.

When word was received recently that the plaque had deteriorated and broken from its setting, it was recovered. A handsome bronze plaque was duplicated from it which contained words of dedication, the name of the frigates *La Boussolle* and *L'Astrolabe,* and the names of the officers and sailors who perished in the vicious riptides at the entrance to Lituya Bay.

The inscription reads:

A L' Entree Du Port Ont Peri Vingt-Un Braves Marins; Qui Que Vos Soyez, Metez Vos Larmes Aux Notres

Noms des officiers, soldats et matelots qui ont naufragé le 13 juillet 1786

"La Boussole"	"L' Astrolabe"
MM. d'Escures	MM. de la Borde Marchainville
de Pierrevert	de la Borde Boutervilliers, Frère,
de Montarnal	Flassan.

"La Boussole"	"L' Astrolabe"
Lemaitre, Premier pilote	Soulas, Caporal et Patron.
Lieutot, Caporal et Patron	Philiby.
Prieur	Juliens Le Penn.
Fraichot	Pierre Rabier, Tous Quatre Soldata.
Berrin	Thomas Andrieux.
Bolet	Goulven Tarreau.
Fleury	Guillaume Duquesne, Tous Trois.
Chaub, Tous Sept Soldats Le Plus Age N' Avait Pas Trente-Trois Ans	Gabiers, A La Fleur de Leur Age.

Aviso-Escorteur *Amiral Charner*—7 Aout 1978

The 1985 expedition of 20 people left Juneau in the two charter vessels of Dr. Robert Horchover, the *Sylvia J* and the *Alaska Adventurer,* on August 9, 1985 and proceeded to Elfin Cove on Cross Sound. On August 10, after a rough 6-hour passage, we arrived at Lituya Bay. After suitable preparations were made, the placement ceremony was held on August 12 on Cenotaphe Island on the southeasterly rocky promontory facing the main part of Lituya Bay. Those in attendance were Dr. Horchover, his wife Sylvia, his sons Robert Harold and Scott, and daughter Micaela, myself, my wife Nancy, Frederick Eastaugh, Mr. and Mrs. Bushey of Fairbanks, Mr. and Mrs. John Lodmell of Baltimore, MD, Mr. and Mrs. Martin W. Schafer, Mr. and Mrs. Ron Bolton, Mr. and Mrs. Alan Shattuck, and Mr. and Mrs. Bill Goertzen, all of Juneau, AK, and crews from the two chartered vessels. That evening all of these participants became members of the Lituya Bay Historical Society.

I think it important to acknowledge the role of the French and of La Perouse in the exploration of the Pacific and the contribution of knowledge of great benefit to those who followed. I was honored to participate in this ceremony of recognition of the early exploration of Alaska and I am proud to bring this before you today.

ADOLPH SCHUMAN, A TRIBUTE

Mr. CRANSTON. Mr. President, I was deeply saddened by the death of Adolph Schuman on September 30. Adolph, and his widow, Jo, were close and dear friends.

I had known Adolph for years. He was a confidant and an adviser whose wisdom never failed to impress me. He was a man of ebullient spirit who lived his emotions at their zenith—a man of strong belief and convictions.

Adolph knew many Senators over the years. But he was perhaps closest to the Kennedy brothers, all of whom held him in the highest regard. Our colleague, the senior Senator from Massachusetts, delivered the eulogy for Adolph. It was a memorable tribute, which I want to share with the Senate.

Mr. President, I ask unanimous consent that the Senator's remarks be printed at this point in the Record.

There being no objection, the remarks were ordered to be printed in the Record, as follows:

For me, he was more than a friend; he was almost a second father.

He never hesitated to tell me what he thought when I was wrong; and as many of us know, he was never shy about offering a word—or sometimes even a volume, of advice. How often I heard the words—"Adolph's on the phone"— and how often I shall miss hearing them in all the years to come. For me, for my brothers Jack and Bob before me, he was always there, at our side, in person and in spirit, in good times and in bad.

In campaigns, he was a prodigious fundraiser—and I suspect he talked to many of you, at one time or another, on behalf of one Kennedy or another. But that was far from the true measure of his worth. For Adolph gave the most precious gift of all—which is not money or anything material; he gave his love—constant, tireless, deep and joyful at the same time. There was more decency and caring in the rasp of his irrepressible, unmistakeable voice than there is in all the easy and gentle tones.

And Adolph will be with us always—not merely in memory—but in the luminous presence of the person who was the center of his life, someone who was his wife and truly his best friend.

He said to me once: "Ted, I'm the luckiest man in the world because of Jo." When they were together, you could see the love between them, shining in their eyes. And it was Jo who was constantly ready to explain to him, again and again, that not every restaurant in San Francisco was willing to let Meph in.

I teased Adolph sometimes that he was a little older in years than he ever admitted—and I am certain that he was younger in spirit than most of us will ever be. In business, he had a golden touch. In life, he had a golden heart.

Now he has gone away—and where he is, I know that there also, are friends waiting to meet him and greet him as a brother. And I am also sure of this—that Adolph has already talked to the absolutely highest authority—about the Federal Reserve Board, and the necessity of bringing interest rates down.

I do not want to end—for somehow I always had the feeling that Adolph's time with us would never end. We will not know anyone else like him—and we will not forget the man and the friend that he was.

In his early years, he was a champion boxer. In all his years, for all of us who knew and loved him—from a young President who treasured him and smiled for a moment whenever he thought of Adolph, to the waitresses at the Fairmont who welcomed him for breakfast almost every morning—he was a champion in all things.

On their behalf, for myself and for my family, of which he was so much a part, I have come here, with a full heart, to join you now, and to say to Adolph Schuman:

Good by good friend. We love you.

COMMISSION ON THE BICENTENNIAL

Mr. LEAHY. Mr. President, the Washington Post reported yesterday that a Federal judge has ruled that

the Commission on the Bicentennial of the U.S. Constitution is not an advisory committee under Federal Law and, therefore, can continue to hold its meetings in private.

The Congress created the Commission to inform the public about the importance of the Constitution, in preparation for the 200th anniversary of its signing in 1987.

We pride ourselves on the openness of our Government.

The Constitution, more than any other document, protects that openness when it comes under attack.

I find it incredible that the public has been barred from the meetings of the Commission whose whole purpose is to prepare for the celebration of the Constitution.

Of all meetings which should be open to the public, these should be.

A bill introduced by two members of the Commission, Senators THURMOND and KENNEDY, is now pending. That bill, S. 1779, would change a number of existing rules governing the Commission.

Senator CHILES has introduced an amendment to that bill to make the Commission subject to the "Government in the Sunshine Act."

We can avoid a legislative fight over this issue if the Commission reconsiders its position and makes its meetings open to the public. If it does not do so, I intend to support Senator CHILES' amendment.

CUSTOMS SERVICE ENFORCEMENT OF TEXTILE LAWS

Mr. THURMOND. Mr. President, recently, I met with U.S. Customs Service Commissioner William von Raab to discuss enforcement of our international textile agreements and trade laws. The increased intentional circumvention of those trade controls has required stepped-up efforts by the U.S. Customs Service to combat fraud.

Mr. President, I was shocked by some of the schemes being used to fraudulently import textile and apparel products into our country. Commissioner von Raab identified several illegal methods employed by those criminals, which I will now describe to my Senate colleagues.

First, "transshipment" is a practice whereby textile and apparel products are marked with a false country of origin and then shipped through a country which has either no quota or an unfilled one, thus making it appear that the article was produced in the intermediate country.

Second, "misdescription" involves the falsification of the import documents by describing garments or other products as something they are not in order to get a more available quota or to get a lower rate of duty.

Third, "cargo manipulation" is where restricted merchandise is packed in interior cartons within containers of nonrestricted merchandise in order to avoid detection.

Fourth, "splitting shipments" is the circumvention of bilateral agreements which provide for an exemption for commercial shipments valued at $250 or less. Importers "split" larger commercial shipments into smaller quantities valued at $250 or less in order to enter the merchandise by means of a visa exempt certificate. This practice is usually accompanied by undervaluation and/or understating the quantities as well.

Fifth, "removal of labels" is an illegal practice where country of origin labels are removed after importation into the United States and "Made in the U.S.A." labels are sewn into foreign-made garments.

Mr. President, these are just some example, of the fraud being perpetrated by some textile and apparel importers. It is a continuing struggle for Customs to fight the deception and trickery employed by these people. While the volume and complexity of imports requiring quota review has increased dramatically in recent years, the staff resources of the Customs Service have remained almost static. That makes it increasingly difficult for the Customs Service to prevent these significant and damaging violations of international agreements. It is for these reasons that I have supported increasing the number of Customs agents.

Yet, despite their limited resources, the Customs Service has been doing a commendable job in the fight to combat textile fraud. Currently, they have 64 positions dedicated to textile enforcement. The Customs Fraud Investigations Center is setting up an "800 Textile Hotline" for the public to report any information on possible textile fraud. Also a textile task force is being organized to identify and intercept fraudulently imported textile and apparel shipments.

Unfortunately, Mr. President, fraudulent textile importers seem to be on the increase. Last year, over $31 million in illegal textile and apparel goods were removed from the U.S. market. That represented a 300-percent increase in value of those seizures over 1983.

During the period of August 19 to October 4, 1985, Customs conducted "Operation Overweight" which focused on overweight shipments of textile products. During this 1½-month period alone, there were 97 seizures with a total value of over $5 million.

Mr. President, not only are these actions criminal, but they are costing us American jobs. Some of the over 350,000 textile jobs lost in the United States over the last 5 years can no doubt be attributed to fraudulent imports. It is a disgrace that these unscrupulous importers are depriving American people of the opportunity to earn a living and support their families.

Mr. President, the Senate recently passed H.R. 1562 which contains an import licensing provision to assist in implementing the provisions of the bill. This licensing system will do several things to help prevent textile fraud. First, it will provide administering authorities with accurate up-to-date information on what imports will be in future periods. This will be very helpful since there have been delays in collecting data on imports once they arrived in the United States.

Second, the import licensing system will be very effective in reducing quota fraud. There will have to be matching documentation whereby the import license must correspond exactly to the export license from the producing country. This should reduce attempts at transshipment, misidentification, and other types of quota fraud.

Third, the import licensing system should completely eliminate overshipments. The present system is plagued by overshipments of quotas resulting from a lack of precise control by the producing countries. An import licensing system should eliminate overshipments completely because an import license would not be granted once a quota is filled.

Mr. President, the import licensing provision is just one of the many reasons that the Textile and Apparel Trade Enforcement Act of 1985 is desperately needed. Studies have shown that if no action is taken to help the domestic textile and apparel industry, it will cease to exist. That would be disastrous. It would result in the loss of 2 million jobs in that industry and another 2 million in related industries.

Enactment of the Textile and Apparel Trade Enforcement Act of 1985 is crucial to the survival of our domestic textile and apparel industry and the millions of American jobs that depend upon that industry. The President should sign this vitally needed legislation as soon as it reaches his desk.

VERMONT ENTREPRENEURS

Mr. LEAHY. Mr. President, recently, Time magazine wrote about two extraordinary Vermonters, Ben Cohen and Jerry Greenfield.

Ben and Jerry reflect the very best of Vermont entrepreneurs. I remember when they first started selling ice cream near my office in Burlington, VT. Today, they are known throughout the country as the producers of the best ice cream in America.

I would like to share the article from Time magazine about these two special people. They are valued friends of mine and my family, and I hope my colleagues will forgive me for bragging just a little more than Vermonters

normally do by bringing them to the attention of the Senate.

I ask unanimous consent that the article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A STOCK SCOOP FOR ICE CREAM

No one goes to a supermarket to seek investment advice, but some shoppers can find a hot tip in the freezer department. "Scoop up our stock," reads the message on cartons of Ben & Jerry's ice cream. Customers are invited to call a toll-free number for a preliminary prospectus on a new issue of 500,000 shares of Ben & Jerry's Homemade Inc. Expected share price: $11 to $13.

Only seven years ago, Ben Cohen and Jerry Greenfield were struggling entrepreneurs who sold ice cream in a single-scoop shop that they had opened in a renovated gas station in Burlington, Vt. Now Cohen and Greenfield, both 34, distribute their unusual flavors, including mint with Oreo cookies and Heath Bar crunch, throughout the Northeast, from Maine to Maryland, and to selected stores in Indiana, Tennessee and Colorado. Sales in the first half of 1985 reached $3.6 million, twice the pace of last year.

Ben & Jerry's is getting fat on America's growing appetite for so-called superpremium ice cream, brands made with natural ingredients and plenty of butterfat. Häagen-Dazs, the ice cream that has the pseudo-Scandinavian name but is made in America by Pillsbury, pioneered the superpremium field and spawned such imitators as Frusen Gladjé from Dart & Kraft and Alpen Zauber, which is produced by a small Brooklyn company. Americans last year gobbled an estimated 66 million gal. of superpremium ice cream, up about 12% from 1983.

But while Häagen-Dazs has catered to customers who think that gourmet foods are chic, Ben & Jerry's has tried to create an image of simple, down-home wholesomeness. Instead of being decorated with a map of Scandinavia, Ben & Jerry's cartons show a picture of the two bespectacled, bushy-haired owners, who look like refugees from a '60s commune. Pals since they were in high school in Merrick, N.Y., Cohen and Greenfield decided in 1977 that making ice cream would be more fun than what they were doing. Having failed to get into medical school, Greenfield was then a lab technician in North Carolina, and Cohen was a pottery teacher at a school in New York. After taking a $5 correspondence course in ice cream making from Penn State, the two set up shop in Burlington and gradually began to peddle their product to restaurants and stores in the area. Their chief promotional gimmick was a free sample. They once gave away ten tons of ice cream to a man who built the "world's largest sundae" for *The Guinness Book of World Records.*

When Ben & Jerry's began expanding rapidly in the 1980s, the company got a frosty reception from its bigger competitors. Cohen and Greenfield charged last year that Pillsbury was trying to keep a lock on the Boston market by threatening to cut off supplies of Häagen-Dazs to distributors who also carried Ben & Jerry's. Turning adversity into a publicity ploy, Ben & Jerry's gave customers thousands of T shirts and bumper stickers that poked fun at the Pillsbury corporate symbol by asking: What's the Dough Boy Afraid of? Without admitting any wrongdoing, Pillsbury settled the complaint out of court.

Some investment houses are skeptical that Ben & Jerry's can hold its own in an ice cream war with Pillsbury and Dart & Kraft. But Cohen and Greenfield are trying to win over the doubters in the best way they know. To announce their stock offering last month, they stood on Wall Street in blue jeans and T shirts and handed out free ice cream cones.

GREETINGS FROM AMBASSADOR FROM ITALY

Mr. LEAHY. Mr. President, recently, I had the privilege and pleasure of sitting at the head table during the 10th anniversary dinner of the National Italian-American Foundation. The table included the President of the United States and Mrs. Reagan and the distinguished Ambassador from Italy, Rinaldo Petrignani, and Mrs. Petrignani.

As an Italian-American, I was deeply moved by the warm and friendly greetings from Ambassador Petrignani. We in the United States know that we have no more steadfast an ally than Italy, and his words spoke to the deep friendship that flows back and forth between our two great countries.

I would like to share his words with the Members of the Senate and I ask unanimous consent that they be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

REMARKS OF AMBASSADOR PETRIGNANI

Mr. President, Mrs. Reagan, distinguished guests, honoree Frank Sinatra, Ladies and Gentlemen,

I want to thank the National Italian American Foundation for having invited me to attend this dinner. This is indeed a great and memorable occasion.

I have the great pleasure and privilege to convey to you the warmest greetings and wishes and congratulations on your Tenth Anniversary from the President of the Italian Republic, Francesco Cossiga.

The presence here tonight of the President of the United States of America adds to your gathering a special significance as it underlines and symbolyzes in the most visible way the great value of the Italian American heritage, of which you are so legitimately proud.

The Americans of Italian origin have helped, with their genious and their hard work, and their sense of humanity, to make the United States the great and noble Nation that it is today. They have given an original and precious contribution to the enrichment of the American heritage, the American mosaique, as it has been called, which is such a powerful and unique manifestation of our Western civilization.

They have brought into this new Land a touch of their old Country, of the culture which flourished in the Italian cities—the pride of our history—for centuries and centuries, without any break, and which they carry in their blood.

They have helped to make the bonds between our two nations so strong and deep.

The differences that we have met in the last few days have been trying for all of us. But frankness and friendship go together.

We look forward now to a continued intimate, fruitful and broad relationship between the United States and Italy, in the spirit and tradition of friendship which has always existed between us, and which is the strength of the alliance that binds us together, for the protection of our shared interests, for the preservation of our common security and for the defense of world peace.

A SAD ANNIVERSARY

Mr. DENTON. Madam President. The purpose of my request is to note and call our attention to a sad day occurring 22 years ago today, on which a great statesman and President, John Fitzgerald Kennedy, was struck down by an assassin's bullet.

Madam President, I am pleased and proud to say that an organization with which I am associated, the National Forum Foundation, has today published a tribute to President John F. Kennedy on this occasion. In the November issue of Policy Forum, the foundation's monthly publication is a compilation of several particularly significant and timely speeches of our beloved former President. I will read the introduction to this month's Policy Forum and then a few brief excerpts from some of the speeches.

The introduction reads as follows:

Twenty-two years ago today President John F. Kennedy was assassinated. Tragically, without warning and without reason, a nation was without a leader.

No better tribute to his leadership can be made than to rekindle, and perhaps immortalize, his words. To commemorate this sad anniversary we have gathered together four major foreign policy addresses by the former President and reprinted them herein.

Although coincidental, it is also appropriate that these speeches be reread in the midst of summitry fever while the nation reassesses the true nature of and threats presented by totalitarian and Communist states. President Kennedy's vision for his country and her role in the community of nations was one rich in youthful idealism, yet tempered by a sense of historical perspective.

President Kennedy was [a man] of hope, but a man without illusions.

I quote first from a report on the Soviet arms buildup in Cuba delivered on radio and television on October 22, 1962. President Kennedy said:

I want to say a few words to the captive people of Cuba * * * I have watched and the American people have watched with deep sorrow how your nationalist revolution was betrayed—and how your fatherland fell under foreign domination. Now your leaders are no longer Cuban leaders inspired by Cuban ideals. They are puppets and agents of an international conspiracy which has turned Cuba against your friends and neighbors in the Americas.

I add parenthetically that we might substitute Nicaragua for Cuba in that passage.

In a speech delivered to the American Newspaper Publishers Association, April 27, 1961, President Kennedy told the audience:

If you are awaiting a finding of a "clear and present danger," then I can only say that the danger has never been more clear and its presence has never been more imminent. It requires a change in outlook, a change in tactics, a change in missions—by the government, by the people, by every businessman or labor leader, and by every newspaper. For we are opposed around the world by a monolithic and ruthless conspiracy that relies primarily on covert means for expanding its sphere of influence—on infiltration instead of invasion, on subversion instead of elections, on intimidation instead of free choice, on guerriilas by night rather than armies by day.

In our world of terrorism and to the degree that the Soviets support terrorism, black or red, right or left, those words were never more appropriate than today.

In another quote that is particularly fitting and timely today, the President, in a June 6 radio and television report to the American people on the 1961 Vienna Summit, said:

[Mr. Khrushchev] was certain that the tide was moving his way, that the revolution of rising peoples would eventually be a Communist revolution, and that the so-called wars of liberation, supported by the Kremlin, would replace the old methods of direct aggression and invasion.

And finally, Madam President, in his famous remarks delivered in the Rudolf Wilde Platz, Berlin, June 26, 1961, President Kennedy said:

Freedom has many difficulties and democracy is not perfect, but we have never had to put up a wall to keep our people in, to prevent them from leaving us.

We just voted on an amendment on the Philippines, an imperfect country. We are dealing with Nicaragua and with an invasion in Afghanistan. We are dealing with a Congress which is no less closely associated than was President Kennedy with the events of which he wrote in the forties and fifties, and to which he contributed so much in the few years and days of his Presidency.

Madam President, all Americans, regardless of party, or race, or religion, or station in life, mourned the passing of this great man. He was living in the days in which I was a Democrat. John Kennedy, more importantly, was among other things a fine historian. I know that he would agree with the wisdom of the saying, "Those who will not learn the lessons of history are doomed to repeat them."

I say that as we prepare to confront the return of the Gramm-Rudman amendment from the House-Senate conference. I say that in days in which I am concerned that this and the other body are not quite as aware as we might be of the mandate which we have to provide for the national defense, to preserve our interests and, indeed, our very survival.

Madam President, I thank my colleagues for their indulgence at a moment when time is so short. I commend this publication, these speeches of President Kennedy, to my colleagues. I ask unanimous consent that the full text of the National Forum Foundation's November 1985 Policy Forum be printed in its entirety immediately following my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

A TRIBUTE TO PRESIDENT JOHN F. KENNEDY
(1917-1963)

Twenty-two years ago today President John F. Kennedy was assassinated. Tragically, without warning and without reason, a nation was without a leader.

No better tribute to his leadership can be made than to rekindle, and perhaps immortalize, his words. To commemorate this sad anniversary we have gathered together four major foreign policy addresses by the former President and reprinted them herein.

Although coincidental, it is also appropriate that these speeches be reread in the midst of summitry fever while the nation reassesses the true nature of and threats presented by totalitarian and Communist states. President Kennedy's vision for his country and her role in the community of nations was one rich in youthful idealism, yet tempered by a sense of historical perspective.

President Kennedy was a man of hope, but without illusions.

JIM DENTON,
Executive Director.

1. Report to the American People on the Vienna Summit, June 6, 1961.
2. The President and the Press, April 27, 1961.
3. Report on Soviet Arms Buildup in Cuba, October 22, 1962.
4. Remarks in the Rudolph Wilde Platz, Berlin, June 26, 1963.

RADIO AND TELEVISION REPORT TO THE AMERICAN PEOPLE ON THE VIENNA SUMMIT, JUNE 6, 1961

Good evening, my fellow citizens: I returned this morning from a weeklong trip to Europe and I want to report to you on that trip in full. It was in every sense an unforgettable experience. The people of Paris, of Vienna, of London, were generous in their greeting. They were heartwarming in their hospitality, and their graciousness to my wife is particularly appreciated.

We knew of course that the crowds and the shouts were meant in large measure for the county that we represented, which is regarded as the chief defender of freedom. Equally memorable was the pageantry of European history and their culture that is very much a part of any ceremonial reception, to lay a wreath at the Arc de Triomphe, to dine at Versailles, and the Schonbrunn Palace, and with the Queen of England. These are the colorful memories that will remain with us for many years to come. Each of the three cities that we visited—Paris, Vienna, and London—have existed for many centuries, and each serves as a reminder that the Western civilization that we seek to preserve has flowered over many years, and has defended itself over many centuries. But this was not a ceremonial trip. Two aims of American foreign policy, above all others, were the reason for the trip: the unity of the free world, whose strength is the security of us all, and the eventual achievement of a lasting peace. My trip was devoted to the advancement of these two aims.

To strengthen the unity of the West, our journey opened in Paris and closed in London. My talks with General de Gaulle were profoundly encouraging to me. Certain differences in our attitudes on one or another problem became insignificant in view of our common commitment to defend freedom. Our alliance, I believe, became more secure; the friendship of our nation, I hope—with theirs—became firmer; and the relations between the two of us who bear responsibility became closer, and I hope were marked by confidence. I found General de Gaulle far more interested in our frankly stating our position, whether or not it was his own, than in appearing to agree with him when we do not. But he knows full well the true meaning of an alliance. He is after all the only major leader of World War II who still occupies a position of great responsibility. His life has been one of unusual dedication; he is a man of extraordinary personal character, symbolizing the new strength and the historic grandeur of France. Throughout our discussions he took the long view of France and the world at large. I found him a wise counselor for the future, and an informative guide to the history that he has helped to make. Thus we had a valuable meeting.

I believe that certain doubts and suspicions that might have come up in a long time—I believe were removed on both sides. Problems which proved to be not of substance but of wording or procedure were cleared away. No question, however sensitive, was avoided. No area of interest was ignored, and the conclusions that we reached will be important for the future—in our agreement on defending Berlin, on working to improve the defenses of Europe, on aiding the economic and political independence of the underdeveloped world, including Latin America, on spurring European economic unity, on concluding successful the conference on Laos, and on closer consultations and solidarity in the Western alliance.

General de Gaulle could not have been more cordial, and I could not have more confidence in any man. In addition to his individual strength of character, the French people as a whole showed vitality and energy which were both impressive and gratifying. Their recovery from the postwar period is dramatic, their productivity is increasing, and they are steadily building their stature in both Europe and Africa, and thus, I left Paris for Vienna with increased confidence in Western unity and strength.

The people of Vienna know what it is to live under occupation, and they know what it is to live in freedom. Their welcome to me as President of this country should be heartwarming to us all. I went to Vienna to meet the leader of the Soviet Union, Mr. Khrushchev. For 2 days we met in sober, intensive conversation, and I believe it is my obligation to the people, to the Congress, and to our allies to report on those conversations candidly and publicly.

Mr. Khrushchev and I had a very full and frank exchange of views on the major issues that now divide our two countries. I will tell you now that it was a very sober 2 days. There was no discourtesy, no loss of tempers, no threats or ultimatums by either side; no advantage or concession was either gained or given; no major decision was either planned or taken; no spectacular progress was either achieved or pretended.

This kind of informal exchange may not be as exciting as a full-fledged summit meeting with a fixed agenda and a large corps of advisers, where negotiations are attempted

and new agreements sought, but this was not intended to be and was not such a meeting, nor did we plan any future summit meetings at Vienna.

But I found this meeting with Chairman Khrushchev, as somber as it was, to be immensely useful. I had read his speeches and of his policies. I had been advised on his views. I had been told by other leaders of the West, General de Gaulle, Chancellor Adenauer, Prime Minister Macmillan, what manner of man he was.

But I bear the responsibility of the Presidency of the United States, and it is my duty to make decisions that no adviser and no ally can make for me. It is my obligation and responsibility to see that these decisions are as informed as possible, that they are based on as much direct, firsthand knowledge as possible.

I therefore thought it was of immense importance that I know Mr. Khrushchev, that I gain as much insight and understanding as I could on his present and future policies. At the same time, I wanted to make certain Mr. Khrushchev knew this country and its policies, that he understood our strength and our determination, and that he knew that we desired peace with all nations of every kind.

I wanted to present our views to him directly, precisely, realistically, and with an opportunity for discussion and clarification. This was done. No new aims were stated in private that have not been stated in public on either side. The gap between us was not, in such a short period, materially reduced, but at least the channels of communications were opened more fully, at least the chances of a dangerous misjudgement on either side should now be less, and at least the men on whose decisions the peace in part depends have agreed to remain in contact.

This is important, for neither of us tried to merely please the other, to agree merely to be agreeable, to say what the other wanted to hear. And just as our judicial system relies on witnesses appearing in court and on cross-examination, instead of hearsay testimony or affidavits on paper, so, too, was this direct give-and-take of immeasurable value in making clear and precise what we considered to be vital, for the facts of the matter are that the Soviets and ourselves give wholly different meanings to the same words—war, peace, democracy, and popular will.

We have wholly different views of right and wrong, of what is an internal affair and what is aggression, and, above all, we have wholly different concepts of where the world is and where it is going.

Only by such a discussion was it possible for me to be sure that Mr. Khrushchev knew how differently we view the present and the future. Our views contrasted sharply but at least we knew better at the end where we both stood. Neither of us was there to dictate a settlement or to convert the other to a cause or to concede our basic interest. But both of us were there, I think, because we realized that each nation has the power to inflict enormous damage upon the other, that such a war could and should be avoided if at all possible, since it would settle no dispute and prove no doctrine, and that care should thus be taken to prevent our conflicting interests from so directly confronting each other that war necessarily ensued. We believe in a system of national freedom and independence. He believes in an expanding and dynamic concept of world communism, and the question was whether these two systems can ever hope to live in peace without permitting any loss of security or any denial of the freedom of our friends. However difficult it may seem to answer this question in the affirmative as we approach so may harsh tests, I think we owe it to all mankind to make every possible effort. That is why I considered the Vienna talks to be useful. The somber mood that they conveyed was not cause for elation or for relaxation, nor was it cause for undue pessimism or fear. It simply demonstrated how much work we in the free world have to do and how long and hard a struggle must be our fate as Americans in this generation as the chief defenders of the cause of liberty. The one area which afforded some immediate prospect of accord was Laos. Both sides recognized the need to reduce the dangers in that situation. Both sides endorsed the concept of a neutral and independent Laos, much in the manner of Burma or Cambodia.

Of critical importance to the current conference on Laos in Geneva, both sides recognized the importance of an effective ceasefire. It is urgent that this be translated into new attitudes at Geneva, enabling the International Control Commission to do its duty, to make certain that a ceasefire is enforced and maintained. I am hopeful that progress can be made on this matter in the coming days at Geneva for that would greatly improve international atmosphere.

No such hope emerged, however, with respect to the other deadlocked Geneva conference, seeking a treaty to ban nuclear tests. Mr. Khrushchev made it clear that there could not be a neutral administrator—in his opinion because no one was truly neutral; that a Soviet veto would have to apply to acts of enforcement; that inspection was only a subterfuge for espionage, in the absence of total disarmament; and that the present test ban negotiations appeared futile. In short, our hopes for an end to nuclear tests, for an end to the spread of nuclear weapons, and for some slowing down of the arms race have been struck a serious blow. Nevertheless, the stakes are too important for us to abandon the draft treaty we have offered at Geneva.

But our most somber talks were on the subject of Germany and Berlin. I made it clear to Mr. Khrushchev that the security of Western Europe and therefore our own security are deeply involved in our presence and our access rights to West Berlin, that those rights are based on law and not on sufferance, and that we are determined to maintain those rights at any risk, and thus meet our obligation to the people of West Berlin, and their right to choose their own future.

Mr. Khrushchev, in turn, presented his views in detail, and his presentation will be the subject of further communications. But we are not seeking to change the present situation. A binding German peace treaty is a matter for all who were at war with Germany, and we and our allies cannot abandon our obligations to the people of West Berlin.

Generally, Mr. Krushchev did not talk in terms of war. He believes the world will move his way without resort to force. He spoke of his nation's achievements in space. He stressed his intention to outdo us in industrial production, to outtrade us, to prove to the world the superiority of his system over ours. Most of all, he predicted the triumph of communism in the new and less developed countries.

He was certain that the tide there was moving his way, that the revolution of rising peoples would eventually be a Communist revolution, and that the so-called wars of liberation, supported by the Kremlin, would replace the old methods of direct aggression and invasion.

In the 1940's and early fifties, the great danger was from Communist armies marching across free borders, which we saw in Korea. Our nuclear monopoly helped to prevent this in other areas. Now we face a new and different threat. We no longer have a nuclear monopoly. Their missiles, they believe, will hold off our missiles, and their troops can match our troops should we intervene in these so-called wars of liberation. Thus, the local conflict they support can turn in their favor through guerrillas or insurgents or subversion. A small group of disciplined Communists could exploit discontent and misery in a country where the average income may be $60 or $70 a year, and seize control, therefore, of an entire country without Communist troops ever crossing any international frontier. This is the Communist theory.

But I believe just as strongly that time will prove it wrong, that liberty and independence and self-determination—not communism—is the future of man, and that free men have the will and the resources to win the struggle for freedom. But it is clear that this struggle in this area of the new and poorer nations will be a continuing crisis of this decade.

Mr. Khrushchev made one point which I wish to pass on. He said there are many disorders throughout the world, and he should not be blamed for them all. He is quite right. It is easy to dismiss as Communist-inspired every anti-government or anti-American riot, every overthrow of a corrupt regime, or every mass protest against misery and despair. These are not all Communist-inspired. The Communists move in to exploit them, to infiltrate their leadership, to ride their crest to victory. But the Communists did not create the conditions which caused them.

In short, the hopes for freedom in these areas which see so much poverty and illiteracy, so many children who are sick, so many children who die in the first year, so many families without homes, so many families without hope—the future for freedom in these areas rests with the local peoples and their governments.

If they have the will to determine their own future, if their governments have the support of their own people, if their honest and progressive measures—helping their people—have inspired confidence and zeal, then no guerrilla or insurgent action can succeed. But where those conditions do not exist, a military guarantee against external attack from across a border offers little protection against internal decay.

Yet all this does not mean that our Nation and the West and the free world can only sit by. On the contrary, we have an historic opportunity to help these countries build their societies until they are so strong and broadly based that only an outside invasion could topple them, and that threat, we know, can be stopped.

We can train and equip their forces to resist Communist-suppled insurrections. We can help develop the industrial and agricultural base on which new living standards can be built. We can encourage better administration and better education and better tax and land disbribution and a better life for the people.

All this and more we can do because we have the talent and the resources to do it, we will only use and share them. I know

that there is a great deal of feeling in the United States that we have carried the burden of economic assistance long enough, but these countries that we are now supporting—stretching all the way along from the top of Europe through the Middle East, down through Saigon—are now subject to great efforts internally, in many of them, to seize control.

If we're not prepared to assist them in making a better life for their people, then I believe that the prospects for freedom in those areas are uncertain. We must, I believe, assist them if we are determined to meet with commitments of assistance our words against the Communist advance. The burden is heavy; we have carried it for many years. But I believe that this fight is not over. This battle goes on, and we have to play our part in it. And therefore I hope again that we will assist these people so that they remain free.

It was fitting that Congress opened its hearings on our new foreign military and economic aid programs in Washington at the very time that Mr. Khrushchev's words in Vienna were demonstrating, as nothing else could, the need for that very program. It should be well run, effectively administered, but I believe we must do it, and I hope that you, the American people, will support it again, because I think it's vitally important to the security of these areas. There is no use talking against the Communist advance unlses we're willing to meet our responsibilities, however burdensome they may be.

I do not justify this aid merely on the grounds of anti-Communism. It is a recognition of our opportunity and obligation to help these people be free, and we are not alone.

I found that the people of France, for example, were doing far more in Africa in the way of aiding independent nations than our own country was. But I know that foreign aid is a burden that is keenly felt and I can only say that we have no more crucial obligation now.

My stay in England was short but the visit gave me a chance to confer privately again with Prime Minister Macmillan, just as others of our party in Vienna were conferring yesterday with General de Gaulle and Chancellor Adenauer. We all agreed that there is work to be done in the West and from our conversations have come agreed steps to get on with that work. Our day in London, capped by a meeting with Queen Elizabeth and Prince Philip, was a strong reminder at the end of a long journey that the West remains united in its determination to hold to its standards.

May I conclude by saying simply that I am glad to be home. We have on this trip admired splendid places and seen stirring sights, but we are glad to be home. No demonstration of support aboard could mean so much as the support which you, the American people, have so generously given to our country. With that support I am not fearful of the future. We must be patient. We must be determined. We must be courageous. We must accept both risks and burdens, but with the will and the work freedom will prevail.

Goodnight, and thank you very much.

"THE PRESIDENT AND THE PRESS" ADDRESS BEFORE THE AMERICAN NEWSPAPER PUBLISHERS ASSOCIATION, NEW YORK CITY, APRIL 27, 1961

Mr. Chairman, ladies and gentlemen: I appreciate very much your generous invitation to be here tonight.

You bear heavy responsibilities these days and an article I read some time ago reminded me of how particularly heavily the burdens of present day events bear upon your profession.

You may remember that in 1851 the New York Herald Tribune, under the sponsorship and publishing of Horace Greeley, employed as its London correspondent an obscure journalist by the name of Karl Marx.

We are told that foreign correspondent Marx, stone broke, and with a family ill and undernourished, constantly appealed to Greeley and Managing Editor Charles Dana for an increase in his munificent salary of $5 per installment, a salary which he and Engels ungratefully labeled as the "lousiest petty bourgeois cheating."

But when all his financial appeals were refused, Marx looked around for other means of livelihood and fame, eventually terminating his relationship with the Tribune and devoting his talents full time to the cause that would bequeath to the world the seeds of Leninism, Stalinism, revolution and the cold war.

If only this capitalistic New York newspaper had treated him more kindly; if only Marx had remained a foreign correspondent, history might have been different. And I hope all publishers will bear this lesson in mind the next time they receive a poverty-stricken appeal for a small increase in the expense account from an obscure newspaper man.

I have selected as the title of my remarks tonight "The President and the Press." Some may suggest that this would be more naturally worded "The President Versus the Press." But those are not my sentiments tonight.

It is true, however, that when a well-known diplomat from another country demanded recently that our State Department repudiate certain newspaper attacks on his colleague it was necessary for us to reply that this Administration was not responsible for the press, for the press had already made it clear that it was not responsible for this Administration.

Nevertheless, my purpose here tonight is not to deliver the usual assault on the so-called one-party press. On the contrary, in recent months I have rarely heard any complaints about political bias in the press except from a few Republicans. Nor is it my purpose tonight to discuss or defend the televising of Presidential press conferences. I think it is highly beneficial to have some 20,000,000 Americans regularly sit in on these conferences to observe, if I may say so, the incisive, the intelligent and the courteous qualities displayed by your Washington correspondents.

Nor, finally, are these remarks intended to examine the proper degree of privacy which the press should allow to any President and his family.

If in the last few months your White House reporters and photographers have been attending church services with regularity, that has surely done them no harm.

On the other hand, I realize that your staff and wire service photographers may be complaining that they do not enjoy the same green privileges at the local golf courses which they once did.

It is true that my predecessor did not object as I do to pictures of one's golfing skill in action. But neither on the other hand did he ever been a Secret Service man.

My topic tonight is a more sober one of concern to publishers as well as editors.

I want to talk about our common responsibilities in the face of a common danger. The events of recent weeks [1] may have helped to illuminate that challenge for some; but the dimensions of its threat have loomed large on the horizon for many years. Whatever our hopes may be for the future—for reducing this threat or living with it—there is no escaping either the gravity or the totality of its challenge to our survival and to our security—a challenge that confronts us in unaccustomed ways in every sphere of human activity.

This deadly challenge imposes upon our society two requirements of direct concern both to the press and to the President—two requirements that may seem almost contradictory in tone, but which must be reconciled and fulfilled if we are to meet this national peril. I refer, first, to the need for far greater public information; and, second, to the need for far greater official secrecy.

I

The very word "secrecy" is repugnant in a free and open society; and we are as a people inherently and historically opposed to secret societies, to secret oaths and to secret proceedings. We decided long ago that the dangers of excessive and unwarranted concealment of pertinent facts far outweighed the dangers which are cited to justify it. Even today, there is little value in opposing the threat of a closed society by imitating its arbitrary restrictions. Even today, there is little value in insuring the survival of our nation if our traditions do not survive with it. And there is very grave danger that an announced need for increased security will be seized upon by those anxious to expand its meaning to the very limits of official censorship and concealment. That I do not intend to permit to the extent that it is in my control. And no official of my administration, whether his rank is high or low, civilian or military, should interpret my words here tonight as an excuse to censor the news, to stifle dissent, to cover up our mistakes or to withhold from the press and the public the facts they deserve to know.

But I do ask every publisher, every editor, and every newsman in the nation to reexamine his own standards, and to recognize the nature of our country's peril. In a time of war, the government and the press have customarily joined in an effort based largely on self-discipline, to prevent unauthorized disclosures to the enemy. In a time of "clear and present danger," the courts have held that even the privileged rights of the First Amendment must yield to the public's need for national security.

Today no war has been declared—and however fierce the struggle may be, it may never be declared in the traditional fashion. Our way of life is under attack. Those who make themselves our enemy are advancing around the globe. The survival of our friends is in danger. And yet no war has been declared, no borders have been crossed by marching troops, no missiles have been fired.

If the press is awaiting a declaration of war before it imposes the self-discipline of combat conditions, then I can only say that no war ever posed a greater threat to our society. If you are awaiting a finding of "clear and present danger," then I can only say that the danger has never been more clear and its presence has never been more imminent.

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[1] The failed Bay of Pigs invasion of Cuba, April 17, 1961.

It requires a change in outlook, a change in tactics, a change in missions—by the government, by the people, by every businessman or labor leader, and by every newspaper. For we are opposed around the world by a monolithic and ruthless conspiracy that relies primarily on covert means for expanding its sphere of influence—on infiltration instead of invasion, on subversion instead of elections, on intimidation instead of free choice, on guerrillas by night instead of armies by day. It is a system which has conscripted vast human and material resources into the building of a tightly knit, highly efficient machine that combines military, diplomatic, intelligence, economic, scientific and political operations.

Its preparations are concealed, not published. Its mistakes are buried, not headlined. Its dissenters are silenced, not praised. No expenditure is questioned, no rumor is printed, no secret is revealed. It conducts the Cold War, in short, with a wartime discipline no democracy would ever hope or wish to match.

Nevertheless, every democracy recognizes the necessary restraints of national security—and the question remains whether those restraints need to be more strictly observed if we are to oppose this kind of attack as well as outright invasion.

For the facts of the matter are that this nation's foes have openly boasted of acquiring through our newspapers information they would otherwise hire agents to acquire through theft, bribery or espionage; that details of this nation's covert preparations to counter the enemy's covert operations have been available to every newspaper reader, friend and foe alike; that the size, the strength, the location and the nature of our forces and weapons, and our plans and strategy for their use, have all been pinpointed in the press and other news media to a degree sufficient to satisfy any foreign power; and that, at least in one case, the publication of details concerning a secret mechanism whereby satellites were followed required its alteration at the expense of considerable time and money.

The newspapers which printed these stories were loyal, patriotic, responsible and well-meaning. Had we been engaged in open warfare, they undoubtedly would not have published such items. But in the absence of open warfare, they recognized only the tests of journalism and not the tests of national security. And my question tonight is whether additional tests should not now be adopted.

That question is for you alone to answer. No public officials should answer it for you. No governmental plan should impose its restraints against your will. But I would be failing in my duty to the nation, in considering all of the responsibilities that we now bear and all of the means at hand to meet those responsibilities, if I did not commend this problem to your attention, and urge its thoughtful consideration.

On many earlier occasions, I have said—and your newspapers have constantly said—that these are times that appeal to every citizen's sense of sacrifice and self-discipline. They call out to every citizen to weigh his rights and comforts against his obligations to the common good. I cannot now believe that those citizens who serve in the newspaper business consider themselves exempt from that appeal.

I have no intention of establishing a new Office of War Information to govern the flow of news. I am not suggesting any new forms of censorship or any new types of security classifications. I have no easy answer to the dilemma that I have posed, and would not seek to impose it if I had one. But I am asking the members of the newspaper profession and the industry in this country to reexamine their own responsibilities, to consider the degree and the nature of the present danger, and to heed the duty of self-restraint which that danger imposes upon us all.

Every newspaper now asks itself, with respect to every story: "Is it news?" All I suggest is that you add the question: "Is it in the interest of the national security?" And I hope that every group in America—unions and businessmen and public officials at every level—will ask the same question of their endeavors, and subject their actions to the same exacting tests.

And should the press of America consider and recommend the voluntary assumption of specific new steps or machinery, I can assure you that we will cooperate wholeheartedly with those recommendations.

Perhaps there will be no recommendations. Perhaps there is no answer to the dilemma faced by a free and open society in a cold and secret war. In times of peace, any discussion of this subject, and any action that results, are both painful and without precedent. But this is a time of peace and peril which knows no precedent in history.

II

It is the unprecedented nature of this challenge that also gives rise to your second obligation—an obligation which I share. And that is our obligation to inform and alert the American people—to make certain that they possess all the facts that they need, and understand them as well—the perils, the prospects, the purposes of our program and the choices that we face.

No president should fear public scrutiny of his program. For from that scrutiny comes understanding; and from that understanding comes support or opposition. And both are necessary. I am not asking your newspapers to support the Administration, but I am asking your help in the tremendous task of informing and alerting the American people. For I have complete confidence in the response and dedication of our citizens whenever they are fully informed.

I not only could not stifle controversy among your readers—I welcome it. This Administration intends to be candid about its errors; for, as a wise man once said: "An error does not become a mistake until you refuse to correct it." We intend to accept full responsibility for our errors; and we expect you to point them out when we miss them.

Without debate, without criticism, no administration and no country can succeed—and no republic can survive. That is why the Athenian lawmaker Solon decreed it a crime for any citizen to shrink from controversy. And that is why our press was protected by the First Amendment—the only business in America specifically protected by the Constitution—not primarily to amuse and entertain, not to emphasize the trivial and the sentimental, not to simply "give the public what it wants"—but to inform, to arouse, to reflect, to state our dangers and our opportunities, to indicate our crises and our choices, to lead, mold, educate and sometimes even anger public opinion.

This means greater coverage and analysis of international news—for it is no longer far away and foreign but close at hand and local. It means greater attention to improved understanding of the news as well as improved transmission. And it means, finally, that government at all levels, must meet its obligation to provide you with the fullest possible information outside the narrowest limits of national security—and we intend to do it.

III

It was early in the Seventeenth Century that Francis Bacon remarked on three recent inventions already transforming the world: the compass, gunpowder and the printing press. Now the links between the nations first forged by the compass have made us all citizens of the world, the hopes and threats of one becoming the hopes and threats of us all. In that one world's efforts to live together, the evolution of gunpowder to its ultimate limit has warned mankind of the terrible consequences of failure.

And so it is to the printing press—to the recorder of man's deeds, the keeper of his conscience, the courier of his news—that we look for strength and assistance, confident that with your help man will be what he was born to be: free and independent.

RADIO AND TELEVISON REPORT TO THE AMERICAN PEOPLE ON THE SOVIET ARMS BUILDUP IN CUBA, THE WHITE HOUSE, OCTOBER 22, 1962

Good evening my fellow citizens:

This Government, as promised, has maintained the closest surveillance of the Soviet military buildup on the island of Cuba. Within the past week, unmistakable evidence has established the fact that a series of offensive missile sites is now in preparation on that imprisoned island. The purpose of these bases can be none other than to provide a nuclear strike capability against the Western Hemisphere.

Upon receiving the first preliminary hard information of this nature last Tuesday morning at 9 a.m., I directed that our surveillance be stepped up. And having now confirmed and completed our evaluation of the evidence and our decision on a course of action, this Government feels obliged to report this new crisis to you in fullest detail.

The characteristics of these new missile sites indicate two distinct types of installations. Several of them include medium range ballistic missiles, capable of carrying a nuclear warhead for a distance of more than 1,000 nautical miles. Each of these missiles, in short, is capable of striking Washington, D.C., the Panama Canal, Cape Canaveral, Mexico City, or any other city in the southeastern part of the United States, in Central America, or in the Caribbean area.

Additional sites not yet completed appear to be designed for intermediate range ballistic missiles—capable of traveling more than twice as far—and thus capable of striking most of the major cities in the Western Hemisphere, ranging as far north as Hudson Bay, Canada, and as far south as Lima, Peru. In addition, jet bombers, capable of carrying nuclear weapons, are now being uncrated and assembled in Cuba, while the necessary air bases are being prepared.

This urgent transformation of Cuba into an important strategic base—by the presence of these large, long-range, and clearly offensive weapons of sudden mass destruction—constitutes an explicit threat to the peace and security of all the Americas, in flagrant and deliberate defiance of the Rio Pact of 1947, the traditions of this Nation and hemisphere, the joint resolution of the 87th Congress, the Charter of the United Nations, and my own public warnings to the Soviets on September 4 and 13. This action also contradicts the repeated assurances of Soviet spokesmen, both publicly and pri-

vately delivered, that the arms buildup in Cuba would retain its original defensive character, and that the Soviet Union had no need or desire to station strategic missiles on the territory of any other nation.

The size of this undertaking makes clear that it has been planned for some months. Yet only last month, after I had made clear the distinction between any introduction of ground-to-ground missiles and the existence of defensive antiaircraft missiles, the Soviet Government publicly stated on September 11, and I quote, "the armaments and military equipment sent to Cuba are designed exclusively for defensive purposes," that, and I quote the Soviet Government, "there is no need for the Soviet Government to shift its weapons . . . for a retaliatory blow to any other country, for instance Cuba," and that, and I quote their government, "the Soviet Union has so powerful rockets to carry these nuclear warheads that there is no need to search for sites for them beyond the boundaries of the Soviet Union." That statement was false.

Only last Thursday, as evidence of this rapid offensive buildup was already in my hand, Soviet Foreign Minister Gromyko told me in my office that he was instructed to make it clear once again, as he said his government had already done, that Soviet assistance to Cuba, and I quote, "pursued solely the purpose of contributing to the defense capabilities of Cuba," that, and I quote him, "training by Soviet specialists of Cuban nationals in handling defensive armaments was by no means offensive, and if it were otherwise," Mr. Gromyko went on, "the Soviet Government would never become involved in rendering such assistance." That statement also was false.

Neither the United States of America nor the world community of nations can tolerate deliberate deception and offensive threats on the part of any nation, large or small. We no longer live in a world where only the actual firing of weapons represents a sufficient challenge of a nation's security to constitute maximum peril. Nuclear weapons are so destructive and ballistic missiles are so swift, that any substantial increased possibility of their use or any sudden change in their deployment may well be regarded as a definite threat to peace.

For many years, both the Soviet Union and the United States, recognizing this fact, have deployed strategic nuclear weapons with great care, never upsetting the precarious status quo which insured that these weapons would not be used in the absence of some vital challenge. Our own strategic missiles have never been transferred to the territory of any other nation under a cloak of secrecy and deception; and our history—unlike that of the Soviets since the end of the World War II—demonstrates that we have no desire to dominate or conquer any other nation or impose our system upon its people. Nevertheless, American citizens have become adjusted to living daily on the bull's-eye of Soviet missiles located outside the U.S.S.R. or in submarines.

In that sense, missiles in Cuba add to an already clear and present danger: although it should be noted the nations of Latin America have never previously been subjected to a potential nuclear threat.

But this secret, swift, and extraordinary buildup of Communist missiles: in an area well known to have a special and historical relationship to the United States and the nations of the Western Hemisphere, in violation of Soviet assurances, and in defiance of American and hemispheric policy; this sudden, clandestine decision to station strategic weapons for the first time outside of Soviet soil—is a deliberately provocative and unjustified change in the status quo which cannot be accepted by this country, if our courage and our commitments are ever to be trusted again by either friend or foe.

The 1930's taught us a clear lesson: aggressive conduct, if allowed to go unchecked and unchallenged, ultimately leads to war. This nation is opposed to war. We are also true to our word. Our unswerving objective, therefore, must be to prevent the use of these missiles against this or any other country, and to secure their withdrawal or elimination from the Western Hemisphere.

Our policy has been one of patience and restraint, as befits a peaceful and powerful nation, which leads a worldwide alliance. We have been determined not to be diverted from our central concerns by mere irritants and fanatics. But now further action is required—and it is under way; and these actions may only be the beginning. We will not prematurely or unnecessarily risk the costs of worldwide nuclear war in which even the fruits of victory would be ashes in our mouth—but neither will we shrink from that risk at any time it must be faced.

Acting, therefore, in the defense of our own security and of the entire Western Hemisphere, and under the authority entrusted to me by the Constitution as endorsed by the resolution of the Congress, I have directed that the following initial steps be taken immediately:

First, to halt this offensive buildup, a strict quarantine on all offensive military equipment under shipment to Cuba is being initiated. All ships of any kind bound for Cuba from whatever nation or port will, if found to contain cargoes of offensive weapons, be turned back. This quarantine will be extended, if needed, to other types of cargo and carriers. We are not at this time, however, denying the necessities of life as the Soviets attempted to do in their Berlin blockade of 1948.

Second, I have directed the continued and increased close surveillance of Cuba and its military buildup. The foreign ministers of the OAS, in their communique of October 6, rejected secrecy on such matters in this hemisphere. Should these offensive military preparations continue, thus increasing the threat to the hemisphere, further action will be justified. I have directed the Armed Forces to prepare for any eventualities; and I trust that in the interest of both the Cuban people and the Soviet technicians at the sites, the hazards to all concerned of continuing this threat will be recognized.

Third, it shall be the policy of this Nation to regard any nuclear missile launched from Cuba against any nation in the Western Hemisphere as an attack by the Soviet Union on the United States, requiring a full retaliatory response upon the Soviet Union.

Fourth, as a necessary military precaution, I have reinforced our base at Guantanamo, evacuated today the dependents of our personnel there, and ordered additional military units to be on a standby alert basis.

Fifth, we are calling tonight for an immediate meeting on the Organ of Consultation under the Organization of American States, to consider this threat to hemispheric security and to invoke articles 6 and 8 of the Rio Treaty in support of all necessary action. The United Nations Charter allows for regional security arrangements—and the nations of this hemisphere decided long ago against the military presence of outside powers. Our other allies around the world have also been alerted.

Sixth, under the Charter of the United Nations, we are asking tonight that an emergency meeting of the Security Council be convoked without delay to take action against the latest Soviet threat to world peace. Our resolution will call for the prompt dismantling and withdrawal of all offensive weapons in Cuba, under the supervision of U.N. observers, before the quarantine can be lifted.

Seventh and finally, I call upon Chairman Khrushchev to halt and eliminate this clandestine, reckless, and provocative threat to world peace and to stable relations between our two nations. I call upon him further to abandon this course of world domination, and to join in an historic effort to end the perilous arms race and to transform the history of man. He has an opportunity now to move the world back from the abyss of destruction—by returning to his government's own words that it had no need to station missiles outside its own territory, and withdrawing these weapons from Cuba—by refraining from any action which will widen or deepen the present crisis—and then by participating in a search for peaceful and permanent solutions.

This Nation is prepared to present its case against the Soviet threat to peace, and our own proposals for a peaceful world, at any time and in any forum—in the OAS, in the United Nations, or in any other meeting that could be useful—without limiting our freedom of action. We have in the past made strenuous efforts to limit the spread of nuclear weapons. We have proposed the elimination of all arms and military bases in a fair and effective disarmament treaty. We are prepared to discuss new proposals for the removal of tensions on both sides—including the possibilities of a genuinely independent Cuba, free to determine its own destiny. We have no wish to war with the Soviet Union—for we are a peaceful people who desire to live in peace with all other peoples.

But it is difficult to settle or even discuss these problems in an atmosphere of intimidation. That is why this latest Soviet threat—or any other threat which is made independently or in response to our actions this week—must and will be met with determination. Any hostile move anywhere in the world against the safety and freedom of peoples to whom we are committed—including in particular the brave people of West Berlin—will be met by whatever action is needed.

Finally, I want to say a few words to the captive people of Cuba, to whom this speech is being directly carried by special radio facilities. I speak to you as a friend, as one who knows of your deep attachment to your fatherland, as one who shares your aspirations for liberty and justice for all. And I have watched and the American people have watched with deep sorrow how your nationalist revolution was betrayed—and how your fatherland fell under foreign domination. Now your leaders are no longer Cuban leaders inspired by Cuban ideals. They are puppets and agents of an international conspiracy which has turned Cuba against your friends and neighbors in the Americas—and turned it into the first Latin American country to become a target for nuclear war—the first Latin American country to have these weapons on its soil.

These new weapons are not in your interest. They contribute nothing to your peace and well-being. They can only undermine it. But this country has no wish to cause you to suffer or to impose any system upon you.

We know that your lives and land are being used as pawns by those who deny your freedom.

Many times in the past, the Cuban people have risen to throw out tyrants who destroyed their liberty. And I have no doubt that most Cubans today look forward to the time when they will be truly free—free from foreign domination, free to choose their own leaders, free to select their own system, free to own their own land, free to speak and write and worship without fear or degradation. And then shall Cuba be welcomed back to the society of free nations and to the associations of this hemisphere.

My fellow citizens: let no one doubt that this is a difficult and dangerous effort on which we have set out. No one can see precisely what course it will take or what costs or casualties will be incurred. Many months of sacrifice and self-discipline lie ahead—months in which both our patience and our will will be tested—months in which many threats and denunciations will keep us aware of our dangers. But the greatest danger of all would be to do nothing.

The path we have chosen for the present is full of hazards, as all paths are—but it is the one most consistent with our character and courage as a nation and our commitments around the world. The cost of freedom is always high—but Americans have always paid it. And one path we shall never choose, and that is the path of surrender or submission.

Our goal is not the victory of might, but the vindication of right—not peace at the expense of freedom, but both peace and freedom, here in this hemisphere, and, we hope, around the world. God willing, that goal will be acheived.

Thank you and good night.

REMARKS IN THE RUDOLPH WILDE PLATZ, BERLIN, JUNE 26, 1963

I am proud to come to this city as the guest of your distinguished Mayor, who has symbolized throughout the world the fighting spirit of West Berlin. And I am proud to visit the Federal Repubic with your distinguished Chancellor who for so many years has committed Germany to democracy and freedom and progress, and to come here in the company of my fellow American, General Clay, who has been in this city during its great moments of crisis and will come again if ever needed.

Two thousand years ago the proudest boast was "civis Romanus sum." Today, in the world of freedom, the proudest boast is "Ich bin ein Berliner.'

I appreciate my interpreter translating my German!

There are many people in the world who really don't understand, or say they don't, what is the great issue between the free world and the Communist world. Let them come to Berlin. There are some who say that communism is the wave of the future. Let them come to Berlin. And there are some who say in Europe and elsewhere we can work with the Communists. Let them come to Berlin. And there are even a few who say that it is true that communism is an evil system, but it permits us to make economic progress. Lass' sie nach Berlin kommen. Let them come to Berlin.

Freedom has many difficulties and democracy is not perfect, but we have never had to put a wall up to keep our people in, to prevent them from leaving us. I want to say, on behalf of my countrymen, who live many miles away on the other side of the Atlantic, who are far distant from you, that they take the greatest pride that they have been able to share with you, even from a distance, the story of the last 18 years. I know of no town, no city, that has been besieged for 18 years that still lives with the vitality and the force, and the hope and the determination of the city of West Berlin. While the wall is the most obvious and vivid demonstration of the failures of the Communist system, for all the world to see, we take no satisfaction in it, for it is, as your Mayor has said, an offense not only against history but an offense against humanity, separating families, dividing husbands and wives and brothers and sisters, and dividing a people who wish to be joined together.

What is true of this city is true of German—real, lasting peace in Europe can never be assured as long as one German out of four is denied the elementary right of free men, and that is to make a free choice. In 18 years of peace and good faith, this generation of Germans has earned the right to be free, including the right to unite their families and their nation in lasting peace, with good will to all people. You live in a defended island of freedom, but your life is part of the main. So let me ask you, as I close, to lift your eyes beyond the dangers of today, to the hopes of tomorrow, beyond the freedom merely of this city of Berlin, or your country of Germany, to the advance of freedom everywhere, beyond the wall to the day of peace with justice, beyond yourselves and ourselves to all mankind.

Freedom is indivisable, an when one man is enslaved, all are not free. When all are free, then we can look forward to that day when this city will be joined as one and this country and this great Continent of Europe in a peaceful and hopeful globe. When that day finally comes, as it will, the people of West Berlin can take sober satisfaction in the fact that they were in the front lines for almost two decades.

All free men, wherever they may live, are citizens of Berlin, and, therefore, as a free man, I take price in the words "Ich bin ein Berliner."

Mr. DENTON. I appreciate the indulgence of my colleagues, the majority leader and the floor manager, the distinguished chairman of the Agriculture Committee, who has such a heavy burden these days and nights.

HUMAN RIGHTS AND UNITED STATES-SOVIET RELATIONS

Mr. STEVENS. Mr. President, I had the opportunity to spend some time a couple of weeks ago with Michael H. Armacost, the Under Secretary of State for Political Affairs. A primary focus of our conversation was the dire situation confronting Soviet Jewry.

The summit between President Reagan and General Secretary Gorbachev has focused world attention on the state of affairs between our two nations. Although much of the coverage and speculation has centered around what progress might be made in the area of arms control, some have seized that the summit offered an atmosphere conducive to a relaxation of Soviet emigration policies.

I ask unanimous consent that the text of an address that Michael Armacost made to the International Council of the World Conference on Soviet Jewry earlier this year on the topic of human rights in the Soviet Union be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

HUMAN RIGHTS AND UNITED STATES-SOVIET RELATIONS

It is a great honor to be your speaker this evening. I bring you greetings from the Secretary of State who along with all Americans shares your deep concern about the plight of Soviet Jewry. I should like to address my remarks this evening to the human rights situation in the Soviet Union. And the impact this has on U.S.-Soviet relations.

First, a comment about the state of U.S.-Soviet relations. The world is awash with commentary on the subject as preparations intensify for the November meeting between President Reagan and General Secretary Gorbachev. The question leaders on both sides must address is whether the basis for a more durable U.S.-Soviet rapprochement can be established. A distinguished Harvard historian, Adam Ulam, has recently commented that "what concretely upsets . . . Americans about the USSR is what the Kremlin does, and what must be a continuing source of apprehension to the latter springs from what America is."

American hopes for detente in the 1970s foundered on Soviet efforts to achieve geopolitical advantage in Indochina, Angola, Ethiopia, and Afghanistan, to back anti-American forces in Central America and the Caribbean, to quash attempts at liberalization in Poland, and to build military forces beyond any reasonable need for defense.

If there is to be real improvement in the relationship, these underlying difficulties must be addressed. For our part, we are determined to make such an effort. The task is great.

A basis must be found for resolving through political means such regional issues as Afghanistan. It is not after all weapons themselves that cause wars, but political actions.

In coping with problems of arms competition propagandistic offers of moratoria are not the answer. The test is whether we can achieve major, stabilizing reductions in offensive nuclear arms now, while examining whether in the future deterrence can rely more heavily on defense than on threats of mutual annihilation.

In our bilateral relations the range of mutually beneficial contacts and exchanges must be expanded.

Moreover, there is the burden on our relations imposed by the way Soviet authorities treat their own people. We raise human rights questions with our Soviet counterparts not to score debating points, nor to achieve political advantage, but because of the kind of people we are. Freedom is fundamental in our society. Americans have always attempted to hold the torch of freedom alive not merely for themselves but for others around the world. It is to this subject that I would like to turn.

In recent years the Soviet human rights situation has deteriorated sharply. In 1980, Andrey Sakharov was exiled from Moscow and placed under house arrest. Jewish emigration was cut in half, and the KGB began moving even more freely against dissident activists.

The KGB, under Chairman Yuri Andropov, refined existing techniques of repres-

sion and developed more sophisticated but no less harsh measures:

Many prominent dissidents were allowed or forced to emigrate.

Others were arrested on criminal charges or confined in psychiatric hospitals.

Induction of would-be Jewish emigrants into the military enabled authorities cynically to claim reasons of "state security" to deny them permission to leave the USSR.

The criminal code was revised to make repression of dissidents less cumbersome, but more brazen.

Intimidation of Western journalists was stepped up, to stop their reporting about dissidents.

Why was the repression intensified? Internal and external causes seem to have been at play. At home Moscow faced serious problems—an inefficient economy, social malaise, troubles in the empire from Poland to Afghanistan, and until recently, immobility in the leadership. Abroad, the Soviet regime faced more steadfast resistance by the West and in the Third World following its invasion of Afghanistan and crackdown in Poland.

One way Soviet authorities reacted to these problems was to intensify control and repression at home, and cut back contracts between their citizens and the outside world. Arrests of dissidents increased. All forms of emigration were reduced dramatically. Jewish emigration—which peaked in 1979 at over 51,000—had fallen by last year to below 900. A smiliar fate befell Germans and Armenians living in the USSR.

Soviet leaders sanctioned renewed manifestations of anti-Semitism. In cutting off the safety valve of Jewish emigration. Soviet authorities may have brought upon themselves a new upsurge of religious and national consciousness in one of the USSR's most assimilated minority communities.

They embarked on a campaign of arresting and convicting teachers of the Hebrew language and others in the forefront of this new awareness and identity. Since July 1984 at least sixteen Jewish cultural activities, including nine Hebrew teachers, have been arrested. Thirteen have been convicted, several on crudely trumpted-up criminal charges. Soviet authorities have planted drugs in the apartments of two of them; a pistol and ammunition in the apartment of a third. Yet another was convicted for stealing books he had borrowed from a synagogue library. Three were beaten following their arrests; one, Iosif Berenshtein, was virtually blinded.

Many Jews have been fired from their jobs, or had their apartments searched, phones disconnected, or mail seized. Soviet newspapers and television have branded Hebrew teachers and other Jewish cultural activists as "Zionist" subversives. Zionism has been equated with Naziism. World War II Jewish leaders have been accused of helping the Nazis round up Jews for the death camps.

A notorious episode in this campaign was the recent stage-managed television recantations of convicted Moscow Hebrew teacher Dan Shapiro. Shapiro was given a suspended sentence after agreeing to condemn publicly the movement with which he had become so closely associated. Reportedly, he did so after threats to charge him with treason and sentence him to death. The choice that Dan Shapiro faced was an extreme form of the dilemma facing Soviet Jews today. How does one survive in an environment in which the authorities are not constrained by the rule of law?

Unofficial religious activity is currently the most vigorous form of dissent in the USSR, but it has been hit hard across the board. In addition to Jews. Ukrainian Uniates, Lithuantian Roman Catholics, and unregistered Baptists and Pentecostalists have come in for severe repression.

Nor has there been progress on the cases of major human rights figures, such as Andrey Sakharov and his wife Yelena Bonner, Anatoliy Shcharanskiy, and Yuriy Orlov. Dr. Sakharov, in forced and isolated exile in the closed city of Gor'kiy, was apparently abducted from his apartment last spring after beginning another hunger strike, this time to resurface in a cynical yet sadly poignant KGB film showing him eating in a hospital bedroom. What his true condition is today we cannot say. Just last week Vasyl Stus, a leading member of the Ukratnian Helsinki Monitoring Group, died tragically in a Soviet labor camp.

We look for signs of progress on human rights, but the evidence is not encouraging. Monthly emigration figures this year have been up slightly one month and down the next—to be sure, all at a very low level. Whether these fluctuations prepresent anomalies or a deliberate tease is unclear.

In a slightly more positive vein, and of our long-term dual national cases was resolved this spring, and three longstanding cases involving the spouses of American citizens have also been resolved. While we welcome these gestures—however calculated or isolated—many more cases remain unresolved. Meanwhile, the arrest of Hebrew teachers, religious believers, and human rights activists persists.

Why do we attach such importance to Soviet human rights performance? First, human rights abuses have major impact on American perceptions of the Soviet Union. When Americans hear that Soviet authorities have abducted an Andrey Sakharov from his home, planted drugs on Hebrew teachers, or treated their own citizens as captives in their own country, they wonder about the possibilities for constructive relations between our two governments. In this way, Soviet human rights abuses influence U.S. public opinion and circumscribe the flexibility of any U.S. Administration to deal with the Soviet Union on a pragmatic bases.

Soviet leader allege that expressions of our concern amount to interference in their internal affairs. They claim that human rights issues are not legitimate topics for dialogue between governments. Yet, the Soviet Union assumed solemn international obligations, such as the 1975 Helsinki Final Act, to respect specific human rights of their citizens. Violations of these obligations cannot but affect perceptions of Soviet willingness to abide by other accords, and erode political confidence needed to make progress on a variety of issues.

At meetings of the Conference on Security and Cooperation in Europe (CSCE), such as the recent one in Ottawa of Human Rights Experts, we have pressed vigorously for Soviet compliance with the human rights provisions of the Final Act. We hope progress can be made soon in the Stockholm Conference. A unique aspect of the Final Act is its recognition that respect for human rights is essential to development of security and cooperation in Europe. In pursuit of this commitment to balanced progress in the CSCE process, we are sending a distinguished delegation, led by former Deputy Secretary of State Walter Stoessel, to the Budapest Cultural Forum this autumn. There, and at the Human Contacts Experts meeting in Bern, we will continue to press our concerns.

While we have not hesitated to speak out in international meetings, we have also consistently raised our concerns in confidential channels. We have made human rights a prominent part of our dialogue with Soviet leaders. We have detailed our specific concerns, including those about Soviet Jewry, and made clear their importance to the U.S.-Soviet relationship. We tell Soviet leaders that our relations cannot be put on a long-term, constructive basis without significant gains in this area.

On some occasions, we have presented the Soviets with representation lists of persons denied permission to leave the Soviet Union. One list names about twenty U.S.-Soviet dual nationals, another about twenty Soviet spouses of U.S. citizens, and still another over 100 Soviet families denied permission to join their loved ones in the United States. Many individuals on these lists are Soviet Jews. We also regularly present a list of over 3,400 Soviet Jewish families who have been refused permission to emigrate to Israel.

It is our hope that Soviet authorities are coming to recognize that human rights will remain central to the U.S.-Soviet agenda. We are not asking Soviet authorities to do the impossible—but only to live up to their international obligations, and loosen the screws of repression tightened so cruelly in recent years. We watch the patterns of Soviet Jewish emigration, as you do. We are prepared to respond as improvements occur. On this score we appreciate your counsel and that of others interested in Soviet Jewry.

We do not expect miracles overnight. But Soviet leaders must surely be confident enough to be able to lessen repression and increase emigration without endangering the so-called "leading role of the Communist Party." We repeatedly make the point to Soviet leaders that this could benefit our relations.

Soviet officials hint that improvements in human rights, including Jewish emigration, can follow an upward swing in overall relations. There are those who believe that at times in the past better relations meant more emigration. Whether or not this was true. We reject the notion that improvements in human rights can come last. The reality is that Soviet abuses of human rights undermine the political confidence needed to improve relations. Negotiate arms control agreements, and cooperatively lessen regional tensions.

Soviet leaders seek to create the impression that they are more serious than American leaders in seeking to improve relations. They aver that better relations depend on U.S. and Western political "will." Not on changes in Soviet behavior. They are mistaken. Let us look at what the United States has tried to accomplish and what it seeks for the future.

We will start with bilateral issues. Last year following the commencement of NATO missile deployments in Europe. The Soviets tried to freeze bilateral relations. Nevertheless, we persevered. And ultimately signed modest accords on consular affairs and hotline modernization. This year there has been slightly more progress. Mainly the conclusion of the North Pacific air safety agreement and visits of legislative delegations and Secretary Block. We look forward to better exchanges in these areas, and to

making progress in maritime boundary talks and peaceful space cooperation.

Finding ways to reduce regional tensions could have enormous benefit. Over the past year, teams of U.S. and Soviet experts have had talks on the Middle East, Southern Africa, and Afghanistan. And will hold them this week on East Asia. These talks have not yet, however, met our expectations.

A continuing exchange of views can help avoid misunderstandings. But specific steps are needed, too. For example, the Middle East remains a tense area that affects directly the interests of the Soviet Union and the United States. The Soviet Union seeks a greater role in the peace process. Yet has offered nothing but procedural suggestions. One immediate step it can take is to lessen its unremittingly hostile propaganda directed against Israel. It should also call upon its friends in the PLO to forswear violence.

Afghanistan may be the most pressing regional issue for the new Soviet leadership. Moscow's brutal occupation and continuing repression spur resistance, not acquiescence, from the brave Afghan people. Informed Soviets ought to realize by now that the hope of building communism in Afghanistan. Even in the long term, is futile. In our view it should be possible to find a solution which protects the legitimate interests of all parties. The right of the Afghan people to live in peace under a government of their own choosing, and the Soviet interest in a secure Southern border. Soviet commitment to early troop withdrawals would be a good beginning and would promote progress in the U.N. negotiations on Afghanistan.

The arms control dialogue was revived earlier this year when the two sides agreed to commence nuclear and space arms talks in Geneva. The United States is prepared for concrete progress on arms control. Based on an enduring and realistic foundation. The President is fully committed to achieving major stabilizing reductions in nuclear arsenals. He has given our negotiators great flexibility to achieve this end.

We welcome General Secretary Gorbachev's expressed interest in achieving radical reductions. But we must also explore the potential of strategic defenses to strengthen deterrence. Our research in this field is vital to the long-term prospects for maintaining the peace. Soviet work on strategic defenses has long been greater than our own. The Soviets would gain from engaging us on how strategic defenses—if they prove feasible—might play a greater role in the future. To our mutual benefit.

We would like to believe the Soviet Union wants improved relations with the United States. For our part, we are taking steps that can lead to that end. In the months ahead, and at the meeting of President Reagan and General Secretary Gorbachev in Geneva this November. We hope political confidence can be developed that will lead to concrete progress in all areas—arms control. Regional and bilateral issues. And human rights.

Human rights is an essential part of this process. We are willing to discuss our human rights concerns with the Soviets in an atmosphere free from rancor and recrimination. If the new leadership shows the foresight and the confidence to improve the human rights situation. Important political confidence can be generated. Certainly, our willingness to improve trade and other aspects of our relationship would be enhanced. Let us hope that Soviet leaders will take advantage of this opportunity. Both our peoples and people everywhere will benefit if they do.

DR. ALEXANDER ZEITLIN

Mr. THURMOND. Mr. President, it is a privilege for me to pay tribute to a great American, Dr. Alexander Zeitlin of White Plains, NY. This distinguished octogenarian is a leader in the American defense and civilian industry and a strong defender of our national principles.

Dr. Zeitlin is well known for his accomplishments in designing and supervising the implementation of the heavy press program for the Air Force. These presses, located at an Alcoa facility in Cleveland, OH, and a Wyman-Gordon facility in Worchester, MA, were the largest in the world and have been in continuous operation for over 30 years.

At the age of 65, Dr. Zeitlin published an article in Scientific American emphasizing the need for another generation of presses to safeguard the American industrial base. In his judgment, the heavy presses needed a second generation of improved design and capability to enhance and protect the strategic and commercial infrastructure of the Nation. So, Dr. Zeitlin, mostly at his own expense, did just that. After 2 years of work, he delivered two comprehensive plans to the Air Force and to industry showing not only that the presses could be built—but how. His impressive proposal raises important issues in space, rocket plane, aircraft, and commercial technologies, and is under consideration at this time. I had the opportunity to meet Dr. Zeitlin to discuss the heavy press program and he never mentioned retirement or recognition. All he wanted to know was: "Senator, the project is very important—how can I help with the next step?"

Dr. Zeitlin holds over 40 patents in such diverse fields as high pressure, pilotless aircraft, disposable hypodermic needles, and synthetic diamonds. He is the author of dozens of professional articles and books and is a Life Fellow of the American Society of Mechanical Engineers and other professional societies. He is well liked by his colleagues for his modesty and respected for his professional standards and patriotism.

Mr. President, Dr. Zeitlin came to this country in 1938 with $4, rolled up his sleeves and has been working ever since. He puts it this way: "I am just an engineer. I am grateful for the opportunity to contribute what I can."

His accomplishments and devotion to our country and his profession have been exceptional. We are very fortunate to have benefited from his hard work, and we look forward to his service for years to come.

ROUTINE MORNING BUSINESS

(During the day statements were submitted and routine morning business was conducted, as follows:)

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the Committee on Armed Services.

(The nominations received today are printed at the end of the Senate proceedings.)

PRESIDENTIAL APPROVALS

A message from the President of the United States announced that he had approved and signed the following enrolled bills and joint resolutions:

On November 5, 1985:

S.J. Res. 145. Joint resolution designating November 1985 as "National Diabetes Month."

On November 8, 1985:

S. 1160. An act to authorize appropriations for military functions of the Department of Defense and to prescribe military personnel levels for the Department of Defense for fiscal year 1986, to revise and improve military compensation programs, to improve defense procurement procedures, to authorize appropriations for fiscal year 1986 for national security programs of the Department of Energy, and for other purposes; and

S.J. Res. 227. Joint resolution to commend the people and the sovereign confederation of the neutral nation of Switzerland for their contributions to freedom, international peace, and understanding on the occasion of the meeting between the leaders of the United States and the Soviet Union on November 19-20, 1985, in Geneva, Switzerland.

On November 12, 1985:

S.J. Res. 29. Joint resolution designating the week of November 11 through November 17, 1985, as "National Reye's Syndrome Week"; and

S.J. Res. 130, Joint resolution designating the week beginning on November 10, 1985, as "National Blood Pressure Awareness Week."

On November 13, 1985:

S. 1570. An act to amend the Fair Labor Standards Act of 1938 to authorize the provision of compensatory time in lieu of overtime compensation for employees of States, political subdivisions of States, and interstate governmental agencies, to clarify the application of the Act to volunteers, and for other purposes; and

S.J. Res. 47. Joint resolution designating the week beginning November 10, 1985, as "National Women Veterans Recognition Week."

On November 14, 1985:

S.J. Res. 51. Joint resolution to designate the week beginning November 24, 1985, as "National Adoption Week."

On November 15, 1985:

S. 1851. An act to extend temporarily the dairy price support program and certain

food stamp program provisions, and for other purposes.

MESSAGES FROM THE HOUSE

At 10:04 a.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has agreed to the following concurrent resolution, in which it requests the concurrence of the Senate:

H. Con. Res. 228. Concurrent resolution condemning all acts of terrorism (Including the hijacking of the *Achille Lauro* and the murder of Leon Klinghoffer) and calling for the creation of an international coordinating committee on terrorism and for proposals to protect Americans abroad, and for other purposes.

At 2:05 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 2563. An act to designate the United States Post Office Building located at 2909 Rogerdale in Houston, Texas, as the "Debra Sue Schatz Post Office Building"; and

H.R. 3622. An act to amend title 10, United States Code, to strengthen the position of Chairman of the Joint Chiefs of Staff, to provide for more efficient and effective operation of the Armed Forces, and for other purposes.

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent, and referred as indicated:

H.R. 2563. An act to designate the United States Post Office Building located at 2909 Rogerdale in Houston, TX, as the "Debra Sue Schatz Post Office Building"; to the Committee on Governmental Affairs.

H.R. 3622. An act to amend title 10, United States Code, to strengthen the position of Chairman of the Joint Chiefs of Staff, to provide for more efficient and effective operation of the Armed Forces, and for other purposes; to the Committee on Armed Services.

The following concurrent resolution was read, and referred as indicated:

H. Con. Res. 228. Concurrent resolution condemning all acts of terrorism (including the hijacking of the *Achille Lauro* and the murder of Leon Klinghoffer) and calling for the creation of an international coordinating committee on terrorism and for proposals to protect Americans abroad, and for other purposes; to the Committee on Foreign Relations.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, November 21, 1985, she had presented to the President of the United States the following enrolled bill:

S. 1042. An act to authorize certain construction at military installations for fiscal year 1986, and for other purposes.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2032. A communication from the President of the United States, transmitting, pursuant to law, a report on events in Nicaragua in the last 90 days; to the Committee on Foreign Relations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. McCLURE, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute:

S. 720. A bill to establish a permanent boundary for the Acadia National Park in the State of Maine, and for other purposes (Rept. No. 99-198).

By Mr. McCLURE, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute:

S. 1517. A bill to amend the Low-Level Radioactive Waste Policy Act of 1980 to authorize continued financial and technical assistance of the Department of Energy to the regional low-level waste compact regions, and to revise the guidelines and procedures for the establishment and use of regional disposal facilities for low-level radioactive waste, and for other purposes (Rept. No. 99-199).

By Mr. MATHIAS, from the Committee on Rules and Administration, without amendment:

S. Res. 261. An original resolution waiving the provisions of section 402(a) of the Congressional Budget Act of 1974 with respect to consideration of S. 582; referred to the Committee on the Budget.

By Mr. McCLURE, from the Committee on Energy and Natural Resources, without amendment:

S. Res. 263. An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1517; referred to the Committee on the Budget.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. KERRY:

S. 1878. A bill for the relief of Kil Joon Yu Callahan; to the Committee on the Judiciary.

By Mr. HELMS:

S. 1879. A bill to temporarily lower the duty on L-ephedrine hydrochloride; to the Committee on Finance.

By Mr. GORTON (for himself, Mr. EVANS, Mr. GRASSLEY, Mr. KASTEN, and Mr. ZORINSKY):

S. 1880. A bill to amend the Internal Revenue Code of 1954 to clarify the treatment of travel expenses in the case of construction workers; to the Committee on Finance.

By Mr. TRIBLE (for himself and Mr. GORTON):

S. 1881. A bill to amend the Communications Act of 1934 so as to encourage cable systems to carry all local television broadcast signals; to the Committee on Commerce, Science, and Transportation.

By Mr. METZENBAUM:

S. 1882. A bill to amend the Securities Exchange Act of 1934 with respect to tender offers, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

By Mr. LONG:

S. 1883. A bill to provide permanent duty-free entry for certain mixtures of hot red peppers and salt; to the Committee on Finance.

By Mr. HELMS (for himself, Mr. ZORINSKY, and Mrs. HAWKINS):

S. 1884. A bill to amend the Farm Credit Act of 1971; to the Committee on Agriculture, Nutrition, and Forestry.

SUBMISSION ON CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. MATHIAS, from the Committee on Rules and Administration:

S. Res. 261. An original resolution waiving the provisions of section 402(a) of the Congressional Budget Act of 1974 with respect to consideration of S. 582; to the Committee on the Budget.

By Mr. HART (for himself and Mr. SASSER):

S. Res. 262. Resolution expressing the sense of the Senate to improve the security of U.S. bases in the Philippines; to the Committee on Armed Services.

By Mr. McCLURE, from the Committee on Energy and Natural Resources:

S. Res. 263. An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1517; to the Committee on the Budget.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTION

By Mr. HELMS:

S. 1879. A bill to temporarily lower the duty on L. Ephedrine hydrochloride; to the Committee on Finance.

TO TEMPORARILY LOWER THE DUTY ON L. EPHEDRINE HYDROCHLORIDE

● Mr. HELMS. Mr. President, I am today introducing legislation to reduce, for a period of not more than 3 years, the import duty on L-Ephedrine hydrochloride imported from Czechoslovakia.

L-Ephedrine is the chemical used to make the drug pseudoephedrine, which is a vital ingredient in many pharmaceutical products. For example, the Burroughs Wellcome Co. in my State uses L-Ephedrine hydrochloride to make actifed and sudafed. The commercial success of these products has greatly increased demand for L-Ephedrine hydrochloride by drug manufacturers in the United States.

L-Ephedrine is produced by only three chemical supply companies in the entire world: Knoll AG in West Germany, China National in Red China, and Chemapol in Czechoslova-

kia. Knoll AG, the West German company, is the principal supplier of L-Ephedrine for United States manufacturers. The duty on the chemical from West Germany is 4 percent while the duty on the same product from Czechoslovakia is $0.07 per pound plus 59 percent of its declared value.

Unfortunately, Mr. President, the West German company cannot supply enough of the chemical to meet the demand for United States pharmaceutical companies. Even though Knoll AG is expanding its production capacity, that expansion will not be completed for 3 years. Meanwhile, American pharmaceutical producers must turn to Czechoslovakia for L-Ephedrine to supplement their needs.

I do not propose to reduce the duty on Czechoslovakian L-Ephedrine permanently. Rather, my bill would reduce that duty for a maximum period of 3 years. If, in the meantime, United States drug companies can obtain an adequate supply of the drug from a source other than Czechoslovakia at an import duty of 4 percent or less, then the current duty on Czechoslovakian L-Ephedrine would be reinstated.

The Secretary of the Treasury would be required to review the availability of L-Ephedrine, from domestic and foreign sources, at least once every 6 months. If the Secretary determines that an adequate alternative supply exists, he would be required to report that determination to Congress. The duty reduction granted by my bill would then be rescinded.

Mr. President, I urge my colleagues to support this important legislation.●

By Mr. GORTON (for himself, Mr. EVANS, Mr. GRASSLEY, Mr. KASTEN, and Mr. ZORINSKY):

S. 1880. A bill to amend the Internal Revenue Code of 1954 to clarify the treatment of travel expenses in the case of construction workers; to the Committee on Finance.

TAX TREATMENT OF TRAVEL EXPENSES OF CONSTRUCTION WORKERS

● Mr. GORTON. Mr. President, today I am introducing a bill for myself, Senator EVANS, Senator GRASSLEY, Senator KASTEN, and Senator ZORINSKY, that will clarify the circumstances under which construction workers may deduct their travel expenses. The IRS currently interprets the statute as meaning that only construction workers whose jobs last a year or less may deduct their travel expenses. If their jobs are, at their outset, either of an indefinite length or are permanent, they may not deduct their travel expenses at all. We propose to lengthen the definition of temporary from 1 to 2 years, and to extend the opportunity to deduct travel expenses to construction workers whose job sites are remote—meaning that there are no reasonable residential facilities within 30 miles of the site—regardless of the length of time the worker intends to remain at the job.

Our bill will greatly help those who necessarily travel inordinate distances to reach their job sites. In eastern Washington alone there are 4,000 to 5,000 carpenters and tradesmen who are permanently employed at the Hanford Nuclear Reservation. These men and women are prohibited from living on the base, which is 570 square miles, for national security reasons. Their job site is necessarily remote, and therefore they must travel many miles, often in excess of 30, to reach their job sites. It is only fair that they be able to deduct the mileage associated with their business.

Mr. President, this bill is important, and should have been passed long ago. I am pleased to say that the entire congressional delegation from the State of Washington has cosponsored this bill or its companion in the House.●

● Mr. EVANS. Mr. President, I rise today to join my good friend and colleague from Washington State in bringing this legislation before the Senate that will dictate the situations under which construction workers may deduct travel expenses.

I also wish to congratulate Senator GORTON for his efforts to seek a fair and reasonable solution of a situation that places a heavy burden on construction workers.

Current IRS regulations generally define employee expenses incurred while traveling to their place of employment as nondeductible. Exception is provided, however, for up to 1 year if a job is determined to be temporary. This situation is fair for the great majority of workers, but unfair to most construction work that by its nature is temporary.

In many other instances, IRS regulations do not provide exception for the permanent construction trade workers who are forced to live substantial distances from their job sites. One can find a splendid example of this situation at the 570-square-mile nuclear reservation at Hanford. For national security reasons, construction trades workers who are permanently employed at Hanford have no option but to travel many miles to reach his job sites.

Our legislation presents a reasonable, simple, and fair solution. It defines temporary as "a period of less than 2 years," and allows travel expenses to be deductible if a permanent employee has no other reasonable option but to live beyond 30 miles from his job site.

Mr. President, as we continue our fight seeking deficit reduction, proposals granting more liberal tax preferences or bolstering increased spending must undergo close scrutiny. For this reason I have opposed other more generous proposals seeking similar goals. I believe, however, that this more narrowly crafted legislation we offer today not only meets the test of fairness, but it is also consistent with our efforts of deficit reduction.●

By Mr. TRIBLE (for himself and Mr. GORTON):

S. 1881. A bill to amend the Communications Act of 1934 so as to encourage cable systems to carry all local television broadcast signals; to the Committee on Commerce, Science, and Transportation.

LOCAL SIGNAL CARRIAGE ACT

Mr. TRIBLE. Mr. President, today Senator GORTON and I have introduced legislation to implement a modified, constitutional "must carry" requirement for cable television systems.

On July 19, 1985, the Federal Circuit Court of Appeals for the District of Columbia, in the case of Quincy Cable TV versus FCC, struck down the Federal Communications Commission's must carry rules on first amendment grounds. Our legislation restores the balance between cable operators and the broadcast industry by establishing a voluntary regime, whereby the grant of a compulsory copyright license to a cable system is dependent upon a commitment by the system to carry local programming.

We have also responded to the legitimate concerns of the cable industry and of the court through three substantial modifications to the previous rules. First, the legislation recognizes the unique problems of small cable systems in providing the diversity of programming their customers demand, by exempting all systems with 12 or fewer channels. Second, only stations that are within 50 miles of a cable system would be considered "local." Under the old rules, stations' average must-carry zone was 65 miles, and in some cases, they were able to assert must carry on cable systems more than 100 miles away. Finally, this legislation would not require any cable system to carry more than one station affiliated with each national commercial television network. This will prevent any cable operator from being forced to carry duplicate or triplicate network signals and will help to ensure maximum diversity of programming while maintaining a strong commitment to the principle of localism.

Localism, Mr. President, is the key justification for this legislation. This principle is of surpassing importance. In the absence of modified must-carry rules, the Quincy decision could result in many cable systems dropping local television stations from their basic service package. As a consequence, the ability of cable subscribers to receive local news, sports, weather, and other programming of unique local interest would be curtailed.

By linking the must carry requirement with the compulsory license for cable, this legislation restores much-needed balance among broadcast and cable interests. The compulsory license, granted to the cable industry as part of the 1976 Copyright Act, enables the cable industry to take the programming on television stations without the need to receive permission, and to resell it to cable subscribers. It does not pay for this privilege when retransmitting local stations, and pays below-market rates for programming on nonlocal—distant—stations. At the time the compulsory license was enacted, it was seen as a counterbalance to a series of rules the FCC had in effect which protected broadcasters: The distant signal limitations, the syndicated exclusivity rules and, of course, the must-carry rules. All of these rules have since been eliminated, but the complusory license remains.

Cable is now free to refuse carriage to local stations, or demand payment from these stations. On the other hand, the compulsory license prevents broadcasters from withholding their programming from cable operators or being able to negotiate carriage terms on an equal footing with the cable operator. This is, simply put, unfair. A local station which is not carried on the local cable system is unlikely to be seen in cable homes. With nearly half the homes in America wired for cable, lack of cable carriage could prove to be an insurmountable problem for local stations which are licensed to serve the citizens of their local communities. This bill recognizes that the compulsory license is a federally granted privilege for the cable industry, and represents a substantial economic subsidy. Whatever first amendment rights cable may have, no one can argue that it has a constitutional right to a compulsory license. Our bill would merely attach some conditions, in the form of reasonable local carriage obligations, to the exercise of this privilege. I think most people would find that reasonable, and I believe the courts will find it constitutional as well.

Essentially, our bill would use the authority granted the FCC in the Copyright Act to determine which television signals a cable system may carry pursuant to the compulsory license. We propose that the compulsory license be made available only to those cable operators who agree to carry all local broadcast stations. There would be no mandatory carriage requirements. A cable operator would be given a choice between operating in a marketplace which had both the compulsory license and a reasonable local carriage obligation, or a market in which there was no Federal intervention—in short, a free and open market for all participants.

The problem addressed by this legislation was how to rebalance the current marketplace in a manner which would not violate the decision of the D.C. circuit. We were encouraged when the FCC voted to undertake a rulemaking on the issue, and we believe they have the authority and responsibility to act on this matter. One of the proposed rules the Commission will be studying embodies the principles contained in our bill. We hope the Commission will endorse it at the completion of its rulemaking.

Finally, I wish to stress that while Senator GORTON and I intend to move this legislation as rapidly as possible, we strongly believe the preferable approach would be for the Commission to follow our lead and enact a rule based on the principles described above and contained in our bill. We have urged the Commission to act to restore balance in this area, and it is our hope that it will agree with us and act boldly to resolve this issue.

● Mr. GORTON. Mr. President, I am pleased to join my friend and colleague from Virginia as a cosponsor of this legislation. I have long been a supporter of must carry, and I believe that this bill advances that concept while at the same time meeting the concerns raised by the D.C. Circuit Court of Appeals in its decision invalidating the rules.

The reasoning behind this bill is straightforward. If cable operators are to benefit from the compulsory license, which frees them from the inconvenience of negotiating directly with copyright holders, they should accept a certain amount of responsibility in return. The cable industry argues, with some justification, that there is no conceptual connection between must carry and the compulsory license. It is clear, however, that regardless of the theoretical linkage, there is a practical one. When cable operators were required to carry local broadcast signals, they certainly were in no position to bargain about the price to pay for them. The compulsory license eliminated that concern. However, with the must carry requirement removed from the picture, we have an illogical and unbalanced situation, where the local broadcasters have no assurance that they will be carried by cable operators, and are denied the opportunity to bargain for a fair market price if they are.

It has been suggested that the appropriate response to the loss of must carry is the repeal of the compulsory license. While there is some superficial appeal to that argument, I feel that it would result in a classic case of two wrongs not making a right. Must carry was designed for a reason: To further the public interest by assuring the availability of local broadcasting. The compulsory license was also created for a reason: To avoid the burdensome need to have individual cable operators negotiate with innumerable broadcasters and programmers in order to rebroadcast television signals. While elimination of both might result in a more level playing field than elimination of one alone, it would also result in the abandonment of two worthwhile goals. I therefore hope that the scheme embodied in this bill, whether enacted into law or adopted in some form by the FCC, leads cable operators not to forsake their compulsory licenses, but to continue to adhere to the must carry rules.

The rules as they were administered prior to the court's decision resulted in some unfairness to cable operators. This bill addresses the most egregious of the problems by exempting systems with 12 channels or less, and by not requiring cable systems to carry more than one network affiliate.

By cosponsoring this legislation, I do not intend to suggest that I consider legislation preferable to FCC action on this issue. Indeed, as my colleague from Virginia and I pointed out in our letter to the Commission dated August 4, 1985, I would be pleased to see it adopt a rule along the lines of this bill. I would also encourage members of the cable and broadcasting industries to sit down and try to reach a compromise.

Mr. President, I believe that it is our responsibility to foster the development of local broadcasting. The proposed bill does so by encouraging cable systems to carry local television broadcast signals. I ask for my colleague's support on this important issue.●

By Mr. METZENBAUM:

S. 1882. A bill to amend the Securities Exchange Act of 1934 with respect to tender offers, and for other purposes; to the Committee on Banking, Housing, and Urban Affairs.

SHAREHOLDER FAIRNESS AMENDMENTS

● Mr. METZENBAUM. Mr. President, I am pleased to introduce the Shareholder Fairness Amendments of 1985. As I stated last spring when introducing an earlier tender offer reform proposal, the time had come to eliminate the loopholes exploited by creative tender offer practitioners. This legislation deals with many of the tactics that enrich the savvy on Wall Street but may be unfair to the average citizen investor across this country.

I am grateful to Senator D'AMATO for allowing me to participate in excellent hearings his subcommittee held on this issue. These hearings demonstrated that abusive tactics can be effectively regulated without unduly interfering in securities markets. As a result of these hearings, I have modified and added to earlier proposals I made in this area.

I understand that the Senator from New York may soon be introducing his

own tender offer reform package. I look forward to working closely with him to pass legislation this Congress.

I strongly believe that reform legislation should provide individual shareholders with adequate protection from the coercive effects of two tier, front end loaded tender offers. These offers create a stampede effect as shareholders, afraid of losing out on the higher premium, rush to tender to the bidder.

My legislation requires that acquisitions in excess of 15 percent of outstanding stock to be made by formal tender offer open to all shareholders. It also eliminates most of the coercive features of front end loaded two tier offers and partial bids. The bill requires acquisitions of more than 35 percent of outstanding stock to include a promise to acquire, within 12 months, all remaining shares. The bidder would have to buy such shares at the highest price contained in the tender offer. In this way, the individual investor knows that he will be able to share with the institutional professional in any premium bid.

The second amendment eliminates a loophole in current law which allows a bidder to acquire a significant block of stock within a 10-day period, without disclosing the buying spree to the general public.

The next section of this legislation would direct the Securities and Exchange to promulgate regulations within 6 months which would prohibit these poison pills. This week's decision by the Delaware Supreme Court, which upholds this unfair and anti-shareholder tactic, demonstrates the need for Federal legislation in this area.

Because pills are so varied in form and substance, wide latitude is granted to the Commission to include or exclude warrants or securities for Federal proscription. The SEC will also be expected to monitor continuously developments in this area, and make changes as creative practitioners discover ways to evade existing rules.

The final section of the bill codifies the proposed Commission rule concerning discriminatory tender offers. These offers, which allow target management or individual bidders to select who shall and who shall not receive the benefits of a premium offer, violate every concept of fairness in the tender offer process. To ensure that the proposed ban is effective, I believe it is necessary for Congress to act affirmatively in this area.

Mr. President, the corporate takeover issue is critically important to millions of Americans who invest in and work for our Nation's corporations. I urge the chairman of the Banking Committee to take swift action in scheduling a markup on legislation in this area, and I look forward to working with the chairman of the Securities Subcommittee on ideas he may have in this area. But if the committee is unable to act for whatever reason, I would hope that those of us concerned about this issue would bring the matter directly to the floor. Every week another major company is under siege. Too much is at stake to countenance much more congressional delay in addressing this subject.

I ask unanimous consent that the text of this legislation be inserted at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1882

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Shareholder Fairness Amendments of 1985".

TWO-TIER, PARTIAL, AND "CREEPING" TENDER OFFERS

SEC. 2. Section 14 of the Securities Exchange Act of 1934 (15 U.S.C. 78n) is amended by adding at the end thereof the following:

"(h)(1) It shall be unlawful for any person, by use of the mails or by any means or instrumentality of interstate commerce or of any facility of a national securities exchange or otherwise, to acquire, or agree to acquire, directly or indirectly, the beneficial ownership of any equity security of a class which is registered pursuant to section 12 of this title, or any equity security of an insurance company which would have been required to be so registered except for the exemption contained in section 12(g)(2)(G) of this title, or any equity security issued by a closed-end investment company registered under the Investment Company Act of 1940, if, after consummation thereof, such person would be, directly or indirectly—

"(A) the beneficial owner of the shares entitled to vote more than 15 per centum but less that 35 per centum of the votes that all holders of outstanding voting securities would be entitled to cast at an election of directors, unless the acquisition is made pursuant to a tender offer, or a request or invitation for tenders, open to all holders of the class of securities subject to the tender offer; or

"(B) the beneficial owner of more than 35 per centum of the votes that all holders of outstanding voting securities would be entitled to cast at an election of directors, unless—

"(i) such acquisition is made pursuant to a tender offer for, or a request or invitation for tenders of, all of the outstanding voting securities of the issuer, for the same price per share as all other shares acquired pursuant to the offer, to the holders of all outstanding shares of the class; or

"(ii) such acquisition is made pursuant to a tender offer for, or a request or invitation for tenders of, fewer than all of the outstanding voting securities of the issuer, and any shares not purchased pursuant to the offer, request, or invitation will be purchased within 12 months at a value equal to the price to be paid pursuant to the offer. The value of any securities offered as consideration for such shares shall be established by agreement of representatives of the issuer and the offeror, or, in the event of a disagreement, by a third party chosen by the issuer and the offeror. In the event an agreement has not been reached or a third party has not been appointed within 8 months after the acquisition of securities pursuant to the tender offer, the parties shall apply to the chief judge of the circuit which includes the State in which the issuer is located for appointment to a third party, and such appointment shall be made within 15 days of such application.

"(2) Subparagraphs (A) and (B) of paragraph (1) do not apply in any case where—

"(A) the person acquiring the securities is the issuer of such securities;

"(B) the acquisition is by gift, inheritance, or transfer from an existing holder to an individual related to such holder by blood or marriage, providing that the Commission may, by rule, regulation, or order, exempt acquisitions by gift to any person;

"(C) the acquisition is by an employee benefit plan or pension fund of such issuer; or

"(D) on the effective date of this subsection such person is the beneficial owner of more than the applicable percentage of the outstanding voting equity securities of the issuer referred to in one of such subparagraphs and the acquisition would not represent an increase in the percentage of such person's beneficial ownership from the effective date of this subsection.

CLOSE OF "10-DAY WINDOW"

SEC. 3. (a) Section 13(d)(1) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(d)(1)) is amended by striking out "ten" and inserting in lieu thereof "two".

(b) Section 13(d) of such Act is further amended by adding at the end thereof the following:

"(7) A person subject to the requirements of paragraph (1) may not acquire, directly or indirectly, beneficial ownership of any additional shares of the equity security that is the subject of the statement required by paragraph (1) for two business days subsequent to the filing of such statement with the Commission. The Commission may, by rule, regulation, or order, in the public interest or for the protection of investors, may exempt any person from the requirements of this subsection.".

"POISON PILLS"

SEC. 4. Section 14 of the Securities Exchange Act of 1934 is amended by adding at the end thereof the following:

"(i)(1) Not later than 180 days after the date of enactment of this subsection, the Commission shall issue rules or regulations which make it unlawful for an issuer which has a class of equity securities registered pursuant to section 12 of this title, or any equity security of an insurance company which would have been required to be so registered except for the exemption contained in section 12(g)(2)(G) of this title, or which is a closed-end investment company registered under the Investment Company Act of 1940, to grant voting power or to issue any securities if such grant or issuance would—

"(A) entitle the holder of such voting power or securities to purchase at less than market value securities of a corporation other than the issuer or securities of the successor to such a corporation;

"(B) entitle the holder of such securities to purchase at less than market value any securities of the issuer; or

"(C) require the issuer to repurchase its securities from its holders at greater than market value;

where such entitlement or requirement is conditioned upon a change in control of the issuer, or the acquisition of securities by a

third party, or may be invoked only during the pendency of a tender offer or other contest for control of the issuer.

"(2) For the purpose of this subsection, a grant or issuance by or for the issuer, or any person controlling, controlled by, or under common control of the issuer, or a grant or issuance subject to control of the issuer or any such person, shall be deemed to be a grant or issuance by the issuer.

"(3) The Commission, in the public interest and for the protection of investors, is authorized to issue rules and regulations implementing this subsection, including exemptive rules and regulation covering situation in which the Commission deems it unnecessary or inappropriate that a grant or issuance of the type described in this subsection shall be deemed to be a grant or issuance by the issuer for purposes of some or all of the provisions of paragraph (1) of this subsection.".

DISCRIMINATORY TENDER OFFERS

SEC. 5. Section 14 of the Securities Exchange Act of 1934 (15 U.S.C. 78n) is amended—

(1) by redesignating subsections (f) and (g) as subsections (g) and (h), respectively; and

(2) by inserting after subsection (e) the following:

"(f)(1) It shall be unlawful for any person to make a tender offer for, or request or invitation for tenders of, any class of any equity security of a corporation which is registered pursuant to section 12 of this title, or any equity security of an insurance company which would have been required to be so registered except for the exemption contained in section 12(g)(2)(G) of this title, or any equity security issued by a closed-end investment company registered under the Investment Company Act of 1940, unless—

"(A) the offer, request, or invitation is open to all security holders of the class of securities subject to the offer, request, or invitation, except where—

"(i) the consideration for the offer, request, or invitation is all cash or exempted securities and the offer, request, or invitation meets such requirements as the Commission may prescribe, or

"(ii) the offeror is not a United States resident or citizen and the tender offer does not employ any jurisdictional means referred to in subsection (d)(1); and

"(B) the consideration paid to each security holder pursuant to the offer, request, or invitation is the highest consideration offered to any other security holder at any time during such offer, request, or invitation, determined from the earlier of the date of public announcement, or the date of commencement, of the offer, request, or invitation.

"(2) In an offer, request, or invitation described in paragraph (1)(B) in which more than one type of consideration is offered—

"(A) the types of consideration shall be substantially equivalent in value on the earlier of the date of public announcement or the date of commencement;

"(B) in the event of an increase by the offeror in the consideration offered during the offer, request, or invitation, the types of consideration shall be substantially equivalent in value on the date such increase is first offered to security holders; and

"(C) the highest consideration of each type offered to any security holder shall be paid to any other security holder accepting that type of consideration.

"(3) This subsection does not apply to an offer, request, or invitation with respect to which the Commission, upon written request or upon its own motion, either unconditionally or on specified terms and conditions, determines that compliance with such paragraph is not necessary or appropriate in the public interest or for the protection of investors.".●

By Mr. LONG:

S. 1883. A bill to provide permanent duty-free entry for certain mixtures of hot red peppers and salt; to the Committee on Finance.

DUTY-FREE ENTRY OF CERTAIN MIXTURES OF HOT RED PEPPERS AND SALT

Mr. LONG. Mr. President, I am today introducing a bill to make permanent the suspension of import duties for mixtures of mashed or macerated hot red pepper and salt. The pepper mash product is made by crushing any of several varieties of hot red peppers and preserving the resulting pulp in salt. Temporary suspensions of duties have been in effect since 1978.

The McIlhenny Co., of Avery Island, LA, which makes the justly famous Tabasco brand products, both grows peppers in the United States and imports pepper mash from Central and South America. In general, their imported pepper mash enters the United States free of duty by reason of the Generalized System of Preferences, but with regard to their imports of pepper mash from Mexico, this duty benefit is not available.

In 1978, and again in 1982, Congress saw fit to enact a narrow, temporary suspension of duties to permit the importation of this pepper mash from Mexico. The most recent temporary suspension expired June 30, 1985. The suspension should now be made permanent. The provision has always been narrowly drawn to apply only to a specialized pepper mash. When public comment on renewing the provision was sought in 1982, there was not opposition, either from any member of the public or the administration. Since the provision has now been in effect for over 7 years without adverse impact on any U.S. industry, the provision should now be enacted permanently.

Mr. President, I hope this matter can be favorably considered and adopted in short order.

I ask unanimous consent that the text of the bill be printed in the RECORD following my statement.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1883

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. MIXTURES OF HOT RED PEPPERS AND SALT.

(a) IN GENERAL.—Subpart C of part 8 of schedule 1 of the Tariff Schedules of the United States is amended by inserting in numerical sequence the following new item with the article description having the same indentation as "Water chestnuts" in item 141.70:

" 141.72	Mixtures of mashed or macerated hot red peppers and salt.	Free	35% ad val.".

(b) TEMPORARY SUSPENSION REPEALED.—Item 903.60 of the Appendix to the Tariff Schedules of the United States is repealed.

SEC. 2. EFFECTIVE DATE; REFUNDS.

(a) EFFECTIVE DATE.—The amendment and repeal made by this Act shall apply with respect to articles entered, or withdrawn from warehouse, for consumption on or after the date that is 15 days after the date of enactment of this Act.

(b) ENTRIES MADE BEFORE EFFECTIVE DATE.—Notwithstanding section 514 of the Tariff Act of 1930 or any other provision of law, upon proper request filed with the appropriate customs officer on or before the date that is 90 days after the date of enactment of this Act, the entry, or withdrawal from warehouse, for consumption of any article described in item 141.72 of the Tariff Schedules of the United States, as amended by this Act—

(1) which was made on or after July 1, 1985, and before the date that is 15 days after the date of enactment of this Act, and

(2) with respect to which there would have been no duty if the amendments made by this Act applied to such entry,

shall be liquidated or reliquidated as through such entry or withdrawal had been made on the date that is 15 days after the date of enactment of this Act.

By Mr. HELMS (for himself and Mr. ZORINSKY):

S. 1884. A bill to amend the Farm Credit Act of 1971; to the Committee on Agriculture, Nutrition, and Forestry.

FARM CREDIT SYSTEM RESTRUCTURING AND REGULATORY REFORM ACT OF 1985

Mr. HELMS. Mr. President, the financial problems of our Nation's farmers have had a severe impact on the Nation's largest lender to agriculture, the cooperatively owned Farm Credit System. Earlier this year the Agriculture Committee examined this issue thoroughly in 2 days of hearings during which we took testimony from the administration, the Farm Credit Administration, the Farm Credit System and others. The testimony we heard was quite compelling and, surprisingly consistent. The consensus opinion was that indeed the Farm Credit System's problems must be addressed soon if we are to ensure that the System remains a reliable supplier of credit to agriculture.

The legislation we are proposing tonight closely tracks the consensus opinion that emerged at the committee's hearings. First, it will provide for a restructured Farm Credit Administration which will make it a stronger, more effective "arms-length" regulator. Second, we propose to provide the system with the authority it needs to fully commit its resources to solving

its financial problems. Third, we provide discretionary authority for the Secretary of Treasury to purchase obligations of the System's capital corporation under terms and conditions to be set by the Secretary.

Finally, Mr. President, we propose to put into law specific rights of System borrowers with regard to disclosure of factors affecting variable interest rates and forebearance policies, and their access to documents and shareholders lists.

Again, Mr. President, I would emphasize that this legislation was written to address the primary concerns of the Department of Agriculture, the Department of the Treasury, the Farm Credit Administration and the Farm Credit System. We have achieved our objective as these parties generally support this measure as the best compromise we could craft.

I sense that everyone agrees that the Farm Credit System must have tighter regulation to protect both its borrower/stockholders, and its investors in System securities. This legislation will bring the authorities and powers of the Farm Credit Administration in line with those of other regulators of financial institutions.

By no means, Mr. President, is this legislation opening the Treasury doors for the System. This legislation requires the System to fully commit its resources before any taxpayer money is utilized. The Secretary of Treasury is given the discretion to determine if and when it may be appropriate to provide Federal dollars to the System. It is my understanding that Treasury officials firmly believe that this discretionary authority will never have to be used. If that is the case—and I hope it is—then this legislation will not cost the taxpayers anything.

This discretionary backup line of credit should in no way be interpreted as "Federalizing" the Farm Credit System. We are not looking to create another Farmers Home Administration. The System institutions will still have to consider the financial health of each individual borrower and make loans using sound business judgment. Obviously, not every farmer will survive, but through agressive "polling" of System resources, financially troubled borrowers across the county will stand a better chance of making it than might otherwise be the case.

What this legislation will primarily accomplish is to help relieve the severe financial pressures on the System and, thereby, permit it to make loan decisions in an atmosphere much more conducive to sound decisionmaking.

Mr. President, it is imperative that this legislation be considered as soon as possible. between now and the first of January, about $13 billion of System securities will mature and be required to be rolled over. Unless we can calm the financial markets, the cost to farmers will be formidable. An increase in the System's cost of funds by only 1 percentage point will cost farmers $300 million in the first year alone.

In the event that the System would not be able to sell securities at any price, the System would use up its liquidity in only 18 days and then be in default. The implications of such a eventuality for agriculture and the Nation's economy are severe. We cannot responsibly let this situation go unaddressed.

Mr. President, the Farm Credit System, by law, is limited to lending to agriculture. Unlike commercial banks, the Farm Credit System cannot diversify its portfolio. With the severe decline in asset values and with nonaccrual loans expected to reach close to $6 billion by the end of the year, the System must be given the tools it needs to work its way through this situation. And, of course, we must put in place a hard-nosed regulator that will act quickly to prevent this situation from reoccurring. That is what we are proposing here tonight.

Mr. ZORINSKY. Mr. President, I am pleased to join the chairman of the Agriculture Committee in introducing this bill. The measure will assure the availability of essential credit—at competitive interest rates—for our Nation's farmers.

This measure has been developed out of a sense of urgency resulting from the financial crisis that the Farm Credit System is confronting. The serious nature of the System's financial problems was made clear during 2 days of hearings the Senate Agriculture Committee held on this issue.

The sense of urgency that exists has provided a strong incentive for the Farm Credit System, the Farm Credit Administration, and the administration to develop a legislative remedy. This bill is the product of the hearing process and extensive discussions among the parties I mentioned. As a result, I believe the bill we are introducing today may be as close to a consensus bill as can be achieved.

The proposal achieves several major objectives that I believe are essential.

First, the bill will ensure that our Nation's farmers can continue to depend on the Farm Credit System—as the single largest lender of agricultural credit in the world—to provide essential credit at competitive interest rates.

Second, the bill will provide new authorities for a restructured Farm Credit Administration that will act as an arms-length regulator. The new Farm Credit Administration will be insulated from the Farm Credit System and provided strengthened financial examination and reporting procedures.

This section of the bill is similar to legislation—Senate bill 466—that I introduced earlier this year. I will note, however, that the bill I have developed with Senator HELMS takes into account several important suggestions offered by my Nebraska constituents and others—particularly with regard to the Farm Credit Administration's power to require mergers of system institutions.

Third, the bill will facilitate the Farm Credit System's efforts to use its resources to resolve its problems. The bill requires—as a condition of Federal assistance—the commitment of the Farm Credit System's capital and reserve resources, to the extent that additional contributions by System institutions would preclude those institutions from making credit available to eligible borrowers at reasonable terms.

Fourth, the bill will ensure that if Federal finanical assistance is provided, the amount of assistance made available will be adequate to ensure that the Farm Credit System's institutions can continue to make credit available to eligible borrowers at reasonable terms and that the System will continue to have access to funds in the financial markets.

The Secretary of the Treasury will have discretionary authority to make Federal financial assistance available once the Farm Credit Administration has certified that there is a need for such assistance, based on certain criteria. The assistance will be in the form of loans that will be repaid under terms and conditions set by the Secretary.

During the hearings, testimony was presented that indicated the total amount of Federal financial assistance that may be required over the next several years would likely be between $5 and $10 billion.

Fifth, the bill protects the interests of the taxpayers by making certain whatever financial assistance is provided will be repaid through an assessment procedure. The assessment—to be established by the Farm Credit Administration—will ensure timely repayment but limit the assessment to a level whereby the Farm Credit System's banks will continue to be competitive and viable lenders.

Sixth, the bill establishes in law the rights of Farm Credit System borrower-stockholders with regard to disclosure of factors affecting variable interest rates and forbearance policies, and their access to documents and shareholder lists.

During my Senate career, I have been deeply involved with agricultural credit issues. For a time, I served as chairman of the Agriculture subcommittee with jurisdiction over rural credit programs. In that capacity, I was the floor manager of the 1980 amendments to the Farm Credit Act.

After years of experience in dealing with these issues, I know that some

commercial lenders are likely to be concerned about any financial assistance effort that is directed exclusively to the Farm Credit System. This is particularly true at a time when many commercial lenders that serve farm borrowers are experiencing financial problems.

I am concerned about the problems of commercial lenders. For that reason, last spring, I was the chief proponent of a measure to provide substantial assistance—in the form of loan guarantees and interest buy down programs—directed primarily to commercial banks that make farm loans. Much of that legislation was incorporated into the 1985 farm bill.

Some critics have characterized those proposals as a banker's bailout. I am proud to say that I am a friend of the commercial banks who provide credit in our Nation's small towns and rural areas because farmers, businesses, and most Americans need credit.

I have aided the efforts of commercial bankers on many occasions because I believed those efforts benefited our rural areas. For the same reason, I want to assist the Farm Credit System because I believe the American farmer will be the chief beneficiary.

I will continue to support responsible proposals that will help rural lenders and other businesses cope with the severe problems in the farm economy. The bill we are introducing today is one such proposal.

One issue of concern to me is a provision of the bill dealing with the voluntary merger of System institutions. The key word in the provision of the bill is "voluntary."

I have discussed this matter with Senator HELMS and it is our intention to make such changes in the bill as maybe necessary to assure local control of System institutions.

ADDITIONAL COSPONSORS

S. 477

At the request of Mr. ANDREWS, the name of the Senator from Nevada [Mr. LAXALT] was added as a cosponsor of S. 477, a bill to enhance rail competition and to ensure reasonable rail rates where there is an absence of effective competition.

S. 670

At the request of Mr. PELL, the names of the Senator from Nebraska [Mr. EXON] and the Senator from Missouri [Mr. EAGLETON] were added as cosponsors of S. 670, a bill to amend the National Labor Relations Act to give employers and performers in the performing arts rights given by section 8(e) of such act to employers and employees in similarly situated industries, and to give to employers and performers in the performing arts the same rights given by section 8(f) of such act to employers and employees in the construction industry, and for other purposes.

S. 1011

At the request of Mr. GRASSLEY, the name of the Senator from North Dakota [Mr. ANDREWS] was withdrawn as a cosponsor of S. 1011, a bill to amend title 18, United States Code, to provide the death sentence or mandatory life in kidnaping offenses involving the murder of a minor.

S. 1220

At the request of Mr. HATFIELD, the names of the Senator from Alaska [Mr. MURKOWSKI], the Senator from Arkansas [Mr. BUMPERS], the Senator from Arizona [Mr. DECONCINI], the Senator from California [Mr. WILSON], the Senator from Hawaii [Mr. INOUYE], the Senator from Illinois [Mr. SIMON], the Senator from Oklahoma [Mr. BOREN], The Senator from Pennsylvania [Mr. SPECTER], the Senator from South Dakota [Mr. ABDNOR], the Senator from Tennessee [Mr. GORE], the Senator from Tennessee [Mr. SASSER], the Senator from New York [Mr. D'AMATO], the Senator from Maine [Mr. COHEN], and the Senator from Washington [Mr. EVANS] were added as cosponsors of S. 1220, a bill entitled the "Renewable Energy and Conservation Transition Act of 1985."

S. 1250

At the request of Mr. HEINZ, the names of the Senator from South Carolina [Mr. THURMOND] and the Senator from Massachusetts [Mr. KERRY] were added as cosponsors of S. 1250, a bill to amend the Internal Revenue Code of 1954 to extend the targeted jobs tax credit for 5 years, and for other purposes.

S. 1440

At the request of Mr. STEVENS, the name of the Senator from Rhode Island [Mr. CHAFEE] was added as a cosponsor of S. 1440, a bill to restrict smoking to designated areas in all U.S. Government buildings.

S. 1654

At the request of Mr. STEVENS, the name of the Senator from Alabama [Mr. HEFLIN] was added as a cosponsor of S. 1654, a bill to amend title 18, United States Code, to provide for criminal forfeiture of proceeds derived from espionage activities and rewards for informants providing information leading to arrests in espionage cases.

S. 1655

At the request of Mr. SPECTER, the name of the Senator from South Carolina [Mr. THURMOND] was added as a cosponsor of S. 1655, a bill to amend the Unfair Competition Act of 1916 and Clayton Act to provide for private enforcement of the Unfair Competition statute in the event of unfair foreign competition, and to amend title 28 of the United States Code to provide for private enforcement of the Customs fraud statute.

S. 1804

At the request of Mr. HATCH, the name of the Senator from Oklahoma [Mr. NICKLES] was added as a cosponsor of S. 1804, a bill to provide for Federal incentive grants to encourage State health care professional liability reform.

S. 1845

At the request of Mr. BAUCUS, the name of the Senator from Alaska [Mr. MURKOWSKI] was added as a cosponsor of S. 1845, a bill to impose Federal income tax sanctions on corporations of a foreign country which imposes sanctions on United States persons because of such persons' presence in a State which uses a worldwide unitary apportionment method of computing the State income of such person.

S. 1860

At the request of Mr. DANFORTH, the name of the Senator from Vermont [Mr. STAFFORD] was added as a cosponsor of S. 1860, a bill to amend the Trade Act of 1974 to eliminate barriers and distortions to trade, to provide authority for a new round of trade negotiations, to promote United States exports, and for other purposes.

S. 1862

At the request of Mr. CHAFEE, the name of the Senator from Georgia [Mr. MATTINGLY] was added as a cosponsor of S. 1862, a bill to eliminate barriers to, and distortions of, trade.

S. 1870

At the request of Mr. BINGAMAN, the name of the Senator from Georgia [Mr. MATTINGLY] was added as a cosponsor of S. 1870, a bill to promote the expansion of exports by the United States.

SENATE JOINT RESOLUTION 220

At the request of Mr. MATTINGLY, THE NAMES OF THE SENATOR FROM VIRGINIA [Mr. TRIBLE], the Senator from Massachusetts [Mr. KERRY], the Senator from South Dakota [Mr. ABDNOR], the Senator from Louisiana [Mr. JOHNSTON], the Senator from Vermont [Mr. LEAHY], the Senator from Oklahoma [Mr. NICKLES], the Senator from Michigan [Mr. LEVIN], the Senator from Florida [Mr. CHILES], the Senator from Rhode Island [Mr. PELL], the Senator from Arkansas [Mr. PRYOR], the Senator from Indiana [Mr. QUAYLE], the Senator from Maryland [Mr. SARBANES], the Senator from Pennsylvania [Mr. HEINZ], the Senator from Idaho [Mr. MCCLURE], the Senator from Indiana [Mr. LUGAR], the Senator from Illinois [Mr. SIMON], the Senator from Oklahoma [Mr. BOREN], the Senator from Rhode Island [Mr. CHAFEE], the Senator from Hawaii [Mr. INOUYE], the Senator from Utah [Mr. GARN], the Senator from Michigan [Mr. RIEGLE], the Senator from California [Mr. WILSON], the Senator from Hawaii [Mr. MATSUNAGA], the Senator from Nebraska [Mr. ZORIN-

SKY], the Senator from West Virginia [Mr. ROCKEFELLER], the Senator from North Dakota [Mr. BURDICK], the Senator from North Dakota [Mr. ANDREWS], the Senator from Minnesota [Mr. BOSCHWITZ], the Senator from Virginia [Mr. WARNER], the Senator from Arizona [Mr. DECONCINI], the Senator from Kansas [Mr. DOLE], the Senator from New York [Mr. MOYNIHAN], the Senator from Tennessee [Mr. SASSER], the Senator from Idaho [Mr. SYMMS], the Senator from New Hampshire [Mr. RUDMAN], the Senator from Maine [Mr. MITCHELL], the Senator from Colorado [Mr. HART], the Senator from Tennessee [Mr. GORE], the Senator from Alabama [Mr. HEFLIN], the Senator from Georgia [Mr. NUNN], the Senator from North Carolina [Mr. EAST], the Senator from Delaware [Mr. ROTH], the Senator from Nevada [Mr. HECHT], the Senator from Maine [Mr. COHEN], the Senator from Mississippi [Mr. COCHRAN], the Senator from Utah [Mr. HATCH], and the Senator from Kansas [Mrs. KASSEBAUM] were added as cosponsors of Senate Joint Resolution 220, a joint resolution to provide for the designation of September 19, 1986, as "National P.O.W./M.I.A. Recognition Day."

SENATE JOINT RESOLUTION 224

At the request of Mr. THURMOND, his name was added as a cosponsor of Senate Joint Resolution 224, a joint resolution to designate November 30, 1985 as "National Mark Twain Day."

SENATE JOINT RESOLUTION 226

At the request of Mr. THURMOND, his name was added as a cosponsor of Senate Joint Resolution 226, a joint resolution to designate the week of April 6, 1986, through April 12, 1986, as "World Health Week," and to designate April 7, 1986, as "World Health Day."

At the request of Mr. REIGLE, the names of the Senator from Pennsylvania [Mr. HEINZ], the Senator from Maryland [Mr. MATHIAS], the Senator from Nevada [Mr. LAXALT], the Senator from Minnesota [Mr. BOSCHWITZ], and the Senator from South Dakota [Mr. PRESSLER] were added as cosponsors of Senate Joint Resolution 226, supra

SENATE JOINT RESOLUTION 229

At the request of Mr. NUNN, the name of the Senate from Oregon [Mr. PACKWOOD] was added as a cosponsor of Senate Joint Resolution 229, a joint resolution designating the week of January 13 through January 19, 1986, as "National Productivity Improvement Week."

SENATE JOINT RESOLUTION 236

At the request of Mr. BOSCHWITZ, his name was added as a cosponsor of Senate Joint Resolution 230, a joint resolution to designate the week of December 1, 1985 through December 7, 1985 as "National Autism Week."

SENATE JOINT RESOLUTION 326

At the request of Mr. GORTON, the names of the Senator from Mississippi [Mr. COCHRAN], and the Senator from Michigan [Mr. LEVIN] were added as cosponsors of Senate Joint Resolution 236, a joint resolution to authorize and request the President to issue a proclamation designating April 20 through April 26, 1986, as "National Organ and Tissue Donor Awareness Week."

SENATE JOINT RESOLUTION 239

At the request of Mr. DURENBERGER, the names of the Senator from Alaska [Mr. MURKOWSKI], and the Senator from Florida [Mr. CHILES] were added as cosponsors of Senate Joint Resolution 239, a joint resolution designating the week beginning on June 1, 1986, as "National Maternal and Child Health Week."

SENATE CONCURRENT RESOLUTION 83

At the request of Mr. D'AMATO, the names of the Senator from Nevada [Mr. HECHT], and the Senator from Alabama [Mr. DENTON] were added as cosponsors of Senate Concurrent Resolution 83, a concurrent resolution expressing the sense of the Congress that Federal tax reform legislation not take effect until its date of enactment, but in no case earlier than July 1, 1986.

SENATE RESOLUTION 261—ORIGINAL RESOLUTION REPORTED WAIVING CONGRESSIONAL BUDGET ACT

Mr. MATHIAS, from the Committee on Rules and Administration, reported the following original resolution; which was referred to the Committee on the Budget:

S. RES. 261

Resolved, That, pursuant to the provisions of section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S. 582, a bill amending the Act of October 15, 1966 (80 Stat. 953; 20 U.S.C. 65a), relating to the National Museum of the Smithsonian Institution, so as to authorize additional appropriations to the Smithsonian Institution for carrying out the purposes of said Act. Such waiver is necessary because S. 582 was not reported by May 15, 1985, as required by section 402(a) of the Congressional Budget Act of 1974.

SENATE RESOLUTION 262—RELATING TO IMPROVED SECURITY OF U.S. BASES IN THE PHILIPPINES

Mr. HART (for himself and Mr. SASSER) submitted the following resolution; which was referred to the Committee on Armed Services:

S. RES. 262

Whereas the political and military situation in the Philippines has continued to deteriorate over the past several months, while the government of the Philippines has been unwilling to make necessary reforms to rectify the increasing instability in that country;

Whereas the political and military situation in the Philippines is of vital importance to the United States and its allies and it is necessary to demonstrate to the government of the Philippines the serious and genuine U.S. concern over the current situation;

Whereas Subic naval base and Clark air force base, located in the Philippines, play a vital role in defending U.S. interests; and protection of sensitive and advanced military technology on these bases is an essential requirement of U.S. security;

Whereas Senate committees have reported on the inability of the Philippines army to fulfill its mission of providing security for the bases and there have been reports that armed guerrillas of the Communist New Peoples Army have entered peripheral areas of United States bases; and

Whereas experience has shown the importance of anticipating dangerous contingencies affecting U.S. interests and considering alternatives to current policy during periods of instability: Now, therefore, be it

Resolved by the Senate that it is the sense of the Senate, That resolution of the political and military instabilities in the Philippines is of the highest importance to the United States and, pending resolution of the current instabilities, that:

1. The United States should eliminate all new investment for the construction and improvement of military installations in the Philippines, with the exception of funds required for basic operations and maintenance and as required for ensuring adequate security of equipment and personnel;

2. The Department of Defense should increase investment in alternative military installations at other Pacific locations, to guard the United States against the risks to its national security arising from the loss of its ability to conduct vital military missions at Clark and Subic; and

3. The Department of Defense should improve security of facilities, materiel and US military and civilian personnel stationed at Clark and Subic; and make contingency plans, as appropriate, to draw down sensitive military technology, pending resolution of political-military instabilities.

Mr. HART. Mr. President, Senator SASSER and I are submitting today a resolution regarding U.S. military installations in the Philippines.

The escalating crisis in the Philippines is of vital interest to our national security and should be of immediate concern to all Americans. The close relationship between the United States and the Philippines has served as a critical element of stability in our policy toward the Pacific for over two decades.

It is a relationship based both on our historic ties and on our security interests. The Philippines stand astride the vital sea and air lanes of the Western Pacific and the gateways to the Indian Ocean. U.S. forces stationed there are ideally positioned for maximum flexibility to respond to crisis in that strategic area of the world—stretching from Japan through Korea, Singapore, Australia, and New Zealand.

In recent months, we have watched a steady deterioration in the domestic situation of the Philippines. The num-

bers and military capability of the insurgents has grown; the country's economic performance has declined. President Marcos, who is in ill health, is increasingly isolated and the growing dissent within key sectors of the country, including the Philippine military, all contribute to a perception of imminent collapse of the current regime.

The uncertainty surrounding who will succeed President Marcos, after 20 years of autocracy, heightens the sense of risk. Many believe we may already be facing the stark choice between a military dictatorship or a Communist takeover in the near future. Quite apart from the inevitable instability which will accompany a succession crisis, we have scant reason to be confident a new regime will be pro-Western and accommodating of a continued American military presence.

Mr. President, I am sure we are united in our hope the forthcoming Presidential elections in the Philippines are fair and free and result in the restoration of legitmacy and stability to the Philippine Government. At this critical point, however, hope is not enough. We have too much to lose from a crisis in the Philippines to permit any delay in actions we ourselves could take to protect U.S. military and political interests.

The efforts taken to date by the administration, including the recent meeting between Senator LAXALT and President Marcos, are commendable. But I believe we can and must do more.

Mr. President, the resolution we offer today is straightforward. It is designed to encourage stepped-up efforts to guard against potential threats to our vital military assets in the Philippines. At stake is the future of two of the largest American military installations outside of the United States, the Clark Air Force Base and the Subic Naval Base—key elements of our security strategy in Asia and the Pacific.

The resolution urges the President to provide for the security of Clark and Subic in the event of continued instability in the Philippines. These efforts should include the following elements:

A detailed plan for reducing new investment in the bases, except for funds needed for operations, maintenance, and security pending resolution of domestic instability;

Specific plans for increasing investment in alternative military installations, including Guam, Micronesia, and the Marianas;

Steps to improve the security for facilities, materiel, and personnel stationed at Clark and Subic; and

Contingency plans for reducing stocks of sensitive military technology currently in the Philippines.

Mr. President, we by now have all read the accounts in the press and in official reports about security lapses at our Philippine military installations: the unmanned guard towers, the broken chain link fences, the lack of safeguards to deter potential terrorists, the actual infiltration in August by a dozen armed guerrillas into the perimeter of Clark Air Force Base. This is surely sufficient to impel the full support of the Congress for acceleration of our security efforts.

But I recognize even the modest steps I am recommending are not easy. To some, they may even imply we are preparing to abandon the current Government of the Philippines. This is clearly not the case. The intent of this resolution is to urge us to move now to hedge against a clear and imminent danger to our security. But we have too recently experienced the collapse of a pro-Western government in a country on which we depended critically for our security to allow ourselves to base our policy in the Philippines on wishful thinking.

Mr. President, the words of Niccolo Machiavelli, written almost 500 years ago, speak directly to our situation today. Wise rulers, he warned, "Should * * * consider not only present but also future discords and diligently guard against them; for being foreseen they can easily be remedied, but if one waits till they are at hand, the medicine is no longer in time as the malady has become incurable."

The Congress has recently passed a resolution regarding the projected elections and the future of democracy in the Philippines. It is our hope that the criteria set forth for free and fair elections are fulfilled.

But Senator SASSER and I believe that Congress should also clearly express its concern over the security of our crucial military assets there. We must encourage the administration to take sensible steps to safeguard our long-term interests in the Pacific and Asian regions.

SENATE RESOLUTION 263—ORIGINAL RESOLUTION REPORTED WAIVING CONGRESSIONAL BUDGET ACT

Mr. McCLURE, from the Committee on Energy and Natural Resources, reported the following original resolution; which was referred to the Committee on the Budget:

S. RES. 263

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S. 1517, the Low-Level Radioactive Waste Policy Act Amendments of 1985. S. 1517, as reported, authorizes the enactment of new budget authority which would first become available in fiscal year 1986.

The waiver of section 402(a) of such Act is necessary to permit Congressional consideration of S 1517. Such bill was not reported on or before July 8, 1985, as required by section 402(a) of the Congressional Budget Act of 1974 for such authorizations.

The likelihood that the Committee on Energy and Natural Resources would report this measure was reflected in its April 4, 1985 report to the Committee on the Budget pursuant to section 301(c) of the Congressional Budget and Impoundment Control Act of 1974. Enactment of S. 1517 is not expected to interfere with or delay the appropriations process.

AMENDMENTS SUBMITTED

AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT

HEFLIN (AND OTHERS) AMENDMENT NO. 1119

Mr. HEFLIN (for himself, Mr. DENTON, Mr. HELMS, and Mr. ZORINSKY) proposed three amendments to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill (S. 1714) to expand export markets for U.S. agricultural commodities, provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes; as follows:

At the end of the pending amendment, add the following:

FOREIGN SOYBEANS

SEC. . Notwithstanding any other provision of law, in order to make a loan or grant to a major soybean producing country in competition with the United States for export markets, before making such loan or grant, the head of an agency (as defined in section 551(1) of title 5, United States Code) must certify to Congress that such loan or grant will not be used to enhance the capability of such country to export soybeans.

HEFLIN (AND DENTON) AMENDMENT NO. 1120

Mr. HEFLIN (for himself and Mr. DENTON) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following:

AVOIDANCE OF ADVERSE IMPACT OF MILK PROGRAM ON BEEF AND PORK PRODUCERS

SEC. . The Secretary shall take into account any adverse impact of the reductions in milk production on beef and pork producers in the United States and shall take all feasible steps to prevent such impact.

HEFLIN AMENDMENT NO. 1121

Mr. HEFLIN proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, insert: On page 209, between lines 9 and 10, insert the following:

"(3)(A) If the Secretary determines that such action will assist in maintaining the competitive relationship of soybeans in domestic and export markets after taking into consideration the cost of producing soybeans, supply and demand conditions, and world prices for soybeans, the Secretary shall permit a producer to repay a loan made under this subsection for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the prevailing world market price for soybeans, as determined by the Secretary.

"(B)(i) If the Secretry makes the determination described in subparagraph (A), the Secretary prescribe by regulation—

"(I) a formula to define the prevailing world market price for soybeans; and

"(II) a mechanism by which the Secretry shall periodically announce the prevailing world market price for soybeans.

"(ii) If the Secretary makes the determination described in subparagraph (A), not later than 60 days after such determination, the Secretary shall—

"(I) publish in the Federal Register proposed regulations specifying such formula and mechanism; and

"(II) invite public comment on such proposal.

On page 209, line 12, strike out "(3)" and insert in lieu thereof "(4)".

On page 209, line 13, strike out "(4)" and insert in lieu thereof "(5)".

On page 210, line 1, strike out "(5)" and insert in lieu thereof "(6)".

ZORINSKY AMENDMENT NO. 1122

Mr. ZORINSKY proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following: On page 459, between lines 18 and 19, insert the following new subtitle:

Subtitle D—Ethanol

LIQUID FUELS

SEC. . Section 423(a) of the Agricultural Act of 1949 (7 U.S.C. 1433b) is amended by striking out all after "the Commodity Credit Corporation", and inserting in lieu thereof the following: "the Corporation may, under terms and conditions established by the Secretary, make its accumulated stocks of agricultural commodities available, at no cost or reduced cost, to encourage the purchase of such commodities for the production of liquid fuels and agricultural commodity byproducts. In carrying out the program established by this section, the Secretary shall ensure, insofar as possible, that any use of agricultural commodities made available be made in such manner as to encourage increased use and avoid displacing usual marketings of agricultural commodities.".

HART (AND OTHERS) AMENDMENT NO. 1123

Mr. HART (for himself, Mr. DOLE, Mr. ZORINSKY, Mr. BAUCUS, Mrs. KASSEBAUM, Mr. GLENN, Mr. SYMMS, Mr. EXON, and Mr. BENTSEN) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment insert: On page 231, between lines 5 and 6, insert the following new section:

PROTECTION OF SUGAR PRODUCERS

Sec. . (a) Section 401(e) of the Agricultural Act of 1949 (7 U.S.C. 1421(e)) is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) (A) If the assurances under paragraph (1) are not adequate to cause the producers of sugar beets and sugar cane, because of the bankruptcy or other insolvency of the processor, to receive maximum benefits from the price suport program within 30 days after the final settlement date provided for in the contract between such producers and processor, the Secretary, upon demand made by such producers and upon such assurances as to nonpayment as the Secretary shall require, shall pay such produces such maximum benefits less benefits previously received by them. Upon such payment, the Secretary shall be subrogated to all claims of such producers against the processor and other persons responsible for nonpayment and shall have authority to pursue such claims as necessary to recover the benefits not paid to the producers. (B) The Secretary shall carry out this paragraph through the Commodity Credit Corporation.".

(b) The amendment made by this section shall apply to nonpayments occurring after January 1, 1985.

TRIBLE AMENDMENT NO. 1124

Mr. TRIBLE proposed an amendment to amendment No. 939, as amended proposed by Mr. DOLE to the motion to recommit the bill S. 1714, supra; as follows:

At the end of the pending amendment, insert: On page 284, between lines 14 and 15, insert the following new section:

GLEANING OF FIELDS

SEC. . (a) Congress finds that—

(1) food banks, soup kitchens, and other emergency food providers help needy persons seeking food assistance at no cost to the government;

(2) gleaning is a partnership between food producers and nonprofit organizations through which food producers permit members of such organizations to collect grain, vegetables, and fruit which have not been harvested and distribute such items to programs which provide food to needy individuals;

(3) support of gleaning to supply food to the poor is part of the Judeo-Christian heritage as set out in the Book of Leviticus: "When you reap the harvests of your land, do not reap to the very edges of your field or gather the gleanings of your harvest. Do not go over your vineyard a second time or pick up the grapes that have fallen. Leave them for the poor and the alien.";

(4) a 1977 General Accounting Office analysis estimated that during the 1974 harvest 60,000,000 tons of grain, vegetables, and fruit, valued at $5,000,000,000, were unharvested;

(5) the diets of millions of people in the United States could have been supplemented with such lost grain, vegetables, and fruit;

(6) a number of State and local governments have enacted "Good Samaritan" laws which limit the liability of food donors and provide an incentive for food contributions; and

(7) numerous civil, religious, charitable, and other nonprofit organizations throughout the country have begun gleaning programs to harvest such food items and channel them to the needy in the United States.

(b) It is the sense of Congress that—

(1) food producers who permit gleaning of their fields and civic, religious, charitable, and other nonprofit organizations which glean fields and distribute the resulting harvest to help the needy should be commended for their efforts; and

(2) State and local governments should be encouraged to enact tax and other incentives designed to increase the number of food producers who permit gleaning of their fields and the number of shippers who donate, or charge reduced rates for, transportation of gleaned produce.

QUAYLE (AND LUGAR) AMENDMENT NO. 1125

Mr. QUAYLE (for himself and Mr. LUGAR) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions to the bill S. 1714, supra; as follows:

At the end of the pending amendment add the following:

On page 413, line 8, insert ", including veal" before the period.

On page 420, line 8, insert "(A)" after the paragraph designation.

On page 420, between lines 11 and 12, insert the following:

"(B) In developing plans or projects, the Committee shall—

"(i) to the extent practicable, take into account similarities and differences between certain beef, beef products, and veal; and

"(ii) ensure that segments of the beef industry that enjoy a unique consumer identity receive equitable and fair treatment under this Act.

QUAYLE (AND OTHERS) AMENDMENT NO. 1126

Mr. QUAYLE (for himself, Mr. KERRY, and Mr. BOSCHWITZ) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following:

Beginning on page 212, strike out line 8 and all that follows through line 14 on page 214 and insert in lieu thereof the following:

HONEY PRICE SUPPORT

SEC. 1101. Section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended—

(1) by striking out "honey," in the matter preceding subsection (b); and

(2) by amending subsection (b) to read as follows:

"(b)(1) For each of the 1986 through 1988 crops of honey, the price of honey shall be supported through loans, purchases, or other operations at such levels as the Secretary determines will maintain the competitive relationship of honey in domestic and

export markets after taking into consideration the cost of producing honey, supply and demand conditions, and world prices for honey.

"(2) Beginning with the 1989 crop of honey, the price of honey shall not be supported through loans, purchases, or other operations.

On page 214, line 15, strike out "(6)" and insert in lieu thereof "(3)".

HEFLIN AMENDMENT NO. 1127

Mr. HEFLIN proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment add the following:

On page 209, between lines 9 and 10, insert the following:

"(3)(A) If the Secretary determines that such action will assist in maintaining the competitive relationship of soybeans in domestic and export markets after taking into consideration the cost of producing soybeans, supply and demand conditions, and world prices for soybeans, the Secretary shall permit a producer to repay a loan made under this subsection for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the prevailing world market price for soybeans, as determined by the Secretary.

"(B) (i) if the Secretary makes the determination described in subparagraph (A), the Secretary shall prescribe by regulation—

"(I) a formula to define the prevailing world market price for soybeans; and

"(II) a mechanism by which the Secretary shall periodically announce the prevailing world market price for soybeans.

"(ii) If the Secretary makes the determination described in subparagraph (A), not later than 60 days after such determination, the Secretary shall—

"(I) publish in the Federal Register proposed regulations specifying such formula and mechanism; and

"(II) invite public comment on such proposal.

On page 209, line 10, strike out "(3)" and insert in lieu thereof "(4)".

On page 209, line 13, strike out "(4)" and insert in lieu thereof "(5)".

On page 210, line 1, strike 1, strike out "(5)" and insert in lieu thereof "(6)".

BOREN (AND McCLURE) AMENDMENT NO. 1128

Mr. BOREN (for himself and Mr. MCCLURE) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following:

At the appropriate place in the bill, add the following section:

TARGETING OF WHEAT DEFICIENCY PAYMENTS

SEC. . (a) The Senate finds that—

(1) A family farm is defined by the Department of Agriculture as one having gross agricultural sales between $30,000 and $499,999;

(2) There are 603,782 farms that fall within USDAs definition of a family farm;

(3) These family farms account for 90 percent of all agricultural production in the United States;

(4) Family farms hold 66.82 percent of total farm debt;

(5) 20 percent of all family farms have both a negative cash flow and a debt-to-asset ratio above 40 percent;

(6) 58 percent of all family farms are facing financing difficulty;

(7) There were a total of 328,194 farmers who received wheat deficiency payments in 1984; and

(8) Approximately 30 percent of all wheat deficiency payments were made to farmers who do not primarily rely upon the production of wheat for a living.

(b) Based on the findings set out in subsection (a), it is the sense of the Senate, that the Senate conferees on S. 1714, the Agriculture, Food, Trade, and Conservation Act of 1985, work towards targeting, to the maximum extent practicable, the benefits of wheat deficiency payments to family farms that rely upon agriculture for their primary source of income; and

(c) It is further the sense of the Senate that the Senate conferees should take into consideration producers whose wheat production may be minimal but nevertheless rely upon agriculture as the primary source of income.

BUMPERS AMENDMENT NO. 1129

Mr. BUMPERS proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following: At the end of the bill, add the following:

PROHIBITION ON ASSISTANCE FOR COMPETING AGRICULTURAL COMMODITIES

SEC. . None of the funds authorized to be appropriated to carry out chapter 1 of part I of the Foreign Assistance Act of 1961 may be available for any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training in connection with the growth or production in a foreign country of an agricultural commodity for export if such export would compete in world markets with a similar commodity growth or produced in the United States. Nothing in this section shall be construed to prohibit activities designed to increase regional food security in developing countries if such activities will have a negligible impact on efforts to promote agricultural commodities of the United States; nor shall anything in this section be construed to prohibit research activities intended primarily to benefit American producers.

BOSCHWITZ (AND OTHERS) AMENDMENT NO. 1130

Mr. BOSCHWITZ (for himself, Mr. DOLE, and Mrs. HAWKINS) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following:

On page 278, after line 26, insert the following section:

AUTOMATED DATA PROCESSING AND INFORMATION RETRIEVAL SYSTEMS

SEC. . (a) Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end thereof the following:

"(o)(1)(A) Not later than October 1, 1986, each State agency shall develop and submit to the Secretary a plan for the use of an automated date procedures and information retrieval system to administer the food stamp program in such State.

"(B) Such plan shall provide for the automation of such operations necessary to administer the food stamp program as the Secretary considers appropriate.

"(C) Such plan may provide for automation of intake procedures, eligibility determinations, calculation of benefits, verification procedures, coordination with related Federal and State programs, the issuance of benefits, reconciliation procedures, the generation of notices, program reporting, and other appropriate operations necessary to administer the food stamp program.

"(2)(A) Not later than April 1, 1987, the Secretary shall prepare and submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an evaluation of the sufficiency of the plan submitted by each State agency under paragraph (1).

"(B) Such report shall include an analysis of any additional steps required to be taken by each State agency to achieve an effective and cost-effective automated data processing and information retrieval system.

"(C) After submitting such report, the Secretary shall periodically update such report.

(b)(1) Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) (as amended by section 1438) is amended by adding at the end thereof the following new subsection:

"(j)(1) Subject to paragraph (3), in the case of a plan for an automated data processing and information retrieval system submitted by a State agency to the Secretary under section 11(o), such State agency shall—

"(A) commence implementation of such plan not later than October 1, 1987; and

"(B) complete implementation of such plan not later than October 1, 1989.

"(2) Subject to paragraph (3), if a State agency fails to complete implementation of such plan in accordance with paragraph (1)(B), the Secretary shall reduce by 5 percent the percentage points by which costs may be paid by the Secretary under subsection (g) for each 6 month period that a State agency fails to implement such plan after October 1, 1989.

"(3) The Secretary may—

"(A) extend a deadline imposed under paragraph (1); or

"(B) waive or reduce the amount of the reduction required under paragraph (2) on the basis of the good faith effort of a State agency to implement a plan in accordance with paragraph (1)(B).".

(2) Section 16(g) of such Act is amended by inserting "subject to subsection (j)," after "1980,".

KASTEN AMENDMENT NO. 1131

Mr. KASTEN proposed an amendment to amendment No. 939, as amended proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment insert:

On page 316, line 1, insert "(including publicly owned land)" after "land" the second place it appears.

On page 317, line 21, insert ", whether publicly or privately owned" after "area".

BOSCHWITZ AMENDMENT NO. 1132

Mr. BOSCHWITZ proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment add the following:

SEC. . Notwithstanding any other provision of this Act:

(a) The farm program payment yield for each of the 1986 through 1989 crops of wheat shall be the average yield established for the farm for the 1981 through 1985 crops of wheat, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for wheat was established for the farm for the 1981 through 1985 crops of wheat, the Secretary may determine such yield as the Secretary finds fair and reasonable.

(b) For the purpose of determining any reduction required to be made for any of the 1986 through 1989 crops of wheat as the result of an acreage limitation program, the acreage base for any farm shall be the average acreage planted to wheat for harvest in the 1981 through the 1985 crop years.

(c) The farm program payment yield for each of the 1986 through 1989 crops of feed grains shall be the average yield established for the farm for the 1981 through 1985 crops of feed grains, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for feed grains was established for the farm for the 1981 through 1985 crops of feed grains, the Secretary may determine such yield as the Secretary finds fair and reasonable.

(d) For the purpose of determining any reduction required to be made for any of the 1986 through 1989 crops of feed grains as the result of an acreage limitation program, the acreage base for any farm shall be the average acreage planted to feed grains for harvest in the 1981 through 1985 crop years.

(e) The farm program payment yield for each of the 1986 through 1989 crops of upland cotton shall be determined on the basis of the average yields per harvested acre on the farm for the 1981 through 1985 crops of upland cotton, except that the average yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, or other natural disaster, or other condition beyond the control of the producer. In case farm yield data for 1 or more years are unavailable or there was no production, the Secretary shall provide for appraisals to be made on the basis of actual yields and program payment yields for similar farms in the area for data are available.

(f) For the purpose of determining any reduction required to be made for any of the 1986 through 1989 crops of upland cotton as the result of an acreage limitation program, the acreage base for any farm shall be the average acreage planted to upland cotton for harvest in the 1981 through 1985 crop years.

"(j) The yield established for a farm for any of the 1986 through 1989 crops of rice shall be determined on the basis of the average yields per harvested acre for the 1981 through 1985 crops of rice. The average yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, other natural disaster, or other condition beyond the control of the producer. If no rice was produced on such farm during such period, the yield shall be determined taking into consideration the yield of comparable farms in the surrounding area and such other factors as the Secretary determines will produce a fair and equitable yield.

"(h) For the purpose of determining any reduction required to be made for any year as the result of an acreage limitation program, the acreage base for any farm shall be the average acreage planted to rice for harvest in the 1981 through 1985 crop years.".

"(i) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm."

BRADLEY (AND OTHERS) AMENDMENT NO. 1133

Mr. BRADLEY (for himself, Mr. GORTON, Mr. CHAFEE, Mr. LAUTENBERG, Mr. MOYNIHAN, and Mr. ROTH) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment add the following:

SUGAR PRICE SUPPORT

SEC. 1001. Section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended—

(1) by striking out "honey, and milk" in the first sentence and inserting in lieu thereof "honey, milk, sugar beets, and sugarcane"; and

(2) by adding at the end thereof the following new subsection:

"(i)(1) The price of each of the annual crops of sugar beets and sugarcane shall be supported in accordance with this subsection.

"(2) The Secretary shall support the price of domestically grown sugarcane through nonrecourse loans at such level as the Secretary determines appropriate but not less than 18 cents per pound for raw cane sugar for the 1986 crop. In the case of each of the 1987 through 1989 crops, such level as the Secretary determines to be appropriate taking into consideration the total supply of sugar, total program costs, and such other factors as the Secretary determines to be appropriate except that the established price for a crop determined under this clause may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(3) The Secretary shall support the price of domestically grown sugar beets through nonrecourse loans at such level as the Secretary determines necessary to reflect a fair and reasonable relationship between the level of price support for sugarcane and sugar beets.

"(4) The Secretary shall announce the loan rate to be applicable during any fiscal year as far in advance of the beginning of such fiscal year as is practicable consistent with the purposes of this subsection.

"(5) Loans under this subsection during any fiscal year shall be made available not earlier than the beginning of such fiscal year and shall mature before the end of such fiscal year.".

BUMPERS (AND OTHERS) AMENDMENT NO. 1134

Mr. BUMPERS (for himself, Mr. STENNIS, Mr. PRYOR, Mr. BAUCUS, Mr. HARKIN, Mr. SIMON, Mr. PRESSLER, Mr. FORD and Mr. SASSER) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following: At the end of the bill, add the following:

"SEC. . Notwithstanding any provision of this Act, in implementing the soybean price support program required by this Act, in no event shall the Secretary reduce the soybean support price by more than five percent from the support price determined for the preceding crop; provided further that in no event shall the soybean support price be established at a level below $4.50 per bushel."

COCHRAN (AND OTHERS) AMENDMENT NO. 1135

Mr. COCHRAN (for himself, Mr. GARN, Mr. ANDREWS, Mr. BENTSEN, and Mr. MATTINGLY) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following:

On page 459, between lines 18 and 19, insert the following new section:

PROTECTION FOR BUYERS OF FARM PRODUCTS

SEC. . (a) For purposes of this section:

(1) The term "buyer in the ordinary course of business" means a person who, in the ordinary course of business, buys farm products from a person engaged in farming operations.

(2) The term "central filing system" means a system for filing effective financing statements or notice of such financial statements on a statewide basis under which—

(A) effective financing statements or notice of such financing statements are filed with the office of the secretary of state of a State;

(B) the secretary of state records the date and hour of the filing of such statements;

(C) the secretary of state compiles all such statements into a master list—

(i) organized according to specific farm products;

(ii) arranged within each such product in—

(I) alphabetical order according to the last name of the individual debtors or, in the case of debtors doing business other than as individuals, the first word in the name of such debtors; and

(II) numerical order according to the social security number of the individual debtors or, in the case of debtors doing business other than as individuals, the Internal Revenue Service taxpayer identification number of such debtors; and

(III) geographically by county;

(iii) containing the information referred to in paragraph 4(D);

(D) the secretary of state maintains a list of all buyers of farm products, commission merchants, and selling agents who register with the secretary of state, on a form indicating—

(i) the name and address of each buyer, commission merchant and selling agent;

(ii) the interest of each buyer, commission merchant, and selling agent in receiving the lists described in subparagraph (E); and

(iii) the specific farm products in which each buyer, commission merchant, and selling agent has an interest;

(E) the secretary of state distributes regularly as prescribed by the state to each buyer, commission merchant, and selling agent on the list described in subparagraph (D) a copy in written or printed form (or, where available, by means of an automated information retrieval system) of those portions of the master list described in paragraph (C) that cover the specific farm products in which such buyer, commission merchant, or selling agent has registered an interest;

(F) the secretary of state furnishes to those who register pursuant to (2)(D) of this Act oral conformation within 24 hours of any effective financing statement on request followed by written conformation to any buyer of farm products buying from a debtor, or commission merchant or selling agent selling for a seller covered by such statement.

(3) The term "commission merchant" means any person engaged in the business of receiving any farm product for sale, on commission, or for or on behalf of another person.

(4) The term "effective financing statement" means a statement that—

(A) is an original or reproduced copy thereof;

(B) is signed and filed with the secretary of state of a State by the secured party:

(C) is signed by the debtor;

(D) contains,

(i) the name and address of the secured party;

(ii) the name and address of the person indebted to the secured party;

(iii) the social security number of the debtor or, in the case of a debtor doing business other than as an individual, the Internal Revenue Service taxpayer identification number of such debtor;

(iv) a description of the farm products subject to the security interest created by the debtor, including the amount of such products and a legal description of the real estate concerned; and

(E) must be amended in writing similarly signed and filed, to reflect material changes;

(F) remains effective for a period of 5 years from the date of filing, subject to extensions for additional periods of 5 years each by refiling or filing a continuation within 6 months before the expiration of the initial 5-year period;

(G) lapses on either the expiration of the effective period of the statement or the filing of a notice signed by the secured party that the statement has lapsed, whichever occurs first;

(H) is accompanied by the requisite filing fee set by the secretary of state; and

(I) substantially complies with the requirements of this subparagraph even though it contains minor errors which are not seriously misleading.

(5) The term "farm product" means a specific agricultural commodity such as a type of crop or a species of livestock used or produced in farming operations, or a product of such crop or livestock in its unmanufactured state (such as ginned cotton, wool-clip, maple syrup, milk, and eggs), that is in the possession of a person engaged in farming operations.

(6) The term "knows" or "knowledge" means actual knowledge.

(7) The term "security interest" means an interest in farm products that secures payment or performance of an obligation.

(8) The term "selling agent" means any person, other than a commission merchant, who is engaged in the business of negotiating the sale and purchase of any farm product on behalf of a person engaged in farming operations.

(9) The term "State" means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, America Samoa, the Commonwealth of the Northern Mariana Islands, or the Trust Territory of the Pacific Islands.

(10) The term "person" means any individual, partnership, corporation, trust, or any other business entity.

(11) The term "secretary of state" means the Secretary of State or the designee of the state.

(b) Except as provided in subsection (c) and notwithstanding any other provision of Federal, State, or local law, a buyer who in the ordinary course of business buys a farm product from a seller engaged in farming operations shall take free of a security interest created by the seller, even though—

(1) the security interest is perfected; and

(2) the buyer knows of the existence of such interest.

(c) A buyer of farm products takes subject to a security interest created by the seller if—

(1)(A) within 12 months prior to the sale of the farm products, the buyer has received from the secured party or the seller written notice of—

(i) the security interest, including—

(I) the name and address of the secured party and the seller; and

(II) a reasonable description of the property, including the jurisdiction in which the property is located; and

(ii) any payment obligation imposed on the buyer by the secured party as a condition for the waiver or release of the security interest; and

(B) the buyer has failed to perform such obligation;

(2) in the case of a farm product produced in a State that has established a central filing system—

(A) the buyer has failed to register with the secretary of state of such State; and

(B) the secured party has filed an effective financing statement that covers the farm products being sold; or

(3) in the case of a farm product produced in a State that has established a central filing system, the buyer—

(A) receives from the secretary of state of such State written notice as provided in subparagraph 2(E) or 2(F) that specifies both the seller and the specific farm products being sold by such seller as being subject to an effective financing statement; and

(B) does not secure a waiver or release of the security interest specified in such effective financing statement from the secured party by performing any payment obligation or otherwise.

(C) The State shall determine under what circumstances receipt, as used in this Act, shall be presumed.

(d)(1) Except as provided in paragraph (2) and notwithstanding any other provision of Federal, State, or local law, a commission merchant or selling agent who sells a farm product for others shall not be subject to a security interest created by the seller in such farm product even though the security interest is perfected and even though the commission merchant or selling agent knows of the existence of such interest, if the sale is made in the ordinary course of business.

(2) A commission merchant or selling agent who sells a farm product for others shall be subject to a security interest created by the seller in such farm product if—

(1)(A) within 1 year before the sale of such farm product the commission merchant or selling agent has received from the secured party or the seller written notice of—

(i) the security interest, including—

(I) the name and address of the secured party and the seller; and

(II) a reasonable description of the property, including the jurisdiction where the property is located; and

(ii) any payment obligation imposed on the commission merchant or selling agent by the secured party as a condition for waiver or release of the security interest; and

(B) the commission merchant or selling agent has failed to perform such obligation.

(2) in the case of a farm product produced in a State that has established a central filing system—

(A) the commission merchant or selling agent has failed to register with the secretary of state of such State; and

(B) the secured party has filed an effective financing statement that covers the farm products being sold; or

(3) in the case of a farm product produced in a State that has established a central filing system, the commission merchant or selling agent

(A) receives from the secretary of state of such State written notice as provided in subparagraph 2(E) or 2(F) that specifies both the seller and the specified farm products being sold by such seller as being subject to an effective financing statement; and

(B) does not secure a waiver or release of the security interest specified in such effective financing statement from the secured party by performing any payment obligation or otherwise.

(C) the State shall determine under what circumstances receipt, as used in this act, shall be presumed.

(e)(1) A security agreement in which a person engaged in farming operations creates a security interest in a farm product may require the person to furnish to the secured party a list of the buyers, commission merchants, and selling agents to or through whom the person engaged in farming operations may sell such farm product.

(2) If a security agreement contains a provision described in paragraph (1) and such person engaged in farming operations sells the farm product collateral to a buyer or through a commission merchant or selling agent not included on such list, the person engaged in farming operations shall be subject to paragraph (3) unless the person—

(A) has notified the secured party in writing of the identity of the buyer, commission merchant, or selling agent at least 7 days prior to such sale; or

(B) has accounted to the secured party for the proceeds of such sale not later than 10 days after such sale.

(3) A person violating paragraph (2) shall be fined $5,000 or 15 per centum of the value or benefit received for such farm product described in the security agreement, whichever is greater.

(f) This section shall become effective 12 months after the date of enactment of this Act, except that, in the case of any State where the legislature does not meet in regular or special session within such 12-month period, this section shall become effective with respect to that State 60 days after the adjournment sine die of the next session of the legislature of such State. A security interest that attaches prior to the effective date of this section shall be exempt from this section for one year.

DECONCINI (AND BENTSEN) AMENDMENT NO. 1136

Mr. DECONCINI (for himself and Mr. BENTSEN) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following:

"On page 301, between lines 11 and 12, insert the following new section:

CRITICAL AGRICULTURAL MATERIALS

SEC. . (a) Section 5(b)(9) of the Critical Agricultural Materials Act (7 U.S.C. 178c(c)(9)) is amended by inserting ", carrying out demonstration projects to promote the development or commercialization of such crops (including projects designed to expand domestic or foreign markets for such crops)," after "purposes,".

(b) Section 5 of such Act is amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding any other provision of law, in carrying out a demonstration project referred to in subsection (b)(9), the Secretary may—

"(1) enter into a contract or cooperative agreement with, or provide a grant to, any person, or public or private agency or organization, to participate in, carry out, support, or stimulate such project;

"(2) make available for purposes of clause (1) agricultural commodities or the products thereof acquired by the Commodity Credit Corporation under price support operations conducted by the Corporation; or

"(3) use any funds appropriated pursuant to section 16(a), or any funds provided by any person, or public or private agency or organization, to carry out such project or reimburse the Commodity Credit Corporation for agricultural commodities or products that are utilized in connection with such project.".

ABDNOR (AND OTHERS) AMENDMENT NO. 1137

Mr. ABDNOR (for himself, Mr. EXON, Mr. PRESSLER, and Mr. MELCHER) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714; as follows:

At the appropriate place in the pending amendment, add the following:

On page 459, between lines 18 and 19, insert the following new section:

EMERGENCY FEED ASSISTANCE

SEC. 1927. Section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by inserting after the fifth sentence the following new sentence: "Notwithstanding the foregoing provisions of this section relating to the authority of the Commodity Credit Corporation to make available to certain persons in certain areas during emergencies feed for livestock, the Commodity Credit Corporation (1) may make such feed available to such persons in areas in which feed grains are normally produced and normally available for feed purposes, but in which they are unavailable because of a catastrophe described in the fourth sentence of this section, (2) may make such feed available to such persons through feed dealers in the area, (3) shall make such feed available at a price not less than the price prescribed in the fourth sentence of this section, and (4) shall bear any expenses incurred in connection with making such feed available to such persons under this sentence, including transportation and handling costs.".

HARKIN (AND EXON) AMENDMENT NO. 1138

Mr. HARKIN (for himself and Mr. EXON) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following: In the engrossment of S. 1714, the enrolling clerk is directed to make the following changes:

On page 71, strike out line 4 and all that follows through line 4 on page 81.

On page 81, line 9, strike out "407" and insert in lieu thereof "401".

On page 81, line 15, strike out "paragraphs (2) and (3)" and insert in lieu thereof "paragraph (2)".

On page 81, strike out line 23 and all that follows through line 7 on page 82.

On page 82, strike out lines 8 through 11 and insert in lieu thereof the following:

"(2)(A) Except as provided in subparagraph (B), the loan and purchase level determined under paragraph (1) shall—".

On page 83, line 15, strike out "(4)" and insert in lieu thereof "(3)".

On page 83, line 22, strike out "(3)" and insert in lieu thereof "(2)".

On page 83, line 24, strike out "(3)" and insert in lieu thereof "(2)".

On page 84, line 9, strike out "(5)" and insert in lieu thereof "(4)".

On page 85, line 10, strike out "(4)" and insert in lieu thereof "(3)".

On page 85, strike out lines 21 through 23.

On page 85, line 24, strike out "(D)" and insert in lieu thereof "(C)".

On page 88, line 1, strike out "(E)" and insert in lieu thereof "(D)".

On page 88, strike out lines 9 through 17 and insert in lieu thereof the following:

"(E) The established price for a crop of wheat shall not be less than—

On page 88, line 24, strike out "(H)" and insert in lieu thereof "(F)".

On page 89, line 4, strike out "(I)" and insert in lieu thereof "(G)".

On page 92, lines 3 and 4, strike out "For any crop of wheat for which marketing quotas are not in effect, the" and insert in lieu thereof "The".

On page 93, lines 6 and 7, strike out "for which marketing quotas are not in effect".

On page 93, line 13, strike out "(i)".

On page 93, line 14, strike out "for which marketing quotas are not in effect".

On page 93, line 19, strike out "(ii)" and insert in lieu thereof "(B)".

On page 94, line 1, strike out "(iii)" and insert in lieu thereof "(C)".

On page 94, line 7, strike out "(iv)" and insert in lieu thereof "(D)".

On page 94, strike out lines 11 through 16.

On page 95, lines 22 and 23, strike out "for which marketing quotas are not in effect".

On page 101, line 20, strike out "program, set-aside program, or marketing quotas" and insert in lieu thereof "or set-aside program".

On page 105, line 19, strike out "408" and insert in lieu thereof "402".

On page 106, line 8, strike out "409" and insert in lieu thereof "403."

On page 106, strike out lines 14 through 23 and insert in lieu thereof the following:

SUSPENSION OF MARKETING QUOTAS AND PRODUCER CERTIFICATE PROVISIONS

SEC. . Sections 331, 332, 333, 334, 335, 336, 338, 339, 379b, and 379c of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1331-1336, 1338, 1339, 1379b, and 1379c) shall not be applicable to the 1986 through 1989 crops of wheat.

SUSPENSION OF QUOTA PROVISIONS

On page 106, line 24, strike out "411" and insert in lieu thereof "405".

On page 107, line 7, strike out "412" and insert in lieu thereof "406".

On page 130, after line 22, insert the following new title:

TITLE—PRODUCER-APPROVED WHEAT AND FEED GRAIN PROGRAMS REFERENDA AND PRODUCTION ACREAGES, MARKETING CERTIFICATES, AND MINIMUM LOAN RATES FOR THE 1986 THROUGH 1989 CROPS OF WHEAT AND FEED GRAINS

SEC. . Effective only for the 1986 through 1989 crops of wheat and feed grains, title V of the Agricultural Act of 1949 (7 U.S.C. 1461 et seq.) is amended to read as follows:

"TITLE V—REFERENDA AND PRODUCTION ACREAGES, MARKETING CERTIFICATES, AND MINIMUM LOAN RATES FOR THE 1986 THROUGH 1989 CROPS OF WHEAT AND FEED GRAINS

"WHEAT AND FEED GRAINS REFERENDA

"SEC. 501. (a)(1) The Secretary shall conduct a referendum by secret ballot of wheat and feed grain producers every 2 years to determine whether they favor or oppose the national marketing certificate program established under this title.

"(2) In the case of each of the 1986 and 1987 crops, the referendum shall be conducted as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985, but not later than February 1, 1986.

"(3) In the case of each of the 1988 and 1989 crops, the referendum shall be conducted not later than July 1, 1987.

"(b)(1) Any producer on a farm with a wheat or feed grain crop acreage base of 15 or more acres for the then current crop, as determined under section 107D or 105C, shall be eligible to vote in a rederendum.

"(2) For the purposes of this section. the term 'producer' shall include any person who is entitled to share in a crop of the commodity, or the proceeds thereof, because the person shares in the risks of production of the crop as an owner, landlord, tenant, or sharecropper.

"(3) A landlord whose return from the crop is fixed regardless of the quantity of the crop produced shall not be considered a producer.

"(c)(1) The Secretary shall proclaim the results of any referendum held under this

section within 15 days after the date of such referendum.

"(2) If the Secretary determines that 60 percent or more of the producers of wheat and feed grains (including 50 percent or more of the producers of wheat and 50 percent or more of the producers of feed grains) voting in the referendum are in favor of the implementation of a national marketing certificate program, the Secretary shall proclaim that a national marketing certification program will be in effect for—

"(1) with respect to the referendum held not later than February 1, 1986, the 1986 and 1987 crops of wheat and feed grains; and

"(2) with respect to the referendum held not later than July 1, 1987, the 1988 and 1989 crops of wheat and feed grains.

"(d) If marketing certificates are not approved by producers in a referendum conducted under this section with respect to any crop of wheat or feed grains, in lieu of a national marketing certificate program for that crop, the Secretary shall provide such loans, purchases, payments, and other assistance to producers of wheat and feed grains as is provide for in sections 107D and 105C.

"NATIONAL MARKETING CERTIFICATE PROGRAM FOR WHEAT

"SEC. 502. (a)(1) Notwithstanding any other provision of this Act, if a national marketing certificate program for a crop of wheat is approved under section 501, the Secretary shall make available to producers on each farm loans and purchases for such crop of wheat for a quantity of wheat produced on the farm equal to—

"(A) the individaul farm program acreage for the crop, as determined under subsection (d) or (f) of section 107D (as limited undern subsection (c)); times

"(B) the program yield of the farm for the crop of wheat, as determined under 107D(e).

"(2) Loans and purchases shall be made available during the marketing year for any such crop of wheat at such level as the secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat, except that the level of wheat loans and purchases for any such marketing year may not be established at less than the higher of 70 percent of the parity price or $4.86 per bushel.

"(b) Notwithstanding section 107D, if a national marketing certificate program for a crop of wheat is approved under section 501, the individual farm program acreages for such crop may not be established at less than 65 percent of the wheat crop acreage base of each farm for the crop.

"(c)(1)(A)(i) The Secretary shall make available to producers on each farm marketing certificates for any of the 1986 through 1989 crops of wheat for which a national marketing certificate program is in effect.

"(ii) The quantity of such marketing certificates made available to the producers on a farm for a crop shall equal a quantity of wheat determined by multiplying—

"(I) the individual farm program acreage for the crop, as determined under subsection (d) or (f) of section 107D (as limited under subsection (c)); by

"(II) the program yield of the farm for the crop of wheat, as determined under section 107D(e).

"(B)(i) The Secretary may make available to importers marketing certificates for wheat or wheat products imported during the marketing year for any of the 1986 through 1989 crops of wheat for which a national marketing certificate program is in effect.

"(ii) The quantities of such imported wheat or wheat products shall not exceed the quantity that may be imported under restrictions resulting from the imposition of measures under section 22 of the Agricultural Adjustment Act (7 U.S.C. 624).

"(2)(A)(i) A marketing certificate applicable to a crop of wheat issued to a producer shall authorize such producer to market, barter, or donate, without restriction, a quantity of wheat equal to the quantity of such marketing certificate.

"(ii) Wheat may not be marketed, bartered, or donated domestically by a producer without a marketing certificate, except that wheat not accompanied by a marketing certificate may be—

"(I) used for feed, human consumption, or other purposes on the farm of the producer; or

"(II) sold or otherwise transferred by the producer for export.

"(B)(i) A marketing certificate applicable to a quantity of wheat or wheat products issued to an importer shall authorize such importer to market, barter, or donate, without restriction, a quantity of wheat or wheat products equal to the quantity of such marketing certificate.

"(ii) Wheat or wheat products may not be marketed, bartered, or donated domestically by an importer without a marketing certificate.

"(3) Wheat accompanied by a marketing certificate that is sold or otherwise transferred for export shall be eligible for an export incentive payment on such wheat, as provided in section 106 of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(4) Wheat accompanied by a marketing certificate that is marketed, bartered, or donated domestically and purchased or otherwise acquired by a domestic user of such wheat may be eligible for an incentive payment, as determined by the Secretary, to assure that such wheat and the products thereof remain competitive in the domestic market for such wheat and wheat products.

"(5)(A) If for any crop, wheat that the producer harvests exceeds the quantity of the commodity that may be marketed, bartered, or donated by the producer under a marketing certificate, the excess may be—

"(i) used for feed, human consumption, or other purposes on the farm of the producer; or

"(ii) sold or otherwise transferred for export.

"(B) In addition, such excess may be carried over by the producer from one marketing year to the succeeding marketing year and marketed under a certificate in the succeeding, marketing year to the extent that—

"(i) the total quantity of such wheat available for marketing under a certificate from the farm in the marketing year from which such commodity is carried over does not exceed the quantity of the marketing certificates made available to the producers on the farm for that crop; and

"(ii) the total quantity of wheat available for marketing under a certificate in the succeeding marketing year (that is, the sum of the quantity of such wheat carried over and the quantity of wheat produced on the farm eligible for marketing certificates in the succeeding year) does not exceed the quantity of marketing certificates made available to the producers on the farm for the succeeding marketing year.

"(6)(A) Marketing certificates made available to a producer or an importer of wheat or wheat products shall not be transferable, except to the extent that such certificates accompany wheat or wheat products that are marketed, bartered, or donated under paragraph (2).

"(B) Any such transfer that does not accompany wheat or wheat products shall render such certificates null and void.

"(7) Wheat harvested in a calendar year in which marketing certificates are made available to producers for the marketing year beginning therein may not be marketed by a producer under a certificate prior to the date on which such marketing year begins.

"(8) No person may purchase or otherwise acquire a quantity of wheat in excess of the quantity of wheat that may be marketed, bartered, or donated under marketing certificates issued under this title and held or readily available, except wheat that must be exported may be acquired as provided under paragraph (2).

"(9) If marketing certificates for wheat are not made available to producers for any crop, all previous marketing certificates applicable to wheat shall be terminated, effective as of the first day of the marketing year for such crop of wheat.

"(10) Except as otherwise provided in this title, the disaster payment, program yield, program acreage, acreage reduction, paid diversion, and related provisions of section 107D shall apply to producers of wheat for which a national marketing certificate program is in effect under this title.

"PENALTIES WITH RESPECT TO WHEAT

"SEC. 503. (a)(1) Notwithstanding any other provision of this Act, except as provided in subsection (b), if a producer fails to comply with any term or condition of a wheat program conducted under this title, the producer shall be ineligible for any loan, purchase, or payment under this Act for the crop of wheat involved.

"(2) Except as provided in subsection (c), during the marketing year for any crop of wheat for which marketing certificates are made available to producers, if any person markets, barters, or donates wheat other than for export without marketing certificates issued under section 502 or markets, barters, or donates a quantity of wheat for domestic use in excess of the quantity of wheat the person is permitted to market, barter, or donate under such certificates, the Secretary shall—

"(A) assess a civil penalty against such person in an amount equal to three times the current minimum loan rate for the wheat so marketed, bartered, or donated; or

"(B) with respect to a producer, decrease the number of acres of the individual farm program acreage of the farm for wheat such producer may devote to production for the succeeding crop of wheat by a number of acres that, if planted, would result in the production of a quantity sufficient to satisfy the penalty referred to in subparagraph (A).

"(3) If a person, knowingly purchases or otherwise acquires a quantity of wheat for any purpose other than export in excess of the quantity of wheat that may be marketed, bartered, or donated by such person under marketing certificates issued under this title and held or readily available to such person, the Secretary shall assess a civil penalty against such person in an amount equal to three times the current minimum loan rate for the wheat so purchased or acquired.

"(b) If a producer fails to comply fully with the terms and conditions of a wheat program conducted under this title and the Secretary believes the failure should not preclude the making of loans, purchases, or payments under this Act to the producer, the Secretary may make loans, purchases, or payments in such amounts as the Secretary determines to be equitable in relation to the severity of the program violation.

"(c) If the Secretary otherwise determines that the penalties provided for in subsection (a) are not warranted by the severity of the program violation, the Secretary may reduce or waive such penalties.

"(d) Penalties collected under this section shall be deposited into the account of the Commodity Credit Corporation.

"(e) The prohibitions and penalties for marketing, bartering, donating, purchasing, or otherwise acquiring wheat set out in this section or section 502 shall apply to wheat in unprocessed or processed form, and to products of wheat, prior to the conversion of such wheat or wheat products into end-use food or other products or intermediate-use products in which the wheat or wheat products loses its separate identity.

"NATIONAL MARKETING CERTIFICATE PROGRAM FOR FEED GRAINS

"SEC. 504. (a)(1) Notwithstanding any other provision of this Act, if a national marketing certificate program for a crop of feed grains is approved under section 501, the Secretary shall make available to producers on each farm loans and purchases for such crop of feed grains for a quantity of feed grains produced on the farm equal to—

"(A) the individual farm program acreage for the crop, as determined under subsection (d) or (f) of section 105c (as limited under subsection (c)); times

"(B) the farm program yield for the crop, as determined under section 105C(e).

"(2) Loans and purchases shall be made available during the marketing year for any such crop of corn at such level as the Secretary determines will maintain the competitive relationship of feed grains to other grains in domestic and export markets after taking into consideration the cost of producing feed grains, supply and demand conditions, and world prices for feed grains, except that the level of corn loans and purchases for each of the 1986 through 1989 marketing years may not be established at less than the higher of 70 percent of the parity price or $3.55 per bushel.

"(3) Loans and purchases shall be made available for a crop of grain sorghums, barley, oats, or rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level most loans and purchases are made available for corn under this subsection, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b).

"(b) Notwithstanding section 105C, if a national marketing certificate program for a crop of feed grains is approved under section 501, the individual farm program acreages for such crop may not be established at less than 80 percent of the feed grains crop acreage base of each farm for the crop.

"(c)(1)(A)(i) The Secretary shall make available to producers on each farm marketing certificates for any of the 1986 through 1989 crops of feed grains for which a national marketing certificate program is in effect.

"(ii) The quantity of such marketing certificates made available to the producers on a farm for a crop shall equal a quantity of feed grains determined by multiplying—

"(I) the individual farm program acreage for the crop, as determined under subsection (d) or (f) of section 105C (as limited under subsection (c)); by

"(II) the program yield of the farm for the crop, as determined under section 105C(e).

"(B)(i) The Secretary may make available to importers marketing certificates for feed grains or feed grain products imported during the marketing year for any of the 1986 through 1989 crops of feed grains for which a national marketing certificate program is in effect.

"(ii) The quantities of such imported feed grains or feed grain products shall not exceed the quantity that may be imported under restrictions resulting from the imposition of measures under section 22 of the Agricultural Adjustment Act (7 U.S.C. 624).

"(2)(A)(i) A marketing certificate applicable to a crop of feed grains issued to a producer shall authorize such producer to market, barter, or donate, without restriction, a quantity of feed grains equal to the quantity of such marketing certificate.

"(ii) Feed grains may not be marketed, bartered, or donated domestically by a producer without a marketing certificate, except that feed grains not accompanied by a marketing certificate may be—

"(I) used for feed, human, consumption, or other purposes on the farm of the producer; or

"(II) sold or otherwise transferred by the producer for export.

"(B)(i) A marketing certificate applicable to a quantity of feed grains or feed grain products issued to an importer shall authorize such importer to market, barter, or donate, without restriction, a quantity of feed grains or feed grain products equal to the quantity of such marketing certificate.

"(ii) Feed grains or feed grain products may not be marketed, bartered, or donated domestically by an importer without a marketing certificate.

"(3) Feed grains accompanied by a marketing certificate that are sold or otherwise transferred for export shall be eligible for an export incentive payment on such feed grains, as provided in section 106 of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(4) Feed grains accompanied by a marketing certificate that are marketed, bartered, or donated domestically and purchased or otherwise acquired by a domestic user of such feed grains may be eligible for an incentive payment, as determined by the Secretary, to ensure that such feed grains and the products thereof remain competitive in the domestic market for such feed grains and feed grains products.

"(5)(A) If for any crop, feed grains that the producer harvests exceed the quantity of the commodity that may be marketed, bartered, or donated by the producer under a marketing certificate, the excess may be—

"(i) used for feed, human consumption, or other purposes on the farm of the producer; or

"(ii) sold or otherwise transferred for export.

"(B) In addition, such excess may be carried over by the producer from one marketing year to the succeeding marketing year and marketed under a certificate in the succeeding marketing year to the extent that—

"(i) the total quantity of such feed grains available for marketing under a certificate from the farm in the marketing year from which such commodity is carried over does not exceed the quantity of the marketing certificates made available to the producers on the farm for that crop; and

"(ii) the total quantity of feed grains available for marketing under a certificate in the succeeding marketing year (that is, the sum of the quantity of such feed grains carried over and the quantity of feed grains produced on the farm eligible for marketing certificates in the succeeding year) does not exceed the quantity of marketing certificates made available to the producers on the farm for the succeeding marketing year.

"(6)(A) Marketing certificates made available to a producer or an importer of feed grains or feed grain products shall not be transferable, except to the extent that such certificates accompany feed grains or feed grain products that are marketed, bartered, or donated under paragraph (2).

"(B) Any such transfer that does not accompany feed grains or feed grain products shall render such certificates null and void.

"(7) Feed grains harvested in a calendar year in which marketing certificates are made available to producers for the marketing year beginning therein may not be marketed by a producer under a certificate prior to the date on which such marketing year begins.

"(8) No person may purchase or otherwise acquire a quantity of feed grains in excess of the quantity of feed grains that may be marketed, bartered, or donated under marketing certificates issued under this title and held or readily available, except that feed grains that must be exported may be acquired as provided under paragraph (2).

"(9) If marketing certificates for feed grains are not made available to producers for any crop, all previous marketing certificates applicable to feed grains shall be terminated, effective as of the first day of the marketing year for such crop of feed grains.

"(10) Except as otherwise provided in this title, the disaster payment, program yield, program acreage, acreage reduction, paid diversion, and related provisions of section 105C shall apply to feed grains and producers of feed grains for which a national marketing certificate program is in effect under this title.

"PENALTIES WITH RESPECT TO FEED GRAINS

"SEC. 505. (a)(1) Notwithstanding any other provision of this Act, except as provided in subsection (b), if a producer fails to comply with any term or condition of a feed grain program conducted under this title, the producer shall be ineligible for any loan, purchase, or payment under this Act for the crop of feed grains involved.

"(2) Except as provided in subsection (c), during the marketing year for any crop of feed grains for which a marketing certificate is made available to producers, if any person markets, barters, or donates feed grains other than for export without a marketing certificate issued under section 504 or markets, barters, or donates a quantity of feed grains for domestic use in excess of the quantity of the commodity the person is permitted to market, barter, or donate under such certificates, the Secretary shall—

"(A) assess a civil penalty against such person in an amount equal to three times the current minimum loan rate for the feed grains so marketed, bartered, or donated; or

"(B) with respect to a producer, decrease the number of acres of the individual farm program acreage of the farm for feed grains such producer may devote to production for

the succeeding crop of feed grains by a number of acres that, if planted, would result in the production of a quantity sufficient to satisfy the penalty referred to in subparagraph (A).

"(3) If a person knowingly purchases or otherwise acquires a quantity of feed grains for any purpose other than export in excess of the quantity of feed grains that may be marketed, bartered, or donated by such person under marketing certificates issued under this title and held or readily available to such person, the Secretary shall assess a civil penalty against such person in an amount equal to three times the current minimum loan rate for the feed grains so purchased or acquired.

"(b) If a producer fails to comply fully with the terms and conditions of a feed grain program conducted under this title and the Secretary believes the failure should not preclude the making of loans, pruchases, or payments under this Act to the producer, the Secretary may make loans, purchases, or payments in such amounts as the Secretary determines to be equitable in relation to the severity of the program violation.

"(c) If the Secretary otherwise determines that the penalties provided for in subsection (a) are not warranted by the severity of the program violation, the Secretary may reduce or waive such penalties.

"(d) Penalties collected under this section shall be deposited into the account of the Commodity Credit Corporation.

"(e) The prohibitions and penalties for marketing, bartering, donating, purchasing, or otherwise acquiring feed grains out in this section and section 504 shall apply to feed grains in unprocessed or processed form, and to products of feed grains, prior to the conversion of such feed grains or feed grain products into end-use food or other products or intermediate-use products in which the feed grains or feed grain product loses its separate identity.

"FEES OR QUANTITATIVE LIMITATIONS

"SEC. 506. In carrying out this title, the Secretary shall adivse the President, as necessary, under section 22 of the Agricultural Adjustment Act of 1933 (7 U.S.C. 624), of the need to impose fees or quantitative limitations on any article or articles that may be imported, to ensure that such article or articles that may be imported do not render ineffective the loan and purchase programs authorized under this title.

"TRANSITION REGULATIONS

"SEC. 507. (a) The Secretary may issue such regulations as the Secretary determines necessary to carry out this title, including procedures to ensure the equitable treatment of producers with wheat or feed grains under loan at such time that the marketing certificate program authorized under this title takes effect.

"(b)(1) The procedures prescribed under subsection (a) shall offer such producers the opportunity to extend the period of such loans, forfeit the grain securing such loans, or continue to store such grain in a manner that will reduce to the Federal Government the cost of otherwise acquiring and storing such grain.

"(2) In no case shall such procedures require producers to redeem grain held under section 110.

"USE OF THE COMMODITY CREDIT CORPORATION

"Sec. 506. The Secretary shall carry out programs provided for under this title through the Commodity Credit Corporation.

"ADMINISTRATIVE PROVISIONS

"Sec. 509. Sections 372(d), 373, 375, and 376 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1372(d), 1373, 1375, and 1376) shall apply to the programs in effect under this title for any of the 1986 through 1989 crops of wheat or feed grains.".

TECHNICAL AMENDMENTS

SEC. . (a) Effective only for the 1986 through 1989 crops of wheat and feed grains, the Agricultural Adjustment Act of 1938 is amended—

(1) in section 301(b)(6) (7 U.S.C. 1301(b)(6))—

(A) by inserting "(excluding wheat and corn with respect to any crop in which a program is in effect under title V of the Agricultural Act of 1949)" after "wheat" the first place it appears in subparagraph (A); and

(B) by adding at the end thereof the following:

"(D) 'Market', in the case of wheat and feed grains of any crop for which a program is in effect under title V of the Agricultural Act of 1949, means to dispose of by voluntary or involuntary sale or exchange.";

(2) by inserting "or title V of the Agricultural Act of 1949" after "this Act" both places it appears in section 372(d) (7 U.S.C. 1372(d));

(3) in section 373 (7 U.S.C. 1373)—

(A) by striking out "corn" both places it appears in the first sentence of subsection (a) and inserting in lieu thereof "feed grains";

(B) by inserting "and title V of the Agricultural Act of 1949" after "this title" in the second sentence of subsection (a);

(C) by striking out "corn, wheat" in subsection (b) and inserting in lieu thereof "feed grains";

(D) by inserting "and title V of the Agricultural Act of 1949" in subsection (b) after "this title";

(4) in section 375(a) (7 U.S.C. 1375(a))—

(A) by inserting "other feed grains," after "corn,"; and

(B) by inserting "or title V of the Agricultural Act of 1949" after "this title"; and

(5) by inserting "and title V of the Agricultural Act of 1949" after "this title" both places it appears in section 376 (7 U.S.C. 1376).

(b) Effective only for the 1986 through 1989 crops of wheat and feed grains, section 401(c) of the Agricultural Act of 1949 (7 U.S.C. 1421(c)) is amended by inserting after the first sentence the following new sentence: "Compliance by a producer with requirements under title V, if programs under title V are in effect for a crop, shall be required as a condition of price support.".

SEC. . This title and the amendments made by this title shall become effective 10 days after the date of this Act.

On page 221, line 17, strike out "107D(a)(4)" and insert in lieu thereof "1070(a)(13)".

On page 221, line 24, strike out "1070(a)(3)(B)" and insert in lieu thereof "1070(a)(2)(B)".

On page 223, line 9, insert "and" after the semicolon.

On page 223, line 12, strike out "; and" and insert in lieu thereof a period.

On page 223, strike out line 13 and all that follows through line 2 on page 224.

ABDNOR AMENDMENT NO. 1139

Mr. ABDNOR proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the appropriate place in the pending amendment, add the following:

On page 231, between lines 5 and 6 insert in lieu thereof the following new section:

CROP INSURANCE COVERAGE OF WINTER AND SPRING WHEAT

SEC. . (a) The second sentence of the first paragraph of section 508(a) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)) is amended by inserting "(including winterkill of winter wheat)" after "winterkill".

(b)(1) The Secretary of Agriculture shall conduct a study of the practice of offsetting the quantity of winter and spring wheat of a producer for the purpose of determining the amount of benefits due such producer under a policy insured under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).

(2) Not later than 180 days after the date of enactment of this Act, the Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the results of the study conducted under paragraph (1), together with any recommendations for any legislation or regulations necessary to rectify any inequities identified in such study.

BUMPERS AMENDMENT NO. 1140

Mr. BUMPERS proposed an amendment which was subsequently modified to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following:

UNFAIR SUBSIDIZATION OF THAI RICE

SEC. . (a) Congress finds that:

(1) Rice ranks 9th among major domestic field crops in value of production;

(2) Rice accounts for about 5% of the value of major field crops produced in the United States;

(3) The value of domestic rice production annually is over $1.5 billion;

(4) Ending stocks for rice have sharply increased since 1980;

(5) The projected 1985–1986 carryover of rice as a percentage of annual use is 62%;

(6) Between 1980 and 1983, rice stocks rose and prices fell, pushing rice program costs from less than one-tenth to over nine-tenths of the value of U.S. rice production;

(7) Over the last several years, the percentage of world rice exports from the United States has fallen from a high of 25% to 18% in 1985;

(8) In the last several years, Thailand has become the largest rice exporter in the world, accounting for 30% of the world market primarily through their use of export subsidies;

(9) Thai rice imports into the U.S. have displaced normal sales of U.S. rice and have increased government costs;

(10) In 1983, the U.S. imported 33.2 million pounds of rice from Thailand, in 1984 the U.S. imported 51.3 million pounds of rice (an increase of 53%), and in the first six months fo 1985, rice imports from Thailand to the U.S. have already reached 58.3 million pounds; and

(11) The Rice Miller's Association has filed a petition with the Department of Commerce asking that countervailing duties

be imposed upon imports of Thai rice into the U.S.

(b) Based upon these findings, it is the sense of Congress that:

(1) Our domestic rice industry is of vital importance and must be protected from unfair foreign competition;

(2) The government of Thailand is unfairly subsidizing the export of rice, and this is adversely affecting the U.S. domestic rice industry; and

(3) The Secretary of Commerce should give immediate consideration to the countervailing duty petition filed by the Rice Miller's Association.

SIMON AMENDMENT NO. 1141

Mr. SIMON proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following:

Beginning on page 219, strike out line 5 and all that follows through line 16 on page 220 and insert in lieu thereof the following new section:

REPEAL OF CERTAIN RESERVE PROVISIONS AND CONFORMING AMENDMENTS

SEC. 1206. (a)(1) Section 813 of the Agricultural Act of 1970 (7 U.S.C. 1427a) is repealed.

(2) Clause (2) of the second sentence of section 110(f) of the Agricultural Act of 1949 (7 U.S.C. 1445e(f)) is amended—

(A) by inserting "and" after subclause (A); and

(B) by striking out "and (C) section 813 of the Agricultural Act of 1970;".

(b)(1) The Food Security Wheat Reserve Act of 1980 (7 U.S.C. 1736f-1) is repealed.

(2) Section 202(b) of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended—

(A) by striking out "section 302(b)(1) of the Food Security Wheat Reserve Act of 1980" in the first sentence and inserting in lieu thereof "section 1202(b)(1) of the Agriculture, Food, Trade, and Conservation Act of 1985"; and

(B) in the second sentence—

(i) by striking out "from the Food Security Wheat Reserve" and inserting in lieu thereof "from the food assistance reserve"; and

(ii) by striking out "the provisions of section 302(b) of the Food Security Wheat Reserve Act of 1980" and inserting in lieu thereof "section 1204(a) of the Agriculture, Food, Trade, and Conservation Act of 1985".

(3) The first sentence of section 110(f) of the Agricultural Act of 1949 (7 U.S.C. 1445e(f)) is amended by striking out "except as otherwise provided under section 302 of the Food Security Wheat Reserve Act of 1980 and section 208 of the Agricultural Trade Suspension Adjustment Act of 1980,".

(c) Section 208 of the Agricultural Act of 1980 7 (U.S.C. 4001) is repealed.

COCHRAN AMENDMENT NO. 1142

Mr. COCHRAN proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the appropriate place in the pending amendment, add the following:

On page 231, between lines 5 and 6, insert the following new section:

FEDERAL CROP INSURANCE CORPORATION FUNDING

SEC. . (a) Section 504 of the Federal Crop Insurance Act (7 U.S.C. 1504) is amended to read as follows:

"CAPITAL STOCK

"SEC. 504. (a) The Corporation shall have a capital stock of $1.00 subscribed by the United States of America, payment for which shall be considered to have been made.

"(b)(1) Not later than 30 days after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985, the Secretary of the Treasury shall cancel, without consideration, receipts for payments for or on account of the stock of the Federal Crop Insurance Corporation outstanding immediately prior to such date of enactment.

"(2) Such receipts shall cease to be liabilities of the Corporation.".

(b) Section 506 of such Act (7 U.S.C. 1506) is amended—

(1) by striking out "and" at the end of subsection (j);

(2) by striking out the period at the end of subsection (k) and inserting in lieu thereof a semicolon; and

(3) by adding at the end thereof the following new subsections:

"(l) may borrow money pursuant to section 516; and

"(m) in the conduct of the business of the Corporation, shall use—

"(1) all funds and other assets of the Corporation, including capital and net earnings therefrom; and

"(2) all funds and other assets of the Corporation that have been or may be transferred or allocated to, borrowed by, or otherwise acquired by the Corporation.".

(c) Subsection (a) of section 516 of such Act (7 U.S.C. 516(a)) is amended to read as follows:

"(a)(1)(A) Subject to subparagraphs (B) through (D), there are authorized to be appropriated such sums as may be necessary—

"(i) to redeem notes or obligations made by the Corporation to the Secretary of the Treasury; and

"(ii) to cover the operating and administrative costs of the Corporation, including agents' and brokers' commissions, interest on Treasury notes and other obligations, partial premium payments by the Corporation, and the direct cost of loss adjusters for crop inspections and loss adjustments.

"(B) Funds appropriated to carry out subparagraph (A)(i) may be used only after all other sources of monies available to the Corporation, including monies available from premiums, are used to the fullest extent possible to redeem notes or obligation referred to in subparagraph (a)(i).

"(C) Funds appropriated to carry out subparagraph (A) shall be allotted to the Corporation in such amounts and at such time or times as the Secretary of Agriculture may determine.

"(D)(i) Expenses in connection with agents' and brokers' commissions, interest on Treasury notes and other obligations, partial premium payments by the Corporation, and the direct cost of loss adjusters for crop inspections and loss adjustments may be paid from premium income and other Corporation funds.

"(ii) Any such payments may be restored by appropriations in subsequent years.

"(2)(A) If the Corporation earns a net realized gain for any year, the full amount of such gain shall be held on deposit in the Treasury in an interest-barring account.

"(B) Subject to subparagraph (C), the proceeds of such account, including both principal and accrued interest, shall remain available to the Corporation without fiscal year limitation.

"(C) The Corporation shall use such proceeds, to the fullest extent practicable, to repay any outstanding debt or other obligation to the Treasury incurred by the Corporation.".

(d) Section 516 of such Act is amended—

(1) by striking out subsection (c); and

(2) by redesignating subsection (d) as subsection (c).

(e) Section 516(c) of such Act (as redesignated by subsection (d)) is amended—

(1) by striking out "Except as provided in subsection (c) if at any time" in the first sentence and inserting in lieu thereof "If";

(2) by striking out "or the insuance of capital stock under section 504 of this title" in the second sentence and inserting in lieu thereof ", appropriations made under this section, or any other source"; and

(3) by striking out the last sentence and inserting in lieu thereof "The total amount all money borrowed by the Corporation under this subsection at any time shall not exceed $1,000,000,000.".

KERRY (AND OTHER) AMENDMENT NO. 1143

Mr. KERRY (for himself, Mr. KENNEDY, Mr. LEAHY, Mr. SIMON, Mr. HARKIN, and Mr. METZENBAUM) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follow:

At the end of the pending amendment, add the following:

At the end of the bill, add a new section as follows:

"SEC. . Effective December 1, 1985, no article of tobacco (however provided for in part 13 of schedule 1 of the Tariff Schedules of the United States (19 U.S.C. 1202) that is the growth, produce, or manufacture of the Republic of South Africa may be entered, or withdrawn from warehouse for consumption, in the customs territory of the United States until the President (1) determines that the Republic of South Africa has repealed all laws, regulations, rules, order, travel limitations, and other legal limitations imposed by the Government of that country that restrict the coverage by foreign journalists of news events that relate to social, economic, and political unrest in that country and (2) submits to Congress a report containing the basis for such determination."

BOSCHWITZ (AND OTHERS) AMENDMENT NO. 1144

Mr. BOSCHWITZ (for himself, Mr. BOREN, and Mr. SYMMS) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following: On page 459, between lines 18 and 19, add the following new subtitle:

"SUBTITLE D—COMMODITY PROVISIONS

"SUBDIVISION A—WHEAT LOAN RATES AND TRANSITION PAYMENTS FOR THE 1986 THROUGH 1991 CROPS OF WHEAT

"SEC. . Effective only for the 1986 through 191 crops of wheat, the Agricultural Act of 1949 is amended by adding after section 107C a new section as follows:

"SEC. 107D. Notwithstanding any other provision of law—

(a) The Secretary shall make available to producers nonrecourse loans for each of the 1986 through 1991 crops of wheat at a level of $2.20 per bushel, except that if the Secretary determines that, based upon market conditions during the immediately two preceding marketing years, the loan level should be increased and that any such increase in the loan level will not jeopardize the competitive position of United States agriculture in world markets, the Secretary may increase the loan level for the next marketing year to an amount which does not exceed 105 percent of the level of loans which is in effect at the time of the increase. Notwithstanding the foregoing, the Secretary shall annually determine the average price of wheat received by producers during each of the immediately preceding two marketing years. If the Secretary determines that the average price of wheat received by producers in any markets year, beginning with the 1986 marketing year is not more than 105 percent of the level of loans for such marketing year, the Secretary may reduce the level of loans for the following marketing year by an amount not greater than 10 percent of the level of loans which is in effect at the time of the decrease. If the Secretary determines that the average price of wheat received by producers in any two consecutive marketing years, beginning with the 1986 marketing year, is not more than 105 percent of the level of loans at the time of such determination and the loan rate was not adjusted downward for the marketing year prior to the marketing year for which the determination is made, the Secretary shall reduce by at least 10 percent the level of loans for the next marketing place. If the Secretary adjusts the level of loans in accordance with this subsection, the adjusted level shall remain in effect until such time as the Secretary makes a subsequent adjustment in the level of loans.

(i) The Secretary may permit a producer to repay a loan made under this paragraph for a wheat crop at a level that is the lesser of—

(I) the loan level determined for such crop; or

(II) the prevailing world market price for such wheat, as determined by the Secretary

(ii) The Secretary may prescribe by regulation—

(I) a formula to define the prevailing world market price for wheat; and

(II) a mechanism by which the Secretary may announce periodically the prevailing world market price for wheat.

"(b)(1) With respect to the 1986 through 1991 crops of wheat, the Secretary shall make payments to producers on farms having a wheat acreage base for the 1986 crop year. The Secretary may make a portion of the payment in wheat owned by the CCC instead of cash. The payments shall be made in an amount computed by multiplying (i) the payment rate as defined in subsection (b)(2) of this section by (ii) the payment quantity as defined in subsection (b)(3) of this section, by (iii) 100 percent for the 1986 crop, and for the 1987 through 1991 crops, not more than 100 percent for each crop, and not less than 90 percent, 80 percent, 70 percent, and 60 percent for the 1987, and 50 per centum 1988, 1989, and 1990 and 1991 crops, respectively.

(2)(A) The payment rate for wheat to producers on farms on which producers were participants in either the 1984 or 1985 Wheat Program established under section 107B of the Agricultural Act of 1949 shall be $1.42.

"(B) The payment rate for wheat to producers on farms not specified in subsection (b)(2)(A) shall be $1.10.

"(C) Notwithstanding any other provision of this subsection, if the Secretary decreases the level of loans for the 1987, 1988, 1989, 1990, or 1991 marketing year in accordance with subsection (a) of this section, the Secretary shall increase the payment rate for wheat for such marketing year by a percentage equal to the percentage by which the Secretary decreases the level of loans for such marketing year.

"(3)(A) The payment quantity for each of the 1986 through 1991 marketing years shall be computed by multiplying the acreage base by the payment yield established for the farm for wheat.

"(B) The acreage base for any farm shall be the average acreage planted and considered planted to wheat for harvest in the 1981, 1982, 1983, 1984 and 1985 crop years. For the purpose of the preceding sentence, acreage planted to wheat for harvest shall include any acreage which the producers were prevented from planting to wheat or other nonconserving crop in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers. The Secretary may make adjustments to reflect established crop rotation practices and to reflect such other factors as the Secretary determines should be considered in establishing a fair and equitable acreage base.

"(C) The payment yield for wheat shall be the yield established for the farm for the crop year, adjusted by the Secretary to provide a fair and equitable yield. If no yield for wheat was established for the farm in the 1985 crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable. If the Secretary determines it necessary, the Secretary may establish national, State, or county payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the 1985 crop year. If national, State, or county payment yields are established, the farm payment yields shall balance to the national, State or county yields.

"(4)(A) A producer on a farm with respect to which payments are authorized by this subsection shall be eligible for such payments on such farm only with respect to that portion of the acreage base which the producer devotes to wheat or other agricultural commodity or to an approved conservation use as defined by the Secretary.

"(B) The Secretary shall require, as a condition to receive payments under this subsection, that producers report annually on a date prior to harvest specified by the Secretary, the amount of the farm acreage base which is devoted to the production of agricultural commodities or conserving uses.

"(d)(1) The Secretary shall not require participation in any production adjustment control program for wheat or any other commodity as a condition of eligibility for the loans or payments authorized by this section.

"(2) The Secretary shall not make land diversion payments to producers of wheat.

"(e) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under Section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(f) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(g) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(h) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to the assignment of payments) shall apply to payments under this section.

"(i) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(j) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(k) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans or payments under this section.".

NONAPPLICABILITY OF CERTIFICATE REQUIREMENTS

SEC. . Section 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (which deal with marketing certificate requirements for processors and exporters) shall not be applicable to wheat processors or exporters during the period June 1, 1986, through May 31, 1992.

SUSPENSION OF MARKETING QUOTAS AND PRODUCER CERTIFICATE REQUIREMENTS

SEC. . Sections 331, 332, 333, 334, 335, 336, 338, 339, 379b, and 379c of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1986 through 1991 crops of wheat.

SUSPENSION OF QUOTA PROVISIONS

SEC. . Public Law 74, Seventy-seventh Congress (55 Stat. 203, as amended) shall not be applicable to the crops of wheat planted for harvest in the calendar years 1986 through 1991.

NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949 TO THE 1986 THROUGH 1991 CROPS OF WHEAT

SEC. . Section 107 of the Agricultural Act of 1949 shall not be applicable to the 1986 through 1991 crops of wheat.

SUBDIVISION—LOAN RATES AND TRANSITION PAYMENTS FOR THE 1986 THROUGH 1991 CROPS OF FEED GRAINS

SEC. . Effective only for the 1986 through 1991 crops of feed grains, the Agricultural Act of 1949 is amended by adding after section 105B a new section as follows:

"SEC. 105C. Notwithstanding any other provision of law—

"(a) The Secretary shall make available to producers nonrecourse loans for each of the 1986 through 1991 crops of corn, grain sorghum, barley, and oats at a level of $1.90, $1.80, $1.63, and $1.01 per bushel, respectively, except that if the Secretary determines that, based upon market conditions during the immediately two preceding marketing years, the loan level for any such commodity should be increased and that any such increase in the loan level will not jeopardize the competitive position of United States agriculture in world markets, the Secretary may increase the loan level for such commodity for the next marketing year to an amount which does not exceed 105 percent of the level of loans which is in effect at the time of the increase. Notwithstanding the foregoing, the Secretary shall annually determine the average price of corn, grain sorghum, barley, and oats received by producers during each of the immediately preceding two marketing years. If the Secretary determines that the average price of any such commodity received by producers of such commodity in any marketing year, beginning with the 1986 marketing year, is not more than 105 percent of the level of loans for such commodity for such marketing year, the Secretary may reduce the level of loans for such commodity for the following marketing year by an amount not greater than 10 percent of the level of loans for such commodity which is in effect at the time of the decrease. If the Secretary determines that the average price of any such commodity received by producers of such commodity in any two consecutive marketing years, beginning with the 1986 marketing year, is not more than 105 percent of the level of loans for such commodity at the time of such determination and the loan level was not adjusted downward for such commodity for the marketing year prior to the marketing year for which the determination is made, the Secretary shall reduce by at least 10 percent the level of loans for such commodity for the next marketing year. If the Secretary adjusts the level of loans in accordance with this subsection, the adjusted level shall remain in effect until such time as the Secretary makes a subsequent adjustment in the level of loans.

(i) The Secretary may permit a producer to repay a loan made under this paragraph for a feed grains crop at a level that is the lesser of—

(I) the loan level determined for such a crop; or

(II) the prevailing world market price for such feed grains, as determined by the Secretary.

(ii) The Secretary may prescribe by regulation—

(I) a formula to define the prevailing world market price for feed grains; and

(II) a mechanism by which the Secretary may announce periodically the prevailing world market price for feed grains.

"(b)(1) With respect to the 1986 through 1991 crops of corn, grain sorghum, barley, and oats, the Secretary shall make payments to producers on farms having an acreage base for the commodity for the 1986 crop year. The Secretary may make a portion of the payment in feed grains owned by the CCC instead of cash. The payments shall be made in an amount computed by multiplying (i) the payment rate as defined in subsection (b)(2) of this section, by (ii) the payment quantity as defined in subsection (b)(3) of this section, by (iii) 100 percent for the 1986 crop, and, for the 1987 through 1991 crops, not more than 100 percent for each crop and not less than 90 percent, 80 percent, 70 percent, 60 percent, and 50 percent for the 1987, 1988, 1989, 1990, and 1991 crops, respectively.

"(2)(A) The payment rate for corn, grain sorghum, barley, and oats to producers on farms on which producers were participants in either the 1984 or 1985 program for such commodity established under section 105B of the Agricultural Act of 1949 shall be $0.94, $0.88, $0.78, and $0.51, respectively.

"(B) The payment rate for corn, grain sorghum, barley, and oats to producers on farms not specified in subsection (b)(2)(A), shall be $0.65, $0.62, $0.45, and $0.30, respectively.

"(C) Notwithstanding any other provision of this subsection, if the Secretary decreases the level of loans for corn, grain sorghum, barley, or oats for the 1987, 1988, 1989, 1990, or 1991 marketing year in accordance with subsection (a) of this section, the Secretary shall increase the payment rate for such commodity be a percentage equal to the percentage by which the Secretary decreases the level of loans for such commodity for such marketing year.

"(3)(A) The payment quantity for each of the 1986 through 1991 marketing years shall be computed by multiplying the acreage base for the commodity by the payment yield established for the farm for the commodity.

"(B) The acreage base for any farm for corn, grain sorghum, barley, and oats shall be the average acreage planted and considered planted to the commodity for harvest in the 1981, 1982, 1983, 1984 and 1985 crop years. For the purpose of the preceding sentence, acreage planted to the commodity for harvest shall include any acreage which the producers were prevented from planting to the commodity or other nonconserving crop in lieu of such commodity because of drought, flood, or other natural disaster, or other condition beyond the control of the producer. The Secretary may make adjustments to reflect established crop rotation practices and to reflect such other factors as the Secretary determines should be considered in establishing a fair and equitable acreage base.

"(C) The payment yield for feed grains shall be the yield established for the farm for the commodity for the 1985 crop year, adjusted by the Secretary to provide a fair and equitable yield. If no yield for the commodity was established for the farm in the 1985 crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable. If the Secretary determines it necessary, the Secretary may establish national, State, or county payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the 1985 crop year. If national, State or county payment yields are established, the farm payment yields shall balance to the national, State or county yields.

"(4)(A) A producer on a farm with respect to which payments are authorized by this subsection shall be eligible for such payments on such farm only with respect to that portion of the acreage base which the producer devotes to a feed grain or other agricultural commodity or to an approved conservation use as defined by the Secretary.

(B) The Secretary shall require, as a condition to receive payments under this subsection, that producers report annually on a date specified by the Secretary the amount of the farm acreage base which is devoted to the production of agricultural commodities or conserving uses.

"(d)(1) The Secretary shall not require participation in any production adjustment control program for feed grains or any other commodity as a condition of eligibility for the loans or payments authorized by this section.

"(2) The Secretary shall not make land diversion payments to producers of feed grains.

"(e) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(f) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(g) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(h) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this section.

"(i) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(j) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(k) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans or payments under this section.".

NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949 TO THE 1986 THROUGH 1991 CROPS OF FEED GRAINS

SEC. . Section 105 of the Agricultural Act of 1949 shall not be applicable to the 1986 through 1991 crops of feed grains.

SUBDIVISION C—COTTON SUSPENSION OF BASE ACREAGE ALLOTMENTS, MARKETING QUOTAS, AND RELATED PROVISIONS

SEC. . Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 shall not be applicable to upland cotton of the 1986 through 1991 crops.

REPEAL

SEC. (a). Section 506 of the Agriculture and Food Act of 1981 is repealed.

(b) Subsection H of section 103 of the Agricultural Act of 1949, as amended, is repealed effective beginning with the 1986 crop of extra long staple cotton.

LOAN RATES AND TRANSITION PAYMENTS FOR THE 1986 THROUGH 1991 CROPS OF COTTON

SEC. . Effective only for the 1986 through 1991 crops of upland cotton, section 103 of the Agricultural Act of 1949 is amended by adding at the end thereof a new subsection as follows:

"(i)(1)(A) The Secretary shall make available to producers nonrecourse loans for

each of the 1986 through 1991 crops of upland cotton at a level of $0.50 per pound, except that if the Secretary determines that, based upon market conditions during the immediately two preceding marketing years, the loan level should be increased and that any such increase in the loan level will not jeopardize the competitive position of United States agriculture in world markets, the Secretary may increase the loan level for the next marketing year to an amount which does not exceed 105 percent of the level of loans which is in effect at the time of the increase. Notwithstanding the foregoing, the Secretary shall annually determine the average price of upland cotton received by producers during each of the immediately preceding two marketing years. If the Secretary determines that the average price of upland cotton received by producers in any marketing year, beginning with the 1986 marketing year, is not more than 105 percent of the level of loans for such marketing year, the Secretary may reduce the level of loans for the following marketing year by an amount not greater than 10 percent of the level of loans which is in effect at the time of the decrease. If the Secretary determines that the average price of upland cotton received by producers in any two consecutive marketing years, beginning with the 1986 marketing year, is not more than 105 percent of the level of loans at the time of such determination and the loan rate was not adjusted downward for the marketing year prior to the year for which the determination is made, the Secretary shall reduce by at least 10 percent the level of loans for the next marketing year.

(i) The Secretary may permit a producer to repay a loan made under this paragraph for a cotton crop at a level that is the lesser of—

(I) the loan level determined for such a crop; or

(II) the prevailing world market price for such feed grains, as determined by the Secretary.

(ii) The Secretary may prescribe by regulation—

(I) a formula to define the prevailing world market price for cotton; and

(II) a mechanism by which the Secretary may announce periodically the prevailing world market price for cotton.

"(B) For purposes of this subsection, extra long staple cotton means cotton which is produced from pure strain varieties of Barbadense species or any hybrid thereof, or other similar types of extra long staple cotton, designated by the Secretary, having characteristics needed for various end uses for which American upland cotton is not suitable and grown in irrigated cotton-growing regions of the United States designated by the Secretary or other areas designated by the Secretary as suitable for the production of such varieties or types and which is ginned on a roller-type gin or, if authorized by the Secretary, ginned on another type gin for experimental purposes.

"(C) The Secretary shall make available to producers nonrecourse loans for each of the 1986 through 1991 crops of extra long staple cotton at such level as the Secretary determines is fair and reasonable in relation to the level of loans for upland cotton, but in no event at a level in excess of 50 percent of the level of loans for upland cotton in effect at the time of the determination.

"(D) If the Secretary adjusts the level of loans for upland cotton or extra long staple cotton in accordance with paragraph (1) of this subsection, the adjusted level shall remain in effect until such time as the Secretary makes a subsequent adjustment in the level of loans for such commodity.

"(E) If authorized by the Secretary, nonrecourse loans provided for in this subsection may, upon request of the producer during the tenth month of the loan period for the cotton, be made available for an additional term of eight months.

"2(A) With respect to the 1986 through 1991 crops of cotton, the Secretary shall make payments to producers on farms having an upland cotton or extra long staple cotton acreage base for the 1986 crop year. The Secretary may make a portion of the payments in cotton owned by the CCC instead of cash. The payments shall be made in an amount computed by multiplying (i) the payment rate as defined in subparagraph (B) of this paragraph by (ii) the payment quantity as defined in subparagraph (C) of this paragraph, by (iii) 100 percent for the 1986 crop, and, for the 1987 through 1991 crops, not more than 100 percent for each crop, and not less than 90 percent, 80 percent, 70 percent, 60 percent, and 50 percent, for the 1987, 1988, 1989, 1990, and 1991 crops, respectively.

"(B)(i) The payment rate for upland cotton to producers on farms on which producers were participants in either the 1984 or 1985 Upland Cotton Program established in accordance with subsection (g) of section 103 of the Agricultural Act of 1949 shall be $0.183.

(ii) The payment rate for upland cotton to producers on farms not specified in subparagraph (B)(i) shall be $0.073.

"(iii) The payment rate for extra long staple cotton to producers on farms on which producers were participants in either the 1984 or 1985 Extra Long Staple Cotton Program established in accordance with section 4 of the Extra Long Staple Act of 1983 shall be $0.275.

"(iv) The payment rate for extra long staple cotton to producers on farms not specified in subparagraph (b)(iii) shall be $0.11.

"(v) Notwithstanding any other provision of this subsection, if the Secretary decreases the level of loans for upland cotton or extra long staple cotton for the 1987, 1988, 1989, 1990, or 1991 marketing year in accordance with paragraph (1) of this subsection, the Secretary shall increase the payment rate for such commodity for such marketing year by a percentage equal to the percentage by which the Secretary decreases the level of loans for such commodity for such marketing year.

"(C)(i) The payment quantity for upland cotton and extra long staple cotton for each of the 1986 through 1991 marketing years shall be computed by multiplying the acreage base for such commodity by the payment yield established for the farm for such commodity.

"(ii) the acreage base for any farm shall be the average acreage planted and considered planted to upland cotton or extra long staple cotton for harvest in the 1981, 1982, 1983, 1984 and 1985 crop years. For the purpose of the preceding sentence, acreage planted to upland cotton or extra long staple cotton for harvest shall include any acreage which the producers were prevented from planting to such commodity or other nonconserving crop in lieu of such commodity because of drought, flood, or other natural disaster, or other condition beyond the control of the producers. The Secretary may make adjustments to reflect established crop rotation practices and to reflect such other factors as the Secretary determines should be considered in establishing a fair and equitable acreage base.

"(iii) The payment yield for upland cotton or extra long staple cotton shall be the yield established for the farm for such commodity for the 1985 crop year, adjusted by the Secretary to provide a fair and equitable yield. If no yield for such commodity was established for the farm in the 1985 crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable. If the Secretary determines it necessary, the Secretary may establish national, State, or county payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the 1985 crop year. If national, State, or county payment yields are established, the farm payment yields shall balance to the national, State, or county yields.

"(D) A producer on a farm with respect to which payments are authorized by this paragraph shall be eligible for such payments on such farm only with respect to that portion of the acreage base which the producers devotes to cotton or other agricultural commodity or to an approved conservation use as defined by the Secretary.

"(E) The Secretary shall require, as a condition to receive the payments under this paragraph, that producers report annually on a date prior to harvest specified by the Secretary, the amount of the farm acreage base which is devoted to the production of agricultural commodities or conserving uses.

"(3)(A) The Secretary shall not require participation in any production adjustment control program for cotton or any other commodity as a condition of eligibility for the loans or payments authorized by this section.

"(B) The Secretary shall not make annual land diversion payments to producers of cotton.

"(4) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this subsection precludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(5) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provision of this subsection.

"(6) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

"(7) The provision of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to the assignment of payments) shall apply to payments under this subsection.

"(8) The Secretary shall provide for the sharing of payments made under this subsection for any farm among the producers on the farm on a fair and equitable basis.

"(9) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of

eligibility for loans or payments under this subsection.

"(10) In order to encourage and assist producers in the orderly ginning and marketing of their cotton production, the Secretary shall make recourse loans available to such producers on seed cotton in accordance with authority vested in the Secretary under the Commodity Credit Corporation Charter Act.".

MISCELLANEOUS COTTON PROVISIONS

SEC. . Sections 103(a) and 203 of the Agricultural Act of 1949 shall not be applicable to the 1986 through 1991 crops.

SKIPROW PRACTICES

SEC. . Section 374(a) of the Agricultural Adjustment Act is amended by striking out "1981" and inserting in lieu thereof "1991".

PRELIMINARY ALLOTMENTS FOR 1992 CROP OF UPLAND COTTON

SEC. . Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938, as amended, shall again become effective as preliminary allotments for the 1992 crop.

SUBDIVISION D—RICE LOAN RATES AND TRANSITION PAYMENTS

SEC. . Effective only for the 1986 through 1991 crops of rice, section 101 of the Agricultural Act of 1949 is amended by adding at the end thereof a new subsection as follows:

"(j) Notwithstanding any other provision of law—

"(1) The Secretary shall make available to producers nonrecourse loans for each of the 1986 through 1991 crops of rice at a level of $5.50 per hundredweight, except that if the Secretary determines that, based upon market conditions during the immediately two preceding marketing years, the loan level should be increased and that any such increase in the loan level will not jeopardize the competitive position of United States agriculture in world markets, the Secretary may increase the loan level for the next marketing year to an amount which does not exceed 105 percent of the level of loans which is in effect at the time of the increase. Notwithstanding the foregoing, the Secretary shall annually determine the average price of rice received by producers during each of the immediately preceding two marketing years. If the Secretary determines that the average price of rice received by producers in any marketing year, beginning with the 1985 marketing year, is not more than 105 percent of the level of loans for such marketing year, the Secretary may reduce the level of loans for the following marketing year by an amount not greater than 10 percent of the level of loans which is in effect at the time of the decrease. If the Secretary determines that the average price of rice received by producers in any two consecutive marketing years, beginning with the 1986 marketing year, is not more than 105 percent of the level of loans at the time of such determination and the loan rate was not adjusted downward for the marketing year prior to the marketing year for which the determination is made, the Secretary shall reduce by at least 10 percent the level of loans for the next marketing year. If the Secretary adjusts the level of loans in accordance with this subsection, the adjusted level shall remain in effect until such time as the Secretary makes a subsequent adjustment in the level of loans.

(i) The Secretary may permit a producer to repay a loan made under this paragraph for a rice crop at a level that is the lesser of—

(I) the loan level determined for such a crop; or

(II) the prevailing world market price for such rice, as determined by the Secretary.

(ii) The Secretary may prescribe by regulation—

(I) a formula to define the prevailing world market price for rice; and

(II) a mechanism by which the Secretary may announce periodically the prevailing world market price for rice.

"(2)(A) With respect to the 1986 through 1991 crops of rice, the Secretary shall make payments to producers on farms having a rice acreage base for the 1986 crop year. The Secretary may make a portion of the payment in rice owned by the CCC instead of cash. The payments shall be made in an amount computed by multiplying (i) the payment rate as defined in subparagraph (2)(B) of this section by (ii) the payment quantity as defined in subparagraph (2)(C) of this section, by (iii) 100 percent for the 1986 crop, and, for the 1987 through 1991 crops, not more than 100 percent for each crop, and not less than 90 percent, 80 percent, 70 percent, 60 percent, and 50 percent for the 1987, 1988, 1989, 1990, and 1991 crops, respectively.

"(B)(i) The payment rate for rice to producers on farms on which producers were participants in either the 1984 or 1985 Rice Program established under subsection (i) of section 101 of the Agricultural Act of 1949 shall be $4.26.

"(ii) The payment rate for rice to producers on farms not specified in subparagraph (2)(B)(i) shall be $2.50.

"(iii) Notwithstanding any other provision of this subsection, if the Secretary decreases the level of loans for the 1987, 1988, 1989, 1990, or 1991 marketing year in accordance with paragraph (1) of this subsection, the Secretary shall increase the payment rate for rice for such marketing year by a percentage equal to the percentage by which the Secretary decreases the level of loans for such marketing year.

"(C)(i) The payment quantity for each of the 1986 through 1991 marketing years shall be computed by multiplying the acreage base by the payment yield established for the farm for rice.

"(ii) The acreage base for any farm shall be the average acreage planted and considered planted to rice for harvest in the 1981, 1982, 1983, 1984 and 1985 crop years. For the purpose of the preceding sentence, acreage planted to rice for harvest shall include any acreage which the producers were prevented from planting to rice or other nonconserving crop in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers. The Secretary may make adjustments to reflect established crop rotation practices and to reflect such other factors as the Secretary determines should be considered in establishing a fair and equitable acreage base.

"(iii) The payment yield for rice shall be the yield established for the farm for the 1985 crop year, adjusted by the Secretary to provide a fair and equitable yield. If no yield for rice was established for the farm in the 1985 crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable. If the Secretary determines it necessary, the Secretary may establish national, State, or county payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the 1985 crop year. If national, State, or county payment yields are established, the farm payment yields shall balance to the national, State, or county yields.

"(D)(i) A producer on a farm with respect to which payments are authorized by this subsection shall be eligible for such payments on such farm only with respect to that portion of the acreage base which the producer devotes to rice or other agricultural commodity or to an approved conservation use as defined by the Secretary.

"(ii) The Secretary shall require, as a condition of eligibility to receive payments under this paragraph, that producers report annually on a date prior to harvest specified by the Secretary the amount of the farm acreage base devoted to the production of agricultural commodities or conserving uses.

"(5)(A) The Secretary shall not require participation in any production adjustment control program for rice or any other commodity as a condition of eligibility for the loans or payments authorized by this section.

"(B) The Secretary shall not make land diversion payments to producers of rice.

"(6) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness or the failure. The Secretary may authorize the country and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(7) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(8) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(9) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this section.

"(10) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(11) The Secretary shall provide adequate safeguards to protect the interest of tenants and sharecroppers.

"(12) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans or payments under this subsection.".

On page 220 beginning on line 21 strike all through page 223, line 4 and insert in lieu thereof the following:

(1) The total amount of payments that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 for wheat, feed grains, cotton, and rice shall not exceed $50,000 for the 1986 crop, $45,000 for the 1987 crop, $40,000 for the 1988 crop, $35,000 for the 1989 crop, $30,000 for the 1990 crop, and $25,000 for the 1991 crop.

(2) The term "payments" as used in this section shall not include loans.

(3) The Secretary shall issue regulations defining the term "person" and prescribing such rules as the Secretary determines necessary to assure a fair and reasonable application of the limitations provided by this section.

On page 328, between lines 11 and 12, insert the following:

Notwithstanding any other provision of this title—

(e) The Secretary shall identify at least 30 million acres of land devoted to the production of agricultural commodities that are subject to excessive erosion. Such acreage shall include at least 2.2 percent of the farm acreage bases of farms as established in Titles III, IV, V, and VI of this Act in areas subject to excessive wind erosion as determined by the Secretary unless the producers on such acreage demonstrate that they have installed and maintained shelterbelts or other practices approved by the Secretary. The Secretary shall not make available to producers price support loans as provided for by this Act with respect to commodities which are produced on acreage which is determined to be subject to excessive erosion in accordance with this subsection. In addition, the Secretary shall not make payments which are authorized by Titles III, IV, V, and VI to producers with respect to such acreage. Notwithstanding any other provision of this subsection, no acreage so identified shall include lands on which an approved Soil Conservation Service plan is being followed by the producer.

(f) Acreage identified as lands subject to excessive erosion under the provisons of subsection (a) of this section shall be eligible for the Conservation Acreage Reserve in accordance with the other provisions of this title.

BUMPERS AMENDMENTS NOS. 1145 AND 1146

Mr. BUMPERS proposed two amendments to amendment No. 939, as amended proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

AMENDMENT No. 1145

At the end of the pending amendment add the following:

On page 377, between lines 20 and 21, insert the following new sections:

PRINCIPAL RESIDENCE LOANS

SEC. 1719. The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) (as amended by section 1716) is further amended by adding at the end thereof the following new section:

"SEC. 351. (a) If a loan made under this title is secured by the principal residence of the borrower of the loan, the borrower defaults on the repayment of the loan and, as a result of such default, the borrower is required to forfeit the residence to the Secretary or to pay to the Secretary an amount equal to the equity of the borrower in the residence, the appropriate Director of the State office of the Farmers Home Administration may make a loan to the borrower in accordance with this section.

"(b) In order to be eligible to obtain a loan under this section, a borrower must have the ability (as determined by the Secretary) to repay the loan and otherwise meet the eligibility requirements established under section 302.

"(c) The amount of a loan made under this section may not exceed the lesser of—

"(1) an amount equal to the amount of equity the borrower has in such residence at the time such loan is made; or

"(2) the outstanding amount of principal and interest owed by the borrower to the Secretary on the loan referred to in subsection (a) on which the borrower has defaulted.

"(d) The interest rate on a loan made under this section shall be the rate required under section 307(a) to be paid on a loan made or insured under this title on the date the loan is made.

"(e) The period for the repayment of a loan made under this section may not exceed 25 years.

"(f) If a borrower makes all payments due on a loan made under this section in accordance with the loan agreement entered into with respect to such loan, an action may not be brought against the borrower for the repayment of such loan or the loan referred to in subsection (a) on which the borrower has defaulted.".

SECURITY FOR LOANS

SEC. 1720. The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) (as amended by section 1719) is further amended by adding at the end thereof the following new section:

"SEC. 352. (a) Except as provided in subsection (b) and notwithstanding any other provision of this title, to be eligible to obtain a loan under this title, a borrower of the loan shall—

"(1) provide only such security for the loan as the Secretary determines is necessary to secure the loan for the term of the loan, including real estate, buildings, machinery, equipment, crops, crop insurance, crop assignments, livestock product assignments, livestock, furniture, fixtures, inventory, accounts receivable, cash, stocks, bonds, personal and corporate guarantees, marketable securities, the cash surrender value of life insurance, or any combination thereof;

"(2) dispose of all real property that the Secretary determines is not essential to the operation of farm and nonfarm enterprises by the borrower;

"(3) in the case of an operating loan made under subtitle B for the annual production of crops or livestock, pledge such crops or livestock and any other property which the Secretary determines is necessary to secure the loan;

"(4) in the case of a real estate loan made under subtitle A, pledge real estate to secure such loan; and

"(5) in the case of a loan secured by chattels whose loss would jeopardize the interests of the Federal Government, insure such chattels against hazards customarily covered by insurance in the surrounding community.

"(b) If a borrower provides security for a loan in accordance with subsection (a), the Secretary may not require as a condition of eligibility for the consolidation, rescheduling, reamortization, or deferral of the loan under this title that the borrower provide additional security for the loan.

AMENDMENT No. 1146

At the end of the pending amendment add the following:

On page 356, line 22, strike out "crop" and insert in lieu thereof "crop losses".

McCLURE (AND OTHERS) AMENDMENT NO. 1147

Mr. McCLURE (for himself, Mr. HELMS, Mr. WILSON, Mr. SYMMS, and Mr. BOREN) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the appropriate place in the pending amendment insert the following:

On page 223, line 4, insert after "section." the following: "In addition the Secretary shall issue regulations under which Subchapter S Corporations are treated as a partnership for purposes of the maximum payment limitation under this section."

BUMPERS AMENDMENT NO. 1148

Mr. BUMPERS proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment add the following:

On page 369, lines 1 and 2, strike out "determines that a loan made or insured under this title should be liquidated; and insert in lieu thereof "accelerates a borrower loan made or insured under this title".

GRAMM AMENDMENT NO. 1149

Mr. GRAMM proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following:

SEC. . (a) Notwithstanding any other provision of this bill, the Secretary of Agriculture is authorized to formulate a plan and provide technical assistance to property owners and agencies of local and state governments and interstate river basin commissions to—

(1) protect the quality and quantity of subsurface water including water in the nation's aquifers,

(2) assist property owners in reducing their vulnerability to flood hazards that may affect water resources, and

(3) control the salinity in the nation's agricultural water resources

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MELCHER AMENDMENT No. 1150

Mr. MELCHER proposed an amendment, which was subsequently modified, to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714; supra; as follows:

At the end of the pending amendment add the following:

MINIMUM QUANTITY OF AGRICULTURAL COMMODITIES DISTRIBUTED UNDER TITLE II

SEC. . Notwithstanding any other provision of law, including this Act, the minimum quantity of agricultural commodities distributed under Title II of the Agricultural Trade Development and Assistance Act of 1954—

(1) for the fiscal year ending September 30, 1986, shall be 1,900,000 metric tons, of which not less than 1,425,000 metric tons

for nonemergency programs shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program;

(2) for the fiscal year ending September 30, 1987, shall be 1,900,000 metric tons of which not less than 1,425,000 metric tons for non-emergency programs shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program;

(3) for the fiscal year ending September 30, 1988, shall be 1,900,000 metric tons of which not less than 1,425,000 metric tons for nonemergency programs shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program; and

(4) for the fiscal year ending September, 1989, shall be 1,900,000 metric tons of which not less than 1,425,000 metric tons for nonemergency programs shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program;

unless the President determines and reports to the Congress, together with his reasons, that such quantity cannot be used effectively to carry out the purposes of this title: *Provided*, That such minimum quantitiy shall not exceed the total quantity of commodities determined to be available for disposition under this Act pursuant to section 401, less the quantity of commodities required to meet famine or other urgent or extraordinary relief requirements. (7 U.S.C. 1721).

MELCHER AMENDMENT NO. 1151

Mr. MELCHER proposed an amendment which was subsequently modified, to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment add the following:

"SEC. . Notwithstanding any other provision of law, including any other provision of this Act, in carrying out subsection (b) of section 416 of the Agriculture Act of 1949, during each fiscal year, the Secretary shall furnish to nonprofit voluntary agencies, cooperatives, and the World Food Program and in the case of the Food for Progress Program provided for in this Act, foreign governments distribution in developing countries not less than 650,000 metric tons of eligible commodities that are available for distribution under this subsection of which one-half of the amount of eligible commodities required to be furnished shall be grains and cereals and of which not less than 150,000 metric tons shall be distributed under the Food for Progress Program provided for in this Act.

DIXON AMENDMENT NO. 1152

Mr. DIXON proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following:

On page 16, strike out lines 3 through 5 and insert in lieu thereof the following:

(A) to counter or offset—

(1) the adverse effect on the export of a United States agricultural commodity or the product thereof of a subsidy (as defined in paragraph (3)) or other unfair trade practice of a foreign country that directly or indirectly benefits producers, processors, or exporters of agricultural commodities in such foreign country;

On page 17, between lines 3 and 4, insert the following new paragraph:

(3) As used in paragraph (2)(A)(i), the term "subsidy" includes an export subsidy, tax rebate on exports, financial assistance on preferential terms, financial assistance for operating losses, assumption of costs or expenses of production, processing, or distribution, a differential export tax or duty exemption, a domestic consumption quota, or other method of furnishing or ensuring the availability of raw materials at artificially low prices.

GRASSLEY (AND OTHERS) AMENDMENT NO. 1153

Mr. GRASSLEY (for himself, Mr. EXON, Mr. DURENBERGER, Mr. DOLE, Mr. ZORINSKY, Mr. BOSCHWITZ, and Mr. DIXON) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, insert the following:

On page 130, after line 22, add the following:

FUEL ETHANOL

Sec. . (a) In order to prevent material interference with the United States price support program for feed grains, the President shall, for each calendar quarter beginning after calendar year 1985, issue a proclamation which limits the aggregate quantity of fuel ethanol that may be entered during the calendar year of which such quarter is a part to an amount that does not exceed the applicable limitation for such calandar year.

(b) For purposes of this section—

(1) The term "fuel ethanol" means—

(A) any ethyl alcohol (provided for in item 427.88 of the Tariff Schedules of the United States),

(B) any mixture containing ethyl alcohol, and

(C) any other ethanol product designated by the President under this subparagraph, that is imported for use as a fuel.

(2) The term "applicable limitation" means—

(A) for calendar year 1986, 100,000,000 gallons, and

(B) for each succeeding calendar year, an amount equal to the excess, if any, of—

(i) the aggregate amount of fuel ethanol that the Secretary of Agriculture estimates will be consumed in the United States during such calendar year, over

(ii) the aggregate amount of fuel ethanol that the Secretary of Agriculture estimates will be produced in the United States during such calendar year.

(3) The term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States.

(c) The Secretary of Agriculture shall revise the estimates described in clauses (i) and (ii) of subsection (b)(2)(B) for each proclamation issued by the President under subsection (a).

(d) Any proclamation issued under subsection (a) shall be treated as a proclamation issued under section 22 of the Agricultural Adjustment Act (7 U.S.C. 624) that meets all the requirements of such section.

DIXON AMENDMENT NO. 1154

Mr. DIXON proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, insert the following new subtitle:

On page 459, between lines 18 and 19, insert the following:

Subtitle—Special Study and Pilot Projects on Futures Trading

FINDINGS AND DECLARATION OF POLICY

SEC. . (a) Congress finds that there is a need for investigation and development of alternative price support programs carried out by the Department of Agriculture; that agricultural producers and others have insufficient knowledge concerning the nature and extent of price stabilization available in the private sector; and that more information is needed to accurately assess the Federal budgetary impact of producer participation in such private sector risk avoidance services.

(b) It is declared to be the policy of the United States that the Department of Agriculture conduct economic research to develop more information concerning the manner in which producers might utilize agricultural commodity futures markets and options markets in connection with their marketing of the agricultural commodities of their own production; and to determine the nature and effect widespread utilization of such markets by producers would have on the prices they receive for their agricultural commodities, and to determine the feasibility of interfacing traditional Federal price support programs with private sector risk avoidance services.

SEC. . Study by the Department of Agriculture.

SEC. . The Secretary of Agriculture shall conduct a study utilizing the services of the various agencies of the United States, including, but not limited to, the United States Department of Agriculture and the Commodity Futures Trading Commission, to determine the manner in which agricultural commodity futures markets and agricultural commodity options markets might be used by producers of agricultural commodities traded on such markets to provide such producers with price stability and income protection; the extent of the price stability and income protection producers might reasonably expect to receive from such participation; and of the Federal budgetary impact of such participation compared with the cost of the applicable established price support programs for agricultural commodities. The Secretary shall report the results of such study to the Committee on Agriculture, Nutrition and Forestry of the Senate and to the Committee on Agriculture of the House of Representatives on or before December 31, 1988.

PILOT PROGRAM

SEC. . In connection with the study to be undertaken by the Secretary as required by the section of this subtitle, the Secretary shall conduct a pilot program with respect to the crops of wheat, feed grains, soybean and cotton in at least 40 counties which actively produce reasonable quantities of such major agricultural commodities traded on the commodity futures markets and the commodity options markets. The Secretary shall, in cooperation with the futures and options industry and the chairman of the

commodity futures trading commission, conduct an extensive educational program for producers in the counties selected for the pilot program. The program shall, among other things, provide that a reasonable number of producers, as determined by the Secretary, may at their election and in accordance with pilot program requirements developed by the Secretary, participate in the trading of designated agricultural commodities on a futures market or options market in a manner designed to protect and maximize the return on agricultural commodities of their own production marketed by them in accordance with program requirements. Participating producers shall be assured by the Secretary under the terms of the program, using funds of the Commodity Credit Corporation, that the net return received for the agricultural commodities that such producers allocate to the program in the manner specified by the Secretary is no less than the price support loan level for such agricultural commodity in the county where it is produced. In the formulation of the pilot program the Secretary shall utilize the services of an advisory panel selected by the Secretary consisting of producers, processors, exporters, and futures and options traders on organized futures exchanges.

LEAHY AMENDMENT NO. 1155

Mr. LEAHY proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the appropriate place in the pending amendment, add the following:

At the end of title XIX, add a new section as follows:

SEC. . (a) Subsection (a) of section 1541 of the Farmland Protection Policy Act (7 U.S.C. 4202(a)) is amended to read as follows:

"(a) It shall be the policy of the United States that the expenditure or other commitment of funds to federal programs shall not contribute to the irreversible conversion of farmland to nonagricultural uses, unless it can be clearly demonstrated that there is no feasible alternative to achieve the program objective.".

(b) Section 1546 of the Farmland Protection Policy Act (7 U.S.C. 4207) is amended by striking out "Within one year after the enactment of this subtitle," and substituting therefore "On January 1, 1987, and at the beginning of each subsequent calendar year.".

(c) Section 1548 of the Farmland Protection Policy Act (7 U.S.C. 4209) is amended by striking out "any State, local unit of government, or" and inserting before the period at the end of the sentence "*: Provided,* That the Governor of an affected State where a State policy or program exists to protect farmland may bring an action in the Federal district court of the district where a Federal program is proposed to enforce the requirements of section 1541 of this subtitle and regulations issued pursuant thereto".

HELMS (AND OTHERS) AMENDMENT NO. 1156

Mr. HELMS (for himself, Mr. D'AMATO, and Mr. WILSON) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the appropriate place in the pending amendment, add the following:

On page 69, between lines 20 and 21, insert the following new section:

CHARGES OR ASSESSMENTS TO REDUCE MILK PRODUCTION

SEC. 207. It is the sense of the Senate that no charge or assessment that is intended primarily to encourage reductions by producers in total milk production should be imposed on, or collected from, producers of milk.

KASTEN AMENDMENT NO. 1157

Mr. KASTEN proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the amendment, add the following;

On page 69, between lines 20 and 21, insert the following new section:

ADJUSTMENT OF CLASS I MILK DIFFERENTIALS

SEC. . It is the sense of the Senate that any adjustment under section 8c(5)(A) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)(A)) to the price received for class I milk produced under milk marketing orders issued under section 8c of such Act be made only through regulations issued by the Secretary of Agriculture.

HELMS AMENDMENT NO. 1158

Mr. HELMS proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment add the following:

SALES FOR FOREIGN CURRENCIES

SEC. . (a) Section 101 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701) is amended to read as follows:

"SEC. 101. (a) In order to carry out the policies and accomplish the objectives set forth in section 2, the President is authorized to negotiate and carry out agreements with friendly countries to provide for the sale of agricultural commodities—

"(1) for dollars on credit terms;

"(2) to the extent that sales for dollars under the terms applicable to such sales are not possible, for foreign currencies on credit terms and on terms that permit conversion to dollars at the exchange rate applicable to the sales agreement; or

"(3) for foreign currencies for use under section 108 on terms that permit conversion to dollars.

"(b)(1) Except as provided in paragraph (2), for the fiscal year ending September 30, 1986, and each fiscal year thereafter, sales for foreign currencies for use under section 108 under agreements entered into under this title shall be made at an annual level of—

"(A) not less than the higher of—

"(i) 25 percent of the aggregate value of all sales of agricultural commodities made under this title; or

"(ii) 500,000 metric tons; and

"(B) not more than 50 percent of the aggregate value of all such sales.

"(2)(A) For each of the fiscal years ending September 30, 1986, September 30, 1987, and September 30, 1988, except as provided in subparagraph (B), the President may reduce the minimum level of sales for foreign currencies prescribed under paragraph (1)(A) if—

"(i) there is an insufficient number of approved financial intermediaries that have entered into agreements to carry out the program provided for in section 108;

"(ii) there are insufficient requests made by such intermediaries for loan funds to utilize the foreign currencies generated by such sales; or

"(iii) the President requires additional time to implement such program.

"(B) The President may not reduce the minimum level of sales for foreign currencies under subparagraph (A) below an annual level of less than—

"(i) for the fiscal year ending September 30, 1986, 5 percent of the aggregate value of all sales of agricultural commodities made under this title during such fiscal year;

"(ii) for the fiscal year ending September 30, 1987, 10 percent of the aggregate value of all sales of agricultural commodities made under this title during such fiscal year; and

"(iii) for the fiscal year ending September 30, 1988, 15 percent of the aggregate value of all sales of agricultural commodities made under this title during such fiscal year.

"(c) Agreements for sales for foreign currency in a developing country for use under section 108 may not be entered into to the extent that such agreements would generate currency in amounts that cannot be productively used and absorbed in the private sector of such country.

"(d) Sales for foreign currencies for use under section 108 under agreements entered into under this title shall be made on such terms and conditions as are specified in such agreements.".

(b) Section 103 of such Act (7 U.S.C. 1703) is amended—

(1) by inserting ", in section 108," after "section 104" in subsection (b);

(2) by striking out "for dollars on credit terms" in the last sentence of subsection (d);

(3) in subsection (m)—

(A) by inserting "except as provided in section 108," after the subsection designation;

(B) by striking out the semicolon and inserting in lieu thereof a period; and

(C) by adding at the end thereof the following: "In carrying out this subsection, the President shall require that foreign currencies to be used under section 108 that are acquired under an agreement for the sale of commodities be convertible to dollars during the period beginning 10 years after the date of the last delivery of such commodities and ending 30 years after the date of such delivery. Such agreement for sale shall establish a schedule for such conversion but need not specify the exchange rate for such conversion;";

(4) by striking out "for dollars on credit terms" and "for cash dollars" in subsection (n);

(5) by striking out "Take" in subsection (o) and inserting in lieu thereof "take";

(6) by striking out "Assure convertibility" in subsection (p) and inserting in lieu thereof "except as provided in section 108, assure convertibility"; and

(7) by striking out "Assure convertibility" in subsection (q) and inserting in lieu thereof "except as provided in section 108, assure convertibility".

(c) The first sentence of section 105 of such Act (7 U.S.C. 1705) is amended by striking out "section 104" and inserting in lieu thereof "sections 104 and 108".

(d) Section 106(a) of such Act (7 U.S.C. 1706(a)) is amended by adding at the end thereof the following new paragraph:

"(3) Payment for sales made for foreign currencies that are to be used under section 108 under an agreement entered into under this title shall be made on such terms as are specified in such agreement.".

(e) Such Act is amended by inserting after section 107 (7 U.S.C. 1707) the following new section:

"SEC. 108. Notwithstanding any other provision of law:

"(a) As used in this section:

"(1) The term 'developing country' means a country that is eligible to participate in a sales agreement entered into under this title.

"(2) The term 'financial intermediary' means a bank, financial institution, cooperative, nonprofit voluntary agency, or other organization or entity, as determined by the President, that has the capability of making and servicing a loan in accordance with this section.

"(b) In order to foster and encourage the development of private enterprise institutions and infrastructure as the base for the expansion, promotion, and improvement of the production of food and other related goods and services within a developing country and pursuant to an agreement for the sale of agricultural commodities entered into under this title, the President may enter into an agreement with a financial intermediary located or operating in such country under which the President shall lend to such financial intermediary foreign currency that accrues as a result of commodity sales to such country under a sales agreement entered into under this title after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(c) To be eligible to obtain foreign currency under this section, a financial intermediary must enter into an agreement with the President under which the intermediary agrees to use such currency to make loans to provide individuals, cooperatives, corporations, or other entities within a developing country, at reasonable rates of interest, for the purpose of financing—

"(1) productive, private enterprise investment within such country, including such investment in projects carried out by cooperatives, nonprofit voluntary organizations, and other entities found to be qualified by the President;

"(2) private enterprise facilities for aiding the utilization and distribution, and increasing the consumption of and markets for, United States agricultural commodities and the products thereof; or

"(3) private enterprise support of self-help measures and projects.

"(d) An agreement entered into under this section shall specify the terms and conditions under which the foreign currency shall be used and subsequently repaid, including the following terms and conditions:

"(1) A financial intermediary shall, to the maximum extent feasible, give preference to the financing of agricultural related private enterprise with the funds provided under this section.

"(2)(A) A financial intermediary shall repay a loan made under this section, plus accrued interest, at such times and in such manner as will permit conversion of such foreign currency to dollars in accordance with the schedule for such conversion.

"(B) A financial intermediary may repay a loan made under this section prior to the repayment date specified in such agreement.

"(3) To be eligible to receive financing from a financial intermediary under this section, an entity or venture must—

"(A) be owned, directly or indirectly, by citizens of the developing country, except that up to 25 percent of such ownership interest may be held by citizens of the United States; and

"(B) not be owned or controlled, in whole or in part, by the government or any governmental subdivision of the developing country.

"(4)(A) The rate of interest charged on funds loaned to a financial intermediary under this section shall be such rate as is determined by the President and the intermediary.

"(B) In the case of a cooperative or nonprofit voluntary agency that is acting as a financial intermediary, the President may charge a lower rate of interest on funds loaned to such intermediary under this section than is charged to other types of intermediaries or make a grant from currencies received from sales made under section 103(a)(3) of the Act to defray the startup costs of becoming a financial intermediary.

"(5) No currency made available under this section may be used to promote the production of agricultural commodities or the products thereof that will compete, as determined by the President, in world markets with similar agricultural commodities or the products thereof produced in the United States.

"(6) The President may not require a developing country to guarantee the repayment of a loan made to a financial intermediary under this section as a condition of receipt of such loan.

"(e)(1) All currencies repaid by financial intermediaries under agreements entered into under this section shall be deposited and accounted for in accordance with section 105.

"(2) Currencies repaid by financial intermediaries shall, as determined by the President—

"(A) be used to finance additional productive, private enterprise investment under agreements with financial intermediaries entered into under this section;

"(B) be used for the development of new markets for United States agricultural commodities;

"(C) be used for the payment of United States obligations (including obligations entered into pursuant to other laws of the United States); or

"(D) be converted to dollars.

"(3) Section 1306 of title 31, the United States Code, shall apply to currencies used for the purpose specified in paragraph (2)(C).

"(f)(1) Any agreement entered into under this section shall be subject to periodic audit to determine whether the terms and conditions of the agreement are being fulfilled.

"(2) Not later than 180 days after the close of each fiscal year, the President shall report to the Committee on Agriculture and the Committee on Foreign Affairs of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Foreign Relations of the Senate on the activities carried out under this section during the preceding fiscal year, including an evaluation of the impact of investment under this section on the development of agricultural related private enterprise in each participating country.

"(g) The President may provide agricultural technical assistance to further the purposes of this section, including the funding of market development activities. To the maximum extent practicable, the President shall use at least 5 percent of the foreign currencies obtained for use under this section from sales of agricultural commodities made under agreements entered into under this title after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985 to carry out such assistance.".

MELCHER (AND OTHERS) AMENDMENT NO. 1159

Mr. MELCHER (for himself, Mr. INOUYE, Mr. SYMMS, and Mr. HATCH) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment add the following:

At the end of the bill, add two new sections as follows:

SEC. . Congress finds that the Philippines—

(1) have been a reliable supplier of sugar to the United States since 1796 when the first shipment of their sugar arrived at Boston Harbor;

(2) have a special historical relationship with the United States and has been one of this Nation's most constant and dependable allies;

(3) rely on the exportation of sugar to generate needed capital;

(4) have not been afforded fair and adequate access to the United States sugar market since import quotas were imposed on sugar in 1982; and

(5) should be given access to the United States sugar market at least as favorable as the access provided to any other country.

SEC. . Notwithstanding any other provision of law—

(a) beginning with the first calendar quarter of 1986, the total base quota amount of sugars, sirups, and molasses permitted to be imported into the United States under headnote 3, subpart A of part 10 of schedule 1 of the Tariff Schedules of the United States shall be allocated on such basis that the percentage of such quota base allocated to the Republic of the Philippines shall not be less than the percentage allocated to any other country;

(b) during any calendar year in which sugars, sirups, and molasses from any country are not subject to any rate of duty provided for in subpart A of part 10 of schedule 1 of the Tariff Schedules of the United States and are permitted to enter the United States duty-free, sugar, sirups, and molasses from the Republic of the Philippines shall be permitted, to the same extent, to enter duty-free; and

(c) unless specifically authorized by statute, no agency or instrumentality of the United States shall provide, in any rule, regulation, shipping schedule, or otherwise, for the entry into the United States of sugars, sirups, and molasses from any country under terms or conditions more favorable then those applicable to the entry of sugars,

sirups, and molassess from the Republic of the Philippines.

(d) to the extent that this section shall require a reallocation of quotas, the President shall first reduce, and if necessary, eliminate, the quota base of any country which produces less sugar than the aggregate total of such country's domestic consumption of sugar plus the quota base provided for such country under headnote 3, subpart A of part 10 of Schedule 1 of the tariff schedules of the United States during the 12 months prior to such reallocation, as determined by the President.

(e) to the extent practicable, the Philippines Sugar Commission shall use the value of any increased quota required by this section to acquire United States commodities by barter for use in feeding programs available to the sugar workers and their families in the provinces of Negros and Tarlack of the Philippines.

BENTSEN (COCHRAN) AMENDMENT NO. 1160

Mr. BENTSEN (for himself and Mr. COCHRAN,) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the appropriate place in the pending amendment, add the following:

On page 231, insert between lines 5 and 6 the following new section:

"COTTONSEED PROGRAM

"SEC. 1310. (a) If the price of the 1985 crop of cottonseed is adversely affected as a result of any amendment made by the Agriculture, Food, Trade, and Conservation Act of 1985 to the 1985 soybean program authorized by section 201(g) of the Agricultural Act of 1949, the Secretary of Agriculture shall implement a program providing for fair and equitable treatment for the cottonseed industry based upon oilseed product value which existed on November 1, 1985, prior to any adjustments in the 1985 soybean program.

"(b) Any program which is implemented by the Secretary for cottonseed under this section shall be carried out through the Commodity Credit Corporation.".

BENTSEN (AND OTHERS) AMENDMENT NO. 1161

Mr. BENTSEN (for himself, Mr. COCHRAN, Mr. DOLE, Mr. STENNIS, Mr. PRYOR, Mr. BUMPERS, Mr. BOREN, Mr. NICKLES, and Mr. GRAMM) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following:

On page 231, insert between lines 5 and 6 the following new section:

ADVANCE ANNOUNCEMENT

"SEC. 1320. The Agricultural Act of 1949 is amended by redesignating section 406 as "406(a)" and adding a new subsection "(b)" to read as follows:

"(b)(1) Notwithstanding any other provision of this Act, the Secretary of Agriculture shall offer an option to producers of the 1987 through 1990 crops of wheat, feed grains, upland cotton and rice with respect to participating in commodity price support, production adjustment and payment programs as provided in this subsection.

"(2) With respect to the 1987 through 1990 crops of wheat, feed grains, upland cotton, and rice, in any country in the United States, if the Secretary has not made final announcement of the terms of the commodity price support production adjustment, and payment program for wheat, feed grains, upland cotton, or rice on or before the later of: (A) 60 days prior to the normal planting date of such commodity in such country, as determined by the Secretary, and (B) in the case of wheat, July 1 of the calendar year prior to the crop year for which such program is announced; in the case of feedgrains, November 15 of the calendar year prior to the crop year for which such program is announced; in the case of upland cotton, November 1 of the calendar year prior to the crop year for which such program is announced; in the case of rice, January 31 of the calendar year that is the same as the crop year for which such program is announced—the Secretary shall permit producers of any such commodity in such county to elect to receive price support, payments and other program benefits as provided in (i) the program announced for such commodity for the current crop year or (ii) paragraph (3).

"(3)(A)(i) The Secretary shall permit producers eligible to make the election provided by the subsection to participate in the program described in this paragraph by complying with the terms of the program announced for the preceding crop of such commodity.

"(B)(i) Except as provided in clause (ii), the Secretary shall make available to producers of a commodity who exercise the election provided by this section and who comply fully with the terms and conditions of any acreage reduction program established for the preceding year's crop of the commodity—

"(I) loans and purchases at the level established for the program for which the crops with respect to which the election is made;

"(II) deficiency payments calculated on the same basis as the deficiency payments which were calculated for the crop immediately preceding the crop with respect to which the election is made;

"(III)(aa) Payments equal to the difference between the level of loans and purchases for the crop with respect to which the election is made and the level of loans and purchases for the crop immediately preceding the crop with respect to which the election is made.

"(bb) Payments authorized by subclause III (aa) shall be made in the form of cash or in-kind commodities.

"(ii) In the case of the 1990 crops, the Secretary shall make available to producers of a commodity who exercise the election provided by this section and who comply fully with the terms and conditions of any acreage reduction program established for the 1989 crops of the commodity—

"(I) loans and purchases at the level established for the 1990 crop under legislation enacted subsequent to the enactment of the Agriculture, Food, Trade, and Conservation Act of 1989. *Provided*, That, if legislation is enacted subsequent to the enactment of Agriculture, Food, Trade, and Conservation Act of 1985 which provides that loans and purchases shall not be made with respect to the 1990 crop of a commodity, the Secretary shall make available to producer of such commodity eligible for the election provided by this subsection loans and purchases at the level determined for the 1989 crop. *Provided further*, That, if legislation is not enacted subsequent to the enactment of the Agriculture, Food, Trade, and Conservation Act of 1985 which provides that loans and purchases shall be made with respect to the 1990 crop of a commodity, none of the provisions of this section shall apply to the 1990 crop.

"(II) deficiency payments calculated on the basis of the established price for the commodity determined for the 1989 crop.

"(III)(aa) Payments equal to the difference between the level of loans and purchases that the producer is eligible to receive under clause (I) for such commodity for the 1990 crop and the level of loans and purchases determined for such commodity for the 1989 crop.

"(bb) Payments authorized by this clause (III) shall be made in cash or in the form of in-kind commodities.

"(C) The Secretary shall consider the acreage base and yield for any farm with respect to which a producer exercises the election provided by this section to be equal to the acreage base and yield that was established, or would have been established, for such farm for the year preceding the year for which the election is made.".

HARKIN (AND OTHERS) AMENDMENT NO. 1162

Mr. HARKIN (for himself, Mr. EXON, Mr. HEFLIN, Mr. BOREN, and Mr. MELCHER) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following: At this appropriate place in the bill, insert the following:

LABELING IMPORTED MEAT

SEC. . Section 1(n) of the Federal Meat Inspection Act (21 U.S.C. 601(n)) is amended—

(1) by striking out "or" at the end of paragraph (11);

(2) by striking out the period at the end of paragraph (12) and inserting in lieu thereof a semicolon and "or"; and

(3) by adding at the end the following new paragraph:

"(13) If it is or was imported and if its labeling fails to bear the words 'foreign,' 'of foreign origin,' 'this product contains foreign meat,' 'this product may contain foreign meat,' 'this container contains foreign meat,' or 'this container may contain foreign meat,' as the case may be, or words to indicate its country of origin.".

(b) The amendments made by this section shall become effective one year after the date of enactment of this Act.

HELMS (AND ZORINSKY) AMENDMENT NO. 1163

Mr. HELMS (for himself and Mr. ZORINSKY) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the appropriate place in the pending amendment, add the following:

On page 51, line 1, strike out "(a)".

On page 318, line 12, strike out "(a)".

On page 365, line 15, insert "(a)" after the section designation.

On page 455, line 18, strike out "at least equal to" and insert in lieu thereof "the same as".

GRASSLEY AMENDMENT NO. 1164

Mr. GRASSLEY proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following:

On page 334, between lines 13 and 14, insert the following new paragraph:

(3) In determining the acceptability of contract offers, the Secretary may give priority to offers made by owners and operators who are subject to the highest degree of economic stress, such as a general tightening of agricultural credit or an unfavorable relationship between production costs and prices received for agricultural commodities.

THURMOND (AND OTHERS) AMENDMENT NO. 1165

Mr. THURMOND (for himself, Mr. HEFLIN, and Mr. DOLE) proposed an amendment to amendment No. 939, as amended, proposed by Mr. DOLE to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the pending amendment, add the following:

At the appropriate place in Title XVIII, Subtitle A, section 1809, add the following new section:

MINIMUM FUNDING OF STATE ASSOCIATIONS

SEC. . (a) In no event shall the percentage determined pursuant to subsection (c)(1)(A)(ii) of section 1809 of this subtitle, in the case of a State in which there existed a State pork promotion program as of June 30, 1985, be less than that which is necessary to provide the State association of such State with an amount of funds equal to the amount that would have been collected from production in such State pursuant to such State pork promotion program which existed on June 30, 1985, less the amount of any refunds made to producers in such State pursuant to section 1813 of this subtitle, and less an amount equal to such sums as contributed by such State to national programs in the twelve-month period preceeding June 30, 1985: *Provided, however,* no such State shall receive an amount which is less than sixteen and one-half per centum of the sum of the assessments collected from production of such State under the Act.

DOLE AMENDMENT NO. 1166

Mr. DOLE proposed an amendment to amendment No. 939, as amended, proposed by him to the motion to recommit with instructions the bill S. 1714, supra; as follows:

At the end of the amendment add the following:

SEC. . Notwithstanding any other provision of law, the established prices for each of the 1986 through 1988 crops: wheat, feedgrains, upland cotton, and rice shall not be less than the established prices for the 1985 crop of such commodities.

NOTICES OF HEARINGS

COMMITTEE ON RULES AND ADMINISTRATION

Mr. MATHIAS. Mr. President, I wish to announce that the Committee on Rules and Administration will meet at 10 a.m., on Tuesday, December 3, 1985, in SR-301, Russell Senate Office Building, to consider legislative and administrative business items currently pending in the committee.

On its legislative agenda, the committee will be marking up Senate Resolution 204, authorizing supplemental expenditures by the Select Committee on Indian Affairs.

Administrative business to be considered will be the selection of a vendor that will provide a new telephone system for the Senate and the display of flags outside a Senator's personal office.

For further information regarding this business meeting, please contact Carole Blessington of the Rules Committee staff at 224-0278.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. President, I would like to announce for the information of the Senate and the public that two additional nominees will be considered at the public hearing previously scheduled before the Committee on Energy and Natural Resources on Thursday, December 5, 1985, 10 a.m. in room SD-366 of the Senate Dirksen Office Building in Washington, DC.

The nominations to the Department of Energy of John C. Layton, of Virginia, to be inspector general and David M.L. Lindahl, of Virginia, to be Director of the Office of Alcohol Fuels will be considered. In addition as previously scheduled, the nominations of Donna R. Fitzpatrick to be an Assistant Secretary of Energy (Conservation and Renewable Energy) and Mary L. Walker to be an Assistant Secretary of Energy (Environment, Safety and Health) will be considered.

Those wishing to testify or who wish to submit written statements should write to the Committee on Energy and Natural Resources, U.S. Senate, room SD-358 Dirksen Senate Office Building, Washington DC 20510. For further information, please contact Gerry Hardy at (202) 224-5304.

SUBCOMMITTEE ON PUBLIC LANDS, RESERVED WATER AND RESOURCE CONSERVATION

Mr. WALLOP. Mr. President, I would like to announce for the information of the Senate and the public that a public hearing has been scheduled before the Subcommittee on Public Lands, Reserved Water and Resource Conservation of the Committee on Energy and Natural Resources on Monday, December 9, 1985, at 2 p.m. in room SD-366 of the Senate Dirksen Office Building in Washington, DC.

Testimony will be received on bill S. 1330, a bill to amend section 504 of the Alaska National Interest Lands Conservation Act to allow expanded mineral exploration of the Admiralty Island National Monument in Alaska.

Those wishing to testify should contact the Subcommittee on Public Lands, Reserved Water and Resource Conseration of the Committee on Energy and Natural Resources, room SD-308, Dirksen Senate Office Building, Washington, DC 20510. Oral testimony may be limited to 3 minutes per witness. Written statements may be longer. Witnesses may be placed in panels, and are requested to submit 25 copies of their testimony 24 hours in advance of the hearing, and 50 copies on the day of the hearing. For further information, please contact Tony Bevinetto of the subcommittee staff at (202) 224-2878.

ADDITIONAL STATEMENTS

COMPACT OF FREE ASSOCIATION

● Mr. BINGAMAN. Mr. President, last week my distinguished colleague from Utah, Senator HATCH, offered an amendment to the Compact of Free Association to establish a commission to compensate persons suffering from cancer derived from atmospheric nuclear testing. The bill also covered uranium miners exposed to ionizing radiation in the mines. I supported the bill because I shared his concern that the Government has a responsibility to these victims. The measure was tabled.

I have a special concern for uranium miners who worked in the mines before the implementation of adequate health and safety standards. The Government was the sole purchaser of uranium from 1948 to 1962. But it was not until 1971 that the Federal Metal and Non-Metallic Mine Safety Act of 1966 was fully implemented. Many of the miners covered by this act worked in New Mexico during this period.

I am interested in seeing the scope of any future proposal expanded for these uranium miners. The Hatch amendment would have compensated miners suffering from cancers resulting from radioactive exposure only through 1961. I think any new plan should compensate victims not only for the cancers resulting from radioactive exposure, but also from the debilitating respiratory ailments that have afflicted a large number of miners. Any new plan must also cover miners who worked through 1971. Coverage under the Hatch amendment would have stopped in 1961.

I look forward to developing appropriate legislation that will most effectively compensate these miners.●

A TRIBUTE TO MANUEL GORRIARAN, A WRESTLING INSTITUTION

● Mr. CHAFEE. Mr. President, I am pleased today to pay tribute to an outstanding Rhode Islander who has contributed greatly to American athletics.

Mr. Manuel Gorriaran of Providence, RI, is one of four new members of the National Wrestling Hall of Fame inducted on November 16. Mr. Gorriaran was born in Havana, Cuba, in 1901 and has been greatly involved in the promotion of wrestling throughout the United States and the world.

Mr. Gorriaran came to the United States in 1936, and even before his emigration he had established competition between American teams and teams in his native Cuba. He was instrumental in introducing wrestling as an event in the original Pan American Games in 1932. When he came to the United States he founded the Hook Fast Co. of Providence, RI. The company manufactures jewelry and emblems, and he has donated over 100,000 awards and emblems to wrestling teams and competitions around the world.

In 1959, while announcing the Pan American Games, he helped to rewrite and translate the rules of wrestling for the games. He has also served as manager of the U.S. wrestling team during the Pan American Games, World Games, and the Olympics.

In my own State of Rhode Island he is considered the father of wrestling, which is one of the most popular sports in the State.

Mr. Gorriaran has been a great promoter of wrestling tournaments for the blind. He has been generous enough to donate awards for nearly every wrestling tournament for the blind held in our country.

In addition to the many national and international awards he has received, Mr. Gorriaran is a member in the Bureau of FILA, the International Wrestling Federation. I join with all Rhode Islanders in commending Mr. Gorriaran for his outstanding service to athletics in the United States and throughout the world, and in wishing him many years of continued success.●

HONORING THOMAS MONAGHAN AND DOMINO'S PIZZA

● Mr. RIEGLE. Mr. President, December 9 marks an important anniversary in the history of not only one of my favorite foods, but a food that is, I think, an American favorite. After 25 years of toil, Mr. Thomas Monaghan will see the silver anniversary of his international empire—Domino's Pizza—and the opening of $120 million, multiuse complex known as Domino's Farms in Michigan. The complex, in addition to being Domino's world headquarters, will also include a living museum and working farm for disadvantaged youths.

Mr. Monaghan's is a rags to riches story that has the power to warm even the coldest heart. After spending much of his childhood in orphanages, and then working his way through the University of Michigan with three part-time jobs, Monaghan opened his first pizza store in 1960 in Ypsilanti. Over the years, Domino's Pizza has blossomed. In 1981, Monaghan had 500 stores, and by fall of this year the company had 2,500—making it the most rapidly growing fast food outlet in the country.

I am proud of the contributions Tom Monaghan has made to our State. In the area of labor he has a reputation for making employees part of a company team. Right now, 92 percent of all Domino's Pizza franchises are owned by former employees. The compassion he has for others is made obvious by the inclusion in Domino's Farms of a model working farm for underprivileged young people.

A keen business sense, an unshakable determination, a great deal of hard work and a winning marketing strategy have propelled Tom Monaghan and Domino's Pizza to the forefront of the fast food industry. In recent years, Monaghan has realized at least two long-time dreams—the opening of a world headquarters in keeping with the unique style of long admired architect Frank Lloyd Wright and ownership of his favorite baseball team—the 1984 world champion Detroit Tigers.

Monaghan's success is a symbol of the dream in all of us—to make good with our natural talents. The fruits of his labors will be on display for all to see on December 9 when his company celebrates 25 years and the ribbon is cut on Domino's Farms. I'd like to take this opportunity to ask my colleagues in the Senate to join me in wishing Michigan's pizza king lasting success.●

NOTICE OF DETERMINATIONS BY THE SELECT COMMITTEE ON ETHICS

● Mr. RUDMAN. Mr. President, it is required by paragraph 4 of rule 35 that I place in the CONGRESSIONAL RECORD this notice of a Senate employee who proposes to participate in a program, the principal objective of which is educational, sponsored by a foreign government or a foreign educational or charitable organization involving travel to a foreign country paid for by that foreign government or organization.

The select committee received a request for a determination under rule 35 that Mr. Ross E. Butler, of the staff of Senator STEVE SYMMS, be permitted to observe the November 3 national elections in Guatemala, sponsored by the American Chamber of Commerce of Guatemala, from November 1-4, 1985.

The committee determined that participation by Mr. Butler as an observer of the national election in Guatemala, at the expense of the American Chamber of Commerce of Guatemala, was in the interest of the Senate and the United States.

The Select Committee has received a request for a determination under rule 35 which permitted Senator DAVID L. BOREN and his wife to participate in a "consultation," sponsored by the St. George's House Windsor Castle, England, together with the Worshipful Company of Farmers, a City of London Guild, which was held in Windsor over the weekend of November 9, 1985. Senator BOREN's travel expenses were provided by the Department of State at the request of the Senate Committee on Agriculture. Travel expenses of Mrs. Boren to and from the United Kingdom and Senator BOREN's expenses and those of his wife incurred while in the United Kingdom, were provided by the Worshipful Company of Farmers, a City of London Guild. It is our understanding that the Worshipful Company of Farmers, a City of London Guild, and St. George's House Windsor Castle, are both nonprofit entities, not connected to the Government of the United Kingdom.

The committee has determined that participation by Senator BOREN and his wife in the "consultation" in the United Kingdom to discuss issues involving "the EEC agricultural policy and the Third World," was in the interest of the Senate and the United States.●

POLITICAL ACTION COMMITTEES

● Mr. BOREN. Mr. President, the vote on my amendment dealing with limitation of the undue influence of political action committees [PAC's] in our electoral system will occur soon after the Senate's return from the Thanksgiving recess.

I hope that over this time period, my colleagues will look seriously at this vote as a way to address the immediate need to return integrity to congressional elections.

I ask that the editorial published Thursday, November 21, in the New York Times be printed in the RECORD.

The editorial follows:

SPECIAL-INTEREST SNIPERS

Don't fret about the explosive growth of PAC's, says Senator Jake Garn. Sure, there are now 4,000 of these political action committees raising campaign contributions in the name of some special interest—up from 600 in 1974. But never mind, says Mr. Garn, the Utah Republican. PAC's represent all sides of a given issue and so they check and balance each other's influence.

He's right about checks, at least in one sense. PAC's are now pouring $100 million a year into Congressional campaigns, eight times the 1974 total. But Senator Garn is lamentably mistaken about the balances, and that's why a sensible, bipartisan remedy proposed by Senator David Boren deserves urgent and unswerving attention.

One could see just how mistaken Senator Garn is about balances late yesterday in the Longworth House Office Building in Washington. Inside the huge hearing room, the House Ways and Means Committee continued work on tax reform. Crowded outside in the corridor were 70, 80, perhaps 100 lobbyists for special interests, PAC interests.

Labor was there; the waiters' and bartenders' union is battling taxes on travel and entertainment benefits. Which balancing corporate interest was ranged on the other side? None. American Express is lobbying—but on the same side. Industry was there; U.S. Steel, for instance, has been pressing the committee to keep the investment tax credit. Which labor interests oppose that? None.

The truth is that special interests do not often oppose each other. Senator Garn may think of this as some sort of adversary system, matching opposing advocates in a kind of legislative court. In truth, it is a sniper system in which intensely concerned special interests aim for narrow targets on the hide of the larger public interest. The more snipers, the more hits.

The Boren bill would not solve the underlying problem—soaring campaign costs. Increasingly, candidates are running wholesale instead of retail, as television and direct mail supplant party canvassers and speeches. America knows how to control campaign costs; it has done so successfully in Presidential elections since 1976 with a system of public financing.

A similar system for Congress lost narrowly in 1974, however, and the PAC explosion followed. Why are so many PAC's, from the Michigan Blueberry Growers to the American Horse Council, so eager to put up so many $5,000 contributions? The Senate majority leader, Bob Dole, says, "When these PAC's give money, they expect something in return other than good government." Senator Gary Hart, the Colorado Democrat, believes that "What the public perceives is, quite bluntly, bribery."

Senator Boren would curtail PAC influence simply: by curtailing the money. He would impose an overall limit of $100,000 on the PAC money any representative could receive. Senators could receive more, depending on the size of their state. And the $5,000 limit on each PAC contribution would be reduced to $3,000. Common Cause, the public affairs lobby, calculates that the bill would cut PAC contributions approximately in half.

PAC's make Congress look bought, more so every day as more PAC's slosh around more money. One day Congress will be shamed into draining this swamp completely. Meanwhile here's a practical, prudent way at least to slow the slosh.●

TRADE NEGOTIATIONS BETWEEN UNITED STATES AND CANADA

● Mr. MOYNIHAN. Mr. President, last Friday, in New York, I had the good fortune to hear the Honorable Joe Clark, Canadian Secretary of State for External Affairs, address the Foreign Policy Association on upcoming trade negotiations between Canada and the United States. Mr. President, his remarks are well worth our reflection, as they enable us to better understand the economic and cultural relationships between our two countries. I ask that the full text of Mr. Clark's speech be printed in the RECORD.

The speech follows:

SPEECH BY HON. JOE CLARK

Mr. Chairman, members of the Foreign Policy Association.

Five years ago I spoke to you about the energy crisis and the requirement for both of our countries to cooperate in finding solutions to the problem.

The Canadian government of that day did not heed my advice on that or on other matters—and instead proceeded with what they called the National Energy Program. That program, involving confiscation and extraordinary government direction of the industry was unpopular in your country and disastrous in mine. One of the advantages of democracy is that unpopular policies can be changed and two weeks ago we celebrated the fifth anniversary of the NEP by ending it.

That program was one of a series of measures which ended an extraordinary Canadian preoccupation with looking inward. The epitaph of that era is that while our competition was adapting we were patriating a constitution. The irony is that we hunkered down behind defensive energy and investment policies at precisely the time Canadian self-confidence and accomplishment were burgeoning. Some would argue that Ottawa's policies created that self-confidence. I believe the opposite. Canada's new self-confidence is significant precisely because it evolved naturally in our people and our regions. It reflects natural maturity not artificial policy.

Part of the commitment of the new government was precisely to replace that sense of Canadian vulnerability and reflect Canadian confidence. In our first fourteen months we have replaced the old FIRA, dismantled the NEP and begun to work the deficit down. Now we are working to have Canada reach outward again and take advantage of our opportunities as a trading nation. We, more than more countries, rely on trade for jobs and growth. Of the seven nations of the economic summit, only Germany depends on exports more than Canada. That explains why we pursue so seriously now, opportunities for Canada in bilateral and multilateral trade negotiations.

I recognize that the attention of most Americans and Canadians is focused on Geneva and tomorrow's meeting between President Reagan and Secretary Gorbachev. A testament to United States Leadership is the way you have involved your allies in a process whose result affects us all. President Reagan enters the discussions with the full support of the people of Canada and with our prayers.

If peace is vital to all mankind, a healthy economy is essential to maintaining and building a peaceful world. And when times are tough and protectionist wolves are at the door, we need to remind ourselves how important a strong trade performance is to the economic health of both our nations.

In the spring of 1985, at their historic summit in Quebec President Reagan and Prime Minister Mulroney undertook a political commitment to halt protectionism. They reaffirmed their support for the new round of multilateral negotiations and they charged their respective trade ministers to explore all possible ways to reduce and eliminate existing barriers in our bilateral trade.

In mid-September, the United States Trade Representative, Clayton Yeutter, and my colleague, Jim Kelleher, the Minister for International Trade, recommended that the two countries explore the scope and nature of the broadest possible bilateral trade agreement. As a result, on September 26, Prime Minister Mulroney announced to Parliament that the Canadian government has decided to pursue a new trade agreement with the United States.

The Canadian proposal has been warmly welcomed by President Reagan. The ball is now in your court in terms of the domestic procedures which have to be followed in this country before negotiations can begin in a formal sense. Some three weeks ago, in Calgary, Secretary Shultz reaffirmed the positive response of the administration to our proposal and indicated to me that the United States should be ready to begin early in 1986.

The Prime Minister has appointed a distinguished and highly experienced Canadian, Mr. Simon Reisman, to spearhead the Canadian effort. He will be working closely with the Canadian provinces and consulting with business, labour and all interested Canadians to make sure that we are fully prepared for these negotiations.

What would be involved in negotiations?

For our part, we are prepared to examine the broadest possible package of reductions of tariff and non-tariff barriers, and we recognize that any deal would have to be mutually beneficial.

We want the United States to respond to our concerns about the protectionist effect on Canadian exports and jobs of your trade remedy legislation; about our desire to compete on a fair and competitive basis for federal and state government contracts; about the need for a more effective and predictable way to settle our differences. The United States administration will want us to listen to your concerns, for instance about the level of our tariffs, and about such things as our federal and provinical government procurement practices. We will both want to look at developing international rules regarding trade in services.

By listening to each other—by placing these concerns on the table—neither side is committed to accepting what the other side is proposing. But only by frankly discussing each other's objectives and concerns will we know whether a good deal is possible.

This is a bold move by the Canadian government, and it has, naturally, aroused some concerns in Canada. We must, as a government, be sensitive to these concerns as we move to the preparatory phase. It is precisely for that reason that we have established the most extensive consultation process ever associated with a Canadian trade initiative. We want Canadians to know what we are doing. But it is important that Americans too be sensitive to the seriousness of our initiative and to the concerns it has aroused.

Canada, like the United States, has its own distinct political, social, cultural and juridical systems, and an economy that reflects the special character of our geography, our natural resources and our people.

Canadians want a co-operative, indeed a warm relationship with the United States. But we also want a relationship that respects and reflects Canada's distinctive

character and interests. Hence, Canadians will always be worried about any steps which appear to call into question the government's economic autonomy or undermine fundamental national interests, values or social institutions. As I told George Shultz in Calgary, "What is incidental to you can be central to us. What is entertainment to you can be culture to us."

The protection of our distinct cultural identity is of singular importance to Canada.

Culture is an elusive concept. It is the embodiment of a nation's nature and spirit. It is the heritage that is handed down to succeeding generations. It is how we define ourselves to ourselves, and to others. This implies domestic encouragement and international exposure. Cultural industries are the commercial enterprises that transmit expression, at home and abroad.

As we enter trade negotiations, some in Canada are extremely concerned with the effect these negotiations might have on Canadian cultural industries and therefore on our ability to express and develop our national sovereignty.

I respect their concern. Two questions are at issue. One is the vitality and support of Canadian culture. The second is the negotiation of trade rules that might affect cultural industries. We distinguish between these questions.

Our government's intention to promote culture in Canada through direct financial support is simply not at issue in a trade negotiation. The issue of whether or not specific Canadian cultural industries, require special measures to assist them is a domestic issue that falls outside trade negotiations. Nor do we expect that the extensive framework of American government support for similar institutions in the U.S. will be considered in trade negotiations either.

No country is more open than Canada to foreign cultural products. Anyone who doubts that should look at our book stores, our theatres, our cinemas, our magazine racks, our broadcasting system, our galleries and museums. Equally, no country in the world is more committed than Canada, to making the rules of international commerce more transparent and fair.

But not all sectors are of equal weight. We, as do other countries, reserve the right to make distinctions between sectors based on certain explicit criteria. In the U.S., you cast the net of "national security" over more areas than we; in Canada, we cast the net of cultural sovereignty more widely than you. We may disagree, but we should also recognize that friendly relations require a willingness to accept those differences.

But that commitment to cultural sovereignty should not stop us from seeking better trade rules for cultural industries. From Canada's point of view, better rules are both possible and desirable.

For example, Canadian performing artists and writers have proven their excellence but they have found U.S. immigration rules a barrier to access. Our film makers would like to increase their presence in the U.S. market but have found the distribution system a major obstacle.

We are prepared to discuss with the U.S. whatever concerns it may have. We expect a similar openness on their side. No doubt, as the negotiations progress, the U.S. side will state that it cannot meet certain Canadian demands; no doubt we will do the same. This is how negotiations work.

But we can make certain understandings explicit. We are prepared to discuss with the U.S. ways we can strengthen cultural industries through trade. But under no circumstances, are we prepared to agree to any measures which weaken those Canadian industries or undermine their capacity to serve our cultural needs.

Canadian culture is strong and vibrant and it will grow and flourish. But I am acutely conscious that Canadian culture and the Canadian economy must grow together. Our government believes we can strengthen our cultural identity while at the same time building on our economic relationship with the U.S. That is the modern reality in Canada.

Last year the total trade between our two countries amounted to over U.S. $120 billion (that's over $150 billion Canadian), the largest exchange between any two nations. Twice as great as America's commerce with Japan, it is greater than your trade with all the nations of the European common market. The U.S. does more trade with the province of Ontario than it does with the European community; more with British Columbia than with China.

In the case of New York, the trade of your state with Canada in 1984 was over $15 billion; a figure larger than all U.S. trade with France.

The pay cheques of over four million workers living on both sides of our border are directly dependent on our mutual trading relationship. Let me put it another way. Imagine if you will that the livelihood of almost every man, woman and child in your neighbouring state of New Jersey depended on our commercial relationship.

American investment in Canada represents some eighty percent of all foreign capital in Canada (and 25% of all U.S. investment abroad) while Canada is the second largest foreign investor in the U.S.

Our economies do not grow at the expense of one another. They grow together. The evidence is clear.

Even with your trade deficit, trade with Canada still brings jobs and advantages to the United States. Canada is your fastest growing foreign market. In spite of the high value of the U.S. dollar, Canada last year bought 53 billion dollars in American goods. And trade for Americans as well as Canadians is spelled J O B S.

In other words we have an economic relationship that is unique in its volume, unique in its breadth and depth and unique in the challenge and opportunity it presents to our two countries.

These negotiations will not be the first time that Canada and the United States will be sitting down to try to improve our trading relationship. In 1935, we concluded a bilateral trade agreement. Other countries joined us in 1938 and the principles of our bilateral accords formed the foundation of the post-war multilateral trading system. Together we also worked out the autopact agreement and the defense production sharing arrangements. Precisely because we have risen to the challenge before, we know that success at the end of the day repays the enormous effort, and good will and trust which negotiations require.

We and the United States will also be negotiating with each other and with all our major trading partners in a new round of multilateral trade negotiations under the GATT.

Past round multilateral trade negotiations under the GATT have brought the benefits of trade liberalization to both countries. And each multilateral round has, in effect, amounted to a series of mini-bilateral rounds in which the Canada-U.S. agreement has always served as a significant building block to the larger results which have fostered our post-war prosperity.

The underlying reasons for seeking a new trading relationship are clear. There is now a common broadly shared understanding that economic progress is by no means inevitable. We have developed a growing awareness that our economies are confronting rapidly changing competitive challenges that will tax the collective wisdom of government, the private sector and labour for generations to come.

We have both been struck close to home by the harsh realities of unemployment and the social waste that brings. We are both confronted with the possibility that significant proportions of our youth may never see gainful employment unless we collectively meet the challenges that adjustment brings. And it is in this sense that economic renewal is not only a compelling objective shared by our two governments but a civic responsibility as well.

It is increasingly clear that no country can afford to insulate itself from the world around it, and the United States and Canada are no exceptions. Inevitably, as the pace of change accelerates, protectionist forces emerge, particularly from the weaker industrial sectors. But protectionist trade policies are costly. They restrain the industries of the future and they reward inefficient industries and producers who in turn pass along higher prices to consumers.

Hiding behind trade barriers will weaken our ability to offer competitively priced goods and services both at home and abroad. It will reduce the ability of Canadian and U.S. exports to penetrate overseas markets. As President Reagan has said, "protectionism is destructionism".

Take steel. It's as basic a product as can be imagined. All the metallurgical coal used in Canadian furnaces in Hamilton or Sault St. Marie comes from south of the border, dug from the pits of Pennsylvania. A good portion of our iron ore, the other basic ingredient, comes from the mines of Duluth. Everytime we produce a sheet of rolled steel it has a 20% USA content. If these exports are curtailed it is not just the Canadian steelworker whose job is lost, but the jobs of your friends or relatives in Scranton or Harrisburg.

What we should be looking at in our two economies is the creation of more and better quality jobs, with greater specialization and increased flexibility for both producers and workers. Just as increased protectionism would make us poorer, trade liberalization with secure and enhanced access to each other's markets will enable us to save jobs now and create new jobs in the future.

I firmly believe that Canada and the United States share common objectives in these bilateral and multilateral negotiations. Our common weal is the pursuit of increased economic prosperity. Because we desire economic growth, we seek the removal of obstacles to such growth. We share the desire for a better and more predictable climate for investment and we both want increased employment.

Canada like the United States is committed to working through multilateral organizations like the GATT to keep the world trading system open. It is in the interest of all nations that we no longer delay the beginning of the next round of the GATT negotiations.

What we, as a government, will be seeking through bilateral and multilateral negotia-

tions has been clear for some time: we want a better, more predictable and more secure trading relationship with our major trading partner so that Canadians and Americans alike can plan, invest and grow with confidence, the kind of confidence that leads to more and better jobs.

No one should expect that negotiations between the two largest trading partners in the world will be anything but complex and tough. We expect the United States to field hard and experienced negotiations for so will we. The round will be long. Obstacles will have to be overcome. We know where we are going and with hard work and mutual trust, we will succeed.

Fifty years ago, at a time when the worst ravages of depression were laying wreck to Canada's economy, our two nations began the long climb back to health when they agreed to place the trade relations of our two countries on a basis of mutual understanding for the first time since Canadian Confederation in 1867. Both sides recognized and I quote from the joint statement of President Roosevelt and Prime Minister King, "that an increase in trade would be beneficially felt in all activities, because trade is but another word for increased employment, transportation and consumption".

As we go forward let us recall this spirit. The Canada/U.S. trade agreement of November 1935 opened a new chapter in our national trade relationship. It contained risks, but it also gave those without jobs in our countries hope and new opportunities.

A half century later it is time for us to move forward once again and relay the foundation for economic prosperity. Canadians are ready for the challenge. But we need your help and participation.

This is a bold and challenging initiative for Canada, one which holds great promise for both countries. We have stated our intention clearly. We have appointed an experienced negotiator. We are ready to take up the challenge. We have been heartened by your President's initial response. We look forward to meeting you at the negotiating table early in the new year.●

NEW NARD PRESIDENT

● Mr. FORD. Mr. President, I rise to recognize a Kentuckian who recently became the 88th president of NARD, the National Association of Retail Druggists. This Kentuckian, H. Joseph Schutte, is, himself, an American success story.

Schutte, a Louisville man, became an iron worker when he graduated from high school. However, he developed an interest in pharmacy while courting his girlfriend Betty, who worked in a drugstore. Within a matter of years he had both married Betty and graduated from the University of Kentucky Pharmacy Program.

Only 6 years after becoming a pharmacist, Schutte had joint ownership of two drugstores. Today he owns and operates six of his own.

The key to his success was that Schutte recognized an unfilled need among nursing homes. He became an innovator in efficiently providing pharmacy services to them. His business, Pharmacare, Inc., now provides service to more than 30 nursing homes with drugs, as well as durable medical equipment and medication charts and administrative records.

As president of NARD, Schutte will be helping independent pharmacists convey their positions through the legislative process at all levels of government. Schutte has said this task is a matter of "survival" in combating such obstacles as discriminatory pricing.

Pharmacy is an important profession in our society and senior citizens are certainly a group that benefits greatly from their services. Given his background, Schutte's term as president will likely mean a stepped-up emphasis on improving service to nursing homes and long-term care facilities.

I am proud that Kentucky is home to this businessman who has prospered by providing such a necessary service. NARD members are fortunate to have him at the helm of their organization.●

BIPARTISAN TRADE PACKAGE

● Mr. MURKOWSKI. Mr. President, on Wednesday the Senate bipartisan package was introduced. This legislation represents the framework for U.S. trade policy for the next decade and I am pleased to join my Republican and Democratic colleagues as a cosponsor.

It seeks to increase United States worldwide market shares by granting the President authority to remove or eliminate trade barriers with our multilateral trade partners in the GATT and our bilateral trading partners such as Canada. It looks to assure opportunities for U.S. exports which are substantially equivalent to those afforded to foreign imports into this country.

In other words, it seeks to achieve equity in market accessibility and that must be this country's bottom line in our trading relationship with the rest of the world. We want the same right of access to foreign markets as other nations enjoy in the United States, free of any onerous work rules that would hinder free trade.

In July, my Senate Foreign Relations Subcommittee on East Asian and Pacific Affairs held the first congressional hearings on barriers to U.S. services exports. We heard of the serious discrimination which our transport industries face in Japan and elsewhere. The legislation we are introducing today is designed to address and remedy these grievances by, for the first time, bringing services trade under the GATT umbrella. A major feature of this trade package is the requirement that the President negotiate services trade issues under GATT.

At the same time, I am pleased to note that the legislation recognizes the crucial role of our American Embassies and their Ambassadors in promoting American exports abroad. Under the provisions of the bill, American Ambassadors must report annually on their Embassies export expansion strategies, efforts to assist U.S. industries in expanding export sales, and in improving their market position relative to other foreign competitors.

Finally, one of the problems which we as legislators have, and administration officials also experience, is the lack of information relative to the consequences of our actions with regards to trade and our business competitiveness overseas. This bill would require all executive branch and regulatory agencies to calculate and publish analysis of the anticipated effects of any proposed legislation, policies or regulations affecting U.S. export efforts.

I strongly support the need for agencies to assess the trade implications of their decisions. I further believe that this provision can even be strengthened, and I will consider modifications as this part of the trade package is considered by the Finance Committee.

This trade package enjoys bipartisan support, and we must not underestimate this point.●

1986 MILCON APPROPRIATIONS

● Mr. GORTON. Mr. President, last night the Senate passed the conference report on the military construction appropriations bill for 1986. I cannot allow this occasion to pass without registering my disappointment and surprise at the position taken by the House of Representatives conferees with respect to one particular provision.

Washington State assesses a sales and use tax on materials used on Federal construction projects. The Federal Government had challenged Washington State's authority to impose such a tax, appealing to the supremacy clause of the Constitution. But on March 29, 1983 the Supreme Court of the United States upheld the tax as constitutional.

The Washington State Department of Revenue subsequently negotiated with various Federal agencies to establish the precise amounts of the back tax liabilities. All of the Federal agencies negotiated in good faith, and resolution of the issue, though complicated, has generally been proceeding satisfactorily.

Several agencies had liabilities of sufficient size that appropriations or reprogramming requests were required. Such was the case with the Department of the Navy, and the Senate's 1986 Milcon appropriations bill contained the required language. But surprisingly—indeed, almost shockingly—the House refused to go along with this, and characterized the tax as unfair.

Mr. President, fairness isn't even the issue here. The Federal Government

has a legal obligation to make this payment. The Supreme Court has affirmed this obligation. Certainly it will ultimately be made. But in the meantime, the action of the House assures not only that Washington State's revenue planning will be thrown into unnecessary confusion, but also that the ultimate settlement will be even more costly to the Federal Government, because of the interest charges that continue to accrue.

I can only assume that the House Members have somehow not had the opportunity to focus clearly on this subject, for if they had, certainly they would have realized that refusing to go along with this provision is counterproductive.

I thank Senator MATTINGLY for understanding the situation and putting the provision in the Senate bill. Obviously, I am going to have to prevail upon him to be of assistance again in this issue, and it is my intention to do just that.●

ADVANCE NOTIFICATION PROPOSED ARMS SALES

● Mr. LUGAR. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $50 million or, in the case of major defense equipment as defined in the act, those in excess of $14 million. Upon receipt of such notification, the Congress has 30 calendar days during which the sale may be reviewed. The provision stipulates that, in the Senate, the notification of proposed sales shall be sent to the chairman of the Foreign Relations Committee.

Pursuant to an informal understanding, the Department of Defense has agreed to provide the committee with a preliminary notification 20 days before transmittal of the official notification. The official notification will be printed in the RECORD in accordance with previous practice.

I wish to inform Members of the Senate that two such notifications have been received, and I ask that they be printed in the RECORD.

Interested Senators may inquire as to the details of these advance notifications at the office of the Committee on Foreign Relations, room SD-423.

The notifications follow:

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, DC, November 19, 1985.

In reply refer to: I-17168/85ct

Dr. M. GRAEME BANNERMAN,

Deputy Staff Director, Committee on Foreign Relations, U.S. Senate, Washington, DC.

DEAR DR. BANNERMAN: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Middle Eastern country tentatively estimated to cost $50 million or more.

Sincerely,

HENRY H. GAFFNEY,
Acting Director.

DEFENSE SECURITY ASSISTANCE AGENCY,
Washington, DC. November 19, 1985.

In reply refer to: I-16418/85ct

Dr. M. GRAEME BANNERMAN,

Deputy Staff Director, Committee on Foreign Relations, U.S. Senate, Washington, DC.

DEAR DR. BANNERMAN: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Middle Eastern country tentatively estimated to cost $50 million or more.

Sincerely,

HENRY H. GAFFNEY,
Acting Director.●

THE EVEN START ACT

● Mr. MATHIAS. Mr. President, Jonathan Kozol, in his recent book "Illiterate America," describes the urgency for improving literacy in the United States. He estimates that 60 million Americans may be illiterate.

Whatever the precise number, we can all understand the personal tragedies lived out by adults who cannot read the directions for running a piece of machinery or who cannot complete job applications. They live in the shadows of our society.

Literacy advocates are working to bring to light the personal, social and economic dimensions of adult illiteracy. This week the Senator from Rhode Island [Mr. CHAFEE] focused a spotlight on a particularly threatening aspect of the problem.

In testimony before the Subcommittee on Elementary, Secondary, and Vocational Education in the other body, he makes crystal clear that a cycle of illiteracy will trap the next generation unless we take action. We know that the literacy level of children usually corresponds closely to the literacy level of the adults they live with. Thus the situation for many children is so serious that Kozol calls the children of nonreaders a "pedagogic time bomb." This bomb threatens our Nation's future.

To help disarm this threat, Senator CHAFEE has introduced the Even Start Act, S. 1723, cosponsored by the Senator from Florida [Mr. CHILES] and myself. This innovative pilot program will equip illiterate parents with the skills necessary to help at home in their children's learning and thereby help break this threatening cycle of illiteracy.

Mr. President, I ask that Senator CHAFEE's testimony be printed at this point in the RECORD.

The testimony follows:

TESTIMONY OF SENATOR JOHN H. CHAFEE

Mr. Chairman and members of the Subcommittee, thank you for this opportunity to testify on H.R. 2535, the Even Start Act, let me first commend and thank Representative Bill Goodling for introducing this exciting legislation, and for assisting me in preparing the Senate version, S. 1723, which I recently introduced with the co-sponsorship of Senators Chiles and Mathias.

Although our nation's growing illiteracy problem does not receive as much attention as issues like arms control and the budget deficit, its seriousness should not be underestimated. As the economy steams forward with increased emphasis on the information and communications industries, millions of adult Americans who cannot read are being left behind. Usually, they are people who grow up poor and find themselves locked into poverty by their inability to read even the simple questions on a job application. Often they are minorities for whom illiteracy is another disadvantage in the struggle to improve their condition. Too frequently, their illiteracy denies them the chance to become self-sufficient and productive citizens, and they become dependent on social welfare or turn to crime.

Perhaps more public attention would be focused on adult illiteracy if more people were aware that each year we spend an estimated 6 billion dollars on child welfare costs and unemployment compensation for illiterate adults unqualified for work. Or that 50 percent of our prison population is functionally illiterate and is maintained at a cost of another $6 billion per year.

Numbers cannot, however, convey the tragedy of illiteracy, its devastating effect on individual lives. I believe that in order to gain a true understanding of this problem, and to effectively combat it, we must move away from statistics and abstractions. We must look at the people who are not learning to read, who are suffering the frustration and despair of illiteracy in a society that relies so much on the written word. We must determine why, despite our extensive system of public education, there are at least 23 million illiterate adults, and millions more young people headed in the same direction. We must identify where and how their problems begin.

The Even Start Act is based on the belief that illiteracy, like many of our society's worst problems, begins in the home. Most illiterate adults are not being reached by existing adult education programs, and many of them are inadvertently "passing on" illiteracy to their children. Raised in homes in which reading is never done, the children of illiterates often begin school at a disadvantage, quickly fall behind their classmates, and cannot turn to their parents for help. These are the children who drop out of school, never become readers, and enter adult life with bleak prospects for employment and advancement.

This bill recognizes that parents are the best teachers. Parents dominate their children's earliest years and equip them with the basic skills they have when they begin school. Children enrolled in Chapter 1 programs benefit the most from formal remedial instruction if what they learn in school is reinforced at home. Without the crucial link, the children of illiterates are at great

risk of falling behind, and becoming illiterates themselves.

Pilot adult literacy programs funded under Even Start will teach reading to parents who are poor readers or non-readers, and equip them to work on basic reading skills at home with their children. The Senate version of the bill differs from H.R. 2535 in a number of specifics, which I will describe in a moment, but the overall program is the same. The two bills share the following features:

Eligible agencies must already operate an Adult Basic Education [ABE] program; this modestly priced legislation does not call for a big, new, costly program.

Participants must have young children who are eligible for Chapter 1 programs.

The ABE center must serve an area where unemployment rates are high and the need for literacy training is great.

Selected applicants must show that they can coordinate Even Start programs with Chapter 1 and other related programs, and provide appropriate support services for individuals with special needs.

The Senate version of Even Start differs from H.R. 2535 in several areas, including the following:

It increases the amount of funding from $3 million to $5 million, and calls for the money to be taken from Chapter 2 rather than Chapter 1 and ABE. I believe there is a need for greater funding because of the strong interest the bill has generated since it was first introduced, and because more money will bring Even start to more areas of the country. S. 1723 makes this a Chapter 2 program because Even start is exactly the kind of small, innovative program for which Chapter 2 was intended. In my view, we are working at cross-purposes if we take money away from Chapter 1 and ABE in order to improve the effectiveness of these same programs.

While H.R. 2535 requires that participating parents have children who are between the ages of 4 and 8, the Senate version broadens this to 2 and 8. The rationale for this change is a parent who begins the one-year program with a 2-year-old child will finish the program when the child is at an ideal age to take advantage of home learning before beginning school.

The House bill requires that an applicant ABE agency serve an area in which the rate of unemployment exceeds the national rate, and in which 75 percent of the school attendance areas receive Chapter 1 funds. The Senate bill instead requires that selected applicants serve areas with generally high unemployment rates and with a great need for literacy programs; and that the children of adult participants attend a school in which at least 20 percent of the students are eligible for Chapter 1 programs. These changes will allow Even Start to serve cities and towns which contain pockets of poverty and of high illiteracy rates, but which may not meet the criteria of H.R. 2535. In any case, I do not foresee affluent areas competing for Even Start funding, since such areas do not have significant illiteracy problems.

Let me emphasize that this legislation is not yet written in stone. The two bills are essentially the same and I am sure that, through further discussion, we can work out the small differences between them.

Again, I wish to thank this Subcommittee for inviting me to appear here today. I am sure everyone in this room shares my belief that the problem of adult illiteracy is a full-fledged crisis in American education. Although it is a relatively small program, the Even Start Act is an innovation which can begin to break the inter-generational cycle of illiteracy. I look forward to working with you to pass this legislation and get Even Start programs underway.●

FOREIGN ASSISTANCE APPROPRIATIONS

● Mr. PELL. Mr. President, I wish to join with the distinguished chairman of the Committee on Foreign Relations in expressing several concerns we share regarding S. 1816, the foreign assistance and related programs appropriations for fiscal 1986. Especially since we were successful in passing into law the first full foreign aid authorization bill in 4 years we take a keen interest in what our colleagues on the Appropriations Committee have fashioned by way of policy language and funding levels.

As the distinguished chairman of our committee has noted, the foreign aid authorization and appropriation bills are the primary vehicles for the annual congressional debates on U.S. foreign policy. For this process to work and to work well, the opportunity for a full and frank debate—an exchange of views among members—must be permitted to occur. That is why I hope and expect that the full Senate will have an opportunity to consider S. 1816 on its own merits, and not as part of the omnibus continuing resolution. It has been 4 years since the Senate considered and passed a separate foreign assistance appropriations bill. As I stated at the time of consideration of the authorization legislation, I believe that the Senate ought to return to regular legislative process on these important programs.

While in general this appropriations measure tracks the language of the foreign assistance authorization legislation, there are several provisions which cause me serious concern. Chief among these is section 523 of the bill which, if adopted, would totally waive the earmarks and ceilings already approved by the Congress in Public Law 99-83. This sweeping waiver is not only contrary to the previously expressed intent of the Congress, it is also a gratuitous slap at the authorization process which won broad bipartisan support in this body, and in the House earlier this year. I fail to see the justification for such a provision and view it as a serious challenge to the Committee on Foreign Relations, and, indeed to the regular authorization process itself. I would hope that the chairman and ranking member of the subcommittee would reconsider the utility of such a provision and move to strike it when the Senate is afforded an opportunity to debate their legislation on the floor.

In addition to this provision, there are myriad policy issues that are addressed in S. 1816 which more properly belong in an authorization bill. Since the Congress has passed and the President signed into law a 2-year authorization bill earlier this year, I fail to see the necessity for additional legislating on an appropriations bill. If adopted, S. 1816 would abolish a Federal agency created with the encouragement of the Congress only 6 years ago, would change AID's requirements to make it more difficult to provide grants to private voluntary organizations [PVO's], would set family planning policy for the Agency for International Development, and would deny the President the right to reprogram funds, in emergency situations, that have been designated for peacekeeping operations, Lebanon, and the Syrian termination account. Assistance provided in the bill would be prohibited to any country where an elected head of government was deposed by a military decree or coup—a provision which presumably would prevent aid from going to certain Marxist countries in the event their military toppled their elected heads of governments.

Some of these legislative provisions are not without merit, Mr. President. However, the fact that an authorization law is now in place ought to militate against the need for additional policy language in the appropriations legislation. Such policy language ought to be kept to a minimum.

Finally, Mr. President, I am concerned about the high cost of this legislation. If enacted into law, S. 1816 could, according to the chairman and ranking member of the Budget Committee, exceed the full committee's 302(b) allocation "by at least $1.2 billion in budget authority and $0.5 billion in outlays." Such sizeable increases above the levels already approved by the Congress in the budget resolution could seriously undermine the broad bipartisan consensus we built for foreign aid in the authorization legislation just this past summer. I would hope that the Senate would have its opportunity to review these funding levels as part of its consideration of S. 1816 as a separate bill, and not something folded into the continuing resolution which necessarily limits debate, and the ability of Senators to consider programs and policies on their merits.

I join with the distinguished chairman of the Committee on Foreign Relations in commending the Appropriations Committee for reporting out this legislation, and will work with him to try to address some of the concerns he and I share concerning this important subject.●

NATIONAL CAMP FIRE, INC., 75TH ANNIVERSARY

● Mr. D'AMATO. Mr. President, I am pleased to have supported the recent

Senate passage of Senate Concurrent Resolution 69, legislation introduced by my distinguished colleague, Senator DANFORTH, which recognizes Camp Fire, Inc., for its 75 years of service to the youth and communities throughout the Nation.

Founded in 1910 by Dr. Luther and Charlotte Gulick, Camp Fire was one of the most progressive and revolutionary concepts of its time. Camp Fire provided programs and activities for girls and young women that were, until that time, reserved only for boys. These young people were offered a diversity of programs to explore, to be creative, and to have fun in ways which helped develop responsible, self-directed young women.

Today, the purpose of Camp Fire remains the same. In the last 75 years, however, the scope of its programs have expanded to include millions of activities for children and youth, regardless of race, creed, religion, gender, or national origin. From intergroup and community service projects to resident camping, Camp Fire continues today to help young people mature into adults. These young people are taught to hold a set of personal values, to feel a responsibility to their Nation and to other human beings, to function effectively in society, and to participate in making these decisions which must affect their lives.

The Camp Fire organization now has more than 400 councils and associations nationwide. These groups carry out the organization's policies and programs under the auspices of the National Council of Camp Fire Girls. Assisted by paid national and local staff, roughly 130,000 men and women volunteers serve as group leaders, sponsors, and members of national and local committees to adminster its programs. Today, many Camp Fire councils offer extended services to disadvantaged and handicapped girls, minorities, and foreign-language groups.

Camp Fire is a positive force in America's push to develop strong, responsible youth. By passing this resolution, this body will help elevate public awareness of this most productive organization. It is my sincere desire that more parents with young children will take advantage of Camp Fire's services. This measure is currently pending action in the House Committee on Post Office and Civil Service. I am hopeful this measure will receive their full support for the sake of our Nation's most precious resource and hope for the future: our children.●

SECOND ANNIVERSARY OF THE TURKISH CYPRIOT UNILATERAL DECLARATION OF INDEPENDENCE

● Mr. SARBANES. Mr. President, 2 years have not passed since a small group of Turkish Cypriots, acting in flagrant violation of international law, issued a unilateral declaration of independence that purported to establish a separate Turkish Cypriot republic in the areas of the Republic of Cyprus occupied by Turkish troops.

Those troops first invaded Cyprus in 1974, when Turkey broke off diplomatic efforts to resolve the crisis which then existed on the island Republic and resorted instead to unilateral military action. Eleven years later an esimated 20,000 Turkish troops remain. The continuing Turkish military occupation provided the springboard to the illegal effort in 1983 to carve out a rump state.

Condemnation of the 1983 Turkish Cypriot action was immediate and universal. The Government of the United States promptly denounced it, on November 15; 2 days later, on November 17, the Senate and the House both unanimously passed resolutions, Senate Resolution 278 and House Concurrent Resolution 220 respectively, also condemning the illegal action; and the following day, November 18, a comparable resolution was approved in the U.N. Security Council.

Mr. President, these four texts, unanimous and vigorous in their rejection of the Turkish Cypriot action, remain valid today and demand our attention. I ask that they be reprinted in their entirety:

The texts follow:

TURKISH-CYPRIOT INDEPENDENCE, NOVEMBER 15, 1983

We have learned today of the declaration by the Turkish Cypriot community of its independence. The announcement came following a resolution reportedly approved in that community's legislative assembly creating a polity called the "Turkish Republic of Northern Cyprus".

This move by the Turkish Cypriots comes as a complete surprise to us. We are dismayed by the move which we consider unhelpful to the process of finding a settlement to the Cyprus problem. We are actively meeting with all parties to the Cyprus problem both in Washington and other capitals to urge calm in the wake of today's developments.

The Turkish Cypriots should reverse their actions. We have urged the Government of Turkey to use its influence with the Turkish Cypriot community to bring about such a reversal. We will not recognize the new polity and we urge all countries of the world not to recognize it.

We urge all parties to the Cyprus question to support the efforts of the Secretary General to bring about a fair and final negotiated settlement of the problems of that country. In our opinion the secession of the Turkish community from the Republic of Cyprus represents potentially serious damage to that process.

November 15, 1983.

Q: What is the US view of the Turkish Cypriot Proclamation of an independent state in northern Cyprus?

A: We received the news of the Turkish Cypriot action with surprise and dismay. We have consistently opposed a unilateral declaration of independence by the Turkish Cypriot community, believing it would not be helpful to the process of finding a final negotiated settlement to the Cyprus problem. The Turkish Cypriot community should reconsider its action.

We are urging all parties to the Cyprus question to avoid rash or hasty reactions to these developments and to renew their support for the process of pursuing a settlement under the auspices of the UN Secretary General.

[From the Congressional Record, Nov. 17, 1983]

S. RES. 278

Whereas in 1974 Turkish forces occupied a portion of Cyprus, facilitating the creation of a separate but unrecognized governmental entity in that sector of the island;

Whereas both the United States and the United Nations continue to recognize the government in Nicosia, under President Kyprianou, as the sole governing authority in a unified Cyprus;

Whereas on November 15, 1983, the so-called assembly of the Turkish Federation of Cyprus purported to declare the creation of an independent state, thereby attempting to secede from the Republic of Cyprus and to destroy its territorial integrity and unity;

Whereas such action is illegal and contrary to the policy of the United States, which continues to call for the withdrawal of Turkish forces and the establishment of a harmonious, bicommunal Republic of Cyprus;

Whereas such illegal activities, which threaten the stability of the entire Eastern Mediterranean region and the integrity of the North Atlantic Alliance, are made possible only by the presence of Turkish occupation forces on Cyprus: Now, therefore, be it

Resolved, That the United States Government—

(1) should act with urgency and determination to oppose this and any other action aimed at effecting a permanent bifurcation of Cyprus; and

(2) should call upon the Government of Turkey to take without delay all necessary steps to reverse the illegal action declaring an independent state and to promote, pursuant to pertinent United Nations resolutions, the full political and economic unity of the Republic of Cyprus.

[From the Congressional Record, Nov. 17, 1983]

H. CON. RES. 220

Whereas the United States recognizes the Government of the Republic of Cyprus as the sole legitimate government of Cyprus;

Whereas on November 15, 1983, the so-called "Turkish Federated State of Cyprus" declared itself to be an independent state on Cyprus;

Whereas this unjustified action clearly contradicts the stated United States objectives of calling for the withdrawal of all foreign forces from Cyprus, including Turkish occupation troops, and for a unified Cyprus under one government;

Whereas this declaration is objected to by the Secretary General of the United Nations and preempts negotiations under United Nations auspices to resolve the 9-year-old dispute on Cyprus;

Whereas this unilateral declaration of independence has been recognized by the Government of Turkey, and prior to this action, the Government of Turkey had been the only government to recognize the self-

proclaimed "Turkish Federated State" in northern Cyprus; and

Whereas this action greatly accelerates tensions between two North Atlantic Treaty Organization allies, Greece and Turkey, thereby undermining United States security interests in the Mediterranean region: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the Congress condemns the so-called "Turkish Federated State of Cyprus" for declaring itself to be an independent state on Cyprus. Furthermore, the Congress declares that this unilateral declaration of independence should not be recognized by the United States as a legitimate act and is inconsistent with the objectives of United States policy with respect to a political settlement on Cyprus.

RESOLUTION 541 (1983)

The Security Council,

Having heard the statement of the Foreign Minister of the Government of the Republic of Cyprus,

Concerned at the declaration by the Turkish Cypriot authorities issued on 15 November 1983 which purports to create an independent State in northern Cyprus,

Considering that this declaration is incompatible with the 1960 Treaty concerning the establishment of the Republic of Cyprus and the 1960 Treaty of Guarantee,

Considering, therefore, that the attempt to create a "Turkish Republic of Northern Cyprus" is invalid, and will contribute to a worsening of the situation in Cyprus,

Reaffirming its resolutions 365 (1974) and 367 (1975),

Aware of the need for a solution of the Cyprus problem based on the mission of good offices undertaken by the Secretary-General,

Affirming its continuing support for the United Nations Peace-keeping Force in Cyprus,

Taking note of the Secretary-General's statement of 17 November 1983,

1. Deplores the declaration of the Turkish Cypriot authorities of the purported secession of part of the Republic of Cyprus;

2. Considers the declaration referred to above as legally invalid and calls for its withdrawal;

3. Calls for the urgent and effective implementation of its resolutions 365 (1974) and 367 (1975);

4. Requests the Secretary-General to pursue his mission of good offices, in order to achieve the earliest possible progress towards a just and lasting settlement in Cyprus;

5. Calls upon the parties to co-operate fully with the Secretary-General in his mission of good offices;

6. Calls upon all States to respect the sovereignty, independence, territorial integrity and non-alignment of the Republic of Cyprus;

7. Calls upon all States not to recognize any Cypriot State other than the Republic of Cyprus;

8. Calls upon all States and the two communities in Cyprus to refrain from any action which might exacerbate the situation;

9. Requests the Secretary-General to keep the Security Council fully informed.

Mr. SARBANES. Mr. President, all of the texts appearing above condemn the Turkish Cypriot unilateral declaration of independence; in addition, all call upon the nations of the world to withhold recognition. And in fact, apart from Turkey, none has recognized the illegal regime. The declaration was discredited from the moment of its appearance.

Despite this and subsequent transparent efforts to establish itself in the eyes of the world, the Turkish Cypriot rump state has failed to achieve legitimacy. Fraudulent measures—voting on a constitution, a presidency, and a parliament—have not deceived world opinion, which remains united and adamant in its opposition to the Turkish Cypriot action. Just last month the European Parliament adopted a resolution reaffirming its resolution of November 17, 1983, condemning both the November 15 Turkish Cypriot action and the "latest successive illegal acts of the Turkish Cypriot leadership." The text of that resolution reads; as follows:

EUROPEAN PARLIAMENT: RESOLUTION ON CYPRUS

1. The European Parliament (EP) meeting in plenary September 13 passed a resolution on Cyprus calling on all sides to cooperate with the UN Secretary General for a just and lasting solution of the Cyprus problem, and condemning as illegal the Presidential and Parliamentary elections held in June by the Turkish Cypriot leadership in northern Cyprus.

2. Several Greek members of the European Parliament (MEPS) from various political groups spoke strongly in favor of the proposed resolution—presented by Greek MEP Adamou of the Communist and Allies Group—and condemned Turkey's 1974 intervention on the island.

3. Opposition to the resolution was expressed by German Center-right MEP Rudolf Wedekind who took issue with Greek MEP's comments and argued that the island's problems could be traced back to 1963 and Greek Cypriot violations of the constitution. There could be no final settlement, he said, unless the Turkish Cypriot population has equal rights.

4. UK MEP Sir James Scott-Hopkins noted hard feelings on both sides and urged that the EP do nothing which might prejudice the UNSYG's current efforts towards a settlement on Cyprus. He recommended abstaining on the resolution.

5. Full text of resolution passed:

EUROPEAN PARLIAMENT:

A. Whereas the Republic of Cyprus is a State in association with the European Economic Community,

B. Whereas in its resolution of 17 November 1983 it condemned 'the action of the Turkish Cypriots in proclaiming an independent Turkish-Cypriot State on the Island of Cyprus',

C. Having received reports of the latest successive illegal acts of the Turkish Cypriot leadership: (A) The 'referendum' of 5 May 1985; (B) The 'Presidential elections' of 9 June 1985; and (C) the 'Parliamentary elections' of 23 June 1985;

D. Pointing to the declaration on this matter by the Foreign Ministers of the ten in Stresa, Italy on 10 June 1985, in which they stress that 'they do not recognize the "Turkish Republic of northern Cyprus"', that 'they do not, therefore, recognize any alleged "constitutional developments" in northern Cyprus' and that 'the ten wish for a just and lasting solution to the Cyprus problem, through the good offices of the UN Secretary-General on the basis of the UN resolutions',

E. Having regard to the Brussels declaration of 21 June 1985 by the political affairs committee of the European Council,

F. Whereas a fresh initiative for solving the Cyprus problem is being worked out by the UN Secretary-General, Mr. Perez de Cuellar,

G. Desiring a just and lasting settlement of the Cyprus problem on the basis of the UN General Assembly and Security Council resolutions,

1. Condemns these actions (the 'referendum', the 'Presidential elections' and the 'Parliamentary elections') in the Turkish-occupied section of northern Cyprus as illegal and an obstacle to the efforts of the UN Secretary General to put forward his good offices;

2. Calls on the sides to cooperate with the UN Secretary-General for a just and lasting solution of the Cyprus problem;

3. Calls on the Foreign Ministers of the ten member states of the community to contribute actively to the achievement of that objective;

4. Instructs its President to forward this resolution to (A) The Governments of the Republic of Cyprus and of Turkey, (B) the Foreign Ministers of the ten meeting in political cooperation and (C) the Secretary-General of the United Nations.

(Source: Robert Luaces, State Dept./Legislative Affairs, October 7, 1985)

Mr. President, the Turkish Cypriot action of 1983 has only made more difficult the already difficult task of restoring the integrity of the Republic of Cyprus and assuring justice to its people. It has proved an additional, formidable obstacle to the determined efforts of U.N. Secretary General Perez de Cuellar to achieve through diplomacy the reunification of the Republic of Cyprus and the dissolution of the illegal rump state in the northern part of the Republic. Our Government, rejecting categorically the Turkish Cypriot action of 1983, stands firmly behind the Secretary-General's efforts, as does opinion around the world.

Military invasion and occupation, and 11 years of partition aggravated by the declaration of 2 years ago have wrought and perpetuated injustice and hardship on the people of Cyprus. These wrongs must be remedied. For that reason the second anniversary of the so-called unilateral declaration of independence cannot be permitted to pass without comment. This is an appropriate time to renew our national commitment to see that true peace, justice and national integrity at least prevail on Cyprus.●

EVEN START ACT

● Mr. CHAFEE. Mr. President, 2 days ago the House Subcommittee on Elementary, Secondary, and Vocational Education held a hearing on the Even Start Act, which I introduced last month in the Senate. This bill, which was introduced in the House by Repre-

sentative BILL GOODLING, addresses the grave national problem of adult illiteracy. It establishes pilot literacy programs in which parents who read poorly, or not at all, will learn to read along with their children.

This legislation attempts to break the cycle of illiteracy by providing disadvantaged students with the parental reinforcement they need to succeed in school and become readers. Even Start's intergenerational approach to illiteracy has received widespread support from educators and experts in the field. It has been endorsed by both the National Education Association and the Department of Education.

I ask unanimous consent that the testimony delivered by three of the witnesses at this week's hearing on the Even Start Act be inserted in the RECORD.

The testimony follows:

STATEMENT BY SHARON DARLING, DIRECTOR, DIVISION OF ADULT AND COMMUNITY EDUCATION, KENTUCKY DEPARTMENT OF EDUCATION, NOVEMBER 30, 1985

Mr. Chairman and members of the subcommittee. I appreciate the opportunity to testify before you today on issues that are so important to the future of education in this nation. Never has the opportunity been greater in this country to improve education, and never the need more apparent to devise a plan to break the intergenerational cycle of undereducation. The undereducation of the adult population in this country seriously affects our ability to ensure that the future generation has the skills to enable the country to realize its full economic, educational and social potential.

In Kentucky we realize the critical need for adult education because we are last in the nation in the percentage of our adult population without a high school credential (47%). We also realize the devastating effects of undereducated adults and the cycle it creates as we witness thirty-three percent (33%) of our ninth graders entering high school but not completing the twelfth grade. Furthermore, a significant number of those who graduate do not have the necessary skills to obtain employment or compete for entry into post-secondary education.

Numerous national research studies validate the statistics on the effects of our undereducated parents by demonstrating that the educational achievement of the child in school is linked more closely to the family's educational attainment and economic status than to any other variable. Recent studies conducted in 1980 further point to the critical need to improve the family situation by reporting that home background is the most important factor correlated with a child's background is the most important factor correlated with a child's school success (Bloom, 1981; Bronfenbrenner 1970). Additionally it is reported that ninety percent (90%) of children are underachievers because parents are not routinely prepared for their responsibilities (White, 1980).

In a three year research project conducted in the adult literacy programs in Kentucky, the evidence of the effects of the undereducation of the adult population on their offspring was apparent. The study was conducted over a three year period through taped individual interviews with adult literacy students, and the statistics as well as the adult student comments point to the serious need to design programs proposed in the Even Start Bill.

The random sample of adult literacy students in this Kentucky study showed that the average student had completed 8.7 years of formal education, was below the age of 30, and had reading skills slightly below the second grade level. These were the students who had failed in our regular school setting. In an attempt to discover their reason for failure, information was collected on their parents' level of education and their own opinion of why they failed to learn in school. It was found that less than one percent (1%) of the parents of the undereducated adults had ever completed high school, and the average educational attainment of the parent was between four and eight years of school. The generational cycle of undereducation repeated itself, and failure in education was closely linked to the students' parents and grandparents who had failed before them.

In the students' own words about how the lack of functional literacy affects their relationships with their children, one father summed up the frustration by saying, "My three year old wants to sit in my lap and let me read a story to her. I get so mad at myself because I can't read that I just push her away. She doesn't understand, but I just can't help myself. I feel like crying." From these and other such responses, we can see the importance of early start in the child and parent learning partnership. The process needs to begin in the early childhood years and not be postponed until the child reaches elementary school.

Further studies were conducted in Kentucky's adult education program concerning why the illiterate adult students did not learn to read in school. The reason most often stated concerned the family's lack of supportive encouragement and positive modeling in the home, as well as a lack of stimulating environment due to economic deprivation.

Economic deprivation is tied closely to the educational level of attainment of our adult parents and taxpayers. Correlations are often made between grade completion and economic success, and those studies show that adults who do not possess a high school diploma can expect to have a four times greater chance to be unemployed than high school graduates. Additionally, non-high school graduates who are employed will earn $8,000 less annually than their counterparts with a high school education. In the Kentucky literacy program, actual reading level was related to employment, and it was found that a direct correlation existed between literacy level and employment status.

Those adults reading below second grade showed an unemployment rate of ninety percent (90%) and were three times more likely to be unemployed than those adults who attained even a fifth grade reading level.

It is apparent from these and other studies that efforts for educational and economic reform must take a dual approach. Unless we change the educational level of the parents, and more importantly the value they place on education, we are treating only symptoms and not causes. We cannot fully succeed economically or educationally.

It is difficult to design a good parent and child plan to alleviate the cause. Research shows that early childhood programs that involve parents have the most lasting effects on the children. But experience shows that meaningful parent involvement is very difficult to obtain. When a child attends a preschool center, the parent tends to leave the child in the hands of the "experts," and it is very difficult to substantially involve the parents in the program except as outsiders.

Some programs throughout the country have succeeded and continue to succeed in providing parent involvement in preschool education, but these programs are not widespread and rarely address the educational needs of the parent. A national emphasis is needed to make a substantial difference in breaking the cycle. Adult educators need to work as partners with early childhood specialists to design model programs which first appeal to the recognized needs of the parent and bring the child into the program to benefit from the parent's learning. This kind of plan to raise basic skill levels of the parent can change the value placed on education and provide a model for educational success in the home. The Even Start Plan addresses these issues and ensures stringent evaluation to document successful strategies.

I applaud the intent to rigorously evaluate the proposed model programs, particularly the requirement for submission of data to the National Diffusion Network (NDN). As the developer of the nationally validated Jefferson County Adult Reading Program, I have seen the effects of the NDN's dissemination on improving education programs nationwide.

In Kentucky, the NDN Adult Literacy Program is proposed to be used in a new program called the Parent and Child Education Program. This program focuses on bringing undereducated parents together in a learning environment with their preschool children. The program will provide both basic literacy skills and parenting skills for the adult as well as developmental skills for the child. Such programs, if operated in a regular school setting, could expect to achieve the following:

Raise the educational level of the parents of preschool children through instruction in basic skills;

Enhance parenting skills;

Increase developmental skills of preschool children to better prepare them for academic success;

Enable parents to become familiar with and comfortable in the school setting;

Provide for the child a role model of parental interest in education;

Enhance the relationship of the parent and child through planned structured interaction; and

Demonstrate to parents their power to affect their child's ability to learn.

If such results are achieved, the program will go far to improve the education and economy of our state. The major roadblock is funding such a program.

State resources for education fall far short of providing the funds for necessary educational reforms in elementary and secondary schools. Appropriations for education have increased in many states, but the deficiency in educational programs continues to far exceed the resources to meet the deficiencies.

Federal funds could accomplish a great deal in developing the model programs to address the partnership of the parental and preschool needs. Resources from the federal level could be channeled through the existing legislation in the Adult Education Act. The Adult Education Act currently enables states to provide basic skill education to the nation's adult population. Last year, more

than two million adults took advantage of the opportunity to gain basic and life coping skills through this program. The Adult Education Act provides the network to teach parenting as well as basic skills to the undereducated adult.

The Act also provides for the funding of national reseach and development activities under Section 309. This section, under current authority, is broad enough to support the model program development as proposed in the "Even Start Bill". As much as five percent (5%) of the adult education appropriation can be used for Section 309 when the adult education appropriation reaches $112 million. For an additional $10 million added to the Adult Education Act, thousands more adults could be served nationwide, and model programs could be developed. This is essential if we are to break the intergenerational cycle of undereducation.

TESTIMONY OF JEANNE R. PARATORE, NOVEMBER 20, 1985

Mr. Chairman and members of the Committee, my name is Dr. Jeanne R. Paratore. I am an assistant professor of education at Boston University, Associate Director of the Center for Assessment and Design of Learning and Acting Director of Collaborations for Literacy, an intergenerational reading project. I am a member of the International Reading Association and serve on the Association's Clinical and Corrective Reading Committee. I chair the Studies and Research Committee of the Massachusetts Reading Association, a council of the International Reading Association. I am here today representing the International Reading Association. I will address my remarks toward the professional issues outlined in the Even Start Act. As you review the regulations for this Act, I ask you to consider the following:

The importance of a literate home environment in preparing children for reading and writing has been well established in reading research. Studies indicate that children who read early and continue to achieve in reading throughout the elementary grades are children who come from home environments in which an adult:

Created an interest in books;

Read to children regularly;

Encouraged children to do "reading-like" activities; and

Asked questions, talked and listened.

Yet, according to numerous statistics related to illiteracy in the United States, there exist millions of Americans who cannot read well enough to follow the directions on an aspirin bottle, to prepare a can of soup. Certainly not well enough to share with children favorite tales of childhood and the literary heritage of the United States. Thus the parents among these illiterate Americans are unable to build the home environments critical for success in early reading, unable to provide a model of successful reading, unable to instill in young children a positive attitude toward books and learning. Entering school without the same foundation enjoyed by children of literate parents, these children begin at a disadvantage. And the cycle of illiteracy continues.

Programs which document the success of "parents as partners" in education are not new. There exists study upon study to suggest that when parents are actively involved in children's literacy development, achievement scores increase significantly. What is new is the awareness that for a substantial number of parents, parent education requires first that we teach them basic literacy skills, and, at the same time, provide direct instruction in how to share these skills with their children. Through this process we engage in an intergenerational approach to literacy, and link instruction for illiterate adults with a prevention program for their children.

The success of such programs can be predicted on the basis of the professional literature related to acquisition of beginning reading skills. In addition, there is preliminary data available from Collaborations for Literacy, a Boston University Intergenerational Reading Project which suggests that as a result of the intergenerational approach to literacy:

Progress toward literacy is made quickly because adults practice their reading skills by sharing easy reading materials with children. This shared experience provides an opportunity for legitimate and authentic practice for the adult, extends the vocabulary and awareness of print necessary for young children to acquire literacy skills, and contributes to a positive attitude toward books and learning for both children and adults.

Adults have improved attendance rates in tutoring programs; and

Adults have improved retention rates in tutoring programs, remaining in the program for a longer period of time.

In "Becoming a Nation of Readers," [1] a recent report of the Commission on Reading, the authors state: "Parents play roles of inestimable importance in laying the foundation for learning to read. A parent is a child's first tutor in unraveling the fascinating puzzle of written language." (p. 27)

Through passage of the Even Start Act, we will provide illiterate Americans an opportunity to assume the role that is so important in breaking the cycle of illiteracy in the United States.

The International Reading Association stands ready to assist the Committee in further developing this proposal.

STATEMENT BY JAMES W. MILLER, DIRECTOR, DIVISION OF EDUCATIONAL SERVICES, OHIO DEPARTMENT OF EDUCATION, NOVEMBER 20, 1985

Mr. Chairman and Members of the Committee, my name is James Miller, Director of Educational Services for the Ohio Department of Education. On behalf of Dr. Franklin B. Walter, our State Superintendent of Public Instruction, I thank you for this opportunity to appear before you to speak on behalf of the proposed Even Start legislation. I have been involved with adult literacy and Chapter 1 programs since 1966. I have also served as President of the American Association for Adult and Continuing Education and hope to provide both a state and national perspective for your consideration.

Before moving to specific comments about the Even Start proposal, I would like to begin by commending the chairman and the Members of the Committee for your continued support of Chapter 1 and Adult Basic Education (ABE) for the past twenty years. These words are not said to merely compliment the Committee. They are said to convey our deep appreciation for your leadership in supporting programs which have made a tremendous impact, both personnally and economically, on the lives of several hundred thousand Ohio children and adults.

The Even Start proposal at long last recognizes on a national level the importance of linking adult literacy programs with programs for preschool age children to simultaneously address the educational needs of both parents and children. The research linking the success of children in school to the economic and educational levels of these parents has been clear for many years.

The most important feature of the Even Start bill is that it would create national attention on and awareness of the problem. The bill addresses a concept that is long overdue in what should become a basic component of educational planning and programming at the local school district level. The major strength of this bill is its potential for creating a national effort to focus on a problem which exists in nearly every community in this nation.

True, the program proposed in this legislation is not a brand new concept. Programs such as those suggested by this legislation are already being conducted in a small number of communities throughout this nation. You will hear testimony today from some witnesses who are already involved in such programs. However, current efforts are sporadic at best and totally inadequate to meet the major needs that exist today. We are not talking about a small number of adults and children who need help. A study done at the University of Texas identified a total of 23 million adults who could be considered functionally illiterate. Other studies indicate a more commonly accepted estimate of 60 million adults who are functionally or marginally illiterate. Multiply the last estimate by just two children per family times 30 million families (which is low and which does not take into account the large numbers of single parents involved) and it becomes readily apparent that as many as 60 million children or more are negatively impacted by the low literacy level of their parents. In Ohio alone, according to 1980 U.S. Census data, more than 2,200,000 adults have less than a high school diploma.

Other strengths of the bill include its emphasis on identifying medical, nutritional, or other social problems which might burden a child's success in school, its focus on adult literacy needs and not just parenting skills, its direct linkage of Adult Basic Education and Chapter 1, its ties to high unemployment rates and to high concentrations of disadvantaged children, its review panel comprised of practitioners, its requirement for fiscal support and continuation of services by the grantee, and an appropriate evaluation requirement.

It is suggested that the program should be administered jointly by Chapter 1 and ABE staff in the Department of Education so a national linkage could be created from the very beginning.

While there is a concern about the source and amount of funding for this proposal, dwelling on funding at this time is counterproductive to the large issue which this bill addresses—the all important relationship of adult literacy to the success of children in school by linking together ABE and Chapter 1. However, costs inevitably become a discussion point; therefore, I would like to speak to the real costs to this nation, both in human and economic terms.

First, it should be recognized that we all pay for the costs derived from illiterate adults and children who fail in school—we

[1] Richard C. Anderson, et al., "Becoming a Nation of Readers: The Report of the Commission on Reading," Washington, DC: The National Institute of Education, the U.S. Department of Education, 1984.

pay directly and indirectly in many different ways.

We pay directly through the billions of dollars which go to child welfare costs and unemployment compensation. A significant portion of these costs can be attributed to adults who lack the basic skills necessary for available employment.

The impact of illiteracy directly affects other areas such as the U.S. military, correctional systems, legal costs, health claims and services, insurance costs, and the publishing industry to mention just a few.

For example, according to Jonathan Kozol, author of "Illiterate America," 85 percent of juveniles who come before the court and 60 percent of prison inmates read below the fifth grade level. Our correctional costs are in the billions of dollars and growing rapidly. The costs of business and industry for insurance and damages related to on-the-job accidents due to employees' lack of basic skills runs into billions. According to Kozol, the costs to the Pentagon in preparing the manuals for the B-1 bomber program will exceed one billion dollars.

We pay directly and indirectly due to lost human potential. Human costs are as staggering as the economic costs. True, some adults succeed as well as children despite the limitations of the educational background in the home. Some very gifted Americans such as Henry Ford, Jack London, Bill Mauldin, Will Rogers, Orville and Wilbur Wright, and George Gershwin were high school dropouts. How much similar potential is this society missing among the millions of adults and children who are the potential clients of programs addressed by the Even Start proposal?

For those of us who take reading for granted, it is almost impossible to put ourselves in the place of someone who can't. For example, can you picture what it would be like to be unable to read to your child, unable to use the freeway because you can't read exist signs, or to read bills, or to use a telephone directory, or to read instructions on a bottle of medicine, or to read a menu, or to vote? How do you measure these adults lack of dignity and self-esteem because they can't read?

Let me share one example with you which illustrates the impact of a family approach to education. In a rural Ohio ABE program, a lady was enrolled who was thirty-three years of age but could easily have been judged to be in her mid-fifties. Both she and her husband were unemployed and neither had completed school. She had dropped out during elementary school. There were four children in the family, two in school and two still at home. The two children in school already had attendance problems, were low achievers, and were already identified as potential dropouts. When I first entered the home, there was evidence of nutritional problems with the younger children and the home was generally not very clean or well kept. It was the picture of a family headed for disaster.

The woman eventually passed the GED test and became employed as a teacher's aide in the elementary school. Her husband, who originally was adamantly opposed to her coming back to school and who beat her one occasion because of it, eventually earned his GED and found employment. An interesting change occurred with the children. They began to attend school regularly, diets improved, grades improved, and their entire attitude toward school changed in a positive way. The two younger children didn't experience the problems their older brother and sister did and began school on a far more successful note. This one example can be found time and time again in adult literacy programs throughout the nation. Our cost per 150 hours of instruction in Ohio is $125.00, a rather small investment when one considers the cost of not offering the service.

The overriding issue when one looks at the Even Start proposal is the need to consider what really is at stake to this society. The problems of adult illiteracy and its negative impact on children touches every community, even those who would prefer to pretend that "we don't have that problem in our community." We all share in the economic and human costs as taxpayers, neighbors, friends, and sometimes as relatives.

It bears repeating that the importance of this bill is that it not only impacts parents, but equally addresses the toll taken on the children of functionally illiterate adults. Simply stated, children of illiterate parents do not come to school prepared to succeed. Certainly, some do succeed, but they are the exceptions.

Children from such homes are simply not ready for school and equally tragic, the parents can't help them now or tomorrow. What's missing is hard to understand for those of us who have come from more conventional upbringings. Illiterate parents cannot read to their children, they frequently do not or cannot afford to provide books, they have no skills in supervising or helping their children organize studies, and they are uncomfortable with schools and school teachers. All too often these parents have a negative reaction toward learning and school.

The problems with children go beyond success in school. As stated in a recent report issued by the Education Commission of the States, a growing number of our nation's young people are not making successful transitions to productive adult lives as workers and parents. The report addresses the impact of the shrinking number of adults entering the work force, the costs of training (much of it remedial in nature) that business and industry is spending now and the high costs that are sure to come, and the fact that the problem is not just a minority problem or a rural problem. It is a problem which reaches into every corner of this nation.

The report emphasizes the importance of placing greater effort on early childhood education and a greater emphasis on improving education for the disadvantaged youth of our nation and those who are at risk. Who is a risk? We all are.

Statistics show that these students are prime targets to become dropouts or failures. They in turn will become the underemployed, marginally literate parents of a new generation of students, who in turn, will enter the schools without the minimum competencies to succeed. The cycle will go on and on as long as the crucial educational and economic link between the parent and child is not an integral part of our school programs. The Even Start proposal is well named because it addresses one of the most critical needs of our society, the opportunity for children from homes with functionally illiterate parents to have an even chance with other students. I know of no issue more important than this one for the Congress and this Committee to consider.

I appreciate the opportunity to speak on behalf of this issue and would be pleased to respond to any questions you may have.●

THE COURTS' 36TH

● Mr. RIEGLE. Mr. President, on Friday, November 29, 1985, Pastor and Mrs. Thomas Courts of my hometown of Flint, will celebrate their 36th wedding anniversary.

In 1945, Pastor Courts founded the Vermont Christian Church in the home of friends. In 1951, as the result of untiring efforts and dedication by Pastor and Mrs. Courts, the church moved into their permanent home. Since then, the building has been remodeled and expanded.

Mr. President, Pastor and Mrs. Courts are very special people, deserving of our thanks. For over 35 years, both have given completely of themselves to their church, their family, and their community. They have enriched the lives of thousands of Flint citizens with their caring, love, and dedication. On this joyous occasion, I wish them every happiness.●

THE GRAMM-RUDMAN-HOLLINGS BUDGET PLAN AND THE NATIONAL SECURITY

● Mr. MOYNIHAN. Mr. President, in his first meeting in Geneva with General Secretary Mikhail Gorbachev, President Reagan stated:

> We had a cordial meeting. * * * I believe we both share the same goals.

In the past, American Presidents have been ridiculed, even reviled, for such statements. I think especially of President Carter's experience. Persons of strong views—ranging from Social Democrats, which is to say socialists, to persons of deep conservative disposition—have charged that such statements rest on the grave error of accepting the "moral equivalence" of the United States and the Soviet Union.

I am happy that no such charge has been leveled against President Reagan. Nor should it. We know him to be a man of deep attachment to the principles of a free society, and an equal loathing of totalitarianism.

He went to Geneva with no illusions, and he returned with none. When American Presidents say that they share the goals of their Soviet counterparts, they are speaking metaphorically; they should not be misunderstood; surely they should not be villified or even patronized. It is almost a ceremonial function they perform in this regard, yet its importance is not to be underestimated. Surely not if President Reagan has concluded that such a pronouncement is necessary.

That, not least, is why the Congress gave the President such a warm "welcome home" at our joint session last evening. It happens I was the first Senator to return to the floor—save, of course, for the presiding officer—and so had the honor of placing the President's address in the RECORD. This next day I feel much at ease with

my prefatory remarks of last evening. If the Senate will bear with me in repeating them in part, I said:

I appear to be the first Senator on the floor who has returned from the joint session of the Congress which has heard the President's address.

I had the great honor to be a member of the escort committee. I think I would speak for certainly the Senate and I believe the whole of the Congress in saying we have not had such a heartening and encouraging statement from a Chief Executive in a long while.

We welcome the President back. We welcome the First Lady back. We heard specific propositions about the recommencement of a working relationship which, while never to be exaggerated, even so, never is to be underestimated.

The President said tonight that he would meet with the General Secretary of the CCCP here in the United States next year, and thereafter would hope to meet with him the following year in the Soviet Union.

He spoke of specific measures that have been taken for the advancement of arrangements that are conducive certainly to better relations. We certainly welcome in every respect those which he has made, and we take with great respect the reservations which he made about the extent to which one exchange between a President and a General Secretary changes a basic relationship between the two systems of government.

But even so, Mr. President, there cannot have been any question about the welcome the President received and the welcome his report received, and it is a matter of some pleasure for this Senator to be able to speak first to the Senate in that regard.

Still, on this morning after, it is wise to heed the counsel of thoughtful persons who would not have us get too much carried away with this new "spirit of Geneva." We are especially indebted to the Wall Street Journal which this morning warns in an editorial:

The important thing for the West to keep in mind, just as Mr. Gorbachev never forgets, is that * * * competition and rivalry will continue now that the show is over.

The U.S.-Soviet competition will be extremely dangerous if America's political leadership attempts, as it almost did in the mid-1970s, to unilaterally withdraw from the competition.

I share this concern, for it seems to me at the very moment the President was meeting with and negotiating with his Soviet counterpart at the summit, we in the Congress were undermining the very national defense which is absolutely essential to a credible and successful competition with our Communist adversaries.

Even as the President was en route to Geneva, Secretary of Defense Caspar Weinberger warned of this possibility. I refer to Mr. Weinberger's letter, as reported to the New York Times of November 15, in which he stated:

Soviet violations are continuing and require an appropriate and proportionate response on our part. * * * as we approach budget time for next year, we may want to consider a supplemental (defense appropriation) for this year or more than 3 percent growth next year to compensate in specific ways for these violations.

The attention paid Secretary Weinberger's letter took scant note of this last important statement. To address the matter of Soviet treaty violations, more money would be needed for national security. Yet Congress then—and Congress now—is preparing not just to provide less for defense, but to impose huge and unheard of reductions.

Here in Washington the Congress has been moving toward the final stage of enacting legislation that would cut defense spending in a manner without precedent. Far from being prepared to provide the supplemental appropriations Mr. Weinberger suggests, this Congress is well embarked on a path, under the so-called Gramm-Rudman-Hollings budget scheme, that will shortly produce massive and precipitous reductions in defense spending, beginning this fiscal year.

Recall, Mr. President, that the debate on this measure began on Thursday, October 3. Unlike any previous measure of such consequence in my experience in the Senate, our consideration of the bill began right here on the Senate floor. There had been no committee hearings. Indeed, there had been no bill; even as we began the debate, no bill had been printed. Such Xerox copies as existed were the private property of the sponsors. Even so, anyone familiar with Dr. Martin Anderson's views on the Congress—views which I must reluctantly concede are more often predictive than my own—could grasp what was afoot. Even before the formal consideration began, I took advantage of the hour of Morning Business to set forth some propositions. I said:

In the name of forcing reductions in "bloated Federal programs" or however they are called, we are going to be asked to cut * * * defense procurement not subject to prior contracts—such as, for example, future research and development on the strategic defense initiative * * *

We are going to cut back the FBI and and its efforts to combat terrorism. We are going to cut back the CIA. * * *

[T]his automatic mechanism for dismantling programs of the Federal Government—which will cut the FBI and cut the Navy and cut the Internal Revenue Service and cut the park services and cut aid to education and cut research on the strategic defense initiative * * *

[W]e are preparing to cut our defense, cut our counterintelligence; we are cutting the National Security Agency; we are cutting the CIA. * * *

I have become resigned to a mindless reduction of all spending—all but farm spending—in our domestic budget. Indeed on that first day of debate I pointed out that farm programs were conveniently exempted from any cuts. Once discovered, this was changed so as to bring at least most farm price support programs under the automatic cuts. Even so, it was a struggle to do so, and the initial solicitude paid the farm programs was matched only by that for Social Security and interest payments on the national debt. All the more, then, was my true dismay that a clear, indeed overwhelming, majority of the Senate was evidently intent on slashing the Defense budget, making cuts that would be all the more deep and devastating because of the—initial—protection provided sugarcane growers and bee keepers and such.

The next day, Friday, October 4, I returned to this theme. I spoke of the "deep and grevious reductions" in our international programs that would follow from enactment of the scheme. A vote for the Gramm-Rudman-Hollings amendment would, I said:

In the end be a vote to end the military and economic aid the United States gives to Israel and Egypt. * * *

Vote for this measure, and you will see the day that Middle East aid could be slashed under the requirements of a system of mechanical changes required as none other have ever been in this Congress. You will see that aid disappear and we will wonder what happened. * * *

Three days later, on Monday, October 7, I warned of large cuts to come in defense readiness:

* * * we are putting in place a measure which, in the long run, will bring draconian, automatic reductions in the defense and foreign policy activities of the United States * * *

I elaborated—

We would start cutting [foreign aid] and defense, and would do so arbitrarily in response to a formula which is implicit in this legislation but has never been avowed, has never been subjected to the test of inquiry, question and response * * *

[T]his would be * * * disabling to American foreign policy which in the first instance depends very much on the strength of the American Government.

I returned to the floor later the same day to offer the thought again—

That the world's largest debtor nation with a declining defense budget is not going to be seen as the world's most powerful nation. That will be an interesting legacy of these days of nondebate on this floor.* * * We are putting in place the decline of the United States.

And again, the next day, October 8, I went to the floor and tried to explain the course I saw the Senate embarking on.

We will wonder what happened to that vaunted and strong America which was to have commenced at the outset of this decade * * * there will be very sharp cuts which fall almost entirely in the field of national defense and foreign relations.

You will find yourself retreating from the world. You are going to find yourself being driven from places in the world by virtue of a self-inflicted weakness which will originate in decisions being made in this Chamber in the next few days.

And then the next day, October 9, it was done. The bill was passed by the Senate on a 75 to 24 vote. The day fol-

lowing, I returned to the floor to speak of some of the comments other Members had made of this proposal. I began with what I consider a remarkable event in American party politics.

A majority of Democrats agreed to dismantle the domestic policies of Franklin D. Roosevelt, in return for a majority of Republicans agreeing to dismantle the defense policies of Ronald Reagan.

I recounted a conversation with Senator HART, who shares my concern that Gramm-Rudman-Hollings would mean effectively, actual cuts in the defense budget for each of the next 5 years. I asked Senator HART whether he thought the implications of this were widely enough understood. Senator HART replied:

No; they don't know. But more importantly they do not care. The one group does not care about domestic stability; the other does not care about international stability.

My response:

The effect will be to abort the buildup in our forces which began in 1975 and acquired a sustained momentum under President Carter.

The Little League has won.

Little government at home; little influence abroad.

The Senate returned to the proposal early on November 4, for second consideration of a modified version—not much modified, and not at all in principle or in its effect on our national defense—of Gramm-Rudman-Hollings. I returned to the Senate floor with Senator HART, offering an amendment to require OMB and CBO to estimate just how much defense spending would have to be cut under this budget scheme, and directing the Defense Department to report to Congress just how these cuts could be achieved. We were gambling, I said:

With the defenses of this Nation in a manner that just cannot be described in my view as responsible.

We are at risk, I tried to warn the Senate, of—

returning to the readiness situation that President John F. Kennedy encountered when he became President in 1961. At that time, a long period of decline in conventional forces had left us with no serious military capacity save that of nuclear war. • • • It took Kennedy and Johnson a long time to build away from that condition.

Is it possible that in one measure, never heard in committee, never debated in anything more than the context of the debt ceiling, that had to be passed, we are going to return to that situation?

If we do, we shall have a lot to answer for.

And so we shall.

The next day, November 5, a letter from Dr. Rudolph Penner, Director of the Congressional Budget Office, to Congressman ROBERT MICHEL, the House minority leader, was released. The letter estimated some of the cuts to follow from the plan then before the Senate. The plan, CBO figured, would require some $11 billion in budget cuts this fiscal year—which is to say, in the three-quarters of the fiscal year still remaining. Spending considered "relatively controllable," in the bill's lexicon, would have to be cut 1.9 percent across-the-board to meet the bill's mandatory deficit target for fiscal year 1986. Without repeating Dr. Penner's arithmetic, the cut in defense spending this year would come to $4.8 billion.

Cuts in years following would be even greater, and they would be automatic. No room to consider a supplemental appropriation this year; no deliberation this year or next about maintaining the policy of annual increases in defense spending put in place by Gerald Ford and Jimmy Carter and sustained by Ronald Reagan.

The day after, November 6, the Senate voted once again, this time 74 to 24, to approve the machine for deficit reduction and defense cuts.

Others not in the Senate minority were also adding up the figures in Gramm-Rudman-Hollings, and beginning to feel much the same distress and myself and Senator HART, and 22 others in the Senate. They came forward to confirm our worst fears. These persons included close associates and long-time supporters of President Reagan.

In the Washington Post of November 1, 3 weeks after I first went to the Senate floor to raise the matter, correspondent David Hoffman reported the depending misgivings of the Government's three chief foreign and defense policy officers—the Secretaries of State and Defense and the National Security Advisor:

Secretary of Defense Caspar W. Weinberger and Secretary of State George P. Shultz have delivered a blunt, private warning to President Reagan that the balanced-budget bill he has endorsed could mean deep cuts in military spending, foreign aid and counterterrorism programs • • •

Shultz and Weinberger wrote to Reagan this week of the "serious consequences" the Gramm-Rudman-Hollings legislation would have on national security programs • • •

National security affairs advisor Robert C. McFarlane took their appeal to Reagan and told the president he also supported it, officials said.

On November 4, the same day Senator HART and I offered our amendment, Robert W. Merry and Tim Carrington warned in the Wall Street Journal:

Defense programs are most prominent on the chopping block because once the automatic cuts are triggered, the largest share of them by far would fall on the Pentagon. And the greater the failure in reaching the specified targets, the greater the Pentagon's share of the burden. Although the military budget amounts to about a third of total federal spending, defense might have to bear as much as 55% of the cuts.

By the end of the decade, for instance, the uniformed services might have to be cut by a third, according to a congressional staff analysis. Moreover, it says 16 of 24 naval vessels currently under construction might have to be mothballed. Spare parts accounts could dry up, warns Gordon Adams, director of a private watchdog group called the Defense Budget Project.

At the Pentagon, top officials have grown increasingly anguished over the measure. On Wednesday, Navy Secretary John Lehman demanded a meeting with Secretary Weinberger to urge all-out opposition to the plan. At a top-level Pentagon meeting on Thursday, "there was sackcloth, ashes and tears," says one Pentagon analyst who was present.

Administration officials said that in cabinet meetings on the plan, Mr. Weinberger stressed the potential devastation of defense programs and urged the President to resist the plan. In such battles in the past, President Reagan went along with Mr. Weinberger's call to expand the military, even if it meant adding to the budget deficit.

But those voices weren't any match for those in the White House supporting Gramm-Rudman. Probably the most powerful voice was that of chief of staff Donald Regan, described by one high-level aide as the strongest force in the White House on Gramm-Rudman.

Nearly 2 weeks after final Senate action on its version of the budget cutting scheme, on November 18, Columnists Rowland Evans and Robert Novak published a column headlined "Deficit Cutting Plan Endangers Defense." They declared—as long-time supporters of Ronald Reagan, that his endorsement of Gramm-Rudman-Hollings was a grave mistake. They noted that:

Even its pristine version doomed Reagan's scaled-down "0-3-3" plan for real defense growth (zero in 1986, 3 percent in 1987, 3 percent in 1988).

Under the probable 50-50 formula splitting defense and non-defense spending cuts, for example, even a modest under-shooting of the deficit target would mean $6 billion in defense spending outlays; to get there, Congress would have to cut $27 billion in defense appropriations.

• • • Rep. Les Aspin, Democratic chairman of the House Armed Services Committee, commented that the amendment and military growth are antithetical.

The official White House line remains in favor of passing Gramm-Rudman.

As the summit recedes, these become matters of the gravest importance. We must assume that Soviet military planners have been studying these statements with the closest attention and the greatest interest. These are not closely held views of the Secretaries of State and Defense; they have been reported in our press almost daily for a month now.

Defense Secretary Weinberger, in particular, has been outspoken, and on the record, in opposition to this budget scheme. On November 15—the same day the press was reporting his letter to the President about Soviet arms control violations—Mr. Weinberger told the Senate Armed Services Committee that he would "recommend that Reagan veto the Senate-approved Gramm-Rudman-Hollings antideficit measure."

Weinberger also expressed opposition to Gramm-Rudman-Hollings, the Washington Post reported:

Before his committee testimony in a private breakfast meeting with White House chief of staff Donald T. Regan and other cabinet members, informed officials said.

The message was taking hold, at least in councils other than the Congress. The Wall Street Journal, second to none in its concern for fiscal responsibility, urged in its editorial of November 20 that the President veto the whole scheme:

It seems likely * * * that the President will have to veto the Gramm-Rudman "deficit-reduction" package if it ever gets out of Congress. * * * Gramm-Rudman focuses on the wrong issue, the federal deficit, instead of spending. Most seriously, it threatens to gut the U.S. defense efforts.

What can the Soviets have been thinking these past several weeks, as they approached the summit, watching our budget debate unfold? Can they have been impressed by the resolve of the American President and the U.S. Congress to maintain a credible and effective military rearmament we have now long been embarked upon? Can they have thought that the tide of history was turning our way or theirs, when they watched the Congress voting by huge majorities—75 to 24 in the Senate on October 9; 74 to 24 on November 6—effectively to cut $4.8 billion out of the current fiscal year's defense budget?

Norman Podhoretz, writing in the New York Post of November 19, said of President Reagan's approach to the summit that—

He sounds as though he has come to believe the Soviets really can "be charmed or talked out of" their long-range Leninist commitment to the unlimited expansion of their power and influence.

Was he thinking of Gramm-Rudman-Hollings?

Of course, should we decide, under an automatic deficit cutting scheme, to begin to unilaterally dismantle pieces of our defense establishment, our success curtailing Soviet aggression will necessarily come to depend more on the President's ability to talk the Soviets out of their long-term Leninist commitment to the unlimited expansion of their power.

It is not too late; but it is almost so. Will no one save the Republic from itself? Are there but 24 Senators left in the body who understand the realities of power in a world of continuous Communist menace? I fear so. I fear that now only the President can save us from ourselves.●

FIFTIETH ANNIVERSARY OF PAN AM CHINA CLIPPER

● Mr. ABDNOR. Mr. President, today marks the 50th anniversary of the original flight of the Pan American World Airways China Clipper across the Pacific bound for Manila.

It is difficult to imagine, today, how this flight caught the imagination of the world of 1935. Today, that same flight is being reenacted in a Boeing 747 which can span the same distance in less than half a day. The original China Clipper took 60 hours and 6 days to cover the same route.

Mr. President, while this flight is a special moment for Pan Am, it symbolizes the great positive impact which civil aviation has had for our Nation and the world. Today a host of American airlines span the Atlantic and Pacific oceans opening new vistas of opportunity for American commerce and tourism.

Fifty years ago Pan Am was the first American flag air carrier in the Pacific. Since that time is has recorded many other firsts. While Pan Am has encountered some financial turbulence in recent years, I am pleased that the economic fortunes of Pan Am have improved and I am certain that it will face the next 50 years with the same eager anticipation and achievement which it has exhibited since that first China Clipper flight of November 22, 1935.

Mr. President, I submit for the RECORD the article which appeared in USA Today this morning entitled "Pan Am Relives Historic Journey."

The article follows:

[From USA Today, Nov. 22, 1985]

PAN AM RELIVES HISTORIC JOURNEY

(By Doug Carroll)

Fifty years ago today, a huge flying boat took off from San Francisco over the Pacific with a load of mail. Six days of island-hopping later, Pan American World Airways' China Clipper glided into Manila to a cheering crowd of 300,000.

Suddenly, the world seemed a lot smaller. And aviation entered a new age.

The Nov. 22, 1935, launch of the China Clipper—the first commercial flight across the Pacific—doesn't sound like a big deal now. It took the China Clipper 59 hours and 48 minutes of flying time over six days to cross the Pacific whereas Pan Am now flies non-stop from New York to Tokyo in 14 hours.

But in 1935, only steamers made their way regularly to the Orient. They took three weeks.

"This really triggered the realization that air traffic across the Pacific, both for passengers and for mail and freight, was a reality as opposed to something that might take place at some time," says Pan Am Chairman C. Edward Acker. "Routes had been charted before, but the actual flying of this route proved it could be done."

In fact, the China Clipper's successful mail flight also helped spur development of trans-Atlantic air travel and paved the way for later passenger flights over both oceans.

Pan Am isn't letting the occasion pass unnoticed. This morning, the China Clipper II, a Boeing 747 carrying 300 passengers, will re-enact the original Clipper's flight from San Francisco. This trip—to Manila, Philippines, and back with stops at Honolulu and Midway, Wake and Guam Islands to celebrate the refueling stops of the original flight—will take only five days.

The China Clipper's first flight was a triumph for Pan Am founder Juan Trippe, who started the airline in 1922 with seven war surplus biplanes and turned it into a giant overseas carrier.

With the China Clipper, Trippe solved the problem of the expansive Pacific: No place to stop and refuel the planes of the 1930's.

Trippe decided to develop his own refueling stops—on Midway, Wake and Guam, which until then had been virtually ignored by the rest of the world. That development wound up paying off for more than Pan Am: During World War II, Wake became an important landing base for Navy patrol boats.●

TRIBUTE TO JACK REEKIE

● Mr. MURKOWSKI. Mr. President, today I want to pay tribute to an outstanding Alaskan, Jack Reekie. Every so often, we are privileged to know a person who touched our life in a very special way. Jack was one of those people.

Jack and I were friends, business partners, and hunting companions for over 25 years. He was one of my strongest supporters for my election to the Senate and also served as my campaign treasurer.

I will truly miss the friendship we shared and the perpetual counsel he so readily made available. Perpetual is a fitting word to use when speaking of Jack, because his memory will continue in the hearts of his family, his wife Susan; his dauthers Kathryn, Patricia, and Rebecca; Mrs. Dee Reekie, his mother Elizabeth and brother Jim and all of us who knew him.

Mr. President, I would like to share with my colleagues the eulogy delivered in Jack's honor by another close friend, Ed Rasmuson, and I ask that the eulogy be printed in the RECORD.

The eulogy follows:

We are gathered here today to pay our deep respects to a man who has touched all of our lives in various ways. Many of us had grown to love Jack, not in the strict physical sense, but just knowing him brought comfort and strength to our everyday lives.

For me Jack brought a sense of steadiness, direction and serenity that was very much appreciated not only by me but by his many friends and coworkers.

He was always available for consultation and volunteered for assignments that others shied away from. When a particularly difficult communications job had to be performed throughout the bank, it was Jack Reekie who gladly shouldered the job and accomplished the task before him. For these many special assignments, in themselves, I will always be eternally grateful.

I first heard of Jack Reekie from my father who, at the time, was going through a particularly difficult period at the bank when it seemed that qualified bank personnel were very hard to find. An opening at Wrangell in 1957 occurred and Jack told Elmer that he would volunteer for the job and run the bank of Wrangell even though it meant that he was no longer on the payroll of the N B of A. At the time the Bank of Wrangell was a separate banking institution. He ran the bank successfully and de-

veloped some life-long friends there. In 1960, he helped to merge the bank into the National Bank of Alaska and subsequently moved to Ketchikan where he had the difficult assignment of running the branch even though he was the junior officer. He did it in such a manner that he endeared himself to his fellow officers, employees and customers and it did not matter whether Jack was the low man on the totem pole—he was clearly the boss.

It was during this time that Jack was in Ketchikan that I had the privilege to first know him. I can still vividly remember getting off the Coastal-Ellis Gruman Goose on October 15, 1964 and meeting Jack on the gangway. I went right to work the following day and three days later I placed the rather awkward request to him to take off two days to go hunting. He quickly granted my request with the provision that he went along. It was an outstanding hunt that included other South East branch managers such as Dick Hall and Frank Murkowski. Suffice it to say this and many other subsequent ventures endeared me to Jack. We became constant hunting companions and except for perhaps one or two years, Jack, my father, Dick Hall and myself have hunted deer together for over 20 years both in South East as well as to the westward.

Jack returned to Anchorage in 1969 and became one of our senior officers and subsequently Secretary to the Board of Directors. In keeping with the Jack Reekie style, the directors found him helpful, attentive and very accessible to their needs as well as questions. I don't believe any board could have asked for a better individual than Jack to be their Secretary.

It was during the latter part of the sixties and early seventies that Jack became involved with various political campaigns. I know personally that in the campaign for my Father for U.S. Senator that he gave his efforts above and beyond the call of duty. Dad often remarked to me that he was like a son to him. He performed outstanding service for people such as my father and our current Senator Frank Murkowski.

When Jack made the decision to retire two years ago, he agreed to stay on as Chairman of our Advisory Boards which are scattered throughout Alaska where we have branches. Jack did not have to do this, but he did and it was, I believe, an exciting period of Jack's life. It gave him the opportunity to perform a significant job for the bank but on a time schedule that was his and Susan's. He brought to them a sense of direction and encouraged them to perform their invaluable role of supporting the local branches.

Now, how shall we remember and celebrate his life? I shall remember the calm and steadiness that Jack brought to my life, the thoughtful advice that he always readily gave when asked. I shall remember all the young officers that used to appear before him when they had what seemingly to them, was an unsolvable problem. To me he typified the epitome of an outstanding executive who with his great breadth of knowledge gleamed from many years of practical experience helped to make my life, and others that were around him that much better.

For me, Jack was like a towering oak that grew great and strong because it grew slowly and well.

So, Jack, we let you go now in gratitude to another world but always remembering the joy and comfort that you brought to so many of us. You helped forge together this territory and state what it is today and it is a better place because of you.●

NOTICE OF DETERMINATION BY THE SELECT COMMITTEE ON ETHICS UNDER RULE 35, PARAGRAPH 4, PERMITTING ACCEPTANCE OF A GIFT OF EDUCATIONAL TRAVEL FROM A FOREIGN ORGANIZATION

● Mr. RUDMAN. Mr. President, it is required by paragraph 4 of rule 35 that I place in the CONGRESSIONAL RECORD this notice of a Senator and a member of his staff, Mr. Brad Beckstrom, who propose to participate in a program, the principal objective of which is educational, sponsored by a foreign government or a foreign educational or charitable organization involving travel to a foreign country paid for by that foreign government or organization.

The select committee has received a request for a determination under rule 35 which would permit Senator LARRY PRESSLER and a member of his staff, Mr. Brad Beckstrom, to participate in an educational, fact-finding tour of South Africa, Zimbabwe, and Mozambique, sponsored by the South Africa Foundation, from November 22 through December 2, 1985.

The committee has determined that participation by Senator PRESSLER and Mr. Brad Beckstrom of his staff in the fact-finding tour of South Africa, Zimbabwe, and Mozambique, at the expense of the South Africa Foundation, is in the interest of the Senate and the United States.●

DEATH OF IVAN LUDINGTON, SR.

● Mr. LEVIN. Mr. President, the world of books and the world of kids suffered a loss this week when Ivan Ludington, Sr., passed away in Detroit. He was 88 years old and became famous for his creation of several hundred reading rooms in schools around the country. He said that he did this out of self-interest because he was in the book business. But the facts are that he was an idealist as well as a pragmatist, and his philanthropies extended far beyond the creation of reading rooms stocked with books.

I knew this extraordinary man as a gentle and generous soul. His character is summed up well in an editorial in the Detroit Free Press dated November 20, 1985.

The editorial follows:

LOVE OF BOOKS: IVAN LUDINGTON OFFERED A PRECIOUS GIFT TO CHILDREN

In this world, there are people who build libraries, and there are people who burn books. Ivan Ludington Sr. was one who built libraries. It is not a bad epitaph.

Mr. Ludington was an entrepreneur and a civil leader. Above all, though, he was an adherent of the notion that children needed to be exposed to books and ideas. He understood that even a gritty old industrial town—and maybe especially a gritty old industrial town—ought to nurture learning and teach the love of books.

Our favorite memory of Mr. Ludington, who could be pretty crusty when he chose to be, was the gentleness with which he accepted the honor accorded him by the children of what became the Ivan Ludington Middle School in northwest Detroit. In an experimental school, launched at a time when the Detroit school system often could not afford even the most basic tools of education, Mr. Ludington tried to see that they had books. The children appreciated that, and they named their school for him.

Detroit has compiled an enviable record in the years since in its support of millages for schools and for libraries. That must have pleased Ivan Ludington, who did what he could during times when he often seemed to be almost alone in caring. The people of Detroit have voted to support schools and libraries for their own sake. That was a pattern Ivan Ludington set years ago.

Detroit is a gentler, richer, more literate place because he did.●

ORDERS FOR TODAY

RECESS UNTIL 12:30 P.M.

Mr. DOLE. Mr. President, I ask unanimous consent that when the Senate completes its business this morning, it stand in recess until 12:30 p.m. today.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. DOLE. Mr. President, I further ask unanimous consent that following the recognition of the two leaders under the standing order, there be a period for the transaction of routine morning business, not to extend beyond the hour of 1:30 p.m., with Senators permitted to speak therein for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

RESUME CONSIDERATION OF S. 1714

Mr. DOLE. Mr. President, following morning business, the Senate will resume consideration of the farm bill and votes can be expected throughout the day's session and into the night in order to conclude action on the farm bill.

Mr. President, I do not know what will transpire at the meeting to be held at 11:30 this morning in room S-230. Hopefully, we can come to some understanding, at least, of what may happen in the conference. We cannot resolve what will happen on the floor.

RECESS UNTIL 12:30 P.M. TODAY, SATURDAY, NOVEMBER 23, 1985

Mr. DOLE. Mr. President, there being no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until 12:30 p.m. today.

The motion was agreed to; and the Senate, at 3:43 a.m., recessed until

12:30 p.m. today, Saturday, November 23, 1985.

NOMINATIONS

Executive nominations received by the Senate November 22, 1985:

DEPARTMENT OF DEFENSE

Chapman B. Cox, of Virginia, to be an Assistant Secretary of Defense, vice Lawrence J. Korb, resigned.

Robert B. Barker, of California, to be chairman of the Military Liaison Committee to the Department of Energy, vice Richard L. Wagner, Jr.

IN THE NAVY

The following-named officer, under the provisions of title 10, United States Code, section 601, to be assigned to a position of importance and responsibility designated by the President under title 10, United States Code, section 601:

To be vice admiral

Rear Adm. Bruce Demars, [redacted], 1120, U.S. Navy.

IN THE MARINE CORPS

The following-named Marine Corps enlisted Commissioning Education Program graduate for permanent appointment to the grade of second lieutenant in the U.S. Marine Corps, pursuant to title 10, United States Code, section 531:

Barry W. McAndrew, 3565

The following-named Naval Reserve Officers Training Corps graduate for permanent appointment to the grade of second lieutenant in the U.S. Marine Corps, pursuant to title 10, United States Code, sections 531 and 2107:

Michael T. Simmons, 6623

IN THE NAVY

The following-named Naval Reserve officers to be appointed permanent ensign in the line or Staff Corps of the U.S. Navy, pursuant to title 10, United States Code, section 531:

Carl A. Barksdale
David R. Barnes, Jr.
Scott L. Barnes
James V. Botzet
William M. Breedlove
Mark D. Budensiek
Charles L. Castonguay
Leslie R. Elkin
Harold T. Fink
David M. Furr
Paul M. Golan
Peter M. Hakala
David S. Hyatt
John C. Jenista
Thomas J. Kane
Michael R. Kendall
Philip R. Kennedy
Richard S. Kisch
James A. Kissel
Jeffrey J. Koller
Timothy A. Krieger
Paul J. Labelle
Mark D. Lane
Siwon R. Lee
Rodrick W. Lekey
David A. Morris
Richard W. Neely, Jr.
Jack R. O'Rourke
John H.N. Potter II
David P. Reber
Craig M. Schnese
Gregory E. Voss
Bruce E. Watkins

The following ex-U.S. Navy officer to be appointed permanent commander in the Medical Corps of the U.S. Naval Reserve, pursuant to title 10, United States Code, section 593:

William A. Schueller

The following U.S. Navy officer to be appointed permanent commander in the line of the U.S. Naval Reserve, pursuant to title 10, United States Code, section 593:

Alan R. Pittman

SENATE—*Saturday, November 23, 1985*

(Legislative day of Monday, November 18, 1985)

The Senate met at 12:30 p.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray.

Father in Heaven, with unbounded gratitude we praise Thee for the incredible political system we inherited from our forebears. It is slow, tedious, inefficient, it tries our patience, sets our nerves on edge, frustrates us, rouses our anger, and exhausts us; but we would not trade it for any other system.

We thank Thee for a political process which takes people seriously as human beings—their dignity, their value, their equality. Though we fail often in working it, we are grateful for its promise of respect and representation for all people of all races, colors, and creeds. We thank Thee for its provision for unity with diversity, its recognition of the rights of minorities, its passion for self-government. Forgive us when we abuse it and misuse it, but forbid it, Lord, that we should ever forsake it.

In the name of Him who is just and righteous. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The distinguished majority leader is recognized.

THE SENATE CHAPLAIN: LOOKING GOOD

Mr. DOLE. Mr. President, let me observe that the Chaplain looks pretty good for being up so late, and he did an excellent job this morning.

I am sorry we kept you until 4 in the morning. But it is an incredible place, as you pointed out.

SCHEDULE

Mr. DOLE. Mr. President, under the standing order, the leaders have 10 minutes each, followed by routine morning business not to extend beyond the hour of 1:30 p.m., with Senators permitted to speak therein for not more than 5 minutes each.

Following routine morning business, the Senate will resume consideration of S. 1714, the farm bill. Votes can be expected throughout the day and into the evening in order to try to complete action on the farm bill today.

Let me indicate to my colleagues, because I know many have already changed plans they had for today and maybe even tomorrow, that we are meeting in my office at this time with a number of Senators from both sides of the aisle. We are looking at additional savings, we are looking at some additional provisions. We are also looking at farm credit. I can only say that negotiations started a bit late because of a lot of traffic in town. There is a parade going on of some kind.

I hope that by 1 o'clock, I shall be able to come back, or maybe at 1:15, and report to my colleagues whether or not we are making any progress and if so, to what extent we may be able to put something together.

I ask for patience for the next 30 to 45 minutes and we will then be in a position, I hope, to give everyone—staff, colleagues, whoever—some indication of what we are going to do for the remainder of the week and next week.

I reserve the remainder of my time, Mr. President.

RECOGNITION OF THE ACTING MINORITY LEADER

The PRESIDENT pro tempore. The distinguished acting Democratic leader is recognized.

Mr. PROXMIRE. I thank the Chair.

CAN VERIFICATION KEEP UP WITH NUCLEAR WEAPONS?

Mr. PROXMIRE. Mr. President, what lies at the very heart of arms control? What technology is absolutely essential to bring the superpower nuclear arms race under control? Answer: The ability to achieve compliance with arms control treaty by verification. If the United States cannot verify arms control agreements with the Soviet Union without unreasonable risk we should not, must not enter into them. An arms control treaty without verification means that we rely on the good faith and good word of our adversary. It means that we trust our adversary, the Soviet Union, not to cheat when they know they can get away with it. Mr. President, throughout human history nations, even democracies, have consistently cheated when they knew they could do so with impunity. Let's face it: Much of mankind has, throughout the centuries, justified dishonesty and cheating in the name of devotion to country. When it comes to national security, it has always been true that anything goes. It still is.

What does this have to do with verification of compliance with arms control treaties in the nuclear age? It means that if we cannot develop a verification system that can permit us to detect violations—that is, militarily significant cheating by the other side—we should not agree to the treaty. It is unnecessary to tell Members of this body that in dealing with the Soviet Union, we are not dealing with Mahatma Gandhi. We are dealing with a dictatorship that bases its international political morality on the old Marxian principle that the end justified the means.

What does all this mean? It means that any time this country agrees to an arms control treaty with the Soviet Union, we cannot verify, we are engaging in unilateral disarmament.

But this also means a great deal more. In the judgment of this Senator, if mankind is to survive in this nuclear age, we have no choice except to agree with our Soviet adversary to stop the arms race. With every day that passes, both superpowers are building more destructive nuclear weapons. Months ago, the Catholic bishops warned us that this is the first generation since Genesis that has the power to destroy mankind on Earth. So we must do everything we can to bring that power under control. And, Mr. President, as most thoughtful and informed people believe, there is no other way to do so except through the mutual constraint of arms control.

President Reagan can dream of a technological astrodome we can build over this country to safeguard Americans from any nuclear attack. He can dream. But will it work? Outside of those officials under the discipline of the administration, there are few in the scientific community who believe there is any real chance that it will work.

So how about verification? Can we rely on it? Can it keep pace with the rapid fire sweeping advances of nuclear weapons?

Mr. President, in an article in the December 1985 issue of Science, R. Jeffrey Smith sets forth an impressively balanced analysis of both the capabilities and the shortcomings of our arms control verification. As Smith sees it, over the past 30 years, verification has made extraordinarily

impressive progress. This Nation has gone from crude, very limited verification to "an array of expensive satellites, impressive radars, listening devices, spy planes and seismic sensors" which have immensely advanced the means by which compliance with arms treaties can be verified. These verifications systems are infinitely less costly than the weapons both sides have developed. Smith summons former CIA Director Stansfield Turner as a star witness for the advances in verification. He quotes Turner as saying the following:

> We can take detailed photographs from very long distances, detect heat sources through infrared devices, pinpoint metal with magnetic detectors, distinguish between barely moving and stationary objects through the use of Doppler radar, use radar to detect objects that are covered or hidden by darkness, eavesdrop on all manner of signals from the human voice to electronic radio waves, detect nuclear radiation with refined Geiger counters, and sense underground explosions at long distance with seismic devices.

No question about it, verification has moved ahead impressively. But it is far from perfect. There have been some conspicious failures of verification we know about, and probably others we do not know about. It may well be as the Reagan administration has warned that this country's verification capability is falling behind the advance in Soviet nuclear weapons technology. There is general agreement, for instance, that this country has no verification system capable of penetrating submarine or fighter plane-carried cruise missiles to determine if the charges in the missiles are nuclear or conventional. And Los Alamos physicist Don Cobb is quoted as observing:

> I don't think anybody believes that the verification systems we have in place will cover the next generation of treaties.

Mr. President, here is one part of the defense budget that the Congress can wisely increase. In the article to which I previously referred, Jeffrey Smith observes that, although much of the verification budget is hidden from view in CIA appropriations, the part that remains open shows that we have reduced our commitment to verification in recent years. Smith writes that Los Alamos says that funding for new verification initiatives has declined by 25 percent from 1984 to 1985. And research by the Arms Control and Disarmament Agency has also declined.

Mr. President, a relatively very small dollar increase can make an immense difference here. We know of the multibillion dollar expenditure on such nuclear offensive weapons as the MX missile, the B-1B bomber, the Trident submarines. All Senators are aware of the potential trillion dollar cost of the President's strategic defense initiative or star wars. Recently, Senators HART and BINGAMAN added the modest sum of $7.5 million—not billion, $7.5 million—to the budget of the Department of Energy to help develop means to monitor nuclear materials, nuclear explosions, directed energy weapons, and space weapons. If there is any clear test of the Senate's priorities between arms control on the one hand and the arms race on the other, this allocation of funds is it.

Mr. President, I ask unanimous consent that the article to which I have referred by R. Jeffrey Smith from the December 1985 issue of Science be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

HIGH-TECH VIGILANCE

(By R. Jeffrey Smith)

In February 1983, a new intercontinental ballistic missile was launched from Plesetsk, an enormous space complex in the northwestern region of the Soviet Union. Within seconds, a panoply of sensors operated by the U.S. intelligence community swung into action. Radars, located along the periphery of the Soviet Union and on several remote islands in the Pacific, tracked the flight of the missile and monitored its separation into three stages. Satellites positioned overhead repeatedly snapped its picture. And in conjunction with half a dozen listening posts on the ground, the satellites also eavesdropped on a series of electronic signals broadcast by the missile to Soviet engineers.

All of this was standard practice for America's intelligence-gathering network, but what was seen that day was not standard by any means. According to U.S. intelligence experts, the missile seemed to violate a provision of the SALT II arms treaty. Although the charge has been denied by the Soviets, it figured prominently in President Reagan's decision last June to proceed with the development of a similar missile, known as the Midgetman, which will also violate the SALT II treaty.

For more than 30 years, the United States has used its monitoring technologies to scout for ominous developments in the international arena. Of particular interest, of course, have been the activities of America's most powerful adversary. In the early days of this era, the Air Force attached bulky cameras to balloons and released them over Western Europe in hopes that they would be carried by trade winds over the Soviet landmass and then retrieved intact over the Pacific. Now, an array of expensive satellites, impressive radars, listening devices, spy planes, and seismic sensors constitute, in the jargon of arms negotiators, America's "national technical means"—the means by which compliance with arms treaties can be unilaterally verified.

If it's true that what you know about can't hurt you, then the major investments made by both the Soviets and the United States in monitoring technologies make sense. Compared with the big-ticket weapons systems each side develops on the theory that they will enhance national security, the technologies that tell us what the other side is doing are a bargain. Nations that know what their enemies are doing are less likely to increase world tensions through actions born of fear. And nations that know their enemies are observing them are far less likely to threaten international peace through rash behavior. Governments also are more likely to propose and sign treaties if they believe they can verify their enemies' compliance with the treaty terms.

Over the last 15 years, U.S. monitoring systems have given the superpowers this kind of confidence. Inevitably, new weapons or new means of hiding them have been developed that were not anticipated in previously signed treaties. But as weapons technology has advanced, so too has the technology of monitoring. Indeed, these technologies have bought time for diplomats to work out ways to prevent international tensions from exploding into war.

Recently, however, some high-level officials in the U.S. government have questioned the ability of engineers and scientists to develop monitoring techniques that can keep up with the weapons the Soviets are building. Charging that the Soviets may soon be able to cheat on treaties without being caught by our high-tech marvels, these U.S. officials have questioned whether the United States can afford to negotiate future treaties.

The problem is that virtually every existing arms treaty depends on the ability of one side to count or verify the number of weapons deployed by the other. At present, for example, both the Soviet Union and the United States can depend on their satellites, spy planes, and radars to tell them that the opposite side is complying with weapons limitations agreed to in the 1972 SALT I treaty, which specifies just how many different types of missiles, planes, and submarines each nation may have. Without such treaties, there would be no cap whatsoever on an arms race that has—even in the face of treaties—seen more than 50,000 nuclear weapons deployed throughout the world.

If it is true that the Soviets will one day be able to fool our monitoring systems, then they will be pulling the wool over some extraordinary gadgets. Reliable sources report that our spy satellites can distinguish objects six inches in size from 80 miles away. A satellite photo can show, by the headline format, which newspaper a man on a Moscow street corner is reading. Robert Lindsey, author of *The Falcon and the Snowman*, based on the true experiences of two Americans who became spies for the Russians, has revealed that an advanced U.S. listening satellite, the Rhyolite, can eavesdrop "on a Soviet Commissar in Moscow talking to his mistress in Yalta or on a general talking to his lieutenants across the great continent."

Admiral Stansfield Turner, a former director of the Central Intelligence Agency, sums up current U.S. capabilities by reporting that "we can take detailed photographs from very long distances, detect heat sources through infrared devices, pinpoint metal with magnetic detectors, distinguish between barely moving and stationary objects through the use of Doppler radar, use radar to detect objects that are covered or hidden by darkness, eavesdrop on all manner of signals from the human voice to electronic radio waves, detect nuclear radiation with refined Geiger counters, and sense underground explosions at long distances with seismic devices."

Turner's list suggests that U.S. systems fall into two categories: those that use imaging techniques to act as surrogate eyes and those that intercept signals of all kinds, thereby acting as surrogate ears.

EYES IN THE SKY

Of the former, a satellite known as the KH-9, or Big Bird, is one of the most important. Capable of photographing broad swaths of territory, the Big Bird is used in part to detect new construction and other changes in the Eurasian landscape.

Typically, one monitoring system will provide clues needed for additional probing by another. Thus, for example, on a pass over Russia, the Big Bird might spot a new building whose particular external physical shape is typical of a nuclear weapons production plant. Once such a possibility is raised, other monitoring systems can intercept communications, say, between the plan; and the Soviet Ministry of Nuclear Affairs.

The KH-9 orbits roughly 100 miles above the Earth's surface and can reportedly photograph all of the Soviet Union and the People's Republic of China every three and a half days. Should the need arise, these satellites can also photograph other nations. American University professor of government Jeffrey T. Richelson reports in *The U.S. Intelligence Community* that a Big Bird satellite flew over India when a nuclear bomb was detonated there in 1974. Another appeared over South Africa when a nuclear test was expected there in 1977.

In February 1981, when Russia marshalled its troops on the Polish border in response to the solidarity movement, the satellite of choice was a KH-8, whose orbit, more elliptical than that of the KH-9, allows it to take photos from as close as 80 miles.

Both KH-8 and KH-9 satellites carry a variety of cameras. When the film has been exposed, it is packed in canisters that are then parachuted back to Earth, where they are either snagged by planes in midair or retrieved from the ocean by divers. Once developed, the images are projected on screens and scrutinized by photo intelligence specialists who can zoom in on objects of particular interest with computerized lenses, or process the photos so as to reveal details hidden to the human eye.

A third type of satellite, the KH-11, uses no film at all. Instead, it records elements of a scene as digital electronic impulses that can be transmitted to other satellites and then to ground stations almost instantaneously. Although the KH-11's resolution is not as good as that of the other reconnaissance satellites, the advantage of direct transmission is that it enables officials to obtain important images in real time.

When world events develop too rapidly for any of these satellites to be swung into position, the intelligence community turns to an old and trusty standby: the spy plane. The fastest such plane, known as an SR-71 or Blackbird, can reportedly fly at more than 2,000 miles per hour at altitudes of up to 85,000 feet. Richelson reports that a Blackbird's three cameras can film 100,000 square miles in an hour, which would allow one plane to photograph an area the size of the entire United States in only three passes. He adds that it can also produce three-dimensional images of a 150-square mile area that are so sharp you can distinguish a mailbox on a country road.

EARS TO THE GROUND

All of these reconnaissance sensors are used in concert with sensors primarily designed to listen, not observe. During the 1973 Middle East war, for example, the United States learned, in part through the increase in encoded telecommunications traffic, that the Soviets were mobilizing for possible invasion of the area.

This collection of signals is performed by a wide variety of instruments aboard satellites, aircraft, ships, and submarines, as well as at ground stations positioned all over the globe. Not only telephone traffic but also radio, microwave, and satellite communications can be intercepted, as well as radar emanations and telemetry from missile tests.

The primary listening satellites are reportedly the Rhyolite, Chalet, and Magnum. While little has been made public about the latter two, it is known that the Rhyolite can monitor information from Soviet missile tests. This became public knowledge when it was revealed that spies Christopher Boyce and Andrew Dalton Lee had provided its blueprints to the Russians, eventually leading the Soviets to encode more of their missile test data transmissions.

A different type of listening satellite, White Cloud, can intercept Soviet submarine and ship communications, while yet another orbits at a lower altitude and is designed expressly to monitor Soviet and Chinese military radar transmissions.

These satellites are supplemented by several other eavesdropping systems, ranging from a fleet of older U-2 spy planes and SR-71 aircraft to more than a dozen RC-135s, one of which appeared off Sakhalin Island before the shooting down of Korean Air Lines flight 007 in 1983.

Another genre of eavesdroppers are the ground-based radars and antennas throughout the world that track Soviet missile tests and Soviet and other foreign satellites. The most important of these is COBRA DANE, a radar on Shemya Island, located off Alaska, only 500 or so miles from Russia's Kamchatka Peninsula, where most Soviet test missiles return to Earth. The COBRA DANE can detect an object the size of a basketball at a range of 2,000 miles. A similar radar, COBRA JUDY, moves about the Pacific aboard a ship, the *U.S.N.S. Oberservation Island.* Between these two radars, the United States can detect and simultaneously track about 500 objects.

In addition, there is a worldwide network of ground-based antennas listening in on the world's secrets. One of the most sensitive operations, known as Gamma Gupy, was conducted in the late 1960s with sensors at the U.S. embassy in Moscow. The mission's targets were radiotelephones in the autos of Soviet leaders.

MYTH OF THE DAY

Mr. PROXMIRE. Mr. President, there is a current myth in Washington, DC as put forward by the Secretary of Defense, that extending the SALT II prohibitions would be inimical to the best interests of the United States. This is the kind of myth which, if left unchallenged, could seriously contribute to the threat faced by the United States in the years ahead.

Why do I say that, Mr. President? Because of the likelihood that the Soviet Union would greatly expand its offensive forces if the SALT II limits were lifted.

Currently, the Soviet Union has about 10,084 nuclear warheads classified as strategic, including 820 on bombers, 2,844 on submarines, and 6,420 on ICBM's. This force is growing even within the limits imposed by SALT II. By 1990, the estimated total warhead count with SALT II in place will be 12,492, with 1,820 on bombers, 3,352 on submarines, and 7,320 on ICBM's.

Thus, even under SALT II constraints, the replacement features of the treaty will allow for about a 20-percent growth in Soviet warheads.

But consider what happens when the lid is lifted and SALT II constraints do not exist. Then, the Soviets would not have to retire older systems and they could add warheads to their land-based ICBM's well above the 10 warhead limit under SALT II. The result would likely be a total of 16,558 warheads by 1990 without SALT II constraints, including 2,740 on bombers, 3,948 on submarines, and 9,870 on ICBM's.

This simple calculation shows that adhering to the SALT II constraints would save the United States from facing an additional 4,000 warheads—a number that is one-quarter of the existing Soviet arsenal.

That is why we would have less security without the SALT II, and that is why it is a myth that extending SALT II is not in our national interests.

FACING HISTORY AND OURSELVES

Mr. PROXMIRE. Mr. President, there is a major controversy brewing in our schools. It centers on the Holocaust, specifically, a course for eighth and ninth graders called "Facing History and Ourselves: The Holocaust and Human Behavior."

Right-wing groups are organizing on a national level to have the course canceled. According to a recent article in the Wisconsin Jewish Chronicle, the Liberty Lobby is arguing that the Holocaust is a myth. The lobby is urging New Jersey Governor Kean to withdraw his support of the course calling it Anti-Defamation League propaganda.

Phyllis Schlafly's Eagle Forum and the Pro-Family Forum have also come out against the "Facing History" course. They argue that it is too controversial a subject for young people. Indeed, a Pro-Family Forum newsletter went so far as to publish a letter calling the course a form of child abuse. The Chronical article describing this controversy is appropriately titled, "No, Mrs. Schlafly, Holocaust Education Isn't Child Abuse."

Mr. President, this course was developed with Federal funds to explore the history of anti-Semitism and the development of events leading to the Nazi genocide of Jews during World War II. The intention of "Facing History" is to give students an understanding of these atrocities in order to prevent them from ever happening again.

The United States remains firmly committed to the prevention of genocide. The Foreign Relations Committee has favorably reported out the Genocide Convention six times. The Reagan administration supports ratification of the Genocide Convention. Both President Reagan and Secretary of State Shultz have reaffirmed their support for ratification of the Genocide Convention this year. In letters to the majority leader, Mr. DOLE, both the President and the Secretary of State urged that prompt action be taken to ratify the convention.

Mr. President, we cannot allow extremists to erase the memory of the Holocaust.

Teaching our children of the horrible atrocities committed against the Jews during World War II is only one step in preventing such crimes from ever happening again. We must take action to make genocide an international crime.

How will we answer our children when they learn about the horrors of genocide and ask what we have done to prevent its recurrence?

We must move forward in the struggle for basic guarantees of human rights and ratify the Genocide Convention.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER (Mr. HECHT). Under the previous order, there will now be a period for the transaction of routine morning business not to extend beyond 1:30 p.m., with statements therein limited to 5 minutes each.

MERLO J. PUSEY

Mr. MATHIAS. Mr. President, at this moment, on this beautiful Saturday in November, when the Sun is shining brightly, the air is clear and cool, there are thousands of people enjoying the beauty of the Chesapeake and Ohio National Historical Park. They are flocking to the park from its eastern terminus in Georgetown through the full 180 miles to Cumberland, MD. People are hiking and bicycling, riding horseback and birdwatching, rock climbing and jogging, people are savoring the countryside, the autumn beauty of the Potomac River Valley and all of the aspects of nature which are exhibited in this remarkable and unique park.

The establishment of the C&O Canal National Historical Park is, of course, the work of many hands. We think particularly of the late Justice William O. Douglas as one of those who is primarily responsible, but there were many others who were associated with Justice Douglas in the establishment of the park. Of them none was more important than Merlo J. Pusey, a former editor of the Washington Post, who died yesterday in Maryland.

Merlo Pusey was a C&O Canal hiker, one of the original famous group who walked with Justice Douglas to prove that the C&O Canal was in fact a national treasure that should be preserved and not sacrificed to bulldozers. His enthusiasm for, and commitment to, the establishment of the C&O National Park persisted to the end of his life. He was one of those who joined in the annual reunion hike. He was one of the "founders." We all owe him a tremendous debt of gratitude for the work that he did in preserving this great treasure for all time.

But Merlo Pusey's work was varied and extremely valuable. As a writer, as a journalist, an editor of the Washington Post, he made enormous contributions to this community and to the Nation. Mrs. Mathias joins me in expressing our sympathy to Mrs. Pusey and to her family.

I ask unanimous consent at this time to have printed in the RECORD an editorial which appears in today's Washington Post and an obituary column which appears in the same edition of the paper.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

MERLO JOHN PUSEY

For more than four decades, with vigor and authority, Merlo John Pusey wrote daily for this newspaper on a range on subjects as broad as its front page. Perhaps you do not recognize his byline for, although he wrote many books and articles, nearly everything he wrote for The Post appeared unsigned in this column. But if you read this page at any time been 1928 and 1971, when he retired, his voice was well known to you. If you read this page today, you will continue to hear many echoes of it.

Editorial writers' ideas are sharpened and refined by the battles they have joined, and Mr. Pusey's first great battle was over President Roosevelt's attempt in 1937 to pack the Supreme Court. It was, he believed, an attempt to spring "the balance wheel of democracy," and he wrote at blazing speed his first book, "The Supreme Court Crisis," laying out the case against the President's purposes. For the rest of his career he bore a mistrust of expanding presidential claims of authority, and of expanding government.

Because the following years were a period of presidential ascendancy in American politics, Mr. Pusey often found himself in the minority in editorial conferences. Whether he won or lost the day's joust, he carried on with limitless courtesy, patience and helpfulness to the rest of the staff down to, and sometimes especially to, the most junior. Most of the questions addressed on the page were settled within the bounds of the debate that Mr. Pusey carried on for nearly 30 years with his old friend and adversary, the late Alan Barth, whose political convictions had been hammered out in resistance to another kind of political excess, the trespasses on civil liberties by Red-hunting congressional committees in the late 1940s and early 1950s. The two men agreed absolutely on the centrality of the Constitution in American political life, but since they frequently read the Constitution differently, the basic concepts of the law were woven all through the discussions of those years. It was possibly after the thirtieth recapitulation of their disagreement over the legalities of wiretapping that Mr. Barth said, "Merlo is about as malleable as Oliver Cromwell."

And not only in editorial conferences. He once found himself serving on a Montgomery County jury in a murder case shortly before Thanksgiving. As the jury began its deliberations it became clear that Mr. Pusey had characteristically formed a clear and precise view of the case—and, also characteristically, was in the minority. The other jurors wanted to go home for the holiday, but soon realized that Mr. Pusey considered a Thanksgiving weekend in the jury room to be a very small price to see justice done. Minds began to change, and the jury came to a unanimous verdict—Mr. Pusey's verdict—in good time for Thanksgiving dinner. He always believed that principles don't count for much without the stamina to uphold them.

He began campaigning for home rule for Washington in the 1930s, when the city was under the unchallenged rule of a small knot of segregationist congressmen on the House District Committee. Born in Utah, he had a westerner's sharp interest in water, natural resources and national parks. A Mormon, he took great pride in his church's contributions to this city.

From his book on the Supreme Court he went on to write the biography of Chief Justice Charles Evans Hughes, for which he was awarded the Pulitzer and Bancroft prizes in 1952, and many other books—politics, history and biography. Earlier this year he published a volume of poetry, and he was still writing poetry until shortly before his death yesterday, at the age of 83, here in Washington.

MERLO J. PUSEY DIES AT 83; BIOGRAPHER, FORMER EDITOR

(By J.Y. Smith)

Merlo J. Pusey, 83, a retired editorial writer at The Washington Post, a prize-winning biographer, and a notable student of the Constitution and how it should work in war and peace, died of cancer Nov. 22 at Sibley Memorial Hospital.

Mr. Pusey joined the editorial staff of The Post in 1928 and rose to be associate editor. He retired from that work in 1971, but contributed occasional pieces to the newspaper until about two years ago. In 1952, he published a two-volume biography of Charles Evans Hughes, a chief justice of the United States, for which he won the Pulitzer and Bancroft prizes.

His other books include a biography, published in 1974, of Eugene Meyer, the financier and public official who purchased The Washington Post at a bankruptcy sale in 1933. Mr. Meyer, who died in 1959, was the father of Katharine Graham, now the chairman of the board of The Washington Post Co., and a grandfather of Donald E. Graham, the present publisher of the newspaper.

Mr. Pusey's association with The Post and the Meyer and Graham families thus spanned the long period in which the enterprise went from a point close to extinction to a position of stability and health. And in his years of service this scholarly, principled, civil and tough-minded man played a major role in shaping the newspaper's editorial policy. If he sometimes failed to sway

his colleagues in the give-and-take of the daily editorial meetings, he nonetheless made them reexamine their arguments. In this way he exerted a balancing and improving influence on them.

Mr. Pusey's passion was the Constitution and the rule of law. The test for him was how constitutional principles worked under the pressure of great events. One of these events—President Franklin D. Roosevelt's ill-fated plan in 1937 to "pack" the Supreme Court—served to sharpen the focus of Mr. Pusey's thinking. What Roosevelt proposed was to create enough new justices so that there would be a majority in favor of his New Deal economic program. The court had declared several key legislative acts unconstitutional.

To Mr. Pusey, the "court packing plan" was a violation of the Constitution. In a widely circulated book called "The Supreme Court Crisis" that appeared in 1937, he said:

"In the mind of the President the chief question in the Supreme Court controversy seems to be one of economic and social reforms. To the opposition it is a question of maintaining our system of government. • • •

"Only under authoritarian rule are institutions crushed because they do not serve the immediate purpose of the group in power. • • • This does not mean, of course, that the power of the Court is superior to that of Congress. 'It only supposes,' as Hamilton pointed out a century and a half ago, 'that the power of the people is superior to both'—and that revolutionary changes should await their approval."

More than 30 years later, Mr. Pusey published another book, "The Way We Go To War." The Constitution vests the power to declare war in Congress. Yet successive Presidents had played the principal part in deploying troops in the Korean war, in the Lebanon landing of 1959, in the Dominican Republic, and most notably in Vietnam. People spoke of "the imperial presidency."

Like others who lived through World War II, Mr. Pusey did not rule out conflict as an instrument of policy. He called for a redress of power in favor of Congress. Even if Presidents act in the national interest, he said, "a worthy end does not justify slick, dubious means. Democratic government is in very large measure a matter of method and procedures."

This concern with method and procedure is evident in an article Mr. Pusey published in The Post in 1982 on another controversial event: the jury verdict that found John Hinckley not guilty by reason of insanity in his assassination attempt against President Reagan. "Congress must face the necessity of relieving the judicial system from the mockery resulting from the Hinckley verdict," he wrote. "The country simply cannot tolerate a rule that makes the law an accessory to violence in utter disregard of the basic human right to life."

Last year, Mr. Pusey published a volume of poetry, "Ripples of Intuition." Its verses are about love, the changing of the seasons and the passage of years, the countryside. There are also verses about public service and politics and they speak of Mr. Pusey's continuing interest in the workings of government.

Merlo John Pusey was born on Feb. 3, 1902, on a farm at Woodruff, Utah. His parents were John Sidney and Nellie Quibell Pusey. He grew up on the farm and in Salt Lake City, where he enrolled in the Latter-day Saints University. He worked on the school newspaper and journalism became his ambition. He was a reporter and assistant city editor on the Deseret News while attending the University of Utah, where he was elected to Phi Beta Kappa and graduated in 1928.

On Sept. 5, 1928, he married the former Dorothy Richards and the couple drove east on their honeymoon. Arrived in Washington, Mr. Pusey took a temporary job with the old Washington News. Shortly thereafter, he walked into The Post and asked to see the managing editor about a job as a reporter. Instead, he saw the editor, who hired him on the spot as an editorial writer.

From 1931 to 1933, in addition to his newspaper work, Mr. Pusey was a part-time member of the staff of the Senate Finance Committee. From 1939 to 1942, he was an instructor in journalism at George Washington University. His interest in Roosevelt's "court packing plan" led naturally to his biography of Hughes, who was chief justice at the time and who gave him a number of interviews and full access to his private papers. Other books include "Big Government: Can We Control It?" (1945), "Eisenhower the President" (1956), and "The USA Astride the World" (1971).

Mr. Pusey, who lived on a farm in Dickerson, Md., was a member of the American Political Science Association and the Cosmos and National Press clubs. He was a member of the Chevy Chase Ward of the Church of Jesus Christ of Latter-day Saints.

In addition to his wife, of Dickerson, survivors include three sons, C. Richards and David R. Pusey, both also of Dickerson, and John R. Pusey of Orem, Utah; two brothers, P. Fred Pusey of Ogden, Utah, and Glen Pusey of New York; ten grandchildren, and seven greatgrandchildren.

NUTRITIONAL ASSISTANCE FOR PUERTO RICO

Mr. SIMON. Mr. President, I wish to speak briefly about something that is part of the agriculture bill but is really a much larger question than simply the agriculture bill. It is something that I am going to call to the attention of my colleagues in this body from time to time. It is the way we treat our fellow citizens in Puerto Rico.

In 1982, Puerto Rico was separated from the Federal Food Stamp Program and assigned a block grant of $825 million. That block grant caused an immediate $275 million cut; and since there has been no inflationary increase for 3 years, that cut has increased. It is anticipated that that figure will remain static for the next 4 years.

Why do we treat our fellow Americans of Puerto Rico much more poorly than we do the rest of the American citizenry? There is a very obvious answer. Puerto Rico has no Members of the U.S. Senate. Puerto Rico has one voting Member in the House of Representatives.

Let me point out a few facts on the Puerto Rico situation.

Citizens of Puerto Rico receive nearly 40 percent less in nutritional aid than citizens of comparable need on the mainland.

The average family of four receives $199 a month, those who are receiving assistance. Mainland families receive an average of $264 a month.

Puerto Ricans do not receive SSI and receive reduced AFDC and Medicaid.

Unemployment in Puerto Rico is 22 percent.

In 1982, 506,000 households were eligible for nutritional assistance. Now it is 413,000, and problems in Puerto Rico have grown.

Sixty-two percent of Puerto Ricans, or 2.17 million, are below the poverty line. Half of the Puerto Rican families below the poverty line have an annual income of less than $2,000.

It is estimated that across the board Puerto Rico is shorted almost $1 billion in various social aid programs, AFDC, SSI, Medicare, and so forth.

Over 50 percent of Puerto Rican families would be exempt from Federal income tax, if there were a Federal income tax in Puerto Rico, simply because they have insufficient incomes.

Yet, Puerto Rico has contributed a higher percentage of personnel to the Armed Forces than any of our 50 States. A higher percentage of Puerto Ricans died in Vietnam than in any of our 50 States.

A very practical consideration is people can get on a plane in Puerto Rico at any time and fly to the mainland and get on a ship and come to the mainland, and when we cut back on assistance to Puerto Rico we simply are causing people who do not want to move, to move to the mainland.

Per capita income in Puerto Rico is half of Mississippi, one-third of the Nation's average.

I hope that we will be a little more responsive, and it is not simply the agriculture bill. As I mentioned, Medicaid and other things. I hope we will be more responsive. Long-term, my own belief is that if the people of Puerto Rico vote for statehood, that really represents a direction we ought to go, and I am pleased that President Reagan has said that he will support statehood. If the people of Puerto Rico vote that way, both Republican and Democratic platforms have said that, but that is a decision ultimately for the people of Puerto Rico. Commonwealth status, the present status, is basically second-class citizenship status. It has to fall at one point or another.

The Presiding Officer right now is from the State of Nevada. He would not be satisfied with the commonwealth status for the State of Nevada.

Citizens of Puerto Rico are not satisfied with second-class citizenship either. Sooner or later Puerto Rico is either going to be independent or be a State. And it seems to me both for stability in the Caribbean area and in the long-run interest of the people of Puerto Rico and the long-run interest of people of the United States state-

hood makes just an awful lot more sense.

But in the meantime, as these bills come up, I hope we will not continue to give the people of Puerto Rico the short end of the stick.

I have not introduced any amendment on this, Mr. President, simply because I am aware at this point any amendment would have little chance of passage. But next year I may very well, when we face this whole problem, and I think we are going to have to have substantial amendments to the farm bill next year, and I will on other measures as they come along.

It is simply not fair, not right, not just, to treat the people of Puerto Rico any differently than we do our other fellow American citizens.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. ABDNOR). Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. BYRD. Mr. President, is the Senate in morning business?

The PRESIDING OFFICER. It is in morning business, yes.

Mr. BYRD. I thank the Chair.

Mr. President, I ask unanimous consent that I may speak not longer than 30 minutes, with the understanding that it will be in morning business or as in morning business, whichever complies with the rules, and with the understanding that if any Senator wishes to have the floor, I shall be happy to yield it; with the further understanding that my statement, if continued later today, will not show an interruption in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. I thank the Chair.

THE EVOLUTION OF THE VIOLIN

Mr. BYRD. Mr. President, the modern violin is both one of the most venerable and one of the most internationally widespread musical instruments of the modern world. Its relatives—the large world family of bowed string instruments—range from Africa to the Far East, and its ancestry is shrouded in early Asian and European history. The origin of bowed instruments may be traceable to the steppes of central Asia, but probably we will never be sure. By the later Middle Ages a number of violin-like instruments are reflected in the art and literature of most European countries. Out of this varied background emerged the modern violin, a creation of northern Italy in the 16th century. Since that time most of its essential features have remained unchanged, giving the violin the distinction of being the earliest of the standard orchestral instruments to achieve its contemporary form.

Every American who plays the violin is asked what the difference is between the violin and the fiddle. The simple answer is that there is no difference; "violin" and "fiddle" are synonyms, one formal and one familiar, for the same musical instrument. But a fuller historical answer is revealing about the development of the violin. The word "fiddle" in English, referring to a bowed instrument, dates from the Middle Ages and is related to similar words in early Germanic languages. There is another similar and presumably related term in Late Latin and the Romance languages—*vidula* in Latin, *vielle* in medieval France, *viol-*, with various suffixes in Italian. *Violino* in Italian, adding the *-ino* suffix meaning "little," is the basis for the modern English word *violin*. Thus ultimately the terms *violin* and *fiddle* stem from the same word in the Middle Ages. Their divergence into two modern words roughly parallels the two cultural traditions—court and classical on the one hand, folk and popular on the other—which have shared in the development of the instrument as we know it today.

EARLY MAKERS

One of the mysteries associated with the evolution of the violin is the fact that it assumed its modern form very suddenly in northern Italy during the 16th century. This is not a case of gradual, incremental evolution; rather, the modern violin sprang up almost full-blown during a brief historical period in a definable region. Such circumstances have naturally led scholars and devotees of the violin to search for a single inventor—a brilliant creative artist who conceived the modern violin. The search for a single creator may prove futile, but every historian of the violin has concluded that, at the very least, a handful of craftsmen can be credited with tremendous influence in shaping the instrument we now know as the violin. They are all associated with a few of the towns in northern Italy—Brescia, Venice, and especially Cremona.

If one person were chosen above all others as the "father of the modern violin," it would have to be Andrea Amati of Cremona. He was born around 1510 in Cremona, a town in northern Italy not far south of the Alps. He became an instrument maker and, by the 1540's, was apparently making violins as we now know them. Amati may or may not have been the earliest maker of such violins—some students of the violin have credited that contribution to Gasparo da Salo of Brescia and others—but he unquestionably founded and nutured a tradition of violin-making in Cremona that had a profound influence on the history of the instrument. His family dynasty of fine makers included two sons, Antonio, born 1538 and Girolamo born probably 1561, known in the Latin labels inside their insturments as Antonius and Hieronymus; Nicolò, born 1596, the son of Girolamo and perhaps the most admired of the family; and Girolamo, son of Nicolò, born 1649. In addition to the traditions in the family itself, the Amati workshop was a training ground for others, notably including Andrea Guarneri and Antonio Stradivari, who apprenticed with Nicolò Amati.

Antonio Stradivari, who was born in the 1640's and began making violins in the shop of Nicolò Amati in the 1660's, is the most famous today of the great Cremona school. Both the quality of his original creations and the fact that his violin patterns were later widely imitated, and often attributed wrongly to his own hand, had contributed to making his name synonymous with fine violin-making to millions of people in the modern world. He lived and made violins until an old age, dying in 1737, and his output of violins, as well as some violas and violoncellos, was large. Estimates of his lifetime production vary upward from 1,000, of which over 500 are known to have survived till today. Stradivari had two sons who also made violins, and presumably apprentices as well, but his was not a family dynasty comparable to the Amatis. Rather, his must be considered a powerful individual achievement built upon the violin-making tradition of the region.

The other family name from Cremona that has become synonymous with fine violin-making is the name of Guarneri. Andrea Guarneri, the first in the family tradition, was born about 1626 and as a youth apprenticed in the household of Nicolò Amati, later establishing his own violin shop. Two sons became noted as violin makers in the next generation: Pietro Giovanni, born 1655, who moved to Mantua, and Giuseppi Giovanni Battista, who remained in Cremona and inherited his father's shop. Giuseppe's son, Bartolomeo Giuseppe del Gesù, is today the most famous member of the Guarneri family. Born in 1698, he apparently worked first for his father, then around 1733 set up his own shop. Between then and his death in 1744, he produced a number of violins, but in an irregular pattern of production and quality that corresponds to a number of legends about his lifestyle. Del Gesù—the nickname derives from the monogram IHS which appears on labels in his violins—was not particularly revered during his lifetime, but his reputation has steadily grown

since the later 18th century. From Paganini to Kreisler, many concert violinists have performed on the violins of Guarneri del Gesù, and the reputation of his finest instruments rivals that of Antonio Stradivari.

It is worth mentioning in passing that the Music Division of the Library of Congress houses a splendid collection of classic instruments from the great era of Italian violin-making. Mrs. Gertrude Clarke Whittall donated to the Library an ensemble of Stradivari instruments, including three violins, a viola, and a violoncello. Fritz Kreisler's Guarneri del Gesú violin and a lovely Nicolò Amati violin, as well as several Tourte and Hill bows, complete the collection. They are housed in the Whittall Pavilion and receive the honor all fine instruments are due: they are not only viewed but played upon in the Library's concert series. It is gratifying to be able to number these instruments among the cultural treasures preserved in Washington for the edification of scholars and the appreciation of the public.

The most famous violin makers of Cremona's golden age have been rehearsed here. But it should be remembered that many more fine craftsmen contributed to the development of the modern violin. Even in Cremona itself there were others who, though perhaps less famous than names like Amati, Stradivari, or Guarneri, nevertheless made fine or even outstanding violins, many of which are still played today. Cities like Brescia and Venice boasted fine violin makers from the earliest period, and other cities like Bologna and Milan in later periods also contributed. The more one studies the Italian violin-making tradition, the more it seems a collective as well as an individual flowering. One remembers the famous names, and no doubt with justification, but to comprehend this cultural contribution fully one must consider the broad base of fine craftsmanship, passed along by imitation and through apprenticeship, as well as the brilliant masters whose individual talents drew upon and gradually reshaped that base of tradition.

Though the modern violin may be northern Italian by birth, its spread into the rest of Europe began early in its history. The Tyrolean maker Jacob Stainer, born around 1617 in the village of Absam near Innsbruck, Austria, produced instruments of a quality comparable to the great Italian masters. Stainer's work undoubtedly helped facilitate the spread of violin-making, as well as violin music, into the German-speaking regions of central Europe. The French town of Mirecourt became associated with violin-making from the 17th century onward, and many great French luthiers came from families such as Lupot or Vuillaume, who were schooled in the Mirecourt guild tradition. By the beginning of the 18th century it could be said of the modern violin that it had become firmly established, in both making and playing, throughout Europe.

By the early 19th century, the modern violin had completed a series of physical adjustments that fully transformed it into the violin of today. An original Stradivari, if left unmodified, would differ in a number of respects from a typical modern violin. The neck is longer today, the bass bar larger, the bridge more rounded, and there is a chinrest. These and other modifications, visible and invisible, have served to transform the violin into a more brilliant sounding instrument, playable conveniently in the higher registers, able to bear the increased pressures caused by an upward shift in the pitch of its notes, and able to project to large and sometimes noisy audiences in larger public halls. An even greater revolution has occurred in the shape and balance of the bow, which did not arrive at its modern form until the late 18th century. The father of the modern bow was François Tourte of Paris (1747-1835), who began making them in their modern shape around 1780 at the suggestion of the violinist Giovanni Battista Viotti. Most violinists today, whether their style be classical, popular, or folk, will agree that the "soul of the violin" (that is, the essence of one's expressive style of playing) lies in the bow arm and its execution. Thus the evolution of the modern bow, though less visually dramatic than the earlier development of the violin's essential shape, is a crucial part of the instrument's development. Most older violins made by the great Italian masters have been modified through the years to adjust to modern performance requirements, and of course the modern bow is always used to play them. It is therefore a rare experience to hear the old violins as they must once have sounded. Though they may look similar, most listeners today would be astonished at the difference in tonal quality brought about by the modifications of subsequent centuries.

THE VIOLIN AND THE DEMOCRATIC REVOLUTION

We may say that the 16th century saw the birth of the modern violin, and the 17th century was the time of its development and refinement. Perhaps the 18th century can be called the century of its emergence as the dominant instrument in orchestral music and the era of its democratization into an instrument accessible to people from all classes and walks of life. At the beginning of the 18th century one might be most likely to encounter a violin in a court orchestra; it had only begun the process of spreading to other social classes. But by the end of the 18th century it would be possible to find violins in the hands of not only court musicians but also Scots patriots and Virginia slaves. This social transformation was accompanied by important musical transformations for which the modern violin was the chosen instrument.

One key development in the democratization of the violin was in the economic sphere. For violins to be available to a wider swath of the population of Europe and the colonies, it was necessary to create more instruments than the master craftsmen seemed capable of generating. What emerged in response to this marketplace need was a system for making violins that we would call a "factory" system. One pioneer family in increasing the production of violins began with Mathias Klotz (1656-1743), who turned out less expensive violins in the Bavarian town of Mittenwald, and whose sons and grandsons gradually transformed the business into a cottage industry with different households supplying different parts of the manufacturing process. Similar operations developed in towns in France and Czechoslovakia in the 19th century. Devotees of fine violin making often lament these historical trends, but such factory towns insured that the violin would be accessible to the masses as well as the noble and privileged. Many Americans today, including myself, remember the day when the Sears and Montgomery Ward catalogs offered inexpensive violins for sale.

I remember my own first violin. I was in the seventh grade in the little mining town of Stotesbury, WV, in the south central part of the State.

My foster father was a coal miner; and, as a little boy, I used to sit and listen to my then-future father-in-law play the fiddle. He was a coal miner, and of course was not the best on the fiddle, but he enjoyed trying to play; and I was inspired in great measure by him to want also to learn to play the fiddle. Little did I know that at some future time I would marry his younger daughter.

So I have a coal miner's daughter for a wife, and she has been able to put up with me and my fiddle playing for going on 49 years.

Later, I kind of fell in love with a great teacher in the local school, Mrs. Marguerite Cormany. Mrs. Cormany's husband was the principal of the high school, and he was a strict disciplinarian. There were no "big" boys in his class. He knew how to bring them all down to size.

Anyhow, his wonderful wife was also a wonderful and inspiring teacher; and, as a little boy, I just loved Mrs. Cormany. She was good to me, and she wanted me to start taking violin lessons, and so I did, with others. I finally held what we called "first chair" in the high school orchestra. On one occasion, I suppose she decided that I had become so sure of myself that I was not practicing enough, so she de-

moted me to second chair. Well, of course, I was very much crushed, and that night I went home and I think I must have practiced all night. The next day I came back, and in violin practice retrieved my lost first chair.

Well, that first violin and the case and the bow and the resin and the strings—all to go with it—cost between $30 and $40. It was one of those what we called machine-made violins, made for students around the turn of the 1900's. There was a time when I suppose one would have sold for perhaps $10. But in this case, $30 was quite a fortune, and for my old foster father to spend between $30 and $40 on a violin meant that he was spending perhaps his savings over a period of 6 months. So, as I became more and more in love with violins, I became more and more appreciative for the sacrifice he had made that I might have a violin and that I might take music lessons.

I always will remember with great appreciation of labors of Mrs. Cormany as she worked with the boys and girls in those coal mining communities to teach them to play various instruments.

On reflection, it should be clear that inexpensive and readily available instruments are a prerequisite for the violin's popularity with all walks of society.

Another key development for the violin in the 18th century was the gradual evolution of the modern orchestra, using the violin as its central treble instrument. It is a measure of the transition of orchestras from creatures of the European court to assemblages for popular consumption that in the 19th century the word "orchestra" was used to describe American minstrel bands. As the violin's popularity broadened, it was used primarily as an instrument for dance music. Interestingly, bowed fiddle-like instruments had been associated with dance music in Europe since the Middle Ages. Thus the modern violin did not create a new association with dance music, but simply invaded and occupied an already existing association, supplanting other fiddle-like instruments such as the rebec or crowd and becoming what might be called the fiddle of preference.

The later 18th century was a revolutionary period in the politics and culture of Europe and America. It is certainly more than coincidental that it is also a period of revolution in the art of music. That the modern violin was central to the revolution seems beyond debate, though it is hard to say whether the spread of the violin helped cause or simply coincided with the larger musical revolution. In any case, the importance of the musical revolution of the later 18th century is indicated by the fact that it transformed not only the music of famous composers and elite orchestras, but the music at the grassroots as well. Nothing illustrates this more aptly than the changes in British and American instrumental folk music in the 18th century.

In the realm of folk music the fiddle (in all its historical forms) has usually been associated with dance in the British Isles and America. This association was neatly transferred to the modern violin after its introduction and "domestication" in the English-speaking world. But the spread of the modern violin for instrumental folk music seems to have coincided with a major transformation in instrumental folk music itself.

As one combs the historical record back through the 19th century and into the later 18th century, poring over manuscripts and publications of folk and popular instrumental tunes, the connecting threads to the present are never obscured. One senses a genetic kinship between the earlier collections and the dance tunes played by fiddlers throughout the English-speaking world today. There are even individual tunes, like the ubiquitous "Soldier's Joy" or "Fisher's Hornpipe," that can be traced clearly back to the later 18th century. But as one moves further back, studying documents from the earlier part of the 18th century, the trail begins to disappear.

Though there are some broad general connections between that era and the present, in general the evidences of folk and popular dance music bespeak a musical world radically different from comparable music today. Thus it is not inappropriate to call the late 18th century the period of origin for modern instrumental folk music in the British Isles and America. Whatever its causes, a revolution changed the nature of dance music during the crucial era. And the principal musical agent of that revolution was the modern violin.

Most Americans think of traditional fiddle tunes as having originated in the British Isles, from whence they were brought to this continent by music-loving early settlers. A corollary to this thought is the assumption that modern fiddling in the British Isles is somehow ancestral to, or more like the "original tunes" than, modern American fiddling. Like the more general assumption that American civilization is somehow descended from British origins, almost entirely, the assumptions about fiddle tunes are partially true and partially misleading.

Though the cultural impetus in the later 18th century was undoubtedly from the British Isles to the American colonies, rather than the other way around, it is important to bear in mind the fact that what was being radiated from Great Britain to North America was not a stable tradition, but a tradition itself in the process of revolutionary change. The transformation of instrumental folk music was a process in which not only London but also Scotland, Ireland, the English counties, and the colonies partook; and the political revolution in America certainly strengthened its tendency to chart its own cultural course.

Several important regional styles emerged from the transformation of instrumental dance music in the English-speaking world. Particularly notable are the Scottish and Irish fiddling traditions in the Old World, and the New England and Upper South traditions in the New World. All these regions had a self-conscious identity by the later 18th century. The New World regions, even while they were still colonies, had maintained separate populations and separate histories for over a century, and the Old World regions like Scotland and Ireland possessed cultural identities that since aboriginal times has differentiated them from the English. Each region seems to have developed its modern fiddling repertory and style more or less simultaneously with the others. Thus we may think of these kindred styles, not as ancestors and descendants, but as cultural cousins.

THE VIOLIN: CLASSICAL, POPULAR, AND FOLK

There are a number of fascinating relationships between folk styles of fiddling and the style (actually a combination of several historical styles) we refer to as "classical." Casual observers often sense the relationships but misconstrue them, assuming that folk fiddling somehow attempts but fails to imitate correctly the classical standards. Actually, in a number of cases folk fiddling preserves and perpetuates pre-classical or early classical practices with the violin that have been abandoned by the contemporary classical performers.

Perhaps the best illustration of this phenomenon is the practice—often remarked in folk fiddling—of holding the violin against the shoulder, and perhaps the best illustration is the practice, often remarked in folk fiddling, of holding the violin against the upper chest or armpit instead of between the shoulder and chin. It is often imagined that this represents a sort of casualness, or even laziness, on the part of folk musicians. In fact, both pre-classical fiddlers going back to the Middle Ages and beyond, and classical violinists well into the 18th century, held the violin in similar ways. The chinrest, which now graces all violins as a standard piece of equipment, did not appear until the early 19th century, and it represents an innovation necessary for performing compositions which consistently use the higher fingering positions on the violin. Folk music, on the other hand, rarely strays beyond the first position on the violin, and thus there is no

urgent necessity for gripping the violin with the chin to free the left hand. Essentially, folk musicians continue the violin posture which once was common to all violinists, whether folk or fancy. Similar historical circumstances help explain bowing postures assumed by fiddlers in the folk tradition. Such traits in the basic violin posture are thus both functional—they suit the style of music being performed—and historically venerable, and they help provide useful insights into the early history of the violin in general.

Another aspect of style in traditional fiddling reflects the preservation of a practice now vanished in classical violin. Oldtime fiddle players in some regions of the English-speaking world use both the standard tuning of the violin, in other words, EADG, naming the strings from high to low, and a number of other special tunings.

For example, if I play "Black Mountain Rag," I tune the G-string and the D-string each up by one step—that is, to "A" and "E," respectively—and I tune the E-string down two steps—to the "C" note.

If I play "Listen to the Mockingbird" or "Arkansas Traveler," I use the standard tuning with the exception of the G-string which I raise by one step to "A."

If I play "Cripple Creek" or "Old Joe Clark," "Soldier's Joy," "Mississippi Sawyer," or "Turkey in the Straw," I use what is called "mountain-A." Mountain-A is the raising or the lifting of the D-string and the G-string up by one step each to "E" and "A," respectively.

Not many fiddlers these days use all of these varied tunings.

I use the standard tuning EADG standard in playing such waltzes as "Over the Waves," or "Wednesday Night Waltz," and also I use that tuning for such religious tunes as "What A Friend We Have In Jesus," "There Is A Light At The River," or such fast fiddle tunes as "Sally Goodin," "Sally Anne Johnson."

As I say not many fiddlers anymore use all of these various tuning forms.

And they really make the noting considerably more difficult, because if one shifts from standard tuning to the raising of the G-string or D-string and so on, a different finger noting pattern evolves.

The practice is especially widespread in Southern States, where the old Southern fiddlers, and some Southern fiddlers still use four or five tunings of the violin and some use even more. For example, "Bonaparte's Retreat" requires quite a different tuning form than most other tunes.

Folk fiddlers consistently associated these tunings with certain tunes learned and passed along traditionally, and they report that the different tunings both make fingerings easier on certain pieces in certain keys, and also make a different sound that they find esthetically pleasing.

You know, I played music back in the days when I was doing my courting—in the Depression days. We did not have much recreation on Saturday nights other than to go to square dances, where I played the fiddle and my wife joined in the square dancing. The square dances often lasted all night and into Sunday morning. Roy Acuff seemed to be pleased that I was going to play some tunes at the Grand Ole Opry in the key of Mountain A. He said something to the effect that that used to be a very common form of tuning among fiddlers in the old days and that the style had almost vanished or was fastly vanishing.

Mountain A does allow for more volume, I believe, and more harmony and is more esthetically pleasing to the ear.

Some observers have assumed that country fiddlers invented this practice, but in fact it is a practice associated with the violin since time immemorial. The common musicological term for it is *scordatura*, which is Italian for "discording" the instrument—that is to say, changing the pitch of the strings. It was widely practiced in court and "classical" music well into the Baroque era, but during the 18th century was gradually phased out in favor of the standard tuning. Probably it was a casualty of the growth of large-ensemble orchestras, where the practice of retuning the strings proved time-consuming and not always successful. A similar trend can be observed today in folk fiddling, where the rise of performance in bands seems to be connected with the decline of retuning the instrument. Here again, folk practices today both preserve and provide insight into the reasons for "classical" practices in the past.

Ultimately, the relationship between folk and classical violin styles is a story of intertwining historical influences. Each has influenced, and has in turn been influenced, by the other, in a succession of historical waves moving in both directions. The relationship is neatly summed up in an often recounted story—applied in various tellings to Fritz Kreisler, Mischa Elman, or any of various other touring classical violinists. According to the story, the concertizing virtuoso was performing in a certain small town, and afterwards was introduced to a local fiddler, who expressed an admiration for his concert. When asked to play a piece, the local fiddler proceeded to play an ornate and complicated fiddle tune in a style that the violinist swore he was incapable of replicating. Thus was born (and is perpetuated in the telling of the story) a sort of mutual admiration society wherein the folk and classical violinist recognize both their affinities and their differences, and transcend differences in the universal appreciation felt by one artist toward the art of another.

The violin, then, is an intercultural instrument, and through it many cultures have found a way to express something quintessential about themselves. Its inexorable spread through Europe and America in an earlier era is matched by its diffusion to all parts of the world in the 20th century. In Egypt, India, and China, where folk relatives of the modern violin have existed for centuries, one can hear the modern violin in use today for not only Western classical but regional folk and popular music-altering the sound of the culture upon arrival, and in turn being stroked and bent to express new cultural resonances, new beauties in each new home. Underlying it all is that enternal verity of all bowed instruments: Since the bow has a tactile, abrasive quality as it is drawn over the strings, one could say that all violin playing is music imbedded in scratch. How one accents, disguises, groups, or intersperses the music and scratch—how one bows the violin—both distinguishes various cultural expressions achieved on the violin, and ultimately defines their common bond as *intercultural cousins* in the art of the world's peoples.

Mr. President, I will have perhaps more to say on another day about my favorite instrument, the violin, and what we call the "fiddle" back in the hill country.

Incidentally, I think of violins as being feminine, and if I were to name my various violins—and I have not named them—I think I would give them feminine names. Violins have personalities also. Each violin has a different personality. It also catches cold easily. Its tone is affected, and its volume, too, if there is a little dampness in the air. It is an extremely sensitive instrument to the weather, humidity, and temperature. It is hardest of all instruments to play.

I see on the floor the distinguished Senator from South Carolina, Mr. HOLLINGS. I had the good fortune this week of meeting his little grandson, Christopher Milhouse Hollings, a very fine looking little boy.

I was telling my wife at home last night about this little boy. I am very fond of grandchildren myself. I know that Senator HOLLINGS is likewise fond of his grandchildren. His grandson is a cute little boy.

His illustrious grandfather, Senator HOLLINGS, tells me that Christopher is going to start taking violin lessons.

Mr. HOLLINGS. I say to the distinguished minority leader that he is doing some "fiddlin" right now. I want to tell you the truth.

Mr. BYRD. I thank the distinguished Senator. I admire Senator HOLLINGS in many ways. I will tell you

one thing. If I were ever in a street brawl, Senator HOLLINGS is the man I would like to have show up about that time. I guarantee you he would not run in the other direction. He would take on about three or four guys at once.

He has courage, and he is a Senator who stands for something. He does not mind speaking his mind. He is not afraid to stand alone if necessary—a trait not too often found even in this place.

Mr. HOLLINGS. I get a lot of practice for those street brawls right here in the Chamber.

I thank the distinguished minority leader.

Mr. BYRD. I thank the distinguished Senator from South Carolina.

Mr. President, I will say no more about the violin today. I thank the Chair for his patience. I thank others who may have listened.

ORDER IN THE SENATE

(The following occurred during the remarks of Mr. BYRD.)

The PRESIDING OFFICER. The Senator will withhold. We will have order in the Senate, and that includes the galleries. If talking persists, we will have to ask people to be excused.

The Senator will continue.

Mr. BYRD. Mr. President, I thank the Chair.

Incidentally, under the Senate rules, the Chair is required to restore and maintain order in the Senate and the galleries without a point of order's having to be raised from the floor. Most of the time, we have fallen into this sad condition in which order has to be asked from the floor. The Chair is supposed to maintain order without its having to be requested from the floor.

I respect and admire the Chair when the Chair maintains order on his own. A lot of people complain about the disorder in this Chamber. All that is required, is someone in the Chair who knows how to use the gavel and who is not reluctant to speak into his microphone and insist on order. I realize most of this chore falls in these days upon Members who do not have the seniority of a RUSSELL LONG or JOHN STENNIS or STROM THURMOND and it is a little difficult for a Presiding Officer in that situation to look upon senior Senators on the floor and insist that they be quiet or that there be order in the Chamber or in the galleries. But that is the Chair's duty and all Senators should respect the Chair's call for order. It is worth praise when the Chair is taking this responsibility seriously and insists on order in this Chamber.

(Conclusion of earlier proceedings.)

PRESIDENT JOHN F. KENNEDY

Mr. BYRD. Mr. President, 22 years ago yesterday, President John F. Kennedy was felled by an assassin's bullet in Dallas, TX. The life of the youthful, energetic President, and brother of our esteemed colleague, Senator EDWARD KENNEDY, came to an abrupt, tragic end.

In looking back to that dark day of November 22, 1963, I believe our principal recollection, rather than the nightmare or the tragedy of that day, should be what President Kennedy meant to America and the world—the pride we felt in having John F. Kennedy as the President of the United States.

I have been around the Senate here for several years. I have never seen a more dark, sad day than was that day. I remember a group of Senators, including myself, who gathered in the cloakroom and watched the television. A great pall of sadness was over all as we watched, not knowing exactly what had happened at that particular point, not knowing that President Kennedy had died. And that same pall seemed to cover the Nation throughout the next several days. And it was a time which we will never forget. Each of us fervently hopes and prays will never happen again to a President of the United States.

We remember John Kennedy's beautiful, inspiring inaugural address. We remember his friendly, humorous exchanges with reporters. We remember him standing in front of the Berlin Wall, that infamous monument to man's tyranny over his fellow man, and proclaiming that all free people throughout the world were, indeed, citizens of Berlin.

He was an optimist in a time of so much negativism; a believer in a time of so much doubt; a man of smiles, warmth, and vigor at a time when the Nation needed all those qualities.

He was ready to fight in order to preserve freedom and democracy, but he sought peace whenever and wherever possible. "Let us never negotiate out of fear," he proclaimed, "But let us never fear to negotiate."

He attempted to build and create and to take this Nation into areas it had never entered before—whether in areas of human development such as civil rights, or the area of technological developments which enabled this Nation to put a man on the Moon and return him safely to Earth.

He was a President of vision—a natural leader who used his gift for the benefit of his fellow citizens by striving to improve and excel in every conceivable respect.

In his first Presidential debate with Vice President Nixon, when the Nation came to know the young John Kennedy for the first time, Senator Kennedy declared:

> If the United States fails, then the whole cause of freedom fails * * *. This is a great country, but it could be a greater country, and this is a powerful country but it could be a more powerful country.

Mr. President, although he was with us as President but 3 short years, a brief thousand days, I do not fear contradiction when I say the United States is a greater and more powerful country today—because of John Kennedy.

We miss him, but in our minds, as well as in our hearts he has never really left us.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. EAGLETON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. EAGLETON. Mr. President, I ask unanimous consent that I be permitted to speak as if in morning business.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

A CALL FOR CHANGES IN SENATE PROCEDURE

Mr. EAGLETON. Mr. President, this morning near 3 a.m., Senator SIMPSON made some remarks about the process of delay in which we found ourselves with respect to the farm bill and, in particular, pointed the finger of blame in the direction of Senator MELCHER as being the instant villain.

I would briefly like to comment on the Simpson remarks. First, as to the process of delay. The Senate is now in the state of incipient anarchy. The filibuster, once used, by and large, as an occasional exercise in civil rights matters, has now become a routine frolic in almost all matters. Whereas our rules were devised to guarantee full and free debate, they now guarantee unbridled chaos.

Mr. President, I ask each Member of the Senate to obtain and read a copy of a very interesting document published by the Senate Rules Committee on August 28, 1985. I have it here with me. In that document you will find some enormously useful information about the explosive and uncontrolled growth of the filibuster.

For instance, from page 37 to 72, it lists "Outstanding Senate Filibusters From 1841 to 1984."

I came to the Senate in 1969. Guess how many outstanding Senate filibusters there were before I came here? A total of 62.

Guess how many since I've been here, since 1969? A total of 80.

We've had many more filibusters in the 17 years I have served in the Senate than in the 120 years before I got here.

Guess one of the reasons I am voluntarily leaving the Senate?

Guess why some other Senators have previously left voluntarily? Guess who will be the next to depart voluntarily? Maybe you.

Now let's move on to Senator MELCHER in the role of today's "villain."

Once again, I refer to the aforementioned document rules. Where it mentions the so-called outstanding Senate filibusters, the document, most times, but not always, names the chief filibusters.

Here's the box score since I came to the Senate in 1969 and the number of their "outstanding" participants:

John Cooper	1
Phil Hart	1
Albert Gore	1
Birch Bayh	3
Sam Ervin	4
Bill Proxmire	2
Mike Gravel	2
Alan Cranston	1
Jim Allen	10
Henry Jackson	1
Hugh Scott	1
Gordon Allott	1
Russell Long	1
Bennett Johnston	1
Roman Hruska	1
Jesse Helms	4
Howard Baker	1
James Abourezk	2
Howard Metzenbaum	3
Richard Lugar	1
Orrin Hatch	1
John Melcher	1
Robert Morgan	1
Gordon Humphrey	1
Edward Zorinsky	1
Lawton Chiles	1
Wendell Ford	1

NOTE.—This list is only so-called Outstanding filibusters and the names of the filibusters were not always mentioned in the Rules Committee document.

Therefore, Mr. President, if my good friend JOHN MELCHER be today's villain, he has had one hell of a lot of earlier company during my service in the Senate.

Note the name Jim Allen and the number—10 times. Jim and I came here the same year. He was very courtly and exceedingly clever. He saw that our Senate rules could be exploited to bring this great deliberative body to a gridlock halt. Others have learned the Allen technique and are prepared to practice the art of gridlock at the drop of a speech or the drop of an amendment. The birds do it, the bees do, all Senators in a breeze do it. [Laughter.]

Mr. President, we, the great deliberators, are deliberating ourselves into national ridicule and embarrassment.

If I can borrow from Shakespeare a bit: "The fault, dear Brutus, is not in our stars, but in ourselves"—and our rules!

As I depart this body for a more sensible life, I urge that the next majority leader in 1987 make as a top priority item the restructuring of our rules, not to stifle legitimate speech, but to avert incipient legislative anarchy and to avoid the continued degradation of the U.S. Senate as an institution of competence, capacity, and trust. [Applause.]

Mr. President, I suggest the absence of a quorum.

Mr. BUMPERS. Mr. President, will the Senator withhold that?

Mr. EAGLETON. Yes; I withdraw my request.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. BUMPERS. Mr. President, what is the parliamentary situation? Is the floor open?

The PRESIDING OFFICER. We are in routine morning business at this time.

Mr. BUMPERS. Mr. President, I rise to say that that was eloquent and perceptive, candid and courageous—everything Senator EAGLETON said.

When I first came to the Senate, I was appalled at the number of subcommittees we had in the Senate and had an extensive study done. I found that of the roughly 300 subcommittees, 29 of them which had paid staffs had not met in over 2 years. We addressed that issue in a rather perfunctory way, but not really substantively. We continue to see the U.S. Senate in what Senator EAGLETON has appropriately called gridlock. I can understand the resistance by Members of this body to a series of rules changes, because the minority always is afraid of being oppressed by the majority, and the majority always understands that someday they are going to be in the minority.

So we have a gridlock on a meeting of minds about what every thoughtful Member of the Senate knows has to be done if this body is to become effective and viable and perform the Nation's business in a deliberative way.

I do not like to ridicule that statement about our being the greatest deliberative body on Earth, but nobody here believes that. Anybody who watches the Senate work hour after hour after hour and going to quorum call after quorum call after quorum call knows that this place is not functioning right. It is not running correctly.

And it occurs to me that you can talk about it, you can skirt around it, and you can talk about some things that the two leaders can agree to, for example, going to a true 15-minute rollcall. That was a step in the right direction.

But when it comes to the substantive changes that have to be made here to make this place function correctly, it is going to take rules changes which, as you know, requires a two-thirds vote.

I have participated in filibusters, not many, but I am always a little reluctant to tinker with the filibuster rule. When I came here this side of the aisle had 67 Senators. We were in a position to run roughshod over the minority.

But at that time then Senator WALTER MONDALE took the lead in changing the filibuster vote from a two-thirds of those present and voting to a three-fifths constitutional majority. That was changed the first year Senator EAGLETON and I came.

I would have voted at that time. I think now with the experience I have had here, I would be a little reluctant to totally abolish the filibuster rule. But at that time I was for totally abolishing rule XXII.

And some of the wiser heads, such as the distinguished Senator from Mississippi [Mr. STENNIS] warned all of us that there would be times we would be sorry if we did that. And I think for the most part he was correct.

But I can tell you that these round-the-clock sessions, putting holds on bills, and almost anyone being able to bring this body to its knees on any given subject prohibits the efficient operations of the Senate. We all know it. It is just a question of whether or not we are willing to address it and understand that we are not functioning very well.

I have about four or five rules changes that I have had on my desk and been intending to offer, and yet I know the resistance, I know the resistance of this body every time we talk about those substantive rules changes.

But by the same token, I just got up really to applaud and to second everything Senator EAGLETON said. You see, Senator EAGLETON has been saying this all along. It is not something he is saying simply because he is leaving this body next year. He is saying exactly what he has been saying ever since he came to the Senate and he has been saying what every one of us know makes a lot of sense.

Mr. President, I yield the floor.

Mr. RUDMAN. Mr. President, are we still in morning business?

The PRESIDING OFFICER. We are.

Mr. RUDMAN. Mr. President, I just want to comment briefly on the remarks by my friend from Missouri.

I serve with the senior Senator from Missouri on the Governmental Affairs Committee, and we will miss him when he leaves here. We have had some uproarious times on that committee during some of our investigations. We have not always agreed, but the Senator from Missouri brings a rare lawyer's skill to that committee, and I have enjoyed what he does.

What he has said has left one thing unsaid, and maybe this is a good afternoon to say it before we go back to our

homes for what I have always thought was the most wonderful holiday that we as Americans celebrate as a group, and that is simply this:

We all, who respect this country and love this institution, should be concerned. We should be deeply concerned about what kind of people will be attracted to come here in the years to come. We should care about that.

There always will be an abundance of candidates. There always are. The question is, Will there be an abundance of the right candidates who come here for the right reasons, the reasons being they care deeply about America and its people and they wish to make a constructive contribution to making life better for future generations.

I am in only the fifth year of my first term. It is no secret in this body that I have been wrestling with a very difficult personal decision which I hope to make between now and January as to whether or not I wish to take another 6 years of my life to spend here, and the reason is very simple:

I have never been in a place with so many outstanding people, as I have been in this body on both sides of the aisle, of all kinds of ideological persuasions, incredibly talented people, incredibly well-motived people but, Mr. President, operating within a system which although sound when conceived is not sound for this century and the new one that is soon upon us.

So I think the Senator from Missouri has made a very constructive statement this afternoon. We all should think carefully over the next 60 days as to whether or not we wish to address maybe even before 1987 some of the things that must be done to keep this a preeminent but coequal body in our system because if we do not the Senate will become an abstraction like the House of Lords. It will be a wonderful place to gather and exchange stories and ideas but it will have no effect on the dialog and the future of America. That will go to the other body as it is now in many ways in the eyes of the American people, sad to say knowing the rich history of this body.

So I hope we can make changes so that the people of talent and intellect who care about America can come here and use the intellect, caring, and hard work to accomplish things rather than to go through what we have been going through for the past 5 years, and last night is only one example, not a necessarily egregious example, an example of how the rules are used legally and properly by our colleagues.

So I thank the Senator from Missouri for the statement. It was a profound statement, one we should think about, one we should care about.

There is a great deal more at stake here than our individual political careers or the future of our political parties. What is at stake is whether or not the Senate will become irrelevant.

I thank the Chair.

Mr. ANDREWS. Mr. President, of course, we all join and commend what our colleagues have just said, to lead off, as the Senator from Missouri has and to remind us of the structural needs in this institution, followed by the Senator from Arkansas and then, of course, the very logical argument of the Senator from New Hampshire about attracting the right caliber of individuals to serve in the Senate. He is really doing the Senate's business.

But as I see it under our Constitution, this institution exists for one reason and one reason alone, and that is to do the people's business.

The Senator from Arkansas suggested that we needed two or three rules changes. They had to be in the rules, and might I suggest to the Senator from Arkansas, Mr. President, and to any others who are interested, that perhaps one of the rules changes that I think would be most helpful comes from the years I served in the other body.

All of us have had, of course, the responsibility of bringing legislation to the floor. We have all stood down there in those center desks waiting with interminable quorum calls for people to show up to offer amendments.

If I were this afternoon to suggest one simple rules change that would not hamstring the ability of individual Members of the Senate who feel very strongly about an issue to make sure that that issue is debated thoroughly and that time is taken to look closely at it, the rules change I would suggest would be very simple, that we look at the rules of the House, and when we bring a bill to the floor the managers of that bill ask the clerk to read it by title and when they have done title I and there is no Senator in the Chamber, they ask the clerk to read and you go to title II.

The Senators who are there under the rules of the Senate can debate that title I for as long as they wish and in any way they wish. But we would not hold up the work of this body to do the people's work while we are waiting for someone to come in from a lunch downstairs or a picture session with some constituents or whatever, important though that might be.

That would enable a lot of the people's work to be done much better, to proceed orderly through titles. Unanimous-consent request would need to be granted to go back to open up a title after it had been passed on and the clerk read the next title.

But our problems in the evening here are problems that are brought about because during the daytime we are not legislating. We are on hold and that does not mean that the people's business is being done. And that really is where we get into difficulties, I would suggest, Mr. President.

So, a simple rules change that could merely allow for an orderly process of debate title by title as we go through the bill and granted at the end of all of the titles being read, anyone can offer an amendment at that time without unanimous consent because it can be added onto a bill and affect anything within those titles, but it would provide that orderly process, and often we would not get into the snarl we get into now in the evening when very important subjects are not given the time for debate they should have. They are not given the legislative history that they should have through full and open discussion here on the floor.

So, Mr. President, whoever is accepting these ideas—the Senator from Arkansas or whoever else is going to draw up a proposed system of rules changes—let this one Senator suggest the possibility of orienting this body so that when we bring a bill up, we debate it title by title. And if no Senator is there to offer amendments to title I, we go to title II. If nobody is there to offer amendments to title II, we continue going on to the next title until we have come to a third reading. We will then have had our full debate and then be able to continue with the people's business. I believe that a rules change might probably be the best way of doing the business of this body, the people's business, in a much more orderly fashion.

I appreciate my colleagues for having pointed this out and for giving us an opportunity, which we do not very often have, while we are waiting, of course, for the business of the farm bill to be presented to the body, to talk about these things that we all feel very deeply about.

Mr. DANFORTH addressed the Chair.

The PRESIDING OFFICER (Mr. WALLOP). The Senator from Missouri.

Mr. DANFORTH. Mr. President, I want to join in complimenting my senior colleague on his characteristically focused, vigorously stated, perceptive understanding of obvious problems that are now existing in the Senate.

Some weeks ago, Senator EVANS telephoned me and asked if I would join him and other Senators for breakfast. And we did get together for breakfast and just for a general discussion of life in the Senate. We had breakfast with Senator EVANS, Senator PRYOR, Senator RUDMAN, Senator BINGAMAN, and Senator BAUCUS. No particular agenda, but we were talking about the difficulty of predicting when we are going to be voting at night, when we were going to be at home with our families, when we can plan, as a matter of certainty, a

weekend when we can go back to our home State.

After a couple of meetings together, we invited the two leaders, Senator DOLE and Senator BYRD, to have breakfast with us, and they did join us for breakfast, I believe it was, a week ago Thursday. A wonderful sharing of ideas. And I believe one of the things that, more or less, we decided was that hopefully sometime in the near future we will be able to get together, just all 100 Senators, and talk about some simple changes that perhaps could make life better and more sensible for the day-to-day workings of the Senate.

The things that we have been talking about would not require rules changes—simple things, such as 15-minute rollcalls and adhering to the constitutional requirement on a sufficent second.

Sitting here last night at about 2 or 3 o'clock in the morning, I thought to myself, you know, how modest these changes in practice would be and how helpful they would be, but how ineffective they would be in getting at the kind of problem that we were involved in last night.

Senator EAGLETON has used a phrase, I think he used it twice in his remarks to characterize the present state of affairs; he said that this is "incipient legislative anarchy." I think those are well-chosen words. I am not sure about "incipient." I think the legislative anarchy may be fully developed. But I think the word "anarchy" is well chosen, because what anarchy means is everyone for himself. There is no central system. There is no central law. Everyone is a law unto himself.

We pride ourselves on our rules here in the Senate. We adhere to them with a great stringency. Last night, when Senator HARKIN and Senator MELCHER were speaking and there was sort of an uproar in the room and some people were shouting, I admired the Democratic leader for standing up and protecting the rights of his people to be heard. That was insistence on the rules. We almost worship the rules in the Senate.

But, clearly, Mr. President, something has gone wrong far beyond practice. Something has gone wrong far beyond the length and the number of rollcall votes and the predictability of whether or not we are going to be here on a Monday night or a Tuesday night. What has gone wrong is much more basic than that and it does have to do with the rules. I do not pretend to be any expert on the rules of the Senate. There are a lot of people who are.

One of my concerns is this: we are now in late November. Sooner or later, we will wind up this session of the Congress. It is so typical—it happens almost by the calendar—that as the year ends, we all have this sense of discontent. We all have this sense that something has gone terribly wrong in the Senate; that we cannot function as a body; that we are in the midst of what Senator EAGLETON has characterized as anarchy. We get terribly upset. We begin to doubt what we are doing here, whether we are making an appropriate use of our lives by serving in this body. And then we adjourn and we go away for some time at home or some time with our families. And we are gone for weeks or maybe a month or two and we come back and the schedule is light as we begin the new year and we forget about the pain and the suffering at the end of the last session.

We have set up a series of study groups. There was the Pearson-Ribicoff group. Senator QUAYLE was heading a group, I believe, a year or so ago to look at the rules of the Senate. We seem to go through this at the end of every session because that brings to a head our concern about the workings of the Senate. And then we forget about it.

Unfortunately, from my standpoint, Senator EAGLETON is going to be retiring. Another year from now, he is not going to be here any longer. But I would say to my much admired senior colleague, I hope that you stick with this issue in January, in February, in March. We need some people in the Senate who are going to make this more than a November and December issue. We need some people who are going to make this an issue and to follow through with it at the beginning of the new year. And I can think of no contribution that could be made that would be more important by my senior colleague than to focus on this issue as a concern throughout the coming year.

Mr. PRYOR addressed the Chair.

The PRESIDING OFFICER. The Senator from Arkansas.

Mr. PRYOR. Mr. President, I did not plan to speak today. I believe we had far too many speeches yesterday. I want to assure my colleagues that if the typing of the farm bill is finished, and it is brought in the door in the next 2 to 3 minutes, I will more than gladly sit down and yield the floor.

I wish to join, Mr. President, my colleagues in paying tribute to our friend, Senator EAGLETON of Missouri. I do not know of another Member of this great body—and it is a great body; it has been and it can be even a greater body—I do not know of a Member of the U.S. Senate who stands on the floor of this great institution and speaks with greater and deeper conviction. You do not see Senator EAGLETON standing every day and speaking on every issue. But, when he does speak, Mr. President, he speaks with a depth of conviction that I think may be unmatched in the Senate today.

I compliment him, and I applaud him. What he has stated was courageous. It needed to be said, and all of us need to listen.

Mr. President, I am a member of a small group—unofficial—that the junior Senator from Missouri discussed, and which has met with the majority and minority leaders recently talking about not only our frustrations, but maybe a very few minor changes which might make the Senate run better.

Recently, I did a little study about how the Senate has utilized its time in 1985. Many Members of the Senate and spouses of Senators, have written or called and said, "Listen, let us do something." So, as a result, I feel very sincerely, Mr. President, that something can be done because I would like to say nothing is going to be done—nothing is going to be done—unless we do it ourselves. These fine people in the gallery cannot change it. These people in the press cannot change it. These wonderful people who stay here day in and day out, and night after night, until 4 o'clock in the morning, cannot change it. Only we can change it and make it better.

Some of my colleagues from both sides have come and said, look, there is no chance that we can change this. There is no real chance that we can do it because it has been happening for so long, and it is just part of the complexities of today. I refuse to accept that. We can change it. We can make it better. We must make it better.

Some have even said, well, wait a minute, this is just an inside problem; this whole problem of how we run what happens within these four walls is just an inside problem. It does not relate to the rest of the country. But, Mr. President, month after month when we continue to run the U.S. Government on a strange animal known as a continuing resolution, month after month in those critical periods of the year, especially at this time when the Federal Government does not know if it is going to function the next day, when the veterans do not know if they are going to get a check, when the Social Security recipients do not know if they are going to have a check in the mail next week—it becomes far more, far more, than an inside problem. It becomes a national problem.

I think that we could do no less than to sit down and talk about these problems. The problems that we, and only we, must solve. I would like to submit, Mr. President, and my colleagues, that Senator DANFORTH and others in our little group—we reported to our respective conferences or caucuses last Tuesday—are going to propose only a few modest changes not requiring any rules changes, nor requiring a constitutional convention, not requiring anything except adhering to the Constitution of the United States under the present rules that we have.

And, we have proposed that 100 Senators sit down right after Thanksgiving and discuss these matters. To the staff, we will see you later; press, we will see you later. We have got to get together and solve it alone because no one can help.

I say to my distinguished leader on my side that I hope that meeting will not be in this Chamber. I hope, Mr. President, that a meeting of 100 of us—maybe it could take place in the caucus room, it might take place in a committee room where we would not sit as Republicans and not sit as Democrats, because this is not a party problem.

And, I hope that we would not approach it as a party problem. This is a problem of one of the greatest deliberative institutions on the face of this Earth. It is a problem that we have to do something about, and my colleagues, it is a problem once again that only we can do something about.

I was so proud that our President went to Geneva. I feel hopeful and we all feel hopeful. But, one good thing about that visit, Mr. President, I would like to stress is that Mr. Gorbachev is coming back here, and they are going to continue talking. I am saying that when the 100 of us get together and talk about this problem I hope we will resolve at that meeting that periodically we can continue talking about the necessary changes, the rules changes that Senator EAGLETON has talked about, and some of the other procedural changes that we must face.

Let us not be skeptics. Let us not be downhearted. Let us put what happened last night behind us.

But, I think what has happened in recent months and even in recent years should be a lesson to us, and a warning to us that we have to do something, even if it is slow and step by step. It will require our best efforts. It will require patience. More than anything else, it will require a re-dedication to what this body is all about.

I am hopeful, Mr. President, that meeting can take place, and can produce positive and constructive results.

Once again, I applaud my friend and colleague, the Senator from Missouri, Senator EAGLETON.

Thank you, Mr. President.

Mr. EVANS addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. EVANS. Mr. President, let me join with my colleagues who have just spoken. I did have the privilege of meeting with Senator PRYOR, Senator DANFORTH, and others for breakfast a couple of times. I could not have been more pleased and more heartened to come here this afternoon, to sit, and listen to my colleague from Missouri speak as eloquently and well as he did.

I also would join with my colleague from New Hampshire when he said that his colleague, my colleagues, are a strikingly able group of people. That is one of the earliest and most joyful recollections in my short tenure here in the Senate; I have found that indeed this body is a body of remarkeable men and women. But how could so many able people join together in a body which has become so incapable of carrying on the functions that ought to be carried on in behalf of our citizens?

Maybe there is more than coincidence that we are elected to terms, and those who commit crimes are sentenced to terms, and all I can say to my colleagues is that currently on the basis of the great distress which has erupted among us during the course of these last months I almost look forward now to May 8, 1986 because that will represent the halfway point in my term.

Is it going to be just an opportunity from that date forward to mark off the calendar day by day looking forward to the end of the term, and an opportunity to do something else? In many respects I envy my colleague, the senior Senator from Missouri. He has less time to serve then I.

That is a terrible way to view—any of us—the future time we have to serve here in the Senate.

While I do think that rules are important, and changes in rules are desirable, perhaps they ought to be preceded by that first step, the first step which has been suggested by several of my colleagues today of not only meeting together, but through that meeting trying to recapture some of the felicity, consideration, and even the common courtesy necessary to create the comity among us which is absolutely necessary if 100 able people are to join together in an able body.

Perhaps out of that first step, that first step of regaining that consideration and comity, we then have a better opportunity to move to whatever rules changes, to move to whatever other kinds of changes, are necessary in order for us to become that able body we ought to be.

Mr. President, I do not think we ought to wait very long. With the memory of not only last night but the memory of the last several weeks fresh, I would hope that we indeed will take the time, will take the opportunity, in the week after we return from this Thanksgiving recess, if in fact there is to be a Thanksgiving recess—which some of us may wonder about—and I think we can make progress and once again create the body we have all read about, the body that has had the history and the long-term respect of citizens of this Nation.

I suspect that is what brought us all here in the first place—the hope, the desire, that we could serve in a body which we had read about in the history books, which we had respected so much over the years.

Mr. BYRD. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

Mr. BYRD. May I say, Mr. President, one of the things that is wrong with this body is that order is not secured and maintained. That can be done by one man. That is the man who sits in the chair presiding over this body. Lest I be misunderstood, I make no reference personally to the present occupant of the chair.

Senators should not have to stand and ask for order. It is all in rule XIX. The Chair has the responsibility, without a point of order's being made from the floor, to secure order in the Chamber and in the galleries. All it takes is for any Senator in that chair to know how to use that gavel, to keep his eyes on the Chamber and protect the rights of a single Senator to stand and be heard.

I am sorry I have to say this at a point when any Senator is in the chair because that Senator is going to feel that I am speaking of him. I do not mean to do so. So many times I forget that I am contributing to disorder in the Senate Chamber as I talk to other colleagues as they come in. So I too, contribute to the disorder.

But I respect that Chair. If that Chair asks for order and asks for Senators to get out of the well, I ought to set an example, as the elected leader on this side, I ought to sit down in a chair, any chair, when the chair tries to clear the well. And so should staff. So should staff.

I beg the Senator's pardon for interrupting him, but I will not go longer. I feel strongly about this body.

I have seen the Chair often attempt to get order and I have seen Senators in that well who ought to know better, and who ought to respect that Chair, but who just continue to stand there. I implore Senators who have to take on the chore of sitting in that chair to do the job of maintaining order that is required under the rules.

The PRESIDING OFFICER. The Senator is absolutely correct. The Chair should enforce the rules.

The Senator from Washington.

Mr. EVANS. I believe the distinguished minority leader has said much better than I could some of what we have lost.

During my tenure I have been listening to the Senator from West Virginia speak about the history of this body and the past occasions when this body rose to its greatness. I suppose there are perhaps two ways to gain the full attention of the floor. One is as the Democratic leader pointed out and the other which we find ourselves seldom doing except on rare occasions, to rise to the eloquence and the unusual op-

portunity to capture the attention of all Members of the Senate. But no matter how eloquent and how able we seem to be in recent years, there is seldom an audience to capture.

I hope that among the other things we regain as we look at the Senate and how it now operates is that opportunity which, ironically enough, comes on a Saturday afternoon while we sit and wait for a bill to be together and prepared for action on the floor.

I appreciate this opportunity, this one Senator's chance, to speak to more than three at a time. I hope there will be more opportunity to do it on the great issues which we face.

Mr. President, if that is one of the outcomes, and if some of the other things which have been spoken about here today can be put into effect, then I think we have a chance, an able group of people, to become once again an able body.

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Mr. President, I would like to offer my views about the process and the institution of the Senate.

It all comes down to whether individual Senators, acting individually and collectively, are going to work together so that no one Senator abuses or takes advantage of his position but yet at the same time protects his rights.

We all hear that 50, 60, or 70 years ago this body was more of a club. I suspect it was. Even though Senators operated under basically the same rules, they engaged in a little more give and take, more trust, more sharing. They worked together a little bit better.

I am sure that there were great debates, that there were times when Senators disagreed vehemently with one another, that there were filibusters. And yet I suspect there was a little more trust, a little more sharing.

Under the same rules, I suppose the Senate worked a little better. As a result, the Senate was more respected in the country than it is today.

Nevertheless, times have changed and have caused the institution of the Senate to change.

Our country has changed. Technology, like television, computers, and direct mail, tend to pull us away from the Senate, and toward our constituencies and toward special interests.

All the campaign dollars that are politics today have drawn us a little bit more toward various groups and a little more away from this body. We are acting more negatively, more defensively. We are more worried about reelections, more worried about protecting our bases; less concerned about major issues, about major legislation, I suspect less concerned about give and take in search of the truth.

What it comes down to is this: We have to ask ourselves whether we are going to come together more and work together on a less partisan and less individual basis so that this institution works.

As Ben Franklin once said, either we hang together or we hang separately.

I suspect that the more we hang separately the more that is what is going to happen. We are going to lose out as individuals. We are going to lose such distinguished Senators as the Senator from Missouri [Mr. EAGLETON], one of the best Senators in this body, and we are going to lose others.

We are also going to lose the respect of the country. The more we lose individuals like the Senator from Missouri and the more we squabble among ourselves, the more the Senate is going to lose respect and power.

So we have to ask ourselves whether we are going to come together or instead operate as selfish individuals.

To work together, we must become a little less partisan. An example is what happened in the last few days.

I do not blame the party which presently holds the majority in this body today. Our side has had problems in the past, too. But I think when the majority begins to abuse, if I may use the word not in the pejorative sense, when the majority party begins to abuse its position as majority—that is, by stacking up the Christmas tree, by completely controlling the floor so that Senators in the other party do not have the chance to use their right as Senators—then the majority is wielding a double-edged sword. What happened in the last few days shows the opposite edge of that sword. Senators—Senator MELCHER, the Senator from Iowa, and other Senators—rightly concerned about their rights, began to exert their rights to extended debate because they had been denied their rights earlier in the debate.

I think our own party has done that, too, in the past. It is not only the Republicans. I am just suggesting that if we are going to work together, we should not abuse the rights of the majority so we do not abuse the rights of the minority.

When it comes to changing the rules, and I shall go one more step and then sit down—we must either keep the same basic rules and we work together more, change the rules so that the majority is less able to abuse its right as the majority and the minority less able to abuse its right as the minority. It is my hope that we do not have to change the rules much. It is my hope that we come together.

I will go so far as to suggest a practice that this body engaged in years ago, alternating the Chair between the majority and the minority parties every hour, to make this body a little less partisan. There are other things we can do to make this possible. Sure we have individual views as Republicans and Democrats, but we can agree to disagree agreeably so we do not do it disagreeably.

That is the fundamental question we have to ask ourselves: Are we going to work together or not? If we do, we are going to attract and keep Senators like the Senator from Missouri and raise the stature of this body. If we do not, we will not. It is that simple. It is up to us. The proof is in the pudding. I hope we are going to work this out in the next weeks and the next months.

Mr. LEAHY addressed the Chair.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. I shall speak on this subject because I know it is not holding back the legislative matters before us. At least, I ask the Chair, we do not have a legislative proposal before us at this point, is that correct?

The PRESIDING OFFICER. The Senate is in morning business.

Mr. LEAHY. I thank the Chair.

Mr. President, I remember being a law student at Georgetown and I used to come up and sit in the galleries and watch the Senate debating. In fact, I see some of the same Senators in this body today that I saw at that time—the very distinguished and most senior Member of the Senate, the Senator from Mississippi [Mr. STENNIS] was here; the distinguished Democratic leader [Mr. BYRD] was here; the distinguished Senator from Missouri [Mr. EAGLETON] was here.

Others have served in that time—the Senator from Texas [Mr. BENTSEN], the Senator from South Carolina [Mr. HOLLINGS] are those who served then. I would come and listen to them. There are others who are no longer here: the distinguished Senator from Illinois, Mr. Dirksen who was then the minority leader; the then later to become minority leader Senator from Pennsylvania, Mr. Scott; my own predecessor in this office, who was then the dean of the Senate, George Aiken—and others who served here.

I recall sitting up there and listening to the debate and thinking about what the Senate is and should be. Somebody said to me at the time that the Senate should be the conscience of the Nation. I like to think the Senate can be and should be the conscience of the Nation.

I did not think when I was sitting there watching that, 10 years later, I would be a Member of this body and I would be serving with the same people I had watched.

Thinking back over the 10-year span and wondering what it was that brought me from being a student in the galleries watching to being a Member of this body made me realize that we are not some extraordinary 100. We are simply 100 people, men and women, who happen to be here

representing our States. We just happen to be the 2 from each of those 50 States who are asked to come for a time—for a time—to serve here and represent the citizens of our States. We do not own the seat in the U.S. Senate when we get here; we do not own the place. It is not something by divine right. It is simply there on behalf of our fellow Vermonters or fellow Texans or fellow Virginians, or any other State. We are here to represent them.

Mr. President, we then have an opportunity for 6 years—the Constitution really insulates us for that 6 years, allows us to come here and be that conscience.

Sometimes we have a tendency to be almost line-item—I hate to use the term "bureacrats" because it is misused and it is an unfortunate expression the way it is used sometimes to denigrate thousands of extraordinarily talented men and women who serve the Federal Government. But we end up doing almost nit-picking instead of looking at what are really the great issues of this country and how we leave it somehow, not only reflecting the conscience of the Nation but how you can shape and drive that conscience, whether it is matters of foreign policy, domestic policy, economic policy or, as right now, the farm policy. We sit here and discuss almost as though each one of us were about to go out and plant and sow in this farm policy as we discuss what is the best policy for a nation with a proud agrarian past—the only major military power in the world able to feed itself and its allies; the wealthiest, most powerful Nation in the world, one that can eliminate hunger not only in its own borders but do a great deal to eliminate it worldwide—which way do we base the argument?

Mr. President, I think we are perhaps approaching a time when somehow, the rules changes that were discussed by the distinguished Senator from new Hampshire, the two Senators from Missouri, others who are here, are a way to step back and look: Should we really be here year round? Should we be on the floor until 4:30 in the morning tying ourselves into knots? Or should we go back to the way it was?

I know in discussions when I first came here, the ones I shall probably remember with the most fondness after I leave the Senate are the evenings when the distinguished Senator from Mississippi [Mr. STENNIS] was kind enough to take a young Senator and invite him on various evenings when we were having evening sessions, to come and break bread with him. He would tell them stories of the Senate, the way it was and could be, with that kind of tutelage, talking about a time when Senators would come here, get their business done and go home and be with their people. The distinguished Senator from Tennessee, Mr. Baker, used to talk about the need to go back becoming citizen legislators.

And really is it impossible for us to think of doing that? Do we have to cross every T and dot every I? Do we have to somehow think that the 100 of us will cover every single item of the Federal Government and allow all 100 of us to massage it and express our opinions? Or do we assume that there are certain issues that are of importance, those are the ones that come to the Senate, but then the 100 Senators go back home so they do not forget that they are not some kind of God-chosen people, but, rather, are just the two representing that State, for that time, and then two more will replace them later on and two more after that. And also allow us to remember that we are human beings. I came here with three children under 10 years old. I often said that they are three children who will live most of their lives in the next century and I sometimes think it will be the next century before I see them again with the way these hours go. Why not stop running the Senate in such a way that it really tells us that we cannot be family members; that we cannot be members of our community; that we cannot spend time in our homes, that we are going to by our own actions somehow isolate us not from the people we serve but the people we represent and remove that idea of representative Government.

So, Mr. President, I am not suggesting any great ways we could change this institution and probably we will not, but I would suggest this: As the Senator from New Hampshire suggested in his remarks, and I hope all Senators will read them, the former Senator from New Jersey, Senator Brady, Senator Bellmon, and others on both sides of the aisle in comments they have made, the Senate is finally coming to this point where we realize it is not working the way it should be; we have to go back to the old way.

Mr. President, I hope we do return to the time when we can be human beings and really be the conscience of the Nation. I yield the floor.

Mr. DOLE addressed the Chair.

Mr. BYRD. Mr. President, will the distinguished majority leader yield?

Mr. President, I compliment Senators who have spoken on this issue and particularly I wish to commend the very distinguished Senator from Missouri [Mr. EAGLETON]. He does not speak often in this body but when he does, he speaks with feeling, it is from the heart, it is eloquent, and it is very useful.

I thank all Senators for what they have said on this subject and I hope we will return to this discussion on another day.

Mr. STENNIS. Mr. President, I thank the Senator from Missouri. I will say more later. We owe the Senator from Missouri a great debt of gratitude for his services and what he said today.

Mr. LEVIN. Mr. President, this has been an extraordinary few weeks in the U.S. Senate. We have struggled, as we always struggle, to harmonize, compromise, and resolve. What was unusual was the intensity of our frustration and impatience with the process and with each other.

Long days and nights brought on shortness of tempers. Our families and our staffs have paid an inordinate price in broken commitments and ruined schedules.

Each year about this time most of us vow to help make the Senate run better. Talk of rules changes comes about the time the first frost is on the leaves. The reason for the seasonal vows to "do something" is that we all look forward to Thanksgiving recess and Christmas recess and Saturday football games with our kids—and too often see them delayed and ruined.

We can surely improve. I hope we will. But until we do we should not despair. We should be patient with each other and with this oldest legislative institution known to the world.

The Senate is where our wills are tested. It always has been. It always will be.

Unless we adopt majority rule and set up a rules committee, Members will press the causes of their States and constituents to the extent allowed by our rules.

The deeper we feel about those causes, the more we will be willing to inconvenience our colleagues and our families. That has always been the ultimate test of how deeply one feels about a cause.

At the moment American farmers are the cause. At other times it will be voting rights or an arms control treaty or a trade bill and so forth.

The Senate leadership, in furtherance of its goals, often uses recesses and weekends as instruments. They time important, controversial bills so as to back the Senate up against a recess or a weekend, with the clear message being—"either pass a bill or forget your plans to go home to your State or to be with your family."

I do not criticize our leaders for that—it often takes a wrenching threat or sweet enticement to get controversial legislation resolved.

But I do not blame colleagues who oppose the legislation for resisting.

I do not blame them for ruining this weekend, a weekend I had long looked forward to spending with Barbara.

The Senate is a crucible, civilized battleground, where passions clash and their depth is tested. To expect

anything different is to diminish it, and us.

We should, of course, seek to live more normal lives and to do our business in a more regular manner.

But we should not be so naive as to believe, or so unwise as to hope, that whatever room is left for individual will to be exercised won't be exercised to the fullest by people representing constituents who are hurting.

As a cousin of mine, Joe Levin might put it, that is what is so special about the trust placed in those of us who serve in an institution which for all its blemishes is democracy's most beautiful living shrine.

AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT OF 1985

FARM POLICY

Mr. BRADLEY. Mr. President, as extensive as the debate has been and as controversial as some of the amendments offered to the farm bill were perceived to be, in fact, the product of our labor is business as usual.

Mr. President, someone once defined the fanatic as a person who redoubles his efforts as he loses sight of his objectives. By that standard, the Congress has become fanatical on the subject of agricultural policy. Our current programs are failing. The need for new approaches is manifest. But apparently we can think of nothing better than maintaining the status quo—and paying more for it.

Last year we spent $18 billion on commodity programs. This year we'll spend at least $20 billion. We could easily disburse $70 to $80 billion over the life of the bill we're now considering. And for what? Under these same policies, commodity prices, land values, exports, and farm income have plummeted in the past 4 years, while farm foreclosures and rural bank failures have soared.

I want to suggest an alternative—an approach that deals with underlying problems, not just surface symptoms; that is fiscally sustainable; and that promotes the long-term national interest.

Our efforts must be guided by a vision of the future—the future for American agriculture in particular and the American economy as a whole. Some say our goal should be to preserve intact the current structure of agriculture. I disagree. The world is changing, and agriculture must change with it. Instead, I believe we should aim for an agricultural sector that is maximally free from Government intrusion, independent of public subsidies, flexible in the face of economic shifts, competitive in the international marketplace, and consistent with the preservation of our natural resources.

Second, we should stop thinking of agriculture as simply a regional and sectoral problem. It is a key contributor to our national economy and international competitiveness, and it is profoundly affected by developments in those arenas.

What I mean is the following: Agriculture is one of the most credit-intensive, export-dependent sectors of our economy. As such, it has been clobbered by the Federal budget deficit, which has hiked real interest rates and spawned currency distortions that diminish the competitiveness of our exports. We need to attack the deficit, not with the meat-ax tactics of Gramm-Rudman, but through a tough-minded, discriminating examination of every Federal program to see whether it truly promotes the national interest.

Any comprehensive effort to increase demand for our food and fiber abroad must include currency reform that replaces floating rates with an international agreement that stabilizes the dollar within limits consistent with trade competitiveness. It means a much more aggressive trade policy to break down barriers to the entry of American goods and to cut back the unfair export subsidies of other nations. And it means a comprehensive, cooperative solution to the international debt crisis, which is both drying up demand for American goods and forcing debtor nations to boost agricultural production just to meet interest payments.

Third, we must recognize that the fundamental problem of American agriculture is the structural imbalance between supply and demand. We must acknowledge that this gap cannot be completely closed by either Government stockpiles or increased foreign demand. There is no substitute for substantial cuts in production.

As is usually the case with long-term planning, it is easy to espouse, and obtain agreement as to the goals to be attained. The more difficult task is to design the most painless transition to achieve such desired goals, I ask my colleagues to consider the following steps we can take.

To begin with our current Tax Code turns agriculture into a tax shelter for corporations and wealthy individuals, artificially increases production, and puts downward pressure on commodity prices, squeezing midsized producers. As I've been saying for some time, we must restructure the code to eliminate these—and other—investment-distorting provisions.

Then, we must have the courage to acknowledge what should be clear to all of us: The commodity programs themselves contribute to overproduction by guaranteeing returns in excess of market prices. We must embark on a multiyear strategy to restructure commodity programs into a far more modest safety net and market stabilizer. The alternative is a vicious cycle of higher production, falling commodity prices, overstuffed Government stockpiles, and burgeoning budget outlays.

I've heard lots of arguments against this proposal. It is said, for example, that while reforming the commodity programs is a good idea in principle, now is the worst possible time to do it because it would pull the rug out from under already hard-pressed farmers. There's much truth to this. But as I look back over the history of agricultural legislation, I'm struck by the fact that there never seems to be a good time to reform these programs. In 1981, when commodity prices, exports, and farm income were all soaring, we managed to enact the most expensive farm bill ever. I have no confidence that we'll do what's right in a few years if the agricultural economy stabilizes. I'm driven to the conclusion that if we ever want to change course, the time to start is now.

However, there is another argument that's more substantial. Agriculture is in the midst of an unparalleled credit crisis. Hundreds of rural banks are in jeopardy. The $70 billion Farm Credit System faces disaster. If we cut commodity programs, farmers will be even less able to service their debt, and the entire credit structure may come crashing down, with profound consequences for the national economy.

Mr. President, it is clearly within our national interest to help relieve the financial stress that permeates the agricultural sector. But we must first realize that the American farmer, agricultural lending institutions, and the Federal Government, all bear some responsibility for the condition of our agricultural economy. Unwise speculation by the American farmer, resulting from incorrectly anticipating the direction of interest rates and inflation during the past 4 years, led many farmers to assume far greater debt than they could prudently manage. Poor monitoring and assessment of the viability of expanded farm credit led financial institutions to not only approve but encourage this mountain of debt. And Federal programs have sent misleading, nonmarket signals to the entire agricultural sector, have killed off export opportunities, and have exacerbated the problems of the American farmer.

Mr. President, only by working together with farm groups and lending institutions, through negotiations and compromise we can make great progress in helping all concerned. The solution is to treat commodity programs and credit together, in a package deal. In return for phasing down commodity programs, the Government should undertake a major effort to stabilize farm credit. This effort could use a variety of tools: Interest-rate

subsidies; a warehouse for shaky loans that would otherwise be foreclosed, and land that would be thrown on the market; Federal guarantees to creditors; and, if necessary, Federal loans and grants to avert a major collapse.

As I've already said, all must share the burden. Banks will have to absorb some charges against shareholder equity and make some concessions to restructure loans. Future borrowers will have to accept somewhat higher interest rates. Current Farm Credit System bondholders may have to accept less than 100 cents on the dollar. Taxpayers will have to underwrite a major new investment, and farmers must accept independence from Federal programs.

The cost of such transactions is unclear. Some experts believe that of the $212 billion in farm debt, up to 20 percent—more than $40 billion—may prove uncollectable. But even if the Government picked up most of that tab, it would be a sound investment—if it were linked to a strategy to dramatically reduce Government involvement in commodity programs which are projected to cost almost $80 billion dollars over the next 4 years.

Some questions must be answered in order to proceed intelligently. There is depressingly little information known about who are the principal recipients of Federal farm aid. Recently, the USDA analyzed statistical data for 1984 that showed only 24 percent of direct payments went to financially stressed farms.

This is defined as a farm with debt-to-asset ratios above 40 percent and negative cash-flow. In addition, USDA points out that only 11 percent of direct payments went to more seriously stressed farms—those with debt-to-asset ratios above 70 percent and a negative cash-flow. Perhaps the most surprising result was that only 17 percent of payments went to financially stressed farms that relied primarily on farm income for their livelihood.

True, this analysis was performed for only 1 year's data. True, we need to know more about who are direct recipients of Federal aid. True, we need to know more about the costs of different options for restructuring farm debt. We must obtain answers now. The time for action is now.

I am moved—as are all Americans—by the distress of our farmers. And I am sympathetic to the dilemma of my Senate colleagues from hard-hit States. But one more layer of band-aids is not going to stop the agricultural hemorrhage. If we hope to turn this around, we need some bold new steps, not the status quo. It will be painful to do what needs to be done. But the cost of inaction will be even higher.

Mr. HEINZ. Mr. President, I rise today in order to clarify my understanding of the purpose of the Department of Agriculture's research programs with the distinguished chairman of the Agriculture Committee. First, does the chairman believe that the agricultural system of the United States is increasingly dependent on science and technology to maintain and improve productivity levels and provide high quality products?

Mr. HELMS. Yes, absolutely.

Mr. HEINZ. Mr. Chairman, it is my understanding that S. 1714 authorizes funds for Department of Agriculture research programs for the purpose of improving the productivity and efficiency of American farmers in order to overcome foreign competition that has taken over some traditional export and domestic markets from our farmers. Is that right?

Mr. HELMS. Yes, that is correct.

Mr. HEINZ. Mr. Chairman, I raise these questions because the mushroom industry in my State is facing competition from foreign imports, which are penetrating the domestic market for canned mushrooms. For this reason, mushroom farmers in Pennsylvania and other States have chosen to increase the sale of U.S. mushrooms in the fresh mushroom market in order to retain a sufficient market share necessary for the continued survival and prosperity of the U.S. mushroom industry.

Much of this expansion of the fresh market is due to technological improvements in mushroom production that have increased the quality of fresh mushrooms and made them more attractive to consumers. These improvements can be traced to advancements made by research programs such as those undertaken by Penn State University. In order to retain this market share, further research is necessary to develop a higher caliber domestic mushroom which can better compete against foreign imports. Such research would assist farmers in selective breeding of mushrooms, in reducing crop losses due to viruses and other pathogens, and developing methods for producing other edible strains of mushrooms. Given that my State of Pennsylvania is the largest mushroom producing State in the United States, and that Penn State University is the only university in which a continuous mushroom production research effort has been undertaken, I believe it is appropriate for such a research program to be conducted at Penn State University in order to be of maximum benefit to the United States and Pennsylvania mushroom industry. Is it the chairman's understanding, given this information, that such a research effort could be funded through a grant from the Department of Agriculture?

Mr. HELMS. Yes, that is my understanding. S. 1714 provides an $890 million authorization to the Agricultural Research Service for these type of research programs.

Mr. HEINZ. Would the chairman agree, then, that the Secretary of Agriculture should give every consideration to providing funds for this purpose to an institution such as Penn State University out of discretionary research funds.

Mr. HELMS. Yes, I agree that the Secretary should give every consideration to providing funds for such a research effort. I commend the Senator from Pennsylvania for bringing this matter to the attention of the Senate.

Mr. HEINZ. I thank the chairman for clarifying this matter.

QUOTA SUPPORT RATE/COST OF PRODUCTION

Mr. HEFLIN. Mr. President, I wish to address a series of questions to the Senator from North Carolina, the distinguished chairman of the Senate Committee on Agriculture, Nutrition, and Forestry, concerning provisions of the peanut title of the bill relating to adjustments in support level for quota peanuts. Is there provision for cost-of-production adjustment in the quota support level?

Mr. HELMS. Yes. Under the bill, the national average quota support rate for the 1986 crop shall be the same as for the 1985 crop, adjusted by the Secretary of Agriculture to reflect the percentage of any increase in the index published by the U.S. Department of Agriculture of prices paid by producers for commodities and services, interest, taxes, and farm wage rates during the period covering calendar years 1981 through 1985. This index of prices paid by producers is compiled and published on a monthly and annual basis by the Crop Reporting Board, Statistical Reporting Service of USDA.

Mr. HEFLIN. I understand that what the Senator from North Carolina has described applies to the 1986 crop of quota peanuts. How about the future years covered by the bill?

Mr. HELMS. For each of the crop years 1987 through 1989, the national average support rate for quota peanuts shall be the same as the preceding year, adjusted to reflect any change during the calendar year immediately preceding the marketing year in the national average cost of production of peanuts, excluding any change in the cost of land. However, there is a limitation and floor on any cost of production adjustments. For each of the 1987 through 1989 crops, the national average quota support rate, as adjusted by any change in the cost of production of peanuts, shall not exceed 6 percent of the national average quota support rate for the preceding crop; nor shall the national average quota support rate for the 1987 through 1989 crops be less than the national average quota support rate for the 1985 crop of quota peanuts.

Mr. HEFLIN. Well, that's similar to the provision in the current law. The support level was to have been adjusted in each of the 1982 through 1985 crop years by any increase in the cost of production of peanuts, excluding any increase in the cost of land, up to a ceiling of 6 percent in any 1 year. However, the Department of Agriculture, through its Economic Research Service, changed its formula, or format, used to determine the cost of producing peanuts, as well as other commodities, in 1983 at midpoint in the 1981 act. As a result, farmers did not receive an increase in the support rate for quota peanuts for the 1984 crop that they felt they were entitled to under the law because the Department, in effect, changed the rules in the middle of the game.

Mr. HELMS. I know exactly what the Senator from Alabama is referring to, and I recall that he and I did protest the changes in the cost of production formula as it pertained to peanuts, because the action by the Department did indeed affect the determination of the quota support rate as intended by Congress in the 1981 act. Let me assure the Senator that it is the intent of the Agriculture Committee and it is the hope of this Senate that the Secretary and the Department of Agriculture use the same method and the same formula for determining the cost of production of peanuts, as it pertains to adjustments in the quota support rate, throughout the life of the new farm act and as the formula exist on the date of the enactment of this bill. We do not care to see changing of the rules in the middle of the game as occurred 2 years ago.

Mr. DURENBERGER. Mr. President, as the Senate prepares to conclude debate on the Agriculture, Food, Trade and Conservation Act of 1985, I would like to share some of my thoughts on farm debt restructuring with my colleagues and seek this body's support for a proposal which I believe can be of great assistance to family farmers across the country.

It has been 9 months since I introduced S. 719, the Modified Debt Recovery Act of 1985. At the time, Congress was mired in debate over how best to meet the spring planting expenses of hundreds of thousands of family farmers. As this year's record harvest indicates, the availability of Farmers Home loan guarantees and direct loans and others, in combination with credit from commercial lenders and others, enabled most of those producers to put a crop in the ground.

When I introduced S. 719, however, I did not do so for the purpose of providing spring planting expenses for farmers. I knew then, as did farmers themselves, that the answer to their problems could not be found in the assumption of more debt. Rather, I felt then, and feel stronger now, that the most constructive action Congress could take would be to offer farmers an opportunity to restructure their existing debt loads in such a way as to ease their cash-flow requirements. Specifically, I believe that a great number of struggling farmers can survive this period of depressed prices if they are given a program which lowers the annual interest expense on their loan principal and stretches out the repayment period of that principal over a longer period of time. The Modified Debt Recovery Act of 1985, S. 719, is just such a program.

Mr. President, before going into the details of S. 719, I would ask that you first review some data recently published by the Department of Agriculture which indicates why farmers desperately need debt restructuring.

Agricultural land values have devaluated as much as 49 percent between their 1981 peak and April 1985. In the Midwest, the decline is intensifying and in Minnesota the value of farmland declined 24 percent in the first 9 months of 1985 alone. On January 1, 1985, there were an estimated 679,000 family size commercial farms, with 229,000 of these farms owing over 46 percent of all farm debt, having financial problems ranging from difficulty servicing debt to insolvency. Matters have gotten worse, not better, since that time.

As of March 31, 1985, 10.4 percent of agricultural production loans were either nonperforming—7.0 percent—or delinquent—3.4 percent.

Preliminary estimates from Minnesota indicate that figure may double this winter.

In the period January 31, 1985, to August 22, 1985, there were 72 bank failures nationwide, 38 which were agricultural banks. As of July 31, 1985, there were 940 banks on the problem list, of which 334 were agricultural banks.

On March 31, 1985, 10.2 percent of Federal land bank [FLB] loan volume, 14.7 percent of Federal intermediate credit bank [FICB] volume were nonperforming loans.

In 1984, chargeoffs on PCA loans totaled $285 million, FLB's totaled $110 million and bank for cooperatives [BC's] totaled $10.1 million. In the first 6 months of 1985, loan losses were up $41 million from a year ago.

Last year, 12 percent of agricultural banks reported negative income. The combined net income for the April to June quarter of 1985 of the 37 Farm Credit System banks, which hold over $70 billion in farm debt, was $5.6 million, compared to $126 million during the same period in 1984.

In light of these statistics, supplied by the Department of Agriculture itself, it is not surprising that farmers, lenders and elected officials in rural areas have beseiged Congress with pleas for help. I think that we have a responsibility to heed that call.

Some of the requests that I have received seek support for increased loan rates and/or target prices on the basic commodities. Others request support for a moratorium on farm mortgage foreclosures or creation of a federally chartered corporation to purchase $10 billion in distressed farm assets. I no longer receive requests that Congress do nothing, primarily because the situation in rural Minnesota has deteriorated so rapidly that even the most ardent free marketers are concerned that the depression on the farm could find its way to the city.

Mr. President, more likely than not, my colleagues have spent a considerable amount of time with their staff and other knowledgeable people in an attempt to first understand the farm problem and then find a solution. For the past 12 months, everytime I went back to Minnesota, I made it a point to sit down with a farmer, a lender, a university professor, or anyone else with an insight into the anguish of rural America in the hopes of finding a way out of this apparently hopeless situation. And it was during a meeting with the founders of Communicating for Agriculture, a nonpartisan rural farm advocacy group, that I concluded that their farm debt restructuring proposal offered farmers their best chance of surviving in today's economic climate.

And I was not the only person sold on the proposal. It has been endorsed by the Minnesota Farm Bureau, the Independent Bankers of Minnesota, the Minnesota Bankers Association, the Minnesota Farmers Union, the Minnesota American Agricultural Movement, the Minnesota Corn Growers, the Minnesota Wheat Growers, the Minnesota Soybean Growers Association, the Minnesota National Farmers Organization, the National Conference of State Legislatures and various State Governors. And in all the years I have spent in public office, I have never seen such disparate groups coalesce in support behind one proposal.

Mr. President, why do these groups support S. 719? Because they have come to the conclusion that Congress is not going to adopt a farm bill which increases farm price supports. They believe that, in the absence of a farm bill which increases farm income, farmers will have to have a credit program which allows them to repay their farm debts over a longer period of time and at a lower interest rate.

Following are the key features of the Modified Debt Recovery Program:

First, commercial lenders, under the Farmers Home Administration's Approved Lenders Program, would be authorized to process FmHA regular and limited resource insured loans—in addition to their present authority to process FmHA guaranteed loans.

FmHA would retain final authority to accept or reject the loan application.

Second, an interest rate ceiling on FmHA guaranteed loans, under the Approved Lenders Program, would be set at 1½ percent above the Federal Reserve discount rate.

Third, an approved commercial lender would be authorized to find the proper blend of FmHA loan guarantees and regular or limited resource loans so that the farmer's operation would show a positive cash flow. FmHA would always have authority to reject any credit package that did not appear prudent.

Fourth, anytime the approved commercial lender included FmHA insured loan moneys in the farmer's credit relief package, the level of the Federal guarantee on the remaining loan guarantee portion of the credit package would be set at 50 percent—instead of the normal 90 percent FmHA loan guarantee level.

Fifth, on any such FmHA loan guarantee and insured loan package processed by an approved commercial lender, the security on the entire credit package would be allocated between the private lender and FmHA on a prorated basis according to the degree of each lender's exposure. Presently the security is itemized for each FmHA loan.

Mr. President, I am convinced that this approach, if adopted, will save thousands of farmers the agony of watching their livelihoods auctioned away for 50 cents on the dollar.

Mr. President, I had previously hoped that this legislation would serve as the vehicle for Senate action on farm credit, as well as other farm issues. Unfortunately, that debate will occur at a later date. The cost of that delay to thousands of farmers in Minnesota and elsewhere will be very high. I urge my colleagues on the Senate Agriculture Committee and the Senate leadership to schedule the farm credit debate as soon as possible; the farm programs this body approves shortly will do nothing for farmers who can't stay in business long enough to benefit from them.

I urge my colleagues to carefully consider the proposal I have laid before the Senate again today and would welcome their support and cosponsorship.

Mr. SIMPSON. Mr. President, I wish to take just a few minutes to reflect on what we are about here in this debate. I fear we have lost sight of the responsibility we each face as legislators. We have moved far beyond what the object of this debate should be—and that is to reduce the terrible cost of agriculture support systems to the U.S. Treasury.

But instead, I see a game—not of partisanship—but of "take it from somewhere else, just leave my commodity alone." Rather than an attempt to deal responsibly with the excessive budget exposure evident in this legislation, I hear:

"How do I save the sugar program?"

"How do I save the rice?"

"How do I save my corn?"

"How do I save my wheat?"

"What can I get for dairy?"

And what we're really saying is, "How can I save my butt with my constituents?" But we won't save anyone if we, as a Congress, persist in pushing for ever higher price tags in legislation. Such attitudes give rise to the Gramm-Rudman-Hollings proposal.

Don't get me wrong. I don't mean to imply that this is an issue of right or wrong—I'm talking about tons of Federal bucks. And I'm in it too. I've told my constituents that I will go down the road with them one more time on the sugar program and on the wool program—I, too, am guilty. But I am reminded of what I heard in recent days about the Farm Credit System. I was told on good authority that, unfortunately, in certain instances Farm Credit officials received larger salaries based on their loan volume. The better one was at shoveling the bucks out the door, the more bucks he made himself. But we aren't in it for bucks—we're in it for votes.

We're hearing a great deal of talk about assistance to the "small family farmer," but the dollars just won't reach that individual. Ninety percent of the money this Government spent on agriculture last year went to support commodities that only accounted for 31 percent of the total cash receipts from farming in 1984. In 1984, 72 percent of farms had gross sales under $40,000 and received just 22 percent of Government payments; while 12 percent of farms had sales over $100,000 and received 45 percent of Government payments. It would appear that there exists a substantial number of canny individuals who have become quite adept at "working the programs" rather than working the land.

In the last 4 fiscal years, Federal outlays all across Government have gone up 47 percent; but Government expenditures for agriculture have gone up 74 percent. For that and other reasons this Congress through its budget resolution allocated $34.8 billion for commodity programs during the next 3 fiscal years. That's substantially the same amount per year we spent over the last 4 years, and yet it seems most likely that if each and every one of us had our way this legislation would be far in excess of that figure.

The Government is not "a market" and producing for the Government is not the answer. And yet, reliable reports are now reaching us that forfeiture on crop support loans this year could well exceed any previous year—our Government warehouses will be bulging to a greater extent than they were at the inception of the PIK Program. Government programs which raise commodity prices above world levels cause us to lose our foreign markets. Rather than compete, we've been cutting acreage—paying producers not to produce—and storing our farm products while others in the world produce and sell. Such a retreat from competition is not an answer either. It's the ultimate, tragic irony when the American farmer and rancher becomes a victim of his own efficiency and productivity. Over the past 40 years, the American farmer has increased the number of people that he feeds from 5 to more than 75. We have now reached a point at which this Nation can only consume two-thirds of its agricultural production—and for wheat it's closer to one-third. U.S. farmers and ranchers have not failed, rather this Government and its agricultural policy—that policy we are here debating today—has failed U.S. farmers. We need to compete in world markets. We need to allow our farmers to do what they do best—produce a quality product in abundance. That makes more sense to me than a jumble of often contradictory farm programs. And yet our foreign competitors must be gleeful as they watch us attempt to keep American agriculture uncompetitive through this debate.

We could pass the highest spending farm bill ever, but I don't believe that will do anyone any good. The best farm bill my constituents are asking for is to reduce Federal spending which in turn could lead to lower interest rates and a dollar returning to realistic values so we can compete in international markets. I do not advocate jerking a lifejacket away from the thrashing victim, but thoughtful and prudent men and politicians must recognize that a gradual phaseout of Federal meddling in agriculture production is the best answer—and really the only one that will work. We've tried all the others and they have dismally failed.

CONSERVATION RESERVE PROVISIONS OF THE 1985 FARM BILL

Mr. NUNN. Mr. President, I believe history will prove that the most important and long lasting provision of the 1985 farm bill is the new conservation reserve. A long-term conservation reserve is the cheapest method for removing excessive land from crop production and it provides long overdue protection for our valuable soil.

I am delighted that the House of Representatives has approved a conservation reserve in the House version of the farm bill. The Senate Agriculture Committee also approved a 25-million acre conservation reserve. These proposals are very similar to the conservation reserve legislation which I introduced in the 98th Congress.

Mr. President, as I have made known to my colleagues, I believe we should do even more than has already been approved for the conservation reserve. Therefore, I proposed an amendment which was included in the Dole compromise and was also acceptable to Senator MELCHER for inclusion in his amendment to expand the size of the conservation reserve to 40-45-million acres. With current commodity surpluses depressing U.S. farm prices, I believe such an expansion of the conservation reserve would be beneficial not only for soil protection but also would be one of the most economical methods for removing marginal acres from production.

The expansion of the conservation reserve which I have recommended and which has now been approved by the Senate requires 5 million acres to be placed into the reserve in 1986, 10 million acres in 1987, 10 million acres in 1988, 10 million acres in 1989, and 5 million acres in 1990. In addition, my proposal mandates that a minimum of 5 million acres of the conservation reserve be placed in trees. At a time when many forestry experts predict that we will have a timber shortage in the Southeastern United States by the year 2000 the conservation reserve will also be a tremendous incentive to reforestation efforts.

President Franklin Roosevelt once stated that "The history of a nation is eventually written in the way in which it cares for its soil." We have made tremendous gains in soil conservation in the past 50 years. Yet, we face a threat today just as serious as was faced by conservation pioneers of the early 1900's. We are losing more top soil to wind and water erosion today than at any time in the 1930's. This nationwide problem is, at least in part, a result of the plant fencerow to fencerow national policy of the 1970's to meet both domestic and international demands. Much of the soil that farmers plowed up during the 1970's to meet rising demand was highly erosive. In more conservation oriented times, these lands would have been left as natural grasslands and pasture. Many of our richest farm regions are losing as much as an inch of topsoil every 15 years and, in some areas, the topsoil has thinned to 6 inches, the minimum needed for commercial farming. Secretary of Agriculture John Block has predicted that during the next 50 years soil damage on 141 million acres of cropland could cut yields in half. Nationally, croplands losses average more than 5 billion tons annually, an amount approximately equal, Mr. President, to skimming 1 inch off the top of Georgia every year. These statistics indicate the serious need for the reestablishment for a Conservation Reserve program.

Studies indicate that a 40 to 45 million acre conservation reserve would reduce current soil erosion by nearly 40 percent, or 800 million tons annually. A 40 to 45 million acre conservation reserve would also significantly reduce water pollution from soil and sediment runoff, which currently causes an estimated $3 billion in annual damages to water quality, navigation, and recreation.

The original conservation reserve in the 1950's was very successful in my home State of Georgia. Approximately 975,000 acres were enrolled. Georgia planted more trees in the original program, approximately 700,000 acres, than any other State. Many Georgia farmers are anxious to participate in the new conservation reserve program. I have had numerous discussions with the Department of Agriculture regarding the need to establish a conservation reserve of at least 40 million acres. Secretary Block has insured me of his enthusiasm for implementing a conservation reserve and his intention to implement the reserve as expeditiously as possible in 1986. The conservation reserve title defines the lands eligible as erosion-prone land. These erosion-prone lands would include all acres in land capability classes 4 through 8 and other lands as determined by the Secretary using his discretion and the universal soil loss equation. The Department of Agriculture has assured me that the Secretary would exercise his discretion to include lands with erosion rates exceeding twice the allowable soil loss (2T). Using this criteria approximately 1.3 million acres would be eligible for participation in the conservation reserve in Georgia.

Mr. President, I would also like to mention a related program contained in the pending bill. The Agricultural Program Adjustment Act of 1984 Public Law 98-258, contained an amendment offered by Senator COCHRAN and me to mandate a study regarding distressed Farmers Home Administration borrowers. This study explored the possibility that certain of these problem FmHA borrowers would benefit from a program which allowed them to plant all or a portion of their farms in trees with the existing FmHA loans being reamortized and paid from the proceeds of the timber harvest.

The USDA study indicated that more than 1,000 farmers in the Southeastern United States have a debt/equity ratio which would make such a program feasible. Mr. President, this is a program which will benefit all concerned. It will allow a distressed borrower to avoid foreclosure and hold onto his land. This land which is planted in trees will not add to the glut of land in the market which has driven down farm values. Also, FmHA will increase its chances, in the long run, of receiving a greater percentage of the existing indebtedness from the timber harvest than would be the case if there were an immediate foreclosure and sale of the farmers' land to pay the outstanding loans.

The pending bill gives FmHA the needed authority to establish such a program in section 1646. I have been assured by Secretary Block that he will implement this program at the earliest opportunity after the farm bill is enacted.

Mr. SASSER. Mr. President, sometime ago, citizens in McMinnville, TN, requested my assistance in the reopening of the Avalon Dairies plant, a cheese reprocessing facility. While researching this project, I was shocked to discover, that no reprocessing facilities for surplus dairy products are located in the South. Local and State officials agreed with me that reopening Avalon would not only correct what we saw as a glaring omission, but would bring relief to McMinnville's continuing unemployment problems. With a persistent unemployment rate of 22 percent, reopening the plant would create a valuable, new commercial facility for area farmers and workers.

The proposal to reopen Avalon Dairies caught the attention of Mr. Ed Vann, a constituent of Senator CHILES from Lakeland, FL. Mr. Vann's entrepreneurial abilities have brought him success in many business ventures. More important, Mr. Vann has been quite successful in helping the State of Florida reprocess and distribute surplus commodities. His experience with this program is an invaluable asset in his plans to reopen Avalon Dairies.

Mr. CHILES. Like my distinguished colleague from Tennessee, I was most surprised to learn there exists no reprocessing facility for surplus dairy products in the South. I think this is a significant oversight and I applaud the efforts of everyone involved to reopen the McMinnville, TN, facility for this purpose. An operational reprocessing plant will not only help McMinnville, but it will also improve the distribution network for surplus commodities in the South. I hope we see this project through to a successful conclusion and I particularly applaud the efforts and expertise of Mr. Vann toward this goal.

Mr. HELMS. Mr. President, I greatly appreciate my two colleagues bringing this matter to my attention. I was not aware of the lack of reprocessing facilities in the South, and I share the Senators' concerns about this omission. If I might inquire of my colleagues, how far have the plans to reopen the Avalon facility progressed?

Mr. SASSER. I would answer my colleague from North Carolina, the distinguished chairman of the Agriculture Committee, that this project commenced in the fall of 1984 and was favorably received by State and local officials, as I have noted, and by officials

with the Department of Agriculture. However, in March 1985, the Department of Agriculture began disallowing State contracts for the reprocessing of surplus dairy products. This has put the Avalon Dairies project in a questionable posture.

I might add, Mr. President, that I know the chairman shares our concern over the surplus dairy problem. Yet, if we are going to rid ourselves of surplus milk and cheese, feed the hungry, and in so doing save the Federal Government some money, we must make a better effort toward equal distribution. We believe locating a reprocessing facility of Avalon Dairies would help reduce spoilage and speed distribution.

Mr. HELMS. I thank the Senator for that information. If I may further inquire, what steps are the Senators seeking at this time?

Mr. SASSER. My distinguished colleague from Florida and I would simply like to request the Department of Agriculture to give this situation further attention at this time. As we strive to reduce our dairy surplus, feed the hungry, and cut Government costs, we urge the Department to closely consider proposals such as this which involve private sector innovation and initiative. I would not ask for specific legislative action at this time, Mr. President, as I am optimistic that the Department of Agriculture will continue to act favorably on this matter. It may well be that we will have to revisit this issue at a later date should this optimism be unfounded. I thank the chairman for his consideration in this matter.

Mr. HELMS. Again, I thank the Senators for bringing this matter to the attention of the Senate. I appreciate their foregoing legislative steps at this time and understanding their desire to see a favorable disposition of this case.

AMENDMENT NO. 1114

Mr. MATTINGLY. Mr. President, for the past 4 years, I have worked with a number of our colleagues in an effort to focus attention on the shabby treatment our U.S. producers have been receiving in the world trade arena. Unfair, predatory foreign subsidies, tariff and nontariff barriers erected against the free international flow of American goods, and our own misguided policies have severely impacted many sectors of our economy including agricultural commodities and products. A prime example of the adverse effect of these practices can be seen in the area of our poultry export figures.

In 1976, the United States supplied over 96 percent of all poultry shipped to the Middle East. The size of that market has almost quadrupled since then, but this year our share of the business has dropped to less than 1 percent. The sole reason for such a disastrous loss of sales is the export subsidy employed by some of our foreign competitors. Through this means, they have literally stolen our Mideast poultry market. Poultry is not the only example of this international piracy, but it is one of the most blatant cases.

I was greatly encouraged earlier this year when the administration made a pledge to utilize $2 billion worth of surplus Commodity Credit Corporation stocks as an export bonus incentive which the Government would give to foreign buyers as an inducement to purchase other American commodities and farm products. This appeared to be an ideal way to combat the unfair subsidies which have ravaged our foreign markets. Better yet, the program requires no new cash outlays since the commodities to be given away have been bought and paid for in past years. They sit in storage with no ready market, costing us money each day just to keep them there.

Unfortunately, this export incentive program has not been used to our best advantage. In fact, it has been utilized only on a very small scale, and to date has concentrated in moving only grain and wheat flour. There has been no USDA solicitation of bids to promote a sale of poultry or meat products, although there have been numerous opportunities to make such bonus assisted sales and begin recapturing our purloined foreign markets.

So, Mr. President, the amendment which I offered and we adopted last night requires that the Secretary of Agriculture utilize a mere 15 percent of the bonus commodities to stimulate exports for poultry, beef, or pork meats and meat food products. This is certainly a most reasonable request. In fact, we should probably have sought more of the available assistance to help our producers recapture their foreign markets. Increased exports of value-added products such as broilers will actually result in long-term benefits to the Federal Treasury by creating jobs which in turn increases revenues. But I am asking at this juncture for only 15 percent in an effort to get this export incentive off the ground.

I thank my colleagues for supporting this important measure, and the cosponsors for their invaluable assistance in moving the amendment forward. I delighted in having the Senator from Arkansas [Mr. BUMPERS] join me in submitting the amendment, and I especially want to thank Chairman HELMS and the ranking member [Mr. ZORINSKY] for the consideration and cooperation they exhibited in helping to add this provision to the farm bill.

Finally, Mr. President, I express my sincere appreciation for the herculean efforts of the committee staff. Mr. George Dunlop, the staff director, has demonstrated once again his professionalism and tireless dedication. And the committee is also most fortunate to have an individual with the expertise and capability of Mr. Carl Rose on the minority side. I again thank these two gentlemen, in particular, and the many other staff persons who are always so thorough, efficient, and courteous.

Mr. BUMPERS. Mr. President, late last night, or more accurately, in the wee hours of the morning, an amendment offered by Senator MATTINGLY and me, to expand our export markets for poultry, pork, and beef, was agreed to by the Senate. I did not have the opportunity at that time to state for the record my rationale for offering such an amendment. Even though it will not influence the outcome in the Senate, I wanted House and Senate conferees to have the benefit of my argument in behalf of the amendment.

This amendment requires the Secretary to use 15 percent of the export enhancement program commodities to be targeted to assist the exports of poultry, pork, and beef. I am extremely pleased that these commodities are included because of the obvious need to help all exportable commodities—grain, fiber, and meat.

In the case of poultry, such a program will allay a poultry slump that has seen exports decline from a high in 1981 to a near record low in 1985:

Poultry meat exported

[In metric tons]

1974	85,000
1975	85,000
1976	155,000
1977	194,000
1978	194,000
1979	208,000
1980	320,000
1981	395,000
1982	314,000
1983	251,000
1984	226,000
Forecast for 1985	200,000

Poultry meat export value

[In millions of dollars]

1974	$140
1975	143
1976	235
1977	301
1978	332
1979	368
1980	546
1981	765
1982	579
1983	451

In 1981, poultry had a 22-percent share of the world market, and the forecast for the end of 1985 is 12 percent. During this same period Brazilian poultry exports increased from 12 to 16 percent of the world market, and the EC share during this period increased from 45 to 50 percent. France, alone, has seen an increase in the world market share from 18 to 21 percent.

The tonnage figures for these countries are: Brazil, 170,000 metric tons in 1980, 241,000 metric tons in 1985; the EC, 675,000 metric tons in 1980 to 747,000 metric tons in 1985; and

France, 252,000 metric tons in 1980 to 320,000 metric tons in 1985. These countries have been able to dramatically increase their world market share largely through the use of unfair trade practices and largely at the expense of the United States. For this reason, France and Brazil have been the subject of a section 301 complaint filed by the National Broiler Council and 11 other poultry associations.

Through the use of an Export Promotion Program as adopted by the Senate, U.S. poultry can recapture its rightful share of lost world markets, hang on to current threatened markets, and successfully explore new markets. Without question our poultry products are naturally competitive, but the program will help us overcome unfair foreign advantages.

Likewise, I am pleased that one Export Enhancement Program has been extended to exports of pork and beef. These commodities have suffered through the use of foreign barriers to these exports and through the use of foreign unfair trade practices. Beef and pork will now, along with poultry, be given a fair shake, and I am extremely pleased that my colleagues adopted the Mattingly-Bumpers export enhancement amendment.

MILK TAXES

Mr. MOYNIHAN. Mr. President, I rise to cosponsor the amendment offered by the distinguished chairman of the Agriculture Committee. Mr. HELMS. This amendment, the adoption of which I view as absolutely essential, expresses the sense of the Senate that assessments shall not be used to defray the cost of the Dairy Price Support Program.

Assessments are a tax, pure and simple. A levy not on alcohol or tobacco, but on the most elemental of foods. My State, which is a dairy State, has suffered unduly since milk taxes were first passed by Congress under the Omnibus Reconciliation Act of 1982 and subsequently renewed by the Dairy and Tobacco Adjustment Act of 1983 (P.L. 98-180).

During the 15-month Dairy Diversion Program, New York dairy farmers paid out $73,784,200 in assessments. All New York dairy farmers. Even though New York's share of sales to the Commodity Credit Corporation [CCC] are a mere 4 percent. The State produces over 8 percent of the Nation's milk.

How much did New York dairy farmers receive in diversion payments? The 12 percent who participated in the program received $34,484,800, or an average of $24,749 per participant.

The diversion program caused a shortfall to New York State and its dairy farmers of $39,299,400. New York had higher collections as a share of payments—214 percent—than any other State save Pennsylvania—233 percent. New York ranked third in collections—because it is third in production—but eighth in diversion payments.

My State can no longer afford to pay for surplus production elsewhere in the country. New York dairy farmers cannot afford to pay a tax so dairy farmers in Arizona can collect quarter-million-dollar payments not to produce milk.

Three days ago, PAULA HAWKINS, JOHN CHAFEE, and I offered an amendment authorizing the Secretary of Agriculture to reduce the dairy support price by 50 cents per hundredweight on January 1, 1986 if he estimates Government purchases for that calendar year will exceed 10 billion pounds—milk equivalent.

My intention in offering the amendment was, quite simply, to lower the price support level so producers who exist to sell to the Government would have their profits cut—perhaps eliminated. Another, equally important, reason was to put Senate conferees on the farm bill, S. 1714, in a position to resist the assessment authorized under the House-passed bill, H.R. 2100.

Unfortunately, the price cut amendment was tabled by a 50 to 47 vote. Hence the necessity of this amendment, I urge my colleagues to accept it. Milk taxes are counterproductive, and serve only to hurt the small family farmer we profess to care so much about, and consumers.

SUPPORT OF THE PEANUT TITLE

Mr. HEFLIN. Mr. President, I join with my colleagues in a call for the enactment of the peanut title to this legislation as recommended by the Committee on Agriculture, Nutrition, and Forestry.

I might add, Mr. President, that the peanut title of this legislation was agreed to by voice vote in the committee. There was not one dissenting vote. Unlike 4 years ago when members of the Agriculture Committee spent weeks discussing the peanut program.

The reason for avoiding controversy is simple; the peanut program works. This commodity program fits the description of practically every speech given on the Senate floor pertaining to farm legislation. Mr. President, we have all heard that statement, "commodity programs should assure Americans of a plentiful supply of food at a reasonable cost to the consumer and at a minimal cost to the taxpayer while at the same time be fair and equitable to the farmer. In addition, commodity programs should enhance the farmer's marketing position in world trade so as to increase exports."

PLENTIFUL SUPPLY

The current national poundage quota system assures the American consumer of a stable supply of high quality peanuts. Under existing law, if a quota holder fails to produce peanuts on his land in 2 out of 3 years, the quota is assigned to another farmer who will produce the peanuts. There is no boom and bust in the supply of peanuts as there is in other commodities. Unless, a national disaster, such as a drought occurs.

REASONABLE COST TO CONSUMER

Peanuts and peanut producers are available to the consuming public at a reasonable cost, although peanut product manufacturers and their allied groups have argued to the contrary.

The 30,000 family farmers in America receive 59 cents for the peanuts used in an 18-ounce jar of peanut butter that the 3 multinational peanut butter companies sell at retail for $1.78, while generic brands retail for $1.35. Name brand peanut butter cost the consumer $175 million a year more than generic peanut butter, yet by the FDA regulations, both must contain 90 percent peanuts.

Over the last 8 years, peanut butter companies have raised prices 71 percent. Not surprisingly, peanut farmers profits have decreased 70 percent since 1981, while peanut butter companies' profits have increased.

Statements have also been made that the Peanut Program is a hidden tax that cost the peanut butter consumer between $250 to $300 million year. The Secretary of Agriculture stated in a letter to the Committee on Agriculture that the hidden tax was only $170 to $200 million during 1982-84. I guess it is difficult to determine the magnitude of hidden tax.

I would like to share just two statistics with my colleagues in response to the consumer issue of the hidden tax. The total farm value of all peanuts produced in 1983, which was a record high year for peanut farm prices, was $786 million. Forbes magazine reported that the net profit from the two largest peanut product manufacturers for the same year was $1.189 billion.

Let me emphasize, Mr. President, two manufacturers have a profit of $1.2 billion as compared to a total farm value of $786 million. If there is a hidden tax I don't think the farmer's raw product prices are responsible.

MINIMAL COST TO GOVERNMENT

Net Commodity Credit Corporation expenditures for peanut price supports declined from $78.4 million per year during fiscal years 1970-77 to $8.2 million per year during fiscal years 1978-83, a reduction of 90 percent. Expenditures for peanuts for this same period was only 0.1 percent of net CCC expenditures for all commodities.

Mr. President, I think it is more important to look at the cost of the peanut program since changes were made in the 1981 farm bill designed to reduce the cost of the program. The USDA's publication, History to Budgetary Expenditures of the Commodity

Credit Corporation FY 1980-84 Actual reports cost of the Peanut Program:

Fiscal year	Million
1982	$12.2
1983, profit to CCC	−6.2
1984	1.2

For the last 2 years, Mr. President, according to this USDA publication, the Peanut Program has actually made the Government money.

This is one of the few programs that has been consistent with this administration's philosopy of reducing Federal expenditures.

Although the peanut program has been effective in reducing Government expenditures over the past 4 years, we have further modified the program to ensure that cost are minimal. The Congressional Budget Office has estimated that these changes contained in the peanut title of the committee bill will cut $11 million from baseline expenditures. Evidence that the committee has further tightened up the peanut program.

FAIR AND EQUITABLE TO FARMERS

Mr. President, I would assume that this provision is fair and equitable to farmers. Some peanut farmers have said it is not enough. Many would like to see an increase in the loan rate.

It should be noted, Mr. President, that the peanut program does not have a target price and, therefore, no Federal funds are used for deficiency payments. No Federal payments are made for set-aside or land diversion programs. Peanut farmers are eligible for a loan rate only.

Again, I would emphasize that this title is in no way a profit guaranteeing provision. All the measure does is simply recognize the necessity for the peanut producer of this country to recover minimum cost.

INCREASED EXPORTS

Mr. President, earlier this year the Senate Agriculture Committee held a series of thematic hearings. At these hearings, Secretary Block emphasized the need to increase the exports of U.S. farm products. He stated it was essential for exports to increase if American agriculture is to survive.

Well this program has allowed peanut exports to increase. Exports of peanuts have increased some 80 percent since 1980. I don't think it is necessary for me to point out that this is unusual. In fact, Mr. President, it is unique. Peanuts are the only commodity to have increased its exports over the past few years.

I certainly feel that the merits of this program justify its continuation. The peanut title, as reported, reauthorized and improves upon the Peanut Program provided in the 1981 farm bill. These improvements are considered necessary by exports in the peanut industry.

Mr. President, I would like to briefly outline these improvements or modifications for my colleagues.

First, the bill seeks to be more flexible in regard to meeting increased market demand, by giving the Secretary of Agriculture discretionary authority to adjust the national poundage quota by the amount he estimates that domestic edible, seed, and related uses of peanuts would exceed the statutory level of 1.1 million tons. Increases in the national quota are required to be apportioned among the States so that each States's poundage quota is equal to the percentage of the national poundage quota allocated to farms in the State for 1985.

Second, the bill further expands provisions that establish poundage quota for farms that currently do not have a farm poundage quota. Under the bill, a farm poundage quota for the 1985 crop and for each farm on which peanuts were produced in at least 2 out of the last 3 crop years. In addition, if the national poundage quota is increased by the Secretary, poundage quota would be allocated equally to both quota and nonquota growers.

The bill also provides for reduction of a farm poundage quota if the quota was not produced in 2 of the last 3 years. Voluntary release of quota is also permitted. Quota that is reduced for failure to produce or voluntarily released would be allocated to all farms that produced peanuts in 2 out of the 3 last years.

Third, the bill increases the marketing penalties to 140 percent of the support price for producers and handlers. Previously, handler penalties were 120 percent of the support price. Also, penalties of 140 percent of the support price are imposed on importers of additional peanuts which had been exported from the United States.

Fourth, some physical requirements for exported additonal peanuts have been relaxed to improve overseas sales potential.

Fifth, the deadline for contracting for the export or crushing of peanuts has been caused from April 15 to August 1 to allow growers more time to assess their planting and marketing objectives before making commitments on contracts.

Sixth, the bill gives the Secretary authority to adjust the support rate for 1986, based on changes in cost of producing peanuts during the period 1981 through 1985. For subsequent years the price support could be adjusted up or down to reflect any change in the cost of producing peanuts, excluding any change in the cost of land, and that in no event would any adjustment exceed 6 percent.

Seventh, the bill modifies the provisions of law relating to area pools and the buyback from the pools. Currently, farmers may place additional or quota peanuts in the area pool and allow them to be redeemed by shellers into domestic markets within 72 hours. The provision sometimes allows additional peanuts in one pool to displace quota peanuts in another pool. Higher priced quota peanuts remaining in the pool may be crushed, at Government expense. In the past, three separate pools (Southwest, VC, and GFA) operated independently regarding the buyback provision even though redemptions in one area could affect other pool profits. The bill provides that the buyback will remain intact, but a loss sharing requirement will exist among the three pools. Losses sustained from quota peanuts in a pool must be offset by profits from additional peanuts in that pool first. If there is inadequate profit from additionals, income from the other two pools will be used to offset the losses. This pool arrangement is designed to reduce Government cost exposure.

Mr. President, in summary, this is one commodity program that works. The peanut program is a minimal cost program. It allows American peanut farmers to actively compete in world markets. I feel strongly that this title should be passed by the Senate without substaintal change. I know personally of the many compromises which have been made in the development of this legislation.

Mr. President, it is my intention to oppose, and I would urge my colleagues to oppose any and all amendments that would dismantle this essential commodity program.

PEANUTS

We in the Congress of the United States grope for a solution to the farms problems that confront this Nation. Somehow or another we wish we had the wisdom of Solomon to produce a farm policy that provides adequate food and fiber, and allows the farmer to make a reasonable return on his or her investment and labor without:

First, any deficiency payment; second, any farm subsidy; and third, any cost to the Government, and yet, allowing for a continuing increase in export sales.

If we could come up with such a policy, there would be shouts of utopia and Shangrila.

The Peanut Program devised by the Senate Agriculture Committee comes close to meeting the foregoing criteria. Under this program there are:

First, no deficiency payments; second, no Government subsidy; third, practically no cost to the Government; and fourth, export sales will continue to rise.

Actually, in addition to the attractive features heretofore listed, the Peanut Program in 1983 and 1984 made the Government more than $5 million.

The question naturally arises that if this type of program can work in that manner for peanuts, why not adopt it for all farm programs? I wish we

could. However, the production of peanuts is unique and the program is fine tuned with many complexities to produce the results. Unfortunately the same sort of circumstances do not exist for other commodities.

But one has to ask the question—why destroy a program that is working?

In 1977 and in 1981 Congress made changes in the Peanut Program designed to eliminate its ills and reduce costs to the Government. Under the provisions of these two bills, acreage allotments were eliminated and now all farmers can grow peanuts anywhere. Cost to the Government has been eliminated for most years. In fact, it has made the CCC money on occasions.

The statement has been made that peanuts are the only commodity in the farm bill that will receive an increase in price. This is an incorrect statement. First, let it be clearly known there is no Government payment, no Government deficiency payment, no target price for peanuts, no Government subsidy for peanuts, and according to CBO's figures the Peanut Program will make the Government more than a $1 million profit in 1986.

The language in the bill setting a loan rate is substantially the same language that was in the 1981 bill. Nowhere in this language is there a specific enumerated price figure above the present loan rate. The present loan rate is $559 a ton for quota peanuts. The bill does recite that the loan rate shall not be lower than $559 a ton. In the 1981 farm bill the Senate authorized $590 a ton as the loan rate. The Secretary of Agriculture is authorized to establish the loan rate based on a formula set forth in the bill similar to the same language in the 1981 bill.

Actually, under the Dole-Lugar proposal, the target price is raised as much as 25.5 percent for wheat under certain practices.

The 1981 farm bill called for annual increases in the loan rate for peanuts for each of the 4 years if the cost of production increased. The cost of production did increase. However, the Secretary of Agriculture did not authorize any such loan rate increase for the years 1981, 1983, and 1984. Finally, in 1985 a small addition to the loan rate was added. The loan rate had been 27.5 cents a pound. It was raised to 27.95 cents a pound—less than a one-half cent a pound raise. When you compare what occurred to increases in target prices for cotton, feed grain, wheat, and rice, you would find that in 1982, 1983, and 1984 each of these commodities received an increase. For example, in regard to wheat, the target price in 1982 was raised 24 cents a bushel. In 1983 it was raised 25 cents a bushel, and in 1984 8 cents a bushel. In another example, cotton was raised 5 cents a pound from 1982 to 1983 and 5 cents a pound from 1983 to 1984. Similar examples can be given for other commodities, but peanuts got no increase. The reason for this was that the Secretary of Agriculture changed cost of production formulas contrary to the intent of the law and prevented any increase in the loan rate for peanuts.

Peanuts are entitled to be placed on the same footing as other commodities during the past 4 years. Peanuts are entitled to play catchup. When you consider parity, the committee bill puts the peanuts loan rate at 61 percent of parity while wheat's target price is 65 percent of parity.

In the event that the Secretary of Agriculture makes corrections to put it on the same footing, it will not cost the Government any money, but it actually will result in a profit to CCC.

There is no absolute guarantee the Secretary of Agriculture will grant an increase. He got around mandatory language in the 1981 bill. This time the language is much tighter—specifically designed to prevent him from escaping the mandatory direction of the congressional enactment.

REASONABLE COST TO CONSUMERS

Peanuts are available to the consuming public at reasonable costs, although peanut product manufacturers and their allied groups have argued to the contrary. The 30,000 family farmers in America who raise peanuts receive 59 cents for the peanuts used in an 18 ounce jar of peanut butter that the three multinational peanut butter companies sell at retail for $1.78, while generic brands retail for $1.35 or a difference of 43 cents on the jar. One has to bear in mind that the FDA regulations require that both name brand peanut butter and generic peanut butter must contain 90 percent peanuts.

Over the last 8 years, peanut butter companies have raised prices 71 percent. Not surprisingly, peanut farmers' profits have decreased 70 percent since 1981 while peanut butter companies' profits have increased.

History has proven in the past that any lowering of peanut prices have not been passed on to the consumer. It is interesting to note that using the most advantageous method of calculations the peanut butter manufacturers contend that if the Peanut Program was abolished that it could result in a lowering of the price of peanuts by only 14 percent. Even if their method of calculation was correct, which is not admitted, I think it can be accurately stated that the consumer prices would not correspondingly be lowered. A 14-percent drop in the price of peanuts would add only to the profit of the manufacturers. Time and time again on fluctuations in prices it has been proven that there is no pass-on savings to consumers.

(Earlier in the debate the following occurred:)

Mr. McCLURE. Mr. President, I had announced earlier that I had a number of amendments to reform the Food Stamp Program. I offered two of those amendments yesterday.

I have eight other amendments on the same subject with respect to the same program, but I believe that the Senate is unlikely at this hour and this stage in the proceedings to give the kind of serious attention to those amendments as they deserve and the program reform demands.

It is, therefore, not my intention to offer those amendments, but I do believe that the subject matter needs to be discussed and thought about and refined so that at a future date we will be in a position to make some further corrections in the administration and definition of the Food Stamp Program.

And for that reason and to further that purpose, I ask unanimous consent that my statements and the text of the amendments that I would have otherwise offered be printed in the RECORD at this point as if delivered.

The PRESIDING OFFICER. Without objection, it is so ordered.

PURPOSE: MINIMUM BENEFIT ISSUANCE TO FOOD STAMP PARTICIPANTS

Mr. McCLURE. Mr. President, this amendment will adjust the minimum benefit issuance to food stamp participants.

The Food Stamp Program currently has several conflicting rules with respect to the issuance of minimum benefits to various types of households. For one- and two-person households, no benefit less than $10 per month is issued as long as the household is eligible to particpate in the Food Stamp Program. For households of three or more, the exact dollar amount is issued, even if that amount is less than $10—such as $7, or $5, or even zero.

The President's Task Force on Cost Control noted the discrepancy between the minimum benefit for one- and two-person households and households with three or more in recommending the elimination of the minimum benefit.

The task force stated "in the case of a one- or two-person household that meet the eligibility qualifications, even if the family's calculation shows that they are to receive no benefit, they will receive $10. This is not true for households of more than two persons."

The Department of Agriculture estimates that approximately 60 percent of all one- and two-person households would not be entitled to any benefits were it not for the minimum benefit.

The elimination of the minimum benefit would allow each eligible family to receive the true amount for which they are eligible. The Congres-

sional Budget Office estimates the savings from eliminating the $10 minimum benefit at $65 million per year. It it time to take some positive action to control the costs of the Food Stamp Program. This amendment does that and I encourage my colleagues to vote for this amendment.

Mr. President, I request that the entire text of my amendment be printed in the RECORD.

The text follows:

At the appropriate place in the pending amendment insert the following:

MINIMUM ALLOTMENT

SEC. . Section 8(a) (7 U.S.C. 2017(a)) is amended by striking out the colon after "dollar" and all that follows through the period at the end thereof and inserting in lieu thereof a period.

Mr. McCLURE. Mr. President, the following two examples highlight the disparity between one- and two-person households with relation to the minimum allotment. In both cases, a one-person and two-person household have gross incomes under the maximum allowable income ceiling, 130 percent of poverty, and net incomes under 100 percent of poverty.

Example 1.—One person household

Income:	
Maximum possible for a one person household is $540	$460
Standard deduction	−95
Excess shelter/dependent care	−125
Net income (net income-max benefit is $415)	240
Representing household's expected contribution	×0.30
	72.00

Food stamp allotment benefit equals the difference between the maximum allotment, $79 for a one-person household, and subtracting 30 percent of net countable income, $72 −$7. However, because this is a one-person household, the household receives a $10 minimum benefit.

Very similar financial circumstances produce significantly different results for larger households.

Example B.—Three person household

Income:	
Maximum possible for three-person household is $917	$916
Standard deduction	−95
Maximum excess shelter/dependent care deduction	−134
Net income (net income-maximum possible is $705 for three-person household)	687
Representing household's expected contribution	×0.30
Rounding down to $206	206.10

Food stamp allotment benefit equals the difference between the maximum allotment, $208, and subtracting 30 percent of countable income $206 =$2. Since this is not a one- or two-person household, the household, receives the exact amount of the benefit, $2.

PURPOSE: TO REIMPOSE THE PURCHASE REQUIREMENT UNDER THE FOOD STAMP PROGRAM

Mr. McCLURE. Mr. President, this amendment to the Agriculture, Food, Trade, and Conservation Act of 1985, would restore the nutrition focus of the Food Stamp Program.

My amendment will restore the purchase requirement and ensure that households spend for food the full value of the thrifty food plan.

The nature of the purchase requirement was intended to encourage households to increase their food purchases. The history of the Food Stamp Program shows that the purchase requirement was integral to the program. Households were originally required to contribute up to 30 percent of their countable income to the Federal Government in return for the larger value of food stamp benefits. This purchase requirement was eliminated by legislation in 1977.

The elimination of this requirement caused some division in the ranks of those who had been proponents of the program, such as Representative Leonor Sullivan, a Democrat from Missouri. After being an outspoken advocate of the Food Stamp Program during the formative years of the program, she voiced her strong opposition to the elimination of the purchase requirement.

She stated, "I do not endorse the idea of free stamps * * *. But I think it should be something—at least a token payment, no matter how small." She went on to say that, "If people could have a blank check for a free choice of $25 worth of food per person in any grocery store each month, and pay absolutely nothing for it, irresponsible use of the stamps could destroy the integrity of the whole program. How do we teach any sense of personal financial responsibility, to people who need such instruction, if they are entitled by right and by law to all the food they require for good nutrition regardless of how they spend, or waste, their own funds?" I believe Representative Sullivan was correct in her fears. The Food Stamp Program has lost some of its integrity by the loss of the purchase requirement.

The elimination of the purchase requirement is widely regarded as the single greatest cause for the rapid expansion of both cost and participation of the Food Stamp Program since 1979.

Since the elimination of the purchase requirement, the program has come to be more of an income transfer program inasmuch as free food stamps are now more likely to replace money which might have been spent for food, freeing up some money for other, nonfood expenditures.

When the purchase requirement was in effect, a household had to buy an amount of stamps equal to full value of the thrifty food plan by paying in cash up to 30 percent of its net income. Since the household then received stamps worth the full amount of the plan, all households who received stamps had to spend at least this amount on food. However, after the elimination of the purchase requirement, a family would receive in stamps the difference between the full value of the thrifty food plan and 30 percent of its net income. Not only did the household not have to put up the cash, it no longer was obligated to spend an amount equal to the full value of the thrifty food plan for food purchases.

With elimination of the purchase requirement, there is no guarantee that recipients will spend any of their own money—cash—on food. Thus, there is no assurance that participating households are purchasing, with food stamps or cash, as much food as they were prior to 1979 relative to their income.

The Food Stamp Program was set up to provide additional nutrition to those in need, and pave the way for substantial improvement in the methods of distributing surplus foods. We should move back to the original intent of the Food Stamp Program by returning the purchase requirement. It would help insure that those who participate in the Food Stamp Program spend a certain part of their income on foods and maintain the extra help from the Government that is necessary for them to provide a nutritious diet for their families.

Similarly, the connection between the Food Stamp Program and one of its initial purposes—that of reducing surplus commodities needs to be restored. Restoring the purchase requirement would ensure that households spend for food the full value of the thrifty food plan.

The Congressional Budget Office estimates that the impact of reinstating the purchase requirement would be a savings of between $750 million to $1.25 billion per year when fully implemented. The CBO estimate is a range based on variations in the assumptions about how many households with relatively high purchase requirements would drop out of the program. The lower, $750 million figure, is based on an assumption that 60 percent of these households, which have been added since the purchase requirement was eliminated, would leave the program. The higher estimate assumes that all of these new households, about 755,000, would leave the program. Both estimates exclude households with elderly and disabled individuals, and those with net incomes below $30 per month.

Let me emphasize that my amendment will not force the elderly or disabled or the extremely poor to pay for their food stamps. My amendments

exempts them from the purchase requirement. It is not my intention to place undue burden on the elderly or disabled or very poor. My intentions are to restore some integrity to the Food Stamp Program, to restore it to its original intent—to provide a mechanism to supplement—not replace—an individual's dietary needs and to provide for the consumption of surplus commodities.

The text follows:

At the appropriate place in the pending amendment insert the following:

PURCHASE REQUIREMENT

SEC. . (a) Section 3(b) of the Food Stamp Act of 1977 (7 U.S.C. 2012(b)) is amended by inserting "and any amount to be paid by the household for the allotment" before the period at the end thereof.

(b) The first sentence of section 4(a) of such Act (7 U.S.C. 2013(a)) is amended by inserting "that has a greater monetary value than the charge to be paid for the allotment by the households" before the period at the end thereof.

(c) Section 8 of such Act (7 U.S.C. 2017) is amended—

(1) by striking out the section heading and inserting in lieu thereof the following:

"VALUE OF AND CHARGES FOR ALLOTMENT";

(2) by inserting "that is in excess of the amount charged the household for the allotment" after "household" in subsection (b); and

(3) by adding at the end thereof the following new subsections:

"(e)(1) A household shall be charged for the allotments issued to them, except that—

"(A) allotments shall be issued without charge to a household containing an elderly or disabled member; and

"(B) allotments may be issued without charge to a household with an income of less than $30 per month for a family of four under standards of eligibility prescribed by the Secretary.

"(2) The amount of the charge shall represent a reasonable investment on the part of the household, except that the charge may not exceed 30 percent of the income of the household.

"(f)(1) Funds derived from the charges made for allotments shall be promptly deposited, in a manner prescribed in regulations issued pursuant to this Act, in a separate account maintained in the Treasury of the United States for this purpose.

"(2) The deposits shall be available, without limitation to fiscal years, for the redemption of coupons.".

(d) Section 11 of such Act (7 U.S.C. 2020) (as amended by sections 1427 and 1434(b)(1)) is further amended—

(1) in subsection (e)—

(A) by striking out "and" at the end of paragraph (24);

(B) by striking out the period at the end of paragraph (25) and inserting in lieu thereof "; and"; and

(C) by adding at the end thereof the following new paragraph:

"(26) notwithstanding any other provision of law, for the institution or procedures under which a household participating in the food stamp program may have any charges for its allotment deducted from any payment the household receives under title IV of the Social Security Act (42 U.S.C. 601 et seq.) and have its allotment distributed to it with the payment."; and

(2) in subsection (h), by striking out "Treasury" and all that follows through the period at the end thereof and inserting in lieu thereof "separate account established under section 8(f), a sum equal to the amount by which the value of any coupons issued as a result of the negligence or fraud exceeds the amount that was charged for the coupons under section 8(e)(2)".

(e) Section 15(a) of such Act (7 U.S.C. 2024(a)) is amended by inserting "purchase," after "for the".

(f) Section 18 of such Act (7 U.S.C. 2027) (as amended by section 1442(a)) is further amended—

(1) by adding after the first sentence of subsection (a) the following new sentence: "Such portion of any such appropriation as may be required to pay for the value of the coupon allotments issued to eligible households that is in excess of the charges paid by the households for the allotments shall be transferred to and made a part of the separate account established under section 8(f).";

(2) by amending the first sentence of subsection (b) to read as follows: "In any fiscal year, the Secretary shall limit the value of coupons issued that is in excess of the value of coupons for which households are charged, to an amount that is not in excess of the portion of the appropriation for the fiscal year that is transferred to the separate account under subsection (a)."; and

(3) by adding at the end thereof the following new subsections:

"(g) If the Secretary determines that any of the funds in the separate account established under section 8(f) are no longer required to carry out this Act, the unneeded funds shall be paid into the miscellaneous receipts of the Treasury.".

PURPOSE: TO ELIMINATE THE EXEMPTION FOR CERTAIN FEDERAL AND STATE ENERGY ASSISTANCE PAYMENTS BEING COUNTED AS INCOME FOR PURPOSES OF DETERMINING FOOD STAMP ELIGIBILITY AND BENEFIT LEVELS

Mr. McCLURE. Mr. President, this amendment will eliminate the exemption for certain Federal and State energy assistance payments being counted as income for purposes of determining food stamp eligibility and benefit levels. This amendment will make the reporting of income more accurate.

First let me say that I am not against helping people who are poor and find themselves in circumstances which necessitate Federal and State assistance for themselves and their families. The truly needy should be helped. However, it has become painfully clear that the Food Stamp Program has become a classic example of a Government help program out of control. Instead of limiting the program to people who cannot do without the assistance, we have allowed this program to grow to the point where 1 out of 10 people are receiving food stamps, and where 1 out of 7 are eligible. The entire Food Stamp Program is full of loop holes. The abuses of the program are well known.

Legislation to stop this abuse, to close these loopholes must be passed and implemented. The committee has taken some steps to deal with the problems of the Food Stamp Program. The committee adopted a provision to clarify that shelter deductions expenses covered by any kind of Low-Income Home Energy Assistance Act [LIHEAA] payments not qualify as household expenses for the purpose of calculating the excess shelter expense deduction. Such expenses would not be deductible whether the energy assistance payment was made directly to the household or to an energy supplier through a so-called vendor payment.

This committee provision was intended to correct an anomaly created because of some court decisions which have allowed households to claim as a shelter expense those energy expenses that were paid through assistance programs where the payment went directly to the energy provider, thus reducing or eliminating actual out of pocket expenses to the household. This committee correction is necessary to eliminate the double counting of this type of income. The food stamp participant was receiving assistance for energy expenses from Federal or State programs, thus leaving more of their other income free for food uses, at the same time this assistance was not counted in determining eligibility for food stamps. This allowed the food stamp participant to receive a larger food stamp benefit than his income should allow.

This is a commonsense approach. However, I believe that more should be done. Deductions should not be allowed for expenses that are paid for by payments, either direct or indirect, that are excluded as income. Any form of energy assistance payments free up other household income, thereby improving the total financial picture of the household. Ignoring this improvement in household income results in an overly generous food stamp benefit. My amendment will count all funds received by a family for energy assistance as income for food stamp benefit purposes.

The Congressional Budget Office estimates that savings of $320 million annually can be made by counting energy assistance payments as income for food stamp purposes. I believe an accurate accounting of income is essential to the credibility of the program. The exemption of energy assistance benefits allows higher and higher income households to qualify for food stamps. I urge my colleagues to vote in favor of this amendment.

Mr. President, I ask unanimous consent that the text of my amendment be inserted in the RECORD at this time.

The text follows:

At the appropriate place in the pending amendment insert the following:

"SEC. . (a) Section 5(d) (7 U.S.C. 2014(d) is amended—

(1) by striking out clause (11);

(2) by inserting "and" at the end of clause (10); and

(3) by redesignating clause (12) as clause (10).

(b) Section 2605(f) of the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8624(f)) is amended—

(1) by striking out "food stamps,"; and

(2) by inserting ", other than the Food Stamp Act of 1977" before the period at the end thereof.".

On page 237, strike line 14 through line 8 on page 238.

PURPOSE: TO REQUIRE THE USE OF PHOTOGRAPHIC INDENTIFICATION CARDS AND THE COUNTERSIGNATURE OF COUPONS UNDER THE FOOD STAMP PROGRAM.

Mr. McCLURE. Mr. President, this deals with the use of photographic identification cards and countersignature of coupons under the Food Stamp Program.

This legislation requires the implementation of photo identification cards in all project areas. The Senate committee bill requires the use of photo identification cards only in areas which are cost efficient. This is not enough.

One of the most common problems with the current program is that oftentimes identification is not required for issuance or redemption at retail stores. Lost or stolen identification, or duplicate participation frequently is not detected because of the lack of photo identification. The inspector general consistently urged the use of photo identification to reduce the program's susceptibility to fraud.

The president of the National Welfare Fraud Association in 1984 stated in testimony before the Senate Committee on Agriculture, Nutrition and Forestry that photo identification and countersignature of food stamps would be a big step forward for fraud prevention.

The photo identification was one of the first projects urged by the National Welfare Fraud Association years ago. Merchants should be required to have the photo identification shown when taking food stamps and have stamps signed. Just like cashing a check, store personnel want to know that the person signing the check is the rightful owner of the checking account, food stamps should be countersigned and positive identification of the participant should be required. This will help cut down of the misuse of food stamps.

This is a small item that could help restore the integrity of the Food Stamp Program. I urge my colleagues to vote for this amendment.

That text follows:

At the appropriate place in the pending amendment insert the following:

(2) by striking out "in those" and all that follows through "integrity,";

On page 278, after line 26, insert the following new section:

COUNTERSIGNATURE OF COUPONS

SEC. . Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) (as amended by sections 1427 and 1434(b)(1)) is further amended—

(1) by striking out "and" at the end of paragraph (24);

(2) by striking out the period at the end of paragraph (25) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(26) that the State agency shall require a member of a household to sign a coupon at the time the coupon is issued to, and used by, the member.".

PURPOSE: TO PERMIT, RATHER THAN REQUIRE, STATE AGENCIES TO PROVIDE COUPONS ON AN EXPEDITED BASIS TO CERTAIN CATEGORIES OF HOUSEHOLDS UNDER THE FOOD STAMP PROGRAM

Mr. McCLURE. Mr. President, this will make expedited service for food stamps an option of the State.

Because food stamp benefits must be issued to households eligible for expedited service within 5 days, with so little verification achieved in that time period, these issuances have been the subject of several notable abuses.

There have been several notable cases of abuse of the expedited service provision. One man made at least 75 applications for food stamps in 23 States from California to Delaware in a 2-year period, fraudulently receiving at least $14,000 in food stamps. In the trial, where he was found guilty of welfare fraud, the man described his method as driving through neighborhoods in whatever city he happened to be in and picking a house that looked like somewhere I might live. He would then use that address to apply for food stamps, always stating that he never had applied for them before.

A GAO report done in 1982 indicated that State officials had expected that error rates for expedited cases would be higher than for the overall food stamp caseload because a household could receive 1 month's food stamp benefits just by proving residency and identity. However, the GAO concluded that expedited service cases generally had a lower error rate for all cases reviewed. They added, however, that because of the limited number of expedited cases included in the quality control review and the impact of incomplete case reviews, the error rate data may not accurately reflect the total program picture.

In four States visited by the GAO, food stamp officials said that daily food stamp work schedules are disrupted because caseworkers must interrupt ongoing work to handle expedited cases. Work subsequently hurry to catch up on the work they had to put off and, as a result, may make errors in those cases. Also, clients whose cases are delayed because of the priority given to expedited cases may not get their stamps as quickly as they otherwise would.

In a followup report, the GAO found that food stamp officials in 19 States said that elimination of expedited service would help reduce processing time for regular cases.

It has been argued that elimination of federally mandated expedited service procedures would permit States to attempt better verification for many cases currently processed under expedited procedures. In cases in which States feel continued expedited treatment should be provided, that will remain as a State option. The Federal requirement for expedited service was initiated in response to concerns about slow State certification in the early 1970's. As the States are now processing all applications well within the 30-day mandatory period, the accelerated processing is unnecessary and in many cases counterproductive.

The National Eligibility Workers Association representative Virginia Dickinson Giles-Mustain voiced the support of that organization for eliminating the expedited service requirement in 1983: The limited times required for a State agency to make a determination of a household's eligibility for expedited benefits impedes the ability of the agency to verify important information before making its decision. The mandatory requirement and the short turnaround time makes overissuance errors probable. Our membership suggests that expedited services should no longer be a mandated requirement but rather a State option. We further suggest that even when optional, verification of income and resources should be mandatory.

The CBO estimates the savings from eliminating the Federal expedited service requirement would be $145 million over 5 years. This is another example of a change in the Food Stamp Program which will provide major savings while making no changes in the amount of benefits to participants.

It is necessary for Congress to look at all possible methods to reduce Federal Government spending. I urge my colleagues to look at this as a first small step in reducing spending without reducing benefits to needy participants.

The text follows:

At the appropriate place in the pending amendment insert the following:

EXPEDITED COUPON ISSUANCE

SEC. . Paragraph (9) of section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(9)) is amended to read as follows:

"(9) at the option of the State agency, for the provision of coupons on an expedited basis to categories of households designated by the State agency to be in immediate need because such households each have—

"(A) household income, as described in section 5(d), that is less than $85 per month; and

"(B) financial resources, as described in section 5(g), that do not exceed $100;".

PURPOSE: TO MODIFY THE DEFINITION OF HOUSEHOLD USED UNDER THE FOOD STAMP PROGRAM

Mr. McCLURE. Mr. President, this amendment changes the definition of

a household for purposes of the Food Stamp Program.

Probably the most frequent request from eligibility workers relating to reform of the Food Stamp Program has been to simplify the determination of household used to define eligible food stamp recipients. The failure to apply properly the existing household definition is a major source of food stamp issuance error.

As a general rule, all individuals who live together in a common residential unit and purchase food and prepare meals in common constitute a food stamp household and must all be considered together as one unit for determining food stamp eligibility and benefits.

However, there are certain exceptions. While parents and children, or siblings, living together are always treated as one household, that is not automatically the case if one of the parents or siblings is an elderly or disabled member. Certain other elderly individuals who have substantial disabilities are also treated as a separate household even though living with others.

Difficulties with the general rule occur, however, in establishing whether members of a residential unit who claim to purchase food and prepare meals separately in fact do so. Typically, the recipient's declaration to separateness is taken as sufficient evidence. Further complexities are added by the potential separate household exception for elderly or disabled parents and siblings and by the provision for elderly and disabled recipients who cannot physically purchase food and prepare meals because of subsequent disability.

The tendency to splinter into smaller households occurs since economies of scale provide small households more food stamps per person than larger households and since each household, regardless of size, receives the same standard deduction and separate excess shelter/dependent care deduction.

The need for simplification in this area has been noted not only by food stamp workers but also by the General Accounting office and by the president of the United Council on Welfare Fraud. The GAO stated in 1982 testimony: Treating persons residing together as a single household for food stamp purposes would greatly simplify the procedures and would free staff to concentrate on verifying income, assets, and household size. In addition, Karen Ludwick, president of the United Council on Welfare Fraud gave testimony in 1983 which she stated:

> We firmly believe that everyone in the household should be on the food stamp case. We have too many households where our clients are residing with a nonclient, nonrelative, and the client is responsible for household expenses, that is, rent, utilities, et cetera. The definition should include all persons living together, without exception.

My amendment defines a household as any individual living together. Elderly or disabled parents and siblings would continue to be permitted to apply as separate households. The provision for elderly and permanently disabled recipients would also remain unchanged. The main change is that under my proposal the States would be granted the option of establishing criteria for individuals who live together to demonstrate that they do not purchase food or prepare meals together and, thus, should be treated as separate households.

This option would produce savings of $351 million over 5 years.

We in Congress should look at this not only from a budgetary standpoint but from the standpoint of those who have to make the program work. The individuals who work with this program say that this change would improve the program. Therefore I urge my colleagues to vote for this amendment.

The text follows:

At the appropriate place in the pending amendment insert the following:

HOUSEHOLDS

SEC. . Section 3(i) of the Food Stamp Act of 1977 (7 U.S.C. 2012(i)) is amended—

(1) by striking out "or who, while living with others," in clause (1) of the first sentence and inserting in lieu thereof "and";

(2) by striking out "separate and apart from the others, or" in clause (1) of the first sentence and inserting in lieu thereof a comma;

(3) by striking out "together" the second time it appears in clause (2) of the first sentence;

(4) by inserting before the period at the end of the first sentence the following: ", or (3) at the option of the State agency, one or more individuals who while living with others, customarily purchase food and prepare meals for home consumption separate and apart from the others"; and

(5) by inserting after the second sentence the following new sentence: "Subject to the preceding sentence and the limitation of clause (2) of the first sentence of this subsection relating to parents and children, or siblings, who live together, a State agency may prescribe criteria to determine whether one or more individuals who while living with others, customarily purchase food and prepare meals for home consumption separate and apart from the others qualify as a household under clause (3) of the first sentence of this subsection.".

PURPOSE: TO FREEZE THE ADJUSTMENT OF ELIGIBILITY AND BENEFIT LEVELS UNDER THE FOOD STAMP PROGRAM

Mr. McCLURE. Mr. President, this amendment will result in significant savings for the American taxpayer. My amendment would adjust the eligibility and benefit levels of the Food Stamp Program.

Congress has discussed various proposals for freezing, delaying, or reducing the indexing of programs that currently have automatic increases through indexation.

Indexation is important to overall program costs. Approximately 50 percent of the program's increased costs since 1971 has been a result of indexing. While the impact of high inflation during the 1970's contributed to these increased costs, even low inflation of the past several years has resulted in significant increased costs. Over half a billion dollars of the fiscal year 1986 costs of the program will be attributable to indexing, even though the inflation rate is estimated to be under 4 percent.

The overall impact of indexing on individual monthly benefits can be relatively small—$1 or $2 per month—while the cumulative budget impact of 20 million participants is quite high.

Efforts to restrain program costs must focus on reforms in indexing as this can result in significant aggregate savings with relatively little adverse impact on recipients. In particular, most indexing changes result in significant savings without reducing benefits. Further increases are postponed or scaled back.

Indexing in the Food Stamp Program is fairly unique among Federal welfare programs. Neither AFDC nor Medicaid provides any type of indexation, although the SSI Program and Social Security does. About one-third of all Federal expenditures are linked to changes in the Consumer Price Index which is used to adjust food stamp benefits.

The administration proposed in 1981 to eliminate further indexing for the standard deduction. The rationale for any indexing of the standard deduction has been questionable from its inception in the Food Stamp Act of 1977 and has been made more questionable by the addition of new deductions. The standard deduction was originally recommended to target benefits to the poorest recipients and to replace numerous specialized deductions that existed prior to the 1977 reforms. These included a work allowance, mandatory work expenses such as Federal, State, or local income taxes, Social Security taxes, mandatory retirement payments, mandatory union dues, medical expenses, child care, tuition and mandatory fees, support and alimony payments, shelter costs, and unusual expenses connected with a disaster or casualty.

Congress, however, rather than implementing a straight standard deduction as proposed, instead reduced the amount slightly and added several special deductions. These special deductions represented expenses for some of the very items which the standard deduction was supposed to replace. A deduction for dependent care and excess shelter costs were added and an earned income deduction was added. In 1977 even more deductions were added, including the exclusion of low

income energy assistance payments, a medical deduction, and an unlimited excess shelter deduction for the elderly and disabled.

It is argued that automatic indexing of what is now a $95 standard deduction might make sense if it really were a replacement for former itemized deductions. The deductible expenses it replaced would have increased with inflation, and automatically indexing the standard deduction could be justified to adjust for inflation those items contained in the standard deduction. However, because the standard deduction does not replace former itemized expenses deductions, it serves as a device to increase benefit levels. In addition, the whole of the deductions serves to weaken whatever nutrition purpose remains in the program.

Elimination of further indexing would save significant tax dollars without reducing benefits to recipients. Elimination of the automatic indexation would not preclude future increases on a case-by-case basis if, in future years, Congress deems such increases advisable and affordable.

In addition to freezing the indexing of the standard deduction, the eligibility standards should be frozen also. The gross income ceiling for participation in the Food Stamp Program for the past several years has been 130 percent of poverty for households that do not contain an elderly or disabled member. This figure is indexed each July 1 to reflect changes in the Consumer Price Index for the last 12-month period ending the previous December.

The real income ceiling on participation for households other than those with elderly or disabled members could be reduced by freezing the gross income limit at its present level, that being $13,260 for a family of four. Since benefits are based on net income, recipients who qualify would not have their benefits affected. Households with elderly and disabled members would not be affected since their eligibility is determined solely by the net income ceiling of 100 percent of poverty, not by the gross income ceiling.

Annual savings would grow over the years. In order to preserve the net income at 100 percent of poverty, the gross income represented by $13,260 could never be less than 100 percent of poverty.

These changes to the Food Stamp Program are estimated to save $97 million in 1986, $245 million in 1987, $368 million in 1988, $518 million in 1989, and $662 million in 1990. This again is a significant reduction in cost. The Federal Government needs to save $1,890 million. These changes do not reduce benefits, the poor will not lose benefits they are now receiving. I urge all my colleagues to vote for fiscal restraint in the Food Stamp Program by voting for this amendment.

The text follows:

At the appropriate place in the pending amendment insert the following:

ADJUSTMENT OF ELIGIBILITY AND BENEFIT LEVELS

SEC. . (a) Clause (8) of the second sentence of section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended by striking out "and each October 1 thereafter,".

(b) Section 5(e) of such Act (7 U.S.C. 2014(e)) is amended—

(1) by striking out "and each October 1 thereafter," in clause (3) of the second sentence; and

(2) by striking out "and each October 1 thereafter," in subclause (iii) of clause (2) of the fourth sentence.

(c) The amendments made by this section shall become effective on the date of enactment of this Act.

PURPOSE: TO MODIFY THE INCOME STANDARD OF ELIGIBILITY USED UNDER THE FOOD STAMP PROGRAM

Mr. McCLURE. Mr. President, my next amendment deals with income standards of eligibility for the Food Stamp Program.

The present Food Stamp Program provides a gross monthly income eligibility ceiling for most households at 130 percent of poverty. On an annual basis, this corresponds to $13,260 for a family of four. The imposition of the gross income ceiling was itself a reduction from the effective ceiling which had existed prior to 1981.

The Food Stamp Program was set up to help those most in need. If the Federal Government sets the poverty line at 100 percent of poverty then why does the Food Stamp Program set eligibility for its benefits at 130 percent of the poverty line. Poverty is poverty, how can one be at 130 percent of poverty.

The Food Stamp Program should focus on those in the greatest need, those with incomes below the poverty line. The eligibility of those above the poverty line is arbitrary and costly. If the poverty level truly represents a standard measuring poverty, welfare programs should be designed to focus on those at or below poverty, not those with incomes above poverty.

Most of those who participate in the current program have reported incomes below poverty, a significant number continue to have incomes between 100 to 130 percent of poverty. These people should not be classified as eligible for food stamp benefits.

The CBO estimates that savings from lowering the income eligibility ceiling for households, other than households with elderly and disabled, to 100 percent of poverty would be $240 million in 1986, $250 million in 1987, $260 million in 1988, $275 million in 1989 and $290 million in 1990. This is a substantial savings of $1.4 billion over 5 years. This is a significant savings that will not hurt the elderly, disabled or those below the poverty line. I urge my colleagues to vote in favor of returning the Food Stamp Program to its intended purpose of helping those at or below the poverty level and eliminating a Federal expenditure which is outside of the scope of the initial program.

Mr. McCLURE. Mr. President, may I make a few additional comments?

Is 130 percent of the poverty line an appropriate ceiling? Statistics from the Department of Agriculture indicate that 95 percent of all participants are at or below 100 percent of the poverty line while they participated in the program. These people are the ones we want to reach. Those over the poverty line, 100 percent of poverty, should be excluded.

Using an annual definition of income—as is done by the Bureau of the Census—72 percent of food stamp households are below poverty. We should target food stamp benefits to those who really need them.

The text follows:

At the appropriate place in the pending amendment insert the following:

INCOME STANDARDS OF ELIGIBILITY

SEC. . Section 5(c)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(c)(2)) is amended by striking out "by more than 30 per centum".

(Conclusion of earlier proceedings.)

Mr. ZORINSKY. Mr. President, I intended to offer my bill—S. 360—as an amendment to the pending legislation. S. 360 would direct the Secretary of Agriculture to convey, within 180 days following enactment, a 160-acre tract of land in the Nebraska National Forest, Dawes County, NE, to the Nebraska Game and Parks Commission. The tract would be conveyed to the State agency without consideration and would become a part of the Chadron State Park. Subsurface rights owned by the United States would be retained. Title to the tract would provide that the tract would revert to the United States if the land ceased to be used for park purposes.

The administration agrees that the tract should be conveyed to the Nebraska Game and Parks Commission. They do not agree that it should be conveyed without consideration.

I have conferred with the chairman of the Public Lands, Reserved Water and Resource Conservation Subcommittee, the distinguished Senator from Wyoming, and have decided not to offer this amendment.

Mr. President, the distinguished chairman of the Public Lands, Reserved Water and Resource Conservation Subcommittee has indicated that he will place the bill S. 360 on the business agenda of the Senate Committee on Energy and Natural Resources for consideration by that committee and, therefore, I will not offer an amendment at this time.

Mr. WALLOP. Mr. President, the Senator from Nebraska is correct. The Public Lands, Reserved Water and Resource Conservation Subcommittee held a hearing on S. 360 on October 4, 1985. I will ask that the bill be placed on the business agenda for consideration by the Energy Committee in the near future. The concerns of the Senator from Nebraska will receive close attention.

Mr. ZORINSKY. I thank the distinguished Senator. I appreciate his cooperation.

Mr. BINGAMAN. Mr. President, regrettably, I rise to speak in opposition to the farm bill that we are voting on tonight and that we have labored over for the past 4 weeks. It has been one of the most important and most difficult pieces of legislation to come before the 99th Congress.

Unfortunately, the bill that has emerged does not provide a long-term solution to the agriculture crisis crippling the American agriculture industry. Nor does it promise to restore our Nation's agricultural competitiveness.

The problems confronting the U.S. agriculture industry are enormous. Agriculture accounts for one-fourth of our Nation's employment, one-fourth of our international trade, and one-fifth of our GNP. Yet this powerful industry is burdened by a $211 billion debt, crippled by high interest rates, and haunted by strong competitors in an already crowded international market. If steps are not taken to reverse these present trends we will cripple our ability to compete and endanger the future of an industry and lifestyle that have been the backbone of our Nation.

During the past 4 weeks, the challenge before us has been to develop a long-term-agriculture policy that would bring a measure of stability to the agricultural sector and its producers as well as to ensure continued high-level, stable contributions to the U.S. economy. Instead of developing a creative solution to the problems facing U.S. agriculture we have merely tinkered with the existing, expensive, and inefficient programs that have encouraged overproduction and exacerbated financial distress. In not acting in a more responsible manner we have failed in our commitment to deal with a tremendous problem.

I fully understand the difficulty of developing sound agriculture policy and I do commend my colleagues for their efforts; however, from the very start this bill has been fraught with tremendous problems and internal disagreements. These disagreements resulted in a bill that was $20 billion over budget. These problems and disagreements were never resolved and remained an obstacle throughout the lengthy debate on the farm bill.

What we have done here is literally to rewrite the bill on the Senate floor. I would like briefly to review the chronology, to try to put the events of the last month in perspective.

Early on in the debate, the distinguished majority leader, Senator DOLE, offered his own farm package. In an effort to bring the bill within budget and bring stability to farm prices and income, the Dole package proposed a 1-year freeze in target prices for feed grains, cotton, and rice at 1985 levels. For wheat, target prices would be tied to specific acreage reductions under which producers would choose their own target price and acreage reduction.

The package also included a 4-year freeze in target prices for wheat, feed grains, cotton, and rice. Other provisions were added to address specific agriculture problems. After much negotiating the substitute package was completed and presented. It claimed savings of $14 billion, therefore bringing the farm bill within the required budget figures. I voted against the Dole package because I felt it was full of contradictory proposals and claimed savings that do not actually exist. Moreover Senator DOLE had brought the bill within the budget at the cost of the producer's income stability. The Dole package passed, however, by a vote of 56 to 41.

The distinguished Senator from Montana, Senator MELCHER, then offered an amendment that increased savings by $3.1 billion by reinstating the farmer-owned grain reserve, by increasing the required acreage reduction programs for wheat and feed grains and by increasing export sales. I voted in favor of Senator MELCHER's amendment because I felt it was a responsible effort to make necessary savings without further affecting farmers' welfare. Unfortunately the amendment failed 46 to 50.

Late in the afternoon on Saturday, following a very late session on Friday and working in the early morning hours Saturday, a compromise agreement was adopted. The new package was not vastly different from the previously adopted Dole amendment, except that it changed the most controversial and most important issue, the target price provision. The compromise established a 2-year target price freeze for feed grains and maintained the wheat referendum. It also freezes acreage yields at the average of 1981–85 crops, excluding the low- and high-yield years.

I respect the efforts of the Senators who labored hard to reach this compromise. It is a bipartisan compromise and it makes significant increases in cost savings while protecting producers' incomes and the resources of our Nation. Although I support the compromise at this time, I remain concerned about the complete bill.

It is clear what we need. We must limit production. But surely it is possible to restrict production in some way other than pushing more and more of our Nation's farmers into insolvency.

We need a long-term agriculture policy, a policy that ensures continued high-level, stable contributions to the U.S. economy while operating in a global environment. U.S. agriculture is no longer substantially independent of national economics; it now operates as a global industry, and, therefore, is affected by global economic conditions.

U.S. agriculture today must react to national and international political and economic factors. As I have said, the time has come to change the structure of our farm programs to make us again competitive in the international market, to restore the profitability of agriculture, to preserve and promote the health of our environment and resources, and to maintain the option for a rural lifestyle.

Mr. President, this bill does not do that. The product of our labors here have resulted in a continuation of failed policies and no new vision for the future. As a result, our farmers will suffer and our consumers will suffer as we fail to realize the full potential of the American farm.

For all these reason, Mr. President, I must vote against the bill. I am sorry we have not done better.

Mr. EVANS. Mr. President, I am pleased we are taking final action on the 1985 farm bill. We have deliberated this issue for well over 10 months, and now, when our farmers need to know what to expect next year, we do not need further delay.

As I stated earlier in this debate, I have long held the view that the 1985 farm bill must initiate a transition toward reduce Government support of, and involvement in, agriculture. If done gradually in a manner fair and equitable for all major commodities—taking into account the structural differences among the various commodity programs—I believe that our farm programs can become a significant contributor to solving what is perhaps the central problem facing American agriculture: our $200 billion deficit.

I emphasize "fair and equitable," because some proposed program changes that this body deliberated appeared logical and responsible on the surface, but were not necessarily correct in the short term. This is especially true as we seek to make major directional changes in our current agricultural policies. Moving toward a more market-oriented environment will not be easy, and cannot be done without some pain. But if we are to retain any competitiveness in world agricultural markets, and accomplish the necessary deficit reduction to strengthen the national economy and U.S. trade in farm products, it must be done.

Mr. President, the debate last night and early this morning perhaps tells a

greater story about why so many of our farmers are in trouble. We have had a farm bill of some kind for each of the past 4 years. Congress cannot seem to devise changes in the existing agricultural policy framework that will not require more congressional action some short distance down the road. I urge my colleagues to reflect not only on the importance of this farm bill, but also on the length of time it has taken us to get this far in changing the existing agricultural policy framework. Is this framework still truly of service to the needs of our farmer constituents nationwide?

I hope my colleagues will remember this debate when work begins on the 1989 farm bill, or whatever year it might be. I hope they will remember the spirit in which Senators BOSCHWITZ and BOREN put forth their alternative farm bill last night. That bill is perhaps not the best plan for now, but it nonetheless does represent a departure from the existing farm policy framework we have had in place for five decades. We really ought to be looking at alternatives, and should not be content with limiting ourselves to working only within the existing framework of price supports, target prices, and deficiency payments.

Mr. President, continuous congressional amending of farm programs has left most of our farmers uncertain about what to expect in the future, and less able to make long-term business decisions. Businessmen can be expected to anticipate changing market forces, but it is not fair to expect them to continually anticipate congressional action. I hope that one day we will acknowledge this in our farm policy, and perhaps agriculture will suffer less at the hands of Congress in the long run.

FARM BILL HURTS TAXPAYERS AND DOES NOT HELP FARMERS

Mr. PELL. Mr. President, we have labored for many days and have made many improvements in the farm bill but it remains too expensive and too ineffective for me to support.

The expense of the farm bill to the taxpayers clearly is enormous. As we began work on the committee-reported version, the Department of Agriculture estimated it might cost as much as $70 billion. The Federal Government deals in costs of billions of dollars, but that figure remains difficult to comprehend.

Perhaps one way to bring it into focus is to divide it equally among the States on a per capita basis, in which case each Rhode Islander would be responsible for paying $350.

We have been laboring for weeks and into the early morning hours to bring the cost of this measure down to Earth. To a degree we have succeeded, but smoke and mirrors have helped considerably. One of the most successful tricks has been to shorten the bill's duration.

Estimates drawn with assistance from Agriculture Committee staff this weekend, based on Congressional Budget Office figures, were that a 3-year version—including all the cost saving changes made on the Senate floor—would cost in the range of $40 billion.

That is still far too high and, using the same rule of thumb, would cost every man, woman, and child in Rhode Island a total of about $200 to underwrite farmers, including the agribusiness industry, for 3 years. Several major changes have been made since that estimate, but not major enough to bring the measure down to Earth.

It is hard to estimate just how much we have saved and, as we have learned from bitter experience, farm bill costs have a way of skyrocketing beyond estimates. Regardless of the estimates, I am convinced that the cost to the taxpayers cannot be justified for a program that will not help stabilize our farm economy.

During our consideration of the farm bill, I have opposed efforts to boost Federal payments to corporate agricultural interests. At the same time, I have supported efforts to reduce the bloated subsidies that push our farm economy even more off balance by encouraging our farmers to overproduce.

It is becoming increasingly apparent that our agricultural policy is bankrupt, like many of the farmers who trusted the easy credit made available by the Federal Government and over extended their operations.

We need to aid the farmers and, as some observers have said, we need to set an income floor to assure that farmers are not wiped out by the vagaries of weather and market conditions beyond their control.

I understand and support the need to establish an income floor, but we are not doing that in this bill. We are targeting most of our aid to the wealthiest farmers who need it least and we are encouraging farmers to produce for Government warehouses and not consumers.

This same pressure to overproduce for unnaturally high prices is harming more than the taxpayers, the consumers, and even the farmers. It is harming the land and threatening to cause another Dust Bowl by encouraging farmers to plow even the most marginal land for planting.

Now we are addressing the problem, not by changing the subsidy structure that caused the overproduction but by offering incentives for farmers to take land out of production. That means rewarding farmers for not farming and that translates into another bankrupt farm policy.

Clearly, we must act to protect the farm economy. This farm bill, however, only repeats the mistakes of the past by continuing enormous farm subsidies that reward the wealthy, at great cost to the taxpayers and consumers, and do little for those who need help the most.

I have worked for measures that would have reduced some of these enormous subsidies and eliminated some of the needless Federal largesse in the farm bill. Those changes, unfortunately, have failed to cut this expensive bill down to size or to make it an effective vehicle to aid the Nation's farmers.

For that reason, after considerable reflection, I decided I could not support final passage of the farm bill in its current form.

Mr. DURENBERGER. Mr. President, as this farm bill demonstrates, a lot can change overnight. As I said last evening, my expectations for this year's farm bill were not high. I did not believe Congress would be able to pass a bill that adequately addressed the needs of this Nation's farmers. Unfortunately, even as amended, this farm bill largely confirms my suspicions.

It seemed to me last night—and indeed it still seems to me—that my colleagues are having great difficulty understanding the crisis in the Corn Belt. Senator GRASSLEY talks about the incredible overload of farm cases in bankruptcy court, and I talk about Minnesota's 24 percent drop in farmland values this year and our loss of 5,000 family farms last year. And I have to wonder who is really listening.

But something happened overnight. The dogged persistence of my colleague from Minnesota, Senator BOSCHWITZ, along with Senator DOLE and others, has produced a proposal which, although leaving much to be desired, deserves the Senate's support.

Mr. President, I must remind my colleagues that things could be worse. Wheat, corn, sugar, soybean, and dairy farmers could have lost more but for the tremendous efforts of Senator BOSCHWITZ. He has done much to educate the Senate about the need for a new direction in agriculture. And his commitment has improved a bad bill.

Last night I was prepared to vote against this farm bill. I communicated that fact to many of my constituents as well as to my colleagues. But the changes made in the package over the last 18 hours has led me to a different conclusion.

Without question, the most important change is the extra 1-year freeze on target prices. When compared to the earlier Dole proposal, this change adds $110 million to the income of Minnesota corn growers in 1987.

Another significant change is the $1/bushel soybean payment which, when compared to current laws, puts $180 million in the pockets of Minnesota soybean growers this year.

Finally—and this is a vital point—passage of this bill will ensure final action on a farm credit relief package before the Senate adjourns this session. Mr. President, at the very least we owe that to struggling farmers in Minnesota and nationwide.

So, I will vote for this farm bill, albeit reluctantly. I apologize to my farmers who had yearned for more—as I did—and I'm hopeful that the conference report on this farm bill will provide more income protection to the farmers on the Plains. I also apologize to my farmers for their uncertainty over fall field preparation, and I wish we could have let them know earlier what type of program they would end up with.

But right now, America's farmers need a farm bill, and that, perhaps more than anything else, is why I lend my support to this final package.

Mr. DOLE. Mr. President, I ask that a statement by the distinguished Senator from Georgia, Senator MATTINGLY, an amendment that he intended to offer but was unable to offer, be printed in the RECORD.

It is an important amendment. I wish we had thought about bringing it up. It is an indication we have to stay within the budget when we go to conference. I hope the fact it is in the RECORD will be helpful to those of us who are conferees.

The statement and amendment follow:

Mr. MATTINGLY. Mr. President, the measure which the majority leader has sent to the desk is completely self-explanatory. There is no smoke—no mirrors to be found in the lines of text—no complicated formulas or confusing phraseology. The purpose of this language would give our Senate conferees some additional support when they meet with the House members to iron out differences between the two bills. We would be very simply instructing our conference committee members to keep the final version of the measure within the levels established by the 1986 budget resolution for this year, and within the estimates for the years of 1987 and 1988.

Obviously, due to the many amendments in the last several days, we do not have precise figures on the budget authority and projected outlays under the bill we are now wrapping up. However, by the time we return from the holiday, the Congressional Budget Office should be able to provide the numbers, and we will have a better idea of exactly where we stand in relation to the budget.

I feel my colleagues would have acted in a responsible manner by adopting this simple, but logical, amendment—if it had been offered. I will not take any further time belaboring this suggestion. I think we have all sufficiently exercised our vocal cords and taxed the endurance of our colleagues during the past week, so this Senator will not further add to your burden.

(Purpose: Providing that programs and activities authorized in this act should comply with budget authority and outlay totals approved in Senate Concurrent Resolution 32, the first concurrent budget resolution for fiscal year 1986)

At the end of the pending amendment add the following new section:

"SEC. . Notwithstanding any other provisions of law or any provisions of this Act, the Senate Members appointed to the Committee of Conference with respect to this Act shall not recede to any House direct spending provision or accept any direct spending provision on behalf of the Senate if the cumulative sum of such direct spending provisions would result in exceeding the Congressional Budget Act, section 302(a) allocation of $18,198,000,000 in budget authority and $17,275,000,000 in outlays for fiscal year 1986, or the assumed cumulative totals for fiscal years 1986, 1987, and 1988 of $51,014,000,000 in budget authority and $50,650,000,000 in outlays for programs and activities falling within the jurisdiction of the Senate Committee on Agriculture, Forestry and Nutrition, and totals in excess of such section 302(a) allocation shall not be authorized for appropriation.".

Mr. ZORINSKY. Mr. President, the compromise farm bill the Senate is passing today is not as good as the Agriculture Committee's bill. But the 2-year target price freeze will buy time for farmers to free themselves from the current economic crisis. And, most significantly, the bill preserves the wheat referendum I have fought so hard for all year.

Likewise, the bill retains the unprecedented conservation measures contained in the committee bill, a modified version of the pork "check-off" I sponsored, my amendment making certain surplus Government grain available free or at reduced cost for processing into ethanol, and other provisions that will benefit midwestern farmers. It also reinstates the farmer-owned reserve. On balance, I believe the bill deserves support. I'm hopeful the bill can be improved in conference, and I expect to devote the majority of my time in the weeks ahead to achieving that goal.

It does not necessarily follow that I will sign the conference report or vote "yea" on final passage if the farm bill is, in my view, weakened or eroded in conference to the extent that I can no longer support it.

I am also pleased the Senate is scheduling a definite time to consider and vote on the legislation Chairman HELMS and I introduced early today concerning the Farm Credit System. Without some signal to financial markets that Congress and the administration are prepared to address the Farm Credit System, its problems will only worsen. The Senate today is providing that signal.

Mr. BURDICK. Mr. President, this bill has been improved through the legislative process, and while it falls short of what is needed for a viable agriculture, I shall vote for it in the hope that the conference will strengthen it.

Mr. DOLE. Mr. President, I know a number of my colleagues wonder where we have been all day, but we have been nearby. We have been meeting with Senators, the Secretary of Agriculture, officials of the Farmers Home Administration, and others who have responsibility for farm credit. I think most of the principals are on the floor who have been involved, including the chairman and the ranking member of the Agriculture Committee. I want to thank them for their assistance. I will thank them more after we have agreement because you do not know until you get unanimous consent around here who to thank and who not to thank.

Mr. President, let me indicate before I make a unanimous-consent request that I hope we can do this quickly. I have been told by 20 Senators, 10 on each side, that they have last minute takeoffs around 6:30 and I hope we can voice vote the amendment and have a rollcall on final passage—what we have agreed to throughout the day. Then, if there are things I miss, I will be happy to call on the chairman, Senator HELMS, and Senator ZORINSKY.

What we have concluded covers three areas. Under the 2-year income support compromise, target prices are maintained at the level set for the 1985 crops, except for wheat. For wheat, the TOP Program and the poll referendum are maintained.

The Secretary is required to make 5 percent of the deficiency payment using commodities for the 1987 crop.

The Secretary may reduce the target price for the 1988 crop by up to 5 percent from the cash target price established for the 1987 crop. The Secretary is required to pay up to an additional 5 percent of deficiency payments for the 1988 crops in commodities, to the extent that CCC inventories are available.

The Secretary is authorized to reduce the 1989 target prices up to 5 percent from the cash target price level for the 1988 crops.

We made a change in the soybean program. In discussing the soybean provision with a number of my colleagues, particularly the junior Senator from Iowa [Mr. HARKIN], and, a couple days ago, the Senator from Minnesota [Mr. BOSCHWITZ] and the senior Senator from Iowa [Mr. GRASSLEY]. I raised the point that some States have low yields and other States have higher yields. They noted that, under the program, everybody will get the same payment. That did not seem to be equitable, so we have adjusted that in the following way. For the 1985 crop, the $5.02 per bushel loan rate is maintained. For 1986 and

subsequent crops, the minimum loan rate is $4.25 per bushel.

For the 1985 crop, soybean producers are eligible to receive a payment equal to not more than $1 per bushel or $35 per acre, whichever is higher, in exchange for agreeing to redeem loans on the 1985 crop at $5.02 per bushel. If a producer has not placed any portion of his crop under loan and agrees to forgo placing any portion of his crop under loan, he also receives the payment. Producers who have already marketed their 1985 crop of soybeans are also eligible to receive such payments. Up to 15 percent of the soybean payment may be paid in commodities to the extent they are available in CCC inventory.

Soybean yields computed for the purpose of making payments may be adjusted to compensate for any reduced yield caused by natural disasters this year. We have had disasters in the States of Louisiana and I think Mississippi, so we do not want to deny those producers an opportunity to participate in this program.

Finally, on bases and yields, the distinguished Senator from Minnesota offered an amendment—as a matter of fact, I think it may have been withdrawn early this morning—with reference to freezing bases and yields and he feels very strongly about it. We were able to work that amendment out. The calculation of acreage bases for wheat, feed grains, cotton, and rice, will remain the same as in S. 1714 as reported by the committee.

The program yields are to be frozen at the average of the 1981 to 1985 crops, excluding the years in which the yield was highest and lowest during the 5-year period. In any year in which a producer has not produced a crop, the producer may use the county or State average yield. And then, finally there is the provision of the distinguished Senator from Oklahoma, the so-called target price tiering provision. We have been able to partially accommodate the distinguished Senator's request and incorporate his idea in the TOP Program. I want to thank the Senator from Oklahoma for his cooperation in that matter.

We have also been working on the Helms-Zorinsky bill on farm credit. We have had a number of Senators discuss it with farm credit people and the Secretary. Part of this overall agreement will be to take up the Helms-Zorinsky farm credit bill on December 3. I believe we have cleared that all the way around. It is very important we act quickly on the farm credit issue, and we hope we can include that as part of our request.

Mr. ANDREWS. Will the Senator yield?

Mr. DOLE. Yes.

Mr. ANDREWS. I understand in talking with staff, the Senator mentioned the soybean program which has been converted to a payment per bushel. The sunflower program has also been converted to a payment per hundredweight, $2 per hundredweight, similar to the soybean program?

Mr. DOLE. The Senator is correct. And that was his situation, that if you are going to do it on a yield basis, it ought to be done by hundredweight. That change has been made.

Mr. HEFLIN. Mr. President, I have a couple of questions.

The Senator mentioned studies with respect to disaster—any States having a disaster. On the freezing of the yields, he mentioned any year in which the producer does not produce a crop or has not produced a crop. I suppose we are looking at the freeze years of 1981 to 1985, and going back in those years. I suppose the Senator is talking about during the years of 1981 to 1985—not future.

Mr. DOLE. The Senator is correct.

Mr. President, I should like to propound a unanimous-consent request.

First, I move that the Senate proceed to the consideration of H.R. 2100.

Mr. BYRD. Mr. President, will the distinguished Senator withhold that?

Mr. DOLE. Mr. President, I withhold that request temporarily.

Mr. President, I think we are going to be able to do all this, but just to make certain we do not move to H.R. 2100 and then someone objects later, I am going to propound a unanimous-consent request that we take up immediately H.R. 2100, conditioned on getting the balance of the agreements agreed to.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report.

The legislative clerk read as follows:

A bill (H.R. 2100) to extend and revise agricultural price support and related programs, to provide for agricultural export resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to assure consumers an abundance of food and fiber at reasonable prices, and for other purposes.

AMENDMENT NO. 1167

Mr. DOLE. Mr. President, I send an amendment to the desk—if we can get a truck. It is about 440 pages.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Kansas [Mr. DOLE] proposes an amendment numbered 1167, to strike all after the enacting clause and insert new language.

Mr. DOLE. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment will be printed in the next edition of the RECORD.)

By unanimous consent, the names of Mr. HELMS, Mr. ZORINSKY, Mr. GRASSLEY, and Mr. ANDREWS were added as cosponsors of amendment No. 1167.

Mr. DOLE. Mr. President, I have explained the amendment. So far as I know, it is satisfactory if we adopt the amendment on a voice vote.

The PRESIDING OFFICER. The question is on agreeing to the amendment (No. 1167).

Mr. BYRD. Mr. President, reserving the right to object, I want to be sure that those who have been involved in this, on all sides, are all protected because we are adopting a 400-some-page amendment by unanimous consent, which few Senators have seen and fewer know what is contained in the amendment.

I have no objection.

Mr. MELCHER. Mr. President, reserving the right to object—and I certainly will not object—none of us can say that we diligently read the whole bill at any one time. We have scanned it and gone through it.

What the majority leader has produced is a good, solid, proven job of putting together all the various agreements he has propounded. I am certain that nothing is in there that does not accurately reflect what we agreed to, so far as any human being is able to be sure of it.

The majority leader has been very diligent to make sure that our understanding would be reflected in the bill itself. I have faith that it is accurate. If there is any error, it is only human error. I also have faith that if there is any human error, the majority leader and the distinguished chairman of the committee will want to make sure that it is corrected in conference.

Mr. BUMPERS. Mr. President, reserving the right to object, and I shall not object, I want to make one observation.

The PRESIDING OFFICER. The Chair observes that there is not a unanimous-consent request.

The Senator from Arkansas.

Mr. BUMPERS. Mr. President, I understand that everybody wants to catch a plane, and I can say everything I want to say in 30 seconds.

No. 1, a lot of people worked very hard on a bill that I think most people in this body thought we would not be able to come up with.

No. 2, I intend to vote for the bill. The only problem I have with it is the $4.25 loan price on soybeans. The $35 an acre the soybean farmers are going to get this year on the 63 million acres they planted comes to about $2.2 billion. But if the price support of 25 cents comes to the floor—the ceiling as well as the floor—as I expect it will in 1986 and 1987, that will cost the soybean farmers of this country $1.5 billion per year. So they are getting a little over $2 billion for this year's crop, and it will cost them dearly in the years to come.

All I am saying is that I will vote for this bill now, and I trust that when it comes from conference, that loan rate will be higher than it is in this measure. I reserve the right to vote against the conference report when it comes here, if that loan rate is still $4.25.

The PRESIDING OFFICER (Mrs. KASSEBAUM). The Senator from Arizona.

Mr. DECONCINI. Madam President, I am going to be just as brief as the Senator from Arkansas or briefer.

I regretfully rise in opposition to final passage of the farm bill. I say regretfully because like my colleagues I believe that the family farmer is an important and integral part of our society, and I want to help the farmer. Unfortunately, I have come to the sad conclusion that not only does this bill fail to provide a panacea for the problems facing American farmers, it is at the same time an extremely expensive proposition. In fact it is so expensive that it is almost impossible to get an accurate read on what the total cost is of this bill.

During the past hours, days, and weeks of deliberation on this farm bill I have heard colleagues on all sides of every issue say that they are representing the best interest of the family farmer. Now, I do not know what is in the best interest of the family farmer; but I do know that when deals are made late at night, in back rooms that it is unlikely that the best interest is being served. And whenever I see the galleries full of prosperous looking lobbyists claiming to represent the downtrodden, I grow suspicious.

There are people in this world who are starving. For that matter there are people in this Nation going hungry. At the same time we sit here day after day and talk about the problems of too much food. We have had votes to reduce acreage in production, we have even had votes on mandatory production controls. I have trouble believing that we are doing something in the best interest of the farmer when we tell the farmer to stop doing what they do best.

I have talked to many farmers. And to a person they have told me that they wish that they could get out of the business of lobbying Congress and could get back to the business of growing food. I do not believe that the farm bill we are passing today will do this. And frankly I do not think it matters whether we have a 1-year, 2-year, 3-year or 4-year freeze, because either next month or next year many of these same issues will be before us, because this bill is not a solution.

I am afraid that many Americans have begun to look upon the farmer with disdain. I have heard people say that the farmer is only looking for a handout and an easy way out. Well I am here to say that is not an accurate portray. Farmers in Arizona have never lined up for handouts. My office has not been flooded with letters, phone calls, and visits from Arizona farmers. Frankly, most farmers I have spoken with in Arizona have simply asked to be left alone. They did not ask the Carter administration for a handout and they have not asked the Reagan administration for a handout. They have asked to be left alone to do what they do well—grow food.

I am not blind to the fact that the reason farmers in Arizona are not hollering is because they have not faced the same crisis facing many midwestern farmers. And because of that realization I have joined with farm-State Senators many times in recent days on votes they believe are urgently necessary to protect their constituents. But I cannot in all good conscience vote for final passage of this bill. It is too expensive, it is too complex, and it does not serve the long-term interest of American farmers.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Madam President, I wish to include in the RECORD at this point a summary of the 2-year target price support freeze compromise which now includes the special target price tiering program for certain wheat producers.

I ask unanimous consent to have that summary printed in the RECORD.

There being no objection, the summary was printed in the RECORD, as follows:

SUMMARY OF TWO YEAR TARGET PRICE SUPPORT FREEZE COMPROMISE

TARGET PRICES

Two year target price freeze (target prices maintained at the level set for the 1985 crops) except for wheat—for wheat the "TOP" program and the poll/referendum is maintained.

The Secretary is required to make 5 percent of the deficiency payment using commodities for the 1987 crop.

The Secretary may reduce the target price for the 1988 crop by up to 5 percent from the cash target price established for the 1987 crop. The Secretary is required to pay up to an additional 5 percent of the deficiency payment for the 1988 crops with commodities to the extent that CCC commodities in inventory are available if the cash target price is reduced.

The Secretary is authorized to reduce the 1989 target prices up to 5 percent from the cash target price level for the 1988 crops.

SOYBEANS

For the 1985 crop, the $5.02 per bushel loan rate is maintained. For the 1986 and subsequent crops, a floor loan rate is established at $4.25 per bushel.

For the 1985 crop, soybean producers are eligible to receive a payment equal to not more than $1 dollar per bushel or $35 per acre, whichever is higher, in exchange for agreeing to redeem loans on the 1985 crop at $5.02 per bushel or, if a producer has not placed any portion of his crop under loan, agreeing to forego placing any portion of his crop under loan.

Producers who have marketed their 1985-crop soybeans are also eligible to receive such payments. Up to 15 percent of the soybean payment may be paid in commodities to the extent they are available in CCC inventor.

Soybean yields computed for the purpose of making payments may be adjusted to compensate for any reduced yield caused by natural disasers. Sunflowers: Payment for the 1985 crop will be based on $2 per hundredweight or $75 per acre, whichever is higher.

BASES AND YIELDS

Calculation of acreage bases for wheat, feed grains, cotton, and rice will remain the same as in S. 1714 as reported by the Committee. Program yields are to be frozen at the average of the 1981-85 crops, excluding the years in which the yield was highest and lowest during the 5-year period. In any year in which the producer does not produce a crop, the producer may use the county or state average yield.

SPECIAL WHEAT TARGET PRICE PROGRAM FOR CERTAIN WHEAT PRODUCERS

For 1986, wheat producers who choose to idle 20 percent of their acreage under the Target Option Program, a tiered scale of target prices will apply as follows:

$3.85 per bushel for the first 2,000 bushels produced;

$4.65 per bushel for the next 18,000 bushels produced;

$4.15 per bushel for production in excess of 20,000 bushels.

In the event these levels do not result in outlays equivalent to the scheduled target price level of $4.38 per bushel, they shall be adjusted accordingly.

For the 1987 and 1988 crops, the tiered levels shall be comparable to those established for other acreage reduction percentages.

If a producer has total program production of less than 2,000 bushels, but has gross agricultural sales of over $20,000 per year, that producer's target price would be less than $4.65 per bushel.

If the producer has total program production of less than 2,000 bushels, regardless of the acreage reduction percentage selected, the target price will be $3.85 per bushel, unless the producer's gross agricultural sales exceed $20,000.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Kansas.

The amendment (No. 1167) was agreed to.

Mr. DOLE. Madam President, let me now propound a unanimous-consent request, and this is all part of the agreement, and this is why the distinguished majority leader suggested we do the other conditionally.

I ask unanimous consent that the Secretary of the Senator be permitted to make such changes in the engrossment of the Senate amendment to H.R. 2100, the House farm bill, as will reflect the actions contained in the statement just sent to the desk and eliminate duplications.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Kansas?

Mr. BYRD. Madam President, reserving the right to object, there is no assurance in this request that the Sen-

ator will have an opportunity to vote on any of the separate and individual changes that are made in the engrossment.

Let me put it this way: There is no assurance that the Senate will have any opportunity to vote individually on these changes as reflected in the conference report when and if it comes back to the Senate.

Am I correct?

The PRESIDING OFFICER. The conference report would be voted on as a package.

Mr. BYRD. Yes.

Madam President, may I direct my comments to the distinguished majority leader and all Senators. Here is a 400-page amendment. The request before the Senate is that the Secretary of the Senate be permitted to make such changes in the engrossment of the Senate amendment to H.R. 2100 as will reflect the actions contained in the summary which the distinguished majority leader read to us earlier.

This is an extremely precarious way to legislate. Maybe it is the only way to get this bill passed.

I feel embarrassed to have to make any reference to the officer who is to make the changes.

I hope that we will take this in the spirit that I say it. There can be substantive mistakes in the engrossment of this amendment. It is over 400 pages in length, and I just want the Senate to have an opportunity, if need be, to vote on any or more of those engrossed changes just to be sure that they do accurately reflect the provisions in the summary so that Senators will be sure that they do indeed comport with what was agreed to by all Senators who participated in reaching agreement on the amendments.

Now, I do not mean to say I do not have any concern. I do have. I do not know what is in this amendment. I am not on the committee.

But there are Senators who are on the committee and whose proposed changes are involved here.

A moment earlier I referred to the Chair in discussing order in the Senate without any desire to appear to cast any aspersions on the particular occupant of the chair at that time—Mr. WALLOP. He just happened to be in the chair at that time.

So in this case, someone has to be the Secretary of the Senate. It is not actually that person who will personally go over these provisions and changes in the engrossment. It is staff people.

Mr. HARKIN. Madam President, excuse me. I hate to interrupt. I cannot hear the distinguished minority leader. I might have comments.

The PRESIDING OFFICER. The Senator from Iowa is correct.

Would there please be order in the Chamber so we can proceed.

The minority leader.

Mr. BYRD. Madam President, I thank the Chair.

I just want to be sure that every Senator on both sides of the aisle who had some input into these changes has an opportunity and a right, when the conference report comes back, not only to scrutinize those changes but also to request a vote on any separate item and to offer a corrective amendment.

The Chair has just responded to me or to my parliamentary inquiry that that opportunity does not now automatically exist. So I wonder if the distinguished majority leader would include that safety valve in the request?

Mr. DOLE. Madam President, will the minority leader state the request? Let me indicate before the distinguished minority leader does that, we understand that this is a bit unusual. That is why we have been 5 hours in there meeting with Senators primarily. Staff were present, but Senators were directly involved in this.

I must say that 470-page amendment for the most part represents all the amendments we have added over the last week, plus the committee bill and the amendment.

So we are talking about three basic changes, and that is what we have been working on today, the soybean change, the target price change, and the changes in yields. They were all amendments we discussed earlier in some form. We were told to draft those would take 2 or 3 or 4 hours. We think they are accurately drafted or about drafted.

So what we agreed to do, those of us who had a principal interest and those who had opposing views, we have had both parties present so that no one's rights would be in any way abridged. But I am happy, if the minority leader would state his request, to respond.

Mr. BYRD. Madam President, I compliment the distinguished majority leader and others who participated in those discussions.

What I am trying to be sure that we are aware of is, that in the final analysis Senators are going to be passing on the final product of the hands, minds and eyes of trusted staff people. I cast no reflections. I cast no suspicions or doubts. But I think that the Senate should protect itself in that kind of situation. It is a very complicated area and we may do it again. We may have reason to use this methodology again at some point.

I think the Senate always has to be very careful that it does not shift its responsibilities to persons whose intentions are good but let us say I have a staff member here and I say I want that provision done this way.

Mr. DECONCINI. Madam President, will the minority leader yield for a question?

Mr. BYRD. I think the remainder of the Senate should have an opportunity before that product passes the Senate finally and goes to the desk of the President, to see that language that may have directed my staff member to put in, as mine, as reflecting what that Senator or this Senator or another Senator intended to be in that measure. That opportunity is what I am seeking here.

Mr. DECONCINI. Madam President, will the minority leader yield for a question?

Mr. BYRD. I yield.

Mr. DECONCINI. Madam President, I appreciate the minority leader raising this. I did not realize until the question was made. Of course, I am not going to object to it. But I wonder if the minority leader has any alternative or other procedure. I cannot think of any. But I share my concern and I am glad he brought it to our attention. Maybe there is another unanimous consent that we could designate someone to review or someone like that. I just put that out.

Mr. HARKIN. Madam President, will the minority leader yield?

Mr. BYRD. I yield.

Mr. HARKIN. I thank the distinguished minority leader for yielding.

I am glad he raised this point. Just yesterday when this Senator was engaged in some negotiations with the distinguished Senator from Florida, Senator HAWKINS, on a provision in the child nutrition amendment we had all our agreements worked out. We all agreed on what it was going to be. Then when the final draft came through there was a paragraph that was not involved in our discussions. It was part of the underlying bill and one word was changed from "shall" to "may." Neither Senator HAWKINS nor I had agreed upon that and, of course, we got it changed again. But had we not found this out that would have slipped through unnoticed because one person changed one word and, of course, changed the whole thrust of that one very important paragraph.

So, I am very appreciative of what the distinguished minority leader is saying. Like the Senator from Arizona I am wondering is there any way we can take care of this without holding people up there through a suggestion of a way out.

Mr. BYRD. Madam President, I apologize if I am holding people up, except I believe it is in the best interest of the Senate, not only in connection with this particular package but in the future when things may happen in this way.

I just want to be sure that the Senate will see the handiwork of staff people and be able to correct any specific language that does not comport with the agreement between Senators. We have to trust our staffs. We could

not do without staff. Yet, we have a responsibility to see their final work and to judge whether it accurately reflects the agreements reached by Senators.

I am just asking the majority leader if he would include in his request that, when the package comes back before the Senate, Senators have an opportunity to vote on each of those amendments that have been put into that 470-page package by direction of this unanimous-consent request.

Mr. DOLE. By voting on each item in a conference report?

Mr. BYRD. I am not saying "by voting on each item," but the Senate have an opportunity, if it wishes, to have a vote on those items that Senators agreed to add into the engrossment.

In other words, it is for the safety of the majority leader as well as anyone else. If the staff errs in the engrossment and it is not reflective of the agreement reached among the majority leader and Senators, such error cannot be corrected, except by unanimous consent, unless we here and now provide otherwise. This is what I am trying to take care of.

Mr. DOLE. Could we limit this proposal to the things we changed? There were not many items changed. Is the Senator talking about the three basic changes?

Mr. BYRD. Will the Senator put in a quorum call?

Mr. DOLE. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Madam President, I have had a discussion with the managers of the bill and the Parliamentarian.

I believe that we can provide the protection that the Senate should have. Let me state the entire request.

UNANIMOUS-CONSENT AGREEMENT

I ask unanimous consent that the Secretary of the Senate be permitted to make such changes in the engrossment of the Senate amendment to H.R. 2100, the House farm bill, as will reflect the actions contained in the following summary and eliminate duplications.

The summary has been sent to the desk.

Provided, that on December 3, 1985, a motion to reconsider H.R. 2100 be in order which, and if successful, would return the Senate to the question of agreeing to amendment No. 1167, and that amendments to bring the Senate into conformity with the memorandum be in order, that there be no more than 2 hours of debate allowed for the process to follow the disposition of the farm credit bill.

Mr. BYRD. Madam President, reserving the right to object, I want to thank the distinguished majority leader, and both managers for the understanding that they have demonstrated, and the willingness they have shown in making this change.

I apologize to other Senators for delaying. But I think it is better to take the precaution now rather than to look back later and wish we had taken the precaution.

Mr. DOLE. Madam President, the final part of this package is the time agreement on the farm credit bill.

TIME AGREEMENT ON THE FARM CREDIT BILL

Madam President, I ask unanimous consent that immediately following the vote as specified in the unanimous-consent agreement on November 14, dealing with the Boren PAC amendment to S. 655, the Senate turn to S. 1884, the Helms-Zorinsky farm credit system bill, and it be considered under the following time agreement:

That 4 hours on the bill to be equally divided between the majority and minority leaders, or their designees; that debate on all amendments be limited to 20 minutes each, to be equally divided; that any second-degree amendment be germane to the first-degree amendment it proposes to amend; that there be no time on debatable motions, appeals or points of order, and that no motions to recommit with instructions be in order; and that the agreement be in the usual form.

Finally, I ask unanimous consent that final passage occur on the farm credit system bill no later than 7 p.m. on Tuesday, December 3, 1985, and that paragraph 4 of rule XII be waived.

Mr. HARKIN. Reserving the right to object, I would like to inquire of the distinguished majority leader. I do not have any problems with any of this with the possible exception of the third paragraph, that any second-degree amendment be germane to the first-degree amendment it is proposed to amend.

This Senator's concern is that the bill S. 1884 would be on the floor, and since this unanimous consent asks that it be in its usual form, there could be an amendment offered at that time which would preclude us from offering amendments in the first degree. That is, every amendment we would have to offer would be in the second degree. I would like to have the assurances of the majority leader that we would be protected, that any amendment I wanted to offer could be in the first degree. Of course, in the usual form and it would have to be germane to the bill.

Mr. DOLE. I am advised that that could be accommodated. It is provided for in the agreement.

Mr. HARKIN. I did not understand.

Mr. DOLE. I am advised that can be accommodated. We think it is covered by the agreement. If there is something the distinguished Senator would like to add, I would be happy to do that.

Mr. HARKIN. I will still reserve the right to object. My concern is not that there could be an amendment offered, as on the farm bill, to be frank about it, and that those of us who would want to offer an amendment could offer it in the second degree. I want to be sure that we can offer our amendments in the first degree.

Mr. BYRD. Madam President, will the Senator yield? Will the majority leader allow us to complete action on the farm bill before we go to the farm credit?

Mr. DOLE. I think the only thing remaining——

Mr. BYRD. I do not think the Chair has ordered the request.

Mr. DOLE. The only thing remaining on the farm bill is to ask for the yeas and nays on final passage.

Mr. BYRD. No; the other item we were talking about.

The PRESIDING OFFICER. Is there objection to the previous unanimous-consent request?

Mr. DOLE. This is for the previous item, not this one.

The PRESIDING OFFICER. Hearing no objection, without objection, it is so ordered.

The text of the unanimous consent agreement is as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That on December 3, 1985, a motion to reconsider H.R. 2100 be in order, following the disposition of S. 1884, the farm credit bill, which motion, if successful, would return the Senate to the consideration of amendment No. 1167, and that amendments to bring the Senate into conformity with the memorandum of intent submitted with the agreement on H.R. 2100 on Nov. 23, 1985, be in order, provided that no more than 2 hours of debate be allowed for this process.

Mr. HARKIN. Again, I want to make myself clear on what my reservation is.

Mr. DOLE. I would suggest the Senator put the question to the Chair and the Chair can rule.

Mr. HARKIN. Madam President, could there possibly be an amendment offered, let us say by the distinguished minority leader, that would fill in that first-degree level so that all following amendments would have to be in the second degree, and, therefore, germane to that first-degree amendment, knowing full well that at the end of the time when that first-degree amendment is disposed of, that the bill would be open to amendment but the 4 hours would have run and we would have no time to debate that amendment?

The PRESIDING OFFICER. The Parliamentarian advises there is nothing that precludes a Senator from offering the second-degree amendment to the first-degree amendment.

Mr. HARKIN. May I inquire whether it would be possible under this unanimous-consent request for the majority leader to offer an amendment at the beginning of the debate time on the bill, S. 1884, at the first-degree level so that all amendments would have to be in the second degree?

The PRESIDING OFFICER. The Parliamentarian advises that the choice is in the hands of the offerer of the second-degree amendment not in the hands of the offerer of the first-degree amendment.

Mr. HARKIN. Then under this agreement I would be assured that I could offer a first-degree amendment.

Mr. DOLE. I ask unanimous consent that the Senator have the right to offer a single first-degree amendment.

Mr. HARKIN. Offering a first-degree amendment, but at some point before the 4 hours had been extinguished?

Mr. DOLE. Yes.

The PRESIDING OFFICER. Is there objection?

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. The Senator from Montana.

Mr. BAUCUS. Reserving the right to object, I would like to ask a question of the majority leader. I understand that Senator HELMS will introduce the farm credit bill. It is a major bill, obviously, addressing a very important problem across the country. But the bill has just been introduced. As I understand the agreement, nongermane amendments would not be in order, because the agreement is in the usual form.

The difficulty is this: because we have not had an opportunity to see and to read provisions of the Zorinsky-Helms bill, it is unclear as to what amendments we contemplate at this point would be in order or not in order.

I introduced a bill dealing with farm credit legislation, as has the Senator from Minnesota [Mr. BOSCHWITZ].

I wonder if there is a way that we can work out an agreement so that our amendments can be accommodated as we debate the farm legislation.

I am a little concerned, too, because there are only 4 hours of debate on a major bill which has not been in markup in the Agriculture Committee. It seems to be that on the issue of farm credit restructuring, we should have a little time to debate it, to examine various points of view and alternative points of view so that we come up with the best bill.

I wonder if the majority leader would agree to change the consent agreement to allow the Senator from Montana to offer an amendment regardless of its germaneness.

Mr. DOLE. Madam President, I ask unanimous consent that substitute amendments be in order and limited to 20 minutes provided they are relevant to the subject matter.

Mr. BAUCUS. Reserving the right to object, Madam President, a parliamentary inquiry. I wonder what the difference between germaneness and relative to the subject matter would be. What is the difference between those two?

The PRESIDING OFFICER. Relevancy is broader than germaneness, it is a subject matter test.

Mr. BAUCUS. A further parliamentary inquiry. That means if the Senator from Montana has an amendment which has something to do with farm credit legislation, it would be in order under this agreement?

The PRESIDING OFFICER. As long as it deals with the subject of the farm credit bill before us.

Mr. BAUCUS. I thank the Chair.

Mr. HARKIN. Reserving the right to object, Madam President.

Let me make clear to the distinguished majority leader what my position is on this. The bill itself may only pertain to the Farm Credit System as I see it and I have not had a chance to more than briefly look at it. I may have an amendment which covers something broader than just the Farm Credit System itself but deals with farm credit. Would that be allowed under the modification just mentioned by the distinguished majority leader?

The PRESIDING OFFICER. We shall have to consult with the Parliamentarian.

Would the Senator from Iowa repeat his question for the Parliamentarian?

Mr. HARKIN. As I understand the modification just mentioned by the distinguished majority leader, we could offer amendments that dealt with the subject matter. My concern is that I may have an amendment which goes broader than just the Farm Credit System. It will deal with farm credit but it may go beyond the bill itself, which talks basically or only about the Farm Credit System itself.

The PRESIDING OFFICER. It would not be relevant if it does contain any significant matter that is not dealt with in the farm credit legislation.

Mr. HARKIN. So, Madam President, if I had an amendment that dealt with farm credit that applied both to the Farm Credit System and to, let us say, private lenders or private banks, would that be in order under the modification mentioned by the majority leader?

The PRESIDING OFFICER. If private lenders and private banks are not dealt with in the original amendment, it would not be in order.

Mr. HARKIN. Madam President, I may have to object, because from my initial reading of the bill, private lenders and private banks are not dealt with in this measure. I believe that we are going to have to address that in the farm credit bill.

Mr. BOSCHWITZ. Madam President, may I ask the majority leader if he has any objection—since there is a time agreement, with a time certain to vote, does he have any objection to amendments coming in that might deal with agricultural lenders other than the Farm Credit System?

Mr. DOLE. None, no objection.

Mr. HARKIN. I could not hear what the Senator from Minnesota asked.

Mr. BOSCHWITZ. The majority leader would not object to having the unanimous-consent agreement broadened to include other people involved than the Farm Credit System in the business of lending to agriculture?

Mr. DOLE. That is correct.

Mr. HARKIN. Madam President, if I understand the request, the majority leader would not object to a unanimous-consent request, and I can offer an amendment that might go beyond the scope of the bill. Does that unanimous-consent request apply to any other Senator?

The PRESIDING OFFICER. The Senator is advised that it does.

Mr. HARKIN. I remove my objection.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. Madam President, reserving the right to object.

Mr. GARN. Reserving the right to object, Madam President.

The PRESIDING OFFICER. The Democratic leader has reserved the right to object.

Mr. BYRD. Madam President, would the distinguished majority leader include in his request a provision that would require any committee substitute that might be called up to be germane and relevant?

Unless this protection is provided, the committee could bring in an entirely new committee substitute that would not necessarily be relevant and germane.

Mr. DOLE. I include that in the request, Madam President.

Mr. BYRD. Madam President, I thank the majority leader and I have no objection.

Mr. GARN. Madam President, reserving the right to object, and I shall not object for only one reason: I have absented myself from this floor since 1 p.m. I have not been here all day long because I was so irritated by the process last night and I was so concerned about what I might say that I thought it would be better if I were not here.

Part of this agreement was that there would be nothing in it to do with the banking system. The Agriculture

Committee has been tromping all over the expertise in the Banking Committee for several days. I speak for a majority of the Banking Committee right now.

I am not going to object even though the Senator from Iowa is now tromping again trying to broaden it and get into banks far beyond the Farm Credit System. I hope, if we do bring up a bill which touches in a very sensitive area, in several areas, I hope the bill would be pulled down.

The PRESIDING OFFICER. Is there any objection to the unanimous-consent request? Hearing none, without objection, it is so ordered.

The question is on the engrossment of the amendment and the third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time. The bill was read the third time.

Mr. DOLE. Madam President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. I thank my colleagues. I hope they have a nice Thanksgiving.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from New Mexico [Mr. DOMENICI], the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], the Senator from New Hampshire [Mr. HUMPHREY], the Senator from Idaho [Mr. MCCLURE], the Senator from Alaska [Mr. MURKOWSKI], and the Senator from Connecticut [Mr. WEICKER], are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Massachusetts [Mr. KENNEDY], the Senator from Massachusetts [Mr. KERRY], the Senator from New Jersey [Mr. LAUTENBERG], and the Senator from Louisiana [Mr. LONG], are necessarily absent.

I further announce that, if present and voting, the Senator from New Jersey [Mr. LAUTENBERG], would vote nay.

The PRESIDING OFFICER (Mr. DURENBERGER). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 61, nays 28, as follows:

[Rollcall Vote No. 343 Leg.]

YEAS—61

Abdnor	Boschwitz	Cranston
Andrews	Bumpers	D'Amato
Armstrong	Burdick	Danforth
Baucus	Byrd	Denton
Bentsen	Chiles	Dole
Boren	Cochran	Durenberger
Eagleton	Johnston	Quayle
Evans	Kassebaum	Riegle
Exon	Laxalt	Rockefeller
Ford	Leahy	Sarbanes
Glenn	Levin	Sasser
Gore	Lugar	Specter
Gorton	Matsunaga	Stafford
Grassley	Mattingly	Stennis
Hart	McConnell	Stevens
Hatch	Melcher	Symms
Hatfield	Nickles	Thurmond
Hecht	Nunn	Trible
Heinz	Packwood	Zorinsky
Hollings	Pressler	
Inouye	Pryor	

NAYS—28

Biden	Harkin	Proxmire
Bingaman	Hawkins	Roth
Bradley	Heflin	Rudman
Chafee	Helms	Simon
Cohen	Kasten	Simpson
DeConcini	Mathias	Wallop
Dixon	Metzenbaum	Warner
Dodd	Mitchell	Wilson
Garn	Moynihan	
Gramm	Pell	

NOT VOTING—11

Domenici	Kennedy	McClure
East	Kerry	Murkowski
Goldwater	Lautenberg	Weicker
Humphrey	Long	

So the bill (H.R. 2100), as amended, was passed.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BOSCHWITZ. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HELMS. Mr. President, I move that the Senate insist on its amendment and request a conference with the House of Representatives on the disagreeing votes thereon and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer [Mr. DURENBERGER] appointed Mr. HELMS, Mr. DOLE, Mr. LUGAR, Mr. COCHRAN, Mr. BOSCHWITZ, Mr. ZORINSKY, Mr. LEAHY, Mr. MELCHER, and Mr. PRYOR conferees on the part of the Senate.

Mr. HELMS. Mr. President, I ask unanimous consent that S. 1714 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, the Senator from Kansas is pleased the long-awaited first step toward enacting a new farm bill has passed this body by a 61 to 28 margin. This vote marks the culmination of months and months of work not only by my colleagues but by a group of staff members who were absolutely indispensible to this process.

The days were always long and many times so were the nights. Nevertheless, the men and women with the fact and figures, the expertise and above all the dedication were always there when we needed them. Therefore, Mr. President I would like to pay special tribute to the outstanding staff members who worked so very hard to make tonight's majority vote a reality.

Mr. President, I want to particularly thank the managers of this bill. The Senate has spent 12 days, 87 hours, on this bill, with 41 rollcall votes and 141 amendments considered. That is a reflection of the efforts by the distinguished Senator from North Carolina, the chairman, and the distinguished Senator from Nebraska, the ranking minority member.

I thank all members of the Agriculture Committee and all my colleagues for their patience and understanding and those colleagues with whom we had meetings over the last few days. I particularly thank my good friend, the distinguished Senator from Montana, Senator MELCHER, because we have been here the longest. I also thank Senator EXON and Senator HARKIN, and Senator GRASSLEY, who has been working not only on the soybean and corn provisions, but also on farm credit, trying to make certain that he can restrain foreclosures in the State of Iowa. His efforts will have an impact not only in Iowa but in our States, and we thank him for that.

I certainly want to thank the distinguished minority leader, who has been most helpful as we have gone through this process in moving it along and also in working out the parliamentary agreements that made it possible to complete action today.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, I do not think we should depart consideration of this farm bill without paying respects to the majority leader. I have been around this place a while, and I have never seen any leader operate with more class, more dignity, than he did last evening and had he not done the job that he did I am not sure we would have reached this point.

But I notice his record here of 87 hours and 14 minutes consideration of this farm bill. Is that all?

Mr. DOLE. That is the Senator's record. The chairman had 5 months before that.

Mr. HELMS. Yes, I had 5 months before.

But seriously, I do thank the majority leader. I wish to say to the staff of the Agriculture Committee that I have never been prouder of a group of young people than in the production of this farm bill. I hope I am not overstepping propriety when I mention the conversation I had with the distinguished men and women who handled the paper up at the desk. They were paying tribute to the staff of the Agriculture Committee in terms of the excellence of the work, the absence of confusion, and I was very proud to have that report.

But I will save for another day to mention names in particular, but I do wish to pay my respects to Ed Zorinsky, who has just been a trooper in this thing.

There have been difficult times, difficult months, but finally we have a farm bill up to this point; but this is just the first round. Now comes the second round.

Thank you, Mr. President.

Mr. COCHRAN. Mr. President, will the Senator yield?

Mr. HELMS. I yield the floor.

Mr. COCHRAN. Mr. President, I am glad to see the distinguished chairman of the committee singling out the staff for special commendation. My purpose is simply to personally thank all of them, particularly the staff of the Agriculture Committee, headed by George Dunlop. He individually has just spent an enormous amount of time on this matter from the heading stage up through the development of the bill and the presentation of it on the floor.

But I personally commend in addition to George Dunlop, Carl Rose, who is the very able senior staff person for the minority side of the committee; John Gordley, the staff assistant for the majority leader; and David Graves, my personal staff assistant, who has worked so hard on this legislation.

They have really put in a lot of very hard work, very capable work, and are outstanding members of our staff here in the Senate.

Without them, we would not have a farm bill.

I thank the distinguished chairman.

Mr. HELMS. Mr. President, if the Senator will yield, he is absolutely correct. He started off mentioning George Dunlop who is almost a second son, and Carl Rose is also a North Carolinian. So the Senator is being surrounded by North Carolinians in the production of this farm bill. Whether that is a plus or minus, I do not know; we will find out.

Mr. DOLE. Mr. President, if I may just take 1 minute, and I know the distinguished Senator from Texas has been waiting. But again, I wanted to say a special thank you to all the staff members, particularly John Gordley, who has been my right arm in this debate and throughout the months we have been working on the farm bill: Mark Scanlon, on my staff, and others. Certainly the Secretary of Agriculture, Jack Block, and his Executive Assistant, Randy Russell, have been up on this Hill almost every day. Frank Naylor has been working on farm credit and a number of USDA officials have made a contribution to the effort.

I turn around and I see Senators BOSCHWITZ, COCHRAN, LUGAR, and they all have played a role in what I consider to be rather historic legislation, not perfect—certainly we can do better in conferences. I know the distinguished chairman feels that way.

I would also like to list several of my colleagues on this side of the aisle who have made important contributions along the way. The Senator from Florida [Mrs. HAWKINS] is playing a key role in farm credit reform, and was instrumental in obtaining changes in provisions for the sugar import program in the bill. My colleague from North Dakota [Mr. ANDREWS] has long championed his soybean and sunflower as well as wheat producers. His participation was decisive in changes affecting these crops. Of members not represented on the Agriculture Committee, I would mention the successful efforts of the Senator from South Dakota [Mr. ABDNOR] to obtain increases in feed grain target prices and the reforms pursued by the Senator from Oklahoma [Mr. NICKLES] to reduce the planting requirements for eligibility for wheat program benefits. The Senator from Wisconsin [Mr. KASTEN] did yeoman service in increasing the size of the long-term conservation reserve and expanding its application to erosion-prone acres. My colleague from Georgia [Mr. MATTINGLY] was equally forceful in protecting the interests of his producers. Finally, I would mention the signal contribution of the Senator from Indiana [Mr. QUAYLE], who led the successful effort to eliminate the honey program from the Federal farm program.

On the budget side, we have a reduction of $11 billion, and that is not all bad. So perhaps we can fashion a bill that the President will sign. I know he wants to sign a farm bill. He does not want to veto a farm bill.

So it is now going to be incumbent upon the conferees to work out whatever budget matters we need to work out so that we can get the President on board and get a bill signed and out to the farmers.

The PRESIDING OFFICER (Mr. ARMSTRONG). The Senator from Texas is recognized.

Mr. BENTSEN. Mr. President, I do not want to interrupt the very well-deserved accolades and if that moment has passed, then I wish to say that in a few minutes I will be sending to the desk a piece of legislation on behalf of myself and Senators COCHRAN, STENNIS, PRYOR, GRAMM, BUMPERS, HEFLIN, and others. This is a bill that I was urged not to introduce during the debate on the bill with the concern that it might be used as a vehicle for something else.

But now that that has been resolved, what I am asking for is what we did in an amendment to the farm bill which deals with this problem in future years. But, through this bill, I am trying to give some immediate information so these farmers can understand how much set aside they are going to have, the very minimal type of information.

We are not talking about the target prices. We are not talking about the loan limits. We are not talking about deficiency payments.

All we are saying is the minimal information so that fellow knows how much to put the plow to, what the set aside is going to be. Farming is an all-year process, of course, and down in south Texas now they are ready to put the herbicides on that land that they are going to plow and to plant under the farm program.

They are starting in January to plant their milo and February plant their cotton, and we now have a situation where about 75 percent of the Nation's wheat has already been planted, but do not have a farm program. I am asking that we at least tell them now whether to graze and whether to hay that wheat land.

So that is all I am asking for in this piece of legislation.

What you may find is on the farm bill that has been passed by the Senate and what was passed by the House of Representatives, you may be in conference for a very long time. If we can have a separate piece of legislation on these narrow issues, hopefully the House might accept it and provide our farmers this minimal amount of information that is based on the farm bill that has just been passed.

So we are not talking about something new. We are just talking about letting this kind of information get out to the farmer now.

Here is the distinguished Senator from Nebraska. I will defer to him. But after he has a chance to speak, I wish to send this to the desk and ask for unanimous consent that it be given immediate consideration and passed. It is really an adaptation of what has been passed now by this body.

I defer to the distinguished Senator from Nebraska.

Mr. ZORINSKY. Mr. President, we have examined the bill described by the distinguished Senator from Texas. We think it is very timely and necessary. I compliment the Senator for developing a measure that will help farmers in making plans for future crop years. I hope that its passage will give a signal that there are those of us here who are concerned with the future direction of agriculture. We have looked at the bill on this side of the aisle and support its immediate passage.

Mr. BENTSEN. Mr. President, I say to the distinguished Senator from Nebraska, after hearing many of the marvelous accolades that were made in his absence, I appreciate his commenting on this piece of legislation that Senator COCHRAN and I will introduce. He has been spoken of in words of high praise for some time here, and I agree that that praise is well deserved.

Mr. ZORINSKY. Mr. President, I thank my colleagues. I am pleased that we were able to complete the farm bill. I believe the distinguished chairman of the Agriculture Commit-

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tee has done yeoman service—and outstanding service—in managing this comprehensive legislation which, as I understand, had in excess of 130 amendments offered. It has been a pleasure for me, as the Democratic floor manager, to work with him on this measure.

In addition, I wish to thank the committee staff—both the majority and the minority—for their assistance and hard work throughout this process. I especially wish to recognize and commend George Dunlop and Bob Franks; Carl Rose, my staff director; Ben Baker, David Dyer, David Fischer, Laura Rice, Robyn Fontes, and Mary Dunbar from the committee staff; and also Art Jaeger and Rick Pasco from my personal staff; and Jack Cassidy. They each supported me through this effort and provided their energies and expertise toward the successful completion of the legislation. It was obviously a team effort and a bipartisan one, for which I am very thankful.

Mr. HELMS. Will the Senator yield to me?

Mr. BENTSEN. Yes, of course.

Mr. HELMS. I thank the distinguished Senator from Nebraska for his compliments to the staff. We really do not have a minority staff and a majority staff. Everybody works together, and they have certainly done that in connection with this farm bill.

I have not gone down the list to single out because I want to do that at a later time. But all of them have pitched in with yeoman work. I say again what I said before, that nobody ever had a finer Senator to work with than ED ZORINSKY. It has been a pleasure and I am grateful to you.

I thank the Senator for yielding to me.

S. 1886—FARM PROGRAMS PREDICTABILITY ACT

Mr. BENTSEN. Mr. President, I am pleased to be joined by the distinguished Senator from Mississippi [Mr. COCHRAN] and a number of other concerned Senators in introducing this bill. We are asking the Senate to pass this legislation to provide farmers with some minimal relief from the problems that have been caused by the late announcement of the 1986 farm programs.

This legislation will provide that cotton, wheat, feed grain, and rice producers in early-planting areas of the country will have some immediate information on the 1986 farm program. It will be very minimal information, but it is better than no information at all. It will not help as much as I would have liked to, but it will help some. And with the financial state of agriculture today, with many farmers right on the brink, they need every little bit of help they can get.

Today is November 23, and we still have not passed a farm bill into law. The bill was ordered reported from the Senate Agriculture Committee on September 19. Yet we still have no law enacted. More importantly, our farmers have no farm program.

Wheat farmers have had to plant without knowing what the wheat program would be. Farmers in Texas and other winter wheat States have planted 75 percent of our Nation's wheat crop without knowing what the program would be. They do not know how to qualify for price supports, or what those price supports will be. They do not know how much land they must set aside. They do not know whether they can graze cattle as they normally do on those acres. They are flying blind. They are being forced to guess at the farm program requirements that will eventually be announced, and they will be penalized if they guess wrong.

Cotton, rice, and feed grains do not have a program either. Cotton planting starts in February and feed grains start the last week of January. We start that annual planting process with milo in the Rio Grande Valley of Texas, and from there it sweeps north across our Nation. But many people do not realize that farming is a continuous process. Land must be prepared, herbicides bought and put down, seed purchased, financing arranged. All this must be done weeks and months before actual planting.

At today's prices, many farmers cannot get financing without being eligible for farm price supports. Bankers cannot make loans on speculation of what a farm program might be, so farmers are being forced to wait. They have been waiting for weeks now. And while they wait they must forgo normal crop preparations, which increases their costs and decreases their efficiency.

This Senator has not delayed the farm bill and does not intend to do so. Yet I do not think that it would be appropriate for us to recess for a week at Thanksgiving without telling our farmers anything about the coming farm program. Mother Nature does not recess. Time marches on inexorably. Every day tightens the squeeze on farmers who must plan well in advance and cut all possible corners in order to survive.

I am further concerned that the farm bill the Senate just passed must still go through conference. That will take more precious time, possibly much more. Our farmers cannot afford that delay, and there is need to force them to suffer the full force of that delay.

I believe that it is time that we pull together, that we build on our areas of agreement to help farmers. It is totally unfair to hold innocent farmers hostage as pawns in the legislative process.

I have been told that hostages are necessary in order to pass a farm bill, that we need pressure to force a bill on through. However, what we are doing now is not holding hostages—we are shooting them. Our farmers are left in the lurch again in the South. Under a very optimistic scenario for the farm bill we could get a program announcement by late December. It might be much later. This would devastate farmers who are squeezed between Mother Nature and the legislative process.

I am willing to allow the keeping of sufficent hostages to assure quick enactment of a 4-year farm bill. There were 19 titles in the Senate committee bill. There are titles such as exports, conservation, food stamps, research, and credit that contain provisions that are badly needed. There are commodity titles that require passage of the full title to have a farm program. We only need to enact three provisions to get some minimal but badly needed relief for our farmers.

Those three provisions are very simple—the base, the acreage reduction required to qualify for the price supports, and the authority to hay and graze winter wheat. These by themselves are worthless if no farm bill is enacted. But early information on those provisions is vital if a farm bill is enacted.

This bill will tell winter wheat producers that, if their State chooses to allow haying and grazing of set-aside acres, they can do so on 25 percent of their acres and that this will not disqualify them from participating in the wheat program that will be authorized by the 1985 farm bill. Farmers who graze wheat must put cattle on it now if they are to get much benefit at all.

This bill will tell producers of cotton, feed grains, rice, and spring-planted wheat that, not later than 60 days before planting time, they will be told a base and an acreage reduction that will allow them to qualify for the farm program that will be announced later. With that information they can start the cultivation that must be done months in advance. For example, we normally put down herbicides on our cotton in the Rio Grande Valley before Thanksgiving. Farmers must know how many acres they can plant before they can do that. This bill will give them that information 60 days before planting, which is late but is still a great improvement over some possible alternatives.

Mr. President, I do not take the time of the Senate lightly. I assure my colleagues that any inconvenience from dealing with this bill now is very slight compared to the problems suffered so far this year by wheat, cotton, feed grain, and rice farmers or to the problems that are to come. They are getting worse by the day.

This bill might be able to be enacted sooner than the 1985 farm bill. This bill is very simple and a conference

with the House might not be necessary. It is the least that the Senate should do to try to offset some of the inconvenience and harm which we have collectively helped cause to farmers.

This is a simple and long-overdue proposal. If we can pass this bill, then farmers throughout the United States will have some cause for celebrating the Thanksgiving holiday.

Mr. President, I send a bill to the desk and ask unanimous consent for its immediate consideration.

Mr. BOSCHWITZ. I object, Mr. President.

The PRESIDING OFFICER. Objection is heard and the bill, accordingly, will remain at the desk until the next legislative day when it will receive its second reading.

Could I ask, Mr. President, who the Senator is who objected? Is it the Senator from Minnesota who is objecting?

Mr. BOSCHWITZ. Does the Senator wish that the bill be considered right now?

Mr. BENTSEN. Yes; that is what we have been discussing for several days now. I am talking about a minimum amount of information. I am just talking about the set-aside and the base. I am talking about the haying and grazing for winter wheat. I am not talking about any of these other 19 titles, at least, in the previous bill; I do not know how many there are now.

It is just a problem that the South has been held hostage for so long in agriculture insofar as the announcement of what we can put the plow to and what we will see as a set-aside. We are just trying to have that information in a timely fashion, as our northern neighbors always do. You see, we are caught in a crunch of the legislation and the weather. It is really critical to us that we have this kind of information.

It was suggested to me by those managing the bill on the majority and minority sides that I defer until this time to make this particular offer.

Mr. BOSCHWITZ. Mr. President, I am not familiar with the bill and have not been made a party to the considerations that had been given to it up until this time.

Mr. HELMS. Does the Senator yield the floor?

Mr. BOSCHWITZ. I yield the floor.

Mr. HELMS. Mr. President, had not the Senator from Minnesota objected, I would have had to do so on behalf of a couple of Senators on this side.

Let me say this to the Senator from Texas: We will work with him on his bill and be helpful to him in any way we can to expedite it. I assure him we want to do that.

Mr. BENTSEN. I appreciate that from the distinguished chairman of the committee. I know he means that. It is just if we can keep it to just this very simple elemental part of the bill, hopefully we can get that information out and the committee would address it early on when we get back, because I am deeply concerned that the conference may go on for some time. We have put a fail-safe thing in this so if you do not finally have a successful conference, this does not take effect. We have tried to take care of that argument. It is just the simple objective of trying to get information out to farmers, and I hope that we might do it soon after we return from Thanksgiving.

I thank the distinguished chairman and the distinguished ranking member of the Agriculture Committee for their consideration on this and other issues in the farm bill, and I also appreciate the excellent work that their staffs have done on these issues.

Mr. HELMS. We want to be helpful in any way we can.

Mr. BENTSEN. I appreciate that.

Mr. BYRD. Mr. President, I join in the accolades, kindly deserved, as they have been stated with reference to the work that has been done by the distinguished chairman, Mr. HELMS, and the distinguished ranking member on this side of the aisle. Mr. ZORINSKY. Those accolades are deserved. These gentlemen have, by their work here, indicated a knowledge and also a dedication that made it possible for this measure to be passed by the Senate today.

I also congratulate the distinguished majority leader. "Uneasy lies the head that wears the crown." And the job of the majority leader is not an easy job. The majority leader is the servant especially of Senators on his side of the aisle and he cannot always do as he personally wishes. He has done his job well. His was a heavy task, but he stuck to it. He was tenacious and he is to be congratulated for the skill that he has displayed and for the work that he has accomplished.

I also commend the staff members of the Democratic Policy Committee and my own office for the work that they have done. They stayed up late, as we stayed up late. They worked hard, as we worked hard. I want the RECORD to show that they were recognized for their efforts:

Marty Paone, Charles Kinney, and Abby Saffold. May I say that their work has been on behalf of all Senators, particularly on this side of the aisle. And I especially thank Abby Saffold.

In that connection, I would like to include Scott Bunton, director of the policy staff, Linda Peek, and Tom Sliter; Barbara Videnieks, my own executive secretary; and Melissa Wolford and Carol Mitchell from my West Virginia office.

Then, too, I should recognize on this side of the aisle the extraordinary performance of Elizabeth Baldwin on the other side, who is always so congenial, easy to work with, and who performs a great service for the Senate of the United States.

In closing, let me commend Senators JIM EXON, TOM HARKIN, and JOHN MELCHER. They stood up for their convictions. It was not easy. They demonstrated great determination and dedication to purpose. They are to be commended, not only for their courage, but also for the changes they effected in the legislation for which we have all labored for so long.

Mr. President, I thank the Chair, and thank other Senators for their patience.

Mr. BOSCHWITZ addressed the Chair.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. BOSCHWITZ. Mr. President, I thank the Chair. I also thank the various members of the staff and my colleagues with whom I worked for so very many months. I enjoyed getting to know many of them quite intimately over a period, particularly the chairman of the committee, and the ranking member of the committee. I found it to be a very enriching and learning experience, I must say.

I also must extend my thanks to my staff, Dan Pearson in particular, who contributed so much to that experience.

I agree with the comment that this is not a perfect bill, but I think it does set the stage to better form legislation in the future. I think it also sets the stage for us to be competitive on world markets because indeed the loan rates over the entire time of the consideration of this bill, even though they have been lowered quite remarkably—that element was not in debate.

One other element, however, that we also achieved is the credit element. We have set by unanimous consent a time certain for a credit bill, and perhaps that is as important, Mr. President, as the farm bill itself; that we will move on credit because those farmers who are in trouble in this country are principally in trouble because of the amount of credit they hold, the interest rates they have to pay, and the cash flow problems they resultingly have in their own affairs.

I might say it is important to note that in this credit bill that is going to be coming up we have very specifically worked on—the Senator from Iowa, myself, and others—a provision to prevent what is becoming a rash of foreclosures in some of the Farm Credit System districts, particularly in the Omaha district. It is our intention to bring them to a halt, to bring them to a halt immediately so that as we try to bring a firmness and a backing to the Farm Credit System so that doubts with respect to it will not be raised either in the press, in the bond market, nor otherwise be part of our consideration for doing so.

Indeed, an important element of our consideration in doing so, perhaps even the most important element in doing so, is to stop this rash of foreclosures that are coming.

We indeed say to the Farm Credit System, "Hold off and abate these practices until we can get this bill passed." And you will see that we try to breathe a little bit of health and vigor into the Farm Credit System, and that we would look with great chagrin—we would look with strong, strong feelings—if these foreclosures and other actions of that nature continue.

So I say I thank my friends in the Senate for working with me on this farm bill. It was a remarkable learning experience for me. And I think that we have a piece of farm legislation, and if we can hold it in the House, we are going to make some forward motion indeed.

I yield the floor.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The distinguished majority leader is recognized.

NATIONAL TEMPORARY SERVICES WEEK

Mr. DOLE. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on Senate Joint Resolution 195.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the resolution from the Senate (S.J. Res. 195) entitled "Joint resolution to designate the week of October 20, 1985, through October 26, 1985, as 'National Temporary Services Week' ", do pass with the following amendments:

Page 2, lines 3 and 4, strike out [October 20, 1985, through October 26, 1985,], and insert: December 1, 1985, through December 7, 1985,

Amend the title so as to read: "Joint resolution to designate the week of December 1, 1985, through December 7, 1985, as 'National Temporary Services Week'.".

Mr. DOLE. Mr. President, I move that the Senate concur in the House amendments.

The PRESIDING OFFICER. The question is on agreeing to the motion.

The motion was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

THE CALENDAR

Mr. DOLE. Mr. President, I would inquire of the distinguished minority leader if he is in a position to proceed to the consideration of calendar items numbered 427, 428, and 435.

Mr. BYRD. Mr. President, I am delighted to inform the distinguished majority leader that those items have been cleared.

Mr. DOLE. Mr. President, I ask unanimous consent that the calendar items just identified be considered and passed en bloc, and that all committee reported amendments and preambles be considered and agreed to en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

SESQUICENTENNIAL YEAR OF THE NATIONAL LIBRARY OF MEDICINE

The joint resolution (S.J. Res. 198) to designate the year of 1986 as the "Sesquicentennial Year of the National Library of Medicine," was considered, ordered to be engrossed for a third reading, read the third time and passed.

The preamble was agreed to.

The joint resolution, and the preamble, are as follows:

S.J. RES. 198

Whereas the National Library of Medicine houses the world's largest and most distinguished collection of health science literature in the world;

Whereas the National Library of Medicine has pioneered in developing the renowned MEDLARS system that provides worldwide access to this literature;

Whereas American health professionals, in research, education, and practice, have reaped great benefits from the communications systems and services provided by the National Library of Medicine;

Whereas the health of American citizens has been improved as a result of the rapid access to biomedical information enjoyed by health practitioners utilizing the services of the National Library of Medicine; and

Whereas the long and distinguished history of the National Library of Medicine is worthy of special commemoration by the people of the United States; Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the year of 1986 is designated as the "Sesquicentennial Year of the National Library of Medicine" and that in recognition of the occasion of the one hundred fiftieth anniversary of the founding of the National Library of Medicine, the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe such year with appropriate ceremonies, programs, and activities.

NATIONAL PRODUCTIVITY IMPROVEMENT WEEK

The joint resolution (S.J. Res. 229) designating the week of January 13 through January 19, 1986, as "National Productivity Improvement Week," was considered, ordered to be engrossed for a third reading, read the third time and passed.

The preamble was agreed to.

The joint resolution, and the preamble, are are follows:

S.J. RES. 229

Whereas the economic stability and growth of the Nation relies largely on the collective industry and endeavor of its working citizens;

Whereas the time-honored tradition of American leadership in work-related ingenuity and know-how has brought about great strides in productivity;

Whereas growth in productivity in turn improves the standard of living of United States citizens;

Whereas public awareness of the economic importance of productivity will promote individual and collective ideas and innovations for productivity improvement; and

Whereas a conscientious effort to improve productivity will foster a better standard of living for all citizens and reduce the level of inflation: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of providing for a better understanding of the need for productivity growth and of encouraging the development of methods to improve individual and collective productivity in the public and private sectors, the week of January 13 through January 19, 1986, is designated "National Productivity Improvement Week." The President is requested to issue a proclamation calling upon the people of the United States to observe such week with appropriate ceremonies and activities.

REAFFIRMING THE FRIENDSHIP BETWEEN THE PEOPLE OF THE UNITED STATES AND THE PEOPLE OF COLOMBIA

The joint resolution (H.J. Res. 459) reaffirming the friendship of the people of the United States with the people of Colombia following the devastating volcanic eruption of November 13, 1985, was considered, ordered to a third reading, read the third time, and passed.

The preamble was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the resolutions were passed.

Mr. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

BUDGET ACT WAIVER

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate now turn to consideration of Calendar No. 423 (S. Res. 254), the budget waiver to accompany S. 1073.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A resolution (S. Res. 254) waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1073.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 254) was agreed to, as follows:

S. RES. 254

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S. 1073. Such waiver is necessary because S. 1073 authorizes the enactment of new budget authority which would first become available in fiscal year 1986, and such bill was not reported on or before May 15, 1985, pursuant to section 402(a) of the Congressional Budget Act of 1974 for such authorizations.

S. 1073 would authorize $1,000,000 for certain activities of the Secretary of Commerce. This authorization is necessary to ensure that sufficient funds are available for the Secretary to carry out functions relating to Japanese technical reports and documents, in accordance with amendments made by the bill to the Stevenson-Wydler Technology Innovation Act of 1980. Growing trade imbalances and increasingly complex technology require that agencies and departments of the United States and businesses and researchers in the private sector within the United States have available information on Japanese developments in technology and engineering. S. 1073 would provide for the acquisition, translation and dissemination of such information.

The bill was not introduced in the Senate until just prior to the statutory deadline for reporting bills making authorizations of appropriations for fiscal year 1986. It was, therefore, necessary for the Committee to delay consideration of S. 1073 for a period sufficient to permit careful evaluation of the bill's provisions.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

JAPANESE TECHNICAL LITERATURE ACT OF 1985

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 392 dealing with the availability of Japanese science and engineering literature in the United States.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1073) to amend the Stevenson-Wydler Technology Innovation Act of 1980 for the purpose of improving the availability of Japanese science and engineering literature in the United States, and for other purposes.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate proceeded to consider the bill which had been reported from the Committee on Commerce, Science, and Transportation, with an amendment to strike out all after the enacting clause, and insert the following:

That this Act may be cited as the "Japanese Technical Literature Act of 1985".

SEC. 2. Section 5 of the Stevenson-Wydler Technology Innovation Act of 1980 (15 U.S.C. 3704) is amended—

(1) by redesignating subsection (d) as subsection (e); and

(2) by inserting immediately after subsection (c) the following new subsection:

"(d) JAPANESE TECHNICAL LITERATURE.—(1) In addition to the duties specified in subsection (c), the Secretary shall establish and, through the National Technical Information Service and such other offices within the Department of Commerce as the Secretary considers appropriate, maintain a program (including an office in Japan) which shall, on a continuing basis—

"(A) monitor Japanese technical activities and developments;

"(B) consult with businesses and professional societies in the United States regarding their needs for information on Japanese developments in technology and engineering;

"(C) acquire and translate selected Japanese technical reports and documents that may be of value to agencies and departments of the Federal Government, and to businesses and researchers in the United States; and

"(D) coordinate with other agencies and departments of the Federal Government to identify significant gaps and avoid duplication in efforts by the Federal Government to acquire, translate, and disseminate Japanese technical information.

Activities undertaken pursuant to subparagraph (C) of this paragraph shall only be performed on a cost-reimbursable basis. Translations referred to in such subparagraph shall be performed only to the extent that they are not otherwise available from sources within the private sector in the United States.

"(2) Beginning in 1986, the Secretary shall prepare annual reports regarding important Japanese scientific discoveries and technical innovations in such areas as computers, semiconductors, biotechnology, and robotics and manufacturing. In preparing such reports, the Secretary shall consult with professional societies and businesses in the United States. The Secretary may, to the extent provided in advance by appropriation Acts, contract with private organizations to acquire and translate Japanese scientific and technical information relelvant to the preparation of such reports.

"(3) The Secretary also shall encourage professional societies and private businesses in the United States to increase their efforts to acquire, screen, translate, and disseminate Japanese technical literature.

"(4) In addition, the Secretary shall compile, publish, and disseminate an annual directory which lists—

"(A) all programs and services in the United States that collect, abstract, translate, and distribute Japanese scientific and technical information; and

"(B) all translations of Japanese technical documents performed by agencies and departments of the Federal Government in the preceding 12 months that are available to the public.

"(5) The Secretary shall transmit to the Congress, within 1 year after the date of enactment of the Japanese Technical Literature Act of 1985, a report on the activities of the Federal Government to collect, abstract, translate, and distribute declassified Japanese scientific and technical information.".

SEC. 3. Section 9 of the National Bureau of Standards Authorization Act for fiscal year 1986 (Public Law 99-73; 99 Stat. 173) is amended by striking "$2,715,000" and inserting in lieu thereof "$3,715,000".

Mr. BAUCUS. Mr. President, on May 6 I introduced S. 1073, the Japanese Technical Literature Act of 1985. I was joined by my colleague Senator ROCKEFELLER as the chief cosponsor. Senators GORE, INOYUE, BINGAMAN, and GORTON have also become cosponsors. I am delighted that the Commerce Committee has reported S. 1073 favorably, and I rise to urge its adoption.

Let me briefly explain why this legislation is necessary.

America faces a trade crisis. We all know the statistics. Our international competitors are beating the daylights out of us, and our trade deficit is growing larger each month. For every $2 worth of U.S. goods going out, $3 worth of foreign goods are coming in.

Two important causes of our declining competitiveness are unfair foreign trade practices and the high value of the dollar. Both of these causes have received a lot of attention in this Chamber, as they should.

But increased market access won't be enough to solve our overall trade problems, with Japan or anyone else. Even the distorted value of the dollar—a critical aspect of our difficulties—is only part of the problem.

The fundamental challenge is insuring America's competitiveness in the world economy. In the end, we have to produce our way out of the trade deficit, by increasing our productivity growth rate. The plain fact is that Japan and others are catching up. From 1977 to 1983, Japan's manufacturing productivity grew four times as fast as ours; Germany, Italy, and France were way ahead of us too.

Restoring America's competitiveness and productivity growth will require a change of habits and outlook: a recognition that to compete effectively we must be willing to learn from others, as they have enriched themselves by learning from us.

An important first step is to improve the flow of Japanese scientific and technical literature to U.S. researchers and industries. As Harvard professor Ezra Vogel writes in his new book Comeback, "The nation most successful in adapting to * * * worldwide economic changes is Japan. To respond more effectively, we Americans need to acknowledge the scope of its success and learn how the Japanese achieved it."

One reason for Japan's postwar economic miracle is Japan's ability to acquire and incorporate American technology. This did not happen accidently. Japan sends 13,000 undergraduates to American universities each year—we send about 700 to Japan. Japanese

companies use university affiliate programs, endowed chairs, and university-based research to get early access to United States technical developments. And since 1957, the Japanese Prime Minister's Office has operated the Japanese Information Center of Science and Technology, which gathers, abstracts, and translates information from around the world and makes it available to Japanese business and Government researchers.

Americans, in contrast, have not paid much attention to Japanese tech nical developments. Once this might have been justified by the belief that the Japanese were imitators, not innovators. But even if that belief was justifiable once, it isn't now. Japan ranks third in scientific research, just behind the United States and the Soviet Union. Japanese semiconductor, telecommunications, fiberoptics, biotechnology, and robotics technology compete directly with ours. And Japan's "fifth generation" artificial intelligence project is designed to achieve a profound breakthrough in computer technology.

Plenty of published material describes these developments. Anyone who has visited Japan and seen the bookstores on almost every street corner knows that the Japanese are prolific writers and voracious readers. In fact, the Japanese publish about 10,000 technical journals, from "Advances in Biophysics" to "World of Steel."

Unfortunately, we don't monitor Japanese technical literature closely. Japanese is a difficult language; acquiring and translating Japanese technical documents is very expensive, especially for small companies. But whatever the reason, the result is that we know very little about Japanese inventions. Says D. Bruce Merrifield, Assistant Secretary of Commerce for Productivity, Technology, and Innovation: "We are not doing an adequate job of translating, much less monitoring."

To address this problem, I introduced the Japanese Technical Literature Act, along with Senator ROCKEFELLER.

As the committee report says, "The objective of the bill is to create a program within the Federal Government to increase the availability of Japanese technical literature within the United States."

To accomplish this, we build upon several existing private sector and government programs.

Specifically, the bill directs the Commerce Department to do four things.

First, it directs the Department to establish a program to monitor Japanese technical information and translate selected Japanese technical documents.

Second, it directs the Department to prepare an annual report describing important Japanese technical developments.

Third, it directs the Department to make existing government translations more widely available to U.S. businesses, primarily by publishing an annual index of government translations.

Finally, it directs the Department to encourage more United States companies and trade associations to review Japanese technical literature.

Mr. President, Senator ROCKEFELLER and I have worked hard, with the help of Mr. DANFORTH, Mr. GORTON, Mr. HOLLINGS, and the Commerce Committee staff, to design a program that would help U.S. businesses at the lowest possible cost.

I think we have succeeded. And I am delighted that our bill has been endorsed by the National Association of Manufacturers, the Electronics Industry Association—telecommunications group, the Semiconductor Industry Association, and the American Institute of Aeronautics and Astronautics. I will ask unanimous consent that letters from these groups be printed in the RECORD at the conclusion of my remarks.

Mr. President, our scientists, engineers, corporations, and universities need access to the best work being done around the world—not just in the United States. Helping them get it is the necessary and proper role of government: working and fighting for our economic future. There is more to creating a "level playing field" than simply knocking trade barriers down.

I urge my colleagues to support passage of this bill.

I ask unanimous consent that the letters previously referred to be printed in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

NATIONAL ASSOCIATION OF MANUFACTURERS,
Washington, DC, July 18, 1985.

Hon. MAX S. BAUCUS,
U.S. Senate,
Washington, DC.

DEAR SENATOR BAUCUS: I should like to commend you and to express NAM's support for your authorship of the "Japanese Technical Literature Act of 1985," S. 1073. It is often said, sometimes in jest and sometimes in great earnest, that one of Japan's biggest non-tariff barriers is the Japanese language itself. Americans are not known as linguists, and, compared with the more familiar languages of Europe, Japanese is a hard language for speakers of English. That is an inconvenience, but as a society we cannot afford to allow it to determine what we know.

Japan is today America's principal economic rival. In achieving that position, it has been very much to Japan's advantage that English is the world's second language—for Japanese students, the pay off for learning English can be enormous—and that, in so far as the dissemination of information is concerned, the United States is perhaps the most open society in the world. U.S. industry has no quarrel with the Japanese for learning from us, their competitors. To the contrary, there is general recognition among our members that the time has come to learn more from the Japanese, especially, in areas where they have become the world's leaders as they are in certain process technologies. Your bill takes an important step in that direction by encouraging and assisting the Commerce Department to make more Japanese technical literature available to more American scientists and research people.

As you know, NAM has long been convinced that there can be no meaningful improvement in the U.S. trade performance without correction in the present dramatic misalignments in the exchange rates that link the dollar to the other key currencies of the world, certainly including the Japanese yen. That and efforts to improve the floating exchange rate system are essential, but they are not going to be enough. We are going to be faced with a series of hard policy choices in trade in the next year or two, and I would suggest that none of them will be enough if we are not prepared to look after the details of competitiveness. By itself S. 1073 is only a small step. As an expression of our country's willingness to deal with the nuts and bolts of competitiveness, however, it is an important one. It is for these reasons that NAM is pleased to support this legislation as part of our commitment to competitiveness.

Sincerely,

LAWRENCE A. FOX,
Vice President,
International Economic Affairs.

ELECTRONIC INDUSTRIES ASSOCIATION,
Washington, DC, November 7, 1985.

Senator MAX BAUCUS,
U.S. Senate,
Washington, DC.

DEAR SENATOR BAUCUS: I am writing to express the support of the Electronic Industries Association's Information and Telecommunications Technologies Group (EIA/ITG) for the Japanese Technical Literature Act of 1985 which you introduced.

EIA/ITG, whose member companies represent over 90% of the telecommunications manufacturing industry in the U.S., is extremely active in the area of international trade, testifying in favor of both the Danforth (S. 942) and Wirth-Florio (H.R. 3131) bills this year. We have been a major producer of voluntary national standards for the U.S. telecom industry for over 30 years and are well aware of the link which can exist between foreign technical standards and non-tariff trade barriers. For these reasons, we believe that the Japanese Technical Literature Act is a useful piece of legislation which will be of direct practical benefit to the industry.

EIA/ITG's International Trade Committee at its recent meeting in Washington, D.C. accordingly approved the sending of this letter of support. The Committee particularly approved the provision in your bill that funds for translations of Japanese technical documents will be provided only to the extent that such translations are not being provided by the U.S. private sector.

Yours sincerely,

JOHN J. MCDONNELL, Jr.,
Group Vice President, EIA/ITG.

SEMICONDUCTOR INDUSTRY ASSOCIATION,
San Jose, CA, September 20, 1985.
Hon. MAX BAUCUS,
U.S. Senate,
Washington, DC.

DEAR SENATOR BAUCUS: On behalf of the Semiconductor Industry Association (SIA) I thank you for your introduction of the Japanese Technical Literature Act of 1985 and for your successful efforts in having it reported favorably by the Commerce Committee on September 11th. SIA strongly supports the enactment of Senate Bill 1073 and urges you to continue your fine efforts in trying to accomplish this. We believe it is extremely important for American companies, especially those in our industry, to have access to Japanese science and engineering literature.

In recent years, Japanese companies have steadily increased their levels of investment in research and development and as a result have enlarged their percentage of the world's technological innovations. Japanese technical literature contains valuable information on these Japanese innovations which can assist U.S. companies in monitoring the activities of their competitors while remaining up-to-date on emerging technologies. Enactment of the Japanese Technical Literature Act would allow those American companies which cannot afford to develop a translating capability of their own to take commercial advantage of research work already carried out by the Japanese. This can be critically important in American companies' efforts to maintain their international competitiveness.

Sincerely,

WARREN E. DAVIS,
Vice-President, SIA.

AMERICAN INSTITUTE OF AERONAUTICS AND ASTRONAUTICS,
New York, NY, September 4, 1985.
Senator BAUCUS
U.S. Senate,
Washington, DC

DEAR SENATOR BAUCUS: I am writing in support of S-1073, the Japanese Technical Literature Act. AIAA, the oldest and largest technical society of aerospace engineers, has a long established Technical Information Service. In cooperation with NASA, we publish International Aerospace Abstracts and market the Aerospace Database.

Naturally then, AIAA is very concerned about the transfer of foreign technology to the U.S. science and engineering community. The areospace community has been neglecting the foreign contributions. We know from our information service activities that over half the published literature in aerospace originates outside the U.S. Yet 90% of the citations in the AIAA Journal, the major research publication, are to U.S. publications.

AIAA tried to improve accessibility of Japanese literature by publishing a series of small topical monthly abstract publications. The industry remained uninterested, and the program was cancelled.

Passage and funding of this act, supporting the collection of Japanese information, may make the dissemination aspects less costly, and therefore more appealing to those who said "it is a problem, but it is not my job to monitor Japanese technology."

AIAA also feels that it is imprtant to include the Japanese STI in existing programs. These are familiar to the scientific community, and well used. We believe that the Department of Commerce should coordinate their activities with existing services. Other federal agencies, and the private sector (often non-profit organizations), have programs that include the gathering, organizing and dissemination activities. The Act should support the acquisition and processing of Japanese STI. The other parts of the system are already in place.

If AIAA can provide any additional support to you or your staff, please feel free to contact us.

We look forward to the passage of S-1073.

Sincerely,

BARBARA LAWRENCE,
Administrator, TIS.

Mr. HOLLINGS. Mr. President, today I compliment a member of the Commerce Committee, Senator ROCKEFELLER, for his proposed Japanese Technical Literature Act. He developed the measure jointly with Senator BAUCUS.

S. 1073 is a carefully thought out bill—a low-cost but valuable effort to strengthen our programs to acquire, translate, and analyze Japan's booming science and engineering literature. It was developed in close consultation with key companies, a fine example of government working with business to improve the ability of the United States to compete in the new global economy.

I would like the record to show that our committee reported S. 1073 without objection and with true bipartisan support. That support is a reflection of the care that Senator ROCKEFELLER, as well as Senators GORTON, RIEGLE, and DANFORTH put into the legislation. Senators INOUYE and GORE also gave the bill strong support. I commend them all, and believe that S. 1073 shows that the Commerce Committee is working hard to help improve America's competitiveness.

Mr. ROCKEFELLER. Mr. President, I am pleased to join my colleague from Montana [Mr. BAUCUS] in urging passage of this measure, which seeks to encourage the translation and distribution of Japanese scientific and engineering literature to American businesses and universities.

Without question, access to the most advanced technology available will help our industries compete in world trade. Japan, by its own example, has demonstrated the value of combing the research and professional literature of its competitors in search of information that can be turned into new products and services.

Over the years, the Japanese have made strenuous efforts to learn from us: besides reading our journals, they send students to our universities, attend international meetings, and consult with American companies and researchers. Many Japanese scientists and engineers are fluent in English, which makes this information-gathering easier. But they've also benefited greatly from a systematic effort by the Japanese Government to collect and translate scientific and technical material from all over the world. Their industries are encouraged to make use of this work in developing new products and, Mr. President, that's one reason they're doing so well.

It's evident to me that researchers and industries in this country could learn a great deal from their counterparts in Japan—and that staying in the forefront of many fields depends on our doing so. Japan ranks third in the world—after the United States and the Soviet Union—in spending on scientific and technical research. Japanese researchers have moved far beyond the stage of adapting the work of others, to become first-rate innovators themselves. And because they've placed great emphasis on the development of new industrial technology, the Japanese are pushing ahead of us in important areas like advanced ceramics, optical fibers, and large-scale integrated circuits.

At the very least, if our companies, scientists, and engineers had more access to Japenese research and technical information, we'd know more about the kinds of technologies and products that will soon be competing against us. And in some fields, what we're able to learn could spell the difference between keeping up with the competition and falling behind.

Our bill begins to address this problem, by authorizing $1 million for the Commerce Department to expand upon its present efforts to acquire, translate, and disseminate Japanese technical documents. This is obviously a very small fraction of the effort made by Japan to learn from us, but we're convinced it could make a difference.

Interest by private businesses in this kind of information has been increasing, but at present only a few of our largest companies—like IBM—have the resources to follow Japanese technical trends. We envision the Commerce Department effort working closely with private sector organizations and professional associations, to help identify material that the business and academic communities consider valuable. There is no reason, with limited Federal resources, for the Government program to duplicate private efforts to abstract and translate Japanese technical literature. Our hope is that the Commerce Department, by publicizing available translated material and serving as a clearinghouse, will increase awareness among businesses and researchers of the need for this information, encouraging more activity by private services—not less.

As reported by the Senate Commerce Committee on September 11, our bill directs the Department of Commerce to:

Monitor Japanese technological developments, collect and translate selected documents, and coordinate the efforts of Federal agencies to make

such information available to American businesses and researchers;

Prepare annual reports on important Japanese technological developments in fields like computers, semiconductors, biotechnology, robotics, and manufacturing;

Assist the efforts of professional societies and other private organizations to acquire, screen, translate, and distribute Japanese technological literature;

Publish an annual directory of private and Government services to collect and translate Japanese technical information;

Report to the Congress within 1 year on the translation activities of Federal agencies, with recommendations for strengthening them.

Senator BAUCUS and I have greatly welcomed the support and advice of our colleagues on the Commerce Committee and its staff in shaping this program. We would especially like to thank the distinguished chairman, Mr. DANFORTH, and subcommittee chairman, Mr. GORTON, and the ranking minority member, Mr. HOLLINGS, for their continuing interest and commitment to moving this legislation forward. We are also most grateful to Senators GORTON, GORE, INOUYE, and BINGAMAN for their cosponsorship of this measure and to Representatives MINETA, LUNDINE, WALGREN, and BOEHLERT for their work toward a companion bill in the House of Representatives.

Mr. President, we view this legislation as one important facet of what should be a comprehensive response to our competitiveness problems. The overvalued dollar continues to place a terrible burden on our industries, which should be addressed through fundamental changes in overall economic policy—both here and abroad. Similarly, we cannot continue to refrain from countering unfair trade practices by some of our competitors—particularly insidious regulatory devices and other nontariff barriers used to exclude our products from foreign markets. There is also much we can do to improve our own industrial performance through increased emphasis on education, training, advanced production processes and cooperative labor-management relations.

But as we work on all of these fronts, it's only right that our businesses and scientists should have access to the best technical information available—whether produced here or in Japan or anywhere else. While I think we should be encouraging American students to learn Japanese, it may be several generations before many of our scientists and engineers know the language well enough to read the professional literature. In the meantime, this legislation will help to fill a glaring gap, and I urge my Senate colleagues to support it.

Mr. GORTON. Mr. President, I am pleased to add my strong support for S. 1073. This legislation will establish a cost-effective program within the Federal Government which will improve significantly our ability to monitor technological and scientific advances in Japan.

S. 1073 directs the Secretary of Commerce to acquire and translate selected Japanese technical reports and information. In addition to translating technical literature, the Department will prepare annual reports on Japanese advances in specific technological fields and will compile a directory of all United States sources of Japanese technical information and all Federal translations which are available to the public.

I am especially pleased that S. 1073 has been crafted so as not to compete with private sector translation efforts. When the bill was introduced and referred to the Commerce Committee, concerns were raised the Federal translation services would compete with and thereby discourage private sector services. The bill was changed to provide that Federal translations will be performed only in cases where translations are not available from private sources.

I commend Senators BAUCUS and ROCKEFELLER for working to develop a bill which is satisfactory to all Members. I was pleased to support S. 1073 in committee and to join as a cosponsor, and I urge my colleagues to support the bill.

The PRESIDING OFFICER. The question is agreeing to the committee amendment in the nature of a substitute.

The committee amendment in the nature of a substitute was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

REPORT OF 26TH MEETING OF CANADA-UNITED STATES INTERPARLIAMENTARY GROUP

Mr. DOLE. Mr. President, I ask unanimous consent that the report entitled 26th Meeting of Canada-United States Inter-Parliamentary Group, May 17, 1985, be published as a Senate document.

Mr. BYRD. Mr. President, I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the following nominations on the Executive Calendar: Calendar No. 555, the nomination of Barbara J.H. Taylor, of Maryland, to be a member of the National Commission on Libraries and Information Science; Calendar No. 556, Lee Edwards, of Maryland, to be a member of the National Commission on Libraries and Information Science, and Calendar No. 557, Frank Gannon, of New York, to be a member of the National Commission on Libraries and Information Science.

Mr. BYRD. Mr. President, I have no objection.

Mr. DOLE. Mr. President, I ask unanimous consent that the calendar items just identified be considered en bloc and confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered and confirmed en bloc.

The nominations considered and confirmed en bloc are as follows:

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

Barbara J.H. Taylor, of Maryland, to be a member of the National Commission on Libraries and Information Science.

Lee Edwards, of Maryland, to be a member of the National Commission on Libraries and Information Science.

Frank Gannon, of New York, to be a member of the National Commission on Libraries and Information Science.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the nominations were confirmed.

Mr. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I ask unanimous consent that the President be immediately notified that the Senate has given its consent to these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I know this request has not been cleared, the nomination of Anne Graham, of Virginia, to be a Commissioner of the Consumer Product Safety Commission.

Mr. BYRD. Mr. President, I regret to say to the distinguished majority leader that this nomination has not been cleared on this side yet.

LEGISLATIVE SESSION

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate resume legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS, 1986

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate now turn to the consideration of H.R. 3011, the Department of the Interior appropriations bill.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

A bill (H.R. 3011) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1986, and for other purposes.

The Senate resumed consideration of the bill.

THANKSGIVING/NATIONAL FAMILY WEEK MESSAGE

Mr. HATCH. Mr. President, every year, the 4th Thursday in November gives us a day to pause and express our gratitude for all the bounties of life which we so abundantly enjoy. Thanksgiving is one of the best loved and most widely celebrated holidays in the United States, carrying on years of tradition first started by the Pilgrims in 1621, after reaping a plentiful harvest. Nowadays, to each of us, Thanksgiving brings to mind savoring memories of a scrupulous Thanksgiving feast, parades, football games, turkey trots and turkey bowls, as well as family and friends gathering together to renew family ties and to express gratitude and thanks for bounteous blessings and one another.

It is fitting, then, that the week of Thanksgiving, November 24 through 30, 1985, has been designated by Congress as National Family Week to focus on the family. The family is the basic unit and foundation of our society, it is the core of our traditions, rituals, values, and our response to the community at large. The purpose of National Family Week is to recognize the importance of the family and the fundamental role it plays in shaping American life. It is not just a week to honor parents or grandparents, nor is it just a week to be thankful for brothers or sisters or children or grandchildren. Rather, it is a celebration of the unique family relationship which exists between family members—including those who have extended their families through adoption or foster care. Families are a nuturing institution which I believe, are the most important relationships we can have. And today, more than ever, recognition of the American family unit is important.

This week, as we celebrate Thanksgiving, let us take the occasion to contemplate on the many blessings that we have derived from our family relationships and the importance of maintaining strong families. I would hope that we could all recommit ourselves to be better fathers, mothers husbands, wives, sons, daughters, or grandparents, and recommit ourselves to building and strengthening our family units. I encourage us all to give thanks for what we do have, and to pause and reflect upon the opportunities, blessings and freedoms and famlies which we are so privileged to enjoy.

H.R. 7: COMPASSION FOR THE HUNGRY

Mr. BIDEN. Mr. President, regardless of our opinion on the policy implications of the various deficit reduction plans, or our philosophy of the approach Government should take in dealing with the problems of our Nation, I believe we have agreed tonight that we must use extreme caution in making budget cuts which impair the physical growth, health and long-term developmental potential of infants, children, and the hungry of our Nation.

Our unanimous agreement to the passage of H.R. 7, the Child Nutrition Reauthorization Act, represents our acknowledgement of the hunger epidemic which has gripped our Nation.

Mr. President, the United States is now the only industrialized nation in the world where children are the poorest age group. A recently released Harvard University-based Physician Task Force has reported that over 33 million Americans live in poverty; 40 percent of them are children. However, over the last 4 years we have cut feeding programs for children, breakfast programs for children, milk programs for children, and nutrition programs for pregnant women and infants.

As a result of past decisions, Congress has contributed to the hunger epidemic and to the accompanying infant mortality rate which is on the upswing. My home State, Mr. President, has the fourth highest infant mortality rate in the Nation. What that means is that children are dying at numbers in this country equal to that of developing nations—and we are the richest Nation in the world.

H.R. 7 will restore some of the cuts made to important programs like the women, infants and children, breakfast and milk feeding programs and in so doing we reaffirm the commitment of the Congress in addressing the hunger issue.

I am happy to join my colleagues in support of H.R. 7. What we have accomplished this evening not only responds to this national tragedy and will be inscribed in the CONGRESSIONAL RECORD tomorrow morning—but it will also be inscribed upon the minds and bodies of American children and the poor. We have shown compassion for the hungry.

REMARKS OF SENATOR PATRICK LEAHY TO THE ITALIAN-AMERICAN LABOR COUNCIL

Mr. LEAHY. Mr. President, today I had remarks delivered to the Italian-American Labor Council on the occasion of receiving their Four Freedoms Award. My speech was addressing the dangers of international terrorism.

These remarks were delivered to the Italian-American Labor Council and will be reprinted in their publication following their luncheon this afternoon in New York.

I wish to read those remarks into the RECORD:

There is a new plague loose in the world, and it threatens the most basic values of civilization. This 20th century virus is terrorism.

International terrorism is not just an eruption of mindless violence. Were this true, it would be primarily a police problem. The fact is, terrorism is a weapon used by those who are trying to win political goals by shocking actions intended to humiliate or outrage their opponents.

How many times have all of us here watched our televisions in horror as some terrorist drama unfolds. We feel fury, pity for the hostages, and if it ends in victory for the terrorists, outrage and shame. We want immediate counteraction.

Terrorists are random only in whom they victimize, not in their purposes. They want to force either humiliating deals, or indiscriminate retaliation which harms the innocent as well as the guilty. Either way, they win. By negotiating with murderers, governments lose confidence in their ability to resist. Unrestrained use of force divides law abiding societies and strips them of their sense of moral superiority over the terrorists.

How can a nation such as ours, built on laws and respect for the individual, fight back against those who acknowledge no law or any personal responsibility for the acts?

The first line of defense is a determination not to let terrorists win either of their objectives. When forced to deal with them to save lives, there should never be abject capitulation. Though we cannot strike back blindly, we must reserve the right to use all legitimate means, including force, at any time against those who commit terrorist outrages. To defeat the terrorists, it is necessary to remain true to standards of civilized conduct.

Though we are at last heading in the right direction, the United States has not yet worked out a consistent counter-terrorism policy. There has been a good deal of tough talk overlaying far too much confusion, uncertainty and lack of determination. Bluster not accompanied by action does not frighten terrorists, it emboldens them.

First we need to eliminate any confusion that may exist in our own minds about what a terrorist is. There are those who deny the seriousness of the terrorist menace, or who argue that "one man's terrorist is another man's freedom fighter." I prefer to be guided by the late Senator Henry "Scoop" Jackson:

"Freedom fighters don't set up to capture and slaughter school children, terrorist murderers do. Freedom fighters do not assassinate innocent businessmen or hijack and hold innocent hostages, terrorist murderers do. It is a disgrace that democracies

would allow the word 'freedom' to be associated with acts of terrorism."

A consensus between the government and the American people about how far we are prepared to go in fighting the terrorists is essential. The underlying issue is whether, how and under what circumstances the United States should use force. Before we can act firmly, there needs to be agreement at least on the outlines of how we will respond.

Frankly, there is no clean and simple answer, and I do not want to criticize this or previous administrations for how they handled a specific terrorist incident.

My own opinion is that force can and should be used where circumstances and our intelligence about the guilty persons permit. Let me discuss several critical factors which would have to be weighed in any decision by the President to use force against terrorists.

The safety of any hostage held by the terrorists.— The safety of Americans or of any innocent people must be the first consideration in a terrorist incident. Once the terrorists have seized their victims, it is almost certainly too late for the discriminate use of force. A rescue attempt makes sense only where the lives of the hostages are in imminent peril or where conditions are truly favorable for freeing the hostages without loss of their lives. I think this has been and will continue to be rare.

Precise intelligence about the specific terrorist individuals so they can be sufficiently isolated from innocent bystanders.—If we have the necessary intelligence, and this usually means hard-to-get intelligence from reliable human sources on the spot, the discriminate use of force becomes feasible and legitimate. Clearly, one of the main reasons it has not been possible to use force in past terrorist incidents is because this vital ingredient—precise intelligence—has been lacking. Intelligence on terrorists has only recently gotten the priority it needs, and the agencies are rapidly getting better. However, much more is needed and this is one of my top goals as Vice Chairman of the Senate Intelligence Committee.

The proper military or other capabilities available to carry out a discriminate attack on the terrorists.—As leader of the most powerful nation in the world, the President has immensely destructive military power at his disposal. However, as he and his predecessors have found, such forces are not very useful in a terrorist incident. Surgical force is necessary. We are quickly developing impressive capabilities for this kind of surgical counter-terrorist action. But so far there have been limits on our ability to get these forces to a terrorist incident at the right time and in the right place, and with the vital information needed to conduct the operation. We can and must get better at this.

An adequate basis in international law and practice for the discriminate use of force.—As a law-abiding nation, the United States should conduct its fight against terrorism in accord with international law, always recognizing the fundamental right of legitimate self defense accorded by Article 51 of the United Nations Charter. The need to act against terrorists calls for stronger international agreements and cooperation.

A solid consensus between the President, the Congress and the American people to support legitimate use of force.—Using force will inevitably be controversial. In a free society, there will be second-guessing and debate afterward. This makes all the more important adequate understanding between the Administration and Congress about the limits on and purposes of any use of force against terrorists. I do not mean the Joint Chiefs of Staff should reveal to Congress in advance the details of specific force plans. But it is essential that there be sufficient discussion of the thrust of what the Administration may do in a particular situation so that Congress will stand behind the President if he chooses to act. The use of force will involve risks. Action will have to be taken before all the facts are known—and there will be no time to take opinion polls before the decision is made.

There is no single or simple answer for terrorism. This blight is going to remain with us for the foreseeable future. We can fight it more effectively, however, and I am pleased that the President took the decisive action he did in bringing the hijackers of the Achille Lauro to justice in Italy. The ingredients for a strong policy against terrorism are finally beginning to come together.

ARMISTEAD SELDEN: AN OUTSTANDING SERVANT TO ALABAMA AND AMERICA

Mr. HEFLIN. Mr. President, it was with great sadness and a personal sense of loss that I recently learned of the passing of former Congressman Armistead I. Selden of Alabama.

Armistead Selden was truly one of the finest public servants I have ever known. Throughout his life, while serving in a variety of public and private posts, he always endeavored to do what was best for Alabama and America.

A native of Greensboro in west Alabama, Armistead graduated from the University of the South in Sewanee, TN in 1942. After serving in the Navy during World War II, he attended law school at the University of Alabama, graduating in 1948. It was during law school that we first met, and formed a friendship that lasted ever since.

Only 2 years after he received his law degree, the people of his home area sent Armistead Selden to Montgomery to represent them in the Alabama House of Representatives. Soon thereafter, in 1952, he was elected to the U.S. House of Representatives, where he served until 1969.

During his tenure in the House, Congressman Selden served as a member of the prestigious Foreign Affairs Committee, and, for 14 years, as chairman of the Subcommittee on Inter-American Affairs. In this post, he came to be thought of as a leading congressional expert on Latin America.

In addition to the field of foreign affairs, Armistead Selden's career in the House of Representatives brought him into the leadership of helping to promote the need for a sound and responsible inland waterway system. His insight helped him to see, at an early stage, that such waterways would bring jobs and improved living conditions to people all across America.

In fact, Mr. President, so great were Armistead Selden's contributions to our waterway system in America, and particularly in Alabama, that 6 months ago the Warrior Lock and Dam on the Warrior River in Hale County, AL, was redesignated as the Armistead I. Selden Lock and Dam.

After leaving the House voluntarily in January 1969, Armistead served from 1970 to 1973 as Deputy Assistant Secretary of Defense with primary responsibility for the development of international policy and procedure.

His fine work in this post led to President Nixon appointing him to serve as U.S. Ambassador to New Zealand, Fiji, Tonga, and Western Samoa. He would be reappointed to this position by both President Ford and President Carter, a bipartisan recognition of his abilities, dedication, and commitment. When he resigned on June 1, 1979, Armistead Selden was the senior U.S. Ambassador in terms of continuous service in one post.

During his lifetime, Armistead Selden received many outstanding honors and awards. In 1972, he was awarded the Distinguished Civilian Award by the Department of Defense. He was a member of the Alabama Academy of Honor, and the recipient of an honorary doctor of laws from the University of Alabama. In 1983, the University of the South awarded him their Distinguished Alumnus Award.

Mr. President, twice during Armistead Selden's life, he offered himself as a candidate for election to this distinguished body. In 1968, the late Jim Allen defeated Congressman Selden in one of the closest races in Alabama history. Then, in 1980, my colleague from Alabama defeated him in the Republican primary. Despite these two defeats, Mr. President, I know I am not alone in my belief that Armistead Selden would have been a tremendous Senator. His statesmanship, his dedication, his commitment, his insight, his compassion—all these qualities served to make Armistead Selden an outstanding public servant. Alabama and America have lost a dedicated supporter. I have lost a close friend.

On behalf of the people of Alabama, I extend my deepest personal sympathy to his wife, Mary Jane, and their five children.

Mr. President, I ask unanimous consent that an article from the Tuscaloosa News and an editorial from the Montgomery Advertiser be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Tuscaloosa (AL) News]

EX-CONGRESSMAN ARMISTEAD SELDEN DEAD FROM CANCER

Armistead J. Selden, Jr., a Greensboro native who represented Tuscaloosa and a number of other West Alabama counties in Congress for 16 years, died Thursday night at the Veterans Administration Hospital in Birmingham. He was 64.

Selden, who lived in Falls Church, Va., had terminal brain cancer and had entered Bethesda Naval Hospital near Washington D.C. several months ago. About three weeks ago he was transferred to the VA hospital in Birmingham to be nearer to family members.

Funeral arrangements are incomplete, but have been tentatively set for Sunday in Greensboro.

Survivors include his wife, Mrs. Mary Jane Wright Selden; three sons, Tom Selden, Tuscaloosa, and Jack Selden and A. Inge Selden III, both of Birmingham; two daughters, Mrs. Edith Selden Ezell, Hawaii, and Mrs. Martee Selden Hewill, Birmingham; and two sisters, Mrs. Ruben Wright and Mrs. Todd Dale, both of Greensboro.

While in Congress, Selden was a strong supporter for Alabama waterways. The Warrior Lock and Dams on the Black Warrior River was recently renamed the Armistead J. Selden Lock and Dam.

Selden served in the U.S. House from 1953 to 1969. He first represented the old 8th Congressional District, composed of Tuscaloosa, Hale, Greene, Sumter, Bibb, Chilton and Shelby counties. In 1964, Marengo and Pickens counties and the Bessemer cutoff area of Jefferson County were added.

He served as a member of the House Foreign Affairs Committee and chairman of the Sub-committee on Inter-American Affairs.

From 1970 until 1973 Selden was principal deputy assistant secretary of defense. He served as U.S. Ambassador to New Zealand, Tonga, Figi and Western Samoa from 1974 to 1979.

In that capacity he was awarded special commendation by the president of the Philippines for his service on the Corregidor-Bataan Memorial Commission. In 1972 he was awarded the Distinguished Civilian Award by the Department of Defense. He was inducted into the Alabama Academy of Honor and was a recipient of the University of the South's 1983 Distinguished Alumnus Award.

Selden received a bachelor's degree from the University of the South in 1942, a law degree from the University of Alabama in 1984, and an honorary doctorate of law degree from UA in 1975.

Selden was born Feb. 20, 1921, in Greensboro. He served with the U.S. Navy during World War II in the North Atlantic and European theaters. He was discharged for active duty in 1946 with the rank of lieutenant. He retired a captain from the U.S. Navy Reserve in 1981.

Selden served in the Alabama House of Representatives until his election to the U.S. House.

Selden and his family continued to live in Falls Church, Va. after he left Congress.

U.S. Rep. Richard Shelby said today that the death of Selden has "brought great sadness to the thousands of people whose lives he touched in the many years of service he gave to Alabama and the nation.

"Alabama has lost a remarkable statesman. The fine, outstanding gentleman will never be forgotten in our hearts," Shelby said.

[From the Montgomery (AL) Advertiser]

ARMISTEAD SELDEN

After a varied public and private career, former U.S. Rep. Armistead I. Selden—died late Thursday in Birmingham of a brain cancer. He was 64.

A native of Greensboro in west Alabama, Selden was a graduate of the University of Alabama's Law School. Only two years after graduation he was elected to the Alabama Legislature. Three years later he was elected to Congress.

Seldon served in the House from 1952 until 1968, and was considered an expert on Latin America.

After leaving the House he opened a law practice in Washington and Tuscaloosa. By his own admission "bored to death," Selden became an assistant secretary of defense and served President Nixon from 1970 to 1973.

In 1974, Nixon named him ambassador to New Zealand, Fiji, Tonga, and Western Samoa. He served in that post under presidents Gerald Ford and Jimmy Carter and submitted his resignation in June 1979.

The two great disappointments of Selden's life had to be the unsuccessful campaigns he made for the Senate in 1968 and 1980. No matter how safe their House seats—and Selden was an extremely popular representative—it has been difficult for Alabama congressmen to win statewide campaigns for Senate seats.

Selden ran for the Senate in 1958, the same year Gov. George Wallace was running for the presidency. Moderate Selden's opponent was Jim Allen of Gadsden, a conservative former lieutenant governor. Allen won after painting Selden as out of touch with his home state, calling him a member of a mythical "Washington Crowd."

Allen died a decade later. Two years later Selden was recruited by Alabama Republicans on the prowl for a candidate to oppose Democrat Donald Stewart, who had won the Allen seat in 1978.

Despite support from the Republican establishment, Selden lost to retired Rear Admiral Jeremiah Denton of Mobile, who jumped into the 1980 race with national name recognition as a former prisoner of war.

When Denton jumped in, Selden voiced his disappointment, but then soldiered on.

"I entered the race after I had been personally assured by Admiral Denton that he not only would not be a candidate, but that he would vote for me," Selden said at a press conference.

He lost the Republican nomination to Denton by a 2-1 margin.

His brain tumor was diagnosed in mid-July, and he was transferred to a hospital in Birmingham about three weeks ago to be near his family.

Armistead Selden brought honor to himself, his state and both political parties during his public service. He should be remembered for those contributions.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. STEVENS:

S. 1885. A bill to authorize the establishment of a Military Auxiliary Revolving Fund within the Treasury of the United States, and for other purposes; to the Committee on Commerce, Science, and Transportation.

By Mr. BENTSEN (for himself, Mr. COCHRAN, Mr. STENNIS, Mr. PRYOR, Mr. GRAMM, Mr. BUMPERS, and Mr. HEFLIN):

S. 1886. A bill to amend the Agricultural Act of 1949; read the first time.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. STEVENS:

S. 1885. A bill to authorize the establishment of a Military Auxiliary Revolving Fund within the Treasury of the United States, and for other purposes; to the Committee on Commerce, Science, and Transportation.

ESTABLISHMENT OF MILITARY AUXILIARY REVOLVING FUND

● Mr. STEVENS. Mr. President, I introduced S. 1832 and S. 1833 by request on November 4, 1985. Both bills would authorize a build and charter program. There is no need to restate the importance of this program to our national defense and the revitalization of the U.S. merchant marine fleet. We held hearings on both bills on November 15, and there was widespread support among the maritime industry as a whole for the concept of build and charter.

We do not have an industry consensus on the form of the build and charter program. The bill being introduced today is the latest modification of the build and charter proposal. I hope to consult with the maritime industry and other Members of Congress when we return from the Thanksgiving Day recess before we move forward on this legislation. It is important that all interested parties give serious consideration to this bill during the recess period if we are to proceed in a timely manner.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1885

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Merchant Marine Act, 1936 (46 App. U.S.C. 1101 et seq.), is amended by adding at the end thereof the following new title:

"TITLE XIV—BUILD AND CHARTER

"SEC. 1401. (a) There is established in the Treasury of the United States a fund, to be known as the Military Auxiliary Revolving Fund (hereinafter in this title referred to as the 'Fund'). The Fund shall consist of—

"(1) all monies appropriated to the Fund;

"(2) all monies received for the charter or sale of merchant vessels constructed under this section;

"(3) all monies received from repayment of construction differential subsidies awarded under title V of this Act; and

"(4) any other monies as may be made available for the purposes of the Fund.

"(b)(1) The Fund shall be administered by the Secretary of the Navy (hereinafter in this title referred to as the 'Secretary'), in consultation with the Administrator of the Maritime Administration, and monies in the Fund shall be used only for the construction in private shipyards in the United States of merchant vessels capable of serving as naval and military auxiliaries in time of war or national emergency.

"(2) For the purposes of this subsection, 'construction in private shipyards in the United States' means that—

"(A) all major components of the hull and superstructure of the vessel are fabricated in the United States;

"(B) the vessel is assembled entirely in the United States; and

"(c) at least fifty percent of the cost of all machinery (including propulsion) and components which are not an integral part of the hull or superstructure of the vessel relates to items procured in the United States.

"(c) No contract for the construction of a vessel under this Act shall be made by the Secretary with any private shipbuilder, except after due advertisement and upon sealed competitive bids.

"SEC. 1402. (a) The Secretary may charter to a citizen of the United States for documentation under the laws of the United States any merchant vessel constructed under this section for operation in the foreign commerce of the United States after due advertisement and upon competitive bids.

"(b) The Secretary may sell to a citizen of the United States for documentation under the laws of the United States any merchant vessel constructed under this section for operation in the foreign commerce of the United States, either to the charterer of any such vessel under an option clause in the charter or, if the vessel is not under charter, after due advertisement and upon competitive bids.

"(c) The price the Secretary shall charge for the purchase of a merchant vessel under subsection (b) of this section shall be not less than the cost the Secretary determines would have been necessary to construct the vessel, not including national defense design features and equipment, outside the United States for delivery to the Secretary at the same time such vessel was delivered to the Secretary less a reasonable depreciation, as determined by the Secretary based on a twenty-five year life of the vessel. The Secretary of Transportation shall recompute such estimated foreign cost annually unless, in the opinion of the Secretary, there has been a signficant change in shipbuilding market conditions. The Secretary shall publish notice of an intention to compute or recompute such estimated foreign cost and shall give interested persons, including shipyards and shipowners and associations thereof, an opportunity to file written statements. The Secretary's consideration shall include all such relevant statements, and each determination shall include or be accompanied by a concise explanation of the basis of the determination.

"SEC. 1403. A citizen of the United States who charters or purchases from the Secretary any merchant vessel constructed under this section shall not be eligible to receive an operating differential subsidy under title VI of this Act for the operation of any such vessel.

"SEC. 1404. (a) The Secretary shall not charter the Department of the Navy's vessels to private operations except upon competitive sealed bids submitted in strict compliance with all the terms and conditions of a public advertisement soliciting such bids. Each advertisement for bids to construct, charter, or sell the Department of the Navy's vessels shall state the number, type, and militarily useful characteristics of the vessels the Secretary requires, the length of time for which the charter will be given, and all other information the Secretary considers necessary for the information of prospective bidders.

"(b) The Secretary may, and shall announce in any advertisements for bids that the Secretary reserves the right to, reject any and all bids submitted. All reasons for rejection of any bid, upon request of the bidder, shall be stated to such bidder in writing.

"SEC. 1405. (a) The Secretary shall award the charter to the bidder proposing to pay the highest monthly charter hire, unless the Secretary shall reject such bid for the reasons set forth in subsection (b) of this section.

"(b) In the awarding of charters, the Secretary shall take into consideration the charterer's financial resources and credit standing, practical experience in the operation of vessels, and any other factors that would be considered by a prudent businessman in entering into a transaction involving a large investment of capital. All reasons for rejection of any bid, upon request of the bidder, shall be stated to such bidder in writing.

"(c) The Secretary—

"(1) may reject the bid if the charter hire is considered too low to replenish adequately the Fund; or

"(2) may reject the bid if it is determined that the bidder appears to lack sufficient captial, credit, or experience to operate successfully the vessel over the period covered by the charter, and for any other reasons which would cause a prudent businessman to refrain from entering into a transaction involving a large investment of capital.

"(d) If the highest bid is rejected, the Secretary may award the charter to the next highest bidder, or may reject all bids and readvertise. All reasons for rejection of any bid, upon request of the bidder, shall be stated to such bidder in writing.

"(e) The Secretary may promulgate such regulations as are considered necessary for the purpose of implementing this section.

"SEC. 1406. (a) Every charter made by the Secretary pursuant to the provisions of this title shall provide that whenever, at the end of any calendar year subsequent to the execution of such charter, the cumulative net voyage profits (after payment of the charter hire reserved in the charter and payment of the charterer's fair and reasonable overhead expenses applicable to operation of the chartered vessels) exceeds ten per cent per annum on the charter's capital necessarily employed in the business of such chartered vessels, the charterer shall pay over to the Secretary as additional charter hire one-half of such cumulative net voyage profit in excess of ten per cent per annum, except that the cumulative net profit so accounted for shall not be included in any calculation of cumulative net profit in subsequent years.

"(b) Every charter shall contain a definition of the terms "net voyage profit" and "fair and reasonable overhead expenses," and "capital necessarily employed," as such terms are used in subsection (a) of this section, setting forth the formula for determining such profit and overhead expense and capital necessarily employed. Such definitions shall have been approved previously by the Secretary and published in the advertisement for bids for such charter.

"SEC. 1407. Every charterer of the Secretary of the Navy's vessels shall be required to deposit with the Secretary an undertaking with approved sureties as security for the faithful performance of all of the conditions of the charter, including indemnity against liens on the chartered vessels, in such amount as the Secretary shall require.

"SEC. 1408. Every charter shall provide that—

"(1) the charter shall carry on the chartered vessels, at its own expenses, policies of insurance covering all marine and port risks, protection and indemnity risks, and all other hazards and liabilities, in such amounts, in such form, and in such insurance companies as the Secretary shall require and approve, adequate to cover all damages claimed against and losses sustained by the chartered vessels arising during the life of the charter, except that, in accordance with existing law, some or all of such insurance risks may be underwritten by the Secretary;

"(2) the charter shall at its own expense keep the chartered vessel in good state of repair and in efficient operating condition; and

"(3) whenever the President proclaims that the security of the national defense makes it advisable, or during any national emergency declared by proclamation of the President, the Secretary may terminate the charter without cost to the United States, upon such notice to the charterers as the President or Secretary shall determine.

The need for repairs under paragraph (2) of this section shall be based on the condition of the vessel immediately prior to the charter.

"SEC. 1409. (a) The Secretary shall not charter or sell to a citizen of the United States for documentation under the laws of the United States any merchant vessel constructed under this section for operation in the trans-Pacific or trans-Atlantic general dry cargo liner service for a ten-year period after construction of such vessel is completed, unless the Secretary finds that any such vessel is—

"(1) required to replace an existing vessel or vessels under an operating differential subsidy contract between the Secretary and such citizen entered into pursuant to title VI of this Act; or

"(2) necessary to replace an existing vessel or vessels twenty-five years of age or otherwise commercially obsolete.

"(b) The Secretary shall not charter or sell to a citizen of the United States for documentation under the laws of the United States any merchant vessel constructed under this section for operation in the coastwise or intercoastal trade, unless the Secretary of Defense directs a waiver of compliance with this section to the extent considered necessary in the interest of national defense, after affording notice and an opportunity to be heard to existing coastwise or intercoastal trade operators.

"SEC. 1410. The Administrator of the Maritime Administration shall conduct a study of the program authorized in this act and other promotional programs within the jurisdiction of the Maritime Administration to determine their potential application to the coastwise trades regulated under the Merchant Marine Act of 1920 (46 U.S.C. 861 et seq.). The study shall include a review of the costs of vessels engaged in the coastwise trade, and projections for the future cost of such vessels, and the differential between such vessels and those built in foreign shipyards. The administrator shall submit the study to Congress by January 1, 1987.

"SEC. 1411. There is authorized to be appropriated to the Fund such amounts as may be necessary to capitalize the Fund.".●

AMENDMENTS SUBMITTED

AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT OF 1985

DOLE AMENDMENT NO. 1167

Mr. DOLE (for himself, Mr. HELMS, Mr. ZORINSKY, Mr. GRASSLEY, and Mr. ANDREWS) proposed an amendment to the bill (H.R. 2100) to extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumers an abundance of food and fiber at reasonable prices, and for other purposes.

(Amendment No. 1167 as passed by the Senate November 23, 1985)

Strike out all after the enacting clause and insert:

That this Act, with the following table of contents, may be cited as the "Agriculture, Food, Trade, and Conservation Act of 1985".

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TITLE I—AGRICULTURAL EXPORTS AND PUBLIC LAW 480

Subtitle A—Agricultural Exports

INTERMEDIATE EXPORT CREDIT

SEC. 101. Section 4(b) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)) is amended—

(1) by adding at the end of paragraph (1) the following new sentence: "In addition, the Corporation may guarantee the repayment of loans made to finance such sales.";

(2) in paragraph (2)—

(A) by inserting ", and no loan may be guaranteed," after "financed";

(B) by striking out "or" at the end of clause (A);

(C) by striking out the period at the end of clause (B) and inserting in lieu thereof "; or"; and

(D) by inserting at the end thereof the following new clause:

"(C) otherwise promote the export of United States agricultural commodities.";

(3) by striking out paragraph (7);

(4) by redesignating paragraphs (3) through (6) as paragraphs (4) through (7), respectively;

(5) by inserting after paragraph (2) the following new paragraph:

"(3) The Secretary is encouraged, to the maximum extent practicable, to finance or guarantee the export sales of agricultural commodities under this subsection to purchasers from—

"(A) countries that are previous recipients of credit extended under title I of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701 et seq.);

"(B) countries unable, as determined by the Secretary, to utilize other short-term export credit programs offered by the Secretary or the Commodity Credit Corporation; and

"(C) countries that are friendly countries, as defined in section 103(d) of such Act (7 U.S.C. 1703(d)).";

(6) in paragraph (4) (as redesignated by clause (4))—

(A) by inserting "or guarantees" after "financing";

(B) by striking out "and" at the end of subparagraph (C);

(C) by striking out "credit" in subparagraph (D);

(D) by striking out the period at the end of subparagraph (D) and inserting in lieu thereof a semicolon; and

(E) by adding at the end thereof the following new subparagraphs:

"(E) to finance the importation of agricultural commodities by developing nations for use in meeting their food and fiber needs; and

"(F) otherwise to promote the export sales of agricultural commodities.";

(7) in paragraph (5) (as redesignated by clause (4))—

(A) by inserting "or guarantees" after "financing"; and

(B) by striking out "to encourage credit competition, or";

(8) in paragraph (6) (as redesignated by clause (4))—

(A) by inserting "(A)" after the paragraph designation;

(B) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively;

(C) by amending clause (i) (as redesignated) to read as follows:

"(i) Repayment shall be in dollars with interest at a rate determined by the Secretary."; and

(D) by adding at the end thereof the following new subparagraph:

"(B) Contracts of guarantee under this subsection shall contain such terms and conditions as the Commodity Credit Corporation shall determine.";

(9) by inserting "or guarantees" after "financing" in paragraph (7) (as redesignated by clause (4));

(10) by inserting "or guaranteed" after "financed" in paragraph (8); and

(11) by adding at the end thereof the following new paragraph:

"(10) For purposes of guaranteeing export sales under this subsection, the Commodity Credit Corporation shall make available—

"(A) for each of the fiscal years ending September 30, 1986, through September 30, 1988, not less than $500,000,000; and

"(B) for the fiscal year ending September 30, 1989, not more than $1,000,000,000.".

SHORT-TERM EXPORT CREDIT

SEC. 102. (a) In making available any guarantees of the repayment of credit extended on terms of up to 3 years in connection with the export sale of United States agricultural commodities or the products thereof, the Commodity Credit Corporation shall take into account—

(1) the credit needs of countries that are potential purchasers of United States agricultural exports;

(2) the creditworthiness of such countries; and

(3) whether the availability of Commodity Credit Corporation guarantees will improve the competitive position of United States agricultural exports in world markets.

(b) Effective for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, and September 30, 1989, the Commodity Credit Corporation shall make available not less than $5,000,000,000 in credit guarantees under its export credit guarantee program for short-term credit extended to finance the export sales of United States agricultural commodities and the products thereof.

AGRICULTURAL EXPORT CREDIT REVOLVING FUND

SEC. 103. Section 4(d)(6) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(d)(6)) is amended by striking out "1985" both places it appears and inserting in lieu thereof "1989".

TARGETED EXPORT ASSISTANCE

SEC. 104. (a) For export activities authorized to be carried out by the Secretary of Agriculture or the Commodity Credit Corporation, the Secretary of Agriculture shall use—

(1) for each of the fiscal years ending September 30, 1986, September 30, 1987, and September 30, 1988, not less than $325,000,000 of funds of, or an equal value of commodities owned by, the Corporation; and

(2) for each of the fiscal years ending September 30, 1989, September 30, 1990, and September 30, 1991, such funds of the Corporation as the Secretary deems necessary or an equal value of commodities owned by the Corporation.

(b)(1) The funds or commodities specified in this section shall be used by the Secretary only to counter or offset the adverse effect on the export of a United States agricultural commodity or the product thereof of a subsidy (as defined in paragraph (2)), import quotas, or other unfair trade practices of a foreign country.

(2) As used in paragraph (1), the term subsidy includes an export subsidy, tax rebate on exports, financial assistance on preferential terms, financial assistance for operating losses, assumption of costs or expenses of production, processing, or distribution, a differential export tax or duty exemption, a domestic consumption quota, or other method of furnishing or ensuring the availability of raw materials at artificially low prices.

(c) The Secretary shall provide export assistance under this section on a priority basis in the case of—

(1) agricultural commodities and the products thereof with respect to which there has been a favorable decision under section 301 of the Trade Act of 1974 (19 U.S.C. 2411); or

(2) agricultural commodities and the products thereof for which exports have been adversely affected, as defined by the Secretary, by retaliatory actions related to a favorable decision under section 301 of the Trade Act of 1974 (19 U.S.C. 2411).

EXPORT SALES OF DAIRY PRODUCTS

SEC. 105. (a) In each of the fiscal years ending September 30, 1986, September 30, 1987, and September 30, 1988, the Secretary of Agriculture shall sell for export, at such prices as the Secretary determines appropriate, not less than 150,000 metric tons of dairy products owned by the Commodity Credit Corporation.

(b) Such sales shall be made through the Commodity Credit Corporation under existing authority available to the Secretary or the Commodity Credit Corporation.

(c) Through September 30, 1988, the Secretary shall report semiannually to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the volume of sales made under this section.

USE OF COMMODITY CREDIT CORPORATION COMMODITIES FOR EXPORT ASSISTANCE

SEC. 106. (a)(1) Notwithstanding any other provision of law, the Secretary of Agriculture (hereafter in this section referred to as the "Secretary") shall formulate and carry out a program under which agricultural commodities and the products thereof acquired by the Commodity Credit Corporation are provided to United States exporters, users, and processors and foreign purchasers at no cost to encourage the development, maintenance, and expansion of export markets for United States agricultural commodities and the products thereof, including value-added or high-value agricultural products produced in the United States.

(2) In carrying out paragraph (1), the Secretary may provide such commodities and products—

(A) to counter or offset—

(i) the adverse effect on the export of a United States agricultural commodity or the product thereof of a subsidy (as defined in paragraph (3)) or other unfair trade practice of a foreign country that directly or indirectly benefits producers, processors, or exporters of agricultural commodities in such foreign country;

(ii) the adverse effects of United States agricultural price support levels that are temporarily above the export prices offered by overseas competitors in export markets; or

(iii) fluctuations in the exchange rate of the United States dollar against other major currencies; and

(B) in conjunction with an intermediate export credit program conducted by the Commodity Credit Corporation—

(i) for the export sale of breeding animals (including, but not limited to, cattle, swine, sheep, and poultry), including the cost of freight from the United States to designated points of entry in other nations; and

(ii) for the establishment of facilities in the importing nation to improve handling, marketing, processing, storage, or distribution of imported agricultural commodities (through the use of local currency generated from the import and sale of United States agricultural commodities or the products thereof to finance all or part of such facilities).

(3) As used in paragraph (2)(A)(i), the term "subsidy" includes an export subsidy, tax rebate on exports, financial assistance on preferential terms, financial assistance for operating losses, assumption of costs or expenses of production, processing, or distribution, a differential export tax or duty exemption, a domestic consumption quota, or other method of furnishing or ensuring the availability of raw materials at artificially low prices.

(b)(1) If a country does not meet the financial qualifications for export credit or credit guarantees provided by the Commodity Credit Corporation, the Secretary may provide to such country agricultural commodities and the products thereof acquired by the Corporation to the extent necessary to reduce the cost to such country of purchasing United States agricultural commodities and to allow such country to meet such qualifications.

(2) The Secretary shall review and adjust annually the quantity of commodities provided to a country under paragraph (1) in order to encourage such country to place greater reliance on increased use of commercial trade to meet the qualifications referred to in paragraph (1).

(c)(1) In carrying out this section, the Secretary may make green dollar export certificates available to commercial exporters of United States agricultural commodities and the products thereof.

(2) The Secretary shall make such certificates available under such terms and conditions as the Secretary determines appropriate.

(3) The amount of such certificates to be made available to an exporter may be determined—

(A) on the basis of competitive bids submitted by exporters; or

(B) by announcement of the Secretary.

(4)(A) An exporter may redeem a green dollar export certificate for commodities owned by the Commodity Credit Corporation.

(B) For purposes of redeeming such certificates, the Secretary may establish values for such commodities that are different than the acquisition prices of such commodities.

(5) Such certificates—

(A) may be transferred among commercial exporters of United States agricultural commodities; and

(B) shall be redeemed within 6 months from the date of issuance.

(d) In carrying out this section, the Secretary shall—

(1) take such action as may be necessary to ensure that the program provides equal treatment to domestic and foreign purchasers and users of United States agricultural commodities and the products thereof in any case in which the importation of a manufactured product made, in whole or in part, from a commodity or the product thereof made available for export under this section would place domestic users of the commodity or the product thereof at a competitive disadvantage;

(2) to the extent that agricultural commodities and the products thereof are to be provided to foreign purchasers during any fiscal year, consider for participation all interested foreign purchasers, giving priority to those who have traditionally purchased United States agricultural commodities and the products thereof and who continue to purchase such commodities and the products thereof on an annual basis in quantities greater than the level of purchases in a previous representative period;

(3) encourage increased use and avoid displacing usual marketings of United States

agricultural commodities and the products thereof; and

(4) take reasonable precautions to prevent the resale or transshipment to other countries, or use for other than domestic use in the importing country, of agricultural commodities or the products thereof the export of which is assisted under this section.

(e)(1) If a foreign purchaser sells in the importing country agricultural commodities or the products thereof received from the Secretary, under the authority of this section, and uses the receipts from the sale of such commodities or the products thereof for the construction or rehabilitation of facilities in the importing country to improve the handling, marketing, storage, or distribution of United States agricultural commodities or the products thereof in such importing country, such purchaser shall be eligible, under such terms and conditions as the Secretary shall prescribe, to receive supplemental distributions of agricultural commodities or the products thereof under this section.

(2) Supplemental distributions under this section shall be made with such commodities or the products thereof, at such intervals, and in such quantities as the Secretary determines appropriate, taking into account—

(A) the extent to which facility improvements have been made;

(B) the capability of the importing country to distribute or otherwise use additional commodities or the products thereof; and

(C) such other factors as are determined appropriate by the Secretary that are consistent with the purposes of this section.

(f) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

(g) The Secretary may issue such regulations as the Secretary deems necessary to carry out this section.

(h) The authority provided in this section shall be in addition to, and not in place of, any authority granted to the Secretary or the Commodity Credit Corporation under any other provision of law.

(i) During the period beginning October 1, 1985, and ending September 30, 1988, the Secretary shall use agricultural commodities and the products thereof referred to in subsection (a) that are equal in value to not less than $2,000,000,000 to carry out this section.

(j) The authority provided under this section shall terminate on September 30, 1989.

TRADE NEGOTIATIONS AND WORLD AGRICULTURAL SUMMIT EXPORT PROMOTION

SEC. 107. (a) Congress finds that—

(1) open and fair trade is essential to economic growth and prosperity in the world today;

(2) unfair trade practices of many countries have had adverse effects on exports of United States agricultural commodities, United States producers, and the international trading environment;

(3) many of these practices have been predatory in nature and constitute gross violations of free and fair trade principles;

(4) such unfair trade practices include export price subsidies, export credit subsidies, predatory marketing arrangements, and tariff and nontariff trade barriers;

(5) such unfair trade practices distort market signals, add volatility to the trading environment, increase government expenditures, inhibit economic development abroad, and discourage or prohibit the importation of United States agricultural commodities and the products thereof;

(6) the United States trading system is the most open in the world, as is evidenced by the continuing merchandise trade deficits of this country;

(7) all other major grain producing nations have refused to join the United States in attempts to reduce surpluses of agricultural commodities, and such nations have, in fact, taken advantage of United States efforts by increasing production of major agricultural commodities;

(8) the United States holds and stores a disproportionate level of supplies of agricultural commodities in time of surplus;

(9) the United States world market share in the case of many agricultural exports has been reduced as a result of unfair trade practices;

(10) in order to establish market oriented domestic farm policies in the United States, American producers must be assured of equity in the international trading environment;

(11) more effective rules governing international agricultural trade must be established to provide greater market access for all countries and to curb the use of export subsidies that have hindered agricultural exports of the United States and other countries; and

(12) failure to find multilateral and bilateral solutions to international trade problems, the most desirable form of trade conflict resolution, will increase the likelihood of unilateral action on the part of the United States to protect American markets and producers.

(b) It is the policy of the United States to—

(1) promote free and active world trade in agricultural goods by negotiating with key United States trading partners to agree on a program to reduce or eliminate practices that are restricting international agricultural trade; and

(2) reduce or eliminate United States restrictions on imports of agricultural goods as part of a program of mutual opening of agricultural markets by the major agricultural trading nations of the world.

(c) It is the sense of Congress that the President should, at the earliest practicable time after the date of enactment of this Act, convene an international conference of major agricultural nations to discuss trade and agricultural problems for the purpose of—

(1) elevating global food and agricultural issues to the attention of the highest policymaking officials of the nations of the world;

(2) developing a long-term plan for strengthening the world food and agricultural trading system in ways that foster the best interests of both exporting and importing countries alike;

(3) insuring an adequate system of transportation and distribution and stable agricultural economy;

(4) insuring that there will be at all times an adequate supply of food for the peoples of the world and an equitable principle adopted for sharing it; and

(5) building a foundation for negotiating a more open and fair world agricultural trading system under the General Agreement on Tariffs and Trade (GATT).

(d) It is the sense of Congress that the President should, at the earliest practicable time after the date of enactment of this Act, initiate a new round of multilateral trade negotiations with the trading partners of the United States for purposes of—

(1) strengthening the General Agreement on Tariffs and Trade (GATT) in a manner that promotes more open and fair world trade;

(2) improving the dispute settlement procedures of GATT such that industries suffering from unfair trade practices will receive more expeditious relief and that affected contracting parties will abide by the decisions reached under GATT;

(3) bringing agricultural trade issues within the purview of strengthened and more effective GATT rules and procedures; and

(4) clarifying the intent of and bringing uniformity to the interpretation of Article XVI of GATT.

(e) Subclause (B) of section 1207(a)(5) of the Agriculture and Food Act of 1981 (7 U.S.C. 1736m(a)(5)(B)) is amended to read as follows: "(B) funding an export market development program for value-added farm products and processed foods at a higher funding level than that provided during the fiscal year ending September 30, 1985; and".

TRADE CONSULTATIONS

SEC. 108. (a) The Secretary of Agriculture shall require consultation between the Administrator of the Foreign Agricultural Service and the heads of other appropriate agencies and offices of the Department of Agriculture, including the Administrator of the Animal and Plant Health Inspection Service, before relaxing or removing any restriction on the importation of any agricultural commodity or a product thereof into the United States.

(b) The Secretary shall consult with the United States Trade Representative before relaxing or removing any restriction on the importation of any agricultural commodity or a product thereof into the United States.

(c) The Secretary shall require personnel of the Department of Agriculture assigned to participate in negotiations of trade agreements, trade protocols, or trade procedures with the government of any foreign country, with respect to a specific agricultural commodity, class of agricultural commodities, or product of an agricultural commodity, to consult with the Agricultural Policy Advisory Committee and the appropriate agricultural technical advisory committee established under section 135 of the Trade Act of 1974 (19 U.S.C. 2155) regarding agricultural practices and industry procedures, before concluding any agreement with any foreign government on any agricultural trade matter pertaining to such agricultural commodity, class of commodities, or product.

AGRICULTURAL ATTACHE REPORTS

SEC. 109. (a) The Secretary of Agriculture shall require appropriate officers and employees of the Department of Agriculture stationed in foreign countries to prepare and submit annually to the Secretary detailed reports that—

(1) document the nature and extent of—

(A) programs in such countries that provide direct or indirect government support for the export of agricultural commodities and the products thereof; and

(B) other trade practices that may impede the entry of United States agricultural commodities and the products thereof into such countries; and

(2) identify opportunities for the export of United States agricultural commodities and the products thereof to such countries.

(b) The Secretary shall annually compile the information contained in such reports and make such information available to Congress, the Agricultural Policy Advisory Committee and the agricultural technical advisory committees established under section 135 of the Trade Act of 1974 (19 U.S.C. 2155), and other interested parties.

(c) The United States Trade Representative shall—

(1) review the reports prepared under subsection (a) and any other information available to identify export subsidies or other export enhancing techniques (within the meaning of the agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade);

(2) identify markets (in order of priority) in which United States export subsidies can be used most efficiently and will have the greatest impact in offsetting the benefits of foreign export subsidies that—

(A) harm United States exports,

(B) are inconsistent with the Agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade,

(C) nullify or impair benefits accruing to the United States under international agreements, or

(D) cause serious prejudice to the interests of the United States and

(3) submit to the Congress and to the Secretary of Agriculture an annual report on—

(A) the existence and status of export subsidies and other export enhancing techniques that are the subject of the investigation conducted under paragraph (1), and

(B) the identification and assignment of priority to markets under paragraph (2).

(d) The Secretary and the United States Trade Representative shall convene a meeting, at least once a year, of the Agricultural Policy Advisory Committee and the agricultural technical advisory committees to develop specific recommendations for actions to be taken by the Federal Government and private industry to—

(1) reduce or eliminate trade barriers or distortions identified in the annual reports required to be submitted under subsections (a) and (c); and

(2) expand United States agricultural export opportunities identified in such annual reports.

(e)(1) The President, in consultation with the United States Trade Representative and the Secretary of Agriculture and as soon as practicable after the date of enactment of this Act, is encouraged to commence negotiations with other countries to reduce or eliminate trade barriers and distortions identified in the annual reports required to be submitted under subsections (a) and (c).

(2) The President shall report periodically to Congress on any actions taken under paragraph (1).

EXPORT RESTRICTIONS

SEC. 110. Section 1204 of the Agriculture and Food Act of 1981 (7 U.S.C. 1736j) is amended—

(1) in subsection (a), by striking out "involved by" and all that follows through the period and inserting in lieu thereof "involved by making payments available to such producers, as provided in subsection (b) of this section.";

(2) by striking out "clause (1) of" in subsection (b);

(3) by striking out subsection (d); and

(4) by redesignating subsections (e), (f), and (g) as subsections (d), (e), and (f), respectively.

BARTER OF AGRICULTURAL COMMODITIES FOR STRATEGIC AND CRITICAL MATERIALS

SEC. 111. (a) Congress finds that—

(1) the Commodity Credit Corporation, the General Services Administration, and the Department of Agriculture have authority to barter or exchange agricultural commodities for strategic and critical materials for the national defense stockpile;

(2) from 1950 to 1973, the Department of Agriculture conducted a highly successful barter program using agricultural commodities to acquire strategic and critical materials;

(3) private commercial firms in the United States have entered into effective barter agreements with foreign governments or private parties in foreign countries to barter or exchange commodities and services to supplement customary commercial transactions in international markets;

(4) barter can be an effective secondary method of reducing excess supplies of agricultural commodities and adding needed strategic and critical materials to the national defense stockpile;

(5) barter can be used to help overcome certain currency exchange and balance-of-trade problems and to develop new markets for United States agricultural products;

(6) barter can be used to promote United States foreign policy interests; and

(7) several nations are potential partners in a revival of a coherent and well-managed government barter program.

(b) Section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h)) is amended—

(1) in the fourth sentence—

(A) by striking out "is authorized," and inserting in lieu thereof "shall, to the maximum extent practicable, in consultation with the Secretary of State, and"; and

(B) by striking out "to";

(2) in the fifth sentence, by striking out "normal commercial trade channels shall be utilized and priority shall be given" and inserting in lieu thereof "the Secretary shall: (1) use normal commercial trade channels; (2) take action to avoid displacing usual marketings of United States agricultural commodities and the products thereof; (3) take reasonable precautions to prevent the resale or transshipment to other countries, or use for other than domestic use in the importing country, of agricultural commodities used for such exchange; and (4) give priority";

(3) by inserting after the fifth sentence the following new sentence: "The Corporation may solicit bids from, and utilize, private trading firms to effect such exchange of goods.";

(4) in the eighth sentence (as amended by clause (3)), by striking out "when" and inserting in lieu thereof "in the same fiscal year such materials are"; and

(5) by inserting after the eighth sentence (as amended by clause (3)) the following new sentence: "If the volume of petroleum products (including crude oil) stored in the Strategic Petroleum Reserve is less than the level prescribed under section 154 of the Energy Policy and Conservation Act (42 U.S.C. 6234), the Corporation shall, to the maximum extent practicable and with the approval of the Secretary of Agriculture, make available annually to the Secretary of Energy, upon the request of the Secretary of Energy, a quantity of agricultural products owned by the Corporation with a market value at the time of such request of at least $300,000,000 for use by the Secretary of Energy in acquiring petroleum products (including crude oil) produced abroad for placement in the Strategic Petroleum Reserve through an exchange of such agricultural products. The terms and conditions of each such exchange shall be determined by the Secretary of Energy in consultation with the Secretary of Agriculture: Provided, That if the volume of agricultural products to be exchanged has a value in excess of the then established market price of the petroleum products (including crude oil) acquired by such exchange, then the Secretary of Energy shall require as a part of the terms and conditions of the exchange that the party or entity providing such petroleum products shall agree to purchase, within 6 months following the exchange, current-crop commodities or value-added food products from United States producers or processors in an amount equal to at least one-half of the difference between the value of the commodities received in the exchange and the market price of the petroleum products acquired for the Strategic Petroleum Reserve in such transaction.".

(c) Section 310 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1727g) is amended by inserting after the second sentence the following new sentence: "To the maximum extent practicable, the Secretary shall solicit bids from, and utilize, private trading firms to arrange or make barters or exchanges for strategic or other materials under clause (a).".

(d)(1) The Secretary of Agriculture shall encourage United States exporters of agricultural commodities and the products thereof to barter such commodities and products for foreign products needed by such exporters.

(2) The Secretary shall provide technical advice and assistance relating to the barter of agricultural commodities and the products thereof to any United States exporter who requests such advice or assistance.

GRANTS FOR INTERNATIONAL TRADE DEVELOPMENT CENTERS

SEC. 112. (a)(1) The Secretary of Agriculture (hereafter in this section referred to as the "Secretary") may establish and carry out a program to make grants to States for the purpose of paying the costs of construction, employing personnel, acquiring equipment, and taking other action relating to the establishment and operation of international trade development centers, or the expansion of existing international trade development centers, in the United States to enhance the exportation of United States agricultural products and related products.

(2) Such grants shall be based on a matching formula of 50 percent Federal and 50 percent non-Federal funding.

(b) In making grants under subsection (a), the Secretary shall give preference to States that intend to utilize as sites for international trade development centers land-grant colleges and universities (as defined in section 1404(10) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(10)) that—

(1) operate agricultural programs;

(2) have existing international trade programs that use an interdisciplinary approach and are operated jointly with State and Federal agencies to address international trade problems; and

(3) have a communication system that can be used on an international basis to conduct conferences or trade negotiations.

(c) Such centers may—

(1) through research, establish a permanent data base to address the problems faced by potential exporters, including language barriers, interaction with representatives of foreign governments, transportation of goods and products, insurance and financing within foreign countries, and collecting international marketing data;

(2) be used to locate permanent or temporary exhibits that will stimulate and educate trade delegations from foreign countries with respect to United States agricultural products and related products;

(3) be made available for use by State and regional entities for exhibits, trade seminars, and negotiations involving such products; and

(4) carry out such other activities relating to the exportation of such products, as the Secretary may approve.

(d) There are authorized to be appropriated such sums as are necessary to carry out this section.

UNFAIR TRADE PRACTICES

SEC. 113. (a) The Congress finds that—

(1) United States producers and processors of citrus, wheat flour, poultry, canned fruits, and raisins have filed petitions under section 302 of the Trade Act of 1974 alleging that the subsidies and discriminatory tariffs of the European Communities are inconsistent with the principles and terms of the General Agreement on Tariffs and Trade (hereafter referred to in this section as the "GATT") and have placed United States exporters at a competitive disadvantage;

(2) throughout the past decade, the European Communities has repeatedly rebuffed extensive United States efforts to resolve these matters through bilateral consultations and multilateral negotiations, as well as through consultations under the provisions of the GATT;

(3) after many years of frustrated discussions, the United States had not choice but to invoke the dispute settlement procedures of the GATT as the only remaining means of seeking redress for American producers and processors;

(4) investigatory panels, established by the GATT to review separately each of the United States complaints, concluded that European Communities subsidies and discriminatory tariffs had nullified and impaired rights of United States exporters and were in violation of the GATT and recommended that the European Communities take necessary steps to rectify the matters;

(5) the European Communities has effectively and repeatedly prevented adoption by the GATT of each of these reports, most recently, the favorable report involving the 15-year-old citrus complaint;

(6) on May 1, 1985, the President concluded that the GATT dispute settlement process with respect to the citrus complaint was terminated and, pursuant to section 301 of the Trade Act of 1974, the President had to consider a subsequent course of action to redress the injury to United States citrus exporters;

(7) on June 20, 1985, the President announced that a reasonable and appropriate course of action in response to the unwillingness of the European Communities to implement the unanimous finding of the GATT panel or to negotiate a mutually acceptable resolution of the citrus complaint is to withdraw an equivalent amount of concessions from imported European Communities pasta products and, in response, the European Communities notified the United States that the European Communities would retaliate by increasing the European Communities duties on United States lemon and walnut imports;

(8) on July 19, 1985, the United States and the European Communities agreed to suspend until October 31, 1985, the tariff increases, in order to provide the European Communities with additional time to resolve the citrus complaint; and

(9) despite this suspension, the European Communities has failed to present to the United States an acceptable proposal to resolve the citrus complaint, and effective November 1, 1985, the United States reinstated the pasta tariff increase, and in turn, the European Communities reinstated the lemon and walnut tariff increase.

(b) The President shall take all appropriate and feasible action within the power of the Presidency (including, but not limited to, the actions described in section 301 of the Trade Act of 1974 (19 U.S.C. 2411)) to—

(1) ensure a prompt and satisfactory resolution of all complaints regarding subsidies and discriminatory tariffs of the European Communities which—

(A) are set forth in petitions filed under section 302 of the Trade Act of 1974 by United States exporters of citrus, wheat flour, poultry, canned fruits, and raisins, and

(B) are pending before the GATT on the date of enactment of this Act,

(2) counter any retaliatory action of the European Communities by withdrawing additional trade concessions, and

(3) balance the level of concessions in the trade between the United States and the European Communities.

Subtitle B—Public Law 480 and Related Programs

AGRICULTURAL TRADE POLICY

SEC. 120. (a) The first sentence of section 2 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691) is amended by inserting "to use foreign currencies accruing under this Act to foster and encourage the development of private enterprise in developing countries; to enhance food security in developing countries through local food production;" after "agricultural production;".

(b) Congress finds that additional steps should be taken to use the agricultural abundance produced by American farmers—

(1) to relieve hunger and promote long-term food security and economic development in developing countries in accordance with the development assistance policy established under section 102 of the Foreign Assistance Act of 1961 (22 U.S.C. 2151-1); and

(2) to promote United States agricultural trade interests.

SALES FOR FOREIGN CURRENCIES

SEC. 121. (a) Section 101 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701) is amended to read as follows:

"SEC. 101. (a) In order to carry out the policies and accomplish the objectives set forth in section 2, the President is authorized to negotiate and carry out agreements with friendly countries to provide for the sale of agricultural commodities—

"(1) for dollars on credit terms;

"(2) to the extent that sales for dollars under the terms applicable to such sales are not possible, for foreign currencies on credit terms and on terms that permit conversion to dollars at the exchange rate applicable to the sales agreement; or

"(3) for foreign currencies for use under section 108 on terms that permit conversion to dollars.

"(b)(1) Except as provided in paragraph (2), for the fiscal year ending September 30, 1986, and each fiscal year thereafter, sales for foreign currencies for use under section 108 under agreements entered into under this title shall be made at an annual level of—

"(A) not less than the higher of—

"(i) 25 percent of the aggregate value of all sales of agricultural commodities made under this title; or

"(ii) 500,000 metric tons; and

"(B) not more than 50 percent of the aggregate value of all such sales.

"(2)(A) For each of the fiscal years ending September 30, 1986, September 30, 1987, and September 30, 1988, except as provided in subparagraph (B), the President may reduce the minimum level of sales for foreign currencies prescribed under paragraph (1)(A) if—

"(i) there is an insufficient number of approved financial intermediaries that have entered into agreements to carry out the program provided for in section 108;

"(ii) there are insufficient requests made by such intermediaries for loan funds to utilize the foreign currencies generated by such sales; or

"(iii) the President requires additional time to implement such program.

"(B) The President may not reduce the minimum level of sales for foreign currencies under subparagraph (A) below an annual level of less than—

"(i) for the fiscal year ending September 30, 1986, 5 percent of the aggregate value of all sales of agricultural commodities made under this title during such fiscal year;

"(ii) for the fiscal year ending September 30, 1987, 10 percent of the aggregate value of all sales of agricultural commodities made under this title during such fiscal year; and

"(iii) for the fiscal year ending September 30, 1988, 15 percent of the aggregate value of all sales of agricultural commodities made under this title during such fiscal year.

"(c) Agreements for sales for foreign currency in a developing country for use under section 108 may not be entered into to the extent that such agreements would generate currency in amounts that cannot be productively used and absorbed in the private sector of such country.

"(d) Sales for foreign currencies for use under section 108 under agreements entered into under this title shall be made on such terms and conditions as are specified in such agreements.".

(b) Section 103 of such Act (7 U.S.C. 1703) is amended—

(1) by inserting ", in section 108," after "section 104" in subsection (b);

(2) by striking out "for dollars on credit terms" in the last sentence of subsection (d);

(3) in subsection (m)—

(A) by inserting "except as provided in section 108," after the subsection designation;

(B) by striking out the semicolon and inserting in lieu thereof a period; and

(C) by adding at the end thereof the following: "In carrying out this subsection, the President shall require that foreign currencies to be used under section 108 that are acquired under an agreement for the sale of commodities be convertible to dollars during the period beginning 10 years after the date of the last delivery of such commodities and ending 30 years after the date of such delivery. Such agreement for sale shall establish a schedule for such conversion but need not specify the exchange rate for such conversion;";

(4) by striking out "for dollars on credit terms" and "for cash dollars" in subsection (n);

(5) by striking out "Take" in subsection (o) and inserting in lieu thereof "take";

(6) by striking out "Assure convertibility" in subsection (p) and inserting in lieu thereof "except as provided in section 108, assure convertibility"; and

(7) by striking out "Assure convertibility" in subsection (q) and inserting in lieu thereof "except as provided in section 108, assure convertibility".

(c) The first sentence of section 105 of such Act (7 U.S.C. 1705) is amended by striking out "section 104" and inserting in lieu thereof "sections 104 and 108".

(d) Section 106(a) of such Act (7 U.S.C. 1706(a)) is amended by adding at the end thereof the following new paragraph:

"(3) Payment for sales made for foreign currencies that are to be used under section 108 under an agreement entered into under this title shall be made on such terms as are specified in such agreement.".

(e) Such Act is amended by inserting after section 107 (7 U.S.C. 1707) the following new section:

"SEC. 108. Notwithstanding any other provision of law:

"(a) As used in this section:

"(1) The term 'developing country' means a country that is eligible to participate in a sales agreement entered into under this title.

"(2) The term 'financial intermediary' means a bank, financial institution, cooperative, nonprofit voluntary agency, or other organization or entity, as determined by the President, that has the capability of making and servicing a loan in accordance with this section.

"(b) In order to foster and encourage the development of private enterprise institutions and infrastructure as the base for the expansion, promotion, and improvement of the production of food and other related goods and services within a developing country and pursuant to an agreement for the sale of agricultural commodities entered into under this title, the President may enter into an agreement with a financial intermediary located or operating in such country under which the President shall lend to such financial intermediary foreign currency that accrues as a result of commodity sales to such country under a sales agreement entered into under this title after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(c) To be eligible to obtain foreign currency under this section, a financial intermediary must enter into an agreement with the President under which the intermediary agrees to use such currency to make loans to private individuals, cooperatives, corporations, or other entities within a developing country, at reasonable rates of interest, for the purpose of financing—

"(1) productive, private enterprise investment within such country, including such investment in projects carried out by cooperatives, nonprofit voluntary organizations, and other entities found to be qualified by the President;

"(2) private enterprise facilities for aiding the utilization and distribution, and increasing the consumption of and markets for, United States agricultural commodities and the products thereof; or

"(3) private enterprise support of self-help measures and projects.

"(d) An agreement entered into under this section shall specify the terms and conditions under which the foreign currency shall be used and subsequently repaid, including the following terms and conditions:

"(1) A financial intermediary shall, to the maximum extent feasible, give preference to the financing of agricultural related private enterprise with the funds provided under this section.

"(2)(A) A financial intermediary shall repay a loan made under this section, plus accrued interest, at such times and in such manner as will permit conversion of such foreign currency to dollars in accordance with the schedule for such conversion.

"(B) A financial intermediary may repay a loan made under this section prior to the repayment date specified in such agreement.

"(3) To be eligible to receive financing from a financial intermediary under this section, an entity or venture must—

"(A) be owned, directly or indirectly, by citizens of the developing country, except that up to 25 percent of such ownership interest may be held by citizens of the United States; and

"(B) not be owned or controlled, in whole or in part, by the government or any governmental subdivision of the developing country.

"(4)(A) The rate of interest charged on funds loaned to a financial intermediary under this section shall be such rate as is determined by the President and the intermediary.

"(B) In the case of a cooperative or nonprofit voluntary agency that is acting as a financial intermediary, the President may charge a lower rate of interest on funds loaned to such intermediary under this section than is charged to other types of intermediaries or make a grant from currencies received from sales made under section 103(a)(3) of the Act to defray the startup costs of becoming a financial intermediary.

"(5) No currency made available under this section may be used to promote the production of agricultural commodities or the products thereof that will compete, as determined by the President, in world markets with similar agricultural commodities or the products thereof produced in the United States.

"(6) The President may not require a developing country to guarantee the repayment of a loan made to a financial intermediary under this section as a condition of receipt of such loan.

"(e)(1) All currencies repaid by financial intermediaries under agreements entered into under this section shall be deposited and accounted for in accordance with section 105.

"(2) Currencies repaid by financial intermediaries shall, as determined by the President—

"(A) be used to finance additional productive, private enterprise investment under agreements with financial intermediaries entered into under this section;

"(B) be used for the development of new markets for United States agricultural commodities;

"(C) be used for the payment of United States obligations (including obligations entered into pursuant to other laws of the United States); or

"(D) be converted to dollars.

"(3) Section 1306 of title 31, United States Code, shall apply to currencies used for the purpose specified in paragraph (2)(C).

"(f)(1) Any agreement entered into under this section shall be subject to periodic audit to determine whether the terms and conditions of the agreement are being fulfilled.

"(2) Not later than 180 days after the close of each fiscal year, the President shall report to the Committee on Agriculture and the Committee on Foreign Affairs of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry and the Committee on Foreign Relations of the Senate on the activities carried out under this section during the preceding fiscal year, including an evaluation of the impact of investment under this section on the development of agricultural related private enterprise in each participating country.

"(g) The President may provide agricultural technical assistance to further the purposes of this section, including the funding of market development activities. To the maximum extent practicable, the President shall use at least 5 percent of the foreign currencies obtained for use under this section from sales of agricultural commodities made under agreements entered into under this title after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985 to carry out such assistance.".

MINIMUM QUANTITY OF AGRICULTURAL COMMODITIES DISTRIBUTED UNDER TITLE II

SEC. 122. Section 201(b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721(b)) is amended to read as follows:

"(b) The minimum quantity of agricultural commodities distributed under this title for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, and September 30, 1989, shall be 1,900,000 metric tons, of which not less than 1,425,000 metric tons for nonemergency programs shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program; unless the President determines and reports to the Congress, together with his reasons, that such quantity cannot be used effectively to carry out the purposes of this title: Provided, That such minimum quantity shall not exceed the total quantity of commodities determined to be available for disposition under this Act pursuant to section 401, less the quantity of commodities required to meet famine or other urgent or extraordinary relief requirements.".

VALUE-ADDED, PROCESSED, AND PROTEIN-FORTIFIED PRODUCTS

SEC. 123. Section 201 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721) is amended by adding at the end thereof the following new subsection:

"(c) In distributing agricultural commodities under this title, the President shall—

"(1) consider—

"(A) the nutritional assistance to recipients and benefits to the United States that would result from distributing such commodities in the form of processed and protein-fortified products, including processed milk, plant protein products, and fruit, nut, and vegetable products;

"(B) the nutritional needs of the proposed recipients of the commodities;

"(C) the cost effectiveness of providing such commodities, for purposes of selecting commodities for distribution under nonemergency programs; and

"(D) the purposes of this title; and

"(2) ensure that at least 75 percent of the quantity of agricultural commodities required to be distributed each fiscal year under subsection (b) for nonemergency programs be in the form of processed or fortified products or bagged commodities.".

FOOD ASSISTANCE PROGRAMS OF VOLUNTARY AGENCIES

SEC. 124. (a) Title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.) is amended by adding at the end thereof the following new sections:

"SEC. 207. (a)(1) If requested by a nonprofit voluntary agency or cooperative, an agreement with the agency or cooperative for nonemergency assistance under this title may provide for the use by the agency or cooperative of foreign currency proceeds, generated from the sale of commodities made available under the agreement, for purposes specified in subsection (b).

"(2) Such agreements shall provide, in the aggregate for each fiscal year, for the use of foreign currency proceeds under this subsection in an amount that is not less than 5 percent of the aggregate value of the commodities distributed under nonemergency programs under this title for such fiscal year.

"(3) Section 103(c) shall apply to sales of agricultural commodities to generate foreign currencies under this subsection, unless the Secretary of Agriculture, in consultation with the Administrator of the Agency for International Development, waives the application of this paragraph.

"(b)(1)(A) Foreign currency proceeds generated under subsection (a) shall be used by a nonprofit voluntary agency or cooperative for activities carried out by the agency or cooperative that will enhance the effectiveness of the food assistance program carried out pursuant to the agreement.

"(B) Such activities may include food for work programs, local program management, local agricultural and cooperative development projects, and outreach projects to provide food to people with the greatest nutritional need, if such activities are directly related to the food assistance program of the agency or cooperative.

"(2) Foreign currency proceeds under subsection (a) may not be used—

"(A) to defray personnel or administrative costs incurred by a United States cooperating sponsor, distributing agency, or recipient agency, other than a local cooperative;

"(B) to defray the costs of construction or maintenance of an edifice owned or operated by a church or any other edifice used for sectarian purposes; or

"(C) to replace resources otherwise available to a nonprofit voluntary agency or cooperative, as determined by the President.

"SEC. 208. (a) In the case of an agreement with a nonprofit voluntary agency for nonemergency assistance under this title, subject to subsection (b), the President is encouraged to approve multiyear agreements to make agricultural commodities available for distribution by the agency, if the agency requests a multiyear agreement.

"(b)(1) Such agreements shall be subject to the availability each fiscal year of the necessary appropriations and agricultural commodities.

"(2) Subsection (a) shall not apply to an agreement that the President determines should be limited to a single year because of the past performance of the nonprofit voluntary agency or because the agreement involves a new program of assistance.

"(c) In carrying out a multiyear agreement pursuant to this section, a nonprofit voluntary agency may not be required to obtain annual approval from the United States Government in order to continue its assistance program pursuant to this agreement, unless the President determines that exceptional and unforeseen circumstances have occurred that require such approval.

"SEC. 209. (a) Agreements with nonprofit voluntary agencies under this title may authorize such agencies to establish local food reserves.

"(b) If authorized to establish a local food reserve pursuant to subsection (a), a nonprofit voluntary agency may deposit in such reserve agricultural commodities made available under this title—

"(1) for later use in providing immediate food assistance in case of a famine or other food shortage emergency; or

"(2) if the nonprofit voluntary agency determines that the immediate use of the agricultural commodities for food assistance purposes would be a disincentive to local agricultural production and that the commodities should be held for use at a later time.

"SEC. 210. A nonprofit voluntary agency requesting a nonemergency food assistance agreement under this title shall include in such request a description of the intended uses of any foreign currency proceeds that would be generated with the commodities provided under the agreement.".

(b)(1) It is the sense of Congress that the President is encouraged to invite representatives of nonprofit voluntary agencies participating in programs under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.) and other concerned nonprofit voluntary agencies, and to designate appropriate executive branch officials to participate in a task force to study the means of providing food assistance under such Act to people with the greatest nutritional need in the recipient countries.

(2) If a task force is established under paragraph (1), the task force should report to Congress by February 15, 1986, on further steps that could be taken to provide food under such Act to such people.

(c)(1) Sections 207, 208, and 209 of the Agricultural Trade Development and Assistance Act of 1954 (as added by subsection (a)) shall apply with respect to agreements entered into after September 30, 1985.

(2) Section 210 of the Agricultural Trade Development and Assistance Act of 1954 (as added by subsection (a)) shall apply with respect to agreements entered into after December 31, 1985.

FOOD FOR DEVELOPMENT PROGRAM

SEC. 125. Section 302(c)(1)(C) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1727a(c)(1)(C)) is amended by striking out "15" and inserting in lieu thereof "10".

EXTENSION OF PROGRAM

SEC. 126. Section 409 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736c) is amended—

(1) by striking out "1985" in the first sentence and inserting in lieu thereof "1989"; and

(2) by striking out "Agriculture and Food Act of 1981" in the second sentence and inserting in lieu thereof "Agriculture, Food, Trade, and Conservation Act of 1985".

COMMODITY DONATIONS ABROAD

SEC. 127. (a) Subsection (b) of section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431(b)) is amended to read as follows:

"(b)(1) As used in this subsection, the term 'eligible commodities' means agricultural commodities and the products thereof acquired by the Commodity Credit Corporation through price support operations, that the Secretary determines meet the criteria specified in subsection (a).

"(2) The Secretary may furnish eligible commodities for carrying out title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.), as approved by the Secretary and for such purposes as are approved by the Secretary.

"(3)(A) Commodities may not be made available for disposition under this subsection in quantities that will reduce the quantities of commodities that traditionally are made available through donations to domestic feeding programs or agencies.

"(B) Subject to paragraph (9)(B)(v), sections 103(c) and 401(b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1703(c) and 1731(b)) shall apply with respect to commodities furnished under this subsection.

"(C) The requirement for safeguarding usual marketings of the United States shall not be used to prevent the furnishing under this subsection of any eligible commodity for use in countries that—

"(i) have not traditionally purchased the commodity from the United States; or

"(ii) do not have adequate financial resources to acquire the commodity from the United States through commercial sources or through concessional sales arrangements.

"(4) Section 203 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1723) shall apply to commodities furnished under this subsection.

"(5) Agreements may be entered into under this subsection to provide eligible commodities in installments over an extended period of time.

"(6) As soon as possible after the beginning of each fiscal year, the Secretary shall estimate and announce the types of eligible commodities, and the amounts thereof, that the Secretary anticipates will become available for distribution under this subsection during such fiscal year.

"(7) To the maximum extent practicable, expedited procedures shall be used in implementing this subsection.

"(8) The cost of commodities furnished under this subsection, and expenses incurred under section 203 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1723) in connection with such commodities, shall be in addition to the level of assistance programmed under such Act and may not be considered expenditures for international affairs and finance.

"(9)(A) Eligible commodities furnished under this subsection may be sold or bartered with the approval of the Secretary solely as follows:

"(i) Sales and barter that are incidental to the donation of the commodities.

"(ii) Sales and barter, the proceeds of which are used to finance the distribution, handling, and processing costs of the donated commodities in the importing country or other activities in the importing country that are consistent with providing food assistance to needy people.

"(iii) Sales and barter of commodities donated to intergovernmental organizations, insofar as they are consistent with normal programming procedures in the distribution of commodities by such organizations.

"(iv) Sales and barter of commodities used for payments pursuant to paragraph (4).

"(B)(i) If requested by a nonprofit voluntary agency or cooperative, an agreement with the agency or cooperative for commodities made available under this subsection may provide for the use by the agency or cooperative of foreign currency proceeds, generated from the sale of commodities made available under the agreement, for the purposes specified in clause (iii).

"(ii) The Secretary shall ensure, to the extent practicable, that such agreements provide, in the aggregate for each fiscal year, for the use of foreign currency proceeds under this subsection in an amount that is not less than 5 percent of the aggregate value of the eligible commodities furnished to such agencies and cooperatives under this subsection for such fiscal year.

"(iii)(I) Foreign currency generated under this subparagraph shall be used by a nonprofit voluntary agency or cooperative for activities carried out by the agency or cooperative that will enhance the effectiveness of the food assistance program being carried out pursuant to the agreement.

"(II) Such activities may include food for work programs, local program management, local agricultural and cooperative development projects, and outreach projects designed to provide food to people with the greatest nutritional need, if such activities are directly related to the food assistance program of the nonprofit voluntary agency or cooperative.

"(iv) All foreign currency proceeds generated pursuant to an agreement under this subparagraph shall be expended within 1 year after the end of the period of the agreement.

"(v) Section 103(c) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1703(c)) shall apply to sales of agricultural commodities made to generate foreign currencies under this subparagraph, unless the Secretary of Agriculture, in consultation with the Administrator of the Agency for International Development, waives the application of this subparagraph.

"(vi) Foreign currency proceeds generated under this subsection may not be used—

"(I) to defray personnel or administrative costs incurred by a United States cooperating sponsor, distributing agency, or recipient agency, other than a local cooperative;

"(II) to defray the costs of construction or maintenance of an edifice owned or operated by a church or any other edifice used for sectarian purposes; or

"(III) to replace resources otherwise available to a nonprofit voluntary agency or cooperative, as determined by the President.

"(10)(A) In carrying out this subsection, during each fiscal year, the Secretary shall furnish to nonprofit voluntary agencies, cooperatives, and the World Food Program, and in the case of the Food for Progress Program provided for in the Agriculture, Food, Trade, and Conservation Act of 1985, to foreign governments, for distribution in developing countries not less than 650,000 metric tons of eligible commodities that are available for distribution under this subsection, of which one-half the amount of eligible commodities required to be furnished shall be grains and cereals and of which not less than 150,000 metric tons shall be distributed under the Food for Progress Program.

"(B) Subparagraph (A) shall not apply in any fiscal year to the extent that the Secretary determines and reports to Congress (together with the reasons therefor) that—

"(i) there have not been sufficient requests made by nonprofit voluntary agencies, cooperatives, and the World Food Program for commodities under this subsection for uses that would effectively carry out the purposes of title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.); or

"(ii) a limitation in paragraph (3) prevents the use of commodities pursuant to this paragraph.

"(C) If the quantity of eligible commodities available for distribution under subparagraph (A) for a fiscal year is less than 400,000 metric tons, such subparagraph shall not require the Secretary to purchase additional commodities to satisfy such subparagraph.".

(b) Section 416(b)(9)(A) of the Agricultural Act of 1949 (as added by subsection (a)) shall become effective on October 1, 1985.

FOOD FOR PROGRESS

SEC. 128. (a) Section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) is amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding any other provision of law:

"(1)(A) In order to use the food resources of the United States more effectively in support of countries that have made commitments to introduce or expand free enterprise elements in their agricultural economies through changes in commodity pricing, marketing, input availability, distribution, and private sector involvement, commodities and the products thereof acquired by the Commodity Credit Corporation that the Secretary determines meet the criteria specified in subsection (a), may be furnished by the Secretary to carry out agreements entered into by the President under paragraph (2).

"(B) Not more than 500,000 metric tons of commodities may be furnished under this subsection in each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, and September 30, 1989.

"(C) The Commodity Credit Corporation may purchase agricultural commodities and the products thereof for use under this subsection if—

"(i) the Commodity Credit Corporation does not hold stocks of such commodities and the products thereof; or

"(ii) Commodity Credit Corporation stocks are insufficient to satisfy commitments made in agreements entered into under this subsection and such commodities and the products thereof are needed to fulfill such commitments.

"(D) No funds of the Commodity Credit Corporation in excess of $30,000,000 (exclusive of the cost of commodities) may be used to carry out this subsection unless authorized in advance in appropriation Acts.

"(2)(A)(i) The President may enter into agreements with developing countries to furnish commodities and the products thereof made available under paragraph (1) to such countries to promote the implementation of private, free enterprise agricultural policies for long-term agricultural development.

"(ii)(I) Such commodities shall be furnished under this subsection on such terms and conditions as the President considers are in the public interest and will promote the objectives of this subsection.

"(II) Agreements may provide for commodities to be furnished on a multiyear basis.

"(B) In determining whether to enter into agreements with countries for the furnishing of commodities under this subsection, the President shall consider whether a potential recipient country—

"(i) is carrying out, or is committed to carry out, policies that promote economic freedom, private, domestic production of food commodities for domestic consumption, and the creation and expansion of efficient domestic markets for the purchase and sale of such commodities, including policies that may provide for—

"(I) access, on the part of farmers in such country, to private, competitive markets for their products;

"(II) market pricing of commodities to foster adequate private sector incentives to individual farmers to produce food on a regular basis for the domestic needs of the country;

"(III) establishment of market-determined foreign exchange rates;

"(IV) timely availability of production inputs, such as seed, fertilizer, or pesticides, to farmers;

"(V) access to technologies appropriate to the level of agricultural development in the country; and

"(VI) construction of facilities and distribution systems necessary to handle perishable products; and

"(ii) is able to use the quantity of commodities being considered for donation without disruption of the internal market of the country for domestically produced agricultural commodities and the products thereof.

"(3) An agreement entered into under this subsection shall prohibit the resale or transshipment of the donated agricultural commodities to other countries.

"(4) In entering into agreements with countries for the donation of agricultural commodities and the products thereof under this subsection, the President shall take reasonable precautions to avoid displacement of any sales of United States agricultural commodities and the products thereof that would otherwise be made to such countries.

"(5)(A) Section 203 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1723) shall apply to agricultural commodities furnished under this subsection.

"(B) The cost of the commodities furnished under this subsection, and the expenses incurred in connection with furnishing such commodities, shall be in addition to the level of assistance programmed under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.) and may not be considered expenditures for international affairs and finance.

"(6)(A) The President shall carry out the duties imposed on the President under this subsection through the National Security Advisor in the Executive Office of the President.

"(B) The National Security Advisor, with the approval of the Secretary, may use personnel of the Department of Agriculture in carrying out this subsection.

"(7) Within 120 days after the close of each fiscal year in which an agreement entered into with a country under this subsection is in effect, the President shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the status of such agreement and the progress being made to implement private, free enterprise agricultural policies for long-term agricultural development in such country.".

(b) The amendment made by this section shall be effective during the period beginning October 1, 1985, and ending September 30, 1989.

SPECIAL ASSISTANT FOR AGRICULTURAL TRADE AND FOOD AID

SEC. 129. (a)(1) The President shall appoint, by and with the advice and consent of the Senate, a Special Assistant to the President for Agricultural Trade and Food Aid (hereafter in this section referred to as the "Special Assistant").

(2) The Special Assistant shall serve in the Executive Office of the President.

(3) As an exercise of the rulemaking power of the Senate, any nomination to the position of Special Assistant shall be—

(A) submitted to the Senate for confirmation; and

(B) referred to the Committee on Agriculture, Nutrition, and Forestry.

(4) The Special Assistant shall—

(A) serve at the pleasure of the President;

(B) be entitled to receive the same allowances as a chief of mission; and

(C) have the rank of Ambassador Extraordinary and Plenipotentiary.

(b) The Special Assistant shall—

(1) assist and advise the President in order to improve and enhance food assist-

ance programs carried out in the United States and foreign countries;

(2) coordinate and streamline the manner in which food assistance programs are carried out by the Department of Agriculture and the Agency for International Development, in order to improve their overall effectiveness;

(3) make recommendations to the President on measures to be taken to increase use of United States agricultural commodities and the products thereof through food assistance programs;

(4) advise the President on agricultural trade;

(5) serve as a member of the Development Coordination Committee;

(6) serve as Chairman of the Food Aid Subcommittee of such Committee; and

(7) issue to departments and agencies of the Federal Government policy guidelines on basic issues of food assistance policy, to the extent necessary to assure the coordination of food assistance programs, consistent with law, and with the advice of such Subcommittee.

(c) The Special Assistant may—

(1) solicit information and advice from private and governmental sources and recommend a plan to the President and Congress on measures that should be taken—

(A) to promote the export of United States agricultural commodities and the products thereof; and

(B) to expand export markets for United States agricultural commodities and the products thereof;

(2) develop and recommend to the President national agricultural policies to foster and promote the United States agricultural industry and to maintain and increase the strength of this vitally important sector of the United States economy; and

(3)(A) appraise the various programs and activities of the Federal Government, as they affect the United States agricultural industry, for the purpose of determining the extent to which such programs and activities are contributing or not contributing to such industry; and

(B) make recommendations to the President and Congress with respect to the effectiveness of such programs and activities in contributing to such industry.

(d) Section 5312 of title 5, United States Code, is amended by adding at the end thereof the following new item:

"Special Assistant for Agricultural Trade and Food Aid.".

Subtitle C—Export Transportation of Agricultural Commodities

FINDINGS AND DECLARATIONS

SEC. 131. (a) The Congress finds and declares—

(1) that a productive and healthy agricultural industry and a strong and active United States maritime industry are vitally important to the economic well-being and national security objectives of our Nation;

(2) that both industries must compete in international markets increasingly dominated by foreign trade barriers and the subsidization practices of foreign governments; and

(3) that increased agricultural exports and the utilization of United States merchant vessels contribute positively to the United States balance of trade and generate employment opportunities in the United States.

(b) It is therefore declared to be the purpose and policy of the Congress in this subtitle—

(1) to enable the Department of Agriculture to plan its export programs effectively, by clarifying the ocean transportation requirements applicable to such programs;

(2) to take immediate and positive steps to promote the growth of the cargo carrying capacity of the United States merchant marine;

(3) to expand international trade in United States agricultural commodities and products and to develop, maintain, and expand markets for United States agricultural exports;

(4) to improve the efficiency of administration of both the commodity purchasing and selling and the ocean transportation activities associated with export programs sponsored by the Department of Agriculture; and

(5) to stimulate and promote both the agricultural and maritime industries of the United States and encourage cooperative efforts by both industries to address their common problems.

EXEMPTION OF CERTAIN AGRICULTURAL EXPORTS FROM THE REQUIREMENTS OF THE CARGO PREFERENCE LAWS

SEC. 132. The requirements of section 901(b)(1) of the Merchant Marine Act, 1936 (46 U.S.C. 1241(b)(1)), and the Joint Resolution of March 26, 1934 (46 U.S.C. 1241-1), shall not apply to any export activities of the Secretary of Agriculture or the Commodity Credit Corporation—

(1) under which agricultural commodities or the products thereof acquired by the Commodity Credit Corporation are made available to United States exporters, users, processors, or foreign purchasers for the purpose of developing, maintaining, or expanding export markets for United States agricultural commodities or the products thereof at prevailing world market prices;

(2) under which payments are made available to United States exporters, users, or processors or, except as provided in section 133(b)(6), cash grants are made available to foreign purchasers, for the purpose described in clause (1);

(3) under which commercial credit guarantees are blended with direct credits from the Commodity Credit Corporation to reduce the effective rate of interest on export sales of United States agricultural commodities or the products thereof;

(4) under which credit or credit guarantees for not to exceed 3 years are extended by the Commodity Credit Corporation to finance or guarantee export sales of United States agricultural commodities or the products thereof; or

(5) under which agricultural commodities or the products thereof owned or controlled by or under loan from the Commodity Credit Corporation are exchanged or bartered for materials, goods, equipment, or services, but only if such materials, goods, equipment, or services are of a value at least equivalent to the value of the agricultural commodities or products exchanged or bartered therefor (determined on the basis of prevailing world market prices at the time of the exchange or barter), but nothing in this subsection shall be construed to exempt from the cargo preference provisions referred to in section 132 any requirement otherwise applicable to the materials, goods, equipment, or services imported under any such transaction.

SHIPMENT REQUIREMENTS FOR CERTAIN EXPORTS SPONSORED BY THE DEPARTMENT OF AGRICULTURE

SEC. 133. (a)(1) In addition to the requirement for United States-flag carriage of a percentage of gross tonnage imposed by section 901(b)(1) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1241(b)(1)), 25 percent of the gross tonnage of agricultural commodities or the products thereof shipped under the agricultural export programs subject to such section and specified in subsection (b) shall be transported on United States-flag commercial vessels.

(2) In order to achieve an orderly and efficient implementation of the requirement of paragraph (1)—

(A) an additional quantity equal to 10 percent of the gross tonnage referred to in paragraph (1) shall be transported in United States-flag vessels in calendar year 1986;

(B) an additional quantity equal to 20 percent of the gross tonnage shall be transported in such vessels in calendar year 1987; and

(C) an additional quantity equal to 25 percent of the gross tonnage shall be transported in such vessels in calendar year 1988 and in each calendar year thereafter.

(3) In implementing the requirements of paragraph (1), the Secretary of Transportation shall give due consideration to the availability of United States-flag vessels to transport the commodities referred to in such paragraph.

(b) This section shall apply to any export activity of the Commodity Credit Corporation or the Secretary of Agriculture—

(1) carried out under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.);

(2) carried out under section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431);

(3) carried out under the Food Security Wheat Reserve Act of 1980 (7 U.S.C. 1736f-1);

(4) under which agricultural commodities or the products thereof are—

(A) donated through foreign governments or agencies, private or public, including intergovernmental organizations; or

(B) sold for foreign currencies or for dollars on credit terms of more than ten years;

(5) under which agricultural commodities or the products thereof are made available for emergency food relief at less than prevailing world market prices;

(6) under which cash grants are made available to foreign purchasers for the purpose of enabling such purchasers to acquire United States agricultural commodities or the products thereof if the cash grants are in amounts that result in the purchaser (after receipt of such grants) paying less than the prevailing world market price for such commodities; or

(7) under which agricultural commodities owned or controlled by or under loan from the Commodity Credit Corporation are exchanged or bartered for materials, goods, equipment, or services produced in foreign countries, other than export activities described in section 132(5).

(c)(1) The requirement for United States-flag transportation imposed by subsection (a) shall be subject to the same terms and conditions as provided in section 901(b) of the Merchant Marine Act, 1936 (46 U.S.C. 1241(b)).

(2)(A) In order to carry out effectively the requirements of this subtitle, the Secretary of Transportation shall, to the maximum extent practicable within the requirements of this section and section 901(b) of the Merchant Marine Act, 1936, administer this subtitle and section 901(b) of the Merchant Marine Act, 1936, in a flexible manner, giving due consideration to historical trading patterns and to divisions in United States international shipping trades between bulk and liner service to particular geographic areas.

(B) The Secretary of Transportation shall also administer this subtitle and section 901(b) of the Merchant Marine Act, 1936, in a manner which preserves to the greatest extent practicable the mean historical port range share of cargoes subject to United States-flag transportation requirements under this section exported from the Atlantic, Gulf, Pacific, and Great Lakes port ranges. In addition, the Secretary of Transportation, in administering this subsection and section 901(b) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1241(b)), and consistent with such subtitle and section, shall take such steps as may be necessary and practicable to preserve during calendar years 1986, 1987, 1988, and 1989 the percentage share, or metric tonnage of bagged, processed, or fortified commodities, whichever is lower, experienced in calendar year 1984 as determined by the Secretary of Agriculture, of waterborne cargoes exported from Great Lake ports pursuant to title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.).

(d) As used in subsection (b), the term "export activity" shall not include inspection or weighing activities, other activities carried out for health or safety purposes, or technical assistance provided in the handling of commercial transactions.

(e)(1) The prevailing world market price as to agricultural commodities or the products thereof shall be determined under this subtitle in accordance with procedures established by the Secretary of Agriculture. The Secretary shall prescribe such procedures by regulation, with notice and opportunity for public comment, pursuant to section 553 of title 5, United States Code.

(2) In the event that a determination of the prevailing world market price of any other type of materials, goods, equipment, or service is required in order to determine whether a barter or exchange transaction is subject to subsection (b)(6) or (b)(7), such determination shall be made by the Secretary of Agriculture in consultation with the heads of other appropriate Federal agencies.

MINIMUM TONNAGE

SEC. 134. (a)(1) For fiscal year 1986 and each fiscal year thereafter, the minimum quantity of agricultural commodities that may be exported under programs subject to section 133 shall be the average of the tonnage exported under such programs during the base period defined in subsection (b), discarding the high and low years.

(2) The President may waive the minimum quantity for any fiscal year required under paragraph (1) if he determines and reports to the Congress, together with his reasons, that such quantity cannot be effectively used for the purposes of such programs or, based on a certification by the Secretary of Agriculture, that the commodities are not available for reasons which include the unavailability of funds.

(b) The base period utilized for computing the minimum tonnage quantity referred to in subsection (a) for any fiscal year shall be the five fiscal years beginning with the sixth fiscal year preceding such fiscal year and ending with the second fiscal year preceding such fiscal year.

FINANCING OF SHIPMENT OF AGRICULTURAL COMMODITIES IN UNITED STATES-FLAG VESSELS

SEC. 135. (a) The Secretary of Transportation shall finance any increased ocean freight charges incurred in any fiscal year which result from the application of section 133(a). The amount to be financed by the Secretary shall be an amount of the total freight charges incurred from the application of such section in such fiscal year equal to a fraction of the total ocean freight differential incurred in connection with the export activities specified in such section in such fiscal year, the numerator of such fraction to be equal to the percentage in excess of 50 of the tonnage of agricultural commodities or the products thereof that are shipped on United States-flag vessels, and the denominator of such fraction to be equal to the total percentage of such tonnage so shipped.

(b)(1) If in any fiscal year the total cost of ocean freight and ocean freight differential for which obligations are incurred by the Department of Agriculture and the Commodity Credit Corporation on exports of agricultural commodities and products thereof under the agricultural export programs specified in section 133(b) exceeds 20 percent of the value of such commodities and products and the cost of such ocean freight and ocean freight differential on which obligations are incurred by such Department and Corporation during such year, the Secretary of Transportation shall reimburse the Department of Agriculture and the Commodity Credit Corporation for the amount of such excess. For the purpose of this subsection, commodities shipped from the inventory of the Commodity Credit Corporation shall be valued as provided in section 403(b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1733(b)).

(2)(A) The National Advisory Commission on Agricultural Export Transportation Policy established under section 136 shall include in its final report to the President and the Congress recommendations for any changes in the provisions of paragraph (1) that would help assure that the cost of ocean freight and ocean freight differential incurred by the Department of Agriculture and the Commodity Credit Corporation on the agricultural export programs specified in section 133(b), is not increased above historical levels as a result of the extra demand for United States-flag vessels caused by this subtitle.

(B) After taking into consideration the recommendations of the Commission referred to in subparagraph (A), the President may, by proclamation, provide requirements for the assumption by the Department of Transportation of a portion of the cost of ocean freight and ocean freight differential that would otherwise be incurred by the Department of Agriculture and the Commodity Credit Corporation on a different basis than that set forth in paragraph (1) in order to accomplish the objectives of subparagraph (A). The provisions of paragraph (1) shall be inapplicable on and after the effective date of the proclamation.

(c) For the purpose of meeting those expenses required to be assumed under subsections (a) and (b), the Secretary of Transportation shall issue to the Secretary of the Treasury such obligations in such forms and denominations, bearing such maturities and subject to such terms and conditions, as may be prescribed by the Secretary of Transportation with the approval of the Secretary of the Treasury. Such obligations shall be at a rate of interest as determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding marketable obligations of the United States with remaining periods of maturity comparable to the average maturities of such obligations during the month preceding the issuance of such obligations of the Secretary of Transportation. The Secretary of the Treasury shall purchase any obligations of the Secretary of Transportation issued under this subsection and, for the purpose of purchasing such obligations, the Secretary of the Treasury may use as a public debt transaction the proceeds from the sale of any securities issued under chapter 31 of title 31, United States Code, after the date of the enactment of this Act and the purposes for which securities may be issued under such chapter are extended to include any purchases of the obligations of the Secretary of Transportation under this subsection. All redemptions and purchases by the Secretary of the Treasury of the obligations of the Secretary of Transportation shall be treated as public-debt transactions of the United States.

(d) There is authorized to be appropriated annually for each fiscal year, commencing with the fiscal year beginning October 1, 1986, an amount sufficient to reimburse the Secretary of Transportation for the costs, including administrative expenses and the principal and interest due on the obligations to the Secretary of the Treasury incurred under this section. Reimbursement of any such costs shall be made with appropriated funds, as provided in this section, rather than through cancellation of notes.

(e) Notwithstanding the provisions of this section, in the event that the Secretary of Transportation is unable to obtain the funds necessary to finance the increased ocean freight charges resulting from the requirements of subsections (a) and (b) and section 133(a), the Secretary of Transportation shall so notify the Congress within 10 working days of the discovery of such insufficiency.

NATIONAL ADVISORY COMMISSION ON AGRICULTURAL EXPORT TRANSPORTATION POLICY

SEC. 136. (a) There is hereby established an advisory commission to be known as the National Advisory Commission on Agricultural Export Transportation Policy (hereafter in this subtitle referred to as the "Commission").

(b)(1) The Commission shall be composed of 16 members.

(2) Eight members of the Commission shall be appointed by the President.

(3) The chairman and ranking minority members of the Senate Committee on Agriculture, Nutrition, and Forestry, of the Subcommittee on Merchant Marine of the Senate Committee on Commerce, Science, and Transportation, of the House Committee on Agriculture, and of the House Committee on Merchant Marine and Fisheries shall serve as members of the Commission.

(4)(A) Four of the members appointed by the President shall be representatives of agricultural producers, cooperatives, merchandisers, and processors of agricultural commodities.

(B) The remaining four members appointed by the President shall be representatives of the United States-flag maritime industry, two of whom shall represent labor and two of whom shall represent management.

(c)(1) The members of the Commission shall elect a Chairman from among its members.

(2) Any vacancy in the Commission shall not affect its powers but shall be filled in the same manner in which the original appointment was made.

DUTIES OF THE COMMISSION

SEC. 137. (a) It shall be the duty of the Commission to conduct a comprehensive study and review of the ocean transportation of agricultural exports subject to the

cargo preference laws referred to in section 132 and to make recommendations to the President and the Congress for improving the efficiency of such transportation on United States-flag vessels in order to reduce the costs incurred by the United States in connection with such transportation. In carrying out such study and review, the Commission shall consider the extent to which any unfair or discriminatory practices of foreign governments increase the cost to the United States of transporting agricultural commodities subject to such cargo preference laws.

(b)(1) The Commission shall submit an interim report to the President and the Congress not later than one year after the date of the enactment of this subtitle and such other interim reports as the Commission considers advisable.

(2) The Commission shall submit a final report containing its findings and recommendations to the President and the Congress not later than two years after the date of the enactment of this subtitle.

(3) Sixty days after the submission of the final report, the Commission shall cease to exist.

(c) The Commission shall include in its reports submitted pursuant to subsection (b) recommendations concerning the feasibility and desirability of achieving the following goals with respect to the ocean transportation of agricultural commodities subject to the cargo preference laws referred to in section 132:

(1) Ensuring that the timing of commodity purchase agreements entered into by the United States in connection with the export of such commodities, and the methods of implementing such agreements, are such as to minimize cost to the United States.

(2) Ensuring that shipments of such commodities are made on the most modern and efficient United States-flag vessels available.

(3) Ensuring that shipments of such commodities are made under the most advantageous terms available, including—

(A) charters for full shiploads;

(B) charters for intermediate or long term;

(C) charters for consecutive voyages and contracts of affreightment; and

(D) adjustment of rates in the event that vessels used for shipments of such commodities also carry cargoes on return voyages.

(4) Reduction and elimination of impediments, including delays in port, to the efficient loading and operation of the vessels employed for shipment of such commodities.

(5) Utilization of open and competitive bidding for the ocean transportation of such commodities.

INFORMATION AND ASSISTANCE TO BE FURNISHED TO THE COMMISSION

SEC. 138. (a) Each department, agency, and instrumentality of the United States, including independent agencies, shall furnish to the Commission, upon request made by the Chairman, such statistical data, reports, and other information as the Commission considers necessary to carry out its functions under this subtitle.

(b) The Secretary of Agriculture and the Secretary of Transportation shall make available to the Commission such staff, personnel, and administrative services as may reasonably be required to carry out the Commission's duties.

COMPENSATION AND TRAVEL AND SUBSISTENCE EXPENSES OF COMMISSION MEMBERS

SEC. 139. Members of the Commission shall serve without compensation in addition to compensation they may otherwise be entitled to receive as employees of the United States or as Members of Congress, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of duties vested in the Commission.

AUTHORIZATION OF APPROPRIATIONS

SEC. 140. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this subtitle.

TERMINATION OF SUBTITLE

SEC. 141. The operation of this subtitle shall terminate 90 days after the date on which a notification is made pursuant to section 135(e), except with respect to shipments of agricultural commodities and products subject to contracts entered into before the expiration of such 90-day period, unless within such 90-day period the Secretary of Transportation proclaims that funds are available to finance increased freight charges resulting from the requirements of sections 133(a) and 135 (a) and (b).

EFFECT ON OTHER LAWS

SEC. 142. This Act shall not be construed as modifying in any manner the provisions of section 4(b)(8) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)(8)) or chapter 5 of title 5, United States Code.

AVAILABILITY OF VESSELS

SEC. 143. Section 901 of the Merchant Marine Act, 1936 (46 U.S.C. 1241) is amended by inserting the following after the first sentence in subsection (b): "No United States-flag commercial vessel shall be deemed to be available for the transportation of cargoes subject to section 901 of the Merchant Marine Act, 1936 (46 U.S.C. 1241) and the joint resolution of March 26, 1934 (48 Stat. 500; 46 U.S.C. 1241-1) unless such vessel has been certified by the Secretary of the Navy, upon the recommendation of the Chief of Naval Operations, as being necessary to carry out the defense of the United States and its allies.".

TITLE II—DAIRY

FEDERAL MILK MARKETING ORDERS

SEC. 201. Section 101(b) of the Agriculture and Food Act of 1981 (Public Law 97-98; 7 U.S.C. 608c note) is amended by striking out "1985" and inserting in lieu thereof "1989".

LEGAL STATUS OF PRODUCER HANDLERS

SEC. 202. The legal status of producer handlers of milk under the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 601 et seq.), shall be the same subsequent to the adoption of the amendment made by section 201 as it was prior thereto.

MILK PRICE SUPPORT

SEC. 203. Subsection (d) of section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446(d)) is amended to read as follows:

"(d) Notwithstanding any other provision of law:

"(1) Effective for the period beginning on October 1, 1985, and ending on September 30, 1989, the price of milk shall be supported at a rate equivalent to $11.60 per hundredweight for milk containing 3.67 percent milkfat, except that—

"(A) on January 1, 1987, if the Secretary estimates that for the 12-month period beginning on such date net price support purchases of milk or the products of milk would be in excess of 5 billion pounds milk equivalent, the Secretary shall reduce the price support rate in effect on such date by 50 cents per hundredweight; and

"(B) on January 1, 1988, and January 1, 1989, if the Secretary estimates that for the 12-month period beginning on such date net price support purchases of milk or the products of milk would be (in milk equivalent)—

"(i) 10 billion pounds or more, the Secretary shall reduce the price support rate in effect on such date by $1.00 per hundredweight, except that the Secretary may decrease the amount of such adjustment to reflect changes in a cost of production index established by the Secretary;

"(ii) 5 billion pounds or more but less than 10 billion pounds, the Secretary shall reduce the price support rate in effect on such date by 50 cents per hundredweight, except that the Secretary may decrease the amount of such adjustment in accordance with such index;

"(iii) 2 billion pounds or more but less than 5 billion pounds, the Secretary may not adjust the price support rate in effect on such date; or

"(iv) less than 2 billion pounds, the Secretary may increase the price support rate in effect on such date by not less than 50 cents per hundredweight, except that the Secretary may increase the amount of such adjustment in accordance with such index.

"(2) The price of milk shall be supported through the purchase of milk and the products of milk.".

TRANSFER OF DAIRY PRODUCTS TO VETERANS HOSPITALS AND THE MILITARY

SEC. 204. Section 202 of the Agricultural Act of 1949 (7 U.S.C. 1446a) is amended by striking out "1985" each place it appears in subsections (a) and (b) and inserting in lieu thereof "1989".

DAIRY INDEMNITY PROGRAM

SEC. 205. Section 3 of the Act entitled "An Act to provide indemnity payments to dairy farmers", approved August 13, 1968 (7 U.S.C. 450l), is amended by striking out "1985" and inserting in lieu thereof "1989".

STUDY OF MILK DIFFERENTIALS

SEC. 206. (a) The Secretary of Agriculture shall conduct a study of the differentials used to adjust the minimum price for milk classified as class I milk under section 8c(5)(A) of the Agricultural Adjustment Act, as amended and reenacted by the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. 608c(5)(A)), with particular emphasis on the differentials used for the locations at which delivery of such milk is made to handlers.

(b) Not later than 1 year after the date of enactment of this Act, the Secretary shall report the results of the study required under subsection (a), together with any recommendations for necessary legislation, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

STUDY OF MILK PRICE SUPPORT PAYMENT LIMITATION

SEC. 207. (a) The Secretary of Agriculture shall conduct a study of the feasibility and desirability of limiting the total amount of payments that a person shall be entitled to receive under an annual program established under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) for milk to $50,000.

(b) Not later than 1 year after the date of enactment of this Act, the Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the results of the study required under subsection (a), together with any recommendations for appropriate legislation or regulations.

ACCURATE INGREDIENT DISCLOSURE ON LABEL

SEC. 208. It is the sense of the Senate that the Secretary of Agriculture shall promulgate standards requiring the accurate disclosure on the label of food products under the jurisdiction of the Department which accurately describes each ingredient in the product based on actual ingredient composition and shall require prominent disclosure of the presence of imitation dairy products.

AVOIDANCE OF ADVERSE IMPACT OF MILK PROGRAM ON BEEF AND PORK PRODUCERS

SEC. 209. The Secretary shall take into account any adverse impact of the reductions in milk production on beef and pork producers in the United States and shall take all feasible steps to prevent such impact.

CHARGES OR ASSESSMENTS TO REDUCE MILK PRODUCTION

SEC. 210. It is the sense of the Senate that no charge or assessment that is intended primarily to encourage reductions by producers in total milk production should be imposed on, or collected from, producers of milk.

ADJUSTMENT OF CLASS I MILK DIFFERENTIALS

SEC. 211. It is the sense of the Senate that any adjustment under section 8c(5)(A) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)(A)) to the price received for class I milk produced under milk marketing orders issued under section 8c of such Act be made only through regulations issued by the Secretary of Agriculture.

TITLE III—WOOL AND MOHAIR

WOOL PRICE SUPPORT PROGRAM

SEC. 301. Section 703 of the National Wool Act of 1954 (7 U.S.C. 1782) is amended—

(1) by striking out "1985" each place it appears in subsections (a) and (b) and inserting in lieu thereof "1989"; and

(2) by adding at the end thereof the following new subsection:

"(f)(1) The total amount of payments that a person shall be entitled to receive under this section for any marketing year may not exceed $50,000.

"(2)(A) The Secretary shall issue regulations—

"(i) defining the term 'person'; and

"(ii) prescribing such rules as the Secretary determines necessary to assure a fair and reasonable application of the limitation established under this subsection.

"(B) The regulations issued by the Secretary on December 18, 1970, under section 101 of the Agricultural Act of 1970 (7 U.S.C. 1307) shall be used to establish the percentage ownership of a corporation by the stockholders of such corporation for the purpose of determining whether such corporation and stockholders are separate persons under this subsection.".

PROMOTION OF SALE OF WOOL, SHEEP, MOHAIR, AND GOATS OUTSIDE THE UNITED STATES

SEC. 302. The second sentence of section 708 of the National Wool Act of 1954 (7 U.S.C. 1787) is amended by striking out "mohair or goats or the products thereof" and inserting in lieu thereof "wool, sheep, mohair, or goats, or the products thereof,".

TITLE IV—WHEAT

MARKETING QUOTAS

SEC. 401. Effective only for the 1987 through 1989 crops of wheat, section 332 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1332) is amended to read as follows:

"PROCLAMATION OF MARKETING QUOTAS

"SEC. 332. (a) As used in sections 332 through 338:

"(1) The term 'base period' means the 1981 through 1985 crop years for wheat.

"(2) The term 'marketing quota period' means the 1987 through 1989 marketing years for wheat.

"(b)(1) Not later than April 1, 1986, the Secretary shall conduct a poll, by mail ballot, of eligible producers to determine whether such producers favor—

"(A) the proclamation of national marketing quotas for wheat for the marketing quota period; and

"(B) the conduct of a marketing quota referendum for such period.

"(2) Any producer who produced wheat on a farm during at least one of the crop years of the base period shall be eligible to vote in such poll.

"(3) Not later than 60 days after the conduct of such poll, the Secretary shall proclaim the results of such poll.

"(c)(1) If more than 50 percent of the eligible producers responding to such poll favor the proclamation of such quotas and the conduct of such referendum, the Secretary shall—

"(A) proclaim national marketing quotas for wheat for each marketing year of the marketing quota period not later than June 15 of the calendar year preceding such period; and

"(B) conduct, by mail ballot, such referendum not later than August 1 of the calendar year preceding such period.

"(2) The quantity of the national marketing quota for wheat for any marketing year shall be a quantity of wheat that the Secretary estimates is required to meet anticipated needs during such marketing year, taking into consideration domestic requirements, export demand, emergency food aid needs, and adequate carryover stocks.

"(d) If, after the proclamation of a national marketing quota for wheat for any marketing year, the Secretary determines that the national marketing quota should be terminated or adjusted to meet a national emergency or a material change in the demand for wheat, the Secretary shall adjust or terminate the national marketing quota.".

MARKETING QUOTA APPORTIONMENT FACTOR

SEC. 402. Effective only for the 1987 through 1989 crops of wheat, section 333 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1333) is amended to read as follows:

"MARKETING QUOTA APPORTIONMENT FACTOR

"SEC. 333. (a) The Secretary shall establish a marketing quota apportionment factor for each crop of wheat for which a national marketing quota is proclaimed under section 332.

"(b) The apportionment factor shall be determined by dividing—

"(1) the national marketing quota for such crop of wheat; by

"(2) the average number of bushels of wheat the Secretary determines was produced in the United States during the base period, adjusted to reflect the quantity of wheat that would have been produced during such years except for—

"(A) drought, flood, or other natural disaster, or other conditions beyond the control of producers; and

"(B) participation in any acreage reduction, set-aside, or diversion programs for wheat during such crop years, as determined by the Secretary.".

FARM MARKETING QUOTAS

SEC. 403. Effective only for the 1987 through 1989 crops of wheat, section 334 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1334) is amended to read as follows:

"FARM MARKETING QUOTAS

"SEC. 334. (a) For each crop of wheat for which a national marketing quota has been proclaimed under section 332, the Secretary shall establish a farm marketing quota for each farm on which wheat was planted for harvest, or considered planted for harvest, during the base period.

"(b) The farm marketing quota shall be equal to the product obtained by multiplying—

"(1) the average number of acres of wheat planted for harvest, or considered planted for harvest, on the farm during the base period; by

"(2) the average yield of wheat planted for harvest, or considered planted for harvest, on the farm during such base period, as determined by the Secretary on such basis as the Secretary determines will provide a fair and equitable yield; by

"(3) the marketing quota apportionment factor.

"(c) For purposes of this section, wheat shall be considered to have been planted for harvest on the farm in any crop year to the extent that the Secretary determines that wheat was not planted for harvest on the farm because—

"(1) of drought, flood, or other natural disaster, or other condition beyond the control of the producer, as determined by the Secretary; or

"(2) the producer on the farm participated in any acreage reduction, set-aside, or diversion program for wheat during such crop years.

"(d) Farm marketing quotas shall be established by the Secretary under this section by July 15 of the calendar year preceding each marketing year for which a national marketing quota has been proclaimed under section 332.".

MARKETING PENALTIES

SEC. 404. Effective only for the 1987 through 1989 crops of wheat, section 335 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1335) is amended to read as follows:

"MARKETING PENALTIES

"SEC. 335. (a) The marketing of wheat produced on a farm in excess of a farm marketing quota shall be subject to a penalty at a rate per bushel equal to 75 percent of the national average market price for wheat during the immediately preceding marketing year.

"(b) The penalty provided for in subsection (a) shall be paid—

"(1) in the case of wheat marketed by sale to a person within the United States, by the person who acquired the wheat from the producer, except that an amount equivalent to the penalty may be deducted by the buyer from the price paid to the producer;

"(2) in the case of wheat marketed through a warehouseman or agent, by the warehouseman or agent, who may deduct an amount equivalent to the penalty from the price paid to the producer; or

"(3) in the case of wheat marketed directly to any person outside the United States, by the producer.

"(c) If any producer falsely identifies, or fails to certify, the acreage planted to wheat for harvest or fails to account for the disposition of any wheat produced on such planted acreage in accordance with regulations issued by the Secretary—

"(1) a quantity of wheat equal to the product obtained by multiplying—

"(A) the farm program yield, as determined by the Secretary under section 107D(e) of the Agricultural Act of 1949; by

"(B) the planted acreage,

shall be deemed to have been marketed in excess of the farm marketing quota; and

"(2) the penalty provided for in subsection (a) on such quantity of wheat shall be paid by the producer.

"(d) Each producer having an interest in the crop of wheat on any farm for which a penalty is determined shall be jointly and severally liable for the entire amount of the penalty.

"(e) Wheat subject to a farm marketing quota may be carried over by the producer from one marketing year to the succeeding marketing year, and may be marketed without incurring a penalty under this section in the succeeding marketing year, to the extent that—

"(1) the total quantity of wheat available for marketing from the farm in the marketing year from which the wheat is carried over does not exceed the farm marketing quota; or

"(2) the total quantity of wheat available for marketing in the succeeding marketing year (including any quantity of wheat carried over) does not exceed the farm marketing quota for the succeeding marketing year.

"(f) Wheat produced in a calendar year in which marketing quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though it is marketed prior to the date on which such marketing year begins.

"(g)(1) The Secretary shall require collection of the penalty provided for in this section on a proportion of each unit of wheat marketed from the farm equal to the proportion that the wheat available for marketing from the farm in excess of the farm marketing quota is of the total quantity of wheat available for marketing from the farm, if satisfactory proof is not furnished to the Secretary as to the disposition to be made of the excess wheat, in accordance with regulations issued by the Secretary, prior to the marketing of any wheat from the farm.

"(2) All funds collected under this section during a marketing year shall be deposited in a special account established in the Treasury of the United States until the end of the next succeeding marketing year.

"(3) On certification of the Secretary, there shall be paid out of such special account to a person designated by the Secretary the amount by which the penalty collected exceeds that amount of penalty due on wheat marketed in excess of the farm marketing quota for a farm.

"(4) Such special account shall be administered by the Secretary.

"(5) The basis for, the amount of, and the person entitled to receive a payment from such account, when determined in accordance with regulations prescribed by the Secretary, shall be final and conclusive.

"(h) Until the amount of the penalty provided by this section is paid, a lien on—

"(1) the wheat with respect to which such penalty is incurred; and

"(2) any subsequent wheat subject to marketing quotas in which the person liable for the payment of such penalty has an interest,

shall be in effect in favor of the United States for the amount of the penalty.

"(i) A person liable for the payment or collection of a penalty on any quantity of wheat shall be liable also for interest thereon from the date the penalty becomes due until the date of payment of such penalty at a rate per annum equal to the rate of interest that was charged the Commodity Credit Corporation by the Treasurer of the United States on the date such penalty became due.

"(j)(1) If marketing quotas for wheat are not in effect for any marketing year, all previous marketing quotas applicable to wheat shall be terminated, effective as of the first day of such marketing year.

"(2) Such termination shall not—

"(A) abate any penalty previously incurred by a producer; or

"(B) relieve any buyer of the duty to remit penalties previously collected.".

REFERENDUM

SEC. 405. Effective only for the 1987 through 1989 crops of wheat, section 336 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1336) is amended to read as follows:

"REFERENDUM

"SEC. 336. (a) If a national marketing quota for wheat for the marketing quota period is proclaimed, not later than August 1 of the calendar year preceding such period, the Secretary shall conduct, by mail ballot, a referendum of eligible producers to determine whether they favor or oppose marketing quotas for such period.

"(b) Any producer who produced wheat on a farm during at least one of the crop years of the base period shall be eligible to vote in the referendum.

"(c) Not later than 30 days after the conduct of such referendum, the Secretary shall proclaim the results of such referendum.

"(d) If the Secretary determines that 60 percent or more of the producers voting in the referendum approve marketing quotas, the Secretary shall proclaim that marketing quotas will be in effect for the marketing quota period.".

TRANSFER OF FARM MARKETING QUOTAS

SEC. 406. Effective only for the 1987 through 1989 crops of wheat, section 338 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1338) is amended to read as follows:

"TRANSFER OF FARM MARKETING QUOTAS

"SEC. 338. (a) Except as provided in subsection (b), farm marketing quotas shall not be transferable.

"(b) In accordance with regulations prescribed by the Secretary for such purpose—

"(1) the farm marketing quota for a farm for any marketing year, or any portion thereof, may be voluntarily surrendered to the Secretary by the producer; and

"(2) the Secretary may reallocate any farm marketing quotas so surrendered to other farms having farm marketing quotas on such basis as the Secretary may determine.".

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, WHEAT ACREAGE REDUCTION PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF WHEAT

SEC. 407. Effective only for the 1986 through 1989 crops of wheat, the Agricultural Act of 1949 is amended by inserting after section 107C (7 U.S.C. 1445b-2) the following new section:

"SEC. 107D. Notwithstanding any other provision of law:

"(a)(1) Except as provided in paragraphs (2) and (3), the Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of wheat at such level as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat.

"(2) For any crop of wheat for which marketing quotas are in effect, the loan and purchase level determined under paragraph (1) shall not be less than the higher of—

"(A) 75 percent of the national average cost of production per bushel of wheat, as determined by the Secretary, taking into consideration variable expenses, general farm overhead, taxes, insurance, interest, and capital replacement costs (but excluding residual returns for management and risk); or

"(B) $3.55 per bushel.

"(3)(A) Except as provided in subparagraph (B), for any crop of wheat for which marketing quotas are not in effect, the loan and purchase level determined under paragraph (1) shall—

"(i) in the case of the 1986 crop of wheat, not be less than $3.00 per bushel; and

"(ii) in the case of each of the 1987 through 1989 crops of wheat, not be less than 75 percent, nor more than 85 percent, of the simple average price received by producers of wheat, as determined by the Secretary, during the immediately preceding 5 marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, except that the loan and purchase level for a crop determined under this clause may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(B)(i) Except as provided in clause (ii), if the Secretary determines that the average price of wheat received by producers in any marketing year is not more than 110 percent of the loan and purchase level for wheat for such marketing year, the Secretary may reduce the loan and purchase level for wheat for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain.

"(ii) The loan and purchase level may not be reduced under clause (i) by more than 20 percent in any year.

"(iii) Any reduction in the loan and purchase level for wheat under this subparagraph shall not be considered in determining the loan and purchase level for wheat for subsequent years.

"(4)(A) The Secretary shall permit a producer to repay a loan made under paragraph (1) for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the higher of—

"(I) 70 percent of such level;

"(II) if the loan level for a crop was reduced under paragraph (3)(B), 70 percent of the loan level that would have been in effect but for the reduction under paragraph (3)(B); or

"(III) the prevailing world market price for wheat, as determined by the Secretary.

"(B) The Secretary shall prescribe by regulation—

"(i) a formula to define the prevailing world market price for wheat; and

"(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for wheat.

"(5) For purposes of this section, the average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of wheat, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forgo obtaining such loan or agreement in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying—

"(i) the loan payment rate; by

"(ii) the quantity of wheat the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of wheat eligible to be placed under loan may not exceed the product obtained by multiplying—

"(i) the individual farm program acreage for the crop; by

'evel at which a loan may be repaid under subsection (a)(4).

"(c)(1)(A) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of wheat in an amount computed as provided in this subsection.

"(B) Payments for any such crop of wheat shall be computed by multiplying—

"(i) the payment rate; by

"(ii) the individual farm program acreage for the crop; by

"(iii) the farm program payment yield for the crop.

"(C) Payments for any such crop for which marketing quotas are in effect shall not exceed an amount equal to the payment rate multiplied by the farm marketing quota.

"(D)(i) Except as provided in clauses (ii) and (iii), if the producers on a farm reduce the acreage of wheat planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant wheat or a nonprogram crop for harvest on at least 50 percent of the wheat acreage base of the farm (reduced by the percentage recommended by the Secretary)—

"(I) any portion of the wheat acreage base of the farm determined in accordance with subsection (f)(2)(C) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the wheat acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to wheat.

"(ii) If an acreage limitation program under subsection (f)(2) is in effect for a crop of wheat and the producers on a farm actually plant wheat or a nonprogram crop for harvest on at least 50 percent of the permitted wheat acreage of the farm (determined in accordance with subsection (f)(2)(A))—

"(I) any portion of the permitted wheat acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the wheat acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to wheat.

"(iii) Notwithstanding any other provision of this subparagraph, this subparagraph shall not apply in the case of producers who reduce by more than 20 percent the acreage planted to wheat on the farm for harvest from the acreage base under an acreage limitation program described in subsection (f)(2).

"(E) The payment rate for wheat shall be the amount by which the established price for the crop of wheat exceeds the higher of—

"(i) the lower of—

"(I) the national weighted average market price received by producers during the marketing year for such crop, as determined by the Secretary; or

"(II) $2.55 per bushel in the case of the 1986 crop of wheat; $2.65 per bushel in the case of the 1987 crop of wheat; and $2.82 per bushel in the case of the 1988 crop of wheat; or

"(ii) the loan level determined for such crop.

"(F) For any crop of wheat for which marketing quotas are in effect, the established price shall not be less than the higher of—

"(i) the national average cost of production per bushel of wheat, as determined by the Secretary under subsection (a)(2); or

"(ii) $4.65 per bushel.

"(G)(i)(I) For any of the 1986 through 1988 crops of wheat for which marketing quotas are not in effect except as provided in subclauses (II) and (III), the established price applicable to the producers shall not be less than an amount determined on the basis of the percentage by which the producers reduce the acreage planted to wheat on the farm for harvest from the acreage base for the farm in accordance with an acreage limitation program described in subsection (f)(2), as provided in the following tables:

"In the case of the 1986 crop of wheat, if the producers on a farm reduce the acreage planted to wheat on the farm from the acreage base for the farm under an acreage limitation program by:	The established price for the 1986 crop of wheat applicable to such producers shall not be less than:
15 percent	$4.20 per bushel
20 percent	$3.85 per bushel for not more than 2,000 bushels; $4.65 per bushel for more than 2,000 but not more than 20,000 bushels; and $4.15 per bushel for more than 20,000 bushels
25 percent	$4.60 per bushel
30 percent	$4.85 per bushel
35 percent	$5.15 per bushel
40 percent	$5.50 per bushel.

"In the case of 1987 crop of wheat, if the producers on a farm reduce the acreage planted to wheat on the farm from the acrease base for the farm under an acreage limitation program by:	The established price for the 1987 crop of wheat applicable to such producers shall not be less than:
15 percent	$3.95 per bushel
20 percent	$3.66 per bushel for not more than 2,000 bushels; $4.42 per bushel for more than 2,000 but not more than 20,000 bushels; and $3.94 per bushel for more than 20,000 bushels
25 percent	$4.35 per bushel
30 percent	$4.60 per bushel
35 percent	$4.85 per bushel
40 percent	$5.20 per bushel.

"In the case of the 1988 crop of wheat, if the producers on a farm reduce the acreage planted to wheat on the farm from the acreage base for the farm under an acreage limitation program by:	The established price for the 1988 crop of wheat applicable to such producers shall not be less than:
10 percent	$3.80 per bushel
15 percent	$3.95 per bushel
20 percent	$3.66 per bushel for not more than 2,000 bushels; $4.42 per bushel for more than 2,000 but not more than 20,000 bushels; and $3.94 per bushel for more than 20,000 bushels
25 percent	$4.35 per bushel
30 percent	$4.55 per bushel.

"(II) In the case of the producers on a farm who produce less than 2,000 bushels of wheat in such crop year, who reduce the acreage planted to wheat on the farm for harvest from the acreage base under an acreage limitation program by 20 percent, and who have gross annual sales of agricultural commodities of more than $20,000, as determined by the Secretary, the established price applicable to the producers shall not be less than $4.65 per bushel for the 1986 crop and $4.42 per bushel for the 1987 and 1988 crops.

"(III) In the case of the producers on a farm who produce less than 2,000 bushels of wheat in such crop year, who reduce the acreage planted to wheat on the farm for harvest from the acreage base under an acreage limitation program by a percentage specified in subclause (I), and who have gross annual sales of agricultural commodities of less than $20,000, as determined by the Secretary, the established price applicable to the producers shall not be less than $3.85 per bushel.

"(ii) For the 1989 crop of wheat if marketing quotas are not in effect, the established price shall be such level as the Secretary determines to be appropriate taking into consideration the total supply of wheat, demand for wheat, total program costs, and such other factors as the Secretary determines to be appropriate, except that the established price for a crop determined under this clause may not be less than 85 percent of the established price for the 1985 crop of wheat.

"(iii) In determining the established price applicable to a portion of a crop of wheat under clause (i), the Secretary shall make such determination on the basis of the farm program acreage and farm program payment yield.

"(H)(i) For the 1987 crop of wheat if marketing quotas are not in effect, the Secretary shall make available to producers in-kind payments (in wheat) in such amounts as will ensure that the effective established price per bushel for the 1987 crop for the acreage reduction percentage selected by the producers on a farm will be not less than the established price per bushel applicable to the same acreage reduction percentage for the 1986 crop year.

"(ii)(I) For the 1988 crop of wheat if marketing quotas are not in effect, the Secretary shall make available to producers in-kind payments (in wheat), or cash payments to the extent wheat owned by the Commodity Credit Corporation is not available, in such amounts as will ensure that the effective established price per bushel for the 1988 crop

for the acreage reduction percentage selected by the producers will be not less than the established price per bushel applicable to the equivalent acreage reduction percentage for the 1987 crop.

"(II) If there was no equivalent acreage reduction percentage applicable to the preceding crop of wheat, the Secretary shall make available in-kind payments (in wheat) in such amounts as the Secretary determines fair and equitable in relation to the established price for the acreage reduction most equivalent to the acreage reduction selected by the producer.

"(I) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(J) As used in this paragraph, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(2)(A) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for wheat to wheat or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(i) the number of acres so affected but not to exceed the acreage planted to wheat for harvest (including any acreage that the producers were prevented from planting to wheat or other nonconserving crops in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(ii) 75 percent of the farm program payment yield established by the Secretary; by

"(iii) a payment rate equal to 33 ⅓ percent of the average of the established prices for the crop.

"(B) Except as provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of wheat that the producers are able to harvest on any farm is less than the result of multiplying 60 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 percent of the average of the established prices for the crop for the deficiency in production below 60 percent for the crop.

"(C) Producers on a farm shall not be eligible for—

"(i) prevented planting disaster payments under subparagraph (A), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the wheat acreage of the producers; or

"(ii) reduced yield disaster payments under subparagraph (B), if reduced yield crop insurance is available to the producers under such Act with respect to the wheat acreage of the producers.

"(D)(i) Notwithstanding subparagraph (C), the Secretary may make a disaster payment to producers on a farm under this paragraph if the Secretary determines that—

"(I) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting wheat or other nonconserving crops or from reduced yields;

"(II) such losses have created an economic emergency for the producers;

"(III) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(IV) additional assistance must be made available to such producers to alleviate such economic emergency.

"(ii) The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(d)(1)(A) For any crop of wheat for which marketing quotas are not in effect, the Secretary shall proclaim a national program acreage. The proclamation shall be made not later than July 1 of each calendar year for the crop harvested in the next succeeding calendar year, except that in the case of the 1986 crop, the proclamation shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(B) The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as it is made.

"(C) The national program acreage for wheat shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) If the Secretary determines that carryover stocks of wheat are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of wheat for which marketing quotas are not in effect. The allocation factor for wheat shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of wheat be more than 100 percent nor less than 80 percent.

"(3)(A)(i) The individual farm program acreage for each crop of wheat for which marketing quotas are not in effect shall be determined by multiplying the allocation factor by the acreage of wheat planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(ii) The individual farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of wheat planted for harvest on the farm from the acreage base established for the farm under subsection (f)(2) by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(iii) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of wheat planted for harvest is less than the acreage base established for the farm under subsection (f)(2), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(iv) In establishing the allocation factor for wheat, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(B) For any crop of wheat for which marketing quotas are in effect, the individual farm program acreage shall be the acreage on the farm that the Secretary determines is sufficient to produce the quantity of wheat equal to the farm marketing quota established for the farm under section 334 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1334).

"(e)(1)(A) Except as provided in subparagraph (B), the farm program payment yield for each crop of wheat shall be the average of the farm program payment yields for the farm for the 1981 through 1985 crops of wheat, excluding the year in which such yield was the highest and the year in which such yield was the lowest in such period.

"(B) If no wheat was produced on the farm, or no farm program payment yield was established for the farm, in any of the 1981 through 1985 crops, the farm program payment yield shall be established, at the request of the producers, on the basis of the average farm program payment yield for such year for similar farms in the county or the State in which the farm is located.

"(2) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

"(B) if such data are not available, the Secretary's estimate of actual yields for the crop year involved.

"(3) If national, State, or county program payment yields are established, the total farm program payment yields shall balance to the national, State, or county program payment yields.

"(f)(1)(A) Notwithstanding any other provision of law—

"(i) in the case of each of the 1986 through 1988 crops of wheat for which marketing quotas are not in effect, the Secretary shall provide for an acreage limitation program as described in paragraph (2); and

"(ii) in the case of the 1989 crop of wheat if marketing quotas are not in effect, the Secretary may not provide for an acreage limitation program as described in paragraph (2).

"(B) The Secretary shall announce any such wheat acreage limitation program not later than July 1 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such program as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) Not later than July 31 prior to the calendar year in which the crop is harvested, the Secretary may make adjustments in an announcement made under subparagraph (B) if the Secretary determines that there has been a significant change in the total supply of wheat since the earlier announcement.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to wheat shall be achieved by applying the percentage reductions to the acreage base for each wheat-producing farm selected by producers under subsection (c)(1)(G)(i).

"(B) Producers who knowingly produce wheat in excess of the permitted wheat acreage for the farm shall be ineligible for wheat loans, purchases, and payments with respect to that farm.

"(C)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be the average acreage planted to wheat for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to wheat for harvest shall include—

"(I) any reduced acreage and diverted acreage; and

"(II) any acreage that producers were prevented from planting to wheat or other nonconserving crops in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(D)(i) A number of acres on the farm determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of wheat times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(E) If an acreage limitation program is announced under paragraph (1) for a crop of wheat, subsection (d) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to wheat for harvest within the permitted wheat acreage for the farm as established under this paragraph.

"(3)(A) The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) Subject to subparagraph (C), the Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C)(i) Except as provided in clause (ii), the Secretary shall permit, at the request of the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State and subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage diverted from production by participating producers in such State to be devoted to—

"(I) in the case of the 1986 crop of wheat, hay and grazing; and

"(II) in the case of each of the 1987 through 1989 crops of wheat, grazing.

"(ii) Haying and grazing shall not be permitted for any crop of wheat under clause (i) during any 5-consecutive-month period that is established for such crop for a State by the State committee established under section 8(b) of such Act.

"(D) In determining the quantity of land to be devoted to conservation uses under an acreage limitation program with respect to land that has been farmed under summer fallow practices, as defined by the Secretary, the Secretary shall consider the effects of soil erosion and such other factors as the Secretary considers appropriate.

"(4)(A) The Secretary may make land diversion payments to producers of wheat, whether or not an acreage limitation program or marketing quotas for wheat is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of wheat to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(5)(A) Any reduced acreage and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(6)(A) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(g)(1) The Secretary may, for each of the 1986 through 1989 crops of wheat, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be—

"(A) made in the form of wheat owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such wheat.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of wheat to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant wheat for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(h)(1) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(i) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(j) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(k) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(l) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.".

STUDY OF LOAN AND DEFICIENCY PAYMENT RATES FOR WHEAT CLASSES

SEC. 408. (a) The Secretary of Agriculture shall conduct a study of the feasibility of establishing separate loan rates and deficiency payment rates for (1) hard red winter wheat, (2) soft red winter wheat, (3) hard red spring wheat, (4) white wheat, and (5) durum wheat, as defined in the official United States standards for wheat established under the United States Grain Standards Act (7 U.S.C. 71 et seq.).

(b) Not later than 18 months after the date of enactment of this Act, the Secretary shall report the results of the study required under subsection (a), together with any recommendations for necessary legislation, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

NONAPPLICABILITY OF CERTIFICATE REQUIREMENTS

SEC. 409. Sections 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379d–1379j) (relating to marketing certificate requirements for processors and exporters) shall not be applicable to wheat processors or exporters during the period June 1, 1986, through May 31, 1990.

SUSPENSION OF LAND USE, WHEAT MARKETING ALLOCATION, AND PRODUCER CERTIFICATE PROVISIONS

SEC. 410. (a) Sections 332, 333, 334, 335, 336, and 338 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1332–1336 and 1338) shall not be applicable to the 1986 crop of wheat.

(b) Sections 331, 339, 379b, and 379c of such Act (7 U.S.C. 1331, 1339, 1379b, and 1379c) shall not be applicable to the 1986 through 1989 crops of wheat.

SUSPENSION OF CERTAIN QUOTA PROVISIONS

SEC. 411. The joint resolution entitled "A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended", approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat planted for harvest in the calendar years 1986 through 1989.

NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949 TO THE 1986 THROUGH 1989 CROPS OF WHEAT

SEC. 412. Section 107 of the Agricultural Act of 1949 (7 U.S.C. 1445a) shall not be applicable to the 1986 through 1989 crops of wheat.

TARGETING OF WHEAT DEFICIENCY PAYMENTS

SEC. 413. (a) The Senate finds that—

(1) A family farm is defined by the Department of Agriculture as one having gross agricultural sales between $30,000 and $499,999;

(2) There are 603,782 farms that fall within the Department of Agriculture's definition of a family farm;

(3) These family farms account for 90 percent of all agricultural production in the United States;

(4) Family farms hold 66.82 percent of total farm debt;

(5) 20 percent of all family farms have a negative cash flow and a debt-to-asset ratio above 40 percent;

(6) 58 percent of all family farms are facing financial difficulty;

(7) There were a total of 328,194 farmers who received wheat deficiency payments in 1984; and

(8) Approximately 30 percent of all wheat deficiency payments were made to farmers who do not primarily rely upon the production of wheat for a living.

(b) Based on the findings set out in subsection (a), it is the sense of the Senate that the Senate conferees on this Act work toward targeting, to the maximum extent practicable, the benefits of wheat deficiency payments to family farms that rely upon agriculture for their primary source of income; and

(c) It is further the sense of the Senate that the Senate conferees should take into consideration producers whose wheat production may be minimal but nevertheless rely upon agriculture as the primary source of income.

TITLE V—FEED GRAINS

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, FEED GRAIN ACREAGE REDUCTION AND SET-ASIDE PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF FEED GRAINS

SEC. 501. Effective only for the 1986 through 1989 crops of feed grains, the Agricultural Act of 1949 is amended by adding after section 105B (7 U.S.C. 1444d) the following new section:

"SEC. 105C. Notwithstanding any other provision of law:

"(a)(1)(A) Except as provided in subparagraphs (B) and (C), the Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of corn at such level as the Secretary determines will encourage the exportation of feed grains and not result in excessive total stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn.

"(B) Except as provided in subparagraph (C), the loan and purchase level determined under subparagraph (A) shall—

"(i) in the case of the 1986 crop of corn, not be less than $2.40 per bushel; and

"(ii) in the case of each of the 1987 through 1989 crops of corn, not be less than 75 percent, nor more than 85 percent, of the simple average price received by producers of corn, as determined by the Secretary, during the immediately preceding 5 marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, except that the loan and purchase level for a crop determined under this clause may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(C)(i) Except as provided in clause (ii), if the Secretary determines that the average price of corn received by producers in any marketing year is not more than 110 percent of the loan and purchase level for corn for such marketing year, the Secretary may reduce the loan and purchase level for corn for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain.

"(ii) The loan and purchase level may not be reduced under clause (i) by more than 20 percent in any year.

"(iii) Any reduction in the loan and purchase level for corn under this subparagraph shall not be considered in determining the loan and purchase level for corn for subsequent years.

"(D)(i) The Secretary shall permit a producer to repay a loan made under this paragraph or paragraph (2) for a feed grain crop at a level that is the lesser of—

"(I) the loan level determined for such crop; or

"(II) the higher of—

"(aa) 70 percent of the loan level determined for such crop;

"(bb) if the loan level for a crop was reduced under subparagraph (C), 70 percent of the loan level that would have been in effect but for the reduction under subparagraph (C); or

"(cc) the prevailing world market price for such feed grain, as determined by the Secretary.

"(ii) The Secretary shall prescribe by regulation—

"(I) a formula to define the prevailing world market price for feed grains; and

"(II) a mechanism by which the Secretary shall announce periodically the prevailing world market price for feed grains.

"(E) For purposes of this section, the average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(2) The Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of grain sorghums, barley, oats, and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b).

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of corn, grain sorghums, barley, oats, and rye, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forgo obtaining such loan or agreement in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying—

"(i) the loan payment rate; by

"(ii) the quantity of such feed grains the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of feed grains eligible to be placed under loan may not exceed the product obtained by multiplying—

"(i) the individual farm program acreage for the crop; by

"(ii) the farm program payment yield established for the farm.

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which—

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(1)(D).

"(c)(1)(A) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of corn, grain sorghums, oats, and, if designated by the Secretary, barley, in an amount computed as provided in this subsection.

"(B) Payments for any such crop of feed grains shall be computed by multiplying—

"(i) the payment rate; by

"(ii) the individual farm program acreage for the crop; by

"(iii) the farm program payment yield for the crop.

"(C)(i) Except as provided in clauses (ii) and (iii), if the producers on a farm reduce the acreage of feed grains planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant feed grains or a nonprogram crop for harvest on at least 50 percent of the

feed grain acreage base of the farm (reduced by the percentage recommended by the Secretary)—

"(I) any portion of the feed grain acreage base of the farm determined in accordance with subsection (f)(2)(D) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops, shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the feed grain acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to feed grains.

"(ii) If an acreage limitation program under subsection (f)(2) is in effect for a crop of feed grains and the producers on a farm actually plant feed grains or a nonprogram crop for harvest on at least 50 percent of the permitted feed grain acreage of the farm (determined in accordance with subsection (f)(2)(A))—

"(I) any portion of the permitted feed grain acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the feed grain acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to feed grains.

"(iii) If a set-aside program under subsection (f)(3) is in effect for a crop of feed grains, the Secretary has announced a limitation on the acreage planted to feed grains in accordance with subsection (f)(3)(C), and the producers on a farm actually plant feed grains or a nonprogram crop for harvest on at least 50 percent of the limited farm acreage (determined in accordance with subsection (f)(3)(C))—

"(I) any portion of the limited farm acreage that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the feed grain acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to feed grains.

"(D) The payment rate for corn shall be the amount by which the established price for the crop of corn exceeds the higher of—

"(i) the lower of—

"(I) the national weighted average market price received by producers during the marketing year for such crop, as determined by the Secretary; or

"(II) $2.04 per bushel in the case of the 1986 crop of corn; $2.19 per bushel in the case of the 1987 crop of corn; and $2.24 per bushel in the case of the 1988 crop of corn; or

"(ii) the loan level determined for such crop.

"(E) The established price for corn shall—

"(i) in the case of the 1986 crop, not be less than $3.03 per bushel; and

"(ii) in the case of each of the 1987 through 1989 crops, not be less than such level as the Secretary determines to be appropriate taking into consideration the total supply of corn, demand for corn, total program costs, and such other factors as the Secretary determines to be appropriate, except that the established price for a crop determined under this clause may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(F)(i) If the Secretary reduces the established price for the 1987 crop of corn below the established price for the 1986 crop, the Secretary shall make available to producers in-kind payments (in corn) in such amounts as will ensure that the effective established price per bushel for the 1987 crop will be not less than the established price per bushel for the 1986 crop.

"(ii) If the Secretary reduces the established price for the 1988 crop of corn below the established price for the 1987 crop, the Secretary shall make available to producers in-kind payments (in corn), or cash payments to the extent corn owned by the Commodity Credit Corporation is not available, in such amounts as will ensure that the effective established price per bushel for the 1988 crop will be not less than the established price per bushel for the 1987 crop.

"(G) The payment rate for grain sorghums, oats, and, if designated by the Secretary, barley, shall be such rate as the Secretary determines is fair and reasonable in relation to the rate at which payments are made available for corn.

"(H) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(I) As used in this paragraph, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(2)(A) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for feed grains to feed grains or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(i) the number of acres so affected but not to exceed the acreage planted to feed grains for harvest (including any acreage that the producers were prevented from planting to feed grains or other nonconserving crops in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(ii) 75 percent of the farm program payment yield established by the Secretary; by

"(iii) a payment rate equal to 33⅓ percent of the established price for the crop.

"(B) Except as provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of feed grains that the producers are able to harvest on any farm is less than the result of multiplying 60 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 percent of the established price for the crop for the deficiency in production below 60 percent for the crop.

"(C) Producers on a farm shall not be eligible for—

"(i) prevented planting disaster payments under subparagraph (A), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the feed grain acreage of the producers; or

"(ii) reduced yield disaster payments under subparagraph (B), if reduced yield crop insurance is available to the producers under such Act with respect to the feed grain acreage of the producers.

"(D)(i) Notwithstanding subparagraph (C), the Secretary may make a disaster payment to the producers on a farm under this paragraph if the Secretary determines that—

"(I) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting feed grains or other nonconserving crops or from reduced yields;

"(II) such losses have created an economic emergency for the producers;

"(III) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(IV) additional assistance must be made available to such producers to alleviate such economic emergency.

"(ii) The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(d)(1)(A) The Secretary shall proclaim a national program acreage for each of the 1986 through 1989 crops of feed grains. The proclamation shall be made not later than November 15 of each calendar year for the crop harvested in the next succeeding calendar year, except that in the case of the 1986 crop, the proclamation shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(B) The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as it is made.

"(C) The national program acreage for feed grains shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) If the Secretary determines that carryover stocks of feed grains are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of feed grains. The allocation factor for feed grains

shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of feed grains be more than 100 percent nor less than 80 percent.

"(3)(A) The individual farm program acreage for each crop of feed grains shall be determined by multiplying the allocation factor by the acreage of feed grains planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(B) The individual farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of feed grains planted for harvest on the farm from the acreage base established for the farm under subsection (f)(2) by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(C) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of feed grains planted for harvest is less than the acreage base established for the farm under subsection (f)(2), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(D) In establishing the allocation factor for feed grains, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(e)(1)(A) Except as provided in subparagraph (B), the farm program payment yield for each crop of feed grains shall be the average of the farm program payment yields for the farm for the 1981 through 1985 crops of feed grains, excluding the year in which such yield was the highest and the year in which such yield was the lowest in such period.

"(B) If no feed grains were produced on the farm, or no farm program payment yield was established for the farm, in any of the 1981 through 1985 crops, the farm program payment yield shall be established, at the request of the producers, on the basis of the average farm program payment yield for such years for similar farms in the county or the State in which the farm is located.

"(2) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

"(B) if such data are not available, on the Secretary's estimate of actual yields for the crop year involved.

"(3) If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

"(f)(1)(A) Notwithstanding any other provision of law—

"(i) in the case of each of the 1986 through 1988 crops of feed grains, the Secretary may provide either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3), if the Secretary determines that the total supply of feed grains, in the absence of such a program, will be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency; and

"(ii) in the case of the 1989 crop of feed grains, the Secretary may not provide either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3).

"(B) In making a determination under subparagraph (A)(i), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) The Secretary shall announce any such feed grain acreage limitation program or set-aside program not later than November 15 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such program as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to feed grains shall be achieved by applying a uniform percentage reduction (not to exceed 15 percent) to the acreage base for each feed grain-producing farm.

"(B) Producers who knowingly produce feed grains in excess of the permitted feed grain acreage for the farm shall be ineligible for feed grain loans, purchases, and payments with respect to that farm.

"(C) The Secretary may provide that no producer of malting barley shall be required as a condition of eligibility for feed grain loans, purchases, and payments to comply with any acreage limitation under this paragraph if such producer has previously produced a malting variety of barley, plants barley only of an acceptable malting variety for harvest, and meets such other conditions as the Secretary may prescribe.

"(D)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be the average acreage planted to feed grains for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to feed grains for harvest shall include—

"(I) any reduced acreage, set-aside acreage, and diverted acreage; and

"(II) any acreage that producers were prevented from planting to feed grains or other nonconserving crops in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(E)(i) A number of acres on the farm determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of feed grains times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(F) If an acreage limitation program is announced under paragraph (1) for a crop of feed grains, subsection (d) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to feed grains for harvest within the permitted feed grain acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans, purchases, and payments authorized by this section (except as provided in subsection (g)), the producers on a farm must—

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage (not to exceed 15 percent) of the acreage of feed grains planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C)(i) If a set-aside program is established, the Secretary may limit the acreage planted to feed grains. Such limitation shall be applied on a uniform basis to all feed grain-producing farms.

"(ii) The number of acres for each farm permitted to be planted to feed grains, as determined in accordance with this subparagraph, shall be referred to as 'limited farm acreage'.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary—

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5)(A) The Secretary may make land diversion payments to producers of feed grains, whether or not an acreage limitation or set-aside program for feed grains is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of feed grains to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts

entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6)(A) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7)(A) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(g)(1) The Secretary may, for each of the 1986 through 1989 crops of corn, grain sorghums, oats, and, if designated by the Secretary, barley, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be—

"(A) made in the form of such feed grains, respectively, owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such feed grains.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of feed grains to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant feed grains for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(h)(1) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(i) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(j) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(k) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(l) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.".

NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949 TO THE 1986 THROUGH 1989 CROPS OF FEED GRAINS

SEC. 502. Section 105 of the Agricultural Act of 1949 (7 U.S.C. 1444b) shall not be applicable to the 1986 through 1989 crops of feed grains.

TITLE VI—COTTON

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, COTTON ACREAGE REDUCTION AND SET-ASIDE PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF UPLAND COTTON

SEC. 601. Effective only for the 1986 through 1989 crops of upland cotton, the Agricultural Act of 1949 is amended by inserting after section 103 (7 U.S.C. 1444) the following new section:

"SEC. 103A. Notwithstanding any other provision of law:

"(a)(1) The Secretary shall, on presentation of warehouse receipts reflecting accrued storage charges of not more than 60 days, make available for the 1986 through 1989 crops of upland cotton to producers nonrecourse loans for a term of 10 months from the first day of the month in which the loan is made at such level as will reflect for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) at average location in the United States a level that is not less than—

"(A) in the case of the 1986 crop of upland cotton, 55 cents per pound; and

"(B) in the case of each of the 1987 through 1989 crops of upland cotton, the higher of—

"(i) 85 percent of the average price (weighted by market and month) of such quality of cotton as quoted in the designated United States spot markets during 3 years of the 5-year period ending July 31 in the year in which the loan level is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period; or

"(ii) 50 cents per pound.

"(2) The loan level for any crop determined under paragraph (1)(B) may not be reduced by more than 5 percent from the loan level determined for the preceding crop.

"(3) The loan level for any crop of cotton shall be determined and announced by the Secretary not later than November 1 of the calendar year preceding the marketing year for which such loan is to be effective, except that in the case of the 1986 crop, such determination and announcement shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985. Such level shall not thereafter be changed.

"(4)(A) Except as provided in subparagraph (B), nonrecourse loans provided for in this section shall, on request of the producer during the 10th month of the loan period for the cotton, be made available for an additional term of 8 months.

"(B) A request to extend the loan period shall not be approved in any month in which the average price of Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for the preceding month exceeded 130 percent of the average price of such quality of cotton in such markets for the preceding 36-month period.

"(5)(A) Except as provided in subparagraph (B), the Secretary shall permit a producer to repay a loan made under this subsection for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the prevailing world market price for cotton (adjusted to United States quality and location), as determined by the Secretary.

"(B) For each of the 1987 through 1989 crops of cotton, if the world market price for cotton (adjusted to United States quality and location) as determined by the Secretary, is less than 80 percent of the loan level determined for such crop, the Secretary may permit a producer to repay a loan made under this subsection for a crop at such level (not in excess of 80 percent of the loan level determined for such crop) as the Secretary determines will—

"(i) minimize potential loan forfeitures;

"(ii) minimize the accumulation of cotton stocks by the Federal Government;

"(iii) minimize the cost incurred by the Federal Government in storing cotton; and

"(iv) allow cotton produced in the United States to be marketed freely and competitively, both domestically and internationally.

"(C)(i) The Secretary shall prescribe by regulation—

"(I) a formula to define the prevailing world market price for cotton; and

"(II) a mechanism by which the Secretary shall periodically announce the prevailing world market price for cotton.

"(ii) Not later than 60 days after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985, the Secretary shall—

"(I) publish in the Federal Register proposed regulations specifying such formula and mechanism; and

"(II) invite public comment on such proposal.

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of upland cotton, make payments available to producers who, although eligible to obtain a loan under subsection (a), agree to forgo obtaining such loan in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying—

"(i) the loan payment rate; by

"(ii) the quantity of upland cotton the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of upland cotton eligible to be placed under loan may not exceed the product obtained by multiplying—

"(i) the individual farm program acreage for the crop (determined under subsection (g) or (i)(2)); by

"(ii) the farm program payment yield (determined under subsection (h)).

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which—

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(5).

"(c)(1) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of upland cotton in an amount computed as provided in this subsection.

"(2) Payments for any such crop of upland cotton shall be computed by multiplying—

"(A) the payment rate; by

"(B) the individual farm program acreage; by

"(C) the farm program payment yield for the crop (determined in accordance with subsection (h)).

"(3)(A) Except as provided in subparagraphs (B) and (C), if the producers on a farm reduce the acreage of cotton planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant upland cotton or a nonprogram crop for harvest on at least 50 percent of the upland cotton acreage base of the farm (reduced by the percentage recommended by the Secretary)—

"(i) any portion of the upland cotton acreage base of the farm determined in accordance with subsection (i)(2)(C) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the upland cotton acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to upland cotton.

"(B) If an acreage limitation program under subsection (i)(2) is in effect for a crop of upland cotton and the producers on a farm actually plant upland cotton or a nonprogram crop for harvest on at least 50 percent of the permitted upland cotton acreage of the farm (determined in accordance with subsection (i)(2)(A))—

"(i) any portion of the permitted upland cotton acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the upland cotton acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to upland cotton.

"(C) If a set-aside program under subsection (i)(3) is in effect for a crop of upland cotton, the Secretary has announced a limitation on the acreage planted to upland cotton in accordance with subsection (i)(3)(C), and the producers on a farm actually plant upland cotton or a nonprogram crop for harvest on at least 50 percent of the limited farm acreage (determined in accordance with subsection (i)(3)(C))—

"(i) any portion of the limited farm acreage that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the upland cotton acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to upland cotton.

"(4) The payment rate for upland cotton shall be the amount by which the established price per pound for the crop of upland cotton exceeds the higher of—

"(A) the average market price received by producers for upland cotton during the calendar year that includes the first 5 months of the marketing year for such crop, as determined by the Secretary; or

"(B) the loan level determined for such crop.

"(5) The established price for upland cotton shall—

"(A) in the case of the 1986 crop, not be less than $0.81 per pound; and

"(B) in the case of each of the 1987 through 1989 crops, not be less than such level as the Secretary determines to be appropriate taking into consideration the total supply of upland cotton, demand for upland cotton, total program costs, and such other factors as the Secretary determines to be appropriate, except that the established price for a crop determined under this subparagraph may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(6)(A) If the Secretary reduces the established price for the 1987 crop of upland cotton below the established price for the 1986 crop, the Secretary shall make available to producers in-kind payments (in upland cotton) in such amounts as will ensure that the effective established price per pound for the 1987 crop will be not less than the established price per pound for the 1986 crop.

"(ii) If the Secretary reduces the established price for the 1988 crop of upland cotton below the established price for the 1987 crop, the Secretary shall make available to producers in-kind payments (in upland cotton), or cash payments to the extent upland cotton owned by the Commodity Credit Corporation is not available, in such amounts as will ensure that the effective established price per pound for the 1988 crop will be not less than the established price per pound for the 1987 crop.

"(7) The total quantity of upland cotton on which payments would otherwise be payable to a producer on a farm for any crop under this subsection shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under subsection (d).

"(8) As used in this subsection, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(d)(1) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for cotton to cotton or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(A) the number of acres so affected but not to exceed the acreage planted to cotton for harvest (including any acreage that the producers were prevented from planting to cotton or other nonconserving crops in lieu of cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(B) 75 percent of the farm program payment yield established by the Secretary; by

"(C) a payment rate equal to 33⅓ percent of the established price for the crop.

"(2) Except as provided in paragraph (3), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of cotton that the producers are able to harvest on any farm is less than the result of multiplying 75 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 33⅓ percent of the established price for the crop for the deficiency in production below 75 percent for the crop.

"(3) Producers on a farm shall not be eligible for—

"(A) prevented planting disaster payments under paragraph (1), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the cotton acreage of the producers; or

"(B) reduced yield disaster payments under paragraph (2), if reduced yield crop insurance is available to the producers under such Act with respect to the cotton acreage of the producers.

"(4)(A) Notwithstanding paragraph (3), the Secretary may make a disaster payment to the producers on a farm under this subsection if the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting cotton or other nonconserving crops or from reduced yields;

"(ii) such losses have created an economic emergency for the producers;

"(iii) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(iv) additional assistance must be made available to such producers to alleviate such economic emergency.

"(B) The Secretary may make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(e)(1) The Secretary shall establish for each of the 1986 through 1989 crops of

upland cotton a national program acreage. Such national program acreage shall be announced by the Secretary not later than November 1 of the calendar year preceding the year for which such acreage is established, except that in the case of the 1986 crop, such announcement shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(2) The Secretary may revise the national program acreage first announced for any crop year for the purpose of determining the allocation factor under subsection (f) if the Secretary determines it necessary based on the latest information. The Secretary shall announce such revised national program acreage as soon as it has been made.

"(3) The national program acreage for upland cotton shall be the number of harvested acres the Secretary determines (on the basis of the estimated weighted national average of the farm program yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(4) The national program acreage shall be subject to such adjustment as the Secretary determines necessary, taking into consideration the estimated carryover supply, so as to provide for an adequate but not excessive total supply of cotton for the marketing year for the crop for which such national program acreage is established. In no event shall the national program acreage be less than 10 million acres.

"(f) The Secretary shall determine a program allocation factor for each crop of upland cotton. The allocation factor for upland cotton (not to exceed 100 percent) shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop.

"(g)(1) The individual farm program acreage for each crop of upland cotton shall be determined by multiplying the allocation factor by the acreage of cotton planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(2) The individual farm program acreage may not be further reduced by application of the allocation factor if the producers reduce the acreage of cotton planted for harvest on the farm from the acreage base established for the farm under subsection (i)(2)(C) by at least the percentage recommended by the Secretary in the announcement of the national program acreage.

"(3) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of cotton planted for harvest is less than the acreage base established for the farm under subsection (i)(2)(C), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(4) In establishing the allocation factor for upland cotton, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this subsection.

"(h)(1)(A) Except as provided in subparagraph (B), the farm program payment yield for each crop of upland cotton shall be the average of the farm program payment yields for the farm for the 1981 through 1985 crops of upland cotton, excluding the year in which such yield was the highest and the year in which such yield was the lowest in such period.

"(B) If no upland cotton was produced on the farm, or no farm program payment yield was established for the farm, in any of the 1981 through 1985 crops, the farm program payment yield shall be established, at the request of the producers, on the basis of the average farm program payment yield for such year for similar farms in the county or the State in which the farm is located.

"(2) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

"(B) if such data are not available, the Secretary's estimate of actual yields for the crop year involved.

"(3) If national, State, or county program payment yields are established, the total farm program payment yields shall balance to the national, State, or county program payment yields.

"(i)(1)(A) Notwithstanding any other provision of law—

"(i) in the case of each of the 1986 through 1988 crops of upland cotton, the Secretary may provide either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3), if the Secretary determines that the total supply of upland cotton, in the absence of such a program, will be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency; and

"(ii) in the case of the 1989 crop of upland cotton, the Secretary may not provide either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3).

"(B) In making a determination under subparagraph (A)(i), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) The Secretary shall announce any such upland cotton acreage limitation program or set-aside program not later than November 1 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such program as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to upland cotton shall be achieved by applying a uniform percentage reduction (not to exceed 20 percent) to the acreage base for each cotton-producing farm.

"(B) Except as provided in subsection (j), producers who knowingly produce upland cotton in excess of the permitted upland cotton acreage for the farm, as established in accordance with subparagraph (A), shall be ineligible for upland cotton loans and payments with respect to that farm.

"(C)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be—

"(I) in the case of the 1986 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 2 crop years immediately preceding the year for which the determination is made;

"(II) in the case of the 1987 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 3 crop years immediately preceding the year for which the determination is made;

"(III) in the case of the 1988 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 4 crop years immediately preceding the year for which the determination is made; and

"(IV) in the case of the 1989 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to upland cotton for harvest shall include—

"(I) any reduced acreage, set-aside acreage, and diverted acreage; and

"(II) any acreage that producers were prevented from planting to upland cotton or other nonconserving crops in lieu of upland cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(D)(i) A number of acres on the farm determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of upland cotton times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres determined under clause (i) is hereafter in this subsection referred to as 'reduced acreage'.

"(E) If an acreage limitation program is announced under paragraph (1) for a crop of upland cotton, subsections (e), (f), and (g) shall not be applicable to such crop, including any prior announcement that may have been made under such subsections with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to upland cotton for harvest within the permitted upland cotton acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans and payments authorized by this section (except as provided in subsection (j)), the producers on a farm must—

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage (not to exceed 20 percent) of the acreage of upland cotton planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C)(i) If a set-aside program is established, the Secretary may limit the acreage planted to upland cotton. Such limitation shall be applied on a uniform basis to all cotton-producing farms.

"(ii) The number of acres for each farm permitted to be planted to upland cotton, as determined in accordance with this subparagraph, shall be referred to as 'limited farm acreage'.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary—

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5)(A) The Secretary may make land diversion payments to producers of upland cotton, whether or not an acreage limitation or set-aside program for upland cotton is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of upland cotton to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6)(A) The reduced acreage, set-aside, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(j)(1) The Secretary may, for each of the 1986 through 1989 crops of upland cotton, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be—

"(A) made in the form of cotton owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such cotton.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of cotton to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant upland cotton for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (i); and

"(D) otherwise complies with this section.

"(k)(1) An operator of a farm desiring to participate in the program conducted under subsection (i) shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(2) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(l) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(n)(1) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this section precludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(o) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(p) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(q) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(r) In order to encourage and assist producers in the orderly ginning and marketing of their cotton production, the Secretary shall make recourse loans available to such producers on seed cotton in accordance with authority vested in the Secretary under the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.).

"(s)(1) Whenever the Secretary determines that the average price of Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for a month exceeded 130 percent of the average price of such quality of cotton in such markets for the preceding 36 months, notwithstanding any other provision of law, the President shall immediately establish and proclaim a special limited global import quota for upland cotton subject to the following conditions:

"(A) The quantity of the special quota shall be equal to 21 days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent 3 months for which data are available.

"(B) If a special quota has been established under this subsection during the preceding 12 months, the quantity of the quota next established hereunder shall be the smaller of 21 days of domestic mill consumption calculated as set forth in subparagraph (A) or the quantity required to increase the supply to 130 percent of the demand.

"(C) As used in subparagraph (B):

"(i) The term 'supply' means, using the latest official data of the Bureau of the Census, the Department of Agriculture, and the Department of the Treasury—

"(I) the carryover of upland cotton at the beginning of the marketing year (adjusted to 480-pound bales) in which the special quota is established; plus

"(II) production of the current crop; plus

"(III) imports to the latest date available during the marketing year.

"(ii) The term 'demand' means—

"(I) the average seasonally adjusted annual rate of domestic mill consumption in the most recent 3 months for which data are available; plus

"(II) the larger of—

"(aa) average exports of upland cotton during the preceding 6 marketing years; or

"(bb) cumulative exports of upland cotton plus outstanding export sales for the marketing year in which the special quota is established.

"(D) When a special quota is established under this subsection, cotton may be entered under such quota during the 90-day period beginning on the effective date of the proclamation.

"(2) Notwithstanding paragraph (1), a special quota period may not be established that overlaps an existing quota period.".

SUSPENSION OF BASE ACREAGE ALLOTMENTS, MARKETING QUOTAS, AND RELATED PROVISIONS

SEC. 602. Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1342–1346 and 1377) shall not be applicable to any of the 1986 through 1989 crops of upland cotton.

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS

SEC. 603. Effective only with respect to the period beginning August 1, 1978, and ending July 31, 1990, the tenth sentence of section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by striking out all of that sentence through the words "110 per centum of the loan rate, and (2)" and inserting in lieu thereof the following: "Notwithstanding any other provision of law, (1) the Commodity Credit Corporation shall sell upland

cotton for unrestricted use at the same prices as it sells upland cotton for export, in no event, however, at less than (A) 115 percent of the loan rate for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges, or (B) if the Secretary permits the repayment of loans made for a crop of cotton at a rate that is less than the loan level determined for such crop, 115 percent of the average loan repayment rate that is determined for such crop during the period of such loans, and (2)".

MISCELLANEOUS COTTON PROVISIONS

SEC. 604. Sections 103(a) and 203 of the Agricultural Act of 1949 (7 U.S.C. 1444(a) and 1446d) shall not be applicable to the 1986 through 1989 crops.

SKIPROW PRACTICES

SEC. 605. Section 374(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1374(a)) is amended by striking out "1985" and inserting in lieu thereof "1989".

PRELIMINARY ALLOTMENTS FOR 1990 CROP OF UPLAND COTTON

SEC. 606. Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379), shall be the preliminary allotments for the 1990 crop.

TITLE VII—RICE

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, RICE ACREAGE REDUCTION AND SET-ASIDE PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF RICE

SEC. 701. Effective only for the 1986 through 1989 crops of rice, the Agricultural Act of 1949 is amended by inserting after section 101 (7 U.S.C. 1441) the following new section:

"SEC. 101A. Notwithstanding any other provision of law:

"(a)(1) Except as provided in paragraph (2), the Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of rice at a level that is not less than—

"(A) in the case of the 1986 crop of rice, $7.20 per hundredweight; and

"(B) in the case of each of the 1987 through 1989 crops of rice, the higher of—

"(i) 85 percent of the simple average price received by producers, as determined by the Secretary, during the immediately preceding 5 marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period; or

"(ii) $6.50 per hundredweight.

"(2) The loan level for a crop of rice determined under paragraph (1)(B) may not be reduced by more than 5 percent from the loan level determined for the preceding crop.

"(3)(A) The Secretary shall permit a producer to repay a loan made under paragraph (1) for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the higher of—

"(I) the prevailing world market price for rice, as determined by the Secretary; or

"(II) the loan level determined for such crop multiplied by—

"(aa) 50 percent for each of the 1986 and 1987 crops;

"(bb) 60 percent for the 1988 crop; and

"(cc) 70 percent for the 1989 crop.

"(B) The Secretary shall prescribe by regulation—

"(i) a formula to define the prevailing world market price for rice; and

"(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for rice.

"(C)(i)(I) As a condition to permitting a producer to repay a loan as provided in subparagraph (A), the Secretary may require a producer to purchase payment-in-kind certificates equal in value to an amount that does not exceed one-half the difference, as determined by the Secretary, between the amount of the loan obtained by the producer and the amount of the loan repayment.

"(II) Such certificates shall be negotiable.

"(III) Such certificates shall be redeemable for rice owned by the Commodity Credit Corporation valued at the prevailing market price, as determined by the Secretary.

"(IV) If such rice is not available in the State in which the rice pledged as collateral for the loan was produced or at such other location as may be approved by the owner of such certificate, such certificate shall be redeemable in cash.

"(ii)(I) The Commodity Credit Corporation, under regulations prescribed by the Secretary, shall assist any person receiving payment-in-kind certificates under this subparagraph in the redemption or marketing of such certificates.

"(II) Insofar as practicable, the Secretary shall permit an owner of a certificate to designate the storage facility at which such owner would prefer to receive rice in exchange for such certificate.

"(III) If any such certificate is not presented for redemption or marketing within a reasonable number of days after issuance, as determined by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of the presentation of such certificate to the Commodity Credit Corporation.

"(4) A loan made under this section shall be repaid not later than 9 months after the month in which the application for the loan is made.

"(5) For purposes of this section, the average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(6) The loan and purchase level and the established price for each of the 1986 through 1989 crops of rice shall be announced not later than March 1 of each calendar year for the crop harvested in that calendar year.

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of rice, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forgo obtaining such loan or agreement in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying—

"(i) the loan payment rate; by

"(ii) the quantity of rice the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of rice eligible to be placed under loan may not exceed the product obtained by multiplying—

"(i) the individual farm program acreage for the crop; by

"(ii) the yield established for the farm.

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which—

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(3).

"(4) The Secretary shall make up to one-half the amount of a payment under this subsection available in the form of negotiable payment-in-kind certificates, subject to the terms and conditions provided in subsection (a)(3)(C).

"(c)(1) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of rice in an amount computed as provided in this subsection.

"(2) Payments for any such crop of rice shall be computed by multiplying—

"(A) the payment rate; by

"(B) the individual farm program acreage; by

"(C) the yield established for the farm for the crop (determined in accordance with paragraph (7)).

"(3)(A) Except as provided in subparagraphs (B) and (C), if the producers on a farm reduce the acreage of rice planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant rice or a nonprogram crop for harvest on at least 50 percent of the rice acreage base of the farm (reduced by the percentage recommended by the Secretary)—

"(i) any portion of the rice acreage base of the farm determined in accordance with subsection (f)(2)(C) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the rice acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to rice.

"(B) If an acreage limitation program under subsection (f)(2) is in effect for a crop of rice and the producers on a farm actually plant rice or a nonprogram crop for harvest on at least 50 percent of the permitted rice acreage of the farm (determined in accordance with subsection (f)(2)(A))—

"(i) any portion of the permitted rice acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the rice acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to rice.

"(C) If a set-aside program under subsection (f)(3) is in effect for a crop of rice, the Secretary has announced a limitation on the acreage planted to rice in accordance with subsection (f)(3)(C), and the producers on a farm actually plant rice or a nonprogram crop for harvest on at least 50 percent of the limited farm acreage (determined in accordance with subsection (f)(3)(C))—

"(i) any portion of the limited farm acreage that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the rice acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to rice.

"(4) The payment rate for rice shall be the amount by which the established price for the crop of rice exceeds the higher of—

"(A) the national average market price received by producers during the marketing year for such crop, as determined by the Secretary; or

"(B) the loan level determined for such crop.

"(5) The established price for rice shall—

"(A) in the case of the 1986 crop, not be less than $11.90 per hundredweight; and

"(B) in the case of each of the 1987 through 1989 crops, not be less than such level as the Secretary determines to be appropriate taking into consideration the total supply of rice, demand for rice, total program costs, and such other factors as the Secretary determines to be appropriate, except that the established price for a crop determined under this subparagraph may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(6)(A) If the Secretary reduces the established price for the 1987 crop of rice below the established price for the 1986 crop, the Secretary shall make available to producers in-kind payments (in rice) in such amounts as will ensure that the effective established price per hundredweight for the 1987 crop will be not less than the established price per hundredweight for the 1986 crop.

"(B) If the Secretary reduces the established price for the 1988 crop of rice below the established price for the 1987 crop, the Secretary shall make available to producers in-kind payments (in rice), or cash payments to the extent rice owned by the Commodity Credit Corporation is not available, in such amounts as will ensure that the effective established price per hundredweight for the 1988 crop will be not less than the established price per hundredweight for the 1987 crop.

"(7)(A)(i) Except as provided in clause (ii), the farm program payment yield for each crop of rice shall be the average of farm program payment yields for the farm for the 1981 through 1985 crops of rice, excluding the year in which such yield was the highest and the year in which such yield was the lowest in such period.

"(ii) If no rice was produced on the farm, or no farm program payment yield was established for the farm, in any of the 1981 through 1985 crops, the farm program payment yield shall be established, at the request of the producers, on the basis of the average farm program payment yield for such year for similar farms in the county or the State in which the farm is located.

"(B) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of—

"(i) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

"(ii) if such data are not available, the Secretary's estimate of actual yields for the crop year involved.

"(C) If national, State, or county program payment yields are established, the total farm program payment yields shall balance to the national, State, or county program payment yields.

"(8) The total quantity of rice on which payments would otherwise be payable to a producer on a farm for any crop under this subsection shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under subsection (d).

"(9) As used in this subsection, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(d)(1) Except as provided in paragraph (3), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for rice to rice or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(A) the number of acres so affected but not to exceed the acreage planted to rice for harvest (including any acreage that the producers were prevented from planting to rice or other nonconserving crops in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(B) 75 percent of the yield established for the farm by the Secretary; by

"(C) a payment rate equal to 33⅓ percent of the established price for the crop.

"(2) Except as provided in paragraph (3), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of rice that the producers are able to harvest on any farm is less than the result of multiplying 75 percent of the yield established for the farm for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 33⅓ percent of the established price for the crop for the deficiency in production below 75 percent for the crop.

"(3) Producers on a farm shall not be eligible for—

"(A) prevented planting disaster payments under paragraph (1), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the rice acreage of the producers; or

"(B) reduced yield disaster payments under paragraph (2), if reduced yield crop insurance is available to the producers under such Act with respect to the rice acreage of the producers.

"(4)(A) Notwithstanding paragraph (3), the Secretary may make a disaster payment to producers on a farm under this subsection if the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers have suffered substantial losses of production either from being prevented from planting rice or other nonconserving crops or from reduced yields;

"(ii) such losses have created an economic emergency for the producers;

"(iii) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses is insufficient to alleviate such economic emergency; and

"(iv) additional assistance must be made available to such producers to alleviate such economic emergency.

"(B) The Secretary may make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(e)(1)(A) The Secretary shall proclaim a national program acreage for each of the 1986 through 1989 crops of rice. The proclamation shall be made not later than January 31 of each calendar year for the crop harvested in that calendar year.

"(B) The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines a revision is necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as it is made.

"(C) The national program acreage for rice shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm established yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) If the Secretary determines that carryover stocks of rice are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of rice. The allocation factor for rice shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop. In no event may the allocation factor for any crop of rice be more than 100 percent nor less than 80 percent.

"(3)(A) The individual farm program acreage for each crop of rice shall be determined by multiplying the allocation factor by the acreage of rice planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(B) The individual farm program acreage may not be further reduced by application of the allocation factor if the producers reduce the acreage of rice planted for harvest on the farm from the acreage base established for the farm under subsection (f)(2)(C) by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(C) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of rice planted for harvest is less than the acreage base established for the farm under subsection (f)(2)(C), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(D) In establishing the allocation factor for rice, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this subsection.

"(f)(1)(A) Notwithstanding any other provision of law—

"(i) in the case of each of the 1986 through 1988 crops of rice, the Secretary may provide

either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3), if the Secretary determines that the total supply of rice, in the absence of such a program, will be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency; and

"(ii) in the case of the 1989 crop of rice, the Secretary may not provide either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3).

"(B) In making a determination under subparagraph (A)(i), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) The Secretary shall announce any such rice acreage limitation program or set-aside program not later than January 31 of the calendar year in which the crop for which the announcement is made is harvested.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to rice shall be achieved by applying a uniform percentage reduction (not to exceed 35 percent) to the acreage base for each rice-producing farm.

"(B) Except as provided in subsection (g), producers who knowingly produce rice in excess of the permitted rice acreage for the farm, as established in accordance with subparagraph (A), shall be ineligible for rice loans, purchases, and payments with respect to that farm.

"(C)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be—

"(I) in the case of the 1986 crop of rice, the average acreage planted to rice for harvest in the 2 crop years immediately preceding the year for which the determination is made;

"(II) in the case of the 1987 crop of rice, the average acreage planted to rice for harvest in the 3 crop years immediately preceding the year for which the determination is made;

"(III) in the case of the 1988 crop of rice, the average acreage planted to rice for harvest in the 4 crop years immediately preceding the year for which the determination is made; and

"(IV) in the case of the 1989 crop of rice, the average acreage planted to rice for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to rice for harvest shall include—

"(I) any reduced acreage, set-aside acreage, and diverted acreage; and

"(II) any acreage that producers were prevented from planting to rice or other nonconserving crops in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(D)(i) A number of acres on the farm determined by dividing—

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of rice times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres determined under clause (i) is hereafter in this subsection referred to as 'reduced acreage'.

"(E) If an acreage limitation program is announced under paragraph (1) for a crop of rice, subsection (e) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to rice for harvest within the permitted rice acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans, purchases, and payments authorized by this section (except as provided in subsection (g)), the producers on a farm must—

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage (not to exceed 35 percent) of the acreage of rice planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C)(i) If a set-aside program is established, the Secretary may limit the acreage planted to rice. Such limitation shall be applied on a uniform basis to all rice-producing farms.

"(ii) The number of acres for each farm permitted to be planted to rice, as determined in accordance with this subparagraph, shall be referred to as 'limited farm acreage'.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary—

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5)(A) The Secretary may make land diversion payments to producers of rice, whether or not an acreage limitation or set-aside program for rice is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of rice to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6)(A) The reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7)(A) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(g)(1) The Secretary may, for each of the 1986 through 1989 crops of rice, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be—

"(A) made in the form of rice owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such rice.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of rice to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer—

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant rice for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(h) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(i) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(j)(1) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(k) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(l) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(m) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.".

MARKETING LOAN FOR THE 1985 CROP OF RICE

SEC. 702. Effective for the 1985 crop of rice, section 101(i)(1) of the Agricultural Act of 1949 (7 U.S.C. 1441(i)(1)) is amended—

(1) by inserting "(A)" after the paragraph designation; and

(2) by adding at the end thereof the following new subparagraphs:

"(B)(i)(I) The Secretary shall permit a producer to repay a loan made under subparagraph (A) with respect to the 1985 crop at a level that is the lesser of—

"(aa) the loan level determined for such crop; or

"(bb) the prevailing world market price for rice, as determined by the Secretary.

"(II) The Secretary shall prescribe by regulation—

"(aa) a formula to define the prevailing world market price for rice; and

"(bb) a mechanism by which the Secretary shall announce periodically the prevailing world market price for rice.

"(III) A loan made under this subsection shall be repaid not later than 9 months after the month in which the application for the loan is made.

"(ii)(I) As a condition to permitting a producer to repay a loan as provided in this subparagraph, the Secretary may require a producer to purchase payment-in-kind certificates equal in value to an amount that does not exceed the difference, as determined by the Secretary, between the amount of the loan obtained by the producer and the amount of the loan repayment.

"(II) Such certificates shall be negotiable.

"(III) Such certificates shall be redeemable for rice owned by the Commodity Credit Corporation valued at the prevailing market price, as determined by the Secretary.

"(IV) If such rice is not available in the State in which the rice pledged as collateral for the loan was produced or at such other location as may be approved by the owner of such certificate, such certificate shall be redeemable in cash.

"(V) The Commodity Credit Corporation, under regulations prescribed by the Secretary, shall assist any person receiving payment-in-kind certificates under this paragraph in the redemption or marketing of such certificates.

"(VI) Insofar as practicable, the Secretary shall permit an owner of a certificate to designate the storage facility at which such owner would prefer to receive rice in exchange for such certificate.

"(VII) If any such certificate is not presented for redemption or marketing within a reasonable number of days after issuance, as determined by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of the presentation of such certificate to the Commodity Credit Corporation.

"(C)(i) The Secretary may, for the 1985 crop of rice, make payments available to producers who, although eligible to obtain a loan or purchase agreement under this subsection, agree to forgo obtaining such loan or agreement in return for such payments.

"(ii)(I) A payment under this subparagraph shall be computed by multiplying—

"(aa) the loan payment rate; by

"(bb) the quantity of rice the producer is eligible to place under loan.

"(II) For purposes of this subparagraph, the quantity of rice eligible to be placed under loan may not exceed the product obtained by multiplying—

"(aa) the individual farm program acreage for the crop; by

"(bb) the yield established for the farm.

"(III) For purposes of this subparagraph, the loan payment rate shall be the amount by which—

"(aa) the loan level determined for the 1985 crop; exceeds

"(bb) the level at which a loan may be repaid under subparagraph (B).

"(iii) The Secretary may make all or part of a payment under this subparagraph in the form of payment-in-kind certificates, subject to the terms and conditions provided in subparagraph (B).

"(D) The payment limitation provided in section 1101 of the Agriculture and Food Act of 1981 (7 U.S.C. 1308) shall not apply to—

"(i) any gain realized by a producer from repaying a loan for the 1985 crop of rice at the rate permitted under subparagraph (B); or

"(ii) any loan deficiency payment received for a crop of rice under subparagraph (C).".

TITLE VIII—PEANUTS

NATIONAL POUNDAGE QUOTA AND FARM POUNDAGE QUOTA

SEC. 801. Effective only for the 1986 through 1989 crops of peanuts, subsections (k) through (p) of section 358 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358(k)-(p)) are amended to read as follows:

"(k)(1) Except as provided in paragraph (2), the national poundage quota for peanuts for each of the marketing years 1986 through 1989 shall be established by the Secretary at a level that will meet domestic edible, seed, and related needs for peanuts, taking into consideration any estimated carryover of industry stocks and producer undermarketings.

"(2) The level established for any marketing year shall not be less than a quantity equal to 1,100,000 tons, increased by a quantity that the Secretary estimates the domestic edible, seed, and related uses of peanuts in such year will exceed such quantity.

"(3) The national poundage quota shall be announced by the Secretary not later than December 15 of the year preceding the marketing year for which such poundage quota will be effective.

"(l) The national poundage quota established under subsection (k) shall be apportioned among the States so that the poundage quota allocated to each State shall be equal to the percentage of the national poundage quota allocated to farms in the State for 1985.

"(m)(1)(A) A farm poundage quota shall be established for—

"(i) each farm that had a farm poundage quota for the 1985 crop of peanuts; and

"(ii) each other farm on which peanuts were produced in at least 2 of the 1983 through 1985 crop years,

as determined by the Secretary.

"(B) The farm poundage quota for any such farm for the 1986 through 1989 marketing years shall be the same as the farm poundage quota for such farm for the immediately preceding marketing year, as adjusted under this subsection, but not including—

"(i) any increases for undermarketings from previous years; or

"(ii) any increases resulting from the allocation of quotas voluntarily released for 1 year under paragraph (7).

"(C) For purposes of this paragraph, if the farm poundage quota, or any part thereof, is permanently transferred in accordance with section 358a, the receiving farm shall be considered as possessing the farm poundage quota (or portion thereof) of the transferring farm for all subsequent marketing years.

"(D) A farm poundage quota established for a farm under paragraph (2) or (6) shall be considered as being established under this paragraph for all subsequent marketing years unless reduced under paragraph (3), permanently released under paragraph (5), or transferred under section 358a(i).

"(2)(A) Any increase in a poundage quota apportionment of a State from the 1985 to 1986 marketing year shall be allocated equally to all farms that are eligible for a farm poundage quota for the 1986 marketing year under paragraph (1).

"(B) If the national poundage quota is increased for any of the 1987 through 1989 marketing years, such increase in the poundage quota apportionment of a State shall be allocated equally among—

"(i) all farms for which a poundage quota was established for the marketing year immediately preceding the marketing year for which the allocation is being made; and

"(ii) all other farms for which peanuts were produced during at least 2 of the 3 immediately preceding crop years, as determined by the Secretary.

"(3)(A) Insofar as practicable and on such fair and equitable basis as the Secretary may by regulation prescribe, the farm poundage quota established for a farm for any of the 1986 through 1989 marketing years shall be reduced to the extent that the Secretary determines that the farm poundage quota established for the farm for any 2 of the 3 marketing years immediately preceding the year for which the determination is being made was not produced, or considered produced, on the farm.

"(B) For purposes of this paragraph, the farm poundage quota for any such preceding marketing year shall not include—

"(i) any increases for undermarketing of quota peanuts from previous years; or

"(ii) any increases resulting from the allocation of quotas voluntarily released for 1 year under paragraph (7).

"(4) For purposes of this subsection, the farm poundage quota for a crop shall be considered produced on a farm if—

"(A) the poundage quota of peanuts for such crop was not produced on the farm as a result of drought, flood, or other natural disaster, or other condition beyond the control of the producer, as determined by the Secretary; or

"(B) the farm poundage quota for such crop on the farm was released voluntarily under paragraph (7) if such quota was not released in any 2 of the 3 marketing years immediately preceding the year for which the determination of such quota is made.

"(5) Notwithstanding any other provision of law—

"(A) the farm poundage quota established for a farm under this subsection, or any part thereof, may be permanently released by the owner of the farm, or the operator with the permission of the owner; and

"(B) the poundage quota for the farm shall be adjusted to the extent that the quota is so released.

"(6)(A) The total quantity of farm poundage quota reduced or released from farms in a State during any year under paragraph (3) or (5), respectively, shall be allocated, under regulations issued by the Secretary, to other farms in the State on which peanuts were produced in at least 2 of the 3 crop years immediately preceding the year in which such allocation is being made.

"(B) Not less than 25 percent of such poundage quota shall be assigned to farms for which no quota was established for the preceding year's crop.

"(7)(A) The farm poundage quota established for a farm for a marketing year, or any portion thereof, may be voluntarily released to the Secretary to the extent that such quota of peanuts will not be produced on the farm during the crop year.

"(B) Any farm poundage quota voluntarily released from farms in a State shall be allocated to other farms in the State on such basis as the Secretary may prescribe.

"(C) Any adjustment in the poundage quota for a farm under this paragraph—

"(i) shall be effective only for the marketing year for which it is made; and

"(ii) shall not be taken into consideration in establishing a poundage quota for the farm for any subsequent marketing year.

"(8)(A)(i) Except as provided in clause (ii), the farm poundage quota for a farm for any marketing year shall be increased by the number of pounds by which—

"(I) the total marketings of quota peanuts from the farm during previous marketing years (excluding any marketing year before the marketing year for the 1984 crop) were less than

"(II) the total quantity of the applicable farm poundage quotas (disregarding adjustments for undermarketings from prior marketing years) for such marketing years.

"(ii) No increase for undermarketings in previous years shall be made to the poundage quota for any farm to the extent that the quota for such farm for the marketing year was reduced under paragraph (3) for failure to produce.

"(B) Increases in farm poundage quotas made under this paragraph shall not be counted against the national poundage quota for the marketing year involved.

"(C) Any farm poundage quota increase made under this paragraph may be used in the marketing year by the transfer of additional peanuts produced on the farm to the quota loan pool for pricing purposes on such basis as the Secretary shall prescribe by regulation.

"(9) Notwithstanding the foregoing provisions of this subsection, if the total of all increases in individual farm poundage quotas under paragraph (8) exceeds 10 percent of the national poundage quota for the marketing year in which such increases shall be applicable, the Secretary shall adjust such increases so that the total of all such increases does not exceed 10 percent of the national poundage quota.

"(n)(1) For each farm for which a farm poundage quota was established under subsection (m), and when necessary for purposes of this Act, a farm yield of peanuts shall be determined for each such farm.

"(2) Such yield shall be equal to the average of the actual yield per acre on the farm for each of the 3 crop years in which yields were highest on the farm out of the 5 crop years 1973 through 1977.

"(3) If peanuts were not produced on the farm in at least 3 years during such 5-year period or there was a substantial change in the operation of the farm during such period (including, but not limited to, a change in operator, lessee who is an operator, or irrigation practices), the Secretary shall have a yield appraised for the farm.

"(4) The appraised yield shall be that quantity determined to be fair and reasonable on the basis of yields established for similar farms that are located in the area of the farm and on which peanuts were produced, taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

"(o)(1)(A) Except as provided in subparagraph (B), not later than December 15 of each calendar year, the Secretary shall conduct a referendum of producers engaged in the production of quota peanuts in the calendar year in which the referendum is held to determine whether such producers are in favor of or opposed to poundage quotas with respect to the crops of peanuts produced in the 4 calendar years immediately following the year in which the referendum is held.

"(B) If as many as two-thirds of the producers voting in any referendum vote in favor of poundage quotas, no referendum shall be held with respect to quotas for the second, third, and fourth years of the period.

"(2) The Secretary shall proclaim the result of the referendum within 30 days after the date on which it is held.

"(3) If more than one-third of the producers voting in the referendum vote against quotas, the Secretary also shall proclaim that poundage quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held.

"(p) For purposes of this part and title I of the Agricultural Act of 1949 (7 U.S.C. 1441 et seq.):

"(1) The term 'additional peanuts' means, for any marketing year—

"(A) any peanuts that are marketed from a farm for which a farm poundage quota has been established and that are in excess of the marketings of quota peanuts from such farm for such year; and

"(B) all peanuts marketed from a farm for which no farm poundage quota has been established in accordance with subsection (m).

"(2) The term 'crushing' means—

"(A) the processing of peanuts to extract oil for food uses and meal for feed uses; or

"(B) the processing of peanuts by crushing or otherwise when authorized by the Secretary.

"(3) The term 'domestic edible use' means use for milling to produce domestic food peanuts (other than those described in paragraph (2)) and seed and use on a farm, except that the Secretary may exempt from this definition seeds of peanuts that are used to produce peanuts excluded under section 359(c), are unique strains, and are not commercially available.

"(4) The term 'quota peanuts' means, for any marketing year, any peanuts produced on a farm having a farm poundage quota, as determined in subsection (m)—

"(A) that are eligible for domestic edible use as determined by the Secretary;

"(B) that are marketed or considered marketed from a farm; and

"(C) that do not exceed the farm poundage quota of such farm for such year.".

SALE, LEASE, OR TRANSFER OF FARM POUNDAGE QUOTA

SEC. 802. Effective only for the 1986 through 1989 crops of peanuts, subsections (i) and (j) of section 358a of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358a (i) and (j)) are amended to read as follows:

"(i)(1)(A) Subject to subparagraph (B), the owner, or the operator with permission of the owner, of any farm for which a farm poundage quota has been established under this Act may, subject to such terms, conditions, or limitations as the Secretary may prescribe, sell, or lease all or any part of such poundage quota to any other owner or operator of a farm within the same county for transfer to such farm.

"(B) Such a lease of a poundage quota may be entered into after the normal planting season only—

"(i) if the quota had been planted on the farm from which the quota is to be leased; and

"(ii) under such terms and conditions as the Secretary may prescribe by regulation.

"(2) The owner or operator of a farm may transfer all or any part of the farm poundage quota of such farm to any other farm owned or controlled by such owner or operator that is in the same county or in a county contiguous to such county in the same State and that had a farm poundage quota for the preceding year's crop.

"(3) Notwithstanding the foregoing provisions of this subsection, in the case of any State for which the poundage quota allocated to the State was less than 10,000 tons for the preceding year's crop, all or any part of a farm poundage quota may be transferred by sale or lease or otherwise from a farm in one county to a farm in another county in the same State.

"(j) Transfers (including transfer by sale or lease) of farm poundage quotas under this section shall be subject to the following conditions:

"(1) No transfer of the farm poundage quota from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the lienholders.

"(2) No transfer of the farm poundage quota shall be permitted if the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) determines that the receiving farm does not have adequate tilla-

ble cropland to produce the farm poundage quota.

"(3) No transfer of the farm poundage quota shall be effective until a record thereof is filed with the county committee of the county to which such transfer is made and such committee determines that the transfer complies with this section.

"(4) Such other terms and conditions that the Secretary may by regulation prescribe.".

MARKETING PENALTIES; DISPOSITION OF ADDITIONAL PEANUTS

SEC. 803. Effective only for the 1986 through 1989 crops of peanuts, subsections (f) through (l) of section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359(f)-(l)) are amended to read as follows:

"(f)(1)(A) The marketing of any peanuts for domestic edible use in excess of the farm poundage quota for the farm on which such peanuts are produced shall be subject to penalty at a rate equal to 140 percent of the support price for quota peanuts for the marketing year in which such marketing occurs.

"(B) For purposes of this section, the marketing year for peanuts shall be the 12-month period beginning on August 1 and ending on July 31.

"(C) The marketing of any additional peanuts from a farm shall be subject to the same penalty unless such peanuts, in accordance with regulations established by the Secretary, are either—

"(i) placed under loan at the additional loan rate in effect for such peanuts under section 108B of the Agricultural Act of 1949 and not redeemed by the producers;

"(ii) marketed through an area marketing association designated pursuant to section 108B(c)(1) of the Agricultural Act of 1949; or

"(iii) marketed under contracts between handlers and producers, pursuant to subsection (j).

"(D)(i) Such penalty shall be paid—

"(I) by the person who buys or otherwise acquires the peanuts from the producer; or

"(II) if the peanuts are marketed by the producer through an agent, by such agent.

"(ii) If a person or agent is required to pay a penalty under clause (i), such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer.

"(E) If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty.

"(F) Peanuts produced in a calendar year in which farm poundage quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though the peanuts are marketed prior to the date on which such marketing year begins.

"(G) If any producer falsely identifies or fails to certify planted acres or fails to account for the disposition of any peanuts produced on such planted acres, a quantity of peanuts equal to the average yield of the farm, as determined under section 358(n), times the planted acres, shall be deemed to have been marketed in violation of permissible uses of quota and additional peanuts. The penalty in respect thereof shall be paid and remitted by the producer.

"(2)(A) The Secretary shall authorize, under such regulations as the Secretary shall prescribe, the county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or reduce marketing penalties provided for under this subsection in cases in which such committees determine that the violations that were the basis of the penalties were unintentional or without knowledge on the part of the parties concerned.

"(B) Errors in weight that do not exceed one-tenth of 1 percent in the case of any one marketing document shall not be considered marketing violations except in cases of fraud or conspiracy.

"(g)(1) Only quota peanuts may be retained for use as seed or for other uses on a farm.

"(2) Peanuts retained under paragraph (1) shall be considered as marketings of quota peanuts, except that the Secretary may exempt from consideration as marketings of quota peanuts seeds of peanuts that are used to produce peanuts excluded under subsection (c), are unique strains, and are not commercially available.

"(3) Additional peanuts shall not be retained for use on a farm and shall not be marketed for domestic edible use, except as provided in subsection (k).

"(4) Seed for planting of any peanut acreage in the United States shall be obtained solely from quota peanuts marketed or considered marketed for domestic edible use.

"(h) On a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that could reasonably be produced from the quantity of peanuts having the grade, kernel content, and quality of the quota peanuts acquired by such handler from such crop for such marketing, such handler shall be subject to a penalty equal to 140 percent of the loan level for quota peanuts on the quantity of peanuts that the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that could reasonably have been produced from the peanuts so acquired.

"(i)(1) Except as provided in paragraph (2), the Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designated pursuant to section 108B(c)(1) of the Agricultural Act of 1949.

"(2)(A) Supervision of the handling and disposal of additional peanuts contracted by a handler shall not be required under paragraph (1) if the handling and disposal of such peanuts is conducted in the manner prescribed in regulations issued by the Secretary.

"(B) The regulations issued by the Secretary under subparagraph (A) shall permit handlers of milled peanuts to export peanuts classified by type without physical supervision under paragraph (1) in quantities described in subparagraph (C).

"(C) Such regulations shall permit handlers of milled peanuts of a crop to export—

"(i) sound split kernel peanuts, in a quantity equal to twice the pounds of such peanuts purchased by the handler as additional peanuts;

"(ii) sound mature kernel peanuts, in a quantity equal to the pounds of such peanuts purchased by the handler as additional peanuts less the quantity of sound split kernels purchased by the handler; and

"(iii) the remaining quantity of total kernel content of such peanuts purchased by the handler as additional peanuts and not crushed domestically.

"(D)(i) Any additional peanuts exported without physical supervision under subparagraph (B) shall be evidenced by onboard bills of ladings or other appropriate documentation as may be required by the Secretary, or both.

"(ii) The obligation of a handler to export peanuts in quantities described in subparagraph (C) shall be reduced by a reasonable shrinkage allowance to be determined by the Secretary.

"(iii) The Secretary shall require adequate financial guarantees, as well as evidence of adequate facilities and assets, in order to assure compliance with the obligation of the handler to export peanuts.

"(iv) If a handler suffers a loss of peanuts as a result of fire, flood, or other condition beyond the control of the handler, the portion of such loss allocated to contracted additional peanuts shall not be greater than the portion of the total purchases of the handler for the year attributable to contracted additional peanuts purchased for export by the handler during such year.

"(3) Quota and additional peanuts of like type and segregation or quality may, under regulations prescribed by the Secretary, be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing.

"(4)(A) The failure by a handler to comply with regulations issued by the Secretary governing the disposition and handling of additional peanuts shall subject the handler to a penalty at a rate equal to 140 percent of the loan level for quota peanuts on the quantity of peanuts involved in the violation.

"(B) The amount of any penalty imposed on a handler under this subsection that resulted from the failure to export contracted additional peanuts shall not be reduced by the Secretary under subsection (l)(5).

"(C) A handler shall not be subject to a penalty for failure to export additional peanuts if such peanuts were not delivered to the handler.

"(5) If any additional peanuts exported by a handler should reenter the United States in commercial quantities as determined by the Secretary, the importer thereof shall be subject to a penalty at a rate equal to 140 percent of the loan level for quota peanuts on the quantity of peanuts involved in the reentry.

"(j)(1) Handlers may, under regulations prescribed by the Secretary, contract with producers for the purchase of additional peanuts for crushing, export, or both.

"(2) All such contracts shall be completed and submitted to the Secretary (or, if designated by the Secretary, the area marketing association) for approval prior to August 1 of the year in which the crop is produced.

"(3) Each such contract shall contain—

"(A) the final price to be paid by the handler for the peanuts involved; and

"(B) a specific prohibition against the disposition of such peanuts for domestic edible or seed use.

"(k)(1) Subject to section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427), any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use in accordance with regulations established by the Secretary.

"(2) Additional peanuts received under loan shall be offered for sale for domestic edible use at prices not less than those required to cover all costs incurred with respect to such peanuts for such items as inspection, warehousing, shrinkage, and other expenses, plus—

"(A) not less than 100 percent of the loan value of quota peanuts, if the additional peanuts are sold and paid for during the harvest season on delivery by and with the written consent of the producer;

"(B) not less than 105 percent of the loan value of quota peanuts, if the additional

peanuts are sold after delivery by the producer by not later than December 31 of the marketing year; or

"(C) not less than 107 percent of the loan value of quota peanuts if the additional peanuts are sold later than December 31 of the marketing year.

"(3) For the period from the date additional peanuts are delivered for loan to March 1 of the calendar year following the year in which such additional peanuts were harvested, the area marketing association designated pursuant to section 108B(c)(1) of the Agricultural Act of 1949 shall have sole authority to accept or reject lot list bids when the sales price as determined under this section equals or exceeds the minimum price at which the Commodity Credit Corporation may sell its stocks of additional peanuts, except that the area marketing association and the Commodity Credit Corporation may agree to modify the authority granted by this paragraph to facilitate the orderly marketing of additional peanuts.

"(l)(1) The person liable for payment or collection of any penalty provided for in this section shall be liable also for interest thereon at a rate per annum equal to the rate of interest that was charged the Commodity Credit Corporation by the Treasury of the United States on the date such penalty became due.

"(2) This section shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is 1 acre or less if the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm.

"(3) Until the amount of the penalty provided by this section is paid, a lien on the crop of peanuts with respect to which such penalty is incurred, and on any subsequent crop of peanuts subject to farm poundage quotas in which the person liable for payment of the penalty has an interest, shall be in effect in favor of the United States.

"(4)(A) Notwithstanding any other provision of law, the liability for and the amount of any penalty assessed under this section shall be determined in accordance with such procedures as the Secretary by regulations may prescribe.

"(B) The facts constituting the basis for determining the liability for or amount of any penalty assessed under this section, when officially determined in conformity with the applicable regulations prescribed by the Secretary, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Federal Government.

"(C) Nothing in this section shall be construed as prohibiting any court of competent jurisdiction from reviewing any determination made by the Secretary with respect to whether such determination was made in conformity with the applicable law and regulations.

"(D) All penalties imposed under this section shall for all purposes be considered civil penalties.

"(5) Except as otherwise provided in subsection (i)(4) and notwithstanding any other provision of law, the Secretary may reduce the amount of any penalty assessed against handlers under this section if the Secretary finds that—

"(A) the violation on which the penalty is based was minor or inadvertent; and

"(B) the reduction of the penalty will not impair the operation of the peanut program.".

PRICE SUPPORT PROGRAM

SEC. 804. Effective only for the 1986 through 1989 crops of peanuts, the Agricultural Act of 1949 is amended by adding after section 108A (7 U.S.C. 1445c-1) the following new section:

"SEC. 108B. Notwithstanding any other provision of law:

"(a)(1) The Secretary shall make price support available to producers through loans, purchases, or other operations on quota peanuts for each of the 1986 through 1989 crops.

"(2) The national average quota support rate for the 1986 crop of quota peanuts shall be the same as the national average support rate established for the 1985 crop of quota peanuts, adjusted by the Secretary to reflect the percentage increase in the prices paid by producers for commodities and services, interest, taxes, and farm wage rates during the 1981 through 1985 calendar years, as determined by the Secretary.

"(3) The national average quota support rate for each of the 1987 through 1989 crops of quota peanuts shall be the national average quota support rate for such peanuts for the preceding crop, adjusted to reflect any change, during the calendar year immediately preceding the marketing year for the crop for which a level of support is being determined, in the national average cost of production, excluding any change in the cost of land, except that in no event shall the national average quota support rate for any such crop—

"(A) exceed by more than 6 percent the national average quota support rate for the preceding crop; or

"(B) be less than the national average quota support rate for the 1985 crop of quota peanuts.

"(4) The levels of support so announced shall not be reduced by any deductions for inspection, handling, or storage, except that the Secretary may make adjustments for location of peanuts and such other factors as are authorized by section 403.

"(5) The Secretary shall announce the level of support for quota peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined.

"(b)(1) The Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts for each of the 1986 through 1989 crops at such levels as the Secretary finds appropriate, taking into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets. The Secretary shall set the support rate on additional peanuts at a level estimated by the Secretary to ensure that there are no losses to the Commodity Credit Corporation on the sale or disposal of such peanuts.

"(2) The Secretary shall announce the level of support for additional peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined.

"(c)(1)(A) In carrying out subsections (a) and (b), the Secretary shall make warehouse storage loans available in each of the three producing areas (described in section 1446.60 of title 7, Code of Federal Regulations (as of January 1, 1985)) to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purpose of conducting such loan activities.

"(B) The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section and section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359).

"(C) Such area marketing associations shall be used in administrative and supervisory activities relating to price support and marketing activities under this section and section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359).

"(D) Loans made under this paragraph shall include, in addition to the price support value of the peanuts, such costs as the area marketing association reasonably may incur in carrying out its responsibilities, operations, and activities under this section and section 359 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359).

"(2)(A) Except as provided in subparagraph (B), the Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by area and segregation for—

"(i) quota peanuts handled under loan;

"(ii) additional peanuts placed under loan; and

"(iii) additional peanuts produced without a contract between a handler and a producer as described in section 359(j) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1359(j)).

"(B) Separate pools shall be established under this section for bright hull and dark hull Valencia peanuts produced in New Mexico.

"(C) Net gains on peanuts in each pool, unless otherwise approved by the Secretary, shall be distributed—

"(i) only to producers who placed peanuts in the pool; and

"(ii) in proportion to the value of the peanuts placed in the pool by each producer.

"(D) Net gains for peanuts in each pool shall consist of—

"(i) for quota peanuts—

"(I) the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in such pool; plus

"(II) a quantity from the pool for additional peanuts to the extent of the net gains from the sale for domestic food and related uses of additional peanuts in the pool for additional peanuts equal to any loss on disposition of all peanuts in the pool for quota peanuts; and

"(ii) for additional peanuts—

"(I) the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts; less

"(II) any quantity allocated to offset any loss on the pool for quota peanuts as provided in clause (i).

"(E) Notwithstanding any other provision of this section, any distribution of net gains on additional peanuts shall first be reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts placed under loan.

"(F) Notwithstanding any other provision of this section, the proceeds due any producer from any pool shall be reduced by the amount of any loss that is incurred with respect to peanuts transferred from an additional loan pool to a quota loan pool under section 358(m)(8) of the Agricultural Adjustment Act of 1938.

"(G) In addition, losses in area quota pools, other than losses incurred as a result of transfers from additional loan pools to quota loan pools under section 358(m)(8) of the Agricultural Adjustment Act of 1938, shall be offset by gains or profits from pools in other production areas as determined by the Secretary.

"(d) Notwithstanding the foregoing provisions of this section or any other provision of law, no price support shall be made available by the Secretary for any crop of peanuts with respect to which poundage quotas have been disapproved by producers, as provided for in section 358(o) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1358(o)).".

REPORTS AND RECORDS

SEC. 805. Effective only for the 1986 through 1989 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1373(a)) is amended by inserting immediately before "all brokers and dealers in peanuts" the following: "all producers engaged in the production of peanuts,".

SUSPENSION OF MARKETING QUOTAS AND ACREAGE ALLOTMENTS

SEC. 806. The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1986 through 1989 crops of peanuts:

(1) Subsections (a) through (j) of section 358 (7 U.S.C. 1358(a)-(j));

(2) Subsections (a) through (h) of section 358a (7 U.S.C. 1358a(a)-(h));

(3) Subsections (a), (b), (d), and (e) of section 359 (7 U.S.C. 1359 (a), (b), (d), and (e));

(4) Part I of subtitle C of title III (7 U.S.C. 1361 et seq.); and

(5) Section 371 (7 U.S.C. 1371).

SUSPENSION OF CERTAIN PRICE SUPPORT PROVISIONS

SEC. 807. Section 101 of the Agricultural Act of 1949 (7 U.S.C. 1441) shall not be applicable to the 1986 through 1989 crops of peanuts.

TITLE IX—SOYBEANS

SOYBEAN PRICE SUPPORT

SEC. 901. Effective only for the 1986 through 1989 crops of soybeans, section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended—

(1) by inserting "soybeans," after "tung nuts," in the first sentence; and

(2) by adding at the end thereof the following new subsection:

"(i)(1) The Secretary shall support the price of soybeans through loans and purchases in each of the 1986 through 1989 marketing years at a level equal to 75 percent of the simple average price received by producers for soybeans in the preceding 5 marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, except that in no event may the support price be less than $4.25 per bushel.

"(2) If the Secretary determines that the average price of soybeans received by producers in any marketing year is not more than 105 percent of the level of loans and purchases for soybeans for such marketing year, the Secretary may reduce the level of loans and purchases for soybeans for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for soybeans, except that the level of loans and purchases may not be reduced by more than 10 percent in any year and in no event below $4.25 per bushel.

"(3)(A) If the Secretary determines that such action will assist in maintaining the competitive relationship of soybeans in domestic and export markets after taking into consideration the cost of producing soybeans, supply and demand conditions, and world prices for soybeans, the Secretary shall permit a producer to repay a loan made under this subsection for a crop at a level that is the lesser of—

"(i) the loan level determined for such crop; or

"(ii) the prevailing world market price for soybeans, as determined by the Secretary.

"(B)(i) If the Secretary makes the determination described in subparagraph (A), the Secretary shall prescribe by regulation—

"(I) a formula to define the prevailing world market price for soybeans; and

"(II) a mechanism by which the Secretary shall periodically announce the prevailing world market price for soybeans.

"(ii) If the Secretary makes the determination described in subparagraph (A), not later than 60 days after such determination, the Secretary shall—

"(I) publish in the Federal Register proposed regulations specifying such formula and mechanism; and

"(II) invite public comment on such proposal.

"(4) For purposes of this subsection, the soybean marketing year is the 12-month period beginning on September 1 and ending on August 31.

"(5)(A) The Secretary shall make a preliminary announcement of the level of price support for soybeans for a marketing year not earlier than 30 days before the beginning of the marketing year. The announced level shall be based on the latest information and statistics available at the time of the announcement.

"(B) The Secretary shall make a final announcement of such level as soon as complete information and statistics are available on prices for the 5 years preceding the beginning of the marketing year. Such final level of support may not be announced later than October 1 of the marketing year with respect to which the announcement is made. The final level of support may not be less than the level of support provided for in the preliminary announcement.

"(6) Notwithstanding any other provision of law—

"(A) the Secretary shall not require participation in any production adjustment program for soybeans or any other commodity as a condition of eligibility for price support for soybeans;

"(B) soybeans may not be considered an eligible commodity for any reserve program; and

"(C) the Secretary may not authorize payments to producers to cover the cost of storing soybeans.".

SOYBEAN PAYMENTS FOR THE 1985 CROP

SEC. 902. Section 201(g)(1) of the Agricultural Act of 1949 (7 U.S.C. 1446(g)(1)) is amended—

(1) by inserting "(A)" after the paragraph designation; and

(2) by adding at the end thereof the following new subparagraphs:

"(B) Notwithstanding any other provision of law, any producer who redeems soybeans pledged as collateral for a price support loan for the 1985 crop within 60 days after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985 shall not be required to pay interest with respect to such loan indebtedness.

"(C)(i)(I) The Secretary shall make payments available as provided in this clause to any producer who has an outstanding price support loan secured by 1985-crop soybeans on the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985 and who redeems such loan collateral. Payments provided in this clause shall be determined in accordance with subclause (II).

"(II) The payments authorized by this clause shall be in an amount equal to the higher of—

"(aa) an amount determined by multiplying $35 by the number of acres of soybeans harvested on the farm for such crop; or

"(bb) an amount determined by multiplying—

"(AA) the actual yield per harvested acre of soybeans on the farm for the 1985 crop, adjusted by the Secretary to correct for abnormal factors affecting such yield as a result of drought, other natural disaster, or other condition beyond the control of the producer and as may otherwise be adjusted by the Secretary to provide for a fair and equitable yield, by

"(BB) the number of acres of soybeans harvested on the farm for such crop, by

"(CC) $1.00 per bushel.

"(III) For purposes of subclause (II), if no actual yield can be established for the farm for the 1985 crop of soybeans, the Secretary may determine such yield on such basis as the Secretary determines to be fair and equitable.

"(ii) The Secretary shall make payments available to producers of the 1985 crop of soybeans who, although eligible to obtain a loan or purchase agreement under subparagraph (A), agree to forgo obtaining such loan or purchase agreement in return for such payments. Such payments shall be computed in the same manner as the payments authorized by clause (i)(I).

"(iii) The Secretary shall make payments available to producers of the 1985 crop of soybeans who have marketed such crop on or before the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985. Such payments shall be computed in the same manner as the payments authorized by clause (i)(I).

"(iv) In the case of payments authorized by this subparagraph, the Secretary may make in-kind payments (in soybeans) to producers in an amount not to exceed 15 percent of such payments.".

FOREIGN SOYBEANS

SEC. 903. Notwithstanding any other provision of law, in order to make a loan or grant to a major soybean producing country in competition with the United States for export markets, before making such loan or grant, the head of an agency (as defined in section 551(1) of title 5, United States Code) must certify to Congress that such loan or grant will not be used to enhance the capability of such country to export soybeans.

TITLE X—SUGAR

SUGAR PRICE SUPPORT

SEC. 1001. Effective only for the 1986 through 1989 crops of sugar beets and sugarcane, section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) (as amended by section 901 of this Act) is further amended—

(1) by striking out "honey, and milk" in the first sentence and inserting in lieu thereof "honey, milk, sugar beets, and sugarcane"; and

(2) by adding at the end thereof the following new subsection:

"(j)(1) The price of each of the 1986 through 1989 crops of sugar beets and sugarcane, respectively, shall be supported in accordance with this subsection.

"(2) The Secretary shall support the price of domestically grown sugarcane through nonrecourse loans at such level as the Secretary determines appropriate but not less than 18 cents per pound for raw cane sugar, except that such level may be increased under paragraph (4).

"(3) The Secretary shall support the price of domestically grown sugar beets through nonrecourse loans at such level as the Secre-

tary determines is fair and reasonable in relation to the loan level for sugarcane.

"(4)(A) The Secretary may increase the support price for each of the 1986 through 1989 crops of domestically grown sugarcane and sugar beets from the price determined for the preceding crop based on such factors as the Secretary determines appropriate, including changes (during the 2 crop years immediately preceding the crop year for which the determination is made) in the cost of sugar products, the cost of domestic sugar production, and other circumstances that may adversely affect domestic sugar production.

"(B) If the Secretary makes a determination not to increase the support price under subparagraph (A), the Secretary shall submit a report containing the findings, decision, and supporting data for such determination to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

"(5) The Secretary shall announce the loan rate to be applicable during any fiscal year under this subsection as far in advance of the beginning of that fiscal year as is practicable consistent with the purposes of this subsection.

"(6) Loans under this subsection during any fiscal year shall be made available not earlier than the beginning of such fiscal year and shall mature before the end of such fiscal year.".

PREVENTION OF SUGAR LOAN FORFEITURES

SEC. 1002. The President shall use all authorities available to the President, including section 22 of the Agricultural Adjustment Act of 1933 (7 U.S.C. 624) and headnote 2 of subpart A of part 10 of schedule 1 of the Tariff Schedules of the United States, as may be necessary to enable the Secretary of Agriculture to operate the sugar program established under section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) at no cost to the Federal Government by preventing the accumulation of sugar acquired by the Commodity Credit Corporation.

TITLE XI—HONEY

HONEY PRICE SUPPORT

SEC. 1101. Section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) is amended—

(1) by striking out "honey," in the matter preceding subsection (b); and

(2) by amending subsection (b) to read as follows:

"(b)(1) For each of the 1986 through 1988 crops of honey, the price of honey shall be supported through loans, purchases, or other operations at such level as the Secretary determines will maintain the competitive relationship of honey in domestic and export markets after taking into consideration the cost of producing honey, supply and demand conditions, and world prices for honey.

"(2) Beginning with the 1989 crop of honey, the price of honey shall not be supported through loans, purchases, or other operations.

"(3)(A) If the Secretary determines that a person has knowingly pledged adulterated or imported honey as collateral to secure a loan made under this subsection, such person shall, in addition to any other penalties or sanctions prescribed by law, be ineligible for a loan, purchase, or payment under this subsection for the 3 crop years succeeding such determination.

"(B) For purposes of subparagraph (A), honey shall be considered adulterated if—

"(i) any substance has been substituted wholly or in part for such honey;

"(ii) such honey contains a poisonous or deleterious substance that may render such honey injurious to health, except that in any case in which such substance is not added to such honey, such honey shall not be considered adulterated if the quantity of such substance in or on such honey does not ordinarily render it injurious to health; or

"(iii) such honey is for any other reason unsound, unhealthy, unwholesome, or otherwise unfit for human consumption.".

TITLE XII—FOOD ASSISTANCE RESERVE

DEFINITIONS

SEC. 1201. As used in this title:

(1) The term "reserve" means a food assistance reserve established under section 1202(a).

(2) The term "Secretary" means the Secretary of Agriculture.

ESTABLISHMENT OF RESERVE

SEC. 1202. (a) Subject to subsection (b), the Secretary shall establish a food assistance reserve containing up to 500 million bushels of wheat and feed grains, to be used in accordance with this title.

(b) The Secretary shall include in the reserve—

(1) not less than 200 million bushels of wheat, to be used in accordance with section 1203(b); and

(2) not less than 100 million bushels of wheat, to be used in accordance with section 1203(c).

USE OF STOCKS

SEC. 1203. (a) Except as provided in subsections (b) and (c), stocks of the reserve may be made available by the Secretary to meet urgent humanitarian needs.

(b)(1) Except as provided in paragraph (2) and notwithstanding any other provision of law, stocks of wheat included in the reserve under section 1202(b)(1) may be released by the Secretary only to provide, on a donation or sale basis, emergency food assistance to developing countries, if the domestic supply of wheat is so limited that quantities of wheat cannot be made available for disposition under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.) except for urgent humanitarian purposes, under the criteria established under section 401(a) of such Act (7 U.S.C. 1731(a)).

(2) Up to 300,000 metric tons of wheat included in the reserve under section 1202(b)(1) may be released from the reserve in any fiscal year, without regard to the domestic supply situation, for use under title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.) in providing urgent humanitarian relief in any developing country suffering a major disaster, as determined by the President, if the wheat needed for relief cannot be programmed for such purpose in a timely manner under the normal means of obtaining commodities for food assistance due to circumstances of unanticipated and exceptional need.

(c) Notwithstanding any other provision of law, stocks of wheat included in the reserve under section 1202(b)(2) may be released by the Secretary only for carrying out section 416 (b) or (c) of the Agricultural Act of 1949 (7 U.S.C. 1431 (b) or (c)).

(d) In connection with the use of stocks in the reserve, the Secretary may pay the cost of processing, reprocessing, packaging, transporting, handling, and other charges, including the cost of overseas delivery.

MANAGEMENT OF STOCKS

SEC. 1204. (a) In order to establish the reserve or replenish the stocks of the reserve, the Secretary may—

(1) acquire wheat or feed grains for the reserve through purchases from producers or in the market, if the Secretary determines that such purchases will not unduly disrupt the market; and

(2) designate stocks of wheat and feed grains otherwise acquired by the Commodity Credit Corporation as stocks of the reserve.

(b) The Secretary may provide for the periodic rotation of stocks of the reserve to avoid spoilage and deterioration of such stocks.

ADMINISTRATION

SEC. 1205. (a) The Secretary may issue such rules and regulations as the Secretary determines necessary to carry out this title.

(b)(1) The funds, facilities, and authorities of the Commodity Credit Corporation shall be used by the Secretary in carrying out this title.

(2)(A) The Commodity Credit Corporation shall be reimbursed from funds made available for carrying out the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.) for wheat released from the reserve that is made available under such Act.

(B) Such reimbursement shall be made on the basis of the lower of—

(i) the actual costs incurred by the Commodity Credit Corporation with respect to such wheat; or

(ii) the export market price of wheat (as determined by the Secretary) as of the time the wheat is released from the reserve for such purpose.

(C) Reimbursement under clause (i) or (ii) of subparagraph (B) shall include the actual costs incurred by the Corporation with respect to processing, reprocessing, packaging, transporting, handling, and other charges, including overseas delivery.

(D) Such reimbursement may be made from funds appropriated for such purpose in subsequent years.

(c) Any determination made by the Secretary under this title shall be final and conclusive.

REPEAL OF CERTAIN RESERVE PROVISIONS AND CONFORMING AMENDMENTS

SEC. 1206. (a)(1) Section 813 of the Agricultural Act of 1970 (7 U.S.C. 1427a) is repealed.

(2) Clause (2) of the second sentence of section 110(f) of the Agricultural Act of 1949 (7 U.S.C. 1445e(f)) is amended—

(A) by inserting "and" after subclause (A); and

(B) by striking out "and (C) section 813 of the Agricultural Act of 1970;".

(b)(1) The Food Security Wheat Reserve Act of 1980 (7 U.S.C. 1736f-1) is repealed.

(2) Section 202(b) of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended—

(A) by striking out "section 302(b)(1) of the Food Security Wheat Reserve Act of 1980" in the first sentence and inserting in lieu thereof "section 1202(b)(1) of the Agriculture, Food, Trade, and Conservation Act of 1985"; and

(B) in the second sentence—

(i) by striking out "from the Food Security Wheat Reserve" and inserting in lieu thereof "from the food assistance reserve"; and

(ii) by striking out "the provisions of section 302(b) of the Food Security Wheat Reserve Act of 1980" and inserting in lieu

thereof "section 1204(a) of the Agriculture, Food, Trade, and Conservation Act of 1985".

(3) The first sentence of section 110(f) of the Agricultural Act of 1949 (7 U.S.C. 1445e(f)) is amended by striking out "except as otherwise provided under section 302 of the Food Security Wheat Reserve Act of 1980 and section 208 of the Agricultural Trade Suspension Adjustment Act of 1980,".

(c) Section 208 of the Agricultural Act of 1980 (7 U.S.C. 4001) is repealed.

TITLE XIII—MISCELLANEOUS COMMODITY PROVISIONS

PAYMENT LIMITATIONS

SEC. 1301. Notwithstanding any other provision of law:

(1) For each of the 1986 through 1989 crops, the total amount of payments (excluding disaster payments) that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) for wheat, feed grains, upland cotton, extra long staple cotton, and rice may not exceed $50,000.

(2) For each of the 1986 through 1989 crops, the total amount of disaster payments that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 for wheat, feed grains, upland cotton, and rice may not exceed $100,000.

(3) As used in this section, the term "payments" does not include—

(A) loans or purchases;

(B) any part of any payment that is determined by the Secretary of Agriculture to represent compensation for resource adjustment (excluding land diversion payments) or public access for recreation;

(C) any gain realized by a producer from repaying a loan for a crop of wheat, feed grains, upland cotton, or rice at the rate permitted under section 107D(a)(4), 105C(a)(1)(D), 103A(a)(5), or 101A(a)(3), respectively, of the Agricultural Act of 1949;

(D) any deficiency payment received for a crop of wheat or feed grains under section 107D(c)(1) or 105C(c)(1), respectively, of such Act as the result of a reduction of the loan level for such crop under section 107D(a)(3)(B) or 105C(a)(1)(C) of such Act;

(E) any loan deficiency payment received for a crop of wheat, feed grains, upland cotton, or rice under section 107D(b), 105C(b), 103A(b), or 101A(b), respectively, of such Act; or

(F) any inventory reduction payment received for a crop of wheat, feed grains, upland cotton, or rice under section 107D(g), 105C(g), 103A(j), or 101A(g), respectively, of such Act.

(4) If the Secretary determines that the total amount of payments that will be earned by any person under the program in effect for any crop will be reduced under this section, any acreage requirement established under a set-aside or acreage limitation program for the farm or farms on which such person will be sharing in payments earned under such program shall be adjusted to such extent and in such manner as the Secretary determines will be fair and reasonable in relation to the amount of the payment reduction.

(5)(A) The Secretary shall issue regulations—

(i) defining the term "person"; and

(ii) prescribing such rules as the Secretary determines necessary to assure a fair and reasonable application of the limitation established under this section.

(B) The regulations issued by the Secretary on December 18, 1970, under section 101 of the Agricultural Act of 1970 (7 U.S.C. 1307) shall be used to establish the percentage ownership of a corporation by the stockholders of such corporation for the purpose of determining whether such corporation and stockholders are separate persons under this section. In addition the Secretary shall issue regulations under which Subchapter S Corporations are treated as a partnership for purposes of the maximum payment limitation under this section.

NORMALLY PLANTED ACREAGE

SEC. 1302. Section 1001 of the Food and Agriculture Act of 1977 (7 U.S.C. 1309) is amended—

(1) by striking out "1985" each place it appears and inserting in lieu thereof "1989";

(2) by striking out "and feed grains" each place it appears and inserting in lieu thereof ", feed grains, upland cotton, and rice"; and

(3) by adding at the end thereof the following new subsection:

"(c) Notwithstanding any other provision of law, whenever marketing quotas are in effect for any of the 1987 through 1989 crops of wheat, the Secretary of Agriculture may require, as a condition of eligibility for loans, purchases, and payments on any commodity under the Agricultural Act of 1949, that the acreage normally planted to crops designated by the Secretary, adjusted as considered necessary by the Secretary to be fair and equitable among producers, shall be reduced by a quantity equal to—

"(1) the acreage that the Secretary determines would normally be planted to wheat on a farm; minus

"(2) the individual farm program acreage for the farm under section 107D(d)(3)(A) of such Act.".

DETERMINATIONS OF THE SECRETARY

SEC. 1303. (a) The first sentence of section 385 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1385) is amended by inserting "extra long staple cotton," after "upland cotton,".

(b) The Secretary of Agriculture shall determine the rate of loans, payments, and purchases under a program established under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) for any of the 1986 through 1989 crops of a commodity without regard to the requirements for notice and public participation in rulemaking prescribed in section 553 of title 5, United States Code, or in any directive of the Secretary.

MULTIPLE COMMODITY PLANTINGS

SEC. 1304. Effective only for the 1986 through 1989 crops of an agricultural commodity, section 401 of the Agricultural Act of 1949 (7 U.S.C. 1421) is amended by adding at the end thereof the following new subsection:

"(f) Notwithstanding any other provision of law, if a producer on a farm has historically produced crops of two commodities on the same land in the same year and the producer has diverted acreage on the farm from the production of one of such commodities in any year under an acreage reduction program administered by the Secretary, the Secretary may permit such producer to plant a second crop of the other commodity for harvest in such year on the acreage diverted from production on the farm under such program.".

INTEREST PAYMENT CERTIFICATES

SEC. 1305. Effective only for the 1986 through 1989 crops of an agricultural commodity, section 405 of the Agricultural Act of 1949 (7 U.S.C. 1425) is amended—

(1) by inserting "(a)" after the section designation; and

(2) by adding at the end thereof the following new subsection:

"(b)(1) Notwithstanding any other provision of law, the Secretary may provide a negotiable certificate to any producer who repays, together with interest, a price support loan made available to such producer under any of the annual programs for wheat, feed grains, upland cotton, or rice established under this Act.

"(2) The amount of such certificate shall be equal to the amount of the interest paid by the producer on such loan.

"(3) Such certificate shall be redeemable in wheat, feed grains, upland cotton, or rice, as the case may be, owned by the Commodity Credit Corporation.

"(4) The issuance of such certificate shall be subject to the availability of commodities owned by the Corporation.".

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS

SEC. 1306. Effective only for the marketing years for the 1986 through 1989 crops, section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended—

(1) in the third sentence, by striking out the language following the third colon and inserting in lieu thereof the following: "Provided, That, notwithstanding any other provision of law, the Corporation may not sell any of its stocks of wheat, corn, grain sorghum, barley, oats, and rye, respectively, at less than (A) 115 percent of the current national average loan rate for the commodity, adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges, or (B) if the Secretary permits the repayment of loans made for a crop of the commodity at a rate that is less than the loan level determined for such crop, 115 percent of the average loan repayment rate that is determined for such crop during the period of such loans.";

(2) in the fifth sentence, by striking out "current basic county support rate including the value of any applicable price-support payment in kind (or a comparable price if there is no current basic county support rate)" and inserting in lieu thereof the following: "current basic county loan rate (or a comparable price if there is no current basic county loan rate)"; and

(3) in the seventh sentence, by striking out ", but in no event shall the purchase price exceed the then current support price for such commodities" and inserting in lieu thereof the following: "or unduly affecting market prices, but in no event shall the purchase price exceed the Corporation's minimum sales price for such commodities for unrestricted use".

APPLICATION OF TERMS IN THE AGRICULTURAL ACT OF 1949

SEC. 1307. Effective only for the 1986 through 1989 crops of wheat, feed grains, upland cotton, and rice, subsection (k) of section 408 of the Agricultural Act of 1949 (7 U.S.C. 1428(k)) is amended to read as follows:

"(k)(1) Reference made in sections 402, 403, 406, 407, and 416 to the terms 'support price', 'level of support', and 'level of price support' shall be considered to apply as well to the loan and purchase level for wheat, feed grains, upland cotton, and rice under this Act.

"(2) References made to the terms 'price support', 'price support operations', and 'price support program' in such sections and in section 401(a) shall be considered as ap-

plying as well to loan and purchase operations for wheat, feed grains, upland cotton, and rice under this Act.".

ADVANCE PAYMENTS

SEC. 1308. Effective only for the 1986 through 1989 crops of wheat, feed grains, upland cotton, and rice, section 107C of the Agricultural Act of 1949 (7 U.S.C. 1445b-2) is amended to read as follows:

"SEC. 107C. (a)(1) If the Secretary establishes an acreage limitation or set-aside program for any of the 1986 through 1989 crops of wheat, feed grains, upland cotton, or rice under this Act and determines that deficiency payments will likely be made for such commodity for such crop, the Secretary may make available advance deficiency payments to producers who agree to participate in such program.

"(2) Advance deficiency payments under paragraph (1) shall be made to the producer under the following terms and conditions:

"(A) Such payments may be made available in the form of—

"(i) cash;

"(ii) commodities owned by the Commodity Credit Corporation and negotiable certificates redeemable in a commodity owned by the Commodity Credit Corporation; or

"(iii) any combination of clauses (i) and (ii).

"(B) If payments are made available to producers as provided for under subparagraph (A)(ii), such producers may elect to receive such payments either in the form of—

"(i) such commodities; or

"(ii) such certificates.

"(C) Such a certificate shall be redeemable for a period not to exceed 3 years from the date such certificate is issued.

"(D) The Commodity Credit Corporation shall pay the cost of storing a commodity that may be received under such a certificate until such time as the certificate is redeemed.

"(E) Such payments shall be made available as soon as practicable after the producer enters into a contract with the Secretary to participate in such program.

"(F) Such payments shall be made available in such amounts as the Secretary determines appropriate to encourage adequate participation in such program, except that such amount may not exceed an amount determined by multiplying—

"(i) the estimated farm program acreage for the crop; by

"(ii) the farm program payment yield for the crop; by

"(iii) 90 percent of the projected payment rate on the basis of the estimated national weighted average market price received by producers during the first 5 months of the marketing year for the crop,

as determined by the Secretary.

"(G) If the deficiency payment payable to a producer for a crop, as finally determined by the Secretary under this Act, is less than the amount paid to the producer as an advance deficiency payment for the crop under this subsection, the producer shall refund an amount equal to the difference between the amount advanced and the amount finally determined by the Secretary to be payable to the producer as a deficiency payment for the crop concerned.

"(H) If the Secretary determines under this Act that deficiency payments will not be made available to producers on a crop with respect to which advance deficiency payments already have been made under this subsection, the producers who received such advance payments shall refund such payments.

"(I) Any refund required under subparagraph (G) or (H) shall be due at the end of the marketing year for the crop with respect to which such payments were made.

"(J) If a producer fails to comply with requirements established under the acreage limitation or set-aside program involved after obtaining an advance deficiency payment under this subsection, the producer shall repay immediately the amount of the advance, plus interest thereon in such amount as the Secretary shall prescribe by regulation.

"(3) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(4) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(5) The authority provided in this section shall be in addition to, and not in place of, any authority granted to the Secretary or the Commodity Credit Corporation under any other provisions of law.

"(b) If the Secretary makes land diversion payments under this Act to assist in adjusting the total national acreage of any of the 1986 through 1989 crops of wheat, feed grains, upland cotton, or rice to desirable levels, the Secretary may make at least 50 percent of such payments available to a producer as soon as possible after the producer agrees to undertake the diversion of land in return for such payments.".

SPECIAL GRAZING AND HAY PROGRAM

SEC. 1309. The first sentence of section 109(a) of the Agricultural Act of 1949 (7 U.S.C. 1445d(a)) is amended by striking out "1985" and inserting in lieu thereof "1989".

SUNFLOWER PAYMENT PROGRAM FOR THE 1985 CROP

SEC. 1310. (a) The Secretary of Agriculture shall make available to producers of the 1985 crop of sunflowers payments as provided in this section.

(b) Payments under this section shall be made in an amount equal to the higher of—

(1) an amount determined by multiplying—

(A) the actual yield per harvested acre of sunflowers on the farm for the 1985 crop, adjusted by the Secretary—

(i) to correct for abnormal factors affecting such yield as a result of drought, other natural disaster, or other condition beyond the control of the producer; and

(ii) to provide for a fair and equitable yield; by

(B) the number of acres of sunflowers harvested on the farm for such crop; by

(C) $2.00 per hundredweight; or

(2) an amount determined by multiplying $35 by the number of acres of sunflowers harvested on the farm for the 1985 crop.

(c) For purposes of this section, if no actual yield can be established for the farm for the 1985 crop of sunflowers, the Secretary may determine such yield on such basis as the Secretary determines to be fair and equitable.

(d) The Secretary is authorized to issue such rules and regulations as are necessary to carry out this section.

(e) The Secretary shall make payments available under this section through the Commodity Credit Corporation.

DISASTER PAYMENTS FOR 1985 THROUGH 1989 CROPS OF SOYBEANS AND SUGAR

SEC. 1311. Effective only for the 1985 through 1989 crops of soybeans, sugar beets, and sugarcane, section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) (as amended by section 1001 of this Act) is further amended by adding at the end thereof the following new subsection:

"(k)(1) If the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for soybeans, sugar beets, or sugarcane to soybeans, sugar beets, sugarcane, or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary may make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying—

"(A) the number of acres so affected but not to exceed the acreage planted to soybeans, sugar beets, or sugarcane for harvest (including any acreage that the producers were prevented from planting to soybeans, sugar beets, sugarcane, or other nonconserving crops in lieu of soybeans, sugar beets, or sugarcane because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(B) 75 percent of the farm program payment yield established by the Secretary; by

"(C) a payment rate equal to 50 percent of the loan and purchase level for the crop.

"(2) If the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of soybeans, sugar beets, or sugarcane that the producers are able to harvest on any farm is less than the result of multiplying 60 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary may make a reduced yield disaster payment to the producers at a rate equal to 50 percent of the loan and purchase level for the crop for the deficiency in production below 60 percent for the crop.

"(3) The Secretary may make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.".

INCREASE IN ACREAGE LIMITATIONS

SEC. 1312. Notwithstanding any other provision of titles IV, V, VI, and VII, the Secretary of Agriculture may increase the acreage limitation percentages for any of the 1986 through 1988 crops of wheat, feed grains, upland cotton, and rice by not to exceed 5 percent if the Secretary determines that the carryover stocks of wheat, feed grains, upland cotton, or rice, as the case may be, at the end of the crop year for which the determination is being made will exceed 33 percent of the annual usage of such commodity.

CROP DIVERSION, LAND ELIGIBILITY

SEC. 1313. It is the sense of the Senate that the Secretary revise Department of Agriculture regulations concerning land eligibility for crop diversion programs. To increase the effectiveness of the program farmers should be prohibited from placing the same cropland in any crop diversion program which may be in effect during consecutive years, except under uncontrollable circumstances such as heavy rains, drought or other adverse weather conditions.

PROTECTION OF SUGAR PRODUCERS

SEC. 1314. (a) Section 401(e) of the Agricultural Act of 1949 (7 U.S.C. 1421(e)) is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2)(A) If the assurances under paragraph (1) are not adequate to cause the producers of sugar beets and sugar-cane, because of the bankruptcy or other insolvency of the processor, to receive maximum benefits from the price support program within 30 days after the final settlement date provided for in the contract between such producers and processor, the Secretary, upon demand made by such producers and upon such assurances as to nonpayment as the Secretary shall require, shall pay such producers such maximum benefits less benefits previously received by them. Upon such payment, the Secretary shall be subrogated to all claims of such producers against the processor and other persons responsible for nonpayment and shall have authority to pursue such claims as necessary to recover the benefits not paid to the producers. (B) The Secretary shall carry out this paragraph through the Commodity Credit Corporation.".

(b) The amendment made by this section shall apply to nonpayments occurring after January 1, 1985.

CROP INSURANCE COVERAGE OF WINTER AND SPRING WHEAT

SEC. 1315. (a) The second sentence of the first paragraph of section 508(a) of the Federal Crop Insurance Act (7 U.S.C. 1508(a)) is amended by inserting "(including winterkill of winter wheat)" after "winterkill".

(b)(1) The Secretary of Agriculture shall conduct a study of the practice of offsetting the quantity of winter and spring wheat of a producer for the purpose of determining the amount of benefits due such producer under a policy insured under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).

(2) Not later than 180 days after the date of enactment of this Act, the Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the results of the study conducted under paragraph (1), together with any recommendations for any legislation or regulations necessary to rectify any inequities identified in such study.

FEDERAL CROP INSURANCE CORPORATION FUNDING

SEC. 1316. (a) Section 504 of the Federal Crop Insurance Act (7 U.S.C. 1504) is amended to read as follows:

"CAPITAL STOCK

"SEC. 504. (a) The Corporation shall have a capital stock of $1.00 subscribed by the United States of America, payment for which shall be considered to have been made.

"(b)(1) Not later than 30 days after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985, the Secretary of the Treasury shall cancel, without consideration, receipts for payments for or on account of the stock of the Federal Crop Insurance Corporation outstanding immediately prior to such date of enactment.

"(2) Such receipts shall cease to be liabilities of the Corporation.".

(b) Section 506 of such Act (7 U.S.C. 1506) is amended—

(1) by striking out "and" at the end of subsection (j);

(2) by striking out the period at the end of subsection (k) and inserting in lieu thereof a semicolon; and

(3) by adding at the end thereof the following new subsections:

"(l) may borrow money pursuant to section 516; and

"(m) in the conduct of the business of the Corporation, shall use—

"(1) all funds and other assets of the Corporation, including capital and net earnings therefrom; and

"(2) all funds and other assets of the Corporation that have been or may be transferred or allocated to, borrowed by, or otherwise acquired by the Corporation.".

(c) Subsection (a) of section 516 of such Act (7 U.S.C. 516(a)) is amended to read as follows:

"(a)(1)(A) Subject to subparagraphs (B) through (D), there are authorized to be appropriated such sums as may be necessary—

"(i) to redeem notes or obligations made by the Corporation to the Secretary of the Treasury; and

"(ii) to cover the operating and administrative costs of the Corporation, including agents' and brokers' commissions, interest on Treasury notes and other obligations, partial premium payments by the Corporation, and the direct cost of loss adjusters for crop inspections and loss adjustments.

"(B) Funds appropriated to carry out subparagraph (A)(i) may be used only after all other sources of monies available to the Corporation, including monies available from premiums, are used to the fullest extent possible to redeem notes or obligation referred to in subparagraph (A)(i).

"(C) Funds appropriated to carry out subparagraph (A) shall be allotted to the Corporation in such amounts and at such time or times as the Secretary of Agriculture may determine.

"(D)(i) Expenses in connection with agents' and brokers' commissions, interest on Treasury notes and other obligations, partial premium payments by the Corporation, and the direct cost of loss adjusters for crop inspections and loss adjustments may be paid from premium income and other Corporation funds.

"(ii) Any such payments may be restored by appropriations in subsequent years.

"(2)(A) If the Corporation earns a net realized gain for any year, the full amount of such gain shall be held on deposit in the Treasury in an interest-bearing account.

"(B) Subject to subparagraph (C), the proceeds of such account, including both principal and accrued interest, shall remain available to the Corporation without fiscal year limitation.

"(C) The Corporation shall use such proceeds, to the fullest extent practicable, to repay any outstanding debt or other obligation to the Treasury incurred by the Corporation.".

(d) Section 516 of such Act is amended—

(1) by striking out subsection (c); and

(2) by redesignating subsection (d) as subsection (c).

(e) Section 516(c) of such Act (as redesignated by subsection (d)) is amended—

(1) by striking out "Except as provided in subsection (c) if at any time" in the first sentence and inserting in lieu thereof "If";

(2) by striking out "or the issuance of capital stock under section 504 of this title" in the second sentence and inserting in lieu thereof ", appropriations made under this section, or any other source"; and

(3) by striking out the last sentence and inserting in lieu thereof "The total amount of all money borrowed by the Corporation under this subsection at any time shall not exceed $1,000,000,000.".

COTTONSEED PROGRAM

SEC. 1317. (a) If the price of the 1985 crop of cottonseed is adversely affected as a result of any amendment made by the Agriculture, Food, Trade, and Conservation Act of 1985 to the 1985 soybean program authorized by section 201(g) of the Agricultural Act of 1949, the Secretary of Agriculture shall implement a program providing for fnder this section shall be carried out through the Commodity Credit Corporation.

ADVANCE ANNOUNCEMENT

SEC. 1318. The Agricultural Act of 1949 is amended by redesignating section 406 as "406(a)" and adding a new subsection "(b)" to read as follows:

"(b)(1) Notwithstanding any other provision of this Act, the Secretary of Agriculture shall offer an option to producers of the 1987 through 1990 crops of wheat, feed grains, upland cotton and rice with respect to participation in commodity price support, production adjustment and payment programs as provided in this subsection.

"(2) With respect to the 1987 through 1990 crops of wheat, feed grains, upland cotton, and rice, in any county in the United States, if the Secretary has not made final announcement of the terms of the commodity price support production adjustment, and payment program for wheat, feed grains, upland cotton, or rice on or before the later of: (A) 60 days prior to the normal planting date of such commodity in such county, as determined by the Secretary, and (B) in the case of wheat, July 1 of the calendar year prior to the crop year for which such program is announced; in the case of feedgrains, November 15 of the calendar year prior to the crop year for which such program is announced; in the case of upland cotton, November 1 of the calendar year prior to the crop year for which such program is announced; in the case of rice, January 31 of the calendar year that is the same as the crop year for which such program is announced—the Secretary shall permit producers of any such commodity in such county to elect to receive price support, payments and other program benefits as provided in (i) the program announced for such commodity for the current crop year or (ii) paragraph (3).

"(3)(A)(i) The Secretary shall permit producers eligible to make the election provided by the subsection to participate in the program described in this paragraph by complying with the terms of the program announced for the preceding crop of such commodity.

"(B)(i) Except as provided in clause (ii), the Secretary shall make available to producers of a commodity who exercise the election provided by this section and who comply fully with the terms and conditions of any acreage reduction program established for the preceding year's crop of the commodity—

"(I) loans and purchases at the level established for the program for which the crops with respect to which the election is made;

"(II) deficiency payments calculated on the same basis as the deficiency payments which were calculated for the crop immediately preceding the crop with respect to which the election is made;

"(III)(aa) payments equal to the difference between the level of loans and purchases for the crop with respect to which the election is made and the level of loans and purchases for the crop immediately preceding the crop with respect to which the election is made; and

"(bb) payments authorized by subclause III(aa) shall be made in the form of cash or in-kind commodities.

"(ii) In the case of the 1990 crops, the Secretary shall make available to producers of a commodity who exercise the election provid-

ed by this section and who comply fully with the terms and conditions of any acreage reduction program established for the 1989 crops of the commodity—

"(I) loans and purchases at the level established for the 1990 crop under legislation enacted subsequent to the enactment of the Agriculture, Food, Trade, and Conservation Act of 1989: Provided, That, if legislation is enacted subsequent to the enactment of Agriculture, Food, Trade, and Conservation Act of 1985 which provides that loans and purchases shall not be made with respect to the 1990 crop of a commodity, the Secretary shall make available to producer of such commodity eligible for the election provided by this subsection loans and purchases at the level determined for the 1989 crop: Provided further, That, if legislation is not enacted subsequent to the enactment of the Agriculture, Food, Trade, and Conservation Act of 1985 which provides that loans and purchases shall be made with respect to the 1990 crop of a commodity, none of the provisions of this section shall apply to the 1990 crop;

"(II) deficiency payments calculated on the basis of the established price for the commodity determined for the 1989 crop;

"(III)(aa) payments equal to the difference between the level of loans and purchases that the producer is eligible to receive under clause (I) for such commodity for the 1990 crop and the level of loans and purchases determined for such commodity for the 1989 crop; and

"(bb) payments authorized by this clause (III) shall be made in cash or in the form of in-kind commodities.

"(C) The Secretary shall consider the acreage base and yield for any farm with respect to which a producer exercises the election provided by this section to be equal to the acreage base and yield that was established, or would have been established, for such farm for the year preceding the year for which the election is made.".

TITLE XIV—FOOD STAMPS AND COMMODITY DISTRIBUTION

Subtitle A—Food Stamps

PUBLICLY OPERATED COMMUNITY HEALTH CENTERS

SEC. 1401. (a) Section 3 of the Food Stamp Act of 1977 (7 U.S.C. 2012) is amended—

(1) in subsection (f), by striking out "which" and all that follows through "providing" and inserting in lieu thereof ", or a publicly operated community health center, under part B of title XIX of the Public Health Service Act (42 U.S.C. 300x et seq.) to provide"; and

(2) by inserting ", or a publicly operated community health center," after "private nonprofit institution" in the last sentence of subsection (i).

(b) Section 10 of such Act (7 U.S.C. 2019) is amended by inserting "publicly operated community health centers or" after "purchased, and".

THRIFTY FOOD PLAN

SEC. 1402. The first sentence of section 3(o) of the Food Stamp Act of 1977 (7 U.S.C. 2012(o)) is amended by striking out "fifty-four" and inserting in lieu thereof "fifty".

DISABLED MEMBER

SEC. 1403. Section 3(r) of the Food Stamp Act of 1977 (7 U.S.C. 2012(r)) is amended—

(1) by inserting "or" after the semicolon at the end of clause (1); and

(2) by striking out clauses (2) through (6) and inserting in lieu thereof the following new clause:

"(2) receives benefits, assistance, or payments under a Federal law based on a determination of blindness or disability, or for whom such determination is made, under criteria that the Secretary determines are the same as, or provide for substantially the same degree of disability or blindness as, the criteria for disability or blindness established under sections 216(i), 221(i), and 223(d) of the Social Security Act (42 U.S.C. 416(i), 421(i), and 423(d)).".

FOOD DISTRIBUTION PROGRAM ON INDIAN RESERVATIONS

SEC. 1404. (a) Section 4(b) of the Food Stamp Act of 1977 (7 U.S.C. 2013(b)) is amended by inserting after the third sentence the following new sentence: "For purposes of preventing dual participation in the food stamp program and the commodity distribution program established under section 4(a) of the Agriculture and Consumer Protection Act (7 U.S.C. 612c note), the Secretary and State agencies may match the social security account numbers of participants in the food stamp program against the account numbers of applicants for assistance under the commodity distribution program.".

(b) Section 4(a) of the Agriculture and Consumer Protection Act (7 U.S.C. 612c note) is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) In carrying out the program described in paragraph (1), the Secretary shall—

"(A) require, as a condition of eligibility for participation in such program, that each household member furnish to the State agency the social security account number or numbers of such member; and

"(B) use such account numbers in the administration of such program.".

THIRD-PARTY PAYMENTS

SEC. 1405. Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) is amended—

(1) by inserting "except as provided in subsection (k)," after "household," in subsection (d)(1); and

(2) by adding at the end thereof the following new subsection:

"(k)(1) For purposes of subsection (d)(1), except as provided in paragraph (2), assistance provided to a third party on behalf of a household by a State or local government shall be considered money payable directly to the household if the assistance is provided in lieu of—

"(A) a regular benefit payable to the household for living expenses under a State plan for aid to families with dependent children approved under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.); or

"(B) a benefit payable to the household for living expenses under—

"(i) a State or local general assistance program; or

"(ii) other basic assistance program (as determined by the Secretary).

"(2) Paragraph (1) shall not apply to—

"(A) medical assistance;

"(B) child care assistance;

"(C) energy assistance;

"(D) assistance provided by a State or local housing authority; or

"(E) emergency and special assistance, to the extent excluded in regulations prescribed by the Secretary.".

EDUCATIONAL LOANS

SEC. 1406. (a) The proviso of section 5(d)(5) of the Food Stamp Act of 1977 (7 U.S.C. 2014(d)(5)) is amended by inserting after "child care expenses," the following: "and no portion of any educational loans on which payment is deferred, grants, scholarships, fellowships, veterans' educational benefits, and the like,".

(b) Section 5(k) of such Act (as added by section 1405(2)) is amended by adding at the end thereof the following new paragraph:

"(3) For purposes of subsection (d)(1), educational loans on which payment is deferred, grants, scholarships, fellowships, veterans' educational benefits, and the like, provided to a third party on behalf of a household, shall be treated as money payable directly to the household.".

NONRECURRING LUMP-SUM PAYMENTS

SEC. 1407. Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) (as amended by section 1405(2)) is further amended—

(1) by inserting ", except as provided in subsection (l)" after "settlements" in subsection (d)(8); and

(2) by adding at the end thereof the following new subsection:

"(l) If the amount of benefits received by a household under a State plan for aid to families with dependent children approved under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.) or the supplemental security income program established under title XVI of such Act (42 U.S.C. 1381 et seq.) is reduced or terminated as the result of the receipt of a nonrecurring lump-sum payment, the income of the household for purposes of the food stamp program shall include the amount of such benefits the household would have received but for such payment.".

CHILD SUPPORT PAYMENTS

SEC. 1408. Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) (as amended by section 1407(2)) is further amended—

(1) in subsection (d)—

(A) by striking out "and" at the end of clause (11); and

(B) by inserting before the period at the end thereof the following: ", and (13) at the option of a State agency and subject to subsection (m), child support payments that are excluded under section 402(a)(8)(A)(vi) of the Social Security Act (42 U.S.C. 602(a)(8)(A)(vi))"; and

(2) by adding at the end thereof the following new subsection:

"(m) If a State agency excludes payments from income for purposes of the food stamp program under subsection (d)(13), such State agency shall pay to the Federal Government, in a manner prescribed by the Secretary, the cost of any additional benefits provided to households in such State that arise under such program as the result of such exclusion.".

HOMEOWNERSHIP COMPONENT OF SHELTER COSTS

SEC. 1409. Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended—

(1) by striking out "the homeownership component of shelter costs" in clause (1) of the second sentence and inserting in lieu thereof "the homeowners' cost, maintenance, and repair component of shelter costs"; and

(2) by striking out "homeownership costs" in subclause (i) of the proviso of clause (2) of the fourth sentence and inserting in lieu thereof "the homeowners' cost, maintenance, and repair component of shelter costs".

ENERGY ASSISTANCE PAYMENTS

SEC. 1410. Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) is amended—

(1) by inserting ", excluding expenses of the household paid (directly or indirectly) under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.)," after "for shelter" each place it appears in clause (2) of the fourth sentence and subclause (C) of the last sentence; and

(2) by inserting after the fifth sentence the following new sentences: "If a State agency elects to use a standard utility allowance, the agency shall use a separate allowance for households receiving assistance under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.) and a separate allowance for other households or a combined allowance for all such households. In the case of a standard utility allowance that applies to households receiving such assistance, such allowance shall reflect utility expenses in excess of such expenses paid, directly or indirectly, under such Act.".

SELF-EMPLOYMENT INCOME

SEC. 1411. Section 5(f)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(1)) is amended—

(1) by redesignating subparagraph (B) as subparagraph (C); and

(2) by inserting after subparagraph (A) the following new subparagraph:

"(B) If the average amount of self-employment income of a household does not reflect accurately the actual monthly circumstances of such household because such household experienced a substantial increase or decrease in business earnings, the self-employment income of such household shall be calculated on the basis of the anticipated earnings of such household.".

MONTHLY REPORTING AND RETROSPECTIVE BUDGETING

SEC. 1412. (a) Section 5(f)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2014(f)(2)) is amended—

(1) by amending subparagraph (A) to read as follows:

"(A) Household income shall be calculated on a prospective basis, as provided in paragraph (3)(A), in the case of—

"(i) migrant farmworker households; and

"(ii) households—

"(I) that have no earned income; and

"(II) in which all adult members are elderly or disabled members.";

(2) in subparagraph (B)—

(A) in clause (i)—

(i) by inserting "under the first sentence of section 6(c)(1)" after "permitted"; and

(ii) by striking out "under section 6(c)(1) of this Act,";

(B) by striking out "(ii)" and all that follows through "members,"; and

(C) in clause (iii)—

(i) by striking out "(iii)" and inserting in lieu thereof "(ii)";

(ii) by striking out "other than a migrant household" and inserting in lieu thereof "other than a household described in subparagraph (A)";

(iii) by inserting "under the first sentence of section 6(c)(1)" after "not required"; and

(iv) by striking out "under section 6(c)(1) of this Act"; and

(3) by striking out subparagraph (C) and inserting in lieu thereof the following new subparagraphs:

"(C) Except as provided in subparagraphs (A) and (B), household income for households that have earned income, and for households that include any member who has recent work history, shall be calculated on a retrospective basis, as provided in paragraph (3)(B).

"(D) Household income for all other households may be calculated, at the option of the State agency, on a prospective basis as provided in paragraph (3)(A) or on a retrospective basis as provided in paragraph (3)(B).".

(b) Section 6(c)(1) of such Act (7 U.S.C. 2015(c)(1)) is amended—

(1) in the first sentence, by striking out "certain" and all that follows through "members," and inserting in lieu thereof "households with respect to which household income is required by section 5(f)(2)(C) to be determined on a retrospective basis"; and

(2) by inserting after the second sentence the following new sentence: "State agencies may require households, other than households with respect to which household income is required by section 5(f)(2)(A) to be calculated on a prospective basis, to file periodic reports of household circumstances in accordance with standards prescribed under the preceding provisions of this paragraph by the Secretary.".

BURIAL PLOTS

SEC. 1413. Section 5(g) of the Food Stamp Act of 1977 (7 U.S.C. 2014(g)) is amended by adding at the end thereof the following new sentence: "The Secretary shall exclude from financial resources the value of a burial plot for each member of a household.".

CATEGORICAL ELIGIBILITY

SEC. 1414. (a) Subsection (j) of section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014(j)) is amended to read as follows:

"(j) Notwithstanding subsections (a) through (i), a State agency may consider a household to have satisfied the income and resource limitations for participation in the food stamp program prescribed under this section if—

"(1) each member of the household receives benefits under—

"(A) a State plan for aid to families with dependent children approved under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

"(B) the supplemental security income program established under title XVI of such Act (42 U.S.C. 1381 et seq.); or

"(C) a State plan approved under title I, X, XIV, or XVI of such Act (42 U.S.C. 301 et seq.); and

"(2) the income of the household does not exceed the applicable income standards of eligibility established under subsection (c)(2).".

(b) Section 11(i) of such Act (7 U.S.C. 2020(i)) is amended by adding at the end thereof the following new sentence: "A State agency may not deny or terminate benefits to a household under the food stamp program solely on the basis of the denial or termination of benefits to such household under a State plan for aid to families with dependent children approved under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.), the supplemental security income program established under title XVI of such Act (42 U.S.C. 1381 et seq.), or a State plan approved under title I, X, XIV, or XVI of such Act (42 U.S.C. 301 et seq.) without a separate determination by such agency that such household has failed to satisfy the eligibility requirements for participation in the food stamp program.".

(c) Section 17 of such Act (7 U.S.C. 2026) is amended—

(1) by striking out subsection (d); and

(2) by redesignating subsections (e) and (f) as subsections (d) and (e), respectively.

JOB TRAINING BENEFITS

SEC. 1415. Section 5 of the Food Stamp Act of 1977 (7 U.S.C. 2014) (as amended by section 1408(2)) is further amended by adding at the end thereof the following new subsection:

"(n) Notwithstanding section 142(b) of the Job Training Partnership Act (29 U.S.C. 1552(b)), allowances, earnings, and payments received by individuals as a result of participation in a program authorized under such Act, other than needs-based allowances and payments received under such program, shall be considered income for purposes of the food stamp program.".

EMPLOYMENT AND TRAINING PROGRAM

SEC. 1416. (a) Section 6(d) of the Food Stamp Act of 1977 (7 U.S.C. 2015(d)) is amended—

(1) in paragraph (1)—

(A) by striking out "eighteen" in the matter preceding clause (i) of the first sentence and inserting in lieu thereof "sixteen";

(B) by striking out clause (ii) of the first sentence and inserting in lieu thereof the following new clause: "(ii) refuses without good cause to participate in an employment and training program under paragraph (4), to the extent required under such paragraph, including such reasonable employment requirements as are prescribed by the State agency in accordance with such paragraph, except that the period of ineligibility under this clause shall be two months;"; and

(C) by adding at the end thereof the following new sentences: "A period of ineligibility for a violation of a requirement of this paragraph shall terminate when the household member who committed the violation complies with such requirement. If the household member who committed the violation leaves the household during the period of ineligibility, such household shall no longer be subject to a sanction for such violation and, if the household is otherwise eligible, may resume participation in the program. Any other household that such person thereafter joins shall be ineligible for the balance of the period of ineligibility.";

(2) in paragraph (2)—

(A) by striking out "a dependent child under age six or of an incapacitated person" in clause (B) and inserting in lieu thereof "(i) a dependent child under age six, except that a State agency may require such parent or guardian to comply with such work requirements if the child is age three or over and adequate child care is available, or (ii) an incapacitated person";

(B) by striking out "or" at end of clause (D); and

(C) by inserting before the period at the end thereof the following: "; or (F) a person between the ages of sixteen and eighteen who is not a head of a household or who is attending school on a full-time basis"; and

(3) by adding at the end thereof the following new paragraph:

"(4)(A) A State agency shall implement an employment and training program designed by the State agency, pursuant to guidelines established by the Secretary, to assist members of households receiving benefits under this Act in gaining skills, training, or experience that will increase their ability to obtain regular employment.

"(B) In the case of persons who participated in the food stamp program for a period of more than 30 consecutive days and who are subject to employment requirements under this section, a State agency shall place in such program not less than—

"(i) by September 30, 1987, 25 percent of such persons;

"(ii) by September 30, 1988, 35 percent of such persons; and

"(iii) by September 30, 1990 and thereafter, 45 percent of such persons.

"(C) For purposes of this Act, an 'employment and training program' means a program that—

"(i) contains one or more of the components described in subparagraph (D), (E), (F), or (G); and

"(ii) meets criteria established by the Secretary.

"(D) A job search training program described in this subparagraph shall include, to the extent determined appropriate by the State agency, reasonable job search training and support activities that may consist of jobs skills assessments, job finding clubs, training in techniques for employability, job placement services, or other direct training or support activities, including education programs, determined by the State agency to expand the job search abilities or employability of persons subject to the program.

"(E)(i) A program described in this subparagraph shall be designed—

"(I) to improve the employability of household members through actual work experience or training, or both; and

"(II) to enable individuals employed under such program to become employed promptly in regular public or private employment.

"(ii) A State agency may use a facility of a State public employment office or agency operating a program under the Job Training Partnership Act (29 U.S.C. 1501 et seq.) to find employment and training opportunities for household members under the program described in this subparagraph.

"(iii) A State agency shall limit an employment or training experience assignment under such program to a project that serves a useful public purpose in a field such as health, social services, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, or day care.

"(iv) To the extent possible, a State agency shall use the prior training, experience, and skills of a member participating in such program in making appropriate employment experience assignments under such program.

"(v) In carrying out a program under this subparagraph, a State agency—

"(I) shall not provide any work that has the effect of replacing the employment of an individual not participating in such program; and

"(II) shall provide the same benefits and working conditions that are provided at the job site to employees performing comparable work for comparable hours.

"(F) A program described in this subparagraph shall include a workfare program operated under section 20.

"(G) A program described in this subparagraph shall include other programs, projects, and experiments (such as a supported work program), approved by the Secretary, that are aimed at accomplishing the purposes of employment and training programs established under this paragraph.

"(H) A State agency may provide that participation in an employment and training program established under this paragraph may supplement or supplant other requirements imposed on individuals subject to such program.

"(I)(i) In carrying out a program under this paragraph, a State agency may exempt, in accordance with criteria established by the Secretary, a category of household members from a requirement imposed under such program if the State agency determines that the application of such requirement to such category is impracticable due to factors such as the availability of work opportunities and the cost effectiveness of employment requirements.

"(ii) In making a determination under clause (i), a State agency may designate a category consisting of all such household members residing in a specified area of a State.

"(iii) A State agency shall also exempt from such requirement, or suspend the application of such requirement to, an individual household member not included in such category but with respect to whom the State agency determines that the application of such requirement is impracticable due to personal circumstances such as a lack of job readiness and employability, the remote location of work opportunities, and unavailability of dependent care.

"(iv) An exemption of a category or member by a State agency under this subparagraph shall not affect the requirement of such agency to comply with subparagraph (B).

"(J)(i) The total number of hours of work in an employment and training program carried out under this paragraph required of members of a household in any month collectively, together with the hours of work of such members in any program carried out under section 20, may not exceed a number of hours equal to the allotment of the household for such month divided by the higher of the applicable State minimum wage or the Federal minimum hourly rate under the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.).

"(ii) The total number of hours of participation in such program required of any member of a household, individually, in any month, together with any hours worked in any program carried out under section 20 and any hours worked for compensation (in cash or in kind) in any other capacity, may not exceed 120 hours per month.

"(K)(i) A State agency shall establish such requirements as the State agency determines to be appropriate for individuals required to participate in a program described in subparagraph (C) that the State agency has not selected as a result of such subparagraph. Such requirements may vary among participants.

"(ii) A State agency may operate a program described in subparagraph (C) that the State agency has not selected as a result of such subparagraph.

"(iii) A State agency shall permit individuals not required to participate in an employment and training program, or who have completed or are in the process of participating in such program, to participate in any program established under this paragraph.

"(L) The Secretary shall issue guidelines that, to the maximum extent practicable, enable a State agency to design and operate an employment and training program under this paragraph that is compatible and consistent with similar programs operated within the State.

"(M) A State agency shall reimburse participants for the actual costs of transportation, and other actual costs, that are reasonably necessary and directly related to participation in the program but not to exceed $25 in the aggregate per month.

"(N)(i) The Secretary shall assure that State agencies comply with the requirements of this paragraph and section 11(e)(22).

"(ii) If the Secretary determines that a State agency has failed to comply with such a requirement, the Secretary may withhold from such State in accordance with section 16 (a), (c), and (h) such funds as the Secretary determines to be appropriate, subject to administrative and judicial review under section 14.

"(O) The Secretary shall ensure, to the extent practicable and in cooperation with the Secretary of Labor, that employment and training programs are provided to Indians residing on an Indian reservation in proportion to the number of persons described in subparagraph (B) that reside on such reservation.".

(b) Section 11(e) of such Act (7 U.S.C. 2020(e)) is amended—

(1) by striking out "and" at the end of paragraph (20);

(2) by striking out the period at the end of paragraph (21) and inserting in lieu thereof a semicolon; and

(3) by adding at the end thereof the following new paragraph:

"(22) the plans of the State agency for carrying out employment and training programs under section 6(d)(4), including the nature and extent of such programs and the geographic areas and households to be covered under such programs;".

(c) Section 16 of such Act (7 U.S.C. 2025) is amended by adding at the end thereof the following new subsection:

"(h)(1) For the payment to each State agency of the full cost (except as otherwise provided in this subsection) of carrying out an employment and training program under section 6(d)(4), the Secretary shall allocate from funds appropriated for such fiscal year under section 18(a)(1)—

"(A) for the fiscal year ending September 30, 1986, $40,000,000;

"(B) for the fiscal year ending September 30, 1987, $50,000,000;

"(C) for the fiscal year ending September 30, 1988, $60,000,000; and

"(D) for the fiscal year ending September 30, 1989, $75,000,000.

"(2) If in carrying out such program a State agency incurs costs that exceed the amount payable to the State agency under paragraph (1), the Secretary shall pay such State agency in accordance with subsection (a) an amount equal to 50 percent of such additional costs.

"(3) The Secretary shall in accordance with subsection (a) reimburse each State agency in an amount equal to 50 percent of the total amount of payments made or costs incurred by the State agency to reimburse participants for the actual costs of transportation, and other actual costs, that are reasonably necessary and directly related to participation in an employment and training program established under section 6(d)(4) but not to exceed $25 in the aggregate per month.

"(4) Funds provided to a State agency under this subsection—

"(A) may be used only for operating an employment and training program under section 6(d)(4); and

"(B) may not be used for carrying out other provisions of this Act.

"(5)(A) The Secretary shall monitor the employment and training programs carried out by State agencies under section 6(d)(4) to measure their effectiveness in terms of—

"(i) the increase in the numbers of household members who obtain employment; and

"(ii) the numbers of such members who retain such employment,

as a result of their participation in such programs.

"(B) Not later than January 1, 1989, the Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the effectiveness of such employment and training programs.".

(d) Subsection (b) of section 20 of such Act (7 U.S.C. 2029(b)) is amended to read as follows:

"(b)(1) A household member shall be exempt from workfare requirements imposed under this section if such member is—

"(A) exempt from section 6(d)(1) as the result of clause (B), (C), (D), (E), or (F) of section 6(d)(2); or

"(B) at the option of the operating agency, subject to and currently actively and satisfactorily participating at least 20 hours a week in a work training program required under title IV of the Social Security Act (42 U.S.C. 601 et seq.).

"(2)(A) Subject to subparagraphs (B) and (C), in the case of a household that is exempt from work requirements imposed under this Act as the result of participation in a community work experience program established under section 409 of the Social Security Act (42 U.S.C. 609), the number of hours in a month for which all members of such household may be required to participate in such program shall equal the result obtained by dividing—

"(i) the amount of assistance paid to such household for such month under title IV of such Act, together with the value of the food stamp allotment of such household for such month; by

"(ii) the higher of the Federal or State minimum wage in effect for such month.

"(B) In no event may any such member be required to participate in such program more than 120 hours per month.

"(C) For the purpose of subparagraph (A)(i), the value of the food stamp allotment of a household for a month shall be determined in accordance with regulations governing the issuance of an allotment to a household that contains more members than the number of members in an assistance unit established under title IV of such Act.".

ALIENS

SEC. 1417. (a) Clause (2) of the first sentence of section 6(f) of the Food Stamp Act of 1977 (7 U.S.C. 2015(f)) is amended—

(1) in subclause (D), by striking out "section" and all that follows through "calamity" and inserting in lieu thereof "sections 207 and 208 of the Immigration and Nationality Act (8 U.S.C. 1157 and 1158)"; and

(2) in subclause (F), by striking out "because" and all that follows through "opinion".

(b) The last sentence of section 6(f) of such Act is amended by striking out "(less a pro rata share)".

SALES TAX

SEC. 1418. (a) Section 7(b) of the Food Stamp Act of 1977 (7 U.S.C. 2106(b)) is amended by inserting ", except that the transaction of coupons may not be a taxable event" after "such stores".

(b) The amendment made by subsection (a) shall apply to a State (or political subdivision thereof) beginning on the first day of the fiscal year that commences in the calendar year during which the first session of the legislature of such State is convened following the date of enactment of this Act.

ALTERNATIVE MEANS OF COUPON ISSUANCE

SEC. 1419. Section 7(g)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2016(g)(1)) is amended by striking out "may" in the matter preceding clause (A) and inserting in lieu thereof "shall".

SIMPLIFIED APPLICATIONS AND STANDARDIZED BENEFITS

SEC. 1420. Section 8 of the Food Stamp Act of 1977 (7 U.S.C. 2017) is amended by adding at the end thereof the following new subsection:

"(e)(1) The Secretary may permit a State, on request, to operate a program under which a household shall be considered to have satisfied the application requirements prescribed under section 5(a) and the income and resource requirements prescribed under subsections (d) through (g) of section 5 if such household—

"(A) includes one or more members who are recipients of—

"(i) aid to families with dependent children under part A of title IV of the Social Security Act (42 U.S.C. 601 et seq.);

"(ii) supplemental security income under title XVI of such Act (42 U.S.C. 1381 et seq.); or

"(iii) medical assistance under title XIX of such Act (42 U.S.C. 1396 et seq.); and

"(B) has an income that does not exceed the applicable income standard of eligibility described in section 5(c).

"(2) Except as provided in paragraph (3), a State that elects to operate a program under this subsection shall base the value of an allotment provided to a household under subsection (a) on—

"(A)(i) the size of the household; and

"(ii)(I) benefits paid to such household under a State plan for aid to families with dependent children approved under part A of title IV of the Social Security Act; or

"(II) the income standard of eligibility for medical assistance under title XIX of such Act; or

"(B) at the option of the State, the standard of need for such size household under the programs referred to in clause (A)(ii).

"(3) The Secretary shall adjust the value of allotments received by households under a program operated under this subsection to ensure that the average allotment by household size for households participating in such program and receiving such aid to families with dependent children, such supplemental security income, or such medical assistance, as the case may be, is not less than the average allotment that would have been provided under this Act but for the operation of this subsection, for each category of households, respectively, in a State, for any period during which such program is in operation.

"(4) The Secretary shall evaluate the impact of programs operated under this subsection on recipient households, administrative costs, and error rates.

"(5) The administrative costs of such programs shall be shared in accordance with section 16.

"(6) In implementing this section, the Secretary shall consult with the Secretary of Health and Human Services to ensure that to the extent practicable, in the case of households participating in such programs, the processing of applications for, and determinations of eligibility to receive, food stamp benefits are simplified and are unified with the processing of applications for, and determinations of eligibility to receive, benefits under such titles of the Social Security Act (42 U.S.C. 601 et seq.).".

REDEMPTION OF COUPONS

SEC. 1421. Section 10 of the Food Stamp Act of 1977 (7 U.S.C. 2019) is amended by adding at the end thereof the following new sentence: "A financial institution may not impose on, or collect from, a retail food store a fee or other charge for the redemption of coupons that are submitted to the financial institution in order to defray the costs of complying with a requirement, other than a requirement relating to the cancellation of coupons, for the presentation of coupons by the financial institution to a Federal Reserve bank.".

ELIGIBILITY OF THE HOMELESS

SEC. 1422. Section 11(e)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)) is amended—

(1) by striking out the semicolon at the end thereof and inserting in lieu thereof a period; and

(2) by adding at the end thereof the following new sentences: "The State agency shall provide a method of certifying and issuing coupons to eligible households that do not reside in permanent dwellings or who do not have fixed mailing addresses. In carrying out the preceding sentence, the State agency shall take such steps as are necessary to ensure that participation in the food stamp program is limited to eligible households.".

CERTIFICATION OF INFORMATION

SEC. 1423. Section 11(e)(2) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(2)) (as amended by section 1422) is further amended by adding at the end thereof the following: "Each adult member of a household that is applying for a coupon allotment (or in the case of a household described in paragraph (9)(A), an adult member of such household that is applying for a coupon allotment) or is required to file a periodic or other report under section 6(c)(1) shall be required to certify in writing, under penalty of perjury, the truth of the information contained in the application for the allotment or the report, respectively;".

VERIFICATION

SEC. 1424. Section 11(e)(3) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(3)) is amended—

(1) by striking out "only" after "verification";

(2) by inserting ", household size (in any case such size is questionable)," after "Act)"; and

(3) by striking out "any factors" and all that follows through "by the Secretary" and inserting in lieu thereof "such other eligibility factors as the State agency determines are necessary".

PHOTOGRAPHIC IDENTIFICATION CARDS

SEC. 1425. Section 11(e)(16) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)(16)) is amended—

(1) by striking out "last sentence" and inserting in lieu thereof "fourth sentence";

(2) by inserting "and would be cost effective" after "integrity";

(3) by striking out the semicolon at the end thereof and inserting in lieu thereof a period; and

(4) by adding at the end thereof the following: "The State agency may permit a member of a household to comply with this paragraph by presenting a photographic identification card used to receive assistance under a welfare or public assistance program;".

STAGGERED ISSUANCE OF COUPONS

SEC. 1426. Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) (as amended by section 1416(b)) is further amended by adding at the end thereof the following new paragraph:

"(23) at the option of the State agency, for the staggered issuance of coupons to recipients throughout a month, except that not more than 40 days may elapse between the issuance of coupons to a household as a result of such staggered issuance;".

FRAUD DETECTION

SEC. 1427. Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) (as amended by section 1426) is further amended by

adding at the end thereof the following new paragraph:

"(24) in a project area in which 5,000 or more households participate in the food stamp program, for the establishment and operation of a unit for the detection of fraud in the food stamp program, including the investigation, and assistance in the prosecution, of such fraud; and".

FOOD STAMP INFORMATION AND APPLICATIONS AT SOCIAL SECURITY ADMINISTRATION OFFICES

SEC. 1428. (a) Clause (2) of the first sentence of section 11(i) of the Food Stamp Act of 1977 (7 U.S.C. 2020(i)) is amended—

(1) by inserting "applicants for or" after "members are"; and

(2) by striking out "permitted" and all that follows through "office" and inserting in lieu thereof "informed of the availability of benefits under the food stamp program, and the availability of assistance in making a simple application to participate in such program, at a local office of the Social Security Administration".

(b) Subsection (j) of section 11 of such Act is amended to read as follows:

"(j)(1) Under regulations prescribed by the Secretary in conjunction with the Secretary of Health and Human Services, an individual who is an applicant for or recipient of benefits under title II of the Social Security Act (42 U.S.C. 401 et seq.) shall be informed of the availability of benefits under the food stamp program, and the availability of a simple application to participate in such program, at a local office of the Social Security Administration.

"(2) The Secretary and the Secretary of Health and Human Services shall revise the memorandum of understanding in effect on the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985, regarding services to be provided in such an office under this subsection and subsection (i), in a manner to ensure that—

"(A) an applicant for or recipient of benefits under title II of the Social Security Act is adequately notified in such office that assistance may be available to such applicant or recipient under this Act;

"(B) an application for assistance under this Act received from a household in which all members of such household are applicants for or recipients of assistance under the supplemental security income program established under title XVI of the Social Security Act (42 U.S.C. 1381 et seq.) be forwarded immediately after receipt to the State agency in an efficient and timely manner; and

"(C) the Secretary of Health and Human Services receives from the Secretary reimbursement for costs incurred to carry out this subsection and subsection (i).".

(c) Not later than 180 days after the date of the enactment of this Act, the Secretary of Health and Human Services shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that describes the nature and extent of costs incurred by such Secretary to comply with subsections (i) and (j) of section 11 of the Food Stamp Act of 1977 (as amended by subsections (a) and (b), respectively).

SPECIAL SUPPLEMENTAL FOOD PROGRAM

SEC. 1429. (a) Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) is amended by adding at the end thereof the following new subsection:

"(e) Notwithstanding section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786), a retail food store or wholesale food concern that has been disqualified under subsection (a) shall be ineligible during the period of disqualification to participate in the special supplemental food program established under section 17 of such Act.".

(b) The second sentence of section 9(c) of the Food Stamp Act of 1977 (7 U.S.C. 2018(c)) is amended by striking out "this Act or the regulations issued pursuant to this Act" and inserting in lieu thereof "this Act or section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786) or the regulations issued to carry out this Act or such section".

DISQUALIFICATION OF RETAIL FOOD STORES AND CIVIL MONEY PENALTIES

SEC. 1430. (a) Section 12 of the Food Stamp Act of 1977 (7 U.S.C. 2021) (as amended by section 1429(a)) is further amended by adding at the end thereof the following new subsection:

"(f)(1)(A) If a retail food store or wholesale food concern disqualified under subsection (a) is sold or otherwise transferred, such store or concern shall be subject to a civil money penalty.

"(B) The amount of such penalty shall—

"(i) be established by the Secretary through regulations; and

"(ii) reflect that portion of the disqualification period that has not yet expired.

"(C) If such store or concern has been disqualified permanently, the amount of such penalty shall be double the penalty imposed for a 10-year disqualification period, as determined under regulations issued by the Secretary.

"(D) Notwithstanding the imposition of such penalty, the disqualification period imposed under subsection (b) shall continue in effect as to the seller or transferor of such store or concern.

"(2)(A) After a civil money penalty imposed under paragraph (1) has become final pursuant to section 14(a), the Secretary may request the Attorney General to institute a civil action to collect such penalty in a district court of the United States for any district in which the person against whom the penalty is imposed is found, resides, or transacts business.

"(B) Such court shall have jurisdiction to hear and decide such action.

"(C) The validity and amount of such penalty shall not be subject to review in such action.".

(b) Section 9(b) of such Act (7 U.S.C. 2018(b)) is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2)(A) If a buyer or transferee of a retail food store or wholesale food concern has actual or constructive notice of an outstanding civil penalty imposed under section 12(f) at the time of the sale or transfer of such store or concern, such store or concern may not accept or redeem coupons until the Secretary receives full payment of such penalty.

"(B) To the extent permitted under law, the Secretary shall ensure that an encumbrance created under this paragraph is recorded in an appropriate State or local public office.

"(C) The seller or transferor of such store or concern shall advise a buyer or transferee prior to the sale or transfer of the limitation imposed by this paragraph.

"(D) The store or concern of the buyer or transferee may not, as a result of the sale or transfer of such store or concern, be required to furnish a bond under section 12(d).".

LIABILITY FOR OVERISSUANCE OF COUPONS

SEC. 1431. Section 13(a) of the Food Stamp Act of 1977 (7 U.S.C. 2022(a)) is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) Each adult member of a household shall be jointly and severally liable for the value of any overissuance of coupons.".

INTEREST ON CLAIMS AGAINST STATE AGENCIES

SEC. 1432. Section 13(a) of the Food Stamp Act of 1977 (7 U.S.C. 2022(a)) (as amended by section 1431) is further amended by adding at the end thereof the following new paragraph:

"(3) A State agency shall be liable for interest on a claim assessed against the State agency under this Act from the date of the final administrative determination made with respect to such claim under section 14(a).".

COLLECTION OF CLAIMS

SEC. 1433. (a) Section 13(b)(1)(B) of the Food Stamp Act of 1977 (7 U.S.C. 2022(b)(1)(B)) is amended—

(1) by striking out "may" and inserting in lieu thereof "shall"; and

(2) by inserting ", unless the State agency demonstrates to the satisfaction of the Secretary that such other means are not cost effective" before the period at the end thereof.

(b) Section 13(b)(2)(A) of such Act is amended—

(1) by inserting after the first sentence the following new sentence: "State agencies may collect any claim against a household arising from the overissuance of coupons as the result of an error of the State agency by reducing the monthly allotments of the household."; and

(2) by striking out "These collections" in the last sentence and inserting in lieu thereof "Collections under this subparagraph".

FOOD STAMP INTERCEPT OF UNEMPLOYMENT BENEFITS

SEC. 1434. (a) Section 13 of the Food Stamp Act of 1977 (7 U.S.C. 2022) is amended by adding at the end thereof the following new subsection:

"(c)(1) As used in this subsection, the term 'uncollected overissuance' means the amount of an overissuance of coupons, as determined under subsection (b)(1), that has not been recovered pursuant to subsection (b)(1).

"(2) A State agency may determine on a periodic basis, from information supplied pursuant to section 3(b) of the Wagner-Peyser Act (29 U.S.C. 49b(b)), whether an individual receiving compensation under the State's unemployment compensation law (including amounts payable pursuant to an agreement under a Federal unemployment compensation law) owes an uncollected overissuance.

"(3) A State agency may recover an uncollected overissuance—

"(A) by—

"(i) entering into an agreement with an individual described in paragraph (2) under which specified amounts will be withheld from unemployment compensation otherwise payable to the individual; and

"(ii) furnishing a copy of the agreement to the State agency administering the unemployment compensation law; or

"(B) in the absence of an agreement, by obtaining a writ, order, summons, or other similar process in the nature of garnishment from a court of competent jurisdiction to require the withholding of amounts from the unemployment compensation.".

(b)(1) Section 11(e) of the Food Stamp Act of 1977 (7 U.S.C. 2020(e)) (as amended by section 1427) is further amended by adding at the end thereof the following new paragraph:

"(25) at the option of the State, for procedures necessary to obtain payment of uncollected overissuance of coupons from unemployment compensation pursuant to section 13(c).".

(2) Section 3(b) of the Wagner-Peyser Act (29 U.S.C. 49b(b)) is amended—

(A) by striking out "or" the second place it appears and inserting in lieu thereof a comma; and

(B) by inserting after "such Act," the following: "or of a State agency charged with the administration of the food stamp program in a State under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.),".

(3) Section 303(d) of the Social Security Act (42 U.S.C. 503(d)) is amended—

(A) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively; and

(B) by inserting after paragraph (1) the following new paragraph:

"(2)(A) For purposes of this paragraph, the term 'unemployment compensation' means any unemployment compensation payable under the State law (including amounts payable pursuant to an agreement under a Federal unemployment compensation law).

"(B) The State agency charged with the administration of the State law—

"(i) may require each new applicant for unemployment compensation to disclose whether the applicant owes an uncollected overissuance (as defined in section 13(c)(1) of the Food Stamp Act of 1977) of food stamp coupons,

"(ii) may notify the State food stamp agency to which the uncollected overissuance is owed that the applicant has been determined to be eligible for unemployment compensation if the applicant discloses under clause (i) that the applicant owes an uncollected overissuance and the applicant is determined to be so eligible,

"(iii) may deduct and withhold from any unemployment compensation otherwise payable to an individual—

"(I) the amount specified by the individual to the State agency to be deducted and withheld under this clause,

"(II) the amount (if any) determined pursuant to an agreement submitted to the State food stamp agency under section 13(c)(3)(A) of the Food Stamp Act of 1977, or

"(III) any amount otherwise required to be deducted and withheld from the unemployment compensation pursuant to section 13(c)(3)(B) of such Act, and

"(iv) shall pay any amount deducted and withheld under clause (iii) to the appropriate State food stamp agency.

"(C) Any amount deducted and withheld under subparagraph (B)(iii) shall for all purposes be treated as if it were paid to the individual as unemployment compensation and paid by the individual to the State food stamp agency to which the uncollected overissuance is owed as repayment of the individual's uncollected overissuance.

"(D) A State food stamp agency to which an uncollected overissuance is owed shall reimburse the State agency charged with the administration of the State unemployment compensation law for the administrative costs incurred by the State agency under this paragraph that are attributable to repayment of uncollected overissuance to the State food stamp agency to which the uncollected overissuance is owed.".

(c)(1) The proviso of the first sentence of section 16(a) of the Food Stamp Act of 1977 (7 U.S.C. 2025(a)) is amended by striking out "13(b)(1) of this Act" and inserting in lieu thereof "13 (b)(1) and (c)".

(2) The first sentence of section 18(e) of such Act (7 U.S.C. 2027(e)) is amended by striking out "13(b) of this Act" and inserting in lieu thereof "13 (b) and (c)".

ADMINISTRATIVE AND JUDICIAL REVIEW

SEC. 1435. The last sentence of section 14(a) of the Food Stamp Act of 1977 (7 U.S.C. 2023(a)) is amended—

(1) by striking out "an application" and inserting in lieu thereof "on application"; and

(2) by striking out "showing of irreparable injury" and inserting in lieu thereof "showing that the applicant is likely to prevail on the merits of the case".

HOURS OF OPERATION

SEC. 1436. Section 16(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2025(b)(1)) is amended by inserting ", including standards for the periodic review of the hours that food stamp offices are open during the day, week, or month to ensure that employed individuals are adequately served by the food stamp program," after "States".

ERROR RATE REDUCTION PROGRAM

SEC. 1437. Section 16(d) of the Food Stamp Act of 1977 (7 U.S.C. 2025(d)) is amended—

(1) by striking out paragraphs (2) and (3) and inserting in lieu thereof the following new paragraphs:

"(2) If the payment error rate of a State agency for a fiscal year exceeds 5 percent, the State agency shall, other than for good cause shown, be liable to the Secretary for such fiscal year in an amount equal to—

"(A) the sum of—

"(i) the product obtained by multiplying—

"(I) the number of percentage points (or a fraction thereof) by which such rate exceeds 5 percent (but not to exceed 2 points); by

"(II) 75 percent of the total value of all coupons issued by the State agency for such fiscal year; and

"(ii) the product obtained by multiplying—

"(I) the number of percentage points (or a fraction thereof) by which such rate exceeds 7 percent; by

"(II) the total value of all coupons issued by the State agency for such fiscal year; less

"(B) 75 percent of the value of any amounts that—

"(i) are recovered or collected by the State agency during such fiscal year under this Act for allotments—

"(I) issued to ineligible households; or

"(II) overissued to eligible households; and

"(ii) are not retained by the State agency in accordance with subsection (a).

"(3) If the liability of a State agency under this subsection is not contested by such agency or is ultimately determined to be valid, such penalty shall be collected by the Secretary by means of—

"(A) payment by such State agency;

"(B) withholding amounts otherwise payable to such agency under subsection (a); or

"(C) other means of collection authorized under chapter 37 of title 31, United States Code.";

(2) by striking out "the appropriate level of a State agency's federally funded share of administrative costs under this subsection" in paragraph (4) and inserting in lieu thereof "the payment error rate of a State agency"; and

(3) by striking out "reduces a State agency's federally funded share of administrative costs" in paragraph (5) and inserting in lieu thereof "determines that a State agency is liable".

GEOGRAPHICAL ERROR-PRONE PROFILES

SEC. 1438. Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) (as amended by section 1416(c)) is further amended by adding at the end thereof the following new subsection:

"(i)(1) The Inspector General of the Department of Agriculture may use quality control information made available under this section to determine which project areas have payment error rates (as defined in subsection (d)(1)) that impair the integrity of the food stamp program.

"(2) The Secretary may require a State agency to carry out new or modified procedures for the certification of households in areas identified under paragraph (1) if the Secretary determines such procedures would improve the integrity of the food stamp program and be cost effective.

"(3) Not later than 12 months after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985, and each 12 months thereafter, the Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that lists project areas identified under paragraph (1) and describes any procedures required to be carried out under paragraph (2).".

CASH PAYMENT PILOT PROJECTS

SEC. 1439. The last sentence of section 17(b)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2026(b)(1)) is amended by striking out "1985" and inserting in lieu thereof "1989".

CASH CHANGE PILOT PROJECT

SEC. 1440. Section 17 of the Food Stamp Act of 1977 (7 U.S.C. 2026) (as amended by section 1414(c)) is further amended by adding at the end thereof the following new subsection:

"(f) The Secretary may conduct a pilot project to test the effect on households and retail food stores that participate in the food stamp program of requiring households that use coupons to purchase food to pay cash for the amount of such purchase that exceeds the value of the lowest coupon denomination issued.".

AUTHORIZATION FOR APPROPRIATIONS

SEC. 1441. The first sentence of section 18(a)(1) of the Food Stamp Act of 1977 (7 U.S.C. 2027(a)(1)) is amended—

(1) by striking out "and" after "1984;"; and

(2) by inserting before the period at the end thereof the following: "; not in excess of $12,984,000,000 for the fiscal year ending September 30, 1986; not in excess of $13,572,000,000 for the fiscal year ending September 30, 1987; not in excess of $14,154,000,000 for the fiscal year ending September 30, 1988; and not in excess of $14,695,000,000 for the fiscal year ending September 30, 1989".

TRANSFER OF FUNDS

SEC. 1442. (a) Section 18 of the Food Stamp Act of 1977 (7 U.S.C. 2027) is amended by adding at the end thereof the following new subsection:

"(f) No funds appropriated to carry out this Act may be transferred to the Office of the Inspector General, or the Office of the General Counsel, of the Department of Agriculture.".

(b) The amendment made by this section shall become effective on October 1, 1986.

PUERTO RICO BLOCK GRANT

SEC. 1443. Section 19 of the Food Stamp Act of 1977 (7 U.S.C. 2028) is amended—

(1) by striking out "noncash" in subsection (a)(1)(A); and

(2) in the second sentence of subsection (b)(1)(A)—

(A) by striking out "July 1" and inserting in lieu thereof "April 1"; and

(B) by striking out "a single agency which shall be" in clause (i) and inserting in lieu thereof "the agency or agencies directly".

ENERGY ASSISTANCE PAYMENTS

SEC. 1444. (a) Section 5(e) of the Food Stamp Act of 1977 (7 U.S.C. 2014(e)) (as amended by section 1410) is amended—

(1) by striking out ", excluding expenses of the household paid (directly or indirectly) under the Low-Income Home Energy Assistance Act of 1981 (42 U.S.C. 8621 et seq.)," after "for shelter" each place it appears in clause (2) of the fourth sentence and subclause (C) of the last sentence; and

(2) by striking out the sixth and seventh sentences and inserting in lieu thereof the following new sentence: "If a State agency elects to use a standard utility allowance, the agency shall use a combined allowance for all households.".

(b) The amendments made by subsection (a) shall become effective one day after the date of enactment of this Act.

QUALITY CONTROL STUDIES AND PENALTY MORATORIUM

SEC. 1445. (a)(1)(A) The Secretary of Agriculture (hereafter referred to in this section as the "Secretary") shall conduct a study of the quality control system used for the food stamp program established under the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.).

(B) The study shall—

(i) examine how best to operate such system in order to obtain information that will allow the State agencies to improve the quality of administration; and

(ii) provide reasonabale data on the basis of which Federal funding may be withheld for State agencies with excessive levels of erroneous payments.

(2)(A) The Secretary shall also contract with the National Academy of Sciences to conduct a concurrent independent study for the purpose described in paragraph (1).

(B) For purposes of such study, the Secretary shall provide to the National Academy of Sciences any relevant data available to the Secretary at the onset of the study and on an ongoing basis.

(3) Not later than 1 year after the date of enactment of this Act, the Secretary and the National Academy of Sciences shall report the results of their respective studies to the Congress.

(b)(1) During the 24-month period beginning with the first calendar quarter which begins after the date of enactment of this Act (hereafter in this section referred to as the "moratorium period"), the Secretary shall not impose any reductions in payments to State agencies pursuant to section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025).

(2) During the moratorium period, the Secretary and the State agencies shall continue to—

(A) operate the quality control systems in effect under the Food Stamp Act of 1977; and

(B) calculate error rates under section 16 of such Act.

(c)(1) Not later than 18 months after the date of enactment of this Act, the Secretary shall publish regulations that shall—

(A) restructure the quality control system used under the Food Stamp Act of 1977 to the extent the Secretary determines to be appropriate, taking into account the studies conducted under subsection (a); and

(B) establish, taking into account the studies conducted under subsection (a), criteria for adjusting the reductions that shall be made for quarters prior to the implementation of the restructured quality control system so as to eliminate reductions for those quarters that would not be required if the restructured quality control system had been in effect during those quarters.

(2) Beginning with the first calendar quarter after the moratorium period, the Secretary shall—

(A) implement the revised quality control system; and

(B) reduce payments to State agencies—

(i) for quarters after the moratorium period in accordance with the restructured quality control system; and

(ii) for quarters in and before the moratorium period, as provided under the regulations described in paragraph (1)(B).

AUTOMATED DATA PROCESSING AND INFORMATION RETRIEVAL SYSTEMS

SEC. 1446. (a) Section 11 of the Food Stamp Act of 1977 (7 U.S.C. 2020) is amended by adding at the end thereof the following:

"(o)(1)(A) Not later than October 1, 1986, each State agency shall develop and submit to the Secretary a plan for the use of an automated data processing and information retrieval system to administer the food stamp program in such State.

"(B) Such plan shall provide for the automation of such operations necessary to administer the food stamp program as the Secretary considers appropriate.

"(C) Such plan may provide for automation of intake procedures, eligibility determinations, calculation of benefits, verification procedures, coordination with related Federal and State programs, the issuance of benefits, reconciliation procedures, the generation of notices, program reporting, and other appropriate operations necessary to administer the food stamp program.

"(2)(A) Not later than April 1, 1987, the Secretary shall prepare and submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate an evaluation of the sufficiency of the plan submitted by each State agency under paragraph (1).

"(B) Such report shall include an analysis of any additional steps required to be taken by each State agency to achieve an effective and cost-efficient automated data processing and information retrieval system.

"(C) After submitting such report, the Secretary shall periodically update such report.".

(b)(1) Section 16 of the Food Stamp Act of 1977 (7 U.S.C. 2025) (as amended by section 1438) is amended by adding at the end thereof the following new subsection:

"(j)(1) Subject to paragraph (3), in the case of a plan for an automated data processing and information retrieval system submitted by a State agency to the Secretary under section 11(o), such State agency shall—

"(A) commence implementation of such plan not later than October 1, 1987; and

"(B) complete implementation of such plan not later than October 1, 1989.

"(2) Subject to paragraph (3), if a State agency fails to complete implementation of such plan in accordance with paragraph (1)(B), the Secretary shall reduce by 5 percent the percentage points by which costs may be paid by the Secretary under subsection (g) for each 6 month period that a State agency fails to implement such plan after October 1, 1989.

"(3) The Secretary may—

"(A) extend a deadline imposed under paragraph (1); or

"(B) waive or reduce the amount of the reduction required under paragraph (2) on the basis of the good faith effort of a State agency to implement a plan in accordance with paragraph (1)(B).".

(2) Section 16(g) of such Act is amended by inserting "subject to subsection (j)," after "1980,".

Subtitle B—Commodity Distribution

TRANSFER OF SECTION 32 COMMODITIES

SEC. 1450. Section 32 of the Act entitled "An Act to amend the Agricultural Adjustment Act, and for other purposes", approved August 24, 1935 (7 U.S.C. 612c), is amended by adding at the end thereof the following new sentence: "A public or private nonprofit organization that receives agricultural commodities or the products thereof under clause (2) of the second sentence may transfer such commodities or products to another public or private nonprofit organization that agrees to use such commodities or products to provide, without cost or waste, nutrition assistance to individuals in low-income groups.".

COMMODITY DISTRIBUTION PROGRAM

SEC. 1451. (a) Section 4(a)(1) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) (as amended by section 1404(b)) is amended by striking out "during fiscal years 1982, 1983, 1984, and 1985" and inserting in lieu thereof "during the period beginning October 1, 1985, and ending September 30, 1989".

(b) Section 4(b) of such Act is amended by striking out "18" and inserting in lieu thereof "19".

COMMODITY SUPPLEMENTAL FOOD PROGRAM

SEC. 1452. (a) Section 5(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c note) is amended—

(1) in clause (1)—

(A) by striking out "two pilot projects" and inserting in lieu thereof "three pilot projects"; and

(B) by striking out "two years" and inserting in lieu thereof "September 30, 1989"; and

(2) by striking out "1985" in clause (2) and inserting in lieu thereof "1989".

(b) Section 5 of such Act is amended by adding at the end thereof the following new subsections:

"(f)(1) If the Secretary determines that the amount of funds appropriated to carry out this section exceeds the requirement for operating sites in existence, and at levels of assistance, in effect on the date of such determination, the Secretary shall approve additional applications made for eligible projects to participate in the commodity supplemental food program.

"(2) In making such determination, the Secretary shall consider the funding needs of existing operating sites for both the current and succeeding fiscal years.

"(g) If a local agency that administers the commodity supplemental food program determines that the amount of funds made available to the agency to carry out this section exceeds the amount of funds necessary to provide assistance under such program to women, infants, and children, the agency, with the approval of the Secretary, may permit low-income elderly persons to participate in and be served by such program

under such terms and conditions as are prescribed by the Secretary.".

TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM

SEC. 1453. (a) Section 202 of the Temporary Emergency Food Assistance Act of 1983 (7 U.S.C. 612c note) is amended by adding at the end thereof the following new subsections:

"(c) In addition to any commodities described in subsection (a), in carrying out this Act, the Secretary may use agricultural commodities and the products thereof made available under clause (2) of the second sentence of section 32 of the Act entitled 'An Act to amend the Agricultural Adjustment Act, and for other purposes', approved August 24, 1935 (7 U.S.C. 612c).

"(d) Commodities made available under this Act shall include, but not be limited to, dairy products, wheat or the products thereof, rice, honey, and cornmeal.

"(e) Effective January 1, 1986, the Secretary shall submit semiannually to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the types and amounts of commodities made available for distribution under this Act.".

(b) Section 203B(b) of such Act is amended by adding at the end thereof the following new sentence: "Each State agency shall encourage distribution of such commodities in rural areas.".

(c) Section 203C(a) of such Act is amended by adding at the end thereof the following new sentence: "The Secretary shall submit annually to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the existence and extent of such displacements and substitutions.".

(d) Section 204(b) of such Act is amended—

(1) by inserting "(1)" after the subsection designation;

(2) by striking out "the fiscal years ending September 30, 1984, and September 30, 1985" and inserting in lieu thereof "each of the fiscal years ending September 30, 1984, through September 30, 1987"; and

(3) by adding at the end thereof the following new paragraph:

"(2) Effective January 1, 1987, to be eligible to receive payments for storage and distribution costs under paragraph (1), a State must match on a dollar for dollar basis the amount of such payments made to such State.".

(e) Subsection (c) of section 210 of such Act is amended to read as follows:

"(c)(1) Not later than October 1, 1985, and October 1, 1986, the Secretary shall publish in the Federal Register an estimate of the types and quantities of commodities that the Secretary anticipates are likely to be made available under this Act during each of the fiscal years ending September 30, 1986, and September 30, 1987, respectively.

"(2) The actual types and quantities of commodities made available under this Act may differ from such estimates.".

(f) Section 212 of such Act is amended to read as follows:

"PROGRAM TERMINATION

"SEC. 212. (a) Except for section 207 and as provided in subsections (b) and (c), this Act shall terminate on September 30, 1987.

"(b) Section 203 shall terminate on June 30, 1987.

"(c) The amendment made by section 209 shall terminate on September 30, 1989.".

DISTRIBUTION OF SURPLUS COMMODITIES TO SPECIAL NUTRITION PROJECTS

SEC. 1454. Section 1114(a) of the Agriculture and Food Act of 1981 (7 U.S.C. 1431e) is amended by adding at the end thereof the following new sentence: "Commodities made available under this section shall include, but not be limited to, dairy products, wheat or the products thereof, rice, honey, and cornmeal.".

DONATIONS BY MILITARY COMMISSARIES

SEC. 1455. (a) Section 2482 of title 10, United States Code, is amended—

(1) by inserting "(a)" after the section designation; and

(2) by adding at the end thereof the following new subsection:

"(b) A commissary store of the Department of Defense may donate surplus, unmarketable food to a local food bank.".

(b) The caption of section 2482 of such title is amended by striking out ": private operation".

SCHOOL LUNCH PILOT PROJECT

SEC. 1456. (a) As used in this section, the term "eligible school district" means a school district that on the date of enactment of this Act, is participating in the pilot project study provided for under the last proviso of the paragraph under the heading "CHILD NUTRITION PROGRAMS" in title III of the Act entitled "An Act making appropriations for Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1981, and for other purposes", approved December 15, 1980 (Public Law 96-258; 94 Stat. 3113).

(b) Effective through the school year ending June 30, 1987, the Secretary shall permit an eligible school district to receive assistance to carry out the school lunch program operated in the district in the form of, in lieu of commodities, all cash assistance or all commodity letters of credit assistance.

(c) If an eligible school district elects to receive assistance in the form of all cash assistance or all commodity letters of credit assistance under subsection (a), the Secretary shall provide bonus commodities to the district in the form of all cash assistance or all commodity letters of credit assistance, as the case may be, to the same extent as bonus commodities provided to other school districts participating in the school lunch program.

GLEANING OF FIELDS

SEC. 1457. (a) Congress finds that—

(1) food banks, soup kitchens, and other emergency food providers help needy persons seeking food assistance at no cost to the Government;

(2) gleaning is a partnership between food producers and nonprofit organizations through which food producers permit members of such organizations to collect grain, vegetables, and fruit which have not been harvested and distribute such items to programs which provide food to needy individuals;

(3) support of gleaning to supply food to the poor is part of the Judeo-Christian heritage as set out in the Book of Leviticus: "When you reap the harvests of your land, do not reap to the very edges of your field or gather the gleanings of your harvest. Do not go over your vineyard a second time or pick up the grapes that have fallen. Leave them for the poor and the alien.";

(4) a 1977 General Accounting Office analysis estimated that during the 1974 harvest 60,000,000 tons of grain, vegetables, and fruit, valued at $5,000,000,000, were unharvested;

(5) the diets of millions of people in the United States could have been supplemented with such lost grain, vegetables, and fruit;

(6) a number of State and local governments have enacted "Good Samaritan" laws which limit the liability of food donors and provide an incentive for food contributions; and

(7) numerous civil, religious, charitable, and other nonprofit organizations throughout the country have begun gleaning programs to harvest such food items and channel them to the needy in the United States.

(b) It is the sense of Congress that—

(1) food producers who permit gleaning of their fields and civic, religious, charitable, and other nonprofit organizations which glean fields and distribute the resulting harvest to help the needy should be commended for their efforts; and

(2) State and local governments should be encouraged to enact tax and other incentives designed to increase the number of food producers who permit gleaning of their fields and the number of shippers who donate, or charge reduced rates for, transportation of gleaned produce.

Subtitle C—Effective Dates

EFFECTIVE DATES

SEC. 1460. (a) Except as otherwise provided in this title, this title and the amendments made by this title shall become effective on the date of enactment of this Act.

(b) Notwithstanding any provision of the Food Stamp Act of 1977 (7 U.S.C. 2011 et seq.) or chapter 5 of part I of title 5, United States Code—

(1) the Secretary of Agriculture shall prescribe interim regulations to ensure that this title and the amendments made by this title are implemented as soon as practicable after such date, but in no event later than March 1, 1986; and

(2) any change in such interim regulations that is made in final regulations issued by the Secretary to implement this title and the amendments made by this title shall be effective on such date as is prescribed by the Secretary.

TITLE XV—AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING

Subtitle A—General Provisions

FINDINGS

SEC. 1501. Section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101) is amended—

(1) in paragraph (8)—

(A) by striking out "and" at the end of subparagraph (N);

(B) by inserting "and" at the end of subparagraph (O); and

(C) by adding at the end thereof the following:

"(P) research on new or improved food processing or value-added food technologies;";

(2) by striking out "and" at the end of paragraph (10);

(3) by striking out the period at the end of paragraph (11) and inserting in lieu thereof "; and"; and

(4) by adding at the end thereof the following new paragraph:

"(12) the agricultural system of the United States—

"(A) is increasingly dependent on science and technology to maintain and improve productivity levels, manage the resource base, provide high quality products, and protect the environment; and

"(B) requires a constant supply of expertise in food and agricultural sciences.".

DEFINITIONS

SEC. 1502. Section 1404(8) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(8)) is amended—

(1) by striking out "and" at the end of subparagraph (H);

(2) by inserting "and" at the end of subparagraph (I); and

(3) by adding at the end thereof the following new subparagraph:

"(J) international food and agricultural issues, such as agricultural development, development of institutions, germ plasm collection and preservation, information exchange and storage, and scientific exchanges;".

RESPONSIBILITIES OF THE SECRETARY OF AGRICULTURE

SEC. 1503. Section 1405 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3121) is amended by striking out paragraph (11) and inserting in lieu thereof the following new paragraph:

"(11) establish appropriate controls with respect to the development and use of the application of biotechnology to agriculture.".

JOINT COUNCIL ON FOOD AND AGRICULTURAL SCIENCES

SEC. 1504. (a) Section 1407(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122(a)) is amended by striking out "1985" and inserting in lieu thereof "1989".

(b) Section 1407(b) of such Act is amended by inserting before the last sentence the following new sentence: "To ensure that the views of food technologists are considered by the Joint Council, two of the members of the Joint Council shall, as determined to be appropriate by the Secretary, be appointed by the Secretary from among distinguished persons who are food technologists from accredited or certified departments of food technology, as determined by the Secretary.

NATIONAL AGRICULTURAL RESEARCH AND EXTENSION USERS ADVISORY BOARD

SEC. 1505. (a) Section 1408(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(a)) is amended by striking out "1985" and inserting in lieu thereof "1989".

(b) Section 1408(b) of such Act is amended—

(1) by striking out "twenty-five" in the matter preceding clause (1) and inserting in lieu thereof "27";

(2) by striking out "and" at the end of clause (10);

(3) by striking out the period at the end of clause (11) and inserting in lieu thereof ", and"; and

(4) by adding at the end thereof the following new clause:

"(12) two members who are food technologists from accredited or certified departments of food technology, as determined by the Secretary.".

(c) Section 1408(f) of such Act is amended—

(1) by inserting "and" after the semicolon at the end of subparagraph (D);

(2) in subparagraph (E)—

(A) by inserting "its appraisal of the proposed budget of the President for the food and agricultural sciences for the fiscal year beginning in such year and" after "statement of" in the first sentence;

(B) by inserting "House Committee on Agriculture, the House Committee on Appropriations, the Senate Committee on Agriculture, Nutrition, and Forestry, the Senate Committee on Appropriations, the" after "to the" in the third sentence; and

(C) by striking out "; and" at the end thereof and inserting in lieu thereof a period; and

(3) by striking out subparagraph (F).

FEDERAL-STATE PARTNERSHIP

SEC. 1506. The first sentence of section 1409A(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3124a(a)) is amended—

(1) by striking out "and" at the end of paragraph (2);

(2) by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(4) international agricultural programs under title XII of the Foreign Assistance Act of 1961 (22 U.S.C. 2220a et seq.).".

REPORT OF THE SECRETARY OF AGRICULTURE

SEC. 1507. Section 1410 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3125) is amended—

(1) by inserting "and" at the end of paragraph (2);

(2) by striking out "; and" at the end of paragraph (3) and inserting in lieu thereof a period; and

(3) by striking out paragraph (4).

COMPETITIVE, SPECIAL, AND FACILITIES RESEARCH GRANTS PROGRAM

SEC. 1508. (a) The third sentence of section 2(b) of the Act of August 4, 1965 (7 U.S.C. 450i(b)) is amended—

(1) by striking out "and" at the end of clause (5);

(2) by striking out the period at the end of clause (6) and inserting in lieu thereof a semicolon; and

(3) by adding at the end thereof the following new clauses:

"(7) research to develop new and alternative industrial uses for agricultural crops; and

"(8) research to reduce farm input costs through the collection of national and international data and the transfer of appropriate technology relating to sustainable agricultural systems, soil, energy, and water conservation technologies, rural and farm resource management, and the diversification of farm product processing and marketing systems.".

(b) The last sentence of section 2(b) of such Act is amended—

(1) by striking out "and" after "1981,"; and

(2) by inserting "and $70,000,000 for each of the fiscal years ending September 30, 1986, through September 30, 1989," after "1985,".

(c) Section 2 of such Act is amended by adding at the end thereof the following new subsection:

"(i) The Federal Advisory Committee Act (5 U.S.C. App. 2) and title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281 et seq.) shall not apply to a panel or board created for the purpose of reviewing applications or proposals submitted under this section.".

GRANTS FOR SCHOOLS OF VETERINARY MEDICINE

SEC. 1509. Section 1415(c)(1) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3151(c)(1)) is amended by striking out "Four" and inserting in lieu thereof "Five".

RESEARCH FACILITIES

SEC. 1510. (a) The first section of the Act entitled "An Act to assist the States to provide additional facilities for research at the State agricultural experiment stations", approved July 22, 1963 (7 U.S.C. 390), is amended—

(1) by inserting "on a matching funds basis" after "funds";

(2) by inserting "and equipment" after "facilities"; and

(3) by striking out "an adequate research program" and inserting in lieu thereof "agricultural research and related academic programs".

(b) Section 2 of such Act (7 U.S.C. 390a) is amended—

(1) by striking out "which are to become a part of such buildings"; and

(2) by inserting "matching" after "means of".

(c) Section 3 of such Act (7 U.S.C. 390b) is amended—

(1) by inserting ", the District of Columbia, Guam, the Virgin Islands of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands" after "Puerto Rico" in paragraph (1); and

(2) by inserting ", forestry, or veterinary medicine" after "conduct agricultural" in paragraph (2).

(d) Section 4(a) of such Act (7 U.S.C. 390c(a)) is amended—

(1) by striking out "allocation" and inserting in lieu thereof "grants";

(2) by striking out "September 30, 1983, September 30, 1984, and September 30, 1985" and inserting in lieu thereof "through September 30, 1989"; and

(3) by adding at the end thereof the following new sentence: "The amount of the non-Federal share required for a matching grant under this Act shall be determined by the Secretary.".

(e) Section 4 of such Act is amended—

(1) by striking out subsection (b); and

(2) by redesignating subsection (c) as subsection (b).

(f) Section 5 of such Act (7 U.S.C. 390d) is amended—

(1) in the first sentence—

(A) by striking out "apportioned"; and

(B) by striking out ", which are to become part of such buildings"; and

(2) by striking out the second sentence.

(g) Section 6 of such Act (7 U.S.C. 390e) is repealed.

(h) Section 7 of such Act (7 U.S.C. 390f) is amended—

(1) by inserting "equipment and" after "multiple-purpose"; and

(2) by inserting "and related programs, including forestry and veterinary medicine," after "research".

(i) Section 8 of such Act (7 U.S.C. 390g) is amended—

(1) by striking out "for allocation" and inserting in lieu thereof a comma; and

(2) by striking out "allocation to which each eligible institution is entitled" and inserting in lieu thereof "funds to be made available to each eligible institution"; and

(3) by striking out "allocation" the third place it appears and inserting in lieu thereof "funds".

(j) The first sentence of section 9(a) of such Act (7 U.S.C. 390h(a)) is amended by striking out ", who shall be the persons responsible for receipt of payments under the Acts referred to in section 4(b) of this Act,".

(k) Section 9(b) of such Act is amended by striking out "allotted" and "allocated or".

(l) Section 10(3) of such Act (7 U.S.C. 390i(3)) is amended by striking out "for allotment".

GRANTS AND FELLOWSHIPS FOR FOOD AND AGRICULTURAL SCIENCES EDUCATION

SEC. 1511. (a) Section 1417(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(a)) is amended—

(1) by striking out "Such grants shall be made without regard to matching funds, but each" in the second sentence of paragraph (2) and inserting in lieu thereof "Each"; and

(2) by striking out the last sentence of paragraph (3) and inserting in lieu thereof the following new sentence: "Each recipient institution shall have a significant ongoing commitment to the food and agricultural sciences generally and to the specific subject area for which such grant is to be used.".

(b) Section 1417(d) of such Act is amended by striking out "September 30, 1983, September 30, 1984, and September 30, 1985" and inserting in lieu thereof "through September 30, 1989".

FOOD AND HUMAN NUTRITION RESEARCH AND EXTENSION PROGRAM

SEC. 1512. Sections 1424 and 1427 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3174 and 3177) are repealed.

ANIMAL HEALTH AND DISEASE RESEARCH

SEC. 1513. (a) The first sentence of section 1432(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3194(a)) is amended by striking out "1985" and inserting in lieu thereof "1989".

(b) The first sentence of section 1433(a) of such Act (7 U.S.C. 3195(a)) is amended by striking out "1985" and inserting in lieu thereof "1989".

(c) Section 1434(a) of such Act (7 U.S.C. 3196(a)) is amended by striking out "1985" and inserting in lieu thereof "1989".

RESEARCH AND EXTENSION AT 1890 LAND-GRANT COLLEGES

SEC. 1514. (a) The third sentence of section 1444(a) of National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221(a)) is amended by striking out "1985" and inserting in lieu thereof "1989".

(b) Section 1445(a) of such Act (7 U.S.C. 3222(a)) is amended by adding at the end thereof the following new sentence: "No more than 5 percent of the funds received by an institution under this section in any fiscal year may be carried forward to the succeeding fiscal year.".

INTERNATIONAL AGRICULTURAL RESEARCH AND EXTENSION

SEC. 1515. Section 1458(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3291(a)) is amended—

(1) by striking out "the training of" in paragraph (3) and inserting in lieu thereof "providing technical assistance, training, and advice to"; and

(2) by inserting "through the development of highly qualified scientists with specialization in international development" after "countries" in paragraph (4).

STUDIES

SEC. 1516. Sections 1460, 1461, and 1462 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3302, 3303, and 3304) are repealed.

AUTHORIZATION FOR APPROPRIATIONS FOR CERTAIN AGRICULTURAL RESEARCH PROGRAMS

SEC. 1517. (a) Section 1463(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C 3311(a)) is amended by striking out "$890,000,000 for the fiscal year ending September 30, 1985" and inserting in lieu thereof "$890,000,000 for each of the fiscal years ending September 30, 1985, through September 30, 1989, of which not less than $500,000 shall be made available each such fiscal year for research to control or eradicate Africanized honey bees".

(b) Section 1463(b) of such Act is amended—

(1) by striking out "and" after "1984,"; and

(2) by inserting "and $300,000,000 for each of the fiscal years ending September 30, 1986, through September 30, 1989," after "1985,".

AUTHORIZATION FOR APPROPRIATIONS FOR EXTENSION EDUCATION

SEC. 1518. Section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) is amended to read as follows:

"AUTHORIZATION FOR APPROPRIATIONS FOR EXTENSION EDUCATION

"SEC. 1464. Notwithstanding any authorization for appropriations for extension and related programs administered by or funded through the Extension Service in this or any other Act, there are authorized to be appropriated for such programs $380,000,000 for each of the fiscal years ending September 30, 1986, through September 30, 1989, and not in excess of such sums as may be authorized by law for any subsequent fiscal year.".

CONTRACTS, GRANTS, AND COOPERATIVE AGREEMENTS

SEC. 1519. Section 1472 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3318) is amended by adding at the end thereof the following new subsection:

"(e)(1) Notwithstanding chapter 63 of title 31, United States Code, the Secretary may use a cooperative agreement as the legal instrument reflecting a relationship between the Secretary and a State cooperative institution (as defined in section 1404(16)), State department of agriculture, college, university, other research or educational institution or organization, Federal or private agency or organization, individual, or any other party, if the Secretary determines that—

"(A) the agreement will further an objective of each of the parties to the agreement in an agricultural research, extension, or teaching activity, including statistical reporting; and

"(B) all such parties will contribute resources to the accomplishment of such objectives.

"(2) Notwithstanding any other provision of law, a Federal agency may participate in such a cooperative agreement by contributing funds through the appropriate agency of the Department of Agriculture or otherwise.".

INDIRECT COSTS

SEC. 1520. Section 1473 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3319) is amended by adding at the end thereof the following new sentences: "The prohibition on the use of such funds for the reimbursement of indirect costs shall not apply to funds for international agricultural programs conducted by a State cooperative institution and administered by the Secretary or to funds provided by a Federal agency for such cooperative program or project through a fund transfer, advance, or reimbursement. The Secretary shall limit the amount of such reimbursement to an amount necessary to carry out such program or agreement.".

COST-REIMBURSABLE AGREEMENTS

SEC. 1520A. Notwithstanding any other provision of law, the Secretary of Agriculture may enter into cost-reimbursable agreements with State cooperative institutions, as defined in section 1404(16) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(16)), without regard to any requirement for competition, for the acquisition of goods or services, including personal services, to carry out agricultural research, extension, or teaching activities of mutual interest. Reimbursable costs under such agreements shall include the actual direct costs of performance, as mutually agreed on by the parties, and the indirect costs of performance, not exceeding 10 percent of the direct cost.

SPECIAL TECHNOLOGY DEVELOPMENT RESEARCH PROGRAM

SEC. 1521. The National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by inserting after section 1473 (7 U.S.C. 3319) the following new section:

"SPECIAL TECHNOLOGY DEVELOPMENT RESEARCH PROGRAM

"SEC. 1473A. (a) Notwithstanding chapter 63 of title 31, United States Code, the Secretary may enter into a cooperative agreement with a private agency, organization, or individual to share the cost of a research project, or to allow the use of a Federal facility or service on a cost-sharing or cost reimbursable basis, to develop new agricultural technology to further a research program of the Secretary.

"(b) For each of the fiscal years ending September 30, 1986, through September 30, 1989, not more than $3,000,000 of the funds appropriated to the Agricultural Research Service for such fiscal year may be used to carry out this section.

"(c)(1) To be eligible to receive a contribution under this section, matching funds in an amount equal to at least 50 percent of such contribution shall be provided from non-Federal sources by the recipient or recipients of such contribution.

"(2) Funds received by the Secretary under this section shall be deposited in a separate account or accounts, to be available until expended. Such funds may be used to pay directly the costs of such research projects and to repay or make advances to appropriations or funds that do or will initially bear all or part of such costs.

"(3) The amount of funds or in kind assistance that may be made available under this section by the Secretary for a particular research project may not exceed—

"(A) an amount of $50,000 in any fiscal year; or

"(B) a total amount of $150,000.".

AQUACULTURE

SEC. 1522. (a) Section 1475 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3322) is amended by striking out subsection (e).

(b) Section 1476 of such Act (7 U.S.C. 3323) is repealed.

(c) Section 1477 of such Act (7 U.S.C. 3324) is amended—

(1) by striking out "1985" in subsection (a) and inserting in lieu thereof "1989"; and

(2) by striking out the last sentence of subsection (b).

RANGELAND RESEARCH

SEC. 1523. (a) The first sentence of section 1482(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3335(a)) is amended by striking out "1985" and inserting in lieu thereof "1989".

(b) Section 1483(a) of such Act (7 U.S.C. 3336(a)) is amended by striking out "1985" and inserting in lieu thereof "1989".

GRANTS TO UPGRADE 1890 LAND-GRANT COLLEGE RESEARCH FACILITIES

SEC. 1524. (a) Section 1433(a) of the Agriculture and Food Act of 1981 (7 U.S.C. 3223(a)) is amended by inserting ", including agricultural libraries," after "equipment".

(b) Section 1433(b) of such Act is amended by striking out "September 30, 1983, September 30, 1984, September 30, 1985, and September 30, 1986" and inserting in lieu thereof "through September 30, 1989".

SOYBEAN RESEARCH ADVISORY INSTITUTE

SEC. 1525. Section 1446 of the Agriculture and Food Act of 1981 (7 U.S.C. 2281 note) is repealed.

RESEARCH FOR EXPANDED SALES OF UNITED STATES AGRICULTURAL PRODUCTS IN DOMESTIC AND FOREIGN MARKETS

SEC. 1526. (a) The Secretary of Agriculture shall increase and intensify research programs conducted by or for the Department of Agriculture that are directed at developing technology to overcome barriers to expanded sales of United States agricultural commodities and the products thereof in domestic and foreign markets, including research programs for the development of procedures to meet plant quarantine requirements and improvement in the transportation and handling of perishable agricultural commodities.

(b)(1) The Secretary of Agriculture shall conduct a research and development program to formulate new uses for farm and forest products. Such program shall include, but not be limited to, research and development of industrial, new, and value-added products.

(2) To the extent practicable, the Secretary of Agriculture shall carry out the program authorized in this subsection with colleges and universities, private industry, and Federal and State entities through a combination of grants, cooperative agreements, contracts, and interagency agreements.

(3)(A) There are authorized to be appropriated such sums as are necessary to carry out the program under this subsection.

(B) In addition, the Secretary may use funds appropriated or made available to the Secretary under provisions of law other than paragraph (A) to carry out the program under this subsection.

(C) The total amount of funds used by the Secretary to carry out the program under this subsection may not be less than $10,000,000 for each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, and September 30, 1989.

(4) Funds appropriated under paragraph (3)(A) or made available under paragraph (3)(B) may be transferred among appropriation accounts to carry out the purposes of the program authorized under this subsection.

(5) Notwithstanding any other provision of law, the Federal share of the cost of each research or development project funded under this subsection may not exceed 50 percent of the cost of such project.

EXPANSION OF STUDY

SEC. 1527. (a) The Secretary of Agriculture and the Secretary of Education shall take such joint action as may be necessary to expand the scope of the study, known as the Study of Agriculture Education on the Secondary Level, currently being conducted by the National Academy of Sciences and sponsored jointly by the Departments of Agriculture and Education to include—

(1) a study of the potential use of modern technology in the teaching of agriculture programs at the secondary school level; and

(2) recommendations of the National Academy of Sciences on how modern technology can be most effectively utilized in the teaching of agricultural programs at the secondary school level.

(b) Any increase in the cost of conducting such study as a result of expanding the scope of such study pursuant to subsection (a) shall be borne by the Secretary of Agriculture out of funds appropriated to the Department of Agriculture for research and education or from funds made available to the National Academy of Sciences from private sources to expand the scope of such study.

CRITICAL AGRICULTURAL MATERIALS

SEC. 1528. (a) Section 5(b)(9) of the Critical Agricultural Materials Act (7 U.S.C. 178c(c)(9)) is amended by inserting ", carrying out demonstration projects to promote the development or commercialization of such crops (including projects designed to expand domestic or foreign markets for such crops)," after "purposes,".

(b) Section 5 of such Act is amended by adding at the end thereof the following new subsection:

"(d) Not withstanding any other provision of law, in carrying out a demonstration project referred to in subsection (b)(9), the Secretary may—

"(1) enter into a contract or cooperative agreement with, or provide a grant to, any person, or public or private agency or organization, to participate in, carry out, support, or stimulate such project;

"(2) make available for purposes of clause (1) agricultural commodities or the products thereof acquired by the Commodity Credit Corporation under price support operations conducted by the Corporation; or

"(3) use any funds appropriated pursuant to section 16(a), or any funds provided by any person, or public or private agency or organization, to carry out such project or reimburse the Commodity Credit Corporation for agricultural commodities or products that are utilized in connection with such project.".

Subtitle B—Agricultural Productivity Research

DEFINITIONS

SEC. 1531. For purposes of this subtitle:

(1) The term "extension" shall have the same meaning given to such term by section 1404(7) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(7)).

(2) The term "Secretary" means the Secretary of Agriculture.

(3) The term "State" means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Trust Territory of the Pacific Islands.

(4) The term "State agricultural experiment stations" shall have the meaning given to such term by section 1404(13) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101(13)).

FINDINGS

SEC. 1532. Congress finds that—

(1) highly productive and efficient agricultural systems and sound conservation practices are essential to ensure the long-term agricultural viability and profitability of farms and ranches in the United States;

(2) agricultural research and technology transfer activities of the Secretary (including activities of the Extension Service, the Agricultural Research Service, and the Cooperative State Research Service), State cooperative extension services, land-grant and other colleges and universities, and State agricultural experiment stations—

(A) have contributed greatly to innovation in agriculture; and

(B) have a continuing role to play in improving agricultural productivity;

(3) the annual irretrievable loss of billions of tons of precious topsoil through wind and water erosion reduces agricultural productivity;

(4) many farmers and ranchers are highly dependent on machines and energy resources for agricultural production;

(5) public funding of a properly planned and balanced agricultural research program is essential to improving efficiency in agricultural production and conservation practices; and

(6) expanded agricultural research and extension efforts are needed to assist farmers and ranchers to—

(A) improve agricultural productivity; and

(B) implement soil, water, and energy conservation practices.

PURPOSES

SEC. 1533. It is the purpose of this subtitle to—

(1) facilitate and promote scientific investigation in order to—

(A) enhance agricultural productivity;

(B) maintain the productivity of land;

(C) reduce soil erosion and loss of water and plant nutrients; and

(D) conserve energy and natural resources; and

(2) facilitate the conduct of research projects in order to study agricultural production systems that—

(A) are located, to the extent practicable, in areas that possess various soil, climatic, and physical characteristics;

(B) have been, and will continue to be, managed using farm production practices that rely on—

(i) items purchased for the production of an agricultural commodity; and

(ii) a variety of conservation practices; and

(C) are subjected to a change from the practices described in subparagraph (B)(i) to the practices described in subparagraph (B)(ii).

INFORMATION STUDY

SEC. 1534. (a) Subject to section 1538, the Secretary shall inventory and classify by subject matter all studies, reports, and other materials developed by any person or governmental agency with the participation or financial assistance of the Secretary, that could be used to promote the purposes of this subtitle.

(b) In carrying out subsection (a), the Secretary shall—

(1) identify, assess, and classify existing information and research reports that will further the purposes of this subtitle, including information and research relating to

legume-crop rotation, the use of green manure, animal manures, and municipal wastes in agricultural production, soil acidity, liming in relation to nutrient release, intercropping, the role of organic matter in soil productivity and erosion control, the effect of topsoil loss on soil productivity, and biological methods of weed, disease, and insect control;

(2) identify which of such reports provide useful information and make such useful reports available to farmers and ranchers; and

(3) identify gaps in such information and carry out a research program to fill such gaps.

RESEARCH PROJECTS

SEC. 1535. (a) Subject to section 1538, in cooperation with Federal and State research agencies and agricultural producers, the Secretary shall conduct such research projects as are needed to obtain data, draw conclusions, and demonstrate technologies necessary to promote the purposes of this subtitle.

(b) In carrying out subsection (a), the Secretary shall conduct projects and studies in areas that are broadly representative of United States agricultural production, including production on small farms.

(c) In carrying out subsection (a), the Secretary may conduct research projects involving crops, soils, production methods, and weed, insect, and disease pests on individual fields or other areas of land.

(d) In the case of a research project conducted under this section that involves the planting of a sequence of crops, the Secretary shall conduct such project for a term of—

(1) at least 5 years; and

(2) to the extent practicable, 12 to 15 years.

(e)(1) In coordination with the Extension Service and State cooperative extension services, the Secretary shall take such steps as are necessary to ensure that farmers and ranchers are aware of projects conducted under this section.

(2) The Secretary shall ensure that such projects are open for public observation at specified times.

(f)(1) Subject to paragraph (2), the Secretary may indemnify an operator of a project conducted under this section for damage incurred or undue losses sustained as a result of a rigid requirement of research or demonstration under such project that is not experienced in normal farming operations.

(2) An indemnity payment under paragraph (1) shall be subject to any agreement between a project grantee and operator entered into prior to the initiation of such project.

COORDINATION

SEC. 1536. The Secretary shall—

(1) establish a panel of experts consisting of representatives of the Agricultural Research Service, Cooperative State Research Service, Soil Conservation Service, Extension Service, State cooperative extension services, State agricultural experiment stations, and other specialists in agricultural research and technology transfer; and

(2) ensure that a research project under this subtitle is designed after taking into consideration the views of such panel.

REPORTS

SEC. 1537. The Secretary shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate—

(1) not later than 180 days after the effective date of this subtitle, a report describing the design of research projects established in accordance with sections 1535 and 1536;

(2) not later than 15 months after the effective date of this subtitle, a report describing the results of the program carried out under section 1534; and

(3) not later than April 1, 1987, and each April 1 thereafter, a report describing the progress of projects conducted under this subtitle, including—

(A) a summary and analysis of data collected under such projects; and

(B) recommendations based on such data for new basic or applied research.

AGREEMENTS

SEC. 1538. The Secretary may carry out sections 1534 and 1535 through agreements with land-grant colleges or universities, other universities, State agricultural experiment stations, nonprofit organizations, or Federal or State governmental entities, that have demonstrated appropriate expertise in agricultural research and technology transfer.

DISSEMINATION OF DATA

SEC. 1539. The Secretary shall—

(1) make available through the Extension Service and State cooperative extension services—

(A) the information and research reports identified under section 1534; and

(B) the information and conclusions resulting from any research project conducted under section 1535; and

(2) otherwise take such steps as are necessary to ensure that such material is made available to the public.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 1540. There are authorized to be appropriated such sums as may be necessary to carry out this subtitle, to remain available until expended.

EFFECTIVE DATE

SEC. 1541. This subtitle shall become effective on October 1, 1985.

Subtitle C—Human Nutrition Research

FINDINGS

SEC. 1551. Congress finds that—

(1) nutrition and health considerations are important to United States agricultural policy;

(2) section 1405 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3121) designates the Department of Agriculture as the lead agency of the Federal Government for human nutrition research (except with respect to the biomedical aspects of human nutrition concerned with diagnosis or treatment of disease);

(3) section 1423 of such Act (7 U.S.C. 3173) requires the Secretary of Agriculture to establish research into food and human nutrition as a separate and distinct mission of the Department of Agriculture;

(4) the Secretary has established a nutrition education program; and

(5) nutrition research continues to be of great importance to those involved in agricultural production.

HUMAN NUTRITION RESEARCH

SEC. 1552. (a) Not later than 1 year after the date of enactment of this Act, the Secretary of Agriculture (hereafter in this subtitle referred to as the "Secretary") shall submit to the appropriate committees of Congress a comprehensive plan for implementing a national food and human nutrition research program, including recommendations relating to research directions, educational activities, and funding levels necessary to carry out such plan.

(b) Not later than 1 year after the date of the submission of the plan required under subsection (a), and each year thereafter, the Secretary shall submit to such committees an annual report on the human nutrition research activities conducted by the Secretary.

DIETARY CALCIUM

SEC. 1553. (a)(1) The Secretary and the Secretary of Health and Human Services shall conduct an assessment of all existing research and literature available concerning dietary calcium and the importance of dietary calcium as a nutrient.

(2) Such assessment shall summarize and evaluate all existing literature on dietary calcium.

(3) In carrying out paragraph (1), the Secretary and the Secretary of Health and Human Services shall consult with all agencies of the Federal Government that are involved in research relating to dietary calcium.

(b)(1) The Secretary and the Secretary of Health and Human Services shall develop a protocol for a study to determine the importance of dietary calcium in human development and health promotion.

(2) Such study shall include, at a minimum, a comprehensive investigation of the role of calcium in bone health, maintenance of skeletal integrity, and regulation of hypertension.

(3) Such study shall be conducted under the supervision and coordination of the Secretary and the Secretary of Health and Human Services.

(4) In carrying out paragraph (1), the Secretary and the Secretary of Health and Human Services shall request such assistance from other agencies of government and private sector organizations as such Secretaries consider appropriate.

(c)(1) Not later than 1 year after the date of enactment of this Act, the Secretary and Secretary of Health and Human Services shall submit to the Committees on Agriculture and Energy and Commerce of the House of Representatives and the Committees on Agriculture, Nutrition, and Forestry and Labor and Human Resources of the Senate a report on the findings of the Secretary and the Secretary of Health and Human Services under subsections (a) and (b).

(2) Such report shall include—

(A) a final report on the assessment of existing research and literature required under subsection (a);

(B) a detailed protocol and plan for implementation of the study required under subsection (b); and

(C) a budget estimate and timetable for the conduct and completion of such study.

DIETARY AND BLOOD CHOLESTEROL

SEC. 1554. (a)(1) The Secretary and the Secretary of Health and Human Services shall conduct an assessment of all existing scientific literature regarding the relationship, if any, between dietary cholesterol and blood cholesterol.

(2) Such assessment shall summarize and evaluate all existing literature on dietary and blood cholesterol.

(3) In carrying out paragraph (1), the Secretary and the Secretary of Health and Human Services shall consult with all agencies of the Federal Government that are involved in research relating to dietary and blood cholesterol.

(b)(1) The Secretary and the Secretary of Health and Human Services shall develop a protocol and feasibility assessment for a study on the relationship between dietary and blood cholesterol.

(2) Such study shall be conducted under the supervision and coordination of the Sec-

retary and the Secretary of Health and Human Services.

(3) In carrying out paragraph (1), the Secretary and the Secretary of Health and Human Services shall request such assistance from other agencies of government as such Secretaries consider appropriate.

(c)(1) Not later than 1 year after the date of enactment of this Act, the Secretary and the Secretary of Health and Human Services shall submit to the Committees on Agriculture and Energy and Commerce of the House of Representatives and the Committees on Agriculture, Nutrition, and Forestry and Labor and Human Resources of the Senate a report on the findings of the Secretaries under subsections (a) and (b).

(2) Such report shall include—

(A) a final report on the assessment of existing research and literature required under subsection (a);

(B) a detailed protocol and plan for implementation of the study required under subsection (b); and

(C) a budget estimate and timetable for the conduct and completion of such study.

TITLE XVI—CONSERVATION

Subtitle A—Definitions

DEFINITIONS

SEC. 1601. (a) For purposes of subtitles A through D:

(1) The term "agricultural commodity" means—

(A) any agricultural commodity planted and produced in a State by annual tilling of the soil, including tilling by one-trip planters; or

(B) sugarcane planted and produced in a State.

(2) The term "conservation district" means any district or unit of State or local government formed under State or territorial law for the express purpose of developing and carrying out a local soil and water conservation program. Such district or unit of State or local government may be referred to as a "conservation district", "soil conservation district", "soil and water conservation district", "resource conservation district", "natural resource district", "land conservation committee", or a similar name.

(3) The term "conservation payment" means a payment made by the Secretary to an owner or operator of a farm or ranch containing eligible erosion-prone land to reimburse such owner or operator for the cost of establishing vegetative cover on such land in accordance with subtitle D.

(4)(A) The term "converted wetland" means wetland that has been drained, dredged, filled, leveled, or otherwise manipulated by any activity that results in impairing or reducing the flow, circulation, or reach of water for the purpose of, or that has the effect of, making the land suitable for the production of an agricultural commodity if—

(i) the production of such commodity would not have been possible if such action had not been taken; and

(ii) before such action was taken, the land—

(I) was wetland; and

(II) was not highly erodible land.

(B) Wetland shall not be considered converted wetland if production of an agricultural commodity on such land during a crop year—

(i) is possible as a result of a natural condition, such as drought; and

(ii) is not assisted by an action of the producer that destroys natural wetland characteristics.

(5) The term "eligible erosion-prone land" means erosion-prone land that has been devoted, or has been considered to be devoted, to the production of an agricultural commodity during at least 2 of the 3 consecutive crop years ending prior to January 1, 1986.

(6) The term "erosion-prone land" means land that—

(A) is classified by the Soil Conservation Service as class IVe, VI, VII, or VIII land under the land capability classification system in effect on the date of enactment of this Act; or

(B) has or, if used to produce an agricultural commodity, would have an excessive rate of erosion, as determined by the Secretary, based on application of the appropriate factors of the universal soil loss equation and the wind erosion equation used by the Secretary, including climate, soil erodibility, and field slope.

(7) The term "field" means such term as is defined in section 718.2(b)(9) of title 7 of the Code of Federal Regulations (as of January 1, 1985), except that any highly erodible land on which an agricultural commodity is produced after the date of enactment of this Act and that is not exempt under section 1612 shall be considered as part of the field in which such land was included on such date, unless the Secretary permits modification of the boundaries of the field to carry out subtitle B.

(8) The term "highly erodible land" means land (including publicly owned land) classified by the Soil Conservation Service as class IIIe, IVe, VI, VII, or VIII land under the land capability classification system in effect on the date of enactment of this Act.

(9) The term "hydric soil" means soil that, in its undrained condition, is saturated, flooded, or ponded long enough during a growing season to develop an anaerobic condition that supports the growth and regeneration of hydrophytic vegetation.

(10) The term "hydrophytic vegetation" means a plant growing in—

(A) water; or

(B) a substrate that is at least periodically deficient in oxygen during a growing season as a result of excessive water content.

(11) The term "in-kind commodities" means commodities that are normally produced on land that is the subject of an agreement entered into under subtitle D.

(12) The term "operator" means the operator of erosion-prone land.

(13) The term "owner" means the owner of erosion-prone land.

(14) The term "rental payment" means a payment made by the Secretary to an owner or operator of a farm or ranch containing eligible erosion-prone land to compensate the owner or operator for retiring such land from crop production and placing such land in the conservation acreage reserve in accordance with subtitle D.

(15) The term "Secretary" means the Secretary of Agriculture.

(16) The term "shelterbelt" means a vegetative barrier with a linear configuration composed of trees, shrubs, and other approved perennial vegetation.

(17) The term "State" means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Trust Territory of the Pacific Islands.

(18) The term "vegetative cover" means—

(A) perennial grasses or legumes with an expected life span of 5 or more years; or

(B) trees.

(19) The term "wetland" means an area, whether publicly or privately owned (including a swamp, marsh, bog, prairie pothole, or similar area) having a predominance of hydric soils that are inundated or saturated by surface or ground water at a frequency and duration sufficient to support, and that under normal circumstances supports, the growth and regeneration of hydrophytic vegetation.

(b) The land capability class for a field shall be that class determined by the Secretary to be the predominant class under regulations issued by the Secretary.

(c) The Secretary shall develop—

(1) criteria for the identification of hydric soils and hydrophytic vegetation; and

(2) lists of such soils and such vegetation.

Subtitle B—Highly Erodible Land Conservation

PROGRAM INELIGIBILITY

SEC. 1611. Except as provided in section 1612 and notwithstanding any other provision of law, following the date of enactment of this Act, any person who produces an agricultural commodity in any crop year on a field in which highly erodible land is the predominant class shall be ineligible for—

(1) as to any commodity produced during that crop year by such person—

(A) any price support or payment made available under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), or any other Act;

(B) a farm storage facility loan made under section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h)); or

(C) crop insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.);

(D) a disaster payment made under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.); or

(E) a loan made, insured, or guaranteed under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) or any other provision of law administered by the Farmers Home Administration, if the Secretary determines that the proceeds of such loan will be used for a purpose that will contribute to excessive erosion of highly erodible land; or

(2) a payment made under section 4 or 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b or 714c) during such crop year for the storage of an agricultural commodity acquired by the Commodity Credit Corporation.

EXEMPTIONS

SEC. 1612. Section 1611 shall not apply to—

(1) any person who produces an agricultural commodity in any crop year on a field in which highly erodible land is the predominant class if all the commodities so produced by such person during such crop year were—

(A) produced on land that was cultivated to produce any of the 1981 through 1985 crops of such commodities;

(B) planted before the date of enactment of this Act;

(C) planted during any crop year beginning before the date of enactment of this Act; or

(D) produced—

(i) in the case of any area within a conservation district, under a conservation system that has been approved by a conservation district after the district has determined that the conservation system is in conformity with technical standards set forth in the Soil Conservation Service technical guide for such district; or

(ii) in the case of an area not within a conservation district, under a conservation system determined by the Secretary to be adequate for the production of such agricultural commodity on any highly erodible land subject to this Act;

(2) any loan described in section 1611 made before the date of enactment of this Act; or

(3) any person who produces an agricultural commodity on any highly erodible land during any crop year if such land was planted in reliance on a determination made by the Soil Conservation Service that such land was not highly erodible land, except that this paragraph shall not apply to any agricultural commodity that was planted on any land after the Soil Conservation Service determines that such land is highly erodible land.

CONSERVATION SYSTEMS ON EXEMPTED HIGHLY ERODIBLE LAND

SEC. 1613. (a) Notwithstanding any other provision of law, the Secretary shall require that, as a condition of eligibility for a loan, purchase, or payment authorized for any agricultural commodity under any program carried out by the Secretary or the Commodity Credit Corporation, any person who produces an agricultural commodity on highly erodible land must use a conservation system determined to be appropriate for such land by—

(1) in the case of land within a conservation district, such district; or

(2) in the case of land not within a conservation district, the Secretary.

(b) This section shall apply to land beginning with the later of—

(1) the 1988 crop year; or

(2) the date that is 2 years after the date such land is mapped by the Soil Conservation Service for purposes of classifying such land under the land capability classification system.

SOIL SURVEYS

SEC. 1614. (a) The Secretary shall, as soon as is practicable after the date of enactment of this Act, complete soil surveys on those private lands that do not have a soil survey suitable for use in determining the land capability class for purposes of this subtitle.

(b) In carrying out subsection (a), the Secretary shall, insofar as possible, concentrate on those localities where significant amounts of highly erodible land are being converted to the production of agricultural commodities.

ADMINISTRATION

SEC. 1615. (a) In carrying out this subtitle, the Secretary shall use the services of local, county, and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)).

(b) The Secretary shall establish, by regulation, an appeal procedure under which—

(1) a person who produces an agricultural commodity on land classified as class IIIe, IVe, VI, VII, or VIII land under the land capability classification system applicable under this subtitle may seek review of such classification; and

(2) a person who is adversely affected by any determination made under this subtitle may seek review of such determination.

(c) The authority provided by this subtitle shall be in addition to, and not in place of, other authority granted to the Secretary and the Commodity Credit Corporation.

REGULATIONS

SEC. 1616. Not later than 180 days after the date of enactment of this Act, the Secretary shall issue such regulations as the Secretary determines are necessary to carry out this subtitle, including regulations that—

(1) define the term "person";

(2) govern the determination of persons who shall be ineligible for program benefits under this subtitle, so as to ensure a fair and reasonable determination of ineligibility; and

(3) protect the interests of tenants and sharecroppers.

Subtitle C—Wetland Conservation

PROGRAM INELIGIBILITY

SEC. 1621. (a) Except as provided in section 1622 and notwithstanding any other provision of law, following the date of enactment of this Act, any person who produces an agricultural commodity in any crop year on converted wetland shall be ineligible, as to any commodity produced during that crop year by such person, for—

(1) as to any commodity produced during that crop year by such person—

(A) any price support or payment made available under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), or any other Act;

(B) a farm storage facility loan made under section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h));

(C) crop insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.);

(D) a disaster payment under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.); or

(E) a loan made, insured, or guaranteed under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) or any other provision of law administered by the Farmers Home Administration, if the Secretary determines that the proceeds of such loan will be used for a purpose that will contribute to the conversion of wetland; or

(2) a payment made under section 4 or 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b or 714c) during such crop year for the storage of an agricultural commodity acquired by the Commodity Credit Corporation.

EXEMPTIONS

SEC. 1622. (a) Section 1621 shall not apply to—

(1) any person who, during any crop year, produces an agricultural commodity on converted wetland, if the conversion of such wetland was commenced before the date of enactment of this Act;

(2) any person who produces an agricultural commodity on—

(A) land that has been converted to artificial wetland, in an area that was not wetland, for a purpose such as stockwater, fish production, irrigation (including subsurface irrigation), a settling basin, cooling, rice growing, or flood control; or

(B) wetland created as a result of irrigation or an irrigation system; or

(3) any loan made before the date of enactment of this Act.

(b) The Secretary may exempt a person from section 1621 for any action associated with the production of an agricultural commodity on converted wetland if the effect of such action, individually and in connection with all other similar actions authorized by the Secretary in the area, on the hydrological and biological aspect of wetland is minimal.

ADMINISTRATION

SEC. 1623. (a) The Secretary shall establish, by regulation, an appeal procedure under which—

(1) a person who produces an agricultural commodity on land determined to be converted wetland may seek review of such determination; and

(2) a person who is adversely affected by any determination made under this subtitle may seek review of such determination.

(b) The Secretary shall consult with the Secretary of the Interior on such determinations and actions as are necessary to carry out this subtitle, including—

(1) the identification of wetland;

(2) the determination of exemptions under section 1622; and

(3) the issuance of regulations under section 1624.

REGULATIONS

SEC. 1624. Not later than 180 days after the date of enactment of this Act, the Secretary shall issue such regulations as the Secretary determines are necessary to carry out this subtitle, including regulations that—

(1) define the term "person";

(2) govern the determination of persons who shall be ineligible for program benefits under this subtitle, so as to ensure a fair and reasonable determination of ineligibility; and

(3) protect the interests of tenants and sharecroppers.

Subtitle D—Conservation Acreage Reserve

CONSERVATION ACREAGE RESERVE

SEC. 1631. (a) During the 1986 through 1990 crop years, the Secretary shall establish and carry out a conservation acreage reserve program to assist owners and operators of farms and ranches containing eligible erosion-prone land.

(b) In carrying out such program, the Secretary shall provide assistance to such owners and operators to make changes in their cropping practices and land-use systems in order to—

(1) convert eligible erosion-prone land on farms or ranches normally devoted to the production of agricultural commodities to less intensive uses (such as pasture, permanent grass or legumes, or trees); and

(2) place such land in the conservation acreage reserve established under this subtitle.

(c) The Secretary shall enter into contracts with owners and operators of farms and ranches containing eligible erosion-prone land to place in the conservation acreage reserve—

(1) during the 1986 crop year, not less than 5, nor more than 45, million acres;

(2) during the 1986 through 1987 crop years, a total of not less than 15, nor more than 45, million acres;

(3) during the 1986 through 1988 crop years, a total of not less than 25, nor more than 45, million acres;

(4) during the 1986 through 1989 crop years, a total of not less than 35, nor more than 45, million acres; and

(5) during the 1986 through 1990 crop years, a total of not less than 40, nor more than 45, million acres.

(d) For the purpose of carrying out this subtitle, the Secretary shall enter into contracts of not less than 7, nor more than 15, years.

DUTIES OF OWNERS AND OPERATORS

SEC. 1632. (a) Under the terms of a contract entered into under this subtitle, during the term of such contract, an owner or operator of a farm or ranch must agree—

(1) to implement a plan approved by a conservation district (or in an area not located within a conservation district, a plan approved by the Secretary) for converting eligible erosion-prone land normally devoted

to the production of an agricultural commodity to a less intensive use (as defined by the Secretary), such as pasture, permanent grass or legumes, or trees, substantially in accordance with a schedule outlined in the plan;

(2) to place eligible erosion-prone land subject to the contract in the conservation acreage reserve established under this subtitle;

(3) not to use such land for agricultural purposes, except as permitted by the Secretary;

(4) to establish approved vegetative cover on such land;

(5) on the violation of a term or condition of the contract at any time the owner or operator has control of such land—

(A) to forfeit all rights to receive rental payments and conservation payments under the contract and to refund to the Secretary any rental payments and conservation payments received by the owner or operator under the contract, together with interest thereon as determined by the Secretary, if the Secretary determines that such violation is of such nature as to warrant termination of the contract; or

(B) to refund to the Secretary, or accept adjustments to, the rental payments and conservation payments provided to the owner or operator, as the Secretary considers appropriate, if the Secretary determines that such violation does not warrant termination of the contract;

(6) on the transfer of the right and interest of the owner or operator in land subject to the contract—

(A) to forfeit all rights to rental payments and conservation payments under the contract; and

(B) to refund to the United States all rental payments and conservation payments received by the owner or operator, together with interest thereon as determined by the Secretary,

unless the transferee of such land agrees with the Secretary to assume all obligations of the contract, or enters into a new contract with the Secretary, in accordance with section 1635(a);

(7) not to conduct any harvesting, grazing, or haying, or otherwise make commercial use of the forage or trees, on land subject to the contract, unless it is expressly permitted in the contract or under subsection (e);

(8) not to adopt any practice specified by the Secretary in the contract as a practice that would tend to defeat the purposes of this subtitle; and

(9) to comply with such additional provisions as the Secretary determines are desirable to carry out this subtitle or to facilitate its administration.

(b) The plan referred to in subsection (a)(1) shall set forth—

(1) the conservation measures and practices to be carried out by the owner or operator during the term of the contract; and

(2) the commercial use, if any, to be permitted on the land during such term.

"(c) Not less than 5 million acres of land that is placed in the conservation acreage reserve under this subtitle during the 1986 through 1990 crop years shall be devoted to trees.".

(d)(1) Except as provided in paragraphs (2) and (3), the Secretary may designate a State, or part of a State, as an area in which an owner or operator holding a contract entered into under this subtitle may be permitted, on an individual basis, to conduct haying or grazing, subject to such terms and conditions as the Secretary may prescribe, on land subject to such contract.

(2) Haying or grazing may be permitted under paragraph (1) only during the 6 principal nongrowing months of a year.

(3) The Secretary may not designate a State, or part of a State, under paragraph (1) for more than 1 year at a time.

DUTIES OF THE SECRETARY

SEC. 1633. In return for a contract entered into by an owner or operator under section 1631, the Secretary shall—

(1) share not more than 50 percent of the cost of carrying out those conservation measures and practices set forth in the contract for which the Secretary determines that cost sharing is appropriate and in the public interest;

(2) for a period of years not in excess of the term of the contract, pay a rental payment in an amount necessary to compensate for—

(A) the conversion of eligible erosion-prone land normally devoted to the production of an agricultural commodity on a farm or ranch to a less intensive use; and

(B) the retirement of any cropland base and allotment history that the owner or operator agrees to retire permanently; and

(3) provide conservation technical assistance to assist the owner or operator in carrying out the contract.

PAYMENTS

SEC. 1634. (a) In determining the amount of rental payments to be paid to owners and operators for converting eligible erosion-prone land to less intensive uses, the Secretary may consider, among other things, the amount necessary to encourage owners or operators of eligible erosion-prone land to participate in the conservation acreage reserve program.

(b) The amounts payable to owners or operators in the form of rental payments under contracts entered into under this subtitle may be determined through—

(1) the submission of bids for such contracts by owners and operators in such manner as the Secretary may prescribe; or

(2) such other means as the Secretary determines are appropriate.

(c)(1) In determining the acceptability of contract offers, the Secretary shall give priority to those offers that will result in the lowest cost to the Federal Government when calculated on the basis of all relevant factors, including—

(A) the rate of compensation necessary to encourage owners or operators of eligible erosion-prone land to participate in the conservation acreage reserve program;

(B) the extent of erosion on, and the productivity of, the land that is the subject of the contract;

(C) the number of acres of eligible erosion-prone land removed from production each year;

(D) the amount of funds made available to carry out this subtitle;

(E) the extent to which eligible erosion-prone land may contribute to off-site damages; and

(F) the potential benefits to wildlife.

(2) In determining the acceptability of contract offers, the Secretary may establish different criteria in various States and regions of the United States to determine the extent to which erosion may be abated.

(3) In determining the acceptability of contract offers, the Secretary may give priority to offers made by owners and operators who are subject to the highest degree of economic stress, such as a general tightening of agricultural credit or an unfavorable relationship between production costs and prices received for agricultural commodities.

(d) The Secretary shall provide payment for obligations incurred by the Secretary under a contract entered into under this subtitle as follows:

(1) Any cost-sharing obligation shall be paid as soon as possible after the obligation is incurred.

(2) Any annual rental payment obligation shall be paid—

(A) as soon as practicable after October 1 of each calendar year; or

(B) at the discretion of the Secretary, at any time prior to such date during the year for which the obligation is incurred.

(e)(1) Notwithstanding any other provision of law, the annual rental payment under a contract entered into under this subtitle shall be made—

(A) for the first year in which the contract is in effect, in cash; and

(B) for any subsequent year in which the contract is in effect, in the form of in-kind commodities in such amounts as are agreed on and specified in the contract, except that such payment shall be made in cash to the extent that the use of commodities is limited under paragraph (2).

(2) The Secretary may use a commodity acquired by the Commodity Credit Corporation to make such payment only if the Secretary makes a finding that the use of such commodity will not displace to a significant degree the usual marketings of such commodity.

(3) If such payment is made with in-kind commodities, such payment shall be made by the Commodity Credit Corporation—

(A) by delivery of the commodity involved to the owner or operator at a warehouse or other similar facility located in the county in which the eligible erosion-prone land is located or at such other location as is agreed to by the Secretary and the owner or operator;

(B) by the transfer of negotiable warehouse receipts; or

(C) by such other method, including the sale of the commodity in commercial markets, as is determined by the Secretary to be appropriate to enable the owner or operator to receive efficient and expeditious possession of the commodity.

(4) If stocks of a commodity acquired by the Commodity Credit Corporation are not readily available to make full payment in kind to the owner or operator, the Secretary may substitute full or partial payment in cash for payment in kind.

(f) The Secretary and an owner or operator who enters into a contract under this subtitle may agree to have a rental payment provided for a particular year or conservation payments, or both, made under a contract—

(1) on the determination of compliance with the terms and conditions of the contract; or

(2) in advance of the determination of compliance with the terms and conditions of the contract.

(g) If an owner or operator who is entitled to a payment under a contract entered into under this subtitle dies, becomes incompetent, is otherwise unable to receive such payment, or is succeeded by another person who renders or completes the required performance, the Secretary shall make such payment in accordance with regulations prescribed by the Secretary and without regard to any other provision of law, in such manner as the Secretary determines is fair and reasonable.

(h)(1) The total amount of rental payments, including rental payments made in

the form of in-kind commodities, made to an owner or operator under this subtitle for any fiscal year may not exceed $50,000.

(2) Such rental payments received by an owner or operator shall be in addition to, and not affect, the total amount of payments that such owner or operator is otherwise eligible to receive under this Act or the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.).

CONTRACTS

SEC. 1635. (a) If during the term of a contract entered into under this subtitle an owner or operator of land subject to such contract sells or otherwise transfers the ownership or right of occupancy of such land, the new owner or operator of such land may—

(1) continue such contract under the same terms or conditions;

(2) enter into a new contract in accordance with this subtitle; or

(3) elect not to participate in the program established by this subtitle.

(b)(1) The Secretary may modify a contract entered into with an owner or operator under this subtitle if—

(A) the owner or operator agrees to such modification; and

(B) the Secretary determines that such modification is desirable—

(i) to carry out this subtitle;

(ii) to facilitate the practical administration of this subtitle; or

(iii) to achieve such other goals as the Secretary determines are appropriate, consistent with this subtitle.

(2) The Secretary may modify or waive a term or condition of a contract entered into under this subtitle in order to permit all or part of the land subject to such contract to be devoted to the production of an agricultural commodity during a crop year, subject to such conditions as the Secretary determines are appropriate.

(c)(1) The Secretary may terminate a contract entered into with an owner or operator under this subtitle if—

(A) the owner or operator agrees to such termination; and

(B) the Secretary determines that such termination would be in the public interest.

(2) At least 90 days before taking any action to terminate under paragraph (1) all conservation acreage reserve contracts entered into under this subtitle, the Secretary shall provide written notice of such action to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

ADMINISTRATION

SEC. 1636. (a)(1) During each of the fiscal years ending September 30, 1986, and September 30, 1987, the Secretary shall use the facilities, services, authorities, and funds of the Commodity Credit Corporation to carry out this subtitle.

(2) During the fiscal year ending September 30, 1988, and each fiscal year thereafter, the Secretary may use the facilities, services, authorities, and funds of the Commodity Credit Corporation to carry out this subtitle, except that the Secretary may not use funds of the Corporation for such purpose unless the Corporation has received funds to cover such expenditures from appropriations made to carry out this subtitle.

(b) In carrying out this subtitle, the Secretary may utilize the services of the Soil Conservation Service and the Forest Service, the Fish and Wildlife Service, State forestry agencies, State fish and game agencies, land-grant colleges, local, county, and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h), soil and water conservation districts, and other appropriate agencies.

(c) In carrying out this subtitle at the State and county levels, the Secretary shall consult with, to the extent practicable, the Fish and Wildlife Service, State forestry agencies, State fish and game agencies, land-grant colleges, soil-conservation districts, and other appropriate agencies and groups.

(d) In carrying out this subtitle, the Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers, including provision for sharing, on a fair and equitable basis, in payments under the program established by this subtitle.

(e)(1) Except as provided in paragraph (2), for the purpose of any other program administered by the Secretary, if an owner or operator diverts acreage from the production of an agricultural commodity under a contract entered into under this subtitle, any cropland base or allotment history with respect to such acreage shall be retired.

(2) Paragraph (1) shall not prohibit an owner or operator from establishing a cropland base or allotment history on such acreage under law applicable on the expiration of such contract.

(f) The authority provided by this subtitle shall be in addition to, and not in place of, other authorities available to the Secretary and the Commodity Credit Corporation.

REGULATIONS

SEC. 1637. Not later than 180 days after the date of enactment of this Act, the Secretary shall issue such regulations as the Secretary determines are necessary to carry out this subtitle.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 1638. There are authorized to be appropriated without fiscal year limitation such sums as may be necessary to carry out this subtitle.

Subtitle E—Other Conservation Provisions

CONSERVATION EASEMENTS

SEC. 1641. (a) The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is amended by adding at the end thereof the following new section:

"SEC. 349. (a) For purposes of this section:

"(1) The term 'governmental entity' means any agency of the United States, a State, or a unit of local government of a State.

"(2) The term 'highly erodible land' means such term as defined in section 1601(a)(8) of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(3) The term 'wetland' means such term as defined in section 1601(a)(19) of such Act.

"(4) The term 'wildlife' means fish or wildlife as defined in section 2(a) of the Lacey Act Amendments of 1981 (16 U.S.C. 3371(a)).

"(b) Subject to subsection (c), the Secretary may acquire and retain an easement in real property, for a term of not less than 50 years, for conservation, recreational, and wildlife purposes.

"(c) Such easement may be acquired or retained for real property if such property—

"(1) is wetland or highly erodible land;

"(2) is determined by the Secretary to be suitable for the purpose involved;

"(3)(A)(i) secures any loan made under any law administered by the Farmers Home Administration and held by the Secretary; and

"(ii) the borrower of such loan is unable, as determined by the Secretary, to repay such loan in a timely manner; or

"(B) is administered under this title by the Secretary; and

"(4) was row cropped in each year of the 3-year period ending on the date of the enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(d) The terms and conditions specified in each such easement shall—

"(1) specify the purposes for which such real property may be used;

"(2) identify the conservation measures to be taken, and the recreational and wildlife uses to be allowed, with respect to such real property; and

"(3) require such owner to allow the Secretary, and any person or governmental entity designated by the Secretary, to have access to such real property for the purpose of monitoring compliance with such easement.

"(e) Any such easement acquired by the Secretary shall be purchased from the borrower involved by canceling that part of the aggregate amount of such outstanding loans of the borrower held by the Secretary under laws administered by the Farmers Home Administration that bears the same ratio to the aggregate amount of the outstanding loans of such borrower held by the Secretary under all such laws as the number of acres of the real property of such borrower that are subject to such easement bears to the aggregate number of acres securing such loans.

"(f) If the Secretary elects to use the authority provided by this section, the Secretary shall consult with the Director of the Fish and Wildlife Service for purposes of—

"(1) selecting real property in which the Secretary may acquire easements under this section;

"(2) formulating the terms and conditions of such easements; and

"(3) enforcing such easements.

"(g) The Secretary, and any person or governmental entity designated by the Secretary, may enforce an easement acquired by the Secretary under this section.

"(h) This section shall not apply with respect to the cancellation of any part of any loan that was made after the date of the enactment of Agriculture, Food, Trade, and Conservation Act of 1985.".

(b)(1) The last sentence of section 335(c) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985(c)) is amended by inserting ", other than easements acquired under section 349" before the period at the end thereof.

(2) The second sentence of section 1001 of the Agricultural Act of 1970 (16 U.S.C. 1501) is amended—

(1) by striking out "perpetual"; and

(2) by inserting "for a term of not less than 50 years" after "easements".

(c) Any part of a loan canceled under section 339 of the Consolidated Farm and Rural Development Act shall not be included in income, and shall not have any effect on any tax attributed to any taxpayer or property, for purposes of the Internal Revenue Code of 1954.

DRY LAND FARMING

SEC. 1642. The first sentence of section 7(a) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590g(a)) is amended—

(1) by striking out "and" at the end of clause (5); and

(2) by inserting before the period the following:

", and (7) the promotion of energy and water conservation through dry land farming".

AGRICULTURAL CONSERVATION PROGRAM

SEC. 1643. Section 8(d) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(d)) is amended by adding at the end thereof the following new paragraph:

"To be eligible to receive a payment or grant of aid made under the agricultural conservation program authorized by sections 7 through 15, 16(a), 16(f), and 17 of this Act and sections 1001 through 1008 and 1010 of the Agricultural Act of 1970 (16 U.S.C. 1501 through 1508 and 1510), a producer must use such payment or grant in accordance with a conservation plan approved by (1) the soil and water conservation district or districts in which the land described in the plan is situated, or (2) in areas where such district or districts does not exist or fails to act on the approval of such plan, the Secretary of Agriculture. In order to receive such approval, such plan must ensure that soil loss levels on lands subject to such plan do not exceed the standards determined by the Secretary of Agriculture. The Secretary of Agriculture shall provide technical assistance to producers to assist producers in preparing such plans.".

SOIL AND WATER RESOURCES CONSERVATION

SEC. 1644. (a) Subsection (d) of section 5 of the Soil and Water Resources Conservation Act of 1977 (16 U.S.C. 2004(d)) is amended to read as follows:

"(d)(1) An appraisal required by this Act shall be completed not later than December 31, 1979, December 31, 1984, December 31, 1994, and December 31, 2004.

"(2) In the case of an appraisal due to be completed after December 31, 1984, the Secretary may supplement the preceding appraisal in lieu of preparing a new appraisal.

"(3) The Secretary may make such additional interim appraisals as the Secretary considers appropriate.".

(b) The second sentence of section 6(a) of such Act (16 U.S.C. 2205(a)) is amended by striking out "and responsibilities" and inserting in lieu thereof ", responsibilities, and priorities".

(c) Subsection (b) of section 6 of such Act (16 U.S.C. 2005(b)) is amended to read as follows:

"(b)(1) A program plan required by this section shall be completed not later than December 31, 1979, December 31, 1984, December 31, 1994, and December 31, 2004.

"(2) In the case of a program plan due to be completed after December 31, 1984, the Secretary may supplement the preceding program plan in lieu of preparing a new plan.".

(d) Section 7(a) of such Act (16 U.S.C. 2006(a)) is amended by striking out "and at each 5-year interval thereafter during the period this Act is in effect" and inserting in lieu thereof ", 1984, 1994, and 2004,".

(e) Section 10 of such Act (16 U.S.C. 2009) is amended by striking out "1985" and inserting in lieu thereof "2005".

SOIL CONSERVATION SERVICE

SEC. 1645. (a) Congress finds that—

(1) the well-being of the United States is dependent on efficient and productive agriculture, that requires a fertile and well cared for soil resource base and a plentiful water supply;

(2) the Soil Conservation Service assists individuals, groups, organizations, cities and towns, and county and State governments to reduce the costly waste of land and resources and to use these national assets;

(3) the Soil Conservation Service, since its establishment in 1935 within the Department of Agriculture, has diligently carried out its missions of soil and water conservation, natural resource surveys, and community resource protection and development;

(4) the Soil Conservation Service—

(A) provides vitally needed technical and financial assistance to achieve its conservation objectives on non-Federal land; and

(B) is assisted in this work through its partnership with over 3,000 conservation districts covering more than 2 billion acres in all 50 States, the Commonwealth of Puerto Rico, and the Virgin Islands of the United States;

(5) it is estimated that 67 percent of all cropland acres in the United States is in need of conservation treatment;

(6) the annual rate of erosion on the 413 million acres of cropland in the United States exceeds the maximum rate of loss with which indefinite and prosperous productivity can be maintained;

(7) the continued efforts of the Soil Conservation Service are required to combat this serious national problem; and

(8) the water resources of the United States have moved to the forefront of national concern requiring the continued establishment of—

(A) watershed projects;

(B) techniques for the improvement of water quality, including the reduction of sediments, organic wastes, pesticides, and salts; and

(C) improved irrigation systems and management, as planned and designed by the Soil Conservation Service.

(b) It is the sense of Congress that—

(1) the vital work of the Soil Conservation Service be vigorously pursued to address the serious soil and water problems still confronting the United States; and

(2) adequate support and funding be continued for the Soil Conservation Service and its necessary programs.

SOFTWOOD TIMBER

SEC. 1646. Section 608 of the Agricultural Programs Adjustment Act of 1984 (7 U.S.C. 1981 note) is amended to read as follows:

"SOFTWOOD TIMBER

"SEC. 608. (a)(1) Notwithstanding any other provision of law, the Secretary of Agriculture (hereafter in this section referred to as the 'Secretary') shall implement a program under which a delinquent loan made or insured under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.), or a portion thereof, may be reamortized with the use of future revenue produced from the planting of softwood timber crops on land that—

"(A) was previously used to produce an agricultural commodity or as pasture; and

"(B) secures a loan made or insured under such Act.

"(2) Accrued interest on a loan reamortized under this section may be capitalized and interest charged on such interest.

"(3) Payments on such reamortized loan may be deferred until such softwood timber crop produces revenue or for a term of 45 years, whichever comes first.

"(4) Repayment of such reamortized loan shall be made not later than 50 years after the date of reamortization.

"(b) The interest rate on such reamortized loans shall be determined by the Secretary, but not in excess of the current average yield on outstanding marketable obligations of the United States with periods to maturity comparable to the average maturities of such loans, plus not to exceed 1 percent, as determined by the Secretary and adjusted to the nearest one-eighth of 1 percent.

"(c) To be eligible for such program—

"(1) the borrower of such reamortized loan must place not less than 50 acres of such land in softwood timber production;

"(2) such land (including timber) may not have any lien against such land other than a lien for—

"(A) a loan made or insured under the Consolidated Farm and Rural Development Act to secure such reamortized loan; or

"(B) a loan made under this section, at the time of reamortization or thereafter, that is subject to a lien on such land (including timber) in favor of the Secretary; and

"(3) the total amount of loans secured by such land (including timber) may not exceed $1,000 per acre.

"(d)(1) To assist such borrowers to place such land in softwood timber production, the Secretary may make loans to such borrowers for such purpose in an aggregate amount not to exceed $100,000 per borrower.

"(2) Any such loan shall be secured by the land (including timber) on which the trees are planted.

"(3) Such loans shall be made on the same terms and conditions as are provided in this section for reamortized loans.

"(e) The Secretary shall issue such rules as are necessary to carry out this section, including rules prescribing terms and conditions for—

"(1) reamortizing and making loans under this section; and

"(2) entering into security instruments and agreements under this section.

"(f) There are authorized to be appropriated such sums as are necessary to carry out this section.".

TITLE XVII—AGRICULTURAL CREDIT

ELIGIBILITY FOR REAL ESTATE AND OPERATING LOANS

SEC. 1701. (a) Section 302 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922) is amended—

(1) by inserting "(a)" after the section designation; and

(2) by adding at the end thereof the following new subsection:

"(b) The Secretary may not restrict eligibility for loans made or insured under this subtitle for purposes set forth in section 303 solely to borrowers of loans that are outstanding on the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.".

(b) Section 311 of such Act (7 U.S.C. 1941) is amended by adding at the end thereof the following new subsection:

"(c) The Secretary may not restrict eligibility for loans made or insured under this subtitle for purposes set forth in section 312 solely to borrowers of loans that are outstanding on the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.".

WATER, WASTE FACILITY, AND COMMUNITY FACILITY LOANS AND GRANTS

SEC. 1702. (a) Section 306(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926(a)) is amended by adding at the end thereof the following paragraph:

"(16)(A) In the approval and administration of a loan made under paragraph (1) for a water or waste disposal facility, the Secretary shall consider fully any recommendation made by the loan applicant or borrower concerning the technical design and choice of materials to be used for such facility.

"(B) If the Secretary determines that a design or materials, other than those that were recommended, should be used in the water or waste disposal facility, the Secretary shall provide such applicant or borrow-

er with a comprehensive justification for such determination.".

(b) Section 307(a)(3)(A) of such Act (7 U.S.C. 1927(a)(3)(A)) is amended—

(1) by striking out "the poverty line prescribed by the Office of Management and Budget as adjusted under section 624 of the Economic Opportunity Act of 1964 (42 U.S.C. 2971d)" and inserting in lieu thereof "the higher of (i) 80 percent of the statewide nonmetropolitan median household income, or (ii) the poverty line as defined in section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2),"; and

(2) by adding at the end thereof the following new sentence: "The interest rate on a loan for such facility may not exceed 7 percent per annum if such facility does not qualify for the 5 percent per annum interest rate, but is located in an area where the median household income of the persons to be served by the facility does not exceed 100 percent of the statewide nonmetropolitan median household income.".

(c)(1) The Secretary of Agriculture shall conduct a study of the practicality and cost effectiveness of making loans and grants under section 306 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1926) for the construction of water and waste disposal facilities in rural areas at individual locations, rather than central or community locations.

(2) Not later than 120 days after the date of enactment of this Act, the Secretary shall submit a report on the results of the study required under paragraph (1) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

SALE OF NOTES AND SECURITY

SEC. 1703. (a) Section 309(d) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1929(d)) is amended by striking out the period at the end of the second sentence and inserting in lieu thereof the following: ", including sale on a nonrecourse basis. The Secretary and any subsequent purchaser of such notes sold by the Secretary on a nonrecourse basis shall be relieved of any responsibilities that might have been imposed, had the borrower remained indebted to the Secretary. All such notes sold on a nonrecourse basis must have been held in the fund for at least 4 years.".

(b) Section 309A(e) of such Act (7 U.S.C. 1929a(e)) is amended by striking out the period at the end of the second sentence and inserting in lieu thereof the following: ", including sale on a nonrecourse basis. The Secretary and any subsequent purchaser of such notes sold by the Secretary on a nonrecourse basis shall be relieved of any responsibilities that might have been imposed, had the borrower remained indebted to the Secretary.".

RURAL INDUSTRIALIZATION ASSISTANCE

SEC. 1704. (a) Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended—

(1) in subsection (a)—

(A) in the first sentence—

(i) by striking out "also make and insure loans" and inserting in lieu thereof "guarantee loans made"; and

(ii) by striking out "(1)" and all that follows through the period and inserting in lieu thereof "financing the production and distribution of ethanol in rural areas."; and

(B) by striking out the second and fourth sentences;

(2) by striking out subsections (b) and (c);

(3) by striking out the sentence preceding paragraph (1) of subsection (d);

(4) by striking out subsection (e); and

(5) by redesignating subsection (d) (as amended by clause (3)) as subsection (b).

(b)(1) Section 307(a)(4) of such Act (7 U.S.C. 1927(a)(4)) is amended by striking out "sections 304(b), 306(a)(1), and 310B" and inserting in lieu thereof "sections 304(b) and 306(a)(1)".

(2) Section 307(a)(6)(B) of such Act is amended—

(A) by inserting "and" at the end of clause (v);

(B) by striking out clauses (vi) and (vii); and

(C) by redesignating clause (viii) as clause (vi).

(3) Section 309A(g)(8) of such Act (7 U.S.C. 1929a(g)(8)) is amended by striking out "sections 306(a) and 310B" and inserting in lieu thereof "section 306(a)".

FARM RECORDKEEPING TRAINING FOR LIMITED RESOURCE BORROWERS

SEC. 1705. The first sentence of section 312(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1942(a)) is amended—

(1) by striking out "and" at the end of clause (10); and

(2) by inserting before the period at the end thereof the following new clause: ", and (12) training in maintaining records of farming and ranching operations for limited resource borrowers receiving loans under section 310D".

EMERGENCY LOANS

SEC. 1706. (a) Subsection (b) of section 321 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961(b)) is amended to read as follows:

"(b) An applicant shall be ineligible for financial assistance under this subtitle for crop losses if crop insurance was available to the applicant for such crop losses under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.).".

(b) Subsection (a) of section 324 of such Act (7 U.S.C. 1964(a)) is amended to read as follows:

"(a) No loan made or insured under this subtitle may exceed the amount of the actual loss caused by the disaster or $500,000, whichever is less, for each disaster.".

(c) Section 324(b)(1) of such Act (7 U.S.C. 1964(b)(1)) is amended by striking out "but (A)" and all that follows through "Secretary" and inserting in lieu thereof "but not in excess of 8 percent per annum".

(d) Section 329 of such Act (7 U.S.C. 1970) is amended to read as follows:

"SEC. 329. (a) The Secretary shall make financial assistance under this subtitle available to any applicant seeking assistance based on production losses if the applicant shows that—

"(1) a single enterprise that constitutes a basic part of the farming, ranching, or aquaculture operation of the applicant has sustained at least a 30 percent loss of normal per acre or per animal production, or such lesser percentage of loss as the Secretary may determine, as a result of the disaster based on the average monthly price in effect for the previous year and the applicant otherwise meets the conditions of eligibility prescribed under this subtitle; or

"(2) beginning with the 1985 crop of an agricultural commodity, a crop of an agricultural commodity produced by the applicant under an established practice of double cropping has sustained at least a 50 percent loss of normal per acre or per animal production, or such lesser percentage of loss as the Secretary may determine, as a result of the disaster based on the average monthly price in effect for the previous year and the applicant otherwise meets the conditions of eligibility prescribed under this subtitle.

"(b) Such loans shall be made available based on 80 percent, or such greater percent as the Secretary may determine, of the total calculated actual production loss sustained by the applicant.".

(e) Section 330 of such Act (7 U.S.C. 1971) is repealed.

(f) The amendment made by subsection (a) shall not apply to a person whose eligibility for an emergency loan is the result of damage to an annual crop planted before the date of enactment of this Act.

SETTLEMENT OF CLAIMS AND HOMESTEAD PROTECTION

SEC. 1707. (a) Subsection (d) of the second paragraph of section 331 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981(d)) is amended to read as follows:

"(d) compromise, adjust, reduce, or charge-off claims, and adjust, modify, subordinate, or release the terms of security instruments, leases, contracts, and agreements entered into or administered by the Farmers Home Administration under any of its programs, as circumstances may require, to carry out this title. The Secretary may release borrowers or others obligated on a debt incurred under this title from personal liability with or without payment of any consideration at the time of the compromise, adjustment, reduction, or charge-off of any claim, except that no compromise, adjustment, reduction, or charge-off of any claim may be made or carried out—

"(1) on terms more favorable than those recommended by the appropriate county committee utilized pursuant to section 332; or

"(2) after the claim has been referred to the Attorney General, unless the Attorney General approves;".

(b)(1) As used in this subsection—

(A) The term "Administrator" means the Administrator of the Small Business Administration.

(B) The term "farm program loan" means any loan made by the Administrator under the Small Business Act (15 U.S.C. 631 et seq.) for any of the purposes authorized for loans under subtitles A or B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.).

(C) The term "homestead property" means the principal residence and adjoining property possessed and occupied by a borrower specified in paragraph (2) of this subsection.

(D) The term "Secretary" means the Secretary of Agriculture.

(2)(A) If the Secretary forecloses a loan made or insured under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.), the Administrator forecloses a farm program loan made under the Small Business Act (15 U.S.C. 631 et seq.), or a borrower of a loan made or insured by either agency declares bankruptcy or goes into voluntary liquidation to avoid foreclosure or bankruptcy, the Secretary or Administrator must, upon application by the borrower, permit the borrower to retain possession and occupancy of any principal residence of the borrower, and no more than ten acres of adjoining land (including any farm buildings located thereon), pledged as collateral for such loan.

(B) The total value of the homestead property may not exceed $250,000, as determined by an independent appraisal made within six months preceding a borrower's applica-

tion to retain possession and occupancy of such homestead property.

(C) The period of occupancy of such homestead property under this subsection may not exceed five years, but in no case shall the Secretary or the Administrator grant a period of occupancy less than 3 years, subject to compliance with the provisions of paragraph (3).

(3) To be eligible to occupy homestead property under this subsection, a borrower of a loan made or insured by the Secretary or the Administrator must—

(A) apply for such occupancy during the three-year period beginning on the date of the enactment of this Act;

(B) have exhausted all other remedies for the extension or restructuring of such loan, including all remedies authorized under subsection (d) of this section;

(C) have made gross annual farm sales of at least $40,000 in at least 2 calendar years during the 5 year period beginning on January 1, 1981, and ending on December 31, 1985 (or equivalent crop or fiscal years);

(D) have received from farming operations at least 60 per centum of the gross annual income of the borrower and any spouse of the borrower during at least 2 years of such 5 year period;

(E) have occupied the homestead property and engaged in farming or ranching operations on adjoining land, or other land controlled by such borrower, during such 5 year period;

(F) during the period of occupancy of the homestead property, pay a reasonable sum as rent for such property to the Secretary or the Administrator in an amount substantially equivalent to rents charged for similar properties in the area in which the homestead property is located;

(G) during the period of occupancy of homestead property, maintain such property in good condition; and

(H) agree to such other terms and conditions as are prescribed by the Secretary or the Administrator in order to facilitate the administration of this subsection.

(4) Failure to make rental payments on the homestead property in a timely manner shall constitute cause for the termination of all rights of a borrower to possession and occupancy of such property under this subsection;

(5) At the end of the period of occupancy described in paragraph (2) of this subsection, the Secretary or the Administrator shall grant to the borrower a first right of refusal to reacquire the homestead property on such terms and conditions (which may include payment of principal in installments) as the Secretary or the Administrator shall determine: Provided, That at the time any reacquisition agreement is entered into, the Secretary or the Administrator may not demand a total payment of principal that is in excess of the total value of the homestead property as established under paragraph (2)(B) of this subsection.

TRANSFER OF LOAN ACCOUNTS

SEC. 1708. Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 331B (7 U.S.C. 1981b) the following new section:

"SEC. 331C. The Secretary shall permit a borrower of a loan made or insured under this title, with the approval of the head of the appropriate State office of the Farmers Home Administration, to transfer, on a one-time basis, the accounts of such borrower for such loans to a county office of the Farmers Home Administration in an adjacent county.".

OIL AND GAS ROYALTIES

SEC. 1709. (a) Subtitle D of the Consolidated Farm and Rural Development Act (as amended by section 1708) is amended by inserting after section 331C the following new section:

"SEC. 331D. (a) The Secretary shall permit a borrower of a loan made or insured under this title to make a prospective payment on such loan with proceeds from—

"(1) the leasing of oil, gas, or other mineral rights to real property used to secure such loan; or

"(2) the sale of oil, gas, or other minerals removed from real property used to secure such loan if—

"(A) the value of the rights to such oil, gas, or other minerals has not been used to secure such loan; and

"(B) the security for such loan is otherwise adequate.

"(b) Subsection (a) shall not apply to a borrower of a loan made or insured under this title with respect to which a liquidation or foreclosure proceeding is pending on the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.".

(b) Section 204 of the Emergency Agricultural Credit Adjustment Act of 1978 (7 U.S.C. 1947 note) is amended by adding at the end thereof the following new subsection:

"(e)(1) The Secretary shall permit a borrower of a loan made or insured under this title to make a prospective payment on such loan with proceeds from—

"(A) the leasing of oil, gas, or other mineral rights to real property used to secure such loan; or

"(B) the sale of oil, gas, or other minerals removed from real property used to secure such loan if—

"(i) the value of the rights to such oil, gas, or other minerals has not been used to secure such loan; and

"(ii) the security for such loan is otherwise adequate.

"(2) Paragraph (1) shall not apply to a borrower of a loan made or insured under this title with respect to which a liquidation or foreclosure proceeding is pending on the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.".

PROCESSING OF LOAN APPLICATIONS

SEC. 1710. (a) Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 333 (7 U.S.C. 1983) the following new section:

"SEC. 333A. (a)(1) The Secretary shall approve or disapprove an application for a loan or loan guarantee made under this title, and notify the applicant of such action, not later than 90 days after the Secretary has received a complete application for such loan or loan guarantee.

"(2) If an application for a loan or loan guarantee under this title is incomplete, the Secretary shall inform the applicant of the reasons such application is incomplete not later than 20 days after the Secretary has received such application.

"(3) If an application for a loan or loan guarantee under this title is disapproved by the Secretary, the Secretary shall state the reasons for the disapproval in the notice required under paragraph (1).

"(b)(1) Except as provided in paragraph (2), if an application for an insured loan under this title is approved by the Secretary, the Secretary shall provide the loan proceeds to the applicant not later than 15 days (or such longer period as the applicant may approve) after the application for the loan is approved by the Secretary.

"(2) If the Secretary is unable to provide the loan proceeds to the applicant within such 15-day period because sufficient funds are not available to the Secretary for such purpose, the Secretary shall provide the loan proceeds to the applicant as soon as practicable (but in no event later than 15 days unless the applicant agrees to a longer period) after sufficient funds for such purpose become available to the Secretary.

"(c) In carrying out the approved lender program established by exhibit A to subpart B of part 1980 of title 7, Code of Federal Regulations, the Secretary shall ensure that each request of a lending institution for designation as an approved lender under such program is reviewed, and a decision made on the application, not later than 15 days after the Secretary has received a complete application for such designation.

"(d)(1) As soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985, the Secretary shall take such steps as are necessary to make personnel and other resources of the Department of Agriculture available to the Farmers Home Administration as are sufficient to enable the Farmers Home Administration to expeditiously process loan applications that are submitted by farmers and ranchers.

"(2) In carrying out paragraph (1), the Secretary may use any authority of law provided to the Secretary, including—

"(A) the Agricultural Credit Insurance Fund established under section 309; and

"(B) the employment procedures used in connection with the emergency loan program established under subtitle C.".

(b) Section 333A (a), (b), and (c) of the Consolidated Farm and Rural Development Act (as added by subsection (a)) shall be effective with respect to applications received by the Secretary of Agriculture after the date of enactment of this Act.

APPEALS

SEC. 1711. (a) Subtitle D of the Consolidated Farm and Rural Development Act is amended by inserting after section 333A (as added by section 1710) the following new section:

"SEC. 333B. (a) The Secretary shall provide an applicant for or borrower of a loan, or an applicant for or recipient of a loan guarantee, under this title who has been directly and adversely affected by a decision of the Secretary made under this title (hereafter in this section referred to as the 'appellant') with written notice of the decision, an opportunity for an informal meeting, and an opportunity for a hearing with respect to such decision, in accordance with regulations issued by the Secretary consistent with this section.

"(b)(1) Not later than 10 days after such adverse decision, the Secretary shall provide the appellant with written notice of the decision, an opportunity for an informal meeting, an opportunity for a hearing, and the procedure to appeal such decision (including any deadlines for filing appeals).

"(2) Upon the request of the appellant and in order to provide an opportunity to resolve differences and minimize formal appeals, the Secretary shall hold an informal meeting with the appellant prior to the initiation of any formal appeal of the decision of the Secretary.

"(c)(1) An appellant shall have the right to have—

"(A) access to the personal file of the appellant maintained by the Secretary, including a reasonable opportunity to inspect and reproduce the file at an office of the Farmers

Home Administration located in the area of the appellant; and

"(B) representation by an attorney or non-attorney during the inspection and reproduction of files under subparagraph (A) and at any informal meeting or hearing.

"(2) The Secretary may charge an appellant for any reasonable costs incurred in reproducing files under paragraph (1)(A).".

(b)(1) The Secretary of Agriculture shall conduct a study concerning the administrative appeals procedure used in the farm loan programs of the Farmers Home Administration.

(2) In conducting such study, the Secretary shall examine—

(A) the number and type of appeals initiated by loan applicants and borrowers;

(B) the extent to which initial administrative actions are reversed on appeal;

(C) the reasons that administrative actions are reversed, modified, or sustained on appeal;

(D) the number and disposition of appeals in which the loan applicant or borrower is represented by legal counsel;

(E) the quantity of time required to complete action on appeals and the reasons for delays;

(F) the feasibility of the use of administrative law judges in the appeals process; and

(G) the desirability of electing members of county committees established under section 332 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1982).

(c) Not later than September 1, 1986, the Secretary shall submit a report describing the results of the study required under this section to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

DISPOSITION AND LEASING OF FARMLAND

SEC. 1712. (a) Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) is amended—

(1) by striking out "Real" in subsection (b) and inserting in lieu thereof "Except as provided in subsection (e), real";

(2) in subsection (c)—

(A) by striking out "The" in the first sentence and inserting in lieu thereof "Except as provided in subsection (e), the"; and

(B) by adding at the end thereof the following new sentence: "Notwithstanding the preceding sentence, the Secretary may for conservation purposes grant or sell an easement, restriction, development rights, or the equivalent thereof, to a unit of local or State government or a private nonprofit organization separately from the underlying fee or sum of all other rights possessed by the United States."; and

(3) by adding at the end thereof the following new subsection:

"(e)(1) The Secretary shall to the extent practicable sell or lease farmland administered under this title in the following order of priority:

"(A) Sale of such farmland to operators (as of the time immediately before such sale) of not larger than family-size farms.

"(B) Lease of such farmland to operators (as of the time immediately before such lease is entered into) of not larger than family-size farms.

"(2)(A) The Secretary shall consider granting, and may grant, to an operator of not larger than a family-size farm, in conjunction with paragraph (3), a lease with an option to purchase farmland administered under this title.

"(B) The Secretary shall issue regulations providing for leasing such land, or leasing such land with an option to purchase, on a fair and equitable basis.

"(C) In leasing such land, the Secretary shall give special consideration to a previous owner or operator of such land if such owner or operator has financial resources, and farm management skills and experience, that the Secretary determines are sufficient to assure a reasonable prospect of success in the proposed farming operation.

"(3)(A)(i) The Secretary may sell farmland administered under this title through an installment sale or similar device that contains such terms as the Secretary considers necessary to protect the investment of the Federal Government in such land.

"(ii) The Secretary may subsequently sell any contract entered into to carry out clause (i).

"(B) The Secretary shall offer such land for sale to operators of not larger than family-size farms at a price that reflects the average annual income that may be reasonably anticipated to be generated from farming such land.

"(C) If two or more qualified operators of not larger than family-size farms desire to purchase, or lease with an option to purchase, such land, the appropriate county committee shall, by majority vote, select the operator who may purchase such land, on such basis as the Secretary may prescribe by regulation.

"(4)(A) If the Secretary determines that farmland administered under this title is not suitable for sale or lease to an operator of not larger than a family-size farm because such farmland is in a tract or tracts that the Secretary determines to be larger than that necessary for family-size farms, the Secretary shall subdivide such land into tracts suitable for such operator.

"(B) The Secretary shall dispose of such subdivided farmland in accordance with this subsection.

"(5) If suitable farmland is available for disposition under this subsection, the Secretary shall—

"(A) publish an announcement of the availability of such farmland in at least one newspaper that is widely circulated in the county in which the farmland is located; and

"(B) post an announcement of the availability of such farmland in a prominent place in the local office of the Farmers Home Administration that serves the county in which the farmland is located.

"(6) In the case of farmland administered under this title that is highly erodible land (as defined in section 1601(a)(8) of the Agriculture, Food, Trade, and Conservation Act of 1985), the Secretary may require the use of specified conservation practices on such land as a condition of the sale or lease of such land.".

(b) The Secretary of Agriculture shall implement the amendments made by this section not later than 90 days after the date of enactment of this Act.

RELEASE OF NORMAL INCOME SECURITY

SEC. 1713. Section 335 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1985) (as amended by section 1712(3)) is further amended by adding at the end thereof the following new subsection:

"(f)(1) As used in this subsection, the term 'normal income security' has the same meaning given such term in section 1962.17(b) of title 7, Code of Federal Regulations (as of January 1, 1985).

"(2) Until such time as the Secretary accelerates a borrower loan made or insured under this title, the Secretary shall release from the normal income security provided for such loan an amount sufficient to pay the essential household and farm operating expenses of the borrower, as determined by the Secretary.".

LOAN SUMMARY STATEMENTS

SEC. 1714. Section 337 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1987) is amended—

(1) by inserting "(a)" after the section designation; and

(2) by adding at the end thereof the following new subsection:

"(b)(1) As used in this subsection, the term 'summary period' means—

"(A) the period beginning on the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985 and ending on the date on which the first loan summary statement is issued after such date of enactment; or

"(B) the period beginning on the date of issuance of the preceding loan summary statement and ending on the date of issuance of the current loan summary statement.

"(2) On the request of a borrower of a loan made or insured (but not guaranteed) under this title, the Secretary shall issue to such borrower a loan summary statement that reflects the account activity during the summary period for each loan made or insured under this title to such borrower, including—

"(A) the outstanding amount of principal due on each such loan at the beginning of the summary period;

"(B) the interest rate charged on each such loan;

"(C) the amount of payments made on and their application to each such loan during the summary period and an explanation of the basis for the application of such payments;

"(D) the amount of principal and interest due on each such loan at the end of the summary period;

"(E) the total amount of unpaid principal and interest on all such loans at the end of the summary period;

"(F) any delinquency in the repayment of any such loan;

"(G) a schedule of the amount and date of payments due on each such loan; and

"(H) the procedure the borrower may use to obtain more information concerning the status of such loans.".

AUTHORIZATION OF LOAN AMOUNTS

SEC. 1715. (a) Subsection (b) of section 346 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1994(b)) is amended to read as follows:

"(b)(1)(A) For each of the fiscal years ending September 30, 1986, through September 30, 1988, real estate and operating loans may be insured, made to be sold and insured, or guaranteed in accordance with subtitles A and B, respectively, from the Agricultural Credit Insurance Fund established under section 309 in an amount equal to $4,000,000,000, of which not less than $520,000,000 shall be for farm ownership loans under subtitle A.

"(B) Subject to subparagraph (C), such amount shall be apportioned as follows:

"(i) For the fiscal year ending September 30, 1986—

"(I) $2,000,000,000 for insured loans, of which not less than $260,000,000 shall be for farm ownership loans; and

"(II) $2,000,000,000 for guaranteed loans, of which not less than $260,000,000 shall be for guarantees of farm ownership loans.

"(ii) For the fiscal year ending September 30, 1987—

"(I) $1,500,000,000 for insured loans, of which not less than $195,000,000 shall be for farm ownership loans; and

"(II) $2,500,000,000 for guaranteed loans, of which not less than $325,000,000 shall be for guarantees of farm ownership loans.

"(iii) For the fiscal year ending September 30, 1988—

"(I) $1,000,000,000 for insured loans, of which not less than $130,000,000 shall be for farm ownership loans; and

"(II) $3,000,000,000 for guaranteed loans, of which not less than $390,000,000 shall be for guarantees of farm ownership loans.

"(C) For each of the fiscal years referred to in subparagraph (A), the Secretary may transfer not more than 20 percent of the amounts authorized for guaranteed loans to amounts authorized for insured loans.

"(D) For each of the fiscal years ending September 30, 1986, through September 30, 1988, emergency loans may be insured, made to be sold and insured, or guaranteed in accordance with subtitle C from the Agricultural Credit Insurance Fund in such amounts as are necessary to meet the needs resulting from natural disasters.

"(2)(A) For each of the fiscal years ending September 30, 1986, through September 30, 1988, loans for the production and distribution of ethanol in rural areas may be guaranteed in accordance with section 310B from the Rural Development Insurance Fund established under section 309A in the amount of $150,000,000.

"(B) For the fiscal year ending September 30, 1986, water and waste facility loans may be insured, or made to be sold and insured, in accordance with section 306 from the Rural Development Insurance Fund in the amount of $75,000,000.".

(b) Section 346(e)(1) of such Act is amended—

(1) by striking out "20" each place it appears and inserting in lieu thereof "25"; and

(2) by striking out "fiscal year 1984" and inserting in lieu thereof "each fiscal year".

(c) Section 346 of such Act (as amended by subsection (b)) is amended—

(1) by striking out subsection (d); and

(2) by redesignating subsection (e) as subsection (d).

INTEREST RATE REDUCTION PROGRAM

SEC. 1716. Effective only for the period beginning on the date of enactment of this Act and ending September 30, 1988, the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) (as amended by section 1641) is further amended by adding at the end thereof the following new section:

"SEC. 350. (a) The Secretary shall establish and carry out in accordance with this section an interest rate reduction program for loans guaranteed under this title.

"(b) Under such program, the Secretary shall enter into a contract with, and make payments to, a legally organized institution to reduce during the term of such contract the interest rate paid by a borrower on a guaranteed loan made by such institution if—

"(1) the borrower—

"(A) is unable to obtain sufficient credit elsewhere to finance the actual needs of the borrower at reasonable rates and terms, taking into consideration private and cooperative rates and terms for a loan for a similar purpose and period of time in the community in or near which the borrower resides;

"(B) is otherwise unable to make payments on such loan in a timely manner; and

"(C) has a total estimated cash income during the 12-month period beginning on the date such contract is entered into (including all farm and nonfarm income) that will equal or exceed the total estimated cash expenses to be incurred by the borrower during such period (including all farm and nonfarm expenses); and

"(2) the lender reduces during the term of such contract the annual rate of interest payable on such loan by a minimum percentage specified in such contract.

"(c) In return for a contract entered into by a lender under subsection (b) for the reduction of the interest rate paid on a loan, the Secretary shall make payments to the lender in an amount equal to not more than 50 percent of the cost of reducing the annual rate of interest payable on such loan, except that such payments may not exceed the cost of reducing such rate by more than 2 percent.

"(d) The term of a contract entered into under this section to reduce the interest rate on a guaranteed loan may not exceed the outstanding term of such loan, or 3 years, whichever is less.

"(e)(1) Notwithstanding any other provision of this title, the Agricultural Credit Insurance Fund established under section 309 may be used by the Secretary to carry out this section.

"(2) The total amount of funds used by the Secretary to carry out this section may not exceed $490,000,000.".

STUDY OF FARM AND HOME PLAN

SEC. 1717. (a) The Secretary of Agriculture shall conduct a study of the appropriateness of the Farm and Home Plan (Form FmHA 431-2) used by the Farmers Home Administration in connection with loans made or insured under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.).

(b) After carrying out such study, if the Secretary finds the plan is inappropriate, the Secretary shall—

(1) evaluate other alternative farm plan forms for use in connection with such loans;

(2) evaluate the need to develop a new farm plan form for such use; and

(3) specify the steps that should be taken to improve or replace the current form.

(c) Not later than 120 days after the date of enactment of this Act, the Secretary shall report the results of the study required under subsection (a) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

STUDY OF FARM CREDIT SYSTEM

SEC. 1718. (a) The Chairman of the Board of Governors of the Federal Reserve System, in consultation with the Secretary of Agriculture and the Governor of the Farm Credit Administrator, shall conduct a study of methods to ensure the availability of adequate credit, on reasonable terms and conditions, for farmers of the United States.

(b) In conducting such study, the Chairman of the Board of Governors of the Federal Reserve System shall—

(1) evaluate the financial circumstances relative to both lenders and borrowers of farm credit; and

(2) evaluate the structure, performance, and conduct of the Farm Credit System.

(c) Not later than 180 days after the date of enactment of this Act, the Chairman of the Board of Governors of the Federal Reserve System shall submit to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives a report containing the results of the study provided for in subsection (a), together with such comments and recommendations for providing a sound and reasonable credit program for farmers as the Chairman considers appropriate.

(d) The Governor of the Farm Credit Administration shall conduct a study of the need for the establishment of a fund to be used—

(1) to insure institutions of the Farm Credit System against losses on loans made by such institutions; or

(2) for any other purpose that would—

(A) assist in stabilizing the financial condition of such System; and

(B) provide for the protection of the capital that borrowers of such loans have invested in such System.

(e) In conducting the study required under subsection (d), the Governor shall—

(1) consider the advisability of using the revolving funds provided for under section 4.1 of the Farm Credit Act of 1971 (12 U.S.C. 2152) to provide initial capital for the fund referred to in subsection (d); and

(2) estimate the amount and level of future assessments levied on institutions of the Farm Credit System that would be necessary to ensure the long-term liquidity of such fund.

(f) Not later than 180 days after the date of enactment of this Act, the Farm Credit Administration shall submit a report containing the results of the study required under subsection (d) to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

EXTENTION OF CREDIT TO ALL RURAL UTILITIES THAT PARTICIPATE IN THE PROGRAM ADMINISTERED BY THE RURAL ELECTRIFICATION ADMINISTRATION

SEC. 1719. Section 3.8 of the Farm Credit Act of 1971 (12 U.S.C. 2129) is amended by—

(1) inserting "(1)" immediately before "Any association"; and

(2) adding at the end thereof a new subsection (2) as follows:

"(2) Notwithstanding any other provision of this title, cooperatives and other entities which have received a loan, loan commitment, or loan guarantee from the Rural Electrification Administration, or a loan or loan commitment from the Rural Telephone Bank, or which have been certified by the Administrator of the Rural Electrification Administration to be eligible for such a loan, loan commitment, or loan guarantee, and subsidiaries of such cooperatives or other entities, shall also be eligible to borrow from a bank for cooperatives.".

NONPROFIT NATIONAL RURAL DEVELOPMENT AND FINANCE CORPORATIONS

SEC. 1720. (a)(1) For the fiscal year ending September 30, 1986, the Secretary of Agriculture (hereafter in this section referred to as the "Secretary") shall guarantee loans made by public agencies or private organizations (including loans made by financial institutions such as insurance companies) to nonprofit national rural development and finance corporations that establish similar and affiliated statewide rural development and finance programs for the purpose of providing loans, guarantees, and other financial assistance to profit or nonprofit local businesses to improve business, industry, and employment opportunities in a rural area (as determined by the Secretary).

(2) To be eligible to obtain a loan guarantee under this subsection, a corporation must—

(A) demonstrate to the Secretary the ability of the corporation to administer a national revolving rural development loan program;

(B) be prepared to commit financial resources under the control of the corporation to the establishment of affiliated statewide rural development and finance programs; and

(C) have secured commitments of significant financial support from public agencies and private organizations for such affiliated statewide programs.

(3) A national rural development and finance corporation receiving a loan guarantee under this subsection shall base a determination to establish an affiliated statewide program in large part on the willingness of States and private organizations to sponsor and make funds available to such program.

(4) Notwithstanding section 346(b)(2)(A) of the Consolidated Farm and Rural Development Act (as amended by section 1715 of this Act) or any other provision of law, for the fiscal year ending September 30, 1986, of the amounts available to guarantee loans in accordance with section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) from the Rural Development Insurance Fund, $20,000,000 shall be used by the Secretary to guarantee loans under the national rural development and finance program established under this subsection, to remain available until expended.

(b)(1) For the fiscal year ending September 30, 1986, the Secretary shall make grants, from funds transferred under paragraph (2), to national rural development and finance corporations for the purpose of establishing a rural development program to provide financial and technical assistance to compliment the loan guarantees made to such corporations under subsection (a).

(2) All funds deposited in the Rural Development Loan Fund under sections 623(c)(1) and 633 of the Community Economic Development Act of 1981 (42 U.S.C. 9812(c)(1) and 9822) that are available on the date of enactment of this Act shall—

(A) be transferred to the Secretary for the purpose of making grants under paragraph (1); and

(B) remain available until expended.

PRINCIPAL RESIDENCE LOANS

SEC. 1721. The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) (as amended by section 1716) is further amended by adding at the end thereof the following new section:

"SEC. 351. (a) If a loan made under this title is secured by the principal residence of the borrower of the loan, the borrower defaults on the repayment of the loan and, as a result of such default, the borrower is required to forfeit the residence to the Secretary or to pay to the Secretary an amount equal to the equity of the borrower in the residence, the appropriate Director of the State office of the Farmers Home Administration may make a loan to the borrower in accordance with this section.

"(b) In order to be eligible to obtain a loan under this section, a borrower must have the ability (as determined by the Secretary) to repay the loan and otherwise meet the eligibility requirements established under section 302.

"(c) The amount of a loan made under this section may not exceed the lesser of—

"(1) an amount equal to the amount of equity the borrower has in such residence at the time such loan is made; or

"(2) the outstanding amount of principal and interest owned by the borrower to the Secretary on the loan referred to in subsection (a) on which the borrower has defaulted.

"(d) The interest rate on a loan made under this section shall be the rate required under section 307(a) to be paid on a loan made or insured under this title on the date the loan is made.

"(e) The period for the repayment of a loan made under this section may not exceed 25 years.

"(f) If a borrower makes all payments due on a loan made under this section in accordance with the loan agreement entered into with respect to such loan, an action may not be brought against the borrower for the repayment of such loan or the loan referred to in subsection (a) on which the borrower has defaulted.".

SECURITY FOR LOANS

SEC. 1722. The Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) (as amended by section 1719) is further amended by adding at the end thereof the following new section:

"SEC. 352. (a) Except as provided in subsection (b) and notwithstanding any other provision of this title, to be eligible to obtain a loan under this title, a borrower of the loan shall—

"(1) provide only such security for the loan as the Secretary determines is necessary to secure the loan for the term of the loan, including real estate, buildings, machinery, equipment, crops, crop insurance, crop assignments, livestock product assignments, livestock, furniture, fixtures, inventory, accounts receivable, cash, stocks, bonds, personal and corporate guarantees, marketable securities, the cash surrender value of life insurance, or any combination thereof;

"(2) dispose of all real property that the Secretary determines is not essential to the operation of farm and nonfarm enterprises by the borrower;

"(3) in the case of an operating loan made under subtitle B for the annual production of crops or livestock, pledge such crops or livestock and any other property which the Secretary determines is necessary to secure the loan;

"(4) in the case of a real estate loan made under subtitle A, pledge real estate to secure such loan; and

"(5) in the case of a loan secured by chattels whose loss would jeopardize the interests of the Federal Government, insure such chattels against hazards customarily covered by insurance in the surrounding community.

"(b) If a borrower provides security for a loan in accordance with subsection (a), the Secretary may not require as a condition of eligibility for the consolidation, rescheduling, reamortization, or deferral of the loan under this title that the borrower provide additional security for the loan.

TITLE XVIII—AGRICULTURAL MARKETING

Subtitle A—Pork Promotion, Research, and Consumer Information

FINDINGS AND DECLARATION OF PURPOSE

SEC. 1801. (a) Congress finds that—

(1) pork and pork products are basic foods that are a valuable and healthy part of the human diet;

(2) the production of pork and pork products plays a significant role in the economy of the United States because pork and pork products are—

(A) produced by thousands of producers, including many small- and medium-sized producers; and

(B) consumed by millions of people throughout the United States on a daily basis;

(3) pork and pork products must be available readily and marketed efficiently to ensure that the people of the United States receive adequate nourishment;

(4) the maintenance and expansion of existing markets, and development of new markets, for pork and pork products are vital to—

(A) the welfare of pork producers and persons concerned with producing and marketing pork and pork products; and

(B) the general economy of the United States;

(5) pork and pork products move in interstate and foreign commerce;

(6) pork and pork products that do not move in such channels of commerce directly burden or affect interstate commerce in pork and pork products; and

(7) in recent years, increasing quantities of low-cost, imported pork and pork products have been brought into the United States and replaced domestic pork and pork products in normal channels of trade.

(b)(1) It is the purpose of this subtitle to authorize the establishment of an orderly procedure for financing, through adequate assessments, and carrying out an effective and coordinated program of promotion, research, and consumer information designed to—

(A) strengthen the position of the pork industry in the marketplace; and

(B) maintain, develop, and expand markets for pork and pork products.

(2) Such procedure shall be implemented, and such program shall be conducted, at no cost to the Federal Government.

(3) Nothing in this subtitle may be construed to—

(A) permit or require the imposition of quality standards for pork or pork products;

(B) provide for control of the production of pork or pork products; or

(C) otherwise limit the right of an individual pork producer to produce pork and pork products.

DEFINITIONS

SEC. 1802. For purposes of this subtitle:

(1) The term "Board" means the National Pork Board established under section 1808.

(2) The term "consumer information" means an activity intended to broaden the understanding of sound nutritional attributes of pork or pork products, including the role of pork or pork products in a balanced, healthy diet.

(3) The term "Delegate Body" means the National Pork Producers Delegate Body established under section 1806.

(4) The term "imported" means entered, or withdrawn from a warehouse for consumption, in the customs territory of the United States.

(5) The term "importer" means a person who imports porcine animals, pork, or pork products into the United States.

(6) The term "order" means a pork and pork products promotion, research, and consumer information order issued under section 1805.

(7) The term "person" means an individual, group of individuals, partnership, corporation, association, organization, cooperative, or other entity.

(8) The term "porcine animal" means a swine raised for—

(A) feeder pigs;

(B) breeding purposes; or

(C) slaughter.

(9) The term "pork" means the flesh of a porcine animal.

(10) The term "pork product" means a product produced or processed in whole or in part from pork.

(11) The term "producer" means a person who produces porcine animals in the United States for sale in commerce.

(12) The term "promotion" means an action, including paid advertising, taken to present a favorable image for porcine animals, pork, or pork products to the public with the intent of improving the competitive position and stimulating sales of porcine animals, pork, or pork products.

(13) The term "research" means—

(A) research designed to advance, expand, or improve the image, desirability, nutritional value, usage, marketability, production, or quality of porcine animals, pork, or pork products; or

(B) dissemination to a person of the results of such research.

(14) The term "Secretary" means the Secretary of Agriculture.

(15) The term "State" means each of the 50 States.

(16) The term "State association" means—

(A) the single organization of pork producers in a State that is—

(i) organized under the laws of the State in which such association operates; and

(ii) recognized by the chief executive officer of such State as representing the pork producers of such State; or

(B) if such organization does not exist on the effective date of this subtitle, an organization that represents not fewer than 50 pork producers who market annually, in the aggregate, not less than 10 percent of the volume (measured in pounds) of porcine animals marketed in such State.

(17) The term "to market" means to sell or to otherwise dispose of a porcine animal, pork, or pork product in commerce.

(18) The term "United States" means the 50 States and the District of Columbia.

PORK AND PORK PRODUCT ORDERS

SEC. 1803. (a) To carry out this subtitle, the Secretary shall, in accordance with this subtitle, issue and, from time to time, amend orders applicable to persons engaged in—

(1) the production and sale of porcine animals, pork, and pork products in the United States; and

(2) the importation of porcine animals, pork, or pork products into the United States.

(b) The Secretary may issue such regulations as are necessary to carry out this subtitle.

NOTICE AND HEARING

SEC. 1804. During the period beginning on the effective date of this subtitle and ending 30 days after receipt of a proposal for an initial order submitted by the Board or a person affected by this subtitle, the Secretary shall—

(1) publish such proposed order; and

(2) give due notice of and opportunity for public comment on such proposed order.

FINDINGS AND ISSUANCE OF ORDERS

SEC. 1805. (a) After notice and opportunity for public comment have been provided in accordance with section 1804, the Secretary shall issue and publish an order if the Secretary finds, and sets forth in such order, that the issuance of such order and all terms and conditions thereof will assist in carrying out this subtitle.

(b) Not more than one order may be in effect at a time.

(c) An order shall become effective on a date that is not more than 90 days following the publication of such order.

(d) An order shall contain such terms and conditions as are required in sections 1806 through 1809 and, except as provided in section 1810, no others.

NATIONAL PORK PRODUCERS DELEGATE BODY

SEC. 1806. (a) The order shall provide for the establishment and appointment by the Secretary, not later than 45 days after the effective date of such order, of a National Pork Producers Delegate Body.

(b)(1) The Delegate Body shall consist of—

(A) producers, as appointed by the Secretary in accordance with paragraph (2), from nominees elected in accordance with section 1807; and

(B) importers, as appointed by the Secretary in accordance with paragraph (3).

(2) The number of producer members appointed to the Delegate Body from each State shall equal at least two members, and additional members, allocated as follows:

(A) Shares shall be assigned to each State—

(i) for the 1986 calendar year, on the basis of one share for each $400,000 of farm market value of porcine animals marketed from such State (as determined by the Secretary based on the annual average of farm market value in the most recent 3 calendar years preceding such year), rounded to the nearest $400,000; and

(ii) for each calendar year thereafter, on the basis of one share for each $1,000 of the aggregate amount of assessments collected (minus refunds under section 1813) in such State from persons described in section 1809(a)(1) (A) and (B), rounded to the nearest $1,000.

(B) If during a calendar year the number of such shares of a State is—

(i) less than 301, the State shall receive a total of two producer members;

(ii) more than 300 but less than 601, the State shall receive a total of three producer members;

(iii) more than 600 but less than 1,001, the State shall receive a total of four producer members; and

(iv) more than 1,000, the State shall receive four producer members, plus one additional member for each 300 additional shares in excess of 1,000 shares, rounded to the nearest 300.

(3) The number of importer members appointed to the Delegate Body shall be determined as follows:

(A) Shares shall be assigned to importers—

(i) for the 1986 calendar year, on the basis of one share for each $575,000 of market value of marketed porcine animals, pork, or pork products (as determined by the Secretary based on the annual average of imports in the most recent 3 calendar years preceding such year), rounded to the nearest $575,000; and

(ii) for each calendar year thereafter, on the basis of one share for each $1,000 of the aggregate amount of assessments collected (minus refunds under section 1813) from importers, rounded to the nearest $1,000.

(B) The number of importer members appointed to the Delegate Body shall equal a total of—

(i) three members for the first 1,000 such shares; and

(ii) one additional member for each 300 additional shares in excess of 1,000 shares, rounded to the nearest 300.

(c)(1) A producer member of the Delegate Body may, in a vote conducted by the Delegate Body for which the member is present, cast a number of votes equal to—

(A) the number of shares attributable to the State of the member; divided by

(B) the number of producer members from such State.

(2) An importer member of the Delegate Body may, in a vote conducted by the Delegate Body for which the member is present, cast a number of votes equal to—

(A) the number of shares allocated to importers; divided by

(B) the number of importer members.

(3) Members entitled to cast a majority of the votes (including fractions thereof) on the Delegate Body shall constitute a quorum.

(4) A majority of the votes (including fractions thereof) cast at a meeting at which a quorum is present shall be decisive of a motion or election presented to the Delegate Body for a vote.

(d) A member of the Delegate Body shall serve for a term of 1 year, except that the term of a member of the Delegate Body shall continue until the successor of such member, if any, is appointed in accordance with subsection (b)(1).

(e)(1) At the first annual meeting, the Delegate Body shall select a Chairman by a majority vote.

(2) At each annual meeting thereafter, the President of the Board shall serve as the Chairman of the Delegate Body.

(f) A member of the Delegate Body shall serve without compensation, but may be reimbursed by the Board from assessments collected under section 1809 for transportation expenses incurred in performing duties as a member of the Delegate Body.

(g)(1) The Delegate Body shall—

(A) nominate—

(i) not less than 23 persons for appointment to the Board, for the first year for which nominations are made; and

(ii) not less than 1½ persons (rounded up to the nearest person) for each vacancy in the Board that requires nominations thereafter; and

(B) submit such nominations to the Secretary.

(2) The Delegate Body shall meet annually to make such nominations.

(3) A majority of the Delegate Body shall vote in person in order to nominate members to the Board.

(h) The Delegate Body shall—

(1) recommend the rate of assessment prescribed by the initial order and any increase in such rate pursuant to section 1809(b); and

(2) determine the percentage of the aggregate amount of assessments collected in a State that each State association shall receive under section 1809(c)(1).

ELECTION OF NOMINEES FOR THE DELEGATE BODY

SEC. 1807. (a)(1) Not later than 30 days after the effective date of the order, the Secretary shall call for the nomination within each State of candidates for appointment as producer members of the initial Delegate Body.

(2) Each State association may nominate producers who are residents of such State to serve as such candidates.

(3)(A) Additional producers who are residents of a State may be nominated as candidates of such State by written petition signed by 100 producers or 5 percent of the pork producers in such State, whichever is less.

(B) The Secretary shall establish and publicize the precedures governing the time and place for filing petitions.

(b)(1) After the Secretary has received the nominations required under subsection (a)

and not later than 60 days after the effective date of the order, the Secretary shall call for an election within each State of persons for appointment as producer members of the initial Delegate Body.

(2) To be eligible to vote in an election held in a State, a person must be a producer who is a resident of such State.

(3)(A) Notice of each such election shall be given by the Secretary—

(i) by publication in a newspaper or newspapers of general circulation in each State, and in pork production and agriculture trade publications, at least 1 week prior to the election; and

(ii) in any other reasonable manner determined by the Secretary.

(B) The notice shall set forth the period of time and places for voting and such other information as the Secretary considers necessary.

(4) Each State shall nominate to the Delegate Body the number of producer members required under section 1806(b)(2)(B).

(5) The producers who receive the highest number of votes in each State shall be nominated for appointment as members of the Delegate Body from such State.

(c)(1) Except as provided in paragraph (3), after the election of the producer members of the initial Delegate Body, the Board shall administer all subsequent nominations and elections of the producer members to be nominated for appointment as members of the Delegate Body, with the assistance of the Secretary and in accordance with subsections (a)(3) and (b).

(2) The Board shall determine the timing of an election referred to in paragraph (1).

(3) To be eligible to vote in such an election in a State, a person must be a person must—

(A) be a producer who is a resident of such State;

(B) have paid all assessments due under section 1809; and

(C) not demanded a refund of an assessment under section 1813.

(d)(1) Prior to the expiration of the term of any producer member of the Delegate Body, the Board shall appoint a nominating committee of producers who are residents of the State represented by such member.

(2) Such committee shall nominate producers of such State as candidates to fill the position for which an election is to be held.

(3) Additional producers who are residents of a State may be nominated to fill such positions in accordance with subsection (a)(3).

NATIONAL PORK BOARD

SEC. 1808. (a)(1) The order shall provide for the establishment and appointment by the Secretary of a 15-member National Pork Board representing at least 12 States.

(2) The Board shall consist of producers or importers appointed by the Secretary from nominations submitted under section 1806(g).

(3) A member of the Board shall serve for a 3-year term, with no such member serving more than two consecutive 3-year terms, except that initial appointments to the Board shall be staggered with an equal number of members appointed, to the maximum extent possible, to 1-year, 2-year, and 3-year terms, except that the term of a member of the Board shall continue until the successor of such member, if any, is appointed in accordance with paragraph (2).

(4) The Board shall select its President by a majority vote.

(5)(A) A majority of the members of the Board shall constitute a quorum at a meeting of the Board.

(B) A majority of votes cast at a meeting at which a quorum is present shall determine a motion or election.

(6) A member of the Board shall serve without compensation, but shall be reimbursed by the Board from assessments collected under section 1809 for reasonable expenses incurred in performing duties as a member of the Board.

(b)(1) The Board shall—

(A) develop, at the initiative of the Board or other person, proposals for promotion, research, and consumer information plans and projects;

(B) submit such plans and projects to the Secretary for approval;

(C) administer the order, in accordance with the order and this subtitle;

(D) prescribe such rules as are necessary to carry out such order;

(E) receive, investigate, and report to the Secretary complaints of violations of such order;

(F) make recommendations to the Secretary with respect to amendments to such order; and

(G) employ a staff and conduct routine business.

(2) The Board shall prepare and submit to the Secretary, for the approval of the Secretary, a budget for each fiscal year of anticipated expenses and disbursements of the Board in the administration of the order, including the projected cost of—

(A) any promotion, research or consumer information plan or project to be conducted by the Board directly or by way of contract or agreement; and

(B) the budgets, plans, or projects for which State associations are to receive funds pursuant to section 1809(c)(1).

(3) No plan, project, or budget referred to in paragraph (1) or (2) may become effective unless approved by the Secretary.

(4)(A) The Board, with the approval of the Secretary, may enter into contracts or agreements with a person for—

(i) the development and conduct of activities authorized under an order; and

(ii) the payment of the cost thereof with funds collected through assessments under such order.

(B) Such contract or agreement shall require that—

(i) the contracting party develop and submit to the Board a plan or project, together with a budget or budgets that include the estimated cost to be incurred under such plan or project;

(ii) such plan or project become effective on the approval of the Secretary; and

(iii) the contracting party—

(I) keep accurate records of all relevant transactions of the party;

(II) make periodic reports to the Board of—

(aa) relevant activities the party has conducted; and

(bb) an accounting for funds received and expended under such contract; and

(III) make such other reports as the Secretary or Board may require.

ASSESSMENTS

SEC. 1809. (a)(1) The order shall provide that, not later than 30 days after the effective date of the order under section 1805(c) or at such time as the initial Board is appointed pursuant to section 1808, whichever occurs later, an assessment shall be paid, in the manner prescribed in the order and except as provided in paragraph (3), by—

(A) each producer for each porcine animal described in subsection 1802(8) (A) or (C) produced in the United States that is sold or slaughtered for sale;

(B) each producer for each porcine animal described in subsection 1802(8)(B) that is sold; and

(C) each importer for each porcine animal, pork, or pork product that is imported into the United States.

(2) Such assessment shall be collected and remitted to the Board by—

(A) in the case of subparagraph (A) of paragraph (1), the purchaser of the porcine animal referred to in such subparagraph;

(B) in the case of subparagraph (B) of paragraph (1), the producer of the porcine animal referred to in such subparagraph; and

(C) in the case of subparagraph (C) of paragraph (1), the importer referred to in such subparagraph.

(3) A person is not required to pay an assessment for a porcine animal, pork, or pork product under paragraph (1) if such person proves to the Board that an assessment was paid previously under such paragraph by a person for such porcine animal (of the same category described in section 1802(8) (A), (B), or (C)), pork, or pork product.

(b)(1) Except as provided in paragraph (2), the rate of assessment prescribed by the initial order shall be the lesser of—

(A) 0.25 percent of the market value of the porcine animal, pork, or pork product sold or imported; or

(B) an amount established by the Secretary based on a recommendation of the Delegate Body.

(2) Except as provided in paragraph (3), the rate of assessment in the initial order may be increased by not more than 0.1 percent per year on recommendation of the Delegate Body.

(3) The rate of assessment may not exceed 0.50 percent of such market value unless—

(A) after the initial referendum required under section 1811(a), the Delegate Body recommends an increase in such rate above 0.50 percent; and

(B) such increase is approved in a referendum conducted under section 1812(b).

(4)(A) Pork or pork products imported into the United States shall be assessed based on the equivalent value of the live porcine animal from which such pork or pork products were produced, as determined by the Secretary.

(B) The Secretary may waive the collection of assessments on a type of such imported pork or pork products if the Secretary determines that such collection is not practicable.

(c) Funds collected by the Board from assessments collected under this section shall be distributed and used in the following manner:

(1)(A) Each State association shall receive an amount of funds equal to the product obtained by multiplying—

(i) the aggregate amount of assessments attributable to porcine animals produced in such State from persons described in subsection (a)(1) (A) and (B); by

(ii) a percentage determined by the Delegate Body.

(B) A State association shall use such funds and any proceeds from the investment of such funds for financing—

(i) promotion, research, and consumer information plans and projects; and

(ii) administrative expenses incurred in connection with such plans and projects.

(2)(A) The Board shall receive the amount of funds that remain after the distributions required under paragraph (1).

(B) The Board shall use such funds and any proceeds from the investment of such funds pursuant to subsection (g) for—

(i) financing promotion, research, and consumer information plans and projects in accordance with this subtitle;

(ii) such expenses for the administration, maintenance, and functioning of the Board as may be authorized by the Secretary;

(iii) accumulation of a reasonable reserve to permit an effective promotion, research, and consumer information program to continue in years when the amount of assessments may be reduced; and

(iv) administrative costs incurred by the Secretary to carry out this subtitle including any expenses incurred for the conduct of a referendum under this subtitle and any expenses incurred for the conduct of elections under section 1807.

(d) No promotion funded with assessments collected under this subtitle may make—

(1) a false or misleading claim on behalf of pork or a pork product; or

(2) a false or misleading statement with respect to an attribute or use of a competing product.

(e) No funds collected through assessments authorized by this section may, in any manner, be used for the purpose of influencing legislation, as defined in section 4911 (d) and (e)(2) of the Internal Revenue Code of 1954.

(f) The Board shall—

(1) maintain such books and records, and prepare and submit to the Secretary such reports from time to time, as may be required by the Secretary for appropriate accounting of the receipt and disbursement of funds entrusted to the Board or a State association, as the case may be; and

(2) cause a complete audit report to be submitted to the Secretary at the end of each fiscal year.

(g) The Board, with the approval of the Secretary, may invest funds collected through assessments authorized under this section, pending disbursement for a plan or project, only in—

(1) an obligation of the United States, or of a State or political subdivision thereof;

(2) an interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System; or

(3) an obligation fully guaranteed as to principal and interest by the United States.

MINIMUM FUNDING OF STATE ASSOCIATIONS

SEC. 1809A. In no event shall the percentage determined pursuant to subsection (c)(1)(A)(ii) of section 1809 of this subtitle, in the case of a State in which there existed a State pork promotion program as of June 30, 1985, be less than that which is necessary to provide the State association of such State with an amount of funds equal to the amount that would have been collected from production in such State pursuant to such State pork promotion program which existed on June 30, 1985, less the amount of any refunds made to producers in such State pursuant to section 1813 of this subtitle, and less an amount equal to such sums as contributed by such State to national programs in the twelve-month period preceding June 30, 1985: Provided, however, That no such State shall receive an amount which is less than sixteen and one-half percent of the sum of the assessments collected from production of such State under the Act.

PERMISSIVE PROVISIONS

SEC. 1810. (a) On the recommendation of the Board, and with the approval of the Secretary, an order may contain one or more of the following provisions:

(1) Each person purchasing a porcine animal from a producer for commercial use, and each importer, shall—

(A) maintain and make available for inspection such books and records as may be required by the order; and

(B) file reports at the time, in the manner, and having the content prescribed by the order,

including documentation of the State of origin of a purchased porcine animal or the place of origin of an imported porcine animal, pork, or pork product.

(2) A term or condition—

(A) incidental to, and not inconsistent with, the terms and conditions specified in this subtitle; and

(B) necessary to effectuate the other provisions of such order.

(b)(1) Information referred to in subsection (a)(1) shall be made available to the Secretary and the Board as is appropriate or necessary for the effectuation, administration, or enforcement of this subtitle or an order.

(2)(A) Except as provided in subparagraphs (B) and (C), information obtained under subsection (a)(1) shall be kept confidential by officers or employees of the Department of Agriculture or the Board.

(B) Such information may be disclosed only—

(i) in a suit or administrative hearing involving the order with respect to which the information was furnished or acquired—

(I) brought at the direction or on the request of the Secretary; or

(II) to which the Secretary or an officer of the United States is a party; and

(ii) if the Secretary considers such information to be relevant to such suit or hearing.

(C) Nothing in this section prohibits—

(i) the issuance of a general statement based on the reports of a number of persons subject to an order, or statistical data collected therefrom, if such statement or data does not identify the information furnished by any person; or

(ii) the publication, by direction of the Secretary, of the name of a person violating an order, together with a statement of the particular provisions of the order violated by such person.

(c) A person who willfully violates subsection (a)(1) or (b) shall, on conviction, be—

(1) subject to a fine of not more than $1,000 or imprisoned for not more than 1 year, or both; and

(2) if such person is an employee of the Department of Agriculture or the Board, removed from office.

REFERENDUM

SEC. 1811. (a)(1) For the purpose of determining whether an order then in effect shall be continued, during the period beginning not earlier than 1 year after the issuance of the order and ending not later than 2 years after the issuance of the order, the Secretary shall conduct a referendum among persons who have been producers or importers during a representative period, as determined by the Secretary.

(2) Such order shall be continued only if the Secretary determines that such order has been approved by not less than a majority of the producers and importers voting in the referendum.

(3) If the continuation of such order is not approved by a majority of the producers and importers voting in the referendum, the Secretary shall terminate—

(A) collection of assessments under the order not later than 6 months after the date of such determination; and

(B) the order in an orderly manner as soon as practicable after the date of such determination.

(b) The Secretary shall be reimbursed from assessments collected by the Board for any expenses incurred in connection with a referendum conducted under this section or section 1812.

(c) A referendum shall be conducted in such manner as prescribed by the Secretary.

(d) A referendum to amend the initial order shall be conducted pursuant to this section.

SUSPENSION AND TERMINATION OF ORDERS

SEC. 1812. (a) If after the initial referendum provided for in section 1811(a) the Secretary determines that an order, or a provision of the order, obstructs or does not tend to effectuate the declared policy of this subtitle, the Secretary shall terminate or suspend the operation of such order or provision.

(b)(1)(A) Except as provided in paragraph (2), after the initial referendum provided for in section 1811(a), on the request of a number of persons equal to at least 15 percent of persons who have been producers and importers during a representative period, as determined by the Secretary, the Secretary shall conduct a referendum to determine whether the producers and importers favor the termination or suspension of the order.

(B) The Secretary shall—

(i) suspend or terminate collection of assessments under the order not later than 6 months after the date the Secretary determines that suspension or termination of the order is favored by a majority of the producers and importers voting in the referendum; and

(ii) terminate the order in an orderly manner as soon as practicable after the date of such determination.

(2) Except with respect to a referendum required to be conducted under section 1809, the Secretary shall not be required by paragraph (1) to conduct more than one referendum under this subtitle in a 2-year period.

(c) The termination or suspension of an order, or a provision of an order, shall not be considered an order within the meaning of this subtitle.

REFUNDS

SEC. 1813. (a) Notwithstanding any other provision of this subtitle, prior to the approval of the continuation of an order pursuant to the referendum required under section 1811(a), any person shall have the right to demand and receive from the Board a refund of an assessment collected under section 1809 if such person—

(1) is responsible for paying such assessment; and

(2) does not support the program established under this subtitle.

(b) Such demand shall be made in accordance with regulations, on a form, and within a time period prescribed by the Board and approved by the Secretary, but not later than 30 days after the end of the month in which the assessment was paid.

(c) Such refund shall be made not later than 30 days after demand is received therefore on submission of proof satisfactory to the Board that the producer, person, or importer—

(1) paid the assessment for which refund is sought; and

(2) did not collect such assessment from another producer, person, or importer.

PETITION AND REVIEW

SEC. 1814. (a)(1) A person subject to an order may file with the Secretary a petition—

(A) stating that such order, a provision of such order, or an obligation imposed in connection with such order is not in accordance with law; and

(B) requesting a modification of such order or an exemption from such order.

(2) Such person shall be given an opportunity for a hearing on the petition, in accordance with regulations issued by the Secretary.

(3) After such hearing, the Secretary shall make a determination granting or denying such petition.

(b)(1) A district court of the United States in the district in which such person resides or does business shall have jurisdiction to review such determination if a complaint for such purpose is filed not later than 20 days after the date such person receives notice of such determination.

(2) Service of process in such proceeding may be made on the Secretary by delivering a copy of the complaint to the Secretary.

(3) If a court determines that such determination is not in accordance with law, the court shall remand such proceedings to the Secretary with directions to—

(A) make such ruling as the court shall determine to be in accordance with law; or

(B) take such further proceedings as, in the opinion of the court, the law requires.

ENFORCEMENT

SEC. 1815. (a)(1) A district court of the United States shall have jurisdiction specifically to enforce, and to prevent and restrain a person from violating an order, rule, or regulation issued under this subtitle.

(2) A civil action authorized to be brought under this subsection shall be referred to the Attorney General for appropriate action, except that the Secretary is not required to refer to the Attorney General a violation of this subtitle if the Secretary believes that the administration and enforcement of this subtitle would be adequately served by providing a suitable written notice or warning to a person who committed such violation or by administrative action under subsection (b).

(b)(1)(A) A person who willfully violates an order, rule, or regulation issued by the Secretary under this subtitle may be assessed—

(i) a civil penalty by the Secretary of not more than $1,000 for each such violation; and

(ii) in the case of a willful failure to pay, collect, or remit an assessment as required by an order, an additional penalty equal to the amount of such assessment.

(B) Each such violation shall be a separate offense.

(C) In addition to or in lieu of such civil penalty, the Secretary may issue an order requiring such person to cease and desist from violating such order, rule, or regulation.

(D) No penalty may be assessed or cease-and-desist order issued unless the Secretary gives such person notice and opportunity for a hearing on the record with respect to such violation.

(E) An order issued under this paragraph by the Secretary shall be final and conclusive unless such person files an appeal from such order with the appropriate United States court of appeals not later than 30 days after such person receives notice of such order.

(2)(A) A person against whom an order is issued under paragraph (1) may obtain review of such order in the court of appeals of the United States for the circuit in which such person resides or does business, or in the United States Court of Appeals for the District of Columbia Circuit, by—

(i) filing a notice of appeal in such court not later than 30 days after the date of such order; and

(ii) simultaneously sending a copy of such notice by certified mail to the Secretary.

(B) The Secretary shall file promptly in such court a certified copy of the record on which such violation was found.

(C) A finding of the Secretary shall be set aside only if the finding is found to be unsupported by substantial evidence.

(3)(A) A person who fails to obey a valid cease-and-desist order issued under paragraph (1) by the Secretary, after an opportunity for a hearing, shall be subject to a civil penalty assessed by the Secretary of not more than $500 for each offense.

(B) Each day during which such failure continues shall be considered a separate violation of such order.

(4)(A) If a person fails to pay a valid civil penalty imposed under this subsection by the Secretary, the Secretary shall refer the matter to the Attorney General for recovery of the amount assessed in an appropriate district court of the United States.

(B) In such action, the validity and appropriateness of the order imposing such civil penalty shall not be subject to review.

(c) The remedies provided in subsections (a) and (b) shall be in addition to, and not exclusive of, other remedies that may be available.

INVESTIGATIONS

SEC. 1816. (a) The Secretary may make such investigations as the Secretary considers necessary—

(1) for the effective administration of this subtitle; or

(2) to determine whether a person subject to this subtitle has engaged, or is about to engage, in an act that constitutes, or will constitute, a violation of this subtitle or an order, rule, or regulation issued under this subtitle.

(b)(1) For the purpose of such investigation, the Secretary may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any records that are relevant to the inquiry.

(2) Such attendance of witnesses and the production of such records may be required from any place in the United States.

(c)(1) In the case of contumacy, or refusal to obey a subpoena, by a person, the Secretary may invoke the aid of a court of the United States with jurisdiction over such investigation or proceeding, or where such person resides or does business, in requiring the attendance and testimony of such person and the production of such records.

(2) The court may issue an order requiring such person to appear before the Secretary to produce records or to give testimony touching the matter under investigation.

(3) A failure to obey an order issued under this section by the court may be punished by the court as a contempt thereof.

(4) Process in such case may be served in the judicial district in which such person is an inhabitant or wherever such person may be found.

PREEMPTION

SEC. 1817. (a) This subtitle is intended to occupy the field of—

(1) promotion and consumer education involving pork and pork products; and

(2) obtaining funds therefor from pork producers.

(b) The regulation of such activity (other than a regulation or requirement relating to a matter of public health or the provision of State or local funds for such activity) that is in addition to or different from this subtitle may not be imposed by a State.

(c) This section shall apply only during a period beginning on the date of the commencement of the collection of assessments under section 1809(a)(1) and ending on the date of the termination of the collection of assessments under section 1811(a)(3) or 1812(b)(1)(B).

AUTHORIZATION FOR APPROPRIATIONS

SEC. 1818. (a) There are authorized to be appropriated such sums as may be necessary for the Secretary to carry out this subtitle, subject to reimbursement from the Board under section 1809(c)(3)(B)(iv).

(b) Sums appropriated to carry out this subtitle shall not be available for payment of an expense or expenditure incurred by the Board in administering an order.

EFFECTIVE DATE

SEC. 1819. This subtitle shall become effective on January 1, 1986.

Subtitle B—Beef Promotion and Research

BEEF PROMOTION AND RESEARCH

SEC. 1830. The Beef Research and Information Act (7 U.S.C. 2901 et seq.) is amended to read as follows:

"SHORT TITLE

"SECTION 1. This Act may be cited as the 'Beef Promotion and Research Act'.

"FINDINGS AND DECLARATION OF POLICY

"SEC. 2. (a) Congress finds that—

"(1) beef and beef products are basic foods that are a valuable part of the human diet;

"(2) the production of beef and beef products plays a significant role in the economy of the States because beef and beef products are—

"(A) produced by thousands of beef producers;

"(B) prepared by numerous processors; and

"(C) consumed by millions of people throughout the United States and foreign countries;

"(3) beef and beef products must be available readily and marketed efficiently to ensure that the people of the United States receive adequate nourishment;

"(4) the maintenance and expansion of existing markets for beef and beef products are vital to—

"(A) the welfare of beef producers and persons concerned with producing, marketing, and using beef and beef products; and

"(B) the general economy of the United States;

"(5) established State and national organizations conduct beef promotion, research, and consumer education programs that are invaluable to promote the consumption of beef and beef products;

"(6) beef and beef products move in interstate and foreign commerce; and

"(7) beef and beef products that do not move in such channels of commerce directly burden or affect interstate commerce in beef and beef products.

"(b)(1) It is the purpose of this Act to authorize the establishment of an orderly procedure for financing, through adequate assessments, and carrying out a coordinated program of promotion and research designed to—

"(A) strengthen the position of the beef industry in the marketplace; and

"(B) maintain and expand domestic and foreign markets and uses for beef and beef products, including veal.

"(2) Nothing in this Act shall be construed to limit the right of an individual producer to raise cattle.

"DEFINITIONS

"SEC. 3. For purposes of this Act:

"(1) The term 'beef' means the flesh of cattle.

"(2) The term 'beef product' means a product produced in whole or in part from beef, other than milk and milk products produced therefrom.

"(3) The term 'Board' means the Cattlemen's Beef Promotion and Research Board established under section 5.

"(4) The term 'cattle' means live domesticated bovine animals, regardless of age.

"(5) The term 'Committee' means the Beef Promotion Operating Committee established under section 6.

"(6) The term 'consumer information' means nutritional data and other information that will assist consumers and other persons in making evaluations and decisions regarding the purchasing, preparing, and utilization of beef and beef products.

"(7) The term 'importer' means a person who imports cattle, beef, or edible beef products into the United States.

"(8) The term 'industry information' means information or programs that will lead to the development of new markets, marketing strategies, increased efficiency, and activities to enhance the image of the cattle industry.

"(9) The term 'order' means a beef promotion and research order issued under section 4.

"(10) The term 'person' means an individual, group of individuals, partnership, corporation, association, organization, cooperative, or other entity.

"(11) The term 'producer' means a person who owns cattle, except that such term shall not include a person if the only share of the person in proceeds derived from the sale of cattle is a sales commission, handling fee, or other service fee.

"(12) The term 'product research' means studies testing the effectiveness of market development and promotion efforts, studies relating to the nutritional value of beef and beef products, other related food science research, and new product development.

"(13) The term 'promotion' means an action, including paid advertising, taken to advance the image and desirability of beef and beef products with the intent of improving the competitive position and stimulating sales of beef and beef products in the marketplace.

"(14) The term 'qualified State beef council' means a beef promotion entity of a State that—

"(A) is—

"(i) authorized under the laws of such State; or

"(ii) organized, operating, and receiving voluntary contributions within such State;

"(B) conducts beef promotion, research, and consumer information programs; and

"(C) is recognized by the Board as the beef promotion entity within such State.

"(15) The term 'Secretary' means the Secretary of Agriculture.

"(16) The term 'State' means each of the 50 States.

"(17) The term 'United States' means the 50 States and the District of Columbia.

"BEEF PROMOTION AND RESEARCH ORDERS

"SEC. 4. (a)(1) During the period beginning on the effective date of this section and ending 30 days after receipt of a proposal for an initial order, the Secretary shall—

"(A) publish such proposed order; and

"(B) give due notice of and opportunity for public comment on such proposed order.

"(2) A proposed order may be submitted by any organization certified under section 9 or any interested person, including the Secretary.

"(b)(1) After notice of and opportunity for public comment are provided in accordance with subsection (a), the Secretary shall issue a beef promotion and research order.

"(2) The order shall become effective on a date that is not more than 120 days following the publication of a proposed order submitted under subsection (a).

"(c) The order shall contain such terms and conditions as are—

"(1) required in sections 5 through 8; or

"(2) otherwise necessary to carry out such order, consistent with this Act.

"CATTLEMEN'S BEEF PROMOTION AND RESEARCH BOARD

"SEC. 5. (a) The order shall provide for the establishment of a Cattlemen's Beef Promotion and Research Board.

"(b)(1) The Board shall consist of—

"(A) producers, as appointed by the Secretary in accordance with this subsection, from nominees submitted by—

"(i) organizations certified under section 9; or

"(ii) in the case of a State that the Secretary determines does not have such an organization, such State in a manner prescribed by the Secretary; and

"(B) importers, as appointed by the Secretary in accordance with this subsection.

"(2) For the purpose of determining the membership of and representation on the Board, units shall be allocated as follows:

"(A) Each State that has a total inventory of 500,000 or more cattle shall constitute a separate unit.

"(B) States that have a total inventory of less than 500,000 cattle per State shall be grouped, as far as practicable, into geographically contiguous units each of which has a combined total inventory of not less than 500,000 cattle, in a manner prescribed in the order.

"(C) Importers shall constitute a single unit.

"(3)(A) The number of members appointed to the Board to represent each unit shall equal at least one member, plus one additional member for each 1 million head of cattle in excess of 500,000.

"(B) The number of members appointed to the Board to represent importers shall be determined by converting the volume of imported beef and beef products into an equivalent number of live animals.

"(4)(A) The Board may recommend to the Secretary a change in the number of cattle per unit necessary for representation on the Board.

"(B) On receipt of such recommendation, the Secretary may modify such number.

"(c) A member of the Board shall serve for a 3-year term, with no member serving more than two consecutive terms, except that initial appointments to the Board shall be staggered with an equal number of members appointed, to the maximum extent possible, to 1-year, 2-year, and 3-year terms.

"(d) A member of the Board shall serve without compensation, but shall be reimbursed from assessments collected by the Board for reasonable expenses incurred in performing duties as a member of the Board or the Committee.

"(e)(1) The Board shall—

"(A) administer the order in accordance with the terms and conditions of the order;

"(B) issue such regulations as are necessary to carry out the order;

"(C) elect members of the Board to serve on the Committee;

"(D) approve or disapprove budgets submitted by the Committee;

"(E) receive, investigate, and report to the Secretary on complaints of violations of the order; and

"(F) recommend to the Secretary any necessary amendments to the order.

"(2) The Board shall meet annually to carry out this subsection.

"(3) The order shall define—

"(A) the powers and duties of the Board, consistent with this subsection; and

"(B) the circumstances under which special meetings of the Board may be held.

"BEEF PROMOTION OPERATING COMMITTEE

"SEC. 6. (a) The order shall provide for the establishment of a Beef Promotion Operating Committee.

"(b) The Committee shall consist of—

"(1) 10 members of the Board, elected by the Board; and

"(2) 10 producers who are directors of qualified State beef councils, elected by a federation that includes as members the qualified State beef councils.

"(c) A member of the Committee shall serve for a 1-year term, with no member serving more than six consecutive terms.

"(d) A member of the Committee shall serve without compensation, but shall be reimbursed from assessments collected by the Board for reasonable expenses incurred in performing duties as a member of the Committee.

"(e)(1)(A) The Committee shall develop plans or projects for promotion, advertising, research, consumer information, and industry information, which shall be paid for with assessments collected by the Board.

"(B) In developing plans or projects, the Committee shall—

"(i) to the extent practicable, take into account similarities and differences between certain beef, beef products, and veal; and

"(ii) ensure that segments of the beef industry that enjoy a unique consumer identity receive equitable and fair treatment under this Act.

"(2)(A) The Committee shall develop and submit to the Board, for the approval of the Board, a budget for each fiscal year of anticipated expenses and disbursements of the Committee, including the projected cost of all plans and projects for promotion, advertising, research, consumer information, and industry information.

"(B) The Board shall—

"(i) approve or disapprove a budget for each fiscal year; and

"(ii) if approved, submit such budget to the Secretary for the approval of the Secretary.

"(3) No plan, project, or budget referred to in paragraph (1) or (2) may become effective unless approved by the Secretary.

"(4)(A) The Committee may utilize the resources, staffs, and facilities of the Board and industry organizations.

"(B) An employee of an industry organization may not receive compensation for work performed for the Committee, but shall be reimbursed from assessments collected by the Board for reasonable expenses incurred in performing such work.

"(5)(A) The Committee shall enter into contracts or agreements with established national nonprofit industry-governed organi-

zations, including the federation referred to in subsection (b)(2), to implement plans and projects for promotion, advertising, research, consumer information, and industry information.

"(B) Such contract or agreement shall require that—

"(i) the contracting party develop and submit to the Committee a plan or project, together with a budget or budgets that include the estimated cost to be incurred for such plan or project;

"(ii) such plan or project become effective on the approval of the Secretary; and

"(iii) the contracting party—

"(I) keep accurate records of all relevant transactions of the party;

"(II) make periodic reports to the Committee of—

"(aa) relevant activities the party has conducted; and

"(bb) an accounting for funds received and expended under such contract; and

"(III) make such other reports as the Secretary, Board, or Committee may require.

"(f) The Committee and the Board shall—

"(1) maintain, and make available to the Secretary for inspection and audit, such books and records as the Secretary may require;

"(2) prepare and submit to the Secretary, from time to time, such reports as the Secretary may require; and

"(3) account for the receipt and disbursement of all funds entrusted to the Committee or the Board, as the case may be.

"ASSESSMENTS

"SEC. 7. (a)(1) In the manner prescribed in the order, except as provided in paragraph (2), the order shall provide that an assessment shall be collected by an appropriate qualified State beef council from—

"(A) each person making payment to a producer for cattle purchased from the producer;

"(B) each person marketing beef directly from cattle produced by such person; and

"(C) each importer of cattle, beef, or edible beef products.

"(2) If an appropriate qualified State beef council does not exist to collect an assessment in accordance with paragraph (1), such assessment shall be collected by the Board.

"(3) Each qualified State beef council shall transmit to the Board the amount of any funds from assessments collected under paragraph (1).

"(b)(1) The rate of assessment prescribed by such order shall be—

"(A) $1 per head of cattle; or

"(B) in the case of imported beef and edible beef products, the equivalent thereof, as determined by the Secretary.

"(2) If a producer establishes to the satisfaction of the Board that such producer is participating in a program of an established qualified State beef council, the producer shall receive credit in determining the amount of the assessment due from such producer for contributions to such program of up to 50 cents per head of cattle or the equivalent thereof.

"(3) For purposes of paragraph (2), there may be only one qualified State beef council in each State.

"(c)(1) Assessments collected under this section shall be used for—

"(A) the payment of expenses incurred in administering the order, including administrative costs incurred by the Secretary after an order has been issued under this Act; and

"(B) the maintenance of a reasonable reserve.

"(2) The total costs incurred by the Board in collecting assessments and employing staff in each fiscal year may not exceed 5 percent of the total assessments collected by the Board for such fiscal year.

"(3) No funds collected through assessments under the order may, in any manner, be used for the purpose of influencing governmental action or policy, other than to recommend amendments to the order.

"(d) The Board, with the approval of the Secretary, may invest funds collected through assessments authorized under this Act, pending disbursement for a plan or project, only in—

"(1) an obligation of the United States;

"(2) a general obligation of a State or political subdivision thereof;

"(3) an interest-bearing account or certificate of deposit of a bank that is a member of the Federal Reserve System; or

"(4) an obligation fully guaranteed as to principal and interest by the United States.

"INFORMATION

"SEC. 8. (a) The order shall require that each person making payment to a producer for cattle purchased from the producer, each person marketing beef directly from cattle produced by such person, and each importer of cattle, beef, or edible beef products—

"(1) maintain and make available for inspection such books and records as may be required by the order; and

"(2) file reports at the time, in the manner, and having the content prescribed by the order.

"(b)(1) Information referred to in subsection (a) shall be made available to the Secretary to carry out this Act.

"(2) In addition, the Secretary may use any information concerning payments to producers for cattle that is obtained under any other law to carry out this Act.

"(c)(1) Except as provided in paragraphs (2) and (3), information obtained under subsection (a) shall be kept confidential by officers and employees of the Department of Agriculture.

"(2) Such information may be disclosed only—

"(A) in a suit or administrative hearing involving the order with respect to which the information was furnished or acquired—

"(i) brought at the direction or on the request of the Secretary; or

"(ii) to which the Secretary or an officer of the United States is a party; and

"(B) if the Secretary considers such information to be relevant to such suit or hearing.

"(3) Nothing in this subsection prohibits—

"(A) the issuance of a general statement, based on the reports of a number of persons subject to an order, or statistical data collected therefrom, if such statement or data does not identify the information furnished by any person; or

"(B) the publication, by direction of the Secretary, of the name of any person violating an order, together with a statement of the particular provisions of the order violated by such person.

"(4) Information obtained under this Act may be made available to an agency or officer of the United States only in connection with an action necessary to investigate compliance with, enforce, or otherwise carry out this Act.

"(d) A person who willfully violates this section shall, on conviction, be—

"(1) subject to a fine of not more than $1,000 or imprisoned for not more than 1 year, or both; and

"(2) if such person is an officer or employee of the Department of Agriculture or Board, removed from office.

"CERTIFICATION OF ORGANIZATIONS

"SEC. 9. (a) The Secretary shall certify the eligibility of an organization to nominate producers from a State to serve on the Board under section 5(b)(1).

"(b) A cattle association or general farm organization of a State or unit shall be eligible for certification under subsection (a) if the Secretary determines that such association or organization—

"(1) has a total paid membership that—

"(A) is comprised of at least a majority of cattle producers; or

"(B) represents at least a majority of cattle producers in a State or unit;

"(2) represents a substantial number of producers that produce a substantial number of cattle in such State or unit;

"(3) has a history of stability and permanency; and

"(4) has a primary or overriding purpose of promoting the economic welfare of cattle producers.

"(c) The Secretary shall base the certification of such association or organization on a factual report submitted by such association or organization.

"(d) If more than one State organization is certified in a State or unit, such organizations may meet to nominate producers from such State or unit to serve on the Board under section 5(b)(1).

"(e) The certification of an organization under this section shall be final.

"REFERENDUM

"SEC. 10. (a)(1) For the purpose of determining whether the initial order shall be continued, not later than 18 months after the issuance of the order (or any earlier date recommended by the Board), the Secretary shall conduct a referendum among persons who have been producers or importers during a representative period, as determined by the Secretary.

"(2) An order shall be continued only if the Secretary determines that the order has been approved by not less than a majority of the producers and importers voting in the referendum.

"(3) If the continuation of an order is not approved by a majority of the producers and importers voting in the referendum, the Secretary shall terminate—

"(A) collection of assessments under the order not later than 6 months after the date of such determination; and

"(B) the order in an orderly manner as soon as practicable after such determination.

"(b) The Secretary shall be reimbursed from assessments collected by the Board for any expenses incurred in connection with a referendum conducted under this Act, other than expenses for salaries of employees of the Federal Government.

"(c)(1) A referendum under this Act shall be conducted on a date determined by the Secretary.

"(2) On such date, producers and importers shall be given an opportunity to—

"(A) establish their eligibility to vote in such referendum; and

"(B) vote in such referendum.

"(3) Such referendum shall be conducted at county extension offices.

"(4) On the request of a producer or importer, the Secretary shall permit such producer or importer by mail to establish eligibility for and vote in such referendum.

"SUSPENSION AND TERMINATION OF ORDERS

"SEC. 11. (a)(1) After the initial referendum is conducted under section 10, on the request of a representative group of at least 10 percent of the total number of persons who have been producers or importers during a representative period, as determined by the Secretary, the Secretary shall conduct a referendum among persons who have been producers or importers during a representative period, as determined by the Secretary, to determine whether such producers and importers favor the termination or suspension of the order.

"(2) An order shall be continued only if the Secretary determines that the order has been approved by not less than a majority of the producers and importers voting in the referendum.

"(3) If the continuation of an order is not approved by a majority of the producers and importers voting in the referendum, the Secretary shall terminate—

"(A) collection of assessments under the order not later than 6 months after the date of such determination; and

"(B) the order in an orderly manner as soon as practicable after such determination.

"(4) Such referendum shall be conducted in accordance with section 10 (b) and (c).

"(b) If the Secretary finds that an order, or a provision thereof, obstructs or does not tend to effectuate the declared policy of this Act, the Secretary shall terminate or suspend the operation of such order or provision.

"REFUNDS

"SEC. 12. (a) During the period prior to the approval of the continuation of an order pursuant to the referendum required under section 10(a), subject to subsection (f), the Board shall—

"(1) establish an escrow account to be used for assessment refunds;

"(2) place funds in such account in accordance with subsection (b); and

"(3) refund assessments to persons in accordance with this section.

"(b) Subject to subsection (f), the Board shall place in such account, from assessments collected under section 7 during the period referred to in subsection (a), an amount equal to the product obtained by multiplying—

"(1) the total amount of assessments collected under section 7 during such period; by

"(2) the greater of—

"(A) the average rate of assessment refunds provided to producers under State beef promotion, research, and consumer information programs financed through producer assessments, as determined by the Board; or

"(B) 20 percent.

"(c) Subject to subsections (d), (e), and (f) and notwithstanding any other provision of this subtitle, any person shall have the right to demand and receive from the Board a one-time refund of all assessments collected under section 7 from such person during the period referred to in subsection (a) if such person—

"(1) is responsible for paying such assessment; and

"(2) does not support the program established under this Act.

"(d) Such demand shall be made in accordance with regulations, on a form, and within a time period prescribed by the Board.

"(e) Such refund shall be made on submission of proof satisfactory to the Board that the producer, person, or importer—

"(1) paid the assessment for which refund is sought; and

"(2) did not collect such assessment from another producer, person, or importer.

"(f)(1) If the amount in the escrow account required to be established by subsection (a) is not sufficient to refund the total amount of assessments demanded by all eligible persons under this section and the continuation of an order is approved pursuant to the referendum required under section 10(a), the Board shall—

"(A) continue to place in such account, from assessments collected under section 7, the amount required under subsection (b), until such time as the Board is able to comply with subparagraph (B); and

"(B) provide to all eligible persons the total amount of assessments demanded by all eligible producers.

"(2) If the amount in the escrow account required to be established by subsection (a) is not sufficient to refund the total amount of assessments demanded by all eligible persons under this section and the continuation of an order is not approved pursuant to the referendum required under section 10(a), the Board shall prorate the amount of such refunds among all eligible persons who demand such refund.

"ENFORCEMENT

"SEC. 13. (a) If the Secretary believes that the administration and enforcement of this Act or an order would be adequately served by such procedure, following an opportunity for an administrative hearing on the record, the Secretary may—

"(1) issue an order to restrain or prevent a person from violating an order; and

"(2) assess a civil penalty of not more than $5,000 for violation of such order.

"(b) The district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain a person from violating, an order or regulation made or issued under this Act.

"(c) A civil action authorized to be brought under this section shall be referred to the Attorney General for appropriate action.

"INVESTIGATIONS

"SEC. 14. (a) The Secretary may make such investigations as the Secretary considers necessary—

"(1) for the effective administration of this Act; or

"(2) to determine whether a person subject to this Act has engaged, or is about to engage, in an act that constitutes, or will constitute, a violation of this Act or an order, rule, or regulation issued under this Act.

"(b)(1) For the purpose of such investigation, the Secretary may administer oaths and affirmations, subpoena witnesses, compel their attendance, take evidence, and require the production of any records that are relevant to the inquiry.

"(2) Such attendance of witnesses and the production of such records may be required from any place in the United States.

"(c)(1) In case of contumacy, or refusal to obey a subpoena, by any person, the Secretary may invoke the aid of a court of the United States with jurisdiction over such investigation or proceeding, or where such person resides or does business, in requiring the attendance and testimony of such person and the production of such records.

"(2) The court may issue an order requiring such person to appear before the Secretary to produce records or to give testimony regarding the matter under investigation.

"(3) A failure to obey an order issued under this section by the court may be punished by such court as a contempt thereof.

"(4) Process in such case may be served in the judicial district in which such person is an inhabitant or wherever such person may be found.

"PREEMPTION

"SEC. 15. Nothing in this Act may be construed to preempt or supersede any other program relating to beef promotion organized and operated under the laws of the United States or any State.

"AUTHORIZATION FOR APPROPRIATIONS

"SEC. 16. (a) There are authorized to be appropriated such sums as may be necessary for the Secretary to carry out this Act.

"(b) Sums appropriated to carry out this Act shall not be available for payment of an expense or expenditure incurred by the Board or the Committee in administering an order.".

EFFECTIVE DATE

SEC. 1831. The amendment made by this subtitle shall become effective on January 1, 1986.

TITLE XIX—GENERAL PROVISIONS

Subtitle A—National Commission on Agricultural Policy

DEFINITIONS

SEC. 1901. As used in this subtitle:

(1) The term "Commission" means the National Commission on Agricultural Policy established under section 1902.

(2) The term "Governor" means the chief executive officer of a State.

(3) The term "State" means the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, or the Trust Territory of the Pacific Islands.

ESTABLISHMENT OF COMMISSION

SEC. 1902. (a) There is established a National Commission on Agricultural Policy to study the structure, procedures, and methods of formulating and administering agricultural policies, programs, and practices of the United States.

(b) In addition to the members referred to in subsection (c), the Commission shall be composed of 15 members appointed by the President and selected as follows:

(1) The President shall request Governors of States to nominate members representing individuals and industries directly affected by agricultural policies, including—

(A) producers of major agricultural commodities or the products thereof in the United States;

(B) processors or refiners of United States agricultural commodities or the products thereof;

(C) exporters, transporters, or shippers of United States agricultural commodities or the products thereof;

(D) suppliers of agricultural equipment or materials to United States farmers;

(E) providers of financing or credit for agricultural purposes; and

(F) consumers of United States agricultural commodities or the products thereof.

(2) The Governor of a State may submit to the President a list of not less than two, nor more than four, nominees to serve on the Commission who represent individuals and industries referred to in paragraph (1).

(3)(A) Except as provided in subparagraphs (B) and (C), the President shall appoint 15 individuals from a total of, to the extent practicable, not less than 60 individuals nominated by States under paragraph (2) to serve on the Commission.

(B) The President may appoint to the Commission not more than—

(i) one individual nominated by a particular State; and

(ii) seven individuals of the same political party.

(C) If the President determines that the individuals nominated by States under paragraph (2) are not broadly representative of the individuals and industries referred to in paragraph (1), the President may substitute not more than three other individuals to serve on the Commission who represent such individuals and industries.

(c)(1) The chairmen and ranking minority members of the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate shall—

(A) serve as ex officio members of the Commission; and

(B) have the same voting rights as the members of the Commission appointed under subsection (b).

(2) The chairmen and ranking minority members may designate other members of the respective committees to serve in their place as members of the Commission.

(d) A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(e) The Commission shall elect a Chairman from among the members of the Commission appointed under subsection (b).

(f) The Commission shall meet at the call of the Chairman or a majority of the Commission.

STUDY

SEC. 1903. The Commission shall study the structure, procedures, and methods of formulating and administering agricultural policies, programs, and practices of the United States, including—

(1) the effectiveness of existing agricultural programs in improving farm income;

(2) the manner in which such programs may be improved to retain a family farm system of agricultural production;

(3) the effect of legislative and administrative changes in agricultural policy on planning and long-term profitability of farmers;

(4) the effect on farmers of the existing system and structure of formulating and implementing agricultural policy;

(5) the effect of national and international economic trends on United States agricultural production;

(6) the means of adjusting the agricultural policies, programs, and practices of the United States to meet changing economic conditions;

(7) potential areas of conflict and compatibility between the formulation of agricultural policy and long-term stability in policy and practices;

(8) changing demographic trends and the manner in which such trends affect agriculture and agricultural policy; and

(9) the role of State and local governments in future agricultural policy.

REPORTS

SEC. 1904. (a) Not later than 12 months after the date of enactment of this Act, and each 12 months thereafter during the existence of the Commission, the Commission shall submit an annual report to the President and Congress containing the findings and recommendations of the Commission with respect to the matters referred to in section 1903.

(b) The Commission may not comment on legislation pending before Congress unless specifically requested to do so by the chairman of a committee of Congress.

ADMINISTRATION

SEC. 1905. (a) The heads of executive agencies, the General Accounting Office, the International Trade Commission, and the Congressional Budget Office shall, to the extent permitted by law, provide the Commission with such information as the Commission may require in carrying out the duties and functions of the Commission.

(b)(1) Except as provided in paragraph (2), members of the Commission shall serve without any additional compensation for work performed on the Commission.

(2) Such members who are private citizens of the United States may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons serving intermittently in the Federal Government service under sections 5701 through 5707 of title 5, United States Code.

(c) Subject to the availability of funds appropriated in advance and such rules as may be adopted by the Commission and without regard to the provisions of title 5, United States Code, governing appointments in the competitive service or the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, the Chairman of the Commission may appoint and fix the compensation of a director and such additional staff personnel as the Commission determines are necessary to carry out the duties and functions of the Commission.

(d)(1) On the request of the Commission, the Secretary of Agriculture shall furnish to the Commission such personnel and support services as are necessary to assist the Commission in carrying out the duties and functions of the Commission.

(2) On the request of the Commission, the heads of other executive agencies and the General Accounting Office may furnish the Commission with such personnel and support services as the head of the agency or office and the Chairman of the Commission agree are necessary to assist the Commission in carrying out the duties and functions of the Commission.

(3) The Commission shall not be required to pay or reimburse an agency or office for personnel and support services provided under this section.

(e)(1) In accordance with section 12 of the Federal Advisory Committee Act (5 U.S.C. App. 2), the Secretary of Agriculture shall maintain records of—

(A) the disposition of any funds that may be available to the Commission; and

(B) the nature and extent of activities of the Commission.

(2) The Comptroller General of the United States shall have access to such records for purposes of audit and examination.

(f) The Commission shall be exempt from sections 7(d), 10(e), 10(f), and 14 of the Federal Advisory Committee Act and sections 4301 through 4308 of title 5, United States Code.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 1906. (a) There are authorized to be appropriated such sums as are necessary to carry out this subtitle.

(b) To the maximum extent practicable, this subtitle shall be carried out using funds otherwise available to the Secretary of Agriculture for the expenses of advisory committees.

TERMINATION

SEC. 1907. The authority provided under this subtitle and the Commission shall terminate 4 years after the date of enactment of this Act.

Subtitle B—Agricultural Stabilization and Conservation Committees

LOCAL COMMITTEES

SEC. 1910. (a) The fifth paragraph of section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) is amended—

(1) by inserting after the third sentence the following new sentences: "The county committee for a county, by majority vote, may petition the Secretary to change the number of local areas in the county. On such petition, the Secretary shall change the number of such areas, except that such change may not result in the number of local areas in a county exceeding the number of such areas in the county on December 31, 1980.";

(2) by striking out "annually" in the fourth sentence (as it existed before the amendments made by this section);

(3) by inserting after the fourth sentence (as it existed before the amendments made by this section) the following new sentences: "Each member of a local committee shall be elected for a term of 3 years. Each local committee shall meet (A) once each year, and (B) at the direction of the county committee and with the approval of the State committee, such additional times during the year as may be necessary to carry out this section. Notwithstanding section 388 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1388), the Secretary may not provide compensation or payments to a member of a local committee under such section for work performed at, or travel expenses incurred in attending, more than four meetings of such committee in any year. The meetings of a local committee shall be held on different days of the year."; and

(4) by inserting after the eighth sentence (as it existed before the amendments made by this section) the following new sentences: "The local committees in each county shall (A) in a county in which there is more than one local committee, serve as advisors and consultants to the county committee; (B) periodically meet with the county committee and State committee to be informed on farm program issues; (C) communicate with producers within their communities on issues or concerns regarding farm programs; (D) report to the county committee, the State committee, and other interested persons on changes to, or modifications of, farm programs recommended by producers in their communities; and (E) perform such other functions as are required by law or as the Secretary may specify. The Secretary shall ensure that information concerning changes in Federal laws in effect with respect to agricultural programs and the administration of such laws are communicated in a timely manner to local committees in areas that contain agricultural producers who might be affected by such changes.".

(b)(1) The amendments made by this section shall become effective on January 1, 1986, except that the amendments made by clauses (2) and (3) of subsection (a) shall not apply with respect to the term of office of any member of a local committee elected before January 1, 1986.

(2) If the number of local administrative areas and local committees in a county increases as a result of a change in the number of local administrative areas in the county under section 8(b) of the Soil Conservation and Domestic Allotment Act (as amended by subsection (a)(1)), any member of a local committee in such county elected before January 1, 1986, shall serve the unexpired portion of any term commenced before the

date of such increase as a member of the local committee for the administrative area in which such member resides.

COUNTY COMMITTEES

SEC. 1911. The first sentence of the fifth paragraph of section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) is amended—

(1) by inserting "and as otherwise directed by law with respect to other programs and functions," after "Alaska,"; and

(2) by inserting a semicolon and "and the Secretary may use the services of such committees in carrying out other programs and functions of the Department of Agriculture" before the period at the end thereof.

SALARY AND TRAVEL EXPENSES

SEC. 1912. (a) Section 388(b) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1388(b)) is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2)(A) The Secretary shall provide compensation to members of such county committees, and to members of local committees of farmers within a county, for work actually performed by such persons in cooperating in carrying out the Acts in connection with which such committees are used.

"(B) The rate of compensation received by such persons for such work on the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985 shall be increased by 10 percent.".

(b) Section 388 of such Act is amended by adding at the end thereof the following new subsection:

"(c)(1) The Secretary shall make payments to members of local, county, and State committees to cover expenses for travel incurred by such persons (including, in the case of a member of a local or county committee, travel between the home of such member and the local county office of the Agricultural Stabilization and Conservation Service) in cooperating in carrying out the Acts in connection with which such Committees are used.

"(2) Such travel expenses shall be paid in the manner authorized under section 5703 of title 5, United States Code, for the payment of expenses and allowances for individuals employed intermittently in the Federal Government service.".

(c) The amendments made by this section shall become effective on January 1, 1986.

Subtitle C—Other Provisions

AUTHORIZATION FOR APPROPRIATIONS FOR FEDERAL INSECTICIDE, FUNGICIDE, AND RODENTICIDE ACT

SEC. 1920. Section 31 of the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136y) is amended to read as follows:

"SEC. 31. AUTHORIZATION FOR APPROPRIATIONS.

"There are authorized to be appropriated to carry out this Act for the period beginning October 1, 1985, and ending September 30, 1986, $57,067,300.".

GRANTS FOR RURAL TECHNOLOGY DEVELOPMENT CENTERS

SEC. 1921. (a) Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 1932) is amended by adding at the end thereof the following new subsection:

"(f)(1) As used in this subsection, the term 'nonprofit institution' means an organization or institution, including an accredited institution of higher education, no part of the net earnings of which inures, or may lawfully inure, to the benefit of a private shareholder or individual.

"(2) The Secretary may make grants under this subsection to nonprofit institutions for the purpose of enabling such institutions to establish and operate centers of rural technology development.

"(3) A nonprofit institution seeking a grant under this subsection shall submit to the Secretary an application containing a plan for the establishment and operation by such institution of a center for rural technology development.

"(4) The Secretary may approve such application if such plan contains the following:

"(A) A provision that such center be located in a rural area of a State.

"(B) A provision that the primary objective of such center be to improve the economic conditions of rural areas by promoting the development (through technological innovation and adaptation of existing technology) and commercialization of—

"(i) new products that can be produced in rural areas; and

"(ii) new processes that can be utilized in the production of products in rural areas.

"(C) A description of the activities that such center will carry out to accomplish such objective. Such activities may include the following:

"(i) Programs for technology research, investigations, and basic feasibility studies in any field or discipline for the purpose of generating principles, facts, technical knowledge, new technology, and other information that may be useful to rural industries, agribusinesses, and other persons in rural areas in the development and commercialization of new products and processes.

"(ii) Programs for the collection, interpretation, and dissemination of existing principles, facts, technical knowledge, new technology, and other information that may be useful to rural industries, agribusinesses, and other persons in rural areas in the development and commercialization of new products and processes.

"(iii) Programs to provide training and instruction for individuals residing in rural areas with respect to the development (through technological innovation and adaptation of existing technology) and commercialization of new products and processes.

"(iv) Programs to provide loans and grants to individuals and small businesses in rural areas for purposes of generating, evaluating, developing, and commercializing new products and processes.

"(v) Programs to provide technical assistance and advisory services to individuals, small businesses, and industries in rural areas for purposes of developing and commercializing new products and processes.

"(D) A description of the contributions that activities of the center are likely to make to the improvement of economic conditions of the rural area in which such center is to be located.

"(E) A provision that such center, in carrying out such activities, seek, where appropriate, the advice, participation, expertise, and assistance of representatives of business, industry, educational institutions, the Federal Government, and State and local governments.

"(F) A provision that such center—

"(i) consult with any college or university administering any program under title V of the Rural Development Act of 1972 (7 U.S.C. 2661 et seq.) in the State in which such center is located; and

"(ii) cooperate with such college or university in the coordination of such activities and such program.

"(G) A provision that such center take all practicable steps to develop continuing sources of financial support for such center, particularly from sources in the private sector.

"(H) A provision for—

"(i) the monitoring and evaluation of such activities by the institution operating such center; and

"(ii) the accounting of money received by such institution under this subsection.

"(5) Grants made under paragraph (2) shall be made on a competitive basis.

"(6) In making such grants, the Secretary shall give preference to grant applications that provide for the establishment of centers for rural technology development that—

"(A) will be located in rural areas that have—

"(i) few rural industries and agribusinesses;

"(ii) high levels of unemployment;

"(iii) high rates of migration of people, businesses, and industries; and

"(iv) low levels of per capita income; and

"(B) will contribute the most to the improvement of economic conditions of rural areas.".

(b) The amendment made by this section shall become effective on October 1, 1985.

USER FEES FOR REPORTS, PUBLICATIONS, AND SOFTWARE

SEC. 1922. Section 1121 of the Agriculture and Food Act of 1981 (7 U.S.C. 2242a) is amended to read as follows:

"USER FEES FOR REPORTS, PUBLICATIONS, AND SOFTWARE

"SEC. 1121. (a) The Secretary of Agriculture may—

"(1) furnish, on request, copies of software programs, pamphlets, reports, or other publications, regardless of their form, including electronic publications, prepared in the Department of Agriculture in carrying out any of its missions or programs; and

"(2) charge such fees therefor as the Secretary determines are reasonable.

"(b) The imposition of such charges shall be consistent with section 9701 of title 31, United States Code.

"(c) All moneys received in payment for work or services performed, or for software programs, pamphlets, reports, or other publications provided, under this section—

"(1) shall be available until expended to pay directly the costs of such work, services, software programs, pamphlets, reports, or publications; and

"(2) may be credited to appropriations or funds that incur such costs.".

VIRUSES, SERUMS, TOXINS, AND ANALOGOUS PRODUCTS

SEC. 1923. (a) The first sentence of the eighth paragraph of the matter under the heading "BUREAU OF ANIMAL INDUSTRY" of the Act entitled "An Act making appropriations for the Department of Agriculture for the fiscal year ending June thirtieth, nineteen hundred and fourteen", approved March 4, 1913 (21 U.S.C. 151), is amended by striking out "from one State or Territory or the District of Columbia to any other State or Territory or the District of Columbia" and inserting in lieu thereof "in or from the United States, the District of Columbia, any territory of the United States, or any place under the jurisdiction of the United States".

(b) The fourth sentence of such paragraph (21 U.S.C. 154) is amended by inserting "or otherwise to carry out this paragraph," after "animals," the first place it appears.

(c) Such paragraph is amended by inserting after the fourth sentence the following

new sentences: "In order to meet an emergency condition, limited market or local situation, or other special circumstance (including production solely for intrastate use under a State-operated program), the Secretary may issue a special license under an expedited procedure on such conditions as are necessary to assure purity, safety, and a reasonable expectation of efficacy. The Secretary shall exempt by regulation from the requirement of preparation pursuant to an unsuspended and unrevoked license any virus, serum, toxin, or analogous product prepared by any person, firm, or corporation—

"(1) solely for administration to animals of such person, firm, or corporation;

"(2) solely for administration to animals under a veterinarian-client-patient relationship in the course of the State licensed professional practice of veterinary medicine by such person, firm, or corporation; or

"(3) solely for distribution within the State of production pursuant to a license granted by such State under a program determined by the Secretary to meet criteria under which the State—

"(A) may license virus, serum, toxin, and analogous products and establishments that produce such products;

"(B) may review the purity, safety, potency, and efficacy of such products prior to licensure;

"(C) may review product test results to assure compliance with applicable standards for purity, safety, and potency, prior to release to the market;

"(D) may deal effectively with violations of State law regulating virus, serum, toxin, and analogous products; and

"(E) exercises the authority referred to in subclauses (A) through (D) consistent with the intent of this paragraph of prohibiting the preparation, sale, barter, exchange, or shipment of worthless, contaminated, dangerous, or harmful virus, serum, toxin, or analogous products.".

(d) The seventh sentence of such paragraph (21 U.S.C. 157) (as it existed before the amendments made by this section) is amended by striking out "licensed under this Act".

(e) Such paragraph is amended by inserting after the eighth sentence (21 U.S.C. 158) (as it existed before the amendments made by this section) the following new sentences: "The procedures of sections 402, 403, and 404 of the Federal Meat Inspection Act (21 U.S.C. 672, 673, and 674) (relating to detentions, seizures and condemnations, and injunctions, respectively) shall apply to the enforcement of this paragraph with respect to any product prepared, sold, bartered, exchanged, or shipped in violation of this paragraph or a regulation promulgated under this paragraph. The provisions (including penalties) of section 405 of such Act (21 U.S.C. 675) shall apply to the performance of official duties under this paragraph. Congress finds that (i) the products and activities that are regulated under this paragraph are either in interstate or foreign commerce or substantially affect such commerce or the free flow thereof, and (ii) regulation of the products and activities as provided in this paragraph is necessary to prevent and eliminate burdens on such commerce and to effectively regulate such commerce.".

(f)(1) Except as provided in paragraph (2), the amendments made by this section shall become effective on the date of enactment of this Act.

(2)(A) Subject to subparagraphs (B) through (D), in the case of a person, firm, or corporation preparing, selling, bartering, exchanging, or shipping a virus, serum, toxin, or analogous product during the 12-month period ending on the date of enactment of this Act solely for intrastate commerce or for exportation, such product shall not after such date of enactment, as a result of its not having been licensed or produced in a licensed establishment, be considered in violation of the eighth paragraph of the matter under the heading "BUREAU OF ANIMAL INDUSTRY" of the Act entitled "An Act making appropriations for the Department of Agriculture for the fiscal year ending June thirtieth, nineteen hundred and fourteen", approved March 14, 1913 (as amended by this section), until the first day of the 49th month following the date of enactment of this Act.

(B) The exemption granted by subparagraph (A) may be extended by the Secretary of Agriculture for a period up to 12 months in an individual case on a showing by a person, firm, or corporation of good cause and a good faith effort to comply with such eighth paragraph with due diligence.

(C) The exemption granted by subparagraph (A) must be claimed by the person, firm, or corporation preparing such product by the first day of the 13th month following the date of enactment of this Act, in the form and manner prescribed by the Secretary, unless the Secretary grants an extension of the time to claim such exemption in an individual case for good cause shown.

(D) On the issuance by the Secretary of a license to such person, firm, or corporation for such product prior to the first day of the 49th month following the date of enactment of this Act, or the end of an extension of the exemption granted by the Secretary, the exemption granted by subparagraph (A) shall terminate with respect to such product.

POULTRY INSPECTION

SEC. 1924. (a) Section 17 of the Poultry Products Inspection Act (21 U.S.C. 466) is amended by adding at the end thereof the following new subsection:

"(d)(1) Notwithstanding any other provision of law, all poultry, or parts or products thereof, capable of use as human food offered for importation into the United States shall—

"(A) be subject to inspection, sanitary, quality, species verification, and residue standards applied to products produced in the United States; and

"(B) have been processed in facilities and under conditions that are the same as those under which similar products are processed in the United States.

"(2) Any such imported poultry article that does not meet such standards shall not be permitted entry into the United States.

"(3) The Secretary shall enforce this subsection through—

"(A) random inspections for such species verification and for residues; and

"(B) random sampling and testing of internal organs and fat of carcasses for residues at the point of slaughter by the exporting country, in accordance with methods approved by the Secretary.".

(b) The amendment made by this section shall become effective 6 months after the date of enactment of this Act.

CONFIDENTIALITY OF INFORMATION

SEC. 1925. (a) In the case of information furnished under a provision of law referred to in subsection (d), neither the Secretary of Agriculture, any other officer or employee of the Department of Agriculture or agency thereof, nor any other person may—

(1) use such information for a purpose other than the development or reporting of aggregate data in a manner such that the identity of the person who supplied such information is not discernible and is not material to the intended uses of such information; or

(2) disclose such information to the public, unless such information has been transformed into a statistical or aggregate form that does not allow the identification of the person who supplied particular information.

(b)(1) In carrying out a provision of law referred to in subsection (d), no department, agency, officer, or employee of the Federal Government, other than the Secretary of Agriculture, shall require a person to furnish a copy of statistical information provided to the Department of Agriculture.

(2) A copy of such information—

(A) shall be immune from mandatory disclosure of any type, including legal process; and

(B) shall not, without the consent of such person, be admitted as evidence or used for any purpose in any action, suit, or other judicial or administrative proceeding.

(c) Any person who shall publish, cause to be published, or otherwise publicly release information collected pursuant to a provision of law referred to in subsection (d), in any manner or for any purpose prohibited in section (a), shall be fined not more than $10,000 or imprisoned for not more than 1 year, or both.

(d) For purposes of this section, a provision of law referred to in this subsection means—

(1) the first section of the Act entitled "An Act authorizing the Secretary of Agriculture to collect and publish statistics of the grade and staple length of cotton", approved March 3, 1927 (7 U.S.C. 471) (commonly referred to as the "Cotton Statistics and Estimates Act");

(2) the first section of the Act entitled "An Act to provide for the collection and publication of statistics of tobacco by the Department of Agriculture", approved January 14, 1929 (7 U.S.C. 501);

(3) the first section of the Act entitled "An Act to provide for the collection and publication of statistics of peanuts by the Department of Agriculture", approved June 24, 1936 (7 U.S.C. 951);

(4) section 203(g) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1622(g));

(5) section 526(a) of the Revised Statutes (7 U.S.C. 2204(a));

(6) the Act entitled "An Act providing for the publication of statistics relating to spirits of turpentine and resin", approved August 15, 1935 (7 U.S.C. 2248);

(7) section 42 of title 13, United States Code; or

(8) section 4 of the Act entitled "An Act to establish the Department of Commerce and Labor", approved February 14, 1903 (15 U.S.C. 1516).

USE OF WEATHER AND CLIMATE INFORMATION IN AGRICULTURE

SEC. 1926. (a) Congress finds that—

(1) agricultural and silvicultural operations are vulnerable to damage from atmospheric conditions that accurate and timely reporting of weather information can help prevent;

(2) the maintenance of current weather and climate analysis and information dissemination systems, and Federal, State, and private efforts to improve such systems, are essential if agriculture and silviculture are to avoid damage from atmospheric conditions;

(3) agricultural and silvicultural weather services at the Federal level should be maintained through joint planning between the National Oceanic and Atmospheric Administration and the Department of Agriculture; and

(4) efforts should be made, through user groups, weather and climate information providers, and Federal and State governments, to expand the use of weather and climate information in agriculture and silviculture.

(b) It is the policy of Congress that—

(1) it is in the public interest to maintain an active Federal involvement in providing agricultural and silvicultural weather and climate information; and

(2) efforts should be made by users and private providers of such information to improve use of such information.

IMPORTATION OF LIVESTOCK AND MEAT

SEC. 1927. Section 20 of the Federal Meat Inspection Act (20 U.S.C. 620) is amended by adding at the end thereof the following new subsection:

"(g) The Secretary may prohibit the importation into the United States of—

"(1) any livestock, or

"(2) any carcass, meat, or meat products of any livestock,

if the Secretary determines that such livestock may have been administered any drug (including any antibiotic drug) which has been banned for use in livestock in the United States: Provided, That—

(A) the Secretary determines that residues of that particular drug (including any antibiotic drug) threaten the health and safety of United States consumers;

"(B) the use of that particular drug (including any antibiotic drug) gives foreign producers of livestock an unfair competitive advantage over United States producers.".

TRANSFER OF AGRICULTURAL PRODUCTS STORED IN WAREHOUSES

SEC. 1928. Section 17 of the United States Warehouse Act (7 U.S.C. 259) is amended—

(1) by striking out "That" and inserting in lieu thereof "(a) Except as provided in subsection (b),"; and

(2) by adding at the end thereof the following new subsection:

"(b)(1) Notwithstanding any other provision of this Act, if a warehouseman lacks sufficient space to store the agricultural products of all depositors in a licensed warehouse, the warehouseman may, in accordance with regulations issued by the Secretary of Agriculture, and subject to such terms and conditions as the Secretary may prescribe, transfer stored agricultural products for which receipts have or have not been issued out of such warehouse to another licensed warehouse for continued storage.

"(2) The warehouseman of a licensed warehouse to which agricultural products have been transferred under paragraph (1) shall deliver to the rightful owner of such products, on request, at the licensed warehouse where first deposited, such products in the amount, and of the kind, quality, and grade, called for by the receipts or other evidence of storage of such owner.".

TOBACCO PESTICIDE RESIDUES

SEC. 1929. (a) Section 213 of the Dairy and Tobacco Adjustment Act of 1983 (7 U.S.C. 511r) is amended by adding at the end thereof the following new subsection:

"(e)(1) Notwithstanding any other provision of law, any tobacco offered for importation into the United States shall be accompanied by a certification by the importer, in such form as the Secretary of Agriculture shall prescribe, that the tobacco has not been produced or processed with the use of a pesticide that is not registered under the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 135 et seq.).

"(2) Any tobacco that is not accompanied by the certification required by paragraph (1) shall not be permitted entry into the United States.

"(3) The Secretary, to such extent and at such times as the Secretary determines appropriate, shall sample and test tobacco offered for importation on entry into the United States to determine whether that tobacco conforms with the certification required under this subsection.

"(4) The Secretary shall by regulation provide that domestically produced tobacco is subject to substantially the same requirements with respect to residues of any pesticide as apply to tobacco offered for importation.

"(5)(A) Subject to subparagraph (B), if the Secretary determines that Flue-cured or Burley tobacco does not meet the requirements of this section, such tobacco may not be moved in commerce among the States and shall be destroyed by the Secretary.

"(B) This paragraph shall apply only to tobacco produced after the date of enactment of this provision that receives price support under the Agricultural Adjustment Act of 1938 (7 U.S.C. 1281 et seq.) or the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.).".

(b)(1) The second sentence of section 213(c) of such Act is amended by striking out "such subsection" and inserting in lieu thereof "this section".

(2) The second sentence of section 213(d) of such Act is amended by inserting "and subsection (e)" after "subsection (a)(1)".

NATIONAL AGRICULTURAL COST OF PRODUCTION STANDARDS REVIEW BOARD

SEC. 1930. (a) Subsection (c) of section 1006 of the Agriculture and Food Act of 1981 (7 U.S.C. 4102(c)) is amended to read as follows:

"(c) A person may serve as a member of the Board for one or more terms.".

(b) Section 1014 of such Act (7 U.S.C. 4110) is amended by striking out "1985" and inserting in lieu thereof "1989".

NEW GRAIN CLASSIFICATIONS

SEC. 1931. (a) The Secretary of Agriculture shall direct the Federal Grain Inspection Service and the Agricultural Research Service to cooperate in developing new means of establishing grain classifications taking into account characteristics other than those visually evident.

(b) The Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, semiannually, with the first report due not later than December 31, 1985, on the status of cooperative efforts required under subsection (a), as such efforts relate to more accurately classifying types of wheat and other grains currently in use.

OPPOSITION TO MULTILATERAL ASSISTANCE FOR FOREIGN SURPLUS AGRICULTURAL COMMODITIES

SEC. 1932. (a) The Secretary of the Treasury shall instruct the United States Executive Directors of the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, the Inter-American Development Bank, the International Monetary Fund, the Asian Development Bank, the Inter-American Investment Corporation, the African Development Bank, and the African Development Fund to use the voice and vote of the United States to oppose any assistance by these institutions, using funds appropriated or otherwise made available pursuant to any provision of law, for the production of any agricultural commodity for export, if—

(1) such commodity is in surplus on world markets; and

(2) the export of such commodity would cause substantial injury to the United States producers of the same, similar, or competing commodity.

(b)(1) The amount of payments which the United States may make to the paid-in capital of an international financial institution described in subsection (a) during any capital expansion or replenishment of such institution may not exceed the amount of funds which the United States agreed to pay for paid-in capital under such expansion or replenishment minus an amount which bears the same proportion to the aggregate amount of assistance described in paragraph (2) furnished by such institution as the United States share of the expansion or replenishment bears to the total amount of the expansion or replenishment.

(2)(A) The aggregate amount of assistance referred to in paragraph (1) is the amount of assistance furnished by an international financial institution to all countries during the period described in subparagraph (B)—

(i) to support the production of any agricultural commodity for export, if—

(I) such commodity is in surplus on world markets; and

(II) the export of such commodity would cause substantial injury to the United States producers of the same, similar, or competing commodity; and

(ii) to subsidize (other than under clause (i)) the exports of agricultural commodities from such countries.

(B) The period referred to in subparagraph (A) is the same number of years as the capital expansion or replenishment period, which immediately preceded the first year of the expansion or replenishment period.

(3) For purposes of paragraph (2)(A)(ii), the term "subsidize" is used within the meaning of the Agreement on Interpretation and Application of Articles V, XVI, and XXIII of the General Agreement on Tariffs and Trade and the annex relating thereto, done at Geneva on April 12, 1979.

(4) Any funds withheld from payment to an international financial institution pursuant to this section shall be used to reduce the public debt in the manner specified in section 3113 of title 31, United States Code.

EXCLUSION OF LIQUIDATION PROCEEDS FROM FAMILY CONTRIBUTION COMPUTATIONS

SEC. 1933. Section 482 of the Higher Education Act of 1965 is amended by adding at the end thereof the following new subsection:

"(f) The Secretary shall, within 30 days after the date of enactment of this subsection, promulgate special regulations to permit, in the computation of family contributions for the programs under subpart 1 of part A and part B of this title for any academic year beginning on or after July 1, 1985, the exclusion from family income of any proceeds of a sale of farm or business assets of that family if such sale results from a voluntary or involuntary foreclosure, forfeiture, or bankruptcy.".

INTERMEDIATE EXPORT CREDIT

SEC. 1934. It is the sense of the Senate that—

(1) the intermediate export credit program should be expanded to include guarantees in order to—

(A) provide a more flexible export marketing tool to United States agricultural producers; and

(B) improve the capability of importing countries to purchase and use United States agricultural commodities and the products thereof; and

(2) the Secretary of Agriculture should utilize the intermediate export credit program to develop, expand, and maintain, to the maximum extent practicable, United States agricultural exports.

STUDY OF UNLEADED FUEL IN AGRICULTURAL MACHINERY

SEC. 1935. (a)(1) The Administrator of the Environmental Protection Agency and the Secretary of Agriculture shall jointly conduct a study of the use of fuel containing lead additives, and alternative lubricating additives, in gasoline engines that are—

(A) used in agricultural machinery; and

(B) designed to combust fuel containing such additives.

(2) The study shall analyze the potential for mechanical problems (including but not limited to valve recession) that may be associated with the use of other fuels in such engines.

(b)(1) For purposes of the study required under this section, the Administrator of the Environmental Protection Agency and the Secretary of Agriculture are authorized to enter into such contracts and other arrangements as may be appropriate to obtain the necessary technical information.

(2) The Secretary of Agriculture shall specify the types and items of agricultural machinery to be included in the study required under this section. Such types and items shall be representative of the types and items of agricultural machinery used on farms in the United States.

(3) All testing of engines carried out for purposes of such study shall reflect actual agricultural conditions to the extent practicable, including revolutions per minute and payloads.

(c) Not later than January 1, 1987—

(1) the Administrator of the Environmental Protection Agency and the Secretary of Agriculture shall publish the results of the study required under this section; and

(2) the Administrator shall publish in the Federal Register notice of the publication of such study and a summary thereof.

(d)(1) After notice and opportunity for hearing, but not later than 6 months after publication of the study, the Administrator shall—

(A) make findings and recommendations on the need for lead additives in gasoline to be used on a farm for farming purposes, including a determination of whether a modification of the regulations limiting lead content of gasoline would be appropriate in the case of gasoline used on a farm for farming purposes; and

(B) submit to the President and Congress a report containing—

(i) the study;

(ii) a summary of the comments received during the public hearing (including the comments of the Secretary); and

(iii) the findings and recommendations of the Administrator made in accordance with clause (1).

(2) The report shall be transmitted to—

(A) the Committee on Energy and Commerce of the House of Representatives;

(B) the Committee on Environment and Public Works of the Senate;

(C) the Committee on Agriculture of the House of Representatives; and

(D) the Committee on Agriculture, Nutrition, and Forestry of the Senate.

(e)(1) Between January 1, 1986, and December 31, 1987, the Administrator shall monitor the actual lead content of leaded gasoline sold in the United States.

(2) The Administrator shall determine the average lead content of such gasoline for each 3-month period between January 1, 1986, and December 31, 1987.

(3) If the actual lead content falls below an average of 0.2 of a gram of lead per gallon in any such 3-month period, the Administrator shall—

(A) report to Congress; and

(B) publish a notice thereof in the Federal Register.

(f) Until January 1, 1988, no regulation of the Administrator issued under section 211 of the Clean Air Act (42 U.S.C. 7545) regarding the control or prohibition of lead additives in gasoline may require an average lead content per gallon that is less than 0.1 of a gram per gallon.

(g) To carry out this section, there is authorized to be appropriated $1,000,000, to be available without fiscal year limitation.

CONTROLLED SUBSTANCES PRODUCTION CONTROL

SEC. 1936. (a) As used in this section:

(1) The term "controlled substance" has the same meaning given such term in section 102(6) of the Controlled Substances Act (21 U.S.C. 801(6)).

(2) The term "Secretary" means the Secretary of Agriculture.

(3) The term "State" means each of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Trust Territory of the Pacific Islands.

(b) Notwithstanding any other provision of law, following the date of enactment of this Act, any person who is convicted under Federal or State law of planting, cultivation, growing, or harvesting of a controlled substance in any crop year shall be ineligible for—

(1) as to any commodity produced during that crop year, and the four succeeding crop years, by such person—

(A) any price support or payment made available under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.), the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), or any other Act;

(B) a farm storage facility loan made under section 4(h) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(h)); or

(C) crop insurance under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.);

(D) a disaster payment made under the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.); or

(E) a loan made, insured or guaranteed under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) or any other provision of law administered by the Farmers Home Administration; or

(2) a payment made under section 4 or 5 of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b or 714c) for the storage of an agricultural commodity that is—

(A) produced during that crop year, or any of the four succeeding crop years, by such person; and

(B) acquired by the Commodity Credit Corporation.

(c) Not later than 180 days after the date of enactment of this Act, the Secretary shall issue such regulations as the Secretary determines are necessary to carry out this section, including regulations that—

(1) define the term "person";

(2) govern the determination of persons who shall be ineligible for program benefits under this section; and

(3) protect the interests of tenants and sharecroppers.

LAND CONVEYANCE TO IRWIN COUNTY, GEORGIA

SEC. 1937. The Secretary of Agriculture is authorized and directed to execute and deliver to the Board of Education of Irwin County, Georgia, its successors and assigns, a quitclaim deed conveying and releasing unto the said Board of Education of Irwin County, Georgia, its successors and assigns, all right, title, and interest of the United States of America in and to a tract of land, situate in said Irwin County, Georgia, containing 0.303 acres together with improvements in Land Lot Number 39 in the 3rd Land District of Irwin County, Georgia, being more particularly described in a deed dated July 13, 1946, from the United States conveying said land to Irwin County Board of Education, recorded in the land records of the office of the Clerk of Court for Irwin County, Georgia, in deed book 20, page 117.

NATIONAL TREE SEED LABORATORY

SEC. 1938. Notwithstanding any other provision of law, fees received by the National Tree Seed Laboratory, administered by the Forest Service, United States Department of Agriculture, for the provision of a tree seed testing service, shall be retained and deposited as a reimbursement to current appropriations used to cover the costs of providing such service.

CONTROL OF AGRICULTURAL LOSSES CAUSED BY DEPREDATING ANIMALS

SEC. 1939. The authority of the Secretary of Agriculture under the Act of March 2, 1931 (46 Stat. 1468, chapter 370; 7 U.S.C. 426) shall not be limited by Reorganization Plan No. II of 1939, nor by any other executive action taken pursuant to the Reorganization Act of 1939 (or any successor statute to such Act).

PRICE SUPPORT FOR CORN SILAGE

SEC. 1940. (a) Notwithstanding any other provision of law, effective only for each of the 1986 through 1989 crops of feed grains, the Secretary of Agriculture may make available loans and purchases, as provided in this section, to producers on a farm who—

(1) for silage—

(A) cut corn (including mutilated corn) that the producers have produced in such crop year; or

(B) purchase or exchange corn (including mutilated corn) that has been produced in such crop year by another producer (including a producer that is not participating in a set-aside program for such crop established by the Secretary); and

(2) participate in a set-aside program for such crop of wheat established by the Secretary.

(b) Such loans and purchases may be made on a quantity of corn of the same crop, other than the corn obtained for silage, acquired by the producer equivalent to a quantity determined by multiplying—

(1) the acreage of corn obtained for silage; by

(2) the lower of the farm program payment yield or the actual yield on a field, as determined by the Secretary, that is similar to the field from which such silage was obtained.

STUDY OF LABELING AND SANITATION STANDARDS FOR IMPORTATION OF AGRICULTURAL COMMODITIES

SEC. 1941. (a)(1) The Comptroller General of the United States shall conduct a study of product purity and inspection requirements and regulations of the Secretary of Health and Human Services and the Secretary of Agriculture in effect on the date of enactment of this Act for imported agricultural commodities and the products thereof.

(2) The study shall include—

(A) an evaluation of the effectiveness of requirements and regulations referred to in paragraph (1) in detecting—

(i) prohibited chemical residues and foreign matter in or on food or raw agricultural commodities in processed or unprocessed form; and

(ii) in imported live animals chemicals and chemical residues the use of which is prohibited in the production of domestic live animals; and

(B) recommendations on—

(i) the feasibility of requiring that quality control reports relating to product purity and inspection procedures be submitted from processing plants certified by the Secretary of Agriculture as eligible to export meat and meat food products to the United States; and

(ii) the adequacy of requiring the Secretary of Health and Human Services and the Secretary of Agriculture to prescribe and enforce food sanitation requirements and chemical and chemical residue standards for imported agricultural commodities and the products thereof.

(b) The study shall also include an evaluation of the feasibility of requiring—

(1) all imported meat and meat food products, agricultural commodities, and the products thereof to bear a label stating the country of origin of such commodities and products; and

(2) any person owning or operating an eating establishment that serves any meat or meat food product required to be marked or labeled under paragraph (1) or (2) of section 7(c) of the Federal Meat Inspection Act (21 U.S.C. 607(c) (1) or (2)) to inform individuals purchasing food from such establishment that meat or meat food products served at the establishment may be imported articles—

(A) by displaying a sign indicating that imported meat is served in such establishment; or

(B) by providing the information specified in paragraph (1) of such section 7(c) on the menus offered to such individuals.

(c) Not later than 1 year after the date of enactment of this Act, the Comptroller General shall submit the results of the study required under this section to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

PILOT BARTER PROGRAM FOR EXCHANGE OF AGRICULTURAL COMMODITIES FOR STRATEGIC MATERIALS

SEC. 1942. Section 416 of the Agricultural Act of 1949 is amended by adding at the end thereof a new subsection as follows:

"(e)(1) The Secretary shall establish and carry out a pilot program under which strategic or other materials that the United States does not produce domestically in amounts sufficient for its requirements and for which national stockpile or reserve goals established by law are unmet shall be acquired in exchange for commodities meeting the criteria specified in subsection (a).

"(2) The program established under paragraph (1) shall be carried out through agreements with at least two countries.

"(3) In establishing the pilot program under paragraph (2), the Secretary shall give priority to—

"(A) the acquisition of materials that involve less risk of loss through deterioration and have lower storage costs than the agricultural commodities or products for which they are exchanged; and

"(B) nations with food and currency reserve shortages.

"(4) To the extent practical, the Secretary shall use private channels of commerce to consummate any exchange of commodities for materials under the program.

"(5) Any materials acquired under the programs shall be held by the Commodity Credit Corporation and may be transferred, on a reimburseable basis, to any Department or agency of the United States that has responsibility for any reserve or other need for the material. Any material acquired, in excess of any required reserve, may be sold by the Corporation to the extent authorized by the Secretary taking into consideration any effect that such sale may have on the commercial market of such material.

"(6) The program established by the Secretary shall be carried out during the fiscal years ending September 30, 1986, and September 30, 1987, and the Secretary shall submit a report to Congress, not later than 60 days after the end of each such fiscal year with respect to the operation of the program.".

CONCESSIONAL SALES AGREEMENTS, AGRICULTURAL EXPORT BONUS AND PROMOTION PROGRAMS

SEC. 1943. (a) The Secretary of Agriculture may furnish commodities eligible for distribution under section 416(b) of the Agricultural Act of 1949 in connection with (1) concessional sales agreements entered into under title I of the Agricultural Trade Development Act of 1954 or other statutes, or (2) agricultural export bonus or promotion programs carried out under the Commodity Credit Corporation Charter Act or other statutes.

(b) Eligible commodities may be furnished by the Secretary under this section in connection with agreements by recipient countries to acquire additional agricultural commodities from the United States through commercial arrangements.

(c) The amount of any commodity furnished under this section in any fiscal year shall not be considered for the purpose of determining whether the requirements of section 416(b)(10)(A) of the Agricultural Act of 1949 has been met during such fiscal year.

STUDY OF GRAIN STANDARDS

SEC. 1944. (a)(1) The Office of Technology Assessment shall conduct a study of United States grain export quality standards and grain handling practices.

(2) The Office of Technology Assessment shall conduct such study—

(A) in consultation with the Secretary of Agriculture; and

(B) in accordance with Section 3(d) of Technology Assessment Act of 1972 (2 U.S.C. 472(d)).

(b) In conducting such study, the Office of Technology Assessment shall—

(1) evaluate the competitive problems the United States faces in international grain markets that may be attributed to grain quality standards and handling practices rather than price;

(2) identify the extent to which United States grain export quality standards and handling practices have contributed toward the recent decline in United States grain exports; and

(3) perform a comparative analysis between—

(A) the grain quality standards and practices of the United States and the major grain export competitors of the United States;

(B) the grain handling technology of the United States and the major grain export competitors of the United States; and

(4) evaluate the consequences on United States export grain sales, the cost of exporting grain, and the prices received by farmers should United States export grain elevators be subject, by law or regulation, to requirements that—

(A) no dockage or foreign material (including but not limited to dust or particles of whatever origin) once removed from grain shall be recombined with any grain if there is a possibility that the recombined product may be exported from the United States;

(B) no dockage or foreign material of any origin may be added to any grain that may be exported if the result will be to reduce the grade or quality of the grain or to reduce the ability of the grain to resist spoilage; and

(C) no blending of grain with a similar grain of different moisture content may be permitted if the difference between the moisture contents of the grains being blended is more than 1 percent.

(c) Not later than December 1, 1986, the Office of Technology Assessment shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report containing the results of the study required under this section, together with such comments and recommendations for the improvement of United States grain export quality standards and handling practices as the Office of Technology Assessment considers appropriate.

MAXIMUM PENALTY FOR MARKETING ORDER VIOLATIONS

SEC. 1945. (a) Section 8c(14) of the Agricultural Adjustment Act (7 U.S.C. 608c(14)), as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, is amended by striking out "$500" and inserting in lieu thereof "$5,000".

"(b) The amendment made by subsection (a) shall not apply with respect to any violation described in section 8c(14) of the Agricultural Adjustment Act occurring before the date of the enactment of this Act.

POULTRY, BEEF AND PORK MEATS AND MEAT-FOOD PRODUCTS, EQUITABLE TREATMENT

SEC. 1946. In the case of any program operated by the Secretary of Agriculture during the years 1986 through 1989, for the purpose of encouraging or enhancing commercial sales in foreign export markets of agricultural products or commodities produced in the United States, which program includes the payment of a bonus or incentive (in cash, commodities, or other benefits) provided to the purchaser, the Secretary shall expend annually at least 15 per centum of the total funds available (or 15 per centum of the value of any commodities employed to encourage such sales) for program activities to likewise encourage and enhance the export sales of poultry, beef or pork meat and meat products.

CONTROL OF GRASSHOPPERS AND MORMON CRICKETS ON PUBLIC LANDS

SEC. 1947. (a) The Secretary of Agriculture shall carry out a program to control grass-

hoppers and Mormon Crickets on all Federal lands.

(b)(1)(A) Subject to paragraph (2), the Secretary of Agriculture shall expend or transfer, and the Secretary of Interior shall transfer to the Secretary of Agriculture, from funds available until expended for the prevention, suppression, control, or eradication of actual or potential grasshopper and Mormon Cricket outbreaks on lands under the jurisdiction of the Federal Government.

(2)(A) Appropriated funds made available to the Secretary of the Interior shall be available for the payment of obligations incurred on Federal lands subject to the jurisdiction of the Secretary of the Interior during the preceding fiscal year.

(B) Funds transferred pursuant to this paragraph shall be requested as promptly as possible.

(C) From any funds made available to the Department of the Interior until expended, moneys shall be made available for the transfer by the Secretary of the Interior to the Secretary of Agriculture for the prevention, suppression, control, or eradication of grasshoppers and Mormon Cricket outbreaks only on Federal lands under the jurisdiction of the Secretary of the Interior.

(c)(1) On request of the administering agency or a landowner, the Secretary of Agriculture shall immediately treat Federal, State, or private lands that are infested by grasshoppers or Mormon Crickets at levels of economic infestation of eight grasshoppers or more per square yard, unless the Secretary determines that delaying treatment will optimize biological control and not cause greater economic damage to adjacent landowners.

(2) The Secretary of Agriculture shall—

(A) pay out of appropriated funds made available to the Secretary or transferred to the Secretary by the Secretary of the Interior—

(i) 100 percent of the cost of grasshopper or Mormon Cricket control on Federal lands;

(ii) 50 percent of the cost of such control on State lands; and

(iii) 33.3 percent of the cost of such control on private lands; and

(B) participate in prevention, control, or eradication programs for grasshoppers and Mormon Crickets in conjunction with other Federal, State, and private prevention, control, suppression or eradication efforts.

(d) From appropriated funds made available or transferred by the Secretary of the Interior to the Secretary of Agriculture for such purposes, the Secretary of Agriculture shall provide adequate funding under the rangeland pest control program for a program to train personnel to effectively accomplish the objectives of this section.

FARMERS HOME ADMINISTRATION, LOAN PROCESSING OVERTIME

SEC. 1948. As soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985, the Secretary shall take such steps as are necessary to make personnel and other resources of the Department of Agriculture available to the Farmers Home Administration as are sufficient to enable the Farmers Home Administration to expeditiously process loan applications that are submitted by farmers and ranchers, including but not limited to said personnel to work overtime.

PROHIBITION ON ASSISTANCE FOR COMPETING AGRICULTURAL COMMODITIES

SEC. 1949. None of the funds authorized to be appropriated to carry out chapter 1 of part I of the Foreign Assistance Act of 1961 may be available for any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training in connection with the growth or production in a foreign country of an agricultural commodity for export if such export would compete in world markets with a similar commodity grown or produced in the United States. Nothing in this section shall be construed to prohibit activities designed to increase regional food security in developing countries if such activities will have a negligible impact on efforts to promote agricultural commodities of the United States; nor shall anything in this section be construed to prohibit research activities intended primarily to benefit American producers.

PROTECTION FOR BUYERS OF FARM PRODUCTS

SEC. 1950. (a) For purposes of this section:

(1) The term "buyer in the ordinary course of business" means a person who, in the ordinary course of business, buys farm products from a person engaged in farming operations.

(2) The term "central filing system" means a system for filing effective financing statements or notice of such financing statements on a statewide basis under which—

(A) effective financing statements or notice of such financing statements are filed with the office of the Secretary of State of a State;

(B) the Secretary of State records the date and hour of the filing of such statements;

(C) the Secretary of State compiles all such statements into a master list—

(i) organized according to specific farm products;

(ii) arranged within each such product in—

(I) alphabetical order according to the last name of the individual debtors or, in the case of debtors doing business other than as individuals, the first word in the name of such debtors; and

(II) numerical order according to the social security number of the individual debtors or, in the case of debtors doing business other than as individuals, the Internal Revenue Service taxpayer identification number of such debtors; and

(III) geographically by county;

(iii) containing the information referred to in paragraph 4(D);

(D) the Secretary of State maintains a list of all buyers of farm products, commission merchants, and selling agents who register with the Secretary of State, on a form indicating—

(i) the name and address of each buyer, commission merchant and selling agent;

(ii) the interest of each buyer, commission merchant, and selling agent in receiving the lists described in subparagraph (E); and

(iii) the specific farm products in which each buyer, commission merchant, and selling agent has an interest;

(E) the Secretary of State distributes regularly as prescribed by the State to each buyer, commission merchant, and selling agent on the list described in subparagraph (D) a copy in written or printed form (or, where available, by means of an automated information retrieval system) of those portions of the master list described in paragraph (C) that cover the specific farm products in which such buyer, commission merchant, or selling agent has registered an interest;

(F) the Secretary of State furnishes to those who register pursuant to (2)(D) of this Act oral conformation within 24 hours of any effective financing statement on request followed by written conformation to any buyer of farm products buying from a debtor, or commission merchant or selling agent selling for a seller covered by such statement.

(3) The term "commission merchant" means any person engaged in the business of receiving any farm product for sale, on commission, or for or on behalf of another person.

(4) The term "effective financing statement" means a statement that—

(A) is an original or reproduced copy thereof;

(B) is signed and filed with the Secretary of State of a State by the secured party;

(C) is signed by the debtor;

(D) contains,

(i) the name and address of the secured party;

(ii) the name and address of the person indebted to the secured party;

(iii) the social security number of the debtor or, in the case of a debtor doing business other than as an individual, the Internal Revenue Service taxpayer identification number of such debtor;

(iv) a description of the farm products subject to the security interest created by the debtor, including the amount of such products and a legal description of the real estate concerned; and

(E) must be amended in writing similarly signed and filed, to reflect material changes;

(F) remains effective for a period of 5 years from the date of filing, subject to extensions for additional periods of 5 years each by refiling or filing a continuation statement within 6 months before the expiration of the initial 5-year period;

(G) lapses on either the expiration of the effective period of the statement or the filing of a notice signed by the secured party that the statement has lapsed, whichever occurs first;

(H) is accompanied by the requisite filing fee set by the Secretary of State; and

(I) substantially complies with the requirements of this subparagraph even though it contains minor errors which are not seriously misleading.

(5) The term "farm product" means a specific agricultural commodity such as a type of crop or a species of livestock used or produced in farming operations, or a product of such crop or livestock in its unmanufactured state (such as ginned cotton, wool-clip, maple syrup, milk, and eggs), that is in the possession of a person engaged in farming operations.

(6) The term "knows" or "knowledge" means actual knowledge.

(7) The term "security interest" means an interest in farm products that secures payment or performance of an obligation.

(8) The term "selling agent" means any person, other than a commission merchant, who is engaged in the business of negotiating the sale and purchase of any farm product on behalf of a person engaged in farming operations.

(9) The term "State" means each of the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the Virgin Islands of the United States, American Samoa, the Commonwealth of the Northern Mariana Islands, or the Trust Territory of the Pacific Islands.

(10) The term "person" means any individual, partnership, corporation, trust, or any other business entity.

(11) The term "Secretary of State" means the Secretary of State or the designee of the State.

(b) Except as provided in subsection (c) and notwithstanding any other provision of Federal, State, or local law, a buyer who in the ordinary course of business buys a farm product from a seller engaged in farming operations shall take free of a security interest created by the seller, even though—

(1) the security interest is perfected; and

(2) the buyer knows of the existence of such interest.

(c) A buyer of farm products takes subject to a security interest created by the seller if—

(1)(A) within 12 months prior to the sale of the farm products, the buyer has received from the secured party or the seller written notice of—

(i) the security interest, including—

(I) the name and address of the secured party and the seller; and

(II) a reasonable description of the property, including the jurisdiction in which the property is located; and

(ii) any payment obligation imposed on the buyer by the secured party as a condition for the waiver or release of the security interest; and

(B) the buyer has failed to perform such obligation;

(2) in the case of a farm product produced in a State that has established a central filing system—

(A) the buyer has failed to register with the Secretary of State of such State; and

(B) the secured party has filed an effective financing statement that covers the farm products being sold; or

(3) in the case of a farm product produced in a State that has established a central filing system, the buyer—

(A) receives from the Secretary of State of such State written notices as provided in subparagraph 2(E) or 2(F) that specifies both the seller and the specific farm products being sold by such seller as being subject to an effective financing statement;

(B) does not secure a waiver or release of the security interest specified in such effective financing statement from the secured party by performing any payment obligation or otherwise; and

(C) the State shall determine under what circumstances receipt, as used in this Act, shall be presumed.

(d)(1) Except as provided in paragraph (2) and notwithstanding any other provision of Federal, State, or local law, a commission merchant or selling agent who sells a farm product for others shall not be subject to a security interest created by the seller in such farm product even though the security interest is perfected and even though the commission merchant or selling agent knows of the existence of such interest, if the sale is made in the ordinary course of business.

(2) A commission merchant or selling agent who sells a farm product for others shall be subject to a security interest created by the seller in such farm product if—

(1)(A) within 1 year before the sale of such farm product the commission merchant or selling agent has received from the secured party or seller written notice of—

(i) the security interest, including—

(I) the name and address of the secured party and the seller; and

(II) a reasonable description of the property, including the jurisdiction where the property is located; and

(ii) any payment obligation imposed on the commission merchant or selling agent by the secured party as a condition for waiver or release of the security interest; and

(B) the commission merchant or selling agent has failed to perform such obligation.

(2) in the case of a farm product produced in a State that has established a central filing system—

(A) the commission merchant or selling agent has failed to register with the Secretary of State of such State; and

(B) the secured party has filed an effective financing statement that covers the farm products being sold; or

(3) in the case of a farm product produced in a State that has established a central filing system, the commission merchant or selling agent—

(A) receives from the Secretary of State of such State written notice as provided in subparagraph 2(E) or 2(F) that specifies both the seller and the specific farm products being sold by such seller as being subject to an effective financing statement;

(B) does not secure a waiver or release of the security interest specified in such effective financing statement from the secured party by performing any payment obligation or otherwise; and

(C) the State shall determine under what circumstances receipt, as used in this Act, shall be presumed.

(e)(1) A security agreement in which a person engaged in farming operations creates a security interest in a farm product may require the person to furnish to the secured party a list of the buyers, commission merchants, and selling agents to or through whom the person engaged in farming operations may sell such farm product.

(2) If a security agreement contains a provision described in paragraph (1) and such person engaged in farming operations sells the farm product collateral to a buyer or through a commission merchant or selling agent not included on such list, the person engaged in farming operations shall be subject to paragraph (3) unless the person—

(A) has notified the secured party in writing of the identity of the buyer, commission merchant, or selling agent at least 7 days prior to such sale; or

(B) has accounted to the secured party for the proceeds of such sale not later than 10 days after such sale.

(3) A person violating paragraph (2) shall be fined $5,000 or 15 per centum of the value or benefit received for such farm product described in the security agreement, whichever is greater.

(f) This section shall become effective 12 months after the date of enactment of this Act, except that, in the case of any State where the legislature does not meet in regular or special session within such 12-month period, this section shall become effective with respect to that State 60 days after the adjournment sine die of the next session of the legislature of such State. A security interest that attaches prior to the effective date of this section shall be exempt from this section for one year.

EMERGENCY FEED ASSISTANCE

SEC. 1951. Section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by inserting after the fifth sentence the following new sentence: "Notwithstanding the foregoing provisions of this section relating to the authority of the Commodity Credit Corporation to make available to certain persons in certain areas during emergencies feed for livestock, the Commodity Credit Corporation (1) may make such feed available to such persons in areas in which feed grains are normally produced and normally available for feed purposes, but in which they are unavailable because of a catastrophe described in the fourth sentence of this section, (2) may make such feed available to such persons through feed dealers in the areas, (3) shall make such feed available at a price not less than the price prescribed in the fourth sentence of this section, and (4) shall bear any expenses incurred in connection with making such feed available to such persons under this sentence, including transportation and handling costs.".

UNFAIR SUBSIDIZATION OF THAI RICE

SEC. 1952. (a) Congress finds that:

(1) Rice ranks 9th among major domestic field crops in value of production;

(2) Rice accounts for about 5 percent of the value of major field crops produced in the United States;

(3) The value of domestic rice production annually is over $1,500,000,000;

(4) Ending stocks for rice have sharply increased since 1980;

(5) The projected 1985–1986 carryover of rice as a percentage of annual use is 62 percent;

(6) Between 1980 and 1983, rice stocks rose and prices fell, pushing rice program costs from less than one-tenth to over nine-tenths of the value of United States rice production;

(7) Over the last several years, the percentage of world rice exports from the United States has fallen from a high of 25 percent to 18 percent in 1985;

(8) In the last several years, Thailand has become the largest rice exporter in the world, accounting for 30 percent of the world market primarily through their use of export subsidies;

(9) Thai rice imports into the United States have displaced normal sales of United States rice and have increased Government costs;

(10) In 1983, the United States imported 33.2 million pounds of rice from Thailand, in 1984 the United States imported 51.3 million pounds of rice (an increase of 53 percent), and in the first six months of 1985, rice imports from Thailand to the United States have already reached 58.3 million pounds; and

(11) The Rice Millers' Association has filed a petition with the Department of Commerce asking that countervailing duties be imposed upon imports of Thai rice into the United States.

(b) Based upon these findings, it is the sense of Congress that:

(1) Our domestic rice industry is of vital importance and must be protected from unfair foreign competition;

(2) The Government of Thailand is unfairly subsidizing the export of rice, and this is adversely affecting the United States domestic rice industry; and

(3) The Secretary of Commerce should give immediate consideration to the countervailing duty petition filed by the Rice Millers' Association.

RESTRICTIONS ON IMPORTATION OF SOUTH AFRICAN TOBACCO

SEC. 1953. Effective December 1, 1985, no article of tobacco (however provided for in part 13 of schedule 1 of the Tariff Schedules of the United States (19 U.S.C. 1202)) that is the growth, produce, or manufacture of the Republic of South Africa may be entered, or withdrawn from warehouse for consumption, in the customs territory of the United States until the President (1) determines that the Republic of South Africa has repealed all laws, regulations, rules, orders, travel limitations, and other legal limitations imposed by the Government of that country that restrict the coverage by foreign journalists of news events that relate to

social, economic, and political unrest in that country and (2) submits to Congress a report containing the basis for such determination.".

PROTECTION OF WATER RESOURCES

SEC. 1954. Notwithstanding any other provision of this Act, the Secretary of Agriculture is authorized to formulate a plan and provide technical assistance to property owners and agencies of local and State governments and interstate river basin commissions to—

(1) protect the quality and quantity of subsurface water including water in the Nation's aquifers,

(2) assist property owners in reducing their vulnerability to flood hazards that may affect water resources, and

(3) control the salinity in the Nation's agricultural water resources.

FUEL ETHANOL

SEC. 1955. (a) In order to prevent material interference with the United States price support program for feed grains, the President shall, for each calendar quarter beginning after calendar year 1985, issue a proclamation which limits the aggregate quantity of fuel ethanol that may be entered during the calendar year of which such quarter is a part to an amount that does not exceed the applicable limitation for such calendar year.

(b) For purposes of this section—

(1) The term "fuel ethanol" means—

(A) any ethyl alcohol (provided for in item 427.88 of the Tariff schedules of the United States),

(B) any mixture containing ethyl alcohol, and

(C) any other ethanol product designated by the President under this subparagraph,

that is imported for use as a fuel.

(2) The term "applicable limitation" means—

(A) for calendar year 1986, 100,000,000 gallons, and

(B) for each succeeding calendar year, an amount equal to the excess, if any, of—

(i) the aggregate amount of fuel ethanol that the Secretary of Agriculture estimates will be consumed in the United States during such calendar year, over

(ii) the aggregate amount of fuel ethanol that the Secretary of Agriculture estimates will be produced in the United States during such calendar year.

(3) The term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States.

(c) The Secretary of Agriculture shall revise the estimates described in clauses (i) and (ii) of subsection (b)(2)(B) for each proclamation issued by the President under subsection (a).

(d) Any proclamation issued under subsection (a) shall be treated as a proclamation issued under section 22 of the Agricultural Adjustment Act (7 U.S.C. 624) that meets all the requirements of such section.

IMPROVE FARMLAND PROTECTIVE POLICY ACT

SEC. 1956. (a) Subsection (a) of section 1541 of the Farmland Protection Policy Act (7 U.S.C. 4202(a)) is amended to read as follows:

"(a) It shall be the policy of the United States that the expenditure or other commitment of funds to Federal programs shall not contribute to the irreversible conversion of farmland to nonagricultural uses, unless it can be clearly demonstrated that there is no feasible alternative to achieve the program objective.".

(b) Section 1546 of the Farmland Protection Policy Act (7 U.S.C. 4207) is amended by striking out "Within one year after the enactment of this subtitle," and substituting therefor "On January 1, 1987, and at the beginning of each subsequent calendar year.".

(c) Section 1548 of the Farmland Protection Policy Act (7 U.S.C. 4209) is amended by striking out "any State, local unit of government, or" and inserting before the period at the end of the sentence ": Provided, That the Governor of an affected State where a State policy or program exists to protect farmland may bring an action in the Federal district court of the district where a Federal program is proposed to enforce the requirements of section 1541 of this subtitle and regulations issued pursuant thereto".

STUDY OF OAT IMPORTS

SEC. 1957. (a) The Secretary of Agriculture shall conduct a study of the impact of domestic farm programs of the increased importation of oats into the United States.

(b) By no later than 1 year after the date of enactment of this Act, the Secretary of Agriculture shall submit to the Congress a report on the study conducted under subsection (a).

EXTRA LONG STAPLE COTTON

SEC. 1958. Section 103(h) of the Agricultural Act of 1949 (7 U.S.C. 1444(h)) is amended—

(1) in paragraph (2)—

(A) in the first sentence, by striking out "50 per centum in excess of the loan level established for each crop of Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) at average location in the United States" and inserting in lieu thereof "85 percent of the simple average price received by producers of extra long staple cotton, as determined by the Secretary, during 3 years of the 5-year period ending July 31 in the year in which the loan level is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period.";

(B) by striking out "November" in the last sentence and inserting in lieu thereof "December"; and

(C) by striking out in the last sentence ", or within 10 days after the loan level for the related crop of upland cotton is announced, whichever is later,"; and

(2) by adding at the end thereof the following new paragraph:

"(19) Notwithstanding any other provision of law, this subsection shall not be applicable to the 1990 and subsequent crops of extra long staple cotton.".

Subtitle D—National Advisory Commission on Rural America

FINDINGS AND PURPOSES

SEC. 1971. (a) Congress finds that:

(1) The conditions which attend the farm crisis, including the decline in farm income, farm property values, and available credit, are having serious adverse effects on rural enterprises which derive their principal support from the farm industry;

(2) These enterprises together with the farm industry that supports them are the mainstay of the rural tax base;

(3) The farm crisis foreshadows an even larger crisis in rural America—a crisis of governance;

(4) Rural communities throughout the United States which rely primarily on a single form of economic activity—agriculture, forestry, mining, manufacturing or tourism—are part of this emerging crisis;

(5) If unabated, the rural crisis will undermine the fiscal capacity of rural government and the ability to provide basic public services including education, health, housing, police, and other emergency services;

(6) The relationship between the declining rural economy and the provision of basic public services in rural communities of the United States is not well understood or documented; and

(7) An independent analysis of the nature of the relationship is required in order to determine the appropriate roles and responsibilities of all levels of government in responding to this emerging problem.

(b) The purpose of this subtitle is to create a National Advisory Commission on Rural America to conduct a study and report to Congress and the President on conditions in rural America and relate those trends and problems to the provision of public services by Federal, State, and local governments.

ESTABLISHMENT OF COMMISSION

SEC. 1972. (a) There is established a National Advisory Commission on Rural America (hereafter in this subtitle referred to as the "Commission") to study conditions in rural areas of the United States.

(b)(1) The Commission shall be composed of 21 members appointed as follows:

(A) Three members appointed by the President, from among representatives of Federal entities, in accordance with paragraph (2)(A).

(B) Twelve members appointed by the President, from among private citizens or elected officials or employees of State and local governments, in accordance with paragraph (2)(B).

(C) Three members appointed by the President pro tempore of the Senate from Members of the Senate in accordance with paragraph (2)(C), on the recommendation of the majority leader or the minority leader of the Senate, as the case may be, with respect to members appointed from the political party of that leader.

(D) Three Members of the House of Representatives appointed by the Speaker of the House of Representatives in accordance with paragraph (2)(C).

(2)(A) In carrying out paragraph (1)(A), the President shall appoint three members, from among representatives of Federal entities, with an expertise in conditions in rural areas of the United States, including—

(i) the Secretary of Agriculture; and

(ii) the Assistant to the President for Intergovernmental Affairs.

(B) In carrying out paragraph (1)(B), the President shall appoint 12 members, from among private citizens or elected officials or employees of State or local governments, with an expertise in conditions in rural areas of the United States, including—

(i) four members appointed to represent various rural interests, including—

(I) one member appointed to represent economic interests;

(II) one member appointed to represent agricultural interests;

(III) one member appointed to represent small businesses; and

(IV) one member appointed to represent employees;

(ii) two members appointed to represent rural service delivery interests; and

(iii) six members appointed to represent State, local, and regional governments, including—

(I) two members appointed to represent State governments;

(II) two members appointed to represent local governments; and

(III) two members appointed to represent State-recognized consortia of local governments.

(C)(i) In carrying out subparagraph (C) or (D) of paragraph (1), the President pro tempore of the Senate and the Speaker of the House of Representatives shall give special consideration to the appointment of members of the Senate or the House of Representatives, as the case may be, who are members of the committees of their respective Houses that have legislative jurisdiction over, or special concerns with respect to, matters relating to conditions in rural areas of the United States and intergovernmental relations.

(ii) Not more than two members of the Commission appointed under paragraph (1)(C) shall be members of the same political party.

(iii) Not more than two members of the Commission appointed under paragraph (1)(D) shall be members of the same political party.

(c) A vacancy in the Commission shall be filled in the manner in which the original appointment was made.

(d) The Commission shall elect a Chairman from among the members of the Commission.

(e) The Commission shall meet at the call of the Chairman or a majority of the Commission.

STUDY

SEC. 1973. (a) The Commission shall conduct a study of conditions in rural areas of the United States and the manner in which such conditions relate those trends and problems to the provision of public services by Federal, State, and local governments.

(b) The study shall include an analysis of—

(1) conditions that reflect the declining rural economy, including economic and demographic trends, rural and agricultural income and debt, and other appropriate social and economic indicators of such conditions;

(2) trends and fiscal conditions of rural local governments;

(3) trends and patterns in the delivery of rural public services;

(4) the impact of the deregulation of transportation, telecommunications, and banking on the rural economy and delivery of public services; and

(5) trends and patterns of Federal, State, and local government financing, delivery, and regulation of public services in rural areas of the United States.

ADMINISTRATION

SEC. 1974. (a) The Commission may, for the purpose of carrying out this subtitle, hold such hearings, sit and act at such times and places, administer oaths, take such testimony, and receive such evidence under subpoena or otherwise, as the Commission considers appropriate.

(b)(1) Except as provided in paragraph (2), members of the Commission shall serve without any additional compensation for work performed on the Commission.

(2) Such members who are private citizens of the United States may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law for persons serving intermittently in the Federal Government service under sections 5701 through 5707 of title 5, United States Code.

(c) Subject to the availability of funds appropriated in advance and such rules as may be adopted by the Commission and without regard to the provisions of title 5, United States Code, governing appointments in the competitive service or the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates, the Chairman of the Commission may appoint and fix the compensation of a director and such additional staff personnel as the Commission determines are necessary to carry out the duties and functions of the Commission.

(d)(1) On the request of the Commission, the Secretary of Agriculture shall furnish to the Commission such personnel and support services as are necessary to assist the Commission in carrying out the duties and functions of the Commission.

(2) On the request of the Commission, the heads of other executive agencies and the General Accounting Office may furnish the Commission with such personnel and support services as the head of the agency or office and the Chairman of the Commission agree are necessary to assist the Commission in carrying out the duties and functions of the Commission.

(3) The Commission shall not be required to pay or reimburse an agency or office for personnel and support services provided under this section.

(e)(1) In accordance with section 12 of the Federal Advisory Committee Act (5 U.S.C. App. 2), the Secretary of Agriculture shall maintain records of—

(A) the disposition of any funds that may be available to the Commission; and

(B) the nature and extent of activities of the Commission.

(2) The Comptroller General of the United States shall have access to such records for purposes of audit and examination.

(f) The Commission shall be exempt from sections 7(d), 10(e), 10(f), and 14 of the Federal Advisory Committee Act and sections 4301 through 4308 of title 5, United States Code.

REPORT

SEC. 1975. (a) Not later than 1 year after the establishment of the Commission, the Commission shall submit a report to the President and Congress containing the findings and recommendations of the Commission with respect to the matters referred to in section 1931, including—

(1) an analysis of the manner in which changes in the rural economy affect rural local governments;

(2) a description of the measures of rural distress in rural communities that result from changes in the rural economy, including an analysis of the regional and geographical distribution of such distress and a description of trends in the severity and changing nature of rural distress;

(3) a detailed analysis and description of the extent to which distress in rural communities affect the ability of such communities to raise revenues, sustain employment, maintain infrastructure, and deliver services adequate to meet current and anticipated public needs;

(4) a description of the programs and policy instruments available to Federal, State, and local governments to address distress in rural communities;

(5) the development of a framework within which to analyze such instruments;

(6) a comparative analysis of each of the instruments that utilizes such framework;

(7) an assessment of whether and in what ways Federal and State governments can mitigate the decline in economic conditions in rural America which, if unaltered, will erode the fiscal capacity of rural governments to finance such public services; and

(8) recommendations about the appropriate role of Federal and State governments in assuring the continued provision of basis public services, including education, health, housing, police, and other emergency services.

(b) The Commission may not comment on legislation pending before Congress unless specifically requested to do so by the chairman of a committee of Congress.

AUTHORIZATION FOR APPROPRIATIONS

SEC. 1976. (a) There are authorized to be appropriated $800,000 to carry out this subtitle.

(b) To the maximum extent practicable, this subtitle shall be carried out using funds otherwise available to the Secretary of Agriculture for the expenses of advisory committees.

TERMINATION

SEC. 1977. The authority provided under this subtitle and the Commission shall terminate 60 days after the submission of the report required under section 1933(a).

Subtitle E—Ethanol

LIQUID FUELS

SEC. 1981. Section 423(a) of the Agricultural Act of 1949 (7 U.S.C. 1433b) is amended by striking out all after "the Commodity Credit Corporation", and inserting in lieu thereof the following: "the Corporation may, under terms and conditions established by the Secretary, make its accumulated stocks of agricultural commodities available, at no cost or reduced cost, to encourage the purchase of such commodities for the production of liquid fuels and agricultural commodity by-products. In carrying out the program established by this section, the Secretary shall ensure, insofar as possible, that any use of agricultural commodities made available be made in such manner as to encourage increased use and avoid displacing usual marketings of agricultural commodities.".

Subtitle F—Special Study and Pilot Projects on Futures Trading

FINDINGS AND DECLARATION OF POLICY

SEC. 1991. (a) Congress finds that there is a need for investigation and development of alternative price support programs carried out by the Department of Agriculture; that agricultural producers and others have insufficient knowledge concerning the nature and extent of price stabilization available in the private sector; and that more information is needed to accurately assess the Federal budgetary impact of producer participation in such private sector risk avoidance services.

(b) It is declared to be the policy of the United States that the Department of Agriculture conduct economic research to develop more information concerning the manner in which producers might utilize agricultural commodity futures markets and options markets in connection with their marketing of the agricultural commodities of their own production; and to determine the nature and effect widespread utilization of such markets by producers would have on the prices they receive for their agricultural commodities, and to determine the feasibility of interfacing traditional Federal price support programs with private sector risk avoidance services.

STUDY BY THE DEPARTMENT OF AGRICULTURE

SEC. 1992. The Secretary of Agriculture shall conduct a study utilizing the services of the various agencies of the United States, including, but not limited to, the United States Department of Agriculture and the Commodity Futures Trading Commission,

to determine the manner in which agricultural commodity futures markets and agricultural commodity options markets might be used by producers of agricultural commodities traded on such markets to provide such producers with price stability and income protection; the extent of the price stability and income protection producers might reasonably expect to receive from such participation; and of the Federal budgetary impact of such participation compared with the cost of the applicable established price support programs for agricultural commodities. The Secretary shall report the results of such study to the Committee on Agriculture, Nutrition and Forestry of the Senate and to the Committee on Agriculture of the House of Representatives on or before December 31, 1988.

PILOT PROGRAM

SEC. 1993. In connection with the study to be undertaken by the Secretary as required by section 1992 of this subtitle, the Secretary shall conduct a pilot program with respect to the crops of wheat, feed grains, soybean, and cotton in at least 40 counties which actively produce reasonable quantities of such major agricultural commodities traded on the commodity futures markets and the commodity options markets. The Secretary shall, in cooperation with the futures and options industry and the chairman of the commodity futures trading commission, conduct an extensive educational program for producers in the counties selected for the pilot program. The program shall, among other things, provide that a reasonable number of producers, as determined by the Secretary, may at their election and in accordance with pilot program requirements developed by the Secretary, participate in the trading of designated agricultural commodities on a futures market or options market in a manner designed to protect and maximize the return on agricultural commodities of their own production marketed by them in accordance with program requirements. Participating producers shall be assured by the Secretary under the terms of the program, using funds of the Commodity Credit Corporation, that the net return received for the agricultural commodities that such producers allocate to the program in the manner specified by the Secretary is no less than the price support loan level for such agricultural commodity in the county where it is produced. In the formulation of the pilot program the Secretary shall utilize the services of an advisory panel selected by the Secretary consisting of producers, processors, exporters, and futures and options traders on organized futures exchanges.

TITLE XX—AMENDMENTS TO ANIMAL WELFARE ACT

SHORT TITLE

SEC. 2001. This title may be cited as the "Improved Standards for Laboratory Animals Act".

FINDINGS

SEC. 2002. The Congress finds that—

(1) the use of animals is instrumental in certain research and education for advancing knowledge of cures and treatment for diseases and injuries which afflict both humans and animals;

(2) methods of testing that do not use animals are being and continue to be developed which are faster, less expensive, and more accurate than traditional animal experiments for some purposes and further opportunities exist for the development of these methods of testing;

(3) measures which eliminate or minimize the unnecessary duplication of experiments on animals can result in more productive use of Federal funds; and

(4) measures which help meet the public concern for laboratory animal care and treatment are important in assuring that research will continue to progress.

STANDARDS AND CERTIFICATION PROCESS

SEC. 2003. (a) Section 13 of the Animal Welfare Act (7 U.S.C. 2143) is amended—

(1) by redesignating subsections (b) through (d) as subsections (f) through (h) respectively; and

(2) by striking out the first two sentences of subsection (a) and inserting in lieu thereof the following:

"(1) The Secretary shall promulgate standards to govern the humane handling, care, treatment, and transportation of animals by dealers, research facilities, and exhibitors.

"(2) The standards described in paragraph (1) shall include minimum requirements—

"(A) for handling, housing, feeding, watering, sanitation, ventilation, shelter from extremes of weather and temperatures, adequate veterinary care, and separation by species where the Secretary finds necessary for humane handling, care, or treatment of animals; and

"(B) for exercise of dogs and for a physical environment adequate to promote the psychological well-being of primates.

"(3) In addition to the requirements under paragraph (2), the standards described in paragraph (1) shall, with respect to animals in research facilities, include requirements—

"(A) for animal care, treatment, and practices in experimental procedures to ensure that animal pain and distress are minimized, including adequate veterinary care with the appropriate use of anesthetic, analgesic, tranquilizing drugs, or euthanasia;

"(B) that the principal investigator considers alternatives to any procedure likely to produce pain to or distress in an experimental animal;

"(C) in any practice which could cause pain to animals—

"(i) that a doctor of veterinary medicine is consulted in the planning of such procedures;

"(ii) for the use of tranquilizers, analgesics, and anesthetics;

"(iii) for pre-surgical and post-surgical care by laboratory workers, in accordance with established veterinary medical and nursing procedures;

"(iv) against the use of paralytics without anesthesia; and

"(v) that the withholding of tranquilizers, anesthesia, analgesia, or euthanasia when scientifically necessary shall continue for only the necessary period of time;

"(D) that no animal is used in more than one major operative experiment from which it is allowed to recover except in cases of—

"(i) scientific necessity; or

"(ii) other special circumstances as determined by the Secretary; and

"(E) that exceptions to such standards may be made only when specified by research protocol and that any such exception shall be detailed and justified in a report outlined under paragraph (7) and filed with the Institutional Animal Committee.".

(b) Section 13(a) of such Act is further amended—

(1) by designating the third and fourth sentences as paragraph (4);

(2) by designating the fifth sentence as paragraph (5); and

(3) by striking out the last sentence and inserting in lieu thereof the following:

"(6) Nothing in this Act shall be construed as authorizing the Secretary to promulgate rules, regulations, or orders with regard to the design, outlines, or guidelines of actual research or experimentation by a research facility or Federal research facility: Provided, That the Secretary shall require every research facility to show that professionally acceptable standards governing the care, treatment, and practices on animals are being followed by the research facility during research and experimentation. No rule, regulation, order, or part of this Act may require a research facility to disclose publicly or to the Institutional Animal Committee during its inspection, trade secrets or commerical or financial information which is privileged or confidential.

"(7)(A) The Secretary shall require, at least annually, every research facility and Federal research facility to report that the provisions of this Act are being followed.

"(B) In complying with subparagraph (A), such research facilities shall provide—

"(i) information on procedure which was likely to produce pain or distress in any animal and assurances demonstrating that the principal investigator considered alternatives to those procedures;

"(ii) assurances satisfactory to the Secretary that such facility is adhering to the standards described in this section; and

"(iii) an explanation for any deviation from the standards promulgated under this section.

"(8) Paragraph (1) shall not prohibit any State (or a political subdivision of such State) from promulgating standards in addition to those standards promulgated by the Secretary under paragraph (1).".

(c) Section 13 of such Act is further amended by inserting after subsection (a) the following new subsections:

"(b)(1) The Secretary shall require that each research facility establish at least one Institutional Animal Committee. Each Institutional Animal Committee shall be appointed by the chief executive officer of each such research facility and shall be composed of not fewer than three members. Such members shall possess sufficient ability to assess animal care, treatment, and practices in experimental research as determined by the needs of the research facility and shall represent society's concerns regarding the welfare of animal subjects used at such facility. Of the members of the Institutional Animal Committee—

"(A) at least one member shall be a doctor of veterinary medicine;

"(B) at least one member shall not be affiliated in any way with such facility other than as a member of the Institutional Animal Committee, shall not be a member of the immediate family of a person who is affiliated with such facility, and is intended to provide representation for general community interests in the proper care and treatment of animals; and

"(C) in those cases where the Institutional Animal Committee consists of more than three members, not more than three members shall be from the same administrative unit of such facility.

"(2) A quorum shall be required for all formal actions of the Institutional Animal Committee, including inspections under paragraph (3).

"(3) The Institutional Animal Committee shall inspect at least semiannually all animal study areas and animal facilities of such research facility and review as part of the inspection—

"(A) practices involving pain to animals, and

"(B) the condition of animals,

to ensure compliance with the provisions of this Act and that pain and distress to animals is minimized. Exceptions to the requirement of inspection of such study areas may be made by the Secretary if animals are studied in their natural environment and the study area is prohibitive to easy access.

"(4)(A) The Institutional Animal Committee shall file an inspection certification report of each inspection at the research facility. Such report shall—

"(i) be signed by a majority of the Institutional Animal Committee members involved in the inspection;

"(ii) include reports of any violation of the standards promulgated, or assurances required, by the Secretary, including any deficient conditions of animal care or treatment, any deviations of research practices from originally approved proposals that adversely affect animal welfare, any notification to the facility regarding such conditions and any corrections made thereafter;

"(iii) include any minority views of the Institutional Animal Committee; and

"(iv) include any other information pertinent to the activities of the Institutional Animal Committee.

"(B) Such report shall remain on file for at least three years at the research facility and shall be available for inspection by the Animal and Plant Health Inspection Service of the Department of Agriculture and any funding Federal agency.

"(C) In order to give the research facility an opportunity to correct any deficiencies or deviations discovered by reason of paragraph (3), the Institutional Animal Committee shall notify the administrative representative of the research facility of any deficiencies or deviations from the provisions of this Act. If, after notification and an opportunity for correction, such deficiencies or deviations remain uncorrected, the Institutional Animal Committee shall notify (in writing) the Animal and Plant Health Inspection Service of the Department of Agriculture and the funding Federal agency of such deficiencies or deviations.

"(5) The inspection results shall be available to Department of Agriculture inspectors for review during inspections. Department of Agriculture inspectors shall forward any Institutional Animal Committee inspection records which include reports of uncorrected deficiencies or deviations to the Animal and Plant Health Inspection Service and any funding Federal agency of the project with respect to which such uncorrected deficiencies and deviations occurred.

"(c) In the case of Federal research facilities, a Federal Institutional Animal Committee shall be established and shall have the same composition and responsibilities outlined in subsection (b), except that the Federal Institutional Animal Committee shall report deficiencies or deviations to the head of the Federal agency conducting the research rather than to the Animal and Plant Health Inspection Service of the Department of Agriculture. The head of the Federal agency conducting the research shall be responsible for—

"(1) all corrective action to be taken at the facility; and

"(2) the granting of all exceptions to inspection protocol.

"(d) Each research facility shall provide for annual training for scientists, animal technicians, and other personnel involved with animal care and treatment in such facility. Such training shall include instruction on—

"(1) the humane practice of animal maintenance and experimentation;

"(2) research or testing methods that minimize or eliminate the use of animals or limit animal pain or distress;

"(3) utilization of the information service at the National Agricultural Library, established under subsection (e); and

"(4) include methods whereby deficiencies in animal care and treatment should be reported.

"(e) The Secretary shall establish an information service at the National Agricultural Library. Such service shall, in cooperation with the National Library of Medicine, provide information—

"(1) pertinent to employee training;

"(2) which could prevent unintended duplication of animal experimentation as determined by the needs of the research facility; and

"(3) on improved methods of animal experimentation, including methods which could—

"(A) reduce or replace animal use; and

"(B) minimize pain and distress to animals, such as anesthetic and analgesic procedures.

"(f) In any case in which a Federal agency funding a research project determines that conditions of animal care, treatment, or practice in a particular project have not been in compliance with standards promulgated under this Act, despite notification by the Secretary or such Federal agency to the research facility and an opportunity for correction, such agency shall suspend or revoke Federal support for the project. Any research facility losing Federal support as a result of actions taken under the preceding sentence shall have the right of appeal as provided in sections 701 through 706 of title 5, United States Code.".

INSPECTIONS

SEC. 2004. Section 16(a) of the Animal Welfare Act (7 U.S.C. 2146(a)) is amended by inserting after the first sentence the following: "The Secretary shall inspect each research facility at least once each year and, in the case of deficiencies or deviations from the standards promulgated under this Act, shall conduct such follow-up inspections as may be necessary until all deficiencies or deviations from such standards are corrected.".

PENALTY FOR RELEASE OF TRADE SECRETS

SEC. 2005. The Animal Welfare Act (7 U.S.C. 2131-2156) is amended by adding at the end thereof the following section:

"SEC. 27. (a) It shall be unlawful for any member of the Institutional Animal Committee to release any confidential information of the research facility including any information that concerns or relates to—

"(1) the trade secrets, processes, operations, style of work, or apparatus, or

"(2) the identity, confidential statistical data, amount or source of any income, profits, losses, or expenditures of the research facility.

"(b) It shall be unlawful for any member of such Committee—

"(1) to use or attempt to use to his advantages, or

"(2) to reveal to any other person,

any information which is entitled to protection as confidential information under subsection (a).

"(c) A violation of subsection (a) or (b) is punishable by—

"(1) removal from such Committee, and

"(2)(A) a fine of not more than $1,000 and imprisonment of not more than one year, or

"(B) if such violation is willful, a fine of not more than $10,000 and imprisonment of not more than three years.

"(d) any person, including any research facility, injured in its business or property by reason of a violation of this section may recover all actual and consequential damages sustained by such person and the cost of the suit including a reasonable attorney's fee.

"(e) Nothing in this section shall be construed to affect any other rights that any such person may have, nor shall subsection (d) be construed to limit the exercise of any such rights arising out of or relating to a violation of subsections (a) and (b).".

INCREASED PENALTIES FOR VIOLATION OF THE ACT

SEC. 2006. (a) Subsection (b) of section 19 of the Animal Welfare Act (7 U.S.C. 2149(b)) is amended—

(1) in the first sentence by striking out "$1,000 for each such violation" and inserting in lieu thereof "$2,500 for each such violation"; and

(2) in the sixth sentence by striking out "$500 for each offense" and inserting in lieu thereof "$1,500 for each offense".

(b) Subsection (d) of such section is amended by striking out "$1,000" and inserting in lieu thereof "$2,500".

DEFINITIONS

SEC. 2007. (a) Section 2 of the Animal Welfare Act (7 U.S.C. 2132) is amended by adding after subsection (j) the following new subsections:

"(k) The term 'Federal agency' means an Executive agency as such term is defined in section 105 of title 5, United States Code, and with respect to any research facility means the agency from which the research facility receives a Federal award for the conduct of research, experimentation, or testing, involving the use of animals;

"(l) The term 'quorum' means a majority of the Committee members;

"(m) The term 'Federal research facility' means each department, agency, or instrumentality of the United States which uses live animals for research or experimentation;

"(n) For purposes of this Act, the term 'animal' shall have the same meaning as defined in section 2(j) of the Animal Welfare Act (7 U.S.C. 2132(j)), as redesignated by subsection (b) of this section.".

TECHNICAL AMENDMENT

SEC. 2008. Section 14 of the Animal Welfare Act (7 U.S.C. 2144) is amended by changing "section 13" to "section 13 (a), (f), (g), and (h)" wherever it appears.

EFFECTIVE DATE

SEC. 2009. This title shall take effect one year after the date of the enactment of this title.

TITLE XXI—EFFECTIVE DATE

EFFECTIVE DATE

SEC. 2101. Except as otherwise provided in this Act, this Act and the amendments made by this Act shall become effective on the date of enactment of this Act.

ADDITIONAL STATEMENTS

SENATOR PELL ADDRESSES THE URGENCY OF HALT IN NUCLEAR TESTING

● Mr. SIMON. Mr. President, one of the most thoughtful Members of the U.S. Senate is our colleague from Rhode Island, CLAIBORNE PELL.

In catching up on my reading the other day, I came across an article he wrote for the Christian Science Moni-

tor, "The Urgency of a Halt in Nuclear Testing."

Its message is one that should be read by all Members of the House and the Senate and their staffs.

What he calls for in the way of a joint moratorium on nuclear testing is so rational, so obvious that I cannot understand why we have not moved in that direction a long time ago.

I ask that the article be printed in the RECORD.

The article follows:

[From the Christian Science Monitor, Oct. 20, 1985]

THE URGENCY OF A HALT IN NUCLEAR TESTING

(By Claiborne Pell)

Both the Soviet leadership and the Reagan administration are showing a new and welcome restraint in their public rhetoric as next month's summit approaches. The moderation shown in Washington as Mikhail Gorbachev lofted his latest arms control proposals may well be an early sign that the administration is prepared to talk seriously with the Soviets about major arms reductions. If Mr. Gorbachev is willing to be realistic and reasonable about striking a deal on offensive and defensive weapons which works for both sides, the current impasse on arms control could be broken.

However, one key arms control goal for well over two decades remains curiously absent from current discussions. That is a comprehensive ban on nuclear explosions. An end to nuclear explosions could be an invaluable underpinning in efforts both to reduce nuclear arms and to deal with space weapons—the goals at the current negotiations. In fact, the survival of any agreement resulting from those negotiations may depend on a test ban, since vigorous programs of new weapons development could place an intolerable strain on either side's willingness to live with contraints on existing arms.

The test-ban issue received a boost last summer when Mr. Gorbachev announced that the Soviets would observe a unilateral moratorium from early August through December. The Soviet leader also invited the United States to join in a bilateral moratorium to extend past December. The President seemed initially attracted to the idea, although the White House later seemed much more dubious. Nonetheless, the President indicated a willingness to engage in a mutual moratorium after our "necessary" testing is completed.

Early last month, I and other members of a Senate delegation had an opportunity to discuss the Soviet offer with Mr. Gorbachev. The Soviet leader argued strongly for his proposal, maintaining that a joint moratorium would permit a return to the negotiating table to set the terms of a comprehensive ban. Moreover, he said, a halt in testing would stop the creation of new weapons and existing arsenals would become obsolete as they aged.

Mr. Gorbachev has a point, and we ought to test his seriousness. Specifically, we need to establish what verification provisions would apply; and we need to be assured that, despite Gorbachev's words, a moratorium would not substitute for a formal agreement. A nonbinding pause of uncertain duration is no substitute for a detailed set of long-term agreed commitments with effective provisions for verification.

A moratorium of a finite duration, however—such as one year—would open the way to a resumption of the negotiations on a formal agreement conducted by the Carter administration. Considerable progress on verification matters had been made in these negotiations. The sides had agreed to allow seismic monitoring stations on their territory, and details on inspections on demand to look into suspicious seismic activity were being worked out. Thus, the two sides would not be starting from scratch. A finite duration to a moratorium would give the sides reason to conclude their work expeditiously, although, if success were in sight, there would be nothing wrong with a brief extension of the moratorium.

Critics argue that a moratorium should be avoided, because the Soviets might break out of it, as they did the moratorium that preceded the Limited Test Ban Treaty of 1963. That concern is based on an erroneous recalling of the record. From 1958 until August of 1961, both sides observed a testing moratorium, although President Eisenhower announced in 1959 the US would no longer be bound, thus opening the way to a similar Soviet decision. The Soviets had said they would not remain bound if any Western powers tested. After four French tests the Soviets resumed testing, and the United States followed suit. I conclude that this record should give us heart to try a moratorium, rather than the reverse.

The President's advisers may well believe that certain tests are necessary before a moratorium. Such a view could be a smoke screen to conceal opposition to any constraints on the development of new weapons, but it could also be associated with the laudable goal of developing more-stable systems, such as the single-warhead Midgetman. If it is the former, the President should be honest and say that he cannot live with a moratorium or a test-ban treaty. If there are solid reasons to conduct some tests, such as stability, the President should direct the bureaucracy to develop a revised testing schedule that could be completed within a matter of months.

With that schedule and a rationale for it in mind, the President should propose to Mr. Gorbachev at the summit a date for the commencement of a moratorium. If feasible, some verification steps which both sides could readily accept and which would not require protracted negotaitions could be made part of the moratorium. These could include inspections upon demand and preparation for the employment of seismic stations when agreement on a formal ban is reached. At the summit, the two leaders should also agree upon a date for the early resumption of negotiations on the test-ban treaty.

As the Senate has indicated, the President should also seek Senate advice and consent to ratification of the still unratified 1974 and 1976 treaties. The Threshold Test Ban Treaty (TTBT, 1974) restricts tests in the only medium in which nuclear tests are allowed—underground—to 150 kilotons. A companion treaty—the Peaceful Nuclear Explosions Treaty (1976)—was designed to ensure that so-called "peaceful" explosions were not used as a way to test and gain weapons information outside the strictures of the TTBT. In addition, a ratified Threshold Ban could serve as the basis for a decision to sharply reduce the threshold to a radically lower level of, say, one kiloton—which noted seismologists believe to be a verifiable level—if progress toward a complete ban becomes stalled.

The Threshold Test Ban Treaty and the Peaceful Nuclear Explosions Treaty can be verified with high confidence. Recent advances in seismology are helping resolve questions about compliance and reassuring us that we can ratify those treaties without threatening our security.

Weapons laboratory chiefs have indicated that they can meet their responsibilities under these constraints.

If President Reagan is serious in his professed desire to eliminate nuclear weapons from the face of the earth, he must start somewhere; and Mr. Gorbachev has presented a potentially promising opportunity. But what specifically could we reasonably expect to achieve through a temporary moratorium followed by a longer-term comprehensive test ban?

Over time, confidence in the reliability of our warheads would erode, although actual reliability should remain high for some time.

Eventually, however, the reliance placed on nuclear weapons by both sides would decline, and that would be to everyone's benefit.

A moratorium followed by a ban would curb the modernization of US and Soviet nuclear warheads. This could prevent them from developing new, smaller warheads with high weight-to-yield ratios to be proliferated on their missile forces, especially MIRVs. It could also impede the development of new technologies, such as X-ray lasers driven by nuclear explosions.

A moratorium and ban would put pressure on the Chinese and the French to stop their testing programs.

Such steps by the superpowers would serve to reinforce the resolve of the 127 nations who have forsworn nuclear weapons. A ban open to all nations could well give new life to the effort to stop the nuclear arms race.

There is no question that problems must be overcome if these controls on testing are to be achieved. Mr. Reagan and Mr. Gorbachev both recognize the problems. I believe that they can recognize, also, the possibilities. If so, in a matter of weeks a new course could be set which would leave us all more secure.●

THE TROUBLE WITH WRESTLING

● Mr. SIMON. Mr. President, Dr. Robert E. Gould, professor of psychiatry, New York Medical College and director of the New York State office of the National Coalition on Television Violence, has written an article for the New York Times about wrestling.

I think we have a tendency to too easily dismiss wrestling as some harmless, phony sideshow. His article suggests it is more than that.

My colleagues know my feeling on boxing where clearly there is reward for doing harm to your opponent, the only "sport" where that is the case.

I do not believe that wrestling is as bad as boxing in that respect, and I have no objection to amateur wrestling. But Dr. Gould prods our conscience in a healthy way, and I urge my colleagues to read what he has to say. I ask that his article be printed in the RECORD.

The article follows:

THE TROUBLE WITH WRESTLING
(By Robert E. Gould)

Violence, for fun and profit, is back in style. A New York State Senate task force recently held a public hearing to examine the new professional wrestling craze and its influence on American life. The media treated the event as a joke—the same manner in which the public tends to view professional wrestling.

Where's the harm? After all, isn't it all fun and games, family entertainment? Four wrestling shows produced by the World Wrestling Federation are among the top 10 programs on cable television. It's vaudeville. Most of us know the matches are fixed, phony, predetermined, flatout fake. Nobody gets hurt, right?

Take a closer look: Professional wrestling fosters xenophobia, racism and hatred. It presents unethical behavior and dirty tricks as acceptable. The American wrestler wins every time.

That's where the harm is. Professional wrestling defines brutality, hatred and fraud as humorous entertainment and acceptable behavior. What engages the audience is the violence. Fans scream for blood and cheer loudest when bodies slam against the post, bounce off the floor, sail into the ropes. Young children learn quickly that violence is fun.

Good guys, meaning the American wrestlers, always win over the foreigners—the Arabs, Russians and Japanese, all of whom use dirty tactics. The Americans can do the same in the service of winning. Hating your opponent is a good thing, they seem to be telling us. Fair play is for wimps. By depicting the opponents as subhuman, we forfeit some of our own humanity. Blind nationalism is reinforced.

Other contact sports—basketball, hockey, football—have referees who call fouls and punish offenders with penalties. In professional wrestling, the "referee" simply stays out of the way of the carefully choreographed mayhem.

A study by the National Coalition on Television Violence showed that maneuvers used to injure or maim the opponent outnumbered acceptable wrestling techniques by more than three to one. Other studies have found an association between watching professional wrestling and subsequent violent behavior among children and adults. Equally important, wrestling fans showed a marked decrease in displays of social affection after watching matches.

In a classroom study of third graders (8 year olds), a teacher in Connecticut found that most students believed the matches were on the level. The study also showed a noticeable increase in hostile, aggressive behavior in class the day after they watched the wrestling match on television.

The children's responses are not surprising. One professional wrestler, Nikolai Volkoff, insists on singing the Soviet national anthem before each bout; another, the Iron Sheik, waves the Ayatollah Khomeini's flag and shouts anti-American slogans. The audience is encouraged to boo these wrestlers and to hurl insults and garbage. These "enemies" will, of course, lose to the all-American hero, currently Hulk Hogan. The message is that foreigners are subhuman and fools; whatever the American does to win is, by definition, acceptable.

Eye-gouging, hair-pulling, kicking—anything goes, and it is not just kids who believe wrestling is for real. Many devoted adults refuse to believe that the bouts are fixed. Sophisticated grownups have been heard to say, "Well, yes, some are faked, but I saw this one bout . . ."

No wrestling promoter or active wrestler has ever acknowledged that a bout was faked or, in the prevailing euphemism, "predetermined." How many people would turn out for a boxing match or football game if they were billed as rigged?

But wrestling promoters do call all the shots: who will win, how they will win, how long the match will take. The average wrestler makes less than $100 for his night's work, and the wrestler who doesn't obey orders is blacklisted. There are no pensions, no medical insurance, no unions or any kind of protection for the individual wrestler.

If wrestling is to be considered a sport, then the match should be on the level, referees should not allow cheating, penalties should be called when infractions occur and the elements of racism, xenophobia, hatred and bad sportsmanship should all be curbed. But if all this were done, would anyone still watch professional wrestling?●

AUTHORIZATION FOR COMMITTEES TO FILE REPORTS

Mr. DOLE. I ask unanimous consent that during the adjournment of the Senate the committees be authorized to file reports between the hours of 9 a.m. and 3 p.m. on Tuesday, November 26, 1985.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDERS FOR MONDAY, DECEMBER 2, 1985

Mr. DOLE. Mr. President, if the distinguished minority leader is ready, this will be sort of the boilerplate for Monday, December 2.

Mr. BYRD. Mr. President, I am ready, and I will be delighted to join with the distinguished majority leader in completing our work.

Mr. DOLE. Mr. President, I ask unanimous consent that when the Senate reconvenes at 12 noon on Monday, December 2, 1985, the reading of the Journal be dispensed with; no resolution come over under the rule, and the call of the calendar be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECOGNITION OF SENATOR PROXMIRE

Mr. DOLE. Mr. President, I ask unanimous consent that, following the recognition of the two leaders under the standing order, there be a special order in favor of the Senator from Wisconsin, Mr. PROXMIRE, for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR ROUTINE MORNING BUSINESS

Mr. DOLE. Mr. President, I ask unanimous consent that there be a period for the transaction of routine morning business not to extend beyond the hour of 1 p.m. with Senators' statements limited therein to 5 minutes each, and further provided that the morning hour be deemed to have expired.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE ON MONDAY, DECEMBER 2, 1985

Mr. DOLE. I ask unanimous consent that debate only be in order prior to final disposition of S. 1884 or final disposition of H.R. 2100 if reconsidered.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DOLE. Mr. President, the Interior appropriations, therefore, will be the pending business following the Boren PAC amendment to S. 655 and the Veterans' compensation COLA bill, if available, on Monday, December 2, 1985.

I ask unanimous consent that the vote as specified in the unanimous-consent agreement of November 14 occur at 2 p.m. on Tuesday, December 3.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. DOLE. Mr. President, to recap the schedule for Monday, December 2, we reconvene at 12 noon. The two leaders under the standing order have 10 minutes each; a special order not to exceed 15 minutes for Senator PROXMIRE; routine morning business until 1 o'clock. Following the morning business until 1 o'clock, by unanimous-consent agreement of November 14, the Senate will turn to the consideration of the low-level radioactive waste compact, with Senator BOREN'S PAC amendment, limited to 2 hours of debate on Monday. The vote will occur on Tuesday, December 3, at 2 p.m. on or in relation to the Boren amendment.

Following the debate on Monday, the Senate can be expected to turn to any items that are cleared for consideration and it is hoped the Senate can turn to veterans' compensation COLA bill under a brief time agreement.

This is the veterans' bill that is on the sort of must list for action this year.

NO ROLLCALL VOTES ON MONDAY, DECEMBER 2, 1985

I am also prepared to announce at this time that there will be no rollcall votes on Monday, December 2, so Members may be notified.

ADJOURNMENT UNTIL MONDAY, DECEMBER 2, 1985

Mr. DOLE. Mr. President, I move, in accordance with the provisions of House Concurrent Resolution 235 that the Senate stand in adjournment until the hour of 12 noon on Monday, December 2, 1985.

The motion was agreed to and at 7:24 p.m. the Senate adjourned until Monday, December 2, 1985, at 12 noon.

CONFIRMATIONS

Executive nominations confirmed by the Senate November 23, 1985:

NATIONAL COMMISSION ON LIBRARIES AND INFORMATION SCIENCE

Barbara J.H. Taylor, of Maryland, to be a member of the National Commission on Libraries and Information Science for a term expiring July 19, 1990.

Lee Edwards, of Maryland, to be a member of the National Commission on Libraries and Information Science for a term expiring July 19, 1990.

Frank Gannon, of New York, to be a member of the National Commission on Libraries and Information Science for a term expiring July 19, 1990.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

HOUSE OF REPRESENTATIVES—*Monday, December 2, 1985*

The House met at 12 o'clock noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

We pray, O God, that we will dedicate our lives in thanksgiving for gifts great and small and to be of help to other people. May our words and deeds, our thoughts and prayers, our talents and feelings, find meaning as they are inspired by Your eternal spirit and made real when they touch the lives of those about us. May Your blessing be with us this day and every day. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7. An act to extend and improve the National School Lunch Act and the Child Nutrition Act of 1966.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 7) "An act to extend and improve the National School Lunch Act and the Child Nutrition Act of 1966," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HELMS, Mrs. HAWKINS, Mr. LUGAR, Mr. COCHRAN, Mr. BOSCHWITZ, Mr. ZORINSKY, Mr. MELCHER, Mr. DIXON, and Mr. HARKIN to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills and joint resolutions of the following titles, in which the concurrence of the House is requested:

S. 173. An act to settle and adjust the claim of the Tehran American School for $13,333.94;

S. 850. An act to create a Federal criminal offense for operating or directing the operation of a common carrier while intoxicated or under the influence of drugs;

S. 1073. An act to amend the Stevenson-Wydler Technology Innovation Act of 1980 for the purpose of improving the availability of Japanese science and engineering literature in the United States, and for other purposes;

S.J. Res. 177. Joint resolution relating to an International Space Year in 1992;

S.J. Res. 198. Joint resolution to designate the year of 1986 as the "Sesquicentennial Year of the National Library of Medicine";

S.J. Res. 229. Joint resolution designating the week of January 13 through January 19, 1986, as "National Productivity Improvement Week"; and

S.J. Res. 238. Joint resolution relating to the approval and implementation of the proposed agreement for nuclear cooperation between the United States and the People's Republic of China.

The message also announced that pursuant to the provisions of section 1295(h) of title 46, United States Code, the Vice President appoints Mr. KASTEN as a member, on the part of the Senate, to the Board of Visitors of the U.S. Merchant Marine Academy, vice Mr. PACKWOOD.

The message also announced that pursuant to the provisions of section 194(a) of title 14, United States Code, the Vice President appoints Mr. PACKWOOD as a member, on the part of the Senate, of the Board of Visitors of the U.S. Coast Guard Academy, vice Mr. KASTEN.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, DC,
November 25, 1985.

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, U.S. House of Representatives, Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted in Clause 5, Rule III of the Rules of the U.S. House of Representatives, the Clerk received the following messages from the Secretary of the Senate:

(1) At 12:10 p.m. on Friday, November 22, 1985: That the Senate agreed to the conference report to H.R. 3327; and

(2) At 11:00 a.m. on Monday, November 25, 1985: That the Senate agreed to the House amendments to S.J. Res. 195; and that the Senate passed H.J. Res. 459.

With kind regards, I am,

Sincerely,

BENJAMIN J. GUTHRIE,
Clerk, House of Representatives.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. The Chair desires to announce that pursuant to clause 4 of rule I, the Speaker signed the following enrolled bill on Friday, November 22, 1985:

H.R. 1714. An act to authorize appropriations to the National Aeronautics and Space Administration for research and development, space flight, control and data communications, construction of facilities, and research and program management, and for other purposes.

COMMUNICATION FROM THE CLERK OF THE HOUSE

The SPEAKER pro tempore (Mr. COELHO) laid before the House the following communication from the Clerk of the House of Representatives:

WASHINGTON, DC,
December 2, 1985.

Hon. THOMAS P. O'NEILL, Jr.,
The Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: Pursuant to the permission granted in Clause 5, Rule III of the Rules of the U.S. House of Representatives, I have the honor to transmit sealed envelopes received from the White House at 5:10 p.m. on Monday, November 25, 1985 as follows:

(1) Said to contain a message from the President wherein he transmits a Social Security Totalization Agreement with Sweden; and

(2) Said to contain a message from the President wherein he transmits the second report for fiscal year 1986 under the Impoundment Control Act of 1974.

With kind regards, I am,

Sincerely,

BENJAMIN J. GUTHRIE,
Clerk, House of Representatives.

AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE KINGDOM OF SWEDEN ON SOCIAL SECURITY—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 99-132)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Ways and Means and ordered to be printed:

(For message, see proceedings of the Senate of today, Monday, December 2, 1985.)

EIGHT NEW DEFERRALS OF BUDGET AUTHORITY FOR 1986—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 99-133)

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Commit-

tee on Appropriations and ordered to be printed:

(For message, see proceedings of the Senate of today, Monday, December 2, 1985.)

NATIONAL COMMISSION ON CLASSIFIED INFORMATION AND SECURITY CLEARANCE PROCEDURES

(Mr. WORTLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WORTLEY. Mr. Speaker, this country is experiencing a distressing rash of security breaches. In 1985 alone, more than 10 people have been charged with passing sensitive security information to foreign agents, 4 of them in the last 2 weeks.

The scope of the problem is extensive. The military, the CIA, the National Security Agency, the FBI, Government contractors, and the legislative branch have all had people involved in jeopardizing our national security secrets.

It is time we took a comprehensive and critical look at the two primary means of protection: Classification of information and security clearance procedures.

For that purpose, my bill, H.R. 3626, establishes a National Commission on Classified Information and Security Clearance Procedures. It will have 1 year in which to make a Government-wide study of these systems and submit recommendations on how to improve them.

Over 4 million Americans have some level of security clearance. Combined with the massive volume of classified information, the potential for espionage, leaks and just plain carelessness is frightening. Current efforts to address various weaknesses in our current protective systems are not enough. We need a broad-based coordinating group to discern the problems, focus attention on them, and recommend corrective action.

Haphazard, piecemeal legislation will provide, at best, incomplete solutions. I urge my colleagues to cosponsor the comprehensive and coherent approach embodied in H.R. 3626.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5, rule I, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

Such rollcall votes, if postponed, will be taken on Tuesday, December 3, 1985.

GOLD BULLION COIN ACT OF 1985

Mr. ANNUNZIO. Mr. Speaker, I move to suspend the rules and pass the Senate bill (S. 1639) to authorize the minting of gold bullion coins.

The Clerk read as follows:

S. 1639

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Gold Bullion Coin Act of 1985".

MINTING GOLD BULLION COINS

SEC. 2. (a) Section 5112(a) of title 31, United States Code, is amended by adding at the end thereof the following new paragraphs:

"(7) A fifty dollar gold coin that is 32.7 millimeters in diameter, weighs 33.931 grams, and contains one troy ounce of fine gold.

"(8) A twenty-five dollar gold coin that is 27.0 millimeters in diameter, weighs 16.966 grams, and contains one-half troy ounce of fine gold.

"(9) A ten dollar gold coin that is 22.0 millimeters in diameter, weighs 8.483 grams, and contains one-fourth troy ounce of fine gold.

"(10) A five dollar gold coin that is 16.5 millimeters in diameter, weighs 3.393 grams, and contains one-tenth troy ounce of fine gold.".

(b) Section 5112 of title 31, United States Code, is amended by adding at the end thereof the following new subsection:

"(i)(1) Notwithstanding section 5111(a)(1) of this title, the Secretary shall mint and issue the gold coins described in paragraphs (7), (8), (9), and (10) of subsection (a) of this section, in quantities sufficient to meet public demand, and such gold coins shall—

"(A) have a design determined by the Secretary, except that the fifty dollar gold coin shall have—

"(i) on the obverse side, a design symbolic of Liberty; and

"(ii) on the reverse side, a design representing a family of eagles, with the male carrying an olive branch and flying above a nest containing a female eagle and hatchlings;

"(B) have inscriptions of the denomination, the weight of the fine gold content, the year of minting or issuance, and the words 'Liberty', 'In God We Trust', 'United States of America', and 'E Pluribus Unum'; and

"(C) have reeded edges.

"(2)(A) The Secretary shall sell the coins minted under this subsection to the public at a price equal to the market value of the bullion at the time of sale, plus the cost of minting, marketing, and distributing such coins (including labor, materials, dies, use of machinery, and promotional and overhead expenses).

"(B) The Secretary shall make bulk sales of the coins minted under this subsection at a reasonable discount.

"(3) For purposes of section 5132(a)(1) of this title, all coins minted under this subsection shall be considered to be numismatic items.".

(c) Section 5116(a) of title 31, United States Code, is amended by adding at the end thereof the following:

"(3) The Secretary shall acquire gold for the coins issued under section 5112(i) of this title by purchase of gold mined from natural deposits in the United States, or in a territory or possession of the United States, within one year after the month in which the ore from which it is derived was mined. The Secretary shall pay not more than the average world price for the gold. In the absence of available supplies of such gold at the average world price, the Secretary may use gold from reserves held by the United States to mint the coins issued under section 5112(i) of this title.". The Secretary shall issue such regulations as may be necessary to carry out this paragraph.

(d) Section 5118(b) of title 31, United States Code, is amended—

(1) in the first sentence, by striking out "or deliver"; and

(2) in the second sentence, by inserting "(other than gold and silver coins)" before "that may be lawfully held".

(e) The third sentence of section 5132(a)(1) of title 31, United States Code, is amended by striking out "minted under section 5112(a) of this title" and inserting in lieu thereof "minted under paragraphs (1) through (6) of section 5112(a) of this title".

(f) Notwithstanding any other provision of law, an amount equal to the amount by which the proceeds from the sale of the coins issued under section 5112(i) of title 31, United States Code, exceed the sum of—

(1) the cost of minting, marketing, and distributing such coins, and

(2) the value of gold certificates (not exceeding forty-two and two-ninths dollars a fine troy ounce) retired from the use of gold contained in such coins,

shall be deposited in the general fund of the Treasury and shall be used for the sole purpose of reducing the national debt.

(g) The Secretary shall take all actions necessary to ensure that the issuance of the coins minted under section 5112(i) of title 31, United States Code, shall result in no net cost to the United States Government.

EFFECTIVE DATE.

SEC. 3. This Act shall take effect on October 1, 1985, except that no coins may be issued or sold under section 5112(i) of title 31, United States Code, before October 1, 1986.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Illinois [Mr. ANNUNZIO] will be recognized for 20 minutes and the gentleman from Ohio [Mr. WYLIE] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Illinois [Mr. ANNUNZIO].

Mr. ANNUNZIO. Mr. Speaker, I yield myself such time as I may consume.

GENERAL LEAVE

Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the Senate bill, S. 1639, now under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ANNUNZIO. Mr. Speaker, this legislation will provide Americans with an opportunity to buy American gold bullion coins, made from American-mined gold, or from gold stocks held

by the United States. No longer will Americans wanting to buy gold coins have to buy foreign coins.

The Gold Bullion Coin Act of 1985 is virtually identical to the gold coin provisions of H.R. 1460, which passed the House by an overwhelming margin on August 1 of this year. Those provisions were the result of hard work and bipartisan agreement by the House and Senate members of the conference committee on H.R. 1460.

I particularly want to commend the ranking minority member of the Banking Committee, the gentleman from Ohio [Mr. WYLIE], for his work on this issue. He served on the Gold Commission and was a conferee on H.R. 1460. His expertise, comments, and support played a large role in determining the final shape of this program.

The ranking minority member of the Coinage Subcommittee, the gentleman from Indiana [Mr. HILER], is also to be commended for his work on this legislation. It is a genuine pleasure having him serve on the subcommittee.

The gentleman from California [Mr. LEWIS] has been a very effective and eloquent supporter of gold coin legislation. He has helped form the broad consensus that supports this bill.

Senator EXON and his colleagues in the Senate are to be congratulated for prompt action in passing the coin provisions. With House concurrence today we will enable the mint to assure availability of the coins beginning on October 1, 1986.

S. 1639 authorizes the minting of one, one-half, one-quarter, and one-tenth ounce gold coins with face values of $50, $25, $10, and $5, respectively. The coins will be legal tender for their face values like all U.S. coins. This is the same approach taken by Canada in issuing its Maple Leaf, a 1 ounce gold coin with a $50 face value. That coin is now the world's most successful gold coin, and has about a 70-percent market share in the United States.

The Treasurer, Katherine Ortega, has commented on the need for face value. In a letter to Senator GARN dated April 19, 1985, she stated: "All legal tender coins should have a face value. The necessity and wisdom of ascribing a definite value to each of our coins is evidenced by nearly two hundred years of coinage legislation."

Bullion dealers recognize the importance of legal tender status. A recent article on dealer reaction to the legal tender, 1 ounce silver dollar coin authorized in July, stated that "most observers agree that its legal-tender status should be a big plus for the coin—psychologically and also in more tangible ways." Bruce Kaplan, of A-Mark Precious Metals, Inc., of Beverly Hills, CA, said the public "told us they wanted, a coin, not a medallion."

The gold coins will be sold at the market price of gold plus a small charge for minting, marketing and distribution, beginning October 1, 1986. Bulk purchasers will be given suitable discounts. The Secretary must take all actions necessary to assure that there is no net cost to the Government. And the profits from the sales will be used solely to reduce the national debt.

The coins will be minted from gold mined in the United States in the preceeding 12 months. If the Treasury is unable to buy such gold at or below the average world price for gold, gold already held by the Treasury may be used. This assures that the purchases will be at a fair price to the United States, and that the purchases do not disrupt the domestic and international gold markets.

This provision will not violate our obligations under GATT. Article XX of GATT expressly excludes measures "relating to the importation or exportation of gold." To the extent that any provision of GATT appears to apply to S. 1639, the specific reference to gold in article XX would certainly override any other, more general, provision.

Many Americans want to purchase U.S. gold coins. This legislation will provide the coins they seek. Every year, countless individuals contact the Consumer Affairs Subcommittee asking the United States to produce gold bullion coins. Many, if not all of these individuals, will buy an American, rather than a foreign, gold bullion coin. Indeed, U.S. gold coins will become the standard for the world.

□ 1210

As we reach time for passage, I urge all of my colleagues in the House to vote as they did before and to vote for passage of S. 1639.

As I stated previously, this legislation had passed the House, and was agreed to by the conference committee. The conference report came back to the House and we passed the conference report in the House. The legislation was sent to the other body as part of the antiapartheid legislation, including the gold bullion coin provisions, which we passed with an overwhelming majority. The President, by Executive order, decreed the results of the antiapartheid legislation, which did not reach him. He asked the Secretary of the Treasury for a gold coin program and the Senate passed a gold coin program. S. 1639 is the gold coin program for the President, the gold program of the Senate and the House, and I urge my colleagues to vote for the passage of this legislation.

Mr. WYLIE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of S. 1639, the Gold Bullion Coin Act of 1985. Now that President Reagan has banned the importation of Krugerrands by Executive order, internationally viewed as a symbol of apartheid in South Africa, this is consistent with the expression of this House on an amendment offered by the gentleman from Illinois to H.R. 1460, which the gentleman from Illinois explained during our conference meeting and which I supported.

I do sincerely appreciate the compliment of the gentleman from Illinois and am glad to have the opportunity to work with him. Chairman ANNUNZIO is certainly one of the most effective chairmen of this House.

Mr. Speaker, there is no doubt in my mind that American gold coins will compete effectively against the Krugerrand in the world markets. As I said, the bill before us today is quite similar to section 18 of the conference report on the Anti-Apartheid Act of 1985—H.R. 1460. As one of the House conferees on H.R. 1460, it was my privilege to work with my friend, the gentleman from Illinois, Chairman ANNUNZIO, to develop a House amendment to the Senate provision on gold coins which was adopted by the conference and which was similar to S. 1639.

The gentleman from Illinois, Chairman ANNUNZIO, has done an excellent job of describing S. 1639. But I would make a couple of additional points for the record.

First, there is language in S. 1639 which states that the Secretary of the Treasury shall insure that the minting of these gold coins will not result in any net cost to the U.S. Government, an amendment which the gentleman from Illinois, Chairman ANNUNZIO, included in the House amendment at my suggestion. All profits from the sale of these coins are to be used for the sole purpose of reducing the national debt.

Second, for those Members who may be concerned that this kind of gold coin will lead us down the path to a gold standard, and that concerned me at first, let me assure you that this is not the case. Similar coins were created when we passed the Olympic coin program and the Statue of Liberty coin program. The coins in this bill really are no different than such coins authorized earlier by this body.

As Members know, President Reagan's own Gold Commission did not recommend any new role for gold in the Nation's economy.

Mr. Speaker, there is one potentially troublesome provision in the Senate bill. I have been advised by the Treasury Department that section 2(c) places the United States in the position of violating the GATT Code on Government Procurement. Section 2(c) says in effect that gold for these coins must come from natural deposits in the United States in the first instance, and if gold is not available domestically at the average world price,

that it must come from our own gold reserves.

Now I can appreciate the sentiment behind this provision. Its only effect is to discriminate against our largest trading partner; Canada.

Let me make clear that the two largest gold-producing nations in the world, South Africa and the Soviet Union, are not signatories to GATT. Only Canada is affected.

Under the GATT Code on Government Procurement, signatories must grant national treatment to each other in awarding Government contracts. Both the United States and Canada are signatories to this code. Signatories found by a panel to be in violation of this code must either provide compensation to the injured party or else the injured party can deny benefits of the code to the offending party. Were Canada to be excluded from bidding to supply the gold to be used for the production of these new U.S. gold coins, then it could retaliate by denying benefits of the code to the United States. As a result, U.S. companies could stand to lose considerable business with the Canadian Government in the future.

I have also been told that S. 1639, as it is presently drafted, would have a negative impact on the forthcoming free trade zone negotiations with our northerly neighbor.

Had this legislation been considered under regular order, I was prepared to offer an amendment to correct this deficiency. However, the procedures of the suspension calendar do not allow me that option so we will be voting on a bill from the other body which is less than perfect.

Mr. Speaker, despite my reservations about the procedure and the particulars of this bill, I recognize that this kind of American coin will give people all over the world the opportunity to vote their pocketbooks in favor of a gold coin symbolizing liberty and freedom. The vote today will give all Members the opportunity to go on record again against the abhorrent practice of apartheid by voting in favor of a new U.S. gold coin to compete with the Krugerrand in the world market, and send yet another signal that there is no room in the world community for apartheid.

I urge an aye vote on the proposed bill, Mr. Speaker.

Mr. Speaker, I yield 6 minutes to the gentleman from Indiana [Mr. HILER].

Mr. HILER. Mr. Speaker, I join Chairman ANNUNZIO and Mr. WYLIE in support of S. 1639, legislation which authorizes the minting of U.S. gold bullion coins.

Over the past several months, momentum has been building behind the effort to provide American citizens with a U.S. alternative to the South African Krugerrand, as well as an alternative to the Canadian Maple Leaf and other foreign gold bullion coins which have found a market in the United States.

Congressional support for legislation providing for the minting of U.S. gold bullion coins has come from the entire political spectrum. H.R. 1123, the gold bullion coins bill which Congressmen JERRY LEWIS and JULIAN DIXON dropped in the hopper this past February, attracted a total of 240 cosponsors from both sides of the aisle, and all political philosophies.

The other body shared the same bipartisan support for legislation to provide for the minting of U.S. gold bullion coins. This clearly is one issue on which conservatives, moderates, and liberals have found a basis for agreement. Traditional supporters of gold coins have been joined by those who view this as competition with the Krugerrand and Maple Leaf.

Republicans and Democrates alike have viewed the minting of U.S. gold bullion coins as a complement to the actions taken by the administration toward the Government of South Africa. Some have perceived the availability of such coins as providing a positive alternative to a ban on the importation of the South African Krugerrand. Both would produce the same result: A reduction in South African income from one of its most important sources of export revenue.

The House of Representatives and the other body have clearly voiced their abhorrence to the system of apartheid maintained by the South African Government. Both Houses of Congress also have expressed their desire to see enacted legislation that provides for the minting of U.S. gold bullion coins. On July 11 of this year, the other body adopted antiapartheid legislation which included a provision for the minting of gold bullion coins. On July 31, conferees on the Anti-Apartheid Act agreed to incorporate into the conference report a similar coin provision. The House adopted this conference report on August 1 by an overwhelming margin of 380–48.

The other body almost certainly would have followed suit had not the President signed an Executive order on September 9 outlining actions to be taken against the Government of South Africa. This Executive order included a directive to the Treasury Department to produce a study on "the feasibility of minting and issuing gold coins with a view toward expeditiously seeking legislative authority to accomplish the goal of issuing such coins."

Of course, antiapartheid sentiment is not the only engine moving legislation to provide for the minting of U.S. gold bullion coins. Just as powerful a motivating force is the desire to improve the U.S. trade deficit situation. In recent years, Americans have purchased annually over $1 billion of foreign gold bullion coins. In 1984, about half of this comprised purchases of Krugerrands. The Canadian Maple Leaf also garnered a significant share of the United States gold bullion coin market in that year.

At a time when a large trade deficit is impacting on the U.S. economy, the minting of U.S. bullion coins offers a promising means for putting a dent in this deficit, albeit a relatively small one. These coins, which would be produced by the U.S. Mint at no net cost to American taxpayers, almost certainly would deflect signficant gold bullion coin sales away from foreign competitors.

I am aware that the Treasury Department informally has voiced several reservations about the legislation before us today. While I appreciate Treasury's concerns, I do not believe that they warrant our postponing action on this legislation.

One of Treasury's concerns is that the four gold bullion coins called for in S. 1639 mark a departure from traditional U.S. coinage. This legislation provides for the minting of so-called fine coins," which differ from traditional U.S. coinage in terms of size and fineness of gold. Treasury evidentally is worried that such nontraditional coins might be difficult to market here in the United States.

I really do not believe that the nontraditional aspects of these gold coins will pose a problem. The Krugerrand, a "fine" coin that does not match the specifications of traditional U.S. coinage, has sold very well in the U.S. market. Obviously, gold coin investors, the primary market at which gold bullion coins are targeted, do not demand a coin with these traditional dimensions. In fact, the coins called for in S. 1639 are designed to be as similar to the Krugerrand as possible in terms of dimension and fineness of gold to help ensure that they will sell well in a market heretofore dominated by the Krugerrand.

Treasury is also concerned with the fact that the the $10 coin has a denomination inconsistent with the denominations of the other coins. Although the weight of the $10 coin is one-quarter of the weight of the $50 coin, the $10 denomination does not represent a quarter of $50. Given the fact that these coins primarily are intended to serve as investment vehicles, not coinage for general circulation, and are designed to be valued according to gold content and not by face value, this inconsistency does not appear to pose a problem. In fact, the Canadian Maple Leaf coins also have so-called "inconsistent" face values.

The Treasury Department also has indicated informally its dissatisfaction with S. 1639's provision regarding the source of the gold to be used in the bullion coins. Understandably, Treasury would like to be given the flexibil-

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ity to use either existing U.S. gold reserves or newly-mined domestic gold rather than be compelled to use newly-mined U.S. gold except under certain limited circumstances. The Department is also concerned with the legislation's requirement that the "family of eagles" design be used on the 1 troy ounce coin.

There are some who believe that we are acting prematurely in taking up this legislation now on the floors of the Senate and House, because the appropriate subcommittees and committees have not held formal hearings on it during this Congress. Those who make this contention apparently have forgotten the hearings on gold bullion coin legislation held in the last Congress. They evidently are unaware of the efforts made over the past several months by many Members of Congress—Democrats and Republicans alike—to craft gold bullion coin legislation that would be acceptable both in the Halls of Congress and in the marketplace. In fact, the legislation we are now considering represents the culmination of months of intensive discussions and arduous negotiations among interested Congressmen and Senators.

We have worked long and hard to craft an acceptable piece of legislation providing for the minting of gold bullion coins. I think that it is good legislation, and I urge my colleagues to vote in its favor.

I will submit at this point in the RECORD a legislative history on the technical part of the bill:

LEGISLATIVE HISTORY—S. 1639

Mr. Speaker, there is an added point I wish to make concerning one of the less well-defined sections of this bill and that is its provision dealing with the source of the supply of the gold to be used in the production of the bullion coins authorized by this bill.

I fully support the language that has been added in this bill since the House approved the Anti-Apartheid Act of 1985 which contained most of the provisions of the bill before us today. I think that the gold for these coins should come from U.S. produced gold. U.S. Treasury gold reserves should only be used if the price of U.S. gold is above the world market price.

Let me elaborate my view which I believe is shared by the sponsors and supporters of this bill. The intent of the language of the bill is this: U.S. produced gold should be purchased by the Treasury through normal channels of commerce—refiners, wholesalers and dealers—at the lowest price they can for the production of the coins. Since gold is a world-traded commodity, I expect that the so-called U.S. price would be the same as gold prices everywhere, give or take transportation and handling costs. Since the U.S. is traditionally a gold importer, the world market price would be probably, for example, what gold is in London, plus shipping charges.

This issue of determining a market price needs added clarification, and I hope that the other managers of the bill will agree with my interpretation of this issue. The premise, of course, is that it is the intent of Congress in this legislation to assure that U.S. gold reserves are not readily used for this program—that newly mined gold is used. Our gold reserves are our national patrimony and their use should be reserved for the "rainy day".

One good suggestion has been made and that is for the Secretary of the Treasury to utilize the daily London afternoon gold price as an equivalent to the "world price" and instruct his agents to purchase gold only as long as the New York Comex spot price is at or below the London afternoon fix. I am informed that there are times that the New York price is above the London afternoon price, but there are ample purchase opportunities to buy below that price.

Is such a policy were adopted, Treasury would simply not purchase gold if the price were above the price in London, but that Treasury would also not tap into the nation's precious reserves unless this pricing situation became permanent. It seems that this kind of policy would handle the issue of a "world price" and adequately meet Congress' intent.

Without belaboring this further, the purpose of this discussion is to make it clear that it is not Congress' intent to allow, for example, a technical, minimal difference in the price of gold between trading centers in the world to be an excuse to utilize U.S. reserves.

It is estimated that the U.S. produces 2.3 million ounces of gold per year. That would mean that only if more than 2.3 million onces of gold coins were produced annually, would there be a reason to do what we would like to avoid—use U.S. gold reserves.

During the course of the Senate's deliberations on the bullion coin provisions of the Anti-Apartheid Act, representative from the Treasury voiced concern that providing for exclusive use of American mined gold might allow for excess profits to be made by sellers of gold should a cartel be formed or should demand for the coins exceed the available supply. First, of course, it would be an illegal restraint of trade for gold sellers to enter into a cartel to force up the price. Secondly, however, because gold is a fungible substance, any attempt to do so would mean that traditional American gold users such as jewelry manufacturers could simply switch to imported gold at no additional cost.

The purpose of the carefully crafted language into the bill we have before us is a means of using U.S. reserves only if all U.S. gold produced in a given year were to be used in the coins, or, if for some hard to imagine reason, U.S. gold took on a sustained premium above that of gold traded in the world markets.

A second technical point which should be raised is this: There are probably some cases in which a smelter or a wholesaler which deals in gold from American mines inadvertently utilizes some minimal amount of scrap gold during its production. Because the scrap gold could not certifiably be from American mines that should be no reason that the gold thus produced would not be eligible for purchase by the Treasury for us in the gold bullion coins.

In other words, I also do not think it is Congress' intent to allow the Treasury to utilize the U.S. gold reserves merely because there may be a minimal amount of scrap gold in the bullion produced from American mines.

I hope the other managers will agree with the solutions to the problems I have discussed here.

□ 1225

Mr. WYLIE. Mr. Speaker, I yield 1 minute to the gentleman from Wisconsin [Mr. ROTH].

Mr. ROTH. Mr. Speaker, Members, first of all I want to congratulate again our chairman, the chairman of this subcommittee who does such an outstanding job. Here is a subcommittee that does not dilly-dally around; here is a subcommittee that does its chores, thanks to our chairman, our ranking Member and the other Members that serve on this subcommittee. I say to them congratulations.

Mr. Speaker, I rise in strong support of S. 1639. As a cosponsor of the Liberty-Double Eagle Gold Coin Act (H.R. 1123), I am pleased that my friend, the distinguished chairman of the Coinage Subcommittee, Mr. ANNUNZIO, has brought this particular measure to the floor so expeditiously.

Since we have ended our importation of the Krugerrand from South Africa, there is a void to be filled in the marketing of gold coins. That void should be filled by coins from the United States. There are an estimated 5 million gold coin investors in the United States, and about 3 million gold coins are imported into the United States and sold each year.

The money spent on foreign coin imports is a small yet significant part of our trade deficit. Enactment of this legislation will have a double effect. First, it will stop this hemorrhaging of U.S. dollars overseas. Second, it will make our budget deficit smaller, since the profits from coin sales will be used to reduce the national debt.

The sale of gold coins is an important source of income for our Nation's 3,000 coin and stamp dealers and the 15,000 people they employ in their small businesses. With the passage of this legislation, they will be able to sell gold coins, made in the United States, with U.S. gold, which will be symbols of pride in our heritage of freedom.

Mr. Speaker, it makes no sense for this Nation to continue losing up to $1 billion a year to foreign countries selling gold coins in the United States. Passage of this legislation will enable U.S. investors to invest in products clearly labeled "Made in the U.S.A."

Mr. WYLIE. Mr. Speaker, I yield 2 minutes to the gentleman from Texas [Mr. BARTLETT].

Mr. BARTLETT. Mr. Speaker, I rise today in support of S. 1639, the bill to authorize the minting of gold bullion coins.

I take a moment to commend the chairman of the subcommittee, the gentleman from Illinois [Mr. ANNUNZIO] for his outstanding leadership on this issue, in working with all the members of the committee and of this Congress in bringing this to the floor, and also to commend the ranking Republican, the gentleman from Ohio on the full committee, and the ranking Republican, the gentleman from Indi-

ana [Mr. HILER] on the subcommittee, for their leadership in this effort.

The provisions of this bill specify that the U.S. Treasury mint a series of four gold bullion coins that will be available to consumers. These coins will have a legal tender status of $50, $25, $10, and $5. No American gold coins have circulated since 1934 when the United States abandoned the domestic gold standard. After Congress lifted the restrictions on the private ownership of gold bullion in 1974, Americans have invested in foreign gold coins. On October 1 of this year, President Reagan banned the importation of gold Krugerrands into the United States. By enacting S. 1639, we will be providing domestic and foreign investors an alternative to other gold coins and thus will be bringing new investment to the United States.

I would like to take this opportunity to point out to the House that the design for the gold coin in this bill was designed by my constituent, Mrs. Mylie Busisk of Dallas, TX. Mrs. Busisk's design incorporated in this bill is a family of eagles, with the male carrying an olive branch and flying above a nest containing a female eagle and hatchlings. It was her intention in designing this coin that the design symbolize America's positive leadership, strength, and hope in the world. I would like the House also to know that Chairman ANNUNZIO has worked diligently to see that this legislation comes to fruition and for that, Mr. Chairman, I thank you.

Mr. WYLIE. Mr. Speaker, I yield 2 minutes to the gentleman from Illinois [Mr. CRANE].

Mr. CRANE. Mr. Speaker, I, too, would like to extend congratulations to my two distinguished colleagues, the gentleman from Illinois and the gentleman from Ohio, with whom I had the honor and privilege of serving on the Banking Committee during the first 6 years that I was here in the Congress.

I have long embraced this idea of minting gold coins; in fact, I have a bill of my own along these same lines, H.R. 71, that I introduced earlier this year. But I happily embrace passage of S. 1639. I think it is a long overdue reassertion of a lost congressional prerogative, in fact lost for 50 years in this country. The most important aspect of this is that if one goes back and traces the constitutional origins of the minting of gold coins, it was as the result of the Revolutionary experience with fiat money, the so-called Continental notes, which were not convertible and in fact sank to about 2 cents on the dollar. For many years we made reference to "not worth a Continental" in describing the value of paper money as currency.

Reestablishing the minting of coins is a reestablishment of an important congressional prerogative. Under article I, section 8, Congress is authorized to coin money, not to print paper.

I think taking this giant forward step addresses that important vacuum. There may be multiple motivations why Members want to support this legislation, but I salute those who have played so active and bipartisan a role in reestablishing this important function of the Congress of the United States and urge all of our colleagues to join in support of this landmark legislation.

Mr. Speaker, I would like to embrace this legislation as a giant stride forward toward the monetary system envisioned by the Founding Fathers of this great Nation. Under article I, section 8 of the Constitution, Congress is given the power "to coin money." Over the last 50 years, since the Gold Reserve Act of 1934, Congress has ignored its duty to maintain a monetary system based upon hard currency and has instead delegated to the Federal Reserve System the right to print paper currency. Today, though for various reasons, Congress is regaining its authority by authorizing the U.S. Treasury to mint four different gold coins as legal tender. This bill, S. 1639 is a most important step toward the gold standard, the currency system for which I have been calling since my days as a member of the Banking Committee and which is reflected in my own bill, H.R. 71, a bill to allow the minting of American Gold Eagle Coins.

I have been a longtime advocate of restoration of a system of honest money, money which is not backed by the market's confidence in the Federal Reserve's willingness or unwillingness to print money, but is backed by gold, a monetary instrument whose value has been held in confidence since the time of ancient Greece, when gold coins came into wide use as acceptable currency.

I cannot stress enough the importance of returning to a currency system backed by gold. In this time of soaring national debt and recurrent deficits, and a time when Congress continues to fight against facing the reality that it should only spend what the American people are willing to pay for through an already overburdening Tax Code, there is a great temptation on the part of the Federal Reserve to monetize the debt. By having the power to legally counterfeit the dollar, that is printing enough money to pay off the national debt without backing that money with some item of intrinsic value, the Federal Reserve has the power to cause the same type of massive inflation experienced by Germany in its attempt to pay reparations for World War I and which is currently being experienced by Bolivia as it prints currency to pay for that which its citizens are unwilling or unable to pay for in direct taxes. A gold standard would prevent the manipulation of the money supply to pay off the debts of the Government by eliminating the potential for legal counterfeiting on the part of the Federal Government. S. 1639 is a monumental step toward that standard of honest money.

Mr. WYLIE. Mr. Speaker, I yield 4 minutes to the gentleman from California [Mr. LEWIS].

Mr. LEWIS of California. Mr. Speaker, in beginning my remarks, I would like to also join my colleagues in expressing my appreciation for our chairman, Mr. ANNUNZIO, for the ranking member of the full committee, CHALMERS WYLIE as well as the ranking member of the subcommittee, Mr. HILER.

The gentleman from Illinois might want to know that I demonstrated last evening very clearly the great respect and regard with which I hold him and his work here in the Congress. I think so much of the gentleman from Chicago, in fact, that last evening I spent about 2 hours just circling his city, thinking about the great work he has done on this bill this year.

Mr. Speaker and Members, it has been over 50 years since the United States has been in the gold coin business in this manner. This bill reverses that pattern and is a reflection of a confluence of attitudes, interests, and concerns that really are the heart of the kind of compromise that allows us to make progress through the legislative process.

This bill calls for a 1-ounce gold coin, a one-half ounce, a one-fourth ounce, and a one-tenth ounce. The bill includes gold coins that have specific dollar amount designations on their face; $50 on the 1 ounce, $25 on the one-half ounce, $10 on the one-fourth ounce, and $5 on the one-tenth ounce.

It is generally understood by those who view these things in the coin world that the designation of a $50 amount on the 1-ounce gold is essentially a fictitious amount, but it is significant in terms of those people who are involved in the collecting of gold coins; it will attract a good deal of interest on the part of that marketplace; but the fundamental point is that this coin, the 1 ounce and the smaller coins do reflect an intrinsic value that is and will be the market value of the amount of gold involved in the coin.

I think it is significant to note that this set of coins will be legal tender; and as such, in a not-so-subtle way, will provide an alternative currency potential. In case in the future—I doubt that it would happen in this country—but if in the future, the Federal Reserve decided to turn on the printing press and thereby devalue our paper dollar, people could look to gold coins as an alternative, reflecting the real worth as they see it in terms of what currency ought to be all about.

Mr. Speaker, no small piece of the point behind this bill, and no small element in the compromise that has been developed here is the fact that for some years now the United States has been itself involved in a significant trade deficit, and specifically a trade

deficit as it relates to gold coin trading.

Last year, that amounted to close to $1 billion of trade deficit—some $400 million of that imbalance flowed to the country of South Africa. For indeed, a number of countries have involved themselves in gold coinage, and have been very effective in the marketplace, while America has chosen to be outside of that marketplace.

This will change that pattern, and I personally believe that today we are faced with a golden opportunity as America enters this marketplace. I predict the American Eagle coins will swamp the marketplace.

□ 1235

Let me conclude by mentioning one other item: It is significant for us to respond to the question Mr. WYLIE, raised which I think should be legislatively clarified if necessary. The question of possible conflict with provisions of international trading agreements are important for us to consider, and at this point I have concluded that that is largely a lawyer's technical concern. For presently Canada is in the gold coin business, and Canada produces all of her coins from her own gold production. If we are in violation of an international agreement, then our ally, Canada, would be as well.

I am quite certain we will be able to settle such technical questions that may be raised. They are always raised when significant legislation is passed.

Let's discuss for a few moments the background of this effort. The "Gold Bullion Coin Act of 1985" has an extensive history. My colleagues know that I have been working for the adoption of this legislation for a number of years. In the fall of 1984, I introduced H.R. 6332 calling for the minting of a 1-ounce U.S. gold coin. In the 99th Congress, my colleague JULIAN DIXON and I introduced H.R. 1123 which was subsequently and substantially included in the conference report on H.R. 1640, which this House passed on August 1, 1985. The conference report provisions are nearly identical to the language of H.R. 3729 that I introduced earlier this month as a companion bill to S. 1639.

The United States has not produced a general circulation gold coin for over 50 years. In 1933, gold coins were barred from circulation by a Presidential Executive order. Congress removed the restriction on the private ownership of gold bullion in 1974. Since that time, Americans have looked to foreign countries for their gold purchases. The sale of South African Krugerrands, Canadian Maple Leafs, and Mexican bullion coins have thrived largely because of the American investment dollar. By walking away from this market, we have allowed other countries to take full advantage of gold coin trade with no U.S. competition. The United States has in effect unilaterally declined to participate in a profitable trade initiative.

Anyone who looks at the U.S. balance of trade and foreign debt situation can see the wisdom in producing gold coins. In 1984 alone, Americans spent over $1 billion on foreign gold coins imported and sold in the United States. Four hundred million dollars alone went to the Government of South Africa for the trading of the once popular Krugerrand gold coin. The declining demand for the Krugerrand in recent months has forced South Africa to discontinue the coin's production. Thus, the timely introduction of American gold coins to the marketplace gives buyers the opportunity to invest their money in this country. In addition, investment money that was once contributing to our large trade deficit can now be positively directed to improve our balance of trade and reduce the Federal budget deficit.

Not only will a new U.S. general circulation gold coin help reduce our trade deficit, but it will have important monetary implications as well. In the past, when the Federal Reserve has had the urge to turn on the printing press, individuals holding dollars actually saw the value of their holdings disappear before their eyes. With a substitute for paper dollars, Americans can better protect themselves from the eroding effect of inflation. Gold coins provide such protection; their value increases with the decreasing value of the dollar.

The legislation calls for the issuance of four gold coins of 1 ounce, one-half ounce, one-quarter ounce, and one-tenth ounce weights with nominal face values of $50, $25, $10, and $5 respectively. The coins will have legal tender status and will be minted from newly mined U.S. gold or from gold held on reserve at the Treasury. Although priority will be given to newly mined U.S. gold, it is anticipated that the demand for these coins will far outweigh current gold production and thus draw downs of U.S. gold reserves will occur. The significance of this is that while these reserves are valued by the Government at $42 per ounce, the gold will be sold at the prevailing market price—currently well over $300 per ounce—with the resulting profit differential being applied to reduce the national debt.

While some voices of concern have been raised regarding possible violations of international trade agreements due to the procurement provisions of this bill, I do not believe this will be the case. For example, in minting their own Canadian Maple Leaf coins, the Canadian Government exclusively use their own mined gold. The United States would no more be in violation of procurement agreements—with its sourcing of gold than the Canadians. Nonetheless, to the extent there may be any technical international trade agreement questions regarding this legislation, should correcting modifications be required, I believe that could be quickly achieved via subsequent legislation.

For the record, I want to make explicit a few of the issues that we intend this coinage to serve. The gold coins created by this act are legal tender of the United States—they are monetary instruments, in every sense of that concept, at their fair market value in terms of their gold content.

While it is true that the gold coins have a fictional face value of $50 on the 1-ounce coin, $25 on the half-ounce coin, $10 on the quarter-ounce coin, and $5 on the tenth-ounce coin, the purpose of these fictional values is to increase the attraction of the coins to investors and collectors who might tend to look upon a coinage denominated only in "ounces" as something too new to be familiar—and familiarity is one of the necessary conditions for a coinage to serve as money.

We are creating this gold coinage today as a first step toward a completely free and competitive monetary regime, in which people—not only Americans but also the people of every other Nation in the world—can have something to choose as money that is based on more than the whim of politicians and central bankers.

The actual denomination of these new coins will be obvious to everyone—1 troy ounce, half-ounce, quarter-ounce, and tenth-ounce. Their value will be determined by the free market, just as the values of all other goods and services are determined.

The fictional face value on the coins will not have any legal or economic effect on the circulation of the coins or their use in payment of debts denominated in terms of ounces of gold, but it will be useful as a device under the General Agreement on Tariffs and Trade to facilitate the duty-free import and export of these American ounce coins in world commerce.

The idea for this gold coinage was first presented to Congress by the report of the Gold Commission in 1982. The Gold Commission was a special joint commission with representatives from the Federal Reserve, the Council of Economic Advisers, the Joint Economic Committee, the Senate and House Banking Committees, and the public. The 17-member Commission was chaired by the Secretary of Treasury, who is presently the chief of staff at the White House. One of the Gold Commission's most active members was our former colleague, Ron Paul of Texas, who had made the reestablishment of a U.S. gold coinage his primary mission in his four terms in Congress.

The Gold Commission's duty was to sit in judgment on the controversey surrounding the role of gold. There were voices demanding a "return to the gold standard" and a mixture of opinions regarding the role of monetary policy and alternative regimes the United States might adopt to stabilize our system. The Gold Commission was mandated to study and recommend a policy to the Congress that would set the role of gold in our monetary system, with as little regard to politics or prejudice as might be possible. Its report to the Congress was transmitted on March 31, 1982.

The sole recommendation of the Gold Commission was Ron Paul's proposal for a U.S. gold coinage. The Gold Commission, like the Congress today, supported the concept of a gold bullion-weight coinage with a common consensus that such a coinage will

be an overall benefit to our monetary system.

To quote the report of the Gold Commission:

Among those who support the proposal, two conceptions of the character of the demand for such coins are evident. Some of us expect the demand for such coins to be an investment demand, similar to the demand for Krugerrands, Maple Leafs, Mexican Onzas, and other foreign coins that have found a market in this country. Others expect the demand for such coins to be (or have the potential to be) a demand for their use as money. Their value would change from day to day as the value of the gold content of the coin fluctuated in the free gold market.

Some advocates of this proposal see such coins as facilitating the development of a dual monetary system, which would impose an additional degree of discipline on discretionary operation of monetary policy.

This was the case that Congressman Paul put before the Gold Commission, and he carried the Secretary of the Treasury and the overwhelming majority of the Gold Commission with him.

The clear intent of the Commission in its recommendation to the Congress was to create competition in these two aspects of the monetary system: First, between gold coins from different issuers, to let the American public have the opportunity to satifsfy a strongly revealed demand for such coins in a way that would not require them to extend a hand to a foreign sovereign; and second, between forms of money, as in a dual monetary system with the parallel, concurrent circulation of gold ounces and paper dollars—with the clear implication that without an exclusive circulation of the one form or other, there could, evolve some greater implicit discipline on the monetary authorities.

Although there have been no committee hearings and no reports in this Congress on the gold coinage, the Banking Committees of the House and Senate have thoroughly examined the merits of the proposal in the 98th and 97th Congresses, and of course we have the report of the Gold Commission as part of the legislative history of this monetary reform.

I believe that history will unfold an evolution in the role of these new U.S. gold coins. From a small but auspicious beginning, millions of Americans will become owners of gold bullion coins. When the day comes—and it will—when the paper dollar once again depreciates rapidly due to an irresponsible and inflationary monetary policy, our people will turn to their bullion coins and find in our action today the foundation for monetary stability.

Mr. WYLIE. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. ANNUNZIO. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois [Mr. ANNUNZIO] that the House suspend the rules and pass the Senate bill, S. 1636.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the Senate bill, S. 1639, was passed.

A motion to reconsider was laid on the table.

RECORD NUMBER OF FBI SPY ARRESTS: BLIND COINCIDENCE?

(Mr. GROTBERG asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GROTBERG. Mr. Speaker, I would like to applaud the FBI's recent success in capturing numerous spies against the United States. But at the same time, the proliferation of these spy cases makes me very uneasy. Are the record number of FBI arrests the result of an increased emphasis by our counterintelligence agents, or is the United States so overridden with spies that a concentrated shake of the espionage tree, or just blind coincidence, responsible for the latest bevy of traitors? I would very much like to believe the former—that the FBI is cracking down on this most insidious business of citizens betraying their country, and that the recent arrests are the fruit of their efforts. But I am not completely convinced. I urge the FBI to continue with all vigor its efforts to root out espionage against the United States. Fourteen arrests may make 1985 a record year in the counterintelligence world, but it is disquieting to think that in all likelihood 14 arrests barely even brush the surface, and underneath the covert world of espionage goes on mostly undisturbed.

FAIR DEBT COLLECTION PRACTICES ACT AMENDMENTS

Mr. ANNUNZIO. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 237) to amend the Fair Debt Collection Practices Act to provide that any attorney who collects debts on behalf of a client shall be subject to the provisions of such act.

The Clerk read as follows:

H.R. 237

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the last sentence of section 803(6) of the Fair Debt Collection Practices Act (15 U.S.C. 1692a(6)) is amended—

(1) by striking out clause (F) and redesignating clause (G) as clause (F); and

(2) in clause (E), by inserting "and" at the end thereof.

(b) The second sentence of section 803(6) of the Fair Debt Collection Practices Act (15 U.S.C. 1692a(6)) is amended by striking out "clause (G)" and inserting in lieu thereof "clause (F)".

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Illinois [Mr. ANNUNZIO] will be recognized for 20 minutes and the gentleman from Indiana [Mr. HILER] will be recognized for 20 minutes.

The Chair recognizes the gentleman from Illinois [Mr. ANNUNZIO].

GENERAL LEAVE

Mr. ANNUNZIO. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 237.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ANNUNZIO. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is very simple legislation. It is cosponsored by 127 Members of this body. It merely says that lawyers who collect consumer debts must comply with the provisions of the Fair Debt Collection Practices Act.

When the act was originally passed it did not apply to lawyers because most lawyers did not act as debt collectors. We thought that those that did would be operated in an ethical manner or be subject to State bar discipline. That had not been the case. Many lawyers are now forming debt collection agencies and advertising that they are exempt from the act. In fact, the fastest growing law firm in the country does nothing but collect debts and is totally exempt from the act. Complaints to bar associations have brought little or no action against lawyers who use questionable tactics in debt collection.

H.R. 237 is a fairness bill. It makes certain that all debt collectors operate under the same set of rules, a set of rules which debt collectors themselves have testified are easy to follow and do not restrict the business of ethical debt collectors.

Some may argue that lawyers who only collect debts on an occasional basis should not be covered by this bill. They point to testimony from the Federal Trade Commission that it has received only a few complaints about lawyer debt collectors as a reason not to cover all lawyers. Following that testimony the American Collectors Association filed a freedom-of-information request to obtain copies of those few complaints.

It turns out that rather than a few complaints the FTC has received some 1,400 complaints about lawyer-collectors. Thus, it is not just the lawyer collection firms that are causing problems but also lawyers who collect on an occasional basis.

Are we causing unnecessary problems for lawyers who once or twice a year handle a collection manner for a client? Absolutely not. The original act clearly exempts such activities. Only people who regularly collect debts for a third party are covered. We

do not change that exemption in this bill. Thus, a lawyer who collects only a few accounts a year would continue to be exempt from the act.

I should also point out that what we are asking lawyers to do is not very complicated. We only want them to operate in an ethical way. Any lawyer who can't follow the few simple guidelines in the act, should not have a license to practice law.

I want to thank the ranking minority member of the committee, Mr. WYLIE, who also sits on the subcommittee, and the subcommittee's ranking minority member, Mr. HILER, for their cooperation in bringing this bill to the floor. Mr. WYLIE has been a strong supporter of the bill from the beginning, and Mr. HILER, although he has some concerns about the bill, helped to a great extent in our deliberations.

Let me point out that this bill is supported by all the major consumer groups, and last year the Senate overwhelmingly passed an identical bill.

The act has been successful in eliminating unfair and abusive practices aimed at consumers who, through sickness, unemployment, or other misfortune, have been unable to meet their financial obligations. The success of the act is due, in large part, to the support of the collectors, led by the American Collectors Association and the Associated Credit Bureaus, to ensure reputable, ethical, and honest behavior on the part of the Nation's 4,500 debt collectors. The success of collectors in complying with the act is reflected in the small number of lawsuits brought for violations of the act. While there have been a few suits involving substantive violations of the act, most of the suits filed are technical in nature.

While the act has been a success, there is a large number of debt collectors who consider themselves exempt from the act. This group is the estimated 5,000 attorneys who are involved in debt collection activities. Not only are these attorneys exempt from the provisions of the act, but they claim that their many lay employees are also exempt, even though the lay employees do nothing but collect debts full time with minimal supervision by an attorney.

These attorney debt collection operations are not small operations by any means. The largest debt collection law firm is also one of the fastest growing law firms in the country. According to the 1985 Legal Times law firm survey, it moved up in rank 75 places since the 1984 survey, and is now the 170th largest law firm in the country. It has more branch offices than all but one other law firm in the Nation. It employs over 700 lay persons, in addition to its 121 attorneys. Most of these lay employees have the job title of account representative and do nothing but collect debts full time.

The vast majority of accounts placed with these debt collection law firms never see the inside of a courtroom. In 1983, for example, no suit was brought in 93 percent of the 400,000 accounts handled by the largest firm. These accounts are handled in the same manner as lay collectors. There is only one difference, and that is an important one. These attorney collection firms are not bound by the provisions of the Fair Debt Collection Practices Act.

Many attorney collectors trumpet that fact. One such office advises creditors that the creditor is protected from counterclaims based on violations of the act if the debt is collected by an attorney. Other attorney collection firms have separate collection departments and advise the creditor to contact their lay collection department manager. As one law office claims in its solicitations "our collection department performs all those functions performed by collection agencies."

There are those who claim that H.R. 237 is unnecessary because attorney violations are rare and can be handled on a case-by-case basis by State and local bar associations. Unfortunately, the record does not bear this out. As early as 1968, the New York City Bar Association noted:

> The staggering increase in recent years in installment and other credit sales has had a profound affect on that segment of the bar involved in collection work. The demand of volume threatens to destroy all vestiges of professionalism. The problem is too extensive to be remedied on a case-by-case basis.

The intervening years and passage of the act have not seen any improvement in attorney conduct. Responding to a 1983 survey, the Massachusetts Bar Council considered abusive debt collection activities a "serious problem."

Opponents to H.R. 237 like to cite that the Federal Trade Commission has brought only one action in 8 years against an attorney collector. That the policeman is asleep is no evidence that the neighborhood is crime free.

What opponents do not cite is the fact that State bar associations have taken 17 disciplinary actions involving attorney debt collection practices. Of the 17, 9 were warnings, 4 were private admonitions, and 3 were private reprimands. Only one involved more serious sanctions, and that involved misconduct "substantially more serious than abusive debt collection practices," according to the bar association. It is clear that bar disciplinary proceedings have been totally ineffective in policing attorney collection conduct.

We should go on record that we do not set lower standards of conduct for lawyers than we do for other businesses.

What is even more dismal than this record of mild slaps on the wrist—in private at that—is the refusal of most bar associations to discipline at all. Fully half of the bar associations which responded to the 1983 survey reported that no disciplinary actions had been taken against an attorney for conduct that would have been a violation of the Fair Debt Collection Practices Act if engaged in by a debt collector. In other words, half the bar associations of America ignore the act when it comes to attorneys.

The removal of the attorney exemption will not interfere with the practice of law by the Nation's attorneys. It will not prevent them from representing the interests of their clients. It will not subject them to onerous regulation. What it will do is assure that consumers are not subjected to the harassment, abuse, and unfair tactics that the Fair Debt Collection Practices Act is intended to outlaw. It is time the law applied to attorneys at law.

Mr. HILER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, while I respect the position of Chairman ANNUNZIO in support of H.R. 237, I must oppose this legislation to repeal the existing attorney exemption under the Fair Debt Collection Practices Act.

When the Fair Debt Collection Practices Act was enacted in 1977, most attorney collection services were performed incidentally to the general practice of law. Since enactment, attorneys' debt collection activities have expanded. Unfortunately, some lawyers have interpreted their limited exemption under the FDCPA as a blanket exemption for anyone who has passed a bar examination. A few have established what are, for all intents and purposes, traditional debt collection agencies with the intent of exploiting the competitive advantage conferred by their supposed exemption from the law. Some of these attorneys have gone so far as to advertise their exemption.

The Federal Trade Commission, which enforces the FDCPA, has made clear its position that this exception does not apply to attorneys who are operating debt collection agencies. In its last four annual reports to Congress, the Commission has recommended that Congress take action to clarify the attorney exemption in order to eliminate the apparent confusion over its scope. At the same time, the FTC has indicated its opposition to an across-the-board repeal of the exemption. It continues to maintain that attorneys who collect debts as attorneys on behalf of clients should be exempt from the Fair Debt Collection Practices Act.

I share the FTC's view that the current attorney exemption under the FDCPA should be retained. I also agree with the Commission's contention that the existing exception should be clarified to help eliminate its abuse by misguided lawyers who believe that a law degree is all that is necessary to qualify for the exemption.

The Federal Trade Commission has testified in hearings before the Consumer Affairs and Coinage Subcommittee that attorneys collecting debts as attorneys-at-law are not causing a significant problem. In the year from February 1, 1984, to January 31, 1985, the FTC received slightly more than 2,000 complaints about collection practices. Only 42 of these concerned attorneys, and of these 42, only 29 possibly could be violations of the Fair Debt Collection Practices Act.

Furthermore, the FTC already has authority under section 5 of the Federal Trade Commission Act to take action against attorneys who engage in abusive, unfair, or deceptive collection practices.

I generally subscribe to the philosophy that "if it ain't broke, don't fix it." Attempting to fix a problem that doesn't exist more often than not leads to new problems. This promises to be the result of a blanket repeal of the attorney exemption under the Fair Debt Collection Practices Act.

The Federal Trade Commission has maintained that subjection to the FDCPA would create practical problems for attorneys collecting debts as attorneys-at-law. In particular, they have indicated that the application of sections 804, 805(b), 805(c), and 809 to such attorneys would inhibit their ability to effectively represent a client. For example, if attorneys are subject to sections 804 and 805(b), their ability to contact third parties in order to facilitate settlements will be severely limited. In addition, the application of section 809, which deals with the validation of debts, could very easily interfere with a client's right to pursue judicial remedies.

The American Bar Association and Commercial Law League of America also have expressed concern with the potential effects of certain provisions of the FDCPA on the practice of law as it relates to debt collection.

We also should bear in mind that although the collection activities of attorneys have increased over the past several years, and the specialized collection firm has emerged in urban areas, much collection activity undertaken by attorneys is still performed incidentally to the provision of professional legal services. Certainly, the small law firm which collects debts incidentally to the general practice of law would be hit particularly hard by the application of the FDCPA to attorneys.

For all of these reasons—the absence of evidence that attorneys-at-law are engaging in abusive collection practices; the availability of an alternative enforcement mechanism (section 5 of the FTC Act) for dealing with abusive practices exercised by attorneys; and the adverse consequences that subjection to the FDCPA would have on the practice of law as it pertains to the collection of debts—I opposed H.R. 237 when it was considered in the Consumer Affairs and Coinage Subcommittee and later in the Banking Committee.

During both the subcommittee and committee markup of this legislation, I offered an amendment which I firmly believe will solve the problem that does exist with attorneys who think they can establish traditional debt collection agencies and consider themselves exempt from the FDCPA. This amendment proposes to retain the existing exemption, but with stipulated conditions under which such an attorney would forfeit this exemption. If an attorney-at-law collecting debts as an attorney either: First, owns, operates, or is employed by a firm that is engaged substantially in the collection of debts; or second, employs nonattorneys whose primary responsibility is the handling or processing of debts; and third, or solicits debts for collection, he would lose his exemption under the Fair Debt Collection Practices Act. Regrettably, this amendment was defeated in both subcommittee and committee on a voice vote.

While I too am concerned about the protection of the consumer from abusive, unfair, and deceptive debt collection practices, I do not support placing unnecessary shackles on attorneys who collect debts as part of a legitimate law practice. I would much prefer a targeted approach that eliminates the existing abuse of the exemption without interfering with the legitimate collection practices of attorneys-at-law; The shotgun approach represented by H.R. 237 almost certainly will create new problems. I remain convinced that a simple clarification of the existing attorney exemption under the Fair Debt Collection Practices, rather than a blanket repeal, is the advisable solution to what is, after all, a very limited problem.

Mr. Speaker, I yield such time as he may consume to the ranking member of the Committee on Banking, Finance and Urban Affairs, the gentleman from Ohio [Mr. WYLIE].

Mr. WYLIE. Mr. Speaker, I thank the gentleman from Indiana for yielding this time to me, and I appreciate his generosity in yielding me such time as I may consume.

Mr. Speaker, I rise in support of H.R. 237, which provides for an across-the-board repeal of the attorney exemption currently found in the Fair Debt Collection Practices Act.

In 1976, I was ranking Republican on the Consumer Affairs and Coinage Subcommittee, when we first took up legislation to regulate the debt collection business. In that year, the subcommittee took up specific legislation, including Chairman ANNUNZIO's H.R. 11969.

I remember sitting in the Banking Committee's hearing room and questioning the limited applicability of that particular bill. In fact, at one of the hearings, I made a statement that I believe bears repeating today. I said, and I quote myself:

> I have not cosponsored either H.R. 10191 or H.R. 11969, mostly because the bills apply exclusively to the independent debt collectors. If the practices defined by the bill are abusive, and the title is "To amend the Consumer Protection Act to prohibit abuses and abusive practices by debt collectors," then the practices are just as reprehensible if exercised by other than the independent debt collector.

Certainly, a more level playing field would be accomplished for collectors with the passage of H.R. 237, because all those engaging in third-party debt collection would be playing by the same rules.

Mr. Speaker, I endorse the blanket repeal of this special exception for attorneys for two reasons. First, the elimination of the attorney exemption under the Federal collection practices law is necessary if consumers are to be provided with full protection from abusive and unfair collection practices exercised by third-party collectors. Under current law, consumers remain unprotected from one class of third-party collectors—attorney collectors—whose numbers and range of collection activities have increased substantially since the Fair Debt Collection Practices Act was enacted in 1977. To those of us genuinely concerned with the protection of the consumer, this situation is clearly unacceptable. I really don't think it matters much to an individual whether the collector who is harassing him, or humiliating him before his friends and neighbors, or mistakenly dunning him, is a traditional collector or an attorney collector.

Second, the repeal of the attorney exemption is necessary to ensure that attorneys do not have an unwarranted competitive advantage over traditional collectors in the collection of debts. Of particular concern to me is that some attorneys have gone so far as to advertise their exemption from the Fair Debt Collection Practices Act.

In conclusion, Mr. Speaker, I believe that my statement of a decade ago is as valid today as it was then. I hope Members will agree with me and see fit to approve H.R. 237. I think we owe it to the American consumer.

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Mr. HILER. Mr. Speaker, I yield back the balance of my time.

Mr. ANNUNZIO. Mr. Speaker, I urge the passage of H.R. 237, which is a fairness bill, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Illinois [Mr. ANNUNZIO] that the House suspend the rules and pass the bill, H.R. 237.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

LOAD LINES AND MEASUREMENT OF VESSELS

Mr. JONES of North Carolina. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1362) to revise, consolidate, and enact certain laws related to load lines and measurement of vessels as parts C and J of subtitle II of title 46, United States Code, as amended.

The Clerk read as follows:

H.R. 1362

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

PARTS C AND J OF SUBTITLE II OF TITLE 46, UNITED STATES CODE

SECTION 1. Subtitle II of title 46, United States Code, is amended as follows:

(1) The table of chapters at the beginning of the subtitle is amended by—

(A) striking "[PART C—RESERVED FOR LOAD LINES OF VESSELS]" and inserting—

"PART C—LOAD LINES OF VESSELS

"51. Load lines ..... 5101";

and

(B) striking "[PART J—RESERVED FOR MEASUREMENT OF VESSELS]" and inserting—

"PART J—MEASUREMENT OF VESSELS

"141. General 14101

"143. Convention measurement 14301

"145. Regulatory measurement 14501

"147. Penalties ..... 14701".

(2) Immediately after part B, strike "[PART C—RESERVED FOR LOAD LINES OF VESSELS]" and insert the following new part C:

PART C—LOAD LINES OF VESSELS

CHAPTER 51—LOAD LINES

Sec.
5101. Definitions.
5102. Application.
5103. Load line requirements.
5104. Assignment of load lines.
5105. Load line surveys.
5106. Load line certificate.
5107. Delegation of authority.
5108. Special exemptions.
5109. Reciprocity for foreign vessels.
5110. Submersible vessels.
5111. Providing loading information.
5112. Loading restrictions.
5113. Detention of vessels.
5114. Use of Customs Service officers and employees for enforcement.
5115. Regulations.
5116. Penalties.

§ 5101. Definitions

In this chapter—

(1) "domestic voyage" means movement of a vessel between places in, or subject to the jurisdiction of, the United States, except movement between—

(A) a place in a territory or possession of the United States or the Trust Territory of the Pacific Islands; and

(B) a place outside that territory, possession, or Trust Territory.

(2) "economic benefit of the overloading" means the amount obtained by multiplying the weight of the overload (in tons) by the lesser of—

(A) the average freight rate value of a ton of the vessel's cargo for the voyage; or

(B) $50.

(3) "existing vessel" means—

(A) a vessel on a domestic voyage, the keel of which was laid, or that was at a similar stage of construction, before January 1, 1986; and

(B) a vessel on a foreign voyage, the keel of which was laid, or that was at a similar stage of construction, before July 21, 1968.

(4) "freeboard" means the distance from the mark of the load line assigned under this chapter to the freeboard deck.

(5) "freeboard deck" means the deck or other structure the Secretary prescribes by regulation.

(6) "minimum safe freeboard" means the freeboard that the Secretary decides cannot be reduced safely without limiting the operation of the vessel.

(7) "weight of the overload" means the amount obtained by multiplying the number of inches that the vessel is submerged below the applicable assigned freeboard by the tons-an-inch immersion factor for the vessel at the assigned minimum safe freeboard.

§ 5102. Application

(a) Except as provided in subsection (b) of this section, this chapter applies to the following:

(1) a vessel of the United States.

(2) a vessel on the navigable waters of the United States.

(3) a vessel—

(A) owned by a citizen of the United States or a corporation established by or under the laws of the United States or a State; and

(B) not registered in a foreign country.

(4) a public vessel of the United States.

(5) a vessel otherwise subject to the jurisdiction of the United States.

(b) This chapter does not apply to the following:

(1) a vessel of war.

(2) a recreational vessel when operated only for pleasure.

(3) a fishing vessel.

(4) a fish processing vessel of not more than 5,000 gross tons that—

(A)(i) was constructed as a fish processing vessel before August 16, 1974; or

(ii) was converted for use as a fish processing vessel before January 1, 1983; and

(B) is not on a foreign voyage.

(5) a fish tender vessel of not more than 500 gross tons that—

(A)(i) was constructed, under construction, or under contract to be constructed as a fish tender vessel before January 1, 1980; or

(ii) was converted for use as a fish tender vessel before January 1, 1983; and

(B) is not on a foreign voyage.

(6) a vessel of the United States on a domestic voyage that does not cross the Boundary Line, except a voyage on the Great Lakes.

(7) a vessel of less than 24 meters (79 feet) overall in length.

(8) a public vessel of the United States on a domestic voyage.

(9) a vessel excluded from the application of this chapter by an international agreement to which the United States Government is a party.

(10) an existing vessel of not more than 150 gross tons that is on a domestic voyage.

(11) a small passenger vessel on a domestic voyage.

(c) On application by the owner and after a survey under section 5105 of this title, the Secretary may assign load lines for a vessel excluded from the application of this chapter under subsection (b) of this section. A vessel assigned load lines under this subsection is subject to this chapter until the surrender of its load line certificate and the removal of its load line marks.

(d) This chapter does not affect an international agreement to which the Government is a party that is not in conflict with the International Convention on Load Lines currently in force for the United States.

§ 5103. Load line requirements

(a) A vessel may be operated only if the vessel has been assigned load lines.

(b) The owner, charterer, managing operator, agent, master, and individual in charge of a vessel shall mark and maintain the load lines permanently and conspicuously in the way prescribed by the Secretary.

§ 5104. Assignment of load lines

(a) The Secretary shall assign load lines for a vessel so that they indicate the minimum safe freeboard to which the vessel may be loaded. However, if the owner requests, the Secretary may assign load lines that result in greater freeboard than the minimum safe freeboard.

(b) In assigning load lines for a vessel, the Secretary shall consider—

(1) the service, type, and character of the vessel;

(2) the geographic area in which the vessel will operate; and

(3) applicable international agreements to which the United States Government is a party.

(c) An existing vessel may retain its load lines assigned before January 1, 1986, unless the Secretary decides that a substantial change in the vessel after those load lines were assigned requires that new load lines be assigned under this chapter.

(d) The minimum freeboard of an existing vessel may be reduced only if the vessel complies with every applicable provision of this chapter.

(e) The Secretary may designate by regulation specific geographic areas that have less severe weather or sea conditions and from which there is adequate time to return to available safe harbors. The Secretary may reduce the minimum freeboard of a vessel operating in these areas.

§ 5105. Load line surveys

(a) The Secretary may provide for annual, renewal, and other load line surveys.

(b) In conducting a load line survey, the Secretary shall consider whether—

(1) the hull and fittings of the vessel—

(A) are adequate to protect the vessel from the sea; and

(B) meet other requirements the Secretary may prescribe by regulation;

(2) the strength of the hull is adequate for all loading conditions;

(3) the stability of the vessel is adequate for all loading conditions;

(4) the topsides of the vessel are arranged and constructed to allow rapid overboard drainage of deck water in heavy weather; and

(5) the topsides of the vessel are adequate in design, arrangement, and equipment to protect crewmembers performing outside tasks necessary for safe operation of the vessel.

§ 5106. Load line certificate

(a) On finding that a load line survey of a vessel under this chapter is satisfactory and that the vessel's load lines are marked correctly, the Secretary shall issue the vessel a load line certificate and deliver it to the owner, master, or individual in charge of the vessel.

(b) The certificate shall be maintained as required by the Secretary.

§ 5107. Delegation of authority

(a) The Secretary shall delegate to the American Bureau of Shipping or other similarly qualified organizations the authority to assign load lines, survey vessels, determine that load lines are marked correctly, and issue load line certificates under this chapter.

(b) Under regulations prescribed by the Secretary, a decision of an organization delegated authority under subsection (a) of this section related to the assignment of a load line may be appealed to the Secretary.

(c) For a vessel intended to be engaged on a foreign voyage, the Secretary may delegate to another country that is a party to the International Convention on Load Lines, 1966, the authority to assign load lines, survey vessels, determine that the load lines are marked correctly, and issue an International Load Line Certificate (1966).

(d) The Secretary at any time may revoke without cause a delegation made under this section.

§ 5108. Special exemptions

(a) The Secretary may exempt a vessel from any part of this chapter when—

(1) the vessel is entitled to an exemption under an international agreement to which the United States Government is a party; or

(2) under regulations (including regulations on special operations conditions) prescribed by the Secretary, the Secretary finds that good cause exists for granting an exemption.

(b) When the Secretary grants an exemption under this section, the Secretary may issue a certificate of exemption stating the extent of the exemption.

(c) A certificate of exemption issued under subsection (b) of this section shall be maintained as required by the Secretary.

§ 5109. Reciprocity for foreign vessels

(a) When the Secretary finds that the laws and regulations of a foreign country related to load lines are similar to those of this chapter and the regulations prescribed under this chapter, or when a foreign country is a party to an international load line agreement to which the United States Government is a party, the Secretary shall accept the load line marks and certificate of a vessel of that foreign country as complying with this chapter and the regulations prescribed under this chapter. The Secretary may control the vessel as provided for in the applicable international agreement.

(b) Subsection (a) of this section does not apply to a vessel of a foreign country that does not recognize load lines assigned under this chapter.

§ 5110. Submersible vessels

Notwithstanding sections 5103-5105 of this title, the Secretary may prescribe regulations for submersible vessels to provide a minimum level of safety. In developing the regulations, the Secretary shall consider factors relevant to submersible vessels, including the structure, stability, and watertight integrity of those vessels.

§ 5111. Providing loading information

The Secretary may prescribe regulations requiring the owner, charterer, managing operator, and agent of a vessel to provide loading information (including information on loading distribution, stability, and margin of strength) to the master or individual in charge of the vessel in a language the master or individual understands.

§ 5112. Loading restrictions

(a) A vessel may not be loaded in a way that submerges the assigned load line or the place at which the load line is required to be marked on the vessel.

(b) If the loading or stability conditions of a vessel change, the master or individual in charge of the vessel, before moving the vessel, shall record in the official logbook or other permanent record of the vessel—

(1) the position of the assigned load line relative to the water surface; and

(2) the draft of the vessel fore and aft.

(c) A vessel may be operated only if the loading distribution, stability, and margin of strength are adequate for the voyage or movement intended.

(d) Subsections (a) and (b) of this section do not apply to a submersible vessel.

§ 5113. Detention of vessels

(a) When the Secretary believes that a vessel is about to leave a place in the United States in violation of this chapter or a regulation prescribed under this chapter, the Secretary may detain the vessel by giving notice to the owner, charterer, managing operator, agent, master, or individual in charge of the vessel.

(b) A detained vessel may be cleared under section 4197 of the Revised Statutes (46 App. U.S.C. 91) only after the violation has been corrected. If the vessel was cleared before being detained, the clearance shall be withdrawn.

(c) Under regulations prescribed by the Secretary, the owner, charterer, managing operator, agent, master, or individual in charge of a detained vessel may petition the Secretary to review the detention order.

(d) After reviewing a petition, the Secretary may affirm, withdraw, or change the detention order. Before acting on the petition, the Secretary may require any independent survey that may be necessary to determine the condition of the vessel.

(e) The owner of a vessel is liable for the cost incident to a petition for review and any required survey if the vessel is found to be in violation of this chapter or a regulation prescribed under this chapter.

§ 5114. Use of Customs Service officers and employees for enforcement

(a) With the approval of the Secretary of the Treasury, the Secretary may use an officer or employee of the United States Customs Service to enforce this chapter and the regulations prescribed under this chapter.

(b) The Secretary shall consult with the Secretary of the Treasury before prescribing a regulation that affects the enforcement responsibilities of an officer or employee of the Customs Service.

§ 5115. Regulations

(a) The Secretary may prescribe regulations to carry out this part.

§ 5116. Penalties

(a) Except as otherwise provided in this section, the owner, charterer, managing operator, agent, master, and individual in charge of a vessel violating this chapter or a regulation prescribed under this chapter are each liable to the United States Government for a civil penalty of not more than $5,000. Each day of a continuing violation is a separate violation. The vessel also is liable in rem for the penalty.

(b) The owner, charterer, managing operator, agent, master, and individual in charge of a vessel allowing, causing, attempting to cause, or failing to take reasonable care to prevent a violation of section 5112(a) of this title are each liable to the Government for a civil penalty of not more than $10,000 plus an additional amount equal to twice the economic benefit of the overloading. The vessel also is liable in rem for the penalty.

(c) The master or individual in charge of a vessel violating section 5112(b) of this title is liable to the Government for a civil penalty of not more than $5,000. The vessel also is liable in rem for the penalty.

(d) A person causing or allowing the departure of a vessel from a place within the jurisdiction of the United States in violation of a detention order issued under section 5113 of this title shall be fined not more than $10,000, imprisoned for not more than one year, or both.

(e) A person causing or allowing the alteration, concealment, or removal of a mark placed on a vessel under section 5103(b) of this title and the regulations prescribed under this chapter, except to make a lawful change or to escape enemy capture in time of war, shall be fined not more than $10,000, imprisoned for not more than 2 years, or both.

(3) Immediately after part I, strike "[PART J—RESERVED FOR MEASUREMENT OF VESSELS]" and insert the following new part J:

PART J—MEASUREMENT OF VESSELS

CHAPTER 141—GENERAL

Sec.

14101. Definitions.

14102. Regulations.

14103. Delegation of authority.

14104. Measurement to determine application of a law.

§ 14101. Definitions

In this part—

(1) "Convention" means the International Convention on Tonnage Measurement of Ships, 1969.

(2) "existing vessel" means a vessel the keel of which was laid or that was at a similar stage of construction before July 18, 1982.

(3) "Great Lakes" means—

(A) the Great Lakes; and

(B) the St. Lawrence River west of—

(i) a rhumb line drawn from Cap des Rosiers to West Point, Anticosti Island; and

(ii) on the north side of Anticosti Island, the meridian of longitude 63 degrees west.

(4) "vessel engaged on a foreign voyage" means a vessel—

(A) arriving at a place under the jurisdiction of the United States from a place in a foreign country;

(B) making a voyage between places outside the United States (except a foreign vessel engaged on that voyage);

(C) departing from a place under the jurisdiction of the United States for a place in a foreign country; or

(D) making a voyage between a place within a territory or possession of the United States and another place under the jurisdiction of the United States not within that territory or possession.

§ 14102. Regulations

The Secretary may prescribe regulations to carry out this part.

§ 14103. Delegation of authority

(a) The Secretary may delegate to a qualified person the authority to measure a vessel and issue an International Tonnage Certificate (1969) or other appropriate certificate of measurement under this part.

(b) Under regulations prescribed by the Secretary, a decision of the person delegated authority under subsection (a) of this section related to measuring a vessel or issuing a certificate may be appealed to the Secretary.

(c) For a vessel intended to be engaged on a foreign voyage, the Secretary may delegate to another country that is a party to the Convention the authority to measure the vessel and issue an International Tonnage Certificate (1969) under chapter 143 of this title.

(d) The Secretary at any time may revoke without cause a delegation made under this section.

§ 14104. Measurement to determine application of a law

When the application of a law of the United States to a vessel depends on the vessel's tonnage, the vessel shall be measured under this part.

CHAPTER 143—CONVENTION MEASUREMENT

Sec.
14301. Application.
14302. Measurement.
14303. International Tonnage Certificate (1969).
14304. Remeasurement.
14305. Optional regulatory measurement.
14306. Reciprocity for foreign vessels.
14307. Inspection of foreign vessels.

§ 14301. Application

(a) Except as otherwise provided in this section, this chapter applies to the following:

(1) a documented vessel.

(2) a vessel that is to be documented under chapter 121 of this title.

(3) a vessel engaged on a foreign voyage.

(b) This chapter does not apply to the following:

(1) a vessel of war.

(2) a vessel of less than 24 meters (79 feet) overall in length.

(3) a vessel operating only on the Great Lakes, unless the owner requests.

(4) a vessel (except a vessel engaged on a foreign voyage) the keel of which was laid or that was at a similar stage of construction before January 1, 1986, unless—

(A) the owner requests; or

(B) the vessel undergoes a change that the Secretary finds substantially affects the vessel's gross tonnage.

(5) before July 19, 1994, an existing vessel unless—

(A) the owner requests; or

(B) the vessel undergoes a change that the Secretary finds substantially affects the vessel's gross tonnage.

(c) A vessel made subject to this chapter at the request of the owner may be remeasured only as provided by this chapter.

(d) After July 18, 1994, an existing vessel (except an existing vessel referred to in subsection (b)(5) (A) or (B) of this section) may retain its tonnages existing on July 18, 1994, for the application of relevant requirements under international agreements (except the Convention) and other laws of the United States. However, if the vessel undergoes a change substantially affecting its tonnage after July 18, 1994, the vessel shall be remeasured under this chapter.

(e) This chapter does not affect an international agreement to which the United States Government is a party that is not in conflict with the Convention or the application of IMO Resolutions A.494 (XII) of November 19, 1981, A.540 (XIII) of November 17, 1983, and A.541 (XIII) of November 17, 1983.

§ 14302. Measurement

(a) The Secretary shall measure a vessel to which this chapter applies in the way provided by this chapter and the Convention.

(b) A vessel measured under this chapter may not be required to be measured under another law.

(c) Unless otherwise provided by law, the measurement of a vessel under this chapter applies to a law of the United States whose applicability depends on a vessel's tonnage, if that law—

(1) becomes effective after July 18, 1994; or

(2) is in effect before July 19, 1994, is not enumerated in section 14305 of this title, and is identified by the Secretary by regulation as a law to which this chapter applies.

§ 14303. International Tonnage Certificate (1969)

(a) After measuring a vessel under this chapter, the Secretary shall issue, on request of the owner, an International Tonnage Certificate (1969) and deliver it to the owner or master of the vessel.

(b) The certificate shall be maintained as required by the Secretary.

§ 14304. Remeasurement

(a) To the extent necessary, the Secretary shall remeasure a vessel to which this chapter applies if—

(1) the Secretary or the owner alleges an error in its measurement; or

(2) the vessel or the use of its space is changed in a way that substantially affects its tonnage.

(b) Except as provided in this chapter or section 14504 of this title, a vessel that has been measured does not have to be remeasured to obtain another document or endorsement under chapter 121 of this title.

§ 14305. Optional regulatory measurement

(a) On request of the owner of a documented vessel measured under this chapter, the Secretary also shall measure the vessel under chapter 145 of this title. The tonnages determined under that chapter shall be used in applying—

(1) parts A, B, C, E, F, and G and sections 12106(c) and 12108(c) of this title;

(2) section 3(d)(3) of the Longshore and Harbor Workers' Compensation Act (33 U.S.C. 903(d)(3));

(3) section 4 of the Bridge to Bridge Radiotelephone Act (33 U.S.C. 1203(a));

(4) section 4(a)(3) of the Ports and Waterways Safety Act (33 U.S.C. 1223(a)(3));

(5) section 4283 of the Revised Statutes of the United States (46 App. U.S.C. 183);

(6) sections 27 and 27A of the Act of June 5, 1920 (46 App. U.S.C. 883 and 883-1);

(7) Act of July 14, 1956 (46 App. U.S.C. 883a);

(8) sections 351, 352, 355, and 356 of the Ship Radio Act (47 U.S.C. 351, 352, 354, and 354a);

(9) section 403 of the Commercial Fishing Industry Vessel Act (46 U.S.C. 3302 note);

(10) the Officers' Competency Certificates Convention, 1936, and sections 8303 and 8304 of this title;

(11) the International Convention for the Safety of Life at Sea as provided by IMCO Resolution A.494 (XII) of November 19, 1981;

(12) the International Convention on Standards of Training, Certification, and Watchkeeping for Seafarers, 1978, as provided by IMO Resolution A.540 (XIII) of November 17, 1983;

(13) the International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 Relating to the International Convention for the Prevention of Pollution from Ships, 1973, as provided by IMO Resolution A.541 (XIII) of November 17, 1983;

(14) provisions of law establishing the threshold tonnage levels at which evidence of financial responsibility must be demonstrated; or

(15) unless otherwise provided by law, any other law of the United States in effect before July 19, 1994, and not listed by the Secretary under section 14302(c) of this title.

(b) As long as the owner of a vessel has a request in effect under subsection (a)(1) of this section, the tonnages determined under that request shall be used in applying the other provisions of law described in subsection (a)(1) to that vessel.

§ 14306. Reciprocity for foreign vessels

(a) When the Secretary finds that the laws and regulations of a foreign country related to measurement of vessels are similar to those of this chapter and the regulations prescribed under this chapter, or when a foreign country is a party to the Convention, the Secretary shall accept the measurement and certificate of a vessel of that foreign country as complying with this chapter and the regulations prescribed under this chapter.

(b) Subsection (a) of this section does not apply to a vessel of a foreign country that does not recognize measurements under this chapter. The Secretary may apply measurement standards the Secretary considers appropriate to the vessel, subject to applicable international agreements to which the United States Government is a party.

§ 14307. Inspection of foreign vessels

(a) The Secretary may inspect a vessel of a foreign country to verify that—

(1) the vessel has an International Tonnage Certificate (1969) and the main characteristics of the vessel correspond to the information in the certificate; or

(2) if the vessel is from a country not a party to the Convention, the vessel has been measured under laws and regulations similar to those of this chapter and the regulations prescribed under this chapter.

(b) For a vessel of a country that is a party to the Convention, if the inspection reveals that the vessel does not have an International Tonnage Certificate (1969) or that the main characteristics of the vessel differ from those stated on the certificate or other records in a way that increases the gross or net tonnage of the vessel, the Secretary promptly shall inform the country whose flag the vessel is flying.

(c) For a vessel of a country not a party to the Convention—

(1) if the vessel has been measured under laws and regulations that the Secretary finds are similar to those of this chapter and the regulations prescribed under this chapter, the vessel shall be deemed to have been issued an International Tonnage Certificate (1969); and

(2) if the vessel has not been measured as described in clause (1) of this subsection, the Secretary may measure the vessel.

(d) An inspection under this section shall be conducted in a way that does not delay a vessel of a country that is a party to the Convention.

CHAPTER 145—REGULATORY MEASUREMENT

SUBCHAPTER I—GENERAL

Sec.
14501. Application.
14502. Measurement.
14503. Certificate of measurement.
14504. Remeasurement.

SUBCHAPTER II—FORMAL SYSTEMS

14511. Application.
14512. Standard tonnage measurement.
14513. Dual tonnage measurement.

SUBCHAPTER III—SIMPLIFIED SYSTEM

14521. Application.
14522. Measurement.

SUBCHAPTER I—GENERAL

§ 14501. Application

This chapter applies to the following:

(1) a vessel not measured under chapter 143 of this title if—

(A) the vessel is to be documented under chapter 121 of this title; or

(B) the application of a law of the United States to the vessel depends on the vessel's tonnage.

(2) a vessel measured under chapter 143 of this title if the owner requests that the vessel also be measured under this chapter as provided in section 14305 of this title.

§ 14502. Measurement

The Secretary shall measure a vessel to which this chapter applies in the way provided by this chapter.

§ 14503. Certificate of measurement

The Secretary shall prescribe the certificate to be issued as evidence of a vessel's measurement under this chapter.

§ 14504. Remeasurement

(a) To the extent necessary, the Secretary shall remeasure a vessel to which this chapter applies if—

(1) the Secretary or the owner alleges an error in its measurement;

(2) the vessel or the use of its space is changed in a way that substantially affects its tonnage;

(3) after being measured under subchapter III of this chapter, the vessel becomes subject to subchapter II of this chapter because the vessel or its use is changed; or

(4) although not required to be measured under subchapter II of this chapter, the vessel was measured under subchapter II and the owner requests that the vessel be measured under subchapter III of this chapter.

(b) Except as provided in this section and chapter 143 of this title, a vessel that has been measured does not have to be remeasured to obtain another document or endorsement under chapter 121 of this title.

SUBCHAPTER II—FORMAL SYSTEMS

§ 14511. Application

This subchapter applies to a vessel described in section 14501 of this title if—

(1) the owner requests; or

(2) the vessel is—

(A) self-propelled;

(B) at least 24 meters (79 feet) overall in length; and

(C) not operated only for pleasure.

§ 14512. Standard tonnage measurement

(a) The Secretary shall prescribe regulations for measuring the gross and net tonnages of a vessel under this subchapter. The regulations shall provide for tonnages comparable to the tonnages that could have been assigned under sections 4151 and 4153 of the Revised Statutes of the United States, as sections 4151 and 4153 existed immediately before the enactment of this section.

(b) On application of the owner or master of a vessel of the United States used in foreign trade, the Secretary may attach an appendix to the vessel's register stating the measurement of spaces that may be deducted from gross tonnage under laws and regulations of other countries but not under those of the United States.

§ 14513. Dual tonnage measurement

(a) On application by the owner and approval by the Secretary, the tonnage of spaces prescribed by the Secretary may be excluded in measuring under this section the gross tonnage of a vessel measured under section 14512 of this title. The spaces prescribed by the Secretary shall be comparable to the spaces that could have been excluded under section 2 of the Act of September 29, 1965 (Public Law 89-219, 79 Stat. 891), as section 2 existed immediately before the enactment of this section.

(b) The Secretary shall prescribe the design, location, and dimensions of the tonnage mark to be placed on a vessel measured under this section.

(c)(1) If a vessel's tonnage mark is below the uppermost part of the load line marks, each certificate stating the vessel's tonnages shall state the gross and net tonnages when the mark is submerged and when it is not submerged.

(2) Except as provided in paragraph (1) of this subsection, a certificate stating a vessel's tonnages may state only one set of gross and net tonnages.

SUBCHAPTER III—SIMPLIFIED SYSTEM

§ 14521. Application

This subchapter applies to a vessel described in section 14501 of this title that is not measured under subchapter II of this chapter.

§ 14522. Measurement

(a) In this section, "length" means the horizontal distance of the hull between the foremost part of the stem and the aftermost part of the stern, excluding fittings and attachments.

(b)(1) The Secretary shall assign gross and net tonnages to a vessel based on its length, breadth, depth, other dimensions, and appropriate coefficients.

(2) The Secretary shall prescribe the way dimensions (except length) are measured and which coefficients are appropriate.

(c) The resulting gross tonnages, taken as a group, reasonably shall reflect the relative internal volumes of the vessels measured under this subchapter. The resulting net tonnages shall be in approximately the same ratios to corresponding gross tonnages as are the net and gross tonnages of comparable vessels measured under subchapter II of this chapter.

(d) Under regulations prescribed by the Secretary, the Secretary may determine the gross and net tonnages of a vessel representative of a designated class, model, or type, and then assign those gross and net tonnages to other vessels of the same class, model, or type.

CHAPTER 147—PENALTIES

Sec.
14701. General violation.
14702. False statements.

§ 14701. General violation

The owner, charterer, managing operator, agent, master, and individual in charge of a vessel violating this part or a regulation prescribed under this part are each liable to the United States Government for a civil penalty of not more than $20,000. Each day of a continuing violation is a separate violation. The vessel also is liable in rem for the penalty.

§ 14702. False statements

A person knowingly making a false statement or representation in a matter in which a statement or representation is required by this part or a regulation prescribed under this part is liable to the United States Government for a civil penalty of not more than $20,000 for each false statement or representation. The vessel also is liable in rem for the penalty.

CONFORMING AND MISCELLANEOUS AMENDMENTS

SEC. 2. (a) Title 14, United States Code, is amended as follows:

(1) In the analysis of chapter 17, add the following after item 663:

"664. User fees.".

(2) In section 651, strike "preceding fiscal year." and substitute "preceding fiscal year, including amounts collected as provided under section 664 of this title.".

(3) After section 663, add the following new section:

"§ 664. User fees

"Amounts collected by the Secretary under section 9701 of title 31 or another law for Coast Guard services shall be deposited in the general fund of the Treasury as proprietary receipts of the department in which the Coast Guard is operating and ascribed to Coast Guard activities.".

(b) Title 46, United States Code, is amended as follows:

(1) In section 2101—

(A) between clauses (20) and (21), insert the following new clause:

"(20a) 'overall in length' means—

"(A) for a foreign vessel or a vessel engaged on a foreign voyage, the greater of—

"(i) 96 percent of the length on a waterline at 85 percent of the least molded depth measured from the top of the keel (or on a vessel designed with a rake of keel, on a waterline parallel to the designed waterline); or

"(ii) the length from the fore side of the stem to the axis of the rudder stock on that waterline; and

"(B) for any other vessel, the horizontal distance of the hull between the foremost part of the stem and the aftermost part of the stern, excluding fittings and attachments."; and

(B) add at the end the following new clause:

"(47) 'vessel of war' means a vessel—

"(A) belonging to the armed forces of a country;

"(B) bearing the external marks distinguishing vessels of war of that country;

"(C) under the command of an officer commissioned by the government of that country and whose name appears in the appropriate service list or its equivalent; and

"(D) staffed by a crew under regular armed forces discipline.".

(2) Section 2102 is amended by striking "chapters 43" and Substituting "chapters 37, 43, 51,".

(3) In section 2109, strike "This" and substitute "Except as otherwise provided, this".

(4) In section 2110—

(A) strike "examination of vessels" and substitute "examination of vessels under part B of this subtitle"; and

(B) strike "measurement or".

(5) Section 3701 (5) and (6) is repealed.

(6) In section 12102—

(A) insert the subsection designation "(a)" at the beginning of the text of the section; and

(B) add at the end of the section the following new subsection:

"(b) A vessel is eligible for documentation only if it has been measured under part J of this subtitle. However, the Secretary may issue a temporary certificate of documentation for a vessel before it is measured.".

MISCELLANEOUS PROVISIONS

SEC. 3. (a) Laws effective after January 1, 1986, that are inconsistent with this Act supersede this Act to the extent of the inconsistency.

(b) A reference to a law replaced by this Act, including a reference in a regulation, order, or other law, is deemed to refer to the corresponding provision of this Act.

(c) An order, rule, or regulation in effect under a law replaced by this Act continues in effect under the corresponding provision of this Act until repealed, amended, or superseded.

(d) An action taken or an offense committed under a law replaced by this Act is deemed to have been taken or committed under the corresponding provision of this Act.

(e) An inference of legislative construction is not to be drawn by reason of the caption or catch line of a provision enacted by this Act.

(f) If a provision enacted by this Act is held invalid, all valid provisions that are severable from the invalid provision remain in effect. If a provision of this Act is held invalid in one or more of its applications, the provision remains in effect in all valid applications that are severable from the invalid application or applications.

(g) The Secretary of Transportation shall—

(1) Before July 19, 1990, submit to Congress—

(A) a study of—

(i) the impact of applying vessel tonnage determined under chapter 143 of title 46 (as enacted by section 1 of this Act), United States Code, in laws of the United States that contain provisions based on tonnage, including an analysis of the number and types of vessels that would become subject to additional laws or more stringent requirements because of that application; and

(ii) the extent to which the tonnage thresholds in laws of the United States whose application is based on tonnage would have to be raised so that additional vessels would not become subject to those laws if their application is based on tonnage determined under chapter 143; and

(B) a recommendation of the levels to which the tonnage thresholds in laws of the United States whose application is based on tonnage should be raised if a complete conversion to the International Convention measurement system under chapter 143 is made.

(2) in conducting the study under clause (1) of this subsection, consult with representatives of the private sector having experience with the operation of vessels likely to be affected by laws of the United States whose application is based on tonnage.

(3) before July 19, 1988, submit to Congress an interim progress report on the study conducted under clause (1) of this subsection.

REPEALS

SEC. 4. (a) The repeal of a law by this Act may not be construed as a legislative implication that the provision was or was not in effect before its repeal.

(b) The laws specified in the following schedule are repealed, except for rights and duties that matured, penalties that were incurred, and proceedings that were begun before the date of enactment of this Act:

Revised Statutes

Revised Statutes Section	United States Code	Title Section
4148	46 App.	71
4149	46 App.	72
4151	46 App.	75
4153	46 App.	77
4154	46 App.	81

Statutes at Large

Date	Chapter or Public Law	Section	Statutes at Large		United States Code	
			Volume	Page	Title	Section
1882						
Aug. 5	398	2	22	300	46 App.	81
1935						
Aug. 27	747		49	888	46 App.	88–88i
1965						
Sept. 29	89–219		79	891	46 App.	72, 74, 77, 83–83k
1973						
Oct. 1	93–115		87	418	46 App.	86–86i
1976						
Sept. 10	94–406	8	90	1236	46 App.	420

The SPEAKER pro tempore. Is a second demanded?

Mr. LENT. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from North Carolina [Mr. JONES] will be recognized for 20 minutes and the gentleman from New York [Mr. LENT] will be recognized for 20 minutes

The Chair recognizes the gentleman from North Carolina [Mr. JONES].

Mr. JONES of North Carolina. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, we have before us today H.R. 1362, as amended, a bill to revise, consolidate, and enact certain laws related to load lines and measurement of vessels. This legislation achieves five basic goals:

First, it standardizes the system for assigning load lines to vessels on domestic and international voyages;

Second, it implements the International Convention on Tonnage Measurement of Ships;

Third, it begins to standardize the measurement of vessels on domestic voyages;

Fourth, it continues the process of recodifying in English all of the maritime laws in title 46, of the United States Code; and

Fifth, it allows the Coast Guard to prescribe user fees for direct services it provides in making a load line and tonnage measurement.

Load lines are the marks on the sides of ships used to make sure that vessels are not overloaded to a point that will make them unstable. Load line inspections also make sure that there are holes on the deck for water to drain overboard so the vessel will not become so overloaded that it is unstable.

The United States has signed, ratified, and implemented the 1966 Load Line Convention for U.S. vessels on foreign voyages, and, through regulations of the Coast Guard, has applied these same standards to U.S. vessels on domestic voyages that are required to have load line certificates.

H.R. 1362 standardizes the law to make it clear that the same standards apply to all of these vessels and standardizes and consolidates the Secretary's authority for the issuance of both load line certificates and exemptions from the law.

H.R. 1362 also addresses the system of vessel measurement.

Vessel measurement to determine a vessel's gross and net register tons is required by law before a vessel may be documented as a vessel of the United States. Gross and net register tons are listed on the vessel's certificate of documentation and are used as a reference for the collection of tonnage duties and towing fees, as well as for determining a number of other charges against a vessel.

The existing measurement system has been so extensively interpreted internationally, that tonnage uniformity does not exist. Vessels of similar size and design may have wide tonnage disparities dependent upon where in the world these vessels were measured. This problem was addressed at an international conference and resulted in the International Convention on Tonnage Measurement of Ships, 1969. H.R. 1362 is the implementing legislation for this convention and also begins to phase in the use of this measurement system for vessels on domestic voyages.

H.R. 1362 also allows the Secretary of the department in which the Coast

Guard is operating to impose, for the first time, user fees for direct services provided by the Secretary for issuing load line certificates and making tonnage measurements. This legislation also allows the Secretary to delegate the measurement of vessels to qualified persons, in addition to the existing delegation of load line measurements to the American Bureau of Shipping and similiarly qualified organizations.

This legislation is very similar to legislation transmitted to Congress by the Secretary of Transportation, and I believe that it is very noncontroversial. Therefore, I urge all of my members to suppport H.R. 1362.

Mr. Speaker, I yield 1 minute to the gentleman from New Mexico [Mr. RICHARDSON].

THE INTELLIGENCE CRISIS

Mr. RICHARDSON. Mr. Speaker, the American intelligence community is in a state of disarray and chaos. First we were treated to a Soviet spy in our naval intelligence operations; then a former CIA agent emerged as a Soviet mole, easily evading the FBI on his own soil and escaping. Then came the Yurchenko defection and counter-defection—this time the escape from the CIA was at a Georgetown restaurant. Then Mr. Casey blames the Congress for his problems after several Senators urged Mr. Casey to clean up his act.

Last Thanksgiving week we heard about Americans spying for China, Israel, and yes, another Soviet spy. The damage to U.S. interests has been incalculable.

What do we do about this intelligence crisis? Here are some ideas. First, we need to approach the solutions in a bipartisan way, with the executive branch and Congress cooperating. Second, we need to develop sound counterintelligence policies within our own intelligence community to identify potential defectors. Third, we need better coordination between the FBI and CIA and our law enforcement agencies. Fourth, we need to bring these traitor spies to speedy justice.

Lastly, Mr. Casey, we need to pull together and stop calling each other names. We have a serious problem on our hands.

Mr. JONES of North Carolina. Mr. Speaker, I reserve the balance of my time.

Mr. LENT. Mr. Speaker, I yield myself such time as I may consume.

First of all, Mr. Speaker, I would like to commend the gentleman from New Mexico [Mr. RICHARDSON] on his remarks, and I join him in commending the Reagan administration for rooting out spies, traitors, and defectors.

On the subject of the bill at hand, Mr. Speaker, today we consider the bill H.R. 1362, which is legislation to revise, consolidate, and enact laws regarding vessel load lines and measurement as part of the shipping laws of the United States. This bill is another step in the effort to complete the codification of the shipping laws in title 46 of the United States Code.

Essentially, this bill is the codification of existing load line and tonnage measurement statutes and international agreements to which the United States is already a party. Load line requirements are needed to avoid safety problems resulting from vessel overloading or instability. Tonnage measurement is required so that vessels may carry out day-to-day commercial functions. This bill spells out two measurement systems: an international system under a 1969 convention and a domestic regulatory system. Although the international measurement system is the preferred method for measuring the cargo capacity of ships under this bill, I understand that all vessels engaged in coastwise commerce would have the option of being measured under the existing regulatory measurement system. Thus, the U.S. laws that use tonnage as a basis for their application would remain unchanged, and their regulatory provisions and exemptions would be preserved.

This bill as reported by the Merchant Marine and Fisheries Committee is the result of extensive cooperation and coordination with the Coast Guard and industry representatives. As a result of this hard work, I can confidently report that this bill meets the objectives, and has the support, of all parties and is consistent with U.S. international obligations.

In view of this, I recommend that we favorably report out H.R. 1362.

Mr. JONES of North Carolina. Mr. Speaker, I yield back the balance of my time.

Mr. LENT. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from North Carolina [Mr. JONES] that the House suspend the rules and pass the bill, H.R. 1362, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. JONES of North Carolina. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 1362, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

R.M.S. "TITANIC" MARITIME MEMORIAL ACT OF 1985

Mr. JONES of North Carolina. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 3272) to designate the shipwreck of the *Titanic* as a maritime memorial and to provide for reasonable research, exploration, and, if appropriate, salvage activities, as amended.

The Clerk read as follows:

H.R. 3272

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "R.M.S. Titanic Maritime Memorial Act of 1985".

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) the R.M.S. Titanic, the ocean liner which sank on her maiden voyage after striking an iceberg on April 14, 1912, should be designated as an international maritime memorial to the men, women, and children, who perished aboard her;

(2) the recent discovery of the R.M.S. Titanic, lying more than twelve thousand feet beneath the ocean surface, demonstrates the practical applications of ocean science and engineering;

(3) the R.M.S. Titanic, well-preserved in the cold, oxygen-poor waters of the deep North Atlantic Ocean, is of major national and international cultural and historical significance, and merits appropriate international protection; and

(4) the R.M.S. Titanic represents a special opportunity for deep ocean scientific research and exploration.

(b) PURPOSES.—The Congress declares that the purposes of this Act are—

(1) to encourage international efforts to designate the R.M.S. Titanic as an international maritime memorial to those who lost their lives aboard her in 1912;

(2) to direct the United States to enter into negotiations with other interested nations to establish an international agreement which will provide for designation of the R.M.S. Titanic as an international maritime memorial, and protect the scientific, cultural, and historical significance of the R.M.S. Titanic;

(3) to encourage, in those negotiations or in other fora, the development and implementation of international guidelines for conducting research on, exploration of, and if appropriate, salvage of the R.M.S. Titanic; and

(4) to express the sense of the United States Congress that, pending such international agreement or guidelines, no person should physically alter, disturb, or salvage the R.M.S. Titanic in any research or exploratory activities which are conducted.

SEC. 3. DEFINITIONS.

For the purposes of this Act, the term—

(a) "Administrator" means the Administrator of the National Oceanic and Atmospheric Administration (NOA);

(b) "person" means any individual (whether or not a citizen or national of the United States), any corporation, partnership, association, or other entity (whether or not organized or existing under the laws of any State), and any Federal, State, local, or foreign government or any entity of any such government;

(c) "R.M.S. Titanic" means the shipwrecked vessel R.M.S. Titanic, her cargo or

other contents, including those items which are scattered on the ocean floor in her vicinity; and

(d) "Secretary" means the Secretary of State.

SEC. 4. COMMENDATION.

The Congress of the United States highly commends the members of the joint international expedition which discovered the R.M.S. Titanic.

SEC. 5. INTERNATIONAL GUIDELINES.

(a) The Administrator is directed to enter into consultations with the United Kingdom, France, Canada, and other interested nations to develop international guidelines for research on, exploration of, and if appropriate, salvage of the R.M.S. Titanic, which:

(1) are consistent with its national and international scientific, cultural, and historical significance and the purposes of this Act; and

(2) promote the safety of individuals involved in such operations.

(b) In carrying out subsection (a), the Administrator shall consult with the Secretary and shall promote full participation by other interested Federal agencies, academic and research institutions, and members of the public.

SEC. 6. INTERNATIONAL AGREEMENT.

(a) The Secretary is directed to enter into negotiations with the United Kingdom, France, Canada, and other interested nations to develop an international agreement which provides for:

(1) the designation of the R.M.S. Titanic as an international maritime memorial; and

(2) research on, exploration of, and if appropriate, salvage of the R.M.S. Titanic consistent with the international guidelines developed pursuant to section (5) and the purposes of this Act.

(b) In carrying out the requirements of subsection (a), the Secretary shall consult with the Administrator, who shall provide research and technical assistance to the Secretary.

(c) The Secretary and the Administrator shall report semiannually to the Committee on Merchant Marine and Fisheries and the Committee on Foreign Affairs in the House of Representatives and to the appropriate Committee in the Senate on the progress of the negotiations and consultations.

(d) Upon adoption of an international agreement as described in subsection (a), the Secretary shall provide notification of the agreement and recommendations for legislation to implement the agreement to the Committee on Merchant Marine and Fisheries and the Committee on Foreign Affairs in the House of Representatives and to the appropriate Committee in the Senate.

SEC. 7. SENSE OF CONGRESS REGARDING CONDUCT OF FUTURE ACTIVITIES.

It is the sense of Congress that research and limited exploration activities concerning the R.M.S. Titanic should continue for the purpose of enhancing public knowledge of its scientific, cultural, and historical significance: *Provided*, That, pending adoption of the international agreement described in section 6(a) or implementation of the international guidelines described in section 5, no person should conduct any such research or exploration activity which would physically alter, disturb, or salvage the R.M.S. Titanic.

SEC. 8. DISCLAIMER OF EXTRATERRITORIAL SOVEREIGNTY.

By enactment of this Act, the United States does not assert sovereignty, or sovereign or exclusive rights or jurisdiction over, or the ownership of, any marine areas or the R.M.S. Titanic.

The SPEAKER pro tempore. Is a second demanded?

Mr. LENT. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from North Carolina [Mr. JONES] will be recognized for 20 minutes and the gentleman from New York [Mr. LENT] will be recognized for 20 minutes.

The Chair recognizes the gentleman from North Carolina [Mr. JONES].

Mr. JONES of North Carolina. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise today to urge my colleagues to support H.R. 3272, a bill to encourage international efforts to designate the shipwreck of the *Titanic* as an international maritime memorial, and to provide for reasonable research, exploration, and, if appropriate, salvage activities regarding this shipwreck.

The Committee on Merchant Marine and Fisheries held intensive full committee hearings on this bill. We are convinced that the technology exists to conduct improper and destructive salvage activities which would prevent exploration and study of the shipwreck for the benefit of the public. Proper protection of the *Titanic* requires international cooperation, since the United States is only one of several nations with a serious interest in it. This vessel rests in international waters and H.R. 3272 seeks to foster international collaboration.

The *Titanic* was discovered in the North Atlantic at a depth of nearly 2.5 miles, just 3 months ago, through a joint United States-French effort. State-of-the-art technology made possible photographs showing that the shipwreck is largely intact.

We all know the tragic story of the *Titanic*. This enormous and elegant ocean liner was touted as unsinkable. First-class passengers from numerous countries competed for berths for the *Titanic*'s maiden voyage. Reports of her sinking after colliding with an iceberg were not believed until the 705 survivors reached New York. The loss of the vessel and 1,513 passengers and crew seemed impossible.

The calamity of this disaster marked a turning point in maritime history. Tremendous safety improvements resulted in the United States and abroad.

H.R. 3272 seeks to ensure that the *Titanic* will be treated with the respect and care befitting her unique historical significance. It directs the Secretary of State to enter into negotiations with other interested nations to develop an international agreement providing for the designation of the shipwreck as a maritime memorial. Further exploration is to be consistent with international guidelines developed by the National Oceanic and Atmospheric Administration [NOAA] and other interested countries. Until the adoption of an international agreement, research and limited exploration is encouraged, as long as it enhances public knowledge and does not disturb the shipwreck in any way.

The Committee on Merchant Marine and Fisheries has consulted with the Committee on Foreign Affairs. To accommodate concerns that it has with the bill, we have amended H.R. 3272 slightly. The Committee on Foreign Affairs will be included as a recipient of the required semiannual reports of the Secretary of State and the NOAA Administrator, and of the Secretary's notification of the adoption of an international agreement and recommendations for implementing legislation.

H.R. 3272 enjoys the support of the administration, and requires no authorizations. At present, the State Department is actively soliciting comments on the bill from interested countries. With assistance from Congressman NORM LENT, our full committee ranking member, you have before you a bill which also enjoys bipartisan congressional support. It is neither regulatory, nor is it discriminatory against U.S. citizens. This legislation does not place prohibitions on Americans or single them out for treatment which is different from that received by nationals of any other country. Similarly, it does not unilaterally limit the activities of these foreign nationals. H.R. 3272 instead seeks to promote a spirit of cooperation between countries in realizing what it hopes will be a common goal—to protect the *Titanic* from plunder, before it is too late.

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Mr. Speaker, I reserve the balance of my time.

Mr. LENT. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 3272, the R.M.S. Titanic Maritime Memorial Act of 1985, which was introduced by my good friend, the gentleman from North Carolina, Chairman JONES. As the principal cosponsor, I strongly support the results which this bill seeks to attain: First, an international agreement to establish the shipwreck of the *Titanic* as an international maritime memorial; and second, appropriate international guidelines for conducting research, exploration, and, possibly, salvage regarding the *Titanic*.

I also join in commending Bob Ballard, his colleagues on board the research vessel RV *Knorr*, and his French colleagues for their spectacu-

lar demonstration of how successful modern technology can be in promoting underwater exploration.

The loss of the supposedly unsinkable *Titanic* marked something of a turning point for technological Western society. Her loss was a costly reminder that mankind, even with the most modern of technology, must always respect the forces of nature. I believe that by establishing the *Titanic* as an international maritime memorial, we would pay appropriate tribute to the souls of her lost passengers and crew. We also would establish a permanent reminder that, in our exploration and exploitation of marine resources, we should maintain a sense of perspective regarding man's abilities and mother nature's powers.

The administration's testimony regarding H.R. 3272 suggested that the United States should encourage international efforts to designate the shipwreck of the *Titanic* as an international maritime memorial, rather than unilaterally designate her as a memorial. The bill before us today fully incorporates the administration's suggestions.

Finally, I would like to reassure any of my colleagues who might be concerned about the so-called sense-of-Congress provision. This section encourages continued research and exploration activities regarding the *Titanic*, but also encourages all persons to defer any physical disturbance on the shipwreck, or recovery of artifacts, for a reasonable time, until there has been a fair opportunity to develop the international guidelines or agreements. I hope other nations will share these views. This sense-of-Congress provision has been carefully drafted so as not to discriminate against U.S. citizens, nor to restrict their exploration or salvage rights in the absence of similar restrictions which would be applicable to the citizens of all other interested nations.

Mr. Speaker, I urge my colleagues to support the motion to suspend the rules and pass H.R. 3272.

Mr. FIELDS. Mr. Speaker, I would like to compliment the highly distinguished chairman of the Merchant Marine and Fisheries Committee and the author of this legislation, Congressman WALTER B. JONES, for his outstanding leadership in moving H.R. 3272, the Titanic Memorial Act of 1985.

It is my firm belief that this Congress has a right and a responsibility to help determine whether or not the wreck of the *Titanic* should be preserved as a memorial to those who died during her maiden voyage.

Mr. Speaker, each of us has seen movies, read books, and watched television documentaries concerning the sinking of the *Titanic* more than 73 years ago in the North Atlantic. Unquestionably, that maritime disaster—in which more than 1,500 persons lost their lives—has attracted greater public interest, and greater curiosity, than any other shipwreck in modern history.

Why the unequaled fascination with the *Titanic*?

First, the fact that a luxury liner billed as "unsinkable" could sink makes the *Titanic* of interest to the public. Second, that this "unsinkable" vessel could sink so quickly—2½ hours after striking an iceberg—shook the public's faith in technology. Third, that the manufacturers and operators of such an advanced-design ship could have overlooked the one simple device—lifeboats—which could have prevented such a massive loss of life adds to the irony surrounding the *Titanic*'s sinking. And the final irony concerns another ship, the *Californian*. Was the *Californian* close enough to have rescued passengers from the doomed luxury liner—and if so, why did it not come to the aid of the *Titanic*'s passengers?

Mr. Speaker, the warmth and orderliness of this Chamber stands in sharp contrast to the terror that one survivor, Mrs. Louise Pope, who testified before our committee, must have felt as a 4-year-old *Titanic* passenger on the cold, confusing night of April 14, 1912. Her experience is not unique. The 704 other *Titanic* survivors endured that same confusion and terror—as did those men and women who perished aboard the "unsinkable" *Titanic*. It is in the memory and for the benefit of both survivors and victims that H.R. 3272 has been offered.

Mr. Speaker, our own Government decided decades ago to seal off the U.S.S. *Arizona* in Pearl Harbor. Since then, the *Arizona* has served as a maritime tomb to the more than 1,000 members of her crew killed during the Japanese attack on Pearl Harbor in 1941. That tomb has served as an effective, and popular, memorial to their memory, and it has given comfort and solace to their survivors and descendants. Those of us in this Congress should give those who sailed aboard the *Titanic*—survivors and victims alike—a similar memorial, one that would provide their descendants the peace of mind they so much deserve.

Mr. Speaker, H.R. 3272, the Titanic Memorial Act of 1985, deserves our support and I urge my colleagues to join with me in voting "aye" on this legislation.

Thank you, Mr. Speaker.

Mr. JONES of North Carolina. Mr. Speaker, I have no requests for time, and I yield back the balance of my time.

Mr. LENT. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from North Carolina [Mr. JONES] that the House suspend the rules and pass the bill, H.R. 3272, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

The title of the bill was amended so as to read: "A bill to encourage international efforts to designate the shipwreck of the R.M.S. *Titanic* as an international maritime memorial and to provide for reasonable research, exploration and, if appropriate, salvage activities with respect to the shipwreck."

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. JONES of North Carolina. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 3272, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

ESTABLISHING THE EASTERN SHORE OF VIRGINIA NATIONAL WILDLIFE REFUGE AND THE NATIONAL FISH AND WILDLIFE SERVICE TRAINING CENTER AT CAPE CHARLES

Mr. JONES of North Carolina. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1404) to establish the Eastern Shore of Virginia National Wildlife Refuge and the National Fish and Wildlife Service Training Center at Cape Charles in Northampton County, VA, as amended.

The Clerk read as follows:

H.R. 1404

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

FINDINGS AND PURPOSES

SECTION 1. (a) FINDINGS.—The Congress finds that—

(1) Cape Charles, at the southern tip of the Eastern Shore of Virginia, is a critical staging area for migratory birds within the Atlantic flyway, particularly juvenile songbirds and raptors in their crucial first flight south;

(2) nationally endangered and threatened species, such as the peregrine falcon and bald eagle, as well as other species identified by both the State and Federal Government to be of concern, depend on the habitat of Cape Charles;

(3) large numbers of migratory upland game birds are found at Cape Charles, including the woodcock, a species which has been in decline due to loss of habitat;

(4) the unique undeveloped coastal wetlands of this area also provide resting and feeding habitat for many species of waterfowl, including American black ducks, greater snow geese, and Atlantic brant, during migration; and

(5) the facilities of the former Cape Charles Air Station provide a unique opportunity to combine habitat conservation with environmental education, training, and research.

(b) PURPOSES.—The purposes for which the Eastern Shore of Virginia National Wildlife Refuge is established are—

(1) to conserve, manage and enhance the habitat of the refuge for use by endangered and threatened species, migratory birds, and other species of fish and wildlife;

(2) to encourage a natural diversity of habitat and associated fish and wildlife species within the refuge;

(3) to fulfill the international treaty obligations of the United States relating to fish and wildlife; and

(4) to provide fish and wildlife-oriented recreation and education and to assist and coordinate with the County of Northampton, and the Commonwealth of Virginia in meeting the recreational needs of the Cape Charles area, as identified by the county and the Commonwealth, as long as those needs are compatible with the goals of the refuge; and

(5) to provide opportunity for environmental education, research, and training for the United States Fish and Wildlife Service, other Federal and State agencies, educational institutions, and private individuals and organizations.

DEFINITIONS

SEC. 2. As used in this Act, the term—

(1) "refuge" means the Eastern Shore of Virginia National Wildlife Refuge, comprised of those lands and waters, and interests therein, in Northampton County, Virginia, that are depicted on the map entitled "Cape Charles National Wildlife Refuge", dated September 1984, and on file at the United States Fish and Wildlife Service; and

(2) "Secretary" means the Secretary of the Interior.

ESTABLISHMENT OF THE REFUGE

SEC. 3. (a) ACQUISITION.—In addition to such lands and waters, and interests therein, referred to in section 2(1) as the Secretary may acquire pursuant to the Act of May 19, 1948 (16 U.S.C. 667b), the Secretary may acquire lands and waters, and interests therein, referred to in such section, through donation, purchase with donated or appropriated funds, exchange, or through any combination thereof.

(b) ESTABLISHMENT.—At such time as sufficient lands and waters, and interests therein, have been acquired by the Secretary to constitute an area that can be effectively administered as a National Wildife Refuge, the Secretary shall establish the Eastern Shore of Virginia National Wildlife Refuge by publication of notice to that effect in the Federal Register.

(c) ADJUSTMENTS.—The Secretary may make such minor adjustments with respect to the boundary of the refuge as may be necessary to facilitate the acquisition of lands and waters, and interests therein, for the refuge and to facilitate the admininistration of the refuge.

ADMINISTRATION

SEC. 4 (a) In General.—The Secretary shall administer all lands and waters and interests therein, acquired for the purposes of this Act, in accordance with the provisions of the National Wildlife Refuge System Administration Act of 1966 (16 U.S.C. 668dd-668ee.)

(b) SPECIAL PROVISIONS.—(1) The Secretary shall establish training facilities on the refuge for use by the United States Fish and Wildlife Service, other Federal and State agencies, educational institutions, and private organizations and individuals; and is authorized to lease facilities for environmental research and education; and to provide opportunities for environmental education.

(2) In carrying out the provisions of paragraph (1), the Secretary is authorized to collect reasonable fees which shall be covered into a special account established in the Treasury of the United States and available to the Secretary without further appropriation, until expended, to assist in defraying the costs of providing such opportunities for training, research, and environmental education.

AUTHORIZATION OF APPROPRIATIONS

SEC. 5. There are authorized to be appropriated to the Department of the Interior, beginning October 1, 1985, such sums as may be necessary to carry out this Act, to remain available until expended.

The SPEAKER pro tempore. Is a second demanded?

Mr. YOUNG of Alaska. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from North Carolina [Mr. JONES] will be recognized for 20 minutes and the gentleman from Alaska [Mr. YOUNG] will be recognized for 20 minutes.

The Chair recognizes the gentleman from North Carolina [Mr. JONES].

Mr. JONES of North Carolina. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 1404, legislation to establish the Eastern Shore of Virginia National Wildlife Refuge and the National Fish and Wildlife Service Training Center at Cape Charles in Northampton County, VA.

This legislation enables the Fish and Wildlife Service to expand the existing refuge from 174 acres to encompass a 1,400 acre area. The Service will then be in a position to acquire critical fish and wildlife habitat within the refuge boundary.

This refuge will be an important addition to the existing national wildlife refuges, plus the State and private preserves, located on the Eastern Shore of Virginia, Maryland, and Delaware. The Cape Charles area is an especially critical habitat for millions of migrating birds of many species, that stop there to rest and prepare for the flight across the wide expanse of Chesapeake Bay.

The legislation authorizes such sums as may be necessary to purchase the land for the refuge. It is estimated that $2.64 million will be needed in fiscal year 1986, which is included in the fiscal year 1986 Interior appropriations bill by both the House and the Senate. An additional $1 million will be needed in fiscal year 1987.

The legislation also authorizes the refuge area to be used as a training facility for the Fish and Wildlife Service as well as for educational and research purposes. Since the present refuge was a former Air Force base, there are existing buildings which can be utilized to accomplish these goals.

I personally want to compliment the Nature Conservancy for its role in bringing this critical project to the attention of the Congress. This is one of the many worthy projects this fine organization undertakes in the name of conservation, including the magnificent Virginia coast reserve in the same area as the refuge. I also want to commend Mr. Sherman Stairs, the refuge manager of the Eastern Shore of Virginia National Wildlife Refuge, for his ongoing work at the refuge. In less than a year, he and his staff have done an admirable job in rehabilitating several buildings and getting the refuge in operating order on a very limited budget. Their work has not gone unnoticed.

The Merchant Marine and Fisheries Committee reported this legislation by unanimous voice vote. It is a good piece of legislation and I strongly urge the House to favorably consider H.R. 1404.

Mr. Speaker, I reserve the balance of my time.

Mr. YOUNG of Alaska. Mr. Speaker, I yield my self such time as I may consume.

Mr. Speaker, I rise in support of H.R. 1404, which would establish the Eastern Shore of Virginia National Wildlife Refuge and the National Fish and Wildlife Service Training Center at Cape Charles, VA.

In August 1984, the General Services Administration approved a Fish and Wildlife Service request for transfer of the 174-acre Cape Charles Air Force Station. The Cape Charles National Wildlife Refuge was thus originated and continues to be operated and maintained by the Fish and Wildlife Service.

H.R. 1404 would expand the refuge to approximately 1,400 acres. The bill would protect an area related to the migration of birds along the Atlantic flyway. The local habitat provides an important staging area before these birds cross the Chesapeake and continue their southward migration. The bill would also require the Secretary of the Interior to establish training facilities on the refuge for Federal, State, and private use. The Secretary would authorized to collect reasonable fees for such use, to assist in defraying the costs of providing training opportunities.

Mr. Speaker, the legislation before us would be very beneficial to fish and wildlife species and because of its unique location would provide assurance that sportsmen and outdoor enthusiasts will be able to enjoy these resources. I urge my colleagues to support its adoption.

Mr. Speaker, I yield such time as he may consume to the gentleman from Virginia [Mr. BATEMAN].

Mr. BATEMAN. I thank the gentleman for yielding to me.

Mr. Speaker, I would like to thank the distinguished chairman of the Merchant Marine and Fisheries Committee and the ranking member for

their cooperation and leadership in bringing this measure to the floor.

This bill changes the name of an existing, and I would emphasize existing, wildlife refuge to designate it as the Eastern Shore of Virginia National Wildlife Refuge and Training Center. The bill authorizes expansion of this 174-acre refuge by the acquisition of an adjacent 374-acre tract, for which the House has already voted to appropriate $2.64 million subject to this authorization bill being passed.

The expanded area was put on the market and developers expressed interest in acquiring it. But the Chesapeake Bay Bridge Tunnel Authority, which owned this 374-acre tract, did conclude a transaction with the Nature Conservancy in order that the organization might have the title and give to the Congress the opportunity to act on this bill in order to prevent the property from becoming available to developers, and thereby undermining even the utilization of the existing 174-acre tract which originally was acquired by the Fish and Wildlife Service and surplus property from the Air Force.

In authorizing future development of a Fish and Wildlife Training Center as this bill provides, this would come about only at such time in the future as the Congress may hereafter provide, and at cost, as hereafter appropriated by the Congress in its good judgment.

So ladies and gentlemen of the House, I would respectfully urge passage of H.R. 1404.

□ 1315

Mr. LENT. Mr. Speaker, will the gentleman yield?

Mr. BATEMAN. I am happy to yield to the gentleman from New York.

Mr. LENT. Mr. Speaker, I would like to take a minute to recognize the gentleman and recognize particularly his fine efforts in sponsoring this bill. It is an excellent bill and it would provide a refuge for numerous migratory waterfowl species of the Atlantic flyway. This is something which has long been close to my heart, and I am going to support the bill. I commend the gentleman for his sponsorship.

Mr. BATEMAN. Mr. Speaker, I thank the gentleman, and he prompts me to remind my colleagues that the value of this refuge is virtually unique. It does include as a part of those species that use it as a habitat three endangered species—the peregrine falcon, the brown pelican, and the bald eagle. So it has a special significance as a refuge area, and it would indeed be a very serious mistake for the House not to permit the acquisition of this additional 374-acre tract, thereby making meaningful the existing refuge area which is limited to only 174 acres.

Mr. BREAUX. Mr. Speaker, H.R. 1404 would establish the Eastern Shore of Virginia National Wildlife Refuge and the National Fish and Wildlife Training Center at Cape Charles, VA.

This refuge, if established, would be an important link in the chain of coastal refuges along the Atlantic flyway. The area provides habitat for a variety of migratory waterfowl and shorebirds and is used by migratory songbirds in the fall as an important staging area before crossing the Chesapeake and continuing their migration south. The refuge would become part of the National Wildlife Refuge System and would be managed by the U.S. Fish and Wildlife Service pursuant to the National Wildlife Refuge System Administration Act and other applicable statutes.

The Fish and Wildlife Service has already acquired the abandoned Cape Charles Air Force station, a 174-acre parcel of property on the Chesapeake that will form the core of the refuge. The legislation contemplates that the old airbase would be converted into a training center for Fish and Wildlife Service and State conservation agency personnel. The estimated cost of acquiring the proposed refuge is $3.6 million.

Mr. Speaker, I believe this area will make an excellent addition to our National Wildlife Refuge System and I urge my fellow Members to support it.

Mr. JONES of North Carolina. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. YOUNG of Alaska. Mr. Speaker, I have no requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from North Carolina [Mr. JONES] that the House suspend the rules and pass the bill, H.R. 1404, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. JONES of North Carolina. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 1404, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

FISH AND WILDLIFE COORDINATION ACT AMENDMENTS

Mr. JONES of North Carolina. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 2704) to amend the Fish and Wildlife Coordination Act, as amended.

The Clerk read as follows:

H.R. 2704

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Fish and Wildlife Coordination Act (16 U.S.C. 662) is amended—

(1) by amending subsection (a)—

(A) by inserting "(1) after "(a)",

(B) by striking out "United States Fish and Wildlife Service, Department of the Interior," and inserting in lieu thereof "responsible Federal agency", and

(C) by adding at the end thereof the following new paragraph:

"(2) For purposes of this section—

"(A) the term 'Secretary' means the Secretary of the Interior or the Secretary of Commerce; and

"(B) the term 'responsible Federal agency' means the United States Fish and Wildlife Service or the National Marine Fisheries Service;

as program responsibilities are respectively vested pursuant to the provisions of Reorganization Plan Number 4 of 1970.";

(2) by amending subsection (b)—

(A) by striking out "Secretary of the Interior" each place it appears therein and inserting in lieu thereof "Secretary",

(B) by striking out "United States Fish and Wildlife Service" and inserting in lieu thereof "responsible Federal agency",

(C) by striking out "or compensating for these damages." in the second sentence and inserting in lieu thereof "these damages at onsite and offsite locations.", and

(D) by inserting after the second sentence the following new sentence:

"For purposes of the preceding sentence, measures, for mitigating damages should, to the extent practicable, affect those populations and habitats impacted by a project, and may include measures for (A) avoiding the impact altogether by not taking a certain action or parts of an action, (B) minimizing impacts by limiting the degree or magnitude of the action and its implementation, (C) rectifying the impact by repairing, rehabilitating, or restoring the affected environment, (D) reducing or eliminating the impact over time by preservation and maintenance operations during the life of the action, and (E) compensating for the impact by replacing or providing substitute resources or environments.";

(3) by amending subsection (e) by striking out "is authorized to transfer to the United States Fish and Wildlife Service" and inserting in lieu thereof "shall transfer to the responsible Federal agency";

(4) by adding at the end thereof the following new subsection:

"(i)(1) For purposes of this subsection, the term 'related water control project' means any project—

"(A) with respect to which a Federal license or permit referred to in subsection (a) is issued; or

"(B) of a kind described in subsection (a) that is carried out by a Federal department or agency; and for which consultation is required under this section.

"(2) For each biennial period beginning after September 30, 1985, each responsible Federal agency shall—

"(A) prepare a listing by categories of—

"(i) the related water control projects with respect to which a consultation referred to in paragraph (1) was made during the period; and

"(ii) the number of related water control projects listed under clause (i) for which

recommendations of the kind described in subsection (b) were made; and

"(B) select a statistically significant sample of the related water projects referred to in subparagrpah (A)(ii) and shall, regarding each of those projects—

"(i) evaluate the extent to which recommendations referred to in subparagraph (A)(ii) were incorporated as conditions of the applicable Federal license or permit or of the project planning or construction;

"(ii) notify the Federal department or agency have jurisdiction over the project of the selection and evaluation under clause (i); and

"(iii) after taking into account the response received from that department or agency under paragraph (3), evaluate the results and effectiveness of such compliance.

"(3) Each Federal department or agency that receives a notification under paragraph (2)(B)(ii) shall promptly submit to the responsible Federal agency such information regarding the related water control project as may be necessary or appropriate to enable the responsible Federal agency to carry out paragraph (2)(B)(iii), including an evaluation of the extent to which each recommendation is being complied with in regard to that project.

"(4) The Secretary of the Interior, in cooperation with the Secretary of Commerce, shall prepare and submit to Congress, within ninety days after the close of each biennial period referred to in paragraph (2), a report regarding those actions that are required to be undertaken under paragraph (2) for that period."; and

(5) by adding at the end thereof the following new subsection:

"(j) The Secretary may—

"(1) participate or cooperate with Federal, State, or local agencies, and with private organizations or entities, in the preparation of plans which comply with applicable Federal, State, and local law and which promote (A) the conservation or enhancement of wildlife and wildlife habitat, and (B) the reconciliation of such conservation or enhancement with other objectives and uses; and

"(2) with respect to each plan referred to in paragraph (1) regarding which the Secretary participates or cooperates, enter into contractual agreements that provide assurances, consistent with law, regarding the value and extent of the habitat to be conserved or enhanced, the mitigration to be provided for the affected wildlife resources, and the nature and extent of habitat modifications to be permitted.".

The SPEAKER pro tempore. Is a second demanded?

Mr. YOUNG of Alaska. Mr. Speaker, I demand a second.

The SPEAKER pro tempore. Without objection, a second will be considered as ordered.

There was no objection.

The SPEAKER pro tempore. The gentleman from North Carolina [Mr. JONES] will be recognized for 20 minutes and the gentleman from Alaska [Mr. YOUNG] will be recognized for 20 minutes.

The Chair recognizes the gentleman from North Carolina [Mr. JONES].

Mr. JONES of North Carolina. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of H.R. 2704, legislation to amend the Fish and Wildlife Coordination Act.

The Fish and Wildlife Coordination Act, enacted by Congress in 1934, represents one of the earliest efforts to consider both water resource activities and fish and wildlife. It was amended in 1946 to require Federal agencies that administer projects modifying water resources to take fish and wildlife resources into consideration.

This legislation, reported by the Merchant Marine and Fisheries Committee by unanimous voice vote, would strengthen the Fish and Wildlife Coordination Act. It spells out that the National Marine Fisheries Service shall be consulted by the permitting agency regarding the impact of water resource projects on fish. The bill gives the Secretaries of Commerce and Interior flexibility to negotiate long-term agreements for fish and wildlife purposes and allows for both onsite and offsite mitigation.

Another provision of the bill requires the Federal agency which is responsible for the project to transfer money to the Fish and Wildlife Service for studies related to that project. The current law merely authorizes that the money be transferred. The Secretary of the Interior will report to Congress every 2 years on the effectiveness of the consultation process.

This is a very good bill which received strong bipartisan support from the committee. In the 98th Congress, the committee reported an identical bill which the House passed under suspension of the rules; however, given the lateness of the session, the Senate did not have time to act. This is a balanced piece of legislation which deserves a favorable vote by the House.

Mr. YOUNG of Alaska. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it has been a pleasure to be a cosponsor of H.R. 2704, a bill to amend the Fish and Wildlife Coordination Act, and I rise in support of its adoption.

The protection and management of our Nation's lands is of great concern to me, especially the rapid loss of wetlands, natural areas, and key wildlife habitat in our country. As these areas disappear, fish and wildlife populations and outdoor recreation opportunities diminish or, in some areas, disappear. In addition, once these areas are lost, it is virtually impossible to restore or replace them. This loss has been particularly alarming in many States.

The Fish and Wildlife Coordination Act, enacted by Congress in 1932, was one of the earliest attempts to integrate fish and wildlife conservation measures into the Federal Government's water resources planning activities. Our latest effort, as has been mentioned, was last year with the bill before us passing out of the full Merchant Marine and Fisheries Committee, though not receiving action by the other body.

H.R. 2704 addresses several concerns that I have. In particular, it supports the requirement that those agencies commenting on the fish and wildlife impacts of Federal projects must report to Congress on their review responsibilities and include an evaluation of the results and effectiveness of compliance with the conditions which they recommend.

I also believe that the authority given to the Fish and Wildlife Service and the National Marine Fisheries Service to cooperate in the preparation of long-term plans for large-scale projects will provide for the protection of fish and wildlife resources, and, at the same time, will give assurances to the permit applicants of the manner in which their future permits will be reviewed.

Mr. Speaker, I urge my colleagues to support the adoption of H.R. 2704.

Mr. BREAUX. Mr. Speaker, H.R. 2704 would make a number of important and constructive changes in one of our oldest and most important conservation statutes, the Fish and Wildlife Coordination Act.

The Fish and Wildlife Coordination Act, first enacted by Congress in 1934, was one of the earliest Federal environmental statutes and represented the first attempt to integrate fish and wildlife conservation measures into the Federal Government's water resources planning activities. As amended in 1946, the act requires Federal agencies that administer projects modifying water resources to take fish and wildlife resources into consideration before proceeding.

The legislation before us today attempts to deal with some relatively technical issues that have been called to our attention in the implementation of the Coordination Act. First, it authorizes off-site as well as on-site mitigation to facilitate comprehensive planning for projects and allows for innovative conflict resolution mechanisms such as mitigation banking. Second, it requires, rather than simply authorizes, the agencies responsible for Federal projects to provide funds to the Federal fish and wildlife agencies to carry out their studies. Third, it calls for a study to determine whether or not permit conditions requested by the fish and wildlife agencies are effective and if they are being complied with.

Finally, this legislation adds a new section to the act which authorizes the Secretary of the Interior and the Secretary of Commerce to cooperate in the development of plans for areas such as port development projects and to enter into contractual agreements to provide assurances that fish and wildlife resources are protected. The project sponsors would in turn receive assurances that their future permit processing would be carried out under the condi-

tions or guidelines set forth in the agreement.

This legislation is noncontroversial. Virtually identical legislation was passed by the House in 1984 but was not considered by the other body. I urge my fellow Members to give it their support.

Mr. YOUNG of Alaska. Mr. Speaker, I yield back the balance of my time.

Mr. JONES of North Carolina. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from North Carolina [Mr. JONES] that the House suspend the rules and pass the bill, H.R. 2704, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. JONES of North Carolina. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 2704, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

CONGRESSMAN ANNUNZIO OPPOSES CENTRAL AMERICAN COUNTER-TERRORISM ACT (H.R. 3463)

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois [Mr. ANNUNZIO] is recognized for 5 minutes.

Mr. ANNUNZIO. Mr. Speaker, Americans have been justifiably outraged by the recent escalation in terrorist attacks against our citizens around the world. There are some in the present administration who would use this as a pretext for perpetrating another outrage. I believe that certain provisions of the Central American Counter-Terrorism Act are a blatant attempt to increase U.S. control over Central American nations; and that, if this legislation should pass, it will result in intensified violence to innocent civilians, thus accomplishing the very opposite of what it intends.

In short we are proposing to send to Central America an additional $54 million, half of which—$27 million to be used to increase the capability of the armed forces and half ($26 million) to be used for counterterrorism training. Three countries will receive $38 million, over half of which will be used for counter terrorism training and strengthening the police and security forces. The only problem is that in those three countries—El Salvador, Guatemala, and Honduras—the police and security forces are often the source of terror. We are giving the fox the keys to the chicken coop—and better chicken wire for trapping the prey.

Indeed there are some battles, some threats and some enemies that can only be overcome with force. But who is the enemy in El Salvador? With whom are the armed forces of El Salvador at war? Who are the victims of the increased supply of bombs, airships, weapons, and intruments of incarceration? The answer is the people of El Salvador.

For most Salvadorans today there are two facts of life: desperate poverty, and the war. For the people of El Salvador the war threatens them on two fronts: the air war and bombardment which United States support makes possible, and the police surveillance which we now propose to escalate. Every helicopter we send to El Salvador is a potential gunship. Thousands of peasants are living in underground holes during the daylight hours in order to escape the bombing. At night they have to hide from the army patrols and the security forces. We have doubled the capacity of the Salvadoran air force; in the past year there has been a dramatic increase in tonnage and weight of bombs, and ammunition expended in the air war. We know that perhaps as much as a third of the Salvadoran population has been dislocated by the war. Hunger, disease, and broken families are what our policy has guaranteed for thousands of Salvadorans.

This massive aid package will bring increased status and legitimation to some of the most despicable police hoodlums in our hemisphere, and it will give the security forces increased arbitrary control over the population through training techniques and communication equipment for interrogation and surveillance—no doubt to be used to keep track of anyone who might threaten the status quo. Ironically this program has been called the Public Safety Program. Pat Holt, for many years a respected aide to Senator Fulbright, and the author of a study of the Public Safety Programs of the seventies, similar to the one proposed for funding in El Salvador, testified before the Senate Foreign Relations Committee recently that given the nature of the military and police structures already in place, it would be foolish to expect anything different from the dismal record of previous programs. Such programs have been total failures in the past, and a civilian President is not going to make any difference.

I registered a personal protest about the air war and other human rights abuses in El Salvador with President Duarte during his recent visit to Capitol Hill. I asked him to send me an explanation for this continued victimization of the civilian population. I have not yet received an answer. And on this floor today I want to register my protest with our own Government and every Member of this body who is responsible for our most important exports to El Salvador—death, homelessness, and hunger.

One country has received over two-thirds of all military assistance we sent to Latin America—El Salvador. Are we going to continue to entrust this level of force—the power of life and death over the Salvadoran people—to those whose behavior we cannot guarantee, much less monitor? Reliance on might to make right in this situation is a foolish and self-defeating enterprise. It is also immoral. The harvest we reap will be measured in innocent lives, in growing anti-Americanism, and in a stalemate that lines the pockets of the rich and the military.

Surely this is a demonstration, not of our national strength, but of our weakness. The Reagan policy is cynical and without hope, a testimony to the failure of our diplomacy.

We cannot fight terrorism by exporting terror.

INTRODUCTION OF H.R. 3833, A BILL TO AUTHORIZE THE NATIONAL CONFERENCE OF CITIES AND TOWNS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Tennessee [Mr. BONER] is recognized for 15 minutes.

Mr. BONER of Tennessee. Mr. Speaker, I am pleased to announce the introduction today of H.R. 3833, a bill to convene a national conference on cities and towns.

The need for a national conference has never been greater than it is today. As the President and Congress take steps to reduce the Federal budget deficit, the relationship between the Federal Government and cities and towns has been obscured. In fact, in many instances, this important relationship has not been adequately considered during deficit cutting deliberations.

Federalism, the relationship between cities, towns, and the Federal Government, is a linchpin of our constitutional system. In the 19th century, the Frenchman Alexis de Toqueville, lavished praise on American federalism in his book "Democracy in America." In the link between self-government and liberty, he commented "a nation may establish a free government, but without municipal institutions it cannot have the spirit of liberty."

The spirit of liberty. That essential element of self-government that is often elusive and difficult to sustain. As the form of government closest to the sentiments of its citizens, cities and towns have played the major role in fostering the spirit of liberty and in creating this Nation's great wealth and talent. Cities and towns have been the center of commerce, the center of culture, and the center of finance. During our Nation's history, cities and towns represented to many Americans the focal point for taking advantage of opportunity, and for improving the quality of their lives and those of their family.

Central to the thinking of our Nation's founders was developing a governing system to foster a link between these geographically dispersed cities and towns and the Nation as a whole. Simultaneously, our founders debated the issue of giving the Central Government sufficient authority

while protecting individual liberties and local self-government.

Certainly our forefathers could not anticipate the complexity and difficulty of many of the issues that the National Government and local governments face. But, our forefathers laid out principals that, when followed, can assure the continued vitality of cities and towns and the relationship with the Federal Government. On the whole, the relationship that has developed over nearly 200 years has enabled cities and towns to grow, prosper, and perform an important role in our system of self-government.

That relationship has always been challenged by the changes dictated by the issues of the day. This is especially true today. As Congress and the President evaluate the role the Federal Government will perform between now and the 21st century, the important role of cities and towns cannot be overlooked. In fact, as the Federal Government begins a retreat from its earlier role, it is not surprising that cities and towns will be expected to pick up many of those responsibilities.

The trend toward shifting responsibilities to cities and towns has already begun. Several important federally mandated activities have been imposed on cities and towns. Most of these have been in the form of compliance requirements with Federal laws, particularly Federal environmental laws.

At the same time, the Federal financial resources necessary to help cities and towns comply with many of these requirements have been reduced significantly. Federal funds for housing and community development programs administered by cities and towns have been reduced from some 40 billions of dollars in fiscal year 1979 to only about $10 billion in fiscal year 1986.

HOUSING AND COMMUNITY DEVELOPMENT EXPENDITURES

[In millions of dollars]

	Direct Federal assistance	Tax expenditures
Fiscal year:		
1979	40,973	30,125
1984	21,690	65,970
1986	10,315	72,285

Source: National League of Cities.

General revenue sharing, a program initiated during the Nixon administration to share Federal revenues with local government, has been cut this year to less than $3½ billion from a peak of nearly $7 billion in the late 1970's. According to figures calculated by the Tennessee Municipal League, cities and towns in Tennessee will, on average, have to increase taxes 9.4 percent to make up for the loss of general revenue sharing funds following the expiration of the program in 1987.

General revenue sharing appropriations, fiscal years 1973-86

[In billions of dollars]

Fiscal year:	*Amount*
1973	6.636
1974	6.105
1975	6.129
1976	6.242
TQ	1.587
1977	6.757
1978	6.823
1979	6.847
1980	6.828
1981	5.136
1982	4.568
1983	4.614
1984	4.566
1985	4.874
1986	3.425

Source: OMB Historical Tables—budget of the U.S. Government—fiscal year 1986 and House Committee on Appropriations.

DISTRIBUTION AND IMPACT OF REVENUE SHARING—STATE OF TENNESSEE

[Fifteenth Entitlement Period—Oct. 1, 1983, to Sept. 30, 1984]

	Current GRS allocation	Percent
U.S. Representative:		
James Quillen	$7,625,891	10.4
John Duncan	9,450,005	9.0
Marilyn Lloyd	9,121,226	9.2
James Cooper	7,013,673	14.5
Bill Boner	10,831,967	7.1
Bart Gordon	6,486,427	10.4
Don Sundquist	8,495,502	10.3
Ed Jones	9,562,434	11.9
Harold Ford	14,439,532	8.2
State totals	83,026,617	9.4

[1] Average tax increases needed to replace GRS funds.
Source: Tennessee Municipal League.

Similar spending reduction patterns are clear for transit assistance, job training, sewer and water quality, economic development programs, older Americans assistance programs, and many other programs benefitting the citizens of both cities and towns.

In addition to direct Federal spending, the topic of Federal tax policy is of far-reaching importance to the citizens of our Nation's cities and towns. In particular, the growth of several specific tax expenditures demonstrates their use by cities and towns to replace declining levels of direct Federal assistance, particularly in housing and community development programs.

These tax expenditures include small issue industrial development bonds; State and local industrial development bonds for the construction of public facilities; the investment tax credit for the rehabilitation of commercial and industrial nonhistoric buildings; and the investment tax credit for the rehabilitation of historic buildings.

Similarly, the targeted jobs tax credit, which is available for private employers, mortgage revenue bonds, the home mortgage interest tax deduction, and the Federal deduction for local and State taxes all have an important, albeit a less obvious, impact on the continued vitality of our Nation's cities and towns.

These tax expenditures are currently receiving intensive scrutiny by the House and Senate tax-writing committees. They are being evaluated, however, from the perspective of how much revenue they cost the Federal Treasury. Equally important, however, is the question of what effect their elimination will have on the ability of our cities and towns to govern and meet the needs of their citizens.

These are only a few examples of some of the issues affecting the relationship between cities and towns and the Federal Government. To say that they are being studied less than comprehensively is an understatement.

Nonetheless, there are challenges, many foreseeable, that cities and towns will face in the next 15 years to the 21st century. The value of a National Conference on Cities and Towns is that these challenges will be studied and debated by local officials and policy experts, with recommendations forwarded to the Congress and the President.

With these findings and recommendations in hand, the actions Congress will likely take in both the tax and spending areas can include a full understanding of the consequences on cities and towns and, as such, on the continued vitality of our Federal system.

Original cosponsors of the National Conference on Cities and Towns bill are: Mr. ADDABBO, Mr. BEDELL, Mr. BEVILL, Mr. BILIRAKIS, Mr. BORSKI, Mr. BRYANT, Mr. COELHO, Mr. COOPER, Mr. CROCKETT, Mr. DASCHLE, Mr. DE LA GARZA, Mr. DE LUGO, Mr. DUNCAN, Mr. FASCELL, Mr. FORD of Tennessee, Mr. GORDON, Mr. HAYES, Mr. HORTON, Mr. HOYER, Mr. HUGHES, Mr. JONES of Tennessee, Mr. KOLTER, Mrs. LLOYD, Mr. MOLLOHAN, Mr. QUILLEN, Mr. RANGEL, Mr. SABO, Mr. SISISKY, Mr. STARK, Mr. SUNDQUIST, Mr. TOWNS, Mr. TRAFICANT, and Mr. WORTLEY.

I thank my colleagues for joining me in introducing H.R. 3833, a bill to convene the National Conference on Cities and Towns.

I have attached a copy of the test of the bill:

H.R. 3833

A bill to authorize the National Conference on Cities and Towns

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "National Conference on Cities and Towns Act".

SEC. 2. FINDINGS AND PURPOSE.

(a) FINDINGS.—The Congress makes the following findings:

(1) the relationship between the Federal Government and cities and towns has been important in the development of the Nation's great wealth and the talent of its citizens;

(2) the relationship has contributed significantly to strengthening the Federal system and to improving the quality of life of city and town residents;

(3) important and costly economic development, housing, transportation, and social service problems confront city and town governments;

(4) the ability of cities and towns to solve current and future problems is being challenged by the changing relationship between the Federal Government and cities and towns, as demonstrated in Federal funding shifts of the last five years, and an increase in federally mandated activities;

(5) proposals are currently pending before Congress to terminate the Federal revenue sharing program, to decrease the Federal role in many community development, housing, transportation, and social services programs, and to alter significantly the Federal

income tax structure affecting cities and towns, including terminating the deduction of local taxes and important public purpose tax expenditures; and

(6) many of the problems facing cities and towns can only be solved with a comprehensive review of the future direction of the relationship between the Federal Government and cities and towns, and evaluation of the effect Federal action has on the ability of cities and towns to implement solutions, and a clear delineation of the responsibility among cities and towns and the Federal Government for finding and funding such solutions.

(b) PURPOSES.—The purpose of this Act is to authorize a national conference that will—

(1) increase public awareness of the contribution cities and towns make to the strength of the Federal system and to the quality of life of all citizens;

(2) evaluate the effect of Federal direct spending, federally mandated activities, and proposed tax changes on the ability of city and town governments to find and implement solutions to present and future problems;

(3) assist city and town governments in carrying out their role in governing and in solving the problems cities and towns face immediately and in the coming decades;

(4) assemble and develop specific comprehensive recommendations for Federal executive and legislative action that will maintain and encourage the viability of cities and towns and, thereby, the Nation; and

(5) evaluate the changing relationship between cities and towns and the Federal Government as the Nation prepares for the challenges of the 21st Century.

SEC. 3. AUTHORIZATION OF CONFERENCE.

(A) CONVENING OF NATIONAL CONFERENCE.—The President shall call and conduct a National Conference on Cities and Towns (hereinafter in this Act referred to as the "National Conference") not earlier than December 1, 1986, and not later than December 1, 1987, to carry out the purposes described in section 2 of this Act.

(b) STATE CONFERENCES.—The Governor of each State is encouraged—

(1) to conduct a State conference of knowledgeable and concerned individuals and city and town representatives and to conduct other activities at the State level before the date of the National Conference;

(2) to direct such conference and activities toward consideration of the purposes of the National Conference described in section 2 of this Act in order to prepare for the National Conference; and

(3) to coordinate the Sate conference with the Director of the State League of Cities and Towns.

SEC. 4. NATIONAL CONFERENCE PARTICIPANTS.

(a) SELECTION OF DELEGATES.—Delegates, including alternates, to the National Conference shall be selected as follows:

(1) ten delegates elected by each State conference called pursuant to subsection 3(b)(1);

(2) two delegates and two alternates appointed by each State Governor;

(3) two delegates and two alternates appointed by each Member of the House of Representatives, including each Delegate and the Resident Commissioner of Puerto Rico;

(4) two delegates and two alternates appointed by each Member of the Senate; and

(5) one hundred delegates and one hundred alternates appointed by the President.

(b) POLICY ENCOURAGING BROAD REPRESENTATION.—In order to ensure representation of the full spectrum of issues relating to cities and towns and thereby fulfill the purposes of this Act, no delegate shall be admitted to the National Conference who was selected pursuant to subsection (a)(1) at a State conference which—

(1) denied admission to any city or town representative; or

(2) imposed a charge or fee on any State conference participant, except an amount to cover the cost of any meal, plus a registration fee of not to exceed $100.

SEC. 5. PLANNING AND ADMINISTRATION OF NATIONAL CONFERENCE.

(a) DEPARTMENT AND AGENCY ASSISTANCE.—All Federal departments, agencies, and instrumentalities shall provide such support and assistance as may be necessary to facilitate the planning and administration of the National Conference.

(b) SECRETARY OF HOUSING AND URBAN DEVELOPMENT.—In carrying out the provisions of this Act, the Secretary of Housing and Urban Development—

(1) shall provide such assistance as may be necessary for the organization and conduct of State conferences under subsection 3(b)(1); and

(2) is authorized to enter into contracts with public agencies, private organizations, and academic institutions to carry out the provisions of this Act.

(c) CONGRESSIONAL SUPPORT.—The Director of the Congressional Research Service and the Director of the Congressional Budget Office shall assist in carrying out the provisions of this Act by preparing and providing background materials for use by participants in the National Conference and by participants in State conferences.

(d) PARTICIPANT EXPENSES.—Each participant in the National Conference shall be responsible for his or her expenses related to attending the National Conference and shall not be reimbursed from funds appropriated pursuant to this Act.

(e) EXECUTIVE DIRECTOR.—(1) The President may appoint and compensate an executive director and other directors and personnel as may be necessary for the National Conference, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Service pay rates.

(2) Upon request of the executive director, the heads of the executive and military departments are authorized to detail employees to work with the executive director in planning and administering the National Conference without regard to the provisions of section 3341 of title 5, United States Code.

SEC. 6. REPORT REQUIRED.

Not more than six months after the date on which the National Conference is convened, a final report shall be submitted to the President and to each House of Congress. The report shall include the findings and recommendations of the National Conference, and proposals for legislative action necessary to implement the recommendations of the National Conference. The final report of the Conference shall be distributed to delegates and alternates to the National Conference and each State Governor and shall be available for sale to the public.

SEC. 7. AVAILABILITY OF FUNDS.

There is authorized to be appropriated such sums as may be necessary to carry out this Act. Sums appropriated shall remain available until expended or the final report is submitted to Congress, whichever is earlier. New spending authority or authority to enter contracts as provided in this Act shall be effective only to such extent and in such amounts as are provided in advance in appropriations Acts.

SEC. 8. DEFINITIONS.

For purposes of this Act—

(1) the term "State" includes the District of Columbia, Puerto Rico, the Virgin Islands, Guam, and American Samoa; and

(2) the term "Governor" includes the Mayor of the District of Columbia.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. JONES of North Carolina) to revise and extend their remarks and include extraneous material:)

Mr. ANNUNZIO, for 5 minutes, today.

Mr. GONZALEZ, for 60 minutes, today.

Mr. BONER of Tennessee, for 15 minutes, today.

Mr. FLIPPO, for 30 minutes, on December 4.

Mr. DASCHLE, for 60 minutes, on December 5.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. YOUNG of Alaska) and to include extraneous matter:)

Mr. WORTLEY.

Mr. COURTER.

(The following Members (at the request of Mr. Jones of North Carolina) and to include extraneous matter:)

Mr. ANDERSON in 10 instances.

Mr. GONZALEZ in 10 instances.

Mrs. LLOYD in five instances.

Mr. HAMILTON in 10 instances.

Mr. BROWN of California in 10 instances.

Mr. ANNUNZIO in six instances.

Mr. JONES of Tennessee in 10 instances.

Mr. BONER of Tennessee in five instances.

Mr. DE LA GARZA in 10 instances.

Mr. TORRES in two instances.

Mr. SYNAR.

Mr. TALLON.

Mr. ROE.

Mr. RODINO.

Mr. EDWARDS of California.

Mr. RANGEL.

Mr. HAWKINS.

Mr. NICHOLS.

SENATE BILLS AND JOINT RESOLUTIONS REFERRED

Bills and joint resolutions of the Senate of the following titles were

taken from the Speaker's table and, under the rule, referred as follows:

S. 173. An act to settle and adjust the claim of the Tehran American School for $13,333.95; to the Committee on the Judiciary.

S. 850. An act to create a Federal criminal offense for operating or directing the operation of a common carrier while intoxicated or under the influence of drugs; to the Committee on the Judiciary.

S. 1073. An act to amend the Stevenson-Wydler Technology Innovation Act of 1980 for the purpose of improving the availability of Japanese science and engineering literature in the United States, and for other purposes; to the Committee on Science and Technology.

S.J. Res. 177. Joint resolution relating to an International Space Year in 1992; to the Committees on Science and Technology and Foreign Affairs.

S.J. Res. 198. Joint resolution to designate the year of 1986 as the "Sesquicentennial Year of the National Library of Medicine"; to the Committee on Post Office and Civil Service.

S.J. Res. 229. Joint resolution designating the week of January 13 through January 19, 1986, as "National Productivity Improvement Week"; to the Committee on Post Office and Civil Service.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 1714. An act to authorize appropriations to the National Aeronautics and Space Administration for research and development, space flight, control and data communications, construction of facilities, and research and program management, and for other purposes;

H.R. 1806. An act to recognize the organization known as the Daughters of Union Veterans of the Civil War 1861-1865;

H.R. 3235. An act to authorize the Administrator of the National Aeronautics and Space Administration to accept title to the Mississippi Technology Transfer Center to be constructed by the State of Mississippi at the National Space Technologies Laboratories in Hancock County, MS;

H.R. 3327. An act making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1986, and for other purposes; and

H.J. Res. 459. Joint resolution reaffirming the friendship of the people of the United States with the people of Colombia following the devastating volcanic eruption of November 13, 1985.

SENATE ENROLLED JOINT RESOLUTIONS

The SPEAKER announced his signature to enrolled joint resolutions of the Senate of the following titles:

S.J. Res. 139. Joint resolution to designate the week of December 1, 1985, through December 7, 1985, as "National Home Care Week";

S.J. Res. 195. Joint resolution to designte the week of December 1, 1985, through December 7, 1985, as "National Temporary Services Week"; and

S.J. Res. 206. Joint resolution to authorize and request the President to designate the month of December 1985, as "Made in America Month."

BILLS AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee did on the following day present to the President, for his approval, bills and a joint resolution of the House of the following titles:

On November 22, 1985:

H.J. Res. 259. Joint resolution to designate November 30, 1985, as "National Mark Twain Day";

H.R. 505. An act to amend title 38, United States Code, to establish, extend, and improve certain Veterans' Administration health-care programs, and for other purposes; and

H.R. 2419. An act to authorize appropriations for fiscal year 1986 for intelligence and intelligence-related activities of the U.S. Government, the intelligence community staff, and the Central Intelligence Agency Retirement and Disability System, and for other purposes.

ADJOURNMENT

Mr. JONES of North Carolina. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 21 minutes p.m.), the House adjourned until tomorrow, Tuesday, December 3, 1985, at 12 noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2295. A letter from the Assistant Secretary of the Army (Installations and Logistics), transmitting notice of the decision to convert to contractor performance the Directorate of Engineering and Housing, Ft. McClellan, AL, pursuant to 10 U.S.C. 2304 nt.; to the Committee on Armed Services.

2296. A letter from the Assistant Secretary of the Army (Installations and Logistics), transmitting notice of the decision to convert to contractor performance the Directorate of Logistics, Fort McClellan, AL, pursuant to 10 U.S.C. 2304 nt.; to the Committee on Armed Services.

2297. A letter from the Assistant Secretary of the Army (Installations and Logistics), transmitting notice of the decision to convert to contractor performance the commissary shelf stocking function, Fort Benjamin Harrison, IN, pursuant to 10 U.S.C. 2304 nt.; to the Committee on Armed Services.

2298. A letter from the Assistant Secretary of the Army (Installations and Logistics), transmitting notice of the decision to convert to contractor performance selected administrative services, Directorate of Personnel and Community Affairs, Fort Knox, KY, pursuant to 10 U.S.C. 2304 nt.; to the Committee on Armed Services.

2299. A letter from the General Counsel of the Department of Defense, transmitting a draft of proposed legislation to amend section 666 of the Department of Defense Authorization Act, 1986, to provide for increases in the limitation on amounts available for obligation for basic pay and for retired pay accrual charge, pursuant to Public Law 99-147, section 667; to the Committee on Armed Services.

2300. A letter from the Secretary of Defense, transmitting drafts of two pieces of legislation that would change the military nondisability retirement system, pursuant to Public Law 99-145, section 667; to the Committee on Armed Services.

2301. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of the Council Resolution 6-410, entitled, "Transfer of Jurisdiction over Part of Parcel 173/142 in Fort Lincoln New Town, S.O. 84-285, Resolution of 1985," pursuant to Public Law 93-198, section 602(c); to the Committee on the District of Columbia.

2302. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. Act 6-105, "Flat Fuel Tax Amendment Act of 1985," and report, pursuant to Public Law 93-198, section 602(c); to the Committee on the District of Columbia.

2303. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. Act 6-104, "Compulsory/No-Fault Motor Vehicle Insurance Act of 1982 Amendments Act of 1985," and report, pursuant to Public Law 93-198, section 602(c); to the Committee on the District of Columbia.

2304. A letter from the Secretary of Education, transmitting final regulations for Strengthening Research Library Resources Program, pursuant to GEPA, section 431(d)(1) (88 Stat. 567; 90 Stat. 2231; 95 Stat. 453); to the Committee on Education and Labor.

2305. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting notice of intent to issue a commercial export license for sale of defense articles sold commercially under a contract in the amount of $50 million or more (Transmittal No. MC-8-86), pursuant to 22 U.S.C. 2776(c); to the Committee on Foreign Affairs.

2306. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting notice of intent to issue a commercial export license for the export and production of defense services valued at $50 million or more (Transmittal No. MC-5-86), pursuant to 22 U.S.C. 2776(c); to the Committee on Foreign Affairs.

2307. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting notification of a proposed license for the export of defense articles or defense services sold commercially under a contract in the amount of $50 million or more (Transmittal No. MC-4-86), pursuant to 22 U.S.C. 2776(c); to the Committee on Foreign Affairs.

2308. A communication from the President of the United States, transmitting annual certification of Pakistan to permit assistance to be furnished and military equipment or technology to be sold or transferred to that country, pursuant to 22 U.S.C. 2375(e); to the Committee on Foreign Affairs.

2309. A communication from the President of the United States, transmitting a report on progress toward a negotiated solution of the Cyprus problem, including relevant reports from the Secretary General of the United Nations, pursuant to 22 U.S.C. 2373(c); to the Committee on Foreign Affairs.

2310. A letter from the Secretary, Department of Education, transmitting the 11th semiannual report on the activities of the inspector general for the period April 1, 1985 through September 30, 1985, pursuant to Public Law 95-452, section 5(b); to the Committee on Government Operations.

2311. A letter from the inspector general, Department of Energy, transmitting the semiannual report of the inspector general for the period covering April 1, 1985 through September 30, 1985, pursuant to Public Law 94-505, section 204(a) (96 Stat. 1824); to the Committee on Government Operations.

2312. A letter from the inspector general, Department of Health and Human Services, transmitting the semiannual report of the Department's Office of Inspector General, covering the period April 1, 1985 through September 30, 1985, pursuant to Public Law 94-505, section 204(a) (96 Stat. 1824); to the Committee on Government Operations.

2313. A letter from the Secretary of Agriculture, transmitting the semiannual report of the inspector general covering the period of April 1, 1985 through September 30, 1985, pursuant to Public Law 94-505, section 204(a) (96 Stat. 1824); to the Committee on Government Operations.

2314. A letter from the Assistant Attorney General for Administration, transmitting notice of an altered Federal records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

2315. A letter from the Chief of the Forest Service, Department of Agriculture, transmitting notice of a decision to relocate a portion of the official corridor boundary for the Chattogga Wild and Scenic River, pursuant to 16 U.S.C. 1274; to the Committee on Interior and Insular Affairs.

2316. A letter from the Deputy Associate Director for Royalty Management Operations, Department of the Interior, transmitting proposed refunds of excess royalty payments in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Interior and Insular Affairs.

2317. A letter from the Deputy Associate Director for Royalty Management Operations, Department of the Interior, transmitting proposed refunds of excess royalty payments in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Interior and Insular Affairs.

2318. A letter from the Deputy Associate Director for Royalty Management Operations, Department of the Interior, transmitting proposed refunds of excess royalty payments in OCS areas, pursuant to 43 U.S.C. 1339(b); to the Committee on Interior and Insular Affairs.

2319. A letter from the Attorney General of the United States, transmitting a report on the extent to which internal operating guidelines for the direction of investigative and prosecutorial activities have been relied upon for due process challenges, pursuant to Public Law 98-473, section 1211 (98 Stat. 2164); to the Committee on the Judiciary.

2320. A letter from the Chief Immigration Judge, Executive Office for Immigration Review, Department of Justice, transmitting a report on suspension of deportation of certain aliens of good character and with required residency when deportation causes hardship under section 244(a), Immigration and Nationality Act, pursuant to 8 U.S.C. 1254(c); to the Committee on the Judiciary.

2321. A letter from the Deputy Assistant to the President for Administration, transmitting a report covering White House personnel, pursuant to 3 U.S.C. 113; to the Committee on Post Office and Civil Service.

2322. A letter from the Administrator, Small Business Administration, transmitting volumes I and II of the 1984 annual report on the activities and accomplishments of the Small Business Administration, pursuant to SBA, section 10(b) (88 Stat. 1972; 92 Stat. 379; 95 Stat. 772); to the Committee on Small Business.

2323. A letter from the Secretary of Health and Human Services, transmitting a draft of proposed legislation to amend the Social Security Act and related laws to improve the administration of the Old-Age, Survivors, and Disability Insurance Program and the Supplemental Security Income Program, to improve coverage under the Old-Age, Survivors, and Disability Insurance Program, and for other purposes; to the Committee on Ways and Means.

2324. A letter from the Secretary of Defense, transmitting a report on the desirability and feasibility of permitting members entitled to assistance under 38 U.S.C. 1401 et seq. (All-Volunteer Force Educational Assistance Program) to transfer entitlement to dependents, pursuant to Public Law 98-525, section 702(c) (98 Stat. 2563); jointly, to the Committees on Armed Services and Veterans' Affairs.

2325. A letter from the Deputy Administrator, Veteran's Administration, transmitting a draft of proposed legislation to amend title 38, United States Code, to provide for the exclusion of residents and interns from coverage under the Federal Labor-Management Relations Statute; jointly to the Committees on Veterans' Affairs and Education and Labor.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

[Pursuant to the order of the House on November 21, 1985, the following reports were filed on November 26, 1985]

Mr. ST GERMAIN: Committee on Banking, Finance, and Urban Affairs. H.R. 2443. A bill to limit the number of days a depository institution may restrict the availability of funds which are deposited in any account; with an amendment (Rept. 99-404). Referred to the Committee of the Whole House on the State of the Union.

Mr. ST GERMAIN: Committee on Banking, Finance and Urban Affairs. H.R. 237. A bill to amend the Fair Debt Collection Practices Act to provide that any attorney who collects debts on behalf of a client shall be subject to the provisions of such Act. (Rept. 99-405). Referred to the Committee of the Whole House on the State of the Union.

[Submitted December 2, 1985]

Mr. FUQUA: Committee on Science and Technology. House Concurrent Resolution 231. Resolution congratulating Sharon Christa McAuliffe on her selection as the first "Teacher in Space", and for other purposes; with an amendment (Rept. 99-406). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BONER of Tennessee (for himself, Mr. ADDABBO, Mr. BEDELL, Mr. BEVILL, Mr. BILIRAKIS, Mr. BORSKI, Mr. BRYANT, Mr. COELHO, Mr. COOPER, Mr. CROCKETT, Mr. DASCHLE, Mr. DE LA GARZA, Mr. DE LUGO, Mr. DUNCAN, Mr. FASCELL, Mr. FORD of Tennessee, Mr. GORDON, Mr. HAYES, Mr. HORTON, Mr. HOYER, Mr. HUGHES, Mr. JONES of Tennessee, Mr. KOLTER, Mrs. LLOYD, Mr. MOLLOHAN, Mr. QUILLEN, Mr. RANGEL, Mr. SABO, Mr. SISISKY, Mr. STARK, Mr. SUNDQUIST, Mr. TOWNS, Mr. TRAFICANT, and Mr. WORTLEY):

H.R. 3833. A bill to authorize the National Conference on Cities and Towns; to the Committee on Government Operations.

By Mr. ANNUNZIO (by request):

H.R. 3834. A bill to authorize the Secretary of the Treasury to engrave and print the currency, bonds, and other security documents of a foreign country or engage in research and development for printing the currency, bonds, and other security documents on behalf of a foreign country on a reimbursable basis; to the Committee on Banking, Finance and Urban Affairs.

By Mr. DYSON:

H.R. 3835. A bill entitled the "Ocean Incineration Research Act of 1985;" jointly, to the Committees on Merchant Marine and Fisheries, and Science and Technology.

By Mr. FRANK (for himself, Mr. EDWARDS of California, Mr. HUGHES, Mr. SEIBERLING, Mr. KASTENMEIER, Mr. SCHEUER, and Mr. FLORIO):

H.R. 3836. A bill amending the Ethics in Government Act to provide an independent counsel to prosecute contempts certified by the House of Representatives, and for other purposes; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 512: Mr. OLIN.

H.R. 797: Mr. YATRON.

H.R. 838: Mr. BOSCO.

H.R. 1139: Mrs. BENTLEY.

H.R. 1507: Mr. BEVILL.

H.R. 2440: Mrs. BENTLEY, Mr. DANNEMEYER, Mr. DE LA GARZA, Mr. FORD of Tennessee, Mr. HUGHES, Mr. LANTOS, Mr. MCGRATH, Mr. MARTINEZ, Ms. MIKULSKI, Mr. MRAZEK, Mr. PRICE, Mr. SKELTON, and Mr. SWINDALL.

H.R. 2863: Mr. ROYBAL.

H.R. 3024: Mr. MADIGAN, Mr. BLAZ, and Mr. BEREUTER.

H.R. 3260: Mr. DAVIS, Ms. KAPTUR, Mr. MITCHELL, Mrs. SCHROEDER, Mr. KASTENMEIER, Mr. HEFNER, Mr. CHAPMAN, Mr. WEISS, Mr. BENNETT, and Mr. WORTLEY.

H.R. 3522: Mr. FISH and Mr. SMITH of New Hampshire.

H.R. 3537: Mr. LAFALCE, Ms. KAPTUR, Mr. BORSKI, and Mr. GLICKMAN.

H.R. 3609: Mr. STRANG, Mr. MCCAIN, Mr. LEWIS of California, Mr. LOTT, Mr. BATEMAN, Mr. HAMMERSCHMIDT, Mr. SNYDER, Mr. SPENCE, Mr. BROYHILL, Mr. DARDEN, Mr.

VANDER JAGT, Mr. ROBINSON, Mr. MADIGAN, Mr. LATTA, Mrs. SMITH of Nebraska, Mr. SENSENBRENNER, Mrs. LLOYD, Mr. DUNCAN, Mr. HARTNETT, Mr. CALLAHAN, and Mr. PASHAYAN.

H.R. 3660: Mr. MAVROULES, Mr. MITCHELL, Mr. PRICE, Mr. BERMAN, Mr. MARKEY, and Mr. LEVINE of California.

H.R. 3732: Mr. GRAY of Pennsylvania, Mr. MORRISON of Connecticut, Mr. LAGOMARSINO, Mr. BUSTAMANTE, Mr. ROSE, Mr. WOLF, Mr. WEISS, Mr. WEAVER, Mr. EMERSON, Mr. HOYER, Mrs. COLLINS, Mr. REID, Mr. HYDE, Mr. RANGEL, Mr. DWYER of New Jersey, Mr. ACKERMAN, Mr. APPLEGATE, Mr. VOLKMER, Ms. KAPTUR, and Mr. MATSUI.

H.R. 3736: Mr. WILSON, Mr. RUDD, and Mr. PORTER.

H.R. 3755: Mr. FAUNTROY.

H.J. Res. 101: Mr. ANTHONY, Mr. BATEMAN, Mr. BIAGGI, and Mr. CARPER.

H.J. Res. 421: Mrs. BOGGS, Mrs. VUCANOVICH, Mr. LOEFFLER, Mrs. HOLT, Mr. SHAW, and Mr. ADDABBO.

H.J. Res. 436: Mr. GROTBERG, Mrs. LONG, Mr. COOPER, Mr. LEVIN of Michigan, Mr. ST GERMAIN, Mr. MOODY, Mr. GARCIA, Mr. LEHMAN of California, Mr. PARRIS, Mr. STAGGERS, Mr. MITCHELL, Mr. DOWNEY of New York, Mr. WISE, Mr. DONNELLY, Mr. SLATTERY, Mr. KASTENMEIER, Mr. CHAPMAN, Mr. WOLPE, Mr. ATKINS, Mr. RICHARDSON, Mr. DELLUMS, Mr. RODINO, Mr. MCCAIN, Mr. LOTT, Mr. KOLTER, Mr. GORDON, Mr. SCHEUER, Mr. VOLKMER, Mr. CARPER, Mr. CHANDLER, Mr. DIXON, Mr. TOWNS, and Mr. DANIEL.

H.J. Res. 439: Mr. HORTON, Mr. ORTIZ, Mr. SWINDALL, Mr. HENRY, Mr. KOLTER, Mr. LEVIN of Michigan, Mr. HAMILTON, Mr. BLAZ, Mr. BUSTAMANTE, Mr. EMERSON, Mr. HALL of Ohio, Mr. HAMMERSCHMIDT, Mr. CALLAHAN, Mr. BORSKI, and Mr. DYSON.

H.J. Res. 463: Mr. TOWNS, Mr. MRAZEK, Mr. BONER of Tennessee, Mr. KOSTMAYER, Mr. MATSUI, and Mr. ROSE.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

254. By the SPEAKER: Petition of the president, Highway Users Federation, Washington, DC, relative to a resolution of the federation's executive committee concerning the future of the Federal-Aid Highway Program; to the Committee on Public Works and Transportation.

255. By Mr. WORTLEY: Petition of the county legislature, Onondaga County, NY, relative to the establishment of funds by way of a tax check off for amelioration of the effects of acid rain; to the Committee on Ways and Means.

AMENDMENTS

Under clause 6 of XXIII, proposed amendments were submitted as follows:

H.R. 3700

By Mr. ACKERMAN:

—Page 644, strike out lines 16 through 21.

Page 644, line 22, strike out "(3)" and insert in lieu thereof "(2)".

Page 645, line 7, strike out "(4)" and insert in lieu thereof "(3)".

Page 645, beginning on line 2, strike out "a disclosure report need not be filed with the Secretary" and insert in lieu thereof the following: "including penalties for noncompliance no less stringent than those contained in subsection (e), a copy of the report filed with the State shall be filed with the Secretary".

By Mr. McKERNAN:

—Page 163, strike out lines 3 through 6 and insert in lieu thereof the following:

"(vi) not in excess of one year for each $1,000 of aggregate indebtedness of the borrower under this part, or 5 years, whichever is less, during which the borrower is engaged as a full-time teacher in a public or private elementary or secondary school;

Page 185, strike out lines 5 through 8 and insert in lieu thereof the following:

"(vi) not in excess of one year for each $1,000 of aggregate indebtedness of the borrower under this part, or 5 years, whichever is less, during which the borrower is engaged as a full-time teacher in a public or private elementary or secondary school;

Page 353, line 4, strike out "five years" and insert in lieu thereof the following: "one year for each $1,000 of aggregate indebtedness of the borrower under this part, or 5 years, whichever is less".

By Mr. PANETTA:

—Page 507, line 18, strike out "and"; on line 22 strike out the period and insert in lieu thereof "; and"; and after such line insert the following:

(4) by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b)(1) The Secretary is also authorized to make grants to institutions of higher education whose applications are approved under subsection (2) for the purpose of providing assistance to model programs designed to improve and expand foreign language studies at those institutions. Any institution of higher education desiring to receive a grant under this subsection shall submit an application to the Secretary at such time, in such form, and containing such information and assurances as the Secretary may require.

"(2)(A) An institution of higher education shall not be eligible for a grant under this subsection for a fiscal year unless—

"(i) the sum of the number of students enrolled at such institution in qualified postsecondary language courses on October 1 of that fiscal year exceeds 5 per centum of the total number of students enrolled at such institution;

"(ii) such institution requires that each entering student have successfully completed at least two years of secondary school foreign language instruction or requires that each graduating student have earned two years of postsecondary credit in a foreign language (or have demonstrated equivalent competence in a foreign language).

"(B) For purposes of subparagraph (A)(i), the total number of students enrolled in an institution shall be considered to be equal to the sum of (i) the number of fulltime degree candidate students enrolled at the institution, and (ii) the number of part-time degree candidate students who are enrolled at the institution for an academic workload which is at least half the full-time academic workload, as determined by the institution in accordance with standards prescribed by the Secretary.

"(3) As a condition for the award of any grant under this section, the Secretary may establish criteria for evaluating programs assisted with funds under this section and require an annual report which evaluates the progress and proficiency of students in such programs.".

Page 508, line 15, strike out "or"; on line 19, strike out the period and insert in lieu thereof "; or"; and after such line insert the following

"(C) institutes designed to provide professional development and improve language instruction through pre- and in-service training for language teachers.

Page 512, beginning on line 5, strike out "and" and all that follows through line 11 and insert in lieu thereof the following:

(2) by redesignating section 613 as section 614 and inserting after section 612 the following new section:

STUDY ABROAD AND INTERNSHIPS

"SEC. 613. (a) The Secretary is authorized to make grants to institutions of higher education, or to consortia of such institutions, whose application is approved under subsection (b) for the purposes of providing assistance to enable advanced foreign language students to develop their language skills and their knowledge of foreign cultures and societies through study abroad. Such study abroad may be combined with an internship in an international business enterprise. Any institution or consortium whose application is so approved shall be eligible to receive a grant in an amount not to exceed one-half the cost of providing such assistance.

(b) Any institution of higher education or consortium of such institutions desiring to receive a grant under this section shall submit an application therefor to the Secretary at such time, in such form, and containing such information and assurances as the Secretary may require. No such application may be approved by the Secretary unless the application—

"(1) contains a description of the proposed program of study abroad in any of the following areas:

"(A) Latin America, the Caribbean, and Puerto Rico for the study of Spanish, Portuguese, and other major languages of that region;

"(B) the Middle East for the study of Arabic and other major languages of that region;

"(C) Japan for the study of Japanese;

"(D) the People's Republic of China or the Republic of China for the study of Chinese;

"(E) the Republic of Korea for the study of Korean;

"(F) the Union of Soviet Socialist Republics for the study of Russian and other major languages of that region;

"(G) Africa for the study of major languages of that region;

"(H) South Asia for the study of Hindi and other major languages of that region;

"(I) Eastern Europe for the study of major languages of that region; and

"(J) Southeast Asia for the study of major languages of that region;

"(2) provides adequate assurance that those who wish to participate will be selected on the basis of demonstrated proficiency in the language, as shown by testing comparable to that conducted by the Foreign Service Institute of the Department of State; and

"(3) demonstrates that the program will provide the opportunity to combine language study with the study of journalism, international business, finance, economic development, science, engineering, political science, international studies, or other related areas.

"(c) Funds available to institutions under this section may be used to cover costs associated with the study abroad program, including tuition, fees, administration, and living expenses.

SENATE—*Monday, December 2, 1985*

The Senate met at 12 noon, and was called to order by the Honorable ROBERT T. STAFFORD, a Senator from the State of Vermont.

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray.

In a moment of silence, let us pray for the complete recovery of Senators CHILES and EAST.

Trust in the Lord with all your heart; and lean not unto thine own understanding. In all your ways acknowledge Him, and He shall direct your paths.—Proverbs 3:5,6.

Father in Heaven, very few if any who work in the Senate or for the Senate view with expectation the final tension-filled days of this session. Rather, it is with apprehension and foreboding. Remembering the battles before Thanksgiving adjournment, with their delays, confusion, frustration, rancor, and exhaustion, many are discouraged. It has been said, "We come to the Lord by the process of elimination—nothing else works!" When we have no where else to look for relief, gracious God, we can look up, acknowledging the wisdom and grace of the God who made us, loves us, and is available to meet every need. And we can look within to the Holy Spirit, whose temple our bodies were meant to be, and find peace and direction. Make us wise in our spirits that we may reject human pride which refuses to admit inadequacy and turn to the Lord, who waits patiently to aid us. In the name of Him who is the way. Amen.

APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore [Mr. THURMOND].

The assistant legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, DC, December 2, 1985.

To the Senate:

Under the provisions of rule I, section 3, of the Standing Rules of the Senate, I hereby appoint the Honorable ROBERT T. STAFFORD, a Senator from the State of Vermont, to perform the duties of the Chair.

STROM THURMOND,
President pro tempore.

Mr. STAFFORD thereupon assumed the chair as Acting President pro tempore.

RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. Under the previous order, the majority leader is recognized.

PRAYERFUL THOUGHTS

Mr. DOLE. Mr. President, I thank the Chaplain. We certainly share his thoughts for both Senator CHILES and Senator EAST, and also Mrs. Goldwater, who had serious surgery in the last couple of days.

SCHEDULE

Mr. DOLE. Mr. President, under the standing order, the leaders have 10 minutes each.

I will ask unanimous consent that 5 minutes of my time be given to the distinguished Senator from Pennsylvania [Mr. HEINZ].

That will be followed by a special order of Senator PROXMIRE not to exceed 15 minutes and routine morning business not to extend beyond 1 o'clock.

At 1 o'clock, the Senate will turn to Calendar 300, S. 655, and Senator BOREN will be recognized to offer his PAC amendment, on which there will be 2 hours of debate today.

Following that, we hope to take up by unanimous consent the veterans' compensation COLA bill. Hopefully we can do that and pass that on a voice vote. There will be no rollcall votes today.

Also, Mr. President, we may proceed to the Executive Calendar this afternoon, for the nomination of Robert K. Dawson to be Assistant Secretary of the Army.

At 10 a.m. tomorrow, Tuesday, December 3, we will return to the Boren amendment. The vote will occur following policy luncheons at 2 p.m. on, I assume, a motion to table that amendment.

That will be followed by consideration of S. 1884, the Helms-Zorinsky farm credit system bill. The unanimous-consent agreement that was entered into prior to the Thanksgiving recess provides for 4 hours of debate on the bill.

Following the disposition of S. 1884, the unanimous-consent order provides that a motion to reconsider H.R. 2100, the farm bill, would be in order. This provides us an opportunity to confirm that there are no major errors in the final drafting of the farm bill to comply with the memorandum of intent submitted with the agreement on H.R. 2100. We currently believe that there is no disagreement. If that is the case, we may be able to vitiate that order tomorrow. These bills will pretty much consume tomorrow.

We will have a number of matters to take up the balance of the week. However, I am not currently in a position to indicate to my colleagues the schedule for either Friday or Saturday of this week. Much depends on when we will adjourn for the year. And there are some must items of legislation that must be dealt with.

I think the farm credit legislation is certainly one item. I see the distinguished chairman of the Agriculture Committee is in the Chamber. Then, there are the farm bill itself, the debt limit extension, and reconciliation. In addition the continuing resolution is certainly one item that we must consider before adjournment this year.

I expect a busy schedule over the next 2 weeks so hopefully we can conclude all of this by the 12th or 13th or 14th of December.

The ACTING PRESIDENT pro tempore. Did the Chair understand the majority leader asked unanimous consent to yield 5 minutes of his time to the Senator from Pennsylvania?

Mr. DOLE. Yes.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. BYRD. Mr. President, does the distinguished majority leader need any additional time now that he has given some to Senator HEINZ?

Mr. DOLE. No.

Mr. BYRD. I could give it to him.

Mr. DOLE. I appreciate that.

Mr. BYRD. Mr. President, will the distinguished majority leader indicate what he anticipates with respect to appropriations bills that will be taken up before we go out?

Mr. DOLE. I am advised by the chairman of the Energy Committee that they would like to dispose of the Interior appropriations bill. In fact, we may turn to that tomorrow. It is the unfinished business.

I am not aware of any other bill that will not be taken care of in the continuing resolution.

Mr. BYRD. What about the defense appropriation bill, may I ask?

Mr. DOLE. I have been advised as recently, I think, as the day we recessed that there will be an effort to incorporate that into the continuing resolution.

Mr. BYRD. Mr. President, does the distinguished majority leader anticipate any action on any appropriation bills other than the Interior appro-

priation bill and the continuing resolution?

Mr. DOLE. My answer would be a tentative no, except with respect to some conference reports that may be pending. There was some discussion of doing defense appropriations. I have not checked this with the distinguished chairman of the committee, Senator HATFIELD, but I think they are going to wrap most of that into the continuing resolution.

Mr. BYRD. Will the distinguished majority leader indicate whether or not the Senate may adjourn sine die without final action on the reconciliation bill?

Mr. DOLE. I am in a meeting right now, I indicate to the minority leader, with the distinguished chairman of the Budget Committee, Senator DOMENICI. The schedule may depend on whether or not they can proceed without Senator CHILES, because he is a very valuable member of that committee and that conference, on both Gramm-Rudman and reconciliation. I will check with the Budget Committee chairman and try to get word to the minority leader.

Mr. BYRD. I thank the distinguished majority leader.

Mr. President, I ask unanimous consent that 5 minutes of my time may be transferred to the majority leader for his use in transferring it to any Senator.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Does the Democratic leader wish to be recognized now or later?

Mr. BYRD. How much time do I have remaining?

The ACTING PRESIDENT pro tempore. Five minutes.

Mr. BYRD. Mr. President I ask that I may reserve my time.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

RECOGNITION OF SENATOR HEINZ

The ACTING PRESIDENT pro tempore. The Senator from Pennsylvania is recognized.

COMPREHENSIVE CAMPAIGN REFORM ACT OF 1985

Mr. HEINZ. Mr. President, tomorrow I will introduce a measure having to do with campaign financing—specifically, the Comprehensive Campaign Reform Act of 1985.

I want my colleagues who are interested in this subject—since we will be considering tomorrow an amendment that is related to this subject—to study this legislation, which I ask unanimous consent to be printed in the RECORD at the conclusion of my remarks, together with a section-by-section analysis of the legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

[See exhibit 1.]

Mr. HEINZ. Mr. President, this bill, the Comprehensive Campaign Reform Act of 1985, unlike the one I referred to a moment ago and which will shortly be under consideration by the Senate in amendment form, deals positively and comprehensively with the complex question of campaign law reform. It is identical in most respects to legislation introduced in the last Congress by Senator LAXALT and Senator LUGAR and adopts the same goal—namely, increasing democratic accountability and broadening participation in the political process by strengthening the role of the political parties. Both Republicans and Democrats will benefit from this effort, and, more important, the American people will benefit from an electoral process providing them a better opportunity to participate effectively.

As I mentioned, I will introduce this bill tomorrow. It would be possible to take it up tomorrow, but I would prefer that this bill not be taken up at this time by the Senate. Indeed, my major objection to the legislation which will shortly be pending before the Senate is that it is being considered in too perfunctory a fashion. It really is not being considered at all. No hearings have been held; no markup has been held; it has not gone through the legislative process. So I would prefer that the measure I am introducing, the Comprehensive Campaign Reform Act of 1985, be considered fully when we return in January and in due course, through the appropriate legislative process, be given hearings, debate on the merits, refinement amendments, and so forth.

I must say that I would be prepared to bring up the legislation on the floor this week if the Senate is convinced that it has to act on so fundamental a matter as electoral reform in a hasty and unconsidered manner.

The bill I am introducing does provide a comprehensive alternative for the Senate to consider in addressing the basic issue of how the American people will choose those who will govern.

The object of this bill is to provide more, not less, freedom to participate in the political process. The courts have already ruled in several major decisions that Americans have the right to become involved in political campaigns and that contributing to the candidate of one's choice is an essential exercise of that basic right. Such a right may not be abridged, and it should be limited only when a very great burden of evidence demands it. I may say that no such evidence has been displayed as yet before this body.

I believe that campaign finance should be based on voluntary contributions with full disclosure. This is the basic principle which should guide us in deliberating upon campaign law reform. I firmly believe that there should be no restriction on the right of individuals, and individuals in groups, to participate in the political process and advocate their electoral preferences. The necessary corollary, in my view, is that the public has an absolute right to know who is contributing to each campaign, and the form and extent of their support. Americans are fully capable of judging for themselves how that support should affect their view of the candidates. Through full disclosure, we can achieve unfettered political expression combined with an open political process in which informed voters make their own choices.

This bill promotes that goal by loosening arbitrary restraints on participation through political parties. Freedom in the political process means the right—and the practical ability—to assemble and pursue shared goals and objectives with others of like mind. The broadest, and least captive to special interests, of such political associations are our national political parties. If the fraction of campaign money contributed by PAC's is troublesome to some, then the solution is to encourage participation in the electoral process through the most democratically accountable associations, representing the widest range of interests: the national parties.

Specifically, our bill would permit the national committees of political parties to provide an unlimited supply of campaign materials to candidates. It would also allow national committees to provide unlimited assistance to candidates for registration and get-out-the-vote drives. These changes would extend to the national party organizations the same freedom and ability to assist candidates that the 1979 Amendments to the Campaign Act extended to State parties. Those amendments were a welcome improvement, and should be extended further.

Also, this bill permits the national parties to provide unlimited but fully disclosed assistance to House and Senate candidates. Such assistance is severely limited under present law. For example, the senatorial committees—of one of which I am currently chairman, so I know how impractical the limitations are—may now contribute no more than $17,000 directly to any candidate. This bill would raise that limit to $30,000. More significantly, the committees are now limited as to how much they can spend in coordination with a candidate in the general election. These limits on so-called coordinated expenditures should be lifted in their entirety. The parties,

State and national, should be able to spend all funds which they can raise on behalf of their candidates, so long as contribution sources are fully disclosed and made public. Importantly, this bill does not remove the current restrictions on funding sources, such as the prohibition on corporate and labor union contributions. I know from experience that party money tends to come in relatively small amounts from a great many individuals; it is the very opposite of "special interest" money.

As an essential predicate to all of this party activity, the bill strengthens the base of the entire campaign finance system by raising the individual contribution limit from $1,000 to $3,000 per election. The $1,000 limit has been in effect since 1974. In the intervening years, inflation has risen by over 200 percent the cost of campaign sources even more so. We should not tolerate the curtailment by inflation of the exercise of basic constitutional rights. Although this bill does not propose it, I believe that the Congress should in the near future consider an indexing of individual limits to the CPI or some other inflation-adjusted indicator.

Finally, this bill also strengthens the administration of the election laws by directing some long sought reforms to aid practice before the Federal Election Commission. For the most part, these are geared at streamlining procedures so as to facilitate the rapid and fair disposition of matters pending before the Commission. In addition, certain provisions extend to proceedings before the Commission the due process safeguards available before other agencies and tribunals, guaranteeing at least a basic right to be heard before final disposition of a party's case.

But for the most part, Mr. President, the bill I am introducing, like the one introduced in the last Congress by Senators LAXALT and LUGAR, restores to both of the national political parties a measure of the importance which they seem to have lost over the last decade. Unlike some others, I do not believe that PAC's or other such groups are in any significant way responsible for this decline. Certain changes in the campaign law in recent years have had a lot more to do with that. But Mr. President, those who are concerned about the role of PAC's should share with me the conviction that strengthening the most democratically accountable and most broadly representational source of campaign financing is a step in the right direction.

EXHIBIT 1

TO AMEND THE FEDERAL CAMPAIGN REFORM ACT

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Campaign Reform Act Amendments of 1985".

SEC. 2. Except as otherwise expressly provided in this Act, any reference in this Act to a section or other provision is a reference to a section or other provision of the Federal Election Campaign Act of 1971.

SEC. 3. (a) Section 301(8)(A)(i) (2 U.S.C. 431(8)(A)(i)) is amended by inserting after "Federal office" the following: "Or for the purpose of expressly advocating that a clearly identified individual become a candidate for Federal office" (b) Section 301(8)(B) (2 U.S.C. 431(8)(B)) is amended—

(1) in clause (xiii), by striking out "and" after the semicolon;

(2) in clause (xiv), by striking out the period and inserting thereof "; and"; and

(3) by adding at the end the following new clause:

"(xv) with respect to a political committee of a political party, any payment to such committee specifically designated to defray establishment, administration, and solicitation costs of such committee, but such payment shall be reported in accordance with section 304(a)(11).".

(c)(1) Section 301(8)(B)(x) (2 U.S.C. 431(8)(B)(x)) is amended by striking out "by a State" and inserting in lieu thereof "by a national, State,".

(2) Section 301(8)(B)(xii) (2 U.S.C. 431(8)(B)(xii)) is amended—

(A) by striking out "by a State" and inserting in lieu thereof "by a national, State,"; and

(B) by striking out "for President and Vice President".

(d) Section 301(9)(A)(i) (2 U.S.C. 431(9)(A)(i)) is amended by inserting after "Federal office" the following: "or for the purpose of expressly advocating that a clearly identified individual become a candidate for Federal office".

(e) Section 301(9)(B) (2 U.S.C. 431(9)(B)) is amended—

(1) in clause (ix), by striking the "and" after the semicolon;

(2) in clause (x), by striking out the period and inserting in lieu thereof "; and"; and

(3) by adding at the end the following new clause:

"(xi) with respect to a political committee of a political party, any establishment, administration, solicitation costs of such committee, but such costs shall be reported in accordance with section 304(a)(11);".

(f)(1) Section 301(9)(B)(viii) (2 U.S.C. 431(9)(B)(viii)) is amended by striking out "by a State" and inserting in lieu thereof "by a national, State,".

(2) Section 301(9)(B)(ix) (2 U.S.C. 431(9)(B)(ix)) is amended—

(A) by striking out "by a State" and inserting in lieu thereof "by a national, State,"; and

(B) by striking out "for President and Vice President".

SEC. 4. Section 304(a) (2 U.S.C. 434(a)) is amended by adding at the end the following new paragraph:

"(11) If the committee is a political committee of a political party, with respect to payments under section 301(8)(B)(XV) and costs under section 301(9)(B)(VI) the treasurer shall file—

"(A) a report covering the period beginning January 1 and ending June 30, which shall be filed no later than July 31; and

"(B) a report covering the period beginning July 1 and ending December 31, which shall be filed no later than January 3 of the following calendar year.".

SEC. 5. Section 307(e) (2 U.S.C. 437(e)) is amended to read as follows—

"(e) Except as provided in section 437g(a)(8) of this title and except with respect to complaints alleging a violation of 438(a)(4) of this title, the power of the Commission to initiate civil actions under subsection (a)(6) of this section shall be the exclusive civil remedy for the enforcement of the provisions of this Act.".

SEC. 6. Section 308(a)(2) (2 U.S.C. 437(a)(2) is amended by striking out "or any authorized committee of such candidate" and inserting in lieu thereof "any authorized committee of such candidate, or any political committee of a political party".

SEC. 7. (a) Section 309(a) (2 U.S.C. 437g(a)) is amended by adding at the end the following new paragraphs:

"(13) The Commission shall establish time limitations for investigations under this subsection.

"(14) The Commission shall publish an index of all investigations under this section and shall update the index quarterly.".

(b) Section 309(a)(2) (2 U.S.C. 437g(a)(2)) is amended by adding at the end the following new sentences: "Before the Commission conducts any vote under this paragraph based on information ascertained in the normal course of carrying out its supervisory responsibilities, the person alleged to have committed the violation shall be notified of the allegation and shall have the opportunity to demonstrate, in writing, to the Commission within 15 days after notification that no action should be taken against such person on the basis of the information. Prior to any determination, the Commission may request voluntary responses to questions from any person who may become the subject of an investigation. A determination under this paragraph shall be accompanied by a written statement of the reasons for the determination.".

(c) Section 309(a)(3) (2 U.S.C. 437g(a)(3)) is amended by adding at the end the following new sentences: "The Commission shall make available to a respondent any documentary or other evidence relied on by the general counsel in making a recommendation under this subsection. Any brief or report by the general counsel that replies to the respondent's brief shall be provided to the respondent".

(d) Section 309(a)(4)(A) (2 U.S.C. 437g(a)(4)(A) is amended by adding at the end the following new clauses:

"(iii) A determination under clause (i) shall be made only after opportunity for a hearing upon request of the respondent and shall be accompanied by a statement of the reasons for the determination.

"(iv) The Commission shall not require that any conciliation agreement under this paragraph contain an admission by the respondent of a violation of this Act or any other law.".

(e) Section 309(a)(5) (2 U.S.C. 437g(a)(5)) is amended—

(1) by striking out subparagraph (A); and

(2) by redesignating subparagraphs (B), (C), and (D) as subparagraphs (A), (B), and (C) respectively.

SEC. 8. The sentence beginning "The district court" in section 310(a) (2 U.S.C. 437h(a)) is amended by striking out", which shall hear the matter sitting en banc",

SEC. 9. (a) Section 311(a) (U.S.C. 438(a)) is amended—

(1) by inserting the following new paragraph as subsection (5):

"(5) require each person requesting copies of reports and statements to sign an affida-

vit certifying that the information requested shall not be used in violation of the prohibitions contained in this section. The Commission, the Secretary and the Clerk shall, within forty-eight hours, provide a copy of each such affidavit to the treasurer of each committee which is that subject to each request;" and

(2) by redesignating sections (6), (7), (8), (9) and (10) as sections (7), (8), (9), (10) and (11), respectively.

(b) Section 311(b) (2 U.S.C. 438(t)) is amended by adding at the end the following new sentences: "Audits under this subsection shall be conducted in accordance with procedures published by the Commission. Prior to any vote relating to any audit findings, the Commission shall give the political committee involved an opportunity to respond in writing to any information relating to the prospective aduit furnished to the Commission by the general counsel or any other member of the staff of the Commission".

SEC. 10. (a) Section 315 (a)(1)(A) of the Federal Election Campaign Act of 1971 is amended by striking out "$1000" and inserting in lieu thereof "$1000".

(b) Section 315(a)(2) (2 U.S.C. 441(a)(2)) is amended—

(1) in subparagraph (A), by inserting after "(A)" the following: "except as provided in subparagraph (d),";

(2) in subparagraph (B), by striking out "or" after the semicolon:

(3) in subparagraph (C), by striking out the period and inserting in lieu thereof "and"; and

(4) by adding at the end the following new subparagraph:

"(D) in the case of a multicandidate political committee that is a political committee of a political party, to any candidate and his or her authorized political committees with respect to an election of Federal office which, in the aggregate, exceed $15,000.".

(c) Section 315 (2 U.S.C 441a) is amended—

(1) by striking out subsection (g); and

(2) by redesignating subsection (h) as subsection (g).

(d) Section 315(b)(1) (2 U.S.C. 441a(b)(1)) is amended—

(1) in subparagraph (A), by striking out "$10,000,000" and inserting in lieu thereof "$18,000,000", and by striking out ", except the" and all that follows through "or $200,000"; and

(2) in subparagraph (B), by striking out "$20,000,000" and inserting in lieu thereof "$30,000,000".

(e)(1) Section 315(d)(1) (2 U.S.C. 441(d)(1) is amended by striking out "paragraphs (2) and (3) of this subsection," and inserting in lieu thereof "paragraph (2) of this subsection.

SECTION-BY-SECTION EXPLANATION

Sec. 1. The title is the Comprehensive Campaign Law Reform Act of 1985.

Sec. 2. This section provides that any reference in this Act to a section or other provision is a reference to a section or provision of the Federal Election Campaign Act of 1971, as amended in 1974, 1976 and 1979.

Sec. 3. Paragraph (a) defines contribution to include donations made to draft committees advocating that a clearly identified individual become a candidate for federal office.

Paragraph (b) exempts from the definition of contribution donations to political committees of political parties which are used solely to defray establishment, administration, and solicitation costs. The donations would not be subject to any limitations, but would be reported on a semi-annual basis.

Paragraph (c), (1) extends to the national committee of a political party the current exemption from the definition of contributions regarding costs for campaign materials such as pins, bumper stickers, handbills, brochures, posters, party tabloids, and yard signs.

Paragraph (c)(2) extends to the national committee of a political party the exemption from the definition of contribution the costs of voter registration and get-out-the-vote drives. This provision also expands the class of candidates on whose behalf this activity can be undertaken to include all federal candidates.

Paragraph (d)(e), (f)(1) and (f)(2) are technical amendments to incorporate the above changes in the definition of expenditure.

Sec. 4. This section requires political committees of a political party receiving donations which are used solely to defray establishment, administration, and solicitations costs under Section 3, Paragraph (b) to report those donations on a semi-annual basis.

Sec. 5. This provision creates a private civil cause of action in favor of any person who has been harmed by another person who violates section 438(a)(4). That section prohibits the use of information from FEC reports for solicitation or commercial purposes.

Sec. 6. This provision allows a political committee of a political party to seek the expedited procedure for advisory opinion requests during the 60 day period before an election.

Sec. 7. Paragraph (a)(13) requires the Commission to establish time limits on investigations undertaken by the general counsel.

Paragraph (a)(14) requires the Commission to publish an index of all investigations and to update the index on quarterly basis.

Paragraph (b) requires the Commission, in any internally generated matter, to notify the potential respondent of the alleged violation and permit such person to demonstrate why no action should be taken. The Commission may request further voluntary responses before taking any action. Any finding by the Commission must be accompanied by a written statement of reasons.

Paragraph (c) requires that the Commission make available to a respondent any evidence relied upon by the general counsel in recommending whether the Commission should find probable cause to believe that a violation has occurred. This paragraph also requires that a copy of any brief or report by the general counsel in reply to the respondent's brief shall be provided to the respondent.

Paragraph (d) requires that an opportunity for a hearing be provided to a respondent before the Commission makes any determination regarding probable cause. This paragraph further provides that the Commission may not demand an admission of guilt by the respondent in any conciliation agreement.

Paragraph (e) deletes the authority of the Commission to levy civil penalties for violations other than a knowing and willful violation of the Act.

Sec. 8. This section deletes the requirement of 2 U.S.C. 437(h) that the Court of Appeals sit en banc when hearing cases brought under this provision.

Sec. 9. Paragraph (a) requires that each person requesting copies of reports and statements from the Commission, Clerk or Secretary to sign an affidavit certifying that they will not use the information in violation of the prohibitions. It further requires that copies of the affidavit shall be forwarded within 48 hours to the treasurer of each committee which is the subjects of the request.

Paragraph (b) requires the Commission to conduct audits in accordance with published procedures. Additionally, prior to any vote on any audit finding, the political committee involved is given an opportunity to respond in writing to any information furnished to the Commission.

Sec. 10. Paragraph (a) compensates for the effect of post-1974 inflation by increasing the individual contribution limit from $1,000 per election to $3,000 per election.

Paragraph (b) would increase the party committee contribution from $5,000 per election to $15,000 per election.

Paragraph (c) deletes the state expenditure limitations for a publicly funded candidate for the presidential nomination.

Paragraph (d) increases the base presidential primary expenditure limitation from $10,000,000 to $18,000,000. Additionally, this provision deletes the computations method for the state expenditure limitations. The presidential general election base expenditure limitations is raised from $20,000,000 to $30,000,000.

Paragraph (e) increases the amount of money a national party committee can spend on behalf of their presidential nominee. Additionally, this paragraph eliminates the limitation on the amount a party committee can spend on behalf of their Senate and House candidates.

Paragraph (f) increases the contribution limitation to candidates for the United States Senate from the Republican or Democratic Senatorial Campaign Committee or the national committee of a political party or any combination of such committees from $17,500 to $30,000.

Sec. 11. Paragraph (a) permits membership organizations, cooperatives or corporations without capital stock or their separate segregated funds to solicit the families of their members.

Paragraph (b) eliminates the annual corporate authorization requirements for trade association PAC corporation approval to stand until revoked.

Sec. 12. This section permits political committees of political parties to engage in bona fide commercial transactions in order to defray establishment, administration and solicitations costs.

Sec. 13. Paragraph (a) provides the opportunity for a presidential general election candidate to request a hearing before the Commission if a demand for a repayment of funds is made.

Paragraph (b) changes the availability of party convention funding from July 1 to January 1 of the calendar year preceding the convention.

Paragraph (c) provides the opportunity for a presidential primary candidate receiving public monies to request a hearing before the Commission if a demand for repayment is made.

Sec. 14. The effective date for these amendments shall be December 31, 1986.

RECOGNITION OF SENATOR PROXMIRE

The ACTING PRESIDENT pro tempore. The Senator from Wisconsin is recognized.

HOW ARMS CONTROL CAN SUCCEED WITHOUT TRUST

Mr. PROXMIRE. Mr. President, make no mistake about it, the future of arms control is in very serious jeopardy. In a previous speech on this issue on the floor of the Senate, I discussed the immense progress that has been made in the technology of verification of arms control treaties. From a technical standpoint, we are in the strongest position this country has even been in, to determine whether or not the Soviet Union is cheating on the arms control treaties we have signed. Certainly technical verification is not perfect. It never will be. It will be a constant struggle to keep the technology of verification advancing as rapidly as the technology of nuclear arms. In an article in the December issue of Science entitled "The Politics of Mistrust," Roger Bingham asserts:

> At no time in the history of arms control negotiations has the verification issue been made the focus of such acrimonious debate within an administration.

There are those in the administration whom Bingham calls evil empire theorists who insist verification must be more stringent. They also argue that this country cannot rely on arms control in many areas because the Soviets will cheat and we will not be able to detect their cheating. Former Ambassador Gerard Smith who negotiated the ABM Treaty sees this view as a convenient and partially convincing alibi for refusing to engage in arms control. For instance, both superpowers have promised in two treaties that they will negotiate an end to nuclear weapons testing. Now Secretary Gorbachev has announced a unilateral cessation of nuclear weapons testing that began last August and will continue until the end of the year. Gorbachev has challenged the United States to negotiate a test ban. Why won't the Reagan administration even enter into such negotiations? As Gerard Smith sees it:

> We want to be free to continue to test. And it's much easier not to say that publicly, but to say that we can't verify.

How much better under these circumstances to enter into the negotiations we promised to enter into. In those negotiations, we could wisely press for the most far-reaching kind of verification. We could call for the stationing of monitoring seismology stations within the Soviet Union as well as within the United States. We could insist on international inspection without notice at the instigation of either superpower to investigate any evidence of violations. If inadequate verification were the problem, we could insist on verification provisions in the treaty that would give us every reasonable basis for determining violations.

Two developments in nuclear weapons especially challenge verification. Mobile and dual purpose missiles are more difficult to monitor. And, second, the smaller the nuclear weapon the easier it is to conceal. Of course, a test ban would help to slow and perhaps to largely stop the progress of nuclear weapons into modes more difficult to verify.

But there is another promising area for improving the prospect of treaty compliance. Michael Krepon of the Carnegie Endowment for International Peace argues that we will have to supplement our technical capabilities more and more with political kinds of cooperation. Krepon calls for distinctive features to aid identification of weapons; designated weapons production facilities and counting rules. Krepon complains that this administration has failed to try these cooperative arrangements. And he observes, "in the medical profession this would be malpractice. It certainly isn't preventive medicine."

Bingham sees all this as a failure of our social, ethical, and political faculties to keep pace with our scientific progress. This Senator thinks Bingham is being far too generous to the Reagan administration. After all as Bingham himself reminds us this administration is the first administration in history to use the inadequacy of verification as an alibi for not negotiating any kind of a meaningful arms control agreement with the Soviet Union. It is also the first administration that has appointed a consistent foe of arms control as the head of the Arms Control and Disarmament Agency. It is finally the first administration to appear to reduce funding for arms control verification. It is reducing funding for verification at the same time it is immensely increasing funding for nuclear weapons. It is simultaneously complaining that we cannot reach arms control agreements with the Soviet Union because verification is not keeping pace with the progress of nuclear weapons. Of course, the supreme irony in this democracy is that every poll shows the people of this country overwhelmingly favor negotiating an end to the arms race in a treaty with the Soviet Union that would mutually stop nuclear weapons testing, production, and deployment.

Mr. President, I ask unanimous consent that the article to which I have referred by Roger Bingham entitled "The Politics of Mistrust" from the December 1985 issue of Science be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE POLITICS OF MISTRUST

(By Roger Bingham)

Last fall, I had my first meeting with a Soviet citizen. During an interview in California, we talked about the prospects for a joint mission to Mars, about the Strategic Defense, or Star Wars, Initative and about arms control. I remember thinking that, for an inhabitant of the land President Reagan once characterized as an "evil empire," Academician Roald Sagdeev, director of the Soviet Institute for Cosmic Research in Moscow, seemed remarkably benevolent. A small, unassuming man wearing thick-lensed glasses and a sometimes doleful expression, he brought to mind a stockier version of Woody Allen.

I have thought a great deal recently of Academician Sagdeev and listened again to his taped remarks, delivered in delightfully fractured English, on the subject of a comprehensive test ban. "Any seismologist would tell [you] that it's no more a secret that we have unveiled the laws of propagation of seismic waves," he said. "Not single—even smallest—underground test could be hidden now." As it happens, seismology is not Sagdeev's area of expertise, and his opinion could easily be challenged. Nevertheless, I reflected: Suppose he and I were empowered to sign a ban. Could I trust him?

Because, by extension, this is the dilemma that has faced teams of American and Soviet negotiators as they grapple with the intricacies of arms control, from the promising beginnings of the LImited Test Ban Treaty of 1963 to the still unratified SALT II Agreement of 1979. Sadly, the sobering truth of a nuclear-armed world is that trust is a luxury we are unable to afford; the rules of civil conduct carry less weight than warheads. And whether or not I trust Roald Sagdeev—or Ronald Reagan trusts Mikhail Gorbachev—is, in the final analysis, irrevelant.

Instead, technology has so far stood proxy for trust. Sophisticated information-gathering techniques are designed to keep us honest by alerting us to treaty violations.

As U.S. arms control negotiators face their Soviet counterparts across a table in Geneva, it is essential that they have confidence in our technological capacity to verify whether agreements are being kept. And yet, in a series of unprecedentedly public and wide-ranging charges of Soviet treaty violations, the Reagan administration has voiced doubts about our ability to monitor those agreements.

At first sight, this seems paradoxical: if we detected the violations, then surely the technology is doing its job. Well, maybe. And it is the uncertainty of that answer that has polarized opinion within the arms control community and the U.S. government. At no time in the history of arms control negotiations has the verification issue been made the focus of such acrimonious debate within an administration.

At the risk of oversimplification, the various arguments can be reduced to two broad schools of thought. There are those who feel that technology has been forced into the backseat by ideology and that scientific data have been selectively interpreted to support charges of Soviet wrongdoing. In the process, they charge, arms control negotiations have been obstructed. Call this group the Strategic Stability theorists because of its distaste for brinksmanship in our dealings with the Soviets.

At the other end of the spectrum are those who contend that the Soviets have re-

peatedly failed to honor agreements and should be punished for their transgressions and that verification procedures should be much more stringent. Because of its ideological resonance with the president's "evil empire" speech, call this group the Evil Empire theorists.

Like two teams aiming for the arms control Super Bowl, each group hopes to call the plays at Geneva. And there has been widespread feeling that, in the process, the Evil Empire theorists' game plan has turned verification into a political football.

In both the negotiation of new arms control agreements and in monitoring compliance with existing treaties, verification plays a pivotal role. Its key component, in addition to human intelligence gathering, is a complex array of remote detection devices including airplanes and satellite surveillance, various types of radar, electronic signal collection, and some seismic monitors. This sophisticated sensory apparatus is known collectively as national technical means. Other verification measures requiring bilateral agreements include on-site inspections and in-country seismic monitoring networks.

The SALT I agreement of 1972 sanctioned the use of national technical means in verification of compliance. At the same time, it established the joint U.S.-U.S.S.R. Standing Consultative Commission, which meets in Geneva to resolve compliance issues. Between 1972 and 1980, the commission dealt with 13 such problems—eight raised by the United States, five by the Soviet Union. Both sides, for example, questioned the legality of what seemed to be radars forbidden by the 1972 Antiballistic Missile Treaty. Both sides also challenged each other about their apparent failure to dismantle retired intercontinental ballistic missile launchers. These were serious issues, but resolved, so the record indicates to the satisfaction of both parties.

And clearly, it was the detection capability of national technical means that raised the questions that needed settling by the Standing Consultative Commission. In May 1982, when President Reagan's first Secretary of State, Alexander Haig, assured the Senate Foreign Relations Committee that "the Soviets have not moved outside of the SALT II limits . . ." and "are generally complying with the provisions of existing (SALT I) agreements," the implication seemed to be that the system was working well enough. So what are we to make of the same administration's about-face, its strident accusations of Soviet cheating, and implications that its predecessors were inclined to soft-pedal the seriousness of Soviet violations in the interests of expediency?

Adherents of this point of view see the administration's charges of Soviet cheating as simply long-overdue housecleaning and a warning to the Soviets to shape up. On the other hand, there are those who argue—like Sidney Graybeal, a former member of the Standing Consultative Commission who is not known for holding radical views—that verification has become a shield behind which those not interested in arms control would like to hide."

The key question is this: Are national technical means no longer able to detect Soviet violations with confidence? Or is that claim a diversionary tactic to stall arms control negotiations?

Some clues can be gleaned from the current crop of alleged Soviet violations. In particular, three of the charges are generally acknowledged as raising serious verification and compliance questions.

The first involves a new Soviet radar under construction north of Krasnoyarsk, a city in central Siberia. The Antiballistic Missile Treaty specifically prohibits early warning radars unless they are sited along national borders and oriented outward. Located inland, like Krasnoyarsk, they are assumed to be part of an antiballistic missile defense system, which is illegal. The Soviets insist that the new radar will be used to track objects in space, a purpose allowed by the treaty, and that any resemblance to an antiballistic missile radar is coincidental. U.S. analysts are united in their skepticism. If it looks like a duck and walks like a duck, goes the argument, chances are it'll quack, not bark.

The administration's second charge is that the Soviets are excessively encoding the signals transmitted to and from their missiles during test flights. This telemetry encryption is permitted by SALT II unless it interferes with the other side's ability to check for treaty violations. The Soviets apparently reckon that the U.S. national technical means can find out all it needs despite the encoding—so, they ask, why complain?

Third, the administration contends that the Soviets are illegally testing a new missile, the SS-X-25, in contravention of the SALT II accord. The Soviets argue that it is merely an allowed modification of their old SS-13 intercontinental ballistic missile and suggest with a hint of self-righteousness that the confusion stems from inaccurate U.S. intelligence data.

Whatever the differences, Strategic Stability and Evil Empire theorists would agree on one thing: Soviet behavior, as evidenced by these three examples, is at best unhelpful. For historical and cultural reasons that are legitimate in Soviet eyes though alien to American sensibilities, the Soviets equate security with extreme secrecy. They attach less importance to the spirit of an agreement and appear to feel entitled to stretch the language of treaties virtually to the breaking point.

According to Michael Krepon of the Carnegie Endowment for International Peace, "It's part of their style of operation, and it's one of the reasons why arms control is such an unnatural act. . . . It's very difficult to build a long-term negotiating relationship with them."

Of course, that relationship has not been helped by the administration's charges. Predictably, the indignant Soviets reacted defensively, accusing the U.S. of a series of violations of its own. Many of the tit-for-tat variety and dismissed as unfounded by most U.S. analysts. But Russian charges of U.S. foot-dragging in the ratification of treaties and in responding to Soviet offers to negotiate a comprehensive test ban or an antisatellite weapons treaty are serious issues, if not compliance problems. They have cause for complaint, too, in protesting the invasion of privacy, caused by administration grandstanding, of Standarding Consultative Commission deliberations long held in confidence behind closed doors. And yet these are matters of style and atmosphere, important in the long run, perhaps, but not as immediate or tangible as the real issue dividing the Strategic Stability and Evil Empire theorists: are the Soviets breaking the arms control honor code?

At first sight, it looks as if the answer ought to come naturally from national technical means. You simply examine the evidence and reach a conclusion either the Russians are cheating or they're not. But it isn't so easy. No treaty is perfectly verifiable. Verification is an excise of probabilities and, in the final analysis, in political judgment calls.

So the question becomes: are we able to verify agreements and monitor compliance to such a level that the remaining degree of uncertainly constitutes and acceptable risk? Well, that depends on what you are monitoring and who is deciding what is deciding what is acceptable. Some weapons are more difficult to detect than others. It's relatively easy to spot missile silos; counting individual missiles is tougher. And counting cruise missiles or antisatellite weapons is virtually impossible because of their compactness and mobility.

Drafting treaties to account for these variables often leads to ambiguous language and the birth of a loophole. For example, in SALT II what exactly does it mean to "impede" verification? To make more difficult? To hinder? Or to prevent?

Perhaps most important, your attitude toward the Soviets will color your definition of acceptable risk. Generally speaking. Strategic Stability theorists argue that the task confronting the farmers of an agreement is to anticipate and preclude situations in which a Soviet violation would pose a militarily significant threat. Verification techniques must therefore be sensitive enough to detect potential dangers in time to prepare an appropriate response. Rather than seeking to use every infringement, however minor or ambiguous, as a justification for tearing up a treaty. Strategic Stability theorists perceive an arms control agreement as a living document, subject to continual fine tuning. In general, they would rather have worthwhile though imperfect arms control then none at all.

Evil Empire theorists take the position that, with the best will in the world, you have to assume that Russian officials are inveterate cheats. Any chance they get, they exploit loopholes to seek a military advantage. They have already violated several treaties and gotten away with it; they must be laughing into their samovars. Well, no more Mr. Nice Guy. Existing treaties must be tightened up or torn up and violations punished. New agreements must be couched in such rigidly enforceable language that the slightest deviation from the letter of the law can be detected and rectified. Current verification techniques must be radically improved as a precondition to further negotiation.

"There are always difficult verification questions," argues Carnegie's Krepon. "There are always gaps in coverage. We would always like to know more about the Soviets, but that has not been a bar to previous negotiations [or] agreements. The major differences now are not in Soviet compliance practices; they are in U.S. compliance diplomacy."

A rare inside look at that diplomacy was supplied by Strobe Talbott in his book Deadly Gambits. There he describes how U.S. policy was effectively controlled by two third-level bureaucrats, Assistant Secretary of State Richard Burt and Assistant Secretary of Defense Richard Perle, whose protracted machinations stalled arms control negotiations for most of the Reagan administration's first term. Perle, with better access to the president through the secretary of defense, eventually gained the upper hand and is generally regarded as the principal architect of the Evil Empire theory of arms control. He has said that "at some point one has to ask the question, whether the objective of arms control, which is

greater stability and greater security, is best served by unverifiable arms control agreements or by the classical resort to self-defense." Perle declined to be interviewed or to answer written questions in connection with this article.

As a former Pentagon analyst acknowledged, requesting anonymity, "Reasonable people outside the government could look at some of our activities and say we're demanding so much in terms of verification that the Soviets will never accept it, and we're using this to obstruct arms control. There is some validity to that. Richard Perle is hard-nosed when it comes to the Soviets. He does not trust them, and he wants stiff verification measures. Perle's view is that you shouldn't ignore even small violations. If the Russians are willing to violate treaties where there is no gain, you can almost be certain they will violate—if they can get away with it—in a militarily significant situation."

Unless simply ideological, the Perle position implies that verification technology is inadequate. So how does the evidence stack up in the three alleged Soviet violations cited earlier? On the face of it, national technical means seem to have done well.

The Krasnoyarsk radar, it is generally agreed, is an infraction so devoid of subtlety that it defies belief. Some see it as evidence of Soviet impudence, others as simple ineptitude. U.S. intelligence experts scoff at the notion that it is a space tracking radar as the Soviets contend. The majority opinion holds that it is designed to perform an early warning function but has little capability as an illegal battle-management radar. Predictably, Evil Empire theorists disagree. But the key point is this: national technical means picked up the construction before it could pose a militarily significant threat.

Soviet encryption of telemetry has undeniably increased. An administration analyst calls it "the most dangerous and destabilizing thing that's happened from an arms control perspective. It's seriously impeding verification right now, and it's getting worse." Others note that while it is a prime example of Soviet obduracy, national technical means are nevertheless sophisticated enough to circumvent the problem, and it does not yet pose a strategic risk.

The case of the SS-X-25 prompts a similar conclusion: national technical means may not be able to resolve the issue unambiguously, but they were certainly sensitive enough to raise the alarm.

There is one more alleged violation that did not receive top billing from the administration but has important ramifications. While the Soviets recently garnered considerable publicity by announcing a unilateral moratorium on all underground nuclear testing, it has been alleged that the Soviets have conducted underground nuclear explosions with yields in excess of 150 kilotons, thus breaking the 1974 Threshold Test Ban Treaty, which prohibits underground nuclear testing above this yield. Yields are estimated by comparing seismic signals from Soviet tests with signals generated by U.S. tests in Nevada and making an adjustment to compensate for geological differences. The Soviets argue that U.S. scientists are making the wrong adjustment, leading to overestimates. A series of reports from the Department of Defense Review Panel on Nuclear Test Ban Evaluation, the Air Force Technical Applications Center Seismic Review Panel, Central Intelligence Agency advisory panels, and government contractors concluded that the adjustments should be modified. The clear inference: the Soviets are probably correct, although debate continues.

The implications are far-reaching. The administration opposes ratification of the Threshold Test Ban Treaty, signed by President Nixon, on the grounds that it has been violated by the Soviets—conclusions that the best available evidence fails to justify—and on grounds that it cannoit be verified. Moreover, the administration is arguing that, until its requirements for the Threshold Test Ban Treaty are satisfied, there is no sense entertaining negotiations for the comprehensive test ban called for by the Soviets and supported by many in the U.S.

Former U.S. negotiator Gerard Smith detects another possible motivation for this reluctance: "It's clearly a case of using verification as a rationale for not doing something. We want to be free to continue to test. And it's much easier not to say that publicly, but to say that we can't verify."

If the possibility that the verification issue may have been used to obstruct the arms controls process in recent years is alarming, the prospect of added difficulties is even more serious because of advances in weaponry that are likely to further undermine confidence. The era of relying exclusively on national technical means of verifying agreements may be coming to an end. Mobile and dual-purpose missiles will be much more difficult to monitor; cruise missiles and tiny antisatellite weapons impossible. In the verification business, small is scary.

According to Michael Krepon, "You will have to supplement your technical capabilities more and more with political kinds of cooperation—cooperative measures, in the terms of the trade." Examples include distinctive features to aid identification of weapons; designated weapons production facilities; and "counting rules," a technique for guesstimating the size of nuclear arsenals by extrapolation from remote monitoring of individual missile flight tests.

"One of the saddest things that's transpired over the past four and a half to five years," Krepon reflects, "is that these cooperative arrangements have not been tried. They haven't been proposed by this administration mostly because of internal disagreements. In the medical profession, this would be malpractice. It certainly isn't preventive medicine."

Earlier this year, however, there were some signs of yet another shift in the administration's approach, including the president's decision to continue abiding by the terms of SALT II as well as his effort to meet with Russian leader Gorbachev. There was speculation that the Evil Empire theorists might be in retreat. But as the November summit has drawn closer, the divisions within the administration have once again become apparent. The Soviet offer of a weapons testing moratorium was dismissed as a public relations gambit. The Soviets, in turn, have rejected a U.S. offer to audit a nuclear test in Nevada, and Secretary Gorbachev, apparently intent upon usurping President Reagan as the Great Communicator, has been canvassing a new proposal that includes a reduction of nuclear arsenals by 50 percent. That, too, has split the administration. In fact, both parties appear to be communicating very little more than their abiding fearfulness.

All this serves as an acutely discomforting reminder that what might be called our civic evolution—the development of our social, ethical, and political faculties—lags woefully behind our scientific precocity. Our distant ancestors were walking upright three and a half million years ago; we could now stop that long march of humankind dead in its tracks. It is often said—erroneously—that science got us into this predicament. How ironic, then, that science, in the guise of remote monitoring techniques and the verification apparatus, offered a window of opportunity for getting us out, for beginning to halt the arms race—only to be subverted by an ideological attitude akin to those primate forebears settling their differences with tooth and claw. We still have a long way to go.

HUMAN RIGHTS IN PERU

Mr. PROXMIRE. Mr. President, a contagious wave of hope and confidence is currently spreading across Peru. The people of this country are rallying behind their charismatic 36-year-old President, Alan Garcia, as he embarks on a campaign to end corruption, human rights violations, economic injustice, and drug trafficking. His courageous actions deserve our support.

Mr. Garcia swept into office in July 1985 behind tremendous popular support at the polls. This election was extraordinary in that it was the first democratic transition from one elected government to another in Peru since 1912. The election also came at a time when human rights abuses had been committed in alarming numbers.

The violence first escalated on the eve of President Belaunde's electoral victory in 1980, when the Maoist guerrilla movement the Shining Path initiated terrorist bombings and assassinations. In 1981, the Belaunde government promulgated a sweeping antiterrorist law, which led to the imprisonment of hundreds of suspected Shining Path members and supporters. The Government also began an extensive counter-insurgency campaign against the Maoist group.

In December 1982, Peru's armed forces imposed an emergency zone over nine provinces. The armed forces included the army, the civil guard's special counter insurgency battalion, and the marines, and together they took the law into their own hands. By 1984 the emergency zone had expanded to 13 provinces, and by mid-1985, 28 provinces were under the emergency.

Mr. George Rogers of the Washington Office on Latin America recently testified before the House Subcommittee on Human Rights that since December 1982, Peru has had the worst record of human rights violations in all of South America. Government reports estimate that between 5,000 and 7,000 people have been killed in political violence since that date, most as a result of insurgency and counterinsurgency. Several hundred more have disappeared. Most of the victims have been peasants, students, members of labor organizations, and teachers. In July 1984, the largest clandestine

grave site yet discovered, containing 49 corpses, was found in Pucayacu. Since then, more than 50 different clandestine burial grounds have been discovered in various areas of the emergency zone. Bodies of the victims are generally naked and blindfolded, their hands tied behind their backs. Many of the bodies bore the signs of mutilation and torture.

Despite domestic and international protest against government repression, the armed forces continued to violate human rights inside the emergency zone. President Belaunde was unable to exercise control over these forces.

President Alan Garcia is trying a different response. During his first weeks in office, new evidence of mass killings by the armed forces surfaced. President Garcia immediately ordered investigations. He dismissed some regional military commanders and forced the chairman of the Joint Chiefs of Staff to resign. Several officers are now to face trial for their alleged role in disappearances and mass extrajudicial executions. President Garcia has also established a Peace Commission, which will hear complaints of human rights abuses, conduct investigations, and report to the President and relevant judicial authorities.

The President's reforms have not come without opposition. The military, accustomed to acting independently, is upset by Garcia's attempt to control its role in the struggle against the Shining Path. The military would like the Government to concentrate on fighting economic problems rather than involve itself with the antisubversive struggle.

The economic crisis just may be Garcia's most difficult battle. President Garcia has made plainly clear that he is going to dictate current debt paybacks on his terms. He will not force Peruvians to reduce their already current meager consumptions, which would provoke further malnutrition, suffering and death, in order that the debt be paid. His task now is to muster cooperation with Peru's creditors and reverse the country's economic setbacks.

The United States should support Mr. Garcia as he seeks to bring the armed forces under civilian control and firmly establish democratic institutions in Peru. We can play a major role in bringing stability to Peru by backing him in his fight against human rights violations, economic injustice, and drug trafficking. Now is the time that the United States must support civilian leaders like Mr. Garcia and his counterparts in Uruguay, Argentina, Colombia, and Brazil.

What can be done? We can give public statements of support to these leaders for their attempts to rectify human rights abuses, and we can provide economic rather than military aid to such governments. By offering badly-needed economic aid to governments which act against human rights violators, the United States would uphold its human rights rhetoric with positive action.

Finally, we can give our strong support for ratification of the initiatives of the Alan Garcia's of Latin America, would send a signal to all those battling against the perpetrators of human rights violations.

MYTH OF THE DAY

Mr. PROXMIRE. Mr. President, my myth of the day is that the Reagan administration's nonadversary approach to workplace safety enforcement resulted in greater voluntary compliance and a decline in worker injury and illness. This is not true. It is a myth.

Recently, the Bureau of Labor Statistics released figures that show that 5.4 million workers suffered work-related injury or illness in 1984. This was an 11.7-percent increase over 1983 and the greatest single year jump since the creation of the Occupational Safety and Health Administration in 1972.

It is now clear that the decline in workplace injury and illness between 1980 and 1983 was a result of the deep recession and not the hands-off approach to safety law enforcement by the administration.

Certainly, the expansion of job opportunities especially among new workers has contributed to the increase in injury rate last year. But this is certainly not the whole story. Several years of weak or nonexistent enforcement of critical safety and health standards has finally taken its toll and the injured and killed workers are the victims of this noncompliance by employers.

I hope that these sad statistics will lead the administration to reevaluate its questionable approach to worker safety.

No longer can there be any justification for the reduction in inspections and citations by OSHA.

I know Secretary of Labor William E. Brock to be a sensitive and sensible and I am certain that his call for a careful reexamination of safety and health efforts will result in the reversal of lax OSHA enforcement. When that happens Americans will somewhat less fearful for their personal safety and health while at work.

ROUTINE MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order there will now be a period for the transaction of routine morning business not to extend beyond the hour of 1 p.m. with statements therein limited to 5 minutes each.

JUDGE ROY L. MORGAN: A TRUE AMERICAN PATRIOT

Mr. HELMS. Mr. President, losing a very special friend saddenss all of us from time to time. That is a part of life. But Roy Morgan's death on October 3 was a sadness for which I was not prepared. Roy was so special in so many ways.

Roy Leonard Morgan had served his country in countless ways. Early in his career he served on the Greensboro, NC, City Council and as a special agent of the FBI. He was a distinguished attorney, a member of the bar in North Carolina, Virginia, and Japan. He began his private practice of law in Greensboro.

But, Mr. President, that was just the beginning. After World War II he was associate prosecutor for the War Criminals International Tribunal in Tokyo. He then served as American advisor to the Prime Minister of Japan. He became Chief Justice for the U.S. Civil Administration Appellate Court for the Far East. He also served as the head of the U.S. trade mission to Japan.

Judge Morgan was 76. At the time of his death he and his dear wife, Woodie—the former Rosamond Woodruff—made their home in Lambsburg, VA. They had homes also in western North Carolina and in Florida. Roy was born in Morgantown, WV. His family includes his wife, one son, a sister and a brother.

Mr. President, Roy Morgan was one of the most delightful men I've ever known. He loved this country and its principles, and he was fearless in standing up for them.

I first met Judge Morgan, quite by accident, in 1972. I remember well the afternoon. We spent a couple of hours together, looking out upon Biscayne Bay. We talked of America's history, and the precious heritage enjoyed by the American people. Roy Morgan was a man whom I instinctively liked, trusted, and admired. We were close friends from that day on.

Mr. President, Dorothy and I extend our deepest sympathy to Woodie Morgan and the family. America has lost a true patriot. We have lost a treasured friend.

ISRAELI ESPIONAGE

Mr. THURMOND. Mr. President, I am deeply concerned by recent events regarding the sale of secret United States military information to certain alleged agents of the Israeli Government.

At a recent Israeli tribute to Congress, I stated that our nations are tied together by rich historical and cultural bonds. On behalf of the Senate, and as President pro tempore, I informed our host, Prime Minister Peres, that I looked forward to continuing the

strong friendship between our nations in the future.

The words of that statement are as true today as they were last month. I have always had a long-standing personal commitment to the Nation of Israel. Accordingly, I was dismayed by these recent reports of apparent espionage involving one of our closest allies.

It is my sincere hope that the leaders of Israel who make national policy decisions had no knowledge of this incident, and I strongly urge the fullest cooperation by the Israeli Government in thoroughly investigating this matter. Only through such a cooperative, thorough investigation will it be possible to ensure that this incident will not be repeated, and that no damage is done to the close relationship our nations enjoy.

The recent public apology and guarantees of cooperation by Israel are encouraging. I am optimistic that men of good judgment, like Prime Minister Peres, will work closely with our Government to expedite this extremely important investigatory process.

FAILED ADMINISTRATION FARM POLICIES

Mr. MELCHER. Mr. President, the farm bill conference, which meets on Thursday, should make agreement on maintaining target prices at the present level the first order of business. The administration opposes that, but commercial banks and the Farm Credit System tell us that target price stability over the coming years is crucial to cash-flow and survival prospects for thousands upon thousands of hard-pressed farmers.

As a second order of business, the conference should mandate a change of course in the export policies of this administration.

Because rural America voted heavily to reelect President Reagan a year ago, it was widely assumed farmers approved of his farm policies. If that were true a year ago, it is surely not true today.

Reagan agricultural policies have been rejected from end to end in the Corn Belt; rejected from Spokane to Wichita in wheat country; rejected from Memphis to Mobile in the land of cotton; and producers of milk, beef, pork, and poultry augment the rising chorus of opposition.

Just after the 1982 midterm elections, Reagan farm policy came up with the notorious Payment in Kind [PIK] Program. Despite my blocking legislative enactment of the program in the Senate, the administration unilaterally implemented PIK in January of 1983. At the time, I told Secretary of Agriculture John Block, who had no goals nor cost estimates for PIK, that I opposed it on principle. I said PIK moved American agriculture in the wrong direction by paying farmers not to produce a crop. Nevertheless, the administration stretched current law and spent $10 to $12 billion in 1983 on PIK. And what did the administration get for this colossal extravegance? Not very much if we measure results in terms of reducing commodity surpluses.

So it was with a certain quirky perspective that the assistant majority leader took the Senate floor in the early hours of November 23 to blame me, of all people, for PIK's failures. My friend from Wyoming, Senator SIMPSON, has a witty—and convenient—way of mixing facts in his extemporaneous remarks. I have to assume, therefore, that his support for the administration's agricultural policy stems from party loyalty, just as I assumed that this was also the case in 1982 when neither he nor any other Republican saw fit to help me derail the PIK Program. Now, however, Senator SIMPSON calls it PIK-pocket, which, he says, enriched "some of the biggest heavy hitters in the United States."

The Los Angeles Times called the assistant majority leader's remarks a "blistering attack" on me. That might be the way the Los Angeles Times sees it, but that is not the way we see it where Senator SIMPSON and I come from, on the slopes of the Rockies where the sky is clear and people talk straight out so you can understand them. When the assistant majority leader said the "spoor on the trail leads north," that term is understood in Webster's or Wyoming as a "sign" or "track."

I would judge now 3 years late, that he wishes to make it clear that he believes the PIK payments were unwise. I hope that is a new "sign" or a new "track" that he will join in bipartisan efforts to chart a new course for American agriculture.

PIK idled more than 70 million acres of cropland in 1983 because the administration wanted to cut down on production. That failed—within a year we had a bigger surplus of wheat than we had before PIK. Now the administration wants to cut down on the number of farmers. What's more, by curtailing agricultural exports to drive down the price of grains, livestock and other commodities, they are succeeding in doing just that.

This year's 50-percent drop in U.S. wheat exports is no accident. It is deliberate administration policy—policy that requires our trading partners to meet various "conditions" before that State Department approves sales to them of U.S. wheat or other commodities. In a dozen or more African and Asian countries, the conditions could not be met. As a result, those countries either bought the commodities from other sources or bought less than normal amounts from the United States.

And so another time has come like 1982, and once again I must object to the administration's foolishness. It was foolish to throw away $10 billion in PIK payments to try to get farmers not to produce and it is equally foolish to handicap the export of U.S. farm products at the same time food imports are driving farm prices down, and forcing farm liquidations.

The 1985 trade deficit is $150 billion and the budget deficit is $200 billion. The administration's policy of blocking agricultural exports and allowing excessive agricultural imports contributes to the trade deficit. It also depresses agricultural prices and this, in turn, increases farm program payments and contributes to the budget deficit.

Neither the Nation nor its producers can afford the administration's agricultural policies.

As the assistant majority leader so candidly stated, the $63 billion spent on farm programs over the past 4 years has not gotten results. How, could they? Reagan trade policies, while draining the treasury, have driven under so many agricultural producers that rural America is staggering.

Let us be clear about this: Farmers and ranchers do not want checks from the Treasury. They want decent markets for their products. They want stable prices. But the administration's trade policies has given them neither.

Those policies must be changed. They must be changed to permit stronger markets, to improve U.S. prices, so that the stranger commodity prices reduce Federal Government farm deficiency payments. These should not be partisan policies. Is it not possible for us to work together to effect these changes?

The farm bill is only a first step. The administration export policies would be partially reversed in the export title of the bill. I believe that title must be strengthened in conference between the House and Senate before the bill is finalized. Times are tough for those on the land. There is not much time left for many of them unless American trade policy is changed and changed now.

A second step toward changing the course of American agriculture can be taken when the Farm Credit System bill is considered this week. That bill would give treasury backing to Farm Credit. That could slow the rate of continuing farm and ranch liquidations and permit agricultural interest rates to ease. Both are needed now.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BOSCHWITZ). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

51-059 O-87-23 (Pt. 24)

Mr. BOREN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. DANFORTH). Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

CENTRAL INTERSTATE LOW-LEVEL RADIOACTIVE WASTE COMPACT

The PRESIDING OFFICER. Under the previous order, the hour of 1 p.m. having arrived, the unfinished business will not be temporarily laid aside and the Senate will proceed to the consideration of S. 655, which the clerk will state.

The legislative clerk read as follows:

A bill (S. 655) granting the consent of Congress to the Central Interstate Low-Level Radioactive Waste Compact.

The Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary.

AMENDMENT NO. 1168

(Purpose: To amend the Federal Election Campaign Act of 1971 to change certain contribution limits for congressional elections and to amend the Communications Act of 1934 regarding the broadcasting of certain material regarding candidates for Federal elective office, and for other purposes)

The PRESIDING OFFICER. Under the previous order, the Senator from Oklahoma is recognized to offer his PAC amendment, on which there shall be 2 hours of debate to be equally divided and controlled.

Mr. BOREN. Mr. President, I send an amendment to the desk on behalf of myself, Mr. GOLDWATER, Mr. HART, Mr. LEVIN, Mrs. KASSEBAUM, Mr. RUDMAN, Mr. STENNIS, Mr. DECONCINI, Mr. CHILES, and Mr. BINGAMAN, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Oklahoma [Mr. BOREN] for himself, Mr. GOLDWATER, Mr. HART, Mr. LEVIN, Mrs. KASSEBAUM, Mr. RUDMAN, Mr. STENNIS, Mr. DECONCINI, Mr. CHILES, and Mr. BINGAMAN proposes an amendment numbered 1168.

Mr. BOREN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

Mr. HEINZ. Reserving the right to object, and I probably will not object, could we have a copy of the amendment?

Mr. BOREN. Certainly. I will be happy to furnish one.

The PRESIDING OFFICER. Is there objection to suspending the reading of the amendment?

Mr. BOREN. I renew my request, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place inserting the following new section:

SEC. —. (a) Section 315 (a)(1)(a) of the Federal Election Campaign Act of 1971 is amended by striking out "$1,000" and inserting in lieu thereof "$1,500".

(b) Section 315 (a)(2) of the Federal Election Campaign Act of 1971 is amended—

(1) by striking out "or" at the end of subparagraph (B);

(2) striking out "$5,000." in subparagraph (A) and inserting in lieu thereof "$3,000;"; and

(3) by adding at the end the following new subaragraphs:

"(D) to any candidate and his authorized political commmittee with respect to—

"(i) a general or special election for the office of Representative in, or Delegate or Resident Commission to, the Congress (including any primary election, convention, or caucus relating to such general or special election) which exceed $100,000 ($125,000 if at least two candidates qualify for the ballot in the general or special election involved and at least two candidates qualify for the ballot in a primary election relating to such general or special election) when added to the total of contributions previously made by multicandidate political committees to such candidate and his authorized political committee with respect to such general or special election (including any primary election, convention, or caucus relating to such general or special election); or

"(ii) a runoff election for the office of Representative in, or Delegate or Resident Commissioner to, the Congress which exceed $25,000 when added to the total of contributions previously made by multicandidate political committees to such candidate and his authorized political committees with respect to such runoff election; or

"(E) to any candidate and his authorized political committees with respect to—

"(i) a general or special election for the office of Senator (including any primary election, convention, or caucus relating to such general or special election) which exceed the greater of $175,000 ($200,000 if at least two candidates qualify for the ballot in the general or special election involved and at least two candidates qualify for the ballot in a primary election relating to such general or special election) or the amount equal to $35,000 times the number of Representatives to which the State involved is entitled, when added to the total of contributions previously made by multicandidate political committees to such candidate and his authorized political committees with respect to such general or special elections (including any primary election, convention, or caucus relating to such general or special election);

"(ii) a runoff election for the office of Senate which exceed the greater of $25,000 or the amount equal to $12,500 times the number of Representatives to which the State involved is entitled, when added to the total of contributions previously made by multicandidate political committees to such candidate and his authorized political committees with respect to such runoff election; or

"(iii) a general or special election for the office of Senator (including any primary election, runoff election, convention, or caucus relating to such general or special election) which exceed $750,000 when added to the total of contributions previously made by multicandidate political committees to such candidate and his authorized political committees with respect to such general or special election (including any primary election, convention, or caucus relating to such general or special election).".

(c) Section 315(a)(8) of he Federal Election Campaign Act of 1971 is amended—

(1) by striking out "person" the second place it appears and inserting in lieu thereof "person and also the intermediary or conduit".

(d) Section 315(a)(8) of the Federal Election Campaign Act of 1971 is amended—

"(1) by adding at the end of the paragraph the following subparagraph:

"(A) Notwithstanding any other provision of this Act, each multicandidate political committee which makes an independent expenditure in a federal election in connection with such candidate's campaign, shall not do so in any newspaper, magazine, broadcast or other media advertisement without the following notice placed on, or within such advertisement:

"This message has been authorized and paid for by (name of committee/or any affiliated organization of the committee), (name/title of treasurer and/or president). Its cost of presentation is not subject to any campaign contribution limits."

(e) Section 315 of the Communications Act of 1934 (47 U.S.C. 315) is amended—

(1) by redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively; and

(2) by inserting immediately after subsection (a) the following:

"(b)(1) If any licensee permits a person to utilize a broadcasting station to broadcast material which either endorses a legally qualified candidate for any Federal elective office or opposes a legally qualified candidate for that office, such licensee shall, within a reasonable period of time, provide to any legally qualified candidate opposing the candidate endorsed (or to an authorized committee of such legally qualified candidate), or to any legally qualified candidate who was so opposed (or to an authorized committee of such legally qualified candidate), the opportunity to utilize, without charge, the same amount of time on such broadcasting station, during the same period of the day, as was utilized by such person.

"(2) For purposes of this subsection, the term 'person' includes an individual, partnership, committee, association, corporation, or any other organization or group of persons, but such term does not include a legally qualified candidate for any Federal elective office or an authorized committee of any such candidate.".

(f) Section 315(a) of the Communications Act of 1934 (47 U.S.C. 315(a)) is amended by striking "section" and inserting in lieu thereof "subsection".

(g) Section 315(d) of the Communications Act of 1934, as so redesignated by subsection (a) of this section, is amended to read as follows:

"(d) For purposes of this section—

"(1) the term 'authorized committee' means, with respect to any candidate for nomination for election, or election, to any Federal elective office, any committee, club, association, or other group of persons which receives contributions or makes expenditures during a calendar year in an aggregate amount exceeding $1,000 and which is authorized by such candidate to accept contri-

butions or make expenditures on behalf of such candidate to further the nomination or election of such candidate;

"(2) the term 'broadcasting station' includes a community antenna television system; and

"(3) the term 'licensee' and 'station licensee' when used with respect to a community antenna system mean the operator of such system.".

(h) Section 301(17) of the Federal Election Campaign Act of 1971 is amended to read as follows:

"(17) The term 'independent expenditure' means an expenditure by a person expressly advocating the election or defeat of a clearly identified candidate which is made without cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and which is not made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate.

"(A) For the purposes of this subsection, 'cooperation or consultation with any candidate' with respect to an election cycle means, but is not limited to the following—

"(i) the person making the independent expenditure communicates with, advises, or counsels the candidate at any time on the candidate's plans, projects, or needs relating to the candidate's pursuit of nomination for election, or election, to Federal office, in the same election cycle, including any advice relating to the candidate's decision to seek Federal office;

"(ii) the person making the independent expenditure includes as one of its officers, directors, or other employees an individual who communicated with, advised or counseled the candidate at any time on the candidate's plans, projects, or needs relating to the candidate's pursuit of nomination for election, or election, to Federal office, in the same election cycle, including any advice relating to the candidate's decision to seek Federal office; and

"(iii) the person making the independent expenditure retains the professional services of any individual or other person also providing those services to the candidate in connection with the candidate's pursuit of nomination for election, or election, to Federal office, in the same election cycle, including any services relating to the candidate's decision to seek Federal office."

(i) If any provision of this Act or the application of it to any person or circumstance is held invalid, the remainder of the Act and the application of the provision to any other person or circumstance shall not be affected by such invalidation.

(j) The amendments made by such sections (a) through (i) of this section shall apply with respect to general, special, and runoff election occurring after December 31, 1986.

Mr. BOREN. Mr. President, we Americans often dispatch groups to observe elections in other countries to make sure that they are honest, free and fair. It is ironic that we continue to ignore a serious problem with our own election system.

In the most recent election, 163 successful candidates for Congress received over half of their campaign contributions from special interest political action committees [PAC's] instead of from individual contributors in their home States. The mushrooming influence of PAC's is beginning to threaten the basic concept of grassroots democracy.

In the past 10 years PAC spending has grown at an explosive rate. In 1974, there were 600 PAC's in existence. Today there are over 4,000. In 1972, PAC's contributed only about $8 million to congressional campaigns. In 1984, they contributed over $104 million. While contributions by PAC's have been growing, the percentage of campaign funding provided by small donations of less than $100 has been cut in half.

It is frightening to consider the impact on the political system and the cost of campaigns if PAC contributions continue to double every 4 years as they are now.

When additional money is pumped into the system, it ends up being spent and campaign costs soar. In just 8 years, the average cost of a winning U.S. Senate campaign has risen from a little over $600,000 to more than $2.9 million, an increase of 385 percent.

In addition, the growth in the influence of PAC's further fragments our Nation and its elected legislative bodies. It makes it increasingly difficult to reach a national consensus and hold our decisionmaking process hostage to the special interests which PAC's represent.

A PAC does not judge a Senator or Congressman on his or her overall record or personal integrity. It does not balance his entire record to see if it serves the national interest. It rates the Member solely on how he voted on bills affecting the particular financial interest group or single issue constituency.

Several of my fellow Senators have joined with me in a bipartisan effort to apply the brakes to the accelerating power of special interest groups. Those of us from both political parties represent a broad political cross-section.

We intend to use every possible parliamentary vehicle to do something to reduce the undue influence of PAC's on the political process.

Our proposal has four main provisions. First, it sets limits on the total amount of PAC funds which congressional candidates may receive. For House Members, it would be $100,000 for an election cycle, or $125,000 if the Member faced both a primary and a general election challenge. For Senate candidates, the maximum amount would range from $175,000 to $750,000 depending upon the size of the State. This formula should approximately cut in half the current amount of PAC spending.

Second, it puts contributions by PAC's and by individuals on a more equal footing. Presently PAC's can contribute $5,000 per election and individuals only $1,000. Our proposal sets the limits at $3,000 for PAC's and $1,500 for individuals.

I might say that this increase in the amount allowed to individuals goes along with a recommendation recently made by a distinguished panel looking at the need for campaign reform.

Third, it closes a loophole in the current election laws under which PAC's can serve as a conduit for individual contributions which they solicit. It is possible for PAC's to receive these individual contributions, bundle them together and send them on to candidates without falling under the $5,000 spending limit.

Fourth, it tightens the definition of what constitutes independent campaign spending. Groups which are independent of a candidate can spend to attack opponents without any spending limits. In fact, they are often staffed by former employees or consultants of a candidate's campaign committee and are not truly operating independently. Under our proposal the media would also be required to provide free response time to candidates who are attacked or opposed in advertisements by these so-called independent groups.

I might say that that is a proposal made earlier by the distinguished Presiding Officer, the Senator from Missouri [Mr. DANFORTH], and the Senator from South Carolina [Mr. HOLLINGS].

No one would pretend that this proposal will solve all of the problems in the current election process. It is, however, an important first step in the right direction.

Former Solicitor General Archibald Cox put it very directly in a recent statement when he said:

> We must decide whether we want government of, by and for the people or government of the PAC's, by the PAC's and for the PAC's.

We cannot expect Members of Congress to act in the national interest when their election campaigns are being financed more and more by special interests.

As I said a moment ago, I am very honored that such a broad cross-section has joined me in bipartisan authorship of this particular proposal. One of the cosponsors of this proposal is unable to be with us today to open the debate as he had hoped because he underwent major surgery over the weekend. I speak of Senator CHILES from Florida, who has been very interested in this proposal. He has been an outspoken advocate of campaign reform.

Another is at the bedside of his wife, who is ill and in the hospital in Arizona, and I speak of Senator BARRY GOLDWATER, who is a principal cosponsor of this legislation. Senator GOLDWATER contacted me by telephone today. He hopes to be here tomorrow to speak for himself, but he asked that I deliver his remarks on the floor of

the Senate because he feels so strongly about the legislative proposal which we are making. I quote now the remarks of Senator BARRY GOLDWATER of Arizona:

Because of circumstances far beyond my control, it is impossible for me to be on the Floor as we begin this historic and important debate on the Boren Amendment today.

I say important because if we continue with the never ending costs of getting people elected to offices, I am afraid this country is in for serious trouble.

Having served twice as Chairman of the Republican Senatorial Campaign Committee, I full well understand the opposition that may come, not only from the Republican occupant of that Chair at the present time, but from his counterpart on the Democratic side.

What disturbs me is the fact that it is becoming more and more obvious—that money can get people elected. When I think back to my first campaign in 1952, where I spent $45,000, and then think of my last one just five years ago, where I put out $1.25 million, there is a vast difference there, not just in the sums of money, but in the campaign itself and what is going on.

We now have experts in the field campaigning in almost every big city in the country. They tell the candidate how to comb his hair, what color shirt to wear, what kind of tie to wear, and what is the best suit for them to wear. They take polls in every nook and cranny of the state or city or country to determine what issues should be discussed on this street corner and the next street corner and, frankly, I do not think that is any way to elect people in this country.

Mr. President, I remember one prominent politician, and I am not going to mention his name, who had a rather unruly head of hair but who appeared on television with hair that was rather scintillating, and later I asked him what happened, and he said, "Oh, we just sprinkled a little gold dust in it." Now that might be all right, but I do not think it is exactly the way to run a campaign.

Also, I recall after one of my campaigns a person asking me for a few of my fat cat names so he could start a fund to promote conservatism. I provided him with a relative few of these names and I understand now his annual intake is over ten million dollars. I will not swear to that, but I have heard from rather dependable sources that this is true.

You know and I know that there is not a night in the week in every month during the year that a member of Congress cannot attend one or two fund raising dinners for a colleague. Every one of us is asked to be sponsors for I do not know how many candidates, all in the interest of raising money.

Now my idea of a candidate running for office is a person who will stand four square with the principles of the Constitution and our way of life, and of party, if he agrees with party positions, but he will stand for something other than the mishmash of everything that comes out of support from hundreds of different PACs and other sources of money in this country.

A man or woman should run with a demonstration of personal regard for the Constitution, regard for the American form of government, for protecting that government from foreign sources and, I might add, from harmful domestic sources, too.

To sum it all up, I think the whole matter has gone far enough, and I urge my colleagues to vote for the Boren Amendment so that before too much time has gone by, which we can all call wasted, or headed down the wrong track, we can bring this thing to a stop.

The answer is not greater spending by political parties or anyone else. The answer is less campaign spending by all sources and PACs are the place to start.

Mr. President, I appreciate these words from Senator GOLDWATER. I hope very much that he is able to be with us tomorrow to deliver additional comments in person.

I think the remarks he has made demonstrate the serious concern that those who have served in the Senate for a number of years and watched the political process for a number of years have about the impact of special-interest funding on the institutions which have served this country so well in the past.

How in the world can we reach a national consensus, how in the world can we expect Congress to deal with broad national problems on the basis of what is good for all America, when our campaigns are being financed more and more by special-interest groups which cannot rate a Senator, cannot rate a Congressman based upon his integrity, his reputation for honesty, how much he sincerely cares about people who elected him and sent him here to serve, but solely on the basis of how that Senator or that Congressman voted on a narrow range of issues that are of interest to that particular group?

How can it be healthy when 163 people who were elected to Congress last year could get more than half of their campaign funds from political action committees without even having to go back to their home States or home districts to ask the people at the grassroots, to support them? How can that in any way mirror the intention of those who set up this constitutional form of Government? How can it help but cast a cloud over this institution? We have heard from commentators all across the country expressing just that thought.

I quote from the Dallas Times Herald editorial of November 23, in which it says:

The power of PAC money threatens increasingly to turn members of Congress into legalized political prostitutes. It drives them to sell to the highest bidders their one most easily and legally saleable product—access. But worst of all, it erodes the public's confidence in the integrity of the congressional system.

The New York Times this morning, in an editorial, eloquently expressed the same thought, and I quote from that editorial:

At 2:25 P.M. tomorrow, Americans should know a lot more about their senators' views on taking money from special interests. That's about the time of the final vote on a bill to limit the flood of campaign contributions by PAC's, the political action committees that have sprung up on behalf of every imaginable interest.

PAC money has poured out like a torrent since 1974, when the House narrowly defeated a bill the Senate had passed, ordaining that the public, rather than special interests, pay for campaigns.

Mr. President, these expressions are illustrative of the kinds of comments that have been coming in from around the country, such as the Globe Times of Bethlehem, PA; the Seattle Post Intelligencer, which says:

Special interests are commanding a steadily increasing role in the democratic process, at both the federal and state levels, through what are known as political action committees, or PACs. The danger is that lawmakers will become less sensitive to the general good and even more responsive to narrow self-interest groups.

The Boston Globe, in an editorial entitled "Congress and Its Tin Cup," makes a comment that is similar.

There are editorials from the Brookings Daily Register, Brookings, SD; the Columbia Record, SC; the Journal, Daytona Beach, FL; Sunday Patriot News, Harrisburg, PA; the Janesville Gazette, Janesville, WI; Kansas City Times, Kansas City, MO; the Ledger, Lakeland, FL; Lansing State Journal, Lansing, MI; Arkansas Gazette, Little Rock, AR; Dominion-Post, Morgantown, WV; the Tennesseean, Nashville, TN; the Berkshire Eagle, Pittsfield, MA; the Northeast Mississippi Daily Journal, Tupelo, MS; News-Sun, Sun City, AZ; Waco Tribune-Herald, Waco, TX.

Mr. President, in order to share these editorials with my colleagues as they ponder this decision tomorrow, I ask unanimous consent that the editorials be printed in the RECORD.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Dallas Times Herald, Nov. 23, 1985]

LIMIT INFLUENCE OF PAC'S

The members of Congress could go a long way toward bolstering the public's confidence in their august body by imposing overall limits on the money they accept from political action committees, the special interest groups that increasingly are dominating the financing of House and Senate campaigns.

Anyone who believes that a legislator's duty is to represent the general public, and not merely special interests, has to be alarmed by the growing influence of PACs on Capitol Hill. Last year, these committees poured more than $104 million into campaigns—nearly nine times the amount they spent just one decade earlier. House members received roughly 44 percent of their campaign money from PACs, while Senate members got about 20 percent of their funds from such groups.

No one denies that political action committees have a legitimate place in a representative democracy. They have a right to lobby for their particular point of view and to contribute to their favorite candidates. The trouble with PACs is not with their

mere existence but rather with the excess of power that their vastly increasing campaign contributions can buy.

Sen. David Boren has offered what we think is a reasonable way to put the PAC man in his place. Specifically, the Oklahoma Democrat proposes to limit the donations that congressional candidates could accept from political action committees each election. House candidates could receive up to $100,000, while Senate hopefuls would have a PAC-contribution ceiling of from $175,000 to $750,000, depending on the size of their state. (Texas' cap would be $750,000.)

Knowing how difficult it can be to raise campaign money, members of the Senate typically have been reluctant to curb PAC donations. But campaign-finance reformers are hopeful that the Boren proposal will pass when the Senate votes on it the week after Thanksgiving. For the first time in years, a number of conservative senators are joining the chamber's traditional "dogooders" in trying to do something about the grave danger that PAC contributions pose.

Of course, political action committees still could toss around plenty of money even if Sen. Boren's proposal is approved. But the measure at least would diminish their influence somewhat. Common Cause, a public interest lobby, estimates that the legislation would cut PAC donations approximately in half. (House members each received an average of $139,000 from political action committees in the last election, while Senate members received $599,000.)

The power of PAC money threatens increasingly to turn members of Congress into legalized political prostitutes. It drives them to sell to the highest bidders their one most easily and legally saleable product—access. But worst of all, it erodes the public's confidence in the integrity of the congressional system. Sen. Boren's proposal deserves passage.

[From the New York Times]

PUT A LID ON THE LOBBIES

At 2:25 P.M. tomorrow, Americans should know a lot more about their senator's views on taking money from special interests. That's about the time of the final vote on a bill to limit the flood of campaign contributions by PAC's, the political action committees that have sprung up on behalf of every imaginable interest.

PAC money has poured out like a torrent since 1974, when the House narrowly defeated a bill the Senate had passed, ordaining that the public, rather than special interests, pay for campaigns. The vote tomorrow will be the Senate's first since then on controlling the PAC explosion.

This year's bill, offered with wide bipartisan support by Senator David Boren, Oklahoma Democrat, is far more modest than the 1974 proposal, and has its flaws. Yet even people who do not agree on every detail want this bill to pass, and will watch to see what their senators do. To vote for this bill is to demonstrate concern for the integrity of the political process.

The underlying problem here is not political action committees but political campaign costs. They are soaring, given the high cost of campaigns dependent on techniques like television and direct mail. In eight years, the cost of a typical Senate race has gone from $609,000 to $2.9 million. Uneasy observers can rue these increases, but candidates from Congress must somehow meet them.

Guess who's come along to ease the burden? PAC funds have grown along with rising campaign costs. Indeed, they have grown far faster, and politicians rely on them far more heavily. In 1974, House incumbents got 22 percent of their campaign funds from PAC's, according to Common Cause, the public affairs lobby. By 1984, the figure has jumped to 44 percent. PAC's provided one of every five Congressional Campaign dollars last year.

Against that background, probably the most that can be done now is to impose firm limits on private financing. Individual PAC's can now give candidates $5,000 each. The Boren bill would reduce that to $3,000. Candidates can now accept an unlimited amount from all PAC's taken together. The bill would create ceilings, of $100,000 for House candidates and variable amounts for the Senate depending on state population.

Meanwhile, individual contributions would be allowed to count for more by raising the limit from $1,000 to $1,500. That's one point among several to quarrel with. A larger increase to $3,000, say, is in order but there'll be time later for fine-tuning. The question tomorrow is one of principle. The PAC's, with their deep pockets and narrow interests, wield great power in politics. Which senators want to control it?

[Seattle Post-Intelligencer, Nov. 24, 1985]

PAC EXPLOSION POSES DANGERS

Special interests are commanding a steadily increasing role in the democratic process, at both the federal and state levels, through what are known as political action committees, or PACs. The danger is that lawmakers will become less sensitive to the general good and even more responsive to narrow self-interest groups.

The growing influence of PACs in this state has been documented by the state's Public Disclosure Commission, in a report issued last week. Staff member Paul Gillie found that one-third of every political campaign dollar for legislative positions comes from contributions of $250 or more from special-interest groups.

Between 1976 and 1984, Gillie reported, the number of PACs contributing to legislative races increased from 130 to 218 and total spending from $1.86 million per year to $5.2 million.

At the federal level, there is a parallel situation. In 1974, about 600 PACs contributed $12.5 million to congressional campaigns. In 1984, 4,000 PACs pumpted more than $100 million into House and Senate races, according to Common Cause, the public affairs organization which is seeking campaign financing reforms.

The nature of PACs varies widely. They represent such diverse interests as the insurance industry and the steelworkers' union and such organizations as those favoring arms control or opposing abortion.

An unhealthy side effect of the PAC explosion is the rising cost of political campaigns, fueled by competing special-interest groups. The average price of a winning U.S. Senate campaign has increased from $609,000 to $2.9 million in the last eight years.

The Senate is scheduled to vote right after its Thanksgiving recess on a measure sponsored by Sen. David L. Boren, D-Okla. It would place a total limit on the financial contributions any single candidate could receive from PACs.

It's unrealistic to think that any legislative body, many of whose members are beholden to PACs for their elected offices, will vote to eliminate PACs entirely. Thus dollar limits on PAC contributions may be the best, and only, means of controlling their unwarranted degree of influence in public affairs.

[From the Boston Globe, Nov. 26, 1985]

CONGRESS AND ITS TIN CUP

It is a grubby, sad business, Hubert Humphrey used to say. He was not talking about politics, which he loved, but political fundraising, which he hated. Having grown up during the Depression, he thought he was too proud to panhandle.

Since Watergate spawned "reform" legislation, would-be presidents find the grubbiness of fund-raising considerably reduced. Public financing has made presidential campaigns more balanced and more dignified.

Congress, however, shuns public financing and engages in year-round rituals of mendicancy. Anything that brings public financing closer is therefore useful.

A bill sponsored by Sen. David Boren (D-Okla.) to limit PAC money is a step in the right direction.

There is nothing inherently evil in PACs—political action committees—of dentists, dairy farmers or other interest groups. Yet PACs have become so persuasive that they often run campaigns.

When Boren ran for reelection, he was told that 20 fund-raisers run through the PAC mechanism would do the job. (The job is usually easier for oil-state senators.) Instead, he held 254 non-PAC fund-raising events, forcing him to meet real Oklahomans, whom he now knows better and by definition serves better.

Boren's bill limits PAC contributions to $100,000 for each House candidate. For Senate candidates, the limit would be between $175,000 and $750,000, depending on the size of the state.

It is not a perfect bill, but it has a chance. Several conservative leaders in the Senate, including Barry Goldwater of Arizona and John Stennis of Mississippi, support it. "It's not good to have all this money flying around here," Goldwater told The Wall Street Journal.

Campaigns have become so expensive that rattling the tin cup often influences the timing of legislation. "We take a break," Sen. Howell Heflin (D-Ala.) said, "whenever somebody has a fund-raiser."

Sen. Alfonse D'Amato (R-N.Y.) said that fund-raising "is becoming one of the most debilitating parts of being a senator." Yet he is against Boren's bill because he's up for reelection next year. He has raised $5 billion so far, much of it from PACs.

Even though they are funded by citizens with possibly the purest of motives, PACs are a form of addictive dependency. Congress needs to be saved from itself. The Boren bill is a good beginning.

[From Bethlehem (PA) the Globe-Times, Nov. 11, 1985]

LIMIT PAC RECEIPTS NOW OR PUT DEMOCRACY AT RISK

The United States Senate is considering a proposal that would reform the way congressional campaigns are financed. Introduced by Senator David Boren, D-OK, it would, for the first time, establish an overall limit on the total amount of Political Action Committee contributions a congressional candidate could accept. For the future of the democracy, it is important that this legislation be enacted.

In 1974, Congress members introduced a system of public financing for presidential elections, but left the door open for private-interest money to flood their own campaigns. Since then, PAC funding has skyrocketed, and attendant problems have grown steadily worse.

According to Common Cause, a public-interest lobbying group which monitors campaign funding, 608 PACs gave congressional candidates a total of $12.5 million in 1974. By 1984, House and Senate candidates were receiving more than $100 million from 4,000 PACs.

The growing role of PACs has eroded the public's confidence in the electoral process. It is driving out the small contributor and fostering cynicism about democratic forms. It has driven up the cost of campaigns. It has increased the threat of actual or apparent corruption of the political process. It has reduced legislators' ability to reach or respond to a national consensus. And, because it blocks the removal of wasteful subsidies and tax loopholes, it is a prime source of the federal deficit and unfair tax laws.

Without comprehensive reform of campaign financing, the PACs' role—and the threat to democracy that it represents—can only increase. Already, for example, 28 incumbent Senators facing re-election next year have received more than twice the average of PAC funds received during a similar period in 1983 by 29 incumbents seeking re-election. As another example, members of the House Ways and Means and Senate Finance Committees—which have been considering tax reform of special interest to special interests—received $3.7 million from PACs in the first half of 1985. That was three times the PAC funds they received in the first six months of 1983.

Putting a ceiling on PAC receipts strikes at the heart of the evil because it would address both the candidates' increasing dependence on PAC money and the cumulative impact of numerous and multiplying PACs which represent identical special interests. Under the Boren bill, overall PAC limits for Senate candidates would vary according to state population—from $175,000 for Senate candidates in the least populous states to a maximum of $750,000 per candidate in the most populated states. House candidates could accept no more than $100,000 from all PACs in each election cycle.

The Boren bill would also lower the current PAC contribution limit from $5,000 to $3,000 per election; raise the individual contribution limit from $1,000 to $1,500; tighten the definition of independent expenditures; and close some loopholes which allow PACs to evade the contribution limit.

The legislation is supported by a bipartisan coalition spanning the political spectrum—from Barry Goldwater, R-AZ, and Warren Rudman, R-NH, to Gary Hart, D-CO, and Carl Levin, D-MI. We believe it is essential to act quickly to prevent PACs from becoming too embedded in the political system. As Goldwater said in support of the Boren bill, it is time to "cleanse the political process of the taint of excessive campaign spending and the influence of special interests."

[From the Brookings (SD) Daily Register, Nov. 19, 1985]

CUT BACK ON PAC MONIES

We are headed for what could be one of the most expensive political campaign years in South Dakota congressional election history.

Indications are we may well end up with three statewide elected officials (Rep. Tom Daschle, Gov. Bill Janklow and Sen. Jim Abdnor) running for the Senate and we'll have a wide-open race for a seat in the U.S. House of Representatives.

Where will the money come from to pay for those political races?

Too much of it, unfortunately, will come from special interest groups—many of them outside the state of South Dakota.

There is a growing feeling in our country that political action committee money is prostituting the democratic process.

Political action committees, PACs, have grown from 1,000 in 1976 to 4,009 in 1985 and the amount of contributions by PACs to congressional campaigns has multiplied almost five times in the same period.

Conservative Barry Goldwater, R-Ariz., is part of a bi-partisan coalition of senators spanning the political spectrum who feel that some limits need to be put on the amount of money which a candidate can accept from PACs.

PACs, as you may recall, have been the subject of criticism in past political campaigns in South Dakota. Certainly their influence was apparent in 1980 when Jim Abdnor successfully challenged Sen. George McGovern for a Senate seat.

And PAC money was equally apparent in 1982 when Reps. Tom Daschle and Clint Roberts went head-to-head for the lone South Dakota seat in the U.S. House.

The bill to limit the amount of PAC money in campaigns is not intended to bar those kinds of contributions. Its intent is to establish an overall aggregate limit on the amount of PAC money congressional candidates can accept.

Goldwater, in testimony before the Senate Rules Committee on Nov. 5, said, "As far as the public is concerned, it is the PACs and the special interests they represent, and not the people, who set the country's political agenda and control a candidate's position on important issues.

"Many people look on successful candidates as being bought and paid for by whomever gave the most money. The average voter, who cannot make a large campaign gift, feels his or her vote means nothing in deciding public policy."

Sen. David Boren, D-Okla., made this observation in his testimony:

". . . The most startling statistic is that in the last election cycle, 163 members of Congress received over half of their campaign contributions from political action committees.

"Thirty-six percent of the House members received over half of their campaign funds from single-issue PACs. How can we be surprised when it is harder and harder for Congress to act in the public interest when campaigns are more and more financed by special interests?"

Some of the provisions of the bill are:

Limits to $100,000 the amount a House candidate can accept from all political action committees in each election cycle and limits Senate candidates to an amount based on a formula of $35,000 times the number of congressional districts in the candidate's state. The minimum would be $175,000 and the maximum $750,000.

Lowers the current PAC contribution limit from $5,000 to $3,000 and raises the individual limit from $1,000 to $1,500.

Requires PACs to take credit for unauthorized advertising during a campaign.

PACs may deserve some voice in our political process, but they do not deserve a disproportionate one.

This legislation should be approved.

[From the Columbia (SC) Record, Nov. 15, 1985]

TRACKING PAC'S

A bipartisan effort is gearing up in the Senate which would bring about a long overdue reform in the way congressional campaigns are financed.

A proposal by Sen. David Boren, D-Okla., would establish for the first time an overall aggregate limit on the total amount of money a congressional candidate could accept from political action committees.

Some respected heavy hitters from both sides of the aisle are behind the legislation which means that it stands a good chance of survival. But even with the likes of Sens. Barry Goldwater, R-Ariz., Gary Hart, D-Colo., and John Stennis, D-Miss., aboard as co-sponsors, it would be foolhardy to underestimate the clout and cunning of the PAC-masters.

Since 1974, when Congress passed a system of public financing for presidential elections but left the door open for special interest money to flood legislators' own campaigns, the problems with the congressional campaign finance system have grown ever more acute. In 1974, 608 PACs gave candidates for Congress a total of $12.5 million. Last year, those numbers had skyrocketed: House and Senate candidates received over $100 million from 4,000 PACs for the '84 election campaigns. Yes, the time has surely come to cry, "Enough."

Under the Boren proposal, overall PAC limits for Senate candidates would vary according to state population—from $175,000 for Senate candidates in the least populated states to a maximum of $750,000 per Senate candidate in the most populous. Candidates for the House could accept no more than $100,000 from all PACs in each election cycle.

In addition to the aggregate PAC limits, the Boren bill would lower the current PAC contribution from $5,000 to $3,000 per election, raise the individual contribution limit from $1,000 to $1,500, close loopholes which would allow PACs to evade the contribution limit, tighten the definition of independent expenditures and provide an opportunity to respond to candidates who have been targeted by independent expenditure advertisements.

Those who support PACs argue that PACs spur wider participation in the political process by making voters more aware of the issues. Yes, that's true. However, a far more compelling argument is that made by detractors who point out that PACs put candidates in such thrall to special interests as to make them potentially subject to corrupting influences.

The narrow, particular interest of one group—be it organized labor, big business, the National Rifle Association or handgun controllers—must not be permitted to distort and dominate the electoral process at the expense of those candidates seeking a broad mandate.

The time has come to put the national interest ahead of the special interests. That is precisely what the Boren bill proposes to do.

[From the Journal, Nov. 4, 1985, Daytona Beach (FL)]

PUTTING A LID ON PAC'S

Political action committee campaign contributions to congressional candidates have grown during the past decade from a trickle to a torrent. In 1974, records show 608 polit-

ical action committees (PACs) contributed $12 million to House and Senate campaigns. In the 1984 election, 4,000 PACs chipped in more than $100 million.

According to such politically neutral watchdog groups as Common Cause, the hemorrhage of PAC giving is corrupting the political process and undermining public confidence in the independence and integrity of their congressmen.

That view is corroborated by more than a few other close observers of Congress, who say the special interests and their PAC campaign contributions have been major roadblocks this year to cutting the deficit and reforming the tax system. During the first six months of this nonelection year, PACs filled incumbents' campaign war chests to the tune of $3.7 million.

Growing concern about the insidious influence of PACs has led Sen. David Boren, D-Okla., to propose an amendment to the farm bill that would put a lid on the amount of PAC money congressional candidates may accept. The proposal, which is cosponsored by Sen. Barry Goldwater, R-Ariz., would set a $100,000 limit on PAC contributions to House candidates, and create ceilings ranging from $175,000 to $750,000 on PAC contributions to Senate candidates (depending on the size of their states).

A Congress that's responsive to the best interests of both the people and nation it serves will see that the proposal becomes law. It's time to put a lid on PAC contributions and put an end to justified fears that more and more House and Senate seats are "For Sale" to the highest bidders.

[From the Harrisburg (PA) Sunday Patriot News, Nov. 17, 1985]

RUNNING IN PAC'S—CONTROL RUNAWAY ELECTION FINANCING

The influence of campaign contributions from political action committees (PACs) on American politics and government is becoming increasingly apparent and disturbing.

This is particularly true in regard to Congress. A study by Common Cause found that incumbent House candidates received 44 percent of their contributions from PACs in the 1984 election, up from 37 percent in 1982, even while the overall amount of campaign spending declined 5.4 percent. This is one indication that national politics is coming to rely less on contributions from individuals and more on contributions from special interests.

This trend threatens to pervert the system of representative government with its corrosive damage to the public interest in favor of special interests. Nowhere is this more evident than on the issue of tax reform. In the first six months of 1985, the members of the House Ways and Means and Senate Finance committees, which write tax legislation, received $3.7 million in PAC contributions nearly a year and one-half before the next election. That most of this money is intended to influence votes on tax reform is demonstrated by the fact that this is three times as much PAC money as members received in the comparable period in 1983.

Sen. Bob Packwood, R-Oreg., chairman of the finance committee and thus a major player in any tax-reform legislation that reaches President Reagan's desk, was the recipient of nearly $700,000 of PAC money in the first six months of this year. Packwood is up for re-election in 1986. Rep. Sam Gibbons, D-Fla., second-ranking majority member of the House committee, leads his colleagues with more than $150,000 in PAC contributions.

In ten years, from 1974 to 1984, the contributions of PACs to congressional candidates has grown from less than $13 million to more than $100 million. Elizabeth Drew, Washington correspondent of the *The New Yorker* and author of "Politics and Money: The New Road to Corruption," has written that the cost of special-interest campaign contributions shows up "as we go about our daily lives, buying food, gasoline, and medicine, and as we pay our taxes. . .We are paying in the declining quality of politicians and of the legislative product, and in the rising public cynicism."

It can be changed. Sen. David Boren, D-Ok., has introduced a proposal, supported by Sen. Barry Goldwater, R-Ar., among others, which would for the first time limit the amount of PAC money any one candidate could receive. Candidates for the House could accept no more than $100,000 in any one election, while Senate candidates would be restricted to $175,000 in the least populated states to a maximum of $750,000 in the most populous. In addition, the limit on PAC contributions would be lowered from the current $5,000 to $3,000 for each election, while the individual limit on contributions would be raised from $1,000 to $1,500. The bill includes a number of other changes that would plug loopholes in the existing law and address problems raised by primary contests and attacks on candidates through independent exenditures.

Boren's proposal goes a long way toward addressing some of the more obvious abuses in the existing system of campaign funding. It is not a panacea because it does not address the problem posed by candidates who use their personal wealth to, in effect, buy elections. The Supreme Court appears to have put that issue beyond the reach of a legislative remedy, at least for now. Nevertheless, the Boren bill is tough enough that if it had been in effect in 1984 it would have reduced the amount of PAC money going to Senate candidates by half.

"The public knows that something is very wrong," Drew wrote in her book. "As the public cynicism gets deeper, the political system gets worse. Until the problem of money is dealt with, the system will not get better." The Boren bill does something about it.

[From the Janesville (WI) Gazette]

PAC-LIMIT PROPOSAL DESERVES SUPPORT

Financing of congressional election campaigns has become a national disgrace. The role of special interest groups has been felt more and more in each election. The time for real reform is long past due.

A proposal establishing for the first time an overall aggregate limit on the total amount of political action committee (PAC) money a congressional candidate could accept will be offered by Sen. David Boren (D-Okla.)

Common Cause, a strong supporter of curbing PAC influence, reports that Boren's proposal is supported by a bipartisan coalition of senators spanning the political spectrum. Principal sponsors in addition to Boren are: Barry Goldwater, R-Ariz.; Gary Hart, D-Colo.; Nancy Kassebaum, R-Kan.; and Carl Levin, D-Minn.

Since 1974, when Congress passed a system of public financing for presidential elections but left the door open for special interest money to flood their own campaigns, the problems with the congressional campaign finance system have mounted. In 1974, 608 PACs gave congressional candidates a total of $12.5 million. By 1984 that total had skyrocketed: House and Senate candidates received more than $100 million from 4,000 PACs for their 1985 election campaigns.

Other graphic evidence of big PAC bucks: From Jan. 1 through June 30 of this year, the 56 members of the congressional tax-writing committees received $3.7 million from those special interest groups. Common Cause says that's three times more than the $1.1 million that PACs gave these same members during the first six months of 1983.

Senate Majority Leader Robert Dole, R-Kan., has said that PACs make "it much more difficult to legislate. We may reach a point where everybody is buying something with PAC money. We cannot get anything done."

In addition to the aggregate PAC limits, the Boren bill would lower the current PAC contribution limit from $5,000 to $3,000 per election; raise the individual contribution limit from $1,000 to $1,500; close loopholes which allow PACs to evade the contribution limit; tighten the definition of independent expenditures; and provide candidates who have been targeted by independent expenditure advertisements the opportunity to respond.

Major reform of congressional financing methods is way overdue. The Boren bill designed to accomplish just that is sorely needed. The time for action is now.

[From the Kansas City (MO) Times, Nov. 18, 1985]

TIME TO STOP PAC'S

Sen. David Boren of Oklahoma poses a pertinent question as he urges support of his measure to limit political action committee contributions to congressional candidates. "How can we be surprised," he asks, "when it is harder and harder for Congress to act in the public interest when campaigns are more and more financed by special interests?"

Take the escalation of PAC gifts this year to members of the House Ways and Means and Senate Finance committees. These groups, studying tax reform, could make decisions on tax breaks for PAC members amounting to hundreds of millions of dollars.

Common Cause, the public interest lobby reports that 56 members of the two committees received $3.7 million from PACs in the first six months of this year. In the same period of 1983, the total was $1.1 million.

PAC donations to candidates for Congress have soared since 1976, the first time presidential elections were financed with public funds. A total of 608 PACs gave $12.5 million in 1974. Ten years later 4,000 PACs contributed some $100 million.

Inevitably these donations have helped drive campaign costs to staggering heights. The senator notes between 1976 and 1984 average campaign expenditures in a winning Senate race rose 385 percent. In the House the rise was 230 percent.

The implications for our system of government are serious on at least two counts. One is the influence that can be brought to bear by large contributors. The other is the effect on prospective candidates.

Raising huge sums of money for campaigns should not be a requirement for a seeker of public office. Yet it is in light of PAC giving. The alternative to this is limiting the pool of candidates to the very

wealthy. Either way, dangerous restrictions are imposed on congressional candidates.

The Boren measure, whose principal sponsors include Sen. Nancy Kassebaum of Kansas, would limit the aggregate amount of PAC money a candidate could accept. For the House it would be $100,000 for an election cycle. Senate maximums would be based on population, from $175,000 in smaller States to $750,000.

The proposal, offered as an amendment to another bill, is to be debated Dec. 2nd and 3rd, with a vote the latter day. It is an opportunity for the Senate to counter a threat to our political system.

[From the Lakeland (FL) Ledger, Nov. 16, 1985]

THE 30-SECOND CAMPAIGN

Jim Murphy, a Tallahassee political consultant, pulls no punches when teaching potential office seekers the fine art of winning the hearts and minds of the American electorate.

"To present issues to the public is a big mistake. You're not dealing with a highly educated voting public," Murphy told a gathering of would-be politicos in Bradenton recently. He advised they put their money into the kind of meaningless electronic messages designed to make voters feel good or opponents look bad.

That politicians and media consultants have no great regard for voter intelligence comes as no great surprise. Charles Guggenheim, a media consultant, once told a Senate committee:

"Up to 70 percent of what Americans hear and see in a political campaign today comes via 30- and 60-second paid political announcements. In 1984, candidates paid the broadcast industry more than $300 million for the privilege of discussing the issues in 60 seconds or less. Any seasoned media adviser will tell you what he can do best given 30 seconds. Create doubt. Build fear Exploit anxiety. Hit and run. Those commercials are ready-made for innundo and half truth."

Guggenheim's remedy is twofold. First, allow no surrogate spokesman to appear on the tube in place of the actual candidate. "Put the face and voice of the accuser on the screen and you will move in the direction of decency for the American political process overnight," he predicts.

Second, Guggenheim would insist that all paid political announcements on television last at least two minutes—long enough to deal with issues, but intolerably long when the object is merely to dazzle or draw blood.

Guggenheim told of British elections in which paid political broadcasts had to be at least 10 minutes long, in which stations had to provide prime time, in which no commercials were allowed prior to three weeks before the election. "The British system may in some way be too restrictive," he said. "The rules in Britain allow room for substance, give range to criticism, discourage unfairness.

Guggenheim's proposals sound drastic. The First American implications of so restricting political advertising would seem substantial, although Guggenheim shrugs off such objections: "We have already placed arbitrary restrictions on self-expression in this country by allowing the broadcast industry to set ground rules that frequently stifle substance and encourage specious attacks."

But the real flaw in Guggenheim's solution may be that it doesn't attack the deeper cause of America's deteriorating political process. In fact, the slick, 30-second media campaign may be just one symptom of a more serious illness.

In America today, candidates are apt to be bought and paid for long before, and long after, the voters have their say at the ballot box. Remember that $300 million payoff to the networks in 1984 that Guggenheim cited? For the most part it came from special-interest lobbies and political action committees, all of which fully intend to reap a fair return on the investments they make in their candidates.

For proof that politics by PACs can paralyze government look at Congress, whose members pretend to solve a crippling federal deficit by promising to wipe it out—some day.

"The PAC evil lies at the root of many national problems," Archibald Cox, chairman of the citizen interest group Common Cause says. "It is a prime source of the deficit, because it blocks the removal of wasteful subsidies. It is the cause of much unfairness in the tax laws. It threatens to block real tax reform."

A handful of reform-minded senators, including Florida's Sen. Lawton Chiles, have proposed a campaign finance package that, for the first time, would limit the total amount of PAC money a candidate could accept. Called the Boren Amendment, for its sponsor, Sen. David Boren, D-Okla., thepackage would limit House candidates to a $100,000 total on all PAC funds and place limits on Senate candidates that would be determined according to the population of a candidate's state. It would also lower individual PAC contribution limits from $5,000 to $3,000, and place restrictions on the ability of PACs to independently campaign for candidates. And It would force broadcasting stations to give equal time to candidates who have been the subject of negative advertising by their opponents.

Given the congressional paralysis over deficit control and tax reform, passage of the Boren Amendment ought to take precedence over either of those two goals. As long as the special interests can buy and sell federal officeholders at will, the public's interest will always take a back seat to the interests of those who hold the purse strings.

[From the Lansing (MI) State Journal, Nov. 18, 1985]

TOUGHER PAC LIMITS VITAL

Political reformers have been warning for years that Political Action Committees (PACs) must be reigned in on their contributions to members of Congress if we are to restore integrity and public confidence in the election process.

Right now there is growing perception that the Congress is being bought by big-money PAC interests of all kinds. That perception may not be far off if one considers the facts from such groups as Common Cause. The national citizens lobby notes, for example, that in the last national election cycle, 163 members of the U.S. House received over half of their campaign contributions from PACs. It was further noted that 36 percent of the House members in the same period received over half of their contributions from single-issue PACs.

PACs, of course, represent special-interest lobbies designed to persuade members of Congress to vote the right way on issues of importance to them. Under present law the PACs are limited to one $5,000 contribution to each candidate in any one year. But the number of PACs has proliferated at such an enormous rate that the thing has become a gold mine for candidates.

Common Cause notes that this increased flow of cash has also increased the average cost of House elections by 230 percent in the last eight years. PACs also tend to favor incumbents and the candidate without any is battling uphill all the way.

U.S. Sen. David Boren, D-Oklahoma, backed by such prestigious leaders as Sen. Barry Goldwater, R-Ariz., are now pushing a reform bill that merits passage. It would put some tougher controls on PAC operations:

Limiting to $100,000 the aggregate amount any House candidate can receive from all political action committees in one election year. The limit for the Senate would vary with state population with a cap of $750,000 per senator. Additional money would be allowed in the event of runoff elections.

The plan would lower the current PAC contribution per candidate from $5,000 to $3,000 and raise the individual personal contributions from $1,000 to $1,500. The plan also would close some loopholes in the law that have increased the amount candidates can receive.

Boren pointed out that similar reform legislation has been introduced several times during the last few years and Congress has always refused to act. There have been arguments that Congress should wait and hope for better public financing methods in elections or "wait until after the next election."

Boren rightly says that's not acceptable. He said: "The implications of a growing tide of PAC influence is so great today that we must focus our immediate attention on this problem which threatens the integrity of the election process."

He is right. Goldwater, a senior veteran of the Senate and certainly one of its most respected members, had this to say in support of the Boren bill: "As far as the public is concerned, it is the PACs and the special interests they represent, and not the people, who set the country's political agenda and control a candidate's position on important issues.

"To make representative government work the way the framers designed it, election officials must owe their allegiance to the people and not the wealth of groups, who speak only for selfish fringes of the whole community."

That says it all. Boren's bill would take effect at the end of 1986, on time to impact the 1988 elections. The time to act is now.

[From the Little Rock (AR) Gazette, Nov. 14, 1985]

TIME TO TAKE THE CURE ON PAC'S

Congress may be about to look seriously at the way its campaign finance reforms have become corrupted the past dozen years. Two bipartisan efforts are under way to stem the growing role of political action committees in financing congressional campaigns, one by imposing new limits on PAC gifts and the other by offering public financing of Senate campaigns. The Federal Election Commission also is holding hearings on a proposal by Common Cause to tighten the use of "soft money" by political parties in behalf of candidates, which is the most gaping loophole in the campaign finance regulations.

It may be too much to expect members of the Senate and House of Representatives to control PAC contributions in which case they not only would be shrinking the influence of powerful and usually friendly inter-

ests on the Hill but also slighting themselves. Congressmen have become dependent on PAC money, which ordinarily favors incumbents.

Congress is unable to take a cure without a scandalized public. That may be in the making. In our view the scandal has occurred.

The effort to fix tax reform with PAC money ought to shame Congress into acting. Remember David Stockman's description in 1981 of the special interests "feeding" like hogs in the writing of the tax cuts? The tax cuts already had been shaped by campaign contributions the previous year and rewards also were laid up for the tax writers in the next campaign. But the feeding does not compare to the money flowing now to influence tax reform.

In the first six months of this year—and, mind you, this is not an election year—$3.7 million flowed from the PACs to political organizations of members of the two congressional committees that are shaping the tax legislation. Ways and Means in the House and Finance in the Senate. It takes some license to call the product that is emerging "reform." Arkansas' Beryl Anthony, a Ways and Means member who had no opponent in 1984 and is unlikely to have serious opposition in 1986, is deluged in money.

Members of those committees are not alone under the tide of PAC money. Arkansas' own Tommy Robinson, only a freshman, raked in more than $80,000 in the first six months of the year from PACs—even more than the well-placed Mr. Anthony. Mr. Robinson is a special case because he mortgaged the district's seat in his race last year and is having to raise bushels of money to repay gargantuan campaign debts. Robinson is having to beg shamelessly; Anthony's money comes on a conveyor belt.

In 1974, PACs gave $12.5 million to candidates for the House and Senate. Ten years later, 1984, they gave more than $100 million. So far this year, the pace of contributions is more than double that of the comparable period before the 1984 elections. Congress is, in effect, advertising that it is for sale.

A Democratic Party study group has concluded that small political contributors, those donating less than $100 to a candidate, are rapidly disappearing. The result is that it is becoming harder to legislate.

Senators Charles McC. Mathias of Maryland and Paul Simon of Illinois, a Republican and a Democrat, have proposed that Senate campaigns be publicly financed in somewhat the way that presidential campaigns are financed. Party nominees would be eligible for between $500,000 and $5.7 million of public money, depending on the size of the state if they renounced PAC money and did not spend more than $20,000 of their own money.

It may be hard to fashion a public financing system that will fit all the states, and one that does not also cover the House will not address the problem.

A better approach may be offered by a bipartisan group of senators headed by David Boren, the Oklahoma Democrat, and Barry Goldwater, the retiring Arizona Republican. They hope to try to attach it to some bill passing through the Senate.

It would place over-all limits on the amounts candidates for the Senate and Congress can receive from PACs in each race. The amount would be fixed for each House candidate and would vary with Senate candidates depending on the size of the state. The measure also would reduce the current limit on each PAC contribution to a candidate from $5,000 to $3,000 while rasing the limit for individual gifts from $1,000 to $1,500, close some loopholes that allow PACs to evade the limits, restrict expenditures that help a candidate but that are independent of his or her campaign, and guarantee the right of candidates to respond when they have been attacked by the commercial of so-called independent campaigns.

The big flaw of the Boren-Goldwater proposition is that it would not apply until the 1988 campaigns. Congress needs the cure now.

[From the Morgantown (WV) Dominion-Post, Nov. 13, 1985]

LIMITING PAC's

Members and leaders of the two major political parties have been concerned about the amount of money funneled into campaigns by political action committees of one kind or another. The total has grown steadily in the last ten years after campaign fund reform became a major issue in the early 1970s. Now political action committees and their funds have become a major concern.

Sen. David Boren of Oklahoma plans to offer a proposal which, incidentally, is supported by a bi-partisan coalition of senators spanning the political spectrum, to the first available legislative vehicle on the Senate floor.

Archibald Cox, chairman of Common Cause, said of the Boren amendment "it strikes at the heart of the evil because it is the increasing depending upon PAC money and the cumulative impact of numerous PACs representing identical special economic interests that is distorting the political system."

Without decisive congressional action, a Common Cause release noted, the PAC problem will continue to grow. In the first six months of 1985, the 28 incumbent Senators facing re-election in 1986 received an average of $208,194 in PAC funds. This is more than twice the average of $96,528 in PAC funds received during a similar period in 1983 by the 29 incumbent Senators seeking re-election in 1984. A Common Cause study found that 29 Senate candidates in 1984 ended up receiving more than $500,000 each from PACs.

Under the Boren amendment, overall PAC limits for candidates would be figured on a state's population—from $175,000 for Senate candidates in the least populated states to a maximum of $750,000 per Senate candidate in the most populous states. Candidates for the House, according to the proposal, could accept no more than $100,000 for all PACs in each election cycle. If approved, the amendment would go into effect in 1988.

Sen. Boren said at a press conference that he was introducing the legislation, patterned after a bill he offered in 1979, because the time has arrived when it is necessary to place limits on the alarming growth of PACs. He cited statistics showing that in the 1984 elections, 165 members of Congress received half of their contributions from PACs, which have grown in number from 600 in 1974 to 4,009 at the end of 1984, according to the Federal Election Commission. And, the financial activity of PACs rose 10-fold between 1972 and 1982, increasing from $8.5 million to $83.6 million. It's time to place some limits.

[From the Nashville (TN) Tennessean, Nov. 13, 1985]

MAJOR REFORM BADLY NEEDED IN U.S. CAMPAIGN FINANCING

With the rising number of political action committees giving growing amounts of money to congressional candidates, there is high concern that unless something is done, representative government may be severely eroded.

In 1974 the Congress approved a system of public financing for presidential elections which has worked quite well. But it left the door ajar for special interest money to be funneled into members' own campaigns. And what seemed to be fairly harmless at first has now turned into a money monster.

In 1974, about 600 political action committees gave Congress a total of $12.5 million. By 1984 there were an estimated 4,000 PACs who provided more than $100 million for congressional candidates running that year.

According to Common Cause, the self-styled citizens lobby, in the first six months of 1985 the 28 incumbent senators facing re-election next year received an average of $208,194 in PAC funds.

Also, according to Common Cause, political action funds to members of the House Ways and Means and Senate Finance Committees during the first six months of this year amounted to $3.7 million—three times more than the same members received during the first six months of 1983.

The reason is simple. The committees have been considering tax reform legislation and special interest groups anxious to keep their hundreds of millions in tax breaks have been pouring the money in with the obvious intent of influencing the tax legislation that will result.

It will only be after the tax reform legislation is written that citizens will have some idea of how much the political action committees did influence it.

Virtually all members of the House and Senate accept PAC contributions almost routinely since the cost of election campaigns—even for House seats—has skyrocketed. But those same members have similar arguments: that even though they take PAC money, it is not the ultimate or even major influence on their votes.

But if the political action committees didn't think their funds would have some effect on voting, it is certain they wouldn't be doling out large sums of money for purely philanthropic reasons.

Both the Senate majority and minority leaders have expressed their concerns in the past over the role of the PACs in congressional elections. Senate Minority Leader Robert Byrd, D-W.Va., introduced legislation to establish an overall limit. Similar legislation was introduced in the House. But such bills got nowhere.

Now, Sen. David Boren, D-Okla., has proposed an amendment to establish a limit on the total amount a congressional candidate could accept. Under that amendment, overall limits for Senate candidates would vary according to state populations. The cap would be $175,000 for Senate candidates in the least populous states to a maximum of $750,000 in the most populous states.

Candidates for the House could accept no more than $100,000 from all PACs in each election cycle.

The amendment would also adjust the limits of PACs for each election; close some loopholes which permit evasion of contribution limits and tighten the definition of independent expenditures.

Short of public financing of congressional elections, which doesn't appear to be possible anytime soon, the best medicine may well be that of Senator Boren, who would put a cap on the money flow as well as a brake on influence buying. It is needed reform that Congress could and should approve.

[From the Pittsfield (MA) Berkshire Eagle, Nov. 13, 1985]

TAX COMMITTEES FOR SALE

One explanation of why tax reform isn't getting very far in Congress can be found in this statistic: The members of the committees working on tax policy in the House and the Senate received during the first six months of this year $3.7 million in special-interest campaign contributions—more than three times as much as these members received during the first six months of 1983.

The political action committees who dug so deeply into their pockets this year knew very well that Congress would be considering a major overhaul of the tax code. Rather than wait and make their legalized bribes to the lawmakers in the election year of 1986, the PACs obviously decided to let their money speak for them early and loud.

Nor is it just the tax-law committees that have done so well by the PACs this year. Incumbent senators this year are receiving PAC contributions at twice the rate that incumbent senators did two years ago.

This kind of influence-buying is a factor not only in tax legislation but also in the total failure of Congress to do anything constructive about reducing the federal deficit. Many of the same PACs that don't want the lawmakers to deprive them of one tax loophole or another are equally anxious not to lose helpful giveaways in the budget itself. The stalemates on tax reform and the budget deficit are a direct reflection of congressmen's dependence on special-interest money for their campaign expenses.

The logical solution to this problem is to establish for congressional elections the system that has been in place in presidential elections ever since Watergate: public financing of the final election with mixed, public-private financing in primaries. Congress has balked at this, however, for a quite selfish reason: It fears that the availability of public campaign support would neutralize the fundraising edge that incumbents have over challengers.

Short of public financing, one way to mute the impact of special interests is to put a ceiling on the total amount of PAC money that a candidate can receive. A bill that would do this was offered late last month by Senator David Boren, an Oklahoma Democrat. The measure comes with a board, bipartisan base of support, numbering among its co-sponsors in the Senate Republicans Barry Goldwater of Arizona and Warren Rudman of New Hampshire. Democratic backers include Gary Hart of Colorado and John Stennis of Mississippi.

Under the Boren bill, candidates for House seats would be limited to $100,000 in PAC money. In Senate races, the limits would be pegged to state population and would range from $175,000 to $750,000 in the most populated states. According to Common Cause, which supports the legislation, it would have cut total PAC funding for the Senate in 1984 in half. That doesn't solve the problem of special-interest influence entirely, but it does let the public interest get a word in edgewise.

[From the Tupelo (MS) Northeast Mississippi Daily Journal, Nov. 13, 1985]

TRIMMING PAC'S

Does the country need sweeping reform in federal campaign finance laws?

Several of the Senate's most respected and influential members believe that political action committees and their money are eroding the political system.

The diverse, bipartisan coalition of influential senators is seeking to curtail the dangerous, growing financial clout of PACs.

Mississippi's Sen. John Stennis, a conservative Democrat, and Arizona's Sen. Barry Goldwater, a conservative Republican, are among the co-sponsors of a major campaign finance reform bill introduced by Sen. David Boren, an Oklahoma Democrat.

PACs were given a green light by 1974 campaign finance reform laws to flood congressional candidates' coffers with special interest funds.

During the 1984 congressional campaigns about 4,000 PACs gave more than $100 million to House and Senate candidates. The danger in such huge contributions is the influence that could be exerted by special interests or single-issue groups on candidates and members of Congress seeking re-election.

It is hardly coincidence that members of the tax writing committees, in a year of major reform proposals, received $3.7 million from PACs from Jan. 1 to June 30—more than three times the total received in the first six months of 1983.

The Boren amendment would restore reasonable limits to the campaign contributions each candidate could receive from PACs and lower the contributions each PAC could make to individual candidates.

The Senate limits would vary by state population, topping out at $750,000. House candidates would be limited to $100,000. Personal contribution limits would be raised from $1,000 to $1,500.

One of the most important provisions of the Boren legislation would be a required disclaimer from PACs that make unauthorized advertisements for a candidate in a federal election. It would also allow for "equal time" for candidates subjected to negative advertising by an independent committee.

Some candidates and congressmen may object that unlimited PAC contributions are necessary in current political life.

Boren, himself, is an answer to that argument. He refuses to accept PAC money for his political efforts, and is known as an ardent anti-corruption campaigner.

He won re-election to the Senate in 1984 with 76 percent of the vote.

It is time to reduce the influence of almost unlimited campaign money from special interests.

The best traditions and results in American politics have come from the influence of voters interested in issues, not from the influence that money buys.

[From the Sun City (AZ) News-Sun, Nov. 19, 1985]

PAC-LIMIT BILL PROPOSED

The influence of political action committee (PAC) money may be diminished considerably if a bill proposed by Sen. David Boren, D-Okla., is approved by Congress.

The bill would establish for the first time an overall aggregate limit on the total amount of PAC money a congressional candidate could accept.

Principal sponsors include Sens. Boren, Barry Goldwater, R-Ariz., Gary Hart, D-Colo., Nancy Kassebaum, R-Kan., and Carl Levin, D-Mich. Sens. Lawton Chiles, D-Fla., Dennis DeConcini, D-Ariz. Warren Rudman, R-N.H., and John Stennis, D-Miss., also have signed as initial sponsors of the proposal.

In supporting the campaign finance reform bill, Senator Goldwater said: "The bill is directed at the primary threat now facing our system of free elections, and that is the influence and power, both real and perceived, of political action committees with their selfish and narrow vision of what is good for the country. * * * This massive involvement of PACs in federal elections is distorting the entire election process. It is giving elections a bad name, or a worse name than they already have." Many people, Goldwater said, "look on successful candidates as being bought and paid for by whomever gave the most money."

The bill is strongly supported by Common Cause, a people's lobbying group, whose chairman, Archibald Cox, said the ceiling on receipt of PAC contributions "is plainly a constitutional way of preventing the undue influence of money and the appearance of undue influence."

Since 1974, when Congress passed a bill to provide public financing for presidential elections, but neglected to include itself, the problem of PAC contributions has accelerated. In 1974, a total of 608 PACs gave congressional candidates $12.5 million. By 1984, House and Senate candidates received more than $100 million from 4,000 PACs for their election campaigns.

And in the first six months of 1985, the 28 incumbent senators facing re-election in 1986 had already received an average of $208,194 in PAC funds—more than twice the average received during a similar period in 1983 by 29 incumbent senators seeking re-election in 1984. A Common Cause study found that 29 Senate candidates in 1984 ended up receiving more than $500,000 each from PACs.

It is extremely difficult for voters, in the face of those numbers, to believe lawmakers who tell them that PAC money doesn't influence their vote.

The Boren amendment provides that overall PAC limits for Senate candidates would vary according to state population—from $175,000 for candidates in least populated states to a maximum of $750,000 per candidate in most populous states. House candidates could accept no more than $100,000 from all PACs in each election cycle. These limits, if the measure succeeds, would take effect for the 1988 election.

The Boren bill also would lower the current PAC contribution limit from $5,000 to $3,000 per election; raise the individual contribution limit from $1,000 to $1,500; close loopholes which permit PACs to evade the contribution limit; tighten the definition of independent expenditures; and give candidates who have been targeted for negative advertisement through independent expenditure by a PAC the opportunity to respond.

The growing influence of PAC contributions has been deplored by majority and minority leaders of the Senate in the past, and by many other congressmen privately, but Congress as a body has failed to curb the practice. Now, with the pressure that senators have been receiving from their constituents and their own feeling that the growth of PAC influence is distorting our national system of representation, the Boren measure should receive the support it needs to pass.

As Senator Goldwater said: "To make representative government work the way the framers designed it, elected officials must owe their allegiance to the people and not to the wealth of groups who speak only for selfish fringes of the whole community."

We would urge, along with the senator, that Northwest Valley residents make their support of the Boren bill known.

[From the Waco (TX) Tribune-Herald, Nov. 14, 1985]

IT'S TIME TO PUT BRAKES ON PAC'S

The 1988 congressional elections will be back in the hands of the people if legislation is enacted to limit the amount of money that political action committees can contribute to campaigns.

A group of U.S. Senators headed by David Boren of Oklahoma introduced the measure to take the "for sale" sign off of every seat in the Senate and House of Representatives that comes up for a vote.

Members of Congress passed a law in 1974 which permits public financing of presidential elections but left the door open for special interest money to take over their own campaigns. In 1974, 608 PACs gave candidates for Congress $12.5 million. In 1984, House and Senate candidates received more than $100 million from 4,000 PACs.

Candidates' increasing dependence on PAC money is taking over the American political system. PACs are a partial cause of the deficit because they block the removal of wasteful subsidies, tax loopholes and unnecessary expenditures. PACs threaten to block real tax reform.

Members of the House and Senate committees which are rewriting the tax laws have received more than $3.7 million in contributions from PACs so far this year. That is three times the PAC money the same members received in the first six months of 1983.

Boren's bill would regulate PAC contributions to Senate candidates according to population. Candidates from the least populous states could accept no more than $175,000. Candidates in the most populous states could be given up to $750,000 by PACs.

Members of Congress will be unable to vote for the overall good of the nation as long as their campaigns are financed more and more by special interest groups. The small campaign contributor, defined as one donating less than $100 to a candidate, is disappearing from the political scene.

Congress has waited much too long to deal with this issue. The role of PACs in congressional campaigns must be restrained, or the public's confidence in the electoral system will continue to decline.

Mr. BOREN. Mr. President, how much time have I used?

The PRESIDING OFFICER. The Senator has 43 minutes remaining.

PAC BUNDLING PROVISION OF THE BOREN BILL

Mr. BOREN. Mr. President, I should like to explain in a little more detail two of the provisions of our bill which are perhaps less known. One is the provision with regard to bundling and the other is a provision in terms of response time of expenditures of political action committees.

The proposed amendment deals with the growing problem of "bundling"—a practice by which a political action committee [PAC] puts together or "bundles" numerous individual checks earmarked for a particular candidate's campaign and provides them to the candidate.

This practice enables the collecting PAC, or national political committee, to effectively evade the contribution limits of the Federal election laws by aggregating these individual contributions a PAC can make available to a candidate amounts far in excess of the current limitations.

As you know, under present law a political committee that contributes to several candidates may give up to $5,000 in a primary and $5,000 in a general election campaign. In the case of political committees representing a political party, the total contribution they may give is $17,500.

Some political committees have begun to evade contribution limits by having their members or contributors make out checks directly to a Federal candidate and then gathering or bundling these checks and serving as a conduit to deliver them to the Federal candidate.

Under present law, any political committee that serves as an "intermediary or conduit" for such bundled contributions is already required to file reports with the Federal Election Commission setting forth the original source and the intended recipient of such contributions. This same information must also be sent by the political committee to the intended recipient and we could look at section 441(a)(8) of the Federal Election Campaign Act which sets forth these requirements. The FEC, however, has interpreted bundled contributions from these political committees as being outside the contribution limits established for political committees, thus creating a major loophole in the limits. The amendment I am offering, which applies to all political committees including political party committees, would close that loophole and restore the integrity of the contributions limits.

For example, early this year one political action committee disclosed in its Federal reports that in addition to contributing $1,000 to a Senate candidate, it had also provided more than $150,000 in bundled contributions to a Senate candidate. This action rendered meaningless the $5,000 contribution limit in the case of this PAC and the Senate candidate.

This amendment would restore the integrity of the contribution limit by providing that bundled contributions, which are already required to be disclosed by the PAC, also have to be treated as contributions from the PAC to the Federal candidate and are thus subject to the limit on the total amount any PAC can contribute.

The amendment I am offering does not in any way change the present definition of who is to be considered an "intermediary or conduit" for purposes of the Federal law. Thus, there are a variety of practices currently used by Federal candidates to raise funds, such as house parties. Any of these practices which are not presently considered to be "intermediary or conduit" activities required to be disclosed under the Federal law would also not be subject to the new antibundling language. On the other hand, those "intermediary or conduit" practices which presently must be disclosed to the FEC—such as the "bundling" activities that Alignpac carried out—would also now clearly be subject to the contribution limits on political committees.

"RESPONSE TIME" PROVISION OF THE BOREN BILL

Mr. President, in addition to limits on PAC's, our proposal, as I mentioned, also includes a "response time" provision which is designed to provide a Federal candidate with free broadcast response time when independent expenditures are made by an individual or group on television or radio with regard to that candidate's campaign. The provision does not apply to expenditures by other Federal candidates or "editorials" made by the broadcasting station.

The "response time" provision is the same as the language contained in S. 1310, the "Clean Campaign Act of 1985" sponsored by Senators DANFORTH, HOLLINGS, the chairman and ranking Democrat of the Commerce Committee, and Senator GOLDWATER, chairman of the Communications Subcommittee. Hearings on this proposal were held by the Senate Commerce Committee in September and October.

As Senator DANFORTH stated upon introduction of S. 1310, response time "attempts to restore some balance to a campaign in which independent ads are aired. This provision will provide candidates with some ability to respond to messages that otherwise might be unanswerable." As Senator HOLLINGS said in his support of response time, "We have all seen how PAC's can seriously damage the balance in a campaign through the expenditure of enormous amounts of money. In effect, a candidate budgets to fight one well-financed opponent but then ends up fighting many."

The "response time" provision builds on an existing communication standard that has been upheld by the Supreme Court. Current Federal Communication Commission regulations already require broadcasters to provide at no cost, "an offer of a reasonable opportunity to respond to an attack [which] is made upon the honesty, character, integrity or like personal qualities of an identified person or group." Response time extends this concept, known as the personal attack rule, to those situations when broadcast expenditures are made by noncan-

didates in support of or in opposition to a Federal candidate.

Response time would assure that candidate could respond to an independent expenditure campaign without major expense and thereby help restore balance to the system which is currently distorted by escalating independent spending. Response time would enable candidates to refute misrepresentations made by independent spenders.

In practice, the response time provision would work as follows: If a station sells time to an independent spender to oppose a Federal candidate, that candidate would be entitled, at no cost, to an equal amount of broadcast time. If the independent spender is endorsing a candidate, other legally qualified candidates for the same office would be entitled, at no cost, to an equal amount of broadcast time.

Response time is constitutionally sound. As noted earlier, it building upon an existing communications regulation—the personal attack rule that has been upheld by the Supreme Court in the Red Lion case.

Under present law broadcaster have no legal obligation to sell time to noncandidates who want to make independent political expenditures. Each broadcaster has an absolute right to sell or to refuse to sell time for independent political expenditures. The response time provision does not change this, but simply says if a broadcaster does decide to sell time for independent political expenditures, the broadcaster must also provide free time to respond to the broadcast.

Current Federal election law requires any individual or group making an independent expenditure to report such expenditures to the FEC and to disclose whether it is being made in support of or opposition to a Federal candidate. Thus, anyone making an independent expenditure is already required to disclose this activity and the candidate it is intended to support or oppose. Since the response time provision applies to all independent expenditures—whether for or against a candidate—it would not be necessary for a broadcaster to decide whether the ad was negative in nature in order to determine if the provision applied.

In summary, response time is narrowly focused remedy to a very serious campaign finance problem—the detrimental impact that expensive independent spending campaign are having on the integrity of the Federal election process.

Mr. President, I think this sets out the major provisions of the legislation which we are offering.

I see my distinguished colleague from Mississippi in the Chamber at this point in time. He has served longer in this body than any other Member. He said to me a few days ago in encouraging me to go forward with this proposal that he thought this vote was a vote of conscience for the Senate.

We all know that incumbents receive far more in terms of PAC dollars than challengers. In fact, incumbents receive about $4.50 for every dollar received by challengers.

If we were to only vote our own self-interest, our own selfish political ambition, vote in a manner aimed at preserving ourselves in office rather than in serving the national interest, in serving the interests of the institution and in breathing life and vitality back into the constitutional process, obviously we would have no hope of passing this amendment.

But it is my hope that the Senator from Mississippi is right, that the Senate will vote its conscience, not its self-interest, on a matter of this importance, that it will vote to require those of us who want to hold office here to go back to our home States and our home district to ask the people for their vote, to ask the people for their political contributions, to ask for their support instead of planning or scheduling one, or two, or three, or four nights here in Washington for receptions that are being given by special interest groups or by lobbyists who in fact have control over how the political action money is contributed.

It is my hope that we will make that vote of conscience and that we will take a very important step toward preserving the integrity of the election process.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. HEINZ. Mr. President, I rise in opposition to the amendment offered by the Senator from Oklahoma, and let me say at the outset what I think we are really talking about when we debate this amendment in terms of what we are not talking about.

What we are not talking about is campaign finance reform. We are talking about PAC limitations. We are talking about some other changes. But when it comes to addressing the issue that so many of us are concerned about, which is the time, effort, trouble, and lack of dignity that many of our colleagues and even I myself might feel when it is a question of going out and soliciting campaign contributions, issues that I think nearly all of us agree should in some way be addressed, let me submit that this legislation does not accomplish those goals.

It is not really about the broad issue of campaign finance reform.

But having said that and recognizing that the issue of campaign finance reform is enormously complex, let me state what really troubles me about this amendment, and that is the procedure under which we are operating. It is a procedure of limited debate, of no amendment, which is guaranteed to produce a flawed result.

In this case, let us look at what we are doing or, should I say, what we are not doing.

We are proceeding with no committee consideration. We are proceeding with a total of 4 hours of debate equally divided. We are proceeding with no opportunity for amendment. And we are confronted with legislation that is badly flawed in three fundamental respects.

First, the Boren amendment—and I will speak to this in a minute in more detail—does not achieve the results its sponsors seek.

Second, the Boren amendment, if enacted, would have consequences unintended, I believe, by its sponsors.

And, third, the Boren amendment raises several significant constitutional issues.

Now, during the 4 hours the Senate will spend on the Boren amendment, we will hear from those who support it about the pernicious influence of political action committees on the electoral process.

Now, I am not really here to debate the pros and cons of that point because I do not think that is the underlying point.

The underlying point is whether the Senate should address problems, real or perceived, by passing legislation without the benefit of committee hearings, without the benefit of free and unfettered floor debate, and without the opportunity for amendment. And, to my mind, the point is that no legislative body, particularly not the U.S. Senate, should legislate by spasm.

Mr. President, before proceeding to the specifics of my argument, I ask unanimous consent that an op ed piece written by Michael J. Malbin, which appeared in the November 27, 1985, Washington Post, be printed at this point in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Nov. 27, 1985]

FIXING UP THE BOREN BILL

(By Michael J. Malbin)

Sen. David Boren's campaign finance bill is expected to come up for debate and a vote during the first week of December. Taken by itself, the Boren bill would cause as many problems as it would solve. But if the Oklahoma Democrat's ideas are joined with some other good ones on tax credits and political parties, Congress just might end up with a politically feasible package that would improve elections in this country.

Boren and his cosponsors believe candidates depend too much on political action committees (PACs) for their campaign contributions. Their solution is to limit how much candidates can accept from all PACs combined. Assuming both a primary and general election, the bill would limit House candidates to $125,000 in PAC receipts and Senate candidates to between $200,000 and

$750,000, depending on the size of their state. The figures are close to the present average for the House, but would prevent further growth. (The bill does not have a cost-of-living escalator.) Senate races would be put on an immediate financial diet.

The bill has an obvious appeal. Almost nobody likes how much some candidates depend on PACs for campaign money. I am skeptical that the bill will reduce dependence as much as the sponsors say, but let us assume that it does. To achieve this result, the Boren bill would leave equally serious problems in its wake. These must be identified before Congress can think about corrections.

Why do I think that the bill will not achieve its stated objective? Because any limit on PACs will stimulate well organized groups to form ad hoc independent expenditure committees in competitive districts or states. The bill tries to address independent spending with a constitutionally dubious provision requiring broadcasters to give free time to attacked candidates. Even if the limit on broadcasters slips by the Supreme Court, however, there is no way Congress can stop groups from spending unlimited amounts on telephoning, mailing or other activities. If this happens, and PACs end up going around the campaigns, the bill paradoxically may end up making elections more dependent on the strategies of large and well-organzied PACs instead of less.

Let us go along with the sponsors, though, and assume the bill would cut the role of PACs. How would the lost money be replaced? The Boren bill would work most heavily against PAC money that comes to a campaign late. But late money—crucial in a close race—cannot possibly be raised in small contributions.

Without late money, underdogs cannot buy advertising for the final push against a front-runner. The underdog cannot hoard money, because the underdog has to work hard to reach the point where late spending might even make a difference. But this bill would dry up the one source of money the law still allows for large, last-minute gifts. About the only people who could raise large amounts late, therefore, would be rich candidates who are willing to open their personal checkbooks.

To top it off, the candidates catching up during a campaign's final days are much more likely to be challengers than incumbents. The bill as it stands, therefore, unintentionally turns out to be a Rich People's Independent Spenders' and Incumbents' Protection Act.

There is a way out of this box. If the main problem is that a PAC limit would dry up needed funds, the solution is to find replacement money. Ordinary public financing would not do the job because matching funds could not supply late money, and because most public financing bills include spending limits that favor incumbents. But two other approaches will work, if they are joined.

The first is to loosen up the limits on political parties. It would clearly be healthier if candidates relied more on parties than on PACs for late money. Unfortuantely, the Republicans have a financial advantage over Democrats now, and Boren has said he would kill his own bill if a party amendment were added to it. I assume he reasons it would be better to help rich candidates and incumbents than give the other party a fund-raising edge.

Instead of threatening to pull the bill, it would be more sensible for Boren to see the Republicans and raise them one. Boren should think about accepting a party amendment if the GOP will adopt one promoted by the House Democratic Study Group: a 100 percent tax credit for individuals who give small contributions to candidates from their own state.

The Democratic Study Group bill would change the mix of contributions more than any other single approach I can imagine. Unfortunately, the odds against ever passive a 100 percent tax credit will go up unless Congress moves quickly. The House Ways and Means Committee removed the existing 50 percent credit in its version of tax reform. Today's broad 50 percent credit does little to stimulate giving and does not deserve to be law. A targeted 100 percent credit is a revenue-neutral replacement for the existing law.

So the Boren bill can be looked at two ways: by itself, or as part of a package. By itself, the bill would limit PAC recepits, decrease the supply of late campaign money and stimulate independent expenditures—a clear formula for trouble. A package could limit PAC receipts, stimulate small givers and make candidates depend more on their parties. That would be a bill worth supporting.

Mr. HEINZ. Mr. President, Mr. Malbin argues that the amendment of the Senator from Oklahoma, standing alone, should be called the Rich People's Independent Spenders' and Incumbents' Protection Act.

Now, having heard a chuckle to my left, I know that the sponsors of this amendment do not intend a result which would justify that title. But, Mr. President, I submit that the legislation before us guarantees that result.

The op ed piece by Mr. Malbin suggests a sensible solution: A package which, among other things, loosens the limits on political party contributions. That makes sense, but we cannot do it here because the Boren amendment cannot be amended. We could do it in committee. We could hammer out a comprehensive campaign finance reform package which corrects the flaws in the Boren amendment. And, indeed, earlier today, Mr. President, I announced the introduction of just such a piece of legislation, the Comprehensive Campaign Reform Act of 1985.

Earlier today, I sent the text and a section-by-section analysis of that legislation to the desk for inclusion in the RECORD. Tomorrow I will introduce it officially. Senators are urged to study that legislation, to cosponsor it if they believe it is a preferable alternative to the Boren amendment, and to seek hearings on it and related issues, including the Boren amendment, in the committee of jurisdiction, the Rules Committee, so that we can proceed expeditiously to the consideration of the problems and issues that we believe we have to confront in our election laws.

But, if we proceed to adopt the Boren amendment, we probably will not have the chance to address all those other issues. Therefore, I am asking my colleagues to give us the chance to address the many issues in election law reform and campaign financing by voting against this amendment or for a motion to table—I imagine the vote will be on a motion to table—and therefore to dispose of, for now, the Boren amendment.

Let me tell you what I think such a motion to table would be about. I do not think it ought necessarily to be viewed as a vote against limiting the role of Political Action Committees. No, I would say, Mr. President, that a vote to table the Boren amendment, if such a motion is made tomorrow, and I suspect it will be, could simply be explained quite correctly as a vote in favor of a sound, deliberative and deliberate legislative process. It is most emphatically not a vote against election law reform. A vote to table the Boren amendment, in my view, would be a vote in favor of the liberties granted us under the first amendment.

Mr. President, I keep coming back to the importance of going through the correct legislative process because I really believe we would be making a serious mistake if we bypassed that normal process, especially excluding committee consideration, in enacting the election law reform legislation. Why is that? All of us serve on committees. We spend hours, almost every day, in hearings on legislation. We spend many hours after that in markup, and there is a good reason. The reason is that that kind of consideration allows us to identify, through informed testimony; to detect, by use of our judgment, without artificial time constraints; and, to correct, using what we have learned and our knowledge of the law, unforeseen flaws in legislation before it comes to the floor of the Senate.

That is the process, in short, which allows us to correct errors in drafting or in conception that lead to unintended consequences. It allows those who have legitimate problems with the bill—in my case I might say those are serious questions about this amendment's constitutionality—and many of its parts and, I might add, its impact on national parties and on the electoral process. We can raise those issues with the committee and then at that time put forward alternatives.

Now, as an aside, Mr. President, I would like to call my colleagues' attention to the fact that, as I mentioned a moment ago, this morning I announced the introduction of comprehensive campaign reform legislation which I think addresses some of the same problems that the sponsors of the Boren amendment seek to address. My bill is substantially the same as legislation introduced in the last Congress by Senators LAXALT and LUGAR.

I make no claim that the bill is entirely original with me, although I

have been a proponent of many of its provisions long before it was introduced in the last Congress. I make no claim that the legislation is perfect. There may be, and there probably are, areas where it can be improved. I look forward to having the Senate Rules Committee examine my bill, together with other campaign reform proposals, so that a package may be fashioned and sent to the Senate floor in the normal manner.

And I look forward to having that same Rules Committee examine Senator Boren's legislation and including part of it, if that is the judgment of the Rules Committee. That way, Mr. President, election law reform can be considered in its own right and the Senate may work its will by accepting or rejecting amendments to whichever package comes out of committee. That is the way we should legislate. That is the way we do legislate. That is the right way to conduct the people's business.

When I began speaking, Mr. President, I said that the Boren amendment suffers from three fundamental flaws. First, it would not achieve its sponsors' goals; second, it would result in unintended consequences; and, third, its constitutional validity is very much in doubt.

I want to turn now to a closer examination of these flaws and examine the consequences of passing the Boren bill as is, with no amendment and with no committee consideration. And I think it is worth taking a few minutes to do that because the question before us is whether to adopt the Boren amendment without amendment and without much discussion.

Now, among the goals sought by the sponsors of this amendment is an effective limitation on the influence of political action committees. The legislation would put a ceiling on the amount of money a candidate for Federal office could receive from political action committees. Once that ceiling is reached, that candidate's campaign may not accept any more PAC money and this, the sponsors argue, will limit the influence of PAC's on our electoral process.

Mr. President, I am not going to argue about why in one State a limitation of $100,000 will guarantee the purity of the electoral process in that State, and how a limitation of $750,000 in another State will guarantee the electoral purity in that State. I do not know how that really is going to work but those kinds of issues maybe we can get into on some other occasion.

Mr. BOREN. Mr. President, will the Senator yield?

Mr. HEINZ. Not at this time.

The effect that I am talking about is the kind of effect whereby putting on a ceiling, whether it is $100,000, $50,000, or $750,000—by having a ceiling, what the Boren amendment actually does is rather intriguing. It is going to set up a race to see which PAC's get their contributions in early. Who does that benefit? I do not think there ought to be much doubt. It is going to benefit the richest, most influential, and best organized PAC's. When the PAC contribution ceiling is reached every other PAC is frozen out. Who does that hurt?

I suspect it is going to hurt small, less well-funded grassroots. Who else benefits?

Mr. President, there is one other group that benefits more than anybody else. They are called incumbents. Believe me, I do not have anything against incumbents. Some of my best friends are incumbents. In fact, I can think of quite a few on both sides of the aisle that I would like to see return here for many years to come.

Mr. BOREN. Will the Senator yield?

Mr. HEINZ. Only very briefly.

Mr. BOREN. Just a brief question: of the PAC money that was contributed last year does the Senator know what percentage of it went to incombents and what percentage of it went to challengers?

Mr. HEINZ. I read the Washington Post the same as the Senator from Oklahoma. I would be happy to put that in the record later. I do not yield further.

But, Mr. President, in spite of the fact that I would like to see many of our colleagues—and I say again colleagues that I would include on both sides of the aisle, not just Republican colleagues—stay here, I simply do not believe that we should change our finance laws to give incumbents an advantage. I do not think the sponsors of this amendment do either. But I do strongly submit, Mr. President, that is exactly what is going to happen if this amendment is enacted.

Let us take a look at another consequence which this legislation would have and which I do not think the sponsors intend, either—namely, to increase independent expenditures. I doubt that my friends who have sponsored this amendment favor an increase in independent expenditures. Indeed, there is a section of the bill that is supposed to clamp down on at least certain kinds of independent expenditures. Yet, I believe that is exactly what will happen if this provision becomes law.

Political action committees which are frozen out of the campaign because of the ceiling on PAC contributions will find other ways to make themselves felt, other ways to contribute, ways over which neither the candidate nor the parties have any control, and more important, in ways which make any sort of effective disclosure impossible.

Does anybody really want that result? Do we really want less campaign funding accountability and disclosure? I know I do not. I do not think the sponsors of the amendment do, either. But that is what we are likely to get if we pass this amendment.

One of the more ludicrous results—and I chose the word ludicrous advisedly—of this legislation comes from a provision which attempts to limit the enormous anticipated increase in independent expenditures caused by the ceiling on PAC contributions. I am referring, Mr. President, to the provision which attempts to restrain independent expenditures by addressing common vendors of professional services.

In essence, the provision says that if a person "making independent expenditure or expenditures retains the professional services of any individual or other person also providing those services to the candidate in connection with the candidate's pursuit of Federal office, the expenditure is no longer independent but is affiliated with the campaign effort."

It is clear to me what the sponsors intend to do. They intend to prevent candidates' committees from using political consultants or pollsters also used by independent committees. I can understand that. However, it is not a question of what they intend to do. It is a question of what they actually do. What they actually do is prevent a candidate from using any professional services also used by an independent committee. What does that mean?

Well, that means if the candidate or a member of his committee flies United Air Lines or stays at a Holiday Inn, and someone from the independent committee also flies United or stays at a Holiday Inn, the campaign committee and the independent expenditure committee will be deemed affiliated.

Mr. President, we all ought to agree that it is ridiculous, that it is ludicrous, and that it is not the intent of the sponsors. But there is one problem. That is what will actually happen.

So, Mr. President, that is the sort of flaw which illustrates the need for committee consideration and amendment. And I have argued that this amendment would not achieve its intended ends, and I suggested there are a variety of unintended and unwanted consequences which would result were this amendment adopted.

These problems alone make the need for a more deliberative process obvious in my view. Even more serious though are the constitutional issues raised by the Boren amendment. Placing a ceiling on the amount of money political action committees may contribute to a political campaign, and providing the opportunity for political speech on a first-come, first-served basis is of dubious constitutionality at best. Limiting

access to television by requiring equal time to respond to political endorsements or attacks also raises some serious first amendment issues.

My point is not that either one of those provisions is necessarily unconstitutional, although I happen to think that at least one, possibly two, are.

But, rather, that questions of this nature should compel a more thoughtful approach to this legislation. At the very least, it should be amendable and certainly it should be the subject of committee hearings.

Mr. President, it seems to me that the bottom line is this: The Boren amendment is an important amendment. The Boren amendment deals with fundamental issues important to our democracy. Among those issues are such profound questions as freedom of speech. What we are talking about is the most important process that our Constitution and our democracy sets forth; namely, the process by which a free people, we Americans, choose our Representatives, our Senator, our President.

The Boren amendment, by its terms, is not going to take effect on anybody in 1985 or 1986. It is not effective until after the election cycle. Why, then, if it does not affect 1985 and 1986 are we dealing with it in such a precipitate and preemptory fashion? Why are we dealing with such a seriously flawed bill which raises profound constitutional questions in this fashion?

Why are we considering it as an amendment to a nuclear waste bill, at the end of the session, with no committee consideration, with limited and, therefore, little floor debate, and with no opportunity for amendment?

I suggest to my colleagues that it would make more sense to use our time wisely in examining the important issues of campaign finance fully, election law reform fully, with appropriate committee hearings and, above all, in a manner which allows for amendment.

We are all proud, Mr. President, to be Members of the U.S. Senate. We really are the world's greatest deliberative body. I suggested to my colleagues that we should not consider in this perfunctory manner issues which touch on our most cherished right as a people, the right to which all our other freedoms and rights flow; namely, the right and means by which we choose the people who will govern us.

Mr. President, I hope that my colleagues will join in putting aside in some way, shape, or form the Boren amendment.

Mr. President, I ask for the yeas and nays on the Boren amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HEINZ. I thank the Chair.

● Mr. PACKWOOD. Mr. President, I would like to address a subject that concerns each and every Member of this distinguished body—campaign advertising.

My distinguished colleague from Oklahoma has introduced an amendment regulating independent political expenditures which, among other things, requires broadcasters to provide free time to any Federal candidate when an independent advertisement either opposes that candidate or endorses an opposing candidate. It is my sincere belief that this provision violates both the spirit and intent of the first amendment, and therefore, I must oppose the proposal.

The first amendment says "Congress shall make no law * * * abridging the freedom of speech, or of the press." There are certain basic notions at the core of the first amendment concerning the manner in which political debate in a democracy should proceed. If the Founders intended to protect any speech when they wrote the first amendment, it was political speech. Clearly, the free exchange of ideas is essential to the process of selecting the men and women who will represent the public. Our best protection against a subversion of the free marketplace of ideas is to keep it as open as possible. That may mean that some of us may have to suffer the slings and arrows of so-called negative campaign advertising. But the alternative to that is a closed system which inhibits the give and take traditional in our political process.

In Mills versus Alabama, the Supreme Court said:

> Whatever differences may exist about interpretations of the First Amendment there is practically universal agreement that a major purpose of that Amendment was to protect the free discussion of governmental affairs. This * * * includes discussion of candidates, structures and forms of government, the manner in which government is operated or should be operated, and all such matters relating to political processes.

To statutorily grant free broadcast time for candidates to respond to public criticism would take us back to the days when Colonial America was subject to the rule of seditious libel. Under that law, the King, as the originator of justice, was above all criticism. Truth was not a valid defense because likely as not "the greater the truth, the greater the libel" against the King and his government. In like fashion, the amendment put forth by my colleague from Oklahoma serves to insulate candidates, especially incumbents with established voting records, from the truth.

If an independent group wants to air a truthful advertisement discussing a candidate's record on important public issues, this amendment would effectively lessen the likelihood of that group's statement being put on the air because of the requirement for free time to the candidate opposed. Broadcasters are unlikely to accept independent campaign advertisements that would trigger the free response time because of legal, logistical and financial considerations. Therefore, this amendment would have an unconstitutional chilling effect on the first amendment rights of independent groups and the public as a whole. The practical effect of the proposed amendment would be the silencing of a specific form of expression—noncandidate sponsored advertisements. The constitutionality of this expression was recognized by the Supreme Court in Buckley versus Valeo, wherein the Court said:

> Advocacy of the election or defeat of candidates for federal office is no less entitled to protection under the First Amendment than the discussion of political policy generally or advocacy of the passage or defeat of legislation * * *. [T]he constitutional guarantee [of free speech] has its fullest and most urgent application precisely to the conduct of campaigns for political office.

Furthermore, in the rare cases where such response time would occur, the candidate's response is not limited by this amendment to the issues originally raised. Thus, the free response time gives the candidate a carte blanche opportunity to raise separate issues or indulge in image building at the expense of those who raised serious issues.

John Stuart Mill recognized the value of political expression early on. He said "if any opinion is compelled to silence, that opinion for aught we can certainly know, be true."

We must not lose sight of the paramount importance of free speech in our pluralistic system. A central value of free speech lies in its ability to act as a check upon the abuses of government and public officials. History demonstrates that the natural inclination of government is to move toward suppression of criticism. My most basic concern is for the rights and liberties of the people of this Nation. I believe that once we give the government the power to limit freedom of speech, we have taken the first step on the path toward tyranny.

I want to remind my colleagues that we serve at the will of the people, and we should not underestimate their ability to see malicious advertising for what it is. Political campaigns form a large part of our democratic heritage. And so-called negative comments and attacks have been part of every Presidential campaign. President Washington was accused of conspiring to establish a monarchy. In the campaign of 1796 between John Adams and Thomas Jefferson, Adams was accused of being pro-British by some and pro-French by others. Adams was also labeled as vain, jealous and hot-tempered. Jefferson was called a coward

and a drunkard. And much like Senator Joe McCarthy's accusations of Communists in the State Department in the campaign of 1952, Jefferson was said to have controlled a State Department infested with subversive Jacobins.

Voters carefully examine such rhetoric and understand that political accusations made in the heat of battle need to be sifted carefully before they are accepted as truth. Our democracy continues to survive the most egregious campaign advertisements, and emerges even stronger.

So in the end, who benefits if we decide to ignore the strictures of the first amendment and adopt the amendment of the Senator from Oklahoma? Not the public, because the flow of campaign information would be stifled. Not independent groups and individual citizens, because their messages would be silenced. The only possible beneficiaries of this legislation are the incumbent political candidates themselves who would be effectively insulated from the vigors of a free and open political arena. Regardless of the fact that I would be among this class of beneficiaries, I respectfully urge my colleagues, in the name of the first amendment and all that it stands for, to vote against the proposed legislation.●

Mr. HEINZ. Mr. President, I see no other opponents of the amendment on the floor. I ask how much time remains to those on our side.

The PRESIDING OFFICER. Twenty-three minutes.

Mr. HEINZ. Mr. President, I reserve the remainder of my time.

Mr. BOREN. Mr. President, how much time remains to those in support of the amendment?

The PRESIDING OFFICER. Thirty-five minutes.

Mr. BOREN. Mr. President, I yield myself 4 minutes.

Mr. President, I am sorry that my colleague from Pennsylvania has been so alarmed by the precipitous way in which we have been dealing with the subject of campaign reform in the Senate. It reminds me a little bit of Rip Van Winkle. I wonder if my good colleague from Pennsylvania has just awakened from a long nap and thought that this was the first time that the Senate had ever discovered this matter.

You know, it has been pending here now for 11 years, since the FECA was passed and amended in 1974. We tried to deal with it in 1977, S. 926. After three cloture votes we failed to break a filibuster and the Senate finally scrapped efforts to deal with the subject of campaign reform.

Then, of course, we had the Obey-Railsback amendment, H.R. 4970 in 1979, the campaign contributions reform bill brought to the Senate after it passed the House but a threatened filibuster by opponents blocked its consideration by the Senate.

In 1981, S. 9 was introduced by Senator BYRD, similar to the Obey bill that had been in previous Congresses and it was before us.

In 1983, H.R. 2490 and H.R. 4428 were introduced on the House side and I introduced the companion bill, S. 1443.

Then earlier this year I introduced S. 297.

We have been struggling now for 11 years to bring this matter before the Senate and get a vote. We have had two filibusters that prevented it.

On November 5, I appeared before the Rules Committee and testified for approximately an hour, answering questions from members of the committee and subjecting myself to cross-examination of this very proposal.

We have heard that the Danforth-Hollings proposal dealing with that section of the bill has been considered in hearings before the Commerce Committee.

Yet we are asked by the Senator from Pennsylvania, why are we rushing pell-mell in the consideration of campaign reform?

Well, I would say that if the Constitutional Convention had proceeded with deliberate speed, the same degree of speed that we are dealing with campaign reform here on the floor of the Senate, they would still be attempting to write the Constitution of the United States to this good day.

I thought it was an interesting word that the Senator from Pennsylvania used. He said you can explain your vote to table this amendment. He calls it the Boren amendment. I wish he would call it the Boren-Goldwater-Hart - Levin - Kassebaum - Rudman - Stennis - DeConcini - Chiles - Bingaman amendment, showing its support on both sides of the aisle. He said, "You can explain your vote against it." Of course, you can always explain it. Have you ever been unable to explain anything on the floor of the Senate on a procedural basis?

"We need more hearings, more meetings." I suppose 11 more years of consideration and if we consider it for 11 more years, there will be those on the floor of the Senate who will ask, Why are you dealing with it now? It does not apply to the 1988 election cycle. Why not wait until after this next election before we do anything about it?"

Then they will say, "Why not wait until the election after that?"

If you wait until 1987 to do something about it, people will say, "We are already raising our money for the 1988 election. You cannot change the rules in midstream."

When we get to January 1989, they will be raising their money for the 1990 election. "We cannot possibly do anything about it now. Let us wait until after the next election."

In 1982 there were 98 Members of Congress elected who received more than half of their campaign election money from PAC's.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BOREN. I yield myself an additional 4 minutes.

Then we said, "Let us wait until after the next election." Now, it is 163. How long will we wait? Will we wait like the drug addict, until every single one of the House and Senate are hooked on special interest money and all of us are getting more than half of our money from interests controlled by lobbyists here in Washington? We will not need an expense allowance any more for airline tickets back to our home State. Why go back there? We will not depend on them to finance our elections. Schedule another week of fundraisers here in Washington where the special interests can finance our campaigns.

Yes, it is precipitous. Eleven years of inaction on a subject of vital importance to the integrity of the election process and we are told that we should wait until after the next election so that we can have more Members hooked on special money before we take action.

I hope that it has not caused my colleague from Pennsylvania to lose too much sleep. I am delighted he has introduced a campaign reform act of his own. I sent for a copy of the section-by-section analysis, which is apparently to be offered tomorrow. I am anxious to read it. I presume it will do something about limiting political action committees and not just allowing more contributions from campaign committees from the parties where we have a 7- or 8-to-1 imbalance.

This is a plot, all right. It is a plot. When I first introduced it there were some on the Democratic side who came to me and said, "Why do you join with the Republicans in a plot against our party?"

The next thing I heard, and I see the Senator from Kansas on the floor, she and others were asked about why she joined in a plot against the Republican Party, those supporting the bill on that side of the aisle.

It is a plot. It is a scheme, this amendment, a scheme to let the people at the grassroots have some say in the election process again. It is a scheme to make us dependent on the people back in our home States and districts to get our campaign money and to make us go back and ask for their support. It is that kind of scheme.

It is a plot to give the people more say in their Government again rather than special interests.

What about the inability to amend this amendment? If this amendment is adopted, there is nothing that says it cannot be improved.

This amendment—if it is adopted by the Senate, if it is not tabled, if consideration of it is not prematurely cut off—is open to amendment. The Senator from Pennsylvania can offer 100 amendments to it. I hope he will not take me up on that, but if he sees that many ways to improve it, he can offer amendments. But he should not be alarmed. He can sleep well tonight. I do not want him to sleep another 11 years, but he can sleep well tonight, knowing he is going to have an opportunity to amend it, to improve it, if he wants the opportunity.

Mr. President, I ask unanimous consent to put this history—since the Senator from Pennsylvania has been unaware of what is going on in the last 11 years, I have an item-by-item history of all amendments. I ask unanimous consent to have this chronology of what has gone on with the campaign reform attempts printed in the RECORD at this point.

There being no objection, the chronology was ordered to be printed in the RECORD, as follows:

CAMPAIGN FINANCE CHRONOLOGY

1971—Federal Election Campaign Act (FECA). The FECA required comprehensive disclosure of contributions and expenditures by all candidates for federal office.

1974—FECA Amended. The 1974 amendments established a system of full public financing in presidential general election campaigns and a matching system in the primaries. The legislation also included spending limits for House and Senate candidates and limitations on independent expenditures. Individuals were limited to contributing $1,000 per election to a candidate; PACs were limited to contributing $5,000 per election. In addition, the amendments created the Federal Election Commission and repealed the ban on the formation of PACs by government contractors. Congress refused, however, to adopt a public financing system for its own campaigns.

1976—Buckley v. Valeo. The Supreme Court upheld public financing for presidential elections and the limits on individual and PAC contributions. Struck down by the Court were overall spending limits on congressional campaigns in the absence of public financing and the limits on independent expenditures.

1977—S. 926. S. 926 revived the issue of public financing of congressional campaigns in the Senate. Similar to presidential public financing, S. 926 would have set up a public financing system for senatorial races whereby small individual contributions would be matched by public money from the dollar tax check-off fund. The bill would have placed limits on overall spending based on state population and limited the use of personal funds for candidates accepting public money. After three cloture votes failed to break the Republican-led filibuster, efforts for public financing in the Senate were scrapped.

1979—FECA Amended. The FECA was amended by adjusting reporting requirements and expanding the role of political parties in presidential elections.

1979—H.R. 4970 Campaign Contribution Reform Bill (Obey-Railsback). This bill would have placed an overall limit of $70,000 on the amount a House candidate could accept from all PACs and reduced the amount that one PAC could contribute to a House candidate from $10,000 to $6,000 in primary and general elections combined. The House passed the bill on October 17, 1979 by a vote of 217-198, but a threatened filibuster by opponents blocked its consideration in the Senate.

1981—S. 9 by Senator Byrd—similar bill to Obey bill in the previous Congress.

1983—H.R. 2490 The Clean Campaign Act (Obey-Leach). This bill placed an overall limit of $90,000 on the amount a House candidate could accept from PACs. Matching public money from the dollar tax check-off fund—for up to $100 of contributions from individuals—would be available to candidates who agree to an overall spending limit. Free broadcast time or additional public funds would be made available to candidates to respond to independent expenditure campaigns of more than $5,000. At the end of the 98th Congress H.R. 2490 had 130 cosponsors.

1983—H.R. 4428 (Obey-Leach-Synar-Frost-Glickman). Using a new approach based on tax credits, this bill created a new campaign finance system for House races, providing a 100 percent tax credit for contributors to candidates who agree to abide in the general election to an overall spending limit and a limit on the use of personal wealth. To qualify, a candidate must agree to general election expenditure limits of $240,000 and limits on the expenditure of personal wealth of $20,000, and would have to raise a $10,000 qualifying threshold in small contributions. In addition, H.R. 4428 would create for all House candidates a new overall limit of $90,000 on the total PAC contributions a candidate could accept over the course of a two-year election cycle. Free broadcast time or reduced mailing rates would be made available to candidates to respond to independent expenditures. At the end of the 98th Congress, 150 Members had cosponsored H.R. 4428.

1983—S. 1443 (Boren bill similar to Obey, H.R. 4428).

1985—S. 297 (Boren bill similar to bill from previous Congress).

1985—S. 1806—(Boren revised bill of S. 297 with Goldwater, Hart, Levin, Kassebaum, Stennis, Rudman, DeConcini, Chiles, and Bingaman).

Mr. BOREN. Mr. President, the Senator from Kansas has come on the floor. At this point, I yield 5 minutes to the Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, I thank my colleague. I very much appreciate the leadership of the Senator from Oklahoma [Mr. BOREN] in what is a very valiant effort to address an issue of concern, I believe, to all of us in the Senate. That is the question of campaign spending. The Presiding Officer, the Senator from Missouri [Mr. DANFORTH], has been one of those trying to address campaign spending reform.

One of the ongoing changes in our political life that I find very disturbing is the inordinate and, I think, increasing importance of money. What concerns me the most is that the steady increase in the amount of money spent in political campaigns has been accompanied by a steady decline in the quality of our public dialog. I suspect that there is a connection between those two trends.

I am grateful that we have the opportunity to discuss the issue today and tomorrow on the Senate floor. I think it is a very important one for us. As the Senator from Oklahoma points out, it has been around for some time and tends to get lost in the press of other business.

Our debate can provide the American people some insight into the complex issues involved in campaign financing and political speech. Our debate can also start to convince voters that their voice and their contributions are not only important, but are weighted equally with other special interests.

My colleague from Oklahoma does not proclaim his amendment as the complete answer to our campaign woes. I doubt such a comprehensive answer is possible. What this amendment does do is show that the U.S. Senate is serious about changing election financing.

A quick review of campaign expenditure figures underscores the dominant role of money in political viability. Between 1976 and 1984, the average cost of winning a seat in the House of Representatives rose by 230 percent. For a Senate seat, the average cost to a successful candidate rose by 385 percent—from $609,100 to over $2.9 million. In 1984, the 65 candidates for the U.S. Senate spent almost $137 million. We now know that a House seat can cost over $1 million and a Senate seat can cost over $20 million.

The pressure to raise and spend money has many sources. It is undeniable, though, that the proliferation of political action committees [PAC's] has added immeasurably to that pressure. The enormous increase in the number of registered PAC's, from 1,000 in 1976 to over 4,000 today, has meant more money available and more demands on each Member's time. This growth has not gone unnoticed, nor must it go unchecked.

Let me say this legislation is not just at attack on PAC's. I believe they have a legitimate role to play. We who serve in the Congress must share in the blame—and must show resolve in controlling the situation.

While spending large amounts of money for an election may not be a bad thing, the way we spend the money can be very debilitating in a society that depends on shaping consensus from a diverse people with diverse and often competing needs. By playing to the demands of our mass media, we overload the demands of democracy and undermine our ability both to govern and to be governed.

Mr. President, I feel this is one of the most important issues we can be debating right now, because I think we have found in recent months and over the past several years an increasing demand on our time, when we have to find a window that allows all of us to leave the Senate floor so we can attend one reception or another. That, Mr. President, I do not think is a good example of legislating or of attending to the needs of the people of this country.

I yield back whatever time may remain.

The PRESIDING OFFICER. Who yields time?

Mr. BOREN. Mr. President, I yield 5 minutes to the distinguished Senator from New Mexico [Mr. BINGAMAN].

Mr. BINGAMAN. Mr. President, I rise in strong support of the amendment offered by my good friend and able colleague from Oklahoma, Senator BOREN. I have long had an interest in the subject of campaign funding. And I feel there is an overwhelming need for reform. The issue has been ignored for too long and the problems have become extremely serious.

An examination of some of the facts is most disturbing and although our colleagues have described some of those faults, I would like to review a few of them myself.

There has been a mindboggling increase in campaign costs during the last several years.

From 1976 to 1984, the average campaign expenditures in a winning House election have increased 230 percent. In the Senate, the average cost has gone from $609,100 to over $2.9 million, an increase of 385 percent.

Along with the growth in the overall expenditure of campaign funds, there has been a corresponding increase in political action committee [PAC] contributions. In 1974, 608 PAC's contributed $12.5 million. In 1984, the number had increased sevenfold—4,000 PAC's gave over $100 million. In the 1984 congressional races, PAC contributions were 26 percent, over one-quarter of all moneys raised by candidates. The influx of these moneys brings the issue of PAC contributions and the future of campaign financing into serious question. In my opinion, action needs to be taken to curb both the growth of overall spending and the increased reliance on PAC contributions by candidates.

The Boren legislation, the Campaign Finance Reform Act of 1985 (S. 1806), makes several necessary changes in our system of campaign financing. It would limit to $100,000 the amount a House candidate can accept from political action committees and limit Senate candidates to between $175,000 and $750,000—depending on the size of the State. A small State, such as mine, would be limited to $175,000. In addition, the legislation would lower the current maximum allowable PAC contribution per election from $5,000 to $3,000, while raising the individual limit from $1,000 to $1,500. The legislation also calls for important changes in the area of media advertisements by other organizations not authorized by a candidate.

Although it may be possible to improve upon the bill, I believe it is the first comprehensive legislation of its kind and an important first step toward tighter control of campaign financing and PAC reliance. As a result, I strongly endorse it and I am pleased to be a cosponsor. It is my hope that the Congress will now work its will on the legislation and, where necessary, make improvements as the bill moves toward becoming new law.

The problems of campaign financing have been ignored for too long now, as the costs of campaigns have increased, as the number of PAC's and the amount of PAC moneys has increased, as the reliance on PAC moneys by candidates has increased, and as independent third-party organizations have formed to oppose candidates and influence elections by circumventing the intent of election rules. All of these factors are having a negative impact on the election process.

I was pleased to note that the Commission on National Elections recently recommended raising the limit on individual contributors from $1,000 to $2,500, similar to the Boren bill, which calls for an increase to $1,500. The Commission also stated that there should be no increase in contribution limits for political action committees. I agree with these recommendations and, of course, feel that we not only need to increase individual contributions, but we need to reconsider PAC spending.

An important consideration, in my opinion, is the need to encourage greater election day participation. More citizens need to register to vote, more citizens should vote, and more need to become involved in the election process. Decreased reliance on PAC moneys by candidates forces increased reliance on individual contributors and wider public participation in the electoral process.

I hope my colleagues will join me in supporting the Boren amendment.

I yield back the remainder of my time, Madam President.

The PRESIDING OFFICER (Mrs. KASSEBAUM). The Senator from Oklahoma.

Mr. BOREN. Madam President, I thank the Senator from New Mexico. I appreciate his remarks, and I hope that my colleagues, as they read the RECORD, will pay close attention to what he has said today.

Madam President, I will yield at this time 1 minute to the distinguished Democratic leader, who is now on the floor.

Mr. BYRD. Madam President, I thank the distinguished Senator from Oklahoma. I also thank him for offering this legislation. I compliment him. I hope that it will be adopted. I ask the distinguished author of the bill if he will allow me to be added as a cosponsor.

Mr. BOREN. Madam President, I am delighted to have the support of my colleague from West Virginia. I ask unanimous consent that he be added as a cosponsor of this legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr BYRD. Madam President, I thank the distinguished Senator.

Mr. BOREN. I thank the Chair.

Madam President, a few moments ago I made the comment that I wondered whether or not my good friend from Pennsylvania had been asleep for 11 years. I am sure the Chair realizes—and I say to my distinguished colleague from Pennsylvania—I did not mean that in the literal sense. We serve on the Finance Committee together, and I can assure you that I have never found him asleep there or anywhere else. But I do think all of us in this country, at least in the rhetorical sense, have been asleep for too long to the dangers that are posed by the problems before us in terms of the way we finance campaigns.

One of those who has had a great influence on me in terms of my determination to try to do something about this problem is on the floor, a distinguished Member of this body who has served longer than any other person now serving, and I would like at this time to yield 5 minutes to my colleague, the distinguished senior Senator from Mississippi [Mr. STENNIS].

Mr. STENNIS. Mr. President, I thank the Senator for yielding this time to me. I shall be quite brief.

Mr. President, I went through the long, well-handled debate we had here a few years on this same subject, but I could not vote for that bill in the end because I at least partly anticipated what some of the things would lead to. And I wish to point out with clarity that so far as benefits are concerned, I have been up for reelection once since that time, and I am as guilty as anyone else in following the errors that I think were in that law. I did not vote for it. I did not want to vote for paying those expenses out of the Federal Treasury. But it is a problem. And there are other problems, Madam President, which I wish to point to at this time.

The Constitution of our great country, almost 200 years of actual uninterrupted use, pointed out with great clarity and emphasis that the power which was being bestowed there was to go directly to the people. Nothing is more clear. And the legislative power, as they expressed it there, would be

vested in the Congress, and one branch would be the House of Representatives where the Members would be elected by the people. Some years later, with reference to the selection of Members of the U.S. Senate the language was changed and the power went even more directly to the people. The language now provides that the Members "shall be elected by the people," not through the State House of Representatives and State Senate but by direct election by the people of the respective States. The crowning part, of all the care that they were wanting to put responsibility and protection on was against unnecessary wars. They said the Congress shall have the authority to declare war. In other words, it is the people who were elected who have the power and by and large it has been so treated and lived up to for nearly 200 years since the Constitution was written and adopted. We tend to turn, with experiments of one kind or another, to special ways of financing the elections. A method whereby money can be sent in from not the people of the State or the district electing a representative but from somewhere, so much, with some limit under present law. This bill merely provides that the limit shall be lowered. In other words, the top figures allowed from other sources shall be lowered. This thing is running away with itself. Many of those who favor the measure as a whole are getting wary, are getting where they, too, want to lesson this total amount allowed from outside sources. That is what this proposal would do.

So I point back to those standards, those guides, the source of power, written clearly and plainly and followed in the Constitution of the United States. We must keep this power where the Constitution puts it, with the people acting through their representatives.

We must return and try again to improve the one we now have. This amendment will help. We are thankful for the work that has been done by the Senator from Oklahoma, the Senator from Kansas, and others.

I judge, Madam President, my time is up.

The PRESIDING OFFICER. Yes. The Senator is correct.

Mr. STENNIS. I thank the Senator, and I thank the Chair.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. DANFORTH. Madam President, I believe this time is yielded by the Senator from Pennsylvania.

Mr. HEINZ. I yield the Senator from Missouri 5 minutes.

Mr. DANFORTH. Madam President, first of all, let me compliment Senator, BOREN, Senator STENNIS, Senator KASSEBAUM, and all the others who have participated in this effort. Clearly, there is a crying need for campaign reform. Nobody who goes through a political campaign does so without realizing that there is a need for something major to be done, if it is constitutionally possible to do it. The Supreme Court has hemmed us in a little bit on the possibilities for acting on campaign reform, but clearly there is a crying need.

I want to express my reservations about the Boren proposal and where I think it does not address the main problem and where I think it raises additional problems.

It seems to me, Madam President, that the big problem of political campaigns is what has been stated by a number of the advocates of the Boren position today, and that is that campaigns themselves are costing too much money. The overall cost of a political campaign is too great.

It was said today by a number of the speakers that the average cost of a Senate campaign is $2.9 million. That is the average cost. Somebody once told me that the cost of a Senate campaign triples every 6 years. I do not know if that is correct, but I do know that anybody who spent $2.5 million in his last campaign had better be planning to spend $5 million or more in his next campaign.

Campaigns are too expensive; and under the Supreme Court decision in Buckley versus Valeo, I do not know of any constitutional way to limit the overall costs of a campaign.

As a matter of fact, the cost of a campaign is not governed by anything we do in Congress. It is governed by what people charge candidates. The cost of a television commercial is not governed by law. It is governed by the marketplace. The costs of travel expenses of a candidate have gone up radically. The cost of television have gone up markedly in recent years.

This bill does not purport to limit in any way the cost of a campaign. Political contributions will continue to become more and more expensive, without regard to this bill. That is point 1.

Point 2 is that I think it is very doubtful that a $5,000 PAC contribution is going to buy a Member of the U.S. Senate. Why will it not? It will not buy a Member of the Senate for the simple reason that if you have, say, a $3 million campaign and the most you receive from a political action committee is $5,000, in the present law, $5,000 is one-six hundredths of your $3 million goal. Nobody is going to click his heels and jump for joy for having received a $5,000 PAC contribution.

I do not believe that the Senator from Oklahoma or the Senator from Kansas or the Senator from Mississippi would say that any Member of the Senate who has received $5,000 out of, say, a $3 or $4 million campaign, from a single political action committee, has been bought or in any sense corrupted by the receipt of the $5,000. Nor does the aggregation of PAC contributions, it seems to me, make very much sense.

What difference does it make if a candidate receives $5,000 from the dentists and $5,000 from the ophthalmologists and $5,000 from contractors and $5,000 from a union?

The fact that there are a number of political action committees contributing to a candidate, it seems to me, does not relate to any sense of warping the political process itself. As a matter of fact, it might be said that the more you receive from a large number of political action committees makes the amount you receive from any single political action committee less and less significant to the total campaign.

So, Madam President, I think that the aggregate limit in the bill probably does not further the cause of reform very much. I further believe that to move from $5,000 to $3,000 the most money you can receive from a PAC hardly means that the candidate who received the PAC contribution, which is an infinitesimal part of the total cost of the campaign, is going to be that much more pure.

The PRESIDING OFFICER. The Senator's 5 minutes have expired.

Mr. DANFORTH. May I have 3 additional minutes?

Mr. HEINZ. I yield the Senator from Missouri 3 minutes.

Mr. DANFORTH. Let me state why I think there is a real problem with this bill.

I once attended a dinner party in the Washington area, and four or five of my colleagues were present at that dinner party, a very nice party. All those present were Senators—nobody but Senators and their wives. At the time of the party, I think it was 3 years before my next election. I think it was about 6 years ago. There were other Senators who had just been elected a year before. They were 5 years before their next election.

As we were sitting at this very nice dinner, the other Senators were saying that they had already begun raising money for the next campaign. They had already begun the process of passing the hat for the next campaign. I had done nothing; I had not raised a dime. I had 3 years to go, not 5 years to go.

Madam President, I lost my appetite. [Laughter.]

It was all I could do to finish the meal. As soon as dinner was over, I rushed away from the table, bid farewell to the host and hostess, and ran to my house in Washington, reached for the phone, and made a hurried call to St. Louis: "Let's get on with it. We're falling behind."

The fact of the matter is that raising $2.9 million, $3 million, or $5 million in small increments is hard enough

now that we have to start 3 years, 4 years, or 5 years before an election. If we limit the amount that we can receive from one source, if we say, "No, we're going to cut back on the amount that you can receive, so that it is not $5,000 but $3,000 from one source," we are not going to be starting 5 years before the election; we are going to be starting the day after the election raising funds for the next one.

As for the PAC dinners that we give in Washington, most of that money does not come from the PAC's. Most comes under the guise of individual contributions from lobbyists. That is not going to be touched by this limitation.

As a matter of fact, the pressure created by this bill for that kind of contribution is going to be greater, not less. Instead of attending PAC dinners three times a week, we will be attending them three times a night. This bill, I am concerned makes matters worse, not better.

So I applaud Senator BOREN for a good-faith effort to truly reform election law, but I think he has created a situation here where there is going to be a sort of madcap effort to scurry around raising money in very small increments for ballooning costs of political campaigns.

If I have failed in my analysis, I am sure the Senator from Oklahoma will set me right.

Mr. BOREN. I yield myself 5 minutes.

Madam President, I thank my colleague from Missouri. I understand his concern.

I am encouraged by one thing: that when he did go home and picked up the phone, he did not call two or three Washington lobbyists or PAC directors, but placed a call to St. Louis, in his home State, to ask people there to begin to raise the money. That is becoming a more and more rare situation.

In all seriousness, I hope my colleague will consider two or three points. First, he is correct that as long as the Supreme Court decision stands—and let us hope that some day they will reconsider that decision—we cannot directly put limitations on total amounts that are being spent, because of the decision in Buckley versus Valeo.

However, I hope we will consider this. I think that this proposal does go a long way toward reducing the overall cost of campaigns or to moving us in the right direction.

Twelve years ago, political action committees only injected $8 million into the process. This last year, they injected $113 million.

Human nature dictates that if campaign contributions are made available, they are going to be spent. We are always concerned about doing a little more, buying another ad, buying another spot, if we have the money to do it, to make sure we have done everything we can do in a campaign.

If you dry up the availability of some of that money you are going to have the effect over the long range of reducing the costs. I am convinced of that. If you go back and look at what has happened, there has been an increase in the dollars coming from PAC's, because the increase from individual contributors have slowed down. In fact, small donations from individual contributors have actually declined while PAC money has been going up.

So it is the PAC's that have been the source of this mushrooming amount of political money that is available that is being spent.

So I hope my colleague will consider that when money is not available it is not going to be spent. In the short run that leads to worse—how am I going to raise the money to finance my campaign? In the long run it is an advantage to all, every part of the political process, because I am convinced it is going to reduce the number of dollars spent.

Second, I hope he will think about this. You could raise $1 million under current law by having 200 PAC's give $5,000 each. That would raise $1 million. On the other hand, it would take 100,000 citizens giving $10 or 10,000 citizens giving $100 each.

I hope my colleague from Missouri will think about not only how much money is being spent but where it comes from.

There is an old adage in politics that if you can get someone just to invest $5 in terms of contributions in your campaign, it is very, very worthwhile because that person is going to become involved, interested, and active in the process. It is good and it is healthy.

I hope my colleague will think about that because that is the way the political process is supposed to work—$5 many, many small contributors who become politically active themselves.

I hope tonight that my colleague will take this book. I am going to offer it to him. It is called "What Price PAC's?" It is a book put out by the 20th Century Fund, Task Force on Political PAC's, by Frank J. Sorauf, professor of political science, University of Minnesota. It is a study by the University of Michigan. He points out the people giving to political action committees are far less politically knowledgeable, politically interested, politically involved as citizens than are those who make individual contributions to campaigns. Many more of them attend political meetings, almost twice as many attend political meetings to learn about the candidates. About 50 percent more of them read news accounts and watch the television news, and so on, to keep up with what is going on.

There are all sorts of statistics given in this book, and he concludes:

> Even the contributor's act of writing a check or giving cash to a PAC is a somewhat limited form of participation that requires little time or immediate involvement; in a sense it buys political mercenaries who free the contributor from the need to be personally active in the campaign. It is one of the least active forms of political activity, well suited to the very busy or to those who find politics strange, boring, or distasteful. * * * Except for those who earmark contributions, PAC contributors surrender control over the final destination of their dollars. Giving to PACs is giving to promote an issue or the interests of the parent organization rather than the interests of a party or candidate; * * *

I hope my colleague will think about that.

Let us get this thing moving in the right direction. In the long run by depriving this machine that is ongoing of the source of the money, I think that we can take a very important step. It is not perfect, no. I would like to be able to bring a bill out here that would impose a direct limit on how much can be spent on campaigns. I am sure that the Senator from Missouri would support it.

We have put his provision in terms of equal time provision to keep money from migrating into the independent political expenditures which are very small—only about 5 percent of what political action committees are spending. It is very difficult to expend that money very effectively.

We have also prevented bundling. You talk about $5,000 buying a Senator. I am not so sure. We do not think that is going to happen. No.

But access is often given to that lobbyist who comes in with that contribution and under the present law with the loophole for bundling. It is not only perhaps $5,000. I cite an example of over $150,000 being bundled by political action committees and handed over.

I urge my colleague from Missouri to give this matter consideration. Do not allow a good step from being taken because it is not the total solution to the problem. Let us take a step in the right direction.

My colleague from Missouri and others will have an opportunity to think about this matter, if this amendment is not tabled, and I hope that he will vote against tabling it so that we will have a chance to look at the whole area of campaign reform. It is vital to our Nation that we do something about it.

We will have an opportunity, as I mentioned to the Senator from Pennsylvania a moment ago, to offer other proposals. There are other proposals that should be offered.

I wish to see us someday pass a separate bill reimposing limits on campaign expenditures just to give the Supreme Court of the United States an-

other opportunity to have a test case, to see if we can do something about it.

I appeal to my colleague—let us not let the perfect or an image or a vision of what is great—let us not allow that vision of the perfect to prevent enactment of the good or the possible. Let us take a positive first step now. We cannot afford to wait any longer.

Madam President, I reserve the remainder of my time.

Mr. HEINZ. Madam President, shortly we will run out of time to further discuss at least for today the amendment offered by the Senator from Oklahoma.

I noted in his response to my remarks regarding some of the flaws in his amendment and indeed in response to the remarks of the Senator from Missouri with respect to flaws in his amendment that he did not really answer those particular problems, that he did not address the issue of constitutionality, that he did not address the subject of unintended consequences, that he did not address the question of what results he would or would not achieve.

I listened with some interest to the suggestion that maybe we should amend the Constitution to reverse Buckely versus Valeo.

Not being a constitutional scholar, I have the liberty of making what are probably remarks that are not founded with a great depth of the law. But my recollection of Buckley versus Valeo was the Court found any restraints on individual participation in the electoral process, be it by the candidate or by someone who was acting independently of the candidate, would be an abridgement on the right of free speech and thereby such restraints, if Congress should attempt to impose them, would violate the first amendment.

It occurred to me in a somewhat humorous vein, that what the Senator from Oklahoma seemed to be driving at, although I do not think he quite got there, fortunately, was that we should amend the first amendment to exempt political speech from its protections, and I do not think he really had that in mind, certainly not here.

I think one of the issues that we do need to look at is, Where do we go, what road do we travel if the Boren amendment is adopted?

As I sat here listening to the debate, it occurred to me that one of the many unintended consequences of the Boren amendment will lead to these political action committees finding new and different ways to spend the amount of money they collect. The Boren amendment does not prevent political action committees from collecting money. It does not prevent them from spending the money they collect. Therefore, in that fundamental sense, the Boren amendment, if I am correct, does not really reduce the amount of money involved in the political process. It simply causes that money to be used in some new, creative, maybe undisclosed or undisclosable way.

I do not know whether that is a good thing for the political process or a bad thing, considering the alternatives. But I do not think that, without understanding what is going to happen if we adopt the Boren amendment, we can make an intelligent decision.

The Senator from Missouri has raised a telling point concerning the Boren amendment, which is that it does not do anything to address the rising costs of campaigns. The television spots that cost $500 today cost $100 6 or 8 years ago; or maybe they cost, if you are in Los Angeles, $5,000 and they cost $1,500 or less a few years ago.

And I do not relish the notion that our colleagues, in an effort to try and run for reelection—more importantly challengers trying to run for election—will have to go to more intimate dinners for 10 or 20 trying to raise $1,000, $1,500 or $3,000 at a crack.

The Senator from Oklahoma said there are a lot of ways you can raise money. You could raise a million dollars in $10 contributions from 100,000 people, or $100 contributions from 10,000 people, or I suppose $1,000 contributions from 1,000 people, or $5,000 contributions from 200 PAC's. If Members of the Senate are going to have to spend all their time taking 100,000 constituents out to dinner, all I can say is what this country needs is a good 5 cent hamburger, because otherwise the cost of raising that money is going to exceed the contributions.

Do I say that is a fatal flaw in the Boren amendment, that analysis? It is not necessarily a fatal flaw. It depends on what the consequence is. And my view is that if you are going to squeeze one part of the contributor base down—and maybe that is not a bad thing to do—that given the fact that the cost of campaigns are going to continue to go up, you have to have an answer to that question. And the answer that I would propose, and which is the centerpiece of the legislation that I spoke to this morning and which I will be officially introducing tomorrow, is to allow the political parties to play a far larger role in financing candidates.

You know, I think you can make arguments about whether political action contributions, be they $3,000 or $5,000, can buy influence or in some sense hypothecate the vote of a Senator or not. I think not, personally, because I have had an opportunity to work with people on both sides of the aisle and I just do not think that they are for sale. But, nobody can make an argument or a suggestion that money collected by and then distributed by a political party is going to in anyway taint, if your view is there is a taint connected with soliciting contributions as a candidate; that party contributions are not going to taint any candidate in any way, shape, or form.

So it seems to me that the right answer, rather than making it more difficult for people to finance ever-increasing campaign costs, is to take some of the pressure off candidates who feel impelled to go to political action committees and to permit parties who can afford the sophisticated mechanisms to raise funds all year round and who do not feel the embarrassment of having to start raising money 5 years before the next election day is to let political parties do what I always thought political parties were supposed to do; namely, support their candidates.

That is not exactly a radical notion, but it is realistically impossible under the current Federal Campaign Act. Because the current act does not permit parties, except in very modest, even nominal ways, to do that.

I do not have all the statistics on all the races, but I think this debate today would be incomplete if I did not enter into the RECORD some summary statistics about at least information dealing with Republican incumbents who ran for reelection in 1984. Because there may be an implication from listening to all this debate that political action committee contributions are somehow overwhelming and, therefore, are absolutely indispensable to a particular party.

What I have here is a printout which I believe to be accurate, but until I get total documentation I am not going to put the entire printout on the record. But in the case of the 17 Republicans who ran for reelection in 1984, the total cost of those campaigns were some $47,698,000. Of that amount, some $32,097,000, or 63 percent of the total, came from individual contributions. Individual contributions accounted for more than two-thirds of all the funds raised by Republican incumbents running in 1984.

Political action committee contributions totaled $9,961,000, or 20.9 percent; about $1 out of every $5. And party contributions—party contributions, the ones that we limit by law—accounted for $4,478,000, or 11.5 percent of the total.

It seems to me that if we really were serious about political action committees and their pernicious influence and all the other implications that have been hurled either at them or at Members of the Senate or at candidates, that we could easily reverse those percentages, 20.9 percent for PAC's and 11.5 percent for parties, if we would allow parties to give more. But, you know, I am not sure we are going to be allowed to do that, because the fact is that that would be perceived as giving the Repubican Party some kind of an

advantage because we have a much larger small contributor base than the Democrats. Very ironic, but that is the case.

Now the Republican Party has lots and lots of little contributors who give us a great deal of money and who would like to give us more and for reasons best known only to our colleagues on the other side of the aisle—maybe it is they just do not have a coherent concept of how to govern this country. I do not know. Maybe they have a coherent concept and cannot articulate it. But whatever it is, I suspect giving parties more of a role in the political process is going to be pretty difficult to achieve because it will be perceived as conveying partisan advantage.

And while I would not deny the statistics or the numbers, the fact is that does not make it the wrong thing to do. It is in fact the right thing to do. And maybe if it were necessary, maybe if people knew it was coming—not this year, not in 1986, but in 1988—maybe necessity, which is often called the mother of invention, would cause my colleagues, my counterparts on the other side, to go out and do what they ought to be able to do which is to appeal to the average American for the support of their party.

Right now they just do not seem to be able to do it, but maybe if we take a long enough view—if we do not rush into it, but we make the decision to do it on a deliberate basis—then the concerns about some kind of an advantage being yielded to one party or another can be overcome, and instead of trying to attack the problem by dealing with its periphery, as I think we are doing here, we really will make it possible for our colleagues to spend more of their time thinking, more of their time listening to their constituents, less of their time fundraising, and more of their time doing legislation and the people's business.

That is what we ought to be doing.

I reserve the remainder of my time.

Madam President, how much time remains?

The PRESIDING OFFICER. There are 7 minutes to a side remaining.

Mr. HEINZ. Madam President, I yield 5 minutes to the Senator from Maryland.

Mr. MATHIAS. I thank the Senator from Pennsylvania. Madam President, there is considerable virtue to this amendment. There is positive value because it identifies a problem. It identifies a sickness in the body politic. That sickness has been diagnosed in a number of different ways. One of the most serious symptoms, it seems to me, is the fact that we now have a lower voter turnout than we did when the distinguished Senator from Mississippi first ran to be elected to this Congress.

Throughout the 20th century there has been an almost steady decline in voter turnout with very few exceptions in very few elections. So the voter response and voter participation gets lower and lower. What do we do? We put in higher and higher dollars. So as the response of the voter gets lower, as the participation of the voters is going down, the number of dollars is going up. Those are serious symptoms.

The Senator from Oklahoma is exactly right in saying we have a problem here, and we ought to deal with it.

My difficulty, and the question I have about his amendment, is that in the long run he may want to trade PAC's for cats—PAC's for cats—or cats for PAC's. He wants to have more fat cats contributing more money, and political action committees contributing less money.

Some people will say, well, one of them is poison and the other is a panacea. The other will say one is a panacea and the other is a poison. But whether it is a panacea or poison, my question is whether it is going to cure this illness in the body politic. That is the problem. Is it going to cure the illness in the body politic, even if it were, in fact, a realistic remedy? I am not sure that it addresses itself to more than the symptoms. It does not get to the real causes of the problem.

So I appreciate the concerns that have prompted the Senator from Oklahoma to offer this amendment.

I have been an advocate of campaign finance reform. Campaigns are too long, and they are too costly. They shake the confidence of too many Americans in the fact that the Congress serves the public interest, and not some special interest.

The questions that I have about this amendment do not stem therefore from lack of concern about the way in which congressional campaigns are financed because I think the Senator from Oklahoma and I share those concerns.

But I do think they need to be addressed more fundamentally, frontally, differently. The first thing I think we need to do is to proceed through the regular process which is time honored in the Congress, the process of going through the committee of jurisdiction, establishing the facts, bringing in the best advice we can get, looking at the probabilities of results, and at what are going to be the consequences of the action that is contemplated. And that is not a process that has taken place.

There was a hearing in the Committee on Rules and Administration on November 5 to consider legislation to provide for public financing of Senate elections.

I am grateful to the Senator from Oklahoma for attending that hearing, and for the time he took in discussing the matter.

Again, I appreciate the Senator's concerns, and share his objective of restoring confidence in the system by moderating the role of so-called special interests. In my own view, however, the Senator's amendment does not go far enough in remedying the problem of money in politics. My fear is that adoption of this amendment in the long run may work against the kind of basic reform we badly need.

If the Senator's amendment passes, I think it is safe to assume that there are waiting in the wings an undetermined number of additional amendments, all of them subject to the same objections that can be raised with regard to the pending amendment. To amend the campaign finance laws in this fashion is to lose the ability to legislate rationally and comprehensively. We are dealing with what already is a complex body of laws and regulations. To propose changes without a hearing record and without a committee report is to compound the difficulties encountered by the Federal Election Commission in administering the campaign finance laws and by candidates and campaign personnel in complying with them.

In all candor, I must say to the Senator, we cannot do justice to the complexity of the issues we face in campaign finance reform during debate on the amendment he has offered to the pending bill. As strong as our opinions on this subject may be, on one can claim that all points of view on campaign finance are represented here in this body. Nor, as close as these matters are to us, can we claim the only expertise on the subject.

It is important to fully grasp all the dimensions of the problem. It is equally important to consider a broad range of possible solutions. And certainly we must weigh carefully the consequences of legislation we enact. That is not a task we are equipped to do here. It is one I am committed to doing through congressional hearings. Therefore, I would ask my colleague, and those Senators who may be considering supporting this amendment, to raise their concerns and put forward their proposals for change in a forum that will permit the kind of careful deliberation these issues merit.

I urge my colleagues to table the amendment.

The PRESIDING OFFICER (Mr. COHEN). The Senator's time has expired.

The PRESIDING OFFICER. Who yields time?

Mr. BOREN. Mr. President, I yield myself 5 minutes.

Mr. President, I appreciate the remarks just made by the Senator from Maryland on the floor. I respect him very, very much.

No person has done more to call to the attention of the American people the problems of the way campaigns are now financed than the Senator

from Maryland. No one has been a stronger voice bringing those problems to the awareness of our people. He was working for campaign reform long before I ever came to the Senate of the United States. I honor him for that. And I respect him very much.

I hope he will consider, as I said earlier to the Senator from Missouri, that we should not prevent a vision of what any of us may feel is a perfect solution to this problem, nor prevent us from taking a very important first step in the right direction.

If we defeat the motion to table this pending amendment, it will be a strong message to the American people that we in the Senate believe there is something terribly wrong with the campaign system that we now have. It will be an affirmation of the message that the Senator from Maryland has been taking to the people for these many years. It will give us an opportunity to take a step in the right direction, and we should not miss that opportunity.

There are those, like the Senator from Maryland, who would like to see us adopt public financing. But I would say to my colleague from Maryland, there are many others who have misgivings about that solution. If you look at the opinion polls of the American people, there is a very significant opposition to public financing at this time, while there is strong support for campaign reform in the area of reducing the inputs of political action committees.

If we take this step toward reform, and other steps which are mandated by reason of logic, then if those are not sufficient to solve the entire problem, I would say to my friend from Maryland I believe there will be many others across the country and in this body who would then be willing to look at public financing as the ultimate solution if we are not able to address the problem in any other way.

But until we take the first step, until we try this, I believe it is going to be very, very difficult to get a majority of the Congress or a strong majority of the American people to move in the direction of public financing.

I hope that he would consider taking this first step, doing what we can to improve the process.

Oftentimes we enact legislation on the floor of the Senate that is not perfect but moves us toward a goal. Far better that we remove at least a portion of the problem that we now have in our election process than continue total inaction, hoping someday to come up with the answer for a perfect system.

Mr. MATHIAS. Will the Senator yield?

Mr. BOREN. I would be happy to yield.

Mr. MATHIAS. The Senator talks about a first step. I honestly believe that the first step would be to come to the Rules committee where we could have a very early and complete hearing on this subject; where we will be able then to project the effect of going back and looking at fat cats as the principal source of financing of election; where we could examine some of the alternatives or some of the refinements or some of the additions that are bound to be at least attempted to be placed on this amendment if it survives a vote tomorrow.

I think we really need to take a longer and more comprehensive look.

I am not talking about something that will delay action. As chairman of the Rules Committee I will assign a date immediately. We can have a very early hearing. But I think we are in really dangerous territory when we legislate on the floor without the benefit of careful studies.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BOREN. I yield the additional time remaining to myself.

I thank the Senator from Maryland. I certainly mean no disrespect when I say there are many of us who have watched this subject being around for a long time. Not the Senator from Maryland, but many others who say, "Let us wait until after the next election."

There can be many excuses offered for not moving to action. I simply feel as a matter of conscience that we need to go ahead and get this matter before the Senate now.

There is one question that I want to answer before the end of the day. The Senator talked about preserving PAC financing because we need to be sure that we help the challengers. I do hope that those who are challengers for public office, those who are wanting to run for the first time, for example, and do not enjoy the benefits of incumbency, will look at statistics before they call in to honor the Senator from Pennsylvania, before they send out the invitations and ask everyone to come to honor him as friend of the year this year, the challengers, those wanting to run for public office.

Last year, political action committees contributed 4½ times as much to incumbents as they gave to challengers. It is certainly in the interest of any challenger for political office that all of us who run for office should have to go back to the grassroots, to the citizens, to ask for those contributions, a dollar at a time, a person at a time, just as we have to ask for those votes. That puts the challenger on an equal footing. Allowing the lobbyists in Washington who need to have access to those who are on the right committees to hold fundraisers and to make contributions $5,000 at a time in the name of those special interests, based upon how we vote here or in committees in regard to the interest of those special groups, certainly is not to the advantage of an open political process in this country.

The PRESIDING OFFICER. The Senator from Pennsylvania has 2 minutes remaining.

Mr. HEINZ. Mr. President, I see no further request for time on this side. I yield back the remainder of my time.

Mr. BOREN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AGRICULTURAL ACT OF 1949 AMENDMENT

The PRESIDING OFFICER. The clerk will state S. 1886.

The bill clerk read as follows:

A bill (S. 1886) to amend the Agricultural Act of 1949.

Mr. BYRD. Mr. President, is this the second reading of the bill?

The PRESIDING OFFICER. It is.

Mr. BYRD. I thank the Chair.

Mr. President, I object to any further consideration of the bill.

The PRESIDING OFFICER. The bill will now be placed on the calendar.

Mr. BYRD. I thank the Chair.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. CHAFEE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GRAMM). Without objection, it is so ordered.

VETERANS' COMPENSATION AND BENEFITS IMPROVEMENTS OF 1985

Mr. CHAFEE. Mr. President, I ask unanimous consent that the Senate turn to Calendar Order No. 438, S. 1887, the veterans' compensation COLA bill.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A bill (S. 1887) to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans and the rates of dependency and indemnity compensation for surviving spouses and children of veterans, to improve veterans' education benefits, and to improve the Veterans' Administration home loan guarantee program; to amend titles 10 and 38, United States Code, to improve national cemetery programs, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Rhode Island?

There being no objection, the Senate proceeded to consider the bill.

(By request of Senator CHAFEE, the following statement was ordered to be printed in the RECORD:)

● Mr. MURKOWSKI. Mr. President, I rise in support of S. 1887, a Veterans' Affairs Committee reported bill that would provide a 3.1-percent COLA for service-connected disabled veterans and their survivors, as well as other modifications to title 38, United States Code. The committee bill has five titles: Disability compensation and dependency and indemnity compensation; Veterans' Administration education programs; home loan guaranty programs; national cemetery programs; and miscellaneous provisions.

S. 1887 is the product of extensive work of the committee members, and was ordered reported unanimously on October 31, 1985.

Mr. President, aside from a cost-of-living adjustment for service-connected disabled veterans and their dependents and survivors, which is in and of itself sufficient reason for rapid and favorable consideration of this bill, there are certain other provisions of the committee bill which I wish to highlight.

A major component of this legislation is contained in title III which has been derived from my original bill S. 1788 and is designed to streamline and improve the management of the VA's Home Loan Program.

Mr. President, I want to stress that the initiatives we have taken in these provisions are intended to help ensure that the Loan Guaranty Program will continue to be a benefit program for our Nation's veterans. It is not a benefit, however, when lenders approve loans to veterans which they cannot afford to repay. Unfortunately that has occurred all too often, and has been documented in a recent audit of the VA loan approval practices by the VA's inspector general. The inspector general found that in fiscal year 1982 14.1 percent of the home loans guaranteed by the VA were made to noncreditworthy veterans. Even more disturbing is the fact that over half of those loans have already been foreclosed. At an estimated loss of $14,496 for each property, the VA has already lost over $105 million on loans guaranteed during fiscal year 1982.

The bill which I introduced in October directed the Administrator of the VA to prescribe, through Federal regulations, a debt to income ratio to be used as the credit underwriting standard for the purpose of determining the ability of the veteran to repay the loan for which he is applying. The bill we have before us now includes this provision with a minor modification. The Administrator, under this legislation, would not be restricted to establishing one ratio, but could prescribe more than one, so as to account for differences in amounts and types of loans and for regional cost-of-living variations. This is an extremely important measure because it would afford VA loan guaranty staff and lending institutions a simple but effective method of determining whether the veteran applicant is a satisfactory credit risk.

Under this legislation, no veteran who could afford a loan would be rejected for a VA guaranty on that loan. A safety valve, if you will, has been written into the legislation to make sure that all creditworthy veterans would have the opportunity to take advantage of the Loan Guaranty Program. If a veteran did not meet the appropriate debt to income ratio, but could otherwise show that he or she is a satisfactory credit risk with respect to the loan for which he or she is applying, then the Administrator would have the authority to waive the prescribed standards and grant a guaranty for that loan. We will never eliminate foreclosures altogether. There are many causes of foreclosure over which we have can have absolutely no control. We can, however, help prevent veterans from getting into homes which they cannot afford, and hopefully cut VA losses by hundreds of millions of dollars annually. I believe that this step should have been taken years ago. Unfortunately it was not and thousands of veterans have therefore been forced to deal with the hardship of foreclosure. Not only should we not continue to do this disservice to our veterans, but in this time of crippling deficit spending, we should refrain from spending money unwisely.

S. 1887 also includes provisions relating to default and foreclosure procedures. These are provisions which are derived from the bill I introduced in October. The goal in establishing these statutory requirements is to reduce VA losses as a result of default and foreclosure by providing for more timely corrective and legal action.

This bill also calls for major reforms in the VA appraisal process. One of the contributing factors to the amount of money the VA loses each year under the Loan Guaranty Program is a high incidence of inaccurate property appraisals. In an effort to cut down on the number of inaccurate appraisals, this bill would require the Administrator to establish uniform qualifications and prescribe a standardized examination to be successfully completed by all individuals who appraise property under the Loan Guaranty Program. The bill also would provide for greater input on the part of the mortgage banking community. The VA can benefit from the professional knowledge and opinions of mortgage lenders regarding the quality of appraisals and appraisers. With this in mind, this legislation would call for input from the lending community as to whom the quality appraisers are. We have also included a provision which would allow lenders proposing to make loans to veterans to review the appraisals of the property. At the present time the lender is not given that opportunity. If the lender was not convinced that the appraisal of the property was accurate, under this bill he could obtain a second appraisal, which would also be considered by the VA before it issued a certificate of reasonable value for the property. I believe that this initiative will also help provide a more efficient and cost effective program.

S. 1887 also calls for greater cooperation between the VA and the real estate industry for the purpose of disposing of the VA's vast inventory of foreclosed properties in a more timely manner. This would result in reduced losses to the VA. Under this bill the VA Administrator would be directed to conduct a pilot program to determine whether it would be more cost effective to contract the property management and disposition functions out to commercial organizations.

Mr. President, what I have done is taken a comprehensive look at the VA Loan Guaranty Program keeping in mind its weaknesses and the benefits which it is supposed to provide. The program is losing a great deal of money each year for a variety of reasons. My intention was to address those causes and reduce the losses to the maximum extent possible without inhibiting the opportunity for qualified veterans to continue to use the program. The provisions of title III of this bill approved, unanimously by the Veterans' Affairs Committee members, would do just that.

Title I of the bill would provide a 3.1-percent cost-of-living adjustment in disability compensation for service-connected disabled veterans, and the related benefits paid to their surviving spouses and dependents. The increase is based on the rise in the Consumer Price Index, and is the same amount that will be provided to Social Security recipients and VA pension beneficiaries, effective December 1, 1985.

The Service-Connected Disability Compensation Program provides monthly cash benefits to veterans to help keep up with inflation for those veterans who are the highest priority category, whose disabilities were incurred in or aggravated by their military service. In September 1985, the VA Disability Compensation Program provided benefits for 2,240,277 veterans who have service-connected disabilities.

Title II would make numerous changes to the VA Readjustment and Education Programs. An important

provision in this title would establish a Commission to Assess Veterans' Administration Education Assistance Policy. The Commission would be comprised of representatives of the education community, the VA, the VA's Advisory Committee on Education, and the Congress. The Commission's job would be to review and to submit within 18 months, a report on issues arising under VA Educational Assistance Programs, including the need for distinctions between certificate and degree course, measurement of pursuit of training, the vocational value of correspondence training, and innovative and nontraditional programs of education.

Mr. President, veterans training under the Vocational Rehabilitation Program on the Vietnam-era GI bill are eligible to participate in VA's Work Study Program. This program allows students to work in a VA, school, or readjustment counseling center on a schedule tailored to meet the student's needs. The student benefits from additional money and work experience. The VA receives the benefit of additional hands and minds to help process the paperwork that comes with serving veterans.

However, the number of Vietnam-era trainees is rapidly declining as the Vietnam war draws further into history. I believe that veterans training under the Post-Vietnam Veterans' Educational Assistance Program [VEAP] and the new GI bill also be allowed the opportunity to participate in this program. Both the veteran and the VA will benefit and this legislation accomplishes that goal.

Title IV contains a provision that would require space be designated for upright markers in each national cemetery, except for those established cemeteries which have never provided for upright markers. S. 1887 would allow veterans or their families to choose an upright marker in a national cemetery and require the VA Administrator to set aside space for upright markers in such cemeteries. Under this provision, if an upright marker is not chosen a flat marker would be provided. This provision was designed to meet the concerns of veterans and their families who wish to have a choice in this very personal matter.

Title V includes provisions that would require the VA to submit by June 1, 1986, a plan including costs and timetable for collocation of seven regional offices on the grounds of VA medical centers and would establish an advisory committee to evaluate the effectiveness of VA programs in meeting the needs of veterans who are native Americans, including Alaskan Natives.

Mr. President, under current law an incompetent veteran without dependents cannot receive VA benefits if he or she is hospitalized at public expense and has assets, excluding a home, of $1,500 or more. Benefit payments are not resumed until the veterans' assets are reduced to $500.

These limits were modified in 1946 and have never been adjusted for inflation.

In 1946 a short period of hospitalization would not affect most veterans since benefits for even a totally disabled veteran could be paid for over a year before the limit was reached. Now 1 month's check will push a veteran with even minimal assets over the limit. In 1946 a veteran released from a hospital with $500 had enough money to reestablish him or herself in the community until benefit payments could be resumed. Now $500 may not be enough for that task.

In 1946 many individuals who were incompetent due to mental illness were institutionalized with little or no expectation they would ever reenter the community. This provision in the law was imposed so as to prevent the accumulation of large estates by those veterans whose needs were being met by an institution. It was believed these estates would ultimately be passed to distant heirs with little or no interest in the veteran.

Now, many veterans institutionalized due to mental illness can expect to be released after a short time. These veterans should be provided with the means to care for themselves until their benefits can be resumed. This legislation will accomplish that goal. It does not provide a complete adjustment for the effect of inflation since 1946.

Mr. President, I have just touched on certain provisions in the committee bill, S. 1887. Each provision of the bill is explained in detail in the committee Report No. 99-200.

Mr. President, I appreciate the hard work and cooperation of my friend from California, Senator CRANSTON and his fine staff—Jon Steinberg, Ed Scott, Bill Brew, Babette Polzer, and Nancy Billica—in working out the details on this legislation. Its scope is extremely broad and we all worked hard to complete this task in a timely manner. This bill is time sensitive as the 3.1-percent COLA for service-connected disabled vets has an effective date of December 1, 1985. I have been informed by the VA that if we can adopt this bill and finish our negotiations with the House by week's end, the compensation checks can be mailed on time. I believe that this goal is possible to achieve. The Senate has always given the service-connected disabled veteran the highest priority. The prompt adoption of S. 1887, will be a continuation of that important tradition.

In closing, I wish to recognize and applaud the fine work of my staff for their efforts in putting the legislation together. Without their dedication, professionalism and hard work S. 1887 would not have been possible. My thanks to Anthony Principi, Julie Susman, Chris Yoder, Brian Bonnet, Allen Blume, Lisa Gilman, and the entire professional and support staff of the committee.●

Mr. CRANSTON. Mr. President, as the ranking minority member of the Committee on Veterans' Affairs, I rise in support of the pending measure, S. 1887, the proposed "Veterans' Compensation and Benefits Improvements Act of 1985." This measure, which was reported by the committee last Tuesday and represents a truly bipartisan effort, would increase the rates of disability compensation paid to service-connected disabled veterans and the rates of dependency and indemnity compensation paid to the survivors of those who die from service-connected causes. It would also make various improvements in veterans' education benefits, in the VA's home-loan guaranty program, and the National Cemetery System.

The VA's service-connected disability compensation program is at the very heart of our Nation's system of veterans' benefits. The priority that is attached to the needs of service-connected-disabled veterans and the survivors of those who have made the ultimate sacrifice is well known and well established. The more than 2.2 million veterans who suffer from disabilities resulting from their service and the 342,000 survivors of those who died from service-connected disabilities are, and will remain, our committee's No. 1 priority. They are certainly mine.

COMPENSATION COST-OF-LIVING ADJUSTMENT

Thus, Mr. President, I'm delighted that the pending measure would provide for a compensation and DIC COLA equal to the increase being made this year in Social Security and VA pension benefits—3.1 percent. Consistent with the precedent we established last year in Public Law 98-543, as well as in the reconciliation bill, Public Law 98-369, this increase would be effective December 1, 1985, the same date as the indexed COLA's for Social Security and VA pensions. As our committee has noted many times in the past and throughout this year, we continue to be committed to maintaining this approach. I also note that, by virtue of section 156(e)(1)(A) of Public Law 97-377, a fiscal year 1983 continuing appropriations measure enacted on December 21, 1982, the enactment of this COLA would automatically result in a 3.1-percent increase, effective on December 1, in survivors' reinstated, Social-Security-like benefits paid under section 156 of Public Law 97-377 to certain surviving spouses with minor children.

With respect to the other provisions of the pending measure, I want to make specific reference to a number of

provisions from legislation I introduced and amendments I proposed as part of the committee's consideration of this legislation.

TAX-EXEMPT STATUS OF COMPENSATION BENEFITS

First, section 108 of S. 1887 includes a provision—from Senate Concurrent Resolution 20, which I introduced on February 26—declaring the sense of the Congress that VA compensation should remain exempt from Federal income taxation. A majority of the U.S. Senate—52 Senators, 11 from this committee—has now endorsed this measure.

Mr. President, VA compensation benefits are the means through which a grateful Nation seeks to recognize and repay the sacrifices made and hardships incurred by those who have suffered disabilities in the line of duty. The benefit levels for veterans under the service-connected disability compensation program have, traditionally, been provided on a tax-exempt, wage-replacement scale, based on the average earning impairment caused by the disability.

In November 1984, the Department of the Treasury proposed, in its tax reform package, that the tax-exempt status of veterans' disability compensation be terminated. This proposal was subsequently rejected by the President in the development of his tax reform package, which he submitted to the Congress on May 29.

Taxation of VA compensation payments could place a higher tax burden on more severely disabled veterans and would thus violate the policy of compensating veterans with greater degrees of disability at sufficiently higher rates to reflect those veterans' disproportionately greater needs. In addition, disruption of the relationship between the compensation levels and the wage-replacement basis would inevitably lead to consideration by the Congress of the need for raising the payment levels.

Mr. President, the House has passed a similar provision in H.R. 2343.

The result of our combined efforts is that we have, at least for now—and, I hope, indefinitely—effectively killed the proposal that had emerged from the administration as part of its initial tax reform package.

IMPROVEMENTS IN THE "NEW GI BILL"

Sections 203 and 204 of S. 1887 are derived from S. 1509, which I introduced on July 26 with Senator COHEN and which is cosponsored by Senators BUMPERS, MITCHELL, and PRYOR, to permit New GI Bill (chapter 30 of title 38, U.S.C.) benefits to be used for home-study and to add responsibility for monitoring the New GI Bill Program to the responsibilities of the VA's Advisory Committee on Education. In addition, section 201 contains provisions derived from S. 962, which Senator COHEN and I introduced on April 22 and which is cosponsored by Senators MITCHELL, BUMPERS, and ROCKEFELLER, to permit veterans training under the New GI Bill Program to use their benefits for VA on-job training and apprenticeship programs.

VA HOME-LOAN GUARANTY INCREASE

Mr. President, S. 9, the proposed Veterans' Administration Housing Program Amendments of 1985, which was introduced on my behalf on January 3 and which is cosponsored by Senator DECONCINI, included an increase, from $27,500 to $35,000, in the maximum VA home-loan guaranty.

On October 24, the chairman included an increase to $32,500 in his bill, S. 1788. We have agreed on $33,500 in section 303 of S. 1887. This would be the first increase in over 5 years. I pursued a similar increase last year in S. 2265 in the 98th Congress, and I am grateful to Chairman MURKOWSKI for his cooperation on this issue.

VA ADMINISTRATIVE REORGANIZATIONS

Included in section 501 of S. 1887 are provisions derived from S. 1397, the proposed Veterans' Administration Reorganization Act of 1985, which I introduced on June 27 and which is cosponsored by Senators MATSUNAGA, DECONCINI, and ROCKEFELLER. These provisions relate to section 210(b)(2) of title 38, which requires the VA to provide Congress with a detailed plan and justification for certain substantial proposed reorganizations in advance of implementing them.

Mr. President, as Members may know, on February 1 of this year, the Administrator submitted to the committee letters giving notice of the VA's decision to close down a wide range of VA activities at its 59 Department of Veterans' Benefits regional offices and to consolidate those activities in three processing centers. The Administrator stated that his letters were submitted in accordance with section 210(b)(2). That section provides, in part, that the VA may not in any fiscal year implement a reorganization involving a more-than-10-percent reduction in the number of full-time equivalent employees at any VA facility with more than 25 employees unless the Administrator, not later than the date on which the President submits the budget for that year, provides "a report containing a detailed plan and justification for the reorganization."

Mr. President, I ask unanimous consent that the text of the Administrator's February 1, 1985, letter be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

VETERANS ADMINISTRATION, OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,

Washington, DC, February 1, 1985.

Hon. ALAN CRANSTON,
U.S. Senate, Washington, DC.

DEAR SENATOR CRANSTON: In accordance with the provisions of Title 38 United States Code, Section 210(b)(2), we are providing notification of a planned reorganization and consolidation of field office functions of the Department of Veterans Benefits (DVB), that do not require face-to-face contact with the veteran.

JUSTIFICATION

Consolidation of these functions will enable us to take better advantage of the advances of recent years in management and communications technology. In this way, we can further improve our efficiency in delivering veterans' benefits and provide for continued high quality service to veterans. This change will enable employment to be reduced by 17 percent over 1986-88. In addition, after the consolidation is complete, substantial budget savings will be achieved.

PLAN

We propose to consolidate DVB benefit processing and support activities from 59 regional offices into 3 processing centers over the course of fiscal years 1986 through 1988. Activities designated for centralization include adjudication of compensation, pension, and education claims; loan processing; and support services, including administrative, finance, and personnel functions.

DVB operations involving direct personal contact with veterans and beneficiaries will continue in the regional offices, and no office would be closed by this consolidation. Veterans assistance, compliance survey, vocational rehabilitation and counseling, and loan servicing, property management, and construction and valuation activities will remain at the field offices.

DVB employment would be reduced by more than 2,300 FTEE over the three years as a result of efficiencies possible with consolidation. Current budgeted staffing for FY 1985 is 13,518. A reduction of 624 FTEE is scheduled for FY 1986. Employment reductions will be accomplished through centralization of the designated functions. Staffing reductions will be achieved through attrition, voluntary reassignments, and special initiatives for employee placement.

Annual savings of more than $55 million can be realized after full implementation of the planned consolidation. However, one-time costs for relocation and severance pay, as well as site preparation and equipment, will require approximately $85 million over the next three years. The 1986 President's Budget contains $25 million for the 1986 consolidation, and the remainder of the $85 million has been included in the projections for 1987 and 1988.

Reorganization will be achieved by transferring the designated activities to the three center locations through a transfer of function. Between 7,800 and 7,900 FTEE would be affected. We will meet all labor-management obligations, including the requirement to provide 120-day notice to the American Federation of Government Employees (AFGE) and the National Federation of Federal Employees (NFFE).

A task force has been established to develop an implementation plan by July 1985. The task force will provide definitive plans on locations and relocation strategies, as well as detailed estimates on translocation and equipment costs (particularly for ADP equipment).

To allow for the lead time required to prepare office space, we now expect the first move to occur in July 1986.

I will be pleased to provide any additional information you may desire regarding our plans for consolidation and reorganization.

Sincerely,

HARRY N. WALTERS,
Administrator.

Mr. CRANSTON. Mr. President, this proposal and the lack of detail in the letter raised questions—many of which still remain unanswered—regarding the impact of the consolidation on the furnishing of various types of benefits and services to veterans and their dependents as well as on the employees affected.

Also, Mr. President, the opinion was expressed in both the Senate and the House—by myself and the chairman and ranking minority member of the House Committee on Veterans' Affairs—that the February letter was so lacking in detail as not to constitute a valid section 210(b)(2) detailed plan and justification. In an undated opinion addressing this issue, the Acting General Counsel of the Veterans' Administration declined to state whether it did or did not. I ask unanimous consent, Mr. President, that our letters regarding the validity of the February 1 reorganization notice and the Acting General Counsel's opinion be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

VETERANS ADMINISTRATION, OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS,
Washington, DC, March 12, 1985.

Hon. ALAN CRANSTON,
Ranking Minority Member, Committee on Veterans' Affairs, U.S. Senate, Washington, DC.

DEAR SENATOR CRANSTON: Thank you for your letter of February 8 concerning our reported reorganizations of the Department of Veterans Benefits [DVB] and the Office of Data Management and Telecommunications [ODM&T]. You raise a number of matters regarding these proposed reorganizations.

As you requested, I have solicited an opinion from our General Counsel regarding the question of the adequacy of our February 1 letter reporting the proposed DVB and ODM&T reorganizations. A copy of that opinion is enclosed.

No final decision has been made as to the specific DVB consolidation proposal. it has been agreed that the Veterans Administration will develop a plan for modernizing its entire operations, and that we will consider various efficiency alternatives, one of which may be DVB consolidation. The DVB effort has just begun however, and, when it is completed, a decision will be made as to the best course of action to be taken concerning DVB. I want to assure you that we will, as always, work closely with you through our oversight committees, and with veterans' organizations to achieve a consensus before proceeding. We do believe that the ODM&T reorganization is appropriate. We will be providing you with additional specifics concerning it, and the DVB proposal.

I am sure that you would agree with the Administration's position that there is, today, an urgent need to work with the Congress to find ways to achieve savings in all Federal programs. We will attempt to do our part. However, while management improvements and greater efficiency can be realized in VA programs, I want to assure you that this will never be done, while I am the Administrator, by sacrificing compassionate, timely, and good quality care and services for our Nation's veterans.

Sincerely,

HARRY N. WALTERS,
Administrator.

VETERANS ADMINISTRATION
MEMORANDUM

To: Administrator.
From: Acting General Counsel.
Subject: Request for our Opinion as to the Legal Sufficiency of the VA's 2/1/85 Letters to Congress Reporting Planned DVB and ODM&T Reorganizations Under 38 U.S.C. § 210(b)(2).

1. The attached letters dated February 1, 1985 reported to appropriate VA oversight committees and subcommittees in the Congress two planned VA administrative reorganizations. One letter concerned the planned DVB consolidation of certain functions from 59 regional offices into 3 processing centers. The second reported the plan to close three ODM&T field stations and transfer their functions to two other VA Data Processing Centers. You request our opinion as to whether these two report letters were sufficient to meet the notice requirements of 38 U.S.C. § 210(b)(2). A second, related question is what kinds of VA activity constitute "implementation," or "actions to carry out" a reorganization, since such activity must be delayed under 38 U.S.C. § 210(b)(2)(A) until the first day of the fiscal year for which the reorganization is reported.

2. Section 210(b)(2)(A) of title 38, U.S. Code requires the VA to submit a "detailed plan and justification" to appropriate committees of Congress for certain planned VA administrative reorganizations. The first issue presented by your request is what degree of specificity must such a plan and justification meet in order to comply with this standard. The terms of the clause are not defined in the statute. It must be acknowledged, however, that the meaning of the term "detailed" is somewhat subjective and is an area where reasonable minds may differ.

3. The legislative history of this provision does not provide a definition as to the standard of specificity or description therefor. This provision was adopted as a Congressional response to an Agency reorganization involving DVB. In that proposal, substantially all DVB regional office functions would have been consolidated into approximately three offices. One of the two subject reorganizations would similarly consolidate significant portions of the local regional offices. It is noteworthy that Congress, in responding to the earlier plan, did not prohibit such a consolidation of DVB, but rather imposed the notice and wait requirement on any future such reorganization plans, such as the one which is a subject of this opinion. Thus, it is apparent that Congress did not intend to block significant reorganizations so much as to gain time to learn of and evaluate such proposed Agency action.

4. Taken together, the language of the statute, the legislative history and the events rise to this legislation, it may be concluded that the subject clause requires that any such report of a planned reorganization provide notice sufficient to enable the Congress to effectively and efficiently mount its own fact finding and evaluative efforts regarding the planned reorganization so as to make its own assessment of whether to attempt to block such action by legislative means. This provision establishes a period of time in which Congress is assured of several months for fact finding, evaluation and effecting a legislative response. Thus, while the statute uses the word "detailed," the degree of specificity must be considered in the context of the overall process.

5. It is quite clear that once a report provides notice to Congress of a proposed plan the VA oversight committees have the experience and resources to closely scrutinize, question, and if necessary block proposed reorganization. Such oversight is effected regularly and effectively in all VA program and budget areas by the VA committees. This effectiveness is amplified by the "work together" and openness attitude which characterizes the VA's relationship with these committees. This significant, effective oversight process by the VA committees, fully available to them during the lengthy consideration period following submission of the reorganization plan, must be considered in calculating the degree of specificity required by the "detailed plan" requirement of section 210(b)(2)(A). The absence of definition of a standard here, coupled with the lengthy waiting period, underlines further the clear intent that much fact finding would ensue following provision of notice of a planned reorganization. Between antagonists, the requirement for a "detailed" plan might never be satisfied. The fact that there is no statutory resolution mechanism in such an event suggests the intent, born of lengthy experience between the VA oversight committees and the VA, that whatever details may be lacking at the outset would be filled in sufficiently for the oversight committees to make a reasonable judgment on the desirability of a reorganization.

6. The conclusion then, is that while the Agency has a duty under section 210(b)(2)(A) to provide a "detailed," report on any significant VA reorganization, the absence of all of the details, should not, given the context of the Congressional evaluation oversight process established by this section, render invalid a report, which, in other circumstances, might fail to meet commonly-accepted standards of what constitutes a "detailed" plan.

7. Applying the foregoing to the subject DVB report, it must be conceded that considerable detail is lacking; that substantive discussions of how much FTEE will be affected, or, how particular, critical affected activities would be administered following reorganization would contribute significantly to the understanding of what is proposed. On the other hand, the Agency stands ready to provide more information as that information is obtained. It is noted that the Agency letter admits that the VA lacks some details regarding the DVB plan. The Agency has given notice of its basic objective. There is no doubt as to the overall intended result. The Agency will be obliged to provide additional information regarding this reorganization plan, however, to enable the oversight committees to evaluate it properly.

8. Although not of great length, the ODM&T submission provides somewhat greater detail, and, when considered in light

of the whole process, seems to meet the submission requirement of the subject section.

9. The second question is what kinds of VA action constitute "implementation" or "actions to carry out" a reorganization for purposes of the waiting period requirement. The words of 38 U.S.C. 4210(b)(2)(A) provide that the "Administrator may not . . . implement [a covered] administrative reorganization" until he first submits the required report, and further that "[n]o action to carry out such reorganization may be taken" after submission until the first day of the fiscal year for which the report was submitted. (Emphasis added.) Obviously, any complex VA reorganization involves a great deal of lead time and much activity ranging for early planning, to preparation for relocation of functions and personnel, to the actual execution of the reorganization with movement of people and equipment. Again, in the absence of a statutory or legislative history definition the purpose of the waiting period would appear to be the best guide to the intended meaning of the word "implementation." By providing for a lengthy waiting period, the Congress sought to preserve its option to "veto" a covered reorganization.

10. In light of this purpose, it would be inappropriate for the VA to obligate sizable government resources for a planned reorganization if, during the waiting period, it became reason ably apparent that the reorganization would be prohibited by the Congress. However, assuming compliance with the notice provision, we do not believe that the statute generally bars the Administrator from taking steps to commence the movement of personnel and equipment on the first day of the next fiscal year. Submission of such a report is an indication that an Administrator has already determined, in accordance with his statutory responsibilities, that serious pursuit of a reorganization may be in the best interests of program implementation and efficient management. Having made that determination he is obligated to proceed with planning and preparations, so as to permit any actual reorganization to be carried out as soon as possible, once the waiting period has expired. As indicated above, the commitment of resources predicated upon implementation of the plan must be tempered by continuing calculations of whether Congress will block the reorganization. But the fundamental duty of the Administrator to effect the correct management structure requires that prudent resource allocation be undertaken during the waiting period in order to realize the benefits of such reorganization as soon as possible.

11. Presumably, the Congress would only rarely take action to block a reorganization which the Administrator has determined would improve Agency management. Moreover, a measured VA commitment of resources is consistent with the statutory language itself. The language calls for the submission of information about the planned reorganization well before it could be implemented legally, and, contemplates the possible generation of extensive additional information during the oversight waiting period. Thus, the statute itself clearly contemplates that the Agency will expend resources to evaluate, continue evaluating and otherwise plan actual implementation of the reorganization, well before the date before which no actual implementation could take place.

12. Based upon the above, it is our opinion that VA "implementation" action which is prohibited during the waiting period under 38 U.S.C. § 210(b)(2)(A) is the actual carrying out of the reorganization with movement of people and equipment.

ROBERT E. COY.

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC, February 8, 1985.

Hon. HARRY N. WALTERS,
Administrator of Veterans' Affairs, 810 Vermont Avenue, NW., Washington, DC.

DEAR HARRY: In am writing in response to your February 1, 1985, letter regarding a planned reorganization and consolidation of certain field office functions of the Department of Veterans' Benefits. In that letter, you stated that you "propose to consolidate DVB benefit processing and support activities from 59 regional offices into 3 processing centers over the course of fiscal years 1986 through 1988."

I share with you a strong desire to improve the efficiency of VA operations and the quality of services. I also believe that the VA should make a concerted effort to take advantage of recent advances in communications and data processing technology in order to make such improvements. However, any actions taken in pursuit of the goal of greater efficiency must, I'm sure you will agree, not be at the expense of service to veterans and be carried out in full compliance with the law.

In your February 1 letter, you stated that your were providing notification "[i]n accordance with" section 210(b)(2) of title 38, United States Code. For the reasons discussed below, I believe that your letter fails to meet the requirements of section 210(b)(2) and that this law prohibits action to implement the planned reorganization during FY 1986.

Under the pertinent provisions of section 210(b)(2), you "may not in any fiscal year implement" a reorganization involving a more-than-10-percent reduction in the number of full-time equivalent employees [FTEE's] at any VA facility with more than 25 employees unless you first submit, not later than the date on which the President submits the budget for that year, to the appropriate Congressional committees "a report containing a detailed plan and justification for the . . . reorganization." In my view, your letter falls far short of providing the type of "detailed plan and justification" required by the law. For example, the letter does not even indicate the number of employees who would be moved (either in total or from each regional office) or identify the cities at which the 3 processing centers would be located. Nor does the letter state how the consolidation would make the estimated more than 2,300 FTEE-reduction possible other than through a vague and conclusory reference to "efficiencies possible with consolidation", which I do not view as satisfying section 210(b)(2).

Moreover, the letter was totally ambiguous as to whether employees who adjudicate claims and attend hearings requested by claimants would remain in the regional offices. Your letter said both that claims adjudication activities would be centralized and that "operations involving direct personal contact with veterans and beneficiaries" would not be moved. This raises the question whether the adjudication personnel whose duties involve direct personal contact with veteran-claimants, such as conducting hearings, would or would not be moved.

These and many other questions would have to be specifically addressed in any type of "detailed plan" in my judgment.

I believe that your letter also fails to provide a "detailed . . . justification". The mere recitation in the letter of claims that the reorganization would enable you to take advantage of recent technological advances, improve efficiency, and achieve savings is unsatisfactory.

In contrast, I note your letters, also dated February 1, 1985, regarding two other proposed reorganizations: the proposed closing of the three data processing and telecommunications field stations and the transfer of certain functions from the VA Prosthetics Center in New York City to a new Prosthetics Assessment and Information Center (PAIC) in the Washington. D.C., area. Both of these letters set forth in much greater detail the specifics of the proposed, much more limited reorganizations (whether or not the data processing letter contains a "detailed . . . justification" as required by the law is an open question in my mind). Indeed, in the case of the proposed PAIC, the letter is accompanied by a description of the implementation actions and a summary of the proposal that discusses justification, organization impact, personnel impact, and fiscal and related impacts.

Indeed, you seem to recognize in the letter on the proposed DVB reorganization that you have not provided the requisite plan. You state that a "task force has been established to develop an implementation plan" and that, in July of this year, this "task force" will provide definitive plans on locations and relocation strategies, as well as detailed estimates on translocation and equipment costs. . . ." It may be that that plan, if accompanied by specific information justifying the reorganization, would provide the level and kind of detail required.

If such a plan and justification is submitted this year (or any time prior to or concurrent with submission of the President's FY 1987 budget), actions to implement the reorganization could lawfully be initiated in FY 1987.

In light of the extensive work that would be necessary to acquire and prepare the office space at the 3 centers, I would also like to emphasize the prohibition in section 210(b)(2) against any "action to carry out" a reorganization until the beginning of the fiscal year with respect to which adequate notification is given. In my view, the law applies not only to the transfer and attrition of personnel but also to all actions preparatory to the personnel moves that would be taken pursuant to the plan. Thus, even assuming that the July 1985 notification of this proposed reorganization will meet the law's reporting requirement, I believe that no work may be done or expenditures incurred to implement the reorganization plan until October 1, 1986, the first day of fiscal year 1987.

As you know, Harry, this reorganization proposal is of great interest and deep concern to many veterans, VA employees, and their families and to all members of the House and Senate. Therefore, I would very much like to learn as quickly as possible your responses to the issues I have raised. In addition, I request that you seek a formal written opinion from your General Counsel as to whether your February 1, 1985, letters regarding the proposed DVB reorganization and the closing of three data processing and telecommunications field stations comply with section 210(b)(2) as to an October 1, 1985, implementation date.

As always, I very much appreciate your cooperation and look forward to your prompt reply.

With best personal regards,
Cordially,

ALAN CRANSTON,
Ranking Minority Member.

Mr. CRANSTON. Mr. President, the provisions of section 501 of the pending measure would define precisely—in almost exactly the way S. 1397 proposed—what type of information a detailed plan and justification for a proposed reorganization must contain. As well as applying to all future proposed reorganizations, the provisions of the committee bill would operate so as to preclude the VA from carrying out in fiscal year 1986—or thereafter without complying with the new provisions—the ill-conceived, ill-advised consolidation proposal of February 1, 1985.

DEFINITION OF VIETNAM ERA

Mr. President, as is discussed in more detail beginning on page 59 of the committee report accompanying this legislation, section 502, which is derived from section 2 of S. 6, would expand the definition of the "Vietnam era" for the purpose of veterans benefits and services under title 38, United States Code, to include the period beginning on February 21, 1961, and ending on August 4, 1964, in the case of those who served in Vietnam during that time.

This is the second time our committee has recommended this change in law—an identical provision was reported by the committee during the last Congress as section 8 of S. 2514 and passed by the Senate on August 9, 1984 as part of H.R. 5618—and I believe that it should be enacted. I have proposed this statutory change because I believe that it is clear that some service personnel faced combat conditions in Vietnam prior to the August 5, 1964, starting date of the Vietnam era in current law and that these veterans should thus be accorded access to veterans benefits and services as veterans of a period of war.

PAYMENTS FOR THERAPEUTIC AND REHABILITATION THERAPY

Mr. President, section 503 of the pending measure, which is derived from section 6 of S. 6, would specify that, effective with respect to VA pensions paid on or after January 1, 1986, any remuneration provided to veterans for participation in certain VA work-therapy programs, which I will describe in a moment, will not be counted as income for purposes of VA pension programs.

Mr. President, under section 618 of title 38, United States Code, the VA operates, in the Department of Medicine and Surgery, therapeutic and rehabilitation programs under which VA patients—either inpatients, residents in domiciliary facilities, or outpatients—selected for such programs perform services for which they receive a small payment. These programs are known commonly as incentive therapy [IT] and compensated work therapy [CWT] programs.

According to the VA, participants in IT programs are assigned duties within the treating VA medical center or domiciliary as patient messengers, grounds workers, and building management assistants and paid, out of appropriated funds, hourly wages ranging from a nominal amount to half the minmum wage. Patients in CWT programs, according to the VA, learn work habits and/or vocational skills by working on projects under VA contracts with private industry or other sources and are paid wages by the private entity under those contracts commensurate with wages paid in the community for work of the same quality and quantity. Both programs are designed to promote self-sufficiency in the participants by developing increased feelings of self-worth and socialization skills, by preventing depression and regressive behavior, and by enabling them to acquire prevocational skills, all in order to reduce dependence on long-term VA hospitalization and other support from Federal, State, and local government sources.

Mr. President, in 1983, the VA's Department of Medicine and Surgery, in direct response to a VA inspector general audit recommendation, instituted a program of income verification pursuant to which VA medical facilities, effective approximately January 1, 1984, began to inform appropriate VA regional offices of the Department of Veterans' Benefits of the amounts paid to veteran participants in the IT and CWT programs. For the participants in those programs who were receiving VA pension, this change resulted in a change in their VA pension eligibility. A recently completed letter report of the Controller General, entitled "Impact of Offsetting Earnings from VA's Work Therapy Programs from Veterans' Pensions" (August 27, 1985), found that "Although the number of veterans affected by the work therapy/pension offset is small, the offset has had detrimental effects on those veterans and on the work therapy programs themselves."

Mr. President, section 503 would address this problem by amending section 618 of title 38 to provide expressly that remuneration received by veterans as a result of their participation in IT or CWT programs would not be counted as income for the purpose of VA pension programs. This provision, if enacted, should reverse the situation found by the GAO and demonstrated in letters to our committee, both last year—when a similar provision was before us—and during the current session, where counting such remuneration as income for pension purposes is acting as a significant disincentive to veterans' participation in these two programs which, in turn, is having an adverse effect on the veterans' successful rehabilitation.

Mr. President, I have a long standing, very strong personal interest in the IT and CWT programs and hope that this provision will be accepted by our colleagues in the House so as to correct the damage done to the programs.

EPIDEMIOLOGICAL STUDY OF THE HEALTH OF WOMEN VIETNAM VETERANS

Section 507 of the pending measure includes a provision, derived from S. 1616, which I introducted on September 10, with Senators DECONCINI, ROCKEFELLER, and INOUYE, that would require the VA to contract for the conduct of an epidemiological study of the health of women Vietnam veterans. This study would be designed to detect gender-specific and other health effects in women Vietman veterans that might be related to their service in Vietnam, and, if feasible scientifically, any such health effects from agent orange exposure.

As is explained in more detail beginning on page 62 of the committee report accompanying this legislation, the major research endeavor designed to learn about the health status of Vietnam veterans, the epidemiological study of the health of Vietnam veterans—currently being conducted pursuant to the mandate in Public Law 96-151, as amended by Public Law 97-72, by the Centers for Disease Control—includes three major components: An agent orange study, a Vietnam experience study, and a selected cancers study. It is expected that this study will provide some very important information regarding possible long-term adverse health effects from exposure to agent orange and other factors related to military service in Vietnam.

Although there is no dispute that this CDC-conducted study of 30,000 male Vietnam veterans will yield a significant level of information regarding general health issues for Vietnam veterans in general—male and female alike—it will not provide any information about the unique experiences and gender-specific concerns of women Vietnam veterans. Thus, since early 1984, I, along with other members of our committee and the House Committee on Veterans' Affairs, have urged the Executive branch to utilized existing authorities to design and undertake an appropriate study of women Vietnam veterans. Unfortunately, no such effort has been undertaken. For this reason, I introduced S. 1616 and then proposed the inclusion of a provision derived from that measure in the pending legislation.

Mr. President, the provision in section 507 would mandate, unless it is determined by the Administrator to be not scientifically feasible, a Vietnam-experience study—study of the long-term health effects of military service

in Vietnam—rather than an agent orange specific study, because of significant concerns expressed by the scientific community and others regarding whether it is possible to develop a sufficiently large cohort of women who may have been exposed to agent orange in Vietnam to ensure the scientific validity of such a study.

In this regard, I note that—as described in an October 2, 1985, letter to me from HHS Deputy Under Secretary Dixon Arnett, the Acting Chair of the Cabinet Council Agent Orange Working Group, which I will insert in the RECORD—scientists at CDC and members of the Science Panel of the Executive Branch Agent Orange Working Group agree that such a study of women Vietnam veterans is feasible.

Mr. President, I ask unanimous consent that the October 2, 1985, letter to me from Dixon Arnett be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF HEALTH
AND HUMAN SERVICES,
Washington, DC, October 2, 1985.

Hon. ALAN CRANSTON,
Ranking Minority Member, U.S. Senate, Committee on Veterans' Affairs, Washington, DC.

DEAR SENATOR CRANSTON: In response to your questions in follow up to my August 26 letter to your letter of September 9, may I clarify my letter and respond to you in order of your questions.

Question No. 1:

The five studies which are being considered or have been started by the Veterans Administration include the following:

a. The development of a roster of female veterans—is ongoing and nearly complete. This is not technically a study.

b. A mortality study based on this roster—should not take long once started, and will be comparable to the mortality phase of the Vietnam Experience Study of male veterans being conducted by CDC, and more powerful than the mortality phase of the Ranch Hand Study.

c. A review of female inpatients' records from Veterans Administration Hospitals, also compared to the roster. This should give some evidence as to whether or not Vietnam women veterans are having different problems than other women veterans who use the VA facility.

d. A telephone survey of 3,000 women veterans, including a few Vietnam veterans, has been completed. This should complement any study based on the VA facilities because the intent of the survey was to determine medical facility use patterns of all women veterans.

e. A readjustment study focusing on female physical and mental health problems will soon be conducted. This study will include 250 (about 5%) of the female Vietnam veterans and some comparisons. The study should be able to detect, as statistically significant, those problems occurring in about 5 to 10 percent of the female veteran population, if they occur twice as often among Vietnam veterans. This would include many of the reproductive system related problems. This study is expected to be finished by 1988.

Question No. 2:

It is true that studies of male veterans will not shed light on female reproductive problems. However, we have little scientific reason to suspect that there are excess medical problems in females due to their experience in Vietnam. Scientifically valid evidence that such problems exist would certainly provide the rationale to proceed with studies which focus on health problems unique to females.

Question No. 3:

The August 23, 1985 letter from Dr. Donald Hopkins of CDC states that a study of female Vietnam veterans is feasible. The members of the Science Panel agree, but point out that information on Agent Orange exposure is lacking for women, and feels that an Agent Orange study of female veterans is probably not possible. The investigators at CDC have never claimed that an Agent Orange study was feasible for women veterans.

In answer to your fourth questions relative to the health status of women Vietnam veterans, I too, firmly believe that more is called for than non specific statements. I assure you that we feel the Executive Branch which includes the twelve Federal Agencies of the Cabinet Council Agent Orange Working Group and the Congressional Office of Technology Assessment as a non-Federal member, has given this question the most careful, the most painstaking evaluation and stand firm in their findings. Should Congress whish to proceed, regardless, with an Agent Orange study of female Vietnam veterans rather than a Vietnam experience study, we will cooperate in every way possible, even though the AOWG advises against such a study at this time.

Sincerely,

DIXON ARNETT,
Acting Chair, Cabinet Council Agent Orange Working Group.

Mr. CRANSTON. Mr. President, although the legislative mandate would be limited to study of how the general health of women Vietnam veterans compares to the health of other women veterans who did not serve in Vietnam, I note, as did the committee report, that the study mandate would authorize the study, to the extent feasible, to include a specific focus on health effects that may be related to agent orange exposure. I intend to pursue that issue vigorously once this measure is enacted.

Mr. President, in order to ensure that this study mandate proceeds on an expeditious basis, the Administrator would be required to publish a request for proposals for the design of the study protocol not later than April 1, 1986.

In order to attempt to ensure that any protocol which is developed is appropriate, once a protocol is developed, it would have to be submitted to the Director of the Office of Technology Assessment for the Director's approval. Also, once the OTA Director approves the protocol, the Director would have an ongoing responsibility to monitor the conduct of the study in order to ensure compliance with the protocol.

In connection with both the approval process and the ongoing monitoring effort, the OTA Director would be required to submit reports to the Congress at intervals specified in the committee bill. The Administrator would also be responsible for submitting periodic reports on the progress of the study and on the Administrator's recommendations for action in light of the study results.

Mr. President, I am delighted that this provision gained the support of the full committee and is in the pending measure. A study of the health status of women Vietnam veterans is long overdue, and this is a vital step toward having such a study carried out.

"NEW GI BILL" DELIMITING PERIOD

Section 202 of S. 1887 incorporates an amendment I proposed to amend the "new GI bill" to correct an inequity that would exist in the cases of individuals who are to be made eligible, by the recently enacted Department of Defense Authorization Act, 1986, Public Law 99-145, both for the chapter 34, Vietnam-era GI bill and for the chapter 30, "new GI bill" and who had left the service and reentered prior to the enactment of the "new GI bill."

Last year, in connection with the enactment of the "new GI bill," Congress included provisions to allow an individual who has eligibility for chapter 34 GI bill benefits and who had remained on active duty since December 31, 1976, to establish, by remaining on active duty for a minimum of 2 years after June 30, 1985, eligibility for a combined benefit equal to benefits under the chapter 30 program plus one-half of the value of the individual's remaining chapter 34 benefits. This combination approach was included as a means of inducing continued service by individuals who might otherwise have left the service in order to use their benefits before the expiration of eligibility for use chapter 34 benefits—December 31, 1989.

Following the enactment of Public Law 98-525, it was brought to my attention that there were a small number of individuals who, although on active duty on the date on which the "new GI bill" was enacted, would not be eligible for these combined benefits because, prior to that date, they had left the service for some period of time. Since the purpose of these combined benefits was to permit individuals to remain on active duty and still utilize their earned benefits, the Senate Armed Services Committee proposed in S. 1160, the Department of Defense Authorization Act, 1986, and the Senate approved, a provision that would permit these individuals to establish eligibility for the combined benefits. Subsequently, this provision was enacted in Public Law 99-145.

While I am sympathetic to the need to make provision for these individuals who had a break in service prior to the

enactment of the "new GI bill," I believe that to provide the same nature and amount of relief from the 1989 termination date to these individuals as is provided to those who remained continuously on active duty during the period from December 31, 1976, through October 19, 1984, is not equitable.

Thus, section 202 of S. 1887 would provide that the 10-year delimiting period under chapter 30 for such an individual would be reduced by the amount of time that the individual had not been on active duty during the period from December 31, 1976, to October 19, 1984, since during this "break" in service the individual would have had the opportunity to utilize VA educational assistance benefits.

WORK-STUDY UNDER THE "NEW GI BILL"

The pending measure also incorporates, in section 205, our suggestion to permit economically disadvantaged individuals training under the "New GI Bill" Program or the chapter 32 VEAP Program to participate in the VA's Work-Study Program. As the original author in 1972 of the VA's Work-Study Program for disadvantaged, full-time veteran-students, I am delighted with this provision.

The VA's Veteran-Student Services Program, is conducted under section 1685 of title 38, enacted in 1971, and is popularly known as the VA's Work-Study Program. This program offers opportunities for full-time veteran-students to earn additional amounts of money to supplement their educational assistance allowances. Specifically, a full-time student enrolled under chapter 31, vocational rehabilitation for service-connected disabled veterans, or chapter 34, the Vietnam-era GI bill, may be paid at the minimum hourly wage for up to 250 hours a semester in return for certain services. These services must be in connection with VA outreach efforts, the preparation of and processing of necessary papers and documents at educational institutions or VA regional offices, the provision of hospital and domiciliary care and medical treatment through VA facilities, or other activities that the Administrator determines appropriate. In determining which veteran-students should be offered the opportunity to participate in this program, the Administrator is required to take into account the veteran's needs for augmentation of the educational or subsistence allowance, the availability of transportation, and the motivation of the veteran. In addition, priority is given to veteran-students who have service-connected disabilities rated at 30 percent or more.

At present, only veterans who are training under chapter 31 or chapter 34 of title 38 eligible to participate in the VA's Work-Study Program. Neither the chapter 32 VEAP Program, nor the chapter 30 "New GI Bill" Program, offer this form of assistance to veteran-students.

I firmly believe that this program is an important one—not only for the economically disadvantaged individual veteran-student who is in need of the additional assistance in order to participate in a full-time program of education, but also for the VA and the educational institutions who benefit from the services provided by the work-study veteran-students. Thus, I am delighted that section 205 of S. 1887 would amend both chapters 30 and 32 in order to permit veteran-students training under those programs to have access to the Work-Study Program.

PROHIBITION OF TERM-BY-TERM CERTIFICATION REQUIREMENT

Section 215 of S. 1887 would prohibit the implementation of any requirement for the submission of term-by-term enrollment certifications for educational assistance benefits. This issue has been around for a very long time and, because of OMB's prodding, has refused to go away. Last year, the Senate approved a provision I proposed to delay the implementation of any such requirement. However, that provision was not enacted in light of the fact that it was understood that the VA's Advisory Committee on Education was reviewing the issue and that no action would be taken on the matter until that committee had made a recommendation to the Administrator. It thus appeared that implementation of this ill-advised proposal would not go forward. This year the advisory committee recommended to the Administrator that a term-by-term enrollment certification requirement not be implemented. Nevertheless, such a requirement could conceivably be imposed.

Thus, this year, we are proposing finally to put this issue to rest. Implementation of such a requirement could have a devastating impact on the paperwork burdens of both the institutions and the VA and on the timeliness of benefit payments at the outset of each term. The VA has advised that if term-by-term certifications are required, almost 2.2 million additonal certifications will need to be processed in fiscal years 1986 through 1989.

COMMISSION ON VETERANS' EDUCATION POLICY

Section 216 of S. 1887 would establish a Commission on Veterans' Education Policy, comprised of representatives of the education community and veterans' service organizations, to be selection based on their expertise in pertinent fields, and ex officio representatives of the VA and the Congress.

The system developed for the administration of educational assistance benefits under title 38 is a complex and confusing one. Much of the basis for the practices, policies, and provisions of law pertaining to the system derives from the VA's and the Congress' experience with administration of benefits from the World War II and Korean GI bills. Through the years the system has remained relatively unchanged although some changes have been made to reflect new developments in education philosophy and practices.

The present system may not reflect the most efficient, cost-effective, and suitable approach to the provision of educational assisatance benefits. I believe that consideration should be given to making appropriate revisions in policies, practices, and provisons in law to protect the interests not only of the Federal Government, but also of individuals training under title 38 and of institutions offering programs of education. Clearly, since VA administration of educational benefits will be with us for some time—under the existing chapter 34 Vietnam-era GI bill, as well as under the chapter 32 VEAP Program and the chapter 30 new GI bill—this Commission could be very helpful in terms of identifying problem areas that need to be explored and presenting possible solutions to some long-standing, complex issues, including the need for distinctions between certificate and degree courses, measurement of pursuit of training, the vocational value of correspondence training, and various aspects of innovative and nontraditional programs of education.

VA HOUSING PROGRAMS: INTERFUND TRANSFER AUTHORITY

Finally, at my request, the pending measure would provide permanent authority to transfer funds from the direct loan revolving fund [DLRF] to the loan guaranty revolving fund [LGRF]. The administration proposed earlier this year that this authority, which has traditionally been provided in annual appropriations measures, be withheld in the fiscal year 1986 appropriations bill.

From its inception in 1944 until 1961, the VA's Home-Loan Guaranty Program was funded through appropriations—totaling $730 million—to the VA's readjustment benefits account. In 1962, the LGRF was established for the dual proposes of paying program costs and receiving program collections. In only 6 of the years since 1962 has the LGRF operated at a surplus. In 11 of the years since 1962, infusions of outside funds were necessary, and until fiscal year 1984 these were achieved through transfers from the unobligated balances of the DLRF. The total amount of such transfers exceeded $1.8 billion.

The DLRF was originally established in 1950 to provide direct VA loans to veterans living in remote, rural areas where commercial lending sources were not available. Because the direct loan program charges interest on its loans, in much the same fashion as a private mortgage lender,

it eventually began to accumulate a surplus. The program was closed, effective in March 1981, for all loans other than those made in connection with specially adapted housing grants to severely disabled veterans, because private credit has become generally available in all areas of the country. Accordingly, the number of new direct loans made by the VA has declined from a high of nearly 28,000 in fiscal year 1960 to a projected total of 15 in the current fiscal year. Concurrently, the VA has been implementing an administration-wide policy of selling Federal assets, such as the VA's portfolio of outstanding direct loans, wherever feasible, to reduce the budget deficit. Nearly the entire direct loan portfolio has now been sold. Thus, substantial unobligated balances in the DLRF are not likely to be available for transfer to the LGRF in the future.

The administration proposed, in connection with its fiscal year 1986 budget submission, that the authority to transfer funds from the DLRF to the LGRF—an authority, as I've said, historically included in annual appropriations measures—not be provided in the future. This proposal was made, the VA said, "so as to reflect the true cost of the guaranty program."

I do not believe that eliminating the VA's authority to transfer funds from the DLRF to the LGRF is necessary in order for the true cost of the VA's Home-Loan Guaranty Program to be made known or properly assessed. According to the VA's fiscal year 1986 budget, there is projected to be an unobligated balance in the DLRF at the end of the current fiscal year of slightly more than $122 million. Since these funds and future unobligated balances would seem not to be needed to support the direct loan program, I believe the Administrator should have the flexibility to transfer funds to the LGRF to the extent that the funds are not needed for the direct loan program.

Fortunately, the HUD-Independent Agencies Appropriations Act for Fiscal Year 1986, enacted as Public Law 99-160, included the transfer authority for fiscal year 1986. However, in order to ensure that this authority will always be available, section 306 of S. 1887 would make the authority permanent.

CONCLUSION

Mr. President, in closing I want to express my thanks and appreciation to the distinguished chairman of the committee, Mr. MURKOWSKI, for the cooperation and courtesies that he and the majority staff, particularly Chris Yoder, Brian Bonnet, Alan Blume, Julie Susman, and Tony Principi have extended to me and the minority staff throughout the development of this measure—as well as for their fine work in developing Senator MURKOWSKI's provisions in the committee bill. I also wish to express my gratitude to Babette Polzer, Ed Scott, and Jon Steinberg on the minority staff for their excellent work on all aspects of this legislation. At this time, I want to express my deep thanks and appreciation to James R. MacRae, an individual who, after almost 10 years of assisting the committee with editorial and printing duties, is retiring from Federal service. Jim's contributions were many during the 4 years I served as chairman of the committee, and he has continued his fine work since 1981 and has served as the chief committee printer for the last year. He will be sorely missed, and I want to take this opportunity to thank him publicly for all his good work and to wish him well in all his future endeavors. I also want to welcome his successor, Roy Smith, who will be working with the committee in the future in this capacity. Both Jim and Roy contributed importantly to the production of the committee's report and I am deeply grateful to them for their help.

Mr. President, the legislation before the Senate is a package proposal. I do not necessarily concur with each and every detail—and continue to have reservations about a few specific provisions. Nevertheless, I am delighted that we have been able, once again, to develop a bipartisan measure that fulfills our commitment to ensure that compensation and DIC benefits for this Nation's service-connected disabled veterans and the survivors of those who have died from service-connected causes are protected from the effects of inflation, and that provides needed safeguards for and improvements in VA programs.

Mr. President, I urge the Senate to approve unanimously the pending legislation.

Mr. DOMENICI. Mr. President, I commend the distinguished chairman of the Committee on Veterans' Affairs, Mr. MURKOWSKI, and the ranking minority member, Mr. CRANSTON, for their efforts to provide our Nation's service-disabled veterans with a fair and equitable cost of living increase in 1986. S. 1887, the Veterans' Compensation and Benefits Improvements Act of 1985, will allow more than 2.2 million veterans to enjoy a 3.1-percent increase in their benefit checks this year. This is the same COLA that will be provided to Social Security beneficiaries and to VA pension recipients.

I would like to remind my colleagues that the fiscal year 1986 budget resolution assumed that Social Security, veterans' compensation, and veterans pension benefits would be provided an identical increase in 1986. Thus, S. 1887 is consistent with the assumptions and intent of the budget resolution.

As my colleagues go to conference with the House on this bill, I urge them not only to complete action as expeditiously as possible, but also to maintain the Senate's position on the amount of the COLA. The House companion bill provides a 3.7-percent COLA for veterans' compensation recipients; this is above the actual cost-of-living increase being provided for indexed programs in 1986.

While no one can deny that these brave men and women deserve an increase in 1986, I do not think that any veteran expects to receive a COLA in excess of the actual inflation rate, especially when our Nation's Social Security and pension beneficiaries, including disability recipients, will receive a 3.1-percent increase.

Mr. President, I raise this issue today because we will soon begin conference with the House on the reconciliation bill. As with S. 1887, the House and Senate reconciliation packages differ significantly with regards to veterans' benefits and services. Both bills contain significant reforms to veterans' medical care, including a means test and third party reimbursement provisions. However, the House version significantly expands medical care for most veterans. I remind my colleagues that as we search for ways to reduce the deficit—as we are doing now with Gramm-Rudman and reconciliation—this is not the time to expand benefits or increase spending.

Although the distinguished ranking minority member of the Senate Budget Committee, Mr. CHILES, cannot be here today, I know that he shares my views. As we go to conference on these bills, he too would urge that we maintain the fiscal discipline and policy assumptions of the budget resolution.

AMENDMENT NO. 1169

(Purpose: To improve and extend the Emergency Veterans' Job Training Act of 1983, to require an evaluation of the feasibility of establishing a veterans' job training program, and to name the Veterans' Administration Medical Center in Phoenix, Arizona)

Mr. CHAFEE. Mr. President, on behalf of Senators MURKOWSKI and CRANSTON, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Rhode Island [Mr. CHAFEE], on behalf of Mr. MURKOWSKI and Mr. CRANSTON, proposes an amendment numbered 1169.

Mr. CHAFEE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered,

The amendment is as follows:

At the appropriate place in the bill, add the following new sections:

SEC. 508. (a)(1) The first sentence of section 1 of Public Law 98-77 (29 U.S.C. 1721 note) is amended to read as follows: "This Act may be cited as the 'Veterans' Job Training Act'.".

(2) Any reference in any Federal law to the Emergency Veterans' Job Training Act of 1983 shall be deemed to refer to the Veterans' Job Training Act.

(b) Section 5(a)(1)(B) of such Act is amended by striking out "fifteen of the twenty" and inserting in lieu thereof "10 of the 15".

(c) The second sentence of section 8(a)(1) of such Act is amended to read as follows: "Subject to section 5(c) and paragraph (2), the amount paid to an employer on behalf of a veteran for a period of training under this Act shall be——

"(A) during the first 3 months of that period, 50 percent of the product of (i) the starting hourly rate of wages paid to the veteran by the employer (without regard to overtime or premium pay), and (ii) the number of hours worked by the veteran during those months; and

"(B) during the fourth and any subsequent months of that period, 30 percent of the product of (i) the actual hourly rate of wages paid to the veteran by the employer (without regard to overtime or premium pay), and (ii) the number of hours worked by the veteran during those months.".

(d) Section 14 of such Act is amended by inserting "(a)" before "The" and adding at the end the following new subsections:

"(b) The Administrator and the Secretary shall jointly provide for a program of counseling services designed to resolve difficulties that may be encountered by veterans during their training under this Act and shall advise all veterans and employers participating under this Act of the availability of such services and encourage them to request such services whenever appropriate.

"(c) The Administrator shall advise each veteran who enters a program of job training under this Act of the supportive services and resources available to the veteran through the Veterans' Administration, especially, in the case of a Vietnam-era veteran, readjustment counseling under section 612A of title 38, United States Code, and other appropriate agencies in the community.

"(d) The Administrator and the Secretary shall jointly provide for a program under which a case manager is assigned to each veteran participating in a program of job training under this Act and periodic (not less than monthly) contact is maintained with each such veteran for the purpose of avoiding unnecessay termination of employment and facilitating the veteran's successful completion of such program.".

(e) Section 16 of such Act is amended—

(1) by inserting "and $55 million for fiscal year 1986," after "1985"; and

(2) by striking out "1987" and inserting in lieu thereof "1988".

(f) Section 17 of such Act is amended—

(1) by striking out "Assistance" and inserting in lieu thereof "(a) Except as provided in subsection (b), assistance";

(2) in clause (1), by striking out "February 28, 1985" and inserting in lieu thereof "January 31, 1987";

(3) in clause (2), by striking out "July 1, 1986" and inserting in lieu thereof "July 31, 1987"; and

(4) by adding at the end the following new subsection:

"(b) If funds for fiscal year 1986 are appropriated under section 16 but are not both so appropriated and made available by the Director of the Office of Management and Budget to the Veterans' Administration on or before February 1, 1986, for the purpose of making payments to employers under this Act, assistance may be paid to an employer under this Act on behalf of a veteran if the veteran—

"(1) applies for a program of job training under this Act within 1 year after the date on which funds so appropriated are made available to the Veterans' Administration by the Director; and

"(2) begins participation in such program within 18 months after such date.".

(g)(1) Except as provided in paragraph (2), the amendments made by this section shall take effect on the date of the enactment of this section.

(2)(A) The amendment made by subsection (c) shall apply with respect to payments made for programs of training under such Act that begin after January 31, 1986.

(B) The amendment made by subsection (f)(2) shall take effect on February 1, 1986.

SEC. 509. (1) In carrying out section 1516(b) of title 38, United States Code, the Administrator of Veterans' Affairs shall take all feasible steps to establish and encourage, for veterans who are eligible to have payments made on their behalf under such section, the development of training opportunities through programs of job training consistent with the provisions of the Veterans' Job Training Act (as redesignated by section 508(a)(1) of this Act) so as to utilize programs of job training established by employers pursuant to such act.

(2) In carrying out such Act, the Administrator shall take all feasible steps to ensure that, in the cases of veterans who are eligible to have payments made on their behalf under both such Act and such section, the authority under such section is utilized to the maximum extent feasible and consistent with the veteran's best interest to make payments to employers on behalf of such veterans.

SEC. 510. (a) For the purposes of this section:

(1) The term "private industry council" means a private industry council established pursuant to section 102 of the Job Training Partnership Act (29 U.S.C. 1512).

(2) The term "service delivery area" means a service delivery area established pursuant to section 101 of the Job Training Partnership Act (29 U.S.C. 1511).

(b)(1) The Secretary of Labor shall evaluate the feasibility and advisability of establishing and administering, under part C of title IV of the Job Training Partnership Act, a program described in paragraph (2).

(2) The program referred to in paragraph (1) is a program under which, upon the Secretary's determination and declaration of a severe State or regional employment deficiency or a veterans' employment deficiency in a State or service delivery area, grants are made, from a veterans' job training grant fund established by the Secretary from funds available to carry out part C of title IV of the Job Training Partnership Act, to a State or appropriate private industry council to fund an on-the-job training program which is similar in structure and purpose to the job training program established under the Veterans' Job Training Act of 1983 (as redesignated by section 508(a)(1) of this Act) and is to be conducted in such State or service delivery area.

(c) Not later than 90 days after the date of the enactment of this Act, the Secretary of Labor shall transmit to the Committees on Veterans' Affairs of the Senate and the House of Representatives a report on the evaluation made under subsection (b). The report shall include—

(1) recommended definitions, standards, and implementation procedures for declaring and determining the duration of a severe State or regional employment deficiency and a veterans' employment deficiency in a State or service delivery area;

(2) recommended procedures for commencing a job training program in a State or service delivery area and for making financial assistance and other resources available for such job training program when a veterans' employment emergency is declared with respect to the State or service delivery area;

(3) recommended procedures for administering an emergency veterans' job training grant fund, including recommended minimum and maximum amounts to be maintained in such fund;

(4) recommended limits on the amounts of grants to be made to any grantee State or private industry council;

(5) recommended veteran and employer eligibility criteria and entry and completion requirements;

(6) a description of the support and counseling services that are necessary to carry out a job training program in a State or service delivery area;

(7) the recommended administrative component or components of the Department of Labor which would be appropriate—

(A) to administer a grant program described in subsection (b), including the contracting and monitoring functions;

(B) to determine the eligibility criteria for applicants for training and for employer certifications;

(C) to establish findings of veterans' employment deficiencies in States and service delivery areas; and

(D) to verify the level of compliance of grantee States or private industry councils, veterans, and employers with the requirements of the grant program and the job training programs funded by the grant program;

(8) the estimated costs of administering and monitoring a job training grant program described in subsection (b) and consistent with the recommendations made in such report; and

(9) such other findings and recommendations, including any recommendations for legislation, as the Secretary considers appropriate.

SEC. 511. The Veterans' Administration Medical Center in Phoenix, Arizona, shall after the date of the enactment of this Act be known and designated as the "Carl T. Hayden Veterans' Administration Medical Center". Any reference to such medical center in any law, regulation, map, document, record, or other paper of the United States shall after such date be deemed to be a reference to the Carl T. Hayden Veterans' Administration Medical Center.

Mr. CHAFEE. Mr. President, I offer this amendment on behalf of the Senator from Alaska, Mr. MURKOWSKI, and the Senator from California, Mr. CRANSTON. The purpose of the amendment is to designate the emergency Veterans' Job Training Act of 1983 as the Veterans' Job Training Act of 1985, extend the program for 1 year, and authorize an appropriation in the amount of $55 million for the additional year's activity.

51-059 O-87-24 (Pt. 24)

Further, Mr. President, the amendment authorizes the Assistant Secretary of Labor for Veterans' Employment and Training to undertake an evaluation of the feasibility and advisability of transferring portions of the Veterans' Job Training Act of 1983 into title IV-C of the Job Training Partnership Act. Finally, the amendment would name the Phoenix, AZ Veterans' Administration Medical Center for a former Member of this body, and an esteemed advocate for our Nation's veterans, Carl T. Hayden.

The basic purpose of this amendment is to permit 1 additional year of training for those qualified veterans of the Korean conflict and Vietnam era who were not able to obtain certification prior to closure of the recruitment period on February 28, 1985, and to find a more appropriate mechanism to address the potential long-term unemployment problems of those classes of veterans for whom the EVJTA was intended.

The Senator from Alaska states that because he believes this Veterans' Job Training Act should be extended a year, he has also supported, and recommended, an additional appropriation of $55 million. Although the appropriation measure passed by the Congress does not include additional funds for the Emergency Veterans' Job Training Act, Senator MURKOWSKI is joined by Senator CRANSTON and Senator DECONCINI in recommending that such funds be appropriated. Senator MURKOWSKI, Senator CRANSTON, and Senator DECONCINI plan to send a letter to the chairman and ranking minority members of the Appropriations Committee and the HUD/Independent Agencies Subcommittee recommending that $55 million be added to the continuing resolution in committee markup. This amount would be sufficient to ensure that eligible veterans would have a final opportunity to benefit from this successful employment program.

Mr. CRANSTON. Mr. President, I rise to support the pending amendment that I am offering with the distinguished chairman, especially the provisions that deal with the Emergency Veterans' Job Training Act of 1983 [EVJTA].

BACKGROUND

Many of the provisions in the amendment were derived from legislation I introduced on October 3, S. 1733, the proposed Veterans' Job Training Amendments of 1985. Joining with me as cosponsors of that measure—which was designed to extend, make improvements in, and authorize the appropriation of additional funds for the Emergency Veterans' Job Training Act of 1983 [EVJTA], Public Law 98-77—are the distinguished Senator from Massachusetts (Mr. KERRY), as well as three of my fellow Members on the Veterans' Affairs Committee, the distinguished Senators from Hawaii (Mr. MATSUNAGA), Arizona (Mr. DECONCINI), and West Virginia (Mr. ROCKEFELLER).

As the original Senate author of Public Law 98-77—along with the distinguished former chairman of our committee (Mr. SIMPSON)—and of the extension of the program enacted last year in Public Law 98-543, I am intensely interested in this job training program. Indeed, on July 30, I joined with the distinguished chairman of the Committee (Mr. MURKOWSKI) in offering an amendment that was approved by the Senate in the veterans' health bill—S. 876—to extend the period of time that veterans have to enter training under this job training program. A provision derived from our amendment that would extend that period until July 1, 1986, was incorporated into S. 1671, which was signed into law on Monday, September 30, as Public Law 99-108.

Mr. President, EVJTA originally authorized the appropriation of $150 million for each of 2 fiscal years—1984 and 1985. However, only $150 million was appropriated for fiscal year 1984—approximately $142 million of which has been available for the implementation of the job training program itself. At the present time, about $16 million remains unobligated under the program; however, to the extent veterans discontinue training, that amount will increase.

The program provides cash incentives to employers to hire and train certain long-term unemployed Vietnam-era and Korean-conflict veterans. It has at the present time expired in one respect. The period during which veterans could apply for participation in an EVJTA job training position expired on February 28, 1985. However, as I noted, the period during which veterans who have been certified as eligible for the program may enter training, which had expired on September 1, 1985, has very recently been extended to July 1, 1986, by virtue of the enactment of S. 1671.

According to a recent evaluation of the EVJTA Program—carried out under contract with and released by the VA—more than 27,000 veterans have enrolled in training under the program with more than two-thirds receiving training in structural work occupations, machine trades, and professional, technical, and managerial positions. Those who completed the program had an average hourly wage of $6.77. The completion rate for veterans who entered training under the program was estimated to be 44 percent and the direct cost of training per participant, $3,000.

During the Senate's consideration of S. 876 on July 30, the distinguished Senator from Massachusetts (Mr. KERRY) raised the issue of further extending and expanding the EVJTA Program, and the chairman and I expressed certain reservations about proceeding with extension legislation at that time. Our remarks appeared in the RECORD for July 30, 1985, beginning on page S10395. The result was an agreement which led to the committee's September 12 hearing on the program at which Senator KERRY testified very movingly and persuasively. All testimony, except for that of the administration, urged extension of the EVJTA Program. After careful consideration of the issues raised at that hearing, I have concluded that more can and should be done under EVJTA but that certain program improvements are called for before we provide further funding.

Thus, the measure which I introduced on October 3 would reopen the program for new applications by eligible veterans and would also make a number of improvements in the program designed to overcome program weaknesses revealed by our hearings and the VA program evaluation—especially the high veteran drop-out rate—and to take into account employers' general satisfaction with the program.

On October 24, the distinguished chairman introduced S. 1788, the proposed Veterans' Benefits and Improvements Act of 1985, which contained his proposal for an extension of the program. We have worked together closely in developing the provisions that our amendment would add to the pending measure for the following purposes:

PROVISIONS OF AMENDMENT: AUTHORIZATION OF APPROPRIATION

First, Mr. President, the provisions would authorize the appropriation of $55 million for fiscal year 1986—to remain available through fiscal year 1988—for the EVJTA Program. This amount, when added to the President's fiscal year 1986 budget estimate for fiscal year 1986 outlays for the program, $35 million, equals approximately the amount estimated in that budget for fiscal year 1985 outlays under EVJTA, $88 million.

REOPENING OF PERIOD FOR APPLICATIONS

Second, our amendment—effective on the date on which new appropriations are made available to the VA for the program or February 1, 1986, whichever occurs later—would provide an additional year for veterans to apply for participation in the program and an additional 18 months for veterans to enter into EVJTA job training programs.

One of the concerns I raised during the Senate's consideration of S. 876 and at the committee's hearings on September 12 was that a reopening of the program to new applicants would have the effect of causing those veterans already in the EVJTA pipeline who had not yet been placed in training—principally because they were

more difficult to place—to be bypassed by VA and Department of Labor personnel involved with implementation of the program, including disabled veteran outreach specialists and local veterans' employment representatives, and by employers who would focus on veterans who are easier to place and more job ready. As I previously noted, under current law, veterans were required to apply for participation in the EVJTA Program by February 28, 1985, and, by virtue of the enactment of Public Law 99-108, have until July 1, 1986, to enter training. Setting the effective date of the reopening of the program at the later of the date of the new appropriation or February 1, as our proposal would do, coupled with permitting entry into EVJTA training by veterans who had certifications of eligibility but who have not yet been placed, would provide the VA and the Department of Labor with a period of time to focus their efforts on assisting those veterans who are likely to be the most in need of employment assistance—those who are not job-ready and who have hard-core unemployment difficulties.

Mr. President, it should be noted that those veterans who have been certified for the program, who are still unemployed, and who have not yet been placed in training under EVJTA are quite likely to have special problems in obtaining and retaining employment. Not surprisingly, the VA's evaluation of the program found that employers tended to select the most employable among the veterans certified for program participation. Thus, I believe strongly that the VA and the Department of Labor need to strengthen their efforts to assist veterans under EVJTA during the recently enacted extension and will need to explore ways to provide special types of assistance, particularly in the area of employment counseling, to reduce the disturbingly high noncompletion rate. I have strongly urged both agencies to do a better job in this area.

Indeed, during an October 3 hearing of the Veterans' Affairs Committee, I recommended to the VA's Chief Benefits Director, John Vogel, that the VA send a letter to all certified veterans who had not yet been placed in training positions under EVJTA advising them that the act has been reopened and urging them, if they are still interested in the program, to contact the VA or the Department of Labor for assistance. Such an initiative was carried out and completed by the end of October.

COUNSELING AND CASE MANAGEMENT

Third, S. 1887 as amended would respond to the unacceptably high dropout rate for veterans placed in training positions by requiring the VA and the Labor Department—who share joint responsibility for implementation of the program—to provide two new support activities: First, counseling services designed to resolve difficulties encountered by veterans during EVJTA training, and, second, the assignment of a case manager to each veteran placed in an EVJTA training position and the maintenance by the case manager of periodic contact with the veteran in order to facilitate the successful completion of training.

In carrying out the first new activity, the VA and the Labor Department would be required to advise all veterans and employers participating in EVJTA of the availability of the counseling service and to encourage them to request appropriate services whenever necessary. In addition, in order to offer additional assistance to veterans of the Vietnam era, the VA would be required to advise each veteran newly placed in training of the supportive services available through the VA—including through the VA's Vet Center Program—and through other appropriate agencies in the community.

In connection with the second activity, I want to point out that the case manager assigned to each veteran need not be, in each case, a trained or professional counselor. Rather, our proposal would envision that the type of case manager assigned to an individual veteran would be based on the particular needs of that veteran. For example, a veteran with no apparent, serious complicating problem or record of job difficulties—other than protracted unemployment—could be assigned a VA veterans' benefits counselor as a case manager, and throughout the training period that counselor would be required to maintain contact with the veteran and the employer by making telephone contact with the veteran and the employer periodically to ensure that no unforeseen problems had developed. On the other hand, a veteran who is in need of extensive job-readiness assistance might be assigned as a case manager a disabled veteran outreach specialist [DVOP] who would maintain much more extensive contact, including periodic personal meetings, with the veteran during the training period. A Vietnam veteran with a history of apparent readjustment problems could be assigned a counselor from a VA vet center as his or her case manager. Also, of course, if a case manager discovered that a veteran needed more counseling than that case manager could provide, referral could be made to a counselor with the skills and experience needed to help the veteran.

The provisions of S. 1887 as amended would generally leave to the discretion of the VA and the Department of Labor the development of a mechanism for implementing this approach and for determining how their personnel resources may best be used. The VA has more than 1,030 veterans' benefits counselors, 425 vocational rehabilitation counselors and specialists, and 221 professional counselors and at its 189 vet centers approximately 350 other counseling personnel, and the Department of Labor has the resources of more than 3,300 DVOP's and local veterans' employment representatives that could be assigned responsibilities for implementing this requirement. This is a pool of talent of over 5,300 counselors from which case managers can be drawn. In this connection, I am also pleased to note that the Department of Labor has already taken steps to develop a case-manager approach with respect to veterans placed in training.

MODIFICATION OF PAYMENT AMOUNTS

Fourth, Mr. President, in light of the finding in the above mentioned study that most employers who had hired veterans through the EVJTA Program reported that they were pleased with the program and would have hired the veteran with or without the possibility of receiving a wage subsidy, our proposal would modify the basis on which the amount of the EVJTA subsidy is based.

Under current law, payments are limited to 50 percent of the starting wages paid to the veteran for the entire training period, up to a maximum of $10,000. Maximum training periods are 15 months in the case of service-connected disabled veterans and 9 months in the case of all other eligible veterans.

Under our legislation, effective with respect to veterans hired after January 31, the payments to employers would be determined based on 50 percent of the starting wages paid to the veterans during the first 3 months of the training period and 30 percent of the actual wages paid during the fourth and any succeeding months of training. I believe this approach would be more desirable than current law in a number of respects. It would still provide an attractive, marketable incentive to employers but would recognize the fact that after 3 months on the job an employee is likely to be making contributions to the employer's production levels. Also, the provision in the amendment that payments in the fourth and succeeding months are to be based on actual, as opposed to starting, wages would give the employer more incentive to raise the salary of a veteran trainee. Our approach would also stretch funds that are available under EVJTA to serve more veterans. Finally, since most participating employers surveyed have indicated general satisfaction with the program and many employers have become familiar with EVJTA, this somewhat lower incentive should not reduce employer participation appreciably.

Finally, Mr. President, our amendment would change the name of the

program to the Veterans' Job Training Act.

COORDINATION WITH VOCATIONAL REHABILITATION PROGRAMS FOR SERVICE-CONNECTED DISABLED VETERANS

In addition to these improvements in the EVJTA authority, S. 1887 as amended by our amendment contains another provision derived from my proposal contained in S. 1733. With respect to the VA's program of vocational rehabilitation for service-connected disabled veterans under chapter 31 of title 38, the VA would be required—for the benefit of participants in that program who are eligible to have payments made to employers on their behalf, pursuant to section 1516(b) of title 38—to take all feasible steps, utilizing such section 1516(b) payments, to establish and encourage the development of training opportunities that are consistent with the provisions of EVJTA.

The VA's chapter 31 vocational rehabilitation program is designed to assist service-connected disabled veterans who have employment handicaps to become employable and to obtain and maintain suitable employment. Under the section 1516(b) authority, the Administrator, when necessary to obtain needed training or begin employment, may make payments to employers for providing on-job training to veterans who have been rehabilitated to the point of employability. Pursuant to this authority, the VA has established a special employer incentives program to facilitate the placement of veterans who are generally qualified for suitable employment but who lack work experience required by an employer or who are difficult to place due to their disabilities. Under this program, an employer who hires an eligible veteran in an approved training position may be reimbursed for the direct expenses of hiring the veteran, up to one-half of the wages paid to the veteran.

Under our amendment, the Administrator would be required to utilize EVJTA-approved job training programs under this segment of the VA's vocational rehabilitation program and to ensure that, in the case of a veteran who is eligible for participation in both programs, maximum efforts are made, consistent with the veteran's best interests, to utilize the title 38 authority. In this manner, the VA would be able to use for the benefit of VA chapter 31 vocational rehabilitation trainees, a program—EVJTA—with which employers are already familiar and to make maximum use of title 38 benefits in lieu of limited EVJTA funds.

CONCLUSION

Mr. President, before closing, I want to take this opportunity to note the leadership and commitment of the distinguished Senator from Massachusetts [Mr. KERRY] in the development of this proposal. As I previously noted, he first raised this issue in July and has been a vital participant in developing this initiative. His very effective testimony before the committee on September 13 was a powerful factor leading to our action in proposing this measure today. I am deeply indebted to him for his assistance and cooperation.

I also want to note at this time that, although an authorization of fiscal year 1986 appropriations has not yet been enacted, it very likely will be in the near future. On May 20, the House of Representatives passed legislation, in H.R. 1408, authorizing the appropriation of $75 million for EVJTA for fiscal year 1986. With the Senate's approval of this amendment, we can anticipate enactment of some form of an extension of the program in the very near future.

Thus, Senator DECONCINI, the distinguished Senator from Arizona, who serves on both the Veterans' Affairs Committee and the Appropriations Committee, has joined with the chairman and me in an effort to appropriate additional funds for the program in the continuing resolution that will be considered by the Appropriations Committee very shortly—probably on Thursday of this week. Senator DECONCINI plans to offer an amendment in committee to ensure that when the program reopens on February 1, 1986, the additional appropriations that this amendment would authorize are made in order to serve the veterans for whom it is designed. The three of us have thus today written to the distinguished chairmen and ranking minority members of the full committee, as well as the Subcommittee on HUD-Independent Agencies Appropriations, advising them of this initiative and requesting their continued support.

Mr. President, so that all Members will have an opportunity to be fully aware of this undertaking, I ask unanimous consent that a copy of our letter and summary be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMMITTEE ON VETERANS' AFFAIRS,
Washington, DC, December 2, 1985.

Hon. MARK O. HATFIELD,
Chairman,

Hon. JOHN C. STENNIS,
Ranking Minority Member, Committee on Appropriations, U.S. Senate, Washington, DC.

Hon. JAKE GARN,
Chairman,

Hon. PATRICK J. LEAHY,
Ranking Minority Member, Subcommittee on HUD-Independent Agencies.

DEAR MARK, JOHN, JAKE, and PAT: We are writing to urge that the Appropriations Committee include in the second continuing resolution for FY 1986 an appropriation of $55 million for continued operations under the Emergency Veterans Job Training Act of 1983 (EVJTA).

The EVJTA program provides cash incentives to employers to hire and train certain long-term unemployed Vietnam-era and Korean-conflict veterans. Program authority has at the present time expired in one respect; the period during which veterans could apply for participation expired on February 28, 1985. However, the period during which veterans who have applied and been certified eligible for the program may enter training, which had expired on September 1, 1985, was extended to July 1, 1986, by Public Law 99-108. The program presently has a carryover balance (from the $150 million originally appropriated for the program in the Fall of 1984) of some $15-20 million which is being used to place those previously certified eligible veterans.

More than 36,000 veterans have entered into training under EVJTA. According to a recent evaluation of the program—carried out under contract with the Veterans' Administration—those who completed the program had an average hourly wage of $6.77; the completion rate for veterans who entered training under the program was estimated to be 44 percent; and the direct cost of training per participant was estimated to be $3,000.

Although an authorization of FY 1986 appropriations has not yet been enacted, it very likely will be in the near future. On May 20, the House of Representatives passed legislation, in H.R. 1408, authorizing the appropriation of $75 million for EVJTA in FY 1986.

Today, the Senate approved an amendment to S. 1887, the proposed "Veterans' Compensation and Benefits Improvements Act of 1985" offered by the Chairman and the Ranking Minority Member of the Committee on Veterans' Affairs that includes an FY 1986 authorization level of $55 million and certain EVJTA program improvements in order to deal with the weaknesses outlined in the EVJTA program evaluation (these program improvements are described in the enclosure). The legislation would also generally provide for reopening the program for new applications for eligible veterans for a one-year period beginning February 1, 1986, and would extend the ending date of the period for entering training to July 31, 1987. Thus, we anticipate enactment of some form of an extension of the program in the very near future.

Making available the additional funds in this continuing resolution would ensure that, when the program reopens on February 1, 1986, sufficient resources are available to serve the veterans it is designed to assist but that the additional funding would be utilized only in accordance with the program improvements which we anticipate will be enacted this year.

We appreciate your past support of EVJTA, and ask for your support of the amendment that Senator DeConcini plans to offer during the continuing resolution markup. That amendment would expressly condition the additional appropriation on the enactment of authorizing legislation. If you have any questions regarding this letter, please have a member of your staff call Mary Hawkins at 44521, Babette Polzer at 42074, or Chris Yoder at 49126.

With warm personal regards,

Cordially,

FRANK MURKOWSKI,
Chairman, Committee on Veterans' Affairs;

DENNIS DECONCINI,
Member, Committees on Veterans' Affairs and Appropriations;
ALAN CRANSTON,
Ranking Minority Member, Committee on Veterans' Affairs.

SUMMARY OF PROVISIONS OF AMENDMENT RELATING TO THE EMERGENCY VETERANS' JOB TRAINING ACT

The provisions of this amendment, offered by Senators Murkowski and Cranston, the Chairman and Ranking Minority Member of the Senate Veterans' Affairs Committee, would amend the Emergency Veterans Job Training Act of 1983 (EVJTA) to:

1. Change the name of the Act to the "Veterans' Job Training Act".

2. Authorize the appropriation of $55 million for fiscal year 1986 (to remain available through fiscal year 1988) for the program.

3. Provide an additional period, effective on February 1, 1986, for veterans to apply for participation in the program (until January 31, 1987) and an additional period (until July 31, 1987) for veterans to enter into training programs under the Act. In the event that funds were not appropriated and made available to the VA for the program by that date, these periods would be "tolled" until such time as funds are made available.

(Under current law, the period for application closed on February 28, 1985 and the period for entering training closes on July 1, 1986.)

4. Require, effective on the date of enactment, the VA and the Department of Labor jointly to provide:

(A) A program of counseling services designed to resolve difficulties encountered by veterans during training and to advise all veterans and employers of the availability of such services and encourage them to request services whenever appropriate.

(B) A program under which a case manager is assigned to each veteran placed in a training position through which periodic contact is maintained with the veteran so as to facilitate the veteran's successful completion of training.

5. Require, effective on the date of enactment, the VA to advise each veteran placed in a training program of the supportive services available through the VA (including through the VA's Vet Center program) and through other appropriate agencies in the community.

6. Provide that, with respect to payments made to employers on behalf of veterans who enter training after January 31, 1986, the amount of the payments will be based on——

(A) Fifty percent of the starting wages paid to the veterans during the first 3 months of the training period; and

(B) Thirty percent of the actual wages paid to the veterans during the remainder of the training.

(Under current law, payments are limited to 50 percent of the starting wages paid to the veterans for the entire training period, up to a maximum of $10,000. Maximum training periods are 15 months in the case of service-connected disabled veterans and 9 months in the case of all other eligible veterans.)

Mr. CHAFEE. Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1169) was agreed to.

Mr. KERRY. Mr. President, I am very pleased that this body will today pass an extension of the Veterans' Job Training Act originally entitled the Emergency Veterans' Job Training Act of 1983.

This extension has been developed by the chairman and ranking Democratic member of the Senate Committee on Veterans' Affairs, Senator MURKOWSKI and Senator CRANSTON. It adopts many aspects of the legislation I originally filed last April, on behalf of Senator PRESSLER and myself, the Veterans' Career Development Training and Job Bank Act, S. 1033, which was subsequently cosponsored by Senators HARKIN, KENNEDY, MATSUNAGA, DURENBERGER, RIEGLE, LEVIN, and ROCKEFELLER. In addition it adds improvements to the EVJTA developed by Senators MURKOWSKI and CRANSTON, and I congratulate both of them and the majority and minority staffs of the Committee on Veterans' Affairs for a job well, done.

This legislation will help meet the commitment President Reagan made to helping veterans get jobs when he signed the Emergency Veterans' Job Training Act into law just 2 years ago.

At that time he stated: "The Nation has a special commitment to those who have served in the military. That commitment includes not only our continuing respect, but practical assistance as well. * * * They did their best for us; now we must do our best for them."

We must not forget that those who served their country lost critical career opportunities obtained by their nonveteran peers. Statistics tell only a small part of that story—anyone who knows Vietnam veterans knows there are too many of them still deeply suffering from the aftereffects of that terrible conflict.

So I am pleased that we are continuing to provide this job training service to the veterans who need it, regardless of whether the situation is currently an "emergency," and believe the new name of the program—the Veterans' Job Training Act—is entirely appropriate.

As with EVJTA, the revised Veterans' Job Training Act is designed to be simple, with minimal redtape, and loosely structured. The key to it remains a private-public partnership, under which the Federal Government provides a subsidy in matching funds for the period necessary to give the veteran the skills necessary to hold a higher quality job.

EVJTA was not, in my view, designed to solve the problem of the truly hard-core unemployed veteran who had never held a steady job and who was largely incapable of holding a steady job. As anyone who has worked in the field of employment is aware, counselling and supportive services are absolutely critical to help those who have experienced the most unemployment, and who may lack the most basic skills demanded by a job, such as arriving to work on time.

The additional counselling provisions contained in the revised program, requiring the Department of Labor and the Veterans' Administration to provide counselling services and a case manager assigned to veterans placed in training positions, may now make VJTA better assist these veterans.

Once new certifications begin under this program in February, I anticipate that thousands of veterans will take up the offer to enroll. As the program gears up this time, I hope the Department of Labor and the Veterans' Administration will be in a better position to increase the number of placements of these veterans at the earliest opportunity in the real jobs with a future.

I believe the Department of Labor is already considering instituting improvements in job matching for employment programs, and I hope the committee will work with the Department to investigate further the possible effectiveness of a job bank such as I have proposed in S. 1033.

Finally, I believe the EVJTA has been improved by reducing the period a veteran must be out of work before he or she becomes eligible for VJTA to 10 weeks of unemployment. I recognize that we must be most concerned with those veterans who are truly unable to find work—on the other hand, 15 weeks of being out of a job can be devastating to any individual, and there are substantial savings that can be made in payments of unemployment compensation if a veteran is placed in VJTA more quickly.

In closing let me again note my appreciation to Senator MURKOWSKI and Senator CRANSTON for their willingness to take the time to look carefully at the EVJTA and to develop improvements to the original program. Over the past 6 months, job training for veterans has been given substantial attention and time by the Committee on Veterans' Affairs. Both as a veteran of the Vietnam war and as a Senator, I feel that passage of the Veterans' Job Training Act in this form serves the current needs of our veterans, and I thank the committee chairman and ranking member for their efforts.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S. 1887

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE AND REFERENCES

SECTION 1. (a) This Act may be cited as the "Veterans' Compensation and Benefits Improvements Act of 1985".

(b) Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

TITLE I—DISABILITY COMPENSATION AND DEPENDENCY AND INDEMNITY COMPENSATION

RATE INCREASES

SEC. 101. (a) Section 314 is amended—

(1) by striking out "$66" in subsection (a) and inserting in lieu thereof "$68";

(2) by striking out "$122" in subsection (b) and inserting in lieu thereof "$126";

(3) by striking out "$185" in subsection (c) and inserting in lieu thereof "$191";

(4) by striking out "$266" in subsection (d) and inserting in lieu thereof "$274";

(5) by striking out "$376" in subsection (e) and inserting in lieu thereof "$388";

(6) by striking out "$474" in subsection (f) and inserting in lieu thereof "$489";

(7) by striking out "$598" in subsection (g) and inserting in lieu thereof "$617";

(8) by striking out "$692" in subsection (h) and inserting in lieu thereof "$713";

(9) by striking out "$779" in subsection (i) and inserting in lieu thereof "$803";

(10) by striking out "$1,295" in subsection (j) and inserting in lieu thereof "$1,335";

(11) by striking out "$1,609" and "$2,255" in subsection (k) and inserting in lieu thereof "$1,659" and "$2,325", respectively;

(12) by striking out "$1,609" in subsection (l) and inserting in lieu thereof "$1,659";

(13) by striking out "$1,774" in subsection (m) and inserting in lieu thereof "$1,829";

(14) by striking out "$2,017" in subsection (n) and inserting in lieu thereof "$2,080";

(15) by striking out "$2,255" each place it appears in subsections (o) and (p) and inserting in lieu thereof "$2,325";

(16) by striking out "$968" and "$1,442" in subsection (r) and inserting in lieu thereof "$998" and "$1,487", respectively;

(17) by striking out "$1,449" in subsection (s) and inserting in lieu thereof "$1,494"; and

(18) by striking out "$280" in subsection (t) and inserting in lieu thereof "$289".

(b) The Administrator of Veterans' Affairs may adjust administratively, consistent with the increases authorized by this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85-857 who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

ADDITIONAL COMPENSATION FOR DEPENDENTS

SEC. 102. Section 315(1) is amended—

(1) by striking out "$79" in clause (A) and inserting in lieu thereof "$81";

(2) by striking out "$132" and "$42" in clause (B) and inserting in lieu thereof "$136" and "$43", respectively;

(3) by striking out "$54" and "$42" in clause (C) and inserting in lieu thereof "$56" and "$43", respectively;

(4) by striking out "$64" in clause (D) and inserting in lieu thereof "$66";

(5) by striking out "$143" in clause (E) and inserting in lieu thereof "$147"; and

(6) by striking out "$120" in clause (F) and inserting in lieu thereof "$124".

CLOTHING ALLOWANCE FOR CERTAIN DISABLED VETERANS

SEC. 103. Section 362 is amended by striking out "$349" and inserting in lieu thereof "$360".

DEPENDENCY AND INDEMNITY COMPENSATION FOR SURVIVING SPOUSES

SEC. 104. Section 411 is amended—

(1) by striking out the table in subsection (a) and inserting in lieu thereof the following:

"Pay grade	Monthly rate	Pay grade	Monthly rate
E-1	$491	W-4	$703
E-2	505	O-1	621
E-3	518	O-2	640
E-4	552	O-3	686
E-5	566	O-4	725
E-6	578	O-5	799
E-7	607	O-6	900
E-8	640	O-7	973
E-9	[1] 669	O-8	1,067
W-1	621	O-9	1,145
W-2	645	O-10	[2] 1,255
W-3	664		

"[1] If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $722.

"[2] If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, Commandant of the Marine Corps, or Commandant of the Coast Guard, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $1,345.";

(2) by striking out "$55" in subsection (b) and inserting in lieu thereof "$57";

(3) by striking out "$143" in subsection (c) and inserting in lieu thereof "$147"; and

(4) by striking out "$70" in subsection (d) and inserting in lieu thereof "$72".

DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN

SEC. 105. Section 413 is amended—

(1) by striking out "$240" in clause (1) and inserting in lieu thereof "$247";

(2) by striking out "$345" in clause (2) and inserting in lieu thereof "$356";

(3) by striking out "$446" in clause (3) and inserting in lieu thereof "$460"; and

(4) by striking out "$446" and "$90" in clause (4) and inserting in lieu thereof "$460" and "$93", respectively.

SUPPLEMENTAL DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN

SEC. 106. Section 414 is amended—

(1) by striking out "$143" in subsection (a) and inserting in lieu thereof "$147";

(2) by striking out "$240" in subsection (b) and inserting in lieu thereof "$247"; and

(3) by striking out "$122" in subsection (c) and inserting in lieu thereof "$126".

EFFECTIVE DATE

SEC. 107. The amendments made by this title shall take effect on December 1, 1985.

SENSE OF THE CONGRESS REGARDING MAINTAINING THE TAX-EXEMPT STATUS OF DISABILITY COMPENSATION

SEC. 108. It is the sense of the Congress that any payments by the Veterans' Administration to veterans as compensation for service-connected disabilities should remain exempt from Federal income taxation.

TITLE II—EDUCATIONAL ASSISTANCE PROGRAM IMPROVEMENTS

APPRENTICESHIP AND ON-JOB TRAINING UNDER THE NEW GI BILL

SEC. 201. (a) Section 1402 is amended—

(1) by striking out paragraph (3) and inserting in lieu thereof the following:

"(3) The term 'program of education' (A) has the meaning given such term in section 1652(b) of this title, and (B) includes a full-time program of apprenticeship or other on-job training approved as provided in clause (1) or (2), as appropriate, of section 1787(a) of this title."; and

(2) by adding at the end the following new paragraph:

"(7) The term 'training establishment' has the meaning given such term in section 1652(e) of this title.".

(b)(1) Section 1432 is amended by adding at the end the following new subsection:

"(c)(1) In any month in which an individual pursuing a program of education consisting of a program of apprenticeship or other on-job training fails to complete 120 hours of training, the amount of the monthly educational assistance allowance payable under this chapter to the individual shall be limited to the same proportion of the applicable full-time rate as the number of hours worked during such month, rounded to the nearest 8 hours, bears to 120 hours.

"(2)(A) The amount of the monthly educational assistance allowance for an individual pursuing a full-time program of apprenticeship or other on-job training under this chapter shall be reduced by 50 percent for months following the twelfth month of the individual's pursuit of such program.

"(B) An individual's entitlement under this chapter shall be charged at the rate of one-half month for each month that the individual is paid a monthly educational assistance allowance as reduced under subparagraph (A) of this paragraph.".

(2) The heading of such section is amended to read as follows:

"§ 1432. Limitations on educational assistance for certain individuals".

(3) The item relating to such section in the table of sections at the beginning of chapter 30 is amended to read as follows:

"1432. Limitations on educational assistance for certain individuals.".

(c) Section 1434 is amended—

(1) in subsection (a), by striking out the parenthetical matter in the first sentence and inserting in lieu thereof "(with the exception of section 1787)"; and

(2) in subsection (b)(2), by inserting "or training establishment, as the case may be," after "educational institution".

ADJUSTMENT OF DELIMITING PERIOD FOR INDIVIDUALS ENTITLED TO CERTAIN COMBINED BENEFITS

SEC. 202. (a) Section 1411(a)(1)(B) is amended by inserting "and was on active duty on October 19, 1984, and without a break in service since October 19, 1984," after "title".

(b) Section 1412(a)(1)(B) is amended by inserting "and was on active duty on October 19, 1984, and without a break in service since October 19, 1984," after "title".

(c) Section 1431 is amended—

(1) by striking out "(d)" in subsection (a) and inserting in lieu thereof "(e)";

(2) by redesignating subsection (e) as subsection (f); and

(3) by inserting after subsection (d) the following new subsection (e);

"(e) In the case of an individual described in section 1411(a)(1)(B) or 1412(a)(1)(B) of this title who is entitled to basic educational assistance under this chapter, the 10-year period prescribed in subsection (a) of this section shall be reduced by an amount of time equal to the amount of time that such individual was not serving on active duty during the period beginning on January 1, 1977, and ending on October 18, 1984.".

EDUCATIONAL ASSISTANCE FOR CORRESPONDENCE COURSES UNDER THE NEW GI BILL

SEC. 203. Section 1434 is amended—

(1) by redesignating subsection (c) as subsection (d); and

(2) by inserting after subsection (b) the following new subsection (c):

"(c) When an eligible individual is pursuing a program of education under this chapter by correspondence, the individual's entitlement under this chapter shall be charged at the rate of 1 month's entitlement for each month of benefits paid to the individual.".

RESPONSIBILITIES OF THE ADVISORY COMMITTEE ON EDUCATION

SEC. 204. Section 1792 is amended—

(1) in subsection (a), by inserting "30," after "chapter"; and

(2) in subsection (b), by inserting "30," after "chapters".

WORK-STUDY ALLOWANCE UNDER THE NEW GI BILL AND THE POST-VIETNAM ERA VETERANS' EDUCATIONAL ASSISTANCE PROGRAM

SEC. 205. (a) The first sentence of section 1434(a) is amended by striking out "and 1683" and inserting in lieu thereof "1683, and 1685".

(b) Section 1641 is amended by inserting "1685," after "1683,".

(c) The first sentence of section 1685(b) is amended by striking out "education or training under chapters 31 and 34" and inserting in lieu thereof "rehabilitation, education, or training under chapter 30, 31, 32, or 34".

ON-JOB TRAINING UNDER THE POST-VIETNAM ERA VETERANS' EDUCATIONAL ASSISTANCE PROGRAM

SEC. 206. (a) Section 1602 is amended—

(1) by striking out paragraph (2) and inserting in lieu thereof the following:

"(2) The term 'program of education' (A) has the meaning given such term in section 1652(b) of this title, and (B) includes a full-time program of apprenticeship or other on-job training approved as provided in clause (1) or (2), as appropriate, of section 1787(a) of this title."; and

(2) by adding at the end the following new paragraphs:

"(4) The term 'educational institution' has the meaning given such term in section 1652(c) of this title.

"(5) The term 'training establishment' has the meaning given such term in section 1652(e) of this title.".

(b) Section 1631(a)(2) is amended by striking out "The" and inserting in lieu thereof "Except as provided in section 1633 of this title and subject to section 1641 of this title, the".

(c)(1) Subchapter III of chapter 32 is amended by adding at the end the following new section:

"§ 1633. Apprenticeship or other on-job training

"(a)(1) In any month in which an individual pursuing a program of education consisting of a program of apprenticeship or other on-job training fails to complete 120 hours of training, the amount of the monthly educational assistance allowance payable under this chapter to the individual shall be limited to the same proportion of the applicable full-time rate as the number of hours worked during such month, rounded to the nearest 8 hours, bears to 120 hours.

"(2)(A) The amount of the monthly benefit payment to an individual pursuing a full-time program of apprenticeship or of other on-job training under this chapter shall be reduced by 50 percent for months following the twelfth month of the individual's pursuit of such program.

"(B) An individual's entitlement under this chapter shall be charged at the rate of one-half month for each month that the individual is paid a monthly benefit as reduced under subparagraph (A) of this paragraph.".

(2) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 1632 the following new item:

"1633. Apprenticeship or other on-job training.".

(d) Section 1641 is amended—

(1) by inserting "(a)" before "The";

(2) by striking out "sections 1777, 1780(c), and 1787) shall be applicable to the program." and inserting in lieu thereof "section 1787) shall be applicable with respect to individuals who are pursuing programs of education or training while serving on active duty."; and

(3) by adding at the end the following new subsection:

"(b) The provisions of sections 1663, 1670, 1671, 1673, 1674, 1676, 1683, and 1691(a)(1) of this title and the provisions of chapter 36 of this title (with the exception of section 1787) shall be applicable with respect to individuals who are pursuing programs of education or training following discharge or release from active duty.".

DURATION AND LIMITATIONS ON ENTITLEMENT TO POST-VIETNAM ERA VETERANS' EDUCATIONAL ASSISTANCE

SEC. 207. Section 1632 is amended to read as follows:

"(a)(1) Except as provided in paragraphs (2) and (3) of this subsection, educational assistance benefits shall not be afforded an eligible veteran under this chapter more than 10 years after the date of such veteran's last discharge or release from active duty.

"(2)(A) If any eligible veteran was prevented from initiating or completing such veteran's chosen program of education during the delimiting period determined under paragraph (1) of this subsection because of a physical or mental disability which was not the result of such veteran's own willful misconduct, such veteran shall, upon application made in accordance with subparagraph (B) of this paragraph, be granted an extension of the applicable delimiting period for such length of time as the Administrator determines, from the evidence, that such veteran was so prevented from initiating or completing such program of education.

"(B) An extension of the delimiting period applicable to an eligible veteran may be granted under subparagraph (A) of this paragraph by reason of the veteran's mental or physical disability only if the veteran submits an application for such extension to the Administrator within 1 year after (i) the last date of the delimiting period otherwise applicable to the veteran under paragraph (1) of this subsection, or (ii) the termination date of the period of the veteran's mental or physical disability, whichever is later.

"(3) When an extension of the applicable delimiting period is granted an eligible veteran under paragraph (2) of this subsection, the delimiting period with respect to such veteran shall again begin to run on the first day after such veteran's recovery from such disability on which it is reasonably feasible, as determined in accordance with regulations prescribed by the Administrator, for such veteran to initiate or resume pursuit of a program of education with educational assistance under this chapter.

"(b)(1) In the event that an eligible veteran has not utilized any or all of such veteran's entitlement by the end of the delimiting period applicable to the veteran under subsection (a) of this section, such eligible veteran is automatically disenrolled.

"(2)(A) Any contributions which were made by a veteran disenrolled under paragraph (1) of this subsection and remain in the fund shall be refunded to the veteran after notice of disenrollment is transmitted to the veteran and the veteran applies for such refund.

"(B) If an application for refund of contributions under subparagraph (A) of this paragraph is received from a disenrolled veteran within 1 year after the date the notice referred to in such subparagraph is transmitted to the veteran, it shall be presumed, for the purposes of section 1322(a) of title 31, that the veteran's whereabouts is unknown and the funds shall be transferred as provided in such section.".

EDUCATIONAL AND VOCATIONAL COUNSELING

SEC. 208. Section 1663 is amended by inserting after the first sentence the following: "In any case in which the Administrator has rated the veteran as being incompetent, such counseling shall be required to be provided to the veteran prior to the selection of a program of education or training.".

DELIMITING PERIOD UNDER THE SURVIVORS' AND DEPENDENTS' EDUCATIONAL ASSISTANCE PROGRAM

SEC. 209. Section 1712(b) is amended by adding at the end the following new paragraph (3):

"(3)(A) Notwithstanding the provisions of paragraph (1) of this subsection, any eligible person (as defined in clause (B), (C), or (D) of section 1701(a)(1) of this title) may, subject to the approval of the Administrator, be permitted to elect a date referred to in subparagraph (B) of this paragraph to commence receiving educational assistance benefits under this chapter. The date so elected shall be the beginning date of the delimiting period applicable to such person under this section.

"(B) The date which an eligible person may elect under subparagraph (A) of this paragraph is any date during the period beginning on the date the person became an eligible person within the meaning of clause (B), (C), or (D) of section 1701(a)(1) of this title and ending on the date determined under subparagraph (A), (B), or (C) of paragraph (1) of this subsection to be applicable to such person.".

ELIMINATION OF THE REQUIREMENT FOR AN EDUCATION PLAN FOR SURVIVORS AND DEPENDENTS

SEC. 210. (a) Section 1720 is amended to read as follows:

"§ 1720. Educational and vocational counseling.

"The Administrator may, upon request, arrange for educational or vocational counseling for persons eligible for benefits under this chapter to assist such persons in selecting their educational, vocational, or professional objectives and in developing their programs of education.".

(b)(1) Section 1721 is amended—

(A) by striking out "finally";

(B) by striking out clause (1); and

(C) by redesignating clauses (2), (3), (4), and (5) as clauses (1), (2), (3), and (4), respectively.

(2) The catchline of such section is amended to read as follows:

"§ 1721. Approval of application".

(c) The items relating to sections 1720 and 1721 in the table of sections at the beginning of chapter 35 are amended to read as follows:

"1720. Educational and vocational counseling.

"1721. Approval of application.".

MEASUREMENT OF CERTAIN NONCOLLEGE DEGREE COURSES

SEC. 211. (a)(1) Section 1780(a) is amended—

(A) in clause (1), by inserting a comma and "or a course that meets the requirements of section 1788(a)(7) of this title," after "degree"; and

(B) in clause (2), by inserting "courses that meet the requirements of section 1788(a)(7) of this title and" after "excluding".

(2) Section 1788 is amended—

(1) in subsection (a)—

(A) by striking out "and" at the end of clause (5);

(B) by striking out the period at the end of clause (6) and inserting in lieu thereof a semicolon and "and"; and

(C) by inserting after clause (6) the following new clause:

"(7) an institutional course not leading to a standard college degree, offered by an institution of higher learning in residence on a standard quarter- or semester-hour basis, shall be measured as full time on the same basis as provided in clause (4) of this subsection if (A) such course is approved pursuant to section 1775 of this title, and (B) a majority of the total credits required for the course is derived from unit courses or subjects offered by the institution as part of a course, so approved, leading to a standard college degree."; and

(2) in subsection (c), by striking out "(4)".

(b) Section 1788 is amended by inserting at the end the following new subsection:

"(e) For the purpose of determining whether a course—

"(1) which is offered by an institution of higher learning, and

"(2) for which such institution requires one or more unit courses or subjects for which credit is granted toward a standard college degree

will, during the semester (or quarter or other applicable portion of the academic year) when such unit course or subject is being pursued, be considered full time under clause (1) or (2) of subsection (a) of this section, each of the numbers of hours specified in such clause shall be deemed to be reduced, during such semester (or other portion of the academic year), by the percentage described in the following sentence and rounded as the Administrator may prescribe. Such percentage is the percentage that the number of semester hours (or the equivalent thereof) represented by such unit course or subject is of the number of semester hours (or the equivalent thereof) which, under clause (4) of such subsection, constitutes a full-time institutional undergraduate course at such institution."

PAYMENT OF EDUCATIONAL ASSISTANCE FOR CERTAIN LESS-THAN-HALF-TIME TRAINING

SEC. 212. The first sentence of section 1780(f) is amended by striking out "during" and inserting in lieu thereof "not later than the last day of".

PROHIBITION ON BENEFITS UNDER MORE THAN ONE EDUCATIONAL ASSISTANCE PROGRAM

SEC. 213. Section 1781(b) is amended by striking out "for the pursuit of the same program of education".

REPORTING REQUIREMENTS FOR EDUCATIONAL INSTITUTIONS

SEC. 214. Section 1784(a) is amended—

(1) by striking out "(a) The" and inserting in lieu thereof "(a)(1) Except as provided in paragraph (2) of this subsection, the"; and

(2) by adding at the end the following new paragraph (2):

"(2) In the case of a program of independent study pursued on less than a half-time basis in an educational institution, the Administrator may approve a delay by the educational institution in reporting the enrollment or reenrollment of an eligible veteran or eligible person until the end of the term, quarter, or semester if the educational institution requests the delay and the Administrator determines that it is not feasible for the educational institution to monitor interruption or termination of the veteran's or eligible person's pursuit of such program.".

PROHIBITION OF A TERM-BY-TERM CERTIFICATION REQUIREMENT

SEC. 215. Section 1784(a) (as amended by section 214 of this Act) is further amended by adding at the end the following new paragraph (3):

"(3)(A) Subject to subparagraph (B), an educational institution offering courses on a term, quarter, or semester basis may certify the enrollment of a veteran who is not on active duty or an eligible person in such courses for more than one term, quarter, or semester at a time, but not for a period extending beyond the end of a school year (including the summer enrollment period).

"(B) Subparagraph (A) of this paragraph shall not apply with respect to any term, quarter, or semester for which the veteran or eligible person is enrolled on a less than half-time basis and shall not be construed as restricting the Administrator from requiring that an educational institution, in reporting an enrollment for more than one term, quarter, or semester, specify the dates of any intervals within or between any such terms, quarters, or semesters.".

COMMISSION TO ASSESS VETERANS' EDUCATION POLICY

SEC. 216. (a)(1) There is established a Commission on Veterans' Education Policy (hereafter in this section referred to as the "Commission").

(2)(A) The Commission shall consist of 11 members, 10 of whom shall be appointed by the Administrator of Veterans' Affairs in consultation with the chairmen and the ranking minority members of the Committees on Veterans' Affairs of the Senate and of the House of Representatives (hereafter in this section referred to as "the Committees"), and 1 of whom shall be the Chairman of the Advisory Committee on Education established under section 1792 of title 38, United States Code.

(B) The members of the Commission (i) shall be broadly representative of entities engaged in providing education and training and of veterans' service organizations, and (ii) shall be selected on the basis of their knowledge of and experience in education and training policy and the implementation of such policy with respect to programs of assistance administered by the Veterans' Administration.

(3) The Administrator of Veterans' Affairs, the ex officio members of the Advisory Committee on Education referred to in paragraph (2)(A), and the chairmen and ranking minority members of the Committees, or a designee of any such individual, shall be ex officio, nonvoting members of the Commission.

(4)(A) The Administrator shall designate a member from among the voting members of the Commission to chair the Commission.

(B) The chairperson of the Commission, with the concurrence of the Commission, shall appoint an executive director, who shall be the chief executive officer of the Commission and shall perform such duties as are prescribed by the Commission.

(C) The Administrator shall furnish the Commission with such professional, technical, and clerical staff and services as the Commission determines necessary for the Commission to carry out the provisions of this section effectively.

(b)(1) Not later than 18 months after the date on which at least 8 members of the Commission have been appointed, the Commission shall submit a report on the Commission's findings and recommendations on the matters described in paragraph (2) of this subsection to the Administrator and the Committees.

(2) The report required by paragraph (1) shall include the Commission's findings, views, and recommendations on the following matters:

(A) The need for distinctions between certificate-granting courses and degree-granting courses.

(B) The measurement of courses for the purposes of payment of educational assistance benefits.

(C) The vocational value of courses offered through home study.

(D) The role of innovative and nontraditional programs of education and the manner in which such programs should be treated for purposes of payment of educational assistance benefits by the Veterans' Administration.

(E) Such other matters relating to administration of chapters 30, 31, 32, 34, 35, and 36 of title 38, United States Code, by the Veterans' Administration as (i) the Commission considers appropriate or necessary, or (ii) are suggested by the Administrator or, concurrently, by the chairmen and ranking minority members of the Committees.

(c)(1) Not later than 6 months after the date on which the report is submitted under subsection (b), the Administrator shall submit an interim report to the Committees. The interim report shall contain—

(A) the Administrator's views on the desirability, feasibility, and cost of implementing each of the Commission's recommendations, and the actions taken or planned with respect to the implementation of such recommendations;

(B)(i) the Administrator's views on any legislation or regulations proposed by the Commission, (ii) the Administrator's views on the need for any alternative or additional legislation or regulations to implement the Commission's recommendations, (iii) the Administrator's recommendations for any such alternative or additional legislation, (iv) the proposed text of any regulations referred to in subclause (i) or (ii) which the Administrator considers necessary and the

proposed text of any legislation referred to in such subclause which is recommended by the Administrator, and (v) a cost estimate for the implementation of any regulations and legislation referred to in such subclause; and

(C) any other proposals that the Administrator considers appropriate considering the Commission's report.

(2) Not later than 90 days after the date on which the Administrator's interim report is submitted under paragraph (1), the Commission shall submit a report to the Administrator and the Committees containing the Commission's views on the Administrator's interim report.

(3) Not later than 2 years after the date on which the Commission's report is submitted under subsection (b), the Administrator shall submit a final report to the Committees. The final report shall include the actions taken with respect to the recommendations of the Commission and any further recommendations the Administrator considers appropriate.

(d) The Commission shall terminate 90 days after the date on which the Administrator submits the final report required by subsection (c)(3).

TECHNICAL AMENDMENTS

SEC. 217. (a) Section 1431(e)(2) is amended by inserting "not" after "educational institution".

(b)(1) The catchline of section 1631 is amended to read as follows:

"§ 1631. Entitlement; payment of benefits".

(2) The table of sections at the beginning of chapter 32 is amended by striking out the item relating to section 1631 and inserting in lieu thereof the following:

"1631. Entitlement; payment of benefits.".

(c) Section 1781(b)(2) is amended by striking out "Chapter 107" and inserting in lieu thereof "Chapters 106 and 107".

TITLE III—SPECIALLY ADAPTED HOUSING AND HOME LOAN GUARANTY PROGRAM IMPROVEMENTS

SPECIALLY ADAPTED HOUSING

SEC. 301. (a) Section 801(b)(1) is amended by inserting before the period at the end the following: "or in acquiring a residence already adapted with special features determined by the Administrator to be reasonably necessary for the veteran because of such disability".

(b) Section 802(b)(1) is amended by striking out "cost" and inserting in lieu thereof "cost, or, in the case of a veteran acquiring a residence already adapted with special features, the fair market value,".

CREDIT UNDERWRITING AND LOAN PROCESSING STANDARDS

SEC. 302. (a) Section 1810(b)(3) is amended by inserting a comma and "as determined in accordance with the credit underwriting standards established pursuant to subsection (g) of this section" before the semicolon at the end.

(b) Section 1810 is further amended by adding at the end the following new subsection:

"(g)(1) For the purposes of this subsection, the term 'veteran', when used with respect to a loan guaranteed or to be guaranteed under this chapter, includes the veteran's spouse if the spouse is jointly liable with the veteran under the loan.

"(2) For the purpose of determining whether a veteran meets the standards referred to in subsection (b)(3) of this section and section 1819(e)(2) of this title, the Administrator shall prescribe regulations which establish—

"(A) credit underwriting standards to be used in evaluating loans to be guaranteed under this chapter; and

"(B) standards to be used by lenders in obtaining credit information and processing loans to be guaranteed under this chapter.

"(3) In the regulations prescribed under paragraph (2) of this subsection, the Administrator shall establish standards that—

"(A) include—

"(i) debt-to-income ratios to apply in the case of the veteran applying for the loan;

"(ii) criteria for evaluating the reliability and stability of the income of the veteran applying for the loan; and

"(iii) procedures for ascertaining the monthly income required by the veteran to meet the anticipated loan payment terms; and

"(B) are designed to be in accordance with the loan underwriting principles and application procedures generally accepted and used by commercial lending institutions with respect to loans with comparable security arrangements.

"(4)(A) Any lender making a loan under this chapter shall certify, in such form as the Administrator shall prescribe, that the lender has complied with the credit information and loan processing standards established under paragraph (2)(B) of this subsection, and that, to the best of the lender's knowledge and belief, the loan meets the underwriting standards established under paragraph (2)(A) of this subsection.

"(B) Any lender who knowingly and willfully makes a false certification under subparagraph (A) of this paragraph shall be liable to the United States Government for a civil penalty equal to two times the amount of the Administrator's loss on the loan involved or to another appropriate amount, not to exceed $10,000, whichever is greater. All determinations necessary to carry out this subparagraph shall be made by the Administrator.

"(5) Pursuant to regulations prescribed to carry out this paragraph, the Administrator may, in extraordinary situations, waive the application of the credit underwriting standards established under paragraph (2) of this subsection when the Administrator determines, considering the totality of circumstances, that the veteran is a satisfactory credit risk.".

(c) Section 1816 is amended by adding at the end the following new subsection:

"(e) The Administrator may not make a loan to finance a purchase of property acquired by the Administrator as a result of a default on a loan guaranteed under this chapter unless the purchaser meets the credit underwriting standards established under section 1810(g)(2)(A) of this title.".

(d) Section 1819(e)(2) is amended by inserting "as determined in accordance with the regulations prescribed under section 1810(g) of this title and" after "credit risk,".

LOAN GUARANTY AMOUNT

SEC. 303. (a) Section 1810(o) is amended by striking out "$27,500" and inserting in lieu thereof "$33,500".

(b) Section 1811(d)(2)(A) is amended by striking out "$27,500" each place it appears and inserting in lieu thereof "$33,500".

DEFAULT NOTIFICATION AND FORECLOSURE PROCEDURES; FORECLOSURE INFORMATION

SEC. 304. (a) Section 1816(a)(1) is amended by striking out the first sentence and inserting in lieu thereof the following: "The holder of a loan guaranteed under this chapter shall promptly notify the Administrator of any failure of the debtor under the loan to make in full two monthly payments due on the loan. Within 15 days after the date on which the Administrator receives such notification, the Administrator shall notify the veteran of the requirement set forth in paragraph (4) of this subsection.".

(b) Section 1816(a) is further amended by adding at the end the following new paragraph:

"(4) Except as provided in paragraph (2) of this subsection, not later than 15 days after the first date on which a veteran has failed to make in full four monthly payments due on any loan guaranteed under this chapter, the holder of the loan shall initiate foreclosure.".

(c) Section 1816 is further amended by adding at the end the following new subsections:

"(e) If a holder of a loan guaranteed under this chapter fails to initiate foreclosure on the loan as required by subsection (a)(4) of this section, the Administrator shall not be liable under the guaranty for interest accruing on such loan during the period beginning on the date the holder should have initiated the foreclosure and ending on the date the holder initiates the foreclosure.

"(f)(1) The Administrator shall identify and compile information on common factors which the Administrator finds contribute to foreclosures on loans guaranteed under this chapter.

"(2) The Administrator shall include the Administrator's findings under paragraph (1) of this subsection in the annual report submitted to the Congress under section 214 of this title.".

COMPETITIVE CONTRACTING REQUIREMENTS

SEC. 305. Section 1820(b) is amended by striking out "$1,000" and inserting in lieu thereof "the amount prescribed in clause (1) of the first sentence of such section".

AUTHORITY TO TRANSFER FUNDS

SEC. 306. Section 1823 is amended by adding at the end the following new subsection:

"(d)(1) The Secretary of the Treasury shall transfer from the direct loan revolving fund to the loan guaranty revolving fund established by section 1824(a) of this title such amounts as the Administrator determines are not needed in the direct loan revolving fund.

"(2) Not later than 30 days after the date on which the Administrator makes a transfer under paragraph (1) of this subsection, the Administrator shall submit a notice of such transfer to the appropriate committees of the Congress.".

USE OF ATTORNEYS IN HOME LOAN FORECLOSURES

SEC. 307. The second sentence of section 1830(a) is amended by striking out "With the concurrence of the Attorney General of the United States, the" and inserting in lieu thereof "The".

APPRAISALS

SEC. 308. (a) Subchapter III of chapter 37 is amended by adding at the end the following new section 1831:

"§ 1831. Appraisals

"(a) The Administrator shall—

"(1) prescribe—

"(A) standardized examinations on appraising, taking into consideration local appraising practices; and

"(B) uniform qualifications for appraisers;

"(2) use such examinations and qualifications in determining whether to approve an

appraiser to make appraisals of the reasonable value of any property, construction, repairs, or alterations for the purposes of this chapter; and

"(3) in consultation with appropriate representatives of institutions which are regularly engaged in making housing loans, develop and maintain a list of appraisers who are approved under clause (2) of this subsection to make appraisals for the purposes of this chapter.

"(b) The Administrator shall select appraisers from the list required by subsection (a)(3) of this section on a rotating basis to make appraisals for the purposes of this chapter.

"(c) The Administrator shall furnish a copy of the appraisal made of property for the purposes of this chapter to the lender proposing to make the loan which is to be secured by such property and is to be guaranteed under this chapter.

"(d) If a lender—

"(1) has proposed to make a loan to be guaranteed under this chapter,

"(2) has been furnished an appraisal of the reasonable value of any property or of any construction, repairs, or alterations of property which is to be the security for such loan, as required by subsection (c) of this section, and

"(3) within a reasonable period prescribed by the Administrator, has furnished to the Administrator an additional appraisal of the reasonable value of such property, construction, repairs, or alterations which was made by an appraiser selected by the lender from the list required by subsection (a)(3) of this section,

the Administrator shall consider both the initial appraisal and the additional appraisal before issuing a certificate of reasonable value of such property, construction, repairs, or alterations.

"(e) The Administrator shall establish such appraisal fee limitations as the Administrator considers appropriate to ensure that appraisers making appraisals in any locality for the purposes of this chapter are paid a fee which is comparable to fees generally paid for other comparable appraisals in such locality.".

(b) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 1830 the following new item:

"1831. Appraisals.".

FURNISHING INFORMATION TO REAL ESTATE PROFESSIONALS TO FACILITATE THE DISPOSITION OF PROPERTIES

SEC. 309. (a) Subchapter III of chapter 37 (as amended by section 308 of this Act) is further amended by adding at the end the following new section 1832:

"§ 1832. Furnishing information to real estate professionals to facilitate the disposition of properties

"The Administrator shall furnish to real estate brokers and other real estate sales professionals information on the availability of real property for disposition under this chapter and the procedures used by the Veterans' Administration to dispose of such property.".

(b) The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 1831, as added by section 308(b) of this Act, the following new item:

"1832. Furnishing information to real estate professionals to facilitate the disposition of properties.".

TASK FORCE ON MANAGEMENT AND DISPOSITION OF PROPERTY

SEC. 310. (a)(1) Not later than 90 days after the date of the enactment of this Act, the Administrator of Veterans' Affairs shall establish a task force to be known as the Task Force on Management and Disposition of Property (hereafter in this section referred to as the "Task Force"). The Task Force shall terminate 3 years after the date on which the Task Force is established.

(2) The purposes of the Task Force are—

(A) to develop effective methods for the exchange of information between the Veterans' Administration and the real estate industry on efficient real property management and disposition practices and new developments in such practices; and

(B) to advise the Administrator on ways to improve the manner in which the Veterans' Administration manages and disposes of real property acquired under chapter 37 of title 38, United States Code.

(3) The members of the Task Force shall be appointed by the Administrator and shall include—

(A) appropriate representatives of the Veterans' Administration;

(B) real estate brokers and other real estate sales professionals; and

(C) representatives of commercial residential real property management organizations.

(4) The Administrator shall designate one member to chair the Task Force.

(5) The Administrator shall prescribe the number and terms of service of members of the Task Force.

(b) The Administrator shall, on a regular basis, consult with and seek the advice of the Task Force with respect to matters relating to the purposes of the Task Force.

(c)(1)(A) Not later than 16 months after the date on which the Task Force is established under subsection (a), the Task Force shall submit to the Administrator a report on the activities of the Task Force during the preceding year.

(B) Not later than the day before the date on which the Task Force terminates, the Task Force shall submit to the Administrator a final report on the activities of the Task Force.

(C) Each report required by this paragraph shall include such recommendations relating to the purposes of the Task Force as the Task Force considers appropriate.

(2) The Task Force may also submit to the Administrator such other reports relating to the purposes of the Task Force as the Task Force considers appropriate and may include recommendations with respect to matters relating to such purposes in such reports.

(d) Not later than 60 days after the date on which the Administrator receives a report required by subsection (c)(1) of this section, the Administrator shall submit such report, together with such comments and recommendations as the Administrator considers appropriate, to the Committees on Veterans' Affairs of the Senate and the House of Representatives

PROPERTY MANAGEMENT AND DISPOSAL PILOT PROGRAM

SEC. 311. (a) In order to evaluate the effectiveness, feasibility, and desirability of contracting with commercial organizations to perform the functions of management and disposal of properties acquired by the Veterans' Administration under chapter 37 of title 38, United States Code, the Administrator of Veterans' Affairs, during the period beginning April 1, 1986, and ending September 30, 1987, shall conduct a pilot program under which the Administrator shall contract with one or more qualified commercial organizations for the performance of such functions.

(b) In order to carry out the pilot program under this section, the Administrator shall—

(1) designate a representative nationwide sample of 10 percent of the inventory of properties held by the Veterans' Administration and referred to in subsection (a); and

(2) enter into contracts with one or more qualified commercial organizations to manage the properties in the designated sample and to dispose of such properties through the use of local real estate brokers and other real estate sales professionals.

(c) Not later than February 1, 1988, the Administrator shall submit to the Committees on Veterans' Affairs of the Senate and the House of Representatives a report on the experience under the pilot program. The report shall include—

(1) the Administrator's assessment of the cost effectiveness of the program taking into account—

(A) the effectiveness of the program in providing quality management and timely disposition of properties acquired by the Veterans' Administration under chapter 37 of title 38, United States Code; and

(B) a comparison of the cost of the program with the cost of management and disposal of properties by the Veterans' Administration under such chapter;

(2) a description of the effects, if any, which the program had on the functions and duties performed by employees of the Veterans' Administration; and

(3) any recommendations for legislation which the Administrator considers appropriate.

EFFECTIVE DATES

SEC. 312. (a) The amendments made by sections 302, 303, 304, and 308 shall take effect September 1, 1986.

(b) The amendments made by section 301 shall apply with respect to residences acquired after the date of the enactment of this Act.

TITLE IV—NATIONAL CEMETERY SYSTEM

NATIONAL CEMETERY GRAVE MARKERS

SEC. 401. (a) Section 1004(c) is amended—

(1) by inserting "(1)" after "(c)"; and

(2) by adding at the end the following new paragraphs (2) and (3):

"(2)(A) Except as provided in subparagraph (B) of this paragraph, the Administrator shall designate a section in each national cemetery in which persons eligible for interment may be buried in graves to be marked with upright grave markers pursuant to paragraph (3)(B) of this subsection.

"(B) Subparagraph (A) shall not apply to a national cemetery established before January 1, 1986, if the Administrator has never, before that date, authorized graves in such cemetery to be marked with upright markers.

"(3)(A) Except as provided in subparagraph (B) of this paragraph, each marker in a national cemetery shall be flat.

"(B) If a person to be buried in a national cemetery (or the survivor or the legal representative of such person) has requested that the person's grave be marked with an upright marker and space is available in a section designated under paragraph (2)(A) of this section for graves marked with upright

markers, the person shall be buried in such section and an upright marker shall be used to mark the grave.".

(b) The amendments made by subsection (a) shall apply with respect to markers for the graves of persons who die on or after July 1, 1986.

REPORT ON THE NATIONAL CEMETERY SYSTEM

SEC. 402. (a) Not later than 18 months after the date of the enactment of this Act, the Administrator of Veterans' Affairs shall submit to the Committees on Veterans' Affairs of the Senate and the House of Representatives a report on the National Cemetery System established by section 1000 of title 38, United States Code. The Administrator shall submit a second such report not later than 60 months after such date.

(b) Each report required by subsection (a) shall include—

(1) a plan for the operation of the National Cemetery System through the year 2000, including a description of anticipated general trends relating to the operation of the National Cemetery System between the years 2000 and 2020 and a discussion of the provisions of the plan which were developed in response to those trends;

(2) a list, in order of priority, of the 10 geographic areas in the United States in which the need for additional burial space for veterans is greatest;

(3) assessments of the desirability and feasibility of acquiring existing State veterans' cemeteries in the geographic areas identified on the list described in clause (2) and of the role of State veterans' cemeteries generally in meeting the needs for burial space for veterans; and

(4) general plans (including projected costs, site location, and, if appropriate, necessary land acquisition) for any anticipated expansion of the National Cemetery System, including plans for meeting (A) the need for burial space for veterans in each geographic area identified on the list described in clause (2), and (B) the need for burial space in cemeteries other than cemeteries in the National Cemetery System in those areas.

MEMORIAL AREAS IN ARLINGTON NATIONAL CEMETERY

SEC. 403. (a) Chapter 75 of title 10, United States Code, is amended by adding at the end the following new section 1491:

"§ 1491. Memorial areas in Arlington National Cemetery

"(a) The Secretary of the Army may set aside, when available, a suitable area or areas in Arlington National Cemetery, Virginia, to honor the memory of members of the armed forces and veterans (as defined in section 101(2) of title 38)—

"(1) who are missing in action;

"(2) whose remains have not been recovered or identified;

"(3) whose remains were buried at sea, whether by the member's or veteran's own choice or otherwise;

"(4) whose remains were donated to science; or

"(5) whose remains were cremated and whose ashes were scattered without interment of any portion of the ashes.

"(b) Under regulations prescribed by the Secretary, appropriate memorials or markers may be erected in Arlington National Cemetery to honor the memory of those individuals, or group of individuals, referred to in subsection (a).".

(b) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

"1491. Memorial areas in Arlington National Cemetery.".

TITLE V—MISCELLANEOUS PROVISIONS

CLARIFICATION OF REQUIREMENT FOR A DETAILED PLAN AND JUSTIFICATION FOR ADMINISTRATIVE REORGANIZATION

SEC. 501. (a) Subparagraph (C) of section 210(b)(2) is amended by inserting at the end the following new division:

"(iii) The term 'detailed plan and justification' means, with respect to an administrative reorganization, a written report which, at a minimum—

"(I) specifies the number of employees by which each covered office or facility affected is to be reduced, the responsibilities of those employees, and the means by which the reduction is to be accomplished;

"(II) identifies any existing or planned office or facility at which the number of employees is to be increased and specifies the number and responsibilities of the additional employees at each such office or facility;

"(III) describes the changes in the functions carried out at any existing office or facility and the functions to be assigned to an office or facility not in existence on the date that the plan and justification are submitted pursuant to subparagraph (A) of this paragraph;

"(IV) explains the reasons for the determination that the reorganization is appropriate and advisable in terms of the statutory missions and long-term goals of the Veterans' Administration;

"(V) describes the effects that the reorganization may have on the provision of benefits and services to veterans and dependents of veterans (including the provision of benefits and services through offices and facilities of the Veterans' Administration not directly affected by the reorganization); and

"(VI) provides estimates of the costs of the reorganization and of the cost impact of the reorganization, together with analyses supporting those estimates.".

(b)(1) Except as provided in paragraph (2), the amendment made by subsection (a) shall take effect with respect to administrative reorganizations proposed to be carried out in fiscal years beginning after fiscal year 1986.

(2) The amendment made by subsection (a) applies to the administrative reorganization referred to in the letters from the Administrator of Veterans' Affairs to the Committees on Veterans' Affairs of the Senate and the House of Representatives, dated February 1, 1985, relating to the consolidation of certain Veterans' Administration Department of Veterans' Benefits activities from 59 regional offices into three processing centers.

DEFINITION OF VIETNAM ERA

SEC. 502. Section 101(29) is amended to read as follows:

"(29) The term 'Vietnam era' means (A) the period beginning on August 5, 1964, and ending on May 7, 1975, or (B) the period beginning on February 21, 1961, and ending on May 7, 1975, in the case of a veteran who served in the Republic of Vietnam during such period.".

EFFECT OF PAYMENT FOR THERAPEUTIC AND REHABILITATION ACTIVITIES ON PENSION ENTITLEMENT

SEC. 503. (a) Section 618 is amended by adding at the end the following new subsection:

"(g) Notwithstanding any other provision of law, no amount of remuneration provided to an individual as a participant in a therapeutic or rehabilitative activity carried out pursuant to this section shall be included in determining annual income for purposes of pension payments under laws administered by the Administrator.".

(b) The amendment made by subsection (a) shall take effect with respect to pension payments made on or after January 1, 1986.

ESTATE LIMITATIONS RELATING TO INCOMPETENT INSTITUTIONALIZED VETERANS

SEC. 504. Section 3203(b)(1)(A) is amended—

(1) by striking out "$1,500" and inserting in lieu thereof "$6,000"; and

(2) by striking out "$500" and inserting in lieu thereof "$2,000".

EVALUATION OF THE NEEDS OF NATIVE AMERICAN VETERANS

SEC. 505. (a)(1) Not later than February 1, 1986, the Administrator of Veterans' Affairs shall establish an advisory committee to conduct an evaluation to determine the extent to which the programs and other activities of the Veterans' Administration meet the needs of veterans who are Native Americans, including Alaska Natives (as defined in section 3(b) of the Alaska Native Claims Settlement Act (85 Stat. 689; 43 U.S.C. 1602(b)).

(2) The advisory committee shall consist of—

(A) the Secretary of Labor (or a representative of the Secretary of Labor designated by the Secretary after consultation with the Assistant Secretary of Labor for Veterans' Employment);

(B) the Chief Medical Director and Chief Benefits Director of the Veterans' Administration or their representatives; and

(C) members appointed by the Administrator from the general public, including—

(i) representatives of veterans who are Native Americans, including Alaska Natives and those with service-connected disabilities; and

(ii) individuals who are recognized authorities in fields pertinent to the needs of veterans described in subclause (i), including specific health care needs of such veterans and the delivery of health care services by the Veterans' Administration to such veterans.

(b) The evaluation required by subsection (a)(1) shall include—

(1) an assessment of the needs of the veterans described in subsection (a)(1) for health care, rehabilitation, readjustment counseling, drug and alcohol counseling, outreach services, and other benefits and assistance under programs administered by the Veterans' Administration; and

(2) a review of the manner in which and the extent to which the programs and other activities of the Veterans' Administration meet such needs.

(c)(1)(A) Not later than August 1, 1987, the advisory committee shall submit to the Administrator a report containing the findings and any recommendations of the advisory committee on the matters described in subsection (b).

(B) Not later than August 1, 1988, the advisory committee shall submit to the Administrator a report containing any views developed by the advisory committee after August 1, 1987, on the recommendations included in the report required by subparagraph (A) and the views of the advisory committee on any actions taken by the Administrator on such recommendations.

(2)(A) Not later than October 1, 1987, the Administrator shall submit to the Commit-

tees on Veterans' Affairs of the Senate and the House of Representatives the report submitted by the advisory committee to the Administrator under paragraph (1), together with any comments on the report and recommendations relating to such report that the Administrator considers appropriate.

(B) Not later than October 1, 1988, the Administrator shall submit to the Committees on Veterans' Affairs of the Senate and the House of Representatives the report submitted by the advisory committee to the Administrator under paragraph (1)(B), together with any comments and recommendations relating to the report that the Administrator considers appropriate.

(d) The Administrator shall determine the number and pay and allowances of members of the advisory committee appointed by the Administrator.

(e) The advisory committee shall terminate 90 days after the date on which the Administrator submits the report required by subsection (c)(2)(B).

COLLOCATION OF REGIONAL OFFICES AND MEDICAL CENTERS; ASSESSMENT OF COMBINING NEARBY REGIONAL OFFICES

SEC. 506. (a)(1) Not later than June 1, 1986, the Administrator of Veterans' Affairs shall submit to the Committees on Veterans' Affairs of the Senate and the House of Representatives a plan, including a schedule, for collocating at least 7 regional offices of the Veterans' Administration described in paragraph (3) with Veterans' Administration medical centers on the grounds of such medical centers. The plan and schedule shall provide for the collocations to be commenced and completed as soon as practicable.

(2) The plan required by paragraph (1) shall include—

(A) an analysis of the estimated costs and savings which would result from the collocations;

(B) the advantages and costs of furnishing personnel, supply, administration, and finance services and other supporting services jointly to regional offices of the Veterans' Administration and Veterans' Administration medical centers; and

(C) any other advantages and any disadvantages of such collocations relating to costs and the provision of benefits and services to veterans.

(3) The regional offices referred to in paragraphs (1) and (2) are regional offices of the Veterans' Administration which are not located at Veterans' Administration medical centers on the date of the enactment of this Act.

(b) The Administrator of Veterans' Affairs may submit together with the plan submitted under subsection (a) any assessment that the Administrator has made of the advantages, disadvantages, and costs of combining regional offices of the Veterans' Administration which, on the date of enactment of this Act, are located near each other.

VIETNAM EXPERIENCE STUDY OF THE HEALTH STATUS OF WOMEN VIETNAM VETERANS

SEC. 507. (a)(1)(A) Except as provided in paragraph (2), the Administrator of Veterans' Affairs shall provide, through contracts or other agreements with private or public agencies or persons, for the conduct of an epidemiological study of any long-term, adverse, and gender-specific health effects and other health effects which have been experienced by women who served in the Armed Forces of the United States in the Republic of Vietnam during the Vietnam era and which may have resulted from (i) traumatic experiences, (ii) from exposure to phenoxy herbicides (including the herbicide known as Agent Orange), to other herbicides, chemicals, or medications that may have deleterious health effects, or to environmental hazards during such service, or (iii) from any other similar experience or exposure during such service.

(B) The Administrator may also include in the study conducted under subparagraph (A) an evaluation of the means of detecting and treating long-term, adverse, and gender-specific health effects and other health effects found through the study.

(2)(A) If the Administrator, in consultation with the Director of the Office of Technology Assessment, determines that it is not feasible to conduct a scientifically valid study of an aspect of the matters described in paragraph (1)(A)—

(i) the Administrator shall promptly submit to the appropriate committees of the Congress a notice of that determination and the reasons for the determination; and

(ii) the Director, not later than 60 days after the date on which such notice is submitted to the committees, shall submit to such committees a report evaluating and commenting on such determination.

(B) The Administrator is not required to study any aspect with respect to which a determination or determinations have been made and a notice or notices have been submitted pursuant to subparagraph (A)(i).

(C) If the Administrator notifies the Congress of a determination made pursuant to subparagraph (A) that it is not scientifically feasible to conduct the study described in paragraph (1)(A), this section shall cease to be effective as if the section were repealed by law on the date of the notification under this subparagraph.

(b)(1) The study required by subsection (a) shall be conducted in accordance with a protocol approved by the Director of the Office of Technology Assessment.

(2) Not later than April 1, 1986, the Administrator shall publish a request for proposals for the design of the protocol to be used in conducting the study under this section.

(3) In considering any protocol for use or approval under this section, the Administrator and the Director shall take into consideration the protocol approved under section 307(a)(2)(A)(i) of the Veterans Health Programs Extension and Improvement Act of 1979 (Public Law 96-151; 93 Stat. 1097; 38 U.S.C. 219 note), and the experience under the study being conducted pursuant to that protocol.

(c)(1) Concurrent with the approval or disapproval of any protocol under subsection (b)(1), the Director shall submit to the appropriate committees of the Congress a report—

(A) explaining the reasons for the Director's approval or disapproval of the protocol, as the case may be; and

(B) containing the Director's conclusions regarding the scientific validity and objectivity of the protocol.

(2) If the Director has not approved a protocol under subsection (b)(1) by the last day of the 180-day period beginning on the date of the enactment of this Act, the Director—

(A) shall, on such day, submit to the appropriate committees of the Congress a report describing the reasons why the Director has not approved such a protocol; and

(B) shall submit to such committees an updated report on the report required by clause (A) each 60 days thereafter until such a protocol is approved.

(d)(1) In order to ensure compliance with the protocol approved under subsection (b)(1)(A), the Director shall monitor the conduct of the study under subsection (a).

(2)(A) The Director shall submit to the appropriate committees of the Congress, at each of the times specified in subparagraph (B), a report on the Director's monitoring of the conduct of the study pursuant to paragraph (1).

(B) A report shall be submitted under subparagraph (A)—

(i) before the end of the 6-month period beginning on the date on which the Director approves the protocol referred to in paragraph (1);

(ii) before the end of the 12-month period beginning on such date; and

(iii) annually thereafter until the study is completed or terminated.

(e) The study conducted pursuant to subsection (a) shall be continued for as long after the date on which the first report is submitted under subsection (f)(1) as the Administrator determines that there is a reasonable possibility of developing, through such study, significant new information on the health effects described in subsection (a)(1)(A).

(f)(1) Not later than 24 months after the date of the approval of the protocol pursuant to subsection (b)(1)(A) and annually thereafter, the Administrator shall submit to the appropriate committees of the Congress a report containing—

(A) a description of the results obtained before the date of such report under the study conducted pursuant to subsection (a); and

(B) any administrative actions or recommended legislation, or both, and any additional comments which the Administrator considers appropriate in light of such results.

(2) Not later than 90 days after the date on which each report required by paragraph (1) is submitted, the Administrator shall publish in the Federal Register for public review and comment a description of any action that the Administrator plans or proposes to take with respect to programs administered by the Veterans' Administration based on (A) the results described in such report, (B) the comments and recommendations received on that report, and (C) any other available pertinent information. Each such description shall include a justification or rationale for the planned or proposed action.

(g) For the purposes of this section—

(1) the term "gender-specific health effects" includes (A) effects on female reproductive capacity and reproductive organs, (B) reproductive outcomes, (C) effects on female-specific organs and tissues, and (D) other effects unique to the physiology of females; and

(2) the term "Vietnam era" has the meaning given such term in section 101(29) of title 38, United States Code.

SEC. 508. (a)(1) The first sentence of section 1 of Public Law 98-77 (29 U.S.C. 1721 note) is amended to read as follows: "This Act may be cited as the 'Veterans' Job Training Act'.".

(2) Any reference in any Federal law to the Emergency Veterans' Job Training Act of 1983 shall be deemed to refer to the Veterans' Job Training Act.

(b) Section 5(a)(1)(B) of such Act is amended by striking out "fifteen of the

twenty" and inserting in lieu thereof "10 of the 15".

(c) The second sentence of section 8(a)(1) of such Act is amended to read as follows: "Subject to section 5(c) and paragraph (2), the amount paid to an employer on behalf of a veteran for a period of training under this Act shall be—

"(A) during the first 3 months of that period, 50 percent of the product of (i) the starting hourly rate of wages paid to the veteran by the employer (without regard to overtime or premium pay), and (ii) the number of hours worked by the veteran during those months; and

"(B) during the fourth and any subsequent months of that period, 30 percent of the product of (i) the actual hourly rate of wages paid to the veteran by the employer (without regard to overtime or premium pay), and (ii) the number of hours worked by the veteran during those months.".

(d) Section 14 of such Act is amended by inserting "(a)" before "The" and adding at the end the following new subsections:

"(b) The Administrator and the Secretary shall jointly provide for a program of counseling services designed to resolve difficulties that may be encountered by veterans during their training under this Act and shall advise all veterans and employers participating under this Act of the availability of such services and encourage them to request such services whenever appropriate.

"(c) The Administrator shall advise each veteran who enters a program of job training under this Act of the supportive services and resources available to the veteran through the Veterans' Administration, especially, in the case of a Vietnam-era veteran, readjustment counseling under section 612A of title 38, United States Code, and other appropriate agencies in the community.

"(d) The Administrator and the Secretary shall jointly provide for a program under which a case manager is assigned to each veteran participating in a program of job training under this Act and periodic (not less than monthly) contact is maintained with each such veteran for the purpose of avoiding unnecessary termination of employment and facilitating the veteran's successful completion of such program.".

(e) Section 16 of such Act is amended—

(1) by inserting "and $55 million for fiscal year 1986," after "1985"; and

(2) by striking out "1987" and inserting in lieu thereof "1988".

(f) Section 17 of such Act is amended—

(1) by striking out "Assistance" and inserting in lieu thereof "(a) Except as provided in subsection (b), assistance";

(2) in clause (1), by striking out "February 28, 1985" and inserting in lieu thereof "January 31, 1987";

(3) in clause (2), by striking out "July 1, 1986" and inserting in lieu thereof "July 31, 1987"; and

(4) by adding at the end the following new subsection:

"(b) If funds for fiscal year 1986 are appropriated under section 16 but are not both so appropriated and made available by the Director of the Office of Management and Budget to the Veterans' Administration on or before February 1, 1986, for the purpose of making payments to employers under this Act, assistance may be paid to an employer under this Act on behalf of a veteran if the veteran—

"(1) applies for a program of job training under this Act within 1 year after the date on which funds so appropriated are made available to the Veterans' Administration by the Director; and

"(2) begins participation in such program within 18 months after such date.".

(g)(1) Except as provided in paragraph (2), the amendments made by this section shall take effect on the date of the enactment of this section.

(2)(A) The amendment made by subsection (c) shall apply with respect to payments made for programs of training under such Act that begin after January 31, 1986.

(B) The amendment made by subsection (f)(2) shall take effect on February 1, 1986.

SEC. 509. (1) In carrying out section 1516(b) of title 38, United States Code, the Administrator of Veterans' Affairs shall take all feasible steps to establish and encourage, for veterans who are eligible to have payments made on their behalf under such section, the development of training opportunities through programs of job training consistent with the provisions of the Veterans' Job Training Act (as redesignated by section 508(a)(1) of this Act) so as to utilize programs of job training established by employers pursuant to such Act.

(2) In carrying out such Act, the Administrator shall take all feasible steps to ensure that, in the cases of veterans who are eligible to have payments made on their behalf under both such Act and such section, the authority under such section is utilized to the maximum extent feasible and consistent with the veteran's best interests to make payments to employers on behalf of such veterans.

SEC. 510. (a) For the purposes of this section:

(1) The term "private industry council" means a private industry council established pursuant to section 102 of the Job Training Partnership Act (29 U.S.C. 1512).

(2) The term "service delivery area" means a service delivery area established pursuant to section 101 of the Job Training Partnership Act (29 U.S.C. 1511).

(b)(1) The Secretary of Labor shall evaluate the feasibility and advisability of establishing and administering, under part C of title IV of the Job Training Partnership Act, a program described in paragraph (2).

(2) The program referred to in paragraph (1) is a program under which, upon the Secretary's determination and declaration of a severe State or regional employment deficiency or a veterans' employment deficiency in a State or service delivery area, grants are made, from a veterans' job training grant fund established by the Secretary from funds available to carry out part C of title IV of the Job Training Partnership Act, to a State or appropriate private industry council to fund an on-the-job training program which is similar in structure and purpose to the job training program established under the Veterans' Job Training Act of 1983 (as redesignated by section 508(a)(1) of this Act) and is to be conducted in such State or service delivery area.

(c) Not later than 90 days after the date of the enactment of this Act, the Secretary of Labor shall transmit to the Committees on Veterans' Affairs of the Senate and the House of Representatives a report on the evaluation made under subsection (b). The report shall include—

(1) recommended definitions, standards, and implementation procedures for declaring and determining the duration of a severe State or regional employment deficiency and a veterans' employment deficiency in a State or service delivery area;

(2) recommended procedures for commencing a job training program in a State or service delivery area and for making financial assistance and other resources available for such job training program when a veterans' employment emergency is declared with respect to the State or service delivery area;

(3) recommended procedures for administering an emergency veterans' job training grant fund, including recommended minimum and maximum amounts to be maintained in such fund;

(4) recommended limits on the amounts of grants to be made to any grantee State or private industry council;

(5) recommended veteran and employer eligibility criteria and entry and completion requirements;

(6) a description of the support and counseling services that are necessary to carry out a job training program in a State or service delivery area;

(7) the recommended administrative component or components of the Department of Labor which would be appropriate—

(A) to administer a grant program described in subsection (b), including the contracting and monitoring functions;

(B) to determine the eligibility criteria for applicants for training and for employer certifications;

(C) to establish findings of veterans' employment deficiencies in States and service delivery areas; and

(D) to verify the level of compliance of grantee States or private industry councils, veterans, and employers with the requirements of the grant program and the job training programs funded by the grant program;

(8) the estimated costs of administering and monitoring a job training grant program described in subsection (b) and consistent with the recommendations made in such report; and

(9) such other findings and recommendations, including any recommendations for legislation, as the Secretary considers appropriate.

SEC. 511. The Veterans' Administration Medical Center in Phoenix, Arizona, shall after the date of the enactment of this Act be known and designated as the "Carl T. Hayden Veterans' Administration Medical Center". Any reference to such medical center in any law, regulation, map, document, record, or other paper of the United States shall after such date be deemed to be a reference to the Carl T. Hayden Veterans' Administration Medical Center.

Mr. CHAFEE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. CHAFEE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

CENTRAL INTERSTATE LOW-LEVEL RADIOACTIVE WASTE COMPACT

The Senate continued with the consideration of the bill (S. 655).

AMENDMENT NO. 1168

Mr. PROXMIRE. Mr. President, I rise in support of the amendment offered by Senator BOREN. I do so with some reluctance because it is certainly not a perfect proposal; it has constitutional and other problems. However, I think, on balance, it is very necessary.

It is necessary, Mr. President, because there is not any question that political action committees have become far too influential in our politics. It will be a miracle if the Boren amendment passes, in my view, because the political action committees, as we know, overwhelmingly benefit incumbents. As a matter of fact, the figures I have seen show that in April of the election year for each of the last several election cycles, incumbents have had nine times as much from political action committees as their opposition. Everybody who has been in politics knows that early money is very valuable.

Mr. President, the PAC's are not only enormously helpful for incumbents but they have another very, very serious shortcoming. It seems to me that was highlighted best by the head of a political action committee who said—who was quoted in the Wall Street Journal as saying—"When I make a contribution for my political action committee, I buy legislation." "I buy legislation."

Mr. President, that is about as close as you can get to saying, when I make a contribution for my political action committee, I bribe in order to achieve my political ends.

I am sure there are political action committees that differ, but I have just had an analysis made of the political action committees and whom they represent. We find that 57 percent of political action committees active in the 1980 and 1984 cycles were sponsored by corporations. Fifty-seven percent. That is about three-fifths—three out of every five—a decisive majority. Ten percent were sponsored by labor unions. Fifteen percent represented various ideological groups—very conservative, very liberal, usually, because it is usually the extreme parts of our political spectrum that are able to raise money and are aggressive and anxious in pushing their positions. Eighteen represented trade associations.

This means that only about 10 or 20 percent of the political action committees were not motivated primarily by economic interests, a special economic interest—not a general interest, an ideology, not the notion of supporting a particular view of political life, but an economic interest concerned with achieving support for a particular viewpoint.

Mr. President, I think you would have to be very naive not to see how transparent it is when the contributions go to the people who are at the head of our top financial committees—the Ways and Means Committee, the Banking Committees, the Commerce Committee, the other committees that have a real economic clout. Those contributions, as I say, are not made out of any idealism; they are made because there is a fundamental economic interest.

There is nothing wrong with economic interests. We recognize that our country treasures the fact that we have a free economy and economic interests should be represented. But when economic interests are represented in this way and it is a matter of who has the biggest bucks, who has the most money, who is willing to make the biggest contributions, it means that Government no longer is based on electing people to office who will decide issues based on the merits.

For these reasons, Mr. President, I am supporting the Boren amendment. As I have said, I do so with some reluctance because it has some significant problems, but I do hope that it will pass.

I am delighted to see the Boren amendment has the kind of sponsorship it has. We all admire and respect DAVID BOREN, but he also has GOLDWATER, who, I understand, is supporting this amendment. Whether we agree or disagree with Senator GOLDWATER, we all know of his rocklike integrity, his deep understanding of government, and also his understanding of how money works in politics.

The man who sits in front of me, a man we also greatly admire, JOHN STENNIS, is also a strong supporter of this amendment. I think that speaks strongly in favor of the amendment because we all know of JOHN STENNIS' deep interest in the Senate and his magnificent service over the years.

Mr. President, I hope that the Senate, in one way or another, sees fit to pass the Boren amendment. As I say, it will be a miracle if it passes, but I hope it does.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. THURMOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. THURMOND. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the nomination of Robert K. Dawson, to be an Assistant Secretary of the Army.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Carolina?

Mr. BYRD. There is no objection on this side to proceeding with the nomination.

There being no objection, the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. The nomination will be stated.

DEPARTMENT OF DEFENSE

The legislative clerk read the nomination of Robert K. Dawson, of Virginia, to be an Assistant Secretary of the Army.

Mr. THURMOND. Mr. President, I ask unanimous consent that following the final passage vote on S. 1884 on tomorrow, the Senate go into executive session to resume consideration of the Dawson nomination, for a period of 2 hours; 90 minutes, to be under the control of the Senator from Maine [Mr. MITCHELL], and 30 minutes, to be under the control of the Senator from Arizona [Mr. GOLDWATER] who asked me to act in his place.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Carolina?

Mr. CHAFEE. Mr. President, I will let the minority leader speak for the Senator from Maine [Mr. MITCHELL].

Mr. BYRD. Mr. President, the matter has been cleared on this side. This agreement has been cleared with Mr. MITCHELL and other Senators.

Therefore, I have no objection to the request.

Mr. CHAFEE. Do I understand it is 90 minutes and 30 minutes, making 2 hours?

Mr. THURMOND. That is right. Ninety minutes to the Senator's side and 30 minutes to our side.

Does the Senator want longer than that?

Mr. CHAFEE. That is all right. That is fine.

And the time today does not count toward that agreement?

Mr. THURMOND. That is correct.

Mr. BYRD. Mr. President, reserving the right to object.

The PRESIDING OFFICER (Mr. ABDNOR). The Senator from West Virginia reserves the right to object.

Mr. BYRD. Mr. President, was it the Senator's understanding that Mr. MITCHELL wanted 1 hour and 45 minutes?

Mr. THURMOND. Mr. President, I wish to modify that request by stating that 1 hour and 45 minutes will be for those opposing the nomination and 30 minutes for those in favor of the nomination.

Mr. BYRD. Mr. President, reserving the right to object, does the distinguished President pro tempore give the control of the 1 hour and 45 minutes to the distinguished Senator from Maine [Mr. MITCHELL] or his designee?

Mr. THURMOND. Mr. President, I believe it is understood now that the opposition will have 1 hour and 45 minutes to be under the control of Mr. CHAFEE, the distinguished Senator from Rhode Island, or Mr. MITCHELL, the distinguished Senator from Maine; and 30 minutes to be under the control of the distinguished Senator from Arizona who has designated me as his designee to handle that.

Mr. BYRD. Mr. President, reserving the right to object, does the distinguished Senator from South Carolina then intend this to be a 2 hour and 15 minute limitation rather than 2 hours?

Mr. THURMOND. That is correct.

Mr. CHAFEE. With no time counted today?

Mr. THURMOND. With no time counted today. The time used today will not be counted against the time.

Mr. BYRD. Mr. President, I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, finally, I ask unanimous consent that following the conclusion or yielding back of time on the nomination the Senate proceed to vote on the confirmation of Mr. Dawson.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, I ask for the yeas and nays on the nomination.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BYRD. Mr. President, I express my thanks to the distinguished Senator from South Carolina and the distinguished Senator from Rhode Island for their patience in getting the agreement. I apologize to them, but I have to make sure that there are no problems on my side of such an agreement and they were very considerate and understanding of that fact.

Mr. THURMOND. Mr. President, we understand sometimes it is necessary to get the approval of various Members. I wish to commend my able friend from West Virginia, the distinguished Democratic leader, for getting this arrangement here so that we can dispose of this nomination.

Mr. BYRD. I thank the Senator.

Mr. THURMOND. Mr. President, Bob Dawson is an extremely able administrator who is ideally equipped to serve as Assistant Secretary of the Army. From 1981 to May 1984, he served as Deputy Assistant Secretary for Civil Works. Since May 1984, he has served as Acting Assistant Secretary of the Army and has performed in an exemplary way. Prior to 1981, Mr. Dawson served for nearly 10 years on congressional staffs. All of his professional career has equipped him uniquely to serve in the post for which he has been nominated.

Bob Dawson's character and integrity are unimpeachable. He is well respected throughout the executive and legislative branches as someone who is completely honest, meticulously fair, and an extremely able administrator and manager.

I am aware that some reservations have been expressed by various interest groups and some of our colleagues about Mr. Dawson's nomination. I would emphasize that these are concerns about President Reagan's policies regarding the administration of the section 404 permit program. I believe it is highly unfortunate that some Senators think that their policy disagreements with the administration should be emphasized by denying confirmation to a dedicated public servant, rather than through the normal congressional oversight processes.

Members should also understand that Mr. Dawson's responsibilities as the Acting Assistant Secretary go far beyond the section 404 program. He has been and, if confirmed, would continue to be responsible for pursuing new water resources project authorizations, implementing evolving cost sharing and user fee policies, and overall management of the entire civil works activities of the Corps of Engineers. It is noteworthy that many of the groups which have objected to Mr. Dawson's section 404 administration have applauded his approach to other environmentally sensitive issues, such as user fees. In addition, Mr. Dawson has recently completed new agreements with the Environmental Protection Agency and the Department of the Interior to ensure that the views of these agencies on section 404 permit applications are fully and fairly considered.

The Committee on Armed Services, which had jurisdiction over this nomination, favorably reported Mr. Dawson to the full Senate by a vote of 13 to 1 (5 members voted present). The committee invited the chairmen and ranking minority members of the Committee on Environment and Public Works and the Subcommittee on Environmental Pollution to participate in the confirmation hearing, and both chairmen did participate. The Armed Services Committee carefully reviewed the transcripts of hearings before the Environment and Public Works Committee on the section 404 program. After this full consideration of the section 404 issue, the 13 to 1 vote would suggest that the Armed Services Committee was convinced that the disputes surrounding Mr. Dawson are policy disputes not properly resolved by a refusal to confirm a public servant who has been responsible for administering and implementing the controversial policy.

I hope that the Senate as a whole will be as fair as the Armed Services Committee was.

Mr. President, I ask unanimous consent that a letter addressed to the Honorable ROBERT DOLE, Majority Leader, by James C. Miller III, Director of the Executive Office of the President, Office of Management and Budget, be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF MANAGEMENT AND BUDGET,
Washington, DC, November 23, 1985.

Hon. ROBERT DOLE,
Majority Leader, U.S. Senate, Washington, DC.

DEAR BOB: It has been brought to my attention that several Senators have expressed reservations over the nomination of Robert K. Dawson to be Assistant Secretary of the Army for Civil Works. I am further informed that the basis for their concern is a belief that Mr. Dawson has not effectively administered Section 404 of the Clean Water Act and related provisions.

The Administration has worked closely with Mr. Dawson in helping to implement the important regulatory reforms relating to Section 404 undertaken by the Office of the Assistant Secretary of the Army and is in full agreement with these reforms. In fact, these reforms were directed by the Presidential Task Force on Regulatory Relief in May of 1982, after full interagency coordination and approval. It is our judgment that Mr. Dawson has effectively implemented this Administration's policies in this very important area of our regulatory reform effort.

Further, I would like to point out that Mr. Dawson, specifically in response to the concerns expressed by several members of the Senate, has successfully negotiated new agreements with the Environmental Protection Agency and the Department of the Interior that improve communication between those agencies and the Corps of Engineers on pending Section 404 decisions.

It would be a great disservice to Mr. Dawson and his family, the Administration, and our entire system of government if Mr. Dawson, a very able and conscientious public servant, were penalized because he has done an effective job in carrying out Administration policy regarding Section 404. I, therefore, urge speedy confirmation of Mr. Dawson to be Assistant Secretary of the Army.

Sincerely yours,

JAMES C. MILLER III,
Director.

Mr. THURMOND. Mr. President, I ask unanimous consent that a letter addressed to the Honorable ROBERT J. DOLE, United States Senate, from Secretary Weinberger, Secretary of Defense, be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

THE SECRETARY OF DEFENSE,
Washington, November 22, 1985.

Hon. ROBERT J. DOLE,
U.S. Senate, Washington, DC.

DEAR BOB: I am writing to thank you for your continued support of the nomination of Robert K. Dawson to be the Assistant Secretary of the Army for Civil Works. As you are aware, Mr. Dawson's nomination was sent to the Senate by President Reagan on June 3, 1985. It has been on the Executive Calendar since September 30th. Absolutely no questions have been raised concerning Mr. Dawson's integrity or his professional qualifications to fill this post.

The Office of the Assistant Secretary of the Army for Civil Works is a very important post. It is crucial to the Department of Defense that this post be filled without further delay.

While some special interest groups have expressed opposition to the nomination, the issues involved have been thoroughly aired in four oversight hearings held this year by the Senate Environment and Public Works Committee and in the Senate Armed Service's confirmation hearing. All of these issues have been fully addressed and the record is open for review. Specifically, the matter of the Army's administration of the Clean Water Act wetlands fill permit process has been resolved by Memoranda of Agreement between the Corps of Engineers, the Environmental Protection Agency and the Department of the Interior Fish and Wildlife Service.

I understand that you intend to bring this matter before the Senate as early as December 2nd. I want to thank you for your continued support of the President's nominee for this important post. As I am sure you realize, it is vital that the question of Bob Dawson's nomination be successfully resolved prior to adjournment.

Sincerely,

CAP.

Mr. CHAFEE. Mr. President, the subject before the Senate is the nomination of Mr. Robert Dawson to be Assistant Secretary of the Army in charge of the Corps of Engineers. Mr. President, I and several other Members here are on record in opposition to the nomination of Mr. Dawson. I do hope that those other Members of the Senate who have not taken a position will listen carefully. It is our hope that they will join us in this effort to disapprove the nomination of Mr. Dawson.

Mr. President, I want to say one thing to start with. This effort that we are making has nothing to do with the character of Mr. Dawson nor his integrity. It has nothing to do with Mr Dawson as an individual. What we are concerned with and why we bring up this unusual effort—and I might say, Mr. President, since I have been in the Senate, just 9 years now, this will mark the second time since being here that I have voted against the nomination of the President of either party for a position within his administration. So I go along with the natural tendency of Senators to give confirmation to the nominee of the President.

But, Mr. President, this is a different situation. I think we are at a point now where we have got to say that Mr. Dawson, because of his inclinations and the viewpoint he takes as regards to the wetlands of the Nation is not deserving of this support.

Mr. President, what is this all about? It deals with the effort that we are making and others throughout the Nation who are involved with the environment and who have a concern with the environment are making to protect the existing wetlands that we have. Our point is that Mr. Dawson, through the record he has made since being acting civilian head of the Corps of Engineers, is not sympathetic with those efforts to preserve the wetlands.

First, I would like to say something about the wetlands. The modification and the destruction of wetland habitat in the lower 48 States is the single most important factor affecting migratory bird abundance. Wetlands, however, are important for many reasons other than the conservation of waterfowl. All too often, wetlands are looked upon as nice places for the ducks and geese. They are part of the migratory flyway of these birds and indeed they are important for the preservation and encouragement of waterfowl. But they are much more than that.

Wetlands are biologically and economically important to the lives of every American. They contribute to the production of commercial and recreational fishery harvests, valued at several billion dollars annually. Equally important, they provide millions of Americans with opportunities for recreational activities, such as boating and bird watching, and they support a major portion of the Nation's multimillion-dollar annual fur harvest. They provide savings in natural flood and erosion control, and the wetlands help to supply the Nation's increasing demand for safe, pure water. In all, wetlands contribute from $20 billion to $40 billion a year to the Nation's economy.

Frankly, Mr. President, I think trying to put this in a matter of dollars, whether it is $20 billion or $40 billion, does not make an awful lot of sense. If wetlands destruction in the United States continues at the pace it has been going, there just will not be any more wetlands and we will lose in a host of areas—clean water, overflow areas for flooding rivers, fishery harvests, wildlife, waterfowl, and all of the other values that I have mentioned previously.

For far too long, wetlands have been considered wastelands. They have been drained or filled and converted to other uses, often with technical and financial assistance through various Government programs, including those for navigation, flood control and agricultural development.

Listen to these statistics, Mr. President. Approximately one-half of the 215 million acres of wetlands that once existed in the lower 48 States have disappeared. Approximately one-half of those wetlands that were here when the Founding Fathers of this Nation came to America are gone. And the continued destruction of these areas poses a serious threat to the Nation's environmental and economic well-being.

A recent Department of the Interior study concerning the status and trends of wetlands in the United States found that current losses total 450,000 acres, or 715 square miles, every year. Over 9 million acres—an area twice the size of New Jersey—was lost in the 20-year period, from the 1950's to the 1970's, covered by the study.

Mr. President, this is not a matter solely for tree-huggers. This is not a matter solely for those who race around saying they are for the environment. No other person than the Honorable James Watt, former Secretary of the Department of Interior, whose environmental credentials were always under question, had this to say about the wetlands. "We hope that this proposal"—that was a proposal that he had come forward with S. 978, which he labeled, "Protect Our Wetlands and Duck Resources," so-called POWDR—

would focus widespread public attention on the continuing destruction of wetlands and would serve as the cornerstone for development of a comprehensive legislative program to conserve our valuable wetland resources. The responsibility for migratory birds was first established in 1916 by international treaty. From this beginning, wetlands protection has become a high Federal priority, not only because of the importance of wetlands to migratory birds, but also for the many other economic and environmental benefits that they provide.

Mr. Watt continues:

Last year, I became increasingly convinced that something had to be done to protect wetlands—not next year or 10 years from now. Unfortunately, not enough has been done in the 10 years since I last spoke on this issue. A single approach such as acquisition cannot succeed. The loss of wetlands must be protected and attacked on all fronts. I believe that our bill opens up a multiple approach for the attack that needs to be brought about in an aggressive manner.

That was what Mr. James Watt, Secretary Watt, had to say on the matter of wetlands.

Mr. President, as I have said before, the problem with Mr. Dawson is not his integrity. It is not his character. But it is his attitude toward these remaining wetlands that we have in our Nation. The difficulties with Mr. Dawson have been going on for some time.

Here is a letter that the Assistant Secretary for Fish and Wildlife and Parks, Mr. G. Ray Arnett, wrote to Mr. Dawson on November 7, 1984. The subject that they were discussing was a Memorandum of Agreement between the Interior Department the Corps of Engineers, which is deeply involved with the protection of wetlands under sec-

tion 404 of the Clean Water Act. That Memorandum of Agreement was unsatisfactory.

So the Assistant Secretary for Fish and Wildlife and Parks, Mr. Arnett, was seeking a change in that memorandum of agreement. He was getting no where with Mr. Dawson, who is the same gentleman whose nomination is up before us today. This is what Mr. Arnett had to say in his letter addressed to Mr. Robert K. Dawson, Acting Assistant Secretary of the Army for Civil Works.

DEAR BOB: For nearly 2½ years, our Departments have been involved in exchange of views relative to the Department of Army's implementation of our interdepartmental memorandum of agreement. It is now abundantly clear that further discourse on this issue is pointless, and that the Army's regulatory program is so flawed it is no longer a usable tool to adequately protect wetlands.

Mr. President, that is pretty tough language from the man who is the Assistant Secretary of Interior with jurisdiction over fish and wildlife and parks. This is what he said to the Acting Assistant Secretary of the Army, Mr. Dawson.

The Army's regulatory program is so flawed it is no longer a usable tool to adequately protect wetlands.

Based on that statement and the efforts that were made by Mr. Arnett to try to reach a Memorandum of Agreement that would adequately care for the wetlands of the Nation, I, as chairman of the Environmental Pollution Subcommittee of the Committee on Environment and Public Works, started some hearings earlier this year with Mr. Dawson and asked him to come before us to find out what the difficulty was in reaching this Memorandum of Agreement between the Interior Department and Mr. Dawson and also an agreement between EPA and Mr. Dawson. Both of those agreements had run into great difficulty.

This is what Mr. William Ruckelshaus had to say in a letter of June 1984, in which he wrote to Mr. Dawson's superior, the Secretary of the Army, the Honorable John O. Marsh. He was dealing with a Memorandum of Agreement between the Environmental Protection Agency and the Corps of Engineers. Mr. Ruckelshaus sought modifications. These are some of the points he made:

The Memorandum of Agreement—now we are talking about the Memorandum of Agreement between the Corps of Engineers and EPA—should explicitly allow regional administrators to delegate significant authority for letters commenting on, recommending modification of, objecting to permit applications, or requesting an extension of time or additional information. This is essential to proper management within EPA.

Mr. Ruckelshaus, who I think is as esteemed an Administrator of the Environmental Protection Agency as we have ever had, was complaining that these powers that the regional administrators within EPA needed just were not granted under the Memorandum of Agreement.

He talked of lack of interim levels of appeal. This is further what he said. "We find a direct elevation." That is an elevation up to the Assistant Secretary of the Army, bringing the matter up where there was concern, was terribly important, and that was necessary to comply with the recommendations of the Vice President's task force. They did not want it all the time. They wanted decisionmaking kept as much as possible at the field level but they wanted this power to bring very important cases up to the attention of the Assistant Secretary of the Army when required. And that was not granted in the existing Memorandum of Agreement between Army and EPA.

Mr. President, we had Mr. Dawson before our committee. We said, "Why can you not reach these Memorandum of Agreement with EPA, and with the Fish and Wildlife Service? We went through a hearing on May 21, and he said he was going to work on it. We said, all right. You come back. We will see what progress you made."

So he came back on June 10, 3 weeks later, with not much progress. We had him back on July 15, 4 weeks later. There was no progress. We had him back on September 18—8 weeks later. Mind you, the third hearing that we had was on July 15. We said come on back again. We are going to get this thing resolved. We had him back on September 18. We did not make much progress there either.

Finally, Mr. President, just before Mr. Dawson comes up for confirmation on this floor, the Memorandums of Agreement were finally reached with the EPA and the Fish and Wildlife Service. That was in November. It took us from May to November, which is 6 months, in order to get them to reach a Memorandum of Agreement that would do something to protect the wetlands of this Nation.

That is part of the problem. To say that we had to overcome objections from Mr. Dawson would be the understatement of the year.

This is what Mr. Bill Clark had to say about this same subject when he became Secretary of the Interior after Mr. Watt. He wrestled with the same problem with Mr. Dawson. Secretary Clark said:

I believe that both regulatory relief and environmental protection can be achieved in the Corps' permit program. The current Memorandum of Agreement has taken a large step in the direction of regulatory relief by strictly circumscribing the timeframe for the elevation program.

In other words, what Mr. Clark was saying is OK, we wanted regulatory relief. That is what the Vice President's task force was all about. And the key figure on the task force dealing with this particular subject of wetlands and the Memorandum of Agreements was none other than Mr. Dawson. He wrote the task force recommendations under this regulatory relief process. He set up the guidelines. Sure, they achieved the shortcuts. They reduced the time of waiting but at the sacrifice of the wetlands and the environmental protection that is necessary.

Secretary Clark said:

My wish is that changes in the Memorandum of Agreement will bring environmental protection into balance with regulatory relief.

The reason I am citing this background, Mr. President, is to show the tremendous thrust that was on from Mr. Arnett, from Secretary Clark, and from Administrator Ruckelshaus. All of these people sought these changes. You would think with all of these people concerned with the wetlands, with the environmental protection, be they in Interior, be they in the Environmental Protection Agency, you would think that there would be some recognition of the problems on the part of Mr. Dawson. But not at all.

Again, I repeat we went through these hearings trying to get Mr. Dawson to recognize that something had to be done. All we had over his head was the fact that we might oppose his confirmation.

Indeed, we appeared—some of us on the Environmental Pollution Committee—before the committee that had jurisdiction over Mr. Dawson's nomination, the Armed Services Committee, and pointed out these difficulties. And the nomination was held up in that committee.

That was further pressure on Mr. Dawson to try to reach satisfactory memorandum of agreements with these two other Departments.

Four hearings it took, 6 months of pressing, pressing, pressing, and finally an agreement that was satisfactory to Fish and Wildlife and EPA was reached.

That just shows you the stubbornness on the part of Mr. Dawson in trying to do something satisfactory to protect the environment under section 404 of the Clean Water Act.

Mr. President, because of this attitude, those of us who are in opposition to Mr. Dawson have decided to bring this opposition to the floor of the Senate. You might say, "Why are you not satisfied? You got the memorandum of agreements. He negotiated new ones. On behalf of the Corps of Engineers he entered into new agreements with the Fish and Wildlife Service and EPA."

That is true, but that is only part of the problem. The great portion of the problem deals with handling of other

aspects of section 404, which requires permits for discharges of dredged or fill material in wetlands and other waters. The problem of the destruction of the wetlands ties directly back to these discharges.

Section 404 says you cannot drain a wetland unless you have the permission of the Corps of Engineers, with EPA providing oversight. Whoever is the head of the Corps of Engineers sits on top of the decision of whether or not a wetland will be preserved or not preserved.

The attitude that Mr. Dawson has taken is a laissez-faire attitude.

For example, one of the key matters that comes constantly before his department is whether a wetland is within the jurisdiction of section 404; whether there is what they call a nexus of interstate commerce involved.

The Supreme Court of the United States has spoken time and time and time again on this subject. They have given the U.S. Government very broad powers to reach out and regulate activities affecting interstate commerce, no matter how trivial the impact is.

Mr. Dawson does not choose to follow those rulings that have come out of many cases before the Supreme Court. Instead, Mr. Dawson leaves it up to each of the districts of the Corps of Engineers and lets them flounder their own way along. He refuses to set forth precise guidelines consistent with the cases that have been cited by the Supreme Court.

It is that kind of attitude, Mr. President, that we find so alarming and so disturbing.

I know there are others who are going to speak on behalf of Mr. Dawson and they are going to speak on the fact that Mr. Dawson has been very cooperative in their States as far as the operation of the canals go, as far as the operation of the inland waterways. They have made out very well. Well, that is fine.

But Mr. Dawson has another jurisdiction and another concern, and that is this matter I have been discussing today. It is not solely the operation of some lock and dam. It is not solely the operation of some inland waterway or some canal. It is a matter that deals with a fundamental natural resource of the United States of America, particularly in the lower 48 States.

Mr. President, there have been series of national organizations that have spoken out against the confirmation of Mr. Dawson to this extremely important position.

From the National Wildlife Federation:

NOVEMBER 6, 1985.

DEAR SENATOR: We urge you to oppose the confirmation of Mr. Robert K. Dawson as Assistant Secretary of the Army (Civil Works).

The Assistant Secretary of the Army (Civil Works) is responsible for the Corps of Engineers' implementation of Section 404 of the Clean Water Act—the only Federal statute regulating the destruction of wetlands. Mr. Dawson is a particularly inappropriate choice as Assistant Secretary because his policies reflect his repeatedly-stated belief that Section 404 was not intended "to be a wetland protection mechanism." Mr. Dawson takes this view even though the Federal courts, the Justice Department, the Environmental Protection Agency, and Senators Stafford and Chafee, have continuously affirmed that Section 404 is specifically intended to protect wetlands.

We consider a vote on Mr. Dawson's nomination to be of major environmental importance and one of the most significant votes on wetlands protection in over eight years.

For these reasons our organizations strongly urge you to vote in opposition to the confirmation of Mr. Robert K. Dawson as Assistant Secretary of the Army (Civil Works).

Sincerely,

JAY D. HAIR,
Executive Vice President, National Wildlife Federation.

MICHAEL J. BEAN,
Chairman, Wildlife Program, Environmental Defense Fund.

I also have, Mr. President, a statement of the Bass Anglers Sportsman Society, the Environmental Defense Fund, the National Audubon Society, and the National Wildlife Federation, given before the Committee on Armed Services on September 12, 1985.

I ask unanimous consent that this statement, plus the previous letter, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT OF THE BASS ANGLERS SPORTSMAN SOCIETY, ENVIRONMENTAL DEFENSE FUND, NATIONAL AUDUBON SOCIETY, AND NATIONAL WILDLIFE FEDERATION

Mr. Chairman and Members of the Committee, the Bass Anglers Sportsman Society, Environmental Defense Fund, National Audubon Society and National Wildlife Federation present the following statement on the nomination of Mr. Robert K. Dawson for the position of Assistant Secretary of the Army for Civil Works.

Our organizations believe in the wise utilization of our nation's natural resources. Conservation of wetlands has been a particularly high priority of our members because of the vital role these areas play in the survival of many species of fish, wildlife, and shellfish and because of their importance in improving water quality, performing waste treatment, reducing the effects of floods and storms, and recharging underground water supplies. Recent estimates by the U.S. Fish and Wildlife Service (FWS) and the Office of Technology Assessment have underscored greatly the need for more effective conservation of the nation's remaining wetlands.

As Deputy Assistant Secretary of the Army (Civil Works) from May 1981 to May 1984 and then Acting Assistant Secretary (Civil Works) to the present time, Mr. Dawson has been largely responsible for the Army Corps of Engineers' implementation of Section 404 of the Clean Water Act, which is this nation's principal tool for conserving wetlands. The importance of the Section 404 program to the natural resources of our country and the role Mr. Dawson has played in shaping this program over the past four and a half years compel us to come forward today to present this statement. It is without precedent in the history of the National Wildlife Federation.

OUR POSITION ON CONFIRMATION OF MR. DAWSON

Our organizations oppose the confirmation of Mr. Robert K. Dawson as Assistant Secretary of the Army (Civil Works) in the strongest possible terms. We do not make such an unqualified recommendation lightly. For instance, the Federation has never before opposed a President's nominee for an executive agency. However, in Mr. Dawson's case there is a long substantive record available by which to judge his performance and commitment in implementing Section 404 of the Clean Water Act. Additionally, a number of the more troubling aspects of Mr. Dawson's record have been the subject of no less than three oversight hearings by the Senate Committee on Environment and Public Works. A fourth such hearing is scheduled for next week. This record shows that Mr. Dawson has an overt hostility to protection of wetlands under Section 404, a law that in fact is intended to protect wetlands and a law that he is sworn to uphold. For this reason our organizations oppose Mr. Dawson's nomination as the primary supervisor of the Army Corps of Engineers.

For example, Mr. Dawson presented written testimony and stated in oversight hearings on May 21, 1985 that:

"One significant point to recall is that the Congress did not design Section 404 to be a wetland protection mechanism and it does not function well in that capacity." [1]

". . . 404 is a poor mechanism to protect wetlands." [2]

"The Congress has never addressed the issue of wetlands jurisdiction . . . We believe the issue of wetland jurisdiction of the CWA demands appropriate legislative direction." [1]

These statements are inimical to the congressionally-identified goals of this key provision of the Clean Water Act, and they are at odds with the positions taken by the leadership of the Senate Environment Committee, which has jurisdiction over Section 404. Consider these responses by Senators John H. Chafee and Robert T. Stafford on June 10, 1985 to Mr. Dawson's testimony:

Senator CHAFEE. "Well, I don't know who told you that, Mr. Dawson, but you ought to read the legislative history of the 1977 Clean Water Act amendments. You can start on page 644 of the Senate volume, which reads, and I quote to you, . . . 'The unregulated destruction of these areas is a matter which needs to be corrected and which implementation of Section 404 has attempted to achieve.' " [3]

Senator STAFFORD. "My concern over this issue has been increased considerably by the testimony at the May 21st hearing that was given by Robert Dawson, the Acting Assistant Secretary of the Army for Civil Works, the civilian arm of the Corps of Engineers. I know Mr. Dawson disagrees, but as one Member of the Congress who has had more than a passing interest in the Clean Water Act of 1972 and 1977, I can assure Mr. Dawson that it was the intent of the Congress that wetlands are important and are to be protected under Section 404 of the Clean Water Act. For an agency as impor-

tant to this task as the civilian arm of the Army Corps of Engineers to hold otherwise is to frustrate the very goals of the Act." [3]

With regard to Mr. Dawson's position that "Congress has never addressed the issue of wetlands jurisdiction," the Justice Department of this Administration has stated in its brief before the Supreme Court that the "conclusion that it is 'not clear' that Congress wanted the Corps to exercise the broadest possible jurisdiction over the Nation's wetlands is simply untenable when examined in light of the legislative history." [4]

If there is any uncertainty that may exist over what waters are protected by Section 404 it is because of the statements and regulatory changes made by Mr. Dawson and others in the office of the Assistant Secretary. The Corps' Wilmington District Engineer said it best, "The prevailing uncertainty over jurisdictional extent of the law is perhaps one of our own making because of our seeking, through nationwide permits and other means, a justification for limiting the jurisdiction of the Clean Water Act to some boundary less than the full breadth of the wetlands found in the term 'all waters of the United States'." [5]

THE DAWSON RECORD

Mr. Dawson's positions regarding the Section 404 program not only are diametrically opposed to those of the leadership of the Environment and Public Works Committee and the Justice Department, they also have produced nearly continuous confrontation over the past four years with the Department of the Interior and the Environmental Protection Agency, as well as with many, and at times a majority, of the state fish and wildlife, natural resource and environmental protection agencies. Moreover, in the three hearings to date before the Senate Environment and Public Works Committee, Mr. Dawson has demonstrated a nearly complete intransigence toward problems in his administration of the Section 404 program that have been identified by the Committee, the Department of the Interior, and the Environmental Protection Agency. This refusal of Mr. Dawson to veer from his own, one-sided regulatory reform agenda regardless of its impact on the environment or its legal validity, has forced the Senate Environment Committee to schedule a fourth hearing on September 18 and to pledge that "We are just going to stick with this until we get these matters settled, . . . and get this program doing something." [3] The remainder of this statement documents the Dawson record and the adverse environmental effects of his approach to regulating activities in wetlands and other waters.

MR. DAWSON ATTEMPTED TO ELIMINATE THE WETLAND PROTECTION KEYSTONE OF SECTION 404

By law the Corps of Engineers shares with the Environmental Protection Agency the responsibility for protecting wetlands. Section 404(b)(1) prohibits the Corps from issuing permits for wetlands fills except in compliance with regulations promulgated by EPA. Section 404(c) authorizes EPA to prohibit any discharge site if the fill will have an unacceptable adverse effect on water supplies, fisheries, wildlife, or recreational areas. Notwithstanding express congressional intent that EPA play a major role in the 404 program, Mr. Dawson has continually attempted to shunt EPA aside in this zeal to grant permits.

In November 1982, then Deputy Assistant Secretary Dawson wrote EPA Assistant Administrator Eric Edisness with his request that EPA's Section 404 environmental regulations be relegated to an advisory status so that the Corps would no longer be bound by EPA's requirements in making decisions on permit applications. Such a change would greatly diminish EPA's role in the 404 program and relieve the Corps of having to insure that proposed projects satisfy objective environmental criteria. But Mr. Dawson did not stop with that sweeping request. He went on to request deletion of the presumption that upland sites are available for non-water dependent activities—the operational heart of EPA's regulations—and more:

"Section 230.10(a)(3) states that upland alternatives are presumed to be available for non-water dependent activities. Because of the serious disputes about the meaning of the term and the absence of statutory support, the presumption should be dropped."

"That same section contains another presumption that discharges at upland sites have less adverse impacts than discharges in aquatic ecosystems. This presumption carries with it substantial risk that objective review would be jeopardized. . . . Absent a statutory requirement, imposing such presumptions goes well beyond the principles of good government . . ."

"We can see no justification, for example, to include definitions which appear more appropriately in Army regulations, nor to include the presumptions noted in 2 above, mitigation policy, nor policy on examination of alternatives." [6]

Simply put, Mr. Dawson argued for abolishing the key test in Section 404 permit evaluations which prohibits the unnecessary destruction or alternation of wetlands where practicable alternative sites are available or where the project need not be located in a wetland to meet its objectives (i.e., is not water dependent). For example, the construction of a marina is water dependent, whereas the construction of a shopping mall is not. The immense value of wetlands and the stunning rate at which these resources are being destroyed certainly justify the presumption against development in wetlands. Further, private investors, aware of the presumption and difficulty it would cause in securing a Section 404 permit for certain projects that are not water dependent, have sought alternative sites. Thus, the present EPA environmental guidelines have influenced expectations. Changes in the guidelines, such as those recommended by Mr. Dawson, would alter those expectations and could undo the long-term protection of wetlands.

Nevertheless, Mr. Dawson undaunted, continues his attack on the water dependency test, testifying on May 21, 1985 that this fundamental precept of the Section 404 program "for the most part, serves little purpose in the analysis of an application under Section 404. It often confused the issues rather than promotes any objective analysis." [2]

Senator Stafford took strong exception to this in his Committee's hearing on June 10, 1985: "I also want to say, again in disagreement with Mr. Dawson, that it is the opinion of this Senator that the water dependency test is the keystone to the goal of preventing unnecessary destruction of wetlands. It serves an important purpose in the analysis of Section 404 permit applications. It is my view, for instance, that we should not be making it easier to fill wetlands for clearly non-water dependent purposes, such as construction of shopping malls." [3]

ATTLEBORO MALL: A DIFFERENT WAY TO DISMANTLE EPA'S ENVIRONMENTAL REGULATIONS

Unsuccessful at getting EPA to eviscerate its own environmental regulations, Mr. Dawson instead has supervised the re-interpretation of those regulations by the Corps of Engineers in the context of a specific permit application to build a mall in 30 acres of wetlands near Attleboro, Massachusetts.

Mr. Dawson met with the attorneys for the mall developer on July 10, 1984 and assured them that, unless new issues were raised, 70 days would be a reasonable time in which to expect approval of their permit application. In April 1985, Mr. Dawson met with the Massachusetts Association of Conservation Commissions and others to discuss the pending permit application for Attleboro Mall. A month later the Corps' New England Division Engineer decided that the Attleboro Mall permit should be denied because it was not water dependent and a viable, alternative upland site was available only three miles away. But before a final decision was made, Corps officials in Washington made the extremely rare request on April 24 to review the permit application. On May 31 the New England Division Engineer was directed to "reconcile your documentation with the guidance" from Washington and issue the permit, primarily because of the applicant's pledge to build a "replacement" wetlands somewhere else. [7]

Although Mr. Dawson was involved in at least two meetings concerning the Attleboro Mall permit application prior to April 24, he told Senator Chafee that "it was not my decision to call the matter forward, nor did I call it to my office to make the decision." [3] Given his prior involvement with the Attleboro Mall application, Mr. Dawson's attempt to separate himself from the decision to issue the permit strains his credibility. Indeed, it seems hard to believe that the Acting Assistant Secretary would trouble himself over the amount of time a permit application would take and not over the ultimate decision on the application.

The decision to issue the permit by Corps headquarters was based on the rationale that the applicant's offer of mitigation did away with the need to comply with the presumption in EPA's regulations that practicable alternatives for non-water dependent projects such as shopping malls are available unless clearly demonstrated otherwise. A study contracted by the New England Division Engineer demonstrated that such an alternative did exist. Instead the Attleboro Mall developers were allowed, in effect, to purchase an exemption from the requirements of EPA's environmental guidelines—a result remarkably consistent with Mr. Dawson's earlier recommendation that such requirements be dropped from the guidelines. In fact, to ignore the water dependency test and grant a permit based on a pledge to build a replacement wetland would turn Section 404 from a wetland protection statute into a wetland removal statute.

Once again Mr. Dawson's decision or, at the very least, his concurrence with the decision by Corps headquarters, is seriously at odds with the other federal agencies involved in the Section 404 program and the Senate Environment Committee. EPA has initiated action under 404(c) to decide whether to prohibit or restrict development of the mall, stating that the adverse impacts from the project are "unacceptable because they are avoidably." [8] EPA has initiated only eight such actions since 1972.

Senator Gordon J. Humphrey wrote in support of EPA's action on Attleboro Mall, stating that: "It is my view that Section 404 stands at the center of our national effort to preserve and protect some of our most valuable natural resources. As such it should be administered with those objectives in mind. However, it has become apparent that the Army Corps of Engineers has been less than committed to these important objectives. . . . *In the case of Attleboro mall . . . I find it particularly disturbing that this decision was made by the Washington headquarters, and that the decision was in direct conflict with the recommendations made by the Corps' New England Division.* . . . If we continue to issue permits for projects that threaten such needless destruction of wetlands and for which practical alternatives exist, then how long will it be before the nation's remaining wetland resources are all paved over for shopping malls, real estate development and highways? How many more Attleboro's or Westway's will there be? [9]

Craig Potter, former Acting Assistant Secretary of the Interior told the Senate Environment Committee on July 15, 1985 that "the Corps has said, water dependency aside, we believe you can mitigate fully to replace this marshland . . . The policy in past has been you wouldn't even address that issue if you didn't have a water dependent activity . . . The Fish and Wildlife Service's feeling is that a shopping mall is not a water dependent activity." [10]

Senator Chafee told Mr. Dawson on June 10 that a new precedent was being set by allowing this project to use "mitigation rather than the alternative site, even though it is not water dependent . . . I think we are getting off on a whole new dangerous road here." [3]

MR. DAWSON'S PROPOSED ASSAULT ON THE CORPS' SECTION 404 REGULATIONS

Mr. Dawson personally approved proposed regulatory changes in how the Corps regulates dredged or fill discharge activities in the nation's wetlands and other waters under Section 404 of the Clean Water Act. The proposed rules were published May 12, 1983 (48 *Fed. Reg.* 21466-21476).

Under the guise of seeking enhanced procedural efficiency, the Dawson proposal instead was an attempt at a major weakening and dismantling of the Section 404 program. The proposed rules were opposed strongly by 38 agencies in 33 states, the Environmental Protection Agency, virtually every major national conservation organization, many state and local organizations, professional organizations such as The Wildlife Society and American Fisheries Society, and more than 1,000 concerned scientists. The proposed rules, which may still be finalized, would:

1. Define terms within the definition of wetlands so that approximately two-thirds of the wetlands in the lower 48 states, or more than 60 million acres, currently protected by Section 404—e.g. bottomland hardwoods, shrub bogs, pocosins and others—would no longer be protected.

2. Strip the states of their ultimate authority to prevent the issuance of general permits that adversely affect the quality of waters within the state or that are inconsistent with state coastal zone management plans.

3. Distort permit review criteria by inserting inappropriate environmental criteria. For example, the proposal would presume, merely because a permit application is filed, that there is an economic need for the project.

4. Encourage the shortening of the public comment period on permit applications from 30 to 15 days and scrap the requirement that Corps' public notices for such applications alert the public of its right to request a public hearing.

But you don't have to take our word for the devastating impact that Mr. Dawson's regulations would have on the wetland protection and public participation provisions of Section 404. Senator John Heinz wrote Vice President Bush in September 1983 that "Among many questionable ideas, the Corps has proposed to define "wetlands" in a way that would entirely remove from federal oversight bottomland hardwoods, much tundra, and wetlands across the nation in the upper levels of floodplains. The Corps also would insert a host of new criteria into permit review that appear to promote development at the expense of environmental protection." [11]

Or consider this small sampling of what EPA and the 39 agencies in 33 states had to say:

North Dakota—"We particularly reject your facade of regulatory relief. Plain and simple, what you propose is the removal of necessary environmental safeguards for America's aquatic resources. This is particularly cruel because it comes at a time when the Supreme Court of the United States has declared our wetlands 'a national treasure of nearly the highest magnitude'." (Dale L. Henegar, Commissioner, North Dakota Game and Fish Department)

Ohio—". . . the overall effect of the proposed changes will be a serious weakening of the protection for the biological and chemical integrity of the nation's waters. The proposed changes would also constitute a breach of the statutory requirements of the Clean Water Act." (Ohio Department of Natural Resources)

Indiana—"It seems grossly inconsistent that the administration in Washington is strongly advocating wetland preservation, while the U.S. Army Corps of Engineers is attempting to abolish one of the most effective methods of wetlands protection. . . . The Assistant Secretary's proposal would "hamstring" the major protective measures intended to be utilized for the best public interest." (Edward L. Hansen, Director, Indiana Division of Fish and Wildlife)

Georgia—". . . the proposed changes will negatively impact fish and wildlife resources in Georgia . . . the proposed regulatory reforms have gone beyond the point at which they can continue to adequately protect fish and wildlife resources." (Georgia Office of Planning and Budget)

Massachusetts—"The Commonwealth of Massachusetts continues to be opposed to the apparent trend, reflected by the COE proposed regulations, toward the weakening and reduction of protection for the nation's wetlands . . . the newest revisions . . . will accelerate the loss of wetlands not only in Massachusetts but nationwide." (Massachusetts Executive Office of Environmental Affairs)

Illinois—". . . the changes being proposed . . . will seriously weaken the regulatory program . . . and reduce the protection currently being afforded the streams and wetlands of Illinois." (Illinois Department of Conservation)

Michigan—"The State of Michigan has and continues to object to the arbitrary actions of the Corps in considering that the state has waived certification requirements under federal statute based on promulgated rules." (Michigan Department of Natural Resources)

California—"The proposed definition is incomplete in terms of meeting the letter and intent of the CWA. . . . Considerable areas of forested bottomland swamps, tundra, etc. would no longer be considered wetlands." (Don Lollock, California Department of Fish and Game)

Environmental Protection Agency—"As currently proposed EPA believes this regulation would have environmentally unacceptable results. . . . Because the definitions contained in [the proposed regulation] determine the scope of jurisdiction of the Section 404 program and were proposed without our concurrence, these changes are inconsistent with the legal opinion of the Attorney General.'

Despite the strong and widespread opposition to Mr. Dawson's proposed revisions to the Section 404 program these regulations have not been withdrawn, and Mr. Dawson continues to maintain that some unspecified version of the proposal will still be finalized later this year.

The disastrous May 12, 1983 proposal wasn't the first time Mr. Dawson had provoked a confrontation with EPA, Interior, and the states. In 1982, he was involved in finalizing regulatory changes to the program that were opposed by Interior and EPA. Unfortunately, these agencies had only three days to review the final regulatory package before it went into effect. The adverse impacts of those regulations and Army's nearly complete disregard for the views of other federal agencies involved in Section 404, prompted Senator Chafee to hold a hearing on July 16, 1982. Senator Chafee concluded that hearing with a strong admonishment to Mr. Dawson: "You come in with a crusader spirit, Mr. Dawson, and Mr. Gianelli, your boss, in making it easier, quicker to get these permits. That is not the purpose of the program. The purpose of the program is to save the wetlands in the country. It is not to get permits as fast as you can get them. Sometimes these permits cannot be acquired, processed as quickly as possible. I notice, I think what you say, 60 to 70 days average for the noncontested permit, maybe that can be speeded up, but the objective is to preserve the wetlands of the country. That is the purpose of the Act." [12]

Apparently, Mr. Dawson wasn't listening.

MR. DAWSON'S REFUSAL TO REVISE ARMY'S MEMORANDA OF AGREEMENT WITH INTERIOR AND EPA

Although the Army has primary day-to-day responsibility for the 404 program, Interior (FWS), Commerce (National Marine Fisheries Service), and EPA also review 404 permit applications. Disagreement between these agencies and Army over the resource impacts of a permit may result in elevation of a permit to higher administrative levels within the Army for additional review. However, in 1982 Army and Interior, Commerce and EPA signed new Memoranda of Agreement (MOA) that greatly restricted the review agencies ability to protect fish and wildlife and water quality through additional permit review. Since the new agreement was signed, the Army has refused the majority of the requests by the federal resource agencies to elevate disputes to higher level officials.

Former Assistant Interior Secretary G. Ray Arnett has been a vocal and harsh critic of the MOA which has been in effect

between Army and Interior since July of 1982. EPA, under William Ruckelshaus and Lee Thomas, was so dissatisfied with its MOA with Army that EPA terminated it, an option Interior did not have in their agreement. Mr. Dawson, on the other hand has been a staunch supporter of the 1982 MOA with Interior and EPA and an insurmountable obstacle preventing revisions to provide adequate protection for the aquatic environment. For those who might question such conclusory statement, we offer the following record of correspondence by Mr. Arnett, various EPA officials and Mr. Dawson (emphasis added):

Arnett to Dawson (May 9, 1984): "While the district engineer may elect to issue a permit in spite of Service—documented losses, while stating his reasons for doing so, *we do not believe it is within his authority to contradict our biological findings and use this contradiction to help justify his decision.* This is an erroneous exercise in logic resulting in a flawed decision, and, if used in the future, will cause continued and needless resource losses." [13]

Dawson response (June 1, 1984): "Your agency's disagreement with the adequacy of that determination is a technical evaluation matter and is not a basis for elevating the decision under our 1982 Memorandum of Agreement (MOA)." [14]

Arnett to Dawson (August 10, 1984): "I am also disappointed that the changes I recommended in the MOA have been interpreted as contrary to the guidance of the Presidential Task Force Report on Regulatory Relief. . . . *I believe that environmental protection is deteriorating because of the deficiencies in the current MOA* and fear that you are following the Task Force recommendations without recognizing their dual goals. . . . I believe that the elevation requests have been eminently reasonable and justifiable, and are intended to protect the public interest in the fish and wildlife resources in question. Yet, *half of the elevation requests were summarily refused* by your agency. An elevation simply means the District Engineer's decision will be reviewed, not necessarily changed. Propriety, alone, would dictate your honoring my requests. *I know of no other instance wherein a simple* request of one department official to another is so perfunctorily denied." [15]

Dawson response (August 30, 1984): "However, *in the absence of a better indication of environmental harm,* we would be reluctant and I think ill-advised to make significant changes to *an effective agreement,* one which has provided the regulated public much more responsive government." [16]

Arnett to Dawson (October 2, 1984): "Bob, *the occurrence of so many individual projects where the Service has similar concerns* points out the need to review the Corps' environmental documentation and mitigation policies and their implementation. . . . The Service has special expertise in these areas and *its recommendation should not be arbitrarily rejected without cause.*" [17]

Dawson response (October 18, 1984): *The first issue you raise as a policy matter is that of adequate documentation. I am unaware that such a consideration is within the area of expertise of the FWS* or even that it is subject to policy discussions. . . . Additionally, as in the discussion of your first issue, adequacy of documentation is not a policy matter, it is established through regulation, and writing an SOF [Statement of Finding] is not an area of expertise of FWS." [18]

Arnett to Dawson (November 7, 1984): "For nearly two and a half years, our Departments have been involved in an exchange of views relative to the Department of the Army's (Army) implementation of our interdepartmental Memorandum of Agreement (MOA). *It is now abundantly clear that further correspondence on this issue is pointless and that Army's regulatory program is so flawed, it is no longer a useable tool to adequately protect wetlands.*

"Furthermore, *of the 23 permits for which elevation was requested but rejected by Army, four have resulted in lawsuits and four have resulted in Section 404(c) actions based on environmental grounds.* This hardly results in a streamlined, timely, or predictable regulatory program, and these were primary goals of the Vice President's regulatory relief efforts." [19]

Dawson response: None

Arnett to Dawson (December 17, 1984): *"Your letter* [October 18, 1984] *esssentially "brushes off" the concerns that I believe were carefully documented in my letter,* and this is symptomatic of the lack of agreement we have regarding the procedures outlined in the 1982 indepartmental Memorandum of Agreement."

"I disagree with your findings concerning all of the major points that were addressed in my letter of October 2, 1984. . . . Regarding the issue of insufficient coordination, *your response appears to contravene the intent of the Fish and Wildlife Coordination Act* (FWCA). . . . *Your assertion that environmental documentation is not an area of expertise of the Service astounds me,* and I refer you again to the FWCA."

Furthermore, *I cannot believe that you would condone sloppy decisionmaking or the "shortchanging" of commenting agencies by allowing such pitiful examples of decision documentation to see the light of day.* . . . Will you kindly review this letter and my letter of October 2, and provide a response that is "on target"?" [20]

Dawson response: None

Five months later before the Senate Environmental Committee in May 1985, Mr. Dawson remained steadfast in his refusal to revise the principal flaws in the MOA with Interior. Former Assistant Interior Secretary Arnett returned to testify at that hearing that the present MOA "prevented adequate protection of the environment." [2] Two months later on July 15, 1985 in the third oversight hearing on Section 404, Acting Assistant Interior Secretary Craig Potter reported that on the key MOA issues they were still at "an impasse" with Mr. Dawson.[10]

Mr. Arnett and Mr. Potter are not alone in their belief that the MOA championed by Mr. Dawson must be revised. Former *Interior Secretary William Clark* wrote Mr. J. Ron Brinson, President of the American Association of Port Authorities that "the 1982 MOA has resulted in a thirteenfold increase in elevations of permit decisions. Under the 1980 MOA, only 1.3 cases per year required resolution at the Washington Office level, while in the first year of the 1982 agreement, 15 cases required action by both Assistant Secretaries. My wish is that changes in the MOA will bring environmental protection into balance with regulatory relief." (emphasis added) [21]

EPA Deputy Regional Administrator, Region I, wrote Assistant Administrator for External Affairs, Josephine Cooper, in December 1983 that "The Army interpretation of the MOA is unreasonable and counterproductive."[22] EPA's Region V Water Division Director, Charles Sutfin, wrote his Deputy Regional Administrator that same month that "It could be argued that the 404(q) MOA is designed in such a manner as to preclude the USEPA from having any meaningful involvement in the 404 permit program. Its restrictions on review times, extension of comment periods, and the scope of the USEPA's review of proposed projects are unwarranted and detrimental to the goals and objectives of the Clean Water Act."[23] One year later EPA terminated its MOA with Army after unsuccessfully seeking revisions from Mr. Dawson.

At the May 21, 1985 hearing before the Senate Environment Committee, Ms. Cooper testified for EPA that "We have been negotiating with the Army since the memorandum lapsed on December 1, 1984 but have not yet reached agreement."[2] Two months later at the July 15 hearing Mr. Richard Sanderson, Acting Assistant Administrator for External Affairs, like Mr. Potter, testified that EPA also had "not been able to find an area of agreement" with Mr. Dawson on the two key MOA issues.[10]

Through all of the lengthy dispute over the MOA, Mr. Dawson has maintained that Interior Secretary Clark, Assistant Interior Secretaries Arnett and Potter, EPA Administrators Ruckelshaus and Thomas, and Senators Chafee, Stafford, and Mitchell are wrong in their assessment that the present MOA must be revised to provide adequate environmental protection. The controversy surrounding the MOA is their fault, not his. They have prevented a resolution of the conflict, not him.

We find that contention absurd and revealing about Mr. Dawson's ability to work with other Administration officials in a multiagency environmental program like Section 404.

In contrast to the Clean Water Act's express prohibition of unpermitted discharges of all fill material in waters of the United States, Mr. Dawson refuses to revise Army's definition of fill material which exempts discharges of fill that are accidental or that are "primarily to dispose of waste." Mr. Dawson contends that such fills should be regulated under Section 402 of the Clean Water Act and the NPDES program for effluent limitations. Nothing in the Clean Water Act indicates a congressional intent to exclude such discharges from Section 404 regulation and, in fact, the Army definition is in violation of the plain language of Section 404(a) and as such is invalid. Yet the only reason Mr. Dawson offered at the June 10 oversight hearing before the Senate Environment Committee for refusing to modify Army's limited definition of fill material was "we feel we have the expertise to deal with the fill question when that is the primary purpose." However, Mr. Dawson did concede that "it is not always easy to say what that primary purpose is and what may be an initial primary purpose may evolve into some other purpose later on." [3]

Mr. Dawson's contention that solid waste fills are regulated under Section 402 is belied by Assistant Administrator Cooper's insistence that EPA's "position has been consistently that fill should be regulated under Section 404, whatever the purpose of that fill." [3] EPA maintains that Mr. Dawson's "primary purpose" test is unworkable administratively because the "primary purpose" in any given situation may be unidentifiable. In addition, the test makes no sense because adverse environmental impacts from a fill are unrelated to the discharger's

intent and therefore the line drawn by Mr. Dawson is arbitrary.

Mr. Dawson inherited this dispute over solid waste disposals in wetlands and other waters, but he has presided over Army's continued refusal to regulate these discharges for the past four and a half years and they remain largely unregulated to this day. Moreover, in a sworn statement in U.S. District Court dated June 1984, Mr. Dawson stated that Army and EPA would publish a joint definition of fill material in May 1985. No such definition has appeared and on July 15, 1985 Mr. Dawson told Senators Chafee and Mitchell that a proposed definition would not be available until January 1986. In the meantime, Army, under Mr. Dawson's direction, steadfastly refuses to regulate discharges of fill material where the primary purpose is to dispose of waste.

MR. DAWSON'S JURISDICTIONAL DEREGULATION OF ISOLATED WETLANDS

Thirteen years after passage of Section 404, ten years after the landmark court decision in *NRDC* v. *Callaway*, and eight years after Congress expressly stated that Section 404 applies to wetlands without limitation, Mr. Dawson, as noted at the beginning of this statement, maintains that the limit of Army's jurisdiction over wetlands is unclear. Mr. Dawson invokes this supposed jurisdictional uncertainty as a means of avoiding regulations of wetlands filling. On June 10, 1985, Senator George Mitchell told Mr. Dawson, "the Corps has taken what can only be described as an increasingly narrow view of its jurisdiction in this area and has adopted what I think are policies that are clearly inconsistent with the law. . . . failure to assert jurisdiction in repeated instances in which it may exist, in which I believe and others believe it does exist, is certainly narrowing of jurisdiction." [3]

One area which Mr. Dawson apparently has found particularly fertile for this type of jurisdiction deregulation is the protection of isolated wetlands. Under Section 404, the jurisdiction over such waters extends to the furthest extent of the Commerce Clause in the Constitution (the basis for virtually all federal regulatory statutes). The Supreme Court has reviewed scores of federal statutes to determine if they exceed Congress' power under the Commerce Clause and has *never* invalidated a statute in the last 50 years on such a ground. Moreover, *every* court but one has concluded that Congress intended in the Clean Water Act to assert federal jurisdiction over the nation's waters to the full extent of its constitutional power. The one exception is now before the Supreme Court, where the Justice Department of this Administration, as noted earlier, argues that any contention that "it is 'not clear' that Congress wanted the Corps to exercise the broadest possible jurisdiction over the Nation's wetlands is simply untenable . . ." [4]

Yet, Mr. Dawson told Senator Mitchell and other members of the Senate Environment Committee on June 10, 1985 that "[t]he problem, Senator, or what constitutes interstate commerce . . . is a very difficult legal definition." [3] An April 8, 1985 letter from Mr. Dawson to Senator Chafee maintains that "judicial rulings vary widely" on what constitutes interstate commerce.[24] This completely unsupported statement by Mr. Dawson generated this response by Senator Chafee on June 10, 1985, "I don't know at all that judicial rulings vary widely. I think they are consistent . . . You show me a case that has ever been won on the other side."[3] Mr. Dawson could not provide any.

At the third oversight hearing on July 15, 1985, Mr. Dawson was as uncertain as ever about whether Army's jurisdiction extended to isolated wetlands. His continuing doubts brought this strong rebuke from Senator Mitchell, "I just want to make this point, Mr. Dawson, which I made at the previous hearing. *You are required by law to administrate and enforce the law.* The only thing you have now in this area is a clear expression of Congressional intent to exercise jurisdiction under the commerce clause to the fullest extent permitted by law. Any reading of the background of this must inevitably lead to the conclusion that you should ascertain and implement jurisdiction over isolated wetlands for the reasons that have emerged during this question and answer period and the previous one. I think you have to do that. That is incumbent on any public official who has to enforce the law. *You may disagree with it . . . but you can't leave it up to every individual person implementing the law to decide whether it makes sense or is practical; whether it can or can't be done. In our system, that is a legislative determination. The legislature in this area has spoken.*"[10]

Mr. Dawson remains unconvinced that he is required to implement the law and assert jurisdiction consistently over isolated wetlands. He has so far refused requests by the Senate Environment Committee to provide guidance to field personnel on how to determine interstate commerce jurisdiction over isolated wetlands, leaving 37 Corps districts to decide what the U.S. Constitution means.

MR. DAWSON'S REFUSAL TO AMEND HIS ENVIRONMENTALLY HARMFUL NEPA REGULATORY PROPOSAL

As Deputy Assistant Secretary, Mr. Dawson signed proposed regulations to abbreviate substantially the Corps' NEPA regulations. Far from reorganizing and simplifying existing regulations, Mr. Dawson's proposal cuts back on the substantive law contained in the current regulations in such a way that will lead to more controversy, confusion, and litigation in the long run. Moreover, Mr. Dawson failed to demonstrate and document any need for a revision in the first place. EPA went so far as to request the Council on Environmental Quality (CEQ) to review the proposed regulations. On February 25, 1985, EPA Administrator Lee Thomas wrote the CEQ that "EPA's efforts to resolve our concerns with the Department of the Army have not proven successful . . . that major problems remain, and that the regulation would have unsatisfactory impacts on the quality of the environment." Administrator Thomas added that "these revisions would have an adverse effect on EPA's program to review significant environmental impacts of proposed Federal actions under Section 309 CAA [Clean Air Act], and to prevent unacceptable adverse effects of dredge and fill discharges under Section 404 of the Clean Water Act (CWA). We believe these changes would increase the likelihood of coordination problems between EPA and the Corps." [25]

Mr. Dawson's reponse to this review by CEQ, like his response to the regulation of solid waste and problems with the MOA, has been to stall. He has requested four extensions of time to date to respond to EPA's critisms of his regulatory proposal. The latest extension gives Mr. Dawson until September 30, 1985. Is Mr. Dawson waiting to be confirmed before he responds?

CONCLUSION

The Assistant Secretary of the Army (Civil Works) is a key figure in this nation's efforts to conserve our valuable wetland resources. Mr. Dawson has shown himself unwilling to administer and enforce the laws governing his agency.

The record of his performance over the past four and a half years demonstrates fundamental opposition to the goals of the Clean Water Act. His positions on wetland protection under Section 404 have been at odds with the other key officials in this Administration charged with similar responsibilities. He has succeeded only in producing unprecedented levels of confrontation with the state and federal agencies which share a role in the Section 404 program.

Consequently, the Bass Anglers Sportsman Society, Environmental Defense Fund, National Audubon Society and National Wildlife Federation urge this Committee to vote in opposition to the confirmation of Mr. Robert K. Dawson as Assistant Secretary of the Army (Civil Works).

FOOTNOTES

[1] Testimony of Robert K. Dawson, Acting Assistant Secretary of the Army (Civil Works), before the Subcommittee on Environmental Pollution of the Committee on Environment and Public Works, May 20, 1985.

[2] Hearings before the Subcommittee on Environmental Pollution of the Committee on Environment and Public Works, May 21, 1985.

[3] Hearings before the Subcommittee on Environmental Pollution of the Committee on Environment and Public Works, June 10, 1985.

[4] U.S. Brief before the Supreme Court in *U.S. v. Riverside Bayview Homes, Inc.* at 27.

[5] Letter, Wilmington district Engineer to Hobart Truesdale, President, First Colony Farms, February 26, 1982.

[6] Letter, Robert K. Dawson to Eric Eidsness, November 17, 1982.

[7] Letter, Major General John F. Wall to commander, New England Division, May 31, 1985.

[8] U.S. EPA Region I Press Release, August 13, 1985.

[9] Letter, Senator Gordon J. Humphrey to Michael R. Deland, Administrator, EPA Region I, August 27, 1985.

[10] Hearings before the Subcommittee on Environmental Pollution of the Committee on Environment and Public Works, July 15, 1985.

[11] Letter, Senator John Heinz to Vice President George Bush, September 9, 1983.

[12] Hearings before the Subcommittee on Environmental Pollution of the Committee on Environment and Public Works, July 16, 1982.

[13] Letter, G. Ray Arnett to Robert K. Dawson, May 9, 1984.

[14] Letter, Robert K. Dawson to G. Ray Arnett, June 1, 1984.

[15] Letter, G. Ray Arnett to Robert K. Dawson, August 10, 1984.

[16] Letter, Robert K. Dawson to G. Ray Arnett, August 30, 1984.

[17] Letter, J. Craig Potter to Robert K. Dawson, October 2, 1984.

[18] Letter, Robert K. Dawson to G. Ray Arnett, October 18, 1984.

[19] Letter, G. Ray Arnett to Robert K. Dawson, November 7, 1984.

[20] Letter, G. Ray Arnett to Robert K. Dawson, December 17, 1984.

[21] Letter, William Clark to J. Ron Brinson, September 12, 1984.

[22] Memo, Paul S. Keough, Region I EPA, to Josephine Cooper, December 6, 1983.

[23] Memo, EPA Region V, Charles H. Sutfin to Alan Levin, December 23, 1983.

[24] Letter, Robert K. Dawson, to Senator John H. Chafee, April 8, 1985.

[25] Letter, Lee Thomas, Administrator, EPA, to Alan Hill, Chairman, Council on Environmental Quality, February 25, 1985.

NATIONAL WILDLIFE FEDERATION,
Washington, DC, November 6, 1985.

DEAR SENATOR: We urge you to oppose the confirmation of Mr. Robert K. Dawson as Assistant Secretary of the Army (Civil Works).

The Assistant Secretary of the Army (Civil Works) is responsible for the Corps of Engineers' implementation of Section 404 of the Clean Water Act—the only Federal statute regulating the destruction of wetlands. Mr. Dawson is a *particularly inappropriate choice* as Assistant Secretary because his policies reflect his repeatedly-stated belief that Section 404 was not intended "to be a wetland protection mechanism." Mr. Dawson takes this view even though the *Federal courts*, the *Justice Department*, the *Environmental Protection Agency*, and Senators *Stafford* and *Chafee*, have continuously affirmed that Section 404 is specifically intended to protect wetlands.

We consider a vote on Mr. Dawson's nomination to be of major environmental importance and one of the most significant votes on wetlands protection in over eight years.

For these reasons our organizations strongly urge you to vote in opposition to the confirmation of Mr. Robert K. Dawson as Assistant Secretary of the Army (Civil Works).

Sincerely,

JAY D. HAIR,
Executive Vice President,
National Wildlife Federation.
MICHAEL J. BEAN,
Chairman, Wildlife Program,
Environmental Defense Fund.

Mr. CHAFEE. The statement sets forth in detail the statement by the organizations I have just mentioned, detailing their objections to the confirmation of Mr. Dawson.

Mr. President, I have a letter from the Izaak Walton League of America.

THE IZAAK WALTON
LEAGUE OF AMERICA,
November 7, 1985.

DEAR SENATOR: We are writing on behalf of the members of the Izaak Walton League of America to convey the organization's opposition to the nomination of Robert K. Dawson to the position of Assistant Secretary of the Army (Civil Works).

The IWLA is a national conservation organization formed in 1922 to promote the conservation of America's natural resources. The protection of the nation's dwindling wetlands has been a top priority of the League for over 60 years and remains so today for the 50,000 fishermen, hunters and conservationists who are members. It is this long established concern for these resources and the vital role wetlands play in maintaining the integrity of other natural resources that compels us to oppose this nomination.

For over four and one-half years, Mr. Dawson, while serving as Deputy Assistant Secretary of the Army (Civil Works) and more recently as Acting Assistant Secretary of the Army (Civil Works), has had primary responsibility for the Army Corps of Engineers, implementation of Section 404 of the Clean Water Act, this nation's principal regulatory tool for protecting wetland resources from needless destruction. In that capacity, Mr. Dawson has consistently sought to weaken the effectiveness of the Army Corps of Engineer's Section 404 permitting program. He has administratively attempted to eliminate Section 404 jurisdiction from over two-thirds of this nation's wetlands (60 million acres) through revised regulations, creative interpretation of the Commerce Clause and the use of general nationwide permits. Mr. Dawson has refused to recognize that it is the intent of Congress that Section 404 protect wetlands from degradation due to the deposit of dredge and fill materials. He has also refused to acknowlege the importance of environmental concerns raised by EPA and the U.S. Fish and Wildlife Service during the Corps permit review process.

It is Mr. Dawson's established record of undermining the goals of the Clean Water Act and the protection of wetlands that compels the League to take this highly unusual step of opposing a Presidential nominee. We ask that you also oppose Mr. Dawson's confirmation when it comes to the Senate floor.

We would like to express our appreciation for your attention to this matter. The pending appointment carries significant implications to the nation's future ability to protect the remaining wetland resources. If we can be of any assistance, please contact us.

Sincerely,

DALE BRENTNALL,
National President.
JACK LORENZ,
Executive Director.

You might note in this letter that the Izaak Walton League of America notes that it is extremely unusual for them to oppose a Presidential nominee.

It also is my understanding that the National Wildlife Federation has never opposed a Presidential nominee to head an executive agency before. In other words, that is the extent of the concern; and of the alarm that the National Wildlife Federation feels. For the first time in their history, they come forward to resist the appointment of a Presidential nominee.

Mr. President, I should like to read another letter, dated November 12, 1985:

COAST ALLIANCE, ENVIRONMENTAL POLICY INSTITUTE, IZAAK WALTON LEAGUE, NATIONAL AUDUBON SOCIETY, SIERRA CLUB,
November 12, 1985.

DEAR SENATOR: The undersigned national environmental organizations want you to know the reasons for our strong opposition to the appointment of Robert K. Dawson to the position of Assistant Secretary of the Army—Civil Works, and why we are taking the unusual step of asking you to vote against his confirmation. Each of the groups signing this letter has been actively involved in the protection of wetlands around the country. Most of the undersigned organizations rarely oppose a nominee for federal office. Yet, we collectively view the pending confirmation of Mr. Dawson to administer the wetlands permitting program with such alarm that we feel compelled to speak out in opposition.

This is not a case of a nominee with no track record in the job for which he has been nominated; Mr. Dawson deserves no benefit of the doubt. The bill of particulars against Mr. Dawson is lengthy and condemnatory. During his tenure at the Department of the Army, first as deputy, now Acting Assistant Secretary for Civil Works, he has pursued an agenda dedicated to the destruction of the wetlands permitting program. The highlights of this record are summarized below:

In 1983, Mr. Dawson signed proposed changes to the Corps of Engineers wetlands permitting regulations that will deregulate two-thirds of the nation's wetlands if issued in final form.

Imagine that, Mr. President. Everybody who has the least concern for the environment or even the economic welfare of the Nation says wetlands are important. They are terribly important to the whole chain of life, whether for fisheries or for ducks—no matter what it is. Yet, Mr. Dawson seeks to remove the Corps of Engineers' permitting regulations from two-thirds of the wetlands. I do not know who is going to be left to provide some regulations for the wetlands if the Corps of Engineers is removed from the permitting process.

Mr. Dawson's signed proposed changes to the Corps' regulations implementing the National Environmental Policy Act that would have such "unsatisfactory impacts on the quality of the environment" that the Environmental Protection Agency referred the matter to the Council on Environmental Quality for resolution.

The repeated refusal of the Department of the Army to conduct further review of the fish and wildlife impacts on wetlands affected by the prospective issuance of § 404 permits led former Interior Department Assistant Secretary for Fish, Wildlife, and Parks G. Ray Arnett to conclude that "Army's regulatory program is so flawed, it is no longer a usable tool to adequately protect wetlands."

The FWS concluded in a 1983 Report for the Lower Mississippi Valley and in a 1984 Report for northern New Jersey, based on a review of permits issued between 1980 and 1984, that there has been a nearly total failure of the §404 Program to protect wetlands.

Despite a sworn affidavit by Mr. Dawson, entered in *National Wildlife Federation* v. *Marsh*, U.S. District Court for the District of Columbia, Docket No. 82-3632, the Department of the Army has failed to promulgate a definition of what constitutes fill with the result that unregulated toxic contaminated fill continues to be discharged into wetlands.

Mr. Dawson stated in his May 20, 1985 testimony before the Senate Environmental Pollution Subcommittee that Congress did not design §404 to be a wetland protection mechanism, and, in a September 19, 1985 letter to Congresswoman Sala Burton that the program does not protect "seasonal" or "isolated" wetlands, effectively deregulating hundreds of thousands of prairie potholes, playa lakes, pocosin swamps bottom land hardwood swamps, and Alaska tundra.

It is clear from this record that Mr. Dawson's continued administration of the 404 Program will lead to further significant wetland losses. Nothing in his record to date indicates the contrary. In short, Mr. Dawson has shown himself to be an adversary of the very program as Assistant Secretary of the Army for Civil Works he would be asked to head and enforce.

For these reasons, we ask you in the interest of protecting these critical, diminishing natural resources to vote against the confirmation of Robert K. Dawson.

Peter C. C. Berle, President, National Audubon Society; Jack Lorenz, Izaak Walton League; Louise Dunlap, Presi-

dent, Environmental Policy Institute; Dough Wheeler, Executive Director, Sierra Club; Sara Chasis, Chairperson, Coast Alliance.

Mr. President, we have a telegram from the American Fisheries Society. This is a copy of a telegram sent to Senator BARRY GOLDWATER, chairman of the Armed Services Committee:

DEAR SENATOR GOLDWATER: The American Fisheries Society opposes confirmation of Robert Dawson as Assistant Secretary of the Army. Mr. Dawson's record convinces us that his confirmation is not in the best interest of this Nation's fishery resources, we respectfully request that you oppose his confirmation.

CARL SULLIVAN,
Director, American Fisheries Society.

We have a letter addressed to me from the Garden Clubs of America:

DEAR SENATOR CHAFEE: As Chairman of the National Affairs and Legislation Committee of the Garden Club of America, I am writing to urge you to oppose the nomination of Mr. Robert K. Dawson to be Assistant Secretary of the Army (Civil Works).

Based on Mr. Dawson's past actions as Deputy Assistant Secretary and Acting Assistant Secretary in interpreting Section 404 of the Clean Water Act, we feel that if he is confirmed the mandate of Congress to protect wetland areas (a primary water supply across the nation) would be compromised. Mr. Dawson's policies of the last few years have been aimed at dismantling the environmental protections built into Section 404. This nation simply cannot afford to have such a nominee continue to control already endangered environmental regulations.

Please give very careful consideration to this issue. The future of our nation's wetlands depend on your vote. Thank you for your attention.

Sincerely yours,

Mrs. WINSOME MCINTOSH,
Chairman.

We have a letter from the International Association of Fish and Wildlife Agencies, addressed to me as chairman of the Environmental Pollution Subcommittee, dated September 17, 1985:

DEAR MR. CHAIRMAN: The International Association of Fish and Wildlife Agencies, representing the 50 State fish and wildlife management agencies, has grave concerns on how Section 404 of the Clean Water Act is being implemented by the U.S. Army Corps of Engineers. The Corps has adopted internal policies that seriously theaten fish and wildlife conservation nationwide. We solicit your support in getting the Corps to change these policies.

Specifically, the most damaging policy was cited in a May 17, 1985, letter from Chief of Engineers Lt. Gen. Heiberg to Brig. Gen. Dacey in which Gen. Heiberg supported Acting Assistant Secretary of the Army Dawson's policy to the effect that: "In the public interest review, once a District Engineer determines that it is in the public interest to issue a (404) permit, all of the factors having been considered, no other conditions (e.g. mitigation) can be required."

In practice, this has meant that whenever any Corps District Engineer has determined, for whatever reasons, that a project requiring a 404 permit is in the public interest, mitigation of adverse impacts on fish and wildlife is not required. In some other instances, mitigation specified as a condition for a 404 permit has been left to the discretion of the applicant as to whether or not it would be done. These procedures are unacceptable to State fish and wildlife agencies. They violate the principle of both the Fish and Wildlife Coordination Act and the National Environmental Policy Act, not to mention that they seriously undermine State wildlife management efforts.

We urge action by your subcommittee insuring abandonment by the Corps of its anti-mitigation policies and replacement with provisions that consider wildlife as beneficial public resources that will receive equitable treatment in all its dealings, including 404. The Corps policy should be directed at full and creative mitigation of impacts adverse to fish and wildlife resources, and mitigation specified as a 404 permit condition should be uniformly enforced rather than leaving compliance to the discretion of the applicant.

I might say here, Mr. President, that the term "mitigation," means that, if through some circumstance it is absolutely required that some action be taken detrimental to a wetland, efforts must be made to offset that damage or wetlands of a similar nature must be protected or constructed nearby. Now, how effective mitigation is is open to question, but it is being tried as a substitute for wetland destruction when absolutely necessary and indeed such matters do come up now and then.

We are also gravely concerned that the protection provided to natural resources under Section 404 (b.1) Guidelines and Section 404 (c) will be negated by the Corps' recent interpretation of the public interest process. It appears that EPA's responsibility to protect water supplies, wildlife, shellfish, fisheries, and recreational resources can be effectively ignored or over-ridden by the Corps without a proper forum for challenging a public interest determination. This appears to be a clear violation of EPA's legal responsibility to prohibit or restrict the improper use of any discharge site under Section 404 (q) of the Clean Water Act.

Senator Chafee, we request that our concerns and interests be addressed in your subcommittee oversight hearing on the Corps of Engineers 404 policies and procedures scheduled for September 18. We stand by to assist you in any way we can. Thank you.

Sincerely,

JACK H. BERRYMAN,
Executive Vice President.

I have in hand, Mr. President, an article from the New York Times of November 10, 1985, by Mr. Philip Shabecoff, who, as most of us know, has been involved in writing about environmental matters for a good number of years for the New York Times. In this article he sets forth the efforts that citizens all over this country are making to preserve the environment of our Nation, and especially those areas that are called wetlands that so many are striving with such vigor and energy and constructive effort to save. In this article he mentions:

The wetlands debate has complicated Senate consideration of President Reagan's nomination of Robert K. Dawson as Assistant Secretary of the Army for civil works. The Corps of Engineers has been given broad responsibility to carry out the Clean Water Act's mandate for protecting wetlands, and environmental groups say that as Deputy Assistant Secretary, Mr. Dawson has neglected wetlands protection in an effort to ease the burden of regulations on developers.

Mr. President, I ask unanimous consent that each of these documents be included in the RECORD at the conclusion of my statement.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the New York Times, Nov. 10, 1985]

PROTECTING WETLANDS FROM CARS, PEOPLE AND ECONOMICS

(By Philip Shabecoff)

AGAWAM, MA.—Ringed by scarlet-leafed maples, birches adorned with bright yellow and oaks in rich brown, Leonard Pond is an almost postcard-perfect picture of autumnal New England. But like the migrating Canada geese browsing noisily on its algae-flecked waters, Leonard Pond may soon vanish. The Massachusetts Highway Department is planning to widen Route 57, which links Agawam to Springfield, flinging four lanes of pavement through the wetland from which the pond draws its water.

Francis E. Burke, the department's assistant highway design agent, concedes that the road would obliterate "some very nice wetland." But, he says, in deciding when and where to build highways, "they have to take into consideration everything else, such as traffic, people and economics." And, he adds, a new, artificial wetland will be created to replace the natural one. Dorothy A. Nelsen, an Agawam town council member, agrees that the highway extension is necessary for economic growth, but asks why it could not be rerouted northward. Muriel White, a leader of the effort to save the wetland, adds that there has never been a proper study of the project's environmental impact.

Similar struggles are being fought from Alaska to Florida as citizens' groups and, sometimes, local and state governments work to save dwindling wetlands. Few participants on either side of such disputes deny the virtues of marshes, bogs, swamps, prairie potholes, estuaries and tidal flats. They provide breeding grounds for fish and waterfowl and vital habitats for a variety of other wildlife; they prevent floods by sopping up moisture, they filter pollution and recharge water tables. But year after year, wetlands are being eliminated by everything from farm plowing to shopping malls and housing developments. One case has ended up in the United States Court of Appeals in San Francisco. A farmer, Robert Akers, is seeking to overturn a Federal ban on draining nearly 3,000 acres of wetland near Northern California's Lassen Valley to plant grain. The wetlands are a habitat for Canadian cackling geese. Mr. Akers argues that the Government has no right to make him obtain a permit to drain his own land.

In Attleboro, Mass., not many miles east of here, the Army Corps of Engineers approved a developer's plan to build a shopping mall over a swamp. That approval came over the objection of a Corps official who wrote in a report: "The need to fill Sweden's Swamp in the final analysis is basically the need of one developer to realize a profit by converting the property, which it bought as a wetland, to dry land for a mall." The Environmental Protection Agency

vetoed the project; the developer is appealing the decision.

The wetlands debate has complicated Senate consideration of President Reagan's nomination of Robert K. Dawson as Assistant Secretary of the Army for civil works. The Corps of Engineers has been given broad responsibility to carry out the Clean Water Act's mandate for protecting wetlands, and environmental groups say that as Deputy Assistant Secretary, Mr. Dawson has neglected wetlands protection in an effort to ease the burden of regulations on developers. Over the objections of 10 senators, including six Republicans, his nomination goes to the floor this week. Mr. Dawson defends his record. "We actually have greater environmental controls now than we had before," he said. Mr. Dawson added that he did not believe that the Clean Water Act provided "effective wetlands protection" and that efforts to block his nomination reflected "concern with the President's and Administration's regulatory reform policies." New farm legislation also shows Congressional concern. The Senate is expected to vote soon on a bill containing a "swampbuster" provision that would deny Federal benefits to farmers who drain wetlands to grow crops. Such drainage is believed to be the largest single cause for the loss of wetlands.

Chemicals and other man-made waste may also be doing increasing damage. Recently, the Environmental Protection Agency, the District of Columbia, Maryland, Virginia and Pennsylvania announced plans to reduce the flow of toxic substances, sewage and fertilizer into Chesapeake Bay and its estuaries.

The Interior Department estimates that wetlands are disappearing by more than 400,000 acres a year. The Department said that in the mid-1970's 99 million acres of wetlands remained in the contiguous 48 states of the approximately 250 million acres that existed when the first European settlers arrived. The Fish and Wildlife Service announced a few months ago that the annual duck migration was expected to drop sharply this year, in large part because of the loss of the inland marshes and prairie potholes that are the ducks' feeding and nesting grounds. "Wetlands are among our most important and least understood natural resources, critical to the life cycle of a wide variety of species, and performing essential pollution filtration and hydrological functions," said Hope Babcock, a lawyer for the National Audubon Society. "Unless steps are taken now to protect wetlands, however small the proposed destruction," she warned, "we will wake up one day and find they are all gone."

Mr. CHAFEE. Mr. President, I will have further comments on this tomorrow.

Mr. ABDNOR addressed the Chair.

The PRESIDING OFFICER (Mr. CHAFEE). The Senator from South Dakota.

Mr. ABDNOR. Mr. President, I wholeheartedly support the nomination of Bob Dawson to be Assistant Secretary of the Army for Civil Works. Since the departure of William Gianelli from that post 1½ years ago, Bob Dawson has effectively and wisely carried out the responsibilities of the office of Assistant Secretary, and this is in no way an easy job.

There has been a great deal of controversy recently concerning Mr. Dawson's interpretation and administration of the Corps of Engineers' authority under section 404 of the Clean Water Act. I do not believe that his management of this program is adversely affecting the Federal protection of wetlands. Bob Dawson has an extremely difficult line to toe in that he is charged by this administration with streamlining a traditionally slow and inefficient 404 permitting process while, at the same time, ensuring that environmental interests are protected. In fact, I dare say that many Members of this body probably have had calls from constituents unduly complaining that the corps is holding up or denying them a 404 permit for one reason or another. Despite the inherent difficulties involved, I believe he has been successful in striking a fair overall balance in the management of this program.

Although overseeing the administration of the 404 permitting process is important, Mr. President, let us all remember that it is only a small part of the duties of the Assistant Secretary of the Army for Civil Works. The Assistant Secretary's responsibilities which fall under the purview of the Subcommittee on Water Resources, which I chair, are much broader; that is the oversight of the day-to-day activities of the Corps of Engineers and the spearheading of policy initiatives meant to ensure that the corps remains an effective agency in the public interest without unduly draining the public coffers.

In these regards, Mr. Dawson's management of the corps deserves high marks. His performance in formulating and negotiating water resources cost-sharing and user fee policy for the administration has also been excellent. Bob Dawson has waded fearlessly into the deep swamp that exists between various factions in this complex and highly charged arena of water policy issues; and to his great credit, he has gotten results.

He has negotiated a number of cost-sharing agreements between the Corps of Engineers and local water project sponsors. These agreements will go a long way toward proving that local interests can pay a greater portion of the costs of water projects and that the world will not end if the traditional, overgenerous Federal support for water projects is reformed.

More importantly, Mr. Dawson has played an invaluable role in carrying the administration's position on cost-sharing and user fees to an often hostile Congress. Indeed, Mr. President, I, myself have taken Mr. Dawson to task in the past during his testimony before my subcommittee. But, his sincerity, his command of the issues, and his open style of dealing with people have made him a most effective spokesman for the administration. I believe he deserves a great deal of the credit for the water policy compromise reached between members of the Republican leadership and the administration earlier this year.

Mr. President, we have done ourselves and the Nation a disservice by not acting on this nomination sooner. The position of Assistant Secretary of the Army for Civil Works is too important to remain filled by a person who has not been confirmed by the Senate. Mr. Dawson is to be commended for performing exceptionally in this position for the last 1½ years, but I believe he will be even more effective as a spokesman and negotiator after his confirmation today.

So, Mr. President, I urge my colleagues to confirm Bob Dawson as Assistant Secretary of the Army for Civil Works, and to do so with dispatch. He has proven his managerial excellence and ability to work with Congress and he deserves our support.

Mr. HEFLIN. Mr. President, it is with great pleasure that I rise today in support of an outstanding public servant and good friend, Robert K. Dawson, who has been nominated by President Reagan to serve as the Assistant Secretary of the Army for Civil Works.

I have known Bob Dawson for a number of years, beginning when I was chief justice of the Alabama Supreme Court and he was president of the student bar association at the Cumberland School of Law, located at Birmingham's Samford University. He was originally from Scottsboro, AL, and I have known his family for many years. He has always been an individual of the utmost integrity and competency, both personally and professionally. In Washington, he served for 3 years as legislative assistant to former U.S. Representative Jack Edwards of Alabama, who represented the Mobile district. Afterwards, he served for 6 years as Administrator of the House Public Works and Transportation Committee. Since leaving that post, Bob has served for 3 years as Deputy Assistant Secretary of the Army for Civil Works, and, most recently, he has been Acting Assistant Secretary for the past 16 months. Throughout this time he has performed ably and with great distinction.

Mr. President, I am greatly concerned over the recent efforts of some of my colleagues to derail Bob Dawson's confirmation. The controversy concerning his nomination surrounds his implementation of certain regulatory reforms in what is known as the 404 Permit Program. This program was established by section 404 of the Clean Water Act of 1974, and is a permit program for regulating dredge or fill activities in our Nation's waters. The

program is administered by the U.S. Army Corps of Engineers, under guidelines set by the EPA and in consultation with other Federal, State, and local agencies.

Mr. President, I would like to take this moment to list a few facts which have directly resulted from Bob Dawson's initiation of these regulatory reforms and which have been ignored by his opponents.

More applications for permits are being denied than ever before.

More mitigation is being required.

Environmental controls have been expanded, particularly in headwaters and isolated waters and wetlands.

Fewer applications are submitted because the public is aware of the difficulties involved in getting approval.

Reforms have resulted in decreased decision time, more public confidence, in the program, and better voluntary compliance.

Management techniques implemented by Mr. Dawson have done nothing more than remove previous duplication, unproductive redtape, and unnecessary uncertainties for regulated citizens.

This regulatory program is only a small part of the duties of the Assistant Secretary of the Army for Civil Works. Ironically, other issues under the leadership of Mr. Dawson will have more of a far-reaching pro-environmental impact than the corps' regulatory program. For example, Mr. Dawson has been the administration's leading proponent of cost sharing and user fees on water resources development projects, a mechanism for selectively proceeding with water projects in an era of seemingly interminable budget deficits.

Mr. President, I am certain beyond a shadow of doubt that Bob Dawson is eminently qualified to serve in the position for which he has been nominated. He is a man of unquestioned intelligence, industry and integrity, and he has excellent prior experience and qualifications for this position. In that respect, I support his nomination and confirmation and urge my colleagues to do the same.

Thank you, Mr. President.

(Mr. ABDNOR assumed the chair.)

● Mr. GOLDWATER. Mr. President, I have a brief statement to make today. First, there is no question that Bob Dawson is superbly qualified to be Assistant Secretary of the Army for Civil Works. He has served with distinction for virtually his entire career as a public servant, and he has shown as both the Deputy Assistant Secretary and Acting Assistant Secretary that he is thoroughly familiar with the Army Corps of Engineers and thoroughly able to manage it.

Second, I am outraged that several of our colleagues have not only indicated opposition to Mr. Dawson's confirmation, but have also objected—until this time—to permitting the nomination to come before the Senate. I cannot believe that a number of Senators would deprive this body from being allowed to act on this nomination.

The Committee on Armed Services held an extensive hearing on the Dawson nomination. I invited four members of the Committee on Environment and Public Works to attend our hearing, and the distinguished Senators from Vermont and Rhode Island participated. Our staff has met at length with their staff. We have listened to their concerns. We have been more than fair in terms of process. And the Armed Services Committee voted 13 to 1 to confirm Mr. Dawson.

Every Senator should fully understand what this argument is about. It is not about Bob Dawson. It is about the section 404 permit program. Some Senators for months now have been holding the Dawson nomination hostage to extract concessions from Mr. Dawson about this program. I even understand that some of the opposition to Mr. Dawson relates to individual permit actions in particular States which have been controversial. Now that the nomination is being considered, the same Senators say they oppose the nomination. I would think that the relevant legislative committee could exercise meaningful oversight of the section 404 program directly, and not have to resort to measures such as these.

We have delayed long enough on this matter. The Senate should promptly and overwhelmingly confirm the Dawson nomination.●

● Mr. ARMSTRONG. Mr. President, I am going to vote to confirm the President's nomination of Robert Dawson to be Assistant Secretary of the Army for Civil Works for a variety of reasons, all of which can be summed up by saying he is a fine public servant with a proven and distinguished track record.

He has acquired years of experience at very high levels of the Army as Deputy Assistant Secretary and more recently as Acting Assistant Secretary. In these years, he has established himself as one of the Reagan administration's hardest working and most effective appointees. His record on what is perhaps his most important administrative function, section 404 of the Clean Water Act, is one of the best examples of how a gifted administrator can implement the kind of reform agenda that first brought President Reagan to Washington in 1981.

Section 404 dredge and fill permits and all the redtape that went with them were one of the most appalling bureaucratic entanglements the Federal Government had yet devised to ensnare private landowners and local governments. That is why it was singled out for immediate reform by the President's Task Force on Regulatory Relief. Bob Dawson, then as Deputy Assistant Secretary and now as Acting Assistant Secretary, has been largely responsible for this important effort.

Generally, the reforms he implemented shifted the focus from forms, procedures, and delays to environmental issues and considerations of the public interest. Response time has been slashed and the permit review system can no longer be abused to delay and halt actions. Of course, controversy has attended every step in this process, and this is not too surprising. Section 404 decisions necessarily involve considerations of water quality, private property, wetland preservation, fish and wildlife habitat, and a number of other very controversial elements. The Dawson reforms were subjected to the closest imaginable scrutiny and criticism; they were challenged in great detail in the case of National Wildlife Federation et al. versus March, which was satisfactorily settled out of court.

One of the best reforms Mr. Dawson implemented was the widespread use of general permits. These authorize, without case-by-case analyses, many of the routine and repetitive actions taken by the Corps of Engineers. For ordinary landowners, this is the most important of Mr. Dawson's reforms. It allows them to know in advance what activities will be automatically permitted; it eliminates costly and frustrating delays; it introduces a welcome note of certainty; and it allows the corps to focus its enforcement resources on more unusual and environmentally critical cases. This streamlining has resulted in better and more responsive enforcement of section 404 regulations, essentially without hiring any additional staff during this administration.

Another of the Dawson reforms worthy of special note is that clarification in lines of authority, a problem singled out by the President's Task Force on Regulatory Relief. This has ended the considerable confusion about who speaks for the Federal Government on section 404 issues. Previously, citizens were subjected to a round-robin of decisionmaking, with the buck being passed from one Federal agency to another. Now, however, the buck stops at the Department of the Army, with most permitting decisions being made at the district engineer level. The result is that citizens are now receiving a clear-cut decision from their Government in just 70 days instead of the 140 days it took prior the Dawson reforms.

These are just a few examples of some specific reforms that are evidence of a general management attitude aimed at making a large, Federal bureaucracy into a tough, cost-effective, and responsive arm of Govern-

ment. Mr. Dawson has shown a real genius for making common sense out of a very complicated regulatory regime and for getting the most out of a program dollar. In these times of dangerous budget deficits, every agency is going to have to find creative and effective ways to get the job done well with fewer resources. Bob Dawson is a model of this kind of efficiency. Ignoring the pressures of a wide range of special interest groups, Mr. Dawson has kept his eye fixed firmly on the public interest. At the same time, he has boosted morale among the corps and put together an outstanding multidisciplinary staff that is extremely well qualified to handle the difficult decisions that come up every day.

Even the tone of what the corps does has changed. The emphasis now is on cooperation and getting the job done, instead of on bureaucratic infighting and squabbles between different levels of Government. After several difficult rounds of negotiations, Mr. Dawson has hammered out memorandum of understanding with the Department of the Interior and the Environmental Protection Agency on implementation of policy under section 404, and agreement with the Department of Commerce is also imminent. While remaining true to the mandate of the President's Task Force on Regulatory Relief, these MOA's allow the commenting agencies full assurance that their views will be considered by district and division engineers. For the first time in a long while, the Federal Government has quit its bickering and is speaking with one voice on section 404 policy. Much of the credit for this achievement goes to the negotiators of these MOA's, including Mr. Dawson, whose dogged pursuit of a uniform policy did much to unify the agencies.

Cooperation is also the hallmark of the new relationship between the Corps of Engineers and State and local governments. For example, where a State has a regulatory program that provides substantially the same degree of control over water projects, the corps has issued general permits for these activities; in general, therefore, a citizen only needs to obtain the State permit. Where a Federal permit is also necessary, the corps has developed joint procedures and streamlined the application process. Traditional corps district boundaries have been changed from water basins to State boundaries, so most States only have to deal with a single corps office. As a result of these and other changes, the Dawson reforms enjoy nearly unanimous support among the States. The relationship with local governments, too, is characterized by a new spirit of cooperation, as corps offices give greater attention and emphasis to the needs and concerns of local officials. I have certainly seen the evidence of this in Colorado, where intergovernmental hostility has given way to a very productive partnership.

I could go on and on singing the praises of this fine individual and superbly qualified public servant. Adjectives come quickly to mind like smart, talented, dedicated, personable, reasonable, effective, and creative. In my opinion, he is the ideal nominee for this post and all his career of service to the Congress and the executive branch has prepared him for it. We are fortunate to have before us the nomination of such a man and should act quickly and favorably on it.●

● Mr. GORTON. Mr. President, I would like to express my support for the nomination of Bob Dawson as the Assistant Secretary of the Army for Civil Works. I have had the opportunity to work closely with Mr. Dawson, in his capacity as the Acting Assistant Secretary for the Army Corps of Engineers, on projects of prime importance, such as flood control, sediment disposal and river rehabilitation, due to the devastating impacts of the eruption of Mount St. Helens in my State.

I have worked on the Mount St. Helens issues since the beginning of my tenure with this body. Mr. Dawson has repeatedly demonstrated his integrity and his diligence in leadership on the unique and complex problems presented by Mount St. Helens. His thoroughness in working to find the best solutions to the issues concerning Mount St. Helens and his cooperation with my office and officials in the State is commendable.

As an example of this, Mr. Dawson recently decided to proceed with the construction of a single retention structure to prevent further damage to downstream communities from the sedimentation and runoff from Mount St. Helens. This decision was reached only after Mr. Dawson directed a careful examination of all possible solutions, in terms of costs, protecting the lives and property of downstream communities, and environmental impacts. In choosing the single retention structure alternative, Mr. Dawson displayed a commitment to careful planning and managing for optimal long-term solutions.

Mr. President, while I stand in support of Mr. Dawson's nomination, I would like to address the issue that compels a number of my colleagues to oppose Mr. Dawson as the Assistant Secretary—the protection of our Nation's wetlands. I have a great deal of respect for my colleague from Rhode Island, Mr. CHAFEE, who has raised the concern that Mr. Dawson is not committed to protecting wetlands under section 404 of the Clean Water Act. I also appreciate the oversight hearings he has held to examine Mr. Dawson's record on this issue.

I agree with Mr. CHAFEE that the correct interpretation of the Clean Water Act is clearly that section 404 provided for the protection of wetlands and established jurisdiction with the Corps of Engineers.

Wetlands play a vital role in the life cycles of many plant and animal species as well as providing essential hydrological functions in water-based ecosystems. The Department of the Interior estimates that currently we are losing more than 400,000 acres of wetlands each year. I think it is essential that the corps fulfill its mandate under the Clean Water Act to protect wetlands.

I am pleased that meetings have taken place between Mr. Dawson, Mr. CHAFEE, the Environmental Protection Agency and the Department of the Interior to reach an agreement concerning coordinated Federal enforcement of section 404. I strongly support continuing this dialog to insure that the corps is fulfilling its responsibility to protect wetlands.●

● Mr. WALLOP. Mr. President, I support the nomination of Mr. Robert K. Dawson to be the new Assistant Secretary of the Army for Civil Works, and urge his prompt confirmation by the Senate. Mr. Dawson is an articulate and able administrator, and a good man for a difficult job. The job includes management of corps programs for flood control, ports, harbors, inland waterways, hydroelectric development, military construction, and the 404 permit program.

We are engaged in this debate today because the question of Mr. Dawson's confirmation has turned into a referendum on the 404 program. I find this unfortunate. Even Mr. Dawson's most vocal critics admit his character and integrity are above reproach. The President deserves to have the men of his choice in his administration.

If the allegations were true, the committee of jurisdiction would have amended the Clean Water Act reauthorization bill to cure these alleged evils. Yet the reauthorization bill is before the conference committee, and it contains no 404 amendments.

The 404 program in too important to Wyoming to be dealt with in this summary fashion. Moreover, it seems fundamentally wrong to try and force a Presidential nominee to do administratively what the law, because of its silence, does not require.

The 404 permit program is part of the Clean Water Act, which Congress enacted to maintain the chemical, physical, and biological integrity of the Nation's water. Except for permits issued by the corps for dredge and fill disposals into navigable water, the discharge of any pollutant is unlawful. The term navigable water is defined as waters of the United States, including the territorial seas. However, the word wetland appears only in one place in the statute where the States are al-

lowed to take over the program, and the term is undefined.

Wetland protection under the 404 program came about therefore, as an incidental benefit of congressional efforts to enhance water quality. Bob Dawson was correct when he said Congress didn't design the program to be a wetland protection tool, and it doesn't work well in that capacity. He was right because more than 85 percent of the wetland losses occuring today, occur due to congressionally exempted activities. These exemptions are necessary to treat water resources in a balanced way.

It is testimony to Bob Dawson's character that he has weathered his critics' claims with dignity, and continued to follow the letter and spirit of the law. He has attempted to remedy problems wherever he could.

Now let's examine what is being said about Mr. Dawson. His critics say that he has repeatedly used his authority to weaken wetland regulation, and that if promoted, he would be in an ideal position to continue doing so. I strongly disagree with this statement, and find all the allegations against him to be without factual substance.

While it is true EPA and Interior have taken issue with some of the permit decisions made by the corps, I find this neither suprising, or alarming. The corps handles 15,000 404 permit actions annually, yet but a handful of permit decisions have ripened to full-blown disagreement. Clearly Interior would like to have its mitigation recommendations mandatory, and EPA would like to run the program. Congress, however, has decided that corps shall have the lead in issuing permits. However, Congress has given EPA authority to overturn a corps permit decision if it chooses to do so. It is worth noting that EPA has exercised its 4(c) authority only four times since regulatory reform was instituted at the President's directive. The corps accomplished these reforms without sacrificing environmental safeguards. Permit processing time has been reduced from 140 to 70 days, and of the 40,000 individual permit actions taken since regulatory reform, less than 1,000 have been disputed by consulting agencies. Of these only 100 were left unresolved. I'd say that's a pretty good record. Let me cite some more accomplishments since Bob Dawson has been at the helm:

More mitigation is being required than ever before; more permits are being denied than ever before; wetlands are being inventoried with the Corps' help; controls over isolated wetlands and headwaters have been expanded; new interagency agreements have been signed with EPA and Interior bringing about greater interagency coordination, and more input from these resource agencies into the Corps' 404 decision-making process; enforcement of unauthorized dredge and fill actions is being tightened; an interagency blue ribbon panel has been convened at the recommendation of Bob Dawson to address the cumulative effects of permits dealing with the conversion of bottomland hardwoods for agricultural purposes.

Now I turn to the allegations. They are best dealt with by stating some facts.

Fact—The wetland losses being attributed to the U.S. Army Corps of Engineers are inaccurate because they count wetlands where the permit was denied, or refer to out-of-date statistics which were compiled before the 404 permit program came into existence. A close examination of the 15,000 annual 404 permits issued by the Corps shows that 90 percent of the wetland losses alleged never occurred because the permits were denied, or the corps was upheld in court. In actuality, of some 69,300 wetland acre losses being attributed to the corps, of these, only 500 wetland acres were lost to typical development due to a corps permit issued.

Fact—The Corps is construing its jurisdiction over isolated wetlands as broadly as the law and constitution allow.

It has been alleged that the corps is construing its jurisdiction over isolated wetlands too narrowly, and I find no substance whatsoever for this allegation. The corps' jurisdiction over isolated wetlands comports with a U.S. Attorney General Ruling in 1979, it is identical to EPA's jurisdictional ruling. Mr. Dawson made this a uniform corps policy by sharing his agreement with the EPA interpretation of jurisdiction over isolated wetlands with all corps personnel.

This interpretation of jurisdiction provides that if the use, degradation or destruction of water in any way affects interstate commerce, the water or wetland is covered. Among the ways in which the interstate commerce nexus can be triggered are things such as the effects on travel or industry, or the economic, scientific and recreational value of migratory birds, particularly for the purposes of sport, food, commerce and industry. If a particular water or wetland is used or could be used by migratory waterfowl, jurisdiction attaches. The corps investigates the pond to find if there is evidence that the pond is or could be used by migratory waterfowl, or if any other commerce clause nexus attaches. The site examination and determination whether or not interstate commerce attaches are the jurisdictional judgments which the constitution requires. Such case-by-case determinations also operate as a safety valve to prevent regulatory excesses, such as trying to regulate a backyard puddle where a duck has landed occasionally. The point is that the corps must find that water is involved, and that the evidence substantiates the nexus between the commerce clause.

I don't think it is possible to get a broader interpretation of jurisdiction without congressional action. If Congress wants all wetlands to be within 404 permit jurisdiction, then it must establish this jurisdiction legislatively, not through a floor debate on this issue or at a confirmation hearing.

Now, one last point on isolated wetlands. It can best be made by quoting from a National Wildlife Federation press release pertaining to the NWF v. Marsh settlement agreement. The release was issued February 9, 1984, and I quote:

> Millions of acres of wetlands will get increased protection from development under an agreement reached by the Army Corps of Engineers, the EPA, the National Wildlife Federation and 15 other conservation organizations. * * * Under the agreement, isolated wetlands or those with low water flow will no longer indiscriminately be excepted from review. Any fill project affecting 10 or more acres of these wetlands will be subject to the individual permit process.

Mr. President, you can't have it both ways. Either the corps is protecting isolated wetlands, or it isn't. The facts show that the corps regulates isolated wetlands.

Now, let's return to the NWF release. In that February 9 release, Mr. Jay D. Hair said: "legislative action is needed to increase the oversight role of Federal resource agencies over the corps implementation of the program." This statement makes it clear to me that the debate in which we are engaged today is really about Federal wetlands policy and not about Bob Dawson at all. It is an opportunity being seized by wetland proponents to gain through floor debate an expanded view of wetland protection that Congress has not statutorily authorized, but which can be used in later court suits to provide wetland protections the law presently doesn't afford.

This is not the time, or place for a policy debate on the 404 program. Where water, water rights, and the protection of aquatic life depending upon wetlands is concerned, a delicate balance of competing interests must be made. Congress is the proper body for the resolution of the conflicts.

In sum, Mr. President, Bob Dawson is a good man who has done a good job, and he deserves to be confirmed.●

LEGISLATIVE SESSION

Mr. THURMOND. Mr. President, I ask unanimous consent that the Senate now resume legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT RECEIVED DURING THE ADJOURNMENT

Under the authority of the order of the Senate of January 3, 1985, the Secretary of the Senate, on November 25 and November 26, 1985, received messages from the President of the United States submitting sundry nominations, which were referred to the appropriate committees.

(The nominations received on November 25 and November 26, 1985, are printed at the end of the Senate proceedings.)

DEFERRAL OF CERTAIN BUDGET AUTHORITY—MESSAGE FROM THE PRESIDENT RECEIVED DURING THE ADJOURNMENT—PM 95

Under the authority of the order of the Senate of January 3, 1985, the Secretary of the Senate on November 25, 1985, during the adjournment of the Senate, received the following message from the President of the United States, together with accompanying papers; which, pursuant to the order of January 30, 1975, was referred jointly to the Committee on the Budget, the Committee on Appropriations, the Committee on Foreign Relations, the Committee on Commerce, Science, and Transportation, the Committee on Armed Services, the Committee on Labor and Human Resources, and the Committee on Finance:

To the Congress of the United States:

In accordance with the Impoundment Control Act of 1974, I herewith report 8 new deferrals of budget authority for 1986 totaling $2,023,327,275. The deferrals affect accounts in Funds Appropriated to the President, the Departments of Commerce, Defense-Military, Health and Human Services, Transportation, and Treasury.

The details of these deferrals are contained in the attached report.

RONALD REAGAN.

THE WHITE HOUSE,
November 25, 1985.

AGREEMENT BETWEEN THE UNITED STATES AND THE KINGDOM OF SWEDEN ON SOCIAL SECURITY—MESSAGE FROM THE PRESIDENT RECEIVED DURING THE RECESS—PM 96

Under the authority of the order of the Senate of January 3, 1985, the Secretary of the Senate, on November 25, 1985, during the adjournment of the Senate, received the following message from the President of the United States, together with accompanying papers; which was referred to the Committee on Finance:

To the Congress of the United States:

Pursuant to section 233(e)(1) of the Social Security Act, as amended by the Social Security Amendments of 1977 (P.L. 95-216, 42 USC 433(e)(1)), I transmit herewith the Agreement between the United States of America and the Kingdom of Sweden on Social Security which consists of two separate instruments. The Agreement was signed at Stockholm on May 27, 1985.

The U.S.-Sweden agreement is similar in objective to the social security agreements already in force with Italy, the Federal Republic of Germany, Switzerland, Canada, Belgium, Norway, and the United Kingdom. Such bilateral agreements, which are generally known as totalization agreements, provide for limited coordination between the United States and foreign social security systems to overcome the problems of gaps in protection and of dual coverage and taxation for workers who move from one country to the other.

I also transmit for the information of the Congress a comprehensive report prepared by the Department of Health and Human Services, which explains the provisions of the Agreement and provides data on the number of persons affected by the Agreement and the effect on social security financing as required by the same provision of the Social Security Act.

The Department of State and the Department of Health and Human Services join with me in commending the U.S.-Sweden Social Security Agreement and related documents.

RONALD REAGAN.

THE WHITE HOUSE,
November 25, 1985.

MESSAGE FROM THE HOUSE RECEIVED DURING THE ADJOURNMENT

ENROLLED BILL SIGNED

Under the authority of the order of the Senate of January 3, 1985, the Secretary of the Senate, on November 26, 1985, received a message from the House of Representatives announcing that the Speaker had signed the following enrolled bill:

H.R. 1714. An act to authorize appropriations to the National Aeronautics and Space Administration for research and development, space flight, control and data communications, construction of facilities, and research and program management, and for other purposes.

Under the authority of the order of the Senate of January 3, 1985, the enrolled bill was signed on November 26, 1985, by the President pro tempore (Mr. THURMOND).

MESSAGES FROM THE HOUSE

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

At 12:23 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the Speaker has signed the following enrolled bills and joint resolutions:

H.R. 1806. An act to recognize the organization known as the Daughters of Union Veterans of the Civil War 1861-65;

H.R. 3235. An act to authorize the Administrator of the National Aeronautics and Space Administration to accept title to the Mississippi Technology Transfer Center to be constructed by the State of Mississippi at the National Space Technologies Laboratories in Hancock County, MS;

H.R. 3327. An act making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1986, and for other purposes;

S.J. Res. 139. Joint resolution to designate the week of December 1, 1985, through December 7, 1985, as "National Home Care Week";

S.J. Res. 195. Joint resolution to designate the week of December 1, 1985, through December 7, 1985, as "National Temporary Services Week";

S.J. Res. 206. Joint resolution to authorize and request the President to designate the month of December 1985, as "Made in America Month"; and

H.J. Res. 459. Joint resolution reaffirming the friendship of the people of the United States with the people of Colombia following the devastating volcanic eruption of November 13, 1985.

The enrolled bills and joint resolutions were subsequently signed by the Acting President pro tempore (Mr. STAFFORD).

MEASURE PLACED ON THE CALENDAR

The following bill was read the second time and placed on the calendar:

S. 1886. A bill to amend the Agricultural Act of 1949.

ENROLLED JOINT RESOLUTIONS PRESENTED

The Secretary of the Senate reported that on today, December 2, 1985, she had presented to the President of the United States the following enrolled joint resolutions:

S.J. Res. 139. Joint resolution to designate the week of December 1, 1985, through December 7, 1985, as "National Home Care Week";

S.J. Res. 195. Joint resolution to designate the week of December 1, 1985, through December 7, 1985, as "National Temporary Services Week"; and

S.J. Res. 206. Joint resolution to authorize and request the President to designate the month of December 1985, as "Made in America Month."

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2033. A communication from the board members of the U.S. Railroad Retirement Board, transmitting, pursuant to law, an amendment to the President's fiscal year 1986 budget request and a companion reapportionment request; to the Committee on Appropriations.

EC-2034. A communication from the Acting Secretary of the Navy, transmitting a draft of proposed legislation to authorize the provision of dental care of specified persons in U.S. naval hospitals and dispensaries outside the continental United States and in Alaska; to the Committee on Armed Services.

EC-2035. A communication from the Assistant Secretary of the Army (Installations and Logistics), transmitting, pursuant to law, a report on the conversion of the shelf stocking function at Fort Benjamin Harrison, Indiana, to performance under contract; to the Committee on Armed Services.

EC-2036. A communication from the Assistant Secretary of the Army (Installations and Logistics), transmitting, pursuant to law, a report on the conversion of selected administrative functions at Fort Knox, Kentucky, to performance under contract; to the Committee on Armed Services.

EC-2037. A communication from the Secretary of Defense, transmitting, pursuant to law, a report to the Congress on options to reduce military retirement accrual funding in fiscal year 1986; to the Committee on Armed Services.

EC-2038. A communication from the General Counsel of the Department of the Treasury, transmitting a draft of proposed legislation to authorize the Secretary of the Treasury to contract for a period of not more than 5 years to purchase, manufacture, supply, engrave, print, warehouse, and distribute U.S. savings bond stock; to the Committee on Banking, Housing, and Urban Affairs.

EC-2039. A communication from the General Counsel of the Department of the Treasury, transmitting a draft of proposed legislation to authorize the Secretary of the Treasury to engrave and print the currency, bonds, and other security documents of a foreign country or engage in research and development for printing currency, bonds, and other security documents on behalf of a foreign country on a reimbursable basis; to the Committee on Banking, Housing, and Urban Affairs.

EC-2040. A communication from the Secretary of Commerce, transmitting, pursuant to law, notice of a delay in the submission of a report on the plan for conducting Antarctic research for fiscal years 1986 through 1988; to the Committee on Commerce, Science, and Transportation.

EC-2041. A communication from the Secretary of the Interior, transmitting, pursuant to law, a soil survey and land classification of additional lands under the Tehama-Colusa Canal, Sacramento River Division, Central Valley Project, California; to the Committee on Energy and Natural Resources.

EC-2042. A communication from the Deputy Associate Director for Royalty Management, Minerals Management Service, Department of the Interior, transmitting, pursuant to law, a report on the refund of excess payments of offshore lease revenues; to the Committee on Energy and Natural Resources.

EC-2043. A communication from the Deputy Associate Director for Royalty Management, Minerals Management Service, Department of the Interior, transmitting, pursuant to law, a report on the refund of excess payments of offshore oil lease revenues; to the Committee on Energy and Natural Resources.

EC-2044. A communication from the Deputy Associate Director for Royalty Management, Minerals Management Service, Department of the Interior, transmitting, pursuant to law, a report on the refund of excess payments of offshore oil lease revenues; to the Committee on Energy and Natural Resources.

EC-2045. A communication from the Director of the Peace Corps, transmitting, pursuant to law, the annual report of the Peace Corps for fiscal year 1984; to the Committee on Foreign Relations.

EC-2046. A communication from the General Manager of the District of Columbia Armory Board, transmitting, pursuant to law, the annual report of the Board for the fiscal year ending December 31, 1984; to the Committee on Governmental Affairs.

EC-2047. A communication from the Assistant Attorney General (Administration), transmitting, pursuant to law, a report on five new Privacy Act systems of records; to the Committee on Governmental Affairs.

EC-2048. A communication from the Administrator of General Services, transmitting, pursuant to law, a report covering the disposal of surplus Federal real property for historic monument and correctional facility purposes for fiscal year 1985; to the Committee on Governmental Affairs.

EC-2049. A communication from the Administrator of the National Aeronautics and Space Administration, transmitting, pursuant to law, the semiannual report of the Office of Inspector General of the National Aeronautics and Space Administration for the period ending September 30, 1985; to the Committee on Governmental Affairs.

EC-2050. A communication from the Assistant Secretary of the Army transmitting, pursuant to law, a report on a decision to convert the Directorate of Logistics, Fort McClellan, Alabama, to performance under contract; to the Committee on Armed Services.

EC-2051. A communication from the Assistant Secretary of the Army transmitting a draft of proposed legislation to provide, on a month-to-month basis, an increase in funds to be obligated from military personnel accounts for basic pay and contributions to retirement; to the Committee on Armed Services.

EC-2052. A communication from the Secretary of Defense transmitting, pursuant to law, a report on Transferability of New GI Bill Benefits to Family Members; to the Committee on Armed Services.

EC-2053. A communication from the Secretary of the Interstate Commerce Commission transmitting, pursuant to law, a report on a time extension for acting on an appeal before the Commission, Bartlett Agri Enterprises versus Missouri Pac. R.R.; to the Committee on Commerce, Science, and Transportation.

EC-2054. A communication from the Secretary of Health and Human Services transmitting a draft of proposed legislation to improve the administration of the old age, survivors, and disability insurance program and the supplemental security income program; to the Committee on Finance.

EC-2055. A communication from the Deputy Assistant to the President of the United States (for Administration) transmitting, pursuant to law, a report on certain personnel employed in the White House; to the Committee on Governmental Affairs.

EC-2056. A communication from the Inspector General of the Department of Energy transmitting, pursuant to law, a report on the activities of his office during April 1 through September 30, 1985; to the Committee on Governmental Affairs.

EC-2057. A communication from the Chairman of the D.C. Council transmitting, pursuant to law, a copy of D.C. Act 6-104; to the Committee on Governmental Affairs.

EC-2058. A communication from the Chairman of the D.C. Council transmitting, pursuant to law, a copy of D.C. Act 6-105; to the Committee on Governmental Affairs.

EC-2059. A communication from the Chairman of the D.C. Council transmitting, pursuant to law, a copy of a resolution 6-410, adopted by the Council; to the Committee on Governmental Affairs.

EC-2060. A communication from the Attorney General of the United States transmitting, pursuant to law, the report required under chapter XII of the Comprehensive Crime Control Act of 1984 relating to certain internal operations of the Department of Justice; to the Committee on the Judiciary.

EC-2061. A communication from the Chief Justice of the United States transmitting a draft of proposed legislation to preserve the status and jurisdiction of the Supreme Court police; to the Committee on the Judiciary.

EC-2062. A communication from the Secretary of Education transmitting, pursuant to law, a report on final regulations for the program strengthening research library resources; to the Committee on Labor and Human Resources.

EC-2063. A communication from the Assistant Secretary of the Army transmitting, pursuant to law, a report on a study respecting the conversion of the Directorate of Engineering and Housing, Fort McClellan, Alabama to performance under contract; to the Committee on Armed Services.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-531. A petition from a citizen of Buffalo, NY, favoring the adoption of a resolution discontinuing the practice of using public funds to publish collections of the prayers of the Chaplains of the Senate; to the Committee on Rules and Administration.

REPORTS OF COMMITTEES RECEIVED DURING ADJOURNMENT

Under the authority of the order of the Senate of November 23, 1985, the following reports of committees were submitted on November 26, 1985:

By Mr. MURKOWSKI, from the Committee on Veterans' Affairs, without amendment:

S. 1887: An original bill to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans and the rates of dependency and indemnity compensation for surviving spouses and children of veterans, to improve veterans' education benefits, and to improve the Veterans' Administration home loan guaranty program; to amend titles 10 and 38, United

States Code, to improve national cemetery programs; and for other purposes (Rept. No. 99-200).

By Mr. MURKOWSKI, from the Committee on Veterans' Affairs:

Special Report on Budget Allocations of the Committee on Veterans' Affairs (Rept. No. 99-201).

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

S. 1818: A bill to prevent sexual molestation of children in Indian country (Rept. No. 99-202)

By Mr. THURMOND, from the Committee on the Judiciary, with amendments:

S. 1174: A bill to amend the Juvenile Justice and Delinquency Prevention Act of 1974 to provide States with assistance to establish or expand clearinghouses to locate missing children (Rept. No. 99-203).

By Mr. PACKWOOD, from the Committee on Finance, with an amendment in the nature of a substitute:

S. 942: A bill to promote expansion of international trade in telecommunications equipment and services, and for other purposes (Rept. No. 99-204).

By Mr. ROTH, from the Committee on Governmental Affairs, without amendment:

S. 386: A bill to confirm a conveyance of certain real property by the Southern Pacific Transportation Company to Ernest Pritchett and his wife, Dianna Pritchett.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. BUMPERS:

S. 1888. A bill to provide for a program of cleanup and maintenance on Federal public lands, national parks, recreation areas, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. DENTON (for himself and Mr. SIMON):

S. 1889. A bill to amend title 11 of the United States Code, relating to bankruptcy, to prevent discharge of administratively ordered support obligations; to the Committee on the Judiciary.

By Mr. HUMPHREY (for himself and Mr. BOSCHWITZ):

S.J. Res. 240. A joint resolution opposing the Soviet Union's invasion and six year occupation of Afghanistan against the national will of the Afghan people; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. BUMPERS:

S. 1888. A bill to provide for a program of cleanup and maintenance on Federal public lands, national parks, recreation areas, and for other purposes; to the Committee on Energy and Natural Resources.

PUBLIC LANDS CLEANUP ACT

Mr. BUMPERS. Mr. President, today I am pleased to introduce legislation which would establish a national program for the cleanup and maintenance of our Federal public lands, national parks, and recreation areas. This program would utilize the vast resources of our Federal public lands management agencies and the boundless energies of the people of this country who use these lands.

My bill would require each Federal land management agency to organize, coordinate, and participate with citizen volunteers and State and local agencies in cleaning and maintaining Federal public lands, recreation areas, and waterways within the jurisdiction of each agency. Each agency would plan activities to encourage continuing public and private sector cooperation in preserving the beauty and safety of our public lands; increase citizens' sense of ownership and community pride in these areas; reduce litter on public lands, along trails and waterways and other recreational areas; and maintain and improve trails, recreation areas, waterways, and facilities. These efforts would culminate in Public Lands Cleanup Day, which my bill designates as the first Saturday following Labor Day each year.

Our national parks, forests, and waterways are the envy of the world. They make priceless contributions to the physical and mental well-being of the people of our Nation. They are important reminders of our past and represent the promise of our future.

The Federal Government manages over 700 million acres of public land—about one-third of the total U.S. land mass. The number of recreation visits to these lands has risen 35 to 45 percent over the past decade. A growing population, more leisure time, and greater mobility ensure that the public lands will continue to be subject to increasing use. Unfortunately, with increased use can come greater misuse. I strongly believe that what is needed is a renewal, by some and creation, by other, of public awareness on the importance of wise, and careful use of our public lands. Stewardship of our public lands is required by all of us. We need to be reminded that the lands which sustain us, must also sustain those who follow us.

Mr. President, I'd like to tell you about a person who has spent the past 15 years teaching the people of Arkansas and the country about the importance of caring for our public lands and building a sense of responsibility for these lands in the minds of its citizens, and it is to him, I owe the idea for this will.

In 1970, Carl Garner, the Resident Engineer with the Army Corps of Engineers at the Greers Ferry Lake site in Arkansas, organized a group of about 50 volunteers to clean up an accumulation of 6 years' worth of trash along 300 miles of shoreline. The Corps of Engineers had been operating Greers Ferry Lake since 1964 and a lot of trash had accumulted along the shores of this recreational lake. The corps site had money in the budget to clean up the park at Greers Ferry, but no money was available to clear up the 300 miles of shoreline. Carl decided that volunteers were the answer.

The Greers Ferry Lake event was such a success in 1970 and the years following that the cleanup campaign was expanded to other Corps of Engineers-operated lakes in Arkansas 7 years ago and is now known as the "Great Arkansas Cleanup." As a result of Carl Garner's efforts, each year, on the first weekend after Labor Day, thousands of Arkansans volunteer their time and energy to continue the tradition of the Great Arkansas Cleanup at 13 lakes and along the Arkansas River. Last year, thousands of volunteers statewide cleaned up enough trash to fill 70 dump trucks and collected 15,000 pounds of aluminum cans for recycling. The event has gained national recognition, including four first-place awards from the Keep America Beautiful organization, and now serves as a model for the Nation.

Mr. President, after attending the event this past September, I began thinking about taking Carl's idea and how we might apply it on a national level. Why couldn't our parks, forests, and public lands supervisors organize volunteers in their areas in the same way Carl Garner did in Arkansas? During this time of serious budget constraints, these managers have fewer financial resources to meet the needs at their sites. The organized use of volunteers for maintenance and cleanup in our parks and forests and along our waterways could help these lands managers stretch their limited resources.

The value of volunteers to our Federal land management agencies is well documented. The National Park Service, Fish and Wildlife Service, Bureau of Land Management, and the Forest Service all have active volunteer programs. Volunteers are involved in a variety of programs ranging from maintaining trails and litter collection to engineering and public affairs. In 1984, these volunteer programs involved over 85,500 people, including individual citizens and corporations. The agencies estimated the monetary value of these programs at approximately $37 million in 1984. I think all of my colleagues would agree that these are very impressive statistics.

Mr. President, while the monetary savings associated with the use of volunteers is significant, I believe that there is an even grater benefit to be realized through these efforts. Involving citizen volunteers in cleaning and maintaining our public lands, recreation areas, and waterways is an essential step toward increasing our sense of pride and ownership in these lands. Secretary of the Interior Donald Hodel has recognized the importance of developing a sense of pride and ownership in the American public for our public lands. I share his view that

what is needed at the national level is a public awareness and education campaign. Under his leadership, the Department of Interior is developing a special awards program, the "Take Pride in America" award, to recognize ongoing efforts, such as the Great Arkansas Cleanup, and inspire new ones.

Several Bureau of Land Management State Offices have "Operation Respect" programs in place. These programs are in cooperation with their communities. They encourage recreational visitors to follow a property protocol:

Return home with only memories; exercise good judgment; safety is most important; protect lives and property rights; enjoy without destruction; concern for private property; and trespassing is unlawful.

These managers are trying to respond to a real need for citizen and community involvement and education, just as Carl Garner was responding to those same needs at Greers Ferry Lake.

With the pleasure provided by these public lands comes a serious responsibility to care for them. I ask my colleagues to share in my belief that with a strong, organized cooperative effort between the Federal Government and the citizens of this country, we can do a great deal to ensure that these lands will be available to future generations to enjoy and treasure.

I commend this measure to my colleagues, and I hope that the Energy and Natural Resources Committee will give the bill immediate and favorable consideration.

By Mr. DENTON (for himself and Mr. SIMON):

S. 1889. A bill to amend title 11 of the United States Code, relating to bankruptcy, to prevent discharge of administratively ordered support obligations; to the Committee on the Judiciary.

PREVENTION OF DISCHARGE OF ADMINISTRATIVELY ORDERED SUPPORT OBLIGATIONS

Mr. DENTON. Mr. President, I rise today, along with my distinguished colleague from Illinois [Mr. SIMON] to introduce a bill to amend the bankruptcy code to prevent the discharge of administratively ordered support obligations. The bill would amend the bankruptcy amendments contained in Public Law 98-353, and would fill a gap that currently permits discharge of certain spouse and child support debts through a bankruptcy declaration.

We enacted the Bankruptcy Amendments and Federal Judgeship Act, Public Law 98-353, in 1984. Section 454(b) of the act clarifies section 523(a)(5) of title 11, United States Code, to eliminate loopholes that formerly had allowed the discharge of spousal or child support debts through a judgment of bankruptcy.

Before the enactment of Public Law 98-353, only support debts created in separations, divorce decrees, or property settlements were protected from discharge by bankruptcy. The bankruptcy amendment extended the protection to debts established in other orders of a court of record, thereby preventing discharge in cases where a marriage has never taken place, for example, support awarded as a result of a court paternity determination.

Through inadvertence, however, the bankruptcy amendment did not contain a provision to protect support obligations established in State administrative proceedings.

Administrative proceedings are used by approximately 16 States to determine paternity suits and establish and enforce support obligations. Administrative proceedings have proved to be an effective and efficient procedure for resolving those disputes. It would be unfortunate if we were to prevent the States from using these procedures by denying protection from discharge by bankruptcy for administrative support judgments.

The efficient adjudication of paternity and support suits, and the enforcement of legally established support judgments, are of crucial importance to the economic health of our Nation. Senator SIMON and I have drawn the bill to protect State administrative support judgments from discharge by bankruptcy, and thereby to encourage the States to resolve those suits as quickly as possible through efficient administrative forums. The bill is strongly endorsed by the Department of Health and Human Services.

I ask unanimous consent that both the text of the bill and a letter from the Secretary of Health and Human Services appear in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1889

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 523(a)(5) of title 11, United States Code, is amended by inserting after "or other order of a court of record or" the following: "any order, rule, or determination made pursuant to a State administrative process for obtaining and enforcing support orders, or".

THE SECRETARY OF HEALTH AND HUMAN SERVICES,
Washington, DC, May 2, 1985.

Hon. STROM THURMOND,
Chairman, Committee on the Judiciary, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: I am writing to you concerning P.L. 98-353, the recently enacted Bankruptcy Amendments and Federal Judgeship Act of 1984. We understand that you may soon be considering technical amendments to this law and would like to bring to your attention one matter affecting the child support enforcement program administered by this Department.

We strongly support the intent of section 454(b) of P.L. 98-353 amending section 523(a)(5) of title 11, United States Code, to clarify the non-dischargeability of support debts in bankruptcy. However, we believe the amendment still allows certain support debts to be discharged and urge that the protection of those debts be extended to obligations established by administrative proceedings under State law.

Prior to this amendment, only debts to a spouse, former spouse, or child of the debtor, for alimony to, maintenance for, or support of such spouse or child, in connection with a separation, divorce decree, or property settlement agreement were not dischargeable in bankruptcy. Assigned support obligations generally were discharged, unless the assignment was to the State in connection with the collection of support by the State child support enforcement agency on behalf of an AFDC recipient.

The recent amendment expands the debts which cannot be discharged in bankruptcy beyond those in connection with a separation, divorce decree, or property settlement agreement to include support contained in other orders of a court of record. This amendment is significant because it prevents discharge in cases where there never has been a marriage, e.g. support established on the basis of a court paternity determination.

However, we would like to call to your attention a category of support orders which were omitted, we believe inadvertently, from the protection of this recent amendment. Even with the amendment, support obligations established by administrative proceedings, rather than by court order, will still be discharged. Several States currently use administrative processes with the full force and effect of law for establishing and enforcing support obligations. Some States allow paternity determinations under these procedures. Allowing support debts established through administrative procedures to be discharged in bankruptcy provides a loophole to certain absent parents to eliminate their financial responsibility and may discourage States from implementing and using these more efficient and effective means of obtaining child support.

Therefore, we urge that, in connection with any technical amendments you may be considering, or at the earliest opportunity, you expand section 523(a)(5) of the Bankruptcy Code, to apply to support orders issued pursuant to administrative proceedings under State law, as well as to those issued by courts of record.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this request from the standpoint of the Administration's program.

Sincerely,

MARGARET M. HECKLER,
Secretary.

By Mr. HUMPHREY (for himself and Mr. BOSCHWITZ):

S.J. Res. 240. Joint resolution opposing the Soviet Union's invasion and 6 year occupation of Afghanistan against the national will of the Afghan people; to the Committee on Foreign Relations.

SIXTH ANNIVERSARY OF THE SOVIET INVASION OF AFGHANISTAN

● Mr. HUMPHREY. Mr. President, the year 1985 is a very tragic year for the Afghan people. This year marks

the sixth anniversary of the brutal invasion of Afghanistan. These past 6 years have been disastrous for the people of Afghanistan, and the situation continues to worsen. More than 115,000 Soviet troops continue to occupy that country and there is no evidence that the Soviet resolve is weakening. Soviet troops have carried out devastating offensives in the past few months which have caused enormous Afghan losses. Today I am introducing a resolution for myself and Mr. BOSCHWITZ. This resolution strongly condemns the 6 years of aggression waged against the independent country and people of Afghanistan, and calls for both continued United States assistance to the Afghan population and an expeditious conclusion of a negotiated political settlement.

Inside Afghanistan, the situation worsens on a daily basis. What was once a pastoral nation of proud farmers and villagers has been transformed into a bloody battlefield where unspeakable human rights violations abound, and miles of villages sit vacant in the wake of the Soviet onslaught. Over 4 million Afghans have been forced to flee their homeland, seeking refuge in the neighboring countries of Iran and Pakistan. Common diseases which have been successfully controlled in other parts of the world, run rampant in Afghanistan. All who return from visits within that country bring one pervasive message: there are no human rights today in Afghanistan. Children—the most precious resource of any nation—have not been spared this barbarity. Thousands of innocent children have been kidnaped from their parents and shipped to Soviet indoctrination camps where they are taught to fight on behalf of the Soviets. Those children who escape this fate face being maimed or killed by bombs disguised as children's toys, or murdered by Soviet incursions into villages, or a childhood in a refugee camp.

Mr. President, on November 13, the United Nations General Assembly voted in favor of a resolution strongly condemning the illegal Soviet occupational of Afghanistan, and calling for a negotiated political settlement based on the four points included in this resolution. That resolution was adopted by a larger majority than any past United Nations resolution condemning the Soviet Union for its activities in Afghanistan. This week, the United Nations will begin consideration of a report by the special rapporteur of the United Nations Economic and Social Council, on the human rights situation in Afghanistan. This report frighteningly concludes that many have been tortured and have disappeared, humanitarian norms have been flouted, and the resulting situation is fraught with danger for the population as a whole.

Mr. President, the verdict on Soviet behavior in Afghanistan is clear. The world community has repeatedly condemned their atrocities, which have also been thoroughly documented by the report of the special rapporteur. Although the Soviets have employed every means to conceal their policies from the rest of the world, including the threatened and carried out murder of reporters, we are very well aware of their tactics. Last month, this body unanimously adopted a resolution supporting efforts to bring about an end to the massive human rights abuses and murderous policies which the Soviet Union is perpetrating against Afghanistan. The same resolution was also adopted by the House of Representatives earlier this month.

With the 6 anniversary of the invasion only a few weeks away, I urge all of my colleagues to go on record in support of this resolution. We must send a clear and consistent message to the Soviet Union that this Nation has not forgotten the Afghan people and we continue to support their heroic struggle for freedom.●

ADDITIONAL COSPONSORS

S. 40

At the request of Mr. HATCH, the name of the Senator from Oklahoma [Mr. NICKLES] was added as a cosponsor of S. 40, a bill to provide procedures for calling Federal constitutional conventions under article V for the purpose of proposing amendments to the U.S. Constitution.

S. 86

At the request of Mr. DOLE, the name of the Senator from Michigan [Mr. RIEGLE] was added as a cosponsor of S. 86, a bill to amend the laws of the United States to eliminate gender-based distinctions.

S. 554

At the request of Mr. ROTH, the name of the Senator from Arkansas [Mr. BUMPERS] was added as a cosponsor of S. 554, a bill to amend title 18, United States Code, to include the transportation of males under the Mann Act, to eliminate the lewd and commercial requirements in the prosecution of child pornography cases, and for other purposes.

S. 1112

At the request of Mr. SPECTER, the name of the Senator from Oklahoma [Mr. NICKLES] was added as a cosponsor of S. 1112, a bill to amend the Internal Revenue Code of 1954 to increase the exemption amount to $2,000.

S. 1174

At the request of Mr. MCCONNELL, the name of the Senator from North Dakota [Mr. BURDICK] was added as a cosponsor of S. 1174, a bill to amend the Juvenile Justice and Delinquency Prevention Act of 1974 to provide States with assistance to establish or expand clearinghouses to locate missing children.

S. 1259

At the request of Mr. THURMOND, the name of the Senator from Hawaii [Mr. MATSUNAGA] was added as a cosponsor of S. 1259, a bill to correct certain inequities by providing Federal civil service credit for retirement purposes and for the purpose of computing length of service to determine entitlement to leave, compensation, life insurance, health benefits, severance pay, tenure, and status in the case of certain individuals who performed service as National Guard technicians before January 1, 1969.

S. 1265

At the request of Mr. ARMSTRONG, the name of the Senator from Nevada [Mr. HECHT] was added as a cosponsor of S. 1265, a bill to provide prompt, exclusive, and equitable compensation, as a substitute for inadequate tort remedies, for disabilities or deaths resulting from occupational exposure to asbestos; and for other purposes.

S. 1734

At the request of Mr. COCHRAN, the names of the Senator from Virginia [Mr. TRIBLE] and the Senator from Alaska [Mr. MURKOWSKI] were added as cosponsors of S. 1734, a bill to prevent distortions in the reapportionment of the House of Representatives caused by the use of census population figures which include illegal aliens.

S. 1818

At the request of Mr. DENTON, the names of the Senator from New Mexico [Mr. DOMENICI] and the Senator from Alabama [Mr. HEFLIN] were added as cosponsors of S. 1818, a bill to prevent sexual molestation of children in Indian country.

SENATE JOINT RESOLUTION 134

At the request of Mr. BIDEN, the name of the Senator from Alaska [Mr. STEVENS] was added as a cosponsor of Senate Joint Resolution 134, a joint resolution to designate "National Safety in the Workplace Week."

SENATE JOINT RESOLUTION 199

At the request of Mr. MURKOWSKI, the name of the Senator from Idaho [Mr. MCCLURE] was added as a cosponsor of Senate Joint Resolution 199, a joint resolution to designate the month of November 1985 as "National Elks Veterans Rememberance Month."

SENATE JOINT RESOLUTION 235

At the request of Mr. DANFORTH, the names of the Senator from Idaho [Mr. SYMMS], the Senator from Pennsylvania [Mr. SPECTER], the Senator from Florida [Mrs. HAWKINS], the Senator from Arizona [Mr. DECONCINI], the Senator from New Hampshire [Mr. HUMPHREY], the Senator from Louisiana [Mr. LONG], the Senator from Texas [Mr. BENTSEN], and the Senator

from Connecticut [Mr. DODD] were added as cosponsors of Senate Joint Resolution 235, a joint resolution to designate the week of January 26, 1986, to February 1, 1986, as "Truck and Bus Safety Week."

AMENDMENTS SUBMITTED

CONSENT OF CONGRESS TO CENTRAL INTERSTATE LOW-LEVEL RADIOACTIVE WASTE COMPACT

BOREN (AND OTHERS) AMENDMENT NO. 1168

Mr. BOREN (for himself, Mr. GOLDWATER, Mr. HART, Mr. LEVIN, Mrs. KASSEBAUM, Mr. RUDMAN, Mr. STENNIS, Mr. DECONCINI, Mr. CHILES, Mr. BINGAMAN, and Mr. BYRD) proposed an amendment to the bill (S. 655) granting the consent of Congress to the Central Interstate Low-Level Radioactive Waste Compact; as follows:

At the appropriate place, insert the following new section:

SEC. —. (a) Section 315(a)(1)(A) of the Federal Election Campaign Act of 1971 is amended by striking out "$1,000" and inserting in lieu thereof "$1,500".

(b) Section 315(a)(2) of the Federal Election Campaign Act of 1971 is amended—

(1) by striking out "or" at the end of subparagraph (B);

(2) striking out "$5,000." in subparagraph (A) and inserting in lieu thereof "$3,000;"; and

(3) by adding at the end the following new subparagraphs:

"(D) to any candidate and his authorized political committees with respect to—

"(i) a general or special election for the office of Representative in, or Delegate or Resident Commissioner to, the Congress (including any primary election, convention, or caucus relating to such general or special election) which exceed $100,000 ($125,000 if at least two candidates qualify for the ballot in the general or special election involved and at least two candidates qualify for the ballot in a primary election relating to such general or special election) when added to the total of contributions previously made by multicandidate political committees to such candidate and his authorized political committees with respect to such general or special election (including any primary election, convention, or caucus relating to such general or special election); or

"(ii) a runoff election for the office of Representative in, or Delegate or Resident Commissioner to, the Congress which exceed $25,000 when added to the total of contributions previously made by multicandidate political committees to such candidate and his authorized political committees with respect to such runoff election; or

"(E) to any candidate and his authorized political committees with respect to—

"(i) a general or special election for the office of Senator (including any primary election, convention, or caucus relating to such general or special election) which exceed the greater of $175,000 ($200,000 if at least two candidates qualify for the ballot in the general or special election involved and at least two candidates qualify for the ballot in a primary election relating to such general or special election) or the amount equal to $35,000 times the number of Representatives to which the State involved is entitled, when added to the total of contributions previously made by multicandidate political committees to such candidate and his authorized political committees with respect to such general or special election (including any primary election, convention, or caucus relating to such general or special election);

"(ii) a runoff election for the office of Senator which exceed the greater of $25,000 or the amount equal to $12,500 times the number of Representatives to which the State involved is entitled, when added to the total of contributions previously made by multicandidate political committees to such candidate and his authorized political committees with respect to such runoff election; or

"(iii) a general or special election for the office of Senator (including any primary election, runoff election, convention, or caucus relating to such general or special election) which exceed $750,000 when added to the total of contributions previously made by multicandidate political committees to such candidate and his authorized political committees with respect to such general or special election (including any primary election, convention, or caucus relating to such general or special election).".

(c) Section 315(a)(8) of the Federal Election Campaign Act of 1971 is amended—

(1) by striking out "person" the second place it appears and inserting in lieu thereof "person and also the intermediary or conduit".

(d) Section 315(a)(8) of the Federal Election Campaign Act of 1971 is amended—

"(1) by adding at the end of the paragraph the following subparagraph:

"(A) Notwithstanding any other provision of this Act, each multicandidate political committee which makes an independent expenditure in a federal election in connection with such candidate's campaign, shall not do so in any newspaper, magazine, broadcast or other media advertisement without the following notice placed on, or within such advertisement:

"This message has been authorized and paid for by (name of committee/or any affiliated organization of the committee), (name/title of treasurer and/or president). Its cost of presentation is not subject to any campaign contribution limits."

(e) Section 315 of the Communications Act of 1834 (47 U.S.C. 315) is amended—

(1) by redesignating subsections (b), (c), and (d) as subsections (c), (d), and (e), respectively; and

(2) by inserting immediately after subsection (a) the following:

"(b)(1) If any licensee permits a person to utilize a broadcasting station to broadcast material which either endorses a legally qualified candidate for any Federal elective office or opposes a legally qualified candidate for that office, such licensee shall, within a reasonable period of time, provide to any legally qualified candidate opposing the candidate endorsed (or to an authorized committee of such legally qualified candidate), or to any legally qualified candidate who was so opposed (or to an authorized committee of such legally qualified candidate), the opportunity to utilize, without charge, the same amount of time on such broadcasting station, during the same period of the day, as was utilized by such person.

"(2) For purposes of this subsection, the term 'person' includes an individual, partnership, committee, association, corporation, or any other organization or group of persons, but such term does not include a legally qualified candidate for any Federal elective office or an authorized committee of any such candidate.".

(f) Section 315(a) of the Communications Act of 1934 (47 U.S.C. 315(a)) is amended by striking "section" and inserting in lieu thereof "subsection".

(g) Section 315(d) of the Communications Act of 1934, as so redesignated by subsection (a) of this section, is amended to read as follows:

"(d) For purposes of this section—

"(1) the term 'authorized committee' means, with respect to any candidate for nomination for election, or election, to any Federal elective office, any committee, club, association, or other group of persons which receives contributions or makes expenditures during a calendar year in an aggregate amount exceeding $1,000 and which is authorized by such candidate to accept contributions or make expenditures on behalf of such candidate to further the nomination or election of such candidate;

"(2) the term 'broadcasting station' includes a community antenna television system; and

"(3) the terms 'licensee' and 'station licensee' when used with respect to a community antenna system mean the operator of such system.".

(h) Section 301(17) of the Federal Election Campaign Act of 1971 is amended to read as follows:

"(17) The term 'independent expenditure' means an expenditure by a person expressly advocating the election or defeat of a clearly identified candidate which is made without cooperation or consultation with any candidate, or any authorized committee or agent of such candidate, and which is not made in concert with, or at the request or suggestion of, any candidate, or any authorized committee or agent of such candidate.

"(A) For the purposes of this subsection, 'cooperation or consultation with any candidate' with respect to an election cycle means, but is not limited to the following—

"(i) the person making the independent expenditure communicates with, advises, or counsels the candidate at any time on the candidate's plans, projects, or needs relating to the candidate's pursuit of nomination for election, or election, to Federal office, in the same election cycle, including any advice relating to the candidate's decision to seek Federal office;

"(ii) the person making the independent expenditure includes as one of its officers, directors, or other employees an individual who communicated with, advised or counseled the candidate at any time on the candidate's plans, projects, or needs relating to the candidate's pursuit of nomination for election, or election, to Federal office, in the same election cycle, including any advice relating to the candidate's decision to seek Federal office; and

"(iii) the person making the independent expenditure retains the professional services of any individual or other person also providing those services to the candidate in connection with the candidate's pursuit of nomination for election, or election, to Federal office, in the same election cycle, including any services relating to the candidate's decision to seek Federal office."

(i) If any provision of this Act or the application of it to any person or circumstance

is held invalid, the remainder of the Act and the application of the provision to any other person or circumstance shall not be affected by such invalidation.

(j) The amendments made by such sections (a) through (i) of this section shall apply with respect to general, special, and runoff election occurring after December 31, 1986.

VETERANS' COMPENSATION AND BENEFITS IMPROVEMENT ACT OF 1985

MURKOWSKI (AND OTHERS) AMENDMENT NO. 1169

Mr. CHAFEE (for Mr. MURKOWSKI, for himself, Mr. CRANSTON, Mr. DENTON, Mr. ABDNOR, Mr. THURMOND, and Mr. BOSCHWITZ) proposed an amendment to the bill (S. 655) to increase the rates of disability compensation for disabled veterans and the rates of dependency and indemnity compensation for surviving spouses and children of veterans, to improve veterans' education benefits, and to improve the Veterans' Administration Home Loan Guarantee Program; to amend titles 10 and 38, United States Code, to improve national cemetery programs; and for other purposes, as follows:

At the appropriate place in the bill, add the following new sections:

SEC. 508. (a)(1) The first sentence of section 1 of Public Law 98-77 (29 U.S.C. 1721 note) is amended to read as follows: "This Act may be cited as the 'Veterans' Job Training Act'.".

(2) Any reference in any Federal law to the Emergency Veterans' Job Training Act of 1983 shall be deemed to refer to the Veterans' Job Training Act.

(b) Section 5(a)(1)(B) of such Act is amended by striking out "fifteen of the twenty" and inserting in lieu thereof "10 of the 15".

(c) The second sentence of section 8(a)(1) of such Act is amended to read as follows: "Subject to section 5(c) and paragraph (2), the amount paid to an employer on behalf of a veteran for a period of training under this Act shall be—

"(A) during the first 3 months of that period, 50 percent of the product of (i) the starting hourly rate of wages paid to the veteran by the employer (without regard to overtime or premium pay), and (ii) the number of hours worked by the veteran during those months; and

"(B) during the fourth and any subsequent months of that period, 30 percent of the product of (i) the actual hourly rate of wages paid to the veteran by the employer (without regard to overtime or premium pay), and (ii) the number of hours worked by the veteran during those months.".

(d) Section 14 of such Act is amended by inserting "(a)" before "The" and adding at the end the following new subsections:

"(b) The Administrator and the Secretary shall jointly provide for a program of counseling services designed to resolve difficulties that may be encountered by veterans during their training under this Act and shall advise all veterans and employers participating under this Act of the availability of such services and encourage them to request such services whenever appropriate.

"(c) The Administrator shall advise each veteran who enters a program of job training under this Act of the supportive services and resources available to the veteran through the Veterans' Administration, especially, in the case of a Vietnam-era veteran, readjustment counseling under section 612A of title 38, United States Code, and other appropriate agencies in the community.

"(d) The Administrator and the Secretary shall jointly provide for a program under which a case manager is assigned to each veteran participating in a program of job training under this Act and periodic (not less than monthly) contact is maintained with each such veteran for the purpose of avoiding unnecessary termination of employment and facilitating the veteran's successful completion of such program.".

(e) Section 16 of such Act is amended—

(1) by inserting "and $55 million for fiscal year 1986," after "1985"; and

(2) by striking out "1987" and inserting in lieu thereof "1988".

(f) Section 17 of such Act is amended—

(1) by striking out "Assistance" and inserting in lieu thereof "(a) Except as provided in subsection (b), assistance";

(2) in clause (1), by striking out "February 28, 1985" and inserting in lieu thereof "January 31, 1987";

(3) in clause (2), by striking out "July 1, 1986" and inserting in lieu thereof "July 31, 1987"; and

(4) by adding at the end the following new subsection:

"(b) If funds for fiscal year 1986 are appropriated under section 16 but are not both so appropriated and made available by the Director of the Office of Management and Budget to the Veterans' Administration on or before February 1, 1986, for the purpose of making payments to employers under this Act, assistance may be paid to an employer under this Act on behalf of a veteran if the veteran—

"(1) applies for a program of job training under this Act within 1 year after the date on which funds so appropriated are made available to the Veterans' Administration by the Director; and

"(2) begins participation in such program within 18 months after such date.".

(g)(1) Except as provided in paragraph (2), the amendments made by this section shall take effect on the date of the enactment of this section.

(2)(A) The amendment made by subsection (c) shall apply with respect to payments made for programs of training under such Act that begin after January 31, 1986.

(B) The amendment made by subsection (f)(2) shall take effect on February 1, 1986.

SEC. 509. (1) In carrying out section 1516(b) of title 38, United States Code, the Administrator of Veterans' Affairs shall take all feasible steps to establish and encourage, for veterans who are eligible to have payments made on their behalf under such section, the development of training opportunities through programs of job training consistent with the provisions of the Veterans' Job Training Act (as redesignated by section 508(a)(1) of this Act) so as to utilize programs of job training established by employers pursuant to such Act.

(2) In carrying out such Act, the Administator shall take all feasible steps to ensure that, in the cases of veterans who are eligible to have payments made on their behalf under both such Act and such section, the authority under such section is utilized to the maximum extent feasible and consistent with the veteran's best interests to make payments to employers on behalf of such veterans.

SEC. 510. (a) For the purposes of this section:

(1) The term "private industry council" means a private industry council established pursuant to section 102 of the Job Training Partnership Act (29 U.S.C. 1512).

(2) The term "service delivery area" means a service delivery area established pursuant to section 101 of the Job Training Partnership Act (29 U.S.C. 1511).

(b)(1) The Secretary of Labor shall evaluate the feasibility and advisability of establishing and administering, under part C of title IV of the Job Training Partnership Act, a program described in paragraph (2).

(2) The program referred to in paragraph (1) is a program under which, upon the Secretary's determination and declaration of a severe State or regional employment deficiency or a veterans' employment deficiency in a State or service delivery area, grants are made, from a veterans' job training grant fund established by the Secretary from funds available to carry out part C of title IV of the Job Training Partnership Act, to a State or appropriate private industry council to fund an on-the-job training program which is similar in structure and purpose to the job training program established under the Veterans' Job Training Act of 1983 (as redesignated by section 508(a)(1) of this Act) and is to be conducted in such State or service delivery area.

(c) Not later than 90 days after the date of the enactment of this act, the Secretary of Labor shall transmit to the Committee on Veterans' Affairs of the Senate and the House of Representatives a report on the evaluation made under subsection (b). The report shall include—

(1) recommended definitions, standards, and implementation procedures for declaring and determining the duration of a severe State or regional employment deficiency and a veterans' employment deficiency in a State or service delivery area;

(2) recommended procedures for commencing a job training program in a State or service delivery area and for making financial assistance and other resources available for such job training program when a veterans' employment emergency is declared with respect to the State or service delivery area;

(3) recommended procedures for administering an emergency veterans' job training grant fund, including recommended minimum and maximum amounts to be maintained in such fund;

(4) recommended limits on the amounts of grants to be made to any grantee State or private industry council;

(5) recommended veteran and employer eligibility criteria and entry and completion requirements;

(6) a description of the support and counseling services that are necessary to carry out a job training program in a State or service delivery area;

(7) the recommended administrative component or components of the Department of Labor which would be appropriate—

(A) to administer a grant program described in subsection (b), including the contracting and monitoring functions;

(B) to determine the eligibility criteria for applicants for training and for employer certifications;

(C) to establish findings of veterans' employment deficiencies in States and service delivery areas; and

(D) to verify the level of compliance of grantee States or private industry councils, veterans, and employers with the requirements of the grant program and the job training program funded by the grant program;

(8) the estimated costs of administering and monitoring a job training grant program described in subsection (b) and consistent with the recommendations made in such report; and

(9) such other findings and recommendations, including any recommendations for legislation, as the Secretary considers appropriate.

SEC. 511. The Veterans' Administration Medical Center in Phoenix, Arizona, shall after the date of the enactment of this Act be known and designated as the "Carl T. Hayden Veterans' Administration Medical Center". Any reference to such medical center in any law, regulation, map, document, record, or other paper of the United States shall after such date be deemed to be a reference to the Carl T. Hayden Veterans' Administration Medical Center.

ADDITIONAL STATEMENTS

HUNGERTHON '85

● Mr. MOYNIHAN. Mr. President, hunger is a problem which has captured much attention of late, as well it should. We are offended by the suffering of hungry children and adults, yet often we do not know how to begin to help them. Recently, in New York City, thousands of New Yorkers found a way. I would like to take a moment to commend the efforts and applaud the dedication of the people who participated in "Hungerthon '85," a radiothon fundraiser broadcast on WNEW-FM radio.

The fundraising drive produced more than $62,000 in funds to provide direct hunger relief to needy Americans, and some few of those in need abroad. UNICEF and World Hunger Year, a relief organization founded by the late singer Harry Chapin, will administer the effort. Closer to home, Hungerthon also collected more than 2,000 cans of food for the Food for Survival food bank in the Bronx.

In 1976, WNEW-FM radio sponsored the first radiothon to increase public awareness of the devastating problem of hunger and its consequences. That radiothon, cohosted by Harry Chapin and Bill Ayres, provided the impetus for many others soon to follow.

Hungerthon '85 was cohosted by Harry Chapin's friend and partner Bill Ayres, now executive director of World Hunger Year. Bill's cohost was disc jockey Pete Fornatele, who was also instrumental in establishing World Hunger Year some 10 years ago.

Harry Chapin, I would like to note, helped motivate others in the entertainment world to take on the cause of ending world hunger. Ken Kragen and Harry Belafonte have both credited his work as an inspiration behind "USA for Africa," which will sponsor "Hands Across America" this Memorial Day weekend to raise money for the homeless and hungry in America.

World Hunger Year will launch Hungerline, a media resource service to encourage continued media attention to the issue of hunger.

UNICEF will initiate a worldwide vaccination program to protect children from the diseases associated with hunger and malnutrition.

And WNEW in New York will continue to focus the attention of its listeners on hunger, by making the Hungerthon an annual event.

1985 has witnessed a worldwide hunger relief campaign on a scale unprecedented; the combined efforts of entertainers in this country and abroad have netted more than $100 million for food and agricultural aid to the African nations ravaged by famine. Generosity among some of the more fortunate in our society can have a tangible and vital impact for so many of the less fortunate. But a great deal remains to be done. With perhaps 20 million Americans suffering from hunger at some point each month, and untold millions starving elsewhere in the world, each of us has a responsibility to help.●

S. 554, THE CHILD SEXUAL ABUSE AND PORNOGRAPHY ACT OF 1985

● Mr. BUMPERS. Mr. President, I am pleased today to join several of my distinguished colleagues in cosponsoring S. 554, the Child Sexual Abuse and Pornography Act of 1985, introduced by Senator ROTH. This legislation would toughen present laws against child prostitution and commercial exploitation of child pornography through advertising.

The bill is a result of a year-long examination by the Governmental Affairs Subcommittee on Investigations of child pornography and its link to child molestation. This extensive study revealed that there is heavy importation of commercial child pornography into the United States from Europe, and that several organizations in America openly advocate sex with children. Of the 4,266 seizures of pornographic material at our borders made by the U.S. Customs Service in 1984, over one-half involved the exploitation of children.

The subcommittee also discovered through testimony of convicted pedophiles that there is easy access to multitudes of child pornographic material and that this material, and often the children depicted therein, are shared among pedophiles across the country. The hearing reports are filled with examples of ads for videos, films, photos, and magazines featuring very young children in sexually explicit poses and where they can be found. The study revealed the existence of a network of pedophiles and pornographers spanning from America to Europe. Although recent laws have focused on the prevention of this heinous activity, our children continue to be victimized and these outrageous practices must be eradicated.

I am appalled by this evidence of widespread child prostitution and the shameless marketing of our children's sexual innocence through the advertising of pornography. Many Arkansans share my outrage and have expressed to me their extreme concern about this expanding problem. Child pornography is one of the most horrible aspects of our society. I agree with Senator ROTH that we must strive to make our laws against this disgusting conduct as airtight as possible.

Senator ROTH's bill would make it a crime to advertise the availability of photos or films depicting child pornography and to advertise opportunities for sexual exploitation of minors. It would also establish guidelines to assist the courts in determining the age of the child appearing in such pornographic materials and remove the requirement that the prosecution identify the child depicted, an often insurmountable obstacle to the defendant's conviction. The bill also amends the Mann Act to include the transportation of boys within its coverage and increases the penalties for violation of that act.

I believe these are necessary changes in current law which will hopefully deter pedophiles and pornographers from continuing to abuse our children. This crime was long ignored by our society and is now pervasive. It is time to put a stop to it.●

WEEKLY BUDGET SCOREKEEPING REPORT

● Mr. DOMENICI. Mr. President, I hereby submit to the Senate the budget scorekeeping report for the week of November 18, 1985, prepared by the Congressional Budget Office in response to section 5 of the first budget resolution for fiscal year 1986. This report also serves as the scorekeeping report for the purposes of section 311 of the Congressional Budget Act.

The report follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, December 2, 1985.

Hon. PETE V. DOMENICI,
Chairman, Committee on the Budget, U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The attached report shows the effects of Congressional action on the budget for fiscal year 1986. The estimated totals of budget authority, outlays, and revenues are compared to the appropriate or recommended levels contained in the most recent budget resolution, S. Con. Res. 32. This report meets the requirements for

Senate scorekeeping of Section 5 of S. Con. Res. 32 and is current through November 29, 1985. The report is submitted under Section 308(b) and in aid of Section 311(b) of the Congressional Budget Act.

Since my last report the Congress has cleared for the President's signature the Agriculture Extension (P.L. 99-157), the NASA Authorization for 1986 (H.R. 1714), and the Military Construction Appropriations, 1986 (H.R. 3327), changing budget authority and outlay estimates.

With best wishes,

Sincerely,

JAMES BLUM
(For Rudolph G. Penner).

CBO WEEKLY SCOREKEEPING REPORT FOR THE U.S. SENATE, 99TH CONG., 1ST SESS., AS OF NOV. 29, 1985

[In billions of dollars]

	Budget authority	Outlays	Revenues	Debt subject to limit
FISCAL YEAR 1986				
Current level [1]	1,069.1	982.6	793.1	1,890.2
Budget resolution, S. Con. Res. 32	1,069.7	967.6	795.7	[2] 2,078.7
Current level is:				
Over resolution by		15.0		
Under resolution by	.6		2.6	188.5

[1] The current level represents the estimated revenue and direct spending effects (budget authority and outlays) of all legislation that Congress has enacted in this or previous sessions or sent to the President for his approval. In addition, estimates are included of the direct spending effects for all entitlement or other programs requiring annual appropriations under current law even though the appropriations have not been made. The current level excludes the revenue and direct spending effects of legislation that is in earlier stages of completion, such as reported from a Senate committee or passed by the Senate. Thus, savings from reconciliation action assumed in S. Con. Res. 32 will not be included until Congress sends the legislation to the President for his approval. The current level of debt subject to limit reflects the latest U.S. Treasury information on public debt transactions.

[2] The current statutory debt limit is $1,903.8 billion.

SUPPORTING DETAILS FOR CBO WEEKLY SCOREKEEPING REPORT, U.S. SENATE, 99TH CONG., 1ST SESS., AS OF NOV. 29, 1985

[In millions of dollars]

	Budget authority	Outlays	Revenues
FISCAL YEAR 1986			
I. Enacted in previous sessions:			
Revenues			792,800
Permanent appropriations and trust funds.	717,617	631,009	
Other appropriations		185,348	
Offsetting receipts	−162,006	−162,006	
Total, enacted in previous sessions.	555,610	654,351	792,800
II. Enacted this session:			
Famine relief and recovery in Africa (Public Law 99-10).		421	
Federal supplemental compensation phaseout (Public Law 99-15).			10
Appropriations for the MX missile (Public Law 99-18).		368	
Contemporaneous record-keeping repeal bill (Public Law 99-44).			13
United States-Israel Free Trade Act (Public Law 99-47).			−8
Statue of Liberty—Ellis Island Coin Act (Public Law 99-61).	−15	31	
International Security and Development Cooperation Act (Public Law 99-83).	−25	−25	
Supplemental appropriations bill (Public Law 99-88).	36	3,138	
State Department authorization (Public Law 99-93).			2
Emergency Extension Act of 1985 (Public Law 99-107).	−49	−230	210

SUPPORTING DETAILS FOR CBO WEEKLY SCOREKEEPING REPORT, U.S. SENATE, 99TH CONG., 1ST SESS., AS OF NOV. 29, 1985—Continued

[In millions of dollars]

	Budget authority	Outlays	Revenues
Simplification of imputed interest rules (Public Law 99-121).			−31
Health professions educational assistance (Public Law 99-129).		−8	
Amendments—Special defense acquisition fund (Public Law 99-139).	100		
Energy and water appropriations, 1986 (Public Law 99-141).	15,252	8,245	
Department of Defense Authorization Act, 1986 (Public Law 99-145).	280	−5	
Legislative branch appropriations, 1986 (Public Law 99-151).	1,599	1,385	
Temporary debt limit increase (Public Law 99-155).	−34	−156	140
Agricultural extension, tobacco provision (Public Law 99-157).	−20	−20	
HUD-independent agencies appropriations, 1986 (Public Law 99-160).	56,909	36,247	
Offsetting receipts	−4,185	−4,185	
Total, enacted this session.	69,848	45,205	335
III. Continuing resolution authority:			
Continuing appropriations, 1986 (Public Law 99-154).	455,136	301,310	
Offsetting receipts	−23,808	−23,808	
Total, continuing resolution authority.	431,328	277,502	
IV. Conference agreements ratified by both Houses:			
NASA Authorization Act of 1986 (H.R. 1714).		107	
Military construction appropriations, 1986 (H.R. 3327).	8,498	2,151	
Total, conference agreements.	8,498	2,258	
V. Entitlement authority and other mandatory items requiring further appropriation action:			
Payment to the CIA retirement fund.	10	10	
Claims, defense	7	3	
Payment to the Foreign Service retirement trust fund [1].	(7)	(7)	
Range improvements	1		
BLM: Miscellaneous trust fund.	(2)		
Payment to air carriers, DOT.	18	17	
Retired pay—Coast Guard	21	19	
Maritime, operating-differential subsidies.		3	
BIA: Miscellaneous trust funds.	(2)	(2)	
Higher education facilities loans and insurance.	4		
Retirement pay for PHS officers.	12	6	
Medicaid	1,617	1,285	
Payment to health care trust funds [1].	(1,011)	(1,011)	
Child nutrition programs	254	234	
Advances to unemployment trust fund [1].	(516)	(516)	
Special benefits (general retirement and Federal employee retirement).	48	48	
Black lung disability trust fund.	85	85	
Assistance payments	573	573	
Veterans readjustment benefits.	180	137	
Veterans pensions	10		
Salaries of judges	3	1	
Payment to civil service retirement [1].	(214)	(214)	
National wildlife refuge fund.	(2)	(2)	
Defense pay raise—Military	925	897	
Total, entitlements	3,769	3,318	

SUPPORTING DETAILS FOR CBO WEEKLY SCOREKEEPING REPORT, U.S. SENATE, 99TH CONG., 1ST SESS., AS OF NOV. 29, 1985—Continued

[In millions of dollars]

	Budget authority	Outlays	Revenues
Total, current level as of Nov. 29, 1985.	1,069,053	982,634	793,135
1986 budget resolution (S. Con. Res. 32).	1,069,700	967,600	795,700
Amount remaining:			
Over budget resolution.		15,034	
Under budget resolution.	647		2,565

[1] Interfund transactions do not add to budget totals.
[2] Less than $500,000.
Note.—Numbers may not add due to rounding.

PERMISSION TO EMIGRATE FOR ALEKSEI LODISEV AND THE STOLAR FAMILY

● Mr. LEVIN. Mr. President, a few days before the Geneva Summit, we received the good news that a small group of refuseniks had been given permission to leave the Soviet Union. Some of these refuseniks belonged to a group of 25 "divided spouses"—Soviet citizens who are married to Americans and cannot live with their spouses because of the Soviet Government's restrictive emigration policies. One of the divided spouses permitted to emigrate is Aleksei Lodisev, the husband of Sandra Gubin of Kalamazoo, MI. This is a case I have been personally involved in. Sandra Gubin has shown extraordinary courage and strength in working on behalf of her husband. She has struggled tenaciously for the right to live with her husband in the country of their choice. I share her joy and relief at the news of Aleksei's impending departure for the United States.

Another case that has been of great concern to me and to many of my colleagues in both Houses of Congress is that of Abe Stolar and his family. Abe Stolar is an American citizen. He and his wife Gita and son Michael have been trying to emigrate to Israel for over a decade. Earlier this year, when it looked as if the Stolars might finally be permitted to leave the Soviet Union, they were prevented from doing so by the Soviet Government's refusal to grant an exit visa to Michael's wife, Julia. Now it appears that the Soviets have agreed to allow all four members of the family to receive exit visas. For those of us in this Chamber who have worked on the Stolars' behalf, this is most gratifying news. We remember the past disappointments the Stolars faced after having their hopes raised, and we will rejoice with them when they finally return home.

Mr. President, it's not often that we have an opportunity to tell a human rights story with a happy ending.

Today I have had the pleasure of recounting two stories involving Soviet refuseniks that look as if they will end happily. But even as we rejoice in these potentially happy endings, we must remember that they are part of a much larger story, the sad saga of human rights violations in the Soviet Union and the plight of the refuseniks. The good news about Aleksei Lodisev, the Stolar family, and the others who recently received permission is not the end of this larger story. I hope and pray that it is only the beginning, that in the coming months we will see an increased willingness on the part of the Soviets to abide by the Helsinki accords and other international agreements they have signed relating to human rights and free emigration.

If this was an presummit gesture, let us hope that it was not merely a gesture, but that it will be followed by further concrete actions. In the meantime, we must continue to let the Soviets know that human rights is an issue of paramount importance to us and plays an essential role in all aspects of our relationship with them.●

ORDERS FOR TUESDAY, DECEMBER 3, 1985

RECESS UNTIL 9:30 A.M.

Mr. THURMOND. Mr. President, I ask unanimous consent that, when the Senate completes its business today, it stand in recess until 9:30 a.m., on Tuesday, December 3, 1985.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. THURMOND. Mr. President, I further ask unanimous consent that, following the recognition of the two leaders under the standing order, there be a period for the transaction of routine morning business not to extend beyond the hour of 10 a.m., with Senators permitted to speak therein for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. THURMOND. Mr. President, following morning business, the Senate will resume amendment No. 1168, the Boren PAC amendment with a time limitation of 2 hours. A rollcall vote is expected in relation to the Boren amendment.

Mr. President, following the vote in relation to the Boren amendment, by previous unanimous consent, the Senate will turn to S. 1884, the Helms-Zorinsky farm credit bill, under a time agreement that provides for final passage no later than 7 p.m. tomorrow evening. Also, the Senate will vote on the confirmation of Robert Dawson during tomorrow's session, following an hour or so of debate, by a previous unanimous-consent agreement. Therefore, rollcall votes can be expected throughout Tuesday's session.

RECESS UNTIL 9:30 A.M.

Mr. THURMOND. Mr. President, I ask unanimous consent that the Senate stand in recess until 9:30 a.m., on Tuesday, December 3, 1985.

There being no objection, at 6:22 p.m., the Senate recessed until Tuesday, December 3, 1985, at 9:30 a.m.

NOMINATIONS

Executive nominations received by the Secretary of the Senate November 25, 1985, under authority of the order of the Senate of January 3, 1985:

NATIONAL CONSUMER COOPERATIVE BANK

Frank B. Sollars, of Ohio, to be a member of the board of directors of the National Consumer Cooperative Bank for a term of 3 years, reappointment.

IN THE AIR FORCE

The following Air National Guard of the United States officers for promotion in the Reserve of the Air Force under the provisions of section 593(a) title 10 of the United States Code, as amended:

LINE OF THE AIR FORCE

To be lieutenant colonel

Maj. Wayne Alden, [redacted].
Maj. James Buliszak, [redacted].
Maj. Eural C. Clippard, Jr., [redacted].
Maj. Anthony Eden, [redacted].
Maj. Richard W. Edmonds, [redacted].
Maj. Robert F. Fahrer, [redacted].
Maj. Arlo G. Hawk, [redacted].
Maj. Travis J. Howland, [redacted].
Maj. Randall M. Hurst, [redacted].
Maj. Thomas J. Kelley, [redacted].
Maj. Robert H. Lampke, [redacted].
Maj. John R. Lee, [redacted].
Maj. Michael E. Leikam, [redacted].
Maj. Stanley E. Mehrhoff, [redacted].
Maj. William W. Oakland, [redacted].
Maj. Irven V. Pope, [redacted].
Maj. Ronauld A. Ripley, [redacted].
Maj. Kerry L. Sharp, [redacted].
Maj. Michael R. Smith, [redacted].
Maj. Ralph A. Stone, [redacted].
Maj. Richard L. Tallent, [redacted].

LEGAL

To be lieutenant colonel

Maj. Daniel F. Lopez, [redacted].

CHAPLAIN

To be lieutenant colonel

Maj. David F. Shoell, [redacted].

MEDICAL CORPS

To be lieutenant colonel

Maj. Richard B. Terry, [redacted]

IN THE ARMY

The following officer for appointment as permanent professor at the U.S. Military Academy in accordance with the provisions of title 10, United States Code, section 4333:

Col. Peter D. Heimdahl, [redacted].

Executive nominations received by the Secretary of the Senate November 26, 1985, under authority of the order of the Senate of January 3, 1985:

DEPARTMENT OF JUSTICE

Howard V. Adair, of Alabama, to be U.S. Marshal for the southern district of Alabama for the term of 4 years, reappointment.

Robert L. Pavlak, Sr., of Minnesota, to be U.S. Marshal for the district of Minnesota for the term of 4 years, reappointment.

Kernan H. Bagley, of Oregon, to be U.S. Marshal for the district of Oregon for the term of 4 years, reappointment.

EXTENSIONS OF REMARKS

BEWARE OF PREAPPROVED CREDIT CARDS

HON. MARIO BIAGGI
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES

Monday, December 2, 1985

Mr. BIAGGI. Mr. Speaker, the more I learn about the credit card industry the more I dislike it. What's there to dislike? Consider, for starters, the preapproved credit cards that we're so fortunate to receive in the mail. With no muss and no fuss, we are told that because of our excellent credit rating they are rewarding us with the use of their money. Sounds good, right? Wrong. Once they sucker us in with the promise of low monthly payments and minimal annual fees, they lock the door and throw away the key. They've got us right where they want us, because by the time the first monthly bill comes it's to late to do anything about the outrageously high interest rate that was part of the deal, but was somehow lost in the fine print when we got our plastic money.

Oh, sure, there are some credit card issuers that charge a reasonable rate of interest. But, we won't ever get a credit card from them in the mail, preapproved, because they recognize that preapproved credit card mailings result in significant fraud and abuse costs—costs associated with a poor business practice that has been used by many banks to justify their high interest charges. I just received a Visa card from the Simmons First National Bank of Pine Bluff, AR, that charges only 12.5 percent interest, compared to a national average of 18.6 percent. But, I had to apply for it, and anyone else can do the same.

In February, I authored a bill, H.R. 1197, to cap credit card interest rates at 5 percentage points above the Federal Reserve's discount rate, which is how much it costs the banks to borrow money from the Federal Reserve. Under present conditions that means a 12.5-percent cap. I modeled this legislation after the policy adopted by the State of Arkansas and I am convinced that if all banks nationwide would simply do away with preapproved credit card mailings, they could make a very healthy profit with a 12.5-percent interest charge. After all, if it works in Arkansas, it should work elsewhere.

There is growing support for this proposal and the House Banking Subcommittee on Consumer Affairs and Coinage, chaired by my good friend and distinguished colleague from Illinois, FRANK ANNUNZIO, recently held hearings on this legislation. However, despite this favorable progress, the future of a Federal cap on card interest rates remains uncertain.

In the meantime, I would urge American consumers across the country to beware of preapproved credit card mailings. In case there are some who are reluctant to heed this warning, I want to insert an article written by Lars-Erik Nelson that recently appeared in the New York Daily News. The headline spells out the problem in a very concise fashion, "Endless credit, endless debt."

[From the New York Daily News, Nov. 15, 1985]

ENDLESS CREDIT, ENDLESS DEBT

(By Lars-Erik Nelson)

It's not as though Ann Ficarrotta of Lynbrook, N.Y., was broke. But when the letter came from San Francisco offering her $3,000, it was "too tempting not to say no."

Sight unseen and out of the blue, First Select VISA of San Francisco had sent her a pre-approved line of credit for $3,000. The good news was "No Annual Fees" for her VISA card and low monthly payments.

"One of the boys was paying off a school loan, so I thought, they want to give me money, I'll use it to help him out," she said over the phone. "Another boy needed a PA system for his band. What can I do? I have all these talented children and no money."

First Select VISA promised to save her $85 a month in payments on her $3,000. She would only have to pay 2% of her outstanding balance—$60 a month.

"I'm a very bad person," Mrs. Ficarrotta laughed. "When anybody offers me money, I never refuse it."

Last April, she made her first payment of $60. Her loan balance went from $3,014.39 to $3,004.56. That is, she still owed $3,000. She made another payment of $60. When the next VISA statement came, she still owed $3,000.

So, she made a payment of $100. Now she owed $2,956. She made a payment of $75. That reduced her loan by just $21.

If Mrs. Ficarrotta continues to pay First Select VISA at the rate they said she would owe them each month, she will owe them $3,000 forever. "Please tell my how First VISA Select could be allowed to do this and how they differ from illegal money loans," she asks.

"Let's make a bet," Jeffrey McCarthy of First Deposit Savings Bank had written Mrs. Ficarrotta. "If I ask you right now how much you're paying in annual credit card fees, I bet you couldn't tell me. If you can't, you're not alone. Most people have been paying annual credit card fees for so long, that they don't have any idea how much all those annual fees are costing them."

What McCarthy's letter omits is information that is much more costly than credit card fees. It is the interest rate that First Select VISA charges. That is found in fine print in another document. It is 21.9%.

McCarthy prefers not to speak of it. He spends his time on other things. "On a $2,000 balance, many banks would require a monthly payment of at least $100," he wrote. "But with First Select VISA, your monthly payment would be only $40! Think of what you could do every month with $60—or more—saved on payments!"

Don't stop to think that at First Select's payment schedule, you would be paying off that $2,000 loan—plus 21.9% interest—for, as near as I can calculate it, the next 47 years. The banks know a good thing when they see it: eternal high interest rates "earned" by luring poor and trusting people into an endless cycle of debt.

They know they can get 21.9% interest rates—even though the banks themselves pay only 10%—by putting plastic credit cards into the hands of people who really can't affort them and who don't understand the intricacies of debt. People grab at that "low monthly payment" and "no credit card fee."

Mrs. Ficarrotta knows a widow who is broke. "She makes $250 every two weeks—and they sent her one of these letters, saying 'Because of your excellent credit rating you qualify for $3,000,' " she said. "I argued with her, 'Don't take it. Once they get you in the trap, you're stuck.' But it looks so good."

Mrs. Ficarrotta is a bright, jolly woman. You can see from her letter that she is highly organized and keeps track of her money. But when the VISA came offering $3,000 for just $60 a month, she took it. Because the monthly payments were lower, she borrowed money at 21.9% to help her son pay off a tuition loan—not thinking that the interest rate on his loan was 7%.

In seven months, she has paid $584 to VISA and reduced her debt by only $157.19. "I called up to complain, and the girl said 'If you don't like it, I would suggest you pay it in full.' "

Which Mrs. Ficarrotta intends to do. How? Simple. "Somebody offered me another $3,000 and I took it, she said "You know the old saying about borrowing from Peter to pay Paul? That's me. Maybe somewhere out there you can save someone else from this pitfall."

ADMINISTRATION OPPOSES SENATE VERSION OF TEXTILE BILL

HON. BILL FRENZEL
OF MINNESOTA
IN THE HOUSE OF REPRESENTATIVES

Monday, December 2, 1985

Mr. FRENZEL. Mr. Speaker, printed below is a letter from our U.S. Trade Representative, Clayton Yeutter, which indicates that the administration strongly opposes the Senate version of H.R. 1562, as well as the earlier House version. Ambassador Yeutter reiterates the same points of opposition that apply to the House bill—that the textile bill will harm the U.S. economy overall more than it will help one particular sector, that it will be harmful to our foreign policy interests and that it will greatly increase costs to U.S. consumers.

The letter is as follows:

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member of the Senate on the floor.
Boldface type indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

U.S. TRADE REPRESENTATIVE,
Washington, December 2, 1985.

Hon. BILL FRENZEL,
House of Representatives,
Washington, DC.

DEAR BILL: On Tuesday, the House is scheduled to take up H.R. 1562, a bill which would attempt to protect the textile and apparel industries from foreign competition by rolling back import levels of most textile exporters. It also contains provisions imposing import limitations on nonrubber footwear and mandating the President to "seek to" negotiate voluntary production restraints on copper for a five-year period.

This legislation is harmful to the national interest; it would hurt the U.S. economy more than it would help, destroy more jobs than it would save, and cost consumers dearly.

There is no doubt that the apparel and textile industries are undergoing painful structural changes. But the Administration has been far more sensitive to their needs than this legislation would indicate. Since 1980, USTR has negotiated or imposed more than 425 textile and apparel quotas, with tariff levels averaging 22 percent compared to less than five percent for all other industries. This makes textiles and apparel the most protected industries in the United States.

Moreover, to help workers and communities adversely affected by increased exports, the President has asked Congress for an additional $100 million for the Labor Secretary's discretionary fund under Title III of the Job Training Partnership Act dislocated workers program.

H.R. 1562 as amended is a prohibitively expensive approach to job protection. It would protect approximately *9,000* jobs in an industry employing nearly *two million* workers. The Council of Economic Advisors calculates that this bill would raise total U.S. clothing and textile costs by $5 billion, or some $250,000 per textile job affected. And the burden of the bill would fall heaviest on those who could least afford to bear it—lower-income consumers who buy the bulk of inexpensive clothing.

Even more disturbing is the threat to existing jobs that this bill represents. Workers who transport and sell foreign apparel would be directly threatened by this legislation. But many other jobs would be jeopardized indirectly. Since the legislation would almost assuredly violate our international obligations, adversely affected nations would have the right to "compensation" through increased access to the U.S. market for other products—which would harm workers in other import-sensitive industries, or alternatively, those nations would be entitled to retaliate against U.S. exports—which would harm workers in our export industries. The U.S. exported over $53 billion in goods to the nations principally affected by this bill, including $5 billion in corn and wheat, $3 billion in aircraft, and $750 million in cigarettes and tobacco. Many jobs in these industries could be lost.

Finally, the developing nations, including some of our best friends, would be most severely hurt by this bill. Reneging on our trade agreements would disrupt our diplomatic relations with much of the Third World and hurt our efforts to promote the values of democratic capitalism. And because some of the textile exporting countries are also among the largest debtor nations, the international debt problem could become a major crisis if exports from these countries to the United States are severely constrained.

We believe there are far better ways to assist the textile and apparel industries. This Administration is committed to negotiating a strong, new Multifiber Arrangement that will respond to the concerns which precipitated this legislation. When import limits are negotiated, rather than imposed legislatively, we avoid the high cost of jeopardized relationships and retaliation.

The provisions to limit nonrubber footwear and copper imports also are contrary to the national economic interest.

In the case of footwear, the President recently found that quotas would not be in the national economic interest for reasons similar to those outlined for textiles and apparel: they would cost consumers billions of dollars and would invite retaliation on U.S. exports that could cost more jobs than would be saved. In addition, the President determined that quotas would have little, if any, impact on the long-term competitiveness of our domestic footwear industry.

In the case of copper, the President recently determined that it would be inappropriate for the Government to seek to negotiate voluntary production restraint agreements with foreign copper producing countries, who have made it clear that they are opposed to such restraints. Past experience including that of OPEC, shows that production restraint agreements are extremely difficult to implement effectively and that any benefits from restraints tend to be eroded or reversed over time.

The textile, apparel, footwear and copper industries certainly face significant challenges, but as difficult as these challenges may be, they are not insurmountable. When they face competition that's unfair, this Administration is committed to taking strong action to fight that unfairness, whenever and wherever it may occur.

The precedent which this measure would establish, i.e., sector by sector protectionism by legislative fiat, is the wrong approach. It would send the wrong signal as we seek to engage our trading partners in vigorous new efforts to promote free and open markets throughout the world. For that reason, I and other advisors to the President will recommend that he not sign H.R. 1562.

Sincerely,

CLAYTON YEUTTER.

HONORING JOHN HERGESHEIMER AND GERALD BLACKBURN FROM THE SOUTH WHITTIER SCHOOL DISTRICT BOARD OF TRUSTEES

HON. ESTEBAN EDWARD TORRES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 2, 1985

Mr. TORRES. Mr. Speaker, I ask my colleagues in Congress to join me in honoring the dedication and service of two individuals, Mr. John Hergesheimer and Mr. Gerald Blackburn, of the South Whittier School District Board of Trustees.

On November 26, 1985, Mr. Blackburn and Mr. Hergesheimer will retire from the South Whittier Board of Trustees. In a special ceremony they will be honored by fellow board members and the community for their outstanding service to the district.

Mr. Hergesheimer has unselfishly served South Whittier for 12 consecutive years. He was first elected to the board in April of 1973 and took office the 1st of July that year. He has been elected twice, once in 1977 and 1981. When he retires he will have served under four different superintendents. For the last 8 years he has been the senior member of the board.

John holds degrees from Whittier College and California State University at Long Beach. He chairs the Social Studies Department at Norwalk High School. For the past 31 years he has lived in Whittier with his wife, Betty, and their three children, Mark, Peter, and Ruth Ellen.

Mr. Blackburn has been a member of the board of trustees since 1982 having served as clerk and most recently vice president. He received both his bachelors and masters degrees from Pepperdine. He has worked over 23 years for Rockwell International's space division as a supervisor of materials and processes.

Gerald has been a resident of Whittier for the last 20 years, where he lives with his wife, Katherine, and his three children, Sharon, Steven, and Michael.

Mr. Speaker, it gives me pleasure to recognize and commend both of these men for their commitment to education. John Hergesheimer and Gerald Blackburn have served the South Whittier Board of Trustees with distinction and they will be missed by their friends and colleagues on the South Whittier School Board.

PLANT CLOSING NOTIFICATION AND CONSULTATION

HON. WILLIAM O. LIPINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Monday, December 2, 1985

Mr. LIPINSKI. Mr. Speaker, I rise this afternoon to bring to the attention of my colleagues a speech which I gave before an audience composed of representatives from various labor organizations concerning one phase of a proposed national industrial policy—"Plant Closing Notification and Consultation." Since this issue is of paramount importance to the Nation's working force, I believe my colleagues will find it quite interesting and informative. The text of the speech follows:

I have long advocated a National Industrial Policy for our Republic. A maximum effort on the part of Management, Labor, Academia, and Government to save American Industrial jobs recapture our domestic market and once again be competitive in the world marketplace is necessary if our country is once again to become the economic powerhouse that will be a beacon to all the world. One of the principal areas to be addressed by a National Industrial Policy would be to require employers to notify and consult with employees before ordering a plant closing or permanent layoff.

The pressures of international competition, an American economy in transition, and the normal market forces that effect industrial location and employment patterns has accelerated industrial unemployment.

Many of the millions of families affected by business closings and permanent layoffs,

suffer devastating losses both on a financial level and in terms of their mental and physical health. Earning losses are the most immediate and obvious result of job loss. Research shows that most workers and particularly older workers displaced by plant closings, continue to suffer large income losses even when they succeed in finding new work.

The most recent evidence of the devastating economic effect of job loss on workers is illustrated in a report issued by the Bureau of Labor Statistics which surveyed workers displaced from their jobs between 1979 and 1983. Of the 11½ million displaced workers identified by the Bureau, approximately half lost their jobs in plant closings and half in permanent workforce reductions. When the same displaced workers were surveyed in January 1984, 40 percent were still jobless. Of the 60 percent who managed to find new jobs, fewer than half were earning as much as they had in their old jobs.

Although the financial impact of a job loss is devastating, the health effects surrounding a job loss can be even more severe. Researchers have documented numerous physiological changes caused by stress following plant closures, including increased blood pressure, blood sugar, and cholesterol levels. These symptoms normally drop if workers find new employment. Other medical effects have also been found in workers and their families following plant shutdowns: weight loss, hypertension, ulcers, alcoholism, and increased incidences of diabetes and respiratory diseases. It is no exaggeration to state that a plant closure or permanent mass layoff can create serious medical problems for displaced workers.

Nothing illustrates the destructiveness of job loss for the worker and his or her family more clearly than the evidence that plant closing victims are far more likely to commit suicide than the average person. A recent study indicated that the suicide rate among plant closing victims was 30 times greater than normal.

While suicide is the most shocking and visible result of the physiological and psychological trauma that affect all displaced workers to varying degrees, depression, grief and a sense of total isolation usually afflict the victims of a closure as well. These feelings and the loss of confidence which most workers experience contribute heavily to the inability of displaced workers to adjust and find new employment opportunities.

Many case studies of plant closings have identified serious strains on the families of unemployed workers. Undoubtedly, the stress, anxiety, and depression realized by the displaced worker is magnified in the overall family setting where the spouse and children become highly vulnerable victims to this emotional fallout.

The adverse effects of a plant closure or mass layoff, however, extend far beyond the displaced workers and their families. The impact of a major plant closing has a domino effect which permeates into the entire community. Local businesses lose profits because of their dependence on the plant or its workers to buy their goods and services. Their loss profits, in turn, increase the rolls of the unemployed. As the workforce exodus escalates, the property values decline. All of these events—workers being laid off, the plant closing, the local businesses losing profits, the property values declining cause a decrease in the tax revenues of a community. The lost revenues, plus the increased public expenditures for terminated workers, lead to increased tax rates or reduced public services for all community residents. Ultimately, this all leads to the virtual demise of previously thriving municipality. Clearly these private sector disinvestment decisions continue to have devastating public consequences. Therefore, in order to protect the revenue base of local governments, prepare the various employment and social service agencies for the needs of displaced workers and pursue strategies to avert closings, community leaders and local officials need timely notice of plant closings and mass layoffs as well as accompanying information regarding the decision making process.

Plant closings and other operational changes are usually undertaken by management for the benefit of a business owner in an attempt to reduce costs and maximize profit. When such decisions are made prudently, the owners capitalize on their investment and those employees whose jobs are not eliminated may benefit from greater job security. Management does not have a monopoly on wisdom and may not see opportunities to improve the productivity of an existing plant—opportunities which the employees may well recognize. Even where a management decision to close a plant is economically prudent for the workers who lose their jobs, management's decision is an assault on their financial stability, health and happiness. However, with advance notice and the employers cooperation—along with a willingness to consider reasonable alternatives, many more plant closings could be averted.

Where a plant closing cannot be prevented, responsible corporate action can mitigate some of the damage their decisions cause and ease the impact on employees by giving at least a one year closing notice and a variety of ancillary benefits including severance pay and an early retirement plan, extension on life and medical insurance, profit sharing improvement, relocation expenses or transfer rights to the company's newest facility. In addition, companies which are in the midst of closing down their doors should also consider in-plant job search centers, financial counselling, funding to retrain displaced employees and a task force to assist the community in finding alternative uses for the abandoned facility.

Although these are all reasonable support measures, many businesses today do virtually nothing either in consulting with their employees or in providing compensatory benefits to lessen the impact or damage their disinvestment decisions cause.

A recent study conducted by the Bureau of Labor Statistics revealed that of the 11.4 million workers displaced between 1979 and 1984, 5.5 million received no advance notice of and did not expect their layoff.

It is an undeniable fact that hundreds of thousands of Americans a year have their jobs terminated and are thrown out on the streets without any warning. Unfortunately, hundreds of thousands of families are forced to face the financial, psychological and medical trauma of job loss without an opportunity to prepare for it.

The facts are clear on this issue: without meaningful legislation requiring employers to give adequate advance notice of shutdowns and mass layoffs, millions of Americans will continue to be unfairly placed on the unemployment lines without any opportunity to prepare for the many hardships that will follow.

The American working force have made immeasurable contributions to the economic advancement of this country. Through their vibrant spirit, innovative technology and sweat, our workers have created a modern industrial giant. It is, therefore, incumbent upon us all to address the problem of plant closings and find equitable solutions that will not only revitalize the economy but also serve to protect our labor force who have been the bulwark of American Society.

JOHN BARNES ON WRANGEL ISLAND

HON. JIM COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, December 2, 1985

Mr. COURTER. Mr. Speaker, as the following article from the National Review shows, the State Department may be trying to arrange the legal transfer to Soviet ownership of Wrangel Island in the Arctic Ocean. The Soviets first got possession of the island in the usual way—they occupied it through military force in 1924—and since 1981 the State Department has been trying to legitimize the occupation. There was some fear that the final closing on the transaction might be undertaken at the Reagan-Gorbachev meeting, but as near as we can tell that did not occur. Our colleague MARK SILJANDER is trying to ensure that Congress has a chance to block any such transaction, and I commend him for his efforts, and the following article by John Barnes in the National Review to my colleagues' attention.

The article follows:

[From the National Review, Nov. 29, 1985]

STATE GIVES AWAY THE STORE, AGAIN

(By John Barnes)

The Reagan State Department has been quietly trying to give the Soviet Union a piece of American territory larger than the state of Delaware, under which there may be millions of barrels of oil. It is Wrangel Island, located north of Siberia in the Arctic Ocean, and it is the only piece of American territory ever successfully seized by a foreign power—although that seizure has not been recognized until now.

The U.S. lost Wrangel on August 20, 1924, when the Soviet gunboat *Krasny Oktyabr* (*Red October*) seized the island, captured 14 American fur trappers (two of whom died in captivity), an raised the red flag. The Soviets made the island part of Gulag: Avraham Shifrin, an Israeli expert on Gulag, claims Raoul Wallenberg was held there at one time.

The U.S. has never ceded its claim to Wrangel of four smaller islands nearby that were also seized. But the State Department, which has been negotiating with the Soviets since 1981 to formalize the Alaskan-Siberian frontier, seems to be trying to do so, arguing that "the U.S. never formally claimed those islands." History shows otherwise.

Wrangel, located about 270 miles northwest of Alaska, was discovered in 1881 by Calvin Leighton Hooper, a captain of the U.S. Revenue Marine (Coast Guard) and acting governor of Alaska, cruising aboard the cutter *Thomas Corwin*. John Muir, the famed naturalist and founder of the Sierra Club, was part of the landing party that claimed the island on August 12. He later noted in his book *The Cruise of the Corwin*:

"A notable addition was made to the national domain when Captain Calvin L. Hooper landed on Wrangel Island and took possession of it in the name of the United States." The island had been first sighted 14 years before by U.S. Navy Captain Thomas Long. He named it after the Russian naval officer Ferdinand Petrovich Wrangel, who had explored the area. But, according to his own memoirs, Wrangel never saw the island that bears his name.

There is no evidence that the Russians ever laid legal claim to the island. The only visitors were Americans, mostly trappers from the American Lomen Co., who clearly established occupation under international law. The State Department actually recognized Lomen as the owner of the island on May 13, 1924. U.S. Geological Survey Bulletins issued in 1900, 1902, and 1906 show the islands as U.S. territory. So do Russian naval maps of the same period. In 1922, the British government backed off on a tentative claim to the islands, conceding, in the words of the colonial secretary, that "the United States Government is thought to have a strong, if not indisputable, claim to the islands." The U.S. never recognized the Soviet seizure, and as late as 1973 the State Department in its *Digest of International Law*, stated that "the U.S. has not relinquished its claim to Wrangel Island."

But the present State Department is trying. When the U.S. purchased Alaska in 1867, the border question was left open. The U.S. has always maintained that the border line drawn on maps at the time—which would exclude Wrangel—was merely for convenience and did not constitute a boundary. But on December 28, 1984, Assistant Secretary of State W. Tapley Bennett Jr. announced that the U.S. Government regards the 1867 line as its maritime boundary with the Soviet Union—thus, in effect, attempting to cede U.S. territory without so much as a by-your-leave to Congress or the President.

Congressional opponents of State's attempted giveaway, including Senator Jesse Helms and Representative Mark Siljander, are drafting legislation to require congressional approval of any agreement ceding U.S. claims in the area. But some observers fear that the President, under pressure to "sign something, sign anything" at the summit, might bow to State's "expert advice" and sign away the islands without proper consideration.

Obviously, the U.S. has little chance of regaining possession. But offically accepting the Soviet theft would underscore once again our eagerness to placate the Russians at whatever cost to honor, and would further discredit the U.S. as a reliable partner against Soviet bullying. At the very least, we should hold out for some concessions, such as a share in the petroleum deposits that a number of large oil companies believe may be under Wrangel. Ronald Reagan should not go down in history as the first American President to acquiesce in the conquest of American territory.

THE ANGLO-IRISH AGREEMENT—U.S. ECONOMIC ASSISTANCE

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 2, 1985

Mr. BIAGGI. Mr. Speaker, as chairman of the bipartisan Ad Hoc Congressional Committee for Irish Affairs I have been deeply interested in the developments surrounding the so-called "Anglo-Irish" agreement on Northern Ireland announced on November 15.

One of the more interesting elements to the agreement has been the reaction of the administration to the agreement. Of particular importance was the statement made by President Reagan in support of the agreement. Contained in this statement was a pledge by the President where he said:

We hope in a bi-partisan way we can go forward with anything we can do to help * * * in restoring sound economics here.

I have been a long-time advocate for the United States making a commitment to provide future economic assistance to Northern Ireland once a viable political solution was achieved. I do not contend that at this time that the Anglo-Irish agreement represents that viable political solution but it is in fact a fragile first step in that direction.

In an effort to learn more about the President's views on future economic aid to Northern Ireland, I, together with 34 House and 1 Senate colleagues sent a letter to the President seeking both clarification and amplification.

In addition the letter urges that if future economic aid is in fact provided to Northern Ireland it be done with full regard for protection of human rights and an end to discrimination in Northern Ireland.

I was proud to have the strong support of the Irish National Caucus the Ancient Order of Hibernians and the Irish American Unity Conference for this letter. The full text and the complete list of cosigners follow:

HOUSE OF REPRESENTATIVES,
Washington, DC, November 19, 1985.

DEAR MR. PRESIDENT: We, the undersigned, are writing in response to your statement of November 15 where you expressed support for the agreement signed this past Friday between the governments of Great Britain and the Republic of Ireland on Northern Ireland.

We share your assessment that this accord does represent an important initiative. However, we believe the agreement as signed is but a fragile first step. It represents at best a precarious foundation which will not support an enduring political solution without some major additions and changes.

We are especially interested in one dimension of your statement. Together with House Speaker O'Neill, you pledged "We hope in a bi-partisan way we can go forward with anything we can do to help . . . in restoring sound economics there." This would seem to suggest a declaration of intent by the United States for future economic aid. We have long contended that the United States has an important role to play once a viable political solution is reached in Northern Ireland. The need for future economic assistance for Northern Ireland is not in issue since Northern Ireland suffers from many economic ills including having the highest unemployment rate in Western Europe.

We trust that any economic aid we might provide would be done in accordance with the terms and conditions of our Foreign Assistance Act especially with regard to the recipient nations respecting and protecting human rights for all its citizens. Further, we would hope that any United States aid would be provided in such a way to reach and benefit both communities in Northern Ireland. To do otherwise would merely put the United States in the position of underwriting continued economic discrimination which is so evident in Northern Ireland today.

Finally, we would hope that future United States economic aid would help to eliminate the cycle of violence, civilian and state, that exists in Northern Ireland.

Ultimately, it would be our hope that it is a united Ireland that would be the beneficiary of future U.S. aid. To the extent that the Anglo-Irish agreement might assist in achieving an end to a partitioned Ireland, we are encouraged. Yet much more must be done. We hope that the prospect of future U.S. economic aid may stimulate more significant movement and initiatives aimed at producing a viable political solution for Northern Ireland.

We look forword to the benefit of your thoughts.

COSIGNERS

Senator Alfonse D'Amato, and Representatives Bernard J. Dwyer, Marcy Kaptur, Bob Traxler, Joseph Gaydos, Joe Kolter, Gus Yatron, Tom Lantos, Thomas Foglietta, Charles Schumer, Paul Kanjorski, Bob Borski, Vic Fazio, Thomas Manton, Frank Horton, Doug Walgren, Guy Molinari, Hamilton Fish, Benjamin Gilman, Bob Mrazek, Raymond McGrath, Joseph DioGuardi, Joseph Addabbo, James Jeffords, Parren Mitchell, Thomas Downey, Peter Kostmayer, Patricia Schroeder, Ted Weiss, Bruce Morrison, James Howard, Lane Evans, James J. Florio, Robert Dornan, and Berkley Bedell.

PRECURSOR AND ESSENTIAL CHEMICALS REVIEW ACT OF 1985

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 2, 1985

Mr. RANGEL. Mr. Speaker, I am pleased to introduce, with Mr. GILMAN, the "Precursor and Essential Chemicals Review Act of 1985." This bill would require the Attorney General to conduct a study of the need for legislation, regulation, or alternative methods to control the diversion of legitimate precursor and essential chemicals to the illegal production of drugs of abuse; and report all findings to Congress within 90 days of the date of enactment of this act.

The Precursor and Essential Chemicals Review Act of 1985 is designed to fill a gap

in our current drug enforcement policy under which certain chemicals, such as ether and acetone, which are essential to the manufacture of cocaine, may be freely purchased and used for this purpose. Other precursor chemicals intended to be covered under this legislation are ergotamine tartrate, a precursor of LSD; antranillic acid, a precursor of methaqualone; and piperidine, a precursor to PCP.

These precursors, which are used in clandestine laboratories to produce illegal narcotics, may be dangerous in themselves. For example, both ether and acetone are highly combustible.

Mr. Speaker, I introduced this bill as a House companion measure to S. 1746, sponsored by Senator LAWTON CHILES. My bill is identical to S. 1746, with only minor grammatical changes. I hope that the House of Representatives will move expeditiously to pass this legislation, so that a major gap in our Nation's drug enforcement policy can be closed.

CHINA STILL OPPOSES TEXTILE BILL

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 2, 1985

Mr. FRENZEL. Mr. Speaker, during the Senate debate on the textile bill, attempts were made to give the impression that the People's Republic of China was not opposed to the revised Senate version. Printed below is a letter from the Ambassador of China which indicates that the People's Republic of China does indeed oppose the Senate version of H.R. 1562. That version would still result in significant rollbacks plus a future growth restriction of 1 percent annually, both violations of our negotiated bilateral textile agreement with China.

Ambassador Xu's letter is printed below:

THE EMBASSY OF THE
PEOPLE'S REPUBLIC OF CHINA,
Washington, DC, October 28, 1985.

Hon. CLAYTON YEUTTER,
U.S. Trade Representative,
Washington, DC.

DEAR AMBASSADOR YEUTTER: As you are aware, Senator Thurmond and other proponents of S. 680 have introduced an amended version of the Textile and Apparel Trade Enforcement Act of 1985 in an effort to secure passage of this bill. These same proponents have sought to create the impression that the revised legislation does not harm Chinese textile and apparel exports to the United States. But, as you know, the revised legislation would, if enacted, restrain textile and apparel exports in violation of the U.S.-China Bilateral Agreement on Trade Relations, the U.S.-China Textile Agreement and the MFA. Consequently, we trust that you will understand our continuing concern with this legislation and the adverse consequences for our trade relations should the bill be enacted into law as originally introduced or as amended.

Under the Thurmond amendment, China would be denied significant export yardage to the U.S. market. Our calculations show that China would face rollback in 20 specific limits and unilateral restraint categories, and an overall reduction of its negotiated 1985 base quota of 4.6%. Individual category rollbacks range as high as 75%. In addition, the bill as amended would violate the consultation provisions of the U.S.-China bilateral agreement by unilaterally imposing limits on all product categories currently not restricted. Further growth for Chinese textile and apparel exports would continue to be frozen at 1% annually. Non-MFA fibers, including silk, ramie and linen, would also be subject to restraints under the bill.

The effects of strict U.S. import regulation have already had an adverse effect on China: In the first eight months of 1985, China's textile and apparel exports to the United States fell by over 20% compared to the same period in 1984. Consequently, the further reduction in China's foreign exchange earnings from the proposed restraints on Chinese imports under the bill, whether or not amended as proposed, would inevitably affect China's ability to import products from the United States.

We are very concerned with passage of H.R. 1562 in its original form by the House of Representatives. Given the continued threat of any of the textile bills now before the Congress to bilateral commercial relations, we trust that the Administration will remain steadfast in its opposition to any legislation, including the amended version, that would violate U.S. international commitments.

Yours sincerely,

HAN XU,
Ambassador of the People's Republic of China to the United States of America.

RIDING FOR A FALL IN THE PHILIPPINES

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 2, 1985

Mr. DORNAN of California. Mr. Speaker, although there remains widespread devotion in the Philippines to democratic norms and processes, fraudulent elections could radicalize the moderate elements of legitimate democratic reform. For this reason I fully supported President Reagan's initiative of sending Senator PAUL LAXALT to the Philippines to voice our concerns for truly free elections.

I also support Defense Department studies of the incremental diversification of U.S. military presence in the Pacific. Clark Air Field and Subic Bay Naval Station are of great strategic value, especially with the Soviet presence at Cam Ranh Bay in Vietnam. Shifting some of our functions to other locations in the Pacific will distribute the political risk associated with both of our Philippine bases plus indicate to the Marcos regime that the United States is serious about truly democratic reforms.

Mr. Speaker, I submit for the RECORD an excerpt from Current Comments written by Mr. Monroe Sharpless of Santa Ana, CA which clearly articulates the precarious position facing the United States in the Philippines.

WE ARE GORED BY OUR DILEMMAS

It is our nature, individually and nationally, to be so concerned about the possibility that we might make a wrong choice that we never are able to make any kind of choice at all, or by the time that we make up our minds, it is too late. It is said that it is more important for an executive to be able to make up his mind without undue delay than always to be right.

When the choice is so complex as to defy our best efforts, the logical procedure is to choose the solution that best serves our selfish interests. We must keep in mind that our adversaries probably will not agonize as we do in choosing between right and wrong. Moral issues never pop up in debates in the Kremlin. The only question asked is "What's best for Russia?"

One of our most recent lessons in international diplomacy should have been learned in Iran. This was not so much the case of backing the wrong horse—the Shah—as it was a case of a fool parting with his money. If we are going to subsidize other countries to the extent of sixty or seventy billion dollars each year, then we must set rigid agreements as to how the money is to be used.

For example, if we agree to give or lend a certain sum of money to a foreign country, we must insist on the implementation of our rules for improving civil rights. And we must not dish out large sums in a single lump but we must hold back with our largesse until the attached strings are tied and secured.

It makes no sense at all to support a leader with cold cash unless it is reasonable to expect him to be around long enough for the cash to be able to do some good and to protect our investment. We have much better places to use our money than to blow it on luxuries for some tin god with a pair of dark glasses. (See the essay How Ludicrous Can We Get?)

And now we are faced in the Philippines with another dilemma like Iran. We have a great investment in two military bases in the Philippines which are essential to our interests. We have been supporting President Marcos for many years, even though his actions and policies are repugnant to us. It is clear that he will have a revolution on his hands if he does not improve his civil rights stance. And his revolution will come from the left.

One of the things we don't need now is a communist take-over in the Philippines. We must learn to foretell events in other countries and our leaders must have the guts to take appropriate action in our national interests. It isn't productive for us to wait until things go sour before we make our moves. Pre-acting is much more effective than reacting. President Marcos is long past due. And anything we may do in anticipation of the fact of communist revolution will make enemies for us.

Small nations suffer from a more or less deep seated inferiority complex. They are very jealous of their rights to run things within their borders without interference by other nations. We have no quarrel with this attitude unless we have a compelling and legitimate self interest in what goes on within those borders. Those countries who need financial support from us must learn that nothing is free—all must be earned. Everything has a price, no matter how mercenary this sounds.

One may object to such a hard and inhumane stance where others need help, but this is the way it has to be. Otherwise, our help will be rerouted to other and unproductive uses. Dictators are people just the same as the rest of us. Such leaders often have had only limited experience in manag-

ing the treasury of a country. It is attractive to them to misuse such money as is made easy for them to acquire. "Easy come, easy goes" applies to them, too.

So now is the time for us to decide exactly what we shall do in trying to persuade Mr. Marcos what will contribute most to his self-interests. He is a stubborn and not very intelligent man, and we may fail in our objectives. If we do so fail, we must be prepared to defend our interests in the military bases.

We have been successful in this objective in Cuba and we probably can make it work in the Philippines. If a revolution should occur, our bases must be thoroughly fortified against attack. We can be sure that Russia will be supplying the rebels, but they will avoid a confrontation with us. Bullies never start anything that they think they can't finish.

The above is an excerpt from Current Comments—1985 by Monroe Sharpless.

HONORING HENRI PELLISSIER, RETIRING MEMBER OF WHITTIER UNION HIGH SCHOOL BOARD

HON. ESTEBAN EDWARD TORRES

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 2, 1985

Mr. TORRES. Mr. Speaker, I want to bring to the attention of my colleagues in Congress the dedication and commitment to education of Mr. Henri Pellissier.

Mr. Pellissier will be retiring as a member of the board of trustees of Whittier Union High School District. His friends and colleagues from the school district will be honoring him at a farewell dinner on December 3, 1985, at the California Country Club.

A member of the board since 1973, Henri has served as clerk, vice president and president of the board during his tenure. He is an active member of the Whittier Chamber of Commerce and the Rotary Club.

Mr. Pellissier received his bachelors degree from the University of California at Berkeley and is self-employed in the real estate business. Married for 33 years, he is a long time resident of Whittier raising seven children all of who are graduates of Whittier High School.

Mr. Speaker, Mr. Henri Pellissier has continuously demonstrated his commitment to education by attending almost all board meetings. It gives me pleasure to recognize and commend Mr. Pellissier for his dedication to the youth in our community. He has served the Whittier Union High School District Board of Trustees with distinction.

THE CONSTRUCTION INDUSTRY LABOR LAW AMENDMENTS OF 1985

HON. MIKE SYNAR

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 2, 1985

Mr. SYNAR. Mr. Speaker, I am listed as a cosponsor of H.R. 281, the Construction Industry Labor Law Amendments of 1985. I regret that my name appearing as a cosponsor of this bill is the result of a staff error and does not reflect my opinions on this measure.

I fully support the right of workers to organize, bargain collectively, and have those collective bargaining agreements enforced. This bill, however, contains a number of provisions that I cannot support, and which I believe will be detrimental ultimately to organized labor.

It is well established that two commonly owned but separately managed construction companies can operate together, one as a union shop, the other as a nonunion. Current law prevents an employer from setting up a nonunion subsidiary if his purpose is to evade his obligations under a collective bargaining agreement.

H.R. 281 would prohibit an employer from setting up a nonunion subsidiary if he has even indirect common ownership or control of a union company. This will result in many employers selling their union company, rather than giving up the market for open shop construction, now estimated to be 60 percent of the U.S. construction market. The new purchaser will be then free to run the operation as an open shop, with a further loss to the building trades.

Dual shops give a company needed flexibility in the marketplace. They will simply lose contracts if they have to depend exclusively on union labor. Union companies compete in different market segments; we should not deprive them of the opportunity of also competing for open shop contracts.

Finally, under this bill, if a labor dispute with the general contractor spreads to the subcontractors on that job site who are subject to that contractor's "control," you would have a form of common situs picketing, entangling innocent third parties who are powerless to resolve the dispute.

FATHER PAUL T. LeSTRANGE: THE DEDICATED SERVANT OF GOD AND THE FAITHFUL OF CENTRAL NEW YORK STATE

HON. GEORGE C. WORTLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 2, 1985

Mr. WORTLEY. Mr. Speaker, it is my exceptional privilege to bring to the attention of our colleagues in the Congress the silver anniversary of the pastor of Sacred Heart Church in Cicero, NY.

This past Sunday, November 30, marked 25 years of service to the parishioners of this Roman Catholic Church in my congressional district by the Reverend Paul T. LeStrange.

Ordained June 7, 1941, in the Cathedral of the Immaculate Conception, at Syracuse, Father LeStrange is a devoted servant of God who has made countless contributions to the spirtual enrichment of the people of our greater Syracuse community as well as to various other communities within central New York State.

A native son of Binghamton, Father LeStrange attended St. Michael's College at the University of Toronto in Canada and completed his theological studies at Mount St. Mary's Seminary at Emmitsburg, MD.

He said his first Mass on June 8, 1941, in Binghamton's St. Thomas Acquinas Church before his first assignment as a priest, on June 21, 1941, at St. Paul's Church in Oswego. There, he served until his transfer in 1944 to St. Lucy's Church in Syracuse where, for a dozen years, he served his flock with extraordinary dedication.

Father LeStrange's next assignment, during the years 1956 to 1959, was that of administrator of Holy Family Church in Fairmount where, under his leadership and through his commitment to teaching and young people, a new parish school was completed. Recognizing his abilities to provide educational opportunities, diocesan leaders then gave Father LeStrange still another challenging assignment at Our Lady of Good Counsel Church in Endicott, NY. There, as administrator of construction, a new school and convent were completed.

At the completion of these noble tasks, Father LeStrange became the pastor of Sacred Heart Church in Cicero 25 years ago. In November 1964, his dream and the dream of his flock became a reality with the dedication of a new church. Since that occasion, the number of his parishioners and the size of Sacred Heart's facilities have continued to grow.

Mr. Speaker, the deeds of Father LeStrange are embedded as great rocks in the soil of central New York. His inspirational leadership in the work of God enriches our souls and our daily lives. It is fitting that I commend his years of dedicated service to the Members of this Congress.

ADDITIONAL COSPONSORS JCS REORGANIZATION BILL

HON. BILL NICHOLS

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 2, 1985

Mr. NICHOLS. Mr. Speaker, last week the House overwhelmingly approved H.R. 3622, the Joint Chiefs of Staff Reorganization Act. The bill had 113 cosponsors when it was reported to the House on November 14. By the time the bill was considered on the floor, however, another 20 of our colleagues had joined the effort. The names of

these additional cosponsors are as follows, so that their support can be recognized.

Additional cosponsors of H.R. 3622: Messrs. CHANDLER, CHAPMAN, BORSKI, GALLO, HUGHES, MADIGAN, LEHMAN of California, MANTON, SCHEUER, SISISKY, SUNIA, WORTLEY, SAXTON, BLILEY, DAVIS, STUMP, BOUCHER, MOODY, DIOGUARDI, and PENNY.

TRIBUTE TO BARRY McGUIGAN

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Monday, December 2, 1985

Mr. BIAGGI. Mr. Speaker, as chairman of the bipartisan Ad Hoc Congressional Committee for Irish Affairs, I often speak of the problems which befall the six northeast counties of Ireland. Today it is my purpose to pay tribute to a new hope that emanates from Northern Ireland, the hope generated by the accomplishments of one outstanding individual, Barry McGuigan.

A native of Clones in County Monaghan, 24-year-old Barry McGuigan today reigns as the World Boxing Association's Featherweight Champion. He captured the title last year in a dramatic bout with Eusebio Pedroza who had held the title the past 7 years. In his brief professional career he has capatured a remarkable 28 of 29 decisions.

Yet his outstanding feats in the ring only tell part of the story. From accounts we hear, attending a Barry McGuigan fight is an event which brings the people of Ireland together like few others can. Barry McGuigan is a Catholic but his appeal is to both communities of Ireland and what is most remarkable, his most avid fans come from both communities. One simply has to listen to the thunderous approval crowds have given to McGuigan in his fights in the tiny King's Hall to fully appreciate this development. Catholics and Protestants sit side by side and cheer side by side for Barry McGuigan. For his part McGuigan is fully conscious of his impact on the people of Ireland. He fights with a white dove of peace insignia emblazoned on his neutral colored trunks. He has said on more than one occasion, "I fight for peace, not religion." His marriage to Sandra Meiliff, a Protestant, is a living testiment to his nonsectarian, nonpolitical philosophy.

One wishes Barry McGuigan continued success as he will now have to defend his title. He is the fourth native Irishman in boxing history to hold this title. I also hope that the spirit which McGuigan has infused into the Northern Ireland people will continue to grow and will become the norm rather than the exception.

Barry McGuigan is expected to visit the United States in the not too distant future, possibly to do a title defense. I hope his schedule will permit a visit to Washington where we might have the chance to welcome this remarkable athlete and fine human being. It is not often that we can call a boxer a "fighter for peace," but this is applicable to Barry McGuigan. May his career and his cause continue to flourish.

HARRY B. CRANDELL

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 2, 1985

Mr. UDALL. Mr. Speaker, earlier in this Congress, a staff member on the Committee on Interior and Insular Affairs, Harry B. Crandell, retired after more than 35 years of service to the Nation. During those years he made an important contribution to the development of this country's wilderness preservation system and to the long struggle to protect Alaska's wild areas. It is fitting on this fifth anniversary of the enactment of the Alaska National Interest Lands Conservation Act that he be recognized for his fine service to the Nation.

After serving in the Marine Corps in the Pacific theater during World War II and graduating from Colorado State University, Harry worked for the U.S. Fish and Wildlife Service in Arizona, Oklahoma, and Wyoming, and later, Washington, DC. During this period he was instrumental in helping to establish 16 new units of the Wildlife Refuge System.

In the early 1970's, Harry was director of wilderness review for the Wilderness Society and coordinated the society's involvement in Alaskan affairs. It was during this time that he was a leader in the fight to prevent the erosion of wildlife refuge authority over game ranges including the Kofa Wildlife Range—now redesignated a refuge—in my home State of Arizona. Also, during this time, he worked with me to obtain enactment of a provision in the Alaska Native Claims Settlement Act which would later lead to the development of the landmark Alaska Lands Act.

In 1975, Harry became a staff assistant on the Public Lands Subcommittee of the House Interior Committee and later became the staff director of the General Oversight and Alaska Lands Subcommittee. During his tenure with the Interior Committee, Harry helped guide legislation to successful passage which added over 12 million acres to the Nation's Wilderness Preservation System in the lower 48 States and which designated over 100 million acres (an area about as large as California) in Alaska as units of the National Park, National Wildlife Refuge, National Trails, National Forest, Wild and Scenic Rivers, and Wilderness Preservation Systems.

Harry Crandell's career in conservation is one to be applauded and emulated. One good indication of one's contribution to his fellow countrymen is the answer to the question did he or she make a difference? Harry certainly made a difference and I know will continue to do so.

I miss Harry around the Congress but wish him and his wife, Olga, well as they take time to visit some of the areas of our country Harry was so dedicated to seeing protected.

BILINGUAL STUDENTS' SCORES GO UP

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 2, 1985

Mr. EDWARDS of California. Mr. Speaker, bilingual education programs have come under increasing attack from Education Secretary William Bennett. I am somewhat alarmed by Mr. Bennett's contention that our Nation should abandon a program that gives those students for whom English is not their primary language an equal chance for success in the academic arena.

In my home district of San Jose, CA, San Jose Unified School District is proving Mr. Bennett's plan is completely off base. The first annual report on the achievements of students in bilingual education programs shows that on the average, test scores were higher for students who graduated from bilingual programs to regular classes than for the district as a whole. The following article, which appeared in the San Jose Mercury sums up the accomplishments made at San Jose Unified. I commend the article to the attention of my colleagues and urge that this type of example be remembered when it is suggested that we dismantle one of the more effective education programs going:

[From the San Jose Mercury News, Nov. 21, 1985]

BILINGUAL STUDENTS' SCORES GO UP

(By Aleta Watson)

When San Jose Unified School District officials took their first hard look at the academic performance of students who have passed through bilingual classes, even Superintendent Ramon Cortines was surprised.

On the average, test scores were higher for students who had graduated from bilingual programs to regular classes than for the district as a whole.

"It just blew me away and I was so proud," Cortines said.

The first annual report on the achievement of students for whom English is not the home language will be presented to the school board at its regular meeting this evening. It shows that students who have passed through the bilingual programs and been reclassified as fluent English speakers scored from one to eight percentile points higher than the district average in reading, language and math on standardized tests.

They scored at the 54th percentile in reading on the Comprehensive Test of Basic Skills, compared to the 53rd percentile for the entire district; 59th percentile in language, compared to the 51st; and 62nd percentile in reading, compared to the 58th. The national average in all three areas is the 50th percentile.

"It says minority students are not slow and reluctant learners," Cortines said. "It says that once they are reclassified, they are doing well, and on nationally standaridized tests, they're doing better than other students."

Such findings echo the studies of many researchers, said Edda Caraballo, a bilingual consultant for the California State Department of Education.

"Research has shown that children who are in bilingual classrooms and learn in two languages, their academic performance is higher than the average Anglo student's actually," Caraballo said, citing reports by Canadian researcher James Cummins.

The theory, she said, is that students who become proficient in two languages are more intellectually adept than students who have never had to work to acquire a new language.

The San Jose Unified report follows an attack on bilingual education this fall by U.S. Secretary of Education William Bennett. He told a New York audience that there was no evidence that special classes teaching academic subjects in the students' native language had worked and called for more local flexibility in using federal aid for bilingual instruction. The secretary said he would push for changes in federal law to allow more schools to offer English-intensive classes.

Saying he recognizes many of the criticisms of bilingual classes, including charges that some programs take too long to prepare students for English-only classes, Cortines said his report shows that good programs do work.

"If all districts did this, you'd find bilingual programs would not be so controversial," he said.

Norm Gold, another state bilingual coordinator, agrees.

"They're really out in front of most school districts in the state in looking at how kids do over time, which is what we want school districts to do," Gold said.

Those few districts which have attempted to follow their bilingual students' academic progress—notably Calexico and Los Angeles Unified—have found similar achievement, he said.

San Jose Unified officials have no single explanation for their students' high achievement. Although bilingual teachers do use different methods, only those who have not yet earned their bilingual credentials work regularly with classroom aides.

Aurora Quevada, the district's bilingual director, says simply that the instructional practices for children with limited proficiency in English are hitting the mark. Last year, the district adopted its first bilingual education plan, outlining how it would help children with language problems prepare to function in a regular classroom. It also set goals for reclassifying into regular programs a certain number of bilingual students in each school each year.

In its most recent census last spring, San Jose Unified counted 9,390 students—nearly a third of its total enrollment—for whom English was not their home language. Those children spoke 14 languages, principally Spanish, Portuguese and Vietnamese.

More than half of them, though, were considered fluent in English. Among them were 310 students who had moved out of bilingual classrooms, where they had studied for an average of two years and six months.

AFFIRMATIVE ACTION WORKS

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, December 2, 1985

Mr. HAWKINS. Mr. Speaker, I wish to call to the attention of my colleagues a recent New York Times article by Ralph P. Davidson, chairman of the board of Time, Inc., entitled "Keep Federal Affirmative Action Strong."

For the past 20 years Executive Order 11246 has been a mainstay of Federal efforts to combat discrimination in the workplace. The use of goals and timetables and statistics has been consistently upheld by the Supreme Court as an essential tool in fighting discrimination.

The threat of the abolition or revision of Executive Order 11246 by the administration has been of major concern to a bipartisan coalition in the House and Senate. Since mid-September, 240 of my colleagues have joined together and sent letters to the President urging that he not repeal affirmative action guidelines. We believe that without the use of numbers, our job of eliminating discrimination in the workplace will be impossible.

Mr. Speaker, affirmative action works. The necessity for these guidelines to protect and preserve the rights of minorities and women is as strong today as it was 20 years ago.

Mr. Davidson's very fine article eloquently addresses every argument made by opponents of Executive Order 11246. I hope my colleagues and the President will take heed. A copy of the article follows:

[From the New York Times, Nov. 25, 1985]

KEEP FEDERAL AFFIRMATIVE ACTION STRONG

(By Ralph P. Davidson)

Imagine a Government program that's been supported by five Presidents, Republicans and Democrats in both Houses of Congress, the A.F.L-C.I.O and the National Association of Manufacturers. Imagine, too, a program credited with increasing the participation of women and minorities in our economy at small cost to taxpayers. Such a program, combining the goals of social justice with economic common sense, might seem an abstract ideal. It already exists. It's called affirmative action.

Affirmative action was set in place almost a quarter century ago by President John F. Kennedy and strengthened by the executive order signed into law by President Lyndon Johnson in 1965. Since then, affirmative action has proven its worth, using the leverage of Federal contracts and public investment to create equal job opportunities and thus translate the dreams of the civil rights struggle into reality.

Now there's pressure in the Administration to change the executive order by removing the statistical measurements—the "goals and timetables"—that give affirmative action its teeth. Proponents of this change base their case on three major points.

First, they argue that the order creates racial "quotas"—fixed and unalterable percentages to be met at any cost. "Quota" is a word that rankles and outrages many people, and if the order had in fact established quotas, pressure to rewrite it would have arisen long ago.

But this hasn't been the case. Most companies supported—and continue to support—the executive order. Why? For the simple reason that affirmative action isn't a bureacratic inquisition aimed at enforcing a quota system. It hasn't meant the imposition of inflexible numbers. What it has meant is that those doing business with the Government must demonstrate a "good faith" effort to give women and minorities a fair share of the opportunities generated by Federal contracts. Instead of coercing businesses to follow a course they would otherwise resist, this requirement has, in many cases, reinforced already existing private sector affirmative action programs.

Second, opponents of the executive order complain that it constitutes a hidden tax, adding needlessly to the expenses of companies forced to keep records of their attempts to comply. But this ignores the fact that most companies routinely establish explicit goals to be met within prescribed periods of time. "Management-by-objective" isn't a creature of affirmative action. It's a tested business technique; and, as applied to hiring, it's an effective way of tapping new talent, and opening avenues for those who, no matter how talented or ambitious, were denied advancement because of race or sex.

The third objection is that affirmative action is unnecessary. Now that de jure discrimination has been dismantled, the argument goes, the way is clear for women and minorities. The free market will do the rest.

In a time of economic growth and relative prosperity, it's tempting to believe this. Unfortunately, the statistics tell another story. While the poverty rate recently showed an overall decline, it's still significantly higher than a decade ago. The rate for Hispanics actually rose. Unemployment is more than twice as high for blacks as for whites. Female-headed households still make up the bulk of the disadvantaged.

The bottom line is that the same people who suffered the most from the deep cuts in social spending of the past few years—in housing, education, job training, nutrition, child care—also profited the least from economic growth. For most of them, there is no fabled ladder of economic opportunity but rather a treadmill of underemployment and joblessness, of opportunities forever beyond their reach.

Any change in the executive order would only deprive us of one of the few proved and practical means we have of helping people stand on their own feet. It would open the way for the slow unraveling of all the hard-won gains of the past two decades.

Two centuries ago, Edmund Burke pointed out that "a state without the means of some change is without the means of its own conservation." Affirmative action is the means of constructive change. With it, we can continue to open doors to those long denied the opportunity to compete. The executive order should be affirmed. The door should not be closed.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information

for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Tuesday, December 3, 1985 may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

DECEMBER 4

9:00 a.m.
Armed Services
To resume hearings on the organization and decision-making procedures of the Department of Defense and Congress.
SR-325

Judiciary
To hold hearings on pending nominations.
SD-226

9:30 a.m.
Banking, Housing, and Urban Affairs
To resume hearings on S. 812, to authorize the President to restrict the export or transfer of money or other financial assets to countries subject to national security export controls.
SD-538

Energy and Natural Resources
To hold hearings on the nominations of Ralph W. Tarr, of Virginia, to be Solicitor of the Department of the Interior, Gerald R. Riso, of New York, to be Assistant Secretary of the Interior for Policy, Budget and Administration, and J. Steven Griles, of Virginia, to be Assistant Secretary of the Interior for Land and Minerals Management.
SD-366

Foreign Relations
To hold hearings to review the decision of the United States to withdraw from the International Court of Justice.
SD-419

Select on Intelligence
To hold closed hearings on intelligence matters.
SH-219

10:00 a.m.
Environment and Public Works
Business meeting, to consider pending calendar business.
SD-406

Finance
To resume hearings on the nomination of Francis A. Keating II, of Oklahoma, to be Assistant Secretary of the Treasury for Enforcement and Operations.
SD-215

Governmental Affairs
To hold hearings on the nomination of Jerry L. Calhoun, of Washington, to be a Member of the Federal Labor Relations Board.
SD-342

Labor and Human Resources
To hold hearings on the impact of space technology on human resources.
SD-430

10:30 a.m.
Conferees
On H.R. 2965, appropriating funds for fiscal year 1986 for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies.
S-146, Capitol

11:30 a.m.
Foreign Relations
Business meeting, to consider pending calendar business.
SD-419

1:30 p.m.
Armed Services
Manpower and Personnel Subcommittee
To hold hearings on proposed legislation to change the military retirement system.
SR-232A

2:00 p.m.
Conferees
On H.R. 3067, appropriating funds for fiscal year 1986 for the District of Columbia government.
H-302, Capitol

DECEMBER 5

9:00 a.m.
Armed Services
To continue hearings on the organization and decision-making procedures of the Department of Defense and Congress.
SD-G50

9:30 a.m.
Office of Technology Assessment
The Board, to meet to discuss pending business.
EF-100, Capitol

10:00 a.m.
Appropriations
Business meeting, to consider the provisions of H.J. Res. 465, making continuing appropriations for fiscal year 1986 for the Federal Government.
SD-192

Energy and Natural Resources
To hold hearings on the nominations of Donna R. Fitzpatrick, of the District of Columbia, to be Assistant Secretary of Energy (Conservation and Renewable Energy), Mary L. Walker, of Maryland, to be Assistant Secretary of Energy (Environment, Safety and Health), John C. Layton, of Virginia, to be Inspector General, Department of Energy, and David M.L. Lindahl, of Virginia, to be Director of the Office of Alcohol Fuels, Department of Energy.
SD-366

Governmental Affairs
Permanent Subcommittee on Investigations
To resume hearings on espionage activities in the United States and on the implementation of the Foreign Missions Act (P.L. 97-241).
SD-342

Judiciary
Business meeting, to consider pending calendar business.
SD-226

Conferees
On H.R. 2100, to extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, and to ensure consumers an abundance of food and fiber at reasonable prices.
SR-328A

1:30 p.m.
Armed Services
Manpower and Personnel Subcommittee
To continue hearings on proposed legislation to change the military retirement system.
SR-232A

2:00 p.m.
Armed Services
Strategic and Theater Nuclear Forces Subcommittee
To resume open/closed hearings on the Strategic Defense Initiative (SDI) program.
SR-222

3:00 p.m.
Select on Ethics
Closed meeting on pending committee business.
Room to be announced

4:00 p.m.
Select on Intelligence
Closed briefing on worldwide intelligence by the Defense Intelligence Agency, to be followed by a closed briefing on intelligence matters.
SH-219

DECEMBER 6

9:00 a.m.
Armed Services
To continue hearings on the organization and decision-making procedures of the Department of Defense and Congress.
SD-G50

9:15 a.m.
Finance
Health Subcommittee
To hold hearings to review possible reforms in the Federal supplementary medical insurance program (Medicare Part B) payments for physicians' services.
SD-215

9:30 a.m.
Joint Economic
To hold hearings on the employment/unemployment situation for November.
SD-562

DECEMBER 9

10:00 a.m.
Labor and Human Resources
To resume hearings on S. 827, to provide for the compensation of children and others who have sustained vaccine-related injuries.
SD-430

2:00 p.m.
Energy and Natural Resources
Public Lands, Reserved Water and Resource Conservation Subcommittee
To hold hearings on S. 1330, to allow expanded mineral exploration of the Admiralty Island National Monument in Alaska.
SD-366

Finance
International Trade Subcommittee
To hold hearings on S. 1629, to provide that certain agricultural products are treated as "like products" for purposes of antidumping and countervailing duty investigations.
SD-215

DECEMBER 10

9:00 a.m.
Armed Services
To resume hearings on the organization and decision-making procedures of the Department of Defense and Congress.
SD-106

10:00 a.m.
Energy and Natural Resources
Water and Power Subcommittee
To hold hearings on S. 1785, to amend the Garrison diversion project in North Dakota.
SD-366
Environment and Public Works
Toxic Substances and Environmental Oversight Subcommittee
To hold oversight hearings on environmental effects of global atmospheric warnings.
SD-406
10:30 a.m.
Labor and Human Resources
To hold hearings on the nomination of Jeffrey I. Zuckerman, of Maryland, to be General Counsel of the Equal Employment Opportunity Commission.
SD-430

DECEMBER 11

9:30 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366
Veterans' Affairs
To resume hearings on issues related to veterans exposed to ionizing radiation.
SR-418
10:00 a.m.
Armed Services
To continue hearings on the organization and decision-making procedures of the Department of Defense and Congress.
SD-G50
Environment and Public Works
To hold oversight hearings on the Acid Rain Precipitation Assessment program.
SD-406
Labor and Human Resources
Business meeting, to consider pending calendar business.
SD-430

DECEMBER 12

9:00 a.m.
Armed Services
To continue hearings on the organization and decision-making procedures of the Department of Defense and Congress.
SD-G50
9:30 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366
10:00 a.m.
Labor and Human Resources
Education, Arts, and Humanities Subcommittee
Business meeting, to mark up proposed legislation authorizing funds for programs of the Higher Education Act.
SD-430

DECEMBER 17

10:00 a.m.
Labor and Human Resources
To hold hearings on the nominations of Wendell L. Willkie, II, of the District of Columbia, to be General Counsel, and Bruce M. Carnes, of Virginia, to be Deputy Under Secretary for Planning, Budget and Evaluation, both of the Department of Education.
SD-430

DECEMBER 19

10:00 a.m.
Labor and Human Resources
Education, Arts, and Humanities Subcommittee
Business meeting, to resume markup of proposed legislation authorizing funds for programs of the Higher Education Act.
SD-430

CANCELLATIONS

DECEMBER 3

2:00 p.m.
Judiciary
Administrative Practice and Procedure Subcommittee
To hold hearings on proposed legislation authorizing funds for the Administrative Conference of the United States.
SD-226

DECEMBER 5

10:00 a.m.
Environment and Public Works
To hold hearings to review the health, soil, and forest effects of acid precipitation.
SD-406

HOUSE OF REPRESENTATIVES—*Tuesday, December 3, 1985*

The House met at 12 o'clock noon.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

The Lord is my light and my salvation; Whom shall I fear? The Lord is the stronghold of my life; of whom shall I be afraid?—Psalm 27:1.

May Your love, O God, cause fear to wane and faith to grow. May Your presence, O God, dispel darkness and allow light to lighten our path and may Your truth give us hope all the days of our life. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. MILLER of Washington. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. MILLER of Washington. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 255, nays 126, answered "present" 4, not voting 49, as follows:

[Roll No. 422]

YEAS—255

Ackerman	Boner (TN)	Cooper
Akaka	Bonior (MI)	Coyne
Alexander	Bonker	Crockett
Anderson	Borski	Daniel
Andrews	Bosco	Darden
Annunzio	Boucher	Daschle
Anthony	Boxer	Davis
Applegate	Breaux	de la Garza
Archer	Brooks	DeLay
Aspin	Brown (CA)	Derrick
Atkins	Broyhill	Dicks
AuCoin	Bruce	Dingell
Barnard	Bryant	Dixon
Barnes	Burton (CA)	Donnelly
Bateman	Bustamante	Dorgan (ND)
Bates	Carper	Downey
Bedell	Carr	Durbin
Beilenson	Chapman	Dwyer
Bennett	Chappell	Early
Berman	Clinger	Eckart (OH)
Bevill	Coats	Eckert (NY)
Biaggi	Coleman (TX)	Edwards (CA)
Boggs	Collins	English
Boland	Combest	Erdreich
Fascell	Lipinski	Sabo
Fazio	Long	Savage
Fish	Lowry (WA)	Scheuer
Flippo	Luken	Schneider
Florio	Lundine	Schulze
Foglietta	Manton	Schumer
Ford (MI)	Markey	Seiberling
Ford (TN)	Matsui	Sharp
Frank	Mavroules	Shelby
Franklin	Mazzoli	Shumway
Frost	McCloskey	Sisisky
Fuqua	McCurdy	Slattery
Gaydos	McDade	Smith (FL)
Gejdenson	McHugh	Smith (IA)
Gephardt	McMillan	Smith (NE)
Gibbons	Mica	Smith (NJ)
Gilman	Mikulski	Snowe
Glickman	Miller (CA)	Snyder
Gonzalez	Miller (WA)	Solarz
Gordon	Mineta	Spratt
Gradison	Moakley	St Germain
Gray (IL)	Mollohan	Staggers
Green	Montgomery	Stallings
Guarini	Moody	Stark
Hall (OH)	Morrison (CT)	Stenholm
Hall, Ralph	Murphy	Stokes
Hamilton	Murtha	Stratton
Hartnett	Myers	Studds
Hatcher	Natcher	Sweeney
Hawkins	Neal	Swift
Hefner	Nichols	Synar
Hertel	Nielson	Tallon
Hillis	Oakar	Tauzin
Horton	Oberstar	Thomas (GA)
Howard	Obey	Torres
Hoyer	Olin	Torricelli
Hubbard	Ortiz	Traficant
Huckaby	Owens	Udall
Hughes	Packard	Valentine
Hutto	Panetta	Vento
Hyde	Pashayan	Visclosky
Jeffords	Pease	Volkmer
Jenkins	Pepper	Walgren
Jones (NC)	Perkins	Watkins
Jones (OK)	Pickle	Waxman
Jones (TN)	Porter	Weiss
Kanjorski	Quillen	Wheat
Kastenmeier	Rahall	Whitley
Kemp	Rangel	Whitten
Kildee	Ray	Williams
Kleczka	Reid	Wilson
Kostmayer	Richardson	Wirth
LaFalce	Rinaldo	Wise
Lantos	Ritter	Wolpe
Leath (TX)	Robinson	Wortley
Lehman (CA)	Rodino	Wright
Lehman (FL)	Rose	Wyden
Leland	Rostenkowski	Wylie
Levin (MI)	Rowland (GA)	Yates
Levine (CA)	Roybal	Yatron
Lewis (CA)	Rudd	Young (MO)

NAYS—126

Armey	Craig	Hansen
Badham	Crane	Hendon
Bartlett	Dannemeyer	Henry
Barton	Daub	Hiler
Bereuter	DeWine	Holt
Bliley	Dickinson	Hopkins
Boehlert	Dornan (CA)	Hunter
Boulter	Dreier	Ireland
Brown (CO)	Dyson	Jacobs
Burton (IN)	Emerson	Kasich
Callahan	Evans (IA)	Kindness
Campbell	Fawell	Kolbe
Chandler	Fiedler	Kramer
Chappie	Fields	Lagomarsino
Cheney	Gallo	Latta
Clay	Gekas	Leach (IA)
Cobey	Gingrich	Lent
Coble	Goodling	Lewis (FL)
Coleman (MO)	Gregg	Lightfoot
Conte	Grotberg	Livingston
Coughlin	Gunderson	Lloyd
Courter	Hammerschmidt	Loeffler
Lott	Pursell	Smith, Robert (OR)
Lowery (CA)	Regula	Solomon
Lungren	Ridge	Spence
Mack	Roberts	Stangeland
Madigan	Roemer	Strang
Marlenee	Rogers	Stump
Martin (IL)	Rowland (CT)	Sundquist
McCain	Saxton	Swindall
McCandless	Schaefer	Tauke
McGrath	Schroeder	Taylor
McKernan	Schuette	Thomas (CA)
Meyers	Sensenbrenner	Vander Jagt
Michel	Shaw	Walker
Mitchell	Shuster	Weber
Molinari	Sikorski	Whittaker
Monson	Siljander	Wolf
Moorhead	Skeen	Young (AK)
Morrison (WA)	Slaughter	Young (FL)
Oxley	Smith, Denny (OR)	Zschau
Parris	Smith, Robert (NH)	
Penny		

ANSWERED "PRESENT"—4

Dymally	Hayes
Gray (PA)	Martinez

NOT VOTING—49

Addabbo	Fowler	Nelson
Bentley	Frenzel	Nowak
Bilirakis	Garcia	O'Brien
Broomfield	Heftel	Petri
Byron	Johnson	Price
Carney	Kaptur	Roe
Coelho	Kennelly	Roth
Conyers	Kolter	Roukema
Dellums	Lujan	Russo
DioGuardi	MacKay	Skelton
Dowdy	Martin (NY)	Towns
Duncan	McCollum	Traxler
Edgar	McEwen	Vucanovich
Edwards (OK)	McKinney	Weaver
Evans (IL)	Miller (OH)	Whitehurst
Feighan	Moore	
Foley	Mrazek	

Mr. FAWELL changed his vote from "present" to "nay."

So the Journal was approved.

The result of the vote was announced as above recorded.

APPOINTMENT OF CONFEREES ON H.R. 2965, THE DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATION ACT, 1986

Mr. SMITH of Iowa. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2965) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1986, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Iowa? The Chair hears none, and appoints the following conferees: Messrs. SMITH of Iowa, ALEXANDER, EARLY, DWYER of New Jersey, CARR, BOLAND,

WHITTEN, O'BRIEN, REGULA, ROGERS, and CONTE.

PRIVATE CALENDAR

The SPEAKER. This is Private Calendar day. The Clerk will call the first individual bill on the Private Calendar.

STEVEN McKENNA

The Clerk called the bill (H.R. 1598) for the relief of Steven McKenna.

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

PAULETTE MENDES-SILVA

The Clerk called the bill (H.R. 2316) for the relief of Paulette Mendes-Silva.

There being no objection, the Clerk read the bill as follows:

H.R. 2316

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FINDINGS.

The Congress finds that—

(1) on March 12, 1963, an employee of the Public Health Service of the United States Department of Health, Education, and Welfare administered an inoculation against yellow fever to Paulette Mendes-Silva of London, England;

(2) after the inoculation Paulette Mendes-Silva contracted postvaccinal encephalitis;

(3) Paulette Mendes-Silva did not file a cause of action in any court seeking damages for her injuries within the time periods permitted by law; and

(4) due to the extreme severity of the injuries of Paulette Mendes-Silva and her unfamiliarity with the United States legal system, it is in the interest of justice to permit Paulette Mendes-Silva to seek damages for her injuries, notwithstanding the expiration of the applicable statutes of limitations.

SEC. 2. WAIVER OF CERTAIN FEDERAL TORT CLAIMS LIMITATIONS.

Notwithstanding section 2675 of title 28, United States Code, and section 2401(b) of such title, or any other limitation on actions at law or in equity, the United States District Court for the District of Columbia shall have jurisdiction to hear, determine, and render judgment on [any claim of Paulette Mendes-Silva against the United States for personal injuries which she allegedly] incurred after the inoculation described in section 1(1) was administered. The court shall apply the laws of the District of Columbia in such case.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. BERMAN

Mr. BERMAN. Mr. Speaker, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. BERMAN: Strike all after the enacting clause and insert in lieu thereof the following:

That (a) notwithstanding section 2675 of title 28, United States Code, and section 2401(b) of such title, or any other limitation on actions at law or in equity, the United States District Court for the District of Columbia shall have jurisdiction to hear, determine, and render judgment on any claim of Paulette Mendes-Silva against the United States for personal injuries which she allegedly incurred after an innoculation on March 12, 1963, by an employee of the Public Health Service of the United States Department of Health, Education, and Welfare. Any such claim of Paulette Mendes-Silva shall be brought within 6 months after the date of the enactment of this Act. The court shall apply the laws of the District of Columbia in such case.

(b) Nothing in this Act shall be construed as an inference of liability on the part of the United States.

Mr. BERMAN (during the reading). Mr. Speaker, I ask unanimous consent that the amendment in the nature of a substitute be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

The SPEAKER. The question is on the amendment in the nature of a substitute offered by the gentleman from California [Mr. BERMAN].

The amendment in the nature of a substitute was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BERMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just passed.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

RAILROAD RIGHT-OF-WAY CONVEYANCE VALIDATION ACT OF 1985

The Clerk called the bill (H.R. 2067) to validate conveyances of certain lands in the State of California that form part of the right-of-way granted by the United States to the Central Pacific Railway Company.

There being no objection, the Clerk read the bill as follows:

H.R. 2067

Be it enacted by the Senate and House of Represenatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Railroad Right-of-Way Conveyance Validation Act of 1985".

SEC. 2. VALIDATION OF CONVEYANCES.

Except as provided in section 7, the conveyances described in section 3 (involving certain lands in San Joaquin County, State of California), section 4 (involving certain lands in Sacramento County, State of California), section 5 (involving certain land in Kings County, State of California), and section 6 (involving certain lands in Nevada County, State of California) concerning lands that form parts of the right-of-way granted by the United States to the Central Pacific Railway Company in the Act entitled "An Act to aid in the Construction of a Railroad and Telegraph Line from the Missouri River to the Pacific Ocean, and to secure to the Government the Use of the same for Postsal, Military, and Other Purposes", approved July 1, 1862 (12 Stat. 489), hereby are legalized, validated, and confirmed, as far as any interest of the United States in such lands is concerned, with the same force and effect as if the land involved in each such conveyance had been held, on the date of such conveyance, under absolute fee simple title by the grantor of such land.

SEC. 3 CONVEYANCES OF LANDS IN SAN JOAQUIN COUNTY, STATE OF CALIFORNIA.

The conveyances of lands in San Joaquin County, State of California, referred to in section 2 are as follows:

(1) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and Harvey Davies and Mary E. Davies, grantees, on January 13, 1981, and recorded as instrument numbered 81013684 on March 6, 1981, in the official records of San Joaquin County, State of California;

(2) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and Gloria Martinez, Tina Marie Aldaco, and Yolanda Martinez, grantees, on January 13, 1981, and recorded as instrument numbered 81013685 on March 6, 1981, in the official records of San Joaquin County, State of California;

(3) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and Gregorio Estrada Blanco and Antonio Miranda Blanco, grantees, on January 13, 1981, and recorded as instrument numbered 81013686 on March 6, 1981, in the official records of San Joaquin County, State of California;

(4) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and Iris Fong, grantee, on January 13, 1981, and recorded as instrument numbered 81013687 on March 6, 1981, in the official records of San Joaquin County, State of California;

(5) the conveyance entered into between the Central Pacific Railway Company and the Southern Pacific Company, grantors, and Margaret Gieseke, grantee, on October 31, 1939, and recorded on February 13, 1940, in volume 669, page 473, of the book of official records of San Joaquin County, State of California;

(6) the conveyance entered into between the Central Pacific Railway Company and the Southern Pacific Company, grantors, and Henry Meiburg and Erna Meikburg, grantees, on October 31, 1939, and recorded on February 13, 1940, in volume 669, page 476, of the book of official records of San Joaquin County, State of California;

(7) the conveyance entered into between the Central Pacific Railway Company and the Southern Pacific Company, grantors, and Frank Ward, grantee, on October 31, 1939, and recorded on February 13, 1940, in volume 669, page 474, of the book of official records of San Joaquin County, State of California;

(8) the conveyance entered into between the Central Pacific Railway Company and

Southern Pacific Company, grantors, and Frank Penny, grantee, on October 31, 1939, and recorded on February 13, 1940, in volume 676, page 275, of the book of official records of San Joaquin County, State of California;

(9) the conveyance entered into between the Central Pacific Railway Company and the Southern Pacific Company, grantors, and John B. Coughlan, grantee, on October 31, 1939, and recorded on February 13, 1940, in volume 676, page 277, of the book of official records of San Joaquin County, State of California;

(10) the conveyance entered into between the Central Pacific Railway Company and the Southern Pacific Company, grantors, and the Fabian-Grunauer Company, grantee, on January 7, 1930, and recorded on February 7, 1930, in volume 1, page 86, of the book of official records of San Joaquin County, State of California;

(11) the conveyance entered into between the Central Pacific Railway Company and the Southern Pacific Company, grantors, and Libby McNeill and Libby, grantee, on October 31, 1928, and recorded on November 30, 1928, in volume 255, page 383, of the book of official records of San Joaquin County, State of California;

(12) the conveyance entered into between the Central Pacific Railway Company and the Southern Pacific Company, grantors, and A. J. Hussell, grantee, on January 7, 1930, and recorded on February 13, 1930, in volume 314, page 138, of the book of official records of San Joaquin County, State of California;

(13) the conveyance entered into between Charles Crocker, grantor, and Frank Curran, grantee, on January 8, 1880, and recorded on January 31, 1883, in book A, volume 49, page 600, of the deeds of San Joaquin County, State of California;

(14) the conveyance entered into between the Pacific Improvement Company, grantor, and Edward Curran, grantee, on May 24, 1901, and recorded on June 26, 1901, in book A, volume 116, page 118, of the deeds of San Joaquin County, State of California, excluding that portion of such conveyance concerning lots 14 and 15 in block 15 as designated on the map entitled "Map of the Town of Tracy San Joaquin California", filed at the request of the Southern Pacific Railroad on June 29, 1892, in volume 2, page 63, of the maps and plats of San Joaquin County, State of California;

(15) the conveyance entered into between the Pacific Improvement Company, grantor, and Sarah Idelia Duffy, grantee, on December 9, 1891, and recorded on December 31, 1891, in book A, volume 75, page 59, of the deeds of San Joaquin County, State of California;

(16) the conveyance entered into between the Pacific Improvement Company, grantor, and C. A. Slack, grantee, on May 29, 1909, and recorded on November 10, 1909, in book A, volume 182, page 304, of the deeds of San Joaquin County, State of California;

(17) the conveyance entered into between the Pacific Improvement Company, grantor, and Frank Brusso, grantee, on August 23, 1911, and recorded on October 11, 1911, in book A, volume 205, page 448, of the deeds of San Joaquin County, State of California;

(18) the conveyance entered into between the Pacific Improvement Company, grantor, and Lee Chong, grantee, on September 30, 1911, and recorded on October 23, 1911, in book A, volume 205, page 471, of the deeds of San Joaquin County, State of California;

(19) the conveyance entered into between the Pacific Improvement Company, grantor, and Lee Jung, grantee, on September 30, 1911, and recorded on October 23, 1911, in book A, volume 205, page 470, of the deeds of San Joaquin County, State of California;

(20) the conveyance entered into between the Pacific Improvement Company, grantor, and Ju Wing, grantee, on January 25, 1911, and recorded on February 14, 1911, in book A, volume 201, page 105, of the deeds of San Joaquin County, State of California;

(21) the conveyance entered into between the Pacific Improvement Company, grantor, and A. Grunauer, grantee, on June 8, 1910, and recorded on June 17, 1910, in book A, volume 187, page 520, of the deeds of San Joaquin County, State of California, excluding that portion of such conveyance concerning lots 12 and 13 in block 36 as designated on the map entitled "Map of the Town of Tracy San Joaquin California", filed at the request of the Southern Pacific Railroad on June 29, 1892, in volume 2, page 63, of the maps and plats of San Joaquin County, State of California;

(22) the conveyance entered into between the Pacific Improvement Company, grantor, and Josie Batten, grantee, on October 10, 1910, and recorded on December 5, 1910, in book A, volume 193, page 477, of the deeds of San Joaquin County, State of California;

(23) the conveyance entered into between the Pacific Improvement Company, grantor, and Frank Brusso, grantee, on March 18, 1912, and recorded on September 5, 1912, in book A, volume 211, page 459, of the deeds of San Joaquin County, State of California;

(24) the conveyance entered into between the Pacific Improvement Company, grantor, and George Leonard, grantee, on October 16, 1911, and recorded on December 7, 1911, in book A, volume 207, page 205, of the deeds of San Joaquin County, State of California;

(25) the conveyance entered into between the Pacific Improvement Company, grantor, and George Leonard, grantee, on December 12, 1911, and recorded on December 20, 1911, in book A, volume 205, page 587, of the deeds of San Joaquin County, State of California;

(26) the conveyance entered into between the Pacific Improvement Company, grantor, and Jacob Stritzinger, grantee, on February 10, 1912, and recorded on December 29, 1914, in book A, volume 250, page 377, of the deeds of San Joaquin County, State of California;

(27) the conveyance entered into between the Pacific Improvement Company, grantor, and M. R. Fothergill, grantee, on July 13, 1917, and recorded on July 29, 1917, in book A, volume 315, page 34, of the deeds of San Joaquin County, State of California;

(28) the conveyance entered into between the Pacific Improvement Company, grantor, and Miles J. Brown, J. C. Droge, and W. F. Sattler, grantees, on March 29, 1916, and recorded on April 1, 1916, in book A, volume 273, page 375, of the deeds of San Joaquin County, State of California, excluding that portion of such conveyance concerning—

(A) lots 1 through 9, and lots 12 and 13, in block 37;

(B) lots 1 through 5 in block 38;

(C) lots 11, 12, 19, and 20 in block 45;

(D) lots 11 through 18 in block 48; and

(E) lots 15 through 18, and lots 20 through 23, in block 51;

as designated on the map entitled "Map of the Town of Tracy San Joaquin California", filed at the request of the Southern Pacific Railroad on June 29, 1892, in volume 2, page 63, of the maps and plats of San Joaquin County, State of California;

(29) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and Manual Joseph Silva, Mary Ann Gloria Silva, and Anna I. Silva, grantees, on January 13, 1981, and recorded as instrument numbered 81013675 on March 6, 1981, in the official records of San Joaquin County, State of California;

(30) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and Ada Lotierzo, grantee, on January 13, 1981, and recorded as instrument numbered 81013677 on March 6, 1981, in the official records of San Joaquin County, State of California;

(31) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and Marie E. Wilson, grantee, on January 13, 1981, and recorded as instrument numbered 81013678 on March 6, 1981, in the official records of San Joaquin County, State of California;

(32) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and the Home Mission Board of the Southern Baptist Convention, grantee, on January 13, 1981, and recorded as instrument numbered 81013676 on March 6, 1981, in the official records of San Joaquin County, State of California;

(33) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and Jose Gutierrez and Maria Gutierrez, grantees, on January 13, 1981, and recorded as instrument numbered 81013674 on March 6, 1981, in the official records of San Joaquin County, State of California;

(33) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and Odessa Jones Manley, grantee, on January 13, 1981, and recorded as instrument numbered 81013679 on March 6, 1981, in the official records of San Joaquin County, State of California;

(33) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and William Assad, grantee, on January 13, 1981, and recorded as instrument numbered 81013680 on March 6, 1981, in the official records of San Joaquin County, State of California;

(36) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and Larry C. Fragoso, grantee, on January 13, 1981, and recorded as instrument numbered 81013681 on March 6, 1981, in the official records of San Joaquin County, State of California; and

(37) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and the Housing Authority of the County of San Joaquin, grantee, on January 13, 1981, and recorded as instrument numbered 81013682 on March 6, 1981, in the official records of San Joaquin County, State of California.

SEC. 4. CONVEYANCES OF LANDS IN SACRAMENTO COUNTY, STATE OF CALIFORNIA.

The conveyances of lands in Sacramento County, State of California, referred to in section 2 are as follows:

(1) the conveyance entered into between the Southern Pacific Company, grantor, and Walker & Donant, grantee, on February 24, 1967, and recorded as instrument numbered 13155 on March 1, 1967, in book 67-03-01, page 284, of the official records of Sacramento County, State of California; and

(2) the conveyance entered into between the Southern Pacific Transportation Company, grantor, and Walker and Donant,

grantee, on September 20, 1976, and recorded as instrument numbered 125515 on October 19, 1976, in book 7610-19, page 567, of the official records of Sacramento County, State of California.

SEC. 5. CONVEYANCE OF LAND IN KINGS COUNTY, STATE OF CALIFORNIA.

The conveyance of land in Kings County, State of California, referred to in section 2 is as follows: the conveyance entered into between the Southern Pacific Company, grantor, and the Continental Grain Company, grantee, on August 7, 1968, and recorded as instrument numbered 11974 on September 30, 1968, in book 927, page 898, of the official records of Kings County, State of California.

SEC. 6. CONVEYANCE OF LANDS IN NEVADA COUNTY, STATE OF CALIFORNIA.

The conveyance of lands in Nevada County, State of California, referred to in section 2 are as follows: the conveyance entered into between the Southern Pacific Transportation Company, grantor, and Soda Springs Station, grantee, on March 19, 1981, and recorded as instrument numbered 81 07969 on March 31, 1981 in the official records of Nevada County, State of California.

SEC. 7. LIMITATIONS ON VALIDATION OF CONVEYANCES.

(a) SAVINGS CLAUSE.—Nothing in this Act shall be construed to—

(1) diminish the right-of-way referred to in section 2 to a width of less than fifty feet on each side of the center of the main track or tracks maintained by the Southern Pacific Transportation Company on the date of the enactment of this Act; or

(2) legalize, validate, or confirm, with respect to any land that is the subject of a conveyance referred to in section 3, 4, or 5, any right or title to, or interest in, such land arising out of adverse possession, prescription, or abandonment, and not confirmed by such conveyance.

(b) RESERVATION.—There is reserved to the United States all oil, coal, or other minerals in any land that forms a part of the right-of-way referred to in section 2 and is the subject of a conveyance referred to in section 3, 4, or 5, together with the right to prospect for, mine, and remove such oil, coal, or other minerals under such rules and regulations as the Secretary of the Interior may prescribe.

With the following committee amendments:

Page 13, after line 19, insert the following:

(3) the conveyance entered into between Central Pacific Railway Company, grantor, and James Keymer, grantee, on June 13, 1931, and recorded as instrument numbered 10705 on July 13, 1931, in book 359, page 1, of the official records of Sacramento County, State of California.

Page 15, line 3, change "or 5," to "5, or 6,"

Page 15, line 10, change "or 5," to "5, or 6,"

Mr. BOUCHER (during the reading). Mr. Speaker, I ask unanimous consent that the bill and the committee amendments be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DOCUMENTATION OF VESSEL "MARILYN" FOR COASTWISE TRADE

The Clerk called the bill (H.R. 739) relating to the documentation of the vessel *Marilyn* to be employed in the coastwise trade.

There being no objection, the Clerk read the bill as follows:

H.R. 739

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding section 27 of the Merchant Marine Act, 1920 (46 U.S.C. 883), or any other provision of law, the Secretary of the Department in which the Coast Guard is operating shall cause the vessel Marilyn, a foreign-built vessel substantially rebuilt in the United States and presently jointly owned by Van K. and Marilyn Nield of Annapolis, Maryland, to be documented as a vessel of the United States with the privilege of being employed in the coastwise trade upon compliance with the usual requirements other than any requirement that such vessel be built in the United States.

With the following committee amendment in the nature of a substitute:

Strike out all after the enacting clause and insert the following:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding sections 12105, 12106, 12107, and 12108 of title 46, United States Code, and section 27 of the Merchant Marine Act, 1920 (46 App. U.S.C. 883), as applicable on the date of this Act, the Secretary of the Department in which the Coast Guard is operating may issue a certificate of documentation for the vessels: Marilyn, Maryland registration number MD 3533 AA; Jane E, *Bahamian official number 315924;* Diane M, *Bahamian official number 315925;* Royal Star, *Michigan registration number MC 9707 J;* Alaskan Shores, *United States official number 603879;* Shearwater, *United States official number 260827;* Gypsy Rose, *California registration number CF 4291 HF; and* Eliminator, *United States official number 507572.*

Mr. BOUCHER (during the reading). Mr. Speaker, I ask unanimous consent that the bill and the committee amendment in the nature of a substitute be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

The committee amendment in the nature of a substitute was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. BOUCHER. Mr. Speaker, I ask unanimous consent that the further call of the Private Calendar be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

There was no objection.

HIGHER EDUCATION ACT

(Mr. DANIEL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANIEL. Mr. Speaker, I rise in support of the Higher Education Act.

Earlier in the year, when I had tentatively decided to retire from the Congress, I contributed roughly $25,000 from surplus campaign funds to institutions of learning in Virginia, because of my strong belief in quality education.

For a number of reasons, I have revisited that decision to retire, but I continue to feel that the contributions was a wise investment.

This belief in quality education leads me to support H.R. 3700. It is not a perfect bill: None of them are. But it provides the tools for perfecting the higher education programs presently available, and at somewhat lower authorization levels than would be the case in the absence of this bill.

I came of age when a college education was a privilege of the moneyed elite. It goes without saying, my family and I did not fall in this category. But it was a time, too, when the world of work was far less complicated.

Today, a young person who does not possess at least some education or training beyond a secondary school diploma will be hard pressed to prosper in a world economy.

The Federal Government does not owe every young person a college education, and it could not pay the bill if it did. But if you believe, as I do, that education enriches not just the individual but society as a whole, then there is no choice but to support reasonable programs to at least partially achieve that goal.

□ 1225

CONGRESS SHOULD RESOLVE PRESSING ISSUES BEFORE GOING HOME FOR CHRISTMAS

(Mrs. SMITH of Nebraska asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SMITH of Nebraska. Mr. Speaker, today I would like to share some notes I've made about my schedule during the Thanksgiving recess. I held 20 meetings in 18 of the 62 counties in my district, which by the way, is the eighth largest represented in this body and covers nearly 60,000 square miles, or three-fourths of the State of Nebraska. At my last meeting, the temperature was 5 below zero with

a wind chill of minus 31, and still we had a crowd.

You will all be interested to know that I spoke before 300 students from all over the State who were holding a model congress at Kearney State College. In Hastings, I participated in ceremonies in which the junior high school was awarded the Presidential "E" for excellence as one of the exemplary public schools in the Nation.

I also arranged a public meeting with Environmental Protection Agency officials from Kansas City. Some 90 Hastings area residents wanted them to explain how EPA could use more flexibility and common sense in their Superfund Program.

I also spoke with the board and many of the 400 Livestock Feeders at their meeting about the outlook and the problems in their industry.

In all the 13 town hall meetings in my district, the second most agricultural district represented in the House, I detected a greater interest and concern about issues than ever before. Now that's not because I am getting so much better at talking about them or a lot smarter. It's because people care about what is going on back here in Washington. What the Congress is going to do about the Farm Credit System, the 1985 farm bill and the Federal deficit are tops on their minds. What we do here has a real impact on the lives at home—on the rural main streets, on the farms and ranches, in the neighborhood stores and shopping malls.

I held one town hall meeting in a town that has a population of 50. Between 70 and 80 people showed up at 9 o'clock in the morning.

That should prove to you that they care about what you and I are doing back here. I hope you will all realize how important these issues are to rural America and that we will solve them before we adjourn.

PROTECTING THE PUBLIC HEALTH

(Mr. ROWLAND of Georgia asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROWLAND of Georgia. Mr. Speaker, while we are all concerned about the spread of this new sexually transmitted disease, AIDS, among our population, we must also provide leadership to assure that reasonable measures are taken to deal with the spread of acquired immune deficiency syndrome. The Congress has already acted to provide increased funding for research on prevention and cure of AIDS. It is my intention to submit legislation to further impact on this disease through a number of educational, preventive, and humanitarian measures.

Since we cannot expect a quick discovery of a vaccine or cure for AIDS, there are additional actions that could be taken as interim measures to prevent the futher spread of the disease and to assist State and local health authorities in the care of those victims who cannot afford their own medical care. Although some of the actions which I will be proposing are of greater import than the others, I have selected them because they are achievable and if enacted would, I believe, impact on the spread of AIDS.

Briefly, these include; health education for college students, testing for Federal prisoners, correlation with drug and substance abuse, veterans health services, and Medicaid coverage.

First, in order to alert our student population to the dangers of this and other sexually transmitted diseases, I will propose a national task force composed of educators and health officials to study the incidence of these diseases on college campuses and develop educational materials on prevention.

Second, to prevent the spread of AIDS among Federal prisoners, I will ask that all new prisoners be tested for the disease and that periodic testing be provided for all prisoners.

Third, while all the evidence is not yet in on the role of certain drugs and substances on the susceptibility of some individuals who have been exposed to the AIDS virus to actually fall victim to the disease, I believe that action should be taken against some of these substances which have no recognized medical or commercial value.

Fourth, so that we can adopt a model of care for our veterans which has been recognized as not only more humane but also cost effective, I will propose that home health, hospice, and nursing home services be made available directly by the VA or through contracts for veteran victims of AIDS.

Fifth, in order to offer relief to the States and public hospitals burdened by the high cost of caring for AIDS patients, I will request that the Congress consider providing Medicaid assistance for their care.

Mr. Speaker, these proposed actions will not solve the problem that our society and the world faces in this disease. However, we must continue taking whatever steps we can to fight it while we await a vaccine and a cure.

RESTRAINT NEEDED ON THE COVERAGE OF TERRORIST ACTS

(Mr. BEREUTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEREUTER. Mr. Speaker, yesterday the Christian Science Monitor suggested that two tracks regarding terrorism merit special attention in an effective international program to counter terrorism. The first track consists of a variety of short-term steps to enhance airport security, speed the judicial process, and bolster intelligence and diplomatic channels to identify assailants.

The second track, which I would emphasize today, suggests:

> The world's response to terrorism needs to be ratcheted downward, particularly by the news media. A studied "indifference"—not allowing requisite discussion and reportage to be overwhelmed by emotionalism—should not be confused with inaction, or unconcern for victims. Terrorism thrives in publicity's glare. Terrorists must be made to know that they cannot trifle with the sovereignty of a nation. They cannot be allowed to commandeer the attention of the world. A more temperate response to a terrorists incident allows a government greater freedom to reach a correct course of action—rather than being hurried by public opinion into potentially unwise or rash actions. Although action at times may be called for, governments should not feel compelled to take violent steps to protect their reputations for decisiveness.

This good advice, from a most respected American newspaper, ought to be taken to heart by the national news media and the independent news media of the civilized world. The public interest demands self-imposed, responsible restraint by the fourth estate.

A copy of the complete editorial is being placed in that part of the RECORD entitled "Extensions of Remarks."

SUPPORT THE TAX REFORM BILL

(Mr. PEASE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEASE. Mr. Speaker, this afternoon in an hour or so, the House Committee on Ways and Means will report out the Tax Reform Act of 1985. Members of Congress will then be in for what the Ways and Means Committee has endured over the last 3 or 4 months; and that is a parade of lobbyists, telling us why the tax reform bill should not be enacted.

I hope that Members will pay attention to what is good for your constituents and ask them whether they favor this tax reform bill.

The bottom line on the tax reform bill is that almost all middle income and lower income constituents will get tax cuts. They will get lower marginal rates; they will get an $1,100 increase in the standard deduction; they will get an increase in the personal exemption, from $1,040 to $1,500 or $2,000. The first $14,800 of income will be free from taxation.

That is the bottom line. That is why we should support this tax reform bill.

CONGRESS SHOULD ACT PROMPTLY ON BUDGET RECONCILIATION

(Mr. GRAY of Pennsylvania asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GRAY of Pennsylvania. Mr. Speaker, I would like to urge the Congress to act promptly this week on budget reconciliation. As you remember, the budget resolution passed by the House on August 1 directed that we achieve $19.3 billion in fiscal year 1986, with a 3-year total of $75.5 billion.

The House has more than met its target through several different pieces of legislation. H.R. 3500, H.R. 2100, and H.R. 3128. All in all, these actions by the House will reduce the deficit by $80.5 billion over the next 3 years.

For the past 2 months, Members have worked diligently on Gramm-Rudman. I applaud that effort, but let us get down to the business of deficit reduction right now before we adjourn. The House is prepared to move on reconciliation. I hope the other body will join us in doing it before we adjourn. Each second that ticks by without action on reconciliation, dollars are added to the record deficit already in place.

Any further delay on reconciliation means that our deficits grow bigger and our economy gets weaker and the longer we wait to take the medicine, the more serious the problem becomes in deficit reduction.

I urge the other body to join us and pass reconciliation before we adjourn for Christmas.

DENYING MOST-FAVORED-NATION TRADE STATUS TO NATIONS THAT SUPPORT TERRORISM

(Mr. BARTON of Texas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BARTON of Texas. Mr. Speaker, terrorism against the United States and her citizens is a cruel reality that must be addressed. Recently we have witnessed the hijacking of a TWA airliner, an Italian cruise ship and most recently an Egyptian airliner. In all instances, terrorists selected innocent Americans for torture and murder. According to the FBI, 50 percent of the international terrorist incidents since 1968 were directed at Americans. This year, 70 percent of all terrorist activities have been against American citizens.

In some cases, the criminal acts of terrorism are the work of individuals and organizations that have little support in the world community. Their acts properly receive the condemnation of civilized people throughout the world.

However, the specter of state-supported terrorism has arisen in recent years. There are nations that support terrorism and the time has come for the United States to take direct action to force them to cease their support for terrorist organizations. The United States is a nation of great economic power and we feel that it is entirely appropriate that we use our economic power as a weapon against international terrorism.

The legislation that we propose would repeal trade preferences to nations that support terrorism. We were both surprised and disturbed to discover that some of the most criminal governments in the world, including Iran, Libya, and Syria, enjoy most-favored-nation [MFN] status with the United States. Our legislation would repeal MFN status for nations that support terrorism and subject them to higher tariffs and trade restrictions. This is the very least our Nation can do to punish these criminal governments. Special trade preferences should be reserved to our friends and allies, not nations that are attempting to murder our citizens.

H.R. 3661, the Anti-Terrorism Trade Preference Act of 1985, would do three things: First, require the Secretary of State to maintain a list of countries that support terrorism and notify Congress whenever a country is removed from or added to the list. The Secretary already maintains such a list for other purposes. Second, deny trade preferences to any country on this list. Third, grant the President authority to waive this proscription if he finds that it is not in the national interest.

Senator LLOYD BENTSEN of Texas has introduced identical legislation in the other body. This is important legislation that should become public law. We believe that this bill could be a first step in the formulation of a broad strategy to combat terrorism against Americans.

AIDS: NATIONAL CONCERN, VA CONCERN

(Mr. MONTGOMERY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MONTGOMERY. Mr. Speaker, I believe we all recognize that AIDS is a deadly disease that must be placed among the Nation's highest health care priorities.

The Veterans' Administration has provided medical care for at least 700 victims at great cost. According to the VA, it costs approximately $38,000 a year to treat a single AIDS patient. Based on the average life expectancy of an AIDS patient, which is about 2½ years, the cost of treatment per patient has been around $100,000. Based on VA estimates, the agency will soon be spending approximately $40 million per year for AIDS treatment. With its fixed budget for health care, the VA may have to cut back in some areas of health care or deny treatment to sick and dying veterans.

Once the Defense Department begins screening all military personnel for the disease and discharging those who have it, the VA expects its AIDS caseload to rise significantly.

The VA is bracing for this patient increase, however. Major AIDS units are being planned for VA hospitals in New York City, San Francisco, and Miami.

We must never force the VA to choose between caring for AIDS patients or caring for veterans with other diseases or disabilities. The agency has a responsibility to provide health care to all eligible veterans and should not have to juggle its funds and resources to meet that commitment. We should not ask the VA to reduce other vital medical care accounts in order to fulfill this responsibility.

Mr. Speaker, if the VA is to continue providing quality, care to all eligible veterans, the agency's health care budget simply cannot take additional cuts.

TRADE TEXTILES ACT

(Mr. MONSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MONSON. Mr. Speaker, it is my great privilege today to extend my most sincere congratulations and heartfelt excitment about some news I heard just a few hours ago. Sohio, the parent company of Kennecott Copper Co. in Utah—once the largest employer in the State of Utah, and the largest open pit mine in the country—has announced plans to reopen Kennecott Copper which was closed last spring. The operation was closed, in part, because of unfair trade practices that prohibited Kennecott from competing with foreign copper producers.

The news that Kennecott will reopen couldn't come at a better time. It will provide great relief and a real holiday boost for many displaced workers whose livelihood has always depended on mining.

The U.S. Congress will have an opportunity today to join an American business that has demonstrated faith in the U.S. copper industry. Today we will vote on the Textile Trade Act which includes language to help revitalize the copper industry. I strongly support this legislation and urge my colleagues to support it. We need our copper industry alive and well. American copper producers need our continued support. At a time of hope for the industry, we cannot afford to turn our backs and leave the producers on their own. They need our support. We must

give it to them by voting for the textiles bill before us today.

QUESTIONS WITH RESPECT TO ESPIONAGE AND TREASON

(Mr. RUDD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RUDD. Mr. Speaker, the Government of Israel publicly apologized Sunday for espionage activity they may have carried out in the United States by one of their intelligence units.

They have promised, that if confirmed, such activity would not be repeated in the future and the unit responsible would be disbanded.

They have publicly said spying on the United States stands in total contradiction to their Government policy, was wrong, and they are sorry for it.

These assurances, prompted by a very disturbing development, are good. But, other questions remain unanswered.

Why? Why did a good ally and friend spy on us? Why did nobody know about it at the Israeli Cabinet level?

I have previously said the Israeli intelligence service is probably the best in the world—But I don't want them operating in this country.

Also, Mr. Speaker, we may ask why our own Government has not initiated more stringent screening of U.S. personnel and undertaken additional counterintelligence efforts to prevent the espionage epidemic from spreading.

Why has the Congress refused to allow stiffer penalties for people convicted of crimes of espionage and treason. Why can't we adequately fund and support our own intelligence agencies and let them do their jobs without delay and harassment from the Congress?

"BUD" McFARLANE'S RESIGNING AND HEADING FOR JAPAN IS NOT SUCH A BAD THING

(Mr. HENDON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HENDON. Mr. Speaker, according to press reports, national security advisor "Bud" McFarlane is threatening to resign and accept appointment as Ambassador to Japan. Mr. Speaker, many people believe our POW's held in captivity in Southeast Asia will be cheering this latest news from Washington. Just last month, Mr. McFarlane, who was Henry Kissinger's deputy when Kissinger negotiated the Paris peace accords, admitted that U.S. POW's remain captive. There are the headlines: Wall Street Journal, "McFarlane Believes Some U.S. POW's Are in Indochina."

USA Today, "McFarlane Says POW's 'Have To Be' in Indochina."

Incredibly, Mr. Speaker, this same man who says our POW's are there has blocked formation of a Presidentially appointed commission to investigate this tragedy, and opposes the effort of over 100 Members of this body to appoint a congressional commission. Incredibly, he says our POW's are there, he opposes our efforts to help resolve this issue, and now he is resigning and heading for Japan? Maybe that is not such bad news, Mr. Speaker; maybe now they will let Reagan be Reagan and our POW's will come home.

BUTTER SURPLUS AND THE MARGARINE LOBBY

(Mr. WILSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WILSON. Mr. Speaker, once more I want to speak to the House on the issue of the Agriculture Committee cutting the allocation of butter for poor people by one-half last month. This was done because of an obscure clause in the agriculture bill that indicates that if there is an economic dislocation the Agriculture Department may take such means as it sees fit to correct this.

Now the very powerful margarine lobby, ladies and gentleman, has objected to the Department of Agriculture distributing butter that has been bought with hundreds of millions of dollars of American taxpayers' money, and the American taxpayers have reason to believe that that butter is going to people that need it. They have cut butter for the following groups: For those on AFDC, for pregnant mothers in the Nutrition Program, people on Medicaid, and people on SSI, simply because the margarine lobby told them to.

There are others that are vulnerable: Public health hospitals are vulnerable, school lunch programs are vulnerable. But those programs have constituencies. SSI. AFDC, Pregnant Mothers' Program, and Medicaid have no constituency.

I would like to ask some of my colleagues that are interested in hunger and are interested in a better distribution to stop saving the world for just an hour or two and help these folks to get some butter.

TRIBUTE TO SCARLETT ROGENKAMP

(Mr. PACKARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PACKARD. Mr. Speaker, while we gathered last week with our families to share and celebrate the Thanksgiving holiday, one of the families in my congressional district suffered the tragic loss of their daughter. Savage terrorists in Malta shot Scarlett Rogenkamp simply because she was an American. Scarlett was a native of Oceanside, a small beach town in the heart of my district. She chose a career as a civilian engineer with the Air Force. True to form, the Arab terrorists who hijacked the Egyptair jet singled out Americans like Ms. Rogenkamp, who became yet another senseless victim of terrorism.

The Air Force has posthumously honored Scarlett Rogenkamp by issuing a Purple Heart to her family. This is a rare distinction for a civilian.

Mr. Speaker, I ask my colleagues to join me in paying tribute to Scarlett Rogenkamp and to her family.

LATEST LEADING ECONOMIC INDICATORS REPORTS

(Mr. LEVIN of Michigan asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVIN of Michigan. Mr. Speaker, the Government just released its latest Leading Economic Indicators Report. There is a rise of only 0.3 percent in October—very meagerly. It was the smallest advance in 4 months. There were four major reasons for this low increase—two of them relate to manufacturing. First, a drop in net business formation; second, a decline in orders for capital equipment. This same pressure on manufacturing in this country is reflected in the poor GNP increases the first half of this year. U.S. manufacturers are continually hurt by foreign competition, often unfair competition. In a word, Mr. Speaker, the report of today shows the need for a continued vigilance on our part. If we are not careful, more and more American manufacturing is going to go down the drain because people in this country, at least some, are sleeping, and our competitors are taking advantage of it.

TRIBUTE TO WALT DISNEY

(Mr. DORNAN of California asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DORNAN of California. Mr. Speaker, I want to thank 227 of my colleagues for joining me in cosponsoring a joint resolution, that the President will sign this week, to set aside a commemorative day for a truly unique and great American, Walt Eligs Disney.

I now have the joy and privilege of representing Disneyland, now cele-

brating its 30th anniversary, and I especially enjoy taking the older two of my four grandchildren back to relive those wonderful moments that I experienced with my own family, my five children, at Disney World and Disneyland. This American, Walt Disney, from very humble beginnings in the Midwest, probably created more joy for his fellow citizens, particularly our children and grandchildren, than any man who has ever lived in this country, indeed the world.

His cartoon characters, Mickey Mouse and Donald Duck, his book, films, records, and wildlife series, educational materials, and internationally known theme parks, have made the name of Walt Disney immortal and synonymous with joy, good will, and integrity.

I want to particularly thank Arthur "Buddy" Adler, a wonderful actor, a former Disneyland employee, and chairman of Friends of Walt Disney, for bringing the suggestion to me for a long-overdue tribute to a man who passed away in 1966 to what I am sure is a great eternal reward. Walt Disney's good works have been recognized worldwide and I believe that it is only proper that we formally recognize Walt Disney's accomplishments.

Thank you for this commemorative to Walt Disney.

INTERSTATE HANDICAPPED PARKING

(Mr. GEJDENSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEJDENSON. Mr. Speaker, for too long, the disabled of our society have been treated as second-class citizens. Either intentionally or unintentionally, physical and psychological barriers have been erected against the handicapped.

But these barriers must fall either due to their own weight of injustice, or because we become more enlightened and finally take positive steps to correct these wrongs.

Because of one of my constituents, Ruby DeGiovanni, I became aware of the fact that States in this Nation do not recognize one another's handicapped parking stickers. Citizens from one State are arrested or ticketed for parking in areas designated for handicapped parking.

Several years ago, we tried to take action on this matter by getting the States to simply, in a cooperative fashion, join together without legislation, to take action. It did not work. It fell through the cracks. Because of Ruby's efforts, this issue was brought to our office. Working with her and other concerned citizens, I have now drafted legislation, which I am introducing today, to use the force of the Federal Government to see that the States come together and provide the same kind of recognition of individual rights in this area, as they do in many others.

For example, a Connecticut resident with a disabled parking sticker, cannot park in a handicapped spot in Massachusetts without impunity. It is ludicrous for us to remove one barrier by offering handicapped parking spots, only to erect another by refusing an out-of-State resident the right to park there. If a person is disabled in Connecticut, does not logic dictate that that same person will be disabled in Massachusetts?

The bill I am introducing today will force any State that does not already have handicapped parking spaces to establish this right for the disabled.

In addition, all States will be forced to reciprocate and recognize the handicapped parking stickers from each and every State. Any State that does not comply with this law will have 5 percent of their highway funds withheld for 1 year. If the Secretary of Transportation decides at the end of the year that the State is in compliance with the law, the funds will be restored.

We must make every conceivable effort to have the disabled as an integrated part of society. Opening new avenues of access for the handicapped can only be seen as a benefit to all of society.

ANNIVERSARY OF BHOPAL TRAGEDY

(Mr. WISE asked and was given permission to address the House for 1 minute.)

Mr. WISE. Mr. Speaker, 1 year ago this week marks the tragedy of Bhopal and has forced reexamination by all of us—environmentalists, industry, political leaders, community residents—of how chemicals are produced.

Perhaps more than any other region, the chemical-producing area of the Kanawha Valley that I represent has had to deal with the enormous issues raised by the Bhopal tragedy. We accepted the fact that the Nation's eyes were upon us; we determined to be a role model for the country.

What has happened since then, 1 year later? The emergency response plan in our area has been reevaluated and greatly improved, some of it through actual practice. No one now speaks of opposition to communities having the right to know what is being produced in their areas, and within the next 2 weeks the House of Representatives should pass right-to-know legislation which has elements based on experiences of the Kanawha Valley.

Business, education, and political leaders have created the National Institute for Chemical Studies, which is already surveying residents' concerns and helping industry and the community build stronger relationships.

Finally, Mr. Speaker, Bhopal made us all aware—aware of the benefits of the chemical industry, aware of the unspeakable tragedy that can occur.

As we remember this sad anniversary, let us also recognize that the process of improving the environment for chemical production has begun. Mr. Speaker, 1 year later, we in the Kanawha Valley vow the continued leading in this important effort.

OVERSEAS PRIVATE INVESTMENT CORPORATION AMENDMENTS ACT OF 1985

Mr. BONKER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 947) to amend the Foreign Assistance Act of 1961 with respect to the activities of the Overseas Private Investment Corporation, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore (Mr. LUKEN). Is there objection to the request of the gentleman from Washington?

Mr. LAGOMARSINO. Mr. Speaker, reserving the right to object—and I shall not object—I would like to ask the gentleman from Washington [Mr. BONKER] to explain to the Members what he is asking the House to do.

Mr. BONKER. I would be happy to respond to the gentleman, Mr. Speaker, if the gentleman will yield.

The motion is for the purpose of appointing conferees to convene a conference with the Senate to work out differences that exist on the OPIC reauthorization bill.

Mr. LAGOMARSINO. Mr. Speaker, I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER pro tempore. It there objection to the request of the gentleman from Washington?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 947

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Overseas Private Investment Corporation Amendments Act of 1985".

POLICY

SEC. 2. Section 231 of the Foreign Assistance Act of 1961 is amended in the second undesignated paragraph—

(1) by striking out "$680 or less in 1979 United States dollars" and inserting in lieu thereof "$896 or less in 1983 United States dollars"; and

(2) by striking out "$2,950 or more in 1979 United States dollars" and inserting in lieu thereof "$3,887 or more in 1983 United States dollars".

ADDITIONAL REQUIREMENTS; WAIVER AUTHORITY

SEC. 3. (a) The Foreign Assistance Act of 1961 is amended by inserting after section 231 the following new section:

"SEC. 231A. (a) The Corporation may insure, reinsure, guarantee, or finance a project only if the country in which the project is to be undertaken is taking steps to adopt and implement laws that extend internationally recognized worker rights, as defined in section 502(a)(4) of the Trade Act of 1974 (19 U.S.C. 2462(a)(4)), to workers in that country (including any designated zone in that country). The Corporation shall, in making its determinations under the preceding sentence, use the reports submitted to the Congress pursuant to section 505(c) of the Trade Act of 1974 (19 U.S.C. 2465(c)). The restriction set forth in the first sentence of this subsection shall not apply until the first such report is submitted to the Congress.

"(b) The Board shall hold at least one public hearing each year in order to afford an opportunity for any person to present views as to whether the Corporation is carrying out its activities in accordance with section 213 and this section or whether any investment in a particular country should have been or should be extended insurance, reinsurance, guarantees, or financing under this title.

"(c) This section shall not prohibit the Corporation from providing any insurance, reinsurance, guaranty, or financing with respect to a country if—the President determines, and so reports in writing to the Congress, together with his reasons therefor, that such activities by the Corporation would be in the national economic interests of the United States.".

(b) Subsection (a) of section 231A, as added by subsection (a) of this section, shall not apply to projects insured, reinsured, guaranteed, or financed before the date of the enactment of this Act.

INVESTMENT GUARANTIES

SEC. 4. Section 234(b) of the Foreign Assistance Act of 1961 is amended by striking out in the third proviso "10 per centum" and inserting in lieu thereof "15 per centum".

FACULTATIVE REINSURANCE PROGRAM

SEC. 5. The Foreign Assistance Act of 1961 is amended by inserting after section 234 the following new section:

"SEC. 234A. FACULTATIVE REINSURANCE PROGRAM.—(a)(1) In order to encourage greater availability of political risk insurance for eligible investors, the Corporation shall establish, not later than one year after the date of the enactment of the Overseas Private Investment Corporation Amendments Act of 1985, a pilot program of facultative reinsurance. Such program shall provide reinsurance to insurance companies, financial institutions, other persons, or groups thereof, with respect to insurance issued by such companies, institutions, persons, or groups for new investments, and expansions of existing investments, by eligible investors, in excess of limits which the Corporation would otherwise normally apply with respect to such investments.

"(2) The exposure of the Corporation under the facultative reinsurance program established under paragraph (1) at any time may not exceed $150,000,000 or, with respect to any one country, $50,000,000.

"(3) Contracts of reinsurance issued under the program established under paragraph (1) shall be on equitable terms. Such program and any project covered by reinsurance under such program shall be consistent with the provisions of this title. The Corporation shall take steps to encourage equitable participation in such program by all eligible persons.

"(b) An insurance company, financial institution, or other person shall be eligible to participate in the reinsurance program established under subsection (a) if that company, institution, or other person is an eligible investor under this title.

"(c)(1) The Corporation shall establish a group to advise the Corporation (hereafter in this subsection referred to as the "advisory group") on the development and implementation of the program of facultative reinsurance under this section. The advisory group shall be composed of 9 members as follows:)

"(A) Three officers or employees of the Corporation designated by the Board.

"(B) Four persons appointed by the Board, of whom at least one shall represent an insurance company, one a reinsurance brokerage firm, and one an underwriter, a financial institution, or other person or entity eligible for the facultative reinsurance program under this section. In selecting such persons, the Board shall consider their previous active involvement in the field of political risk insurance or reinsurance and shall consult with any major organizations representing insurance, reinsurance, and brokerage institutions as to the suitability of the respective candidates to represent their industry.

"(C) Two persons appointed by the Board from among persons who are eligible investors, other than persons described in subparagraph (B).

"(2) The advisory group shall advise the Corporation on the development and implementation of the facultative reinsurance program under this section, including ways to ensure equitable participation in the program by all eligible persons.

"(3) The advisory group shall meet not later than 180 days after the date of the enactment of the Overseas Private Investment Corporation Amendments Act of 1985, and not less than once every 180 days thereafter.

"(4) The advisory group shall not be subject to the Federal Advisory Committee Act (5 U.S.C. App.).

"(d) The Corporation shall, not later than 18 months after the date of the enactment of the Overseas Private Investment Corporation Amendments Act of 1985, submit to the Committee on Foreign Relations of the Senate a report on the implementation of the facultative reinsurance program established under subsection (a).".

ISSUING AUTHORITY

SEC. 6. Section 235(a)(5) of the Foreign Assistance Act of 1961 is amended by striking out "1985" and inserting in lieu thereof "July 1, 1987".

AUDITS

SEC. 7. Section 239(c) (22 U.S.C. 2199(c)) is amended to read as follows:

"(c)(1) The Corporation shall be subject to the applicable provisions of chapter 91 of title 31, United States Code, except as otherwise provided in this title.

"(2) An independent certified public accountant shall perform a financial and compliance audit of the financial statements of the Corporation at least once every 3 years, in accordance with generally accepted Government auditing standards for a financial and compliance audit, as issued by the Comptroller General. The independent certified public accountant shall report the results of such audit to the Board. The financial statements of the Corporation shall be presented in accordance with generally accepted accounting principles. These financial statements and the report of the accountant shall be included in a report which contains, to the extent applicable, the information identified in section 9106 of title 31, United States Code, and which the Corporation shall submit to the Congress not later than 6½ months after the end of the last fiscal year covered by the audit. The General Accounting Office may review the audit conducted by the accountant and the report to the Congress in the manner and at such times as the General Accounting Office considers necessary.

"(3) In lieu of the financial and compliance audit required by paragraph (2), the General Accounting Office shall, if the Office considers it necessary or upon the request of the Congress, audit the financial statements of the Corporation in the manner provided in paragraph (2). The Corporation shall reimburse the General Accounting Office for the full cost of any audit conducted under this paragraph.

(4) All books, accounts, financial records, reports, files, workpapers, and property belonging to or in use by the Corporation and the accountant who conducts the audit under paragraph (2), which are necessary for purposes of this subsection, shall be made available to the representatives of the General Accounting Office.".

EXEMPTION FROM TAXATION

SEC. 8. Section 239 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(j) The Corporation, including its franchise, capital, reserves, surplus, advances, intangible property, and its income, shall be exempt from all taxation at any time imposed by the Untied States, by any territory, dependency, or possession thereof, or by any State, the District of Columbia, or any country, municipality, or local taxing authority.".

MISUSE OF CORPORATION NAME

SEC. 9. Section 709 of title 18, United States Code, is amended by inserting after the eleventh undesignated paragraph the following new paragraph:

"Whoever uses as a firm or business name the words 'Overseas Private Investment', 'Overseas Private Investment Corporation', or 'OPIC'; or".

REPEALS

SEC. 10. (a) Section 240B of the Foreign Assistance Act of 1961 (22 U.S.C. 2399) is repealed.

(b) Section 9(b) of the Overseas Private Investment Corporation Amendments Act of 1981 (22 U.S.C. 2200a note) is repealed.

STUDY BY THE COMPTROLLER GENERAL

SEC. 11. The Comptroller General shall conduct a study of the impact on employment in the United States or the activities of the Overseas Private Investment Corporation and shall prepare and transmit to the Congress a report setting forth the findings of such study within one year from the effective date of this Act.

MOTION OFFERED BY MR. BONKER

Mr. BONKER. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. BONKER moves to strike out all after the enacting clause of the Senate bill, S. 947, and to insert in lieu thereof the text of the bill, H.R. 3166, as passed by the House, as follows:

H.R. 3166

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Overseas Private Investment Corporation Amendments Act of 1985".

SEC. 2. REFERENCE TO THE ACT.

Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to or repeal of a section or other provision, the reference shall be considered to be made to a section or other provision of the Foreign Assistance Act of 1961.

SEC. 3. CREATION, PURPOSE, AND POLICY.

(a) INCOME LEVELS IN LESS DEVELOPED COUNTRIES.—Section 231 (22 U.S.C. 2191) is amended in paragraph (2) of the second undesignated paragraph—

(1) by striking out "$680 or less in 1979 United States dollars" and inserting in lieu thereof "$896 or less in 1983 United States dollars"; and

(2) by striking out "$2,950 or more in 1979 United States dollars" and inserting in lieu thereof "$3,887 or more in 1983 United States dollars".

(b) PROTECTION OF HEALTH, SAFETY, AND THE ENVIRONMENT.—Section 231 is amended—

(1) in the second undesignated paragraph—

(A) in paragraph (1) by striking out "and" after the semicolon;

(B) by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; and"; and

(C) by inserting after paragraph (2) the following:

"(3) ensure that the project is consistent with the provisions of sections 118 and 119 of this Act relating to the environment and natural resources of, and biological diversity in, developing countries, and consistent with the intent of regulations issued pursuant to sections 118 and 119 of this Act.";

(2) in subsection (l) by striking out "and" after the semicolon;

(3) in subsection (m) by striking out the period at the end and inserting in lieu thereof "; and"; and

(4) by adding at the end the following:

"(n) to refuse to insure, reinsure, guarantee, or finance any investment in connection with a project which the Corporation determines will pose an unreasonable or major environmental, health, or safety hazard, or will result in the significant degradation of national parks or similar protected areas.".

SEC. 4. ADDITIONAL REQUIREMENTS.

(a) IN GENERAL.—Title IV of chapter 2 of part I is amended by inserting after section 231 the following new section:

"SEC. 231A. ADDITIONAL REQUIREMENTS.

"(a) WORKER RIGHTS.—The Corporation may insure, reinsure, guarantee, or finance a project only if the country in which the project is to be undertaken is taking steps to adopt and implement laws that extend internationally recognized worker rights, as defined in section 502(a)(4) of the Trade Act of 1974 (19 U.S.C. 2462(a)(4)), to workers in that country (including any designated zone in that country). The Corporation shall, in making its determinations under the preceding sentence, use the reports submitted to the Congress pursuant to section 505(c) of the Trade Act of 1974 (19 U.S.C. 2465(c)). The restriction set forth in the first sentence of this subsection shall not apply until the first such report is submitted to the Congress.

"(b) PUBLIC HEARINGS.—The Board shall hold at least one public hearing each year in order to afford an opportunity for any person to present views as to whether the Corporation is carrying out its activities in accordance with section 231 and this section or whether any investment in a particular country should have been or should be extended insurance, reinsurance, guarantees, or financing under this title.".

(b) APPLICABILITY OF AMENDMENT.—Subsection (a) of section 231A, as added by subsection (a) of this section, shall not apply to projects insured, reinsured, guaranteed, or financed before the date of the enactment of this Act.

SEC. 5. INVESTMENT INSURANCE AND GUARANTIES.

(a) LOSS DUE TO BUSINESS INTERRUPTION.—Section 234(a) (22 U.S.C. 2194(a)) is amended—

(1) in paragraph (1)—

(A) in subparagraph (B) by striking out "and" after the semicolon;

(B) in subparagraph (C) by striking out the period and inserting in lieu thereof "; and"; and

(C) by adding at the end the following:

"(D) loss due to business interruption caused by any of the risks set forth in subparagraphs (A), (B), and (C).".; and

(2) in paragraph (4)—

(A) by striking out "civil strife insurance for the first time" and inserting in lieu thereof "insurance for the first time for loss due to business interruption";

(B) by striking out "definition of civil strife" and inserting in lieu thereof "definition of 'civil strife' or 'business interruption' "; and

(C) by inserting immediately before the period at the end of the paragraph the following: "and, in the case of insurance for loss due to business interruption, an explanation of the underwriting basis upon which the insurance is to be offered".

(b) MAXIMUM CONTINGENT LIABILITY FOR INVESTMENT GUARANTEES.—Section 234(b) is amended in the last proviso by striking out "10" and inserting in lieu thereof "15".

(c) POOLING AND RISK-SHARING AGREEMENTS.—Section 234(f)(2) is amended by striking out "other national" and all that follows through the end of the sentence and inserting in lieu thereof "multilateral insurance or financing agencies or groups of such agencies, notwithstanding the provisions of section 231 of this Act.".

SEC. 6. FACULTATIVE REINSURANCE PROGRAM.

Title IV of chapter 2 of part I is amended by inserting after section 234 the following new section:

"SEC. 234A. FACULTATIVE REINSURANCE PROGRAM.

"(a) ESTABLISHMENT.—In order to encourage greater availability of political risk insurance for eligible investors, the Corporation shall establish, not later than 1 year after the date of the enactment of the Overseas Private Investment Corporation Amendments Act of 1985, a pilot program of facultative reinsurance. The program shall provide reinsurance to insurance companies, financial institutions, other persons, or groups thereof, with respect to insurance issued by such companies, institutions, persons, or groups for new investments, and expansions of existing investments, by eligible investors, in excess of limits which the Corporation would otherwise normally apply for its exposure to such investments. The exposure of the Corporation under the facultative reinsurance program at any one time may not exceed $150,000,000 or, with respect to any one country, $50,000,000. Contracts of reinsurance issued under the program shall be on equitable terms. The program, and any project covered by reinsurance under the program, shall be consistent with the provisions of this title. The Corporation shall take steps to encourage equitable participation in the program by all eligible persons.

"(b) PERSONS ELIGIBLE FOR THE PROGRAM.—An insurance company, financial institution, or other person shall be eligible to participate in the facultative reinsurance program established under subsection (a) if that company, institution, or other person is an eligible investor under this title.

"(c) ADVISORY GROUP.—

"(1) ESTABLISHMENT.—The Corporation shall establish a group to advise the Corporation on the development and implementation of the program of facultative reinsurance under this section. The group shall be composed of 9 members as follows:

"(A) Three officers or employees of the Corporation designated by the Board.

"(B) Four persons appointed by the Board, who represent insurance and reinsurance companies, financial institutions, and other persons eligible for the facultative reinsurance program under this section, including insurance brokerage firms.

"(C) Two persons appointed by the Board from among persons who are eligible investors, other than persons described in subparagraph (B).

"(2) FUNCTIONS.—The advisory group shall advise the Corporation on the development and implementation of the facultative reinsurance program under this section, including ways to ensure equitable participation in the program by all eligible persons.

"(3) MEETINGS.—The advisory group shall meet not later than 180 days after the date of the enactment of the Overseas Private Investment Corporation Amendments Act of 1985, and not less than once in every 180-day period thereafter.

"(4) APPLICABILITY OF FEDERAL ADVISORY COMMITTEE ACT.—The advisory group shall not be subject to the Federal Advisory Committee Act (5 U.S.C. App.).

"(e) REPORT TO THE CONGRESS.—The Corporation shall, not later than 18 months after the date of the enactment of the Overseas Private Investment Corporation Amendments Act of 1985, submit to the Committee on Foreign Affairs of the House of Representatives and the Committee on Foreign Relations of the Senate a report on the implementation of the facultative reinsurance program established under subsection (a).".

SEC. 7. EXTENSION OF ISSUING AUTHORITY.

Section 235(a)(5) (22 U.S.C. 2195(a)(5)) is amended by striking out "1985" and inserting in lieu thereof "1989".

SEC. 8. GENERAL PROVISIONS RELATING TO INSURANCE AND GUARANTY PROGRAM.

(a) COMPENSATION FOR LOSS DUE TO BUSINESS INTERRUPTION.—Section 237(f) (22 U.S.C. 2197) is amended in the first sentence—

(1) by striking out "and (2)" and inserting in lieu thereof "(2)"; and

(2) by inserting immediately before the period at the end of the sentence the following: ", and (3) compensation for loss due to business interruption may be computed on a

basis to be determined by the Corporation which reflects amounts lost".

(b) NOTIFICATION OF COUNTRIES OF ENVIRONMENTAL RESTRICTIONS ON CERTAIN ACTIVITIES.—Section 237 is amended by adding at the end the following:

"(m)(1) Before finally providing insurance, reinsurance, guarantees, or financing under this title for any environmentally sensitive investment in connection with a project in a country, the Corporation shall notify appropriate government officials of that country of—

"(A) all guidelines and other standards adopted by the International Bank for Reconstruction and Development and any other international organization relating to the public health or safety or the environment which are applicable to the project; and

"(B) to the maximum extent practicable, any restriction under any law of the United States relating to public health or safety or the environment that would apply to the project if the project were undertaken in the United States.

The notification under the preceding sentence shall include a summary of the guidelines, standards, and restrictions referred to in subparagraphs (A) and (B), and may include any environmental impact statement, assessment, review, or study prepared with respect to the investment pursuant to section 239(g).

"(2) Before finally providing insurance, reinsurance, guarantees, or financing for any investment subject to paragraph (1), the Corporation shall take into account any comments it receives on the project involved.

"(3) On or before September 30, 1986, the Corporation shall notify appropriate government officials of a country of the guidelines, standards, and legal restrictions described in paragraph (1) that apply to any project in that country—

"(A) which the Corporation identifies as potentially posing major hazards to public health and safety or the environment; and

"(B) for which the Corporation provided insurance, reinsurance, guarantees, or financing under this title before the date of enactment of this subsection and which is in the Corporation's portfolio on that date.".

SEC. 9. GENERAL PROVISIONS AND POWERS.

(a) AUDITS OF THE CORPORATION.—Section 239(c) (22 U.S.C. 2199(c)) is amended to read as follows:

"(c)(1) The Corporation shall be subject to the applicable provisions of chapter 91 of title 31, United States Code, except as otherwise provided in this title.

"(2) An independent certified public accountant shall perform a financial and compliance audit of the financial statements of the Corporation at least once every 3 years, in accordance with generally accepted Government auditing standards for a financial and compliance audit, as issued by the Comptroller General. The independent certified public accountant shall report the results of such audit to the Board. The financial statements of the Corporation shall be presented in accordance with generally accepted accounting principles. These financial statements and the report of the accountant shall be included in a report which contains, to the extent applicable, the information identified in section 9106 of title 31, United States Code, and which the Corporation shall submit to the Congress not later than 6½ months after the end of the last fiscal year covered by the audit. The General Accounting Office may review the audit conducted by the accountant and the report to the Congress in the manner and at such times as the General Accounting Office considers necessary.

"(3) In lieu of the financial and compliance audit required by paragraph (2), the General Accounting Office shall, if the Office considers it necessary or upon the request of the Congress, audit the financial statements of the Corporation in the manner provided in paragraph (2). The Corporation shall reimburse the General Accounting Office for the full cost of any audit conducted under this paragraph.

"(4) All books, accounts, financial records, reports, files, workpapers, and property belonging to or in use by the Corporation and the accountant who conducts the audit under paragraph (2), which are necessary for purposes of this subsection, shall be made available to the representatives of the General Accounting Office.".

(b) ENVIRONMENTAL IMPACT ASSESSMENTS.—Section 239(g) is amended to read as follows:

"(g) The requirements of section 118(c) of this Act relating to environmental impact statements and environmental assessments shall apply to any investment which the Corporation insures, reinsures, guarantees, or finances under this title in connection with a project in a country.".

(c) CORPORATION EXEMPT FROM TAXATION.—Section 239 is amended by adding at the end the following:

"(j) The Corporation, including its franchise, capital, reserves, surplus, advances, intangible property, and income, shall be exempt from all taxation at any time imposed by the United States, by any territory, dependency, or possession of the United States, or by any State, the District of Columbia, or any county, municipality, or local taxing authority.".

(d) REGULATIONS.—Section 239, as amended by subsection (c) of this section, is further amended by adding at the end the following:

"(k) The Corporation shall publish, and make available to applicants for insurance, reinsurance, guarantees, financing, or other assistance made available by the Corporation under this title, the policy guidelines of the Corporation relating to its programs.".

SEC. 10. EFFECTS OF OPIC ACTIVITIES ON EMPLOYMENT IN THE UNITED STATES.

Section 240A (22 U.S.C. 2200a) is amended—

(1) by inserting "(a)" immediately before "After" in the first sentence; and

(2) by adding at the end of the section the following new subsection:

"(b) Each report required by this section shall also describe the effects on employment in the United States of each project for which the Corporation has provided financial support, including—

"(1) the actual amount of United States exports purchased in carrying out the project,

"(2) the actual final destination of the products produced as a result of the project, and

"(3) the impact of such production on United States domestic production of similar products with regard to both domestic sales and exports.

Each report shall provide such a description with respect to any project for which the Corporation provided any insurance, reinsurance, guarantees, or other financing during the fiscal year for which the report is submitted or during any prior fiscal year, except that this subsection only applies with respect to projects for which financial support was provided after the date of enactment of this subsection.".

SEC. 11. RETURN OF APPROPRIATED FUNDS.

Section 240B (22 U.S.C. 2200b) is hereby repealed.

SEC. 12. FALSE ADVERTISING OR MISUSE OF THE NAME OF THE CORPORATION.

Section 709 of title 18, United States Code, is amended by inserting after the tenth paragraph the following:

"Whoever uses the words 'Overseas Private Investment', 'Overseas Private Investment Corporation', or 'OPIC', as part of the business or firm name of a person, corporation, partnership, business trust, association, or business entity; or".

SEC. 13. TECHNICAL AMENDMENTS.

(a) TECHNICAL AMENDMENTS RELATING TO FACULTATIVE REINSURANCE PROGRAM.—

(1) Section 235(d) (22 U.S.C. 2195(d)) is amended in the first sentence by striking out "or under similar predecessor guaranty authority" and inserting in lieu thereof ", under similar predecessor guaranty authority, or under section 234A".

(2) Section 237(f) (22 U.S.C. 2197(f)) is amended in the last sentence by inserting "or 234A" after "234".

(3) Section 240 (22 U.S.C. 2200) is amended in the last sentence by inserting "and section 234A" after "234".

(b) DEFINITION OF ELIGIBLE PERSON.—Clause (2) of section 238(c) (22 U.S.C. 2198(c)(2)) is amended by striking out "or any State or territory thereof" and inserting in lieu thereof ", any State or territory thereof, or the District of Columbia,".

(c) ADDITIONAL TECHNICAL AMENDMENTS.—

(1) Section 235(c) (22 U.S.C. 2195(c)) is amended—

(A) by striking out "section 235(d)" and inserting in lieu thereof "subsection (d) of this section";

(B) by striking out "section 234(e)" and inserting in lieu thereof "subsection (e) of this section"; and

(C) by striking out "section 235(f)" and inserting in lieu thereof "subsection (f) of this section".

(2) Section 235(d) is amended by striking out "section 235(f)" each place it appears and inserting in lieu thereof "subsection (f) of this section".

(d) REMOVAL OF REPORT REQUIREMENT.—Section 9 of the Overseas Private Investment Corporation Amendments Act of 1981 (Public Law 97-65) is amended—

(1) by striking out "(a)" after "SEC. 9"; and

(2) by striking out subsection (b).

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid upon the table.

APPOINTMENT OF CONFEREES ON S. 947

Mr. BONKER. Mr. Speaker, I ask unanimous consent that the House insist on the House amendment to the Senate bill, S. 947, and request a conference with the Senate thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington? The Chair hears none and, without objection, appoints the following conferees: Messrs. FASCELL, HAMILTON, BONKER, MICA, GEJDENSON, BERMAN, BROOMFIELD, LAGOMARSINO, ROTH, and BEREUTER.

There was no objection.

TEXTILE AND APPAREL TRADE ENFORCEMENT ACT OF 1985

Mr. DERRICK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 325 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 325

Resolved, That upon the adoption of this resolution it shall be in order to consider a motion in the House, if offered by the chairman of the Committee on Ways and Means or his designee, to take from the Speaker's table the bill (H.R. 1562) to achieve the objectives of the Multi-Fiber Arrangement and to promote the economic recovery of the United States textile and apparel industry and its workers, with the Senate amendment thereto, and to concur in the Senate amendment, all points of order against said motion for failure to comply with the provisions of section 311(a) of the Congressional Budget Act of 1974 (Public Law 93-344) are hereby waived, debate on said motion shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, or their designees, and the previous question shall be considered as ordered on the motion to final adoption without intervening motion.

The SPEAKER pro tempore. The gentleman from South Carolina [Mr. DERRICK] is recognized for 1 hour.

Mr. DERRICK. Mr. Speaker, I yield the customary 30 minutes, for purposes of debate only, to the gentleman from Tennessee [Mr. QUILLEN], and pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 325 provides for consideration in the House of a motion to take from the Speaker's table the bill, H.R. 1562, the Textile and Apparel Trade Enforcement Act of 1985, with the Senate amendment, and concur in the Senate amendment.

This rule provides that this motion shall be in order if offered by the chairman of the Committee on Ways and Means, Mr. ROSTENKOWSKI, or his designee. This resolution also provides that this motion shall be debatable for 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, or their designees.

Section 311(a) of the Congressional Budget Act is waived against this motion. This section of the Budget Act provides that after Congress has completed action on the concurrent resolution on the budget, it shall not be in order to consider legislation which will cause either the outlay ceiling or revenue floor set forth in the budget resolution to be breached.

With adoption of the first concurrent resolution on the budget for fiscal year 1986 on August 1, a revenue floor for the current fiscal year was established. As was the case when this bill was last considered in the House, no new revenue raising legislation for fiscal year 1986 has been enacted. Therefore, because enactment of H.R. 1562 is expected to result in a loss of very modest amounts of revenue, due to decreased customs collections, a waiver of section 311(a) of the Budget Act is necessary if our colleagues are to have an opportunity to vote on this measure.

As I noted during debate on H.R. 1562 when it was first considered in the House, the Congressional Budget Office analysis of this bill looks at only the primary budgetary impacts that are expected to result from enactment of the bill. While it is true that there will be reduced Customs duties as a result of a decreased level of imports, it is also true that we can expect very significant positive budgetary impacts from enactment of H.R. 1562. These secondary budget impacts, which are not a part of CBO's analysis, and which stem from the jobs that will be created by this legislation, include increased Federal income tax receipts and Social Security taxes, and decreased Federal outlays for assistance programs such as unemployment benefits, AFDC, food stamps, Medicaid, trade adjustment assistance, and others.

Mr. Speaker, the Textile and Apparel Trade Enforcement Act of 1985 was last before the House of Representatives in October. It was passed by a vote of 262 to 159 on October 10, 1985. The other Chamber considered and adopted an amended version of this bill on November 13, 1985, on a vote of 60 to 39.

The Senate amendment to H.R. 1562, in comparison with the bill as passed by the House, reduces the number of textile importing countries facing immediate quota level rollbacks under the bill and also lessens the percentage of rollback. The Senate amendment also contains new provisions designed to establish quotas to reduce import penetration in nonrubber footwear to 60 percent of domestic consumption, and to direct the President to negotiate voluntary restraint agreements regarding copper production to 1982 levels. The Senate amendment also directs the International Trade Commission to study wage rates and labor practices in countries with which the United States had a 1984 trade deficit exceeding $4 billion.

Mr. Speaker, I believe the Senate amendment represents an improvement over the House-passed bill. The amendments made in the other Chamber address a number of issues cited by opponents to H.R. 1562 when it was considered in the House in October. I believe this version of the legislation will clear this Chamber by an even wider margin.

Mr. Speaker, I would also like to take this opportunity to congratulate and thank the leadership of the Ways and Means Committee for bringing this matter to a vote today. I would especially like to thank the chairman of the Ways and Means Committee, who, although opposed to this legislation, has exercised his leadership in facilitating consideration of this issue which is deemed of overriding interest to an overwhelming majority of our colleagues.

The procedures provided for under the rule will allow the membership of the House a straight up-or-down vote on this issue in a timely fashion. Adoption of the motion to be offered by Mr. ROSTENKOWSKI or his designee will constitute final congressional action of the bill, unless it is returned to Congress with a veto message from the President.

Mr. Speaker, I urge adoption of this rule, and passage of the motion to adopt the Senate amendments to H.R. 1562.

Mr. QUILLEN. Mr. Speaker, I yield myself as much time as I may use.

Mr. Speaker, the rule has been described accurately by the gentleman from South Carolina [Mr. DERRICK]. House passage of this rule and of the bill already approved by the other body will send the measure to the President. And I would respectfully request of the President that he allow this bill to become law.

Members should be aware that a number of changes to the House-passed bill were made in the other body. The most important addition is relief for the domestic footwear industry. The bill now provides footwear imports with a 60-percent share of the American market, while reserving 40 percent to our American industry. This is reasonable and justified to save an important American industry that is fighting for its life.

In regard to the main part of the bill, the textile and apparel import quotas, import penetration is granted up to about 42 percent of the domestic market, with 58 percent reserved for our American manufacturers. This is certainly generous to our foreign competitors while at the same time allowing our own American textile and apparel industry to survive.

Mr. Speaker, despite everything that has been said against this bill, a review of its provisions will show it to be a fair and reasonable bill which gives a generous share of our domestic market to our foreign competitors. The bill is a lifeline to our own textile and apparel industry which is going under, in my judgment, unless we enact this bill into law.

We have seen a 65 percent surge in imports in the past 2 years, and 300,000 jobs have been lost since 1979. Imports now comprise 50 percent of the American clothing market. Enough is enough.

I ask my colleagues to lend a helping hand to an industry employing almost 2 million workers that has reinvested its capital and has made every effort to modernize its equipment and its business practices. I ask you to vote for this rule and for this bill—to vote for America. And Mr. President, I ask you to allow this reasonable and fair bill to become law. I ask you, Mr. President, not to forget our own people, not to sacrifice them on the altar of a trade policy that is more theory than reality.

A national trade policy that turns a blind eye to the destruction of great American industries is not my idea of an intelligent policy, and I hope it is not yours, Mr. President.

Let's think of America first.

Mr. President, don't veto this bill.

Mr. DERRICK. Mr. Speaker, I reserve the balance of my time.

Mr. QUILLEN. Mr. Speaker, I yield 2 minutes to the gentlewoman from Maine [Ms. SNOWE].

Ms. SNOWE. Mr. Speaker, I rise in support of this rule because the American footwear industry deserves its chance to get relief from imported footwear.

Four consecutive years of massive surges of imported shoes have left domestic manufacturers with only 20 percent of the American shoe market. A lack of any restraint on imported footwear has meant the loss of hundreds of factories throughout this country and more than 4,000 jobs in my State alone, which is foremost in shoe production in America.

Because of this tragic situation, the shoe industry sought relief under existing trade laws. They used the import relief procedures by filing a relief petition with the International Trade Commission, and last July the International Trade Commission ruled in favor of the shoe industry by saying that the domestic market should be no more than 60 percent of imported footwear.

□ 1305

Even 60 percent is a very high level for foreign import penetration. But unfortunately, the President rejected such a recommendation.

So it now falls to the full House of Representatives and the entire U.S. Congress to grant such a relief to an industry. Relief from more than 750 million pairs of shoes that come into this country on an annual basis resulting in 80-percent import penetration. They have no recourse, they have no means of rebuilding and retooling without the incentive granted by this legislation that we are about to consider.

The shoeworkers and the shoe manufacturers of America, with their backs against the wall, deserve this one chance and these votes in support of the industry. It is not only in support of the shoeworkers and the shoe industry, but indeed, it is in support of the credibility of the process itself.

Mr. Speaker, I would urge Members to adopt this resolution so that we can consider the upcoming motion to accept the Senate amendments.

Mr. QUILLEN. Mr. Speaker, I was very pleased indeed to see the Senate add the footwear industry in the measure and also the handbag industry and the copper industry. I think now that we all can say with pride, "Let us buy American; do not sell us down the drain."

Mr. Speaker, I yield 4 minutes to the gentleman from Illinois [Mr. CRANE].

Mr. CRANE. I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in opposition to the rule under consideration for H.R. 1562, the Textile and Apparel Trade Enforcement Act. The rule provides for a motion to take the bill from the Speaker's table and concur with the Senate amendments.

As I have stated previously and often, H.R. 1562 is protectionism in its worst form—discriminatory, permanent, expensive, and totally mandatory. It blatantly violates the Multi-Fiber Arrangement [MFA], the General Agreement on Trade and Tariffs [GATT], and 38 other bilateral textile agreements currently in force. The legislation will burden the consumer with additional costs, and will only shift the problems from one American sector to another. Finally, it will put billions of dollars in U.S. exports at risk, especially agricultural exports due to the certainty of foreign retaliation.

While the Senate amendments marginally liberalize the bill's quota regime for textiles and apparel, they fail to deal with the basic and fundamental defects of the House passed bill. Furthermore, they add footwear quotas and copper importation restrictions to an already protectionist bill. The footwear provisions added by the Senate are even more restrictive than the ITC's recommendation rejected by the President earlier this year. To put this in perspective, the U.S. consumer would be forced to pay an additional $2.8 billion for shoes per year, or $72,000 a year for each $14,000 job saved.

In a purely political effort to gain support of some of the Western States, the Senate included limits on imported copper. Copper and textiles obviously have little in common, except that both industries are seeking import protection. Given enough time, the proponents of the textile bill might have included a wide array of special interests until the final product was a protectionist package of the magnitude of the infamous Smoot-Hawley Tariff of 1930.

The impact of the revised Senate version of H.R. 1562 even goes beyond simple economic considerations. In an almost complete reversal of U.S. foreign policy, the Senate amendments would focus the legislation's deepest cuts on Taiwan, Korea, and Hong Kong, while Communist China would be exempted from the most severe restrictions. In a foreign policy era where we are trying to reassure our Asian allies of U.S. support and backing, it makes little sense to levy the harshest economic blows against these allies, while granting exclusions to their Communist enemies.

Not only do I oppose the content of H.R. 1562 and the additional Senate amendments, I also strongly oppose circumventing normal legislative procedures to achieve political ends. For the third time in this session, a special rule was granted in order to avoid a House-Senate conference. As we are all well aware, the concept of a conference was included in the legislative process to allow for a compromise between the differences in House and Senate versions of a bill. Whatever the political motives, there is no justification for breeching this legislative responsibility. Support of this rule will only legitimize and further institutionalize this perversion of the legislative process.

For these previously mentioned reasons, I oppose the bill and the rule, and urge my colleagues to support the legislative process by voting against the rule as well.

Mr. QUILLEN. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from North Carolina [Mr. BROYHILL].

Mr. BROYHILL. I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in very strong support of this rule. I think that one of the factors that we need to look at is the very unfortunate effect that the continued tremendous increase in imports of textile, and apparel products is having on various economic sectors of our economy. I am talking about lost jobs; I am talking about closed manufacturing plants, and of course, the dire effect that this is having on the many communities to which this great industry is dependent.

Our trade laws and the agreements that we have entered into in the past are intended to deal with situations that we have been experiencing in the last 4 or 5 years and that is rapid increase in the imports in these particular products. But we also see that the laws are not clear, and more than that, the enforcement of these agreements, the enforcement of these laws in not evenhanded; it is often confused; delays are endless, and the remedies, if they come at all, are often too little and too late.

Jobs losses in the American fiber, textile and apparel industries has gone over 300,000 just in the past 5 years.

Footwear imports have robbed an additional 38,000 Americans of their jobs. Copper imports have displaced an additional 18,000 Americans. Of course, many of these individuals live in communities where these jobs are the only jobs that are available. In other words, when that particular mill or manufacturing facility closes down, the community closes down itself.

I want to emphasize, Mr. Speaker, that even with this bill, imports on the textile and apparel side, imports are going to continue at a very high level. We estimate at about 42 percent of the U.S. apparel market. In other words, in my judgment, 42 percent is a very generous share of the American market. I do not see how, with a market that size, that would be enjoyed by the foreign producers, how that can be termed as protectionist.

What the purpose of the bill is is to restore some order and fairness to world textile and apparel trade by requiring that the objectives of the multifiber arrangement be enforced. The MFA was agreed to by dozens of countries a number of years ago. The purpose of it was to regulate the trade in textile and apparel products around the world. In other words, what the MFA does, on the one side it seeks to permit the lesser-developed nations to have access to the consuming nations, but at the same time to make sure that that trade in those products is conducted in an orderly way. It was never intended to permit the underdeveloped nations to take undo advantage of the other nations.

Yet, what has happened in the last few years, we have seen the United States take a growth rate of some 19 percent a year. Now the United States, being the most open market in the world, we are taking over 65 percent of the third world production of apparel and textile products. The fact is is that it is having a dire effect on the U.S. domestic industry itself.

□ 1315

That goes back to the statistics that I was citing just a few moments ago.

So, Mr. Speaker, I would urge the adoption of this rule and ask that, after the conclusion of the later debate, we have an overwhelming vote for this bill and send it to the President with a resounding message by an overwhelming majority of this body that we want and expect an affirmative agreement and a signing of this bill. It is high time that we come to the aid of this great industry which employs some 2 million men and women around the country.

Mr. DERRICK. Mr. Speaker, for purposes of debate only, I yield 2 minutes to the gentleman from Montana [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. Speaker, I support this rule and this legislation. As some of my other colleagues have said, most of the Members of this House, and I include myself, are free traders; we are also fair traders.

We have not rushed to encourage this bill which we now support. In fact we have been like the other free traders of this Congress. We have been very patient, perhaps too patient. Six years ago, when President Reagan took the oath of office, America's trade deficit was $35 billion—too high—but as I speak it is approaching $135 billion, and unlike the Federal deficit, the trade deficit is genuine and threatens economic collapse.

You know, Americans work both sides of the street on the Federal deficit. They own both the liabilities and the assets. In other words, we owe ourselves. But with regard to the trade deficit, foreigners own the assets, and we only hold the liabilities, and those liabilities can be called in at any moment. Should that happen, there will be an immediate run on the dollar, creating serious financial jeopardy for our institutions here at home, and there will be an increase in the yen and the franc and the pound and the other foreign currencies, creating significant unemployment among our foreign allies, and those two facts together may begin to open up an economic black hole which will threaten to expand and pull all the nations of the world into a global depression.

The Congress has been patient—too patient. It is now time to pass this bill.

Mr. DERRICK. Mr. Speaker, for purposes of debate only, I yield 3 minutes to the gentleman from Ohio [Mr. PEASE].

Mr. PEASE. Mr. Speaker, the House now has before it textile legislation which the Senate passed and which the President has indicated he will veto. Since the Senate, like the House, passed its textile bill by less than a two-thirds margin, the President's veto is likely to be sustained.

But even though less than two-thirds of the Members of Congress voted for textile and apparel import restrictions, it is my guess that more than two-thirds believe that a serious trade-related problem exists that warrants action. Many like myself genuinely sympathize with the intentions of the sponsors of both bills. However, we cannot agree with their proposed solutions. They are simply too sweeping and restrictive. I, for one, deeply regret that the legitimate and serious problems of people in the largest manufacturing sector in the American economy will go unaddressed because Congress has given the President exactly what he wanted: an extreme bill that he can successfully veto.

Mr. Speaker, we are permitting the problems of these people to get lost in a polarized debate between the President's callous inaction and protectionist solutions that could prove to be highly destructive to the international trading system.

We need pragmatic, constructive solutions to our international trade problems, solutions that strengthen rather than threaten the international trading system. I have attempted to set out a constructive alternative in an omnibus bill which I introduced a month ago, H.R. 3668. This bill is aimed at the generic problems of the misaligned dollar, foreign unfair trade practices, and injurious imports.

Similarly, the workers, firms, and communities associated with the textile and apparel industry deserve their own constructive alternative—one that all Members who appreciate their trade-related problems can support.

Mr. QUILLEN. Mr. Speaker, I yield such time as he may consume to the gentleman from Arizona [Mr. RUDD].

Mr. RUDD. Mr. Speaker, I rise in opposition to the bill.

Mr. Speaker, I do not support H.R. 1562, the Textile and Apparel Trade Enforcement Act, not because I believe the problems facing the textile business—or Arizona's copper industry—have been resolved or that their problems are any less serious than before, but because of the tremendous costs involved with this legislation and its impact on the entire domestic labor market.

Administration estimates put the bill's cost to consumers at a staggering $28 billion annually. Thousands of jobs would be lost.

A study by the International Business and Economic Research Corp. [IBERC] estimates that consumer prices for imported apparel and textile products would rise 16 and 33 percent, respectively.

The textile and apparel industries are already the most protected of U.S. manufacturing industries. In addition to quotas, which cover more than 100 product categories with more than 80 percent of U.S. imports, there are tariffs averaging 22 percent.

Enacting restrictive trade barriers of our own would furthermore give little incentive for other countries to negotiate more open markets.

Mr. Speaker, there is a copper amendment, incorporated in this bill, which I strongly support—but was not allowed a separate vote. This is unfortunate. All it asks the U.S. trade representative to do is undertake bilateral negotiations with the major copper-producing nations—such as Chile, Zaire, and, Zambia.

Recently I helped push an identical amendment through the House Appropriations Committee, of which I am a member. It was adopted and attached as part of the continuing resolution. I still have hope the administration will adhere to this amendment and strong directive from the Congress and begin discussing voluntary production cutbacks with the overseas producers.

In Arizona and elsewhere in the Southwest, the copper industry is ailing and

needs temporary relief. This administration, despite numerous efforts and pleas from myself and other members of the congressional copper caucus, has so far, refused to act. But pressure in Congress and the severity of the problem facing the domestic copper industry will hopefully prompt a change of heart soon.

Negotiations between the United States and other copper-producing nations are necessary to limit overproduction and we must also end the subsidization of foreign copper industries through such institutions as the World Bank and the International Monetary Fund [IMF].

This Nation's copper concerns cannot be sacrificed for a foreign policy which will mean, ultimately, the demise of this strategic industry which is indispensible for our national defense.

My hope is that both the Congress and the administration will recognize this fact and begin to address the problems facing the domestic copper industry as a separate legislative issue. It deserves nothing less.

Mr. QUILLEN. Mr. Speaker, I yield such time as he may consume to the gentleman from Florida [Mr. SHAW].

Mr. SHAW. Mr. Speaker, I thank the gentleman for yielding me this time, and I rise in opposition to the bill.

Mr. Speaker, so many of the difficult problems we deal with these days are directly related to the enormous drain placed on our national resources by the size of the Federal deficit. Most recently we have been preoccupied by the implications of America's growing trade deficit. It is a widely recognized fact that the Federal deficit helps create the interest rate pressures which have contributed to the dollar's adverse rate of exchange. Experts seem to agree that the overvalued dollar is a major cause of our trade problems.

While trade is of great importance to all of us, it is particularly significant because of the role it plays in Florida's economic welfare. As we moved into this decade, Florida was this country's only exporter of tropical fish—annual sales of $7.6 million—its leading exporter of phosphates, and was ranked second among all the 50 States in the value of its exports of fruit and fruit products—annual sales of $586 million.

I was especially disappointed to learn that our European allies failed to take appropriate actions to lift discriminatory tariffs on U.S. citrus exports in accordance with the U.S. Trade Representative's deadline of October 31, 1985. These tariffs have been in place since 1969 and are causing America's citrus farmers to forgo upward of $48 million in annual sales.

But export sales are not the bottom line in the trade crisis. For Americans, trade has become synonymous with jobs. This is especially true for the citizens of Florida where an estimated 50,200 jobs have been identified as "export dependent" by the U.S. Commerce Department. If we intend to act responsibly in addressing the job-related concerns of Americans we will have to provide constructive legislative solutions. That is exactly why I am a cosponsor of H.R. 3522—the Trade Partnership Act. H.R. 3522 is the responsible Republican alternative for dealing with our trade problems.

The Trade Partnership Act is a comprehensive response to the complex difficulties facing our Nation in the realm of international commerce. A few of its provisions are specifically tailored to the jobs-related concerns of both American industry and its workers. The bill expedites the relief process for industries facing unfair trade practices. One of the biggest complaints of adversely affected industries is that they can't seem to get a timely decision on their relief petitions. Current law allows decisions on these important matters to take up to 12 months in some cases but H.R. 3522 mandates final decisions within 6 months in all cases. Moreover, the possibility of delay while the matter lies on a busy President's desk is also eliminated because the bill requires a Presidential reaction within 15 days of any recommendation for relief by the U.S. Trade Representative.

The bill also takes steps to ease the burdens on individual American workers displaced by import competition. It eliminates all ambiguity in current State laws by mandating that workers can receive unemployment benefits while undergoing federally certified job retraining. Finally, this legislation creates an incentive for companies to retain their own workers by reimbursing up to 80 percent of the cost for in-house retraining programs.

America's trade problems are the world's trade problems. I am proud to be part of a constructive effort to manage America's trade difficulties in a responsible way.

Mr. QUILLEN. Mr. Speaker, I yield 2 minutes to the gentleman from Maine [Mr. MCKERNAN].

Mr. MCKERNAN. Mr. Speaker, I thank the gentleman for yielding me this time, and I rise in support of this resolution.

As we all know, not too long ago the House passed a bill granting relief for the textile industry. We have the opportunity here today to help out some other industries that are equally beleaguered, in some cases perhaps more so, as is the case with the shoe industry in this country.

In the shoe industry alone we have lost 38,000 jobs in the last 5 years. Seven thousand of those jobs have been in my State of Maine. Since 1984, 24 shoe shops in my State have either closed or cut back drastically on employment.

That national figure of 38,000 lost jobs may pale by comparison with the 300,000 in the textile industry, but I can assure you that in a small town of 4,000 or 5,000 those 300 people who might be put out of work by the closing of a shoe plant would have a devastating effect not only on the individuals who cannot find additional jobs in that community but on the community itself from the loss of tax base, as well as on the merchants in that community where people can no longer afford to buy their products or to pay their bills.

But there is another distinction that I think is very important relating to the issue we are going to be voting on today, especially as it affects the shoe industry. We have an industry that has tried to follow our trade laws. That industry has gone to the International Trade Commission. It has not only gone to the Commission but has received a unanimous decision by that Commission that the industry deserves relief because, in fact, there is unfair competition from foreign imports. I hope that we will give the shoe industry that relief today.

Mr. Speaker, I want to applaud the Rules Committee for bringing us this issue because it gives us all the opportunity to demonstrate that we do care about the enforcement of our trade laws, and we want equity for American workers.

Mr. QUILLEN. Mr. Speaker, I yield 5 minutes to the gentleman from Nebraska [Mr. DAUB].

Mr. DAUB. Mr. Speaker, I appreciate the gentleman's yielding me this time, and I am standing before my colleagues today in the House of opposition not only to the rule but to the bill itself.

Mr. Speaker, this legislation is advertised as a harmless helping hand for a couple of struggling industries; it's actually a kick in the teeth to American consumers—in particular low-income consumers, American workers, and especially American farmers.

This is the second time we have debated this issue. In the last debate, I raised the point that this bill will result in needless retaliation against the farmer. The point is that this region of the world is one of our best agricultural customers. If we cut off their No. 1 export to this country, textiles, they'll cut off our No. 1 export to their region, farm commodities.

Significantly, this point went unchallenged. I guess the proponents of this bill are just asking us to accept retaliation against our farmers as a necessary evil.

I am not willing to accept this consequence. I am here today to again raise this point. Make no mistake about it, a vote for this bill may be one of the most damaging things we do to agriculture this year—and believe me after some of the actions this body has taken recently, that's saying quite a lot.

We are discussing imposing drastic reductions on major buyers of American agriculture products. The Foreign Agricultural Service of the USDA provided me some statistics on what these nations buy from our farmers.

The four textile groups whose sales to the United States will be restricted under this bill bought more than $15.7

billion of American ag products. And these ag purchasers are increasing, up from $2.2 billion in 1970. These countries bought a whopping 43 percent of all U.S. ag sales overseas last year.

In my State, we grow wheat, feed grains, soybeans, and livestock. The three countries which will bear the brunt of the trade cutoffs from this bill bought nearly $2 billion of these American produced products.

Who are we trying to kid? Does anybody think that these nations will buy American farm commodities readily available elsewhere if we shut down 35-40 percent of their textile exports to the United States?

In 1983 after we imposed unilateral restraints on Chinese textile imports, the Chinese boycotted American cotton, soybeans, and grain. The National Association of Wheat Growers testified in committee that we lost about $500 million in wheat sales alone because of this. The dispute was over just 50 million dollars' worth of textiles.

Here are some ag export figures to the three target countries. In my State, we grow feed grains, wheat, soybeans, and livestock. Here is what the three target countries bought of those commodities last year.

	Million
Wheat	$432
Feed grains	834
Livestock (beef and pork)	874

This bill will take money out of Nebraska farmer's pockets. But it isn't just Nebraska wheat, feed grain, and livestock producers who'll get stuck, it's most other farmers. American poultry, dairy, tobacco, wine, nuts, citrus, sugar, cotton, and rice are all bought by these countries. I am offering into the RECORD the agriculture purchases of these three countries last year.

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Commodity exported and area or country of destination	Units	Quantity			Cumulative to date value					Current mon.			
										Quantity		Value	
		1983 units	1984 units	Percent quantity change	1983 (thousands)	1984 (thousands)	Percent value change	1983 unit value	1984 unit value	1983 units	1984 units	1983 (thousands)	1984 (thousands)
Korea, Republic of		580											
Wheat and wheat flour	MT	1,885,213	1,973,785	+5	$304,782	293,819	−4	161.67	148.86	144,896	165,455	$22,269	$24,375
Rice	MT	246,272	357	−100	60,977	104	−100	247.60	290.56	2		1	
Corn	MT	4,073,483	2,200,106	−46	559,678	327,317	−42	137.40	148.77	468,553	84,252	72,210	11,011
Grain sorghums	MT		148,000			19,491			131.70				
Barley and oats	MT	104	233	+123	11	24	+123	103.33	103.44				
Other grains, grain products	MT	4,445	3,458	−22	4,407	2,760	−37	991.55	798.30	48	42	54	44
Feeds and fodders	MT	3,043	21,167	+596	833	3,451	+314	273.70	163.04	197	170	66	65
Seeds	MT	2,452	6,197	+153	2,373	4,755	+100	967.66	767.30	8	5	9	12
Pulses	MT	223	838	+276	139	471	+238	625.06	561.65		98		78
Soybeans	MT	744,617	660,260	−11	201,200	186,788	−7	270.21	282.90	98,813	42,565	31,336	10,527
Other oilseeds	MT	18	55	+198	29	40	+36	1,595.47	726.74			1	1
Soybean oil products	MT	55	18	−68	101	13	−87	1,842.82	735.16	14		13	
Cottonseed oil	MT	2,838	2,320	−18	2,102	1,965	−7	740.53	846.70	526	111	516	104
Other vegetable oils, waxes and products	MT	3,350	2,868	−14	5,694	5,400	−5	1,699.73	1,882.58	221	226	436	439
Soybean cake and meal	MT	85,153	27,516	−68	20,376	6,369	−69	239.29	231.47				
Other cakes and meals	MT		102			36			357.70				
Cotton—including linters, raw silk	MT	270,767	277,261	+2	395,585	453,217	+15	1,460.98	1,634.62	22,965	26,981	36,505	42,470
Poultry meat	MT	146	136	−7	283	209	−26	1,935.61	1,535.75	1	44	4	46
Other poultry products	MT	623	294	−53	22,549	9,516	−58			22	5	643	232
Nonfat dry milk	MT		1			1			1,411.76				
Other dairy products	MT	733	115	−84	687	557	−19	937.58	4,829.04	6	25	19	130
Fresh citrus	MT	501	912	+82	397	619	+56	792.34	678.21	19	157	20	53
Other fresh fruit	MT	36	42	+17	29	44	+49	823.08	1,046.32	4	5	3	2
Canned fruit	MT	694	1,097	+58	722	1,052	+46	1,040.89	958.73	23	54	38	70
Dried fruit	MT	1,738	1,573	−10	2,443	2,064	−16	1,405.73	1,312.56	273	135	350	192
Fruit juices	XXX				2,434	2,891	+19					103	170
Other fruits, preparations	MT	92	53	−42	135	144	+7	1,467.17	2,716.50	17	3	22	7
Nuts and preparations	MT	434	353	−19	1,204	1,072	−11	2,776.34	3,040.48	88	31	260	90
Vegetables and preparations	MT	2,211	7,138	+223	4,235	5,531	+31	1,915.12	774.79	158	4,734	354	1,237
Wines and roses	XXX				125	102	−18					1	4
Tobacco	MT		1			3			5,133.91				
Live animals	XXX				20,356	5,417	−73					1,212	649
Beef and veal	MT	1,068	1,462	+37	4,997	7,964	+59	4,679.83	5,449.23	50	115	318	527
Pork	MT	75	51	−32	275	199	−28	3,660.81	3,901.78	3	4	15	20
Variety meats	MT	51	227	+350	100	493	+391	1,986.81	2,167.11		8	1	13
Lard	MT	53	64	+20	91	32	−65	1,708.21	502.64				
Tallow and greases	MT	80,952	84,247	+4	33,839	41,348	+22	418.01	490.79	11,595	4,661	5,056	2,460
Hides and skins	XXX				170,047	245,969	+45					15,346	13,714
Furskins	XXX				4,328	4,069	−6					632	165
Other livestock products	MT	8,734	4,899	−44	6,068	6,740	+11	694.72	1,375.83	986	172	486	454
Sugar and tropical products	MT	1,436	1,503	+5	6,245	8,144	+30	4,348.93	5,419.93	183	126	498	682
Grand total		7,421,609	5,428,707	−27	1,839,876	1,650,196	−10	247.91	303.98	749,674	330,183	188,797	110,045
China (Taiwan)		583											
Wheat and wheat flour	MT	620,504	653,507	+5	107,102	109,118	+2	172.60	166.97	53,323	121,814	9,281	19,810
Rice	MT		215			96			447.91				
Corn	MT	3,265,762	2,864,683	−12	430,296	424,102	−1	131.76	148.05	324,166	375,561	44,164	50,886
Grain sorghums	MT	118,892	300,733	+153	14,855	35,416	+138	124.95	117.76		31,365		3,353
Barley and oats	MT	215,502	220,869	+2	25,639	27,715	+8	118.97	125.48		51,146		6,111
Other grains, grain products	MT	1,668	1,015	−39	747	695	−7	447.57	684.26	90	489	70	185
Feeds and fodders	MT	9,525	39,545	+315	3,925	11,133	+184	412.09	281.52	1,270	4,578	391	1,212
Seeds	MT	1,287	713	−45	1,360	993	−27	1,056.88	1,392.69	24	166	106	51
Pulses	MT	16,535	20,150	+22	4,097	4,709	+15	247.76	233.69	636	3,344	175	762
Soybeans	MT	1,375,002	1,312,722	−5	362,647	390,637	+8	263.74	297.58	192,904	136,756	63,701	33,306
Other oilseeds	MT	2,611	2,166	−17	1,224	1,179	−4	468.87	544.20	116	253	70	124
Soybean oil	MT	3,452	1,243	−64	2,101	957	−54	608.80	769.90	109		98	
Other vegetable oils, waxes and products	MT	3,248	3,847	+18	5,363	6,414	+20	1,651.25	1,667.21	261	504	350	879
Soybean cake and meal	MT		481			326			676.99				
Cotton—Including linters, raw silk	MT	72,990	110,128	+51	93,096	157,244	+69	1,275.45	1,427.83	7,027	10,007	9,405	16,615
Poultry meat	MT	129	113	−12	196	187	−5	1,520.11	1,652.97	13	19	27	41
Other poultry products	MT	562	372	−34	3,617	3,062	−15	6,433.17	8,224.19	70	30	313	363
Nonfat dry milk	MT	4	4	−19	10	30	+202	2,211.37	8,266.74				
Other dairy products	MT	2,310	1,821	−21	4,313	2,214	−49	1,867.38	1,215.96	171	24	239	38
Fresh citrus	MT	5,461	1,642	−66	2,061	959	−53	377.33	520.89	8	25	9	14
Other fresh fruit	MT	63,390	36,776	−42	28,350	16,734	−41	447.24	455.03	6,366	4,706	2,578	1,880
Canned fruit	MT	2,230	2,211	−1	1,832	2,225	+21	821.64	1,006.37	164	230	170	224
Dried fruit	MT	3,736	2,681	−28	5,504	3,509	−36	1,473.44	1,308.90	462	281	597	417
Fruit juices	XXX				3,809	3,855	+1					222	541
Other fruits, preparations	MT	538	74	−86	587	198	−66	1,089.65	2,670.36	4		4	1
Nuts and preparations	MT	1,439	1,293	−10	4,150	3,833	−8	2,883.29	2,965.69	205	189	588	517
Vegetables and preparations	MT	3,860	4,796	+24	3,102	4,474	+44	803.71	932.86	225	451	243	450

U.S. DEPARTMENT OF AGRICULTURE FOREIGN AGRICULTURAL SERVICE—Continued

Commodity exported and area or country of destination	Units	Quantity			Cumulative to date value					Current mon.			
										Quantity		Value	
		1983 units	1984 units	Percent quantity change	1983 (thousands)	1984 (thousands)	Percent value change	1983 unit value	1984 unit value	1983 units	1984 units	1983 (thousands)	1984 (thousands)
Wines and roses	XXX				399	496	+26					13	75
Tobacco	MT	9,048	11,395	+26	50,732	64,857	+28	5,607.27	5,691.71	7,224	8,083	38,928	45,899
Live animals	XXX				2,232	2,652	+19					601	415
Beef and veal	MT	1,470	1,578	+7	5,358	6,139	+15	3,643.66	3,890.52	30	128	147	517
Pork	MT	68	60	−11	212	114	−46	3,121.53	1,895.44	55		187	
Variety meats	MT	585	360	−38	473	735	+55	809.62	2,040.31		127		203
Lard	MT	999		−100	360		−100	360.00					
Tallow and greases	MT	36,460	19,440	−47	13,687	9,323	−32	375.39	479.60	5,520	1,057	2,291	558
Hides and skins	XXX				89,405	120,220	+34					7,336	9,196
Furskins	XXX				142	201	+42					2	2
Other livestock products	MT	75,934	105,937	+40	21,656	28,189	+30	285.20	266.09	9,249	11,155	2,645	2,575
Sugar and tropical products	MT	1,994	2,150	+8	13,289	10,511	−21	6,663.29	4,889.38	217	256	1,316	1,148
Grand total		5,917,197	5,724,920	−3	1,307,928	1,455,452	+11	221.04	254.23	609,909	762,743	186,263	198,366
Hong Kong		582											
Wheat and wheat flour	MT	110,811	113,040	+2	18,863	18,249	−3	170.22	161.44	7,378	7,800	1,246	1,273
Rice	MT	182	131	−28	82	86	+4	451.83	653.03	2	5	4	10
Other grains, grain products	MT	1,528	1,324	−13	1,636	1,565	−4	1,070.52	1,182.18	204	93	253	151
Feeds and fodders	MT	30,194	24,752	−18	10,182	7,685	−25	337.22	310.49	2,565	2,163	883	637
Seeds	MT	267	187	−30	713	931	+31	2,667.72	4,990.88	22		20	
Pulses	MT	1,121	1,496	+33	540	733	+36	482.21	489.85	112	107	61	29
Soybeans	MT	54		−100	16		−100	285.62					
Other oilseeds	MT	611	792	+30	1,224	1,596	+30	2,004.82	2,014.42	83	50	149	80
Soybean oil	MT	53	27	−50	44	34	−23	816.73	1,257.02		23		29
Cottonseed oil	MT	4	39	+875	3	45		753.40	1,139.77				
Other vegetable oils, waxes and products	MT	7,162	9,225	+29	7,886	10,007	+27	1,101.04	1,084.82	464	366	590	498
Soybean cake and meal	MT	91		−100	26		−100	283.53					
Other cakes and meals	MT	94		−100	33		−100	354.91					
Cotton—including linters, raw silk	MT	30,586	61,691	+102	38,821	85,191	+119	1,269.22	1,380.94	5,471	2,742	7,120	3,925
Poultry meat	MT	25,458	33,884	+33	24,485	35,610	+45	961.79	1,050.92	2,087	2,678	2,055	2,522
Other poultry products	MT	389	370	−5	5,305	6,459	+22			33	14	279	396
Nonfat dry milk	MT	23	1	−95	53	4	−93	2,347.99	3,000.00	1		4	
Other dairy products	MT	1,760	1,338	−24	6,769	5,075	−25	3,846.60	3,793.47	228	13	558	95
Fresh citrus	MT	134,856	105,101	−22	71,960	57,814	−20	533.60	550.08	7,595	6,021	3,728	3,310
Other fresh fruit	MT	41,996	50,473	+20	30,177	36,015	+19	718.58	713.55	4,129	5,315	2,358	3,529
Canned fruit	MT	3,863	2,822	−27	3,935	2,992	−24	1,018.57	1,060.07	200	60	233	78
Dried fruit	MT	1,742	1,317	−24	2,805	2,302	−18	1,609.79	1,747.35	205	105	347	158
Fruit juices	XXX				3,812	4,271	+12					202	491
Other fruits, preparations	MT	190	273	+44	252	412	+64	1,327.33	1,506.84	26	10	32	14
Nuts and preparations	MT	639	630	−1	2,009	1,926	−4	3,145.71	3,059.75	52	68	124	200
Vegetables and preparations	MT	50,288	50,227		29,621	29,323	−1	589.03	583.82	3,214	3,672	1,927	2,234
Wines and roses	XXX				4,329	2,919	−33					62	49
Tobacco	MT	1,705	3,915	+130	10,198	24,968	+145	5,981.90	6,376.89	31	216	227	1,375
Live animals	XXX				106		−100					23	
Beef and veal	MT	891	980	+10	5,319	5,400	+2	5,968.51	5,512.65	75	45	552	277
Pork	MT	408	492	+20	1,190	1,060	−11	2,917.18	2,155.06	31	6	54	26
Variety meats	MT	694	889	+28	801	1,514	+89	1,154.09	1,702.70	173	68	164	156
Lard	MT	3	3	−13	5	4	−21	1,536.95	1,396.01				
Tallow and greases	MT	3		−100	3		−100	842.15					
Hides and skins	XXX				5,218	3,033	−42					391	209
Furskins	XXX				2,801	3,611	+29					323	76
Other livestock products	MT	2,380	3,439	+45	2,046	2,116	+3	859.66	615.28	272	366	214	187
Sugar and tropical products	MT	5,018	4,996		63,865	58,418	−9			449	456	6,431	9,930
Grant total		455,063	473,854	+4	357,131	411,367	+15	784.79	868.13	35,101	32,463	30,615	31,946

Note.—Unconvertible units excluded from quantity figures.

Source: U.S. Census data (unadjusted).

Mr. Speaker, this bill isn't going to preserve jobs, we are merely going to swap jobs in one sector for jobs in another—and this is a costly swap.

One study [IBERC], International Business and Economic Research Corp., concludes that this bill may preserve 12,800 apparel jobs and 7,800 textile jobs. But it will cost 20,375 retail jobs. The net gain works out to be about 250 jobs at a cost to the consumer of almost $20 million per job.

Textile imports rose 20 percent per year between 1980 and 1984. However, from 1972 to 1980 these imports decreased 3 percent per year. What is the reason for the upturn in recent imports in the last 4 years?

From January 1980 to March 1985, the dollar's value has increased by 60 percent. In other words, textile imports have gained a cost advantage over domestic goods on the average of 60 percent. Of course consumers are going to buy more of them.

In fact, the Congressional Budget Office said that from 1980 to 1984 about 87 percent of the total deterioration in trade deficit was due to the appreciation of the dollar.

And why has the dollar's value increased so dramatically? The CBO will tell you that the first reason is persistently large deficits which has lead to high interest rates bidding up the dollar.

We can reduce textile imports without passing on the cost to consumers, without swapping jobs in other sectors for jobs in the textile and apparel industry, without inviting retaliation against our farmers and other exporters, if we get Government spending under control.

The real pro textile and apparel industry vote is going to be on the balanced budget and the Emergency Budget Deficit Act which we will get a chance to consider when we try to raise the debt ceiling above $2 trillion.

This bill is going to penalize a lot of people it shouldn't. It's going to hurt farmers. It's going to hurt consumers. It's going to jeopardize American jobs. And it isn't going to do a darn thing about the real cause of the textile, apparel, and shore industry woes: The overvalued dollar.

Lets vote it down!

□ 1325

Mr. QUILLEN. Mr. Speaker, I have one remaining speaker.

I urge a "yes" vote on the rule and I urge a "yes" vote on the bill itself.

Let us save America. Let us protect America. Let us buy American, crafted with pride in the United States. This is a slogan we should all adopt because America means so much to our freedom and our way of life.

Mr. Speaker, I yield 5 minutes to the gentleman from South Carolina [Mr. CAMPBELL].

Mr. CAMPBELL. Mr. Speaker, this is a most important piece of legisla-

tion. The gentleman from Tennessee has explained it very well, but there have been a lot of arguments made here today that I think need to be answered.

This week there was a headline in the newspaper in my hometown of Greenville, SC, that said "Imports down," but in a column right next to it it said, "But textile and apparel imports up." Textile and apparel imports were up 17 percent over last year in September and 18 percent over last year in October. That is not getting things under control.

If the argument that the dollar is the cause, then why are imports going up as the dollar eases? The answer is very simple. The dollar is not the cause. So let us put that argument aside.

A lot of others can speak on this bill, and have eloquently, to the shoe, the copper, and the handbag problems, but let me speak if I may on the textile and apparel side of this legislation. The textile and apparel trade deficit that exists in this country is real; not only that, it corresponds to our overall dollar deficit. If you would like to track it, we have some charts that will show this.

We also must look at the fact that we have lost in 5 years 300,000 jobs. There are 2 million people still left working in the textile industry. Fifty percent of them are women, 25 percent are minorities. This happens to be the entry level, the largest entry level for beginning workers in the country in manufacturing. I do not think we can forget that.

Notwithstanding written commitments of this administration to work to hold textile and apparel imports down to the level of the growth of the domestic market, we today see the fact that the domestic market is growing at about 1.4 percent and we are growing anywhere from 4 to 10 times that rate. It has not worked.

I want to give a message to the White House that I think is necessary. The White House has received some 3 million letters from textile workers asking to help save their jobs, 3 million, and yet the White House reported the other day something that I thought was extremely interesting. They said they had received over 3 million letters, but they said those 3 million letters were for the President to support him going to conference with Mr. Gorbachev.

Now, I am sure that everybody supported him, but I would love to see all of those letters published, because I do not think they are there. I think the 3 million were textile letters and they did not mention them one time, and I am not sure the President has even been given those letters.

I hope they monitor this at the White House, because I want them to know it. Maybe some day the President will read some of those letters.

The textile-apparel-fiber complex in America, that is something we do not talk about. We think of only clothing; but did you know that the textile-apparel complex in America is multifaceted? The divisions of this industrial complex are inextricably related and they are independent. It is a high-technology industry.

Where are you going to sell the computers? Where are you going to sell the machines if you do not have people making clothes? You are not just going to deal with apparel in this country. You are not going to deal with just making cloth. You are dealing with computers and machines.

The ripple effect of this is something nobody has yet talked about in detail. It is time it is examined.

The industrial decline of this Nation—is that what we want to stand by and watch? Not me. I do not think we can retain our strength as a nation without a strong industrial base.

Retaliation: Retaliation, that is all I have heard. When the Prime Minister came over here from Japan, he said that his country was going to get tough on textiles and he knew it when he went back. What did he do? They immediately imposed some more quotas, immediately. Now, if that is retaliation, we have not done anything.

Now, let me just tell you something else. Do not tell me that you cannot take action. This chart right here shows where the European Economic Community took action on textiles and apparel. It shows a line here where their textile and apparel imports have not been going up. The darker line shows that we are going straight up in America. The European Economic Community operates under the MFA. Nobody took action against them. They are worried about their jobs and I think we should be worried about ours.

We should pass this rule. We should pass this piece of legislation and if the White House vetoes it, we should override the veto. The jobs of 2 million people are at stake, but more than that, the industrial base of this country may be at stake.

Mr. DERRICK. Mr. Speaker, for purposes of debate only, I yield 1 minute to the gentleman from South Carolina [Mr. TALLON].

Mr. TALLON. Mr. Speaker, I rise in support of the rule on H.R. 1562.

Mr. Speaker, it is folly when the administration takes its free trade philosophy to the point of failing to enforce existing trade agreements; but that is exactly what has happened with textile and apparels and it is largely responsible for the crisis that now besets that critical industry.

The vote today on passage on the Textile and Apparel Trade Enforcement Act may very well be the last chance to ensure the survival of our domestic textile and apparel industry.

If this bill isn't enacted, there is nothing to prevent a continuation in the surge of imports and the loss of jobs for hundreds of thousands of American workers.

Finally, Mr. Speaker, when H.R. 1562 reaches the President's desk, I plead with him to sign this legislation into law. This bill is a balanced attempt to control the surge of imports within the guidelines established by existing trade agreements.

It is a fair trade approach—and sound economic policy.

Mr. DERRICK. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it is not only important that we pass this rule, it is important that we pass this rule with at least a two-thirds vote so that we can send a message to the White House.

You know, this is one of the few opportunities I think that we have had on the floor since I have been in Congress to really help the guy out there who is working every day in a mill, paying his taxes, trying to educate his children, and is a patriotic American.

This business about retaliation is just a lot of hobgobble. We have the largest market in the world. We have a trade deficit, for instance, with Japan for some 30-odd billion dollars. Is someone going to seriously suggest to me that they are going to retaliate against the greatest market that they have? Of course, that is not true, and it is true of many of our other trading partners.

There are others who suggest that it is because of the deficit. Well, there was a study done recently that shows that those countries that have their monetary system tied to the American dollar have had the greatest increase in textile imports into this country; so that blows away that argument.

The fact of the matter is that is not protectionist legislation. Sure, it protects the guy working back home, and I pray to goodness that he is the one we want to protect.

So I suggest, stand up and be counted. Vote and let us get a two-thirds majority for the working men and women of this country.

Mr. GIBBONS. Mr. Speaker, will the gentleman yield?

Mr. DERRICK. Mr. Speaker, I yield to the gentleman from Florida [Mr. GIBBONS].

Mr. GIBBONS. Mr. Speaker, I did not know the rule was controversial. I do not think anybody opposes the rule. I thought we could save a little time here.

Mr. DERRICK. Mr. Speaker, I was trying to keep the gentleman seated so it would not be.

Mr. GIBBONS. Well, I do not find the rule controversial. Let us just voice vote the rule and get it over with.

The SPEAKER pro tempore. All time has expired.

Mr. DERRICK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. CRANE. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 298, nays 109, not voting 27, as follows:

[Roll No. 423]

YEAS—298

Ackerman	Dickinson	Horton
Andrews	Dicks	Howard
Annunzio	Dingell	Hoyer
Anthony	DioGuardi	Hubbard
Applegate	Dixon	Huckaby
Aspin	Donnelly	Hughes
Atkins	Dorgan (ND)	Hunter
Barnard	Dowdy	Hutto
Barnes	Downey	Jeffords
Bates	Duncan	Jenkins
Beilenson	Durbin	Johnson
Bennett	Dwyer	Jones (NC)
Bentley	Dymally	Jones (TN)
Berman	Dyson	Kanjorski
Bevill	Early	Kaptur
Biaggi	Eckart (OH)	Kastenmeier
Billey	Edwards (CA)	Kennelly
Boehlert	Emerson	Kildee
Boggs	Erdreich	Kindness
Boland	Evans (IL)	Kleczka
Boner (TN)	Fascell	Kolbe
Bonior (MI)	Fazio	Kostmayer
Bonker	Feighan	Lantos
Borski	Fiedler	Leath (TX)
Bosco	Fish	Lehman (CA)
Boucher	Flippo	Lehman (FL)
Boxer	Florio	Leland
Breaux	Foglietta	Lent
Brooks	Foley	Levin (MI)
Brown (CA)	Ford (MI)	Levine (CA)
Broyhill	Ford (TN)	Lipinski
Bruce	Frank	Lloyd
Bryant	Franklin	Long
Burton (CA)	Frenzel	Lott
Bustamante	Frost	Lowry (WA)
Byron	Garcia	Lujan
Callahan	Gaydos	Lundine
Campbell	Gejdenson	MacKay
Carper	Gephardt	Manton
Carr	Gibbons	Markey
Chandler	Gilman	Martin (IL)
Chapman	Gingrich	Martin (NY)
Chappell	Gonzalez	Martinez
Clay	Goodling	Mavroules
Clinger	Gordon	Mazzoli
Cobey	Gray (IL)	McCloskey
Coble	Gray (PA)	McDade
Coelho	Green	McGrath
Coleman (MO)	Gregg	McHugh
Coleman (TX)	Guarini	McKernan
Collins	Gunderson	McMillan
Conte	Hall (OH)	Mica
Cooper	Hall, Ralph	Mikulski
Coughlin	Hammerschmidt	Miller (CA)
Courter	Hartnett	Miller (WA)
Coyne	Hatcher	Mineta
Daniel	Hawkins	Mitchell
Darden	Hayes	Moakley
Daschle	Hefner	Mollohan
Davis	Hendon	Monson
de la Garza	Henry	Montgomery
Dellums	Hertel	Moody
Derrick	Hillis	Moore
Morrison (CT)	Rose	Swift
Morrison (WA)	Rostenkowski	Swindall
Mrazek	Rowland (GA)	Synar
Murphy	Roybal	Tallon
Murtha	Russo	Tauzin
Myers	Sabo	Taylor
Natcher	Savage	Thomas (GA)
Neal	Scheuer	Torres
Nichols	Schneider	Torricelli
Oakar	Schroeder	Traficant
Oberstar	Schuette	Udall
Obey	Schulze	Valentine
Olin	Schumer	Vander Jagt
Ortiz	Seiberling	Vento
Owens	Shelby	Visclosky
Panetta	Shuster	Volkmer
Parris	Sikorski	Walgren
Pashayan	Sisisky	Waxman
Pease	Skeen	Weiss
Penny	Slattery	Wheat
Pepper	Slaughter	Whitley
Perkins	Smith (FL)	Whitten
Pickle	Smith (NJ)	Williams
Quillen	Smith, Robert (NH)	Wilson
Rahall	Snowe	Wirth
Rangel	Snyder	Wise
Ray	Solarz	Wolf
Regula	Spence	Wolpe
Reid	Spratt	Wortley
Richardson	St Germain	Wright
Ridge	Staggers	Wyden
Rinaldo	Stark	Wylie
Ritter	Stokes	Yates
Robinson	Stratton	Yatron
Rodino	Studds	Young (AK)
Roe	Sundquist	Young (MO)
Rogers		

NAYS—109

Akaka	Gradison	Nielson
Anderson	Grotberg	Oxley
Archer	Hamilton	Packard
Armey	Hansen	Porter
AuCoin	Heftel	Roberts
Badham	Hiler	Roemer
Bartlett	Holt	Rowland (CT)
Barton	Hopkins	Rudd
Bateman	Hyde	Saxton
Bedell	Ireland	Schaefer
Bereuter	Jacobs	Sensenbrenner
Boulter	Jones (OK)	Sharp
Broomfield	Kasich	Shaw
Brown (CO)	Kemp	Shumway
Burton (IN)	Kramer	Siljander
Chappie	LaFalce	Smith (IA)
Cheney	Lagomarsino	Smith (NE)
Coats	Latta	Smith, Denny (OR)
Combest	Leach (IA)	Smith, Robert (OR)
Craig	Lewis (CA)	Solomon
Crane	Lewis (FL)	Stallings
Crockett	Lightfoot	Stangeland
Dannemeyer	Livingston	Stenholm
Daub	Loeffler	Strang
DeLay	Lowery (CA)	Stump
DeWine	Luken	Sweeney
Dornan (CA)	Mack	Tauke
Dreier	Madigan	Thomas (CA)
Eckert (NY)	Marlenee	Vucanovich
Edwards (OK)	Matsui	Walker
English	McCain	Watkins
Evans (IA)	McCandless	Weber
Fawell	McCollum	Whittaker
Fields	McCurdy	Young (FL)
Gallo	Meyers	Zschau
Gekas	Molinari	
Glickman	Moorhead	

NOT VOTING—27

Addabbo	Lungren	Price
Alexander	McEwen	Pursell
Bilirakis	McKinney	Roth
Carney	Michel	Roukema
Conyers	Miller (OH)	Skelton
Edgar	Nelson	Towns
Fowler	Nowak	Traxler
Fuqua	O'Brien	Weaver
Kolter	Petri	Whitehurst

□ 1350

The Clerk announced the following pair:

On this vote:

Mr. Alexander for, with Mr. Nelson of Florida against.

Mr. BEDELL changed his vote from "yea" to "nay."

Mrs. BENTLEY changed her vote from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. ROSTENKOWSKI. Mr. Speaker, pursuant to House Resolution 325, I move to take from the Speaker's table the bill (H.R. 1526), to achieve the objectives of the Multi-Fiber Arrangement and to promote the economic recovery of the U.S. textile and apparel industry and its workers, with the Senate amendment thereto, and concur in the Senate amendment.

The clerk read the title of the bill.

The clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert:

TITLE I—TEXTILE AND APPAREL TRADE ENFORCEMENT

SEC. 101. SHORT TITLE.

This title may be cited as the "Textile and Apparel Trade Enforcement Act of 1985".

SEC. 102. POLICY.

The policy of this title is—

(1) to prevent further disruption of the United States textiles and textile products markets, damage to United States textile and apparel manufacturers, and loss of jobs by United States workers by providing for orderly and nondisruptive growth of imports of textiles and textile products; and

(2) to implement the objectives of the Multi-Fiber Arrangement by requiring the effective enforcement of import levels of textiles and textile products contemplated by the Multi-Fiber Arrangement.

SEC. 103. FINDINGS.

The Congress finds that—

(1) the United States and most major textile producing countries are parties to the Multi-Fiber Arrangement, the purpose of which is to ensure the orderly growth of imports of textiles and textile products and to avoid disruption of the markets for textiles and textile products in importing nations;

(2) the Multi-Fiber Arrangement, which first entered into force on January 1, 1974, and which was most recently extended in December, 1981, through July 1986, contemplates a 6 per centum annual rate of growth for imports for most exporting countries and provides for a lower rate of growth for imports from significant exporting countries;

(3) since 1980, the objective of orderly growth of imports of textiles and textile products provided for in the Multi-Fiber Arrangement has not been achieved; from 1981 through 1984 imports of textiles and textile products into the United States have grown at an annual rate of 19 per centum, far in excess of the 1 per centum growth rate of the United States market for textiles and textile products during the same period and far in excess of the annual rate of import growth of less than 2 per centum that prevailed during the period 1974 through 1980;

(4) the disruptive surge in imports of textiles and textile products which occurred from 1981 through 1984 resulted from the failure of the United States to enforce adequately its rights under the Multi-Fiber Ar-

rangement and to extend coverage of the Multi-Fiber Arrangement to imports made of competing fibers;

(5) import growth of apparel products has substantially outstripped the growth of the domestic market so that import penetration of the domestic market has more than doubled in the last six years, reaching a level of 50 per centum in 1984;

(6) based on a nationwide audit of major retail outlets, the import penetration of such major items of apparel as trousers, blouses, shirts, suits, skirts and sweaters exceeds 50 per centum of domestic consumption;

(7) since the most recent extension of the Multi-Fiber Arrangement, certain exporting countries have sharply increased their exports of textiles and textile products made in whole or in part from fibers not subject to the Multi-Fiber Arrangement with the effect of circumventing restraints agreed to under the Arrangement; the increased imports of these textiles and textile products have caused disruption of the United States market for textiles and textile products and have seriously undercut the effectiveness of the Multi-Fiber Arrangement;

(8) imports of textiles and textile products into the United States are predominantly the product of significant producing countries, with five large producing countries now accounting for more than 50 per centum of all imports of textiles and textile products;

(9) the domination of import trade by producers in the significant producing countries has limited participation in the United States market by other producing countries, many of which share important trade and other national interests, and encourage mutually beneficial trade and investment, with the United States;

(10) a change in United States textile trade policy to afford the smaller producing countries and countries in the Caribbean region a relatively greater share of imports of textiles and textile products would promote the national economic interests of the United States;

(11) the textile and apparel trade deficit of the United States was more than $16,200,000,000 in 1984, an increase of 53 per centum over 1983, and accounted for 13 per centum of the Nation's overall merchandise trade deficit;

(12) the current level of imports of textiles and textile products, ten billion square yard equivalents in 1984, represents over one million job opportunities lost to United States workers;

(13) imported textiles and textile products now account for 38 per centum (the equivalent of three million two hundred thousand bales of cotton) of the annual cotton consumption in the United States; only one of five of the bale equivalents included in imported textiles and textile products is grown in the United States; the result of the massive increases in cotton textile and apparel imports has been a declining market share for, and a $1,000,000,000 loss to, domestic cotton producers in 1983 alone, which was only partially offset by Federal cotton program benefits; another result is that United States cotton producers, who are spending about $20,000,000 annually in research and promotion efforts, have built markets not for themselves but for foreign growers;

(14) imports of wool products have doubled since 1980, creating major disruptions among domestic wool products producers and seriously depressing the price of United States produced raw wool; the Multi-Fiber Arrangement recognizes that imports of certain products, such as wool products, in certain countries, including the United States, pose particular problems for certain industries, such as, the wool products industries in those countries and import growth rates of 1 per centum or less have been permitted in such cases;

(15) as a result of this increased penetration and the very limited growth of the domestic market, the United States companies producing textiles and textile products identical, or similar, to those imported have been seriously damaged, many of them have been forced out of business, many have closed plants or curtailed operations, workers in such companies have lost employment and have been otherwise materially and adversely affected, and serious hardship has been inflicted on hundreds of impacted communities causing a substantial reduction in economic activity and lost revenues to local governments;

(16) the increase in imports and increased import penetration of the United States domestic market have occurred notwithstanding the fact that, through extensive modernization programs and investment in more modern equipment, productivity, as measured by output per man hour, in the textile mill products sector has increased in the last ten years at the average annual rate of 4.2 per centum and in the apparel sector at the average annual rate of 3.4 per centum, as compared with the lower productivity growth of all manufacturing in the same period of 1.9 per centum;

(17) the factors described above are causing serious damage, or the actual threat thereof, to domestic producers of textiles and textile products; as a result, market disruption exists in the United States requiring the new measures established under this Act;

(18) based on experience during the past ten years and on other factors, the growth of the United States market for textiles and textile products is unlikely to exceed an average annual rate of 1 per centum during the next several years;

(19) if the rate of growth of imports of textiles and textile products into the United States that occurred since 1980 continues, plant closings will continue to accelerate, leaving the United States market with reduced domestic competition for imported products;

(20) in order to avoid further market disruption and deterioration of the situation confronting the United States industry producing textiles and textile products, which is already seriously damaged, it is essential—

(A) to require the establishment of import levels for textiles and textile products supplied by major producing countries that reflect—

(i) the import level that would have occurred had imports from these countries grown since 1980 by the 6 per centum annual growth rate contemplated by the Multi-Fiber Arrangement, or 1 per centum in the case of wool products, or

(ii) the actual import level resulting from restraints under a bilateral agreement with the United States providing for an annual import growth rate of less than 6 per centum,

whichever is the lesser,

(B) to require the establishment of import levels for textiles and textile products supplied by producing countries that reflect their 1984 import levels,

(C) to require the establishment of import levels for textiles and textile products supplied by small producing countries that provide a significant increase in their market shares to meet their development needs and to permit future growth in such shares consistent with the Multi-Fiber Arrangement, and

(D) to limit the future growth rate of imports of textiles and textile products into the United States to levels which reflect orderly growth as provided for in the Multi-Fiber Arrangement and the most recent Protocol extending the Multi-Fiber Arrangement;

(21) the establishment of import levels, and limitation on future import growth to levels, that reflect effective enforcement of the Multi-Fiber Arrangement and that also reflect the expected growth rate of the United States market for textiles and textile products will fulfill announced policy objectives of the United States regarding trade in textiles and apparel;

(22) as the Department of Defense has long recognized, a strong, viable and efficient domestic textiles and textile products industry is essential in order to avoid impairment of the national security of the United States;

(23) the developments that have led to the sharp increase in imports of textiles and textile products since 1980 may not have been foreseeable; nevertheless, the rights of the United States under international agreements should have been invoked in order to prevent increased quantities of textiles and textile products from being imported under such conditions as to cause or threaten serious damage to domestic producers of textiles and textile products in the United States; and

(24) the sharp increase in imports of textiles and textile products since 1980, and the effect of this increase on the United States textiles and apparel industry and its workers, constitutes exceptional circumstances within the meaning of the Multi-Fiber Arrangement and its Protocol.

SEC. 104. DEFINITIONS.

For purposes of this title—

(1) The term "textiles and textile products" includes, but is not limited to, all tops, yarns, man-made fibers, piece goods, made-up articles, apparel, and other textile manufactured products (which derive their chief characteristics from their textile components) made in whole or in part from any natural or manmade fiber, or blend thereof, that are classified under schedule 3, part 6 of schedule 6, parts 1 (except subpart A but including item number 700.75), 4, 5 (except subpart E), 7 or 13 (except item number 790.57) of schedule 7, or part 1 of schedule 8 of the Tariff Schedules of the United States, or part 1 of the Appendix to the Tariff Schedules of the United States; such term does not include apparel containing 70 per centum or more by weight of silk except articles classified under item numbers 373.20 and 373.22 of the Tariff Schedules of the United States;

(2) The term "category" means, with respect to textiles and textile products that are the product of a country, each of the following—

(A) each category of textiles and textile products identified by a three-digit textile category number in the Department of Commerce publication "Correlation: Textile and Apparel Categories with Tariff Schedules of the United States Annotated", dated January 1985 and, subsequently, in the first edition of such document that is revised to reflect the adoption by the United States of the Nomenclature Structure of the Harmonized System;

(B) with respect to each country with which the United States has (i) an agreement on the date of enactment of this Title limiting exports of textiles and textile products to the United States that includes specific limitations on subdivisions of a category described in subparagraph (A), or (ii) taken unilateral action to limit products entered under such a subdivision, each such subdivision;

(C) A category consisting of the man-made fiber products not covered by a category described in subparagraph A and classified under subpart E of part 1 of schedule 3 to the Tariff Schedules of the United States; and

(D) each category consisting of each of the following products when, because of fiber content, that product is not subject to the Multi-Fiber Arrangement:

(i) yarn,

(ii) fabric,

(iii) apparel, and

(iv) other textile products;

(3) The term "import sensitive category" means—

(A) a category (other than a category applicable to textiles and textile products that are a product of a country in the Caribbean region) for which the ratio of imports to domestic production, as reported in the Department of Commerce publication "U.S. Production, Imports and Import/Production Ratios for Cotton, Wool and Man-Made Fiber Textiles and Apparel", equals or exceeds 40.0 for the preceding calendar year; and

(B) a category covering wool products;

(4) The term "country" means a foreign country (other than Canada and the Member States of the European Economic Community as constituted on January 1, 1985), a foreign territory, an insular possession of the United States, or any other territory, possession, colony, trusteeship or political entity, whether affiliated with the United States or not, that is outside the customs territory of the United States;

(5) The term "major producing country" means a country the annual aggregate quantity of textiles and textile products of which that entered under the categories referred to in subparagraph (2)(A) of this section during calendar year 1984 equalled or exceeded 10 per centum of all textiles and textile products under such categories that entered from all countries and from Canada and the Member States of the European Economic Community during calendar year 1984;

(6) The term "producing country" means a country (other than a major producing country and a country in the Caribbean region) the annual aggregate quantity of textiles and textile products of which that entered under the categories referred to in subparagraph (2)(A) of this section during calendar year 1984 equalled or exceeded 1.25 per centum of all textiles and textile products under such categories that entered from all countries and from Canada and the Member States of the European Economic Community during calendar year 1984;

(7) The term "small producing country" means a country other than a major producing country and a producing country;

(8) The term "country in the Caribbean region" means the United Mexican States and a country eligible for designation as a beneficiary country under section 212 of the Caribbean Basin Economic Recovery Act (19 U.S.C. 2702);

(9) The term "wool product" means an article containing over 17 per centum by weight;

(10) The term "cotton, wool and man-made fiber sweaters" means articles classified under categories 345, 445, 446, 645 or 646 as defined in the Department of Commerce publication "Correlation Textile and Apparel Categories with Tariff Schedules of the United States Annotated," dated January 1985;

(11) The term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States; and

(12) The term "Multi-Fiber Arrangement" means the Arrangement Regarding International Trade in Textiles, as extended by the Protocol done at Geneva, December 22, 1981.

SEC. 105. LIMITS ON TEXTILE AND APPAREL IMPORTS.

(a) CALENDAR YEAR 1985.—Notwithstanding any other provision of law, the aggregate quantity of textiles and textile products classified under a category that is entered during calendar year 1985 shall not exceed—

(1) in the case of textiles and textile products that are a product of a major producing country, other than textile luggage, textile handbags and textile flat goods subject (as of the date of enactment of this title) to a specific limitation under an agreement with a major producing country) the lesser of an amount equal to 101 per centum (A) of the aggregate quantity of such products of such country classified under such category that would have entered during calendar year 1984 if the aggregate quantity of such products of such country classified under such category entered during calendar year 1980 had increased by 6 per centum annually, or 1 per centum annually in the case of a category covering a wool product, during calendar years 1981, 1982, 1983 and 1984, or (B) if the United States has an agreement with such country providing for an annual growth rate for such category of less than 6 per centum, of the aggregate quantity of such products of such country classified under such category that entered during calendar year 1984;

(2) in the case of textile luggage, textile handbags and textile flat goods subject (as of the date of enactment of this title) to specific limitation under an agreement with a major producing country, the specific limitation quantity in effect as of the date of enactment of this title;

(3) in the case of textiles and textile products that are a product of a producing country, an amount equal to the aggregate quantity of (A) such products of such country classified under such category that entered during calendar year 1984, or (B) in the case of textile luggage, textile handbags and textile flat goods subject (as of the date of enactment of this title) to specific limitation under an agreement with an exporting country, the specific limitation quantity in effect as of the date of enactment of this title;

(4) in the case of textiles and textile products that are a product of a small producing country (other than cotton, wool, and man-made fiber sweaters described in paragraph (5)), an amount equal to the sum of (A) the aggregate quantity of such products of such country classified under such category that entered during calendar year 1984, plus (B) an amount equal to (i) 15 per centum of such quantity, in the case of a category that is not an import sensitive category, or (ii) 1 per centum of such quantity, in the case of a category that is an import sensitive category; and

(5) in the case of cotton, wool and man-made fiber sweaters that are—

(A) the product of substantial assembly operations in Guam from otherwise completed knit-to-shape component parts, an aggregate amount equal to 160,000 dozen; and

(B) the product of substantial assembly operations in the Commonwealth of the Northern Mariana Islands from otherwise completed knit-to-shape component parts, an aggregate amount equal to 70,000 dozen.

If application of paragraph (1) would result in the aggregate quantity of textiles and textile products of a major producing country classified under all categories permitted to enter during calendar year 1985 to be less than 70 per centum of the aggregate quantity of such products of such country that entered during calendar year 1984, then, notwithstanding paragraph (1), the aggregate quantity of textiles and textile products of such country that may be entered under each category during calendar year 1985 shall not be less than 40 per centum of the aggregate quantity of such products of such country that entered under such category during calendar year 1984.

(b) GROWTH ADJUSTMENT.—For calendar years after 1985, the aggregate quantity of textiles and textile products classified under each category that may be entered during each such calendar year shall—

(1) in the case of such products that are a product of a major producing country or of a producing country, be increased by an amount equal to 1 per centum of the aggregate quantity that could be entered under such category during the preceding calendar year; and

(2) in the case of such products that are a product of a small producing country, be increased by an amount equal to—

(A) in the case of a category (other than an import sensitive category), 6 per centum of the aggregate quantity that could be entered under that category during the preceding calendar year, and

(B) in the case of an import sensitive category, 1 per centum of the aggregate quantity that could be entered under that category during the preceding calendar year.

If the aggregate quantity that could be entered under a category for a calendar year after 1985 is reduced under section 111(b), then, in the first calendar year in which there is no such reduction, this subsection shall be applied as if there had been no reduction under section 111(b) in previous calendar years.

(c) MINIMUM QUANTITIES.—If, under subsection (a) or (b), the aggregate quantity of textiles and textile products of a country that may be entered during a calendar year under a category is—

(1) less than one million square yard equivalents, in the case of a category covering yarn, fabric, made-ups, and miscellaneous products, other than wool products;

(2) less than seven hundred thousand square yard equivalents, in the case of a category covering apparel, other than wool products apparel; or

(3) less than one hundred thousand square yard equivalents, in the case of a category covering wool products,

then, notwithstanding subsection (a) or (b), the aggregate quantity of textiles and textile products of such country that may be entered under such category during the calendar year shall be one million, seven hundred thousand, or one hundred thousand square yard equivalents, respectively. The amount prescribed in the preceding sentence shall be accorded growth subject to the provisions of subsection (b) beginning the first calendar

year after the aggregate quantity of products of such country entered under such category equals the minimum quantity prescribed under this subsection.

(d) SPECIAL RULE.—For purposes of this section, if during any calendar year after 1984, the aggregate quantity of textiles and textile products that are the product of a small producing country (other than a country in the Caribbean region) and that are entered under the categories referred to in subparagraph 2(A) of section 104 of this title equals or exceeds 1.25 per centum of all textiles and textile products entered under such categories from all countries and from Canada and the Member States of the European Economic Community during such calendar year, then such small producing country shall be considered to be a producing country for all succeeding calendar years.

(e) ENFORCEMENT.—The Secretary of Commerce shall prescribe such regulations governing the entry, or withdrawal from warehouse, for consumption of textiles and textile products as may be necessary to carry out this title.

SEC. 106. IMPORT LICENSING.

In order to ensure the equitable and efficient administration of section 105 of this title, the Secretary of Commerce shall, within six months after the date of enactment of this title, establish and administer an import licensing system under which an importer of any textiles and textile products from any country and from Canada and the Member States of the European Economic Community, will be required to present an import permit as a condition of entry. The Secretary shall charge a fee for import licenses in such amount as may be necessary to cover the cost of administration of the system. The Secretary of the Treasury shall make all determinations regarding classification under the Tariff Schedules of the United States, appraisement, and valuation of products subject to licensing under this section.

SEC. 107. ANNUAL REPORT.

Not later than March 15, 1986, and March 15 of each calendar year thereafter, the President shall submit to the Congress a report on the administration of this title during the preceding calendar year. Such report shall include detailed information about the implementation and operation of the limitations established under section 105. The report shall also include a detailed report by the Department of Commerce on the implementation and enforcement for the provisions of this title exempting from import limitations certain articles of silk apparel, with special regard to the extent to which nonsilk articles, and silk articles not exempt from import limitations, are erroneously or fraudulently classified as silk items exempt from import limitations and are entered under this title. All departments and agencies shall cooperate in preparation of this report as requested by the President.

SEC. 108. REVIEW.

The Secretary of Commerce shall commence ten years after the date of enactment of this title a formal review of the operation of the Textile Import Control Program under the provisions of this title. The Secretary shall consult members and committees of Congress, representatives of the labor unions and the industries affected by the program, the Secretary of the Treasury, and other appropriate government officials. Within six months after the commencement of the study, the Secretary shall submit to Congress his findings as well as his recommendations for the future conduct of the program.

SEC. 109. DUTY FREE ENTRY OF CERTAIN SWEATERS FROM GUAM AND THE NORTHERN MARIANAS.

Subpart A of part 7, schedule 3 of the Tariff Schedules of the United States (19 U.S.C. 1202) is amended by adding at the end thereof the following new item:

"385.97	Cotton, wool and man-made fiber sweaters that are entitled to enter under the quotas established under section 105(a)(5) of the Textile and Apparel Trade Enforcement Act of 1985 or the increased quotas under section 105(b) of such Act that adjust the quotas under such section 105(a)(5) and that do not contain foreign materials to the value of more than 50 percent of their total value as this standard is applied pursuant to Headnote 3(a) of the General Headnotes and Rules of Interpretation.	Free".

SEC. 110. PRODUCTS OF THE INSULAR POSSESSIONS OF THE UNITED STATES.

(a) GENERAL RULE.—Notwithstanding section 104(4) of this Title, textiles and textile products that are the product of an insular possession of the United States shall not be considered to be products of a country, within the meaning of section 104(4), if such products meet the requirements of subsection (b).

(b) Possession Content.—

(1) Subsection (a) shall apply to an article if—

(A) that article is imported directly from an insular possession of the United States into the customs territory of the United States; and

(B) the sum of (i) the cost or value of the materials produced in such insular possession of the United States or in the customs territory of the United States plus (ii) the direct costs of processing operations performed in such insular possession of the United States is not less than 85 per centum of the appraised value of such article at the time it is entered.

(2) The Secretary of the Treasury shall prescribe such regulations as may be necessary to carry out this section, except that the rules of origin contained in 19 C.F.R. 12.130 shall be the rules of origin for purposes of this section.

(3) As used in this subsection, the phrase "direct costs of processing operations" includes—

(A) all actual labor costs attributable to permanent residents of the insular possession involved in the growth, production, manufacture, or assembly of the specific merchandise, including fringe benefits, on-the-job training and the cost of engineering, supervisory, quality control, and similar personnel; and

(B) dies, molds, tooling, and depreciation on machinery and equipment which are allocable to the specific merchandise.

Such phrase does not include costs which are attributable to non-permanent resident labor, are not directly attributable to the merchandise concerned, or are not costs of manufacturing the product, such as (i) profit, and (ii) general expenses of doing business which are either not allocable to the specific merchandise or are not related to the growth, production, manufacture, or assembly of the merchandise, such as administrative salaries, casualty and liability insurance, advertising, and salesmen's salaries, commissions or expenses.

SEC. 111. EFFECTIVE DATE.

(a) IN GENERAL.—Subject to the provisions of subsection (b), the provisions of this title shall apply to textiles and textile products entered, or withdrawn from warehouse, for consumption on or after the date of enactment of this title.

(b) CALENDAR YEARS 1985 AND 1986.—The Secretary of Commerce shall prescribe by regulation the aggregate quantity, if any, of textiles and textile products that may be entered under section 105 (a) or (c) of this title from each country under each category during the period beginning on the date of enactment of this title and ending December 31, 1985. Notwithstanding subsection (a), to the extent that the aggregate quantity of imports of textiles and textile products of a country entered under a category after December 31, 1984, and before the date of enactment of this title exceeds the quantity permitted entry for such products of such country and such category during calendar year 1985 under subsection 5 (a) or (c) of section 105, then the limit that would otherwise apply under section 105 (b) or (c) for such category for such country for calendar year 1986 shall be reduced by the amount of such excess quantity. If such excess quantity exceeds the limit that would otherwise apply under section 105 (b) or (c) for such category for such country for calendar year 1986 shall be reduced by the amount of such excess quantity. If such excess quantity exceeds the limit that would otherwise apply under section 105(b) for such category for such country for calendar year 1986, then the limit for such category and country for calendar years after 1986 shall be reduced until such excess is accounted for.

TITLE II

SEC. 201. SHORT TITLE

This title may be cited as the "American Footwear Industry Recovery Act of 1985".

SEC. 202. FINDINGS AND PURPOSE.

(a) The Congress finds that—

(1) The domestic nonrubber footwear industry is important to the national economy, and footwear firms are vital to the economic health of small towns throughout the United States.

(2) The domestic nonrubber footwear industry is highly labor intensive, and low capital requirements for entry into footwear production make it a primary target for industrializing or newly industrialized countries. As a consequence, footwear is produced in virtually every footwear consuming country in the world.

(3) Tremendous competitive pressure has been created in the world footwear market in the last decade as a result of rapidly growing production and capacity in numerous developing and developed countries. This development has resulted in the widespread erection of tariff and nontariff barriers by foreign countries designed to protect their domestic footwear industries.

(4) The United States has historically resisted the protectionist trends of other producing nations and has instead maintained a market distinguished by its accessibility. As a result, the United States market has become a focal point for world trade in nonrubber footwear.

(5) The diversion of international trade to the United States market has resulted in serious injury to domestic producers as manifested by—

(A) the loss of 155,000 footwear jobs since 1968,

(B) a decline in domestic production and production capacity, and

(C) the permanent closure of over 500 plants during the same period.

(6) The serious injury to domestic producers poses a significant danger to the industry's supplier base as well.

(7) The domestic nonrubber footwear producers have made a significant commitment to the future of the industry through substantial capital investment.

(8) Since the termination of temporary import relief in 1981, capital investment in the domestic nonrubber footwear industry has declined as the industry struggled to battle the massive surge in imports which increased the percentage share of imported footwear in the United States market from, 51 per centum in 1981 to 77 per centum in 1985.

(9) Without the restriction of import levels, capital investment in this domestic industry will continue to decrease.

(10) The domestic nonrubber footwear industry has thrice been judged by the International Trade Commission, as recently as May 1985, to be seriously injured by imports.

(11) Since the termination of the two, four-year orderly marketing agreements in 1981, the harm to the domestic industry is even more critical than the serious injury which triggered the Commission's unanimous findings in 1976 and 1977.

(12) The domestic nonrubber footwear industry has not been afforded adequate and appropriate relief from imports; therefore, the Congress concludes that—

(A) the administrative process under sections 201, 202, and 203 of the Trade Act of 1974 has proven inadequate; and

(B) in the absence of and effective remedy under such process, legislative relief is essential.

(b)(1) It is the purpose of Congress in enacting this section to—

(A) promote and expand the economic health of the United States nonrubber footwear industry,

(B) preserve the jobs of American workers, and

(C) prevent the further decline of this important domestic industry.

(2) It is declared to be the policy of Congress that access to the United States market for foreign-produced nonrubber footwear should be on an equitable basis to ensure orderly trade in nonrubber footwear, reduce unfair trade in nonrubber footwear, and address United States balance-of-payments problems, of which footwear is the seventh largest component. In order to accomplish these objectives, it is deemed necessary and appropriate to limit imports of nonrubber footwear into the United States market.

SEC. 203. DEFINITIONS.

For purposes of this title—

(1) The term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States.

(2) The term "Secretary" means Secretary of Commerce.

(3) The term "nonrubber footwear" means the following categories of nonrubber footwear products, identified by reference to the following item numbers of the Tariff Schedules of the United States (as in effect on January 1, 1985): 700.05 through 700.45; 700.56; 700.72 through 700.83; and 700.95; except alpine (down hill) ski boots and nordic (cross country and jumping) ski boots.

(4) The term "apparent domestic consumption" means, with respect to any 1-year period, the sum of imports plus domestic production less exports.

SEC. 204. QUANTITATIVE LIMITATION ON NONRUBBER FOOTWEAR.

(a)(1) During the 8-year period beginning on the date of enactment of this title, the aggregate number of pairs of nonrubber footwear which may be entered during any 1-year period shall not exceed 60 per centum of the estimated apparent domestic consumption of nonrubber footwear for such period.

(2) The quantitative limitation imposed by paragraph (1) for any 1-year period shall be distributed among the following categories of nonrubber footwear so that the aggregate number of pairs of nonrubber footwear in such category which may be entered during any 1-year period shall not exceed the quantity equal to—

(A) in the case of nonrubber footwear with a customs value that does not exceed $1.25 per pair, 10 per centum of apparent domestic consumption of nonrubber footwear for such period,

(B) in the case of nonrubber footwear with a customs value that exceeds $1.25 per pair but does not exceed $2.50 per pair, 5.4 per centum of apparent domestic consumption of nonrubber footwear for such period, and

(C) in the case of nonrubber footwear with a customs value that exceeds $2.50 per pair, 44.6 per centum of apparent domestic consumption of nonrubber footwear for such period.

(b) Within sixty days after the effective date of this title, and on the first day of the fourth quarter of each 1 year period thereafter, the Secretary shall determine on the basis of the best information available, including his own or independent forecasts, the expected apparent domestic consumption of nonrubber footwear for, in the case of the initial determination, the remainder of the current 1 year period and in the case of the first day of the fourth quarter of each 1-year period thereafter, the next succeeding 1-year period. On each such date, the Secretary shall determine and publish in the Federal Register the allocation for the next succeeding 1 year period of permissible imports of nonrubber footwear as required by this section.

(c) On the first days of the first, second, and third quarters of each 1-year period, the Secretary shall revise the determinations of expected apparent domestic consumption made under subsection (b) for the current 1-year period on the basis of the best information then available and shall make such adjustments in the quantity of nonrubber footwear permitted to be imported under this section as indicated by the revision. All revisions and adjustments made under this subsection shall be published in the Federal Register.

(d) If the revised determination of expected apparent domestic consumption published in the Federal Register under subsection (c) on the first day of the third quarter in any 1 year period for nonrubber footwear varies from the actual apparent domestic consumption of nonrubber footwear for such 1-year period, the Secretary shall publish in the Federal Register on the first day of the second quarter of such succeeding 1-year period a revision to the determination of expected apparent domestic consumption for such 1-year period made under subsection (c) of this section. The revision shall be in the amount of such variance and shall be in addition to any other revision that would be made on any such first day of the second quarter under subsection (c) of this section.

(e)(1) The Secretary and the Secretary of the Treasury shall take such actions within their respective jurisdictions as may be necessary or appropriate to enforce the provisions of this section, including without limitation, the issuance of orders to customs officers to bar entry to merchandise if the entry of such merchandise would cause the limitations established under this section to be exceeded.

(2)(A) The Secretary and the Secretary of the Treasury are each authorized to issue such implementing regulations, including the issuance of import licenses, as may be necessary or appropriate to effect the purposes of this section and to enforce the provisions of this section.

(B) Before prescribing any regulations under subparagraph (A), the Secretary or the Secretary of the Treasury, as the case may be, shall—

(i) consult with interested domestic parties,

(ii) afford an opportunity for such parties to comment on the proposed regulations, and

(iii) consider all such comments before prescribing final regulations.

SEC. 205. COMPENSATION AUTHORITY.

For purposes of section 123 of the Trade Act of 1974 (19 U.S.C. 2133), the imposition of the quantitative limitation under section 204 shall be treated as action taken under section 203 of the Trade Act of 1974 (19 U.S.C. 2253).

TITLE III—COPPER

SEC. 301. SHORT TITLE.

This title may be cited as the "Copper Free Market Restoration Act of 1985".

SEC. 302. FINDINGS, PURPOSE, AND POLICY.

(a) FINDINGS.—The Congress finds that—

(1) the copper industry of the United States is critical to the national defense and the maintenance of a strong economy, but has suffered a substantial economic setback, including a 50 per centum reduction in employment levels, a 25 per centum drop in production, the closure of 16 major mines, and the permanent loss of copper reserves;

(2) the substantial economic setback to the domestic copper industry is attributable to the steep decline in world copper prices that has resulted from—

(A) the continued overproduction of copper by government-owned foreign producers that—

(i) have been encouraged to overproduce by their host governments in order to generate foreign exchange and maintain employment levels, and

(ii) enjoy unfair competitive advantage over United States producers because of subsidized loans from their governments and from international lending institutions, such as the World Bank, and the absence of adequate environmental regulation; and

(B) the overvaluation of the dollar and its impact on domestic copper prices;

(3) the extent of the economic setback to the domestic copper industry was documented in 1984 when the United States International Trade Commission unanimously found that the industry had been injured by foreign competition under the terms of section 201 of the Trade Act of 1974 and recommended that appropriate relief be granted;

(4) while copper producers in the United States have made a substantial commitment to the modernization of the industry, more improvements are needed, and the reinvestment in the United States copper industry that is needed for those improvements is seriously jeopardized by the failure of existing trade statutes to deal effectively with the problem of excess world production; and

(5) a 5-year stabilization of foreign copper production is needed if the domestic copper industry is to attract the necessary capital for reinvestment.

(b) PURPOSE.—The purpose of this title is to—

(1) ensure an adequate supply of domestic copper,

(2) expand employment in the copper industry, and

(3) stabilize foreign copper production at levels that will enable domestic copper producers to make necessary improvements and modernization.

(c) POLICY.—The Congress declares it to be the national policy that the United States must seek to negotiate agreements temporarily limiting copper production by foreign copper producers so that the purposes of this title can be fulfilled.

SEC. 303. DEFINITIONS.

For purposes of this title—

(1) The term "agreement negotiation period" means the 9-month period beginning on the first day of the first calendar month beginning after the date of enactment of this Act.

(2) The term "major copper producing country" means any foreign country whose production of unwrought copper during 1984 exceeded 300,000 metric tons.

(3) The term "significant copper producing country" means any foreign country whose production of unwrought copper during 1984 exceeded 200,000 metric tons but did not exceed 300,000 metric tons.

(4) The term "unwrought copper" means articles provided for in items 612.02 through 612.06 of the Tariff Schedules of the United States.

(5) The term "restraint period" means the 5-year period beginning at the close of the agreement negotiation period.

SEC. 304. NEGOTIATIONS AND ACTION REGARDING AGREEMENTS TO VOLUNTARILY RESTRAIN COPPER PRODUCTION.

(a) NEGOTIATIONS.—

(1) The President, acting through the United States Trade Representative and the Secretary of the Interior, shall undertake negotiations during the agreement negotiation period with all major copper producing countries for the purpose of obtaining voluntary restraint agreements under which the aggregate production of unwrought copper by the major copper producing countries during each 1-year period within the restraint period will not exceed the aggregate production of unwrought copper by those countries during calendar year 1982.

(2) The President, acting through the United States Trade Representative and the Secretary of the Interior, shall undertake negotiations during the agreement negotiation period with all significant copper producing countries for the purpose of obtaining voluntary restraint agreements under which the aggregate production of unwrought copper by the significant copper producing countries during each 1-year period within the restraint period will not exceed the sum of—

(A) the aggregate production of unwrought copper by those countries during calendar year 1984, plus

(B) the estimated growth in demand for unwrought copper for such 1-year period within the restraint period.

(b) REPORTS.—

(1) At the close of each 3-month period within the agreement negotiation period, the President shall submit to the Congress a report on the progress of negotiations conducted under subsection (a). Such report shall—

(A) set forth the terms of any voluntary restraint agreement that has been entered into under subsection (a) during such 3-month period,

(B) contain a summary of the actions taken by the President during such 3-month period to obtain agreements under subsection (a) with each major copper producing country and significant copper producing country that has not entered into such an agreement,

(C) contain a summary of the responses (including counteroffers) made during such 3-month period by each of the countries described in subparagraph (B) to the actions of the President described in subparagraph (B),

(D) include a description of the obstacles and objections encountered by the President during such 3-month period to the achievement of agreements under subsection (a), and

(E) include an assessment of whether each country described in subparagraph (B) is negotiating in good faith.

(2) The final report that is required to be submitted under paragraph (1) shall include—

(A) a determination by the President of whether the agreements entered into under subsection (a) will achieve the purposes of this title, and

(B) recommendations of the President regarding any actions that should be taken against any major copper producing country or significant copper producing country which refuses to enter into a voluntary restraint agreement under subsection (a).

(c) ACTION IF VOLUNTARY RESTRAINT AGREEMENTS TAKE EFFECT.—If voluntary restraint agreements described in subsection (a) take effect between the United States and the major copper producing countries or significant copper producing countries—

(1) the United States Trade Representative, with the cooperation of other appropriate Federal officers, shall monitor the production of unwrought copper by those countries during each 1-year period within the restraint period for the purpose of ascertaining if the terms of the agreements are being complied with during such 1-year period, and

(2) the United States Trade Representative shall, within 30 days after the close of each 1-year period within the restraint period, report to the Congress on the results of the monitoring carried out during such 1-year period.

TITLE IV—FOREIGN LABOR PRACTICES

SEC. 401. REPORTS.

(a)(1) The United States International Trade Commission shall conduct a study of the wage rates, labor costs, and other labor practices of each foreign country which had a surplus in the balance of trade between the United States and such foreign country for calendar year 1984 that exceeded $4,000,000,000. Such study should consider labor practices existing throughout the economy of each of such countries and the labor practices of the industries in each of such countries that were responsible for such balance of trade surplus.

(2) The study conducted under paragraph (1) shall include, with respect to each foreign country described in paragraph (1), analyses of—

(A) the effects of the labor practices of such foreign country studied under paragraph (1) on the competitive position of United States exports in foreign markets and in United States markets,

(B) the relationship between—

(i) the wages and other compensation paid to workers in United States industries producing goods that face substantial competition from products of such foreign country, and

(ii) the wages and other compensation paid to workers in such foreign country who produce such competitive products,

(C) the relationship, if any, between the labor practices of such foreign country studied under paragraph (1) and the cultural, religious, and political practices or values of such foreign country,

(D) the extent to which such labor practices are encouraged or enforced by the government of such foreign country,

(E) the history, duration, and extent of such labor practices, and

(F) the extent to which private or public forces that are anti-competitive encourage such labor practices.

(3) By no later than the date that is 9 months after the date of enactment of this Act, the United States International Trade Commission shall submit a report on the study conducted under paragraph (1) to the Congress, the Secretary of Labor, and the Secretary of Commerce.

(b)(1) The Secretary of Labor and the Secretary of Commerce shall each conduct a separate investigation to—

(A) identify each of the labor practices discussed in the report submitted under subsection (a)(3) that—

(i) is illegal under existing laws of the United States or of any State, or

(ii) should be prohibited by all countries under an international labor law code,

(B) determine what labor principles and rules should be included in an international labor law code, and

(C) determine the issues involved in, and the prospects for achieving, the elimination of labor practices identified under subparagraph (A) through negotiations with foreign countries.

(2) By no later than 3 months after the date on which the report is submitted under subsection (a)(3), the Secretary of Labor and the Secretary of Commerce shall each submit to the Congress a report on the investigation conducted under paragraph (1).

Mr. ROSTENKOWSKI (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The SPEAKER pro tempore. Under the rule, the gentleman from Illinois [Mr. ROSTENKOWSKI] will be recognized for 30 minutes and the gentleman from Illinois [Mr. CRANE] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Illinois [Mr. ROSTENKOWSKI].

GENERAL LEAVE

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on H.R. 1562, the bill presently under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

□ 1405

Mr. ROSTENKOWSKI. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as you know, the House passed H.R. 1562, the Textile and Apparel Trade Enforcement Act of 1985, on October 10 of this year, after extensive hearings and debate. The bill was then sent to the Senate for its consideration. On November 13, the Senate acted on H.R. 1562, and adopted several amendments prior to its final passage of the legislation. The Senate returned the bill H.R. 1562 with an amendment thereto to the House on November 18. The question now before the House is whether to concur in the Senate amendment in the nature of a substitute to H.R. 1562.

For the information of my colleagues, I will briefly summarize the major changes effected by the Senate amendment. First, with respect to the textile import quota provisions, the Senate amendment establishes three separate categories of foreign supplier countries, instead of the two categories in the House bill. As a result, significant rollbacks in the import quotas for 1985 would be experienced only by the Big Three—Taiwan, Hong Kong, and Korea—rather than the 12 countries targeted by the House bill. The Senate amendment would limit the next nine supplier countries to their 1984 levels. Growth rates for both of these categories would be limited to 1 percent per year—the same as under the House bill. Smaller exporting countries are treated the same under both the House and Senate versions.

The Senate amendment also provides for exemptions of certain products such as toys and dolls, toys for pets, and silk apparel made of at least 70 percent silk. Also, products from the U.S. insular possessions which meet an 85-percent value-added test will not be subject to quota restrictions.

Both the House and Senate versions require an annual report to Congress on the administration of the textile quota program; the Senate amendment further requires that such report include information on the extent to which problems of fraud or circumvention have developed in connection with the silk apparel exemption. The Senate amendment would also require a formal review of the overall textile import control program after a period of 10 years.

In addition to the textile quota provisions, the Senate amendment adds two new titles on footwear imports and copper production. Under title II, global quotas on imports of nonrubber footwear would be set at 60 percent of U.S. domestic consumption for a period of 8 years.

Under title III of the Senate amendment, the President is required to undertake negotiations with all major or significant copper producing countries to limit their production of copper for a period of 5 years. Major copper producing countries would be required to restrict their copper production to their 1982 levels, and significant copper producing countries would be required to restrict their production to 1984 levels with an adjustment allowed for growth in demand. The President is required to report to Congress on the negotiations every 3 months during the 9-month period of negotiation.

Finally, the Senate amendment adds a new title IV to the House bill, which requires the International Trade Commission to complete a study of the wage rates, labor costs, and other labor practices of each foreign country which had a trade surplus with the United States in 1984 over $4 billion. It further requires followup reports by the Secretary of Labor and the Secretary of Commerce on whether such foreign labor practices are illegal under existing law, or should be prohibited or disciplined.

Mr. Speaker, I did not support H.R. 1562 when it was originally before the House, and I similarly do not support the Senate version of H.R. 1562. The reason for my opposition is simple: I do not favor legislated import quotas on a sector-by-sector basis as a substitute for an overall policy of free but fair trade. However, it is clear that this bill enjoys overwhelming support and since the bill's supporters prefer the Senate amendment, I believe it is best to act expeditiously on this matter and send it to the President.

I am greatly disturbed by the numbers of jobs lost in the U.S. textile, apparel, shoe, and copper industries. I am even more disturbed by the inability, or unwillingness, of this administration to address our trade problems in an effective manner. I do not believe, however, that the appropriate answer lies in legislating special relief for each import-plagued industry.

Mr. Speaker, the Committee on Ways and Means has been hard at work during the past several months formulating a comprehensive tax reform bill, which is soon to come before this House. As soon as the Congress reconvenes in January, the committee will turn its attention to trade legislation, and hopefully will report to this body a major trade reform package that will eliminate foreign trade barriers and unfair trading practices, reduce the trade deficit, and assist American workers and communities that have been suffering from the lack of a consistent and responsible trade policy.

Mr. GONZALEZ. Will the chairman yield?

Mr. ROSTENKOWSKI. I yield to the gentleman.

Mr. GONZALEZ. I thank the chairman. I am particularly interested in whatever impact may be here in this version, the Senate amendment, that impact on our trade relations with our two adjacent countries, Mexico and Canada.

Does the chairman have any knowledge as to any specific applicability of this amendment or the bill itself?

Mr. ROSTENKOWSKI. Canada is exempt from the bill, and Mexico, I am told, will be allowed liberal treatment.

Mr. GONZALEZ. I thank the chairman.

Mr. ROSTENKOWSKI. Mr. Speaker, I reserve the balance of my time.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Illinois [Mr. CRANE].

Mr. CRANE. Mr. Speaker, I rise in opposition to this legislation. I think the actions taken in the other body have not added in any positive way to what was a negative piece of legislation initially clearing this Chamber.

This legislation is flawed on several counts. First, we have heard a great deal of talk about fairness and jobs, and I think that is a matter of concern to each and every Member in this body. But on the other hand, when one focuses on certain segments of our economy to the exclusion of the potential impact of legislation like this on other segments, we are not grasping the entire picture.

For example, studies have indicated that while we may be saving 71,000 jobs in the textile industry, that could come at the expense of 62,000 jobs in retailing and transportation.

In addition to that, one can most assuredly depend upon retaliation from some of our trading partners, and the retaliation will most likely be directed toward agricultural exports.

Those of us who represent agricultural States know that there are many of our farmers who are strapped, who have not recovered from the recession of 1981 and 1982, and as a result I think we have to show a due deference and consideration for that part of our economy, too.

In addition to that, Mr. Speaker, there is evidence that just the textile provisions alone could come at an estimated cost of $28 billion to consumers. I have not heard a great deal of discussion in the entire debate on this protectionist legislation about the welfare of American consumers.

Beyond that, Mr. Speaker, there are significant treaty violations involved in this legislation.

It is an egregious violation of the multifiber arrangement; it is a violation of the General Agreement on Tariffs and Trade, and 38 other treaty agreements that this country is engaged in.

There is yet another feature that I think is implicit in the application of these protectionist proposals, and that is discrimination against one, well, actually two regions: The Far East and Latin America. And that discrimination comes when the imports into this country, especially from the Far East last year, were actually down marginally. At the same time the legislation exempts the European Economic Community and Canada while their exports into out markets were up over 70 percent in each case.

Finally, Mr. Speaker, it strikes me that we have failed to learn the lessons of history, and would be condemned to repeat it if we started down this primrose path of moving back in the direction of the retrogressive Smoot-Hawley Tariff Act of 1930. While not nearly as outrageous as Smoot-Hawley, this legislation, Mr. Speaker, is a movement back in that direction.

For these reasons I object to the bill and would urge my colleagues to vote against it.

I am happy to yield to my colleague from Texas.

Mr. GONZALEZ. I thank the gentleman for yielding. With respect to Mexico, now I just heard that Canada has been exempted. There are only two nations that are adjacent to the United States.

On the southern border of our country, along the Texas line, we have been suffering a very deep recession, with about 23 percent unemployment.

□ 1415

The Mexican economy continues in a very bad state of affairs. This, or course, impinges and impacts on our side.

Does the gentleman happen to know exactly why we would except, say, Canada and not Mexico? And to what extent, because I notice the gentleman made reference or illusion in a general way to Latin America generally, what impact this measure, if enacted into law, would have on our trade relations with Mexico?

Mr. CRANE. In my estimation, it would be negative, and, as I say, there is a perception in the Far East, and I think a perception that is not totally invalid, a perception amongst some of our Latin American trading partners, including our Mexican neighbors that this legislation is discriminatory and most especially because it does not give them the equal kind of treatment that is enjoyed by our European trading partners and Canadian neighbors to the north.

And I thank the gentleman for his participation.

Mr. Speaker, I yield such time as he may consume to the gentleman from South Carolina [Mr. HARTNETT].

Mr. HARTNETT. Mr. Speaker, I rise in strong support of the legislation and in support of the motion to concur.

Mr. Speaker, in 1984, the surge of foreign textile imports forced approximately 46,000 American textile/apparel workers out of their jobs. As of October of this year, when the House first considered this legislation, approximately 66,000 additional textile/apparel workers had lost their jobs. It is now December and foreign textile imports are continuing to infiltrate our domestic market at record levels. Although the American textile industry has reinvested billions of dollars each year to combat this import swell, the war is obviously being lost. Unfortunately, our largest manufacturing industry is fighting a courageous battle against a foreign competitor that is utilizing unfair government subsidies and incentives. Rest assured that the American textile industry welcomes competition within their industry; however, hundreds of thousands of unemployed textile/apparel workers know too well the results of attempting to compete on an unfair playing field.

The Textile and Apparel Trade Enforcement Act of 1985 (H.R. 1562) recognizes the uniqueness of international trade in the textile industry. As such, H.R. 1562 outlines a means to introduce equity into a domestic industry that has suffered from years of foreign exploitation. This legislation is hardly a case of governmental protectionism which, by definition, enables relatively inefficient domestic producers to compete with foreign producers. As I have mentioned, the American textile industry invites and, in fact, challenges foreign manufacturers to compete in a free-trade environment.

The open-market trade philosophy of the United States has been abused by unjust foreign practices at the expense of individual textile workers and their families. In fact, the tribulations of this proud industry threaten the survival of our entire industrial base. Therefore, I urge my colleagues to show the American textile worker that Congress will not idly stand by while textile jobs are being offered as a sacrifice to an inequitable trade policy. Vote in favor of the Textile and Apparel Trade Enforcement Act of 1985 and offer some incentive to an industry that has already suffered too long.

The SPEAKER pro tempore. The gentleman from Illinois [Mr. CRANE] has consumed 5 minutes, and the gentleman from Florida [Mr. GIBBONS] has consumed 6 minutes.

Mr. GIBBONS. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois [Mr. RUSSO].

Mr. RUSSO. I thank the gentleman.

Mr. Speaker, I have a question of the author of this fine piece of legislation, the gentleman from Georgia [Mr. JENKINS]. I would like to take this opportunity to clarify a point which makes it clear that this bill in no way applies to imported toys. It is my understanding that goods otherwise classifiable under subpart (e), part 5, schedule 7, entering under schedule 8 or the appendix to the Tariff Schedules of the United States would not be covered by the provisions of this bill.

Mr. JENKINS. Mr. Speaker, will the gentleman yield?

Mr. RUSSO. I yield to the gentleman from Georgia.

Mr. JENKINS. I thank the gentleman for yielding

Mr. Speaker, I state to my colleague from Illinois that he is absolutely correct.

Mr. RUSSO. I thank the gentleman for that statement.

Mr. Speaker, I ask for support of this legislation.

Mr. GIBBONS. Mr. Speaker, I yield such time as he may consume to the gentleman from North Carolina [Mr. HEFNER].

Mr. HEFNER. I thank the gentleman for yielding time to me.

Mr. Speaker, I rise in wholehearted support of the Senate-passed Textile and Apparel Trade Enforcement Act which will not only establish quotas for textile and apparel imports but also for the domestic shoe industry which now suffers a 77-percent concentration of imports in our markets.

Earlier this year, the International Trade Commission unanimously found that imports are harming the domestic footwear industry and recommended to the President that relief be granted. That relief was denied and so Congress has taken action to provide some respite to the tidal wave of imports which threaten to eliminate the textile/apparel and shoe industries in America.

There are other related industries which also suffer from these imports. The cotton industry, for example, has borne the brunt of massive increases in imports over the last 4 years.

Over the last 4 years, U.S. cotton farmers have lost $2.6 billion. The textile/apparel industry has lost $17.5 billion. If this trend continues, the cotton industry estimates the domestic market for cotton will vanish altogether in 5 years.

The retailers would have you believe that consumers will suffer large price increases if imports are restricted. It is just not so. As an example, in 1984, a domestically produced blouse cost $12.11 on average while the imported product cost $12.98. The average price for girls' shorts was $8.82 versus the imported item which cost $9.01.

Our foreign competitors are not dumb. They have successfully dominated our markets by charging lower prices initially and then raising prices drastically once they corner the market. And they pay their workers an hourly wage that is often less than $1.

In addition to providing the safest and healthiest working conditions, good wages and benefits for employees, our industries have also kept up with technological development.

In the last 5 years alone, the U.S. Textile/Apparel Industry has spent $8 billion on the most modern and efficient equipment

available. American cotton producers have spent $20 million annually in research and promotion to increase consumer demand.

Mr. Speaker, the bill adopted by the Senate is a good and reasonable compromise. Fairness and equity demand that our Government take appropriate action to assure a level playing field so that our domestic industries can compete with our foreign competitors whose products are highly subsidized and produced by workers whose wage is substandard.

It is time to send the Textile and Apparel Trade Enforcement Act to the White House and to request the President sign it. I urge my colleagues to support the bill.

Mr. GIBBONS. Mr. Speaker, I yield such time as he may consume to the gentleman from North Carolina [Mr. NEAL].

Mr. NEAL. I thank the gentleman for yielding time to me.

Mr. Speaker, the administration's economic policies, inflicted on the Nation by President Reagan and his supporters, have wiped out more than 300,000 American textile and apparel jobs. Worse still, almost a million textile jobs may go down the drain unless we do something to reverse these senseless policies.

That's bad news, especially for my home State of North Carolina and the Fifth District. The U.S. textile and apparel industry employs more than 2 million workers. North Carolina has 293,300 of these jobs, but it has lost 39,700 textile jobs since 1980, and 18,400 in the past 12 months.

Mr. Speaker, these jobs are being whittled away almost entirely because of the disastrous economic plan which has come to be known variously as Kemp-Roth, Gramm-Latta, Reaganomics, and supply-side economics. By whatever name, the plan has tied the U.S. textile industry in knots. Here's why:

The administration economic plan has brought annual budget deficits of $200 billion a year and doubled the entire national debt in just 5 years. Interest payments on this debt ($145 billion this year alone) have kept real interest rates very high. That has increased the value of the U.S. dollar in world markets. The over-valued dollar makes foreign imports cheaper in the United States and U.S. goods more expensive in foreign countries.

The result has been a flood of foreign textile imports. They have more than doubled since 1980 and now claim more than half of the U.S. market. Textile jobs have vanished, of course, as this business was being lost to foreign competition.

On top of that, Mr. Speaker, the administration—controlled by the President and his cabinet—has refused to enforce import regulations that would prevent some of this loss of American jobs and business. It has simply turned its back on violations, and has even cut back on the number of Customs Service people who check on imports and enforce the regulations that limit the flow of certain goods into the United States.

Finally, the administration's representatives to world lending agencies have voted, time after time, to use our tax dollars to build up textile and apparel industries in countries that are selling their products in the United States, and in the process are stealing our jobs.

Among the loans they have voted for are: the Philippines, $154.7 million; China, $140.6 million; Colombia, $46.9 million; Bangladesh, $45 million; Pakistan, $40 million; Portugal, $34.7 million; Burma, $29.7 million; Thailand, $15 million; Malawi, $10.8 million; Argentina, $9.5 million; Zambia, $7.6 million; Swaziland, $6.8 million; Zaire, $6.7 million; and Sri Lanka, $0.1 million.

The House-passed bill, which I cosponsored, Mr. Speaker, would have cut back textiles imports by a third, but the President had threatened to veto the House bill because it might upset Red China and some other nations that are dumping textiles and apparel on the United States market.

Mr. Speaker, the compromise bill being considered today, however, is far less restrictive than the House bill, but it would help reverse this policy and prevent further erosion of the textile and apparel industry. Only Hong Kong, Taiwan and South Korea, the three largest exporters of textile and apparel goods, to the United States, would be required to roll back their level of imports.

If this bill is signed by the President or his veto overriden by Congress it will substantially cut back the import share of the U.S. market. That would save tens of thousands of American textile jobs and give the industry badly needed time to recover from the administration's ruinous policies.

Mr. Speaker, I urge my colleagues to give this bill overwhelming support and help convince the President to sign it.

Mr. GIBBONS. Mr. Speaker, I yield 6 minutes to the gentleman from Georgia [Mr. JENKINS], the sponsor of the bill.

Mr. JENKINS. I thank the gentleman for yielding.

Mr. Speaker and my colleagues in the House, first of all I want to take this opportunity to commend my colleagues on both sides of the aisle for your determination and your persistence in gaining the attention of this administration that the problems of trade can no longer be ignored.

I am convinced that your strong stand in support of this bill has been the only reason that has pushed this administration to its embryonic stage of recognition that the American people do not believe in, nor do they support, a policy that forces this Nation to total dependence upon imports. The American people recognize that manufacturing, mining, and farming are critical to our strength and to our future.

I also believe that this bill serves notice on other nations of the world that the prospects for expanded trade opportunities cannot be dependent only upon our marketplace. It must be a two-way street. We must have more than rhetoric when we talk about trade around the world.

For some time we have seen the gradual demise, the gradual deterioration, of our basic industries. This has occurred over the past 4 years and will continue to happen unless this legislative body continues to insist that we are to have reciprocal trade, we are to have fair trade. Otherwise, we will see this Nation become a second-rate nation.

Mr. Speaker, recently the United States Trade Representative indicated to a Senate committee that United States basic industries such as textiles, apparel, footwear are destined to die out of the picture completely. I think this is a sad day when our Government can callously turn its back on 2 million textile workers, to the footwear workers, to the copper mines and their employees, as well as other hard-working Americans in our basic industries who are suffering because of unfair and one-way import competition.

I do not believe that we can afford, as a nation, to sacrifice these industries. I do not believe that we, as a nation, Republicans, Democrats, and Independents, can afford to sit by and watch the gradual deterioration of these basic industries that supply most of our jobs.

I do not believe that we can continue to create wealth in this Nation if we are to depend entirely upon the service sector. I think that manufacturing is critical for the service industry. But I say to you that in the last few weeks, for the first time we have gained some attention from the administration after a long, hard fight. This is not the time to send a signal that we do not mean business. This is not the time to say, "Well, we finally have their attention, so now let's turn our backs and turn it over to them," because if we do that, then the rhetoric will become simply rhetoric and nothing more will be done.

I ask my colleagues today to stand firm, to stand strong, to tell the rest of the nations of the world that if "your culture is such that you cannot buy from other nations," and I know some nations indicate that their culture is such that they must buy their own products and not buy from America or any other nation, then I say to these other nations, "If your culture is such that you cannot afford to fully participate in international trade, that you should be restricted in this marketplace as much as you restrict us and others."

There are others, I note today, that say this is extemely protectionist. Let me try to point out to you and to the American people that if this bill is signed into law, 40 percent of our marketplace in textiles and apparel will continue to be in the hands of foreign

countries. Are we being less generous than the rest of the nations of the world? If this bill passes, 60 percent of all of the footwear that comes into this country, into this American marketplace, will remain foreign-made.

Are we being so greedy in our efforts to provide some help to the American worker? I do not think so.

I have seen the copper mines close, not in my area but throughout the Nation. And if you represent an area that is a high-tech area or that is agriculture, and if you live in an area that is not yet impacted, I say to you that if nothing is done, your time is coming. If you believe that agriculture is not going to be impacted if we make no change in our trade policies, you are sadly mistaken.

This bill has been the only bill that has gained the attention of the world and gained the attention of this administration to such an extent that it is now beginning to at least recognize that there is a problem.

If you want to push forward, if you want to continue to press so that we can get a stable trade policy, then you ought to do so by voting "aye" on this bill.

I say to my colleagues that your encouragement and your strong support of this bill has probably been more meaningful in the field of trade than any other single measure that has come before this Congress or any other Congress in the past 6 years.

Mr. Speaker, I urge support of the bill.

Mr. CRANE. Mr. Speaker, I yield 3 minutes to my distinguished colleague on the Trade Subcommittee, the gentleman from Minnesota [Mr. FRENZEL].

Mr. FRENZEL. Mr. Speaker, last night I put in the RECORD, letters from the U.S. Trade Representative and from the Ambassador of the People's Republic of China, the former describing the administration's position on this bill which is strongly in opposition, and the letter describing the Republic of China's opinion of the bill. The reason for including the letter was there had been some comment that the People's Republic of China had now been placated by this bill. It clearly is not. The STR's letter includes the notice that the U.S. Trade Representative will recommend strongly to the President that the bill be vetoed.

Second, Mr. Speaker, I would like to now introduce into the RECORD a copy of a letter from the U.S. Trade Representative to the President of the American Textile Manufacturers Institute dealing with the questions raised by the gentleman from Georgia about what the U.S. Trade Representative did say about the textile industry. The Ambassador's words are a better defense of his position than what I could make, and I will let them stand for the record.

The text of the letter is as follows:

THE U.S. TRADE REPRESENTATIVE,
EXECUTIVE OFFICE OF THE PRESIDENT,
Washington, DC, December 2, 1985.

Mr. ELLISON S. MCKISSICK,
President, American Textile Manufacturers Institute, Washington, DC.

DEAR ELLISON: As you know, you and your associates in the "Fiber, Fabric, and Apparel Coalition for Trade" ran a full page ad in the Washington Post a few days ago in support of H.R. 1562, the textile/apparel quota bill. That ad includes the following statement: "U.S. Trade Representative Clayton Yeutter indicated last week that major industries, such as textiles, steel, and footwear, should be phased out of American society." Presumably that "indication" came from my testimony before the Senate Finance Committee and from some of the press accounts of that testimony. One particular story in the print media was especially distortive, as was your ad.

I have re-read every word of the interchange I had with both Senator Packwood and Senator Danforth at the Finance Committee hearing, and I do not believe that any fair minded person would have drawn the conclusion that appears in your ad. For example, Senator Danforth asked me if I believe that textiles is a dying industry, and my answer was "no." I then said: "There are certainly segments, Senator Danforth, of the textile industry that probably cannot be competitive with their counterparts in the Far East, but I certainly would not draw that conclusion for the entire industry by any means." Senator Danforth then queried me as follows: "There might be some residual parts of the textile industry that could survive?" And I responded, "A very substantial residual in my judgment on textiles. Maybe a smaller residual on the apparel side, but as you know, our textile industry is really quite modern and quite efficient."

I also went on to say that I was "optimistic about the long term viability of the American steel industry" and that our footwear industry has a "20 percent market share or so that is really quite solid and will be a niche maintained by U.S. firms for a long time to come."

In addition, your ad uses as its focus an American G.I. allegedly stripped to his bare essentials by the Administration's trade policy. In other words, you are seeking to make the point that our national security will be jeopardized if the textile/apparel bill is not passed. That argument is completely fallacious. I specifically discussed the national security issue during my testimony, and it is irrelevant in any case for textiles and apparel since they are already by far our most protected industries.

Finally, I spent more than three hours with the Board of the American Textile Manufacturers Association about a month ago. You know my views well, and you also know that they were grossly misrepresented in the Washington Post ad. That is your organization's privilege, of course, because we live in a country where free speech is protected until and unless we cross the bounds of libelous conduct. I am thankful for that privilege, and hope that it will ever be maintained. But that does not excuse those who abuse the privilege.

The Administration position is, and always has been, that we should deal with the problems of the textile/apparel industry through effective re-negotiation of the Multifiber Arrangement, coupled with sound administration of the bilateral agreements that are presently in existence or will in the future be negotiated within the framework of the MFA. That is the right answer; H.R. 1562 is the wrong answer, for a whole lot of reasons which you also understand.

Sincerely,

CLAYTON YEUTTER.

We are discussing a bill that the House has already voted on. The House has taken a position in favor of it, one that is a mistake, I believe, and I hope the House today will rectify that error. Very little has changed since we voted on this the last time. The same old deal, except we have added shoes and copper to it. It has been alleged that the quotas imposed are lighter and less restrictive than before. Perhaps they are, but the result is the same. The consumer will be penalized. The jobs that are allegedly saved are still astronomically expensive, ranging from $40,000 per job to $250,000 per job depending on how you keep score. And that extra expense is laid upon the consumer.

In addition, the same people have to be beggared to provide protection for the country's most protected industry. Textiles has the highest rate of duty in the industrialized world in the United States. We have hundreds of quotas, and they are protected by the overall quotas of the Multi-Fiber Agreement. But who has to pay? The consumers have to pay. The retailers have to pay. The farmers whose products are going to be retaliated against have to pay. Anyone else in exports and anyone else in business.

Now we do this to save some States that are down on their luck. I remind you of the unemployment figure in Georgia which is 7.2; North Carolina, 5.6; South Carolina, 6.5. If you want to look at shoe States, take Maine and Massachusetts, Maine at 5.6 and Massachusetts even lower. The people who are asked to pay the bill are Michigan, with 10.3 unemployment; Illinois, with 8.9 unemployment; and Ohio, with 9.3.

I urge the bill be defeated.

Mr. Speaker, today we are considering Senate amendments to H.R. 1562, the Textile and Apparel Trade Enforcement Act, under special procedures designed to spare us a conference with the Senate and allowing the Congress to send the bill to the President as quickly and easily as possible.

Because the Congress appears unwilling to make responsible economic, fiscal, and trade policy decisions we are expecting the President to make the hard choices for us by vetoing this protectionist legislation. By all indications, he plans to do so.

We have this last opportunity today to assume our responsibility and defeat H.R. 1562 as amended by the Senate. Although somewhat more moderate, it is by no means an acceptable piece of legislation. It is neither good economics nor good trade policy. If the House lacks the courage to act in the best interest of all Americans, rather than only the special interests, then I hope that at least one-third of us will sup-

port the President's leadership by voting to sustain his veto of this bill and others that would put our country on a regressive path.

The Senate amendments offer cosmetic improvements in the form of slightly less outrageous rollbacks in overall textile imports from individual countries. However, the Senate version allows deep cuts in particular categories based on the level of each country's aggregate rollback. For example, a "major producing country" that is cut back more than 30 percent in the aggregate would be subject to a maximum reduction in individual categories or 60 percent. However, if a major producing country is not cut back more than 30 percent in the aggregate, the individual category reductions can exceed 60 percent. As a result, Hong Kong is no better off under the Senate amendments than it was under the House version, and category rollbacks of up to 60 percent for Korea and Taiwan would be allowed.

Thus, the generosity of the Senate amendments is not fact. Actually the Senate language is only different, not better. Imports in sensitive categories—in other words, those textile items produced by domestic manufacturers—could be reduced significantly under the Senate version. Growth would be allowed in categories that are less in demand, and the result of this supposedly more moderate approach could be to reduce overall levels of textile imports even further than apparently required under the bill. Even the small exporting countries could be pushed into this trap. The generous Senate version hits the big three suppliers, but allows growth of 6 percent or more for the smaller producing countries. However, in sensitive categories, growth is limited to 1 percent or frozen altogether. Growth must be achieved in categories less in demand or more obscure in definition.

There are a few other interesting aspects to the Senate version of this legislation. According to a recent analysis done by the International Business & Economic Research Corp., Mexico would be allowed a 15-percent growth rate the first year under the new provisions; Brazil would be allowed 9 percent. Proponents claim that China is better off under the Senate amendments, a claim disputed by China's Ambassador to the United States and by the administration. In addition to continuing to protect the exporting and foreign investment interests of U.S. textile manufacturers, the Senate amendments obviously are trying, albeit grudgingly, to respond to the eroding support for this bill.

China has been the most outspoken about retaliation, and the Chinese have retaliated on textile restraints before. Brazil is the largest debtor nation to United States banks. Of course, Mexico is the home for numerous domestic industry assembly operations. Canada and the European Community remain exempt under the Senate amendments. Small exporting countries are allowed, theoretically, about a 10-percent growth rate. Asian countries, especially Hong Kong, Korea, and Taiwan, take the brunt of the cutbacks. Having open markets to United States exports, such as provided by Hong Kong, carries no weight. Our Asian trading partners and allies still believe that discrimination remains a key element of this legislation.

Although the bill, even in its revised form, is a blatant attempt by one special interest to extract from the rest of the American economy costly protection for its industry, it is discriminatory on almost every level. First of all it discriminates against those suppliers in the Far East that have been a major and growing source for U.S. export sales of agriculture and manufactured products. The big three textile suppliers—Hong Kong, Taiwan, and Korea—would sustain substantial cuts of 12, 36, and 29 percent, respectively, although combined imports from these three countries represent only about 18 percent of total United States consumption.

Also, the rates of import growth from these three countries fall far below those of Canada and the European Community, two developed countries untouched by the bill. From January 1984 to January 1985, imports from all of the ASEAN countries increasd by about 14 percent, with Taiwan's increase at about 12 percent and Korea's and Hong Kong's increases at only 5 and 7 percent, respectively. On the other hand, Canada's imports increased by about 25 percent and the EC's a staggering 70 percent. Under the bill, these two developed countries are untouched and could continue their dramatic import increases, possibly filling the orders lost by Far East and Latin American supplies.

When the Trade Subcommittee visited with ASEAN officials on their own territory this past summer, it became clear that this bill was viewed in that part of the world as discriminatory against Asians as a people and as cultures different from the United States. Concern was expressed again and again that the bill hits hardest those developing countries that have politically supported the United States, that have purchased growing levels of U.S. products, and they often have acted as a buffer zone against actual and potential Communist aggression. With Canada and the Europeans excluded from the bill's cutbacks and Mexico treated, more kindly, it was natural that Asians would see bias against Asian peoples and cultures. I believe that the proponents of the bill intended only economic discrimination. However, actual effect as opposed to intent has put an unwholesome taint on this bill.

Another level of discrimination occurs within our own economy. Every analysis done thus far on this legislation demonstrates that the new controls would cost almost as many jobs in businesses that import, transport, and sell foreign textile and apparel products as it might save in the domestic textile-producing industry. Most estimates expect the bill to save about 71,000 jobs in the textile industry while eliminating as many as 62,000 jobs just in the retailing industry. Also, there is a distinct regional tilt in the bill's employment effects. Most of the overall job gains would be in the South. The Midwest and West would experience the highest job losses, primarily in the retailing industry but also in shipping, agriculture, and other exporting industries that are expected to lose sales through direct or indirect retaliation.

Is the bias toward Southern States when measuring the bill's benefits somehow justified by tremendous unemployment levels in textile producing States in the South? The big three textile-producing States of Georgia, North Carolina, and South Carolina all have modest unemployment rates. Georgia has the highest unemployment rate of the three at about 7.2 percent; South Carolina's jobless rate stands at 6.5 percent, and North Carolina's at only 5.6 percent. The national average unemployment rate is about 7.1 percent. The biggest textile-producing State outside the South, New York, has an unemployment rate of only 6.1 percent.

These figures demonstrate that jobs lost in the textile industry are absorbed by other growing industries, even in areas of high textile industry concentration. Further job losses can be expected as the textile industry continues to modernize, but I think it is fair to ask whether the rest of the American economy should be expected to pay what conservative estimates judge to be about $40,000 per job saved by enacting this protectionist legislation?

I want to especially emphasize the discrimination this bill carries against the U.S. exporting sector. It is not surprising that farm groups, shippers, aerospace firms, multinationals, and other industries, whose livelihood in large part depends on exports, have joined in pressing for defeat of this legislation. Some fear direct retaliation, as promised by the People's Republic of China. Others are well aware that, regardless of how affected countries may officially respond should the textile bill be enacted, developing countries cannot buy U.S. exports without foreign exchange. The textile restraints contained in this bill would sharply reduce an important source of foreign exchange earnings for many developing countries.

These countries cannot buy U.S. exports unless they earn money through their own exports or unless they buy on credit, a habit we have taught the world. Unfortunately, in this case, we are the creditors. Although developing countries take over half of total U.S. exports and are by far the largest group indebted to U.S. banks, the textile bill forges ahead in its determination to deprive these countries of the resources necessary to buy American products and repay American loans.

There doesn't have to be official retaliation to have effective retaliation. Korea, Hong Kong, and Taiwan take $14 billion in United States exports. As a group the countries affected by the Senate amendments take $53 billion in U.S. export goods. Thirty-seven percent to all U.S. agriculture exports go to these major textile-producing countries. These sales are seriously threatened by this legislation.

Without any further legislation, the textile and apparel industry is one of the most

protected industries in our economy. High tariffs on textile and apparel products average 22.3 percent while the average tariff for all other industries stands at only 5 percent. These tariffs by themselves more than offset the so-called cheap labor advantage of foreign production. An elaborate system of quotas further insulates this industry from competition. The consumers, especially low-income Americans, pay dearly even without the additional costs of this bill. Protection in the form of both tariffs and quotas already adds at least 15 percent to the cost of textile and apparel products. H.R. 1562, in both the House and the Senate versions, wants the consumer to pay substantially more.

The Council of Economic Advisers estimated that the House version of the bill would cost the American consumer about $14 billion at the wholesale level and $28 billion at the retail level. The Senate amendments, with less drastic import cutbacks, carry a somewhat lower price tag of about $17 billion at the retail level. However, any savings from the Senate amendments on the textile side would be partially, if not wholly, offset by the addition of footwear and copper quotas. In my view, any additional cost is too much given the already significant burden the consumers bear for already highly protected industries.

Before concluding, I feel I must address the footwear and copper provisions of the Senate amendments. These extraneous provisions are typical when legislation protecting one industry begins to move forward in the Congress. Naturally, the footwear and copper industries consider themselves no less deserving of import restraints than the textile industry, as long as the American economy and consumers are being billed for protectionism. It is a perfect example of how protectionism escalates, and the danger such actions pose for our country's economic welfare.

Under the Senate amendments, imports of footwear would be limited to 60 percent of domestic consumption for 8 years. This level of protectionism was rejected by the International Trade Commission [ITC] in the recent section 201 cases. The ITC recommended a range of quotas amounting to about a 40-percent cutback over a 5-year period with 18-percent cuts in imports for the first 2 years and increasing access provided from the third through the fifth year. The President decided in August that shoe import quotas would not be in our national economic interest, would not likely help domestic shoe producers, and would jeopardize many U.S. exports, especially in agriculture.

The Senate amendments are especially egregious because they attempt to guarantee a 40-percent market share for U.S. producers removed from any foreign competition. It is questionable, especially in the early years of the proposed Senate regime, for U.S. firms to meet production levels amounting to 40 percent of overall consumption. Thus, consumption figures would drop sharply and the allowable levels of imports would ratchet down progressively until the lowest level is reached in 1989. Imports would remain at that level through the end of the program in 1993.

Such relief, in the form of a guaranteed market share for domestic producers and progressively tighter quotas, is diametrically opposed to the principle of temporary relief to allow adjustment to import competition. The footwear industry previously was awarded 4 years of relief to adjust to rising imports. The industry has modernized and complemented high-quality domestic production with lower priced import styles. However, the industry seems to want Congress to guarantee their past levels of profits and employment. This has never been the goal of our trade laws and, since Smoot-Hawley was reversed, of our trade policy.

Again, consumers would pay a higher price for both imported and domestically produced footwear. The shoe quotas under this bill are expected to cost the American public $2.3 billion annually as import prices rise by about 12 percent and domestic prices follow. This amounts to a cost of about $70,000 for each job saved or created in the domestic footwear industry. The average annual salary paid to workers in this industry is $14,000. A scarcity of affordable shoes would be created, with the burden of higher prices falling heaviest on low income consumers.

In addition, the U.S. footwear retailing industry employs about 325,000 people; about twice those in the shoe manufacturing sector. It was estimated that about 7,000 retailing jobs would be lost if the ITC recommendation were implemented; countless more could become unemployed under the more restrictive Senate amendments. In the face of huge consumer costs and lost retail jobs, import restrictions are unnecessary as protection for an industry that is basically healthy.

Shoe manufacturing profits from 1980 through 1983 were substantially higher than the average of all U.S. manufacturing. Although still respectable, profits fell somewhat in 1984 as all segments of the shoe industry, including imports, weathered a sharp decline in consumer spending on shoes in the second half of 1984. Profits in 1984 were still within 1 percentage point of the national average for manufacturing. The domestic industry has continued to adjust to import competition by closing obsolete or inefficient plants, expanding technological investment, and producing fewer but higher valued shoes. This is not an industry on the brink of disaster but is becoming more modernized, more automated, and more capital intensive.

The copper industry can find even less justification for protection. The Senate amendments require that restraint levels be negotiated with all copper-producing countries in an effort to insulate a very inefficient industry for years to come. Ore now mined in the United States is of very low grade and will be progressively more costly to mine. Also, the industry is not known for its efficient management or for technologically advanced extraction or production methods. I'm sure there are many industries that could qualify for protection on the same basis as the copper industry, if we want to discard the free enterprise system.

Mr. Speaker, I have focused on the bill's pervasive discrimination. However, this legislation, in either version, also violates our international commitments under GATT and under the Multi-Fiber Arrangement [MFA]. These obligations require us to pay compensation if we act unilaterally to restrict imports, or be subject to retaliation. Furthermore, this bill would undermine our efforts to negotiate an effective renewal of MFA when it expires next June. Perhaps that is what the proponents hope will happen, preferring the assured protection of unilateral quotas. I believe they are taking a gamble that may make us all losers.

The American economy cannot magically become stronger and healthier if we enact bad policy as embodied in this legislation or if we continue to procrastinate on the fiscal deficit. The piper has to be paid, so we might as well make the hard choices today and every day to come.

Mr. Speaker, I urge my colleagues to vote "no" on the Senate amendments to H.R. 1562.

Mr. GIBBONS. Mr. Speaker, I yield such time as he may consume to the gentleman from North Carolina [Mr. VALENTINE].

Mr. VALENTINE. Mr. Speaker, I rise in strong support of this legislation. This is a vital piece of legislation that will help us do what is necessary to protect the jobs of millions of hard-working Americans.

Without this legislation, we stand to lose up to 1 million job opportunities. We have already lost 200,000 textile jobs since 1980. The reason for this loss is unfair foreign competition.

I realize that there is already legislation on the books to deal with this problem. But that legislation has not stood the test of time. Since it was passed, textile imports have risen by no less than 9 percent annually.

We are all aware of our Nation's giant international trade deficit. In textiles and apparels, we have a deficit that makes up no less than one-seventh of our total trade deficit. This deficit is robbing us of jobs, jeopardizing the livelihood of the 2 million textile workers in America.

In some nations competing with ours, textile workers are paid as little as 20 cents an hour. This shameful fact forces our workers into an utterly demeaning battle against foreign imports. We cannot win that fight without legislation to reform international textile trade.

This bill deals fairly with the world's textile exporters. It deals with them by category, treating them according to the level of their exports to the United States. Only the truly major producers will see their immediate sales fall in our country—and even they will be allowed to increase their sales at regulated rates in the year to come.

The bill excludes the nations that represent no unfair threat to our markets—including Canada and the nations of the European Common Market. It excludes textile products that present no unfair danger to our domestic producers.

We are all opposed to unfair, protectionist legislation. This bill avoids the dangers of protectionist fervor. It deals responsibly with a problem that may cause nearly irreparable harm to American workers. I urge my colleagues to pass this vital and timely bill.

Mr. GIBBONS. Mr. Speaker, I yield such time as he may consume to the gentleman from the Virgin Islands [Mr. DE LUGO].

Mr. DE LUGO. Mr. Speaker, I would just like to set the record straight with regard to provisions in this bill affecting the U.S. insular areas. When H.R. 1562 was considered over in the other body, one of the speakers referred to an agreement on these provisions which had been reached with myself and other territorial Representatives. While I will not presume to speak for the other delegates, I know for a fact that not only did I not agree to the amendments made in the Senate, I was never consulted on their content. What I did do was attempt to enter a dialog with the American Textile Manufacturers Association on a possible compromise on the original proposal. This never amounted to any definitive discussion of provisions for the U.S. insular areas. I did not see the provisions referred to, and certainly did not agree to them.

While I am aware that, particularly under a closed rule, there is no opportunity to affect the amendments made in the other body regarding the U.S. insular areas, I do consider it important to clarify my position on the matter.

Mr. GIBBONS. Mr. Speaker, could I ascertain how much time remains on this side?

The SPEAKER pro tempore. The gentleman from Florida [Mr. GIBBONS] has 17 minutes remaining and the gentleman from Illinois [Mr. CRANE] has 22 minutes remaining.

Mr. GIBBONS. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. DONNELLY].

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Mr. DONNELLY. Mr. Speaker, I rise in support of the motion to agree to the Senate amendments to H.R. 1562.

This legislation will provide much-needed import relief to three industries: Textiles, footwear, and copper. I am particularly pleased that the Senate amendments provide the opportunity to afford relief to the domestic nonrubber footwear industry. The footwear industry has sought relief under existing administrative procedures, but the President denied their petition despite overwhelming evidence that relief was warranted. They have now turned to Congress for assistance and today we have the opportunity to provide it.

The domestic footwear industry has been seriously injured by imports. Imported shoes now constitute 77 percent of the U.S. footwear market, and the domestic industry has declined dramatically in the face of this import avalanche. Domestic production dropped from a peak of 642 million pairs in 1968 to 229 million pairs in 1984, the lowest level since the Depression; 105 shoe factories closed in 1984, and 13,000 workers lost their jobs. Since 1980, 38,000 American shoe workers have lost their jobs.

Earlier this year, seeking relief under the mechanisms of U.S. trade law, the footwear industry filed a petition with the International Trade Commission. On the basis of the overwhelming evidence presented to them, the commissioners found that the domestic footwear industry had suffered substantial injury due to imports, and recommended specific relief. Astonishingly, President Reagan refused to implement the ITC recommendations. Today is our opportunity to ratify the ITC decision, and ensure that our trade laws work for industries that have been injured by imports.

The Senate amendments to H.R. 1562 provide the shoe industry effective, temporary relief consistent with GATT, and it strikes a fair balance between the shoe industry and consumers. During the 8-year period in which imports are restricted, the industry will have the opportunity to implement its plan to reduce costs and improve productivity to become fully competitive with imports. Low-income consumers will be protected by the provision that the lowest priced imports be frozen at their 1984 level, an all-time high of 15.4 percent of the domestic market.

The domestic footwear industry employs 200,000 people in 38 States, primarily in small, rural locations where other jobs are simply not available. We have the opportunity today to send President Reagan the message that we support them, as well as textile and copper workers, in their efforts to compete with foreign imports. I urge my colleagues to support the Senate amendments, and send the President a strong message indeed.

Mr. CRANE. Mr. Speaker, I yield such time as he may consume to the gentleman from Arizona [Mr. KOLBE].

Mr. KOLBE. Mr. Speaker, I rise in support of the copper provisions in this bill. Mr. Speaker, as cochairman of the congressional copper caucus, and the Representative from the largest copper producing district in the United States, I am deeply distressed by the continual deterioration of the U.S. copper industry and the trade problems facing this vital and strategic metal.

The statistics speak for themselves and I will only summarize. The world copper price has fallen from an average of $1.06 per pound in 1980 to 65 cents in 1984. As a result, 18 of the 25 major U.S. copper mines are closed down. Five years ago we produced in Arizona nearly one-fourth of the world's copper. Today, we produce less than one-sixth. Copper prices in 1984 fell to the lowest real dollar level in this century. Our Nation's three largest copper producers together lost almost $1 billion last year.

Thousands of men and women have lost their jobs, and in the process many have been displaced from trades learned over a lifetime. Employment in the industry has dropped from 44,000 workers in 1979 to less than half that amount today.

Simply put, our national copper industry is in serious danger of collapse from the chronic problem of international trade policies.

Copper is more than just an industry that provides jobs or the raw material for cooking kettles. Copper is essential to the national security of the Nation. No ship can go to sea, no plane can fly, and no tank can cross a battlefield without copper. Other than Canada, if we have no copper industry of our own, we must rely on sources that are politically unreliable or at the end of a long supply line—the Philippines, Peru, Chile, Zaire, and Zambia. Once closed irrevocably, our own mines cannot easily resume production—not without months of preparation and a capital investment that no private company will readily undertake.

Meanwhile, foreign copper producers do not practice principles of free and fair trade. They overproduce, they glut the market, they mine and smelt copper with total disregard for the environment, and they undercut U.S. prices. They produce at a loss in order to generate desperately needed dollars to pay their debts and buy goods they need to keep a restless population at bay. We are naive to believe that without incentives those foreign producers will voluntarily respond to free market forces which would bring needed relief to our domestic industry.

Last year the U.S. International Trade Commission made a determination of injury to our copper industry but was divided in its recommendation of action in the form of either imposition of tariffs or quotas on imported copper. The President rejected either course, and as an advocate of fair trade, I respect his concern that such action is an unwarranted intrusion in the marketplace. But then Congress asked the President to consider negotiating with the principal foreign copper-producing countries to conclude voluntary production restraint agreements. The President just 1 month ago rejected this approach.

Now, because of the administration's unwillingness to address a growing trade problem affecting copper, we are voting today on a bill which requires action by the administration. It is not protectionist. It

would not disrupt the marketplace. But, Mr. Speaker, we have repeatedly asked the President to merely seek negotiations for voluntary production restraints. Instead, we have been rebuffed time and again. The time has come for those of us who believe copper deserves attention—not protection, but attention—to cast this vote and send a loud and clear message to the President and foreign copper producers.

Mr. Speaker, I would be less than honest if I said I was truly enamored of this bill. I voted against the textile bill when it was first considered by the House. While marginally better in the Senate version we are considering today, I find the blatantly protectionist features of the bill for textiles and footwear to be offensive. I have not, and will not, support similar protectionist measures for copper.

But as chairman of the copper caucus, I believe the time has come to send a message to the President. And that message is clear: "Mr. President, is it asking too much of our Government to sit down with foreign copper-producing governments to see what can be done to restore worldwide balance in the copper market and to return it to the free-market principles?" That, Mr. Speaker, is all we ask in this bill.

Mr. CRANE. Mr. Speaker, I yield 4 minutes to my distinguished colleague, the gentleman from Pennsylvania [Mr. SCHULZE].

Mr. SCHULZE. I thank the gentleman for yelding this time to me.

Mr. Speaker, I rise in support of the Textile and Apparel Trade Enforcement Act of 1985.

By passing this bill we demonstrate that the United States will take charge of its own economic destiny by confronting those trading partners which abuse agreed-upon rules of open and fair trade. When we negotiate trade agreements, whether they concern textiles, steel, or any other product, we do so in good faith and expect our trading partners to abide by them also. Yet, more often than not, our trading partners violate the spirit and intent of these agreements. They do this not only through circumvention tactics, but also by abusing the flexibility inherent in these agreements to flood our markets with their goods.

Widespread, bipartisan support for this measure will send a strong message to our trading partners. And the message is that countries which rely on our markets for their major export items must lower the high tariffs and the myriad of nontariff barriers which now prevent many of our competitively produced goods and services from entering their markets. The message is also that these countries must halt their practices of dumping and subsidizing the production of goods exported to the United States.

The Governments of South Korea, Taiwan, Brazil, India, and many others have been extremely vocal about the harm the provisions of this bill will inflict on their economies. But, I say to South Korea, "Break down your barriers to our banking, advertising and insurance services. Live up to the terms of the steel agreement between our two countries, adhere to fair and standard practices of protecting intellectual property rights, stop dumping steel products onto our markets and stop counterfeiting. Practice what you preach on textile and apparel trade in other areas of trade between our two countries. We are looking for results—visible results from your actions."

I applaud Taiwan for its recent decision to open its markets to United States exports of cigarettes, beer, and wine by allowing them to be sold in all Taiwanese retail outlets and by guaranteeing that these goods will not be marked up unfairly. These steps are heading in the right direction and I strongly encourage Taiwan to continue in this direction. But Taiwan needs to significantly lower its high tariff rates of 50–75 percent, to remove import bans on certain chemical and meat products and continue to introduce market-opening measures.

I urge, in the strongest terms possible, the countries of Brazil, India, Argentina, Egypt, and Yugoslavia to stop obstructing the objectives of the United States to proceed with a new round of trade talks, which would include services. While GATT is not functioning as well as it should, these countries are undermining it still further. I want these and other countries to know that refusing to negotiate standards and rules of trade in services simply will not be tolerated by the United States. And that is one of the messages of this bill which we will pass today.

Service industries remain one of the most protected sectors in many, if not all, of the textile-producing nations. This must change. According to the Bureau of Labor Statistics, in 1980, 65 percent of Americans were employed in service industries. In 1984, this percentage grew to 73 percent. More important, over the next 10 years, 9 out of 10 jobs created are predicted to be in the service sector. Clearly, our ability to export services is going to be vital to the overall health of our economy.

Countries like Japan, which expect to maintain a sizable share of the United States market for their automobiles and fabric must, in return, open their markets to United States banks and insurance companies. Other countries must do the same.

If the United States does not have the opportunity to increase exports of the goods and services we produce most competitively, then we cannot continue to absorb the growing number of textile and apparel products exported to this country. It is because other nations refuse to lower substantially their tariff and nontariff barriers, trade unfairly, and take advantage of agreed upon rules of trade that, Mr. Speaker, I urge the support of this measure.

Mr. GIBBONS. Mr. Speaker, I yield 2 minutes to the gentleman from Arizona [Mr. UDALL].

Mr. UDALL. Mr. Speaker, I come to the well today to support the Senate amendments to H.R. 1562, the Textile and Apparel Trade Enforcement Act of 1985, and I urge my colleagues to do likewise.

Earlier this year, I introduced legislation, H.R. 1520, requiring the President to enter into negotiations with the major foreign copper producers with the aim of limiting their production to 1983 levels. If such negotiations proved unsuccessful, the bill provided for a surcharge of 15 cents a pound on all imported copper.

That bill—which was approved by the House Interior Committee—addresses a very serious problem: The overproduction of copper by foreign producers.

Forty percent of the free world's copper production is today government owned and financed. And, as we have discovered, government producers do not respond to the normal laws of supply and demand.

World copper prices declined sharply in 1981 and 1982, but the government-owned copper companies did not cut production, they expanded production. And their expansion was assisted by low-interest loans from international lending institutions, like the World Bank. In addition, these same companies have operated and expanded without the type of environmental regulation and controls that we have in this country.

The results have been dramatic. Last year, copper prices—measured in real dollars—fell to the lowest levels in this century. Our domestic industry has been devastated. During the past 4 years, 18 major mines have closed down. Many will never reopen. Domestic production has fallen by more than 25 percent. Employment in the mining industry has dropped by 50 percent. And the major copper producers last year reported losses of nearly $1 billion.

The copper industry last year filed for relief under section 201 of the Trade Act. The International Trade Commission—by unanimous vote—determined that the domestic copper industry has been injured by imports. And to respond to that unjury, the Commission recommended that the President grant relief in the form of either tariffs or quotas. The President did neither.

Following the announcement of the President's decision, Congress request-

ed that the President consider entering into negotiations with the major foreign copper producers with the aim of limiting their production over the next 3 to 5 years. A few weeks ago, we received the President's answer. And, again, the answer was no.

But in doing so, the President ignored some of the key findings of his own interagency task force. Let me quote from those finding:

"The evolution of the world copper market over the past few years has seriously injured the U.S. copper industry."

"A further shrinkage of U.S. production is likely."

"U.S. production costs * * * on average, compare favorably with the cost of [many] major producers."

The "market behavior of some government owned or controlled enterprises appears to be significantly different from that of private sector firms and to result in the maintenance of higher levels of production when prices are low."

"Copper is classified as a strategic and critical commodity vital to national defense * * *. [More] shutdowns could make the U.S. more dependent on imports from outside North America."

Again let me emphasize, those are not my findings. They are administration findings.

As my old law professors used to say: their "wherefores" and "whereases" don't add up to their "now, therefores."

The amendment, which was offered by Senator DOMENICI and adopted in the Senate, directs the President—acting through the United States Trade Representative—to enter into negotiations with all major (Chile, Zambia, Zaire, Peru, and Canada) and significant (Australia, Mexico, the Philippines, and South Africa) copper producers.

The goal of these negotiations would be an agreement whereby the major foreign producers would agree to limit their production over the next 5 years to the 1982 level. "Significant" foreign producers would be asked to limit their aggregate production to 1984 levels.

The amendment sets up a 9-month negotiating period and requires the President to make progress reports to Congress at 3-month intervals.

This amendment does not go as far as I would like. But it is a necessary first step.

Let me emphasize several points:

The Senate amendment on copper does not impose any tariff or quotas.

The amendment merely requires the administration to negotiate.

This matter has already been reviewed by the House Interior Committee.

The Subcommittee on Mining held hearings on this subject in Washington, Phoenix, and Salt Lake City.

The International Trade Commission has recommended even stronger action.

The President's own interagency task force reported that our domestic copper industry is threatened by excess foreign copper production.

Copper is a critical and strategic material that is vital to our Nations's defense.

The Senate amendment on copper is a moderate response to a serious problem. I urge the adoption of the Senate amendments.

Mr. RAHALL, Mr. Speaker, I rise in support of H.R. 1562, legislation providing much needed relief for important U.S. industries. I support the provisions for textiles and shoes, and, as chairman of the Committee on Interior and Insular Affairs' Subcommittee on Mining and Natural Resources, know first hand the plight of the domestic copper industry.

The price of copper has fallen from $1.01 in 1980 to $0.65 in 1984. Of the 28 major mines, 16 are closed. Employment in the U.S. copper industry has been halved since 1979.

In the face of falling prices, major foreign producers have increased production. They are able to do this, despite the drastic cut in price, because of subsidies received from their governments and from the international lending institutions.

Under the leadership of the distinguished chairman of the Committee on Interior and Insular Affairs, MO UDALL, my subcommittee held a series of hearings on legislation introduced by Chairman UDALL to address this problem. In June, the subcommittee went to Phoenix, AZ, and Salt Lake City, UT, to see first hand the havoc wreaked on the industry by unfair competition. Outside of Salt Lake City, Kennecott's Bingham Pit, formerly the largest open copper pit in the world, lay idle. Labor, industry, and local leaders presented testimony on the need for this legislation.

The copper provisions of H.R. 1562 deal with this problem. They do not mandate tariffs or quotas. The legislation simply directs the President to seek voluntary production restraint agreements with major and significant copper-producing countries. There is also a strong oversight provision, requiring a report to Congress every 3 months as to the status of the negotiations.

The copper industry of this country provides another excellent example of an industry decimated by unchecked, unfair competition. I strongly urge passage of this important legislation to send a message to the world that free trade must be fair trade.

Mr. CRANE. Mr. Speaker, I yield 3 minutes to my distinguished colleague, the gentleman from South Carolina [Mr. CAMPBELL], a member of the Trade Subcommittee.

Mr. CAMPBELL. Mr. Speaker, I rise in support of immediate consideration and passage of H.R. 1562, as amended by the Senate. In terms of the textile and apparel section, this is somewhat similar to the bill that the House passed, although not nearly as broad. Of course, the Senate added shoes and copper.

There are others who can speak to shoes and copper, and have done so very well, but the legislation before us today concedes about 40 percent of the domestic market to imported textiles and apparel. It does set some restrictions on Hong Kong, Taiwan, and Korea, the big three. It gives them the level of imports they should have attained had our international agreements been stringently enforced. But, unfortunately, they were not. Textile and apparel imports from other major exporting nations would be frozen at 1984 levels.

The bill also allows a growth rate of 1 percent for major exporters, and it treats smaller exporters much more generously, allowing a 15-percent increase in 1985 over 1984 for all but the most sensitive categories, and a 6-percent growth rate thereafter.

Now, as we look at this, I think we should recognize what has happened to us. Mr. Speaker, textile and apparel imports for the first 10 months of this year totaled $17.9 billion. That is nearly an 8-percent increase over the same record period in 1984. And in September they were up 17 percent and in October they were up 18 percent. That scares me even more. In square yardage, as well, they were up. Clearly, any argument by the administration or others that there is a textile apparel trade program that is working is spurious.

The arguments in support of this bill have been made before on October 9, but there are some things that were said today and will be said, I am sure, by others, that need to be addressed specifically. Specifically, they say that we did not deal with the EEC or Canada, why did we not put some quotas on them? We do not have bilateral agreements with the EEC in Canada on textiles and apparel. We only dealt where we have bilaterals. So that argument is not a valid one. They do not restrict us and we do not restrict them. That is what we are arguing for from all the rest of this world: "Do not restrict us, let's trade with you and we will trade openly."

That is the reason you do not find some of these countries in the bill. I think we should look at the ones in the bill. They do restrict us. They block our products, they keep us from trading openly with them. So I think that it is ridiculous for us to pursue the path that we are on.

There is ample evidence, also, that savings from imports are not passed along to consumers. There have been a number of studies that show less than a 3-percent differential in price. Now, that is a valid argument that has been made on this floor. There is an argument that we should have free trade.

We do not have free trade. We have a system of trade in the world in the General Agreements on Tariff and

Trade and the MFA that deals with textiles and apparel, because we recognized it was treated differently. The EEC restricted imports, and they are a member of the MFA. So do not talk about violations of MFA. Nobody did anything to them. So the free trade theory is not a valid argument.

Mr. Speaker, I urge the Members to vote for the passage of this legislation.

What H.R. 1562 seeks to do is insist legislatively on vigorous enforcement of our trade laws; to insist that the needs of American workers and American industry be given the same attention by our own Government as foreign policy implications are; to insist, in short, that the United States not remain the world's international trade "patsy," heeding the siren song of free trade while other nations take the steps necessary to preserve their basic industries. We must have a policy of mutual trade and it must be fair.

Mr. Speaker, this is a responsible piece of legislation that deserves support. The administration has promised again and again to deal with the problem. It has tried, but it has not succeeded. It is time for Congress to step in and reclaim its constitutional authority over this trade issue and tell the executive branch, in no uncertain terms, that we will not condone by inaction the loss of our basic manufacturing base.

Mr. GIBBONS. Mr. Speaker, I yield 2 minutes to the gentleman from Washington [Mr. BONKER].

Mr. BONKER. I thank the distinguished chairman for yielding.

Mr. Speaker, the textile and apparel provisions of the Senate amendment are an improvement over the House-passed version of H.R. 1562, but they are still unacceptable.

I oppose this measure for three reasons:

First, we definitely risk undermining the world trading system by enactment of this bill. H.R. 1562 violates our international obligations under ACT and under GATT and it also violates our agreement with the multifiber arrangement to which we are a signatory Nation.

If we expect others to adhere to international agreements and set higher standards in trade relations, this is a very poor example to be setting.

Second, we risk retaliation from those countries that are possibly affected.

China has demonstrated in the past, as it will in the future, that it will not hesitate to link these restrictions to their purchase of United States goods. And I would remind my colleagues that China has embarked upon a very ambitious program of buying technology. Some $8 billion of United States technology has flowed into the PRC, and much of that would be threatened if they retaliate as a result of this bill being enacted.

Third, I think that we ought to be mindful that the political leadership in both parties in both bodies have really worked toward a bipartisan approach to dealing with our trade problems in bringing down the trade deficit.

Both sides have developed a comprehensive approach known as a generic bill that would help to expand our trade opportunities and ensure free trading practices among all the nations.

□ 1445

Mr. Speaker, I urge my colleagues to oppose H.R. 1562. If this measure is enacted and signed into law, I fear it may be the opening shot in a trade war that no one can win.

Mr. CRANE. Mr. Speaker, I yield 2 minutes to the gentleman from North Carolina [Mr. BROYHILL].

Mr. BROYHILL. I thank the gentleman for yielding me this time.

Mr. Speaker, I rise today in strong support of the Senate-passed version of H.R. 1562, the Textile and Apparel Trade Enforcement Act of 1985. This legislation has been amended by the Senate to reflect several substantive changes which alleviate concerns raised by numerous House and Senate supporters of the bill.

However, these changes do not alter the intention of the bill which is to restore order and fairness to world textile and apparel trade by enforcing the objectives of the Multi-Fiber Arrangement. The MFA seeks to allow lesser developed nations access to the markets of the world's more developed nations. It was never intended to allow underdeveloped nations to take undue advantage of their benefactors. Yet, textile exports to the United States have averaged a 19-percent annual growth rate since 1980—a trend which cannot continue.

The European Community and Japan do not experience our problems. Japan, with its very dense population, has a tough quota arrangement. The European Community reduced its textile imports several years ago and is maintining its global quota approach with much success.

The United States is the world's most open market and our adherence to that principle has helped our economy in many ways. But in the process of espousing open markets, the United States has ignored the fact that while our Nation has accepted its responsibilities as a major trading partner, our trading partners have not.

These countries have failed to recognize that with the benefits of trade also come the duties. They have failed to open their markets, to prosecute intellectual property violations, to stop dumping, and to end targeting and subsidies. In some cases, they have taken steps that encourage counterfeiting, customs fraud, trade agreement violations, and import surges.

We all know the unfortunate effects of these practices—lost jobs, closed plants, a huge and growing trade deficit, and outflow of U.S. investments.

Yet our trade laws and agreements, which are intended to respond to these practices, have been unable to do so. The laws are unclear, the enforcement is often confused, delays are endless, and remedies, if they come at all, are often too little and too late.

Job losses in the American fiber, textile, and apparel industries have topped 300,000 in the past 5 years. Footwear imports have robbed an additional 38,000 Americans of their jobs while copper imports displaced an additional 18,000 Americans. Contrary to some popular beliefs, the majority of these individuals cannot secure other employment. Many of these individuals live in communities where the local manufacturing facility is the only meaningful provider of jobs in the community. When the mill closes down, so does the community.

America is a rich and strong Nation today, but it cannot remain so if the jobs of hardworking American citizens continue to be exported overseas.

The changes in H.R. 1562, as accepted by the Senate, concede an import penetration level of 42 percent of the U.S. market. As you may recall, the House-passed version of the bill conceded 38 percent of our markets. In my opinion, 42 percent is rather generous for a bill which has been labeled "protectionist."

If this legislation is enacted, U.S. Government revenues are expected to increase substantially. American workers, able to keep their jobs, will be paying increased income and sales taxes. Corporations will be paying additional taxes on the increased production in the United States. Government expenditures to hundreds of thousands of textile workers will be reduced as those individuals return to gainful employment and no longer require Government support.

As for the fear expressed by some in this body that other nations will retaliate should the bill be enacted—I feel this argument has been overblown. Our trading partners either need our exports or they do not. Look at the case of China. China has become a formidable exporter of cotton and should be self-sufficient in wheat in a few short years. Why should they buy our cotton and wheat when they have their own supplies?

We cannot allow other nations to bully us into keeping our markets vulnerable. When they accept their responsibilities as major trading partners, when they open their markets to U.S. productions, and when they stop dumping goods in the United States

and targeting U.S. industries, then we can talk about free trade.

Additionally, as for the fears expressed by some of my distinguished colleagues that consumer prices will soar, I wish to reiterate: The complete absence of a viable U.S. textile and apparel industry will be a price-gouging heyday for our international competitors. Witness Japan's overnight imposition of a $1 per yard price hike on velveteen the moment the United States lost its last vestige of a meaningful market in velveteen—to imports of course. Witness the retail community scapegoating the U.S. Customs country of origin ruling for price increases in textiles and apparel that occurred on merchandise received before the rules were announced, much less enacted over a year ago.

I question the cause-and-effect rationale of the consumer price argument. I contend that retailers are benefiting solely through large markups on imported goods. Certainly, the exploited Third World workers are not seeing the profits—certainly, the displaced American workers are not coming out ahead—clearly, the American consumer loses either way.

We accept the fact that it is incumbent upon the United States as a world leader to accept a share of the world textile and apparel trade. However, the United States is currently absorbing an astounding 60 percent of the world's textile and apparel shipments. Using any measure, this is excessive and is harming our competitive and productive American textile industry. Fair is fair.

I urge my colleagues to support this modest and necessary piece of legislation.

Mr. GIBBONS. Mr. Speaker, I yield such time as he may consume to the gentleman from Arkansas [Mr. ALEXANDER].

Mr. ALEXANDER. I thank the gentleman for yielding time to me.

Mr. Speaker, the bill before us today represents an important first step in resolving America's trade problems. The Trade and Apparel Enforcement Act would require the President to comply with existing trade agreements on textiles and to follow the recommendations of the International Trade Commission under section 201 of the Trade Act on the footwear industry. It is straightforward and I support it.

America's industries are buckling under the weight of a $150 billion trade deficit brought about by the extreme overvalue of the dollar. This high dollar, combined with the unfair trading practices of many of our international competitors, are crippling American companies. These problems will continue—and worsen—until Congress provides the leadership that the administration lacks. Today, the greatest obstacle to solving the trade crisis is the lack of Presidential leadership.

The textile and footwear industries are particularly poignant examples of what American businesses and workers are facing and will continue to face until Congress assures that existing trade policies are enforced. As textile imports have mushroomed, U.S. workers have found themselves out of jobs. A direct correlation exists between an increased market share for foreign imports and a decreased number of American jobs. The number of U.S. workers in the textile and apparel industry shrank by 18 percent from 1978 to 1984, from 2.23 million to 1.87 million, due to foreign takeover of the U.S. textile market.

The same crisis is occurring at this very moment in the footwear industry. Imports account for 70 percent of the domestic footwear market. This import influx meant that in 1984 alone, 105 American footwear factories closed down and 14,500 Americans lost their jobs.

Last year, in my hometown of Osceola, AR, two textile manufacturing firms closed down because they could no longer compete with cheap subsidized foreign imports; 1,000 of my fellow townsmen lost their jobs, not because they were inefficient, but because our trade deficit subsidizes imports.

Laws already exist to assist workers who face unfair competition from imports. However, the President has chosen to disregard these laws. He is totally oblivious to the pleas of American workers who simply want their President to implement existing treaties and follow the recommendations of his agencies.

The Multi-Fiber Agreement negotiated among major textile producing nations contains provisions which call for, and I quote, "The orderly and equitable development of trade to avoid disruptive effects in individual markets."

The ITC recommended that the President impose global quotas on footwear imports. The quotas they recommended would have limited import penetration to approximately 60 percent which is the same amount included in this legislation. In light of the President's inaction on ITC recommendations for the footwear industry and his noncompliance with the terms of the Multi-Fiber Agreement, I believe that Congress has the responsibility to assure workers their rights.

The United States needs to preserve a strong economic base and keep American jobs if we are to have a healthy economy and contribute to worldwide economic growth.

We must stop the erosion of our Nation's economic foundations. The U.S. external debt is expected to reach $1 trillion by 1990. That's another trillion dollar milestone for this administration. More jobs will be lost and more businesses will be boarded up and factory gates locked shut as a result of debilitating foreign competition.

The American people know about the crippling effect of the trade deficit. In a recent poll, 60 percent of Americans called the trade deficit a very serious national problem. Isn't it time that the administration heed the wisdom of the American people and recognize the devastating impact of the trade deficit?

Instead, the administration's trade policy means a free ride into our markets for imports, while American industry and workers pay the costs both here and abroad in terms of lost jobs and lost markets. Americans are deeply concerned about our ability to compete fairly, not only abroad but also at home.

We are willing to keep our markets open to foreign competition, but we have a responsibility to nurture the vitality of our industries and the share they have of the American market for their products. However, we must make clear that our bottom line is that while we want foreign competition; we want it on a fair basis. Companies and workers recognize their responsibility to remain competitive. The footwear industry has promised that it will reduce the gap between U.S. wholesale footwear prices and foreign prices, leading to lower prices for consumers and more jobs. But the American competitive edge is blunted when our international competitors close their markets to our goods and services.

The American people demand strong leadership for fair trade. We are here today to provide that leadership and assure that American businesses and workers get a fair break at home and abroad. Fair trade can only be achieved if we have a level playing field where everyone competes equally.

Mr. GIBBONS. Mr. Speaker, I yield such time as he may consume to the gentleman from New York [Mr. SCHEUER].

Mr. SCHEUER. I thank the gentleman for yielding to me.

Mr. Speaker, I rise in reluctant support of this bill.

Mr. Speaker, I reluctantly join a majority of my colleagues today in voting for the Textile and Apparel Trade Enforcement Act of 1985.

Today's vote will not be recognized in the annals of congressional history as a noble moment. I still have serious reservations about my vote and the decision by the House Representatives to turn away from the free trade policies which in other times have served our Nation well. We all realize the devastating snowball effect of the Smoot-Hawley Tariff Act of 1930, which triggered a worldwide depression.

But I am a realist and I am convinced that we have to send a strong message to Japan and our other trading partners that the United States favors fair trade, but that fair trade is a two-way street.

We can no longer tolerate the protectionism being practiced by many of our trading partners. I hope this vote will place those nations on record that they must dismantle the maze of barriers, tariff and nontariff alike, they have erected to thwart the sale of American products within their borders.

If the Japanese and our other major trading partners want to sell their tex-

tiles, telecommunications, computer products, and scores of other other goods as our laws allow, in all fairness they should provide similar access for American products to their markets. As we all know, this is not the case today.

Anyone who visits Tokyo will soon notice the absence of American cars on that city's streets. Certainly one can buy an American car in Tokyo, but few can afford it because of the tremendous increase in cost resulting from outrageously burdensome import regulations. In the United States, we accept the Japanese auto manufacturers' self-certification that their cars comply with United States safety and air pollution standards. However, in Japan, each and every American-made car is subjected to a lengthy and costly inspection.

Other examples abound. Our bilateral trade deficit with Japan stood at $10.4 billion in 1980. Last year, our trade deficit with Japan was $36 billion, and it is expected to reach $50 billion this year. Clearly, a major cause of this deficit is protectionism practiced by Japan.

In effect, we as a nation are expressing a national consensus through this legislation that each of our trading partners must cooperate with us in seizing the nettle and taking the necessary steps to reduce these trade imbalances. We have been negotiating with the Japanese for years in a frustrating attempt to remove barriers for a myriad number of our goods with precious little success. We need to see progress, we need to see results and we need to see the light at the end of the tunnel. Only the Japanese and our other trading partners know how to dismantle their respective barriers to American products. They built them up and they can knock them down.

The best way to reduce our trade deficit and improve the worldwide economy would be a relaxation of import restrictions and a reduction of tariffs across the globe. Many American products are quality products that compare favorably with products manufactured anywhere. Some of our products that are not competitive must be upgraded and I am confident that they will improve and that they would be competitive in a free trade environment.

Unfortunately, such an ideal world trade environment does not exist.

For the time being, we must make it clear that we're not going to take it on the chin any more. For this reason, I will cast my vote reluctantly for H.R. 1562. I hope it will be the last time I must vote for such a measure. None of us favor protectionism, but we realize it's high time we insist that other nations begin to trade fairly with the United States.

Mr. GIBBONS. Mr. Speaker, I yield 2 minutes to the gentleman from South Carolina [Mr. SPRATT].

Mr. SPRATT. I thank the gentleman for yielding me this time.

Mr. Speaker, I rise in strong support of H.R. 1562. Opponents say this bill is protectionist but that only begs the question. What is it the bill protects? It protects over 2 million men and women, textile and apparel workers, nearly half of whom, rather a third of whom are minorities, mostly black, constituting 1 in 8 of all manufacturing workers in this country.

Data Resources Inc. has drawn a picture of the future they face if we do nothing; if we allow the textile apparel imports to continue increasing at this rate of 19.8 percent that Mr. BROYHILL has just laid out, as they have for the last 5 years. DRI has concluded that if this rate of import growth continues for the next 5 to 10 years, then half of these textile apparel jobs will disappear and another 900,000 jobs in the industries that supply and support the textile and apparel industry will also be lost.

Just today I sent to the White House a package of letters from textile workers in my district and I read those letters before I sent them. Do you know what they say? They do not ask for protection for enormous wages or for fat fringe benefit packages; all they ask for is the right in their own way in our society. That is what we are seeking to protect in this bill, and I do not think we need to make any apology for it.

Now opponents tell us that if this bill is adopted the retail price of clothing is going to go up and it will go up steeply. But this is pure speculation. I have heard this argument in the previous debate. The number started at $8 billion price inflation; by the time the debate was over, someone was saying $28 billion. Nobody has offered any proof, any models to support this. These are the facts.

There are 15,000 firms in the basic apparel industry; 5,000 firms in the basic textile industry. Not one of them has more than 5 percent of the market. During the 1970's, a period of rampant inflation in this country, price inflation in the textile apparel industry was half that. Half that to the rest of American industry. That is why this argument about price inflation is not just absurd, it is comical. It will not happen because there is vigorous competition built into the domestic industry, and there will remain vigorous competition with imports, because even after this bill they will have 40 to 50 percent of the apparel market and 15 to 20 percent of the basic textile market.

Mr. CRANE. Mr. Speaker, will the Chair please tell me how much time I have remaining.

The SPEAKER pro tempore. The gentleman from Illinois [Mr. CRANE] has 13 minutes remaining and the gentleman from Florida [Mr. GIBBONS] has 9 minutes remaining.

Mr. CRANE. I thank the Chair.

Mr. Speaker, I yield 3 minutes to the distinguished gentlewoman from Maine [Ms. SNOWE].

Ms. SNOWE. I thank the gentleman for yielding me this time.

Mr. Speaker, I represent the largest shoe producing district in the Nation. I have thus risen before the House many times to speak about the problems of America's footwear industry.

But today, Mr. Speaker, today really is the last day to speak on behalf of the shoe industry. We will leave here today having voted either to give the industry a fighting chance to compete once again or we will have voted to endorse the death of a basic industry.

The shoe industry has not arrived at this crisis point by mere chance. A combination of the policies of other nations and neglect by ours has pushed the American shoe industry toward extinction.

For these reasons, I would suggest that Members look first and foremost at the fact that the United States, with the lone exception of Hong Kong, is the only open market for shoes in the world. No other nation in the world opens its borders as wide for as many imports as does the United States.

Taiwan, for example, has footwear tariffs higher than any other major shoe-producing nation—upward of 40 percent. Brazil doesn't allow any shoe imports. Japan only allows in 1 million pairs annually.

The United States, by enormous contrast, allows in a million pairs every 12 hours, making an annual total of over 750 million shoes.

And, because we are such an open market, low wage countries—countries like Brazil, Taiwan, and Korea target almost two-thirds of their production for export to the United States.

It is small wonder, then, that the amount of shoes entering this Nation has increased by 25 percent each year for the past 4 years. This chart shows exactly what has happened since the limited Orderly Marketing Agreements on shoes expired in 1981. Imports are soaring, while domestic production gradually erodes.

It is small wonder as well that the Nation with the only significant open market for shoes is experiencing enormous economic and human dislocation in its footwear industry. More than 23 factories have closed down in the brief 3 months since President Reagan rejected the industry's relief petition. In my own State of Maine, over 4,000 shoeworkers have lost their jobs and over 30 shoe companies have had to shut down in the last year alone.

So, in the face of such overwhelming odds, what did the shoe industry do? They did exactly what they were supposed to do: they sought relief under the trade laws of the United States; laws designed to address extreme surges in imports; laws which are perfectly legitimate and routinely invoked by other countries under the GATT.

After a year's effort, it seemed as if this process had worked. This past July, a near unanimous decision by the International Trade Commission proposed to limit imports of shoes to 60 percent of the domestic market.

But, at this crucial point, with relief in sight, the process failed, and it is this breakdown that I want you to focus on.

Having gone through the process, and having had its position upheld by the ITC, the shoe industry suddenly found itself denounced as being protectionist.

For having gone through the process, they were accused of stifling supposedly free and open trade.

Despite having followed the prescribed route, the shoe industry saw its relief petition rejected outright by the President.

Now, if this relief process could not work for the footwear industry, which is experiencing 80 percent import penetration, who could it possibly be intended for?

Well, I have here in hand the Republican trade reform plan, the Democratic trade reform plan, even the package from the other body. At the heart of each one is a proposal to cutback the President's discretion on trade relief once the ITC has recommended positive action. Under these packages, the shoe industry would easily have won relief.

These reform proposals are designed to put some teeth into our trade laws—and that is precisely what this vote is all about today. This vote shows, as the reform packages urge, that we are intent on restoring an effective enforcement mechanism to American trade laws. You don't have to wait for a chance to strengthen trade relief in the U.S. trade laws, you can do it on this vote.

But if you are not willing to support the footwear industry now, I would suggest that future pronouncements on trade reform will ring hollow. There will be no point to reform, since a nay vote today will show that the Congress will say anything, but do nothing, on trade issues.

We must show today that if other countries restrict imports, and target our country for dumping of their goods, then we will in fact take the action permitted under our own trade laws and under the GATT.

There can be no substitute for action today. This is the day to begin reform of our trade policies. This is our opportunity to return a measure of enforcement and basic fairness to our trade laws.

I therefore urge my colleagues to support this measure today. Give American shoe workers and manufacturers and workers a fighting chance to survive.

□ 1455

Mr. CRANE. Mr. Speaker, I yield 2 minutes to our other distinguished colleague from Maine, the gentleman from the great State of Maine [Mr. McKERNAN].

Mr. McKERNAN. Mr. Speaker, looking at this chart reminds me of the line on the tombstone which read, "I told you I was sick." If we do not do something to try to help the shoe industry, the shoe industry in this country is also going to be dead.

We have spoken on this issue of textiles in the past by a significant vote. The issue here today is on the question of the Senate amendments and whether we are going to give the same kind of relief to other industries that are in dire straits.

If we believe in our trade laws, if we believe that we ought to be giving relief from rising imports, then we should be for this particular legislation.

The International Trade Commission unanimously, after researching the subject, recommended that relief be given to this industry. Why? Because they saw the way imports were swamping our market, going from 50 percent in 1981 to almost 80 percent of our market today. The ITC knew that we needed time for the industry to modernize and we needed time to open up new markets so in fact, we could compete under a free-trade rubric.

We have heard a lot about the imports, and we have heard a lot about the fact that we have almost 80-percent penetration. But look at the numbers. That is 750 million pairs of shoes every year that come into this country. How many do we export? We export 9 million pairs of shoes every year.

We need time to open up new markets. We need time to enforce our trade laws and give this industry some time so it will be able to compete.

Many of us in this House have said that we need to enforce our trade laws and we need more administrative remedies and not leave these decisions to the political whims of a particular time.

There are 129 cosponsors of the Republican measure to do this, and there are over 100 cosponsors of the Democratic alternative which also says we ought to do more to take trade relief out of politics.

Mr. Speaker, I ask the Members to please support our trade laws and please support giving some relief to men and women in this country who are adversely affected by imports. I ask the Members to support this legislation.

Mr. GIBBONS. Mr. Speaker, I yield 2 minutes to the gentleman from Alabama [Mr. NICHOLS].

Mr. NICHOLS. Mr. Speaker, today, this body will act for a final time on the Textile and Apparel Trade Enforcement Act of 1985 before it goes to the President for his signature or veto.

The case for the necessity of this bill has been clearly presented during previous debates. The issue is really quite simple. Do we want to keep hundreds of thousands of jobs in the textile-apparel industry in America, or do we wish to see these jobs continue to be exported to the countries of Southeast Asia?

The second issue in the debate over the textile bill addresses the very strength of our Nation itself. During the past few decades we have seen America's industrial base continue to shrink due to the loss of important industries such as steel, shoes, electronics, and the list goes on and on. The textile-apparel industry is the largest sector of our industrial base left, and if the legislation before us does not become law, it is only a matter of time before we lose this industry also. Is this what we really want?

Mr. Speaker, I would like to add a few comments from several leading textile executives from my congressional district who have worked very closely with me, and other Members of Congress, in shaping the bill before us today.

From my hometown of Sylacauga, AL, a 53-year veteran of the textile industry Donald Comer of Avondale Mills says, "there is no way this Nation can prosper or maintain our independence, if we continue to allow the unfair liquidation of our manufacturing facilities that are necessary to our way of life."

"If the President vetos this bill, then he has effectively taken away the incentive for the domestic textile and apparel industry to reinvest in their companies. If the Government is not willing to support industry, then it is hard to justify re-investment, because there is no confidence that our Government is willing to rectify a situation that is already out of control," says Gene Qwaltney, chariman and CEO for Russell Corp. in Alexander City, AL.

Mr. J.L. Lanier, Jr. of Westpoint Pepperell in Lanett, AL, presented to President Reagan a petition signed by more than 17,000 employees and more than 10,000 personal letters from employees asking the President to support the textile bill and save their jobs. Mr. Lanier would later say, "If we don't get this legislation, then I see only three alternatives. Some few specialty companies will survive, the majority will go under, and a few compa-

nies that are large, diversified, and able will move their main manufacturing base offshore. The effect this will have on some 2 million textile and apparel employees is too high an economic cost for this country to pay, in my judgment."

Mr. Speaker, these three men know the textile business. Along with the hundreds of thousands of other employees in the textile/apparel industry they see on a daily first-hand basis the devastation that is occurring due to unregulated cheap foreign imports. For the sake of these jobs and the preservation of our Nation's economic base, I trust that this house will do all it can to preserve this American way of life and pass the Textile/Apparel Trade Enforcement Act of 1985.

Mr. CRANE. Mr. Speaker, I yield 1 minute to the gentleman from North Carolina [Mr. COBLE].

Mr. COBLE. Mr. Speaker, the opponents of this bill consistently cry out, "protectionism." They conversely consistently sing the praises of free trade. The submission of free trade as a defense in support of opposition to this bill is groundless. It is no defense, and it has, therefore, no teeth in its jaw nor muscle in its arm, for free trade is not practiced in the arena of international trade today. Free trade exists only in theory in economic textbooks.

Retaliation is another defense the opponents rely upon. It, too, in my opinion, is without substance. Those who purchase our grain do not do so as a reward to us for having bought their shoes and sweaters. They buy our grain because they need our grain, and they will continue these purchases so long as their needs persist.

Call this measure by any name, Mr. Speaker, but you must include among those names domestic jobs. We are, through this legislation, fighting for American jobs. Let us pass this bill today.

Mr. AUCOIN. Mr. Speaker, there are four good reasons to vote no on this counterproductive, protectionist bill.

First, this bill will increase poverty and instability in Third World countries along the Pacific Rim. That will spell big security problems for the United States in the years to come.

Second, this bill says that you cannot trust America to keep its promises. This bill breaks America's promises by violating at least three treaties, including the United States-China textile agreement and the Multi-Fiber Agreement.

Third, this bill injures an important friend. This bill jeopardizes China's economic modernization program, which is vital to China's reform government, a government which has been friendly to America and helpful to America and its interests.

Fourth, this bill will invite retaliation. It does not save any jobs. It is going to cost us jobs. For every job supposedly saved by this bill, it will cost many, many more American jobs because of the retaliation it will surely invite on the part of those countries that this bill victimizes. Many of those jobs will be in agriculture, many of them will be in high technology, many of them will be in other sectors.

I do not think it is fair for the supporters of this bill to cost jobs in those sectors in order to try to provide some kind of protectionsim for industries in their own districts.

I think those are good reasons, I say to my friends, to vote no on this bill.

But some will tell us that these reasons are not valid. Some will tell us that protectionism is not something that we need to really be concerned about. There was another man who said that in this Chamber and who represented the same district I represent. It was in the 1920's, and his name was Willis Hawley. He was Oregon's First District Congressman. He brought us the Smoot-Hawley Act, and I think the rest is history. This bill is not Smoot-Hawley, but it is the closest we have come to it in this session, and it will invite the same damaging consequences.

Mr. Speaker, I ask the Members to defeat this bill.

Mr. Speaker, when the House considered the Textile and Apparel Trade Enforcement Act last October I warned that the bill was bad trade policy and bad law.

Today, we are not only revisiting that same bad law, but we are now considering a worse version of that bad law we passed a short while ago. That is because in addition to extending import protection to one of the most protected of American industries, this bill now proposes to extend protection to the copper and nonrubber footwear industry as well.

This bill is looking much like a modern-day picture of Dorian Gray. On the outside, that is, politically, it's appearing more and more attractive to more people with each passing day. But on the inside, that is, substantively, it is growing uglier and uglier.

Yes; the spirit of holiday gift giving has finally infected the U.S. Congress. And if we pass this bill I guarantee you that we will soon have other industries asking us to be their Santa Claus.

But like most of us who charge our gifts to our credit cards, the price of extending protection to these industries will eventually have to be paid.

Mr. Speaker, I am not immune to the troubles being faced by the textile industry. I do not want to see textile jobs lost. And, yes: this bill will save jobs in the textile industry. But protectionism for one industry is not a solution that is in the national interest. And the price we will pay in the future will be too expensive to justify the action we take today.

One major reason we should oppose this bill is history. History teaches us that whenever we've set up protectionist barriers our trading partners have retaliated in kind. In October, I cited the example in 1983 when the textile agreement between China and the United States expired. The United States blindly imposed unilateral restraints on Chinese imports and China immediately retaliated by boycotting United States cotton, soybeans, and synthetic fibers. They also shifted grain purchases to other non-U.S. suppliers. The result was that foreign grain sales by America's farmers declined to China from $1.2 billion in 1982 to only $600 million in 1983.

But that's ancient history. Let me give you a more recent example of how nations respond to protectionism:

In late October, the United States announced that it was raising the import duty on pasta with egg to 25 percent and on pasta without egg to 40 percent. That was up from previous duties of less than 1 percent for both products.

Just 1 day after that announcement, the European Community retaliated. They immediately declared that they would raise the duties on lemons and walnuts from the United States.

This item may seem obscure and irrelevant to some folks. But it is evidence of what happens when industries surrender to international competition and the government blindly rushes to their aid.

And this example is just a microcosm of what could happen if we pass legislation as major as the textile bill.

Let me tell you how Oregon industries are responding to international competition.

One of the major export items in Oregon is wheat. Times are not good for the wheatgrowers in my district. Exports of the predominant soft white wheat grown in the Northwest are off by 51 percent.

But the wheatgrowers have not asked me to introduce legislation protecting them from imports. They are not asking me to risk a trade war just to save their own skins.

Instead, they are fighting back. They have formed informal brainstorming groups to come up with ideas on how to produce better products that would be more attractive to foreign markets. They have asked the Department of Agriculture to use its Bonus Bushel Program to help make U.S. wheat more competitive.

Oregon's high technology industry is another that is being hit hard by overseas competition. But they are not asking for Government handouts. Instead, they are accepting the challenge of developing new and more advanced technologies.

Oregon's wheatgrowers and high technology companies understand the dangers of protectionism—and they understand how protection for one industry too often means the destruction of another.

I say let's abandon short-term, politically popular panaceas and, instead, give some real help to our ailing industries.

Let's get to the root of all of these problems—the massive "Made in America" Federal budget deficit. Instead of spending our time considering special interest legislation like the textile bill, let's consider the public

interest by taking steps to reduce our dangerous deficits.

I encourage my colleagues to resist the gift-giving spirit of the holiday season in this one case. And let's give a real present to those industries being hurt by the overvalued dollar—budget deficit reduction and elimination.

Mr. CRANE. Mr. Speaker, I yield 1 minute to the gentleman from Utah [Mr. MONSON].

Mr. MONSON. Mr. Speaker, I rise in support of the legislation. I firmly believe that this legislation is vital to the future well-being of the three industries affected. In my home State of Utah, the copper industry was once the largest employer with over 7,000 employees. Today there are fewer than 100. We heard some good news today about Kennecott Copper Corp. in Utah. The company's parent company, Sohio, plans to invest $400 million to modernize and reopen the mine. This action demonstrates a genuine faith in the future of the copper industry. I believe it is Congress' responsibility to show the same faith and offer the industry the support it needs by voting for this bill today.

The bill is critical to leveling the playing field between U.S. and foreign copper producers. The United States has aided many countries in the world to develop an industrial base. And, now some of those countries such as Chile and Zaire are using the low-interest capital provided by United States taxpayers to finance overproduction which has flooded the United States with copper produced at artificially low prices. In addition, while the United States has been imposing costly regulations to ensure that our environment is protected, these other nations have allowed their industry to go unrestricted. This has created a situation in which the U.S. copper industry cannot compete. It is also a situation that increasing U.S. exports will not improve. We have called on the President to act, but our requests have been ignored. For these reasons, I strongly support the passage of this legislation. I hope my colleagues will recognize the need to stand behind the crippled industries identified in this bill and offer them the support they need.

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Mr. GIBBONS. Mr. Speaker, I yield 1 minute to the gentlewoman from Tennessee [Mrs. LLOYD].

Mrs. LLOYD. Mr. Speaker, I rise in strong support of this legislation. While my colleagues have spoken eloquently of the attributes of this legislation, I would also remind you that if there was ever a women's issue to come before this body, certainly this is it today. More women have been displaced and more women have lost their jobs in this sector of employment than any other sector of our economy. More women who are breadwinners are coming home with half a loaf, if a loaf, and they are women who are one-skill trained. They have no other source of income, no other source of training. They cannot move to another town. They provide the vital necessities for their families.

I am very proud that this is called protectionist legislation, because I think we must stand strong and tall in this body and protect our national economy. This is our last hope for the textile-apparel industry today. If we do not adopt this vital legislation, move to aid these industries, then certainly there could be no textile industry by 1990.

It is no secret that the American fiber, textile, and apparel industry has been concerned for some time over the appalling rise of imports. These imports have doubled since 1980, averaging a 19 percent annual growth rate, and they now have a stranglehold on more than 50 percent of our market. For the first 8 months of 1985, the textile and apparel trade deficit has soared to a record $11.7 billon.

These numbers may sound like just a few unsettling government statistics to some, but they are flesh and blood realities that boil down to 300,000 Americans losing their jobs to imports since 1980. So far in 1985 alone, some 66,000 hardworking American textile and apparel workers have stood by helplessly as their jobs got exported overseas.

Plant closings have mushroomed accordingly. Nationwide, 222 textile plants alone have closed since 1983, and other plants are near-idled and cutting every conceivable corner just to weather the storm. My concern is whether or not this storm can subside before a destroyed industry lies in its wake.

I share my colleagues' desire to do something constructive for the nation's 2 million textile and apparel workers who face an uncertain future in this industry. As part of the Congressional Textile Caucus, I have given my full support to the passage of the Textile and Apparel Trade Enforcement Act of 1985, legislation designed to restore order and a semblance of fairness to world textile and apparel trade.

Mr. CRANE. Mr. Speaker, I yield 1 minute to the gentleman from Utah [Mr. NIELSON].

Mr. NIELSON of Utah. Mr. Speaker, I rise to express my opposition to H.R. 1562 the Textile and Apparel Trade Enforcement Act. I cannot support a bill which would have such a strong negative effect on the people of my State and this entire country.

Even though a Senate amendment which calls for copper negotiations with foreign producers was recently added to the bill, I feel that the economic effects of this legislation would be so damaging that I cannot support its passage. Let me make it clear that my vote against the textile bill in no way changes my support for copper negotiations. In fact, I have cosponsored separate legislation calling for the President to negotiate with foreign copper producers in order to help our domestic copper industry return to a healthy level of activity. However, if this textile bill is enacted, clothing prices will jump dramatically, hitting the poor and unemployed the hardest. Unemployed copper workers will be affected the same as everybody else.

The textile bill would impose a very high cost on American consumers, invite retaliation against Utah's over 20,000 export-dependent jobs, spur inflation, violate our international trade agreements, and provide the domestic textile and apparel, industries with an unprecedented level of protection.

I fail to see how we would be helping displaced copper workers by passing legislation which would make buying clothing for their childen unaffordable. I urge my colleagues to vote no.

Mr. CRANE. Mr. Speaker, I yield such time as he may consume to the distinguished gentleman from Washington [Mr. CHANDLER].

Mr. CHANDLER. Mr. Speaker, despite the changes and despite the considerable degree of support H.R. 1562 has received, I must oppose enactment of the Textile and Apparel Trade Enforcement Act. And yet, Mr. Speaker, I have great empathy for the backers of this bill.

Where I come from, the State of Washington, crucial sectors of our economy are hurting: timber and fishing in particular. Indeed, the unemployment rate in Washington stands at 9.1 percent compared with 6.4 percent in Georgia, the third largest State for the production of textiles and apparel. How each of us responds to the economic challenges we face is, of course, the issue presented by this bill and numerous others now before the Congress.

The backers of H.R. 1562 contend that its passage will restore jobs and improve our trade picture. If that were true I would be the first person to vote for such a measure, but H.R. 1562 does not live up to its billing.

Mr. Speaker, this bill will shift the unemployment burden from the textile and apparel and footwear sectors of our economy to the retail clothing, banking, port, transportation and storage sectors of our economy. Hence, any humanitarian or Federal revenue advantage to be gained by putting people back to work in one sector of our economy will be lost by offsetting declines in other regions.

Not only must I dispute the claim that H.R. 1562 will truly save jobs, but I must also call attention to the costs associated with saving jobs in this

manner. Quotas will increase clothing and shoe prices. This is true not only because quotas will reduce supplies, but because foreign producers, certainly in the case of apparel, will tend to ship only higher priced goods. The poor will be hardest hit.

The impact this bill will have on our export industries must also be appreciated.

H.R. 1562 is highly discriminatory. Nations like Italy, Canada, and Germany, respectively the sixth, eighth, and ninth largest textile and apparel exporters to the United States, will be unaffected by the quotas. Ironically, however, quotas would apply to such nations as Sweden, Norway, and Finland which collectively account for less than one-quarter of 1 percent of the U.S. market for textiles and apparel and which as a group imports more textiles and apparel from the United States than it exports.

This sort of invidious discrimination will most assuredly engender acrimony and retaliation from our trading partners. In the unlikely event retaliation would not be forthcoming, quotas will reduce the foreign exchange earnings of some of our most important trading partners to the detriment of our telecommunications, timber, computer, aerospace and agricultural industries.

Lastly, Mr. Speaker, this bill would worsen an international debt crisis already on the verge of collapse. Footwear and apparel are uncommonly suited to the labor-intensive and low-capital economies of developing countries. If we destory these industries the consequences for our financial system could be disastrous.

The time has come when we must find a solution to our trade problems. We can't wait any longer. However, the medicine must cure the disease, not bandage the symptoms. H.R. 1562 would put a patch on unemployment and profits while the disease of a strong dollar, high interest rates and unfair trade practices goes on and spreads.

I support the comprehensive trade package recently introduced by House Republicans. I urge every Member of Congress to get behind a trade bill that goes to the root of our problems in a lasting and comprehensive way. H.R. 1562 is a shortsighted and counterproductive proposal that should not receive our support.

Mr. CRANE. Mr. Speaker, I yield 1 minute to the gentleman from Washington [Mr. MILLER].

Mr. MILLER of Washington. Mr. Speaker, when this bill was before us several weeks ago we were asked to shoot ourselves in the foot. Now that the bill has come back from the other body, we are asked to shoot ourselves in both feet.

We started out with a barrier relating to textiles. Now we have barriers relating to textiles and shoes and copper.

Mr. Speaker, this bill may help particular interests in particular districts. It will not help the Nation either at home or abroad. It will not help our workers who are going to lose more jobs than they will gain. It will not help our consumers who are now going to pay higher prices for both textiles and shoes. It is not going to help our businesses that export who are going to be hit.

And what about our international interests? Just think of the Prime Minister of Singapore who came here a month or two ago and talked to us about how his people look to the United States as a leader in establishing free market economies, who look to us as the leader of the free world, and here we go the day before trade negotiations start again in Geneva and we are going to start repudiating agreements that we are a party to.

Let us vote this bill down. Let us act like the leader of the free world.

Mr. CRANE. Mr. Speaker, I yield 2 minutes to the gentleman from California [Mr. ZSCHAU].

Mr. ZSCHAU. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, today this country is facing an enormous trade deficit. It is costing U.S. jobs. It is undermining the industrial structure of the Nation.

The debate is not over whether we have a serious problem. We do. The debate is over whether this protectionist bill, or others like it, will solve the problem. It won't.

This bill will cost us jobs, not save jobs. It will increase the cost of apparel to American consumers. It will make the United States an outlaw in international trade, undermining our ability to enforce international trade agreements and inviting retaliation from our trading partners which will curtail U.S. exports.

Mr. Speaker, America did not become great running away from competition. We insist on fair play. We must negotiate and enforce fair trading agreements, but under that fair trade regimen we do not run from competition. The American way is to meet the competitive challenge.

I believe the textile industry itself has done a good job in meeting its international competitive challenge. Its productivity growth rate has been 5.2 percent over the last decade. As the textile industry has improved its productivity and competitiveness, it has been able to increase its production with fewer employees than it required in the past.

We in Government should be implementing procompetitive policies too, including our tax policies and our fiscal policies, that will enable companies throughout this country to be even more competitive. Competitiveness should be a prime criterion against which all of our Government policies should be evaluated.

I spoke recently to an autoworker in Detroit who, I believe, expressed the proper response to the competitive challenges we face. He acknowledged that the Japanese auto manufacturers have a labor cost advantage over ours, but he said,

We can be the best. With our technology, with investments in new plant and equipment, and by just plain hard work, we can beat the Japanese in the auto business or anything else.

Mr. Speaker, we can be the best.

We can be the best by rejecting counterproductive protectionist measures like this.

We can be the best by making competitiveness our primary policy objective, starting next week when we consider the tax reform bill.

We can be the best by starting now to cut spending, reduce the Federal budget deficit, and bring our dollar and our interest rates back into line.

Mr. Speaker, I urge rejection of this measure.

Mr. GIBBONS. Mr. Speaker, I yield such time as he may consume to the gentleman from Massachusetts [Mr. MAVROULES].

Mr. MAVROULES. Mr. Speaker, I thank the gentleman for this opportunity to speak in support of H.R. 1562. I will keep my remarks brief, as I know there is a time limit on today's debate.

I believe that I speak for all of my colleagues when I say that this Congress is overwhelmingly in support of free trade. Indeed, over the course of history, the United States has consistently supported the principle of free, open and fair trade.

Our commitment to free trade must be balanced. We must ensure that our markets remain open, which we have. And we must also insist that we too have similar access to markets abroad. In this, my friends, lies the problem which we seek to address today. For far too long the U.S. has played by a set of rules that few, if any, other nations follow.

Unfortunately, we are now experiencing the severe economic consequences of this lopsided policy. And I do not need to elaborate upon the magnitude of this crisis. The nature and consequences of our enormous trade deficit are well known to every member in this Chamber today.

Let us not lose sight of the real issue confronting us today, which is simply this: Are we going to allow our manufacturing sector to be eliminated, or are we going to insist upon fair trade? In my opinion, this is not a difficult question to answer.

Finally, I urge my colleagues to consider the following questions:

Is it not reasonable to maintain 40 percent of our domestic shoe market, as opposed to the meager 23 percent which we now possess? Is it not reasonable to offer foreign producers 60 percent—60 percent—of our market?

Is it not reasonable to insist upon closer adherence to the 1974 Multi-Fiber Arrangement, which I remind my colleagues was negotiated under the General Agreement on Tariffs and Trade? Is it not reasonable to adhere to an agreement which was negotiated in the very interest of free and fair trade?

Finally, is it not reasonable to request that the President at least attempt to address the problems confronting our Nation's copper producers?

I think that the answer to all these questions is yes. Indeed, it is an unqualified yes. Every aspect of this bill is extremely reasonable, and I strongly urge my colleagues to offer it their full support.

Mr. GIBBONS. Mr. Speaker, I yield such time as he may consume to the gentleman from North Carolina [Mr. ROSE].

Mr. ROSE. Mr. Speaker, I rise in strong support of this legislation and I urge my colleagues to support it.

Mr. GIBBONS. Mr. Speaker, I yield 1 minute to the gentleman from Texas [Mr. PICKLE].

Mr. PICKLE. Mr. Speaker, the legislation before us proposes to remedy the ills of our textile industry by blasting our trading partners with import quotas on what is for many their dominant export product. We are faced with this issue at a time when we are preparing to resume negotiations on the Multi-Fiber Arrangement, which governs world trade in textiles.

Mr. Speaker, I voted against this bill when it came before the House in October, and I oppose the version before us today. This bill still represents an effort to deal with violations of existing trade agreements through the violation of those same agreements.

There is not doubt that we have a serious problem, Mr. Speaker. The industries covered by this legislation make convincing arguments in support of the approach advocated in this bill. Similarly strong arguments can be heard from other industries, however—from America's strong export industries, which don't want to be caught in the middle of this haggling over textiles.

Inaction on the part of the administration is largely to blame for our existing trade woes. Our Government has been both slow to respond, and slow to propose solutions to the trade deficit; to the overvalued dollar; and, to the tendency of other nations to reap full economic benefit from open U.S. economy.

The textile bill has served as a catalyst in some respects to U.S. action against unfair foreign trade practices. The groundswell of support for H.R. 1562 led to increased Government acknowledgement of the difficulties facing domestic industries. More needs to be done, Mr. Speaker, and it may be that the vote today will serve to maintain pressure on the administration to address a worsening and threatening trade environment. I hope our new Special Trade Representative will carry out our own trade laws; to enforce them strongly, and put some strength behind our own trade regulations. Our own Government must be much tougher.

Our colleague, the gentleman from Georgia, Mr. ED JENKINS, has rendered a service to all of us by his leadership in this measure. Because of his bill, our administration has begun to carry our own laws. The administration would not have begun this tougher policy had it not been for Mr. JENKINS' legislation. If we don't get tougher then this Congress ought to revisit this whole trade area.

Mr. CRANE. Mr. Speaker, I yield 30 seconds to the gentlewoman from Nebraska [Mrs. SMITH].

Mrs. SMITH of Nebraska. Mr. Speaker, I rise in strong opposition to the motion to concur in the Senate amendments to H.R. 1562.

I wish to open by saying that I share the concerns of my colleagues with regard to the impact of increasing imports on many domestic industries, including textiles and apparel, footwear, and copper.

Yes, we have the right problem. But this is the reverse of the right answer! This bill says, "Shut the door on international trade—we can't afford it anymore." Nothing is further from the truth. This is particularly true of our farmers, who are looking to a revival of exports as their only practical means of regaining some prosperity in rural America.

We have already heard extensive discussion of the devastation that this bill would bring to American agriculture. Yet some suggest that the risk of retaliation against agricultural exports is hobblegob. Try to tell America's wheat farmers that. Just 2 years ago, in 1983, unilateral restraints on Chinese textile imports were imposed by this country to prevent the entry of some 50 million dollars' worth of textiles. China turned around and diverted a $500 million wheat purchase from the United States to Argentina.

If you think that was a fluke, one only needs to look to the infamous Smoot-Hawley Act of 1930. After that bill's enactment and the ensuring trade war, our total exports declined from 5 billion dollars' worth in 1929 to only 1.6 billion dollars' worth in 1932—a decline of more than two-thirds.

Mr. Speaker, rural America cannot afford a loss in agricultural exports of two-thirds or any other amount approaching that magnitude. Exports have already fallen 29 percent the past 5 years—largely due to the overvalued dollar—and America's farmer cannot afford any more.

I urge my colleagues to vote in the interest of the American consumer, our exporting industries, and the international trading system by opposing this bill. Then, let's get to the root of this trade problem by slashing these unprecedented budget deficits and getting the dollar back in line.

Mr. CRANE. Mr. Speaker, I yield 30 seconds to the gentleman from Pennsylvania [Mr. RITTER].

Mr. RITTER. Mr. Speaker, I rise in strong support of the Textile and Apparel Trade Enforcement Act of 1985. Since 1980 imports of textile and apparel products have grown at an annual rate of 19 percent, far in excess of the growth provided for in the Multi-Fiber Arrangement, and far in excess of the 1-percent average growth of the U.S. market during that period. I would like to make three points, Mr. Speaker, in support of this bill.

First, the textile and apparel industry is not an industry unwilling to help itself. What it is seeking is a Government partnership to help offset active Government intervention overseas in foreign textile and apparel production.

Textile and apparel production is an easy industry for a developing country to buy into because of the low technology involved and the reliance on large numbers of very cheaply paid workers. Foreign nations heavily subsidize their fiber, textile, and apparel industries because the industries are basic and offer market opportunities and a chance to put people to work at abysmally low wages. Production is managed politically to take advantage of the U.S. market and to maintain employment.

In this country, however, the textile and apparel industry wants fair trade from these countries. The industry wants to stick to the Multi-Fiber Arrangement which was to limit imports to a 6-percent increase rather than the 19-percent per year which we've seen. Further, Mr. Speaker, we are also seeing a surge of imports because our allies in Europe have already significantly closed their markets to third world imports. This means that during the current world glut, we are not only getting our share of this overproduction, but we are also seeing the share that normally would have gone to the Europeans now coming to our shores, displacing our workers.

Mr. Speaker, the American textile and apparel industry is doing its fair share. It has worked to keep their prices competitive by investing $8.1 billion on plant modernization since 1980. What's more—they've been successful. And, this brings me to my second point.

Mr. Speaker, some of my colleagues want to make this into a debate between saving jobs or raising prices. This summer I asked my constituents a very tough question. I asked: "Would you favor higher tariffs and quotas on imports like steel and apparel to protect certain American industries and jobs, even if this would mean higher

consumer prices?" My constituents, consumers all of them, voted overwhelmingly by 63 percent yes to 33 percent no, in support of legislation to restrict unfair foreign trade—even if they had to pay higher prices! They voted to support jobs in the textile and apparel industry. And, as I said before, contrary to what some believe, this legislation doesn't mean higher prices.

Data supplied by the Market Research Corp. to the Department of Commerce reveal that average retail prices for many items are actually lower for items made in the United States. For example, women's and girls' sweaters are selling for an average retail price of $2.78 less when made here rather than imported. Slacks and pants for women sell for $2.31 less if they are made in the United States. Men's sweaters and underwear are less if the items are produced domestically.

However, if you look carefully at the facts, I would say to my colleagues that we can do both. In fact, Data Resources has found that if this legislation is not enacted, by 1990 consumers will lose $19 billion in disposable income resulting in $8 billion less consumer spending.

If you look at the prices for imported and domestic clothing articles, you will see that consumers are paying less for apparel as a result of domestic manufacturers modernizing to keep their prices low.

Further, consumers can no longer expect a bargain when the label says imported. Some stores and catalogues are even offering items that were either made in the United States or imported depending on which materials were cheaper. The catch is, and this is key, the price of the item does not change depending on whether the item is imported or domestic. The consumers pay the same price! The retailers, not the consumers, get any cost advantage.

Third, Mr. Speaker, we come to the undeniable fact that the raging flood of imports is devastating employment in the apparel and textile industry. Industry is doing what it can in an impossible situation. The Federal Government needs to do its part to allow textile and apparel workers to retain the dignity that goes along with providing for yourself and your family.

Mr. Speaker, the specifics are this. We have lost 1 million jobs due to unregulated textile, shoe, and apparel imports. Because of the surge of imports, unemployment in the apparel industry is 50 percent greater than the average unemployment rate in manufacturing. Unemployment in the apparel industry this spring stood at 10 percent.

This legislation is not going to put food on the table tonight or pay December's rent or mortgage payment for unemployed apparel and textile workers, Mr. Speaker. But this is a step toward helping our domestic textile and apparel industry to turn itself around, not get a Government bailout, but to turn itself around. We need this legislation for our workers who average about $5.75 per hour and who are competing with workers overseas who work for as little as 16 cents an hour. We in this country will not tolerate what is virtually slave labor. We don't expect to see it here and we will not support it abroad. Finally, Mr. Speaker, we need this legislation for the dignity of the American apparel and textile worker.

Let me join with my colleagues on the Textile and Apparel Caucus in giving my strongest support to the continuation of a great American tradition. Textiles and apparel "Crafted with Pride in the U.S.A."

Mr. CRANE. Mr. Speaker, I yield such time as he may consume to the gentleman from Kentucky [Mr. ROGERS].

Mr. ROGERS. Mr. Speaker, I rise in strong support of this bill and urge our colleagues to support it.

Mr. Speaker, I rise in support of H.R. 1562, the Textile and Apparel Trade Enforcement Act, as amended by the Senate. I urge my colleagues to vote yes on the pending motion and, in doing so, to vote in favor of helping an industry so important to jobs, yet so beleagured by the disruption of unfair imports.

Mr. Speaker, out of the months long debate on the textile and apparel industry, one could derive many reasons for the damaging import situation. The appreciation of the U.S. dollar has been blamed, yet economic impact studies have failed to establish such a relationship. The failure of our domestic producers to modernize and remain competitive has also been labeled as a major factor. Yet, industry statistics reveal billions of dollars in new capital spending over recent years, and increasing levels of productivity as well.

The one clear, convincing reason for import problems, and the very need for this bill, is market disruption—the existence of import levels so high that domestic producers lose large shares of their markets, realize significant profit losses, shut down plants, and terminate workers. Market disruption in the textile and apparel industry remains alarmingly high, and the demise of our domestic industry is the result.

Mr. Speaker, under section 204 of the Agricultural Act of 1956, as amended, authorization is provided the U.S. Government to negotiate agreements with other countries which limit their exports of textile products to the United States. Section 204 also provides the legal basis for the Multi-Fiber Arrangement, a multilateral agreement designed to cope with market disruption arising from our textile trade. Essentially, the threat of rising and damaging textile import levels pressured us into negotiating the MFA with 42 other nations.

In an effort to allow orderly growth of textile and apparel imports from developing countries, the MFA contemplated an overall import growth rate of 6 percent from any one country.

But orderly growth has not been the result of the MFA over the last few years. Since 1981, imports have grown 19 percent, and over the last 2 years imports have risen by 65 percent. Apparel imports, to which manufacturers in my district are most sensitive, represent half of domestic sales. The byproducts of this balooning growth are hundreds of closed plants, hundreds of thousands of unemployed workers, infiltration of domestic markets, and other losses within the industry—all indications of severe market disruption.

The individual reasons for the failure of the MFA to regulate imports properly are many. However, there is only one conclusion to be drawn. Reforms are now necessary to curb import growth in a manner consistent with the stated intentions of the MFA. This bill achieves that goal.

The flood of textile and apparel imports and resulting economic dislocation is of concern to small communities all across this Nation. No one region has a sole stake in this issue. Textile and apparel imports affect over 2 million employees spread out over almost all 50 States. Imports also threaten textile machinery manufacturers, retailers, consumers, and all the other segments of small town America which rely on the survival of the textile and apparel industry. The nationwide impact at issue is demonstrated by its overriding interest among so many Members of Congress in both the House of Representatives and the Senate.

Although passage of this bill would still allow imports to claim 42 percent of our domestic markets, the medicine in this bill is admittedly strong. As a result, the administration has continued to indicate its opposition to the legislation. In light of this fact and the possible rejection of H.R. 1562, I want it known that at the very least, passage of H.R. 1562 is a shot across the bow of our ruthless foreign partners. It is a message that says we are unwilling to accept current practices, and are prepared to tame future unfair trading tactics.

In support of the 13,000 textile and apparel workers in my own fifth district, I strongly urge all my colleagues to sign this message and support passage of H.R. 1562.

Mr. CRANE. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois [Mr. GROTBERG].

Mr. GROTBERG. Mr. Speaker, I rise in opposition to the bill.

Mr. SHUMWAY. Mr. Speaker, I rise again today in opposition to the Textile and Apparel Trade Enforcement Act of 1985, legislation which now contains still more provisions damaging to our Nation's trade policy than the bill originally considered by the House in October. The footwear and copper restrictions added to the bill by the other body will contribute, together with the sharply reduced textile quotas, to

the deterioration of our trading relationships throughout the world. The negative impact of this legislation on our domestic economy has already been described by many; the new textile and footwear import restrictions will increase costs to consumers, reduce employment in the retail industry, and invite retaliation against U.S. exports, particularly agriculture. This legislation will, in addition, strike a powerful blow to our multilateral trading relationships and agreements, hastening the abandonment of the multilateral discipline that has allowed trade to thrive in the years since World War II.

Clearly, sound domestic economic policy argues against the implementation of protectionist solutions to our trade problems; our foreign policy and strategic interests argue against it as well. As you may recall, Mr. Speaker, the Prime Minister of Singapore, Lee Kuan Yew, speaking before a joint session of Congress in October, delivered a powerful message about the vital link between an open, dynamic economic system and a free, democratic political system. Tragically, that message was ignored as both the House and the Senate voted to approve the Textile and Apparel Trade Enforcement Act. Urging U.S. Congressmen not to adopt new, restrictive barriers to trade, Lee observed that, "Once infatuated with socialist economic policies of nationalization and autarchy, Third World nations have now come to see that stagnation and decay have followed these policies. More and more Third World nations are seeking a better life for their peoples by opening their doors to trade and investments." By taking unilateral actions that could threaten the economic growth and stability of many developing nations, particularly those in east Asia, the United States, Lee suggested, might push these nations into policies and trading relationships that are, from a political and strategic perspective, undesirable and dangerous.

Before unleashing its zeal to reduce the U.S. trade deficit through protectionist legislation, Congress should carefully consider the strategic implications of its actions alongside the economic impact of such policies. The textile bill we are considering today would force severe reductions in the textile exports of many nations whose continued economic and political stability is important for U.S. foreign policy. Thailand, for example, would be forced under this legislation to roll back its textile exports to the United States by 64 percent, a serious economic blow for a nation that has just turned back a coup attempt, a nation on the front line against Vietnamese expansion, a nation for which the U.S. Congress last year provided $101 million in security assistance and $41.9 million in economic assistance. Will we feel constrained to double our foreign assistance outlays next year to counteract the destabilizing impact of shutting off our markets to Thailand, Indonesia, the Philippines, or Brazil?

It makes little sense to abandon the mutual benefits of free trade, then make up for the damage through even larger foreign aid outlays or greater expenditures for defense in order to extend protection to our weakened allies. The tremendous growth, success, and promise of the free-market nations of east Asia have been largely the product of the open world trading system that emerged with the GATT and IMF agreements after World War II. As Prime Minister Lee reminded us, the United States has always played a central role in encouraging "a world which enables all to work and be rewarded for their efforts because what they produce is desired by others willing to pay for such goods and services under fair rules of exchange."

Many would argue that the "fair rules of exchange" are no longer being honored, leaving the United States free to abandon its commitment to a free and open trading system. On the contrary, a firm foundation for maintaining fair rules exists in the GATT process and in multilateral agreements such as the Multi-Fiber Arrangement which governs textiles. Mr. Lee asked us, "Is America willing to write off the peaceful and constructive developments of the last 40 years that she had made possible?" Mr. Speaker, I believe the answer must be "no."

Mr. MCCAIN. Mr. Speaker, the Senate recently passed an amendment to the Textile and Apparel Trade Enforcement Act of 1985 that I believe merits the support of all my colleagues. The Copper Free Market Restoration Act of 1985 addresses the problems that have plagued our domestic copper industry and it attempts to rectify the unfair trade advantage foreign competitors have enjoyed. It is because of this act's inclusion in the Textile and Apparel Trade Enforcement Act of 1985 that I rise in support of H.R. 1562.

I am sure we are in total agreement that the free market is the foundation of the American enterprise system. However, many people fail to realize that the U.S. copper industry is not competing in a free market system. Most of the state-owned foreign competitors obtain their funds and fund guarantees from multilateral development banks such as the World Bank and the International Monetary Fund Inc. Between 1975–83, Chile, Peru, Zaire, and Zambia borrowed a combined total of approximately $4.4 billion from the IMF, and over $1.8 billion in world development bank loans for mining and mining-related projects. With this ample and seemingly endless financial support, these foreign producers easily maintain production, and even increase production in total disregard of the economic principles of supply and demand. In the face of reduced demand, it is difficult to understand why foreign competitors continue to increase production. Furthermore, this behavior has had a deleterious affect on the world copper market and seems to fly in the face of normal economic principles.

Implementing voluntary production restraints to improve our domestic copper industry is not a new idea. In response to section 247 of the Trade and Tariff Act of 1984, which urged the President to negotiate voluntary production restraint agreements with the major copper exporting countries, then-Ambassador William Brock directed that the possibility of negotiating such restraints be reviewed once again. This possibility had earlier been considered, and rejected by the President in the context of his decision on the U.S. copper industry's request for relief under section 201 of the Trade Act of 1974. This decision was rendered despite the recommendation of the International Trade Commission. As you may recall, the International Trade Commission found that copper imports were a substantial cause of injury to the U.S. copper industry and recommended the imposition of import relief measures. Unfortunately, the administration does not appear inclined to do anything to help this floundering industry.

Those individuals involved with the copper industry are keenly aware that the difficulties encountered by our domestic copper producers are the result of overproduction by foreign competitors. Creating worldwide surpluses that demonstrably drive prices to destructively low levels benefit no one. Yet, in response to this philosophy, we have failed to initiate treatment to our seriously ill patient.

Recently, the U.S. Trade Representative directed a task force to prepare a report on the feasibility of negotiated voluntary restraint agreements. The task force report, published in March of this year, confirmed that the world copper market is distorted and depressed as a result of the policies of government-owned foreign producers and lending by international agencies, and that continuation of these trends will make our country dependent upon potentially unstable foreign supplies of a strategic metal. As Secretary of the Interior Donald Hodel has stated, ". . . a Nation that is unwilling to be substantially dependent on imported oil should carefully consider whether it wants to import signficant quantities of minerals that are essential to our national economy or security. . . ."

The U.S. copper industry is not losing out because it is not competitive. In fact, domestic copper producers have improved productivity, shut down or sold marginal operations, reduced employment, cut overhead, decreased salaries and wages, and slashed capital spending in an effort to become a more formidable competitor. But they cannot stand alone in this battle; they need our help.

Given this set of circumstances, I do not believe it is possible to continue to hold back and hope that the problem will resolve itself. Negotiated voluntary restraint agreements would help save the U.S. copper industry and benefit the foreign producers as well. Remember this measure does not call for quotas nor does it raise tariffs. It is in the best interests of the United States, Chile, Zambia, Zaire, and Peru to bring an end to the present copper depression and prevent another. Production restraints would produce an increase in export revenues for these foreign nations by restoring the worldwide balance between supply and demand. Let us not turn our backs on this vital industry. It is doubtful that our do-

mestic copper industry can continue to weather this period of deep depression.

Mr. CRANE. Mr. Speaker, I yield myself the remaining time.

Mr. Speaker, I would first of all like to congratulate the distinguished chairman of our Trade Subcommittee for his yeoman efforts in trying to guarantee that reason might prevail on this sensitive issue, which obviously touches many constituencies very deeply; but I want to comment just briefly on two things that were brought up in the debate earlier.

One of our colleagues made this statement, "They don't restrict us and we don't restrict them," with regard to why we have not imposed the same restrictions on Canada and upon the European trade community.

The fact of the matter is that we have bilateral agreements with all these countries that are going to be affected by this legislation (A), and (B) Hong Kong, for example, does not in any way restrict our goods coming into Hong Kong, and yet we are about to impose this kind of restriction upon them.

The other point that was brought up earlier, at least tangentially by my colleague, the gentleman from Minnesota, was a libel that appeared in an ad in the Washington Post, a libel of our distinguished U.S. Trade Representative. That libel said, in identifying his position, "We should phase these industries out of our society."

The record is abundantly clear and has been included by my colleague that that is not true.

Mr. GIBBONS. Mr. Speaker, I yield myself the remaining time.

Mr. Speaker, as we conclude this hostoric debate, there are two issues. The first issue is whether or not there are enough votes in this body to sustain a Presidential veto. I hope that there are.

The second issue, and the more important issue, is whether or to there are enough votes in this body to ensure that America will develop a strong market-oriented economy that will last for a long, long time, or whether we will take the short, easy, cheap road out by buying protectionism. I certainly hope we do not.

The textile industry will survive if this bill does not pass. The textile industry has been shephered by this Government for some 27 years, treated in a special way, and by treating it in a special way, it has made it harder and longer for it to adjust to the competition that exists around the world.

If you look closely at the loss of employment in the textile industry, you will note that most of the jobs have been lost in the production end of the industry. That signifies that as the textile industry is automating, as it must and it will, it is losing jobs, as you would normally expect it to do.

When the dollar gets back to its proper trade-related basis, the textile industry in this country will be a happy, vigorous, prosperous industry and one that can pay better wages than it does now.

□ 1520

So it is going to happen and it is going to happen positively. But if we choose the wrong road, and go down the road of protection, and I hope we do not, we are going to end up with a hothouse type industry in this country that does not make the kind of adjustments that it must make to earn its way in the international environment in which we live.

The textile industry is entitled to all the normal protections that any American industry has. It can bring countervailing duty suits for subsidies. It can bring dumping suits for mischievous pricing. It can bring injury suits if it is seriously injured. But it has not chosen to go that way. It has chosen to go the way of a protected industry through the kinds of legislation that have been going on now, as I say, for some 27 years.

I feel sorry for those who are caught in this predicament, but it is not unlike many things that have happened in this country before. All of us have seen, for over 250 years, that industries must rationalize as times and conditions change. That is happening in the textile industry. We should encourage it to happen and we should try to protect the workers and the people in that industry as best we can, but we should not try to hold back normal progress in our society. If we do, we do it at a great cost to the rest of our society.

If we pass the copper legislation, we will only succeed in making our metalworking industry in the United States that much less competitive. We will save very few jobs. If we save jobs in the shoe industry, we are going to take jobs away in other, more competitive industries in this U.S. economy.

That is what we are up against. It is time to think big and to vote "no" on this important question.

The SPEAKER pro tempore. All time for debate has expired.

Pursuant to House Resolution 325, the previous question is considered as ordered on the motion.

The question is on the motion offered by the gentleman from Illinois [Mr. ROSTENKOWSKI] to concur in the Senate amendment.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. CAMPBELL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 255, nays 161, answered "present" 1, not voting 17, as follows:

[Roll No. 424]

YEAS—255

Ackerman	Garcia	Nichols
Alexander	Gaydos	Oakar
Andrews	Gejdenson	Oberstar
Annunzio	Gephardt	Obey
Anthony	Gilman	Olin
Applegate	Gingrich	Ortiz
Aspin	Gonzalez	Owens
Atkins	Goodling	Parris
Barnard	Gordon	Pashayan
Barnes	Gray (IL)	Pepper
Bentley	Gray (PA)	Perkins
Bevill	Gregg	Quillen
Biaggi	Guarini	Rahall
Bilirakis	Gunderson	Rangel
Bliley	Hall (OH)	Ray
Boehlert	Hall, Ralph	Regula
Boggs	Hammerschmidt	Reid
Boland	Hartnett	Richardson
Boner (TN)	Hatcher	Ridge
Bonior (MI)	Hawkins	Rinaldo
Borski	Hayes	Ritter
Boucher	Hefner	Robinson
Boxer	Hendon	Rodino
Breaux	Henry	Roe
Brooks	Hertel	Rogers
Brown (CA)	Hillis	Rose
Broyhill	Hopkins	Rowland (GA)
Bruce	Horton	Russo
Bryant	Howard	Savage
Burton (CA)	Hoyer	Scheuer
Bustamante	Hubbard	Schneider
Byron	Huckaby	Schuette
Callahan	Hughes	Schulze
Campbell	Hunter	Shelby
Carper	Hutto	Shuster
Carr	Jeffords	Sikorski
Chapman	Jenkins	Sisisky
Chappell	Jones (NC)	Skeen
Clay	Jones (TN)	Slaughter
Clinger	Kanjorski	Smith (FL)
Cobey	Kaptur	Smith (NJ)
Coble	Kastenmeier	Smith, Robert (NH)
Coelho	Kennelly	Snowe
Coleman (MO)	Kildee	Snyder
Coleman (TX)	Kindness	Solomon
Collins	Kolbe	Spence
Conte	Kolter	Spratt
Cooper	Kostmayer	St Germain
Coughlin	Lantos	Staggers
Coyne	Leath (TX)	Stokes
Daniel	Lehman (CA)	Stratton
Darden	Lehman (FL)	Studds
Davis	Leland	Sundquist
de la Garza	Lent	Swindall
Dellums	Levin (MI)	Tallon
Derrick	Lipinski	Tauzin
Dickinson	Lloyd	Taylor
Dingell	Loeffler	Thomas (CA)
DioGuardi	Long	Thomas (GA)
Dixon	Lott	Torres
Donnelly	Lujan	Torricelli
Dowdy	Lundine	Traficant
Duncan	Manton	Traxler
Durbin	Markey	Udall
Dwyer	Martin (NY)	Valentine
Dyson	Martinez	Vento
Early	Mavroules	Visclosky
Eckart (OH)	McCain	Volkmer
Edwards (CA)	McCloskey	Walgren
Emerson	McDade	Weiss
Erdreich	McGrath	Wheat
Evans (IL)	McKernan	Whitley
Fascell	McMillan	Whitten
Fazio	Mikulski	Williams
Feighan	Mitchell	Wilson
Fiedler	Moakley	Wise
Fish	Mollohan	Wolpe
Flippo	Monson	Wright
Florio	Montgomery	Wylie
Foglietta	Moody	Yatron
Ford (MI)	Morrison (CT)	Young (AK)
Ford (TN)	Mrazek	Young (FL)
Frank	Murphy	Young (MO)
Franklin	Murtha	
Frost	Natcher	
Fuqua	Neal	

NAYS—161

Akaka	Hamilton	Penny
Anderson	Hansen	Petri
Archer	Heftel	Pickle
Armey	Holt	Porter
AuCoin	Hyde	Pursell
Badham	Ireland	Roberts
Bartlett	Jacobs	Roemer
Barton	Johnson	Rostenkowski
Bateman	Jones (OK)	Rowland (CT)
Bates	Kasich	Roybal
Beilenson	Kemp	Rudd
Bennett	Kleczka	Sabo
Bereuter	Kramer	Saxton
Berman	LaFalce	Schaefer
Bonker	Lagomarsino	Schroeder
Bosco	Latta	Schumer
Boulter	Leach (IA)	Seiberling
Broomfield	Levine (CA)	Sensenbrenner
Brown (CO)	Lewis (CA)	Sharp
Burton (IN)	Lewis (FL)	Shaw
Chandler	Lightfoot	Shumway
Chappie	Livingston	Siljander
Cheney	Lowery (CA)	Slattery
Coats	Lowry (WA)	Smith (IA)
Combest	Luken	Smith (NE)
Courter	Lungren	Smith, Denny (OR)
Craig	Mack	
Crane	MacKay	Smith, Robert (OR)
Crockett	Madigan	
Dannemeyer	Marlenee	Solarz
Daschle	Martin (IL)	Stallings
Daub	Matsui	Stangeland
DeLay	Mazzoli	Stark
DeWine	McCandless	Stenholm
Dicks	McCollum	Strang
Dorgan (ND)	McCurdy	Stump
Dornan (CA)	McEwen	Sweeney
Downey	McHugh	Swift
Dreier	Meyers	Synar
Dymally	Mica	Tauke
Eckert (NY)	Michel	Vander Jagt
Edwards (OK)	Miller (CA)	Vucanovich
English	Miller (WA)	Walker
Evans (IA)	Mineta	Watkins
Fawell	Molinari	Waxman
Fields	Moore	Weber
Foley	Moorhead	Whittaker
Frenzel	Morrison (WA)	Wirth
Gallo	Myers	Wolf
Gekas	Nielson	Wortley
Gibbons	O'Brien	Wyden
Glickman	Oxley	Yates
Gradison	Packard	Zschau
Green	Panetta	
Grotberg	Pease	

ANSWERED "PRESENT"—1

Bedell

NOT VOTING—17

Addabbo	McKinney	Roukema
Carney	Miller (OH)	Skelton
Conyers	Nelson	Towns
Edgar	Nowak	Weaver
Fowler	Price	Whitehurst
Hiler	Roth	

□ 1530

The Clerk announced the following pairs:

On this vote:

Mr. Skelton for, with Mr. Nelson of Florida against.

Mrs. Roukema for, with Mr. Hiler against.

Mr. SHAW and Mrs. MARTIN of Illinois changed their votes from "yea" to "nay."

Mr. LOTT changed his vote from "nay" to "yea."

So the motion was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

HIGHER EDUCATION AMENDMENTS OF 1985

Mr. BONIOR of Michigan. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 326 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 326

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of Rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3700) to amend and extend the Higher Education Act of 1965, and the first reading of the bill shall be dispensed with. All points of order against consideration of the bill or failure to comply with the provision of section 303(a)(4) of the Congressional Budget Act of 1974 (Public Law 93-344) and clause 3 of Rule XIII are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor, the bill shall be considered for amendment under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Education and Labor now printed in the bill as an original bill for the purpose of amendment under the five-minute rule, said substitute shall be considered for amendment by titles instead of by sections and each title shall be considered as having been read, and all points of order against said substitute for failure to comply with the provisions of section 303(a)(4) of the Congressional Budget Act and clause 5(a) of Rule XXI are hereby waived. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

□ 1545

The SPEAKER pro tempore. The gentleman from Michigan [Mr. BONIOR] is recognized for 1 hour.

Mr. BONIOR of Michigan. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Tennessee [Mr. QUILLEN] and pending that I yield myself such time as I may consume.

Mr. Speaker, House Resolution 326 is an open rule providing for the consideration of H.R. 3700, to amend and extend the Higher Education Act of 1965. The rule provides for 1 hour general debate, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Education and Labor.

All points of order against consideration of the bill for failure to comply with section 303(a)(4) of the Budget Act are waived by this rule. This section prohibits consideration of new spending authority that will become effective in a fiscal year, until the first budget resolution for that year has been adopted.

This waiver is necessary because H.R. 3700 provides for extensions of educational programs through fiscal year 1991. The bill, therefore, involves new spending authority in years for which the first budget resolution has not yet been adopted.

The rule also waives clause 3 of rule XIII against consideration of the bill. This provision is known as the Ramseyer rule and prohibits the consideration of any bill reported from a committee if the committee's report does not include a section indicating all changes in existing law which the legislation would make.

After general debate, the bill shall be considered for amendment under the 5 minute rule. The rule makes in order the amendment in the nature of a substitute recommended by the Committee on Education and Labor, which is now printed in the bill, to be considered as original text for the purpose of amendment.

The rule provides that the substitute shall be considered for amendment by titles, instead of by sections, and that each title shall be considered as having been read.

All points of order against the substitute for failure to comply with section 303(a)(4) of the Congressional Budget Act are waived under this rule. This waiver is necessary because the substitute, like the bill itself, involves new spending authority in years for which the budget resolution has not yet been adopted.

Points of order are also waived against the substitute for failure to comply with clause 5(a) of rule XXI, which prohibits appropriations in a legislative bill.

Finally, the rule provides one motion to recommit with or without instructions.

Mr. Speaker, the Higher Education Act of 1965 is the single most important legislation affecting postsecondary education in America. Authorization for most of the programs contained in it is scheduled to expire at the end of fiscal year 1986. H.R. 3700 will reauthorize and extend these programs and, along with them, the commitment of this Nation to providing each student the opportunity for higher education.

Included in this legislation are funds for guaranteed student loans to assist students from middle and lower income families who would otherwise lack the resources to go to college. Also included are funds for Pell grants, which are made available to students from disadvantaged back-

grounds. Funds for the Work Study Program, for students with special needs and other educational needs are included as well.

H.R. 3700 extends the authorization for these programs at the same time as it tightens the eligibility criteria. This will make it easier to eliminate abuses of the system of student financial aid. It will also make more equitable the system by which students and family needs are assessed.

Mr. Speaker, I would like to commend the chairman of the Subcommittee on Postsecondary Education, Mr. FORD, for his fine work on this legislation.

Early this year, there was a serious possibility that this Nation would walk away from its commitment to providing equal educational opportunity for all. There were many who argued that it was time for drastic cutbacks in educational assistance. There were those who proposed changes that would have curtailed the ability of middle income students to take advantage of college aid.

If such proposals were to pass, we would risk the possibility of becoming a country where access to quality education, and the jobs for which such an education is a prerequisite, would be the privilege of only the wealthy.

Through the diligent work of the Subcommittee on Postsecondary Education, H.R. 3700 presents us with opportunity to move forward rather than retreat in our Nation's commitment to educational excellence.

Since February of this year, 35 hearings were held, including 12 field hearings around the country. Over 350 witnesses were heard. Out of this careful consideration, legislation has emerged which has broad bipartisan support, and reflects the widespread consensus throughout America that education must be our highest priority.

I hope this House will acknowledge the fine work that has been done by the Subcommittee on Postsecondary Education, and will pass this legislation which is the most important investment we can make in the future of our Nation.

Mr. Speaker, I urge adoption of this rule.

Mr. Speaker, I reserve the balance of my time.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is an important rule. We know how significant education is to the future of this country. Student financial assistance plays a major role in education today. I know of no controversy on the rule, but when the bill is debated on the floor I am sure there will be some opposing views.

Mr. Speaker, I have no requests for time. I urge the adoption of the rule.

Mr. BONIOR of Michigan. Mr. Speaker, I have no requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore (Mr. BROWN of California). Pursuant to House Resolution 326 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 3700.

□ 1550

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3700) to amend and extend the Higher Education Act of 1965, with Mr. DIXON in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Michigan [Mr. FORD] will be recognized for 30 minutes and the gentleman from Missouri [Mr. COLEMAN] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Michigan [Mr. FORD]

Mr. FORD of Michigan. Mr. Chairman, I yield myself 6 minutes.

Mr. Chairman, I rise with great pride in support of H.R. 3700, the Higher Education Amendments of 1985. As chairman of the Subcommittee on Postsecondary Education, it has been my privilege to be deeply involved in the development of H.R. 3700.

This bill represents a continuation of the long Education and Labor Committee tradition of bipartisan higher education legislation. H.R. 3700 was introduced with the cosponsorship of 28 members of the Education and Labor Committee including all but one member of the Subcommittee on Postsecondary Education. It was ordered favorably reported by the full committee by a vote of 28–2.

This bill was developed through a long and careful process of investigation and consultation. One hundred and forty organizations and associations representative of or interested in postsecondary education were invited to submit recommendations for the reauthorization of the Higher Education Act. Recommendations were received from 105 respondents. A complete list of those who submitted recommendations is included in the committee report. These recommendations were made available to the subcommittee members as well as all other interested parties.

These recommendations and the bills amending the Higher Education Act which were referred to the subcommittee served as the basis for the hearings. A total of 35 hearing were held, including 12 field hearings outside of Washington. A complete list of the locations and topics of the hearings is also included in the committee report. Three hundred and fifty-two witnesses appeared at the hearings representing a broad cross section of experts and professionals as well as the consumers of education, students. One hundred and fifteen hours of testimony were received in the hearings.

If I might say so myself, these were very high quality hearings. Each of the Washington hearings focused on a specific program or problem and the witnesses were asked to address themselves to the specific recommendations received by the subcommittee as well as the legislation pending before the subcommittee. The hearings outside of Washington tended to range more broadly over the entire Higher Education Act but were extremely valuable in bringing to bear a variety of State and institutional perspectives.

A unique aspect of the development of this bill was the procedure used for subcommittee markups. We did not hold markup on a bill that represented anyone's version of what the perfect world should look like. Instead we marked up off of a series of discussion prints that were assembled on the basis of what seemed to be a consensus of the best and most reasonable ideas presented in the recommendations received by the subcommittee, the testimony presented in the hearings and the legislation referred to the subcommittee. These prints were extensively modified in the course of four subcommittee markup sessions at which more than 60 amendments were considered. Only after these markups was a bill reflecting the actions of the subcommittee introduced with the cosponsorship of 28 members of the Education and Labor Committee.

In short, H.R. 3700 represents a collective product of the efforts of the members of the subcommittee, other members who introduced legislation amending the Higher Education Act, and the higher education community.

It would be impossible for me to appropriately credit in the brief time available all the individual efforts of those who have contributed to H.R. 3700. Let me single out only a few: Mr. HAWKINS of California's legislation to revise title III and to more effectively serve the needs of historically black colleges and univerities; Mr. COLEMAN of Missouri's proposals for graduate fellowships and to improve the collections of student loans; Mr. JEFFORDS of Vermont's provisions to reestablish a loan consolidation program; Mr. BIAGGI's efforts on behalf of nontraditional students and teachers; Mr. WILLIAMS of Montana's and Mr. GUNDERSON of Wisconsin's legislation in support of nontraditional students; Mr.

ECKART of Ohio's Dislocated Workers Act of 1985; Mr. BRUCE of Illinois' proposals to improve the student financial aid programs and his National Higher Education and Economic Development Act; Mr. DYMALLY of California's legislation for university/high school partnerships aimed at dropout prevention and Mr. CHANDLER of Washington's bill for midcareer teacher training for nontraditional students. A complete list of the legislation from which provisions of H.R. 3700 were drawn will be included at the end of my statement.

The consensus of the committee in support of H.R. 3700 and the consensus in its favor by the higher education community were not purchased with increased authorizations and costs. H.R. 3700 is composed of carefully balanced reductions and savings in many areas and selected high priority increases in other areas. CBO estimates that the bill will result in $1.3 billion less in authorizations for fiscal year 1987 than the fiscal year 1986 authorizations contained in current law. In particular, the cost of the Guaranteed Student Loan Program, which are real costs since this program is an entitlement, is estimated to be $525 below current law for fiscal year 1987. Over the period of the reauthorization, the cost of the Guaranteed Student Loan Program will be $1.065 billion less than it would be if current law were simply extended unchanged.

With the provisions of H.R. 3700, the total cost of fully funding the Higher Education Act will increase from $10.6 billion in fiscal year 1987 to $12.8 billion in fiscal year 1991. This represents a 21-percent increase over the 5 years of the reauthorization. A 21-percent increase over 5 years is about a 4-percent increase per year which will simply keep even with inflation based on current projections. Thus, in constant dollars this bill provides for an authorization freeze over the 5-year period of the reauthorization after starting from a point that is more than a $1 billion below current law in the first year.

Additionally, Mr. Chairman, there are three provisions of H.R. 3700, that need further clarification as to their intent and legislative background. These include an amendment to the State Student Incentive Grant Program [SSIG] to allow States to use such funds for their own work study programs; amendments to limit the regulatory provisions in the Guaranteed Student Loan [GSL], College Work Study [CWS], and National Direct Student Loan [NDSL] programs; and the administration of the single need analysis.

The State Student Incentive Grant Program is amended to give discretion to the States to utilize a portion of their allotments to support State-sponsored work-study programs, as well as continuing to make the grants authorized under prior law. The recent development of work-study programs funded and administered by a number of the States that afford students not only the opportunity to earn the money they need for their college education but also to perform valuable public service activities and to advance their educational attainment. This combination of work, learning, and public service represent an efficient use of increasingly scarce resources. Those Governors and legislatures that have on their own initiative created State work-study programs should be commended. This amendment will afford all States the opportunity to establish similar programs, and will enable those States with programs already underway to expand their reach.

In examining the various State work-study programs, one finds a diversity of administrative mechanisms and a wide variety of activities in which participating students are involved. This diversity should be preserved and indeed encouraged, limited only insofar as the use of funds allotted under this program meets the same broad restrictions that apply to work supported under the College Work-Study Program set forth at section 443(a) of this act. It is expressly not the intent of this provision to authorize any Federal agency or official to prescribe to any State how or if a work-study program supported under this provision should be administered or, except as provided in statutory language the nature of the work to be performed through it.

During reauthorization hearings there was considerable testimony as to the value of productive work experience in improving a student's academic achievement. This new flexibility in the use of SSIG will further contribute to this end. However, there was also persuasive testimony as to the harmful effects of too much work during the school year. The States are therefore expected to use the option afforded them under this program with full cognizance of the need to maintain a balance between the requirements of work—no matter how valuable—and the academic needs of the student.

One of the major problems that faced the Committee on Education and Labor in developing this legislation was the 1983 Supreme Court decision in Immigration and Naturalization Service versus Chadha. That decision declared that the use of legislative veto to overturn administrative regulations was unconstitutional. The Congress had broadly used legislative veto to modify or reject regulations published under the authorities in Higher Education Act and the Chadha decision has greatly constrained the ability of the Congress to ensure that the administration of student aid programs conforms to the legislative intent in their enactment. As a result, in recent years, the Congress has had to enact technical amendments each year to maintain the family contribution schedules for the Pell grant and Guaranteed Student Loan [GSL] Programs.

H.R. 3700 contains several modifications to address the problems created by the Chadha decision and to frame the requirements for higher education programs in more explicit legislative detail. For example, the need analysis provisions for all title IV programs, except the State Student Incentive Grant Program, are specified in the legislation for the first time. Previously, the specifics of the need analysis were left to regulation by the Department of Education and cooperative agreements with the higher education community. It is, of course, essential that the Congress oversee the effectiveness of these provisions to ensure that they are accomplishing the goal of fairly assessing students' need for Federal assistance in a time of constrained budgets and constant or decreasing student aid dollars. It is therefore necessary that after enactment of this legislation, the Subcommittee on Postsecondary Education hold oversight hearings at least once annually to monitor the effectiveness of the needs analysis provisions and to, if necessary, make appropriate legislative modifications. One amendment that will be offered as part of the committee package of amendments will also help to ensure that the needs analysis is kept current by requiring the Secretary of Education, following specific guidelines in the amendment to annually update the assessment tables and provisions within the needs analysis.

Consistent with the other provisions affecting regulatory authorities in the student financial assistance programs, there will also be an amendment offered as part of the committee package which conforms the language of the provisions granting regulatory authority for the Guaranteed Student Loan, College Work Study and National Direct Student Loan Programs. The amendment will further mandate that the new provisions in the GSL Program be effective with or without regulations. This is necessary because there are many provisions in H.R. 3700 which reduce the costs of the GSL Program and it is important that those provisions be implemented immediately upon enactment of the statute if the full cost savings are to be realized. The proposed regulations implementing the 1980 GSL changes made in that reauthorization were not published until September 4, 1985. If a similar pattern were to again develop, the cost savings provisions would not be implemented until 1991.

Finally, the amendment will also require that any changes in regulations for the GSL Program must be approved by a joint resolution of the Congress. This will provide the Congress with needed oversight ability in a manner that is constitutional. Based on the merits of the proposals contained in H.R. 3700 and its fiscal prudence, I urge my colleagues to support this reauthorization of the Higher Education Act.

BILLS FROM WHICH PROVISIONS OF H.R. 3700 WERE DRAWN

Representative Bedell of Iowa, H.R. 2481, farm assets and student aid eligibility.

Representative Biaggi of New York, H.R. 1198, loan deferral for NOAA officers; H.R. 2711, Fair Financial Aid for Part-Time Students Act; H.R. 2742, Teacher Recruitment and Retention Act of 1985.

Representative Bruce of Illinois, H.R. 2687, loan default prevention; H.R. 3476, National Higher Education and Economic Development Act of 1985.

Representative Burton of California, H.R. 2111, child care services.

Representative Chandler of Washington, H.R. 2758 and H.R. 2805, midcareer teacher training.

Representative Coleman of Missouri, H.R. 2150, Student Loan Collection Improvement Amendments of 1985; H.R. 2199, graduate assistance.

Representative Dymally of California, H.R. 2557, higher education—high school partnerships.

Representative Eckart of Ohio, H.R. 1611, Dislocated Workers Act of 1985.

Representative Ford of Michigan, H.R. 1352, professional resource development centers.

Representative Gallo of New Jersey, H.R. 3371, loan defaults.

Senator Grassley of Iowa, S. 1338, cooperative education.

Representative Green of New York, H.R. 1047, Taft Institute.

Representative Gunderson of Wisconsin, H.R. 1473, title I.

Representative Hawkins of California, H.R. 2907, Institutional Aid Act of 1985.

Representative Kastenmeier of Wisconsin, H.R. 3234, maternity leave.

Representative Matsui of California, H.R. 3190, Higher Education Disclosure Act.

Representative Williams of Montana, H.R. 3446, Student Financial Assistance Equity Act of 1985; H.R. 3475, Adult and Continuing Education Act of 1985.

Representative Wyden of Oregon, H.R. 3249, maternity leave.

□ 1555

Mr. COLEMAN of Missouri. Mr. Chairman, I yield myself such time as I may consume.

Mr. CHANDLER. Mr. Chairman, will the gentleman yield?

Mr. COLEMAN of Missouri. I yield to the gentleman from Washington.

Mr. CHANDLER. Mr. Chairman, I rise in support of this bill, because it holds the promise of helping people build secure and meaningful futures through learning. There is little more we can do in ensuring a sound and vibrant economic future than to build a firm foundation for our country through education. I am especially pleased that this bill includes a provision that would encourage professionals who have reached the middle and advanced points of their careers, to pass on their knowledge through teaching high school students.

When I introduced similar legislation in June, I was concerned that we prepare for the expected 25-percent drop over the next dozen years in the number of young people graduating from college, and look to nontraditional sources for our teachers. That's why I was attracted to the Mid-Career Teacher Program, which uses mid- to late-career professionals with an interest in teaching to improve education at the precollegiate levels.

The program allows individuals with a baccalaureate or advanced degree to be retrained and earn a teacher certification in their area of professional expertise. This innovative approach to teaching was developed by the Harvard Graduate School of Education. Using this successful program as a model, the committee's bill would create a 2-year pilot project to encourage the recruitment of new teachers from nontraditional sources. One educational institution would be chosen from each of the 10 Federal regions based upon competitive application. These programs are intended to train mid- to late-career professionals to become teachers. The institution would be directed to design a program which includes a screening mechanism to choose individuals who would be likely to succeed as classroom teachers. The active participation of classroom teachers would be required as well as followup assistance.

The program would provide desperately needed educators who would present unique experiences from their professional careers and enrich the precollegiate classroom. I am pleased the committee included my proposal in its bill and urge my colleagues to support this bill and its valuable benefits for American education.

Mr. COLEMAN of Missouri. Mr. Chairman, I rise in support of H.R. 3700, the Higher Education Amendments of 1985. This bill amends and extends the Higher Education Act of 1965 from fiscal year 1986 through the end of fiscal year 1991. I personally believe that his bill is the most important piece of educational legislation to be considered by this particular Congress. It should be pointed out that we are now celebrating the 20th anniversary of the signing of the Education Act of 1965 which established the Federal commitment to higher education. This Federal commitment provided grants, work, and loan opportunities which allowed many college students to attend the colleges of their choice, to realize their dreams to attend college as well as graduate school.

At the same time, the Higher Education Act was enacted to provide resources to ensure that our colleges and universities are indeed the very best in the world. This commitment is continued in H.R. 3700.

Since the original enactment 20 years ago of this legislation, the Federal role in postsecondary education has revolved around four prinicpal concepts.

I would like to spend just a few moments on those four concepts. First of all the quality of educational opportunity for students is encouraged with an array of student aid programs that emphasize the educational aspect for low- and middle-income students.

Second, a measure of the student choice among postsecondary institutions through student aid requirements that take into account cost differences between and among various types of institutions.

Third, support for the concept of diversity among America's postsecondary institutions through program eligibility criteria that permit participation in all forms of postsecondary education.

Finally, the meeting of certain special educational needs through a number of categorical assistance programs targeted to such areas as college libraries, international education, and teacher training.

I am pleased to report that these very important concepts are preserved in H.R. 3700 and improved to better meet the contemporary needs of our great system of higher education.

As Chairman FORD noted, H.R. 3700 is the product of a thorough bipartisan effort to reauthorize the programs within the Higher Education Act. I would like to compliment our chairman, BILL FORD, on the leadership he has shown in shepherding H.R. 3700 through the Committee on Education and Labor and bringing it to the floor this afternoon.

I would also like to commend Chairman HAWKINS and the ranking member, Mr. JEFFORDS, for their contributions, and extensive contributions, to this Higher Education Act.

As BILL FORD indicated, last year we sent out requests to 140 different educational associations asking for their input into this process. We had a number of hearings both here in Washington and outside this city, and a lot of informaton was developed which gave us a strong foundation in the development of this important legislation. It should be pointed out that I requested, and others requested the administration to submit their higher education proposal to our subcommittee, and I personally was disappointed that the Department put off sharing their reauthorization amendments until next year in the budgetary process. But using the information that we developed through the hearing and the recommendations, we have come together with many drafting suggestions as well as amendments in the process. I think we have a pretty good bill which passed the full committee 28 to 2.

Obviously, if our only consideration was reauthorization of various pro-

grams, that would be one thing. But we had to face up to the fact that we have a very real financial limitation created by our budget deficit in this country. Therefore, I am proud to say, Mr. Chairman, that the committee has shown considerable restraint in enactng new authorization levels for H.R. 3700.

Furthermore, later on I will offer an amendment, which is what we call a big ticket item; it is going to save some $560 million over the 5-year period of this bill. Chairman FORD is going to join with me in that effort. So I think even further reductions in these programs can come about, we feel in a fair sense, and we will explain those amendments later. I also imagine there would be other attempts on this side of the aisle to reduce some of the expenditures during the floor consideration of this bill. But I think the committee has used and exercised restraint, as I said, in their proposal so far. I will not go into a lengthy discussion of the entire bill, but let me point out some of the important matters which we have concluded. First of all, the allocation formula within the SEOG Program is redefined to ensure that the allocation of new SEOG funds go to individual institutions enrolling students with the greatest financial need for such funds. We are placing emphasis on ensuring that only the neediest of these students receive such grants. We have several cost-saving measures which were adopted within the Guaranteed Student Loan Program in order to try to hold down the price in the escalating cost of this entire program, the only one which is an entitlement program in the bill, the GSL Program.

We have included limiting program eligibility to only those students who have shown financial need. We have a required mulitiple disbursements of loans. We are requiring that loans be disbursed to students by making checks payable to the students but sent to the educational institution to ensure that these funds are going to be used for the purposes we are adopting here today. We have recalled State guarantee agency advances beginning in fiscal year 1988. We are requiring that interest rates increase for 8 percent to 10 percent during the fifth year of repayment on GSL's. We have series of amendments which I sponsored which are designed to reduce defaults and improve collections in the program, a program of loan consolidation which provides students with the opportunity to stretch out excessive debt burdens which they have bullt up through their years in school, in order to allow them a better chance to pay that off and not become defaulters.

Finally, we provided incentives for loan guarantee agencies to make additional efforts to collect on their own delinquent loans.

Mr. Chairman, different areas were looked at to save money in this program. It is very difficult when you consider that 90 percent of the cost of the GSL Program is on loans already out; so what we can affect is the future. We do have a number of students now who are receiving these loans. They have complete access to these loans with lenders today. We felt the fact that we have a structure in place that provides these opportunities was something that we did not want to tamper with. Therefore, we did not affect the yields that various lenders receive on this program. We did, however, I think, make improvements in other areas that I have just mentioned to make sure that we have increased the loan capital available, trying to keep the cost of this program in place. We redefined the independent student to better reflect some abuses that were occuring, and we tried to limit that. We have raised the borrowing rates because we know that the cost of higher education has increased through the years. We have recognized that by allowing third and fourth-year students to borrow more money than is currently authorized under the current programs.

We have made several important changes in graduate education which I will go into later, but I think we have to recognize that we received a report from our former colleague, now president of New York University, entitled "Signs of Trouble and Erosion: A Report on Graduate Education in America." We have tried to respond to that by amendments in title IX which I will detail at that time.

Mr. Chairman, let me say in closing that this is a good bill, it is a bipartisan bill. This side of the aisle has had ample opportunity to provide and support amendments and had many of them adopted in committee. Mr. FORD has been filled with the spirit of compromise throughout this process.

I again thank him for that because we tried to make this a bipartisan bill. Living within the limitations that we have, the budget limitations, I think we have a responsible piece of legislation that we bring to the floor. I am proud to be a cosponsor of this particular piece of legislation.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The gentleman from Missouri has consumed 10 minutes.

Mr. FORD of Michigan. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. HAWKINS] the chairman of the full committee.

Mr. HAWKINS. Mr. Chairman, since our country's inception, there has been a unique partnership between the Federal Government and higher education which has produced a college and university system unequaled in the world.

As citizens we have profited from this important national investment through economic growth, social justice, civic, and cultural enrichment and security for the Nation.

According to the Carnegie Foundation for the Advancement of Teaching, since 1954, the number of college and university students in the United States has increased from 2.4 million to over 12 million today. Black student enrollment has grown to over 1 million. The number of women in higher education has risen from one-third to more than one-half of the overall enrollment. Now about half of all full-time college students are receiving some form of Federal assistance.

As we debate the merits of this reauthorization bill, we must keep in mind not only how much this bill costs, but more importantly, how much it is worth to our citizens and our Nation. Education is not cheap, but ignorance costs a lot more. We must not let the fact that elements of the law may have been abused lead us to curtail assistance, but we must see how aid to higher education benefits us all, and fine tune the programs so that abuses do not continue.

I believe the bill before us today accomplishes these goals. I commend the chairman of the Subcommittee on Postsecondary Education, BILL FORD, for his outstanding work on this bill. He has spent an enormous amount of time in hearings and meetings guiding this legislation through the congressional process and has continuously shown his interest in and grasp of the subject matter. I would also like to commend our colleagues, TOM COLEMAN and JIM JEFFORDS, for their work on the bill. As ranking members on the subcommittee and full committee, they have left their mark on this legislation.

Under the Higher Education Act, 90 percent of the funds are earmarked for various forms of student assistance. The basic feature of H.R. 3700 as regards student aid is that the committee has continued and refined all the current loan and grant programs. We have rejected, on a bipartisan basis, the administration's efforts to eliminate or drastically curtail many of these programs. Our support is based on nearly uniform testimony before the committee that these programs are indeed working to provide greater educational opportunities for our citizens.

A second major feature of the bill is that we have tried to substantially increase grant assistance, but only moderately increase loan assistance. Our hearings have found that all student aid over the last 5 years has been eroded in terms of its coverage of educational costs. For instance, the average Pell grant in 1979 used to cover 46 percent of the cost of a student's

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higher education. Today it takes care of only 26 percent.

The hearings also found that students are increasingly turning to borrowing through the Guaranteed Loan Program for basic assistance to attend school. The GSL Program was originally meant to be a supplement to the Grant Program, and instead it has become the basic program of aid for all students, including the poor. This has resulted in many students completing their higher education only by assuming crushing loan burdens.

H.R. 3700 also seeks to correct certain problems by substantially increasing the maximum amounts for Pell grants, supplemental educational opportunity grants, and State student incentive grants. The bill also requires applicants for loans to seek eligibility for grants first.

In addition to trying to correct the current imbalance between the use of grants and loans, H.R. 3700 also seeks to simplify the process of applying for student aid.

The last major improvement as regards student aid is that H.R. 3700 proposes to preserve the integrity of these programs through a series of provisions encouraging prompter payment of loans and discouraging defaults. We must make the greatest possible efforts to discourage defaults and to collect defaulted loans in order to maintain popular support of these programs for the benefit of all students.

The remaining 10 percent of aid under the act is earmarked for a series of programs to improve the quality of education at institutions of higher education. For instance, graduate programs encouraging enrollments of minorities would be modestly expanded to help improve the underrepresentation of minorities at the graduate level.

Finally, I am also pleased that a major improvement has been made in the title III program for developing institutions, along the lines suggested by a bill Senator SIMON and I authored, the Institutional Aid Act of 1985.

The revised title III ensures that historically black colleges and universities, as well as other institutions serving minority populations, get their fair share of the limited funding available for educational assistance. The changes made will strengthen quality, access and choice in higher education institutions which serve low income and minority students, it will strengthen the curriculum and libraries in these institutions and will assist endowment development.

In conclusion, H.R. 3700 represents a momentous commitment to the education of our citizenry and to the security and stability of our country and therefore should be fully supported.

□ 1610

Mr. COLEMAN of Missouri. Mr. Chairman, I yield 3 minutes to the gentleman from Pennsylvania [Mr. GOODLING].

Mr. GOODLING. Mr. Chairman, first of all I would like to congratulate Chairman FORD and Mr. COLEMAN, the ranking Republican on the Postsecondary Education Subcommittee for the outstanding job they did in bringing this bipartisan bill, H.R. 3700, to the floor of the House of Representatives. I feel that it represents a reasonable balance between the need to control spending and the need to provide student assistance for postsecondary education in this country.

Since other Members have gone into detail on the background of this legislation and the major changes which have evolved from the committee consideration of H.R. 3700, I would merely like to highlight some of my special interests and concerns. First of all, I have worked closely with the chairman in developing a fair and reasonable amendment dealing with the problems created by lenders and institutions which have abused the program either willingly or unwillingly and in the process have not only damaged the reputation of the Guaranteed Student Loan Program, but have hurt both students and the taxpayers. In particular, my amendment would merely close the circle by requiring a national response to a potential abuse in the program discovered by a guaranteed agency. For example, under current law and under the current provisions of H.R. 3700 we have no assurance of a national response when a guarantee agency in a particular State takes a "limitation, suspension, and/or termination" action against a lender or institution which has violated program regulations and its program participation agreement.

My amendment requires the Secretary of Education to take action within 60 days upon notice of a guarantee agency's implementation of an LS&T procedure. Such an action would prevent institutions which have been found in violation of the laws and regulations of the Guaranteed Student Loan Program from ignoring a State action by seeking a national lender and/or guarantor. I have received a concrete example from my own State agency, the Pennsylvania Higher Education Assistance Agency, which demonstrates the need for this amendment.

At the same time I agree with Chairman FORD that we must continue to provide due process for lenders and institutions in the GSL Program. My amendment accomplishes that goal. My amendment is not designed to penalize any entity, but rather to protect students and taxpayers from poorly administered or even fraudulent institutions and/or lenders. No one operating a good program in good faith will have any problems with this amendment. At the appropriate time during the 5-minute rule I plan to discuss my amendment in greater detail.

I would also like to call attention to a provision in title V of this bill dealing with the requirement for a State task force on teacher training. We are all well aware that there has been such a grassroots revolution occurring in the field of elementary and secondary education in general, including teacher training. I want to ensure that States which have already taken substantial efforts in complying with the statewide activities envisioned under section 571 of H.R. 3700, are not required to duplicate their efforts. Therefore, I will offer an amendment to provide for a waiver of the provisions of section 571 when the Secretary of Education determines that such activities are unnecessary in light of State initiated activities.

Although I share concern over increasing costs in any program, I am pleased that H.R. 3700, when compared to the extension of the current authorization levels, more than meets the tests of fiscal responsibility. Since this is an authorization bill and not a budget reconciliation action or an appropriation measure, I do not think the committee can be accused of bringing a budget buster to the floor. For this reason, I feel that this bill deserves bipartisan support.

Mr. FORD of Michigan. Mr. Chairman, I yield such time as he may consume to the gentleman from Pennsylvania [Mr. GAYDOS].

Mr. MILLER of California. Mr. Chairman, will the gentleman yield?

Mr. GAYDOS. I yield to my colleague, the gentleman from California.

Mr. MILLER of California. I thank the gentleman for yielding.

Mr. Chairman, I rise today in support of H.R. 3700, the higher education amendments of 1985. I would like to commend my colleague, Congressman FORD, and the other members of the Education and Labor Committee for their diligence and thoughtfulness in developing this important piece of legislation.

I am especially pleased that the committee has recognized the importance of child care in enabling low-income parents to further their education, and therefore increase their ability to provide for their families; and that the committee has included a section of my legislation, H.R. 2867, the Child Care Opportunities for Families Act, in the bill before us today.

I also commend the gentlelady from California, SALA BURTON, for joining me in sponsoring similar legislation.

This section authorizes $15 million in grants to institutions of higher education to be used for child care vouchers or the purchasing of slots in li-

censed child care programs for low-income and first-generation college students.

A full 80 percent—over 2 million—of single mothers with children under 6 live below 150 percent of the poverty level. These women are in particular need of additional educational opportunities to enable those on welfare to gain economic self-sufficiency, and to help others maintain and improve their economic stability. Without access to child care services, their ability to attend school is limited, and their chances of succeeding are reduced.

This bill substantially reduces the barriers faced by low-income parents who wish to impove their lives, and the lives of their children.

I would further commend Chairman FORD for expanding the definition of the standard of need used to determine the amount of student aid to better reflect reality, by including child care costs. Child care is a major family expense—costs range from anywhere under $50 per week to well over $100 per week for one child. It has now become a basic need. Without child care, many parents would be unable to provide the other basics such as food and shelter for their children.

Mr. Chairman, I urge my colleagues to vote in favor of H.R. 3700.

Mr. GAYDOS. Mr. Chairman, the bill before us, H.R. 3700, the Higher Education Amendments of 1985, is a carefully crafted measure that seeks a balance between the needs of institutions of higher education, the students attending or planning to attend those colleges and universities and the national concern for staying within some reasonable budget guidelines.

H.R. 3700 meets all of those critical needs. It revamps key elements in student aid programs, such as the elimination of the 5 percent origination fee, an increase in the amount of Pell grants as well as the amount a student can borrow under the Guaranteed Student Loan Program. It includes provisions that we expect will provide a fairer means of evaluating the contributions of students and their families toward a postsecondary education and more clearly explains how a student's need is determined.

What's more, the bill addresses the concerns of nontraditional higher education students—veterans, displaced homemakers, workers in need of retraining because of job losses and so forth—who attend on less than a full-time basis, but are in as much need of assistance as full time students.

Also, the bill eliminates a number of programs and provisions that have been unfunded in recent years or that have become obsolete, cleaning up language and insuring that appropriated funds will be spent on program activities that will result in more benefit.

The bill also restructures assistance to institutions so that those in most need are eligible for the most aid, especially for historically black colleges, community colleges, and other institutions which assist special students.

And, finally, the bill contains a number of changes which should significantly reduce the total amount authorized for higher education programs as compared to current law. In fact, it is estimated that the total authorization for H.R. 3700 for fiscal year 1987 is more than $1 billion less than the amount authorized under current law for fiscal year 1986.

This bill has the overwhelming support of the higher education community, received the overwhelming support of the Committee on Education and Labor, and is deserving of your overwhelming support as well.

It was no easy task to draft this package of reforms and revisions that will improve Federal assistance to students and institutions in higher education and the chairman and staff of the Subcommittee on Postsecondary Education are to be commended for their diligence and effort.

Thousands of pages of testimony, reports, and other materials were submitted to the subcommittee during the course of its more than 30 hearings in Washington and around the country. Virtually every organization in the higher education community as well as representatives from many individual colleges, universities, community and junior colleges, and proprietory schools had the opportunity to submit their views.

The final product is a well tuned document that seeks to meet the needs of students, institutions, and others without adding to an already bulging budget deficit.

In addition to improvements in the Pell Grant Program and the Guaranteed Student Loan Program, special consideration was given to refining the Supplemental Educational Opportunity Grants [SEOG], College Work Study Program, and National Direct Student Loans.

Further, recognizing the need for attracting more and better young people to the field of teaching, this bill includes an option for those who plan to teach after graduation to defer the payments on their student loans for up to 5 years.

H.R. 3700 blends concern for individual student needs with those for institutions. At the institutional level, funds are to be available for construction and renovation of facilities, continued development of college library programs and for the improvement of postsecondary education.

On the individual level, beyond the improvements in the Pell Grant and loan programs, the bill authorizes funds for graduate programs, continuing education programs which assist adults in bettering their skills or learning new ones, trio programs which focus assistance for disadvantaged students, and teacher recruitment, retention and development including mid-career teacher training programs.

Overall, H.R. 3700 does what it sets out to do: Improve Federal Assistance to students attending and planning to attend higher education institutions, provide assistance to institutions of higher education at all levels—small and large, private and public, and 2- and 4-year colleges and universities, and keep within some reasonable budgetary limits.

This bill does it and, therefore, deserves our full support.

Mr. FORD of Michigan. Mr. Chairman, I yield such time as he may consume to the gentleman from Kentucky [Mr. PERKINS].

Mr. PERKINS. Mr. Chairman it is a real pleasure to be able to stand here today on the floor of the House of Representatives and express my strong support for H.R. 3700. This legislation will help to improve the accessibility of a higher education for all Americans who seek it.

This bill has been benefitted by strong bipartisan support throughout the committee process. Also the number of hearings that the distinguished chairman of our subcommittee has held shows the true desire for this to be a complete and thorough examination of this area of the law. I feel confident that the bill that we have reported out to the House is a solid, economically sound piece of legislation that will serve the higher education community well in the coming years.

There are many important and involved parts to this bill and I am here in support of the legislation as a whole. We address the default rates, the GSL Program, Pell grants, campus-based programs, and many other important programs that serve higher education. Also it is a real honor to be part of the process that will rename the NDSL Program the Carl D. Perkins National Direct Student Loan Program. This program is designed to help those that are most deserving. This was a real concern of my father's and I am sure that he would agree with the positive steps we have taken in this and other programs in this reauthorization.

I urge the passage of this bill for the sake of all our future's. This world is changing at an ever increasing rate and we need to continue the efforts to improve our schools and those mechanisms that we have created to help our children reach their goals and fulfilling the dreams of their youth. We don't have the luxury of skipping over this generation with the hope that we will catch them up somewhere down the road. Other countries are passing us by in the area of education, and training in technical skills. These foreign competitors are not going to wait around for us to catch up with them. They will continue to raid our markets and drive out American products because they will be on the lead-

ing edge of technology with the best and the brightest workers.

Many foreign nations can't understand how we in the United States can allow the talents of our young people to be lost simply because they can't affort to go to school. Of all the areas that we should place the highest priority on it should be our continued support of an educational opportunity for everybody. This legislation is commitment in the right direction. Without this commitment to excellence then how are we to remain a strong and free nation?

I ask you to support this bill and to support the futures of every generation that takes part in the educational process. Vote yes and pass H.R. 3700.

Mr. COLEMAN of Missouri. Mr. Chairman, I yield 3 minutes to the gentleman from Wisconsin [Mr. GUNDERSON].

Mr. GUNDERSON. Mr. Chairman, let me begin, as so many have and as so many to follow me will, by commending our distinguished chairman of our subcommittee and our distinguished ranking minority member. They have been the leaders in promoting a bipartisan reauthorization, something that our subcommittee had difficulty establishing and achieving in the past but under their leadership and their sincere cooperation we have moved in that direction this session.

I would like to spend my time focusing on a couple of areas that I think are most important. And let us understand that whenever we talk about a reauthorization, what we are focusing on is taking present law and updating it to meet the present needs.

I would suggest the legislation in front of us is the most important piece of legislation for our higher education community for this decade and probably for the rest of the century, because what we are trying to do in an era of limited resources is to respond to the very unique and important essential needs challenging the higher education community and our work force.

In particular, one of the areas, the first area, the first title of the bill, becomes very, very important, title I. Through legislation that I offered and legislation that was offered by the gentleman from Montana [Mr. WILLIAMS] and the combination of our particular pieces of legislation, we have been able to come up with what we believe to be a very essential and viable title I program that focuses upon the adult, the nontraditional student.

In particular, in this area what we are trying to do is to provide through competitive grants the opportunity for, No. 1, our colleges, through on-campus programs, and No. 2, in off-campus programs, taking education to the workers. No. 3, through research, trying to determine exactly what are the needs of the nontraditional adult student. And, No. 4, the whole area of training for personnel involved in teaching the nontraditional student we are trying to tell our higher education community and assist them in the recognition I think they already have that, by 1990, 47 percent of our student body will be consisting of nontraditional students. It is time we take our Higher Education Act and respond in this particular way.

A special commendation in this area, in my opinion, has to go out to my good friend, the gentleman from New York [Mr. BIAGGI], because he is the gentleman through title IV who has offered all of the amendments that deal with the nontraditional student, part-time or less than part-time student in title IV of the bill.

The second thing that I was very involved with in this particular piece of legislation, along with the gentleman from Minnesota [Mr. PENNY], was trying to determine what exactly ought to be the definition of an independent student in determining eligibility for financial needs. We started with the age of 22. We then looked at 24. During the committee process, through our efforts, we brought that down to 23, provided no other criteria are considered which would make you eligible under other grounds. What we are trying to do there is not only deal with the difficult process of coming up with a formula but also deal with the very important need of determining that age at a level that does not automatically exclude thousands of students who have been working and now are attending our community colleges.

Mr. Chairman, first I would like to take this opportunity to commend the chairman of the Postsecondary Education Subcommittee, Mr. FORD, and the ranking minority member of the subcommittee, Mr. COLEMAN, for their diligent efforts on behalf of this Nation's students and its institutions of postsecondary education. During the past year, the subcommittee conducted 35 hearings on the reauthorization of the Higher Education Act, receiving the testimony of 352 witnesses, accounting for 115.5 hours of testimony. And, this was just the amount of time and effort put into the hearing process alone, not to mention the number of staff hours and preparation that has gone into this reathorization bill.

H.R. 3700 represents a bipartisan approach to updating and improving the Higher Education Act. The bill reaffirms the Congress' strong commitment of support for postsecondary education and equal educational opportunity for all citizens.

At the same time, the committee-reported bill also provides for a number of changes that have the effect of reducing program costs without adversely affecting truly eligible, needy students. At a time when the budget deficit is reaching over $200 billion in fiscal year 1985, and the national debt will reach $2.079 trillion next year, we must look for areas in which we can achieve savings in all federally funded programs.

Several of the provisions contained in H.R. 3700 which will result in savings are: The mandatory multiple disbursement of guaranteed student loans [GSL's]; incorporation of a universal needs analysis in determining student aid eligibility; a requirement that interest on GSL repayments increase from 8 percent to 10 percent in the 5th year of repayment, when the ability to repay has increased; a series of provisions that will prevent student loan defaults and aid in collection; and a tightening of the definition of the independent student for the determination of student aid eligibility.

This last savings provision mentioned regarding the definition of the independent student, was of special interest to me during the Education and Labor Committee's consideration of the reathorization bill. While many within the higher education community agreed that some age limit should be set to aid in identification of truly independent students, there was controversy over what that age limit should be—and concern that those students who fell below that age cutoff, but were truly self-supporting, would be eliminated from participation in Federal student financial assistance programs.

In response to these concerns, I offered an amendment during full committee consideration of the bill, which I feel appropriately addresses the independent student question—identifying those students age 23 and older as independent—most of whom have graduated from the traditional 4-year institution by this age—and providing that those students under age 23 who provide documented proof of total self-support for the previous 2 years before entering school are determined independent as well. This additional definition of the independent student is particularly important for community colleges and postsecondary technical institutions, whose students oftentimes have been totally self-supporting for a number of years prior to age 23.

H.R. 3700 also provides for improvements in other areas of the Higher Education Act. While major emphasis has been placed on title IV—student assistance programs—a priority of the reauthorization must be to bring the act up to date with current facts and trends in the higher education community.

One such trend, which is quite apparent, is the shift of the college population toward the older student.

Title I of the bill, addressing the need for continuing education for the adult learner, was renamed "Postsecondary Programs for Nontraditional Students." This newly written title accurately recognizes the need for change in how we meet the needs of older, nontraditional students (those beyond the traditional college ages of 18–22).

The importance in meeting the special needs of the older student has increased in recent years. These individuals already represent 41 percent of the college and university population. From 1973 to 1983 enrollment for older students increased by 70 percent. Recent studies estimate adult

learners will represent 50 percent of the national student body by 1991.

Contributing to these changes in the student population has been the fact that America is in evolution economically, demographically, and socially. Economically, the impact of technology has been everpresent. The computer industry alone has grown 600 percent over the last 10 years. Society is evolving toward a service-oriented, information economy—replacing the traditional, manufacturing/industrial society. The average high school student graduating today will have four careers in his or her lifetime.

Demographically, the baby-boom generation is coming of age. As a result, the overall population is getting older, and all of these individuals are or will be in need of training, retraining, and skills improvement.

Finally, America is changing as a society. Socially, the changes in family structure and increased number of women working outside of the home, particularly those who are single heads of households, has been extensive.

When looking at the future of our education system, we must address these changes and recognize that education is a lifelong process, and the Higher Education Act must meet these inherent challenges.

Title I of H.R. 3700 authorizes $30 million to be spent for: First, 4-year institutional grants to aid in establishing and/or strengthening programs to meet the continuing education needs of adults—including special services such as child care, counseling, off-campus outreach, and so forth; second, 4-year off-campus grants—to assist in development of off-campus outreach programs—using technology-based delivery systems; and third, 3-year grants to provide in-service training for adult and continuing education instructors. $5 million is also authorized under title I for evalution of ongoing programs and research grants to study the needs of older students.

Enactment of this new title I—along with included revisions in student financial aid opportunities for non-traditional students will assist higher education institutions to get on track in meeting the needs of this important group.

Another, not-so-positive trend in higher education is that of increasing college costs. While estimates in terms of exact percentage points vary, it is agreed that college tuition has increased dramatically in recent years.

One study conducted recently determined that tuition has risen more than 50 percent over the last 4 years. And further statistics indicate that the total cost of college, total cost including tuition and fees, books and supplies, room and board, personal expenses, and transportation, has increased by 55.8 percent over the past 5 years on the average in the Nation's public 4-year institutions, and by 58.8 percent in the Nation's private 4-year schools.

The cost of going to college is rising at nearly twice the estimated rate of inflation—the Consumer Price Index. This year alone, at the country's 4-year public institutions, tuition and fees alone will average $1,242, up 9 percent over 1984–85—with total costs averaging $5,314, up 7 percent over 1984–85. At the Nation's 4-year private institutions, tuition and fees alone average $5,418 this year, up 8 percent over 1984–85—with total costs averaging $9,659, up 6 percent over 1984–85. And, all of this follows 3 years of double-digit increases.

It has been predicted that if costs continue to rise at 7 percent annually through the year 2000, the total costs—on average—at the Nation's 4-year public institutions could be as high as $13,000 per year—and as high as $25,000 per year at the 4-year private schools. Using a 12-percent indicator, which is unfortunately not unrealistic, these numbers could go as high as $27,000 per year in a public and $47,000 per year in a private institution (on average) by the year 2000.

The big question is, How do we solve these problems of escalating higher educational costs? H.R. 3700 requires the Secretary of Education to conduct a study on the causes behind these increasing costs, their effects on students, as well as institutions, and requires the Secretary to report back to Congress, within 2 years of the date of enactment, the study's findings and recommendations.

This study is by no means the answer to the problems of skyrocketing college costs; however, it is a first step to addressing this mounting problem at the national level. Short of cost containment—which no one really wants to see put in place and which could have damaging effects on higher education in this country, we must find solutions to the problems causing these escalating costs, before all but the rich are priced out of attaining a quality higher education. This is surely an issue to be dealt with in the future as we continue to meet the educational needs of our Nation.

Mr. FORD of Michigan. Mr. Chairman, I yield such time as he may consume to the gentleman from Wisconsin [Mr. KASTENMEIER].

Mr. KASTENMEIER. Mr. Chairman, I would like to take this opportunity to thank the members of the Education and Labor Committee for their work on this important bill, and to thank Chairmen HAWKINS, FORD, and WILLIAMS for their assistance in insuring that a previously unknown problem with current student loan regulations was addressed in the bill.

Earlier this year one of my constituents, a University of Wisconsin preengineering student, Karen Jolly, went to a local Madison television consumer advocate reporter, Bob Richards of channel 15, with what she felt was a case of discriminatory treatment in the Student Loan Program.

Karen, who had been able to maintain the 3.5-grade point average required by Wisconsin's Engineering School of undergraduates, was expecting a baby in late September and was told by her doctor that she would be required to take at least 6 weeks off school to have the baby and recover from delivery. She applied for a deferment of her student loan only to be denied on the grounds that her medical condition did not meet Department of Education guidelines which only grant deferments to students who are "ill or injured" or whose spouses are "ill or injured." Since the Department did not consider Karen's condition as an "illness or injury," she was denied a deferment. The result was that she was required to begin paying back her student loan, at the same time that she was on a student loan.

As many of us are aware, the complexion of student bodies in colleges and universities around the country have changed considerably in recent years with a substantial increase in older people returning to college or beginning their studies later in life. Many of them are married and in positions similar to Karen's.

After the Department of Education declined to consider changes in its policy in this respect, I introduced H.R. 3234 to change current law to allow for parental leave in such cases.

My colleague and friend, BILL FORD, chairman of the Subcommittee on Postsecondary Education, took an active interest in this issue, as did Chairman PAT WILLIAMS of the Subcommittee on Select Education, and Chairman HAWKINS. With their support, a provision was added to H.R. 3700 to provide for limited parental leave for students so that others will not have to give up their studies or bear additional financial pressures when they are trying to complete their education.

I would like to extend a special thanks to them and the other members of the committee who recognized the problem and actively worked on a solution.

Mr. FORD of Michigan. I thank the gentleman. And local problems can be taken care of if the person bringing it to our attention carries the respect and admiration, as the gentleman from Wisconsin does, by the members of my committee, who were quick to respond when I told them it was the gentleman's idea.

Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. DYMALLY].

Mr. DYMALLY. Mr. Chairman, there are many reasons to be proud of the work that the Subcommittee on Postsecondary Education and the Education and Labor Committee have now completed on the reauthorization of the Higher Education Act. I believe Mr. FORD and Mr. COLEMAN convened as thorough a set of hearings on higher education as has ever been convened. Over 30 hearings were held and all sides had ample opportunity to make their views known. The clean bill being debated today reflects the work of all subcommittee members

during the markup, and I believe it is a bill that all members of the subcommittee cosponsored with confidence and conviction.

I have been concerned during my time in the Congress that the process of passing money bills, budget bills, has so usurped our time and concentration that we have often been forced to let the passage of such bills serve as our policy vehicle. That is, we have often let monetary concerns dictate programmatic policy. In the end such a practice weakens programs because it fails to separate two considerations which ought to be separate considerations. That is, this practice fails to separate the question of what should be done in a given program area from the question of how much money should be spent doing it. Congressional committees are separated into authorizing and appropriating committees just so that there will be a separation between money consideration and policy considerations.

I am happy to say that the Subcommittee on Postsecondary Education has looked carefully at policy considerations. The subcommittee has fashioned a bill that, within the limits of fiscal considerations that restrain us all, will benefit the range of activities in higher education for the rest of the decade. When I say that money and policy considerations should be made separately, I do not mean that policies should be put forth which are out of fiscal reason. In determining policy for the Federal role in higher education, the Postsecondary Education Subcommittee has fulfilled its charge to set proper policy, but it has carried out its work cognizant of the fiscal restraints that now bind all Federal activity.

The reauthorization which the Education and Labor Committee has forwarded to the House is not a budget buster. The programs that it would authorize can be carried out for no more money than is now being spent by the Federal Government for higher education. The essential thing to keep in mind is that the subcommittee has fashioned policies that will serve higher education well for the rest of the decade.

I am honored to have worked on this bill and proud to be a cosponsor of it. All of us, I think, have provisions that we would like to have seen placed in the bill. I, for example, think that proprietary schools, which are like community colleges in that they have 1- or 2-year programs, but are unlike these institutions in that their costs for this short period may be very high, should have been dealt with independently in the financial aid section. They fit neither the mold of community colleges nor the mold of 4-year institutions, but they educate significant numbers of minority and women students who will have this proprietary school degree as their highest degree. But in every effort to reach accord compromises have to be made.

I want to praise the spirit of compromise, of working together, which has brought this bill to the House floor.

I commend my colleagues and the staff members involved in this monumental task. It is a task which was accomplished in a spirit of single-minded concern for the well-being of higher education in America. It is a good bipartisan bill and deserves the unanimous support of this Congress.

Mr. FORD of Michigan. Mr. Chairman, I yield such time as he may consume to the gentleman from the District of Columbia [Mr. FAUNTROY].

Mr. FAUNTROY. Mr. Chairman, I rise in support of H.R. 3700, the Higher Education Amendments of 1985.

The Higher Education Act, Mr. Chairman, was originally intended as an attempt at providing postsecondary educational opportunities for all persons. With the knowledge that only with educated citizenry can a democracy grow and prosper, we attempted to provide postsecondary educational opportunities for all, regardless of race, sex, creed, or financial status.

We are now called upon again to continue our commitment to higher education as well as to address the various challenges that currently face our society. They include the changing composition of many students in higher education to include veterans, the worker in transition, displaced housewives, and many others who do not fit the mold of the traditional student. Our goal must be to help these students as they equip themselves for their new roles in our society. These challenges to our system of higher education are conditioned by the changing structure of the American economy which is now forcing thousands of workers out of the agriculture and the manufacturing sectors and into service and technological areas.

Our changing economy requires persons with greater skills more so now than ever before and H.R. 3700 will enhance the ability of members of our society to gain those necessary skills. Without the Higher Education Amendments of 1985 many in our society would be unable to make the transition required by the rapidly changing national and international economy.

I believe H.R. 3700 meets this challenge of transition as it addresses its five basic goals:

It seeks to advance the goal of equal educational opportunities for all by making improvements in existing programs. It addresses, for example, the decline in the representation of the maximum Pell grant award from 46 percent of the average cost of attendance at an institution of higher education in 1979 to 26 percent in the 1984–85 academic year.

It seeks to provide increases in the Pell grant, supplemental educational opportunity grants, and State-student incentive grants, eliminating concerns that these programs are currently insufficient. It does so by requiring that students establish their Pell grant eligibility prior to borrowing through the Student Loan Program.

It seeks to make more equitable the system of appraising individual income for the purpose of awarding these grants. It provides, for example, for more reasonable income allowances which determine the amount of income available to sustain family living and the amount of income remaining for educational expenses.

It further seeks to simplify the awarding process prompting those to apply who would otherwise be intimidated by the complicated process. For example, it allows corrections on Pell grant applications to be made on individual campuses.

Finally, in an effort to make the Higher Education Act more beneficial and efficient, H.R. 3700 eliminates several unfunded programs and provisions which are obsolete. It also brings under the auspices of the Higher Education Act the authorities for the College Housing Program, the Minority Institutions Science Improvement Program, the Science and Engineering Access Programs and the Leadership in Educational Administration Development Program.

Mr. Chairman, I believe, as in the words of President Johnson, that:

Nothing matters more to the future of our country: not our military preparedness—for armed might is worthless if we lack the brain power to build a world of peace; not our productive economy—for we cannot sustain growth without trained manpower; not our democratic system of government—for freedom is fragile if citizens are ignorant.

Mr. Chairman, I close encouraging my colleagues to support H.R. 3700 as an investment in the future stability of the American economy.

Mr. COLEMAN of Missouri. Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. BARTLETT].

Mr. BARTLETT. Mr. Chairman, there have been a lot of hearings and a lot of words spoken, but the fact is that in terms of aggregate spending for this year and next year and for the total number of years in this bill, this is one of the least debated and perhaps the least understood pieces of legislation this session. In fact, this bill will be known as one of the biggest budget busters of this session should it pass and go into law.

I rise in reluctant opposition, reluctant because the committee has made some improvements in current law in higher education, and reluctant because I have a great respect for the ranking minority member of the subcommittee, the gentleman from Missouri [Mr. COLEMAN], and I plan to support one of the amendments that he will be offering to restore the origination fees.

This bill has bipartisan support, in my opinion, primarily at the subcommittee. I oppose this bill for one reason and one reason only, and that is the enormous cost increases over current expenditures that are built

into every single section of this bill. In the aggregate, there is little budget restraint that has been shown by H.R. 3700 at all.

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I call to the committee's attention that this is a year of budget freezes, a year in which every program is judged by a freeze concept over current year expenditures, and a year of near certainty of some sort of a deficit limitation on expenditures for this Government for the next 5 years. I call to the attention of the committee a chart comparing this legislation to fiscal year 1985 appropriations. Mr. Speaker, in 12 out of the 13 programs, they are discretionary programs. They go to the institutions, not to student aid.

If you take those titles which are titles I through III and V through XII, current expenditures are $283 million, and this bill authorizes over $1 billion. This is a 272-percent increase in the first year of $770 million. If you take the total for the legislation as a whole, current expenditures are $9.3 billion. In the first year this bill authorizes $10.5 billion, of which half is discretionary appropriated, and the other half of those increases are entitled and will be spent in certainty.

Even worse, if you look at the outyears, if you look at the total or aggregate spending you see over the life of this bill a 20-percent increase in expenditures over and above the rate of inflation.

Mr. Chairman, I will be offering several amendments; I will mention two of the major ones. One is to restore the loan limits which are put into this bill as an entitlement, thus trying to put in some kind of discipline into cost increases. The other one is simply to freeze discretionary spending in the aggregate for the 11 out of the 12 titles of this bill. Those are discretionary spending programs that are appropriated and that go to institutions, not to students.

There is a temptation, I know, on this House floor not to consider what is in a piece of legislation but to vote only on it based on the title. The title is higher education; we all support higher education. I urge that the Members of this House send this bill back to the committee to urge this committee to come back with a bill that has some budgetary restraint.

Mr. FORD of Michigan. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BIAGGI].

Mr. BIAGGI. I thank the gentleman for yielding me this time.

Mr. Chairman, I rise today, as a cosponsor of this bill and a member of the committee, to lend my voice in support of H.R. 3700, the Higher Education Amendments of 1985.

I first want to pay tribute to our distinguished chairman of this subcommittee and the primary author of H.R. 3700, my good friend and colleague, BILL FORD. Higher education knows no greater friend than this man and higher education has no greater champion than our distinguished colleague. He has steered this bill through 35 hearings during the past year and has produced a bipartisan product, in a craftsmanlike performance, that not only reflects consensus among our committee members, but also reflects consensus in the higher education community.

We should all be proud of the way in which BILL FORD has brought this bill to the floor today for it reflects a reaffirmation of the Federal role in higher education in a way that prepares us for the changing world of the 21st century. I am proud to have worked with him on behalf of a cause that I deeply believe—and a cause that I know is very important to him.

I also want to note the major contributions in H.R. 3700 made by our distinguished ranking Republican, TOM COLEMAN. His efforts enhanced this bill in a number of significant areas, most notably in the area of reducing student defaults and providing equity in the distribution of financial aid dollars to assure continued balance in the distribution of funds among sectors. I commend him for his efforts in these and other important areas. Finally, I want to also note the work of our distinguished chairman, GUS HAWKINS, who demonstrated his customary statesmanship in helping to craft H.R. 3700, especially title III, which will continue to provide important aid to our Nation's developing institutions. I also wish to note the significant role of our ranking Republican member, JIM JEFFORDS, who has left a major imprint on this bill.

Today we consider an Act that is celebrating its second decade of existence. During this period, we have seen the role of the Federal Government grow significantly in the financing and promotion of access to educational opportunity for all citizens.

DECLINING VALUE OF THE FEDRAL STUDENT AID DOLLAR

Consider the fact that in 1966, 68 percent of Federal aid to higher education provided material support to colleges and universities and 32 percent went to students. Today, with H.R. 3700, we have built upon the dramatic reversal of this trend by providing 90 percent of the funds in this act for student aid.

In the past decade, the purchasing power of the student aid dollar has declined dramatically. In testimony before our committee, we learned that the value of student aid has dropped 21 percent since the 1980-81 school year. In the Pell Grant Program, its purchasing power has dropped to the point that the average grant today covers only 26 percent of the costs of attendance—when it covered 46 percent of cost in 1979.

The debt burden at private colleges is especially significant. In a recently released report by the National Institute of Independent Colleges and Universities, it found that after 4 years of college, the debts of the neediest students are larger than their family incomes. This takes into account that families are paying even larger shares of the education bill. Family contributions have risen from 53 percent to 65.5 percent from 1979 to 1983. This is a dangerous trend that has serious implications for the highest cost-schools, particularly in my own State of New York, with an average school tuition bill in excess of $9,000.

We also heard disturbing facts about the increasing dependence upon loans when grants have failed to cover increasing amounts of cost. This has been particularly disturbing for low-income students, who should be receiving the bulk of Federal grant aid. In the late 1970's, only 15 percent of low-income students borrowed, instead relying upon grants. By 1973, 57 percent of this same group borrowed to finance college.

REALIGNMENT OF GRANT AND LOAN MIX

This bill seeks to correct this inequity by revising the current grant loan mix to place a greater emphasis on grants and limit reliance on loans. It provides for a mean test for all students regardless of income—not just those with incomes above $30,000, as in current law—in order to obtain a loan. It also requires students to be means-tested for Pell grants prior to obtaining a loan, which will prevent unnecessary and undue reliance on loans as financial aid of last, not first, resort.

H.R. 3700 also retains existing loan limits of $2,500 annually for college freshmen and sophomores but increases limits to $5,000 annually for juniors and seniors. Limits for graduate and professional students are retained at $5,000 annually except for those at high-cost institutions, where the limit is increased to $8,000. Total undergraduate borrowing is raised over 4 years from $12,500 to $14,500. Graduate and professional students are limited to 5 years of borrowing. As such, under this bill, students could borrow a total of $39,500 over 9 years, or a total of $54,500 over the same time period if they attend a high-cost school.

MAKING A DENT IN STUDENT LOAN DEFAULTS

H.R. 3700 takes strong steps to address a problem which continues to plague these programs: Student loan defaults. This bill in large part, incorporates important legislation authored earlier this year by our colleague TOM COLEMAN, H.R. 2150, which I cosponsored. In enacting these provisions, we have made major steps in addressing

any problems of waste, fraud, and abuse in the student aid programs.

Specifically, H.R. 3700 reinstates the loan consolidation program, requires multiple disbursement of loans, requires all defaults to be reported to credit bureaus, provides for sale of rehabilitated loans to lenders, permits third-party preclaim assistance reimbursement, and extends the State agency period for collecting loans. All total, these provisions provide a savings of some $155 million.

It is important to note that student loan defaults are, on the aggregate, decreasing. In a recently released study by the Pennsylvania Higher Education Assistance Agency, total loan defaults decreased from 10.2 to 9.1 percent, between 1981 and 1983. Yet the problem continues to plague the program, with total outstanding loan volume projected to reach $1 billion by 1985, according to the Department of Education.

I support all reasonable efforts to aggressively pursue defaulters of student loans and to assure that borrowers understand their obligations under the law. I believe that H.R. 3700 makes major steps toward that end.

A FISCALLY RESPONSIBLE BILL

It is important to note that H.R. 3700 provides for major reductions in Federal spending for higher education. This bill reduces total authorizations by more than $1 billion below current levels. This reduction is achieved by preserving the balance in our student aid programs while at the same time making important modifications that will enhance the management of these programs and the students they serve.

The bill provides for a more equitable means of evaluating student need, as well as the expected family contribution. This "needs analysis" system takes into account the changing nature of our postsecondary student population. It recognizes that there are an increasing number of nontraditional students—with obligations beyond the classroom and attempts to address their need in a meaningful way. For women reentering the work force, veterans, middle-age managers seeking to change careers, and dislocated workers, and families with caregiving responsibilities that include children as well as elderly dependents.

Pell grants, the foundation of Federal student aid, are extended and the minimum grant increased to $2,300, with annual increases of $200 until the maximum award reaches $3,100 by 1991-92. Cost of attendance is limited to 60 percent; allowances for dependent students living at home with parents are limited to $1,700 and to $2,300 for all other students.

This bill also reauthorizes the campus-based programs—Supplemental Educational Opportunity Grants, College Work-Study, and the National Direct Student Loan Program—and retains the important balance in the distribution of funds to institutions. SEOG, currently funded at $414 million, is modified to require 75 percent of funds on each campus to be directed at Pell grant recipients. College Work-Study, funded at $595 million, is modified to permit schools to use up to 25 percent of their funds to provide private sector employment and increases institutional matching from 20 to 25 percent, reaching 30 percent by 1991, with waiver renewal by the Secretary of Education. The NDSL Program is renamed after our former distinguished Education and Labor Committee chairman, Carl Perkins, who was its devoted advocate.

CONTINUED FEDERAL ROLE IN RELATED AREAS

H.R. 3700 continues our Federal commitment to institutional development through revisions in title III which assist historically black colleges and also assist other schools which serve large numbers of minority students. I am especially pleased that the new medical school of the City University of New York will in fact be eligible to apply for challenge grants under part C of this revised title.

In an effort to address teacher recruitment, retention, and development, title V authorizes $112 million for programs to address this important segment of our educational work force. The professional development and midcareer training opportunities offered through this title will augment the related provision in title IV, which I authored, that will permit new teachers to receive a 5-year deferment on their student loans.

Graduate programs are strengthened and modified through revision in title IX in recognition of the significant shortfall in federally funded fellowships and traineeships between 1969 to 1981. It was noted, in a 1983 report on graduate education authored by our former colleague on this committee, John Brademas, now president of New York University, that in this time period, the number of fellowships has dropped from 60,000 to 13,000. Title IX has been revised, largely based upon Mr. COLEMAN's bill, H.R. 2199, of which I am a cosponsor, which provides grants to institutions to encourage the best and brightest of our students to participate in graduate education.

In addition, title IX includes a provision which I authored, to permit nondegree-granting institutions to apply for fellowships under this title. It was brought to my attention, by the Museum of Natural History in my own New York City, that a number of graduate students in special areas of study did not have access to important resources in order to conduct their dissertation research. Museums and libraries, while not providing degrees, are an important source of research for these students and this provision assures that these institutions can compete for fellowships, in conjunction with degree-granting schools.

We have also included important disclosure provisions which require colleges and universities to report receipt of foreign gifts in excess of $250,000. I regret that the committee was unable to approve legislation requiring full disclosure for I believe that we have ample examples of foreign governments—whose geopolitical interests are in direct conflict to our own—attempting to buy their way onto our college campuses. Colleges have a moral obligation to disclose receipt of funds from foreign governments, particularly those that engage in hostile and belligerent acts, including sponsored acts of terrorism, against the United States and its allies.

Large numbers of colleges are now moving to divest fully in South Africa because they are rightfully opposed to the policy and practice of apartheid. This divestment has occurred, in large part, because students and administrators find this practice unacceptable and contrary to our own national interests. Clearly, a precedent has been set that colleges do have a public responsibility and H.R. 3700 provides a modest recognition of this fact. The bill does not ban foreign gifts—it merely requires schools to report gifts. There should be little quarrel with schools merely disclosing receipt of foreign gifts—from all governments, including those whose policies and practices are morally repugnant to large numbers of Americans as well as students on those campuses.

Finally, H.R. 3700, reaffirms the Federal commitment to equal educational opportunity for disadvantaged students by extending the "TRIO" programs. I am strongly supportive of these programs for I have witnessed their effectiveness firsthand, most notably at Bronx Community College and Fordham University, both located in my district and both operating programs with proven track records of effectiveness.

IN CONCLUSION

H.R. 3700 reaffirms the Federal commitment to the dual policy goals of equal educational access and educational opportunity. It continues to remove barriers that all students may face in attempting to obtain postsecondary training and recognizes that the student population in this country will remain in a fluid demographic state into the next decade.

Most important, we have sent a signal to millions of future students. We have recognized for them that we continue to place a high priority on a college education. We have continued to recognize that for millions of Americans, their dream of a degree can in fact become a reality.

As the child of immigrants and a law school graduate at the age of 49, I

know firsthand the importance of student aid. I know that for many students, it is the critical difference between educational opportunity and denial of opportunity. This bill deserves our strong support.

Mr. FORD of Michigan. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois [Mr. HAYES].

Mr. HAYES. I thank the gentleman for yielding me this time.

Mr. Chairman, I rise to join with my colleagues to speak in support of H.R. 3700, the Higher Education Amendments of 1985.

First of all, Mr. Chairman, I want to personally congratulate the gentleman from Michigan, Chairman Ford, and his highly competent Postsecondary Education Subcommittee staff, on the outstanding job they have done in bringing H.R. 3700 to the floor. Also Chairman HAWKINS of our full Committee on Education and Labor is to be commended for his commitment and support for this legislation. The task they have accomplished is indeed one in which they can and should take pride.

After 35 hearings, testimony from 352 witnesses, and recommendations from 105 organizations, we have finally arrived at the point when the entire U.S. House of Representatives can reaffirm the Federal commitment to the goal of achieving equal educational opportunity for the citizens of this Nation. H.R. 3700 is a broad, comprehensive, bipartisan proposal that will ultimately affect millions of American citizens.

Mr. Chairman, it is safe to say that each and every Member of this House has a great deal of concern over the Federal deficit and the spending limitations that that deficit demands.

The reduction in authorized spending contained in H.R. 3700 should be more than enough to meet the demands many of my colleagues have for fiscal restraint.

If they feel so strongly about reducing Federal spending, don't take it out on low- and middle-income America. Take it out on $400 toilet seats, or on company executives that bilk our Government out of millions and millions of dollars. They can also take it out on tax loopholes that cost our Government perhaps billions and billions of dollars annually.

Let me say to those who wish to cut even further—a penny saved today may very well cost you a dollar tomorrow. Keep in mind the facts of present-day America: More and more students are realizing the advantages and necessity of securing a college education and more and more families are finding it economically impossible to afford a college education for their children. I believe that we need to rethink our spending priorities.

Estimates are that we spend over $15,000 per year to house each inmate in a correctional facility. This amount exceeds the cost of education for 1 year at either Harvard or Yale. In fact, on the average, this country spends 2½ times as much money keeping a person incarcerated than on sending a young man or woman to college.

Today, many of our youth are facing the very real prospect of becoming part of what I call a permanent, poverty-stricken underclass of unemployed and unskilled Americans. This is particularly true for minority youth. According to the American Council on Education's [ACE] Office of Minority Concerns in its 1985 status report, minority access to higher education is becoming increasingly limited because of high dropout rates, more rigorous testing and admissions standards, and reduced financial aid.

H.R. 3700 seeks to redress those findings by not only providing a better balance between grants and loans, it also provides upward of $175 million for historically black colleges and universities—institutions which have made unparalleled contributions to our Nation—and indeed the world.

I believe it is incumbent upon each and every Member of this body to support H.R. 3700 without any further reductions. I urge my colleagues on both sides of the aisle to vote "yes" on H.R. 3700.

□ 1635

Mr. COLEMAN of Missouri. Mr. Chairman, I yield 3 minutes to the gentleman from Maine [Mr. MCKERNAN].

Mr. MCKERNAN. Mr. Chairman, ever since the inception of the Higher Education Act some 20 years ago, the real catchword has been opportunity. That is the purpose of student aid, to try to give those who have the ability but do not have the funds the opportunity to get the education they deserve. In 1971 then-President Nixon made the comment that no student who had the ability and wanted to go to college should be denied solely because of a lack of funds.

I want to applaud the chairman of the Subcommittee on Postsecondary Education, as well as our ranking member, for the approach they have taken to this particular bill. They have solicited and received from a wide variety of sources ideas about the reauthorization of this act during hearings not only here in Washington but throughout this country. I think that that is an important aspect of this reauthorization.

A hearing in my State of Maine earlier this fall highlighted both the need for student financial aid as well as the need for improvements in some of the programs. This is especially important in Maine because we have the lowest percentage of high school graduates who go on to higher education. We also have the highest percentage of use of the Guaranteed Student Loan Program.

Witnesses at the hearing in Maine stressed the need for continued commitment at the Federal level to student-aid programs. They also testified on the benefits of increasing loan limits to meet rising costs, enacting cost-savings measures such as across-the-board needs analysis, and return of Federal advances to State guarantee agencies, and perhaps most important, making changes to facilitate the program's use by students taking into consideration the changing nature of postsecondary education.

I want to especially commend the committee as well as its chairman for the changes we made in the loan consolidation program. These changes will be a big step forward in allowing those students who have excessively high indebtedness the flexibility they need to make sure that they can make the repayments on those loans which are so important in their education.

We have also done a number of things that we ought to look at, one of which I was pleased also came out of our hearing in Maine, which was to change the Job Location and Development Program within the College Work-Study Program, to allow 20 percent or $50,000 of the work-study funds be allocated to the Job Location and Development Program. What that will do is foster the kind of partnerships that I think we need if we are going to have the kind of educational system we need in the future.

The cooperative nature of education along with the private sector is really where we need to be moving in this country. The Job Location Program will allow that. In fact, some schools, and schools right in the State of Maine, have had a 12-to-1 and sometimes a 16-to-1 ratio on the return on student earnings compared to the Federal involvement.

Mr. Chairman, that is the direction we ought to be moving in order to give opportunity to our children. The committee ought to be commended, and I want to say how pleased I was to be a part of it during this reauthorization period.

Mr. FORD of Michigan. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota [Mr. PENNY].

Mr. PENNY. Mr. Chairman, I rise today to join with my colleagues on the education and labor committee in support of H.R. 3700. I first want to take this opportunity to commend the distinguished chairman of our subcommittee on his unyielding dedication to higher education and the rewriting of this act.

Since the start of this session of Congress, an intensive, well-planned reauthorization process has unfolded. It has provided ample opportunity for

all interested to air their ideas on how we can best provide an even better system of higher education for America. The bill before us today is both comprehensive and creative.

This bill reflects necessary fiscal concerns without sacrificing the quality we should expect from these vital education programs. This legislation truly "goes the distance" in renewing and refining higher education programs at authorization levels well below those contained in current law.

I am especially pleased that this bill recognizes a changing phenomenon that is occurring on our campuses. Part-time, nontraditional students are the fastest growing segment of postsecondary education. The bill before us takes sincere strides toward assuring access and choice to nontraditional students by making certain financial aid programs available to this student population.

I am happy to vote in support of the higher education amendments within H.R. 3700.

Mr. COLEMAN of Missouri. Mr. Chairman, I yield 2½ minutes to the gentlewoman from Nebraska [Mrs. SMITH].

Mrs. SMITH of Nebraska. Mr. Chairman, I thank the gentleman for yielding this time to me, and I rise to commend the chairman of the committee, the gentleman from Michigan [Mr. FORD], and the ranking minority member, the gentleman from Missouri [Mr. COLEMAN], for their dedicated leadership.

Mr. Chairman, H.R. 3700, the Higher Education Amendments, embodies several good proposals to affect the way the Federal Government administers aid to higher education. I am less happy, however, with other provisions of the bill, In particular, I am deeply concerned with the impact the title III, part A institutional aid provisions of the Higher Education Amendments will have on the ability of colleges in my district to receive institutional aid from the Federal Government.

Part A of title III of this bill provides that $45.7 million of the $175 million authorized for institutional aid for fiscal year 1987 in this bill would go to minority institutions. This leaves approximately $129.3 million left for all other schools. The bill further provides that at least 30 percent of the $129 million be set aside for junior and community colleges. Thus, approximately $90.51 million is left open for all other schools that qualify for title III money. Of course, that $90.51 million will only be available in the unlikely event that the full amount authorized in this bill will be appropriated.

Now, I recognize the importance of providing sufficient Federal money to bolster the academic and economic stability of these institutions. H.R. 3700, however, could accomplish this goal without relying on the set-aside provisions of title III. The formulas within the bill automatically target the money to the most needy. The only consequence of the set-aside provisions will be to sharply restrict the ability of many needy schools to compete for scarce Federal resources. I think that competition among schools for Federal money should be on the basis of merit and need.

Colleges in my district of Nebraska are having a very rough financial time right now. The State government is not likely to be able to increase funding levels to aid these schools because of the deteriorating state of our farm-based economy. One of the few hopes left for our colleges has been title III institutional aid. Unfortunately, because of the manner in which title III is reorganized in this legislation, the door to financial aid will all but be slammed in the face of these institutions. Where is the equity in that?

I know many of my colleagues share these same concerns, and I hope that during conference with the other body, this inequity in H.R. 3700 can be addressed.

The CHAIRMAN. The gentleman from Michigan [Mr. FORD] has 7 minutes remaining, and the gentleman from Missouri [Mr. COLEMAN] has 5½ minutes remaining.

Mr. FORD of Michigan. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. OWENS].

Mr. OWENS. Mr. Chairman, I think that there is no legislation of greater importance than H.R. 3700, the legislation which we have before us.

We spend a lot of time and appropriate huge sums of money—megabucks—for weapons that we at the same time hope we will never have to use, weapons that we are certain will be obsolete in a short period of time. When we appropriate money for higher education, we are contributing to the brainpower pool of our Nation, which is the best kind of effort for our long-term security, whether we are going to have to go to war or whether we are going to have to live in a world in which there is tremendous peaceful competition.

□ 1645

To win that peaceful competition, we must have the best possible brain power.

I want to congratulate the chairman of the subcommittee, the gentleman from Michigan [Mr. FORD] on a magnificent job of legislative engineering, human engineering, engineering of special interest groups, whatever you might call it, a magnificent job where maximum opportunities were given to all parties, all segments in all parts of the country to be heard and to have input on this bill.

Some of the items that have not been mentioned so far which I think are laudable in this bill is the recognition that it gives to the importance of academic libraries and the interdependence of those libraries, providing incentives for those libraries to cooperate among each other so that the best resources that we have are shared with the smallest institutions in the Nation. It also provides for an introduction of new technology for information processing and new technology for information retrieval. That is very important in a world which is already in the information age.

It also gives special recognition in title III to the historical black colleges and their needs and the needs of other minority institutions. I think it is to be commended for this, because these are institutions which have played a major role during a very difficult period of American history in nurturing black leadership and nurturing minority leadership, and they deserve the help that is being given in this particular legislation. These colleges have played a major role in the past, and as you watch their enrollment now and see the large numbers of Third World students that they are enrolling, you can understand the possible role they may play in the foreign policy of the country in the future. If we have a more enlightened foreign policy where we put a great emphasis on giving aid for education to Third World students, a large number of these students will be enrolled in these same colleges and they can perform additional functions.

So in conclusion, Mr. Chairman, I would like to say that this is the most effective and efficient way to promote national security, to give the top priority, the highest priority, to our higher education institutions, and to understand that there is an escalating number of people who will be going to college, both the nontraditional students and the traditional students, and that our best hope is that we can get the maximum from the available by providing this support.

Mr. COLEMAN of Missouri. Mr. Chairman, I yield 5 minutes to our ranking member, the gentleman from Vermont [Mr. JEFFORDS], a leading member of our committee and one who had a great amount of influence over the final product.

Mr. JEFFORDS. Mr. Chairman, H.R. 3700, the Higher Education Amendments of 1985 has evolved as a bipartisan piece of legislation. I am pleased to be a cosponsor of this bill and I wish to congratulate the two Members most responsible for this successful legislative effort, my colleague from Michigan, Mr. FORD, the chairman of the Postsecondary Education Subcommittee and the ranking Republican from Missouri, Mr. COLEMAN. I feel that the committee acted responsibly by attempting to achieve a

balance between contradictory forces—the concerns of the higher education community, including students and parents faced with escalating costs of postsecondary education, and the concerns that we all share a nation over the mounting Federal deficit.

I believe that H.R. 3700 reaffirms the strong Republican commitment of support for postsecondary education and equal educational opportunity for all citizens. H.R. 3700 continues this fine commitment of meeting the important educational needs facing our country. This bill focuses on strenghthening the most important component of the Higher Education Act, student financial aid, while at the same time providing many new initiatives in the categorical assistance programs which are directed toward meeting the needs of our changing system of higher education.

The Education and Labor Committee successfully incorporated into the bill a number of legislative changes that have the effect of reducing program costs when compared to projections under the current law. For example, a series of amendments designed to prevent student loan defaults and improve loan collection efforts, which was offered by Mr. TOM COLEMAN from Missouri and supported by the administration, became part of H.R. 3700.

I also intend to support an amendment which will be offered on the House floor which will create an additional incentive for States to empower their student loan guarantee agencies to garnish the wages of defaulters. The amendment offers the necessary protections for individuals while giving those responsible for effective operation of the program the tools required to ensure that borrowers meet their repayment obligations under the law.

In addition, other cost-saving measures were adopted, including a universal needs analysis to establish eligibility under the Guaranteed Student Loan [GSL] Program—current law requires only that students from families whose income exceeds $30,000 must demonstrate need—mandatory multiple disbursements of students' loans; a tightening of the definition of independent student; and a requirement that interest rates on GSL's increase to 10 percent during the fifth year of repayment. While there are other provisions that offset these cost-cutting measures, in general, the committee was sensitive to the need to control the overall costs of the bill.

We should remember that more than a third of the 12 million people enrolled in postsecondary institutions now receive some combination of Federal grants, loans, interest subsidies and loan guarantees. The continuing high budget deficits and the corresponding need to hold the line on spending conflict with the reality that Federal financial aid to students has become by far the largest contributor to student aid—almost 80 percent of total student aid comes from the Federal Government—and has become an increasingly important dimension of college finance. These funds have become especially critical since college costs have become relatively more expensive for families in the 1980's.

Two actions were taken by the committee which will provide coherent additional information to Congress and the public regarding the dramatically increasing costs of higher education and the ability of Congress to formulate a program designed to meet the needs of the future rather than serve the interests of the past. This first action—which I sponsored—is the establishment of a Commission to examine the responsibilities of parents, students, government, and institutions of higher education to fund the expenses of postsecondary education. We must find mechanisms for creating incentives designed to implement a coherent Federal policy. The second action, offered by my colleague from Wisconsin, Mr. GUNDERSON, directs the Secretary of Education to study escalating postsecondary costs with the objective of providing Congress with guidance in addressing the issues created by this reality.

Further, the creation of a student loan consolidation program was a major policy change adopted by the committee. This program is designed to address the problems of high student indebtness and a troubling student loan default rate. This programmatic change, which I sponsored, has evolved over a 5-year period during which a student loan consolidation program was established by Congress and then allowed to expire.

In the previous provisions, the Student Loan Marketing Association—SLMA or Sallie Mae—was authorized under Public Law 96-374 to act as a direct lender by providing consolidated and extended payment terms for GSL and National Direct Student Loan borrowers whose loans total more than $5,000 if loans were from more than one lender and in excess of $7,500 if all loans are made by the same lender. Repayment terms varied from 10 years for loans of up to $7,500, to 20 years for loans totaling more than $16,000. In the past the program had operated with the interest rate at 7 percent. Under the terms of that legislation only Sallie Mae had the authority to provide consolidation services for student loan borrowers.

During deliberations on the Student Financial Assistance Technical Amendments of 1982, some States guarantee agencies requested that the ability to consolidate student loans be extended to their agencies. Sallie Mae at that time opposed this expansion. The Senate bill (S. 2852) in 1983 contained a provision which would have extended the authority to the States, but the House bill (H.R. 7048) did not. During the House-Senate conference on these bills, it was decided that inadequate information was available to evaluate whether or not to expand the current authority. In addition the conferees recognized that there were some questions about the viability of the existing consolidation program being conducted by Sallie Mae. The conferees decided to forego expansion of the current program and to terminate SLMA's consolidation authority on August 1, 1983, pending the results of a GAO study requested in the report language accompanying S. 2852. Sallie Mae called its loan consolidation program the Options Program. Under the program three options were offered to participating borrowers—a straight line, or constant, monthly payment schedule, and two types of graduated repayment schedules whereby initial monthly payments were significantly lower than the straight line option but increased every 24 months. While repayment periods depended upon the aggregate loan amount, the repayment periods for consolidated loans were generally longer then for the original loans while the monthly payments were often substantially less.

Some State direct loan agencies and banks with large GSL holdings have argued that the availability of the Options Program reduced the profitability of the program for lenders. In general, the larger the loan, the greater the overall margin of profit, primarily because the administration costs do not vary proportionately with the size of the loan. In other words, while administrative costs for a $1,000 loan might equal 2 percent of the total loan principal, that same administrative cost could be as low as 0.2 percent for a $10,000 loan. Thus the options program permitted Sallie Mae to consolidate large loans into still larger loans, thereby increasing its profit margin while at the same time, removing these loans from the portfolios of State agencies and banks. In addition, some State loan agencies argued that the potential loss of these loans could have a negative effect on their ability to function in the bond market.

In October 1983, after one brief extension, Congress allowed the original loan consolidation program to expire. At the time it had been anticipated that Congress would adopt a revised version. Congress though, was unable to resolve the issue of the use of tax-exempt financing for consolidation loans by State lenders and secondary markets and therefore the program lapsed.

I am happy to note that the concerns which effectively blocked loan

consolidation to this date have been resolved in H.R. 3700. The provisions in this bill are designed to maximize benefits for eligible students at no cost to the Federal Government. Specifically, H.R. 3700 sets up a system which allows students' loans to be consolidated into one package with flexible, graduated interest rates and repayment schedules.

The interest rate is at its lowest—8 percent—for the first 4 years of repayment. The lower rates are being offered initially to make repayment easier on the borrower, who then presumably has less income then later in his or her career. After the fourth year, the interest rate moves incrementally up to 10 percent. After the 10th repayment year, it fixes at 12 percent. The effect of the lower interest rate during the first 4 years, is to reduce the monthly payments on a loan of about $10,000 from approximately $126 to $87—a decrease of almost $40 per month.

The time during which loans would have to be repaid is also flexible. For consolidated loans of between $7,500 and $15,000, repayment can be made during a period of up to 15 years. The maximum repayment period for loans of between $15,000 and $35,000 is 20 years; and for loans of more than $35,000, 25 years.

All of these measures provide sufficient positive reasons to support H.R. 3700. Although, this bill reflects significant compromise and represents bipartisan efforts, there are several concerns and questions which I feel need to be addressed before final passage on the House floor.

Several of the amendments contained in the reauthorization of the GSL Program raise concerns with respect to their long-term cost impact. These changes, some of which have strong policy justifications, could result in significant increases in Federal GSL costs during the 5-year reauthorization and beyond. Specifically, I am concerned with the amendments that phase out the loan origination fee, establish new deferments, and expand the grace period. CBO estimates that these three changes will add approximately $1 billion in program costs over the life of this reauthorization. In light of the continuing high budget deficits. I question whether programmatic changes should be made at this time.

It should be noted that the cost projections for the GSL Program made by CBO are based on estimates for the average 91-day Treasury bill rate over the next 5 years. I am concerned that these estimates—which unfortunately are the same as those used by the Office of Management and Budget—are unrealistic. For example, in fiscal years 1990 and 1991, the T-bill estimate is 5 percent. Currently, with the T-bill at one of its lowest points in years—at 7 percent—such an overly optimistic projection may distort any realistic projection of GSL cost estimates. A 2-percent increase in the T-bill rate costs the Federal Government an additional $1 billion. Therefore, a T-bill rate of 9 percent rather than 5 percent would result in an increase cost to the Federal Government of $2 billion more than currently projected by CBO. For this reason, many minority Members were disappointed that a number of Republican cost-saving alternatives offered in subcommittee and/or full committee were not adopted. While I did not support every option that was offered, I feel that a variation of some of these proposals must receive additional consideration of the House floor. For instance, I feel we have an obligation to permit the Members of the House to debate Mr. COLEMAN's proposal that maintains the 5-percent loan origination fee while permitting students, in effect, to borrow that additional amount. This provision would realize approximately $500 million in savings over the life of H.R. 3700.

In addition, I have a general concern which I hope can be addressed. It centers on the specific incorporation into H.R. 3700 of a detailed "need analysis" system for student aid programs. I agree that Congress must and should assume the responsibility for governance where such significant Federal funds are present. However, need analysis cannot be viewed as an exact science. Family finances evolve over time, as do financing patterns themselves. One need only look at "problems" like IRA's and Keogh accounts, the married couple deduction, and pension asset holdings to appreciate the way in which these patterns have shifted over the years.

Legislation on the other hand, does not shift as easily. It is hard to write, hard to modify, and even harder to enact. Therefore, one consequence of writing family contribution standards into law is the inevitable necessity to seek technical amendments virtually every year. Only in this way will the need analysis practice in this bill keep pace with factual changes in the external environment—tax law reform, for example—as well as the evolving perceptions of how families acquire, spend, and save their money.

Inability to modify the need analysis system easily would cause it to become static and increasingly unfair. Given a process that has benefited from constant updating and evolution, a more appropriate governance mechanism would be one that exists at least in part, outside of the rigidity of statute. I must add that one of the technical amendments that I understand will be offered by the chairman of the subcommittee will improve upon this point.

Therefore, although I agree with the policy behind the newly created needs analysis, I am uneasy with the legislative implementation contained in H.R. 3700. I hope that this is one area where alternatives will be considered.

There are additional unresolved issues. One is whether and/or to what extent teachers should be granted deferments on the repayment of GSL's and national direct student loans during the first 5 years of their teaching assignments. This issue consumed lengthy debate during both subcommittee and full committee consideration of H.R. 3700. I anticipate that all the Members will be interested in the eventual outcome of this debate as it develops.

Further, I will continue to explore the efficacy of requiring guarantee agencies to supply students with additional information regarding aggregate debt burden and projected and/or estimated monthly repayments. The intent of these requirements is to improve debt counseling, avoid future default problems, and prevent potential fraud and abuse in the program through a student's borrowing from multiple entities.

Overall, I would like to reiterate my support for H.R. 3700. Any questions I have or amendments which I intend to propose are done so in the spirit of attempting to make a good legislative package even better. I urge colleagues to address this bill from that perspective and to support the bill on final passage.

Mr. FORD of Michigan. Mr. Chairman, I yield 2 minutes to the gentleman from Montana [Mr. WILLIAMS].

Mr. WILLIAMS. Mr. Chairman, some Americans consider all college students as one homogeneous mass, driven by similar values and seeking to reach similar goals. This is the "traditional" student that we hear about. Such students are typically regarded as being between the ages of 18 to 22, enrolled full time in business or engineering courses, white and unmarried. Perhaps in a simpler day such was the case, although I doubt it, but it is no longer the case today.

The traditional student is rapidly disappearing as a major segment of the American college population. In fact, today 41 percent of students in postsecondary institutions are older. Many are working full time and many have family responsibilities as well.

More and more of our postsecondary youths are and in greater numbers will be from minority groups, especially black, Hispanic and Asian.

Women who have experienced remarkable gains in their efforts to achieve access to occupations find themselves returning to school and because the family unit is changing, more and more mothers, particularly

single mothers, find that they need to return to school.

It is title I of this new Higher Education Act that now provides for grants to higher education institutions and consortia of such institutions to accomplish a number of requirements.

First, to establish programs that link postsecondary resources more closely to the continuing educational needs of the American work force; to strengthen the capacity of postsecondary institutions to respond to the continuing education needs of adults who have been dislocated by economic change, who are seeking entry or reentry to progression in the work force, and who need to return to postsecondary education to do so; to adults who are isolated from economic resources due to their geographic location; to adults receiving aid to families with dependent children; and to adults who are functionally illiterate.

Title I of this act will place this Nation in a position of being able to offer a better adult and continuing education to the growing nontraditional students than those students will be able to get anywhere else in the world.

I commend the chairman of the committee and the members of the Higher Education Committee in realizing that there is a changing student body and in having the foresight to rewrite this Nation's Higher Education Act in a way that reflects those needs.

Mrs. ROUKEMA. Mr. Chairman, I rise in qualified support of H.R. 3700, the Higher Education Amendments of 1985, which would extend the Federal student aid and other higher education programs through fiscal year 1991.

Before explaining my objections to this bill, let me first express my admiration, as a member of the subcommittee, for the hard work and diligence of the chairman of the Postsecondary Education Subcommittee, Mr. FORD of Michigan, and the ranking Republican, Mr. COLEMAN of Missouri, in bringing this bill to the floor on schedule. Despite the fact that we technically have until September 30 of next year to get the bill signed into law, this expedited timetable serves a very important purpose. All too often, the Congress fails to act on measures until the very last minute, resulting in considerable uncertainty among those affected. The Student Aid Programs are no exception. Therefore, we hope that our expeditious action will be heeded by the other body so that we can get this law in place well before the beginning of the next fiscal year.

While I am pleased with the responsible schedule to which we have adhered, I am afraid that, without additional revisions, I cannot wholeheartedly endorse this bill. I am an original cosponsor and I voted to report the bill out of subcommittee and full committee. In addition, I intend to vote for the bill on final passage by the full House.

However, my reasons for supporting the bill are based primarily upon my strong support for the Student Aid Programs we are reauthorizing. Though I vehemently disagree with some of the expensive changes we are making in these programs, I believe that student aid is one of the few areas where a Federal education role is beyond question.

As stated in a recent report of the Carnegie Foundation for the Advancement of Teaching:

The most visible new demand is the need to be more effective in an economy that for the first time is truly international * * *. At stake is more than simply the health of the American economy. At stake is the fundamental issue of the place of the United States in the world, whether it will define itself as a country moving ahead or as a country drifting into a lesser role. We believe that the United States is gearing up for an economic renewal. Education at all levels is expected to play a major role.

Obviously, this role will be defined by a broad range of influences quite apart from the Federal Government. But it is clear that these Federal programs will form a crucial financial underpinning for the important role higher education will have to play in our Nation's future as a competitor in the global economy.

In addition to the importance of these programs to our Nation, we must not overlook their importance to the individual. In providing financial assistance to students on the basis of need, we ensure that no student is denied access to a degree in higher education solely for lack of financial resources.

There are those who would go one step farther and argue that, in addition to access, students should also be guaranteed choice as to the particular institution they attend, whether it be a junior college, a State school, or Harvard. I believe that, once access has been ensured, the Federal role should end and it should be on the shoulders of the student to come up with the finances to attend the more expensive schools. The legislation basically retains the dual objective under current law of ensuring both access and choice. I regret that the bill takes no steps in the direction of limiting the Federal responsibility to one of ensuring access. Various proposals have been offered in this area and it is disappointing that none were taken seriously by the subcommittee at a time when strained Federal resources mandate prioritization.

The greatest problem with this bill is that it is myopic in ignoring the larger budget picture we currently confront. My fear is that, despite the high priority we place on these programs, we are focusing solely upon that priority by trying to achieve what we cannot afford.

We are told that, in fact, this bill saves money in comparison with current law. Let's be realistic. In the first place, many of these savings are achieved through lower authorization levels for discretionary programs. The reality is that, in no case, does this bill establish an authorization level which is below the current appropriation level for a particular program. That would be a real cut.

The one program in this bill where we can control actual spending is the Guaranteed Student Loan Program. In that case, we are again told that significant reductions are being made below current law and that the expenditures for the program will actually decline over the 5-year life of the bill.

Let's take a closer look. In the first place, we have already passed most of these GSL savings as part of our reconciliation bill, which is currently in conference. Therefore, it is inaccurate to compare spending under the bill with current law because current law does not reflect those reconciliation savings. For example, under reconciliation, we thought we saved $252 million in fiscal year 1987. Under this bill we would only be saving $140 million. In fiscal year 1988, we thought we were saving $415 million. Under this bill, we would only be saving $250 million.

The reason for this discrepancy is that, while this bill includes the savings achieved in reconciliation, it also contains certain costly increases. These include: A phaseout of the loan origination fee, which will cost $730 million over the life of the bill; an increase in loan limits, which will cost $595 million; an expansion of deferments to include half-time students and teachers, which will cost $165 million; and an increase in the grace period after a student graduates from 6 months to 9 months, which will cost $167 million.

Yet, we are told we can live with these increases because the costs of the program will still decline by $1 billion in 5 years. But why does that decline occur? One has to first understand that the costs of the GSL Program are largely governed by the T-bill rates, which determine the amount of the Federal subsidy. Therefore, we can only obtain a reliable estimate of the costs of this program if we are working with realistic T-bill assumptions. That is clearly not the case here. Instead, this bill assumes that the T-bill, which is currently at one of its lowest points in years, 7 percent, will actually decline to 5 percent in fiscal years 1990 and 1991. Although these are the assumptions of the Office of Management and Budget, I ask my colleagues, do any of you really expect this prediction to hold true?

It is not as if we are left with no choices. There are any number of methods our committee could have adopted to bring these programs in line with budget realities. For example, I believe that a serious flaw in the Guaranteed Student Loan Program is its total insultation of the student from fluctuations in the financial marketplace. Regardless of whether prevailing interest rates are 5 percent or 15 percent, we flatly state that the student shall only pay 8 percent.

In subcommittee, I offered an amendment which would have based that student's initial interest rate on prevailing market conditions by fixing it at the T-bill plus 2 percent. This still would have given him a rate of 3 to 5 percent below prevailing market rates. In addition, the rate would increase by 1 percent in the fifth and eighth years of repayment, reflecting his

ability to bear a larger share of the costs as his career develops.

Unfortunately, the amendment was rejected despite the fact that preliminary CBO estimates indicated that it would save $57 million over the 5-year life of the bill. Instead, the subcommittee adopted an amendment providing for an increase in the student's interest rate to 10 percent beginning in the fifth year of repayment. This is a modest improvement over current law.

Meanwhile, while rejecting such savings in the program, the committee adopted certain cost increases. Perhaps the most objectionable is a new provision providing teachers an automatic 5-year deferral in repayment of their loans. In addition to an unacceptable cost, over $100 million over the life of the bill, I find it totally contrary to the philosophical underpinnings of this program to single out any profession for such favored treatment.

Despite its deficiencies, it would be inaccurate to state that this bill contains no significant improvements over current law. One key area which the bill addresses is the independent student definition, which allows an independent student to claim his own income, instead of that of his parents, in applying for student aid. Under current law, this is determined by a test which attempts to examine the amount of support the student receives from his parents and the amount of time he has spent living at home. Obviously, these are nearly impossible to verify and it has been widely suspected that many students have made false claims of independence.

The bill substitutes a new test which simply provides that a student is deemed dependent or independent because of his status. If he is either 23 or over, married, a graduate student, single with dependents, an orphan or a veteran, he is independent—no further questions asked. I intend to offer an amendment to restore the current requirement that that student also shall not have been included as a dependent on anyone else's income tax form, since that is both easily verifiable and meaningful. With these improvements, I believe that the bill accomplishes a significant reform in an area which was long overdue.

Another important deficiency addressed by the bill is in the area of debt burdens acquired by students who take out guaranteed student loans. Under the current system, these students are all too frequently unaware of the costs of these loans until they are in the bank applying for the loans or even later. By that time, the student has already decided where he is going to school and has no choice but to take advantage of any financial aid available.

The subcommittee accepted an amendment which I offered to promote "truth in lending" by the Federal Government under this program. The amendment requires the Secretary to provide information through the colleges and, more importantly, the high schools to promote greater awareness of the debt burdens the loan programs can create.

Another area where the bill takes positive steps concerns defaults on student loans, which have threatened the continued support for these programs. The committee adopted most of the provisions of H.R. 2150, which I cosponsored. This will reduce defaults through such methods as imposing stricter due diligence requirements on lenders in collecting on loans, requiring loan checks to be sent directly to the college, and adopting the Federal statute of limitations of 6 years, preempting State laws with shorter periods.

Finally, the bill takes a bold step in the area of determining need, by replacing the current system with a single, uniform needs analysis to apply to all Federal student aid programs. This logical step will hopefully eliminate confusion among students and parents and ensure that Federal aid is distributed in an equitable and consistent fashion. However, since this is a new approach, we will need to pay attention to the data and remain vigilant in this area to ensure that the results are equitable.

In conclusion, I am hopeful that as the House considers amendments to this bill, we are able to bring it closer to budget realities and adopt a measure which I can wholeheartedly support. In any event, I urge my colleagues to pass this legislation to ensure continuation of these vital programs.

Mrs. COLLINS. Mr. Chairman, I rise today in strong support of this bill's title III provisions that strengthen programs for historically black colleges and universities. I have been a consistent advocate of such measure, and proudly cosponsored H.R. 2907, whose provisions form the basis of title III of this bill.

What is particularly significant about title III of this bill is that it specifically sets aside funds for historically black colleges and universities. This explicit designation of black colleges and universities is absolutely essential if we are to achieve the original purpose of title III: Aiding historically black institutions, which for decades were excluded from Federal and State aid programs or received much less support than other institutions.

Yet despite the original purpose of title III, as is indicated by the committee report, historically black colleges and universities have received a fluctuating and declining share of funds under this title. Between fiscal years 1981 and 1984 the share of title III funds going to black institutions dropped from 40 to 30 percent. The share of total executive agency obligations to postsecondary institutions received by black colleges and universities also decreased from an already low 6.1 percent in 1983 to an even lower 5.7 percent in 1984.

The only way to turn these unacceptable trends around is by explicitly designating funds for historically black institutions so that such funds cannot be siphoned off by other programs and universities. This is exactly what part B of this bill's title III does.

While some have opposed race-specific designations in title III, such opposition ignores some compelling facts. First, without such designations, the Government must expend $3 to deliver $1 in title III funds to black colleges. This is blatantly inefficient. Second, without specific designations, black colleges receive substantially fewer funds.

Finally opposition to the language of part B ignores the profound contribution of this Nation's historically black colleges and universities. While these institutions enroll only 18 percent of the blacks in higher education, they award nearly 40 percent of the bachelor's degrees received by blacks. In addition, between 1975 and 1980, 55 percent of blacks earning Ph.D.'s had received their bachelor's degrees from historically black colleges and universities.

As this evidence shows, these institutions have done much but have received little. As we prepare to vote on this bill today, I ask you to consider the even greater accomplishments that lie ahead for the historically black colleges and universities if we give them the support they deserve. Part B of title III is the first step in this very right direction.

Mr. DASCHLE. Mr. Chairman, I rise in strong support of the reauthorization of the Higher Education Act of 1965. Today in the House we have a unique opportunity to strengthen and improve one of the most fundamental privileges of American life: education.

In the committee report review of the goals and objectives of the Higher Education Act, Chairman HAWKINS called to mind the words of President Lyndon Johnson. "Nothing matters more to the future of our country: Not our military preparedness—for armed might is worthless if we lack the brainpower to build a world of peace; not our productive economy—for we cannot sustain growth without trained manpower; not our democratic system of government—for freedom is fragile if citizens are ignorant."

I could not agree more with this statement. I believe that we must constantly strive to ensure that our system of education remains strong and that fertile minds are given the opportunity to thrive within that system of learning. We must ensure that any student desiring a postsecondary education is able to obtain it.

The Higher Education Act is the most viable means to these goals. In addition to reassuring the importance of education in our Nation, it includes several significant changes to broaden the scope and availability of services and opportunities to a wider range of pupils, the new generation of students.

The continuation and improvement of the Higher Education Act is vital to our Nation's intellectual strength and overall well-being. I urge my colleagues to support this reauthorization.

Mrs. SCHNEIDER. Mr. Chairman, I rise today in support of H.R. 3700, the Higher Education Act reauthorization. We have heard many Members speak this afternoon about the success of the Pell Grant, GSL and other Federal student financial aid programs, and I would certainly like to associate myself with those remarks. But I have a special reason for being here today and that is because H.R. 3700 includes a

number of substantive changes designed to promote equity for women. Taken from H.R. 3446, the Student Financial Aid Equity Act, introduced earlier this year by myself and Representative PAT WILLIAMS, these provisions will open doors of opportunity for women by giving them a fair shot at Federal financial aid dollars.

In developing this legislation, we first had to find out who today's women students are, and the answers were enlightening. We learned that:

Women are more likely than men to postpone or interrupt their educations. Over half of women college students are older than the traditional 18- to 22-year-old student. Women make up two-thirds of the 1.5 million college students over the age of 34.

Women are more likely than men to be part-time students. Over 80 percent of older undergraduates attend part-time. Fifty-five percent of women graduate students attend part-time as opposed to 39 percent of men.

Women are more likely than men to have dependent care responsibilities. Over 6.2 million families are headed by women—double the number in 1970.

Women are more likely to face tough financial circumstances. In 1984, 31 percent of freshman women—compared to 26 percent of freshman men—came from families with incomes below $20,000. Freshman women are twice as likely as freshman men to be self-supporting.

Second, we found out some very interesting statistics about financial aid awards. While the Federal Government has enabled hundreds of thousands of students to obtain a college degree, the fact of the matter is that policies for awarding student aid do not benefit women and men students equally. Consider these statistics:

While more women receive student aid than men, their awards are smaller. The average grant for women is $1,236. For men, the average grant is $1,373.

Women are more likely to receive aid in the form of loans rather than grants. For men, grants cover 23 percent of college costs. For women, they only cover 20 percent.

Only 4 percent of low-income women received guaranteed student loans in 1981 compared to 10 percent of low-income men.

H.R. 3700 begins to address these discrepancies. It makes Pell Grants and National Direct Student Loans available to part-time students and removes restrictions on the use of College Work Study, Supplemental Educational Opportunity Grant and State Student Incentive Grant Program funds to less-than-half-time students. It changes eligibility for financial aid so that the incomes of independent students with dependents will be treated in the same way as the incomes of families with dependent students. This means that mothers returning to college will receive the same consideration as the high school seniors they raised. H.R. 3700 also allows for deferment of GSL payments for a 6-month period for pregnancy or newborn care. Currently, this deferment is only available for injury and illness.

As the cost of post secondary education continues to skyrocket, it is more important than ever that women are treated fairly in Federal financial assistance programs. Women's lives have changed dramatically over the past 20 years; it is only fitting that our national educational policies reflect their changing needs. I would like to commend PAT WILLIAMS for shepherding these provisions through the Education and Labor Committee, and I urge my colleagues to join me in voting for H.R. 3700.

Mr. BONKER. Mr. Chairman, I rise today in strong support of H.R. 3700, the Higher Education Amendments of 1985, which provides for the reauthorization of the student loan and higher education institution assistance programs.

Established in 1965, the Higher Education Act programs reauthorized under this legislation comprise our Nation's basic commitment to providing the means for equal opportunity for a quality education. Earlier this year, however, the future of these programs was seriously threatened by the budget cutting proposals of the administration. These cuts, later restored by Congress, would have dramatically reduced the scope and altered the intent of the Student Loan Program.

This bill has benefited from a remarkably thorough hearing process. Over 30 hearings were held over the past year, including field hearings in 12 cities across the country. The final product reflects the input of hours of testimony and I believe it represent a significant improvement over the current programs.

First, it recognizes the declining value of student aid which has resulted from inflation and rising education costs and the impact this has caused on current students. The maximum Pell grant award in 1985 only covers 26 percent of the average cost of education, down 20 percent in 6 years. Yet, an ever increasing number of students have come to rely on student loans to finance their college education.

These students have become saddled, however, with a heavy burden of debt upon graduation because of their need for greater borrowing in order to complete their education. As they consider careers, the need to retire large student loan debts may cause salary considerations to close off many career options. To compensate, H.R. 3700 provides for a gradual increase in the level of Pell grants to lower income students and makes important modifications in pay-back requirements for students with Guaranteed Student Loans [GSL's].

While this legislation would increase Pell grants, the bill also streamlines the administration of the Student Loan Program and addresses the growing problem of loan repayment in the GSL Program. Several provisions are included to lower administrative costs and tighten collection procedures, thereby reducing many of the problems that have damaged the integrity of the program.

The bill also recognizes fundamental changes that have occurred in the student population in recent years and has sought to address the needs of nontraditional students—those that are returning to school later in life. This growing group includes women, often single heads of households, who are returning to school and dislocated workers who are seeking retraining. The financial aid needs of these students differs markedly from students who have gone on to higher education straight out of high school. Many of these older students are only able to attend part-time and previously were ineligible for most forms of student aid. Under H.R. 3700, half-time students will be now eligible for most student aid programs.

I would like to emphasize that in reauthorizing this legislation, Congress did not ignore some of the concerns expressed by the administration, particularly in loan eligibility and financial need. The new law would require all students from families with incomes greater than $30,000 to undergo a needs analysis to qualify for a GSL. It also creates a much stiffer requirement for students who claim financial independence. These students must now be older than 23, unless they otherwise qualify under certain exceptions, before they will clearly be eligible for a GSL without a family financial need assessment.

Mr. Chairman, this is a very comprehensive reworking of our Student Loan Program. In closing, I would like to commend the Education and Labor Committee for the outstanding work they have done in bringing this excellent legislation to the floor. I believe it addresses many of the concerns that have arisen over the Student Loan Program in recent years while maintaining our Nation's commitment to equal opportunity education.

Mr. SOLARZ. Mr. Chairman, I rise in strong support of H.R. 3700, the Higher Education Act amendments.

It is rare for a bill to come before the Congress that is comprehensive, far-reaching in its effects, and beneficial to society, while simultaneously maintaining strong, bipartisan support. Yet that is exactly what has been accomplished here, and it is a testament to the long hours and hard work that the committee and subcommittee members and staff have devoted to this bill.

I would also like to thank specifically the chairman and ranking member of the Subcommittee on Postsecondary Education for their unceasing efforts to allow any person who wanted to give input on this reauthorization to do so.

The Higher Education Act has had a profound impact on the educational system of our country and has symbolized the concern our Government has with the preservation and enrichment of the American way of life. It has enhanced the educational experience of our society through its strengthening of postsecondary education programs in this country and it has complemented this success by making such educational experiences more available this accessible through financial aid programs that are designed to allow more students access to postsecondary education.

It is difficult, in today's climate of budget-consciousness, to continue to fund and expand vital education programs such as the Higher Education Act. But this committee has found a way to square the circle, and has managed to keep spending down without abandoning our commitment to cases and constituencies vital to the future of America.

It would have been nice if we could have provided more money for these programs, but fiscal and political realities make that impossible. It would have been tragic, however, if we had ended up gutting these programs because of pressures to reduce the deficit. Such efforts would shortchange the future of this country.

Fortunately, the committee was able to find a way to be both responsive to fiscal reality, while at the same time providing support for the future of American education. I commend their efforts.

Mr. GILMAN. Mr. Chairman, today I would like to express my support for H.R. 3700, to amend and extend authorizations for fiscal years 1987 through 1991 for the many vital programs included in the Higher Education Act of 1965. I thank the gentleman from Michigan [Mr. FORD] for bringing this legislation before us today to ensure that the postsecondary educational demands of this Nation will be properly served.

In reviewing the existing programs, I have come to the conclusion that a general expansion of postsecondary programs have, in turn, generated the burgeoning demand for student assistance programs. In response to that demand, H.R. 3700 improves upon the Pell grant, Supplemental Educational Opportunity Grant, Guaranteed Student Loan, and several other vital financial aid programs which allow our youth, regardless of their inability to finance their postsecondary education, to secure loans and realize their academic potential. For instance, this legislation extends the Pell grant eligibility requirements to part-time students. The borrowing limit for students included in the GSL Program is also extended from $2,500 to $5,000 for the final 2 years of a student's undergraduate degree, with aggregate loan limits increased to $14,500 for undergraduates.

While reductions have been proposed for these essential programs, H.R. 3700 provides a means to ensure that dedicated individuals who seek an advanced degree will not be penalized because they cannot afford an education which we, as Americans, have a duty to provide. Indeed, H.R. 3700 controls runaway costs connected with student aid programs; a needs analysis test and tighter eligibility requirements for student loans have been included in this legislation. These provisions would cut unnecessary costs and ensure that money would be allocated on a priority, according to needs, basis.

I am also pleased to note that H.R. 3700 improves the integrity of the student loan process by attempting to decrease the number of defaults. Why, for instance, should a student be denied assistance because of the high number of outstanding loans? H.R. 3700 attempts to rectify this situation by improving debt counseling and increasing the number of loan deferments.

I would also like to commend the Committee of Education and Labor for recognizing the need to provide sufficient funds for the adult and continuing educational programs. One must not forget that many so-called nontraditional students choose not to, or are unable, to attend school on a full-time basis. H.R. 3700 caters to these individuals' needs by establishing off-campus outreach programs and improving upon existing adult education programs.

H.R. 3700 further authorizes over $300 million in fiscal year 1987 for programs targeted to developing institutions serving minority and low-income students. Keeping in line with the philosophy that we are responsible for providing all desiring individuals with the opportunity to receive a good education, I am proud to say that H.R. 3700 would have a very positive impact on the colleges in my district which depend on Federal aid to remain academically competitive: The community college of Orange, Rockland, Sullivan, and Westchester Counties, Marymount College of Tarrytown, Mercy College, Dominican College, and St. Thomas Aquinas, to name just a few in the State of New York, would be more capable of extending access to low-income and minority students, if H.R. 3700 were adopted.

Although I have not touched upon all the provisions in H.R. 3700, I think that one can readily see that the thrust of this legislation is to liberalize the means by which deserving individuals are capable of pursuing a postsecondary education. It is our responsibility to eliminate the financial obstacles which keep talented and motivated individuals from attaining their academic potential. We cannot go on thinking that it is proper that only a certain, elite group of individuals be able to attend university. Education is not a luxury. It should be accessible to all individuals. Accordingly, I urge my colleagues to support H.R. 3700 to ensure that this equalitarian philosophy is upheld.

Mr. COLEMAN of Missouri. Mr. Chairman, I yield back the balance of my time.

Mr. FORD of Michigan. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

The CHAIRMAN. All time has expired for general debate.

Pursuant to the rule, the committee amendment in the nature of a substitute now printed in the reported bill shall be considered by titles as an original bill for the purpose of amendment, and each title shall be considered as having been read. There are three sections that precede title I.

The Clerk will designate section 1.

The text of section 1 is as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; REFERENCES.

(a) SHORT TITLE.—This Act may be cited as the "Higher Education Amendments of 1985".

(b) REFERENCES.—References in this Act to "the Act" are to the Higher Education Act of 1965.

The CHAIRMAN. Are there any amendments to this section?

AMENDMENTS OFFERED BY MR. FORD OF MICHIGAN

Mr. FORD of Michigan. Mr. Chairman, I offer amendments, and I ask unanimous consent that they be considered en bloc. This is a series of technical amendments dealing with several titles of the act. These amendments make necessary technical clarifying and conforming changes in H.R. 3700. The amendments have been shared with the minority members of the committee and, to the best of my knowledge, there are no objections to them at this time.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The CHAIRMAN. The Clerk will report the amendments.

The Clerk read as follows:

Amendments offered by Mr. FORD of Michigan: Page 48, line 7, strike out "section 322" and insert in lieu thereof "section 323".

Page 65, line 11, strike out "section 355" and insert in lieu thereof "section 356".

Page 59, line 22, strike out "from" and insert in lieu thereof "form".

Page 60, line 22, strike out "endowment" and insert in lieu thereof "challenge".

Page 175, line 16, insert before the period the following: "without administrative delay after the receipt by the Secretary of an accurate and complete request for payment pursuant to paragraph (4)".

Page 160, line 25, insert "reasonable" after "may contain such".

Page 181, line 14, insert "reasonable" before "provision relating to".

Page 190, line 15, insert "reasonable" after "The Secretary's" after "to carry out".

Page 190, beginning on line 7, strike out "financial interests of the United States" and insert in lieu thereof "United States from the risk of unreasonable loss".

Page 194, line 16, insert "The Secretary's" after "to carry out".

Page 232, line 11, strike out "financial interest of the United States" and insert in lieu thereof "United States from the risk of unreasonable loss".

Page 245, strike out lines 16 through 20 and insert in lieu thereof the following: "and covenant made pursuant to this paragraph or pursuant to any other provision of this part may be modified by the Secretary, after notice and opportunity for a hearing on the record, if the Secretary finds that the modification is necessary to protect the United States from the risk of unreasonable loss;"

Page 309, after line 8, insert the following new subsection:

(c) CHANGES EFFECTIVE WITHOUT REGARD TO REGULATIONS; REGULATIONS SUBJECT TO APPROVAL.—The changes made in part B of title IV of the Act by the amendment made by subsection (a) of this section shall be effective in accordance with subsection (b) of this section without regard to whether such

changes are reflected in the regulations prescribed by the Secretary of Education for purposes of such part. No change in any regulation relating to such part that is prescribed by the Secretary on or after October 1, 1985, shall be effective unless approved by a joint resolution of the Congress.

Page 321, line 1, insert "reasonable" after "such other".

Page 340, strike out lines 17 through 20 and insert in lieu thereof the following:

"(9) include such other reasonable provisions as may be necessary to protect the United States from unreasonable risk of loss and as are agreed to by the Secretary and the institution.

Page 203, line 10, strike out "6 months" and insert in lieu thereof "12 months".

Page 204, line 3, strike out "complement of the".

Page 204, beginning on line 22, strike out "subparagraph (A)," and all that follows through the comma on line 24 and insert in lieu thereof "subparagraph (A)".

Page 214, line 14, strike out "(1) shall" and insert in lieu thereof "shall".

Page 214, beginning on line 18, strike out "part, and (2)" and all that follows through "lenders." on line 21 and insert in lieu thereof "part.".

Page 205, beginning on line 12, strike out "(other than sections 427(a)(2)(D), 427(b), and 427A of this Act)" and insert in lieu thereof "(other than this Act)".

Page 216, line 20, insert "for which payments of principal and interest are deferred" after "under this section".

Page 277, beginning on line 25, strike out "section 428B and section 439(o)" and insert in lieu thereof "sections 428B, 428C, 428D, and 439(o)".

Page 259, line 2, after the period insert the following: "Nothing in this section shall be construed as subjecting the lender to the Truth and Lending Act with regard to loans made under this part.".

Page 332, line 10, strike out "75 percent" and insert in lieu thereof "25 percent".

Page 348, beginning on line 4, strike out paragraph (2) through line 8, and redesignate the following paragraph accordingly.

Page 371, line 17, strike out "allownce" and insert in lieu thereof "allowance".

Page 395, beginning on line 19, strike out section 479 through line 5 on page 396 and insert in lieu thereof the following:

"SEC. 479. REGULATIONS; UPDATED TABLES.

"(a) AUTHORITY TO PRESCRIBE REGULATIONS RESTRICTED.—Notwithstanding any other provision of law, the Secretary shall not have the authority to prescribe regulations to carry out this part except—

"(1) as required to prescribe updated tables under subsections (b) through (e) of this section; and

"(2) as required by section 480(a)(2).

"(b) STANDARD MAINTENANCE ALLOWANCE.—For each academic year after academic year 1988–1989, the Secretary shall publish in the Federal Register a revised table of standard maintenance allowances for purposes of sections 475(c)(4) and 477(b)(4). Such revised table shall be developed by increasing each of the dollar amounts contained in the table increase in the Consumer Price Index between December 1987 and the December next preceding the beginning of such academic year, and rounding the result to the nearest $10.

"(c) ADJUSTED NET WORTH OF A FARM OR BUSINESS.—For each academic year after academic year 1988–1989, the Secretary shall publish in the Federal Register a revised table of adjusted net worth of a farm or business for purposes of sections 475(d)(2)(C), 475(h)(3), 476(c)(2)(C), and 477(c)(2)(C). Such revised table shall be developed—

"(1) by increasing each dollar amount that refers to net worth of a farm or business by a percentage equal to the percentage increase in the Consumer Price Index between 1987 and the December next preceding the beginning of such academic year, and rounding the result to the nearest $5,000; and

"(2) by adjusting the dollar amounts '$26,000', '$91,000', and '$169,000' to reflect the changes made pursuant to paragraph (1).

"(d) ASSET PROTECTION ALLOWANCE.—For each academic year after academic year 1988–1989, the Secretary shall publish in the Federal Register a revised table of asset protection allowances for purposes of sections 475(d)(3), 476(c)(3), and 477(c)(3). Such revised table shall be developed by determining the present value cost of an annuity that would provide, for each age cohort, a supplemental income at age 65 (adjusted for inflation) equal to the difference between the moderate family income (as most recently determined by the Bureau of Labor Statistics) and the current average social security retirement benefits. In making such determinations—

"(1) inflation shall be presumed to be 6 percent per year;

"(2) the rate of return of an annuity shall be presumed to be 8 percent; and

"(3) the sales commission on an annuity shall be presumed to be 6 percent.

"(e) ASSESSMENT SCHEDULES AND RATES.—(1) For each academic year after academic year 1988–1989, the Secretary shall publish in the Federal Register a revised table of assessments from adjusted available income for purposes of sections 475(e) and 477(d). Such revised table shall be developed—

"(A) by increasing each dollar amount that refers to adjusted available income by a percentage equal to the percentage increase in the Consumer Price Index between December 1987 and the December next preceding the beginning of such academic year, rounded to the nearest $100; and

"(B) by adjusting the other dollar amounts to reflect the changes made pursuant to subparagraph (A).

(2) For each academic year after academic year 1988–1989, the assessments made pursuant to section 476(b)(4) shall be made—

"(A) by increasing each dollar amount that refers to adjusted available income by a percentage equal to the percentage increase in the Consumer Price Index between December 1987 and the December next preceding the beginning of such academic year, rounded to the nearest $100; and

"(B) by adjusting the other dollar amount to reflect the changes made pursuant to subparagraph (A). The Secretary shall publish in the Federal Register the adjustments required to carry out this paragraph.

"(f) DEFINITION OF CONSUMER PRICE INDEX.—As used in this section, the term 'Consumer Price Index' means the Consumer Price Index for Wage Earners and Clerical Workers published by the Department of Labor.

Page 369, beginning on line 3, strike out paragraph (3) and insert in lieu thereof the following:

"(3) ALLOWANCE FOR SOCIAL SECURITY TAXES.—The allowance for social security taxes is equal to the amount earned by each parent multiplied by the social security withholding rate appropriate to the tax year of the earnings, up to the maximum statutory social security tax withholding amount for that same tax year.

Page 378, strike out lines 4 through 6 and insert in lieu thereof the following:

"(C) an allowance for social security taxes determined in accordance with paragraph (5).

Page 378, immediately before line 13 insert the following new paragraph:

"(5) ALLOWANCE FOR SOCIAL SECURITY TAXES.—The allowance for social security taxes is equal to the amount earned by each parent multiplied by the social security withholding rate appropriate to the tax year of the earnings, up to the maximum statutory social security tax withholding amount for that same tax year.

Page 381, beginning on line 12, strike out paragraph (3) and insert in lieu thereof the following:

"(3) ALLOWANCE FOR SOCIAL SECURITY TAXES.—The allowance for social security taxes is equal to the amount earned by each parent multiplied by the social security withholding rate appropriate to the tax year of the earnings, up to the maximum statutory social security tax withholding amount for that same tax year.

Page 387, beginning on line 3, strike out paragraph (3) and insert in lieu thereof the following:

"(3) ALLOWANCE FOR SOCIAL SECURITY TAXES.—The allowance for social security taxes is equal to the amount earned by each parent multiplied by the social security withholding rate appropriate to the tax year of the earnings, up to the maximum statutory social security tax withholding amount for that same tax year.

Page 401, beginning on line 19, strike out "the need analysis computations which" and insert in lieu thereof "the cost of attendance and expected family contribution computations to".

Page 406, strike out lines 1 through 4 and insert in lieu thereof the following (and redesignate the succeeding subparagraphs accordingly):

"(B) by March 1: Updated tables published in the Federal Register pursuant to section 479;

Page 410, line 19, strike out "thirty" and insert in lieu thereof "45".

Page 424, line 7, insert "in matters not governed by specific program provisions," after "(B)".

Page 428, line 17, strike out "section 448" and insert in lieu thereof "section 447".

Page 443, line 2, strike out "The" and insert in lieu thereof "Effective with respect to any academic year beginning on or after July 1, 1987, the".

Page 553, line 2, strike out "Corporation" and insert in lieu thereof "Association".

Page 537, beginning on line 25, strike out "(other than debt" and all that follows through "Corporation)" on page 538, line 1.

Page 540, line 7 and 8, strike out "sections 755 and 757" and inert in ieu thereof "section 757".

Page 542, line 15, insert "undergraduate" before "academic facilities".

Page 550, line 24, insert "undergraduate" before "academic facilities".

Page 551, line 2, strike out "older facilities and facilities" and insert in lieu thereof "older undergraduate academic facilities and undergraduate academic facilities".

Page 554, after line 14, insert the following new subsection (and redesignate the succeeding subsections accordingly):

"(c) UNDERGRADUATE ACADEMIC FACILITIES.—(1) Except as provided in paragraph

(2) of this subsection, the term 'undergraduate academic facilities' means structures suitable for use as classrooms, laboratories, libraries, and related facilities, the primary purpose of which is the instruction of students pursuing a baccalaureate degree, or for administration of the educational programs serving such students, of an institution of higher education, and maintenance, storage, or utility facilities essential to operation of the foregoing facilities, as well as infirmaries or other facilities designed to provide primarily for outpatient care of student and instructional personnel. Plans for such facilities shall be in compliance with such standards as the Secretary may prescribe or approve in order to insure that projects assisted with the use of Federal funds under this title shall be, to the extent appropriate in view of the uses to be made of the facilities, accessible to and usable by handicapped persons.

"(2) The term 'undergraduate academic facilities' shall not include (A) any facility intended primarily for events for which admission is to be charged to the general public, (B) any gymnasium or other facility specially designed for athletic or recreational activities, other than for an academic course in physical education or where the Secretary finds that the physical integration of such facilities with other undergraduate academic facilities included under this part is required to carry out the objectives of this part, (C) any facility used or to be used for sectarian instruction or as a place for religious worship, or (D) any facility which (although not a facility described in the preceding clause) is used or to be used primarily in connection with any part of the program of a school or department of divinity.

Page 591, strike out line 23 and all that follows through line 5 on page 592 and insert in lieu thereof the following: "subsection (a)) pay to the institution of higher education, for each individual awarded a fellowship for pursuing a course at such institution, $6,000.".

Page 610, line 6, insert before the semicolon the following: "which are responsive to the educational needs of postsecondary students and institutions".

Page 623, line 2, strike out "shall each be entitled to receive" and insert in lieu thereof "shall receive compensation at a rate not to exceed".

Mr. FORD of Michigan (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. FORD of Michigan. Mr. Chairman, I will not take the usual 5 minutes since the amendments are technical and conforming in nature. I would just ask that they be adopted.

The CHAIRMAN. Is there any further debate on the amendments?

Mr. COLEMAN of Missouri. Mr. Chairman, I move to strike the last word.

Mr. Chairman, our staff has reviewed the various amendments that are contained en bloc here.

I want to ask a question of the chairman regarding the amendment dealing with regulations being subject to joint approval and wonder if the gentleman might elaborate on his proposed amendment.

I yield to the gentleman from Michigan.

Mr. FORD of Michigan. Well, Mr. Chairman, I can elaborate only to the extent that when we wrote the existing law we were still operating prior to the Supreme Court decision in the Chadha case and what we are now doing is responding to the Chadha case to try to accomplish the same thing that has been in the law with respect to the Guaranteed Student Loan Program for years by simply adding the additional requirement that unlike the one-House veto, which they struck down, it would require a joint resolution of Congress, which as we know would require the signature of the President for the Congress to take the action.

Mr. COLEMAN of Missouri. If we were to take no action, does that mean the regulations do not go into effect?

Mr. FORD of Michigan. No. It means a change in the regulations would not go into effect. It would leave the regulations in place. It is the changes that must be subjected to this.

Mr. COLEMAN of Missouri. Would we through inaction effectuate a lack of initiation or lack of promulgation of regulations by the executive branch?

Mr. FORD of Michigan. There is a reason why we treated GSL different from other programs for several years, that being the nervousness of the lenders—kindly put, the bankers—when you change something from the way they have always done it. If you do it rather quickly, it upsets them and that affects the availability of loans.

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This merely reassures them that nothing is going to happen in the middle of the program after they get their institution committed to it without an adequate opportunity for them to see what it is and reflect their concerns about it before it takes place.

It is really a very conservative sort of a break on changing the rules on something where, as the gentleman stated earlier in general debate, the bulk of our costs in this program, 90 percent of it, is in already existing contracts. They do not want to see regulations promulgated that would change circumstances with respect to those contracts rather quickly without very thorough consideration.

Mr. COLEMAN of Missouri. We are enacting legislation making programmatic changes in H.R. 3700, it seems to me that it would be appropriate for regulations to flow from these changes.

Mr. FORD of Michigan. I am sure that Senator STAFFORD'S committee and our committee would be very happy to accommodate those changes. We just do not want changes that do not reflect what we have now done with the reform provisions, such as the multiple disbursements and others. The bankers and the others are aware of what we have been doing and that will affect them. It is going to cost them more money to handle a loan than it did before, but that seems to be something that is acceptable because it makes so much sense.

Mr. COLEMAN of Missouri. Can the gentleman cite any legal authority on our ability to do this, since the legislative veto has been struck down? Has this been approved by any court or body of law or scholars that would assure us, since I was not familiar with the gentleman's amendment until just a few minutes ago. Are we certain that we are doing something that we really do not want to do constitutionally?

Mr. FORD of Michigan. Actually, the best authority is the two great constitutional lawyers who are now engaged in this colloquy. But, in fact, the format that we picked here responds to the specific criticism in the Chadha case in which they objected because it would, in their opinion, give the legislative branch the ability to superimpose its view on the executive branch in exercising its executive authority. This procedure does not permit us to do that.

The essence of the Chadha case was that we could be in a position of blocking executive action without changing the law and giving the President an opportunity to accept it or reject it, and we have taken care of that problem.

Mr. COLEMAN of Missouri. My concern is that we could accomplish the same objective by inaction, in effect blocking regulations through inaction by not approving them.

Mr. FORD of Michigan. I will give the gentleman my word that so long as I am a member of the Committee on Education and Labor, I would very vigorously resist and stand by his side to resist anybody attempting to use delay to accomplish a policy determination.

It is not, in my view, our intention in any way at all to make it more difficult to provide regulations merely to reassure everybody who is subjected to those regulations, which are somewhat unique in the sense that they deal, as banking regulations generally do, with a special population of the business community, to just provide for some assurance that it will be done in a businesslike way.

Mr. COLEMAN of Missouri. I thank the gentleman.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Michigan [Mr. FORD].

The amendments were agreed to.

The CHAIRMAN. The Clerk will designate section 2.

The text of section 2 is as follows:

SEC. 2. EFFECTIVE DATE.

Except as otherwise provided therein, the amendments made by this Act shall take effect on October 1, 1986.

The CHAIRMAN. Are there any amendments to section 2?

Hearing none, the Clerk will designate section 3.

The text of section 3 is as follows:

SEC. 3. CONTRACTING AUTHORITY SUBJECT TO APPROPRIATIONS.

The authority to enter into contracts or other obligations under this Act shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.

The CHAIRMAN. Are there any amendments to section 3?

Hearing none, the Clerk will designate title I.

The text of title I is as follows:

TITLE I—AMENDMENT TO TITLE I OF THE ACT

SEC. 101. REVISION OF TITLE I.

Title I of the Act is amended to read as follows:

"TITLE I—POSTSECONDARY PROGRAMS FOR NON-TRADITIONAL STUDENTS

"SEC. 101. FINDINGS.

"The Congress finds that—

"(1) the increasing incidence of relocation and dislocation of industries and workers, the entry and reentry of adults into the labor force, and the rapid rate of change in technology, the economy, population demographics, and social conditions, necessitate significant improvement in postsecondary educational opportunities for adults in all stages of life;

"(2) the majority of adults who continue their education do so for job-related and career-oriented reasons or to fulfill admissions requirements for educational or vocational training;

"(3) minority-group citizens comprise the fastest growing segment of the population and labor force, yet are underrepresented in adult education programs;

"(4) access to postsecondary educational opportunities is limited for adults whose educational needs have been inadequately served, or for those whose age, sex, race, disability, national origin, rural isolation, or economic or personal circumstances (such as marital status or responsibility with regard to dependent children) are barriers to such opportunities;

"(5) enrollment of adult learners (including individuals aged 50 and over) approaches or equals that of traditional students in postsecondary institutions and such enrollment patterns are changing the demography of postsecondary education;

"(6) the organizational structure and administration of postsecondary institutions often represents a significant barrier to matriculation for the adult learner and such institutions need to adapt themselves to integrate adult learners;

"(7) the Federal Government should encourage the development of institutional partnerships between the public and private sectors and postsecondary institutions for the purpose of planning and implementing effective educational programs and services for the adult learner; and

"(8) it is in the interest of the Federal Government to support continuing education for adults in order to reduce unemployment and underemployment, enhance job opportunities, and promote a well-trained, flexible, internationally competitive workforce and an educated citizenry.

"SEC. 102. DEFINITIONS.

"For the purposes of this title—

"(1) the term 'continuing education' means postsecondary instruction and support services that are designed to meet the educational needs of adult learners;

"(2) the term 'adult learner' means an individual who by reason of personal circumstance, age, gender, disability, minority status, income, rural isolation, economic or educational disadvantage, marital status, presence of dependent children, lack of or need for new employment skills (including those needed to pursue a new career) or other significant barrier (A) is not a traditional student and (B) engages in some form of structured postsecondary study to improve his or her knowledge, information skills, or employment opportunities;

"(3) the term 'eligible institution' means an institution of higher education, combinations of institutions of higher education, or consortia of any such institutions; and

"(4) the term 'qualified entity' means a public or nonprofit private organization which has—

"(A) experience in administering a program consistent with the requirements of this title; and

"(B) demonstrated the ability to coordinate, manage, and provide technical assistance to programs that receive grants under this title.

"SEC. 103. LIMITATION ON CONTRACT AUTHORITY.

"The authority to enter into contracts under this title is subject to the availability of appropriations.

"PART A—PROGRAM AND PLANNING GRANTS

"SEC. 111. INSTITUTIONAL DEVELOPMENT.

"(a) PURPOSES.—It is the purpose of this section—

"(1) to assist eligible institutions to establish programs relating postsecondary education resources more closely to the continuing educational training needs of the American work force;

"(2) to help strengthen the capacity of postsecondary institutions to respond to the continuing education needs of adults, especially those—

"(A) dislocated by technological and economic change;

"(B) seeking entry, reentry, or progression in the work force after prolonged absences due to marriage and child-rearing;

"(C) isolated from educational resources due to age or geographic location;

"(D) seeking entry into nontraditional occupations for their race of sex;

"(E) receiving Aid to Families with Dependent Children;

"(F) who are functionally illiterate; and

"(G) adults desiring to pursue a new career; and

"(3) to support cooperative arrangements between eligible institutions, community-based organizations, and private and public sector employers that will facilitate meeting the goals of paragraphs (1) and (2).

"(b) GRANTS.—To carry out the purposes of this section, the Secretary shall make grants to, and enter into contracts with, eligible institutions for activities, such as—

"(1) structuring an academic program designed to facilitate the attendance of working students, parents caring for dependent children, and individuals seeking to reenter the educational system;

"(2) making academic programs available to adult learners at convenient times and locations;

"(3) the encouragement of resource sharing for innovative uses of technology, including telecommunications (on an interstate or intrastate basis) to overcome barriers to continuing education opportunities and to develop innovative delivery systems for education programs;

"(4) the creation or expansion of education programs and curriculum, including adult literacy efforts, designed to meet the present and future needs of the labor market;

"(5) development of cooperative relationships between business and labor organizations, community-based organizations, and agencies which provide opportunities for continuing education;

"(6) the removal of barriers posed by previous education or training, age, sex, race, handicap, national origin, rural isolation or economic circumstance which may place adults at a disadvantage in seeking continuing educational opportunities;

"(7) educational information, including literacy information, student financial assistance information, and occupational information and counseling services designed to meet the special needs of inadequately served adults and to assist their entry or reentry into continuing education and the labor force;

"(8) training for administrators, faculty, and staff to improve their ability to teach and serve adult learners; and

"(9) development of remedial instruction programs for adult learners to enable them to enroll in college-level educational programs.

"(c) ADDITIONAL USE OF FUNDS.—(1) Funds awarded under this section to any eligible institution shall be used for the purposes under subsection (b), except that, to a limited extent as approved by the Secretary, such funds may also be used for program planning and development to carry out the purposes of this section including—

"(A) making adult and continuing educational opportunities available at convenient times and locations, including off-campus locations;

"(B) evaluating the responsiveness of continuing education programs to the work and career-related objectives of adults;

"(C) developing or expanding educational and occupational information and counseling services to meet the special needs of adults, including information concerning available forms of student financial assistance;

"(D) training of personnel in continuing education programs to improve their ability to serve adult learners;

"(E) developing or expanding high-technology delivery systems and curricula to ensure closer development and career transitions for adult learners;

"(F) joint planning and implementation activities between institutional and private sector representatives to expand educational opportunities;

"(G) promoting the sharing of personnel and resources between an eligible institution and an employer; and

"(H) contributing to dependent care programs for low income participants in adult and continuing education and the development of dependent care programs; and

"(I) encouraging and developing collaborative efforts between the institution or institutions and combinations of education institutions, private and public institu-

tions, organizations, business, and labor to develop programs responsive to current employment and economic conditions.

"(2) Funds made available under this section may not be used—

"(A) to purchase or rent facilities to be used in connection with the program or for general operational overhead of the eligible institution; or

"(B) to pay stipends or provide direct financial assistance to any individual participating in the programs established under this section.

"(d) APPLICATIONS FOR ASSISTANCE.—(1) Any eligible institution may submit an application to the Secretary at such time, in such form, and containing such information, as may be necessary to enable the Secretary to evaluate the need for assistance. The Secretary shall make awards on a competitive basis.

"(2) Each such application shall—

"(A) provide evidence that the eligible institution has identified the educational needs of potential adult learners in the area served by the applicant, especially those adults identified in subsection (a)(2);

"(B) describe the current continuing education program offered by the eligible institution (including information concerning the professional competence of faculty and staff, their degree of participation in the continuing education program, and institutional resources committed to the continuing education program) and the activities proposed to be developed or assisted to meet the purposes of this section;

"(C) provide assurance that Federal funds made available under this section will comprise not more than 87.5 percent of the cost of the program in the second year, 75 percent in the third year, and 62.5 percent in the fourth year;

"(D) describe procedures for evaluating the effectiveness of the activities for which a grant or contract is awarded under this section;

"(E) provide for such financial controls and accounting procedures as are necessary to ensure proper disbursement and accounting for funds made available to the applicant under this section and to ensure that funds made available under this section for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise be made available for the purpose of this section and in no case supplant those funds;

"(F) provide assurances that the continuing education programs, services, and activities, funded under this section will not be limited to individuals who are enrolled in programs of study that lead to baccalaureate or graduate degrees, but will also include programs for adults enrolled in noncredit continuing education programs, that address the purposes of this section;

"(G) provide assurances that the program funded under this section does not duplicate existing State funded programs, and, in the case of any public institution, that the proposed program is consistent with the State's goals for that institution;

"(H) provide the projected number of students who will participate in the program and the proposed operational budget for the program, including the specific amounts proposed to be expended for salaries;

"(I) include assurances that the applicant intends to continue the activities to be supported under the grant after termination of the grant, including a detailed plan for obtaining funds to continue such activities;

"(J) provide assurances that funds made available under this section will be used only for the purposes of this section;

"(K) provide for a reasonable period of review and comment on the proposed program by the appropriate State agency and include any such comments with the application to the Secretary; and

"(L) include such other information as the Secretary may reasonably require to carry out the provisions of this section.

"(3) In awarding grants or contracts the Secretary shall give priority consideration to eligible institutions which—

"(A) as appropriate, include area employer and employee organizations in the planning of the proposed continuing education activity and provide assurances of the continued participation of such organizations in the implementation, operation, and evaluation of the funded activities;

"(B) include assurances that the appropriate State agencies concerned with postsecondary education and State labor market and economic agencies have been consulted in the development of the proposal;

"(C) demonstrate a willingness to conduct and integrate into the curriculum work-oriented professional and technical continuing education programs;

"(D) demonstrate the capacity to obtain contributions of staff, equipment, and resources for such programs from nonacademic sources, particularly employers;

"(E) provide assurances that adults enrolled in such programs will have access to suitable and adequate financial assistance opportunities, including Federal student aid funds available for students enrolled less than half-time.

"SEC. 112. ESTABLISHMENT OF OFF-CAMPUS PROGRAM GRANTS.

"(a) PURPOSE; OFF-CAMPUS EDUCATION PROGRAMS.—The Secretary shall establish a grant program to assist postsecondary institutions in developing programs to encourage the establishment and growth of off-campus educational programs.

"(b) USES OF FUNDS.—Grants made under this section to any institution may be used for planning, developing, or operating a program designed by the institution to carry out the purposes of this section including—

"(1) the development and use of high-technology educational delivery systems using computers, radio, television, teleconferencing, video-disc, print, any combination of such components, or such other means as may provide direct use and access by individuals to off-campus programs;

"(2) the development of interstate educational delivery systems, cooperative, and consortia arrangements and programs (including telecommunications) which more effectively address regional needs for education;

"(3) training of faculty and staff to develop educational programs using creative and innovative delivery systems;

"(4) development of technological systems designed to enhance the teaching capabilities of faculty for students off-campus;

"(5) the development of curricula and student support services for students off-campus; and

"(6) acquisition (by lease or purchase) of necessary equipment, except that not more than 10 percent of such funds may be used for such acquisition.

"(c) APPLICATIONS FOR ASSISTANCE.—(1) Any eligible institution requesting assistance under this section shall submit to the Secretary an application for assistance at such time, in such form, and containing such information, as may be required by the Secretary. The Secretary shall make awards on a competitive basis taking into consideration the relative cost and effectiveness of the proposed program.

"(2) An institution, in its application for a grant, shall—

"(A) describe a program for establishing or improving delivery systems for students off-campus which shall include (i) the proposed operational budget for the program or activities to be conducted with funds received under the grant; (ii) the educational program or courses which would be made available off-campus; and (iii) the educational needs which the program is designed to address;

"(B) describe the applicant's current off-campus program or plans for an off-campus program;

"(C) provide for such financial control and accounting procedures as may be necessary to ensure proper disbursement and accounting for funds made available to the applicant under this section;

"(D) set forth policies and procedures to ensure that Federal funds made available under this section for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise be made available for the purposes of this section and in no case supplant those funds;

"(E) provide assurances that Federal funds made available under this section will comprise not more than 87.5 percent of the cost of the program in the second year, 75 percent in the third year, and 62.5 percent in the fourth year;

"(F) set forth policies and procedures for evaluating the effectiveness of the institution in accomplishing the proposes of the activities for which a grant is awarded under this section; and

"(G) provide such other information as the Secretary may require.

"(3) Funds made available under this section to any institution may not be used for rent or the purchase of facilities to be used in connection with the program, for general operational overhead of the institution or combination of institutions, or for salaries or stipends to students participating in the program.

"SEC. 113. ADULT AND CONTINUING EDUCATION STAFF DEVELOPMENT.

"(a) PURPOSE.—It is the purpose of this section to assist eligible institutions to provide in-service training to individuals involved in providing adult and continuing education services, including personnel involved in training offered under the Adult Education Act, the Job Training Partnership Act, the Carl D. Perkins Vocational Education Act, the Rehabilitation Act of 1973, the National Apprenticeship Act, the Older Americans Act of 1965, and the Social Security Act.

"(b) GRANTS AUTHORIZED.—To carry out the purposes of this section, the Secretary shall make grants to eligible postsecondary institutions that have entered into agreements with the Secretary to carry out an adult and continuing education staff development training program in accordance with the requirements of this section, which may include—

"(1) programs designed to enhance the pedagogical skills of the staff involved in programs offering adult and continuing education, including the training of staff and volunteers for literacy programs;

"(2) technical assistance to programs of adult education, with particular emphasis on federally funded programs; and

"(3) development of adult and continuing educational curricula materials, including adult literacy curricula, that may be used in adult and continuing education staff development training, especially materials that focus on utilization of new technologies.

"(c) APPLICATIONS FOR ASSISTANCE.—(1) Any eligible institution requesting assistance under this section shall submit to the Secretary an application for assistance at such time, in such form, and containing such information, as may be required by the Secretary. The Secretary shall make awards on a competitive basis taking into consideration the relative cost and effectiveness of the proposed program.

"(2) An institution, in its application for a grant, shall—

"(A) describe a proposal for establishing or improving staff development programs including the proposed operational budget for the program or activities to be conducted with funds made available under this section;

"(B) describe the applicant's current staff development program;

"(C) provide for such financial control and accounting procedures as may be necessary to ensure proper disbursement and accounting for funds made available to the applicant under this section;

"(D) set forth policies and procedures to ensure that Federal funds made available under this section for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise be made available for the purposes of this part and in no case supplant those funds;

"(E) set forth policies and procedures for evaluating the effectiveness of the institution in accomplishing the purposes of the activities for which a grant is awarded under this section; and

"(F) provide such other information as the Secretary may require.

"(3) Funds made available under this section to any institution may not be used for rent or the purchase of facilities to be used in connection with the program, for general operational overhead of the institution or combination of institutions, or for salaries or stipends to students participating in the program.

"(4) A grant under this section may not exceed $50,000 for any fiscal year and may be awarded for a period not to exceed three years.

"SEC. 114. ADMINISTRATION OF PROGRAMS BY THE SECRETARY.

"The Secretary shall ensure the equitable geographic distribution of funds under this part. In making awards under this part, the Secretary shall consider the appropriate levels of funding for urban and rural areas. Grants and contracts under sections 111 or 112 may be awarded for a period not to exceed four years and may not exceed $125,000 in the first year of funding, except that a grant or contract involving combinations of institutions of higher education or a consortia with other institutions or organizations may not exceed $175,000 in the first year.

"SEC. 115. AUTHORIZATIONS OF APPROPRIATIONS.

"There is authorized to be appropriated to carry out this part $30,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years. Not less than fifty-five percent of the funds appropriated under this section for any fiscal year shall be available only to carry out section 111.

"PART B—NATIONAL PROGRAMS

"SEC. 121. EVALUATION.

"(a) EVALUATION.—The Secretary shall enter into a contract with a qualified entity to study and evaluate the programs established under part A of this title.

"(b) SECRETARY'S RESPONSIBILITIES.—The Secretary shall assist in evaluating the status and progress of adult education and postsecondary continuing education in achieving the purposes of this title. Such assistance shall include—

"(1) an analysis of the findings of the report under subsection (a) together with suggestions for improvements in planning or program operation; and

"(2) an information network on research in adult and continuing education, the operation of model or innovative programs, successful experiences in the planning, administration, and conduct of adult and continuing education programs, and advances in curriculum and instructional practices and technologies.

"(c) REPORTS TO CONGRESS.—Not later than January 1, 1988, and every two years thereafter, the Secretary shall submit a report to the Congress on the program evaluations required under this title and on any progress in fulfilling the goals and purposes of this title. The Secretary may include in the report appropriate recommendations or legislative proposals.

"SEC. 122. ADULT LEARNING RESEARCH.

"(a) ESTABLISHMENT OF PROGRAM.—To carry out the purpose of this section by providing assistance to institutions of higher education, the Secretary is authorized to make grants to, and to enter into contracts with, eligible institutions to ensure a sustained capacity to undertake independent research and research application activities in adult and continuing education.

"(b) USES OF FUNDS.—Funds made available under this section to any eligible institution may be used for planning, developing, or operating a program which may include—

"(1) identifying and analyzing the special problems and needs of adult learners;

"(2) collecting, analyzing, and disseminating information relating to adult learners and their educational and employment objectives, with particular focus on analyzing and disseminating information on the current and projected needs of the labor market;

"(3) examining and applying uses of education technologies to reach new and isolated learners;

"(4) collecting and disseminating relevant data from Federal agencies and other national and State resources applicable to postsecondary institutional planning for continuing education, including information related to Federal and other forms of student financial assistance;

"(5) supporting training programs designed to enhance the effectiveness of faculty to teach adult learners;

"(6) developing curriculum and instructional methods for adults seeking new employment opportunities;

"(7) demonstrating and disseminating new and existing programs designed for the adult learner; and

"(8) promoting resource sharing for innovative uses of technology, including telecommunications, to overcome barriers to postsecondary educational opportunities.

"(c) APPLICATION FOR ASSISTANCE.—A grant or contract authorized by this part may be awarded by the Secretary on a competitive basis upon receipt of an application, which is submitted to the Secretary at such time or times and contains such information as the Secretary may prescribe. Each such application shall—

"(1) contain provisions that demonstrate the existing resources and academic reputation of the institution of higher education in the field of continuing education and its ability to conduct such activities; and

"(2) provide for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this part.

"SEC. 123. AUTHORIZATION OF APPROPRIATIONS.

"There is authorized to be appropriated to carry out the purposes of this part $5,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.".

TITLE II—AMENDMENTS TO TITLE II OF THE ACT

SEC. 201. PURPOSE; AUTHORIZATION.

(a) DESIGNATION OF TITLE.—The heading of title II is amended to read as follows:

The CHAIRMAN. Are there any amendments to title I?

PARLIAMENTARY INQUIRY

Mr. COLEMAN of Missouri. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. COLEMAN of Missouri. Mr. Chairman, we are proceeding title by title, but is the bill open for amendment at any point, or once we pass a title, would we have to have unanimous consent to go back to it?

The CHAIRMAN. The Chair will advise the gentleman that to go back to a title that has been passed would require unanimous consent. The Chair would point out to the gentleman that sections 1, 2, and 3, and title I have been passed.

Mr. COLEMAN of Missouri. No; title I has just been announced.

The CHAIRMAN. Title I is pending at the present time.

Mr. COLEMAN of Missouri. If I were to offer, say, an amendment to title IV, would that be in order at the present time?

The CHAIRMAN. Only by unanimous consent.

Mr. COLEMAN of Missouri. I thank the Chair.

The CHAIRMAN. Are there amendments to title I?

AMENDMENT OFFERED BY MR. EMERSON

Mr. EMERSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. EMERSON: Page 24, line 11, strike out the quotation marks and the second period.

Page 24, after line 11, insert the following:

PART C—THE NATIONAL ADVISORY COUNCIL ON CONTINUING EDUCATION

ESTABLISHMENT OF NATIONAL ADVISORY COUNCIL

"SEC. 131. (a) MEMBERSHIP.—The President shall appoint an independent National Advisory Council on Continuing Education consisting of—

"(1) eight representatives of Federal agencies having postsecondary continuing education and training responsibilities, including but not limted to, one representative each from—

"(A) the Department of Education,

"(B) the Department of Agriculture,

"(C) the Department of Defense,

"(D) the Department of Labor, and

"(E) the Veterans' Administration; and

"(2) twelve members who are not full-time employees of the Federal Government appointed for three-year staggered terms including individuals—

"(A) who are knowledgeable and experienced in the field of continuing education,

"(B) who are State and local government officials, and

"(C) who are representative of postsecondary education institutions, business, labor, and community groups.

"(b) CHAIRPERSON; MEETINGS.—The Advisory Council shall elect its own Chairperson annually from among members of the Council who are not employees of the Federal Government. The Advisory Council shall meet at the call of the Chairperson but not less often than four times a year.

"(c) ADVISORY ROLE.—The Advisory Council shall advise the Secretary in the preparation of general regulations and with respect to policies and procedures arising in the administration of this title.

"(d) RECOMMENDATIONS.—The Advisory Council shall examine all federally supported continuing education and training programs and make recommendations with regard to policies to eliminate duplication and to effectuate the coordination of all federally funded continuing education programs.

"(e) ACTIVITIES.—In carrying out its responsibilities under this part, the Advisory Council may conduct studies, hearings, and other activities in order to—

"(1) identify the continuing education and training needs and goals of the Nation, and to report to the President, the Congress, and the Secretary, about the needs and goals; and

"(2) collect, analyze, and disseminate information regarding programs conducted under this title and other Federal continuing education and training programs.

"(f) ANNUAL REPORTS.—Commencing on September 30, 1986, for each fiscal year the Advisory Council shall prepare and submit an annual report to the President, the Congress, and the Secretary, of its findings and recommendations, including recommendations for changes in the provisions of this title and other Federal laws relating to continuing education and training activities. The President shall transmit each such report to the Congress with his comments and recommendations. The Advisory Council shall make such other reports or recommendations to the President, the Congress, the Secretary, or the head of any other Federal department or agency as may be appropriate.

"(g) AUTHORITY.—The Advisory Council may utilize the services and facilities of any agency of the Federal Government as may be necessary. The Advisory Council may accept, employ, and dispose of gifts or bequests to carry out its responsibilities under this title.".

Mr. EMERSON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. EMERSON. Mr. Chairman, I am endeavoring to find out at the moment whether or not this amendment is controversial, but pending that, I will proceed.

Mr. Chairman, the amendment I offer today will provide for the continued existence of the National Advisory Council on Continuing Education. As you know, the other body has removed most of title I from the bill they are considering, but it appears that they will retain certain parts that they consider most valuable. I was pleased to see that the key sponsors in the other body have agreed that the National Advisory Council will be retained in that bill.

The latest report of the Council is entitled "Education Is Work," and that is indeed true in our country today. For the first time, the majority of students enrolled in postsecondary institutions are over the age of 22. Forty-one percent of all postsecondary enrollments are adults studying on a part-time basis, most of whom are employed in the part- or full-time workforce.

Moreover, there is no doubt that the majority of adults who continue their education do so for reasons related to their employment. Many others engage in studies on their own—not because they have to, but because they want to do a better job and get ahead. There are new demands in the workplace which often make continuing education a must. Changing industries and technologies, and the necessity to keep up with the latest information on those changes, have made continuing education programs more vital than ever before. Most importantly, though, I believe there is a need in this country to continue working to link postsecondary institutions with the employing community in order to assist about 23 million functionally illiterate adult Americans develop employability skills. Having colleges and universities work with employers on continuing education simply makes good sense.

It is absolutely essential for us to ensure that our education policies will continue to focus on continuing education, which is now one of only a few major growth areas in higher education. The National Advisory Council on Continuing Education, has helped us to do that and is now seen in the professional education community and in Federal and State offices as a major source of information on the hundreds of Federal programs with which the council is familiar. Since title I has not been funded since 1981, the Council has assumed an even more important role on the Federal level in generating new ideas and information about postsecondary continuing education.

Because it operates on the Federal level, the Council has been able to engage in studies of foreign continuing education systems which will allow our country to benefit from innovations and policies followed in other nations. The Council has established a working relationship with the Paris-based Organization for Economic Cooperation and Development [OECD], and has just completed its initial study of continuing education in industrialized nations which included participants from 10 countries.

Last year, the Council operated on a budget of $288,600, and the membership of the Council feels so strongly about the importance of its mission that they contributed $18,000 from their own pockets to help fund the Council. Obviously, a small investment on our part will spur even more investment. Better still, that investment will help us to develop policies that will lead to a better trained and educated work force which cannot help but have positive effects on the economy.

My amendment sends a signal to to institutional leaders and corporate executives that the Congress recognizes the value of continuing education and that we support it. I urge the adoption of this amendment.

Mr. FORD of Michigan. Mr. Chairman, I reluctantly rise in opposition to the amendment offered by the gentleman from Missouri. I was waiting, frankly, to get the authors of title I, who have more to say about this. We relied almost entirely on their efforts in putting together what we think is a very much improved title I of the bill.

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The Advisory Council that the gentleman speaks of reinstating was dropped in this bill because even though it has been in existence, we do not know what they are reporting on. The programs that it is supposed to be advising and counseling on have not been funded; they have been zero-funded since 1981. So it has been a sort of useless appendage, and even though money is still appropriated to pay the Council, there is no one for them to counsel. I suspect that is one of the reasons why the gentleman who worked on title I wanted to drop it.

Furthermore, the quality of the reports that they have been submitting are not particularly impressive, and we think that the Secretary of Education has ample authority under the General Education Provisions Act to create as many advisory bodies as he chooses if he feels the need for them. In other words, if we wanted to appropriate money for these programs, and the Secretary wanted to reconstitute an advisory council, we believe that he

has the authority under the permanent law to do that.

Since it was not included in the bill which I and the other Members agreed to, prepared by the gentleman from Montana [Mr. WILLIAMS], and the gentleman from Wisconsin [Mr. GUNDERSON], I must at this time oppose the gentleman's amendment.

Mr. GUNDERSON. Mr. Chairman, I move to strike the last word, and I rise in opposition to the amendment.

Mr. GUNDERSON. Mr. Chairman, as I indicated in my introductory remarks during general debate, I and the gentleman from Montana [Mr. WILLIAMS] have been long involved in trying to find a way to make title I a viable part of the Higher Education Act. The fact is that since 1981, we have not funded title I.

The amendment before us has got to be one of the alltime unique situations in Government where, for the last 4 years, we have had an advisory commission to advise us on something on which we have not spent a dollar in that period. So we have had, through the Secretary's discretionary funding, the appropriation or the expenditure of about $1 million to keep an advisory commission going advising us on adult and continuing education when we have never funded to the tune of 1 red cent title I up to this point in time.

During this period of limiting resources, what I wanted to do, and what my colleague from Montana wanted to do, was to find a way to take a very limited amount of money and target that money toward a process that can really hopefully merit, No. 1, some appropriations in title I, but also to respond to the major needs. So what you have to ask yourself right here and now is, if you have x amount of dollars, and that is a very limited amount of dollars to spend on adult students on continuing education, do you want to spend them on an advisory council, or would you rather spend them on programs that deal directly and help people?

I have nothing against the commission or the people on the commission. As I have told them personally, if they want to get together and offer us their opinions, I promise them I will read them and I will listen to them. et cetera. Let us not spend Government dollars for an advisory commission to give us advice on something up to this point in time we have not spent a dollar on.

That is really the gist of this. Do you want to continue the commission and its staff in operation with their travel budgets, their expenditure budgets and all of that, or would you rather take those dollars and put them toward continuing education for our adult workers, and particularly those adults who, for the most part, have been laid off and do not have jobs and need to find ways to go back and get that education which will allow them to become a part of the work force?

I think whether you are a liberal or a conservative, Republican or Democrat, it becomes very hard to justify the continuation of this advisory commission in lieu of spending that money on directly helping people in need.

Mr. WILLIAMS. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I will be happy to yield to the gentleman from Montana.

Mr. WILLIAMS. Mr. Chairman, I am pleased to join my colleague who was so instrumental in drafting title I in his opposition to this amendment. We have learned something this past two decades, and that is that many advisory councils which were, and still are, well-intentioned, have proven to be wonderful at raising data, adding it, subtracting it, multiplying it, taking the square root of it, and then perhaps sending us that information, usually without recommendations attached. The Congress has found that the volumes which those advisory councils have sent us, if they bother to send us anything at all, have been for the most part not very useful.

This council is a prime example, unfortunately, of that. And although I join my colleague in being a strong supporter of continuing education, I do not believe that this council is going to assist us in providing better continuing education. My colleague is particularly correct that we are trying to husband the small resources we have and to spend them on another advisory council seems to me to be dollar-foolish.

So I join the gentleman in his opposition to this amendment.

Mr. GUNDERSON. I appreciate the gentleman's remarks and I yield back the balance of my time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. EMERSON].

The amendment was rejected.

The CHAIRMAN. Are there further amendments to title I?

The Clerk will designate title II.

The text of title II is as follows:

"TITLE II—ACADEMIC LIBRARY AND INFORMATION TECHNOLOGY ENHANCEMENT".

(b) PURPOSE.—Section 201(a) of the Act is amended by striking out paragraph (4) and inserting in lieu thereof the following:

"(4) college and university libraries in acquiring technological equipment and in conducting research in information technology in accordance with part D.".

(c) AUTHORIZATION OF APPROPRIATIONS.—Section 201(b) of the Act is amended to read as follows:

"(b)(1) There are authorized to be appropriated to carry out part A $12,500,000 for the fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years. Additionally, there is authorized to be appropriated $75,000 for carrying out the study mandated in section 212.

"(2) There are authorized to be appropriated to carry out part B $5,000,000 for the fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

"(3) There are authorized to be appropriated to carry out part C $12,500,000 for the fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

"(4) There are authorized to be appropriated to carry out part D $5,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.".

SEC. 202. COLLEGE LIBRARY RESOURCES.

(a) AMENDMENT TO SECTION 211.—Section 211 of the Act is amended to read as follows:

"COLLEGE LIBRARY RESOURCES

"SEC. 211. (a) From the amount appropriated for this part, the Secretary shall make grants to eligible institutions of higher education or combinations thereof (and to branches of institutions which are located in different communities from that in which its parent institution is located). The amount of a grant under this part shall not be less than $2,000 nor more than $10,000 and shall reflect the number of full-time equivalent students enrolled at the recipient institution. If the funds are not sufficient to provide grants to all eligible institutions, grants shall be made to those institutions demonstrating the greatest need, based on the eligibility criteria in section 211(c).

"(b) A grant under this part may be made only if the application provides—

"(1) information about the institution and its library resources as prescribed by the Secretary in regulations;

"(2) satisfactory assurance that the applicant has expended for all library materials (exclusive of construction) during the institutional fiscal year preceding the year of application for which the grant is sought (hereafter called the 'base year'), from funds other than funds received under this part, an amount not less than the average annual aggregate amount or the average amount per full-time equivalent student it expended for such purposes during the two years preceding the base year;

"(3) for such fiscal control and fund accounting procedures as are necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this part;

"(4) for making such reports as the Secretary may require, including a report on how such funds received under a grant were expended, and for keeping such records and for affording such access thereto as the Secretary deems necessary to assure the correctness and verification of such reports; and

"(5) a statement setting forth how the funds received under this part will be used to improve the quality of the institution's library services.

"(c) In order to be considered an eligible institution, an institution must provide the Secretary assurance that—

"(1) the expenditures of the institution per full-time equivalent student for library materials is less than the average of the expenditures for library materials per full-time equivalent student by other institutions of comparable size and program, as determined by the Secretary in accord with definitions established by the National Center for Education Statistics; and

"(2) the number of volumes per full-time equivalent student is less than the average of such number of volumes held by institu-

tions of comparable size and program, as determined by the Secretary in accord with definitions established by the National Center for Education Statistics.

"(d) If the Secretary determines, in accordance with regulations, that there are very unusual circumstances which prevent the applicant from making the assurance required by subsection (b)(2), the requirement for such assurance may be waived. For purposes of this subsection, the term 'very unusual circumstances' means theft, vandalism, fire, flood, earthquake, or other occurrence which may temporarily reduce the level of expenditures for library materials, or which resulted in unusually high expenditures for library materials.

"(e) If the Secretary determines, in accordance with regulations, that there are very unusual circumstances which prevent an otherwise eligible institution from qualifying under subsection (c), the requirements of subsection (c) may be waived. The Secretary may not grant such waivers to more than five percent of the eligible institutions receiving grants under this part.

"(f) Grants under this part may be used only for books, periodicals, documents, magnetic tapes, computer software, phonographic records, audiovisual materials, and other related library materials (including necessary binding) and for the establishment and maintenance of networks for sharing library resources with other institutions of higher education.".

(b) STUDY OF CRITERIA AND DEFINITION OF FULL-TIME EQUIVALENT STUDENT.—Part A of title II of the Act is further amended by inserting after section 211 the following new sections:

"STUDY OF EFFECTIVENESS OF CRITERIA

"SEC. 212. The National Commission on Libraries and Information Science will conduct a study on the effectiveness of the criteria specified in section 211(c) in directing funds to libraries with the greatest need. The study shall be forwarded to the Congress no later than three years after the conclusion of the first fiscal year in which appropriations are made available for this purpose.

"DEFINITION

"SEC. 213. For purposes of this part the term 'full-time equivalent students' means the sum of the number of students enrolled full time at an institution, plus the full-time equivalent of the number of students enrolled part time at such institution (determined on the basis of the quotient of the sum of the credit hours of all part-time students divided by twelve).".

SEC. 203. REPEAL OF SPECIAL PURPOSE GRANTS.

(a) REPEAL.—Section 224 of the Act is repealed.

(b) CONFORMING AMENDMENT.—(1) Section 221 of the Act is amended to read as follows:

"GRANTS AUTHORIZED

"SEC. 221. From the amounts appropriated for this part for any fiscal year, the Secretary shall make grants in accordance with sections 222 and 223. Of such amount, two-thirds shall be available for purposes of section 222 and one-third shall be available for purposes of section 223.".

(2) Section 231(b) of the Act is amended by striking out "or 224".

SEC. 204. RESEARCH AND DEMONSTRATION.

Section 223 of the Act is amended by striking out "and information technology,".

SEC. 205. STRENGTHENING RESEARCH LIBRARY RESOURCES.

Section 231 of the Act is further amended by inserting at the end thereof the following new subsection:

"(c) In determining eligibility for assistance under this part, the Secretary shall permit institutions that do not otherwise qualify to provide additional information or documents to demonstrate the national or international significance for scholarly research of the particular collection described in the grant proposal.".

SEC. 206. COLLEGE LIBRARY TECHNOLOGY AND COOPERATION.

Part D of title II of the Act is amended to read as follows:

"PART D—COLLEGE LIBRARY TECHNOLOGY AND COOPERATION GRANTS

"ESTABLISHMENT OF PROGRAM

"SEC. 241. (a) The Secretary is authorized to make grants for technological equipment and other special purposes to—

"(1) institutions of higher education which demonstrate a need for special assistance for the planning, development, acquisition, installation, maintenance, or replacement of technological equipment (including computer hardware and software) necessary to participate in networks for sharing of library resources;

"(2) combinations of higher education institutions which demonstrate a need for special assistance in establishing and strengthening joint-use library facilities, resources, or equipment;

"(3) other public and private nonprofit organizations which provide library and information services to institutions of higher education on a formal, cooperative basis for the purpose of establishing, developing, or expanding programs or projects that improve their services to institutions of higher education; and

"(4) institutions of higher education conducting research or demonstration projects to meet special national or regional needs in utilizing technology to enhance library or information sciences.

"(b) From funds appropriated for this part, the Secretary shall make competitive awards to institutions or combinations of institutions in each of the categories described in clauses (1) through (4) of subsection (a). The minimum award shall be $15,000 and may be expended over a three-year period.

"(c) A grant under this section may be made only if the application (whether by an individual institution or a combination of institutions) is approved by the Secretary on the basis of criteria prescribed in regulations and provides satisfactory assurance that the applicant will expend during the three-year period for which the grant is sought (from funds other than funds received under this title), for the same purpose as such grant, an amount from such other sources equal to not less than one-third of such grant.

"(d) This program shall be administered in the Department of Education by an expert in library technology.".

The CHAIRMAN. Are there amendments to title II?

If not, the Clerk will designate title III.

The text of title III is as follows:

TITLE III—AMENDMENT TO TITLE III OF THE ACT

SEC. 301. REVISION OF TITLE III.

Title III of the Act is amended to read as follows:

"TITLE III—INSTITUTIONAL AID

"SEC. 301. FINDINGS AND PURPOSES.

"(a) FINDINGS.—The Congress finds that—

"(1) many institutions of higher education in this era of declining enrollments and scarce resources face problems which threaten their ability to survive;

"(2) the problems relate to the management and fiscal operations of certain institutions of higher education, as well as to an inability to engage in long-range planning, recruitment activities, and development activities;

"(3) the title III program prior to 1985 did not always meet the specific development needs of historically Black colleges and universities and other institutions with large concentrations of minority and low-income students;

"(4) the solution to the problems of these institutions would enable them to become viable, thriving institutions of higher education;

"(5) providing a minimum level of assistance to each category of eligible institutions will assure the continued participation of the institutions in the programs established in title III and enhance their role in providing access to low-income and minority students;

"(6) these institutions play an important role in the American system of higher education, and there is a strong national interest in assisting them in solving their problems and in stabilizing their management and fiscal operations; and

"(7) there is a particular national interest in aiding those institutions of higher education that have historically served students who have been denied access to postsecondary education because of race or national origin and whose participation in the American system of higher education is in the Nation's interest so that equality of access and quality of postsecondary education opportunities may be enhanced for all students.

"(b) PURPOSE.—It is the purpose of this title to assist such institutions in equalizing educational opportunity through a program of Federal assistance.

"PART A—STRENGTHENING INSTITUTIONS

"SEC. 311. PROGRAM PURPOSE.

"(a) GENERAL AUTHORIZATION.—The Secretary shall carry out a program, in accordance with this part, to improve the academic quality, institutional management, and fiscal stability of eligible institutions, in order to increase their self-sufficiency and strengthen their capacity to make a substantial contribution to the higher education resources of the Nation.

"(b) GRANTS AWARDED; SPECIAL CONSIDERATION.—From the sums available for this part under section 357(a)(1), the Secretary may award grants to any eligible institution with an application approved under section 351 in order to assist such an institution to plan, develop, or implement activities that promise to strengthen the institution. Special consideration shall be given to applications which propose, pursuant to the institution's plan, to engage in—

"(1) faculty development;

"(2) funds and administrative management;

"(3) development and improvement of academic programs;

"(4) acquisition of equipment for use in strengthening funds management and academic programs;

"(5) joint use of facilities such as libraries and laboratories; and

"(6) student services.

"SEC. 312. DEFINITIONS.

"For purposes of this part:

"(1) The term 'educational and general expenditures' means the total amount expended by an institution of higher education for instruction, research, public service, academic support (including library expenditures), student services, institutional support, scholarships and fellowships, operation, and maintenance expenditures for the physical plant, and any mandatory transfers which the institution is required to pay by law.

"(2) The term 'eligible institution' means—

"(A) an institution of higher education—

"(i)(I) which, in the case of an institution which awards a bachelor's degree, has an enrollment which includes a substantial percentage of students receiving Pell Grants in the second preceding fiscal year, in comparison with the percentage of students receiving Pell Grants at all such institutions in such fiscal year, and (II) which, in the case of junior or community colleges, has an enrollment which includes a substantial percentage of students receiving Pell Grants in the second preceding fiscal year, in comparison with the percentage of students receiving Pell Grants at all such institutions in such fiscal year;

"(ii) the average educational and general expenditures of which are low, per full-time equivalent undergraduate student, in comparison with the average educational and general expenditures per full-time equivalent undergraduate student of institutions that offer similar instruction;

"(iii)(I) is legally authorized to provide, and provides within the State, an educational program for which it awards a bachelor's degree, or (II) is a junior or community college;

"(iv) is accredited by a nationally recognized accrediting agency or association determined by the Secretary to be a reliable authority as to the quality of training offered or is, according to such an agency or association, making reasonable progress toward accreditation;

"(v) has, during the five academic years preceding the academic year for which it seeks assistance under this part—

"(I) met the requirement of either clause (iii)(I) or (iii)(II), or of both such clauses (simultaneously or consecutively); and

"(II) met the requirement of clause (iv); and

"(vi) meets such other requirements as the Secretary may prescribe;

"(B) any branch of any institution of higher education described under subparagraph (A) which by itself satisfies the requirements contained in clauses (i) and (ii) of such subparagraph;

"(C) any institution of higher education which has an enrollment of which at least 20 percent are Mexican American, Puerto Rican, Cuban, or other Hispanic students, or combination thereof, and which also satisfies the requirements of clauses (i) and (ii) of such subparagraph;

"(D) any institution of higher education which has an enrollment of at least 60 percent American Indian, Alaskan Native or Aleut, or combination thereof, and which also satisfies the requirements of clauses (i) and (ii) of such subparagraph; and

"(E) any institution of higher education which has an enrollment of which at least 5 percent are Native Hawaiian, American Samoan, Micronesian, Guamian (Chamorro), and Northern Marianian, or any combination thereof, and which also satisfies the requirements of clauses (i) and (ii) of such subparagraph.

For purposes of the determination of whether an institution is an eligible institution under this paragraph, the factor described under subparagraph (A)(i) shall be given twice the weight of the factor described under subparagraph (A)(ii).

"(3) The term 'full-time equivalent students' means the sum of the number of students enrolled full time at an institution, plus the full-time equivalent of the number of students enrolled part time (determined on the basis of the quotient of the sum of the credit hours of all part-time students divided by twelve) at such institution.

"(4) The term 'junior or community college' means an institution of higher education—

"(A) that admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located and who have the ability to benefit from the training offered by the institution;

"(B) that does not provide an educational program for which it awards a bachelor's degree (or an equivalent degree); and

"(C) that—

"(i) provides an educational program of not less than two years that is acceptable for full credit toward such a degree, or

"(ii) offers a two year program in engineering, mathematics, or the physical or biological sciences, designed to prepare a student to work as a technician or at the semiprofessional level in engineering, scientific, or other technological fields requiring the understanding and application of basic engineering, scientific, or mathematical principles of knowledge.

"SEC. 313. DURATION OF GRANT.

"(a) GRANTS OF 3 TO 7 YEARS DURATION.—The Secretary shall award a grant to an eligible institution under this part for not less than three nor more than seven years, subject for each fiscal year to the availability of appropriations therefor.

"(b) LIMITATION ON CONSECUTIVE YEARS OF PARTICIPATION.—An institution shall not receive a grant under this part for more than seven consecutive years. As regards an institution which had received a grant or grants under part A or B of this title during fiscal years 1981 through 1986, the Secretary shall include the period of such grant or grants in determining the remaining duration of such institution's eligibility.

"(c) RESUMPTION OF ELIGIBILITY.—An institution shall resume eligibility (for an additional seven consecutive years) to apply for a subsequent grant after a period of nonparticipation equal to the total number of years for which the institution received its immediately preceding grant under this part, excluding any year that the institution received a grant pursuant to subsection (d)(1) or (d)(2). As regards an institution which had received a grant or grants under part A or B of this title during fiscal years 1981 through 1986, the Secretary shall add the period of such grant or grants to the period of the immediately preceding grant referred to in the previous sentence for the purpose of determining the first period of nonparticipation.

"(d) EXCEPTIONS.—(1) Notwithstanding subsection (a), the Secretary may award a grant to an eligible institution under this part for a period of one year for the purpose of assisting such institution in the preparation of plans and applications under this part.

"(2) The Secretary may waive the requirements of subsections (a), (b), and (c) and permit an institution to receive a grant under this part for an additional year or years if the Secretary determines that the institution has not achieved the purposes of the grant but has made, and requires extension of grant eligibility to continue to make, substantial progress in achieving such purposes. The Secretary shall make such determinations on the basis of evaluations conducted pursuant to a contract with an organization qualified to make an independent judgment on the merits of granting the waiver.

"PART B—STRENGTHENING HISTORICALLY BLACK COLLEGES AND UNIVERSITIES

"SEC. 321. FINDINGS AND PURPOSES.

"The Congress finds that—

"(1) the historically Black colleges and universities have contributed significantly to the effort to attain equal opportunity through postsecondary education for Black, low-income, and educationally disadvantaged Americans;

"(2) States and the Federal Government have discriminated in the allocation of land and financial resources to support Black public institutions under the Morrill Act of 1862 and its progeny, and against public and private Black colleges and universities in the award of Federal grants and contracts, and the distribution of Federal resources under the Higher Education Act of 1965 and other Federal programs which benefit institutions of higher education;

"(3) the current state of Black colleges and universities is partly attributable to the discriminatory action of the States and the Federal Government and this discriminatory action requires the remedy of enhancement of Black postsecondary institutions to ensure their continuation and participation in fulfilling the Federal mission of equality of educational opportunity; and

"(4) financial assistance to establish or strengthen the physical plants, financial management, academic resources, and endowments of the historically Black colleges and universities are appropriate methods to enhance these institutions and facilitate a decrease in reliance on governmental financial support and to encourage reliance on endowments and private sources.

"SEC. 322. DEFINITIONS.

"For the purposes of this part:

"(1) The term 'graduate' means an individual who has attended an institution for at least three semesters and fulfilled academic requirements for undergraduate studies in not more than five consecutive school years.

"(2) The term 'part B institution' means any historically Black college or university that was established prior to 1964, whose principal mission was, and is, the education of Black Americans, and that is accredited by a nationally recognized accrediting agency or association determined by the Secretary to be a reliable authority as to the quality of training offered or is, according to such an agency or association, making reasonable progress toward accreditation.

"(3) The term 'Pell Grant recipient' means a recipient of financial aid under title IV, part A, subpart 1 of the Higher Education Act of 1965.

"(4) The term 'professional and academic areas in which Blacks are underrepresented' shall be determined by the Secretary and the Commissioner of the Bureau of Labor Statistics, on the basis of the most recent available satisfactory data, as professional and academic areas in which the percentage of Black Americans who have been educated, trained, and employed is less than the percentage of Blacks in the general population.

"(5) The term 'school year' means the period of 12 months beginning July 1 of any calendar year and ending June 30 of the following calendar year.

"SEC. 323. GRANTS TO INSTITUTIONS.

"(a) GENERAL AUTHORIZATION; USES OF FUNDS.—From amounts available in any fiscal year the Secretary shall make grants (under section 324) to institutions which have applications approved by the Secretary (under section 325) for any of the following uses:

"(1) Purchase, rental, or lease of scientific or laboratory equipment for educational purposes, including instructional and research purposes.

"(2) Construction, maintenance, renovation, and improvements in classroom, library, laboratory, and other instructional facilities.

"(3) Support of faculty exchanges and faculty fellowships to assist faculty in attaining advanced degrees in their field of instruction.

"(4) Academic instruction in disciplines in which Black Americans are underrepresented.

"(5) Purchase of library books, periodicals, microfilm, and other educational materials.

"(6) Tutoring, counseling, and student service programs designed to improve academic success.

"(b) LIMITATION.—No grant may be made under this Act for any educational program, activity, or service related to sectarian instruction or religious worship, or provided by a school or department of divinity. For purposes of this subsection, the term 'school or department of divinity' means an institution or department whose program is specifically for the education of students to prepare them to become ministers of religion or to enter upon some other religious vocation, or to prepare them to teach theological subjects.

"SEC. 324. ALLOTMENTS TO INSTITUTIONS.

"(a) ALLOTMENT; PELL GRANT BASIS.—From the amounts appropriated to carry out this part for any fiscal year, the Secretary shall allot to each part B institution a sum which bears the same ratio to one-half that amount as the number of Pell grant recipients in attendance at such institution in the second preceding fiscal year bears to the total number of Pell Grant recipients at all part B institutions in such fiscal year.

"(b) ALLOTMENT; GRADUATES BASIS.—From the amounts appropriated to carry out this part for any fiscal year, the Secretary shall allot to each part B institution a sum which bears the same ratio to one-fourth that amount as the number of graduates for such school year at such institution bears to the total number of graduates for such school year at all part B institutions.

"(c) ALLOTMENT; GRADUATE AND PROFESSIONAL STUDENT BASIS.—From the amounts appropriated to carry out this part for any fiscal year, the Secretary shall allot to each part B institution a sum which bears the same ratio to one-fourth that amount as the number of graduates, who are admitted to and in attendance at a graduate or professional school in a degree program in disciplines in which Blacks are underrepresented, bears to the number of such graduates for all part B institutions.

"(d) REALLOTMENT.—The amount of any part B institution's allotment under subsection (a), (b), or (c) for any fiscal year which the Secretary determines will not be required for such institution for the period such allotment is available shall be available for reallotment from time to time, on such date, during such period as the Secretary may determine, to other part B institutions in proportion to the original allotment to such other institutions under this section for such fiscal year.

"(e) SPECIAL RULE.—In any fiscal year that the Secretary determines that Howard University or the University of the District of Columbia will receive an allotment under subsections (b) and (c) of this section which is not in excess of amounts received by Howard University under the act of March 2, 1867 (14 Stat. 438; 20 U.S.C. 123), relating to annual authorization of appropriations for Howard University, or by the University of the District of Columbia under the District of Columbia Self-Government and Governmental Reorganization Act (87 Stat. 774) for such fiscal year, then Howard University and the University of the District of Columbia, as the case may be, shall be ineligible to receive an allotment under this section.

"SEC. 325. APPLICATIONS.

"(a) CONTENTS.—No part B institution shall be entitled to its allotment of Federal funds for any grant under section 324 for any period unless that institution submits an application to the Secretary at such time, in such manner, and containing or accompanied by such information, as the Secretary may reasonably require. Each such application shall—

"(1) provide that the payments under this Act will be used for the purposes set forth in section 322; and

"(2) provide for making an annual report to the Secretary and for auditing the books and monitoring expenditures as may be reasonably required to carry out this Act.

"(b) APPROVAL.—The Secretary shall approve any application which meets the requirements of subsection (a) and shall not disapprove any application submitted under this title, or any modification thereof, without first affording such institution reasonable notice and opportunity for a hearing.

"SEC. 326. PROFESSIONAL OR GRADUATE INSTITUTIONS.

"(a) GENERAL AUTHORIZATION.—(1) Subject to the availability of funds appropriated to carry out this section, the Secretary shall award program grants to each of the postgraduate institutions listed in subsection (e) that is determined by the Secretary to be making a substantial contribution to the legal, medical, dental, veterinary or other graduate educational opportunities for Black Americans.

"(2) No grant in excess of $500,000 may be made under this section unless the postgraduate institution provides assurances that 50 per centum of the cost of the purposes for which the grant is made will be paid from non-Federal sources.

"(b) DURATION.—Grants shall be made for a period not to exceed five years. No more than two five-year grants (for a period of not more than ten years) may be made to any one undergraduate or postgraduate institution.

"(c) USES OF FUNDS.—A grant under this section may be used for—

"(1) any of the purposes enumerated under section 323;

"(2) to establish or improve a development office to strengthen and increase contributions from alumni and the private sector; and

"(3) to assist in the establishment or maintenance of an institutional endowment to facilitate financial independence pursuant to section 333 of this title.

"(d) APPLICATION.—Any institution eligible for a grant under this section shall submit an application which—

"(1) demonstrates how the grant funds will be used to improve graduate educational opportunities for Black and low-income students, and lead to greater financial independence; and

"(2) provides, in the case of applications for grants in excess of $500,000, the assurances required by subsection (a)(2) and specifies the manner in which the eligible institution is going to pay the non-Federal share of the cost of the application.

"(e) ELIGIBLE PROFESSIONAL OR GRADUATE INSTITUTIONS.—Independent professional or graduate institutions eligible for grants under subsection (a) include—

"(1) Morehouse School of Medicine;

"(2) Meharry Medical School;

"(3) Charles R. Drew Postgraduate Medical School;

"(4) Atlanta University; and

"(5) Tuskegee Institute School of Veterinary Medicine.

"SEC. 327. REPORTING AND AUDIT REQUIREMENTS.

"(a) RECORDKEEPING.—Each recipient of a grant under this title shall keep such records as the Secretary shall prescribe, including records which fully disclose—

"(1) the amount and disposition by such recipient of the proceeds of such assistance,

"(2) the cost of the project or undertaking in connection with which such assistance is given or used,

"(3) the amount of that portion of the cost of the project or undertaking supplied by other sources, and

"(4) such other records as will facilitate an effective audit.

"(b) REPAYMENT OF UNEXPENDED FUNDS.—Any funds paid to an institution and not expended or used for the purposes for which such funds were paid within ten years after the beginning of the first fiscal year for which funds are appropriated to carry out this part shall be repaid to the Treasury of the United States.

"PART C—CHALLENGE GRANTS FOR INSTITUTIONS ELIGIBLE FOR ASSISTANCE UNDER PART A OR PART B

"SEC. 331. ESTABLISHMENT OF CHALLENGE GRANT PROGRAM.

"(a) GENERAL AUTHORIZATION; ELIGIBILITY.—(1) From the sums available under section 357(a)(3) for each fiscal year, the Secretary may award a challenge grant to each institution—

"(A) which is an eligible institution under part A or would be considered to be such an institution if section 312(2)(A)(iii) referred to a postgraduate degree rather than a baccalaureate degree;

"(B) which is a part B institution or would be considered to be such an institution if section 324 referred to a postgraduate degree rather than a baccalaureate degree; or

"(C) which is an institution that makes a substantial contribution to postgraduate medical educational opportunities for minorities and the economically disadvantaged.

"(b) DURATION OF GRANT.—The Secretary may make a grant under this section for a period of not more than five years, subject to annual appropriations.

"SEC. 332. APPLICATIONS FOR CHALLENGE GRANTS.

"(a) CONTENTS.—Any institution eligible for a challenge grant under section 331(a) may apply for such a grant under section 351, except that the application for the purpose of this part shall—

"(1) provide evidence that funds are currently available to the applicant to match funds that the Secretary is requested to make available to the institution as a challenge grant;

"(2) in the case of an application by a public institution, contain the recommendations of an appropriate State agency responsible for higher education in the State, or provide evidence that the institution requested the State agency to comment but the State agency failed to comment; and

"(3) in the case of an application by an institution described under section 331(a)(1)(B), demonstrate how challenge grant funds will be used to achieve financial independence.

"(b) NOTICE OF APPROVAL.—Not later than July 1 of the fiscal year preceding the fiscal year in which any grant is to be made under this part, the Secretary shall determine which institutions will receive challenge grants under this part and notify the institutions of the amount of the grant.

"(c) PREFERENCE.—In approving applications for grants under this part, preference shall be given to institutions which are receiving, or have received, grants under part A or part B.

"SEC. 333. CHALLENGE GRANTS.

"(a) PURPOSE; DEFINITIONS.—(1) The purpose of this section is to establish a program to provide matching grants to eligible institutions of higher education in order to establish or increase endowment funds at such institutions, to provide additional incentives to promote fundraising activities by such institutions, and to foster increased independence and self-sufficiency at such institutions.

"(2) For purposes of this section:

"(A) The term 'endowment fund' means a fund established by State law, by an institution of higher education, or by a foundation which is exempt from taxation and is maintained for the purpose of generating income for the support of the institution, but which shall not include real estate.

"(B) The term 'endowment fund corpus' means an amount equal to the grant or grants awarded under this section plus an amount equal to such grant or grants provided by the institution.

"(C) The term 'endowment fund income' means an amount equal to the total value of the endowment fund established under this section minus the endowment fund corpus.

"(b) GRANTS AUTHORIZED.—(1) From sums available for this section under section 357, the Secretary is authorized to award challenge grants to eligible institutions of higher education to establish or increase an endowment fund at such institution. Such grants shall be made only to eligible institutions described in paragraph (4) whose applications have been approved pursuant to subsection (g).

"(2) No institution shall receive a grant under this section, unless such institution has deposited in its endowment fund established under this section an amount equal to the amount of such grant. The source of funds for this institutional match shall not include Federal funds or funds from an existing endowment fund.

"(3) The period of a grant under this section shall be not more than twenty years. During the grant period, an institution may not withdraw or expend any of the endowment fund corpus. After the termination of the grant period, an institution may use the endowment funds corpus plus any endowment fund income for any educational purpose.

"(4)(A) An institution of higher education is eligible to receive a grant under this section if it is an eligible institution as described in section 331(a)(1).

"(B) No institution shall be ineligible for a challenge grant for a fiscal year by reason of the previous receipt of such a grant but no institution shall be eligible to receive such a grant for more than two fiscal years out of any period of five consecutive fiscal years.

"(5) A challenge grant under this section to an eligible institution shall—

"(A) not be less than $50,000 for any fiscal year; and

"(B) not be more than (i) $250,000 for fiscal year 1987; or (ii) $500,000 for fiscal year 1988 or any succeeding fiscal year.

"(6)(A) An eligible institution may designate a foundation, which was established for the purpose of raising money for the institution, as the recipient of the grant awarded under this section.

"(B) The Secretary shall not award a grant to a foundation on behalf of an institution unless—

"(i) the institution assures the Secretary that the foundation is legally authorized to receive the endowment fund corpus and is legally authorized to administer the fund in accordance with this section and any implementing regulations;

"(ii) the foundation agrees to administer the fund in accordance with the requirements of this section and any implementing regulations; and

"(iii) the institution agrees to be liable for any violation by the foundation of the provisions of this section and any implementing regulations, including any monetary liability that may arise as a result of such violation.

"(c) GRANT AGREEMENT; ENDOWMENT FUND PROVISIONS.—(1) An institution awarded a grant under this section shall enter into an agreement with the Secretary containing satisfactory assurances that it will (A) immediately comply with the matching requirements of subsection (b)(2), (B) establish an endowment fund independent of any other such fund of the institution, (C) invest the endowment fund corpus, and (D) meet the other requirements of this section.

"(2)(A) An institution shall invest the endowment fund corpus and endowment fund income in low-risk securities in which a regulated insurance company may invest under the law of the State in which the institution is located such as a federally insured bank savings account or comparable interest bearing account, certificate of deposit, money market fund, mutual fund, or obligations of the United States.

"(B) The institution, in investing the endowment fund established under this section, shall exercise the judgment and care, under the circumstances then prevailing, which a person of prudence, discretion, and intelligence would exercise in the management of his or her own affairs.

"(3)(A) An institution may withdraw and expend the endowment fund income to defray any expenses necessary to the operation of such institution, including expenses of operations and maintenance, administration, academic and support personnel, construction and renovation, community and student services programs, and technical assistance.

"(B)(i) Except as provided in clause (ii), an institution may not spend more than 50 percent of the total aggregate endowment fund income earned prior to the time of expenditure.

"(ii) The Secretary may permit an institution to spend more than 50 percent of the endowment fund income notwithstanding clause (i) if the institution demonstrates such an expenditure is necessary because of (I) a financial emergency, such as a pending insolvency or temporary liquidity problem; (II) a life-threatening situation occasioned by a natural disaster or arson; or (III) any other unusual occurrence or exigent circumstance.

"(d) REPAYMENT PROVISIONS.—(1) If at any time an institution withdraws part of the endowment fund corpus, the institution shall repay to the Secretary an amount equal to 50 percent of the withdrawn amount, which represents the Federal share, plus income earned thereon. The Secretary shall use such repaid funds to make additional challenge grants, or to increase existing challenge or endowment grants, to other eligible institutions.

"(2) If an institution expends more of the endowment fund income than is permitted under subsection (c), the institution shall repay the Secretary an amount equal to 50 percent of the amount improperly expended (representing the Federal share thereof). The Secretary shall use such repaid funds to make additional challenge grants, or to increase existing challenge or endowment grants, to other eligible institutions.

"(e) AUDIT INFORMATION.—An institution receiving a grant under this section shall provide to the Secretary (or a designee thereof) such information (or access thereto) as may be necessary to audit or examine expenditures made from the endowment fund corpus or income in order to determine compliance with this section.

"(f) SELECTION CRITERIA.—In selecting eligible institutions for grants under this section for any fiscal year, the Secretary shall—

"(1) give priority to an applicant which is a recipient of a grant made under part A or B of this title during the academic year in which the applicant is applying for a grant under this section; and

"(2) give priority to an applicant with a greater need for such a grant, based on the current market value of the applicant's existing endowment in relation to the number of full-time equivalent students enrolled at such institution;

"(3) consider—

"(A) the effort made by the applicant to build or maintain its existing endowment fund; and

"(B) the degree to which an applicant proposes to match the grant with nongovernmental funds.

"(g) APPLICATION.—Any institution which is eligible for assistance under this section may submit to the Secretary a grant application at such time, in such from, and containing such information as the Secretary may prescribe. Subject to the availability of appropriations to carry out this section and consistent with the requirement of subsection (f), the Secretary may approve an application for a grant if an institution, in its application, provides adequate assurances that it will comply with the requirements of this section.

"(h) TERMINATION AND RECOVERY PROVISIONS.—(1) After notice and an opportunity for a hearing, the Secretary may terminate and recover a grant awarded under this section if the grantee institution—

"(A) expends portions of the endowment fund corpus or expends more than the permissible amount of the endowment funds income as prescribed in subsection (c)(3);

"(B) fails to invest the endowment fund in accordance with the investment standards set forth in subsection (c)(2); or

"(C) fails to properly account to the Secretary concerning the investment and expenditures of the endowment funds.

"(2) If the Secretary terminates a grant under paragraph (1), the grantee shall return to the Secretary an amount equal to the sum of each original grant or grants under this section plus income earned thereon. The Secretary shall use such repaid funds to make additional endowment grants, or to increase existing challenge or endowment grants, to other eligible institutions under this part.

"PART D—RESERVATION FROM PART A APPROPRIATION

"SEC. 341. STATEMENT OF FINDINGS AND PURPOSE.

"(a) FINDINGS.—The Congress finds that—

"(1) Hispanic and Black students in the United States are heavily concentrated in public postsecondary institutions, especially in two-year community colleges;

"(2) Hispanic, Black, and Native American, including Native American Pacific Islander, students rarely transfer to a four-year institution of higher education, after receiving an associate degree, and often do not complete the requirements for a baccalaureate degree even when they enroll in a four-year institution;

"(3) Black students in the United States have historically been denied equal educational opportunities in postsecondary education and are significantly underrepresented in 4-year baccalaureate programs as well as graduate and professional programs;

"(4) Native American students are the most grossly underrepresented of all American minorities in higher education, constituting one-half of 1 percent of all students, and 0.3 percent of those receiving degrees; and Hispanics comprise 3 percent of all students in higher education, with less than 3 percent receiving bachelors, masters, and doctoral degrees;

"(5) Native Hawaiians represent less than 5 percent of the population of Hawaii who hold a college degree; less than 25 percent of the traditional college-age population actually attends college;

"(6) although in some of the Pacific Basin territories (Northern Mariana Islands) fewer than 20 percent actually complete more than a high school education, (A) a single community college may be the only form of postsecondary education available on the island, (B) many teachers possess an associate's degree or less, and (C) literacy rates in both English and the native language rank far-below national averages; and

"(7) the special problems of providing higher education opportunities for Puerto Ricans in the Commonwealth of Puerto Rico require separate attention and different solutions than those which relate to Hispanics in the United States.

"(b) PURPOSE.—It is therefore the purpose of this part to provide a set-aside to address the special needs of Black, Hispanic, Native American, and Pacific Basin students, when they constitute a significant portion of the institutional student population.

"SEC. 342. RESERVATIONS.

"Of the sums appropriated under section 357(a)(1) for any fiscal year for part A, the Secretary shall make available for use for the purpose of such part—

"(1) $45,700,000 to eligible institutions under part A (excluding institutions receiving assistance under part B of this title) which serve the highest percentages of Black, Mexican American, Puerto Rican, Cuban, other Hispanic, American Indian, Alaskan Native, Aleut, Native Hawaiian, American Samoan, Micronesian, Guamian (Chamorro), and Northern Marianian students or any combination thereof; and

"(2) not less than 30 percent to institutions that are junior or community colleges.

"PART E—GENERAL PROVISIONS

"SEC. 351. APPLICATIONS FOR ASSISTANCE.

"(a) APPLICATION REQUIRED; APPROVAL.—Any institution which is eligible for assistance under this title shall submit to the Secretary an application for assistance at such time, in such form, and containing such information, as may be necessary to enable the Secretary to evaluate its need for assistance. Subject to the availability of appropriations to carry out this title, the Secretary may approve an application for a grant under this title if the application meets the requirements of subsection (b) and shows that the applicant is eligible for assistance in accordance with the part of this title under which the assistance is sought.

"(b) CONTENTS.—An institution, in its application for a grant, shall—

"(1) set forth or describe how it will develop a comprehensive development plan to strengthen the institution's academic quality and institutional management, and otherwise provide for institutional self-sufficiency and growth (including measurable objectives for the institution and the Secretary to use in monitoring the effectiveness of activities under this title);

"(2) set forth policies and procedures to ensure that Federal funds made available under this title for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise be made available for the purposes of section 311(b) or 323, and in no case supplant those funds;

"(3) set forth policies and procedures for evaluating the effectiveness in accomplishing the purpose of the activities for which a grant is sought under this title;

"(4) provide for such fiscal control and fund accounting procedures as may be necessary to ensure proper disbursement of and accounting for funds made available to the applicant under this title;

"(5) provide (A) for making such reports, in such form and containing such information, as the Secretary may require to carry out the functions under this title, including not less than one report annually setting forth the institution's progress toward achieving the objectives for which the funds were awarded, and (B) for keeping such records and affording such access thereto, as the Secretary may find necessary to assure the correctness and verification of such reports;

"(6) provide that the institution will comply with the limitations set forth in section 355;

"(7) describe in a comprehensive manner any proposed project for which funds are sought under the application and include—

"(A) a description of the various components of the proposed project including the estimated time required to complete each such component;

"(B) in the case of any proposed project which consists of several components (as described by the applicant pursuant to subparagraph (A)), a statement identifying those components which, if separately funded, would be sound investments of Federal funds and those components which would be sound investments of Federal funds only if funded under this title in conjunction with other parts of the proposed project (as specified by the applicant);

"(C) an evaluation by the applicant of the priority given any proposed project for which funds are sought in relation to any other projects for which funds are sought by the applicant under this title, and a similar evaluation regarding priorities among the components of any single proposed project (as described by the applicant pursuant to subparagraph (A));

"(D) information explaining the manner in which the proposed project will assist the applicant to prepare for the critical financial problems that all institutions of higher education will face during the subsequent decade as a result of declining enrollments, increased energy costs, and other problems;

"(E) a detailed budget showing the manner in which funds for any proposed project would be spent by the applicant; and

"(F) a detailed description of any activity which involves the expenditure of more than $25,000, as identified in the budget referred to in subparagraph (E); and

"(8) include such other information as the Secretary may prescribe.

"(c) PRIORITY CRITERIA PUBLICATION REQUIRED.—The Secretary shall publish in the Federal Register, pursuant to chapter 5 of title 5, United States Code, all policies and procedures required to exercise the authority set forth in subsection (a). No other criteria, policies, or procedures shall apply.

"SEC. 352. APPLICATION REVIEW PROCESS.

"(a) REVIEW PANEL.—(1) All applications submitted under this title by institutions of higher education shall be read by a panel of readers composed of individuals selected by the Secretary. The Secretary shall assure that no individual assigned under this section to review any application has any conflict of interest with regard to the application which might impair the impartiality with which the individual conducts the review under this section.

"(2) The Secretary shall take care to assure that representatives of historically and predominantly Black colleges, Hispanic institutions, Native American colleges and universities and institutions with substantial numbers of Hispanics, Native Americans, and Native American Pacific Islanders are included as readers.

"(3) All readers selected by the Secretary shall receive thorough instruction from the Secretary regarding the evaluation process for applications submitted under this title and consistent with the provisions of this title, including—

"(A) explanations and examples of the types of activities referred to in section 311(b) that should receive special consideration for grants awarded under part A and of the types of activities referred to in section 323 that should receive special consideration for grants awarded under part B;

"(B) an enumeration of the factors to be used to determine the quality of applications submitted under this title; and

"(C) an enumeration of the factors to be used to determine whether a grant should be awarded for a project under this title, the amount of any such grant, and the duration of any such grant.

"(b) RECOMMENDATIONS OF PANEL.—In awarding grants under this title, the Secretary shall take into consideration the recommendations of the panel made under subsection (a).

"(c) NOTIFICATION.—Not later than June 30 of each year, the Secretary shall notify each institution of higher education making an application under this title of—

"(1) the scores given the applicant by the panel pursuant to this section,

"(2) the recommendations of the panel with respect to such application, and

"(3) the reasons for the decision of the Secretary in awarding or refusing to award a grant under this title, and modifications, if any, in the recommendations of the panel made by the Secretary.

"SEC. 353. COOPERATIVE ARRANGEMENTS.

"(a) GENERAL AUTHORITY.—The Secretary may make grants to encourage cooperative arrangements—

"(1) with funds available to carry out part A, between institutions eligible for assistance under part A and between such institutions and institutions not receiving assistance under this title; or

"(2) with funds available to carry out part B, between institutions eligible for assistance under part B and institutions not receiving assistance under this title;

for the activities described in section 311(b) or section 323, as the case may be, so that the resources of the cooperating institutions might be combined and shared to achieve the purposes of such parts and avoid costly duplicative efforts and to enhance the development of part A and part B eligible institutions.

"(b) PRIORITY.—The Secretary shall give priority to grants for the purposes described under subsection (a) whenever the Secretary determines that the cooperative arrangement is geographically and economically sound or will benefit the applicant institution.

"(c) DURATION.—Grants to institutions having a cooperative arrangement may be made under this section for a period as determined under section 313 or section 323.

"SEC. 354. PENALTIES.

"Whoever, being an officer, director, agent, or employee of, or connected in any capacity with, any recipient of Federal financial assistance or grant pursuant to this title embezzles, willfully misapplies, steals, or obtains by fraud any of the funds which are the subject of such grant or assistance, shall be fined not more than $10,000 or imprisoned for not more than two years, or both.

"SEC. 355. ASSISTANCE TO INSTITUTIONS UNDER OTHER PROGRAMS.

"(a) ASSISTANCE ELIGIBLITY.—Each institution which the Secretary determines to be an institution eligible under part A or an institution eligible under part B shall be eligible for waivers in accordance with subsection (b).

"(b) WAIVER APPLICABILITY.—(1) Subject to, and in accordance with, regulations promulgated for the purpose of this section, in the case of any application by an institution referred to in subsection (a) for assistance under any programs specified in paragraph (2), the Secretary is authorized, if such application is otherwise approvable, to waive any requirement for a non-Federal share of the cost of the program or project, or, to the extent not inconsistent with other law, to give, or require to be given, priority consideration of the application in relation to applications from other institutions.

"(2) The provisions of this section shall apply to any program authorized by title II, IV, VII, or VIII of this Act.

"(c) LIMITATION.—The Secretary shall not waive, under subsection (b), the non-Federal share requirement for any program for applications which, if approved, would require the expenditure of more than 10 percent of the appropriations for the program for any fiscal year.

"SEC. 356. LIMITATIONS.

"The funds appropriated under section 357 may not be used—

"(1) for a school or department of divinity or any religious worship or sectarian activity;

"(2) for an activity that is inconsistent with a State plan for desegregation of higher education applicable to such institution;

"(3) for an activity that is inconsistent with a State plan of higher education applicable to such institution; or

"(4) for purposes other than the purposes set forth in the approved application under which the funds were made available to the institution.

"SEC. 357. AUTHORIZATIONS OF APPROPRIATIONS.

"(a) AUTHORIZATIONS.—(1) There are authorized to be appropriated to carry out part A $175,000,000 for the fiscal year 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

"(2)(A) There are authorized to be appropriated to carry out part B (other than section 326) $110,000,000 for the fiscal year 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

"(B) There are authorized to be appropriated to carry out section 326 $2,500,000 for fiscal year 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

"(3) There are authorized to be appropriated to carry out part C $35,000,000 for the fiscal year 1987 and such sums as may be necessary for each of the 4 succeeding fiscal years.

"(b) USE OF MULTIPLE YEAR AWARDS.—(1) In the event of a multiple year award to any institution under this title, the Secretary shall make funds available for such award from funds appropriated for this title for the fiscal year in which such funds are to be used by the recipient.

"(2) From the sums appropriated for part C, the Secretary shall reserve such sums as may be necessary to fund continuation awards for institutions which had received multiple year challenge grants under part C prior to fiscal year 1987. From the sums appropriated for part B, the Secretary shall reserve such sums as may be necessary to fund continuation awards for historically Black colleges and universities which had received multiple year awards under part A or B prior to such year. From the sums appropriated for part A, the Secretary shall reserve such sums as may be necessary to fund continuation grants for all other institutions which had received multiple year awards under part A or B prior to such year.".

AMENDMENT OFFERED BY MRS. BURTON OF CALIFORNIA

Mrs. BURTON of California. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. BURTON of California: Page 61, line 5, insert ", Asian American," after "Hispanic".

Page 62, line 12, strike out "and"; on line 17, strike out the period and insert in lieu thereof "; and"; and after such line insert the following:

"(8) many Asian American students attain a reduced level of academic achievement in postsecondary institutions as a consequence of low socio-economic background, welfare dependency, limited English proficiency, and other cultural impediments.

Page 62, line 20, insert "Asian American," after "Native American,".

Page 63, line 10, insert "Asian American," after "Aleut,".

Page 67, line 22, insert "Asian Americans," after "Native Americans,".

Mrs. BURTON of California. Mr. Chairman, the amendment would include Asian Americans in the provisions of title III which are designed to assist postsecondary institutions with large numbers of minority students.

As my colleagues may already know, the overwhelming majority of Asian Americans live in California and attend college there. In 1983, Asian-American undergraduate enrollment in California State systems and community colleges totaled 167,900. For the record, I am submitting a breakdown of those institutions; their minority enrollment percentages without the inclusion of Asian Americans, and their percentages with Asian Americans.

We have heard a great deal lately about the extraordinary levels of academic achievement being made by Asian Americans. In stark contrast, however, are the many Asian Americans who attend the California State University or community colleges and come from economically and/or educationally disadvantaged homes and communities. Many Asian-American students enter these institutions of higher learning in California with severe English language problems and poor writing skills. In addition, while these students may perform well in scientific and technical studies, they often do not perform well in other areas of study.

Asian-American students are enrolling in large numbers in English as a second language—ESL classes. Ultimately, the system's ability to provide comprehensive, remedial educational services, curriculum, and facilites for all economically disadvantaged students from all ethnic and racial groups, is reduced.

H.R. 3700 provides higher education institutions with high-impacted minority enrollment the opportunity to upgrade academic services, to reduce class size, and to improve facilities for a more conducive learning environment. Unless amended, the exclusion of Asian Americans as a minority group in H.R. 3700 will weaken the competitiveness of California State University campuses at east Los Angeles, Dominguez Hills, San Jose, and San Francisco to secure Federal funds under title III of the Higher Education Act. The inclusion of Asian Americans as a minority group in H.R. 3700 will benefit black and Hispanic students as well as Asian Americans who attend these colleges and universities.

This amendment is supported by:

Chinese for Affirmative Action;

Asian Pacific American Bar Association;

Mexican American Legal Defense and Education Fund;

California community colleges; and

California State University.

Mr. Chairman, I would like to conclude by thanking my friend from California, the chairman of the committee, and my colleague from Michigan, the chairman of the subcommittee who have labored long and hard to fashion this legislation which will have a major effect on the college education of millions of students. This legislation is inventive and it is fair and I urge every Member of the House to vote "yes" on final passage.

[In percent]

College	Title III minority undergraduate enrollment	
	Excluding Asians	With Asians
California State University:		
Los Angeles	42.4	69.5
Dominguez Hills	51.5	60.3
San Francisco	13.7	35.4
Fresno	20.4	25.6
San Jose	17.5	32.2
California community colleges:		
San Francisco Community College District	25.4	70.3
Rancho Santiago District (Santa Ana area colleges)	30.2	42.4
Los Angeles Community College District	40.3	52.7
San Jose Community College District	23.6	34.9
Los Rios District (Sacramento area colleges)	17.9	27

Mr. HAWKINS. Mr. Chairman, will the gentleman yield?

Mrs. BURTON of California. I yield to the gentleman from California.

Mr. HAWKINS. Mr. Chairman, may I indicate that I have reviewed this with the chairman of the subcommittee and we are willing certainly to accept it. It is a technical oversight. It was never presumed that Asian Americans would be excluded from the benefits of these programs.

The money goes to the institution and not to any enumerated class of students. They obviously would have been entitled to the benefit.

I think, however, in stipulating the classes that would be considered for triggering purposes that this was an oversight, and certainly we are willing to accept the amendment on this side.

I commend the gentlewoman from California for her diligence in calling this to our attention.

Mrs. BURTON of California. I thank the gentleman. I have stated to all those Asian Americans who wanted to listen that it was purely an oversight because you and I discussed it, Mr. Chairman, and you told me it was an oversight. I thank you very much and want to thank the chairman of the committee and the subcommittee, the gentleman from Michigan [Mr. FORD] for having done a magnificent job in long laboring to fashion this marvelous piece of legislation which will have a major effect on the college education of millions of students, and I hope everyone will support this legislation.

I yield back the balance of my time.

Mr. MINETA. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I rise in strong support of the amendment offered by my colleague, Mrs. BURTON.

This is an important amendment, and I congratulate Mrs. BURTON for her leadership in proposing this amendment at this time.

Throughout California and other States there are American students of Asian ancestry with the full range of special needs and concerns that are shared by all minority students. Many of these students are recent immigrants and refugees, who now swell the public schools and universities in California.

By adopting this amendment, we not only protect the rights of those students of Asian ancestry, but we also assist all schools with a significant portion of minority students. This is because many California schools that have large Asian or Pacific ancestry student bodies also have large black or Hispanic American populations.

Therefore, this is an amendment with broad minority support, with organizations such as the Chinese for Affirmative Action, the Mexican-American Legal Defense and Education Fund, and the Asian Pacific American Bar Association.

Mr. Chairman, the students of Asian ancestry attending predominantly minority schools have genuine needs, especially in the development of written and oral language skills. This is a fair and reasonable amendment, and I urge its adoption.

Mr. Chairman, this is an often subtle but always very real prejudice against Americans of Asian ancestry in this Nation. With the growth of international trade tensions, that prejudice has grown stronger. Let us not fall victim to that malady.

The Department of Education is abolishing its offices of Asian and Hispanic concerns. Let us show that regardless of what the Department of Education thinks, that the Congress takes the interest of minority students of all races equally seriously.

Mr. Chairman, I would like to conclude by thanking my friend from California, the chairman of the committee, and my colleague from Michigan, the chairman of the subcommittee, who have labored long and hard to fashion this legislation which will have a major effect on the college education of millions of students.

Mr. EDWARDS of California. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment offered by my colleague from California, Mrs. BURTON. The amendment seeks to rectify the failure of this legislation to include Asian-American students for purposes of determining institutional minority enrollment and eligibility for title III reservation.

The exclusion of Chinese-Americans, Japanese-Americans, Korean-Americans, and Southeast Asian-Americans would not only place these student groups at an academic disadvantage, it would hamper as well the potential for other minority populations to be served by the worthy intentions of title III. Since title III reservation funds are allocated based upon percentage of minority enrollment, the exclusion of Asian students from the qualifying category of minorities jeopardizes many institutions' ability to receive needed Federal funds.

California would be particularly hard hit by this exclusion, since California public colleges and universities enroll more Asian-Americans, both in actual number and as a percent of actual enrollment, than any State other than Hawaii.

To deny Asian-Americans minority status, under this program or any other, is arbitrary disfranchisement. I urge my colleagues to support the amendment.

Mrs. BOXER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am so pleased that the committee accepted Congresswoman BURTON's amendment which will include Asian-Americans as a minority group under title III of H.R. 3700, the Higher Education Amendments of 1985.

I thank the chairman for this opportunity to speak in strong support of the Burton amendment.

This is a simple, self-explanatory amendment—yet it has far-reaching impact for minority students, not only in my district, but in California as a whole.

The image of the academically successful Asian-American in no need of special educational benefits is a dangerous stereotype. There remain many pockets of disadvantage among Asian-Americans, for example, in the large numbers of Indochinese refugees that constitute the second wave of Asian immigration to this country. In addition, the Asian-Americans that have received the most attention—those that do very well in mathematics—are frequently in need of specialized English language training. Otherwise, Asian-Americans will be locked into specialized technical careers, and their lack of liberal arts training will damage their chances for further advancement.

It has already been documented that Asian-Americans are underrepresented in occupations such as attorneys, administrators, entrepeneurs, managers, and teachers. Without the Burton amendment, this problem is likely to get worse.

Failure to include Asian-Americans as a minority for purposes of title III funding would also have a serious impact on other minorities in the State. Take the case of City College of San Francisco. If one includes Asian-Americans, the undergraduate minority enrollment at the school is over 70 percent. But if you do not count Asians

as a minority, the overall percentage of minority enrollment drops to 25 percent, meaning that City College of San Francisco would not be likely to receive title III funding. Thus blacks, Hispanics, and other minoirty groups throughout California will be severely affected by failure to pass this amendment.

I would like to point out to my colleagues that removing Asian-Americans from the list of minorities included in title III would go against previous designations in the Civil Rights Act, the Voting Rights Act, Small Business Administration set-aside programs, and other efforts to redress and overcome discrimination against racial minority groups.

Exclusion of Asian-Americans from title III could also set a dangerous precedent by which other previously designated minority groups, which have demonstrated similar histories and present vestiges of discrimination, could be selectively barred from Federal assistance.

Mr. Chairman, this simple amendment will not substantially change the title III program. What it will do is provide the minority students of California—both Asian-Americans and others—with the educational funding benefits that this act intends. Representative HAWKINS and the rest of the Education and Labor Committee have produced a good bill, one that will do much to benefit minority education. Let us not, by a small oversight, change the intention and function of this important legislation. I urge my colleagues to vote yes on the Burton amendment.

Mr. BIAGGI. Mr. Chairman, I rise in support of the Burton amendment to expand the minority definition under title III to include Asian-Americans.

Mr. Chairman, Asian-Americans are fast becoming the largest minority group in this Nation. We have witnessed their growth, not only in numbers, but also in terms of impact on our educational system. Clearly, if the goal of title III is to provide aid to those schools that serve large numbers of minority students, then Asian-Americans should be included in the provisions of title III.

I commend the gentlelady from California and urge its adoption.

Mr. MATSUI. Mr. Chairman, I am pleased to rise in support of the amendment to title III of H.R. 3700 offered by my colleague from California, Mrs. BURTON. This amendment will include Asian-Americans in minority designation for funding of educational institutions with the highest percentage of minority enrollment.

Of particular concern to Californians are our State and community colleges in which Asian-Americans account for a sizable percentage of the total enrollment. These urban emerging institutions, located primarily in Los Angeles, San Francisco, Sacramento, and San Jose, are also those with the greatest enrollment of blacks and Hispanics. All too often Asian-Americans are referred to as a "model minority." This is a dangerous assumption. Asian-Americans experience the same racial discrimination felt by other ethnic minorities. While many Asian-Americans have achieved the American dream, statistical evidence shows that Asian-Americans attending urban public colleges are economically and socially situated similarly to other minority groups.

Californians and all those concerned with civil rights are also aware of the possible long-term impact and repercussions that exclusion of Asian-Americans from minority status may create. Currently, Asian-Americans are included in the Federal Voting Rights Act, Civil Rights Act, Small Business Administration set-aside programs, and other efforts aimed at redressing and overcoming discrimination. We are concerned that the exclusion of one group from minority status may also open the door to other legislation whose sole intention would be to erode the minority status designation for particular minority groups.

Mr. Chairman, I commend Mrs. BURTON for introducing this amendment and I thank the chairman of the Education and Labor Committee, Mr. HAWKINS, for his support in this matter.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from California [Mrs. BURTON].

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title III?

If not, the Clerk will designate title IV.

The text of title IV is as follows:

TITLE IV—REVISIONS TO TITLE IV OF THE ACT

PART A—REVISION OF PART A OF TITLE IV

SEC. 401. AMENDMENT TO PART A OF TITLE IV.

(a) AMENDMENT.—Part A of title IV of the Act (20 U.S.C. 1070 et seq.) is amended to read as follows:

"TITLE IV—STUDENT ASSISTANCE

"PART A—GRANTS TO STUDENTS IN ATTENDANCE AT INSTITUTIONS OF HIGHER EDUCATION

"SEC. 401. STATEMENT OF PURPOSE; PROGRAM AUTHORIZATION.

"(a) PURPOSE.—It is the purpose of this part to assist in making available the benefits of postsecondary education to eligible students (defined in accordance with section 484) in institutions of higher education by—

"(1) providing basic educational opportunity grants (hereinafter referred to as "basic grants") to all eligible students;

"(2) providing supplemental educational opportunity grants (hereinafter referred to as "supplemental grants") to those students who demonstrate financial need;

"(3) providing for payments to the States to assist them in making financial aid available to such students;

"(4) providing for special programs and projects designed (A) to identify and encourage qualified youths with financial or cultural need with a potential for postsecondary education, (B) to prepare students from low-income families for postsecondary education, and (C) to provide remedial (including remedial language study) and other services to students; and

"(5) providing assistance to institutions of higher education.

"(b) SECRETARY REQUIRED TO CARRY OUT PURPOSES.—The Secretary shall, in accordance with subparts 1 through 8, carry out programs to achieve the purposes of this part.

"Subpart 1—Basic Educational Opportunity Grants

"SEC. 411. BASIC EDUCATIONAL OPPORTUNITY GRANTS: AMOUNT AND DETERMINATIONS; APPLICATIONS.

"(a) PROGRAM AUTHORITY AND METHOD OF DISTRIBUTION.—(1) The Secretary shall, during the period beginning July 1, 1972, and ending September 30, 1992, advance to each eligible institution such sums as may be necessary to pay to each eligible student (defined in accordance with section 484) for each academic year during which that student is in attendance at an institution of higher education, as an undergraduate, a basic grant in the amount for which that student is eligible, as determined pursuant to paragraph (2). Such sums shall be advanced to eligible institutions prior to the start of each payment period and shall be based upon an amount requested by the institution as needed to pay eligible students.

"(2) Nothing in this section shall be interpreted to prohibit the Secretary from paying directly to students, in advance of the beginning of the academic term, an amount for which they are eligible, in cases where the eligible institution elects not to participate in the disbursement system required by paragraph (1).

"(3) Basic grants made under this subpart shall be known as "Pell Grants".

"(b) PURPOSE AND AMOUNT OF GRANTS.—(1) The purpose of this subpart is to provide a basic grant that (A) as determined under paragraph (2), will meet 60 percent of a student's cost of attendance; and (B) in combination with reasonable parental or independent student contribution and supplemented by the programs authorized under subparts 2 and 3 of this part, will meet 75 percent of a student's cost of attendance, unless the institution determines that a greater amount of assistance would better serve the purposes of section 401.

"(2) The amount of the basic grant for a student eligible under this part shall be—

"(A) $2,300 for academic year 1987-1988,

"(B) $2,500 for academic year 1988-1989,

"(C) $2,700 for academic year 1989-1990,

"(D) $2,900 for academic year 1990-1991, and

"(E) $3,100 for academic year 1991-1992,

less an amount equal to the amount determined under part F to be the expected family contribution with respect to that student for that year.

"(3) The amount of a basic grant to which a student is entitled under this subpart for any academic year shall not exceed 60 percent of the cost of attendance (as defined in sections 472 and 478) at the institution at which the student is in attendance for that year.

"(4) No basic grant under this subpart shall exceed the difference between the expected family contribution for a student and the cost of attendance at the institution at which that student is in attendance. If with respect to any student, it is determined that the amount of a basic grant plus the amount of the expected family contribution for that student exceeds the cost of attendance for that year, the amount of the basic grant shall be reduced until the combination of expected family contribution and the amount of the basic grant does not exceed the cost of attendance at such institution.

"(5) No basic grant shall be awarded to a student (other than a less-than-half-time student) under this subpart if the amount of

that grant for that student as determined under this subsection for any academic year is less than $200. In the case of a less-than-half-time student, no basic grant shall be awarded under this subpart if the amount of that grant for that student as determined under this paragraph for any academic year is less than $50.

"(c) PERIOD OF ELIGIBILITY FOR GRANTS.—The period during which a student may receive basic grants shall be the period required for the completion of the first undergraduate baccalaureate course of study being pursued by that student at the institution at which the student is in attendance. Nothing in this section shall exclude from eligibility courses of study which are noncredit or remedial in nature (including courses in English language instruction) which are determined by the institution as necessary to help the student be prepared for the pursuit of a first undergraduate baccalaureate degree or, in the case of courses in English language instruction, are necessary to enable the student to utilize already existing knowledge, training, or skills. No student is entitled to receive Pell Grant payments concurrently from more than one institution or from the Secretary and an institution.

"(d) APPLICATIONS FOR GRANTS.—(1) The Secretary shall from time to time set dates by which students must file applications for basic grants under this subpart.

"(2) Each student desiring a basic grant for any year must file an application therefor containing such information and assurances as the Secretary may deem necessary to enable him to carry out the functions and responsibilities of this subpart.

"(e) DISTRIBUTION OF GRANTS TO STUDENTS.—Payments under this section shall be made in accordance with regulations promulgated by the Secretary for such purpose, in such manner as will best accomplish the purposes of this section. Such regulations shall include a provision that will enable an institution, at its option, to recalculate the amount of the grant under this subpart to any student when the institution discovers that there is a change in circumstances or an error in the application data that affects the amount of the student's eligibility. Changes made by an institution shall be subject to review and approval or disapproval by the Secretary.

"(f) ADJUSTMENTS FOR INSUFFICIENT APPROPRIATIONS.—(1) If, for any fiscal year, the funds appropriated for payments under this subpart are insufficient to satisfy fully all entitlements, as calculated under subsection (b), the amount paid with respect to each entitlement shall be—

"(A) the full amount for any student whose expected family contribution is $200 or less, or

"(B) a percentage of that entitlement, as determined in accordance with a schedule of reductions established by the Secretary for this purpose, for any student whose expected family contribution is more than $200.

"(2) Any schedule established by the Secretary for the purpose of paragraph (1) of this subsection shall contain a single linear reduction formula in which the percentage reduction increases uniformly as the entitlement decreases, and shall provide that if an entitlement is reduced to less than $50, no payment shall be made.

"(g) USE OF EXCESS FUNDS.—(1) If, at the end of a fiscal year, the funds available for making payments under this subpart exceed the amount necessary to make the payments required under this subpart to eligible students by 15 percent or less, then all of the excess funds shall remain available for making payments under this subpart during the next succeeding fiscal year.

"(2) If, at the end of a fiscal year, the funds available for making payments under this subpart exceed the amount necessary to make the payments required under this subpart to eligible students by more than 15 percent, then all of such funds shall remain available for making such payments but payments may be made under this division only with respect to entitlements for that fiscal year.

"(h) NONCONTRACTOR STATUS OF INSTITUTIONS.—Any institution of higher education which enters into an agreement with the Secretary to disburse to students attending that institution the amounts those students are eligible to receive under this subpart shall not be deemed, by virtue of such agreement, a contractor maintaining a system of records to accomplish a function of the Secretary.

"Subpart 2—Supplemental Educational Opportunity Grants

"SEC. 413A. PURPOSE; APPROPRIATIONS AUTHORIZED.

"(a) PURPOSE OF SUBPART.—It is the purpose of this subpart to provide, through institutions of higher education, supplemental grants to assist in making available the benefits of postsecondary education to qualified students who demonstrate financial need in accordance with the provisions of part F of this title.

"(b) AUTHORIZATION OF APPROPRIATIONS.—(1) For the purpose of enabling the Secretary to make payments to institutions of higher education which have made agreements with the Secretary in accordance with section 413C(a), for use by such institutions for payments to undergraduate students of supplemental grants awarded to them under this subpart, there are authorized to be appropriated $500,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

"(2) Sums appropriated pursuant to this subsection for any fiscal year shall be available for payments to institutions until the end of the second fiscal year succeeding the fiscal year for which they were appropriated.

"SEC. 413B. AMOUNT AND DURATION OF GRANTS.

"(a) AMOUNT OF GRANT.—From the funds received by it for such purpose under this subpart, an institution which awards a supplemental grant to a student for an academic year under this subpart shall, for each year, pay to that student an amount not to exceed the lesser of (1) the amount determined by the institution, in accordance with the provisions of part F of this title, to be needed by that student to enable him or her to pursue a course of study at the institution, or (2) $4,000.

"(b) PERIOD FOR RECEIPT OF GRANTS; CONTINUING ELIGIBILITY.—(1) The period during which a student may receive supplemental grants shall be the period required for the completion of the first undergraduate baccalaureate course of study being pursued by that student.

"(2) A supplemental grant awarded under this subpart shall entitle the student (to whom it is awarded) to payments pursuant to such grant only if the student meets the requirements of section 484, except as provided in section 413C(c).

"(c) DISTRIBUTION OF GRANT DURING ACADEMIC YEAR.—Nothing in this section shall be construed to prohibit an institution from making payments of varying amounts from a supplemental grant to a student during an academic year to cover costs for a period which are not applicable to other periods of such academic year.

"SEC. 413C. AGREEMENTS WITH INSTITUTIONS; SELECTION OF RECIPIENTS.

"(a) INSTITUTIONAL ELIGIBILITY.—Assistance may be made available under this subpart only to an institution which—

"(1) has, in accordance with section 487, an agreement with the Secretary applicable to this subpart;

"(2) agrees that the Federal share of awards under this subpart will not exceed 90 percent of such awards in fiscal year 1989, will not exceed 85 percent of such awards in fiscal year 1990, and will not exceed 80 percent of such awards in fiscal year 1991 and thereafter, except that the Federal share may be exceeded if the Secretary determines, pursuant to regulations establishing objective criteria for such determinations, that a larger Federal share is required in furtherance of the purposes of this subpart; and

"(3) agrees that the non-Federal share of awards made under this subpart shall be made from the institution's own resources, including—

"(A) institutional grants and scholarships;

"(B) tuition or fee waivers;

"(C) State scholarships; and

"(D) foundation or other charitable organization funds.

"(b) ELIGIBILITY FOR SELECTION.—Awards may be made under this subpart only to a student who—

"(1) is an eligible student under section 484; and

"(2) makes application at a time and in a manner consistent with the requirements of the Secretary and that institution.

"(c) SELECTION OF INDIVIDUALS AND DETERMINATION OF AMOUNT OF AWARDS.—From among individuals who are eligible for supplemental grants for each fiscal year, the institution shall, in accordance with the agreement under section 487, and within the amount allocated to the institution for that purpose for that year under section 413D, select individuals who are to be awarded such grants and determine, in accordance with section 413B, the amounts to be paid to them. Not less than three-quarters of the individuals so selected for that year shall be individuals who will receive Pell Grants for that year pursuant to subpart 1 of this part. In selecting such individuals and determining the amount of such grants, the institution shall give preference to those individuals who demonstrate the greatest need for assistance under this subpart, and who, for lack of such assistance, would, in the opinion of the institution, be unable to obtain the benefits of a postsecondary education.

"(d) USE OF FUNDS FOR LESS-THAN-FULL-TIME STUDENTS.—If the institution's allocation under this subpart is based in part on the financial need demonstrated by students attending the institution less than full-time, a reasonable proportion of the institution's allocation shall be made available to such students.

"(e) USE AND TRANSFER OF FUNDS FOR ADMINISTRATIVE EXPENSES.—An agreement entered into pursuant to this section shall provide that funds granted to an institution of higher education may be used only to make payments to students participating in a grant program authorized under this subpart, except that an institution may use a portion of the sums allocated to it under this subpart to meet administrative expenses in accordance with section 489 of

this title, and may transfer such funds in accordance with the provisions of section 488 of this Act.

"SEC. 413D. ALLOCATION OF FUNDS.

"(a) ALLOCATION BASED ON PREVIOUS ALLOCATION.—(1) From the amount appropriated pursuant to section 413A(b), the Secretary shall first allocate to each eligible institution—

"(A) for fiscal year 1987 or 1988, an amount equal to 100 percent of the amount such institution received and used under this subpart for fiscal year 1979; and

"(B) for each succeeding fiscal year, an amount equal to 95 percent of the amount such institution received and used under this subpart for the second preceding fiscal year.

"(2) From the amount so appropriated, the Secretary shall next allocate to each eligible institution that began participation in the program under this subpart after fiscal year 1979, an amount equal to the greatest of—

"(A) $5,000;

"(B) an amount equal to (i) 90 percent of the amount received and used under this part in the second preceding fiscal year by eligible institutions offering comparable programs of instruction, divided by (ii) the number of full-time equivalent students enrolled at such comparable institutions in such fiscal year, multiplied by (iii) the number of full-time equivalent students enrolled at the applicant institution in such fiscal year; or

"(C) 90 percent of the institution's allocation under this part for the preceding fiscal year.

"(3) If the amount appropriated for any fiscal year is less than the amount required to be allocated to eligible institutions under paragraphs (1) and (2) of this subsection, then the amount of the allocation to each such institution shall be ratably reduced. If additional amounts are appropriated for any such fiscal year, such reduced amounts shall be increased on the same basis as they were reduced (until the amount allocated equals the amount required to be allocated under paragraphs (1) and (2) of this subsection).

"(b) ALLOCATION OF EXCESS BASED ON SHARE OF EXCESS ELIGIBLE AMOUNTS.—(1) From the remainder of the amount appropriated pursuant to section 413A(b) after making the allocations required by subsection (a), the Secretary shall allocate to each eligible institution which has an excess eligible amount (other than an institution participating in the program under this subpart for the first or second time) an amount which bears the same ratio to such remainder as such excess eligible amount bears to the sum of the excess eligible amounts of all such eligible institutions (having such excess eligible amounts).

"(2) For any eligible institution (other than an institution participating in the program under this subpart for the first or second time), the excess eligible amount is the amount, if any, by which—

"(A)(i) the amount of that institution's need (as determined under subsection (c)), divided by (ii) the sum of the need of all institutions (as so determined), multiplied by (iii) the amount appropriated pursuant to section 413A(b) of the fiscal year; exceeds

"(B) the amount required to be allocated to that institution under subsection (a).

"(c) DETERMINATION OF INSTITUTION'S NEED.—(1) The amount of an institution's need is equal to—

"(A) the sum of the need of the institution's eligible undergraduate students; minus

"(B) the sum of grant aid received by students under subparts 1 and 3 of this part.

"(2) To determine the need of an institution's eligible undergraduate students, the Secretary shall—

"(A) establish various income categories for dependent and independent undergraduate students;

"(B) establish an expected family contribution for each income category of dependent and independent undergraduate students, determined on the basis of the average expected family contribution (computed in accordance with part F of this title) of a representative sample within each income category for the second preceding fiscal year;

"(C) compute 75 percent of the average cost of attendance (computed in accordance with section 472) for all undergraduate students;

"(D) multiply the number of eligible dependent students in each income category by the lesser of—

"(i) 75 percent of the average cost of attendance for all undergraduate students determined under subparagraph (C); or

"(ii) the average cost of attendance (computed in accordance with section 472) for all undergraduate students minus the expected family contribution determined under subparagraph (B) of this paragraph for that income category, except that the amount computed by such subtraction shall not be less than zero;

"(E) add the amounts determined under subparagraph (D) of this paragraph for each income category of dependent students;

"(F) multiply the number of eligible independent students in each income category by the lesser of—

"(i) 75 percent of the average cost of attendance for all undergraduate students determined under subparagraph (C); or

"(ii) the average cost of attendance for all undergraduate students minus the expected family contribution determined under subparagraph (B) of this paragraph for that income category, except that the amount computed by such subtraction for any income category shall not be less than zero;

"(G) add the amounts determined under subparagraph (F) of this paragraph for each income category of independent students; and

"(H) add the amounts determined under subparagraphs (E) and (G) of this paragraph.

"(d) REALLOCATION OF EXCESS ALLOCATIONS.—If an institution returns to the Secretary any portion of the sums allocated to such institution under this section for any fiscal year the Secretary shall, in accordance with regulations, reallocate such excess to other institutions.

"(e) FILING DEADLINES.—The Secretary shall, from time to time, set dates before which institutions must file applications for allocations under this part.

"Subpart 3—Grants to States for State Student Incentives

"SEC. 415A. PURPOSE; APPROPRIATIONS AUTHORIZED.

"(a) PURPOSE OF SUBPART.—It is the purpose of this subpart to make incentive grants available to the States to assist them in providing grants or State work-study jobs to eligible students attending institutions of higher education.

"(b) AUTHORIZATION OF APPROPRIATIONS; AVAILABILITY.—(1) There are authorized to be appropriated $100,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years to carry out the purposes of this subpart.

"(2) Sums appropriated pursuant to paragraph (1) for any fiscal year shall remain available for payments to States under this subpart until the end of the fiscal year succeeding the fiscal year for which such sums were appropriated.

"SEC. 415B. ALLOTMENT AMONG STATES.

"(a) ALLOTMENT BASED ON NUMBER OF ELIGIBLE STUDENTS IN ATTENDANCE.—(1) From the sums appropriated pursuant to section 415A(b)(1) for any fiscal year, the Secretary shall allot to each State an amount which bears the same ratio to such sums as the number of students who are deemed eligible in such State for participation in the grant program authorized by this subpart bears to the total number of such students in all the States, except that no State shall receive less than the State received for fiscal year 1979.

"(2) For the purposes of this subsection, the number of students who are deemed eligible in a State for participation in the grant program authorized by this subpart, and the number of such students in all the States, shall be determined for the most recent year for which satisfactory data are available.

"(b) REALLOTMENT.—The amount of any State's allotment under subsection (a) for any fiscal year which the Secretary determines will not be required for such fiscal year for the State student grant incentive program of that State shall be available for reallotment from time to time, on such dates during such year as the Secretary may fix, to other States in proportion to the original allotments to such States under such part for such year, but with such proportionate amount for any of such States being reduced to the extent it exceeds the sum the Secretary estimates such State needs and will be able to use for such year for carrying out the State plan. The total of such reductions shall be similarly reallotted among the States whose proportionate amounts were not so reduced. Any amount reallotted to a State under this part during a year from funds appropriated pursuant to section 415A(b)(1) shall be deemed part of its allotment under subsection (a) for such year.

"(c) ALLOTMENTS SUBJECT TO CONTINUING COMPLIANCE.—The Secretary shall make payments for continuing incentive grants only to those States which continue to meet the requirements of section 415C(b).

"SEC. 415C. APPLICATIONS FOR STATE STUDENT INCENTIVE GRANT PROGRAMS.

"(a) SUBMISSION AND CONTENTS OF APPLICATIONS.—A State which desires to obtain a payment under this subpart for any fiscal year shall submit annually an application therefor through the State agency administering its program under this subpart as of July 1, 1985, unless the Governor of that State so designates, in writing, a different agency to administer the program. The application shall contain such information as may be required by, or pursuant to, regulation for the purpose of enabling the Secretary to make the determinations required under this subpart.

"(b) PAYMENT OF FEDERAL SHARE OF GRANTS MADE BY QUALIFIED PROGRAM.—From a State's allotment under this subpart for any fiscal year the Secretary is authorized to make payments to such State for paying up to 50 percent of the amount of student grants or State work-study jobs (as provided for in paragraph (3)) pursuant to a State program which—

"(1) is administered by a single State agency;

"(2) provides that such grants will be in amounts not in excess of $3,000 per academic year for attendance on a full-time basis at an institution of higher education;

"(3) for any fiscal year beginning after September 30, 1985, for which allotment to the State exceeds allotment received in fiscal year 1985, uses the amount of additional funds received to provide for student grants (as defined in this section) or to provide funds for students participating in State work-study programs;

"(4) provides for the selection of recipients of such grants or of such State work-study jobs on the basis of substantial financial need determined annually on the basis of criteria established by the State and approved by the Secretary;

"(5) provides that, effective with respect to any academic year beginning on or after October 1, 1978, all nonprofit institutions of higher education in the State are eligible to participate in the State program, except in any State in which participation of nonprofit institutions of higher education is in violation of the constitution of the State or in any State in which participation of nonprofit institutions of higher education is in violation of a statute of the State which was enacted prior to October 1, 1978;

"(6) provides for the payment of the non-Federal portion of such grants or of such State work-study jobs from funds supplied by such State which represent an additional expenditure for such year by such State for grants or work-study jobs for students attending institutions of higher education over the amount expended by such State for such grants or State work-study jobs, if any, during the second fiscal year preceding the fiscal year in which such State initially received funds under this subpart;

"(7) provides for State expenditures under such program of an amount not less than the average annual aggregate expenditures for the preceding three fiscal years or the average annual expenditure per full-time equivalent student for such years;

"(8) provides (A) for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the State agency under this subpart, and (B) for the making of such reports, in such form and containing such information, as may be reasonably necessary to enable the Secretary to perform his functions under this subpart; and

"(9) for any fiscal year beginning after September 30, 1988, provides the non-Federal share of the amount of student grants or State work-study jobs under this subpart through a direct appropriation of State funds for the program under this subpart.

"(c) RESERVATION AND DISBURSEMENT OF ALLOTMENTS AND REALLOTMENTS.—Upon his approval of any application for a payment under this subpart, the Secretary shall reserve from the applicable allotment (including any applicable reallotment) available therefor, the amount of such payment, which (subject to the limits of such allotment or reallotment) shall be equal to the Federal share of the cost of the students' incentive grants or State work-study jobs covered by such application. The Secretary shall pay such reserved amount, in advance or by way of reimbursement, and in such installments as he may determine. The Secretary may amend the reservation of any amount under this section, either upon approval of an amendment of the application or upon revision of the estimated cost of the student grants or State work-study jobs with respect to which such reservation was made. If the Secretary approves an upward revision of such estimated cost, the Secretary may reserve the Federal share of the added cost only from the applicable allotment (or reallotment) available at the time of such approval.

"(d) RESTRICTION ON USE OF FUNDS FOR STATE WORK-STUDY PROGRAMS.—None of the funds made available under this subpart may be used for any State work-study program unless such program is conducted in accordance with the requirements of section 443(b)(1) of this title.

"SEC. 415D. ADMINISTRATION OF STATE PROGRAMS; JUDICIAL REVIEW.

"(a) DISAPPROVAL OF APPLICATIONS; SUSPENSION OF ELIGIBILITY.—(1) The Secretary shall not finally disapprove any application for a State program submitted under section 415C, or any modification thereof, without first affording the State agency submitting the program reasonable notice and opportunity for a hearing.

"(2) Whenever the Secretary, after reasonable notice and opportunity for hearing to the State agency administering a State program approved under this subpart, finds—

"(A) that the State program has been so changed that it no longer complies with the provisions of this subpart, or

"(B) that in the administration of the program there is a failure to comply substantially with any such provisions,

the Secretary shall notify such State agency that the State will not be regarded as eligible to participate in the program under this subpart until he is satisfied that there is no longer any such failure to comply.

"(b) REVIEW OF DECISIONS.—(1) If any State is dissatisfied with the Secretary's final action with respect to the approval of its State program submitted under this subpart or with his final action under subsection (a), such State may appeal to the United States court of appeals for the circuit in which such State is located. The summons and notice of appeal may be served at any place in the United States. The Commissioner shall forthwith certify and file in the court the transcript of the proceedings and the record on which he based his action.

"(2) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous action, and shall certify to the court the transcript and record of further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

"(3) The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in title 28, United States Code, section 1254.

"Subpart 4—Special Programs for Students From Disadvantaged Backgrounds

"SEC. 417A. PROGRAM AUTHORITY; AUTHORIZATION OF APPROPRIATIONS.

"(a) GRANTS AND CONTRACTS AUTHORIZED.—The Secretary shall, in accordance with the provisions of this subpart, carry out a program of making grants and contracts designed to identify qualified individuals from disadvantaged backgrounds, to prepare them for a program of postsecondary education, to provide support services for such students who are pursuing programs of postsecondary education, and to train persons serving or preparing for service in programs and projects so designed.

"(b) ELIGIBLE GRANT AND CONTRACT RECIPIENTS.—(1) For the purposes described in subsection (a), the Secretary is authorized, without regard to section 3709 of the Revised Statutes (41 U.S.C. 5), to make grants to, and contracts with, institutions of higher education, public and private agencies and organizations, and, in exceptional circumstances, secondary schools for planning, developing, or carrying out one or more of the services assisted under this subpart.

"(2) In making grants and contracts under this subpart, the Secretary shall consider the prior experience of service delivery under the particular program for which funds are sought by each applicant. For fiscal years after 1985, the level of consideration given to prior experience shall not vary from the level of consideration given this factor for fiscal year 1985.

"(c) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of making grants and contracts under this subpart there are authorized to be appropriated $400,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

"(d) DEFINITIONS.—For the purposes of this subpart—

"(1) the term 'first generation college student' means—

"(A) an individual both of whose parents did not complete a baccalaureate degree; or

"(B) in the case of any individual who regularly resided with and received support from only one parent, an individual whose only such parent did not complete a baccalaureate degree;

"(2) the term 'low-income individual' means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using criteria of poverty established by the Bureau of the Census; and

"(3) no veteran shall be deemed ineligible to participate in any program under this subpart by reason of such individual's age who—

"(A) served on active duty for a period of more than 180 days, any part of which occurred after January 31, 1955, and was discharged or released therefrom under conditions other than dishonorable; or

"(B) served on active duty after January 31, 1955, and was discharged or released therefrom because of a service connected disability.

"SEC. 417B. TALENT SEARCH.

"(a) PROGRAM AUTHORITY.—The Secretary shall carry out a program to be known as talent search which shall be designed—

"(1) to identify qualified youths with potential for education at the postsecondary level and to encourage such youth to complete secondary school and to undertake a program of postsecondary education;

"(2) to publicize the availability of student financial assistance available to persons who pursue a program of postsecondary education; and

"(3) to encourage persons who have not completed programs of education at the secondary or postsecondary level, but who have the ability to complete such programs, to reenter such programs.

"(b) TUTORIAL SERVICES.—A talent search project assisted under this subpart may include, in addition to the services described in paragraphs (1), (2), and (3) of subsection

(a), tutorial services for youths being encouraged to undertake or reenter programs of postsecondary education if such tutorial services are not otherwise available to such youths through a project assisted under this subpart.

"(c) REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—In approving applications for talent search projects under this subpart for any fiscal year the Secretary shall—

"(1) require an assurance that not less than two-thirds of the youths participating in the project proposed to be carried out under any application be low-income individuals who are first generation college students;

"(2) require that such participants be persons who either have completed six years of elementary education or are at least twelve years of age but not more than twenty-seven years of age, unless the imposition of any such limitation with respect to any person would defeat the purposes of this section or the purposes of section 417E;

"(3) require an assurance that individuals participating in the project proposed in the application do not have access to services from another project funded under this section or under section 417E; and

"(4) require assurances that the project will be located in a setting accessible to the persons proposed to be served by the project.

"SEC. 417C. UPWARD BOUND.

"(a) PROGRAM AUTHORITY.—The Secretary shall carry out a program to be known as upward bound which shall be designed to generate skills and motivation necessary for success in education beyond high school.

"(b) PERMISSIBLE SERVICES.—Any upward bound project assisted under the subpart may provide services such as—

"(1) instruction in reading, writing, study skills, mathematics, and other subjects necessary for success beyond high school;

"(2) personal counseling;

"(3) academic advice and assistance in high school course selection;

"(4) tutorial services;

"(5) exposure to cultural events, academic programs, and other activities not usually available to disadvantaged youth;

"(6) activities designed to acquaint youths participating in the project with the range of career options available to them;

"(7) instruction designed to prepare youths participating in the project for careers in which persons from disadvantaged backgrounds are particularly underrepresented;

"(8) on-campus residential programs; and

"(9) programs and activities as described in paragraphs (1) through (8) which are specially designed for students of limited English proficiency.

"(c) REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—In approving applications for upward bound projects under this subpart for any fiscal year the Secretary shall—

"(1) require an assurance that not less than two-thirds of the youths participating in the project proposed to be carried out under any application be low-income individuals who are first generation college students;

"(2) require an assurance that the remaining youths participating in the project proposed to be carried out under any application be either low-income individuals or be first generation college students;

"(3) require that there be determination, with respect to each participant in such project, that the participant has a need for academic support in order to pursue successfully a program of education beyond high school; and

"(4) require that such participants be persons who have completed eight years of elementary education and are at least thirteen years of age but not more than nineteen years of age, unless the imposition of any such limitation would defeat the purposes of this section.

"(d) MAXIMUM STIPENDS.—Youths participating in a project proposed to be carried out under any application may be paid stipends not in excess of $60 per month during June, July, and August, and not in excess of $40 per month during the remaining period of the year.

"SEC. 417D. STUDENT SUPPORT SERVICES.

"(a) PROGRAM AUTHORITY.—The Secretary shall carry out a program to be known as student support services (hereinafter referred to as 'support services').

"(b) PERMISSIBLE SERVICES.—A support services project assisted under this subpart may provide services such as—

"(1) instruction in reading, writing, study skills, mathematics, and other subjects necessary for success beyond high school;

"(2) personal counseling;

"(3) academic advice and assistance in course selection;

"(4) tutorial services and counseling and peer counseling;

"(5) exposure to cultural events and academic programs not usually available to disadvantaged students;

"(6) activities designed to acquaint students participating in the project with the range of career options available to them;

"(7) activities designed to assist students participating in the project in securing admission and financial assistance for enrollment in graduate and professional programs;

"(8) activities designed to assist students currently enrolled in two year institutions in securing admission and financial assistance for enrollment in a four-year program of postsecondary education; and

"(9) programs and activities as described in paragraphs (1) through (8) which are specially designed for students of limited English proficiency.

"(c) REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—In approving applications for support services projects under this subpart for any fiscal year the Secretary shall—

"(1) require an assurance that not less than two-thirds of the persons participating in the project proposed to be carried out under any application—

"(A) be physically handicapped, or

"(B) be low-income individuals who are first generation college students;

"(2) require an assurance that the remaining students participating in the project proposed to be carried out under any application either be low-income individuals, first generation college students, or physically handicapped;

"(3) require that there be a determination, with respect to each participant in such project, that the participant has a need for academic support in order to pursue successfully a program of education beyond high school;

"(4) require that such participants be enrolled or accepted for enrollment at the institution which is the recipient of the grant or contract; and

"(5) require an assurance from the institution which is the recipient of the grant or contract that each student enrolled in the project will receive sufficient financial assistance to meet that student's full financial need.

"SEC. 417E. EDUCATIONAL OPPORTUNITY CENTERS.

"(a) PROGRAM AUTHORITY; SERVICES PROVIDED.—The Secretary shall carry out a program to be known as educational opportunity centers which shall be designed—

"(1) to provide information with respect to financial and academic assistance available for individuals desiring to pursue a program of postsecondary education; and

"(2) to provide assistance to such persons in applying for admission to institutions at which a program of postsecondary education is offered, including preparing necessary applications for use by admissions and financial aid officers.

"(b) TUTORIAL AND COUNSELING SERVICES.—An educational opportunity center assisted under this subpart may provide, in addition to the services described in clauses (1) and (2) of subsection (a), tutorial and counseling services for persons participating in the project if such tutorial and counseling services are not otherwise available through a project assisted under this subpart.

"(c) REQUIREMENTS FOR APPROVAL OF APPLICATIONS.—In approving applications for educational opportunity centers under this subpart for any fiscal year the Secretary shall—

"(1) require an assurance that not less than two-thirds of the persons participating in the project proposed to be carried out under any application be low-income individuals who are first generation college students;

"(2) require that such participants be persons who are at least nineteen years of age, unless the imposition of such limitation with respect to any person would defeat the purposes of this section or the purposes of section 417B; and

"(3) require an assurance that individuals participating in the project proposed in the application do not have access to services from another project funded under this section or under section 417B.

"SEC. 417F. STAFF DEVELOPMENT ACTIVITIES.

"For the purpose of improving the operation of the programs and projects authorized by this subpart, the Secretary is authorized to make grants to institutions of higher education and other public and private nonprofit institutions and organizations to provide training for staff and leadership personnel employed in, or preparing for employment in, such programs and projects. Such training shall include conferences, internships, seminars, workshops, and the publication of manuals designed to improve the operation of such programs and projects and shall be carried out in the various regions of the Nation in order to ensure that the training opportunities are appropriate to meet the needs in the local areas being served by such programs and projects. Grants for the purposes of this section shall be made only after consultation with regional and State professional associations of persons having special knowledge with respect to the needs and problems of such programs and projects.

"SEC. 417G. NATIONAL CENTER FOR POSTSECONDARY OPPORTUNITY.

"(a) ANNUAL PLAN FOR DISSEMINATION THROUGH CENTER.—To help ensure equal opportunity in postsecondary education and to increase students' awareness of their potential eligibility for financial assistance, the Secretary shall, in consultation and cooperation with agencies and organizations involved in counseling and student financial assistance, annually prepare a plan for disseminating information on Federal student assistance programs through a Nation-

al Center for Postsecondary Opportunity (hereafter in this section referred to as the 'national center'). The national center shall help ensure that adequate information and counseling regarding Federal financial aid programs is readily available to students, parents, and others interested in postsecondary education opportunities.

"(b) CONTRACTS AUTHORIZED.—The Secretary shall contract with appropriate institutions, private non-profit organizations, or States for the purpose of establishing the national center which will—

"(1) coordinate the development and dissemination of pre-eligibility information for Federal, State, and institutional student assistance, as well as information regarding postsecondary access;

"(2) develop materials as necessary to increase student awareness of those Federal student assistance programs and postsecondary opportunities;

"(3) operate short-term training institutes to enable junior and senior high schools counselors and teachers, TRIO personnel, college admissions personnel, and community agency staffs to more effectively counsel students and adults regarding postsecondary opportunity and financial aid eligibility.

"(c) EMPHASIS ON PROVIDING INFORMATION TO CERTAIN INDIVIDUALS.—Particular emphasis shall be placed upon providing information to—

"(1) disadvantaged, minority, and handicapped individuals;

"(2) adults and non-traditional students;

"(3) geographically isolated or rural communities;

"(4) other groups who may be under-represented in postsecondary education;

"(5) junior high school students and parents; and

"(6) individuals who normally serve as counselors, teachers, or service providers to persons interested in obtaining postsecondary education.

"(d) CONTRACTOR SUITABILITY.—In determining whether to enter into a contract under this subpart, the Secretary shall consider the ability of the potential contractor to involve organizations representing a broad range of professionals including student financial aid administrators, TRIO personnel, high school counselors, and college admissions counselors.

"(e) COSTS FOR PROGRAM.—An amount of $5,000,000 shall be allocated each year from the appropriations for salaries and expenses of the Department of Education to cover the costs associated with the center.

"Subpart 5—Special Programs for Students Whose Families Are Engaged in Migrant and Seasonal Farmwork

SEC. 418A. MAINTENANCE AND EXPANSION OF EXISTING PROGRAMS.

"(a) PROGRAM AUTHORITY.—The Secretary shall maintain and expand existing secondary and postsecondary high school equivalency program and college assistance migrant program projects located at institutions of higher education or at private nonprofit organizations working in cooperation with institutions of higher education.

"(b) SERVICES PROVIDED BY HIGH SCHOOL EQUIVALENCY PROGRAM.—The services authorized by this subpart for the high school equivalency program include—

"(1) recruitment services to reach persons who are 17 years of age and over, who themselves or whose parents have spent a minimum of 75 days during the past twenty-four months in migrant and seasonal farmwork, and who lack a high school diploma or its equivalent;

"(2) educational services which provide instruction designed to help students obtain a general education diploma which meets the guidelines established by the State in which the project is located for high school equivalency;

"(3) supportive services which include the following:

"(A) personal, vocational, and academic counseling;

"(B) placement services designed to place students in a university, college, or junior college program, or in military service or career positions; and

"(C) health services;

"(4) information concerning and assistance in obtaining available student financial aid;

"(5) weekly stipends for high school equivalency program participants;

"(6) housing for those enrolled in residential programs;

"(7) exposure to cultural events, academic programs, and other educational and cultural activities usually not available to migrant youth; and

"(8) other essential supportive services, as needed to ensure the success of eligible students.

"(c) SERVICES PROVIDED BY COLLEGE ASSISTANCE MIGRANT PROGRAM.—Services authorized by this subpart for the college assistance migrant program include—

"(1) outreach and recruitment services to reach persons who themselves or whose parents have spent a minimum of 75 days during the past 24 months in migrant and seasonal farmwork, and who meet the minimum qualifications for attendance at a college or university;

"(2) supportive and instructional services which include:

"(A) personal, academic, and career counseling as an ongoing part of the program;

"(B) tutoring and academic skill building instruction and assistance;

"(C) assistance with special admissions;

"(D) health services;

"(E) other services as necessary to assist students in completing program requirements;

"(3) assistance in obtaining student financial aid which includes, but is not limited to:

"(A) stipends;

"(B) scholarships;

"(C) student travel;

"(D) career oriented work study;

"(E) books and supplies;

"(F) tuition and fees;

"(G) room and board; and

"(H) other assistance necessary to assist students in completing their first year of college;

"(4) housing support for students living in institutional facilities and commuting students;

"(5) exposure to cultural events, academic programs, and other activities not usually available to migrant youth; and

"(6) other support services as necessary to ensure the success of eligible students.

"(d) MANAGEMENT PLAN REQUIRED.—Each project application shall include a management plan which contains assurances that staff shall have a demonstrated knowledge and be sensitive to the unique characteristics and needs of the migrant and seasonal farmworker population, and provisions for:

"(1) staff inservice training;

"(2) training and technical assistance;

"(3) staff travel;

"(4) student travel;

"(5) interagency coordination; and

"(6) an evaluation plan.

"(e) THREE-YEAR GRANT PERIOD; CONSIDERATION OF PRIOR EXPERIENCE.—Except under extraordinary circumstances, the Secretary shall award grants for a three year period. For the purpose of making grants under this subpart, the Secretary shall consider the prior experience of service delivery under the particular project for which funds are sought by each applicant. Such prior experience shall be awarded the same level of consideration given this factor for applicants for programs authorized by subpart 4 of this part in accordance with section 417A(b)(2).

"(f) MINIMUM ALLOCATIONS.—The Secretary shall not allocate an amount less than—

"(1) $150,000 for each project under the high school equivalency program, and

"(2) $150,000 for each project under the college assistance migrant program.

"(g) AUTHORIZATION OF APPROPRIATIONS.—(1) There is authorized to be appropriated for the high school equivalency program $9,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

"(2) There are authorized to be appropriated for the college assistance migrant program $3,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

Subpart 6—Federal Merit Scholarships

"SEC. 419A. STATEMENT OF PURPOSE.

"It is the purpose of this subpart to establish a Federal Merit Scholarship Program to promote student excellence and achievement and to recognize exceptionally able students who show promise of continued excellence.

"SEC. 419B. DEFINITION.

"For the purpose of this subpart—

"(1) the term 'secondary school' has the same meaning given that term under section 198(a)(7) of the Elementary and Secondary Education Act of 1965; and

"(2) the term 'State' means each of the several States, the District of Columbia, and the Commonwealth of Puerto Rico.

"SEC. 419C. SCHOLARSHIPS AUTHORIZED.

"(a) PROGRAM AUTHORITY.—The Secretary is authorized, in accordance with the provisions of this subpart, to make grants to States to enable the States to award scholarships to individuals who have demonstrated outstanding academic achievement and who show promise of continued academic achievement.

"(b) PERIOD OF AWARD.—Scholarships under this section shall be awarded for a period of one academic year for the first year of study at an institution of higher education.

"(c) USE AT ANY INSTITUTION PERMITTED.—A student awarded a scholarship under this subpart may attend any institution of higher education.

"SEC. 419D. ALLOCATION AMONG STATES.

"From the sums appropriated pursuant to section 419K for any fiscal year, the Secretary shall allocate to each State having an agreement under section 419E—

"(1) $1,500 multiplied by the number of individuals in the State eligible for merit scholarships pursuant to section 419G(b), plus

"(2) $10,000, plus 5 percent of the amount to which a State is eligible under clause (1) of this section.

"SEC. 419E. AGREEMENTS.

"The Secretary shall enter into an agreement with each State desiring to participate in the merit scholarship program authorized

by this subpart. Each such agreement shall include provisions designed to assure that—

"(1) the State educational agency will administer the merit scholarship program authorized by this subpart in the State;

"(2) the State educational agency will comply with the eligibility and selection provisions of this subpart;

"(3) the State educational agency will conduct outreach activities to publicize the availability of Federal merit scholarships to all eligible students in the State, with particular emphasis on activities designed to assure that students from low-income and moderate-income families have access to the information on the opportunity for full participation in the merit scholarship program authorized by this subpart;

"(4) the State educational agency will pay to each individual in the State who is awarded a merit scholarship under this subpart $1,500 at an awards ceremony in accordance with section 419I; and

"(5) the State educational agency will use the amount of the allocation described in clause (2) of section 419D for administrative expenses, including the conduct of the awards ceremony required by section 419I.

"SEC. 419F. ELIGIBILITY OF MERIT SCHOLARS.

"(a) HIGH SCHOOL GRADUATION OR EQUIVALENT AND ADMISSION TO INSTITUTION REQUIRED.—Each student awarded a scholarship under this subpart shall be a graduate of a public or private secondary school or have the equivalent of a certificate of graduation as recognized by the State in which the student resides and must have been admitted for enrollment at an institution of higher education.

"(b) SELECTION BASED ON PROMISE OF ACADEMIC ACHIEVEMENT.—Each student awarded a scholarship under this subpart must demonstrate outstanding academic achievement and show promise of continued academic achievement.

"SEC. 419G. SELECTION OF MERIT SCHOLARS.

"(a) ESTABLISHMENT OF CRITERIA.—The State educational agency is authorized to establish the criteria for the selection of merit scholars under this subpart.

"(b) ADOPTION OF PROCEDURES.—The State educational agency shall adopt selection procedures which are designed to assure that ten individuals will be selected from among residents of each congressional district in a State (and in the case of the District of Columbia and the Commonwealth of Puerto Rico not to exceed ten individuals will be selected in such district or Commonwealth).

"(c) CONSULTATION REQUIREMENT.—In carrying out its responsibilities under subsections (a) and (b), the State educational agency shall consult with school administrators, school boards, teachers, counselors, and parents.

"SEC. 419H. STIPENDS AND SCHOLARSHIP CONDITIONS.

"(a) AMOUNT OF AWARD.—Each student awarded a merit scholarship under this subpart shall receive a stipend of $1,500 for the academic year of study for which the scholarship is awarded.

"(b) USE OF AWARD.—The State educational agency shall establish procedures to assure that a merit scholar awarded a scholarship under this subpart pursues a course of study at an institution of higher education.

"SEC. 419I. AWARDS CEREMONY.

"(a) LOCAL CEREMONY. The State educational agency shall make arrangements to award merit scholarships under this subpart at a place in each State which is convenient to the individuals selected to receive such scholarships. To the extent possible, the award shall be made by Members of the Senate and Members of the House of Representatives (by the Delegate in the case of the District of Columbia and the Resident Commissioner in the case of the Commonwealth of Puerto Rico) who represent the State, Commonwealth, or District, as the case may be, from which the individuals come.

"(b) TIMING OF SELECTION.—The selection process shall be completed, and the awards made prior to the end of each secondary academic year.

"SEC. 419J. CONSTRUCTION OF NEEDS PROVISIONS.

"Nothing in this subpart, or any other Act, shall be construed to permit the receipt of a merit scholarship under this subpart to be counted for any needs test in connection with the awarding of any grant or the making of any loan under this Act or any other provision of Federal law relating to educational assistance.

"SEC. 419K. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated $8,000,000 for each of fiscal years 1986, 1987, and 1988 to carry out the provisions of this subpart.

"Subpart 7—Assistance to Institutions of Higher Education

"SEC. 420. PAYMENTS TO INSTITUTIONS OF HIGHER EDUCATION.

"(a) COST OF EDUCATION PAYMENTS.—Each institution of higher education shall be entitled for each fiscal year to a cost-of-education payment in accordance with the provisions of this section.

"(b) COMPUTATION OF AMOUNT.—(1) The amount of the cost-of-education payment to which an institution shall be entitled under this section for a fiscal year shall be, subject to subsection (d), the amount determined under paragraph (2)(A) plus the amount determined under paragraph (2)(B).

"(2)(A)(i) The Secretary shall determine the amount to which an institution is entitled under this subparagraph on the basis of the total number of undergraduate students who are in attendance at the institution and the number of students who are also recipients of basic grants under subpart 1, in accordance with the following table:

"If the total number of students in attendance is—	The amount of the grant is—
Not over 1,000	$500 for each recipient.
Over 1,000 but not over 2,500.	$500 for each of 100 recipients; plus $400 for each recipient in excess of 100.
Over 2,500 but not over 5,000.	$500 for each of 100 recipients; plus $400 for each of 150 recipients in excess of 100; plus $300 for each recipient in excess of 250.
Over 5,000 but not over 10,000.	$500 for each 100 recipients; plus $400 for each of 150 recipients in excess of 100; plus $300 for each of 250 recipients in excess of 250; plus $200 for each recipient in excess of 500.
Over 10,000	$500 for each of the 100 recipients; plus $400 for each of 150 recipients in excess of 100; plus $300 for each of 250 recipients in excess of 250; plus $200 for each of 500 recipients in excess of 500; plus $100 for each recipient in excess of 1,000.

"(ii) In any case where a recipient of a basic grant under subpart 1 attends an institution receiving a cost-of-education payment under this subpart on less than a full-time basis, the amount determined under this subparagraph with respect to the student shall be reduced in proportion to the degree to which that student is not attending on a full-time basis.

"(iii) If during any period of any fiscal year the funds available for making payments on the basis of entitlements established under this subparagraph are insufficient to satisfy fully all such entitlements, the amount paid with respect to each such entitlement shall be ratably reduced. When additional funds become available for such purpose, the amount of payment from such additional funds shall be in proportion to the degree to which each such entitlement is unsatisfied by the payments made under the first sentence of this division.

"(B)(i) The Secretary shall determine with respect to each institution an amount equal to the appropriate percent (specified on the table below) of the aggregate of—

"(I) supplemental educational opportunity grants under subpart 2;

"(II) work-study payments under part C; and

"(III) loans to students under part E;

made for such year to students who are in attendance at such institution. The Secretary shall determine such amounts on the basis of percentages of such aggregate, and the number of students in attendance at institutions during the most recent academic year ending prior to such fiscal year, in accordance with the following table:

"If the number of students in attendance at the institution is—	The percentage of such aggregate shall be—
Not over 1,000	50 percent.
Over 1,000 but not over 3,000	46 percent.
Over 3,000 but not over 10,000	42 percent.
Over 10,000	38 percent.

"(ii) If during any period of any fiscal year the funds available for making payments on the basis of entitlements established under this subparagraph are insufficient to satisfy fully all such entitlements, the amount paid with respect to each such entitlement shall be ratably reduced. When additional funds become available for such purpose, the amount of payment from such additional funds shall be in proportion to the degree to which each such entitlement is unsatisfied by the payments made under the first sentence of this division.

"(3)(A) In determining the number of students in attendance at institutions of higher education under this subsection, the Secretary shall compute the full-time equivalent of part-time students.

"(B) The Secretary shall make a separate determination of the number of students in attendance at an institution of higher education and the number of recipients of basic grants at any such institution at each branch or separate campus of that institution located in a different community from the principal campus of that institution pursuant to criteria established by him.

"(c) APPLICATIONS; CONTENTS AND MANNER OF FILING.—An institution of higher education may receive a cost-of-education payment in accordance with this section only upon application therefor. An application under this section shall be submitted at such time or times, in such manner, and containing such information as the Secretary deter-

mines necessary to carry out his functions under this title, and shall—

"(1) set forth such policies, assurances, and procedures as will insure that—

"(A) the funds received by the institution under this section will be used solely to defray instructional expenses in academically related programs of the applicant;

"(B) the funds received by the institution under this section will not be used for a school or department of divinity or for any religious worship or sectarian activity;

"(C) the applicant will expend, during the academic year for which a payment is sought, for all academically related programs of the institution, an amount equal to at least the average amount so expended during the three years preceding the year for which the grant is sought; and

"(D) the applicant will submit to the Secretary such reports as the Secretary may require by regulation; and

"(2) contain such other statement of policies, assurances, and procedures as the Secretary may require by regulation in order to protect the financial interests of the United States.

"(d) APPORTIONMENT OF APPROPRIATIONS.—(1) The Secretary shall pay to each institution of higher education for each fiscal year the amount to which it is entitled under this section.

"(2) Of the total sums appropriated to make payments on the basis of entitlements established under this section and to make payments under part D of title IX—

"(A) 45 percent shall be available for making payments on the basis of entitlements established under paragraph (2)(A) of subsection (a);

"(B) 45 percent shall be available for making payments on the basis of entitlements established under paragraph (2)(B) of subsection (a); and

"(C) 10 percent shall be available for making payments under part D of title IX.

"(3) No payments on the basis of entitlements established under paragraph (2)(A) of subsection (a) may be made during any fiscal year for which the appropriations for making grants under subpart 1 does not equal at least 50 percent of the appropriation necessary for satisfying the total of all entitlements established under such subpart. In no event shall, during any fiscal year, the aggregate of the payments to which this paragraph applies exceed that percentage of the total entitlements established under such paragraph (2)(A) which equals the percentage of the total entitlements established under subpart 1 which are satisfied by appropriations for such purpose for that fiscal year.

"SEC. 420A. VETERANS EDUCATION OUTREACH PROGRAM.

"(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out the provisions of this section $15,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

"(b) SIZE AND DURATION OF AWARDS.—(1) The minimum grant that may be awarded to an institution under this section is $1,000, which may remain available for expenditure over a period not to exceed two academic years.

"(2) The amount of the payment to which any institution shall be entitled under this section for any fiscal year shall be—

"(A) $300 for each person who is a veteran receiving vocational rehabilitation under chapter 31 of title 38, United States Code, or a veteran receiving educational assistance under chapter 34 of such title 38, and who is in attendance at such institution as an undergraduate student during such year;

"(B) $150 for each person who is in attendance at such institution as an undergraduate student during such year and who has been the recipient of educational assistance under subchapter V or VI of chapter 34 of such title 38, or who has a service-connected disability as defined in section 101(16) of such title 38, or who is disabled, as determined in accordance with regulations promulgated by the Secretary after consultation with the Administrator of Veterans' Affairs; and

"(C) $100 for each person who is in attendance at such institution as an undergraduate student during such year and who has received an honorable discharge from military service but who is no longer eligible to or does not receive educational benefits under chapter 31 or chapter 34 of title 38 of the United States Code.

"(3) In any case where a person on behalf of whom a payment is made under this section attends an institution on less than a full-time basis, the amount of the payment on behalf of that person shall be reduced in proportion to the degree to which that person is not attending on a full-time basis.

"(4)(A) The Secretary shall pay to each institution of higher education which has had an application approved under subsection (c) the amount to which it is entitled under this section. If the amount appropriated for any fiscal year is not sufficient to pay the amounts to which all such institutions are entitled, the Secretary shall ratably reduce such payments. If any amounts become available for a fiscal year after such reductions have been imposed, such reduced payments shall be increased on the same basis as they were reduced.

"(B) The maximum amount of payments to any institution of higher education, or any branch thereof which is located in a community which is different from that in which the parent institution thereof is located, in any fiscal year shall be $75,000. In making payments under this section for any fiscal year, the Secretary shall apportion the appropriation for making such payments, from funds which become available as a result of the limitation on payments set forth in the preceding sentence, in such a manner as will result in the receipt by each institution which is eligible for payment under this section of the first $9,000 (or the amount of its entitlement for that fiscal year, but not less than $1,000, whichever is the lesser) and then additional amounts up to the limitation set forth in the preceding sentence.

"(5) Not less than 90 percent of the amounts paid to any institution under paragraph (3)(A) in any fiscal year shall be used to implement the requirement of subsection (c)(2)(C)(i), and to the extent that such funds remain after implementing such requirement, funds limited by such 90 percent requirement shall be used for implementing the requirements of clauses (ii) through (v) of subsection (c)(2)(C), except that the Secretary may, in accordance with criteria established in regulations jointly prescribed by the Secretary with the Administrator, waive the requirement of this subsection to the extent that he finds that such institution is adequately carrying out all such requirements without the necessity for such application of such amount of the payments received under this subsection.

"(c) ELIGIBILITY FOR AWARDS.—(1) During the period beginning July 1, 1987 and ending September 1, 1991, each institution of higher education shall be entitled to a payment under, and in accordance with, this section during any fiscal year if the number of persons who are veterans with honorable discharges and are in attendance as undergraduate students at the institution is at least 100.

"(2) An institution of higher education shall be eligible to receive the payment to which it is entitled under this section only if it makes application therefor to the Secretary. An application under this section shall be submitted at such time or times, in such manner, in such form and containing such information as the Secretary determines necessary to carry out the functions of the Secretary under this title, and shall—

"(A) set forth such policies, assurances, and procedures as will insure that—

"(i) the funds received by the institution under this section and available to it after the requirements of subsection (e) have been met will be used solely to defray instructional expenses in academically related programs of the applicant;

"(ii) the funds received by the institution under this section will not be used for a school or department of divinity or for any religious worship or sectarian activity;

"(iii) the applicant will expend, during the academic year for which a payment is sought, for all academically related programs of the institution, an amount equal to at least the average amount so expended during the three years preceding the year for which the grant is sought;

"(iv) the applicant will expend, during the academic year for which a payment is sought, for enhancing the functions of the Veterans Education Outreach Program, an amount equal to at least the amount of the award under this section from sources other than this or any other Federal program; and

"(v) the applicant will submit to the Secretary such reports as the Secretary may require by regulation;

"(B) contain such other statement of policies, assurances, and procedures as the Secretary may require by regulation in order to protect the financial interests of the United States; and

"(C) set forth such plans, policies, assurances, and procedures as will insure that the applicant will make an adequate effort—

"(i) to maintain an office of veterans' affairs which has responsibility for veterans' outreach, recruitment, and special education programs, including the provision of educational, vocational, and personal counseling for veterans,

"(ii) to carry out programs designed to prepare educationally disadvantaged veterans for postsecondary education (I) under subchapter V of chapter 34 of title 38, United States Code, and (II) in the case of any institution located near a military installation, under subchapter VI of such chapter 34,

"(iii) to carry out active outreach (with special emphasis on service-connected disabled veterans, other disabled or handicapped veterans, incarcerated veterans, and educationally disadvantaged veterans), recruiting, and counseling activities through the use of funds available under federally assisted work-study programs (with special emphasis on the veteran-student services program under section 1685 of such title 38),

"(iv) to carry out an active tutorial assistance program for veterans, including dissemination of information regarding such program, with special emphasis on making

maximum use of the benefits available under section 1692 of such title 38, and

"(v) to coordinate activities carried out under this part with the readjustment counseling program authorized under section 612A of title 38, United States Code, and with the programs of veterans employment and training authorized under the Job Training Partnership Act and under chapters 41 and 42 of title 38, United States Code, in order to assist in serving the readjustment, rehabilitation, personal counseling, and employment needs of veterans,

except that an institution which the Secretary determines, in accordance with regulations jointly prescribed by the Secretary and the Administrator of Veterans' Affairs (hereinafter referred to as the 'Administrator'), cannot feasibly itself, in terms of the number of veterans in attendance there, carry out any or all of the programs set forth in subclauses (i) through (v) of clause (C), may carry out such program or programs through a consortium agreement with one or more other institutions of higher education and shall be required to carry out such programs only to the extent that the Secretary determines, in accordance with regulations jointly prescribed by the Secretary and the Administrator, is appropriate in terms of the number of veterans in attendance at such institution. The adequacy of efforts to meet the requirements of clause (C) of this paragraph shall be determined by the Secretary, based upon the recommendations of the Administrator, in accordance with criteria established in regulations jointly prescribed by the Secretary and the Administrator.

"(3) The Secretary shall not approve an application under this subsection unless he determines that the applicant will implement the requirements of clause (C) of paragraph (1) within the first academic year during which it receives a payment under this section.

"(4) Any institution which has been eligible under this section prior to September 30, 1985, for a continuous period of three of the last five years, and has at least 100 persons counted pursuant to subsection (b)(2), shall be determined eligible under the terms of this section.

"(d) COORDINATION OF PROGRAMS.—The Secretary, in carrying out the provisions of this section, shall seek to assure the coordination of programs assisted under this section with programs carried out by the Veterans' Administration pursuant to title 38, United States Code, and the Administrator shall provide all assistance, technical consultation, and information otherwise authorized by law as necessary to promote the maximum effectiveness of the activities and programs assisted under this section.

"(e) ADMINISTRATION OF PROGRAM.—The program provided for in this section shall be administered by an identifiable administrative unit in the Department of Education.

"(f) DISSEMINATION OF INFORMATION.—From the amounts appropriated for this section, the Secretary shall retain one percent or $10,000, whichever is less, for the purpose of collecting information about exemplary Veterans Educational Outreach Programs and disseminating that information to other institutions of higher education having such programs on their campuses. Such collection and dissemination shall be done on an annual basis.

"Subpart 8—Special Child Care Services for Disadvantaged College Students

"SEC. 420B. SPECIAL CHILD CARE SERVICES FOR DISADVANTAGED COLLEGE STUDENTS.

"(a) PROGRAM AUTHORITY.—Funds appropriated pursuant to subsection (c) shall be used by the Secretary to make grants to institutions of higher education to provide special child care services to disadvantaged students.

"(b) APPLICATIONS.—Any institution wishing to receive a grant under this section shall submit an application to the Secretary. Such application shall include—

"(1) a description of the program to be established;

"(2) assurances by the applicant to the Secretary that—

"(A) not less than two-thirds of the participants in the program are low-income individuals who are first generation college students;

"(B) the remaining participants in the program are either low-income individuals or first generation college students;

"(C) the participants require the services to pursue a successful program of education beyond high school;

"(D) the participants are enrolled at the institution which is the recipient of the grant;

"(E) all participants will receive sufficient assistance (under this subpart, other provisions of this title, or otherwise) to meet that student's full financial need for child care services related to such enrollment; and

"(F) the institution will meet such need of participants by providing child care through vouchers, contracted services, or direct provision of services; and

"(3) such information (and meet such conditions) as may be required by the Secretary.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out the purposes of this section, $15,000,000 for the fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

"(d) DEFINITIONS.—For the purposes of this subpart—

"(1) the term 'first generation college student' means—

"(A) an individual both of whose parents did not complete a baccalaureate degree; or

"(B) in the case of any individual who regularly resided with and received support from only one parent, an individual whose only such parent did not complete a baccalaureate degree;

"(2) the term 'low-income individual' means an individual from a family whose taxable income for the preceding year did not exceed 150 percent of an amount equal to the poverty level determined by using criteria of poverty established by the Bureau of the Census.".

PART B—REVISION OF PART B OF TITLE IV

SEC. 411. AMENDMENT TO PART B OF TITLE IV.

(a) AMENDMENT.—Part B of title IV of the Act (20 U.S.C. 1071 et seq.) is amended to read as follows:

"PART B—GUARANTEED STUDENT LOAN PROGRAM

SEC. 421. STATEMENT OF PURPOSE; NONDISCRIMINATION; AND APPROPRIATIONS AUTHORIZED.

"(a) PURPOSE; DISCRIMINATION PROHIBITED.—

"(1) PURPOSE.—The purpose of this part is to enable the Secretary—

"(A) to encourage States and nonprofit private institutions and organizations to establish adequate loan insurance programs for students in eligible institutions (as defined in section 435),

"(B) to provide a Federal program of student loan insurance for students or lenders who do not have reasonable access to a State or private nonprofit program of student loan insurance covered by an agreement under section 428(b),

"(C) to pay a portion of the interest on loans to qualified students which are insured under this part, and

"(D) to guarantee a portion of each loan insured under a program of a State or of a nonprofit private institution or organization which meets the requirements of section 428(a)(1)(B).

"(2) DISCRIMINATION BY CREDITORS PROHIBITED.—No agency, organization, institution, bank, credit union, corporation, or other lender who regularly extends, renews, or continues credit or provides insurance under this part shall exclude from receipt or deny the benefits of, or discriminate against any borrower or applicant in obtaining, such credit or insurance on the basis of race, national origin, religion, sex, marital status, age, or handicapped status.

"(b) AUTHORIZATION OF APPROPRIATIONS.—For the purpose of carrying out this part—

"(1) there are authorized to be appropriated to the student loan insurance fund (established by section 431) (A) the sum of $1,000,000, and (B) such further sums, if any, as may become necessary for the adequacy of the student loan insurance fund,

"(2) there are authorized to be appropriated, for payments under section 428 with respect to interest on student loans and for payments under section 437, such sums for the fiscal year ending June 30, 1966, and succeeding fiscal years, as may be required therefor.

"(3) there is authorized to be appropriated the sum of $17,500,000 for making advances pursuant to section 422 for the reserve funds of State and nonprofit private student loan insurance programs;

"(4) there are authorized to be appropriated (A) the sum of $12,500,000 for making advances after June 30, 1968, pursuant to sections 422 (a) and (b), and (B) such sums as may be necessary for making advances pursuant to section 422(c), for the reserve funds of State and nonprofit private student loan insurance programs; and

"(5) there are authorized to be appropriated such sums as may be necessary for the purpose of paying an administrative cost allowance in accordance with section 428(f) to guaranty agencies.

Sums appropriated under paragraphs (1), (2), (4), and (5) of this subsection shall remain available until expended.

"SEC. 422. ADVANCES FOR RESERVE FUNDS OF STATE AND NONPROFIT PRIVATE LOAN INSURANCE PROGRAMS.

"(a) PURPOSE OF AND AUTHORITY FOR ADVANCES TO RESERVE FUNDS.—

"(1) PURPOSE; ELIGIBLE RECIPIENTS.—From sums appropriated pursuant to paragraphs (3) and (4)(A) of section 421(b), the Secretary is authorized to make advances to any State with which the Secretary has made an agreement pursuant to section 428(b) for the purpose of helping to establish or strengthen the reserve fund of the student loan insurance program covered by that agreement. If for any fiscal year a State does not have a student loan insurance program covered by an agreement made pursuant to section 428(b), and the Secretary determines after consultation with the chief executive officer of that State that there is no reasonable like-

lihood that the State will have such a student loan insurance program for such year, the Secretary may make advances for such year for the same purpose to one or more nonprofit private institutions or organizations with which the Secretary has made an agreement pursuant to section 428(b) in order to enable students in the State to participate in a program of student loan insurance covered by such an agreement. The Secretary may make advances under this subsection both to a State program (with which he has such an agreement) and to one or more nonprofit private institutions or organizations (with which he has such an agreement) in that State if he determines that such advances are necessary in order that students in each eligible institution have access through such institution to a student loan insurance program which meets the requirements of section 428(b)(1).

"(2) MATCHING REQUIREMENT.—No advance shall be made after June 30, 1968, unless matched by an equal amount from non-Federal sources. Such equal amount may include the unencumbered non-Federal portion of a reserve fund. As used in the preceding sentence, the term 'unencumbered non-Federal portion' means the amount (determined as of the time immediately preceding the making of the advance) of the reserve fund less the greater of—

"(A) the sum of—

"(i) advances made under this section prior to July 1, 1968;

"(ii) an amount equal to twice the amount of advances made under this section after June 30, 1968, and before the advance for purposes of which the determination is made; and

"(iii) the proceeds of earnings on advances made under this section; or

"(B) any amount which is required to be maintained in such fund pursuant to State law or regulation, or by agreement with lenders, as a reserve against the insurance of outstanding loans.

"(3) TERMS AND CONDITIONS; REPAYMENT.—Advances pursuant to this subsection shall be upon such terms and conditions (including conditions relating to the time or times of payment) consistent with the requirements of section 428(b) as the Secretary determines will best carry out the purposes of this section. Advances made by the Secretary under this subsection shall be repaid within such period as the Secretary may deem to be appropriate in each case in the light of the maturity and solvency of the reserve fund for which the advance was made.

"(b) LIMITATIONS ON TOTAL ADVANCES.—

"(1) IN GENERAL.—The total of the advances from the sums appropriated pursuant to paragraph (4)(A) of section 421(b) to nonprofit private institutions and organizations for the benefit of students in any State and to such State may not exceed an amount which bears the same ratio to such sums as the population of such State aged 18 to 22, inclusive, bears to the population of all the States aged 18 to 22 inclusive, but such advances may otherwise be in such amounts as the Secretary determines will best achieve the purposes for which they are made. The amount available, however, for advances to any State shall not be less than $25,000 and any additional funds needed to meet this requirement shall be derived by proportionately reducing (but not below $25,000) the amount available for advances to each of the remaining States.

"(2) CALCULATION OF POPULATION.—For the purposes of this subsection, the population aged 18 to 22, inclusive, of each State and of all the States shall be determined by the Secretary on the basis of the most recent satisfactory data available to him.

"(c) ADVANCES FOR INSURANCE OBLIGATIONS.—

"(1) USE FOR PAYMENT OF INSURANCE OBLIGATIONS.—From sums appropriated pursuant to section 421(b)(4)(B), the Secretary shall advance to each State which has an agreement with the Secretary under section 428(c) with respect to a student loan insurance program, an amount determined in accordance with paragraph (2) of this subsection to be used for the purpose of making payments under the State's insurance obligations under such program.

"(2) AMOUNT OF ADVANCES.—(A) Except as provided in subparagraph (B), the amount to be advanced to each such State shall be equal to 10 percent of the principal amount of loans made by lenders and insured by such agency on those loans on which the first payment of principal became due during the fiscal year immediately preceding the fiscal year in which the advance is made.

"(B) The amount of any advance determined according to subparagraph (A) of this paragraph shall be reduced by—

"(i) the amount of any advance or advances made to such State pursuant to this subsection at an earlier date; and

"(ii) the amount of the unspent balance of the advances made to a State pursuant to subsection (a).

Notwithstanding subparagraph (A) and the preceding sentence of this subparagraph, but subject to subparagraph (D) of this paragraph, the amount of any advance to a State described in paragraph (5)(A) for the first year of its eligibility under such paragraph, and the amount of any advance to any State described in paragraph (5)(B) for each year of its eligibility under such paragraph, shall not be less than $50,000.

"(C) For purposes of subparagraph (B), the unspent balance of the advances made to a State pursuant to subsection (a) shall be that portion of the balance of the State's reserve fund (remaining at the time of the State's first request for an advance pursuant to this subsection) which bears the same ratio to such balance as the Federal advances made and not returned by such State, pursuant to subsection (a), bears to the total of all past contributions to such reserve funds from all sources (other than interest on investment of any portion of the reserve fund) contributed since the date such State executed an agreement pursuant to section 428(b).

"(D) If the sums appropriated for any fiscal year for paying the amounts determined under subparagraphs (A) and (B) are not sufficient to pay such amounts in full, then such amounts shall be reduced—

"(i) by ratably reducing that portion of the amount allocated to each State which exceeds $50,000; and

"(ii) if further reduction is required, by equally reducing the $50,000 minimum allocation of each State.

If additional sums become available for paying such amounts for any fiscal year during which the preceding sentence has been applied, such reduced amounts shall be increased on the same basis as they were reduced.

"(3) USE OF EARNINGS FOR INSURANCE OBLIGATIONS.—The earnings, if any, on any investments of advances received pursuant to this subsection must be used for making payments under the State's insurance obligations.

"(4) REPAYMENT OF ADVANCES.—Advances made by the Secretary under this subsection shall, subject to subsection (d), be repaid within such period as the Secretary may deem to be appropriate and shall be deposited in the fund established by section 431.

"(5) LIMITATION ON NUMBER OF ADVANCES.—Advances pursuant to this subsection shall be made to a State—

"(A) in the case of a State which is actively carrying on a program under an agreement pursuant to section 428(b) which was entered into before the date of enactment of this subsection, upon such date as such State may request, but not before October 1, 1977, and on the same day of each of the two succeeding calendar years after the date so requested; and

"(B) in the case of a State which enters into an agreement pursuant to section 428(b) on or after the date of enactment of this subsection or which is not actively carrying on a program under an agreement pursuant to such section on such date, upon such date as such State may request, but not before October 1, 1977, and on the same day of each of the four succeeding calendar years after the date so requested of the advance.

"(6) PAYMENT OF ADVANCES WHERE NO STATE PROGRAM.—(A) If for any fiscal year a State does not have a student loan insurance program covered by an agreement made pursuant to section 428(b), and the Secretary determines after consultation with the chief executive officer of that State that there is no reasonable likelihood that the State will have such a student loan insurance program for such year, the Secretary may make advances pursuant to this subsection for such year for the same purpose to one or more nonprofit private institutions or organizations with which he has made an agreement pursuant to subsection (c), as well as subsection (b), of section 428 and subparagraph (B) of this paragraph in order to enable students in that State to participate in a program of student loan insurance covered by such agreements.

"(B) The Secretary may enter into an agreement with private nonprofit institution or organization for purposes of this paragraph under which such institution or organization—

"(i) agrees to establish within such State at least one office with sufficient staff to handle written and telephone inquiries from students, eligible lenders, and other persons in the State, to encourage maximum commercial lender participation within the State, and to conduct periodic visits to at least the major eligible lenders within the State;

"(ii) agrees that its insurance will not be denied any student because of his or her choice of eligible institutions or the student's lack of need; and

"(iii) certifies that it is neither an eligible institution, nor has any substantial affiliation with an eligible institution.

"(d) RECOVERY OF ADVANCES DURING FISCAL YEAR 1988.—

"(1) AMOUNT AND USE OF RECOVERED FUNDS.—Notwithstanding any other provision of this section, advances made by the Secretary under this section shall be repaid in accordance with this subsection and shall be deposited in the fund established by section 431. The Secretary shall, in accordance with the requirements of paragraph (2), recover (and so deposit) an amount equal to $50,000,000 during fiscal year 1988.

"(2) DETERMINATION OF GUARANTY AGENCY OBLIGATIONS.—In determining the amount of advances which shall be repaid by a guaran-

ty agency under paragraph (1), the Secretary—

"(A) shall consider the solvency and maturity, as determined by the Comptroller General, of the reserve and insurance funds of the State or nonprofit private institution or organization assisted by such advances; and

"(B) shall not seek repayment of such advances from any State described in subsection (c)(5)(B) during any year of its eligibility under such subsection.

"(3) STANDARDS FOR COMPTROLLER GENERAL REVIEW.—In making determinations under paragraph (2)(A) of this subsection, the Comptroller General shall take into account the requirements of State law in effect on the date of enactment of this paragraph.

"SEC. 423. EFFECTS OF ADEQUATE NON-FEDERAL PROGRAMS.

"(a) FEDERAL INSURANCE BARRED TO LENDERS WITH ACCESS TO STATE OR PRIVATE INSURANCE.—Except as provided in subsection (b), the Secretary shall not issue certificates of insurance under section 429 to lenders in a State if he determines that every eligible institution has reasonable access in that State to a State or private nonprofit student loan insurance program which is covered by an agreement under section 428(b).

"(b) EXCEPTIONS.—The Secretary may issue certificates of insurance under section 429 to a lender in a State—

"(1) for insurance of a loan made to a student borrower who does not, by reason of his residence, have access to loan insurance under the loan insurance program of such State (or under any private nonprofit loan insurance program which has received an advance under section 422 for the benefit of students in such State);

"(2) for insurance of all the loans made to student borrowers by a lender who satisfies the Secretary that, by reason of the residence of such borrowers, such lender will not have access to any single State or nonprofit private loan insurance program which will insure substantially all of the loans such lender intends to make to such student borrowers; or

"(3) under such circumstances as may be approved by the guaranty agency in such State, for the insurance of a loan to a borrower for whom such lender previously was issued such a certificate if the loan covered by such certificate is not yet repaid.

"SEC. 424. SCOPE AND DURATION OF FEDERAL LOAN INSURANCE PROGRAM.

"(a) LIMITATIONS ON AMOUNTS OF LOANS COVERED BY FEDERAL INSURANCE.—The total principal amount of new loans made and installments paid pursuant to lines of credit (as defined in section 435) to students covered by Federal loan insurance under this part shall not exceed $2,000,000,000 for the period from July 1, 1976, to September 30, 1976, and for each of the succeeding fiscal years ending prior to October 1, 1992. Thereafter, Federal loan insurance pursuant to this part may be granted only for loans made (or for loan installments paid pursuant to lines of credit) to enable students, who have obtained prior loans insured under this part, to continue or complete their educational program; but no insurance may be granted for any loan made or installment paid after September 30, 1997.

"(b) APPORTIONMENT OF AMOUNTS.—The Secretary may, if he or she finds it necessary to do so in order to assure an equitable distribution of the benefits of this part, assign, within the maximum amounts specified in subsection (a), Federal loan insurance quotas applicable to eligible lenders, or to States or areas, and may from time to time reassign unused portions of these quotas.

"SEC. 425. LIMITATIONS ON INDIVIDUAL FEDERALLY INSURED LOANS AND ON FEDERAL LOAN INSURANCE.

"(a) ANNUAL AND AGGREGATE LIMITS.—

"(1) ANNUAL LIMITS.—(A) The total of loans made to a student in any academic year or its equivalent (as determined by the Secretary) which may be covered by Federal loan insurance under this part may not exceed—

"(i) $2,500, in the case of a student who has not successfully completed the first and second year of a program of undergraduate education;

"(ii) $5,000, in the case of a student who has completed such first and second year but who has not completed the remainder of a program of undergraduate education; or

"(iii) in the case of a graduate or professional student (as defined in regulations of the Secretary)—

"(I) $5,000, if such student attends an institution for which the sum of the tuition, fees, and costs (as determined under section 472(1)) is less than $5,000;

"(II) an amount equal to such sum, if such sum is equal to or greater than $5,000 but less than $8,000; and

"(III) $8,000, if such sum is equal to or greater than $8,000.

"(B) The annual insurable limits contained in subparagraph (A) shall not apply in cases where the Secretary determines, pursuant to regulations, that a higher amount is warranted in order to carry out the purposes of this part with respect to students engaged in specialized training requiring exceptionally high costs of education. The annual insurable limit per student shall not be deemed to be exceeded by a line of credit under which actual payments by the lender to the borrower will not be made in any year in excess of the annual limit.

"(2) AGGREGATE LIMITS.—(A) The aggregate insured unpaid principal amount for all such insured loans made to any student shall not at any time exceed—

"(i) $14,500 in the case of any student who has not successfully completed a program of undergraduate education; and

"(ii) an amount equal to the sum of the annual limits applicable to the borrower under paragraph (1)(A)(iii) of this subsection for each of the first five academic years of graduate or professional study for which the borrower obtained loans under this part, plus $14,500, in the case of any graduate or professional student (as defined by regulations of the Secretary and including any loans which are insured by the Secretary under this part, or by a guaranty agency, made to such person before he or she became a graduate or professional student).

"(B) The Secretary shall increase the aggregate insurable limit applicable to students who are pursuing programs which the Secretary determines are exceptionally expensive.

"(b) LEVEL OF INSURANCE COVERAGE BASED ON DEFAULT RATE.—

"(1) REDUCTION FOR DEFAULTS IN EXCESS OF 5 OR 9 PERCENT.—(A) Except as provided in subparagraph (B), the insurance liability on any loan insured by the Secretary under this part shall be 100 percent of the unpaid balance of the principal amount of the loan plus interest, except that—

"(i) if, for any fiscal year, the total amount of payments under section 430 by the Secretary to any eligible lender as described in section 435(d)(1)(D) exceeds 5 percent of the sum of the loans made by such lender which are insured by the Secretary and which were in repayment at the end of the preceding fiscal year, the insurance liability under this subsection for that portion of such excess which represents loans insured after the applicable date with respect to such loans, as determined under subparagraph (C), shall be equal to 90 percent of the amount of such portion;

"(ii) if, for any fiscal year, the total amount of such payments to such a lender exceeds 9 percent of such sum, the insurance liability under this subsection for that portion of such excess which represents loans insured after the applicable date with respect to such loans, as determined under subparagraph (C), shall be equal to 80 percent of the amount of such portion.

"(B) Notwithstanding subparagraph (A), the provisions of clauses (i) and (ii) of such subparagrph shall not apply to an eligible lender as described in section 435(d)(1)(D) for the fiscal year in which such lender begins to carry on a loan program insured by the Secretary, or for any of the four succeeding fiscal years.

"(C) The applicable date with respect to a loan made by an eligible lender as described in section 435(d)(1)(D) shall be—

"(i) the 90th day after the adjournment of the next regular session of the appropriate State legislature which convenes after the date of enactment of the Education Amendments of 1967, or

"(ii) if the primary source of lending capital for such lender is derived from the sale of bonds, and the constitution of the appropriate State prohibits a pledge of such State's credit as security against such bonds, the day which is one year after such 90th day.

"(2) COMPUTATION OF AMOUNTS IN REPAYMENT.—For the purposes of this subsection, the sum of the loans made by a lender which are insured by the Secretary and which are in repayment shall be the original principal amount of loans made by such lender which are insured by the Secretary reduced by—

"(A) the amount the Secretary has been required to pay to discharge his or her insurance obligations under this part;

"(B) the original principal amount of loans insured by the Secretary which have been fully repaid;

"(C) the original principal amount insured on those loans for which payment of first installment of principal has not become due pursuant to section 427(a)(2)(B) or such first installment need not be paid pursuant to section 427(a)(2)(C); and

"(D) the original principal amount of loans repaid by the Secretary under section 437.

"(3) PAYMENTS TO ASSIGNEES.—For the purposes of this subsection, payments by the Secretary under section 430 to an assignee of the lender with respect to a loan shall be deemed payments made to such lender.

"(4) PLEDGE OF FULL FAITH AND CREDIT.—The full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under the provisions of section 430 or 437 of this part.

"SEC. 426. SOURCES OF FUNDS.

"Loans made by eligible lenders in accordance with this part shall be insurable by the Secretary whether made from funds fully owned by the lender or from funds held by the lender in a trust or similar capacity and available for such loans.

"SEC. 427. ELIGIBILITY OF STUDENT BORROWERS AND TERMS OF FEDERALLY INSURED STUDENT LOANS.

"(a) LIST OF REQUIREMENTS.—A loan by an eligible lender shall be insurable by the Secretary under the provisions of this part only if—

"(1) made to a student who (A) is an eligible student under section 484, (B) has agreed to notify promptly the holder of the loan concerning any change of address, and (C) is carrying at least one-half the normal full-time academic workload for the course of study he or she is pursuing (as determined by the institution); and

"(2) evidenced by a note or other written agreement which—

"(A) is made without security and without endorsement, except that if the borrower is a minor and such note or other written agreement executed by him or her would not, under the applicable law, create a binding obligation, endorsement may be required;

"(B) provides for repayment (except as provided in subsection (c)) of the principal amount of the loan in installments over a period of not less than five years (unless sooner repaid or unless the student, during the nine months preceding the start of the repayment period, specifically requests that repayment be made over a shorter period) nor more than ten years beginning nine months after the month in which the student ceases to carry at an eligible institution at least one-half the normal full-time academic workload as determined by the institution, except—

"(i) as provided in subparagraph (C);

"(ii) that the note or other written instrument may contain such provisions relating to repayment in the event of default in the payment of interest or in the payment of the cost of insurance premiums, or other default by the borrower, as may be authorized by regulations of the Secretary in effect at the time the loan is made; and

"(iii) that the lender and the student, after the student ceases to carry at an eligible institution at least one-half the normal full-time academic workload as determined by the institution, may agree to a repayment schedule which begins earlier, or is of shorter duration, than required by this subparagraph, but in the event a student has requested and obtained a repayment period of less than five years, he or she may at any time prior to the total repayment of the loan, have the repayment period extended so that the total repayment period is not less than five years;

"(C) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid, during any period—

"(i) during which the borrower is pursuing at least a half-time course of study at an eligible institution, is pursuing a course of study pursuant to a graduate fellowship program approved by the Secretary, or pursuant to a rehabilitation training program for disabled individuals approved by the Secretary;

"(ii) not in excess of three years during which the borrower is a member of the Armed Forces of the United States, is an active duty member of the National Oceanic and Atmospheric Administration Corps, or is an officer in the Commissioned Corps of the Public Health Service;

"(iii) not in excess of three years during which the borrower is in service as a volunteer under the Peace Corps Act;

"(iv) not in excess of three years during which the borrower is in service as a full-time volunteer under the Domestic Volunteer Service Act of 1973;

"(v) not in excess of three years during which the borrower is in service, comparable to the service referred to in clauses (iii) and (iv), as a full-time volunteer for an organization which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1954;

"(vi) not in excess of five years during which the borrower is engaged as a full-time teacher in a public or private elementary or secondary school;

"(vii) not in excess of two years during which the borrower is serving an internship, the successful completion of which is required in order to receive professional recognition required to begin professional practice or service;

"(viii) not in excess of three years during which the borrower is temporarily totally disabled, as established by sworn affidavit of a qualified physician, or during which the borrower is unable to secure employment by reason of the care required by a spouse who is so disabled;

"(ix) not in excess of three years during which a single parent borrower is unable to secure employment by reason of the care required by a disabled child of such borrower (as defined in section 435(g)(3));

"(x) during a single period, not in excess of twelve months, at the request of the borrower, during which the borrower is seeking and unable to find full-time employment; or

"(xi) not in excess of six months of parental leave,

and that any such period shall not be included in determining the ten-year period provided in subparagraph (B);

"(D) provides for interest on the unpaid principal balance of the loan at a yearly rate, not exceeding the applicable maximum rate prescribed in section 427A, which interest shall be payable in installments over the period of the loan except that, if provided in the note or other written agreement, any interest payable by the student may be deferred until not later than the date upon which repayment of the first installment of principal falls due, in which case interest accrued during that period may be added on that date to the principal;

"(E) provides that the lender will not collect or attempt to collect from the borrower any portion of the interest on the note which is payable by the Secretary under this part, and that the lender will enter into such agreements with the Secretary as may be necessary for the purposes of section 437;

"(F) entitles the student borrower to accelerate without penalty repayment of the whole or any part of the loan;

"(G)(i) contains a notice of the system, of disclosure of information concerning such loan to credit bureau organizations under section 430A, and (ii) provides that the lender on request of the borrower will provide information on the repayment status of the note to such organizations; and

"(H) contains such other terms and conditions, consistent with the provisions of this part and with the regulations issued by the Secretary pursuant to this part, as may be agreed upon by the parties to such loan, including, if agreed upon, a provision requiring the borrower to pay the lender, in addition to principal and interest, amounts equal to the insurance premiums payable by the lender to the Secretary with respect to such loan;

"(3) the funds borrowed by a student are disbursed to the institution by check or other means that is payable to and requires the endorsement or other certification by such student, except nothing in this title shall be interpreted to allow the Secretary to require checks to be made co-payable to the institution and the borrower or to prohibit the disbursement of loan proceeds by means other than by check; and

"(4) in the case of a loan made for any period of enrollment of more than six months, one semester, two quarters, or 600 clock hours and for an amount of $1,000 or more, the proceeds of the loan will be disbursed directly by the lender in two or more installments, none of which exceeds one-half of the loan, with the interval between the first and second installment being not less than one-third of such period (except as necessary to permit the second installment to be disbursed at the beginning of the second semester, quarter, or similar division of such period of enrollment).

For purposes of paragraph (4), all loans issued for the same period of enrollment shall be considered as a single loan.

"(b) MINIMUM REPAYMENT RATE.—The total of the payments by a borrower during any year of any repayment period with respect to the aggregate amount of all loans to that borrower which are insured under this part shall not, unless the borrower and the lender otherwise agree, be less than $600 or the balance of all such loans (together with interest thereon), whichever amount is less, except that in the case of a husband and wife, both of whom have such loans outstanding, the total of the combined payments for such a couple during any year shall not be less than $600 or the balance of all such loans, whichever is less.

"SEC. 427A. APPLICABLE INTEREST RATES.

"(a) RATES TO BE CONSISTENT FOR BORROWER'S ENTIRE DEBT.—With respect to any loan to cover the cost of instruction for any period of instruction beginning on or after January 1, 1981, the rate of interest applicable to any borrower shall—

"(1) not exceed 7 percent per year on the unpaid principal balance of the loan in the case of any borrower who, on the date of entering into the note or other written evidence of that loan, has an outstanding balance of principal or interest on any loan made, insured, or guaranteed under this part, for which the interest rate does not exceed 7 percent;

"(2) except as provided in paragraph (3), be 9 percent per year on the unpaid principal balance of the loan in the case of any borrower who, on the date of entering into the note or other written evidence of that loan, has no outstanding balance of principal or interest on any loan described in paragraph (1) or any loan for which the interest rate is determined under paragraph (1); or

"(3) be 8 percent per year on the unpaid principal balance of the loan for a loan to cover the cost of education for any period of enrollment beginning on or after a date which is three months after a determination made under subsection (b) in the case of any borrower who, on the date of entering into the note or other written evidence of the loan, has no outstanding balance of principal or interest on any loan for which the interest rate is determined under paragraph (1) or (2) of this subsection.

"(b) REDUCTION FOR NEW BORROWERS AFTER DECLINE IN TREASURY BILL RATES.—If for any twelve-month period beginning on or after January 1, 1981, the Secretary, after consultation with the Secretary of the Treasury, determines that the average of the bond equivalent rates of ninety-one-day Treasury bills auctioned for such twelve-month period is equal to or less than 9 percent, the interest rate for loans under this part shall be the rate prescribed in subsection (a)(3) for borrowers described in such subsection.

"(c) RATES FOR SUPPLEMENTAL LOANS FOR STUDENTS AND LOANS FOR PARENTS.—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, the applicable rate of interest on loans made pursuant to section 428B or 428C on or after October 1, 1981, shall be 14 percent per year on the unpaid principal balance of the loan.

"(2) REDUCTION OF RATE AFTER DECLINE IN TREASURY BILL RATES.—If for any twelve-month period beginning on or after October 1, 1981, the Secretary, after consultation with the Secretary of the Treasury, determines that the average of the bond equivalent rates of ninety-one-day Treasury bills auctioned for such twelve-month period is equal to or less than 14 percent, the applicable rate of interest for loans made pursuant to section 428B or 428C on and after the first day of the first month beginning after the date of publication of such determination shall be 12 percent per year on the unpaid principal balance of the loan.

"(3) INCREASE OF RATE AFTER INCREASE IN TREASURY BILL RATES.—If for any twelve-month period beginning on or after the date of publication of a determination under paragraph (2), the Secretary, after consultation with the Secretary of the Treasury, determines that the average of the bond equivalent rates of ninety-one-day Treasury bills auctioned for such twelve-month period exceeds 14 percent, the applicable rate of interest for loans made pursuant to section 428B or 428C on and after the first day of the first month beginning after the date of publication of that determination under this paragraph shall be 14 percent per year on the unpaid principal balance of the loan.

"(d) INTEREST RATES FOR NEW BORROWERS AFTER OCTOBER 1, 1987.—Notwithstanding subsections (a) and (b) of this section, with respect to any loan (other than a loan made pursuant to section 428B, 428C, and 428D) to cover the cost of instruction for any period of enrollment beginning on or after October 1, 1987, to any borrower who on, on the date of entering into the note or other written evidence of the loan, has no outstanding balance of principal or interest on any loan made, insured, or guaranteed under this part, the applicable rate of interest shall be—

"(1) 8 percent per year on the unpaid principal balance of the loan during the period beginning on the date of the disbursement of the loan and ending 4 years after the commencement of repayment; and

"(2) 10 percent per year on the unpaid principal balance of the loan during the remainder of the repayment period.

"(e) LESSER RATES PERMITTED.—Nothing in this section shall be construed to prohibit a lender from charging a borrower interest at a rate less than the rate which is applicable under this part.

"(f) DEFINITIONS.—For the purposes of subsections (a) and (d) of this section—

"(1) the term 'period of instruction' shall, at the discretion of the lender, be any academic year, semester, trimester, quarter, or other academic period; or shall be the period for which the loan is made as determined by the institution of higher education; and

"(2) the term 'period of enrollment' shall be the period for which the loan is made as determined by the institution of higher education and shall coincide with academic terms such as academic year, semester, trimester, quarter, or other academic period as defined by such institution.

"SEC. 428. FEDERAL PAYMENTS TO REDUCE STUDENT INTEREST COSTS.

"(a) FEDERAL INTEREST SUBSIDIES.—

"(1) TYPES OF LOANS THAT QUALIFY.—Each student who has received a loan for study at an eligible institution—

"(A) which is insured by the Secretary under this part; or

"(B) which is insured under a program of a State or of a nonprofit private institution or organization which was contracted for, and paid to the student, within the period specified in paragraph (5), and which—

"(i) in the case of a loan insured prior to July 1, 1967, was made by an eligible lender and is insured under a program which meets the requirements of subparagraph (E) of subsection (b)(1) and provides that repayment of such loan shall be in installments beginning not earlier than sixty days after the student ceases to pursue a course of study (as described in subparagraph (D) of subsection (b)(1)) at an eligible institution, or

"(ii) in the case of a loan insured after June 30, 1967, was made by an eligible lender and is insured under a program covered by an agreement made pursuant to subsection (b),

shall be entitled to have paid on his or her behalf and for his or her account to the holder of the loan a portion of the interest on such loan under circumstances described in paragraph (2).

"(2) ADDITIONAL REQUIREMENTS TO RECEIVE SUBSIDY.—(A) Each student qualifying for a portion of an interest payment under paragraph (1) shall—

"(i) have provided to the lender a statement from the eligible institution, at which the student has been accepted for enrollment, or at which the student is in attendance, which—

"(I) sets forth such student's estimated cost of attendance (as determined under section 472); and

"(II) sets forth such student's estimated financial assistance; and

"(ii) meet the requirements of subparagraph (B).

"(B) For the purposes of clause (ii) of subparagraph (A), a student shall qualify for a portion of an interest payment under paragraph (1) if the eligible institution has provided the lender with a statement evidencing a determination of need for a loan (as determined under part F of this title) and the amount of such need, subject to the provisions of subparagraph (D).

"(C) For the purpose of paragraph (1) and this paragraph—

"(i) a student's estimated financial assistance means, for the period for which the loan is sought, the amount of assistance such student will receive under subpart 1 of part A (as determined in accordance with section 484(b)), subpart 2 of part A, and parts C and E of this title, and any amount paid the student under chapters 32, 34, and 35 of title 38, United States Code, plus other scholarship, grant, or loan assistance; and

"(ii) the determination of need and of the amount of a loan by an eligible institution under subparagraph (B) with respect to a student shall be calculated by subtracting from the estimated cost of attendance at the eligible institution the total of the expected family contribution with respect to such student plus any estimated financial assistance reasonably available to such student.

"(D) For the purpose of subparagraph (B), the amount of the loan which is qualified for a payment under paragraph (1) is the amount of the need of such student as determined by the eligible institution.

"(3) AMOUNT OF INTEREST SUBSIDY.—(A) Subject to section 438(c), the portion of the interest on a loan which a student is entitled to have paid on his or her behalf and for his or her account to the holder of the loan pursuant to paragraph (1) of this subsection shall be equal to the total amount of the interest on the unpaid principal amount of the loan which accrues prior to the beginning of the repayment period of the loan, or which accrues during a period in which principal need not be paid (whether or not such principal is in fact paid) by reason of a provision described in subsection (b)(1)(M) of this section or in section 427(a)(2)(C). Such portion of the interest on a loan shall not exceed, for any period, the amount of the interest on that loan which is payable by the student after taking into consideration the amount of any interest on that loan which the student is entitled to have paid on his or her behalf for that period under any State or private loan insurance program. The holder of a loan with respect to which payments are required to be made under this section shall be deemed to have a contractual right, as against the United States, to receive from the Secretary the portion of interest which has been so determined. The Secretary shall pay this portion of the interest to the holder of the loan on behalf of and for the account of the borrower at such times as may be specified in regulations in force when the applicable agreement entered into pursuant to subsection (b) was made, or, if the loan was made by a State or is insured under a program which is not covered by such an agreement, at such times as may be specified in regulations in force at the time the loan was paid to the student.

"(B) If (i) a State student loan insurance program is covered by an agreement under subsection (b), (ii) a statute of such State limits the interest rate on loans insured by such program to a rate which is less than the applicable interest rate under this part, and (iii) the Secretary determines that subsection (d) does not make such statutory limitation inapplicable and that such statutory limitation threatens to impede the carrying out of the purposes of this part, then the Secretary may pay an administrative cost allowance to the holder of each loan which is insured under such program and which is made during the period beginning on the sixtieth day after the date of enactment of the Higher Education Amendments of 1968 and ending 120 days after the adjournment of such State's first regular legislative session which adjourns after January 1, 1969. Such administrative cost allowance shall be paid over the term of the loan in an amount per year (determined by the Secretary) which shall not exceed 1 percent of the unpaid principal balance of the loan.

"(4) SUBMISSION OF STATEMENTS BY HOLDERS ON AMOUNT OF PAYMENT.—Each holder of a loan with respect to which payments of interest are required to be made by the Secretary shall submit to the Secretary, at such time or times and in such manner as he may prescribe, statements containing such information as may be required by or pursuant to regulation for the purpose of enabling the Secretary to determine the amount of the payment which he must make with respect to that loan.

"(5) DURATION OF AUTHORITY TO MAKE INTEREST SUBSIDIZED LOANS.—The period referred to in subparagraph (B) of paragraph (1) of this subsection shall begin on the date of enactment of this Act and end at the close of September 30, 1992, except that, in the case of a loan made or insured under a student loan or loan insurance program to enable a student who has obtained a prior loan made or insured under such program to continue his or her education program, such period shall end at the close of September 30, 1996.

"(6) ASSESSMENT OF BORROWER'S FINANCIAL CONDITION NOT PROHIBITED OR REQUIRED.—Nothing in this or any other Act shall be construed to prohibit or require, unless otherwise specifically provided by law, a lender to evaluate the total financial situation of a student making application for a loan under this part, or to counsel a student with respect to any such loan, or to make a decision based on such evaluation and counseling with respect to the dollar amount of any such loan.

"(b) INSURANCE PROGRAM AGREEMENTS TO QUALIFY LOANS FOR INTEREST SUBSIDIES.—

"(1) REQUIREMENTS OF INSURANCE PROGRAM.—Any State or any nonprofit private institution or organization may enter into an agreement with the Secretary for the purpose of entitling students who receive loans which are insured under a student loan insurance program of that State, institution, or organization to have made on their behalf the payments provided for in subsection (a) if the Secretary determines that the student loan insurance program—

"(A) authorizes the insurance in any academic year or its equivalent (as determined under regulations of the Secretary) for any student who is carrying at an eligible institution at least one-half the normal full-time academic workload (as determined by the institution) in any amount up to a maximum of—

"(i) $2,500 in the case of a student who has not successfully completed the first or second year of a program of undergraduate education;

"(ii) $5,000, in the case of a student who has completed such first and second year but who has not completed the remainder of a program of undergraduate education;

"(iii) in the case of a graduate or professional student (as defined in regulations of the Secretary)—

"(I) $5,000, if such student attends an institution for which the sum of the tuition, fees, and costs (as determined under section 472(1)) is less than $5,000;

"(II) an amount equal to such sum, if such sum is equal to or greater than $5,000 but less than $8,000; and

"(III) $8,000, if such sum is equal to or greater than $8,000;

except in cases where the Secretary determines, pursuant to regulations, that a higher amount is warranted in order to carry out the purposes of this part with respect to students engaged in specialized training requiring exceptionally high costs of education, but the annual insurable limit per student shall not be deemed to be exceeded by a line of credit under which actual payments by the lender to the borrower will not be made in any years in excess of the annual limit;

"(B) provides that the aggregate insured unpaid principal amount for all such insured loans made to any student shall be any amount up to a maximum of—

"(i) $14,500 in the case of any student who has not successfully completed a program of undergraduate education; and

"(ii) an amount equal to the sum of the annual limits applicable to the borrower under subparagraph (A)(iii) of this subsection for each of the first five academic years of graduate or professional study for which the borrower obtained loans under this part, plus $14,500, in the case of any graduate or professional student (as defined by regulations of the Secretary and including any loans which are insured by the Secretary under this part, or by a guaranty agency, made to such person before he became a graduate or professional student), except that the Secretary shall increase the limit applicable to students who are pursuing programs which the Secretary determines are exceptionally expensive;

"(C) authorizes the insurance of loans to any individual student for at least six academic years of study or their equivalent (as determined under regulations of the Secretary);

"(D) provides that (i) the student borrower shall be entitled to accelerate without penalty the whole or any part of an insured loan, (ii) except as provided in subparagraph (M) of this paragraph, the repayment period of any insured loan may not exceed 10 years, and (iii) the note or other written evidence of any loan, may contain such provisions relating to repayment in the event of default by the borrower as may be authorized by regulations of the Secretary in effect at the time such note or written evidence was executed;

"(E) subject to subparagraphs (D) and (L) of this paragraph and except as provided by subparagraph (M) of this paragraph, provides that repayment of loans shall be in installments over a period of not less than five years (unless the student, during the nine months preceding the start of the repayment period, specifically requests that repayment be made over a shorter period) nor more than ten years beginning nine months after the month in which the student ceases to carry at least one-half the normal full-time academic workload as determined by the institution;

"(F) authorizes interest on the unpaid balance of the loan at a yearly rate not in excess of 7 percent per year on the unpaid principal balance of the loan (exclusive of any premium for insurance which may be passed on to the borrower), except as otherwise required by section 427A;

"(G) insures not less than 100 percent of the unpaid principal of loans insured under the program;

"(H) provides for collection of an insurance premium equal to not more than 3 percent per loan, by deduction proportionately from each installment payment of the proceeds of the loan to the borrower, and insures that the proceeds of the premium will not be used for incentive payments to lenders;

"(I) provides that the benefits of the loan insurance program will not be denied any student who is eligible for interest benefits under subsection (a) (1) and (2);

"(J) provides that a student may obtain insurance under the program for a loan for any year of study at an eligible institution;

"(K) in the case of a State program, provides that such State program is administered by a single State agency, or by one or more nonprofit private institutions or organizations under supervision of a single State agency;

"(L) provides that the total of the payments by a borrower during any year of any repayment period with respect to the aggregate amount of all loans to that borrower which are insured under this part shall not, unless the borrower and the lender otherwise agree, be less than $600 or the balance of all such loans (together with interest thereon), whichever amount is less, except that, in the case of a husband and wife, both of whom have such loans outstanding, the total of the combined payments for such a couple during any year shall not be less than $600 or the balance of all such loans, whichever is less;

"(M) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid, during any period—

"(i) during which the borrower is carrying at least one-half the full-time academic workload as determined by an eligible institution, is pursuing a course of study pursuant to a graduate fellowship program approved by the Secretary, or pursuant to a rehabilitation training program for disabled individuals approved by the Secretary;

"(ii) not in excess of three years during which the borrower is a member of the Armed Forces of the United States, is an active duty member of the National Oceanic and Atmospheric Administration Corps, or is an officer in the Commissioned Corps of the Public Health Service;

"(iii) not in excess of three years during which the borrower is in service as a volunteer under the Peace Corps Act;

"(iv) not in excess of three years during which the borrower is in service as a full-time volunteer under the Domestic Volunteer Service Act of 1973;

"(v) not in excess of three years during which the borrower is in service, comparable to the service referred to in clauses (iii) and (iv), as a full-time volunteer for an organization which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1954;

"(vi) not in excess of five years during which the borrower is engaged as a full-time teacher in a public or private elementary or secondary school;

"(vii) not in excess of two years during which the borrower is serving an internship, the successful completion of which is required in order to receive professional recognition required to begin professional practice or service;

"(viii) not in excess of three years during which the borrower is temporarily totally disabled, as established by sworn affidavit of a qualified physician, or during which the borrower is unable to secure employment by reason of the care required by a spouse who is so disabled;

"(ix) not in excess of three years during which a single parent borrower is unable to secure employment by reason of the care required by a disabled child of such borrower (as defined in section 435(g)(3));

"(x) during a single period, not in excess of twelve months, at the request of the borrower, during which the borrower is seeking and unable to find full-time employment; and

"(xi) not in excess of six months of parental leave;

"(N) provides that funds borrowed by a student are disbursed to the institution by check or other means that is payable to and requires the endorsement or other certification by such student, except nothing in this title shall be interpreted to allow the Secretary to require checks to be made co-payable to the institution and the borrower or to prohibit the disbursement of loan proceeds by means other than by check;

"(O) provides that the proceeds of any loan made for any period of enrollment of more than six months, one semester, two quarters, or 600 clock hours and for an amount of $1,000 or more—

"(i) will be disbursed directly by the lender in two or more installments, none of which exceeds one-half of the loan, with the interval between the first and second installment being not less than one-third of such period (except as necessary to permit the second installment to be disbursed at the beginning of the second semester, quarter, or similar division of such period of enrollment), or

"(ii) will be disbursed in such installments pursuant to the escrow provisions of subsection (i) of this section,

but all loans issued for the same period of enrollment shall be considered as a single loan for purposes of this subparagraph;

"(P) requires the borrower and the institution at which the borrower is in attendance to promptly notify the holder of the loan, directly or through the guaranty agency, concerning any change of address or status;

"(Q) provides for the guarantee of loans made to students and parents under sections 428B and 428C;

"(R) with respect to lenders which are eligible institutions, provides for the insurance of loans by only such institutions as are located within the geographic area served by such guaranty agency;

"(S) provides no restrictions with respect to the insurance of loans for students who are otherwise eligible for loans under such program if such a student is accepted for enrollment in or is attending an eligible institution within the State, or if such a student is a legal resident of the State and is accepted for enrollment in or is attending an eligible institution outside that State;

"(T) provides no restrictions with respect to eligible institutions which are more onerous than eligibility requirements for institutions under the Federal student loan insurance program as in effect on January 1, 1985, unless—

"(i) that institution is ineligible under regulations for the limitation, suspension, or termination of eligible institutions under the Federal student loan insurance program or is ineligible pursuant to criteria issued under the student loan insurance program which are substantially the same as regulations with respect to such eligibility issued under the Federal student loan insurance program; or

"(ii) there is a State constitutional prohibition affecting the eligibility of such an institution; and

"(U) provides (i) for the eligibility of all lenders described in section 435(d)(1) under reasonable criteria, unless (I) that lender is eliminated as a lender under regulations for the limitation, suspension, or termination of lender under the Federal student loan insurance program or is eliminated as a lender pursuant to criteria issued under the student loan insurance program which are substantially the same as regulations with respect to such eligibility as a lender issued under the Federal student loan insurance program, or (II) there is a State constitutional prohibition affecting the eligibility of a lender, and (ii) assurances that the guaranty agency will report to the Secretary annually concerning such criteria, including any procedures in effect under such program to limit, suspend, or terminate lenders.

"(2) CONTENTS OF INSURANCE PROGRAM AGREEMENT.—Such an agreement shall—

"(A) provide that the holder of any such loan will be required to submit to the Secretary, at such time or times and in such manner as the Secretary may prescribe, statements containing such information as may be required by or pursuant to regulation for the purpose of enabling the Secretary to determine the amount of the payment which must be made with respect to that loan;

"(B) include such other provisions as may be necessary to protect the financial interests of the United States and promote the purposes of this part, including such provisions as may be necessary for the purpose of section 437, and as are agreed to by the Secretary and the guaranty agency, as the case may be;

"(C) provide for making such reports, in such form and containing such information, as the Secretary may reasonably require to carry out functions under this part, and for keeping such records and for affording such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports; and

"(D) provide for—

"(i) conducting, except as provided in clause (ii), financial and compliance audits of the guaranty agency at least once every two years and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary; or

"(ii) with regard to a guaranty program of a State which is audited under chapter 75 of title 31, United States Code, deeming such audit to satisfy the requirements of clause (i) for the period of time covered by such audit.

"(c) GUARANTY AGREEMENTS FOR REIMBURSING LOSSES.—

"(1) AUTHORITY TO ENTER INTO AGREEMENTS.—(A) The Secretary may enter into a guaranty agreement with any guaranty agency, whereby the Secretary shall undertake to reimburse it, under such terms and conditions as the Secretary may establish, with respect to losses (resulting from the default of the student borrower) on the unpaid balance of the principal and accrued interest of any insured loan. The guaranty agency shall be deemed to have a contractual right against the United States, during the life of such loan, to receive reimbursement according to the provisions of this subsection. Upon receipt of an accurate and complete request by a guaranty agency for reimbursement with respect to such losses, the Secretary shall pay promptly and without administrative delay. Except as provided in subparagraph (B) of this paragraph and in paragraph (7), the amount to be paid a guaranty agency as reimbursement under this subsection shall be equal to 100 percent of the amount expended by it in discharge of its insurance obligation incurred under its loan insurance program. In no case shall a guaranty agency file a claim under this subsection for reimbursement with respect to losses prior to 270 days after the loan becomes delinquent with respect to any installment thereon.

"(B) Notwithstanding subparagraph (A)—

"(i) if, for any fiscal year, the amount of such reimbursement payments by the Secretary under this subsection exceeds 5 percent of the loans which are insured by such guaranty agency under such program and which were in repayment at the end of the preceding fiscal year, the amount to be paid as reimbursement under this subsection for such excess shall be equal to 90 percent of the amount of such excess; and

"(ii) if, for any fiscal year, the amount of such reimbursement payments, exceed 9 percent of such loans, the amount to be paid as reimbursement under this subsection for such excess shall be equal to 80 percent of the amount of such excess.

"(C) For purposes of this subsection, the amount of loans of a guaranty agency which are in repayment shall be the original principal amount of loans made by a lender which are insured by such a guaranty agency reduced by—

"(i) the amount the insurer has been required to pay to discharge its insurance obligations under this part;

"(ii) the original principal amount of loans insured by it which have been fully repaid; and

"(iii) the original principal amount insured on those loans for which payment of the first installment of principal has not become due pursuant to subsection (b)(1)(E) of this section or such first installment need not be paid pursuant to section 428(b)(1)(M).

"(2) CONTENTS OF GUARANTY AGREEMENTS.—The guaranty agreement—

"(A) shall set forth such administrative and fiscal procedures as may be necessary to protect the United States from the risk of unreasonable loss thereunder, to insure proper and efficient administration of the loan insurance program, and to assure that due diligence will be exercised in the collection of loans insured under the program, including a requirement that each beneficiary of insurance on the loan submit proof that reasonable attempts were made to locate the borrower (when the location of the borrower is unknown) and proof that contact was made with the borrower (when the location is known);

"(B) shall provide for making such reports, in such form and containing such information, as the Secretary may reasonably require to carry out functions under this subsection, and for keeping such records and for affording such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports;

"(C) shall set forth adequate assurances that, with respect to so much of any loan insured under the loan insurance program as may be guaranteed by the Secretary pursuant to this subsection, the undertaking of the Secretary under the guaranty agreement is acceptable in full satisfaction of State law or regulation requiring the maintenance of a reserve;

"(D) shall provide that if, after the Secretary has made payment under the guaranty agreement pursuant to paragraph (1) of this subsection with respect to any loan, any payments are made in discharge of the obligation incurred by the borrower with respect to such loan (including any payments of interest accruing on such loan after such payment by the Secretary), there shall be paid over to the Secretary (for deposit in the fund established by section 431) such proportion of the amounts of such payments as is determined (in accordance with paragraph (6)) to represent his equitable share thereof, but (i) shall provide for subrogation of the United States to the rights of any insurance beneficiary only to the extent required for purposes of paragraph (8); and (ii) except as the Secretary may otherwise by or pursuant to regulation provide, amounts so paid by a borrower on such a loan shall be first applied in reduction of principal owing on such loan;

"(E) shall set forth adequate assurance that an amount equal to each payment made under paragraph (1) will be promptly deposited in or credited to the accounts maintained for purposes of section 422(c);

"(F) set forth adequate assurances that the guaranty agency will not engage in any pattern or practice which results in a denial of a borrower's access to loans under this part because of the borrower's race, sex, color, religion, national origin, age, handicapped status, income, attendance at a particular eligible institution within the area served by the guaranty agency, length of the borrow-

er's educational program, or the borrower's academic year in school; and

"(G) may include such other provisions as may be necessary to promote the purposes of this part.

"(3) FORBEARANCE.—To the extent provided in regulations of the Secretary, a guaranty agreement under this subsection may contain provisions which permit such forbearance for the benefit of the student borrower as may be agreed upon by the parties to an insured loan and approved by the insurer. Such regulations shall not preclude guaranty agencies from permitting the parties to such a loan from entering into a forbearance agreement solely because the loan is in default.

"(4) DEFINITIONS.—For purposes of this subsection, the terms 'insurance beneficiary' and 'default' have the meanings assigned to them by section 435.

"(5) APPLICABILITY TO EXISTING LOANS.—In the case of any guaranty agreement with a guaranty agency, the Secretary may, in accordance with the terms of this subsection, undertake to guarantee loans described in paragraph (1) which are insured by such guaranty agency and are outstanding on the date of execution of the guaranty agreement, but only with respect to defaults occurring after the execution of such guaranty agreement or, if later, after its effective date.

"(6) SECRETARY'S EQUITABLE SHARE.—(A) For the purpose of paragraph (2)(D), the Secretary's equitable share of payments made by the borrower shall be that portion of the payments remaining after the guaranty agency with which the Secretary has an agreement under this subsection has deducted from such payments—

"(i) a percentage amount equal to the complement of the reinsurance percentage in effect when payment under the guaranty agreement was made with respect to the loan; and

"(ii) an amount equal to 30 percent of such payments for the administrative costs of collection of loans reimbursed under this subsection, the administrative costs of preclaims assistance for default prevention, the administrative costs of supplemental preclaims assistance for default prevention, and the administrative costs of monitoring the enrollment and repayment status of students (as such terms are defined in subparagraph (B) or (C) of this paragraph).

"(B) For the purpose of this paragraph, the term—

"(i) 'administrative costs of collection of loans' means any administrative costs incurred by a guaranty agency which are directly related to the collection of the loan on which a default claim has been paid to the participating lender, including the attributable compensation of collection personnel (and in the case of personnel who perform several functions for such an agency only the portion of the compensation attributable to the collection activity), attorney's fees, fees paid to collection agencies, postage, equipment, supplies, telephone and similar charges, but does not include the overhead costs of such agency whether or not attributable;

"(ii) 'administrative costs of preclaim assistance for default prevention' means any administrative costs incurred by a guaranty agency which are directly related to providing collection assistance to the lender on a delinquent loan, prior to the loan's being legally in a default status, including the attributable compensation of appropriate personnel (and in the case of personnel who perform several functions for such an agency only the portion of compensation attributable to the collection activity), fees paid to locate a missing borrower, postage, equipment, supplies, telephone and similar charges, but does not include the overhead costs of such agency whether or not attributable; and

"(iii) 'administrative costs of monitoring the enrollment and repayment status of students' means any administrative costs by a guaranty agency which are directly related to ascertaining the student's enrollment status, prompt notification to the lender of such status, an audit of the note or written agreement to determine if the provisions of that note or agreement are consistent with the records of the guaranty agency as to the principal amount of the loan guaranteed, and an examination of the note or agreement to assure that the repayment provisions are consistent with the provisions of this part,

subject to such additional criteria as the Secretary may by regulation prescribe.

"(C)(i) For purposes of this paragraph, 'administrative costs of supplemental preclaims assistance' means (subject to divisions (ii) through (iv)) any administrative costs—

"(I) incurred by a guaranty agency in connection with a loan on which the guarantor has exercised pre-claims assistance required or permitted under paragraph (2)(A) of this subsection and subsection (f), and which has been in delinquent status for at least 120 days; and

"(II) which are directly related to providing collection assistance to the lender on a delinquent loan, prior to a claim being filed with the guaranty agency,

including the attributable compensation of appropriate personnel (and in the case of personnel who perform several functions, only the portion of compensation attributable to the collection assistance), fees paid to locate a missing borrower, postage, equipment, supplies, telephone, and similar charges, but does not include overhead costs.

"(ii) The administrative costs for which reimbursement is authorized under this subparagraph must be clearly supplemental to the preclaim assistance for default prevention which the guaranty agency is required or permitted to provide pursuant to paragraph (2)(A) of this subsection and subsection (f).

"(iii) The services associated with carrying out this subparagraph may be provided by the guaranty agency directly or under contract, except that such services may not be carried out by an organization or entity (other than the guaranty agency)—

"(I) that is the holder or servicer of the loan or an organization or entity that owns or controls the holder or servicer of the loan; or

"(II) that is owned or controlled by the same corporation, partnership, association, or individual that owns or controls the holder or servicer of the loan.

"(iv) The costs for each delinquent loan associated with carrying out this subparagraph may not exceed 2 percent of the outstanding principal balance of each such loan subject to the supplemental preclaims assistance authorized by this subparagraph or $100, whichever is less.

"(7) NEW PROGRAMS ELIGIBLE FOR 100 PERCENT REINSURANCE.—(A) Notwithstanding paragraph (1)(B), the amount to be paid a guaranty agency for any fiscal year—

"(i) which begins on or after the effective date of this paragraph; and

"(ii) which is either the fiscal year in which such guaranty agency begins to actively carry on a student loan insurance program which is subject to a guaranty agreement under subsection (b) of this section, or is one of the four succeeding fiscal years,

shall be 100 percent of the amount expended by such guaranty agency in discharge of its insurance obligation insured under such program.

"(B) The Secretary shall continuously monitor the operations of those guaranty agencies to which the provisions of subparagraph (A) are applicable and revoke the application of such subparagraph to any such guaranty agency which the Secretary determines has not exercised reasonable prudence in the administration of such program.

"(8) ASSIGNMENT TO PROTECT FEDERAL FISCAL INTEREST.—If the Secretary determines that the protection of the Federal fiscal interest so requires, a guaranty agency shall assign to the Secretary any loan of which it is the holder and for which the Secretary has made a payment pursuant to paragraph (1) of this subsection.

"(9) REHABILITATION OF DEFAULTED LOANS.—(A) Upon securing consecutive payments for 6 months of amounts owed on a loan for which the Secretary has made a payment under paragraph (1) of this subsection, or upon a determination that a loan was in default due to clerical or data processing error and would not, in the absence of such error, be in a delinquent status, the guaranty agency (pursuant to an agreement with the Secretary) or the Secretary shall, if practicable, sell the rehabilitated loan to an eligible lender, other than an eligible lender who has been found by the guaranty agency or the Secretary to have substantially failed to exercise the due diligence required of lenders under this part. Such agreement between the guaranty agency and the Secretary shall provide—

"(i) for the repayment by the agency to the Secretary of 70 percent of the amount of the principal balance outstanding at the time of such sale multiplied by a percentage amount equal to the complement of the reinsurance percentage in effect when payment under the guaranty agreement was made with respect to the loan; and

"(ii) for the reinstatement by the Secretary (I) of the obligation to reimburse such agency for the amount expended by it in discharge of its insurance obligation under its loan insurance program and (II) of the obligation to pay to the holder of the rehabilitated loan a special allowance pursuant to section 438.

"(B) Amounts received by the Secretary pursuant to the sale of rehabilitated loans by a guaranty agency under this paragraph shall be deducted from the calculations of the amount of reimbursement for which the agency is eligible under paragraph (1)(B) of this section for the fiscal year in which the amount was received, notwithstanding the fact that the default occurred in a prior fiscal year.

"(C) Any borrower whose loan is rehabilitated under subparagraph (A), and who makes scheduled repayments of the rehabilitated loan for a period of twelve months under subparagraph (A), shall not be precluded by section 484 from receiving additional loans under this title (for which he or she is otherwise eligible) on the basis of defaulting on the loan prior to rehabilitation.

"(D) A loan which is rehabilitated under this paragraph shall, so long as the borrower

continues to make scheduled repayments thereon, be subject to the same terms and conditions and qualify for the same benefits and privileges as other loans made under this part.

"(d) APPLICABILITY OF OTHER LAW.—

"(1) USURY LAWS INAPPLICABLE.—No provision of any law of the United States (other than sections 427(a)(2)(D), 427(b), and 427A of this Act) or of any State (other than a statute applicable principally to such State's student loan insurance program) which limits the rate or amount of interest payable on loans shall apply to a loan—

"(A) which bears interest (exclusive of any premium for insurance) on the unpaid principal balance at a rate not in excess of the rate specified in this part; and

"(B) which is insured (i) by the United States under this part, or (ii) by a guaranty agency under a program covered by an agreement made pursuant to subsection (b) of this section.

"(2) STATUTES OF LIMITATIONS.—Notwithstanding any provision of State law that would set an earlier deadline for filing suit—

"(A) a guaranty agency which has an agreement with the Secretary under subsection (c) may file suit for collection of the amount due from a borrower on a loan made under this part during a period of time extending at least until a date six years (exclusive of periods during which the State statute of limitations period otherwise applicable to the suit would be tolled under State law) after the date such guaranty agency reimburses the previous holder of the loan for its loss on account of the default of the borrower; and

"(B) subject to the provisions of section 2416 of title 28 of the United States Code, the Attorney General may file suit for collection of the amount due the Secretary from a borrower pursuant to subsections (c)(2)(D) and (c)(8) of this section until six years following the date on which the loan is assigned to the Secretary under this part.

"(3) DEFENSE OF INFANCY.—Notwithstanding any provision of State law to the contrary, in collecting any obligation arising from a loan made under this part, a guaranty agency or the Secretary shall not be subject to a defense raised by any borrower based on a claim of infancy.

"(e) PAYMENTS FOR LENDER REFERRAL SERVICES.—

"(1) IN GENERAL.—The Secretary shall make payments in accordance with this paragraph to a guaranty agency in any State which provides a lender referral service for students who meet the requirements of paragraph (2).

"(2) STUDENT ELIGIBILITY.—A student is eligible to apply for lender referral services to a guaranty agency in a State if—

"(A) such student is either a resident of such State or is accepted for enrollment in or is attending an eligible institution in such State; and

"(B) such student has sought and was unable to find a lender willing to make a loan under this part.

"(3) AMOUNT OF PAYMENT.—The amount which the Secretary shall pay to any eligible guaranty agency under this paragraph shall be equal to one-half of 1 percent of the total principal amount of the loans (upon which insurance was issued under this part) to a student described in paragraph (2) who subsequently obtained such loans because of such agency's referral service.

"(4) INCENTIVE FEES TO LENDERS.—Nothing in this or any law shall prohibit an agency from using all or a portion of the funds received under this part for the payment of incentive fees to lenders who agree to participate in a lender referral service.

"(5) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated such sums as are necessary to carry out the provisions of this paragraph.

"(f) PAYMENTS OF CERTAIN COSTS.—

"(1) PAYMENTS BASED ON INSURANCE PROGRAM AGREEMENT.—(A) The Secretary shall make payments in accordance with the provisions of this paragraph to any guaranty agency for the purposes of—

"(i) the administrative cost of promotion of commercial lender participation;

"(ii) the administrative costs of collection of loans;

"(iii) the administrative costs of preclaims assistance for default prevention;

"(iv) the administrative costs of monitoring the enrollment and repayment status of students; or

"(v) other such costs related to the student loan insurance program subject to such agreement.

"(B) The total amount of payments for any fiscal year made under this paragraph shall be equal to 1 percent of the total principal amount of the loans upon which insurance was issued under this part during such fiscal year by such guaranty agency. The guaranty agency shall be deemed to have a contractual right against the United States to receive payments according to the provisions of this subparagraph. Payments shall be made promptly and without administrative delay to any guaranty agency submitting an accurate and complete application therefor under this subparagraph.

"(2) APPLICATIONS FOR PAYMENTS.—No payment may be made under paragraph (1) of this subsection unless the guaranty agency submits to the Secretary an application at such time, at least annually, in such manner, and containing or accompanied by such information, as the Secretary may reasonably require. Each such application shall—

"(A) set forth assurances that the student loan insurance program subject to the guaranty agreement complies with subparagraphs (A), (B), (G), (R), (S), (T), and (U) of subsection (b)(1);

"(B) contain provisions designed to demonstrate the capability of carrying out a necessary and successful program of collection of and preclaim assistance for the loan program subject to that agreement;

"(C) set forth an estimate of the costs which are eligible for payment under the provisions of this subsection;

"(D) provide for such administrative and fiscal procedures, including an audit, as are necessary to carry out the provisions of this subsection; and

"(E) set forth assurances that the guaranty agency will furnish such data and information, including where necessary estimates, as the Secretary may reasonably require to carry out the provisions of this subsection.

"(g) ACTION ON INSURANCE PROGRAM AND GUARANTY AGREEMENTS.—If a nonprofit private institution or organization—

"(1) applies to enter into an agreement with the Secretary under subsections (b) and (c) with respect to a student loan insurance program to be carried on in a State with which the Secretary does not have an agreement under subsection (b), and

"(2) as provided in the application, undertakes to meet the requirements of section 422(c)(6)(B) (i), (ii), and (iii),

the Secretary shall consider and act upon such application within 180 days, and shall forthwith notify the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives of his actions.

"(h) LENDING BY GUARANTY AGENCIES.—

"(1) LENDING FROM SALLIE MAE ADVANCES.—From sums advanced by the Association pursuant to section 439(p), each guaranty agency or an eligible lender in a State described in section 435(d)(1) (D) or (F) of the Act is authorized to make loans directly to students otherwise unable to obtain loans under this part.

"(2) AMOUNT OF ADVANCES.—(A) Each guaranty agency or an eligible lender in a State described in section 435(d)(1) (D) or (F) which has an application approved under section 439(p)(2) may receive advances under section 439(p) for each fiscal year in an amount necessary to meet the demand for loans under this section. The amount such agency or lender is eligible to receive may not exceed 25 percent of the average of the loans guaranteed by that agency or lender for the three years preceding the fiscal year for which the determination is made. Whenever the determination required by the preceding sentence cannot be made because the agency or lender does not have three years previous experience, the amount such agency or lender is eligible to receive may not exceed 25 percent of the loans guaranteed under a program of a State of comparable size.

"(B) Each guaranty agency and each eligible lender in a State described in section 435(d)(1) (D) or (F) shall repay advances made under section 439(p) in accordance with agreements entered into between the Association and such agency or lender.

"(3) LOAN TERM, CONDITIONS, AND BENEFITS.—Loans made pursuant to this subsection shall have the same terms, conditions, and benefits as all other loans made under this part.

"(i) MULTIPLE DISBURSEMENT OF LOANS.—

"(1) ESCROW ACCOUNTS ADMINISTERED BY GUARANTY AGENCY.—Any guaranty agency may enter into an agreement with any eligible lender (other than an eligible institution or an agency or instrumentality of the State) for the purpose of authorizing multiple disbursements of the proceeds of a loan under which the lender will pay the proceeds of such loans into an escrow account to be administered by the guaranty agency in accordance with the provisions of paragraph (2) of this subsection. Such agreement may allow that the lender make payments into the escrow account in amounts that do not exceed the sum of the amounts required for disbursement of initial or subsequent installments to borrowers and that the lender make such payments not more than 45 days prior to the date of the disbursement of such installment to such borrowers. Such agreement shall require the lender to notify promptly the eligible institution when funds are escrowed under this subsection for a student at such institution.

"(2) AUTHORITY OF GUARANTY AGENCY.—Each guaranty agency entering into an agreement under paragraph (1) of this subsection is authorized to—

"(A) make the disbursements in accordance with the note evidencing the loan;

"(B) commingle the proceeds of all loans paid to it pursuant to the escrow agreement entered into under such paragraph (1);

"(C) invest the proceeds of such loans in obligations of the Federal Government or obligations which are insured or guaranteed by the Federal Government;

"(D) retain interest or other earnings on such investment; and

"(E) return to the eligible lender undisbursed funds when the student ceases to carry at an eligible institution at least one-half of the normal full-time academic workload as determined by the institution.

"(j) LENDERS-OF-LAST-RESORT.—In each State, the guaranty agency or an eligible lender in the State described in section 435(d)(1)(D) of the Act (1) shall make loans directly, or through an agreement with an eligible lender or lenders, to students eligible to receive interest benefits paid on their behalf under subsection (a) of this section who are otherwise unable to obtain loans under this part, and (2) shall purchase any loan which is rehabilitated pursuant to subsection (c)(9) if the purchase of such loan has been rejected by two or more other eligible lenders. Loans made under this subsection shall not exceed the amount of the need of the borrower, as determined under subsection (a)(2)(B), nor be less than $200.

"SEC. 428A. COMMINGLING OF FUNDS.

"Notwithstanding any other provision of this part, funds received by a guaranty agency under any provision of this part may be commingled with funds received under any other provision of this part and may be used to carry out the purposes of such other provision, except that—

"(1) the total amount expended for the purposes of such other provision shall not exceed the amount the guaranty agency would otherwise be authorized to expend; and

"(2) the authority to commingle such funds shall not relieve such agency of any accounting or auditing obligations under this part.

"SEC. 428B. SUPPLEMENTAL LOANS FOR STUDENTS.

"(a) AUTHORITY TO BORROW.—Students shall be eligible to borrow funds under this section in amounts specified in subsection (b), and unless otherwise specified in subsections (c) and (d), loans under this section shall have the same terms, conditions, and benefits as all other loans made under this part.

"(b) LIMITATIONS ON AMOUNTS OF LOANS.—

(1) ANNUAL LIMIT.—Subject to paragraphs (2) and (3), the maximum amount a student may borrow in any academic year or its equivalent (as defined by regulation by the Secretary) is $4,000.

"(2) AGGREGATE LIMIT.—The aggregate insured principal amount for insured loans made to any student under this section shall not exceed $20,000.

"(3) LIMITATION BASED ON NEED.—Any loan under this section may be counted as part of the expected family contribution in the determination of need under this title, but no loans may be made to any student under this section which would cause his or her combined loans for any academic year to exceed the student's estimated cost of attendance minus such student's estimated financial assistance as certified by the eligible institution under section 428(a)(2)(A) of this part. The annual insurable limit on account of the student shall not be deemed to be exceeded by a line of credit under which actual payments to the borrower will not be made in any year in excess of the annual limit.

"(c) INTEREST RATES AND SUBSIDIES.—

"(1) CAPITALIZATION OF INTEREST.—Interest on loans made under this section shall, at the option of the lender (A) be paid quarterly or (B) be added to the principal amount of the loan on a quarterly basis by the lender. Such capitalization of interest shall not be deemed to exceed the annual insurable limit on account of the student.

"(2) SUBSIDIES PROHIBITED.—No payments to reduce interest costs shall be paid pursuant to section 428(a) of this part on loans made pursuant to this section.

"(3) APPLICABLE RATES OF INTEREST.—Interest on loans made pursuant to this section shall be at the rate provided in section 427A(c).

"(d) REFINANCING.—Notwithstanding the annual insurable limit on account of the student, an eligible lender may provide for the consolidation of loans made under this section, including loans made under section 428B as in effect prior to the enactment of this Act, under a single repayment schedule, and shall calculate the repayment period for each included loan from the date of the commencement of repayment of the most recent included loan.

"SEC. 428C. LOANS FOR PARENTS.

"(a) AUTHORITY TO BORROW.—Parents of a student shall be eligible to borrow funds under this section in amounts specified in subsection (b), and unless otherwise specified in subsections (c) and (d), such loans shall have the same terms, conditions, and benefits as all other loans made under this part. Whenever necessary to carry out the provisions of this section, the term 'student' and 'borrower' used in this part shall include a parent borrower under this section, but such a parent borrower shall not be eligible for any deferment pursuant to section 427(a)(2)(C) or 428(b)(1)(M) except for the deferments allowed under clauses (viii) and (x) of such sections.

"(b) LIMITATIONS ON AMOUNTS OF LOANS.—

"(1) ANNUAL LIMIT.—Subject to paragraphs (2) and (3), the maximum amount parents may borrow for one student in any academic year or its equivalent (as defined by regulation of the Secretary) is $4,000.

"(2) AGGREGATE LIMIT.—The aggregate insured principal amount for insured loans made to parents on account of a student shall not exceed $20,000.

"(3) LIMITATION BASED ON NEED.—Any loan under this section may be counted as part of the expected family contribution in the determination of need under this title, but no loan may be made to any parent under this section which would cause the combined loans of the parent and the student for any academic year to exceed the student's estimated cost of attendance minus such student's estimated financial assistance as certified by the eligible institution under section 428(a)(2)(A) of this part. The annual insurable limit on account of any student shall not be deemed to be exceeded by a line of credit under which actual payments to the borrower will not be made in any year in excess of the annual limit.

"(c) PAYMENT OF PRINCIPAL AND INTEREST.—

"(1) COMMENCEMENT OF REPAYMENT.—Repayment of principal on loans made under this section shall commence not later than 90 days after the date such loan is disbursed by a lender.

"(2) SUBSIDIES PROHIBITED.—No payments to reduce interest costs shall be paid pursuant to section 428(a) of this part on loans made pursuant to this section.

"(3) APPLICABLE RATES OF INTEREST.—Interest on loans made pursuant to this section shall be at the rate provided in section 427A(c).

"(d) REFINANCING.—Notwithstanding the annual insurable limit on account of the parent, an eligible lender, may provide for the consolidation of loans made under this section, including loans made under section 428B as in effect prior to the enactment of Higher Education Amendments of 1985, under a single repayment schedule, and shall calculate the repayment period for each included loan from the date of the commencement of repayment of the most recent included loan.

"SEC. 428D. CONSOLIDATION LOANS.

"(a) AGREEMENTS WITH ELIGIBLE LENDERS.—

"(1) AGREEMENT REQUIRED FOR INSURANCE COVERAGE.—For the purpose of providing loans to eligible borrowers for consolidation of their obligations with respect to student loans made, insured, or guaranteed under this part or made under part E of this title, the Secretary or a guaranty agency shall enter into agreements in accordance with subsection (b) with the following eligible lenders:

"(A) the Student Loan Marketing Association;

"(B) State agencies described in subparagraph (F) of section 435(d)(1); and

"(C) other eligible lenders described in subparagraphs (A) through (E) of such section.

"(2) INSURANCE COVERAGE OF CONSOLIDATIONS LOANS.—Except as provided in sections 429(e) and 439(o), no contract of insurance under this part shall apply to a consolidation loan unless such loan is made under an agreement pursuant to this section and is covered by a certificate issued in accordance with subsection (b)(2). Loans covered by such a certificate that is issued by a guaranty agency shall be considered to be insured loans for the purposes of reimbursements under section 428(c), but no payment shall be made with respect to such loans under section 428(f) to any such agency.

"(3) DEFINITION OF ELIGIBLE BORROWER.—(A) For the purpose of this section, the term 'eligible borrower' means a borrower who, at the time of application for a consolidation loan—

"(i) has an outstanding indebtedness of not less than $7,500;

"(ii) is in repayment status, or in a grace period preceding repayment, and is not delinquent with respect to any required payment on such indebtedness by more than 60 days; and

"(iii) is not a parent borrower under section 428C.

"(B) An individual's status as an eligible borrower under this section terminates upon receipt of a consolidation loan under this section except with respect to loans received under this title after the date of receipt of the consolidation loan. Loans made under this section shall, to the extent used to discharge loans made under this part, be counted against the applicable limitations on aggregate indebtedness contained in sections 425(a)(2) and 428(b)(1)(B).

"(b) CONTENTS OF AGREEMENTS, CERTIFICATES OF INSURANCE, AND LOAN NOTES.—

"(1) AGREEMENTS WITH LENDERS.—Any lender described in subparagraph (A), (B), or (C) of subsection (a)(1) who wishes to make consolidation loans under this section shall enter into an agreement with the Secretary or a guaranty agency which provides—

"(A) that, in the case of all lenders described in subsection (a)(1), the lender will make a consolidation loan to an eligible borrower (on request of that borrower) only if (I) the lender holds an outstanding loan of that borrower which is selected by the borrower for consolidation under this section, or (II) the borrower certifies that the borrower has sought and has been unable to obtain a consolidation loan from the holders

of the outstanding loans of that borrower (which are so selected for consolidation);

"(B) that each consolidation loan made by the lender will bear interest, and be subject to repayment, in accordance with subsection (c);

"(C) that each consolidation loan will be made, notwithstanding any other provision of this part limiting the maximum principal amount for all insured loans made to a borrower, in an amount (i) which is not less than the minimum amount required for eligibility of the borrower under subsection (a)(2), and (ii) which is equal to the sum of the unpaid principal and accrued unpaid interest and late charges of all loans received by the eligible borrower under this title which are selected by the borrower for consolidation;

"(D) that the proceeds of each consolidation loan will be paid by the lender to the holder or holders of the loans so selected to discharge the liability on such loans;

"(E) that the lender will make a reasonable effort to notify each borrower who has received a loan or loans under this title which are held by the lender of the availability and terms of consolidation loans under this section; and

"(F) such other terms and conditions as the Secretary or the guaranty agency may specifically require of the lender to carry out this section.

"(2) ISSUANCE OF CERTIFICATE OF COMPREHENSIVE INSURANCE COVERAGE.—The Secretary shall issue a certificate of comprehensive insurance coverage under section 429(b) to a lender which has entered into an agreement with the Secretary under paragraph (1) of this subsection. The guaranty agency shall issue certificates of insurance to a lender with which it has an agreement under such paragraph. The Secretary shall not issue a certificate to a lender described in subsection (a)(1)(B) if the Secretary determines that such lender has reasonable access in its State, for the purpose of obtaining such a certificate, to a guaranty agency.

"(3) CONTENTS OF CERTIFICATE.—A certificate issued under paragraph (2) shall, at a minimum, provide—

"(A) that all consolidation loans made by such lender in conformity with the requirements of this section will be insured by the Secretary or the guaranty agency (whichever is applicable) against loss of principal and interest;

"(B) that a consolidation loan will not be insured unless the lender has obtained from the holder or holders of each loan being consolidated a certificate—

"(i) that the loan is a legal, valid, and binding obligation of the borrower;

"(ii) that each loan was made and serviced in compliance with applicable laws and regulations; and

"(iii) in the case of loans under this part, that the insurance on such loan is in full force and effect;

"(C) the effective date and expiration date of the certificate;

"(D) the aggregate amount to which the certificate applies;

"(E) the reporting requirements of the Secretary on the lender and an identification of the office of the Department of Education or of the guarantee agency which will process claims and perform other related administrative functions;

"(F) the alternative repayment terms which will be offered to borrowers by the lender;

"(G) that, if the lender prior to the expiration of the certificate no longer proposes to make consolidation loans, the lender will so notify the Secretary in order that the certificate may be terminated (without affecting the insurance on any consolidation loan made prior to such termination); and

"(H) the terms upon which the Secretary may limit, suspend, or terminate the lender's authority to make consolidation loans under the certificate (without affecting the insurance on any consolidation loan made prior to such limitation, suspension, or termination).

"(4) TERMS AND CONDITIONS OF LOANS.—A consolidation loan made pursuant to this section shall be insurable by the Secretary or a guaranty agency pursuant to paragraph (2) only if the loan is made to an eligible borrower who has agreed to notify the holder of the loan promptly concerning any change of address and the loan is evidenced by a note or other written agreement which—

"(A) is made without security and without endorsement, except that if the borrower is a minor and such note or other written agreement executed by him or her would not, under applicable law, create a binding obligation, endorsement may be required;

"(B) provides for the payment of interest and the repayment of principal in accordance with subsection (c) of this section;

"(C) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid, during any period for which the borrower would be eligible for a deferral under section 427(a)(2)(C) or 428(b)(1)(M), and that any such period shall not be included in determining the repayment period pursuant to subsection (c)(2) of this section;

"(D) entitles the borrower to accelerate without penalty repayment of the whole or any part of the loan; and

"(E)(i) contains a notice of the system of disclosure concerning such loan to credit bureau organizations under section 430A, and (ii) provides that the lender on request of the borrower will provide information on the repayment status of the note to such organizations.

"(c) PAYMENT OF PRINCIPAL AND INTEREST.—

"(1) INTEREST RATES.—(A) Consolidation loans made under this section shall bear interest at rates determined under subparagraph (B) or (C). For the purposes of payment of special allowances under section 438(b)(2), the interest rate required by this subsection is the applicable interest rate with respect to a consolidation loan.

"(B) Except as provided in subparagraph (C), a consolidation loan shall bear interest at an annual rate on the unpaid principal balance of the loan equal to—

"(i) 8 percent during the period beginning on the date of disbursement of the loan and ending four years after the commencement of repayment;

"(ii) 9 percent during the 5th through 7th years after such commencement of repayment;

"(iii) 10 percent during the 8th through 10th years after such commencement of repayment; and

"(iv) 12 percent during the 11th through 25th years after such commencement of repayment.

"(C) A consolidation loan shall bear interest at an annual rate on the unpaid principal balance of the loan which is not less than the weighted average of the interest rates on the loans consolidated, rounded to the nearest whole percent.

"(2) REPAYMENT SCHEDULES.—Notwithstanding any other provision of this part, to the extent authorized by its certificate of insurance under subsection (b)(2)(F) and approved by the issuer of such certificate, the lender of a consolidation loan shall establish repayment terms as will promote the objectives of this section, including the establishment of graduated, income sensitive repayment schedules. However, a consolidation loan shall be repaid as follows:

"(A) In the case of a consolidation loan which is less than $15,000, such loan shall be repaid in not more than 15 years.

"(B) In the case of a consolidation loan which equals or exceeds $15,000, but is less than $35,000, or if the sum of the consolidation loan and the amount outstanding on other student loans to the same individual equals or exceeds $15,000, but is less than $35,000, such loan shall be repaid in not more than 20 years.

"(C) In the case of a consolidation loan which equals or exceeds $35,000, or if the sum of the consolidation loan and the amount outstanding on other student loans to the same individual equals or exceeds $35,000, such loan shall be repaid in not more than 25 years.

"(3) COMMENCEMENT OF REPAYMENT.—Repayment of a consolidation loan shall commence within 60 days after all holders have, pursuant to subsection (b)(1)(D), discharged the liability of the borrower on the loans selected for consolidation.

"(4) INSURANCE PREMIUMS PROHIBITED.—No insurance premium shall be charged to the borrower on any consolidation loan, and no insurance premium shall be payable by the lender to the Secretary with respect to any such loan.

"(d) TERMINATION OF AUTHORITY.— The authority to make loans under this section expires at the close of September 30, 1992. Loans made under this section shall be considered to be new loans made to students for purposes of section 424(a).

"SEC. 429. CERTIFICATE OF FEDERAL LOAN INSURANCE—EFFECTIVE DATE OF INSURANCE.

"(a) LOAN-BY-LOAN INSURANCE.—

"(1) AUTHORITY TO ISSUE CERTFICATES ON APPLICATION.—If, upon application by an eligible lender, made upon such form, containing such information, and supported by such evidence as the Secretary may require, and otherwise in conformity with this section, the Secretary finds that the applicant has made a loan to an eligible student which is insurable under the provisions of this part, he may issue to the applicant a certificate of insurance covering the loan and setting forth the amount and terms of the insurance.

"(2) EFFECTIVENESS OF CERTIFICATE.—Insurance evidenced by a certificate of insurance pursuant to subsection (a)(1) shall become effective upon the date of issuance of the certificate, except that the Secretary is authorized, in accordance with regulations, to issue commitments with respect to proposed loans, or with respect to lines (or proposed lines) of credit, submitted by eligible lenders, and in that event, upon compliance with subsection (a)(1) by the lender, the certificate of insurance may be issued effective as of the date when any loan, or any payment by the lender pursuant to a line of credit, to be covered by such insurance was made. Such insurance shall cease to be effective upon sixty days' default by the lender in the payment of any installment of the premiums payable pursuant to subsection (c).

"(3) CONTENTS OF APPLICATIONS.—An application submitted pursuant to subsection (a)(1) shall contain (A) an agreement by the applicant to pay, in accordance with regula-

tions, the premiums fixed by the Secretary pursuant to subsection (c), and (B) an agreement by the applicant that if the loan is covered by insurance the applicant will submit such supplementary reports and statement during the effective period of the loan agreement, upon such forms, at such times, and containing such information as the Secretary may prescribe by or pursuant to regulation.

"(b) COMPREHENSIVE INSURANCE COVERAGE CERTIFICATE.—

"(1) ESTABLISHMENT OF SYSTEM BY REGULATION.—In lieu of requiring a separate insurance application and issuing a separate certificate of insurance for each student loan made by an eligible lender as provided in subsection (a), the Secretary may, in accordance with regulations consistent with section 424, issue to any eligible lender applying therefor a certificate of comprehensive insurance coverage which shall, without further action by the Secretary, insure all insurable loans made by that lender, on or after the date of the certificate and before a specified cutoff date, within the limits of an aggregate maximum amount stated in the certificate. Such regulations may provide for conditioning such insurance, with respect to any loan, upon compliance by the lender with such requirements (to be stated or incorporated by reference in the certificate) as in the Secretary's judgment will best achieve the purpose of this subsection while protecting the financial interest of the United States and promoting the objectives of this part, including (but not limited to) provisions as to the reporting of such loans and information relevant thereto to the Secretary and as to the payment of initial and other premiums and the effect of default therein, and including provision for confirmation by the Secretary from time to time (through endorsement of the certificate) of the coverage of specific new loans by such certificate, which confirmation shall be incontestable by the Secretary in the absence of fraud or misrepresentation of fact or patent error.

"(2) UNCOVERED LOANS.—If the holder of a certificate of comprehensive insurance coverage issued under this subsection grants to a student a line of credit extending beyond the cutoff date specified in that certificate, loans or payments thereon made by the holder after that date pursuant to the line of credit shall not be deemed to be included in the coverage of that certificate except as may be specifically provided therein; but, subject to the limitations of section 424, the Secretary may, in accordance with regulations, make commitments to insure such future loans or payments, and such commitments may be honored either as provided in subsection (a) or by inclusion of such insurance on comprehensive coverage under the subsection for the period or periods in which such future loans or payments are made.

"(c) CHARGES FOR FEDERAL INSURANCE.—The Secretary shall, pursuant to regulations, charge for insurance on each loan under this part a premium in an amount not to exceed one-fourth of 1 percent per year of the unpaid principal amount of such loan (excluding interest added to principal), payable in advance, at such times and in such manner as may be prescribed by the Secretary. Such regulations may provide that such premium shall not be payable, or if paid shall be refundable, with respect to any period after default in the payment of principal or interest or after the borrower has died or becomes totally and permanently disabled, if (1) notice of such default or other event has been duly given, and (2) requests for payment of the loss insured against has been made or the Secretary has made such payment on his own motion pursuant to section 430(a).

"(d) ASSIGNABILITY OF INSURANCE.—The rights of an eligible lender arising under insurance evidenced by a certificate of insurance issued to it under this section may be assigned as security by such lender only to another eligible lender, and subject to regulation by the Secretary.

"(e) CONSOLIDATION NOT TO AFFECT INSURANCE.—The consolidation of the obligations of two or more federally insured loans obtained by a student borrower in any fiscal year into a single obligation evidenced by a single instrument of indebtedness shall not affect the insurance by the United States. If the loans thus consolidated are covered by separate certificates of insurance issued under subsection (a), the Secretary may upon surrender of the original certificates issue a new certificate of insurance in accordance with that subsection upon the consolidated obligation; if they are covered by a single comprehensive certificate issued under subsection (b), the Secretary may amend that certificate accordingly.

"SEC. 430. DEFAULT OF STUDENT UNDER FEDERAL LOAN INSURANCE PROGRAM.

"(a) NOTICE TO SECRETARY AND PAYMENT OF LOSS.—Upon default by the student borrower on any loan covered by Federal loan insurance pursuant to this part, and prior to the commencement of suit or other enforcement proceedings upon security for that loan, the insurance beneficiary shall promptly notify the Secretary, and the Secretary shall if requested (at that time or after further collection efforts) by the beneficiary, or may on the Secretary's own motion, if the insurance is still in effect, pay to the beneficiary the amount of the loss sustained by the insured upon that loan as soon as that amount had been determined. The 'amount of the loss' on any loan shall, for the purposes of this subsection and subsection (b), be deemed to be an amount equal to the unpaid balance of the principal amount and accrued interest, including interest accruing from the date of submission of a valid default claim (as determined by the Secretary) to the date on which payment is authorized by the Secretary, reduced to the extent required by section 425(b). Such beneficiary shall be required to meet the standards of due diligence in the collection of the loan and shall be required to submit proof that reasonable attempts were made to locate the borrower (when the location of the borrower is unknown) and proof that contact was made with the borrower (when the location is known). The Secretary shall make the determination required to carry out the provisions of this section not later than ninety days after the notification by the insurance beneficiary and shall make payment in full on the amount of the beneficiary's loss pending completion of the due diligence investigation.

"(b) EFFECT OF PAYMENT OF LOSS.—Upon payment of the amount of the loss pursuant to subsection (a), the United States shall be subrogated for all of the rights of the holder of the obligation upon the insured loan and shall be entitled to an assignment of the note or other evidence of the insured loan by the insurance beneficiary. If the net recovery made by the Secretary on a loan after deduction of the cost of that recovery (including reasonable administrative costs and collection costs, to the extent set forth in regulations issued by the Secretary) exceeds the amount of the loss, the excess shall be paid over to the insured. The Secretary may, in attempting to make recovery on such loans, contract with private business concerns, State student loan insurance agencies, or State guaranty agencies, for payment for services rendered by such concerns or agencies in assisting the Secretary in making such recovery. Any contract under this subsection entered into by the Secretary shall provide that attempts to make recovery on such loans shall be fair and reasonable, and do not involve harassment, intimidation, false or misleading representations, or unnecessary communications concerning the existence of any such loan to persons other than the student borrower.

"(c) FORBEARANCE NOT PRECLUDED.—Nothing in this section or in this part shall be construed to preclude any forbearance for the benefit of the student borrower which may be agreed upon by the parties to the insured loan and approved by the Secretary, or to preclude forbearance by the Secretary in the enforcement of the insured obligation after payment on that insurance. Any forbearance which is approved by the Secretary under this subsection with respect to the repayment of a loan, including a forbearance during default, shall not be considered as indicating that a holder of a federally insured loan has failed to exercise reasonable care and due diligence in the collection of the loan.

"(d) CARE AND DILIGENCE REQUIRED OF HOLDERS.—Nothing in this section or in this part shall be construed to excuse the holder of a federally insured loan from exercising reasonable care and diligence in the making and collection of loans under the provisions of this part. If the Secretary, after a reasonable notice and opportunity for hearing to an eligible lender, finds that it has substantially failed to exercise such care and diligence or to make the reports and statements required under section 428(a)(4) and section 429(a)(3), or to pay the required Federal loan insurance premiums, the Secretary shall disqualify that lender for further Federal insurance on loans granted pursuant to this part until the Secretary is satisfied that its failure has ceased and finds that there is reasonable assurance that the lender will in the future exercise necessary care and diligence or comply with such requirements, as the case may be.

"SEC. 430A. REPORTS TO CREDIT BUREAUS AND INSTITUTIONS OF HIGHER EDUCATION.

"(a) AGREEMENTS TO EXCHANGE INFORMATION.—For the purpose of promoting responsible repayment of loans covered by Federal loan insurance pursuant to this part or covered by a guaranty agreement pursuant to section 428, the Secretary, and each guaranty agency having a guaranty agreement with the Secretary under section 428, shall enter into agreements with credit bureau organizations to exchange information concerning student borrowers, in accordance with the requirements of this section. For the purpose of assisting such organizations in complying with the Fair Credit Reporting Act, such agreements may provide for timely response by the Secretary, concerning loans covered by Federal loan insurance, or by a guaranty agency, concerning loans covered by a guaranty agreement, to requests from such organizations for responses to objections raised by borrowers. Subject to the requirements of subsection (c), such agreements shall require the Secretary or the guaranty agency, as appropriate, to disclose

to such organizations, with respect to any loan under this part—

"(1) the date of disbursement and the amount of the loan;

"(2) information concerning the date of any default on the loan and the collection of the loan, including information concerning the repayment status of any defaulted loan on which the Secretary has made a payment pursuant to section 430(a) or the guaranty agency has made a payment to the previous holder of the loan; and

"(3) the date of cancellation of the note upon completion of repayment by the borrower of the loan or payment by the Secretary pursuant to section 437.

"(b) ADDITIONAL INFORMATION.—Such agreements may also provide for the disclosure by such organizations to the Secretary or a guaranty agency, whichever insures or guarantees a loan, upon receipt of a notice under subsection (a)(2) that such a loan is in default, of information concerning the borrower's location or other information which may assist the Secretary, the guaranty agency, the eligible lender, or the subsequent holder in collecting the loan.

"(c) CONTENTS OF AGREEMENTS.—Agreements entered into pursuant to this section shall contain such provisions as may be necessary to ensure that—

"(1) no information is disclosed by the Secretary or the guaranty agency unless its accuracy and completeness have been verified and the Secretary or the guaranty agency has determined that disclosure would accomplish the purposes of this section;

"(2) as to any information so disclosed, such organizations will be promptly notified of, and will promptly record, any change submitted by the Secretary or the guaranty agency with respect to such information, or any objections by the borrower with respect to any such information, as required by section 611 of the Fair Credit Reporting Act (15 U.S.C. 1681i);

"(3) no use will be made of any such information which would result in the use of collection practices with respect to such a borrower that are not fair and reasonable or that involve harassment, intimidation, false or misleading representations, or unnecessary communication concerning the existence of such loan or concerning any such information; and

"(4) with regard to notices of default under subsection (a)(2) of this section, except for disclosures made to obtain the borrower's location, the Secretary, or the guaranty agency, whichever is applicable (A) shall not disclose any such information until the borrower has been notified that such information will be disclosed to credit bureau organizations unless the borrower enters into repayment of his or her loan, but (B) shall, if the borrower has not entered into repayment within a reasonable period of time, but not less than thirty days, from the date such notice has been sent to the borrower, disclose the information required by this subsection.

"(d) CONTRACTOR STATUS OF PARTICIPANTS.—A guaranty agency or credit bureau organization which discloses or receives information under this section shall not be considered a Government contractor within the meaning of section 552a of title 5, United States Code.

"(e) DISCLOSURE TO INSTITUTIONS.—The Secretary and each guaranty agency, eligible lender, and subsequent holder of a loan are authorized to disclose information described in subsections (a) and (b) concerning student borrowers to the eligible institutions such borrowers attend or previously attended.

"(f) DURATION OF AUTHORITY.—Notwithstanding paragraphs (4) and (6) of subsection (a) of section 605 of the Fair Credit Reporting Act (15 U.S.C. 1681c(a)(4), (a)(6)), a consumer reporting agency may make a report containing information received from the Secretary or a guaranty agency, eligible lender, or subsequent holder regarding the status of a borrower's defaulted account on a loan guaranteed under this part until—

"(1) seven years from the date on which the Secretary or the agency paid a claim to the holder on the guaranty, or

"(2) with regard to an account on a loan on which the Secretary or the guaranty agency has paid a claim but not reported the account to a consumer reporting agency on or before October 1, 1985, seven years from that date.

"SEC. 431. INSURANCE FUND.

"(a) ESTABLISHMENT.—There is hereby established a student loan insurance fund (hereinafter in this section called the 'fund') which shall be available without fiscal year limitation to the Secretary for making payments in connection with the default of loans insured by the Secretary under this part, or in connection with payments under a guaranty agreement under section 428(c). All amounts received by the Secretary as premium charges for insurance and as receipts, earnings, or proceeds derived from any claim or other assets acquired by the Secretary in connection with operations under this part, any excess advances under section 422(c)(4)(C), and any other moneys, property, or assets derived by the Secretary from operations in connection with this section, shall be deposited in the fund. All payments in connection with the default of loans insured by the Secretary under this part, or in connection with such guaranty agreements shall be paid from the fund. Moneys in the fund not needed for current operations under this section may be invested in bonds or other obligations guaranteed as to principal and interest by the United States.

"(b) BORROWING AUTHORITY.—If at any time the moneys in the fund are insufficient to make payments in connection with the default of any loan insured by the Secretary under this part, or in connection with any guaranty agreement made under section 428(c), the Secretary is authorized, to the extent provided in advance by appropriations Acts, to issue to the Secretary of the Treasury notes or other obligations in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued hereunder and for that purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act, as amended, are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. Sums borrowed under the subsection shall be deposited in the fund and redemption of such notes and obligations shall be made by the Secretary from such fund.

"SEC. 432. LEGAL POWERS AND RESPONSIBILITIES.

"(a) GENERAL POWERS.—In the performance of, and with respect to, the functions, powers, and duties, vested in him by this part, the Secretary may—

"(1) prescribe such regulations as may be necessary to carry out the purposes of this part;

"(2) sue and be sued in any court of record of a State having general jurisdiction or in any district court of the United States, and such district courts shall have jurisdiction of civil actions arising under this part without regard to the amount in controversy, and action instituted under this subsection by or against the Secretary shall survive notwithstanding any change in the person occupying the office of Secretary or any vacancy in that office; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or property under the Secretary's control and nothing herein shall be construed to except litigation arising out of activities under this part from the application of sections 509, 517, 547, and 2679 of title 28 of the United States Code;

"(3) include in any contract for Federal loan insurance such terms, conditions, and covenants relating to repayment of principal and payment of interest, relating to the Secretary's obligations and rights to those of eligible lenders, and borrowers in case of default, and relating to such other matters as the Secretary determines to be necessary to assure that the purposes of this part will be achieved; and any term, condition, and covenant made pursuant to this paragraph or any other provisions of this part may be modified by the Secretary if the Secretary determines that modification is necessary to protect the financial interest of the United States;

"(4) subject to the specific limitations in this part, consent to modification, with respect to rate of interest, time of payment of any installment of principal and interest or any portion thereof, or any other provision of any note or other instrument evidencing a loan which has been insured by the Secretary under this part;

"(5) enforce, pay, or compromise, any claim on, or arising because of, any such insurance or any guaranty agreement under section 428(c); and

"(6) enforce, pay, compromise, waive, or release any right, title, claim, lien, or demand, however acquired, including any equity or any right of redemption.

"(b) FINANCIAL OPERATIONS RESPONSIBILITIES.—The Secretary shall, with respect to the financial operations arising by reason of this part—

"(1) prepare annually and submit a budget program as provided for wholly owned Government corporations by chapter 91 of title 31, United States Code; and

"(2) maintain with respect to insurance under this part an integral set of accounts and prepare financial statements in accordance with generally accepted accounting principles, which shall be audited annually by the General Accounting Office in conformity with generally accepted government

auditing standards except that the transactions of the Secretary, including the settlement of insurance claims and of claims for payments pursuant to section 428, and transactions related thereto and vouchers approved by the Secretary in connection with such transactions, shall be final and conclusive upon all accounting and other officers of the Government.

"(c) DATA COLLECTION.—

"(1) COLLECTION BY CATEGORY OF LOAN.—(A) For loans insured after December 31, 1976, or in the case of each insurer after such earlier date where the data required by this subsection are available, the Secretary and all other insurers under this part shall collect and accumulate all data relating to (i) loan volume insured and (ii) defaults reimbursed or default rates according to the categories of loans listed in subparagraph (B) of this paragraph.

"(B) The data indicated in subparagraph (A) of this paragraph shall be accumulated according to the category of lender making the loan and shall be accumulated separately for lenders who are (i) eligible institutions, (ii) State or private, nonprofit direct lenders, (iii) commercial financial institutions who are banks, savings and loan associations, or credit unions, and (iv) all other types of institutions or agencies.

"(C) The Secretary may designate such additional subcategories within the categories specified in subparagraph (B) as the Secretary deems appropriate.

"(D) The category or designation of a loan shall not be changed for any reason, including its purchase or acquisition by a lender of another category.

"(2) COLLECTION AND REPORTING REQUIREMENTS.—(A) The Secretary shall collect data under this subsection from all insurers under this part and shall publish not less often than once every fiscal year a report showing loan volume guaranteed and default data for each category specified in subparagraph (B) of paragraph (1) of this subsection and for the total of all lenders.

"(B) The reports specified in subparagraph (A) of this paragraph shall include a separate report for each insurer under this part including the Secretary, and where an insurer insures loans for lenders in more than one State, such insurer's report shall list all data separately for each State.

"(3) INSTITUTIONAL, PUBLIC, OR NONPROFIT LENDERS.—For purposes of clarity in communications, the Secretary shall separately identify loans made by the lenders referred to in clause (i) and loans made by the lenders referred to in clause (ii) of paragraph (1)(B) of this subsection.

"(d) DELEGATION.—

"(1) REGIONAL OFFICES.—The functions of the Secretary under this part listed in paragraph (2) of this subsection may be delegated to employees in the regional office of the Office of Education established pursuant to section 403(c)(2) of the General Education Provisions Act.

"(2) DELEGABLE FUNCTIONS.—The functions which may be delegated pursuant to this subsection are—

"(A) reviewing applications for loan insurance under section 429 and issuing contracts for Federal loan insurance, certificates of insurance, and certificates of comprehensive insurance coverage to eligible lenders which are financial or credit institutions subject to examination and supervision by an agency of the United States or of any State;

"(B) receiving claims for payments under section 430(a), examining those claims, and pursuant to regulations of the Secretary, approving claims for payment, or requiring lenders to take additional collection action as a condition for payment of claims; and

"(C) certifying to the central office when collection of defaulted loans has been completed, compromising or agreeing to the modification of any Federal claim against a borrower (pursuant to regulations of the Secretary issued under section 432(a)), and recommending litigation with respect to any such claim.

"(e) USE OF INFORMATION ON BORROWERS.—Notwithstanding any other provision of law, the Secretary may provide to eligible lenders, and to any guaranty agency having a guaranty agreement under section 428(c)(1), any information with respect to the names and addresses of borrowers or other relevant information which is available to the Secretary, from whatever source such information may be derived.

"(f) AUDIT OF FINANCIAL TRANSACTIONS.—

"(1) COMPTROLLER GENERAL AND INSPECTOR GENERAL AUTHORITY.—The Comptroller General and the Inspector General of the Department of Education shall each have the authority to conduct an audit of the financial transactions of—

"(A) any guaranty agency operating under an agreement with the Secretary pursuant to section 428(b);

"(B) any eligible lender as defined in section 435(d)(1)(D), (F), or (H); and

"(C) any authority required to file a plan for doing business under section 438(c).

"(2) ACCESS TO RECORDS.—For the purpose of carrying out this subsection, the records of any entity described in subparagraphs (A), (B), or (C) of paragraph (1) shall be available to the Comptroller General and the Inspector General of the Department of Education. For the purposes of section 716(c) of title 31, United States Code, such records shall be considered to be records to which the Comptroller General has access by law, and for purposes of section 6(a)(4) of the Inspector General Act of 1978, such records shall be considered to be records necessary in the performance of functions assigned by that Act to the Inspector General.

"(3) DEFINITION OF RECORDS.—For the purposes of this subsection, the term 'record' includes any information, document, report, answer, account, paper, or other data or documentary evidence.

"(g) CIVIL PENALTIES.—

"(1) AUTHORITY TO IMPOSE PENALTIES.—Upon determination, after reasonable notice and opportunity for a hearing on the record, that a lender or a guaranty agency—

"(A) has violated or failed to carry out any provision of this part or any regulation prescribed under this part, or

"(B) has engaged in substantial misrepresentation of the nature of its financial charges,

the Secretary may impose a civil penalty upon such lender or agency of not to exceed $2,000 for each violation, failure, or misrepresentation.

"(2) LIMITATIONS.—No civil penalty may be imposed under paragraph (1) of this subsection unless it is determined that the violation, failure, or substantial misrepresentation referred to in that paragraph resulted from—

"(A)(i) a clear and consistent pattern or practice of violations, failures, or substantial misrepresentations in which the lender or guaranty agency did not maintain procedures reasonably adapted to avoid the violation, failure, or substantial representation;

"(ii) gross negligence; or

"(iii) willful actions on the part of the lender or guaranty agency; and

"(B) the violation, failure, or substantial representation is material.

"(3) CORRECTION OF FAILURE.—A lender or guaranty agency has no liability under paragraph (1) of this subsection if, prior to the institution of an action under that paragraph, the lender or guaranty agency cures or corrects the violation or failure or notifies the person who received the substantial misrepresentation of the actual nature of the financial charges involved.

"(4) CONSIDERATION AS SINGLE VIOLATION.—For the purposes of paragraph (1) of this subsection, violations, failures, or substantial misrepresentations arising from a specific practice of a lender or guaranty agency shall be deemed to be a single violation, failure, or substantial misrepresentation even if the violation, failure, or substantial misrepresentation affects more than one loan or more than one borrower, or both, and the Secretary may only impose a single civil penalty for each such violation, failure, or substantial misrepresentation.

"(5) ASSIGNEES NOT LIABLE FOR VIOLATIONS BY OTHERS.—If a loan affected by a violation, failure, or substantial misrepresentation is assigned to another holder, the lender or guaranty agency responsible for the violation, failure, or substantial misrepresentation shall remain liable for any civil money penalty provided for under paragraph (1) of this subsection, but the assignee shall not be liable for any such civil money penalty.

"(6) COMPROMISE.—Until a matter is referred to the Attorney General, any civil penalty under paragraph (1) of this subsection may be compromised by the Secretary. In determining the amount of such penalty, or the amount agreed upon in compromise, the Secretary shall consider the appropriateness of the penalty to the resources of the lender or guaranty agency subject to the determination; the gravity of the violation, failure, or substantial misrepresentation; the frequency and persistence of the violation, failure, or substantial misrepresentation; and the amount of any losses resulting from the violation, failure, or substantial misrepresentation. The amount of such penalty, when finally determined, or the amount agreed upon in compromise, may be deducted from any sums owing by the United States to the lender or agency charged, unless the lender or agency has, in the case of a final agency determination, commenced proceedings for judicial review within 90 days of the determination, in which case the deduction may not be made during the pendency of the proceeding.

"SEC. 433A. STUDENT LOAN INFORMATION BY ELIGIBLE LENDERS.

"(a) REQUIRED DISCLOSURE BEFORE DISBURSEMENT.—Each eligible lender shall, at or prior to the time such lender disburses a loan which is insured or guaranteed under this part, provide thorough and accurate loan information on such loan to the borrower. Any disclosure required by this subsection may be made by an eligible lender as part of the written application material provided to the borrower, or as part of the promissory note evidencing the loan, or on a separate written form provided to the borrower. The disclosures shall include—

"(1) the name of the eligible lender, and the address to which communications and payments should be sent;

"(2) the principal amount of the loan;

"(3) the amount of any charges, such as the origination fee and insurance premium,

collected by the lender at or prior to the disbursal of the loan and whether such charges are deducted from the proceeds of the loan or paid separately by the borrower;

"(4) the stated interest rate on the loan;

"(5) the yearly and cumulative maximum amounts that may be borrowed;

"(6) an explanation of when repayment of the loan will be required and when the borrower will be obligated to pay interest that accrues on the loan;

"(7) a statement as to the minimum and maximum repayment term which the lender may impose, and the minimum annual payment required by law;

"(8) an explanation of any special options the borrower may have for loan consolidation or other refinancing of the loan;

"(9) a statement that the borrower has the right to prepay all or part of the loan, at any time, without penalty, a statement summarizing circumstances in which repayment of the loan or interest that accrues on the loan may be deferred, and a brief notice of the program for repayment of loans, on the basis of military service, pursuant to section 902 of the Department of Defense Authorization Act, 1981 (10 U.S.C. 2141, note);

"(10) a definition of default and the consequences to the borrower if the borrower defaults, including a statement that the default may be reported to a credit bureau or credit reporting agency;

"(11) to the extent practicable, the effect of accepting the loan on the eligibility of the borrower for other forms of student assistance; and

"(12) an explanation of any cost the borrower may incur in the making or collection of the loan.

"(b) REQUIRED DISCLOSURE BEFORE REPAYMENT.—Each eligible lender shall, at or prior to the start of the repayment period of the student borrower on loans made, insured, or guaranteed under this part, disclose to the borrower the information required under this subsection. Any disclosure required by this subsection may be made by an eligible lender either in a promissory note evidencing the loan or loans or in a written statement provided to the borrower. The disclosures shall include:

"(1) the name of the eligible lender, and the address to which communications and payments should be sent;

"(2) the scheduled date upon which the repayment period is to begin;

"(3) the estimated balance owed by the borrower on the loan or loans covered by the disclosure as of the scheduled date on which the repayment period is to begin (including, if applicable, the estimated amount of interest to be capitalized);

"(4) the stated interest rate on the loan or loans, or the combined interest rate of loans with different stated interest rates;

"(5) the nature of any fees which may accrue or be charged to the borrower during the repayment period;

"(6) the repayment schedule for all loans covered by the disclosure including the date the first installment is due, and the number, amount, and frequency of required payments;

"(7) an explanation of any special options the borrower may have for loan consolidation or other refinancing of the loan;

"(8) the projected total of interest charges which the borrower will pay on the loan or loans, assuming that the borrower makes payments exactly in accordance with the repayment schedule; and

"(9) a statement that the borrower has the right to prepay all or part of the loan or loans covered by the disclosure at any time without penalty.

"(c) COST OF DISCLOSURE AND CONSEQUENCES OF NONDISCLOSURE.—Such information shall be available without cost to the borrower. The failure of an eligible lender to provide information as required by this section shall not (1) relieve a borrower of the obligation to repay a loan in accordance with its terms, (2) provide a basis for a claim for civil damages, or (3) be deemed to abrogate the obligation of the Secretary under a contract of insurance or reinsurance, or the obligation of a guaranty agency under a contract of guaranty. The Secretary may limit, suspend, or terminate the continued participation of an eligible lender in making loans under this part for failure by that lender to comply with this section.

"SEC. 434. PARTICIPATION BY FEDERAL CREDIT UNIONS IN FEDERAL, STATE, AND PRIVATE STUDENT LOAN INSURANCE PROGRAMS.

"Notwithstanding any other provision of law, Federal credit unions shall, pursuant to regulations of the National Credit Union Administration, have power to make insured loans to student members in accordance with the provisions of this part relating to federally insured loans, or in accordance with the provisions of any State or nonprofit private student loan insurance program which meets the requirements of section 428(a)(1)(B).

"SEC. 435. DEFINITIONS FOR STUDENT LOAN INSURANCE PROGRAM.

"As used in this part:

"(a) ELIGIBLE INSTITUTION.—The term 'eligible institution' means—

"(1) an institution of higher education;

"(2) a vocational school; or

"(3) with respect to students who are nationals of the United States, an institution outside the United States which is comparable to an institution of higher education or to a vocational school and which has been approved by the Secretary for purposes of this part,

except that such term does not include any such institution or school which employs or uses commissioned salesmen to promote the availability of any loan program described in section 428(a)(1), 428B, or 428C at that institution or school.

"(b) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' means an educational institution in any State which—

"(1) admits as regular students only persons having a certificate of graduation from a school providing secondary education, or the recognized equivalent of such certificate, or who are beyond the age of compulsory school attendance;

"(2) is legally authorized within such State to provide a program of education beyond secondary education;

"(3) provides an educational program for which it awards a bachelor's degree or provides not less than a two-year program which is acceptable for full credit toward such a degree;

"(4) is a public or other nonprofit institution; and

"(5) is accredited by a nationally recognized accrediting agency or association approved by the Secretary for this purpose or, if not so accredited—

"(A) is an institution with respect to which the Secretary has determined that there is satisfactory assurance, considering the resources available to the institution, the period of time, if any, during which it has operated, the effort it is making to meet accreditation standards, and the purpose for which this determination is being made, that the institution will meet the accreditation standards of such an agency or association within a reasonable time; or

"(B) is an institution whose credits are accepted on transfer by not less than three institutions which are so accredited, for credit on the same basis as if transferred from an institution so accredited.

Such term includes any school which provides not less than one-year program of training to prepare students for gainful employment in a recognized occupation and which meets the provisions of paragraphs (1), (2), (4), and (5). If the Secretary determines that a particular category of such schools does not meet the requirements of paragraph (5) because there is no nationally recognized accrediting agency or association qualified to accredit schools in such category, the Secretary shall, pending the establishment of such an accrediting agency or association, appoint an advisory committee, composed of persons specially qualified to evaluate training provided by schools in such category, which shall (i) prescribe the standards of content, scope, and quality which must be met in order to qualify schools in such category to participate in the program pursuant to this part, and (ii) determine whether particular schools not meeting the requirements of paragraph (5) meet those standards. For purposes of this subsection the Secretary shall publish a list of nationally recognized accrediting agencies or associations which the Secretary determines to be reliable authorities as to the quality of training offered.

"(c) VOCATIONAL SCHOOL.—The term 'vocational school' means a business or trade school, or technical institution or other technical or vocational school, in any State, which—

"(1) admits as regular students only persons who have completed or left elementary or secondary school and who have the ability to benefit (as determined by the institution under section 481(d)) from the training offered by such institution;

"(2) is legally authorized to provide, and provides within that State, a program of postsecondary vocational or technical education designed to fit individuals for useful employment in recognized occupations;

"(3) has been in existence for two years or has been specially accredited by the Secretary as an institution meeting the other requirements of this subsection; and

"(4) is accredited—

"(A) by a nationally recognized accrediting agency or association listed by the Secretary pursuant to this paragraph;

"(B) if the Secretary determines that there is no nationally recognized accrediting agency or association qualified to accredit schools of a particular category, by a State agency listed by the Secretary pursuant to this paragraph; and

"(C) if the Secretary determines there is no nationally recognized or State agency or association qualified to accredit schools of a particular category, by an advisory committee appointed by the Secretary and composed of persons specially qualified to evaluate training provided by schools of that category, which committee shall prescribe the standards of content, scope, and quality which must be met by those schools in order for loans to students attending them to be insurable under this part and shall also determine whether particular schools meet those standards.

For the purpose of this subsection, the Secretary shall publish a list of nationally recognized accrediting agencies or associations and State agencies which the Secretary determines to be reliable authority as to the quality of education or training afforded.

"(d) ELIGIBLE LENDER.—

"(1) IN GENERAL.—Except as provided in paragraphs (2) through (5), the term 'eligible lender' means—

"(A) a National or State chartered bank, a mutual savings bank, a savings and loan association, or a credit union which—

"(i) is subject to examination and supervision by an agency of the United States or of the State in which its principal place of operation is established, and

"(ii) does not have as its primary consumer credit function the making or holding of loans made to students under this part unless it is a bank which is wholly owned by a State;

"(B) a pension fund as defined in the Employee Retirement Income Security Act;

"(C) an insurance company which is subject to examination and supervision by an agency of the United States or a State;

"(D) in any State, a single agency of the State or a single nonprofit private agency designated by the State;

"(E) an eligible institution which meets the requirements of paragraphs (2) through (5) of this subsection;

"(F) for purposes only of purchasing and holding loans made by other lenders under this part, the Student Loan Marketing Association or an agency of any State functioning as a secondary market;

"(G) for purposes of making loans under section 439 (o) and (q), the Student Loan Marketing Association;

"(H) for purposes of making loans under section 428(j), a guaranty agency; and

"(I) a Rural Rehabilitation Corporation, or its successor agency, which has received Federal funds under Public Law 499, Eighty-first Congress (Ch. 152, 64 Stat. 98 (1950)).

"(2) ADDITIONAL REQUIREMENTS OF ELIGIBLE INSTITUTIONS.—To be an eligible lender under this part, an eligible institution—

"(A) shall employ at least one person whose full-time responsibilities are limited to the administration of programs of financial aid for students attending such institution; and

"(B) shall not be a home study school.

"(3) DISQUALIFICATION FOR HIGH DEFAULT RATES.—The term 'eligible lender' does not include any eligible institution in any fiscal year immediately after the fiscal year in which the Secretary determines, after notice and opportunity for a hearing, that for each of two consecutive years, 15 percent or more of the total amount of such loans as are described in section 428(a)(1) made by the institution with respect to students at that institution and repayable in each such year, are in default, as defined in section 435(o).

"(4) WAIVER OF DISQUALIFICATION.—Whenever the Secretary determines that—

"(A) there is reasonable possibility that an eligible institution may, within one year after a determination is made under paragraph (3), improve the collection of loans described in section 428(a)(1), so that the application of paragraph (3) would be a hardship to that institution, or

"(B) the termination of the lender's status under paragraph (3) would be a hardship to the present or for prospective students of the eligible institution, after considering the management of that institution, the ability of that institution to improve the collection of loans, the opportunities that institution offers to economically disadvantaged students, and other related factors,

the Secretary shall waive the provisions of paragraph (3) with respect to that institution. Any determination required under this paragraph shall be made by the Secretary prior to the termination of an eligible institution as a lender under the exception of paragraph (3). Whenever the Secretary grants a waiver pursuant to this paragraph, the Secretary shall provide technical assistance to the institution concerned in order to improve the collection rate of such loans.

"(5) DISQUALIFICATION FOR USE OF CERTAIN INCENTIVES.—The term 'eligible lender' does not include any lender that the Secretary determines, after notice and opportunity for a hearing, has after the date of enactment of this paragraph—

"(A) offered, directly or indirectly, points, premiums, payments, or other inducements, to any educational institution or individual in order to secure applicants for loans under this part; or

"(B) offered, directly or indirectly, loans under this part as an inducement to a prospective borrower to purchase a policy of insurance or other product.

"(e) LINE OF CREDIT.—The term 'line of credit' means an arrangement or agreement between the lender and the borrower whereby a loan is paid out by the lender to the borrower in annual installments, or whereby the lender agrees to make, in addition to the initial loan, additional loans in subsequent years.

"(f) DUE DILIGENCE.—The term 'due diligence' requires the utilization by a lender, in the servicing and collection of loans insured under this part, of collection practices at least as extensive and forceful as those generally practiced by financial institutions for the collection of consumer loans.

"(g) TEMPORARILY TOTALLY DISABLED.—

"(1) IN GENERAL.—The term 'temporarily totally disabled' when used with respect to a borrower means a borrower who, by reason of injury or illness, cannot be expected to be able to attend an eligible institution or to be gainfully employed during a reasonable period of recovery from such injury or illness not to exceed three years.

"(2) SPOUSE OF A BORROWER.—Such term when used with respect to the spouse of a borrower means a spouse who, by reason of injury or illness, cannot be expected to be gainfully employed during a reasonable period of recovery from such injury or illness not to exceed three years, and who during such period required continuous nursing or other similar services.

"(3) CHILD OF A DISABLED BORROWER.—Such term when used with respect to the disabled child of a single parent borrower means a dependent child who, by reason of injury or illness, cannot be expected to be able to attend school or to be gainfully employed during a period of injury or illness of not less than 3 months and who during such period requires continuous nursing or similar services.

"(4) DETERMINATIONS.—The determination that a borrower, a spouse, or dependent child is temporarily totally disabled must be established by a sworn affidavit of a qualified physician.

"(h) DEFINITION OF PARENTAL LEAVE.—The term 'parental leave' means a period—

"(1) during which the borrower is pregnant, caring for his or her newborn child, or caring for his or her child immediately following the placement of the child through adoption;

"(2) during which such borrower is not in attendance at an eligible institution or gainfully employed; and

"(3) which follows, by six months or less, a period during which the borrower was in attendance at an eligible institution.

"(i) HOLDER.—The term 'holder' means an eligible lender in possession of a loan.

"(j) GUARANTY AGENCY.—The term 'guaranty agency' means any State or nonprofit private institution or organization with which the Secretary has an agreement under section 428(b).

"(k) INSURANCE BENEFICIARY.—The term 'insurance beneficiary' means the insured or its authorized representative assigned in accordance with section 429(d).

"(l) DEFAULT.—The term 'default' includes only such defaults as have existed for (1) 180 days in the case of a loan which is repayable in monthly installments, or (2) 240 days in the case of a loan which is repayable in less frequent installments.

"SEC. 436. DISTRICT OF COLUMBIA STUDENT LOAN INSURANCE PROGRAM.

"(a) AUTHORITY.—The government of the District of Columbia is authorized (1) to establish a student loan insurance program which meets the requirements of this part for a State loan insurance program in order to enter into agreements with the Secretary for the purposes of this title, (2) to enter into such agreements with the Secretary, (3) to use amounts appropriated for the purposes of this section to establish a fund for such purposes and for expenses in connection therewith, and (4) to accept and use donations for the purposes of this section.

"(b) BINDING EFFECT ON MINORS.—Notwithstanding the provisions of any applicable law, if the borrower, on any loan insured under the program established pursuant to this section, is a minor, any otherwise valid vote or other written agreement executed by him for the purposes of such loan shall create a binding obligation.

"(c) APPROPRIATIONS AUTHORIZED.—There are authorized to be appropriated such amounts as may be necessary for the purposes of this section.

"SEC. 437. REPAYMENT BY THE SECRETARY OF LOANS OF BANKRUPT, DECEASED, OR DISABLED BORROWERS.

"(a) REPAYMENT IN FULL.—If a student borrower who has received a loan described in subparagraph (A) or (B) of section 428(a)(1) dies or becomes permanently and totally disabled (as determined in accordance with regulations of the Secretary), then the Secretary shall discharge the borrower's liability on the loan by repaying the amount owed on the loan.

"(b) REPAYMENT OF AMOUNT DISCHARGED.—If a student borrower who has received a loan described in subparagraph (A) or (B) of section 428(a)(1) is relieved of his obligation to repay such loan, in whole or in part, through a discharge in bankruptcy, the Secretary shall repay the amount of the loan so discharged.

"SEC. 438. SPECIAL ALLOWANCES.

"(a) FINDINGS.—In order to assure (1) that the limitation on interest payments or other conditions (or both) on loans made or insured under this part, do not impede or threaten to impede the carrying out of the purposes of this part or do not cause the return to holders of loans to be less than equitable, (2) that incentive payments on such loans are paid promptly to eligible lenders, and (3) that appropriate consideration of relative administrative costs and money market conditions is made in setting the

quarterly rate of such payments, the Congress finds it necessary to establish an improved method for the determination of the quarterly rate of the special allowances on such loans, and to provide for a thorough, expeditious and objective examination of alternative methods for the determination of the quarterly rate of such allowances.

"(b) COMPUTATION AND PAYMENT.—

"(1) QUARTERLY PAYMENT BASED ON UNPAID BALANCE.—A special allowance shall be paid for each of the three-month periods ending March 31, June 30, September 30, and December 31 of every year and the amount of such allowance paid to any holder with respect to any three-month period shall be a percentage of the average unpaid balance of principal (not including unearned interest added to principal) of all eligible loans held by such holder during such period.

"(2) RATE OF SPECIAL ALLOWANCE.—(A) Subject to subparagraph (B) and paragraph (4), the special allowance paid pursuant to this subsection on loans shall be computed (i) by determining the average of the bond equivalent rates of ninety-one-day Treasury bills auctioned for such three month period, (ii) by subtracting the applicable interest rate on such loans from such average, (iii) by adding 3.5 percent to the resultant percent, and (iv) by dividing the resultant percent by four.

"(B)(i) The quarterly rate of the special allowance for holders of loans which were made or purchased with funds obtained by the holder from the issuance of obligations, the income from which is exempt from taxation under the Internal Revenue Code of 1954 shall be one-half the quarterly rate of the special allowance established under subparagraph (A). Such rate shall also apply to holders of loans which were made or purchased with funds obtained by the holder from collections or default reimbursements on, or interests or other income pertaining to, eligible loans made or purchased with funds described in the preceding sentence of this subparagraph or from income on the investment of such funds. This subparagraph shall not apply to loans which were made or insured prior to October 1, 1980.

"(ii) The rate set under division (i) shall not be less than (I) 2.5 percent per year in the case of loans for which the applicable interest rate is 7 percent per year, (II) 1.5 percent per year in the case of loans for which the applicable interest rate is 8 percent per year, or (II) 0.5 percent in the case of loans for which the applicable rate is 9 percent per year.

"(iii) No special allowance may be paid under this subparagraph unless the issuer of such obligations complies with subsection (c) of this section.

"(3) CONTRACTUAL RIGHT OF HOLDERS TO SPECIAL ALLOWANCE.—The holder of an eligible loan shall be deemed to have a contractual right against the United States, during the life of such loan, to receive the special allowance according to the provisions of this section. The special allowance determined for any such three-month period shall be paid promptly after the close of such period, and without administrative delay after receipt of an accurate and complete request for payment, pursuant to procedures established by regulations promulgated under this section.

"(4) PENALTY FOR LATE PAYMENT.—(A) If payments of the special allowances payable under this section or of interest payments under section 428(a) with respect to a loan have not been made within thirty days after the Secretary has received an accurate, timely, and complete request for payment thereof, the special allowance payable to such holder shall be increased by an amount equal to the daily interest accruing on the special allowance and interest benefits payments due the holder.

"(B) Such daily interest shall be computed at the daily equivalent rate of the sum of the special allowance rate computed pursuant to paragraph (2) and the interest rate applicable to the loan and shall be paid for the later of (i) the thirty-first day after the receipt of such request for payment from the holder, or (ii) the thirty-first day after the final day of the period or periods covered by such request, and shall be paid for each succeeding day until, and including, the date on which the Secretary authorizes payment.

"(C) For purposes of reporting to the Congress the amounts of special allowances paid under this section, amounts of special allowances paid pursuant to this paragraph shall be segregated and reported separately.

"(5) DEFINITION OF ELIGIBLE LOAN.—As used in this section, the term 'eligible loan' means a loan—

"(A)(i) on which a portion of the interest is paid on behalf of the student and for his account to the holder of the loan under section 428(a);

"(ii) which is made under section 428B, 428C, 428D, or 439(o); or

"(iii) which was made prior to October 1, 1981; and

"(B) which is insured under this part, or made under a program covered by an agreement under section 428(b) of this Act.

"(6) REGULATION OF TIME AND MANNER OF PAYMENT.—The Secretary shall pay the holder of an eligible loan, at such time or times as are specified in regulations, a special allowance prescribed pursuant to this subsection subject to the condition that such holder shall submit to the Secretary, at such time or times and in such a manner as the Secretary may deem proper, such information as may be required by regulation for the purpose of enabling the Secretary to carry out his functions under this section and to carry out the purposes of this section.

"(c) ORIGINATION FEES.—

"(1) DEDUCTION FROM INTEREST AND SPECIAL ALLOWANCE SUBSIDIES.—Notwithstanding subsection (b), the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsection (b) of this section, respectively, to any holder shall be reduced by the Secretary by the amount which the lender is authorized to charge as an origination fee in accordance with paragraph (2) of this subsection. If the total amount of interest and special allowance payable under section 428(a)(3)(A) and subsection (b) of this section, respectively, is less than the amount the lender was authorized to charge borrowers for origination fees in that quarter, the Secretary shall deduct the excess amount from the subsequent quarters' payments until the total amount has been deducted.

"(2) AMOUNT OF ORIGINATION FEES.—With respect to any loan (other than loans made under section 428B and section 439(o)) for which a completed note or other written evidence of the loan was sent or delivered to the borrower for signing on or after 10 days after the date of enactment of the Postsecondary Student Assistance Amendments of 1981, each eligible lender under this part is authorized to charge the borrower an origination fee in an amount, which may be deducted from the proceeds of the loan prior to payment to the borrower, which shall not exceed (as a percentage of the principal amount of the loan)—

"(A) 5 percent for loans made during fiscal years prior to fiscal year 1988;

"(B) 4 percent for loans made during fiscal year 1988;

"(C) 3 percent for loans made during fiscal year 1989;

"(D) 2 percent for loans made during fiscal year 1990;

"(E) 1 percent for loans made during fiscal year 1991.

"(3) RELATION TO APPLICABLE INTEREST.—Such origination fee shall not be taken into account for purposes of determining compliance with section 427A.

"(4) DISCLOSURE REQUIRED.—The lender shall disclose to the borrower the amount and method of calculating the origination fee.

"(5) PROHIBITION ON DEPARTMENT COMPELLING ORIGINATION FEE COLLECTIONS BY LENDERS.—Nothing in this subsection shall be construed to permit the Secretary to require any lender that is making loans that are insured or guaranteed under this part, but for which no amount will be payable for interest under section 428(a)(3)(A) or for special allowances under subsection (b) of this section, to collect any origination fee or to submit the sums collected as origination fees to the United States. The Secretary shall, not later than January 1, 1987, return to any such lender any such sums collected before the enactment of this paragraph, together with interest thereon.

"(d) LENDING FROM PROCEEDS OF TAX EXEMPT OBLIGATIONS.—

"(1) PLAN FOR DOING BUSINESS REQUIRED.—In order for the holders of loans any portion of which were made or purchased with funds obtained by the holder from an Authority issuing obligations, the income from which is exempt from taxation under the Internal Revenue Code of 1954, to be eligible to receive a special allowance under subsection (b)(2) of this section, the Authority shall submit to the Governor of the State, and to the guaranty agency determined by the Secretary to be the principal guaranty agency for the State, a plan for doing business. The Governor shall, after consultation with the guaranty agency, approve or disapprove the plan within 30 days of the receipt of the proposed plan from the Authority. Such plan shall also be transmitted to the Secretary within 60 days after approval.

"(2) CONTENTS OF PLAN.—Each such plan shall contain provisions designed to assure that—

"(A) no eligible lender in the area served by the Authority will be excluded from participation in the program of the Authority and all eligible lenders may participate in the program on the same terms and conditions if eligible lenders are going to participate in the program;

"(B) no director or staff member of the Authority who receives compensation from the Authority may own stock in, or receive compensation from, any agency that would contract to service and collect the loans of the Authority;

"(C) student loans will not be purchased from participating lenders at a premium or discount amounting to more than 1 percent of the unpaid principal amount borrowed plus accrued interest to the date of acquisition, but a reasonable loan transfer fee may be paid by the purchaser;

"(D) the Authority will, within the limit of funds available and subject to the applicable State and Federal law, make loans to, or purchase loans incurred by, all eligible students who are residents of, or who attend an

eligible institution within, the area served by the Authority;

"(E) the Authority has a plan under which the Authority will pursue the development of new lender participation in a continuing program of benefits to students together with assurances of existing lender commitments to the program;

"(F) there will be an annual audit of the Authority by a certified public accounting firm which will include review of compliance by the Authority with the provisions of the plan; and

"(G) the Authority will not issue obligations for amounts in excess of the reasonable needs for student loan credit within the area served by the Authority, after taking into account existing sources of student loan credit in that area.

"(3) NONDISCRIMINATION.—In order for the holders of loans which were made or purchased with funds obtained by the holder from an Authority issuing obligations, the income from which is exempt from taxation under the Internal Revenue Code of 1954, to be eligible to receive a special allowance under subsection (b)(2) of this section on any such loans, the Authority shall not engage in any pattern or practice which results in a denial of a borrower's access to loans under this part because of the borrower's race, sex, color, religion, national origin, age, handicapped status, income, attendance at a particular eligible institution within the area served by the Authority, length of the borrower's educational program, or the borrower's academic year in school.

"(4) REPORT BY THE SECRETARY.—The Secretary shall, no later than September 30, 1988, and each succeeding September 30th, submit a report to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate specifying—

"(A) the amount of student loan credit provided through the use of tax-exempt obligations for the most recent fiscal year;

"(B) an assessment of the impact of the availability of such financing on the availability of student credit in the areas served by the authorities issuing such obligations;

"(C) an assessment of the need for additional tax-exempt financing for student credit for the next fiscal year, as evidenced by the information submitted under paragraph (2)(G) of this subsection; and

"(D) any other information determined by the Secretary to be relevant to the purposes of the report.

"(e) REGULATIONS TO PREVENT DENIAL OF LOANS TO ELIGIBLE STUDENTS.—The Secretary shall adopt or amend appropriate regulations pertaining to programs carried on under this part to prevent, where practicable, any practices which the Secretary finds have denied loans to a substantial number of eligible students.

"SEC. 439. STUDENT LOAN MARKETING ASSOCIATION.

"(a) PURPOSE.—The Congress hereby declares that it is the purpose of this section (1) to establish a private corporation which will be financed by private capital and which will serve as a secondary market and warehousing facility for student loans, including loans which are insured by the Secretary under this part or by a guaranty agency, and which will provide liquidity for student loan investments; (2) in order to facilitate secured transactions involving student loans, to provide for perfection of security interests in student loans either through the taking of possession or by notice filing; and (3) to assure nationwide the establishment of adequate loan insurance programs for students, to provide for an additional program of loan insurance to be covered by agreements with the Secretary.

"(b) ESTABLISHMENT.—

"(1) IN GENERAL.—There is hereby created a body corporate to be known as the Student Loan Marketing Association (hereinafter referred to as the 'Association'). The Association shall have succession until dissolved. It shall maintain its principal office in the District of Columbia and shall be deemed, for purposes of venue and jurisdiction in civil actions, to be a resident and citizen thereof. Offices may be established by the Association in such other place or places as it may deem necessary or appropriate for the conduct of its business.

"(2) EXEMPTION FROM STATE AND LOCAL TAXES.—The Association, including its franchise, capital, reserves, surplus, mortgages, or other security holdings, and income shall be exempt from all taxation now or hereafter imposed by any State, territory, possession, Commonwealth, or dependency of the United States, or by the District of Columbia, or by any county, municipality, or local taxing authority, except that any real property of the Association shall be subject to State, territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

"(3) APPROPRIATIONS AUTHORIZED FOR ESTABLISHMENT.—There is hereby authorized to be appropriated to the Secretary $5,000,000 for making advances for the purpose of helping to establish the Association. Such advances shall be repaid within such period as the Secretary may deem to be appropriate in light of the maturity and solvency of the Association. Such advances shall bear interest at a rate not less than (A) a rate determined by the Secretary of the Treasury taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining period to maturity comparable to the maturity of such advances, adjusted to the nearest one-eighth of 1 percent, plus (B) an allowance adequate in the judgment of the Secretary to cover administrative costs and probable losses. Repayments of such advances shall be deposited into miscellaneous receipts of the Treasury.

"(c) BOARD OF DIRECTORS.—

"(1) BOARD MEMBERSHIP.—The Association shall have a Board of Directors which shall consist of twenty-one persons, one of whom shall be designated Chairman by the President.

"(2) INTERIM BOARD.—An interim Board of Directors shall be appointed by the President, one of whom he shall designate an interim Chairman. The interim Board shall consist of twenty-one members, seven of whom shall be representative of banks or other financial institutions which are insured lenders pursuant to this section, seven of whom shall be representative of educational institutions, and seven of whom shall be representative of the general public. The interim Board shall arrange for an initial offering of common and preferred stocks and take whatever other actions are necessary to proceed with the operations of the Association.

"(3) REGULAR BOARD.—When, in the judgment of the President, sufficient common stock of the Association has been purchased by educational institutions and banks or other financial institutions, the holders of common stock which are educational institutions shall elect seven members of the Board of Directors and the holders of common stock which are banks or other financial institutions shall elect seven members of the Board of Directors. The President shall appoint the remaining seven directors, who shall be representative of the general public.

"(4) SUCCESSION OF REGULAR BOARD.—At the time the events described in paragraph (3) have occurred, the interim Board shall turn over the affairs of the Association to the regular Board so chosen or appointed.

"(5) TERMS OF APPOINTED AND ELECTED MEMBERS.—The directors appointed by the President shall serve at the pleasure of the President and until their successors have been appointed and have qualified. The remaining directors shall each be elected for a term ending on the date of the next annual meeting of the common stockholders of the Association, and shall serve until their successors have been elected and have qualified. Any appointive seat on the Board which becomes vacant shall be filled by appointment of the President. Any elective seat on the Board which becomes vacant after the annual election of the directors shall be filled by the Board, but only for the unexpired portion of the term.

"(6) MEETINGS AND FUNCTIONS OF BOARD.—The Board of Directors shall meet at the call of its Chairman, but at least semiannually. The Board shall determine the general policies which shall govern the operations of the Association. The Chairman of the Board shall, with the approval of the Board, select, appoint, and compensate qualified persons to fill the offices as may be provided for in the bylaws, with such executive functions, powers, and duties as may be prescribed by the bylaws or by the Board of Directors, and such persons shall be the executive officers of the Association and shall discharge all such executive functions, powers, and duties.

"(d) AUTHORITY OF ASSOCIATION.—

"(1) IN GENERAL.—The Association is authorized, subject to the provisions of this section—

"(A) pursuant to commitments or otherwise to make advances on the security of, purchase, or repurchase, service, sell or resell, offer participations, or pooled interests or otherwise deal in, at prices and on terms and conditions determined by the Association, student loans which are insured by the Secretary under this part or by a guaranty agency;

"(B) to buy, sell, hold, underwrite, and otherwise deal in obligations, if such obligations are issued, for the purpose of making or purchasing insured loans, by a guaranty agency or by an eligible lender in a State described in section 435(d)(1)(D) or (F);

"(C) to buy, sell, hold, insure, underwrite, and otherwise deal in obligations issued for the purpose of financing or refinancing the construction, reconstruction, renovation, or purchase of educational and training facilities and housing for students and faculties (including the underlying real property), and related equipment, instrumentation, and furnishings;

"(D) to undertake a program of loan insurance pursuant to agreements with the Secretary under section 428, and except with respect to loans under subsection (o), the Secretary may enter into an agreement with the Association for such purpose only if the Secretary determines that (i) eligible borrowers are seeking and unable to obtain loans under this part, and (ii) no guaranty agency is capable of or willing to provide a program of loan insurance for such borrowers; and

"(E) to undertake any other activity which the Board of Directors of the Association determines to be in furtherance of the programs of insured student loans authorized under this part or will otherwise support the credit needs of students.

The Association is further authorized to undertake any activity with regard to student loans which are not insured or guaranteed as provided for in this subsection as it may undertake with regard to insured or guaranteed student loans. Any warehousing advance made on the security of such loans shall be subject to the provisions of paragraph (3) of this subsection to the same extent as a warehousing advance made on the security of insured loans.

"(2) WAREHOUSING ADVANCES.—Any warehousing advance made under paragraph (1)(A) of this subsection shall be made on the security of (A) insured loans, (B) marketable obligations and securities issued, guaranteed or insured by, the United States, or for which the full faith and credit of the United States is pledged for the repayment of principal and interest thereof, or (C) marketable obligations issued, guaranteed, or insured by any agency, instrumentality or corporation of the United States for which the credit of such agency, instrumentality or corporation is pledged for the repayment of principal and interest thereof, in an amount equal to the amount of such advance. The proceeds of any such advance secured by insured loans shall either be invested in additional insured loans or the lender shall provide assurances to the Association that during the period of the borrowing it will maintain a level of insured loans in its portfolio not less than the aggregate outstanding balance of such loans held at the time of the borrowing. The proceeds from any such advance secured by collateral described in clauses (B) and (C) shall be invested in additional insured student loans.

"(3) PERFECTION OF SECURITY INTERESTS IN STUDENT LOANS.—Notwithstanding the provisions of any State law to the contrary, including the Uniform Commercial Code as in effect in any State, a security interest in insured student loans created on behalf of the Association or any eligible lender as defined in section 435(a) may be perfected either through the taking of possession of such loans or by the filing of notice of such security interest in such loans in the manner provided by such State law for perfection of security interests in accounts.

"(4) FORM OF SECURITIES.—Securities issued pursuant to the offering of participations or pooled interests under paragraph (1) of this subsection may be in the form of debt obligations, or trust certificates of beneficial ownership, or both. Student loans set aside pursuant to the offering of participations or pooled interests shall at all times be adequate to ensure the timely principal and interest payments on such securities.

"(e) ADVANCES TO LENDERS THAT DO NOT DISCRIMINATE.—The Association, pursuant to such criteria as the Board of Directors may prescribe, shall make advances on security or purchase student loans pursuant to subsection (d) only after the Association is assured that the lender (1) does not discriminate by pattern or practice against any particular class or category of students by requiring that, as a condition to the receipt of a loan, the student or his family maintain a business relationship with the lender, except that this clause shall not apply in the case of a loan made by a credit union, savings and loan association, mutual savings bank, institution of higher education, or any other lender with less than $75,000,000 in deposits, and (2) does not discriminate on the basis of race, sex, color, creed, or national origin.

"(f) STOCK OF THE ASSOCIATION.—

"(1) COMMON STOCK TO INSURED LENDERS AND ELIGIBLE INSTITUTIONS ONLY.—The Association shall have common stock having such par value as may be fixed by its Board of Directors from time to time which may be issued only to lenders under this part, pertaining to guaranteed student loans, who are qualified as insured lenders under this part or who are eligible institutions, as defined in section 435(a), other than an institution outside of the United States.

"(2) VOTING RIGHTS.—Each share of common stock shall be entitled to one vote with rights of cumulative voting at all elections of Directors. Voting shall be by classes as described in subsection (c)(3).

"(3) NUMBER OF SHARES; TRANSFERABILITY.—The maximum number of shares of common stock that the Association may issue and have outstanding at any one time shall be fixed by the Board of Directors from time to time. Any common share issued shall be fully transferable, except that, as to the Association, it shall be transferred only on the books of the Association.

"(4) DIVIDENDS.—To the extent that net income is earned and realized, subject to subsection (g)(2), dividends may be declared on common stock and nonvoting common stock by the Board of Directors. Such dividends as may be declared by the Board shall be paid to the holders of outstanding shares of common stock and nonvoting common stock, except that no such dividends shall be payable with respect to any share which has been called for redemption past the effective date of such call.

"(5) NONVOTING COMMON STOCK.—The Association is authorized to issue nonvoting common stock having such par value as may be fixed by its Board of Directors from time to time. Any nonvoting common stock shall be freely transferable, except that, as to the Association, it shall be transferable only on the books of the Association.

"(g) PREFERRED STOCK.—

"(1) AUTHORITY OF BOARD.—The Association is authorized to issue nonvoting preferred stock having such par value as may be fixed by its Board of Directors from time to time. Any preferred share issued shall be freely transferable, except that, as to the Association, it shall be transferred only on the books of the Association.

"(2) RIGHTS OF PREFERRED STOCK.—The holders of the preferred shares shall be entitled to such rate of cumulative dividends and such shares shall be subject to such redemption or other conversion provisions as may be provided for at the time of issuance. No dividends shall be payable on any share of common stock at any time when any dividend is due on any share of preferred stock and has not been paid.

"(3) PREFERENCE ON TERMINATION OF BUSINESS.—In the event of any liquidation, dissolution, or winding up of the Association's business, the holders of the preferred shares shall be paid in full at par value thereof, plus all accrued dividends, before the holders of the common shares receive any payment.

"(h) DEBT OBLIGATIONS.—

"(1) APPROVAL BY SECRETARIES OF EDUCATION AND THE TREASURY.—The Association is authorized with the approval of the Secretary of Education and the Secretary of the Treasury to issue and have outstanding obligations having such maturities and bearing such rate or rates of interest as may be determined by the Association. The authority of the Secretary of Education to approve the issuance of such obligations is limited to obligations issued by the Association and guaranteed by the Secretary pursuant to paragraph (2) of this subsection. Such obligations may be redeemable at the option of the Association before maturity in such manner as may be stipulated therein. The Secretary of the Treasury may not direct as a condition of his approval that any such issuance of obligations by the Association be made or sold to the Federal Financing Bank. To the extent that the average outstanding amount of the obligations owned by the Association pursuant to the authority contained in subsection (d)(1)(B) and (C) of this section and as to which the income is exempt from taxation under the Internal Revenue Code of 1954 does not exceed the average stockholders' equity of the Association, the interest on obligations issued under this paragraph shall not be deemed to be interest on indebtedness incurred or continued to purchase or carry obligations for purposes of section 265 of the Internal Revenue Code of 1954.

"(2) GUARANTEE OF DEBT.—The Secretary is authorized, prior to October 1, 1984, to guarantee payment when due of principal and interest on obligations issued by the Association in an aggregate amount determined by the Secretary in consultation with the Secretary of the Treasury. Nothing in this section shall be construed so as to authorize the Secretary of Education or the Secretary of the Treasury to limit, control, or constrain programs of the Association or support of the Guaranteed Student Loan Program by the Association.

"(3) BORROWING AUTHORITY TO MEET GUARANTEE OBLIGATIONS.—To enable the Secretary to discharge his responsibilities under guarantees issued by him, he is authorized to issue to the Secretary of the Treasury notes or other obligations in such forms and denominations, bearing such maturities, and subject to such terms and conditions, as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the months preceding the issuance of the notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued hereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act, as amended, are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. There is authorized to be appropriated to the Secretary such sums as may be necessary to pay the principal and interest on the notes or obligations issued by him to the Secretary of the Treasury.

"(4) ACTION ON REQUEST FOR GUARANTEES.—Upon receipt of a request from the Association under this subsection requiring approvals by the Secretary of Education or the Sec-

retary of the Treasury, the Secretary of Education or the Secretary of the Treasury shall act promptly either to grant approval or to advise the Association of the reasons for withholding approval. In no case shall such an approval be withheld for a period longer than sixty days unless, prior to the end of such period, the Secretary of Education and the Secretary of the Treasury submit to the Congress a detailed explanation of reasons for doing so.

"(5) AUTHORITY OF TREASURY TO PURCHASE DEBT.—The Secretary of the Treasury is authorized to purchase any obligations issued by the Association pursuant to this subsection as now or hereafter in force, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds of the sale of any securities hereafter issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force are extended to include such purchases. The Secretary of the Treasury shall not at any time purchase any obligations under this subsection if such purchase would increase the aggregate principal amount of his then outstanding holdings of such obligations under this subsection to an amount greater than $1,000,000,000. Each purchase of obligations by the Secretary of the Treasury under this subsection shall be upon such terms and conditions as to yield a return at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States of comparable maturities as of the last day of the month preceding the making of such purchase. The Secretary of the Treasury may, at any time, sell, upon such terms and conditions and at such price or prices as he shall determine, any of the obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such obligations under this subsection shall be treated as public debt transactions of the United States.

"(6) SALE OF DEBT TO FEDERAL FINANCING BANK.—Notwithstanding any other provision of law the Association is authorized to sell or issue obligations on the security of student loans, the payment of interest or principal of which has at any time been guaranteed under section 428 or 429 of this part, to the Federal Financing Bank.

"(i) GENERAL CORPORATE POWERS.—The Association shall have power—

"(1) to sue and be sued, complain and defend, in its corporate name and through its own counsel;

"(2) to adopt, alter, and use the corporate seal, which shall be judicially noticed;

"(3) to adopt, amend, and repeal by its Board of Directors, bylaws, rules, and regulations as may be necessary for the conduct of its business;

"(4) to conduct its business, carry on its operations, and have officers and exercise the power granted by this section in any State without regard to any qualification or similar statute in any State;

"(5) to lease, purchase, or otherwise acquire, own, hold, improve, use, or otherwise deal in and with any property, real, personal, or mixed, or any interest therein, wherever situated;

"(6) to accept gifts or donations of services, or of property, real, personal, or mixed, tangible or intangible, in aid of any of the purposes of the Association;

"(7) to sell, convey, mortgage, pledge, lease, exchange, and otherwise dispose of its property and assets;

"(8) to appoint such officers, attorneys, employees, and agents as may be required, to determine their qualifications, to define their duties, to fix their salaries, require bonds for them and fix the penalty thereof; and

"(9) to enter into contracts, to execute instruments, to incur liabilities, and do all things as are necessary or incidental to the proper management of its affairs and the proper conduct of its business.

"(j) ACCOUNTING, AUDITING, AND REPORTING.—The accounts of the Association shall be audited annually. Such audits shall be conducted in accordance with generally accepted auditing standards by independent certified public accountants or by independent licensed public accountants, licensed on or before December 31, 1970, who are certified or licensed by a regulatory authority of a State or other political subdivision of the United States, except that independent public accountants licensed to practice by such regulatory authority after December 31, 1970, and persons who, although not so certified or licensed, meet, in the opinion of the Secretary, standards of education and experience representative of the highest standards prescribed by the licensing authorities of the several States which provide for the continuing licensing of public accountants and which are prescribed by the Secretary in appropriate regulations may perform such audits until December 31, 1975. A report of each such audit shall be furnished to the Secretary of the Treasury. The audit shall be conducted at the place or places where the accounts are normally kept. The representatives of the Secretary shall have access to all books, accounts, financial records, reports, files, and all other papers, things, or property belonging to or in use by the Association and necessary to facilitate the audit, and they shall be afforded full facilities for verifying transactions with the balances or securities held by depositaries, fiscal agents, and custodians.

"(k) REPORT ON AUDITS BY TREASURY.—A report of each such audit for a fiscal year shall be made by the Secretary of the Treasury to the President and to the Congress not later than six months following the close of such fiscal year. The report shall set forth the scope of the audit and shall include a statement (showing intercorporate relations) of assets and liabilities, capital and surplus or deficit; a statement of surplus or deficit analysis; a statement of income and expense; a statement of sources and application of funds; and such comments and information as may be deemed necessary to keep the President and the Congress informed of the operations and financial condition of the Association, together with such recommendations with respect thereto as the Secretary may deem advisable, including a report of any impairment of capital or lack of sufficient capital noted in the audit. A copy of each report shall be furnished to the Secretary, and to the Association.

"(l) LAWFUL INVESTMENT INSTRUMENTS; EFFECT OF AND EXEMPTIONS FROM OTHER LAWS.—All obligations issued by the Association including those made under subsection (d)(4) shall be lawful investments, and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under authority or control of the United States or of any officer or officers thereof. All stock and obligations issued by the Association pursuant to this section shall be deemed to be exempt securities within the meaning of laws administered by the Securities and Exchange Commission, to the same extent as securities which are direct obligations of, or obligations guaranteed as to principal or interest by, the United States. The Association shall, for the purposes of section 14(b)(2) of the Federal Reserve Act, be deemed to be an agency of the United States. The obligations of the Association shall be deemed to be obligations of the United States for purposes of section 3701 of the Revised Statutes (31 U.S.C. 742). For the purpose of the distribution of its property pursuant to section 726 of title 11, United States Code, the Association shall be deemed a person within the meaning of such title. The priority established in favor of the United States by section 3466 of the Revised Statutes (31 U.S.C. 191) shall not establish a priority over the indebtedness of the Association. The Federal Reserve Banks are authorized to act as depositaries, custodians or fiscal agents, or a combination thereof, for the Association in the general performance of its powers under this section.

"(m) PREPARATION OF OBLIGATIONS.—In order to furnish obligations for delivery by the Association, the Secretary of the Treasury is authorized to prepare such obligations in such form as the Board of Directors may approve, such obligations when prepared to be held in the Treasury subject to delivery upon order by the Association. The engraved plates, dies, bed pieces, and so forth, executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The Association shall reimburse the Secretary of the Treasury for any expenditures made in the preparation, custody, and delivery of such obligations. The Secretary of the Treasury is authorized to promulgate regulations on behalf of the Association so that the Association may utilize the book-entry system of the Federal Reserve Banks.

"(n) REPORT ON OPERATIONS AND ACTIVITIES.—The Association, shall, as soon as practicable after the end of each fiscal year, transmit to the President and the Congress a report of its operations and activities during each year.

"(o) LOAN CONSOLIDATIONS.—

"(1) IN GENERAL.—The Association or its designated agent may, upon request of a borrower, consolidate loans received under this title in accordance with section 428D.

"(2) USE OF EXISTING AGENCIES AS AGENT.—The Association in making loans pursuant to this subsection in any State served by a guaranty agency or an eligible lender in a State described in section 435(d)(1) (D) or (F) may designate as its agent such agency or lender to perform such functions as the Association determines appropriate. Any agreements made pursuant to this subparagraph shall be on such terms and conditions as agreed upon by the Association and such agency or lender.

"(p) ADVANCES FOR DIRECT LOANS BY GUARANTY AGENCIES.—

"(1) IN GENERAL.—The Association shall make advances in each fiscal year from amounts available to it to each guaranty agency and eligible lender described in subsection 428(h)(1) which has an agreement with the Association which sets forth that advances are necessary to enable such agency or lender to make student loans in accordance with section 428(h) of this title and that such advances will be repaid to the Association in accordance with such terms and conditions as may be set forth in the

agreement and agreed to by the Association and such agency or lender. Advances made under this subsection shall not be subject to subsection (d)(2) of this section.

"(2) LIMITATION.—No advance may be made under this subsection unless the guaranty agency or lender makes an application to the Association, which shall be accompanied by such information as the Association determines to be reasonably necessary.

"(q) LENDER OF LAST RESORT.—

"(1) ACTION AT REQUEST OF SECRETARY.—(A) Whenever the Secretary determines that eligible borrowers in a State not served by a guaranty agency or an eligible lender in a State described in section 435(d)(1) (D) or (F) are seeking and are unable to obtain loans under this part, the Association or its designated agent may begin making loans in accordance with this subsection at the request of the Secretary. The Association shall give preference to such States in making loans under this subsection.

"(B) Loans made pursuant to this subsection shall be insurable by the Secretary under section 429 with a certificate of comprehensive insurance coverage provided for under section 429(b)(1).

"(2) ISSUANCE AND COVERAGE OF LOANS.—(A) Whenever the Secretary, after consultation with, and with the agreement of, representatives of the guaranty agency in a State, or an eligible lender in a State described in section 435(d)(1)(D), determines that a substantial portion of eligible borrowers in such State or within an area of such State are seeking and are unable to obtain loans under this part, the Association or its designated agent may begin making loans in accordance with this subsection at the request of the Secretary.

"(B) Loans made pursuant to this subsection shall be insurable by the agency identified in subparagraph (A) having an agreement pursuant to section 428(b). For loans insured by such agency, the agency shall provide the Association with a certificate of comprehensive insurance coverage, if the Association and the agency have mutually agreed upon a means to determine that the agency has not already guaranteed a loan under this part to a student which would cause a subsequent loan made by the Association to be in violation of any provision under this part.

"(3) TERMINATION OF LENDING.—The Association or its designated agent shall cease making loans under this part in any State at such time as it is determined by the Secretary, with regard to loans made under paragraph (1), or by any party to the agreement required by paragraph (2), that—

"(A) the conditions which caused the implementation of this subsection have ceased to exist; or

"(B) the implementation of this subsection has either (i) further reduced the availability of loans from other sources in the applicable geographical area, or (ii) inhibited the formation in a State of an agency which would have an agreement pursuant to section 428(b) of this part which would have the responsibility of developing local sources of funds for student loans.".

(b) EFFECTIVE DATES.—The changes made in part B of title IV of the Act by the amendment made by subsection (a) of this section shall take effect on October 1, 1986, except—

(1) as otherwise provided in such part B;

(2) that the extension of authority to make loans under such part shall be effective on the date of enactment of this Act;

(3) that the extension of the grace period (under sections 427(a)(2)(B) and 428(b)(1)(E)) from six to nine months shall only apply with respect to loans made after October 1, 1987, to borrowers who, on the date of entering into the note or other written evidence of the loan, have no outstanding balance of principal or interest on any loan made, insured, or guaranteed under such part B;

(4) the changes in sections 427(a)(2)(C) and 428(b)(1)(M) of the Act shall apply only to loans made on or after July 1, 1987; and

(5) the changes in sections 435(d)(5) and 438(d) of the Act shall take effect 30 days after the date of enactment of this Act.

SEC. 412. STUDY OF USE OF MULTIPLE-YEAR LINES OF CREDIT.

The Secretary of Education shall evaluate the feasibility and efficiency of permitting students to establish lines of credit with eligible lenders under part B of title IV of the Act that cover more than one year of attendance at an institution of higher education. Such evaluation shall determine the extent to which such an arrangement would reduce the administrative costs associated with making separate loans annually under such part. In conducting such evaluation, the Secretary shall consult institutions of higher education and eligible lenders under such part. Within six months after the date of enactment of this Act, the Secretary shall submit to the Congress a report on the results of such evaluation together with such recommendations as the Secretary considers appropriate.

SEC. 413. STUDY OF MULTIPLE DISBURSEMENT.

The Comptroller General shall evaluate the impact of the multiple disbursement system required for student loans under part B of title IV of the Act on the ability of both students and institutions of higher education to meet their expenses as they arise. Such evaluation shall include an assessment of any other impacts of such system on such students or institutions that the Comptroller General determines to be significant. A report on the results of such evaluation shall be submitted to the Congress not later than two years after the date of the enactment of this Act.

SEC. 414. STUDY OF ADMINISTRATIVE COST ALLOWANCES TO STATE GUARANTEE AGENCIES.

The Secretary shall conduct a comprehensive study of administrative cost allowances paid to guaranty agencies under part B of title IV of the Act and report to Congress within one year of enactment of this section. The Secretary shall evaluate guaranty agency reserves and outlays and identify cost-saving measures to reduce Federal expenditures and make recommendations on such measures.

PART C—COLLEGE WORK-STUDY AMENDMENT

SEC. 441. REVISION OF PART C.

Part C of title IV of the Act is amended to read as follows:

"PART C—WORK-STUDY PROGRAMS

"SEC. 441. PURPOSE; APPROPRIATIONS AUTHORIZED.

"(a) PURPOSES.—The purpose of this part is to stimulate and promote the part-time employment of students who are enrolled as undergraduates or graduate or professional students and who are in need of earnings from employment to pursue courses of study at eligible institutions.

"(b) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this part $700,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

"SEC. 442. ALLOCATION OF FUNDS.

"(a) ALLOCATION BASED ON PREVIOUS ALLOCATION.—(1) From the amount appropriated pursuant to section 441(b), the Secretary shall first allocate to each eligible institution—

"(A) for fiscal year 1987 or 1988, an amount equal to 100 percent of the amount such institution received and used under this part for fiscal year 1979; and

"(B) for each succeeding fiscal year, an amount equal to 95 percent of the amount such institution received and used under this part for the second preceding fiscal year.

"(2) From the amount so appropriated, the Secretary shall next allocate to each eligible institution that began participation in the program under this part after fiscal year 1979, an amount equal to the greatest of—

"(A) $5,000;

"(B) an amount equal to (i) 90 percent of the amount received and used under this part in the second preceding fiscal year by eligible institutions offering comparable programs of instruction, divided by (ii) the number of full-time equivalent students enrolled at such comparable institutions in such fiscal year, multiplied by (iii) the number of full-time equivalent students enrolled at the applicant institution in such fiscal year; or

"(C) 90 percent of the institution's allocation under this part for the preceding fiscal year.

(3) If the amount appropriated for any fiscal year is less than the amount required to be allocated to eligible institutions under paragraphs (1) and (2) of this subsection, then the amount of the allocation to each such institution shall be ratably reduced. If additional amounts are appropriated for any such fiscal year, such reduced amounts shall be increased on the same basis as they were reduced (until the amount allocated equals the amount required to be allocated under paragraphs (1) and (2) of this subsection).

"(b) ALLOCATION OF EXCESS BASED ON SHARE OF EXCESS ELIGIBLE AMOUNTS.—(1) From the remainder of the amount appropriated pursuant to section 441(b) after making the allocations required by subsection (a), the Secretary shall allocate to each eligible institution which has an excess eligible amount (other than an institution participating in the program under this subpart for the first or second time) an amount which bears the same ratio to such remainder as such excess eligible amount bears to the sum of the excess eligible amounts of all such eligible institutions (having such excess eligible amounts).

"(2) For any eligible institution (other than an institution participating in the program under this subpart for the first or second time), the excess eligible amount is the amount, if any, by which—

"(A)(i) the amount of that institution's need (as determined under subsection (c)), divided by (ii) the sum of the need of all institutions (as so determined), multiplied by (iii) the amount appropriated pursuant to section 441(b) for the fiscal year; exceeds

"(B) the amount required to be allocated to that institution under subsection (a).

"(c) DETERMINATION OF INSTITUTION'S NEED.—(1) The amount of an institution's need is equal to the sum of the self-help need of the institution's eligible undergraduate students and the self-help need of the institution's eligible graduate and professional students.

"(2) To determine the need of an institution's eligible undergraduate students, the Secretary shall—

"(A) establish various income categories for dependent and independent undergraduate students;

"(B) establish an expected family contribution for each income category of dependent and independent undergraduate students, determined on the basis of the average expected family contribution (computed in accordance with part F of this title) of a representative sample within each income category for the second preceding fiscal year;

"(C) compute 25 percent of the average cost of attendance (computed in accordance with section 472) for all undergraduate students;

"(D) multiply the number of eligible dependent students in each income category by the lesser of—

"(i) 25 percent of the average cost of attendance for all undergraduate students determined under subparagraph (C); or

"(ii) the average cost of attendance (computed in accordance with section 472) for all undergraduate students minus the expected family contribution determined under subparagraph (B) of this paragraph for that income category, except that the amount computed by such subtraction shall not be less than zero;

"(E) add the amounts determined under subparagraph (D) of this paragraph for each income category of dependent students;

"(F) multiply the number of eligible independent students in each income category by the lesser of—

"(i) 25 percent of the average cost of attendance for all undergraduate students determined under subparagraph (C); or

"(ii) the average cost of attendance for all undergraduate students minus the expected family contribution determined under subparagraph (B) of this paragraph for that income category, except that the amount computed by such subtraction for any income category shall not be less than zero;

"(G) add the amounts determined under subparagraph (F) of this paragraph for each income category of independent students; and

"(H) add the amounts determined under subparagraphs (E) and (G) of this paragraph.

"(3) To determine the self-help need of an institution's eligible graduate and professional students, the Secretary shall—

"(A) establish various income categories of graduate and professional students;

"(B) establish an expected family contribution for each income category of graduate and professional students, determined on the basis of the average expected family contribution (computed in accordance with part F of this title) of a representative sample within each income category for the second preceding fiscal year;

"(C) determine the average cost of attendance (computed in accordance with section 472) for all graduate and professional students;

"(D) subtract from the average cost of attendance for all graduate and professional students (determined under subparagraph (C)), the expected family contribution (determined under subparagraph (B)) for each income category, except that the amount computed by such subtraction for any income category shall not be less than zero;

"(E) multiply the amounts determined under subparagraph (D) by the number of eligible students in each category;

"(F) add the amounts determined under subparagraph (E) of this paragraph for each income category.

"(d) REALLOCATION OF EXCESS ALLOCATIONS.—If an institution returns to the Secretary any portion of the sums allocated to such institution under this section for any fiscal year the Secretary shall, in accordance with regulations, reallocate such excess to other institutions; except that the first $5,000,000 or portion thereof shall be reserved and divided equally between college work-study programs at the institutions which currently receive grants under title VIII of this Act and college work-study programs which provide opportunities for literacy related jobs.

"(e) FILING DEADLINES.—The Secretary shall, from time to time, set dates before which institutions must file applications for allocations under this part.

"SEC. 443. GRANTS FOR WORK-STUDY PROGRAMS.

"(a) AGREEMENTS REQUIRED.—The Secretary is authorized to enter into agreements with institutions of higher education under which the Secretary will make grants to such institutions to assist in the operation of work-study programs as provided in this part.

"(b) CONTENTS OF AGREEMENTS.—An agreement entered into pursuant to this section shall—

"(1) provide for the operation by the institution of a program for the part-time employment of its students in work for the institution itself or work in the public interest for a Federal, State, or local public agency or private nonprofit organization under an arrangement between the institution and such agency or organization, and such work—

"(A) will not result in the displacement of employed workers or impair existing contracts for services;

"(B) will be governed by such conditions of employment as will be appropriate and reasonable in light of such factors as type of work performed, geographical region, and proficiency of the employee;

"(C) does not involve the construction, operation, or maintenance of so much of any facility as is used or is to be used for sectarian instruction or as a place for religious worship; and

"(D) will not pay any wage to students employed under this subpart that is less than the current Federal minimum wage as mandated by section 6(a) of the Fair Labor Standards Act of 1938;

"(2) provide that funds granted an institution of higher education, pursuant to section 443, may be used only to make payments to students participating in work-study programs, except that an institution may use a portion of the sums granted to it to meet administrative expenses in accordance with section 489 of this Act, may use a portion of the sums granted to it to meet the cost of a job location and development program in accordance with section 446 of this part, and may transfer funds in accordance with the provisions of section 488 of this Act;

"(3) provide that in the selection of students for employment under such work-study program, only students who demonstrate financial need in accordance with the provisions of section 482, and who meet the requirements of section 484 will be assisted, except that, if the institution's grant under this part is based in part on the financial need demonstrated by students attending the institution less than full-time, a reasonable proportion of the institution's grant shall be made available to such students;

"(4) provide that for a student employed in a work-study program under this part, at the time income derived from any employment (including non-work-study or both) is in excess of the determination of the amount of such student's need by more than $200, continued employment shall not be subsidized with funds appropriated under this part;

"(5) provide that the Federal share of the compensation of students employed in the work study program in accordance with the agreement will not exceed 80 percent for academic years 1987–1988 and 1988–1989, 75 percent for academic year 1989–1990, and 70 percent for academic year 1990–1991 and succeeding academic years, except that the Federal share may exceed such amounts of such compensation if the Secretary determines, pursuant to regulations adopted and promulgated by him or her establishing objective criteria for such determinations, that a Federal share in excess of such amounts is required in furtherance of the purposes of this part;

"(6) include provisions to make employment under such work-study program reasonably available (to the extent of available funds) to all eligible students in the institution in need thereof, and to make equivalent employment offered or arranged by the institution reasonably available (to the extent of available funds) to all students in the institution who desire such employment;

"(7) provide assurances that employment made available from funds under this part will, to the maximum extent practicable, complement and reinforce the educational program or vocational goals of each student receiving assistance under this part;

"(8) include such other provisions as the Secretary shall deem necessary or appropriate to carry out the purposes of this part; and

"(9) provide that students attending proprietary institutions and receiving assistance under this part may be employed by the institution in jobs solely related to providing student services, as determined by the Secretary pursuant to regulations.

"(c) PRIVATE SECTOR EMPLOYMENT AGREEMENT.—In addition to the agreement described in subsection (b), an institution of higher education may, at its option, enter into an additional agreement with the Secretary which shall—

"(1) provide for the operation by the institution of a program of part-time employment of its students in work for a private for-profit organization under an arrangement between the institution and such organization that complies with the requirements of subparagraphs (A) through (D) of subsection (b)(1);

"(2) provides that the institution will use not more than 25 percent of the funds made available to such institution under this part for any fiscal year for the operation of the program described in paragraph (1);

"(3) provide that, notwithstanding subsection (b)(6), the Federal share of the compensation of students employed in such program will not exceed 60 percent for academic years 1987–1988 and 1988–1989, 55 percent for academic year 1989–1990, and 50 percent for academic year 1990–1991 and succeeding academic years, and that the non-Federal share of such compensation will be provided by the private for-profit organization to which the student is employed.

"SEC. 444. SOURCES OF MATCHING FUNDS.

"Nothing in this part shall be construed as restricting the source (other than this part)

from which the institution may pay its share of the compensation of a student employed under a work-study program covered by an agreement under this part, and such share may be paid to such student in the form of services and equipment (including tuition, room, board, and books) furnished by such institution.

"SEC. 445. FLEXIBLE USE OF FUNDS.

"(a) CARRY-OVER AUTHORITY.—Of the sums granted to an eligible institution under this part for any fiscal year, 10 percent may, at the discretion of the institution, remain available for expenditure during the succeeding fiscal year to carry out programs under this part. Any of the sums so granted to an institution for a fiscal year which are not needed by that institution to operate work-study programs during that fiscal year, and which it does not wish to use during the next fiscal year as authorized in the preceding sentence, shall remain available to the Secretary for making grants under section 443 to other institutions in the same State until the close of the second fiscal year next succeeding the fiscal year for which such funds were appropriated.

"(b) CARRY-BACK AUTHORITY.—Up to 10 percent of the sums the Secretary determines an eligible institution may receive from funds which have been appropriated for a fiscal year may be used by the Secretary to make grants under this part to such institution for expenditure during the fiscal year preceding the fiscal year for which the sums were appropriated.

"SEC. 446. JOB LOCATION AND DEVELOPMENT PROGRAMS.

"(a) AGREEMENTS REQUIRED.—The Secretary is authorized to enter into agreements with eligible institutions under which such institution may use not more than 20 percent or $50,000 of its allotment under section 445, whichever is less, to establish or expand a program under which such institution, separately, in combination with other eligible institutions, or through a contract with a nonprofit organization, locates and develops jobs for currently enrolled students which are suitable to the scheduling and other needs of such students.

"(b) CONTENTS OF AGREEMENTS.—Agreements under subsection (a) shall—

"(1) provide that the Federal share of the cost of any program under this section will not exceed 80 percent of such cost;

"(2) provide satisfactory assurance that funds available under this section will not be used to locate or develop jobs at an eligible institution;

"(3) provide satisfactory assurance that the institution will continue to spend in its own job location and development programs, from sources other than funds received under this section, not less than the average expenditures per year made during the most recent three fiscal years preceding the effective date of the agreement;

"(4) provide satisfactory assurance that funds available under this section will not be used for the location or development of jobs for students to obtain upon graduation, but rather for the location and development of jobs available to students during and between periods of attendance at such institution;

"(5) provide satisfactory assurance that the location or development of jobs pursuant to programs assisted under this section will not result in the displacement of employed workers or impair existing contracts for services;

"(6) provide satisfactory assurance that Federal funds used for the purposes of this section can realistically be expected to help generate student wages exceeding in the aggregate the amount of such funds and that if such funds are used to contract with another organization, appropriate performance standards are part of such contract; and

"(7) provide that the institution will submit to the Secretary an annual report on the uses made of funds provided under this section and an evaluation of the effectiveness of such program in benefiting the students of such institution.

"SEC. 447. WORK STUDY FOR COMMUNITY SERVICE-LEARNING ON BEHALF OF LOW-INCOME INDIVIDUALS AND FAMILIES.

"(a) PURPOSE.—The purpose of this section is to encourage and enable institutions of higher education to develop work study programs involving eligible students in community service-learning designed to develop, improve, or expand services for low-income individuals and families or to solve particular problems related to the needs of low-income individuals.

"(b) DEFINITIONS.—For the purpose of this section—

"(1) 'community service-learning' means a program of student work that—

"(A) provides tangible community services for or on behalf of low-income individuals or families; and

"(B) provides participating students with work-learning opportunities related to their educational or vocational programs or goals; and

"(2) 'community services' means direct service, planning or applied research activities designed to improve the quality of life for community residents, particularly low-income individuals, or to solve particular problems related to their needs including, but not limited to, such fields as health care, education, welfare, social services, public safety, crime prevention and control, transportation, recreation, housing and neighborhood improvement, rural development, and community improvement.

"(c) USE OF OTHER FUNDS TO CONDUCT PROGRAM.—Each institution participating under this part may use funds made available under the last sentence of section 489(a) to conduct that institution's program of community service-learning, including—

"(1) development of mechanisms to assure the academic quality of the student experience,

"(2) assuring student access to educational resources, expertise, and supervision necessary to achieve community service objectives, and

"(3) collaboration with public and private nonprofit agencies in the planning and administration of such programs.".

PART E—PERKINS LOANS

SEC. 461. AMENDMENT TO PART E OF THE ACT.

Part E of title IV of the Act is amended to read as follows:

"PART E—DIRECT LOANS TO STUDENTS IN INSTITUTIONS OF HIGHER EDUCATION

"SEC. 461. APPROPRIATIONS AUTHORIZED.

"(a) PROGRAM AUTHORITY.—The Secretary shall carry out a program of stimulating and assisting in the establishment and maintenance of funds at institutions of higher education for the making of low-interest loans to students in need thereof to pursue their courses of study in such institutions. Loans made under this part shall be known as 'Perkins Loans'.

"(b) AUTHORIZATION OF APPROPRIATIONS.—(1) For the purpose of enabling the Secretary to make contributions to student loan funds established under this part, there are authorized to be appropriated $300,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

"(2) In addition there are hereby authorized to be appropriated such sums for fiscal year 1991 and each of the five succeeding fiscal years as may be necessary to enable students who have received loans for academic years ending prior to October 1, 1991, to continue or complete courses of study.

"(c) USE OF APPROPRIATIONS.—Any sums appropriated pursuant to subsection (b) for any fiscal year shall be available for apportionment pursuant to section 462 and for payments of Federal capital contributions therefrom to institutions of higher education which have agreements with the Secretary under section 463. Such Federal capital contributions and all contributions from such institutions shall be used for the establishment, expansion, and maintenance of student loan funds.

"SEC. 462. ALLOCATION OF FUNDS.

"(a) ALLOCATION BASED ON PREVIOUS ALLOCATION.—(1) From the amount appropriated pursuant to section 461(b), the Secretary shall first allocate to each eligible institution—

"(A) for fiscal year 1987 or 1988, an amount equal to 100 percent of the amount such institution expended under this part for fiscal year 1979; and

"(B) for each succeeding fiscal year, an amount equal to 95 percent of the amount such institution expended under this part for the second preceding fiscal year.

"(2) From the amount so appropriated, the Secretary shall next allocate to each eligible institution that began participation in the program under this part after fiscal year 1979, an amount equal to the greatest of—

"(A) $5,000;

"(B) an amount equal to (i) 90 percent of the amount expended under this part in the second preceding fiscal year by eligible institutions offering comparable programs of instruction, divided by (ii) the number of full-time equivalent students enrolled at such comparable institutions in such fiscal year, multiplied by (iii) the number of full-time equivalent students enrolled at the applicant institution in such fiscal year; or

"(C) 90 percent of the institution's allocation under this part for the preceding fiscal year.

(3) If the amount appropriated for any fiscal year is less than the amount required to be allocated to eligible institutions under paragraphs (1) and (2) of this subsection, then the amount of the allocation to each such institution shall be ratably reduced. If additional amounts are appropriated for any such fiscal year, such reduced amounts shall be increased on the same basis as they were reduced (until the amount allocated equals the amount required to be allocated under paragraphs (1) and (2) of this subsection).

"(b) ALLOCATION OF EXCESS BASED ON SHARE OF EXCESS ELIGIBLE AMOUNTS.—(1) From the remainder of the amount appropriated pursuant to section 461(b) after making the allocations required by subsection (a), the Secretary shall allocate to each eligible institution which has an excess eligible amount (other than an institution participating in the program under this subpart for the first or second time) an amount which bears the same ratio to such remainder as such excess eligible amount bears to the sum of the excess eligible amounts of all such eligible

institutions (having such excess eligible amounts).

"(2) For any eligible institution (other than an institution participating in the program under this subpart for the first or second time), the excess eligible amount is the amount, if any, by which—

"(A)(i) the amount of that institution's need (as determined under subsection (c)), divided by (ii) the sum of the need of all institutions (as so determined), multiplied by (iii) the amount appropriated pursuant to section 461(b) for the fiscal year; exceeds

"(B) the amount required to be allocated to that institution under subsection (a).

"(3) For any eligible institution other than an institution that began participation in the program under this part after fiscal year 1979, the eligible amount of that institution is equal to—

"(A) the amount of the institution's self-help need, as determined under subsection (c); minus

"(B) the sum of (i) the institution's anticipated collections; and (ii) the institutions cash-on-hand, as determined under subsection (d); multiplied by

"(C)(i) the institution's default penalty, as determined under subsection (e), if the institution has a default rate in excess of 10 percent or (ii) one, if the institution has a default rate equal to or less than 10 percent;

except that, if the institution has a default rate in excess of 25 percent, the eligible amount of that institution is zero.

"(c) DETERMINATION OF INSTITUTION'S NEED.—(1) The amount of an institution's self-help need is equal to the sum of the self-help need of the institution's eligible undergraduate students and the self-help need of the institution's eligible graduate and professional students.

"(2) To determine the need of an institution's eligible undergraduate students, the Secretary shall—

"(A) establish various income categories for dependent and independent undergraduate students;

"(B) establish an expected family contribution for each income category of dependent and independent undergraduate students, determined on the basis of the average expected family contribution (computed in accordance with part F of this title) of a representative sample within each income category for the second preceding fiscal year;

"(C) compute 75 percent of the average cost of attendance (computed in accordance with section 472) for all undergraduate students;

"(D) multiply the number of eligible dependent students in each income category by the lesser of—

"(i) 25 percent of the average cost of attendance for all undergraduate students determined under subparagraph (C); or

"(ii) the average cost of attendance (computed in accordance with section 472) for all undergraduate students minus the expected family contribution determined under subparagraph (B) of this paragraph for that income category, except that the amount computed by such subtraction shall not be less than zero;

"(E) add the amounts determined under subparagraph (D) of this paragraph for each income category of dependent students;

"(F) multiply the number of eligible independent students in each income category by the lesser of—

"(i) 25 percent of the average cost of attendance for all undergraduate students determined under subparagraph (C); or

"(ii) the average cost of attendance (computed in accordance with section 472) for all undergraduate students minus the expected family contribution determined under subparagraph (B) of this paragraph for that income category, except that the amount computed by such subtraction for any income category shall not be less than zero;

"(G) add the amounts determined under subparagraph (F) of this paragraph for each income category of independent students; and

"(H) add the amounts determined under subparagraphs (E) and (G) of this paragraph.

"(3) To determine the self-help need of an institution's eligible graduate and professional students, the Secretary shall—

"(A) establish various income categories for graduate and professional students;

"(B) establish an expected family contribution for each income category of graduate and professional students, determined on the basis of the average expected family contribution (computed in accordance with part F of this title) of a representative sample within each income category for the second preceding fiscal year;

"(C) determine the average cost of attendance (computed in accordance with section 472) for all graduate and professional students;

"(D) subtract from the average cost of attendance for all graduate and professional students (determined under subparagraph (C)), the expected family contribution (determined under subparagraph (B)) for each income category, except that the amount computed by such subtraction for any income category shall not be less than zero;

"(E) multiply the amounts determined under subparagraph (D) by the number of eligible students in each category;

"(F) add the amounts determined under subparagraph (E) of this paragraph for each income category.

"(d) ANTICIPATED COLLECTIONS; CASH-ON-HAND.—(1) An institution's anticipated collections are equal to 90 percent of the amount which would be collected during the year preceding the beginning of the award period if all outstanding loans under this part were repaid in accordance with their respective repayment schedules.

"(2) An institution's cash-on-hand is the balance of the fund established under section 463 that is not obligated for expenditure as of the close of the preceding fiscal year.

"(e) DEFAULT PENALTY.—For any institution which has a default rate which exceeds 10 percent but does not exceed 25 percent, the institution's default penalty is a percentage equal to the complement of such default rate.

"(f) DEFINITION OF DEFAULT RATE.—(1) For purposes of this section, the default rate is computed by dividing—

"(A) the total principal amount of defaulted loans; by

"(B) the total principal amount of loans made under this part.

"(2) For purposes of paragraph (1)(A), the total principal amount of defaulted loans is equal to the total amount borrowed under loans that have reached repayment status and that are in default, minus—

"(A) amounts that have been repaid or cancelled on such loans;

"(B) loans discharged in bankruptcy;

"(C) loans referred or assigned to the Secretary for collection under paragraph (5)(A), (5)(B)(i), or (6) of section 463(a); and

"(D) loans that are in default but on which the borrowers have made satisfactory arrangements to resume payment.

"(3) A loan shall be considered to be in default—

"(A) 120 days (in the case of a loan repayable monthly), or

"(B) 180 days (in the case of a loan repayable quarterly),

after the borrower fails to make an installment payment when due or to comply with other terms of the promissory note.

"(g) FILING DEADLINES.—The Secretary shall, from time to time, set dates before which institutions must file applications for allocations under this part.

"SEC. 463. AGREEMENTS WITH INSTITUTIONS OF HIGHER EDUCATION.

"(a) CONTENTS OF AGREEMENTS.—An agreement with any institution of higher education for the payment of Federal capital contributions under this part shall—

"(1) provide for the establishment and maintenance of a student loan fund for the purposes of this part;

"(2) provide for the deposit in such fund of—

"(A) Federal capital contributions from funds appropriated under section 461;

"(B) a capital contribution by such institution in an amount equal to not less than one-ninth of the amount of the Federal capital contributions described in subparagraph (A);

"(C) collections of principal and interest on student loans made from deposited funds;

"(D) charges collected pursuant to regulations under section 464(c)(1)(H); and

"(E) any other earnings of the funds;

"(3) provide that such student loan fund shall be used only for—

"(A) loans to students, in accordance with the provisions of this part,

"(B) administrative expenses, as provided in subsection (b),

"(C) capital distributions, as provided in section 466, and

"(D) costs of litigation, and other collection costs agreed to by the Secretary in connection with the collection of a loan from the fund (and interest thereon) or a charge assessed pursuant to regulations under section 464(c)(1)(H);

"(4) provide that where a note or written agreement evidencing a note has been in default for (A) 120 days, in the case of a loan which is repayable in monthly installments, or (B) 180 days, in the case of a loan which is repayable in less frequent installments, notice of such default shall be given to the Secretary in a report describing the total number of loans from such fund which are in such default, and made to the Secretary at least semiannually;

"(5) provide that where a note or written agreement evidencing a loan has been in default despite due diligence on the part of the institution in attempting collection thereon—

"(A) if the institution has knowingly failed to maintain an acceptable collection record with respect to such loan, as determined by the Secretary in accordance with criteria established by regulation, the Secretary may—

"(i) require the institution to assign such note or agreement to the Secretary, without recompense; and

"(ii) apportion any sums collected on such a loan, less an amount not to exceed 30 percent of any sums collected to cover the Sec-

retary's collection costs, among other institutions in accordance with section 462; or

"(B) if the institution is not one described in subparagraph (A), the Secretary may—

"(i) allow such institution to transfer its interest in such loan to the Secretary, for collection, and the Secretary may use any collections thereon (less an amount not to exceed 30 percent of any such sums collected to cover the Secretary's collection costs) to make allocations to institutions of additional capital contributions in accordance with section 642;

"(ii) allow such institution to refer such note or agreement to the Secretary, without recompense, except that any sums collected on such a loan (less an amount not to exceed 30 percent of any such sums collected to cover the Secretary's collection costs) shall be repaid to such institution no later than 180 days after collection by the Secretary and treated as an additional capital contribution;

"(6) provide that, if an institution of higher education determines not to service and collect student loans made available from funds under this part, the institution will assign, at the beginning of the repayment period, notes or evidence of obligations of student loans made from such funds to the Secretary and the Secretary shall apportion any sums collected on such notes or obligations; less an amount not to exceed 30 percent of any such sums collected to cover that Secretary's collection costs, among other institution in accordance with section 462;

"(7) provide that, notwithstanding any other provision of law, the Secretary will provide to the institution any information with respect to the names and addresses of borrowers or other relevant information which is available to him, from whatever source such information may be derived;

"(8) provide assurances that the institution will comply with the provisions of section 463A;

"(9) include such other provisions as may be necessary to protect the financial interest of the United States and promote the purposes of this part as are agreed to by the Secretary and the institution.

"(b) ADMINISTRATIVE EXPENSES.—An institution which has entered into an agreement under subsection (a) shall be entitled, for each fiscal year during which it makes student loans from a student loan fund established under such agreement, to a payment in lieu of reimbursement for its expenses in administering its student loan program under this part during such year. Such payment shall be made in accordance with section 485.

"(c) COOPERATIVE AGREEMENTS WITH CREDIT BUREAU ORGANIZATIONS.—(1) For the purpose of promoting responsible repayment of loans made pursuant to this part, the Secretary shall enter into cooperative agreements with credit bureau organizations to provide for the exchange of information concerning student borrowers concerning whom the Secretary has received a referral pursuant to section 467.

"(2) Each cooperative agreement made pursuant to paragraph (1) shall be made in accordance with requirements of section 430(b)(2) except that such agreement shall provide for the disclosure by the Secretary to such organizations, with respect to any loan for which the Secretary is responsible, of—

"(A) the date of disbursement and the amount of any such loan;

"(B) information concerning collection of any such loan, including information concerning the status of any defaulted loan; and

"(C) the date of cancellation of the note upon completion of repayment by the borrower of any such loan.

"(3) Notwithstanding paragraphs (4) and (6) of subsection (a) of section 605 of the Fair Credit Reporting Act (15 U.S.C. 1681c(a)(4), (a)(6)), a consumer reporting agency may make a report containing information received from the Secretary regarding the status of a borrower's account on a loan made under this part until—

"(A) seven years from the date on which the Secretary accepted an assignment or referral of a loan, or

"(B) seven years from the date the Secretary first reports the account to a consumer reporting agency, if that account has not been previously reported by any other holder of the note.

"SEC. 463A. STUDENT LOAN INFORMATION BY ELIGIBLE INSTITUTIONS.

"(a) DISCLOSURE REQUIRED PRIOR TO DISBURSEMENT.—Each institution of higher education, in order to carry out the provisions of section 463(a)(8), shall, at or prior to the time such institution makes a loan to a student borrower which is made under this part, provide thorough and adequate loan information on such loan to the student borrower. Any disclosure required by this subsection may be made by an institution of higher education as part of the written application material provided to the borrower, or as part of the promissory note evidencing the loan, or on a separate written form provided to the borrower. The disclosures shall include:

"(1) the name of the institution of higher education, and the address to which communications and payments should be sent;

"(2) the principal amount of the loan;

"(3) the amount of any charges collected by the institution at or prior to the disbursal of the loan and whether such charges are deducted from the proceeds of the loan or paid separately by the borrower;

"(4) the stated interest rate on the loan;

"(5) the yearly and cumulative maximum amounts that may be borrowed;

"(6) an explanation of when repayment of the loan will be required and when the borrower will be obligated to pay interest that accrues on the loan;

"(7) a statement as to the minimum and maximum repayment term which the institution may impose, and the minimum monthly payment required by law and a description of any penalty imposed as a consequence of default, such as liability for expenses reasonably incurred in attempts by the Secretary or institutions to collect on a loan;

"(8) an explanation of any special options the borrower may have for loan consolidation or other refinancing of the loan;

"(9) a statement that the borrower has the right to prepay all or part of the loan, at any time, without penalty, a statement summarizing circumstances in which repayment of the loan or interest that accrues on the loan may be deferred, and a brief notice of the program for repayment of loans, on the basis of military service, pursuant to section 902 of the Department of Defense Authorization Act, 1981 (10 U.S.C. 2141, note);

"(10) a definition of default and the consequences to the borrower if the borrower defaults, including a statement that the default may be reported to a credit bureau or credit reporting agency;

"(11) to the extent practicable, in effect of accepting the loan on the eligibility of the borrower for other forms of student assistance; and

"(12) an explanation of any cost the borrower may incur in the making or collection of the loan.

"(b) DISCLOSURE REQUIRED PRIOR TO REPAYMENT.—Each institution of higher education shall enter into an agreement with the Secretary under which the institution will, prior to the start of the repayment period of the student borrower on loans made under this part, disclose to the student borrower the information required under this subsection. Any disclosure required by this subsection may be made by an institution of higher education either in a promissory note evidencing the loan or loans or in a written statement provided to the borrower. The disclosures shall include:

"(1) the name of the institution of higher education, and the address to which communications and payments should be sent;

"(2) the scheduled date upon which the repayment period is to begin;

"(3) the estimated balance owed by the borrower on the loan or loans covered by the disclosure as of the scheduled date on which the repayment period is to begin (including, if applicable, the estimated amount of interest to be capitalized);

"(4) the stated interest rate on the loan or loans, or the combined interest rate of loans with different stated interest rates;

"(5) the nature of any fees which may accrue or be charged to the borrower during the repayment period;

"(6) the repayment schedule for all loans covered by the disclosure including the date the first installment is due, and the number, amount, and frequency of required payments;

"(7) an explanation of any special options the borrower may have for loan consolidation or other refinancing of the loan;

"(8) the projected total of interest charges which the borrower will pay on the loan or loans, assuming that the borrower makes payments exactly in accordance with the repayment schedule; and

"(9) a statement that the borrower has the right to prepay all or part of the loan or loans covered by the disclosure at any time without penalty.

"(c) COSTS AND EFFECTS OF DISCLOSURES.—Such information shall be available without cost to the borrower. The failure of an eligible institution to provide information as required by this section shall not (1) relieve a borrower of the obligation to repay a loan in accordance with its terms, (2) provide a basis for a claim for civil damages, or (3) be deemed to abrogate the obligation of the Secretary to make payments with respect to such loan.

"SEC. 464. TERMS OF LOANS.

"(a) TERMS AND CONDITIONS.—(1) Loans from any student loan fund established pursuant to an agreement under section 463, to any student by any institution shall, subject to such conditions, limitations, and requirements as the Secretary shall prescribe by regulation, be made on such terms and conditions as the institution may determine.

"(2) The aggregate of the loans for all years made by institutions of higher education from loan funds established pursuant to agreements under this part may not exceed—

"(A) $20,000 in the case of any graduate of professional student (as defined by regulations of the Secretary, and including any loans from such funds made to such person

before he became a graduate or professional student);

"(B) $10,000 in the case of a student who has successfully completed two years of a program of education leading to a bachelor's degree, but who has not completed the work necessary for such a degree (determined under regulations of the Secretary, and including any loans from such funds made to such person before he became such a student); and

"(C) $5,000 in the case of any other student.

"(3) Regulations of the Secretary under paragraph (1) shall be designed to prevent the impairment of the capital student loan funds to the maximum extent practicable and with a view toward the objective of enabling the student to complete his course of study.

"(b) DEMONSTRATION OF NEED AND ELIGIBILITY REQUIRED.—(1) A loan from a student loan fund assisted under this part may be made only to a student who demonstrates financial need in accordance with section 482 and who meets the requirements of section 484.

"(2) A priority shall be given, in selecting students for receipt of loans from a student loan fund assisted under this part, to students whose family income is below the median family income for all families in the United States, as determined by the Bureau of Labor Statistics.

"(3) If the institution's Federal capital contribution under section 461 is based in part on the financial need demonstrated by students attending the institution less than full-time, a reasonable proportion of the loans under this part shall be made available to such students.

"(c) CONTENTS OF LOAN AGREEMENT.— (1) Any agreement between an institution and a student for a loan from a student loan fund assisted under this part—

"(A) shall be evidenced by note or other written instrument which, except as provided in paragraph (2), provides for repayment of the principal amount of the loan, together with interest thereon, in equal installments (or, if the borrower so requests, in graduated periodic installments determined in accordance with such schedules as may be approved by the Secretary) payable quarterly, bimonthly, or monthly, at the option of the institution, over a period beginning nine months after the date on which the student ceases to carry, at an institution of higher education or a comparable institution outside the United States approved for this purpose by the Secretary, at least one-half the normal full-time academic workload, and ending ten years and nine months after such date except that such period may begin earlier than nine months after such date upon the request of the borrower;

"(B) shall include provision for acceleration of repayment of the whole, or any part, of such loan, at the option of the borrower;

"(C) may provide, at the option of the institution, in accordance with regulations of the Secretary, that during the repayment period of the loan, payments of principal and interest by the borrower with respect to all outstanding loans made to him from a student loan fund assisted under this part shall be at a rate equal to not less than $30 per month except that the institution may, subject to such regulations, permit a borrower to pay less than $30 per month for a period of not more than one year where necessary to avoid hardship to the borrower, but without extending the ten-year maximum repayment period provided for in clause (A) of this paragraph;

"(D) shall provide that the loan shall bear interest, on the unpaid balance of the loan, at the rate of 3 percent per year or 4 percent per year in the case of any loan made on or after July 1, 1981, or 5 percent per year in the case of any loan made on or after October 1, 1981, except that no interest shall accrue (i) prior to the beginning date of repayment determined under clause (A) (i) or (ii) during any period in which repayment is suspended by reason of paragraph (2);

"(E) unless the borrower is a minor and the note or other evidence of obligation executed by him would not, under applicable law, create a binding obligation, shall provide that the loan shall be made without security and without endorsement;

"(F) shall provide that the liability to repay the loan shall be canceled upon the death of the borrower, or if he becomes permanently and totally disabled as determined in accordance with regulations of the Secretary.

"(G) shall provide that no note or evidence of obligation may be assigned by the lender, except upon the transfer of the borrower to another institution participating under this part (or, if not so participating, is eligible to do so and is approved by the Secretary for such purpose), to such institution, and except as necessary to carry out section 463(a)(6);

"(H) pursuant to regulations of the Secretary, shall provide for an assessment of a charge with respect to the loan for failure of the borrower to pay all or part of an installment when due, which shall include the expenses reasonably incurred in attempting collection of the loan, to the extent permitted by the Secretary, except that no charge imposed under this clause shall exceed 20 percent of the amount of the monthly payment of the borrower; and

"(I) shall contain a notice of the system of disclosure of information concerning default on such loan to credit bureau organizations under section 463(c).

"(2)(A) No repayment of principal of, or interest on, any loan from a student loan fund assisted under this part shall be required during any period in which the borrower—

"(i) is carrying at least one-half the normal full-time academic workload at an institution of higher education or at a comparable institution outside the United States which is approved for this purpose by the Secretary.

"(ii) is a member of the Armed Forces of the United States, is an active duty member of the National Oceanic and Atmospheric Administration Corps, or is an officer in the Commissioned Corps of the Public Health Service;

"(iii) is in service as a volunteer under the Peace Corps Act;

"(iv) is in service as a volunteer under the Domestic Volunteer Act of 1973;

"(v) is in service, comparable to the service referred to in clauses (iii) and (iv), as a full-time volunteer for an organization which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1954;

"(vi) is engaged as a full-time teacher in a public or private elementary or secondary school;

"(vii) is serving an internship, the successful completion of which is required in order to receive professional recognition required to begin professional practice or service;

"(viii) is temporarily totally disabled (as defined in section 435(g)), as established by sworn affidavit of a qualified physician, or during which the borrower is unable to secure employment by reason of the care required by a spouse who is so disabled; or

"(ix) is on parental leave, as defined in section 435(h).

The period during which repayment may be deferred by reason of clause (ii), (iii), (iv), (v), or (viii) shall not exceed three years. The period during which repayment may be deferred by reason of clause (vi) shall not exceed five years. The period during which repayment may be deferred by reason of clause (vii) shall not exceed two years. The period during which repayment may be deferred by reason of clause (ix) shall not exceed six months.

"(B) Any period during which repayment is deferred under subparagraph (A) shall not be included in computing the ten-year maximum period provided for in clause (A) or paragraph (1).

"(C) No repayment of principal of, or interest on, any loan for any period of study, service, or disability described in subparagraph (A) or any combination thereof shall begin until six months after the completion of such period of study, service, disability, or combination thereof.

"(3)(A) The Secretary is authorized, when good cause is shown, to extend, in accordance with regulations, the ten-year maximum repayment period provided for in clause (A) of paragraph (1) with respect to individual loans.

"(B) Pursuant to uniform criteria established by the Secretary, the repayment period for any student borrower who during the repayment period is a low-income individual may be extended for a period not to exceed ten years and the repayment schedule may be adjusted to reflect the income of that individual.

"(4) The institution may elect—

"(A) to add the amount of any charge imposed under paragraph (1)(H) to the principal amount of the loan as of the first day after the day on which the installment was due and to notify the borrower of the assessment of the charge; or

"(B) to make the amount of the charge payable to the institution not later than the due date of the next installment.

"(d) AVAILABILITY OF LOAN FUND TO ALL ELIGIBLE STUDENTS.—An agreement under this part of payment of Federal capital contributions shall include provisions designed to make loans from the student loan fund established pursuant to such agreement reasonably available (to the extent of the available funds in such fund) to all eligible students in such institutions in need thereof.

"SEC. 465. CANCELLATION OF LOANS FOR CERTAIN PUBLIC SERVICE.

"(a) CANCELLATION OF PERCENTAGE OF DEBT BASED ON YEARS OF QUALIFYING SERVICE.—(1) The per centum specified in paragraph (3) of this subsection of the total amount of any loan made after June 30, 1972, from a student loan fund assisted under this part shall be canceled for each complete year of service after such date by the borrower under circumstances described in paragraph (2).

"(2) Loans shall be canceled under paragraph (1) for service—

"(A) as a full-time teacher for service in an academic year in a public or other nonprofit private elementary or secondary school which is in the school district of a local educational agency which is eligible in such year for assistance pursuant to title I of the Elementary and Secondary Education Act of 1965, and which for the purposes of this paragraph and for that year has been deter-

mined by the Secretary (pursuant to regulations and after consultation with the State educational agency of the State in which the school is located) to be a school in which the enrollment of children counted under section 111(c) of the Elementary and Secondary Education Act of 1965 exceeds 30 percent of the total enrollment of that school and such determination shall not be made with respect to more than 50 percent of the total number of schools in the State receiving assistance under such title I;

"(B) as a full-time staff member in a preschool program carried on under section 222(a)(1) of the Economic Opportunity Act of 1964 which is operated for a period which is comparable to a full school year in the locality: Provided, That the salary of such staff member is not more than the salary of a comparable employee of the local educational agency, or

"(C) as a full-time teacher of handicapped children in a public or other nonprofit elementary or secondary school system; or

"(D) as a member of the Armed Forces of the United States, for services that qualifies for special pay under section 310 of title 37, United States Code, as an area of hostilities.

For purposes of this paragraph, the term 'handicapped children' has the meaning set forth in section 602(1) of the Education of the Handicapped Act.

"(3)(A) The percent of a loan which shall be canceled under paragraph (1) of this subsection is—

"(i) in the case of service described in clause (A), or (C), of paragraph (2), at the rate of 15 percent for the first or second year of such service, 20 percent for the third or fourth year of such service, and 30 percent for the fifth year of such service;

"(ii) in the case of service described in clause (B) of paragraph (2) at the rate of 15 percent for each year of such service;

"(iii) in the case of service described in clause (D) of paragraph (2) not to exceed a total of 50 percent of such loan at the rate of 12½ percent for each year of qualifying service.

"(B) If a portion of a loan is canceled under this subsection for any year, the entire amount of interest on such loan which accrues for such year shall be canceled.

"(C) Nothing in this subsection shall be construed to authorize refunding of any repayment of a loan.

"(4) For the purposes of this subsection, the term 'year' where applied to service as a teacher means academic year as defined by the Secretary.

"(5) The amount of a loan, and interest on a loan, which is canceled under this section shall not be considered income for purposes of the Internal Revenue Code of 1954.

"(b) REIMBURSEMENT FOR CANCELLATION.—The Secretary shall pay to each institution for each fiscal year an amount equal to the aggregate of the amounts of loans from its student loan fund which are canceled pursuant to this section for such year, minus an amount equal to the aggregate of the amounts of any such loans so canceled which were made from Federal capital contributions to its student loan fund provided by the Secretary under section 468. None of the funds appropriated pursuant to section 461(b) shall be available for payments pursuant to this subsection.

"SEC. 466. DISTRIBUTION OF ASSETS FROM STUDENT LOAN FUNDS.

"(a) IN GENERAL.—After September 30, 1996, and not later than March 31, 1997, there shall be a capital distribution of the balance of the student loan fund established under this part by each institution of higher education as follows:

"(1) The Secretary shall first be paid an amount which bears the same ratio to the balance in such fund at the close of September 30, 1996, as the total amount of the Federal capital contributions to such fund by the Secretary under this part bears to the sum of such Federal contributions and the institution's capital contributions to such fund.

"(2) The remainder of such balance shall be paid to the institution.

"(b) DISTRIBUTION OF LATE COLLECTIONS.—After March 31, 1997, each institution with which the Secretary has made an agreement under this part, shall pay to the Secretary the same proportionate share of amounts received by this institution after September 30, 1996, in payment of principal and interest on student loans made from the student loan fund established pursuant to such agreement (which amount shall be determined after deduction of any costs of litigation incurred in collection of the principal or interest on loans from the fund and not already reimbursed from the fund or from such payments of principal or interest), as was determined for the Secretary under subsection (a).

"(c) DISTRIBUTION OF EXCESS CAPITAL.—Upon a finding by the institution or the Secretary prior to October 1, 1997, that the liquid assets of a student loan fund established pursuant to an agreement under this part exceed the amount required for loans or otherwise in the foreseeable future, and upon notice to such institution or to the Secretary, as the case may be, there shall be, subject to such limitations as may be included in regulations of the Secretary or in such agreement, a capital distribution from such fund. Such capital distribution shall be made as follows:

"(1) The Secretary shall first be paid an amount which bears the same ratio to the total to be distributed as the Federal capital contributions by the Secretary to the student loan fund prior to such distribution bear to the sum of such Federal capital contributions and the capital contributions to the fund made by the institution.

"(2) The remainder of the capital distribution shall be paid to the institution.

"SEC. 467. COLLECTION OF DEFAULTED LOANS.

"(a) AUTHORITY OF SECRETARY TO COLLECT REFERRED, TRANSFERRED, OR ASSIGNED LOANS.—With respect to any loan—

"(1) which was made under this part, and

"(2) which is referred, transferred, or assigned to the Secretary by an institution with an agreement under section 463(a),

the Secretary is authorized to attempt to collect such loan by any means authorized by law for collecting claims of the United States (including referral to the Attorney General for litigation) and under such terms and conditions as the Secretary may prescribe, including reimbursement for expenses reasonably incurred in attempting such collection.

"(b) COLLECTION OF REFERRED, TRANSFERRED, OR ASSIGNED LOANS.—The Secretary shall continue to attempt to collect any loan referred, transferred, or assigned under paragraph (5)(A), (5)(B)(i), or (6) of section 463(a) until all appropriate collection efforts, as determined by the Secretary, have been expended.

"SEC. 468. STATUTE OF LIMITATIONS.

"Notwithstanding any provision of State law that would set an earlier deadline for filing suit—

"(1) an institution which has an agreement with the Secretary pursuant to section 463(a) may file suit for collection of the amount due from a borrower on a loan made under this part during a period of time extending at least until a date six years (exclusive of periods during which the State statute of limitations period otherwise applicable to the suit would be tolled under State law) after the date of the default of the borrower with respect to that amount; and

"(2) subject to the provisions of section 2416 of title 28 of the United States Code, the Attorney General may file suit for collection of the amount due from a borrower on a loan made under this part until six years following the date on which the loan is assigned or referred to the Secretary under this part.

"SEC. 469. GENERAL AUTHORITY OF SECRETARY.

"In carrying out the provisions of this part, the Secretary is authorized—

"(1) to consent to modification, with respect to rate of interest, time of payment of any installment of principal and interest or any portion thereof, or any other provision of any note evidencing a loan which has been made under this part;

"(2) to enforce, pay, compromise, waive, or release any right, title, claim, lien, or demand, however acquired, including any equity or any right of redemption;

"(3) to conduct litigation in accordance with the provisions of section 432(a)(2); and

"(4) to enter into a contract or other arrangement with State or nonprofit agencies and, on a competitive basis, with collection agencies for servicing and collection of loans under this part.".

PART F—NEED ANALYSIS

SEC. 471. ADDITION OF A NEW PART F RELATING TO NEED ANALYSIS FOR STUDENT ASSISTANCE.

Title IV of the Act is further amended by redesignating part F as part G and by inserting after part E the following new part:

"PART F—NEED ANALYSIS

"SEC. 471. AMOUNT OF NEED.

"Except as otherwise provided therein, the amount of need of any student for financial assistance under this title (except subpart 3 of part A) is equal to the cost of attendance of such student minus the expected family contribution for such student.

"SEC. 472. COST OF ATTENDANCE.

"For the purposes of this title (subject to section 478), the term 'cost of attendance' means—

"(1) tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study;

"(2) an allowance for books, supplies, transportation, and miscellaneous personal expenses for a student attending the institution on at least a half-time basis, as determined by the institution;

"(3) an allowance (as determined by the institution) for room and board costs incurred by the student which—

"(A) shall be an allowance of not less than $1,500 for a student without dependents residing at home with parents;

"(B) for students without dependents residing in institutionally owned or operated housing, shall be a standard allowance determined by the institution based on the amount normally assessed most of its residents for room and board; and

"(C) for all other students shall be an allowance based on the expenses reasonably incurred by such students for room and board, except that the amount may not be less than $2,500;

"(4) for less than half-time students (as determined by the institution) tuition and fees and an allowance for books, supplies, and transportation (as determined by the institution);

"(5) for a student engaged in a program of study by correspondence, only tuition and fees and, if required, books and supplies, travel, and room and board costs incurred specifically in fulfilling a required period of residential training;

"(6) for a student enrolled in an academic program which normally includes a formal program of study abroad, reasonable costs associated with such study (as determined by the institution);

"(7) for a student with one or more dependents, an allowance (as determined by the institution) based on the expenses reasonably incurred for dependent care based on the number and age of such dependents;

"(8) for a handicapped student, an allowance (as determined by the institution) for those expenses related to his or her handicap, including special services, transportation, equipment, and supplies that are reasonably incurred and not provided for by other assisting agencies; and

"(9) for a student receiving all or part of his or her instruction by means of telecommunications technology, no distinction shall be made with respect to the mode of instruction in determining costs.

"SEC. 473. FAMILY CONTRIBUTION.

"For the purposes of this title, except subpart 3 of part A, the term 'family contribution' with respect to any student means the amount which the student and his or her family may be reasonably expected to contribute toward his or her postsecondary education for the academic year for which the determination is made, as determined in accordance with this part.

"SEC. 474. DATA ELEMENTS USED IN DETERMINING EXPECTED FAMILY CONTRIBUTION.

"The following data elements are considered in determining the expected family contribution:

"(1) the available income of (A) the student and his or her spouse; or (B) the student and the student's parents, in the case of a dependent student;

"(2) the number of dependents in the family of the student;

"(3) the number of dependents in the family of the student who are enrolled in, on at least a half-time basis, a program of postsecondary education and for whom the family may reasonably be expected to contribute to their postsecondary education;

"(4) the net assets of (A) the student and his or her spouse, and (B) the student and the student's parents, in the case of a dependent student;

"(5) the marital status of the student;

"(6) any unusual medical and dental expenses of (A) the student and the student's parents, in the case of a dependent student, or (B) the student and his or her spouse, in the case of an independent student;

"(7) the number of dependent children other than the student enrolled in a private elementary or secondary institution and the unreimbursed tuition paid (A) in the case of a dependent student, by the student's parents for such dependent children, or (B) in the case of an independent student with dependents, by the student or his or her spouse for such dependent children who are so enrolled; and

"(8) the additional expenses incurred (A) in the case of a dependent student, when both parents of the student are employed or when the family is headed by a single parent who is employed, or (B) in the case of an independent student, when both the student and his or her spouse are employed or when the employed student qualifies as a surviving spouse or as a head of a household under section 2 of the Internal Revenue Code of 1954.

"SEC. 475. FAMILY CONTRIBUTION FOR DEPENDENT STUDENTS.

"(a) COMPUTATION OF EXPECTED FAMILY CONTRIBUTION.—For each dependent student the expected family contribution is equal to the sum of—

"(1) the parents' contribution from adjusted available income (determined in accordance with subsection (b));

"(2) the student contribution from available income (determined in accordance with subsection (g)); and

"(3) the student income supplemental amount from assets (determined in accordance with subsection (h)).

"(b) PARENTS' CONTRIBUTION FROM ADJUSTED AVAILABLE INCOME.—The parents' contribution from adjusted available income is equal to the amount determined by—

"(1) computing adjusted available income by adding—

"(A) the parents' contribution from available income (determined in accordance with subsection (c)); and

"(B) the parents' income supplemental amount from assets (determined in accordance with subsection (d));

"(2) assessing such adjusted available income in accordance with the assessment schedule set forth in subsection (e); and

"(3) dividing the assessment resulting under paragraph (2) by the number of family members who will be attending, on at least a half-time basis, a program of postsecondary education during the award period for which assistance under this title is requested.

"(c) PARENTS' CONTRIBUTION FROM AVAILABLE INCOME.—

"(1) IN GENERAL.—The parents' contribution from available income is determined by deducting from total income (as defined in section 480)—

"(A) Federal income taxes;

"(B) an allowance for State and other taxes, determined in accordance with paragraph (2);

"(C) an allowance for social security taxes, determined in accordance with paragraph (3);

"(D) a standard maintenance allowance, determined in accordance with paragraph (4);

"(E) an employment expense allowance, determined in accordance with paragraph (5); and

"(F) a medical-dental expense allowance, determined in accordance with paragraph (6);

"(G) an educational expense allowance, determined in accordance with paragraph (7).

"(2) ALLOWANCE FOR STATE AND OTHER TAXES.—The allowance for State and other taxes is equal to an amount determined by multiplying total income (as defined in section 480) by a percentage determined according to the following table (or a successor table prescribed by the Secretary under section 479):

"Percentage for Computation of State and Other Tax Allowance

If parents' State or territory of residence is—	And parents' total income is—	
	less than $15,000	$15,000 or more
then the percentage is—		
American Samoa, Guam, Louisiana, Texas, Trust Territory, Virgin Islands, Wyoming	4	3
Florida, Nevada, Tennessee	5	4
Alabama, Indiana, Mississippi, North Dakota, Oklahoma, Puerto Rico, South Dakota, Washington, West Virginia	6	5
Arizona, Arkansas, Illinois, Kansas, Missouri, New Hampshire, New Mexico, Ohio	7	6
Alaska, Connecticut, Iowa, Georgia, Idaho, Kentucky, Montana, Nebraska, North Carolina, South Carolina	8	7
California, Colorado, Delaware, Maine, New Jersey, Oregon, Pennsylvania, Utah, Virginia, Canada, Mexico	9	8
Hawaii, Michigan, Vermont, District of Columbia	10	9
Maryland, Minnesota, Rhode Island, Wisconsin	11	10
Massachusetts	12	11
New York	14	13

"(3) ALLOWANCE FOR SOCIAL SECURITY TAXES.—Subject to section 479, the allowance for social security tax is equal to 7.15 percent of the first $41,700 earned by each parent, up to a maximum of $2,982 for each.

"(4) STANDARD MAINTENANCE ALLOWANCE.—The standard maintenance allowance is the amount of reasonable living expenses that would be associated with the maintenance of an individual or family. The standard maintenance allowance is determined by the following table (or a successor table prescribed by the Secretary under section 479):

"Standard Maintenance Allowance

Family Size (including student)	Number in College				
	1	2	3	4	5
2	$8,540				
3	10,640	$9,180			
4	13,140	11,670	$10,210		
5	15,500	14,040	12,570	$11,110	
6	18,140	16,670	15,210	13,750	$12,280
7	20,180	18,720	17,260	15,790	14,330
8	22,230	20,770	19,310	17,840	16,380
9	24,280	22,820	21,350	19,890	18,430
10	26,330	24,870	23,400	21,940	20,480
11	28,380	26,920	25,450	23,990	22,530
12	30,430	28,960	27,500	26,040	24,570
For Each Additional Add:	2,050	2,050	2,050	2,050	2,050

"(5) EMPLOYMENT EXPENSE ALLOWANCE.—The employment expense allowance is determined as follows:

"(A) If both parents were employed in the year for which their income is reported and both have their incomes reported in determining the expected family contribution, such allowance is equal to the lesser of $2,000 or 35 percent of the earned income of the parent with the lesser earned income.

"(B) If a parent qualifies as a head of household as defined in section 2 of the In-

ternal Revenue Code, such allowance is equal to the lesser of $2,000 or 35 percent of his or her earned income.

For any fiscal year after fiscal year 1988, this paragraph shall be applied by increasing the dollar amount specified in subparagraphs (A) and (B) to reflect increases in the amount and percent of the Bureau of Labor Standards budget of the marginal costs for meals away from home, apparel and upkeep, transportation, and housekeeping services for a two-worker versus one-worker family.

"(6) MEDICAL-DENTAL EXPENSE ALLOWANCE.—The medical-dental expense allowance is equal to the amount by which the sum of unreimbursed medical and dental expenses exceeds 5 percent of the total income of the parents.

"(7) EDUCATIONAL EXPENSE ALLOWANCE.—The educational expense allownce is equal to the unreimbursed tuition and fees paid by the student's parents for each dependent child, other than the student, enrolled in elementary or secondary school, not to exceed for each such child the national average per pupil instructional cost as published by the National Center for Educational Statistics using the most recent available data.

"(d) PARENTS' INCOME SUPPLEMENTAL AMOUNT FROM ASSETS.—

"(1) IN GENERAL.—The parents' income supplemental amount from assets is equal to—

"(A) the parental net worth (determined in accordance with paragraph (2)); minus

"(B) the asset protection allowance (determined in accordance with paragraph (3)); multiplied by

"(C) the asset conversion rate (determined in accordance with paragraph (4)).

"(2) PARENTAL NET WORTH.—The parental net worth is calculated by adding—

"(A) the current balance of checking and savings accounts and cash on hand;

"(B) the net value of investments and real estate, including the net value of the principal place of residence except in the case of a dislocated worker (certified in accordance with title III of the Job Training Partnership Act) or a dislocated homemaker (as defined in section 480(e) of this Act); and

"(C) the adjusted net worth of a business or farm, computed on the basis of the net worth of such business or farm (hereafter referred to as 'NW'), determined in accordance with the following table (or a successor table prescribed by the Secretary under section 479):

"Adjusted Net Worth of a Business or Farm

If the net worth of a business or farm is—	Then the adjusted net worth is:
Less than $1	$0
$1–$65,000	40 percent of NW
$65,001–$195,000	$26,000 plus 50 percent of NW over $65,000
$195,001–$325,000	$91,000 plus 60 percent of NW over $195,000
$325,001 or more	$169,000 plus 100 percent of NW over $325,000

"(3) ASSET PROTECTION ALLOWANCE.—The asset protection allowance is calculated according to the following table:

"Asset Protection Allowances for Families and Students

If the age of the oldest parent or student is—	And there are	
	two parents	one parent
then the asset protection allowance is—		
25 or less	$0	$0
26	1,800	1,400
27	3,600	2,900
28	5,500	4,300
29	7,300	5,800
30	9,100	7,200
31	10,900	8,700
32	12,700	10,100
33	14,600	11,600
34	16,400	13,000
35	18,200	14,500
36	20,000	15,900
37	21,800	17,400
38	23,700	18,800
39	25,500	20,300
40	27,300	21,700
41	27,900	22,200
42	28,600	22,800
43	29,400	23,200
44	30,200	23,800
45	31,000	24,400
46	32,100	25,000
47	32,900	25,500
48	33,800	26,100
49	35,000	26,800
50	35,900	27,500
51	37,100	28,300
52	38,400	29,000
53	39,700	29,800
54	41,000	30,700
55	42,300	31,500
56	43,700	32,400
57	45,200	33,200
58	46,700	34,200
59	48,500	35,300
60	50,000	36,400
61	52,000	37,500
62	54,000	38,600
63	56,000	39,800
64	58,500	41,200
65 or more	60,600	42,400

"(4) ASSET CONVERSION RATE.—The asset conversion rate is determined as follows:

"(A) if the parental net worth (determined in accordance with paragraph (2)) minus the asset protection allowance (determined in accordance with paragraph (3)) is equal to or greater than zero, the conversion rate is 12 percent;

"(B) if such parental net worth minus such asset protection allowance is less than zero and the parents' contribution from available income (determined in accordance with subsection (c)) is greater than $15,000, the conversion rate is zero percent;

"(C) if such parental net worth minus such asset protection allowance is less than zero and such parents' contribution from available income is equal to or greater than zero but less than $15,000, the conversion rate is equal to 6 percent multiplied by a fraction—

"(i) the numerator of which is equal to $15,000 minus such parents' contribution from available income; and

"(ii) the denominator of which is $15,000; and

"(D) if such parental net worth minus such asset protection allowance is less than zero and such parents' contribution from available income is less than zero, the conversion rate is 6 percent.

"(e) ASSESSMENT SCHEDULE.—The adjusted available income (as determined under subsection (b)(1) and hereafter in this subsection referred to as 'AAI') is assessed according to the following table (or a successor table prescribed by the Secretary under section 479):

"Parents' Assessment From Adjusted Available Income (AAI)

If AAI is—	Then the assessment is—
Less than −$3,409	−$750
−$3,409 to $7,600	22% of AAI
$7,601 to $9,500	$1,672 +25% of AAI over $7,600
$9,501 to $11,400	$2,147 +29% of AAI over $9,500
$11,401 to $13,300	$2,698 +34% of AAI over $11,400
$13,301 to $15,200	$3,344 +40% of AAI over $13,300
$15,201 or more	$4,104 +47% of AAI over $15,200

"(f) COMPUTATIONS IN CASE OF SEPARATED OR DIVORCED PARENTS.—

"(1) IN GENERAL.—If the student's parents are separated, or divorced and not remarried, only the income and assets of the parent with whom the student predominantly resided during the preceding year shall be included in computing available income for purposes of this section. If that parent has remarried, or if the parent was a widow or widower who has remarried, and that stepparent's income is also included in computing available income (as determined under paragraph (2)), the assets of that parent's spouse shall also be included for purposes of this section.

"(2) INCLUSION OF STEPPARENT'S INCOME IN AVAILABLE INCOME.—The stepparent's income is included in computing available income if—

"(A) the student's parent and the stepparent are married as of the date of application for the award year concerned; and

"(B) the student is not an independent student (as defined in section 480(d)).

"(g) STUDENT CONTRIBUTION FROM AVAILABLE INCOME.—

"(1) IN GENERAL.—The student contribution from available income is equal to—

"(A) the applicable minimum contribution (determined in accordance with paragraph (2)); minus

"(B) the adjustment to student income (determined in accordance with paragraph (3)).

"(2) APPLICABLE MINIMUM CONTRIBUTION.—The applicable minimum contribution is the greater of—

"(A) a mandatory self-help amount of $700 for a first-year undergraduate student;

"(B) a mandatory self-help amount of $900 for any other undergraduate student; or

"(C) an amount equal to 70 percent of the student's total income (determined in accordance with section 480).

"(3) ADJUSTMENT TO STUDENT INCOME.—The adjustment to student income is equal to the sum of—

"(A) estimated Federal income taxes of the student;

"(B) an allowance for State and local income taxes (determined in accordance with paragraph (4)); and

"(C) a social security allowance equal to 7.15 percent of the first $41,700 that the student is estimated to earn.

"(4) ALLOWANCE FOR STATE AND LOCAL INCOME TAXES.—The allowance for State and local income taxes is equal to an amount determined by multiplying total income (as defined in section 480) by a percentage determined according to the following table:

"Percentages for Computation of State and Local Income Tax Allowance

If the students' State or territory of residence is—	The percentage is—
American Samoa, Florida, Guam, Nevada, South Dakota, Tennessee, Texas, Trust Territory, Virgin Islands, Washington, Wyoming	0
Connecticut, Louisiana, New Hampshire	1
Illinois, Indiana, Mississippi, New Mexico, North Dakota, Puerto Rico	2
Alabama, Arizona, Colorado, Kansas, Missouri, Nebraska, Ohio, Oklahoma, West Virginia, New Jersey	3
Alaska, Arkansas, Georgia, Idaho, Iowa, Kentucky, Maine, Michigan, Montana, Pennsylvania, Rhode Island, South Carolina, Utah, Virginia, Canada, Mexico	4
California, Massachusetts, Hawaii, North Carolina, Vermont	5
District of Columbia, Maryland, Oregon, Wisconsin	6
Delaware, Minnesota, New York	7

"(h) STUDENT INCOME SUPPLEMENTAL AMOUNT FROM ASSETS.—The student supplemental income amount from assets is determined by multiplying by 35 percent the sum of—

"(1) the current balance of checking and savings accounts and cash on hand;

"(2) the net value of investments and real estate, including the net value in the principal place of residence except in the case of a dislocated worker (certified in accordance with title III of the Job Training Partnership Act) or a dislocated homemaker (as defined in section 480(e) of this Act); and

"(3) the adjusted net worth of a business or farm, computed on the basis of the net worth of such business or farm (hereafter referred to as 'NW'), determined in accordance with the following table (or a successor table prescribed by the Secretary under section 479):

"Adjusted Net Worth of a Business or Farm

If the net worth of a business or farm is—	Then the adjusted net worth is—
Less than $1	$0
$1–$65,000	40 percent of NW
$65,001–$195,000	$26,000 plus 50 percent of NW over $65,000
$195,001–$325,000	$91,000 plus 60 percent of NW over $195,000
$325,001 or more	$169,000 plus 100 percent of NW over $325,000

"SEC. 476. FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITHOUT DEPENDENTS.

"(a) COMPUTATION OF EXPECTED FAMILY CONTRIBUTION.—For each independent student without dependents (including a spouse), the expected family contribution is equal to the sum of—

"(1) the student's contribution from income (determined in accordance with subsection (b)); and

"(2) the student's income supplemental amount from assets (determined in accordance with subsection (c)).

"(b) STUDENT'S CONTRIBUTION FROM INCOME.—

"(1) IN GENERAL.—The student's contribution from income is determined by—

"(A) computing the student's adjusted available income by deducting from the student's adjusted gross income—

"(i) Federal income taxes;

"(ii) an allowance for State and local income taxes, determined in accordance with paragraph (2);

"(iii) the allowance for social security taxes, determined in accordance with paragraph (3);

"(iv) a maintenance allowance for periods of non-enrollment not to exceed $1,750;

"(B) assessing such adjusted available income in accordance with paragraph (4); and

"(C) adding to the assessment resulting under subparagarph (B) the amount of the untaxed income and benefits of the student (determined in accordance with section 480(c)),

except that the student's contribution from income shall not be less than $1,200.

"(2) ALLOWANCE FOR STATE AND LOCAL INCOME TAXES.—The allowance for State and local income taxes is equal to an amount determined by multiplying total income (as defined in section 480) by a percentage determined according to the following table (or a successor table prescribed by the Secretary under section 479):

"Percentages for Computation of State and Local Income Tax Allowance

If the students' State or territory of residence is—	The percentage is—
American Samoa, Florida, Guam, Nevada, South Dakota, Tennessee, Texas, Trust Territory, Virgin Islands, Washington, Wyoming	0
Connecticut, Louisiana, New Hampshire	1
Illinois, Indiana, Mississippi, New Mexico, North Dakota, Puerto Rico	2
Alabama, Arizona, Colorado, Kansas, Missouri, Nebraska, Ohio, Oklahoma, West Virginia, New Jersey	3
Alaska, Arkansas, Georgia, Idaho, Iowa, Kentucky, Maine, Michigan, Montana, Pennsylvania, Rhode Island, South Carolina, Utah, Virginia, Canada, Mexico	4
California, Massachusetts, Hawaii, North Carolina, Vermont	5
District of Columbia, Maryland, Oregon, Wisconsin	6
Delaware, Minnesota, New York	7

"(3) ALLOWANCE FOR SOCIAL SECURITY TAXES.—Subject to section 479, the allowance for social security tax is equal to 7.15 precent of the first $41,700 earned by the student, up to a maximum of $2,982 for each parent.

"(4) ASSESSMENT OF ADJUSTED AVAILABLE INCOME.—The student's adjusted available income (determined in accordance with paragraph (1)(A) of this subsection) is assessed as follows:

"(A) if such adjusted available income is equal to or greater than $0 but less than or equal to $8,900, then the assessment is equal to 70 percent of such adjusted available income; and

"(B) if such adjusted available income is greater than $8,900, then the assessment is equal to $6,230 plus 90 percent of such adjusted available income in excess of $8,900.

"(c) STUDENT'S INCOME SUPPLEMENTAL AMOUNT FROM ASSETS.—

"(1) IN GENERAL.—The student's income supplemental amount from assets is equal to—

"(A) the student's net worth (determined in accordance with paragraph (2)); minus

"(B) the asset protection allowance (determined in accordance with paragraph (3)); multiplied by

"(C) the asset conversion rate (determined in accordance with paragraph (4)).

"(2) STUDENT'S NET WORTH.—The student's net worth is calculated by adding—

"(A) the current balance of checking and savings accounts and cash on hand;

"(B) the net value of investments and real estate, including the net value in the principal place of residence except in the case of a dislocated worker (certified in accordance with title III of the Job Training Partnership Act) or a dislocated homemaker (as defined in section 480(e) of this Act); and

"(C) the adjusted net worth of a business or farm, computed on the basis of the net worth of such business or farm (hereafter referred to as 'NW'), determined in accordance with the following table (or a successor table prescribed by the Secretary under section 479):

"Adjusted Net Worth of a Business or Farm

If the net worth of a business or farm is—	Then the adjusted net worth is—
Less than $1	$0
$1–$65,000	40 percent of NW
$65,001–$195,000	$26,000 plus 50 percent of NW over $65,000
$195,001–$325,000	$91,000 plus 60 percent of NW over $195,000
$325,001 or more	$169,000 plus 100 percent of NW over $325,000

"(3) ASSET PROTECTION ALLOWANCE.—The asset protection allowance is calculated according to the following table:

"Asset Protection Allowances for Students

If the age of the student is—	Then the asset protection allowance is—
25 or less	$0
26	1,800
27	3,600
28	5,500
29	7,300
30	9,100
31	10,900
32	12,700
33	14,600
34	16,400
35	18,200
36	20,000
37	21,800
38	23,700
39	25,500
40	27,300
41	27,900
42	28,600
43	29,400
44	30,200
45	31,000
46	32,100
47	32,900
48	33,800
49	35,000
50	35,900
51	37,100
52	38,400
53	39,700
54	41,000
55	42,300
56	43,700
57	45,200
58	46,700
59	48,500
60	50,000
61	52,000
62	54,000
63	56,000
64	58,500
65 or more	60,600

"(4) ASSET CONVERSION RATE.—The asset conversion rate is 35 percent.

"SEC. 477. FAMILY CONTRIBUTION FOR INDEPENDENT STUDENTS WITH DEPENDENTS.

"(a) COMPUTATION OF EXPECTED FAMILY CONTRIBUTION.—For each independent student with dependents (including a spouse) the expected family contribution is equal to the amount determined by—

"(1) computing adjusted available income by adding—

"(A) the family's contribution from available income (determined in accordance with subsection (b)); and

"(B) the family's income supplemental amount from assets (determined in accordance with subsection (c));

"(2) assessing such adjusted available income in accordance with an assessment schedule set forth in subsection (d); and

"(3) dividing the assessment resulting under paragraph (2) by the number of family members who will be attending, on at least a half-time basis, a program of postsecondary education during the award period for which assistance under this title is requested.

"(b) FAMILY'S CONTRIBUTION FROM AVAILABLE INCOME.—

"(1) IN GENERAL.—The family's contribution from available income is determined by deducting from total income (as defined in section 480)—

"(A) Federal income taxes;

"(B) an allowance for State and other taxes, determined in accordance with paragraph (2);

"(C) an allowance for social security taxes, determined in accordance with paragraph (3);

"(D) a standard maintenance allowance, determined in accordance with paragraph (4);

"(E) an employment expense allowance, determined in accordance with paragraph (5); and

"(F) a medical-dental expense allowance, determined in accordance with paragraph (6);

"(G) an educational expense offset, determined in accordance with paragraph (7).

except that the family's contribution from income shall not be less than $700 for a first year undergraduate student or $900 for any other student.

"(2) ALLOWANCE FOR STATE AND OTHER TAXES.—The allowance for State and other taxes is equal to an amount determined by multiplying total income (as defined in section 480) by a percentage determined according to the following table (or a successor table prescribed by the Secretary under section 479):

"Percentages for Computation of State and Other Tax Allowance

If parents' State or territory-of-residence is—	and parents' total income is	
	less than $15,000	$15,000 or more
	then the percentage is—	
American Samoa, Guam, Louisiana, Texas, Trust Territory, Virgin Islands, Wyoming	4	3
Florida, Nevada, Tennessee	5	4
Alabama, Indiana, Mississippi, North Dakota, Oklahoma, Puerto Rico, South Dakota, Washington, West Virginia	6	5
Arizona, Arkansas, Illinois, Kansas, Missouri, New Hampshire, New Mexico, Ohio	7	6
Alaska, Connecticut, Iowa, Georgia, Idaho, Kentucky, Montana, Nebraska, North Carolina, South Carolina	8	7
California, Colorado, Delaware, Maine, New Jersey, Oregon, Pennsylvania, Utah, Virginia, Canada, Mexico	9	8
Hawaii, Michigan, Vermont, District of Columbia	10	9
Maryland, Minnesota, Rhode Island, Wisconsin	11	10
Massachusetts	12	11

"Percentages for Computation of State and Other Tax Allowance—Continued

If parents' State or territory-of-residence is—	and parents' total income is	
	less than $15,000	$15,000 or more
New York	14	13

"(3) ALLOWANCE FOR SOCIAL SECURITY TAXES.—The allowance for social security tax is equal to 7.15 percent of the first $41,700 earned by the student or spouse or both, up to a maximum of $2,982 for each.

"(4) STANDARD MAINTENANCE ALLOWANCE.—The standard maintenance allowance is the amount of reasonable living expenses that would be associated with the maintenance of an individual or family. The standard maintenance allowance is determined by the following table (or a successor table prescribed by the Secretary under section 479):

"Standard Maintenance Allowance

Family Size (including student)	Number in College				
	1	2	3	4	5
2	$8,540				
3	10,640	$9,180			
4	13,140	11,670	$10,210		
5	15,500	14,040	12,570	$11,110	
6	18,140	16,670	15,210	13,750	$12,280
7	20,180	18,720	17,260	15,790	14,330
8	22,230	20,770	19,310	17,840	16,380
9	24,280	22,830	21,350	19,890	18,430
10	26,330	24,870	23,400	21,940	20,480
11	28,380	26,920	25,450	23,990	22,530
12	30,430	28,960	27,500	26,040	24,570
For Each Additional Add	2,050	2,050	2,050	2,050	2,050

"(5) EMPLOYMENT EXPENSE ALLOWANCE.—The employment expense allowance is determined as follows:

"(A) If both the student and a spouse were employed in the year for which their income is reported and both have their incomes reported in determining the expected family contribution, such allowance is equal to the lesser of $2,000 or 35 percent of the earned income of the student or spouse with the lesser earned income.

"(B) If a student qualifies as a head of household as defined in section 2 of the Internal Revenue Code, such allowance is equal to the lesser of $2,000 or 35 percent of his or her earned income.

For any fiscal year after fiscal year 1988, this paragraph shall be applied by increasing the dollar amount specified in subparagraphs (A) and (B) to reflect increases in the Consumer Price Index.

"(6) MEDICAL-DENTAL EXPENSE ALLOWANCE.—The medical-dental expense allowance is equal to the amount by which the sum of unreimbursed medical and dental expenses exceeds 5 percent of the total income of the family.

"(7) EDUCATIONAL EXPENSE ALLOWANCE.—The educational expense allowance is equal to the unreimbursed tuition and fees paid by the student or the student's spouse, or both, for each dependent child, enrolled in elementary or secondary school, not to exceed for each such child the national average per pupil instructional cost as published by the National Center for Educational Statistics using the most recent available data.

"(c) FAMILY'S INCOME SUPPLEMENTAL AMOUNT FROM ASSETS.—

"(1) IN GENERAL.—The family's income supplemental amount from assets is equal to—

"(A) the family net worth (determined in accordance with paragraph (2)); minus

"(B) the asset protection allowance (determined in accordance with paragraph (3)); multiplied by

"(C) the asset conversion rate (determined in accordance with paragraph (4)).

"(2) FAMILY NET WORTH.—The family net worth is calculated by adding—

"(A) the current balance of checking and savings accounts and cash on hand;

"(B) the net value of investments and real estate, including the net value in the principal place of residence except in the case of a dislocated worker (certified in accordance with title III of the Job Training Partnership Act) or a dislocated homemaker (as defined in section 480(e) of this Act); and

"(C) the adjusted net worth of a business or farm, computed on the basis of the net worth of such business or farm (hereafter referred to as 'NW'), determined in accordance with the following table (or a successor table prescribed by the Secretary under section 479):

"Adjusted Net Worth of a Business or Farm

If the net worth of a business or farm is—	Then the adjusted net worth is—
Less than $1	$0
$1–$65,000	40 percent of NW
$65,001–$195,000	$26,000 plus 50 percent of NW over $65,000
$195,001–$325,000	$91,000 plus 60 percent of NW over $195,000
$325,001 or more	$169,000 plus 100 percent of NW over $325,000

"(3) ASSET PROTECTION ALLOWANCE.—The asset protection allowance is calculated according to the following table:

"Asset Protection Allowances for Families and Students

If the age of the student is—	And there are	
	two spouses	one spouse
	then the asset protection allowance is—	
25 or less	$0	$0
26	1,800	1,400
27	3,600	2,900
28	5,500	4,300
29	7,300	5,800
30	9,100	7,200
31	10,900	8,700
32	12,700	10,100
33	14,600	11,600
34	16,400	13,000
35	18,200	14,500
36	20,000	15,900
37	21,800	17,400
38	23,700	18,800
39	25,500	20,300
40	27,300	21,700
41	27,900	22,200
42	28,600	22,800
43	29,400	23,200
44	30,200	23,800
45	31,000	24,400
46	32,100	25,000
47	32,900	25,500
48	33,800	26,100
49	35,000	26,800
50	35,900	27,500
51	37,100	28,300
52	38,400	29,000
53	39,700	29,800
54	41,000	30,700
55	42,300	31,500
56	43,700	32,400
57	45,200	33,200
58	46,700	34,200
59	48,500	35,300
60	50,000	36,400
61	52,000	37,500
62	54,000	38,600
63	56,000	39,800
64	58,500	41,200

"Asset Protection Allowances for Families and Students—Continued

If the age of the student is—	And there are	
	two spouses	one spouse
65 or more	60,600	42,400

"(4) ASSET CONVERSION RATE.—The asset conversion rate is determined as follows:

"(A) if the family's net worth (determined in accordance with paragraph (2)) minus the asset protection allowance (determined in accordance with paragraph (3)) is equal to or greater than zero, the conversion rate is 12 percent;

"(B) if such family's net worth minus such asset protection allowance is less than zero and the family's contribution from available income (determined in accordance with subsection (c)) is greater than $15,000, the conversion rate is zero percent;

"(C) if such family's net worth minus such asset protection allowance is less than zero and such family's contribution from available income is equal to or greater than zero but less than $15,000, the conversion rate is equal to 6 percent multiplied by a fraction—

"(i) the numerator of which is equal to $15,000 minus such family's contribution from available income; and

"(ii) the denominator of which is $15,000; and

"(D) if such family's net worth minus such asset protection allowance is less than zero and such family's contribution from available income is less than zero, the conversion rate is 6 percent.

"(d) ASSESSMENT SCHEDULE.—The adjusted available income (as determined under subsection (a)(1) and hereafter referred to as 'AAI') is assessed according to the following table (or a successor table prescribed by the Secretary under section 479):

"Assessment from Adjusted Available Income (AAI)

If AAI is—	Then assessment is—
Less than −$3,409	−750
−$3,409 to $7,600	22% of AAI
$7,601 to $9,500	$1,672 + 25% of AAI over $7,600
$9,501 to $11,400	$2,147 + 29% of AAI over $9,500
$11,401 to $13,300	$2,698 + 34% of AAI over $11,400
$13,301 to $15,200	$3,344 + 40% of AAI over $13,300
$15,201 or more	$4,104 + 47% of AAI over $15,200

"SEC. 478. ADJUSTMENTS TO NEED ANALYSIS FOR PURPOSES OF THE PELL GRANT PROGRAM.

"(a) OFFSETS TO STUDENT CONTRIBUTION FROM AVAILABLE INCOME.—For the purposes of making awards under subpart 1 of part A of this title—

"(1) in determining the student contribution from available income for a dependent student under section 475(g)(1), the applicable minimum contribution (referred to in subparagraph (A) of such subsection) shall be reduced by both the adjustment to student income (referred to in subparagraph (B) of such subsection) and an additional allowance of $4,490, except that the subtraction of such additional allowance shall not result in a student contribution from available income that is less than zero; and

"(2) an independent student shall be allowed, in lieu of the offset of $1,750 for periods of nonenrollment under section 476(b)(1)(A)(IV), an offset of $5,520 to be subtracted from the student contribution from available income (as determined under section 476(b)(1)(A)), except that such subtraction shall not result in a student contribution from available income that is less than zero.

"(b) ALLOWANCES FOR ROOM AND BOARD COSTS.—For the purposes of determining the cost of attendance under section 472 for making awards under subpart 1 of part A of this title—

"(1) the allowance for room and board costs, books, supplies, transportation, and miscellaneous expenses incurred by the student shall not be greater than $1,700 for a student without dependents residing at home with parents; and

"(2) the allowance for room and board costs, books, supplies, transportation, and miscellaneous expenses incurred by the student shall not be greater than $2,300 for all other students;

except that, if the maximum award under such subpart is less than or greater than $2,300, then the dollar amounts specified in paragraphs (1) and (2) of this subsection shall be increased or decreased by an amount equal to the amount by which such maximum award is greater than or less than $2,300, respectively.

"SEC. 479. REGULATIONS.

"For the purposes of this part, the Secretary shall promulgate only such regulations as may be necessary to require the use of the most recent and relevant data for the following sections:

"(1) paragraphs (2) through (7) of subsection (c) and subsections (d)(2)(C), (d)(3), (e), (g)(3)(C), (g)(4), and (h)(3) of section 475;

"(2) subsections (b)(3), (b)(4), (c)(2)(C), and (c)(3) of section 476; and

"(3) paragraphs (2) through (7) of subsection (b) and subsections (c)(2)(C), (c)(3), and (d) of section 477.

"SEC. 480. DEFINITIONS.

"As used in this part:

"(a) TOTAL INCOME.—(1) Except as provided in paragraph (2), the term 'total income' is equal to adjusted gross income plus untaxed income and benefits for the preceding tax year.

"(2) The Secretary shall, within 30 days after the date of enactment of this subsection, promulgate special regulations to permit, in the computation of family contributions for the programs under subpart 1 of part A and part B of this title for any academic year beginning on or after July 1, 1985, the exclusion from family income of any proceeds of a sale of farm or business assets of that family if such sale results from a voluntary or involuntary foreclosure, forfeiture, liquidation, or bankruptcy.

"(b) UNTAXED INCOME AND BENEFITS OF PARENTS AND INDEPENDENT STUDENTS WITH DEPENDENTS.—The term 'untaxed income and benefits' when applied to parent contributions or the contributions of independent students with dependents (including spouses) means—

"(1) the Federal income tax deduction for a married couple when both work;

"(2) child support received for the student's children;

"(3) welfare benefits, including aid to families with dependent children and aid to dependent children;

"(4) untaxed portions of unemployment compensation, except in any case in which a student is a dislocated worker certified in accordance with title III of the Job Training Partnership Act;

"(5) workman's compensation;

"(6) veterans benefits such as death pension, dependency and indemnity compensation, and Veterans' Administration vocational rehabilitation program benefits (excluding educational benefits);

"(7) educational benefits received under chapter 31 or chapter 34 of title 38, United States Code, by family members excluding its student;

"(8) interest on tax-free bonds;

"(9) the amount of dividends excluded for Federal income tax purposes;

"(10) untaxed portions of pensions and capital gains;

"(11) housing, food, and other living allowances for military, clergy, and others (including cash payments and cash value of benefits);

"(12) Job Training Partnership Act noneducational benefits;

"(13) payments to individual retirement accounts and Keogh accounts;

"(14) the amount of earned income credit claimed for Federal income tax purposes;

"(15) credit for Federal tax on special fuels;

"(16) the amount of dividend reinvestment excluded for purposes of Federal income taxes;

"(17) the amount of foreign income excluded for purposes of Federal income taxes;

"(18) untaxed social security benefits; and

"(19) any other untaxed income and benefits, such as black lung or railroad retirement benefits.

"(c) UNTAXED INCOME AND BENEFITS OF DEPENDENT STUDENTS OR INDEPENDENT STUDENTS WITHOUT DEPENDENTS.—For the purposes of this part, the term 'untaxable income and benefits' when applied to the contributions of dependent students or independent students without dependents means—

"(1) veterans benefits such as death pension, dependency and indemnity compensation, and Veterans' Administration vocational rehabilitation program benefits (excluding educational benefits);

"(2) educational benefits received under chapter 31 or chapter 34 of title 38, United States Code, by the student,

"(3) interest on tax-free bonds;

"(4) the amount of dividends excluded for purposes of Federal income taxes;

"(5) untaxed portions of pensions and capital gains;

"(6) housing, food, and other living allowances for military, clergy, and others (including cash payments and cash value of benefits);

"(7) Job Training Partnership Act noneducational benefits, except in any case in which a student is a dislocated worker certified in accordance with title III of the Job Training Partnership Act;

"(8) untaxed portions of social security;

"(9) welfare benefits;

"(10) untaxed portions of unemployment compensation;

"(11) workman's compensation;

"(12) payments to individual retirement accounts and Keogh accounts;

"(13) credit for Federal tax on special fuels;

"(14) the amount of dividend reinvestment excluded for purposes of Federal income taxes;

"(15) the amount of foreign income excluded for purposes of Federal income taxes; and

"(16) any other untaxed income and benefits, such as black lung or railroad retirement benefits.

"(d) INDEPENDENT STUDENT.—The term 'independent' when used with respect to a student means any individual who is—

"(1) an orphan or ward of the court;

"(2) married;
"(3) not married, but has legal dependents;
"(4) a veteran of the Armed Forces of the United States;
"(5) 23 years of age or older on July 1 of the award year concerned;
"(6) a graduate or professional student;
"(7) a student with unusual circumstances as determined by the student financial aid administrator; or
"(8) a student who demonstrates through documentation acceptable to the student financial aid officer, total self-sufficiency during the two-year period preceding July 1 of the year in which the initial award will be granted.

"(e) DISPLACED HOMEMAKER.—The term 'displaced homemaker' means an individual who—
"(1) has not worked in the labor force for a substantial number of years but has, during those years, worked in the home providing unpaid services for family members;
"(2)(A) has been dependent on public assistance or on the income of another family member but is no longer supported by that income, or (B) is receiving public assistance on account of dependent children in the home; and
"(3) is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

"SEC. 480A. DISCRETION OF STUDENT FINANCIAL AID ADMINISTRATORS.

"Nothing in this part shall be interpreted as limiting the ability of the student financial aid administrator to make necessary adjustments to the need analysis computations which allow for treatment of individual students or groups of students with special circumstances. In addition, nothing in this part shall be interpreted as limiting the ability of the student financial aid administrator to use supplementary information about the financial status of eligible applicants in selecting recipients and determining the amount of awards under subparts 1 and 2 of part A and parts C and E of this title.".

PART G—REVISION OF GENERAL PROVISIONS

SEC. 481. AMENDMENT TO PART G OF TITLE IV OF THE ACT.

Part G of title IV of the Act, as redesignated by section 471, is amended to read as follows:

"PART G—GENERAL PROVISIONS RELATING TO STUDENT ASSISTANCE PROGRAMS

"SEC. 481. DEFINITIONS.

"(a) INSTITUTION OF HIGHER EDUCATION.—(1) For the purposes of this title, except subpart 6 of part A and part B, the term 'institution of higher education' includes, in addition to the institutions covered by the definition contained in section 1201(a)—
"(A) a proprietary institution of higher education;
"(B) a postsecondary vocational institution;
"(C) a department, division, or other administrative unit in a college or university which provides primarily or exclusively an accredited program of education in professional nursing and allied subjects leading to the degree of bachelor of nursing, or to an equivalent degree, or to a graduate degree in nursing; and
"(D) a department, division, or other administrative unit in a junior college, community college, college, or university which provides primarily or exclusively an accredited two-year program of education in professional nursing and allied subjects leading to an associate degree in nursing or to an equivalent degree.

"(2) The term 'accredited' when applied to any program of nurse education means a program accredited by a recognized body or bodies approved for such purpose by the Secretary.

"(b) PROPRIETARY INSTITUTION OF HIGHER EDUCATION.—For the purposes of this section, the term 'proprietary institution of higher education' means a school (1) which provides not less than a six-month program of training to prepare students for gainful employment in a recognized occupation, (2) which meets the requirements of clauses (1) and (2) of section 1201(a), (3) which does not meet the requirement of clause (4) of section 1201(a), (4) which is accredited by a nationally recognized accrediting agency or association approved by the Secretary for this purpose, and (5) which has been in existence for at least two years. Such term also includes a proprietary educational institution in any State which, in lieu of the requirement in clause (1) of section 1201(a), admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located and who have the ability to benefit (as determined by the institution under subsection (d) of this section) from the training offered by the institution. For purposes of this subsection, the Secretary shall publish a list of nationally recognized accrediting agencies or associations which he determines to be reliable authority as to the quality of training offered.

"(c) POSTSECONDARY VOCATIONAL INSTITUTION.—For the purposes of this section, the term 'postsecondary vocational institution' means a school (1) which provides not less than a six-month program of training to prepare students for gainful employment in a recognized occupation, (2) which meets the requirements of clauses (1), (2), (4), and (5) of section 1201(a), and (3) which has been in existence for at least two years. Such term also includes an educational institution in any State which, in lieu of the requirement in clause (1) of section 1201(a), admits as regular students persons who are beyond the age of compulsory school attendance in the State in which the institution is located and who have the ability to benefit (as determined by the institution under subsection (d) of this section) from the training offered by the institution.

"(d) DETERMINATION OF ABILITY TO BENEFIT.—(1) An institution shall be presumed to have established acceptable criteria for the admission of students on the basis of their ability to benefit from the education or training offered, if the institution's admissions procedures for such students includes counseling or a validated test measuring the student's aptitude to successfully complete the program to which the student has applied.

"(2) An institution shall maintain complete records of the admissions criteria utilized for all students admitted under paragraph (1) of this subsection.

"(3) The Secretary shall not promulgate regulations defining the examination that may be used under paragraph (1) or other criteria that may be utilized by an institution in admitting students on the basis of their ability to benefit from the education or training offered.

"(e) ACADEMIC YEAR.—For the purpose of any program under this title, the term 'academic year' shall be defined by the Secretary by regulation.

"SEC. 482. MASTER CALENDAR.

"(a) SECRETARY REQUIRED TO COMPLY WITH SCHEDULE.—To assure adequate notification and timely delivery of student aid funds under this title, the Secretary shall adhere to the following calendar dates in the year preceding the award year:
"(1) Development and distribution of Federal and multiple data entry forms—
"(A) by February 1: first meeting of the Education Department's technical committee on forms design;
"(B) by March 1: Proposed family contribution schedule published in the Federal Register;
"(C) by June 1: final family contribution schedule;
"(D) by August 15: application for Federal student assistance and multiple data entry data elements and instructions approved;
"(E) by August 30: final approved forms delivered to servicers and printers;
"(F) by October 1: Federal and multiple data entry forms and instructions printed; and
"(G) by November 1: Federal and multiple data entry forms, instructions, and training materials distributed.
"(2) Allocations of campus-based and Pell Grant funds—
"(A) by August 1: distribution of institutional application for campus-based funds (FISAP) to institutions;
"(B) by October 1: final date for submission of FISAP by institutions to Department of Education;
"(C) by November 15: edited FISAP and computer printout received by institutions;
"(D) by December 1: appeals procedures received by institutions;
"(E) by December 15: edits returned by institutions to Department of Education;
"(F) by February 1: tentative award levels received by institutions and final Pell Grant payment schedule;
"(G) by February 15: closing date for receipt of institutional appeals by the Department of Education;
"(H) by March 1: appeals process completed;
"(I) by April 1: final award notifications sent to institutions;
"(J) by June 1: Pell Grant authorization levels sent to institutions.

"(b) TIMING FOR REALLOCATIONS.—With respect to any funds reallocated under section 413D(e) or 442(e), the Secretary shall reallocate such funds at any time during the course of the year that will best meet the purposes of the programs under subpart 2 of part A and part C, respectively. However, such reallocation shall occur at least once each year, not later than September 30 of that year.

"(c) DELAY OF EFFECTIVE DATE OF LATE PUBLICATIONS.—Any additional regulatory changes initiated by the Secretary affecting the general administration of the programs pursuant to this title that have not been published in final form by December prior to the start of the award year shall not become effective until the beginning of the second award year after the December 1 date.

"(d) NOTICE TO CONGRESS.—The Secretary shall notify the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives when the items specified in the calendar have been completed and provide all relevant forms, rules and instructions with such notice. When a deadline included in the calendar is not met, the Secretary, within seven days, shall submit to the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives a written report, including proper

documentation, as to why the deadline was not adhered to and a detailed plan for ensuring that subsequent dates are met. Nothing in this section shall be interpreted to penalize institutions or deny them the specified times allotted to enable them to return information to the Secretary based on the failure of the Secretary to adhere to the dates specified in this section.

"SEC. 483. FORMS AND REGULATIONS.

"(a) COMMON FINANCIAL AID FORM AND PROCESSING.—(1) The Secretary, in cooperation with representatives of agencies and organizations involved in student financial assistance, shall prescribe a common Federal financial aid application form to be used to determine the need and eligibility of a student for financial assistance under this title (other than under subpart 3 of part A). No student or parent of a student shall be charged a fee for processing the form prescribed by the Secretary whether the student completes that form or any other approved form. A student or parent may be charged a fee for processing an institutional or a State financial aid form or data elements that is not required by the Secretary.

"(2) The Secretary shall enter into not less than three contracts with States, institutions of higher education, or private organizations for the purpose of processing the application required under this subsection and issuing official eligibility reports.

"(3) The Secretary shall reimburse all approved contractors at a reasonable predetermined rate for processing such applications, for issuing eligibility reports, and for carrying out other services or requirements that may be prescribed by the Secretary.

"(4) All approved contractors will be required to adhere to all editing, processing, and reporting requirements established by the Secretary to ensure consistency.

"(5) The Secretary may contract for additional data gathering services to assist the Department in developing a Management Information System which will provide it with a representative statistical sample of applicants and recipients to assure coordination of financial aid from both Federal and non-Federal sources, and to provide information, training, and similar services to institutions, financial aid administrators, counselors, lenders, parents and students.

"(6) Nothing in this section shall prohibit States, institutions, or private organizations from simultaneously collecting data elements, in addition to the data elements prescribed by the Secretary, as may be necessary to determine the eligibility of a student for financial aid funds not covered by this title.

"(b) INFORMATION TO COMMITTEES OF CONGRESS.—Copies of all rules, regulations, guidelines, instructions, and application forms published or promulgated pursuant to this title shall be provided to the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives at least thirty days prior to their effective date.

"(c) INFORMATION ON ELIGIBILITY FOR ASSISTANCE.—To help insure access to postsecondary education by providing early notice to students of their potential eligibility for financial aid, the Secretary is authorized to enter into contracts with States, institutions of higher education, and private organizations for the purpose of—

"(1) developing a common pre-eligibility Federal financial aid form,

"(2) distributing and processing such form on a year-round basis free of charge to students, and

"(3) issuing on the basis of information reported by the student on such form a pre-eligibility index designed to estimate the amount of Federal (and, if feasible, non-Federal) funds for which the student might qualify in later completing and submitting the application form called for under this section.

The Secretary shall widely disseminate the pre-eligibility form through post offices and other appropriate Federal installations, schools, postsecondary institutions, libraries, and community-based agencies, including projects assisted under subparts 4 and 5 of part A of this title.

"(d) TOLL-FREE INFORMATION.—The Secretary shall contract for, or establish, and publicize a toll-free telephone number to provide timely and accurate information to the general public. The information provided shall include specific instructions on completing application forms for assistance under this title.

"(e) NOTICE OF STUDENT AID RECEIPT.—(1) The Secretary shall develop a single form on which the amount of assistance received under this title (except assistance received under subparts 4, 5, and 7 of part A) by each student who receives such assistance can be recorded. This form shall be titled "U.S. Department of Education, Federal Student Assistance Report". Such form shall have prominently displayed the Great Seal of the United States. Such form shall be the same or a closely similar color to that of checks issued by the Treasury Department and be provided by the Secretary free to eligible institutions in sufficient quantity and in a timely manner so that each eligible institution can provide a completed copy to each recipient of assistance under this title (except assistance received under subparts 4, 5, and 7 of part A) at the time awards are made but not less than once annually.

"(2) Eligible institutions shall provide to each recipient of assistance under this title (except assistance received under subparts 4, 5, and 7 of part A) a completed copy of the "United States Department of Education, Federal Student Assistance Report" form at the time awards are made but not less than once annually.

"SEC. 484. STUDENT ELIGIBILITY.

"(a) IN GENERAL.—In order to receive any grant, loan, or work assistance under this title, a student must—

"(1) be enrolled or accepted for enrollment in a degree, certificate, or other program leading to a recognized educational credential at an institution of higher education that is an eligible institution in accordance with the provisions of section 487;

"(2) if the student is presently enrolled at an institution, be maintaining satisfactory progress in the course of study the student is pursuing according to the standards and practices of the institution at which the student is in attendance;

"(3) not owe a refund on grants previously received at any institution under this title, or be in default on any loan from a student loan fund at any institution provided for in part E, or a loan made, insured, or guaranteed by the Secretary under this title for attendance at any institution;

"(4) file with the institution of higher education which the student intends to attend, or is attending (or in the case of a loan or loan guarantee with the lender), a statement of educational purpose (which need not be notarized but which shall include such student's social security number or, if the student does not have a social security number, such student's student identification number) stating that the money attributable to such grant, loan, or loan guarantee will be used solely for expenses related to attendance or continued attendance at such institution; and

"(5) be a citizen or national of the United States, a permanent resident of the United States, in the United States for other than a temporary purpose and able to provide evidence from the Immigration and Naturalization Service of his or her intent to become a permanent resident, a permanent resident of the Trust Territory of the Pacific Islands, Guam, or the Northern Mariana Islands, or a person having a certificate of graduation from a school providing secondary education in the United States.

"(b) ELIGIBILITY FOR STUDENT LOANS.—In order to be eligible to receive any loan under this title (other than a loan under section 428B or 428D) for any period of enrollment, a student who is not a graduate or professional student (as defined in regulations of the Secretary), and who is enrolled in a program at an institution which has a participation agreement with the Secretary to make awards under subpart 1 of part A of this title, shall—

"(1) have received a determination of eligibility or ineligibility for a grant under such subpart 1 for such period of enrollment; or

"(2) have (A) filed an application with the Pell Grant processor for such institution for such enrollment period; and (B) received from the financial aid administrator of the institution a preliminary determination of the student's eligibility or ineligibility for a grant under such subpart 1.

"SEC. 484A. STATUTE OF LIMITATIONS.

"(a) IN GENERAL.—Notwithstanding any provision of State law that would set an earlier deadline for filing suit—

"(1) an institution which receives funds under this title may file suit for collection of a refund due from a student on a grant made or work assistance awarded under this title during a period of time extending at least until a date six years (exclusive of periods during which the State statute of limitations period otherwise applicable to the suit would be tolled under State law) after the date the refund first became due; and

"(2) subject to the provisions of section 2416 of title 28 of the United States Code, the Attorney General may file suit for payment of a refund due from a student on a grant made under this title until six years following the date on which the refund first became due.

"(b) ASSESSMENT OF COSTS AND OTHER CHARGES.—Notwithstanding any provision of State law to the contrary, a borrower who has defaulted on a loan made under this title shall be required to pay, in addition to other charges specified in this title, reasonable collection costs.

"SEC. 485. INSTITUTIONAL AND FINANCIAL ASSISTANCE INFORMATION FOR STUDENTS.

"(a) INFORMATION DISSEMINATION ACTIVITIES.—(1) Each eligible institution participating in any program under this title shall carry out information dissemination activities for prospective and enrolled students (including those attending or planning to attend less than full-time) regarding the institution and all financial assistance under this title. The information required by this section shall be produced and be made readily available, through appropriate publications and mailings, to all current students, and to any prospective student upon re-

quest. The information required by this section shall accurately describe—

"(A) the student financial assistance programs available to students who enroll at such institution;

"(B) the methods by which such assistance is distributed among student recipients who enroll at such institution;

"(C) any means, including forms, by which application for student financial assistance is made and requirements for accurately preparing such application;

"(D) the rights and responsibilities of students receiving financial assistance under this title;

"(E) the cost of attending the institution, including (i) tuition and fees, (ii) books and supplies, (iii) estimates of typical student room and board costs or typical commuting costs, and (iv) any additional cost of the program in which the student is enrolled or expresses a specific interest;

"(F) a statement of the refund policy of the institution for the return of unearned tuition and fees or other refundable portion of cost, as described in clause (E) of this paragraph;

"(G) the academic program of the institution, including (i) the current degree programs and other educational and training programs, (ii) the instructional, laboratory, and other physical plant facilities which relate to the academic program, and (iii) the faculty and other instructional personnel;

"(H) each person designated under subsection (b) of this section, and the methods by which and locations in which any person so designated may be contacted by students and prospective students who are seeking information required by this subsection;

"(I) special facilities and services available to handicapped students;

"(J) the names of associations, agencies, or governmental bodies which accredit, approve, or license the institution and its programs, and the procedures under which any current or prospective student may obtain or review upon request a copy of the documents describing the institution's accreditation, approval, or licensing; and

"(K) the standards which the student must maintain in order to be considered to be making satisfactory progress, pursuant to section 484(a)(2).

"(2) For purposes of this section, the term 'prospective student' means any individual who has contacted an eligible institution requesting information concerning admission to that institution.

"(b) FINANCIAL ASSISTANCE INFORMATION PERSONNEL.—Each eligible institution shall designate an employee or group of employees who shall be available on a full-time basis to assist students or potential students in obtaining information as specified in subsection (a). The Secretary may, by regulation, waive the requirement that an employee or employees be available on a full-time basis for carrying out responsibilities required under this section whenever an institution in which the total enrollment, or the portion of the enrollment participating in programs under this title at that institution, is too small to necessitate such employee or employees being available on a full-time basis. No such waiver may include permission to exempt any such institution from designating a specific individual or a group of individuals to carry out the provisions of this section.

"(c) DEPARTMENTAL PUBLICATION OF DESCRIPTIONS OF ASSISTANCE PROGRAMS.—The Secretary shall make available to eligible institutions and secondary schools descriptions of Federal student assistance programs including the rights and responsibilities of student and institutional participants, in order to (1) assist students in gaining information through institutional sources, and (2) assist institutions in carrying out the provisions of this section, so that individual and institutional participants will be fully aware of their rights and responsibilities under such programs. In particular, such information shall include information to enable students and prospective students to assess the debt burden and repayment obligations that will be incurred as a result of receiving loans of varying amounts under this title. Such information shall be provided by eligible institutions at any time that information regarding loan availability is provided to any student.

"SEC. 486. TRAINING IN FINANCIAL AID AND STUDENT SUPPORT SERVICES.

"(a) PROGRAM AUTHORITY.—The Secretary is authorized to enter into contracts with appropriate public agencies or nonprofit private organizations or institutions of higher education to provide training for financial aid administrators, student peer counselors, student staff or volunteers, and other part-time staff and volunteers who provide financial aid, admissions and academic counseling and outreach, and student support programs in postsecondary education in postsecondary institutions, communities or statewide programs.

"(b) USE OF FUNDS.—Financial assistance under this section may be used for—

"(1) development of materials and inservice training and career awareness programs;

"(2) operation of short-term training institutes designed to improve the skills and career awareness of participants in such institutes; and

"(3) special programs to assist in training of students and part-time staff or volunteers at institutions eligible for assistance under title III of this Act.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $1,000,000 to carry out the provisions of this section for fiscal year 1987 and for each of the succeeding fiscal years ending prior to October 1, 1991.

"SEC. 487. PROGRAM PARTICIPATION AGREEMENTS.

"(a) REQUIRED FOR PROGRAMS OF ASSISTANCE; CONTENTS.—In order to be an eligible institution for the purposes of any program authorized under this title, an institution must be an institution of higher education or an eligible institution (as that term is defined for purposes of that program) and shall, except with respect to a program under subpart 3 of part A, enter into a program participation agreement with the Secretary. The agreement shall condition the initial and continuing eligibility of an institution to participate in a program upon compliance with the following requirements:

"(1) The institution will use funds received by it for any program under this title and any interest or other earnings thereon solely for the purposes specified in and in accordance with the provision of that program.

"(2) The institution shall not charge any student a fee for processing or handling any application, form, or data required to determine the student's eligibility for assistance under this title or the amount of such assistance, or for completing or handling the Federal Student Assistance Report provided for in section 483(e).

"(3) The institution will establish and maintain such administrative and fiscal procedures and records as may be necessary to ensure proper and efficient administration of funds received from the Secretary or from students under this title.

"(4) The institution will comply with the provisions of subsection (b) of this section and the regulations prescribed under that subsection, relating to fiscal eligibility.

"(5) The institution will submit reports to the Secretary and, in the case of an institution participating in a program under part B or part E, to holders of loans made to the institution's students under such parts at such times and containing such information as the Secretary may reasonably require to carry out the purposes of this title.

"(6) The institution will comply with the requirements of section 485.

"(b) RECOVERY OF FUNDS.—If no fraud is involved, the Secretary may seek recovery of funds paid to an institution under this title only in those final audit or program review determinations pending on or made after the date of enactment of this sentence in which the disputed expenditures are not in substantial compliance with the law.

"(c) HEARINGS.—(1) An institution that has received written notice of a final audit or program review determination and that desires to have such determination reviewed by the Secretary shall submit to the Secretary a written request for review not later than forty-five days after receipt of notification of the final audit or program review determination.

"(2) The Secretary shall, upon receipt of written notice in (c)(1), arrange for a hearing on the record and notify the institution within thirty days of receipt of such notice the date, time and place of such hearing. Such hearing shall take place not later than 120 days from the date upon which the Secretary notifies the institution.

"(3) In all final audit or program review determinations pending on or made after the date of enactment of this section, the burden of proof shall be on the Secretary, and discovery shall be available to all parties under procedures provided under Rules 26, 28 through 34, and 36 of the Rules of Civil Procedure of the United States district courts.

"(d) AUDITS; FINANCIAL RESPONSIBILITY; ENFORCEMENT OF STANDARDS.—(1) Notwithstanding any other provisions of this title, the Secretary is authorized to prescribe such regulations as may be necessary to provide for—

"(A)(i) except as provided in clause (ii), a financial and compliance audit of an eligible institution, with regard to any funds obtained by it under this title or obtained from a student or a parent who has a loan insured or guaranteed by the Secretary under this title, at least once every two years and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organization, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary; or

"(ii) with regard to an eligible institution which is audited under chapter 75 of title 31, United States Code, deeming such audit to satisfy the requirements of clause (i) for the period covered by such audit;

"(B) the establishment of reasonable standards of financial responsibility and appropriate institutional capability for the administration by an eligible institution of a program of student financial aid under this title;

"(C) the establishment, by each eligible institution under part B responsible for furnishing to the lender the statement required by section 428(a)(2)(A)(i), of policies and procedures by which the latest known address and enrollment status of any student who has had a loan insured under this part and who has either formally terminated his enrollment, or failed to re-enroll on at least a half-time basis, at such institution, shall be furnished either to the holder (or if unknown, the insurer) of the note, not later than sixty days after such termination or failure to reenroll; and

"(D) the limitation, suspension, or termination of the eligibility for any program under this title of any otherwise eligible institution, or the imposition of a civil penalty under paragraph (2)(B) whenever the Secretary has determined, after reasonable notice and opportunity for hearing on the record, that such institution has violated or failed to carry out any provision of this title or any regulation prescribed under this title, except that no period of suspension under this section shall exceed sixty days unless the institution and the Secretary agree to an extension or unless limitation or termination proceedings are initiated by the Secretary within that period of time.

"(2)(A) Upon determination, after reasonable notice and opportunity for a hearing on the record, that an eligible institution has engaged in substantial misrepresentation of the nature of its educational program, its financial charges, or the employability of its graduates, the Secretary may suspend or terminate the eligibility status for any or all programs under this title of any otherwise eligible institution, in accordance with procedures specified in paragraph (1)(D) of this subsection, until the Secretary finds that such practices have been corrected.

"(B)(i) Upon determination, after reasonable notice and opportunity for a hearing on the record, that an eligible institution—

"(I) has violated or failed to carry out any provision of this title or any regulation prescribed under this title; or

"(II) has engaged in substantial misrepresentation of the nature of its educational program, its financial charges, and the employability of its graduates,

the Secretary may impose a civil penalty upon such institution of not to exceed $25,000 for each violation or misrepresentation.

"(ii) Any civil penalty may be compromised by the Secretary. In determining the amount of such penalty, or the amount agreed upon in compromise, the appropriateness of the penalty to the size of the institution of higher education subject to the determination, and the gravity of the violation, failure, or misrepresentation shall be considered. The amount of such penalty, when finally determined, or the amount agreed upon in compromise, may be deducted from any sums owing by the United States to the institution charged.

"(3) The Secretary shall publish a list of State agencies which the Secretary determines to be reliable authority as to the quality of public postsecondary vocational education in their respective States for the purpose of determining eligibility for all Federal student assistance programs.

"(c) DEFINITION OF ELIGIBLE INSTITUTION.—For the purpose of this section the term 'eligible institution' means any such institution described in section 435(a) of this Act.

"SEC. 488. TRANSFER OF ALLOTMENTS.

"Up to 10 percent of the allotment of an eligible institution for a fiscal year under section 413D or 446 of this Act, may be transferred to, and used for the purposes of, the institution's allotment under the other section within the discretion of such institution in order to offer an arrangement of types of aid, including institutional and State aid, which best fits the needs of each individual student. The Secretary shall have no control over such transfer, except as specifically authorized, except for the collection and dissemination of information.

"SEC. 489. ADMINISTRATIVE EXPENSES.

"(a) AMOUNT OF PAYMENTS.—From the sums appropriated for any fiscal year for purposes of the program authorized under subpart 1 of part A, the Secretary shall reserve such sums as may be necessary to pay to each institution with which he has an agreement under section 487, an amount equal to $5 for each student at that institution who receives assistance under subpart 1 of part A. In addition, an institution which has entered into an agreement with the Secretary under subpart 2 of part A or part C (other than section 448), of this title or under part E of this title shall be entitled for each fiscal year which such institution disburses funds to eligible students under any such part to a payment for the purposes set forth in subsection (b). The payment for a fiscal year shall be payable from each such allotment by payment in accordance with regulations of the Secretary and shall be equal to 5 percent of the institution's first $2,750,000 of expenditures plus 4 percent of the institution's expenditures greater than $2,750,000 and less than $5,500,000, plus 3 percent of the institution's expenditures in excess of $5,500,000 during the fiscal year from the sum of its grants to students under subpart 2 of part A, its expenditures during such fiscal year under part C for compensation of students, and the principal amount of loans made during such fiscal year from its student loan fund established under part E, excluding the principal amount of any such loans which the institution has agreed to assign under section 463(a)(6)(B). The payment for a fiscal year for the purpose of subsection (b) with respect to section 448 shall be payable from each allotment under part C in accordance with regulations of the Secretary, and shall be 10 percent of the institution's expenditures during such fiscal year under such section.

"(b) PURPOSE OF PAYMENTS.—The sums paid to institutions under this part are for the sole purpose of offsetting the administrative costs of the programs described in subsection (a).

"SEC. 490. CRIMINAL PENALTIES.

"(a) IN GENERAL.—Any person who knowingly and willfully embezzles, misapplies, steals, or obtains by fraud, false statement, or forgery any funds, assets, or property provided or insured under this title shall be fined not more than $10,000 or imprisoned for not more than five years, or both; but if the amount so embezzled, misapplied, stolen, or obtained by fraud, false statement, or forgery does not exceed $200, the fine shall not be more than $1,000 and imprisonment shall not exceed one year, or both.

"(b) ASSIGNMENT OF LOANS.—Any person who knowingly and willfully makes any false statement, furnishes any false information, or conceals any material information in connection with the assignment of a loan which is made or insured under this title shall, upon conviction thereof, be fined not more than $1,000 or imprisoned not more than one year, or both.

"(c) INDUCEMENTS TO LEND OR ASSIGN.—Any person who knowingly and willfully makes an unlawful payment to an eligible lender under part B as an inducement to make, or to acquire by assignment, a loan insured under that part shall, upon conviction thereof, be fined not more than $1,000 or imprisoned not more than one year, or both.

"(d) OBSTRUCTION OF JUSTICE.—Any person who knowingly and willfully destroys or conceals any record relating to the provision of assistance under this title with intent to defraud the United States or to prevent the United States from enforcing any right obtained by subrogation under this part, shall upon conviction thereof, be fined not more than $10,000 or imprisoned not more than five years, or both.

"SEC. 491. ADVISORY COMMITTEE ON STUDENT FINANCIAL ASSISTANCE.

"(a) ESTABLISHMENT.—There is hereby established an Advisory Committee on Student Financial Assistance (henceforth referred to as the 'Committee') which shall provide advice and counsel to the Congress on student financial aid matters.

"(b) MEMBERSHIP.—The Advisory Committee shall have twelve members, six appointed by the President Pro Tempore of the Senate and six by the Speaker of the House of Representatives including, but not limited to representatives of States, institutions of postsecondary education, secondary schools, credit institutions, students, and parents.

"(c) OPERATIONS OF THE COMMITTEE.—(1) Each member of the Advisory Committee shall be appointed for a term of three years, except that, of the members first appointed—

"(A) four shall be appointed for a term of one year;

"(B) four shall be appointed for a term of two years; and

"(C) four shall be appointed for a term of three years;

"(2) Any member appointed to fill a vacancy occurring prior to the expiration of the term of a predecessor shall be appointed only for the remainder of such term. A member of the committee shall, upon his or her request, continue to serve after the expiration of a term until a successor has been appointed. A member of the committee may be reappointed to successive terms on the committee.

"(3) The Committee shall elect a Chairman and a Vice Chairman from among its members.

"(4) Six members of the Committee shall constitute a quorum but a lesser number of two or more may conduct hearings.

"(5) The Committee shall meet at the call of the Chairman or a majority of its members.

"(d) FUNCTIONS OF THE COMMITTEE.—The Committee shall—

"(1) monitor, apprise, and evaluate the effectiveness of student aid delivery and recommend improvements;

"(2) recommend data collection needs and student information requirements which would improve access and choice for eligible students under this title and assist the Department of Education in improving the delivery of student aid and in assessing the impact of legislative and administrative policy proposals;

"(3) review and comment upon, prior to promulgation, all regulations affecting programs under this title, including proposed regulations;

"(4) conduct studies, surveys and analyses of student financial assistance programs, policies and practices, including the special needs of low income, disadvantaged and non-traditional students, and the means by which these needs may be met;

"(5) review and comment upon standards by which financial need is measured in determining eligibility for Federal student assistance programs;

"(6) promote research and development activities which will improve the system of data collection;

"(7) review and comment and promote research and development of the student information system established under section 483(c) and (d) of this part;

"(8) appraise the adequacies and deficiencies of current student financial aid information resources and services and evaluate the effectiveness of current student aid information programs.

"(9) publish and disseminate such interim reports as it considers appropriate and submit an annual report to the Congress on the state of student assistance, including assistance under this title, State scholarship assistance, need-based institutional loan and grant programs, and all other forms and sources of such assistance.

"(e) SUBMISSION TO DEPARTMENT FOR COMMENT.—The Committee may submit any of its studies or recommendations to the Department of Education for comment for a period not to exceed 30 days in each instance.

"(f) COMPENSATION AND EXPENSES.—(1) Members of the Committee who are officers or full-time employees of the United States shall serve without compensation in addition to that received for their services as officers or employees of the United States; but they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

"(2) Members of the Committee who are not officers or full-time employees of the United States may each receive $150 per diem when engaged in the actual performance of duties vested in the Commission. In addition, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

"(g) PERSONNEL AND RESOURCES.—Such personnel as the Committee deems necessary may be appointed by the Committee without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subtitle III of chapter 53 of such title relating to classification and General Schedule pay rates, but no individual so appointed shall be paid in excess of the rate authorized for GS-18 of the General Schedule:

"(1) The Committee or, on the authorization of the Committee, any subcommittee thereof, may, for the purpose of carrying out the provisions of the Act, hold such hearings and sit and act at such times and such places as the Committee or such subcommittee may deem advisable.

"(2) In carrying out its duties under the Act, the Committee shall consult with other Federal agencies, representatives of State and local governments, and private organizations to the extent feasible.

"(3) The Committee is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality, information, suggestions, estimates, and statistics for the purpose of this section and each such department, bureau, agency, board, commission, office, independent establishment or instrumentality is authorized and directed to the extent permitted by law, to furnish such information, suggestions, estimates, and statistics directly to the Committee, upon request made by the Chairman.

"(4) For the purpose of securing necessary data and information the Committee may enter into contracts with universities, research institutions, foundations, and other competent public or private agencies. For such purpose, the Committee is authorized to obtain the services of experts and consultants in accordance with section 3109 of title 5, United States Code.

"(5) The heads of all Federal agencies are, to the extent not prohibited by law, directed to cooperate with the Committee in carrying out this section.

"(6) The Committee is authorized to utilize, with their consent, the services, personnel, information and facilities of other Federal, State, local and private agencies with or without reimbursement.

"(h) There is authorized to be appropriated an amount not to exceed $750,000 for each of the fiscal years beginning on or after October 1, 1986, to carry out the provisions of this section, which shall remain available until expended or until the termination of the Committee whichever occurs first.".

"SEC. 492. DATA COLLECTION.

"(a) PURPOSES OF SURVEY.—The Secretary shall survey student aid recipients on a regular cycle, but not less than once every three years, to—

"(1) identify the population of students receiving Federal student aid;

"(2) determine the income distribution and other socioeconomic characteristics of federally aided students;

"(3) describe the combinations of aid from State, Federal, and private sources received by students from all income groups; and

"(4) disseminate such information in both published and machine readable form.

"(b) BREADTH AND DESIGN OF SURVEY.—The survey shall be representative of full-time and part-time, undergraduate, graduate, and professional students in all types of institutions, and should be designed and administered in consultation with the Congress and the postsecondary education community.

"SEC. 493. NATIONAL COMMISSION ON RESPONSIBILITIES FOR FINANCING THE COSTS OF POSTSECONDARY EDUCATION.

"(a) FINDINGS.—The Congress finds—

"(1) that institutions of higher education in our Nation and their human and intellectual resources are critical to the future of the American society, and the Nation's economic potential, its strength, security, and freedom, and the quality of life for all citizens are tied to the quality and extent of higher education available;

"(2) that it is the responsibility of the Federal Government to establish a clearly defined national policy regarding—

"(A) the role and expectations of respective institutions in society (the family unit, institutions of higher education, government, and the individual in financing the costs of postsecondary education);

"(B) the most efficient and effective use of limited Federal, State, and private resources for supplementing the family effort in financing postsecondary education and for creating incentives for individuals and families to plan for financing postsecondary education; and

"(3) the appropriate response to economic, budgetary, demographic, and social changes which will require individuals, families, institutions of higher education, and government to plan and adapt to the future needs for student financial assistance for postsecondary education.

"(b) ESTABLISHMENT OF THE COMMISSION.—(1) There is established as an independent agency in the executive branch a Commission to be known as the National Commission on Family Responsibilities for Financing Postsecondary Education (hereafter in this section referred to as the 'Commission').

"(2) The Commission shall be composed of 9 members, three of whom shall be appointed by the President, three of whom shall be appointed by the Speaker of the House of Representatives, and three of whom shall be appointed by the majority leader of the Senate. The membership of the Commission shall provide expertise and experience in the provision and financing of postsecondary education, including student financial aid administrators, secondary school administrators, individuals skilled in education economics research, individual having expertise in the development of standards and systems of need analysis for student assistance programs, and individuals with particular expertise in credit financing for postsecondary education.

"(c) DUTIES OF THE COMMISSION.—

"(1) IN GENERAL.—The Commission shall study and investigate the extent to which—

"(A) there is a consistent and coherent Federal policy regarding the appropriate family role in financing the costs of postsecondary education for family members;

"(B) the current Federal laws and regulations promote the stated Federal policy; and

"(C) the extent to which State laws which remove parental responsibilities for children over 18 years of age conflict with Federal policy in this area.

"(2) REPORT AND RECOMMENDATIONS.—The Commission shall—

"(A) summarize the appropriate findings of the National Commission on Student Financial Assistance;

"(B) recommend to the Congress a comprehensive analysis on the extent to which a consensus exists regarding the appropriate role of the family in financing postsecondary education;

"(C) to the extent that a consensus exists, recommend changes in current law that would be required to achieve the desired Federal policy, including recommendations on Federal incentives to encourage families to plan and save for their financial responsibilities in financing postsecondary education for family members taking into account the needs of future generations.

"(d) SPECIFIC REQUIREMENTS.—In carrying out its responsibilities under subsection (c), the Commission shall make a study of the following areas:

"(1) NEED ANALYSIS.—

"(A) The most appropriate mechanisms for measuring student and family ability to pay for postsecondary education.

"(B) The incentives and disincentives for family saving in existing need analysis systems.

"(C) The feasibility and impact of different need analysis systems and eligibility formulas for determining student and family contributions for Federal and non-Federal grant, loan, and work-study programs.

"(D) The extent to which existing systems of need analysis take into account the cir-

cumstances of older and non-traditional students, students with minor dependents, and divorced and separated parents.

"(E) The extent to which existing systems of need analysis recognize differing regional economic conditions.

"(F) The feasibility of a simplified need analysis system for determining ability to pay for low-income families, economically disadvantaged families, and families receiving public assistance benefits.

"(G) The postsecondary education financing 'partnership', and the impact of external influences, such as economic conditions or State-level initiatives, that affect the balance of financial support among students and their families, the Federal Government, States, postsecondary institutions, credit institutions, and the private sector.

"(2) STUDENT INDEPENDENCE.—The most appropriate mechanisms and factors to be considered in determining student independence and self-support and in determining when families should be expected to provide parental financial information in determining expected family contributions for Federal student assistance programs.

"(3) PARENTAL RESPONSIBILITY.—In consultation and cooperation with associations of higher education institutions and administrators, secondary schools, student and parent associations, and other organizations, the most effective means of reinforcing and promoting the principle of parental responsibility for contributing, to the extent that they are able, to the costs of their children's postsecondary education.

"(4) STUDENT RESPONSIBILITY.—The most effective mechanisms for measuring student ability to contribute to educational cost through earnings and savings, the extent to which such mechanisms reflect the circumstances of students from disadvantaged families, and the existing levels of student contributions from past, current, and future earnings.

"(5) EARLY INFORMATION, PLANNING, AND INFORMATION TECHNOLOGY.—The extent to which programs providing early information on postsecondary education, costs, and financial aid programs to students and their families influence educational opportunity and family saving.

"(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $1,500,000.

"(f) TERMINATION.—The Commission shall terminate two years after the initial appointment of members.".

SEC. 482. CONFORMING PROVISION.

The Student Financial Assistance Technical Amendments Act of 1982 is repealed.

AMENDMENT OFFERED BY MR. COLEMAN OF MISSOURI

Mr. COLEMAN of Missouri. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLEMAN of Missouri: Page 153, line 23, after "Secretary)" insert the following: ", excluding any amount of such loans made available (pursuant to section 428(a)(2)(D)) to cover the origination fee with respect to such loans,".

Page 174, line 17, insert before the period the following: ", increased by an amount necessary to cover the origination fee with respect to such loan (as authorized by section 438(c))".

Page 178, line 19, after "in any amount" insert the following: ", excluding any amount of such loans made available (pursuant to section 428(a)(2)(D)) to cover the origination fee with respect to such loans,".

Page 278, beginning on line 7, strike out "an origination fee" and all that follows through line 20, and insert in lieu thereof the following: "an origination fee in an amount not to exceed 5 percent of the principal amount of the loan, which may be deducted from the proceeds of the loan prior to payment to the borrower.".

Mr. COLEMAN of Missouri (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COLEMAN of Missouri. Mr. Chairman, I rise to offer this amendment in an attempt to save some money in a program where it is very difficult to find money to save without hurting individuals who are recipients of our loan program.

This amendment deals with the loan origination fee. Right now students taking out a loan have to pay 5 percent up front of their student loan back to the Federal Government in the form of a loan origination fee. This fee is quite regressive in that a student who borrows the full amount actually receives only 95 percent of the loan. For example, an undergraduate who borrows the maximum amount allowed today of $2,500 actually receives $2,375, but is obligated to pay back the full $2,500.

The loan origination fee was part of the 1981 amendment and was offered in the hope of saving some money. And we have saved some money. It kept down the cost of the program and it has served its purpose well.

At the same time, we have added a lot of pressure on students and their families to meet the financial responsibilities of going to school, because educational costs have continued to increase.

Unfortunately, when you try to do away with the loan origination fee, you also create additional costs to the program of $2 billion over the full term of this bill. Under the terms of the draft that we have before us, under the bill passed by the committee, we have a phased-out loan origination fee over a period of time, phasing this out beginning in 1988 by 1 percent per year. Even still with this phase-out, it is going to cost $730 million additional in costs to the program by having the phase-out come into existence.

Therefore, I believe that we can save money and reduce the deficit by adopting my amendment which does the following:

My amendment reinstates the loan origination fee but also increases the principal amount that an individual will receive by the additional 5 percent, therefore, allowing the student to borrow the loan origination fee and repay it, not when they are students going through school, but rather when they are out of school and able to better afford to pay back the fee.

□ 1725

This amendment has a very slight impact upon repayment by the borrower when he pays back his loan. For example, a student with a $4,000 debt would have his monthly payment increased by $3.25 a month under my amendment.

In essence, what we are doing is we are transferring the cost of the loan origination fee as the bill has it to the taxpayers, and trying to take it back and spreading it throughout the cost of the program to those people who are borrowing. Again, not taking away any moneys when they need it, which is when they are in school, paying for their tuition, but afterward to have them pay it back and, therefore, spread that cost by the borrowers.

It is not onerous; it does cost additional payments per month, but it will save $560 million of this program over the 5 years of the reauthorization.

I know that Chairman FORD and I had discussed this proposal, and I would at this time yield to the gentleman from Michigan for I hope his supportive comments regarding this cost-saving amendment which does not hurt students in their years in which they are going to school.

Mr. FORD of Michigan. I thank the gentleman for yielding.

Mr. Chairman, in the subcommittee we had some disagreement about two particular provisions; one mine and one his. The gentleman and I have worked on the language of his. It satisfies the reservations that I had and indeed it is striking from the bill language that I was personally responsible for putting in; but I think in fact, while it appears to be more costly to students, in fact it puts more money at the disposal of the students while they are in school then would my phased-in elimination of the origination fee. Therefore, I am happy to accept the gentleman's amendment.

Mr. COLEMAN of Missouri. I thank the gentleman for his remarks.

Mr. BARTLETT. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I take this opportunity to compliment both the chairman of the subcommittee and the ranking member for making this improvement in the legislation. In fact, what this amendment does, as well as several other amendments that I will be offering, and others, is to restore what is current law; the original committee bill, or H.R. 3700, had increased the costs of what is current law in this particular area and in several others.

So it is a reasonable amendment that restores current law to require a 5-percent origination fee. I think the two gentleman also make a correct

analysis; and that is to permit that 5-percent origination fee to permit a modest increase in the loan limit so that the student can in fact capitalize that origination fee and then repay it when the student is no longer a student; is an ex-student.

I think this amendment demonstrates the concept that I think the full House ought to consider on a number of amendments in this; and that is that we ought to find ways to assist students to have access to capital to go to school, and for low-income students we ought to assist those students in the costs of their education, but then we ought to require that ex-students, the people who are out of school and in the world of work that have received that college education begin to pay their full share.

I think this amendment, by restoring or by producing the total cost over a multiyear, $560 million, in fact does that.

I would call to the attention of the House that even with this there are still some major cost overruns of this legislation; that if you look at the legislation for the first year, this has no impact on it at all. The legislation, H.R. 3700, would have cost impact or cost increase for the first year alone of $1.2 billion in authorized levels over the amount of the appropriated levels that were appropriated for the current year, fiscal year 1985.

I think that is clearly the largest increase of any piece of authorizing legislation that we have even considered on the floor of the House this year.

I hope that the House accepts this amendment. I hope that the House, in that same spirit, accepts other amendments in the spirit of supporting the reauthorization of higher education, as a way to improve the bill sufficiently to allow it to become law.

Mr. McKERNAN. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, I want to commend the gentleman from Missouri as well as the chairman of the committee for agreeing on this particular amendment.

During the committee markup sessions, we spent a lot of time talking about the things that the gentleman from Texas [Mr. BARTLETT] just referred to; and that is, what is the purpose of the Higher Education Act? What are we trying to do, as a Federal Government, in trying to guarantee opportunity for education to people in this country?

What we are trying to do is make sure that those who have the ability have the opportunity to go to college. What that means is, making sure they have the kind of money that is going to be necessary to get into college. If we have to make a choice, the choice ought to be trying to change the system so that we have money up front for people to get their education, and we have to also realize, though, that we are going to need to pay for that at some point, and we are going to have to do that, in my view, at a time when people can better afford to make those payments after they are in the work force.

This amendment addresses that problem. It takes care of the onerous burden of the origination fee which, to the Chairman's credit, he has been trying to get rid of; this allows for a way to make that payment but yet also not to have it at such a great cost to the Federal Government.

So I want to commend both gentlemen and say I think we are moving in the right direction on this particular legislation.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri [Mr. COLEMAN].

The amendent was agreed to.

AMENDMENT OFFERED BY MR. BIAGGI

Mr. BIAGGI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BIAGGI: Page 363, line 20, strike out "for books" and everything that follows through line 21 and insert in lieu thereof the following: "for only books, supplies, and transportation (as determined by the institution) and dependent care expenses (in accordance with paragraph (7));".

Mr. BIAGGI. Mr. Chairman, this amendment enhances and refines the provisions in H.R. 3700 designed to assist the nontraditional and less-than-half-time student.

Specifically, it amends the needs analysis section of H.R. 3700 to require that the cost of dependent care be included in determining student eligibility for aid.

Mr. Chairman, for many students, particularly those who are attending less than half time—the costs of care for children, as well as elderly family members—are just as significant as the cost of books, supplies, and transportation.

This is especially important to women—who are the primary caregivers in families—and represent over half of the 12.4 million postsecondary students in the United States.

Over 6.2 million families were headed by women in 1984—double the number in 1970. They represent the majority of today's nontraditional student. According to the American Association of University Women, two-thirds of the women surveyed at an urban university reported they had children at home. A recent study at the University of Michigan found that over one-fifth of its women students would seek more employment or education if child care were available.

Families are also the primary caregivers of the elderly.

I also serve as chairman of the Subcommittee on Human Services of the House Aging Committee. We have spent considerable time documenting the ongoing problems of providing adequate home care services for elderly family members. It is a significant problem given the fact that while 5 percent of our total elderly population is institutionalized—double that number are provided dependent care in community-based settings.

National health statistics show that 80 percent of all home health care for older people is provided by family members. Forty percent of adult children who are caring for an older parent in their homes spend 40-plus hours per week—the equivalent of a full-time job—in caregiving activities.

This amendment would give those individuals—who should not be denied educational opportunity—consideration in determining their eligibility for aid. For many adult students—the costs of dependent care are the most significant costs that are borne outside of the educational environment.

Current regulations permit aid officers to ignore the costs of dependent care of both children and elderly family members. This discrimination has resulted in women receiving, on the average, lower grant and loan awards.

This amendment would address that problem by directly adding dependent care into the need analysis system.

I also want to note that it is similar to a provision included in our colleague PAT WILLIAMS' bill to remove special barriers faced by women in postsecondary education. It is consistent with his efforts to increase access for what we have termed our nontraditional student population.

I urge adoption of the amendment.

□ 1735

Mr. FORD of Michigan. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, we have looked at the amendment, and it is wholly consistent with what we are trying to do in H.R. 3700. It indeed fills out even better the picture that Mr. BIAGGI has worked so many months to present to us of the special concerns and consideration that particularly a single woman has with children dependent upon her for not only their support but her time, impinging on her ability to seek outside employment. It becomes a burden that clearly should be taken into consideration in determining the cost of attendance in terms of the resources that are actually available and the other claims on those resources for a person choosing to seek education rather than full-time employment.

For that reason, I would advocate that we adopt the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. BIAGGI].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. TAUKE

Mr. TAUKE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TAUKE: Page 260, line 7, after the period insert the following: "For the purposes of qualifying an institution under paragraph (3) of this subsection, the Secretary may establish criteria by regulation. In the case of a graduate medical school outside the United States, such criteria may include a requirement that not less than 90 percent of the students who are nationals of the United States enrolled in such school shall have scored in the top one-quarter on an approved medical college admissions examination; and that such students achieve a pass rate of not less than 50 percent on the examinations administered by the Educational Commission for Foreign Medical Graduates.".

Mr. TAUKE (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. TAUKE. Mr. Chairman, during the course of discussion on this bill in subcommittee and in committee we considered briefly the problem of foreign medical students. There has been growing concern that fly-by-night schools and medical schools of questionable quality are being established on United States shores. They recruit U.S. students, and then they rely on these students' subsidized loans to make a profit.

The Department of Education has in the past attempted to apply some criteria to the eligibility of these institutions for student loan programs. However, a court decision recently struck down the current regulations. So this is an attempt to put some requirement on the institutions that require an education for American students who are receiving student loans.

The amendment authorizes the Department of Education to promulgate regulations establishing specific criteria to be used in determining the eligibility of foreign medical schools to participate in the Guaranteed Student Loan Program.

It provides that such criteria may include a requirement that a certain percent of the American students enrolled in the school have scored in the top quarter of an approved medical college admissions exam, and such criteria may also include the requirement that such students achieve the pass rate of at least 50 percent in the examinations administered by the Educational Commission for Foreign Medical Graduates.

Obviously, foreign medical graduates have made significant contributions to health care in the United States, and we should not deny the opportunity to receive a medical education to qualified students in our own country who receive an education in foreign medical schools. At the same time, it is important to establish a workable mechanism to determine the quality of the education a student receives in a foreign medical school and to ensure that Government-guaranteed loans are being used at legitimate institutions. I believe this amendment achieves that goal.

Mr. REGULA. Mr. Chairman, I rise in support of the Tauke amendment. For the past year I have worked with the distinguished gentleman from Iowa on the perplexing problem of graduate medical education and the resulting quality of care given to our Nation's population, particularly the elderly.

In July 1985, at our request, a national survey was conducted by the minority staff of the Subcommittee on Health and Long-Term Care soliciting comments from teaching hospitals regarding various proposals to reform Government funding of medical education. Surprisingly, 94.5 percent of those polled stated their support for controls on student financial assistance to medical students. The remaining 5.4 percent cited partial support for such a measure. There was no opposition to the proposal.

In the past decade there has evolved the phenomena of profit-making offshore medical schools. Characterized by inadequate staff and unsubstantial investment in clinical facilities their graduates are ill-equipped to provide the quality of care typical of American trained physicians. Despite these inadequacies, U.S. citizens enrolled in such schools are recognized as being eligible for Federal guaranteed student loans. Today, is our opportunity to correct that anomaly.

It is estimated that nearly 19 percent of the care given by hospital residents is provided by graduates who have received their education abroad. In many urban hospitals, serving a disproportionate number of the elderly, that number reaches as high as 75 to 80 percent. This amendment will ensure that those possessing adequate training, regardless of its origin, will be able to practice medicine in the United States.

Over 75 years ago the issue of proprietary schools was resolved within our borders. In a report to the Carnegie Foundation for the Advancement of Teaching, Abraham Flexner stated "not infrequency, advertising costs more than laboratories" and "the deans of these institutions occasionally know more about modern advertising than about medical teaching." Once again, let us join together in completely eliminating the possibility of compromised medical care to our Nation's sick and elderly.

The Tauke amendment will be an important step in achieving this goal.

Mr. BIAGGI. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I want to offer my qualified support of this amendment and express my concern that we do not embark upon a pattern of attempting to limit the number of qualified graduates from foreign medical schools. The gentleman's amendment does provide safeguards so that we do not lower standards.

I recognize that there are a number of concerns with foreign medical schools. The fact is, however, that there are many good foreign medical schools that serve to educate students that have been denied access to medical schools in this country.

In States like New York, we rely very heavily upon graduates of foreign medical schools—who have passed the required exams—to staff public hospitals in order to provide care to indigent patients. Frankly, graduates of American medical schools do not want to work in publically funded facilities serving poor people.

While this amendment does not provide the Secretary of Education with any authority that he does not already have—I believe that it is acceptable. However, I believe that this issue merits our close oversight in order to assure that we do not embark upon a pattern of discrimination against schools that serve the critical health care needs of urban areas.

Mr. TAUKE. Mr. Chairman, will the gentleman yield?

Mr. BIAGGI. I would be delighted to yield to the gentleman from Iowa.

Mr. TAUKE. I thank the gentleman for yielding.

Mr. Chairman, I thank the gentleman for his support of the amendment. I assure the gentleman I have many of the same concerns that he does. While my district is much different from the gentleman's, my district to, relies in substantial part on graduates of foreign medical schools for medical care. In addition to the institutions in the urban areas of the country, hospitals also in the very rural areas of the country have to attract many graduates from these foreign medical schools in order to be able to provide health care to individuals in my district and districts like the gentleman's.

So I want to assure the gentleman that I share his concern. At the same time, I know we both have the concern also that these students who do graduate from foreign medical schools have a decent quality education when they are serving our constituents.

I thank the gentleman for his comments in support of the amendment.

Mr. BIAGGI. I commend the gentleman for his amendment. Clearly we have mutual concerns and interests, and this hopefully will help the aspiring medical student in furthering his education.

Again, I commend the gentleman.

Mr. FORD of Michigan. Mr. Chairman, I move to strike the requisite number of words.

For all of the reasons stated by Mr. BIAGGI in what he referred to as his qualified acceptance statement of the amendment, without qualification I will accept the amendment. The gentleman has discussed this amendment prior to today. It makes eminent good sense. There is no potential for mischief at all. It merely calls the attention of the Secretary to what he should be doing already but may not be doing.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. TAUKE].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BARTLETT

Mr. BARTLETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BARTLETT: Page 160, lines 15 and 18, strike out "nine months" and insert in lieu thereof "six months".

Page 181, line 23, strike out "nine months" and insert in lieu thereof "six months".

Page 182, line 1, strike out "nine months" and insert in lieu thereof "six months".

Page 308, beginning on line 20, strike out all of paragraph (3) through page 309, line 2, and redesignate the succeeding paragraphs accordingly.

Mr. BARTLETT (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BARTLETT. Mr. Chairman, I offer an amendment that is an amendment that, frankly, should not be controversial. It may turn out to have opposition, or may not, on the floor here. What this amendment would do would be to restore what is presently current law for the grace period that an exstudent is provided after that student leaves school and before the student begins repayment. Now, under current law that grace period is 6 months. That 6 months gives the student an opportunity to get on his or her feet before the student has to begin repayment. That 6-months period is what students or exstudents are using now.

The committee bill has, I think, erroneously added to the outyear cost of H.R. 3700 by extending that 6-months grace period to a 9-months grace period.

Mr. Chairman, the 6-month grace period works rather well today. It has worked that way for several years. There is no major problem that is being resolved here. But there is a major problem that this small-sounding change of 6 months to 9 months that is in the committee bill would cause the taxpayers because it adds enormous costs in the outyears.

Now the committee bill quite correctly provides for the new 9-month grace period in a way that only affects new loans. So the cost to the taxpayers is very small for the first several years. In fact, for the authorization of this bill through the year 1991 the total cost is some $95 million. But beginning in 1991, 1992, and 1993, the cumulative effect of an extra 3 months of the ex-student paying no interest at all begins to build up to where some estimates would have costs of up to $200 million a year by the mid-1990's at today's current loan limits.

Mr. Chairman, the issue philosophically is basically this, and it is the same issue presented on a couple of other amendments today, and that is that if we decide we are going to subsidize low-income students during the time they are in school by not requiring that they pay interest on their loans, the Federal taxpayers pay that interest completely—and the interest rate, incidentally, is the T-bill rate plus 3½ points—we should not extend that privilege of having the taxpayers pay the interest and subsidize the complete cost of interest for 9 months after the student leaves school. The extra 3 months would mean that for all guaranteed student loans in this country, currently about $8 billion in existing loans, the taxpayers would pay the full interest cost for those 3 months after a student is out of school, is working, has a job, and is back in the mainstream. Now I appeal to those who support H.R. 3700 and higher education. This is the kind of amendment that is a reasonable amendment that does not roll anything back, that merely restores what is current law and current practice. It is generally supported and supportive. We have no evidence or reason to think that someone thinks there needs to be a change in it. It would reduce the overall cost of this bill in the outyears in particular by some significant amount.

I would remind the committee again that this bill in its present form, without amendments like this being adopted, is a budget buster of rather massive proportions. It does provide for $1.2 billion of additional spending in the first year, 13-percent increase; it does provide for $11 billion in aggregate of additional spending over the 5-year authorization period. This is a modest but reasonable attempt to just keep what is currently in current law, to keep the Committee from expanding current law to increase the subsidies after a person has left school.

Let us provide the subsidies to the low-income students who are presently in school and not extend those subsidies to people that are out of school on their own.

Mr. COLEMAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I would be happy to yield to the gentleman from Missouri.

Mr. COLEMAN of Missouri. I thank the gentleman for yielding.

Mr. Chairman, I support the gentleman's amendment. I was prepared to offer it in markup at one time, but I was detained getting back to the Capitol. I believe the gentleman has made a very cogent argument as to why we ought to adopt his amendment. We are not taking anything away from anybody. Present law is 6 months. Some might want to extend it to 9 months, but I think the fact that it costs money to extend it another 3 months should be put into perspective when we have a budget deficit. That is one way. We are not talking about students, we are talking about former students; we are not talking about the day after they graduate but after 6 months after they leave the school. I think it is a very fair amendment. It is one of the more harmless amendments as far as impacting on those people we are trying to help.

I feel it has only meritorious points to it. So I rise in support of the amendment.

Mr. HENRY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment. We have worked so hard and really constructively in the committee and now as we have come down to the final debate on a number of these really narrow issues but very critical issues in terms of the aggregate result as we try to come to a final accommodation.

Now earlier it appears we have reached some other constructive engagements on the whole issue of new categories of deferment. I think on both sides we have reached agreement. The costs of this 3-month extension, in fact, if they can be recovered in terms of the figures I have will offset, quite frankly, the estimated costs of the new deferment we wish to give to those whom we are encouraging to enter careers in the education marketplace with all the disincentives that are out there and the national need that we have there.

□ 1750

And I would say that in terms of our efforts of trying to get a bill, which in its authorization is overall an authorization freeze, in terms of continuing policy and getting better efficiency and a better bang for our buch, I really view this as a very constructive amendment, and I would certainly hope that the distinguished chairman of the subcommittee could lend his support to it.

Mr. FORD of Michigan. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I think it has become necessary to take a moment to talk about the history of this deferment period the gentleman from Texas about in the existing law. What we are talking about in existing law is what was supposed to be a temporary provision in the Gramm-Latta reconciliation of 1981, because prior to that time, during the entire history of the program, the grace period for beginning payment was 9 months after leaving school.

Now, we have had experience since this change was made. It was to be a temporary, one-time grab for some money, and it got itself perpetuated, just as the student origination fee and some of the other things that were done in the Gramm-Latta reconciliation.

Now, while it is true, as the gentleman says, that the savings resulting from this are quite modest, some $80 million over the 5-year life of the bill, we are not even sure, on the basis of our experience, that you will save anything. In fact, you might cost money.

We found that there is a marked impact on the default rate. In shortening the period after school before the first payments are due, you predict that a larger number of people will not yet have been employed in a position able to start making payments. And the effect could be, over the 5 years of the bill, that while you start out to save $82 million, you increase the default rate by an amount which will wipe out that increase and, moreover, will have the psychological impact of putting people quickly into default.

Now, what is a 6-month or 9-month grace period for? Why is it here? It was 9 months for years and years, and it was found we were gaining ground on defaults. When you look at the samples, even though this program has less than 5 percent national default rate at the present time, when you look at what they are made up of, you find characteristics of these people. The people most likely to go into default are the people who go into default early because they do not get a job. And if they go into default early because they have not yet got a job, they are likely not to get back on their feet and caught up, and then they become a problem for us.

The people who go to work and start payment and then run into circumstances that cause them to miss a payment or two we get back, and indeed this bill has a number of provisions that we have worked on that will increase the effort that will be made with those people to get them back into compliance and get them back on phase making their payments.

For this reason, while the savings is not very much, I have to suggest that it is an illusory savings, that it may cost us more in the psychology of attacking the default rate for the future in this program than it is worth.

Second, I must point out I was a little bit surprised by the support of the gentleman from Missouri [Mr. COLEMAN] for this amendment, because in the agreements that we reached he agreed to forego his amendment to provide for recoupment of the interest during the grace period, and then I accepted a few moments ago a $560 million saving.

Now, the savings of the gentleman from Missouri [Mr. COLEMAN] is a real saving, and it is a real saving because it not only saves the money in a way in which we can calculate but, moreover, it does not adversely impact on the probability of a good performance rate by the person after they have had the loan and left school.

This one, on the other hand, does not have those virtues. Even though Mr. COLEMAN's original proposal for recoupment would have recovered a substantial sum of money, the end result was that Mr. COLEMAN has recouped $560 million over 5 years in a different way which does not impact adversely either on students while they are in school and need the money or on the program through providing any kind of direct or indirect incentive for default.

I would just plead with those who feel they have a strong commitment to avoid at all costs anything that is going to facilitate people going into a bad payback pattern or, as we refer to it generally, into default, that you vote against this amendment because it has, to me, possibilities that far exceed any benefit we can get by saving $80 million over the 5-year life of the bill.

Remember this: This bill does not return the law to where it was before Gramm-Latta. It only says that those people who start school for the first time in 1987, who become new borrowers, will thereafter have 9 months' grace period.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. FORD] has expired.

(By unanimous consent, Mr. FORD of Michigan was allowed to proceed for 1 additional minute.)

Mr. FORD of Michigan. All of those people presently in the program, every student now in the program and who will come in during this school year, will have only 6 months. That is the present law. And we do not change that for those people. We only say that in the future, a new borrower, not a new loan but a person who, for the first time, is coming into the program, will, at the end of their school experience, have 9 months rather than the present 6 months.

So the impact of this 9 months will not start taking place until the people who enter school in 1987 have left school and have been out of school for 9 months. And that casts some question on why you could even save $80 million. You will save some money for people who drop out of school, but for people who finish a full 4 years or more, you will not begin to see any savings from changing from the committee's proposal until about 1992.

Mr. TAUKE. Mr. Chairman, I move to strike the requisite number of words.

Mr. BARTLETT. Mr. Chairman, will the gentleman yield?

Mr. TAUKE. I yield to the gentleman from Texas.

Mr. BARTLETT. I thank the gentleman for yielding briefly, not for the purpose of rebutting each of the agruments made by the chairman of the subcommmittee, but to merely point out to the committee that presently there is in the bill, and will stay in the bill, a deferment for up to 12 months for someone who is unemployed. So for someone who is unemployed, this would not apply to them. They would still be entitled to the deferment. There are 10 other deferments provided in the legislation for other reasons.

Mr. TAUKE. I thank the gentleman from Texas.

Mr. Chairman, I rise in support of the amendment of the gentleman from Texas. The bottom line on this legislation is that every time we spend more money for an individual student loan program, that means we have fewer dollars to give to additional students who may need to take part in this program in order to be able to achieve higher education. The gentleman does not deny funds to any individual who is going to school or lower the amount of money that individual will receive while in school. Instead, the gentleman attempts to deal with the issue of how much we should subsidize individuals once they have left school. I think we should hold that subsidy down in order to allow more people to participate in this program for the same amount of dollars.

Now, the chairman of the subcommittee is correct—this would have virtually no impact on the total expenditures for this bill during the life of the bill. But the problem is that this amendment commits us to larger expenditures in the period of the 1990's when these 1987 and 1988 and 1989 students will graduate and get out of school. That is when the cost of this provision and this bill will hit, and that is what the gentleman from Texas is attempting to prevent—future expenditures which we do not have to account for now but which will hit us in the years ahead.

Now, assuming that we anticipate that in the years ahead, we will want

to have a strong program for new students entering the higher education institutions of this Nation, we will want to hold down those expenditures for those who have already graduated. The amendment of the gentleman from Texas does it.

So it seems to me that for that reason, and because those who do not have jobs already will get a deferment under this bill, that we do not need to extend the deferment once one graduates, from 6 months to 9 months, as is done in the bill; rather, we should leave it at 6 months, and we can do that by adopting this amendment.

I yield further to the gentleman from Texas [Mr. BARTLETT].

Mr. BARTLETT. I thank the gentleman for yielding.

What the gentleman is saying is that, for too long, we have had a Congress that is so shortsighted that it can only see for this year or the next year, and would that we had had Congresses in the mid-1970's with the foresight that this amendment and others are trying to have this Congress to have today, to look at least 10 years ahead, to look into the costs that we are building into the 1990's. When this Congress gets to the 1990's, without this amendment, we will have built-in costs that we will not be able to do anything about. The decision for those costs will be made today, this afternoon, by this amendment.

I thank the gentleman for yielding.

Mr. MURPHY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of H.R. 3700, and would like to commend the chairman of the Subcommittee on Postsecondary Education, Congressman FORD, and the members of his subcommittee, for the excellent legislation they have produced.

Federal student aid programs have afforded millions of Americans the opportunity to further their educations regardless of their families' financial status. No longer is a college education the right only of the rich or the elite. Federal assistance has allowed the sons and daughters of steelworkers and coal miners to receive the same educational opportunities as the children of wealthy families.

The benefit of increased access to education is obvious. The millions of Americans who have utilized these programs have gone on to perform valuable medical and scientific research, risen to become the heads of industry, and have even served in the U.S. House of Representatives.

Without the financial assistance provided by these programs, I am sure many of us would not have been able to pursue our chosen careers.

As someone who was able to attend college and law school because of the funding provided under the GI bill, I am extremely familiar with the situation facing many young Americans today. The increasing costs of education and the reduced funding available since 1981 have lessened the hopes of many for advancing their educations. This legislation, while authorizing $1 billion less than that authorized for this fiscal year, expands access to assistance to needy students.

H.R. 3700 provides a fairer means of evaluating the contributions of a student and his or her family toward the cost of education. By subjecting all applicants to a basic needs test, it is much easier to determine the ability of each family and student to provide for postsecondary study without Federal assistance. Also, by determining the financial status of each applicant, it will now be possible to advise all applicants of their ability to qualify for grants, and therefore reduce the need for some borrowing.

I would also like to commend the gentleman from Michigan for those provisions which increase access to Federal student aid to nontraditional students. The shift in the economies of many areas of this country, such as southwestern Pennsylvania, have forced displaced workers to seek to further their education in order to find new jobs. By increasing their ability to receive assistance, this legislation helps them return to the work force and once again provide for themselves and their families.

I believe that H.R. 3700 is a fair bill which balances the needs of public and private institutions, but, more importantly, which provides for the needs of those who these programs were created to serve, the students. By expanding access to financial aid, and therefore to education, we have served the greatest needs of our country in enabling millions of more Americans to reach their fullest potential.

I urge all my colleagues to support this legislation as reported by the Committee on Education and Labor.

Mr. BRUCE. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the amendment.

Mr. Chairman, I believe that we ought to reconsider how this whole package came to the floor of the House from the committee. The committee bargained on guaranteed student loans a long time exactly what should be included in this package, and when we put the package together, there were a couple of changes upon which we agreed. First of all, we would start a program of multiple disbursements for guaranteed student loans, as well as make the checks out in the name of the student and send it to the institution. These two changes alone in this program save more than $450 million.

The committee also worked long and hard with Mr. COLEMAN to make sure we put in a new procedure for debt collection, and we believe that that procedure was appropriate. We ought to collect from those persons who are in default.

Through a compromise, we will make this extension applicable only for those persons who are new borrowers. So it remains at 6 months for all those presently under the program and makes a minor extension for those beginning in future years to a 9-month period.

It seems to me that the committee acted responsibly and consistently when trying to stop defaults, and this amendment will damage that consistency by saying that, on one hand, we have enacted a series of agreed-on changes that says, "Let's reduce the number of defaults," and then we come back along with this amendment and say, "no, we would like to increase the defaults."

I would like to see this amendment defeated. The package that we drafted was sensible. We save $450 million over the 5-year period. We think that was reasonable in committee and it ought to be honored by this House.

Mr. McKERNAN. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I think we ought to realize that we have had a lot of discussion about the Gramm-Latta proposals in 1981 and how those made certain changes in the Higher Education Act. Well, the reason for that was because we had some very difficult economic times in 1981. We have different economic times now. Fortunately, the economy is recovered. We are on the mend. But we also have another problem, and that is a $200 billion deficit. That is why I think we have got to look very, very closely at any changes we now make to be more generous to anyone in our society out of the Federal coffers. And to make the argument that this is not going to kick in until 1991 or 1992 and therefore we ought not to worry about it, it is going to be impossible to change it then and have any impact, because all the people who will have borrowered during that 5-year period are going to be locked into a contract and we are going to have to give them the 9-month period.

I think this is not a change. It is maintaining existing law. I hope we will adopt this amendment because, again, we have to keep in mind what the purpose of this legislation is. It is to give those who are in need an opportunity to get the kind of education they are going to need to be able to be successful participants in our society. What we do not want to do is to have a situation where we do not think about the relationship between the goals of this legislation and what we are actually doing because if this legislation gets overly expensive, we continue to give things like an extra 3 months here, an extra 3 months there, another deferment, we are going to end up in a position that we were in earlier this year when the administration tried in order to find some short-term savings to have some devastating

cuts on the program by income limits because that is the only way you can make short-term savings.

We need to be farsighted. I think this is an amendment that we ought to accept and maintain the current law.

□ 1805

Mr. WILLIAMS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am in opposition to this amendment and it is not because I do not believe the Congress should be farsighted in its effort to try to save appropriate amounts of money when we can, nor is it because I want to spend unlimited amounts of money on our assistance to students who wish to or who are currently attending colleges. Rather because I do not believe this amendment will do either one.

There has indeed been plentiful reference to Gramm-Latta, and to the extraordinary budget deficit. I believe that we should consider the two in the same breath, and that indeed we should consider this amendment as another piece of the Gramm-Latta proposal which led to the current out-of-control Federal deficit.

My point being this: When we make rather thoughtless judgments in this body about how to save Federal funds, as in my opinion we did with Gramm-Latta, we end up making enormous mistakes that cost the taxpayer in the end billions of dollars more than had we not made those judgments.

Some appropriations by this Congress are simply expenditures. Others are investments. With Gramm-Latta, my colleagues, we cut too many investments. Now, 6 years later, we are reaping the Federal deficit. We are finding that the money is not coming back into the Treasury from graduated college students who would be earning more and thus paying more in taxes. We are finding that other domestic spending cuts that we made here at home are depleting the Federal Treasury, and have added to the deficit. I submit that this would cause the same sort of thing for this reason. It will simply add to the student default rate.

We have an unemployment rate that is stuck at 7 percent. For college graduates, it is much higher than that the first year they are out of college. Now, do we really want to say to them we are going to give you 3 months less to begin to pay back your student loan than you have had historically in this country? If we do that, we are going to increase the default rate and increase the Federal deficit.

So let us do what my friends on the minority side always ask us to, let us run this Government a little more like a business. Let us make some investments in our future. Accepting amendments of this sort does not do that.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. BARTLETT].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. BARTLETT. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 177, noes 221, not voting 36, as follows:

[Roll No. 425]

AYES—177

Andrews	Hall, Ralph	Pickle
Anthony	Hansen	Porter
Archer	Hartnett	Pursell
Armey	Henry	Ray
Badham	Hillis	Regula
Bartlett	Hopkins	Ridge
Barton	Hubbard	Ritter
Bateman	Huckaby	Roemer
Bentley	Hunter	Rogers
Bilirakis	Hutto	Roth
Bliley	Hyde	Rowland (CT)
Boehlert	Ireland	Rudd
Boulter	Jeffords	Saxton
Breaux	Johnson	Schaefer
Broomfield	Kasich	Schuette
Brown (CO)	Kemp	Schulze
Broyhill	Kindness	Sensenbrenner
Burton (IN)	Kolbe	Shaw
Byron	Kramer	Shumway
Callahan	LaFalce	Shuster
Campbell	Lagomarsino	Siljander
Carper	Latta	Sisisky
Chappell	Leach (IA)	Skeen
Chappie	Leath (TX)	Slattery
Coats	Lent	Slaughter
Cobey	Lewis (CA)	Smith (NE)
Coble	Lewis (FL)	Smith (NJ)
Coleman (MO)	Lightfoot	Smith, Denny (OR)
Combest	Loeffler	Smith, Robert (NH)
Coughlin	Lott	Smith, Robert (OR)
Courter	Lowery (CA)	Snowe
Craig	Lujan	Snyder
Crane	Lungren	Solomon
Daniel	Mack	Spence
Dannemeyer	Madigan	Stangeland
Darden	Marlenee	Stenholm
Daub	Martin (IL)	Strang
DeLay	Martin (NY)	Stratton
DeWine	McCain	Stump
DioGuardi	McCandless	Sundquist
Dornan (CA)	McCollum	Sweeney
Dreier	McEwen	Swindall
Dyson	McGrath	Tauke
Eckert (NY)	McKernan	Tauzin
Edwards (OK)	Meyers	Taylor
Emerson	Michel	Thomas (CA)
Evans (IA)	Miller (WA)	Thomas (GA)
Fawell	Molinari	Vander Jagt
Fiedler	Monson	Vucanovich
Fields	Montgomery	Walker
Fish	Moore	Weber
Franklin	Moorhead	Whittaker
Gallo	Morrison (WA)	Wolf
Gekas	Nielson	Wortley
Goodling	Olin	Wylie
Gradison	Oxley	Young (FL)
Green	Packard	Zschau
Gregg	Parris	
Grotberg	Pashayan	
Gunderson	Petri	

NOES—221

Akaka	Berman	Brown (CA)
Anderson	Bevill	Bruce
Annunzio	Biaggi	Bryant
Applegate	Boggs	Burton (CA)
Aspin	Boland	Bustamante
Atkins	Boner (TN)	Carr
AuCoin	Bonior (MI)	Chandler
Barnes	Bonker	Chapman
Bates	Borski	Clay
Bedell	Bosco	Clinger
Beilenson	Boucher	Coelho
Bennett	Boxer	Coleman (TX)
Bereuter	Brooks	Collins
Conte	Jacobs	Reid
Cooper	Jones (NC)	Richardson
Coyne	Jones (OK)	Rinaldo
Davis	Jones (TN)	Robinson
de la Garza	Kanjorski	Rodino
Dellums	Kaptur	Roe
Derrick	Kastenmeier	Rose
Dicks	Kennelly	Rostenkowski
Dixon	Kildee	Rowland (GA)
Donnelly	Kleczka	Russo
Dorgan (ND)	Kolter	Sabo
Dowdy	Kostmayer	Savage
Downey	Lantos	Scheuer
Duncan	Lehman (CA)	Schneider
Durbin	Lehman (FL)	Schroeder
Dwyer	Leland	Schumer
Dymally	Levin (MI)	Seiberling
Eckart (OH)	Levine (CA)	Sharp
Edgar	Lipinski	Shelby
Edwards (CA)	Lloyd	Sikorski
English	Long	Smith (FL)
Erdreich	Lowry (WA)	Smith (IA)
Evans (IL)	Luken	Solarz
Fascell	Lundine	Spratt
Fazio	MacKay	St Germain
Feighan	Manton	Staggers
Florio	Markey	Stallings
Foglietta	Martinez	Stark
Foley	Matsui	Stokes
Ford (MI)	Mavroules	Studds
Ford (TN)	Mazzoli	Swift
Fowler	McCloskey	Synar
Frank	McCurdy	Tallon
Frost	McDade	Torres
Fuqua	McHugh	Torricelli
Garcia	Mica	Traficant
Gaydos	Mikulski	Traxler
Gejdenson	Miller (CA)	Udall
Gephardt	Mineta	Valentine
Gibbons	Moakley	Vento
Gilman	Mollohan	Visclosky
Glickman	Moody	Volkmer
Gonzalez	Morrison (CT)	Walgren
Gordon	Mrazek	Watkins
Gray (IL)	Murphy	Waxman
Gray (PA)	Myers	Weaver
Guarini	Natcher	Weiss
Hall (OH)	Neal	Wheat
Hamilton	Nichols	Whitley
Hammerschmidt	O'Brien	Whitten
Hatcher	Oakar	Williams
Hawkins	Oberstar	Wirth
Hayes	Obey	Wise
Hefner	Ortiz	Wolpe
Heftel	Owens	Wright
Hendon	Pease	Wyden
Hertel	Penny	Yates
Horton	Pepper	Yatron
Howard	Perkins	Young (AK)
Hoyer	Quillen	Young (MO)
Hughes	Rahall	

NOT VOTING—36

Ackerman	Flippo	Nelson
Addabbo	Frenzel	Nowak
Alexander	Gingrich	Panetta
Barnard	Hiler	Price
Carney	Holt	Rangel
Cheney	Jenkins	Roberts
Conyers	Livingston	Roukema
Crockett	McKinney	Roybal
Daschle	McMillan	Skelton
Dickinson	Miller (OH)	Towns
Dingell	Mitchell	Whitehurst
Early	Murtha	Wilson

□ 1825

The Clerk announced the following pair:

On this vote:

Mr. Nelson of Flordia for, with Mr. Mitchell against.

Mr. ZSCHAU and Mr. LEWIS of Florida changed their votes from "no" to "aye."

Mr. MACKAY, and Mr. ASPIN changed their votes from "aye" to "no."

So the amendment was rejected.

The result of the vote was announced as above recorded.

Mr. FORD of Michigan. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore [Mr. FOLEY] having assumed the chair, Mr. DIXON, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3700) to amend and extend the Higher Education Act of 1965, had come to no resolution thereon.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF HOUSE JOINT RESOLUTION 465, CONTINUING APPROPRIATIONS, 1986

Mr. PEPPER, from the Committee on Rules, submitted a privileged report (Rept. 99-407) on the resolution (H. Res. 327) providing for the consideration of the joint resolution (H.J. Res. 465) making further continuing appropriations for the fiscal year 1986, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF HOUSE JOINT RESOLUTION 192, NATIONAL DAY OF REMEMBRANCE OF MAN'S INHUMANITY TO MAN

Mr. PEPPER, from the Committee on Rules, submitted a privileged report (Rept. 99-408) on the resolution (H. Res. 328) providing for the consideration of the joint resolution (H.J. Res. 192) to designate April 24, 1985, as "National Day of Remembrance of Man's Inhumanity to Man," which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 3525, ESTABLISHING UNIFORM REGIONAL POLL CLOSING TIMES

Mr. PEPPER, from the Committee on Rules, submitted a privileged report (Rept. 99-409) on the resolution (H. Res. 329) providing for the consideration of the bill (H.R. 3525) to amend title 3, United States Code, to establish uniform regional poll closing times in the continental United States for Presidential general elections, which was referred to the House Calendar and ordered to be printed.

PROVIDING FOR AMENDING THE SENATE AMENDMENT TO H.R. 3128 AND REQUESTING A CONFERENCE THEREON

Mr. PEPPER, from the Committee on Rules, submitted a privileged report (Rept. No. 99-410) providing for amending the Senate amendment to the bill (H.R. 3128) to make changes in spending and revenue provisions for purposes of deficit reduction and program improvement, consistent with the budget process, and requesting a conference thereon, which was referred to the House Calendar and ordered to be printed.

LEGISLATIVE PROGRAM

(Mr. MICHEL asked and was given permission to address the House for 1 minute.)

Mr. MICHEL. Mr. Speaker, I have asked for this time for the purpose of inquiring of the distinguished majority leader the program, as I understand it to be somewhat altered for the balance of the week.

I yield to the distinguished majority leader.

Mr. WRIGHT. I thank my distinguished colleague for yielding and giving us this opportunity to clarify the program as it now stands.

There is no further legislative business planned for today. There will be a special order conducted by the gentleman from Texas [Mr. BROOKS] in eulogy of our late beloved colleague, George Mahon, and other special orders.

I will ask unanimous consent upon the conclusion of our colloquy that the House when it adjourns today may adjourn to convene at 11 o'clock tomorrow. If this would be assented to, it will accommodate the Democrats who want to have a meeting tomorrow morning in the Chamber and we would appreciate your permitting our doing that, so that we will ask to come in at 11.

The first thing we will take up tomorrow will be the continuing resolution. This comes under a rule which should not take too much time. One amendment would be made in order, with 1 hour of general debate on the resolution itself and I believe 1 hour equally divided on the amendment.

After having completed action on that very important piece of legislation, we will return to the higher education bill and intend to complete it tomorrow.

Then on Thursday and Friday we will take up the Superfund bill. A compromise agreement has been reached by the Democratic and Republican members of the various committees which have jurisdiction over parts of this bill and it will be presented, I am sure, in written form tomorrow in order that it may appear in the RECORD in a form so that Members may understand its contents.

We would hope to begin action on that Superfund bill on Thursday.

It is my understanding that the committees have agreed to vote for an open rule, that it will be read by titles.

We would expect to go into Friday, expect to have votes on Friday.

There are other matters which we hope to complete this week, including the Labor, Health and Human Services appropriation conference report and the rule on the reconciliation bill.

Now, that is all that we would expect to get done this week, but in order to accomplish all that I think Members should be advised that we will have to have votes on Friday.

Mr. MICHEL. We do not have a rule yet on the Superfund bill?

Mr. WRIGHT. It is going to the Rules Committee in the morning, tomorrow morning. It is my understanding that the chairman and the ranking members on both the Energy and Commerce Committee and the Public Works and Transportation Committee have reached agreement on the basic substance of the legislation and that the rule that they request will be an open rule. That being the case, I would imagine that the Rules Committee would report it out tomorrow in order that we might take it up first thing Thursday.

Mr. MICHEL. Then do I understand if per chance that the Superfund legislation would be disposed of Thursday, there would or would not be a session on Friday?

Mr. WRIGHT. We expect there will be a session on Friday. I think it is in the best interests of all of us not to raise hopes that we will be out Friday.

Mr. MICHEL. Would the gentleman look in his crystal ball beyond Friday to the following Monday, when normally some Members might think their presence would not be required, but we are coming down to the end of the wire here; I am hearing that there may very well be some rollcalls on Monday. Could the gentleman enlighten us on that?

Mr. WRIGHT. I think it is likely there will be votes on Monday. I do not see how we can complete the agenda without having votes of some substance both this Friday and the next Monday and undoubtedly on the next Friday as well. It would be misleading to encourage people to expect otherwise.

We have remaining before we can adjourn and consider our labors completed the debt limit bill with the Gramm-Rudman amendment attached to it, the continuing resolution which we take up tomorrow and must complete, the reconciliation bill and the farm bill, which may be joined; the Superfund bill which we hope to pass this year. We think it would be a grave mistake if the House were to adjourn without completing action on that legislation, and then sometime next week we expect to bring up the tax reform and simplification bill and have a vote on that bill.

Mr. MICHEL. Is the gentleman still thinking in terms of the 13th of December as getaway day, or is that unlikely?

Mr. WRIGHT. We are thinking and planning in terms of getting away on Friday, the 13th of December. We hope it brings us all good luck. If the President can find it in his heart to sign all the bills as we send them to him and not make it necessary for us to labor into the twilight of our year over mundane matters and petty quarrelsome arguments that divide us in the very season when we should be united, cheerful, and joyous, then we will be able to get out on Friday.

Mr. MICHEL. I thank the gentleman for that very enlightening remark.

HOUR OF MEETING ON WEDNESDAY, DECEMBER 4, 1985

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 a.m. tomorrow.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 7, SCHOOL LUNCH AND CHILD NUTRITION AMENDMENTS OF 1985

Mr. HAWKINS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7) to extend and improve the National School Lunch Act and the Child Nutrition Act of 1966, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California? The Chair hears none and, without objection, appoints the following conferees: Messrs. HAWKINS, FORD of Michigan, KILDEE, WILLIAMS, MARTINEZ, OWENS, BOUCHER, PERKINS, JEFFORDS, GOODLING, CHANDLER, MCKERNAN, and FAWELL.

There was no objection.

AMENDING REVISED ORGANIC ACT OF VIRGIN ISLANDS AND AMENDING COVENANT TO ESTABLISH A COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Mr. UDALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 2478) to amend the Revised Organic Act of the Virgin Islands, to amend the Covenant to Establish a Commonwealth of the Northern Mariana Islands, to provide for the governance of the insular areas of the United States, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

Mr. LAGOMARSINO. Reserving the right to object, Mr. Speaker, I reserve the right to object so that I can yield to the chairman of the committee for the purpose of explaining what the bill would accomplish.

Mr. UDALL. Mr. Speaker, this legislation follows the practice of incorporating necessary matters regarding our territories and commonwealths into an annual omnibus measure. It would grant local self-government powers and also rationalize the application of certain statutes concerning the insular areas.

Section 1, which would be revised by the amendment, would grant the people of the Virgin Islands the power to make laws by initiative and recall all elected officials. This provision would replace section 12 of the Revised Organic Act of the Virgin Islands.

The Organic Act serves as the territory's constitution. The section which would be replaced provides for the recall of the territory's Governor.

This proposal by Delegate DE LUGO is similar to a provision in a proposed territorial constitution which was approved by Public Law 97-21. Although that constitution ultimately was defeated in the required local referendum, the initiative and recall provisions were not controversial.

The people of Guam, which has the same territorial status as the Virgin Islands, were granted these powers by Public Law 97-357, the 1982 Omnibus Insular Areas Act.

My only reservation about this provision is based upon a regret that the Virgin Islands—and Guam—have not exercised the broad authority they were given in Public Law 94-584 to organize their local governments themselves.

Section 2 would authorize the Northern Mariana Islands to expend appropriations to its economic development loan fund through fiscal year 1986 for capital improvement projects which would facilitate economic development.

Public Law 94-241 which approved the covenant which established the Commonwealth required annual contributions to the loan fund. Previously appropriated grants have already left the fund with a balance higher than Commonwealth officials believe is needed for worthwhile ventures.

The Commonwealth has established a new development bank to replace the fund. However, the unobligated balance in the fund is also expected to be more than the bank will require for private sector loans.

Meanwhile, there is an acute need for basic infrastructure in the islands. Projects such as improving the Commonwealth's water system are essential to the public health as well as for economic development reasons.

This provision would make it possible for the Commonwealth to expend already-appropriated funds according to priority of need. It should not suggest, however, that the bank should ignore the continuing need for reasonable financing of local small business development for public capital development.

Section 3, which would be revised by the amendment, would grant the Virgin Islands, Guam, and American Samoa full civil and criminal concurrent jurisdiction with the United States over Federal property in these territories to the extent that local laws do not conflict with Federal laws. It would replace section 4(a) of Public Law 88-182.

That law granted territorial governments concurrent jurisdictions over "parties found, acts performed, and offenses committed" on Federal property. This amendment proposed by Delegate DE LUGO is to clarify that the local governments have full concurrent jurisdiction.

The Department of the Interior has intepreted the law we would amend to be a general grant of this authority. However, a Federal court ruling in the Virgin Islands last year cast doubt about its extent.

The court ruled that a local public access statute could not be enforced on federally owned Water Island, which is leased to a private party. This is one of the problems with the Interior's administration of that property that also supports section 6 of this bill.

Section 4 would authorize the completion of the first phase of development of the Eastern Caribbean Center which was proposed in the President's Caribbean Basin Initiative. In multiyear funding, $1.2 million would be authorized.

As a link between the United States and the eastern Caribbean, the Center is to study, develop, share, and promote regional resources through cooperative technical assistance programs. It will use and expand upon the resources of the College of the Virgin Islands.

The need for providing this sort of aid through the United States islands of the eastern Caribbean islands was clearly stated by leaders of the region at a Conference on Democracy in the English-speaking Caribbean earlier this month. A St. Kitts and Nevis Cabinet Minister, for example, asserted that developmental assistance provided by C.V.I. would be more relevant than if provided otherwise because the Virgin Islands face many of the same challenges under many of the same conditions that other eastern Caribbean islands face.

The Center is one way that we can make the Caribbean Basin Initiative live up to a promise that is being seriously questioned in the region.

The amount of $490,000 was appropriated to begin development of the Center in fiscal year 1985. The fiscal year 1986 Interior appropriations bill which has been reported in the Senate includes the same amount. I urge our conferees to try to ensure that it remains in the bill.

Section 5, which would be revised by the amendment, would grant Guam the power to organize its public school system by local law. It would replace section 29(b) of the Organic Act of Guam which assigns the responsibility to organize the Guam school system to the Governor.

The board of education and the Legislature of Guam have requested that we repeal this archaic provision. The Governor recognizes that it is anachronistic.

Delegate BLAZ has sponsored this provision to improve Guam's school system. It is not included to take sides in the inevitable debate over which Guam officials should make education policy.

This section replaces section 5 of the bill as reported. Originally it would have authorized the smaller insular areas to receive grants for vocational education in amounts not less than they received in fiscal year 1984 and assistance for their vocational education councils.

That provision had been included because similar provisions which were enacted for the States last year did not include the smaller insular areas due to actions of the other body. The distinguished chairman of the Committee on Education and Labor, AUGUSTUS HAWKINS, had helpfully agreed to inclusion of the provision in this bill.

After the bill was reported, however, a compromise was reached on the issue. To facilitate it, we have dropped the original section 5. However, if H.R. 1210 is not signed into law, we will again seek this vocational education assistance.

The amendment also adds four other sections.

Section 6 would direct the Secretary of the Interior to develop options for the Congress for the future use of Water Island in consultation with the Governor of the Virgin Islands.

This 500-acre island in St. Thomas harbor was transferred to the Interior Department by Public Law 82-511 so that use of the property could help develop the territory's then fledging tourism industry. Shortly afterward in 1952, the property was leased to a business venture formed to develop it.

A small hotel was built on the island and a number of homesites were subleased. Even though the Federal Comptroller for the Virgin Islands found in 1972 that the island was being developed primarily for private residences and only secondarily as a resort, the lease was renewed for a second 20-year term.

An investigation by Interior's Inspector General concluded recently that the Department's lease and management of the property were deficient. A hearing chaired by Delegate DE LUGO, who sponsored this provision, further established this.

Our intent with respect to the future use of the fourth largest of the Virgin Islands should be what it was in 1952: To help develop the territory. The island should be part of the community.

This provision requires that all viable possibilities for use of the island be developed including, but not limited to: Transferring it to the territory as other unneeded property was transferred in the past; a new lease on more reasonable terms; sale to those using the property now; or preservation as a public resource.

The options may be developed through consultation with all parties, notwithstanding Public Law 96-205. That law prevents the extension, renewal, or renegotiation of the lease without prior authorization. These prohibitions will stand.

Section 7 would make American Samoa, Guam, and the Northern Mariana Islands eligible to receive State Justice Assistance Act grants as a single State. Half of the State allocation under Public Law 98-473 would be allocated to Guam, one-third to American Samoa, and one-sixth to the Northern Mariana Islands.

The Justice Assistance Act itself, of course, is a matter within the jurisdiction of the Committee on the Judiciary. I appreciate the cooperation of the distinguished chairman of that committee, PETER RODINO, and the chairman of the subcommittee, BILL HUGHES, in developing this section and including it in this insular areas bill.

Last year, the House voted to make these areas eligible for the grants as they had been eligible for law enforcement assistance grants. Unfortunately, the other body did not include a similar provision in its bill and the conference did not include the Pacific insular areas as States in the program.

The omission is unfortunate because coping with crime in a small jurisdiction can require capabilities as broad and as expert as in much larger jurisdictions. The situation in Guam is the most serious: Recent rates of murder and forcible rape are more than double the national average.

This provision, requested by Delegates SUNIA and BLAZ, is an effort to compromise with the other body. It would provide grants to the Pacific islands but only in amount less than provided other jurisdictions.

Section 8 would make the smaller insular areas eligible to participate in the Hunter Safety Program of the Federal Aid in Wildlife Restoration Act. The provision would amend that law to allocate one-sixth of 1 percent of the program's funds each to American Samoa, Guam, the Northern Mariana Islands, and the Virgin Islands.

The Wildlife Restoration Act itself, of course, is a matter within the jurisdiction of the Committee on Merchant Marine and Fisheries. I appreciate the cooperation of the distinguished chairman of that committee, WALTER JONES, and the chairman of the subcommittee, JOHN BREAUX, in developing this section and including it in this bill.

There is no apparent reason for the exclusion of the insular areas from the hunter program, which reimburses States for 75 percent of safety education costs. The insular areas have long received funds for wildlife restoration projects and have many hunters who should receive safety training.

As I noted at the outset of my remarks, Mr. Speaker, this bill has been developed in consultation with the other body. I am aware of the other insular matters they are considering adding to this omnibus legislation and expect that we will recommend some to the House.

Finally, I would like to emphasize that this bipartisan legislation would not be possible without the dedication and sensitivity of the gentleman from California, the committee's minority spokesman on insular matters; the committee's ranking Republican, DON YOUNG; and the gentleman from New Mexico, MANUEL LUJAN. I thank them for joining our colleagues RON DE LUGO, FOFO SUNIA, and BEN BLAZ and me in developing this measure.

SYNOPSIS OF H.R. 2478

Section 1 would authorize the people of the Virgin Islands to make laws by initiative and recall officials. (Reported but revised.)

Section 2 would authorize the Northern Mariana Islands to reprogram appropriations for its economic development loan fund to capital improvements needed for economic development. (Reported.)

Section 3 would clarify that American Samoa, Guam, and the Virgin Islands have full concurrent jurisdiction over federal property in those territories. (Reported but revised.)

Section 4 would authorize funds for completion of the Eastern Caribbean Center proposed in the President's Caribbean Basin Initiative. (Reported.)

Section 5 would authorize Guam law to determine how the territory's schools are administered. (New.)

Section 6 would require the Secretary of the Interior to submit to Congress options developed in consultation with the governor of the Virgin Islands for the future use of Water Island. (New.)

Section 7 would authorize American Samoa, Guam, and the Northern Mariana Islands to participate in the Justice Assistance Program as a single state. (New and cleared with Judiciary.)

Section 8 would authorize to the smaller insular areas to participate in the Hunter Safety Program as they participate in the Federal Aid in Wildlife Restoration Program. (New and cleared with Merchant Marine and Fisheries.)

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Mr. LAGOMARSINO. Mr. Speaker, further reserving the right to object, this legislation is the product of bipartisan collaboration and consultation with the administration and the other body. It meets trust responsibilities and has the approval of the Office of Management and Budget.

Mr. DE LUGO. Mr. Speaker, will the gentleman yield?

Mr. LAGOMARSINO. Mr. Speaker, further reserving the right to object, I yield to the gentleman from the Virgin Islands.

Mr. DE LUGO. I thank the gentleman for yielding.

Mr. Speaker, I want to thank the gentleman from Arizona [Mr. UDALL], chairman of the Interior and Insular Affairs Committee, for his support in bringing H.R. 2478 to the floor today. Thanks to his leadership, the proposal before you today is the result of careful consideration and compromise, and comes to the floor with bipartisan support. I also want to thank the gentlemen from across the aisle, Mr. YOUNG, Mr. LUJAN, and Mr. LAGOMARSINO, for their support. This proposal contains several items of importance to each of the Representatives from the U.S. insular areas, and I urge a vote in favor of its passage.

Last year, during my reelection campaign, I made a promise to the voters of the U.S. Virgin Islands that I would seek legislation which would empower them to act by initiative, referendum, and recall. Section 1 of H.R. 2478 would achieve this. As one who has made representative government his life's work, I did not suggest the idea lightly. I am convinced that initiative, referendum, and recall are extraordinary processes, to be exercised conservatively. The usual arguments come to mind: legislators are expected to devote time and the expertise available to their offices to become knowledgeable on issues presented, they can balance the impact of a proposition against the general interests of the community, they can compromise. The public, on the other hand, is limited to the position as stated by the initiative proponents, the public can be manipulated by the initiative proponents, recall can be used by political opponents to perpetuate the campaign, and so on.

Most important in my consideration of whether or not to seek initiative, referendum, and recall in the past has been the sense that the Virgin Islands did not need this vehicle for political action. This perception changed when, last year, just before the election, the local legislature passed a zoning change which would have allowed a hotel development at one of the most prized possessions of the territory, Magens Bay Beach. The zoning change passed into law as an amendment to a budget bill—there were no public hearings, no debate. The outrage in the community was reflected in the fact that a majority of the Senators then in office did not return. But what could the public have done to effectively overturn this legislation if the outlet presented by the imminent elections was not available?

I believe that initiative, referendum, and recall provide a necessary outlet for what might otherwise yield anger, frustration, and, worst of all, apathy. The public must have the opportuntity to act when outraged by the actions, or failure to act, of their elected representatives. This is particularly true in the U.S. Virgin Islands where the public is politically aware and active. Voter turnout in the Virgin Islands runs between 75 to 80 percent in general elections.

Because the initiative, referendum, and recall processes are complex and some other jurisdictions have experienced difficulty in their application, the legislation I originally introduced has been amended in committee, and, after additional review and discussion with my colleagues on the Interior and Insular Affairs Committee, the bill as offered today contains additional amendments. The changes proposed today do not deviate from the concept approved by the committee, which was to grant to the Virgin Islands authority enjoyed by over half the States and hundreds of localities. The modifications in the proposal before you are intended to establish guidelines for the initiative, referendum, and recall process which would assure reliable presentation of proposals to the public, while avoiding propositions with negligible support. Let me walk you through the bill.

First. What can the initiative petition do?

The initiative petition may propose legislation that would enact a law, or would amend or repeal existing laws.

The initiative cannot affect emergency laws, or laws reducing taxes—unless there is an equivalent reduction in expenditures or appropriations or in the revenues otherwise required to meet the obligations of the Virgin Islands.

The initiative can only address one subject.

Second. What steps must the proponent take?

Devise a petition which states the full text of the proposal.

Get 1 percent of the voters from each election district or 4 percent of the voters of the Virgin Islands to support the petition, and get the supervisor of elections to certify the petition.

Get the petition titled and summarized by a board (composed of the attorney general, supervisor of elections, and the legislative counsel of the Virgin Islands Legislature) at an open hearing provided for such purpose.

Get signatures of at least 10 percent of the registered voters in each legislative district, or 41 percent of all registered voters to support the initiative as titled and summarized.

The initiative proponent(s) must then file the petition with the legislature. If the legislature adopts the proposal, it shall take effect, according to its terms. If the legislature rejects the proposal or fails to act within the specified period, the initiative shall be the subject of a vote held at the next general election—unless, the legislature approves a special election on the initiative.

The initiative will take effect upon the affirmative vote of a majority of those voting, provided that more than half of the registered vote on the proposal.

The Governor may not veto an initiative, and the initiative may not be amended or repealed by the legislature until 3 years have passed, unless the legislature acts by a two-thirds majority.

The form of the ballot question must be such that a "yes" vote is in favor of the proposal, and a "no" vote is in opposition to the proposal. This should ensure that the intention of the vote is absolutely clear.

Further details on the process are delegated to the legislature, which may provide the manner in which the petition is circulated, certified, filed, and the title and summary is put to the voters.

Third. What does the recall provision grant?

A registered voter may seek the recall of any elected official of the Virgin Islands Government, provided that official is not serving the first year of his or her first term of office, and provided the petition alleges that the official is either unfit to serve, incompetent, has neglected his or her duty, or is corrupt.

A recall election can result from a vote of two-thrids of the legislature in favor of recall, or from an appropriate petition by the voters.

Fourth. What must the voter seeking a recall election do, and what is required for a successful recall?

The petition must identify the official to be recalled by name and office.

The petition must state the reason(s) for recall.

The petition must be signed by 50 percent of the votes cast for that office in the last general election at which that office was filled.

The signatures must be certified by the Board of Elections.

The recall election must be held within 30 to 60 days of certification, but no recall election would occur within 3 months of a general election for the office in question.

The official would be recalled if two-thirds of the number of persons who voted for the official in the last preceding election vote in favor of recall, provided this constitutes a majority of those voting on the recall.

The process I have outlined is the result of review by the Interior and Insular Affairs Committee working in conjunction with the administration staff. It would be included in the Revised Organic Act of the Virgin Islands, which serves as the territory's constitution.

As the Virgin Islands community grows, problems gain in complexity. There is less the margin for error in the decisions we

make regarding our future. The local community is acutely aware of this, and is less flexible with regard to critical questions of development and service. The authority I request today should assure that decisions made will reflect the interests of a healthy, active community.

Section 3 of the bill is intended to clarify the extent of the concurrent jurisdiction which each territory shares with the Federal Government over Federal property located in the territory. The need to clarify this arose when the Federal district court in the Virgin Islands ruled last year that the Virgin Islands Government did not have jurisdiction over the use of federally owned property, and thus would not extend the open beach laws to the federally owned Water Island.

Section 4 of the bill would authorize funding for the Eastern Caribbean Center at the College of the Virgin Islands. Congress has appropriated funds in the past to develop the concept of the center as an adjunct to the Caribbean Basin Initiative. Last year, Congress also appropriated funding to develop curricula for the center and to research specific educational needs of developing Caribbean nations. The latter is an area in which the College of the Virgin Islands already has considerable expertise.

I believe that the Virgin Islands is uniquely situated to play a strong role in this country's renewed focus on the Eastern Caribbean region. The authority proposed under section 4 would enable the College of the Virgin Islands to continue its effort to encourage the close relationship between this country and its neighbors to the south which the Caribbean Basin Initiative suggested.

Again, I would like to thank Chairman UDALL and the minority leadership of the Interior and Insular Affairs Committee for their support in bringing this bill to the floor.

I urge my colleagues to support the passage of H.R. 2478.

Mr. LAGOMARSINO. Mr. Speaker, further reserving the right to object, I want to commend the Delegates from the territories: Mr. BLAZ of Guam, Mr. DE LUGO of the Virgin Islands, and Mr. SUNIA of American Samoa, for the cooperative effort that has gone into producing this legislation.

I also want to acknowledge the contributions of the Resident Representative of the Northern Mariana Islands—Mr. Froilan Tenorio.

Although the islands share many of the same concerns, they each have unique needs. While this omnibus bill does provide for some of those needs, it also meets the joint requirements of the territories.

It is that spirit of cooperation, considering the needs of the territories as a whole, that I commend.

Mr. LUJAN. Mr. Speaker, will the gentleman yield?

Mr. LAGOMARSINO. Further reserving the right to object, Mr. Speaker, I yield to the gentleman from New Mexico.

Mr. LUJAN. I thank the gentleman for yielding.

Mr. Speaker, I rise in support of this legislation, and to congratulate all of these gentlemen who have been mentioned. I think that the committee has discharged its duties as far as the territories are concerned in very admirable fashion, and I would ask for support of this bill.

Mr. SUNIA. Mr. Speaker, will the gentleman yield?

Mr. LAGOMARSINO. Further reserving the right to object, Mr. Speaker, I yield to the gentleman from American Samoa.

Mr. SUNIA. I thank the gentleman for yielding.

Mr. Speaker, I urge support of this legislation.

Mr. LAGOMARSINO. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore (Mr. DOWDY of Mississippi). Is there objection to the request of the gentleman from Arizona?

There was no objection.

The Clerk read the bill, as follows:

H.R. 2478

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. Section 12 of the Revised Organic Act of the Virgin Islands (82 Stat. 838), as amended, is revised to read as follows:

"SEC. 12. (a) The people of the Virgin Islands shall have the rights of initiative, referendum, and recall to be exercised as follows:

"(1) Initiatives may be proposed to enact, amend, or repeal laws of the Virgin Islands, except public exigency laws, laws providing for tax levies or appropriations for operating expenses or revenues required to meet the obligations of the Virgin Islands.

"(2) An initiative may be proposed by a petition that sets forth the full text of the proposal and is certified to have been signed by at least 10 percent of the qualified voters of each legislative district or by 41 percent of the qualified voters of the Virgin Islands.

"(3) An initiative petition shall be filed with the legislature. If adopted by the legislature within 30 days of the filing of the petition, the proposal contained in the petition shall take effect in accordance with its terms. If the legislature fails to act within 30 days, the proposal shall be submitted to the voters in a referendum at the next general election or at a special election held before the next general election.

"(4) An initiative shall take effect upon the affirmative vote of a majority of the qualified voters of the Virgin Islands. An initiative may not be vetoed by the Governor, and, when adopted by the people, may not be amended or repealed by the legislature in office when the petition was filed unless the initiative permits subsequent amendment or repeal without their approval.

"(5) A copy of the initiative petition shall be submitted to the Attorney General of the Virgin Islands, who shall prepared a title and summary of the measure.

"(6) The legislature may provide the manner in which petition shall be circulated, filed, certified, and the initiative and the title and summary shall be submitted to the voters.

"(7) No initiative may be proposed on more than one subject.

"(b)(1) Elected public officials of the Virgin Islands may be recalled by the qualified voters of the Virgin Islands. A recall petition shall identify the official to be recalled by name and office and be signed by at least 30 percent of the persons qualified to vote for that office. The petition shall state the reasons for recall.

"(2) A special recall election shall be held within sixty days of the filing of the recall petition. An official shall be recalled upon the affirmative vote of two-thirds of those voting on the question.

"(3) A recall petition may not be filed during the first year of the first term of office of an elected official and not less than three months before a general election nor more than once a year except for cause.".

SEC. 2. Appropriations made under authorization of subsection (c) of section 702 of the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, approved by Public Law 94-241, may be expended for capital improvement projects which facilitate the economic development of the commonwealth.

SEC. 3. Section 4(a) of the Act of November 20, 1963 (77 Stat. 338) is amended to read as follows: "(a) Except as otherwise provided in subsection (b), the governments of the Virgin Islands, Guam, and American Samoa shall have general concurrent legislative jurisdiction with the United States over property owned, reserved, or controlled by the United States in the Virgin Islands, Guam, and American Samoa respectively.".

SEC. 4. Effective October 1, 1985, there is authorized to be appropriated to the Secretary of the Interior, $1,200,000 for grants to the College of the Virgin Islands for projects related to the Eastern Caribbean Center, to remain available until expended.

AMENDMENT IN THE NATURE OF A SUBSTITUTE OFFERED BY MR. UDALL

Mr. UDALL. Mr. Speaker, I offer an amendment in the nature of a substitute.

The Clerk read as follows:

Amendment in the nature of a substitute offered by Mr. UDALL: Page 1, line 3, strike out all after the enacting clause and insert the following:

That section 12 of the Revised Organic Act of the Virgin Islands (48 U.S.C. 1593), is amended to read as follows:

"SEC. 12. (1) The people of the Virgin Islands shall have the rights of initiative and recall to be exercised as provided in subsection (b) and subsection (c), respectively.

"(b)(1) An initiative may enact, amend, or repeal any law, except that an initiative shall not be used to repeal a law declared by the legislature at the time of passage to be an emergency law necessary for the preservation of the public health, safety, or peace.

"(2) An initiative that proposes a reduction of taxes shall also provide for an equivalent reduction of expenditures or an equivalent increase in revenues from other sources.

"(3) An initiative shall address one subject only and matters reasonably related to that subject.

"(4) The ballot question shall be in such form that a "yes" vote is a vote in favor of the proposal and a "no" vote is a vote against the proposal.

"(5) A copy of the proposed initiative petition, including a complete text of the proposed law and containing signatures equal to at least 1 percent of the voters of each legislative district or 4 percent of all voters of the Virgin Islands must be submitted to the Supervisor of Elections prior to circulation for ballot qualification. The Supervisor of Elections must determine within 10 days after the submission whether the preliminary signatures are sufficient. If so determined, the Supervisor of Elections shall refer the preliminary petition to an initiative titling board consisting of the Attorney General, the Supervisor of Elections, and the legislative counsel of the legislature. The board shall, in an open hearing, prepare the official ballot title, the submission question, and a summary of the initiative proposal, and this preparation shall be completed within 30 days after the referral.

"(6) After the ballot title has been written, proponents of the initiative proposal shall have a maximum of 180 days to circulate the petition. Petitions containing signatures equal to at least 10 percent of the voters of each legislative district or 41 percent of all voters of the Virgin Islands must be submitted to the Supervisor of Elections. The Supervisor shall have 15 days to determine that the minimum number of valid signatures are contained in the petition and he shall forward the certified proposal to the legislature which must accept or reject the measure within 30 days. If approved, the initiative shall take effect in accordance with its terms. If the legislature does not approve, the initiative shall be submitted to the voters at the next general election, unless the legislature approves a special election for this purpose. The legislature may submit its own version of the initiative to the voters. Should both measures be approved by the voters, the measure receiving the higher number of votes shall prevail. The voters shall have a clear alternative of rejecting either version or the entire proposition.

"(7) An initiative submitted to the voters shall take effect if the initiative is approved by a majority of persons voting and if a majority of the voters of the Virgin Islands vote on the initiative. An initiative may not be vetoed by the Governor, and when approved by the voters, may not be amended or repealed by the legislature during the 3-year period after its approval unless the legislature acts by a two-thirds majority.

"(8) The legislature may provide the manner in which petitions shall be circulated, filed, certified, and the ballot question shall be submitted to the voters.

"(c)(1) An elected public official of the Virgin Islands may be removed from office by a recall election carried out under this subsection. The grounds for recall are any of the following: lack of fitness, incompetence, neglect of duty, or corruption.

"(2) A recall election may be initiated by a two-thirds vote of the members of the legislature or by a petition under this subsection.

"(3) Prior to circulation a recall petition which identifies by name and office the official being recalled and which states the grounds for recall shall be submitted to the Supervisor of Elections. The sponsors of the recall petition shall be allowed a period of 60 days after such submission for filing with the Supervisor of Elections a list of signatures equal in number to at least 50 percent of the whole number of votes cast for that office in the last general election at which that office was filled. The Supervisor of Elections shall have 15 days in which to determine whether the minimum number of valid signatures are contained in the recall petition.

"(4) A special recall election shall be held with respect to an elected public official not earlier than 30 days after a vote of the legislature under paragraph (2) or a determination of the board of elections under paragraph (3), as the case may be, and not later than 60 days after such vote or determination.

"(5) An official shall be removed from office upon approval of the recall in an election in which at least two-thirds of the number of persons voting for such official in the last preceding general election at which such official was elected vote in favor of recall and in which those so voting constitute a majority of all those participating in such recall election.

"(6) No recall election shall be held with respect to an elected public official—

"(A) during the first year of the first term of office of the official; or

"(B) less than 3 months before a general election for the office.

"(d) As used in this section, the term—

"(1) 'law' means a law of the Virgin Islands; and

"(2) 'voter' means a registered voter who is eligible to vote on the issue or for the office involved.".

"SEC. 2. Appropriations through fiscal year 1986, made under authorization of subsection (c) of section 702 of the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, approved by Public Law 94-241, may be expended for capital improvement projects which facilitate the economic development of the commonwealth.

"SEC. 3. The first sentence of section 4(a) of the Act of November 20, 1963 (77 Stat. 339) is amended to read as follows: '(a) Except as otherwise provided by law, the governments of the Virgin Islands, Guam, and American Samoa, shall have concurrent civil and criminal jurisdiction with the United States with regard to property owned, reserved, or controlled by the United States in the Virgin Islands, Guam, and American Samoa respectively.'.

"SEC. 4. Effective October 1, 1985, there are authorized to be appropriated $1,200,000 to the Secretary of the Interior for grants to the College of the Virgin Islands for projects related to the Eastern Caribbean Center, to remain available until expended.

"SEC. 5. Section 29(b) of the Organic Act of Guam (64 Stat. 392) is amended by striking out 'Governor' and inserting in lieu thereof 'Government of Guam'.

"SEC. 6. The Secretary of the Interior is authorized and directed to develop, in consultation with the Governor of the Virgin Islands, options for the future use or disposition of Water Island which would contribute to economic growth in and make the island an integral part of the Virgin Islands community. The Secretary shall submit such options to the Committee on Interior and Insular Affairs of the House of Representatives and the Committee on Energy and Natural Resources of the Senate within ten days after the convening of the 100th Congress.

"SEC. 7. Section 90.1(a) of part I of Title I of the Act of June 19, 1968 (82 Stat. 225, as amended, 42 U.S.C. 3791(a)) is further amended—

"(1) in paragraph (2)—

"(A) by striking out 'and' and

"(B) by inserting before the semi-colon the following: ', American Samoa, Guam, and the Northern Mariana Islands: *Provided,* That for the purposes of Section 407(a) American Samoa, Guam, and the Northern Mariana Islands shall be considered as one State and that, for these purposes, 33 percentum of the amounts allocated shall be allocated to American Samoa, 50 percentum to Guam, and 17 percentum to the Northern Mariana Islands' and

"(2) in paragraph (3)—

"(A) by striking out ', Guam, American Samoa' and inserting 'and' in lieu thereof and

"(B) by striking out all that appears after 'Pacific Islands' and inserting a semicolon in lieu thereof.

"SEC. 8. (a) Section 8a of the Act of September 2, 1937 (50 Stat. 918, as amended and supplemented, 16 U.S.C. 669g-1) is amended by deleting the word 'Act,' the first place it appears and inserting in lieu thereof: 'Act, and hunter safety programs as provided by section 8(b) of this Act,'.

"(b) Section 4(b) of the Act of September 2, 1937 (50 Stat. 918, as amended and supplemented, 16 U.S.C. 669c(b)) is further amended by striking the period at the end of the first sentence and adding: 'and Guam, the Virgin Islands, American Samoa, and the Northern Mariana Islands shall each be apportioned one-sixth of one per centum of such revenues.'."

Mr. UDALL (during the reading). Mr. Speaker, I ask unanimous consent that the amendment in the nature of a substitute be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. UDALL. Mr. Speaker, the amendment in the nature of a substitute has been discussed and explained previously, and I ask for a vote on the amendment.

The SPEAKER pro tempore. The question is on the amendment in the nature of a substitute offered by the gentleman from Arizona [Mr. UDALL].

The amendment in the nature of a substitute was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to amend the Revised Organic Act of the Virgin Islands, to amend the Covenant to Establish a Commonwealth of the Northern Mariana Islands, to amend the Organic Act of Guam, to provide for the governance of the insular areas of the United States, and for other purposes."

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. UDALL. Mr. Speaker, I ask unanimous consent that all Members

may have 5 legislative days within which to revise and extend their remarks on H.R. 2478, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

NATIONAL AGRICULTURE DAY

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the Senate joint resolution (S.J. Res. 70) to proclaim March 20, 1985, as "National Agriculture Day," and ask for its immediate consideration.

The Clerk read the title of the Senate joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. HANSEN. Mr. Speaker, reserving the right to object, and I will not object, I simply would like to inform the House that the minority has no objection to the legislation now being considered.

Mr. DE LA GARZA. Mr. Speaker, will the gentleman yield?

Mr. HANSEN. I yield to the gentleman from Texas, who is the chief sponsor of House Joint Resolution 137, National Agriculture Day.

Mr. DE LA GARZA. I thank the gentleman for yielding.

Mr. Speaker, this is to assure the gentleman and my colleagues in the House that this is our effort to commend those who produce the food and fiber that feeds all of us here in the United States and helps us bring some resources, the money back from that which we sell abroad.

This is a commendable piece of legislation that I would urge all of my colleagues to adopt.

Mr. GILMAN. Mr. Speaker, will the gentleman yield?

Mr. HANSEN. Further reserving the right to object, Mr. Speaker, I yield to the gentleman from New York.

Mr. GILMAN. I thank the gentleman for yielding.

Mr. Speaker, I rise in strong support of Senate Joint Resolution 70, designating March 20, 1986, as "National Agriculture Day." As Congress grapples with the many difficult issues surrounding our troubled agricultural and related agricultural industries and future U.S. farm policy, it is particularly appropriate that we adopt this resolution to afford our Nation an opportunity to reflect on the integral role agriculture plays in our lives and our economy.

Agriculture is this country's most basic industry; together with its associated production, processing, and marketing segments, agriculture provides more jobs than any other single industry. Each time we partake of a meal; drink a cup of coffee or a glass of milk; everytime we cut into a loaf of bread and spread butter and jam on that bread, we are reaping the rewards of our agricultural riches. When we think of the less fortunate nations, they are frequently countries characterized as infertile, barren, and drought stricken. Indeed, as we look around the world at our brothers and sisters in Africa, India, and other famine-stricken lands, we realize how fortunate we are to have been blessed with productive lands and the knowledge and technology to continue to make those lands produce. National Agriculture Day would be a fitting time to give thanks for these great treasures.

It is especially timely that we consider legislation designating National Agriculture Day at this time. It is my understanding that the House Agriculture Committee will be marking up legislation to reorganize the Farm Credit Administration [FCA] throughout this week. Members of the House and Senate Agriculture Committees are also in the process of readying themselves for a conference on the 1985 farm bill. Both of these legislative initiatives are of vital importance to our domestic agricultural industries and warrant the full attention of the Congress. By adopting this resolution Congress would be demonstrating our bipartisan support for our Nation's farmers.

As an original cosponsor of the House companion bill, House Joint Resolution 137, I look forward to joining on March 20, 1986, with the many farmers, grocers, individuals in related industries, and consumers who reside in my 22d Congressional District, to celebrate National Agriculture Day. I thank the gentleman from Texas, the distinguished chairman of the House Committee on Agriculture [Mr. DE LA GARZA], for introducing this worthy resolution and for his enormous contribution to U.S. agricultural policy. Accordingly, I urge my colleagues to support the adoption of Senate Joint Resolution 70.

Mr. HANSEN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 70

Whereas agriculture is the Nation's most basic industry, and its associated production, processing, and marketing segments together provide more jobs than any other single industry; and

Whereas the productivity of American agriculture is a vital ingredient in our strength as a Nation, both domestically and on the world scene; and

Whereas to maintain a healthy agriculture it is necessary that all Americans should understand how agriculture affects their lives and well-being, and should be aware of their personal stake in an abundant food and fiber supply: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That March 20, 1985, is hereby proclaimed "National Agriculture Day", and the President is authorized and requested to issue a proclamation calling upon the people of the United States to observe this day with appropriate ceremonies and activities.

AMENDMENT OFFERED BY MR. GARCIA

Mr. GARCIA. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GARCIA: On page 2, line 3, strike out "March 20, 1985" and insert in lieu thereof "March 20, 1986".

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from New York [Mr. GARCIA].

The amendment was agreed to.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed.

AMENDMENT TO THE TITLE OFFERED BY MR. GARCIA

Mr. GARCIA. Mr. Speaker, I offer an amendment to the title.

The Clerk read as follows:

Title amendment offered by Mr. GARCIA: Amend the title so as to read "A joint resolution to proclaim March 20, 1986, as 'National Agriculture Day' ".

The title amendment was agreed to.

A motion to reconsider was laid on the table.

YEAR OF THE FLAG

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 424) to designate the year of 1986 as the "Year of the Flag," and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. HANSEN. Mr. Speaker, reserving the right to object, I will not object, but would simply like to inform the House that the minority has no objection to the legislation now being considered.

Mr. COBEY. Mr. Speaker, will the gentleman yield?

Mr. HANSEN. I yield to the gentleman from North Carolina, who is the chief sponsor of House Joint Resolution 424, to designate the year of 1986 as the "Year of the Flag."

Mr. COBEY. I thank the gentleman for yielding.

Mr. Speaker, it was really an honor and a pleasure to introduce this joint

resolution with the gentleman from New York, EDOLPHUS TOWNS, which would designate 1986 the "Year of the Flag."

Mr. Speaker, I believe the American flag must be raised in respect and awareness and in commitment to keeping America vibrant, strong, and free. Great strides have been made in the battle to stem the apathy and ignorance toward our great American symbol.

The Constitution is approaching its 200th birthday. The Statue of Liberty is regaining her beauty. Public awareness and involvement is on the rise, yet our greatest symbol, the American flag, is going unrecognized.

By taking the initiative, we will bring renewed understanding and appreciation of our flag. By designating 1986 as the "Year of the Flag," we will heighten awareness and interest in the relationship of the flag to our American heritage. We can elevate the flag to its rightful position of honor and understanding.

The flag is a living symbol of American ideals, traditions, and unity. The flag stands for the values and purity of self-sacrifice that have made this country great.

I am pleased that we are honoring the red, white, and blue by designating 1986 as the "Year of the Flag."

At this time, I want to thank the many cosponsors who made this bill possible, and pay special thanks to the gentleman from New York [Mr. GARCIA] and the ranking member, the gentleman from Utah [Mr. HANSEN].

Mr. HANSEN. Mr. Speaker, I join the gentleman in his excellent remarks.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 424

Whereas the flag of the United States is a symbol of our Nation and its ideals, traditions, and institutions;

Whereas the flag is also symbolic of the territorial development of the Nation, and the tremendous effort, sacrifice, and love of country that made such development possible;

Whereas the stars of the flag signify the number of States in the Union today and the stripes signify the number of States in the original Union;

Whereas the colors of the flag signify qualities of the human spirit which all Americans should strive for: red for hardiness and courage, white for purity and innocence, and blue for vigilance and justice;

Whereas awareness and appreciation of their Nation's ideals, traditions, development, and accomplishments are important in inspiring and guiding citizens' efforts in carrying the American legacy into the future;

Whereas citizen interest in and appreciation of the flag and its development, meaning, and relationship to the American heritage is vitally important, so that it may always serve as an effective reminder of the ideals, accomplishments, and lessons of history for which it stands;

Whereas citizen awareness, interest, and appreciation of the flag and its relationship to the American heritage has declined in recent years, thereby threatening its effectiveness in reminding citizens of their heritage and inspiring them in their daily lives;

Whereas there is a need for renewed interest in the flag, and a promotion of awareness of its relationship to the Nation's Constitution, values, heritage, and accomplishments;

Whereas a commemorative year would serve to heighten such interest in and awareness of the flag, by encouraging efforts to educate citizens regarding the relationship of the flag to their heritage, and celebrations honoring the flag;

Whereas 1986 is the two hundredth anniversary of the first call for a Federal constitutional convention;

Whereas 1986 is the year of the rededication of the Statue of Liberty; and

Whereas the two hundredth anniversary of the first call for a Federal constitutional convention is an appropriate occasion to commemorate the flag as the symbol of American heritage for which the Constitution serves as foundation and the Statue of Liberty serves as a beacon: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That 1986 is designated the "Year of the Flag". The President is authorized and requested to issue a proclamation calling upon the people of the United States to observe such year with appropriate ceremonies and activities.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

WALT DISNEY RECOGNITION DAY

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 377) to designate December 5, 1985, as "Walt Disney Recognition Day," and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

□ 1850

Mr. HANSEN. Mr. Speaker, reserving the right to object, I do not object, but simply would like to inform the House that the minority has no objection to the legislation now being considered.

Mr. Speaker, under my reservation, I yield to the distinguished gentleman from California [Mr. DORNAN] who is the chief sponsor of House Joint Resolution 377, Walt Disney Recognition Day.

Mr. DORNAN of California. Mr. Speaker, I just wanted to thank all of my colleagues in the House, over 225 of them, who so graciously and instantaneously agreed to support this date to honor Walt Disney. There is almost nothing you can say that has not been said about this great and loving American. From Presidents, to Princes of Wales, to people in the street, to little children everywhere, worldwide, from Tokyo to Europe, which may see a Disney World, Disneyland-like project within this decade, there has never been such a spontaneous, overwhelming show of joy and affection toward one man and the creatures that he infused with so much love.

To think that a man born in the middle of this country while still a young man could just take a pencil to a paper and draw a tiny little thing as simple as a mouse and infuse it with so much love that it could become a treasured worldwide symbol, it is just incomprehensible.

I took one of my four grandchildren to the anniversary of Disneyland just this last July, and I wondered if my grandson, who is 2 years and 2 months old, Kevin, would comprehend what he was seeing. And when the parade started and the music played "Thank You, Mickey, Thank You, Donald, For 30 Years of Fun," they were referring only to Disneyland because Donald had just celebrated his 50th birthday. And I saw my grandchild's eyes open as wide as is possible, and as the parade passed in front of us, Mickey came over and gave Kevin Griffin a hug and then Donald, and then all of the other early creatures. And then came Peter Pan, and Snow White, and all of the Seven Dwarfs hugging him. And this little 2-year-old turned around to me and said, "Poppy, I am happy, I am happy. Thank you, Mickey," he mumbled all the way home.

Well, we thank you, Mickey, from 2 years of age to 82 years of age and what we really mean is thank you, Walt Disney. I think it is just wonderful that this House and the other body soon and our President will recognize this great American.

I really thank the chairman and the ranking minority member for bringing this legislation forward.

Mr. GARCIA. Mr. Speaker, will the gentleman yield?

Mr. HANSEN. I yield to the gentleman from New York.

Mr. GARCIA. Mr. Speaker, I would just like my colleague to know that our colleague from California, who on this floor is known as a shy, withdrawn Member, has been very aggressive in seeking the recognition of Walt Disney, and I would like the world to know, and especially my colleagues here in Congress, that all of us, whether we are liberals or conservatives, Re-

publicans or Democrats, to the left or to the right, we all have one thing in common, and that is our love for the characters that Walt Disney has brought to us all as Americans, and I thank my colleague from California because I think that this resolution is a good, solid resolution.

Mr. DORNAN of California. I thank the chairman, and I will see you in the Rose Garden with Mickey and the President and all of the rest.

Mr. HANSEN. Mr. Speaker, I associate myself with the excellent remarks of the two gentleman who have just spoken. I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the joint resolution as follows:

H.J. RES. 377

Whereas in 1985 there occurs the 30th anniversary of the founding of Disneyland;

Whereas December 5, 1985, is the 84th anniversary of the birth of the founder of Disneyland, Walter Elias Disney;

Whereas the delightful characters created by Walt Disney, including Mickey Mouse and Donald Duck, have brought joy to several generations;

Whereas Walt Disney used the characters he created to promote family values and to teach civic and moral lessons;

Whereas the unceasing commitment of Walt Disney to excellence led him to perfect animation as an art form;

Whereas Walt Disney produced nature documentaries that yielded fascinating insights into the animal kingdom and emphasized the importance of conserving the natural heritage of the Nation;

Whereas Walt Disney devoted an enormous amount of time and resources to improving the quality of urban life in the United States through the construction of Walt Disney World and Epcot Center;

Whereas classic films produced by Walt Disney included Fantasia, Bambi, and the first full-length animated cartoon, Snow White and the Seven Dwarfs; and

Whereas Walt Disney was an American folk hero who became famous worldwide; Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That December 5, 1985, hereby is designated "Walt Disney Recognition Day", and the President of the United States is authorized and requested to issue a proclamation calling upon the people of the United States to observe such day with appropriate ceremonies and activities.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NATIONAL AUTISM WEEK

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the joint resolution (H.J. Res. 440), to designate the week of December 1, 1985, through December 7, 1985, as "National Autism Week," and ask for its immediate consideration.

The Clerk read the title of the joint resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. HANSEN. Mr. Speaker, reserving the right to object, I do not object, but simply would like to inform the House that the minority has no objection to the legislation now being considered.

Mr. Speaker, under my reservation of objection, I yield to the gentleman from New York [Mr. BIAGGI], who is the chief sponsor of House Joint Resolution 440.

Mr. BIAGGI. Mr. Speaker, it is with great pride that I am able to have sponsored House Joint Resolution 440, which proclaims this week of December 1, 1985, as National Autism Week. I am grateful to my cosponsors for their support of this resolution and applaud you for allowing me to bring this distressing mental disorder into the public eye and out from under the shroud of myth and ignorance.

Autism is a severely incapacitating, lifelong, developmental disability whose symptoms include unusual sensory responses, lack of understanding of speech and visual language, extreme emotional responses and social withdrawal. Autism is not, however, a form of mental illness. It is, rather, a neurological brain disorder, which although not yet curable, is generally treatable. In the United States alone, autism affects over 350,000 children and adults. This represents approximately 15 out of every 10,000 births and it is 4 times more prevalent among males than among females.

Severe autism may cause extreme forms of repetitive, self-injurious behavior. This behavior may be very difficult to control and poses a tremendous challenge to those who must manage, treat, and teach autistic people. Indeed, perhaps the greatest tragedy of autism is in the way it affects the family. The presence of an autistic person in a family can be overwhelming; and the need for strong family support services as well as special education for the autistic person is usually necessary.

One organizaton which has risen to this challenge is the National Society for Children and Adults with Autism. Appropriately, National Autism Week would coincide with the 20th anniversary of NSAC. Founded in 1965, NSAC has been dedicated to the education and welfare of all persons affected by autism. It is the only national organization, with almost 200 chapters around the country, committed solely to the problem of autism. I believe I have never encountered such a dedicated and professional group of people. It is people such as NSAC and the Sylvester Stallone family, who have worked hard and long to help find a cure for this disorder, who are keeping the hopes of thousands of families alive.

Once again I'd like to thank my colleagues for supporting House Joint Resolution 440; for both recognizing the enormous contributions of the National Society for Children and Adults with Autism and bringing autism further into the light of education and understanding.

Mr. HANSEN. Mr. Speaker, I withdraw my reservation of objection.

Mr. LAFALCE. Mr. Speaker, we have the opportunity to further public awareness of autism and applaud those who work on behalf of the autistic, by declaring the week of December 1–7, 1985, as "National Autism Week."

John Gardner said:

Democracy is measured not by its leaders doing extraordinary things, but by its citizens doing ordinary things extraordinarily well.

The parents and concerned citizens who are members of and supporters of the National Society for Children and Adults with Autism have certainly fulfilled their roles as leaders. They have provided government officials and the community at large the opportunity to learn about the needs of the autistic and to respond in appropriate ways.

National Autism Week affords the opportunity to celebrate the society's achievements, and to also consider our mission—to continually remind society of our goal—meeting the needs of the handicapped—"extremely well."

Autism affects over 350,000 children and adults in the United States. Today because of extensive research, we know that autism is caused at birth or during early development by physical factors such as viral infections, prenatal and perinatal complications, dietary conditions, and toxic exposure. Research also indicates that providing proper nutritional and medical care to pregnant women and nursing mothers and young children, can prevent autism. Thus, we are reminded of the importance of the research section on autism at the National Institute of Neurological and Communicative Disorder and Stroke [NCDS] and of the Women's Infants' and Children's Supplemental Feeding Program [WIC].

Although past theories about poor parenting being the cause of autism have officially been refuted, many physicians still lack adequate training and knowledge to appropriately diagnose and serve autistic children. This is critical since the earlier remedial intervention begins, the better the child's chances for subsequent educational progress.

An appropriate education is probably the single most important service for persons with autism. Dramatic results are possible when autistic children are provided individualized, behaviorally oriented instruction. Without Public Law 94–142, which provides nondiscriminatory equal education oppor-

tunity, many of our Nation's handicapped children would continue today to remain at home. Others would be placed in a classroom, only to receive baby sitting, not educational services.

These national programs have been of significant importance to the autistic and their families. Of equal importance has been the State Developmental Disabilities [DD] Program which provides funds to bridge the gaps among services and coordinate them in the most efficient and effective manner.

I call my colleagues' attention to the extraordinary efforts of the western New York community, under the leadership of Angela Lagenor, to take advantage of the DD Program by applying for and receiving grants for special recreation, social, and educational programs to assist both autistic children and their families.

We can look with satisfaction at the significant commitment of our governments to handicapped persons. However, we dare not become complacent. Much more is needed to meet the needs of the autistic in the areas of: community living services, vocational training, respite care and general education, and social programs.

National Autism Week will remind us of our accomplishments and our responsibilities.

Mr. CONTE. Mr. Speaker, as an ardent advocate of improving and expanding medical research, I wish to bring to the attention of my colleagues and the public a relatively unknown disease. The problem to which I refer is a brain disorder called autism, which affects 350,000 Americans. As a cosponsor of a resolution which designated last week as "National Autism Week," I feel that it is very important for my colleagues to become aware of this disease.

It is distressing that the public is underinformed and that the problem is almost unknown to many Americans. Even worse than the fact that it is not popularly known is that autism has not been properly researched and its causes and cures are largely unknown.

Of those 350,000 afflicted, 118,000 are under 21 years of age, and 232,000 are adults. For some unknown reason, four times as many males than females suffer due to this abnormality in the brain. As of yet, this disorder cannot even be dealt with. There is no treatment. The best that can be done for these people is to administer certain drugs which are used to moderate some of the typical, abnormal behaviors of autistics, such as extreme hyperactivity and depression. However, just altering their behavior by chemical means is not solving the problem.

Eighty-five percent of those afflicted are considered to be dysfunctional. Symptoms of the disorder are in the victim's behaviors, some of which are their being aloof, introverted, and other persistent habits that are abnormal. People with autism may sit for hours spinning a ball; they may repeatedly flip their arms in an awkward way so as to harm themselves, and may never answer questions asked of them but only mimic the question. This last problem is termed echolalia, which means a pathological repetition of what is heard. Just imagine the frustration of a parent or teacher who works hard to teach or communicate with a child, and gets no response from the child: not just once, but all of the time.

The parents of these children accept an exceptionally heavy burden when they bear an autistic child. Many of these people must spend much more time with their children to help them relate to the world around them. In some cases, these children grow out of the problem, but others are permanently afflicted. Their parents often feel guilty for bringing the child into a world to which he may never relate. As well, some parents of autistic children can never seem to give the child the love that he needs, or that they think he needs. Human life is a very special thing and needs our attention when a number of people are not able to appreciate our society and the advantages it provides.

The National Society for Autistic Children (NSAC) is a member of the National Health Council and provides information to parents, professionals, and the general public about autism. Their efforts are for a good cause, and I would like to express my support for their work, and for familiarizing the public with a disorder that needs attention.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the joint resolution, as follows:

H.J. RES. 440

Whereas autism is a serious disorder affecting over 350,000 children and adults;

Whereas autism is a lifelong brain disorder that prevents proper understanding of what an individual sees, hears, or otherwise senses;

Whereas autism causes severe problems in learning, communication, and behavior;

Whereas few of the general public understand this complex neurological disability;

Whereas support groups have dedicated years of service to the education and welfare of all persons with autism;

Whereas these groups remain committed to educating the general public to a better understanding of this disability; and

Whereas autism is a complex disorder that needs greater recognition and research to further understand the disability:

Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week of December 1, 1985, through December 7, 1985, is designated National Autism Week. The President of the United States is authorized and requested to issue a proclamation calling upon the people of the United States to observe this week with appropriate programs and activities.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. GARCIA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the joint resolutions just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

INTRODUCING H.R. 883, THE HUNTERS PROTECTION ACT

(Mr. MARLENEE asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. MARLENEE. Mr. Speaker, antihunting extremists are trying to "buffalo" the people of America, and I've introduced legislation to put a stop to it.

The Fund for Animals, has threatened Montana's sportsmen and cattle ranchers by promising to sabotage a much-needed legal hunt of diseased buffalo.

Buffalo from Yellowstone National Park overgraze, overfill and overflow the park and stray onto Montana ranches, exposing domestic cattle to brucellosis. The Montana Fish and Game Department has protected cattle in the past by shooting the diseased animals, and this year Montana established a bison hunting season on lands outside the park.

Mr. Speaker, brucellosis is a serious health threat to Montana cattle, and even infects humans. But the radical Fund for Animals doesn't care about the economic health of cattle ranchers, and they apparently don't care about human health, either.

Instead, these antihunting zealots have threatened to go into the field to purposely disrupt hunters. This is precisely why I introduced H.R. 883, the Hunters Protection Act, to keep groups like Fund for Animals from sabotaging legal hunts.

Antihunting activists have disrupted hunts across the country, and the Fund for Animals even published a hunter-harassment manual entitled "Tips for Hunt Saboteurs."

I hope my colleagues will read USA Today article I'm including in my statement, and I urge my colleagues to cosponsor the Hunters Protection Act, H.R. 883.

[From USA Today, July 9, 1985]

LEGISLATION AIMED AT SHOOTING DOWN ANTIHUNTING EXTREMISTS

(By Tom McNally Special for USA Today)

In recent years members of the Nation's various antihunting factions have taken to the woods before and during hunting seasons to harass ligitimate licensed hunters. The idea is to scare off animals and disturb hunters, so wildlife is protected and preserved.

Antihunting groups have published guidelines explaining how best to harass hunters. The Friends of Animals, a nonprofit group with 90,000 members, even issued a list five years ago entitled "Tips for Hunt Saboteurs."

One tip told antihunters to get into the woods before hunting season and "try to drive wildlife away. A nice loud radio or a dog on a leash will serve to make wildlife more wary of humans."

Or this: "Many hunters like to stalk along deer tracks, which are pretty well defined to a good woodsman. Placing deer repellent along these tracks will encourage the deer to move away. Just scoop up a bag of human hair from the barbershop and hang handfuls of it in little bags, about 2 or 3 feet from the ground. The deer will soon get the message that there are humans in the area and will drift away."

Another tip: "Get a cassette recording of wolf howls. Play this in the woods a few times in the days before hunting season. It will make wildlife wary."

And another: "Certain substances, such as rotten eggs, when rubbed into hunting blinds make these enclosures even more uncomfortable for hunters. Uncomfortable hunters are irritable and also poorer shots. Plastering the floor of a hunting blind with cow dung is another good idea."

Well, it's not.

Officials of the Wildlife Legislative Fund of America, a pro-hunters organization, recently disclosed that the USA's law-abiding sportsmen are "sick and tired of being the brunt of anti-hunting attacks. Hunters nationally are generating a wave of legislation to outlaw the harassment of outdoorsmen."

Most states already have laws making make hunter-harassment illegal. But many believe stronger laws are needed to forbid such harassment, and a number of states are going that route.

States where such laws already were passed are Illinois, Michigan, Arizona, Louisiana, Maine, New Hampshire, Nevada, Pennsylvania, Vermont and South Dakota.

States considering similar laws are Alaska, New York, Massachusetts, New Jersey, Minnesota, Washington, Oklahoma, Wyoming, Colorado, Missouri and Montana.

There's even a "hunter protection" bill before Congress to combat the saboteuers. Representative Ron Marlenee, R-Mont., introduced the bill January 31 "to protect the rights of hunters and sportsmen on federal land."

"Antihunting extremists have grown more and more devious in their efforts to disrupt and ruin legal hunts in this country," Marlenee said. "My bill would stop these efforts in their tracks."

Marlenee's bill proposes criminal penalties of up to five years' imprisonment and a $5,000 fine for people who destroy property to disrupt sanctioned hunts on federally owned or managed lands.

"Hunters have rights, and I want those rights protected," Marlenee said. "Hunters and other sportsmen paid a record $250 million in 1983 to purchase hunting and fishing licenses, permits, tags and duck stamps. Sportsmen have a right to enjoy their pursuits without being terrorized by antihunting zealots."

Marlenee's bill is in the House Judiciary Committee's crime subcommittee. Marlenee's spokesman says committee chairman Peter Rodino, D-N.J., is not "terribly receptive" to the bill.

But as Friends of Animals President Alice Herrington said: "We put together those tips as a joke to call press attention to the hunting world. Do you honestly believe us old ladies are dangerous to hunters? Nobody in their right mind has a death urge to go up to a hunter and do anything violent."

ARCHBISHOP'S APPEAL TO CONGRESS TO STOP DEPORTATION OF SALVADORAN REFUGEES NOW IN THE UNITED STATES

(Mr. MOAKLEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. MOAKLEY. Mr. Speaker, today I will circulate amongst my colleagues in the House and Senate an important letter addressed to them by the Roman Catholic archbishop of San Salvador—Arturo Rivera Y Damas.

In a powerful and eloquent statement, the archbishop appeals to this Congress to double our efforts against the continued deportation of Salvadoran refugees now in the United States.

He stresses that the refugees who have fled his country need temporary protection because violence and civil strife are still very much a part of daily life in El Salvador.

Mr. Speaker, there is more than ample evidence to compel this Congress and this administration to extend temporary refuge to Salvadorans. I hope the archbishop's letter will touch some hearts and, in turn, result in this long overdue action.

Mr. Speaker, I would like to submit the archbishop's letter in the RECORD.

Thank you.

NOVEMBER 15, 1985.

Honorable Members of Congress of the United States of America:

Our country, El Salvador, has been living a time of suffering for the past approximately six years. The war is part of the daily life of our population throughout the country, and the profundization of the military conflict offers a future of greater pain, uncertainty and suffering for the grand majority of Salvadorans.

As a result of this war which continues to grow, there are almost a million Salvadorans who are displaced or have become refugees; they wander through different places seeking a refuge that would provide temporary relief from their agony. There are more than a million Salvadoran refugees looking for the shelter under international laws protecting refugees that is mandated by the United Nations. Protected by these laws, a good number of them have found temporary safety in countries such as Mexico, Honduras, Nicaragua, Panama, Canada, Costa Rica and Guatemala.

During my visit to your country, the United States, it was with profound concern that I was able to confirm, through numerous testimonies, that the authorities and members of the government of the United States have closed their doors and their hearts against the suffering of my people, unprotected in a foreign land.

During this time of war that El Salvador is living, deportation is an act which is contrary to the law of our Father who asked that we "clothe the naked, feed the hungry, give refuge to the persecuted . . ." To return the persecuted to the source, the origin, the cause of his suffering is an act of injustice in the eyes of Christian love.

It is in the name of this Christian love, which is the basis of the pastoral and evangelical labors of my Salvadoran Church, and in the name of the international laws expressed in the Refugee Protocols of the United Nations and the Refugee Act of 1980, that I, Archbishop Rivera y Damas, ask each and every one of you, Honorable Members of the House and the Senate of the United States of America, that you open your arms, your hearts, and your Christian charity to my suffering people and that you double your efforts against the deportation of Salvadoran refugees and in support of measures such as the Moakley-DeConcini Bill (H.R. 822, S. 377) which in some way will contribute to a temporary solution to the agony of my flock in search of refuge.

ARTURO RIVERA Y DAMAS,
Archbishop of San Salvador.

TAX REFORM BILL

The SPEAKER. Under a previous order of the House, the gentleman from Ohio [Mr. PEASE] is recognized for 5 minutes.

Mr. PEASE. Mr. Speaker, now that the Ways and Means Committee has reported out a tax reform bill, you are about to be subjected to an accelerated version of what we on the committee have experienced over the last 6 months. The special interests are about to descend on your office to tell you, from their point of view, what's wrong with the Ways and Means Committee tax bill.

In my view, the most important thing to keep in mind is the impact of the Ways and Means tax reform proposal on your constituents. What's in it for them?

You can talk all you want about tax reform in the abstract, but the average citizen will be most interested in the personal effects of tax reform.

Let's look at that bottom line. The tax reform bill would mean reduced Federal income tax for the vast majority of middle-income and low-income Americans.

At most income levels, tax rates would be lower under the Ways and Means Committee bill than under current law. For example, a family with taxable income of $22,000 would have a marginal rate of 15 percent; under current law it is 22 percent. If that family's taxable income were $42,000, the bill would impose a marginal rate of 25 percent, a significant reduction from the current system's 33 percent. No taxpayer would pay a higher marginal rate than 38 percent, in contrast to the current 50 percent top rate.

In addition, the bill would raise both the standard deduction and personal exemption, which are key determinants in measuring taxable income.

Currently, the standard deduction for joint filers is $3,670; the bill would raise it to $4,800, an increase of $1,130.

That's $1,130 subtracted from gross income before you arrive at taxable income.

Currently, the personal exemption is $1,040 for each member of the family. The bill would raise the personal exemption to $1,500 for taxpayers who itemize their deductions and to $2,000 for those who do not itemize. For a family of four, that would mean an extra $1,840 or $3,840 subtracted from gross income.

The increases in standard deduction and personal exemption mean that a family of four would pay no Federal income tax at all on the first $12,800 of gross income.

Many features of the current tax system most beneficial to middle-income taxpayers, were threatened by the President's proposal they are retained in the Ways and Means bill. The deduction for interest paid on home mortgages and the deduction for State and local taxes are both retained. Fringe benefits would continue to be free of taxation.

The committee was able to achieve this substantial reduction in taxes for Mr. and Mrs. Average American in a bill which honors President Reagan's goal of revenue neutrality, neither increasing nor decreasing the revenue raised under the current tax system.

We tapped two revenue sources that have been scandalously neglected in recent years.

First, the bill would cut down substantially on tax preferences and loopholes used by high-income Americans to shelter income from taxation.

Second, the bill would shift about $140 billion in taxes—over 5 years—from individuals to corporations. Corporate taxes have accounted for a smaller and smaller share of financing Government services over the past 30 years. In 1983, this share was a mere 6.2 percent.

The Ways and Means Committee tax reform bill is not perfect. No product of a legislative body ever is. But, if enacted, it really would represent genuine tax reform. And it really would mean tax reduction—averaging about 8.4 percent—for individual taxpayers.

□ 1905

THANKS TO OUR VETERANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota [Mr. PENNY] is recognized for 5 minutes.

Mr. PENNY. Mr. Speaker, in mid-November, in recognition of Veterans Day, I visited the Washington office of five of the major veterans' service organizations. I met with the leadership of the American Legion, Disabled American Veterans, Paralyzed Veterans of America, Veterans of Foreign Wars and Vietnam Veterans of America. I serve on the House Veterans' Affairs Committee on routinely hear testimony from these organizations and I work closely with their membership in my district. However, I wanted to learn firsthand more about how these organizations carry out their work. I wanted to hear in more detail what they know to be the fears and concerns of our veterans. I wanted a clearer understanding of how these groups felt veterans' programs would be affected by even stricter budget constraints.

I am very impressed with each of these organizations and the quality of services they provide. Each has a network of service officers throughout the country that offers direct assistance to veterans in a variety of situations such as filing a claim with the VA or seeking employment. Each organization provides strong advocacy for veterans—individually—just as I know they have provided strong advocacy for veterans collectively in the hearing rooms here on Capitol Hill.

But these organizations do even more. Our Nation's young people benefit from scholarship, leadership and recreational programs sponsored by veterans' organizations. Disaster victims from Wyoming to West Virginia can qualify for aid offered by certain veterans' groups. Disabled individuals benefit from barrier-free buildings, including polling places, as a result of the concerted efforts put forth by veterans' organizations.

The over 7 million members of these service organizations and their auxiliaries are carrying on the tradition of service to community and country that is an example for us all. We can be truly proud of and grateful for their work. We set-aside Veterans Day each November to honor our veterans. Let us remember every day of each year that America is No. 1—thanks to our veterans.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. NELSON] is recognized 5 minutes.

Mr. NELSON of Florida. Mr. Speaker, due to official business, I was unable to be present and voting on November 21, 1985, for rollcall Nos. 417, 419, and 420. Had I been present, I would have voted "aye" on roll No. 417, motion to approve the Journal; "aye" on roll No. 419, Jeffords amendment to H.R. 1616, plant closing notification and consultation; and, "aye" on roll No. 420, Roemer amendment to H.R. 1616, plant closing notification and consultation.

TRIBUTE TO CONGRESSMAN GEORGE H. MAHON

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Texas [Mr. BROOKS] is recognized for 60 minutes.

Mr. BROOKS. Mr. Speaker, today we honor our beloved former colleague, George H. Mahon who had an outstanding career of public service in the U.S. House of Representatives spanning over 44 years. I inserted a statement in the CONGRESSIONAL RECORD on November 20 in recognition of his service and our friendship. The House of Representatives sent a delegation to the funeral on November 22. We attended gracious services in Lubbock which were highlighted by an outstanding extemporaneous eulogy by Majority Leader JIM WRIGHT. I have requested this special order today so that my colleagues might have an opportunity to pay tribute to this distinguished former Member. I will be pleased to yield to my colleagues who would like to make a statement.

Mr. Speaker, I yield such time as he may consume to our distinguished majority leader, JIM WRIGHT.

Mr. WRIGHT. Mr. Speaker, along with many of us, I attended the funeral of our late beloved colleague, George Mahon. The enormous outpouring of people who overflowed that First United Methodist Church in Lubbock was silent testimony to the affection with which he was held in the hearts of all those people of west Texas whom he served so faithfully and so well for 44 long years.

Mr. BROOKS. Mr. Speaker, I yield to the gentleman from Texas [Mr. DE LA GARZA].

Mr. DE LA GARZA. I thank my colleague for yielding.

Mr. Speaker, I would only state at this time that our distinguished colleague George Mahon, when I first came to the Congress was the year or shortly before that that he became chairman of the Committee on Appropriations.

He certainly was a legend in his own time in Texas, and his contribution to the defense of this Nation, to the agricultural sector, to the human aspect of the service that we render here to make this the greatest country in the world; his contribution perhaps cannot be measured.

I would hope that in years to come that Americans will come to know of those great statesmen, those great heroes of our time; which one of the leading ones would be George Mahon.

Mr. BROOKS. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas [Mr. COMBEST].

Mr. COMBEST. Mr. Speaker, I appreciate the gentleman's taking this special order. I did not have the opportunity, as so many Members of this body did, to serve in the body with George Mahon, but I do have the distinction and honor to be able to serve the district George Mahon did serve for 44 years.

One quick quote that I think George Mahon made exemplified him. Right after this election, George Mahon said, "In 1934, when I was first elected, I thought I would like to serve at least two terms so as to not be considered a political accident."

The things that George Mahon touched reached from coast to coast and border to border. I think that the list would go on and on in the district that I serve. It is a great honor for me, as a freshman Member, trying to explain to people of the district of Texas that I represent, simply to say that it is the district that for 44 years was served by George Mahon, and it is an honor. I commend the gentleman from Texas [Mr. Brooks] for taking this special order.

Mr. BROOKS. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas [Mr. ANDREWS].

Mr. ANDREWS. Mr. Speaker, I would like to add my voice to those of others in the Chamber who have spoken today in praise of former Congressman George Mahon of Texas. Although he served in the House of Representatives before I joined this body, I feet a personal sense of loss at the death of such a fine legislator and public servant.

Even before his election to the U.S. House, Mr. Mahon proved himself a disciplined, devoted public citizen. After graduating from Hardin-Simmons University in Abilene and the University of Texas Law School in Austin, George Mahon served as county attorney of Mitchell County and then as district attorney of the 32d Judicial District of Texas from 1927 to 1933.

In 1934, during the Great Depression that had such a devastating effect on the Nation and on the State of Texas, Mr. Mahon's friends and neighbors chose him to be their Representative in the U.S. House. For 44 years, George Mahon served them well. Known as a conservative Democrat with a passion for a pay-as-you-go approach to government, he earned the respect of his colleagues on both sides of the aisle. For the last 14 years of his service in this body, he chaired the House Appropriations Committee with uncommon devotion and fairness. As chairman, he cemented his reputation as a national Representative by consistently refusing to equate parochial interests and political opportunity with our Nation's best interests.

One of seven children of a Presbyterian Scotsman, George Mahon's conservatism extended to his own budget as well as the national budget. The stories of his frugality are legion and his office, despite his stature in Congress, remained small and spartan.

Throughout his tenure in the House, George Mahon wrestled with the same problems we face today: the difficult task of balancing the real needs of the Nation with the equally crucial obligation to hold down spending.

He was for a strong defense, yet he warned of the danger to our country from excessive defense spending just as earnestly as he sought to hold expenditure to income in every other area.

We, in the House, and the citizens of the State of Texas, have lost a great statesman with the passing of George Mahon. He leaves a fine example for all in public service. I am proud to be a member of the Texas delegation he served so faithfully for 44 years.

Mr. BROOKS. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas [Mr. COLEMAN].

Mr. COLEMAN of Texas. Mr. Speaker, we were all saddened at the news of the recent death of George Mahon, the west Texan who served for many years as the chairman of the House Appropriations Committee. The newer members of that committee, myself included, have always looked at the record established by him as a sterling example of recognizing the responsible and proper role of the Congress in setting spending policy for the Federal Government.

In a time when many Members of this House are looking for a quick fix to the budget crisis by promoting automatic mechanisms, I am reminded of the story about a previous budget fight between President Lyndon Johnson and Mr. Mahon. While clearly relishing his role as a player in the appropriations process, Mr. Mahon said nevertheless that "The President has his responsibilities, and I have mine. I don't want to delegate to the President my responsibility as chairman of the Appropriations Committee, and I'm sure he wouldn't want me to." He understood that both institutions have strong, legitimate roles to play in the formulation of public policy and Federal spending, and I am sure that he would not favor an abdication of either side's responsibilities.

From my personal perspective, George Mahon's contributions to the legislative process and to the role of the House Appropriations Committee will continue. He was a man of extraordinary dedication and integrity, and he was one of the few to make a lasting mark on this country. I know that I, and other members of the Texas delegation, will always look at the example he set as a means to measure our own ability to meet today's challenges.

Mr. Speaker, as one of the finest Texans ever sent to Congress, George Mahon will never be forgotten, and as an American, he will always be remembered for his contributions as a legislator, a family man, and his dedication to institutions such as the Smithsonian and other civic pursuits. He will be sorely missed, but his legacy will always be with us.

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Mr. BROOKS. Mr. Speaker, I yield to the distinguished gentleman from Mississippi, the chairman of the Committee on Appropriations [Mr. WHITTEN].

Mr. WHITTEN. Mr. Speaker, in the passing of George Mahon, I have lost a close and dear friend. He and his wife, Helen, have been very close friends of Rebecca and me for many years. George had the wonderful faculty of making friends and keeping them. He could differ without anger, he could work and make progress, and above all, be himself on all occasions.

He and Helen were very close. A social gathering was not complete unless it ended with singing, frequently ending up with a duet by George and Helen, evidently songs which they had enjoyed through the years.

We have shared many pleasures and much fun in our long and close association which I will not burden you with here. We all have lost a friend, a man, a Congressman, one whose accomplishments were great and lasting. The Nation will always benefit from his work.

That the record may be complete and available as a challenge to Members, I list the record, which, in itself, is not likely to ever be equaled and never surpassed.

George was first elected to Congress in November 1934 and became a member of the Committee on Appropriations in January 1939. It was my pleasure to begin serving with him on the committee some 4 years later in January 1943.

And in the natural way of things back then, we were both assigned to the District of Columbia Subcommittee, with George serving as my chairman. I would be fair, I guess, to say that George was both my first and last chairman.

But in addition to District of Columbia, we were both also heavily involved with military matters during the time of World War II, and since with George serving on the War Subcommittee and me serving on the Navy Subcommittee.

From those first days when I came to Congress, until George retired from Congress at the close of the 95th Congress in January 1978, we worked closely together, particularly in military public works and agriculture matters.

In 1949, George became chairman of the Defense Subcommittee which was then called the Armed Services Subcommittee, with the exception of the Republican-controled 83d Congress, he served as chairman of that subcommittee until his retirement, for a total of 28 years. This is not only a record but a record that, in my opinion, will never be surpassed.

In recognition of his service as chairman of the Defense Subcommittee and his overall service as committee chairman, our then full committee meeting room in the Capitol Building and the room in which the Defense Subcommittee met, was named after him. Today, as one passes the corridor outside of room H-140, you can see the plaque bearing George Mahon's name. This is one of 10 rooms in the Capitol including only three on the House side, which has been named after Members of Congress.

In 1964, George became chairman of the full committee, and with his retirement in 1979, he had served continuously in that position longer than any other person in the committee's history.

I would point out the record of George Mahon while he was on the committee.

APPROPRIATIONS COMMITTEE ASSIGNMENTS—GEORGE H. MAHON, TEXAS

[Elected to committee Jan. 18, 1939; elected chairman May 18, 1964 (88th, 2d)] [1]

Subcommittee assignments	Congress	
Treasury and Post Office	76th	January 18, 1939
District of Columbia	76th	
War	[2] 76th	1940
Treasury and Post Office	77th	1941
District of Columbia (chairman)	77th	
War	77th	
Treasury and Post Office	78th	1943
War	78th	
District of Columbia (chairman)	78th	
Independent Offices	79th	1945
War	79th	
Special Subcommittee on Invest. of War Foods Administration (alternate).	79th	
Government Corporations (chairman Feb. 2 to 6, 1946.	79th, 2d	
Government Corporations	80th	1947
War Department	80th, 1st	
National Military Establishment	80th, 2d	
Deficiences-Foreign Aid	80th	
Special Subcommittee as representatives on the Joint Legislative Budget Committee.	80th	
Armed Services (chairman)	81st	1949
Armed Services (chairman)	82d	1951
Air Force (chairman)	82d	
Armed Services (ranking minority member).	83d	1953
Air Force (ranking minority member).	83d	
Defense (chairman)	84th	1955
Air Force (chairman)	84th	
General Government Matters	84th	
Special Subcommittee to Consider Proposal to Amend Procedures of the committee and the House with View to Balancing the Budget (chairman).	84th	
Department of Defense (chairman)	85th	1957
Air Force (subcommittee in 1st session only) (chairman).	85th	
General Government Matters	85th	
Temporary Subcommittee on Administration Plan to Improve Congressional Control of the Budget (chairman).	85th	
Department of Defense (chairman)	86th	1959
General Government Matters (resigned Jan. 25, 1960—2d session).	86th	
Special Subcommittee for Review of Program for Development of Nuclear-Powered Aircraft (chairman) (appointed Apr. 29, 1960—2d session).	86th	
Special Subcommittee to Study the Use of Foreign Currency (appointed May 6, 1960—2d session).	86th	
Special Subcommittee to Consider Advisability of Discussing with House Leadership Matter of "Backdoor" Approach of Certain Housing Bills (chairman) (appointed May 18, 1959—1st session).	86th	
Department of Defense (except civil functions) (chairman).	87th	1961

APPROPRIATIONS COMMITTEE ASSIGNMENTS—GEORGE H. MAHON, TEXAS—Continued

[Elected to committee Jan. 18, 1939; elected chairman May 18, 1964 (88th, 2d)] [1]

Subcommittee assignments	Congress	
Department of Defense (chairman)	88th	1963
do	89th	1965
do	90th	1967
do	91st	1969
do	92d	1971
do	93d	1973
do	94th	1975
do	95th	1977

[1] As chairman of the full committee, Mr. Mahon served as ex officio member of all subcommittees.

[2] In June 1940, Mr. Mahon was appointed to the War Subcommittee by Chairman Taylor because of the subcommittee's expanded workload.

Mr. Speaker, George Mahon was a great man. He was involved at the highest levels of the Nation's lifestrings. He presided over the spending of billions and billions of dollars. He participated in the Nation's greatest events, including the development of the atomic bomb.

But for all these great accomplishments, he remained a gentleman and a friend, a man who enriched the lives of those he met.

Mr. Speaker, my wife Rebecca and I extend our sympathies to Helen Mahon, George's wife of 61 years, and to all the family of George Mahon.

Mr. BROOKS. Mr. Speaker, I yield to the gentleman from California [Mr. ANDERSON].

Mr. ANDERSON. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, it is with a heavy heart in which I rise today to join with my colleagues in paying our final respects to our departed friend and colleague from the 19th District of Texas, the Honorable George H. Mahon. At the outset, I want to congratulate Representative BROOKS for calling this special order today.

In the 10 years in which I served with George Mahon, I always considered him a very good friend and ally. As a Member of this House for over four decades, which included seven terms as chairman of the Appropriations Committee, George contributed greatly to the betterment of society and security of our Nation. Whether it was helping to bring about needed electricity to many of his impoverished constituents, or presiding over fierce debates on how best to proceed with building our national defense, Chairman Mahon was a tough, but fair, legislator. His many significant contributions in the public policy arena won him the respect of all who were familiar with his work.

Although he was one of the most powerful individuals in Washington during his tenure in the Congress, Chairman Mahon always remembered where his roots were planted. Through his leadership and guidance, Chairman Mahon formulated and improved many social programs which do so much to make America morally strong and compassionate just as it is today.

My wife, Lee, joins me in expressing our most sincere condolences to George's wife, Helen, and their daughter, Daphne. Although Chairman George Mahon has left us, his legacy will continue to live on.

Mr. BROOKS. Mr. Speaker, I yield to the distinguished gentleman from Arkansas [Mr. ALEXANDER].

Mr. ALEXANDER. I thank the gentleman from Texas for yielding.

Mr. Speaker, I have just rushed over here to pay tribute to my dear departed friend, George Mahon, who was chairman of the Committee on Appropriations during the first 6 years of my service on that committee.

Mr. Mahon was a person of unquestioned integrity and high moral character, and he, I believe, demonstrated something for us in the Congress that is a model for those who knew him. He was shaped by the land of west Texas where he was raised, and he brought the values of west Texas to Washington where he lived by those values and applied the principles to the Committee on Appropriations.

It was through his leadership that the Committee on Appropriations in the House adhered to a tradition that began back after World War II, for the Congress to spend less money than that requested by the President, that is, for Congress to underspend the President.

Now I realize that conventional wisdom does not recognize this fact, but this fact nonetheless exists. During the 40-odd years following World War II, Congress has underspent the President's request 37 out of those 40 years.

George Mahon continued that tradition because of the values which he learned in Texas and which he applied as principles in Washington.

Having been schooled by him as a member of that committee, I want to continue that tradition as well, and it is today largely because of George Mahon. He was a great gentleman, a tough-minded person, but a very kind person, a person who never raised his voice but who was respected by all of those who knew him, worked with him, as one who, when he spoke, did not need to raise his voice because of the force with which he spoke.

He was a friend of mine. He gave me good advice. I regret that I was unable to attend the services last week in west Texas, but transportation was not possible by the military.

I appreciate the gentleman from Texas taking this time to give those of us who could not attend those services to demonstrate our respect for our departed friend at that time to do so now.

Mr. Speaker, our colleague, the late George Mahon was one who exemplified

the highest of American principles, He was a man of unquestioned integrity. George Mahon did not just believe in honor, justice, and compassion. He lived his beliefs.

George Mahon did not just believe in the necessity for decisionmaking, he made decisions on some of the toughest problems ever to face our Nation. And, he made good decisions.

All of us, who had the privilege of serving with him, of knowing him, and of learning from him received benefits that can not be measured.

One of the most important lessons we may have learned from knowing George Mahon is that a timely seasoning of wit and humor can be invaluable putting our most difficult problems in proper perspective and making possible the difficult, and frequently tension filled, decisions that our Nation needs.

Mr. BOLAND. Mr. Speaker, 2 weeks ago today, George Mahon passed away. He was truly a man of many seasons. I will remember him always with fondness and deep respect.

When I first came here in 1953, George Mahon had already been chairman of the Appropriations Defense Subcommittee for 4 years. He had served on that subcommittee since 1939—4 years after he came to Congress—and was one of the last people alive, who had been involved in the original decisions to develop the atomic bomb.

From that time until the day he retired in 1979—George Mahon witnessed some of the Nation's proudest and saddest moments. And through all those years he never hesitated to put the interests of this country first—always above his own personal or parochial concerns. George Mahon was truly a statesman.

But what I remember best about George Mahon is the man himself. He walked these halls standing tall and straight as a rod. He reminded me of a courtly Southern gentleman from whose lips never was a harsh word spoken. He was a man of incredible patience—who gently tried to guide the younger Members, in their thinking and in their outlook, on the important issues of the day.

And although George Mahon served continuously as chairman of the House Appropriations Committee longer than any other individual—and although he retired as dean of this House—and although his advice was frequently sought by Presidents, Cabinet Secretaries, and agency officials—and although he routinely received visits from heads of foreign governments—his demeanor was one untouched by vanity or pride.

For me, he will always remain an example of the best of humanity—for he had class and grace and style.

This House was a lesser place when George Mahon left in 1979—and this House could do no better than having his kind among us in future years.

Mr. Speaker, I want to express my deepest sympathy to his wife, Helen, who has been by his side for more than 50 years, and to his daughter, Mrs. Duncan W. Holt, and their three grandchildren, George, Betsy Davis, and Laurel Ann Luper.

Mr. BRYANT. Mr. Speaker, integrity and adherence to old-fashioned values such as honesty and hard work seem to be overworked in some quarters of our Nation today.

Likewise, deep and abiding pride to sit in public office and serve the public does not carry the honor it once did when George H. Mahon walked tall and unblemished on the floor of this hallowed House of Representatives.

Unfortunately for me, Chairman Mahon had retired before I came to Congress, and I never had the privilege of serving with him. But we became acquainted, and he became a role model.

The human side of Chairman Mahon was seldom on public display, but it was there—warm, caring, and considerate of younger Members.

Disraeli is quoted as saying, "Youth is a blunder, manhood a struggle, and old age a regret."

This was not true for Chairman Mahon.

A young woman reporter interviewing Chairman Mahon once said, "Mr. Chairman, you have served under six Presidents * * *." He gently interrupted her and, with a twinkle in his eye and a small smile, answered "No, I served with them. I never served under them."

He served for his constituents, and for his Nation, and he never forgot his roots. One legend, which was actually true, was that for many years when he first came to Congress he would return home in the fall—Congress did not meet the full year in those days—and immediately go to the cotton fields and pick 100 pounds of cotton.

It was a reminder to him that the people who sent him to Washington had to work hard for their money. And it served always as a reminder that he must be frugal with it as keeper of the purse here in the House of Representatives.

At the funeral services in Texas last week one of the selections by the choir was the old anthem "Beautiful River." One of our former colleagues in this body, Jack Hightower, was present. "You could 'hear' Mr. Mahon singing along," Hightower reported. "Because no one loved the old songs better than Chairman Mahon."

His voice, his words and his deeds will echo in this Chamber as long as this great Capitol stands.

His record in Congress stands as a landmark which every person who ever serves here should strive to equal.

It will never be bettered.

Mr. STENHOLM. Mr. Speaker, it is with great sadness that I join my colleagues today in this remembrance of a dear friend and fellow Texan, Congressman George Mahon.

I was fortunate enough to meet Mr. Mahon on many occasions and came to know him as the West Texas Statesman we all respected. Over the years I witnessed his common-sense, fair-minded abilities in the Congress, traits that served him well in Washington and at home. The folks in west Texas were quick to recognize and admire his honesty and integrity, and subsequently reelected him to Congress an amazing 22 times.

During his 44 years of service, which began in 1934, George Mahon served with eight Presidents. His influence and knowledge were great assets as he strived for better Government. Upon his election to Congress 50 years ago, he worked vigorously for 5 years for an appointment to the Appropriations Committee. And as with many things in his life, he would reach a goal, as he later served as chairman of the Appropriations Committee for almost 15 years. He also was one of the few members involved with the Manhattan Project, so vital to our Nation's defense.

George Mahon took to heart the words, "Public Servant." Everything he did, he did for the best of the country. I'm proud to say he was a conservative Democrat. Mr. Mahon supported a strong defense and opposed Government waste and too much Government spending. His astute spending observations were good public policy then, and still are today. It would be a tribute to his foresight and philosophy if those of us here today would have the strength to strive for the same goals.

I had the honor and the privilege to have Mr. Mahon as my constituent these last few years. Upon retirement, he moved back to his beloved Mitchell County, back to Colorado City near Loraine, where he spent his childhood. In previous meetings with Mr. Mahon, before I came to Washington and after, I always left inspired and impressed by his comments, his compassion, his courage. He always allowed a man or woman their say. He would listen, think about what was said and then make his decisions. The man was fair. We would all benefit if we only had more like him. Texas, our world, and this Congress, has incurred a mighty loss.

The people in west Texas respected and loved him very much. In fact, they are in the process of erecting a bronzed bust of him in the heart of Colorado City, where ceremonies are scheduled for Jan. 9. The memorial is being made possible by donations from local citizens, who knew how special he was and now want to keep his memory alive. May we remember Mr. Mahon as the great leader he proved to be. He dedicated his talents to public service and devoted his life to America.

I extend my deepest sympathy to his very special wife, Helen, their daughter and his family.

Mr. ADDABBO. Mr. Speaker, I note with great sorrow the passing of a good friend and former colleague George H. Mahon. I had the privilege of serving many years on the Appropriations Committee during his tenure as chairman. Over the years, I sought his advice and counsel on many occasions and always came away impressed by the man's wisdom and genuine good nature.

For 44 years George Mahon served the people of west Texas with distinction and integrity. During that time, and especially after assuming the chairmanship of the Ap-

propriations Committee in 1964, his talents and energy were of great benefit to the Nation.

In his capacity of chairman of the Appropriations Committee he often dealt with difficult and controversial issues. Because of his leadership and the esteem of his colleagues, he was able to handle sensitive matters fairly and defuse potential crises before they developed.

Under his leadership all points of view received proper attention and consideration. As a member of his committee, whether my views were eventually adopted or rejected, I never walked away without feeling that my opinions had been given a fair hearing and proper attention. This trait of George Mahon's role as a leader is one that I have continually tried to emulate in my work in Congress.

I wish to extend my sincere condolences to his widow, Helen, and their daughter and grandchildren. They can take comfort in the knowledge that in his 44 years in Congress, George Mahon left his mark not only on those who were fortunate enough to have known him personally, but on the Nation. He will be missed, but the Congress and the country are better for his having been here.

Mr. CHAPPELL. Mr. Speaker, it is with deep sadness that I participate in this special tribute on the passing of our dear colleague and my esteemed former chairman, George A. Mahon.

His selfless dedication as a public servant has been a model for leadership for all who follow and has helped to keep our Nation secure as a democracy. We, who worked so closely with him, will greatly miss him, but his memory and his legacy will forever enrich our lives and those of future generations.

Born the son of a poor cotton farmer in a little fourth class post office long since abandoned, Mahon rose to become one of the most powerful Members of Congress as chairman of the House Appropriations Committee. In that capacity, and earlier as chairman of the Defense Appropriations Subcommittee, the representative from the 19th Congressional District near Abilene, TX, served as a champion of defense and a leading advocate of pay-as-you-go Government spending for all Federal programs. He was a staunch proponent of military preparedness, yet adamant that every defense dollar be carefully and wisely spent.

Big government was an anathema to Mahon, who many times had to temper his less deliberative colleagues' inclination to jump on the bandwagon for new, untested programs and innovations without regard to budgetary impact.

In describing his philosophy, he once explained:

I like to think of myself as a believer in fiscal restraint, with a realistic grasp of the Nation's needs. I'm not so opposed to programs, as I am to the indifference on the part of so many people to what they want. Programs are fine as long as the country is willing to come forth with the money to pay for them.

I was privileged to serve as a member of the Appropriations Committee for the 6 years before Chairman Mahon's retirement in 1978. Always, his capacious memory, his mastery of detail, his judiciousness, his bipartisanship and southern-honed courtesy were an inspiration to myself and all others who had the fortune to work with him.

Though he was a giant in Congress, Mahon shunned the trappings of power and official Washington, choosing instead to live as simply and frugally as the policies he espoused. He was, indeed, as typically American as the people back home whom he served so well and diligently for 44 years—pious, modest, abstemious, earthy, and devoutly Christian.

On the occasion of Mahon's retirement and return to his Texas farm, political chronicler George Will observed:

* * * he can take leave of government serene in the knowledge that the government is better than it would have been if he had not come to it and that he is as good a person as when he came.

Amen. I do not know of a finer tribute that could be paid to a public servant.

I extend my deepest sympathies to his wife, Helen; his daughter, Daphne; and to his three grandchildren.

Mr. FASCELL. Mr. Speaker, one of the most outstanding individuals to have served in this body left us just prior to the Thanksgiving recess. George H. Mahon of Texas, who presided over the House Appropriations Committee as chairman for 14 years, died on November 19 at a hospital in San Angelo, TX, after an apparent heart attack. He was 85.

George Mahon was the quintessential self-made man—the son of a poor Texas cotton farmer, who represented the 19th Congressional District near Abilene for 44 years, before retiring in 1978.

In 1943, George Mahon was elected the first representative from that newly created district. When he arrived in Washington, another Texan who came from a similar background, Lyndon Johnson, was still a congressional staffer. While Johnson eventually rose higher in the political hierarchy, Mr. Mahon, in the words of the Washington Post "was building a reputation for steadfastness unmarked by great personal ambition."

Above all, Mr. Speaker, George Mahon was a product of the House of Representatives, and he was a major power here for over a decade and a half. The House was his main concern, and he did not view it as a major steppingstone to some higher political office. As a result, he had a major influence on such issues as the B-1 bomber and the role of our intelligence agencies. He was the rough-hewn Texas traditionalist who placed the interests of his country above all other interests. And in so doing, he won friendship, the admiration, and especially the respect of his colleagues.

Mr. Speaker, to George Mahon's beloved widow, Helen, to his daughter Daphne Mahon Holt, and his three grandchildren I extend my deepest sympathy—together with my great admiration for this outstanding Texan's service to this body and the Nation.

Mr. HUGHES. Mr. Speaker, it is with a deep sense of sadness and loss that I join my colleagues in paying a final tribute to our respected colleague, George H. Mahon.

I feel fortunate to have had the opportunity to serve with George. Working with him was a true learning experience in efficient and effective lawmaking. George had an exceptional talent for getting things done. He had a deep dedication to the preservation of our Nation's national security and the the same time, to the prudent and most effective use of our defense funds. As chairman of the powerful Appropriations Committee for 14 years. George kept a watchful eye out for excessive and irresponsible spending bills—determined not to let one pass out of committee.

As one of the most staunch supporters of pay-as-you-go budgeting, George was effective in controlling the cost of the Federal Government. With our current budget deficits running at over $200 billion, Congress would do well to replicate the sapient legislative style of this formidable and able legislator.

George Mahon's friendly and courteous demeanor earned him not only the respect of his colleagues, but the trust as well. No matter how busy Chairman Mahon was, he always made time to answer even the most rudimentary questions posed to him by new Members. I will never forget the many sage words of advice George gave me during my first years in office.

I know that I am not alone when I say that George will be greatly missed. I am proud to have had the opportunity to have served with him, and wish to extend my sincere condolences to his family.

Mr. GILMAN. Mr. Speaker, I am pleased to join with my colleagues in paying homage to a true gentleman and a distinguished Member of Congress, the late George H. Mahon of Texas.

I had the honor of serving as George Mahon's colleague during the final 3 of his 23 terms in Congress. By that time, he had already become a living legend in the Halls of the Capitol, well known for his quiet integrity and his dedication to public service.

Congressman Mahon was well qualified to serve in Congress when he was first elected to this august body in 1934. He had already served as a county attorney and as a district attorney.

In the House, George Mahon earned the respect of his colleagues on both sides of the aisle prior to his becoming chairman of the House Appropriations Committee in 1964. In that capacity, his respect grew to even greater heights, as we all came to know his fairness and his compassion.

With the passing of George Mahon last month, one of the towering figures of 20th century legislative history has been lost. The passing of George Mahon was not a loss just to his family, friends and loved ones, or to his neighbors in western Texas, it was a loss to all students of compassionate and caring Government.

One of the lessons to be learned from George Mahon's life was his consistent cry for responsible defense spending. Although none of us can question his strong and firm commitment to a strong national defense, we are aware that George Mahon was also the first to criticize Government waste and inefficiency wherever and whenever he found it. In fact, Congressman Mahon, along with the late President Eisenhower, did more to personify efficient defense spending than any other political leader in the past half century.

Although we mourn the death of George Mahon at the age of 85, we can all learn much by studying the life and the career of this outstanding gentleman from western Texas.

Mr. ANNUNZIO. Mr. Speaker, I rise in tribute to the Honorable George Herman Mahon, former Member of Congress from the State of Texas, and distinguished chairman of the House Appropriations Committee, who died on November 19, at the age of 85, after a long and distinguished career in public service. His respect and understanding of the House of Representatives as an institution and his commitment to the needs of his constituents are reflected in his many accomplishments during the 44 years he served as a Member of the House of Representatives.

George Mahon received his law degree from the University of Texas, and served as district attorney for several years before coming to Congress. Elected in 1934 to the 74th Congress to represent the 19th Congressional District of Texas, he began to compile an outstanding record of achievement as a Member of the House of Representatives.

In 1964, Congressman Mahon became chairman of the House Appropriations Committee, a position he was to hold for 14 years, until his retirement at the conclusion of the 95th Congress. As chairman, he was well known for his tireless battle to control runaway Federal spending, as well as his efforts to cut needless and wasteful military expenditures by our Government.

George Mahon was a man devoted to the people of his district, to his State, and to his country. He was a Congressman of great ability, deep compassion, and courage, and these qualities not only earned him the respect of his colleagues, but also endeared him to his constituents in the 19th Congressional District of Texas whom he served with dedication and devotion to the highest principles.

Mr. Speaker, Mrs. Annunzio and I extend our deepest sympathy to the members of his family who survive him.

Mr. HORTON. Mr. Speaker, I would like to commend the gentleman from Texas, my close friend JACK BROOKS for requesting this special order to honor our former colleague George H. Mahon.

Many good men and women come to serve in the House of Representatives. A select few of them make a mark on history. George Mahon was one such individual. When I was elected to Congress in 1962 George had nearly three decades of service in Congress behind him. My respect and admiration for this extraordinary man continued to grow as I observed his dedication, knowledge, integrity, and leadership.

George served in this body for 44 years and ably chaired the Appropriations Committee for 14 years. He served longer as chairman of the Appropriations Committee than any man in history.

George was an outstanding gentleman; no one was more admired and respected. He was a statesman and a patriot of the highest caliber. Now, with the news of his death, comes the realization that we do not have his great force of personality and eloquence to look forward to anymore.

To his family, Nancy and I wish to express our deep sympathy and sorrow. We extend our love and heartfelt sympathy to George's lovely wife Helen and to his daughter. I am proud to participate in this tribute to a great American and conclude by saying we will all miss him very much.

Mr. COUGHLIN. Mr. Speaker, I rise to associate myself with the remarks of those who have spoken in tribute to one of the most esteemed Members in the history of this House, the late George H. Mahon. During 44 years of unparalleled service, the chairman of the Defense Appropriations Subcommittee, the chairman of the full Appropriations Committee, and the dean of the House, was the soul of tact, justice, and firmness, and a gentleman of courtesy and integrity. It was that nice sense of personal honor which credibly reflected, not only on Chairman Mahon, but on the House of Representatives as an institution.

A master of the Federal budget and its complexities, it is virtually impossible to measure the caliber and amount of Chairman Mahon's contributions. Although he is perhaps best identified as the champion of an adequate defense of this Nation, his knowledge of and participation in other areas was equally great. It was a pleasure to serve with him on the Appropriations Committee, especially since he was so fair and evenhanded to the minority.

In addition to being a model legislator, Chairman Mahon had many wonderful personal qualities as well. He loved to sing and could often be found in a group gathered around the piano. In addition to his interest in literature and art, he was an avid bridge player and a golfer. In short, a well-rounded gentleman who's labor in Congress was work well done. We are all the richer for it.

Susan and I extend our sympathy to Chairman Mahon's wife, Helen, and to his daughter. The House of Representatives, and, indeed, the United States, has lost a dear friend and an outstanding leader. He shall be missed.

Mr. BROOKS. Mr. Speaker, I yield back the balance of my time.

GENERAL LEAVE

Mr. BROOKS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

CREATION OF THE INSTITUTE FOR ILLINOIS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois [Mr. BRUCE] is recognized for 60 minutes.

GENERAL LEAVE

Mr. BRUCE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the subject of my special order.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. BRUCE. Mr. Speaker, I rise today to share with my House colleagues a unique initiative that the Members of the Illinois delegation have developed to help form public policies conducive to economic growth in Illinois. The Members recently created a special, nonprofit organization, the Institute for Illinois, to help seek long-term solutions to the economic problems currently plaguing the State. From the information available to me, this is the first time an organization like the Institute for Illinois has ever been created by a State's congressional delegation.

As you are well aware, Illinois always has held a commanding position in this country's economic and political circles. Our outstanding universities and institutions for higher learning have received public acclaim for their research and practical training. The State's geographic location has always made it a hub for commerce, and its rich soil has made it a "breadbasket" for the world.

Unfortunately, many areas and industries in Illinois are now going through a difficult economic transition from the smokestack to the high technology era, with an accompanying deep recession and incalculable human hardships. Many of Illinois' 102 counties have unemployment rates higher that 10 percent, and still more have rates above the national average. In my own 19th District, the rates are even more staggering. The unemployment rate in White County is 20.8 percent; in Lawrence County, the unemployment rate is 20.5 percent; in Edgar and Hamilton Counties, the rates are over 16 percent. In all, 15 of the 18 counties I represent still have depression level, double-digit unemployment. Furthermore, Illinois citizens consistently have paid more in Federal taxes than the State has received back from the Federal Government. Census Bureau data reveals that the State receives approximately 75 cents for every tax dollar it sends to Washington, ranking it near the very bottom in this category. This profile appears

even worse when one considers funding that adds to long-term economic growth potential such as research grants, procurement contracts, and infrastructure spending.

The Members of the Illinois delegation felt that more could be done. The State needed greater representation on Federal decisionmaking councils, a longer range economic development focus particularly to expand its technological base, and a more cooperative, less partisan, spirit to weave a stronger fabric for solutions. In this context, the Institute for Illinois was established.

The institute's mission is to advance Illinois' interests within the Congress and the Federal Government regarding economic development. It seeks to look toward the future, yet be "results oriented." The institute is mandated to foster a strategic vision for Illinois' best interests by working closely with persons from all sectors of the State's economy as well as to identify opportunities for Federal support. While the institute will not attempt to influence the decisions of the individual members, it is expected to provide high quality information needed to make informed policy choices for Illinois.

Financial support for the institute will not come from tax dollars but from foundation, corporate, and private giving within Illinois. The initial response has been most encouraging, with the institute receiving contributions comprising more than two-thirds of its first operating budget. Contributors include: The MacArthur Foundation, the Sundstrand Corporation Foundation, the Amoco Foundation, the Archer-Daniels-Midland Foundation, Midcon, and the Kemper Group.

Additionally, for technical work on major projects, the institute will borrow staff from Illinois firms, universities, and research groups. I am delighted that the University of Illinois, whose main campus is in my district, already has made a commitment for such assistance to the institute.

In determining its initial agenda, the institute has selected three projects encompassing quite different geographic parts of Illinois and its economy. Possibly, of even greater significance, these projects are located in three different congressional districts.

As one of the institute's original incorporators and serving on its board of directors, I have been impressed by the cooperative spirit and harmonious working relationship that has grown between Republicans and Democrats, between conservatives and liberals, and between senior and junior Members with regard to this project. Representatives from Illinois State and local government, adademia, and the business community have added considerable support and enthusiasm for the institute.

To advance Illinois' long-term economic goals within the Federal system will require cooperation, hard work, intelligence, and perseverance. New ideas and novel approaches will be necessary. The Institute for Illinois offers such a possibility to help foster a healthier and more stable economy for the State's citizens.

Mr. Speaker, I yield to the gentleman from Illinois [Mr. GROTBERG].

Mr. GROTBERG. Mr. Speaker, the Institute for Illinois is an innovation that sets Illinois apart as a leader in cooperation between the two sides of the aisle, united in a common commitment to place Illinois on the cutting edge of technology with an eye toward building Illinois economically and ensuring that our great State gets its fair share of Federal dollars. Already, we have made great strides toward making this idea a reality. Contributions to this private foundation have been coming in. This is money very well spent, because by pooling the resources of the entire delegation under the umbrella of the Institute for Illinois, we can achieve jointly what might not be possible unilaterally or in small, partisan groups. If Illinois is to prosper, it will take the work of many minds and the support of many individuals, companies and foundations. The Institute for Illinois draws all of these interests together for the betterment of our State.

At this time, I can see no better project for the institute than working to ensure that the superconducting supercollider remains a high priority for the Department of Energy and the administration. For many years, the United States has dominated the field of high energy and subatomic research. But our preeminence in the field is now threatened by advances made by the European scientific community, particularly at the Cern accelerator in Geneva, Switzerland. Now, the Federal Government and American scientists have proposed the construction of the world's largest particle accelerator, the SSC. Many States have expressed interest in being chosen for the site of the SSC. I, of course, would like to see Fermilab in Illinois chosen as the location for what will be the largest scientific project in history and I fully expect the Institute for Illinois to support the Fermilab site 100 percent. But before we can even discuss the site, we must convince the Department of Energy and the administration to support and approve SSC construction. Presently, scientists at Fermilab and in Europe are closing in on a fundamental understanding of the origins of the universe. As Dr. Leon Lederman, the director of Fermilab said, "The supercollider will be the most sensitive probe ever to test our basic understanding of the very nature of space and time." Further, he said, "In weighing the cost of the supercollider, our decisionmakers must not lose touch with history. If at any stage, for whatever reason, we had abandoned the road to research in particle physics, progress in other sciences and science-based technologies would have been immeasurably more difficult. This applies to semiconductors and transistors, quantum optics and lasers, supercomputers, biotechnology, space science and so on."

One thing I have learned in my years is that science crosses national borders. The SSC will become an international mecca of science, drawing the great minds of the world to one place to study and work in peace. The United States, as a leader in the scientific world, must move forward and have the courage to remain on the leading edge of scientific research, announcing to the world that we will not stand back and allow knowledge to pass us by. We must send a message to our children that they need not fear a career in physical science because the tools of their research will be there. Again I quote Dr. Lederman. "Opportunities for significant progress must fit comfortably within a scientific lifetime. In the case of high-energy physics, a much longer delay in the supercollider will surely compromise this requirement, as high-energy physicists drown in speculative literature with only distant vistas to confronting this speculation."

The Institute for Illinois is unique, and it is in the unique position to draw together the diverse interests of the Illinois delegation and form one voice, whether for the betterment of Illinois or the United States. The superconducting supercollider is the perfect example of a project that can be propelled forward by the efforts of the Institute for Illinois. There are countless others that undoubtedly will lead the Institute for Illinois to great victories on behalf of the people of the State of Illinois.

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In closing, I would like to thank, first of all, my fellow Members of the Illinois delegation. There are 22 great souls who work hard for our State and for our Nation and, hopefully, for their local districts. But on this matter we stand united, and we are proceeding in a unified manner to bring to the Nation of the United States a proposal for future scientific development for the siting, which is way downstream, comes long after the scientific community agrees that there will be such an SSC, and certainly the Institute for Illinois, who will be working at rejuvenating steel mills, working in the district of the Congressman who spoke before me, to do research and coal and all the marvelous things to bring Illinois back to that great seat of employ-

ment and seat of prosperity that it was just a short few years ago.

Mr. BRUCE. I thank the gentleman for his comments. I think his statements concerning the superconducting supercollider are certainly timely, and that the project is one of the first things the Institute for Illinois will be taking on. I think we should thank the Members of the Illinois delegation, both Democrat and Republican, who have pulled together to establish a new way for Illinois to put its best foot forward and try to move into the future. New jobs are going to be created, and this institute can be used as the springboard to make sure that Illinois gains many of those new jobs.

Mr. GROTBERG. If the gentleman will yield for a short colloquy on this matter, it comes to my mind that we have a highlight tomorrow. Like every delegation here, once in a while our Governor comes to town. But that reminds me that there are many behind us in Illinois besides the list that the gentleman read off of the members of the institute and the donors, but the State of Illinois, through its department of commerce and community affairs, through its energy department, is a mini-United States and very well organized and is throwing its full shoulder behind the developments that need Federal assistance. We in turn are a Washington delegation trying to do what we can to make sure that happens. But you and I have both served in that wonderful place in Illinois where things happen at the State level, and now they are looking to us. Does the gentleman have any reflections on the ability of the State of Illinois to follow through on any of the projects that he has mentioned or the support thereof?

Mr. BRUCE. I think we are all looking forward to the visit of our Governor tomorrow. He is going to outline for us how the institute might cooperate, particularly in the landing of the SSC in the State of Illinois, and also give us a general idea on how research laboratories located throughout the State can be incorporated more into our thinking, as well as the great university system that has been developed in the State of Illinois, with the University of Illinois in my own district, in Chicago and the other fine institutions located in some 59 community colleges. They all should be placed into the harness with the Institute for Illinois, along with the department of commerce and community affairs, local bank, and other entities in Illinois to bring some sort of economic resurgence. Again, it is unique, that our congressional delegation has seen the need to have some sort of continuing entity that says, "What other projects are floating around?" And the gentleman has certainly brought before our delegation time and time again the question of Fermilab and Argonne Laboratory and the need for assistance.

Mr. GROTBERG. If the gentleman will yield, the gentleman has also brought to our delegation—and we all share in that—the problems of southern Illinois and the forever problem of clean coal and what it would mean to find a way to be able to use Illinois coal more profitably throughout these United States and ship it out instead of importing coal into Illinois, low sulfur. Again, the heartbreak of the industrial heart of Illinois is the heartbreak of the south side and the former smokestack areas of Chicago and parts all over the gentleman's district and my district. What greater cause is there than to try to do something without just sending money but to build and bootstrap our way back?

Mr. BRUCE. Having both served in the Illinois State Senate, I think it is unique in our delegation to see the type of cooperation, not only within the House membership but with our two U.S. Senators, and the existence of our regular delegation meetings. The gentleman mentioned southern Illinois and the fact that I brought up the subject of the supercomputer and the funding needed for the University of Illinois. The Members of the other side, particularly the minority leader, have been of absolutely great assistance to each of us, both freshmen, in trying to make sure that our projects moved.

Last week one of the members of our delegation, Mr. O'BRIEN, was instrumental in the Appropriations Committee in making sure that Illinois' education system received funding for the National Reading Center. This is just a continuing list of instance when we received assistance. The minority leader, furthermore, has been helpful in regard to agricultural research in the Peoria area. He comes to the delegation and indicates where we ought to be moving our minds so that we can attract new industry in the State of Illinois. We did not have that kind of cooperation, I believe, in the State senate, where we would sit down, Democrat and Republican, liberal and conservative, new members, old members——

Mr. GROTBERG. The gentleman and I did, but not everyone did.

If the gentleman will yield further, the gentleman touches upon the educational gold mine that is the university system of Illinois, public and private. The untapped resources to apply to almost every work that needs to be done to advance mankind is within our State, and we are not the only State that has a lot of this capability. I am pleased to be able to share that information with the other 49. There is a tremendous battle on for educational grants, for scientific grants among the university system. It is my understanding from the distinguished chancellor and president of the University of Illinois, if the name is one and the same, of the breakthrough with the huge supercomputer that went to the University of Illinois at Champaign, the Northern Illinois University opening an engineering school, and they want very much to be on the policy committee of the SSC, or whatever projects are good for Illinois. SIU, which is probably one of the older favorite haunts, is in the forefront of many things, along with the private school system, one of which I graduated from and one which has such sad problems at the human services level, George Williams College. The board met today. I do not know the results, but they may not be able to open this coming year. So those of you who have had a university career at one of the public-financed universities, at least you are still in business. Those of us who are alumni of an alma mater which is in dire trouble have yet another problem. I find that I cannot get any Federal help for that. So there are things to advance science, but there are very few resources at the Federal level to keep a college going whose alumni are all essentially human service people, and very few, if any, great donors of significant stature.

Mr. BRUCE. I thank the gentleman for his comments, and I thank the Speaker and the Members for allowing us to discuss the Institute for Illinois and sharing our thoughts about it. I believe it is unique. I believe that other States ought to take a look at it, and we would certainly think that Illinois would be, I hope, breaking new ground and bringing new research dollars into our State.

Mr. RUSSO. Mr. Speaker, let me begin by thanking Representative TERRY BRUCE for organizing this special order today. This is a good opportunity to focus on a change in attitude which is currently going on among Midwestern Members. It took our region a long time to recover from the last recession. However, we have finally rebounded and the business climate is improving daily. This is due to Government officials joining with education and business leaders to develop innovative techniques to encourage economic development in Illinois. The institute for Illinois is our newest and most exciting endeavor. The institute will be a research arm for the State. It will provide a variety of functions all aimed at improving the economic climate of Illinois. First of all, the institute will attempt to increase the level of Federal funding sent back to our area. Currently, we are only receiving a 75-cent return for each tax dollar sent to Washington. Tapping into new sources of funding will provide new jobs and economic opportunities. Second, the institute will be able to track new economic and development trends in an attempt to determine what future demands will be. It is essential that the business community be aware of these needs so that they can correctly

target their service. Currently, the Midwest is going through a period of transition from an economy based on industry to one more oriented toward services. It is vital that we keep aware of these fluctuations so that we can respond accordingly. Last, the institute will be able to analyze long-term issues that might affect economic development in Illinois. By targeting these issues early, we may be able to shape them before they are affected by political overtones. Recently, John Naisbitt, the author of "Megatrends," stated that the Great Lakes region will experience an economic renaissance that will startle traditional economists. This is because the Government, business, and education sectors are working together to make the most of the resources we have available. Illinois has an experienced and educated labor supply; some of the best universities in the country are located in our State; and in addition to our traditional industrial base, we have a growing service sector. Together, these factors provide a diversity of services which will attract new businesses to Illinois and maintain old ones. Beyond these realities, our leaders are trying to look into the future in order to determine what steps should be taken today to reach our goals of a strong economic base and financial security for all our citizens. The institute for Illinois is another step on the path to success. By constantly reaching for new ideas and for new opportunities, Illinois will continue to grow strong economically and achieve our potential as a State.

THE COMPETITIVE EXCHANGE RATE ACT OF 1985

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York [Mr. LAFALCE] is recognized for 10 minutes.

Mr. LaFALCE Mr. Speaker, the bill that I am introducing today is designed to address one of the primary factors behind our disastrous trade deficit—the overvalued and uncompetitive dollar. It is a problem this administration has only recently acknowledged. For years the administration has praised the high dollar as emblematic of our economic leadership. But the inflated dollar has imposed undue competitive pressure and great distress across a broad spectrum of American industry and agriculture. Continuing inequity in currency values will only exacerbate these problems.

I am concerned that we not adopt illusory quick fix solutions to this very complex problem. A real solution must involve many elements. We must seek greater coordination of macroeconomic policy at the international level and work with our trading partners to reform the exchange rate system to correct exchange rate misalignments. We must use intervention in currency markets more effectively to move the dollar to a more competitive level. As we have observed since the G-5 meeting in September, decisive, direct interventions can be a useful part of a broader strategy designed to correct currency misalignments. We also need a serious commitment to deal with our enormous Federal deficit and correct the imbalance in our own fiscal and monetary policy.

But perhaps the key element of any proposal on exchange rate reform must be increasing the accountability of the President for the impact of exchange rates on trade competitiveness and the policy initiatives necessary to correct the exchange rate problems we face. The Secretary of the Treasury is the administration's top policymaker for domestic and international economic issues. He also makes the decisions on U.S. intervention in exchange markets. At least until the United States stops running up large foreign debts, the Treasury Secretary should appear before Congress to present his strategy for bringing the dollar to a level that assures trade competitiveness for American industry and agriculture. He should have to set goals for the dollar's value to make U.S. producers competitive and propose measures to bring the dollar to those levels—or justify why they cannot be achieved. Such proposals should include changes in domestic policy—including Government revenues, spending, savings and investment, and monetary policy—designed to reduce our current dependence on foreign borrowing. The Secretary should also be required to report on his efforts internationally to obtain cooperation in bringing the dollar to a competitive level and reforming the international exchange rate system.

The administration wants to begin new international negotiations on trade as soon as possible—in the GATT or elsewhere if necessary. Since the exchange rate presents our largest single trade problem today, we must recognize that international negotiations to resolve our trade problems have to address the exchange rate issue as well. There are no simple solutions, but the GATT issues have no simple solutions either.

I believe the proposal I am advancing would restore an exchange rate of the dollar that assures trade competitiveness for American industry and would help achieve more stable trade and current account balances. Specifically, it would: First, increase the accountability of the President for the impact of exchange rates on trade competitiveness by stringent reporting requirements; second, establish a U.S. Advisory Commission on Exchange Rate Reform that would recommend to the President and Congress reforms in domestic and international economic policy designed to correct exchange rate misalignments, stabilize the dollar at a competitive level, and prepare for international negotiations to reform the exchange rate system; third, direct the President to enter into international negotiations with other countries to reform the exchange rate system; and fourth, urge strategic and internationally coordinated government intervention in currency markets when appropriate to adjust the value of the dollar to competitive levels and create an institutional mechanism for use as part of such a strategy.

I welcome the support of my colleagues.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. MCKINNEY (at the request of Mr. MICHEL), for today, on account of illness.

Mrs. ROUKEMA (at the request of Mr. MICHEL), for today, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. BILIRAKIS) to revise and extend their remarks and include extraneous material:)

Mr. GINGRICH, for 60 minutes, December 3.

Mr. GINGRICH, for 60 minutes, December 4.

Mr. GINGRICH, for 60 minutes, December 5.

Mr. IRELAND, for 5 minutes, December 4.

Mr. BURTON of Indiana, for 30 minutes, today.

(The following Members (at the request of Mr. PENNY) to revise and extend their remarks and include extraneous material:)

Mr. PEASE, for 5 minutes, today.

Mr. PENNY, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. NELSON of Florida, for 5 minutes, today.

Mr. LAFALCE, for 10 minutes, today.

Mr. FLIPPO, for 30 minutes, December 5.

Mr. RANGEL, for 60 minutes, December 12.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. HAWKINS of California, and to include extraneous matter notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $1,287.50.

Mr. RAHALL, in support of H.R. 1562, following the gentleman from Arizona [Mr. UDALL] in the House, today.

Mrs. SCHNEIDER, during general debate on H.R. 3700, in the Committee of the Whole, today.

Mr. EDWARDS of California, on the amendment to H.R. 3700 offered by the gentlewoman from California [Mrs. BURTON], in the Committee of the Whole, today.

Mrs. BOXER on the amendment to H.R. 3700 offered by Mrs. BURTON of California, in the Committee of the Whole, today.

Mr. REGULA, in support of the Tauke amendment to H.R. 3700, in the Committee of the Whole, today.

Mr. BIAGGI, on the amendment to H.R. 3700, offered by Mrs. BURTON of California, in the Committee of the Whole, today.

(The following Members (at the request of Mr. BILIRAKIS) and to include extraneous matter:)

Mr. VANDER JAGT in two instances.
Mr. SWINDALL.
Mr. MCKERNAN.
Mr. YOUNG of Alaska.
Mr. SHUMWAY.
Mr. LAGOMARSINO in two instances.
Mr. GILMAN in two instances.
Mr. SAXTON.
Mr. MCMILLAN.
Mr. LEWIS of California.
Mr. ROWLAND of Connecticut.
Mr. O'BRIEN.
Mr. WEBER.
Mr. BEREUTER.
Mr. COURTER.
Mr. MCEWEN.
Mr. DORNAN of California.
Ms. SNOWE.
Mr. HANSEN.

(The following Members (at the request of Mr. PENNY) and to include extraneous matter:)

Mr. RICHARDSON.
Mrs. BURTON of California.
Mr. CLAY in three instances.
Mr. WIRTH.
Mr. SYNAR.
Mr. EDWARDS of California.
Mr. FASCELL.
Mr. SCHEUER.
Mr. SMITH of Florida.
Mr. DOWNEY of New York.
Mr. LEHMAN of Florida.
Mr. KANJORSKI in three instances.
Mr. ACKERMAN.
Mr. DIXON.
Mr. ASPIN.
Mr. BRUCE.
Mr. STARK.
Mr. MATSUI.
Mr. NICHOLS.
Mr. GARCIA.
Mr. FLORIO.
Mr. DYSON in two instances.
Mr. DYMALLY.
Mr. HERTEL of Michigan.
Mr. COLEMAN of Texas.
Mr. GUARINI.
Mr. VENTO.
Mr. HUBBARD.
Mr. ERDREICH.

BILLS AND A JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee did on the following day present to the President, for his approval, bills and a joint resolution of the House of the following title:

On November 27, 1985:

H.R. 1714. An act to authorize appropriations to the National Aeronautics and Space Administration for research and development, space flight, control and data communications, construction of facilities, and research and program management, and for other purposes.

On December 3, 1985:

H.R. 1806. An act to recognize the organization known as the Daughters of Union Veterans of the Civil War 1861-1865;

H.R. 3327. An act making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1986, and for other purposes;

H.R. 3235. An act to authorize the Administrator of the National Aeronautics and Space Administration to accept title to the Mississippi Technology Transfer Center to be constructed by the State of Mississippi at the National Space Technologies Laboratories in Hancock County, MS; and

H.J. Res. 459. Joint resolution reaffirming the friendship of the people of the United States with the people of Colombia following the devastating volcanic eruption of November 13, 1985.

ADJOURNMENT

Mr. BRUCE. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 43 minutes p.m.), under its previous order the House adjourned until tomorrow, Wednesday, December 4, 1985, at 11 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2326. A letter from the Director, Selective Service System, transmitting the semiannual report on the operation of the system, pursuant to the act of June 24, 1948, chapter 625, section 10(g) (65 Stat. 87; 81 Stat. 105); to the Committee on Armed Services.

2327. A letter from the Auditor, District of Columbia, transmitting a report entitled "Auditor's Review of Consultant Contracts Awarded by the Office of the President From August 1983 Through April 1985," pursuant to Public Law 93-198, section 455(d); to the Committee on the District of Columbia.

2328. A letter from the Auditor, District of Columbia, transmitting a report entitled "Auditor's Review of University of the District of Columbia's Residence Accounts and Expenditures," pursuant to Public Law 93-198, section 455(d); to the Committee on the District of Columbia.

2329. A letter from the Secretary of Energy, transmitting a report on residential energy conservation financing supply, and installation activities of public utilities, pursuant to Public Law 95-619, sectioin 216(g) (94 Stat. 744); to the Committee on Energy and Commerce.

2330. A letter from the Administrator, Veterans' Administration, transmitting a report on the activities of the Inspector General for the period April 1, 1985, through September 30, 1985, pursuant to Public Law 95-452, section 5(b); to the Committee on Government Operations.

2331. A letter from the Administrator, General Services Administration, transmitting a report on the activities of the Inspector General for the 6-month period ending September 30, 1985, pursuant to Public Law 95-452, section 5(b); to the Committee on Government Operations.

2332. A letter from the Assistant Administrator for Administration and Resources Management, Environmental Protection Agency, transmitting a proposed new records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

2333. A letter from the Deputy Secretary of Defense, transmitting the semiannual report on audit, inspection, and investigative operations in the Department of Defense for the period ending September 30, 1985, pursuant to Public Law 95-452, section 5(b) (96 Stat. 750); to the Committee on Government Operations.

2334. A letter from the National President, Women's Army Corps Veterans' Association, transmitting the report and financial audit, pursuant to 36 U.S.C. 1103; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BEILENSON: Committee on Rules. House Resolution 327. Resolution providing for the consideration of House Joint Resolution 465, joint resolution making further continuing appropriations for the fiscal year 1986, and for other purposes (Rept. 99-407). Referred to the House Calendar.

Mr. MOAKLEY: Committee on Rules. House Resolution 328. Resolution providing for the consideration of House Joint Resolution 192, joint resolution to designate April 24, 1985, as "National Day of Remembrance of Man's Inhumanity to Man" (Rept. 99-408). Referred to the House Calendar.

Mr. HALL of Ohio: Committee on Rules. House Resolution 329. Resolution providing for the consideration of H.R. 3525, a bill to amend title 3, United States Code, to establish uniform regional poll closing times in the continental United States for Presidential general elections (Rept. 99-409). Referred to the House Calendar.

Mr. DERRICK: Committee on Rules. House Resolution 330. Resolution providing for amending the Senate amendment to, and requesting a conference on, H.R. 3128, a bill to make changes in spending and revenue provisions for purposes of deficit reduction and program improvement, consistent with the budget process (Rept. 99-410). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CONYERS (for himself, Mr. GEKAS, and Mr. BOUCHER):

H.R. 3837. A bill to extend the deadline for the submission of the initial set of sentencing guidelines by the U.S. Sentencing Commission, and for other purposes; to the Committee on the Judiciary.

By Mr. ROSTENKOWSKI (for himself, Mr. PICKLE, Mr. RANGEL, Mr. STARK, Mr. JENKINS, Mr. GEPHARDT, Mr. DOWNEY of New York, Mr.

HEFTEL of Hawaii, Mr. FOWLER, Mr. GUARINI, Mr. RUSSO, Mr. PEASE, Mr. MATSUI, Mr. ANTHONY, Mr. FLIPPO, Mr. DORGAN of North Dakota, Mrs. KENNELLY, Mr. DONNELLY, Mr. COYNE, Mr. GRADISON, and Mr. MCGRATH):

H.R. 3838. A bill to reform the internal revenue laws of the United States; to the Committee on Ways and Means.

By Mr. LAFALCE:

H.R. 3839. A bill to restore an exchange rate of the dollar that assures trade competitiveness for American industry and to achieve more stable trade and current account balances; to the Committee on Banking, Finance and Urban Affairs.

By Mrs. COLLINS:

H.R. 3840. A bill to amend the Airport and Airway Improvement Act of 1982 to require that at least 10 percent of all funds authorized for airport development be expended with minority business enterprises; to the Committee on Public Works and Transportation.

H.R. 3841. A bill to amend the Airport and Airway Improvement Act of 1982 to require that at least 10 percent of businesses that sell food, beverages, printed materials, or other consumer products to the general public at each airport receiving Federal assistance be owned and controlled by minority business enterprises; to the Committee on Public Works and Transportation.

By Mr. FOGLIETTA (for himself, Mrs. BOGGS, and Mr. CRANE):

H.R. 3842. A bill to designate September 17, 1987, the bicentennial of the signing of the Constitution of the United States, as "Constitution Day", and to make such day a legal public holiday; to the Committee on Post Office and Civil Service.

By Mr. FRANK:

H.R. 3843. A bill to amend the copyright law respecting the limitations on exclusive rights to secondary transmissions; to amend the Communications Act of 1934 respecting retransmission of programs originated by broadcast station; and for other purposes; jointly, to the Committees on the Judiciary and Energy and Commerce.

H.R. 3844. A bill to amend title XVIII of the Social Security Act to eliminate the penalty for late enrollments under the medicare program; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Mr. GEJDENSON:

H.R. 3845. A bill to amend title 23, United States Code, to require the Secretary of Transportation to withhold the apportionment of certain Federal-aid highway funds to any State that does not establish parking privileges for handicapped persons, and for other purposes; to the Committee on Public Works and Transportation.

By Mr. MONSON (for himself, Mr. HANSEN, and Mr. NIELSON of Utah):

H.R. 3846. A bill to direct the Administrator of General Services to release certain restrictions contained in a conveyance of land to the State of Utah; to the Committee on Government Operations.

By Mr. McEWEN:

H.R. 3847. A bill to amend the Trade Act of 1974 to eliminate barriers and distortions to trade, to provide authority for a new round of trade negotiations, to promote U.S. exports, and for other purposes; jointly, to the Committees on Ways and Means, Banking, Finance and Urban Affairs, the Judiciary, Energy and Commerce, and Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HUGHES:

H.R. 3848. A bill to remove certain impediments to the licensing of the vessel *Lobster House* for employment in the coastwise and fisheries trades; to the Committee on Merchant Marine and Fisheries.

By Mr. JONES of Oklahoma:

H.R. 3849. A bill for the relief of Fatima Minnie Bibich; to the Committee on the Judiciary.

By Mr. RANGEL:

H.R. 3850. A bill for the relief of Esplanade Gardens, Incorp., and the River Bend Houses; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 38: Mr. PACKARD.

H.R. 385: Mr. DARDEN and Mr. SWEENEY.

H.R. 555: Mr. SOLOMON, Mr. LUKEN, and Mr. SCHUETTE.

H.R. 602: Mr. PACKARD.

H.R. 679: Mr. CRAIG.

H.R. 864: Mrs. LONG and Mr. NICHOLS.

H.R. 979: Ms. KAPTUR, Mrs. MARTIN of Illinois, Mr. TOWNS, Mrs. LLOYD, and Mr. RINALDO.

H.R. 1029: Mr. HUCKABY.

H.R. 1059: Mr. STALLINGS.

H.R. 1258: Mr. DREIER of California.

H.R. 1262: Mr. BOSCO.

H.R. 1294: Mr. SCHUMER.

H.R. 1398: Mr. MOAKLEY.

H.R. 1432: Mrs. BOXER.

H.R. 1436: Mr. DASCHLE, Mr. SPRATT, Mr. OLIN, and Mr. RALPH M. HALL.

H.R. 1457: Mr. DARDEN.

H.R. 1458: Mr. BRUCE.

H.R. 1809: Mr. CONYERS.

H.R. 1918: Mr. MINETA.

H.R. 1920: Mr. BOSCO.

H.R. 1985: Mrs. LLOYD.

H.R. 2093: Mr. HORTON.

H.R. 2127: Mr. TALLON, Mr. DERRICK, and Mr. HARTNETT.

H.R. 2280: Mr. KANJORSKI and Mr. GORDON.

H.R. 2295: Mr. EVANS of Illinois, Mr. SPENCE, and Mr. WEISS.

H.R. 2451: Mr. WHITLEY, Mr. GINGRICH, Mr. EVANS of Illinois, and Mr. CHANDLER.

H.R. 2815: Mr. BLAZ.

H.R. 2840: Mr. BIAGGI.

H.R. 2887: Mr. LAFALCE, Mr. MINETA, Mr. WEISS, Mr. CONTE, Mr. LUNDINE, Mr. HAYES, Mr. IRELAND, Mr. BATEMAN, Mr. DE LA GARZA, and Mr. CLAY.

H.R. 2897: Mr. FIELDS.

H.R. 2943: Mr. DYMALLY, Mr. SWIFT, Mr. ROE, Mr. MORRISON of Washington, Mr. HAMMERSCHMIDT, Mr. HORTON, Mr. MCKINNEY, and Mrs. MARTIN of Illinois.

H.R. 3004: Mr. BROOKS.

H.R. 3006: Mr. MCCLOSKEY.

H.R. 3075: Mr. BEVILL and Mr. LAGOMARSINO.

H.R. 3081: Mr. BEVILL, Mr. LEVIN of Michigan, Mr. JONES of Tennessee, Mr. RALPH M. HALL, and Mr. BROWN of Colorado.

H.R. 3099: Mr. MINETA, Mr. SYNAR, Mr. GILMAN, and Mr. BIAGGI.

H.R. 3131: Mr. MARTINEZ, Mr. ZSCHAU, Mr. BOUCHER, Mr. GLICKMAN, and Mr. HAWKINS.

H.R. 3136: Mr. TOWNS, Mr. CHAPPELL, Mr. ENGLISH, Mr. WATKINS, Mr. KOLBE, Mr. STRANG, and Mr. PEPPER.

H.R. 3190: Mr. KOSTMAYER, Mr. LEVINE of California, Mr. BARNES, Mr. BRYANT, and Mr. TORRICELLI.

H.R. 3204: Mr. MCGRATH and Mr. DIOGUARDI.

H.R. 3259: Mr. ATKINS.

H.R. 3263: Mr. BONIOR of Michigan.

H.R. 3305: Mr. GEJDENSON, Mr. HENDON, and Mr. LANTOS.

H.R. 3349: Mr. MARTINEZ, Mr. ROE, Mr. SUNIA, Mr. SMITH of New Jersey, Mr. BARTLETT, Mr. BLILEY, Mr. KOLTER, Mr. ROWLAND of Connecticut, and Mr. GONZALEZ.

H.R. 3393: Mr. EVANS of Illinois.

H.R. 3410: Mr. VANDER JAGT, Mr. MCCAIN, Mr. RICHARDSON, Mr. WILLIAMS, and Mr. REID.

H.R. 3436: Mr. LEWIS of California, Mr. DANIEL, Mr. VANDER JAGT, Mr. ROBERTS, Mr. GALLO, Mr. BARNARD, Mr. EMERSON, Mr. OWENS, Mr. TALLON, Mr. STENHOLM, Mr. MATSUI, Mr. FOGLIETTA, Mr. CAMPBELL, Mr. VOLKMER, Mr. GINGRICH, Mr. CONYERS, Mr. HAYES, Mr. COATS, Mr. ORTIZ, Mr. WILSON, Mr. STRANG, Mr. GUNDERSON, and Mr. ADDABBO.

H.R. 3438: Mr. TRAFICANT.

H.R. 3465: Mrs. BENTLEY, Mr. MORRISON of Connecticut, Mr. FLORIO, Mr. MOAKLEY, and Mr. KOSTMAYER.

H.R. 3472: Mr. IRELAND, Mr. LIVINGSTON, Mr. ARMEY, Mr. BADHAM, Mr. GALLO, Mr. MCCOLLUM, Mr. MCCAIN, Mr. RALPH M. HALL, Mr. DARDEN, Mr. MARLENEE, Mr. SKELTON, Mr. NICHOLS, and Mr. YOUNG of Florida.

H.R. 3509: Mr. FRANKLIN, Mr. CLAY, Mr. TALLON, Mr. PENNY, and Mr. EMERSON.

H.R. 3521: Mr. MONTGOMERY, Mr. CRAIG, Mr. CLINGER, Mr. VANDER JAGT, Mrs. LLOYD, and Mr. EVANS of Illinois.

H.R. 3576: Mr. DORNAN of California, Mr. COBEY, Mr. TOWNS, and Mr. EDWARDS of Oklahoma.

H.R. 3599: Mr. COBEY and Mr. SUNIA.

H.R. 3600: Mr. FISH, Mr. PORTER, Ms. MIKULSKI, Mr. CHAPMAN, Mr. LAGOMARSINO, Mr. GALLO, Mr. SAXTON, Mr. HUTTO, Mr. DELAY, Mr. DARDEN, Mr. RAY, Mr. PACKARD, Mr. EDWARDS of Oklahoma, Mr. NEAL, Mrs. BENTLEY, Mr. DENNY SMITH, Mr. MCCAIN, Mr. COMBEST, Mr. HUNTER, and Mr. ECKERT of New York.

H.R. 3630: Mr. HAYES, Mr. RITTER, Mr. RODINO, Mr. KANJORSKI, Mr. CLINGER, Mr. GINGRICH, Mr. LEHMAN of Florida, Mrs. COLLINS, Mr. KILDEE, Mr. OBERSTAR, Mr. AUCOIN, Mr. MCHUGH, Mr. DELLUMS, Mr. ECKART of Ohio, Mr. ROSE, and Mr. CROCKETT.

H.R. 3704: Mr. DORNAN of California and Mr. DANIEL.

H.R. 3706: Mr. OWENS and Mr. TOWNS.

H.R. 3715: Mr. FRANK, Mr. LELAND, Mr. LAGOMARSINO, Ms. KAPTUR, Mrs. SCHROEDER, Mr. MITCHELL, and Mr. WEISS.

H.R. 3729: Mr. MYERS of Indiana, Mr. TORRES, Mr. GREEN, Mr. PORTER, and Mr. CROCKETT.

H.R. 3735: Mr. SEIBERLING and Mr. DARDEN.

H.R. 3775: Mr. GRAY of Illinois, Mrs. HOLT, Ms. KAPTUR, Mr. MITCHELL, Mr. LAGOMARSINO, Mr. WEISS, and Mr. SHARP.

H.R. 3777: Mr. LIPINSKI, Mr. ERDREICH, Mr. PRICE, Mr. HUGHES, Mr. MCCLOSKEY, Mr. MARTINEZ, Mr. SEIBERLING, and Mrs. MARTIN of Illinois.

H.J. Res. 7: Mr. COURTER, Mr. MARTINEZ, Mr. DENNY SMITH, Mr. LIPINSKI, Mr.

MICHEL, Mr. FISH, Mr. MCEWEN, Mr. ROEMER, Mrs. LLOYD, and Mr. COMBEST.

H.J. Res. 91: Mr. HOPKINS, Mr. RINALDO, and Mr. SWINDALL.

H.J. Res. 138: Mr. SWINDALL.

H.J. Res. 151: Mr. FRENZEL, Mr. EMERSON, and Mr. KOSTMAYER.

H.J. Res. 207: Mr. TOWNS, Mr. FOGLIETTA, Mr. O'BRIEN, Mr. TORRICELLI, Mr. DIO-GUARDI, Mr. LOWERY of California, Mr. WEISS, and Mr. ROWLAND of Georgia.

H.J. Res. 254: Mr. DOWDY of Mississippi, Mr. SCHEUER, Mr. DYSON, Mr. ACKERMAN, Mr. FISH, Mr. HYDE, Mr. WHEAT, Mr. BONIOR of Michigan, Mr. STOKES, Mr. CROCKETT, Mr. KLECZKA, Mr. MOODY, Mr. HERTEL of Michigan, Mr. JACOBS, Mr. SUNIA, Mr. DASCHLE, Mr. MCCLOSKEY, Mr. STANGELAND, Mr. BRYANT, Mr. MCKERNAN, Mr. PEPPER, Mr. GUARINI, Mr. HAMILTON, Mr. ST GERMAIN, Mr. MORRISON of Connecticut, Mr. BUSTAMANTE, Mr. NOWAK, Mr. CARNEY, Mr. CAMPBELL, Mr. FRENZEL, Mr. SKELTON, Mr. ECKERT of New York, Mr. GRADISON, Mr. MCKINNEY, Mr. HUBBARD, Mr. HORTON, Mr. BEVILL, Mr. PORTER, Mr. SHELBY, Mr. SABO, Mr. LUNDINE, Mr. LATTA, Mr. COURTER, Ms. MIKULSKI, Mr. HUNTER, Mr. MANTON, Mr. GROTBERG, Mr. LIPINSKI, Mr. DORNAN of California, Mr. BORSKI, Mr. SCHUETTE, Mr. HENRY, Mr. LUNGREN, Mr. ASPIN, Mr. SYNAR, Mr. WHITTAKER, Mr. DELLUMS, Mr. COUGHLIN, Mr. MORRISON of Washington, Mr. RUSSO, Mr. BURTON of Indiana, Mr. MCHUGH, Mr. MARTIN of New York, Mr. MOAKLEY, Mr. ANDERSON, Mr. ANTHONY, Mr. FAUNTROY, Mr. NATCHER, Mr. MCDADE, Mr. HOWARD, Mr. LEVINE of California, and Mr. MARKEY.

H.J. Res. 332: Mr. HORTON, Mr. O'BRIEN, Mr. LANTOS, Mr. DWYER of New Jersey, Mr. WORTLEY, Mr. OWENS, Mr. GINGRICH, Mr. SMITH of Florida, Mr. WEISS, Mr. YOUNG of Florida, Mr. HUGHES, Mr. WHEAT, Mr. DAUB, Mr. CROCKETT, Mr. COELHO, Mr. KEMP, Ms. OAKAR, Mr. RANGEL, Mr. HOYER, Mr. LEHMAN of Florida, Mrs. BURTON of California, Mr. FOLEY, Mr. DORNAN of California, Mr. NATCHER, Mr. MOAKLEY, Mr. BENNETT, Mr. MATSUI, Mrs. LLOYD, Mr. PERKINS, Mr. HEFNER, Mr. STOKES, Mr. WYDEN, Mr. TALLON, Mr. WALGREN, Mr. SKELTON, Mr. BIAGGI, and Mr. BERMAN.

H.J. Res. 345: Mr. TRAFICANT, Mr. YATES, Mr. STANGELAND, Mr. WEBER, Mr. MOLLOHAN, Mr. MONTGOMERY, Mr. OBERSTAR, Mr. EDWARDS of Oklahoma, Mr. MCKERNAN, Mr. SABO, Mr. HAMILTON, Mrs. MARTIN of Illinois, and Mr. RAHALL.

H.J. Res. 421: Mr. MARTIN of New York and Mr. NELSON of Florida.

H.J. Res. 440: Mr. DIXON, Mr. FRANK, Mr. JONES of North Carolina, Mr. BROOKS, Mrs. COLLINS, Mr. LEACH of Iowa, Mr. HENDON, Mr. LEVIN of Michigan, Mr. BONER of Tennessee, Mr. HARTNETT, Mr. TALLON, Mr. CAMPBELL, Mr. HOWARD, Mr. SISISKY, Mr. FORD of Michigan, Ms. MIKULSKI, Mr. BRYANT, Mrs. HOLT, Mr. ANDERSON, Mr. MOAKLEY, Mr. HOYER, Mr. SOLARZ, Mr. HANSEN, Mr. LELAND, Ms. OAKAR, Mr. DE LUGO, Mr. YOUNG of Alaska, Mr. WAXMAN, Mr. JEFFORDS, Mr. SCHUETTE, Mr. MARTIN of New York, Mr. MONSON, Mr. FISH, Mr. NIELSON of Utah, Mr. CLAY, Mrs. BENTLEY, Mr. DERRICK, Mr. BARTLETT, Mr. GONZALEZ, Mr. ROSE, and Mr. LEVINE of California.

H.J. Res. 451: Mr. FUQUA, Mr. WEISS, Mr. STRANG, Mr. HUGHES, Mr. VENTO, Mr. YATRON, Mr. LIGHTFOOT, Mr. BOEHLERT, Mr. SEIBERLING, Mr. REID, Mr. WAXMAN, Mr. SCHAEFER, Mr. WHEAT, Mr. SCHEUER, Mr. SHAW, Mr. SILJANDER, and Mr. GORDON.

H.J. Res. 462: Mr. FUSTER, Mr. MATSUI, Mr. OWENS, Mr. ROE, Mrs. BENTLEY, Mr. DYMALLY, Mr. LANTOS, Mr. HOWARD, Mr. WEISS, Mr. JACOBS, Mr. YOUNG of Missouri, Mr. GRAY of Pennsylvania, Mr. NELSON of Florida, Mr. AKAKA, Mr. DELLUMS, Mr. BERMAN, Mr. FROST, and Mr. MARTINEZ.

H. Con. Res. 122: Mr. GROTBERG.

H. Con. Res. 127: Mr. CHAPPIE, Mr. RALPH M. HALL, Mrs. HOLT, Mr. COATS, Mr. RUDD, Mr. BEVILL, Mr. ARMEY, Mr. MONSON, Mr. PORTER, and Mrs. BENTLEY.

H. Con Res. 197: Mr. BEDELL.

H. Con Res. 211: Mr. YATES, Mr. HORTON, Mr. KLECZKA, Mr. SUNIA, Mr. EVANS of Illinois, Mr. FAUNTROY, Mr. WHEAT, Mr. STAGGERS, Mr. ZSCHAU, Mr. MAVROULES, Mr. DELLUMS, Mr. DYMALLY, Mr. WALGREN, Mr. MURPHY, Mr. SCHEUER, Mr. FUSTER, Mr. TORRICELLI, Mr. HEFTEL of Hawaii, Mr. LEHMAN of Florida, Mrs. COLLINS, Mr. GILMAN, and Mr. WORTLEY.

H. Con. Res. 213: Mr. MARTINEZ.

H. Res. 60: Mr. BROOMFIELD, Mr. COURTER, Mr. DENNY SMITH, Mr. ROEMER, Ms. FIEDLER, Mr. DASCHLE, Mr. GALLO, Mr. ROTH, Mr. SHAW, Mr. LUNGREN, Mr. BRYANT, Mr. DANNEMEYER, and Mr. ROWLAND of Connecticut.

H. Res. 268: Mr. ST GERMAIN.

H. Res. 270: Mr. BERMAN.

H. Res. 315: Mr. BATES, Mr. BOULTER, Mrs. COLLINS, Mr. DELLUMS, Mr. HENRY, Mrs. HOLT, Mr. KANJORSKI, Mr. KOSTMAYER, Mr. MARKEY, Mr. MYERS of Indiana, Ms. OAKAR, Mr. OXLEY, Mr. SCHEUER, Mr. WAXMAN, and Mr. MCCAIN.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2817

By Mr. BLILEY:

(As reported by the Committee on Ways and Means.)

—Page 261, strike out line 1 and all that follows through line 13, and insert in lieu thereof the following:

"(2) EQUIVALENT OF INCINERATION.—For purposes of subparagraph (A), a method, technique, or process shall be treated as the equivalent of incineration on land if—

"(A) such method, technique, or process has been shown to achieve a destruction and removal efficiency for the hazardous waste involved at least equivalent to the destruction and removal efficiency applicable to incineration on land, and

"(B) such method, technique, or process meets any applicable detailed performance standards established by the Environmental Protection Agency."

By Mr. MCKERNAN:

(Union Calendar No. 216.)

—Page 365, strike out lines 20 through line 2 on page 366.

—Page 365, strike out lines 23 through 25 and insert in lieu thereof the following:

"503(a), except that any State which on the date of enactment has in effect a statute that requires".

By Mr. VENTO:

(Union Calendar No. 216.)

—Page 45, after line 2, insert the following:

(3) In paragraph (3) insert before the period at the end thereof the following: "; except that if any ground water which is used as a water supply source by any municipality or the residents of any municipality is contaminated as a result of a release of a hazardous substance from a federally owned facility and if the United States is not the only potentially responsible party with respect to such release, money in the Fund, made available pursuant to authorizations of appropriations for fiscal years beginning after September 30, 1986, shall be available for reimbursement of any costs incurred after December 11, 1980, by such muncipality for provision or acquisition of alternative water supplies".

(As reported by the Committee on Energy and Commerce.)

—Page 39, after line 14, insert the following:

(3) In paragraph (3) insert before the period at the end thereof the following: "; except that if any groundwater which is used as a water supply source by any municipality or the residents of any municipality is contaminated as a result of a release of a hazardous substance from a federally owned facility and if the United States is not the only potentially responsible party with respect to such release, money in the Fund, made available pursuant to authorizations of appropriations made by this bill, shall be available for reimbursement of any costs incurred after December 11, 1980, by such muncipality for provision or acquisition of alternative water supplies".

(As reported by the Committee on Public Works and Transportation.)

—Page 445, line 24, strike out "and". Page 446, after line 4, strike out the period and insert in lieu thereof "; and".

(3) In paragraph (3) insert before the period at the end thereof the following: "; except that if any ground water which is used as a water supply source by any municipality or the residents of any municipality is contaminated as a result of a release of a hazardous substance from a federally owned facility and if the United States is not the only potentially responsible party with respect to such release, money in the Fund, made available pursuant to authorizations of appropriations for fiscal years beginning after September 30, 1986, shall be available for reimbursement of any costs incurred after December 11, 1980, by such muncipality for provision or acquisition of alternative water supplies.".

H.R. 3700

By Mr. Richardson:

—Page 649, after line 12, insert the following new title:

TITLE XIII—NATIVE AMERICAN CULTURE AND ART DEVELOPMENT

SEC. 1301. SHORT TITLE.

This title may be cited as the "Native American Culture and Art Development Act".

SEC. 1302. FINDINGS.

The Congress finds that—

(1) Native American art and culture has contributed greatly to the artistic and cultural richness of the Nation;

(2) Native American art and culture occupies a unique position in American history as being our only native art form and cultural heritage;

(3) although the encouragement and support of Native American arts and crafts are primarily a matter for private, local, and Native American initiative, it is also an appropriate matter of concern to the Federal Government;

(4) it is appropriate and necessary for the Federal Government to support research and scholarship in Native American art and culture and to complement programs for the advancement of Native American art and culture by tribal, private, and public agencies and organizations;

(5) current Federal initiatives in the area of Native American art and culture are fragmented and inadequate; and

(6) in order to coordinate the Federal Government's efforts to perserve, support, revitalize, and disseminate Native American art and culture, it is desirable to establish a national Institute of Native American Culture and Arts Development.

SEC. 1303. ESTABLISHMENT OF INSTITUTE.

There is hereby established a corporation to be known as the "Institute of Native American Culture and Arts Development", which shall be under the direction and control of a board of Trustees established under section 1304.

SEC. 1304. BOARD OF TRUSTEES.

(a) COMPOSITION.—(1) The Board shall be composed of 15 voting members and 4 nonvoting members.

(A) The voting members shall be appointed by the Secretary from among individuals from private life who are Native Americans, or other individuals, widely recognized in the field of Native American art and culture and who represent diverse political views.

(B) The nonvoting members shall be as follows:

(i) One member of the House of Representatives appointed by the Speaker of the House of Representatives in consultation with the minority leader of the House of Representatives.

(ii) One member of the Senate appointed by the majority leader of the Senate in consultation with the minority leader of the Senate.

(iii) The President of the Institute, ex officio.

(iv) The President of the student organization of the Institute, ex officio.

(2) In making appointments pursuant to paragraph (1)(A), the Secretary shall—

(A) consult with the Indian tribes and the various organizations of Native Americans;

(B) publish in the Federal Register an announcement of the expiration of terms no less than four months before such expiration;

(C) solicit nominations from Indian tribes and various Native American organizations to fill the vacancies; and

(D) give due consideration to the appointment of individuals who will provide appropriate regional and tribal representation on the Board.

(3) The Speaker of the House of Representatives may recommend individuals to be appointed under paragraph (1).

(D) TERMS OF OFFICE.—(1) Except as otherwise provided in this section, members shall be appointed for terms of six years.

(2) The terms of the Member of the House of Representatives and of the Senator shall expire at the end of the congressional term of office during which such Member or Senator was appointed to the Board.

(3) Of the members first appointed—

(A) five shall be appointed for terms of two years;

(B) five shall be appointed for terms of four years; and

(C) five shall be appointed for terms of six years;

as designated by the Secretary at the time of appointment.

(4) No member of the Board shall be eligible to serve in excess of two consecutive terms, but may continue to serve until such member's successor is appointed.

(c) VACANCIES.—(1) Any member of the Board appointed under subsection (a) to fill a vacancy occurring before the expiration of the term to which such member's predecessor was appointed shall be appointed for the remainder of such term.

(2) If a vacancy occurs prior to the expiration of the term of a member of the Board appointed under subsection (a)(1)(B), a replacement shall be appointed in the manner in which the original appointment was made.

(d) REMOVAL.—No member of the board shall be removed during the period of appointment except for just and sufficient cause.

(e) MEETINGS.—The Board shall hold no more than two regular meetings during any calendar year. Special meetings may be held upon the call of the chairperson or not less than eight voting members of the Board. Meetings of the Board may only be held in Sante Fe, New Mexico, or Washington, D.C.

(f) QUORUM.—Unless otherwise provided by the bylaws of the Institute, a majority of the members of the Board shall constitute a quorum.

(g) ELECTION OF OFFICERS.—(1) During its initial meeting, the Board shall elect a chairperson, vice-chairperson, secretary, and treasurer from among the voting members of the Board appointed under subsection (a)(1)(A), who shall serve for two-year terms and may be reelected to additional two-year terms.

(2) In the case of a vacancy in any position under this subsection, such vacancy shall be filled by an election among such voting members. Any member appointed to fill any such vacancy shall serve for the remainder of any such vacancy shall serve for the remainder of any such unexpired term.

(h) FUNCTIONS.—The Board is authorized—

(1) to formulate the policy of the Institute;

(2) to direct the management of the Institute; and

(3) to make such bylaws and rules as it deems necessary for the adminstration of its functions under this title, including the organization and procedures of the Board.

(i) COMPENSATION.—(1) Except as provided in paragraph (2), voting members and the ex officio members of the Board may receive reasonable travel expenses in accordance with section 5703 of title 5, United States Code, when engaged in the actual performance of the duties vested in the Board.

(2) No Member of the House of Representatives or Senate appointed under this section may receive compensation for performing duties of the Board, except that any such Member or Senator who does not represent the congressional district in which the Institute is located may receive travel expenses, including a per diem allowance, when performing duties of the Board.

(j) REVIEW BY SECRETARY OF INTERIOR.—for so long as any employee of the Institute is covered under title 5, United States Code, the Board (by majority vote) shall submit every final decision to the Secretary of Interior. Each such decision shall become final 30 days after the date of its receipt by the Secretary unless the Secretary disapproves of such decision. The Secretary may only disapprove a decision of the Board for just cause.

SEC. 1305. EXECUTIVE BOARD.

(a) COMPOSITION.—The Board shall have an Executive Board composed of—

(1) the chairperson of the Board;

(2) the vice-chairperson of the Board;

(3) the secretary of the Board;

(4) the treasurer of the Board; and

(5) an at-large member of the Board elected by the Board at its initial meeting.

(b) VACANCIES.—In the case of any vacancy which occurs in the position of at-large member before the expiration of such member's term, the Board shall elect a replacement to complete that term.

(c) MEETINGS.—The executive Board shall hold not more than four regular meetings per calendar year. Special meetings may be held upon the call of the chairperson or three members of the executive Board.

(d) QUORUM.—A majority of the Executive Board shall constitute a quorum.

(e) POWERS.—The Executive Board may hold and use all the powers of the Board, subject to the approval of the Board.

SEC. 1306. GENERAL POWERS OF THE BOARD.

In carrying out the provisions of this title, the Board shall have the power, consistent with the provisions of this title—

(1) to adopt, use, and alter a corporate seal;

(2) to make agreements and constracts with persons, Indian tribes, and private or governmental entities and to make payments or advance payments under such agreements or contracts without regard to section 3324 of title 31, United States Code;

(3) to sue and be sued in its corporate name and to complain and defend in any court of competent jurisdiction;

(4) to represent itself, or to contract for representation, in all judicial, legal, and other proceedings;

(5) with the approval of the agency concerned, to make use of services, facilities, and property of any board, commission, independent establishment, or executive agency or department of the executive branch in carrying out the provisions of this title and to pay for such use (such payments to be credited to the applicable appropriation that incurred the expenses);

(6) to use the United States mails on the same terms and conditions as the executive departments of the United States Government;

(7) to obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code, and to accept and utilize the services of voluntary and noncompensated personnel and reimburse them for travel expenses, including per diem, as authorized by section 5703 of title 5, United States Code;

(8) to solicit, accept, and dispose of gifts, bequests, devises of money, securities, and other properties of whatever character, for the benefit of the Institute;

(9) to receive grants from, and enter into contracts and other arrangements with, Federal, State, or local governments, public and private agencies, organizations, and institutions, and individuals;

(10) to acquire, hold maintain, use, operate, and dispose of such real property, including improvements thereon, personal property, equipment, and other items, as may be necessary to enable the Board to carry out the purposes of this title;

(11) to use any funds or property received by the Institute to carry out the purposes of this title; and

(12) to exercise all other lawful powers necessarily or reasonably related to the establishment of the Institute in order to carry out the provisions of this title and the exercise of the powers, purposes, functions, duties, and authorized activities of the Institute.

SEC. 1307. PRESIDENT OF THE INSTITUTE.

(a) APPOINTMENT.—The Institute shall have a President who shall be appointed by the Board. The President of the Institute shall serve as the chief executive officer of the Institute. Subject to the direction of the Board and the general supervision of the Chairperson of the Board, the President of the Institute shall have the responsibility for carrying out the policies and functions of the Institute and shall have authority over all personnel and activities of the Institute.

(b) COMPENSATION.—The President of the Institute shall be paid at a rate not to exceed the maximum rate of basic pay payable for grade GS-15 of the General Schedule.

SEC. 1308. STAFF OF INSTITUTE.

(a) EXEMPTION FROM CIVIL SERVICE.—Except as otherwise provided in this section, title 5, United States Code, shall not apply to the Institute.

(b) APPOINTMENT AND COMPENSATION.—(1) The President of the Institute, with the approval of the Board, shall have the authority to appoint, fix the compensation of (including health and retirement benefits), and prescribe the duties of, such officers and employees as the President deems necessary for the efficient administration of the Institue.

(2) The President shall fix the basic compensation for officers and employees of the Institute at rates comparable to the rates in effect under the General Schedule for individuals with comparable qualifications, and holding comparable positions, to whom chapter 51 of title 5, United States Code, applies.

(3)(A) Not later than 30 days after the President is appointed under section 1307, the President shall promulgate rules and regulations governing—

(i) the establishment of positions at the Institute,

(ii) basic compensation for such positions (including health and retirement benefits),

(iii) entitlement to compensation,

(iv) conditions of employment,

(v) discharge from employment,

(vi) the leave system, and

(vii) such other matters as may be appropirate.

(B) Rules and regulations promulgated with respect to discharge and conditions of employment shall require—

(i) that procedures be established for the rapid and equitable resolution of grievances of such individuals; and

(ii) that no individual may be discharged without cause, notice of the reasons therefor, and an opportunity for a hearing under procedures that comport with the requirements of due process.

(c) HIRING PREFERENCE.—In carrying out subsection (b)(1), the President shall, to the maximum extent practicable, give preference in hiring to Native Americans.

(d) APPEAL TO BOARD.—Any officer or employee of the Institute may appeal to the Board any determination by the President to not re-employ or to discharge such officer or employee. Upon appeal, the Board may, for good cause and in writing to the President, overturn the determination of the President with respect to the employment of such officer or employee.

(e) NO REDUCTION IN CLASSIFICATION OR COMPENSATION.—Individuals who elect to remain civil service employees shall be transferred in accordance with applicable laws and regulations relating to the transfer of functions and personnel, except that any such transfer shall not result in a reduction in classification or compensation with respect to any such personnel for not less than one year after the transfer.

(f) LEAVE.—(1) Any individual who—

(A) elects under subsection (h) to be covered under the provisions of this section, or

(B) is an employee of the Federal Government and is transferred or reappointed, without a break in service, from a position under a different leave system to the Institute,

shall be credited for the purposes of the leave system provided under rules and regulations promulgated pursuant to subsection (b), with the annual and sick leave to the credit of such individual immediately before the effective date of such election, transfer, or reappointment.

(3) Upon termination of employment with the Institute, any annual leave remaining to the credit of an individual within the purview of this section shall be liquidated in accordance with sections 5551(a) and 6306 of title 5, United States Code, except that leave earned or accrued under rules and regulations promulgated pursuant to subsection (b) shall not be so liquidated.

(4) In the case of any individual who is transferred, promoted, or reappointed, without break in service, to a position in the Federal Government under a different leave system, any remaining leave to the credit of such person earned or credited under the rules and regulations promulgated pursuant to subsection (b) shall be transferred to the credit of such individual in the employing agency on an adjusted basis in accordance with the rules and regulations which shall be promulgated by the Civil Service Commission.

(g) APPLICABILITY.—This section shall apply to any individual appointed after the date of the enactment of this title for employment in the Institute. Except as provided in subsections (e) and (h), the enactment of this title shall not affect—

(1) the continued employment of any individual employed immediately before the date of the enactment of this title; or

(2) such individual's right to receive the compensation attached to such position.

(h) TERMINATION OF CIVIL SERVICE POSITIONS.—(1) At the end of the two-year period beginning on the effective date of section 1311, any position at the Institute which is occupied by an individual in the civil service shall terminate. During such period, such individual may make an irrevocable election to be covered under the provisions of this section, except that such individual may elect to continue to be subject to chapter 83 of title 5, United States Code (relating to retirement).

(2) Any individual who makes an election under paragraph (1) to continue to be subject to chapter 83 of title 5, United States Code, shall, so long as continually employed by the Institute without a break in service, continue to be subject to such chapter. Employment by the Institute without a break or continuity in service shall be considered to be employment by the United States Government for purposes of subchapter III of such chapter. The Institute shall be the employing agency for purposes of section 8334(a) of such title, and shall contribute to the Civil Service Retirement and Disability Fund such sum as is required by such section.

SEC. 1309. FUNCTIONS OF THE INSTITUTE.

(a) PRIMARY FUNCTIONS.—The primary functions of the Institute shall be—

(1) to provide scholarly study of, and instruction in, the arts and culture of Native Americans, and

(2) to establish programs which culminate in the awarding of degrees in the various fields of Native American art and culture.

(b) ESTABISHMENTS WITHIN INSTITUTE.—There shall be established within the Institute—

(1) a Center for Culture and Art Studies to be administered by a director (appointed by the President of the Institute, with the approval of the Board), which shall include Departments of Arts and Sciences, Visual Arts, Performing Arts, Language, Literature, and Museology; and

(2) a Center for Research and Cultural Exchange, administered, with the approval of the Board), which shall include—

(A) a museum of Native American arts;

(B) a learning resources center;

(C) programs of institutional support and development;

(D) research programs;

(E) fellowship programs;

(F) seminars;

(G) publications;

(H) scholar-in-residence and artist-in-residence programs; and

(I) inter-institutional programs of cooperation at national and international levels.

(c) OTHER PROGRAMS.—In addition to the centers and programs described in subsection (b), the Institute shall develop such programs and centers as the Board determines are necessary to—

(1) foster research and scholarship in Native American art and culture through—

(A) resident programs;

(B) cooperative programs; and

(C) grant programs;

(2) complement existing tribal programs for the advancement of Native American art and culture; and

(3) coordinate efforts to preserve, support revitalize and develop evolving forms of Native American art and culture.

SEC. 1310. NONPROFIT AND NONPOLITICAL NATURE OF THE INSTITUTE.

(a) STOCK.—The Institute shall have no power to issue any shares of stock, or to declare or pay any dividends.

(b) INCOME AND ASSETS.—No part of the income or assets of the Institute shall inure to the benefit of any director, officer, employee, or any other individual except as salary or reasonable compensation for services.

(c) POLITICAL CONTRIBUTIONS.—The Institute may not contribute to, or otherwise support, any political party or candidate for elective public office.

SEC. 1311. TRANSFER OF FUNCTIONS.

(a) INSTITUTE OF AMERICAN INDIAN ARTS.—There are hereby transferred to the Institute, and the Institute shall perform, the functions of the Institute of American Indian Arts established by the Secretary of the Interior in 1962.

(b) CERTAIN MATTERS RELATING TO TRANSFERRED FUNCTIONS.—(1) All personnel, liabilities, contracts, real property (including the museum located on the site known as the "Santa Fe Indian School" and its collections), personal property, assets, and records as are determined by the Director of the Office of Management and Budget to be employed, held, or used primarily in connection with any function transferred under the provisions of this title (regardless of the administrative entity providing the services on the date before the transfer), are hereby transferred to the Institute.

(2) Personnel engaged in functions transferred by this title shall be transferred in accordance with applicable laws and regulations relating to the transfer of functions, except that such transfer shall be without reduction in classification or compensation for one year after such transfer.

(c) APPLICABLE LAWS AND REGULATIONS.—All laws and regulations relating to the Institute of American Indian Arts transferred to the Institute by this title shall, insofar as such laws and regulations are applicable, remain in full force and effect. With respect to such transfers, reference in any other Federal law to the Institute of American Indian Arts, or any officer so transferred in connection therewith, shall be deemed to be a reference to the Institute.

(d) TECHNICAL AND SUPPORT ASSISTANCE.—(1) During the transfer period, the Secretary of the Interior shall provide such technical and support assistance to the Institute as the Secretary determines reasonable or necessary to assist the Institute. Such assistance shall include audit, accounting, computer services, and building and maintenance services.

(2) For the purposes of paragraph (1), the term "transfer period" means the 2-year period beginning on the effective date of this section.

(e) ADVISORY BOARD.—Notwithstanding the effective date of this section, during the period beginning on the date of the enactment of this title and ending on the effective date of this section, the Advisory Board for Institute of American Indian Arts shall continue to act in an advisory role for the Board and the Institute.

(f) EFFECTIVE DATE.—This section shall take effect beginning on October 1, 1986.

SEC. 1312. REPORTS.

(a) ANNUAL REPORT.—The President of the Institute shall submit an annual report to the Congress and to the Board concerning the status of the Institute during the 12 calendar months preceding the date of the report. Such report shall include, among other matters, a detailed statement of all private and public funds, gifts, and other items of a monetary value received by the Institute during such 12-month period and the disposition thereof as well as any recommendations for improving the Institute.

(b) BUDGET PROPOSAL.—(1) During the two-year period beginning on the effective date of section 1311, the Board shall submit a budget proposal to the Secretary of the Interior. The Secretary shall submit that proposal to the Congress.

(2) After the period described in paragraph (1) and for each fiscal year thereafter, the Board shall submit a budget proposal to the Congress.

(3) A budget proposal under this subsection shall be submitted not later than April 1 of each calendar year and shall propose a budget for the Institute for the two fiscal years succeeding the fiscal year during which such proposal is submitted.

(4) In determining the amount of funds to be appropriated to the Institute on the basis of such proposals, the Congress shall not consider the amount of private fundraising or bequests made on behalf of the Institute during any proceding fiscal year.

SEC. 1313. HEADQUARTERS.

The site of the Institute of American Indian Arts, at Santa Fe, New Mexico, shall be maintained as the location for the Institute of Native American Culture and Arts Development. To facilitiate this action and the continuity of programs being provided at the Institute of American Indian Arts, the Secretary may enter into negotations with State and local governments for such exchanges or transfers of lands and such other assistance as may be required.

SEC. 1314. ENDOWMENT PROGRAM.

(a) ESTABLISHMENT.—(1) From the amount appropriated pursuant to section 1316, the Secretary shall make available to the Institute not more than $500,000 which shall be deposited into in a trust fund maintained by the Institute at a federally insured banking or savings institution.

(2) The President of the Institute shall provide for the deposit into such fund—

(A) of a capital contribution by the Institute in an amount equal to the amount of each Federal contribution; and

(B) any earnings of the funds deposited under paragraphs (1) or (2)(A).

(3) Such funds shall be deposited in such a manner as to insure the accumulation of interest thereon at a rate not less than that generally available for similar funds deposited at the same banking or savings institution for the same period or periods of time.

(4) If at any time in the Institute withdraws any capital contribution made by that Institute, and equal amount of Federal capital contribution shall be withdrawn and returned to the Treasury as miscellaneous receipts.

(5) No part of the net earnings of such trust fund shall inure to the benefit of any private person.

(6) The President of the Institute shall provide for such other provisions as may be necessary to protect the financial interest of the United States and to promote the purpose of this title as are agreed to by the Secretary and the Institute, including record-keeping procedures for the expenditure of accumulated interest which allow the Secretary to audit and monitor programs and activities conducted with such interest.

(b) USE OF FUNDS.—Interest deposited pursuant to paragraph (2)(B) in such trust fund may be periodically withdrawn and used, at the discretion of the Institute, to defray any expenses associated with the operation of the Institute, including expense of operations and maintenance, administration, academic and support personnel, community and student services programs, and technical assistance.

(c) COMPLIANCE WITH MATCHING REQUIREMENT.—For the purpose of complying with the contribution requirement of paragraph (2)(A), the Institute may use funds which are available from any private or tribal source.

(d) ALLOCATION OF FUNDS.—From the amount appropriated pursuant to section 1316, the Secretary shall allocate to the Institute an amount for a federal capital contribution equal to the amount which the Institute demonstrates has been placed within the control of, or irrevocably committed to the use of, the Institute and is available for deposit as a capital contribution of that Institute in accordance with the subsection (a)(1).

SEC. 1315. DEFINITIONS.

As used in this title—

(1) the term "Board" means the Board of Trustees established under section 1304;

(2) the term "Indian tribe" means any tribe, band, nation, or other organized group or community of Indians, including any Alaska Native village or regional or village corporation (as defined in, or established pursuant to, the Alaska Native Claims Settlement Act), which is recognized as eligible for special programs and services provided by the United States to Indians because of their status as Indians;

(3) the term "Institute" means the Institute of Native American Culture and Arts Development established by this title;

(4) the term "Native American" means any person who is a member of an Indian tribe;

(5) the term "Native American art and culture" includes the traditional and contemporary expressions of Native American language, history, visual and performing arts, and crafts; and

(6) the term "Secretary" means the Secretary of the Interior.

SEC. 1316. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this title.

H.J. RES. 465

By Mr. MANTON:

—Add at the end thereof the following new section:

SEC. 117. Notwithstanding any other provision of this joint resolution or any other provision of law, none of the funds made available by this joint resolution or any other provision of law for fiscal year 1986 may be used to plan, implement, or administer—

(1) the closure of a Social Security field office if such closure would result in a net reduction in the total number of Social Security field offices during fiscal year 1986 which is greater than the average annual net reduction in the total number of Social Security field offices during the preceding five fiscal years; or

(2) a reduction in personnel level in the Social Security Administration during fiscal year 1986 which would result in a personnel level in such Administration during such fiscal year which is less than the equivalent of 77,349 full-time positions.

No provision of this section shall be treated as repealed, superseded, or otherwise limited by any other provision of law enacted before, on, or after the date of the enactment of this joint resolution except by explicit cross-reference thereto.

By Mr. REGULA:

—Page 14, after line 23, insert the following new section:

SEC. 117. The Secretary of the Interior is hereby directed to make every effort during the balance of fiscal year 1986 to resolve the outstanding conflicts with respect to the future leasing and protection of lands on the California outer continental shelf for oil and gas exploration and development. To this end, the Secretary shall submit to the Congress once every 60 days following the date of enactment of this resolution until the end of fiscal year 1986 a report summarizing the progress of negotiations carried out to resolve these outstanding conflicts. Such negotiations shall be conducted by the Secretary and the following members of Congress to be designated by the Speaker of the House of Representatives and the Majority Leader of the Senate:

(1) The Chairmen and ranking minority members of the following committees and subcommittees of the Congress having jurisdiction over these issues:

(A) The Subcommittee on the Interior of the Committee on Appropriations of the House of Representatives.

(B) The Subcommittee on Energy and the Environment of the Committee on Interior and Insular Affairs of the House of Representatives.

(C) The Subcommittee on the Panama Canal and Outer Continental Shelf of the Committee on Merchant Marine and Fisheries of the House of Representatives.

(D) The Subcommittee on the Interior of the Committee on Appropriations of the Senate.

(E) The Committee on Energy and Natural Resources of the Senate.

(2) Two United States Senators from California.

(3) Seven members of the California delegation to the House of Representatives.

SENATE—*Tuesday, December 3, 1985*

(Legislative day of Monday, December 2, 1985)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

The PRESIDENT pro tempore. Our prayer will be offered by Rabbi Bernhard H. Rosenberg, Midchester Jewish Center, Yonkers, NY. Rabbi Rosenberg is sponsored by Mr. D'AMATO.

PRAYER

Rabbi Bernhard H. Rosenberg, Midchester Jewish Center, Yonkers, NY, offered the following prayer:

Master of the Universe, who grants salvation unto nations, courage and strength to Governments,

We ask Thy blessing upon our beloved country and upon all the inhabitants of this great Nation.

O G-d, help us to unite all the citizens of the United States of America by a bond of brotherhood, sensitivity, and caring.

Sustain us in our endeavors to eradicate hatred and prejudice and to preserve the precious and treasured ideals of our American way of life. May peace, security, justice, equality, freedom, and prosperity be our heritage.

We pray that you our G-d bless, protect, and watch over the President of the United States, shield him from illness and peril. Grant him, our illustrious Senators, and all the elected officials of our Government, wisdom and understanding to enable them to lead our Nation to continued greatness. Inspire us and leaders of freedom everywhere to fulfill the vision of Thy prophets, "Nation shall not lift up sword against nation, neither shall men learn war any more."

Imbue us with wisdom and courage to create a deep respect for human dignity, to protect and preserve the rights and privileges of every person.

As distances shrink and our world becomes as one, enable us to make the Golden Rule our guide in our daily actions. Let callousness and indifference be replaced with understanding and cooperation.

Help us to hasten the day when all persecution shall cease and oppression shall be crushed; when the long awaited era of brotherhood shall dawn for all Thy children everywhere.

May the Lord bless you and protect you; may the Lord countenance you and be gracious to you; may the Lord favor you and grant you peace. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The distinguished majority leader is recognized.

SCHEDULE

Mr. DOLE. Mr. President, under the standing order, the leaders have 10 minutes each.

I will yield most of my time to the distinguished President pro tempore, the Presiding Officer.

That will be followed by routine morning business not to extend beyond the hour of 10 a.m., with Senators permitted to speak therein for not more than 5 minutes each.

BOREN PAC AMENDMENT NO. 1168

Following morning business, the Senate will resume consideration of amendment No. 1168, the Boren amendment, on which there will be 2 hours of debate.

I am not yet able to get consent that the Senate stand in recess from noon until 2 o'clock.

But in any event, should there be a recess, following the recess the Senate will vote in relation to the Boren amendment No. 1168.

FARM CREDIT BILL

Following the vote in relation to the Boren amendment, the Senate will turn to the consideration of S. 1884, the Helms-Zorinsky farm credit bill under a previous unanimous-consent agreement providing for final passage no later than 7 p.m. this evening.

DAWSON NOMINATION

Following the vote on S. 1884, the Senate will go into executive session to consider the nomination of Robert Dawson under a time agreement of 2 hours and 5 minutes of debate. The yeas and nays have been ordered on the nomination. It is my hope that we can complete debate, and have a vote occur tomorrow.

This nomination has been in the works for 6 months. It has been delayed time after time after time. And it is now, in my view, ready for action, and ready for disposition.

I hope those who oppose the nomination will be willing to complete debate this evening, and not hold up the entire Senate. They have held up this man for 6 months. I hope the rest of us will complete debate this evening, and then have the vote on tomorrow.

JUDGESHIP NOMINATIONS

I have one meeting at noon. I hope to have another meeting later today with the distinguished minority leader concerning a number of judical nominees. I think nine judges are being held on the calendar.

It seems to some that there is no controversy surrounding any of these nominees, and they ought to be confirmed.

Again, it is our hope that those who are delaying the nominations will indicate what the problems may be so that we can address the problems, and hopefully work out some amicable agreement.

I hope to be in a position before noon to indicate to all of my colleagues, particularly the distinguished minority leader, before we have our policy luncheons what we hope to complete for the balance of this week.

Mr. President, I yield the balance of my time to the distinguished President pro tempore.

The PRESIDING OFFICER (Mr. ANDREWS). The Senator from South Carolina is recognized.

Mr. THURMOND. Thank you very much, Mr. President.

TEXTILE AND APPAREL TRADE DEFICIT

Mr. THURMOND. Mr. President, I notice that another textile plant has closed.

The big headlines are:

BURLINGTON TO CLOSE WOODFIN PLANT

Burlington Industries will close its Woodfin plant next year after 30 years of operation, officials announced Thursday.

Plant manager Charles Kelly said the plant, which employs some 500 hourly and salaried workers, will stop its looms in February but will continue to spin yarn until March to support other Burlington plants.

Kelly said there are no immediate plans to sell the plant.

"The demand for the fabric we produce has been severely impacted by the uncontrolled growth of imports," Kelly said at a news conference at the plant. "We have no choice but to discontinue operations here."

Operating the plant in competition with cheaper imports has been a struggle, Kelly said. Burlington invested $20 million in the plant over the past several years in the weaving of corduroy fabric. In all, Burlington replaced more than 1,000 looms with modern Swiss-made machinery.

Mr. President, that is just another example of what is happening in the textile industry. As I said before, textiles cannot survive unless something is done. The industry is in a crisis.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

The Defense Department ranks textiles second to steel in the matter of national defense. Are we going to allow imports to do away with our productive capacity?

There is an ad that appeared in the Washington Post today pointing out the importance of textiles in every facet of the defense industry.

I ask unanimous consent that the ad be printed in the RECORD.

There being no objection, the ad was ordered to be printed in the RECORD, as follows:

A MESSAGE TO THE HOUSE OF REPRESENTATIVES: HERE ARE THE FACTS BEHIND H.R. 1562 STRIPPED TO THEIR BARE ESSENTIALS

By 1990, these are the countries that could be making G.I. Joe's uniform:

(Helmet) Made in Korea.

(Jacket) Made in Taiwan.

(Pants) Made in Hong Kong.

(Rifle) Made in Italy.

(Boots) Made in Brazil.

And, in a national emergency, this is what G.I. Joe will be wearing (nothing).

U.S. Trade Representative Clayton Yeutter said recently that major industries such as textiles, steel, and footwear should be phased out of American society.

We say such thinking is shortsighted, uninformed, and dangerous.

Mr. Yeutter's predecessor, Ambassador William Brock, obviously agrees with us because just last year he said, "Every industry in the United States is a national security industry. But, the only one we have by national policy made a national security industry for 20 years, with six Presidents, is the Textile industry. I accept that."

The Department of Defense also agrees with us because they have ranked the U.S. textile/apparel industry as the second most critical to maintain our national defense. (The steel industry is first.)

So consider this sobering thought:

Not a truck could roll, not a plane could fly, not a soldier could march without the U.S. textile, apparel and footwear producers. There are over 300 different combat-essential items utilizing textile products. The cold, hard, unavoidable facts are that the textile/apparel industry is vital to the very life and safety of this country.

Doesn't it make sense to preserve the remaining 50% of our textile/apparel industry and 40% of our footwear industry?

A vote for H.R. 1562 is a vote for America's defense! A message from the Fiber, Fabric & Apparel Coalition for Trade, Washington, D.C.

Mr. THURMOND. Mr. President, I also ask unanimous consent that a Textile News information letter dated November 27, 1985, be printed at this point in the RECORD together with figures showing U.S. imports and the U.S. trade balance.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TEXTILE/APPAREL TRADE DEFICIT, IMPORTS, REACH NEW RECORD LEVELS

WASHINGTON, November 27.—Textile and apparel imports for the first 10 months of this year continued to climb to another record level while shipments by the American textile and apparel industry declined, the American Textile Manufacturers Institute reported today.

Calling imports "clearly out of control," ATMI President Ellison S. McKissick, Jr. said, "October was the second straight month imports have increased over last year's record level, and the 10-month figures indicate we will have another record for the year.

"The only way we can save the hundreds of thousands of jobs being wiped out by these surging imports is for President Reagan to sign into law the Textile and Apparel Trade Enforcement Act which is moving through Congress," McKissick said.

"This problem can no longer be ignored. Action is urgently needed now. We are looking at the destruction of one of our nation's most basic and essential industries which provides two million jobs today but won't much longer unless the legislation is enacted," he said.

In figures released today by the U.S. Department of Commerce, textile and apparel imports, measured in square yards, increased 2.2 percent for the first 10 months of the year over the same period in 1984.

During January–October, the textile and apparel trade deficit, measured in dollars, increased 9.8 percent over January–October 1984. Imports of textiles and apparel reached $17.9 billion, a 7.8 percent increase over the same period in 1984, while exports declined 2.8 percent to $2.61 billion.

The $15 billion textile and apparel trade deficit for the first 10 months of the year is fast approaching the record-breaking $16 billion textile and apparel trade deficit for all of 1984.

Following is a detailed breakdown of the Department of Commerce figures.

U.S. IMPORTS

[Million SYE]

	October			January-October		
	1985	1984	Percent change	1985	1984	Percent change
Total	927.3	783.1	+18.4	9,059.2	8,867.1	+2.2
Cotton	354.8	312.2	+13.6	3,541.0	3,543.8	−0.1
Wool	28.8	25.6	+12.5	233.3	227.6	+2.5
MMF	543.7	445.3	+22.1	5,284.9	5,095.9	+3.7
Textiles	502.2	415.6	+20.8	4,709.2	4,721.1	−0.3
Yarn	108.6	85.2	+27.5	1,101.3	1,101.3	0
Fabric	223.7	210.2	+6.4	2,039.6	2,237.0	−8.8
Miscellaneous	169.9	120.2	+41.3	1,568.3	1,382.8	+13.4
Apparel	425.0	367.5	+15.6	4,350.0	4,146.0	+4.9

U.S. TRADE BALANCE

[Dollar amounts in millions]

	Imports			Exports			Balance		
	1985	1984	Percent change	1985	1984	Percent change	1985	1984	Percent change
October:									
Textiles	$449	$389	+15.4	$206	$208	−.9	−$243	−$181	+34.3
Apparel	1,485	1,263	+17.6	71	69	+2.9	−1,414	−1,194	+18.4
Total	1,934	1,652	+17.1	277	277		−1,657	−1,375	+20.5
January–October:									
Textiles	4,382	4,144	+5.7	1,985	2,003	−.9	−2,397	−2,141	+12.0
Apparel	13,494	12,438	+8.5	630	686	−8.2	−12,864	−11,752	+9.5
Total	17,876	16,582	+7.8	2,615	2,689	−2.8	−15,261	−13,893	+9.8

Mr. THURMOND. Mr. President, I ask unanimous consent to have printed in the RECORD an article by Victor Riesel of the Washington Times of November 29, 1985, entitled "Soldiers Without Shoes?"

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Times, Nov. 29, 1985]

SOLDIERS WITHOUT SHOES?

(By Victor Riesel)

Should there suddenly develop out of all this euphoria what the military calls "surge-mobilization," about a million of our soldiers might—fighting troops though they are—be like girls and boys running barefoot in the park.

A special Department of Defense report, classified since April 1 and only recently "made available," discloses that the U.S. military would need 6.5 million pairs of footwear in the first year or less, and this nation's "shoe" industry is eroding so swiftly that we'd have a shortfall of more than 900,000 pairs.

Shoe factories are closing. At least 34 important footgear facilities have shut down this year. The industry's association discloses that many more are planning to get off line.

So it's time to stop talking of conventional wars and world alerts as though they were squash games. A full surge-mobilization, such as we put into the field during World War II, called up 12 million troops at the peak—creating a demand for 12 million pairs of boots. Today we couldn't produce much more than 5.5 million pairs, regardless of the number of soldiers needed.

Our non-rubber-footwear industry is being heaved into the seas by waves of imports which now have 77 percent of the domestic market. Soon American shoes will be collector's items.

So the Department of Defense is seeking a moratorium in the flow of imports to give the American shoe industry a chance to

grow Phoenix-like from its dusty, rusty plants. Also, the Pentagon wants to build up an inventory of critical military footwear to pull through a short-term, limited mobilization.

The Pentagon as well as the private-sector shoe producers are counting on their own special "D-Day"—a date known to 99 percent of Americans as simply 22 days before Christmas.

On Dec. 3, a special bill—S. 680 Textile and Apparel Trade Enforcement Act of 1985—will be voted on in the House of Representatives. Actually that's a Senate title. So how come the House of Representatives will be on it? Well, the vote will be on a reasonable facsimile.

Before we get to the parliamentary intricacies on the Hill, there must be a brief description of the footwear production problems.

First, as the foreign producers increase their exports into the United States and move toward absorbing perhaps 90 percent of our market, the plants close and the work force dissipates. Labor becomes scarce. Why?

Most shoe plants are in small communities. Working people quickly seek other jobs. So they may have to be supplanted by men and women from towns as far off as 30 or 40 miles. Despite some unemployment, prospective footwear workers won't travel such distances even though there is a military force to be equipped. So the footwear workers vanish into other trades.

Further, experts say it would take new hires some three to six months before they could qualify for handling new technological equipment.

Second, machinery today is mostly foreign. Acquiring the new equipment and setting it up for production would consume six months. And new technology means retraining—adding months to production time.

Third, expanding the eroding shoe-production field would require experienced managers and veteran workers. Most of them would have left the sector, and it would take even more time to recruit a work force for military footwear output.

Fourth, what of civilian need? According to the Defense Department report, "Current statistics clearly indicate that present domestic production capability won't support simultaneous (military and civilian) consumption. If the cause of a military mobilization is also responsible for an interruption of imported-footwear deliveries, there would be a shortfall of supplies of 70 percent or more." This means millions of pairs.

Small wonder there are those who are merely half jesting when they talk of our men and women running barefoot in the park. But the "Footwear Industries of America" and the Pentagon may get what they seek—curtailment of imports, quotas, and even rollback of the amounts foreign producers can ship into the United States.

The S. 680 Textile and Apparel Trade Enforcement Act of 1985 has an amendment which involves shoes and copper. S. 680, in addition to curtailing foreign textiles and apparel, sets an eight-year quota on imported footwear.

There's an almost-similar bill in the House of Representatives, passed Oct. 24. The Senate approved its Textile and Apparel Act Nov. 13.

Because of the similarity, the protectionist leaders in both houses decided that a conference to conform both bills was necessary. So the House agreed simply to pass the Senate S. 680 measure. Such an maneuver would save time and start getting the various industries—including footwear—reinvigorating.

The Dec. 3 "D-Day" has been long fought for by industries that have lost heavy percentages of sales and jobs.

The softwear unions have been so hard hit that there has been one merger—and now discussion of still another, so that three of the most famous organizations in labor history would be one.

First came the merger of the Amalgamated Clothing Workers of America into the Amalgamated Clothing and Textile Workers of America (with the old Textile Workers Union).

Today the ACTWA and the International Ladies' Garment Workers Union (ILGWU)—once-upon-a-time bases of ultra-liberal labor policies—are discussing merger.

Who would have thought that the unions of David Dubinsky and Sidney Hillman ever would be one? It would have so startled Franklin D. Roosevelt that he'd have given up cigarette holders.

That's history: Today we need military footwear, regardless of Mikhail Gorbachev's chumminess.

Mr. THURMOND. Mr. President, right in the center of the page in big print is this statement:

It is time to stop talking of conventional wars and world alerts as though they were squash games. A full surge mobilization such as we put into the field during World War II created a demand for 12 million pairs of boots. Today we could not produce much more than 5.5 million pairs.

That is why we need to help the shoe industry.

Mr. President, I also ask unanimous consent to put into the RECORD the following textile and apparel import figures. It shows in textiles and apparel, in October 1985, 927.3 million square yard equivalents; October 1984, 783.1 million square yard equivalents. It shows an 18-percent increase, Mr. President, in the last year from October 1984 to October 1985.

Then for textiles alone, October 1984, 415.6 million square yard equivalents; October 1985, 502.2 million square yard equivalents, an increase of 21 percent.

In apparel alone, October 1984, 367.5 million square yard equivalents; October 1985, 425 million square yard equivalents, showing an increase of 16 percent.

Mr. President, no industry can survive this much import growth. It is a question of whether we want to have any textile and apparel industry in this country or not. So many people do not seem to understand this situation. The administration does not seem to understand it. What is going to happen in this country? We are weakening our defense if we do not keep a strong textile and apparel industry, and we are taking away millions of jobs from our own people if we do not do something about this.

I hope action will be taken by the House promptly and then I hope the President will see fit to sign this bill. I understand he is inclined not to sign any so-called protectionist measure. Well, we had better protect American industries if we are going to protect this Nation from a security standpoint, and we had better protect the workers here because they will be on unemployment. What are they going to do when all the jobs are gone?

Mr. President, it is time for the administration to wake up and realize this serious situation which now exists.

Mr. President, I also ask unanimous consent to have appear with the other articles an article which appeared in the Charlotte Observer, "Textile Workers Who Want to Work." This is about a lady from McCormick, SC. It sets out how she has worked for 26 years and now she will be out of a job because of the uncontrolled import growth.

Mr. President, this is just one example of thousands and thousands of people who are losing their jobs to imports.

I ask unanimous consent that that article appear in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TEXTILE WORKERS WHO WANT TO WORK

(By Mrs. Vergie McComb)

I have worked in textiles for 26 years, and I have seen our thriving sweater-yarn market completely gobbled up by imports from low-wage countries. It is now extremely difficult to find a sweater made in the United States of America.

When we complained to the administration about the disruption of our American market, our pleas fell on deaf ears. As a result, we lost our sweater-yarn market, and this very small county lost 450 out of the 650 jobs at our plant—jobs held primarily by women and minorities, to whom the $7.25-per-hour average textile wages means so much. They are working to support their families—not because they want to.

Our customers, the knitters, had lost their market so their employees also were out of a job; again, they were mostly women and minorities.

Most of these people cannot be trained easily for the high-technology jobs because of their age, their backgrounds and their level of education. Many of them are on welfare now. Others will be if something is not done.

These Americans want to work. They take great pride in earning their own way.

And what about the agricultural interests that so many people think will be hurt? The Cotton Council has found, to its dismay, that cotton prices are down by 15 cents per pound because of the decline in the domestic market. Timber prices are at depressed levels; timber goes into rayon and into tons and tons of paper and other wood products used by the textile industry and its related industries.

The importers who plead that the truckers will lose their jobs if they can't transport imported textiles don't mention that other truckers are, every day, pulling 18-wheelers loaded with textile products from plant to plant and, ultimately, to our domestic customers. What about their jobs?

Are American jobs less important than the same jobs in some foreign country to whom we give so much foreign aid? Our people need jobs too.

It matters to me.

You can help by writing to President Reagan today (at The White House, Washington, D.C. 20500) and telling him that you support the fair trade bill.

RECOGNITION OF MINORITY LEADER

The PRESIDING OFFICER. Under the standing order, the minority leader is recognized.

Mr. PROXMIRE. Mr. President, I ask unanimous consent to reserve the time of the minority leader for his use during the day.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR PROXMIRE

The PRESIDING OFFICER. Under the previous order, the Senator from Wisconsin is recognized for not to exceed 15 minutes.

PRESIDENT REAGAN "WON" AT GENEVA: OR DID HE?

Mr. PROXMIRE. Mr. President, did President Reagan, in any sense, "win" in Geneva? Consider: President Reagan came to Geneva determined to maintain his commitment to star wars or SDI. Secretary Gorbachev came to Geneva reportedly determined to secure the beginning of a backing away or at least a slowdown in the Star Wars Program. On this issue Gorbachev appeared to get nothing. The President gave up nothing. If anyone could be said to have won, the President seemed to have won. But this is just the beginning, the first short step in a very long journey. It will be years before we see who really advanced their cause. In 1986 there will be another step taken when the two leaders meet in the Untied States. And in 1987 there will be still another step and maybe more when the two meet in Russia.

The most significant action may be still farther in the future. In 1988 Mr. Reagan will serve his last year in office. In 1989 he will be gone. The Soviets may understandably feel they can wait him out. If a Democrat is elected President in 1988, star wars will very probably disappear. There will be a good chance to negotiate a comprehensive arms control treaty with the Soviet Union that could stop the nuclear arms race, buttressed with a very detailed and exacting verification system. If a Republican succeeds President Reagan it is probably a better than 50-50 chance that the immense cost of star wars and the enormous technological mountain it has to climb will terminate the effort, even if the Reagan successor dreams the same dream of a star wars "rainbow" that President Reagan dreams. So when it is said that the Soviets can wait out the President on the star wars issue and that no one has really won a significant victory, that is probably right.

There is another reason why the Soviets may have already won big and decisively. They may have won this year at Geneva. How? Here is how: This Senator still believes that the Soviets are sufficiently realistic and perceptive to understand that SDI or star wars is technologically doomed. The Soviets know that SDI is a colossal waste of America's superlative technological resources. Gorbachev understands that star wars represents an immense diversion of America's best scientific and military talent as well as our economic resources from building a stronger military force and a more vigorous economy to a ridiculous and impossible dream of a perfectly impenetrable blissful safety forever. If virtually every informed person in America knows this is a dream, why should not Gorbachev know it? If Secretary Gorbachev understands this, he is playing his cards perfectly. He is going through a convincing act making believe that he fears star wars will work. He is pretending to believe that if it does, the Soviet Union will lose the credibility of its deterrent. If that happens, there goes the superpower status that Gorbachev and the whole Russian Communist gang cherish. That is the Gorbachev pretense. The overwhelming majority of Americans, including the Reagan administration, the Democratic opposition, the American press, all believe Gorbachev sincerely fears star wars. Is Gorbachev really so stupid and naive as to believe this impossible dream? No way.

Consider further here we have a true inside expert like Dr. David Parnas, one of the world's top computer experts. He has worked for years for the U.S. Defense Department as one of their ablest nuclear weapons experts. A few months ago Dr. Parnas walked out of his $1,000 a day job as a top consultant on star wars. He quit the project cold. What did he say when he quit? He said he could not take that $1,000 a day because it was a waste of the American taxpayers' money. He said there is no way the enormously complex computer system required to coordinate star wars can do the job. Parnas fully understands the immense possibilities of modern technology. He also knows that even our marvelous technology has its limitations. He knows star wars will not work. Is that Parnas' view a lonely, isolated view? No, indeed. It is the same opinion that is shared by virtually every other expert on antimissile defense.

Do the Russians know all this? Of course they do. Now consider, if you were Gorbachev and understood all this, why not do exactly what he has done? Why not do all you can to encourage your richer, more technologically advanced adversary to pour their scientific and military resources into building the impossible, extraordinarily wasteful operations. How can you best do that? You can do it by vehemently protesting star wars. How often has this Senator heard his Senate colleagues again and again when challenged on star wars, make a single argument in star wars defense. Again and again, they argue, if star wars will not work, why are the Soviets so strongly against it. The answer is obvious. The Soviet know the one way they can guarantee that the United States will go all out for star wars is to oppose it publicly and emphatically. The administration and star wars supporters are falling for this Kremlin ploy hook, line, and sinker. We should never forget that this posture encourages the United States to waste its economic and military resources. It also helps to split the NATO allies and it puts Gorbachev and the Soviets in the posture of pleading for peace and an end to the arms race. Pretty neat trick.

SHOAH AND THE WORDS OF WITNESSES

Mr. PROXMIRE. Mr. President, for 40 years the Holocaust has lived in our memories through chilling images. The archival footage seemed to show everything—the gas chambers, the human skeletons both living and dead, the trainloads of soon-to-be victims. The details of these horrifying images never escape us.

Shoah is the most recent film about the Holocaust. Ten years in the making, it is the brainchild of the French filmmaker Claude Lanzmann. This masterpiece is unlike any other work about the Holocaust. Lanzmann chooses not to rely on pictures or photographs in order to evoke emotion. He does not take us into the crematoriums of Auschwitz or Treblinka. Nor does he show us the filmed atrocities that have documented the incredible efficiency of the Nazis' extermination campaign.

Lanzmann has departed from the other works on the Holocaust by selecting a different medium. Instead of relying on the gruesome details of actual footage, Lanzmann resorts to the power of the spoken word. He seeks out those people who witnessed the systematic destruction of the Jews and tries to extract the painful memories through dialog. Instead of seeing the actual horrors on film, we hear the descriptions of the brutalities in the honest words of those who lived through the Holocaust. We sit through interviews with death camp

survivors, conducted in Tel Aviv or another city. The entire experience of Shoah, in fact, rests on the words of the witnesses. As Anthony Lewis put it in yesterday's New York Times, "What they say is the more searing because we see them in ordinary surroundings, describing in ordinary words a hell beyond imagining."

Shoah is testimony to the dehumanization of a people. Its words are a necessary addition to our understanding of the tragic and real events of the Holocaust. Most importantly, Shoah represents a monument to the power of the word and the historical memory. This classic reminds us of our need to remember.

Our need to remember is one reason why we must give our support for ratification of the Genocide Treaty. Dehumanization of people on the basis of religion, race, or color must never be permitted to take place again. Forty years have since passed by; the time for ratification is right now.

I was very moved when I read Anthony Lewis' reflection on Shoah. With his customary clarity and sensitivity, he has captured meaning in Shoah by exploring the bounds and power of memory. I would like to share this thoughtful and penetrating essay with you. I ask unanimous consent that Anthony Lewis' column from the New York Times of December 2, 1985, be reprinted in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

REMEMBER, REMEMBER

BOSTON.—The Jews of Vilna were killed in the Nazi death camp at Sobibor, 90,000 of them, piled into mass graves. In January 1944 the Germans—fearing loss of the war and wanting to destroy the evidence of mass murder—ordered a Jewish work crew to dig up the bodies and burn them.

"When the last mass grave was opened," Motke Zaĭdl, a survivor, said, "I recognized my whole family. Mom and my sister. Three sisters with their children . . .

"The Germans even forbade us to use the words 'corpse' or 'victim.' The dead were blocks of wood, with absolutely no importance. Anyone who said 'corpse' or 'victim' was beaten. The Germans made us refer to the bodies as *Figuren*, that is, as puppets, as dolls . . ."

The words are from a scene in "Shoah," the film about the Holocaust: one tiny detail in a vast canvas of inhumanity. But then the French film maker who spent 10 years on "Shoah," Claude Lanzmann, understood that the reality of a horror so incredible would lie in the details.

"I had to do a film about nothingness," Lanzmann told Jay Carr of The Boston Globe. "That's the subject of the film, the fact that there's nothing left." There are no pictures of gas chambers, of Auschwitz or Treblinka at their work of extermination. Many of the sites have been cleared, returned to pasture and silent woods.

What Lanzmann did was seek out those who saw the death machine: especially the few survivors of the Jewish work crews, the men who dragged off the gassed victims, who stirred the fires of the crematoriums. They and a Polish railroad engine driver who took trainloads of doomed Jews to Treblinka, and a few Nazi bureaucrats who helped operate the machine.

Slowly, doggedly, in plain language, Lanzmann on camera asks his witnesses for the details of what happened: How long did it take to kill a trainload of Jews after they arrived at Treblinka? Two hours. Did the women and children stand naked in the December cold? Yes. Why? They had to wait till the gas chamber was emptied of the last load.

The memories are dragged reluctantly from the witnesses. What they say is the more searing because we see them in ordinary surroundings, describing in ordinary words a hell beyond imagining.

Abraham Bomba, now a barber in Tel Aviv, was filmed at work. He trims a customer's silver hair as he describes how he cut the hair of women in the Treblinka gas chamber just before they were killed. The hair went to Germany to be made into blankets.

Mr. Bomba answers in a matter-of-fact tone until he remembers one incident. "A friend of mine worked as a barber—he was a good barber in my hometown—when his wife and his sister came into the gas chamber . . ." He stops, his face crumples, he pleads: "I can't. It's too horrible. Please." But then he goes on. The other barber could do nothing, say nothing—just stay with them "a second longer, a minute longer" before they went to their death.

Watching this film for nine and one-half hours, never seeing the horrors, only hearing them meticulously described, one feels under an oppressive weight. Why did it happen? How could it have happened? Lanzmann does not solve those terrible mysteries. But he does tell us some important things about the methodical killing of six million Jews.

It was methodical. The death trains were scheduled to the minute. Operations in the death camps were done on the run—they had to be to keep up with the masses arriving.

And it was made possible by dehumanizing Jews. Not even Nazi bureaucrats wanted to be reminded that they were dealing with men and women, infants and grandmothers. So the SS man at Auschwitz said: "By morning these 500 pieces must be reduced to ashes." A memo on the design of vans for gassing said:

"The merchandise aboard displays during the operation a natural tendency to rush to the rear doors, and is mainly found lying there at the end of the operation. So the front axle is not overloaded."

Shoah means annihilation in Hebrew. The film reminds us that there has been nothing like the Holocaust in its totality, its efficiency. To use the word "holocaust" for other wrongs is to forget the uniqueness of this one.

To dehumanize people in any way because of their religion, their race, their color is a special danger: That "Shoah" should make us understand. Jan Karski, who was in the Polish underground, speaks of visiting the Warsaw ghetto and seeing Jews dying, Germans treating them as "subhuman." His guide kept whispering to him, "Remember, remember."

MYTH OF THE DAY

Mr. PROXMIRE. Mr. President, the myth of the day is that the scientific and political debate over star wars is just about over and that massive strategic defenses are feasible and desirable.

Who is spreading this outlandish myth, Mr. President? None other than the director of the strategic defense initiative, Gen. James Abrahamson.

In a speech in Colorado Springs, which he gave right in the middle of the Reagan-Gorbachev summit, General Abrahamson, according to press reports, claimed that,

The SDI debate is changing. There are only a few diehards left, sincere diehards, but only a very few, who still say this doesn't make sense, or who ask why we should do this to begin with.

Here is another astonishing statement General Abrahamson made. "The question" over star wars, he said, "is no longer can we do such a thing, but when, how fast and at what cost."

The last statement flabergasted me, Mr. President. Up until General Abrahamson's speech, Mr. Reagan, every member of the administration, every defense expert in the Pentagon, and every scientist in our weapons labs have said time and again that no one has any earthly idea at this point whether star wars will work.

That is why we have launched this massive research project. To see if star wars does work.

Keep in mind, no one in Congress has yet to get a clear idea from the SDI organization or the administration on what exactly they are trying to do with star wars—whether it will protect people or just missiles, whether it will be nuclear or nonnuclear, whether we are going to give it to the Soviets or not.

But even though we do not know what its goals are, the director of SDI has already concluded that it will work.

Now let us take a look at who these few diehards are that General Abrahamson speaks of, who still have qualms about star wars.

Well, they include more than 700 scientists from the National Academy of Sciences, this Nation's top scientific group.

They include some of this Nation's top diplomats and arms controllers, such as McGeorge Bundy, George F. Kennan, and Gerard Smith.

They include five former secretaries of defense: Clark Clifford, Elliott Richardson, James Schlesinger, Harold Brown, and Robert MacNamara.

They include former military leaders, such as Gen. Brent Scowcroft, Adm. Tom Davies, Gen. Maxwell Taylor, and Adm. Stansfield Turner.

They include hundreds of scientists in the national weapons labs, defense experts in the Department of Defense, officials in the State Department and aides in the White House who privately believe star wars is a bad idea, but

who publicly support it because it is the President's pet project.

They include some of the world's top computer experts, such as Dr. David Parnas, who have concluded that star wars is doomed to failure because we will never be able to develop the perfect computer system and software to operate it.

They include dozens of this Nation's top universities where professors are circulating petitions urging researchers to boycott work on star wars.

Has the star wars debate been resolved, Mr. President?

Are there only a few diehards left who are worried about this dangerous program?

Not on your life, Mr. President. And it is a myth to believe otherwise.

I ask unanimous consent that an article entitled "'Star Wars' Chief Expecting Speed-Up After the Meeting," be printed at this point in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

"STAR WARS" CHIEF EXPECTING SPEED-UP AFTER THE MEETING

(By David E. Sanger)

COLORADO SPRINGS, COLO., NOV. 20.—The director of the Strategic Defense Initiative program said today that he expected to receive instructions after the Geneva summit to move ahead "much more quickly and effectively" with the design of a space-based defense against nuclear missiles.

The director, Lieut. Gen. James A. Abrahamson, apparently seeking to counter speculation that the Reagan Administration would agree to limits on the research program, popularly called "Star Wars," told military officials and defense industry executives at a space technology conference here that "when the team comes back from Geneva, it will not be to say what we must give up, but rather that we must go ahead even faster."

General Abrahamson also disclosed for the first time that the Pentagon had recently destroyed a mock-up of a Soviet SS-18 missile booster with a hardened plastic pellet fired at tremendous velocity.

Showing a photograph of the splintered booster, he said that the test demonstrated the potential of electromagentic rail guns, a highly experimental kinetic-energy weapon that could be based in space to cripple incoming nuclear missiles. In the experiment, the pellet was fired from a special air gun.

ONLY A FEW DIEHARDS LEFT

The disclosure marked the second time in recent months that Pentagon officials have declassified the results of a key experiment involving new strategic defense technologies. A few weeks ago, in what some industry officials said was an effort to demonstrate to Congress that "Star Wars" research is progressing rapidly, General Abrahamson released photographs of a Titan missile booster destroyed by a chemical laser at the White Sands Missile Range in New Mexico.

Yesterday, he cited the success of the two experiments and the results of several recent public-opinion polls to argue that support for the "Star Wars" program is growing quickly in Congress and among the public.

"The S.D.I. debate is changing," he said. A year ago he had encountered numerous skeptics, he went on, but today "there are only a few diehards left, sincere diehards, but only a very few, who still say this doesn't make sense, or who ask why we should do this to begin with."

PROGRAM NOT "BARGAINING CHIP"

"The question," he told the conference, where a number of companies are promoting their potential contributions to the project, "is no longer can we do such a thing, but when, how fast and at what cost."

The general's comments about the results of the Geneva talks surprised many at the opening day of the symposium, which is sponsored by the United States Space Foundation, a group that supports space ventures.

In his talk, he said that the "Star Wars" program "was one of the things that brought the Russians back to the table."

Pressed by reporters, he said he rejected the notion that the Reagan Administration ever intended to use strategic defense research as a bargaining ploy. "Your assumption is that S.D.I. is a bargaining chip to be thrown away or that it is an opponent of arms control," he said after his speech. "That is not the case. There are shades of gray in between."

Asked whether he thought that testing the space defense system would require modifications to the 1972 antiballistic missile treaty, which was expected to be a critical topic at the Geneva talks, he repeated earlier statements that the basic research phase of the project could stay within the treaty's bounds. But in the 1990's, he said, "there will come a time when, in order to have confidence in a developed system, we must have modifications of the ABM treaty."

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order there will now be a period for the transaction of routine morning business, not to extend beyond the hour of 10 a.m., with statements limited therein to 5 minutes each.

THE SITUATION IN THE PHILIPPINES

Mr. MELCHER. Mr. President, I have sent a letter today to President Ferdinand Marcos, of the Republic of the Philippines, delivered it to the Philippine Embassy, and asked that it be telexed to President Marcos in Manila. The letter states:

DEAR MR. PRESIDENT: As I have repeatedly stated since our first meeting in December of 1983, mutual cooperation between our two countries has been impeded by General Ver as Chief of the Philippine Armed Forces. During my week-long stay in your country as the first U.S. Senator to visit the Philippines following the Aquino assassination, despite my repeated efforts I found it impossible to confer with General Ver. My efforts were not unique in that U.S. military officers told me that they had similar difficulties in scheduling meetings with General Ver.

In our second meeting in February of this year, while unsolicited, my advice to you was blunt even to the point of undue interference. These crucial times do not allow for mincing of words. In my letters to you following each of our meetings I stressed the need to repair the severe economic conditions and the erosion of individual freedoms of the Filipino people. Trade, cultural and military ties between the Philippines and the United States are historic and lasting, but the necessary mutual trust and confidence has been strained by the continuing crisis in the Philippines.

I have previously cited the positive confidence and trust that General Ramos enjoys both in the Philippines and the United States. I have urged you, Mr. President, to give General Ramos your complete backing as Chief of the Philippine Armed Forces. Now, after repeated complaints on General Ver's failures of cooperation, your reinstatement of General Ver is to me incredible and can only be viewed as dictatorial and despotic.

Mr. President, the letter speaks for itself. The action of President Marcos in reinstating General Ver as the Chief of Staff of the Philippine Armed Forces is neither conducive to cooperation with the United States nor beneficial for the people of the Philippines.

SENATOR JOHN STENNIS BECOMES SECOND ON THE SENATE'S SENIORITY LIST

Mr. THURMOND. Mr. President, on November 15, Senator JOHN STENNIS took second place in the record of Senate seniority, having served 38 years and 10 days. His longevity now exceeds that of Senator Richard B. Russell, who held that position for many years. The only man in Senate history who has served longer than Senator STENNIS is Senator Carl Hayden of Arizona, who held office for more than 47 years.

Senator STENNIS is known to each of us as a man of great character and integrity. His influence with both Republican and Democratic leaders has forged bipartisan support for many measures beneficial to his State and this country. His concern for the future of this Nation has guided America through some of the most difficult and formative times of its history. Through it all, he has commanded respect from his colleagues and support from his constituents.

His career in the Senate will have a lasting effect on the future of this Nation. In his State, construction of the Tennessee-Tombigbee Waterway and the gulf coast complex containing the National Space Testing Laboratory, the Navy Oceanography Center and the Army Ammunition Plant, have brought many jobs to the region. In addition, he has been a strong advocate of the national defense, serving effectively as a former chairman of the Senate Armed Services Committee. He has battled for farm programs, convinced that stability of our agricultural economy is vital to our strength as a nation.

Although Senator STENNIS has suffered physical setbacks in recent years, there has been no noticeable change in his pace. As a matter of fact, he seems to have become even more determined to maintain a rigorous schedule.

It was an honor for me to travel to Mississippi in August for John Stennis Day, where I joined in the celebration of his 84th birthday.

I feel privileged to have enjoyed many years of my Senate service in the company of Senator STENNIS. Although we now sit on different sides of the aisle, he has always had my deepest respect. I treasure his friendship.

Mr. President, I am sure all of my Senate colleagues join me in honoring this great public servant and our good friend, JOHN STENNIS, for the lifetime of distinguished and dedicated service he has unselfishly given to his State and Nation.

TRIBUTE TO ED ZIEGNER

Mr. LUGAR. Mr. President, Hoosiers take their politics seriously. Over the years, we have had our fair share of statesmen, and a good number of buffoons. A former Indiana Governor, Ralph Gates, once remarked that Hoosier politics "gets down to the grassroots where it all emanates from." The "it" the good Governor was referring to, of course, was the flowering of democracy in society. But as any good farmboy would also admit, there is a lot of "it" spread about down there too in politics.

A man who has spent his life reporting and commenting on all that is at the grassroots of Indiana politics has just retired from the daily grind. I ask my colleagues to acknowledge for a moment this important passing.

Edward Henry Ziegner has probably written more words about Indiana politics than he probably even cares to remember. He began working for the Indianapolis News in 1941, following his father and brother who had also worked at the paper. Ed also met his wonderful wife, Martha, at the News. On November 23, 1985, Ed wrote his last column.

Hoosiers will miss this "eminence grise" of daily political commentary. Ed never let any politician off the hook. His hard-bitten and fair style cut both Republicans and Democrats equally. Yet, his human compassion and understanding knew no bounds. I know that all my colleagues join with me in wishing Ed and Martha the best in their years to come, as they spend more time with their grandchildren, and Ed gets to write that book on Indiana politics he's always talked about.

As a final note, I would like Ed's final column to be printed in the RECORD in its entirety.

There being no objection, the column was ordered to be printed in the RECORD, as follows:

THANKS FOR THE MEMORIES

This political column is in the nature of "see you later".

Not necessarily farewell, a final goodbye, and a fast fadeout.

But this is the last of these weekly comments on Indiana political affairs, for I am retiring from The News Tuesday, after 44½ years.

I came to work for the paper May 3, 1941, but did take four years out for military leave during World War II.

Before we get into the politics, allow a brief personal note, please.

Excepting two short intervals—1932-35 and 1937-41—a member of my family has been associated with this newspaper since 1915, more than 70 years. My father came to work here in 1915, and was on the staff at his death in 1932. My late brother worked here from 1935 to 1937.

I came in 1941, and my wife, Martha—whom I did not know then—came to work in 1943, I met her here when I came home from the war in late 1945.

Back to Indiana politics.

This column has appeared weekly, except for vacation times since 1951. So I have written between 1,600 and 1,700 of them, not to mention thousands of regular political stories and analysis pieces.

A good many political memories come flooding back.

The first campaign on which I reported was 1948, when I joined in lockstep with thousands of other reporters to decree that Republican Tom Dewey would beat Democrat Harry Truman.

I started out being wrong, and some think nothing has changed in 37 years.

I have worked for some wonderful people, and with some wonderful people over these years. I have known some outstanding politicians and public servants, in both parties. I have known some lousy ones, too, but we'll only mention the best.

The best three governors have been Harold Handley (1957-61), Matt Welsh (1961-65) and Otis Bowen (1973-81).

The best U.S. Senator has been (and still is) Richard Lugar; the best congressman Lee Hamilton, Ninth District, now in his 11th term.

The best two state chairmen—Gordon St. Angelo for the Democrats and James T. Neal for the Republicans. Add to these two names Republican Keith Bulen, and you have the three most skillful and innovative political professionals of my time.

Having reported on 27 regular and seven special sessions of the Legislature; the best three speakers in the House were Democrat Dick Bodine (1965), Bowen 1967-72, and Republican Kermit Burrous, who followed Bowen through 1980, with a 1975-76 break in service.

The top president pro tem of the Senate—Democrat Robert J. Fair.

The best individual state legislator—the late Adam Benjamin of Cary, who went on to Congress.

The best speech I ever heard—out of thousands—was Adlai Stevenson's remarks accepting the Democratic nomination for president in Chicago in 1952.

While there have been times so dull and candidates so bad they defy description, nearly all of it has been great fun.

I'm happy I was there. I wouldn't have missed it.

I thank both the faithful and the sometime readers. And for all, I bid you an affectionate farewell.

TRIBUTE TO ED ZIEGNER

Mr. QUAYLE. Mr. President, I am joining today with Indiana's senior Senator in paying tribute to the dean of Hoosier political writers, Edward Henry Ziegner, who retired on November 26 after nearly four decades of reporting for the Indianapolis News.

A native of Indianapolis, Ed graduated from Shortbridge High School and attended Wabash College before going to work for the News on May 3, 1941. He took a 4-year leave from the newspaper to serve his country in the U.S. Army in North Africa and Italy during World War II. Honorably discharged with the rank of captain late in 1945, Ed returned to the News and met a woman who had joined the newspaper's staff 2 years earlier. In 1950, Ed and the former Martha McHatton were married, and last May 13 they celebrated their 35th anniversary.

Ed Ziegner covered politics for the News from 1948 until his retirement, and along the way, he attended 19 national political conventions, 38 State conventions, 27 regular sessions of the Indiana General Assembly and seven special sessions. Ed began writing a weekly column on Indiana politics for the News in 1951, and as he recalled in his final column, published on November 23,

I have written between 1,600 and 1,700 of them, not to mention thousands of regular political stories and analysis pieces.

I doubt any Indiana political journalist will ever match Ed's experience, expertise or prolificity. But I am certain that no reporter will ever top Ed's drive and determination to get a story first. In announcing Ed's retirement in a story on November 15, the News did not exaggerate when it reported,

State officials, politicians and hangers-on can breathe easier today. The pressure is off! . . . No longer will you be subjected to his probing questions, his tenacity or his legendary tongue-lashing if you gave anyone else "the story" first.

I cannot imagine a news conference at the press shack in the statehouse without Ed Ziegner in attendance. As the News aptly put it, there were indeed times when "the Spanish Inquisition seemed like a picnic" compared to Ed's dogged questioning.

But I also cannot imagine the Saturday News without Ed's column, or daily editions without his regular contributions on the Indiana political scene. For tough as an interview with Ed could be, he never failed to serve his public, the readers of the News, who counted on him to report political news fully, fairly and first and then to put it in perspective as only Ed could.

Ed Ziegner has retired from the grind of daily journalism, but he is not about to put aside his life-long voca-

tion and avocation—politics and political writing. I understand he is now working on a book on Indiana politics, and there is nobody better suited to write it. I wish Ed Godspeed on that project—and the many others I expect he'll undertake in his retirement—but I also hope he will now enjoy more than ever his time with his wife Martha; their daughter, Anne Ziegner Gillen, who has worked for the Associated Press in a number of cities and is now busy as the mother of Bethany Anne, Ed and Martha's 5-month-old granddaughter; and their son David, who is an attorney in Indianapolis.

DEPLORING TERRORISM IN THE UNITED STATES

Mr. CRANSTON. Mr. President, I rise this morning to deplore the recent series of attacks against Arab religious and political organizations in the United States.

Two months ago, such an attack took the life of Alex Odeh in Santa Ana, CA.

Last week a bomb was placed at the entrance to a mosque in Los Angeles.

And this past Thanksgiving weekend, here in our Nation's Capital, a fire of suspicious origin torched the national headquarters of the American Arab Anti-Discrimination Committee [AAADC].

These reprehensible deeds are part of a pattern. It is a pattern we must recognize as terrorism; clearly it is designed to intimidate and silence those who espouse a given point of view.

Mr. President, there is absolutely no place in America for such actions, actions which diminish us all. There can be no excuse whatsoever for these actions. They are criminal, indefensible, and a threat to the American way. While I strongly disagree with the views expressed by the late Mr. Odeh and some members of AAADC, I will with the same passion defend the right of such organizations to participate freely and fully in the American political system.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HEINZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SYMMS). Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is closed.

CENTRAL INTERSTATE LOW-LEVEL RADIOACTIVE WASTE COMPACT

The Senate resumed consideration of S. 655.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 655) granting the consent of Congress to the Central Interstate Low-Level Radioactive Waste Compact.

AMENDMENT NO. 1168

The PRESIDING OFFICER. Under the previous order, the hour of 10 a.m. having arrived, the Senate will now resume consideration of the Boren amendment, with time for debate to be limited to 2 hours, to be equally divided and controlled.

Who yields time?

Mr. HEINZ. I yield myself 2 minutes.

Mr. President, I rise this morning for the principal purpose of asking unanimous consent to have printed in the RECORD a very penetrating editorial which appears in today's Washington Post. When I read the editorial, it made me think of a lot of the debate we had yesterday in opposition to the Boren amendment.

One of the new themes, though, that the Post has pointed out—one of the flaws in the Boren amendment about which they at least feel very concerned—is that they consider it a lawyers' bill. They are concerned that there will be a tremendous amount of complexity added to the campaign finance and reform law by the Boren amendment, which deals with far more than just political action committees; that that complexity will make it harder on people who are trying to focus on what candidates are doing. They worry that there will be lawyers involved in looking over the shoulders of broadcasters. They are concerned that, in effect, there will be a lot of new regulations that will not specifically affect the candidates but will affect everybody having to do with elections.

They are concerned that, in effect, many of the kinds of practices that would be less easy to follow and less easy to obtain disclosure on in an accurate and timely way would be encouraged.

In that sense, the Post supports the contention a number of us made yesterday, that there are unintended results in the Boren amendment that have not been considered adequately by our colleagues.

The Post goes on to conclude that disclosure is the central prerequisite for an open and honest electoral system and that, on balance, the complexities added by the Boren amendment weigh against it; that disclosure, if well served, is our strongest bulwark against any kind of special interest superseding the public interest in politics.

Mr. President, I ask unanimous consent that this editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

PAC's RECONSIDERED

Senator David Boren (D-Okla.) is one of a handful of national legislators who refuse to accept PAC money. That choice is one that protects him from charges that he is unduly influenced by organized interest groups that have the ability and the resources to make large campaign contributions in order to affect legislation. His colleagues, however, have not followed his example in droves: PAC spending in federal elections has gone from $12.5 million to almost $100 million in the past 10 years.

Senator Boren wants to put strict new limits on these political contributions, and a bill he has offered toward this end is scheduled for a Senate vote today. Believing as we do that the current system is far from perfect, we have come to believe nevertheless that further limitations on campaign spending are not the answer. We no longer believe that current law, which combines the benefits of some regulation and full disclosure, can be significantly improved by further restricting political contributions.

Unions began the PACs. For a long time they mounted the only organized efforts to collect individual campaign contributions from people with common objectives and make group gifts to political candidates. The device enabled a number of small givers to have a significant impact, and it increased the group's influence with the candidate. Now, numerous organizations from anti-abortion to anti-pollution groups organize political giving, though business interests have far outpaced all the others; these have caused the most concern because of their skewed giving to incumbents and, in particular, to members of tax-writing committees. One former government official compared the legislators raking in this money to pigs feeding at a trough.

Sentor Boren wants to put a $100,000 cap on PAC receipts by House candidates and a similar limit—varying according to the size of the state—on contestants for the Senate. He would also require broadcasters to give free time to candidates to counter expenditures by independent groups opposing them, and would bar PACs from transmitting "bundles" of individual checks made out to a specific candidate. This scheme would be hard to put into practice: Would there be a race to make PAC contributions before the limit was reached? Would broadcasters be reluctant to take political ads of any kind? Wouldn't thousands of lawyer-hours be spent devising new and circuitous methods to get around the regulations?

We continue to think that disclosure is the best way to avoid corruption in campaign financing. Political contributions are reported in great detail and publicized widely. If the voter knows that a member accepts contributions from real estate and oil interests and later supports tax laws favorable to these industries, that voter can object at the polls. Because the press and Common Cause, for example, carefully monitor and report these connections, citizens have far more information than they did 15 years ago.

The prospect of the government's setting increasingly stringent limits on political spending is not in itself appealing, and this is all the more true when its benefits are apt to be so slight. The same may be said of restrictions on independent expenditures and on broadcasters' freedom. In other words, it seems to us that a complicated set of new regulations on campaign expenditures has some inherent drawbacks and won't produce a commensurate gain.

If the history of campaign spending regulation has provided any lesson it is that the politicians and their legal advisers and would-be purchasers never run out of ingenious ways to turn the new regulations to their advantage. Full disclosure and vigorous debate remain the best hope for an honest process.

Mr. HEINZ. Mr. President, I reserve the remainder of my time.

Mr BOREN. Mr. President, I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator is recognized for 2 minutes.

Mr. BOREN. Mr. President, I have been contacted again by my friend and colleague, a principal cosponsor, Senator BARRY GOLDWATER, this morning.

I am sorry to share with my colleagues the news that due to the very serious illness of Senator GOLDWATER'S wife, it is very unlikely that he will be able to be here with us today. He will try to get here in time for the vote, but at this time it is very uncertain.

He again has sent me a statement which he has asked me to read into the RECORD this morning. I hope that my colleagues and their staffs who are listening to us by the intercom system will share these thoughts from Senator GOLDWATER. I will read Senator GOLDWATER'S statement into the RECORD:

Mr. President, I make this final appeal to my colleagues to vote against the motion to table the amendment of the Senator from Oklahoma.

You have heard from some that the proposal is not comprehensive enough. Others say it goes too far and is unconstitutional. The fact is that the amendment has a sound footing in the Constitution and is an important first step in controlling the major threat now facing our system of free elections, the influence of political action committees with their selfish and narrow vision of what is good for the country.

Mr. President, in just 10 years, the total number of PAC's has quadrupled to more than 4,000. PAC donations to congressional campaigns went up five times in 10 years. Total PAC spending in all Federal campaigns climbed to a record $113 million last year.

Worst of all, these PAC gifts furnished 26 percent of all moneys raised in the congressional races of 1984. This is the highest level that PAC funds have ever represented in history.

Mr. President, PAC money is destroying the election process. It is breaking down public confidence in free elections and it is ruining the character and quality of campaigns.

As far as the general public is concerned, it is no longer "we the people," but PAC's and the special interests they represent, who set the country's political agenda and control nearly every candidate's position on the important issues of the day.

The way to make representative government work is to take elections out of the hands of the monied groups, who speak only for fringes of the whole community, and return them to the people where they belong. This is what the Boren amendment is all about.

Mr. President, I am deeply grateful to Senator GOLDWATER for those words. I hope that my colleagues on both sides of the aisle will heed those words.

I yield myself 5 additional minutes.

Mr. President, we are here not with a partisan political question, not with a question that should go to our own self-interest as politicians who seek to be reelected and returned to office. We are not even dealing with some parochial issue of interest to one geographical region of the country. We are dealing with a fundamental issue of conscience, a question of the integrity of the election process itself which is at the very heart of our system of representative democracy.

I ask my colleagues to direct questions to themselves, to ponder this matter, to not make this decision lightly.

I hope my colleagues will ask themselves whether or not they think it is healthy that political action groups which rate candidates solely on their position on a narrow range of special interest votes should be contributing more than half of all the campaign funds of almost one-third of those elected to the Congress of the United States.

I hope my colleagues will ask themselves, before they vote at 2 o'clock this afternoon, Is it good, is it healthy, for Members of Congress and those running for Congress to be able to raise the majority of their campaign funds from special interest groups here in Washington, without having to go back to the people themselves in their home States and in their home districts?

If they can say honestly to themselves that that is good for the political process, whether they are Democratic or Republican, Liberal or Conservative, northerner or southerner, easterner or westerner, if they as Americans can look at themselves and examine their conscience and say that it is good for the election process that one-third of the people being elected to this body and a growing number each year are getting the majority of their campaign funds not from the people they are sent here to represent at the grassroots in this country but from special-interest groups who can and do only make decisions on the basis of votes on a narrow range of special interests, then they can walk up when their name is called and they can with a clear conscience vote against this amendment.

But if they cannot answer in the affirmative to that question, they should cast a vote of conscience and vote against tabling this amendment or vote to pass this amendment.

Can they really look at themselves in the mirror in the morning and say "I think bundling of campaign contributions by special interest groups is a good thing, I think it is healthy for the election process that PAC's should be able to gather up $100,000 or $200,000 and hand it over in one bundle representing one narrow special interest group, not what is good for this whole country, but one narrow special interest group to someone who wants to serve in the U.S. Senate or the U.S. House of Representatives," if they can say to themselves in all honesty that is good for the election process, that is what America is all about, then they should be able to vote with a clear conscience against this amendment or vote to table this amendment.

Then they should ask themselves is it good for the election process that the message that the candidates themselves want to take to the people of their States and their districts should be able to be distorted by so-called independent groups that can make savage attacks upon candidates and then avoid taking any responsibility for it or avoid coming under any campaign spending limits whatsoever, then if they think that is healthy for the election process they should with a clear conscience be able to vote against this amendment.

If they want to do something to return the democratic process, the elective process back to grassroots control where the people themselves make the decisions without undue influence by special-interest funds and distortion by so-called independent groups or the bundling of campaign contributions by faceless conduits, then they should come forward and vote to support this amendment as a necessary first step toward bringing the election process back on the right track again in this country and restoring the faith of the American people themselves in this political system so that they will know that they, the American voters, are the masters of this political system, not some lobbyists in Washington appointed by no one. No place in the Constitution does it say that lobbyists or special-interest groups in this Capital City should have any special say or undue influence in the electing of our public officials.

I urge my colleagues to carefully consider that matter before they cast their votes.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. HEINZ. Mr. President, I ask unanimous consent that there be a quorum call with the time to be equally charged to both sides.

Mr. BOREN. Mr. President, I object to that.

The PRESIDING OFFICER. Objection is heard.

If neither side yields time, the time will be equally divided?

Who yields time?

Mr. BOREN. Mr. President, I yield 5 minutes to my distinguished colleague and cosponsor from Arizona, Senator DECONCINI.

The PRESIDING OFFICER. The Senator from Arizona is recognized for 5 minutes.

Mr. DECONCINI. Mr. President, I thank the distinguished Senator from Oklahoma.

Mr. President, I rise in support of the amendment of the Senator from Oklahoma [Mr. BOREN]. Not only is it high time that we place some controls on political action committees, it is past due.

I suppose that in a perfect world there would be no political action committees at all. However, since neither this world nor this Congress is perfect, I believe that Senator BOREN's amendment is an important step in the right direction.

A good number of Senators would probably agree to refuse all PAC contributions if they felt that their opponent would do the same.

Since the likelihood of that occurring is slim; PAC fever continues to rage. And, unfortunately, many Americans believe that PAC fever is a contagious disease that has infected the Congress. I do not believe that PAC's are insidious by their very nature. However, in the perception of the American people—and, like it or not, we deal in perceptions—PAC's operate to the detriment of the American public.

A look at the statistics on the growth of PAC's, both in absolute numbers and size of contributions, leaves little wonder as to why the American public has grown so suspicious. In 1974 there were 89 corporate PAC's and 201 labor PAC's, amounting to a total of 608 PAC's. In 1984, there were almost six times as many PAC's, totaling 3,525, and over 17 times as many corporate PAC's, totaling 1,536.

The growth of contributions has dramatically increased as well. In 1974, a total of $12.5 million in PAC contributions was made to House and Senate candidates. By 1984, that figure had multiplied eight times to—$104.9 million. Additionally, PAC's have escalated their level of giving. In 1972, the largest single PAC giver was the AFL-CIO's COPE whose contributions totaled $824,301. In 1982, the largest contributor was the National Association of Realtors PAC topping out at over $2 million, with another five PAC's topping the $1 million giving list. Is it any wonder that the American people have come to question what those contributions are buying?

Without any congressional action, this escalation threatens to continue unabated. That is why I believe that Senator BOREN's proposal is so reasonable. First, it sets limits on the total amount a candidate can receive from PAC's based on State size. The exact amount ranges from $175,000 for Senate races in States with five or less congressional districts and increases to as much as $750,000 for the largest States. PAC contributions for House races would be limited to $100,000. This will represent a significant reduction in many cases, in many races. In 1984, two Senate races reached the $1 million level of PAC giving, and one of those received in excess of $1,300,000 of PAC money. In 1984 House races, PAC's contributed in excess of $600,000 for one race and the top 10 races received almost $4 million in PAC contributions. This is sufficient reason to limit the totals that can be received by candidates from PAC's.

Second, the Boren bill lowers the level of PAC contributions from the present $5,000 per candidate per election to $3,000 per candidate per election, while at the same time increasing the allowable individual contribution from $1,000 to $1,500. The $5,000 limit has effectively allowed PAC's to give $10,000 to each candidate based on $5,000 for the primary and $5,000 for the general election.

While there are other important provisions of Senator BOREN's proposal, these are the guts of it, and it is beautiful in its simplicity. It takes power away from the PAC's and gives it to the people. It will decrease the growing reliance on PAC contributions and place the burden on individual contributions. This is good not only in terms of reducing the influence of PAC's but also because it will require more involvement of individual citizens. This should be our long-term goal—increasing individual involvement in the electoral process.

Mr. President, I urge my colleagues to take a close look at this amendment. I do not believe that they can find anything objectionable in it. I urge my colleagues to join me in support of this amendment and by doing so send a message to the American people that they have not been forgotten—a message that democracy can triumph over dollars.

Mr. President, let me end by saying that I take PAC money. In my last campaign, about 17 percent of the total contributions I received came from PAC money. I received money from labor PAC's, from the realtor PAC's, from business PAC's, and I am always pleased to have those dollars.

But what it boils down to here is that it is out of hand. We have come to the point now that the cost is just astronomical not only to run for office, but it is also an astronomical burden on the organizations and associations that want to select and help people in a financial way.

So I hope that this Senate will have the courage to stand up and put some limits on this.

Mr. President, I ask my colleagues to do what is right here. The Senator from Oklahoma has been under a lot of pressure from both sides of the aisle to temper this. He is not eliminating PAC's. No one is going to be hurt by this action.

I thank the Senator for bringing this to the Senate floor and I await the vote today. As I understand it, a unanimous-consent agreement has been reached and we are to vote at 2 o'clock today. I hope my colleagues will join me in passing this.

I thank the Senator from Oklahoma.

Mr. BOREN. Mr. President, I thank my colleague from Arizona for those eloquent remarks.

I yield 5 minutes to my colleague from Michigan, Senator LEVIN.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. LEVIN. I thank the Chair, and I thank my friend from Oklahoma.

Mr. President, I rise in support of the amendment offered by my good friend, the senior Senator from Oklahoma, to put some new limits on the role of political action committees in our electoral process. I believe his approach is responsible, reasonable, and fair.

The problem caused by the growing influence of PAC's in Senate and House election is principally a problem of appearances. That makes it no less dangerous because as the number of PAC's has tripled and then tripled again over the past 10 years, and as PAC contributions to Senators and Representatives have increased to over $110 million, more and more often the Congress is portrayed as being for sale. Virtually all PAC's represent groups or organizations concerned about only a single issue or a narrow set of related issues, so they seem to be playing a game of incentive and reward with the Members they support. To the general public it often looks as though issues are being decided not by the merits of the arguments presented by different sides, but by the weight of the dollars spilling into congressional campaign coffers. While there may be no real difference between 10 lawyers each giving a Senate candidate $1,000 at a lawyers' reception and a lawyers' PAC giving the candidate $10,000, there does appear to be a difference to the public for at least two reasons. First, individual donors are far more likely to weigh many factors in deciding who their dollars will support, while PAC's generally consider narrower self-inter-

est. Second, PAC contributions can be and are linked by numerous commentators and observers to votes on issues in which the PAC is interested. The public reads of those linkages and is disgusted. Is the linkage fair? Probably not. But it corrodes democratic institutions, fair or not. Do PAC contributions buy votes any more than individual contributions? No. Are they made more easily to look that way? Darn right. Should we then say "It's all appearances," grumble about the unfair assumption of observers and commentators, and do nothing? No, not if we care about the people we serve and the institution in which we serve.

We cannot simply ignore newspaper and magazine and TV reports which detail the PAC receipts of Members of Congress who act on legislation those very PAC's are most concerned with.

"PAC's Hold Mortgage on Congress" the Christian Science Monitor reported last month.

"PAC's Donated $16.8 Million to Tax Bill Writers" shouted a headline in the Washington Post last February.

"One-Third of House Members Relied Mainly on Interest Group Donations" is another unsettling headline.

Or how about "Congressional Candidates Were Given $104 Million by Special Interests."

Or "Insurance Industry Boosts Political Contributions as Congress Takes up Cherished Tax Preferences" from an October Wall Street Journal article.

And then there is the headline that reads "Members of Tax-Writing Committees Reap PAC Money."

How should we respond—just with letters to the editors pointing out the fallacy of the implied conclusions? Not if we are truly worried about preserving democratic institutions.

Every time one of these articles appears, the integrity of the Congress slips another notch. For much of the public that believes its elected officials—no, let me say its politicians—are often less than reputable characters, new evidence is provided for that proposition. Selling out, influence buying, domination by single interests and damage to the public interest—these are the kinds of conclusions that are being drawn for stories about the growing role of PAC's in political campaigns. The reputation of Congress is at a low enough standing without this added besmirching.

Ten years ago, this appearance problem was not as troubling as it is today. Since 1974, the number of PAC's has grown from 600 to more than 4,000, and PAC contributions have increased almost tenfold. The fact that in the last election, 163 Members of Congress received over half their campaign contributions from PAC's elevates this problem of appearance to a whole new order of magnitude. More and more it is made to appear that special interests are taking over, that the Congress is for sale.

Some may say the real problem is the role of money—PAC or individual—and the time taken in raising it. Why not go after the real problem? I am all for it—but there is no realistic prospect of the only thorough overhaul of the way we finance elections which would really make an effective difference—and that is, of course, public financing. I support it myself, but how many Members of the Congress would support a public financing proposal?

The Boren amendment is not a cure all, but it would start the patient down the road to recovery. It would reduce the maximum amount of the contribution a candidate can take from a PAC from the present $5,000 per election to $3,000, and it would limit the total amount of contributions that candidates can accept from PAC's in the aggregate. For House candidates the overall limit would be $100,000, raised to $125,000 if a candidate has opposition, and for Senate candidates the limit would be $175,000 or a total of $35,000 times the number of congressional districts in the candidate's State, whichever is larger. The amendment would also raise the limit on individual contributions to $1,500 from the present $1,000 to offset the limits on PAC giving.

Without these kinds of limits, I'm afraid public cynicism will grow and Congress' reputation and credibility will decline. Appearances must be addressed when they shape public attitudes, particularly when those attitudes provide the basis for public support, so critical if democratic institutions are to remain strong and prevail.

The Lansing, MI, Journal editorial of April 14, 1985 put it well:

> It is very seldom that one could say that any Member of Congress voted a certain way on controversial legislation because it was in the interest of a friendly PAC contributor. But the appearance of that kind of influence buying in Congress is clearly there and is growing in terms of dollars donated in each new election campaign. Does anybody care?

I hope we care enough to pass this amendment.

I congratulate my friend from Oklahoma for bringing this to our attention, and for getting us to a vote on the merits and on the substance of it today at 2 o'clock.

Mr. BOREN. Mr. President, I thank the Senator from Michigan. How much time remains on this side?

The PRESIDING OFFICER. Thirty-five minutes.

Mr. BOREN. I yield 4 minutes to my distinguished colleague from Illinois, Senator SIMON.

Mr. SIMON. I thank my colleague.

The PRESIDING OFFICER. The Senator from Illinois is recognized for 4 minutes.

Mr. SIMON. Thank you, Mr. President.

Fundamentally, I agree with the remarks that have just been made by the Senator from Michigan, though mine is a more qualified support. My answer is yes, I am for it, but it is not nearly a significant reform as we ought to be providing. In fact, there are aspects of the bill I do not like. I do not like the increase in the individual contribution provision. But the decrease in the PAC limit I think is the right step forward.

What is the real need? I think the real need is the bill offered by my colleague from Maryland, for public financing to do the same thing in the Senate races that we do for the Presidential race.

I know of virtually no one who believes that we ought to move back to the old days in the Presidential race where anybody could contribute whatever they wanted. What we do at the Presidential race is we have that checkoff. That is precisely what our colleague from Maryland is suggesting in the Senate races. And that is what really makes sense.

This is, I think, a small step forward. I am willing to make it. But I do not think anyone should fool themselves that this is really very significant. What we have to do is grab the ball and face the realities.

For example, I just went through an election in Illinois where we spent in the primary and general election $5.3 million. I am embarrassed to say it. My opponent spent more. We should not be spending those kinds of funds.

I see the Presiding Officer is going to be involved in an election next year. He is going to have to spend much more than he should have to spend. We ought to get hold of this thing, and the Mathias proposal is simply let us do it in a general election as we do it for the Presidential races with the voluntary checkoff. I really think that makes sense.

If this bill is one step forward, as it is on PAC limitations, and one step backward, as it is I think in increasing the individual contributions from $1,000 to $1,500, then why should we do it? The answer in part is the answer provided by my colleague from Michigan just a few minutes ago. That is a perfect answer. There is no question that the appearance is bad as a result of PAC's. It is too obvious what is happening. But let us not fool ourselves. That is there whether it is in the name of a PAC or it is an individual making that contribution. That is what is wrong. All of us who sit in this body are grateful to the people who contribute to our elections. We would

be less than human if we were not grateful.

That gratitude is not expressd in promising people we are going to vote one way. But it does mean that people who are financially articulate have inordinate access to policymakers.

We too easily forget the person who is unemployed. We forget the person who is handicapped. We forget the senior citizen. We forget a lot of people out there who really need help.

I think, clearly, we have to move in the direction of public financing.

One final point why I strongly support the Mathias bill.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. SIMON. Mr. President, I strongly support this legislation not as a huge step forward but as a small step forward.

Mr. CHAFEE. Mr. President, I support the amendment offered by my distinguished friend from Oklahoma, Senator BOREN, and commend him for introducing it.

The trend in campaign spending has me deeply concerned. The proliferation of political action committees and the percentage of campaign funds provided by PAC's are alarming. The total amount of money any PAC can contribute should be limited, perhaps not as arbitrarily as the limits imposed by the Boren bill, but it should be limited.

Mr. President, I am inclined to favor even more sweeping reform than the amendment offered by Senator BOREN. I believe that public financing of campaigns may be the only way out of this spending-begets-spending quagmire.

In addition, I would go as far as to say that every PAC—large, small, or splinter—should be required to completely identify its purpose for existence in 20 words or less. I believe that many citizens do not fully understand what PAC's support because of their purposely vague titles and labels.

If a group could not proffer it mission statement that concisely, it should be abolished, no questions asked. As David Belasco, the great American theatrical producer, once said, "If you can't write your idea on the back of my calling card, you don't have a clear idea."

Senator BOREN's amendment is far from perfect. I doubt any bill has been or will be, no matter how well intentioned, and few have better goals than the one we are now considering. However, the pending amendment takes a colossal step in grappling with an enormously thorny and complex issue, and I will vote against tabling this measure.

Mr. President, voting against the tabling measure will enable the Senate to work its will on this critical issue. Voting nay will keep the idea alive and will afford us more time with which to examine it and quite possibly, improve it.

Now, let's face it, Mr. President, as my distinguished friend from Missouri, Senator DANFORTH, has said, few Senators in this body will be influenced for $5,000 or $10,000 or however much one PAC contributes. I don't know what the going rate is. But, the public perception that such contributions do influence Members of Congress is to me deeply troubling.

Mr. President, the Supreme Court has ruled that in the absence of a waiver of public financing, total campaign expenditures cannot be limited. However, each component is subject to some congressionally prescribed constraint, except for PAC's. Personal contributions have been limited. Individual contributions have been limited. Contributions by political parties have limits. But PAC contributions have no such restriction.

This is cause for concern because even if there is a trace hint of impropriety, of one contribution component wielding undue influence on incumbents and challengers, the citizens' confidence in the election process—indeed in our democratic system—is undermined.

The measure before us takes a moderate and reasonable approach to a serious development which threatens the integrity of the election process. I am proud to support it.

Mr. CRANSTON. Mr. President, a vote to table the Boren amendment is not a vote against campaign reform.

A vote not to table the Boren amendment is not a vote for campaign reform.

I am for campaign reform, but until a few moments ago it was my intention to vote to table the Boren amendment.

Senator BOREN is for campaign reform, but he, of course, has always intended not to vote not to table his amendment.

I applaud the Senator from Oklahoma for causing this debate. I applaud him for forcing us to consider the need for campaign reform, I applaud him for his devotion to the cause of campaign reform. I applaud him because, as it is now turning out, his initiative will now lead to a thorough examination of this matter in the Rules Committee and subsequently, I trust, in the full Senate. I will join those voting not to table the Boren amendment in order to expedite those considering it.

I do not believe, however, that the Senator from Oklahoma's amendment is the way to reform a system of campaign financing that must be reformed.

I believe that real reform will only come with public financing—and so I'm delighted that this whole matter will now be considered by a committee chaired by a staunch and wise advocate of public financing, Senator MATHIAS. That this is not and should not be a partisan matter is underscored by my pleasure that our Republican colleague from Maryland will thus have this opportunity to play a leading role as the Senate grapples with this issue.

Few Senators would argue about the problems the Boren amendment avows to remedy. Campaigns are too long and too costly. Candidates are required to spend too much time in fund raising. As a consequence they are too dependent on PAC's as well as well-to-do citizens as a source of larger contributions. And this dependency relates not only to PAC's and individuals concerned about so-called special interests as to PAC's and individuals concerned about all sorts of causes.

Unfortunately recent history teaches us that our legislating of electoral reform more often has not provided what all can agree is true reforms. PAC's are the offspring of our efforts to reduce the political influence of large individual contributors. Independent expenditure committees are direct outgrowth of our establishing contribution limits. And the unbelievable redtape and bureaucracy of the FEC that frustrates all concerned is a consequence of the need to police the regulations our reform legislation has spawned.

So we should approach the Boren amendment warily.

At the surface level, I am concerned with four aspects of the legislation.

First, any change in the contribution limits should at least account for inflation since we adopted the limits 10 years ago. If the contribution limits were indexed for inflation, the individual limits today would be $2,275 and the PAC limit would be $11,375. And these increases would not keep pace with the extent to which campaign costs have exceeded the inflationary rise over the past 10 years. The last Senate race in California exceeded the 1974 race by a factor of at least three.

Second, the PAC limits under Boren are capped at $750,000, which discriminates against larger States. The maximum for California should be $1.575 million under the Boren formula of $35,000 per congressional district. Even if one agrees with the theory of the Boren aggregate PAC limit, what conceivable justification is there for not treating large and small States equally?

Third, I believe the Boren efforts to remedy "bundling"—a practice which is probably unpreventable—will not really work.

Current law requires that anyone who serves as an "intermediary or conduit" for a contribution from a person must report the contribution to the FEC even though the contribution counts against the person's limits. This reporting requirement is largely ignored and obviously unenforceable.

The Boren amendment would change this by making the contribution also count against the contribution limits of the "intermediary or conduit." This is intended to prevent someone from "buying influence" with a candidate by collecting contributions for the candidate. Yet anyone who wants to buy influence with candidates by raising money can escape—even as Boren would change the law—by agreeing to serve on a candidate's finance committee.

Finally, the equal time provision would require broadcasting stations to give equal time when a candidate is attacked on that station by an independent expenditure committee. This is arguably an invasion of freedom of the press.

Beyond these immediate concerns, I question the basic direction of the Boren amendment.

When the Supreme Court threw out as unconstitutional the expenditure limits Congress adopted in 1974 while leaving the contribution limits in place, it created a basically untenable situation where political survival for many candidates is dependent on finding legal ways around the contribution limits in a world of unlimited expenditures. It's giving us such permutations as the personal PAC, independent expenditure committees, hard money, soft money, and soft-soft money.

While it's easy to criticize most if not all of these innovations, remember that they are an outgrowth of a situation where—to give one example of the unfairness—there is no limit on the expenditure of personal funds by a candidate—be he or she rich or poor.

I do not believe that legislating lower contribution limits is an answer to these problems. What tightening up on contribution limits does is, first, to force the candidate to spend more time raising money and, second, to enhance the incentive to find loopholes and other ways around the expenditure limits. It certainly won't decrease the cost of campaigning, and it certainly won't decrease the influence of the special interests, who are best able to hire the legal expertise to find the loopholes.

I suggest we look in another direction. For example, if our aim is to decrease the influence of PAC's, why not increase the individual contribution limit to equal the PAC limit? If a candidate could raise as much from an individual as from a PAC, clearly the influence of the PAC would be diminished.

In short, it may be time to reconsider the whole question of contribution limits in a political system where expenditure limits are unconstitutional. In my own State of California, we have a very strong campaign contribution disclosure law. But California has no limits on campaign contributions—and I haven't observed that California's Legislature is any the worse or that the special interests are any more powerful in Sacramento than on Capitol Hill.

But whatever we may decide on that question, the only real solution to the influence the special interests accrue through campaign contributions is public financing of congressional elections—something I've long supported and worked for.

Public financing may be the one and only way to deal with the problem created by the Surpeme Court ruling banning any limit on expenditures by a candidate can make personally on his or her own campaign. This situation puts a poor candidate in a very disadvantagous circumstance vis-a-vis a well-to-do opponent. Public financing could provide this remedy: public funds to the poor candidate to match the personal funds invested in the campaign by his or her rich opponent.

As I make these arguments on the eve of my own reelection campaign, let me assure my colleagues that my own campaign funding is quite broad-based and not overly dependent on PAC contributions. I've already had over 70,000 contributors to my 1986 reelection. Of every $100 I've raised for 1986, only $14 has come from PAC's. But I nevertheless believe that I and every other Senate candidate must spend too much time in fundraising and that the Boren amendment would make the situation worse.

The PRESIDING OFFICER. Who yields time? If neither side yields time, the time is charged equally to both sides.

The Senator from Oklahoma.

Mr. BOREN. Mr. President, how much time remains on this side?

The PRESIDING OFFICER. Thirty minutes.

Mr. BOREN. Mr. President, I yield 4 minutes to the distinguished Senator from Missouri.

The PRESIDING OFFICER. The Senator from Missouri is recognized for 4 minutes.

Mr. EAGLETON. Mr. President, I support the Boren amendment not because it will do all that much—it won't—but because it will be a symbol that our present rancid campaign funding system needs drastic change.

The Boren amendment operates at the edges of the problem, cutting back a tiny bit on PAC contributions, and so forth. I guess such a measure is all that we can swallow at this time.

But the time will come, Mr. President, when we must—in the name of decency and democracy—swallow a great deal more.

Every Senator knows the perniciousness of today's money-dominated electoral system. We all know that raising money has become the paramount objective in the planning and execution of a Senate campaign. Indeed, it has become a benchmark of success or failure.

Money has always been a factor in congressional politics. By luck and tradition, however, it remained, until a decade ago, at manageable levels. By "manageable levels," I mean within the range of decency; within the ability of a candidate, challenger, or incumbent, to raise adequate funds without becoming a political beggar or compromising his independent judgment.

Throughout the last decade, the money factor has exploded exponentially. Most of us have our "tin cups" for alms-begging; our call lists to fat cats; our endless procession of fundraising receptions; our direct mail pleas; and so forth.

The money race never ends. Senators start the process in the early years of their 6-year terms by "building a war chest" for their reelection. House Members start on the Wednesday after the Tuesday elections to amass the funds for the next go-around.

Money-raising has its own lexicon of buzzwords and catchphrases: "Can you do anything for me in St. Louis?" "Do you know anybody in the such-and-such industry?" "Do you have any friends at this PAC or that PAC?"

PAC's aren't the sole villain in this problem, but simply a notorious symptom. They represent, in structured form, the gathering of funds to impact massively on a Senator's campaign and to impact inescapably on his judgment. They personify the inherent evil of today's perpetual fundraising blitz. Their increasingly dominant role in fundraising is a manifestation of the incredible, scandalous cost of campaigns—the greatest threat facing America democracy.

Lyndon Johnson first made a political name for himself as a fundraiser deftly spreading some money here and there for the Brown & Root construction folks. Today's money-raising is like a bombing raid on Dresden.

Old Clint Murchison of Texas once put it this way: "Money is like manure. If you spread it around, it does a lot of good. But if you pile it up in one place, it stinks like hell." (Time, June 16, 1961.)

Mr. President, passage of the Boren amendment won't even begin to eliminate the stink. It will merely acknowledge that we are aware of its presence.

I yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. BOREN. Mr. President, I yield 7 minutes to the Senator from Colorado.

The PRESIDING OFFICER. The Senator from Colorado is recognized for 7 minutes.

Mr. HART. Mr. President, over the past 2 months, this Chamber has been

locked in debate over the deficit crisis. We have spent untold hours discussing and voting on a proposal to make radical changes in our process of constructing the Federal budget.

Today I rise in support of the amendment by the Senator from Oklahoma, because it gives us an opportunity to eliminate one of the greatest and most unnecessary budget costs of all. That cost does not appear as a line item. And even though it runs to the tens of billions of dollars, this cost would not be subject to the so-called "sequester" orders under Gramm-Rudman.

The budgetary waste to which I refer is the cost of special interest government—the cost of a government increasingly of the PAC's, by the PAC's, and for the PAC's.

We have all seen how these political action committees are taking over our Nation's Capital. When I first came to this Chamber in 1974, there were about 600 PAC's, and their contributions totaled about $12 million. Now there are over 4,000 PAC's, and they contribute over $100 million to congressional campaigns.

More frightening than their growth in numbers is their growth in influence. In 1974, PAC funds accounted for less than one-sixth of the money spent by congressional candidates. Now they account for nearly a third.

Is there a Member of this Chamber who has not privately criticized this scandal? Does any of us not realize that most Americans see PAC money as the toxic waste of American politics?

Mr. President, in a matter of days, the House of Representatives will vote on their version of tax reform. The House has invested great effort in their bill, but look at the proposal they are likely to send us. It is hardly the paragon of fairness and simplicity that the President spoke of last May. Forty percent reform has been traded for 60 percent loophole preservation. It is better than nothing—but not much.

Last May, when the President unveiled his tax reform plan, the pundits said this issue would wash across Washington like a populist tidal wave. Now they say the prospects for genuine tax reform are dead in the water.

What happened? Without "PAC's reform," there was little chance for true tax reform. During the first half of this year, PAC's gave nearly $4 million to the 56 Members of the House and Senate tax committees—all this generosity a full 12 months before the next election.

Tax reform is not the only PAC-infested issue. We have seen the same story on the Clean Air Act, on the farm bill, and on other issues. It seems the only group without a well-heeled PAC is the average citizen—the voter who has no special interest beyond low taxes, an efficient government, an honorable Congress, and a humane society. Those are the demands we should be heeding—but those are the demands the PAC's have drowned out.

Mr. President, I do not mean that my colleagues in this Chamber or in the House are acting with venality. Nor do I believe that most of those who operate PAC's lack scruples. The great majority of candidates and PAC's are merely using the legal rules to their greatest benefit.

That is the point: It is the rules themselves that are corrupt and corrupting—and we must change them.

The amendment offered by my friend from Oklahoma has a number of worthy goals:

First, it would limit the influence of PAC's. The amendment would limit House candidates to $100,000 in PAC money in each election cycle. For Senate candidates, the limit would vary between $175,000 and $750,000 depending on State population. In addition, the amendment prohibits "bundling" of individual contributions by PAC's, and lowers the limit on each PAC contribution from $5,000 to $3,000.

Second, the amendment would increase the influence of those who should have it—individual voters. Senator BOREN's proposal would increase the amount individuals can contribute to a Federal candidate from $1,000 to $1,500 in each election.

Third, the amendment would help control independent expenditures by PAC's running negative campaigns. It would require broadcasters to provide "equal time" to candidates who are subjected to negative ads paid for by independent expenditures by PAC's.

Even if we adopt this amendment, there is more we must do. We must further improve our method of financing Presidential campaigns. We must reduce the costs of running for office. No one understands the high costs of campaigns better than I do. I was the first Presidential candidate to refuse PAC contributions—and my creditors can testify how hard it is to meet today's campaign costs relying only on contributions from individuals. There are many steps we should take. But this is a first step we can take—and we can take it today.

Mr. President, we have recently heard a criticism from those who say the effects of this amendment will be quite different than its laudable goals. If that is true, then why are all the PAC's running around squawking like a bunch of turkeys the day before Thanksgiving?

I wish to share with my colleagues a letter that I received last week from a Mr. Lawrence Pratt and a group called "Gun Owners of America." In his letter, Mr. Pratt urges me to vote against Mr. BOREN's amendment. He writes that his organization will "consider a vote for the Boren amendment a vote for gun control." And of his own letter, he writes: "It is intended to be a message to gun owners that we should be happy with Congress exactly as it is."

Mr. President, I have great respect for responsible gun owners, and I doubt very much that they are happy with Congress exactly as it is. Instead, I suspect that, like the vast majority of Americans, they want to cut the costs of "special interest government." I bet they want the PAC scandal stopped, right now, today.

Mr. President, it is time to fortify our Nation's foundation of self-government and redeem the integrity of this Chamber and this Congress. I urge my colleagues to join me in supporting this timely amendment.

Mr. President, as I have already stated, I strongly support the amendment offered by the Senator from Oklahoma [Mr. BOREN].

I confessed to having accepted political action committee contributions in both my 1974 and 1980 senatorial races. I did so at a time when there were a few hundred political action committees in the country and at a time, particularly in the mid-1970's, when the average contribution of political action committees to congressional races was about one-sixth of the cost of every congressional race.

But, Mr. President, in the last decade—certainly in the last half-decade—the situation has clearly gotten out of hand. Now about one-third of all contributions in congressional campaigns comes from political action committees and, as we all know, there are over 4,000 of those committees in operation. It is significant that the proposal of the Senator from Oklahoma [Mr. BOREN] is not to abolish political action committees, because they were created as a therapy to the abuses of special interest and corporate contributions at a time when those contributions went largely unreported and were reaching scandalous proportions and being maneuvered in scandalous ways. So we have been and will be reminded that political action committees are the product of reform and, therefore, we should not reform them out of existence or even limit their power.

Mr. President, I cannot think of an argument—a reasonable, rational argument—why their power should not be limited. However one feels about whether they should be abolished or not, their power collectively is out of hand.

The Senator from Missouri [Mr. EAGLETON], in his usual cogent fashion, has laid bare the impact of fundraising on all of our lives. What is often not said here, on this floor, and perhaps many of our colleagues would prefer it remained unsaid, are the discussions

we all have with each other in the cloakrooms, in our offices, and in the hallways. More often than not, as the Senator from Missouri said, those discussions have to do with money, and they are not just discussions which occur in the election year of the Senator involved. In the brief period of time that the Senator from Colorado has been in the Senate, raising money has become an obsession. It has become a year-long obsession; it has become a term-long obsession. We have all seen in the past decade our colleagues who get elected and start immediately raising money for an election 6 years hence. So we are all now trapped in the system brought on by the high cost of campaigning that involves raising money year round and year in and year out. There is no halt.

We go to fundraising events in Georgetown and elsewhere, we go to dinners for each other, we ask each other to attend cocktail parties for the purpose of raising money for a campaign next year or a campaign 2 years from now or a campaign 6 years from now.

Mr. President, I know a little bit about running campaigns without political action committee contributions. I made a pledge to myself, to my supporters, and to friends around the country and interested observers in 1983—early 1983—that as an intended candidate for the nomination of my party for the Presidency of the United States, it was my intention not to accept one single cent of political action committee money, and my still numerous creditors from that campaign can tell you that it was a painful decision not only for me but for them. It has been widely reported and I guess it is no secret that that campaign still owes some of those creditors some money. What has not been reported is commitments that have been stated to the Senator from Colorado from some of his strongest supporters that if we were to change that policy today, much of that remaining debt could be liquidated in a matter of weeks by simply accepting political action committee funds.

Mr. President, that is not the way we are going to change the system. We are only going to change this system by Members of Congress taking the pledge themselves not to accept political action committee money for House races, Senate races, and campaigns for the Presidency and who thereby obtain the credibility necessary to change that system.

I have read in the newspaper statements by those who oppose the proposal put forward by the Senator from Oklahoma. Mr. President, I find them hollow and without merit. The old dog that we hear trailed around this Chamber all the time is we have not had hearings; we do not know about it; we have to go through the deliberative process. That is nonsense, Mr. President. If we were to accept that argument in every case, we would not do anything on the floor of the Senate and no one could initiate anything on the floor of the Senate. We certainly would not bring anything up here that had not passed through or waited its turn in the committee process or been blocked by the committee process.

It is time this amendment was before us. We are on the verge of a scandal being brought on by the amount of political action committee money being taken and the amount being given. Even if there is not a scandal in the classic sense, it is scandalous that political action committees and special interests think they are buying access by making those contributions. That has to stop. It can be stopped not by abolishing those committees but, as the Senator from Oklahoma says, by limiting their impact and the total amount of impact they are having on this legislative process.

The President of the United States recently asked to simplify our tax laws. We have seen a bill come out of the House that is a direct product of the political action committee system, and it is not tax reform. It is better than the system we have today, but it is not tax reform, and we all know why. We know it is because of the interest of special interests and political action committee contributions. Very few Members of Congress are going to solicit contributions from an interest group and then vote against that interest group. Some do, some will continue to.

But there is a direct correlation between the amount of money being given, the places where it is being given, the membership on committees that are attracting that kind of money, and the kind of low quality legislation we are passing.

The PRESIDING OFFICER (Mr. MCCONNELL). The Senator's time has expired.

Mr. HART. Mr. President, let me finish by saying PAC's have become the matter of politics and I strongly support the amendment of the Senator from Oklahoma.

The PRESIDING OFFICER. Who yields time?

Mr. BOREN. Mr. President, how much time remains to Senators on this side?

The PRESIDING OFFICER. The sponsor of the amendment has 15 minutes and 40 seconds.

Mr. BOREN. Mr. President, I yield 30 seconds to myself.

It appears that the time will be running against us anyway by virtue of the absence of debate on the other side, so the only way for us to protect our time is to go ahead and use it at this time. I yield to my distinguished colleague from Mississippi [Mr. STENNIS] for 10 minutes.

Mr. STENNIS. Mr. President, I thank the Senator from Oklahoma and others who have worked on this huge problem for the contribution they are making here now and will make in the future. This is a highly important matter. The problem is growing with time and the solutions have just not been found.

We are always safe in going back and seeing as nearly as possible what the Constitution says with reference to national problems. The Constitution provides that the power to declare war shall rest with the Congress. The Constitution provides that the power to originate a revenue bill, a tax bill, shall reside with the House of Representatives, those closest to the people. And the Constitution states that the Representatives shall be chosen by the people, while the 17th amendment provides for Senators to be elected by the people.

So I think we must go back to the Constitution in search of a way to handle this new but very grave problem of regulating our elections. When we permit, and in fact encourage, outside groups to send in outside money to help elect these constitutional officers, we are violating the spirit of our Constitution and should discontinue the practice.

We have not found a cure. We have not found a remedy. We have not found a workable plan. But we have tried to cope with it, and we have some experience in that field.

Now, I voted against the present law which passed in the early seventies, as I recall, because I felt that with the freedom allowed, it would lead to outside influences, outside efforts of one kind or another that could and perhaps would overwhelm and defeat those home people, the people for whom a representative was being chosen for either the House or the Senate. I have seen evidence of that, a beginning of that trend.

Whatever wrong there is in following the current practice, I am guilty along with the rest. I have no criticism whatsoever of any candidate and what he has done or failed to do. I complied with the law as written when I was last a candidate and raised and spent far more money than I ever had before, so I am not claiming any immunity. But I emphasize that we absolutely must find a better plan. This thing will spread. The current practice of permitting PAC's to send in money—it amounts to big money in time—will overwhelm in place after place after place the efforts of the local people, in the face of the clear declaration in the Constitution that it is the people who have the power to choose their officials. This matter will spread unless it is regulated.

We need a plan which brings the responsibility of these elections closer to

the people at home, not further away. PAC's tend to push the election machinery away from the people at home for whom a Representative or Senator is being chosen. These PAC's step in at a key time with plenty of money and to a degree take over the election. There is not doubt about it; it can be done. We know it is being done to some extent. I have no doubt that if this continues it will spread to the election of Governors and other elected officials in the various States, the cities, the large ones particularly, on down to the smaller units of our entire Government.

Everything we see about present trends—and I am not trying to find fault—everything we see developing in present election trends relates to money, to big money. That is what it is. It is taking that course now in many places. If there ever was a time to anticipate these problems and find solutions as near as we can before they develop, before they take over, before, they get so embedded in our system as to be almost irradicable, we must pass a plan now that will work.

This amendment, Mr. President—and I do not say this critically; I am for it lock, stock, and barrel—really does not go very far. It is very mild. It is very timid, if I may use that word. It reduces by a small number the amount of contribution which a PAC can make for the benefit of an individual candidate, and it limits the total amount of PAC contributions a candidate can accept, depending upon the size of the State.

The importance of PAC money is growing. We absolutely must stop it before it is too late. We must work harder to find a workable way to prevent the wrong thing from happening.

So after getting into this matter and realizing what is happening under present practice and seeing the absolute must, m-u-s-t, of a plan, I do not see where we have any issue now before the Congress that transcends this question and what we are going to do about it.

As I say, this amendment is very small in its application, but it is an expression of knowledge on the part of the membership that the present law is not enough and something must be done. In that way we will lead this Nation toward a better, more effective system with which everyone can live. But if we do not pass something of this nature now, it will be a direct message that things are going to be left alone, and it will be everybody for himself. These elections will move further and further away from the people. However you want to count it, however you want to describe it, that will be the trend. Indeed, it is already the trend, but it will continue with acceleration.

Now, that is not anyone's fault except ours because the elected Members of Congress should move first. We are the ones who have a chance to pass a law now without any election forthcoming, in the relative quiet before the campaigns start. But certainly as night follows day we are going to have to have a plan, a workable plan. Otherwise the elections will get further and further and further away from the people, and the problem will only increase.

Mr. President, we must keep this decisionmaking as much as possible at the doorstep of the people. Our concept of self-government and self-regulation and then responsibility of the person chosen is built upon that principle, and it is reflected in a few sentences of the Constitution.

For almost 200 years that system has worked. The American people understand it. They expect us to have a plan which will be put into effect to protect not someone who lives on the other side of the Nation but protect them. As I say, the proof of the pudding is in the eating, and for 200 years, without any grave exceptions, we have used this system to advantage. We have found it to be workable. We have found that people have the interest and have put out the effort to meet the challenge which falls at their doorstep, and they have done a pretty good job.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. BOREN. Mr. President, how much time remains to this side?

The PRESIDING OFFICER. Three and a half minutes.

Mr. BOREN. Mr. President, since there are two or three other Senators who wish to speak on this side and because the other side has not been using its time, I wonder if I might ask unanimous consent that the Senator from Mississippi be given an additional 3 minutes without it being counted against the time remaining on this side.

The PRESIDING OFFICER. Is there objection? The Chair hears none and it is so ordered.

Mr. STENNIS. I thank the Senator from Oklahoma.

Mr. President, I have really concluded my major points.

We come back to the people. Whatever we have now, we are going to have to discard, unless it is something the people can and will do.

Whatever the system of government and the worth of that system is at any given time depends upon the interest, the activity, and the work that the local people do. Otherwise, we will have to change our system of government and rely on other factors.

One other point, Mr. President: Certainly, those of us who are here now have some special responsibility to this body, to this institution, to the U.S. Senate and the House of Representatives, those men and women who have already been chosen and who have been vested with this tremendous lawmaking power. By all means, the people have a right to expect us, and do expect us, to absolutely keep the system that is designed for them, and their chance to elect future Congresses, to keep dirty hands off that system and, moreover, to keep it strong, keep it active, and keep it so that it is well informed—large numbers of people who understand the principles of government and are willing to go out and make a fight for what they think is right and for candidates that represent them.

When we abandon those things, we take things away from the local people and from their control, and we start downhill, from which there probably will be no return.

So this is our chance now to make a start. This is a mild bill, a measure that will indicate a great deal; that in taking a second look, we are going to slow this thing down somewhat and, with more time and experience, we will take further looks and we will add strength and workability to this whole system of elections, because we must preserve this power and keep it where it belongs with the people.

I yield the floor.

Mr. BOREN. Mr. President, how much time remains to this side?

The PRESIDING OFFICER. Three minutes.

Mr. BOREN. I yield myself 30 seconds.

Mr. President, we have just heard an eloquent speech by the senior Senator from Mississippi. Earlier today, I read remarks of the distinguished Senator from Arizona [Mr. GOLDWATER].

These two outstanding statesmen—and I use that term advisedly—have given 70 years of service to the U.S. Senate, between them. They love this institution. They love this country. They believe in the Constitution.

I urge my colleagues to seriously consider and ponder the words we have just heard from the Senator from Mississippi and the words I read earlier from the Senator from Arizona before casting a vote on this measure.

Mr. President, I know that our time is short, and I apologize to my colleague from Massachusetts that I am only able to yield him 1 minute at this time.

Mr. KERRY. Mr. President, I ask if it is possible to have unanimous consent for me to have 3 or 4 minutes.

Mr. BOREN. Mr. President, I ask unanimous consent that the Senator from Massachusetts be allowed 3 minutes, not to be counted against the time remaining on this side.

The PRESIDING OFFICER. Is there objection?

Mr. HEINZ. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. HEINZ. But I will be happy to yield 2 minutes from our side.

Mr. BOREN. I appreciate that gesture by the Senator from Pennsylvania.

Mr. KERRY. I thank the Senator from Pennsylvania.

Mr. President, I rise in support of the Boren amendment.

This amendment is not perfect. It is at best a beginning to real reform. By limiting the overall amount of PAC money that any candidate can accept, the Boren amendment puts a finger in the dike to slow the flood of PAC money in our political process. Regretably, a finger in the dike is not enough to stop the tide of special interest money that just keeps rolling along.

Senator BOREN's own career has exemplified that one can stand up to the PAC men and not accept special interest money, and I commend him for his leadership in seeking to reduce the impact that PAC money continues to have on the political process.

The Boren amendment would limit the total amount any Congressman or Senator could accept in each election cycle for the first time. It eliminates "bundling," whereby PAC's have used a loophole in current election laws to funnel money to candidates in amounts far beyond the $5,000 per PAC legal maximum. It would provide equal access to candidates who are victimized by negative campaign advertising by "independent" groups. For these reasons, the Boren amendment is an improvement over current law, and I urge its adoption.

The trouble is, the Boren amendment continues to allow PAC's to have extraordinary influence in our political process. No one in a democracy wants to believe that their representatives are for sale to the highest bidder. Maybe that is why some Congressmen have said that PAC's don't buy Congress, they only rent it.

The Boren amendment does not change that—it only lowers the rent.

Congress should not be for rent at any price. For this reason, I believe public financing is a much better approach than merely reducing the level of PAC money in campaign finance.

There are Senators on both sides of the aisle who have been in Congress a lot longer than I have who have championed public financing as the way to get PAC's out of the political process. Senator MATHIAS and Senator SIMON have filed campaign finance legislation which would eliminate PAC money from general elections through full public financing. I strongly support this approach, and have proposed a financing mechanism which would allow this body to provide full public financing for congressional general elections while reducing the Federal deficit at the same time.

There are others in this body who have also championed public finance as the only sure road to reform. I know that some of them will vote for the Boren amendment on the theory that some reform is better than no reform at all. Others will will vote against the Boren amendment on the ground that the Senate should go all the way to eliminating the influence of PAC's in general elections. Regardless of whether one votes in favor or against the Boren amendment, many of us agree that only public finance can provide the real reform needed to free American political campaigns of their ever increasing reliance of special interest money.

The Boren amendment does not eliminate the influence of special interest money in political campaigns. It does little to reform the equally problem of the skyrocketing burden of campaign costs.

For this reason, I look forward to the future consideration of public financing legislation such as is contained in the Mathias-Simon bill, S. 1787, and in the legislation I have filed, S. 1789, the Deficit Reduction Campaign Finance Reform Act.

Passing a public finance law such as S. 1787, the Mathias-Simon bill in its original form, S. 1788, which includes modifications I have proposed, would be the most significant step Congress could take to restore public confidence in the integrity of the electoral process and of Congress.

In the last election cycle, 65 Senate candidates raised $146 million, an increase of 26 percent over the 1982 election. Senate candidates accepted $28 million of that money from political action committees, a 28-percent increase over PAC contributions in 1982.

The Mathias-Simon legislation is simple, and the amounts of money that it would give Senate candidates in the general election are in my view both fair and ample. It simultaneously solves the problem of accepting special interest money, by eliminating private and PAC contributions in the general election, and the problem of the rich candidate "buying" an election out of his own pocket by denying him public funding if he contributes more than $20,000.

I commend Senator MATHIAS and Senator SIMON for taking this thoughtful visionary approach.

However, I believe that the Mathias/Simon bill yet lacks in one essential ingredient—a permanent financing mechanism that would not increase the Federal deficit—and this mechanism is added in the bill I have proposed.

In the past, calls for public financing of campaigns have been met by the justifiable concern that public financing of congressional elections would be too costly, especially in a period when we are seeking to reduce the Federal deficit, rather than increase it.

To meet these concerns, the Deficit Reduction Campaign Finance Act adds a provision to the Mathias-Simon legislation which provides for public financing of congressional elections by eliminating the current tax credit for political contributions by individuals—50 percent of contributions up to $100 credit per individual—and applying that previously forgone revenue to a newly created Senate general election campaign fund.

This would thus take a subsidy which we are already giving to the Federal election process, and apply it directly to the costs of financing congressional general elections. As a result, Senate races would be funded in the general election without increasing the Federal deficit either now or in the future, but, in fact, lowering the Federal deficit.

The relevant statistics are provocative, because they show that we are already indirectly financing more than the full cost of all congressional elections through this tax subsidy, at the same time that we continue to rely on PAC's and permit individual candidates to contribute unlimited amounts to their campaigns.

In recent years, the Government has spent an average of $265 million annually on forgone tax revenues to individuals making political contributions. Recent available figures are: $269.4 million, 1980; $262 million, 1981; $269.8 million, 1982; $256.9 million, 1983. This amounts to an average of $530 million per election cycle. Only 5 to 5.5 percent of the American public has taken this tax credit annually.

Total congressional election campaign expenditures in the 1984 cycle amounted to $377 million. CRS analysts estimate that half of this money is attributable to primaries, and half to the general election campaign. Thus, a fund in the Treasury made up of the forgone tax credit could pay for all election campaign costs. Revenues from the forgone credit are clearly more than adequate to fund general election public financing:

Let us look at the figures. We start with $530 million available each election cycle from the forgone tax credit. Of that sum, only $98 million is necessary for full funding of Senate general elections under the Mathias-Simon formula. Another $174 million could be used for full funding of House general elections, should the House choose to adopt a formula similar to Mathias-Simon. Another $258 million then remains available for deficit reduction.

All of us know of the need for reform. With this financing mechanism, the formula originally contained in the Mathias-Simon proposal which had hearings before the Senate Rules

Committee would be cost-effective at the same time that it is politically effective.

Next year, I hope this body will decide to adopt public financing legislation, regardless of how we vote today on the Boren amendment. In the meantime, I support Senator BOREN's amendment as a beginning to the needed process of reform.

Mr. President, I listened with great interest to the distinguished Senator from Mississippi, who has much experience and understands this system and what is happening to it.

This is not a perfect amendment. I think there is a great deal more we could be doing to limit the influence of PAC's on the political process.

I ran for the U.S. Senate on my pledge not to accept any PAC money. I did not accept any PAC money. I do not accept any PAC money today.

In the short span of about 10 months, we raised almost $2.5 million, but I was not able to close the gap between what I had to expend, and I currently have a debt of some $300,000. This is an enormous burden on me personally as well as my campaign structure.

It is vital that we move away from the inordinate influence that PAC's have and the distortion they have had on our political process. The trouble with the Boren amendment, which I will vote for and support, is that it continues to allow PAC's to have that extraordinary influence in our political process.

I think no one in a democracy wants to believe that their representatives are for sale to the highest bidder, and perhaps that is why a lot of Congressmen have said that PAC's do not really buy Congress, they merely rent it. What the Boren amendment will simply do is lower the rent. But it does not change the basic influence PAC's have and the distortion they have between an individual's ability to be able to influence the political process and the institutionalized entities' ability to be able to influence that process. That is why I believe the real solution—and one I look forward to debating and to seeing us undertake—is public financing of general elections.

Mr. President, we are today the Federal Government today, right now, through a tax credit we give to political donors—only 5 percent of Americans use that credit—we are today expending some $530 million in forgone revenue for Federal elections.

The campaign for the U.S. Senate, in total, for the general election, costs only $98 million. The campaign for Congress, in total, for the general election, costs only $120 million.

So, for the total sum of $220 million or so, we could pay for the total Federal election, general election, campaigns for the Senate and the House, and still have some $258 million to return to the Federal Treasury to reduce the deficit, if we were to merely do away with the tax credit and pay for those elections. We are paying for them today, but we are not getting the benefit of eliminating the influence of PAC's.

I look forward to the time when we can debate real reform in the electoral process. In the meantime, the Boren amendment is an effort we should support, and I do support it, and I ask my colleagues to do so, also.

ISSUE OF CONSCIENCE

Mr. BOREN. Mr. President, the issue before us is not one of practicality or convenience. This issue is one that cuts across any partisan considerations, one that rises above any regional, geographic, or political decisions we make in this body.

Mr. President, this vote on the Campaign Finance Reform Act of 1985, will be a vote of conscience for the U.S. Senate. The fairness of our election process can only be protected by the discipline which we impose on ourselves, either individually, or collectively. This collective vote will demonstrate whether we have the self discipline to send a meaningful signal to our constituency and the whole Nation to let them know that we are serious about reversing a frightening trend of allowing special interests to disrupt our national goals. How can we be expected to preserve, protect, and defend the national interest, when every election cycle, we are pushed and influenced by divided, special interests.

As honorable as I believe my colleagues to be, it is not unusual to expect that many decisions and votes are influenced, at least at times, indirectly by those who have a stake in our political careers. Human nature alone dictates that we listen and counsel more closely to our supporters.

Some have criticized me in bringing this issue to a vote without the benefit of committee consideration. This proposal, and others similar to it, have been around for a few years now, and I continually hear, "let's wait until after the election." Without having to refer to my copy of the U.S. Constitution, there will always be elections for us to wait for before considering the problem addressed by this proposal. Besides, who better knows the issues of campaign finance than those individuals who have gone through their campaigns. This is exactly the kind of decision that our constituents rightfully expect of us.

Consider how we have failed to address the looming disaster of the budget deficits. Consider how we have failed to construct adequate policy for a dying agricultural sector. Look at how we have stripped away so much of our Nation's investment in education to the extent that now more people want out of the teaching profession than want in. Are we now going to turn our backs and ignore a contributing factor to one of the root causes of the divisiveness in our Congress?

Mr. President, as my colleagues decide the effects of their votes and what the people back home want and believe, let me close by saying, this issue cannot go away.

The Senate can defeat this proposal and tell our citizens that we will support some future bill in a committee or that the Member will come up with his or here own formula for a solution. But that is not consistent with what they want.

For 9 years, we have not substantially changed the Federal Campaign Act of 1971. Just 2 months after I was sworn into this body—in the 96th Congress—a very distinguished statesman and colleague, Adlai Stevenson, introduced a bill to address the runaway influence of independent political action committees. He noted that in the 1978 election cycle, 1,900 PAC's gave over $32 million to Federal office candidates. It is 6 years later, Mr. President, and we now have 4,000 PAC's giving over $104 million to congressional candidates, and we have still not acted. This growth has mushroomed so that in 1984—163 Members of Congress received over half their campaign funds from PAC's. When additional money is pumped into the system, it ends up being spent and campaign costs soar. In just 8 years, the average cost of a winning U.S. Senate campaign has risen from a little over $600,000 to more than $2.9 million, a staggering increase of 385 percent.

The bill by Senator Stevenson (S. 714), introduced in 1979, would have completely prohibited campaign contributions from special interest committees. I am asking for a modest but strong response to this tide of divided, special interests, that prevents Congress from acting in the national interest.

I ask unanimous consent that the statement by Adlai Stevenson be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

A BAN ON PAC CONTRIBUTIONS

Mr. STEVENSON. Mr. President, today I introduce the Campaign Contribution Act of 1979. This bill is a simple and direct remedy for an affliction of our political process—the mushrooming of political action committees and the money they pour into campaigns for Federal office.

In 1974, the number of political action committees registered with the Federal Election Commission was 516. By 1976, following the passage of the Federal Elections Campaign Amendments of 1974, which placed stringent limits on contributions by individuals, the number of PAC's had more than doubled, and in the 1978 campaign they nearly doubled again. In 1977-78, over 1,900 non-party political committees were reported to be active. And active they were: They raised $77.3 million and spent $75.6

million. Direct contributions to Federal candidates totaled $32 million, according to still-incomplete Federal Election Commission figures.

These are not just numbers. They illustrate a revolutionary element in American politics. The rise of single-issue politics is paralleled by the rise of focused, single interest funding of campaigns. We are witnessing the subordination of the national interest to the special interest. This is not a benign influence. The increasing dependence of candidates on large PAC contributions to finance campaigns is demeaning to candidates and damaging to public confidence in the integrity and the independence of elected officials. The many reported instances where PAC's contributed to candidates of both parties in contested races, or gave to all members of a particular legislative committee with jurisdiction over their interest, and the published correlations between PAC contributions and votes on particular issues add weight to these impressions. Elimination of the reality or appearance of disproportionate influence created by large contributions from political action committees is one essential means of restoring some public confidence in the impartiality of Government.

This bill would prohibit direct contributions to candidates or their authorized campaign committees by all political committees. The contribution limits created by the 1976 amendments to the Federal Election Campaign Act for the two parties' Senate and House campaign committees and the national party committees would be retained by this legislation. Contributions by those committees are logical, visible, and separate and distinct from the committees this bill would reach.

During 1978, political action committees formed at the rate of one every day. The original concept of political action committees—the pooling of funds by small contributors who felt that their individual contributions would have little effect—was well-intentioned if naive, as I pointed out at that time. But the proliferation of these artificial legal entitles, and the amounts of money which they are able to funnel into selected campaigns, have made a mockery of the original intent. Pooling funds for the purpose of political education or to meet the costs of making a viewpoint known makes sense both logically and constitutionally. Pooling for the purpose of seeking to influence a candidate, or assure access to an elected official, does not. Any remaining myths about the PAC beast are dispelled by such comments as that of one PAC director who lamented the defeat of a candidate backed by his organization and noted: "You hate to lose an investment.".

It is argued that PAC contributions enable an unknown challenger to get started, and thus they work to inject new blood into politics. The facts are that in the 1978 campaign approximately 60 percent of the PAC money went to incumbents; challengers received only a little over 20 percent, with the remainder funding races with no incumbent. In 1976, the figures were nearly identical: Contributions went to incumbents by a ratio of 3 to 1. PAC's back those in power.

It is also argued that outlawing PAC contributions would funnel political committee funds into independent expenditures, on behalf of or in opposition to a candidate, over which the candidate would have no control. The obvious answer is that political committees can do this now. By virtue of the Supreme Court's decision in Buckley against Valeo, such independent expenditures cannot constitutionally be limited.

This bill would not eliminate the disproportionate influence of special-interest money in our campaigns. It may be necessary and appropriate, as PAC contributions are cut back, to increase the limit on individual contributions from the present $1,000, to further redress the present imbalance. Under this bill, political action committees, or the interests they represent. Will still be able to make independent expenditures aimed at influencing voters and, with full disclosure of the source of funds so used, that is their first amendment right. But they would no longer be able to influence directly, or appear to influence, candidates or elected officials. That is an important first step, and I urge my colleagues to take it now before funding of the next campaign exceeds last year's profligacy.

Mr. BOREN. Mr. President, I ask only that my colleagues base their vote on their conscience. Our citizens deserve nothing less. We must not wait any longer to protect the integrity of the election process.

Mr. President, history is filled with examples of people waiting until it is too late to act, too late to take action on a problem, until a crisis comes along. Let us not wait to take action to do something about the election process until it is too late. Let us not wait until the tide of special interest money has increased to the point that nearly all Members of Congress receive the majority of their campaign contributions from special interests instead of from people at the grassroots. Let us not wait until it is too late for our concept of grassroots democracy to act. We cannot wait until the next election or the election after that. We must act now.

Mr. HEINZ. Mr. President, I yield 5 minutes to the Senator from Connecticut.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. WEICKER. Mr. President, I rise to oppose the amendment of the distinguished Senator from Oklahoma [Mr. BOREN].

First of all, I share with him the apprehension that clearly is embodied in this legislation of having public office reach a point where it is too expensive for the average person. That is a worthy objective. No one argues that point.

However, I do not think this is the way to proceed.

First of all, let me address what is continually referred to in this matter of political campaigns and their financing as the present system being the result of Watergate reform.

It might be many things, but it never came out of the Watergate Committee. I think I have a fair idea of what went on insofar as that body is concerned.

The fact is, for example, and I realize this is not in the Senator's bill as presently written, but it is mentioned often that we should have public financing of Federal campaigns, that this is really what came out of Watergate.

I do not know if anyone ever bothers to read the report written by the committee but on that point alone let me read from the report:

The committee recommends against the adoption of any form of public financing in which tax moneys are collected and allocated to political candidates by the Federal Government.

The Select Committee opposes the various proposals which have been offered in the Congress to provide mandatory public financing of campaigns for Federal office. While recognizing the basis of support for the concept of public financing and the potential difficulty in adequately funding campaigns in the midst of strict limitations on the form and amount of contributions, the committee takes issue with the contention that public financing affords either an effective or appropriation solution. Thomas Jefferson believed "to compel a man to furnish contributions of money for the propagation of opinions which he disbelieves and abhors, is sinful and tyrannical."

The committee's opposition is based like Jefferson's upon the fundamental need to protect the voluntary right of individual citizens to express themselves politically as guaranteed by the first amendment.

I think that is appropriate to this argument here.

Furthermore, we find inherent dangers in authorizing the Federal bureaucracy to fund and excessively regulate political campaigns.

The abuses experienced during the 1972 campaign and unearthed by the Select Committee were perpetrated in the absence of any effective regulation of the source, form, or amount of campaign contributions. In fact, despite the progress made by the Federal Elections Campaign Act of 1971, in requiring full public disclosure of contributions, the 1972 campaign still was funded through a system of essentially unrestricted, private financing.

What now seems appropriate is not the abandonment of private financing, but rather the reform of that system in an effort to vastly expand the voluntary participation of individual citizens while avoiding the abuses of earlier campaigns.

That is what was said by the Watergate Committee and that is certainly far afield from what is represented to the public in terms of Watergate reform of the financing of Federal elections.

What is needed is full disclosure.

I commend the Washington Post in its editorial today. I think it hit the nail right on the head. What is needed is full disclosure.

On the heels of Watergate I stood on the floor of the Senate during debate concerning establishment of the Ethics Committee and put in a substitute, as some of my colleagues who were here then will recall, saying we did not need the Ethics Committee, we did not need all the separate rules and opinions of a separate committee. What we needed was full disclosure of assets and liabilities of each Senator

so each constituency could pronounce judgment in each case.

What goes in Kansas or what goes in Mississippi might not sell in Connecticut, and vice versa. That is up to the voters to decide. True, they can only decide if they have all the facts before them.

I was defeated in that measure. Instead we have this mishmash of rules and every little nit-picking item has to get thrown to the Ethics Committee. It ties up five of our colleagues overseeing us. That was not meant to be our job. That is the job of the people who put us here, as long as they are in full possession of all the facts.

Now the same holds true insofar as campaign financing is concerned. I think the PAC system is abhorrent.

May I point out to you that it came to pass by virtue of all the reformers after Watergate and when they reformed they created something far worse than the system that existed then.

So I do not think that I care to see any more "reform" in the sense of new rules and regulations by either the bureaucracy or the Federal Government.

What we need is full disclosure, total disclosure, and with those facts in hand the people can decide in the State of Connecticut as to whether or not their Senator is influenced far too much by the defense industry or by the electric utilities or by environmental groups or by unions or whoever.

They can make their decision as to whether or not this Senator should be elected or should be thrown out of office. It is just as simple as that.

The PRESIDING OFFICER. The time yielded to the Senator has expired.

Mr. WEICKER. Mr. President, I request 2 additional minutes.

Mr. HEINZ. Mr. President, I yield 2 additional minutes to the Senator from Connecticut.

The PRESIDING OFFICER. The Senator may proceed.

Mr. WEICKER. That is the issue here. It is not as to whether or not we are going to have more laws and regulations as to this matter of personal conduct, be it in terms of election campaigns or performance on the Senate floor. What the American people are deserving of is full disclosure. Fair enough. If they are too damn lazy not to vote, and they are doing that in increasing numbers, then they deserve what they get.

But you cannot get good politicians by enacting something into law any more than you can have a balanced budget by enacting a balanced budget constitutional amendment. If you want to balance the budget, balance it. Do not write something into the Constitution.

If you want good public officials, then go ahead and decide what their record is and from whence comes their assistance and make those decisions.

Then, go ahead and hustle your tail out there and either throw them out of office or make sure you keep good people in.

But no mechanism devised here on the Senate floor is going to protect us from the unscrupulous.

For that reason, I suggest that the next time we come forth with a reform it be in a matter of total strict disclosure and not the legislation proposed by the Senator from Oklahoma.

I applaud my colleague's motives in attempting to make elective office more accessible to all in this Nation, but despite these worthy motives, the amendment before us is flawed. It offers a change in current law, but what it does not offer is real reform.

Unfortunately, this amendment is an independent expenditure proliferation amendment. On the one hand, Mr. President, the amendment of the Senator from Oklahoma attempts reform by strictly limiting political action committees in their effort to support candidate committees and parties. At the same time, it encourages, indeed it requires, PAC's to move further outside the political parties and established channels of political communication to get their message across. It also encourages PAC's to grow, to collect and spend ever larger aggregate amounts of cash in order to fill candidate coffers quickly before the dollar limits envisioned by this amendment are reached.

As others of my colleagues have noted, the changes in election law proposed by this amendment have not yet been aired in any congressional hearing. Furthermore, it comes to us here, on the floor of the U.S. Senate, under an agreement that limits both the time of debate and the type of amendments that can be offered.

Clearly, there has been inadequate discussion of this amendment. Anytime this body moves to require mandatory free broadcasts on behalf of political candidates, as this amendment requires, respect and defense of the first amendment demands we consider the proposal longer than 4 hours.

I respect the intentions of those who feel as I do that major political races in this Nation are taking place only after qualifying heats have quietly determined the winners in the race for cash and credit.

No one in this body, not even the Senator from Oklahoma or his cosponsors of this amendment, would say that this proposal would suddenly remove any significant amount of special interest money from American politics. Instead—and I know this is not the intention of my friend from Oklahoma—we have here a lawyers protection amendment. It attempts to reform political campaigns by narrowing the participation of PAC's in some areas and widening it in others and—as I see it—the only clear beneficiaries are the attorneys who will be paid to get around the restrictions.

I do not believe broad new regulations are necessary. Redirecting campaign money does nothing to further empower the American people. And further empowering the American people is finally the only good reason for reform.

The essential power of individuals in the electoral process is of course, the vote; a vote furthermore that is cast by individuals exposed to the widest range of information. An important part of this information deals with the sources of money in a campaign. Full disclosure of this information puts the tools of campaign reform where they belong, in the hands of the voters.

It is the voters who must decide if the performance of their political leaders is tied to special interest money. If it is bribery we are talking about, let us encourage indictments. But if it is not, if it is the gray area of influence or access, then the voters can best judge their leaders, even if it means judging the politicians by the cash they keep.

I remain a supporter of any proposal that furthers voluntary participation in the political process. The key to this participation remains the same as it did in the crises of the early 1970's; information, the product of mandatory disclosure. On the other hand, shuffling campaign money around the political landscape at the last minute for the sake of a so-called reform is a bad way to legislate no matter how well it plays at home.

I urge my colleagues to oppose the pending amendment of the Senator from Oklahoma and I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mrs. KASSEBAUM. Mr. President, I wonder if the Senator from Pennsylvania will yield me 2 minutes on his time to speak in opposition to the bill.

Mr. HEINZ. Mr. President, it is the pleasure of the Senator from Pennsylvania to do so.

The PRESIDING OFFICER. The Senator from Kansas.

Mrs. KASSEBAUM. Mr. President, I very much appreciate that.

I was going to ask the Senator from Connecticut a question, but he left the Chamber. I share with him some of the concerns.

I would agree with those who have raised the questions about whether the Boren amendment does answer the question of campaign costs. It does not get really at the heart of the question of campaign costs and in the escalation I think is doing damage to the political process today.

But it is one step forward which we can take constitutionally in applying a limit.

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It is not really the fault of the political action committees. It is really the fault of our own resolve in how we look to campaigns today, and it is a question of which comes first in many ways, the chicken or the egg. Where do we begin to address this issue?

I think it is one small step, and combined with others, it can be addressed as this moves forward. I think it might work out.

I wish to ask the Senator from Connecticut. As he knows, however, the escalating costs of campaigns are not at issue before us today, whether this be a measure that addressed it or not. But I think we all share that concern and are all searching for a response to that.

Mr. WEICKER. I would concur with the observation of the distinguished Senator from Kansas of the escalating costs of campaigns. Let us face it. Both in terms of the cost of campaigns and in terms of the lack of pay in the position of Congressman or Senator, elective office is being restricted to a wealthy few. That has to be rectified. There is no question about that.

Mrs. KASSEBAUM. I say, Mr. President, as I said earlier when those such as the Senator from Mississippi [Mr. STENNIS], and the Senator from Arizona, [Mr. GOLDWATER], have come to endorse this and say we must begin to put some sort of responsible attitude on the part of this legislative body, I think it is time to pay attention.

I thank the Senator from Pennsylvania for yielding.

The PRESIDING OFFICER. The Senator from Pennsylvania holds the time.

Mr. WARNER. Mr. President, may I ask the Senator from Pennsylvania to yield 5 minutes?

Mr. HEINZ. The Senator from Pennsylvania yields 5 minutes to the Senator from Virginia.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, I wish to join the distinguished Senator from Pennsylvania in opposing the amendment offered by our distinguished colleague from Oklahoma [Mr. BOREN].

I am particularly concerned that the Senate is being asked to vote on a major overhaul of our Federal campaign financing laws which has not even had the benefit of adequate hearings.

While the Senate Rules Committee, on which I serve, has held one hearing on campaign financing laws this year, the emphasis in those hearings was on the subject of public financing as opposed to the issues raised by the amendment of the Senator from Oklahoma.

Since the election law changes proposed in the Boren amendment would not take effect until after the 1986 elections, I urge my colleagues to exercise caution and not make such major changes proposed in the Boren amendment until we have had the opportunity in the structure of the committees to examine any alternatives in open hearings on the public record.

I oppose the provision in the Boren amendment which would reduce the allowable contribution of PAC's from $5,000 to $3,000, and needlessly limit the participation of these individuals in campaigns. That is the effect of that reduction in financing.

If anything, we need to look for ways to get more people involved in the political process and not adopt new restrictions which are discouraging.

I, personally, based on my recent experience here in the Senate, have not encountered any great fears over the undue influence of political action committees, which committees represent the views of thousands and thousands of individuals who support the political process through the PAC concept.

After all, PAC's are people. They are voluntary organizations made up of many individuals and each of those individuals has a wide variety of interests. There are agricultural PAC's, building trade PAC's, education PAC's, labor PAC's, and I could go on with countless number of the types of PAC's. PAC's allow individuals with common interests to voluntarily pool their resources and work for political candidates which they feel philosophically coincide with their own goals. PAC's facilitate the political participation of hundreds of thousand of individuals who might not otherwise become involved in the election of an individual.

Freedom of political expression is one of the most fundamental rights provided to our citizens by our Constitution. Many people want to help candidates. Some prefer to donate money while others would donate time. And both time and money are the essential ingredients of a campaign. The critics of PAC's are overlooking a very important factor when they imply that votes can be bought. The factor is disclosure.

Just as individual contributions have to be reported, PAC's must also file with the Federal Election Commission. The disclosure is public record. There is no secret which PAC gives to which candidate. It is true that PAC's generally contribute to individuals with the same political philosophy as that espoused by the organization. This is also true of individual contributors.

We are all aware that the bipartisan Commission on National Elections established by the Georgetown University Center for Strategic and International Studies has just completed a 9-month study. This commission examined PAC's. It was composed of some very prominent individuals in our society and cochaired by the former Secretary of Defense, Mr. Melvin R. Laird, and Robert Strauss. While this distinguished panel made several recommendations on ways to improve Federal election laws, they did not see fit to recommend a change in the contributions made by political action committees.

That is the example comparable to the hearing process where the matter was thoroughly aired, expressions were received on both sides and the conclusion was that PAC's should remain as now established by law. For these reasons, Mr. President, I oppose the amendment offered by the distinguished Senator from Oklahoma, Mr. BOREN, and urge my colleagues at this particular time not to support it. Let us allow the Senate to examine this through the committee process of hearings.

I thank the Senator from Pennsylvania.

Mr. HEINZ. Mr. President, I have some additional requests for time. But at this point there is a leadership meeting down at the White House. I may have only one person present seeking time.

I yield to the Senator from Maryland 3 minutes or more if he does so desire.

Mr. MATHIAS. Mr. President, I thank the distinguished Senator from Pennsylvania, my neighbor to the north. I appreciate his yielding me this time.

Mr. President, the issue of campaign finance reform is important. The Senator from Arizona, Mr. GOLDWATER, has referred to the runaway spending on congressional campaigns as a "crisis of liberty." And I fully agree with his description. But "as we consider whether or not to table the specific amendment that is now before us, the amendment proposed by the Senator from Oklahoma, we should remember that campaign financing is not the only issue before us and that campaign spending is not the only threat to liberty with which we should be concerned. It might be useful to recall some of the events that we recently witnessed in the Senate. I think it is useful because from these events we can take some lessons that will be relevant to the matter before us today.

Senators will recall that just a few weeks ago we spent many hours in this Chamber debating and finally adopting the deficit reduction measure that was cosponsored by the Senator from New Hampshire, the Senator from Texas, and the Senator from South Carolina, Mr. RUDMAN, Mr. GRAMM, and Mr. HOLLINGS.

That legislation did not have the benefit of hearings and consideration in the committee of jurisdiction. I do not think that there is a single Senator, whether a supporter or opponent of Gramm-Rudman-Hollings, who will

assert that the bill was a better bill because it bypassed the Budget Committee in contravention of the normal procedures of the Senate.

If we do not table the amendment of the Senator from Oklahoma, will we not encounter the same problems in the complex and sensitive area of campaign finance?

Even more recently, on Saturday, November 23, as the Senate staggered—I think is the proper word—to complete the farm bill in order to begin the Thanksgiving recess, several Senators eloquently argued that drastic changes are needed in the way the Senate does the people's business. "We need to reform the rules," was the cry that rose from both sides of the aisle. I think there is broad support for that proposition. But the proposal before us today will test the depth and sincerity of that support. The rules that we now have in the Senate are designed to encourage thoughtful, careful, thorough examination of complex legislation. The amendment before us has been pending as a bill for exactly 34 days. It has not been tested and improved by the kind of consideration that our rules and customary procedures contemplate. We are being invited to circumvent the spirit of those rules.

Mr. President, it may be that what we need is not so much a change in the rules, but simply to obey the rules. It is a novel concept, simply to obey the rules that we have. It might work better if we did. We do not need new rules, but just to obey the ones we have.

If we do not table the amendment of the Senator from Oklahoma, how much credence can the American people give to our claims that we will live by the new, improved, reformed rules that so many of us say are necessary?

New, better, and reformed rules are all well and good, but if we do not obey them any better than we obey the old rules, I am not sure how much benefit they will confer upon us.

I can understand and empathize with the frustration of citizens who want to clean up the campaign finance mess. I feel the same way. They demand action; they deserve action; and as far as it is within the power of the chairman of the Committee on Rules and Administration to do so, they will get action on this issue. But we must not let the frustration of the moment blind us to the long-term consequences of the decisions we make, and of the way we make them. We must not respond to the "crisis of liberty" in a way that further imperils the ability of the people's representatives to legislate wisely and carefully in the public interest.

Mr. BOREN. Mr. President, will the Senator yield for a question?

Mr. HEINZ. Mr. President, how much time remains on our side?

The PRESIDING OFFICER. Twelve minutes.

Mr. HEINZ. I yield 1 additional minute to the Senator from Maryland.

Mr. MATHIAS. I yield for a question.

Mr. BOREN. Mr. President, I appreciate the remarks of my colleague, for whom I have so much admiration.

If we were to prevail on a tabling motion, if there is a tabling motion today, and we will go off this bill at least momentarily immediately after the vote at 2 o'clock, is it not possible that we could have additional Rules Committee consideration to work out some arrangement to have additional consideration before the matter came back to the floor and that would enable us to have a positive vote showing strong support for election reform, with this vote coming at 2 o'clock, perhaps enhancing the possibility for those kinds of reforms to come in an expeditious manner in the Senate?

Does the Senator think that is a possible scenario?

Mr. MATHIAS. Mr. President, I want to look at this matter very carefully. It is not just a simple matter of curbing the PAC's. There are other aspects of it.

If I could have 1 more minute——

Mr. HEINZ. Mr. President, I yield 1 additional minute.

Mr. MATHIAS. The possibility is that the Rules Committee could have a very expeditious hearing, consider the matter, propose some possible amendments and report back at an early date so that the Senate could act early in the year.

Mr. BOREN. I thank my colleague. I would hope that we could have a positive vote later this afternoon which would enhance the chances for such later action to take place as the Senator describes.

Mr. MATHIAS. Mr. President, I can also understand the impatience of Senators with the difficulties that confront any attempt to address meaningfully the problem of campaign finance. But I urge my colleagues to resist the temptation to give in to that impatience. We have a body in the Senate whose Members are concerned about the issues raised by the Boren amendment, whose staff is expert in these controversies, and whose leadership is committed to prompt action on this topic. That body is the Committee on Rules and Administration. A campaign finance bill reported by that committee offers the best hope for a meaningful, rational response to the "crisis of liberty." If we circumvent that forum, we will not advance the cause of reform. We will simply proclaim once again to the American people that we prefer legislation by stampede to legislation after study. That cannot be in the best interest of the voters for whom we speak today.

Mr. HEINZ. Mr. President, I yield 5 minutes to the Senator from Texas.

Mr. GRAMM. Mr. President, I thank the distinguished Senator from Pennsylvania for yielding. I rise in strong opposition to this amendment.

Mr. President, political power is a zero sum game. PAC's did not create political power. Political power exists because the Government sets the price of commodities, because the Government grants contracts, and because the Government is a megaplayer in the economy of the United States, spending almost a trillion dollars a year.

People try to influence Government for a lot of reasons. They try to influence Government because they love their country, because they have a philosophy and values.

Some people, obviously, try to influence Government to benefit themselves or to hurt others.

If we take action to limit the contributions that PAC's can make, we will not change that process. If we adopt the amendment of the Senator from Oklahoma, in no way will people who want to raise the price of mustard seeds be less interested in influencing the Government. In no way will those who want to see the Government employ more people and exercise more power be less inclined to affect the decisions of Congress.

All we are going to do with this amendment is limit the ability of one of the competitors to compete. We are not going to eliminate any power by limiting the contributions of certain PAC's. What we are going to do is to enhance the power of those interest groups which are not limited.

I think it is very interesting to look at whose power PAC's have taken away. PAC's did not create any new power; that power which they have, they have taken away from other special interest groups. They have taken some power away from the media. It, therefore, comes as little shock to me that the media almost uniformly supports limiting PAC's. They have taken power away from the political parties and, as a result, there are those who would like to see the political parties strengthened by limiting PAC's. The PAC's have taken power away from the smoke-filled rooms and from the powerbrokers. They, too, would like to regain power by limiting PAC's.

PAC's have taken power away from those organizations which have powerful endorsements. Not surprisingly, virtually all such organizations want to limit PAC's.

How interesting it is that those who created the first PAC's, the labor unions, now would like to see contributions limited so that they might fully fund their candidate, but so that busi-

ness-oriented PAC's cannot outspend them.

Mr. President, I do not understand how, if a rich person gives $1,000 to my campaign, that is not special interest, but if 100 hardware and implement dealers in Texas give $10 apiece to their PAC and that PAC contributes to me, somehow that is supposed to be special interest.

The truth is I am proud of the PAC's and the people who support me. You walk down Main Street, America, and you see the people who support me. The percentage of money I have gotten from PAC's has always been low relative to the total money I have raised, but free enterprise oriented PAC's have always strongly supported me.

The point is that the people of my State knew that the employees of McDonald's and Burger King, that the people who worked at Sears and Roebuck and Montgomery Ward, and the local member of the National Bakers Association and the local movie house, that the people who were members of the Texas Restaurant Association, that the people who ran the local automobile dealers supported me, and I am proud of their support.

I have always thought it was interesting that there are those who want to portray that somehow, if you take a contribution from somebody you belong to them, and they often find ways of trying to make their theory fit. I remember when we voted on limiting the general rulemaking power of the Federal Trade Commission over the doctors. Mr. President, do you remember all those studies that were done to show that the people who voted to exempt the physicians were the biggest recipients of their largess in terms of campaign contributions? It was interesting when the initial study came out that I was left out.

It just so happened that because of a quirk where there had been a consent agreement by the American Medical Association and the Texas Medical Association with the Federal Election Commission, I received more PAC money from physicians than any Member of Congress that year. Yet I voted against exempting physicians from general rulemaking by the Federal Trade Commission. However, when the various groups who wanted to prove the theory that somebody controls you by contributing to your campaign wrote their articles and releases, they just conveniently left me out.

I did not feel any complusion to vote for the Chrysler bailout because Chrysler dealers contributed to me. I have more Chrysler dealers supporting me now than before I voted against the Chrysler bailout.

I do not worry about being bought because I am not for sale. I have a philosophy and a set of values that I try to represent. I try to represent the interest of Texas. And I am never ashamed of those values and I am never ashamed of the interest of Texas. I always try to be on the side of those values and that interest.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. GRAMM. I ask for 2 additional minutes.

Mr. HEINZ. Mr. President, I yield 2 additional minutes to the Senator from Texas.

Mr. GRAMM. This proposal is aimed at changing the balance of power. Limiting PAC giving is only a means to that end. This amendment simply takes power away from those who have used the PAC to support their views and interest. It does not take any ability to promote views and interest away from Common Cause which spends $8 million a year lobbying here in Congress to try to influence legislation. It does not change Ralph Nader's ability to manipulate the media. It does limit the ability of private citizens through PAC's from giving a candidate the funds to respond to Nader's charges.

You either believe in freedom or you do not. And I do. The issue here is freedom: should people have the freedom to collectively contribute through PAC's to candidates for public office. I say yes. The question is, Should we put restrictive limits on one group of people and not limits on another? I say no.

I remind my colleagues that the issue here is this: Government has power because of what Government does. If we want to deal with the problem, let us deal with Government's power. Let us limit that power. When we limit that power, we will not have to worry about who gives and why, because people will be giving because they have values, because they have goals for America. We have to worry about it now because Government does so much. I think it is vital that this amendment be sent back to committee. Then we need to get on with debate on the real issue.

Mr. HEINZ. Mr. President, I yield 1 minute to the Senator from Wyoming.

Mr. WALLOP. I thank my colleague.

Mr. President, I rise in opposition to the proposal being offered by our colleague from Oklahoma. I cannot quibble with the goal of the sponsors of this amendment—to protect the integrity of the election process. But, the route they take to reach this goal is rather curious. They propose that we restrict the ability of groups and coalitions to participate in the political process. New limits would be imposed on the financial support a group could provide the candidate they support.

This is a deadly solution to promoting participatory democracy. I urge the supporters of this bill to reread Federalist Paper No. 10, which discusses the role of groups, or factions, in this country. Issues and interests are normally brought into public debate by interested parties. And what are interested parties but coalitions of individuals joined together for some common purpose? My colleague from Oklahoma, a former teacher of political science, is well aware that politics is the clash of competing interests. These interests are put forward by representative groups. And the more groups that exist, the better it is for a democratic system of government. Multiple groups offset each other's power and influence. As James Madison warned, without groups, the majority will prevail, for better or worse.

And the majority he speaks of is better than any one present at the moment.

One of the columnists defending the Boren amendment several years ago wrote a book on the decline of political parties. Politics had become personality oriented, and candidates even went to the extreme of ignoring their party affiliations in their advertising. With the decline of the party as a support structure, political representatives have had to turn to other groups for their campaign assistance. In response to this call for assistance, groups formed PAC's. As campaigns have grown in expense, so have the contributions by PAC's. But, all of a sudden, the PAC's are viewed as a pernicious influence.

Will the Boran amendment revive political parties? The answer is clearly no. Political candidates will not be able to receive additional financial assistance from their political party. The parties will have no incentive to seek the contributions from individuals for campaign purposes which would increase party identification and participation.

The greatest alleged offender in the PAC attack on the political process is the business community, and specifically the numerous business PAC's which have appeared in recent years. Business PAC's are supposedly buying legislative influence by providing the major source of funds to win campaigns.

But, 8 of the top 10 PAC's in terms of both money raised and money spent were so-called idealogical PAC's rather than business or labor PAC's. The No. 1 PAC in 1984 was the National Conservative Political Action Committee. Interestingly, the idealogical PAC's do not hold the same high ranking in terms of contributions to individual campaigns. the reason is that the idealogical PAC's often engage in independent expenditures on political campaigns.

They conduct political campaigns for and against candidates separate from the candidates campaign. The Boren bill would not restrict such ex-

penditures. If such a limitation were adopted by the Congress, all PAC's would simply turn independent expenditures to avoid the new, artificial limitations. Such a piecemeal approach to campaign financing reform simply will not work. Unfortunately, one result of the new restrictions will be to enhance the position of those who want to go to public financing of Federal campaigns. As organized groups are phased out of political campaigns, the only source of financing will be individuals and the State. It is obvious who will prevail in any contest pitting the State against individuals. This sounds like a perfect plot for a George Orwell novel.

And by the way, among the major PAC efforts in recent days, Common Cause spent $8,680,789 on lobbying in 1984. The Boxen amendment enhances their presence while deminishing others. Could this be behind their support? I suspect so. Are they more nobel as an interest than one which represents the jobs of Americans? I suspect not.

In 1984, PAC's provided about one-fourth of all campaign funds. Individual contributions also provided about one-fourth of such funds.

PAC's provided $104 million during the 1984 election cycle. Of the 4,000 PAC's in 1984, only 3,000 actually made campaign contributions. The growth in the number of PAC's and campaign contributions is starting to level off after the fast rise of PAC's in the 1980's. The crisis just is not here.

Mr. HEINZ. Mr. President, we have heard a lot of excellent debate on this amendment. I anticipate that shortly after 2 o'clock we shall have a chance to express ourselves on it. I should like to take just 1 or 2 minutes to recap what I believe to be the principal arguments in support of a motion to lay on the table the Boren amendment.

I said yesterday and I shall say again that this amendment has not had the benefit of hearings, has not had the benefit of the legislative process, and the Senator from Maryland [Mr. MATHIAS], the chairman of the Rules Committee, has been quite straightforward in his concerns in that regard. In many respects, I know he sympathizes with the work of the Senator from Oklahoma. Yet he believes that this amendment should be tabled.

We should not be attempting to write a campaign finance bill or a campaign reform bill or both on the floor of the Senate without having had hearings.

Some people will say, well, it is really a very simple bill; it just deals with PAC limitations. Mr. President, if that were the case, the argument might be somewhat stronger. But the fact is that this is a nine-page amendment. I have read all nine pages of the amendment and only a little over four pages of it have anything at all to do with multicandidate committees, political action committees, as they are called—PAC's.

What do the other portions of the amendment have to do with? On page 5, we amend the Communications Act. We get at the equal time provision in a way that may prevent man-in-the-street interviews in news broadcasts.

On page 6, there is another amendment to the Communications Act.

On page 7, there is an amendment to a different part of the Federal Election Campaign Act having nothing to do with political action committees. It deals with independent expenditures and vendor relationships.

On page 8, the author includes a severability clause. I wonder why the severability clause is there. Maybe it is in anticipation of a couple of the sections I have just read being found unconstitutional.

It is still offensive to some Members of the Senate to enact legislation, parts of which are unconstitutional. And on page 9, it deals in part with the effective date—sometime after 1986. We should not be attempting, without the full benefit of the legislative process, to gerrybuild a campaign finance reform effort, and I say this as somebody who respects the efforts of the Senator from Oklahoma, but it just is not the way to proceed. I have to tell you, Mr. President, I have some concerns, were the Senate to agree to all this, about where it leads. Is this really a serious public policy effort or is it instead a serious political effort?

The bill that this is being offered as an amendment to is not exactly Rules Committee material, to go to the House or come from the Senate. We are amending a nuclear waste bill from the Interior Department having to do with energy. Now, I do not know what campaign finance has to do with the Department of the Interior or with nuclear waste.

Maybe some wag in this body can figure this out for me and have a clever retort, but it seems to be if this legislation goes forward, what happens is bothing. I wonder, therefore, how serious all of this is, whether it is, notwithstanding the good intentions of my friend and colleague from Oklahoma, just an exercise in politics, not public policy.

Now, I said that this legislation is well-meaning. I believe it is. I think we are all troubled by the enormous costs of political campaigns. We are all troubled by the time and effort everybody has to spend raising money to meet those costs. But notwithstanding all that sympathy and all those good intentions that I think the author or authors intend, frankly, there are unintended consequences here that I do not believe the authors, even though I pointed them out yesterday on more than one occasion, have been able to address.

I said that if they limit PAC giving to individual candidates who are running, it is not going to limit the amount of money that PAC's spend. The realtors are still going to raise $2.6 million, like they did in the last election cycle, and they are going to spending that money. How are they going to spend it? In some new, creative way, I assume—independent expenditures, some way where the equal time provisions will not be triggered, maybe, probably.

Is that the consequence, unrecorded, unreported, unaccountable expenditures? Is that what the authors intend? I do not think they do, but that is what they are going to find, I fear.

What about the issue of the best organized PAC's being able to get in under the ceilings first? We have not heard any rebuttal or serious consideration of that question. Do we care that the less well-organized, more grassroots people may not be able to get in under the ceiling? I do not know what the answer to that is, but I think we ought to care about the issue.

What about the free speech questions in the amendments to the Communications Act that the authors have here? Any time a candidate's name is mentioned on television, lawyers are going to rush to the television station or to the opponent's headquarters and say, "Equal time, free time." By the way, who is going to pay for that free time? The advertisers, I suppose, who then pass that cost on to the consumer.

The PRESIDING OFFICER. All the time of the Senator from Pennsylvania has expired.

Mr. BOREN. Mr. President.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. BOREN. Mr. President, I understand that time has now expired and the vote will occur at 2 o'clock.

Mr. HEINZ. I still have the floor.

Mr. BOREN. Mr. President, I believe I was recognized by the Chair.

Mr. HEINZ. Mr. President, I still have the floor.

The PRESIDING OFFICER. The Senator from Oklahoma sought recognition and was recognized.

Mr. BOREN. Mr. President, as we have some additional time between now and 2 o'clock when the vote will occur, in order that we might also make sure that there are no intervening motions in order between now and then, I am prepared to discuss this bill until 2 o'clock, at which time we will proceed immediately to a vote.

Mr. HEINZ. Will the Senator yield at that point so I may set his mind at rest? Will the Senator yield without losing his right to the floor?

Mr. BOREN. I will yield only for a question.

Mr. HEINZ. Yes. Would the Senator be interested to know that I have no intentions of making a point of order against his bill, even though I think a point of order, because of the drafting of the unanimous-consent request, might technically be correct? It is my view that that would not be what the Senate intended in entering into the unanimous-consent request. Therefore, if it will allow the Senator to enjoy his lunch together with the minority leader, who has an appetite for political debate as well as sustenance, would it be at all of interest to him to know that I know of nobody, specifically including myself and our leadership as well, who would seek to trouble the Senator in this regard?

Mr. BOREN. Mr. President, I thank the Senator from Pennsylvania for his comments. A diet of political reform would probably be better for the Senator from Oklahoma, as is clear, than joining in the calorie sustenance of the noon hour anyway, but I did have concern about this matter because it had been reported this morning, some comments circulating through the media, that there might be an attempt to make a point of order.

We had entered into these negotiations in good faith, including Senator STENNIS and Senator GOLDWATER and myself, on the basis of my PAC amendment, referred to in the unanimous-consent order on November 14 when it says that Senator BOREN be recognized to offer his PAC amendment. In all of our verbal negotiations off the floor, we referred to my PAC amendment as being the content of S. 1806, which was printed in the RECORD on October 29. So we had a very clear understanding among ourselves as to what it was we were talking about. I was alarmed at the possibility, since it was being discussed, that there might be an effort made to not give us the tabling vote but to proceed to raise a point of order.

This Senator, therefore, sought recognition in order to protect the rights of those who are for this proposal, to make sure that we were able to get a vote at 2 o'clock, so that there would be nothing intervening between now and 2. The Senator would be very happy if we can work out a mechanism. I certainly accept the word of the Senator from Pennsylvania that he has no intention of doing so. He is a man of his word in every respect, and I certainly accept that.

I want to make sure that no one else who might not be known to the Senator from Pennsylvania or the Senator from Oklahoma, no other Member might come in, even though we had a perfect understanding between ourselves—and I understand that he speaks for the majority leader as well—I would not want to leave open the possibility that someone we might not know about, for whom we cannot speak and whom we cannot bind, might come on the floor and make such a point of order.

Mr. HEINZ. Mr. President.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. HEINZ. Mr. President, I would like to set the mind of the——

Mr. BOREN. Mr. President, I ask unanimous consent that I might yield the floor for——

The PRESIDING OFFICER. The Senator from Pennsylvania has been recognized.

Mr. HEINZ. Mr. President——

Mr. BYRD. Mr. President, the Senator from Oklahoma had not yielded the floor. He was busy talking with me. I was discussing——

The PRESIDING OFFICER. No Senator was addressing the Chair except the Senator from Pennsylvania.

Mr. HEINZ. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Pennsylvania has been recognized.

Mr. HEINZ. Mr. President, I will be happy to——

Mr. BYRD. Mr. President, why was the Senator from Pennsylvania recognized? The Senator from Oklahoma had not yielded the floor.

The PRESIDING OFFICER. No Senator was addressing the Chair and the Senator from Pennsylvania sought recognition.

Mr. BYRD. And that took the floor away from the Senator from Oklahoma?

The PRESIDING OFFICER. When no Senator is addressing the Chair, another Senator has a right to seek recognition.

Mr. BYRD. He has a right to seek recognition, but the Senator from Oklahoma has a right to listen to another Senator who talks with him about the unanimous-consent request the distinguished Senator from Pennsylvania indicated to me that he wanted to make. I was discussing with the Senator from Oklahoma how he could protect his right to the floor. Then the Chair recognizes the Senator from Pennsylvania.

Mr. HEINZ. Mr. President, if I may just say, we are not going to in any way jeopardize the Senator's rights. I wanted simply to make a point—not a point of order—regarding the circumstances in which we find ourselves.

It is the understanding of the Senator from Pennsylvania—and I will try and put a proper question to the Chair to clarify the question—that if we recess until 2 p.m., and it is the intention of the Senator from Pennsylvania to ask unanimous consent to recess, we would then, when we return at 2 o'clock, be subject to the remaining portion of the unanimous-consent request, which clearly states that, without any intervening motion, we proceed either to a vote up or down or a vote to table the Boren amendment.

So I think that, if I can ever get to the point that my distinguished colleagues in the Chamber submit a unanimous-consent request to recess until 2 p.m., the Senator from Oklahoma will be fully protected.

Mr. BOREN. Mr. President, will the Senator yield for a question?

Mr. HEINZ. I am happy to yield.

Mr. BOREN. If the Senator would make that inquiry of the Chair and if the Chair would rule that no intervening business would be in order when we recess until 2 o'clock and would immediately vote, I would not object.

Mr. HEINZ. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HEINZ. If the unanimous-consent request is agreed to by the Senate that the Senate stand in recess until 2 p.m., would any point of order against the Boren amendment be in order at the conclusion of the recess?

The PRESIDING OFFICER. Since a point of order would be intervening action which is specifically precluded by the agreement, it would not be in order to make such a point of order.

Mr. BYRD. Mr. President, will the Senator yield, without losing his right to the floor?

Mr. HEINZ. I am pleased to do so.

Mr. BYRD. Mr. President, I want to protest, with all due respect to the Chair, the recognition that was accorded to the distinguished Senator from Pennsylvania under the circumstances in which the Senator from Oklahoma, who held the floor, had not yielded, and was listening to the minority leader discuss the request of the Senator from Pennsylvania.

That is a dangerous precedent, as the Chair well knows. I say it with the utmost respect and without in any way speaking in criticism of the person who sits in the Chair. I am addressing the Chair. It just so happened that at this moment in time the distinguished Senator from Kentucky was in the Chair. But under this precedent, it does not make any difference who is in the Chair.

In the future, if a Senator who has the floor stops for a moment to listen to another Senator who may speak to him and can only whisper at that point without disturbing the Senate, does he who has the floor lose the floor? That is a dangerous precedent. It is a dangerous precedent for the majority, although I realize that the Chair, under the rules, has discretion as to whom he will recognize. Under the rule, he is supposed to recognize the speaker who first addressed the Chair. The Chair, however, has the discretion to recognize someone else, and the Chair cannot be challenged. No point of order can be made against

the Chair's act in recognizing some other Senator. The Chair, to that extent, very much controls who will have the floor.

This is the first time that I recall ever seeing what has just happened. I protest it. I think it was wrong, and I believe that other Senators in the Chamber understand that it was wrong. I have never seen the Chair so deliberately take the floor from a Senator who has the floor and recognize another Senator, under these circumstances.

The Senator from Oklahoma had not even sat down. If he had sat down, or if he had walked out of the Chamber, it would have been different. But he was standing. He had the floor, the Chair having recognized him earlier.

I spoke to the Senator from Pennsylvania to ascertain the request he was going to make. He assured me that he was only going to make a request to recess until 2 o'clock. Knowing that a point of order would then not be in order, I was suggesting to the distinguished Senator from Oklahoma that in yielding the floor for the distinguished Senator from Pennsylvania to make that one request, and that one request only, he be sure to protect himself. Lo and behold, he lost the floor.

I do not like it. I do not like it because it was wrong. I will stop there. I do not like it because it was wrong, and it is a bad precedent.

I ask unanimous consent that the Chair may respond, if it wishes.

Mr. HEINZ. Mr. President, reserving the right to object, will the Senator——

Mr. BYRD. The Chair, in this instance, can respond whether he gets unanimous consent or not, but I did not want the Senator to lose the floor.

Mr. HEINZ. I wanted to be sure the Senator from Pennsylvania still has the floor. The Senator from Pennsylvania is still seeking recognition, if he has the floor.

The PRESIDING OFFICER. The Senator from Pennsylvania has the floor.

Mr. HEINZ. Mr. President, I think that concludes the discussion. I am not certain. I do not want to interrupt anything. I think that concludes the discussion.

Mr. BYRD. I simply want to add one thing, if the Senator will yield.

Mr. HEINZ. I yield.

Mr. BYRD. Mr. President, it may be harder to get time agreements around here, if this is the way the minority is going to be treated.

If the distinguished Senator from Pennsylvania had had the floor and I had stepped up to him to make an inquiry only, he not having yielded the floor, I doubt that the Chair would have recognized a Member on this side so quickly, so easily, so preemptorily, and so wrongly.

I thank the Senator.

Mr. GRAMM. Mr. President, will the Senator yield?

Mr. HEINZ. Mr. President, I should like to respond to the Senator from West Virginia, to whom I have yielded now on two occasions, and I should like to make two or three points.

First of all, the Senator from Pennsylvania was attempting to protect the rights of the minority and had the right—and had the floor earlier—to make a point of order.

One of the things that troubles me is something the minority leader just said—that he may make unanimous-consent requests harder to get around here. Well, we can all use every rule in the book.

Mr. BYRD. Of course.

Mr. HEINZ. We all understand that. But we do not want to abuse our ability to put thousands of angels on the head of a pin.

I must say to my good friend from West Virginia that I do not think there was any intention on the part of the Chair or any other Senator to deprive the Senator from Oklahoma of any of his parliamentary or other rights. While the Senator from West Virginia did not say there was any such intention, there was an implication that maybe there was some skulduggery in the heart of some other Member of the Senate. He knows that is not the case.

Mr. BYRD. Mr. President, will the Senator yield at that point? I may save the Senator some time.

Mr. HEINZ. I am happy to yield.

Mr. BYRD. Mr. President, I had no right to imply that the Chair, under the set of circumstances I set forth, would simply switch the respective antagonists and protagonists around. I had no right to imply that the Chair would not recognize a Democrat. But I must confess for the moment I felt that way. I have no right to imply what the Chair might do. But I do have a right to protest what happened here, and I stick to that.

Mr. HEINZ. Mr. President, I say that the Senator from West Virginia has done a superb job of already stating his case. Does he want to state it again?

Mr. BYRD. No.

I have protested and that protestation will be in the RECORD for a long time.

Neither should I say that unanimous-consent agreements may be more difficult to secure, because the Chair, in recognizing the Senator from Pennsylvania, had nothing to do with the unanimous-consent agreement.

Mr. HEINZ. That was why the Senator from Pennsylvania was concerned because I could not see any connection with that and I was afraid of what the Senator from West Virginia felt because he implied that the minority was going to make it very difficult to get unanimous-consent agreements; that, therefore, since he was talking about the minority there was some kind of a partisan maneuver here.

Mr. BYRD. Mr. President, will the Senator yield at that point again without losing his right to the floor?

Mr. HEINZ. Yes.

Mr. BYRD. Mr. President, all morning I have been hearing that a point of order will be made. The distinguished Senator from Pennsylvania assured me a moment ago, as I stood by him there, that there would be no point of order made. He has assured the Senate as such.

But I must say that had that point of order been made—this is what I guess was the backdrop against which I spoke with reference to the Chair and his having recognized the Senator from Pennsylvania—such a point of order would indeed have meant that unanimous-consent agreements around here would not be easy to get any longer. But that did not happen.

Mr. HEINZ. Mr. President, the Senator speaks of a totally hypothetical case.

Mr. BYRD. Yes; but it would not have been hypothetical if the point of order had indeed been made as we understood it might be made.

Mr. HEINZ. If the Senator from West Virginia wishes to know what the plans are over on this side of the aisle, the Senator from Pennsylvania can accommodate him with some knowledge and he would be happy to do so. All he has to do is ask.

Mr. BYRD. I do not need to ask the distinguished Senator from Pennsylvania. I can go to the majority leader. As a matter of fact, I do not need to ask anyone. I know what the unanimous-consent orders require as to what will happen for the remainder of the day.

Mr. HEINZ. Mr. President, there are one or two things I wish to wrap up and conclude, if I may, and I will then ask unanimous consent that we stand in recess until 2 p.m. so that we may pursue our respective diets political and otherwise.

Mr. BOREN. Mr. President, the Senator from Oklahoma is now feasting on a diet of parliamentary concern which also is better for him than the calories.

I will lodge no objection when the Senator from Pennsylvania makes his request to recess until the hour of 2 p.m.

Mr. HEINZ. Very well.

Mr. President, I yield to the Senator from New Mexico without losing my right to the floor.

Mr. DOMENICI. Mr. President, I am pleased that the Senate is spending time debating the very important issue of election reform and the skyrocketing cost of campaigns. The real problem is that too much money is being spent on campaigns. It offends the

common sense of the American people and it offends my common sense as well. The solution, however, is not as clearly defined.

Our free elections have turned into spending spree elections and this is not right. I would think that the ideal approach would be to limit the overall amount that can be spent on a campaign. However, in view of the Supreme Court's decisions, it is clear that an overall cap cannot be constitutionally legislated by Congress.

In view of the constitutional limitations and judicial limitations in place in this area, I feel that any campaign reform should address the following issues and contain certain key components.

Grassroots participation should be encouraged. That is what our democratic system is about. I was pleased with the number and diversity of individuals who decided to help me out financially with my 1984 campaign. I think such grassroots participation best compliments our fundamental ideals of democracy.

One way to ensure that our citizens are not left out of the process is to legislate a requirement that a majority of a candidate's funds come from individual contributions. To guarantee their role, PAC participation should be limited. Personally, I believe that PAC's have a legitimate and worthwhile role to play in the election process. The problem arises when a candidate raises an unreasonable amount of his or her funds from PAC's. I see the danger in this being that it crowds out individual contributions and grassroots participation.

In view of these dual concerns, I would like to see a percentage limit placed on PAC's. No more than 30 percent of the money spent in a campaign should be PAC funds. By setting a percentage, rather than limiting their contributions based arbitrarily on population I think Congress would be adequately ensuring grassroots participation.

To further ensure a broad based participation, I would like to see an increase from the current $1,000 level to $2,000, the amount that an individual can contribute. At the same time, I would reduce the PAC ceiling from $5,000 to $3,000.

Another element that I think should be included in any campaign reform is total disclosure. I would prefer that every PAC, upfront in its name, describe its purpose or primary source of funds. I realize this isn't always practicable or even adequate, so I would also require that each PAC files with the FEC a statement of purpose and a statement explaining its source of funds. We have lobbyists register, why not have a readily accessible register of PAC's, their purposes, their source of funds and outlays. This type of balance-sheet disclosure would go a long way to make sure that the PAC role is a positive one.

Mr. President, I commend Senator BOREN for bringing this issue before the Senate, however, this is a very important issue and there are numerous proposals which I think deserve to be examined. I would recommend that the Senate not act hastily today, but rather expeditiously hold hearings in the appropriate committees. We need the benefit of a clear record and we really should look at some alternative approaches.

I thank the Senator for yielding.

RECESS UNTIL 2 P.M.

Mr. HEINZ. Mr. President, I ask unanimous consent that the Senate now stand in recess until the hour of 2 p.m.

There being no objection, the Senate, at 12:33 p.m., recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. MATTINGLY].

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oklahoma.

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. Mr. President, if there is no opposition by the distinguished author of the amendment, I would like, if we might, to have 3 minutes on each side before a motion to table is made by the distinguished Senator from Pennsylvania.

Mr. BOREN. Mr. President, will the Senator yield for an inquiry? Will the distinguished majority leader make that request contingent upon there being no intervening motions, points of order, or anything but the debate to precede going to a vote on the motion to table? Also, on the yeas and nays the motion has not been lodged but I assume it will be. May I have an opportunity to request the yeas and nays on the motion to table?

Mr. DOLE. It would be purely debate with 3 minutes on each side.

I would like to pose one question to the chairman of the Rules Committee, and I will turn it over to the distinguished Senator.

Mr. BOREN. If that will be the request, I have no objection to the request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, if the distinguished chairman of the Rules Committee will yield. As I understand it, if the motion to table fails, or in any event, the Rules Committee is prepared to have early hearings next year on this entire matter—not just this particular approach, but the entire matter of the campaign financing.

Mr. MATHIAS. Mr. President, the majority leader is correct. I have discussed this with the Senator from Oklahoma. The Rules Committee in fact has already begun a series of hearings on the campaign finance question. The amendment, of course, is not before the Rules Committee but the underlying bill which I believe is identical to the amendment—the Senator from Oklahoma can correct me—S. 1806 is in committee, and it would be my intention to have hearings on this subject as soon as practicable after the Senate reconvenes in January.

Mr. HEINZ addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. HEINZ. How much time remains?

The PRESIDING OFFICER. Two minutes.

Mr. HEINZ. I reserve the balance of that time.

Mr. BOREN. Mr. President, is 3 minutes allotted to this side as well?

The PRESIDING OFFICER. That is correct.

Mr. BOREN. Mr. President, I understand the comments that have been made by the distinguished chairman of the Rules Committee.

I have visited earlier today and also yesterday afternoon about this matter. It is my hope that we will not have this amendment tabled, that there will be a resounding vote against tabling as a statement by the Senate that the country is badly in need of campaign reform.

As I understand it, a motion to recommit the bill would not be in order until after the farm credit matter and some other things under a unanimous-consent request have been disposed of.

But I hope that during that period of time I might have a chance to visit with the distinguished chairman.

Mr. MATHIAS. If the distinguished Senator will yield, I do not know that the motion to recommit really would be necessary under the circumstances. The amendment of the Senator from Oklahoma is to a different bill. But his original bill is already within the jurisdiction of the Rules Committee. We can hold hearings on it. It would be my intention to do so very early in the year.

Mr. BOREN. I understand. If our amendment is not tabled today, it will remain alive, and it will remain attached to the pending bill which is on the calendar.

Of course, it is under the control then of the majority leader as to when that bill would be called up. I simply hope that if this side of the debate—I say this side, those proponents, and there are proponents on both sides of the aisle politically of this amendment—were to prevail and defeat the tabling amendment we would have an opportunity, at the earliest opportunity then with the bill remaining on the calendar or the product of a Rules Committee being reported out to the calendar as well early in next year, to

have that matter fully back before the Senate.

We would not have an indefinite delay. I hope if we prevail on the tabling motion, that it would be a sign, and that the majority leader would read it as a sign there is strong determination of the need to do something in the area of campaign reform.

Mr. DOLE. Mr. President, will the Senator yield?

Mr. BOREN. I am happy to yield.

Mr. DOLE. I do not think there is any question about that. I do not know of anybody who does not want to look for some change to be made. But I think it is a question of how they are made and how we best proceed.

I think that should be through the committee process, but I am going to urge my colleagues to vote not to table the amendment.

The PRESIDING OFFICER. All time has expired.

Mr. HEINZ addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. HEINZ. Mr. President, as I have listed to the debate, and talked to my colleagues, I find many of my colleagues are quite perplexed about the situation we are in. No amendments are available, the debate is very limited, and this is a very important issue. We must dispose of the issue, and we will dispose of it one way or another.

So I am going to make a motion to table in a minute. And I am going to ask all my colleagues to vote against the motion to table in the sense that, and with the idea that the vote is a vote for further consideration of the issue.

The Senator from Maryland has said that he will hold hearings. The majority leader has made his pledge that he takes this issue very seriously. So I am going to make a motion to table. I am going to ask my colleagues to vote against it. I am going to vote against it.

I move to table the Boren amendment, and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HEINZ. Mr. President, I yield back the balance of my time.

Mr. BOREN. Mr. President, will the Senator withhold his motion for just a moment so that I can ask unanimous consent to proceed for 1 minute?

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BOREN. Mr. President, I am very pleased by this development. Far be it for me to try to seize defeat from the jaws of victory. I hope it will be an overwhelming vote. I think it will be a message to the country that this should be an item on the national agenda.

I can only say that this matter will be remaining on the calendar. This Senator intends again and again and again to bring it before us if we do not have expeditious consideration through the committee process, and if it is not brought back before us at an early date. The people want action on this very, very soon. And I think this vote of the Senate today will be a signal that we should be back on the subject on the Senate floor again early next year.

The PRESIDING OFFICER. All time has expired.

The question is on agreeing to the motion of the Senator from Pennsylvania to lay on the table the amendment of the Senator from Oklahoma. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. SIMPSON. I announce that the Senator from Minnesota [Mr. DURENBERGER], the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], the Senator from Utah [Mr. HATCH], the Senator from Oregon [Mr. HATFIELD], the Senator from Oregon [Mr. PACKWOOD], and the Senator from Alaska [Mr. STEVENS], are necessarily absent.

I further announce that, if present and voting, the Senator from Arizona [Mr. GOLDWATER] and the Senator from Oregon [Mr. HATFIELD], would each vote "nay."

Mr. CRANSTON. I announce that the Senator from New Jersey [Mr. BRADLEY] is absent on official business.

I also announce that the Senator from Florida [Mr. CHILES] is absent because of illness.

I further announce that, if present and voting, the Senator from Florida [Mr. CHILES], would vote "nay."

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 7, nays 84, as follows:

[Rollcall Vote No. 344 Leg.]

YEAS—7

Gramm	Simpson	Zorinsky
Helms	Wallop	
Humphrey	Weicker	

NAYS—84

Abdnor	Dixon	Inouye
Andrews	Dodd	Johnston
Armstrong	Dole	Kassebaum
Baucus	Domenici	Kasten
Bentsen	Eagleton	Kennedy
Biden	Evans	Kerry
Bingaman	Exon	Lautenberg
Boren	Ford	Laxalt
Boschwitz	Garn	Leahy
Bumpers	Glenn	Levin
Burdick	Gore	Long
Byrd	Gorton	Lugar
Chafee	Grassley	Mathias
Cochran	Harkin	Matsunaga
Cohen	Hart	Mattingly
Cranston	Hawkins	McClure
D'Amato	Hecht	McConnell
Danforth	Heflin	Melcher
DeConcini	Heinz	Metzenbaum
Denton	Hollings	Mitchell
Moynihan	Quayle	Specter
Murkowski	Riegle	Stafford
Nickles	Rockefeller	Stennis
Nunn	Roth	Symms
Pell	Rudman	Thurmond
Pressler	Sarbanes	Trible
Proxmire	Sasser	Warner
Pryor	Simon	Wilson

NOT VOTING—9

Bradley	East	Hatfield
Chiles	Goldwater	Packwood
Durenberger	Hatch	Stevens

So the motion to lay on the table was rejected.

Mr. BOREN. Mr. President, I move to reconsider the vote by which the motion was rejected.

Mr. HEINZ. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

FARM CREDIT SYSTEM RESTRUCTURING AND REGULATORY REFORM ACT OF 1985

The PRESIDING OFFICER. The bill S. 1884 is discharged from committee and the clerk will report the bill.

The assistant legislative clerk read as follows:

A bill (S. 1884) to amend the Farm Credit Act of 1971.

BOREN PAC AMENDMENT NO. 1168

Mr. BOREN. Mr. President, I wonder if the majority leader might yield to me to respond to a question.

Mr. DOLE. Are we on the farm credit bill now?

The PRESIDING OFFICER. The Senator is correct.

Mr. BOREN. Mr. President, if I might have the attention of the majority leader for just a moment, in light of the overwhelming vote that we just had against tabling this campaign reform proposal and in light of the comments of the Senator from Maryland, the chairman of the Rules Committee, that he would hold hearings on this and other proposals for campaign reform as soon as possible, I wonder if the majority leader might give us some assurance that early next year, say by the first of March or sometime along those lines, we would have an opportunity to bring either the pending matter, which will remain on the calendar, or the recommendation of the committee, whatever they come out with on campaign reform, one or the other back to the full Senate for our consideration?

Mr. DOLE. If the Senator will yield, I am not certain I could give any commitment because we do not get back until the end of January. We are out part of February. I really believe the vote demonstrated that there is near unanimous support for campaign finance reform. It is a question of how it is done—whether we limit PAC contributions, use public financing or allow

political parties and individuals to make larger contributions, for instance. It may take longer than that to find a consensus approach. I have stated publicly and will continue to state that we need to reform the system. I am certainly willing, if we can work out some bipartisan way to approach it, to bring a bill up. There is no problem at all with that.

Mr. BOREN. Would the leader—and understand I am not trying to look ahead with a crystal ball when we do not know the schedule for next year. I certainly would rely upon his good will and intent, but would the leader at least assure us, those of us who feel strongly—and the leader himself has spoken in the past of the need for campaign reform—that he would endeavor to give us an opportunity to bring this matter back to the floor in the next session of the Senate so that we could have an opportunity to address it after the Rules Committee completes its action?

Mr. DOLE. I would have no problem with that. In fact, as I have indicated privately to the Senator from Oklahoma, this may be one area where we might want to go beyond the committee and look for outside guidance as to how we might come up with some satisfactory reform. The system cries for reform. I think it is incumbent upon all of us to try to achieve that.

Mr. BOREN. I thank the leader very much for his remarks. I appreciate them. Since we have had such a strong expression from the Senate, and this item has been off the national agenda for too long—several years have passed since we brought it to a vote on the Senate floor—I wanted to have an opportunity for this exchange so that we might feel sure that it is back on the national agenda; that the Senate is going to endeavor to act upon it in due course next year, and that this vote will give us the impetus for doing that.

I thank the leader and I yield the floor.

Mr. HEINZ. Mr. President, I announce to my colleagues that today, as I said I would yesterday, I will be introducing a comprehensive campaign reform bill. I urge all my colleagues to examine it carefully.

I urge those who think it is on balance a good piece of legislation to cosponsor it. It is not dissimilar to the Laxalt-Lugar bill that was introduced in the last Congress.

I mention that because the Senate has just gone on record—and I think appropriately so—saying that as a body we desire to consider the issue of campaign reform; that it deserves lengthy consideration, far more lengthy than was available under a 4-hour, no-amendment agreement, and that there are plenty of other important, even good ideas to be considered.

I hope that many of the ideas in the legislation which I will be introducing together with Senators LAXALT and LUGAR will be thought of as a move forward in the area of campaign finance. Senator BOREN has done the Senate a service in offering his particular package of amendments, and maybe other Senators will have ideas and we can put together an overall package that is going to make sense for this country and answer critics of the current system of campaign finance.

In sum, Mr. President, what we have today is the Senate going on record saying that this is a serious subject; we do not intend to dispose of it summarily, and that it needs to be considered properly, starting in the committee of jurisdiction and ultimately on the Senate floor.

That is the right and proper result.

Mr. KENNEDY. Mr. President, I welcome the kind of attention that has been given to the issue of campaign financing as has been exhibited in the caucuses of the Democratic Party and, I gather, of the Republican Party during this noontime. In my view, the best way to address this issue is through public financing for Senate and House races, similar to the system we have already established for Presidential campaigns. This is not a new idea. Under the leadership of Senator Russel Long, Congress first enacted public financing of Presidential general elections in 1966. The effective date was later postponed, but in 1971, we finally agreed to begin public financing to Presidential general elections in 1976, and it has worked brilliantly ever since.

In 1973, in the wake of Watergate, the focus of reform turned to Congress. That year, the Senate adopted a comprehensive election reform bill that expanded public financing to include Presidential primaries, and that also took the historic step of providing public financing for general elections to the Senate and House of Representives.

The issues were debated in the Rules Committee. They were debated on the Senate floor. And public financing of Senate and House elections passed the Senate by a solid vote. but we could not get our measure through the House of Representatives. They returned the bill to the Senate where further action was blocked by a filibuster as the session ended.

But that was not the end of public financing. The Senate again adopted public financing of congressional elections in 1974, only to see it die again in the House of Representatives. The rest is history, of the worst sort—the explosive growth of PAC's, the soaring cost of campaigns, Congress up for auction, special interest money swamping the public interest.

Mr. President, the current morass is scandalous; it has become one of the most unfortunate aspects of service in public life, and I hope that as a result of today's vote, we are at last back on the track we abandoned in the 1970's.

We all know the traditional arguments that will be made against the use of public funds for financing political campaigns. But make no mistake about it: Public funds are already being used at the present time. They are being used in the wide range of special interest amendments, tax loopholes tucked into the Internal Revenue Code, and other devices that result from campaign contributions.

Public financing of elections is the best money the taxpayer can spend. When we finally have an effective program for public financing, we will restore the integrity of the election system and make candidates truly accountable to the voters, instead of the fat cats and the pernicious financial interests. That is the challenge before us.

I welcome the contribution that Senator BOREN, Senator MATHIAS and other Members, and Common Cause have made to the present debate; it is long past time for the Senate to address this issue again, and I hope that we shall do so as soon as possible at the beginning of the next session.

FARM CREDIT SYSTEM RESTRUCTURING AND REGULATORY REFORM ACT OF 1985

The Senate continued with the consideration of S. 1884.

Mr. DOLE. Mr. President, I understand that we are on the farm credit bill and that these statements are being charged against the time on that measure. Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. DOLE. And there is a 4-hour time agreement?

The PRESIDING OFFICER. That is correct—4 hours on the bill.

Mr. DOLE. I know that the managers are on their way to the floor.

Mr. HARKIN. Mr. President, will the Senator yield for a question?

Mr. DOLE. I yield.

Mr. HARKIN. I ask the distinguished majority leader, since we have limited time, whether we could ask unanimous consent that time be moved back another 15 minutes beyond 7 o'clock, so that we have the full time to debate the farm credit bill, rather than the PAC bill.

Mr. DOLE. I do not think that is necessary. If we need time, we can do it on the other end. I am trying to speed up the process, not slow it down.

Mr. BUMPERS. Is the majority leader ready to go, before the managers get here?

Mr. DOLE. I would rather not. We are trying to accommodate Members who do not want to be here all evening. That is why I would rather

we didn't start slipping the time agreement. It may cause problems later on.

Does the Senator want 5 minutes?

Mr. BUMPERS. We have some amendments here.

Mr. DOLE. On the farm bill?

Mr. BUMPERS. Yes.

Mr. DOLE. I say to the Senator from Arkansas that I know that both the manager on that side and on this side are nearby. They are trying to get the conference started, at least a preliminary conference, on the farm bill itself. I understand that they are on their way to the floor. Maybe we can suggest the absence of a quorum, not to be charged to either side.

Mr. President, I ask unanimous consent that there be a quorum call, with the time not to be charged to either side.

Mr. BAUCUS. Mr. President, reserving the right to object, I appreciate the position the majority leader is in, waiting for the managers; but, unfortunately, we are in a time agreement which requires a vote by 7 o'clock.

Can we have an agreement that the quorum call be suspended in, say, 15 minutes? Otherwise, under the earlier agreement, can we have a reasonable time, say, 3½ hours?

The PRESIDING OFFICER. The Chair notes that that type of request would be unenforceable.

Mr. DOLE. I know there are amendments, and I do not want to shut off anyone. My view is that if we get to 7 o'clock and if we have not completed the bill because of a delay or a quorum call, we would extend the deadline by that much time. In order words, if we take out 20 minutes for a quorum call, I would be prepared, at 7 o'clock, if we are not finished, to go until 7:20.

Mr. BAUCUS. That would be fine.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, under the order previously entered, it indicates 4 hours on the bill to be equally divided between the majority and minority leaders or their designees. I designate the distinguished chairman of the committee, Senator HELMS, control of time on this side.

Mr. BYRD. Mr. President, I make the designation on this side and I give it to Mr. ZORINSKY as my designee.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, will the Senator from North Carolina yield?

Mr. HELMS. I yield.

THE FARM BILL

Mr. DOLE. Mr. President, under the order entered into on Saturday, the day we recessed, we agreed that rather than wait for the drafting to be completed and keep Members here late that evening, which was about 7 p.m. then, or 6 p.m., we had a procedure that we would take the bill up today if there was some question about any of the language.

I asked the distinguished minority leader if there is not any question on the language we would like to vitiate that order, because I am advised by the chairman of the House Agriculture Committee that they need to get the bill, if we are going to go to conference this week, and he wants to go to conference this week. In fact, I just had a meeting in my office. He wants to finish the bill this week. The sooner we can go to conference, the better.

So I would hope that those who might have questions, or if there are not any questions, they could indicate to the minority leader so we could vitiate that order and get the bill sent over to the House side, so we could start preparing for the conference.

Mr. HELMS. Mr. President, I am sending to the desk an amendment, and I will do that in just a minute, which when it is cleared by the distinguished minority leader representing his side, I shall ask unanimous consent that it be considered as original text.

The distinguished Presiding Officer knows the pressure under which we operated introducing this legislation. We did not have the time that we really needed. So this amendment, which I shall send to the desk at the appropriate time, needs some structural changes for clarity and otherwise.

I am offering it as a complete substitute for the text of S. 1884, and I am advised that the distinguished ranking minority member of the Agriculture Committee, Mr. ZORINSKY, has no objection to it.

It is my understanding that any part of the amendment will be amendable in two degrees. Is that correct?

The PRESIDING OFFICER. A complete substitute is amendable in two degrees.

Mr. HELMS. I thank the Chair.

The offering of this substitute will not preclude any Senator from offering further amendments. I wish to make that clear.

The substitute, as I said earlier, makes a number of organizational and structural changes in the bill to break down several long, difficult portions into smaller units that are easier to read and to understand. It also clarifies other language that, to say the least, was imprecise in the original bill.

The amendment also makes a number of minor technical and substantive changes to the text of S. 1884. These changes were made after extensive consultations with knowledgeable persons from the Farm Credit Administration, the Department of the Treasury, the staff of the Senate Banking Committee, the Farm Credit Council, the Department of Agriculture, and so forth.

I emphasize, Mr. President, no change was made that did not have the wide support from all of these representatives.

Let me be precise. These changes:

First, limit the activity of the capital corporation, so that it cannot supplant existing Farm Credit System institutions;

Second, it clarifies that the cooperative banks holding stock in a capital corporation will have one vote for each of three directorships in the corporation regardless of the amount of stock owned by individual bank;

Third, clarify that the Farm Credit Administration will establish criteria under which the capital corporation will require cooperative banks to contribute capital to the capital corporation;

Fourth, provide for a transition period between the prior management of the farm credit system and the new Farm Credit Administration Board;

Fifth, provide that vacancies on the new Farm Credit Administration Board will not impair the Board from acting;

Sixth, spell out in greater detail the composition and responsibilities of the Board's advisory committee; and

Seventh, authorize the Farm Credit Administration to hire officers, farm credit examiners, accountants, and other related employees without regard to competitive civil service procedures.

The point I would make is these changes contained in the substitute amendment all serve to improve the bill, make it clear, make it understandable, and I hope fervently that it will enhance its chances of being approved by the Senate.

AMENDMENT NO. 1170

Mr. HELMS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from North Carolina [Mr. HELMS] proposes an amendment numbered 1170.

Mr. HELMS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

Mr. MELCHER. Mr. President, reserving the right to object, what are we doing? What is the effect of sending the amendment to the desk? Is this substituting?

Mr. HELMS. I have been discussing this for the last 10 minutes. It is a substitute amendment.

The PRESIDING OFFICER (Mr. ARMSTRONG). The request of the Senator from North Carolina is that further reading of the amendment be dispanded with. The Senator from Montana has reserved his right to object. Is there objection?

Mr. MELCHER. Mr. President, then the situation, as I understand it, is we have to amend the amendment unless the unanimous-consent request is agreed to. It would not be considered as original text.

The PRESIDING OFFICER. As the Chair understands it, the request of the Senator from North Carolina is only that reading of the amendment be dispensed with.

Mr. MELCHER. I understand that, Mr. President. I am asking now, Mr. President, if in effect the amendment is before us, and if it is not, if the unanimous-consent request of the chairman, as he stated he is going to ask, it cannot be, it is not approved, it is not accepted then we could not consider it as original text. Is that correct?

The PRESIDING OFFICER. The Chair does not understand the Senator's inquiry.

The Chair will advise the Senator from Montana that a complete substitute is always considered to be original text for the purpose of amendment and is therefore amendable in two degrees. The Chair is uncertain as to whether or not this responds to the Senator's inquiry.

The question is on the request of the Senator from North Carolina that the reading of the amendment be dispensed with. Is there objection?

Mr. MELCHER. Reserving the right to object, Mr. President, might I state that the situation as I see it will be that as it stands, this will be an amendment that will be voted upon first. It will be amendable in one degree. I ask that. It will not be amended?

The PRESIDING OFFICER. The Senator is not correct. The amendment as a complete substitute will be amendable in two degrees.

Mr. MELCHER. Then I must assume, Mr. President, that the Chair has determined that this is a substitute. The Chair has determined that this is a complete substitute.

The PRESIDING OFFICER. The Senator is correct.

Is there objection to the request of the Senator from North Carolina?

Without objection, further reading of the amendment is dispensed.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following: That this Act, with the following table of contents, may be cited as the "Farm Credit System Restructuring and Regulatory Reform Act of 1985".

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TITLE I—PURPOSES, ORGANIZATION, AND POWERS

PURPOSES

SEC. 101. It is the purpose of this Act—

(1) to enable the institutions of the Farm Credit System to use effectively the authority of such institutions to pool resources and sell assets to resolve financial problems affecting individual institutions of the Farm Credit System or groups of institutions of the Farm Credit System;

(2) to establish a capital corporation within the Farm Credit System to effect transfers of assets, reserves, and capital among institutions of the Farm Credit System; and

(3) to strengthen the Farm Credit Administration to ensure that the agency will operate as an effective and independent regulator of institutions of the Farm Credit System with adequate authority to promote the safe and sound operation of such institutions and the Farm Credit System.

OBJECTIVES

SEC. 102. Section 1.1 of the Farm Credit Act of 1971 (12 U.S.C. 2001) is amended by adding at the end thereof the following new subsection:

"(c) It is also the objective of this Act to ensure that institutions of the Farm Credit System are managed in a business-like manner in full compliance with the law—

"(1) to overcome local financial difficulties of such institutions; and

"(2) to promote the safe and sound operation of the Farm Credit System without the financial assistance of the Federal Government.".

FARM CREDIT ADMINISTRATION

SEC. 103. The second sentence of section 5.7 of the Farm Credit Act of 1971 (12 U.S.C. 2241) is amended—

(1) by striking out "Federal Farm Credit Board" and inserting in lieu thereof "Farm Credit Administration Board"; and

(2) by striking out ", the Governor of the Farm Credit Administration,".

FARM CREDIT ADMINISTRATION BOARD

SEC. 104. (a) Section 5.8 of the Farm Credit Act of 1971 (12 U.S.C. 2242) is amended to read as follows:

"SEC. 5.8. FARM CREDIT ADMINISTRATION BOARD; APPOINTMENT; TERM OF OFFICE; ORGANIZATION AND COMPENSATION.—(a)(1) The management of the Farm Credit Administration shall be vested in a Farm Credit Administration Board.

"(2) Subject to paragraph (3), the Board shall consist of three members who shall be citizens of the United States and representative of the public interest.

"(3) The Board shall include one member who is experienced in the production, processing, or distribution of agricultural products and inputs.

"(4) Members of the Board shall be appointed by the President, by and with the advice and consent of the Senate.

"(5) Not more than two members of the Board shall be members of the same political party.

"(6) One member of the Board shall be designated by the President to serve as Chairman of the Board for the duration of the term of the member.

"(b)(1) The term of office of each member of the Board shall be 6 years, except that in the case of the two members initially appointed other than the Chairman—

"(A) the term of one member shall expire 2 years after the date of appointment; and

"(B) the term of the other member shall expire 4 years after the date of appointment.

"(2) A Board member shall not be appointed to successive terms, except that—

"(A) an initial member appointed for less than a 6-year term may be reappointed for a full 6-year term; and

"(B) a subsequent member appointed to fill an unexpired term of 3 years or less may be reappointed for a full 6-year term.

"(3) Any member of the Board shall continue to serve as a member after the expiration of the term of such member until a successor has been appointed.

"(c)(1) The Board shall—

"(A) adopt such rules as the Board determines necessary for the transaction of the business of the Board; and

"(B) keep permanent records and minutes of the acts and proceedings of the Board.

"(2) Vacancies on the Board shall not impair the right of the remaining member of the Board to exercise the powers of the Board.

"(3) A member of the Board shall be subject to the Ethics in Government Act of 1978 (2 U.S.C. 701 et seq.)

"(d)(1) A Board member may not be employed in any other capacity.

"(2) A Board member, other than the Chairman, shall receive compensation at a rate prescribed for level IV of the Executive Schedule established under section 5315 of title 5, United States Code.".

(b) The Farm Credit Act of 1971 is amended by striking out "Federal Farm Credit Board" each place it appears in sections 5.0, 5.1, 5.17, and 5.18 (12 U.S.C. 2221, 2222, 2251, and 2252) and inserting in lieu thereof "Farm Credit Administration Board".

POWERS OF THE BOARD

SEC. 105. Section 5.9 of the Farm Credit Act of 1971 (12 U.S.C. 2243) is amended—

(1) by striking out "Federal Farm Credit Board shall establish the general policy for the guidance of the Farm Credit Administration and" in the first sentence and inserting in lieu thereof "Farm Credit Administration Board shall manage, administer, and establish policies for the Farm Credit Administration. The Board shall"; and

(2) by striking out "or in the Governor" in the first sentence (as it existed before the amendment made by clause (1)) and all that follows through "administrative capacity" at the end of the section.

CHAIRMAN OF THE BOARD

SEC. 106. (a) Section 5.10 of the Farm Credit Act of 1971 (12 U.S.C. 2244) is amended to read as follows:

"SEC. 5.10. CHAIRMAN; RESPONSIBILITIES; COMPENSATION; GOVERNING STANDARDS.—(a)(1) The Chairman of the Board shall be the executive officer of the Board and the chief executive officer of the Farm Credit Administration.

"(2) Subject to the general supervision and direction of the Board, the Chairman shall be responsible for directing—

"(A) the implementation of the adopted policies and regulations of the Board; and

"(B) the execution of all the administrative functions and duties of the Farm Credit Administration.

"(3) The Chairman of the Board shall—

"(A) be the spokesman for the Board; and

"(B) represent the Board and the Farm Credit Administration in the official relations of the Board and Administration with other branches of government.

"(4) Pursuant to a policy statement adopted by the Farm Credit Administration Board, the Chairman shall consult on a regular basis with—

"(A) the Secretary of the Treasury in connection with the exercise by the Farm Credit System of the powers conferred under section 4.2; and

"(B) the Board of Governors of the Federal Reserve System in connection with the effect of Farm Credit System lending activities on national monetary policy.

"(b) The compensation of the Chairman of the Farm Credit Administration Board shall be at the rate prescribed for level III of the Executive Schedule established under section 5314 of title 5, United States Code.

"(c)(1) In carrying out this section, the Chairman of the Farm Credit Administration Board shall be governed by—

"(A) general policies of the Farm Credit Administration Board; and

"(B) such regulatory decisions, findings, and determinations as the Board may be authorized to make.

"(2) In the case of a third person, an act of the Chairman shall be conclusively presumed to be in compliance with the general policies and regulatory decisions, findings, and determinations referred to in paragraph (1).".

(b) Sections 5.11 and 5.12 of the Farm Credit Act of 1971 (12 U.S.C. 2245 and 2246) are repealed.

(c)(1) The Farm Credit Act of 1971 is amended by striking out "Governor" each place it appears in sections 1.5, 1.13, 1.17, 1.20, 2.2, 2.6, 2.7, 2.10, 2.13, 2.14, 2.17, 3.3, 3.4, 3.5, 3.11, 3.12, 3.13, 4.0, 4.1, 4.2, 4.4, 4.5, 4.25, 4.26, and 5.14 (12 U.S.C. 2013, 2031, 2051, 2054, 2073, 2077, 2078, 2091, 2094, 2095, 2098, 2124, 2125, 2126, 2132, 2133, 2134, 2151, 2152, 2153, 2155, 2156, 2211, 2212, and 2248) and inserting in lieu thereof "Chairman".

(2) The Farm Credit Act of 1971 is amended by striking out "Governor" each place it appears in the caption of sections 1.13, 4.0, and 4.26 (12 U.S.C. 2031, 2151, and 2212) and inserting in lieu thereof "Chairman".

FARM CREDIT ORGANIZATION

SEC. 107. Section 5.13 of the Farm Credit Act of 1971 (12 U.S.C. 2247) is amended—

(1) by redesignating such section as section 5.11;

(2) in the first sentence—

(A) by striking out "Governor" and inserting in lieu thereof, "Chairman";

(B) by inserting "Board" after "Administration";

(C) by striking out "the Governor and"; and

(D) by inserting "Board" after "Administration";

(3) in the second sentence—

(A) by striking out "Governor" and inserting in lieu thereof "Chairman"; and

(B) by striking out the colon after "Administration" and all that follows through "as amended"; and

(4) by striking out "Governor" in the third sentence and inserting in lieu thereof "Chairman".

FARM CREDIT ADVISORY COMMITTEE

SEC. 108. The Farm Credit Act of 1971 is amended by inserting after section 5.11 (as redesignated by section 107(1)) the following new section:

"SEC. 5.12 FARM CREDIT ADVISORY COMMITTEE.—(a) There is created a permanent Farm Credit Advisory Committee, composed of not more than 13 members, to advise the Farm Credit Administration Board with respect to matters under the jurisdiction of the Board.

"(b)(1) The Committee shall consist initially of the same individuals who, immediately prior to the date of enactment of the Farm Credit System Restructuring and Regulatory Reform Act of 1985, were members of the Federal Farm Credit Board.

"(2) Each such member shall continue to serve on the Farm Credit Advisory Committee for the unexpired portion of the term of the member on the Federal Farm Credit Board or until the death or resignation of the member, whichever is earlier.

"(3)(A) If such an individual is unable or unwilling to accept appointment to the Committee, the Chairman of the Farm Credit Administration Board shall appoint another person to serve on the Board in lieu of such individual.

"(B) Each such person shall serve for a period of 2 years.

"(c)(1) On the expiration of the term of office, resignation, or death of a member referred to in subsection (b), the Chairman of the Farm Credit Administration Board may appoint another individual to serve as a member of the Committee.

"(2) Each individual appointed under paragraph (1) shall serve for a term of 2 years.

"(3) In appointing individuals to serve as members of the Committee under paragraph (1), the Chairman shall consider the interests of—

"(A) the public;

"(B) shareholders in and borrowers from institutions of the Farm Credit System;

"(C) investors in Farm Credit System obligations; and

"(D) institutions of the Farm Credit System.

"(d) Except as provided in subsection (a), the Committee shall be subject to the Federal Advisory Committee Act (5 U.S.C. App.).

"(e) The Chairman shall provide the Committee with necessary clerical assistance and staff personnel.

"(f)(1) Except as provided in paragraph (2), a member of the Committee, other than an officer or employee of the United States, shall serve on the Committee without compensation.

"(2) Such member shall, while away from the home or regular place of business of such member in the performance of services under this Act, be allowed travel expenses, including per diem in lieu of subsistence, as authorized under section 5703 of title 5, United States Code.".

ALLOCATION OF EXPENSES FOR ADMINISTRATIVE SERVICES

SEC. 109. Section 5.16(a) of the Farm Credit Act of 1971 (12 U.S.C. 2250(a)) is amended by adding at the end thereof the following new sentence: "The Chairman of the Farm Credit Administration Board may prescribe regulations governing the computation and assessment of the expenses of su-

pervision and examinations conducted by the Farm Credit Administration and the collection of such assessments from the institutions supervised and examined.".

ENUMERATED POWERS

SEC. 110. Section 5.18(a) of the Farm Credit Act of 1971 (12 U.S.C. 2252(a)) is amended by striking out paragraphs (4) through (17) and inserting in lieu thereof the following new paragraphs:

"(4) Prescribe loan security requirements.

"(5) Conduct loan and collateral security review.

"(6) Approve the issuance of obligations of the institutions of the Farm Credit System for the purpose of funding the authorized operations of the institutions of the Farm Credit System and prescribe collateral therefor.

"(7) Approve interest rates paid by institutions of the Farm Credit System on the bonds, debentures, and similar obligations of such institutions, and the terms and conditions thereof.

"(8) Make investments in stock of the institutions of the Farm Credit System as provided in section 4.0 out of the revolving fund and require the retirement of such stock.

"(9) Regulate the borrowing, repayment, and transfer of funds and equities between institutions of the Farm Credit System.

"(10) Regulate the preparation by institutions of the Farm Credit System of information on the financial condition and operations of such institutions and the dissemination of such information to shareholders and investors.

"(11) Undertake research into the rural credit needs of the United States and methods of meeting such needs and of the funding of the operations of the Farm Credit System in relation to changing farming and economic conditions.

"(12) Use the United States mails on the same terms and conditions as the executive departments of the Federal Government.

"(13) Require surety bonds or other provisions for protection of the assets of the institutions of the Farm Credit System against losses occasioned by employees.

"(14) Prescribe rules and regulations necessary or appropriate for carrying out this Act.

"(15) Initiate, prosecute, defend, and appeal in the name of the Farm Credit Administration (other than to the Supreme Court of the United States), through the legal representative of such Administration, any civil action for the purpose of enforcing laws subject to the jurisdiction of such Administration.

"(16) Grant approvals required under this Act, except that the agency may adopt regulations under which approval is granted on the basis of the satisfaction of standards and criteria specified in such regulations.

"(17) Appoint, through the Chairman of the Farm Credit Administration Board and without regard to chapter 33 of title 5, United States Code, such officers, farm credit examiners, accountants, and other related employees as shall be necessary for the performance of the duties of the Farm Credit Administration under this Act, define the duties of such individuals, and fix the compensation of such individuals.

"(18) Exercise such incidental powers as may be necessary or appropriate to fulfill the duties of the Farm Credit Administration and carry out the purposes of this Act.".

DELEGATION OF DUTIES AND POWERS TO SYSTEM INSTITUTIONS

SEC. 111. (a) A delegation of a power or duty by the Farm Credit Administration to an institution of the Farm Credit System or redelegation of such power or duty made in accordance with section 5.19 of the Farm Credit Act of 1971 (12 U.S.C. 2253) (as such section existed before the amendment made by subsection (b)) may, at the option of the Farm Credit Administration, continue in full force and effect during the 12-month period beginning on the the date of enactment of this Act.

(b) Section 5.19 of the Farm Credit Act of 1971 (12 U.S.C. 2253) is repealed.

EXAMINATIONS AND REPORTS

SEC. 112. Section 5.20 of the Farm Credit Act of 1971 (12 U.S.C. 2254) is amended to read as follows:

"SEC. 5.20. EXAMINATIONS AND REPORTS.—(a)(1) Each institution of the Farm Credit System shall be examined by Farm Credit Administration examiners at such times as the Chairman of the Farm Credit Administration Board may determine.

"(2) Such examinations shall include, but not be limited to an examination of—

"(A) credit, collateral quality, and capitalization; and

"(B) the effectiveness of management; and

"(C) the provision of services to all eligible borrowers under this Act.

"(3) At the direction of the Chairman, Farm Credit Administration examiners shall also make examinations of the condition of any organization, other than a national bank, to which, or with which, any institution of the Farm Credit System contemplates making a loan or discounting the paper of such organization.

"(4) For the purposes of this Act, examiners of the Farm Credit Administration shall—

"(A) be subject to the same requirements, responsibilities, and penalties as are applicable to examiners under the National Bank Act (12 U.S.C. 38 et seq.), the Federal Reserve Act (12 U.S.C. 226 et seq.), the Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.), and other provisions of law; and

"(B) have the same powers and privileges as are vested in such examiners by law.

"(b)(1) Except as provided in paragraph (3), each institution of the Farm Credit System, and the Farm Credit System on a combined basis, shall make an annual report of condition as prescribed by the Farm Credit Administration.

"(2) Each report shall contain financial statements—

"(A) prepared in accordance with generally accepted accounting principles; and

"(B) audited by an independent public accountant.

"(3) The Chairman of the Farm Credit Administration Board may exempt any institution from the requirement for a separate report based on a determination that a report consolidated with one or more institutions of the Farm Credit System is sufficient.

"(4) For purposes of examinations and reports made under this section, the Farm Credit Administration may adopt regulatory accounting rules for those matters for which the Financial Accounting Standards Board has not issued a final rule.

"(c)(1) The Chairman of the Farm Credit Administration Board may publish the report of the examination of any institution of the Farm Credit System if such institution has not complied with recommendations contained in such report to the satisfaction of the Chairman within 120 days after notification of such recommendations.

"(2) The Chairman shall give notice 90 days prior to publishing under paragraph (1) any report of an examination, except that all or part of such 90-day period may, at the option of the Chairman, run concurrently with the 120-day period referred to in paragraph (1).".

TITLE II—REGULATORY ROLE OF THE FARM CREDIT ADMINISTRATION

SUBTITLE A—FEDERAL LAND BANKS

ESTABLISHMENT

SEC. 201. The last sentence of section 1.3 of the Farm Credit Act of 1971 (12 U.S.C. 2011) is amended by striking out "When authorized by the Farm Credit Administration, it" and inserting in lieu thereof "Each Federal land bank".

POWERS

SEC. 202. Section 1.4 of the Farm Credit Act of 1971 (12 U.S.C. 2012) is amended—

(1) by striking out "vested in or delegated to the bank" in paragraph (17); and

(2) by striking out paragraph (19) and redesignating paragraphs (20) through (23) as (19) through (22), respectively.

SUBTITLE B—FEDERAL INTERMEDIATE CREDIT BANKS

ESTABLISHMENT

SEC. 211. The last sentence of section 2.0 of the Farm Credit Act of 1971 (12 U.S.C. 2071) is amended by striking out "When authorized by the Farm Credit Administration it" and inserting in lieu thereof "Each Federal intermediate credit bank".

POWERS

SEC. 212. Section 2.1 of the Farm Credit Act of 1971 (12 U.S.C. 2072) is amended—

(1) by striking out "vested in or delegated to the intermediate credit bank" in paragraph (14); and

(2) by striking out paragraph (21).

LOANS

SEC. 213. The first sentence of section 2.3(c) of the Farm Credit Act of 1971 (12 U.S.C. 2074(c)) is amended—

(1) by striking out "(a) (1) and (2)" and inserting in lieu thereof "(a)(2)"; and

(2) by striking out "(in the case of financing institutions under subsection (a)(2) of this section)".

SUBTITLE C—PRODUCTION CREDIT ASSOCIATIONS

POWERS

SEC. 221. Section 2.12(19) of the Farm Credit Act of 1971 (12 U.S.C. 2093(19)) is amended by striking out "or the Farm Credit Administration".

LOANS

SEC. 222. Section 2.15 of the Farm Credit Act of 1971 (12 U.S.C. 2096) is amended—

(1) in the matter preceding clause (1) of the first sentence of subsection (a)—

(A) by striking out "rules and regulations" and inserting in lieu thereof "standards"; and

(B) by striking out "and approved by the Farm Credit Administration";

(2) in the first sentence of subsection (b)—

(A) by striking out "regulations" the first place it appears and inserting in lieu thereof "standards";

(B) by striking out "with the approval of the Farm Credit Administration as provided in" and inserting in lieu thereof "subject to"; and

(C) by striking out "in such regulations"; and

(3) in the last sentence of subsection (b)—

(A) by striking out "regulations" and inserting in lieu thereof "standards"; and

(B) by striking out "or of Farm Credit Administration".

SUBTITLE D—BANKS FOR COOPERATIVES

ESTABLISHMENT

SEC. 231. The last sentence of section 3.0 of the Farm Credit Act of 1971 (12 U.S.C. 2121) is amended by striking out "When authorized by the Farm Credit Administration each" and inserting in lieu thereof "Each".

POWERS

SEC. 232. Section 3.1 of the Farm Credit Act of 1971 (12 U.S.C. 2122) is amended by striking out paragraph (16) and redesignating paragraphs (17) through (19) as (16) through (18), respectively.

BOARD OF DIRECTORS

SEC. 233. The second sentence of section 3.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2123(a)) is amended by striking out "appointed by the Governor with the advice and consent of the Federal Farm Credit Board" and inserting in lieu thereof "the President of the Central Bank for Cooperatives".

SUBTITLE E—FUNDING

ISSUANCE OF OBLIGATIONS

SEC. 241. Section 4.2 of the Farm Credit Act of 1971 (12 U.S.C. 2153) is amended—

(1) by striking out "with approval of the Governor" in subsection (b); and

(2) in subsection (d)—

(A) by striking out "Governor" in the first sentence and inserting in lieu thereof "Chairman";

(B) by striking out "and each such issue shall be subject to approval of the Governor" in the second sentence; and

(C) by striking out "and the approval of the Governor for such issues shall be conditioned on and be evidence of the compliance with this provision" in the proviso of the second sentence.

AGGREGATE OF OBLIGATIONS

SEC. 242. (a) Section 4.3 of the Farm Credit Act of 1971 (12 U.S.C. 2154) as amended—

(1) by striking out subsection (a);

(2) by redesignating subsection (b) as subsection (c); and

(3) by inserting after the caption the following new subsections:

"(a)(1) The Farm Credit Administration shall require Farm Credit System institutions to maintain adequate capital by—

"(A) establishing minimum levels of capital for such institutions; and

"(B) using such other methods as such Administration considers appropriate.

"(2) The Farm Credit Administration may establish such minimum level of capital for an institution of the Farm Credit System as such Administration, at the option of such Administration, determines to be necessary or appropriate in light of the particular circumstances of such institution.

"(b)(1) Failure of an institution of the Farm Credit System to maintain capital at or above the minimum level established for such institution under subsection (a) may be considered by the Farm Credit Administration, at the option of such Administration, to constitute an unsafe or unsound practice within the meaning of this Act.

"(2)(A) In addition to or in lieu of any other action authorized by law, the Farm Credit Administration may issue a directive to an institution of the Farm Credit System that fails to maintain capital at or above the minimum level established for such institution under subsection (a).

"(B)(i) The directive may require such institution to submit and adhere to a plan acceptable to the Farm Credit Administration specifying the means and the timing by which such institution shall reach the minimum capital level.

"(ii) Any such directive issued pursuant to this paragraph (including a plan submitted pursuant to such directive) shall be enforceable under part C of title V to the same extent as an effective and outstanding final order issued under such part.

"(3)(A) The Farm Credit Administration may consider the adherence of an institution of the Farm Credit System to a plan required under this subsection whenever such institution, or an affiliate thereof, seeks the approval of the Farm Credit Administration for any proposal that would divert earnings, diminish capital, or otherwise impede the progress of such institution in achieving the minimum capital level required of such institution.

"(B) The Farm Credit Administration may disapprove any proposal referred to in subparagraph (A) if the Farm Credit Administration determines that the proposal would adversely affect the ability of such institution to comply with such plan.".

(b) Section 4.2(b) of the Farm Credit Act of 1971 (12 U.S.C. 2153(b)) is amended by striking out "section 4.3(b)" and inserting in lieu thereof "section 4.3(c)".

SUBTITLE F—DISSOLUTION AND MERGER

BOARD OF DIRECTORS FOR MERGED BANK

SEC. 251. Section 4.11 of the Farm Credit Act of 1971 (12 U.S.C. 2182) is amended—

(1) by striking out "Governor with the advice and consent of the Federal Farm Credit Board" in the second sentence and inserting in lieu thereof "Chairman of the Farm Credit Administration Board"; and

(2) by striking out ", with the approval of the Farm Credit Administration, provide for a different number of directors selected in a different manner" in the third sentence and inserting in lieu thereof "provide for the directors to select an additional director".

DISSOLUTION AND MERGERS

SEC. 252. Section 4.12 of the Farm Credit Act of 1971 (12 U.S.C. 2183) is amended to read as follows:

"SEC. 4.12. DISSOLUTION; VOLUNTARY LIQUIDATION; MERGERS; RECEIVERSHIPS; AND CONSERVATORS.—(a) No institution of the Farm Credit System shall go into voluntary liquidation without the consent of the Farm Credit Administration Board and with such consent may liquidate only in accordance with regulations prescribed by the Board.

"(b)(1) Except as provided in paragraph (2), associations may merge voluntarily with other like associations—

"(A) on the vote of a majority of each of the shareholders of such associations present and voting (or voting by written proxy) at duly authorized meetings; and

"(B) with the approval of the Farm Credit Administration.

The Farm Credit Administration Board may require such merger if the Board determines, with the concurrence of the appropriate district board, that an association has failed to meet its outstanding obligations or failed to conduct its operations in accordance with this Act.

"(2)(A) Except as provided in subparagraph (B), with the approval of the Farm Credit Administration, all the like associations within a district may voluntarily merge into a single districtwide association on the vote of—

"(i) the majority of the shareholders present and voting (or voting by written proxy) of two-thirds of the associations in the district; or

"(ii) three-fourths of the shareholders present and voting (or voting by written proxy) of all the associations in the district.

"(B) In the case of a State in which two-thirds of association shareholders voted against merger, any association whose principal office is located within such State may not be required to merge with other associations in the district.

"(c) The Chairman of the Farm Credit Administration Board, after consultation with the respective district board or boards and the board of directors of the Federal Farm Credit System Capital Corporation established under section 4.45, may require two or more banks of the Farm Credit System (other than Central Banks for Cooperatives) operating under the same title to merge if the Chairman determines that one of such banks has failed to meet outstanding obligations of such bank.

"(d)(1) The Chairman of the Farm Credit Administration shall have exclusive power and jurisdiction to appoint a conservator or receiver for any institution of the Farm Credit System in accordance with this subsection.

"(2) A conservator or receiver may be appointed for an institution under this subsection on the basis of—

"(A) insolvency, in that the assets of such institution are less than the obligations of such institution to creditors and other persons, including the members of the institution;

"(B) substantial dissipation of assets or earnings due to any violation of law, rule, or regulation, or to any unsafe or unsound practice;

"(C) an unsafe or unsound condition for the transaction of business;

"(D) willful violation of a cease-and-desist order that has become final; or

"(E) concealment of books, papers, records, or assets of the institution from, or refusal to submit books, papers, records, or affairs of the institution for inspection to, any examiner or any lawful agent of the Farm Credit Administration.

"(3) If the Farm Credit Administration determines that a ground for the appointment of a conservator or receiver for an institution exists under paragraph (2), the Farm Credit Administration may appoint, ex parte and without notice, a conservator or receiver for the institution.

"(4) If a conservator or receiver is appointed under this subsection, the institution may, within 30 days after such appointment, bring an action in the United States district court for the judicial district in which the principal office of such institution is located, or in the United States District Court for the District of Columbia, for an order requiring the Farm Credit Administration to remove such conservator or receiver.

"(5) On commencement of such action, the court having jurisdiction of any other action or proceeding authorized under this subsection to which the institution is a party shall stay such action or proceeding during the pendency of the action for removal of the conservator or receiver.".

SUBTITLE G—COMPENSATION OF DISTRICT BOARD

COMPENSATION OF DISTRICT BOARD

SEC. 261. Section 5.5 of the Farm Credit Act of 1971 (12 U.S.C. 2226) is amended—

(1) by inserting ", and (in accordance with Farm Credit Administration regulations) for other services rendered in their capacity as directors" before the period at the end of the first sentence; and

(2) by striking out the second and third sentences.

TITLE III—ENFORCEMENT BY FARM CREDIT ADMINISTRATION

ENFORCEMENT BY FARM CREDIT ADMINISTRATION

SEC. 301. Title V of the Farm Credit Act of 1971 (12 U.S.C. 2221 et seq.) is amended by adding at the end thereof the following new part:

"PART C—ENFORCEMENT BY FARM CREDIT ADMINISTRATION

"SEC. 5.40. DEFINITIONS.—As used in this part:

"(1) The term 'Administration' means the Farm Credit Administration.

"(2) The terms 'cease-and-desist order that has become final' and 'order that has become final' mean—

"(A) a cease-and-desist order, or an order, issued by the Administration—

"(i) with the consent of the institution or the director, officer, or other person concerned;

"(ii) with respect to which no petition for review of the action of the Administration has been filed and perfected in a court of appeals under section 5.44(c); or

"(iii) with respect to which the action of the court in which such petition is so filed is not subject to further review by the Supreme Court of the United States in proceedings provided for under section 5.44(c); or

"(B) an order issued under subsection (b) or (d) of section 5.43.

"(3) The term 'institution' means—

"(A) an institution specified in section 1.2;

"(B) a service organization chartered under part D of title IV; or

"(C) the Federal Farm Credit System Capital Corporation established under section 4.41.

"(4) The term 'safe or unsound practice' shall have the meaning given such term by the Administration by regulation, rule, or order.

"(5) The term 'violate' includes any action (alone or with another or others) causing, bringing about, participating in, counseling, or aiding or abetting a violation.

"SEC. 5.41. CEASE-AND-DESIST ORDERS.—(a)(1) If the Administration believes that any institution, or any director, officer, employee, agent, or other person participating in the conduct of the affairs of an institution—

"(A) is engaging, has engaged, or the Administration has reasonable cause to believe is about to engage, in an unsafe or unsound practice in conducting the business of such institution; or

"(B) is violating, has violated, or the Administration has reasonable cause to believe is about to violate, a law, rule, or regulation, or any condition imposed in writing by the Administration in connection with the granting of any application or other request by such institution or any written agreement entered into with the Administration,

the Administration may issue and serve on such institution or such director, officer, employee, agent, or other person a notice of charges of such practice or violation.

"(2) Such notice shall contain a statement of the facts constituting the alleged violation or violations or the unsafe or unsound practice or practices.

"(b)(1) In addition to such statement, the notice shall fix a time and place at which a hearing shall be held to determine whether an order to cease and desist from such practice or violation should be issued against the institution or the director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution.

"(2) Such hearing shall be held on a date not earlier than 30 days, nor later than 60 days, after service of such notice, unless a different date is established by the Administration at the request of any party so served.

"(3) Unless the party or parties so served shall appear at the hearing personally or by a duly authorized representative, the party or parties shall be considered to have consented to the issuance of the cease-and-desist order.

"(c)(1) If such consent is established, or if on the record made at any such hearing, the Administration finds that a violation or unsafe or unsound practice specified in the notice of charges has been established, the Administration may issue and serve on the institution or the director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution an order to cease and desist from any such violation or practice.

"(2) Such order may require the institution or the directors, officers, employees, agents, and other persons participating in the conduct of the affairs of such institution to—

"(A) cease and desist from such violation or practice; and

"(B) take affirmative action to correct the conditions resulting from any such violation or practice.

"(3) A cease-and-desist order shall—

"(A) become effective at the expiration of 30 days after the service of such order on the institution or other person concerned (except that, in the case of a cease-and-desist order issued on the basis of consent, such order shall become effective at the time specified in such order); and

"(B) remain effective and enforceable as provided in the order, except to the extent the order is stayed, modified, terminated, or set aside by action of the Administration or a reviewing court.

"(d)(1) If the Administration believes that the violation or threatened violation or the unsafe or unsound practice or practices, specified in the notice of charges served on the institution or any director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution pursuant to subsection (a), or the continuation thereof, is likely to cause insolvency or substantial dissipation of assets or earnings of the institution or is likely to seriously weaken the condition of the institution or otherwise seriously prejudice the interest of the investors in Farm Credit System obligations or shareholders in the institution prior to the completion of the proceedings conducted pursuant to subsection (b), the Administration may issue a temporary order requiring the institution or such director, officer, employee, agent, or other person—

"(A) to cease and desist from any such violation or practice; and

"(B) to take affirmative action to prevent such insolvency, dissipation, condition, or prejudice pending completion of such proceedings.

"(2) Such order shall—

"(A) become effective on the service on the institution or such director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution; and

"(B) unless set aside, limited, or suspended by a court in proceedings authorized by paragraph (3), remain effective and enforceable—

"(i) pending the completion of the administrative proceedings conducted pursuant to such notice; and

"(ii) until—

"(I) such time as the Administration shall dismiss the charges specified in such notice; or

"(II) if a cease-and-desist order is issued against the institution or such director, officer, employee, agent, or other person, the effective date of such order.

"(3)(A) Within 10 days after the institution concerned or any director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution has been served with a temporary cease-and-desist order, the institution or such director, officer, employee, agent, or other person may apply to the United States district court for the judicial district in which the principal office of the institution is located, or the United States District Court for the District of Columbia, for an injunction setting aside, limiting, or suspending the enforcement, operation, or effectiveness of such order pending the completion of the administrative proceedings pursuant to the notice of charges served on the institution or such director, officer, employee, agent, or other person under subsection (a).

"(B) Such court shall have jurisdiction to issue such injunction.

"(4)(A) In the case of a violation or threatened violation of, or failure to obey, a temporary cease-and-desist order issued pursuant to paragraph (1), the Administration may apply to the United States district court, or the United States court of any territory, within the jurisdiction of which the principal office of the institution is located, for an injunction to enforce such order.

"(B) If the court determines that there has been such violation or threatened violation or failure to obey, the court shall issue such injunction.

"SEC. 5.42. SUSPENSION OR REMOVAL OF DIRECTOR OR OFFICER.—(a) If the Administration believes that—

"(1) any director or officer of an institution has—

"(A) committed any violation of a law, rule, regulation, or of a cease-and-desist order that has become final;

"(B) engaged or participated in any unsafe or unsound practice in connection with the institution; or

"(C) committed or engaged in any act, omission, or practice that constitutes a breach of a fiduciary duty of such director or officer;

"(2)(A) the institution has suffered or will probably suffer substantial financial loss or other damage;

"(B) the interests of the shareholders or investors in Farm Credit System obligations could be seriously prejudiced by reason of such violation, practice, or breach; or

"(C) the director or officer has received financial gain by reason of such violation, practice, or breach; and

"(3) such violation or practice or breach of fiduciary duty is one that—

"(A) involves personal dishonesty on the part of such director or officer; or

"(B) demonstrates gross negligence or a willful or continuing disregard for the safety or soundness of the institution,

the Administration may serve on such director or officer a written notice of the intention of the Administration to remove such director or officer from office.

"(b) If the Administration believes that—

"(1) any director or officer of an institution, by conduct or practice with respect to another institution or other business institution that resulted in substantial financial loss or other damage, has evidenced—

"(A) personal dishonesty, gross negligence, or a willful or continuing disregard for the safety and soundness of such institution; and

"(B) unfitness of the director or officer to continue as a director or officer; or

"(2) any other person participating in the conduct of the affairs of an institution, by conduct or practice with respect to such institution or other institution or other business institution that resulted in substantial financial loss or other damage, has evidenced—

"(A) personal dishonesty, gross negligence, or a willful or continuing disregard for the safety and soundness of such institution; and

"(B) unfitness of such person to participate in the conduct of the affairs of such institution,

the Administration may serve on such director, officer, or other person a written notice of the intention of the Administration to remove such director, officer, or other person from office or to prohibit the further participation of such director, officer, or other person in the conduct of the affairs of the institution.

"(c)(1) In the case of any director or officer of an institution or any other person referred to in subsection (a) or (b), the Administration may, if the Administration considers it necessary for the protection of the institution or the interest of the shareholders of such institution or the investors in Farm Credit System obligations, by written notice to such effect served on such director, officer, or other person—

"(A) suspend such director, officer, or other person from office; or

"(B) prohibit such director, officer, or other person from further participation in the conduct of the affairs of the institution.

"(2) Such suspension or prohibition shall—

"(A) become effective on the service of such notice; and

"(B) unless stayed by a court in proceedings authorized by subsection (f), remain in effect—

"(i) pending the completion of the administrative proceedings conducted pursuant to the notice served under subsection (a) or (b); and

"(ii) until—

"(I) such time as the Administration shall dismiss the charges specified in such notice; or

"(II) if an order of removal or prohibition is issued against the director or officer or other person, until the effective date of such order.

"(3) A copy of any such notice shall also be served on the institution of which the director or officer is a director or officer or in the conduct of whose affairs the director, officer, or other person has participated.

"(4) A notice of intention to remove a director, officer, or other person from office or to prohibit the participation of such director, officer, or other person in the conduct of the affairs of an institution shall contain a statement of the facts constituting grounds for such removal or prohibition.

"(d)(1) In addition to such statement, such notice shall establish a time and place at which a hearing will be held on the basis for removal.

"(2) Such hearing shall be held on a date not earlier than 30 days, nor later than 60 days, after the date of service of such notice, unless a different date is established by the Administration at the request of—

"(A) such director, officer, or other person, and for good cause shown; or

"(B) the Attorney General of the United States.

"(3) Unless such director, officer, or other person appears at the hearing in person or through a duly authorized representative, such director, officer, or other person shall be considered to have consented to the issuance of an order of such removal or prohibition.

"(e)(1) If consent to such is obtained, or if on the record made at any such hearing the Administration finds that any of the grounds specified in such notice have been established, the Administration may issue an order of suspension or removal from office, or prohibition from participation in the conduct of the affairs of the institution, as the Administration considers appropriate.

"(2) A copy of an order issued under this section shall be served on the institution concerned.

"(3) Any such order shall—

"(A) become effective at the expiration of 30 days after service on such institution and the director, officer, or other person concerned (except that, in the case of an order issued on the basis of consent, such order shall become effective at the time specified in such order); and

"(B) remain effective and enforceable, except to the extent such order is stayed, modified, terminated, or set aside by action of the Administration or a reviewing court.

"(f)(1) Within 10 days after any director, officer, or other person has been suspended from office or prohibited from participation in the conduct of the affairs of an institution, or both, under subsection (c), such director, officer, or other person may apply to the United States district court for the judicial district in which the principal office of the institution is located, or the United States District Court for the District of Columbia, for a stay of such suspension or prohibition, or both, pending the completion of the administrative proceedings conducted pursuant to the notice served on such director, officer, or other person under subsection (a) or (b).

"(2) Such court shall have jurisdiction to stay such suspension or prohibition, or both.

"SEC. 5.43. SUSPENSION OR REMOVAL OF DIRECTOR OR OFFICER CHARGED WITH FELONY.—(a)(1) If—

"(A) a director or officer of an institution, or other person participating in the conduct of the affairs of an institution, is charged in any information, indictment, or complaint authorized by a United States attorney, with the commission of or participation in a crime involving dishonesty or breach of trust that is punishable by imprisonment for a term exceeding 1 year under State or Federal law; and

"(B) continued service or participation by the individual may—

"(i) pose a threat to the interests of the shareholders of the institution or investors in Farm Credit System obligations; or

"(ii) impair public confidence in the institution,

the Administration may, by written notice served on such director, officer, or other person, suspend such director, officer, or other person from office or prohibit such director, officer, or other person from further participation in the conduct of the affairs of the institution.

"(2) Such suspension or prohibition shall remain in effect until such information, indictment, or complaint is finally disposed of or until terminated by the Administration.

"(b)(1) If—

"(A) a judgment of conviction with respect to such crime is entered against such director, officer, or other person;

"(B) such judgment is not subject to further appellate review; and

"(C) continued service or participation by the individual may—

"(i) pose a threat to the interests of the shareholders of the institution or investors in Farm Credit System obligations; or

"(ii) impair public confidence in the institution,

the Administration may issue and serve on such director, officer, or other person an order removing such director, officer, or other person from office or prohibiting such director, officer, or other person from further participation in the conduct of the affairs of the institution, except with the consent of the Administration.

"(2) A copy of such order shall also be served on such institution.

"(3) On receipt of such copy, such director or officer shall cease to be a director or officer of such institution.

"(4) A finding of not guilty or other disposition of the charge shall not preclude the Administration from thereafter instituting proceedings to remove such director, officer, or other person from office or to prohibit further participation in institution affairs, pursuant to section 5.42.

"(5) Any notice of suspension or order of removal issued under this section shall remain effective and outstanding until the completion of any hearing or appeal authorized under subsection (d), unless terminated by the Administration.

"(c)(1) If at any time, as the result of the suspension of one or more directors pursuant to this section, there shall be on the board of directors of an institution less than a quorum of directors not so suspended, the Chairman of the Farm Credit Administration Board shall appoint persons to serve temporarily as directors in their place and stead so as to establish a quorum.

"(B) Such persons shall serve until such time as those persons who have been removed are reinstated or their respective successors are elected or appointed and take office.

"(d)(1) Within 30 days after service of any notice of suspension or order of removal issued pursuant to subsection (a) or (b), the director, officer, or other person concerned may request in writing an opportunity to appear before the Administration to show that the continued service to or participation in the conduct of the affairs of the institution by such individual does not, or is

not likely to, pose a threat to the interests of the shareholders of the institution or the investors in Farm Credit System obligations.

"(2) On receipt of any such request, the Administration shall establish a time (not more than 30 days after receipt of such request, unless extended at the request of the concerned director, officer, or other person) and place at which the director, officer, or other person may appear, personally or through counsel, before the Chairman of the Farm Credit Administration Board to submit written materials (or, at the discretion of the Administration, oral testimony) and oral argument.

"(3) Within 60 days after such hearing, the Administration shall notify such director, officer, or other person whether the suspension or prohibition from participation in the conduct of the affairs of the institution will be continued, terminated, or otherwise modified, or whether the order removing such director, officer, or other person from office or prohibiting such individual from further participation in the conduct of the affairs of the institution will be rescinded or otherwise modified.

"(4) Such notification shall contain a statement of the basis for the decision of the Administration, if adverse to the director, officer, or other person.

"(e) The Administration may prescribe such rules as may be necessary to carry out this section.

"SEC. 5.44. ADMINISTRATIVE AND JUDICIAL REVIEW.—(a)(1) Any hearing provided for in this part (other than a hearing provided for in section 5.43(d)) shall be held in the Federal judicial district or in the territory in which the principal office of the institution is located, unless the party afforded the hearing consents to another place.

"(2) Such hearing shall be conducted in accordance with chapter 5 of title 5, United States Code.

"(3) Such hearing shall be private, unless the Administration, after fully considering the views of the party afforded the hearing, determines that a public hearing is necessary to protect the public interest.

"(b)(1) After such hearing, and within 90 days after the Administration has notified the parties that the case has been submitted to the Administration for final decision, the Administration shall—

"(A) render a decision (including the findings of fact on which the decision is predicated); and

"(B) issue and serve on each party to the proceeding an order or orders consistent with this part.

"(2) Judicial review of any such order shall be had exclusively as provided in this section.

"(3) Unless a petition for review is timely filed in a court of appeals of the United States, as provided in subsection (c), and thereafter until the record in the proceeding has been filed as so provided, the Administration may at any time, on such notice and in such manner as the Administration shall consider proper, modify, terminate, or set aside any such order.

"(4) On the filing of the record, the Administration may modify, terminate, or set aside any such order with permission of the court.

"(c)(1) Any party to a proceeding conducted under this section, or any person required by an order issued under this section to cease and desist from a violation or practice stated in such order, may obtain a review of any order served pursuant to subsection (a) or (b) (other than an order issued with the consent of the institution or the director or officer or other person concerned, or an order issued under section 5.43(b)) by the filing in the court of appeals of the United States for the circuit in which the principal office of the institution is located, or in the United States Court of Appeals for the District of Columbia Circuit, within 30 days after the date of the service of such order, a written petition praying that the order of the Administration be modified, terminated, or set aside.

"(2) A copy of such petition shall be transmitted immediately by the clerk of the court to the Administration.

"(3) On receipt of such copy, the Administration shall file in the court the record in the proceeding, as provided in section 2112 of title 28, United States Code.

"(4) On the filing of such petition, such court shall have jurisdiction (that on the filing of the record shall (except as provided in subsection (b)(4)) be exclusive) to affirm, modify, terminate, or set aside, in whole or in part, the order of the Administration.

"(5) The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court on certiorari, as provided in section 1254 of title 28, United States Code.

"(d) The commencement of proceedings for judicial review under subsection (c) shall not, unless specifically ordered by the court, operate as a stay of any order issued by the Administration.

"SEC. 5.45. ENFORCEMENT.—(a) The Administration may apply to the United States district court, or the United States court of any territory, within the jurisdiction of which the principal office of an institution is located, for the enforcement of any effective and outstanding notice or order issued under this part.

"(b)(1) Except as provided in paragraph (2), such court shall have jurisdiction and power to order and require compliance with such notice or order.

"(2) Except as otherwise provided in this part, no court shall have jurisdiction—

"(A) to affect by injunction or otherwise the issuance or enforcement of any notice or order under this part; or

"(B) to review, modify, suspend, terminate, or set aside any such notice or order.

"SEC. 5.46. PENALTIES.—(a)(1) Subject to paragraph (2), any institution that violates, or an officer, director, employee, agent, or other person participating in the conduct of the affairs of such an institution who violates, the terms of any order that has become final and was issued pursuant to section 5.41, shall forfeit and pay a civil penalty of not more than $1,000 per day for each day during which such violation continues.

"(2) The Administration may compromise, modify, or remit any civil money penalty that is subject to imposition or has been imposed under this section.

"(3) The penalty may be assessed and collected by the Administration by written notice.

"(b) In determining the amount of the penalty, the Administration shall take into account the appropriateness of the penalty with respect to the size of financial resources and good faith of the institution or person charged, the gravity of the violation, the history of previous violations, and such other matters as the Administration considers appropriate.

"(c)(1) The institution or person assessed shall be afforded an opportunity for a hearing before the Administration, on request made within 10 days after the issuance of the notice of assessment.

"(2) In such hearing all issues shall be determined on the record pursuant to section 554 of title 5, United States Code.

"(3) A determination of the Administration shall be made by final order and may be reviewed only as provided in subsection (d).

"(4) If no hearing is requested as provided in subsection (d), the assessment shall constitute a final and unappealable order.

"(d)(1) Any institution or person against whom an order imposing a civil money penalty has been entered after the hearing held before the Administration under this section may obtain review of such order by the United States court of appeals for the circuit in which the principal office of the institution is located, or the United States Court of Appeals for the District of Columbia Circuit, by—

"(A) filing a notice of appeal in such court within 20 days after the service of such order; and

"(B) simultaneously sending a copy of such notice by registered or certified mail to the Administration.

"(2) The Administration shall promptly certify and file in such Court the record on which the penalty was imposed, as provided in section 2112 of title 28, United States Code.

"(3) The findings of the Administration shall be set aside if found to be unsupported by substantial evidence.

"(e)(1) If any institution or person fails to pay an assessment after the assessment has become a final and unappealable order, or after the court of appeals has entered a final judgment in favor of the Administration, the Administration shall refer the matter to the Attorney General.

"(2) The Attorney General shall recover the amount assessed by action in the appropriate United States district court.

"(3) In such action, the validity and appropriateness of the final order imposing the penalty shall not be subject to review.

"(f) The Administration shall issue regulations establishing procedures necessary to implement this section.

"(g) All penalties collected under authority of this section shall be placed in the Treasury of the United States.

"(h) Any director or officer, or former director or officer of an institution, or any other person, against whom there is outstanding and effective a notice or final order served on such director, officer, or other person under subsection (c), (d), or (e) of section 5.42 or section 5.43 who—

"(1) participates in the conduct of the affairs of the institution involved, or directly or indirectly solicits or procures, or transfers or attempts to transfer, or votes or attempts to vote, any proxies, consents, or authorizations in respect of any voting rights in such institution; or

"(2) without the prior written approval of the Administration, votes for a director, serves or acts as a director, officer, or employee of any institution,

shall on conviction be fined not more than $5,000 or imprisoned for not more than 1 year, or both.

"SEC. 5.47. GENERAL PROVISIONS.—(a) Any service required or authorized to be made by the Administration under this part may be made by registered mail, or in such other manner reasonably calculated to give actual notice as the Administration may by regulation or otherwise provide.

"(b)(1) In the course of or in connection with any proceeding under this part or any examination or investigation under section 5.18, the Administration or any designated representative thereof (including any person designated to conduct any hearing under this part) shall have the power to administer oaths and affirmations, to take or cause to be taken depositions, and to issue, revoke, quash, or modify subpoenas and subpoenas duces tecum.

"(2) The Administration may issue rules and regulations with respect to any such proceedings, claims, examinations, or investigations.

"(3) The attendance of witnesses and the production of documents provided for in this subsection may be required from any place in any State or in any territory or other place subject to the jurisdiction of the United States at any designated place where such proceeding is being conducted.

"(4) The Administration or any party to a proceeding under this part may apply to the United States District Court for the District of Columbia, or the United States district court for the judicial district or the United States court in any territory in which such proceeding is being conducted, or where the witness resides or carries on business, for enforcement of any subpoena or subpoena duces tecum issued pursuant to this subsection.

"(5) Such court shall have jurisdiction and power to order and require compliance with an order.

"(6) Witnesses subpoenaed under this subsection shall be paid the same fees and mileage that are paid witnesses in the district courts of the United States.

"(7) Any court having jurisdiction of any proceeding instituted under this part by an institution or a director or officer of an institution, may allow to any such party such reasonable expenses and attorneys' fees as the court considers just and proper.

"(8) Such expenses and fees shall be paid by the institution or from the assets of the institution.

"(9) Any person who willfully shall fail or refuse to attend and testify or to answer any lawful inquiry or to produce books, papers, correspondence, memoranda, contracts, agreements, or other records, if within the power of such person, in compliance with the subpoena of the Administration, shall be guilty of a misdemeanor and, on conviction, shall be subject to a fine of not more than $1,000 or to imprisonment for a term of not more than 1 year, or both.".

TITLE IV—FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION

FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION

SEC. 401. Title IV of the Farm Credit Act of 1971 (12 U.S.C. 2151 et seq.) is amended by adding at the end thereof the following new part:

"PART F—FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION

"SEC. 4.40. DEFINITIONS.—As used in this part:

"(1) The term 'Administration' means the Farm Credit Administration.

"(2) The term 'Board of Directors' means the Board of Directors of the Corporation.

"(3) The term 'Corporation' means the Federal Farm Credit System Capital Corporation established under section 4.41.

"(4) The term 'institution' means an institution of the Farm Credit System.

"SEC. 4.41. CHARTER AND PURPOSE OF CORPORATION.—(a) To ensure the continued viability of the farmer-owned cooperative Farm Credit System through the effective redistribution of capital, the purchase, restructuring, and sale of system assets, and the taking of other prescribed actions, the Administration may in accordance with this part—

"(1) provide for the organization, incorporation, examination, operation and regulation of a Federal Farm Credit System Capital Corporation, under such rules and regulations as the Administration may prescribe, including but not limited to, rules and regulations prescribed in the charter of the Corporation; and

"(2) issue a charter for such Corporation.

"(b) On the issuance of such charter, the Corporation shall become a federally chartered body corporate that is an institution of the Farm Credit System.

"SEC. 4.42. POWERS OF THE CORPORATION.—Subject to such rules and regulations as the Administration may prescribe, the Corporation shall operate under the supervision of the Administration and have the following powers:

"(1) Adopt and use a corporate seal.

"(2) Have succession until dissolved by the Administration or by law.

"(3) Make contracts.

"(4) Sue and be sued.

"(5) Acquire, hold, dispose of, and otherwise exercise all the usual incidents of ownership of real and personal property necessary or convenient to the business of the Corporation, except that the acquisition of property from an institution may be made only at fair market value based on standards prescribed by the Administration.

"(6) Acquire, hold, and dispose of loans or interests in loans or other assets acquired from an institution, provide services and other assistance authorized by this Act, and charge fees for such services and assistance, except that the acquisition of any such loan or asset may be made only at fair market value based on standards prescribed by the Administration.

"(7) Exercise all the rights and privileges of an institution with respect to any loan or interest therein that the Corporation has acquired, including the adjustment of interest rates, compromise of indebtedness, waiver of default, and other rights and privileges.

"(8) Assume debt or other liabilities from institutions in connection with the acquisition of loans or interests in such loans or other assets from such institutions.

"(9) Subject to the authority of the Administration to regulate such actions under sections 4.48 and 5.18, require institutions, as the Corporation may determine, to purchase stock in the Corporation or otherwise assess and collect funds from each institution in such manner, at such times, and in such amounts as the Corporation shall determine are necessary—

"(A) to cover the expenses of the Corporation, including operating expenses, debt payments, retirement of obligations (including the cost of retiring obligations issued to the Secretary of the Treasury or the Administration), loan losses, and any other expenses incurred in exercising the authority of the Corporation under this part; and

"(B) subject to the approval of the Administration—

"(i) to retire stock of the Corporation purchased by institutions; and

"(ii) to repay institutions all or part of any amount that has been assessed under this section.

"(10) Transfer funds and equities between and among institutions, require capital contributions to the Corporation from institutions, and administer capital assistance or extend credit to any institution, as the Corporation considers necessary under regulations issued under sections 4.48 and 5.18.

"(11) Extend credit to borrowers of an institution—

"(A) to protect collateral supporting loans held by the Corporation; and

"(B) to facilitate debt restructuring of such loans.

"(12) Operate under the direction of the Board of Directors.

"(13) Elect by the Board of Directors a president and provide for such other officers, employees, and agents as may be necessary, with the president serving at the pleasure of the Board of Directors.

"(14) Prescribe through the Board of Directors, bylaws that are not inconsistent with law providing for—

"(A) the classes of stock of the Corporation and the manner in which such stock shall be issued, transferred, and retired;

"(B) the officers, employees, and agents of the Corporation elected or provided;

"(C) the property of the Corporation acquired, held, and transferred;

"(D) the general business of the Corporation; and

"(E) the privileges granted to the Corporation by law.

"(15) Borrow money through the issuance of System-wide notes, bonds, debentures, or other obligations in connection with other banks of the Farm Credit System, on such terms, conditions, and rates of interest as may be agreed on and approved by the Chairman of the Farm Credit Administration Board, and in accordance with part A of title IV.

"(16) Borrow from any system or commercial bank on the individual responsibility of the Corporation on such terms and conditions as the Corporation may determine with the approval of the Administration.

"(17) Authorize, through the Board of Directors, under such terms and conditions as the Corporation shall determine—

"(A) the issuance and sale of—

"(i) voting stock to banks of the Farm Credit System; and

"(ii) nonvoting stock to banks or other institutions of the Farm Credit System and to members of the public; or

"(B) an increase in the capital stock of the Corporation.

"(18) Authorize, through the Board of Directors, the issuance and sale of obligations, including notes, bonds, debentures, capital notes, and nonvoting securities to the Secretary of the Treasury or Administration under such terms and conditions as shall be determined.

"(19) Deposit the securities and current funds of the Corporation with any member of the Federal Reserve System or any insured State nonmember bank (as defined in section 2(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813(b)), pay fees therefor, and receive interest thereon, as may be agreed on.

"(20) Buy and sell securities issued or insured by the United States or any agency of the United States or securities backed by the full faith and credit of any such agency and make such other investments as are authorized by the Administration.

"(21) Provide managerial, technical, and financial services to institutions relating to loan restructuring.

"(22) Exercise, through the Board of Directors or authorized officers, employees, or agents, all such incidental powers as may be necessary or expedient to carry out the business of the Corporation.

"SEC. 4.43. LIMITATION ON POWERS OF THE CORPORATION.—The powers of the Corporation under this part—

"(1) shall be exercised only for purposes specified in this part; and

"(2) shall not be exercised in a manner that would result in the Corporation supplanting institutions of the Farm Credit System operating under title I through III as the primary providers of credit and other financial services to farmers, ranchers, and their cooperatives.

"SEC. 4.44. EMPLOYEES AND FUNDS OF THE CORPORATION.—(a) An officer or employee of the Corporation shall not be considered an officer or employee of the Federal Government.

"(b) Funds held by the Corporation shall not be considered to be funds of the Federal Government or appropriated moneys.

"SEC. 4.45. BOARD OF DIRECTORS OF THE CORPORATION.—(a)(1) The Board of Directors of the Corporation shall consist of five members, of which—

"(A) three members shall be elected by the farm credit banks that own the voting stock of the Corporation, with each such bank having the right to cast one vote to fill each such vacancy without regard to the number of voting shares owned by such bank; and

"(B) two members shall be appointed by the Chairman of the Farm Credit Administration Board.

"(2) Members appointed by the Chairman under paragraph (1)(B) shall be selected from United States citizens—

"(A) who are not borrowers from, shareholders in, or employees of any institution; and

"(B) who are experienced in financial services and credit.

"(b) Members of the Board of Directors shall serve 2-year terms, except that, of the members first elected or appointed to the Board of Directors, one elected member and one appointed member shall serve initial terms of 1 year.

"(c) The Board of Directors shall elect, on an annual basis, a Chairman from among the members of the Board.

"(d)(1) Members of the Board may succeed themselves and may serve until their successors are duly seated.

"(2) Vacancies on the Board shall be filled in the same manner as the vacant position was previously filled.

"SEC. 4.46. INITIAL CAPITALIZATION.—(a) Subject to section 4.48, the Administration shall provide for the initial capitalization of the Corporation by requiring institutions to contribute capital to the Corporation in such amounts and under such terms and conditions as the Chairman of the Farm Credit Administration Board may prescribe.

"(b) The initial capital stock of the Corporation—

"(1) shall be divided into shares of par value of $100 each;

"(2) may be of such classes as the Chairman of the Farm Credit Administration Board may prescribe; and

"(3) shall be distributed among the institutions.

"SEC. 4.47. REPORTING.—The Corporation shall be included in all combined or consolidated reports and statements of the Farm Credit System.

"SEC. 4.48. ISSUANCE OF REGULATIONS.—(a)(1) The Administration shall establish, by regulation, criteria under which—

"(A) the Corporation shall require institutions of the Farm Credit System to purchase stock in the Corporation or pay assessments to the Corporation; or

"(B) the Administration shall require such institutions to provide the initial capital required by the Corporation.

"(2) Such regulations shall—

"(A) require an equitable sharing of the assessment burden; and

"(B) give due consideration to the relative financial strength and ability to pay of the contributing institution.

"(3) Assessments made under such regulations may not reduce the resources of the contributing institution below a point at which the institution's ability to function as an ongoing competitive and viable lender is jeopardized.

"(b)(1) The Administration shall establish, by regulation, the criteria used in determining—

"(A) the eligibility of institutions for financial assistance from the Corporation; and

"(B) the types and amounts of financial assistance that may be obtained from the Corporation.

"(2) Such regulations shall provide that an institution shall be eligible to receive financial assistance if the financial condition of the institution has deteriorated to a point at which—

"(A) continued operation of the institution is jeopardized; and

"(B) the provision of such financial assistance is necessary to ensure that farm credit services will continue to be available to borrowers in the territory of the institution.

"SEC. 4.49. PURCHASE, PARTICIPATION, AND ADMINISTRATION OF LOANS.—(a) The Corporation may require any institution, as a condition for receiving assistance, to sell to the Corporation—

"(1) loans or participation interests in loans that have been placed in nonaccrual status;

"(2) assets carried in the account of such institution for acquired properties; and

"(3) other loans and related assets.

"(b)(1) The Corporation may refinance, reamortize, or compromise indebtedness with respect to any loans (or participation in loans) purchased by the Corporation.

"(2) Indebtedness may be compromised below the level of the investment of the Corporation in the asset only if the Corporation, with the concurrence of or in accordance with guidelines of the Administration, determines that the collateral valuations that formed the basis for establishing the price at which the Corporation purchased the loan does not reflect the fair market value of such collateral and the repayment capacity of the debtor.

"(3) Requests for compromise of indebtedness that arise in the course of loan administration by the Corporation may be granted, denied, or altered in the sole discretion of the Corporation.

"(4) The Corporation shall not be required to accept any repayment of a loan (or participation in a loan) that is less than is legally due the Corporation under such loan.

"SEC. 4.50. TAXATION.—(a)(1) Except as provided in paragraph (2), the Corporation and the capital, reserves, and surplus of the Corporation, and the income derived therefrom, shall be exempt from Federal, State, municipal, and local taxation.

"(2) Real property held by the Corporation may be taxed on the basis of the value of such property and in a manner similar to taxes levied on other similar property held by other persons.

"(b) For purposes of Federal, State, municipal, and local taxation—

"(1) subject to section 4.4(c), the mortgages held by the Corporation, and the notes, bonds, debentures, and other obligations issued by the Corporation, shall be considered to be instrumentalities of the Federal Government; and

"(2) such obligations, and the income therefrom, shall be exempt from all such taxation, other than Federal income tax liability imposed on the holder of such obligations in accordance with section 3124 of title 31, United States Code.".

TITLE V—RIGHTS OF APPLICANTS AND SHAREHOLDERS

DISCLOSURE AND ACCESS TO INFORMATION

SEC. 501. Part C of title IV of the Farm Credit Act of 1971 is amended—

(1) by redesignating section 4.13 (12 U.S.C. 2201) as section 4.13B; and

(2) by inserting after the heading for such part the following new sections:

"SEC. 4.13. DISCLOSURE.—(a) The Farm Credit Administration shall promulgate regulations requiring each lending institution of the Farm Credit System to provide to each borrower of such institution, for each loan that is not subject to the Truth In Lending Act (15 U.S.C. 1601 et seq.), meaningful and timely disclosure of—

"(1) the current rate of interest on such loan;

"(2) in the case of an adjustable or variable rate loan—

"(A) the amount and frequency by which the interest rate may be increased during the term of the loan or, if there are no such limitations, a statement to such effect; and

"(B) the factors (including, but not limited to, the cost of funds, operating expenses, and provision for loan losses) that will be taken into account by such institution in determining adjustments to the interest rate;

"(3) the effect (as demonstrated by a representative example or examples) of the required purchase of stock or participation certificates in such institution on the effective rate of interest; and

"(4) any change in the interest rate applicable to the loan of such borrower.

"(b)(1) The Farm Credit Administration shall promulgate regulations setting forth guidelines to be followed by each lending institution of the Farm Credit System in developing a policy governing forbearance.

"(2) Each such institution shall provide to each borrower from such institution a copy of such institution's policy regarding forbearance at such time as the Farm Credit Administration shall prescribe by regulation.

"SEC. 4.13A. ACCESS TO DOCUMENTS AND INFORMATION.--(a)(1) The Farm Credit Administration shall promulgate regulations requiring each bank and association of the Farm Credit System to provide each borrower of a loan made by such bank or association—

"(A) at the time of execution of such loan, a copy of each document signed by the borrower with respect to such loan; and

"(B) at any time thereafter, on the request of such borrower, a copy of each document signed or delivered by such borrower.

"(2) Such regulations also shall require each such bank and association to provide the shareholders of such bank or associa-

tion, on request, a copy of the articles of incorporation, or charter and bylaws, of such bank or association.

"(b)(1)(A) A bank or association of the Farm Credit System shall provide a copy of a current list of the shareholders of such bank or association within 10 days after a request for the same made by a shareholder.

"(B) As a condition to providing the list, the bank or association may require the shareholder to certify that the shareholder—

"(i) will utilize the list exclusively for communicating with shareholders on matters related to the business operations of the bank or association; and

"(ii) will not make the list available to any person, other than an attorney or accountant of the shareholder, without the written consent of the bank or association.

"(2)(A) If the requesting shareholder concurs and agrees to defray the reasonable costs of such action, a bank or association may, as an alternative to providing a list of the shareholders of such bank or association, mail or otherwise furnish a communication to each such shareholder, as promptly as practicable after receipt.

"(B) On request, the institution shall estimate the costs of handling and mailing such communication.".

NOTICE OF ACTION ON APPLICATIONS

SEC. 502. Section 4.13B of the Farm Credit Act of 1971 (as redesignated by section 501(1)) is amended—

(1) by inserting "written" after "prompt"; and

(2) by inserting before the period at the end thereof the following: ", and of the right of the applicant to review under section 4.14".

RECONSIDERATION OF ACTION ON APPLICATIONS

SEC. 503. Section 4.14 of the Farm Credit Act of 1971 (12 U.S.C. 2202) is amended to read as follows:

"SEC. 4.14. RECONSIDERATION OF ACTION ON APPLICATIONS.—(a) The Farm Credit Administration shall promulgate regulations requiring the board of directors of each lending institution of the Farm Credit System to establish a credit review committee.

"(b) If a loan applicant has received written notice under section 4.13B of a decision to deny or reduce the loan applied for and the applicant makes a written request to the appropriate institution within 30 days after receiving such notice, such applicant may obtain a review of such decision in person before the appropriate credit review committee.

"(c) Promptly after any such review, such applicant shall be notified in writing of the decision of the credit review committee and the reasons therefor.".

NOTICE OF RETIREMENT OF STOCK AND CAPITAL INVESTMENTS

SEC. 504. (a) The sixth sentence of section 1.16(a) of the Farm Credit Act of 1971 (12 U.S.C. 2014(a)) is amended by inserting "and on written notice to the shareholder" before the period at the end thereof.

(b) Section 2.13(k) of such Act (12 U.S.C. 2094(k)) is amended by inserting ", on written notice to the borrower and approval by the bank of such retirement" before the period at the end thereof.

REVIEW OF NONACCRUAL LOANS

SEC. 505. Each local lending institution of the Farm Credit System established under the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) shall—

(1) review each loan that has been placed in nonaccrual status by such institution to determine whether such loan may be restructured based on changes in the circumstances of such institution as the result of this Act and the amendments made by this Act; and

(2) notify in writing the borrower of each such loan of the provisions of this section.

TITLE VI—GENERAL PROVISIONS

PAYMENT OF DIVIDENDS AND PATRONAGE REFUNDS

SEC. 601. (a) Section 1.5 of the Farm Credit Act of 1971 (12 U.S.C. 2013) is amended—

(1) by adding at the end of subsection (e) the following new sentence: "Notwithstanding any other provision of this subsection, a Federal land bank shall be subject to regulation by the Farm Credit Administration with regard to the payment of dividends."; and

(2) by adding at the end of subsection (f) the following new sentence: "Notwithstanding any other provision of this subsection, a Federal land bank shall be subject to regulation by the Farm Credit Administration with regard to the payment of patronage refunds.".

(b) Section 1.18(b) of such Act (12 U.S.C. 2052(b)) is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provision of this section, a Federal land bank association shall be subject to regulation by the Farm Credit Administration with regard to the payment of dividends and patronage refunds.".

(c) Section 2.2(f) of such Act (12 U.S.C. 2073(f)) is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provision of this section, a Federal intermediate credit bank shall be subject to regulation by the Farm Credit Administration with regard to the payment of dividends.".

(d) Section 3.4 of such Act (12 U.S.C. 2125) is amended by inserting ", subject to regulation by the Farm Credit Administration" before the period at the end thereof.

RESERVE ACCOUNTS

SEC. 602. (a) Subsection (a) of section 1.17 of the Farm Credit Act of 1971 (12 U.S.C. 2051(a)) is amended to read as follows:

"(a) Each Federal land bank shall be required to carry a reserve account in accordance with standards prescribed by the Farm Credit Administration.".

(b) Subsection (a) of section 1.18 of such Act (12 U.S.C. 2052(a)) is amended to read as follows:

"(a) Each Federal land bank association shall be required to carry a reserve account in accordance with standards prescribed by the Farm Credit Administration.".

APPLICATION OF EARNINGS

SEC. 603. Section 2.14 of the Farm Credit Act of 1971 (12 U.S.C. 2095) is amended—

(1) by striking out subsection (a) and inserting in lieu thereof the following new subsection:

"(a) Each production credit association at the end of each fiscal year shall apply the amount of its earnings for such year in excess of its operating expenses, including provision for valuation reserves against loan assets in accordance with generally accepted accounting principles (but in no event shall such provision be less than an amount equal to one-half of 1 percent of the loans outstanding at the end of the fiscal year, until such reserves equal or exceed 3½ percent of the loans outstanding at the end of the fiscal year)—

"(1) first, to the restoration of the impairment, if any, of capital; and

"(2) second, to the establishment and maintenance of the surplus accounts, in accordance with standards prescribed by the Farm Credit Administration."; and

(2) in subsection (b)—

(A) by inserting "and subject to the general direction of the Farm Credit Administration" after "so provide" in the first sentence; and

(B) by striking out "Any" in the second sentence and inserting in lieu thereof "In accordance with other provisions of this section, any".

FUNDING FOR FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION

SEC. 604. Part A of title IV of the Farm Credit Act of 1971 is amended by inserting after section 4.1 (12 U.S.C. 2152) the following new section:

"SEC. 4.1A. FUNDING FOR FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION.—Each Federal land bank, Federal intermediate credit bank, bank for cooperatives, Federal land bank association, and production credit association shall purchase stock in the Federal Farm Credit System Capital Corporation established under section 4.41, pay assessments, make capital contributions, and take such other actions as are required by the Corporation in the exercise of the powers of the Corporation under part F of title IV.".

LIABILITY OF BANKS

SEC. 605. Section 4.4 of the Farm Credit Act of 1971 (12 U.S.C. 2155) is amended by adding at the end thereof the following new subsection:

"(d) For purposes of this section, the term 'bank' includes the Federal Farm Credit System Capital Corporation established under section 4.41.".

TERMS OF DISTRICT DIRECTORS

SEC. 606. Section 5.1(c) of the Farm Credit Act of 1971 (12 U.S.C. 2222(c)) is amended by striking out ", except" and all that follows through "full terms".

ELECTION OF DIRECTORS AT LARGE

SEC. 607. Section 5.2 of the Farm Credit Act of 1971 (12 U.S.C. 2223) is amended—

(1) by striking out "; APPOINTMENT" in the caption;

(2) in subsection (a)—

(A) by designating the first and second sentences as paragraphs (1) and (2), respectively; and

(B) by amending paragraph (2) (as so designated) to read as follows:

"(2)(A) The seventh member shall be elected by the borrowers at large in a district.

"(B) For purposes of this section, the term 'borrowers at large in a district' means—

"(i) a voting shareholder of a Federal land bank association and a direct borrower, and a borrower through an agency, from a Federal land bank;

"(ii) a voting shareholder of a production credit association; and

"(iii) a voting shareholder or subscriber to the guaranty fund of a bank for cooperatives.";

(3) in the second sentence of subsection (b)—

(A) by striking out "and" before "in the case"; and

(B) by inserting before the period at the end thereof the following: "; and in the case of an election by the borrowers at large, such notice shall be sent to all borrowers at large in the district"; and

(4) by inserting after the fifth sentence of subsection (c) the following new sentence: "Each borrower at large shall be entitled to cast one vote."

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL

SEC. 608. Section 1004 of the Federal Financial Institutions Examination Council Act of 1978 (12 U.S.C. 3303) is amended by adding at the end thereof the following new subsection:

"(f)(1) The Chairman of the Farm Credit Administration Board shall serve as a nonvoting member of the Council.

"(2) The Farm Credit Administration shall pay such portion of the costs and expenses of the Council as shall be agreed on as appropriate and reasonable by the Council and the Farm Credit Administration.".

SUCCESSION OF FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION

SEC. 609. (a) On the issuance by the Farm Credit Administration of the new charter for the Federal Farm Credit System Capital Corporation under part F of title IV of the Farm Credit Act of 1971, the Corporation shall succeed to the assets of, be liable for, and assume all debts, obligations, contracts, and other liabilities of the Farm Credit System Capital Corporation chartered under part D of such title (hereafter referred to in this section as "the predecessor corporation"), matured or unmatured, accrued, absolute, contingent or otherwise, and whether or not reflected or reserved against on balance sheets, books of account, or records of the predecessor corporation.

(b) The stock of the predecessor corporation shall be converted into stock of the Federal Farm Credit System Capital Corporation chartered under part F of title IV of the Farm Credit Act of 1971.

(c) The existing contractual obligations, security instruments, and title instruments of the predecessor corporation shall, by operation of law and without any further action by the Farm Credit Administration, the predecessor corporation, or any court, become and be converted into obligations, entitlements, and instruments of the Federal Farm Credit System Capital Corporation chartered under part F of title IV of the Farm Credit Act of 1971.

TITLE VII—AUTHORIZATION FOR BORROWING

AUTHORIZATION FOR BORROWING

SEC. 701. (a) The Secretary of the Treasury is authorized, in the discretion of the Secretary, to purchase obligations issued by the Federal Farm Credit System Capital Corporation established under section 4.41 of the Farm Credit Act of 1971 (as added by section 401 of this Act) on the certification by the Farm Credit Administration that the Farm Credit System has—

(1) committed available capital surplus and reserves of the Farm Credit System under part F of title IV of the Farm Credit Act of 1971 to meet the financial stress of institutions of the Farm Credit System; and

(2) utilized such capital surplus and reserves to the extent that further contributions from or losses incurred by such institutions will likely preclude such institutions from making credit available to eligible borrowers on reasonable terms.

(b)(1) For such purpose, the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds of the sale of any securities issued after the date of enactment of this Act under chapter 31 of title 31, United States Code.

(2) The purposes for which such securities may be issued are extended to include such purchases.

(c) Each purchase of an obligation under this section shall be made on such terms and conditions as may be determined by the Secretary of the Treasury, taking into consideration the objectives that—

(1) institutions of the Farm Credit System retain the ability to make credit available to eligible borrowers on reasonable terms; and

(2) banks of the Farm Credit System continue to have access to funds in public financial markets.

TITLE VIII—INTERIM IMPLEMENTATION

INTERIM IMPLEMENTATION

SEC. 801. The Governor of the Farm Credit Administration appointed under section 5.10 of the Farm Credit Act of 1971 (12 U.S.C. 2244) (as in effect before the amendment made by section 106) shall perform the functions of the Farm Credit Administration Board established under section 5.8 of such Act (12 U.S.C. 2242) (as amended by section 104) until—

(1) two members of the Board are appointed and have qualified; and

(2) one such member has been designated by the President as Chairman of the Board.

Amend the title so as to read as follows: "To amend the Farm Credit Act of 1971, to restructure and reform the Farm Credit System, and for other purposes.".

Mr. HELMS. Mr. President, there is no question in the Chair's mind then that the substitute is amendable in the second degree, two amendments?

The PRESIDING OFFICER. The Senator is correct.

Mr. HELMS. I need not ask unanimous consent in that regard?

The PRESIDING OFFICER. That is correct.

Mr. HELMS. I thank the Chair.

Mr. EXON addressed the Chair.

Mr. HELMS. Mr. President, I do not relinquish the floor.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I was hesitant a minute ago because I wanted to be sure that no Senator was cut off in offering amendments. In order to do that, I now ask unanimous consent that the substitute amendment be adopted and treated as original text for purposes of further amendment.

The PRESIDING OFFICER. Is there objection to the request? Without objection, it is so ordered.

The amendment (No. 1170) was agreed to.

Mr. HELMS. I thank the Chair.

Mr. BAUCUS addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina has the floor.

Mr. HELMS. Mr. President, on October 31 and November 1, the Senate Agriculture Committee held hearings on the problems confronting the farm credit system. The testimony left no doubt whatsoever that these problems were critical, and threaten the survival of this important source of credit to America's farmers.

The cooperatively owned farm credit system provides about one-third of all agriculture credit in this country including about half of all lending or real estate purchases. The system is made up of 37 banks, and approximately 800 local associations with a combined portfolio of approximately $70 billion in loans made to almost 1 million borrowers.

Mr. President, this legislation is out of necessity being considered today under the unusual circumstance of a limited time agreement, and without the customary process of the committee markup and report.

The reason for this is obvious. It is due to the need for Congress to complete action to strengthen the farm credit system before the end of this session. Therefore, this legislation, while comprehensive in its treatment of the immediate problem facing the farm credit system, is of necessity limited in its scope.

I hope that Senators will recognize the rather unique situation in this regard, and will cooperate with the distinguished Senator from Nebraska [Mr. ZORINSKY] and ranking minority member on the committee, and with me, by resisting the temptation to offer amendments which complicate or expand the thrust of this legislation which would, obviously, place in peril the enactment of any legislation at all.

Mr. President, of primary concern is the ability of the farm credit system to continue to have access to adequate and affordable capital to provide loans to farmers at market competitive rates. I think all Senators know that the sole source of funding for the system is through the sale of securities in the national bond markets, not from demand deposits or certificates of deposit or other financial instruments common to the banking system.

Mr. President, I think it important that Senators bear in mind a fact that is so often overlooked in various commentaries on the credit problem in this country.

It should be understood that those who invest in the farm credit system bonds are precisely that—bond investors. If the bond investors should lose confidence in the farm credit system, or if their confidence is eroded, they

will not invest in local farm banks around the country. Instead, the bond investors will turn to other bond issues, such as Fannie Maes, Sallie Maes, or Ginnie Maes.

No taxpayer money is used to finance system loans or to pay the expenses of its regulator, the Farm Credit Administration. The system is totally dependent upon the bond market for all financial support.

Futhermore, a basic reason the system is experiencing such a degree of difficulty is that, by law, it can only provide credit for agriculture related purposes. Obviously, the system would be expected to confront the same stress as is now apparent across the agricultural sector.

All of us have been following the reports of the increasing financial difficulties of the system. These reports have led to uncertainty among farm credit bond investors. Contrary to the belief of many people, there is no Federal guarantee of system securities. Therefore, as the perception of risks associated with these securities increases, investors demand an increased return.

It is my understanding that the historic spread of FCS bonds above Treasury securities is less than five one-hundredths of 1 percent. As of this week the average spread had increased to about eighty-five one-hundredths of 1 percent, or 85 basis points.

As the cost of these funds increases to the system, the additional cost must be passed along to the farmers who borrow from the system. Not only will interest rates be increased for new loans, causing many farmers increased difficulty in securing capital, but the variable interest rates on current loans will increase the financial stress on many prudent borrowers who had not leveraged themselves to the margin.

The point is this, Mr. President. The information I have seen indicates that we must act without delay to give the tools to the farm credit system and its regulator to resolve these problems we have been discussing. If we fail to do this, the consequences will be increased interest rates for many farm borrowers—and possibly worse if investor confidence erodes much more. About $13 billion in bonds must be rolled over within the next 30 to 60 days. If we fail to act prudently and decisively now, the costs to farmers and the taxpayers could increase markedly.

The legislation before us today, S. 1884, the substitute version having been adopted, will address three main areas of concern in attempting to halt further deterioration in the ability of the system to carry out its congressional mandate—to provide credit to agriculture.

First, this bill provides for a restructured Farm Credit Administration. There should be no doubt that this is the necessary first step in ensuring that the system is not allowed to repeat its mistakes of the past. The bill Senator ZORINSKY and I have introduced will transform the FCA into a truly independent, arm's length regulator with strengthened authorities similar to that of regulators of other financial institutions.

Second, we propose to provide the system with the authority it needs to fully commit its own resources to solving its financial problems. I want to emphasize that this Senator will never support the infusion of public money into the system unless and until it has committed to utilize all of its own surplus and loss reserves. This bill strengthens the requirements on the FCS in that regard.

Of course, this sharing of resources by all system institutions will cause some concern among those district banks and local associations that have managed their loan portfolios prudently over the years and therefore are not experiencing apparent stress. I understand that. However, in offering this legislation, I say to them it is my strong intent, and I am sure Senator ZORINSKY feels the same way, that all system institutions fully commit their resources, to be used where necessary, to ensure that no Federal funds would be available until absolutely necessary. This is as Congress intended when it first established the farm credit system as a cooperative institution many decades ago.

Third, S. 1884 authorizes discretionary authority for the Secretary of the Treasury to purchase obligations of the system under terms and conditions set by the Secretary. This measure will provide necessary reassurance to the investors of system securities to enable the system to continue to raise adequate funding at affordable cost.

To summarize as I conclude, this bill is limited to three objectives. One, it tightens the regulation of the farm credit system to assure that it will operate under the same general rules of the road as other lending entities. Two, it provides a more direct assurance that the existing assets of the member banks and associations of the farm credit system will be used to strengthen the entire system. Nothing is to be held back. Three, it provides authority for the Secretary of the Treasury to infuse capital into the farm credit system if he deems that necessary and desirable—but not unless and until the strengthened regulatory mechanisms and available capital assets of the FCS are utilized.

I have always maintained that any farm credit system legislation would be meaningless unless it contained substantial assistance to farmers. The provisions contained in S. 1884 will help farmers directly in several significant ways.

First, upward pressure on interest rates will be reduced as troubled banks and associations are able to remove nonaccrual loans from their portfolios. Also, the cost of funds to the system in the bond market will decrease as investor confidence is restored.

Second, viable farm loans will be restructured to ensure that foreclosures and liquidations are minimized. The efficient pooling of system resources will provide those banks and associations experiencing the most stress the funds necessary to work with their troubled borrowers to avoid foreclosures.

Third, this legislation will assist farmers by helping to stabilize land values. Pressure to sell assets will be reduced and the restructing of loans based on current economic value will, in effect, place a realistic floor on the price of farm real estate. This is important not only to the farm credit system, but all other agricultural lenders.

And, finally, through the enactment of legislation to provide for the future viability of the farm credit system, farmers and ranchers will continue to have access to a dependable source of credit at affordable cost.

Mr. President, this legislation addresses all of the primary concerns of those interested in ensuring the system's future viability. This is so necessary if the farm credit system is to deliver to the rural and agricultural regions of the country the kind of capital at reasonable rates of interest that is available in our cities to industry and commerce. I do not suggest this bill is perfect. Certainly, no legislation is perfect. But I believe this bill comes as close as possible to achieving our objectives.

I urge Senators to support this legislation.

I now yield to my distinguished friend from Nebraska.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. ZORINSKY. Mr. President, I am pleased the Senate has agreed to consider S. 1884, legislation I introduced with Senator HELMS, chairman of the Agriculture Committee, and Senator HAWKINS, chairman of the Agriculture subcommittee with jurisdiction over rural credit programs. I sponsored this legislation because it will assure the availability of credit—at competitive interest rates—to America's farmers.

This measure was developed out of a sense of urgency resulting from the financial crisis now facing the farm credit system. The serious nature of the system's problems was made clear during hearings before the Senate Agriculture Committee on October 31 and November 1. The bill is a product of those hearings and extensive discussions among officials of the farm

credit system, the Farm Credit Administration and the Reagan administration.

It is important that Congress act favorably on this measure as soon as possible. Between now and the end of the year, the farm credit system will be refinancing about $11 billion worth of farm credit bonds. Without a signal to the financial markets that Congress and the administration are prepared to address the system's problems, those bonds will bear a much higher interest rate that will have to be passed along to farm borrowers.

Enactment of S. 1884 will provide that signal while achieving other essential objectives.

First, as I mentioned at the outset, the bill will ensure that farmers can continue to depend on the farm credit system—the single largest aricultural lender in the world—to provide needed credit at competitive interest rates.

Second, it will provide new authorities for a restructured Farm Credit Administration to act as a so-called arm's-length regulator of the farm credit system. The new Farm Credit Administration will be insulated from the farm credit system and given strengthened financial examination and reporting procedures.

This section of the bill is similar to legislation—S. 466—that I introduced earlier this year. However, S. 1884 incorporates several important suggestions offered by my Nebraska constituents and others, particularly with regard to mergers of system institutions.

Third, the bill will facilitate the farm credit system's efforts to use its own resources to resolve its problems. The bill requires—as a condition of Federal assistance—that the farm credit system commit its capital and reserve resources, to the extent that additional contributions would likely preclude system institutions from providing credit at reasonable terms.

Fourth, the bill will ensure that if Federal assistance is provided, that assistance will be adequate to allow the farm credit system to continue to make credit available at reasonable terms and that the system will continue to have access to funds in the financial markets.

The Secretary of the Treasury will have discretionary authority to make assistance available once the Farm Credit Administration has certified there is a need for such assistance, based on certain criteria. The assistance will be in the form of loans that will be repaid under terms and conditions set by the Secretary.

During Senate Agriculture Committee hearings, testimony was presented that between $5 billion and $10 billion in Federal assistance may be required over the next several years.

Fifth, the bill protects the interests of the taxpayers by making certain that any Federal Financial assistance provided will be repaid through an assessment procedure established by the Farm Credit Administration. The assessment will ensure timely repayment but be limited to a level whereby system banks will continue to be competivie and viable lenders.

I want to emphasize that an important objective of this legislation is to maintain the farm credit system as a viable supplier of credit. An assessment that requires system institutions to raise interest rates to a level whereby those interest rates are no longer reasonable and competitive will not facilitate achieving this objective. Such increases in interest rates are not what the sponsors intend or envision.

Sixth, the bill established in law the rights of farm credit system borrower-stockholders with regard to disclosure of factors affecting variable interest rates and forbearance policies, and their access to documents and shareholder lists.

During my Senate career, I have been deeply involved with agricultural subcommittee with jurisdiction over rural credit programs and managed the 1980 amendments to the Farm Credit Act on the Senate floor.

After years of experience in dealing with these issues, I know that we can expect many amendments to be offered to this type of legislation. Some of those amendments will improve and strengthen the bill without jeopardizing enactment of this important legislation.

However, I urge my colleagues to refrain from offering amendments that would forestall enactment of this legislation. I believe it is essential that Congress provide a legislative remedy for the farm credit system's problems as soon as possible. Any action that would delay efforts to enact this legislation would be harmful to farmers.

Mr. President, I know there is a large degree of dissent concerning the grassroots farmers' support of the Farm Credit System. There has been mismanagement in this system. But I point out that encumbering S. 1884 with killer amendments could result in the majority of leaders pulling down or the bill being vetoed.

Farmers of America will benefit from S. 1884. With its enactment, the Farm Credit will be able to continue lending moneys to farmers at affordable rates of interest.

Mr. President, I yield 10 minutes to the Senator from Montana [Mr. BAUCUS].

Mr. BAUCUS. Mr. President, I thank the Senator from Nebraska.

We have heard a description of this bill as one addressing problems facing the farm community, particularly problems in the area of farm credit. I agree that the provisions of this bill are aimed in the right direction and are an attempt to accomplish worthy objectives. One objective, certainly, is to restore some stability to the credit markets. The Farm Credit System must raise funds by selling bonds. It goes to the credit markets to finance loans to farmers and ranchers. Any bill we pass should begin to restore investor confidence and so assure a continued flow of funds. That is important.

Second, the bill before us attempts to strengthen regulatory control and supervision; to add more consistency and professionalism to the preparation and examination of financial statements in the entire Farm Credit System. This, too, would increase confidence, and that is the underlying concept here. We need to give confidence not only to the credit markets but to member borrowers and all others associated with the system.

The bill also attempts to provide confidence by offering the possibility of a Federal infusion of capital by giving the Secretary of Agriculture authority to provide that infusion of capital if he determines it to be necessary. But, Mr. President, I am constrained to say to my colleagues that there are other provisions in this bill which are not good. I will skip the flowery rhetoric about the good provisions of this bill and instead, if my colleagues will excuse me, say what else I think is going on here today.

First, the bill is a power grab by the Federal officials in the system. This bill would effect a massive transfer of power from local farmers and ranchers and the institutions they create to a megabank that would have virtually unbridled control over the entire Farm Credit System.

Officials of the Farm Credit System have been trying to do this for some time. It is what they want: More power and more control. Frankly, they seem to resent the fact that farmers and ranchers are such an important part of the cooperative Farm Credit System. The officials want the power for themselves. This is their Farm Credit System bill. They drafted it. They sent it up here. They have managed to award hearings, to avoid markup, virtually to avoid debate, and to have the bill passed after only a few short hours of consideration after the Thanksgiving recess. The Farm Credit Administration officials are hoping that Senators are tired of debating the farm problem and will not notice this power grab if the vote occurs before 7 or 7:30 this evening. This forces me to speak directly and bluntly to make sure that we realize just what we may be about to do.

This bill would create a superbank called a capital corporation that would hold huge power. It could tell system banks to contribute funds in unlimited amounts—driving up interest rates within the system and forcing out the

best borrowers. Further, the bil also allows the capital corporations to force mergers, even against the expressed wishes of the banks' farmer and rancher shareholders. Is that what a cooperative system is about—forced mergers?

Now, the proponents of the bill will respond that the bill requires two-thirds vote of the members of the associations, but the capital corporation could force liquidations, without such a vote and that is tantamount to a forced merger. It is blackmail.

Further, this corporation could set loan policy for local banks and offer stock to the public, destroying the cooperative character the system has always had. The capital corporation could begin to offer nonagricultural loans, forsaking the system's very purpose. In fact, this has already begun: loans to build boats, for example. I ask you, Mr. President, is that an agricultural loan?

In short, this power grab bill would fundamentally restructure the shape and purpose of the farm credit system. We are asked to put our stamp of approval on such a massive restructuring in 3 short hours—again, with no hearing, no markup, and virtually no debate. Why are we being asked to approve this bill so quickly? Farm credit officials are afraid that if we study this bill, we might realize what it does. I hope we take these hours, Mr. President, few as they are to realize what is happening.

AMENDMENT NO. 1171

Mr. BAUCUS. Therefore, Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Montana [Mr. BAUCUS] proposes an amendment numbered 1171.

Mr. BAUCUS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed under amendments submitted.)

Mr. BAUCUS. Mr. President, the amendment I am offering is designed to increase local control. The problems facing the farm credit system are many—mismanagement, overaggressive loan policies, inadequate regulatory oversight—but one of the fundamental problems is the inability of local shareholders to control their own destiny.

Let me explain what is happening in the present farm credit system and what will be made even worse if the proposal before us is adopted.

Today in the farm credit system there are local shareholders, borrower, members of, say, a local PCA, production credit association. Those local farmers and ranchers do have the authority to elect directors to their Federal intermediate credit bank. In addition to that, Mr. President, shareholders who belong to Federal land bank associations also have the authority to elect directors to the Federal land bank and cooperative members have the right to elect directors to the cooperative bank. Each can elect two directors. That is a total of six directors. Those 6, with a seventh director appointed by the Governor of the Farm Credit Administration, make up the district farm credit board.

As a consequence, members of a PCA, of a cooperative, or of a Federal land bank association elect only two of the seven directors. What does that mean? That means that they have two-sevenths control, not seven-sevenths as local control should mean.

Stockholders of banks have the right to elect their bank's directors and only those stockholders have the right to move or pass upon directors of those banks. There are no outside bankers who are not subject to control and approval by the vote of individual stockholders.

What I am really saying is that farmers and ranchers need to have local control. They want local control. They want to be able to set loan policy—to tell their directors either to pursue an aggressive loan policy or not to pursue an aggressive loan policy. They want to be able to elect directors who will follow their wishes; they want to control their own association.

That is very important. In many districts, because local shareholders only are able to elect two of the seven directors, the five outside directors, those not elected by the local shareholders, have dictated a loan policy contrary to the local directors. This is one reasons why the farm credit system has begun to seem a bit unstable; there is no accountability. Everyone is pointing a finger at someone else and no one is fully accountable for the policies of, for example, a particular PCA or particular bank that is a member of the system.

Mr. President, I am quite confident that better local control will mean increased confidence in the entire system. Farmers and ranchers will have confidence in the system because they will be determining loan policy. The financial markets will also have more confidence. Why? Because they see that ther farmer and rancher members from strong districts have more confidence in the system and will remain in it. I repeat, Mr. President, that under the provisions of the proposed bill what little power there is in local shareholders is moved even further into the capital corporation. This entity will have virtually sole power within the system. Those are not my words; those are the words of the Farm Credit Administration officials. It is their assertion that the basic, sole authority and power of the whole system, if this bill passes unamended will be in the capital corporation, not in local farmer-rancher shareholders.

Mr. President, I know that there will be some debate on this amendment. I strongly urge its adoption because this will improve the bill. This bill must be improved if we are to pass a bill which begins to restore some confidence to this troubled system.

Mr. President, I reserve the remainder of my time.

SEPARATE BOARDS

Mr. BENTSEN. Mr. President, I am pleased to join with the distinguished Senator from Montana [Mr. BAUCUS] and others in offering this amendment to provide for separate boards of directors for the different farm credit system institutions at the district level.

This amendment is an important step toward local control of the FCS and away from top-down management. We have seen that there are sometimes conflicts between stockholders of Production Credit Associations, Federal Land Bank Associations, and the Banks for Cooperatives. Those three institutions are separate at the district level. They now have an equal voice on the district board, even though one or two may have the vast majority of the district's stockholders.

This amendment would not require any management changes in those district banks which have gone to joint management. It would allow the member-borrowers of the Federal Land Banks and the Production Credit Associations and the Banks for Cooperatives to have more direct control over their own part of the FCS. It would make the system of representation more democratic.

Mr. President, this is a positive and helpful step toward more local involvement, more local control, and ultimately a stronger farm credit system. I urge the adoption of the amendment.

The PRESIDING OFFICER. Who yields time?

Mr. GARN. I yield myself 10 minutes on the bill.

Mr. President, the reason I yield on the bill is that I expected to make an opening statement prior to the introduction of any amendment, and I do not wish to take time from the opposition when there is only 10 minutes on a side.

In the 11 years I have been in the Senate, I do not know any time when I have been more discouraged with the process of legislating. Here we are in the first part of December. We have not approved a final budget. We have not approved most of the appropriations bills. We have not approved a reconciliation process yet. In effect, we are saying that we have been in ses-

sion for nearly 11 months and have accomplished virtually nothing.

Because of the breakdown of that entire process, we find ourselves in a situation in which we are ignoring the time-tested procedures for passing legislation: Introducing a bill on the floor of the Senate, having it referred to the proper committee of jurisdiction where extensive hearings are held, where the committee has an opportunity to consider the bill on a line-by-line basis, make its judgment, report it to the floor, or disapprove it, and have adequate time for debate on the floor.

We have seen that process totally disintegrate, where we have had most of the authorization bills put in reconciliation; all the dogs of the Senate and the House that could not see the light of day in the normal process being added in nongermane amendments.

There is practically no respect left for the institution, no respect for individual Senators, no respect for any party loyalties whatsoever. It is every man for himself. How much publicity can I get by offering this or that or something else? Holding up the Senate into Thanksgiving, 4:30 in the morning.

It certainly is not a partisan issue. We have people doing it on both sides of the aisle, without regard for the Senate as an institution—all within the rules of the Senate.

Here, once again, we see major legislation on the floor of the Senate which, in my opinion, has not had proper consideration. There is no doubt, with respect to the Farm Credit System, that the Agriculture Committee has jurisdiction. As chairman of the Banking Committee, I do not challege that jurisdiction or seek jurisdiction over the Farm Credit Administration.

I agree with what the Senator from Montana has said, that this is not the proper way to legislate. Whether I agree with his changes is not the point. He is absolutely on the mark in saying that this late in the session we should not be considering legislation of this major importance and this impact on a whole Farm Credit System, being forced into making a decision in such a short period of time. Enough said about that.

What I am on the floor for today is to oppose any and all amendments that deal with agricultural banks. That even stretches the procedure further. There are difficulties throughout the entire financial community in this country. The savings and loan industry is making record profits this year, but about 20 percent are technically bankrupt if you apply contemporary accounting standards. There will be more bank failures this year than any other year. Considering the difficulties, they have been managed rather well. The FDIC and the FSLIC have higher numbers in their accounts than they had before the difficulties started several years ago.

Nevertheless, the Senate Banking Committee and the House Banking Committee are taking their responsibilities very seriously. Hearings have been held throughout all this troubled period. Legislation has been produced, in my opinion, too slowly. We should have addressed some of these problems sooner, but we have not, so we go from too slow to too fast.

Apparently, amendments will be offered on the floor later that have nothing to do with the Farm Credit System but have to do with agricultural commercial banks.

At the time the unanimous-consent agreement was proposed before the Senate, I intended to object, not because of the farm credit part of the bill that is being talked about at this moment, but because of the threat of amendments dealing with commercial banks—with no hearings, with absolutely not telling anybody in the Banking Committee in the House or the Senate until about a week and a half ago that these were being proposed.

I think this is a good reason for having TV in the Senate. The American people ought to be able to see how legislation is enacted.

Here we are in December, on a Tuesday afternoon, on a short time limit, going to consider major changes whose impact most people do not know, without consideration of those committees that have jurisdiction, which have hired staff who have expertise in those areas. That is why they work on the House and Senate Banking Committees.

It almost appears that it was deliberate by some not to let the Banking Committee know about what was going on until a week ago Wednesday, because they did not want any advice. They had their mind made up as to what kind of legislation they would like and it is "make me look good at home with the farmers." It is emotion, not in consideration of the substance or the issues.

This is not a turf battle. This is not just chairman of the Banking Committee saying our toes have been stepped on. We want it done right and carefully, as we try to do all banking legislation. We have not been given that opportunity. We have not had that input.

So again I separate the issue of whether the bill before us is good or bad legislation, but only to state very clearly that when I came to the floor to object, after 2 days of ordeal in this body, I did not object and cause further chaos a week ago Saturday, because I was assured that even though the unanimous-consent agreement would allow commercial bank, agricultural bank, amendments, if they were brought up on this bill, and if they were adopted, the bill would be taken down, and the farm credit bill with it.

That is unfortunate, because whether or not I might like to see changes in the farm credit bill, I think the situation is such that even though we should not be in this type of situation where we must act on it so quickly, there are some deadlines before we get back in session, so that it probably should be passed. But I want everyone to know, if that takes place and the bill is taken down and there is no legislation, where the fault is, once again. It is among those who are ignoring the process, who seek no advice from the professional staff of the Banking Committee in either the House or the Senate, and offer far-reaching amendments, without very much understanding of the implications to one small part of the banking community in this country, without any recognition of the precedents that may be set for other groups who say: "You come in, in a short period of time, and pass amendments to help this segment of the banking industry. Why not thrifts? Why not small banks that happen to be agricultural banks?"

I must stress that even if amendments were to be offered with which I agreed, I would be standing on the floor of the Senate opposing them procedurally.

This is not the way the so-called greatest deliberative body on the face of the Earth should act. It has been a disgrace for months. We have no procedure. We have no order.

Talk about the law of the jungle and every man for himself and do not worry about the normal procedures of the Senate! We might just as well do away with the Appropriations Committee and all authorizing committees and have a committee of the whole. We would not be interrupted then by committee meetings and hearings to which nobody comes. We could all sit out here and yell and scream at each other until 4:30 in the morning every day, and everybody offering an amendment to anything. That is just about what we are doing.

So, if anybody thinks I am kidding, just try me.

I will try to defeat any amendments that are attempted to be attached to this bill dealing with agricultural banks. It is not the Farm Credit System. That is agricultural banks. And I will keep the majority leader to his word when I agreed to the unanimous-consent agreement and did not object, and if those amendments are added, this bill will be pulled down and there will be no farm credit modernization or change.

So those who wish to propose their amendments, I hope they have been carefully put on notice. If there is no

farm credit bill passed tonight, it will be on their responsibility.

Mr. BAUCUS. Mr. President, will the Senator yield for a question?

Mr. GARN. I am happy to yield.

Mr. BAUCUS. Mr. President, I understand the Senator's objection to the amendment, and I understand the reason. I agree with his basic point. The bill comes before us so quickly that there has really been no time for anyone to know what is in this bill and in a thoughtful, reasonable way to determine how to vote.

I ask the Senator whether his objection, therefore, applies not only to amendments but also to this bill before us to restructure the system?

The PRESIDING OFFICER. The time yielded to the Senator has expired.

Mr. GARN. Mr. President, I yield myself long enough on the bill to respond to the Senator's question.

The PRESIDING OFFICER. The Senator may proceed.

Mr. GARN. First, let me make very clear that I will not object to amendments such as the amendment of the Senator to the Farm Credit Administration bill but only to those dealing with commercial agricultural banks.

Next, in answer to the Senator's question, although I will not try to oppose or stall in any way the Farm Credit Administration bill, I will vote against it.

Mr. BAUCUS. I thank the Senator.

The PRESIDING OFFICER. Who yields time?

Mr. HELMS. Mr. President, may I inquire how much time remains on this amendment?

The PRESIDING OFFICER. The Senator from North Carolina has 10 minutes remaining on the amendment and the Senator from Montana has 4 minutes remaining on the amendment.

Mr. HELMS. Mr. President, I call to the attention of Senators that if the amendment of the distinguished Senator from Montana is adopted, that cuts off all Senators from further amendment. On top of that, and I say this with all friendliness and respect to my friend, it is a killer amendment.

I will tell the Senate why. It is a clear step backward in what we are trying to do to reform the Farm Credit System. What the Senator is proposing, as I understand it, and I just saw his amendment for the first time about 5 minutes ago, he proposes a separate five-member board for each Farm Credit bank.

Now, currently 10 out of the 12 districts are operating with joint managements. Separate boards of directors would ultimately reverse the efficiencies already gained because management would be given three different sets of operating policies and duplication distinctly management.

If the Senate wants the ultimate in confusion, if it wants to compound the problems in the farm credit sector, just support the amendment by the distinguished Senator.

In the first place, I do not think the Senator wants to cut off his fellow Senators from offering their amendments. But if he decides to do that that of course is up to him.

I have several other criticisms of the amendment, but I will not make them. I will simply say that Senators need to bear in mind that the whole system is linked together at the bond market, not a whole bunch of abstract separate entities. The separate five-member board will compound, confound, and confuse the bond market, and that is precisely what we do not want to do.

I repeat, this is a killer amendment.

If the Senator is willing to yield back his time I will yield back mine and perhaps there will be a tabling motion.

Mr. BAUCUS. Mr. President, I yield myself 2 minutes.

Mr. President, I hear that Senator from North Carolina saying that adoption of this amendment precludes other Senators. With all due respect to the Senator, that is not the case, and I just checked with the Parliamentarian. My amendment is an amendment——

Mr. HELMS. Mr. President, will the Senator yield?

Mr. BAUCUS. No, I will not yield until I explain.

Mr. HELMS. Let the Parliamentarian say if it is or not.

Mr. BAUCUS. The Senator from Montana has the floor.

Mr. HELMS. Fine.

Mr. BAUCUS. Mr. President, I have checked with the Parliamentarian. The amendment I offered is an amendment which will be treated as original text, which means that first- and second-degree amendments will be in order prior to the adoption of my amendment.

I am in a position to wait and not have a vote on my amendment to allow other Senators to come to the Chamber to offer their first- or second-degree amendments to my amendment.

The other point made by the Senator from North Carolina was that this is a step backward. Mr. President, what I am trying to do is to move us forward and to increase confidence in the system by allowing farmers and ranchers to elect their own directors. That is what they want.

The underlying bill is a power grab, a power grab by Farm Credit System officials. It is their desire for more power that makes them oppose my amendment and other amendments which tend to disperse power.

I think it would be well to remember the dictum of Lord Acton that power corrupts and absolute power corrupts absolutely.

The purpose of my amendment is to diffuse power so no one entity has too much power.

Our Constitution is based on checks and balances, on not giving too much power to one central authority.

The purpose of my amendment is in that same spirit. It gives local farmers and ranchers the authority and the right to elect their own directors; that is what they want.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

If neither side yields time, time runs equally against each side.

Mr. BAUCUS. Mr. President, I ask unanimous consent to add as additional cosponsors to my amendment Senator GRAMM, Senator BENTSEN, Senator BOREN, Senator BOSCHWITZ, and Senator HARKIN.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAUCUS. Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. If neither side yields time, the time is charged equally against both sides.

Mr. BAUCUS. Mr. President, the Senator from North Carolina does not want to yield time and since our time is about to expire, I am in position to yield back the remainder of my time if the Senator from North Carolina will yield back the remainder of his time.

Mr. HELMS. Mr. President, I yield back the remainder of my time if the Senator yields his.

The PRESIDING OFFICER. Is all time yielded back on the amendment?

Does the Senator from Montana yield back his time.

Mr. BAUCUS. So long as other Senators yield back their time, I do.

The PRESIDING OFFICER. Does the Senator from North Carolina yield back the time under his control?

Mr. HELMS. Mr. President, I am sorry. I was engaged in conversation.

The PRESIDING OFFICER. The Chair inquires if all time is yielded back.

Mr. HELMS. Yes; we yield back all our time.

Mr. ZORINSKY. Mr. President, on behalf of Senator HELMS and myself, I move to table the amendment.

Mr. DOLE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Nebraska to lay on the table the amendment of the Senator from Montana.

On this question the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from Minnesota [Mr. DURENBERGER], the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], the Senator from Oregon [Mr. HATFIELD], the Senator from Oregon [Mr. PACKWOOD], and the Senator from Alaska [Mr. STEVENS], are necessarily absent.

Mr. CRANSTON. I announce that the Senator from New Jersey [Mr. BRADLEY], is absent on official business. I also announce that the Senator from Florida [Mr. CHILES], is absent because of illness.

The PRESIDING OFFICER (Mr. DANFORTH). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 48, nays 44, as follows:

[Rollcall Vote No. 345 Leg.]

YEAS—48

Armstrong	Hawkins	McConnell
Biden	Hecht	Murkowski
Chafee	Heinz	Quayle
Cochran	Helms	Roth
Cohen	Humphrey	Rudman
D'Amato	Johnston	Simpson
Danforth	Kassebaum	Specter
Dodd	Kennedy	Stafford
Dole	Kerry	Stennis
Domenici	Lautenberg	Symms
Eagleton	Laxalt	Thurmond
Evans	Leahy	Trible
Garn	Long	Wallop
Glenn	Lugar	Warner
Gorton	Mathias	Wilson
Hatch	Mattingly	Zorinsky

NAYS—44

Abdnor	Ford	Mitchell
Andrews	Gore	Moynihan
Baucus	Gramm	Nickles
Bentsen	Grassley	Nunn
Bingaman	Harkin	Pell
Boren	Hart	Pressler
Boschwitz	Heflin	Proxmire
Bumpers	Hollings	Pryor
Burdick	Inouye	Riegle
Byrd	Kasten	Rockefeller
Cranston	Levin	Sarbanes
DeConcini	Matsunaga	Sasser
Denton	McClure	Simon
Dixon	Melcher	Weicker
Exon	Metzenbaum	

NOT VOTING—8

Bradley	East	Packwood
Chiles	Goldwater	Stevens
Durenberger	Hatfield	

So the motion to lay on the table the amendment (No. 1171) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. HELMS. Mr. President, I suggest the absence of a quorum with the time to be equally charged.

Mr. ZORINSKY. Mr. President, may I ask my colleague to withhold that request?

Mr. HELMS. Yes, I do, Mr. President.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. ZORINSKY. Mr. President, I had an amendment that I was going to present. I was going to offer it on behalf of myself, Senator DIXON, and several other Senators. It would provide assistance to the commerical agricultural banks. However, after hearing the remarks of my colleague, the chairman of the Banking Committee, Mr. GARN, with regard to the possibility of S. 1884 being pulled down and there being no farm credit bill, I have decided not to offer the amendment. I have discussed the amendment with the chairman of the Banking Committee.

The Chairman of the Committee on Banking, has promised that, shortly after the first of the year, he will hold hearings on the legislation. He has also promised me that, after the hearings, the Banking Committee will consider whether the legislation should be reported to the Senate.

I did want to inform colleagues—who might have been expecting me to offer the amendment—that I will not offer it.

Mr. GARN. Will the Senator yield?

Mr. ZORINSKY. I am pleased to yield to the Senator.

Mr. GARN. Mr. President, I assure the Senator from Nebraska that we will hold hearings. There is no doubt about it. As I said in my earlier remarks, this is an extremely important issue that should be considered carefully. In order to do that, we must hold hearings.

Mr. ZORINSKY. Mr. President, I say to my friend from Utah that I appreciate his cooperation. I think the amendment is a good one. Because it would be beneficial to the farming industry and the independent banking industry as a whole, it should be seriously considered as separate legislation.

I ask unanimous consent that the text of the amendment and a brief explanation thereof be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

AMENDMENT TO S. 1884

At the end of the bill, insert the following:

TITLE VIII—FARM LOSS AMORTIZATION BY AGRICULTURAL BANKS

SEC. 801. The appropriate Federal banking agency shall permit an agricultural bank to take the actions referred to in section 802, provided that there is no evidence that fraud or criminal abuse on the part of the bank led to the losses referred to in section 802.

SEC. 802. (a) Any loss on any qualified agricultural loan that an agricultural bank would otherwise be required to show on its annual financial statement for any year between December 31, 1984, and January 1, 1990, may be amortized on its financial statements over a period not to exceed 10 years, as specified in regulations issued by the appropriate Federal banking agency.

(b) An agricultural bank may reappraise the value of any real estate or other property, real or personal, that it acquired coincident to the making of a qualified agricultural loan and that it owned on January 1, 1985, and any such additional property that it acquires prior to January 1, 1990. Any loss that such bank would otherwise be required to show on its annual financial statement, as the result of such reappraisal, may be amortized on its financial statements over a period not to exceed 10 years, as specified in regulations issued by the appropriate Federal banking agency.

SEC. 803. The appropriate Federal banking agency may issue regulations implementing the title with respect to banks that it supervises.

SEC. 804. As used in this title—

(a) the term "agricultural bank" means a bank that is significantly involved in agricultural lending—as determined by the appropriate Federal banking agency—and is insured by the Federal Deposit Insurance Corporation;

(b) the term "appropriate Federal banking agency" means the Comptroller of the Currency in the case of a national bank, the Board of Governors of the Federal Reserve System in the case of a State member bank, and the Federal Deposit Insurance Corporation in the case of a State non-member bank; and

(c) the term "qualified agricultural loan" means a loan made to finance the production of agricultural products or livestock in the United States, a loan secured by farmland or farm machinery, or such other category of loans as the appropriate Federal banking agency may deem eligible.

EXPLANATION OF AMENDMENT

The amendment would permit a commercial bank which is significantly involved in agricultural lending to amortize, over a period up to 10 years, two kinds of losses resulting from its lending activity to agriculture (provided that such losses did not result from fraud or criminal abuse on the part of the bank). The two kinds of losses eligible for multi-year amortization are:

(1) Losses on *agricultural loans*, whereby in the absence of the amendment the bank would have to charge off the entire loss in the immediate year that it is recognized.

Example: An agricultural bank makes an operation loan to a farmer, who owes $100,000 on the loan. A bank regulatory agency classifies the loan, so that $30,000 of loss must be recognized by the bank in 1985. *Without the amendment*, the bank must charge off $30,000 in 1985; *with the amendment*, the bank may charge off $3,000 per year during 1985–1994.

(2) Losses on *reduced value of property (mostly farmland)* which a bank acquired in the process of handling an agricultural loan, whereby the bank still holds the property but must devalue it as asset.

Example: An agricultural bank acquires 200 acres of farmland in 1984 in a farm debt workout situation. At the time acquired, the land was valued at $2,000 per acre ($400,000), but in 1985 is appraised and revalued at $1,500 per acre ($300,000). *Without the amendment*, the bank asset value of the land would be reduced by $100,000 in 1985; *with the amendment*, the bank may reduce the asset value of the land by $10,000 per year during 1985–1994.

The amendment provides for a 5-year period (1985-1989), during which losses that are recognized of the two kinds described above could be stretched out over a period up to 10 years.

This amendment should result in no cost to the U.S. Treasury, since the banks themselves would absorb the losses over the period of time that is provided.

The amortized farm loan loss accounting procedure provided temporarily by amendment could help agricultural banks to remain competitive suppliers of credit to farmers, by permitting the banks to absorb part of their farm lending losses over a period of time sufficient for the agricultural economy and the banks' earnings to have an opportunity to recover. Once the banks' net earnings recovered, the retained earnings and capital position of the agricultural banks could be fully replenished.

AMENDMENT NO. 1172

Mr. DOMENICI. Mr. President, I have an amendment which I send to the desk in behalf of myself, Senator JOHNSTON, Senator CHILES, Senator BINGAMAN, Senator HAWKINS, Senator HATFIELD, Senator COCHRAN and Senator BAUCUS. I ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New Mexico [Mr. DOMENICI], for himself and Mr. JOHNSTON, Mr. CHILES, Mr. BINGAMAN, Mrs. HAWKINS, Mr. HATFIELD, Mr. COCHRAN and Mr. BAUCUS, proposes an amendment numbered 1172.

At the end of section 701 of the amendment insert the following new subsection:

"(d) The authority provided by this section shall be effective for any fiscal year only to such extent or in such amounts as are provided in advance in appropriation Acts."

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. DOMENICI. I shall be pleased to yield to my friend from Louisiana.

Mr. JOHNSTON. Mr. President, Senators METZENBAUM, RIEGLE, and SASSER wish to cosponsor the amendment as well.

Mr. HARKIN. And Senator HARKIN.

Mr. DOMENICI. I ask unanimous consent that that be done, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, this is a simple amendment, though I know some may argue that its adoption would undermine the complete functioning of this bill. The amendment simply conforms title VII of the bill to the provisions of the Budget Act governing contract and borrowing authority.

The amendment states, as is required under the Budget Act, that if the Secretary of the Treasury uses his discretion to purchase obligations issued by the newly created Farm Credit Capital Corporation, that he be allowed to do so only to such extent and in such amounts as are prescribed in advance in appropriations acts.

Mr. President, I do not offer this amendment in any way to delay or undermine the bill before us, I am as concerned as any Senator about the economic plight our farmers and ranchers have been experiencing these past few years. No one in public office can be immune to the social and personal loss our farm and ranch families have undergone as market prices for their commodities and livestock have declined, and when farmland values have declined on the average nearly 20 percent between 1981 and 1985, with a 12-percent decline just last year alone.

But, let me suggest that following on the heels of the Senate-passed farm bill that is likely to cost over $5.5 billion over the next 3 years, and with all due respect to the distinguished authors of this bill, no one really can say what the potential budget exposure to the Federal Government is of this farm credit bill.

Unfortunately, no one can really tell whether the bill would trigger the Treasury's purchase of $2 or $10 billion of debt obligations issued by the newly created Farm Credit System Capital Corporation.

I am told that the Treasury believes they will not have to purchase any obligations. At the same time, I am told that Farm Credit Administration officials believe they could require as much as $5 to $6 billion in purchases before January 1, 1987.

Mr. President, nobody knows, and I contend it is this type of example that the authors of the Budget Act had in mind when they wrote in section 401(a).

The purpose of that section was to bring the so-called backdoor spending devices within the control of the budget process. The three types of backdoor spending are contract authority, borrowing authority, and entitlement authority.

The bill before us provides borrowing authority not subject to any limitation in amount or subject to appropriations. I contend there can be no question that this provision creates increased budget exposure with no effective congressional control.

I conclude by once again repeating that I do not offer this amendment with any intent of jeopardizing the bill's full and complete consideration by this Chamber. I will reserve judgment, however, on the overall bill since even with the adoption of this amendment there still remain some local issue concerns.

I offer the amendment with a genuine concern over potential budget exposure and a fervent need to maintain congressional input in the allocation of our limited Federal resources.

Mr. President, I think the floor managers have seen this amendment. In the event that they have not, we shall submit the amendment to them at this time.

There is no question that this bill pending before the Senate as presently drawn is subject to a point of order under the Budget Act, section 401(a). I do not think there is any question that it is. It creates a new kind of entitlement in its broadest sense. It violates section 401(a) because it creates borrowing authority not provided for in appropriations acts. I think that the ruling of the Chair would be that it is subject to a point of order.

I do not want to do that, Mr. President. I think it can be cured if we make it subject to appropriations in the very simplest form, my three-line amendment, cosponsored by various Senators from both sides, all of whom, I believe, are concerned about two things. One is the point that I have just made that there ought to be some validity to not creating new borrowing authority without making it subject to appropriations, that that Budget Act language is not just there because it is pretty words. Second, I think that there is genuine concern as to just how big might that borrowing authority get in the ensuing years as different Secretaries of Agriculture with different philosophies and ideas about this new bank come and go.

All we have done in our amendment is indicate that even with the Secretary's discretionary call on that new budget authority, that that money be provided for through the normal appropriations process of the Congress.

I believe the amendment will be acceptable. I think it is very logical, it is good policy. It is good fiscal policy and it is consistent with the law.

Mr. HELMS. Mr. President, will the Senator yield for a question?

Mr. DOMENICI. I shall be pleased to yield to the distinguished chairman.

Mr. HELMS. Mr. President, so the record will be clear, the trigger for the authority would remain as stipulated in the bill?

Mr. DOMENICI. The chairman is absolutely correct.

Let me repeat this, Mr. President. Because I have made it subject to appropriations and an appropriations act does not mean that I have altered the trigger mechanism or the request by the Secretary as to the amount that would be appropriated.

This does not vest in the appropriators authority to appropriate as much as they want, but, rather, after the Secretary makes the request and certifies the need to be operative, it must be appropriated.

Mr. HELMS. And so the Appropriations Committee or the Congress——

Mr. DOMENICI. In an appropriation act.

Mr. HELMS [continuing]. Would be considering whether to approve the specific recommendation of the Secretary?

Mr. DOMENICI. The Senator is absolutely correct.

Mr. HELMS. And no more.

Mr. DOMENICI. And no more. And not necessarily as much as requested.

Mr. HELMS. I thank the Senator. The Senator is exactly right. We recognized when we offered the bill it was subject to a point of order, but we did not know how to get around it, so the Senator's amendment, it seems to me, answers our problem. We were hoping there would be no point of order.

Speaking for this side, we are willing to accept the amendment.

Mr. EXON. Will the Senator yield for a question?

Mr. DOMENICI. I yield for a question.

Mr. EXON. I would like to make sure I understand what the chairman of the Budget Committee is doing. If he is doing what I think he is, this is an important step in the right direction. One of the concerns this Senator had about the bill before us—I had some amending language that I was going to offer—was that the measure as drawn would, in football terms, have the Congress giving a shovel pass to the Secretary of the Treasury and allowing him to go off and essentially do what he thought was best as far as any assistance to the Farm Credit System was in order at any time without any limit whatsoever, which I felt was a pretty sad lateral pass because I thought it took the Congress out of its traditional appropriating process.

Now, did the chairman of the Budget Committee have the same concern as the Senator from Nebraska?

Mr. DOMENICI. You bet. Not being from such a football country as Nebraska, I had not thought of it in terms of an end run, but I thought of it from the standpoint of being open ended and when would we ever find out that some Secretary in his discretion had decided that maybe it is $20 billion, 30 billion dollars' worth of credit. We would have oversight authority, but the act would be done, legal, and we would have nothing to say about it.

Now we say he exercises the discretion, certifies the need, and nothing happens unless and until we appropriate the authority commensurate with the request.

Mr. EXON. So what the chairman of the Budget Committee is doing is simply saying that whatever proposal the Secretary of the Treasury comes up with, it must go through the authorization and appropriation process?

Mr. DOMENICI. The Senator is correct.

Mr. President, I thank the Senator from Louisiana for his cosponsorship. He worked on this today. He had a few other ideas, and I had some, but I think we boiled it down to the most succinct and simplest and I thank him for it.

Mr. EXON. Would the chairman add this Senator as a cosponsor?

Mr. DOMENICI. Yes. I ask unanimous consent that the Senator from Nebraska [Mr. EXON] be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time?

Mr. DOMENICI. I yield to the Senator from Louisiana.

Mr. JOHNSTON. Mr. President, I shall not speak long because I understand the floor manager is going to take this amendment. I congratulate the Senator from New Mexico for coming up with an excellent amendment which I am very pleased to cosponsor. Without this amendment, you indeed would have an open, grab bag which might be as much as $20 or $30 billion which under Gramm-Rudman would have to come out of other accounts. This way it must be appropriated by the Congress so we have control.

Mr. President, I ask unanimous consent that Senators BINGAMAN, BAUCUS, and HAWKINS be added as cosponsors. I hope the amendment will be accepted.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment.

Is all time yielded back?

Mr. ZORINSKY. Mr. President, we have examined the amendment and recommend its approval.

Mr. DOMENICI. I yield back any time I have on the amendment, Mr. President.

Mr. ZORINSKY. I yield back any time we might have.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Mexico.

The amendment (No. 1172) was agreed to.

Mr. DOMENICI. I move to reconsider the vote by which the amendment was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1173

Mr. BOSCHWITZ. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Minnesota [Mr. BOSCHWITZ] proposes an amendment numbered 1173.

Mr. BOSCHWITZ. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed under Amendments Submitted.)

Mr. BOSCHWITZ. Mr. President, this amendment is offered by me and Senators GRASSLEY, HARKINS, BAUCUS, MCCONNELL, NICKLES, ABDNOR, PRESSLER, DURENBERGER, EXON, and PRYOR.

Mr. President, just as that list connotes, it is a very broad array in the spectrum of philosophical thought here on the floor of the Senate. This amendment is a broadening of this credit bill. My friend from Utah is going to leap to his feet and object, and he should object to this particular amendment because it does some of the things that he does, indeed, find objectionable. However, I might say to my friend from Utah—and indeed he is my friend—that sometimes it becomes necessary in this and other instances to perhaps offer amendments on the floor that have not been given full and complete consideration in committee.

I say to my friend from Utah that my staff approached his staff over the months about this amendment which I am offering, and even more that the administration has just dragged its feet to such a degree that we have not been able to get much help over there despite our efforts. If the administration had taken the lead, perhaps we could have a broader and more thorough piece of credit legislation than we have today, which only addresses the farm credit system which handles about one-third of the agricultural debt in the United States. This particular amendment would address a far larger portion of that debt, and it is for that purpose this amendment is submitted.

Mr. DOLE. Will the Senator yield for a question?

Mr. BOSCHWITZ. The Senator has only 10 minutes. I certainly yield to the majority leader for a question.

Mr. DOLE. As I understand it, it is about a 40- or 50-page amendment and changes the present bill in 20 or 30 places. I wonder if the Senator will have time to explain that in his 10 minutes?

Mr. BOSCHWITZ. Oh, yes, I do have time to explain it.

Mr. DOLE. Because if it is adopted, we will just pull the bill down and that will be the end of farm credit.

Mr. BOSCHWITZ. The amendment, indeed, does make some additions. It does not make many changes, I would say to the majority leader, in the eight titles of the present bill. Titles I through III are not changed at all. Titles VI and VII are not changed at all. Titles IV and V are changed, and they are changed only in minor ways in order to broaden just to some degree the Capital Corp.'s acts and also to protect the local institutions in title IV, I would say to the majority leader.

Title IV is changed in such a way so that the Capital Corp. should not obtain a windfall by buying land at perhaps present value rather than at cash flow value. That is the only change we made in that section of the bill. It really is an addition rather than a change of the present legislation.

One of the additions, Mr. President, is that we will, indeed, buy down interest and that the interest will be bought down in certain instances where the farmer is not a hobby farmer but has average gross sales in excess of $30,000 from his farm except that some farmers, indeed, are very small and rely on the small farm for the entirety of their income. We have a provision that deals with that.

Furthermore, there has to be a debt-to-asset ratio in excess of 40 percent so that all farmers do not qualify but, indeed, those farmers who are having debt problems would qualify.

The interest buydown provisions would be a 5-percent buydown, 2 percent by the Federal Government and 2 percent by the State government, if the State government wishes to participate. If it does not, it does not prevent the bill from operating. There simply would not be that 2 percent, though we would hope that the State would become involved, and the bank itself would be in for 1 percent.

The other major provision of the bill is that the bank would be allowed to write down a debt that is nonconforming by up to 30 percent. Then, in order that we not give capital certificates or other type of phantom capital, we would guarantee that 30 percent in the Farmers Home Administration for a period of 10 years, but the guarantee would decline by 10 percent a year, so that the guarantees would decline over the period of 10 years.

The other provisions of the bill would also apply more broadly, as I say, to other farm credit lenders. But essentially what it would do is to say that, yes, this is a good bill with respect to the farm credit system, but the farm credit system applies only to approximately a third of the debt. The banks and insurance companies need also to be given some leverage in order to allow them to more properly service the farm debt in the way it is now found. That leverage would be given to an interest buydown and by empowering the banks to reduce a debt that they see going sour by up to 30 percent.

Then, if that farmer will cash flow with the interest buydown and with the principal buydown, so to speak, none of which principal would be assumed by the Federal Government, there would be an FHLA guarantee. Yes, that guarantee could eventually be brought into effect, but it is unlikely, and it would be a guarantee that would decline over the 10-year period.

That, in essence, Mr. President, is the substance of this amendment.

I reserve the remainder of my time.

Mr. GARN. Mr. President, in my opening remarks I attempted to state the case procedurally against this or other amendments, so I will not take the time to repeat that statement, other than to say that I am procedurally opposed to this type of amendment, even if I did not disagree with it substantively.

First of all, let me point out one more time that this is a major piece of legislation. This is not a simple amendment. The majority leader pointed out that it is 40 or 50 pages long. I have had the privilege of looking at it for about 5 or 10 minutes. However, in fairness, it is very similar to bills we have had the opportunity to look at before. But no hearings have been held by the Senate or the House Banking Committees on this bill.

There has been no opportunity to consider the provisions or the impacts of it.

Senator BOSCHWITZ points out in his opening statement that the Federal Government's 2 percent, which is the interest rate buydown, would cost up to $1 billion per year. A $3 billion potential over 3 years is certainly not walking-around change in Utah.

It is ironic that we can debate for over a month a proposal to balance the Federal budget; we can take money away from veterans; we can take $10 million here and $5 million there and shortchange a lot of very fine Government agencies and people programs in this country, and we are talking about this huge amendment that would cost $13 billion a year just on the interest rate buydown loan in addition to principal.

We cannot even complete action on our budget bill or compromise, and we are discussing creating a new entitlement program.

I am also concerned about the potential Christmas-tree effect of giving a subsidy to those banks which have made agricultural loans. This is important, and I alluded to it before. It is not just agricultural banks that are in trouble. If we give a subsidy to those, who is to say that such assistance should not be given to banks which are involved in energy-related loans? They were going fine. Everybody was screaming in here about energy independence and making loans when oil was up to $40 a barrel—make loans so we could find oil in places other than the OPEC countries. All those hues and cries have been forgotten.

Yes, the agricultural economy in this country is in trouble. Yes, farmers are in trouble. Yes, some agricultural banks are in trouble. But if we have to have justification late in the session without proper consideration of a bill to bail out agricultural banks, then why not energy-related banks which in good faith made loans because they were encouraged to do so when the price of oil dropped dramatically?

How about real estate? Real estate and home building have dropped off dramatically. Most of the thrifts that are in trouble are in trouble because of the recession that occurred in the real estate industry, depression in land values.

If we are going to consider a bailout, I ask my colleagues, do we just consider one segment of the banking community or do we look at all of them? I think it is fair to say that if we set this precedent, let us add the ornament for the others in trouble, which are having financially trying times.

The Federal Government cannot afford such bailouts when we are debating a budget that has not been completed.

Also, Senator BOSCHWITZ introduces his proposal as a temporary, short-term shot in the arm. In the 11 years I have been here, I cannot state the number of programs that were for 16 months, 18 months, 2 years, or 3 years which are still in effect 11 years later.

Let us not kid ourselves. If we adopt this proposal and they become hooked on it, I would like to take bets with anybody who thinks it will die at the end of 3 years. It will become permanent. There is no doubt about it in my mind.

So this is substantively bad legislation. It is a killer amendment to the Farm Credit Administration amendments that need to go through. If we are not successful in tabling it, then the whole bill comes down with it.

Mr. DOLE. Mr. President, will the Senator yield?

Mr. GARN. I yield.

Mr. DOLE. I will take 1 minute.

Mr. President, I think it is important for all Senators who may have been home during the recess to understand that this is a very important piece of legislation we have on the floor. It has been agreed to by the administration, by the system, and I think by most people concerned about farm credit generally.

I do not quarrel with the right of any Senator to offer amendments. But if we do not want a farm credit bill, we will have our way if we start adopting these amendments of 30 or 40 changes, 50-page amendments, with no hearings. Then we will not have any choice but to take the bill down.

Amendments are in order, and they may be good amendments that correct something in the general package offered by Senator HELMS and Senator ZORINSKY. But the amendments should not try to rewrite the entire package.

If we want to help the American farmers, let us defeat these amendments and pass this bill by 7 o'clock. This would send the right signal to

rural America and to the House of Representatives.

Mr. GARN. Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. ZORINSKY. I yield myself 2 minutes.

The PRESIDING OFFICER. The Senator has yielded 2 minutes on the bill.

Mr. ZORINSKY. Mr. President, I must oppose the pending amendment. I want to emphasize that I share the desires of the sponsors to assist all agricultural lenders and the farmers they serve. However, the proposed amendment is costly and will jeopardize enactment of the bill.

After years of experience in dealing with farm credit issues, I know that commercial lenders are concerned about financial assistance directed exclusively to the farm credit system. This is particularly true when commercial lenders serving farm borrowers are themselves experiencing financial problems.

Let me stress that I am also concerned about the problems of commercial lenders. In fact, last spring, I was the chief proponent of a measure to provide substantial assistance—in the form of loan guarantees and interest buydown programs—directed primarily to commercial banks that make farm loans. Much of that legislation was incorporated in the 1985 farm bill.

Under the Senate-passed version of the farm bill, about $7.5 billion in farm loan guarantees will be available over the next 3 years through the Farmers Home Administration. An additional $490 million will be available to buy down the interest rate on farm loans.

Some critics have characterized those provisions of the farm bill as a banker's bailout. I am proud to say that I am a friend of the commercial bankers who provide credit in our Nation's small towns and rural areas because farmers, businesses, and most Americans need credit.

I have aided the efforts of commercial bankers on many occasions because those efforts benefited rural areas. For the same reason, I want to assist the farm credit system and the borrowers served by the system.

I will continue to support responsible proposals that will help rural lenders and other businesses cope with the severe problems in the farm economy.

However, with regard to this bill, I urge my colleagues to refrain from supporting this amendment, which would forestall enactment of this legislation. I believe it essential that Congress provide a legislative remedy for the farm credit system's problems as soon as possible. Any action that would delay efforts to enact this legislation would be harmful to farmers.

I urge my colleagues to oppose the amendment.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

Mr. BOSCHWITZ. Mr. President, I yield 1½ minutes to the Senator from Iowa.

Mr. HARKIN. Mr. President, I thank my distinguished friend from Minnesota for introducing this amendment. I have worked with him on it. It is a great amendment.

I heard what the distinguished majority leader has said. But this is not the way to legislate either. We have a 4-hour time limit, with a vote by 7 p.m. We have never had hearings on this bill. There has never been any markup on it.

Sure we have a crisis in farm credit. We have one in Iowa. I will tell the Senate that now.

As this is presently construed, it is not going to help the farmers. It is not going to help the farmers in Iowa. The farmers in Iowa are in trouble.

I do not want to dwell on that. I want to dwell on the good aspects of the amendment.

This amendment will really help the farmers of this country. It will help the farm credit system and the banks and insurance companies out there that are also in trouble.

The two most important aspects of the Boschwitz amendment I believe are these:

First of all, an effort must be made to write the loans down with the present farmer before transferring to any kind of a corporation. The Boschwitz amendment does that. It permits that to take place.

Under the bill before us, loans will be transferred to the corporation without any kind of consideration being given to the farmer at all.

The second item and most important thing about the Boschwitz amendment is that it really gives rights to that farmer. It gives rights to the person who holds that land to have the first right of leaseback, the first right of rent, and the first right to buy it back when the corporation sells it.

The PRESIDING OFFICER. The Senator's 1½ minutes have expired.

SEVERAL SENATORS. Vote!

Mr. BOSCHWITZ. Mr. President, does the senior Senator from Iowa seek time?

Mr. GRASSLEY. Yes.

Mr. BOSCHWITZ. I yield to the distinguished Senator from Iowa. How much time is remaining, Mr. President?

The PRESIDING OFFICER. One minute and 25 seconds.

Mr. BOSCHWITZ. I yield to the Senator from Iowa 40 minutes.

Mr. GRASSLEY. Mr. President, I rise in support of the amendment of my colleague from Minnesota. The Farm Credit Partnership Act of 1985 is a comprehensive approach to the problems facing the agricultural economy. It begins where we ought to begin, with the farmer.

It is difficult to argue that farmers whose troubled lender is the farm credit system deserve help, while a farmer whose troubled lender happens to be a commercial bank doesn't deserve help. Commercial banks and their borrowers are suffering the effects of devastation in the farm economy just as much as the farm credit system and its borrowers are.

Unlike the other proposals before us, this legislation will help farmers first and then the benefits will spread to the rest of the farm economy. The benefits trickle up rather than down. A farmer's need for financial assistance determines where the Government aid goes, no matter who that farmer's lender is.

The amendment calls for a partnership between the Federal Government and State governments to finance an interest rate buydown for eligible farmers. It is geared toward full-time family farmers who need a chance to work out of their problems.

The legislation gives commercial banks incentives to write down loan principal for eligible borrowers and stipulates that the farm credit system cannot foreclose on borrowers until it has attempted to write down both principal and interest. This amendment targets aid to the American farmer, not to the professional managers of the system or the bondholders.

Our first priority must be to ensure that the system does not go ahead with its plans for a wave of foreclosures and liquidations in the Omaha district. These unfair and devastating policies were described at a field hearing I held in September. If these policies are enacted the entire farm economy will be jeopardized. The Boschwitz amendment ensures that the rights of farm borrowers will be protected because to receive Government aid, the lenders have to work with their borrowers to restructure loans rather than foreclosing.

The Farm Credit Partnership Act requires the farm credit system to pool its reserves before going to the Treasury for assistance. This requirement is entirely proper, and in addition, this amendment provides for additional reforms in the management and structure of the farm credit system.

Under this amendment, the farm credit system is supervised by a tough regulatory agency with a board of directors that is totally separate from the system. In this way, local control can be maintained while ensuring the financial safety and soundness of the system. The cozy relationship which exists today between the Farm Credit Administration and the system bears

part of the blame for the current financial distress in the system.

As we debate these complicated issues, we must keep in mind that the mission of the farm credit system is to serve the family farmer. If the system strays from that mission, there is no point in saving it. This amendment reaffirms the original mission of the system and makes clear the congressional intent that the system exists to lend to agriculture.

The Boschwitz amendment focuses this debate on saving farmers, which is exactly what we should be discussing. I urge my colleagues to support the amendment.

Mr. President, it seems to me that this is an opportunity to do something for the little person in America.

We complain about a bill this major coming out. It does not hold a candle to the $7.8 billion bailout of the New York City banks through the International Monetary Fund. We did that. We did it because there was a ripple effect throughout the entire economy that might be felt.

Let me suggest to the Senate that if we do not do something about the agricultural banking system of America we are going to have the same ripple effect and we should be concerned about it as we are some foreign nation.

The PRESIDING OFFICER. The time of the Senator from Iowa has expired.

Who yields time?

The Senator from North Carolina.

Mr. HELMS. Mr. President, I yield myself no more than 2 minutes from the bill.

The PRESIDING OFFICER. The Senator may proceed.

Mr. HELMS. I thank the Chair.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HELMS. Mr. President, may we have a list of the cosponsors of this amendment? I wish to know the cosponsors of the amendment.

The PRESIDING OFFICER. The amendment is cosponsored by Senators BOSCHWITZ, GRASSLEY, HARKIN, BAUCUS, MCCONNELL, NICKLES, ABDNOR, PRESSLER, and EXON.

Mr. HELMS. I thank the Chair.

I made the inquiry because I wish to have a pallbearer list for the bill, because if this amendment is adopted, down the bill goes.

The majority leader and I have discussed it, and this is a killer amendment.

I regret to say that to my friend from Minnesota, but we will make up the pallbearer list and make it available for the RECORD.

The PRESIDING OFFICER. The Senator from Utah.

Mr. GARN. Mr. President, I yield back the remainder of my time and move to table——

Mr. BOSCHWITZ. Mr. President, I wish to ask unanimous consent——

The PRESIDING OFFICER. The sponsor of the amendment has time remaining on the amendment.

Mr. BOSCHWITZ. That is 40 seconds or so.

I ask unanimous consent that 3 minutes be taken from the bill.

Mr. GARN. Mr. President, I reserve the remainder of my time on the amendment.

Mr. BOSCHWITZ. And add it to my time.

The PRESIDING OFFICER. Without objection, it is so ordered.

Three minutes are added from the bill to the time of the Senator from Minnesota.

Mr. KASTEN. Mr. President, I rise in support of the Boschwitz amendment. As many of my colleagues have noted, Mr. President, we are not legislating today in an ideal environment. Time is very short, and the farm credit issue we are discussing is very complex.

I daresay that no one in either House of Congress has had adequate time to fully assess all the implications of the legislation we are considering today. But I would hope that all my colleagues recognize the major problem that agriculture faces today.

That problem is not the state of the farm credit system, important as this problem is.

No; the major problem that American farmers face today is the enormous burden of debt many of them carry, and the exorbitant interest rates at which that debt must be serviced.

Mr. President, the Boschwitz farm credit plan is the only one that addresses this problem.

The Boschwitz amendment provides for an interest rate buy-down, in which the Federal Government, State governments, and lenders would all share. It would offer States like Wisconsin an opportunity to continue and expand their efforts to help their farmers. In Wisconsin, the State government's cooperation with the Farmers Home Administration and other Federal agencies during last winter's credit crisis was responsible for keeping many farmers in business. The Boschwitz amendment would give Wisconsin the tools to assist many other farmers who need help.

The Boschwitz amendment provides for a principal write-down of up to 30 percent of outstanding principal. Commercial banks would be able to use a new Farmers Home Administration guarantee program to, in effect, write off their losses under the writedown over a period of 10 years.

This amendment deals with the problems of agricultural lenders—and their farmer borrowers—not just with shoring up the structure of the farm credit system.

Mr. President, we have heard, and will hear, arguments that we need more time to consider this matter, that we need hearings, that we need to wait until next year.

I sympathize with these arguments, but I would point out to my colleagues that if we wait until next year, we will have to deal with this issue in the midst of a farm credit crisis atmosphere much worse than what we had earlier this year.

I admire the optimism of those Senators who think that responsible legislation can be passed in that kind of atmosphere, but I cannot share it.

In summary, Mr. President, S. 1884 is needed legislation. We do need to maintain the farm credit system as a dependable source of affordable credit for farmers.

But maintaining the structure of a financial institution is not enough. We can do better; we can do more. We can pass a package aimed at maintaining farmers. We can pass a package aimed at the problem—high levels of farm debt and high interest rates—rather than just a symptom of the problem.

I urge my colleagues to let this Government address the fundamental problem, and vote for the Boschwitz amendment.

Mr. LEVIN. Mr. President, I voted against the Garn motion to table the Boschwitz amendment because the amendment makes substantial changes to the farm credit system and yet we only had 20 minutes to debate that amendment.

This bill addresses a very serious problem—the stability of the farm credit system. And yet we are debating it in haste and without the consideration this issue and this amendment deserves.

The Boschwitz amendment proposed some important changes to restructure farmer's debts which I believe could have potentially helped farmers and at least deserved further debate.

Mr. BOSCHWITZ. Mr. President, I first wish to say that Senator BOREN wishes to be added as a cosponsor, and I so ask unanimous consent.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOSCHWITZ. Mr. President, I respond to my friend from Utah, who says the cost is $3 billion a year. CBO estimates that the cost of the interest buydown provisions would be $1.52 billion over a 4-year period; that the administrative costs would be about $300 million over a 4-year period.

I do not like, and I am not normally a fellow who introduces, killer amendments. However, I have tried for months now to get the administration to consider a broader form of relief for agricultural credit. I have indeed sought to have hearings in various committees without success.

The administration has not been responsive at all. So we either have a proposal that really does not help farmers, that straightens out the farm credit system, and in that sense it certainly does help farmers but no debt is restructured, no interest rate relief is given. Really just the farm credit system is kept whole, which is a very commendable purpose, and that is why I would support the bill even without the amendment on it.

But the farmers really cannot wait for hearings. We are going to find ourselves in a situation not unlike the situation we were in at the beginning of this bill when Senators, some of whom are cosponsors of this amendment, were on the floor and insisted that there be some type of relief for farm credit. If we are going to have that again, and I suggest to the Senate and I suggest to my friend from Utah that this is a better balanced amendment, this is a better balanced piece of legislation than we are going to get in the spring of this coming year.

So while I do not like to offer killer amendments, I say to my friend from Utah that indeed we do need broader relief in the agricultural sector.

Mr. President, I reserve the remainder of my time.

Mr. GARN. Mr. President, the Senator from Minnesota talked about some cost estimates. The estimate I gave of $1 billion a year was from the Senator's own statement when he introduced the bill on November 14. So I used him as my source of the $1 billion per year cost.

Mr. BOSCHWITZ. The Senator said $3 billion.

Mr. GARN. Three years. I said $1 billion a year for 3 years, quoting the distinguished Senator from Minnesota.

How much time do I have remaining?

The PRESIDING OFFICER. The Senator has 3 minutes and 5 seconds remaining.

Mr. GARN. Does the Senator from Idaho wish some time in opposition?

Mr. SYMMS. Yes; I do.

Mr. BOSCHWITZ. In opposition or in support?

Mr. GARN. I yield.

Mr. SYMMS. I thank the Senator very much for yielding.

Mr. President, I want to make a point and ask a couple of questions of the Senators from Utah and Minnesota.

According to my information about 80 percent of the assets in American agriculture have a total of 38 percent of the agricultural debt. If you go back over to the high side of the asset-debt ratio where it is very bad and farms are in jeopardy, you have 6 percent of the assets holding 29 percent of the debt. So those people have 70 percent debt-equity ratio and are in bad shape financially, but is a small number of farms.

Buying down interests is what I am worried about. In the middle section with 40 to 70 percent debt-to-asset ratios, you have about 13.7 percent of the farms holding about 33 percent of the debt.

Mr. President, to illustrate my concerns I ask unanimous consent to enter two charts in the RECORD.

There being no objection, the charts were ordered to be printed in the RECORD, as follows:

PERCENT SHARE OF TOTAL FARM DEBT AT YEAR-END

	1970	1980	1984	Memo 3/31: 1985e
Farm Credit System	23.2	32.3	31.3	30.8 + 33%
Commercial Banks	27.3	23.0	23.5	23.0 − 16%
Farmers Home Administration	5.9	11.5	12.7	13.0 + 120%
Life Insurance Companies	10.3	7.4	5.9	5.8 − 44%
Commodity Credit Corp.	3.4	2.5	4.1	4.8 + 41%
Individuals and Others	29.8	23.3	22.6	22.6 − 24%

Agricultural Finance Databook.
Federal Reserve Board.

FARM FINANCIAL SITUATION

[Number of farms, farm assets and farm debt classified by debt to asset ratio Jan. 1, 1985]

	Debt to asset ratio			Total
	0–40 percent	40–70 percent	70+	
Farms	1,374,420	196,512	123,007	1,693,939
Percent of total	81.1	11.6	7.3	100.0
Assets (dollars in billion)	782.5	134	60.5	977
Percent of total	80.1	13.7	6.2	100.0
Debt (dollars in billion)	81	70	61	212
Percent of total	38.1	32.9	29.0	100.0

Mr. SYMMS. So my point is if we start buying down interest, are we not then going to be encouraging more people to get into agriculture when our problem in agriculture has been that we have already gotten a lot of people in and gotten them in a lot of financial difficulty?

I am just trying to figure out how this is going to help that big bulk of the farmers out there who will not be eligible for this buydown.

What I am worried about is, if we start trying to channel this, even though it is a noble effort and sounds good to buy down interest, it appears to me that we are going to jeopardize those 50, 60, 70 percent of the farmers who still have a very strong financial position, but it could become weaker if we do this.

Mr. GARN. Mr. President, I agree with the distinguished Senator from Idaho in his analysis.

Once again we do not solve the basic problem of banks, be they agricultural or otherwise, by a bailout or a buy down.

Mr. SYMMS. If I could say further, the Farm Credit System since 1970 has gone up 33 percent but the Farmers Home Administration has gone up 120 percent. Meanwhile, the commercial banks are getting out of agricultural lending. The life insurance companies are getting out. They are all going down.

Mr. President, I am going to submit this for the RECORD because I have an amendment that addresses this later.

But I just feel that if we want to help the farmers here we have to recognize there is a big bulk of agriculture that we are starting to drag down the pike with them, if we start trying to go in and buydown those that are in such serious problem that they cannot get out anyway.

That is my concern. I do not want to see all those people in agriculture who are still hanging on go down the drain because we start tampering with the credit market.

It looks to me that there is too much public credit in agriculture right now, too much Government credit, and that is the problem.

The PRESIDING OFFICER. The time of the manager in opposition to the amendment has expired.

There is 1 minute and 27 seconds left for debate.

Mr. BOSCHWITZ. Mr. President, if I may answer my friend from Idaho, we make a number of conditions. Only certain farmers will be applicable for the use of these tools. It does not apply across the board. We have been very careful in making sure that those to whom we give help will cash flow after the help is given to them.

Mr. SYMMS. The question is about these farmers that are still hanging on and by prudent management appear to be solvent; are they going to be eligible for this?

Mr. BOSCHWITZ. Mr. President, they will be eligible if they are unable to presently cash flow, and have a large loan-to-equity ratio.

Mr. SYMMS. Mr. President, if they are not eligible, it appears to me that two are punishing those people who have been prudent operators.

Mr. BOSCHWITZ. To some degree I must tell the Senator from Idaho that he is correct but that there is indeed a problem that exists in rural America. We want to keep them as prudent institutions whole, just as the administration agrees to keep the farm credit system whole. We want also to keep the other elements of the farm credit system whole. That is the reason for the amendment.

I yield back the balance of my time.

The PRESIDING OFFICER. All time on the amendment has expired.

Mr. GARN. Mr. President, I move to table the amendment on behalf of Senator HELMS, Senator ZORINSKY, and myself. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion

of the Senator from Utah to lay on the table the amendment of the Senator from Minnesota. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from Minnesota [Mr. DURENBERGER], the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], the Senator from Oregon [Mr. HATFIELD], the Senator from Oregon [Mr. PACKWOOD], and the Senator from Alaska [Mr. STEVENS] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from New Jersey [Mr. BRADLEY] is absent on official business.

I also announce that the Senator from Florida [Mr. CHILES] is absent because of illness.

The PRESIDING OFFICER (Mr. COHEN). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 54, nays 38, as follows:

[Rollcall Vote No. 346 Leg.]

YEAS—54

Armstrong	Hatch	Nunn
Bentsen	Hawkins	Pell
Biden	Hecht	Proxmire
Bingaman	Heflin	Quayle
Chafee	Heinz	Roth
Cochran	Helms	Rudman
Cohen	Humphrey	Simpson
Cranston	Johnston	Specter
D'Amato	Kassebaum	Stafford
Danforth	Lautenberg	Stennis
DeConcini	Laxalt	Symms
Dodd	Lugar	Thurmond
Dole	Mathias	Trible
Domenici	Mattingly	Wallop
Evans	McClure	Warner
Garn	Metzenbaum	Weicker
Gorton	Mitchell	Wilson
Gramm	Murkowski	Zorinsky

NAYS—38

Abdnor	Glenn	Matsunaga
Andrews	Gore	McConnell
Baucus	Grassley	Melcher
Boren	Harkin	Moynihan
Boschwitz	Hart	Nickles
Bumpers	Hollings	Pressler
Burdick	Inouye	Pryor
Byrd	Kasten	Riegle
Denton	Kennedy	Rockefeller
Dixon	Kerry	Sarbanes
Eagleton	Leahy	Sasser
Exon	Levin	Simon
Ford	Long	

NOT VOTING—8

Bradley	East	Packwood
Chiles	Goldwater	Stevens
Durenberger	Hatfield	

So the motion to lay on the table the amendment (No. 1173) was agreed to.

Mr. HELMS. I move to reconsider the vote by which the amendment was tabled, Mr. President.

Mr. ZORINSKY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LEAHY and Mr. ZORINSKY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. ZORINSKY. Mr. President, I yield to the Senator from Vermont for the introduction of an amendment.

Mr. BOSCHWITZ. Mr. President, regular order.

Mr. LEAHY. Mr. President, I ask what is the regular order?

Mr. BOSCHWITZ. Mr. President, I withdraw that request. I make a point of order: May a Senator yield to another Senator for the purpose of introducing an amendment?

The PRESIDING OFFICER. When there is time under the control of that Senator on the bill, that is a permissible procedure.

The Senator from Vermont is recognized.

AMENDMENT NO. 1174

(Purpose: To clarify the extent to which assessments may be made upon Farm Credit institutions)

Mr. LEAHY. Mr. President, I send an amendment to the desk on behalf of myself, Senator GRAMM, Senator BENTSEN, Senator STAFFORD, Senator MOYNIHAN, Senator D'AMATO, Senator BINGAMAN, Senator DODD, Senator KERRY, Senator KENNEDY, Senator LAUTENBERG, Senator WEICKER, and Senator COHEN, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Vermont [Mr. LEAHY], for himself, Mr. GRAMM, Mr. BENTSEN, Mr. STAFFORD, Mr. MOYNIHAN, Mr. D'AMATO, Mr. BINGAMAN, Mr. DODD, Mr. KERRY, Mr. KENNEDY, Mr. COHEN, Mr. LAUTENBERG, and Mr. WEICKER, proposes an amendment numbered 1174.

On page 63, beginning with line 23, strike out everything through line 1, page 64, and insert in lieu thereof the following:

"(3) Any assessment made on, or purchase of stock required from, any institution of the farm credit system under such regulations shall be limited to such an amount as to assure that any increase in the rate or rates of interest on loans of member-borrowers of the institution that may result from such assessment or required purchase shall not exceed one-half of one percent per year.

Mr. LEAHY. Mr. President, I did not ask to dispense with the reading of the amendment because it is very short and I thought those who might be listening back in their offices would want to hear it.

The amendment that I, with my colleague from Vermont, the two Senators from Texas, and others have offered is simple. What we are doing is trying to place some reasonable limits on the Capital Corporation's ability to require pooling of resources. In doing that, we want to protect the farmers and the system they have built for some 70 years now, since 1916.

I think if we do not have such safeguards, we are going to ask some farmers to bear some pretty heavy burdens and we are going to create competition between farm and commercial banks. That is the competition that has developed in my State and a lot of other States. This amendment would limit capital contributions so that interest rates changed to farmer borrowers to help the Farm Credit Associations do not exceed more than one-half of 1 percent per year. I think that guarantees financial contributions from healthy institutions but it would do so without impairing the reserves of the farm credit system. In doing that, it does not jeopardize the whole system.

I realize we have a real difficult problem here. We try on the one hand to bring some financial stability to the whole system, but we do not want to do it in a way that shatters some of the healthy part. We want on the one hand to make sure that everybody within the system helps—that is obviously the reason it was set up—but in helping, we want to be sure that we do not end up taking one presently healthy part and devastating it. We assure that borrowers in contributing institutions would have access to reasonable and competitive rates and terms. I think without this cap, we are going to see serious erosion of capital throughout the entire system. We are also going to see skyrocketing interest rates.

Mr. President, I know that there are time constraints. I know a number of other Senators have other amendments. I want to be able to yield to any Senator who wants to speak to it.

I yield to the distinguished senior Senator from Texas.

Mr. BENTSEN. Mr. President, I thank the distinguished Senator from Vermont. I congratulate him on this amendment.

Mr. President, I am pleased to join with the distinguished Senator as an original cosponsor of this amendment. The Senator from Vermont is a senior member of the Senate Agriculture Committee and a leader in the Senate on agricultural issues. I know from long experience that he is deeply concerned, as I am, that legislation passed by the Senate give fair and equitable treatment to all parties, including the taxpayer. This amendment will do just that. It will correct a glaring inequity in the bill which was submitted to the Senate.

This amendment will indirectly cap the drain on the capital of the various parts of the farm credit system. It will do so by providing that the results of any assessments cannot increase the interest rates to FDS borrowers by more than one-half of 1 percent.

This amendment is a simple but very necessary one. It recognizes that the FCS is at its heart a locally based and locally controlled system, run by its borrower-members. Some parts of the system are in deep trouble. Other parts are relatively healthy. It makes no sense to totally wipe out the

healthy parts of the system under the guise of curing the system's ills. We should treat the problems, not spread those problems to everyone else.

All are jointly liable for repayment of the bonds which are sold to provide the funds which the system institutions loan out. All parts of the farm credit system have sacrificed in the past and will sacrifice more in the future to help out troubled institutions. They have loss-sharing arrangements to do that, and the healthy districts, such as Texas, have been and still are willing to do their reasonable share.

However, Texas and a few other districts have been prudent in their lending policies and they do not have problems as severe as some other areas. This bill should recognize that there are some FCS districts, such as Texas, that are not part of the problem. Some recognition should be given to the practices which they have followed. It is not fair to bleed Texas, Springfield, and a few other districts totally dry when they have not caused the problem.

This amendment recognizes that the farm credit system is a grass roots, locally controlled system. It starts with farmers and ranchers who organized local Federal Land Bank Associations and Production Credit Associations. It does not start with the Farm Credit Administration or with the New York bond markets, although those are important components.

If those local associations and their districts have done a good and prudent job of lending, then they should get some credit for that. It is bad policy to penalize them excessively when they have been prudent lenders. Doing that discourages prudent lending in the future. If a local association is going to be wiped out by its neighbor's mistakes as well as by its own, then why bite the bullet? Why tell your members no on marginal loan applications?

This amendment will still require substantial financial contributions by Texas and other healthy districts. The ½-percent increase in interest rates will cost Texas farmers and ranchers about $20 million per year. It will cost the average Land Bank customer in Texas about $323 per year in extra interest and the average PCA customer $338. It will allow the FCA to take almost 40 percent of the capital of the Texas district banks and their member associations and use that money to deal with problems elsewhere in the system.

But without this amendment the bill before us could totally wipe out all the net worth and loan loss reserves of the Texas district banks and of all the local PCA's and FLB's in the Texas district. Such action would increase Texas interest rates by about 1.31 percent, costing Texas farmers and ranchers over $52 million per year in extra interest. Similar losses would be suffered by other healthy districts.

Mr. President, it is vital that this amendment be included in this bill. It will insure that these interest rates remain competitive and it will reward and encourage sound lending practices. For the sake of fairness and equity, I strongly urge the adoption of this amendment.

Mr. President, this amendment does strike some reasonable balance. I urge that we not penalize too much those that have been prudent and have done an effective job of management.

I thank the distinguished Senator.

Mr. GRAMM. Will the Senator yield?

Mr. LEAHY. Mr. President, before the Senator does that, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. GRAMM. I thank the distinguished Senator for yielding.

Mr. President, I identify myself with the remarks of the senior Senator from Texas. It seems to me that what we have here is a reasonable compromise. It says that those institutions in areas that are in good shape will share their assets and will share the burden as part of a national system. On the other hand, I think prudence dictates that there be some limit to the amount of sharing. If they are forced to share on a total basis, then there is no reward for being prudent. There is no reward for having built up assets, and we get a beggar-thy-neighbor process working in the farm credit system.

What we are saying is if we have set aside an abundance of resources and those other parts of the institution find themselves in difficulty, we are willing to share part but not all because we want to encourage them and other member institutions to store up their assets for a time when we face national problems.

So I think this is a very good amendment. I support it strongly, and I identify myself with the remarks of the senior Senator from Texas.

Mr. BENTSEN. I thank the distinguished Senator from Texas for his very able presentation.

The PRESIDING OFFICER. Who yields time?

Mr. ZORINSKY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. ZORINSKY. I yield myself 2 minutes.

Mr. President, I oppose the pending amendment—not because I disagree with its intent but because it will restrict the farm credit system's ability to use its resources to resolve its financial problems. The administration has made it clear that the system must full commit its resources to resolving its problems before Federal financial assistance will be made available.

The pending amendment would limit the level of assessments or stock purchases that could be required by the capital corporation. Under the bill, the capital corporation is authorized to assess or require stock purchases for the purposes of capitalizing the corporation, reallocating system resources, and repaying any Federal financial assistance that may be provided.

The amendment provides that assessments or stock purchases would be limited to a level, whereby, no farm credit system bank would be required to raise the interest rate charged to borrowers by more than one-half of 1 percent.

I would note that the bill before us requires—in several different provisions—that the farm credit system be maintained as viable lender offering competitive interest rates at reasonable terms. Despite these provisions, concern has been expressed that the bill does not provide specific assurances that the system's banks will be able to remain competitive after the assessments and stock purchase requirements are imposed.

The amendment is designed to address that issue by limiting the effect assessments and stock purchase requirements could have on the interest rates offered to borrowers. Clearly, no one wants to raise the interest rates of the system's borrowers. However, the system must commit its resources before essential Federal assistance is provided and—in some cases—that could temporarily result in higher interest rates for some borrowers—particularly in the Northeast and Southwest regions of the country.

For the reasons I have stated, I oppose the amendment.

Mr. DOLE. Mr. President, I think I understand the amendment. It is just an effort by two districts to not put any resources in the pot at the expense of the other eight, and what they are doing is requiring the Federal money earlier. It seems to me that the Members who live in those two districts probably ought to support this amendment. The rest of us who live in the other eight ought to vote "no."

Mr. ZORINSKY. Mr. President, I move to table the amendment and ask for the yeas and nays.

I yield back the remainder of my time.

The PRESIDING OFFICER. The Chair advises the Senator that the proponents of the amendment still have time remaining. The motion to table would not be in order at this time.

Mr. LEAHY. Mr. President, I will yield back the remainder of my time in just a moment so the Senator from Nebraska can make his motion, but I

would note against the distinguished Senator from Kansas that several districts involved—Springfield, TX, and Baltimore—are going to be putting in hundreds of millions of dollars, but without this amendment you could find their average borrower suddenly paying something like $3,000 a year more in interest rates.

Considering the fact they have been prudent and careful, that is an unfair burden. Each of their borrowers are going to pay substantially more but not thousands of dollars more that would be required without this amendment. What we are saying is let us not penalize people because they handled their money in a careful and prudent fashion.

If the Senator from Nebraska still wishes to make his motion, I will yield back my time for that purpose.

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. Does each side yield back its time?

Mr. HELMS. What is the time situation?

Mr. LEAHY. I yield back my time if we are just going to go to a motion.

Mr. HELMS. We have a few Senators who want to speak.

Mr. LEAHY. Then I will withhold.

The PRESIDING OFFICER. The Senator from Vermont has 2 minutes and the manager has 10 minutes.

Mr. HELMS. Very well. Mr. President, I will only be a moment.

Mr. President, of course I share the concern of the Senator that interest rates not increase for the borrowers of the Farm Credit System. However, I think every reasonable protection is granted in this bill to avoid an association being forced to raise interest rates. Therefore, I oppose this amendment.

Certainly, one of our primary goals is in considering this legislation is to keep interest rates from increasing. This will be substantially accomplished in two days through the enactment of this bill.

First, pooling of funds through the capital corporation will efficiently and effectively manage the financial resources of the system. In this way, system institutions with capital will be able to assist those institutions in need of funds to survive. Upward pressure on interest rates for those associations under stress will decrease as this assistance is made available. Under this bill, no institution will be required to make contributions that will jeopardize its viability or cause its interest rates to become uncompetitive.

The second way this legislation will keep interest rates from increasing is through the reassurance of Farm Credit System bond investors. The line of credit authorized in their bill will allow the system to raise funds at affordable cost, thus relieving any pressure to increase rates at the local level.

Mr. President, it is my understanding that the sharing of earned surplus and loss reserves of the various system institutions will in no way cause a contributing institution to become nonviable—and this bill precludes that. The line of credit will be reassurance for the bond market, to better enable the system to secure funds and therefore to make loans without charging noncompetitive interest rates.

To be candid, Mr. President, the reluctance of any system institution to share with other institutions a portion of the substantial capital surplus it might have, is contrary to the very fiber of this legislation. The foundation of S. 1884 is system self-help and, frankly, I find it disturbing that some segments of the Farm Credit System are resisting efforts to bring their available resources to bear on this problem. Of course, in determining the amount of available resources that system institutions can contribute to the self-help effort, specific criteria must be developed. At the very least these criteria on contributions must take into account the impact—and especially the impact on loan interest rates—upon borrowers of contributing banks and associations, that will result from the loss of the use of net worth that has accumulated in their own bank or association over the years. In addition, they should take into account the effect on lending rates of financial assistance already provided to other system institutions. The bottom line must be to assure that the overall financial strength of the institution, that is, its capital, its earning capacity, its loanable funds, remain at a level that permits it to remain viable—and that means it must be able to remain competitive. Clearly implicit in all this is that contributions to help sister institutions must not leave any system banks in a condition that they cannot satisfy their own liability on their own obligations, including their own portion of systemwide borrowings. Our bill requires that FCA develop such criteria in regulations.

This Senator will never support the use of taxpayer money to bail out the system until the system has fully committed its available resources to helping itself. This amendment is an attempt by certain system entities to avoid sharing their funds in order to ultimately depend upon the taxpayers to bail out the system.

Mr. President, I cannot overemphasize the fact that the adoption of this amendment would significantly negate the primary aspect of the bill—to give the system the tools it needs to help itself. If the system refuses to take whatever reasonable measures are necessary to help itself, then there is absolutely no reason for this bill.

There is no doubt in my mind that the adoption of this amendment may very well kill my chance it might have for enactment this year. The administration is adamently opposed to this provision.

Let me say, Mr. President, that the bottom line issue on all of this is the use of taxpayer money to bail out the system, and this is one Senator who will never support the use of taxpayer money to bail out the system unless and until the system has clearly and fully committed its available resources to help itself. This amendment is an attempt by a certain segment of the system to avoid sharing funds in order to ultimately depend upon the taxpayers to bail out the system. No other face can be put on it.

Mr. President, I yield 2 minutes to the distinguished Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

Mr. GRASSLEY. I thank the Senator for yielding.

This is not the time, as I rise in opposition to this amendment, for those of us within the farm credit system, where it is such a basic part of the economy, to be fighting among ourselves. I would suggest that the only difference between where you can point to good management versus bad management—in other words, the argument has been used on the other side for this amendment that where associations have been well managed, then they should not be penalized for mismanagement elsewhere. We stand as a unit, and the only difference between what you might call good management versus bad management, we will say in the Omaha area where bailout is necessary, or Spokane, is the fact that we had a 50-percent drop in land values and you did not. Now, you have had some drop, yes, but you have not had that 50-percent drop. And that has nothing to do with management. That has something to do with decisions made by the Federal Reserve Board.

You must remember that if you have had some good years, your associations have benefited over the last decade and a half, some of that prosperity must be credited to the rapid rise in land values in the Middle West, because that benefited the entire system. The capital structure and the net worth of the entire system benefited as a result of good times in the Middle West.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BENTSEN. Mr. President, I must say that I find a little problem in the Senator's argument.

The situation is one where we get the same price for our grain and cotton as you. There was speculation in your area to pump up prices to the point that they do not get the kind of return needed to justify the loans you are willing to give, and you are bearing the brunt of that today. That situa-

tion did not exist in Texas and other places to the degree that it did in your area, and therefore we did not have the degree of imprudent loans that took place in your area.

When you talk about tight money, it applies to us as much as to you. We were affected by the same rates that you were.

So I find that argument difficult to follow.

Mr. DOMENICI. Mr. President, the Helms/Zorinsky farm credit system bill creates a central "capital corporation" with the authority to require investments or make assessments on healthy duction credit associations [PCA] or Federal land banks [FLB], in order to cover losses at ailing banks.

The Helms/Zorinsky bill requires contributions from healthy banks to be made from their available capital.

It is possible that healthy institutions would be required to borrow funds and increase their own debt in order to make contributions to ailing institutions. The cost of borrowing funds for these contributions must ultimately be borne by farmers who are also the shareholders of farm credit bank and associations.

It is entirely possible that these contributions will increase interest rates to a level that will not be affordable to farmers. Therefore, these contributions should be carefully controlled.

Mr. President, I support the Leahy amendment. The Leahy amendment limits capital contributions so that interest rates charged to farmers—borrowers of healthy banks and associations do not increase by more than one-half of 1 percent.

This amendment guarantees financial contributions from healthy banks, without imperialing their ability to service the agricultural lending needs of their borrowers.

The absence of adequate safeguards against erosion of capital could lead to first, crippling interest rate increases for farmers, second, an inability to service new farm borrowings and third, a severely diminished ability to withstand a serious downturn in the agricultural economy.

Mr. D'AMATO. Mr. President, I rise today to join with my distinguished colleague from Vermont in introducing an amendment which will make the restructuring of the Farm Credit Administration equitable and fair to all farmers in the United States.

Clearly, there is no question that this Nation's agricultural community is suffering greatly. Not only are farm foreclosures becoming a common occurrence, but agricultural banks also are failing at an unprecedented rate. Presently, it is estimated that more than 125,000 farmers are experiencing extreme financial difficulties.

Mr. President, the amendment being offered today is premised on the principal of fairness. Healthy banks within the farm credit system are asked to contribute to a newly formed capital corporation in order to assist those banks that are in financial trouble. Right now there are three healthy banks—Springfield, TX, and Baltimore. Although each desires to assist the weaker banks, none wants to jeopardize its own financial stability.

In order to provide safeguards for stronger banks, and the individual farmers who are investors and owners of these banks, a limitation on the capital contribution of the stronger banks must be imposed. This amendment proposes establishing a limit on capital contributions so that interest rates charged to farmer and cooperative borrowers do not increase by more than 0.5 percent. This restriction will assure that healthy banks remain healthy and viable for their borrowers.

Mr. President, in the interest of preventing further erosion of our agricultural economy I urge my Senate colleagues to strongly consider this amendment and vote for its adoption.

Thank you, Mr. President.

Mr. LEAHY. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. One minute and 14 seconds.

Mr. LEAHY. Mr. President, I remind all Senators that the higher rates are simply going to drive good borrowers away from the system and make it more fragile.

I am not suggesting, nor would I support, an amendment that would immunize any part of the system from helping out, whether it is in the Northeast or in Texas or anywhere else. Nobody is suggesting that. They are offering to pay a significant amount of money. We are asking, though, that in these areas there at least be a cap on the amount of money they might be called upon to pay, before that part of the system is also in enormous jeopardy.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. HELMS. Mr. President, Senator ZORINSKY and I yield back the remainder of our time.

Mr. ZORINSKY. Mr. President, I move to table the amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], the Senator from Oregon [Mr. HATFIELD], the Senator from Oregon [Mr. PACKWOOD], and the Senator from Alaska [Mr. STEVENS] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Massachusetts [Mr. KENNEDY] is necessarily absent.

I further announce that the Senator from New Jersey [Mr. BRADLEY] is absent on official business.

I also announce that the Senator from Florida [Mr. CHILES] is absent because of illness.

The PRESIDING OFFICER (Mr. COCHRAN). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 51, nays 41, as follows:

[Rollcall Vote No. 347 Leg.]

YEAS—51

Abdnor	Garn	Mathias
Andrews	Glenn	McConnell
Armstrong	Gorton	Melcher
Baucus	Grassley	Murkowski
Boren	Harkin	Nickles
Boschwitz	Hatch	Pressler
Bumpers	Hawkins	Proxmire
Burdick	Hecht	Pryor
Cochran	Helms	Quayle
Danforth	Humphrey	Riegle
DeConcini	Johnston	Simpson
Dole	Kassebaum	Thurmond
Durenberger	Kasten	Trible
Eagleton	Laxalt	Wallop
Evans	Levin	Warner
Exon	Long	Wilson
Ford	Lugar	Zorinsky

NAYS—41

Bentsen	Hart	Nunn
Biden	Heflin	Pell
Bingaman	Heinz	Rockefeller
Byrd	Hollings	Roth
Chafee	Inouye	Rudman
Cohen	Kerry	Sarbanes
Cranston	Lautenberg	Sasser
D'Amato	Leahy	Simon
Denton	Matsunaga	Specter
Dixon	Mattingly	Stafford
Dodd	McClure	Stennis
Domenici	Metzenbaum	Symms
Gore	Mitchell	Weicker
Gramm	Moynihan	

NOT VOTING—8

Bradley	Goldwater	Packwood
Chiles	Hatfield	Stevens
East	Kennedy	

So the motion to table the amendment (No. 1174) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the motion to table was agreed to.

Mr. ZORINSKY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BOSCHWITZ and Mr. ZORINSKY addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. ZORINSKY. Mr. President, I yield to the Senator from Montana, Senator BAUCUS.

Mr. BAUCUS. Mr. President, I thank the Senator from Nebraska.

AMENDMENT NO 1183

Mr. BAUCUS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Montana [Mr. BAUCUS] proposes an amendment numbered 1183.

Mr. BAUCUS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The text of the amendment is printed under amendments submitted.

Mr. BAUCUS. I thank the Chair.

Mr. President, this is a substitute amendment which includes the provisions of the underlying bill by Senator HELMS and ZORINSKY, as amended by Senator DOMENICI, and as amended in a way that I am now going to describe.

This amendment is trying to address some of the problems that the Senator from Vermont was trying to address. I believe it is a compromise amendment because it does not restrict the ability of poorer districts to receive assistance as much as did the amendment offered by the Senator from Vermont.

My amendment is designed to curb some of the excessive powers of the capital corporation so that all districts, all associations and all member banks have a little more authority, and a little more control over their own destiny. As the basic underlying bill is written, there is no control over the powers of the capital corporation.

For example, the underlying bill requires systems institutions to purchase stock in the corporation "as the corporation may determine." Those are the words of the underlying bill.

An additional power granted to the capital corporation under the underlying bill is to "assess and collect funds from each institution in such manner, at such times, and in such amounts as the capital corporation shall determine" without any requirement to repay.

A third power granted to the capital corporation under this bill would be to authorize the capital corporation to "transfer funds and equities between and among institutions" and "require capital contributions to the corporation as the corporation considers necessary."

Finally, the underlyig bill grants the capital corporation to exercise powers "necessary or expedient to carry out the business of the corporation."

Mr. President, this underlying bill is a power grab by the financial credit system. They wrote this bill. They drafted it. They sent it up here. And they want even more power than they now have—in fact, so much power that the rights otherwise granted to member associations, to shareholders, and to member borrowers will be completely irrelevant. They will not have any rights. This bill concentrates financial power in the capital corporation.

My amendment is very simple. It is designed to curb some of the powers of the capital corporation so that PAC's, Federal bank associations, cooperatives and their banks will not be at the complete mercy of the capital corporation.

Mr. President, I am not exaggerating. I say complete mercy, I mean complete mercy. I urge Senators to read the bill. Look at the language of the bill. I know that Senators are tired. It is late in the day. We have just come back after a Thanksgiving recess. We have been dealing with the farm problem for a long time. Senators just have not had the time, and, to some degree, many may not have the inclination, to read the provisions of the underlying bill. If Senators would read the bill, Senators would be concerned about the excessive power that this bill grants to the capital corporation.

The amendment I am offering essentially provides that the contributions by the member banks to the capital corporation are to be staged—that is, they do not have to come all at once. The proceeds of bonds are subject to an overall $5 billion limitation—at least some limitation on the capital stock that member banks are required to purchase in the capital corporation.

In addition, my amendment provides that institutions—that is, banks—are protected in having to contribute at least 3 percent of their own portfolio value at any one stage. At least there is some limitation. All I ask is some limitation.

Third, contributions to the capital corporation would be made solely to enable it to make financial assistance available to institutions of the farm credit system—that is, so the contributions do not go to other purposes. We are trying to ensure that contributions form member banks help other banks, help the farm credit system, and not somebody's boat loans or some of these other activities which under this bill the capital corporation would be empowered to do.

Finally, my amendment would provide that the capital corporation, when it obtains funds, is required to give priority to the use of transactions that require the corporation under reasonable terms to repay the contributed funds from surpluses accumulated by the capital corporation. That is kind of repayment provision.

Right now, in the bill there are no repayment requirements. Member banks are forced to contribute to the capital corporation with no repayment requirements.

Mr. President, I strongly urge Senators to read the bill. I know it is a little late in the day. It is only 6:10, but Senators are getting a little tired of this to some degree.

We have the obligation, we have the responsibility, to read the bill, to know what is in the bill. I ask Senators then to vote for this amendment. It is not a killer amendment. The system would still be continued. In fact, I think the system would be strengthened if this amendment is adopted. Why? Because it will instill more confidence in the member borrowers if this amendment is adopted. The amendment would create more confidence in the credit market and in the bond market.

It is not a killer amendment. It is an important. It is an amendment to make this a viable bill so that we can protect our farmers and ranchers.

Mr. President, as I said, this is not designed to limit transfers from the wealthier districts to the poorer districts. This is designed to help all districts and all member banks and associations that are members so that the capital corporation does not ride roughshod over them.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. BAUCUS. Mr. President, might I inquire of the Chair how much time I have remaining?

The PRESIDING OFFICER. The Senator has 7 minutes remaining and the Senator from North Carolina [Mr. HELMS] has 10 minutes remaining.

Mr. EXON. Will the Senator yield for a question?

Mr. BAUCUS. I am happy to yield.

Mr. EXON. On the explanation sheet which has been provided, it says system institutions are protected from having to contribute in excess of 3 percent of their own portfolio value at any stage.

That strikes me as an amendment that would limit the amount of money that the well-off farm credit systems would have to put into the corporation. Is that accurate?

Mr. BAUCUS. The Senator is basically correct. It provides for a 3-percent limit. My amendment applies to the stages of contribution. If a capital corporation goes to a member bank and says, "We want x amount of contribution today," there is a potential to cause quite a disruption with that particular bank or district. So we are asking for stages. We are saying that each stage has a 3-percent limitation.

Mr. EXON. I do not wish to take any more of the Senator's time, except that it is my observation that with the serious trouble that certain parts of the Farm Credit System are in today, the idea of this capital corporation, as I understood it, was to take the excess funds and reserves from the healthy districts and put them into the capital fund. It appears to me that the amendment offered by the Senator from Montana would get in the way of that goal.

Mr. BAUCUS. If I might respond, this amendment is designed to allow the transfer of funds, but to put some

limitation, some degree of limitation, on the transfer so that the capital corporation does not have unbridled power and the system as a whole—both poor and wealthy institutions—may benefit.

The amendment I am offering will not proscribe or limit the transfer of funds as much as would the amendment offered previously by the Senator from Vermont. That was more restrictive. This amendment is less restrictive.

Essentially, it helps all districts by limiting some of the powers of the corporation which will 1 day or another intrude on each district. Because one district might be wealthy today, it might not be quite as wealthy tomorrow.

If the capital corporation has unlimited power to assess funds from healthy banks, it will drive healthy borrowers out of the system; they will pay off their PCA loans by borrowing instead from commercial banks. Unlimited assessments would cripple all system institutions, rich and poor.

I should add, as well, that this amendment reduces the power of the capital corporation in many other ways. The amendment is not only directed at assessments.

Mr. EXON. I thank my friend from Montana.

Mr. BENTSEN. Mr. President, I am pleased to join with the distinguished Senator from Montana [Mr. BAUCUS] in offering this amendment to move this bill away from the centralized, top-down approach to something more oriented toward local control of the Farm Credit System. I believe that the principal of local control is absolutely vital to the future viability of the FCS.

This amendment will put reasonable and needed restraints on the powers of the Farm Credit System Capital Corporation. It will help see that the FCSCC is not a super bank holding company, but is instead simply a servant of the local associations that compromise the FCS. It will provide maximum involvement by those local associations through such things as requiring that management and leasing of properties controlled by the FCSCC be done through the local associations. It will provide that FCSCC must issue stock in return for any capital contributions and that that money be repaid when feasible. It will require that capital transfers to the FCSCC be done in a form which minimizes interest rate increases to the borrower-members of the FCS, and it will prevent the FCSCC from borrowing independently of the 37 member banks of the FCS.

This amendment will prevent many problems which could arise from an all-powerful and unrestrained FCSCC, and I urge its adoption by the Senate.

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, I make the point that we are nearing 7 o'clock when we hope to have final passage.

I find in terms of what may happen, as far as contributing capital is concerned, this is a rehash of the amendment we just disposed of, as the Senator from Nebraska, Senator EXON just pointed out.

This may not be a perfect piece of legislation, but let me remind my colleagues that today is the 3d of December, I hope we may leave here sometime between the 14th to the 21st, or sometime down the road.

The House is marking up the farm credit bill this very afternoon. It is my hope that we can get a farm credit bill passed in the Senate, go to conference, send it to the President, and have it signed so that we can get some relief this year.

My view is it is critical to the farm credit system throughout the country.

I do not quarrel with people who offer amendments. This is basically the amendment we just voted on, plus the earlier amendment by the distinguished Senator from Montana. So it is an effort to come back and offer the same amendment.

If we want a farm bill, let us defeat these amendments. There may be amendments that should be adopted, but this is not one of them.

I hope we can have final passage by 7 o'clock.

The PRESIDING OFFICER. Who yields time?

Mr. HELMS. Mr. President, I am prepared to yield back the time on my side if the Senator from Montana is willing to yield back the remainder of his time.

Mr. BAUCUS. Mr. President, the legislation in the House is in a subcommittee and still has to go to the full committee and then to the floor. I understand from the distinguished majority leader that the Senators want to recess and go home around December 13 or 14. I suggest that we can take a few hours or a day more on this bill. We do not have to pass this bill right now, particularly when nobody has seen this bill. There have been no hearings and no markup, no consideration whatsoever.

The amendment I am offering is a good faith amendment to improve the bill. This is not a killer amendment.

I am a bit perplexed why the managers of the bill are tabling every single amendment when the committee itself has not considered this bill. There has been no markup of this bill.

I might respectfully say that it is surprising to me that when there have been no hearings or markup that Senators are unable to offer good faith amendments. We have time to offer good faith amendments. We have a few more hours, another day. We have the time in which to pass a good bill.

It just seems to me that we have an obligation and responsibility as Senators to write the best bill and not just push through whatever is up so we can go home.

We are not elected to do that. We are elected to work and to exercise our responsibilities.

I hope we can at least adopt this amendment. If it needs to be modified, there is a way to work that out. It is a good faith amendment to limit the power grab given to the Capital Corporation under this bill. I believe if Senators really read the bill they would be concerned about the transfer of power this bill gives to the Capital Corporation.

I yield back the remainder of my time.

Mr. ZORINSKY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Nebraska?

Mr. HELMS. Yes, Mr. President.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. ZORINSKY. Mr. President, as my colleague from Nebraska pointed out, this is very similar and parallel to the amendment presented earlier by the Senator from Vermont. In answer to a question by my colleague from Nebraska, the Senator from Montana indicated that this is "not as much" as was the other amendment.

The words "not as much" have a very broad terminology.

We have had hearings on the farm credit system in the Senate Agriculture Committee. The chairman and I are both members of that committee. This is not a new subject to us. Over the weekend I saw the bill before us that we are considering today. Prior to that, there was a great deal of discussion among a number of Senators.

This is not new information to me. I feel qualified to move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the amendment of the Senator from Montana. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], the Senator from Oregon [Mr. HATFIELD], the Senator from Oregon [Mr. PACKWOOD], and the Senator from Alaska [Mr. STEVENS] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Massachusetts [Mr. KENNEDY] is necessarily absent.

I further announce that the Senator from New Jersey [Mr. BRADLEY] is absent on official business.

I also announce that the Senator from Florida [Mr. CHILES] is absent because of illness.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 47, nays 45, as follows:

[Rollcall Vote No. 348 Leg.]

YEAS—47

Abdnor	Hawkins	Murkowski
Armstrong	Hecht	Pressler
Biden	Heinz	Proxmire
Boschwitz	Helms	Quayle
Cochran	Humphrey	Riegle
Danforth	Johnston	Simpson
Dole	Kassebaum	Specter
Domenici	Kasten	Stafford
Durenberger	Laxalt	Symms
Eagleton	Levin	Thurmond
Evans	Long	Trible
Exon	Lugar	Wallop
Garn	Mathias	Warner
Gorton	Mattingly	Wilson
Grassley	McClure	Zorinsky
Hatch	McConnell	

NAYS—45

Andrews	Dodd	Metzenbaum
Baucus	Ford	Mitchell
Bentsen	Glenn	Moynihan
Bingaman	Gore	Nickles
Boren	Gramm	Nunn
Bumpers	Harkin	Pell
Burdick	Hart	Pryor
Byrd	Heflin	Rockefeller
Chafee	Hollings	Roth
Cohen	Inouye	Rudman
Cranston	Kerry	Sarbanes
D'Amato	Lautenberg	Sasser
DeConcini	Leahy	Simon
Denton	Matsunaga	Stennis
Dixon	Melcher	Weicker

NOT VOTING—8

Bradley	Goldwater	Packwood
Chiles	Hatfield	Stevens
East	Kennedy	

So the motion to lay on the table amendment (No. 1183) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the motion to table was agreed to.

Mr. ZORINSKY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1184

The PRESIDING OFFICER. Under the previous agreement, the Senator from Iowa [Mr. HARKIN] is recognized for the purpose of offering an amendment.

The Senate will please be in order.

Mr. HARKIN. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

On page 61, between lines 16 and 17, insert the following:

"(c) The Capital Corporation shall sell or lease farmland administered under this title in the following order of priority:

"(A) Sale of such farmland to operators (as of the time immediately before such sale) of not larger than family-size farms.

"(B) Lease of such Farmland to operators (as of the time immediately before such lease is entered into) of not larger than family-size farms.

"(d) Notwithstanding any other provision of law, the rate of interest on any loan owned or made by the Capital Corporation shall not exceed the average rate of interest charged by the Farm Credit System Bank from which the loan originated.".

Mr. HARKIN. Mr. President, first of all, may we have order?

The PRESIDING OFFICER. The Senate will please be in order.

Mr. HARKIN. Mr. President, it is quite obvious now that this piece of legislation is on a fast track, like a locomotive going downhill.

Once again, this is a terrible way to legislate. All I can say is that this Senator from the State of Iowa is never again going to permit a unanimous-consent agreement to go through on this kind of legislation, which is so important to agriculture, whereby we are so limited not only in time but also in the kinds of amendments that can be offered.

No markup has ever been held in committee on this bill. It has been changed somewhat since the original bill was introduced. They say they are technical changes, but no one has had a chance to look at it. Evidently, there is a rush to judgment here, and I would say that the judgment is going to be wrong.

This is important and very far-reaching legislation. This capital corporation that is being established by this bill could in a very short time become one of the largest single banks in the United States, a "megabank." Without any doubt, it will become the largest single owner of farmland in the United States.

What is going to happen with this corporation is that it will move in and start taking over more and more land. Possibly within 1 or 2 years, this capital corporation could own as much as 5 percent to 10 percent of the farmland in the State of Iowa.

The problem is that there are no guidelines to control the corporation in this bill. We are setting up one of the largest banks this country has ever seen, which will take over farmland of hundreds of thousands of acres, with no guidelines whatsoever.

Because of the unanimous-consent agreement and because all amendments in the first degree must be germane to the bill itself, I am precluded from offering certain amendments, but the amendment I have offered is at least a small step in the right direction, to try to put some guidelines on this corporation to get it to do a few things that I think are good public policy.

All I say in my amendment is that if this capital corporation takes over the title to the land, which they are going to do, they can do two things with it. First, they can sell the land to an operator of not larger than family-sized farms.

Second, my amendment says that when the capital corporation deems it best to lease their land, they can only lease it to operators of not larger than family-sized farms.

It should be understood that under this bill as it is before us, this capital corporation could wind up owning 5 percent of the land in Iowa. With no guidelines, they could bundle those acres of land. Are they going to sell that land back in 400-, 500-, or 600-acre parcels? No. They will put it into 10,000-acre bundles and sell it to the highest bidder, to corporations, to limited partnerships, but not the family-size farmer. My amendment says that they have to give priority to the family farmer who was on the land, to rent or lease it, and they have to give that same farmer first priority when they sell it.

The last thing my amendment does is very important. Remember, under this bill, the corporation can take these loans and can charge whatever interest rate it wants to charge. It can charge anything it wants to charge. My amendment says that the rate of interest on any loan owned or made by this corporation shall not exceed the average rate of interest charged by the farm credit system bank from which the loan originated.

Basically, the amendment says that if this corporation takes a loan from the Federal land bank in say Creston, IA, and that loan is at 12 percent, they cannot charge that farmer 13 percent or 12.5 percent. They cannot charge any more than the average rate of interest in that bank.

These three provisions I believe will go a long way toward at least putting some guidelines to this capital corporation to get it to adhere to sound public policy.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

The Senator from North Carolina [Mr. HELMS] has 10 minutes remaining, and the Senator from Iowa [Mr. HARKIN] has 5 minutes remaining.

If neither side yields time, the time runs equally against both sides.

Mr. ZORINSKY. Mr. President, I suggest the absence of a quorum.

Mr. HARKIN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARKIN. If a quorum call is called how is the time allocated?

The PRESIDING OFFICER. The time will come off the bill.

Mr. HARKIN. The time will come off the bill?

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. ZORINSKY. Not off the amendment itself, but off the bill.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. CRANSTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SYMMS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. An amendment is pending. The amendment of the Senator from Iowa is the pending matter before the Senate.

Mr. SYMMS. I withdraw that request.

The PRESIDING OFFICER. Who yields time?

The Senator from North Carolina [Mr. HELMS] has 9 minutes remaining and the Senator from Iowa [Mr. HARKIN] has 4 minutes and 55 seconds remaining.

Time runs equally against both sides if neither side yields time.

Mr. ZORINSKY. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time be equally divided on both sides against the bill itself.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Nebraska?

Mr. HARKIN. Mr. President, reserving the right to object.

The PRESIDING OFFICER. The Senator reserves the right to object.

Mr. HARKIN. Was the request to have a quorum call and have the time come off the amendment or just off the bill?

Mr. ZORINSKY. Off the bill itself, not off the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I am a bit baffled by the fact that the Senator from Iowa even offered this amendment, because it is going to run contrary to what he says his intent is.

We did not even see the amendment until the time he called it up. We knew that he had a 20-minute time agreement, and that is fine.

But if the Senator really wants to confuse the very thing that this legislation is intended to do, to restructure reform of the farm credit system, then this amendment will do nothing constructive. In the first place, it severely restricts the ability of the capital corporation, and bear in mind this is not the Government—the Senator is talking about a cooperative, and with this amendment he is saying, "you are going to run this like the Government says," even though it is not a Government entity. My prayer is that it never will become one.

Second, I cannot believe any Senator disagrees with the notion that this corporation, having been backed up as it will be by this legislation, I am not talking about the amendment, I am talking about the legislation—the corporation should not be handcuffed in terms of its flexibility to manage its assets in a businesslike manner.

Third, the Senator's amendment would not provide any assistance to farmers.

This is one of the smoke and mirror things. It may make a headline back home but it is not going to do a bit of good for the farmer in distress.

Under the bill the capital corporation has ample authority to restructure the troubled loans and otherwise help the borrowers in difficulty.

I do not know whether the distinguished Senator from Nebraska, when time has been consumed or yielded back, is going to move to table. But if he does not, I will, because if ever an amendment needed tabling this one does.

Mr. ZORINSKY. Mr. President, does the Senator yield back the remainder of his time?

Mr. HELMS. It depends on what the Senator from Iowa is going to do.

Mr. ZORINSKY. Does the Senator from Iowa yield back the time?

Mr. HARKIN. No. I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time.

Mr. HARKIN. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER. The Senator from Iowa has 4 minutes and 55 seconds remaining.

Mr. HARKIN. Mr. President, in responding the distinguished chairman of the committee, let me just say that if this is not a Government entity what are we doing here? Why are we legislating if the Government has nothing to do with it? Let us just close up and go home.

Of course, we are doing something here that has to do with the Government. We are giving a Government charter, a Federal charter, to what will be one of the largest banks in the United States. That is what we are doing.

How can you say this has nothing to do with the Government? It has everything to do with the Government plus the fact that this entity is getting an unlimited line of credit from the U.S. Treasury. Thanks to the Senator from New Mexico at least it is going to have to go through the appropriations process. But still nonetheless it is an unlimited line of credit from the U.S. Treasury.

So again this is Government. It is Government involvement, very much so.

You are talking about restructuring agriculture. Let me tell you this credit corporation will restructure agriculture. You bet it will. When it winds up holding 5 to 10 percent of the farmland in Iowa, a couple percent in this State, a percent in Mississippi, a percent in Missouri, a couple percent in Kansas, you better believe it is going to restructure agriculture.

What I am saying is in this bill there are no guidelines. They can just do whatever they want to do with that land.

As I said, I know what they are going to do. They will bundle it in 10,000-acre bundles and sell it to the highest bidder, sell it to limited partnerships, or whatever.

I have offered three very modest amendments.

Now if the distinguished chairman is right, that this is all smoke and mirrors, he should just accept it then. But I bet they will not because it is not smoke and mirrors. It does put some guidelines—not handcuffs—but it does put some guidelines on the credit corporation as to——

The PRESIDING OFFICER. The time of 7 p.m. having arrived, all time for debate on the bill and all amendments thereto has expired.

Mr. HARKIN. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state his point of order.

Mr. HARKIN. Mr. President, under the unanimous-consent agreement, it said that the Senator from Iowa is guaranteed the right to offer a first-degree amendment before the time for debate on the bill has expired. And I should be allowed to finish my time.

The PRESIDING OFFICER. That is right. It was granted.

Mr. HELMS. Mr. President, may I inquire how much additional time the Senator has remaining?

The PRESIDING OFFICER. The Senator would have 1 minute remaining.

Mr. HELMS. Mr. President, I ask unanimous consent that he be allowed to proceed.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The Senator from Iowa.

Mr. HARKIN. Mr. President, I thank the distinguished chairman. The other provision of my bill, which the distinguished chairman did not comment on, is this idea of the interest rates. If you want to let the credit corporation go ahead and charge whatever interest rate they want to charge, fine. But I think we at least ought to limit it to charging no more

than the average rate of interest that is charged by the local bank from which they bought the loan in the first place. Otherwise, you will have a farmer paying 12 percent to his local Federal land bank and all of a sudden they are going to turn around and be paying 12.5 percent to the capital credit corporation that is located wherever it is going to be located—I hear it is going to be located in Wichita, KS.

Well, at least we ought to have these guidelines for this Corporation to keep the interest rate at no more than what the farmer was paying at that time.

Mr. President, I yield back the remainder of my time.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. ZORINSKY. Mr. President, I move to table the amendment on behalf of Senator HELMS and myself, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Nebraska [Mr. ZORINSKY] to table the amendment of the Senator from Iowa [Mr. HARKIN]. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], the Senator from Oregon [Mr. HATFIELD], the Senator from Oregon [Mr. PACKWOOD], and the Senator from Alaska [Mr. STEVENS] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Massachusetts [Mr. KENNEDY] is necessarily absent.

I further announce that the Senator from New Jersey [Mr. BRADLEY] is absent on official business.

I also announce that the Senator from Florida [Mr. CHILES] is absent because of illness.

The PRESIDING OFFICER (Mr. DURENBERGER). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 48, nays 44, as follows:

[Rollcall Vote No. 349 Leg.]

YEAS—48

Armstrong	Evans	Kassebaum
Boren	Garn	Lautenberg
Chafee	Gorton	Laxalt
Cochran	Gramm	Leahy
Cohen	Hatch	Long
D'Amato	Hawkins	Lugar
Danforth	Hecht	Mathias
Denton	Heflin	Mattingly
Dole	Heinz	McClure
Domenici	Helms	McConnell
Eagleton	Humphrey	Murkowski
Nickles	Specter	Trible
Quayle	Stafford	Wallop
Roth	Stennis	Warner
Rudman	Symms	Wilson
Simpson	Thurmond	Zorinsky

NAYS—44

Abdnor	Exon	Metzenbaum
Andrews	Ford	Mitchell
Baucus	Glenn	Moynihan
Bentsen	Gore	Nunn
Biden	Grassley	Pell
Bingaman	Harkin	Pressler
Boschwitz	Hart	Proxmire
Bumpers	Hollings	Pryor
Burdick	Inouye	Riegle
Byrd	Johnston	Rockefeller
Cranston	Kasten	Sarbanes
DeConcini	Kerry	Sasser
Dixon	Levin	Simon
Dodd	Matsunaga	Weicker
Durenberger	Melcher	

NOT VOTING—8

Bradley	Goldwater	Packwood
Chiles	Hatfield	Stevens
East	Kennedy	

So the motion to lay on the table amendment No. 1184 was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the amendment was laid on the table.

Mr. DOLE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ZORINSKY. Mr. President, I yield to the Senator from Oklahoma.

The PRESIDING OFFICER. The Senator may not yield unless it is for the purpose of calling up an amendment.

AMENDMENT NO. 1300

(Purpose: To modify the requirement for voluntary mergers of associations, and for other purposes)

Mr. BOREN. Mr. President, I send an amendment to the desk on behalf of myself and Senators DOMENICI, BINGAMAN, NICKLES, BAUCUS, and MCCLURE, and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Oklahoma [Mr. BOREN], for himself, Mr. DOMENICI, Mr. BINGAMAN, Mr. NICKLES, Mr. BAUCUS, and Mr. MCCLURE, proposes an amendment numbered 1300.

Mr. BOREN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 26, beginning with line 12, strike out everything through line 1, page 27, and insert in lieu thereof the following:

"'(2)(A) Except as provided in subparagraph (B), with the approval of the Farm Credit Administration, all the like associations within a district may voluntarily merge into a single district-wide association on the vote of a majority of the shareholders present and voting (or voting by written proxy) of each of the affected associations in the district.

"(B) In the case of a State in which two-thirds of the association shareholders voted against the merger, and association whose principal office is located within such State may not be required to merge with other associations in the district.

"(3) In the case of any association whose stockholders did not approve a merger with one or more other associations under this subsection and continues as an independent association—

"(A) such association shall not be (i) charged any assessment under this Act at a higher rate than that charged other like associations in the district or (ii) discriminated against in the provision of any financial service and assistance (including, but not limited to, access to credit and rates of interest on loans and discounts) by a district Farm Credit bank to the association and its member-borrowers; and

"(B) The Farm Administration Credit shall not in any association charter or certificate of territory to be served, or otherwise, provide for any other like association to operate in the territory authorized to served by such association in its charter, or othewise, unless agreed to by the board of directors of such association or the other associated was authorized to operate in the territory prior to July 1, 1985.

Mr. HARKIN. Mr. President, a point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. HARKIN. I understand that amendments may be offered but no debate may be held thereon.

The PRESIDING OFFICER. That is correct.

Mr. BOREN. Mr. President, I ask unanimous consent to proceed for 30 seconds.

Mr. HARKIN. Mr. President, reserving the right to object, this Senator also has an amendment. I have one more amendment I would also like to have the courtesy to have 1 minute to explain it. If that courtesy is not extended, I would have to object to any other Senator doing so.

The PRESIDING OFFICER. Is there objection?

Mr. BOREN. Mr. President, I ask unanimous consent that, in addition to my being given 30 seconds to explain this amendment and a second amendment, which will not require a rollcall vote, I the, Senator from Iowa, be allowed to have 1 minute to explain his amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BOREN. Mr. President, I believe this amendment will be accepted by the manager of the bill.

This amendment would allow local control of associations but still allow them to merge if they so desire.

● Mr. McCLURE. Mr. President, this amendment is very short and to the point. It will eliminate retroactively the farm credit system practice of overchartering associations. The FCS has, in my district, this year established a new production credit association, the interstate PCA. It has moved into the territory occupied by Eastern Idaho Production Credit Association

in direct competition for its borrower/members.

The farm credit system was set up as a cooperative. It is run as a cooperative for the benefit of its member/borrowers. It is not beneficial to have two associations competing in the same territory. The espoused reason for this invasion of EIPCA's territory is that the systemwide help program, worked out for the 12th district, called for the creation of the one super PCA. Eastern Idaho Production Credit Association did not vote to join the merger. Thus did not agree to any overchartering or sharing of territory.

The 12th district says that it did not charter the new Interstate PCA over the EIPCA territory in an attempt to run EIPCA out of business. However, it did say that it may charge a "differential interest rate" to the maverick PCA. Then it moved into the same territory, into the same towns and set up shop in direct competition to EIPCA.

There is no need to charter over any associations. I urge your favorable consideration of this amendment.●

● Mr. DOMENICI. Mr. President, the Helms-Zorinsky farm credit system bill, S. 1884, contains language that could enable a district to force the merger of associations which have voted against merging. We need to be assured that the special nature of the farm credit system—local control by the farmers themselves—is continued. The Boren-Domenici amendment would accomplish this.

Under the Helms-Zorinsky bill, local control is diluted because the provisions for mergers are changed. Under current law, an association cannot be forced into a merger without a majority vote of all stockholders in the district.

Under the Helms-Zorinsky proposal, an association could be merged into one districtwide association if two-thirds of the associations vote for merging. The stockholders, as a result, would lose their power over the association.

Under the Helms-Zorinsky proposal, if two-thirds of the associations in a district voted to become one districtwide association, the one-third which voted against would be required to merge.

The Boren-Domenici amendment provides that before a district is merged into a single districtwide association, a majority of the shareholders of all the associations in a particular district must approve the merger. This amendment, therefore, provides protection for associations which fail to approve a merger.

The amendment also protects these associations by prohibiting any discrimination against such associations with respect to: first, any assessment made upon the associations, second, access to credit, third, interest rates and fourth, discounts.

The Boren-Domenici amendment prohibits the Farm Credit Administration from providing an association charter to any other association to operate in the territory served by an association that votes against merging.

The amendment retains language currently in the Helms-Zorinsky bill which provides that any association not voting for merger not be required to merge with other associations in the district.●

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1300) was agreed to.

Mr. BOREN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HARKIN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1301

[Purpose: To provide for the continuation of the authority of the Farm Credit Administration to approve salary of Farm Credit institutions officers and employee, and for other purposes)

Mr. BOREN. Mr. President, on behalf of myself and Senators EXON, ZORINSKY, and NICKLES, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Oklahoma [Mr. BOREN], for himself, Mr. EXON, Mr. ZORINSKY, and Mr. NICKLES proposes an amendment numbered 1301.

Mr. BOREN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 13, strike out lines 21 and 22, and insert in lieu thereof the following:

"(4) Except for associations, approve the salary scale for employees of the institutions of the System, and approve the compensation of the chief executive officer of such institutions: *Provided*, That no salary scale or rate of compensation shall be approved under this provision unless determined to be fair and reasonable; *Provided, further*, That no increase in any salary scale or rate of compensation shall be approved during any period in which there is outstanding any investment in Farm Credit System stock or obligations by the Chairman of the Farm Credit Administration Board or the Secretary of Treasury under this Act or the Farm Credit System Restructuring and Regulatory Reform Act of 1985.

"(5) Prescribe loan security requirements and conduct loan and collateral security review.

Mr. BOREN. Mr. President, this amendment would assure that the salaries, which range as high as $343,000 a year for those in the district farm credit banks, would not be raised during such time as those associations were receiving Federal assistance. It would have meant an increase in the range of $72,000 up to $120,000 to a range of $140,000 to $243,000 in the 5 years while the farmers are in such trouble. That should not continue.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (No. 1301) was agreed to.

Mr. BOREN. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HARKIN. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1302

Mr. HARKIN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Iowa [Mr. HARKIN] proposes an amendment numbered 1302.

On page 66 of the amendment, line 15, strike out the closed quotation marks and the following period.

On page 66 of the amendment, between lines 15 and 16, insert the following:

"SEC. 4.51. TERMINATION DATE.—The Corporation and the authority granted by this part shall terminate on September 30, 1989".

Mr. HARKIN. Mr. President, this amendment is very simple. It provides that 4 years from now when the farm bill terminates on September 30, 1989, this big Corporation we are setting up will have to come back to Congress for reauthorization. As it now reads, this can go on forever and ever and they will never have to come back again. This amendment says that 4 years from now the Corporation will sunset and they have to come back for reauthorization.

Mr. ZORINSKY. Mr. President, would the Senator from Iowa amend his amendment to 5 years?

Mr. HARKIN. Mr. President, I put in 4 years to protect the farmers.

Mr. HELMS. Mr. President, I will take a moment to study this amendment, if I may.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SIMPSON). Without objection, it is so ordered.

The Senate will be in order before we proceed.

The Senator from North Carolina.

Mr. HELMS. I thank the Chair.

Mr. President, an accommodation has been reached which will not be destructive to the intent of the legislation. I ask unanimous consent that the distinguished Senator from Iowa [Mr. HARKIN] be allowed to modify his

amendment notwithstanding the fact that he has obtained the yeas and nays.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The amendment is so modified.

The amendment (No. 1302), as modified, is as follows:

On page 66 of amendment, between lines 15 and 16 insert the following:

"(b) The powers of the Capital Corporation set forth in (a) of this section, to the extent they authorize financial assistance of any type to borrowers and System institutions, shall be limited after December 31, 1990 as provided in this subsection. The powers of the Capital Corporation to directly or indirectly increase the level of such financial assistance to a borrower or institution or to provide directly or indirectly any such financial assistance to a borrower or institution not receiving such assistance on December 31, 1990 shall terminate on that date. All other powers, including those necessary for management and orderly liquidation of commitments made and obligations incurred in providing such assistance to borrowers and institutions on or before December 31, 1990, shall remain in effect thereafter.";

Mr. HELMS. Mr. President, I ask, have the yeas and nays been ordered?

The PRESIDING OFFICER. They have not been ordered.

The question in on agreeing to the amendment of the Senator from Iowa as modified.

The amendment (No. 1302), as modified, was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1303

(Purpose: To require the establishment of regulations governing the repayment of transfers of funds and equities and capital contributions)

Mr. DOMENICI. Mr. President, I have an amendment I send to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from New Mexico [Mr. DOMENICI] proposes an amendment numbered 1303.

Mr. HELMS. Mr. President, may we have order? I ask the clerk to read slowly because this is the only time we have to hear the amendment.

The PRESIDING OFFICER. The clerk will proceed.

The bill clerk continued reading as follows:

On page 64, line 7, after "corporation" insert a new subparagraph as follows:

"(C) Circumstances under which repayment shall be made to the transfering or contributing institution of any transfer of funds or equities or capital contributions made under Section 4.42(10) of this Act."

● Mr. DOMENICI. Mr. President, under this bill, the Capital Corporation essentially will take funds from sound member institutions and funnel these funds into weaker institutions to prop them up. Under section 4.42 of the act as amended, the Capital Corporation will have the power to compel healthy institutions to give some of their assets to the Capital Corporation. I basically believe that this is a good idea. The farm credit system is a cooperative and members should help one another out. All the members get the benefits of the system, so its only fair that the members help one another out when times are rough.

Sound institutions, however, should not lose assets they have accumulated through their pursuit of wise policies and firm management. They should continue to retain the benefits which they have earned. We risk jeopardizing the solvency of the healthy institutions if the funds they provide to their sister institutions are not repaid on a timely basis.

Institutions in good shape should not have to suffer because of the problems of other institutions. Fairness and sound management dictate that institutions that receive influxes of funds from their sister institutions should pay these funds back to the system if they are able and that the system should then return these funds to these institutions from whence they came. This is an issue of fairness and sound economics.

The amendment I propose is a simple one. It insures that those institutions which are required to transfer funds or equities or make capital contributions to assist other institutions are repaid for those transfers and contributions when and if the system is able to do so.

It achieves this by giving the Farm Credit Administration the authority to promulgate regulations allowing such repayments. It purposefully does not set out specific criteria for such repayments because I believe it is best to let the Farm Credit Administration develop these criteria after thorough review and input from all the affected parties.

Finally, let me state that it is not my purpose to have transfers and capital contributions treated as loans. I simply want to assure that if the system is able to pay back the grants at some point, then it should do so.

Mr. HELMS. Mr. President, we have examined the amendment and are prepared to accept it on this side.

Mr. ZORINSKY. Mr. President, we have examined the amendment on this side also and recommend its approval.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Mexico.

The amendment (No. 1303) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1304

(Purpose: To provide for the protection of B stock of liquidated associations)

Mr. MELCHER. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Montana [Mr. MELCHER], for himself, Mr. EXON, and Mr. ZORINSKY, proposes an amendment numbered 1304.

Mr. MELCHER. Mr. President, rather than having the amendment read, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill, add a new section as follows:

SEC. . Section 4.1 of the Farm Credit Act of 1971 is amended by adding at the end thereof new subsections (d), (e), and (f) as follows:

"(d) Notwithstanding any other provision of law—

"(1) the revolving funds referred to in subsections (a) and (b) of this section shall be immediately available to the chairman of the Farm Credit Administration Board for the purpose of alleviating the effects of the impairment of outstanding production credit association stock, or participation certificates issued in lieu of stock, of associations that are in liquidation as of December 15, 1955, that was required to be purchased by production credit association members-borrowers as security for financial assistance from production credit associations under this Act;

"(2) the Chairman shall disperse money from the funds available under paragraph (1) of this subsection in such amounts as the Chairman deems necessary to alleviate of effects of the impairment of borrower-owned stock or participation certificates of any production credit association that is in liquidation as of December 15, 1985, to the Federal land bank or the Federal intermediate credit bank, respectively, that is responsible for the supervision of the association involved; and

"(3) money dispersed by the Chairman under paragraph (2) of this subsection to a Federal intermediate credit bank shall be loaned on a nonrecourse basis by the bank under regulations prescribed by the Farm Credit Administration to the holders of stock or participation certificates of an association in liquidation under this Act as of December 15, 1985 if—

"(A) the holder of the stock or participation certificates is not subject to any bankruptcy or other legal proceeding under which the stock or participation certificates have been attached or assigned to another person;

"(B) the holder of the stock or participation certifications pledges of such stock or participation certificates as security for the loan under this subsection and assigns all rights that the holder may have to any subsequent distribution from the assets the association on the basis of such stock or participation certificates to the bank; and

"(C) the holder of the stock or participation certificates agrees that the proceeds of any loan made under this subsection be applied toward the repayment of any outstanding obligation of the holder to the association, or any other association or the bank operating under the same title of this Act as the association involved, to the extent of such obligation.

"(e) Any amounts received by a bank from the distribution of association assets under subparagraph (3)(B) of the subsection (d) shall be deposited in one of the revolving funds referred to in subsections (a) or (b) in the manner that the Chairman of the Farm Credit Administration Board may require.

Mr. MELCHER. Mr. President, very simply, this amendment goes to a point that relates to the protection of B stock of liquidated associations.

The PRESIDING OFFICER. The Chair reminds the Senator from Montana that there is no time for debate on the amendment.

Mr. MELCHER. I ask unanimous consent I have 1 minute to describe the amendment.

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. Mr. President, provided that there is 1 minute on the other side to rebut it because this is a $24-million amendment.

The PRESIDING OFFICER. Does the Senator modify his request for a minute for the other side?

Mr. MELCHER. Certainly.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MELCHER. Mr. President, this amendment the farm credit system and farm credit council endorse. It protects all the B stock of liquidated PCA's, which has already been done in the past. There are seven during the past year that have been liquidated. The $23 million that the chairman spoke of will come out of the revolving fund that is earmarked for the farm credit system. While it would have to be appropriated, we would fight that out in the appropriations process, but this would permit and authorize such an appropriation. I think it would have great merit if we are going to have confidence retained by those borrowers who use PCA's. If their B stock is in jeopardy, it flies in the way of good customers for the PCA's, and that is going on right now. We would like to have it stopped.

Mr. HELMS. Mr. President, again, I have not seen the amendment, and I am going to have to look at it. I beg the indulgence of the Senate, but this is a $23 million or $24 million amendment. I am not predisposed to let it go. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. I think I get a message which is satisfactory to me. I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Is all time yielded back?

All time is yielded back. The clerk will call the roll.

The bill clerk called the roll.

Mr. HELMS. Mr. President, there has been no response to the rollcall, has there?

The PRESIDING OFFICER. The Senator is correct.

Mr. HELMS. Mr. President, I ask unanimous consent to vitiate the yeas and nays and ask that it be acted upon by voice vote.

The PRESIDING OFFICER. Is there objection?

Mr. MELCHER. I object.

The PRESIDING OFFICER. Objection is heard. The clerk will call the role.

The bill clerk continued the call of the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], the Senator from Oregon [Mr. HATFIELD], the Senator from Oregon [Mr. PACKWOOD], and the Senator from Alaska [Mr. STEVENS] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Massachusetts [Mr. KENNEDY] and the Senator from Michigan [Mr. LEVIN] are necessarily absent.

I further announce that the Senator from New Jersey [Mr. BRADLEY] is absent on official business.

I also announce that the Senator from Florida [Mr. CHILES] is absent because of illness.

The PRESIDING OFFICER (Mr. GORTON). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 57, nays 34 as follows:

[Rollcall Vote No. 350 Leg.]

YEAS—57

Abdnor	Denton	Hawkins
Armstrong	Dixon	Hecht
Biden	Dole	Heinz
Boschwitz	Durenberger	Helms
Chafee	Evans	Humphrey
Cochran	Garn	Kassebaum
Cohen	Gorton	Kasten
D'Amato	Gramm	Lautenberg
Danforth	Grassley	Laxalt
DeConcini	Hatch	Long
Lugar	Pell	Specter
Mathias	Pressler	Stafford
Mattingly	Proxmire	Symms
McClure	Quayle	Thurmond
Metzenbaum	Riegle	Trible
Mitchell	Roth	Wallop
Moynihan	Rudman	Warner
Murkowski	Simon	Weicker
Nickles	Simpson	Wilson

NAYS—34

Andrews	Exon	Matsunaga
Baucus	Ford	McConnell
Bentsen	Glenn	Melcher
Bingaman	Gore	Nunn
Boren	Harkin	Pryor
Bumpers	Hart	Rockefeller
Burdick	Heflin	Sarbanes
Byrd	Hollings	Sasser
Cranston	Inouye	Stennis
Dodd	Johnston	Zorinsky
Domenici	Kerry	
Eagleton	Leahy	

NOT VOTING—9

Bradley	Goldwater	Levin
Chiles	Hatfield	Packwood
East	Kennedy	Stevens

So the motion to lay on the table the amendment (No. 1304) was agreed to.

Mr. HELMS. Mr. President, I move to reconsider the vote by which the motion to lay on the table was agreed to.

Mr. ZORINSKY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. McCLURE. Mr. President, today we are debating a most serious situation. The problem of how best to help the farm credit system is one that I have been struggling with for the past 2 years. Although Congress has only recently come to grips with the seriousness of this issue, I and other representatives of the 12th District farm credit system banks have been concerned over the viability of the system for the last 2 years.

The reason I have been so involved and concerned for the past 2 years is that the 12th District has the dubious distinction of being the first district to be on the verge of bankruptcy. At this time last year, the 12th District Federal intermediate credit bank was as close to being broke as a bank can be without going under.

In looking into this situation, I found that there was enough blame to go around, The Farm Credit Administration blamed the problem on local associations for creating "their own little fiefdoms" and being resistant to change that the FCA thought was best and on their lack of authority to remove district presidents who did not respond to the FCA. The district banks placed the blame on the FCA for lax enforcement and on the local associations for making poor loans. The local associations blamed the district management for the situation saying that the problem was created when the district bank decided to build an empire by making poor loans over the advice of the local associations.

Yes; there was blame to go around. From the Government farm programs for encouraging production to the university professors for encouraging too much leveraging to the local associations for soliciting business. There is still much finger pointing. Perhaps there should be blame placed some where. I prefer to see some steps taken to correct some of the problems.

We do indeed have some problems. The figures show that there is a problem in agriculture. The figures show that there is a problem in the farm credit system. The summary of third quarter financial results of the 37 bank systems for the first 9 months of 1985 document the impact of the current depressed agricultural economy.

During the first 9 months of 1984, the banks lost $426 million. A decline in earnings of nearly $800 million.

The system earnings decreased from first quarter earnings of $90.6 million to third quarter losses of $522 million.

NONACCRUAL LOAN INCREASED $1.5 BILLION SINCE JUNE 1985

The banks and associations face loan losses of an additional $3 billion and face nonearning assets accruals of more than $10 billion.

Bank liquidity at the end of the third quarter was set at only $5.3 billion. This is the liquid cushion for more than $70 billion of outstanding debt.

The system does indeed show severe signs of stress. The system needs review. It needs much more review than it will receive here today, with debate on this bill limited to 4 hours. This is a vital issue for my Idaho constituents. They have been member-borrowers of Federal land bank associations and production credit associations for many, many years. The Senate has had sufficient time to look into this issue. They have not chosen to do so. Hearings on the farm credit system were not held until November, long after it was known that there was a serious problem with the system.

Now the Senate is in a big hurry to change the law. Hearings finally were held, right in the middle of the farm bill debate. All of a sudden the Senate got worried about the farm credit system. All of a sudden the Senate has to pass a bill.

Perhaps the Senate should not take all the blame. Perhaps the farm credit system should take some of the blame for the lateness of acting on this problem. In August the system said that everything was all right, they did not think that any help would be needed. In September, the Governor of the Farm Credit Administration called on Congress to provide billions of aid to the system.

What is wrong with the system? Why within a 30-day time span can the perception of crisis change? Why didn't the system know even a few months ago that massive Federal aid would be necessary? Could it be that no one knew? I think not. I looked at the financial statements of the 12th District and could tell that there was a major problem. It would have helped if the entire system has been able to see a consolidated balance sheet and financial statement done to generally accepted accounting principles. The trouble is that the system did not have one. The entire system has not had an outside audit in its history. No other financial institution in this country can say that. The Federal Government has control over banks in many ways. The farm credit system does not even have to follow the Federal truth-in-lending laws! It is time that changes are made to the farm credit system.

I am deeply disappointed that the Senate has waited until the last few weeks of this year to approach this subject. It needs much more time and consideration and thought by others outside the farm credit system.

I do not disagree that something must be done to restore confidence in the system. The bond markets have been kind to the system thus far, with only minor increases in the bases points. The system now tells us that unless we pass this package, representing congressional backing for the system, the bond markets will react unfavorably and the spreads could become so great that the increased interest rates will drive member-borrowers from the system en mass. This they say will cause the system to go under.

I do not dispute this, I may not be in total agreement but I do know that my farmers cannot stand another increase in interest rates on their borrowed funds. However, I think that in our haste to "fix the problem" we do not overlook the need for changes to the system. I have many concerns which need to be addressed in this legislation. I am concerned that by setting up the Farm Credit Capital Corporation as is done in S. 1884, giving it broad powers over the associations, the member-stockholders will lose what little power they may have left at the local level. The farm credit system was set up as a cooperative to be run by and for the farmers. To allow the Farm Credit Capital Corporation to force assets out of local or district associations without local input takes away their basic rights given them in the original act.

I am concerned about what has happened in my district. In the 12th District one association, Eastern Idaho Production Credit Association [EIPCA] voted against merging their assets into one super PCA. They upset the apple cart of merger. They voiced their right to disagree with the system and were rewarded by having their territory overchartered. The new interstate PCA came in and set up offices in direct competition to their association. The district bank tells me that this was necessary to meet the demands of the district bailout plan. They tell me that they are not directly competing against EIPCA. They tell me that if they impose differential interest rates on EIPCA it will be a reflection of their increased costs not as a penalty to the one dissenting association in this district.

Cooperatives should not have to compete against one another. Direct competition in this instance will not help anyone in the system. I have an amendment which will stop this type of overchartering.

In addition, I am concerned that the farmer is not protected enough. I do not want the Farm Credit Corporation to become a liquidation corporation. If Federal funds are to be used, I want to be assured that those funds will go to extend, Reamortize, and defer principle and interest on loans. I am not in favor of bailing out every farmer in the system but many of these farmers with debt-to-asset ratios of between 40 and 70 percent could be viable operations with a small amount of help. The farm credit system has been run in the past several years in a manner which sucked equity out of farms and ranches to finance exorbitant salaries, expensive new buildings, and lear jets. It is time that someone look at helping the farmer-borrower in the system not just the salaried positions of FCA officials and district staff. This legislation must have stronger language to protect the farmer, they must be directed to aid the farmer. The language must be made stronger.

AMENDMENT NO. 1305

(Purpose: To clarify the impact of stock purchases and assessments ordered by the Capital Corporation on capital stock, participation certificates, and allocated equities)

Mr. MELCHER. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Montana [Mr. MELCHER] for himself, Mr. EXON, Mr. BENTSEN, and Mr. PRYOR proposes an amendment numbered 1305.

On page 64, at line 1 of amendment No. 1170, after "jeopardized.", insert the following: "Stock purchases and assessments made under such regulations shall not impair or reduce capital stock, participation certificates, and allocated equities held by borrowers that are not associations chartered under this Act."

Mr. MELCHER. Mr. President, I understand this amendment will be accepted.

Mr. President, this amendment is an attempt to clarify that assessments are not intended to hit borrowers' stock that class B stock borrowers must put up.

The PRESIDING OFFICER. No debate is in order at this point.

Mr. HELMS. Mr. President, we are prepared to accept the amendment. As a matter of fact, I would have offered it myself. I thank the Senator from Montana.

Mr. ZORINSKY. Mr. President, we have looked at the amendment and recommend it approval.

Under the bill, the Capital Corporation will receive its initial capital, reallocate resources, and repay any Federal assistance that is provided by imposing assessments and stock purchase requirements on farm credit system banks. The amendment states that such assessments and stock purchases shall not impair or reduce capital stock, participation certificates and allocated equities held by borrowers that are not associations. The provision is designed to protect the investments made in the system by the system's borrowers. These investments are assets owned by the borrowers and not the system.

I urge the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Montana.

The amendment (No. 1305) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1306

(Purpose: To create a Presidential Commission to make a Comprehensive study of methods to insure the availability of adequate credit for farmers of the United States)

Mrs. HAWKINS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Florida [Mrs. HAWKINS] for herself, Mr. GARN, Mr. BOREN, and Mr. THURMOND proposes an amendment numbered 1306.

Mrs. HAWKINS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the bill add the following new section:

SEC. —(a). The President of the United States shall appoint a National Commission on Agricultural Finance. Such commission shall be comprised of 15 members appointed by the President and would consist of representatives of the financial community, the agricultural sector, and government.

(b) The National Commission on Agricultural Finance shall conduct a study of methods to ensure the availability of adequate credit to agricultural producers and agribusiness, taking into account the long term financing needs of the agricultural economy: the roles of the commercial banks, the Farm Credit System, and the Farmers Home Administration in meeting those financial needs.

(c) In conducting such study, the National Commission on Agricultural Finance shall—

(1) evaluate the financial circumstances relative to both lenders and borrowers of farm credit,

(2) evaluate the structure, performance, and conduct of private lenders—commercial bankers and the Farm Credit System—and public lenders,

(3) explore the need for long-term assistance in stabilizing the value of agricultural assets, and

(4) evaluate the impact on suppliers, producers, processors and local communities when financial institutions fail.

(d) Not later than 18 months after the date of enactment of this Act, the Commission shall submit a report containing the results of the study required by this section, together with comments and recommendations for legislation providing for a sound, reasonable, and primarly self-supporting credit program for farmers and ranchers as the Commission considers appropriate, to—

(1) the Committee on Agriculture of the House of Representatives;

(2) the Committee on Banking, Finance, and Urban Affairs of the House of Representatives;

(3) the Committee on Agriculture, Nutrition, and Forestry of the Senate; and

(4) the Committee on Banking, Housing, and Urban Affairs of the Senate.

(e) The Commission shall be comprised of volunteers and no Federal funds shall be expended by the Commission.

Mr. HELMS. Mr. President, we consent to the amendment and agree with it and are prepared to clear it on this side.

Mr. ZORINSKY. Mr. President, we accept the amendment also and recommend and support approval.

Mr. FORD. Mr. President, what does the amendment do? Is this another commission appointed to put Senators on?

The PRESIDING OFFICER. The Chair regrets that all time for debate on the amendment has expired.

Mr. FORD. I am sorry, Mr. President.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida.

The amendment (No. 1306) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1307

(Purpose: To clarify FCA examination authority)

Mr. GARN. Mr. President, I call up my amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Utah [Mr. GARN] proposes an amendment numbered 1307.

On page 17, line 4, strike "other than a national bank" and substitute the following: "other than a federally regulated financial institution".

Mr. GARN. Mr. President, I allowed the amendment to be read. It is essentially a technical amendment, and the entire amendment was just read by the clerk.

I understand it has been cleared by both sides.

Mr. HELMS. Mr. President, we have examined the amendment. We are prepared to accept it.

Mr. ZORINSKY. Mr. President, we examined the amendment on this side of the aisle and find it acceptable and recommend its approval.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Utah.

The amendment (No. 1307) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. WALLOP. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1308

(Purpose: To modify the composition of the Board of Directors of the Federal Farm Credit System Capital Corporation)

Mr. BOREN. Mr. President, on behalf of Mr. DOLE, Mr. MELCHER, and Mr. ZORINSKY, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Oklahoma [Mr. BOREN] for himself and Mr. DOLE, Mr. MELCHER, and Mr. ZORINSKY proposes an amendment numbered 1308.

Mr. BOREN. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oklahoma?

Mr. HELMS. Mr. President, I think, if the Senator will allow, the Senate should hear this amendment.

Mr. BOREN. Very well.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

Beginning on page 61 of the amendment, strike out line 17 and all that follows through line 1 on page 62 and insert in lieu thereof the following:

"SEC. 4.45. BOARD OF DIRECTORS OF THE CORPORATION.—(a)(1) The Board of Directors of the Corporation shall consist of five members, of which—

"(A) two members shall be elected by the farm credit banks that own the voting stock of the Corporation, with each such bank

having the right to cast one vote to fill each such vacancy without regard to the number of voting shares owned by such bank;

"(B) two members shall be appointed by the Chairman of the Farm Credit Administration Board; and

"(C) one member shall be appointed by the Secretary of Agriculture, and shall have agricultural or small business experience.

Mr. BOREN. Mr. President, I ask unanimous consent to be allowed to explain this amendment in 1 minute.

The PRESIDING OFFICER. Is there objection?

Mr. HELMS. Mr. President, reserving the right to object. I did not hear the request.

The PRESIDING OFFICER. The request was for unanimous consent for the Senator from Oklahoma to have 1 minute to explain his amendment.

Mr. HELMS. Very well.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Oklahoma.

Mr. BOREN. Mr. President, this amendment was initiated by the Senator from Kansas, Mr. DOLE, and I have joined him as a cosponsor, along with Senator MELCHER and Senator ZORINSKY. The amendment simply would provide, on this new Corporation which is being set up, that two members would come from representation among the banks, two would come from the farm credit system, and we would have an additional member appointed by the Secretary of Agriculture, with small business or agriculture experience.

This is to assure that we do not here set up another banking empire that would not be under the control of those outside the system itself. I think it just provides an adequate protection. I believe it has been discussed with both managers of the bill, it is my understanding from the Senator from Kansas.

Mr. HELMS. Mr. President, reluctantly, I must raise a point of order. I believe that the amendment adds new language.

The PRESIDING OFFICER. Germaneness of the amendment is required by the unanimous-consent agreement. The amendment of the Senator from Oklahoma does add new language which does not restrict powers contained in the bill and it is, therefore, not germane. The point of order is sustained.

Mr. HELMS. I thank the Chair.

Mr. President, I am prepared to go to third reading.

The PRESIDING OFFICER. Are there further amendments?

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1309

(Purpose: To modify and improve the Farm Credit System)

Mr. GRASSLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from Iowa [Mr. GRASSLEY] proposes an amendment numbered 1309.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 46, line 13, strike out "private" and insert in lieu thereof "public".

On page 46, line 15, strike out "public" and insert in lieu thereof "private".

On page 54, line 19, insert "(a)" after "Sec. 401.".

On page 55, line 13, strike out "may" and insert in lieu thereof "shall, within 60 days after the date of the enactment of the Farm Credit System Restructuring and Regulatory Reform Act of 1985 and".

On page 61, line 19, strike out "five" and insert in lieu thereof "seven".

On page 61, beginning with line 20, strike out all down through line 7 on page 62 and insert in lieu thereof the following:

"(A) three members shall be elected directly by the shareholders of the institutions of the Farm Credit System; and

"(B) three members shall be appointed by the Farm Credit Administration Board, by and with the advice and consent of the Senate, one of whom shall be an agricultural economist and one of whom shall be an agricultural banker appointed by the Federal Reserve Chairman.

"(2) Members of the Board of Directors of the Corporation shall be citizens of the United States.

On page 65, line 4, strike out "Corporation." and insert in lieu thereof "'Corporation.'.".

On page 66, line 23, strike out "sections" and insert in lieu thereof "section".

On page 66, line 24, strike out all down through line 5 on page 68.

On page 68, line 6, strike out "SEC. 4.13A" and insert in lieu thereof "SEC. 4.13".

On page 68, strike out lines 17 through 21 and insert in lieu thereof the following:

"(2) Such regulations shall also require each such bank and association to provide the shareholders of such bank or association—

"(A) a copy of the bylaws of such bank or association;

"(B) a document explaining all the rights and responsibilities of the borrower and the forebearance policies of the borrower and the forebearance policies of the lending institution; and

"(C) on request, a copy of the articles of incorporation or charter of such bank or association.

On page 69, line 2, strike out "certify" and insert in lieu thereof "sign a statement".

On page 77, between lines 24 and 25, insert the following:

ELECTION OF BOARDS

The Federal Farm Credit Board (established under section 5.8 of the Farm Credit Act of 1971 (12 U.S.C. 2242)) shall require full financial disclosure of all high level district and national Farm Credit System officials to the Farm Credit Administration.

On page 79, between lines 8 and 9, insert the following new subsection:

(c) The Farm Credit Administration Board (established under section 5.8 of the Farm Credit Act of 1971 (12 U.S.C. 2242)) shall issue regulations specifically defining the conditions referred to in clauses (1) and (2) of subsection (a) which would preclude institutions of the Farm Credit System from making credit available to eligible borrowers on reasonable terms.

The PRESIDING OFFICER. The question is on the amendment.

Mr. HELMS. Mr. President, we need to look at the amendment. I have not seen it, so I suggest the absence of a quorum, briefly.

Mr. ZORINSKY. Mr. President, will the Senator withhold?

Mr. HELMS. Certainly.

Mr. ZORINSKY. Mr. President, I have been sitting here since 3 o'clock taking my pills like a good boy. I have not seen this amendment. At 8:20, all of a sudden, the amendment appears and we do not have a copy of the amendment. I do not know how we can be expected to know if it is a good or bad amendment. I believe, in deference to our colleagues in the Chamber, that at least the floor managers ought to have opportunity to look at an amendment before, at the last minute, it is offered.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1308

Mr. HELMS. Mr. President, I ask unanimous consent that the pending amendment be laid aside very temporarily so that I may propound another unanimous-consent request.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HELMS. Mr. President, I ask unanimous consent that the point of order raised by the Senator from North Carolina be vitiated.

Mr. WEICKER. I object.

Mr. HELMS. This will take 30 seconds. I hope there will be no objection.

The PRESIDING OFFICER. Is the Senator from North Carolina referring to the point of order sustained to the amendment of the Senator from Oklahoma?

Mr. HELMS. That is correct.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. HELMS. Mr. President, I ask unanimous consent it be made the

pending business, and that it be voice voted.

The PRESIDING OFFICER. Is there objection?

Mr. HART. Mr. President, reserving the right to object, may we be reminded as to what the amendment was? The Senator from North Carolina was complaining 30 seconds ago that he did not know what we were legislating on. Can we find out what we are legislating on right now?

Mr. HELMS. I thought Senator BOREN explained it to the satisfaction of the Senators. Mr. President, I ask for immediate consideration of the amendment.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Oklahoma [Mr. BOREN], for himself and Mr. DOLE, Mr. MELCHER, and Mr. ZORINSKY, proposes an amendment numbered 1308.

Beginning on page 61 of the amendment, strike out line 17 and all that follows through line 1 on page 62 and insert in lieu thereof the following:

"SEC. 4.45. BOARD OF DIRECTORS OF THE CORPORATION.—(a)(1) The Board of Directors of the Corporation shall consist of five members, of which—

"(A) two members shall be elected by the farm credit banks that own the voting stock of the Corporation, with each such bank having the right to cast one vote to fill each such vacancy without regard to the number of voting shares owned by such bank;

"(B) two members shall be appointed by the Chairman of the Farm Credit Administration Board; and

"(C) one member shall be appointed by the Secretary of Agriculture, and shall have agricultural or small business experience.

The PRESIDING OFFICER. The unanimous-consent request by the Senator from North Carolina is on approving the amendment by voice vote. Is there objection?

Mr. BYRD. I object. Some may not agree that there be a voice vote. It is all right with me if there is a voice vote. I do not think we can take away any Senator's right by order to ask for the yeas and nays. If he gets one-fifth of those present in accordance with the Constitution, he is entitled to that rollcall. I will not ask for a rollcall.

The PRESIDING OFFICER. Objection is noted by the minority leader.

The question is on agreeing to the amendment of the Senator from Oklahoma.

The amendment (No. 1308) was agreed to.

Mr. ZORINSKY. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 1309

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from Iowa.

The question is on agreeing to the amendment of the Senator from Iowa.

The amendment (No. 1309) was rejected.

Mr. QUAYLE. Mr. President, as the Senate considers efforts to assist the farm credit system today, we should bear in mind a few simple principles, and in so doing, move toward the timely resolution of a very difficult situation.

First and foremost, Federal assistance to the farm credit banks should affect not only the financial institution itself, but its member borrowers. The farmers who own stock and constitute the system's clientele and ownership, should, as a result of Federal assistance, realize lower and more stable interest costs. This may not happen overnight, but nonetheless, should be a long-term result of any assistance program.

While the nature of the problem confronting the farm credit banks is a complex one and the result of several factors, including the poor health of the farm economy and drastically reduced farmland values, recent attempts to handle these difficulties have uncovered a lack of sufficient regulatory oversight on the part of the Farm Credit Administration, and a system wide inability to act aggressively to deal with local financial problems.

In my estimation, therefore, Federal assistance should be accompanied by more effective regulatory powers on the part of the Farm Credit Administration, or other chosen regulator. Whether the problems we are now facing are the result of mismanagement and overzealous leading practices, or of declining land values, and poor commodity prices, the solution clearly requires an improved ability on the part of the system to regulate performance and enforce accepted financial safeguards. Under its current legal structure, the long-term health of the farm credit system and, with it, its ability to deliver credit to our farm community depends upon the viability and overall economic health of the total system. Under no circumstances should the interests of a few jeopardize the needs of so many. Enhanced regulatory authority, in other words, should result in a strengthening of the farm credit system as a whole, and reduce the dangers posed to the system by weaknesses in individual member institutions.

Finally, any remedy should be one that will have a lasting effect. A short-term, temporary band-aid will only prolong the hesitation and insecurity now aggravating the Farm Credit System, and disrupting the capital markets which serve as the lifeline and backbone of the system. A short-term answer is no answer at all. At a minimum, let us set in place the foundation of a long-term plan, and subsequently review and add to that foundation, so that this legislative effort will establish operating practices that will ensure the health of the Farm Credit Banks indefinitely.

The proposal we are discussing today does much to advance these goals, and does so within the principles I have outlined above.

By requiring member institutions the Farm Credit System to utilize their own reserves and by encouraging the banks to move forward with other efforts to tighten up their belts, we will set in motion the changes needed to identify and eliminate system weaknesses. In addition, by providing the Farm Credit Administration with new regulatory authority, we will strengthen our ability to account for the condition of local and regional parts of the bank, and provide incentives for the system to improve its own condition, and in so doing, set it on a stable path to future economic health.

Having set in place these necessary requirements, this proposal also allows the Secretary of the Treasury, in cooperation with Congress, and at the request of the Farm Credit Administration, to supply direct financial assistance. Given the need of the banks to deal with increased losses and a deteriorating loan portfolio, financial assistance in the form of loans or bond authority may well be necessary. This proposal would establish a process by which the farm credit system could request such assistance, and would give the Secretary of the Treasury broad authority to determine if, and in what form, financial assistance would be provided.

I think this plan is a sound one. It will return investor and borrower confidence in the banks, and should represent a good first step toward returning the farm credit assistance to a sound financial footing.

A FARMER-FIRST FINANCIAL ASSISTANCE PROGRAM IS THE SOLUTION TO THE FARM CREDIT CRISIS

Mr. ABDNOR. Mr. President, while most of the Nation is relishing the security and comforts of economic growth, there is a growing anxiety and uneasiness gripping the Nation's heartland. Agriculture and the entire rural economy are going through a depression of unparalleled magnitude. And though our city counterparts are surrounded by abundance today, we are witnessing an erosion of this country's greatest strength and economic foundation—our ability to feed and clothe the world.

The farm credit crisis may appear to our metropolitan Senators and Representatives as a special interest issue of no relevance to their constituents, but believe me: every single American has a great stake. I shudder to think of the consequences if this crisis erupts into a catastrophe, for the repercus-

sions of the latter will adversely affect the entire Nation.

You see, farm credit does not simply involve farmer borrowers and bank lenders. The Federal Government, through the Farmers Home Administration and other Department of Agriculture programs directly, and through the Farm Credit System indirectly, is a major player in the farm credit arena as well. In fact, close to half of all farm debt is held by Uncle Sam in one way or another. That means that taxpayers also have a stake in the farm credit crisis. And producers and consumers of food and fiber, like taxpayers, have a stake, too—the agriculture industry provides the raw materials for the food and fiber system. In total, the food and fiber system employs 21 million people and generates 20 percent of our Nation's gross national product. Without a healthy agriculture we jeopardize the rest of the food and fiber system.

How can we remedy the credit problems of agriculture and rural America? To me the answer is obvious. If the balance sheet and cash flow problems of farmers are reduced, then the problems facing lenders are reduced simultaneously. Therefore, the remedy is to make the farmer borrower the primary beneficiary of our legislative action. A farmer-first approach would reduce his debt and interest payments burden. With that accomplished, his cash flow situation would improve, and his profitability would increase. His balance sheet would improve as well, reducing the credit risk to lenders. Lenders would be better off because their asset base would be more solid and the number of problem loans would decrease.

The Farm Credit Partnership Act would allow for the long-overdue restructuring of farm debt. Too much debt is at unwarranted and unpayable rates of interest. This act provides for interest rate buydowns. Our proposal also recognizes—and few would deny—that some of the farm debt is unrecoverable. There just is not the economic value backing up the loan. Too much farm land was overpriced because of inflation, speculation, and overexpansion just when our food export market contracted. Our legislation today calls for an orderly and fair procedure to reduce debt burden, and in a manner which does not put commercial lenders at a disadvantage.

Let us not forget that all of rural America greatly needs, and benefits from, a healthy private sector finance industry. The rural economy cannot expand and diversify and rural residents cannot receive increases in income and standard of living without investment capital. Saving and investment are prerequisites for economic opportunity.

The fact that a farm credit crisis of this magnitude has occurred and has required the serious attention of the Congress and the administration indicates to me a flaw in the system. Our society thrives on the principle of checks and balances to ensure that the Government and economy are running smoothly and fairly.

To restore and preserve the integrity of the Farm Credit System, it is time to reconsider its autonomous and self-regulating status. Indeed, an independent auditing and oversight agency with enforcement power may be required to protect the public from potential abuses.

The Farm Credit System may have operated too long without adequate oversight. From the evidence now in hand, the Farm Credit Administration knew perhaps 2 or more years ago that major problems were looming and unavoidable. Yet, this vital agency failed to advise the Congress of its condition. Even last June before a Joint Economic Committee hearing on rural finance chaired by me, it did not admit to the gravity of this crisis. And last September after the first public announcement of major adjustments within the system, officials still were less than forthcoming.

Such posturing is far less than imprudent. It is less than the American public deserves and expects. Far more is at stake than just the reachings of the farm sector. Agriculture is more than a national economic interest. It equally is a national security consideration. The strength of America hinges on the fact that we first can feed and clothe ourselves cheaply and in abundance. We must sustain this blessing by ensuring the stability and solvency of both the farm sector and the entire farm finance network.

Mr. DURENBERGER. Mr. President, I rise in support of the Farm Credit System Restructuring and Regulatory Reform Act—S. 1884—but want to take this opportunity to express my frustration over the Senate's willingness to settle for so little. Specifically, I believe we need more than a Farm Credit System proposal. We need a Farm Debt Restructuring and Regulatory Reform Act. Those of us who represent America's heartland do not need to be told why this legislation is necessary. The reason is as plain as the nose on my face—America's farm economy and the communities it supports are in the depths of a depression. And it was only a question of time before the Farm Credit System, which is required by law to loan money to agricultural borrowers and only those borrowers, would succumb to that depression.

According to its sponsors, S. 1884 must be acted upon before the Congress adjourns in order to send the investment community, which is being asked to refinance $13 billion in maturing Farm Credit System securities, a positive sign of Federal support for the system. Lack of action on the system's requested legislation would signal uncertainty, and could force the system to offer higher yields to prospective purchasers of the system's securities. These higher yields would be financed by charging higher interest rates to the system's farmer borrowers. Given the fact that a 1-percent increase in interest rates increases farmers interest expenses by $300 million a year, unnecessarily delaying this legislation would be an expensive mistake. And it is because of this that I support S. 1884. The last thing I want to be accused of is following a course of action that increases farmers interest expenses.

But, Mr. President, let us not try and kid ourselves that this bill will solve the problems of the Farm Credit System or any other agricultural lender. For, in the final analysis, it is the farmers debt, and the interest expense associated with it, that is bringing rural America to its knees. Unless and until Congress gets serious about farm debt restructuring, this legislation, and the 1985 farm bill itself, will be totally ineffectual. So, for the time being at least, I will continue to abide by the majority leader's decision to withhold the offering of broader farm credit legislation to this bill. I will take the claims of the proponents of this bill at face value, and I will vote for it. But this Senator's patience is wearing as thin as the economic life-line of Minnesota farmers. Come next session, every piece of legislation will become a vehicle for farm credit amendments if I don't see some movement on this issue.

Mr. GORTON. Mr. President, I intend to support this bill to ensure the continued viability of the Farm Credit System. We cannot allow the Farm Credit System to become insolvent, or even to contract in a draconian fashion. The consequences of such an event would be devastating, not only to American agriculture, but also to our financial system generally.

The Farm Credit System is by far the largest provider of credit to the agriculture sector. There simply is no other lender or lenders willing or able to step into the breach should the Farm Credit System be unable to continue to provide credit to creditworthy borrowers. Even the private commercial lenders understand and agree with that—the private banks and insurance companies who are the System's principal competitors have no desire to see it eliminated.

Right now the Farm Credit System is in trouble. We can debate the cause of its problems—whether they are due to unwise lending policies, or to economic events beyond anyone's control—but that is pointless right now. Quick action is required to ensure that the Farm Credit System remains

secure, and that bondholders remain willing to purchase the system's debt at a reasonable price.

At the present time, many of the most creditworthy of the system's borrowers are fleeing the system. They are doing this for two reasons: First, because the declining financial health of the system has caused its lending rates to increase to the point where they are no longer competitive with other private sector loans; and second, because the threat of a system collapse causes them to fear that the equity they must contribute when they borrow—the so-called B stock—is in jeopardy.

If the Farm Credit System is to survive over time as a viable, private entity, it must be able to earn money. And in order to earn money it has to be able to hold on to good quality borrowers, and end borrower flight.

The bill will, I believe, make progress on the two fronts most important to ending borrower flight. By authorizing Treasury loans to the system, we will put Wall Street on notice that the Federal Government is committed to the survival of the Farm Credit System, and that the debt of the Farm Credit System is a safe and secure investment. This should help greatly in reducing the increase in Farm Credit System borrowing costs that has occurred in the last several months, and encourage borrowers to return to the system.

In addition, the bill makes clear that such assistance can be provided after the system uses its surplus and loan loss reserves, but before the borrower equity is exhausted. This is a good and important provision for two reasons. First, it will encourage borrowers to return to the system by eliminating fears of loss of B stock. Second, it avoids imposing a serious financial loss on farmers, at a time when they clearly cannot afford such a loss.

Admittedly, there is a price to this assistance. Part of the price is the imposition on the Farm Credit System of a regulatory regime akin to that imposed on commercial banks by the Federal Deposit Insurance Corporation [FDIC]. Second, the bill facilitates—some would say imposes on the system—capital and loss sharing. This is controversial. But we should have no illusions that it is not necessary. Yes, some banks within the system are healthier than others. Yes, capital and loss sharing will result in transfers from some entities toward others. But there is no choice in this matter. The lenders of the farm credit system must all hang together, or they will all hang separately. Regardless of whether they like it, the entities of the farm Credit System are already "jointly and severally liable" for Farm Credit System bonds, regardless of where losses occur.

We have learned the importance of cooperation in my own part of the country, where the Spokane district banks have joined in a system-wide solution to their own financial difficulties. It was not easy. It was accomplished only after tortured negotiations, and there are still people who are unhappy with it. But the alternative is not that we all go along on our happy, separate ways. The alternative is that the weaker lenders of the System will spiral downward into insolvency, taking all of the rest of the system lenders with them.

We should not have any illusions that by passing this bill we are addressing the fundamental problems of the farm economy. Those underlying problems will be addressed only through the farm program, trade policy, and, most importantly, by getting the Federal Government's own fiscal house in order. But this bill is still a very positive step, and I urge my colleagues' support for it.

SUPPORT FOR FARM CREDIT ASSISTANCE

Mrs. HAWKINS. Mr. President, I rise in favor of this legislation to provide credit assistance to our hard-pressed farmers. Mr. President we are in the midst of the worst agricultural economy since the Depression. Recordbreaking crop production in the Corn Belt has acted to severely depress commodity prices. With the exception of the drought in 1983, massive overproduction of the basic commodities—wheat, feed grains, cotton, and rice—has kept farm income low and made long-term investment in agriculture relatively unattractive. One result has been plummeting land values. Another, measured not in dollars but in human terms, is despair among our family farmers.

Mr. President, hard times on the farm will not soon go away. Ironically, American farmers suffer from our society's amazing proclivity for technological breakthroughs and hard work. They enjoy the God-given blessings of fertile soil, moderate climate, and abundant water. Hard work, technology, and natural resources combine to make our farmers the most productive in the world. But our farmers labor under flawed Government policies that may lead to the destruction of the family-owned farm. For the first time in history, a nation has more food than it can consume, sell, or even give away. The unintended byproduct is low income and bankruptcy on small and midsized farms all across the United States.

The wounds suffered by our farmers are not self-inflicted. American farmers have been cut to the core by the failed policies of artificial price support and protected markets.

A sound agricultural policy is based on programs to insure plentiful production and a fair price to the farmer. For too long, U.S. agricultural policy has stood on shakey foundations. Those foundations finally began to rot away and collapse with the enactment of the 1981 farm bill. Inflexible loan rates destroyed our farmers' ability to be price competitive in the international marketplace. Fixed target prices contributed to a soaring deficit. Our oversized deficit led in turn to a damagingly strong dollar. The strong dollar further weakened our international trading position.

Other forces were at work as well. During the boom of American agriculture in the seventies inflation raged at unprecedented levels. Land values, interest rates, oil prices, fertilizer costs, and other farm inputs climbed in response to double-digit inflation. Then, inflation halted abruptly. Farmers were saddled with a cost structure that haunts them today. When farming became unprofitable, artificially inflated land values began a slow collapse. Market forces began to right the wrongs of the inflation riddled seventies.

But the market couldn't right the wrongs of the 1981 farm bill. It was written into law. The unhappy consequence of that fact is thousands of small and midsized farms that are strapped with loads of debt and bleak prospects for improved income.

The combination of high cost and consistently low income have brought us to the point where we are about to pass the second multibillion-dollar farm legislation in 2 weeks.

Last week the Senate passed a farm bill with an estimated cost of $53 billion over 4 years. Let us not forget that in 1981 we estimated that the farm bill would cost $11 billion over 4 years. In the end, it cost over $60 billion. I cannot imagine the cost this farm bill will finally reach. I can imagine the hard times ahead for America's farmers.

Some good things did come of the 1985 farm bill. Commodity loan rates will now be more closely tied to market fluctuations. The mandatory marketing loan provisions, although expensive, will also help improve our competitive position in the international marketplace. In general, we have adopted a more market-based approach to generating farm income. I do not believe it will be enough and that is why I support the farm credit legislation that is before us today. This legislation addresses the second half of the 1985 farm equation. The cost side.

What is before the Senate is an earnest attempt to ease the adjustments taking place as our economy continues to recover from the runaway inflation of the seventies. It is part of a long-term solution to a long-term problem of adjusting the agricultural economy.

In recent weeks we have been shocked by stories in the Wall Street

Journal that describe the imminent collapse of the farm credit system. The cooperatively owned system of short-term lenders, the FICB's and PCA's, and long-term lenders, the Federal land banks hold approximately one-third of all outstanding farm debt. This amount to as much as $74 billion.

Although the system continues to have considerable resources—by its own admission a $5 billion surplus—the widespread collapse in land values has severely undermined the loan portfolio of the 12 Federal land banks. This market adjustment combined with the information revealed about the farm credit system—poor operating procedures, lax management, bad accounting systems, lack of supervision and examination, and its paper tiger regulator—undermine faith in the entire cooperative approach embodied in the farm credit system.

The system's major source of money for new farm loans, the New York bond market, has responded by increasing the farm credit system's cost of funds to historic heights. The spread between the cost of FCS securities and the cost of Treasury bonds has increased from a traditional 5 to 10 basis points to over 115 basis points at the peak of uncertainty. Let me remind my colleagues that each additional basis point means millions in additional interest rates to farmers.

After lengthy discussions I have resolved in my own mind that we must offer some assistance to the farm credit system. I am willing to support this not because we need a farm credit system. I support this because farmers need access to affordable credit. In fact, affordable credit is more important now than ever before. A restructured, revitalized farm credit system helps insure that affordable credit will be available.

This legislation insures that affordable credit will be available by addressing many of the inherent problems of the farm credit system that have existed in the past. This legislation is intended to help ease the adjustments that are taking place in agriculture. It is also intended to prepare for the future. It provides for this in several ways.

First, this legislation completely overhauls the regulatory framework in which the farm credit system will function. Gone is the oldboy network that allowed former bank directors to preside as the policymaking board of the system's supposed regulator, the Farm Credit Administration. Gone too is the quasi-regulator/supervisor Farm Credit Administration. In its place this legislation creates a new, strong "arms length" regulator with adequate enforcement powers and new examination responsibilities.

This measure also upgrades the operating procedures, accounting standards, and reporting requirements of farm credit system institutions. It provides for the use of generally accepted accounting principles by farm credit institutions. Further this legislation requires the publication of annual reports of condition certified by independent auditors. Finally, the Farm Credit Administration is required to carry out routine examinations of all farm credit institutions. These examinations are to include an analysis of credit and collateral quality, capitalization, and appraisals of the effectiveness of management and the provision of services to all eligible borrowers.

Another positive step in this legislation are a number of provisions that protect farmer-borrowers of the system. The bill requires the farm credit institutions to disclose information in interest rates. This includes disclosure of current interest rates on loans, information on the amount and frequency of changes in variable interest rates, and information on the factors that are considered in making adjustments to the interest rate. Farmer-borrowers will also be provided with information on farm credit system policy statements on loan forbearance. Farmer-borrowers will also be provided with information on the charter and bylaws of farm credit institutions, current lists of shareholders, and written notice with regard to action on loan applications. Finally, this section of the legislation provides for the reconsideration of farm credit institution's action with regard to loans that may be restructured based on changes in the circumstances of the institution as a result of the enactment of this bill.

Mr. President, the final and perhaps most complex section of this bill provides for the pooling of system resources and extends a standby line of credit to be made available by the Secretary of the Treasury. This section of the legislation creates the Farm Credit System Capital Corporation. The intent of this section is to provide a mechanism for the pooling of farm credit system surplus into a general capital fund. This capital fund will then be used to assist farmers through the purchase and restructuring of nonaccrual farm credit system loans. In effect, the Capital Corporation shall function as a workout bank for farmers in trouble. At the same time, the Capital Corporation is intended to provide an opportunity for farm credit institutions to improve their balance sheets. Now some may ask the question, "Is this a bailout of farm credit system banks?" Others may ask, "Does this legislation help the farmers?" The answer to both questions is yes. Unfortunately, to help the farmers, we first must help the banks.

The most important function of this legislation is to reassure the New York credit markets that the farm credit system will become a viable institution in the future. If we can do that, we can reach the most important goal of this legislation—the provision of affordable credit to farmers.

Mr. President, this is not a short-term, quick-fix proposal. It is an attempt at comprehensive reform. It will help to ease the painful adjustments underway in agriculture. By the same token, there may be room for improvements in this bill. Although I would be wary of amendments that go beyond the scope of this legislation, I would hope the managers of the bill will be willing to support amendments that improve the legislation. This Senator is certainly disposed to look at amendments that will improve the bill.

In sum, Mr. President, this is important legislation. It is timely. It is not perfect. But we need to lend some assistance to farmers caught in a cost squeeze not of their making. With these reservations, I urge passage of this legislation.

Mr. FORD. Mr. President, let me say at the outset, the best way to improve the farm credit system is to improve farm income. Farmers who can service their debts are no delinquent, farmers who are profitable do not miss payments on their mortgages. While I do not believe the 1985 farm bill went far enough in improving farm income, this body must face reality and look squarely at the problems of the farm credit system. The problem is that of profitability, it has been lost in the agricultural arena. The Senate, at a minimum should have frozen target prices for the life of the 1985 farm bill, at a minimum, farm income should have been improved.

I support enactment of legislation to assist the farm credit system. The Louisville Farm Credit District, which serves Ohio, Indiana, Tennessee, and the Commonwealth of Kentucky, with a farmer membership of 130,000 borrowers, has a need for special consideration.

In the coming weeks, farmers in Kentucky will begin the task of securing financing for their 1986 crops. The farmer will have enough trouble obtaining loans given the uncertainly of the agriculture economy. One source of this financing, the Federal Farm Credit System, a wholly-owned farmer cooperative, is under severe economic strain due to those troubled times.

Farmers themselves understand the problems associated with agriculture. Farmers themselves understand the business of farming. The farm credit system, which is totally committed to agriculture lending because it is totally owned and operated by farmers, must survive. The future of agriculture is contingent upon a sound, reliable source of farm financing. This is even more important given the reduced funding for direct lending by the Farmers Home Administration

and a move away from agricultural activity by commercial banks. The business of farming is capital intensive, and without some changes, we will be looking at a dry hole for farm financing in the future.

The Louisville Farm Credit District provides over $7.4 billion in loans to its farmer members. The financial problems in the Louisville district are enormous, with over 3,000 loans totaling $537 million on which payments are not being made, and 11,000 loans totaling $1.5 billion that could well be in trouble next year.

The system is in danger of collapse. This would result in a major source of farm financing being lost. The farm economy, and for that matter, the entire economic well-being of Kentucky could be threatened.

The package that is before this body today is essential, pure and simple, it is a stop-gap measure to secure the farm credit system.

Between now and the 3d of January, investors will be deciding whether or not to purchase more than $10 billion in system obligations. Without enactment of this legislation, the sale of those bonds will command a premium. This will further deteriorate the system and increase interest rates to the farmers.

I support this package in an effort to put a halt to the sliding land values, increased foreclosures which are creating more hardship on the farmers in Kentucky.

The farm credit system is a wholly-owned and operated farm organization. I support this package and the system because of this unique structure. I believe the system itself should always remain a farmer-owned and farmer-managed organization.

Farmers in the Commonwealth of Kentucky will soon be voting on a major change in the structure of the farm credit system. The purpose of the vote will be to decide the issue of consolidation. I have no objection to the stockholders voting for themselves, under what structure the system will operate. Passing this legislation should remove the cloud of uncertainty, so the vote to consolidate can be made without a confusion of issues. The Federal Government, in backing the system, should remove the pressure for consolidation for all the wrong reasons.

The final package does not contain many of the provisions that I feel should be included. The package does not contain an interest writedown that would help the individual farmer, nor does it contain any assistance for the other agricultural lenders that are so important to the continued viability of the family farmer. I voted for these provisions which unfortunately failed. The final package is the best that could be achieved, and while not perfect, it will provide a great deal of assistance to the farm credit system in Kentucky, and hence to the farm members.

I hope that by passage of this legislation, the true farmer members of the system will be able to make decisions that are in the best long-term interest of the system and for the farmers.

Mr. BINGAMAN. Mr. President, regrettably, I rise to speak in opposition to the farm credit bill. Although I fully support efforts to address the farm credit crisis crippling American agriculture and ripping farm families apart, I cannot in good conscience support this legislation under these circumstances. This is a tremendously important and complicated issue that merits more serious and thorough consideration than it has received on this floor. There have been no hearings, no markups and very limited debate. Debate has been confined to just 4 hours with little opportunity for offering improving amendments.

The farm credit system is the Nation's largest farm lender, with about $74 billion in outstanding loans. Of these, $9.8 billion are listed as nonperforming, and of these, about $2 billion aren't accruing interest. Commercial banks, which are not covered in this legislation, also carry a significant portion of the total $211 billion farm debt—about $51 billion. Behind these numbers are hundreds of thousands of people, both those whom owe the debt and those who are investors in the farm credit system.

In an effort to address the farm credit system problems, the legislation we are voting on reorganizes the Farm Credit Administration, establishing it as an "arms length" regulator. This will be accomplished by insulating the regulator from the system and strengthening financial examination and reporting procedures. The Farm Credit Administration's new powers would be similar to those of the Federal Deposit Insurance Corp., which oversees commercial banks, and would include expanded authority to force mergers and liquidations among faltering associations.

The legislation will also establish a new institution called the Farm Credit System Capital Corp., to act as a "financial warehouse" for bad loans throughout the system. This centralized bank would have the power to draw on the reserves of the entire system while it restructures or liquidates bad loans.

I have several objections to this legislation and its main proposals: Creation of the warehouse and reorganization of the FCA. My primary concern is over the potential loss of local control, which has been the very basis of the system's evolution, and which could be sacrificed by increased centralization of the system. During debate on the bill several amendments have been offered to restore and ensure local control. I have supported these efforts. Specifically, I cosponsored an amendment by Senator BOREN that would require a majority of the shareholders of all the associations in district to approve a merger of associations into a single districtwide association, instead of the majority vote of the stockholders of two-thirds of the associations in the districts. I am pleased the amendment was accepted.

I am also concerned about the impact that financing the capital corporation will have on interest rates for farmer-borrowers at the healthy banks and associations in New Mexico and throughout the United States. In order to fund the capital corporation, healthy banks will be required to contribute from their available capital (earned surplus and loss reserves). These funds, however, are not liquid: Loss reserves are maintained in order to cover present losses at a particular institution and earned surplus is typically reinvested in loans to farmers. Thus, healthy institutions will be required to borrow funds and increase their own debt in order to make contributions to ailing institutions. The cost of borrowing funds for these contributions must ultimately be borne by farmer-borrowers who are also the shareholders of farm credit banks and associations.

To protect against this instance I cosponsored an amendment by Senator LEAHY, requiring that any increase in the rate or rates of interest on loans of member-borrowers of the institution that may result from such assessment or required purchase shall not exceed one-half of 1 percent per year. Unfortunately, the amendment was tabled.

I am also concerned with the discretionary authority of the Secretary of the Treasury to provide backup financial assistance—through the purchase of obligations issued by a system entity—under terms and conditions set by the Secretary. Although I believe it is appropriate that the assets of the Federal Treasury be marshaled in this relief effort, it should have limits and should be controlled by Congress through the appropriations process. To this end I cosponsored an amendment by Senator DOMENICI that would ensure Congress' role in making funds available to the Secretary through the appropriations process. I am pleased that this amendment was adopted.

Several other amendments were offered to more fairly distribute the responsibility for financing the Capital Corp. I supported those; however, they were defeated.

Mr. President, I believe several attempts were made to make this bill more fair to local stockholders and to the healthy institutions within the system. I am disappointed that they all were defeated. As the bill now

stands it is not a worthy product. It does not address the most serious problems that face our farmers.

More and more the news is filled with tragedies wrought by the stress of the farm credit crisis. Operating costs and interest rates continue to increase, while exports and cash-flows continue to decline. Both borrowers and lenders are struggling to make their assets cover their liabilities. How can we expect to address this monumental problem in such a short time, without knowing the long-term consequences of our actions? Although our work here today has been carried out with the best of intentions, I fear we are doing more harm by rushing to implement a relatively short-term solution to a serious long-term problem. I am, therefore, compelled to vote against the bill.

Mr. HELMS. Third reading, Mr. President.

The PRESIDING OFFICER. Third reading is called for.

The bill was ordered to be engrossed for a third reading and was read the third time.

Mr. HELMS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOLE. This will be the last vote tonight.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], the Senator from Oregon [Mr. HATFIELD], the Senator from Oregon [Mr. PACKWOOD], and the Senator from Alaska [Mr. STEVENS] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Massachusetts [Mr. KENNEDY] and the Senator from Michigan [Mr. LEVIN] are necessarily absent.

I further announce that the Senator from New Jersey [Mr. BRADLEY] is absent on official business.

I also announce that the Senator from Florida [Mr. CHILES] is absent because of illness.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 57, nays 34, as follows:

[Rollcall Vote No. 351 Leg.]

YEAS—57

Abdnor	Byrd	Denton
Armstrong	Cochran	Dixon
Boren	D'Amato	Dole
Boschwitz	Danforth	Domenici
Durenberger	Kasten	Quayle
Eagleton	Laxalt	Riegle
Evans	Long	Rockefeller
Ford	Lugar	Roth
Glenn	Mathias	Sasser
Gore	Matsunaga	Specter
Gorton	Mattingly	Stafford
Hatch	McClure	Stennis
Hawkins	McConnell	Symms
Hecht	Melcher	Thurmond
Heflin	Metzenbaum	Trible
Heinz	Murkowski	Warner
Helms	Nickles	Weicker
Johnston	Nunn	Wilson
Kassebaum	Proxmire	Zorinsky

NAYS—34

Andrews	Exon	Mitchell
Baucus	Garn	Moynihan
Bentsen	Gramm	Pell
Biden	Grassley	Pressler
Bingaman	Harkin	Pryor
Bumpers	Hart	Rudman
Burdick	Hollings	Sarbanes
Chafee	Humphrey	Simon
Cohen	Inouye	Simpson
Cranston	Kerry	Wallop
DeConcini	Lautenberg	
Dodd	Leahy	

NOT VOTING—9

Bradley	Goldwater	Levin
Chiles	Hatfield	Packwood
East	Kennedy	Stevens

So the bill (S. 1884), as amended, was passed, as follows:

S. 1884

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act, with the following table of contents, may be cited as the "Farm Credit System Restructuring and Regulatory Reform Act of 1985".

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TITLE I—PURPOSES, ORGANIZATION, AND POWERS

PURPOSES

SEC. 101. It is the purpose of this Act—

(1) to enable the institutions of the Farm Credit System to use effectively the authority of such institutions to pool resources and sell assets to resolve financial problems affecting individual institutions of the Farm Credit System or groups of institutions of the Farm Credit System;

(2) to establish a capital corporation within the Farm Credit System to effect transfers of assets, reserves, and capital among institutions of the Farm Credit System; and

(3) to strengthen the Farm Credit Administration to ensure that the agency will operate as an effective and independent regulator of institutions of the Farm Credit System with adequate authority to promote the safe and sound operation of such institutions and the Farm Credit System.

OBJECTIVES

SEC. 102. Section 1.1 of the Farm Credit Act of 1971 (12 U.S.C. 2001) is amended by adding at the end thereof the following new subsection:

"(c) It is also the objective of this Act to ensure that institutions of the Farm Credit System are managed in a business-like manner in full compliance with the law—

"(1) to overcome local financial difficulties of such institutions; and

"(2) to promote the safe and sound operation of the Farm Credit System without the financial assistance of the Federal Government.".

FARM CREDIT ADMINISTRATION

SEC. 103. The second sentence of section 5.7 of the Farm Credit Act of 1971 (12 U.S.C. 2241) is amended—

(1) by striking out "Federal Farm Credit Board" and inserting in lieu thereof "Farm Credit Administration Board"; and

(2) by striking out ", the Governor of the Farm Credit Administration,".

FARM CREDIT ADMINISTRATION BOARD

SEC. 104. (a) Section 5.8 of the Farm Credit Act of 1971 (12 U.S.C. 2242) is amended to read as follows:

"SEC. 5.8. FARM CREDIT ADMINISTRATION BOARD; APPOINTMENT; TERM OF OFFICE; ORGANIZATION AND COMPENSATION.—(a)(1) The management of the Farm Credit Administration shall be vested in a Farm Credit Administration Board.

"(2) Subject to paragraph (3), the Board shall consist of three members who shall be citizens of the United States and representative of the public interest.

"(3) The Board shall include one member who is experienced in the production, processing, or distribution of agricultural products and inputs.

"(4) Members of the Board shall be appointed by the President, by and with the advice and consent of the Senate.

"(5) Not more than two members of the Board shall be members of the same political party.

"(6) One member of the Board shall be designated by the President to serve as Chairman of the Board for the duration of the term of the member.

"(b)(1) The term of office of each member of the Board shall be 6 years, except that in the case of the two members initially appointed other than the Chairman—

"(A) the term of one member shall expire 2 years after the date of appointment; and

"(B) the term of the other member shall expire 4 years after the date of appointment.

"(2) A Board member shall not be appointed to successive terms, except that—

"(A) an initial member appointed for less than a 6-year term may be reappointed for a full 6-year term; and

"(B) a subsequent member appointed to fill an unexpired term of 3 years or less may be reappointed for a full 6-year term.

"(3) Any member of the Board shall continue to serve as a member after the expiration of the term of such member until a successor has been appointed.

"(c)(1) The Board shall—

"(A) adopt such rules as the Board determines necessary for the transaction of the business of the Board; and

"(B) keep permanent records and minutes of the acts and proceedings of the Board.

"(2) Vacancies on the Board shall not impair the right of the remaining member of the Board to exercise the powers of the Board.

"(3) A member of the Board shall be subject to the Ethics in Government Act of 1978 (2 U.S.C. 701 et seq.)

"(d)(1) A Board member may not be employed in any other capacity.

"(2) A Board member, other than the Chairman, shall receive compensation at a rate prescribed for level IV of the Executive Schedule established under section 5315 of title 5, United States Code.".

(b) The Farm Credit Act of 1971 is amended by striking out "Federal Farm Credit Board" each place it appears in sections 5.0, 5.1, 5.17, and 5.18 (12 U.S.C. 2221, 2222, 2251, and 2252) and inserting in lieu thereof "Farm Credit Administration Board".

POWERS OF THE BOARD

SEC. 105. Section 5.9 of the Farm Credit Act of 1971 (12 U.S.C. 2243) is amended—

(1) by striking out "Federal Farm Credit Board shall establish the general policy for the guidance of the Farm Credit Administration and" in the first sentence and inserting in lieu thereof "Farm Credit Administration Board shall manage, administer, and establish policies for the Farm Credit Administration. The Board shall"; and

(2) by striking out "or in the Governor" in the first sentence (as it existed before the amendment made by clause (1)) and all that follows through "administrative capacity" at the end of the section.

CHAIRMAN OF THE BOARD

SEC. 106. (a) Section 5.10 of the Farm Credit Act of 1971 (12 U.S.C. 2244) is amended to read as follows:

"SEC. 5.10. CHAIRMAN; RESPONSIBILITIES; COMPENSATION; GOVERNING STANDARDS.—(a)(1) The Chairman of the Board shall be the executive officer of the Board and the chief executive officer of the Farm Credit Administration.

"(2) Subject to the general supervision and direction of the Board, the Chairman shall be responsible for directing—

"(A) the implementation of the adopted policies and regulations of the Board; and

"(B) the execution of all the administrative functions and duties of the Farm Credit Administration.

"(3) The Chairman of the Board shall—

"(A) be the spokesman for the Board; and

"(B) represent the Board and the Farm Credit Administration in the official relations of the Board and Administration with other branches of government.

"(4) Pursuant to a policy statement adopted by the Farm Credit Administration Board, the Chairman shall consult on a regular basis with—

"(A) the Secretary of the Treasury in connection with the exercise by the Farm Credit System of the powers conferred under section 4.2; and

"(B) the Board of Governors of the Federal Reserve System in connection with the effect of Farm Credit System lending activities on national monetary policy.

"(b) The compensation of the Chairman of the Farm Credit Administration Board shall be at the rate prescribed for level III of the Executive Schedule established under section 5314 of title 5, United States Code.

"(c)(1) In carrying out this section, the Chairman of the Farm Credit Administration Board shall be governed by—

"(A) general policies of the Farm Credit Administration Board; and

"(B) such regulatory decisions, findings, and determinations as the Board may be authorized to make.

"(2) In the case of a third person, an act of the Chairman shall be conclusively presumed to be in compliance with the general policies and regulatory decisions, findings, and determinations referred to in paragraph (1).".

(b) Sections 5.11 and 5.12 of the Farm Credit Act of 1971 (12 U.S.C. 2245 and 2246) are repealed.

(c)(1) The Farm Credit Act of 1971 is amended by striking out "Governor" each place it appears in sections 1.5, 1.13, 1.17, 1.20, 2.2, 2.6, 2.7, 2.10, 2.13, 2.14, 2.17, 3.3, 3.4, 3.5, 3.11, 3.12, 3.13, 4.0, 4.1, 4.2, 4.4, 4.5, 4.25, 4.26, and 5.14 (12 U.S.C. 2013, 2031, 2051, 2054, 2073, 2077, 2078, 2091, 2094, 2095, 2098, 2124, 2125, 2126, 2132, 2133, 2134, 2151, 2152, 2153, 2155, 2156, 2211, 2212, and 2248) and inserting in lieu thereof "Chairman".

(2) The Farm Credit Act of 1971 is amended by striking out "GOVERNOR" each place it appears in the caption of sections 1.13, 4.0, and 4.26 (12 U.S.C. 2031, 2151, and 2212) and inserting in lieu thereof "CHAIRMAN".

FARM CREDIT ORGANIZATION

SEC. 107. Section 5.13 of the Farm Credit Act of 1971 (12 U.S.C. 2247) is amended—

(1) by redesignating such section as section 5.11;

(2) in the first sentence—

(A) by striking out "Governor" and inserting in lieu thereof, "Chairman";

(B) by inserting "Board" after "Administration";

(C) by striking out "the Governor and"; and

(D) by inserting "Board" after "Administration";

(3) in the second sentence—

(A) by striking out "Governor" and inserting in lieu thereof "Chairman"; and

(B) by striking out the colon after "Administration" and all that follows through "as amended"; and

(4) by striking out "Governor" in the third sentence and inserting in lieu thereof "Chairman".

FARM CREDIT ADVISORY COMMITTEE

SEC. 108. The Farm Credit Act of 1971 is amended by inserting after section 5.11 (as redesignated by section 107(1)) the following new section:

"SEC. 5.12 FARM CREDIT ADVISORY COMMITTEE.—(a) There is created a permanent Farm Credit Advisory Committee, composed of not more than 13 members, to advise the Farm Credit Administration Board with respect to matters under the jurisdiction of the Board.

"(b)(1) The Committee shall consist initially of the same individuals who, immediately prior to the date of enactment of the Farm Credit System Restructuring and Regulatory Reform Act of 1985, were members of the Federal Farm Credit Board.

"(2) Each such member shall continue to serve on the Farm Credit Advisory Committee for the unexpired portion of the term of the member on the Federal Farm Credit Board or until the death or resignation of the member, whichever is earlier.

"(3)(A) If such an individual is unable or unwilling to accept appointment to the Committee, the Chairman of the Farm Credit Administration Board shall appoint another person to serve on the Board in lieu of such individual.

"(B) Each such person shall serve for a period of 2 years.

"(c)(1) On the expiration of the term of office, resignation, or death of a member referred to in subsection (b), the Chairman of the Farm Credit Administration Board may appoint another individual to serve as a member of the Committee.

"(2) Each individual appointed under paragraph (1) shall serve for a term of 2 years.

"(3) In appointing individuals to serve as members of the Committee under paragraph (1), the Chairman shall consider the interests of—

"(A) the public;

"(B) shareholders in and borrowers from institutions of the Farm Credit System;

"(C) investors in Farm Credit System obligations; and

"(D) institutions of the Farm Credit System.

"(d) Except as provided in subsection (a), the Committee shall be subject to the Federal Advisory Committee Act (5 U.S.C. App.).

"(e) The Chairman shall provide the Committee with necessary clerical assistance and staff personnel.

"(f)(1) Except as provided in paragraph (2), a member of the Committee, other than an officer or employee of the United States, shall serve on the Committee without compensation.

"(2) Such member shall, while away from the home or regular place of business of such member in the performance of services under this Act, be allowed travel expenses, including per diem in lieu of subsistence, as authorized under section 5703 of title 5, United States Code.".

ALLOCATION OF EXPENSES FOR ADMINISTRATIVE SERVICES

SEC. 109. Section 5.16(a) of the Farm Credit Act of 1971 (12 U.S.C. 2250(a)) is amended by adding at the end thereof the following new sentence: "The Chairman of the Farm Credit Administration Board may prescribe regulations governing the computation and assessment of the expenses of supervision and examinations conducted by the Farm Credit Administration and the collection of such assessments from the institutions supervised and examined.".

ENUMERATED POWERS

SEC. 110. Section 5.18(a) of the Farm Credit Act of 1971 (12 U.S.C. 2252(a)) is amended by striking out paragraphs (4) through (17) and inserting in lieu thereof the following new paragraphs:

"(4) Except for associations, approve the salary scale for employees of the institutions of the System, and approve the compensation of the chief executive officer of such institution: *Provided,* That no salary scale or rate of compensation shall be approved under this provision unless determined to be fair and reasonable: *Provided further,* That no increase in any salary scale or rate of compensation shall be approved during any period in which there is outstanding any investment in Farm Credit System stock or obligation by the Chairman of the Farm Credit Administration Board or the Secretary of Treasury under this Act or the Farm Credit System Restructuring and Regulatory Reform Act of 1985.

"(5) Prescribe loan security requirements and conduct loan and collateral security review.

"(6) Approve the issuance of obligations of the institutions of the Farm Credit System for the purpose of funding the authorized operations of the institutions of the Farm Credit System and prescribe collateral therefor.

"(7) Approve interest rates paid by institutions of the Farm Credit System on the bonds, debentures, and similar obligations of such institutions, and the terms and conditions thereof.

"(8) Make investments in stock of the institutions of the Farm Credit System as provided in section 4.0 out of the revolving fund and require the retirement of such stock.

"(9) Regulate the borrowing, repayment, and transfer of funds and equities between institutions of the Farm Credit System.

"(10) Regulate the preparation by institutions of the Farm Credit System of information on the financial condition and operations of such institutions and the dissemination of such information to shareholders and investors.

"(11) Undertake research into the rural credit needs of the United States and methods of meeting such needs and of the funding of the operations of the Farm Credit System in relation to changing farming and economic conditions.

"(12) Use the United States mails on the same terms and conditions as the executive departments of the Federal Government.

"(13) Require surety bonds or other provisions for protection of the assets of the institutions of the Farm Credit System against losses occasioned by employees.

"(14) Prescribe rules and regulations necessary or appropriate for carrying out this Act.

"(15) Initiate, prosecute, defend, and appeal in the name of the Farm Credit Administration (other than to the Supreme Court of the United States), through the legal representative of such Administration, any civil action for the purpose of enforcing laws subject to the jurisdiction of such Administration.

"(16) Grant approvals required under this Act, except that the agency may adopt regulations under which approval is granted on the basis of the satisfaction of standards and criteria specified in such regulations.

"(17) Appoint, through the Chairman of the Farm Credit Administration Board and without regard to chapter 33 of title 5, United States Code, such officers, farm credit examiners, accountants, and other related employees as shall be necessary for the performance of the duties of the Farm Credit Administration under this Act, define the duties of such individuals, and fix the compensation of such individuals.

"(18) Exercise such incidental powers as may be necessary or appropriate to fulfill the duties of the Farm Credit Administration and carry out the purposes of this Act.".

DELEGATION OF DUTIES AND POWERS TO SYSTEM INSTITUTIONS

SEC. 111. (a) A delegation of a power or duty by the Farm Credit Administration to an institution of the Farm Credit System or redelegation of such power or duty made in accordance with section 5.19 of the Farm Credit Act of 1971 (12 U.S.C. 2253) (as such section existed before the amendment made by subsection (b)) may, at the option of the Farm Credit Administration, continue in full force and effect during the 12-month period beginning on the the date of enactment of this Act.

(b) Section 5.19 of the Farm Credit Act of 1971 (12 U.S.C. 2253) is repealed.

EXAMINATIONS AND REPORTS

SEC. 112. Section 5.20 of the Farm Credit Act of 1971 (12 U.S.C. 2254) is amended to read as follows:

"SEC. 5.20. EXAMINATIONS AND REPORTS.—(a)(1) Each institution of the Farm Credit System shall be examined by Farm Credit Administration examiners at such times as the Chairman of the Farm Credit Administration Board may determine.

"(2) Such examinations shall include, but not be limited to an examination of—

"(A) credit, collateral quality, and capitalization; and

"(B) the effectiveness of management; and

"(C) the provision of services to all eligible borrowers under this Act.

"(3) At the direction of the Chairman, Farm Credit Administration examiners shall also make examinations of the condition of any organization, other than a federally regulated financial institution, to which, or with which, any institution of the Farm Credit System contemplates making a loan or discounting the paper of such organization.

"(4) For the purpose of this Act, examiners of the Farm Credit Administration shall—

"(A) be subject to the same requirements, responsibilities, and penalties as are applicable to examiners under the National Bank Act (12 U.S.C. 38 et seq.), the Federal Reserve Act (12 U.S.C. 226 et seq.), the Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.), and other provisions of law; and

"(B) have the same powers and privileges as are vested in such examiners by law.

"(b)(1) Except as provided in paragraph (3), each institution of the Farm Credit System, and the Farm Credit System on a combined basis, shall make an annual report of condition as prescribed by the Farm Credit Administration.

"(2) Each report shall contain financial statements—

"(A) prepared in accordance with generally accepted accounting principles; and

"(B) audited by an independent public accountant.

"(3) The Chairman of the Farm Credit Administration Board may exempt any institution from the requirement for a separate report based on a determination that a report consolidated with one or more institutions of the Farm Credit System is sufficient.

"(4) For purposes of examinations and reports made under this section, the Farm Credit Administration may adopt regulatory accounting rules for those matters for which the Financial Accounting Standards Board has not issued a final rule.

"(c)(1) The Chairman of the Farm Credit Administration Board may publish the report of the examination of any institution of the Farm Credit System if such institution has not complied with recommendations contained in such report to the satisfaction of the Chairman within 120 days after notification of such recommendations.

"(2) The Chairman shall give notice 90 days prior to publishing under paragraph (1) any report of an examination, except that all or part of such 90-day period may, at the option of the Chairman, run concurrently with the 120-day period referred to in paragraph (1).".

TITLE II—REGULATORY ROLE OF THE FARM CREDIT ADMINISTRATION

Subtitle A—Federal Land Banks

ESTABLISHMENT

SEC. 201. The last sentence of section 1.3 of the Farm Credit Act of 1971 (12 U.S.C. 2011) is amended by striking out "When authorized by the Farm Credit Administration, it" and inserting in lieu thereof "Each Federal land bank".

POWERS

SEC. 202. Section 1.4 of the Farm Credit Act of 1971 (12 U.S.C. 2012) is amended—

(1) by striking out "vested in or delegated to the bank" in paragraph (17); and

(2) by striking out paragraph (19) and redesignating paragraphs (20) through (23) as (19) through (22), respectively.

Subtitle B—Federal Intermediate Credit Banks

ESTABLISHMENT

SEC. 211. The last sentence of section 2.0 of the Farm Credit Act of 1971 (12 U.S.C. 2071) is amended by striking out "When authorized by the Farm Credit Administration it" and inserting in lieu thereof "Each Federal intermediate credit bank".

POWERS

SEC. 212. Section 2.1 of the Farm Credit Act of 1971 (12 U.S.C. 2072) is amended—

(1) by striking out "vested in or delegated to the intermediate credit bank" in paragraph (14); and

(2) by striking out paragraph (21).

LOANS

SEC. 213. The first sentence of section 2.3(c) of the Farm Credit Act of 1971 (12 U.S.C. 2074(c)) is amended—

(1) by striking out "(a) (1) and (2)" and inserting in lieu thereof "(a)(2)"; and

(2) by striking out "(in the case of financing institutions under subsection (a)(2) of this section)".

Subtitle C—Production Credit Associations

POWERS

SEC. 221. Section 2.12(19) of the Farm Credit Act of 1971 (12 U.S.C. 2093(19)) is amended by striking out "or the Farm Credit Administration".

LOANS

SEC. 222. Section 2.15 of the Farm Credit Act of 1971 (12 U.S.C. 2096) is amended—

(1) in the matter preceding clause (1) of the first sentence of subsection (a)—

(A) by striking out "rules and regulations" and inserting in lieu thereof "standards"; and

(B) by striking out "and approved by the Farm Credit Administration";

(2) in the first sentence of subsection (b)—

(A) by striking out "regulations" the first place it appears and inserting in lieu thereof "standards";

(B) by striking out "with the approval of the Farm Credit Administration as provided in" and inserting in lieu thereof "subject to"; and

(C) by striking out "in such regulations"; and

(3) in the last sentence of subsection (b)—

(A) by striking out "regulations" and inserting in lieu thereof "standards"; and

(B) by striking out "or of Farm Credit Administration".

Subtitle D—Banks for Cooperatives

ESTABLISHMENT

SEC. 231. The last sentence of section 3.0 of the Farm Credit Act of 1971 (12 U.S.C. 2121) is amended by striking out "When authorized by the Farm Credit Administration each" and inserting in lieu thereof "Each".

POWERS

SEC. 232. Section 3.1 of the Farm Credit Act of 1971 (12 U.S.C. 2122) is amended by striking out paragraph (16) and redesignating paragraphs (17) through (19) as (16) through (18), respectively.

BOARD OF DIRECTORS

SEC. 233. The second sentence of section 3.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2123(a)) is amended by striking out "appointed by the Governor with the advice and consent of the Federal Farm Credit Board" and inserting in lieu thereof "the President of the Central Bank for Cooperatives".

Subtitle E—Funding

ISSUANCE OF OBLIGATIONS

SEC. 241. Section 4.2 of the Farm Credit Act of 1971 (12 U.S.C. 2153) is amended—

(1) by striking out "with approval of the Governor" in subsection (b); and

(2) in subsection (d)—

(A) by striking out "Governor" in the first sentence and inserting in lieu thereof "Chairman";

(B) by striking out "and each such issue shall be subject to approval of the Governor" in the second sentence; and

(C) by striking out "and the approval of the Governor for such issues shall be conditioned on and be evidence of the compliance with this provision" in the proviso of the second sentence.

AGGREGATE OF OBLIGATIONS

SEC. 242. (a) Section 4.3 of the Farm Credit Act of 1971 (12 U.S.C. 2154) as amended—

(1) by striking out subsection (a);

(2) by redesignating subsection (b) as subsection (c); and

(3) by inserting after the caption the following new subsections:

"(a)(1) The Farm Credit Administration shall require Farm Credit System institutions to maintain adequate capital by—

"(A) establishing minimum levels of capital for such institutions; and

"(B) using such other methods as such Administration considers appropriate.

"(2) The Farm Credit Administration may establish such minimum level of capital for an institution of the Farm Credit System as such Administration, at the option of such Administration, determines to be necessary or appropriate in light of the particular circumstances of such institution.

"(b)(1) Failure of an institution of the Farm Credit System to maintain capital at or above the minimum level established for such institution under subsection (a) may be considered by the Farm Credit Administration, at the option of such Administration, to constitute an unsafe or unsound practice within the meaning of this Act.

"(2)(A) In addition to or in lieu of any other action authorized by law, the Farm Credit Administration may issue a directive to an institution of the Farm Credit System that fails to maintain capital at or above the minimum level established for such institution under subsection (a).

"(B)(i) The directive may require such institution to submit and adhere to a plan acceptable to the Farm Credit Administration specifying the means and the timing by which such institution shall reach the minimum capital level.

"(ii) Any such directive issued pursuant to this paragraph (including a plan submitted pursuant to such directive) shall be enforceable under part C of title V to the same extent as an effective and outstanding final order issued under such part.

"(3)(A) The Farm Credit Administration may consider the adherence of an institution of the Farm Credit System to a plan required under this subsection whenever such institution, or an affiliate thereof, seeks the approval of the Farm Credit Administration for any proposal that would divert earnings, diminish capital, or otherwise impede the progress of such institution in achieving the minimum capital level required of such institution.

"(B) The Farm Credit Administration may disapprove any proposal referred to in subparagraph (A) if the Farm Credit Administration determines that the proposal would adversely affect the ability of such institution to comply with such plan.".

(b) Section 4.2(b) of the Farm Credit Act of 1971 (12 U.S.C. 2153(b)) is amended by striking out "section 4.3(b)" and inserting in lieu thereof "section 4.3(c)".

Subtitle F—Dissolution and Merger

BOARD OF DIRECTORS FOR MERGED BANK

SEC. 251. Section 4.11 of the Farm Credit Act of 1971 (12 U.S.C. 2182) is amended—

(1) by striking out "Governor with the advice and consent of the Federal Farm Credit Board" in the second sentence and inserting in lieu thereof "Chairman of the Farm Credit Administration Board"; and

(2) by striking out ", with the approval of the Farm Credit Administration, provide for a different number of directors selected in a different manner" in the third sentence and inserting in lieu thereof "provide for the directors to select an additional director".

DISSOLUTION AND MERGERS

SEC. 252. Section 4.12 of the Farm Credit Act of 1971 (12 U.S.C. 2183) is amended to read as follows:

"SEC. 4.12. DISSOLUTION; VOLUNTARY LIQUIDATION; MERGERS; RECEIVERSHIPS; AND CONSERVATORS.—(a) No institution of the Farm Credit System shall go into voluntary liquidation without the consent of the Farm Credit Administration Board and with such consent may liquidate only in accordance with regulations prescribed by the Board.

"(b)(1) Except as provided in paragraph (2), associations may merge voluntarily with other like associations—

"(A) on the vote of a majority of each of the shareholders of such associations present and voting (or voting by written proxy) at duly authorized meetings; and

"(B) with the approval of the Farm Credit Administration.

The Farm Credit Administration Board may require such merger if the Board determines, with the concurrence of the appropriate district board, that an association has failed to meet its outstanding obligations or failed to conduct its operations in accordance with this Act.

"(2)(A) Except as provided in subparagraph (B), with the approval of the Farm Credit Administration, all the like associations within a district may voluntarily merge into a single district-wide association on the vote of a majority of the shareholders present and voting (or voting by written proxy) of each of the affected associations in the district.

"(B) In the case of a State in which two-thirds of the association shareholders voted against the merger, any association whose principal office is located within such State may not be required to merge with other associations in the district.

"(3) In the case of any association whose stockholders did not approve a merger with one or more other associations under this subsection and continues as an independent association—

"(A) such association shall not be (i) charged any assessment under this Act at a higher rate than that charged other like associations in the district or (ii) discriminated against in the provision of any financial service and assistance (including, but not limited to, access to credit and rates of interest on loans and discounts) by a district Farm Credit bank to the association and its member-borrowers; and

"(B) the Farm Administration Credit shall not in any association charter or certificate of territory to be served, or otherwise, pro-

vide for any other like association to operate in the territory authorized to be served by such association in its charter, or otherwise, unless agreed to by the board of directors of such association or the other association was authorized to operate in the territory prior to July 1, 1985.

"(c) The Chairman of the Farm Credit Administration Board, after consultation with the respective district board or boards and the board of directors of the Federal Farm Credit System Capital Corporation established under section 4.45, may require two or more banks of the Farm Credit System (other than Central Banks for Cooperatives) operating under the same title to merge if the Chairman determines that one of such banks has failed to meet outstanding obligations of such bank.

"(d)(1) The Chairman of the Farm Credit Administration shall have exclusive power and jurisdiction to appoint a conservator or receiver for any institution of the Farm Credit System in accordance with this subsection.

"(2) A conservator or receiver may be appointed for an institution under this subsection on the basis of—

"(A) insolvency, in that the assets of such institution are less than the obligations of such institution to creditors and other persons, including the members of the institution;

"(B) substantial dissipation of assets or earnings due to any violation of law, rule, or regulation, or to any unsafe or unsound practice;

"(C) an unsafe or unsound condition for the transaction of business;

"(D) willful violation of a cease-and-desist order that has become final; or

"(E) concealment of books, papers, records, or assets of the institution from, or refusal to submit books, papers, records, or affairs of the institution for inspection to, any examiner or any lawful agent of the Farm Credit Administration.

"(3) If the Farm Credit Administration determines that a ground for the appointment of a conservator or receiver for an institution exists under paragraph (2), the Farm Credit Administration may appoint, ex parte and without notice, a conservator or receiver for the institution.

"(4) If a conservator or receiver is appointed under this subsection, the institution may, within 30 days after such appointment, bring an action in the United States district court for the judicial district in which the principal office of such institution is located, or in the United States District Court for the District of Columbia, for an order requiring the Farm Credit Administration to remove such conservator or receiver.

"(5) On commencement of such action, the court having jurisdiction of any other action or proceeding authorized under this subsection to which the institution is a party shall stay such action or proceeding during the pendency of the action for removal of the conservator or receiver.".

SUBTITLE G—COMPENSATION OF DISTRICT BOARD

COMPENSATION OF DISTRICT BOARD

SEC. 261. Section 5.5 of the Farm Credit Act of 1971 (12 U.S.C. 2226) is amended—

(1) by inserting ", and (in accordance with Farm Credit Administration regulations) for other services rendered in their capacity as directors" before the period at the end of the first sentence; and

(2) by striking out the second and third sentences.

TITLE III—ENFORCEMENT BY FARM CREDIT ADMINISTRATION

ENFORCEMENT BY FARM CREDIT ADMINISTRATION

SEC. 301. Title V of the Farm Credit Act of 1971 (12 U.S.C. 2221 et seq.) is amended by adding at the end thereof the following new part:

"PART C—ENFORCEMENT BY FARM CREDIT ADMINISTRATION

"SEC. 5.40. DEFINITIONS.—As used in this part:

"(1) The term 'Administration' means the Farm Credit Administration.

"(2) The terms 'cease-and-desist order that has become final' and 'order that has become final' mean—

"(A) a cease-and-desist order, or an order, issued by the Administration—

"(i) with the consent of the institution or the director, officer, or other person concerned;

"(ii) with respect to which no petition for review of the action of the Administration has been filed and perfected in a court of appeals under section 5.44(c); or

"(iii) with respect to which the action of the court in which such petition is so filed is not subject to further review by the Supreme Court of the United States in proceedings provided for under section 5.44(c); or

"(B) an order issued under subsection (b) or (d) of section 5.43.

"(3) The term 'institution' means—

"(A) an institution specified in section 1.2;

"(B) a service organization chartered under part D of title IV; or

"(C) the Federal Farm Credit System Capital Corporation established under section 4.41.

"(4) The term 'safe or unsound practice' shall have the meaning given such term by the Administration by regulation, rule, or order.

"(5) The term 'violate' includes any action (alone or with another or others) causing, bringing about, participating in, counseling, or aiding or abetting a violation.

"SEC. 5.41. CEASE-AND-DESIST ORDERS.—(a)(1) If the Administration believes that any institution, or any director, officer, employee, agent, or other person participating in the conduct of the affairs of an institution—

"(A) is engaging, has engaged, or the Administration has reasonable cause to believe is about to engage, in an unsafe or unsound practice in conducting the business of such institution; or

"(B) is violating, has violated, or the Administration has reasonable cause to believe is about to violate, a law, rule, or regulation, or any condition imposed in writing by the Administration in connection with the granting of any application or other request by such institution or any written agreement entered into with the Administration,

the Administration may issue and serve on such institution or such director, officer, employee, agent, or other person a notice of charges of such practice or violation.

"(2) Such notice shall contain a statement of the facts constituting the alleged violation or violations or the unsafe or unsound practice or practices.

"(b)(1) In addition to such statement, the notice shall fix a time and place at which a hearing shall be held to determine whether an order to cease and desist from such practice or violation should be issued against the institution or the director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution.

"(2) Such hearing shall be held on a date not earlier than 30 days, nor later than 60 days, after service of such notice, unless a different date is established by the Administration at the request of any party so served.

"(3) Unless the party or parties so served shall appear at the hearing personally or by a duly authorized representative, the party or parties shall be considered to have consented to the issuance of the cease-and-desist order.

"(c)(1) If such consent is established, or if on the record made at any such hearing, the Administration finds that a violation or unsafe or unsound practice specified in the notice of charges has been established, the Administration may issue and serve on the institution or the director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution an order to cease and desist from any such violation or practice.

"(2) Such order may require the institution or the directors, officers, employees, agents, and other persons participating in the conduct of the affairs of such institution to—

"(A) cease and desist from such violation or practice; and

"(B) take affirmative action to correct the conditions resulting from any such violation or practice.

"(3) A cease-and-desist order shall—

"(A) become effective at the expiration of 30 days after the service of such order on the institution or other person concerned (except that, in the case of a cease-and-desist order issued on the basis of consent, such order shall become effective at the time specified in such order); and

"(B) remain effective and enforceable as provided in the order, except to the extent the order is stayed, modified, terminated, or set aside by action of the Administration or a reviewing court.

"(d)(1) If the Administration believes that the violation or threatened violation or the unsafe or unsound practice or practices, specified in the notice of charges served on the institution or any director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution pursuant to subsection (a), or the continuation thereof, is likely to cause insolvency or substantial dissipation of assets or earnings of the institution or is likely to seriously weaken the condition of the institution or otherwise seriously prejudice the interest of the investors in Farm Credit System obligations or shareholders in the institution prior to the completion of the proceedings conducted pursuant to subsection (b), the Administration may issue a temporary order requiring the institution or such director, officer, employee, agent, or other person—

"(A) to cease and desist from any such violation or practice; and

"(B) to take affirmative action to prevent such insolvency, dissipation, condition, or prejudice pending completion of such proceedings.

"(2) Such order shall—

"(A) become effective on the service on the institution or such director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution; and

"(B) unless set aside, limited, or suspended by a court in proceedings authorized by

paragraph (3), remain effective and enforceable—

"(i) pending the completion of the administrative proceedings conducted pursuant to such notice; and

"(ii) until—

"(I) such time as the Administration shall dismiss the charges specified in such notice; or

"(II) if a cease-and-desist order is issued against the institution or such director, officer, employee, agent, or other person, the effective date of such order.

"(3)(A) Within 10 days after the institution concerned or any director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution has been served with a temporary cease-and-desist order, the institution or such director, officer, employee, agent, or other person may apply to the United States district court for the judicial district in which the principal office of the institution is located, or the United States District Court for the District of Columbia, for an injunction setting aside, limiting, or suspending the enforcement, operation, or effectiveness of such order pending the completion of the administrative proceedings pursuant to the notice of charges served on the institution or such director, officer, employee, agent, or other person under subsection (a).

"(B) Such court shall have jurisdiction to issue such injunction.

"(4)(A) In the case of a violation or threatened violation of, or failure to obey, a temporary cease-and-desist order issued pursuant to paragraph (1), the Administration may apply to the United States district court, or the United States court of any territory, within the jurisdiction of which the principal office of the institution is located, for an injunction to enforce such order.

"(B) If the court determines that there has been such violation or threatened violation or failure to obey, the court shall issue such injunction.

"SEC. 5.42. SUSPENSION OR REMOVAL OF DIRECTOR OR OFFICER.—(a) If the Administration believes that—

"(1) any director or officer of an institution has—

"(A) committed any violation of a law, rule, regulation, or of a cease-and-desist order that has become final;

"(B) engaged or participated in any unsafe or unsound practice in connection with the institution; or

"(C) committed or engaged in any act, omission, or practice that constitutes a breach of a fiduciary duty of such director or officer;

"(2)(A) the institution has suffered or will probably suffer substantial financial loss or other damage;

"(B) the interests of the shareholders or investors in Farm Credit System obligations could be seriously prejudiced by reason of such violation, practice, or breach; or

"(C) the director or officer has received financial gain by reason of such violation, practice, or breach; and

"(3) such violation or practice or breach of fiduciary duty is one that—

"(A) involves personal dishonesty on the part of such director or officer; or

"(B) demonstrates gross negligence or a willful or continuing disregard for the safety or soundness of the institution,

the Administration may serve on such director or officer a written notice of the intention of the Administration to remove such director or officer from office.

"(b) If the Administration believes that—

"(1) any director or officer of an institution, by conduct or practice with respect to another institution or other business institution that resulted in substantial financial loss or other damage, has evidenced—

"(A) personal dishonesty, gross negligence, or a willful or continuing disregard for the safety and soundness of such institution; and

"(B) unfitness of the director or officer to continue as a director or officer; or

"(2) any other person participating in the conduct of the affairs of an institution, by conduct or practice with respect to such institution or other institution or other business institution that resulted in substantial financial loss or other damage, has evidenced—

"(A) personal dishonesty, gross negligence, or a willful or continuing disregard for the safety and soundness of such institution; and

"(B) unfitness of such person to participate in the conduct of the affairs of such institution,

the Administration may serve on such director, officer, or other person a written notice of the intention of the Administration to remove such director, officer, or other person from office or to prohibit the further participation of such director, officer, or other person in the conduct of the affairs of the institution.

"(c)(1) In the case of any director or officer of an institution or any other person referred to in subsection (a) or (b), the Administration may, if the Administration considers it necessary for the protection of the institution or the interest of the shareholders of such institution or the investors in Farm Credit System obligations, by written notice to such effect served on such director, officer, or other person—

"(A) suspend such director, officer, or other person from office; or

"(B) prohibit such director, officer, or other person from further participation in the conduct of the affairs of the institution.

"(2) Such suspension or prohibition shall—

"(A) become effective on the service of such notice; and

"(B) unless stayed by a court in proceedings authorized by subsection (f), remain in effect—

"(i) pending the completion of the administrative proceedings conducted pursuant to the notice served under subsection (a) or (b); and

"(ii) until—

"(I) such time as the Administration shall dismiss the charges specified in such notice; or

"(II) if an order of removal or prohibition is issued against the director or officer or other person, until the effective date of such order.

"(3) A copy of any such notice shall also be served on the institution of which the director or officer is a director or officer or in the conduct of whose affairs the director, officer, or other person has participated.

"(4) A notice of intention to remove a director, officer, or other person from office or to prohibit the participation of such director, officer, or other person in the conduct of the affairs of an institution shall contain a statement of the facts constituting grounds for such removal or prohibition.

"(d)(1) In addition to such statement, such notice shall establish a time and place at which a hearing will be held on the basis for removal.

"(2) Such hearing shall be held on a date not earlier than 30 days, nor later than 60 days, after the date of service of such notice, unless a different date is established by the Administration at the request of—

"(A) such director, officer, or other person, and for good cause shown; or

"(B) the Attorney General of the United States.

"(3) Unless such director, officer, or other person appears at the hearing in person or through a duly authorized representative, such director, officer, or other person shall be considered to have consented to the issuance of an order of such removal or prohibition.

"(e)(1) If consent to such is obtained, or if on the record made at any such hearing the Administration finds that any of the grounds specified in such notice have been established, the Administration may issue an order of suspension or removal from office, or prohibition from participation in the conduct of the affairs of the institution, as the Administration considers appropriate.

"(2) A copy of an order issued under this section shall be served on the institution concerned.

"(3) Any such order shall—

"(A) become effective at the expiration of 30 days after service on such institution and the director, officer, or other person concerned (except that, in the case of an order issued on the basis of consent, such order shall become effective at the time specified in such order); and

"(B) remain effective and enforceable, except to the extent such order is stayed, modified, terminated, or set aside by action of the Administration or a reviewing court.

"(f)(1) Within 10 days after any director, officer, or other person has been suspended from office or prohibited from participation in the conduct of the affairs of an institution, or both, under subsection (c), such director, officer, or other person may apply to the United States district court for the judicial district in which the principal office of the institution is located, or the United States District Court for the District of Columbia, for a stay of such suspension or prohibition, or both, pending the completion of the administrative proceedings conducted pursuant to the notice served on such director, officer, or other person under subsection (a) or (b).

"(2) Such court shall have jurisdiction to stay such suspension or prohibition, or both.

"SEC. 5.43. SUSPENSION OR REMOVAL OF DIRECTOR OR OFFICER CHARGED WITH FELONY.—(a)(1) If—

"(A) a director or officer of an institution, or other person participating in the conduct of the affairs of an institution, is charged in any information, indictment, or complaint authorized by a United States attorney, with the commission of or participation in a crime involving dishonesty or breach of trust that is punishable by imprisonment for a term exceeding 1 year under State or Federal law; and

"(B) continued service or participation by the individual may—

"(i) pose a threat to the interests of the shareholders of the institution or investors in Farm Credit System obligations; or

"(ii) impair public confidence in the institution,

the Administration may, by written notice served on such director, officer, or other person, suspend such director, officer, or

other person from office or prohibit such director, officer, or other person from further participation in the conduct of the affairs of the institution.

"(2) Such suspension or prohibition shall remain in effect until such information, indictment, or complaint is finally disposed of or until terminated by the Administration.

"(b)(1) If—

"(A) a judgment of conviction with respect to such crime is entered against such director, officer, or other person;

"(B) such judgment is not subject to further appellate review; and

"(C) continued service or participation by the individual may—

"(i) pose a threat to the interests of the shareholders of the institution or investors in Farm Credit System obligations; or

"(ii) impair public confidence in the institution,

the Administration may issue and serve on such director, officer, or other person an order removing such director, officer, or other person from office or prohibiting such director, officer, or other person from further participation in the conduct of the affairs of the institution, except with the consent of the Administration.

"(2) A copy of such order shall also be served on such institution.

"(3) On receipt of such copy, such director or officer shall cease to be a director or officer of such institution.

"(4) A finding of not guilty or other disposition of the charge shall not preclude the Administration from thereafter instituting proceedings to remove such director, officer, or other person from office or to prohibit further participation in institution affairs, pursuant to section 5.42.

"(5) Any notice of suspension or order of removal issued under this section shall remain effective and outstanding until the completion of any hearing or appeal authorized under subsection (d), unless terminated by the Administration.

"(c)(1) If at any time, as the result of the suspension of one or more directors pursuant to this section, there shall be on the board of directors of an institution less than a quorum of directors not so suspended, the Chairman of the Farm Credit Administration Board shall appoint persons to serve temporarily as directors in their place and stead so as to establish a quorum.

"(B) Such persons shall serve until such time as those persons who have been removed are reinstated or their respective successors are elected or appointed and take office.

"(d)(1) Within 30 days after service of any notice of suspension or order of removal issued pursuant to subsection (a) or (b), the director, officer, or other person concerned may request in writing an opportunity to appear before the Administration to show that the continued service to or participation in the conduct of the affairs of the institution by such individual does not, or is not likely to, pose a threat to the interests of the shareholders of the institution or the investors in Farm Credit System obligations.

"(2) On receipt of any such request, the Administration shall establish a time (not more than 30 days after receipt of such request, unless extended at the request of the concerned director, officer, or other person) and place at which the director, officer, or other person may appear, personally or through counsel, before the Chairman of the Farm Credit Administration Board to submit written materials (or, at the discretion of the Administration, oral testimony) and oral argument.

"(3) Within 60 days after such hearing, the Administration shall notify such director, officer, or other person whether the suspension or prohibition from participation in the conduct of the affairs of the institution will be continued, terminated, or otherwise modified, or whether the order removing such director, officer, or other person from office or prohibiting such individual from further participation in the conduct of the affairs of the institution will be rescinded or otherwise modified.

"(4) Such notification shall contain a statement of the basis for the decision of the Administration, if adverse to the director, officer, or other person.

"(e) The Administration may prescribe such rules as may be necessary to carry out this section.

"SEC. 5.44. ADMINISTRATIVE AND JUDICIAL REVIEW.—(a)(1) Any hearing provided for in this part (other than a hearing provided for in section 5.43(d)) shall be held in the Federal judicial district or in the territory in which the principal office of the institution is located, unless the party afforded the hearing consents to another place.

"(2) Such hearing shall be conducted in accordance with chapter 5 of title 5, United States Code.

"(3) Such hearing shall be private, unless the Administration, after fully considering the views of the party afforded the hearing, determines that a public hearing is necessary to protect the public interest.

"(b)(1) After such hearing, and within 90 days after the Administration has notified the parties that the case has been submitted to the Administration for final decision, the Administration shall—

"(A) render a decision (including the findings of fact on which the decision is predicated); and

"(B) issue and serve on each party to the proceeding an order or orders consistent with this part.

"(2) Judicial review of any such order shall be had exclusively as provided in this section.

"(3) Unless a petition for review is timely filed in a court of appeals of the United States, as provided in subsection (c), and thereafter until the record in the proceeding has been filed as so provided, the Administration may at any time, on such notice and in such manner as the Administration shall consider proper, modify, terminate, or set aside any such order.

"(4) On the filing of the record, the Administration may modify, terminate, or set aside any such order with permission of the court.

"(c)(1) Any party to a proceeding conducted under this section, or any person required by an order issued under this section to cease and desist from a violation or practice stated in such order, may obtain a review of any order served pursuant to subsection (a) or (b) (other than an order issued with the consent of the institution or the director or officer or other person concerned, or an order issued under section 5.43(b)) by the filing in the court of appeals of the United States for the circuit in which the principal office of the institution is located, or in the United States Court of Appeals for the District of Columbia Circuit, within 30 days after the date of the service of such order, a written petition praying that the order of the Administration be modified, terminated, or set aside.

"(2) A copy of such petition shall be transmitted immediately by the clerk of the court to the Administration.

"(3) On receipt of such copy, the Administration shall file in the court the record in the proceeding, as provided in section 2112 of title 28, United States Code.

"(4) On the filing of such petition, such court shall have jurisdiction (that on the filing of the record shall (except as provided in subsection (b)(4)) be exclusive) to affirm, modify, terminate, or set aside, in whole or in part, the order of the Administration.

"(5) The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court on certiorari, as provided in section 1254 of title 28, United States Code.

"(d) The commencement of proceedings for judicial review under subsection (c) shall not, unless specifically ordered by the court, operate as a stay of any order issued by the Administration.

"SEC. 5.45. ENFORCEMENT.—(a) The Administration may apply to the United States district court, or the United States court of any territory, within the jurisdiction of which the principal office of an institution is located, for the enforcement of any effective and outstanding notice or order issued under this part.

"(b)(1) Except as provided in paragraph (2), such court shall have jurisdiction and power to order and require compliance with such notice or order.

"(2) Except as otherwise provided in this part, no court shall have jurisdiction—

"(A) to affect by injunction or otherwise the issuance or enforcement of any notice or order under this part; or

"(B) to review, modify, suspend, terminate, or set aside any such notice or order.

"SEC. 5.46. PENALTIES.—(a)(1) Subject to paragraph (2), any institution that violates, or an officer, director, employee, agent, or other person participating in the conduct of the affairs of such an institution who violates, the terms of any order that has become final and was issued pursuant to section 5.41, shall forfeit and pay a civil penalty of not more than $1,000 per day for each day during which such violation continues.

"(2) The Administration may compromise, modify, or remit any civil money penalty that is subject to imposition or has been imposed under this section.

"(3) The penalty may be assessed and collected by the Administration by written notice.

"(b) In determining the amount of the penalty, the Administration shall take into account the appropriateness of the penalty with respect to the size of financial resources and good faith of the institution or person charged, the gravity of the violation, the history of previous violations, and such other matters as the Administration considers appropriate.

"(c)(1) The institution or person assessed shall be afforded an opportunity for a hearing before the Administration, on request made within 10 days after the issuance of the notice of assessment.

"(2) In such hearing all issues shall be determined on the record pursuant to section 554 of title 5, United States Code.

"(3) A determination of the Administration shall be made by final order and may be reviewed only as provided in subsection (d).

"(4) If no hearing is requested as provided in subsection (d), the assessment shall constitute a final and unappealable order.

"(d)(1) Any institution or person against whom an order imposing a civil money penalty has been entered after the hearing held before the Administration under this section may obtain review of such order by the United States court of appeals for the circuit in which the principal office of the institution is located, or the United States Court of Appeals for the District of Columbia Circuit, by—

"(A) filing a notice of appeal in such court within 20 days after the service of such order; and

"(B) simultaneously sending a copy of such notice by registered or certified mail to the Administration.

"(2) The Administration shall promptly certify and file in such Court the record on which the penalty was imposed, as provided in section 2112 of title 28, United States Code.

"(3) The findings of the Administration shall be set aside if found to be unsupported by substantial evidence.

"(e)(1) If any institution or person fails to pay an assessment after the assessment has become a final and unappealable order, or after the court of appeals has entered a final judgment in favor of the Administration, the Administration shall refer the matter to the Attorney General.

"(2) The Attorney General shall recover the amount assessed by action in the appropriate United States district court.

"(3) In such action, the validity and appropriateness of the final order imposing the penalty shall not be subject to review.

"(f) The Administration shall issue regulations establishing procedures necessary to implement this section.

"(g) All penalties collected under authority of this section shall be placed in the Treasury of the United States.

"(h) Any director or officer, or former director or officer of an institution, or any other person, against whom there is outstanding and effective a notice or final order served on such director, officer, or other person under subsection (c), (d), or (e) of section 5.42 or section 5.43 who—

"(1) participates in the conduct of the affairs of the institution involved, or directly or indirectly solicits or procures, or transfers or attempts to transfer, or votes or attempts to vote, any proxies, consents, or authorizations in respect of any voting rights in such institution; or

"(2) without the prior written approval of the Administration, votes for a director, serves or acts as a director, officer, or employee of any institution,

shall on conviction be fined not more than $5,000 or imprisoned for not more than 1 year, or both.

"SEC. 5.47. GENERAL PROVISIONS.—(a) Any service required or authorized to be made by the Administration under this part may be made by registered mail, or in such other manner reasonably calculated to give actual notice as the Administration may by regulation or otherwise provide.

"(b)(1) In the course of or in connection with any proceeding under this part or any examination or investigation under section 5.18, the Administration or any designated representative thereof (including any person designated to conduct any hearing under this part) shall have the power to administer oaths and affirmations, to take or cause to be taken depositions, and to issue, revoke, quash, or modify subpoenas and subpoenas duces tecum.

"(2) The Administration may issue rules and regulations with respect to any such proceedings, claims, examinations, or investigations.

"(3) The attendance of witnesses and the production of documents provided for in this subsection may be required from any place in any State or in any territory or other place subject to the jurisdiction of the United States at any designated place where such proceeding is being conducted.

"(4) The Administration or any party to a proceeding under this part may apply to the United States District Court for the District of Columbia, or the United States district court for the judicial district or the United States court in any territory in which such proceeding is being conducted, or where the witness resides or carries on business, for enforcement of any subpoena or subpoena duces tecum issued pursuant to this subsection.

"(5) Such court shall have jurisdiction and power to order and require compliance with an order.

"(6) Witnesses subpoenaed under this subsection shall be paid the same fees and mileage that are paid witnesses in the district courts of the United States.

"(7) Any court having jurisdiction of any proceeding instituted under this part by an institution or a director or officer of an institution, may allow to any such party such reasonable expenses and attorneys' fees as the court considers just and proper.

"(8) Such expenses and fees shall be paid by the institution or from the assets of the institution.

"(9) Any person who willfully shall fail or refuse to attend and testify or to answer any lawful inquiry or to produce books, papers, correspondence, memoranda, contracts, agreements, or other records, if within the power of such person, in compliance with the subpoena of the Administration, shall be guilty of a misdemeanor and, on conviction, shall be subject to a fine of not more than $1,000 or to imprisonment for a term of not more than 1 year, or both.".

TITLE IV—FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION

FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION

SEC. 401. (a) Title IV of the Farm Credit Act of 1971 (12 U.S.C. 2151 et seq.) is amended by adding at the end thereof the following new part:

"PART F—FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION

"SEC. 4.40. DEFINITIONS.—As used in this part:

"(1) The term 'Administration' means the Farm Credit Administration.

"(2) The term 'Board of Directors' means the Board of Directors of the Corporation.

"(3) The term 'Corporation' means the Federal Farm Credit System Capital Corporation established under section 4.41.

"(4) The term 'institution' means an institution of the Farm Credit System.

"SEC. 4.41. CHARTER AND PURPOSE OF CORPORATION.—(a) To ensure the continued viability of the farmer-owned cooperative Farm Credit System through the effective redistribution of capital, the purchase, restructuring, and sale of system assets, and the taking of other prescribed actions, the Administration may in accordance with this part—

"(1) provide for the organization, incorporation, examination, operation and regulation of a Federal Farm Credit System Capital Corporation, under such rules and regulations as the Administration may prescribe, including but not limited to, rules and regulations prescribed in the charter of the Corporation; and

"(2) issue a charter for such Corporation.

"(b) On the issuance of such charter, the Corporation shall become a federally chartered body corporate that is part of the Farm Credit System.

"SEC. 4.42. POWERS OF THE CORPORATION.—Subject to such rules and regulations as the Administration may prescribe, the Corporation shall operate under the supervision of the Administration and have the following powers:

"(1) Adopt and use a corporate seal.

"(2) Have succession until dissolved by the Administration or by law.

"(3) Make contracts.

"(4) Sue and be sued.

"(5) Acquire, hold, dispose of, and otherwise exercise all the usual incidents of ownership of real and personal property necessary or convenient to the business of the Corporation, except that the acquisition of property from an institution may be made only at fair market value based on standards prescribed by the Administration.

"(6) Acquire, hold, and dispose of loans or interests in loans or other assets acquired from an institution, provide services and other assistance authorized by this Act, and charge fees for such services and assistance, except that the acquisition of any such loan or asset may be made only at fair market value based on standards prescribed by the Administration.

"(7) Exercise all the rights and privileges of an institution with respect to any loan or interest therein that the Corporation has acquired, including the adjustment of interest rates, compromise of indebtedness, waiver of default, and other rights and privileges.

"(8) Assume debt or other liabilities from institutions in connection with the acquisition of loans or interests in such loans or other assets from such institutions.

"(9) Subject to the authority of the Administration to regulate such actions under sections 4.48 and 5.18, require institutions, as the Corporation may determine, to purchase stock in the Corporation or otherwise assess and collect funds from each institution in such manner, at such times, and in such amounts as the Corporation shall determine are necessary—

"(A) to cover the expenses of the Corporation, including operating expenses, debt payments, retirement of obligations (including the cost of retiring obligations issued to the Secretary of the Treasury or the Administration), loan losses, and any other expenses incurred in exercising the authority of the Corporation under this part; and

"(B) subject to the approval of the Administration—

"(i) to retire stock of the Corporation purchased by institutions; and

"(ii) to repay institutions all or part of any amount that has been assessed under this section.

"(10) Transfer funds and equities between and among institutions, require capital contributions to the Corporation from institutions, and administer capital assistance or extend credit to any institution, as the Corporation considers necessary under regulations issued under sections 4.48 and 5.18.

"(11) Extend credit to borrowers of an institution—

"(A) to protect collateral supporting loans held by the Corporation; and

"(B) to facilitate debt restructuring of such loans.

"(12) Operate under the direction of the Board of Directors.

"(13) Elect by the Board of Directors a president and provide for such other officers, employees, and agents as may be necessary, with the president serving at the pleasure of the Board of Directors.

"(14) Prescribe through the Board of Directors bylaws that are not inconsistent with law providing for—

"(A) the classes of stock of the Corporation and the manner in which such stock shall be issued, transferred, and retired;

"(B) the officers, employees, and agents of the Corporation elected or provided;

"(C) the property of the Corporation acquired, held, and transferred;

"(D) the general business of the Corporation; and

"(E) the privileges granted to the Corporation by law.

"(15) Borrow money through the issuance of System-wide notes, bonds, debentures, or other obligations in connection with other banks of the Farm Credit System, on such terms, conditions, and rates of interest as may be agreed on and approved by the Chairman of the Farm Credit Administration Board, and in accordance with part A of title IV.

"(16) Borrow from any system or commercial bank on the individual responsibility of the Corporation on such terms and conditions as the Corporation may determine with the approval of the Administration.

"(17) Authorize, through the Board of Directors, under such terms and conditions as the Corporation shall determine—

"(A) the issuance and sale of—

"(i) voting stock to banks of the Farm Credit System; and

"(ii) nonvoting stock to banks or other institutions of the Farm Credit System or to members of the public; or

"(B) an increase in the capital stock of the Corporation.

"(18) Authorize, through the Board of Directors, the issuance and sale of obligations, including notes, bonds, debentures, capital notes, and nonvoting securities to the Secretary of the Treasury or Administration under such terms and conditions as shall be determined.

"(19) Deposit the securities and current funds of the Corporation with any member of the Federal Reserve System or any insured State nonmember bank (as defined in section 2(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813(b)), pay fees therefor, and receive interest thereon, as may be agreed on.

"(20) Buy and sell securities issued or insured by the United States or any agency of the United States or securities backed by the full faith and credit of any such agency and make such other investments as are authorized by the Administration.

"(21) Provide managerial, technical, and financial services to institutions relating to loan restructuring.

"(22) Exercise, through the Board of Directors or authorized officers, employees, or agents, all such incidental powers as may be necessary or expedient to carry out the business of the Corporation.

"SEC. 4.43. LIMITATION ON POWERS OF THE CORPORATION.—The powers of the Corporation under this part—

"(1) shall be exercised only for purposes specified in this part; and

"(2) shall not be exercised in a manner that would result in the Corporation supplanting institutions of the Farm Credit System operating under title I through III as the primary providers of credit and other financial services to farmers, ranchers, and their cooperatives.

"SEC. 4.44. EMPLOYEES AND FUNDS OF THE CORPORATION.—(a) An officer or employee of the Corporation shall not be considered an officer or employee of the Federal Government.

"(b) Funds held by the Corporation shall not be considered to be funds of the Federal Government or appropriated moneys.

"SEC. 4.45. BOARD OF DIRECTORS OF THE CORPORATION.—(a)(1) The Board of Directors of the Corporation shall consist of five members, of which—

"(A) two members shall be elected by the farm credit banks that own the voting stock of the Corporation, with each such bank having the right to cast one vote to fill each such vacancy without regard to the number of voting shares owned by such bank;

"(B) two members shall be appointed by the Chairman of the Farm Credit Administration Board; and

"(C) one member shall be appointed by the Secretary of Agriculture, and shall have agricultural or small business experience.

"(2) Members appointed by the Chairman under paragraph (1)(B) shall be selected from United States citizens—

"(A) who are not borrowers from, shareholders in, or employees of any institution; and

"(B) who are experienced in financial services and credit.

"(b) Members of the Board of Directors shall serve 2-year terms, except that, of the members first elected or appointed to the Board of Directors, one elected member and one appointed member shall serve initial terms of 1 year.

"(c) The Board of Directors shall elect, on an annual basis, a Chairman from among the members of the Board.

"(d)(1) Members of the Board may succeed themselves and may serve until their successors are duly seated.

"(2) Vacancies on the Board shall be filled in the same manner as the vacant position was previously filled.

"SEC. 4.46. INITIAL CAPITALIZATION.—(a) Subject to section 4.48, the Administration shall provide for the initial capitalization of the Corporation by requiring institutions to contribute capital to the Corporation in such amounts and under such terms and conditions as the Chairman of the Farm Credit Administration Board may prescribe.

"(b) The initial capital stock of the Corporation—

"(1) shall be divided into shares of par value of $100 each;

"(2) may be of such classes as the Chairman of the Farm Credit Administration Board may prescribe; and

"(3) shall be distributed among the institutions.

"SEC. 4.47. REPORTING.—The Corporation shall be included in all combined or consolidated reports and statements of the Farm Credit System.

"SEC. 4.48. ISSUANCE OF REGULATIONS.—(a)(1) The Administration shall establish, by regulation, criteria under which—

"(A) the Corporation shall require institutions of the Farm Credit System to purchase stock in the Corporation or pay assessments to the Corporation; or

"(B) the Administration shall require such institutions to provide the initial capital required by the Corporation.

"(2) Such regulations shall—

"(A) require an equitable sharing of the assessment burden; and

"(B) give due consideration to the relative financial strength and ability to pay of the contributing institution.

"(3) Assessments made under such regulations may not reduce the resources of the contributing institution below a point at which the institution's ability to function as an ongoing competitive and viable lender is jeopardized. Stock purchases and assessments made under such regulations shall not impair or reduce capital stock, participation certificates, and allocated equities held by borrowers that are not associations chartered under this Act.

"(b)(1) The Administration shall establish, by regulation, the criteria used in determining—

"(A) the eligibility of institutions for financial assistance from the Corporation;

"(B) the types and amounts of financial assistance that may be obtained from the Corporation; and

"(C) circumstances under which repayment shall be made to the transfering or contributing institution of any transfer of funds or equities or capital contributions made under section 4.42(10) of this Act.

"(2) Such regulations shall provide that an institution shall be eligible to receive financial assistance if the financial condition of the institution has deteriorated to a point at which—

"(A) continued operation of the institution is jeopardized; and

"(B) the provision of such financial assistance is necessary to ensure that farm credit services will continue to be available to borrowers in the territory of the institution.

"SEC. 4.49. PURCHASE, PARTICIPATION, AND ADMINISTRATION OF LOANS.—(a) The Corporation may require any institution, as a condition for receiving assistance, to sell to the Corporation—

"(1) loans or participation interests in loans that have been placed in nonaccrual status;

"(2) assets carried in the account of such institution for acquired properties; and

"(3) other loans and related assets.

"(b)(1) The Corporation may refinance, reamortize, or compromise indebtedness with respect to any loans (or participation in loans) purchased by the Corporation.

"(2) Indebtedness may be compromised below the level of the investment of the Corporation in the asset only if the Corporation, with the concurrence of or in accordance with guidelines of the Administration, determines that the collateral valuations that formed the basis for establishing the price at which the Corporation purchased the loan does not reflect the fair market value of such collateral and the repayment capacity of the debtor.

"(3) Requests for compromise of indebtedness that arise in the course of loan administration by the Corporation may be granted, denied, or altered in the sole discretion of the Corporation.

"(4) The Corporation shall not be required to accept any repayment of a loan (or participation in a loan) that is less than is legally due the Corporation under such loan.

"SEC. 4.50. TAXATION.—(a)(1) Except as provided in paragraph (2), the Corporation and the capital, reserves, and surplus of the Corporation, and the income derived therefrom, shall be exempt from Federal, State, municipal, and local taxation.

"(2) Real property held by the Corporation may be taxed on the basis of the value of such property and in a manner similar to taxes levied on other similar property held by other persons.

"(b) For purposes of Federal, State, municipal, and local taxation—

"(1) subject to section 4.4(c), the mortgages held by the Corporation, and the notes, bonds, debentures, and other obligations issued by the Corporation, shall be considered to be instrumentalities of the Federal Government; and

"(2) such obligations, and the income therefrom, shall be exempt from all such taxation, other than Federal income tax liability imposed on the holder of such obligations in accordance with section 3124 of title 31, United States Code.".

(b) The powers of the Capital Corporation set forth in (a) of this section, to the extent they authorize financial assistance of any type to borrowers and System institutions, shall be limited after December 31, 1990, as provided in this subsection. The powers of the Capital Corporation to directly or indirectly increase the level of such financial assistance to a borrower or institution or to provide directly or indirectly any such financial assistance to a borrower or institution not receiving such assistance on December 31, 1990, shall terminate on that date. All other powers, including those necessary for management and orderly liquidation of commitments made and obligations incurred in providing such assistance to borrowers and institutions on or before December 31, 1990, shall remain in effect thereafter.

TITLE V—RIGHTS OF APPLICANTS AND SHAREHOLDERS

DISCLOSURE AND ACCESS TO INFORMATION

SEC. 501. Part C of title IV of the Farm Credit Act of 1971 is amended—

(1) by redesignating section 4.13 (12 U.S.C. 2201) as section 4.13B; and

(2) by inserting after the heading for such part the following new sections:

"SEC. 4.13. DISCLOSURE.—(a) The Farm Credit Administration shall promulgate regulations requiring each lending institution of the Farm Credit System to provide to each borrower of such institution, for each loan that is not subject to the Truth In Lending Act (15 U.S.C. 1601 et seq.), meaningful and timely disclosure of—

"(1) the current rate of interest on such loan;

"(2) in the case of an adjustable or variable rate loan—

"(A) the amount and frequency by which the interest rate may be increased during the term of the loan or, if there are no such limitations, a statement to such effect; and

"(B) the factors (including, but not limited to, the cost of funds, operating expenses, and provision for loan losses) that will be taken into account by such institution in determining adjustments to the interest rate;

"(3) the effect (as demonstrated by a representative example or examples) of the required purchase of stock or participation certificates in such institution on the effective rate of interest; and

"(4) any change in the interest rate applicable to the loan of such borrower.

"(b)(1) The Farm Credit Administration shall promulgate regulations setting forth guidelines to be followed by each lending institution of the Farm Credit System in developing a policy governing forbearance.

"(2) Each such institution shall provide to each borrower from such institution a copy of such institution's policy regarding forbearance at such time as the Farm Credit Administration shall prescribe by regulation.

"SEC. 4.13A. ACCESS TO DOCUMENTS AND INFORMATION.—(a)(1) The Farm Credit Administration shall promulgate regulations requiring each bank and association of the Farm Credit System to provide each borrower of a loan made by such bank or association—

"(A) at the time of execution of such loan, a copy of each document signed by the borrower with respect to such loan; and

"(B) at any time thereafter, on the request of such borrower, a copy of each document signed or delivered by such borrower.

"(2) Such regulations also shall require each such bank and association to provide the shareholders of such bank or association, on request, a copy of the articles of incorporation, or charter and bylaws, of such bank or association.

"(b)(1)(A) A bank or association of the Farm Credit System shall provide a copy of a current list of the shareholders of such bank or association within 10 days after a request for the same made by a shareholder.

"(B) As a condition to providing the list, the bank or association may require the shareholder to certify that the shareholder—

"(i) will utilize the list exclusively for communicating with shareholders on matters related to the business operations of the bank or association; and

"(ii) will not make the list available to any person, other than an attorney or accountant of the shareholder, without the written consent of the bank or association.

"(2)(A) If the requesting shareholder concurs and agrees to defray the reasonable costs of such action, a bank or association may, as an alternative to providing a list of the shareholders of such bank or association, mail or otherwise furnish a communication to each such shareholder, as promptly as practicable after receipt.

"(B) On request, the institution shall estimate the costs of handling and mailing such communication.".

NOTICE OF ACTION ON APPLICATIONS

SEC. 502. Section 4.13B of the Farm Credit Act of 1971 (as redesignated by section 501(1)) is amended—

(1) by inserting "written" after "prompt"; and

(2) by inserting before the period at the end thereof the following: ", and of the right of the applicant to review under section 4.14".

RECONSIDERATION OF ACTION ON APPLICATIONS

SEC. 503. Section 4.14 of the Farm Credit Act of 1971 (12 U.S.C. 2202) is amended to read as follows:

"SEC. 4.14. RECONSIDERATION OF ACTION ON APPLICATIONS.—(a) The Farm Credit Administration shall promulgate regulations requiring the board of directors of each lending institution of the Farm Credit System to establish a credit review committee.

"(b) If a loan applicant has received written notice under section 4.13B of a decision to deny or reduce the loan applied for and the applicant makes a written request to the appropriate institution within 30 days after receiving such notice, such applicant may obtain a review of such decision in person before the appropriate credit review committee.

"(c) Promptly after any such review, such applicant shall be notified in writing of the decision of the credit review committee and the reasons therefor.".

NOTICE OF RETIREMENT OF STOCK AND CAPITAL INVESTMENTS

SEC. 504. (a) The sixth sentence of section 1.16(a) of the Farm Credit Act of 1971 (12 U.S.C. 2014(a)) is amended by inserting "and on written notice to the shareholder" before the period at the end thereof.

(b) Section 2.13(k) of such Act (12 U.S.C. 2094(k)) is amended by inserting ", on written notice to the borrower and approval by the bank of such retirement" before the period at the end thereof.

REVIEW OF NONACCRUAL LOANS

SEC. 505. Each local lending institution of the Farm Credit System established under the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) shall—

(1) review each loan that has been placed in nonaccrual status by such institution to determine whether such loan may be restructured based on changes in the circumstances of such institution as the result of this Act and the amendments made by this Act; and

(2) notify in writing the borrower of each such loan of the provisions of this section.

TITLE VI—GENERAL PROVISIONS

PAYMENT OF DIVIDENDS AND PATRONAGE REFUNDS

SEC. 601. (a) Section 1.5 of the Farm Credit Act of 1971 (12 U.S.C. 2013) is amended—

(1) by adding at the end of subsection (e) the following new sentence: "Notwithstanding any other provision of this subsection, a Federal land bank shall be subject to regulation by the Farm Credit Administration with regard to the payment of dividends."; and

(2) by adding at the end of subsection (f) the following new sentence: "Notwithstanding any other provision of this subsection, a Federal land bank shall be subject to regulation by the Farm Credit Administration with regard to the payment of patronage refunds.".

(b) Section 1.18(b) of such Act (12 U.S.C. 2052(b)) is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provision of this section, a Federal land bank association shall be subject to regulation by the Farm Credit Administration with regard to the payment of dividends and patronage refunds.".

(c) Section 2.2(f) of such Act (12 U.S.C. 2073(f)) is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provision of this section, a Federal intermediate credit bank shall be subject to regulation by the Farm Credit Administration with regard to the payment of dividends.".

(d) Section 3.4 of such Act (12 U.S.C. 2125) is amended by inserting ", subject to regulation by the Farm Credit Administration" before the period at the end thereof.

RESERVE ACCOUNTS

SEC. 602. (a) Subsection (a) of section 1.17 of the Farm Credit Act of 1971 (12 U.S.C. 2051(a)) is amended to read as follows:

"(a) Each Federal land bank shall be required to carry a reserve account in accordance with standards prescribed by the Farm Credit Administration.".

(b) Subsection (a) of section 1.18 of such Act (12 U.S.C. 2052(a)) is amended to read as follows:

"(a) Each Federal land bank association shall be required to carry a reserve account in accordance with standards prescribed by the Farm Credit Administration.".

APPLICATION OF EARNINGS

SEC. 603. Section 2.14 of the Farm Credit Act of 1971 (12 U.S.C. 2095) is amended—

(1) by striking out subsection (a) and inserting in lieu thereof the following new subsection:

"(a) Each production credit association at the end of each fiscal year shall apply the amount of its earnings for such year in excess of its operating expenses, including provision for valuation reserves against loan assets in accordance with generally accepted accounting principles (but in no event shall such provision be less than an amount equal to one-half of 1 percent of the loans outstanding at the end of the fiscal year, until such reserves equal or exceed 3½ percent of the loans outstanding at the end of the fiscal year)—

"(1) first, to the restoration of the impairment, if any, of capital; and

"(2) second, to the establishment and maintenance of the surplus accounts, in accordance with standards prescribed by the Farm Credit Administration."; and

(2) in subsection (b)—

(A) by inserting "and subject to the general direction of the Farm Credit Administration" after "so provide" in the first sentence; and

(B) by striking out "Any" in the second sentence and inserting in lieu thereof "In accordance with other provisions of this section, any".

FUNDING FOR FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION

SEC. 604. Part A of title IV of the Farm Credit Act of 1971 is amended by inserting after section 4.1 (12 U.S.C. 2152) the following new section:

"SEC. 4.1A. FUNDING FOR FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION.—Each Federal land bank, Federal intermediate credit bank, bank for cooperatives, Federal land bank association, and production credit association shall purchase stock in the Federal Farm Credit System Capital Corporation established under section 4.41, pay assessments, make capital contributions, and take such other actions as are required by the Corporation in the exercise of the powers of the Corporation under part F of title IV.".

LIABILITY OF BANKS

SEC. 605. Section 4.4 of the Farm Credit Act of 1971 (12 U.S.C. 2155) is amended by adding at the end thereof the following new subsection:

"(d) For purposes of this section, the term 'bank' includes the Federal Farm Credit System Capital Corporation established under section 4.41.".

TERMS OF DISTRICT DIRECTORS

SEC. 606. Section 5.1(c) of the Farm Credit Act of 1971 (12 U.S.C. 2222(c)) is amended by striking out ", except" and all that follows through "full terms".

ELECTION OF DIRECTORS AT LARGE

SEC. 607. Section 5.2 of the Farm Credit Act of 1971 (12 U.S.C. 2223) is amended—

(1) by striking out "; APPOINTMENT" in the caption;

(2) in subsection (a)—

(A) by designating the first and second sentences as paragraphs (1) and (2), respectively; and

(B) by amending paragraph (2) (as so designated) to read as follows:

"(2)(A) The seventh member shall be elected by the borrowers at large in a district.

"(B) For purposes of this section, the term 'borrowers at large in a district' means—

"(i) a voting shareholder of a Federal land bank association and a direct borrower, and a borrower through an agency, from a Federal land bank;

"(ii) a voting shareholder of a production credit association; and

"(iii) a voting shareholder or subscriber to the guaranty fund of a bank for cooperatives.";

(3) in the second sentence of subsection (b)—

(A) by striking out "and" before "in the case"; and

(B) by inserting before the period at the end thereof the following: "; and in the case of an election by the borrowers at large, such notice shall be sent to all borrowers at large in the district"; and

(4) by inserting after the fifth sentence of subsection (c) the following new sentence: "Each borrower at large shall be entitled to cast one vote."

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL

SEC. 608. Section 1004 of the Federal Financial Institutions Examination Council Act of 1978 (12 U.S.C. 3303) is amended by adding at the end thereof the following new subsection:

"(f)(1) The Chairman of the Farm Credit Administration Board shall serve as a nonvoting member of the Council.

"(2) The Farm Credit Administration shall pay such portion of the costs and expenses of the Council as shall be agreed on as appropriate and reasonable by the Council and the Farm Credit Administration.".

SUCCESSION OF FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION

SEC. 609. (a) On the issuance by the Farm Credit Administration of the new charter for the Federal Farm Credit System Capital Corporation under part F of title IV of the Farm Credit Act of 1971, the Corporation shall succeed to the assets of, be liable for, and assume all debts, obligations, contracts, and other liabilities of the Farm Credit System Capital Corporation chartered under part D of such title (hereafter referred to in this section as "the predecessor corporation"), matured or unmatured, accrued, absolute, contingent or otherwise, and whether or not reflected or reserved against on balance sheets, books of account, or records of the predecessor corporation.

(b) The stock of the predecessor corporation shall be converted into stock of the Federal Farm Credit System Capital Corporation chartered under part F of title IV of the Farm Credit Act of 1971.

(c) The existing contractual obligations, security instruments, and title instruments of the predecessor corporation shall, by operation of law and without any further action by the Farm Credit Administration, the predecessor corporation, or any court, become and be converted into obligations, entitlements, and instruments of the Federal Farm Credit System Capital Corporation chartered under part F of title IV of the Farm Credit Act of 1971.

NATIONAL COMMISSION ON AGRICULTURAL FINANCE

SEC. 610. (a) The President of the United States shall appoint a National Commission on Agricultural Finance. Such commission shall be comprised of 15 members appointed by the President and would consist of representatives of the financial community, the agricultural sector, and government.

(b) The National Commission on Agricultural Finance shall conduct a study of methods to ensure the availability of adequate credit to agricultural producers and agribusiness, taking into account the long term financing needs of the agricultural economy: the roles of the commercial banks, the Farm Credit System, and the Farmers Home Administration in meeting those financial needs.

(c) In conducting such study, the National Commission on Agricultural Finance shall—

(1) evaluate the financial circumstances relative to both lenders and borrowers of farm credit,

(2) evaluate the structure, performance, and conduct of private lenders—commercial bankers and the Farm Credit System—and public lenders,

(3) explore the need for long-term assistance in stabilizing the value of agricultural assets, and

(4) evaluate the impact on suppliers, producers, processors and local communities when financial institutions fail.

(d) Not later than 18 months after the date of enactment of this Act, the Commission shall submit a report containing the results of the study required by this section, together with comments and recommendations for legislation providing for a sound, reasonable, and primarily self-supporting credit program for farmers and ranchers as the Commission considers appropriate, to—

(1) the Committee on Agriculture of the House of Representatives;

(2) the Committee on Banking, Finance and Urban Affairs of the House of Representatives;

(3) the Committee on Agriculture, Nutrition, and Forestry of the Senate; and

(4) the Committee on Banking, Housing, and Urban Affairs of the Senate.

(e) The Commission shall be comprised of volunteers and no Federal funds shall be expended by the Commission.

TITLE VII—AUTHORIZATION FOR BORROWING

AUTHORIZATION FOR BORROWING

SEC. 701. (a) The Secretary of the Treasury is authorized, in the discretion of the Secretary, to purchase obligations issued by the Federal Farm Credit System Capital Corporation established under section 4.41 of the Farm Credit Act of 1971 (as added by section 401 of this Act) on the certification by the Farm Credit Administration that the Farm Credit System has—

(1) committed available capital surplus and reserves of the Farm Credit System under part F of title IV of the Farm Credit Act of 1971 to meet the financial stress of institutions of the Farm Credit System; and

(2) utilized such capital surplus and reserves to the extent that further contributions from or losses incurred by such institutions will likely preclude such institutions from making credit available to eligible borrowers on reasonable terms.

(b)(1) For such purpose, the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds of the sale of any securities issued after the date of enactment of this Act under chapter 31 of title 31, United States Code.

(2) The purposes for which such securities may be issued are extended to include such purchases.

(c) Each purchase of an obligation under this section shall be made on such terms and conditions as may be determined by the Secretary of the Treasury, taking into consideration the objectives that—

(1) institutions of the Farm Credit System retain the ability to make credit available to eligible borrowers on reasonable terms; and

(2) banks of the Farm Credit System continue to have access to funds in public financial markets.

(d) The authority provided by this section shall be effective for any fiscal year only to such extent or in such amounts as are provided in advance in appropriations Acts.

TITLE VIII—INTERIM IMPLEMENTATION

INTERIM IMPLEMENTATION

SEC. 801. The Governor of the Farm Credit Administration appointed under section 5.10 of the Farm Credit Act of 1971 (12 U.S.C. 2244) (as in effect before the amendment made by section 106) shall perform the functions of the Farm Credit Administration Board established under section 5.8 of such Act (12 U.S.C. 2242) (as amended by section 104) until—

(1) two members of the Board are appointed and have qualified; and

(2) one such member has been designated by the President as Chairman of the Board.

Mr. DOLE. I move to reconsider the vote by which the bill passed.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HELMS. Mr. President, in order to amend the title, I send an amendment to the desk and ask that it be read.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

Amend the title so as to read as follows: "A bill to amend the Farm Credit Act of 1971, to restructure and reform the Farm Credit System, and for other purposes.".

Mr. HELMS. Mr. President, this has been cleared on both sides.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the title.

The title amendment was agreed to.

Mr. HELMS. I move to reconsider the vote.

Mr. DOLE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HELMS. Mr. President, I shall not be long.

This is an important piece of legislation and I cannot adequately thank Senators for their forbearance in helping us push it through to a conclusion. I thank the majority leader, I thank the staffs on both sides. Particularly, I am grateful to the distinguished Senator from Nebraska [Mr. ZORINSKY], who was a real trooper, as always.

I am glad that is behind us. I thank the Chair.

Mr. DOLE. Mr. President, let me thank all my colleagues. I know some were more than a little distressed that we were in so late, but I think this is a very important piece of legislation, and we had a time agreement that was consented to by everyone. Anyone could have objected to it.

I think Members on both sides were most helpful with their amendments. There was not a lot of debate. There was a time limit, but in any case, the 20-minute limit was not applied.

I think we have done a service to the American farmer, to the Farm Credit System, and I also commend the administration for their support of this legislation.

Likewise, I commend the distinguished chairman of the committee [Mr. HELMS] who pursued this legislation, and who held hearings. We have acted ahead of the House, which is another indication of our good faith. Also, I thank the distinguished Senator from Nebraska [Mr. ZORINSKY], the ranking member of the committee, for his efforts. I thank all staff—staff on the committee, USDA staff, my own staff, and others who worked on amendments.

I regret that Senator GRASSLEY felt somewhat disappointed because his amendment was not accepted. I think every effort was made to get it into that fashion. But it is a late hour and I understand there was opposition to the amendment. I hope the distinguished Senator will understand that.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

TIME AGREEMENT ON DAWSON NOMINATION

Mr. DOLE. Mr. President, as in executive session, I ask unanimous consent that at 10 a.m. on Wednesday, December 4, the Senate go into executive session to consider the nomination of Robert Dawson, and it be considered under the following time agreement:

That 45 minutes to be under the control of the Senator from Rhode Island [Mr. CHAFEE], or his designee; 15 minutes under the control of the Senator from Arizona, [Mr. GOLDWATER], or his designee; and that following the conclusion or yielding back of time on tomorrow, the Senate proceed to vote on the confirmation of Mr. Dawson.

Mr. BYRD. Mr. President, reserving the right to object—I will not object—I ask the majority leader would he put half that time under the control of Mr. MITCHELL?

Mr. DOLE. Under the control of——

Mr. BYRD. That is the way it was in the earlier agreement.

Mr. DOLE [continuing]. Mr. CHAFEE and Mr. MITCHELL?

Mr. BYRD. Yes.

Mr. DOLE. Fine.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request? Without objection, it is so ordered.

Mr. DOLE. As I understand, the distinguished Senator from Arizona will not be here and he has designated the distinguished Senator from South Carolina [Mr. THURMOND].

For the information of all Senators, the yeas and nays are ordered on the nomination. Therefore, a rollcall vote will occur prior to 11:30 a.m. tomorrow.

Therefore, Mr. President, I ask unanimous consent that the unanimous-consent agreement entered into last night on the Dawson nomination be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

SEQUENTIAL REFERRAL OF H.R. 2776

Mr. DOLE. Mr. President, I ask unanimous consent that Calendar No. 415, H.R. 2776, be sequentially referred to the Committee on Governmental Affairs until the close of business December 9, 1985; that if the committee has not acted by the close of business on December 9, it be automatically discharged and the bill be placed on the calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION OF APPROPRIATIONS UNDER THE NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES ACT, THE MUSEUM SERVICES ACT, AND ARTS AND INDEMNITY ACT

Mr. DOLE. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 1264.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the House insist upon its amendments to the bill (S. 1264) entitled "An Act to amend the National Foundation on the Arts and the Humanities Act of 1965, the Museum Services Act, and the Arts and Artifacts Indemnity Act, to extend the authorization of appropriations for such Acts, and for other purposes", and ask a conference with the Senate on the disagreeing votes of the two Houses thereon.

Ordered, That Mr. HAWKINS, Mr. FORD of Michigan, Mr. BIAGGI, Mr. WILLIAMS, Mr. OWENS, Mr. HAYES, Mr. JEFFORDS, Mr. COLEMAN of Missouri, Mr. BARTLETT, and Mr. ARMEY be the managers of the conference on the part of the House.

AMENDMENT NO. 1310

Mr. DOLE. Mr. President, I move that the Senate concur in the House amendments with a further amendment, which I send to the desk on behalf of the Senator from Vermont [Mr. STAFFORD].

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Kansas [Mr. DOLE], for Mr. STAFFORD, proposes an amendment numbered 1310.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The text of the amendment is printed under amendment submitted.)

Mr. STAFFORD. Mr. President, I rise in support of the bill we have before us, S. 1264, to reauthorize the National Foundation on the Arts and Humanities Act of 1965, and I urge my colleagues to do the same.

This amendment, in the nature of a substitute to the House-passed bill, incorporates the reauthorization legislation as passed by the Senate on October 3, 1985. While maintaining the primary focus of this original legislation, the substitute also includes amendments as passed by the House. These amendments respond to concerns raised in the House hearings held throughout the country this past year. The Senate Subcommittee on Education, Arts and Humanities has reviewed these amendments and supports their inclusion.

Mr. President, the merits of the programs authorized under this act, the National Endowments for the Arts, the National Endowment for the Humanities, and the Institute of Museum Services, have been discussed in hearings and throughout the entire reauthorization process. It has been stressed time and time again, that the combination of these three programs is important not only to our Nation's heritage and cultural development but also to the educational well-being of all our citizens. Although modest in size, they have been vital in encouraging very important State, local, and private funds.

Mr. President, as part of my statement, I ask unanimous consent to include in the RECORD the following joint statement on behalf of the members of the Senate Subcommittee on Education, Arts and Humanities and the House Subcommittee on Select Education; the two subcommittees which have jurisdiction over these programs. I urge my colleagues to support S. 1264 and I move for the adoption of the bill and the substitute amendment at this time.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

JOINT STATEMENT

The managers on the part of the Senate and the House on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1264) to extend and amend the National Foundation on the Arts and the Humanities Act of 1965 and for other purposes, submit the following joint statement of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

1. TITLE OF THE ACT

The House amendment cites the title as the "Arts, Humanities, and Museum Amendments of 1985," and makes technical amendments to the title of the Act. The Senate bill cites the title as the "National Foundation on the Arts and Humanities Amendments of 1985." The Senate recedes.

2. DECLARATION OF PURPOSE

The House amendment, but not the Senate bill, makes section 2 of the Act, the Declaration of Purpose, gender free, clarifies the role of the Endowments in arts and humanities education in the schools, and adds language to ensure rural access. The Senate recedes.

3. DEFINITIONS

(a) The House amendment, but not the Senate bill, amends section 3(a), the definition of humanities, to include the study and "interpretation" of disciplines and adds language that emphasizes the desirability of interdisciplinary and culturally diverse studies. The Senate recedes.

(b) Both the House amendment and the Senate bill amend section 3(d)(2) of the Act to allow Challenge funds to be used for construction by the National Endowment for the Humanities. The House amendment also limits both Endowments' construction efforts to the challenge program. The Senate recedes to the House language.

4. ESTABLISHMENT OF A NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES

The House amendment, but not the Senate bill, amends section 4 for technical and conforming purposes. The Senate recedes.

5. ESTABLISHMENT OF THE NATIONAL ENDOWMENT FOR THE ARTS

(a) The House amendment amends section 5(b) to rename the "Chairman" to the "Chairperson" of the National Endowment for the Arts. The Senate recedes.

(b) The House amendment amends section 5(c) to authorize the Chairperson of the Endowment for the Arts to establish projects and productions which have substantial artistic and cultural significance and that reach, or reflect the culture or, a minority, inner city, rural, or tribal community. The Chairperson is also authorized to fund projects and productions that encourage public knowledge, understanding, and appreciation of the arts. This section is also amended to give particular regard to artists and artistic groups that have traditionally been underrepresented in selecting individuals and groups of exceptional talent as recipients of financial assistance provided under this subsection (c). No comparable provision is the Senate bill. The Senate recedes.

(b) The House amendment amends the State plan provision (section 5(g)(2)) to ensure public input. Under the House amendment, the State plan must include a summary of such recommendations; the State agency's response to the recommendations; information on progress toward achieving goals; a description of the participation of artists, artists' organizations, and arts organizations in programs funded under this subsection; a description of the availability of such programs to all people in the State; and a description of projects and productions that exist or are being developed to secure wider representation of artists, artists' organizations, art organizations, and audiences. No comparable provision is in the Senate bill. The Senate recedes.

(c) The House amendment amends section 5(1)(1)(D) to add "and local arts agencies" after "local arts groups" in the description of the cooperative programming under challenge grants, to recognize local arts agencies' participation in the Endowment's programs. Section 5(1) is further amended to clarify the cooperative efforts including rural arts development to be undertaken by State arts agencies and local arts groups in the challenge program. No comparable provision is in the Senate bill. The Senate recedes.

In making this modification, the Conferees want to emphasize that State and local art agencies are in an excellent position to participate as partners with the federal government in carrying out the purpose of this Act and should be encouraged by the Endowment.

(d) The House amendment, but not the Senate bill, adds section 5(m) which establishes a national state of the arts plan, and specifies its development, content, distribution, and due dates. The Senate recedes.

(e) The House amendment, but not the Senate bill, amends section 5 of the Act to make it gender free. The Senate recedes.

6. NATIONAL COUNCIL ON THE ARTS

The House amendment, but not the Senate bill, amends section 6(b) of the Act to ensure the representativeness and expertise of the members of the National Council for the Arts, and requires the President to give due regard to equitable representation of women, minorities, and persons with disabilities. The Senate recedes.

The House amendment, but not the Senate bill, amends section 6 of the Act to make it gender free. The Senate recedes.

7. ESTABLISHMENT OF THE NATIONAL ENDOWMENT FOR THE HUMANITIES

(a) The House amendment, but not the Senate bill, amends section 7(b) to rename the "Chairman" to the "Chairperson" of the National Endowment for the Humanities. The Senate recedes.

(b) The House amendment amends section 7(c) of the Act to authorize the Chairperson of the National Endowment for the Humanities to initiate and support programs and research which have substantial scholarly and cultural significance and that reach, or reflect the diversity and richness of our American heritage. It authorizes the Chairperson to foster international programs and exchanges and directs the Endowment to give particular regard to scholars and educational and cultural institutions that have traditionally been underrepresented. No comparable provision is in the Senate bill. The Senate recedes.

In making these changes, the Conferees intend that applications for all Americans with excellent humanities projects, whatever their cultural heritage, economic, status, or geographic background, would receive equitable attention.

The Conferees acknowledge the seminal role played by NEH in ensuring that the humanities play an increasingly central role in our democratic society. The Conferees note NEH's recent initiative, "Understanding Other Nations" and "Understanding America", which will encourage more knowledge of both the diversity and the common heritage of all Americans. However, because there have been reports of declines in fund-

ing a full range of studies and scholars, the Conferees want to emphasize that both Endowments should continue to develop programs that serve groups and individuals who for reasons of origin, history, geography, or economic conditions have not traditionally had access to the arts and humanities—either as participants or audiences.

(b) The House amendment amends section 7(f)(2) to ensure public input in State plans. Such plans must include a summary of recommendations; the State agency's response to the recommendations; information on progress made toward achieving goals; a description of the participation of scholars and scholarly organizations in programs funded under this section; a description of the availability of such programs to all people in the State; and a description of programs that exist or are being developed to secure wider representation of scholars, and scholarly organizations and the unavailability of humanities programs to certain communities in the state. No comparable provision is in the Senate bill. The Senate recedes.

(c) The Senate bill, but not the House amendment, amends section 7(f)(2)(B)(i) of the Act by increasing the number of members on the State humanities councils that are appointed by the Governor of the state from four to six and also increases the maximum percentage of such members from 20 to 25 percent. The House recedes.

(d) The House amendment, but not the Senate bill, amends section 7(g) of the Act to state that the Secretary of Labor shall prescribe fair labor standards, regulations, and procedures necessary to carry out this subsection not later than 180 days after enactment. The Senate recedes.

(e) The House amendment, but not the Senate bill, amends section 7(i) of the Act to include the Davis Bacon Act provisions for the newly granted construction authority of the National Endowment for the Humanities. The Senate recedes.

(f) The House amendment, but not the Senate bill, adds section 7(j) of the Act which establishes a national state of the humanities plan specifying its development, content, distribution, and due dates. The Senate recedes.

(g) The House amendment, but not the Senate bill, amends section 7(k) of the Act to require the Chairperson of the National Endowment for the Humanities to transmit to the Equal Employment Opportunity Commission not later than 30 days after enactment, each plan and each report required under any regulation or management directive that is issued by the Commission in effect on the date of enactment of the bill. The Senate recedes with an amendment setting the submission date as January 31, 1986.

(h) The House amendment, but not the Sente bill, amends section 7 of the Act to make the statute gender free. The Senate recedes.

8. ESTABLISHMENT OF THE NATIONAL COUNCIL ON THE HUMANITIES

(a) Both the House amendment and the Senate bill amend section 8(b) of the Act to ensure the representativeness and expertise of the members of the National Council for the Humanities. The House amendment calls for selection from individuals with "broad knowledge . . ." and the Senate bill refers only to "knowledge of . . .". The House requires an "established record" of distinguished service, and also requires the President to give due regard to women, minorities, and persons with disabilities. The Senate recedes to the House language.

(b) The House amendment, but not the Senate bill, amends section 8 of the Act to make the Act gender free. The Senate recedes.

9. ARTS AND ARTIFACTS INDEMNITY ACT

(a) The Senate bill, but not the House amendment, amends section 5(c) of the AAI to increase coverage of individual exhibitions from $50 million to $75 million. The House recedes.

(b) The House amends section 9(b) of the Act, adding a restriction on the composition of the Federal Council on the Arts and the Humanities for the purposes of administering the Arts and Artifacts Indemnity Act. The Senate makes this same change by amending Section 2(B)(2) of the Arts and Artifacts Indemnity Act. The House recedes.

10. ESTABLISHMENT OF THE FEDERAL COUNCIL ON THE ARTS AND HUMANITIES

(a) The House amendment, but not the Senate bill, amends section 9 of the Act to require that the Federal Council conduct a study of the nature and level of Federal support provided to museums with particular attention to the impact of the Institute of Museum Services, the areas in which support overlaps or is inadequate, and the impact of conservation and preservation efforts. The Senate recedes.

(b) The House amendment, but not the Senate bill, requires the Council to develop and submit to the President policy recommendations regarding the acquisition, disposal, and maintenance of works of art on Federal property. The House recedes.

(c) The House amendment, but not the Senate bill, amends section 9 of the Act to make the statute gender free. The Senate recedes.

11. ADMINISTRATIVE PROVISIONS

(a) The House amendment, but not the Senate bill, amends section 10 of the Act to ensure representativeness, expertise, and rotation on the subpanels and panels of experts which review application, to provide stringent pre-award criteria and to prohibit panel members from serving on a panel or subpanel if they have an application pending before such group. Section 10(d) is amended by the House amendment, but not the Senate bill, to ensure post-award evaluation of financial assistance under this Act which shall be taken into consideration in future grant decisions. The Senate recedes.

In accepting these provisions, the Conferees want to ensure that the Endowments fund only works of artistic and scholastic excellence, and that the applications are reviewed by panels of peer experts before funding decisions are made. The Conferees accept changes made in this section and hope these changes are sufficient to ensure the representativeness, expertise, openness, and objectiveness which the Congress demands.

The Conferees wish to affirm that peer panels have generally provided equitable grant making at the NEA. Because of the current practice of appointing all members for one year terms and thereby ensuring significant turnover in membership, less than 10% of the panelists in 1985 has served for more than three years on a panel. To build on and ensure that this turnover continues in the future, the Conferees agree to the language in the House bill concerning the duration of service of panel members.

The Conferees also wish to acknowledge that the NEA has guidelines addressing possible conflicts of interest among panel members which require that a panelist must excuse himself or herself from the deliberative process in the event that they are connected with the application being considered. Again, to further reinforce the concern for maintaining a fair panel process, the Conferees agree to the language in the House bill concerning conflict of interest and panel and subpanel membership.

Also, in making these modifications, the Conferees direct the Chairperson of the Endowments to determine clearly in post-award reviews that the grant objectives were achieved, and to provide direction when compliance requirements are not met.

It is the Conferees understanding that NEA has improved their post-award evaluation procedures over the last two years. NEA requires both descriptive and financial reports from most grantees. It conducts site visits and produces site reports on the productions it funds and, since 1981, has increased these site visits ten-fold. It denies funding to applicants who submit applications for funding when such applicants have not filed the required descriptive and financial reports with NEA for grants they have received previously. It has indicated that post-evaluation information is taken into account when an applicant submits an application for a new grant and that such information is reviewed by panelists making recommendations for future funding. Nevertheless, the Conferees believe that there should be additional effort in this area, and agree to the language in the House amendment which affirms the importance of post-grant evaluations.

The Conferees have been made aware of considerable material submitted by the agency and others on a variety of management issues, and believe that with the exception of rare and isolated cases the National Endowment for the Arts is well managed.

(b) The House amendment, but not the Senate bill amends section 10 of the Act to require the Chairpersons of the National Endowment for the Arts and the National Endowment for the Humanities, with the cooperation of the Secretary of Education to conduct a study of arts and humanities education, as currently taught in the public elementary and secondary schools in the United States; and the current and future availability of qualified instructional personnel, and other factors, affecting the quality of education in the arts and humanities in such schools. This amendment also specifies procedures to follow in conducting the study, timeliness, and guidelines for reporting findings. The Senate recedes.

(c) The House amendment, but not the Senate bill, amends section 10 of the Act to make the Act gender free. The Senate recedes.

12. AUTHORIZATION OF APPROPRIATIONS

The House amendment amends section 11 of the Act to reauthorize the Act for two years. Authorization levels for fiscal year 1986 for NEA and NEH respectively are $167,060,000 and $139,878,000; for fiscal year 1987 the levels for NEA and NEH respectively are $170,206,400 and $145,067,120. The levels in the Senate bill are $3,400,000 lower for NEA for fiscal year 1986 and $400,000 lower for NEH for fiscal year 1986. The House and the Senate have identical levels for FY87. The Senate levels for FY88 are $177,014,656 for NEA and $150,869,405 for NEH. For FY89 and FY90 the Senate authorizes "such sums." The Senate recedes to the House on funding levels for FY86 and

the House recedes to the Senate on the balance of the differences, including the length of reauthorization.

The House amendment, but not the Senate bill, amends section 11 of the Act to make the Act gender free. The Senate recedes.

13. NATIONAL MUSEUMS SERVICES BOARD

The House amendment, but not the Senate bill, amends section 204(a)(1), of the Museum Services Act to ensure the representativeness, expertise, and geographic distribution of the appointees to the National Museum Services Board, and requires the President to give due regard to women, minorities, and persons with disabilities. The Senate recedes.

The House amendment, but not the Senate bill, amends sections 204 and 205 of the Museum Services Act to make the statute gender free. The Senate recedes.

14. AUTHORIZATION OF APPROPRIATIONS

The House reauthorizes the Institute of Museum Services for 2 years and authorized $21.6 million for FY86 and $22.464 million for FY87. The Senate bill reauthorizes IMS for 5 years with $21.6 million for FY86; $22.464 million for FY87; $23.362.6 million for FY87, and such sums for the remaining two years. The House recedes to the Senate.

15. ARTS, ARTIFACTS, AND INDEMNITY ACT

The Senate bill, but not the House amendment, amends section 3(b)(1) of the Arts, Artifacts, and Indemnity Act by changing the phrase "or elsewhere when both part of an exchange of exhibitions, but in no case shall both parts of such an exhibition be so covered" to read, "or elsewhere, preferably when part of an exchange of exhibitions". The House recedes.

16. EFFECTIVE DATE

(a) The House amendment cites the effective date for this Act as October 1, 1985; The Senate bill has the Act take effect once signed. The House recedes.

(b) The House amendment, but not the Senate bill, delays the application of the sections which deal with changes to the state plans such that the changes shall not apply with respect to plans submitted for financial assistance for FY86. The Senate recedes.

17. GAO STUDY

The Senate bill, but not the House amendment, requires that the Comptroller General of the United States conduct a study to determine the feasibility of supplementing expenditures for the programs authorized under the National Foundation on the Arts and the Humanities Act through other Federal funding mechanisms. The House recedes.

18. COMMEMORATION OF THE BICENTENNIAL OF THE U.S. CONSTITUTION

The Senate bill, but not the House amendment, authorizes the Commission on the Bicentennial of the U.S. Constitution to carry out an education program for the commemoration of the Bicentennial of the U.S. Constitution and the Bill of Rights. The House recedes.

19. POET LAUREATE

The Senate bill, but not the House amendment, establishes a Poet Laureate Consultant in Poetry within the Library of Congress, who will be appointed by the Librarian. The House recedes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas.

The motion was agreed to.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

THE CALENDAR

Mr. DOLE. Mr. President, I ask the distinguished minority leader if he is in a position to pass the following calendar items: Calendar Nos. 411, 412, 413, 414, 416, 418, 421, 426, 430, and 436.

Mr. BYRD. Mr. President, there is no objection.

MARY McLEOD BETHUNE COUNCIL HOUSE

The Senate proceeded to consider the bill (S. 1116) to amend the act of October 15, 1982, entitled "An Act to designate the Mary McLeod Bethune Council House in Washington, District of Columbia, as a national historic site, and for other purposes", which had been reported from the Committee on Energy and Natural Resources, with an amendment to strike out all after the enacting clause, and insert the following:

SECTION 1. BETHUNE MUSEUM AND ARCHIVES.

(a) COOPERATIVE AGREEMENT.—Section 3 of the Act of Octobr 15, 1982, entitled "An Act to designate the Mary McLeod Bethune Council House in Washington, District of Columbia, as a national historic site, and for other purposes" (96 Stat. 1615; 16 U.S.C. 461 note), is amended to read as follows:

"SEC. 3. In furtherance of the purposes of this Act and the Act of August 21, 1935 (16 U.S.C. 461-7), the Secretary of the Interior is authorized and directed to enter into cooperative agreements with the Bethune Museum and Archives. Such agreements may include provisions by which the Secretary will provide technical assistance to mark, restore, interpret, operate, and maintain the historic site and may also include provisions by which the Secretary will provide financial assistance to mark, interpret, and restore the historic site. Such agreement may also contain provisions that—

"(1) the Secretary of the Interior, acting through the National Park Service, shall have right of access at all reasonable times to all public portions of the property covered by such agreement for the purpose of conducting visitors through such properties and interpreting them to the public; and

"(2) no changes or alterations shall be made in such properties except by mutual agreement between the Secretary and the other parties to such agreements.

No limitation or control of any kind over the use of such properties customarily used for the purposes of the Bethune Museum and Archives shall be imposed by any such agreement.".

(b) ANNUAL REPORT.—Section 4 of such Act is amended by striking out "National Council of Negro Women" and inserting in lieu thereof "Bethune Museum and Archives".

SEC. 2. AUTHORIZATION.

Section 5 of the Act of October 15, 1982, entitled "An Act to designate the Mary McLeod Bethune Council House in Washington, District of Columbia, as a national historic site, and for other purposes" (96 Stat. 1615; 16 U.S.C. 461 note) is amended to read as follows:

"ASSISTANCE

"SEC. 5. (a) OPERATION AND MAINTENANCE.—For purposes of carrying out the cooperative agreement under section 3, there is authorized to be appropriated for operation and maintenance of the historic site, not more than $100,000 for the fiscal year 1987, $110,000 for the fiscal year 1988, and $120,000 for the fiscal year 1989.

"(b) MATCHING GRANTS.—In addition to sums authorized to be appropriated under subsection (a), there is authorized to be appropriated for purposes of making grants to the Bethune Museum and Archives for purposes of building repair and improvement and for protection of the archives not more than $300,000. Grants to the Bethune Museum and Archives under this subsection shall cover not more than 50 per centum of the costs of such building repair and improvement and archive protection. The remaining share shall be borne by the Bethune Museum and Archives with such non-Federal funds and documented services as are satisfactory to the Secretary. Sums authorized to be appropriated under this subsection shall remain available until expended.".

SEC. 3. DEFINITION.

Such Act is further amended by adding the following new section at the end thereof:

"REFERENCE TO BETHUNE MUSEUM AND ARCHIVES

"SEC. 6. Any reference in this Act to the 'Bethune Museum and Archives' shall be treated as a reference to the Mary McLeod Bethune Museum of the National Council of Negro Women, Incorporated.".

SEC. 4. COMPLIANCE WITH BUDGET ACT.

Any provision of this Act (or any amendment made by this Act) which directly or indirectly authorizes the enactment of new budget authority described in section 402(a) of the Congressional Budget Act of 1974 shall be effective only after September 30, 1986.

Mr. HOLLINGS. Mr. President, this is indeed a great day for Senator WARNER and the others who have joined us on S. 1116 to continue Federal support of maintaining the historic "Council House" site of Mary Mcleod Bethune's latter day achievements. The bill also provides for matching funds to further underwrite the interpretation of Mrs. Bethune's rich life to all people, but particularly black women, to whom her life can provide the inspiration and motivation that our other great American heroes gave to all of us.

Last month the national council of negro women celebrated their 50th year as an organization. It was at "Council House" that Mrs. Bethune established the council which Dorothy Height has headed for the last 28 years. We shall always be grateful for Dorothy Height's outstanding leadership and particularly for her efforts to

preserve the great legacy of Mary Mcleod Bethune. In this particular endeavor, she has been ably assisted by Dr. Betty Collier-Thomas, the executive director of the Bethune Museum-Archives, Inc., and Guy McElroy of the museum's staff.

As a Senator from South Carolina, I would be remiss if I did not mention that Mary McLeod Bethune was born in Mayesville, South Carolina, to former slaves and rose to become not merely a great black educator—not merely a great woman educator—but great among all American educators. She almost singlehandedly built Bethune-Cookman College in Florida. She was an advisor to presidents, the first black woman to head a Federal agency, and the founder of the National Council of Negro Women.

Most remarkably, this dynamic woman achieved national stature during a period of our Nation's history when, regretably, it was next to impossible for anyone of her race and gender to do so. It would be an understatement to say that she overcame incredible odds.

In 1895, when Mary Bethune was graduated from Moody Bible Institute in Chicago, she aspired to become a missionary in Africa. She never realized this ambition—but oh, how fortunate we are today that she ultimately pursued her life's goals within the borders of her own country. Mary Bethune, along with other men and women of her time who worked to increase educational opportunities for blacks, laid the groundwork for the great social struggle which occurred in the decade following her death in 1955. The succeeding generation of educated black Americans induced an entire country to confront its conscience and move to protect the most fundamental rights of a free society—the right to vote and the freedom to be. Mary Bethune was an inspiration to the movement which furthered the cause of America and brought about a more equitable society.

We in South Carolina are proud of this distinguished native of our State. We are proud of her works, her achievements, and the courage and perseverance she exhibited throughout her lifelong crusade for minority opportunities. Mary McLeod Bethune was a pioneer in the struggle for civil rights. It is fitting and proper that we have honored her by designating the Council House as a national historic site—one of only eight such sites honoring black Americans; commemorated her as only the second black woman to be featured on a postage stamp; and now today, provide for the continuation of the interpretation of Mrs. Bethune's great life.

Mr. President, Senator WARNER and I were prompted to introduce S. 1116 when the distinguished senior Senator from Idaho, Senator MCCLURE, the chairman of the Energy and Natural Resources Committee, as well as our Interior Appropriations Subcommittee, pointed out that the authorization for further appropriations had expired. The record should certainly indicate that Senator MCCLURE did not hold up the funding in the amendment that I offered to the Interior appropriations bill last year.

In September, the Senator from Idaho expressed the same reservations when I offered an amendment in the Interior Appropriations Subcommittee to maintain the current support of $100,000 in fiscal 1986 while we work to enact S. 1116. Again, the record should clearly show our appreciation to Senator MCCLURE, who accepted the amendment when he realized that the bill would not be ready before the appropriations bill was considered.

To those not acquainted with congressional procedures, I want to make it clear that the chairman of the Committee on Energy and Natural Resources was rightly exercising his responsibilities to ensure the appropriations are first authorized, but at the same time, he supported further appropriations, without authorization, to maintain this effort. While continued funding is now secured for another fiscal year, we cannot relax until this authorization bill is enacted to remove any doubt on future appropriations.

Before closing, I want to thank the distinguished senior Senator from Virginia [Mr. WARNER] for his leadership on this matter. He persisted in the Committee on Energy and Natural Resources until a hearing was scheduled and, in fact, presided over the hearing.

Also, Mr. President, I want to thank the distinguished cosponsors of S. 1116. My distinguished senior colleague, the President pro tempore of the Senate, Senator STROM THURMOND, as well as Senator DODD of Connecticut, Senator METZENBAUM of Ohio, and Senator KENNEDY of Massachusetts have allied themselves with our efforts to perpetuate the rich heritage that Mary McLeod Bethune bequeathed to our Nation. Their cosponsored is evidenced of the widespread interest in this bill, that was amply demonstrated by the hearing of the Committee on Energy and Natural Resources in support of this bill.

Mr. President, this is a good bill and I urge its immediate adoption so that a final bill can be worked out with the other body and we can get on with the necessary programming and budgeting.

Mr. THURMOND. Mr. President, as a cosponsor of S. 1116, I rise in support of its passage. This bill would amend the act of October 15, 1982, which established the Mary McLeod Bethune Council House as a national historic site. This house is located at 1318 Vermont Avenue NW., here in Washington, DC. It served as the last official residence of black educator and political leader, Mary McLeod Bethune (1875–1955).

S. 1116 would authorize annual appropriations to the Bethune Museum through fiscal year 1989. Also, a one-time grant of up to $300,000 would be authorized for the purpose of building repair and improvement, and archive protection.

Mary McLeod Bethune was born in Mayesville, SC. The daughter of former slaves, she rose to become a great American educator. This amazing woman was the founder and president of Bethune Cookman College in Florida. Additionally, she was an advisor to several Presidents and the founder of the National Council of Negro Women.

We in South Carolina are proud of the achievements of this outstanding native of our State. It is certainly fitting and proper that we honor her by making her home in Washington, DC, a living memorial of her many accomplishments.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

CLEAR TITLE TO CERTAIN LAND ALONG THE CALIFORNIA-NEVADA BOUNDARY

The Senate proceeded to consider the bill (S. 1503) to clear title to certain lands along the California-Nevada boundary, which had been reported from the Committee on Energy and Natural Resources, with an amendment as follows:

On page 4, strike line 7, through and including line 14, and insert the following:

As soon as practicable after the date of enactment of this Act, the Secretary of the Interior shall request that the States of California and Nevada submit maps, a list of patents or other conveyances for tracts of land the two States agree are affected by sections 2 and 3 of this Act. Upon concurring that the patents or other conveyances so listed are those intended to be covered by this Act, the Secretary of the Interior shall publish the list of patents or other conveyances in the Federal Register. The Secretary is authorized to make clerical and typographical corrections of errors in the list of patents or other conveyances and maps. Such maps, using the United States Department of the Interior Bureau of Land Management Master Title Plats showing the affected lands shall be on file for illustrative purposes and along with the list of patents or other conveyances shall be available for public inspection with the State directors of the Bureau of Land Management, Department of the Interior in California and Nevada, and with the State Lands Adminis-

trator of Nevada and State Lands Commissioner of California.

SEC. 6. STATE RIGHTS.

Nothing in this Act shall be construed as conferring on either the State of California or the State of Nevada any rights with regard to entitlements to Federal lands, or as enlarging, diminishing, or otherwise affecting any such rights which may exist under other provisions of law.

So as to make the bill read:

S. 1503

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FINDINGS.

The Congress finds that—

(1) thousands of acres of public lands transferred by the United States to the State of California or to the State of Nevada on or before June 1, 1982, are now located within the other State according to the boundary between them established by the United States Supreme Court in the case of California against Nevada (447 U.S. 125 (1980));

(2) each State accepted such transfers as valid, and commencing over 125 years ago, conveyed substantially all of the land into private ownership;

(3) the original title of each State and political subdivisions thereof and subsequent private parties has been treated as good and valid for all governmental and private purposes;

(4) it is imperative that certainty of title to, and ownership of, these lands be established as soon as practicable in order to avoid any undue hardship on the States of California and Nevada and affected private parties; and

(5) litigation is not an appropriate means of resolving the questions of title and ownership of the affected lands in that it would result in unprecedented and unnecessary burdens and expenses on the courts of the United States and the States of California and Nevada, as well as on private property owners.

SEC. 2. TRANSFERS TO CALIFORNIA.

Grants and all other transfers of public land to the State of California by the United States by a statute, clear list, selection, patent, or any other means on or before June 1, 1982—

(1) which are located in the State of Nevada according to the boundary between the States of California and Nevada, as defined in the case of California against Nevada (447 U.S. 125 (1980)); and

(2) which have been patented or otherwise conveyed to a third party by the State of California,

are not invalid because such land or portions of such land are located in the State of Nevada.

SEC. 3. TRANSFERS TO NEVADA.

Grants and all other transfers of public land to the State of Nevada by the United States by a statute, clear list, selection, patent, or any other means on or before June 1, 1982—

(1) which are located in the State of California according to the boundary between the States of California and Nevada, as defined in the case of California against Nevada (447 U.S. 125 (1980)); and

(2) which have been patented or otherwise conveyed to a third party by the State of Nevada,

are not invalid because such land or portions of such land are located in the State of California.

SEC. 4. CERTAIN LANDS NOT AFFECTED.

This act shall not apply to any public land referred to in section 2 or 3 which has not been patented or otherwise conveyed to a third party by the State of California or the State of Nevada, as the case may be.

SEC. 5. LANDS AFFECTED.

As soon as practicable after the date of enactment of this Act, the Secretary of the Interior shall request that the States of California and Nevada submit maps, a list of patents or other conveyances for tracts of land the two States agree are affected by sections 2 and 3 of this Act. Upon concurring that the patents or other conveyances so listed are those intended to be covered by this Act, the Secretary of the Interior shall publish the list of patents or other conveyances in the Federal Register. The Secretary is authorized to make clerical and typographical corrections of errors in the list of patents or other conveyances and maps. Such maps, using the United States Department of the Interior Bureau of Land Management Master Title Plats showing the affected lands shall be on file for illustrative purposes and along with the list of patents or other conveyances shall be available for public inspection with the State Directors of the Bureau of Land Management, Department of the Interior in California and Nevada, and with the State Lands Administrator of Nevada and State Lands Commissioner of California.

SEC. 6. STATE RIGHTS.

Nothing in this Act shall be construed as conferring on either the State of California or the State of Nevada any rights with regard to entitlements to Federal lands, or as enlarging, diminishing, or otherwise affecting any such rights which may exist under other provisions of law.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

NATIONAL MEMORIAL TO PATRICK HENRY

The joint resolution (S.J. Res. 187) designating Patrick Henry's last home and burial place, known as Red Hill, in the Commonwealth of Virginia, as a National Memorial to Patrick Henry, was considered, ordered to be engrossed for a third reading, read the third time and passed.

The preamble was agreed to.

The Joint resolution, and the preamble, are as follows:

S.J. RES. 187

Whereas Patrick Henry was a great orator and leader of the Revolutionary cause in the struggle for independence and in the establishment of a new Government of the United States of America; and

Whereas, fifty years ago on August 15, 1935, the Congress authorized establishment of Red Hill, Patrick Henry's last home and burial place, as a national monument in tribute and recognition of his service to his country, and the authorization was repealed in 1944 due to insufficient appropriations during distressful times; and

Whereas the Patrick Henry Memorial Foundation in 1944 acquired Red Hill, located in Charlotte County, Virginia, and has both reconstructed his home and restored his original cottage law office and grounds as a shrine and museum, in commemoration of the entire life of Patrick Henry; and

Whereas Red Hill is listed on the National Register of Historic Places; and

Whereas the Virginia General Assembly, in its 1985 legislative session, has enacted Senate Joint Resolution 82, calling for national recognition and stewardship of Red Hill by the Federal Government; and

Whereas Scotchtown, Saint John's Church, and Hanover County Courthouse are designated National Historic Landmarks, due to their historical significance integrity and representation of key moments of Patrick Henry's revolutionary contributions; and

Whereas May 29, 1736, was the birthdate of Patrick Henry, and Scotchtown, Saint John's Church, and Hanover County Courthouse and Red Hill are together planning commemorative activities for the two hundred and fiftieth anniversary of Patrick Henry's birth during 1986; and

Whereas it would be appropriate for Congress, as part of the 1986 commemorative activities, to honor for the benefit of present and future generations the entire life of Patrick Henry by a national memorialization of this American Patriot's burial place at Red Hill, where are also preserved his original cottage law office, his reconstructed home, and museum articles depicting his life and work: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the last home and burial place of Patrick Henry in Charlotte County, Commonwealth of Virginia, known as Red Hill, is hereby designated as a National Memorial to Patrick Henry, and shall be known as: the Red Hill Patrick Henry National Memorial. The Secretary of the Interior is authorized and directed to take appropriate action to assure that this Memorial is announced in the Federal Register, and that official records and lists are amended, in due course, to reflect this addition as being included along with other national memorials established by Act of Congress; and be it further,

Resolved, That the Secretary of the Interior, with the concurrence of the owner of the property, is authorized and directed to place at the gravesite on or by June 6, 1986, the anniversary of Patrick Henry's death, an appropriate plaque or marker bearing an inscription commensurate with the contributions of Patrick Henry to the American Revolution and with the patriotism his words and deeds continue to inspire in all Americans: *Provided,* That the ownership of Red Hill remains non-Federal, and that the costs of such plaque or marker, and of its inscription and maintenance, as well as the costs of operations and maintenance for the estate shall be borne from non-Federal funds, services, or materials.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the joint resolution was agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

PETRIFIED FOREST NATIONAL PARK

The Senate proceeded to consider the bill (H.R. 1185) to amend the act establishing the Petrified Forest National Park, which had been reported from the Committee on Energy and Natural Resources, with amendments, as follows:

(The parts of the bill intended to be stricken are shown in boldface brackets, and the parts of the bill intended to be inserted are shown in italics.)

H.R. 1185

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 2 of the Act of March 28, 1958 (72 Stat. 69), to establish the Petrified Forest National Park, is amended by inserting the following at the end thereof: "**[**township**]** *Township* 19 north, range 24 east: the southwest quarter of the southwest quarter of section 27.".

SEC. 2. The provision of this Act shall not take effect until the Secretary of the Interior determines that fee simple title to the property described in section 1 has vested in the United States. Such determination of the Secretary shall be published in the Federal Register.

The amendments were agreed to.

The amendments were ordered to be engrossed, the bill was read the third time, and passed.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

CONVEYANCE OF CERTAIN LAND TO THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

The Senate proceeded to consider the bill (H.R. 3003) to authorize the Secretary of the Interior to convey certain land located in the State of Maryland to the Maryland-National Capital Park and Planning Commission, which had been reported from the Committee on Energy and Natural Resources, with an amendment to strike out all after the enacting clause, and insert the following:

That (a)(1) notwithstanding any other provision of law, the Secretary of the Interior is authorized to convey, without monetary consideration, to the Maryland-National Capital Park and Planning Commission all right, title, and interest of the United States to a parcel of land comprising approximately fifty-five acres located in Prince Georges County, Maryland.

(2) Except as provided in subsection (b), the land conveyed pursuant to paragraph (1) shall be used solely for park and outdoor recreation purposes in accordance with a land use plan for the property prepared by the Maryland-National Capital Park and Planning Commission and submitted to the National Capital Planning Commission for review and comment. The instrument for conveyance for the real property conveyed pursuant to subsection (a) shall set forth all terms and conditions of the conveyance. Such instrument shall further provide that all right, title, and interest conveyed to the Maryland-National Capital Park and Planning Commission pursuant to such instrument, except such access as is authorized by subsection (b)(1), shall revert to the United States if such land is used for any purpose other than as stated in this paragraph.

(3) As soon as practicable after the date of enactment of this Act, the Secretary shall file a map and legal description of the area designated under paragraph (1) with the Committee on Interior and Insular Affairs, United States House of Representatives, and with the Committee on Energy and Natural Resources of the United States Senate. Such map and description shall have the same force and effect as if included in this Act, except that the correction of clerical and typographical errors in such legal description and map may be made. Such map and legal description shall be on file in the office of the regional director, National Park Service and the National Capital Park Region.

(4) The Maryland-National Capital Park and Planning Commission shall reimburse the Secretary of the Interior for the costs of the land conveyance described in paragraph (1).

(b)(1) Subject to the provisions of this subsection, the Maryland-National Capital Park and Planning Commission may grant access across the real property conveyed pursuant to subsection (a) to the owner of any proposed property contingent upon each of the following:

(A) Submission by the owner of the adjacent real property of a land use and development plan, incorporating the provisions of the memorandum of May 7, 1985, to the National Capital Planning Commission for review and comment;

(B) Approval of the terms and conditions of the memorandum of May 7, 1985, by the Prince Georges County Council;

(C) Compliance by the owner of the adjacent real property seeking such access with the terms and conditions of the memorandum of May 7, 1985, as determined by the National Capital Planning Commission;

(D) Conveyance by the owner of the adjacent real property to the National Capital Planning Commission of an easement in perpetuity which shall run with the land, incorporate the restrictions on development contained in the memorandum of May 7, 1985, and incorporate any other land restrictions imposed by Prince Georges County; and

(E) The availability for such access for public use.

(2) The owner of the adjacent real property shall obtain appropriate road construction bonds as required by State and local government regulation prior to the construction of such access road, and shall establish an interest bearing escrow account in an amount necessary to insure protection of the surrounding parkland and compliance with the conditions of paragraph (b)(1). Such amount shall be determined by the owner of the adjacent real property and the Maryland-National Capital Park and Planning Commission. Following completion of the construction of such public use access road, and review by the Maryland-National Capital Park and Planning Commission, said escrow account shall be returned to the owner of the adjacent real property.

(3)(A) The National Capital Planning Commission and the Maryland-National Capital Park and Planning Commission shall make a copy of the memorandum of May 7, 1985, available for public inspection in the offices of each commission during business hours.

(B) Upon approval of a proposed amendment by both of the parties to the memorandum of May 7, 1985, the proposed amendment shall be published in the Federal Register and concurrently submitted to the congressional committees referred to in subsection (a)(3). The amendment shall not be effective until 60 calendar days after it has been transmitted to the committees.

(c) For purposes of this Act—

(1) the term "memorandum of May 7, 1985" means the memorandum of understanding entered into on May 7, 1985, between the National Capital Planning Commission and the owner of the real property adjacent to the land to be conveyed pursuant to subsection (a)(1); and

(2) the term "owner of the adjacent real property" means the owner of the adjacent real property, its successors or assigns, as described in the memorandum of understanding entered into on May 7, 1985.

The amendment was agreed to.

The amendment was ordered to be engrossed, the bill was read the third time, and passed.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

CERTAIN INDIAN LANDS HELD IN TRUST

The Senate proceeded to consider the bill (S. 1684) to declare that the United States holds certain lands in trust for the Kaw, Otoe-Missouria, Pawnee, Ponca, and Tonkawa Indian Tribes of Oklahoma, which had been reported from the Select Committee on Indian Affairs, with an amendment to strikeout all after the enacting clause, and insert the following:

SECTION 1. (a) Except as provided in section 2 of this Act, the Secretary of the Interior shall partition the interests of the United States in the approximately 5,824 acres of land in Oklahoma known as the Chilocco Indian School Reserve among the Cherokee Nation of Oklahoma, and the Pawnee, Ponca, Otoe-Missouria, Kaw, and Tonkawa Tribes of Oklahoma in line with the agreement of August 30, 1985 among those six tribes. The interests which are partitioned to the last five named tribes jointly shall be further partitioned by the Secretary in line with an agreement among those tribes.

(b) The interests partitioned to a tribe under this section are declared to be held in trust by the United States for that tribe.

(c) The Secretary shall publish in the Federal Register a description of the interests in land partitioned and held in trust under this section.

SEC. 2. The interest of the United States in the minerals in the approximately 5,824

acres of land identified in section 1 of this Act are declared to be held in trust jointly for the Cherokee Nation of Oklahoma, and the Pawnee, Ponca, Otoe-Missouria, Kaw, and Tonkawa Tribes of Oklahoma. The Cherokee Nation of Oklahoma shall act for all six tribes in decisions involving those mineral interests. The Secretary shall hold 50 percent of the income from those mineral interests in trust for the Cherokee Nation of Oklahoma and 10 percent of that income in trust for each of the other five tribes.

SEC. 3. Nothing in this Act shall deprive any person of any right or interest in the land identified in section 1.

SEC. 4. The unobligated balance of the income (after provision for payment of maintenance and other costs incurred before the enactment of this Act) derived by the Secretary from the interests in the land identified in section 1 of this Act shall be used in accordance with the provision from the Act of September 10, 1982 (96 Stat. at 839) codified in section 155b of title 25, United States Code (1982 Edition) and divided as follows:

(1) of the part of the balance that the Secretary decides is attributed to income from other than mineral interests—

(A) 75 percent shall be used as jointly requested by the governing bodies of the Pawnee, Ponca, Otoe-Missouria, Kaw, and Tonkawa Tribes of Oklahoma; and

(B) 25 percent shall be used as requested by the governing body of the Cherokee Nation of Oklahoma.

(2) of the part of the balance that the Secretary decides is attributed to income from mineral interests—

(A) 50 percent shall be used as jointly requested by the governing bodies of the Pawnee, Ponca, Otoe-Missouria, Kaw, and Tonkawa Tribes of Oklahoma; and

(B) 50 percent shall be used as requested by the governing body of the Cherokee Nation of Oklahoma.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

CHEROKEE LEASING ACT

The Senate proceeded to consider the bill (S. 1728) to authorize the Cherokee Nation of Oklahoma to lease certain lands held in trust for up to 99 years, which had been reported from the Committee on Indian Affairs, with an amendment as follows:

On page 2, after line 9, insert the following:

SEC. 3. CERTAIN CIVIL SERVICE BENEFITS FOR FORMER FEDERAL EMPLOYEES WORKING FOR INDIAN TRIBES.

(a) Subsection (e) of section 105 of the Indian Self-Determination Act (25 U.S.C. 450i(a)) is amended by striking out "1985" and inserting instead "1988".

(b) Section 210(a)(5)(B)(i) of the Social Security Act (42 U.S.C. 410(a)(5)(B)(i) and section 3121(b)(5)(B)(i) of the Internal Revenue Code of 1954 are each amended—

(1) by striking out "and" at the end of subclause (III),

(2) by striking out "; or" at the end of the subclause (IV) and inserting in lieu thereof ", and", and

(3) by adding after subclause (IV) the following:

"(V) if an individual performing service described in subparagraph (A) returns to the performance of such service after employment (by a tribal organization) to which section 105(e)(2) of the Indian Self-Determination Act applies, then the service performed for that tribal organization shall be considered service described in subparagraph (A); or".

(c) The amendments made by subsection (b) apply to any return to the performance of service in the employ of the United States, or of an instrumentality thereof, after 1983.

So as to make the bill read:

S. 1728

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Cherokee Leasing Act".

SEC. 2. AUTHORIZATION FOR 99-YEAR LEASE.

The second sentence of subsection (a) of the first section of the Act entitled "An Act to authorize the leasing of restricted Indian lands for public, religious, educational, recreational, residential, business, and other purposes requiring the grant of long-term leases" approved August 9, 1955 (25 U.S.C. 415), is amended by inserting ", lands held in trust for the Cherokee Nation of Oklahoma," after "the Twenty-nine Palms Band of Luiseno Mission Indians,".

SEC. 3. CERTAIN CIVIL SERVICE BENEFITS FOR FORMER FEDERAL EMPLOYEES WORKING FOR INDIAN TRIBES.

(a) Subsection (e) of section 105 of the Indian Self-Determination Act (25 U.S.C. 450i(a)) is amended by striking out "1985" and inserting instead "1988".

(b) Section 210(a)(5)(B)(i) of the Social Security Act (42 U.S.C. 410(a)(5)(B)(i)) and section 3121(b)(5)(B)(i) of the Internal Revenue Code of 1954 are each amended—

(1) by striking out "and" at the end of subclause (III),

(2) by striking out "; or" at the end of the subclause (IV) and inserting in lieu thereof ", and", and

(3) by adding after subclause (IV) the following:

"(V) if an individual performing service described in subparagraph (A) returns to the performance of such service after employment (by tribal organization) to which section 105(e)(2) of the Indian Self-Determination Act applies, then the service performed for that tribal organization shall be considered service described in subparagraph (A); or".

(c) The amendments made by subsection (b) apply to any return to the performance of service in the employ of the United States, or of an instrumentality thereof, after 1983.

The amendment was agreed to.

The amendment was ordered to be engrossed, the bill was read the third time, and passed.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ELIMINATION OF GENDER-BASED DISTINCTIONS IN FEDERAL LAW

The Senate proceeded to consider the bill (S. 86) to amend the laws of the United States to eliminate gender-based distinctions, which had been reported from the Committee on the Judiciary, with amendments, as follows:

(The parts of the bill intended to be stricken are shown in boldface brackets, and the parts of the bill intended to be inserted are shown in italics.)

S. 86

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Sex Discrimination in the United States Code Reform Act of 1985".

[TITLE I—ARMED FORCES, SOLDIERS' HOME, COAST GUARD, LIGHTHOUSE SERVICE, AND MERCHANT MARINE

[PART A—AMENDMENTS RELATING TO THE ARMED FORCES AND THE SOLDIERS' HOME**]**

TITLE I—UNIFORMED SERVICES AND MERCHANT MARINE

AMENDMENTS TO TITLE 10, UNITED STATES CODE, RELATING TO THE UNIFORM CODE OF MILITARY JUSTICE

SEC. 101. Section 920 of title 10, United States Code, is amended by striking out subsections (a) and (b) and inserting in lieu thereof the following:

"(a) Any person subject to this chapter who commits an act of sexual intercourse with another person not his or her spouse, by force and without the consent of such other person, is guilty of rape and shall be punished by death or such other punishment as a court-martial may direct.

"(b) Any person subject to this chapter who, under circumstances not amounting to rape, commits an act of sexual intercourse with another person not his or her spouse who has not attained the age of sixteen years, is guilty of carnal knowledge and shall be punished as a court-martial may direct.".

AMENDMENTS TO TITLE 10, UNITED STATES CODE, RELATING TO THE ARMY

SEC. 102. (a) Section 3683 of title 10, United States Code, is repealed.

(b) Section 3963 of such title is repealed.

(c) Section 4309(b) of such title is amended by striking out "males" and inserting in lieu thereof "persons".

(d) The second sentence of section 4313(a) of such title is amended by striking out "man" and inserting in lieu thereof "competitor".

[(d)**]** *(e)* Section 4651 of such title is amended to read as follows:

"**§ 4651. Arms, tentage, and equipment: educational institutions not maintaining units of R.O.T.C.**

"Under such conditions as the Secretary of the Army may prescribe, such Secretary may issue arms, tentage, and equipment that such Secretary considers necessary for proper military training, to any educational institution at which no unit of the Reserve Officers' Training Corps is maintained, but which has a course in military training prescribed by such Secretary and which has at

least one hundred physically fit students over fourteen years of age.".

[(e)] *(f)* Section 4712(d) of such title is amended by striking out clauses (1) through (9) and inserting in lieu thereof the following:

"(1) The surviving spouse or legal representative.

"(2) A child of the deceased.

"(3) A parent of the deceased.

"(4) A brother or sister of the deceased.

"(5) The next of kin of the deceased.

"(6) A beneficiary named in the will of the deceased to receive the property.".

[(f)] *(g)* Section 4713(a)(2) of such title is amended by striking out subclauses (A) through (I) and inserting in lieu thereof the following:

"(A) The surviving spouse or legal representative.

"(B) A child of the deceased.

"(C) A parent of the deceased.

"(D) A brother or sister of the deceased.

"(E) The next of kin of the deceased.

"(F) A beneficiary named in the will of the deceased to receive the property.".

AMENDMENTS TO TITLE 10, UNITED STATES CODE, RELATING TO THE NAVY

[SEC. 103. (a) Section 7601 of title 10, United States Code, is amended—

[(1) in subsection (a) by striking out "widows" and inserting in lieu thereof "surviving spouses"; and

[(2) in the first sentence of subsection (b)—

[(A) by striking out "him" and inserting in lieu thereof "the Secretary"; and

[(B) by striking out "he" each place it appears and inserting in lieu thereof in each such place "the Secretary".

[(b) Section 6964(e) of title 10, United States Code, is amended by striking out "men" and inserting in lieu thereof "persons".]

SEC. 103. (a) Section 6160(a) of title 10, United States Code, is amended by striking out "man" and inserting in lieu thereof "member".

(b) Section 6964(e) of such title is amended by striking out "men" and inserting in lieu thereof "persons".

(c) Section 7601 of such title is amended—

(1) in subsection (a), by striking out "widows" and inserting in lieu thereof "surviving spouses"; and

(2) in the first sentence of subsection (b)—

(A) by striking out "him" and inserting in lieu thereof "the Secretary"; and

(B) by striking out "he" each place it appears and inserting in lieu thereof "the Secretary".

AMENDMENTS TO TITLE 10, UNITED STATES CODE, RELATING TO THE AIR FORCE

SEC. 104. (a) Section 8683 of title 10, United States Code, is repealed.

(b) Section 8963 of such title is repealed.

(c) Section 9651 of such title is amended to read as follows:

"§ 9651. Arms, tentage, and equipment: educational institutions not maintaining units of A.F.R.O.T.C.

"Under such conditions as the Secretary of the Air Force may prescribe, such Secretary may issue arms, tentage, and equipment that such Secretary considers necessary for proper military training, to any educational institution at which no unit of the Air Force Reserve Officers' Training Corps is maintained, but which has a course in military training prescribed by such Secretary and which has at least 100 physically fit students over 14 years of age.".

(d) Section 9712(d) of such title is amended by striking out clauses (1) through (9), and inserting in lieu thereof the following:

"(1) The surviving spouse or legal representative.

"(2) A child of the deceased.

"(3) A parent of the deceased.

"(4) A brother or sister of the deceased.

"(5) The next of kin of the deceased.

"(6) A beneficiary named in the will of the deceased to receive the property.".

(e) Section 9713(a)(2) of such title is amended by striking out subclauses (A) through (I) and inserting in lieu thereof the following:

"(A) The surviving spouse or legal representative.

"(B) A child of the deceased.

"(C) A parent of the deceased.

"(D) A brother or sister of the deceased.

"(E) The next of kin of the deceased.

"(F) A beneficiary named in the will of the deceased to receive the property.".

AMENDMENTS TO TITLE 10, UNITED STATES CODE, RELATING TO THE ARMED FORCES GENERALLY

SEC. 105. (a) Section 311(a) of title 10, United States Code, is amended—

(1) by striking out "males" and inserting in lieu thereof "persons"; and

(2) by striking out "and of female citizens of the United States who are commissioned officers of the National Guard".

(b) Section 772(c) of such title is amended—

(1) by striking out "his" and inserting in lieu thereof "the retired officer's"; and

(2) by striking out the second sentence.

(c)(1) Section 1431(b) of such title is amended—

(A) in the first and second sentences—

(i) by striking out "he" each place it appears and inserting in lieu thereof "the person"; and

(ii) by striking out "his" each place it appears and inserting in lieu thereof "the person's";

(B) in the third sentence—

(i) by striking out "he" each place it appears and inserting in lieu thereof "the member"; and

(ii) by striking out "his" and inserting in lieu thereof "the member's";

(C) in the fourth sentence, by striking out "him" and inserting in lieu thereof "the member";

(D) in clause (1) of the fifth sentence—

(i) by striking out "he is entitled" and inserting in lieu thereof "the elector's entitlement";

(ii) by striking out "his being granted" and inserting in lieu thereof "the grant of"; and

(iii) by striking out "his" and inserting in lieu thereof "the elector's"; and

(E) in clause (3) of such sentence—

(i) by striking out "his widow" and inserting in lieu thereof "the elector's surviving spouse"; and

(ii) by striking out "his death" and inserting in lieu thereof "the elector's death".

(2) Section 1431(c) of such title is amended—

(A) by striking out "his" each place it appears and inserting in lieu thereof "the elector's"; and

(B) in the second sentence, by striking out "he" and inserting in lieu thereof "the elector".

REPEAL OF AUTHORITY TO MAKE TEMPORARY APPOINTMENTS AS OFFICERS IN THE ARMY

SEC. [105] *106.* The Act entitled "An Act to authorize temporary appointment as officers in the Army of the United States of members of the Army Nurse Corps, female persons having the necessary qualifications for appointment in such corps, female dietetic and physical-therapy personnel of the Medical Department of the Army (exclusive of students and apprentices), and female persons having the necessary qualifications for appointment in such department as female dietetic or physical-therapy personnel, and for other purposes.", approved June 22, 1944 (58 Stat. 324; 50 U.S.C. App. 1591 et seq.) is repealed.

AMENDMENTS TO THE SOLDIERS' AND SAILORS' CIVIL RELIEF ACT OF 1940

SEC. 107. (a) Section 300 of the Soldiers' and Sailors' Civil Relief Act of 1940 (50 U.S.C. App. 530) is amended—

(1) in subsection (1), by striking out "wife" and inserting in lieu thereof "spouse"; and

(2) in subsection (4)—

(A) by inserting "or she" after "he"; and

(B) by striking out "wife" and inserting in lieu thereof "spouse".

(b) Section 503 of such Act (50 U.S.C. App. 563) is amended—

(1) in subsection (1), by striking out "his widow, if unmarried, or in the case of her death or marriage, his minor children, or his or" and inserting in lieu thereof "the surviving spouse, if unmarried, or in the case of the surviving spouse's death or marriage, the minor children, or"; and

(2) in subsection (2), by inserting "or she" after "he".

(c) Section 504 of such Act (50 U.S.C. App. 564) is amended—

(1) by striking out "entryman" each place it appears and inserting in lieu thereof "enterer";

(2) by striking out "his" each place it appears and inserting in lieu thereof "his or her"; and

(3) by striking out "he" each place it appears and inserting in lieu thereof "he or she".

(d) Section 510 of such Act (50 U.S.C. App. 570) is amended—

(1) by striking out "entryman" each place it appears and inserting in lieu thereof "enterer";

(2) by striking out "his" each place it appears and inserting in lieu thereof "his or her"; and

(3) by striking out "he" each place it appears and inserting in lieu thereof "he or she".

AMENDMENTS RELATING TO ALLOTMENT OF PENSIONS OF INMATES OF THE SOLDIERS' HOME

SEC. [106] *108.* Section 4 of the Act entitled "An Act prescribing regulations for the Soldiers' Home located at Washington, in the District of Columbia, and for other purposes.", approved March 3, 1883 (22 Stat. 564; 24 U.S.C. 52) is amended—

(1) in the first sentence—

(A) by striking out "wife" each place it appears and inserting in lieu thereof in each such place "spouse"; and

(B) by striking out "his" and inserting in lieu thereof "the inmate's";

(2) in the third sentence—

(A) by striking out "him" each place it appears and inserting in lieu thereof in each such place "the pensioner"; and

(B) by striking out "his";

(3) in the fourth sentence—

(A) by striking out "his" each place it appears and inserting in lieu thereof in each such place "the inmate's"; and

(B) by striking out "he" and inserting in lieu thereof "the pensioner"; and

(4) in the fifth sentence—

(A) by striking out "him" and inserting in lieu thereof "the pensioner"; and

(B) by striking out "his" and inserting in lieu thereof "the pensioner's".

MISCELLANEOUS AMENDMENTS RELATING TO THE UNIFORMED SERVICES

SEC. 109. (a) The Act entitled "An Act to authorize the burial in national cemeteries of the remains of certain commissioned officers of the Public Health Service", approved April 30, 1956 (70 Stat. 124; 42 U.S.C. 213 note), is amended by striking out "wife, widow" each place it appears and inserting in lieu thereof "spouse, surviving spouse".

(b) Section 551(1)(A) of title 37, United States Code, is amended by striking out "wife" and inserting in lieu thereof "spouse".

AMENDMENTS RELATING TO THE MERCHANT MARINE

SEC. 110. (a) Section 4509 of the Revised Statutes (46 U.S.C. 561) is amended—

(1) in the first sentence—

(A) by striking out "boys" and inserting in lieu thereof "youths";

(B) by striking out "his power" and inserting in lieu thereof "the power of such official";

(C) by striking out "boy" each place it appears and inserting in lieu thereof "youth";

(D) by striking out "he has attained" and inserting in lieu thereof "the youth has attained"; and

(2) in the third sentence by striking out "him" and inserting in lieu thereof "such official".

(b) Section 10(b)(1) of the Act entitled "An Act to remove certain burdens on the American merchant marine and encourage the American foreign carrying trade and for other purposes", approved June 26, 1884 (23 Stat. 55; 46 U.S.C. 599(b)), is amended by—

(1) striking out "wages he may earn" and inserting in lieu thereof "wages he or she may earn";

(2) striking out "wife, sister" and inserting in lieu thereof "spouse, sibling"; and

(3) striking out "opened by him and maintained in his name" and inserting in lieu thereof "opened by him or her and maintained in his or her name".

(c) Section 10(c) of such Act (23 Stat. 55; 46 U.S.C. 599(c)) is amended by striking out "during his absence" and inserting in lieu thereof "during his or her absence".

(d) Chapter 231 of the Act of March 3, 1911 (36 Stat. 1167; 46 U.S.C. 627) is amended by—

(1) striking out "part of his effects" and inserting in lieu thereof "part of his or her effects";

(2) striking out "his money and effects" and inserting in lieu thereof "his or her money and effects";

(3) striking out "his widow or children" and inserting in lieu thereof "the surviving spouse or children of such person"; and

(4) by striking out "his will" and inserting in lieu thereof "his or her will.".

TECHNICAL AMENDMENTS

SEC. [107] *111.* (a) The table of sections at the beginning of chapter 353 of title 10, United States Code, is amended by striking out the item relating to section 3683.

(b) The table of sections at the beginning of chapter 369 of such title is amended by striking out the item relating to section 3963.

(c) The table of sections at the beginning of chapter 853 of such title is amended by striking out the item relating to section 8683.

(d) The table of sections at the beginning of chapter 869 of such title is amended by striking out the item relating to section 8963.

SAVING PROVISIONS

SEC. [108] *112.* (a) The repeal made by section 102(a) shall not apply in the case of any person who performed active service described in section 3683 of title 10, United States Code, as such section was in effect on the day before the effective date of such repeal.

(b) The repeal made by section 102(b) shall not apply in the case of any member of the Regular Army described in section 3963 of title 10, United States Code, as such section was in effect on the day before the effective date of such repeal.

(c) The repeal made by section 104(a) shall not apply in the case of any person who performed active service described in section 8683 of title 10, United States Code, as such section was in effect on the day before the effective date of such repeal.

(d) The repeal made by section 104(b) shall not apply in the case of any Air Force nurse or medical specialist described in section 8963 of title 10, United States Code, as such section was in effect on the day before the effective date of such repeal.

(e) The repeal made by section [105] *106* shall not apply in the case of any officer in the Army appointed and assigned under the first section of the Act referred to in section [105] *106*, as such Act was in effect on the day before the date of enactment of this Act.

[PART B—AMENDMENTS RELATING TO THE COAST GUARD, THE LIGHTHOUSE SERVICE, AND THE CREW OF THE MERCHANT MARINE

[AMENDMENTS RELATING TO THE COAST GUARD

[SEC. 109. (a) Section 371 of title 14, United States Code, is amended—

[(1) in the second sentence of subsection (a) by striking out "male" each place it appears; and

[(2) in subsection (c)(1)—

[(A) by striking out "he agrees in writing that upon his" and inserting in lieu thereof "the person agrees in writing that upon"; and

[(B) by striking out "he will" and inserting in lieu thereof "the person will"; and

[(3) in subsection (c)(2) by striking out "he has the consent of his parent or guardian to his agreement" and inserting in lieu thereof "the person has the consent of the person's parent or guardian to the agreement".

[(b) The first sentence of section 487 of such title is amended—

[(1) by striking out "men" each place it appears and inserting in lieu thereof in each such place "members"; and

[(2) by striking out "widows" and inserting in lieu thereof "surviving spouses".

[(c) Section 41 of title 14, United States Code, is amended by striking out "men" each place it appears and inserting in lieu thereof "members".

[(d) Section 192 of title 14, United States Code, is amended by striking out "man" and inserting in lieu thereof "member".

[(e) Section 351(a) of title 14, United States Code, is amended by striking out "men" and inserting in lieu thereof "members".

[(f) Section 353 of title 14, United States Code, is amended by striking out "man" and inserting in lieu thereof "member".

[(g) Section 354 of title 14, United States Code, is amended by striking out "man" and inserting in lieu thereof "member".

[(h) Section 355 of title 14, United States Code, is amended by striking out "man" and inserting in lieu thereof "member".

[(i) Section 357 of title 14, United States Code, is amended—

[(1) by striking out "men" each place it appears and inserting in lieu thereof "members"; and

[(2) by striking out "man" each place it appears and inserting in lieu thereof "member".

[(j) Section 359 of title 14, United States Code, is amended by striking out "man" and inserting in lieu thereof "member".

[(k) Section 360 of title 14, United States Code, is amended by striking out "man" each place it appears and inserting in lieu thereof "member".

[(l) Section 361 of title 14, United States Code, is amended by striking out "man" each place it appears and inserting in lieu thereof "member".

[(m) Section 362 of title 14, United States Code, is amended by striking out "man" and inserting in lieu thereof "member".

[(n) Section 365 of title 14, United States Code, is amended by striking out "man" each place it appears and inserting in lieu thereof "member".

[(o) Section 366 of title 14, United States Code, is amended by striking out "man" each place it appears and inserting in lieu thereof "member".

[(p) Section 367 of title 14, United States Code, is amended—

[(1) in the first sentence, by striking out "man" and inserting in lieu thereof "member"; and

[(2) in the third sentence, by striking out "men" and inserting in lieu thereof "members".

[(q) Section 370 of title 14, United States Code, is amended by striking out "man" and inserting in lieu thereof "member".

[(r) Section 421(a) of title 14, United States Code, is amended by striking out "man" and inserting in lieu thereof "member".

[(s) Section 424 of title 14, United States Code, is amended by striking out "man" each place it appears and inserting in lieu thereof "member".

[(t) Section 483 of title 14, United States Code, is amended by striking out "man" each place it appears and inserting in lieu thereof "member".

[(u) Section 487 of title 14, United States Code, including the section heading, is amended by striking out "men" each place it appears and inserting in lieu thereof "members".

[AMENDMENTS RELATING TO THE LIGHTHOUSE SERVICE

[SEC. 110. (a) The first section of the Act entitled "An Act to provide benefits for the widows of certain persons who were retired or are eligible for retirement under section 6 of the Act entitled 'An Act to authorize aids to navigation and for other works in the Lighthouse Service, and for other purposes', approved June 20, 1918, as amended.", approved August 19, 1950 (64 Stat. 465; 33 U.S.C. 771), is amended—

[(1) by striking out "he" in clause (1) and inserting in lieu thereof "that employee"; and

[(2) by striking out clause (2) and inserting in lieu thereof the following:

["(2) the surviving spouse of such former employee was married to such former employee prior to the retirement of such former employee from the Lighthouse Service and has not remarried—"; and

[(3) by striking out "widow, so long as she" in the flush material after clause (2)

and inserting in lieu thereof "surviving spouse, so long as such surviving spouse".

[(b) Section 2 of such Act (64 Stat. 466; 33 U.S.C. 772) is amended—

[(1) by striking out clause (2) and inserting in lieu thereof the following:

["(2) the surviving spouse of such employee has not since remarried,"; and

[(2) by striking out "widow, so long as she" in the flush material after clause (2) and inserting in lieu thereof "surviving spouse, so long as such surviving spouse".

[AMENDMENTS RELATING TO THE CREW OF THE MERCHANT MARINE

[SEC. 111. (a) Section 4509 of the Revised Statutes (46 U.S.C. 561) is amended—

[(1) in the first sentence—

[(A) by striking out "boys" and inserting in lieu thereof "youths";

[(B) by striking out "his power" and inserting in lieu thereof "the power of such official";

[(C) by striking out "boy" each place it appears and inserting in lieu thereof in each such place "youth"; and

[(D) by striking out "he has attained" and inserting in lieu thereof "the youth has attained"; and

[(2) in the third sentence by striking out "him" and inserting in lieu thereof "such official".

[(b) Section 10(b)(1) of the Act entitled "An Act to remove certain burdens on the American merchant marine and encourage the American foreign carrying trade and for other purposes", approved June 26, 1884 (23 Stat. 55; 46 U.S.C. 599(b)), is amended by—

[(1) striking out "wages he may earn" and inserting in lieu thereof "wages he or she may earn";

[(2) striking out "wife, sister" and inserting in lieu thereof "spouse, sibling"; and

[(3) striking out "opened by him and maintained in his name" and inserting in lieu thereof "opened by him or her and maintained in his or her name".

[(c) Section 10(c) of such Act (23 Stat. 55; 46 U.S.C. 599(c)) is amended by striking out "during his absence" and inserting in lieu thereof "during his or her absence".

[(d) Chapter 231 of the Act of March 3, 1911 (36 Stat. 1167; 46 U.S.C. 627) is amended by—

[(1) striking out "part of his effects" and inserting in lieu thereof "part of his or her effects";

[(2) striking out "his money and effects" and inserting in lieu thereof "his or her money and effects";

[(3) striking out "his widow or children" and inserting in lieu thereof "the surviving spouse or children of such person"; and

[(4) striking out "his will" and inserting in lieu thereof "his or her will.".

[AMENDMENTS RELATING TO THE ARMED FORCES

[SEC. 112. (a) Section 311(a) of title 10, United States Code, is amended—

[(1) by striking out "males" and inserting in lieu thereof "persons"; and

[(2) by striking out "and of female citizens of the United States who are commissioned officers of the National Guard" and inserting in lieu thereof a period.

[(b) Section 772(c) of title 10, United States Code, is amended—

[(1) by inserting "or her," after "his" in the first sentence; and

[(2) by striking out the second sentence.

[(c) Section 1431(b)(3) of title 10, United States Code, is amended by striking out "widow" and inserting in lieu thereof "surviving spouse".

[(d) Section 1451(a)(2) of title 10, United States Code, is amended—

[(1) by adding "or widower" after "widow" each place it appears; and

[(2) by inserting "or father's" after "mother's".

[(e) Section 4313(a) of title 10, United States Code, is amended by striking out "man" and inserting in lieu thereof "competitor".

[(f) Section 6160(a) of title 10, United States Code, is amended by striking out "man" and inserting in lieu thereof "member".

[(g) The Act entitled "An Act to authorize the burial in national cemeteries of the remains of certain commissioned officers of the Public Health Service," approved April 30, 1956 (70 Stat. 124; 42 U.S.C. 213, note) is amended by striking out "wife, widow" wherever it appears and inserting in lieu thereof "spouse, surviving spouse".

[(h) Section 551(1)(A) of title 37, United States Code, is amended by striking out "wife" and inserting in lieu thereof "spouse".

[(i) Section 3402(c) of title 38, United States Code, is amended by striking out "man" and inserting in lieu thereof "member".

[(j) Section 300 of the Soldier's and Sailors' Civil Relief Act of 1940 (50 U.S.C. App. 530) is amended—

[(1) in subsection (1) by striking out "wife" and inserting in lieu thereof "spouse";

[(2) in subsection (4) by inserting "or she" after "he"; and

[(3) in subsection (4) by striking out "wife" and inserting in lieu thereof "spouse".]

TITLE II—ELIMINATION OF GENDER-BASED DISTINCTIONS UNDER THE SOCIAL SECURITY ACT AND THE RAILROAD RETIREMENT ACT

SOCIAL SECURITY ACT PROVISIONS

SEC. 201. (a) Section 213(a) of the Social Security Act (42 U.S.C. 413a(2)(B)) is amended by striking out "(if a woman) or age 65 (if a man)".

(b) Section 215(f)(5) of such Act (42 U.S.C. 415(f)(5)) is amended by striking out "a man" and inserting in lieu thereof "an individual".

(c) Section 402(a)(19)(G)(iv) of such Act (42 U.S.C. 602(a)(19)(G)(iv)) is amended by striking out "mother" and inserting in lieu thereof "parent", and by striking out "she".

(d) Section 1107(b) of such Act (42 U.S.C. 1307(b)) is amended by striking out "former wife divorced" each place it appears and inserting in lieu thereof in each instance "divorced spouse".

(e) The amendments made by this section shall apply on and after the date of the enactment of this Act, and in the case of monthly benefits under title II of the Social Security Act shall only apply to benefits payable for months beginning on or after such date of enactment.

RAILROAD RETIREMENT

SEC. 202. (a) Section 2(c) of the Railroad Retirement Act of 1974 (45 U.S.C. [213a] *231a*) is amended—

(1) in subdivision (1)(ii)(C) (45 U.S.C. 231a(c)(1)(ii)(C)), by striking out ", in the case of a wife, has in her care (individually or jointly with her husband)" and inserting in lieu thereof "has in his or her care (individually or jointly with his or her spouse)";

(2) in subdivision (2) (45 U.S.C. 231a(c)(2)), by inserting "or divorced husband" after "divorced wife" each place it appears;

(3) in subdivision (3) (45 U.S.C. 231a(c)(3))—

(A) by striking out "who (i)" and inserting in lieu thereof "who", and

(B) by striking out "and (ii)" and all that follows and inserting in lieu thereof a period; and

(4) by amending subdivision (4) (45 U.S.C. 231a(c)(4)) to read as follows:

"(4) The divorced wife (as defined in section 216(d) of the Social Security Act) or divorced husband (as defined in such section) of an individual, if—

"(i) such individual (A) is entitled to an annuity under subsection (a)(1) of this section, and (B) has attained age 62;

"(ii) such divorced wife or divorced husband (A) has attained age 65, and (B) is not married; and

"(iii) such divorced wife or divorced husband would have been entitled to a benefit under section 202(b) or 202(c) of the Social Security Act as the divorced wife or divorced husband of such individual if all of such individual's service as an employee after December 31, 1936, had been included in the term 'employment' as defined in such Act,

shall, subject to the conditions set forth in subsections (e), (f), and (h) of this section, be entitled to a divorced wife's or divorced husband's annuity, if she or he has filed an application therefor, in the amount provided under section 4 of this Act.".

(b) Section 2(d) (45 U.S.C. 231a(d)) of such Act is amended—

(1) in subdivision (1)(i) (45 U.S.C. 231a(d)(1)(i)), by striking out "and who, in the case of a widower" and all that follows and inserting in lieu thereof a semicolon;

(2) in subdivision (1)(ii) (45 U.S.C. 231a(d)(1)(ii)), by inserting "or widower (as defined in section 216 (g) and (k) of the Social Security Act)" after "a widow (as defined in section 216 (c) and (k) of the Social Security Act)", and by striking out "her care" and inserting in lieu thereof "her or his care";

(3) by amending subdivision (1)(v) (45 U.S.C. 231a(d)(1)(v)) to read as follows:

"(v) the widow (as defined in section 216(c) of the Social Security Act), who is married, or has been married after the death of the employee, the widower (as defined in section 216(g) of the Social Security Act) who is married, or has been married after the death of the employee, the surviving divorced wife (as defined in section 216(d) of the Social Security Act), the surviving divorced husband (as defined in section 216(d) of the Social Security Act), the surviving divorced mother (as defined in section 216(d) of the Social Security Act), and the surviving divorced father (as defined in section 216(d) of the Social Security Act) if such widow, widower, surviving divorced wife, surviving divorced husband, surviving divorced mother, or surviving divorced father would have been entitled to a benefit under section 202(e), 202(f), or 202(g) of the Social Security Act as the widow, widower, surviving divorced wife, surviving divorced husband, surviving divorced mother, or surviving divorced father of the employee if all of the employee's service as an employee after December 31, 1936, had been included in the term 'employment' as defined in that Act. For the purpose of this paragraph—

"(A) the references in section 202(e)(3) and 202(g)(3) of the Social Security Act to an individual entitled under section 202(f) of that Act shall include an individual entitled to an annuity under paragraph (i) of

this subdivision and an individual entitled to an annuity under paragraph (ii) of this subdivision,

"(B) the reference in section 202(f)(4) of the Social Security Act to an individual entitled under section 202(b) of that Act shall include an individual entitled to an annuity under subsection (c) of this section,

"(C) the reference in section 202(f)(4) of the Social Security Act to an individual entitled under section 202 (e) or (g) of that Act shall include an individual entitled to an annuity under paragraph (i) of this subdivision and an individual entitled to an annuity under paragraph (ii) of this subdivision,

"(D) the reference in section 202(f)(4) of the Social Security Act to an individual entitled under section 202(h) of that Act shall include an individual entitled to an annuity under paragraph (iv) of this subdivision,

"(E) the reference in section 202(f)(4) of the Social Security Act to an individual entitled under section 202(d) of that Act shall include an individual entitled to an annuity under paragraph (iii) of this subdivision,

"(F) the reference in section 202(e)(3) and section 202(g)(3) of the Social Security Act to an individual entitled under section 202(d) or section 202(h) of that Act shall include an individual entitled to an annuity under paragraph (iii) or paragraph (iv) of this subdivision, and

"(G) the references in section 202(g)(3) and section 223(a) of that Act shall include an individual entitled to an annuity under subsection (a)(1) of this section."; and

(4) by amending subdivision (2)(B) (45 U.S.C. 231a(d)(2)(B)) to read as follows: "the last month for which the widow or widower was entitled to an annuity under paragraph (2) of subdivision (1) as the widow or widower of the deceased employee, or".

(c) Section 2(e)(5) (45 U.S.C. 231a(e)(5)) of such Act is amended by inserting "or divorced husband" after "divorced wife" each place it appears.

(d) Section 2(f)(2) (45 U.S.C. 231a(f)(2)) of such Act is amended by inserting "or divorced husband's" after "divorced wife's" each place it appears.

(e) Section 2(h) (45 U.S.C. 231a(h)) of such Act is amended by inserting "or divorced husband" after "divorced wife" each place it appears.

(f) Section 4(a)(1) (45 U.S.C. 231c(a)(1)) of such Act is amended by inserting "or divorced husband" after "divorced wife" each place it appears.

(g) Section 4(f)(2)(iii) (45 U.S.C. 231c(f)(2)(iii)) of such Act is amended to read as follows:

"(iii) the provisions of paragraphs (i) and (ii) of this subdivision shall not apply to the annuity of a widow, widower, surviving divorced wife, surviving divorced husband, surviving divorced mother, or surviving divorced father, who is entitled to such annuity on the basis of the provisions of section 2(d)(1)(v) of this Act.".

(h) Section 4(g)(5) (45 U.S.C. 231c(g)(5)) of such Act is amended to read as follows:

"(5) This subsection shall not apply to the annuity of a widow, widower, surviving divorced wife, surviving divorced husband, surviving divorced mother, or surviving divorced father, who is entitled to such annuity on the basis of the provisions of section 2(d)(1)(v) of this Act.".

(i) Section 4(h)(2) (45 U.S.C. 231c(h)(2)) of such Act is amended by striking out the first sentence thereof and inserting in lieu thereof the following: "Subdivision (1) of this subsection shall not apply to the annuity of a widow, widower, surviving divorced wife, surviving divorced husband, surviving divorced mother, or surviving divorced father, who is entitled to such annuity on the basis of the provisions of section 2(d)(1)(v) of this Act.".

(j) Section 4(i) (45 U.S.C. 231c(i)(1)) of such Act is amended by inserting or divorced husband" after "divorced wife" each place it appears.

(k) Section 5(c)(3) (45 U.S.C. 231d(c)(3)) of such Act is amended—

(1) by inserting "or husband" after "wife" each place it appears in the first sentence thereof;

(2) by striking out "her care" and inserting in lieu thereof "her or his care"; and

(3) by inserting "or divorced husband" after "divorced wife" each place it appears in the second sentence thereof.

(l) Section 5(c)(6) (45 U.S.C. 231d(c)(6)) of such Act is amended—

(1) by inserting "or widower" after "widow";

(2) by inserting "or he" after "she" each place it appears; and

(3) by striking out "her care" and inserting in lieu thereof "her or his care".

(m) Section 6(a)(3) (45 U.S.C. 231e(a)(3)) of such Act is amended by inserting "or divorced husband" after "divorced wife" and by inserting "or divorced husband's" after "divorced wife's".

(n) Section 6(b)(2) (45 U.S.C. 231e(b)(2)) of such Act is amended by inserting "surviving divorced husband," after "widower," the first place it appears.

(o) Section 6(c)(2) (45 U.S.C. 231e(c)(2)) of such Act is amended by inserting "or divorced husband" after "divorced wife".

(p) Section 7(b)(2)(B) (45 U.S.C. 231f(b)(2)(B)) of such Act is amended by inserting "or divorced husband" after "husband".

(q) Section 7(d)(2)(i)(B) (45 U.S.C. 231f(d)(2)(i)(B)) of such Act is amended by inserting "or divorced husband" after "divorced wife".

(r) The amendments made by this section shall be effective with respect to annuities payable for months after December 1983.

WORK INCENTIVE PROGRAM

SEC. 203. (a) Section 433(a) of the Social Security Act (42 U.S.C. 633(a)) is amended by striking out all after the colon in the last sentence thereof and inserting in lieu thereof the following: "first, unemployed parents; second, dependent children and relatives who have attained age 16 and who are not in school or engaged in work or manpower training; and third, all other individuals so certified.".

(b) The amendment made by this section shall become effective on the date of the enactment of this Act.

[TITLE III—AMENDMENTS TO UNITED STATES CODE

[TITLE 5]

TITLE III—MISCELLANEOUS AMENDMENTS

AMENDMENTS TO TITLE 5, UNITED STATES CODE

SEC. 301. (a) Section 2108(3) of title 5, United States Code, is amended by striking out subparagraphs (F) and (G) and inserting in lieu thereof the following:

"(F) any parent of an individual who lost his or her life under honorable conditions while serving in the armed forces during a period named by paragraph (1)(A) of this section, if—

"(i) such parent's spouse is totally and permanently disabled;

"(ii) such parent is widowed, divorced, or separated from the other parent and has not remarried; or

"(iii) such parent has remarried but is widowed, divorced, or legally separated when preference is claimed; and

"(G) any parent of a service-connected permanently and totally disabled veteran, if—

"(i) such parent's spouse is totally and permanently disabled;

"(ii) such parent is widowed, divorced, or separated from the other parent and has not remarried; or

"(iii) such parent has remarried but is widowed, divorced, or legally separated when preference is claimed;".

(b) Section 5561(3)(A) of title 5, United States Code, is amended by striking out "wife" and inserting in lieu thereof "spouse".

(c) Section 8332(j)(1) of title 5, United States Code, is amended by striking out "widow" each place it appears and inserting in lieu thereof "surviving spouse".

IMMIGRATION

SEC. 302. (a) The first sentence of section 283 of the Immigration and Nationality Act (8 U.S.C. 1353) is amended by striking out "wives" and inserting in lieu thereof "spouses".

(b) Section 340 of such Act (8 U.S.C. 1451) is amended—

(1) in subsection (a) by—

(A) striking out "his naturalization" and inserting in lieu thereof "his or her naturalization";

(B) striking out "his subversive" and inserting in lieu thereof "his or her subversive"; and

(C) striking out "his residence" and inserting in lieu thereof "his or her residence".

(2) in subsection (b) by—

(A) striking out "his residence" and inserting in lieu thereof "his or her residence"; and

(B) striking out "upon him".

(3) in subsection (d) by—

(A) striking out "his nativity" and inserting in lieu thereof "his or her nativity"; and

(B) striking out "his petition" and inserting in lieu thereof "his or her petition";

(4) in subsection (e) by—

(A) striking out "his certificate" and inserting in lieu thereof "his or her certificate"; and

(B) striking out "wife" and inserting in lieu thereof "spouse"; and

(5) in subsection (f) by—

(A) striking out "he may" and inserting in lieu thereof "he or she may"; and

(B) striking out "his citizenship" and inserting in lieu thereof "his or her citizenship".

(c) The first sentence of section 341 of such Act (8 U.S.C. 1452) is amended by striking out "husband" and inserting in lieu thereof "spouse".

(d) Section 357 of such Act (8 U.S.C. 1489) is amended—

(1) by striking out "woman" each of the two places it appears and inserting in lieu thereof "person"; and

(2) by inserting before "her" each of the two places it appears "his or".

(e) The Act entitled "An Act to further regulate interstate and foreign commerce by prohibiting the transportation therein for immoral purposes of women and girls, and for other purposes", approved June 25, 1910 (36 Stat. 826, chapter 395; 8 U.S.C. 1557) is amended—

(1) by amending the title to read as follows: "An Act to further regulate interstate and foreign commerce by prohibiting the transportation therein for immoral purposes of adults and youths, and for other purposes"; and

(2) by striking out "women and girls" each of the five places it appears and inserting in lieu thereof "adults and youths".

(f) Section 1 of the Act entitled "An Act Making appropriations for the Diplomatic and Consular Service for the fiscal year ending June 30, 1921", approved June 4, 1920 (41 Stat. 750, chapter 223; 22 U.S.C. 214) is amended by—

(1) inserting "or her" after "his" each place it appears; and

(2) striking out in the third sentence "widow" and inserting in lieu thereof "surviving spouse".

(g) Section 321 of the Immigration and Nationality Act (8 U.S.C. 1432) is amended in paragraph (3) of subsection (a) by striking out "the naturalization of the mother".

WALSH-HEALEY

SEC. 303. (a) Subsection (d) of the first section of the Act entitled "An Act to provide conditions for the purchase of supplies and the making of contracts by the United States, and for other purposes" (commonly referred to as the Walsh-Healey Act), approved June 30, 1936 (49 Stat. 2036; 41 U.S.C. 35) is amended by striking out "no male person under sixteen years of age and no female person under eighteen years of age" and inserting in lieu thereof "no person under sixteen years of age".

(b) The first sentence of section 2 of such Act (49 Stat. 2037; 41 U.S.C. 36) is amended by striking out "each male person under sixteen years of age or each female person under eighteen years of age," and inserting in lieu thereof "each person under sixteen years of age".

AGRICULTURE

SEC. 304. Section 4 of the Child Nutrition Act of 1966 (42 U.S.C. 1773) is amended—

(1) by striking out "of working mothers" in the third sentence of subsection (c) and inserting in lieu thereof "from households in which both parents work or from single parent households in which the parent works"; and

(2) by striking out "his" in the third sentence of subsection [(f)] *(g)* and inserting in lieu thereof "the Secretary's".

INDIAN AFFAIRS

SEC. 305. The Act entitled "An Act authorizing appropriations and expenditures for the administration of Indian affairs, and for other purposes" approved November 2, 1921 (42 Stat. 208, chapter 115; 25 U.S.C. 13) is amended by striking out "field matrons,".

SEC. 306. Section 3 of the Act of March 3, 1875 (18 Stat. 449, chapter 132; 25 U.S.C. 137) is hereby repealed.

SEC. 307. The Act entitled "An Act in relation to marriage between white men and Indian women" approved August 9, 1888 (25 Stat. 392; 25 U.S.C. 181 et seq.) is amended—

(1) by amending the title to read as follows: "An Act in relation to marriage between non-Indians and Indians";

(2) in section 1 (25 Stat. 392; 25 U.S.C. 181) by—

(A) striking out "white man" and inserting in lieu thereof "non-Indian"; and

(B) striking out "woman";

(3) by repealing section 2 (25 Stat. 392; 25 U.S.C. 182); and

(4) in section 3 (25 Stat. 392; 25 U.S.C. 183) by—

(A) striking out "white man" and inserting in lieu thereof "non-Indian"; and

(B) striking out "woman".

SEC. 308. The Act of June 7, 1897 (30 Stat. 62, chapter 3) is amended—

(1) in section 1 (30 Stat. 90, chapter 3; 25 U.S.C. 184) by—

(A) striking out "white man" and inserting in lieu thereof "non-Indian";

(B) striking out "woman" each place it appears;

(C) striking out "her death" each place it appears and inserting in lieu thereof "his or her death"; and

(D) striking out "mother" and inserting in lieu thereof "Indian parent"; and

(2) in section 1 (30 Stat. 83, chapter 3; 25 U.S.C. 274) by striking out "girls as assistant matrons and Indian boys" and inserting in lieu thereof "youths as dormitory aids and".

SEC. 309. (a) Section 3 of the Act of September 21, 1959 (73 Stat. 592; 25 U.S.C. 933(c)) is amended by striking out "wife" and inserting in lieu thereof "or her spouse".

(b) Section 3(c) of the Act of September 5, 1962 (76 Stat. 429; 25 U.S.C. 973(c)) is amended by striking out "wife" and inserting in lieu thereof "or her spouse".

SEC. 310. Section 5 of the Act of February 28, 1891 (26 Stat. 795, chapter 383; 25 U.S.C. 371) is amended by—

(1) striking out "husband and wife" and inserting in lieu thereof "spouses"; and

(2) striking out "father" and inserting in lieu thereof "parents".

[TRANSPORTATION

[SEC. 311. Section 1 of the Act entitled "An Act to abolish certain fees for official services to American vessels, and to amend the laws relating to shipping commissioners, seamen, and owners of vessels, and for other purposes", approved June 19, 1886 (46 U.S.C. 331) is amended by striking out "boys" and inserting in lieu thereof "youths".

[SEC. 312. Section 12 of the Act entitled "An Act to promote the welfare of American seamen in the merchant marine of the United States; to abolish arrest and imprisonment as a penalty for desertion and to secure the abrogation of treaty provisions in relation thereto; and to promote safety at sea", approved March 4, 1915 (46 U.S.C. 601) is amended by striking out the first proviso of the second sentence and inserting in lieu thereof "*Provided*, That nothing contained in this or any preceding section shall interfere with the order by any court regarding the payment by any master or seaman of any part of his or her wages for the support and maintenance of his or her spouse and minor children:".]

TITLE 18

[SEC. 313. (a) Section 3056(a) of title 18, United States Code, is amended—

[(1) in the first sentence in the matter before the first semicolon by striking out "the members of his immediate family" and inserting in lieu thereof "the members of his or her immediate family";

[(2) in the first sentence in the clause after the first semicolon by striking out "his wife during his lifetime, the person of a widow of a former President until her death or remarriage" and inserting in lieu thereof "his or her spouse during the former President's lifetime, the person of a surviving spouse of a former President until the surviving spouse's death or remarriage"; and

[(3) in the first sentence in the clause after the eighth semicolon by striking out "his certificate" and inserting in lieu thereof "his or her certificate".]

[(b)] *SEC. 311. (a)* Subsection (b) of section 245 of title 18, United States Code, is amended by—

(1) redesignating paragraphs (3) through (5) as paragraphs (4) through (6); and

(2) inserting a new paragraph after paragraph (2) to read as follows:

"(3) any person because of such person's sex, in violation of such other person's right not to be subject to discrimination on that account and because such other person is or has been participating, or in order to intimidate any person from participating, in any benefit or activity described in paragraph (2); or".

[(c)] *(b)* Section 1153 of title 18, United States Code, is amended by striking out "carnal knowledge of any female, not his wife, who has not attained the age of sixteen years" and inserting in lieu thereof "sexual abuse of a minor".

[(d)] *(c)*(1) Section 2032 of title 18, United States Code, is amended by—

(1) striking out "female" and inserting in lieu thereof "person"; and

(2) striking out "wife" and inserting in lieu thereof "spouse".

(2) The heading for section 2032 of title 18, United States Code, is amended to read as follows:

"§ 2032. Sexual abuse of a minor".

(3) The table of sections for chapter 99 of title 18, United States Code, is amended by striking out the item for section 2032 and inserting in lieu thereof the following:

"2032. Sexual abuse of a minor.".

[(e)] *(d)* Sections 2198, 2424, [3286, and 3614] *and 3286* of title 18, United States Code, and all references to such sections including the items relating to such sections in the table of sections, are repealed.

[(f) Section 1114 of title 18, United States Code, is amended by striking out "any officer or enlisted man of the Coast Guard" and inserting in lieu thereof "any officer or enlisted member of the Coast Guard".]

[(g)] *(e)* Section 2421 of title 18, United States Code, is amended—

(1) by striking out "Whoever" each place it appears and inserting in lieu thereof "Any individual who";

(2) by striking out "person" in the second paragraph and inserting in lieu thereof "individual";

(3) by striking out "woman or girl" each place it appears and inserting in lieu thereof "other person";

(4) by inserting "himself or" before "herself" each place it appears; and

(5) by striking out "her" in the second paragraph and inserting in lieu thereof "such other person".

[(h)] *(f)* Section 2422 of title 18, United States Code, is amended—

(1) by striking out "Whoever" and inserting in lieu thereof "Any individual who";

(2) by striking out "person" and inserting in lieu thereof "individual";

(3) by striking out "woman or girl" each place it appears and inserting in lieu thereof "other person"; and

(4) by striking out "her" and inserting in lieu thereof "such other person's".

PUBLIC LANDS

SEC. [314] *312.* Section 2287 of the Revised Statutes (43 U.S.C. 161) is amended—

(1) in the first sentence by striking out "Every person who is the head of a family, or who has" and inserting in lieu thereof "Every person who is married or who has one or more dependents or who has"; and

(2) by inserting after "his" each place it appears the following: "or her".

SEC. [315] *313.* Section 2290 of the Revised Statutes (43 U.S.C. 162) is amended in the matter before the first semicolon by striking out "the head of a family, or is over twenty-one years of age," and inserting in lieu thereof "is married, or has one or more dependents, or is over twenty-one years of age,".

SEC. [316] *314.* Section 2291 of the Revised Statutes (43 U.S.C. 164) is amended by—

(1) striking out "No certificate shall be given or patent issued therefor until the expiration of three years from the date of such entry; and if at the expiration of such time, or at any time within two years thereafter, the person making such entry, or if he be dead his widow, or in case of her death his heirs or devisee, or in case of a widow making such entry her heirs or devisee, in case of her death, proves by himself" and insert in lieu thereof "No certificate shall be given or patent issued therefor until the expiration of three years from the date of such entry; and if at the expiration of such time, or at any time within two years thereafter, the person making such entry, or if such enterer be dead, the surviving spouse, or in case of the surviving spouse's death the enterer's heirs or devisee, or in case of a surviving spouse making such entry the surviving spouse's heirs or devisee, in case of the surviving spouse's death, proves by the enterer";

(2) striking out "he, she, or they" each place it appears and inserting in lieu thereof "they";

(3) striking out "entryman" each place it appears and inserting in lieu thereof "enterer";

(4) in the second proviso by—

(A) striking out "date of his death" and inserting in lieu thereof "date of his or her death"; and

(B) striking out "had he lived" and inserting in lieu thereof "had he or she lived"; and

(5) in the third proviso by—

(A) striking out "area of his entry" and inserting in lieu thereof "area of his or her entry"; and

(B) striking out "by him".

SEC. [317] *315.* Section 3 of the Act entitled "An Act for the relief of settlers on public lands", approved May 14, 1880 (21 Stat. 141; 43 U.S.C. 166) is amended—

(1) in the first sentence by—

(A) striking out "time to file his" and inserting in lieu thereof "time to file his or her";

(B) striking out "perfect his original entry" and inserting in lieu thereof "perfect original entry";

(C) striking out "and his right" and inserting in lieu thereof "and the right"; and

(D) striking out "if he settled" and inserting in lieu thereof "if the settler settled";

(2) in the matter before the first proviso in the second sentence by—

(A) striking out "unmarried woman" and inserting in lieu thereof "unmarried person";

(B) striking out "she" and inserting in lieu thereof "the person";

(C) striking out "her marriage" and inserting in lieu thereof "the marriage"; and

(D) striking out "her right" and inserting in lieu thereof "his or her right";

(3) in the first proviso by striking out "she does not abandon" and inserting in lieu thereof "the person does not abandon his or";

(4) by striking out the second proviso; and

(5) in the remaining provisos by—

(A) striking out "he" and inserting in lieu thereof "the settler"; and

(B) striking out "his" both places it appears and inserting in lieu thereof "his or her".

SEC. [318] *316.* The Act entitled "An Act providing that the marriage of a homestead entryman to a homestead entrywoman shall not impair the right of either to a patent after compliance with the law a year, to apply to existing enterers", approved April 6, 1914 (38 Stat. 312; 43 U.S.C. 167) is amended to read as follows:

"The marriage of one homestead enterer to another after each shall have fulfilled the requirements of the homestead law for one year next preceding such marriage shall not impair the right of either to a patent, but if they choose to live together, they shall together elect on which of the two entries the home shall thereafter be made and residence thereon by both spouses shall constitute a compliance with the residence requirements upon each entry: *Provided,* That the provisions of this action shall apply to entries existing on April 6, 1914: *Provided further,* That in the administration of this section the term 'enterer' shall be construed to include bona fide settlers who have complied with the homestead law for at least one year next preceding such marriage.".

SEC. [319] *317.* The Act entitled "An Act to provide for certificate of title to homestead entry by a female American citizen who has intermarried with an alien", approved October 17, 1914 (38 Stat. 740; 43 U.S.C. 168) is repealed.

SEC. [320] *318.* The Act entitled "An Act to provide for issuing patents for public lands claimed under the homestead laws by deserted wives", approved October 22, 1914 (38 Stat. 766; 43 U.S.C. 170) is amended—

(1) in the matter before the first proviso by—

(A) striking out "wife" both places it appears and inserting in lieu thereof "spouse";

(B) striking out "by her husband" and inserting in lieu thereof "by the enterer spouse";

(C) striking out "in her name" and inserting in lieu thereof "in his or her name"; and

(D) striking out "entryman" and inserting in lieu thereof "enterer";

(2) in the first proviso by—

(A) striking out "wife" and inserting in lieu thereof "deserted spouse";

(B) striking out "herself" and inserting in lieu thereof "such deserted spouse"; and

(C) striking out "her husband" and inserting in lieu thereof "the enterer spouse"; and

(3) in the second proviso by—

(A) striking out "wife" and inserting in lieu thereof "spouse"; and

(B) striking out "husband" and inserting in lieu thereof "deserting enterer spouse".

SEC. [321] *319.* The Act entitled "An Act for the protection of homestead settlers who enter the military or naval service of the United States in time of war", approved June 16, 1898 (30 Stat. 473; 43 U.S.C. 240) is amended by—

(1) inserting after "his" each place it appears the following: "or her"; and

(2) inserting after "he" each place it appears "or she".

SEC. [322] *320.* The Act entitled "An Act to allow credit in connection with homestead entries to widows of persons who served in certain Indian wars", approved March 3, 1933 (47 Stat. 1424; 43 U.S.C. 243a) is amended by striking out "widow" each place it appears and inserting in lieu thereof "surviving spouse".

SEC. [323] *321.* Section 2293 of the Revised Statutes (43 U.S.C. 255) is amended by—

(1) striking out "himself" and inserting in lieu thereof "himself or herself";

(2) striking out "he" and inserting in lieu thereof "the person"; and

(3) striking out "wife" and inserting in lieu thereof "spouse".

SEC. [324] *322.* Section 2305 of the Revised Statutes (43 U.S.C. 272) is amended—

(1) in the matter before the first semicolon by adding after "he" the following: "or she";

(2) in the clause after the first semicolon by striking out "his homestead for a period of at least one year after he shall have commenced his improvements" and inserting in lieu thereof "his or her homestead for a period of at least one year after the improvements were commenced"; and

(3) by striking out the proviso and inserting in lieu thereof the following: "*Provided,* That in every case in which a settler on the public land of the United States under the homestead laws died while actually engaged in the Army, Navy, or Marine Corps of the United States as private soldier, officer, seaman, or marine, during the war with Spain or the Philippine insurrection the settler's survivors, if unmarried, or in case of the surviving spouse's death or marriage, then the minor orphan children or their legal representatives, may proceed forthwith to make final proof upon the land so held by the deceased soldier and settler, and that the death of such soldier while so engaged in the service of the United States shall, in the administration of the homestead laws, be construed to be equivalent to a performance of all requirements as to residence and cultivation for the full period of five years, and shall entitle the surviving spouse, if unmarried, or in case of the surviving spouse's death or marriage, then the minor orphan children or their legal representatives, to make final proof upon and receive Government patent for said land; and that upon proof produced to the officers of the proper local land office by the surviving spouse, if unmarried, or in case of the surviving spouse's death or marriage, then the minor orphan children or their legal representatives, that the applicant for patent is the surviving spouse, if unmarried, or in case of the surviving spouse's death or marriage, the orphan children or their legal representatives, and that such soldier, sailor, or marine died while in the service of the United States as hereinbefore described, the patent for such land shall issue.".

SEC. [325] *323.* (a) Section 2307 of the Revised Statutes (43 U.S.C. 278) is amended by—

(1) striking out "his widow" and inserting in lieu thereof "the surviving spouse"; and

(2) striking out "entrywoman" and inserting in lieu thereof "enterer".

(b) Section 2304 of the Revised Statutes (43 U.S.C. 271) is amended by striking out "after locating his homestead and filing his declaratory statement within which to make his entry and commence his settlement and improvement." and inserting in lieu thereof "after locating a homestead and filing a declaratory statement within which to make entry and commence settlement and improvement of the land.".

[CIVIL RELIEF ACT

[SEC. 326. (a) Section 503 of the Soldiers' and Sailors' Civil Relief Act of 1940 (54 Stat. 1187; 50 U.S.C. App. 563) is amended—

[(1) in subsection (1) by striking out "his widow, if unmarried, or in the case of her death or marriage, his minor children, or his or" and inserting in lieu thereof "the surviving spouse, if unmarried, or in the case of the surviving spouse's death or marriage, the minor children, or"; and

[(2) in subsection (2) by inserting after "he" the following: "or she".

[(b) Section 504 of the Soldiers' and Sailors' Civil Relief Act of 1940 (54 Stat. 1187; 50 U.S.C. App. 564) is amended—

[(1) by striking out "entryman" each place it appears and inserting in lieu thereof "enterer";

[(2) by striking out "his" each place it appears and inserting in lieu thereof "his or her"; and

[(3) by striking out "he" each place it appears and inserting in lieu thereof "he or she".

[(c) Section 510 of the Soldiers' and Sailors' Civil Relief Act of 1940 (54 Stat. 1189; 50 U.S.C. App. 570) is amended—

[(1) by striking out "entryman" each place it appears and inserting in lieu thereof "enterer";

[(2) by striking out "his" each place it appears and inserting in lieu thereof "his or her"; and

[(3) by striking out "he" each place it appears and inserting in lieu thereof "he or she".]

MISCELLANEOUS

SEC. [327] *324.* Section 8 of the Act of March 22, 1882 (22 Stat. 31, chapter 47; 48 U.S.C. 1461) is repealed.

SEC. [328] *325.* Section 604(a)(7) of title 28, United States Code, is amended by striking out "widows" and inserting in lieu thereof "surviving spouses".

SEC. [329] *326.* Section 2 of the Act of August 16, 1941 (55 Stat. 623 chapter 357; 42 U.S.C. 1652) is amended in subsection (b) by—

(1) striking out "surviving wife" the first place it appears and inserting in lieu thereof "the surviving spouse";

(2) striking out "surviving wife" the second place it appears and inserting in lieu thereof "surviving spouse"; and

(3) striking out "his option" and inserting in lieu thereof "his or her option".

SEC. [330] *327.* (a) Section 1981 of the Revised Statutes (42 U.S.C. 1986) is amended by—

(1) striking out "his legal representative" and inserting in lieu thereof "his or her legal representative"; and

(2) striking out "widow" each place it appears and inserting in lieu thereof "surviving spouse".

(b) Section 4 of the Act entitled "An Act to clarify the status and benefits of commissioned officers of the National Oceanic and Atmospheric Administration, and for other purposes" (84 Stat. 1863, 33 U.S.C. 857-4) is amended—

(1) in subsection (a) by striking out "enlisted men" and inserting in lieu thereof "enlisted persons"; and

(2) in subsection (c) by striking out "their widows" and inserting in lieu thereof "the surviving spouses of such members".

(c) Section 222 of the National Housing Act (12 U.S.C. 1715m), is amended—

(1) by striking out "servicemen" each place such term appears and inserting in lieu thereof "persons in the service";

(2) by striking out "serviceman" each place such term appears and inserting in lieu thereof "person in the service"; and

(3) in subsection (g) by—

(A) striking out "surviving widow" and inserting in lieu thereof "surviving spouse";

(B) striking out "serviceman's" each place such term appears and inserting in lieu thereof "person's in the service"; and

(C) striking out "such widow" and inserting in lieu thereof "such surviving spouse".

(d) Section 2 of the Act of July 5, 1946, commonly known as the Trademark Act of 1946 (15 U.S.C. 1052), is amended in subsection (c) by—

(1) striking out "his widow" and inserting in lieu thereof "the surviving spouse of such President"; and

(2) striking out "the widow" and inserting in lieu thereof "such surviving spouse".

(e) Section 5572 of the Revised Statutes (48 U.S.C. 1413) is amended in the first sentence by striking out "his widow, heir, executor, [or administrator"] *administrator, or assigns"* and inserting in lieu thereof "the surviving spouse, heir, executor, or [administrator] *administrator, or assigns* of the discoverer".

(f) Section 5574 of the Revised Statutes (48 U.S.C. 1415) is amended in the second sentence by striking out "his widow, heir, executor, administrator, or assigns" and inserting in lieu thereof "the surviving spouse, heir, executor, administrator, or assigns of the discoverer".

(g) Section 5577 of the Revised Statutes (48 U.S.C. 1418) is amended by striking out "his widow, heir, executor, administrator, or assigns" and inserting in lieu thereof "the surviving spouse, heir, executor, administrator, or assigns of the discoverer".

[SAINT ELIZABETHS HOSPITAL

[SEC. 331. (a) Section 4839 of the Revised Statutes (24 U.S.C. 165) is amended—

[(1) by striking out "he" each place it appears in the second sentence;

[(2) by inserting "or her" after "his" in the second sentence;

[(3) by striking out "and, in the case of a male pensioner, his wife, minor children, and dependent parents, or, if a female pensioner, her minor children, if any," in the last sentence before the proviso and inserting in lieu thereof "and the spouse, minor children, and dependent parents of the pensioner,";

[(4) by striking out "shall, if a female pensioner, be paid to her minor children, and, in the case of a male pensioner, be paid to his wife, if living; if no wife survives him, then to his minor children; and in case there is no wife" in the last sentence before the proviso and inserting in lieu thereof "shall be paid to the spouse of the pensioner, if living, or if no spouse survives the pensioner, then to the minor children of the pensioner; and in case there is no spouse";

[(5) by inserting "or her" before "credit at said home" in the proviso;

[(6) by striking out "his said transfer" in the proviso and inserting in lieu thereof "the transfer";

[(7) by striking out "be transferred with him" in the proviso and inserting in lieu thereof "also be transferred";

[(8) by striking out "placed to his" in the proviso and inserting in lieu thereof "placed to the pensioner's";

[(9) by striking out "his return from said hospital" in the proviso and inserting in lieu thereof "the pensioner's return from such hospital"; and

[(10) by inserting "or her" before "credit at said hospital" in the proviso.

[(b) The third clause of section 4843 of the Revised Statutes (24 U.S.C. 191) is amended by striking out "Men" and inserting in lieu thereof "Persons".]

FEDERAL MINE SAFETY AND HEALTH ACT OF 1977

SEC. [332] *328.* (a) Section 203 of the Federal Mine Safety and Health Act of 1977 (30 U.S.C. 843) is amended—

(1) in subsection (a)—

(A) by striking out "commencement of his employment" in the second sentence and inserting in lieu thereof "the commencement of employment";

(B) by striking out "he" the first place it appears in the second sentence and inserting in lieu thereof "the worker";

(C) by inserting "or she" after "he" the second place it appears in the second sentence;

(D) by inserting "or her" after "his" in the fourth sentence; and

(E) by striking out "advise him of his rights" in the fifth sentence and inserting in lieu thereof "advise the miner of the miner's rights";

(2) in subsection (b)—

(A) by striking out "from his position" each place it appears in paragraphs (1) and (2);

(B) by striking out "him" in paragraph (3) and inserting in lieu thereof "the miner"; and

(C) by striking out "his" in paragraph (3); and

(3) by striking out "him" in the first sentence of subsection (c) and inserting in lieu thereof "the miner"; and

(4) by striking out "such miner" in the first sentence of subsection (d) and all that follows through the end of the sentence and inserting in lieu thereof "such miner, with the consent of the surviving spouse or, if there is no such surviving spouse, then with the consent of the surviving next of kin.".

(b) Section 402 of such Act (30 U.S.C. 902) is amended—

(1) in subsection (a)(2)—

(A) by inserting "or husband" after "wife" in the first sentence;

(B) by striking out "her" the first place it appears in the first sentence;

(C) by striking out "husband" in the first sentence and inserting in lieu thereof "spouse";

(D) by inserting "his or" before "her" each place it appears (after the amendment made by subparagraph (B));

(E) by inserting "or 'husband' " after " 'wife' " in the second sentence; and

(F) by striking out "The term 'wife' also includes a 'divorced wife' " in the third sentence and inserting in lieu thereof "The terms 'wife' and 'husband' also include a 'divorced wife' and a 'divorced husband', respectively,";

(2) in subsection (e)—

(A) by striking out "The term 'widow' includes the wife" in the first sentence and inserting in lieu thereof "The terms 'widow' and 'widower' include the spouse";

(B) by striking out "his" each place it appears and inserting in lieu thereof "the miner's";

(C) by inserting "or 'widower' " after "'widow'" in the second sentence;

(D) by striking out "a 'surviving divorced wife' as defined in section [216] *416*(d)(2) of [the Social Security Act"] *Title 42"* in the third sentence and inserting in lieu thereof "a 'surviving divorced wife' and a 'surviving divorced husband' as defined in paragraphs (2) and (5), respectively, of section [216 of the Social Security Act";] *416 of Title 42";*

(E) by inserting "his or" before "her" each place it appears in the third sentence; and

(F) by striking out "Such term also includes" in the third sentence and inserting in lieu thereof "Such terms also include"; and

(3) by striking out "widow" each place it appears in the third sentence of subsection (g) and inserting in lieu thereof "the miner's widow or widower".

(c) Section 411 of such Act (30 U.S.C. 921) is amended—

(1) in subsection (a)—

(A) by striking out "him" and inserting in lieu thereof "the Secretary"; and

(B) by striking out "his"; and

(2) in subsection (c)—

(A) by striking out "his" in paragraph (1) and inserting in lieu thereof "the";

(B) by striking out "his" in the first sentence of paragraph (2);

(C) by striking out "he" each place it appears in paragraph (3) and inserting in lieu thereof "the miner";

(D) by striking out "his" each place it appears in paragraph (3) and each place it appears in the first sentence of paragraph (4);

(E) by striking out "widow's," in the first sentence of paragraph (4) (after the amendment made by subparagraph (D)) and inserting in lieu thereof "or the miner's widow's, widower's";

(F) by striking out "he" in the first sentence of paragraph (4) and inserting in lieu thereof "the miner";

(G) by inserting "or husband's" after "wife's" in the second sentence of paragraph (4);

(H) by striking out "he" in the third sentence of paragraph (4) and inserting in lieu thereof "the Secretary"; and

(I) by striking out "his" in the fourth sentence of paragraph (4) and inserting in lieu thereof "such miner's".

(d) Section 412 of such Act (30 U.S.C. 922) is amended—

(1) in subsection (a)—

(A) by striking out "his widow" in paragraph (2) and inserting in lieu thereof "the widow or widower";

(B) by striking out "he were" in paragraph (2);

(C) by striking out "his" each place it appears in the first sentence of paragraph (3);

(D) by inserting "or widower" after "widow" each place it appears in paragraph (3);

(E) by striking out "her" in the first sentence of paragraph (3) and inserting in lieu thereof "the widow's or widower's";

(F) by striking out "he" in the first sentence of paragraph (3) and inserting in lieu thereof "the child";

(G) by inserting "or she" after "he" in the first proviso of paragraph (3);

(H) by striking out "his" the first place it appears in the first sentence of paragraph (5);

(I) by striking out "at the time of his death" each place it appears in the first sentence of paragraph (5) (after the amendment made by subparagraph (H));

(J) by striking out "a widow or a child" each place it appears in the first sentence of paragraph (5) and inserting in lieu thereof "a widow, widower, or child";

(K) by striking out "a widow, child, or parent" each place it appears in the first sentence of paragraph (5) and inserting in lieu thereof "a widow, widower, child, or parent";

(L) by striking out "at the time of his or her death" each place it appears in the first sentence of paragraph (5);

(M) by striking out "a brother only if he is—" in the fourth sentence of paragraph (5) and inserting in lieu thereof "a brother or sister only if the brother or sister is—";

(N) by striking out "who is" after "(2)" in paragraph (5); and

(O) by striking out "him" in paragraph (6) and inserting in lieu thereof "the Secretary"; and

(2) by striking out "his widow," each place it appears in the first sentence of subsection (b) and inserting in lieu thereof "the miner's widow, widower,".

(e) Section 413 of such Act (30 U.S.C. 923) is amended—

(1) in subsection (b)—

(A) by striking out "he uses" in the first sentence and inserting in lieu thereof "used";

(B) by striking out "his wife's" in the second sentence and inserting in lieu thereof "the wife's or husband's"; and

(C) by striking out ", widow," in the ninth sentence and inserting in lieu thereof "or the miner's widow, widower,"; and

(2) by inserting "or her" after "his" in subsection (c).

(f) Section 414 of such Act (30 U.S.C. 924) is amended—

(1) in subsection (a)—

(A) by inserting "or widower" after "widow" in paragraph (1);

(B) by striking out "her husband" and inserting in lieu thereof "the miner" in paragraph (1); and

(C) by striking out "his" in paragraph (2)(C) and inserting in lieu thereof "the claimant's"; and

(2) in subsection (e)—

(A) by inserting "widower," after "widow," in the matter preceding clause (1); and

(B) by striking out "his" in clause (1) and inserting in lieu thereof "the miner's".

(g) Section 421 of such Act (30 U.S.C. 931) is amended—

(1) by inserting "widowers," after "widows," in subsection (a); and

(2) in subsection (b)(2)—

(A) by striking out "if he finds" in the matter preceding subparagraph (A) and inserting in lieu thereof "upon finding"; and

(B) by striking out "by him" in subparagraph (F).

[LONGSHOREMEN'S AND HARBOR WORKERS COMPENSATION ACT

[SEC. 333. (a) Section 9(b) of the Longshoremen's and Harbor Workers Compensation Act (33 U.S.C. 909(b)), is amended by striking out "dependent".

[(b) Section 9(c) of the Longshoremen's and Harbor Workers Compensation Act (33 U.S.C. 909(c)), is amended by striking out "dependent husband" and inserting in lieu thereof "widower".

[(c) Section 9(g) of the Longshoremen's and Harbor Workers Compensation Act (33 U.S.C. 909(g)), is amended by striking out "wife" each place it appears and inserting in lieu thereof "spouse".

[(d) Section 14(j) of the Longshoremen's and Harbor Workers Compensation Act (33 U.S.C. 914(j)), is amended by—

[(1) striking out "during which he is entitled" and inserting in lieu thereof "during which he or she is entitled"; and

[(2) placing a period after "Mortality" in the second sentence and striking out the rest of the sentence.]

LONGSHORE AND HARBOR WORKERS' COMPENSATION ACT

SEC. 329. Section 9 of the Longshore and Harbor Workers' Compensation Act (33 U.S.C. 909), as renamed by secton 27(d)(1) of the Longshore and Harbor Workers' Compensation Act Amendments of 1984 (Public Law 98-426; 98 Stat. 1654), is amended—

(1) by striking out "dependent" in subsection (b);

(2) by striking out "dependent husband" in subsection (c) and inserting in lieu thereof "widower"; and

(3) by striking out "wife" each place it appears in subsection (g) and inserting in lieu thereof "spouse".

CONSERVATION

SEC. [334] *330.* The last proviso of the subparagraph entitled "Federal Aid in Wildlife Restoration" under the paragraph "Fish and Wildlife Service" of the first section of the Act entitled "An Act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1943, and for other purposes", approved July 2, 1942 (56 Stat. 557; 16 U.S.C. 754) is amended by striking out "per man per day" and inserting in lieu thereof "per day".

MISCELLANEOUS

SEC. [335] *331.* Section 1 of title 1, United States Code, is amended by striking out the clause beginning "words importing the masculine gender" and inserting in lieu thereof "words importing the masculine or feminine gender include the other as well".

BENEFITS FOR INTERNEES

SEC. [336] *332.* Section 2004 of title 50, Appendix, United States Code, is amended—

(1) In subsection (d) by—

(A) inserting "or her" after "his";

(B) striking out "husband" each place it appears in paragraphs (1), (2) and (3) and inserting in lieu thereof "widower"; and

(C) striking out "husband" in paragraph (4) and inserting in lieu thereof "widow, widower";

(2) In subsection (f)(7) by—

(A) inserting "or widower" after "widow"; and

(B) inserting "herself or" before "himself"; and

(3) in subsections (g)(4) and (i)(4) by—

(A) inserting "or her" after "his";

(B) striking out "husband" in subparagraph (A) and inserting in lieu thereof "widower"; and

(C) striking out "dependent husband" each place it appears in subparagraphs (B) and (C) and inserting in lieu thereof "widower".

SPOUSES OF FORMER PRESIDENTS

SEC. [337] *333.* The Act of August 25, 1958, as amended (72 Stat. 838; 3 U.S.C. 102 Note), is amended in subsection (e) by—

(1) striking out "widow" each place it appears and inserting in lieu thereof "surviving spouse"; and

(2) inserting "he or" before "she".

TITLE IV—EFFECTIVE DATE

SEC. 401. Except as otherwise provided, the amendments made by this Act shall become effective upon the date of enactment.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

CONSENT OF THE CONGRESS TO THE ARKANSAS-MISSISSIPPI GREAT RIVER BRIDGE CONSTRUCTION COMPACT

The Senate proceeded to consider the bill (S. 1082) granting the consent of Congress to the Arkansas-Mississippi Great River Bridge construction compact, which had been reported from the Committee on the Judiciary, with amendments, as follows:

(The parts of the bill intended to be stricken are shown in boldface brackets, and the parts of the bill intended to be inserted are shown in italics.)

S. 1082

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, **[**That the consent of Congress is hereby given to the States of Arkansas and Mississippi to enter into the Arkansas Mississippi Great River Bridge Construction Compact. Such compact is substantially as follows:**]** *That the consent of Congress is hereby given to the Arkansas-Mississippi Great River Bridge Construction Compact entered into between the States of Mississippi and Arkansas. Such compact is substantially as follows:*

"ARKANSAS-MISSISSIPPI GREAT RIVER BRIDGE CONSTRUCTION COMPACT

"ARTICLE I

"The purpose of this compact is to promote the construction of a highway bridge or a combined highway-railroad bridge connecting the States of Mississippi and Arkansas at, near or between Rosedale, Mississippi, and McGehee and Dumas, Arkansas, and to establish a joint interstate authority to assist in these efforts.

"ARTICLE II

"This compact shall become effective immediately as to the States ratifying it whenever the States of Arkansas and Mississippi have ratified it and Congress has given consent thereto.

"ARTICLE III

"(a) The States which are parties to this compact (hereinafter referred to as 'Party States') do hereby establish and create a joint agency which shall be known as the Arkansas-Mississippi Great River Bridge Authority (hereinafter referred to as 'The Authority'). The membership of The Authority shall consist of five (5) members from the State of Mississippi, to be selected in such manner as may be provided by laws enacted by the Legislature of the State of Mississippi, and five (5) members from the State of Arkansas, to be selected in such manner as may be provided by law enacted by the Arkansas General Assembly. The terms of the members of such Authority from each of the Party States, the method of appointing successor members, and the method of filling vacancies on The Authority, shall be determined by the laws of Mississippi and Arkansas.

"(b) The members of The Authority shall not be compensated for services on The Authority, but each member shall be entitled to actual and reasonable expenses incurred in attending meetings or incurred otherwise in the performance of his/her duties as a member of The Authority.

"(c) The members of The Authority shall meet upon the call of the chairman and hold such other meetings as its business may require. Special meetings of The Authority may be called by the chairman or upon written request of a majority of the members of The Authority from each of the Party States. The Authority shall choose annually a chairman and vice chairman from its members, and the chairmanship shall rotate each year among the Party States, in order of their acceptance of this compact.

"(d) The Secretary of The Authority (hereinafter provided for) shall notify each member in writing of all meetings of The Authority in such a manner and under such rules and regulations as The Authority may prescribe.

"(e) The Authority shall adopt rules and regulations for the transaction of its business; and the secretary shall keep a record of all its business and shall furnish a copy thereof to each member of The Authority.

"(f) It shall be the duty of The Authority, in general, to promote, encourage, and coordinate the efforts of the Party States to secure the development of the Arkansas-Mississippi Great River Bridge at, near or between Rosedale, Mississippi, and McGehee-Dumas, Arkansas. Toward this end, The Authority shall have power to:

"(i) Hold hearings;

"(ii) Conduct studies and surveys of all problems, benefits, and other matters associated with the construction of the Arkansas-Mississippi Great River Bridge, and to make reports thereon;

"(iii) Acquire by gift, grant or otherwise, from local, federal, or private sources, such money or property as may be provided for the proper performance of their function, and to hold and dispose of the same and to expend such monies as is necessary to defray the costs of establishing and operating The Authority.

"(iv) Cooperate with other public or private groups, whether local, State, regional, or national, having an interest in the bridge construction;

"(v) Formulate and execute plans and policies for emphasizing the purpose of this compact before the Congress of the United States and other appropriate officers and agencies of the United States;

"(vi) Negotiate with one or more railroads in the State of Mississippi and the State of Arkansas, and with the appropriate Federal authorities for the construction of the Arkansas-Mississippi Great River Bridge as a combined highway-railroad bridge. If necessary, The Authority may enter into a contract with one or more railroads and/or the appropriate agencies of Congress to borrow funds for the construction of the railroad portion of the bridge, to be reimbursed, including all costs of principal, interest and other costs in connection with such indebtedness, by revenues derived from rental fees, grants, or other charges, with such indebtedness to be secured solely by a pledge of such revenues; and

"(vii) Exercise such other powers as may be appropriate to enable it to accomplish its functions and duties in connection with the construction of the Arkansas-Mississippi Great River Bridge as a highway bridge or a combined highway-railroad bridge, and to carry out the purposes of this compact.

"ARTICLE IV

"The Authority shall appoint a secretary, who shall be a person familiar with the nature, procedures, and significance of the bridge construction and the informational, educational, and publicity methods of stimulating general interest in such developments, and who shall be the compact administrator. The term of office of the secretary shall be at the pleasure of The Authority and such officer shall receive such compensation as The Authority shall prescribe from monies provided to The Authority under Article III(f)(iii). The secretary shall maintain custody of The Authority's books, records, and papers, which shall be kept by the secretary at the office of The Authority, and shall perform all functions and duties and exercise all powers and authorities which may be delegated to the secretary of The Authority.

"ARTICLE V

"Nothing in this compact shall be construed so as to conflict with any existing statute, or to limit the powers of any Party State, or to repeal or prevent legislation, or to authorize or permit curtailment or diminution of any other bridge project, or to affect any exising or future cooperative arrangement or relationship between any federal agency and a Party State.

"ARTICLE VI

"This compact shall continue in force and remain binding upon each Party State until the Legislature or Governor of each or either state takes action to withdraw therefrom; provided that such withdrawal shall not become effective until six (6) months after the date of the action taken by the Legislature or Governor. Notice of such action shall be given to the other Party State by the secretary of state of the Party State which takes such **[**action.**]** *action.".*

["SEC. 2. The five (5) members to represent the State of Mississippi on The Authority for the Arkansas Mississippi Great River Bridge Construction Compact shall be the Governor of the State of Mississippi and one (1) representative of the Mississippi State Highway Department and three (3) other citizens of the State of Mississippi to be appointed by the Governor. The appointive members shall serve for terms of four (4) years each. Vacancies shall be filled by the Governor for the unexpired terms.

["SEC. 3. There is hereby granted to the members of The Authority for the State of Mississippi, and to the compact administrator, all the powers provided for in the Arkansas Mississippi Great River Bridge Construction Compact Authority. All officers of the State of Mississippi are hereby authorized and directed to do all things falling within their respective jurisdictions, which are necessary or incidental to carrying out the purposes of the Arkansas Mississippi Great River Bridge Construction Compact.

["SEC. 4. When the Governor shall have executed said compact on behalf of this State and shall cause a verified copy thereof to be filed with the Secretary of State, and when said compact shall have been ratified by the State of Arkansas, then said compact shall become operative and effective as between the States of Arkansas and Mississippi. The Governor is hereby authorized and directed to take such action as may be necessary to complete the exchange of official documents between this State and the State of Arkansas with respect to ratifying said comapact.".

["SEC. 5. The State Highway Commission shall have no authority to authorize, or contract for, the use of monies in the State Highway Department Fund for the construction of the Arkansas Mississippi Great River Bridge.

["SEC. 6. The Authority shall have power to apply to the Congress of the United States for its consent and approval of the compact; but in the absence of such consent of Congress and until the same shall have been secured, the compact shall be binding

upon the State of Mississippi in all respects permitted by law for the two (2) States of Arkansas and Mississippi without the consent of Congress to cooperate, for the purposes enumerated in the compact, and in the manner provided therein.".]

SEC. 2. The right to alter, amend, or repeal this Act is expressly reserved.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

PERMANENT BOUNDARY FOR THE ACADIA NATIONAL PARK

The Senate proceeded to consider the bill (S. 720) to establish a permanent boundary for the Acadia National Park in the State of Maine, and for other purposes, which had been reported from the Committee on Energy and Natural Resources, with an amendment to strike out all after the enacting clause, and insert the following:

SECTION. 1. In order to protect and conserve the land and water resources of Acadia National Park in the State of Maine (hereinafter referred to as "the Park"), and to facilitate the administration of the Park, there is hereby established a permanent boundary for the Park as depicted on the map entitled "Acadia National Park Boundary Map," numbered 123-80-009, and dated November 1985 (hereinafter referred to as "the map"). The map shall be on file and available for public inspection in the offices of the National Park Service, Department of the Interior, and it shall be made available to the Registry of Deeds for Hancock and Knox Counties, Maine.

SEC. 2. (a) The Secretary of the Interior (hereinafter referred to as "the Secretary") is authorized to acquire lands and interests therein within the boundaries of the Park by donation, exchange (in accordance with this section), or purchase with donated or appropriated funds, except that—

(1) any lands or interests therein owned by the State of Maine or any political subdivision thereof may be acquired only by donation or exchange; and

(2) privately owned lands or interests therein may be acquired only with the consent of the owner thereof unless the Secretary determines, after written notice to the owner and after providing the owner a reasonable opportunity to comment on such notice, that the property is being developed or proposed to be developed in a manner which is detrimental to the scenic, historical, cultural, and other values for which the Park was established. Not later than six months after the date of enactment of this Act, the Secretary shall publish specific guidelines under which determinations shall be made under this paragraph and shall provide adequate opportunity for public comment on such guidelines.

(b) For purposes of this section, development or proposed development of private property within the boundary of the Park that is significantly different from or a significant expansion of, development existing as of November 1, 1984, shall be considered by the Secretary as detrimental to the values for which the Park was established: Provided, That no reconstruction or expansion of a private or commercial building, including—

(1) reconstruction of an existing building;

(2) construction of attached or accessory structural additions, which do not exceed 50 per centum of the square footage of the principal structure, or cause the total square footage to exceed 2,500 square feet, whichever is greater; or

(3) construction of reasonable support development such as roads, parking facilities, water and sewage systems, and dock facilities

shall be treated as detrimental to the Park or as an incompatible development within the meaning of this section.

(c)(1) The owner of any private property within the Park may, on the date of its acquisition by the Secretary and as a condition of such acquisition, retain for himself and his successors or assigns a right of use and occupancy for a definite term of not more than twenty-five years, or ending at the death of the owner, or his spouse, whichever is later. The owner shall elect the term to be reserved. The Secretary shall pay to the owner the fair market value of the property on the date of such acquisition, less the fair market value, of the right retained by the owner.

(2) Any such right retained pursuant to this subsection shall be subject to such terms and conditions as the Secretary may prescribe and may be terminated by the Secretary upon his determination and after reasonable notice to the owner thereof that such property is being used for any purpose which is incompatible with the administration of the park or with the preservation of the resources therein. Such right shall terminate by operation of law upon notification to the owner by the Secretary and tendering to the owner the amount equal to the fair market value of that portion which remains unexpired.

(d)(1) In exercising his authority to acquire lands by exchange pursuant to this Act, the Secretary may accept title to non-Federal property located within the boundary of the park and may convey to the grantor of such property any federally owned property under the jurisdiction of the Secretary which lies outside said boundary and depicted on the map. Properties so exchanged shall be approximately equal in value, as determined by the Secretary, except that the Secretary may accept cash from or pay cash to the grantor in such an exchange in order to equalize the value of the properties exchanged.

(2) Federally owned property under jurisdiction of the Secretary referred to in this subsection which is not exchanged within ten years after enactment of this Act, shall be conveyed to the towns in which the property is located without encumbrance and without monetary consideration: Provided, That no town shall be eligible to receive such lands unless, within ten years after enactment of this Act, lands within the Park boundary and owned by the town have been acquired by the Secretary.

(e) Notwithstanding any other provision of this section, lands depicted on the map referenced in section 1 and identified as 10DBH and 11DBH known as the "Bar Harbor Sewage Treatment Plant"; 14DBH known as the "New Park Ballfield'; and 15DBH known as the "Former Park Headquarters", shall be conveyed by the Secretary, without monetary consideration, to the town of Bar Harbor, Maine, within one hundred and eighty days following the date of enactment of this Act. The real property conveyed pursuant to this subsection shall be used and retained by the town for municipal and public purposes. Title to the properties conveyed pursuant to this subsection shall revert to the United States if such property or any portion thereof is conveyed by the town to another party or used for purposes other than those specified in this subsection.

(f) Notwithstanding any other provision of this section, lands depicted on the map identified as 4DBH, located in the village of Town Hill, Maine, shall be conveyed by the Secretary without monetary consideration, to the town of Bar Harbor, Maine, as soon as practicable following the date of enactment of this Act, subject to such terms and conditions, including appropriate reversionary provisions, as will in the judgment of the Secretary provide for the development and use of such property by any town which so desires as a solid waste transfer station in accordance with a plan that is satisfactory to the towns and the Secretary. The Secretary shall (subject to the availability of prior appropriations) contribute toward the cost of constructing such transfer station the lesser of—

(1) $350,000, or

(2) 50 per centum of the cost of such construction.

(g) Notwithstanding any other provision of this section, the Secretary is authorized to acquire by donation or exchange lands or interests therein in the area identified on the map as "Schooner Head", which is outside the boundary of the Park. The Secretary is further authorized to acquire conservation easements on such lands by purchase with donated or appropriated funds if he determines after written notice to the owner and after providing a reasonable opportunity to comment on such notice, that the property is being developed or proposed to be developed in a manner which is significantly different from or a significant expansion of development existing as of November 1, 1984, as defined in subsection (b) of this section.

(h)(1) The Secretary is authorized to acquire conservation easements by purchase from a willing seller or by donation on parcels of land adjacent to the Park on Schoodic Peninsula, the islands of Hancock County, and the islands of Knox County east and south of the Penobscot Ship Channel, except such islands as lie within the town of Isle au Haut, Knox County. Parcels subject to conservation easements acquired or accepted by the Secretary under this subsection must possess one or more of the following characteristics:

(A) important scenic, ecological, historic, archeological, or cultural resources;

(B) shorefront property; or

(C) largely undeveloped entire islands.

(2) Conservation easements acquired pursuant to this subsection shall—

(A) protect the respective scenic, ecological, historic, archeological, or cultural resources existing on the parcels;

(B) preserve, through setback requirements or other appropriate restrictions, the open, natural or traditional appearance of the shorefront when viewed from the water or from other public viewpoints; or

(C) limit year-round and seasonal residential and commercial development to activities consistent with the preservation of the

islands' natural qualities and to traditional resource-based land use including, but not limited to, fishing, farming, silviculture, and grazing.

(3) In determing whether to accept or acquire conservation easements pursuant to this subsection, the Secretary shall consider the following factors:

(A) the resource protection benefits that would be provided by the conservation easement;

(B) the public benefit that would be provided by the conservation easement;

(C) the significance of the easement in relation to the land planning objectives of local government and regional and State agencies;

(D) the economic impact of the conservation easement on local livelihoods, activities, and government revenues; and

(E) the proximity of the parcel to the boundary of the park and to other parcels on which the Secretary maintains conservation easements.

(4)(A) For purposes of this subsection, the term "conservation easement" means a less-than-fee interest in land or a conservation restriction as defined in section 476 through 479-B inclusive, as amended, of title 33 of the Maine Revised Statutes of 1964, as in effect on the date of the enactment of this Act.

(B) The conveyance of any such interest in land in accordance with this subsection shall be deemed to further a Federal conservation policy and yield a significant public benefit for purposes of section 170(h) of the Internal Revenue Service Code of 1954.

(5) No easement may be acquired by the Secretary under this subsection without first consulting with, and providing written notification to, the town in which the land is located and the Acadia National Park Advisory Commission established by section 3 of this Act. In providing such notification, the Secretary shall indicate the manner and degree to which the easement meets the criteria provided in this subsection.

(i) Nothing in this section shall be construed to prohibit the use of condemnation as a means of acquiring a clear and marketable title, free of any and all encumbrances.

SEC. 3. (a) There is hereby established an Acadia National Park Advisory Commission (hereinafter referred to as "the Commission"). The Commission shall be composed of sixteen members appointed by the Secretary as follows:

(1) three members at large;

(2) three members appointed from among individuals recommended by the Governor of Maine;

(3) four members, appointed from among individuals recommended by each of the four towns on the island of Mount Desert;

(4) three members appointed from among individuals recommended by each of the three Hancock County mainland communities of Gouldsboro, Winter Harbor, and Trenton; and

(5) three members, appointed from among individuals recommended by each of the three island towns of Cranberry Isles, Swans Island, and Frenchboro.

(b) The terms of the Commission members shall be three years except that, for initial appointments under each paragraph, one member shall serve for a term of one year, and one member shall serve for a term of two years.

(c) The Commission shall elect its own chairman and adopt its own bylaws. Any vacancy on the Commission shall be filled in the same manner in which the original appointment was made.

(d) Members of the Commission shall serve without compensation as such, except that the Secretary is authorized to pay the expenses reasonably incurred by the Commission in carrying out its responsibilities under this Act.

(e) The Secretary shall consult with the Commission on matters relating to the management and development of the park, including but not limited to, the acquisition of lands and interests in lands (including conservation easements on islands); termination of rights of use and occupancy; and the payments to local governments as provided in section 4 of this Act.

SEC. 4. (a) Notwithstanding the limitation in subsection 3(d) of the Act of October 20, 1976 (90 Stat. 2662) payments in the manner provided in section 3 of that Act shall be made to the appropriate units of local government with the boundary of the park for a period of twenty-five years.

(b) Payments received by the units of local government pursuant to this section shall be used only for fire protection, police protection, solid waste management, and road maintenance and improvement.

(c) Payments pursuant to this section may be made only from funds appropriated therefor. Such payments shall be in addition to and not in place of any other funds or form of Federal assistance to which the units of local government are entitled.

SEC. 5. (a) Notwithstanding any other provision of law, Federal property located on Bear Island in the town of Cranberry Isle shall, with the concurrence of the agency having custody thereof, be transferred without consideration to the administrative jurisdiction of the Secretary for use by him in carrying the provisions of the Act. Such Federal property shall not be developed by the Secretary in a manner which would provide for or encourage intensive visitor use.

(b) The Secretary is authorized to make improvements to the Federal property on Bear Island as he deems appropriate for the protection of adjacent private property.

SEC. 6. The provisions of this Act shall not apply to those portions of the park lying within the Town of Isle au Haut, Maine, which lands shall continue to be governed by the provisions of Public Law 97-335.

SEC. 7. (a) Effective October 1, 1986, there are authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act but not to exceed $9,100,000 for acquisition of lands and interests therein.

(b) For the purposes of paragraph 7(a)(3) of the Land and Water Conservation Fund Act of 1965, as amended, (16 U.S.C. 460 1-9), the statutory ceiling provided in subsection (a) shall be deemed to have been enacted prior to the convening of the Ninety-fifth Congress.

(c) Any provision of this Act which, directly or indirectly, authorizes the enactment of new budget authority as described in section 402(a) of the Congressional Budget Act of 1974 shall be effective only for fiscal years beginning after September 30, 1986.

Mr. MITCHELL. Mr. President, I, along with Senator COHEN, am the author of the legislation presently before the Senate, S. 720, and I urge my colleagues to join me in its adoption. This measure would provide congressionally established boundaries for Acadia National Park in Maine. It is an important bill not just for the people of my State, but also for the Nation. All of our citizens have an interest in protecting this unique unit of the National Park System.

The need for this bill arises from the manner in which the park was established. Acadia was created by private donations of land in the early years of this century. Its charter authorizes further expansion of the park through donations of land in all of Hancock County and Knox County east and south of the Penobscot River ship channel. However, the park is not authorized to purchase land.

This combination, the inability to purchase desirable areas for inclusion in the park, and the ability to accept donations of property with little constraint, poorly serves the interests of both the local towns and residents, and the preservation of the park's unique resources.

The park's open-ended authority to acquire land by donation creates uncertainty and instability for surrounding communities which face continuing erosion of the local tax base. For each acre of land, the local government receives 75 cents annually in-lieu-of-taxes. In many cases this represents a serious loss of tax revenue.

Limitations on the park's authority to purchase property has resulted in haphazard land acquisition. Key parcels have been omitted from park property and in-holdings abound. Consolidation of park land is essential for the protection and sound management of its important resources.

This legislation represents a compromise solution to these problems that is intended to serve both the long-term interests of the park itself and the future needs of the communities who are the park's neighbors.

Like any compromise, this bill asks both sides to give and to take. In exchange for deleting 700 acres it currently owns, and limiting the area in which it may exercise its charter right to accept donated lands, the park is given the right to purchase from willing sellers, or accept donations, of designated parcels equaling 2,042 acres.

The towns, in exchange for this limited incursion into tracts that might otherwise remain on town tax rolls, gain the assurance that the boundaries of the park will not expand indefinitely. Without that assurance, it is difficult for the towns to plan for the future.

The members of the Committee on Energy and Natural Resources reviewed this measure carefully as they fulfilled their responsibilities to oversee national park legislation. As they examined the provisions of the bill they found the controversies which it addresses familiar:

First, how much land should be included in the park boundaries in order to satisfy national interests in a way that is fair to local residents? Acadia was the first national park created

east of the Mississippi. It is an area of great beauty which received over 4.2 million visitors last year alone. This legislation must protect the park for future generations.

However, the bill must also reflect the realities presented by the area in which the park is located. This is not an undeveloped pristine area. Indeed, much of the charm of Acadia derives from its coexistence with fishing villages and towns which have existed since the beginnings of European settlement on the North American continent. This point should be stressed. A visit to the park is a great experience, made even more so by the ability to visit the several towns in which the park is located.

Local as well as national needs must be met. Congressionally established boundaries for the park must strike a careful balance, which the boundaries in this measure largely achieve.

Second, how can important park resources be protected while ensuring private owners whose land is located within park boundaries reasonable use of their property. Under the terms of this bill, the Secretary is authorized to acquire all of the lands within the boundaries of the park if they are undergoing development incompatible with park protection. This bill would also provide assurances to landowners by defining incompatible development. This provision is based on legislation to establish the Mono Basin National Forest Scenic Area which passed in the last Congress.

Third, to what extent should local towns be compensated for the loss of tax revenues resulting from park property within their borders? Clearly, there are benefits to towns in close proximity to a National Park. Parks are magnets for visitors who contribute to local economies.

However, the coast of Maine is itself an attraction in summer months and most coastal communities swell with summer vacationers. Yet, for areas that have Acadia as a neighbor, an acre of property worth $10,000 which might normally be expected to contribute $200 per acre in tax dollars, instead brings in 75 cents in-lieu-of-taxes. For some areas this loss of tax revenues represents as much as one-fifth of the town budget and the total loss of tax revenues may be as high as $1 million annually for all of the towns that share their borders with Acadia.

The Acadia legislation would partially compensate local towns for this loss. The bill would extend for 20 additional years the section 3 payments to local governments made pursuant to the Payment-In-Lieu-Taxes (PILT) Act.

Under section 3 of PILT, local governments receive 1 percent of the fair market value of private lands acquired for inclusion in national parks. This payment cannot exceed the amount of property taxes levied the previous year and is made for a period 5 years from the date the property is acquired. The bill would direct that this payment be made for a period of 25 years and the funds used by each town for fire protection, police protection, solid waste management and road maintenance and improvement. In addition, interested towns and the Park Service would join together in constructing a waste transfer station, a facility which the park would benefit from using. Also, limited areas would be transferred to Bar Harbor for municipal uses.

These provisions, while not fully compensating the towns for their tax losses, would greatly further the cooperative spirit necessary for making the towns and park good neighbors.

This measure is based on the efforts of many individuals who have worked long and hard to find a fair resolution of the problems confronting Acadia. Local officials and residents, successive park superintendents, local and national conservation groups, and former and present members of the Maine congressional delegation have all contributed to its provisions. I want to thank all of them for their help.

I also want to sincerely thank Senator WALLOP for his assistance in bringing this bill to the Senate for consideration. As chairman of the subcommittee which reviewed this bill he has given generously of his time and attention for which I want to express my sincere appreciation. I also want to thank the committee staff, Tony Bevinetto and Tom Williams for their considerable efforts.

Controversy over the boundaries of Acadia National Park has lasted for decades. It has prevented consolidation of park lands in a way that best serves the interests of local residents, the interests of the millions of park visitors, and the interests of future generations, for whom we have a responsibility to maintain the park and its resources. I hope that this legislation will finally resolve the Acadia dispute.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER TO HOLD AT THE DESK H.R. 3363

Mr. DOLE. Mr. President, I ask unanimous consent that once the Senate receives from the House, H.R. 3363, a bill for the relief of Hamilton Jordan, it be held at the desk pending further disposition.

The PRESIDING OFFICER. Without objection, it is so ordered.

ANNOUNCEMENT OF MEETING OF SENATORS ON THURSDAY AT 9 A.M.

Mr. PRYOR. Mr. President, I wish to remind all of our colleagues that we will have a historic meeting Thursday morning at 9 o'clock in the Mansfield room, room 207, to talk about how we run the Senate. I hope all of you will be there.

Thank you.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

PRESIDENTIAL APPROVALS

A message from the President of the United States announced that on November 25, 1985, he had approved and signed the following joint resolutions:

S.J. Res. 174. Joint resolution to designate November 18, 1985, as "Eugene Ormandy Appreciation Day"; and

S.J. Res. 228. Joint resolution relating to the proposed sales of arms to Jordan.

MESSAGE FROM THE HOUSE

At 2:10 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bill, without amendment:

S. 1639. An act to authorize the minting of gold bullion coins.

The message also announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 237. An act to amend the Fair Debt Collection Practices Act to provide that any attorney who collects debts on behalf of a client shall be subject to the provisions of such act;

H.R. 1404. An act to establish the Eastern Shore of Virginia National Wildlife Refuge and the National Fish and Wildlife Service Training Center at Cape Charles in Northampton County, VA;

H.R. 2704. An act to amend the Fish and Wildlife Coordination Act; and

H.R. 3272. An act to encourage international efforts to designate the shipwreck of the R.M.S. *Titanic* as an international maritime memorial and to provide for reasonable research, exploration, and, if appropriate, salvage activities with respect to the shipwreck.

At 5:23 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House agrees to the amendment of the Senate to the bill (H.R. 1562) to achieve the objectives of the multi-fiber arrangement and to promote the economic recovery of the U.S. textile and apparel industry and its workers.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H.R. 2965) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1986, and for other purposes; it agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and appoints Mr. SMITH of Iowa, Mr. ALEXANDER, Mr. EARLY, Mr. DWYER of New Jersey, Mr. CARR, Mr. BOLAND, Mr. WHITTEN, Mr. O'BRIEN, Mr. REGULA, Mr. ROGERS, and Mr. CONTE as managers of the conference on the part of the House.

The message further announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 1362. An act to revise, consolidate, and enact certain laws related to load lines and measurement of vessels as parts C and J of subtitle II of title 46, United States Code.

MEASURES REFERRED

The following bills were read the first and second times by unanimous consent, and referred as indicated:

H.R. 237. An act to amend the Fair Debt Collection Practices Act to provide that any attorney who collects debts on behalf of a client shall be subject to the provisions of such Act; to the Committee on Banking, Housing, and Urban Affairs.

H.R. 1362. An act to revise, consolidate, and enact certain laws related to load lines and measurement of vessels as parts C and J of subtitle II of title 46, United States Code, to the Committee on Commerce, Science, and Transportation.

H.R. 1404. An act to establish the Eastern Shore of Virginia National Wildlife Refuge and the National Fish and Wildlife Service Training Center at Cape Charles in Northampton County, VA; to the Committee on Environment and Public Works.

H.R. 2704. An act to amend the Fish and Wildlife Coordination Act; to the Committee on Environment and Public Works.

H.R. 3272. An act to encourage international efforts to designate the shipwreck of the R.M.S. *Titanic* as an international maritime memorial and to provide for reasonable research, exploration, and, if appropriate, salvage activities with respect to the shipwreck; to the Committee on Foreign Relations.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2064. A communication from the Secretary of Defense transmitting, pursuant to law, a report on the potential for increased assistance from DOD for narcotics interdiction; to the Committee on Armed Services.

EC-2065. A communication from the Deputy Assistant Secretary of the Air Force transmitting, pursuant to law, a report on a decision to convert the laundry and drycleaning function at Keesler AFB, MS, to performance under contract; to the Committee on Armed Services.

EC-2066. A communication from the Secretary of Energy transmitting, pursuant to law, a report on the Residential Conservation Service Program; to the Committee on Energy and Natural Resources.

EC-2067. A communication from the Secretary of Education transmitting, pursuant to law, the 11th semiannual report of the Inspector General of the Department of Education; to the Committee on Governmental Affairs.

EC-2068. A communication from the Inspector General of the Department of Health and Human Services, transmitting, pursuant to law, the semiannual report of the Inspector General; to the Committee on Governmental Affairs.

EC-2069. A communication from the Administrator of the Veterans Administration transmitting, pursuant to law, the semiannual report of the Inspector General; to the Committee on Governmental Affairs.

EC-2070. A communication from the Administrator of the GSA transmitting, pursuant to law, the semiannual report of the Inspector General; to the Committee on Governmental Affairs.

EC-2071. A communication from the Director of the Office of Information Resources Management, Department of the Interior, transmitting, pursuant to law, a report on a new Privacy Act system of records; to the Committee on Governmental Affairs.

EC-2072. A communication from the Assistant Administrator of the EPA transmitting, pursuant to law, a report on a new Privacy Act system of records; to the Committee on Governmental Affairs.

EC-2073. A communication from the Chief Immigration Judge, Department of Justice, transmitting, pursuant to law, on certain suspensions of deportation orders for certain aliens pursuant to section 244(a)(1)(2) and (c)(1) of the Immigration and Nationality Act; to the Committee on the Judiciary.

EC-2074. A communication from the Acting Chairman of the National Council on Educational Research transmitting, pursuant to law, the Ninth Annual Report of the Council; to the Committee on Labor and Human Resources.

EC-2075. A communication from the Administrator of the Small Business Administration transmitting, pursuant to law, the annual report of the Administration; to the Committee on Small Business.

EC-2076. A communication from the Deputy Assoc. Dir. of the Minerals Management Service, transmitting, pursuant to law, a report on 26 refunds of excess oil and gas lease royalty payments; to the Committee on Energy and Natural Resources.

EC-2077. A communication from the Secretary of Agriculture transmitting, pursuant to law, the semiannual report of the Inspector General; to the Committee on Governmental Affairs.

EC-2078. A communication from the D.C. Auditor transmitting, pursuant to law, a report entitled "Auditor's Review of the University of the District of Columbia's Residence Accounts and Expenditures"; to the Committee on Governmental Affairs.

EC-2079. A communication from the D.C. Auditor transmitting, pursuant to law, a report entitled "Auditor's Review of Consultant Contracts Awarded by the Office of the President from August 1983 through April 1985"; to the Committee on Governmental Affairs.

EC-2080. A communication from the Deputy Administrator of the Veterans Administration transmitting, pursuant to law, a report on the amendment of a Privacy Act system of records; to the Committee on Governmental Affairs.

EC-2081. A communication from the Deputy Secretary of Defense transmitting, pursuant to law, the Inspector General's semiannual report; to the Committee on Governmental Affairs.

EC-2082. A communication from the Executive Vice President of the National Music Council transmitting, pursuant to law, the Council's audit report for the period ended April 30, 1985; to the Committee on the Judiciary.

PETITIONS AND MEMORIALS

The following petitions and memorials were laid before the Senate and were referred or ordered to lie on the table as indicated:

POM-532. A resolution adopted by the United Methodist Youth Fellowship of the North Carolina Conference of the United Methodist Church opposing excessive Federal defense spending; to the Committee on Appropriations.

POM-533. A resolution adopted by the United Methodist Youth Fellowship of the North Carolina Conference of the United Methodist Church; to the Committee on Environment and Public Works.

POM-534. A resolution adopted by the House of Representatives of the Commonwealth of Massachusetts; to the Committee on Environment and Public Works.

"RESOLUTION

"Whereas, toxic wastes pose a problem of monumental and disastrous proportions in virtually all industrialized areas of our Nation, clean-up of these wastes should be of top priority to the Federal Government; and

"Whereas, if the citizens of this country were fully cognizant of the destructive consequences that could be brought upon society by toxic wastes, they would demand appropriate and expedient action be taken against this insidious environmental menace; and

"Whereas, the efforts of all appropriate government agencies should be fully utilized to remove toxic waste from all major hazardous waste sites in the country; and

"Whereas, the Federal law intended to accomplish remedial action at the most severely contaminated hazardous waste sites

across the country, known as "The Comprehensive Environmental Response, Compensation and Liability Act of 1980" (or "Superfund"), expired on September 30, 1985; therefore be it

"Resolved, That the Massachusetts House of Representatives hereby memorializes the Congress of the United States to reauthorize and augment funding for the Federal "Superfund" by November 30, 1985; and be it further

"Resolved, That the Massachusetts House of Representatives urges the Congress of the United States to exercise fully its oversight responsibilities in ensuring full and accurate implementation of the "Superfund" law, for the economic well-being of the Nation and the health and safety of all citizens; and be it further

"Resolved, That copies of these resolutions be sent by the Clerk of the House of Representatives to the presiding officer of each branch of Congress and to Members thereof from this Commonwealth."

POM—535. A resolution adopted by the United Methodist Youth Fellowship of the North Carolina Conference of the United Methodist Church opposing the suspension of Federal funds in an effort to force the States to raise the drinking age to 21; to the Committee on Finance.

POM-536. A resolution adopted by the City Council of West Hollywood, California, favoring the retention of the deductibility of State and local taxes in any revision of Federal income tax law; to the Committee on Finance.

POM-537. A resolution adopted by the General Court of the Commonwealth of Massachusetts; to the Committee on the Judiciary.

"RESOLUTION

"Resolved, That the General Court of Massachusetts respectfully urges the Congress of the United States to enact legislation presenting to the States a proposed consititutional amendment wherein the right to employment shall be guaranteed to every person in the United States in accordance with his capacity, at a rate of compensation sufficient to support such individual and his family in dignity and self-respect; and be it further

"Resolved, That copies of these resolutions be transmitted forthwith by the clerk of the Senate to the President of the United States, the Presiding Officer of each branch of Congress and to the Members thereof from this Commonwealth."

"RESOLUTION

"Resolved, That the general court of Massachusetts respectfully urges the Congress of the United States to enact legislation presenting to the states a proposed constitutional amendment wherein the right to employment shall be guaranteed to every person in the United States in accordance with his capacity, at a rate of compensation sufficient to support such individual and his family in dignity and self-respect; and be it further

"Resolved, That copies of these resolutions be transmitted forthwith by the clerk of the Senate to the President of the United States, the Presiding Officer each branch of Congress and to the members thereof from this commonwealth."

POM-538. A resolution adopted by the Thirty-Sixth Convention of the Episcopal Church in the Diocese of California favoring the adoption of the Moakley-DeConcini refugee protection bill; to the Committee on the Judiciary.

POM-539. A resolution adopted by the City Council of North Royalton, Ohio supporting action by the Congress to amend the Federal Fair Labor Standards Act to provide relief from the present provisions as related to municipalities; to the Committee on Labor and Human Resources.

POM-540. A resolution adopted by the Commissioners' Court of Montgomery County, Texas, encouraging the National Science Foundation and the U.S. Department of Energy to locate the Nation's next generation of atomic particle accelerator in Montgomery County, Texas; ordered to lie on the table.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. THURMOND (for Mr. GOLDWATER), from the Committee on Armed Services, without amendment:

H.R. 664. A bill to amend the Panama Canal Act of 1979 with respect to the payment of interest on the investment of the United States (Rept. 9-205).

H.R. 729. A bill to amend the Panama Canal Act of 1979 in order that claims for vessels damaged outside-the-locks may be resolved in the same manner as those vessels damaged inside the locks, and for other purposes (Rept. 99-206).

By Mr. THURMOND (for Mr. GOLDWATER), from the Committee on Armed Services, with an amendment:

H.R. 1784. A bill to authorize appropriations for fiscal year 1986 for the operation and maintenance of the Panama Canal, and for other purposes (Rept. 99-207).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. WARNER, from the Committee on Armed Services:

The following-named persons to be members of the Board of Regents of the Uniformed Services University of the Health Science for terms expiring June 20, 1991:

Carol Johnson Johns, of Maryland;
Mario Efrain Ramirez, of Texas; and
Sam A. Nixon, of Texas.

Mr. WARNER. Mr. President, from the Committee on Armed Services, I report favorably the attached listing of nominations.

Those identified with a single asterisk (*) are to be placed on the Executive Calendar. Those identified with a double asterisk (**) are to lie on the Secretary's desk for the information of any Senator since these names have already appeared in the CONGRESSIONAL RECORD and to save the expense of printing again.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the RECORD of November 22 and December 2, 1985, at the end of the Senate proceedings.)

*1. Rear Adm. Bruce Demars, U.S. Navy, to be vice admiral. (Ref. #754.)

**2. In the Marine Corps there are two appointments to the grade of second lieutenant (list begins with Barry W. McAndrew). (Ref. #755.)

**3. In the Navy and Navy Reserve there are 35 appointments to the grade of commander and below (list begins with Carl A. Barksdale). (Ref. #756.)

**4. In the Air National Guard there are 24 promotions in the Air Force Reserve to the grade of lieutenant colonel (list begins with Wayne Alden). (Ref. #758.)

**5. In the Army there is one appointment as permanent professor at the U.S. Military Academy (Col. Peter D. Heimdahl). (Ref. #759.)

Total 63.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. THURMOND:

S. 1890. A bill to allow States to charge tolls for the use of new highways on the Federal-aid primary or secondary system; to the Committee on Environment and Public Works.

By Mr. HEINZ (for himself, Mr. LAXALT, and Mr. LUGAR):

S. 1891. A bill to amend the Federal Campaign Reform Act; to the Committee on Rules and Administration.

By Mr. SPECTER:

S. 1892. A bill for the relief of Ching Han (Stella) and Shu Ping (Peter) Wong; to the Committee on the Judiciary.

By Mr. KENNEDY (for himself and Mr. KERRY):

S. 1893. A bill to designate the building known as the U.S. Appraiser's Stores Building in Boston, MA, as the "Capt. John Foster Williams Coast Guard Building"; to the Committee on Commerce, Science, and Transportation.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. THURMOND:

S. 1890. A bill to allow States to charge tolls for the use of new highways on the Federal-aid primary or secondary system; to the Committee on Environment and Public Works.

HIGHWAY TOLL ACT OF 1985

Mr. THURMOND. Mr. President, I rise today to introduce legislation to enhance the ability of State and local governments to collect revenue for much needed highway improvements and construction. This legislation would provide State and local governments with greater flexibility and self-determination in addressing their specific highway needs.

Mr. President, under present Federal law, the collection of tolls is prohibited on any facility constructed, in whole or in part, with Federal-aid highway funds. This prohibition is triggered if Federal funds are used at any phase, even in early preliminary engineering.

Many States have significant highway development needs which they are unable to undertake given their present fiscal constraints. For instance, in my home State of South Carolina, toll facilities are being considered for the following projects: A southeast beltway in Columbia; a cross-island route on Hilton Head; improved access to the Grand Strand; and several facilities in Charleston. South Carolina simply does not have the money to construct these as free facilities.

Mr. President, the legislation which I am introducing would allow States, without risking loss of Federal funds, to place a toll on any highway on the Federal-aid system (other than the Interstate System) that has not been open to traffic as a toll-free highway prior to the enactment of this bill. In exchange for the ability to toll its new roads, a State would be required to agree that the facility will be publicly owned and operated. A State would also be required to agree that funds generated by such a toll would be used only to provide reimbursement of the cost incurred by the State in constructing and maintaining the facility. Finally, once the construction and construction-associated costs have been reimbursed, the toll charged could not exceed the amount necessary for maintenance and operation of any such facility.

Mr. President, many of the States are strapped for highway and bridge construction funds. They need to make improvements in their transportation facilities. They need to build highways. They need to build bridges. They need to build beltways. The current structure of Federal law prevents the States from adopting a method that would generate the necessary revenue. This legislation would allow the States to extract tolls from highway and bridge users and apply those funds to better improve transportation facilities for those users. Funds generated from the tolls could not be used for nontransportation uses. The result would be that users of these new transportation facilities would more directly pay for the benefits received, as well as for the wear and tear from such use.

Mr. President, this bill would allow the States to use a full range of financing alternatives to meet their needs for new construction of Federal-aid highways. This legislation is critical, as highway needs in numerous States and urban areas exceed available revenue.

Mr. President, it is my understanding that the present administration supports the toll concept. It advanced some toll proposals in 1982 and gave qualified support in July 1983 to a bill in the 98th Congress, S. 524, if it was applied nationwide, instead of just to Illinois.

Mr. President, it has long been my belief that State and local officials are in a better position to know the needs of their citizens on matters of this nature than either the Congress or Federal bureaucrats in Washington. Whenever practicable, I believe it is best that the Federal Government defer to the judgments and decisions of State and local officials on how best to raise revenue for local facilities and how best to allocate scarce financial resources among competing program needs within their jurisdiction.

Enactment of this legislation would be a step in that direction. It would give States and local government greater flexibility and self-determination in addressing their specific highways needs in the best possible manner.

Mr. President, I encourage the Senate to act promptly in approving this needed legislation.

By Mr. SPECTER:

S. 1892. A bill for the relief of Ching Han (Stella) and Shu Ping (Peter) Wong: to the Committee on the Judiciary.

RELIEF OF CHING HAN (STELLA) AND SHU PING (PETER) WONG

● Mr. SPECTER. Mr. President, I am introducing today a private immigration relief bill on behalf of Stella and Peter Wong, natives of China.

The Wongs have lived in this country continuously for more than 7 years and have an American-born son. Mr. Wong was admitted to the United States in June 1975, as a nonimmigrant visitor for business. His wife, Stella, joined him in August 1975. The Wongs presently are living in West Lawn, PA, with their son and working at a jewelry store opened by Mrs. Wong in December 1984, in West Shillington, PA.

The Wongs have been outstanding members of, and have become integral parts of, the Reading community. Both are well liked and respected. Encouraged by friends, Mrs. Wong opened the store "Fine Jewelry by Wong," where she sells jewelry and antique porcelain. Mrs. Wong manages the shop and Peter imports the merchandise from his father's manufacturing and exporting business in Hong Kong. The Wongs' business is strongly supported by local patrons as well as friends who are eager to offer assistance to the Wongs when needed.

On May 24, 1983, their American son, Raymond, was born in New York. The United States is the only home he has ever known. Close family friends residing in the United States, including his godfather, have become Raymond's family. Whatever the legal status is of the parents' presence in this country, it does not justify uprooting the child from his only home. It is grossly inconsistent with any notions of humanitarianism to deport this child or force his separation from his parents.

Hong Kong reverts to Chinese sovereignty in 1997. At that time, Raymond will be about 14 years of age. It cannot be said with certainty that he could return to the United States.

Mrs. Wong is, and Mr. Wong soon will be, faced with a deportation order under which they will be forced to return to China or Hong Kong. Their hard work in their business and their invaluable contribution to the community will be lost. The Wongs' American dream will be brought to an abrupt and painful end if that deportation order is carried out. The forced exclusion of such hard-working, conscientious, and community-spirited people, who have lived in this country for so long, is certainly not what our immigration laws were designed to accomplish.

We are a nation that has grown great by opening its doors. To allow immigrants, with an American son, who have made a productive life for themselves here and who seek to contribute to their communities to join us as citizens is to the benefit of all and to the benefit of the United States.

Mr. President, I ask unanimous consent to have the bill printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1802

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Ching Han (Stella) and Shu Ping (Peter) Wong shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper officer to deduct two numbers from the total number of immigrant visas which are made available to natives of the country of the alien's birth under section 203(a) of the Immigration and Nationality Act or, if applicable, from the total number of such visas which are made available to such natives under section 202(e) of such Act.●

By Mr. KENNEDY (for himself and Mr. KERRY):

S. 1893. A bill to designate the building known as the "U.S. Appraiser's Stores Building" in Boston, MA, as the "Captain John Foster Williams Coast Guard Building"; to the Committee on Commerce, Science, and Transportation.

CAPTAIN JOHN FOSTER WILLIAMS COAST GUARD BUILDING

● Mr. KENNEDY. Mr. President, on behalf of Senator KERRY and myself, I am pleased to send to the desk a bill to designate the new headquarters of the Coast Guard in Boston as the "Capt.

John Foster Williams Coast Guard Building," in recognition of Captain Williams' extraordinary contributions to the Massachusetts Navy, to American liberty during the Revolutionary War, and to the U.S. Coast Guard in its founding years after the war.

In his illustrious career at sea during the Revolutionary War, Captain Williams commanded a number of vessels, including the largest ship in the Massachusetts Navy, the 26-gun *Protector.* In 1781, he was captured by the British in a battle off Block Island and sent to a prison in London, from which he subsequently escaped and resumed his daring role in the war.

After independence was won, Captain Williams continued to serve his country. His connection with the U.S. Coast Guard goes back to the very beginning of the service, when it was known as the U.S. Revenue Marine.

Captain Williams headed the committee of the Boston Marine Society which designed the first revenue cutter, the *Massachusetts,* and he served as its master, or commander, from the completion of its construction in 1790 until his death in 1814.

In addition to his military talents, Captain Williams was also a distinguished chartmaker and inventor, charting Provincetown Harbor and other waters in New England, and inventing a shipboard process for distilling fresh water from the sea.

Now, nearly two centuries after Captain Williams' heroic service, the 1st Coast Guard District is moving to new headquarters at the U.S. Appraiser's Stores Building in Boston. It is especially fitting that the building should be named in honor of this North End son who became one of Massachusetts' first and greatest naval heroes.

I ask unanimous consent that the text of the bill and an excerpt on Captain Williams' service in the Revolutionary War may be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1893

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the building known as the "U.S. Appraiser's Stores Building," located at 450 Atlantic Avenue, Boston, Massachusetts, shall hereafter be known and designated as the "Captain John Foster Williams Coast Guard Building," in recognition of Captain John Foster Williams' contributions to the Commonwealth of Massachusetts during the Revolutionary War. Any reference in a law, map, regulation, document, record, or other paper of the United States to such building shall be deemed to be a reference to the "Captain John Foster Williams Coast Guard Building."

(From "A History of the Boston Marine Society 1742-1981" by William A. Baker)

CAPTAIN JOHN FOSTER WILLIAMS, MASTER

Known as a "North End boy" and "one of the most conspicuous sea rovers of the day," Captain Williams had been born in Boston in 1743. His father, Sendall Williams, was a "culler of staves" (barrel-maker), a constable, a Captain in the Ancient and Honorable Artillery Company organized in 1637, and one of three persons appointed to preside at funerals in the Old and South Burying Grounds and to ring the bell in the steeple of South Church at regular hours. In the latter capacity he was eventually fired for tardiness in ringing the bell at nine, five and 11 o'clock. The family was said to be descendants of Roger Williams, the 17th century dissenter. Jonathan Williams, the Captain's grandfather, had been Deacon of First Church, Boston, in 1711.

Young Williams had little formal education but was an ardent reader, especially of sea stories. He schooled himself in mathematics and history and learned to write in a decorative and forceful style, which is evidenced in his 1780 log of the State Navy Ship Protector, now a prized possession of the New England Historic Geneological Society in Boston.

When he was 15 years old he went to sea with a sea chest and his mother's blessing. By the time he was 22 he was commanding merchant vessels. It was in a leaky Brig, John, that he left Boston January 20, 1769, for Surinam on the coast of South America. Nine days later, in Latitude 34:30 N, Longitude 60 W (northeast of Bermuda), he encountered a gale. A major leak developed. Before he could cut the foremast, the wind toppled it. The foremast and the rest of the rigging were then cleared away, but the Brig was in extremis when a sloop was sighted nearby.

For a day and a half the men waited to be rescued. The sloop saw them and loitered but then sailed away. Nothing was left on board *John* but one barrel of beef and one barrel of pork. The men had no clothes except those they wore. One by one they died, until the Captain was the only man alive. Six weeks after the storm, he was picked up, more dead than alive, by a passing packet boat.

An experience like this might have kept another man ashore. Williams was soon back at sea.

Soon after this marrige to a Boston girl, Hannah Homer, in 1774, he took up arms against the British. He appears to have been the "Capt. Williams" who chased the British Packet Boat *Falmouth* out of Machias, Maine, when she was trying to get lumber for the King's Navy July 10, 1775. Thomas Flinn, the packet's Master, complained to his superiors in Halifax that he was pursued by "Lieutenant Knight of the *Diligent* and a sloop from Machias commanded by Capt. Williams." The Packet was brought to off The Wolves, near Grand Manan. After boarding her, Knight and Williams allowed her to proceed.

By 1776 Captain Williams was wearing the green and white uniform of the Massachusetts State Navy as commander of *Republic.* On May 14 he captured the British *Julius Caesar* without bloodshed. From 1776 to 1778 he had two other commands, *Massachusetts* and *Wilkes.* In 1778 he was captured by the British and sent to England in the prison ship *Lord Sandwich,* arriving at Bristol March 7. He did not, however, remain long in England. Either by exchange or escape, he was back in Boston June 28.

AS GOOD A VESSEL AS EVER SWAM

He was then given command of the best in the State Navy, the 14 gun Brig *Hazard,* built by Peck of Boston. She was called Peck's Folly, probably because Peck had been so meticulous and spent so much money and effort in building her. One of Williams' contemporaries said of the *Hazard* that "She was as good a vessel as ever swam".

In *Hazard,* Williams fought a major battle near the West Indies, when he captured the British *Active,* 18 guns. Three men were lost on *Hazard,* 13 on *Active.* He brought *Active* back to Boston, laden with sugar, rum, molasses and cotton in October 1778.

The following summer he was ordered to join Commodore Dudley Saltonstall's fleet in an attack on Bagaduce (Castine) in Penobscot Bay, Maine. The British had sent General Francis MacLean with 650 King's men from Nova Scotia and three sloops of war to occupy and fortify Bagaduce, a major center for lumber for the King's Navy.

Saltonstall arrived July 25, 1779, with 44 American vessels and between 3,000 and 4,000 men. With this superior force he should have overwhelmed the British but he delayed action waiting for a land army until August 13, while many of the men in his fleet, notably Captains Williams, Walters, and Hacker, fumed. The men discussed replacing Saltonstall but nothing was done. On August 13 a superior British naval force entered the Bay and overwhelmed the Americans.

The Americans fled to the head of the Bay and were trapped. Many of the Captains burned their vessels to prevent them from being taken. *Hazard* was the last vessel to strike colors. When she did, Williams sent his men ashore and remained behind to put a torch to a train of powder leading to her magazine. It must have been a sad moment for him when he saw "as good a vessel as ever swam" go up in smoke.

When Saltonstall was investigated by the Board of Admiralty, Williams said: "In my opinion it was the power of the fleet to have taken or destroyed the enemy's shipping at any time before the arrival of their reinforcements without the assistance of the land army, without any considerable hazard to any of us, and had we taken them the fort might have surrendered."

Novelist-historian James Fenimore Cooper agreed with him. "The commanding officer of the Massachusetts State Navy," he wrote later, "was Captain John Foster Williams who performed many handsome exploits, proving himself on all occasions an officer of merit. It would probably have been better for Massachusetts had it named his meritorious officer to the command of the naval armament on that occasion."

Five hundred lives were lost in the Penobscot disaster. Williams and his men managed to make their way back to Boston where the largest vessel in the State Navy, the 26 gun *Protector,* was being fitted for action. Williams was put in command and, in the Spring of 1780, tried to round up a crew of 300 men. After the Penobscot debacle this was not easy. Dockside games and the roll of drums brought few recruits. Eventually Williams had to resort to that unsavory practise—shanghaiing.

But if crew were reluctant to sign up, officers were not. Officers were eager to serve with him, and men along the New England coast begged him to take along their sons as midshipmen. Among those under his command were First Lieutenant George Little,

his brother Midshipman Luther Little, and Midshipman Hezekiah Welch Jr., son of a Lieutenant in the Continental Navy. With too many applicants for the midshipman post, Williams took on six younger men as acting midshipmen. Among these was a future Navy hero, 18-year-old Edward Preble of Maine, who climbed aboard *Protector* just as she was ready to sail from Nantasket April 4, 1780.

PROTECTOR SINKS THE DUFF

On the morning of June 9, off Cape Race, Newfoundland, *Protector* encountered the 32 gun East Indiaman *Admiral Duff* bound home to England from the West Indies. In Captain Williams' own words, and in his own handwriting, the action is recorded in "Ship *Protector's* Logg Book" as follows:

"At 7 A M Saw a Ship to the Westward. We stood for her, under English colours, the Ship's Standing athought us, under English colours, appeared to be a large ship- at 11 came a long side of her, hailed her, she answered from Jamaica. I shifted my Colours and gave her a Broadside, she soon returned us another, the Action was very heavy for near three Glasses, when she took fire and blew up- got out our Boats to save the men, took live 55 of them, the greatest part of them wounded with our Shott, and Burnt when the Ship blew up- she was called the Admiral Duff of 32 guns commanded by Richard Strange from St. Kitts Estasia."

On July 9, 1780 Captain Williams achieved a victory at sea when his command *Protector* blew up the British East Indiaman *Admiral Duff*. He stood by to pick up 55 survivors.

"Ladened with Sugar and Tobacco bound to London. We lost in the action one man (Mr. Benjamin Scollay) and 5 wounded. Received several Shott in our Hull and several of our shrouds and stays Shott away."

During the height of the action, grape shot from the enemy ship blew the speaking trumpet out of Captain Williams' hand. Dented, it fell to the deck. Years later his men would remember how he picked it up, without altering his stride, and went on giving orders.

Some records say that survivors of the sea battle were carried ashore to a Newfoundland farm house but Williams makes no mention of this in his log. The ship's surgeon cared for many of them. For several days Williams and his men mended sails and rigging. Then they lowered boats to view the damage to *Protector* and "scrubb her round". Soon the surgeon found he had fever victims to care for. The captured men had brought West Indies fever along with them. Many of *Protector's* men became ill. For a month *Protector* cruised off Newfoundland and Nova Scotia. Then she sailed into Broad Bay (Muscongus Bay) Maine, where Williams put his prisoners ashore. Some had died en route, and fever was claiming more and more of Williams' men. On July 15 he recorded that "died this a.m, Sharp Quam, one of our Black men" and on the July 16: "Died last night Simeon Fletcher one of our marines". The following day he wrote "Put prisoners on schooner, sail at 10 P.M.".

After another cruise to Nova Scotia, *Protector* headed southwest, and on August 14 saw land in Massachusetts. At the same time a gun ship hoisted French colors to salute them. "We answered in Continentale" wrote Williams. The following day *Protector* reached Boston where the port doctor described her as "probably the most sickly vessel that ever came into this port".

In December she sailed again, this time in company with the *Deane*, whose Captain, Elisha Hinman of Connecticut, was also destined to become Master of a Revenue Cutter in later life. For several months Williams and Hinman worked in tandem foraging along the Atlantic Coast, but they had split tacks before May 1781 when *Protector* and Williams ran out of luck of Block Island.

Wanted dead or alive by the British, he was pursued southwest of the island after he had taken a British merchant ship and sent her off towards Boston under command of Luther Little. Probably tipped off by Tories in Boston, the 44 gun *Roebuck* and the 26 gun *Medea*, were in the vicinity. When they bore down upon him, and Williams saw that escape was impossible, he struck his colors, saying to his men:

"To provoke a hopeless contest, shed blood unnecessarily and bear the responsibility of causing men to die needlessly are responsibilities I do not care to answer for when summoned to render my earthly account."

One third of *Protector's* men—the more fit—were immediately taken into the British Navy. The rest, 179 men including Williams and the other officers, sailed to New York where they were jailed in the loathesome prison ship *Jersey*, a rotten 74 gun derelict. Williams had slightly better quarters in the ship's barge, and was given a 10 day leave to go to Philadelphia with the ship's surgeon to discuss the fate of his men with the Continental Board of Admiralty.

He found that men in the Massachusetts Navy were regarded as neither "public nor private officers". The Board of Admiralty turned a deaf ear to his pleas for an exchange for his men and sent him back to New York.

As he wrote friends in Boston:

"I know not what we shall be exchanged for as the Admiralty here says the State of Massachusetts has no right to give a commission, that they look on me as not a public or private officer."

A PRISONER IN ENGLAND AGAIN

Williams and his men were not exchanged. Only Preble, through influential Tory friends in New York, went free. Williams, First Lieutenant Little and *Protector's* surgeon were sent to Old Mill Prison in London. It is said that they bribed a sentry, scaled the wall of the prison, crossed the English Channel in an open boat and made their way to France. In any event they were in L'Orient March 16, 1782, when Captain John Barry sailed from that port in the Continental Navy frigate *Alliance*. Barry refused to take commercial cargo and turned down wealthy travelers but willingly took John Foster Williams, "a noted privateersman who had just escaped", and his surgeon.

Alliance had a rough passage back to America. Eight of the crew died on the voyage. It was April before *Alliance* reached the Bahamas and May 10 before she reached Cape Henlopen where she encountered the British Ship of the Line *Chatham*. In no condition to fight *Chatham*, Barry dodged into shallow water. By May 12 he was at Sandy Hook and on May 13, after passing Montauk and picking up a pilot at Fishers Island, *Alliance* cast anchor at New London.

The next morning Barry, Williams, and Dr. Dexter went ashore to Thomas Allen's famous tavern, a rendezvous for sailors from all over the world. The following day Williams headed for Boston by way of Norwich, Connecticut. He reached home May 19.

Williams continued his commerce raiding. On January 3, 1783, he took command of a 17 gun privateer *Alexander*, with a crew of 50, and hunted the British until the Treaty of Paris was signed later that year.

WILLIAMS SAILS ON LAND

After the Treaty, the Captain returned to merchant shipping and made a comfortable living for his wife and family. He was a major figure in Boston and took a prominent part in the 1788 parade marking the adoption of the Constitution. Doggerel, sung to the tune of Yankee Doodle, recounts that

"John Foster Williams, in a ship
Jointed with the social band, sir,
And made the lasses dance and skip
To see him sail on land, sir."

On a float, made to resemble *Protector* drawn by 13 white horses, Williams and his men rode through the streets of Boston. The men reefed sails, heaved lead lines, and peered through telescopes while the Captain, on the quarter deck, called out through his speaking trumpet. Was it the trumpet made famous in the battle with the *Duff*? Probably not, say some historians, believing that the trumpet may have been lost when Williams was taken prisoner.●

ADDITIONAL COSPONSORS

S. 8

At the request of Mr. CRANSTON, the names of the Senator from New York [Mr. MOYNIHAN] and the Senator from South Carolina [Mr. HOLLINGS] were added as cosponsors of S. 8, a bill to grant a Federal charter to the Vietnam Veterans of America, Inc.

S. 12

At the request of Mr. MOYNIHAN, the names of the Senator from Oklahoma [Mr. NICKLES] and the Senator from New Hampshire [Mr. HUMPHREY] were added as cosponsors of S. 12, a bill to protect communications among Americans from interception by foreign governments, and for other purposes.

S. 15

At the request of Mr. MOYNIHAN, the name of the Senator from Arkansas [Mr. BUMPERS] was added as a cosponsor of S. 15, a bill to authorize the Secretary of Health and Human Services to make grants to States for the purpose of increasing the ability of States to provide drug-abuse prevention, education, treatment, and rehabilitation, and for other purposes, to authorize the Attorney General to make grants to States for the purpose of increasing the level of State and local enforcement of State laws relating to production, illegal possession, and transfer of controlled substances.

S. 17

At the request of Mr. MOYNIHAN, the name of the Senator from Arizona [Mr. DECONCINI] was added as a cosponsor of S. 17, a bill to establish an independent agency, governed by a bipartisan board, to administer the Old-Age, Survivors, and Disability Insurance Program under title II of the Social Security Act, the Supplemental

Security Income Program under title XVI of such act, and the Medicare Program under title XVIII of such act, and for other purposes.

S. 174

At the request of Mr. GORE, the name of the Senator from Maine [Mr. MITCHELL] was added as a cosponsor of S. 174, a bill to provide for the designation of 20 regional centers for the treatment of Alzheimer's disease and related dementia and for other purposes.

S. 426

At the request of Mr. WALLOP, the name of the Senator from Indiana [Mr. LUGAR] was added as a cosponsor of S. 426, a bill to amend the Federal Power Act to provide for more protection to electric consumers.

S. 1026

At the request of Mr. PRESSLER, the name of the Senator from New Mexico [Mr. DOMENICI] was added as a cosponsor of S. 1026, a bill to direct the cooperation of certain Federal entities in the implementation of the Continental Scientific Drilling Program.

S. 1250

At the request of Mr. HEINZ, the name of the Senator from Rhode Island [Mr. PELL] was added as a cosponsor of S. 1250, a bill to amend the Internal Revenue Code of 1954 to extend the targeted jobs tax credit for 5 years, and for other purposes.

S. 1392

At the request of Mr. DECONCINI, the name of the Senator from Hawaii [Mr. INOUYE] was added as a cosponsor of S. 1392, a bill to amend title 28 United States Code regarding judicial annuities.

S. 1551

At the request of Mr. DURENBERGER, the name of the Senator from New Jersey [Mr. BRADLEY] was added as a cosponsor of S. 1551, a bill to amend title XVIII of the Social Security Act to provide for administrative appeals and judicial review under part B of Medicare.

S. 1574

At the request of Mr. LUGAR, the names of the Senator from Vermont [Mr. STAFFORD] and the Senator from Oklahoma [Mr. NICKLES] were added as cosponsors of S. 1574, a bill to provide for public education concerning the health consequences of using smokeless tobacco products.

S. 1619

At the request of Mr. WILSON, the name of the Senator from New Jersey [Mr. LAUTENBERG] was added as a cosponsor of S. 1619, a bill to amend the Internal Revenue Code of 1954 to provide that section 7872—relating to imputed interest on below-market loans—shall not apply to loans made to the State of Israel.

S. 1640

At the request of Mr. GRASSLEY, the names of the Senator from South Dakota [Mr. PRESSLER], the Senator from North Dakota [Mr. BURDICK], and the Senator from Nebraska [Mr. EXON] were added as cosponsors of S. 1640, a bill to amend title XVIII of the Social Security Act to provide for coverage under the Medicare Program of services performed by a physician assistant.

S. 1763

At the request of Mr. HEINZ, the name of the Senator from Delaware [Mr. ROTH] was added as a cosponsor of S. 1763, a bill to eliminate foreign predatory export credit practices, establish a tied aid credit facility, and for other purposes.

S. 1815

At the request of Mr. HATCH, the names of the Senator from Vermont [Mr. LEAHY], and the Senator from Massachusetts [Mr. KERRY] were added as cosponsors of S. 1815, a bill to prevent the denial of employment opportunities by prohibiting the use of lie detectors by employers involved in or affecting interstate commerce.

SENATE JOINT RESOLUTION 188

At the request of Mrs. KASSEBAUM, the name of the Senator from Utah [Mr. GARN] was added as a cosponsor of Senate Joint Resolution 188, a joint resolution to designate July 6, 1986, as "National Air Traffic Control Day."

SENATE JOINT RESOLUTION 217

At the request of Mr. HEINZ, the name of the Senator from Oklahoma [Mr. NICKLES] was added as a cosponsor of Senate Joint Resolution 217, a joint resolution to designate the week of December 2, 1985, to December 8, 1985, as "National Emergency Medical Air Transport Week."

SENATE JOINT RESOLUTION 235

At the request of Mr. DANFORTH, the names of the Senator from North Dakota [Mr. BURDICK], the Senator from Idaho [Mr. MCCLURE], the Senator from Maine [Mr. MITCHELL], and the Senator from Virginia [Mr. TRIBLE] were added as cosponsors of Senate Joint Resolution 235, a joint resolution to designate the week of January 26, 1986, to February 1, 1986, as "Truck and Bus Safety Week."

SENATE JOINT RESOLUTION 236

At the request of Mr. GORTON, the name of the Senator from New Hampshire [Mr. HUMPHREY] was added as a cosponsor of Senate Joint Resolution 236, a joint resolution to authorize and request the President to issue a proclamation designating April 20 through April 26, 1986, as "National Organ and Tissue Donor Awareness Week."

SENATE JOINT RESOLUTION 239

At the request of Mr. DURENBEREGER, the name of the Senator from Pennsylvania [Mr. HEINZ] was added as a cosponsor of Senate Joint Resolution 239, a joint resolution designating week beginning on June 1, 1986, as "National Maternal and Child Health Week."

SENATE CONCURRENT RESOLUTION 69

At the request of Mr. DANFORTH, the names of the Senator from Utah [Mr. HATCH] and the Senator from Indiana [Mr. LUGAR] were added as a cosponsors of Senate Concurrent Resolution 69, a concurrent resolution to recognize the National Camp Fire Organization for 75 years of service.

SENATE CONCURRENT RESOLUTION 77

At the request of Mr. MOYNIHAN, the name of the Senator from Hawaii [Mr. MATSUNAGA] was added as a cosponsor of Senate Concurrent Resolution 77, a concurrent resolution deploring the intention of the United States to withdraw from the compulsory jurisdiction of the International Court of Justice.

SENATE CONCURRENT RESOLUTION 83

At the request of Mr. D'AMATO, the names of the Senator from California [Mr. CRANSTON], the Senator from Oklahoma [Mr. NICKLES], the Senator from Louisiana [Mr. JOHNSTON], the Senator from Illinois [Mr. DIXON], and the Senator from South Carolina [Mr. HOLLINGS] were added as a cosponsors of Senate Concurrent Resolution 83, a concurrent resolution expressing the sense of the Congress that Federal tax reform legislation not take effect until its date of enactment, but in no case earlier than July 1, 1986.

AMENDMENTS SUBMITTED

FARM CREDIT PREDICTABILITY ACT

HELMS AMENDMENT NO. 1170

Mr. HELMS proposed an amendment to the bill (S. 1884) to amend the Farm Credit Act of 1971; as follows:

Strike out all after the enacting clause and insert in lieu thereof the following: That this Act, with the following table of contents, may be cited as the "Farm Credit System Restructuring and Regulatory Reform Act of 1985".

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TITLE I—PURPOSES, ORGANIZATION, AND POWERS

PURPOSES

SEC. 101. It is the purpose of this Act—

(1) to enable the institutions of the Farm Credit System to use effectively the authority of such institutions to pool resources and sell assets to resolve financial problems affecting individual institutions of the Farm Credit System or groups of institutions of the Farm Credit System;

(2) to establish a capital corporation within the Farm Credit System to effect transfers of assets, reserves, and capital among institutions of the Farm Credit System; and

(3) to strengthen the Farm Credit Administration to ensure that the agency will operate as an effective and independent regulator of institutions of the Farm Credit System with adequate authority to promote the safe and sound operation of such institutions and the Farm Credit System.

OBJECTIVES

SEC. 102. Section 1.1 of the Farm Credit Act of 1971 (12 U.S.C. 2001) is amended by adding at the end thereof the following new subsection:

"(c) It is also the objective of this Act to ensure that institutions of the Farm Credit System are managed in a business-like manner in full compliance with the law—

"(1) to overcome local financial difficulties of such institutions; and

"(2) to promote the safe and sound operation of the Farm Credit System without the financial assistance of the Federal Government.".

FARM CREDIT ADMINISTRATION

SEC. 103. The second sentence of section 5.7 of the Farm Credit Act of 1971 (12 U.S.C. 2241) is amended—

(1) by striking out "Federal Farm Credit Board" and inserting in lieu thereof "Farm Credit Administration Board"; and

(2) by striking out ", the Governor of the Farm Credit Administration,".

FARM CREDIT ADMINISTRATION BOARD

SEC. 104. (a) Section 5.8 of the Farm Credit Act of 1971 (12 U.S.C. 2242) is amended to read as follows:

"SEC. 5.8. FARM CREDIT ADMINISTRATION BOARD; APPOINTMENT; TERM OF OFFICE; ORGANIZATION AND COMPENSATION.—(a)(1) The management of the Farm Credit Administration shall be vested in a Farm Credit Administration Board.

"(2) Subject to paragraph (3), the Board shall consist of three members who shall be citizens of the United States and representative of the public interest.

"(3) The Board shall include one member who is experienced in the production, processing, or distribution of agricultural products and inputs.

"(4) Members of the Board shall be appointed by the President, by and with the advice and consent of the Senate.

"(5) Not more than two members of the Board shall be members of the same political party.

"(6) One member of the Board shall be designated by the President to serve as Chairman of the Board for the duration of the term of the member.

"(b)(1) The term of office of each member of the Board shall be 6 years, except that in the case of the two members initially appointed other than the Chairman—

"(A) the term of one member shall expire 2 years after the date of appointment; and

"(B) the term of the other member shall expire 4 years after the date of appointment.

"(2) A Board member shall not be appointed to successive terms, except that—

"(A) an initial member appointed for less than a 6-year term may be reappointed for a full 6-year term; and

"(B) a subsequent member appointed to fill an unexpired term of 3 years or less may be reappointed for a full 6-year term.

"(3) Any member of the Board shall continue to serve as a member after the expiration of the term of such member until a successor has been appointed.

"(c)(1) The Board shall—

"(A) adopt such rules as the Board determines necessary for the transaction of the business of the Board; and

"(B) keep permanent records and minutes of the acts and proceedings of the Board.

"(2) Vacancies on the Board shall not impair the right of the remaining member of the Board to exercise the powers of the Board.

"(3) A member of the Board shall be subject to the Ethics in Government Act of 1978 (2 U.S.C. 701 et seq.)

"(d)(1) A Board member may not be employed in any other capacity.

"(2) A Board member, other than the Chairman, shall receive compensation at a rate prescribed for level IV of the Executive Schedule established under section 5315 of title 5, United States Code.".

(b) The Farm Credit Act of 1971 is amended by striking out "Federal Farm Credit Board" each place it appears in sections 5.0, 5.1, 5.17, and 5.18 (12 U.S.C. 2221, 2222, 2251, and 2252) and inserting in lieu thereof "Farm Credit Administration Board".

POWERS OF THE BOARD

SEC. 105. Section 5.9 of the Farm Credit Act of 1971 (12 U.S.C. 2243) is amended—

(1) by striking out "Federal Farm Credit Board shall establish the general policy for the guidance of the Farm Credit Administration and" in the first sentence and inserting in lieu thereof "Farm Credit Administration Board shall manage, administer, and establish policies for the Farm Credit Administration. The Board shall"; and

(2) by striking out "or in the Governor" in the first sentence (as it existed before the amendment made by clause (1)) and all that follows through "administrative capacity" at the end of the section.

CHAIRMAN OF THE BOARD

SEC. 106. (a) Section 5.10 of the Farm Credit Act of 1971 (12 U.S.C. 2244) is amended to read as follows:

"SEC. 5.10. CHAIRMAN; RESPONSIBILITIES; COMPENSATION; GOVERNING STANDARDS.—(a)(1) The Chairman of the Board shall be the executive officer of the Board and the chief executive officer of the Farm Credit Administration.

"(2) Subject to the general supervision and direction of the Board, the Chairman shall be responsible for directing—

"(A) the implementation of the adopted policies and regulations of the Board; and

"(B) the execution of all the administrative functions and duties of the Farm Credit Administration.

"(3) The Chairman of the Board shall—

"(A) be the spokesman for the Board; and

"(B) represent the Board and the Farm Credit Administration in the official relations of the Board and Administration with other branches of government.

"(4) Pursuant to a policy statement adopted by the Farm Credit Administration Board, the Chairman shall consult on a regular basis with—

"(A) the Secretary of the Treasury in connection with the exercise by the Farm Credit System of the powers conferred under section 4.2; and

"(B) the Board of Governors of the Federal Reserve System in connection with the effect of Farm Credit System lending activities on national monetary policy.

"(b) The compensation of the Chairman of the Farm Credit Administration Board shall be at the rate prescribed for level III

of the Executive Schedule established under section 5314 of title 5, United States Code.

"(c)(1) In carrying out this section, the Chairman of the Farm Credit Administration Board shall be governed by—

"(A) general policies of the Farm Credit Administration Board; and

"(B) such regulatory decisions, findings, and determinations as the Board may be authorized to make.

"(2) In the case of a third person, an act of the Chairman shall be conclusively presumed to be in compliance with the general policies and regulatory decisions, findings, and determinations referred to in paragraph (1).".

(b) Sections 5.11 and 5.12 of the Farm Credit Act of 1971 (12 U.S.C. 2245 and 2246) are repealed.

(c)(1) The Farm Credit Act of 1971 is amended by striking out "Governor" each place it appears in sections 1.5, 1.13, 1.17, 1.20, 2.2, 2.6, 2.7, 2.10, 2.13, 2.14, 2.17, 3.3, 3.4, 3.5, 3.11, 3.12, 3.13, 4.0, 4.1, 4.2, 4.4, 4.5, 4.25, 4.26, and 5.14 (12 U.S.C. 2013, 2031, 2051, 2054, 2073, 2077, 2078, 2091, 2094, 2095, 2098, 2124, 2125, 2126, 2132, 2133, 2134, 2151, 2152, 2153, 2155, 2156, 2211, 2212, and 2248) and inserting in lieu thereof "Chairman".

(2) The Farm Credit Act of 1971 is amended by striking out "Governor" each place it appears in the caption of sections 1.13, 4.0, and 4.26 (12 U.S.C. 2031, 2151, and 2212) and inserting in lieu thereof "Chairman".

FARM CREDIT ORGANIZATION

SEC. 107. Section 5.13 of the Farm Credit Act of 1971 (12 U.S.C. 2247) is amended—

(1) by redesignating such section as section 5.11;

(2) in the first sentence—

(A) by striking out "Governor" and inserting in lieu thereof, "Chairman";

(B) by inserting "Board" after "Administration";

(C) by striking out "the Governor and"; and

(D) by inserting "Board" after "Administration";

(3) in the second sentence—

(A) by striking out "Governor" and inserting in lieu thereof "Chairman"; and

(B) by striking out the colon after "Administration" and all that follows through "as amended"; and

(4) by striking out "Governor" in the third sentence and inserting in lieu thereof "Chairman".

FARM CREDIT ADVISORY COMMITTEE

SEC. 108. The Farm Credit Act of 1971 is amended by inserting after section 5.11 (as redesignated by section 107(1)) the following new section:

"SEC. 5.12. FARM CREDIT ADVISORY COMMITTEE.—(a) There is created a permanent Farm Credit Advisory Committee, composed of not more than 13 members, to advise the Farm Credit Administration Board with respect to matters under the jurisdiction of the Board.

"(b)(1) The Committee shall consist initially of the same individuals who, immediately prior to the date of enactment of the Farm Credit System Restructuring and Regulatory Reform Act of 1985, were members of the Federal Farm Credit Board.

"(2) Each such member shall continue to serve on the Farm Credit Advisory Committee for the unexpired portion of the term of the member on the Federal Farm Credit Board or until the death or resignation of the member, whichever is earlier.

"(3)(A) If such an individual is unable or unwilling to accept appointment to the Committee, the Chairman of the Farm Credit Administration Board shall appoint another person to serve on the Board in lieu of such individual.

"(B) Each such person shall serve for a period of 2 years.

"(c)(1) On the expiration of the term of office, resignation, or death of a member referred to in subsection (b), the Chairman of the Farm Credit Administration Board may appoint another individual to serve as a member of the Committee.

"(2) Each individual appointed under paragraph (1) shall serve for a term of 2 years.

"(3) In appointing individuals to serve as members of the Committee under paragraph (1), the Chairman shall consider the interests of—

"(A) the public;

"(B) shareholders in and borrowers from institutions of the Farm Credit System;

"(C) investors in Farm Credit System obligations; and

"(D) institutions of the Farm Credit System.

"(d) Except as provided in subsection (a), the Committee shall be subject to the Federal Advisory Committee Act (5 U.S.C. App.).

"(e) The Chairman shall provide the Committee with necessary clerical assistance and staff personnel.

"(f)(1) Except as provided in paragraph (2), a member of the Committee, other than an officer or employee of the United States, shall serve on the Committee without compensation.

"(2) Such member shall, while away from the home or regular place of business of such member in the performance of services under this Act, be allowed travel expenses, including per diem in lieu of subsistence, as authorized under section 5703 of title 5, United States Code.".

ALLOCATION OF EXPENSES FOR ADMINISTRATIVE SERVICES

SEC. 109. Section 5.16(a) of the Farm Credit Act of 1971 (12 U.S.C. 2250(a)) is amended by adding at the end thereof the following new sentence: "The Chairman of the Farm Credit Administration Board may prescribe regulations governing the computation and assessment of the expenses of supervision and examinations conducted by the Farm Credit Administration and the collection of such assessments from the institutions supervised and examined.".

ENUMERATED POWERS

SEC. 110. Section 5.18(a) of the Farm Credit Act of 1971 (12 U.S.C. 2252(a)) is amended by striking out paragraphs (4) through (17) and inserting in lieu thereof the following new paragraphs:

"(4) Prescribe loan security requirements.

"(5) Conduct loan and collateral security review.

"(6) Approve the issuance of obligations of the institutions of the Farm Credit System for the purpose of funding the authorized operations of the institutions of the Farm Credit System and prescribe collateral therefor.

"(7) Approve interest rates paid by institutions of the Farm Credit System on the bonds, debentures, and similar obligations of such institutions, and the terms and conditions thereof.

"(8) Make investments in stock of the institutions of the Farm Credit System as provided in section 4.0 out of the revolving fund and require the retirement of such stock.

"(9) Regulate the borrowing, repayment, and transfer of funds and equities between institutions of the Farm Credit System.

"(10) Regulate the preparation by institutions of the Farm Credit System of information on the financial condition and operations of such institutions and the dissemination of such information to shareholders and investors.

"(11) Undertake research into the rural credit needs of the United States and methods of meeting such needs and of the funding of the operations of the Farm Credit System in relation to changing farming and economic conditions.

"(12) Use the United States mails on the same terms and conditions as the executive departments of the Federal Government.

"(13) Require surety bonds or other provisions for protection of the assets of the institutions of the Farm Credit System against losses occasioned by employees.

"(14) Prescribe rules and regulations necessary or appropriate for carrying out this Act.

"(15) Initiate, prosecute, defend, and appeal in the name of the Farm Credit Administration (other than to the Supreme Court of the United States), through the legal representative of such Administration, any civil action for the purpose of enforcing laws subject to the jurisdiction of such Administration.

"(16) Grant approvals required under this Act, except that the agency may adopt regulations under which approval is granted on the basis of the satisfaction of standards and criteria specified in such regulations.

"(17) Appoint, through the Chairman of the Farm Credit Administration Board and without regard to chapter 33 of title 5, United States Code, such officers, farm credit examiners, accountants, and other related employees as shall be necessary for the performance of the duties of the Farm Credit Administration under this Act, define the duties of such individuals, and fix the compensation of such individuals.

"(18) Exercise such incidental powers as may be necessary or appropriate to fulfill the duties of the Farm Credit Administration and carry out the purposes of this Act.".

DELEGATION OF DUTIES AND POWERS TO SYSTEM INSTITUTIONS

SEC. 111. (a) A delegation of a power or duty by the Farm Credit Administration to an institution of the Farm Credit System or redelegation of such power or duty made in accordance with section 5.19 of the Farm Credit Act of 1971 (12 U.S.C. 2253) (as such section existed before the amendment made by subsection (b)) may, at the option of the Farm Credit Administration, continue in full force and effect during the 12-month period beginning on the the date of enactment of this Act.

(b) Section 5.19 of the Farm Credit Act of 1971 (12 U.S.C. 2253) is repealed.

EXAMINATIONS AND REPORTS

SEC. 112. Section 5.20 of the Farm Credit Act of 1971 (12 U.S.C. 2254) is amended to read as follows:

"SEC. 5.20. EXAMINATIONS AND REPORTS.—(a)(1) Each institution of the Farm Credit System shall be examined by Farm Credit Administration examiners at such times as the Chairman of the Farm Credit Administration Board may determine.

"(2) Such examinations shall include, but not be limited to an examination of—

"(A) credit, collateral quality, and capitalization; and

"(B) the effectiveness of management; and

"(C) the provision of services to all eligible borrowers under this Act.

"(3) At the direction of the Chairman, Farm Credit Administration examiners shall also make examinations of the condition of any organization, other than a national bank, to which, or with which, any institution of the Farm Credit System contemplates making a loan or discounting the paper of such organization.

"(4) For the purpose of this Act, examiners of the Farm Credit Administration shall—

"(A) be subject to the same requirements, responsibilities, and penalties as are applicable to examiners under the National Bank Act (12 U.S.C. 38 et seq.), the Federal Reserve Act (12 U.S.C. 226 et seq.), the Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.), and other provisions of law; and

"(B) have the same powers and privileges as are vested in such examiners by law.

"(b)(1) Except as provided in paragraph (3), each institution of the Farm Credit System, and the Farm Credit System on a combined basis, shall make an annual report of condition as prescribed by the Farm Credit Administration.

"(2) Each report shall contain financial statements—

"(A) prepared in accordance with generally accepted accounting principles; and

"(B) audited by an independent public accountant.

"(3) The Chairman of the Farm Credit Administration Board may exempt any institution from the requirement for a separate report based on a determination that a report consolidated with one or more institutions of the Farm Credit System is sufficient.

"(4) For purposes of examinations and reports made under this section, the Farm Credit Administration may adopt regulatory accounting rules for those matters for which the Financial Accounting Standards Board has not issued a final rule.

"(c)(1) The Chairman of the Farm Credit Administration Board may publish the report of the examination of any institution of the Farm Credit System if such institution has not compiled with recommendations contained in such report to the satisfaction of the Chairman within 120 days after notification of such recommendations.

"(2) The Chairman shall give notice 90 days prior to publishing under paragraph (1) any report of an examination, except that all or part of such 90-day period may, at the option of the Chairman, run concurrently with the 120-day period referred to in paragraph (1).".

TITLE II—REGULATORY ROLE OF THE FARM CREDIT ADMINISTRATION

Subtitle A—Federal Land Banks

ESTABLISHMENT

SEC. 201. The last sentence of section 1.3 of the Farm Credit Act of 1971 (12 U.S.C. 2011) is amended by striking out "When authorized by the Farm Credit Administration, it" and inserting in lieu thereof "Each Federal land bank".

POWERS

SEC. 202. Section 1.4 of the Farm Credit Act of 1971 (12 U.S.C. 2012) is amended—

(1) by striking out "vested in or delegated to the bank" in paragraph (17); and

(2) by striking out paragraph (19) and redesignating paragraphs (20) through (23) as (19) through (22), respectively.

Subtitle B—Federal Intermediate Credit Banks

ESTABLISHMENT

SEC. 211. The last sentence of section 2.0 of the Farm Credit Act of 1971 (12 U.S.C. 2071) is amended by striking out "When authorized by the Farm Credit Administration it" and inserting in lieu thereof "Each Federal intermediate credit bank".

POWERS

SEC. 212. Section 2.1 of the Farm Credit Act of 1971 (12 U.S.C. 2072) is amended—

(1) by striking out "vested in or delegated to the intermediate credit bank" in paragraph (14); and

(2) by striking out paragraph (21).

LOANS

SEC. 213. The first sentence of section 2.3(c) of the Farm Credit Act of 1971 (12 U.S.C. 2074(c)) is amended—

(1) by striking out "(a) (1) and (2)" and inserting in lieu thereof "(a)(2)"; and

(2) by striking out "(in the case of financing institutions under subsection (a)(2) of this section)".

Subtitle C—Production Credit Associations

POWERS

SEC. 221. Section 2.12(19) of the Farm Credit Act of 1971 (12 U.S.C. 2093(19)) is amended by striking out "or the Farm Credit Administration".

LOANS

SEC. 222. Section 2.15 of the Farm Credit Act of 1971 (12 U.S.C. 2096) is amended—

(1) in the matter preceding clause (1) of the first sentence of subsection (a)—

(A) by striking out "rules and regulations" and inserting in lieu thereof "standards"; and

(B) by striking out "and approved by the Farm Credit Administration";

(2) in the first sentence of subsection (b)—

(A) by striking out "regulations" the first place it appears and inserting in lieu thereof "standards";

(B) by striking out "with the approval of the Farm Credit Administration as provided in" and inserting in lieu thereof "subject to"; and

(C) by striking out "in such regulations"; and

(3) in the last sentence of subsection (b)—

(A) by striking out "regulations" and inserting in lieu thereof "standards"; and

(B) by striking out "or of Farm Credit Administration".

Subtitle D—Banks for Cooperatives

ESTABLISHMENT

SEC. 231. The last sentence of section 3.0 of the Farm Credit Act of 1971 (12 U.S.C. 2121) is amended by striking out "When authorized by the Farm Credit Administration each" and inserting in lieu thereof "Each".

POWERS

SEC. 232. Section 3.1 of the Farm Credit Act of 1971 (12 U.S.C. 2122) is amended by striking out paragraph (16) and redesignating paragraphs (17) through (19) as (16) through (18), respectively.

BOARD OF DIRECTORS

SEC. 233. The second sentence of section 3.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2123(a)) is amended by striking out "appointed by the Governor with the advice and consent of the Federal Farm Credit Board" and inserting in lieu thereof "the President of the Central Bank for Cooperatives".

Subtitle E—Funding

ISSUANCE OF OBLIGATIONS

SEC. 241. Section 4.2 of the Farm Credit Act of 1971 (12 U.S.C. 2153) is amended—

(1) by striking out "with approval of the Governor" in subsection (b); and

(2) in subsection (d)—

(A) by striking out "Governor" in the first sentence and inserting in lieu thereof "Chairman";

(B) by striking out "and each such issue shall be subject to approval of the Governor" in the second sentence; and

(C) by striking out "and the approval of the Governor for such issues shall be conditioned on and be evidence of the compliance with this provision" in the proviso of the second sentence.

AGGREGATE OF OBLIGATIONS

SEC. 242. (a) Section 4.3 of the Farm Credit Act of 1971 (12 U.S.C. 2154) as amended—

(1) by striking out subsection (a);

(2) by redesignating subsection (b) as subsection (c); and

(3) by inserting after the caption the following new subsections:

"(a)(1) The Farm Credit Administration shall require Farm Credit System institutions to maintain adequate capital by—

"(A) establishing minimum levels of capital for such institutions; and

"(B) using such other methods as such Administration considers appropriate.

"(2) The Farm Credit Administration may establish such minimum level of capital for an institution of the Farm Credit System as such Administration, at the option of such Administration, determines to be necessary or appropriate in light of the particular circumstances of such institution.

"(b)(1) Failure of an institution of the Farm Credit System to maintain capital at or above the minimum level established for such institution under subsection (a) may be considered by the Farm Credit Administration, at the option of such Administration, to constitute an unsafe or unsound practice within the meaning of this Act.

"(2)(A) In addition to or in lieu of any other action authorized by law, the Farm Credit Administration may issue a directive to an institution of the Farm Credit System that fails to maintain capital at or above the minimum level established for such institution under subsection (a).

"(B)(i) The directive may require such institution to submit and adhere to a plan acceptable to the Farm Credit Administration specifying the means and the timing by which such institution shall reach the minimum capital level.

"(ii) Any such directive issued pursuant to this paragraph (including a plan submitted pursuant to such directive) shall be enforceable under part C of title V to the same extent as an effective and outstanding final order issued under such part.

"(3)(A) The Farm Credit Administration may consider the adherence of an institution of the Farm Credit System to a plan required under this subsection whenever such institution, or an affiliate thereof, seeks the approval of the Farm Credit Administration for any proposal that would divert earnings, diminish capital, or otherwise impede the progress of such institution in achieving the minimum capital level required of such institution.

"(B) The Farm Credit Administration may disapprove any proposal referred to in subparagraph (A) if the Farm Credit Administration determines that the proposal would

adversely affect the ability of such institution to comply with such plan.".

(b) Section 4.2(b) of the Farm Credit Act of 1971 (12 U.S.C. 2153(b)) is amended by striking out "section 4.3(b)" and inserting in lieu thereof "section 4.3(c)".

SUBTITLE F—DISSOLUTION AND MERGER

BOARD OF DIRECTORS FOR MERGED BANK

SEC. 251. Section 4.11 of the Farm Credit Act of 1971 (12 U.S.C. 2182) is amended—

(1) by striking out "Governor with the advice and consent of the Federal Farm Credit Board" in the second sentence and inserting in lieu thereof "Chairman of the Farm Credit Administration Board"; and

(2) by striking out ", with the approval of the Farm Credit Administration, provide for a different number of directors selected in a different manner" in the third sentence and inserting in lieu thereof "provide for the directors to select an additional director".

DISSOLUTION AND MERGERS

SEC. 252. Section 4.12 of the Farm Credit Act of 1971 (12 U.S.C. 2183) is amended to read as follows:

"SEC. 4.12. DISSOLUTION; VOLUNTARY LIQUIDATION; MERGERS; RECEIVERSHIPS; AND CONSERVATORS.—(a) No institution of the Farm Credit System shall go into voluntary liquidation without the consent of the Farm Credit Administration Board and with such consent may liquidate only in accordance with regulations prescribed by the Board.

"(b)(1) Except as provided in paragraph (2), associations may merge voluntarily with other like associations—

"(A) on the vote of a majority of each of the shareholders of such associations present and voting (or voting by written proxy) at duly authorized meetings; and

"(B) with the approval of the Farm Credit Administration.

The Farm Credit Administration Board may require such merger if the Board determines, with the concurrence of the appropriate district board, that an association has failed to meet its outstanding obligations or failed to conduct its operations in accordance with this Act.

"(2)(A) Except as provided in subparagraph (B), with the approval of the Farm Credit Administration, all the like associations within a district may voluntarily merge into a single districtwide association on the vote of—

"(i) the majority of the shareholders present and voting (or voting by written proxy) of two-thirds of the associations in the district; or

"(ii) three-fourths of the shareholders present and voting (or voting by written proxy) of all the associations in the district.

"(B) In the case of a State in which two-thirds of association shareholders voted against merger, any association whose principal office is located within such State may not be required to merge with other associations in the district.

"(c) The Chairman of the Farm Credit Administration Board, after consultation with the respective district board or boards and the board of directors of the Federal Farm Credit System Capital Corporation established under section 4.45, may require two or more banks of the Farm Credit System (other than Central Banks for Cooperatives) operating under the same title to merge if the Chairman determines that one of such banks has failed to meet outstanding obligations of such bank.

"(d)(1) The Chairman of the Farm Credit Administration shall have exclusive power and jurisdiction to appoint a conservator or receiver for any institution of the Farm Credit System in accordance with this subsection.

"(2) A conservator or receiver may be appointed for an institution under this subsection on the basis of—

"(A) insolvency, in that the assets of such institution are less than the obligations of such institution to creditors and other persons, including the members of the institution;

"(B) substantial dissipation of assets or earnings due to any violation of law, rule, or regulation, or to any unsafe or unsound practice;

"(C) an unsafe or unsound condition for the transaction of business;

"(D) willful violation of a cease-and-desist order that has become final; or

"(E) concealment of books, papers, records, or assets of the institution from, or refusal to submit books, papers, records, or affairs of the institution for inspection to, any examiner or any lawful agent of the Farm Credit Administration.

"(3) If the Farm Credit Administration determines that a ground for the appointment of a conservator or receiver for an institution exists under paragraph (2), the Farm Credit Administration may appoint, ex parte and without notice, a conservator or receiver for the institution.

"(4) If a conservator or receiver is appointed under this subsection, the institution may, within 30 days after such appointment, bring an action in the United States district court for the judicial district in which the principal office of such institution is located, or in the United States District Court for the District of Columbia, for an order requiring the Farm Credit Administration to remove such conservator or receiver.

"(5) On commencement of such action, the court having jurisdiction of any other action or proceeding authorized under this subsection to which the institution is a party shall stay such action or proceeding during the pendency of the action for removal of the conservator or receiver.".

SUBTITLE G—COMPENSATION OF DISTRICT BOARD

COMPENSATION OF DISTRICT BOARD

SEC. 261. Section 5.5 of the Farm Credit Act of 1971 (12 U.S.C. 2226) is amended—

(1) by inserting ", and (in accordance with Farm Credit Administration regulations) for other services rendered in their capacity as directors" before the period at the end of the first sentence; and

(2) by striking out the second and third sentences.

TITLE III—ENFORCEMENT BY FARM CREDIT ADMINISTRATION

ENFORCEMENT BY FARM CREDIT ADMINISTRATION

SEC. 301. Title V of the Farm Credit Act of 1971 (12 U.S.C. 2221 et seq.) is amended by adding at the end thereof the following new part:

"PART C—ENFORCEMENT BY FARM CREDIT ADMINISTRATION

"SEC. 5.40. DEFINITIONS.—As used in this part:

"(1) The term 'Administration' means the Farm Credit Administration.

"(2) The terms 'cease-and-desist order that has become final' and 'order that has become final' mean—

"(A) a cease-and-desist order, or an order, issued by the Administration—

"(i) with the consent of the institution or the director, officer, or other person concerned;

"(ii) with respect to which no petition for review of the action of the Administration has been filed and perfected in a court of appeals under section 5.44(c); or

"(iii) with respect to which the action of the court in which such petition is so filed is not subject to further review by the Supreme Court of the United States in proceedings provided for under section 5.44(c); or

"(B) an order issued under subsection (b) or (d) of section 5.43.

"(3) The term 'institution' means—

"(A) an institution specified in section 1.2;

"(B) a service organization chartered under part D of title IV; or

"(C) the Federal Farm Credit System Capital Corporation established under section 4.41.

"(4) The term 'safe or unsound practice' shall have the meaning given such term by the Administration by regulation, rule, or order.

"(5) The term 'violate' includes any action (alone or with another or others) causing, bringing about, participating in, counseling, or aiding or abetting a violation.

"SEC. 5.41. CEASE-AND-DESIST ORDERS.—(a)(1) If the Administration believes that any institution, or any director, officer, employee, agent, or other person participating in the conduct of the affairs of an institution—

"(A) is engaging, has engaged, or the Administration has reasonable cause to believe is about to engage, in an unsafe or unsound practice in conducting the business of such institution; or

"(B) is violating, has violated, or the Administration has reasonable cause to believe is about to violate, a law, rule, or regulation, or any condition imposed in writing by the Administration in connection with the granting of any application or other request by such institution or any written agreement entered into with the Administration,

the Administration may issue and serve on such institution or such director, officer, employee, agent, or other person a notice of charges of such practice or violation.

"(2) Such notice shall contain a statement of the facts constituting the alleged violation or violations or the unsafe or unsound practice or practices.

"(b)(1) In addition to such statement, the notice shall fix a time and place at which a hearing shall be held to determine whether an order to cease and desist from such practice or violation should be issued against the institution or the director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution.

"(2) Such hearing shall be held on a date not earlier than 30 days, nor later than 60 days, after service of such notice, unless a different date is established by the Administration at the request of any party so served.

"(3) Unless the party or parties so served shall appear at the hearing personally or by a duly authorized representative, the party or parties shall be considered to have consented to the issuance of the cease-and-desist order.

"(c)(1) If such consent is established, or if on the record made at any such hearing, the Administration finds that a violation or unsafe or unsound practice specified in the notice of charges has been established, the

Administration may issue and serve on the institution or the director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution an order to cease and desist from any such violation or practice.

"(2) Such order may require the institution or the directors, officers, employees, agents, and other persons participating in the conduct of the affairs of such institution to—

"(A) cease and desist from such violation or practice; and

"(B) take affirmative action to correct the conditions resulting from any such violation or practice.

"(3) A cease-and-desist order shall—

"(A) become effective at the expiration of 30 days after the service of such order on the institution or other person concerned (except that, in the case of a cease-and-desist order issued on the basis of consent, such order shall become effective at the time specified in such order); and

"(B) remain effective and enforceable as provided in the order, except to the extent the order is stayed, modified, terminated, or set aside by action of the Administration or a reviewing court.

"(d)(1) If the Administration believes that the violation or threatened violation or the unsafe or unsound practice or practices, specified in the notice of charges served on the institution or any director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution pursuant to subsection (a), or the continuation thereof, is likely to cause insolvency or substantial dissipation of assets or earnings of the institution or is likely to seriously weaken the condition of the institution or otherwise seriously prejudice the interest of the investors in Farm Credit System obligations or shareholders in the institution prior to the completion of the proceedings conducted pursuant to subsection (b), the Administration may issue a temporary order requiring the institution or such director, officer, employee, agent, or other person—

"(A) to cease and desist from any such violation or practice; and

"(B) to take affirmative action to prevent such insolvency, dissipation, condition, or prejudice pending completion of such proceedings.

"(2) Such order shall—

"(A) become effective on the service on the institution or such director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution; and

"(B) unless set aside, limited, or suspended by a court in proceedings authorized by paragraph (3), remain effective and enforceable—

"(i) pending the completion of the administrative proceedings conducted pursuant to such notice; and

"(ii) until—

"(I) such time as the Administration shall dismiss the charges specified in such notice; or

"(II) if a cease-and-desist order is issued against the institution or such director, officer, employee, agent, or other person, the effective date of such order.

"(3)(A) Within 10 days after the institution concerned or any director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution has been served with a temporary cease-and-desist order, the institution or such director, officer, employee, agent, or other person may apply to the United States district court for the judicial district in which the principal office of the institution is located, or the United States District Court for the District of Columbia, for an injunction setting aside, limiting, or suspending the enforcement, operation, or effectiveness of such order pending the completion of the administrative proceedings pursuant to the notice of charges served on the institution or such director, officer, employee, agent, or other person under subsection (a).

"(B) Such court shall have jurisdiction to issue such injunction.

"(4)(A) In the case of a violation or threatened violation of, or failure to obey, a temporary cease-and-desist order issued pursuant to paragraph (1), the Administration may apply to the United States district court, or the United States court of any territory, within the jurisdiction of which the principal office of the institution is located, for an injunction to enforce such order.

"(B) If the court determines that there has been such violation or threatened violation or failure to obey, the court shall issue such injunction.

"SEC. 5.42. SUSPENSION OR REMOVAL OF DIRECTOR OR OFFICER.—(a) If the Administration believes that—

"(1) any director or officer of an institution has—

"(A) committed any violation of a law, rule, regulation, or of a cease-and-desist order that has become final;

"(B) engaged or participated in any unsafe or unsound practice in connection with the institution; or

"(C) committed or engaged in any act, omission, or practice that constitutes a breach of a fiduciary duty of such director or officer;

"(2)(A) the institution has suffered or will probably suffer substantial financial loss or other damage;

"(B) the interests of the shareholders or investors in Farm Credit System obligations could be seriously prejudiced by reason of such violation, practice, or breach; or

"(C) the director or officer has received financial gain by reason of such violation, practice, or breach; and

"(3) such violation or practice or breach of fiduciary duty is one that—

"(A) involves personal dishonesty on the part of such director or officer; or

"(B) demonstrates gross negligence or a willful or continuing disregard for the safety or soundness of the institution,

the Administration may serve on such director or officer a written notice of the intention of the Administration to remove such director or officer from office.

"(b) If the Administration believes that—

"(1) any director or officer of an institution, by conduct or practice with respect to another institution or other business institution that resulted in substantial financial loss or other damage, has evidenced—

"(A) personal dishonesty, gross negligence, or a willful or continuing disregard for the safety and soundness of such institution; and

"(B) unfitness of the director or officer to continue as a director or officer; or

"(2) any other person participating in the conduct of the affairs of an institution, by conduct or practice with respect to such institution or other institution or other business institution that resulted in substantial financial loss or other damage, has evidenced—

"(A) personal dishonesty, gross negligence, or a willful or continuing disregard for the safety and soundness of such institution; and

"(B) unfitness of such person to participate in the conduct of the affairs of such institution,

the Administration may serve on such director, officer, or other person a written notice of the intention of the Administration to remove such director, officer, or other person from office or to prohibit the further participation of such director, officer, or other person in the conduct of the affairs of the institution.

"(c)(1) In the case of any director or officer of an institution or any other person referred to in subsection (a) or (b), the Administration may, if the Administration considers it necessary for the protection of the institution or the interest of the shareholders of such institution or the investors in Farm Credit System obligations, by written notice to such effect served on such director, officer, or other person—

"(A) suspend such director, officer, or other person from office; or

"(B) prohibit such director, officer, or other person from further participation in the conduct of the affairs of the institution.

"(2) Such suspension or prohibition shall—

"(A) become effective on the service of such notice; and

"(B) unless stayed by a court in proceedings authorized by subsection (f), remain in effect—

"(i) pending the completion of the administrative proceedings conducted pursuant to the notice served under subsection (a) or (b); and

"(ii) until—

"(I) such time as the Administration shall dismiss the charges specified in such notice; or

"(II) if an order of removal or prohibition is issued against the director or officer or other person, until the effective date of such order.

"(3) A copy of any such notice shall also be served on the institution of which the director or officer is a director or officer or in the conduct of whose affairs the director, officer, or other person has participated.

"(4) A notice of intention to remove a director, officer, or other person from office or to prohibit the participation of such director, officer, or other person in the conduct of the affairs of an institution shall contain a statement of the facts constituting grounds for such removal or prohibition.

"(d)(1) In addition to such statement, such notice shall establish a time and place at which a hearing will be held on the basis for removal.

"(2) Such hearing shall be held on a date not earlier than 30 days, nor later than 60 days, after the date of service of such notice, unless a different date is established by the Administration at the request of—

"(A) such director, officer, or other person, and for good cause shown; or

"(B) the Attorney General of the United States.

"(3) Unless such director, officer, or other person appears at the hearing in person or through a duly authorized representative, such director, officer, or other person shall be considered to have consented to the issuance of an order of such removal or prohibition.

"(e)(1) If consent to such is obtained, or if on the record made at any such hearing the Administration finds that any of the

grounds specified in such notice have been established, the Administration may issue an order of suspension or removal from office, or prohibition from participation in the conduct of the affairs of the institution, as the Administration considers appropriate.

"(2) A copy of an order issued under this section shall be served on the institution concerned.

"(3) Any such order shall—

"(A) become effective at the expiration of 30 days after service on such institution and the director, officer, or other person concerned (except that, in the case of an order issued on the basis of consent, such order shall become effective at the time specified in such order); and

"(B) remain effective and enforceable, except to the extent such order is stayed, modified, terminated, or set aside by action of the Administration or a reviewing court.

"(f)(1) Within 10 days after any director, officer, or other person has been suspended from office or prohibited from participation in the conduct of the affairs of an institution, or both, under subsection (c), such director, officer, or other person may apply to the United States district court for the judicial district in which the principal office of the institution is located, or the United States District Court for the District of Columbia, for a stay of such suspension or prohibition, or both, pending the completion of the administrative proceedings conducted pursuant to the notice served on such director, officer, or other person under subsection (a) or (b).

"(2) Such court shall have jurisdiction to stay such suspension or prohibition, or both.

"SEC. 5.43. SUSPENSION OR REMOVAL OF DIRECTOR OR OFFICER CHARGED WITH FELONY.—(a)(1) If—

"(A) a director or officer of an institution, or other person participating in the conduct of the affairs of an institution, is charged in any information, indictment, or complaint authorized by a United States attorney, with the commission of or participation in a crime involving dishonesty or breach of trust that is punishable by imprisonment for a term exceeding 1 year under State or Federal law; and

"(B) continued service or participation by the individual may—

"(i) pose a threat to the interests of the shareholders of the institution or investors in Farm Credit System obligations; or

"(ii) impair public confidence in the institution,

the Administration may, by written notice served on such director, officer, or other person, suspend such director, officer, or other person from office or prohibit such director, officer, or other person from further participation in the conduct of the affairs of the institution.

"(2) Such suspension or prohibition shall remain in effect until such information, indictment, or complaint is finally disposed of or until terminated by the Administration.

"(b)(1) If—

"(A) a judgment of conviction with respect to such crime is entered against such director, officer, or other person;

"(B) such judgment is not subject to further appellate review; and

"(C) continued service or participation by the individual may—

"(i) pose a threat to the interests of the shareholders of the institution or investors in Farm Credit System obligations; or

"(ii) impair public confidence in the institution,

the Administration may issue and serve on such director, officer, or other person an order removing such director, officer, or other person from office or prohibiting such director, officer, or other person from further participation in the conduct of the affairs of the institution, except with the consent of the Administration.

"(2) A copy of such order shall also be served on such institution.

"(3) On receipt of such copy, such director or officer shall cease to be a director or officer of such institution.

"(4) A finding of not guilty or other disposition of the charge shall not preclude the Administration from thereafter instituting proceedings to remove such director, officer, or other person from office or to prohibit further participation in institution affairs, pursuant to section 5.42.

"(5) Any notice of suspension or order of removal issued under this section shall remain effective and outstanding until the completion of any hearing or appeal authorized under subsection (d), unless terminated by the Administration.

"(c)(1) If at any time, as the result of the suspension of one or more directors pursuant to this section, there shall be on the board of directors of an institution less than a quorum of directors not so suspended, the Chairman of the Farm Credit Administration Board shall appoint persons to serve temporarily as directors in their place and stead so as to establish a quorum.

"(B) Such persons shall serve until such time as those persons who have been removed are reinstated or their respective successors are elected or appointed and take office.

"(d)(1) Within 30 days after service of any notice of suspension or order of removal issued pursuant to subsection (a) or (b), the director, officer, or other person concerned may request in writing an opportunity to appear before the Administration to show that the continued service to or participation in the conduct of the affairs of the institution by such individual does not, or is not likely to, pose a threat to the interests of the shareholders of the institution or the investors in Farm Credit System obligations.

"(2) On receipt of any such request, the Administration shall establish a time (not more than 30 days after receipt of such request, unless extended at the request of the concerned director, officer, or other person) and place at which the director, officer, or other person may appear, personally or through counsel, before the Chairman of the Farm Credit Administration Board to submit written materials (or, at the discretion of the Administration, oral testimony) and oral argument.

"(3) Within 60 days after such hearing, the Administration shall notify such director, officer, or other person whether the suspension or prohibition from participation in the conduct of the affairs of the institution will be continued, terminated, or otherwise modified, or whether the order removing such director, officer, or other person from office or prohibiting such individual from further participation in the conduct of the affairs of the institution will be rescinded or otherwise modified.

"(4) Such notification shall contain a statement of the basis for the decision of the Administration, if adverse to the director, officer, or other person.

"(e) The Administration may prescribe such rules as may be necessary to carry out this section.

"SEC. 5.44. ADMINISTRATIVE AND JUDICIAL REVIEW.—(a)(1) Any hearing provided for in this part (other than a hearing provided for in section 5.43(d)) shall be held in the Federal judicial district or in the territory in which the principal office of the institution is located, unless the party afforded the hearing consents to another place.

"(2) Such hearing shall be conducted in accordance with chapter 5 of title 5, United States Code.

"(3) Such hearing shall be private, unless the Administration, after fully considering the views of the party afforded the hearing, determines that a public hearing is necessary to protect the public interest.

"(b)(1) After such hearing, and within 90 days after the Administration has notified the parties that the case has been submitted to the Administration for final decision, the Administration shall—

"(A) render a decision (including the findings of fact on which the decision is predicated); and

"(B) issue and serve on each party to the proceeding an order or orders consistent with this part.

"(2) Judicial review of any such order shall be had exclusively as provided in this section.

"(3) Unless a petition for review is timely filed in a court of appeals of the United States, as provided in subsection (c), and thereafter until the record in the proceeding has been filed as so provided, the Administration may at any time, on such notice and in such manner as the Administration shall consider proper, modify, terminate, or set aside any such order.

"(4) On the filing of the record, the Administration may modify, terminate, or set aside any such order with permission of the court.

"(c)(1) Any party to a proceeding conducted under this section, or any person required by an order issued under this section to cease and desist from a violation or practice stated in such order, may obtain a review of any order served pursuant to subsection (a) or (b) (other than an order issued with the consent of the institution or the director or officer or other person concerned, or an order issued under section 5.43(b)) by the filing in the court of appeals of the United States for the circuit in which the principal office of the institution is located, or in the United States Court of Appeals for the District of Columbia Circuit, within 30 days after the date of the service of such order, a written petition praying that the order of the Administration be modified, terminated, or set aside.

"(2) A copy of such petition shall be transmitted immediately by the clerk of the court to the Administration.

"(3) On receipt of such copy, the Administration shall file in the court the record in the proceeding, as provided in section 2112 of title 28, United States Code.

"(4) On the filing of such petition, such court shall have jurisdiction (that on the filing of the record shall (except as provided in subsection (b)(4)) be exclusive) to affirm, modify, terminate, or set aside, in whole or in part, the order of the Administration.

"(5) The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court on certiorari, as provided in section 1254 of title 28, United States Code.

"(d) The commencement of proceedings for judicial review under subsection (c) shall not, unless specifically ordered by the court, operate as a stay of any order issued by the Administration.

"SEC. 5.45. ENFORCEMENT.—(a) The Administration may apply to the United States district court, or the United States court of any territory, within the jurisdiction of which the principal office of an institution is located, for the enforcement of any effective and outstanding notice or order issued under this part.

"(b)(1) Except as provided in paragraph (2), such court shall have jurisdiction and power to order and require compliance with such notice or order.

"(2) Except as otherwise provided in this part, no court shall have jurisdiction—

"(A) to affect by injunction or otherwise the issuance or enforcement of any notice or order under this part; or

"(B) to review, modify, suspend, terminate, or set aside any such notice or order.

"SEC. 5.46. PENALTIES.—(a)(1) Subject to paragraph (2), any institution that violates, or an officer, director, employee, agent, or other person participating in the conduct of the affairs of such an institution who violates, the terms of any order that has become final and was issued pursuant to section 5.41, shall forfeit and pay a civil penalty of not more than $1,000 per day for each day during which such violation continues.

"(2) The Administration may compromise, modify, or remit any civil money penalty that is subject to imposition or has been imposed under this section.

"(3) The penalty may be assessed and collected by the Administration by written notice.

"(b) In determining the amount of the penalty, the Administration shall take into account the appropriateness of the penalty with respect to the size of financial resources and good faith of the institution or person charged, the gravity of the violation, the history of previous violations, and such other matters as the Administration considers appropriate.

"(c)(1) The institution or person assessed shall be afforded an opportunity for a hearing before the Administration, on request made within 10 days after the issuance of the notice of assessment.

"(2) In such hearing all issues shall be determined on the record pursuant to section 554 of title 5, United States Code.

"(3) A determination of the Administration shall be made by final order and may be reviewed only as provided in subsection (d).

"(4) If no hearing is requested as provided in subsection (d), the assessment shall constitute a final and unappealable order.

"(d)(1) Any institution or person against whom an order imposing a civil money penalty has been entered after the hearing held before the Administration under this section may obtain review of such order by the United States court of appeals for the circuit in which the principal office of the institution is located, or the United States Court of Appeals for the District of Columbia Circuit, by—

"(A) filing a notice of appeal in such court within 20 days after the service of such order; and

"(B) simultaneously sending a copy of such notice by registered or certified mail to the Administration.

"(2) The Administration shall promptly certify and file in such Court the record on which the penalty was imposed, as provided in section 2112 of title 28, United States Code.

"(3) The findings of the Administration shall be set aside if found to be unsupported by substantial evidence.

"(e)(1) If any institution or person fails to pay an assessment after the assessment has become a final and unappealable order, or after the court of appeals has entered a final judgment in favor of the Administration, the Administration shall refer the matter to the Attorney General.

"(2) The Attorney General shall recover the amount assessed by action in the appropriate United States district court.

"(3) In such action, the validity and appropriateness of the final order imposing the penalty shall not be subject to review.

"(f) The Administration shall issue regulations establishing procedures necessary to implement this section.

"(g) All penalties collected under authority of this section shall be placed in the Treasury of the United States.

"(h) Any director or officer, or former director or officer of an institution, or any other person, against whom there is outstanding and effective a notice or final order served on such director, officer, or other person under subsection (c), (d), or (e) of section 5.42 or section 5.43 who—

"(1) participates in the conduct of the affairs of the institution involved, or directly or indirectly solicits or procures, or transfers or attempts to transfer, or votes or attempts to vote, any proxies, consents, or authorizations in respect of any voting rights in such institution; or

"(2) without the prior written approval of the Administration, votes for a director, serves or acts as a director, officer, or employee of any institution,

shall on conviction be fined not more than $5,000 or imprisoned for not more than 1 year, or both.

"SEC. 5.47. GENERAL PROVISIONS.—(a) Any service required or authorized to be made by the Administration under this part may be made by registered mail, or in such other manner reasonably calculated to give actual notice as the Administration may by regulation or otherwise provide.

"(b)(1) In the course of or in connection with any proceeding under this part or any examination or investigation under section 5.18, the Administration or any designated representative thereof (including any person designated to conduct any hearing under this part) shall have the power to administer oaths and affirmations, to take or cause to be taken depositions, and to issue, revoke, quash, or modify subpoenas and subpoenas duces tecum.

"(2) The Administration may issue rules and regulations with respect to any such proceedings, claims, examinations, or investigations.

"(3) The attendance of witnesses and the production of documents provided for in this subsection may be required from any place in any State or in any territory or other place subject to the jurisdiction of the United States at any designated place where such proceeding is being conducted.

"(4) The Administration or any party to a proceeding under this part may apply to the United States District Court for the District of Columbia, or the United States district court for the judicial district or the United States court in any territory in which such proceeding is being conducted, or where the witness resides or carries on business, for enforcement of any subpoena or subpoena duces tecum issued pursuant to this subsection.

"(5) Such court shall have jurisdiction and power to order and require compliance with an order.

"(6) Witnesses subpoenaed under this subsection shall be paid the same fees and mileage that are paid witnesses in the district courts of the United States.

"(7) Any court having jurisdiction of any proceeding instituted under this part by an institution or a director or officer of an institution, may allow to any such party such reasonable expenses and attorneys' fees as the court considers just and proper.

"(8) Such expenses and fees shall be paid by the institution or from the assets of the institution.

"(9) Any person who willfully shall fail or refuse to attend and testify or to answer any lawful inquiry or to produce books, papers, correspondence, memoranda, contracts, agreements, or other records, if within the power of such person, in compliance with the subpoena of the Administration, shall be guilty of a misdemeanor and, on conviction, shall be subject to a fine of not more than $1,000 or to imprisonment for a term of not more than 1 year, or both.".

TITLE IV—FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION

FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION

SEC. 401. Title IV of the Farm Credit Act of 1971 (12 U.S.C. 2151 et seq.) is amended by adding at the end thereof the following new part:

"PART F—FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION

"SEC. 4.40. DEFINITIONS.—As used in this part:

"(1) The term 'Administration' means the Farm Credit Administration.

"(2) The term 'Board of Directors' means the Board of Directors of the Corporation.

"(3) The term 'Corporation' means the Federal Farm Credit System Capital Corporation established under section 4.41.

"(4) The term 'institution' means an institution of the Farm Credit System.

"SEC. 4.41. CHARTER AND PURPOSE OF CORPORATION.—(a) To ensure the continued viability of the farmer-owned cooperative Farm Credit System through the effective redistribution of capital, the purchase, restructuring, and sale of system assets, and the taking of other prescribed actions, the Administration may in accordance with this part—

"(1) provide for the organization, incorporation, examination, operation and regulation of a Federal Farm Credit System Capital Corporation, under such rules and regulations as the Administration may prescribe, including but not limited to, rules and regulations prescribed in the charter of the Corporation; and

"(2) issue a charter for such Corporation.

"(b) On the issuance of such charter, the Corporation shall become a federally chartered body corporate that is an institution of the Farm Credit System.

"SEC. 4.42. POWERS OF THE CORPORATION.—Subject to such rules and regulations as the Administration may prescribe, the Corporation shall operate under the supervision of the Administration and have the following powers:

"(1) Adopt and use a corporate seal.

"(2) Have succession until dissolved by the Administration or by law.

"(3) Make contracts.

"(4) Sue and be sued.

"(5) Acquire, hold, dispose of, and otherwise exercise all the usual incidents of ownership of real and personal property necessary or convenient to the business of the Corporation, except that the acquisition of property from an institution may be made only at fair market value based on standards prescribed by the Administration.

"(6) Acquire, hold, and dispose of loans or interests in loans or other assets acquired from an institution, provide services and other assistance authorized by this Act, and charge fees for such services and assistance, except that the acquisition of any such loan or asset may be made only at fair market value based on standards prescribed by the Administration.

"(7) Exercise all the rights and privileges of an institution with respect to any loan or interest therein that the Corporation has acquired, including the adjustment of interest rates, compromise of indebtedness, waiver of default, and other rights and privileges.

"(8) Assume debt or other liabilities from institutions in connection with the acquisition of loans or interests in such loans or other assets from such institutions.

"(9) Subject to the authority of the Administration to regulate such actions under sections 4.48 and 5.18, require institutions, as the Corporation may determine, to purchase stock in the Corporation or otherwise assess and collect funds from each institution in such manner, at such times, and in such amounts as the Corporation shall determine are necessary—

"(A) to cover the expenses of the Corporation, including operating expenses, debt payments, retirement of obligations (including the cost of retiring obligations issued to the Secretary of the Treasury or the Administration), loan losses, and any other expenses incurred in exercising the authority of the Corporation under this part; and

"(B) subject to the approval of the Administration—

"(i) to retire stock of the Corporation purchased by institutions; and

"(ii) to repay institutions all or part of any amount that has been assessed under this section.

"(10) Transfer funds and equities between and among institutions, require capital contributions to the Corporation from institutions, and administer capital assistance or extend credit to any institution, as the Corporation considers necessary under regulations issued under sections 4.48 and 5.18.

"(11) Extend credit to borrowers of an institution—

"(A) to protect collateral supporting loans held by the Corporation; and

"(B) to facilitate debt restructuring of such loans.

"(12) Operate under the direction of the Board of Directors.

"(13) Elect by the Board of Directors a president and provide for such other officers, employees, and agents as may be necessary, with the president serving at the pleasure of the Board of Directors.

"(14) Prescribe through the Board of Directors, bylaws that are not inconsistent with law providing for—

"(A) the classes of stock of the Corporation and the manner in which such stock shall be issued, transferred, and retired;

"(B) the officers, employees, and agents of the Corporation elected or provided;

"(C) the property of the Corporation acquired, held, and transferred;

"(D) the general business of the Corporation; and

"(E) the privileges granted to the Corporation by law.

"(15) Borrow money through the issuance of System-wide notes, bonds, debentures, or other obligations in connection with other banks of the Farm Credit System, on such terms, conditions, and rates of interest as may be agreed on and approved by the Chairman of the Farm Credit Administration Board, and in accordance with part A of title IV.

"(16) Borrow from any system or commercial bank on the individual responsibility of the Corporation on such terms and conditions as the Corporation may determine with the approval of the Administration.

"(17) Authorize, through the Board of Directors, under such terms and conditions as the Corporation shall determine—

"(A) the issuance and sale of—

"(i) voting stock to banks of the Farm Credit System; and

"(ii) nonvoting stock to banks or other institutions of the Farm Credit System or to members of the public; or

"(B) an increase in the capital stock of the Corporation.

"(18) Authorize, through the Board of Directors, the issuance and sale of obligations, including notes, bonds, debentures, capital notes, and nonvoting securities to the Secretary of the Treasury or Administration under such terms and conditions as shall be determined.

"(19) Deposit the securities and current funds of the Corporation with any member of the Federal Reserve System or any insured State nonmember bank (as defined in section 2(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813(b)), pay fees therefor, and receive interest thereon, as may be agreed on.

"(20) Buy and sell securities issued or insured by the United States or any agency of the United States or securities backed by the full faith and credit of any such agency and make such other investments as are authorized by the Administration.

"(21) Provide managerial, technical, and financial services to institutions relating to loan restructuring.

"(22) Exercise, through the Board of Directors or authorized officers, employees, or agents, all such incidental powers as may be necessary or expedient to carry out the business of the Corporation.

"SEC. 4.43. LIMITATION ON POWERS OF THE CORPORATION.—The powers of the Corporation under this part—

"(1) shall be exercised only for purposes specified in this part; and

"(2) shall not be exercised in a manner that would result in the Corporation supplanting institutions of the Farm Credit System operating under title I through III as the primary providers of credit and other financial services to farmers, ranchers, and their cooperatives.

"SEC. 4.44. EMPLOYEES AND FUNDS OF THE CORPORATION.—(a) An officer or employee of the Corporation shall not be considered an officer or employee of the Federal Government.

"(b) Funds held by the Corporation shall not be considered to be funds of the Federal Government or appropriated moneys.

"SEC. 4.45. BOARD OF DIRECTORS OF THE CORPORATION.—(a)(1) The Board of Directors of the Corporation shall consist of five members, of which—

"(A) three members shall be elected by the farm credit banks that own the voting stock of the Corporation, with each such bank having the right to cast one vote to fill each such vacancy without regard to the number of voting shares owned by such bank; and

"(B) two members shall be appointed by the Chairman of the Farm Credit Administration Board.

"(2) Members appointed by the Chairman under paragraph (1)(B) shall be selected from United States citizens—

"(A) who are not borrowers from, shareholders in, or employees of any institution; and

"(B) who are experienced in financial services and credit.

"(b) Members of the Board of Directors shall serve 2-year terms, except that, of the members first elected or appointed to the Board of Directors, one elected member and one appointed member shall serve initial terms of 1 year.

"(c) The Board of Directors shall elect, on an annual basis, a Chairman from among the members of the Board.

"(d)(1) Members of the Board may succeed themselves and may serve until their successors are duly seated.

"(2) Vacancies on the Board shall be filled in the same manner as the vacant position was previously filled.

"SEC. 4.46. INITIAL CAPITALIZATION.—(a) Subject to section 4.48, the Administration shall provide for the initial capitalization of the Corporation by requiring institutions to contribute capital to the Corporation in such amounts and under such terms and conditions as the Chairman of the Farm Credit Administration Board may prescribe.

"(b) The initial capital stock of the Corporation—

"(1) shall be divided into shares of par value of $100 each;

"(2) may be of such classes as the Chairman of the Farm Credit Administration Board may prescribe; and

"(3) shall be distributed among the institutions.

"SEC. 4.47. REPORTING.—The Corporation shall be included in all combined or consolidated reports and statements of the Farm Credit System.

"SEC. 4.48. ISSUANCE OF REGULATIONS.—(a)(1) The Administration shall establish, by regulation, criteria under which—

"(A) the Corporation shall require institutions of the Farm Credit System to purchase stock in the Corporation or pay assessments to the Corporation; or

"(B) the Administration shall require such institutions to provide the initial capital required by the Corporation.

"(2) Such regulations shall—

"(A) require an equitable sharing of the assessment burden; and

"(B) give due consideration to the relative financial strength and ability to pay of the contributing institution.

"(3) Assessments made under such regulations may not reduce the resources of the contributing institution below a point at which the institution's ability to function as an ongoing competitive and viable lender is jeopardized.

"(b)(1) The Administration shall establish, by regulation, the criteria used in determining—

"(A) the eligibility of institutions for financial assistance from the Corporation; and

"(B) the types and amounts of financial assistance that may be obtained from the Corporation.

"(2) Such regulations shall provide that an institution shall be eligible to receive financial assistance if the financial condition of the institution has deteriorated to a point at which—

"(A) continued operation of the institution is jeopardized; and

"(B) the provision of such financial assistance is necessary to ensure that farm credit services will continue to be available to borrowers in the territory of the institution.

"SEC. 4.49. PURCHASE, PARTICIPATION, AND ADMINISTRATION OF LOANS.—(a) The Corporation may require any institution, as a condition for receiving assistance, to sell to the Corporation—

"(1) loans or participation interests in loans that have been placed in nonaccrual status;

"(2) assets carried in the account of such institution for acquired properties; and

"(3) other loans and related assets.

"(b)(1) The Corporation may refinance, reamortize, or compromise indebtedness with respect to any loans (or participation in loans) purchased by the Corporation.

"(2) Indebtedness may be compromised below the level of the investment of the Corporation in the asset only if the Corporation, with the concurrence of or in accordance with guidelines of the Administration, determines that the collateral valuations that formed the basis for establishing the price at which the Corporation purchased the loan does not reflect the fair market value of such collateral and the repayment capacity of the debtor.

"(3) Requests for compromise of indebtedness that arise in the course of loan administration by the Corporation may be granted, denied, or altered in the sole discretion of the Corporation.

"(4) The Corporation shall not be required to accept any repayment of a loan (or participation in a loan) that is less than is legally due the Corporation under such loan.

"SEC. 4.50. TAXATION.—(a)(1) Except as provided in paragraph (2), the Corporation and the capital, reserves, and surplus of the Corporation, and the income derived therefrom, shall be exempt from Federal, State, municipal, and local taxation.

"(2) Real property held by the Corporation may be taxed on the basis of the value of such property and in a manner similar to taxes levied on other similar property held by other persons.

"(b) For purposes of Federal, State, municipal, and local taxation—

"(1) subject to section 4.4(c), the mortgages held by the Corporation, and the notes, bonds, debentures, and other obligations issued by the Corporation, shall be considered to be instrumentalities of the Federal Government; and

"(2) such obligations, and the income therefrom, shall be exempt from all such taxation, other than Federal income tax liability imposed on the holder of such obligations in accordance with section 3124 of title 31, United States Code.".

TITLE V—RIGHTS OF APPLICANTS AND SHAREHOLDERS

DISCLOSURE AND ACCESS TO INFORMATION

SEC. 501. Part C of title IV of the Farm Credit Act of 1971 is amended—

(1) by redesignating section 4.13 (12 U.S.C. 2201) as section 4.13B; and

(2) by inserting after the heading for such part the following new sections:

"SEC. 4.13. DISCLOSURE.—(a) The Farm Credit Administration shall promulgate regulations requiring each lending institution of the Farm Credit System to provide to each borrower of such institution, for each loan that is not subject to the Truth In Lending Act (15 U.S.C. 1601 et seq.), meaningful and timely disclosure of—

"(1) the current rate of interest on such loan;

"(2) in the case of an adjustable or variable rate loan—

"(A) the amount and frequency by which the interest rate may be increased during the term of the loan or, if there are no such limitations, a statement to such effect; and

"(B) the factors (including, but not limited to, the cost of funds, operating expenses, and provision for loan losses) that will be taken into account by such institution in determining adjustments to the interest rate;

"(3) the effect (as demonstrated by a representative example or examples) of the required purchase of stock or participation certificates in such institution on the effective rate of interest; and

"(4) any change in the interest rate applicable to the loan of such borrower.

"(b)(1) The Farm Credit Administration shall promulgate regulations setting forth guidelines to be followed by each lending institution of the Farm Credit System in developing a policy governing forbearance.

"(2) Each such institution shall provide to each borrower from such institution a copy of such institution's policy regarding forbearance at such time as the Farm Credit Administration shall prescribe by regulation.

"SEC. 4.13A. ACCESS TO DOCUMENTS AND INFORMATION.—(a)(1) The Farm Credit Administration shall promulgate regulations requiring each bank and association of the Farm Credit System to provide each borrower of a loan made by such bank or association—

"(A) at the time of execution of such loan, a copy of each document signed by the borrower with respect to such loan; and

"(B) at any time thereafter, on the request of such borrower, a copy of each document signed or delivered by such borrower.

"(2) Such regulations also shall require each such bank and association to provide the shareholders of such bank or association, on request, a copy of the articles of incorporation, or charter and bylaws, of such bank or association.

"(b)(1)(A) A bank or association of the Farm Credit System shall provide a copy of a current list of the shareholders of such bank or association within 10 days after a request for the same made by a shareholder.

"(B) As a condition to providing the list, the bank or association may require the shareholder to certify that the shareholder—

"(i) will utilize the list exclusively for communicating with shareholders on matters related to the business operations of the bank or association; and

"(ii) will not make the list available to any person, other than an attorney or accountant of the shareholder, without the written consent of the bank or association.

"(2)(A) If the requesting shareholder concurs and agrees to defray the reasonable costs of such action, a bank or association may, as an alternative to providing a list of the shareholders of such bank or association, mail or otherwise furnish a communication to each such shareholder, as promptly as practicable after receipt.

"(B) On request, the institution shall estimate the costs of handling and mailing such communication.".

NOTICE OF ACTION ON APPLICATIONS

SEC. 502. Section 4.13B of the Farm Credit Act of 1971 (as redesignated by section 501(1)) is amended—

(1) by inserting "written" after "prompt"; and

(2) by inserting before the period at the end thereof the following: ", and of the right of the applicant to review under section 4.14".

RECONSIDERATION OF ACTION ON APPLICATIONS

SEC. 503. Section 4.14 of the Farm Credit Act of 1971 (12 U.S.C. 2202) is amended to read as follows:

"SEC. 4.14. RECONSIDERATION OF ACTION ON APPLICATIONS.—(a) The Farm Credit Administration shall promulgate regulations requiring the board of directors of each lending institution of the Farm Credit System to establish a credit review committee.

"(b) If a loan applicant has received written notice under section 4.13B of a decision to deny or reduce the loan applied for and the applicant makes a written request to the appropriate institution within 30 days after receiving such notice, such applicant may obtain a review of such decision in person before the appropriate credit review committee.

"(c) Promptly after any such review, such applicant shall be notified in writing of the decision of the credit review committee and the reasons therefor.".

NOTICE OF RETIREMENT OF STOCK AND CAPITAL INVESTMENTS

SEC. 504. (a) The sixth sentence of section 1.16(a) of the Farm Credit Act of 1971 (12 U.S.C. 2014(a)) is amended by inserting "and on written notice to the shareholder" before the period at the end thereof.

(b) Section 2.13(k) of such Act (12 U.S.C. 2094(k)) is amended by inserting ", on written notice to the borrower and approval by the bank of such retirement" before the period at the end thereof.

REVIEW OF NONACCRUAL LOANS

SEC. 505. Each local lending institution of the Farm Credit System established under the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) shall—

(1) review each loan that has been placed in nonaccrual status by such institution to determine whether such loan may be restructured based on changes in the circumstances of such institution as the result of this Act and the amendments made by this Act; and

(2) notify in writing the borrower of each such loan of the provisions of this section.

TITLE VI—GENERAL PROVISIONS

PAYMENT OF DIVIDENDS AND PATRONAGE REFUNDS

SEC. 601. (a) Section 1.5 of the Farm Credit Act of 1971 (12 U.S.C. 2013) is amended—

(1) by adding at the end of subsection (e) the following new sentence: "Notwithstanding any other provision of this subsection, a Federal land bank shall be subject to regulation by the Farm Credit Administration with regard to the payment of dividends."; and

(2) by adding at the end of subsection (f) the following new sentence: "Notwithstanding any other provision of this subsection, a Federal land bank shall be subject to regulation by the Farm Credit Administration with regard to the payment of patronage refunds.".

(b) Section 1.18(b) of such Act (12 U.S.C. 2052(b)) is amended by adding at the end

thereof the following new sentence: "Notwithstanding any other provision of this section, a Federal land bank association shall be subject to regulation by the Farm Credit Administration with regard to the payment of dividends and patronage refunds.".

(c) Section 2.2(f) of such Act (12 U.S.C. 2073(f)) is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provision of this section, a Federal intermediate credit bank shall be subject to regulation by the Farm Credit Administration with regard to the payment of dividends.".

(d) Section 3.4 of such Act (12 U.S.C. 2125) is amended by inserting ", subject to regulation by the Farm Credit Administration" before the period at the end thereof.

RESERVE ACCOUNTS

SEC. 602. (a) Subsection (a) of section 1.17 of the Farm Credit Act of 1971 (12 U.S.C. 2051(a)) is amended to read as follows:

"(a) Each Federal land bank shall be required to carry a reserve account in accordance with standards prescribed by the Farm Credit Administration.".

(b) Subsection (a) of section 1.18 of such Act (12 U.S.C. 2052(a)) is amended to read as follows:

"(a) Each Federal land bank association shall be required to carry a reserve account in accordance with standards prescribed by the Farm Credit Administration.".

APPLICATION OF EARNINGS

SEC. 603. Section 2.14 of the Farm Credit Act of 1971 (12 U.S.C. 2095) is amended—

(1) by striking out subsection (a) and inserting in lieu thereof the following new subsection:

"(a) Each production credit association at the end of each fiscal year shall apply the amount of its earnings for such year in excess of its operating expenses, including provision for valuation reserves against loan assets in accordance with generally accepted accounting principles (but in no event shall such provision be less than an amount equal to one-half of 1 percent of the loans outstanding at the end of the fiscal year, until such reserves equal or exceed 3½ percent of the loans outstanding at the end of the fiscal year)—

"(1) first, to the restoration of the impairment, if any, of capital; and

"(2) second, to the establishment and maintenance of the surplus accounts, in accordance with standards prescribed by the Farm Credit Administration."; and

(2) in subsection (b)—

(A) by inserting "and subject to the general direction of the Farm Credit Administration" after "so provide" in the first sentence; and

(B) by striking out "Any" in the second sentence and inserting in lieu thereof "In accordance with other provisions of this section, any".

FUNDING FOR FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION

SEC. 604. Part A of title IV of the Farm Credit Act of 1971 is amended by inserting after section 4.1 (12 U.S.C. 2152) the following new section:

"SEC. 4.1A. FUNDING FOR FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION.—Each Federal land bank, Federal intermediate credit bank, bank for cooperatives, Federal land bank association, and production credit association shall purchase stock in the Federal Farm Credit System Capital Corporation established under section 4.41, pay assessments, make capital contributions, and take such other actions as are required by the Corporation in the exercise of the powers of the Corporation under part F of title IV.".

LIABILITY OF BANKS

SEC. 605. Section 4.4 of the Farm Credit Act of 1971 (12 U.S.C. 2155) is amended by adding at the end thereof the following new subsection:

"(d) For purposes of this section, the term 'bank' includes the Federal Farm Credit System Capital Corporation established under section 4.41.".

TERMS OF DISTRICT DIRECTORS

SEC. 606. Section 5.1(c) of the Farm Credit Act of 1971 (12 U.S.C. 2222(c)) is amended by striking out ", except" and all that follows through "full terms".

ELECTION OF DIRECTORS AT LARGE

SEC. 607. Section 5.2 of the Farm Credit Act of 1971 (12 U.S.C. 2223) is amended—

(1) by striking out "; APPOINTMENT" in the caption;

(2) in subsection (a)—

(A) by designating the first and second sentences as paragraphs (1) and (2), respectively; and

(B) by amending paragraph (2) (as so designated) to read as follows:

"(2)(A) The seventh member shall be elected by the borrowers at large in a district.

"(B) For purposes of this section, the term 'borrowers at large in a district' means—

"(i) a voting shareholder of a Federal land bank association and a direct borrower, and a borrower through an agency, from a Federal land bank;

"(ii) a voting shareholder of a production credit association; and

"(iii) a voting shareholder or subscriber to the guaranty fund of a bank for cooperatives.";

(3) in the second sentence of subsection (b)—

(A) by striking out "and" before "in the case"; and

(B) by inserting before the period at the end thereof the following: "; and in the case of an election by the borrowers at large, such notice shall be sent to all borrowers at large in the district"; and

(4) by inserting after the fifth sentence of subsection (c) the following new sentence: "Each borrower at large shall be entitled to cast one vote."

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL

SEC. 608. Section 1004 of the Federal Financial Institutions Examination Council Act of 1978 (12 U.S.C. 3303) is amended by adding at the end thereof the following new subsection:

"(f)(1) The Chairman of the Farm Credit Administration Board shall serve as a nonvoting member of the Council.

"(2) The Farm Credit Administration shall pay such portion of the costs and expenses of the Council as shall be agreed on as appropriate and reasonable by the Council and the Farm Credit Administration.".

SUCCESSION OF FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION

SEC. 609. (a) On the issuance by the Farm Credit Administration of the new charter for the Federal Farm Credit System Capital Corporation under part F of title IV of the Farm Credit Act of 1971, the Corporation shall succeed to the assets of, be liable for, and assume all debts, obligations, contracts, and other liabilities of the Farm Credit System Capital Corporation chartered under part D of such title (hereafter referred to in this section as "the predecessor corporation"), matured or unmatured, accrued, absolute, contingent or otherwise, and whether or not reflected or reserved against on balance sheets, books of account, or records of the predecessor corporation.

(b) The stock of the predecessor corporation shall be converted into stock of the Federal Farm Credit System Capital Corporation chartered under part F of title IV of the Farm Credit Act of 1971.

(c) The existing contractual obligations, security instruments, and title instruments of the predecessor corporation shall, by operation of law and without any further action by the Farm Credit Administration, the predecessor corporation, or any court, become and be converted into obligations, entitlements, and instruments of the Federal Farm Credit System Capital Corporation chartered under part F of title IV of the Farm Credit Act of 1971.

TITLE VII—AUTHORIZATION FOR BORROWING

AUTHORIZATION FOR BORROWING

SEC. 701. (a) The Secretary of the Treasury is authorized, in the discretion of the Secretary, to purchase obligations issued by the Federal Farm Credit System Capital Corporation established under section 4.41 of the Farm Credit Act of 1971 (as added by section 401 of this Act) on the certification by the Farm Credit Administration that the Farm Credit System has—

(1) committed available capital surplus and reserves of the Farm Credit System under part F of title IV of the Farm Credit Act of 1971 to meet the financial stress of institutions of the Farm Credit System; and

(2) utilized such capital surplus and reserves to the extent that further contributions from or losses incurred by such institutions will likely preclude such institutions from making credit available to eligible borrowers on reasonable terms.

(b)(1) For such purpose, the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds of the sale of any securities issued after the date of enactment of this Act under chapter 31 of title 31, United States Code.

(2) The purposes for which such securities may be issued are extended to include such purchases.

(c) Each purchase of an obligation under this section shall be made on such terms and conditions as may be determined by the Secretary of the Treasury, taking into consideration the objectives that—

(1) institutions of the Farm Credit System retain the ability to make credit available to eligible borrowers on reasonable terms; and

(2) banks of the Farm Credit System continue to have access to funds in public financial markets.

TITLE VIII—INTERIM IMPLEMENTATION

INTERIM IMPLEMENTATION

SEC. 801. The Governor of the Farm Credit Administration appointed under section 5.10 of the Farm Credit Act of 1971 (12 U.S.C. 2244) (as in effect before the amendment made by section 106) shall perform the functions of the Farm Credit Administration Board established under section 5.8 of such Act (12 U.S.C. 2242) (as amended by section 104) until—

(1) two members of the Board are appointed and have qualified; and

(2) one such member has been designated by the President as Chairman of the Board.

Amend the title so as to read as follows: "To amend the Farm Credit Act of 1971, to restructure and reform the Farm Credit System, and for other purposes.".

BAUCUS (AND OTHERS) AMENDMENT NO. 1171

Mr. BAUCUS (for himself, Mr. GRAMM, Mr. BENTSEN, Mr. BOREN, Mr. BOSCHWITZ, and Mr. HARKIN) proposed an amendment to amendment No. 1170 proposed by Mr. HELMS to the bill (S. 1884) supra; as follows:

Strike out all after the enacting clause and insert in lieu thereof the following: That this Act, with the following table of contents, may be cited as the "Farm Credit System Restructuring and Regulatory Reform Act of 1985".

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TITLE IV—FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION

Sec. 401. Federal Farm Credit System Capital Corporation.

TITLE V—RIGHTS OF APPLICANTS AND SHAREHOLDERS

Sec. 501. Disclosure and access to information.
Sec. 502. Notice of action on applications.
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TITLE VI—GENERAL PROVISIONS

Sec. 601. Payment of dividends and patronage refunds.
Sec. 602. Reserve accounts.
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TITLE VII—AUTHORIZATION FOR BORROWING

Sec. 701. Authorization for borrowing.

TITLE VIII—INTERIM IMPLEMENTATION

Sec. 801. Interim implementation.

TITLE I—PURPOSES, ORGANIZATION, AND POWERS

PURPOSES

SEC. 101. It is the purpose of this Act—

(1) to enable the institutions of the Farm Credit System to use effectively the authority of such institutions to pool resources and sell assets to resolve financial problems affecting individual institutions of the Farm Credit System or groups of institutions of the Farm Credit System;

(2) to establish a capital corporation within the Farm Credit System to effect transfers of assets, reserves, and capital among institutions of the Farm Credit System; and

(3) to strengthen the Farm Credit Administration to ensure that the agency will operate as an effective and independent regulator of institutions of the Farm Credit System with adequate authority to promote the safe and sound operation of such institutions and the Farm Credit System.

OBJECTIVES

SEC. 102. Section 1.1 of the Farm Credit Act of 1971 (12 U.S.C. 2001) is amended by adding at the end thereof the following new subsection:

"(c) It is also the objective of this Act to ensure that institutions of the Farm Credit System are managed in a business-like manner in full compliance with the law—

"(1) to overcome local financial difficulties of such institutions; and

"(2) to promote the safe and sound operation of the Farm Credit System without the financial assistance of the Federal Government.".

FARM CREDIT ADMINISTRATION

SEC. 103. The second sentence of section 5.7 of the Farm Credit Act of 1971 (12 U.S.C. 2241) is amended—

(1) by striking out "Federal Farm Credit Board" and inserting in lieu thereof "Farm Credit Administration Board"; and

(2) by striking out ", the Governor of the Farm Credit Administration,".

FARM CREDIT ADMINISTRATION BOARD

SEC. 104. (a) Section 5.8 of the Farm Credit Act of 1971 (12 U.S.C. 2242) is amended to read as follows:

"SEC. 5.8. FARM CREDIT ADMINISTRATION BOARD; APPOINTMENT; TERM OF OFFICE; ORGANIZATION AND COMPENSATION.—(a)(1) The management of the Farm Credit Administration shall be vested in a Farm Credit Administration Board.

"(2) Subject to paragraph (3), the Board shall consist of three members who shall be citizens of the United States and representative of the public interest.

"(3) The Board shall include one member who is experienced in the production, processing, or distribution of agricultural products and inputs.

"(4) Members of the Board shall be appointed by the President, by and with the advice and consent of the Senate.

"(5) Not more than two members of the Board shall be members of the same political party.

"(6) One member of the Board shall be designated by the President to serve as Chairman of the Board for the duration of the term of the member.

"(b)(1) The term of office of each member of the Board shall be 6 years, except that in the case of the two members initially appointed other than the Chairman—

"(A) the term of one member shall expire 2 years after the date of appointment; and

"(B) the term of the other member shall expire 4 years after the date of appointment.

"(2) A Board member shall not be appointed to successive terms, except that—

"(A) an initial member appointed for less than a 6-year term may be reappointed for a full 6-year term; and

"(B) a subsequent member appointed to fill an unexpired term of 3 years or less may be reappointed for a full 6-year term.

"(3) Any member of the Board shall continue to serve as a member after the expiration of the term of such member until a successor has been appointed.

"(c)(1) The Board shall—

"(A) adopt such rules as the Board determines necessary for the transaction of the business of the Board; and

"(B) keep permanent records and minutes of the acts and proceedings of the Board.

"(2) Vacancies on the Board shall not impair the right of the remaining member of the Board to exercise the powers of the Board.

"(3) A member of the Board shall be subject to the Ethics in Government Act of 1978 (2 U.S.C. 701 et seq.)

"(d)(1) A Board member may not be employed in any other capacity.

"(2) A Board member, other than the Chairman, shall receive compensation at a rate prescribed for level IV of the Executive Schedule established under section 5315 of title 5, United States Code.".

(b) The Farm Credit Act of 1971 is amended by striking out "Federal Farm Credit Board" each place it appears in sections 5.0, 5.1, 5.17, and 5.18 (12 U.S.C. 2221, 2222, 2251, and 2252) and inserting in lieu thereof "Farm Credit Administration Board".

POWERS OF THE BOARD

SEC. 105. Section 5.9 of the Farm Credit Act of 1971 (12 U.S.C. 2243) is amended—

(1) by striking out "Federal Farm Credit Board shall establish the general policy for the guidance of the Farm Credit Administration and" in the first sentence and inserting in lieu thereof "Farm Credit Administration Board shall manage, administer, and establish policies for the Farm Credit Administration. The Board shall"; and

(2) by striking out "or in the Governor" in the first sentence (as it existed before the amendment made by clause (1)) and all that

follows through "administrative capacity" at the end of the section.

CHAIRMAN OF THE BOARD

SEC. 106. (a) Section 5.10 of the Farm Credit Act of 1971 (12 U.S.C. 2244) is amended to read as follows:

"SEC. 5.10. CHAIRMAN; RESPONSIBILITIES; COMPENSATION; GOVERNING STANDARDS.—(a)(1) The Chairman of the Board shall be the executive officer of the Board and the chief executive officer of the Farm Credit Administration.

"(2) Subject to the general supervision and direction of the Board, the Chairman shall be responsible for directing—

"(A) the implementation of the adopted policies and regulations of the Board; and

"(B) the execution of all the administrative functions and duties of the Farm Credit Administration.

"(3) The Chairman of the Board shall—

"(A) be the spokesman for the Board; and

"(B) represent the Board and the Farm Credit Administration in the official relations of the Board and Administration with other branches of government.

"(4) Pursuant to a policy statement adopted by the Farm Credit Administration Board, the Chairman shall consult on a regular basis with—

"(A) the Secretary of the Treasury in connection with the exercise by the Farm Credit System of the powers conferred under section 4.2; and

"(B) the Board of Governors of the Federal Reserve System in connection with the effect of Farm Credit System lending activities on national monetary policy.

"(b) The compensation of the Chairman of the Farm Credit Administration Board shall be at the rate prescribed for level III of the Executive Schedule established under section 5314 of title 5, United States Code.

"(c)(1) In carrying out this section, the Chairman of the Farm Credit Administration Board shall be governed by—

"(A) general policies of the Farm Credit Administration Board; and

"(B) such regulatory decisions, findings, and determinations as the Board may be authorized to make.

"(2) In the case of a third person, an act of the Chairman shall be conclusively presumed to be in compliance with the general policies and regulatory decisions, findings, and determinations referred to in paragraph (1).".

(b) Sections 5.11 and 5.12 of the Farm Credit Act of 1971 (12 U.S.C. 2245 and 2246) are repealed.

(c)(1) The Farm Credit Act of 1971 is amended by striking out "Governor" each place it appears in sections 1.5, 1.13, 1.17, 1.20, 2.2, 2.6, 2.7, 2.10, 2.13, 2.14, 2.17, 3.3, 3.4, 3.5, 3.11, 3.12, 3.13, 4.0, 4.1, 4.2, 4.4, 4.5, 4.25, 4.26, and 5.14 (12 U.S.C. 2013, 2031, 2051, 2054, 2073, 2077, 2078, 2091, 2094, 2095, 2098, 2124, 2125, 2126, 2132, 2133, 2134, 2151, 2152, 2153, 2155, 2156, 2211, 2212, and 2248) and inserting in lieu thereof "Chairman".

(2) The Farm Credit Act of 1971 is amended by striking out "Governor" each place it appears in the caption of sections 1.13, 4.0, and 4.26 (12 U.S.C. 2031, 2151, and 2212) and inserting in lieu thereof "Chairman".

FARM CREDIT ORGANIZATION

SEC. 107. Section 5.13 of the Farm Credit Act of 1971 (12 U.S.C. 2247) is amended—

(1) by redesignating such section as section 5.11;

(2) in the first sentence—

(A) by striking out "Governor" and inserting in lieu thereof, "Chairman";

(B) by inserting "Board" after "Administration";

(C) by striking out "the Governor and"; and

(D) by inserting "Board" after "Administration";

(3) in the second sentence—

(A) by striking out "Governor" and inserting in lieu thereof "Chairman"; and

(B) by striking out the colon after "Administration" and all that follows through "as amended"; and

(4) by striking out "Governor" in the third sentence and inserting in lieu thereof "Chairman".

FARM CREDIT ADVISORY COMMITTEE

SEC. 108. The Farm Credit Act of 1971 is amended by inserting after section 5.11 (as redesignated by section 107(1)) the following new section:

"SEC. 5.12 FARM CREDIT ADVISORY COMMITTEE.—(a) There is created a permanent Farm Credit Advisory Committee, composed of not more than 13 members, to advise the Farm Credit Administration Board with respect to matters under the jurisdiction of the Board.

"(b)(1) The Committee shall consist initially of the same individuals who, immediately prior to the date of enactment of the Farm Credit System Restructuring and Regulatory Reform Act of 1985, were members of the Federal Farm Credit Board.

"(2) Each such member shall continue to serve on the Farm Credit Advisory Committee for the unexpired portion of the term of the member on the Federal Farm Credit Board or until the death or resignation of the member, whichever is earlier.

"(3)(A) If such an individual is unable or unwilling to accept appointment to the Committee, the Chairman of the Farm Credit Administration Board shall appoint another person to serve on the Board in lieu of such individual.

"(B) Each such person shall serve for a period of 2 years.

"(c)(1) On the expiration of the term of office, resignation, or death of a member referred to in subsection (b), the Chairman of the Farm Credit Administration Board may appoint another individual to serve as a member of the Committee.

"(2) Each individual appointed under paragraph (1) shall serve for a term of 2 years.

"(3) In appointing individuals to serve as members of the Committee under paragraph (1), the Chairman shall consider the interests of—

"(A) the public;

"(B) shareholders in and borrowers from institutions of the Farm Credit System;

"(C) investors in Farm Credit System obligations; and

"(D) institutions of the Farm Credit System.

"(d) Except as provided in subsection (a), the Committee shall be subject to the Federal Advisory Committee Act (5 U.S.C. App.).

"(e) The Chairman shall provide the Committee with necessary clerical assistance and staff personnel.

"(f)(1) Except as provided in paragraph (2), a member of the Committee, other than an officer or employee of the United States, shall serve on the Committee without compensation.

"(2) Such member shall, while away from the home or regular place of business of such member in the performance of services under this Act, be allowed travel expenses, including per diem in lieu of subsistence, as authorized under section 5703 of title 5, United States Code.".

ALLOCATION OF EXPENSES FOR ADMINISTRATIVE SERVICES

SEC. 109. Section 5.16(a) of the Farm Credit Act of 1971 (12 U.S.C. 2250(a)) is amended by adding at the end thereof the following new sentence: "The Chairman of the Farm Credit Administration Board may prescribe regulations governing the computation and assessment of the expenses of supervision and examinations conducted by the Farm Credit Administration and the collection of such assessments from the institutions supervised and examined.".

ENUMERATED POWERS

SEC. 110. Section 5.18(a) of the Farm Credit Act of 1971 (12 U.S.C. 2252(a)) is amended by striking out paragraphs (4) through (17) and inserting in lieu thereof the following new paragraphs:

"(4) Prescribe loan security requirements.

"(5) Conduct loan and collateral security review.

"(6) Approve the issuance of obligations of the institutions of the Farm Credit System for the purpose of funding the authorized operations of the institutions of the Farm Credit System and prescribe collateral therefor.

"(7) Approve interest rates paid by institutions of the Farm Credit System on the bonds, debentures, and similar obligations of such institutions, and the terms and conditions thereof.

"(8) Make investments in stock of the institutions of the Farm Credit System as provided in section 4.0 out of the revolving fund and require the retirement of such stock.

"(9) Regulate the borrowing, repayment, and transfer of funds and equities between institutions of the Farm Credit System.

"(10) Regulate the preparation by institutions of the Farm Credit System of information on the financial condition and operations of such institutions and the dissemination of such information to shareholders and investors.

"(11) Undertake research into the rural credit needs of the United States and methods of meeting such needs and of the funding of the operations of the Farm Credit System in relation to changing farming and economic conditions.

"(12) Use the United States mails on the same terms and conditions as the executive departments of the Federal Government.

"(13) Require surety bonds or other provisions for protection of the assets of the institutions of the Farm Credit System against losses occasioned by employees.

"(14) Prescribe rules and regulations necessary or appropriate for carrying out this Act.

"(15) Initiate, prosecute, defend, and appeal in the name of the Farm Credit Administration (other than to the Supreme Court of the United States), through the legal representative of such Administration, any civil action for the purpose of enforcing laws subject to the jurisdiction of such Administration.

"(16) Grant approvals required under this Act, except that the agency may adopt regulations under which approval is granted on the basis of the satisfaction of standards and criteria specified in such regulations.

"(17) Appoint, through the Chairman of the Farm Credit Administration Board and without regard to chapter 33 of title 5, United States Code, such officers, farm credit examiners, accountants, and other related employees as shall be necessary for

the performance of the duties of the Farm Credit Administration under this Act, define the duties of such individuals, and fix the compensation of such individuals.

"(18) Exercise such incidental powers as may be necessary or appropriate to fulfill the duties of the Farm Credit Administration and carry out the purposes of this Act.".

DELEGATION OF DUTIES AND POWERS TO SYSTEM INSTITUTIONS

SEC. 111. (a) A delegation of a power or duty by the Farm Credit Administration to an institution of the Farm Credit System or redelegation of such power or duty made in accordance with section 5.19 of the Farm Credit Act of 1971 (12 U.S.C. 2253) (as such section existed before the amendment made by subsection (b)) may, at the option of the Farm Credit Administration, continue in full force and effect during the 12-month period beginning on the the date of enactment of this Act.

(b) Section 5.19 of the Farm Credit Act of 1971 (12 U.S.C. 2253) is repealed.

EXAMINATIONS AND REPORTS

SEC. 112. Section 5.20 of the Farm Credit Act of 1971 (12 U.S.C. 2254) is amended to read as follows:

"SEC. 5.20. EXAMINATIONS AND REPORTS.—(a)(1) Each institution of the Farm Credit System shall be examined by Farm Credit Administration examiners at such times as the Chairman of the Farm Credit Administration Board may determine.

"(2) Such examinations shall include, but not be limited to an examination of—

"(A) credit, collateral quality, and capitalization; and

"(B) the effectiveness of management; and

"(C) the provision of services to all eligible borrowers under this Act.

"(3) At the direction of the Chairman, Farm Credit Administration examiners shall also make examinations of the condition of any organization, other than a national bank, to which, or with which, any institution of the Farm Credit System contemplates making a loan or discounting the paper of such organization.

"(4) For the purpose of this Act, examiners of the Farm Credit Administration shall—

"(A) be subject to the same requirements, responsibilities, and penalties as are applicable to examiners under the National Bank Act (12 U.S.C. 38 et seq.), the Federal Reserve Act (12 U.S.C. 226 et seq.), the Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.), and other provisions of law; and

"(B) have the same powers and privileges as are vested in such examiners by law.

"(b)(1) Except as provided in paragraph (3), each institution of the Farm Credit System, and the Farm Credit System on a combined basis, shall make an annual report of condition as prescribed by the Farm Credit Administration.

"(2) Each report shall contain financial statements—

"(A) prepared in accordance with generally accepted accounting principles; and

"(B) audited by an independent public accountant.

SEC. 113. (a) Section 5.3 of the Farm Credit Act of 1971 is amended to read as follows:

"SEC. 5.3. SEPARATE BOARDS OF DIRECTORS FOR FEDERAL LAND BANKS, FEDERAL INTERMEDIATE CREDIT BANKS, AND DISTRICT BANKS FOR COOPERATIVES.—(a) The Board of Directors of each Federal land bank, each Federal intermediate credit bank, and each district bank for cooperatives shall be selected from among persons who satisfy the eligibility requirements specified in section 5.1(b).

"(b) Each such Board of Directors shall be composed of five members who shall be elected by the holders of the voting stock of the bank involved (or, in the case of a district bank for cooperative, by the borrowers from and subscribers to the guaranty fund of such bank).

"(c) Members of each such board shall hold their offices for terms, and subject to the limitations, specified in subsections (b) and (c) of section 5.1.

"(d) The nomination and election of members of each such board, and the filling of vacancies in such board, shall be as follows:

"(1) At least two months before an election of a director, the bank involved shall cause notice in writing to be sent to those entitled to nominate candidates for such a director. In the case of an election of a director by Federal land bank associations and borrowers through agencies, such notice shall be sent to all Federal land bank associations and borrowers through agencies in the district; in the case of an election by production credit associations, such notice shall be sent to all production credit associations in the district; and in the case of an election by cooperatives which are voting stockholders or subscribers to the guaranty fund of the bank for cooperatives of the district, such notice shall be sent to all cooperatives which are eligible, voting stockholders or subscribers to the guaranty fund at the time of sending the notice. The notice in the case of associations shall state the number of votes the board of each association is entitled to cast for nomination and election based on the voting stockholders of the association as determined by the bank involved. The bank involved shall, from the nominations received within sixty days after it sends such notice, prepare a list of candidates for such elected director, consisting of the two nominees receiving the highest number of votes, except that for elections to fill vacancies the bank involved may specify a shorter period than sixty days but not less than thirty days.

"(2) At least one month before the election of a director, the bank involved shall mail to each person or organization entitled to elect the director a list of the two candidates receiving the highest number of votes from those nominated in accordance with subsection (1). In the case of an election of a director by the Federal land bank associations, the directors of each land bank association shall cast the vote of such association for one of the candidates on the list. Each association shall be entitled to cast the number of votes specified in the notice prior to the nomination poll as determined by the bank involved to be the number of voting stockholders of each association, and each direct borrower and borrower through agent shall be entitled to case one vote. Each production credit association shall be entitled to cast the number of votes specified in the notice of nomination poll as determined by the bank involved to be equal to the number of voting stockholders of such association. Each cooperative which is the holder of voting stock in or a subscriber to the guaranty fund of the bank for cooperatives shall be entitled to case one vote except as provided in subsection 3.3(d). The votes shall be forwarded to the bank involved and no vote shall be counted unless received by it within sixty days after the sending of such list of candidates, except that for elections to fill vacancies the bank involved may specify a shorter period than sixty days but not less than thirty days. In the case of a tie another runoff election between those trying shall be held.

"(3) Any vacancies in the board of directors shall be filled for the unexpired term in the manner provided in sections 5.1 and 5.2 for the selection of such directors.

"(e) Each such board shall elect officers in the manner and for the term described in section 5.4.".

(b) Subsection (a) of section 5.1 of the Farm Credit Act of 1971 is amended by striking out "seven" and by inserting in lieu thereof "five";

(c) Section 5.2 of the Farm Credit Act of 1971 is amended:

(1) by striking subsection (a) and inserting in lieu thereof:

"(a) One of the district directors shall be appointed by the board of directors of the Federal land bank in such district, from among their own number. One of the district directors shall be appointed by the board of directors of the Federal intermediate credit bank in such district, from among their own number. One of the district directors shall be appointed by the board of directors of the bank for cooperatives in such district, from among their own number. The remaining two directors shall be elected by the borrowers at large in the district, which for the purpose of this section, shall consist of (i) the voting stockholders of Federal land bank associations and the direct borrowers, and borrowers through agencies, from the Federal land bank, (ii) the voting stockholders of the production credit associations; and (iii) the voting stockholders and subscribers to the guaranty fund of the bank for cooperatives.";

(2) by striking subsection (b) and inserting in lieu thereof:

"(b) At least two months before an election of an at-large director the District Board shall cause notice in writing to be sent to all borrowers at large in the district. After receipt of such notice, borrowers at large shall forward nominations to the District Board. The District Board shall, from the nominations received within sixty days after it sends such at-large director, consisting of the two nominees receiving the highest number of votes, except that for elections to fill vacancies the District Board may specify a shorter period then sixty days but not less than thirty days."; and

(3) by striking subsection (c) and inserting in lieu thereof:

"(c) At least one month before the election of an at-large director, the District Board shall mail to each borrower at large a list of the two candidates receiving the highest number of votes from those nominated in accordance with subsection (b). Each borrower at large shall be entitled to cast one vote. The votes shall be sent to the District Board and no vote shall be counted unless received by it within sixty days after the sending of such list of candidates, except that for election to fill vacancies the District Board may specify a shorter period than sixty days but not less than thirty days."

(d) Subsection (a) of section 5.6 of the Farm Credit Act of 1971 is amended by striking out paragraphs (1) through (6), inclusive, and by inserting in lieu thereof the following:

"(1) Coordinate and administer such joint undertakings and joint properties of the banks of the System as may be authorized

from time to time by each of the respective boards of directors of such banks.

"(2) Advise the respective boards of directors of each of the banks of the district which are institutions of the system on coordination of policies designed to promote operational and administrative efficiencies.

"(3) Provide a forum and the means of communication for System bank boards in the district to monitor the collective financial soundness of the System institutions in the district, and to alert the Farm Credit Administration of any need for closer supervision.".

(e) CONFORMING AMENDMENTS.—(1) Section 5.5 of the Farm Credit Act of 1971 is amended in the first sentence by striking out "as district board" and all that follows through "the district banks", and

(2) Section 3.2 of the Farm Credit Act of 1971 is amended to the first sentence of subsection (a) by striking out "In the case" and all that follows through "in the case" and inserting in lieu thereof "The board of directors".

TITLE II—REGULATORY ROLE OF THE FARM CREDIT ADMINISTRATION

SUBTITLE A—FEDERAL LAND BANKS

ESTABLISHMENT

SEC. 201. The last sentence of section 1.3 of the Farm Credit Act of 1971 (12 U.S.C. 2011) is amended by striking out "When authorized by the Farm Credit Administration, it" and inserting in lieu thereof "Each Federal land bank".

POWERS

SEC. 202. Section 1.4 of the Farm Credit Act of 1971 (12 U.S.C. 2012) is amended—

(1) by striking out "vested in or delegated to the bank" in paragraph (17); and

(2) by striking out paragraph (19) and redesignating paragraphs (20) through (23) as (19) through (22), respectively.

SUBTITLE B—FEDERAL INTERMEDIATE CREDIT BANKS

ESTABLISHMENT

SEC. 211. The last sentence of section 2.0 of the Farm Credit Act of 1971 (12 U.S.C. 2071) is amended by striking out "When authorized by the Farm Credit Administration it" and inserting in lieu thereof "Each Federal intermediate credit bank".

POWERS

SEC. 212. Section 2.1 of the Farm Credit Act of 1971 (12 U.S.C. 2072) is amended—

(1) by striking out "vested in or delegated to the intermediate credit bank" in paragraph (14); and

(2) by striking out paragraph (21).

LOANS

SEC. 213. The first sentence of section 2.3(c) of the Farm Credit Act of 1971 (12 U.S.C. 2074(c)) is amended—

(1) by striking out "(a) (1) and (2)" and inserting in lieu thereof "(a)(2)"; and

(2) by striking out "(in the case of financing institutions under subsection (a)(2) of this section)".

SUBTITLE C—PRODUCTION CREDIT ASSOCIATIONS

POWERS

SEC. 221. Section 2.12(19) of the Farm Credit Act of 1971 (12 U.S.C. 2093(19)) is amended by striking out "or the Farm Credit Administration".

LOANS

SEC. 222. Section 2.15 of the Farm Credit Act of 1971 (12 U.S.C. 2096) is amended—

(1) in the matter preceding clause (1) of the first sentence of subsection (a)—

(A) by striking out "rules and regulations" and inserting in lieu thereof "standards"; and

(B) by striking out "and approved by the Farm Credit Administration";

(2) in the first sentence of subsection (b)—

(A) by striking out "regulations" the first place it appears and inserting in lieu thereof "standards";

(B) by striking out "with the approval of the Farm Credit Administration as provided in" and inserting in lieu thereof "subject to"; and

(C) by striking out "in such regulations"; and

(3) in the last sentence of subsection (b)—

(A) by striking out "regulations" and inserting in lieu thereof "standards"; and

(B) by striking out "or of Farm Credit Administration".

SUBTITLE D—BANKS FOR COOPERATIVES

ESTABLISHMENT

SEC. 231. The last sentence of section 3.0 of the Farm Credit Act of 1971 (12 U.S.C. 2121) is amended by striking out "When authorized by the Farm Credit Administration each" and inserting in lieu thereof "Each".

POWERS

SEC. 232. Section 3.1 of the Farm Credit Act of 1971 (12 U.S.C. 2122) is amended by striking out paragraph (16) and redesignating paragraphs (17) through (19) as (16) through (18), respectively.

BOARD OF DIRECTORS

SEC. 233. The second sentence of section 3.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2123(a)) is amended by striking out "appointed by the Governor with the advice and consent of the Federal Farm Credit Board" and inserting in lieu thereof "the President of the Central Bank for Cooperatives".

SUBTITLE E—FUNDING

ISSUANCE OF OBLIGATIONS

SEC. 241. Section 4.2 of the Farm Credit Act of 1971 (12 U.S.C. 2153) is amended—

(1) by striking out "with approval of the Governor" in subsection (b); and

(2) in subsection (d)—

(A) by striking out "Governor" in the first sentence and inserting in lieu thereof "Chairman";

(B) by striking out "and each such issue shall be subject to approval of the Governor" in the second sentence; and

(C) by striking out "and the approval of the Governor for such issues shall be conditioned on and be evidence of the compliance with this provision" in the proviso of the second sentence.

AGGREGATE OF OBLIGATIONS

SEC. 242. (a) Section 4.3 of the Farm Credit Act of 1971 (12 U.S.C. 2154) as amended—

(1) by striking out subsection (a);

(2) by redesignating subsection (b) as subsection (c); and

(3) by inserting after the caption the following new subsections:

"(a)(1) The Farm Credit Administration shall require Farm Credit System institutions to maintain adequate capital by—

"(A) establishing minimum levels of capital for such institutions; and

"(B) using such other methods as such Administration considers appropriate.

"(2) The Farm Credit Administration may establish such minimum level of capital for an institution of the Farm Credit System as such Administration, at the option of such Administration, determines to be necessary or appropriate in light of the particular circumstances of such institution.

"(b)(1) Failure of an institution of the Farm Credit System to maintain capital at or above the minimum level established for such institution under subsection (a) may be considered by the Farm Credit Administration, at the option of such Administration, to constitute an unsafe or unsound practice within the meaning of this Act.

"(2)(A) In addition to or in lieu of any other action authorized by law, the Farm Credit Administration may issue a directive to an institution of the Farm Credit System that fails to maintain capital at or above the minimum level established for such institution under subsection (a).

"(B)(i) The directive may require such institution to submit and adhere to a plan acceptable to the Farm Credit Administration specifying the means and the timing by which such institution shall reach the minimum capital level.

"(ii) Any such directive issued pursuant to this paragraph (including a plan submitted pursuant to such directive) shall be enforceable under part C of title V to the same extent as an effective and outstanding final order issued under such part.

"(3)(A) The Farm Credit Administration may consider the adherence of an institution of the Farm Credit System to a plan required under this subsection whenever such institution, or an affiliate thereof, seeks the approval of the Farm Credit Administration for any proposal that would divert earnings, diminish capital, or otherwise impede the progress of such institution in achieving the minimum capital level required of such institution.

"(B) The Farm Credit Administration may disapprove any proposal referred to in subparagraph (A) if the Farm Credit Administration determines that the proposal would adversely affect the ability of such institution to comply with such plan.".

(b) Section 4.2(b) of the Farm Credit Act of 1971 (12 U.S.C. 2153(b)) is amended by striking out "section 4.3(b)" and inserting in lieu thereof "section 4.3(c)".

SUBTITLE F—DISSOLUTION AND MERGER

BOARD OF DIRECTORS FOR MERGED BANK

SEC. 251. Section 4.11 of the Farm Credit Act of 1971 (12 U.S.C. 2182) is amended—

(1) by striking out "Governor with the advice and consent of the Federal Farm Credit Board" in the second sentence and inserting in lieu thereof "Chairman of the Farm Credit Administration Board"; and

(2) by striking out ", with the approval of the Farm Credit Administration, provide for a different number of directors selected in a different manner" in the third sentence and inserting in lieu thereof "provide for the directors to select an additional director".

DISSOLUTION AND MERGERS

SEC. 252. Section 4.12 of the Farm Credit Act of 1971 (12 U.S.C. 2183) is amended to read as follows:

"SEC. 4.12. DISSOLUTION; VOLUNTARY LIQUIDATION; MERGERS; RECEIVERSHIPS; AND CONSERVATORS.—(a) No institution of the Farm Credit System shall go into voluntary liquidation without the consent of the Farm Credit Administration Board and with such consent may liquidate only in accordance with regulations prescribed by the Board.

"(b)(1) Except as provided in paragraph (2), associations may merge voluntarily with other like associations—

"(A) on the vote of a majority of each of the shareholders of such associations

present and voting (or voting by written proxy) at duly authorized meetings; and

"(B) with the approval of the Farm Credit Administration.

The Farm Credit Administration Board may require such merger if the Board determines, with the concurrence of the appropriate district board, that an association has failed to meet its outstanding obligations or failed to conduct its operations in accordance with this Act.

"(2)(A) Except as provided in subparagraph (B), with the approval of the Farm Credit Administration, all the like associations within a district may voluntarily merge into a single districtwide association on the vote of—

"(i) the majority of the shareholders present and voting (or voting by written proxy) of two-thirds of the associations in the district; or

"(ii) three-fourths of the shareholders present and voting (or voting by written proxy) of all the associations in the district.

"(B) In the case of a State in which two-thirds of association shareholders voted against merger, any association whose principal office is located within such State may not be required to merge with other associations in the district.

"(c) The Chairman of the Farm Credit Administration Board, after consultation with the respective district board or boards and the board of directors of the Federal Farm Credit System Capital Corporation established under section 4.45, may require two or more banks of the Farm Credit System (other than Central Banks for Cooperatives) operating under the same title to merge if the Chairman determines that one of such banks has failed to meet outstanding obligations of such bank.

"(d)(1) The Chairman of the Farm Credit Administration shall have exclusive power and jurisdiction to appoint a conservator or receiver for any institution of the Farm Credit System in accordance with this subsection.

"(2) A conservator or receiver may be appointed for an institution under this subsection on the basis of—

"(A) insolvency, in that the assets of such institution are less than the obligations of such institution to creditors and other persons, including the members of the institution;

"(B) substantial dissipation of assets or earnings due to any violation of law, rule, or regulation, or to any unsafe or unsound practice;

"(C) an unsafe or unsound condition for the transaction of business;

"(D) willful violation of a cease-and-desist order that has become final; or

"(E) concealment of books, papers, records, or assets of the institution from, or refusal to submit books, papers, records, or affairs of the institution for inspection to, any examiner or any lawful agent of the Farm Credit Administration.

"(3) If the Farm Credit Administration determines that a ground for the appointment of a conservator or receiver for an institution exists under paragraph (2), the Farm Credit Administration may appoint, ex parte and without notice, a conservator or receiver for the institution.

"(4) If a conservator or receiver is appointed under this subsection, the institution may, within 30 days after such appointment, bring an action in the United States district court for the judicial district in which the principal office of such institution is located, or in the United States District Court for the District of Columbia, for an order requiring the Farm Credit Administration to remove such conservator or receiver.

"(5) On commencement of such action, the court having jurisdiction of any other action or proceeding authorized under this subsection to which the institution is a party shall stay such action or proceeding during the pendency of the action for removal of the conservator or receiver.".

SUBTITLE G—COMPENSATION OF DISTRICT BOARD

COMPENSATION OF DISTRICT BOARD

SEC. 261. Section 5.5 of the Farm Credit Act of 1971 (12 U.S.C. 2226) is amended—

(1) by inserting ", and (in accordance with Farm Credit Administration regulations) for other services rendered in their capacity as directors" before the period at the end of the first sentence; and

(2) by striking out the second and third sentences.

TITLE III—ENFORCEMENT BY FARM CREDIT ADMINISTRATION

ENFORCEMENT BY FARM CREDIT ADMINISTRATION

SEC. 301. Title V of the Farm Credit Act of 1971 (12 U.S.C. 2221 et seq.) is amended by adding at the end thereof the following new part:

"PART C—ENFORCEMENT BY FARM CREDIT ADMINISTRATION

"SEC. 5.40. DEFINITIONS.—As used in this part:

"(1) The term 'Administration' means the Farm Credit Administration.

"(2) The terms 'cease-and-desist order that has become final' and 'order that has become final' mean—

"(A) a cease-and-desist order, or an order, issued by the Administration—

"(i) with the consent of the institution or the director, officer, or other person concerned;

"(ii) with respect to which no petition for review of the action of the Administration has been filed and perfected in a court of appeals under section 5.44(c); or

"(iii) with respect to which the action of the court in which such petition is so filed is not subject to further review by the Supreme Court of the United States in proceedings provided for under section 5.44(c); or

"(B) an order issued under subsection (b) or (d) of section 5.43.

"(3) The term 'institution' means—

"(A) an institution specified in section 1.2;

"(B) a service organization chartered under part D of title IV; or

"(C) the Federal Farm Credit System Capital Corporation established under section 4.41.

"(4) The term 'safe or unsound practice' shall have the meaning given such term by the Administration by regulation, rule, or order.

"(5) The term 'violate' includes any action (alone or with another or others) causing, bringing about, participating in, counseling, or aiding or abetting a violation.

"SEC. 5.41. CEASE-AND-DESIST ORDERS.—(a)(1) If the Administration believes that any institution, or any director, officer, employee, agent, or other person participating in the conduct of the affairs of an institution—

"(A) is engaging, has engaged, or the Administration has reasonable cause to believe is about to engage, in an unsafe or unsound practice in conducting the business of such institution; or

"(B) is violating, has violated, or the Administration has reasonable cause to believe is about to violate, a law, rule, or regulation, or any condition imposed in writing by the Administration in connection with the granting of any application or other request by such institution or any written agreement entered into with the Administration,

the Administration may issue and serve on such institution or such director, officer, employee, agent, or other person a notice of charges of such practice or violation.

"(2) Such notice shall contain a statement of the facts constituting the alleged violation or violations or the unsafe or unsound practice or practices.

"(b)(1) In addition to such statement, the notice shall fix a time and place at which a hearing shall be held to determine whether an order to cease and desist from such practice or violation should be issued against the institution or the director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution.

"(2) Such hearing shall be held on a date not earlier than 30 days, nor later than 60 days, after service of such notice, unless a different date is established by the Administration at the request of any party so served.

"(3) Unless the party or parties so served shall appear at the hearing personally or by a duly authorized representative, the party or parties shall be considered to have consented to the issuance of the cease-and-desist order.

"(c)(1) If such consent is established, or if on the record made at any such hearing, the Administration finds that a violation or unsafe or unsound practice specified in the notice of charges has been established, the Administration may issue and serve on the institution or the director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution an order to cease and desist from any such violation or practice.

"(2) Such order may require the institution or the directors, officers, employees, agents, and other persons participating in the conduct of the affairs of such institution to—

"(A) cease and desist from such violation or practice; and

"(B) take affirmative action to correct the conditions resulting from any such violation or practice.

"(3) A cease-and-desist order shall—

"(A) become effective at the expiration of 30 days after the service of such order on the institution or other person concerned (except that, in the case of a cease-and-desist order issued on the basis of consent, such order shall become effective at the time specified in such order); and

"(B) remain effective and enforceable as provided in the order, except to the extent the order is stayed, modified, terminated, or set aside by action of the Administration or a reviewing court.

"(d)(1) If the Administration believes that the violation or threatened violation or the unsafe or unsound practice or practices, specified in the notice of charges served on the institution or any director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution pursuant to subsection (a), or the continuation thereof, is likely to cause insolvency or substantial dissipation of assets or earnings of the institution or is likely to seriously weaken the condition of the institu-

tion or otherwise seriously prejudice the interest of the investors in Farm Credit System obligations or shareholders in the institution prior to the completion of the proceedings conducted pursuant to subsection (b), the Administration may issue a temporary order requiring the institution or such director, officer, employee, agent, or other person—

"(A) to cease and desist from any such violation or practice; and

"(B) to take affirmative action to prevent such insolvency, dissipation, condition, or prejudice pending completion of such proceedings.

"(2) Such order shall—

"(A) become effective on the service on the institution or such director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution; and

"(B) unless set aside, limited, or suspended by a court in proceedings authorized by paragraph (3), remain effective and enforceable—

"(i) pending the completion of the administrative proceedings conducted pursuant to such notice; and

"(ii) until—

"(I) such time as the Administration shall dismiss the charges specified in such notice; or

"(II) if a cease-and-desist order is issued against the institution or such director, officer, employee, agent, or other person, the effective date of such order.

"(3)(A) Within 10 days after the institution concerned or any director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution has been served with a temporary cease-and-desist order, the institution or such director, officer, employee, agent, or other person may apply to the United States district court for the judicial district in which the principal office of the institution is located, or the United States District Court for the District of Columbia, for an injunction setting aside, limiting, or suspending the enforcement, operation, or effectiveness of such order pending the completion of the administrative proceedings pursuant to the notice of charges served on the institution or such director, officer, employee, agent, or other person under subsection (a).

"(B) Such court shall have jurisdiction to issue such injunction.

"(4)(A) In the case of a violation or threatened violation of, or failure to obey, a temporary cease-and-desist order issued pursuant to paragraph (1), the Administration may apply to the United States district court, or the United States court of any territory, within the jurisdiction of which the principal office of the institution is located, for an injunction to enforce such order.

"(B) If the court determines that there has been such violation or threatened violation or failure to obey, the court shall issue such injunction.

"SEC. 5.42. SUSPENSION OR REMOVAL OF DIRECTOR OR OFFICER.—(a) If the Administration believes that—

"(1) any director or officer of an institution has—

"(A) committed any violation of a law, rule, regulation, or of a cease-and-desist order that has become final;

"(B) engaged or participated in any unsafe or unsound practice in connection with the institution; or

"(C) committed or engaged in any act, omission, or practice that constitutes a breach of a fiduciary duty of such director or officer;

"(2)(A) the institution has suffered or will probably suffer substantial financial loss or other damage;

"(B) the interests of the shareholders or investors in Farm Credit System obligations could be seriously prejudiced by reason of such violation, practice, or breach; or

"(C) the director or officer has received financial gain by reason of such violation, practice, or breach; and

"(3) such violation or practice or breach of fiduciary duty is one that—

"(A) involves personal dishonesty on the part of such director or officer; or

"(B) demonstrates gross negligence or a willful or continuing disregard for the safety or soundness of the institution,

the Administration may serve on such director or officer a written notice of the intention of the Administration to remove such director or officer from office.

"(b) If the Administration believes that—

"(1) any director or officer of an institution, by conduct or practice with respect to another institution or other business institution that resulted in substantial financial loss or other damage, has evidenced—

"(A) personal dishonesty, gross negligence, or a willful or continuing disregard for the safety and soundness of such institution; and

"(B) unfitness of the director or officer to continue as a director or officer; or

"(2) any other person participating in the conduct of the affairs of an institution, by conduct or practice with respect to such institution or other institution or other business institution that resulted in substantial financial loss or other damage, has evidenced—

"(A) personal dishonesty, gross negligence, or a willful or continuing disregard for the safety and soundness of such institution; and

"(B) unfitness of such person to participate in the conduct of the affairs of such institution,

the Administration may serve on such director, officer, or other person a written notice of the intention of the Administration to remove such director, officer, or other person from office or to prohibit the further participation of such director, officer, or other person in the conduct of the affairs of the institution.

"(c)(1) In the case of any director or officer of an institution or any other person referred to in subsection (a) or (b), the Administration may, if the Administration considers it necessary for the protection of the institution or the interest of the shareholders of such institution or the investors in Farm Credit System obligations, by written notice to such effect served on such director, officer, or other person—

"(A) suspend such director, officer, or other person from office; or

"(B) prohibit such director, officer, or other person from further participation in the conduct of the affairs of the institution.

"(2) Such suspension or prohibition shall—

"(A) become effective on the service of such notice; and

"(B) unless stayed by a court in proceedings authorized by subsection (f), remain in effect—

"(i) pending the completion of the administrative proceedings conducted pursuant to the notice served under subsection (a) or (b); and

"(ii) until—

"(I) such time as the Administration shall dismiss the charges specified in such notice; or

"(II) if an order of removal or prohibition is issued against the director or officer or other person, until the effective date of such order.

"(3) A copy of any such notice shall also be served on the institution of which the director or officer is a director or officer or in the conduct of whose affairs the director, officer, or other person has participated.

"(4) A notice of intention to remove a director, officer, or other person from office or to prohibit the participation of such director, officer, or other person in the conduct of the affairs of an institution shall contain a statement of the facts constituting grounds for such removal or prohibition.

"(d)(1) In addition to such statement, such notice shall establish a time and place at which a hearing will be held on the basis for removal.

"(2) Such hearing shall be held on a date not earlier than 30 days, nor later than 60 days, after the date of service of such notice, unless a different date is established by the Administration at the request of—

"(A) such director, officer, or other person, and for good cause shown; or

"(B) the Attorney General of the United States.

"(3) Unless such director, officer, or other person appears at the hearing in person or through a duly authorized representative, such director, officer, or other person shall be considered to have consented to the issuance of an order of such removal or prohibition.

"(e)(1) If consent to such is obtained, or if on the record made at any such hearing the Administration finds that any of the grounds specified in such notice have been established, the Administration may issue an order of suspension or removal from office, or prohibition from participation in the conduct of the affairs of the institution, as the Administration considers appropriate.

"(2) A copy of an order issued under this section shall be served on the institution concerned.

"(3) Any such order shall—

"(A) become effective at the expiration of 30 days after service on such institution and the director, officer, or other person concerned (except that, in the case of an order issued on the basis of consent, such order shall become effective at the time specified in such order); and

"(B) remain effective and enforceable, except to the extent such order is stayed, modified, terminated, or set aside by action of the Administration or a reviewing court.

"(f)(1) Within 10 days after any director, officer, or other person has been suspended from office or prohibited from participation in the conduct of the affairs of an institution, or both, under subsection (c), such director, officer, or other person may apply to the United States district court for the judicial district in which the principal office of the institution is located, or the United States District Court for the District of Columbia, for a stay of such suspension or prohibition, or both, pending the completion of the administrative proceedings conducted pursuant to the notice served on such director, officer, or other person under subsection (a) or (b).

"(2) Such court shall have jurisdiction to stay such suspension or prohibition, or both.

"SEC. 5.43. SUSPENSION OR REMOVAL OF DIRECTOR OR OFFICER CHARGED WITH FELONY.—(a)(1) If—

"(A) a director or officer of an institution, or other person participating in the conduct of the affairs of an institution, is charged in any information, indictment, or complaint authorized by a United States attorney, with the commission of or participation in a crime involving dishonesty or breach of trust that is punishable by imprisonment for a term exceeding 1 year under State or Federal law; and

"(B) continued service or participation by the individual may—

"(i) pose a threat to the interests of the shareholders of the institution or investors in Farm Credit System obligations; or

"(ii) impair public confidence in the institution,

the Administration may, by written notice served on such director, officer, or other person, suspend such director, officer, or other person from office or prohibit such director, officer, or other person from further participation in the conduct of the affairs of the institution.

"(2) Such suspension or prohibition shall remain in effect until such information, indictment, or complaint is finally disposed of or until terminated by the Administration.

"(b)(1) If—

"(A) a judgment of conviction with respect to such crime is entered against such director, officer, or other person;

"(B) such judgment is not subject to further appellate review; and

"(C) continued service or participation by the individual may—

"(i) pose a threat to the interests of the shareholders of the institution or investors in Farm Credit System obligations; or

"(ii) impair public confidence in the institution,

the Administration may issue and serve on such director, officer, or other person an order removing such director, officer, or other person from office or prohibiting such director, officer, or other person from further participation in the conduct of the affairs of the institution, except with the consent of the Administration.

"(2) A copy of such order shall also be served on such institution.

"(3) On receipt of such copy, such director or officer shall cease to be a director or officer of such institution.

"(4) A finding of not guilty or other disposition of the charge shall not preclude the Administration from thereafter instituting proceedings to remove such director, officer, or other person from office or to prohibit further participation in institution affairs, pursuant to section 5.42.

"(5) Any notice of suspension or order of removal issued under this section shall remain effective and outstanding until the completion of any hearing or appeal authorized under subsection (d), unless terminated by the Administration.

"(c)(1) If at any time, as the result of the suspension of one or more directors pursuant to this section, there shall be on the board of directors of an institution less than a quorum of directors not so suspended, the Chairman of the Farm Credit Administration Board shall appoint persons to serve temporarily as directors in their place and stead so as to establish a quorum.

"(B) Such persons shall serve until such time as those persons who have been removed are reinstated or their respective successors are elected or appointed and take office.

"(d)(1) Within 30 days after service of any notice of suspension or order of removal issued pursuant to subsection (a) or (b), the director, officer, or other person concerned may request in writing an opportunity to appear before the Administration to show that the continued service to or participation in the conduct of the affairs of the institution by such individual does not, or is not likely to, pose a threat to the interests of the shareholders of the institution or the investors in Farm Credit System obligations.

"(2) On receipt of any such request, the Administration shall establish a time (not more than 30 days after receipt of such request, unless extended at the request of the concerned director, officer, or other person) and place at which the director, officer, or other person may appear, personally or through counsel, before the Chairman of the Farm Credit Administration Board to submit written materials (or, at the discretion of the Administration, oral testimony) and oral argument.

"(3) Within 60 days after such hearing, the Administration shall notify such director, officer, or other person whether the suspension or prohibition from participation in the conduct of the affairs of the institution will be continued, terminated, or otherwise modified, or whether the order removing such director, officer, or other person from office or prohibiting such individual from further participation in the conduct of the affairs of the institution will be rescinded or otherwise modified.

"(4) Such notification shall contain a statement of the basis for the decision of the Administration, if adverse to the director, officer, or other person.

"(e) The Administration may prescribe such rules as may be necessary to carry out this section.

"SEC. 5.44. ADMINISTRATIVE AND JUDICIAL REVIEW.—(a)(1) Any hearing provided for in this part (other than a hearing provided for in section 5.43(d)) shall be held in the Federal judicial district or in the territory in which the principal office of the institution is located, unless the party afforded the hearing consents to another place.

"(2) Such hearing shall be conducted in accordance with chapter 5 of title 5, United States Code.

"(3) Such hearing shall be private, unless the Administration, after fully considering the views of the party afforded the hearing, determines that a public hearing is necessary to protect the public interest.

"(b)(1) After such hearing, and within 90 days after the Administration has notified the parties that the case has been submitted to the Administration for final decision, the Administration shall—

"(A) render a decision (including the findings of fact on which the decision is predicated); and

"(B) issue and serve on each party to the proceeding an order or orders consistent with this part.

"(2) Judicial review of any such order shall be had exclusively as provided in this section.

"(3) Unless a petition for review is timely filed in a court of appeals of the United States, as provided in subsection (c), and thereafter until the record in the proceeding has been filed as so provided, the Administration may at any time, on such notice and in such manner as the Administration shall consider proper, modify, terminate, or set aside any such order.

"(4) On the filing of the record, the Administration may modify, terminate, or set aside any such order with permission of the court.

"(c)(1) Any party to a proceeding conducted under this section, or any person required by an order issued under this section to cease and desist from a violation or practice stated in such order, may obtain a review of any order served pursuant to subsection (a) or (b) (other than an order issued with the consent of the institution or the director or officer or other person concerned, or an order issued under section 5.43(b)) by the filing in the court of appeals of the United States for the circuit in which the principal office of the institution is located, or in the United States Court of Appeals for the District of Columbia Circuit, within 30 days after the date of the service of such order, a written petition praying that the order of the Administration be modified, terminated, or set aside.

"(2) A copy of such petition shall be transmitted immediately by the clerk of the court to the Administration.

"(3) On receipt of such copy, the Administration shall file in the court the record in the proceeding, as provided in section 2112 of title 28, United States Code.

"(4) On the filing of such petition, such court shall have jurisdiction (that on the filing of the record shall (except as provided in subsection (b)(4)) be exclusive) to affirm, modify, terminate, or set aside, in whole or in part, the order of the Administration.

"(5) The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court on certiorari, as provided in section 1254 of title 28, United States Code.

"(d) The commencement of proceedings for judicial review under subsection (c) shall not, unless specifically ordered by the court, operate as a stay of any order issued by the Administration.

"SEC. 5.45. ENFORCEMENT.—(a) The Administration may apply to the United States district court, or the United States court of any territory, within the jurisdiction of which the principal office of an institution is located, for the enforcement of any effective and outstanding notice or order issued under this part.

"(b)(1) Except as provided in paragraph (2), such court shall have jurisdiction and power to order and require compliance with such notice or order.

"(2) Except as otherwise provided in this part, no court shall have jurisdiction—

"(A) to affect by injunction or otherwise the issuance or enforcement of any notice or order under this part; or

"(B) to review, modify, suspend, terminate, or set aside any such notice or order.

"SEC. 5.46. PENALTIES.—(a)(1) Subject to paragraph (2), any institution that violates, or an officer, director, employee, agent, or other person participating in the conduct of the affairs of such an institution who violates, the terms of any order that has become final and was issued pursuant to section 5.41, shall forfeit and pay a civil penalty of not more than $1,000 per day for each day during which such violation continues.

"(2) The Administration may compromise, modify, or remit any civil money penalty that is subject to imposition or has been imposed under this section.

"(3) The penalty may be assessed and collected by the Administration by written notice.

"(b) In determining the amount of the penalty, the Administration shall take into account the appropriateness of the penalty with respect to the size of financial re-

sources and good faith of the institution or person charged, the gravity of the violation, the history of previous violations, and such other matters as the Administration considers appropriate.

"(c)(1) The institution or person assessed shall be afforded an opportunity for a hearing before the Administration, on request made within 10 days after the issuance of the notice of assessment.

"(2) In such hearing all issues shall be determined on the record pursuant to section 554 of title 5, United States Code.

"(3) A determination of the Administration shall be made by final order and may be reviewed only as provided in subsection (d).

"(4) If no hearing is requested as provided in subsection (d), the assessment shall constitute a final and unappealable order.

"(d)(1) Any institution or person against whom an order imposing a civil money penalty has been entered after the hearing held before the Administration under this section may obtain review of such order by the United States court of appeals for the circuit in which the principal office of the institution is located, or the United States Court of Appeals for the District of Columbia Circuit, by—

"(A) filing a notice of appeal in such court within 20 days after the service of such order; and

"(B) simultaneously sending a copy of such notice by registered or certified mail to the Administration.

"(2) The Administration shall promptly certify and file in such Court the record on which the penalty was imposed, as provided in section 2112 of title 28, United States Code.

"(3) The findings of the Administration shall be set aside if found to be unsupported by substantial evidence.

"(e)(1) If any institution or person fails to pay an assessment after the assessment has become a final and unappealable order, or after the court of appeals has entered a final judgment in favor of the Administration, the Administration shall refer the matter to the Attorney General.

"(2) The Attorney General shall recover the amount assessed by action in the appropriate United States district court.

"(3) In such action, the validity and appropriateness of the final order imposing the penalty shall not be subject to review.

"(f) The Administration shall issue regulations establishing procedures necessary to implement this section.

"(g) All penalties collected under authority of this section shall be placed in the Treasury of the United States.

"(h) Any director or officer, or former director or officer of an institution, or any other person, against whom there is outstanding and effective a notice or final order served on such director, officer, or other person under subsection (c), (d), or (e) of section 5.42 or section 5.43 who—

"(1) participates in the conduct of the affairs of the institution involved, or directly or indirectly solicits or procures, or transfers or attempts to transfer, or votes or attempts to vote, any proxies, consents, or authorizations in respect of any voting rights in such institution; or

"(2) without the prior written approval of the Administration, votes for a director, serves or acts as a director, officer, or employee of any institution,

shall on conviction be fined not more than $5,000 or imprisoned for not more than 1 year, or both.

"SEC. 5.47. GENERAL PROVISIONS.—(a) Any service required or authorized to be made by the Administration under this part may be made by registered mail, or in such other manner reasonably calculated to give actual notice as the Administration may by regulation or otherwise provide.

"(b)(1) In the course of or in connection with any proceeding under this part or any examination or investigation under section 5.18, the Administration or any designated representative thereof (including any person designated to conduct any hearing under this part) shall have the power to administer oaths and affirmations, to take or cause to be taken depositions, and to issue, revoke, quash, or modify subpoenas and subpoenas duces tecum.

"(2) The Administration may issue rules and regulations with respect to any such proceedings, claims, examinations, or investigations.

"(3) The attendance of witnesses and the production of documents provided for in this subsection may be required from any place in any State or in any territory or other place subject to the jurisdiction of the United States at any designated place where such proceeding is being conducted.

"(4) The Administration or any party to a proceeding under this part may apply to the United States District Court for the District of Columbia, or the United States district court for the judicial district or the United States court in any territory in which such proceeding is being conducted, or where the witness resides or carries on business, for enforcement of any subpoena or subpoena duces tecum issued pursuant to this subsection.

"(5) Such court shall have jurisdiction and power to order and require compliance with an order.

"(6) Witnesses subpoenaed under this subsection shall be paid the same fees and mileage that are paid witnesses in the district courts of the United States.

"(7) Any court having jurisdiction of any proceeding instituted under this part by an institution or a director or officer of an institution, may allow to any such party such reasonable expenses and attorneys' fees as the court considers just and proper.

"(8) Such expenses and fees shall be paid by the institution or from the assets of the institution.

"(9) Any person who willfully shall fail or refuse to attend and testify or to answer any lawful inquiry or to produce books, papers, correspondence, memoranda, contracts, agreements, or other records, if within the power of such person, in compliance with the subpoena of the Administration, shall be guilty of a misdemeanor and, on conviction, shall be subject to a fine of not more than $1,000 or to imprisonment for a term of not more than 1 year, or both.".

TITLE IV—FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION

FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION

SEC. 401. Title IV of the Farm Credit Act of 1971 (12 U.S.C. 2151 et seq.) is amended by adding at the end thereof the following new part:

"PART F—FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION

"SEC. 4.40. DEFINITIONS.—As used in this part:

"(1) The term 'Administration' means the Farm Credit Administration.

"(2) The term 'Board of Directors' means the Board of Directors of the Corporation.

"(3) The term 'Corporation' means the Federal Farm Credit System Capital Corporation established under section 4.41.

"(4) The term 'institution' means an institution of the Farm Credit System.

"SEC. 4.41. CHARTER AND PURPOSE OF CORPORATION.—(a) To ensure the continued viability of the farmer-owned cooperative Farm Credit System through the effective redistribution of capital, the purchase, restructuring, and sale of system assets, and the taking of other prescribed actions, the Administration may in accordance with this part—

"(1) provide for the organization, incorporation, examination, operation and regulation of a Federal Farm Credit System Capital Corporation, under such rules and regulations as the Administration may prescribe, including but not limited to, rules and regulations prescribed in the charter of the Corporation; and

"(2) issue a charter for such Corporation.

"(b) On the issuance of such charter, the Corporation shall become a federally chartered body corporate that is an institution of the Farm Credit System.

"SEC. 4.42. POWERS OF THE CORPORATION.—Subject to such rules and regulations as the Administration may prescribe, the Corporation shall operate under the supervision of the Administration and have the following powers:

"(1) Adopt and use a corporate seal.

"(2) Have succession until dissolved by the Administration or by law.

"(3) Make contracts.

"(4) Sue and be sued.

"(5) Acquire, hold, dispose of, and otherwise exercise all the usual incidents of ownership of real and personal property necessary or convenient to the business of the Corporation, except that the acquisition of property from an institution may be made only at fair market value based on standards prescribed by the Administration.

"(6) Acquire, hold, and dispose of loans or interests in loans or other assets acquired from an institution, provide services and other assistance authorized by this Act, and charge fees for such services and assistance, except that the acquisition of any such loan or asset may be made only at fair market value based on standards prescribed by the Administration.

"(7) Exercise all the rights and privileges of an institution with respect to any loan or interest therein that the Corporation has acquired, including the adjustment of interest rates, compromise of indebtedness, waiver of default, and other rights and privileges.

"(8) Assume debt or other liabilities from institutions in connection with the acquisition of loans or interests in such loans or other assets from such institutions.

"(9) Subject to the authority of the Administration to regulate such actions under sections 4.48 and 5.18, require institutions, as the Corporation may determine, to purchase stock in the Corporation or otherwise assess and collect funds from each institution in such manner, at such times, and in such amounts as the Corporation shall determine are necessary—

"(A) to cover the expenses of the Corporation, including operating expenses, debt payments, retirement of obligations (including the cost of retiring obligations issued to the Secretary of the Treasury or the Administration), loan losses, and any other ex-

penses incurred in exercising the authority of the Corporation under this part; and

"(B) subject to the approval of the Administration—

"(i) to retire stock of the Corporation purchased by institutions; and

"(ii) to repay institutions all or part of any amount that has been assessed under this section.

"(10) Transfer funds and equities between and among institutions, require capital contributions to the Corporation from institutions, and administer capital assistance or extend credit to any institution, as the Corporation considers necessary under regulations issued under sections 4.48 and 5.18.

"(11) Extend credit to borrowers of an institution—

"(A) to protect collateral supporting loans held by the Corporation; and

"(B) to facilitate debt restructuring of such loans.

"(12) Operate under the direction of the Board of Directors.

"(13) Elect by the Board of Directors a president and provide for such other officers, employees, and agents as may be necessary, with the president serving at the pleasure of the Board of Directors.

"(14) Prescribe through the Board of Directors, bylaws that are not inconsistent with law providing for—

"(A) the classes of stock of the Corporation and the manner in which such stock shall be issued, transferred, and retired;

"(B) the officers, employees, and agents of the Corporation elected or provided;

"(C) the property of the Corporation acquired, held, and transferred;

"(D) the general business of the Corporation; and

"(E) the privileges granted to the Corporation by law.

"(15) Borrow money through the issuance of System-wide notes, bonds, debentures, or other obligations in connection with other banks of the Farm Credit System, on such terms, conditions, and rates of interest as may be agreed on and approved by the Chairman of the Farm Credit Administration Board, and in accordance with part A of title IV.

"(16) Borrow from any system or commercial bank on the individual responsibility of the Corporation on such terms and conditions as the Corporation may determine with the approval of the Administration.

"(17) Authorize, through the Board of Directors, under such terms and conditions as the Corporation shall determine—

"(A) the issuance and sale of—

"(i) voting stock to banks of the Farm Credit System; and

"(ii) nonvoting stock to banks or other institutions of the Farm Credit System or to members of the public; or

"(B) an increase in the capital stock of the Corporation.

"(18) Authorize, through the Board of Directors, the issuance and sale of obligations, including notes, bonds, debentures, capital notes, and nonvoting securities to the Secretary of the Treasury or Administration under such terms and conditions as shall be determined.

"(19) Deposit the securities and current funds of the Corporation with any member of the Federal Reserve System or any insured State nonmember bank (as defined in section 2(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813(b)), pay fees therefor, and receive interest thereon, as may be agreed on.

"(20) Buy and sell securities issued or insured by the United States or any agency of the United States or securities backed by the full faith and credit of any such agency and make such other investments as are authorized by the Administration.

"(21) Provide managerial, technical, and financial services to institutions relating to loan restructuring.

"(22) Exercise, through the Board of Directors or authorized officers, employees, or agents, all such incidental powers as may be necessary or expedient to carry out the business of the Corporation.

"SEC. 4.43. LIMITATION ON POWERS OF THE CORPORATION.—The powers of the Corporation under this part—

"(1) shall be exercised only for purposes specified in this part; and

"(2) shall not be exercised in a manner that would result in the Corporation supplanting institutions of the Farm Credit System operating under title I through III as the primary providers of credit and other financial services to farmers, ranchers, and their cooperatives.

"SEC. 4.44. EMPLOYEES AND FUNDS OF THE CORPORATION.—(a) An officer or employee of the Corporation shall not be considered an officer or employee of the Federal Government.

"(b) Funds held by the Corporation shall not be considered to be funds of the Federal Government or appropriated moneys.

"SEC. 4.45. BOARD OF DIRECTORS OF THE CORPORATION.—(a)(1) The Board of Directors of the Corporation shall consist of five members, of which—

"(A) three members shall be elected by the farm credit banks that own the voting stock of the Corporation, with each such bank having the right to cast one vote to fill each such vacancy without regard to the number of voting shares owned by such bank; and

"(B) two members shall be appointed by the Chairman of the Farm Credit Administration Board.

"(2) Members appointed by the Chairman under paragraph (1)(B) shall be selected from United States citizens—

"(A) who are not borrowers from, shareholders in, or employees of any institution; and

"(B) who are experienced in financial services and credit.

"(b) Members of the Board of Directors shall serve 2-year terms, except that, of the members first elected or appointed to the Board of Directors, one elected member and one appointed member shall serve initial terms of 1 year.

"(c) The Board of Directors shall elect, on an annual basis, a Chairman from among the members of the Board.

"(d)(1) Members of the Board may succeed themselves and may serve until their successors are duly seated.

"(2) Vacancies on the Board shall be filled in the same manner as the vacant position was previously filled.

"SEC. 4.46. INITIAL CAPITALIZATION.—(a) Subject to section 4.48, the Administration shall provide for the initial capitalization of the Corporation by requiring institutions to contribute capital to the Corporation in such amounts and under such terms and conditions as the Chairman of the Farm Credit Administration Board may prescribe.

"(b) The initial capital stock of the Corporation—

"(1) shall be divided into shares of par value of $100 each;

"(2) may be of such classes as the Chairman of the Farm Credit Administration Board may prescribe; and

"(3) shall be distributed among the institutions.

"SEC. 4.47. REPORTING.—The Corporation shall be included in all combined or consolidated reports and statements of the Farm Credit System.

"SEC. 4.48. ISSUANCE OF REGULATIONS.—(a)(1) The Administration shall establish, by regulation, criteria under which—

"(A) the Corporation shall require institutions of the Farm Credit System to purchase stock in the Corporation or pay assessments to the Corporation; or

"(B) the Administration shall require such institutions to provide the initial capital required by the Corporation.

"(2) Such regulations shall—

"(A) require an equitable sharing of the assessment burden; and

"(B) give due consideration to the relative financial strength and ability to pay of the contributing institution.

"(3) Assessments made under such regulations may not reduce the resources of the contributing institution below a point at which the institution's ability to function as an ongoing competitive and viable lender is jeopardized.

"(b)(1) The Administration shall establish, by regulation, the criteria used in determining—

"(A) the eligibility of institutions for financial assistance from the Corporation; and

"(B) the types and amounts of financial assistance that may be obtained from the Corporation.

"(2) Such regulations shall provide that an institution shall be eligible to receive financial assistance if the financial condition of the institution has deteriorated to a point at which—

"(A) continued operation of the institution is jeopardized; and

"(B) the provision of such financial assistance is necessary to ensure that farm credit services will continue to be available to borrowers in the territory of the institution.

"SEC. 4.49. PURCHASE, PARTICIPATION, AND ADMINISTRATION OF LOANS.—(a) The Corporation may require any institution, as a condition for receiving assistance, to sell to the Corporation—

"(1) loans or participation interests in loans that have been placed in nonaccrual status;

"(2) assets carried in the account of such institution for acquired properties; and

"(3) other loans and related assets.

"(b)(1) The Corporation may refinance, reamortize, or compromise indebtedness with respect to any loans (or participation in loans) purchased by the Corporation.

"(2) Indebtedness may be compromised below the level of the investment of the Corporation in the asset only if the Corporation, with the concurrence of or in accordance with guidelines of the Administration, determines that the collateral valuations that formed the basis for establishing the price at which the Corporation purchased the loan does not reflect the fair market value of such collateral and the repayment capacity of the debtor.

"(3) Requests for compromise of indebtedness that arise in the course of loan administration by the Corporation may be granted, denied, or altered in the sole discretion of the Corporation.

"(4) The Corporation shall not be required to accept any repayment of a loan (or participation in a loan) that is less than is legally due the Corporation under such loan.

"SEC. 4.50. TAXATION.—(a)(1) Except as provided in paragraph (2), the Corporation and the capital, reserves, and surplus of the Corporation, and the income derived therefrom, shall be exempt from Federal, State, municipal, and local taxation.

"(2) Real property held by the Corporation may be taxed on the basis of the value of such property and in a manner similar to taxes levied on other similar property held by other persons.

"(b) For purposes of Federal, State, municipal, and local taxation—

"(1) subject to section 4.4(c), the mortgages held by the Corporation, and the notes, bonds, debentures, and other obligations issued by the Corporation, shall be considered to be instrumentalities of the Federal Government; and

"(2) such obligations, and the income therefrom, shall be exempt from all such taxation, other than Federal income tax liability imposed on the holder of such obligations in accordance with section 3124 of title 31, United States Code.".

TITLE V—RIGHTS OF APPLICANTS AND SHAREHOLDERS

DISCLOSURE AND ACCESS TO INFORMATION

SEC. 501. Part C of title IV of the Farm Credit Act of 1971 is amended—

(1) by redesignating section 4.13 (12 U.S.C. 2201) as section 4.13B; and

(2) by inserting after the heading for such part the following new sections:

"SEC. 4.13. DISCLOSURE.—(a) The Farm Credit Administration shall promulgate regulations requiring each lending institution of the Farm Credit System to provide to each borrower of such institution, for each loan that is not subject to the Truth In Lending Act (15 U.S.C. 1601 et seq.), meaningful and timely disclosure of—

"(1) the current rate of interest on such loan;

"(2) in the case of an adjustable or variable rate loan—

"(A) the amount and frequency by which the interest rate may be increased during the term of the loan or, if there are no such limitations, a statement to such effect; and

"(B) the factors (including, but not limited to, the cost of funds, operating expenses, and provision for loan losses) that will be taken into account by such institution in determining adjustments to the interest rate;

"(3) the effect (as demonstrated by a representative example or examples) of the required purchase of stock or participation certificates in such institution on the effective rate of interest; and

"(4) any change in the interest rate applicable to the loan of such borrower.

"(b)(1) The Farm Credit Administration shall promulgate regulations setting forth guidelines to be followed by each lending institution of the Farm Credit System in developing a policy governing forbearance.

"(2) Each such institution shall provide to each borrower from such institution a copy of such institution's policy regarding forbearance at such time as the Farm Credit Administration shall prescribe by regulation.

"SEC. 4.13A. ACCESS TO DOCUMENTS AND INFORMATION.—(a)(1) The Farm Credit Administration shall promulgate regulations requiring each bank and association of the Farm Credit System to provide each borrower of a loan made by such bank or association—

"(A) at the time of execution of such loan, a copy of each document signed by the borrower with respect to such loan; and

"(B) at any time thereafter, on the request of such borrower, a copy of each document signed or delivered by such borrower.

"(2) Such regulations also shall require each such bank and association to provide the shareholders of such bank or association, on request, a copy of the articles of incorporation, or charter and bylaws, of such bank or association.

"(b)(1)(A) A bank or association of the Farm Credit System shall provide a copy of a current list of the shareholders of such bank or association within 10 days after a request for the same made by a shareholder.

"(B) As a condition to providing the list, the bank or association may require the shareholder to certify that the shareholder—

"(i) will utilize the list exclusively for communicating with shareholders on matters related to the business operations of the bank or association; and

"(ii) will not make the list available to any person, other than an attorney or accountant of the shareholder, without the written consent of the bank or association.

"(2)(A) If the requesting shareholder concurs and agrees to defray the reasonable costs of such action, a bank or association may, as an alternative to providing a list of the shareholders of such bank or association, mail or otherwise furnish a communication to each such shareholder, as promptly as practicable after receipt.

"(B) On request, the institution shall estimate the costs of handling and mailing such communication.".

NOTICE OF ACTION ON APPLICATIONS

SEC. 502. Section 4.13B of the Farm Credit Act of 1971 (as redesignated by section 501(1)) is amended—

(1) by inserting "written" after "prompt"; and

(2) by inserting before the period at the end thereof the following: ", and of the right of the applicant to review under section 4.14".

RECONSIDERATION OF ACTION ON APPLICATIONS

SEC. 503. Section 4.14 of the Farm Credit Act of 1971 (12 U.S.C. 2202) is amended to read as follows:

"SEC. 4.14. RECONSIDERATION OF ACTION ON APPLICATIONS.—(a) The Farm Credit Administration shall promulgate regulations requiring the board of directors of each lending institution of the Farm Credit System to establish a credit review committee.

"(b) If a loan applicant has received written notice under section 4.13B of a decision to deny or reduce the loan applied for and the applicant makes a written request to the appropriate institution within 30 days after receiving such notice, such applicant may obtain a review of such decision in person before the appropriate credit review committee.

"(c) Promptly after any such review, such applicant shall be notified in writing of the decision of the credit review committee and the reasons therefor.".

NOTICE OF RETIREMENT OF STOCK AND CAPITAL INVESTMENTS

SEC. 504. (a) The sixth sentence of section 1.16(a) of the Farm Credit Act of 1971 (12 U.S.C. 2014(a)) is amended by inserting "and on written notice to the shareholder" before the period at the end thereof.

(b) Section 2.13(k) of such Act (12 U.S.C. 2094(k)) is amended by inserting ", on written notice to the borrower and approval by the bank of such retirement" before the period at the end thereof.

REVIEW OF NONACCRUAL LOANS

SEC. 505. Each local lending institution of the Farm Credit System established under the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) shall—

(1) review each loan that has been placed in nonaccrual status by such institution to determine whether such loan may be restructured based on changes in the circumstances of such institution as the result of this Act and the amendments made by this Act; and

(2) notify in writing the borrower of each such loan of the provisions of this section.

TITLE VI—GENERAL PROVISIONS

PAYMENT OF DIVIDENDS AND PATRONAGE REFUNDS

SEC. 601. (a) Section 1.5 of the Farm Credit Act of 1971 (12 U.S.C. 2013) is amended—

(1) by adding at the end of subsection (e) the following new sentence: "Notwithstanding any other provision of this subsection, a Federal land bank shall be subject to regulation by the Farm Credit Administration with regard to the payment of dividends."; and

(2) by adding at the end of subsection (f) the following new sentence: "Notwithstanding any other provision of this subsection, a Federal land bank shall be subject to regulation by the Farm Credit Administration with regard to the payment of patronage refunds.".

(b) Section 1.18(b) of such Act (12 U.S.C. 2052(b)) is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provision of this section, a Federal land bank association shall be subject to regulation by the Farm Credit Administration with regard to the payment of dividends and patronage refunds.".

(c) Section 2.2(f) of such Act (12 U.S.C. 2073(f)) is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provision of this section, a Federal intermediate credit bank shall be subject to regulation by the Farm Credit Administration with regard to the payment of dividends.".

(d) Section 3.4 of such Act (12 U.S.C. 2125) is amended by inserting ", subject to regulation by the Farm Credit Administration" before the period at the end thereof.

RESERVE ACCOUNTS

SEC. 602. (a) Subsection (a) of section 1.17 of the Farm Credit Act of 1971 (12 U.S.C. 2051(a)) is amended to read as follows:

"(a) Each Federal land bank shall be required to carry a reserve account in accordance with standards prescribed by the Farm Credit Administration.".

(b) Subsection (a) of section 1.18 of such Act (12 U.S.C. 2052(a)) is amended to read as follows:

"(a) Each Federal land bank association shall be required to carry a reserve account in accordance with standards prescribed by the Farm Credit Administration.".

APPLICATION OF EARNINGS

SEC. 603. Section 2.14 of the Farm Credit Act of 1971 (12 U.S.C. 2095) is amended—

(1) by striking out subsection (a) and inserting in lieu thereof the following new subsection:

"(a) Each production credit association at the end of each fiscal year shall apply the amount of its earnings for such year in excess of its operating expenses, including provision for valuation reserves against loan assets in accordance with generally accepted

accounting principles (but in no event shall such provision be less than an amount equal to one-half of 1 percent of the loans outstanding at the end of the fiscal year, until such reserves equal or exceed 3½ percent of the loans outstanding at the end of the fiscal year)—

"(1) first, to the restoration of the impairment, if any, of capital; and

"(2) second, to the establishment and maintenance of the surplus accounts, in accordance with standards prescribed by the Farm Credit Administration."; and

(2) in subsection (b)—

(A) by inserting "and subject to the general direction of the Farm Credit Administration" after "so provide" in the first sentence; and

(B) by striking out "Any" in the second sentence and inserting in lieu thereof "In accordance with other provisions of this section, any".

FUNDING FOR FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION

SEC. 604. Part A of title IV of the Farm Credit Act of 1971 is amended by inserting after section 4.1 (12 U.S.C. 2152) the following new section:

"SEC. 4.1A. FUNDING FOR FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION.—Each Federal land bank, Federal intermediate credit bank, bank for cooperatives, Federal land bank association, and production credit association shall purchase stock in the Federal Farm Credit System Capital Corporation established under section 4.41, pay assessments, make capital contributions, and take such other actions as are required by the Corporation in the exercise of the powers of the Corporation under part F of title IV.".

LIABILITY OF BANKS

SEC. 605. Section 4.4 of the Farm Credit Act of 1971 (12 U.S.C. 2155) is amended by adding at the end thereof the following new subsection:

"(d) For purposes of this section, the term 'bank' includes the Federal Farm Credit System Capital Corporation established under section 4.41.".

TERMS OF DISTRICT DIRECTORS

SEC. 606. Section 5.1(c) of the Farm Credit Act of 1971 (12 U.S.C. 2222(c)) is amended by striking out ", except" and all that follows through "full terms".

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL

SEC. 607. Section 1004 of the Federal Financial Institutions Examination Council Act of 1978 (12 U.S.C. 3303) is amended by adding at the end thereof the following new subsection:

"(f)(1) The Chairman of the Farm Credit Administration Board shall serve as a nonvoting member of the Council.

"(2) The Farm Credit Administration shall pay such portion of the costs and expenses of the Council as shall be agreed on as appropriate and reasonable by the Council and the Farm Credit Administration.".

SUCCESSION OF FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION

SEC. 608. (a) On the issuance by the Farm Credit Administration of the new charter for the Federal Farm Credit System Capital Corporation under part F of title IV of the Farm Credit Act of 1971, the Corporation shall succeed to the assets of, be liable for, and assume all debts, obligations, contracts, and other liabilities of the Farm Credit System Capital Corporation chartered under part D of such title (hereafter referred to in this section as "the predecessor corporation"), matured or unmatured, accrued, absolute, contingent or otherwise, and whether or not reflected or reserved against on balance sheets, books of account, or records of the predecessor corporation.

(b) The stock of the predecessor corporation shall be converted into stock of the Federal Farm Credit System Capital Corporation chartered under part F of title IV of the Farm Credit Act of 1971.

(c) The existing contractual obligations, security instruments, and title instruments of the predecessor corporation shall, by operation of law and without any further action by the Farm Credit Administration, the predecessor corporation, or any court, become and be converted into obligations, entitlements, and instruments of the Federal Farm Credit System Capital Corporation chartered under part F of title IV of the Farm Credit Act of 1971.

TITLE VII—AUTHORIZATION FOR BORROWING

AUTHORIZATION FOR BORROWING

SEC. 701. (a) The Secretary of the Treasury is authorized, in the discretion of the Secretary, to purchase obligations issued by the Federal Farm Credit System Capital Corporation established under section 4.41 of the Farm Credit Act of 1971 (as added by section 401 of this Act) on the certification by the Farm Credit Administration that the Farm Credit System has—

(1) committed available capital surplus and reserves of the Farm Credit System under part F of title IV of the Farm Credit Act of 1971 to meet the financial stress of institutions of the Farm Credit System; and

(2) utilized such capital surplus and reserves to the extent that further contributions from or losses incurred by such institutions will likely preclude such institutions from making credit available to eligible borrowers on reasonable terms.

(b)(1) For such purpose, the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds of the sale of any securities issued after the date of enactment of this Act under chapter 31 of title 31, United States Code.

(2) The purposes for which such securities may be issued are extended to include such purchases.

(c) Each purchase of an obligation under this section shall be made on such terms and conditions as may be determined by the Secretary of the Treasury, taking into consideration the objectives that—

(1) institutions of the Farm Credit System retain the ability to make credit available to eligible borrowers on reasonable terms; and

(2) banks of the Farm Credit System continue to have access to funds in public financial markets.

TITLE VIII—INTERIM IMPLEMENTATION

INTERIM IMPLEMENTATION

SEC. 801. The Governor of the Farm Credit Administration appointed under section 5.10 of the Farm Credit Act of 1971 (12 U.S.C. 2244) (as in effect before the amendment made by section 106) shall perform the functions of the Farm Credit Administration Board established under section 5.8 of such Act (12 U.S.C. 2242) (as amended by section 104) until—

(1) two members of the Board are appointed and have qualified; and

(2) one such member has been designated by the President as Chairman of the Board.

Amend the title so as to read as follows: "To amend the Farm Credit Act of 1971, to restructure and reform the Farm Credit System, and for other purposes.".

DOMENICI (AND OTHERS) AMENDMENT NO. 1172

Mr. DOMENICI (for himself, Mr. CHILES, Mr. JOHNSTON, Mr. BINGAMAN, Mrs. HAWKINS, Mr. METZENBAUM, Mr. RIEGLE, Mr. SASSER, Mr. HARKIN, Mr. EXON, Mr. BAUCUS, Mr. COCHRAN, and Mr. HATFIELD) proposed an amendment to the bill (S. 1884) supra; as follows:

At the end of section 701 of the amendment insert the following new subsection:

"(d) The authority provided by this section shall be effective for any fiscal year only to such extent or in such amounts as are provided in advance in appropriation Acts."

BOSCHWITZ (AND OTHERS) AMENDMENT NO. 1173

Mr. BOSCHWITZ (for himself, Mr. GRASSLEY, Mr. HARKIN, Mr. BAUCUS, Mr. MCCONNELL, Mr. NICKLES, Mr. ABDNOR, Mr. PRESSLER, Mr. EXON and Mr. BOREN) proposed an amendment to the bill (S. 1884) supra; as follows:

On page 55, beginning on line 8 strike all through page 79 line 23 and insert in lieu thereof:

"(5) The term "Cash flow value" means the value of land for commercial agricultural purposes, as determined by the Capital Corporation using an income capitalization approach, taking into account the average over the preceding 10 crop years in the area in which the land is situated of—

(A) the yield of the indicator crop;

(B) the market price of the indicator crop;

(C) the interest rate charged by private lending institutions to purchase land;

(D) the cost of production of the indicator crop;

(E) the cost of the use of necessary conservation measures and improvements; and

(F) such other factors as the Secretary considers appropriate.

* * * * *

ensure the continued viability of the farmer-owned cooperative Farm Credit System through the effective redistribution of capital, the purchase, restructuring, and sale of system assets, and the taking of other prescribed actions, the Farm Credit Administration may in accordance with this part—

"(1) provide for the organization, incorporation, examination, operation and regulation of a Federal Farm Credit System Capital Corporation, under such rules and regulations as the Administration may prescribe, including but not limited to, rules and regulations prescribed in the charter of the Corporation; and

"(2) issue a charter for such Corporation.

"(b) On the issuance of such charter, the Corporation shall become a federally chartered body corporate that is part of the Farm Credit System.

"SEC. 4.42. POWERS OF THE CORPORATION.—Subject to such rules and regulations as the Administration may prescribe, the Corporation shall operate under the supervision of the administration and have the following powers:

"(1) Adopt and use a corporate seal.

"(2) Have succession until dissolved by the Administration or by law.

"(3) Make contracts.

"(4) Sue and be sued.

"(5) Acquire, hold, dispose, and otherwise exercise all the usual incidents of ownership of real and personal property necessary or convenient to the business of the Corporation, except that the acquisition of property from an institution may be made only at the cash-flow value based on standards prescribed by the Administration.

"(6) Acquire, hold, and dispose of loans or interests in loans or other assets acquired from an institution, provide services and other assistance authorized by this Act, and charge fees for such services and assistance, except that the acquisition of any such loan or asset may be made only at cash flow value.

"(a)(1) The Capital Corporation shall hold all real estate acquired pursuant to this section and related chattels for such period as such Corporation may deem prudent and may, in its discretion, lease any real estate thus acquired, and related chattel security, to any person provided that the Capital Corporation shall sell or lease farmland administered under this title in the following order of priority:

"(A) Sale of such farmland to operators (as of the time immediately before such sale) of not larger than family-sized farms.

"(B) Lease of such farmland to operators (as of the time immediately before such lease is entered into) of not larger than family-size farms.

"(2)(A) The Capital Corporation shall consider granting, and may grant, to an operator of not larger than a family-size farm, in conjunction with paragraph (3), a lease with an option to purchase farmland administered under this title.

"(B) The Capital Corporation shall issue regulations providing for leasing such land, or leasing such land with an option to purchase, on a fair and equitable basis.

"(C) In leasing or selling such land, the Capital Corporation should give special consideration to a previous owner or operator of such land if such owner or operator has financial resources, and farm management skills and experience, that the Capital Corporation determines are sufficient to assure a reasonable prospect of success in the proposed farming operations.

"(3)(A)(i) The Capital Corporation may sell farmland administered under this title through an installment sale or similar device that contains such terms as the Capital Corporation considers necessary to protect the investment of the Capital Corporation in such land.

"(ii) The Capital Corporation may subsequently sell any contract entered into to carry out clause (i).

"(B) The Capital Corporation shall offer such land for sale to operators of not larger than family-size farms at a price that reflects the cash-flow value of the land.

"(4)(A) If the Capital Corporation determines that farmland administered under this title is not suitable for sale or lease to an operator of not larger than a family-size farm because such farmland is in a tract or tracts that the Capital Corporation determines to be larger than that necessary for family-size farms, the Capital Corporation shall subdivide such land into tracts suitable for such operator.

"(B) The Capital Corporation shall dispose of such subdivided farmland in accordance with this subsection.

"(5) If suitable farmland is available for disposition under this subsection, the Capital Corporation shall—

"(A) publish an announcement of the availability of such farmland in at least one newspaper that is widely circulated in the county in which the farmland is located; and

"(B) post an announcement of the availability of such farmland in a prominent place in the local office of the Farm Credit System and the Farmers Home Administration that serves the country in which the farmland is located.

"(7) Exercise all the rights and privileges of an institution with respect to any loan or interest therein which the Corporation has acquired, including the adjustment of interest rates, compromise of indebtedness, waiver of default, and other rights and privileges.

"(8) Assume debt or other liabilities from institutions in connection with the acquisition of loans or interests in such loans or other assets from such institutions.

"(9) Subject to the authority of the Farm Credit Administration to regulate such actions under sections 4.47 and 5.18, require institutions, as the Corporation may determine, to purchase stock in the Corporation or otherwise assess and collect funds from each institution in such manner, at such times, and in such amounts as the Corporation shall determine are necessary—

"(A) to cover the expenses of the Corporation, including operating expenses, debt payments, retirement of obligations (including the cost of retiring obligations issued to the Secretary of the Treasury or the Administration), loan losses, and any other expenses incurred in exercising the authority of the Corporation under this part; and

"(B) subject to the approval of the Administration—

"(i) to retire stock of the Corporation purchased by institutions; and

(ii) to repay institutions all or part of any amount that has been assessed under this section.

"(10) Transfer funds and equities between and among institutions, require capital contributions to the Corporation from institutions, and administer capital assistance or extend credit to any institution, as the Corporation considers necessary under regulations issued under sections 4.47 and 5.18.

"(11) Extend credit to borrowers of an institution—

"(A) to protect collateral supporting loans held by the Corporation; and

"(B) to facilitate debt restructuring of such loans.

"(12) Operate under the direction of the Board of Directors.

"(13) Elect by the Board of Directors a president and provide for such other officers, employees and agents as may be necessary, with the president serving at the pleasure of the Board of Directors.

"(14) Prescribe through the Board of Directors bylaws that are not inconsistent with law providing for—

"(A) the classes of stock of the Corporation and the manner in which such stock shall be issued, transferred, and retired;

"(B) the officers, employees, and agents of the Corporation elected or provided;

"(C) the property of the Corporation acquired, held, and transferred;

"(D) the general business of the Corporation; and

"(E) the privileges granted to the Corporation by law.

"(15) Borrow money through the issuance of Systemwide notes, bonds, debentures, or other obligations in connection with other banks of the Farm Credit System, or such terms, conditions, and rates of interest as may be agreed on and approved by the Chairman of the Farm Credit Administration Board, and in accordance with part A of title IV.

"(16) Borrow from any system or commercial bank on the individual responsibility of the Corporation on such terms and conditions as the Corporation may determine with the approval of the Administration.

"(17) Authorize, through the Board of Directors, the issuance and sale of voting to banks of the system and nonvoting stock to banks and other members of the system and to members of the public, or an increase in the capital stock of the Corporation, under such terms and conditions as the Corporation shall determine.

"(18) Authorize, through the Board of Directors, the issuance and sale of obligations, including notes, bonds, debentures, capital notes, and nonvoting securities to the Secretary of the Treasury or Administration under such terms and conditions as shall be determined.

"(19) Deposit the securities and current funds of the Corporation with any member of the Federal Reserve System or any insured State nonmember bank (as defined in section 2(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813(b)), pay fees therefor, and receive interest thereon, as may be agreed on.

"(20) Buy and sell securities issued or insured by the United States or any agency of the United States or securities backed by the full faith and credit of any such agency and make such other investments as are authorized by the Administration.

"(21) Provide managerial, technical, and financial services to institutions relating to loan restructuring.

"(22) Exercise, through the Board of Directors or authorized officers, employees, or agents, all such incidental powers as may be necessary or expedient to carry out the business of the Corporation.

SEC. 4.43. LIMITATION OF POWERS.—The powers of the Corporation under this part shall be exercised only for the purposes specified in this part and shall not be exercised in a manner that would result in the Corporation supplanting the Farm Credit System institutions operating under titles I through III of this Act as the primary providers of credit and other financial services to farmers, ranchers, and their cooperatives.

"SEC. 4.44. EMPLOYEES AND FUNDS OF THE CORPORATION.—(a) An officer or employee of the Corporation shall not be considered an officer or employee of the Federal Government.

"(b) Funds held by the Corporation shall not be considered to be funds of the Federal Government or appropriated moneys.

"SEC. 4.45. BOARD OF DIRECTORS OF THE CORPORATION.—(a)(1) The Board of Directors of the Corporation shall consist of five members, of which—

"(A) three members shall be elected by the farm credit banks that own the voting stock of the corporation, each such bank having the right to cast one vote to fill each such vacancy, without regard to the number of shares of voting stock owned; and

"(B) two members shall be appointed by the Chairman of the Farm Credit Administration Board.

"(2) Members appointed by the Chairman under paragraph (1)(B) shall be selected from United States citizens—

"(A) who are not borrowers from, shareholders in, or employees of any institution; and

"(B) who are experienced in financial services and credit.

"(b) Members of the Board of Directors shall serve 2-year terms, except that, of the members first elected or appointed to the Board of Directors, one elected member and one appointed member shall serve initial terms of 1 year.

"(c) The Board of Directors shall elect, on an annual basis, a Chairman from among the members of the Board.

"(d)(1) Members of the Board may succeed themselves and may serve until their successors are duly seated.

"(2) Vacancies on the Board shall be filled in the same manner as the vacant position was previously filled.

"SEC. 4.46. INITIAL CAPITALIZATION.—Subject to the provisions of section 4.47 of this Act, the Administration shall provide for the initial capitalization of the Corporation by requiring institutions to contribute capital to the Corporation in such amounts and under such terms and conditions as the Chairman of the Farm Credit Administration Board may prescribe.

"(b) The initial capital stock of the Corporation—

"(1) shall be divided into shares of par value of $100 each;

"(2) may be of such classes as the Chairman of the Farm Credit Administration Board may prescribe; and

"(3) shall be distributed among the institutions.

"SEC. 4.46. REPORTING.—The Corporation shall be included in all combined or consolidated reports and statements of the Farm Credit System.

"SEC. 4.47. ISSUANCE OF REGULATIONS.—(a)(1) The Administration shall establish, by regulation, criteria pursuant to which the Corporation shall require system institutions to purchase stock in the Corporation, or pay assessments, or under which the Administration shall require system institutions to provide initial capital to the Corporation.

"(2) Such regulations shall—

"(A) require an equitable sharing of the assessment burden; and

"(B) give due consideration to the relative financial strength and ability to pay of the contributing institution.

"(3) Assessments made under such regulations may not reduce the resources of the contributing institution below a point at which the institution's ability to function as an ongoing competitive and viable lender is jeopardized.

"(b)(1) The Administration shall establish, by regulation, the criteria used in determining—

"(A) the eligibility of institutions for financial assistance from the Corporation; and

"(B) the types and amounts of financial assistance that may be obtained from the Corporation.

"(2) Such regulations shall provide that an institution shall be eligible to receive financial assistance if the financial condition of the institution has deteriorated to a point at which—

"(A) continued operation of the institution is jeopardized; and

"(B) the provision of such financial assistance is necessary to ensure that farm credit services will continue to be available to borrowers in the territory of the institution.

"SEC. 4.48. PURCHASE, PARTICIPATION, AND ADMINISTRATION OF LOANS.—(a) The Corporation may require any institution, as a condition for receiving assistance, to sell to the Corporation—

"(1) loans or participation interests in loans that have been placed in nonaccrual status;

"(2) assets carried in the account of such institution for acquired properties; and

"(b)(1) The Corporation may refinance, reamortize, or compromise indebtedness with respect to any loans (or participation in loans) purchased by the Corporation.

"(2) Indebtedness may be compromised below the level of the investment of the Corporation in the asset only if the Corporation, with the concurrence of or in accordance with guidelines of the Farm Credit Administration, determines that the collateral valuations that formed the basis for establishing the price at which the Corporation purchased the loan does not reflect the fair market value of such collateral and the repayment capacity of the debtor.

"(3) Requests for compromise of indebtedness that arise in the course of loan administration by the Corporation may be granted, denied, or altered in the sole discretion of the Corporation.

"(4) The Corporation shall not be required to accept any repayment of a loan (or participation in a loan) that is less than is legally due the Corporation under such loan.

"SEC. 4.49. TAXATION.—(a)(1) Except as provided in paragraph (2), the Corporation and the capital, reserves, and on the basis of the value of such property and in a manner similar to taxes levied on other similar property held by other persons.

"(b) For purposes of Federal, State, municipal, and local taxation—

"(1) subject to section 4.4(c), the mortgages held by the Corporation, and the notes, bonds, debentures, and other obligations issued by the Corporation, shall be considered to be instrumentalities of the Federal Government; and

"(2) such obligations, and the income therefrom, shall be exempt from all such taxation, other than Federal income tax liability imposed on the holder of such obligations in accordance with section 3124 of title 31, United States Code.".

TITLE V—RIGHTS OF APPLICANTS AND SHAREHOLDERS DISCLOSURE AND ACCESS TO INFORMATION

SEC. 501. Part C of title IV of the Farm Credit Act of 1971 is amended—

(1) by redesignating section 4.13 (12 U.S.C. 2201) as section 4.13B; and

(2) by inserting after the heading for such part the following new sections:

"SEC. 4.13. DISCLOSURE.—(a) The Farm Credit Administration shall promulgate regulations requiring each lending institution of the Farm Credit System to provide to each borrower of such institution, for each loan that is not subject to the Truth In Lending Act (15 U.S.C. 1501 et seq.), meaningful and timely disclosure of—

"(1) the current rate of interest on such loan;

"(2) in the case of an adjustable or variable rate loan—

"(A) the amount and frequency by which the interest rate may be increased during the term of the loan or, if there are no such limitations, a statement to such effect; and

"(B) the factors (including, but not limited to, the cost of funds, operating expenses, and provision for loan losses) that will be taken into account by such institution in determining adjustments to the interest rate;

"(3) the effect (as demonstrated by a representative example or examples) of the required purchase of stock or participation certificates in such institution on the effective rate of interest; and

"(4) any change in the interest rate applicable to the loan of such borrower.

"(b)(1) The Farm Credit Administration shall promulgate regulations setting forth guidelines to be followed by each lending institution of the Farm Credit System in developing a policy governing forebearance.

"(2) Each such institution shall provide to each borrower from such institution a copy of such institution's policy regarding forebearance at such time as the Farm Credit Administration shall prescribe by regulation.

"SEC. 4.13A. ACCESS TO DOCUMENTS AND INFORMATION.—(a)(1) The Farm Credit Administration shall promulgate regulations requiring each bank and association of the Farm Credit System to provide each borrower of a loan made by such bank or association—

"(A) at the time of execution of such loan, a copy of each document signed by the borrower with respect to such loan; and

"(B) at any time thereafter, on the request of such borrower, a copy of such document signed or delivered by such borrower.

"(2) Such regulations also shall require each such bank and association to provide the shareholders of such bank or association, on request, a copy of the articles of incorporation, or charter and bylaws, of such bank or association.

"(b)(1)(A) A bank or association of the Farm Credit System shall provide a copy of a current list of the shareholders of such bank or association within 10 days after a request for the same made by a shareholder.

"(B) As a condition to providing the list, the bank or association may require the shareholder to certify that the shareholder—

"(i) will utilize the list exclusively for communicating with shareholders on matters related to the business operations of the bank or association; and

"(ii) will not make the list available to any person, other than an attorney or accountant of the shareholder, without the written consent of the bank or association.

"(2)(A) If the requesting shareholder concurs and agrees to defray the reasonable costs of such action, a bank or association may, as an alternative to providing a list of the shareholders of such bank or association, mail or otherwise furnish a communication to each such shareholder, as promptly as practicable after receipt.

"(B) On request, the institution shall estimate the costs of handling and mailing such communication.".

NOTICE OF ACTION ON APPLICATIONS

SEC. 502. Section 4.13B of the Farm Credit Act of 1971 (as redesignated by section 501(1)) is amended—

(1) by inserting "written" after "prompt"; and

(2) by inserting before the period at the end thereof the following: ", and of the right of the applicant to review under section 4.14".

RECONSIDERATION OF ACTION ON APPLICATIONS

SEC. 503. Section 4.14 of the Farm Credit Act of 1971 (12 U.S.C. 2202) is amended to read as follows:

"SEC. 4.14. RECONSIDERATION OF ACTION ON APPLICATIONS.—(a) The Farm Credit Administration shall promulgate regulations requiring the board of directors of each lending institution of the Farm Credit System to establish a credit review committee.

"(b) If a loan applicant has received written notice under section 4.13B of a decision to deny or reduce the loan applied for and the applicant makes a written request to the appropriate institution within 30 days after receiving such notice, such applicant may obtain a review of such decision in person before the appropriate credit review committee.

"(c) Promptly after any such review, such applicant shall be notified in writing of the decision of the credit review committee and the reasons therefor.".

NOTICE OF RETIREMENT OF STOCK AND CAPITAL INVESTMENTS

SEC. 504. (a) The sixth sentence of section 1.16(a) of the Farm Credit Act of 1971 (12 U.S.C. 2014(a)) is amended by inserting "and on written notice to the shareholder" before the period at the end thereof.

(b) Section 2.13(k) of such Act (12 U.S.C. 2094(k)) is amended by inserting ", on written notice to the borrower and approval by the bank of such retirement" before the period at the end thereof.

REVIEW OF NONACCRUAL LOANS

SEC. 505. Each local lending institution of the Farm Credit System established under the Farm Credit Act of 1971 (12 U.S.C. et seq.) shall—

(1) review each loan that has been placed in nonaccrual status by such institution to determine whether such loan may be restructured based on changes in the circumstances of such institution as the result of this Act and the amendments made by this Act; and

(2) notify in writing the borrower of each such loan of the provisions of this section.

TITLE VI—GENERAL PROVISIONS

PAYMENT OF DIVIDENDS AND PATRONAGE REFUNDS

SEC. 601. (a) Section 1.5 of the Farm Credit Act of 1971 (12 U.S.C. 2013) is amended—

(1) by adding at the end of subsection (e) the following new sentence: "Notwithstanding any other provision of this subsection, a Federal land bank shall be subject to regulation by the Farm Credit Administration with regard to the payment of dividends."; and

(2) by adding at the end of subsection (f) the following new sentence: "Notwithstanding any other provision of this subsection, a Federal land bank shall be subject to regulation by the Farm Credit Administration with regard to the payment of patronage refunds.".

(b) Section 1.18(b) of such Act (12 U.S.C. 2052(b)) is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provision of this section, a Federal land bank association shall be subject to regulation by the Farm Credit Administration with regard to the payment of dividends and patronage refunds.".

(c) Section 2.2(f) of such Act (12 U.S.C. 2073(f)) is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provision of this section, a Federal intermediate credit bank shall be subject to regulation by the Farm Credit Administration with regard to the payment of dividends.".

(d) Section 3.4 of such Act (12 U.S.C. 2125) is amended by inserting ", subject to regulation by the Farm Credit Administration" before the period at the end thereof.

RESERVE ACCOUNTS

SEC. 602. (a) Subsection (a) of section 1.17 of the Farm Credit Act of 1971 (12 U.S.C. 2051(a)) is amended to read as follows:

"(a) Each Federal land bank shall be required to carry a reserve account in accordance with standards prescribed by the Farm Credit Administration.".

(b) Subsection (a) of section 1.18 of such Act (12 U.S.C. 2052(a)) is amended to read as follows:

"(a) Each Federal land bank association shall be required to carry a reserve account in accordance with standards prescribed by the Farm Credit Administration.".

APPLICATION OF EARNINGS

SEC. 603. Section 2.14 of the Farm Credit Act of 1971 (12 U.S.C. 2095) is amended—

(1) by striking out subsection (a) and inserting in lieu thereof the following new subsection:

"(a) Each production credit association at the end of each fiscal year shall apply the amount of its earnings for such year in excess of its operating expenses, including provision for valuation reserves against loan assets in accordance with generally accepted accounting principles (but in no event shall such provision be less than an amount equal to one-half of 1 percent of the loans outstanding at the end of the fiscal year, until such reserves equal or exceed 3½ percent of the loans outstanding at the end of the fiscal year)—

"(1) first, to the restoration of the impairment, if any, of capital; and

"(2) second, to the establishment and maintenance of the surplus accounts, in accordance with standards prescribed by the Farm Credit Administration."; and

(2) in subsection (b)—

(A) by inserting "and subject to the general direction of the Farm Credit Administration" after "so provide" in the first sentence;

(B) by striking out "Any" in the second sentence and inserting in lieu thereof "In accordance with other provisions of this section, any".

FUNDING FOR FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION

SEC. 604. Part A of title IV of the Farm Credit Act of 1971 is amended by inserting after section 4.1 (12 U.S.C. 2152) the following new section:

"SEC. 4.1A. FUNDING FOR FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION.—Each Federal land bank, Federal intermediate credit bank, bank for cooperatives, Federal land bank association, and production credit association shall purchase stock in the Federal Farm Credit System Capital Corporation established under section 4.41, pay assessments, make capital contributions, and take such other actions as are required by the Corporation in the exercise of the powers of the Corporation under part F of title IV.".

LIABILITY OF BANKS

SEC. 605. Section 4.4 of the Farm Credit Act of 1971 (12 U.S.C. 2155) is amended by adding at the end thereof the following new subsection:

"(d) For purposes of this section, the term 'bank' includes the Federal Farm Credit System Capital Corporation established under section 4.41.".

TERMS OF DISTRICT DIRECTORS

SEC. 606. Section 5.1(c) of the Farm Credit Act of 1971 (12 U.S.C. 2222(c)) is amended by striking out ", except" and all that follows through "full terms".

ELECTION OF DIRECTORS AT LARGE

SEC. 607. Section 5.2 of the Farm Credit Act of 1971 (12 U.S.C. 2223) is amended—

(1) by striking out "; APPOINTMENT" in the caption;

(2) in subsection (a)—

(A) by designating the first and second sentences as paragraphs (1) and (2), respectively; and

(B) by amending paragraph (2) (as so designated) to read as follows:

"(2)(A) The seventh member shall be elected by the borrowers at large in a district.

"(B) For purposes of this section, the term 'borrowers at large in a district' means—

"(i) a voting shareholder of a Federal land bank association and a direct borrower, and a borrower through an agency, from a Federal land bank;

"(ii) a voting shareholder of a production credit association; and

"(iii) a voting shareholder or subscriber to the guaranty fund of a bank for cooperatives.";

(3) in the second sentence of subsection (b)—

(A) by striking out "and" before "in the case"; and

(B) by inserting before the period at the end thereof the following: "; and in the case of an election by the borrowers at large, such notice shall be sent to all borrowers at large in the district"; and

(4) by inserting after the fifth sentence of subsection (c) the following new sentence: "Each borrower at large shall be entitled to cast one vote."

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL

SEC. 608. Section 1004 of the Federal Financial Institutions Examination Council Act of 1978 (12 U.S.C. 3303) is amended by adding at the end thereof the following new subsection:

"(f)(1) The Chairman of the Farm Credit Administration Board shall serve as a nonvoting member of the Council.

"(2) The Farm Credit Administration shall pay such portion of the costs and expenses of the Council as shall be agreed on as appropriate and reasonable by the Council and the Farm Credit Administration.".

SUCCESSION OF FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION

SEC. 609. (a) On the issuance by the Farm Credit Administration of the new charter for the Federal Farm Credit System Capital Corporation under part F of title IV of the Farm Credit Act of 1971, the Corporation shall succeed to the assets of, be liable for, and assume all debts, obligations, contracts, and other liabilities of the Farm Credit System Capital Corporation chartered under part D of such title (hereafter referred to in this section as "the predecessor corporation"), matured or unmatured, accrued, absolute, contingent or otherwise, and whether or not reflected or reserved against on balance sheets, books of account, or records of the predecessor corporation.

(b) The stock of the predecessor corporation shall be converted into stock of the Federal Farm Credit System Capital Corporation chartered under part F of title IV of the Farm Credit Act of 1971.

(c) The existing contractual obligations, security instruments, and title instruments of the predecessor corporation shall, by operation of law and without any further action by the Farm Credit Administration, the predecessor corporation, or any court,

become and be converted into obligations, entitlements, nd instruments of the Federal Farm Credit System Capital Corporation chartered under part F of title IV of the Farm Credit Act of 1971.

TITLE VII—AUTHORIZATION FOR BORROWING

AUTHORIZATION FOR BORROWING

SEC. 701. (a) The Secretary of the Treasury is authorized, in the discretion of the Secretary, to purchase obligations issued by the Federal Farm Credit System Capital Corporation established under section 4.41 of the Farm Credit Act of 1971 (as added by section 401 of this Act) on the certification by the Farm Credit Administration that the Farm Credit System has—

(1) committed available capital surplus and reserves of the Farm Credit System under part F of title IV of the Farm Credit Act of 1971 to meet the financial stress of institutions of the Farm Credit System; and

(2) utilized such capital surplus and reserves to the extent that further contributions from or losses incurred by such institutions will likely preclude such institutions from making credit available to eligible borrowers on reasonable terms.

(b)(1) For such purpose, the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds of the sale of any securities issued after the date of enactment of this Act under chapter 31 of title 31, United States Code.

(2) The purposes for which such securities may be issued are extended to include such purchases.

(c) Each purchase of an obligation under this section shall be made on such terms and conditions as may be determined by the Secretary of the Treasury, taking into consideration the objectives that—

(1) institutions of the Farm Credit System retain the ability to make credit available to eligible borrowers on reasonable terms; and

(2) banks of the Farm Credit System continue to have access to funds in public financial markets.

TITLE VIII—INTERIM IMPLEMENTATION

INTERIM IMPLEMENTATION

SEC. 801. The Governor of the Farm Credit Administration appointed under section 5.10 of the Farm Credit Act of 1971 (12 U.S.C. 2244) (as in effect before the amendment made by section 106) shall perform the functions of the Farm Credit Administration Board established under section 5.8 of such Act (12 U.S.C. 2242) (as amended by section 104) until—

(1) two membes of the Board are appointed and have qualified; and

(2) one such member has been designated by the President as Chairman of the Board.

Amend the title so as to read as follows: "To amend the Farm Credit Act of 1971, to restructure and reform the Farm Credit System, and for other purposes.".

TITLE IX—FARMER ELIGIBILITY OF DEFINITIONS

DEFINITIONS

SEC. 901. As used in title IX, the term:

(a) "Borrower" means any individual, family corporation, or family partnership who or which derives not less than fifty percent of gross annual income from production of raw agricultural products, including livestock or poultry and the products of aquaculture, and who or which, on the date of enactment of this Act, holds from a lender a loan or loans for agricultural purposes which is or are non-accruing or substandard.

(b) "Lender" means any commercial bank, savings and loan association, credit union, insurance company, or institution (defined in subsection (g)), including subsidiaries and affiliates of the association which has agreed to participate in the interest subsidy and loan reduction programs established pursuant to this Act and has been designated in a State plan approved by the Secretary under section five of this Act.

(c) "Institution" means any bank or association of the Farm Credit System established under the Farm Credit Act of 1971, as amended, 12 U.S.C. 2001, *et seq.*

(d) "State" means each of the several States of the United States, the District of Columbia, the Commonwealths of Puerto Rico and the Northern Mariana Islands, the United States Virgin Islands, Guam, American Samoa and, to the extent the Secretary of Agriculture determines it to be feasible and appropriate, the Trust Territory of the Pacific Islands.

(e) "State agency" means the official or agency designated by the State to administer the programs established by this Act in that State.

(f) "Cash flow value" as defined in section 401(b) of this Act.

SEC. 901. Assistance to any borrower under this Act shall be limited to an aggregate outstanding amount, including principal and interest, which does not exceed $500,000 in the case of an individual, and $750,000 in the case of a family corporation or family partnership. In order to qualify for assistance a borrower must demonstrate to the satisfaction of the lender:

(a) average gross annual sales in excess of $30,000 for not less than three of the preceding five tax years; except for those farmers whose off-farm income is less than 30% of their total gross income;

(b) a debt to asset ratio in excess of forty percent;

(c) a debt to asset ratio of less than one hundred percent after restructuring pursuant to this Act of loans for which assistance is available under this Act where such restructuring is jointly agreed to by the borrower and a lender other than an institution; and (d) ability, based upon past performance as a capable producer, to repay the debt after restructuring pursuant to this Act where such restructuring is jointly agreed to by borrower and lender.

TITLE X—COOPERATIVE FEDERAL-STATE-LENDER AGRICULTURAL LOAN

INTEREST SUBSIDY (AGLIS) PROGRAM

SEC. 1001. (a) Subject to the availability of funds provided pursuant to subsection (e) of this section, the Secretary of Agriculture (hereinafter referred to as the Secretary) in consultation and cooperation with the Secretary of the Treasury, Controller of the Currency, Chairman of the Federal Reserve Board, Governor of the Farm Credit Administration, Federal Deposit Insurance Corporation, and each State agency, shall establish a cooperative Federal-State-Lender agricultural loan interest subsidy (AgLIS) program in which, at the request of a State, borrowers and lenders within the State shall be provided an opportunity to participate. During the year beginning on the date of USDA's approval of a State's plan, as defined in title IV and ending on a date one year later a borrower may apply to a lender for an interest rate subsidy with respect to any agricultural loan to that borrower from that lender outstanding on October 1, 1985. Upon such application by a borrower who or which qualifies for assistance under this Act and agreement by the lender, the loan shall be restructured within 90 days of date of application in such a manner that the interest rate of the borrower shall be fixed for a period of three years or the remaining term of the loan, whichever is less, at a rate equal to the rate of the borrowers loan as of Oct. 1, 1985, less up to five percentage points. Of the up to five percentage point reduction or subsidy, two percentage points shall be paid by the Secretary through the State agency to the lender, not less than one percentage point nor more than two percentage points shall be paid to the lender by the State, and, subject to the provisions of section 1101(c) of this Act, one perentage point shall be borne by the lender. Any State which requests participation in the program but declines to bear that State's share of the interest subsidy shall nonetheless be required to file and implement a State plan as required by this section, but shall be ineligible for reimbursement of administrative expenses as provided by this section.

The term to maturity of any debt for which interest subsidy is provided under this section shall not be less than the term to maturity of the debt outstanding before such subsidy is provided. Payments on such debt shall be restructured in accordance with the borrower's ability to repay. Accrued interest on such outstanding debt prior to restructuring shall not be capitalized but shall be paid by the borrower to the lender prior to any retirement of principal under the loan agreement as restructured pursuant to this Act. Any balance of principal and interest outstanding at the end of three years on any loan restructured under this Act shall be repaid as agreed between borrower and lender at a rate of interest not to exceed the highest rate then charged by the lender on loans with comparable maturities for similar purposes.

(b)(1)(A) From the sums available pursuant to subsection (e) of this section the Secretary shall, subject to the provisions of this subsection and subsection (c), pay to State agencies an aggregate sum not to exceed $600 million for each of the fiscal years 1986, 1987, 1988 and 1989, to finance the Secretary's share of agricultural loan interest subsidies provided to lenders, and, in States contributing to the subsidy, 50 per centum of the approved State administrative expenses related to the provision of such assistance.

(B) The payment or payments to each State agency for any year shall be in such amount or amounts as the Secretary may determine and shall not exceed the expenditures by that State during that year for the provision of the Secretary's share of the interest subsidy to participating lenders according to the plan of the State approved under subsection (c) and, in States contributing to the subsidy, 50 per centum of the related approved State administrative expenses.

(2) The Secretary shall, subject to the provisions of subsection (c), pay to each State for the applicable year, at such times and in such manner as the Secretary may determine, the amount estimated by the State pursuant to subsection (c)(1)(A)(iv), reduced or increased to the extent of any prior overpayment or current underpayment which the Secretary determines has been made under this section and with respect to which adjustment has not already been made under this subsection.

(c)(1)(A) In order for borrowers and their lenders to receive benefits under this Act for any year, each State shall have a plan for the year approved by the Secretary

under this section. By June 1, 1986, and March 1 of each year hereafter in which the interest subsidy is available, if the State wishes borrowers and their lenders to receive benefits, it shall submit a plan which—

(i) designates a single agency which shall be responsible for the administration, or supervision of the administration, of the program for the provision of such subsidy;

(ii) assesses the interest subsidy needs of borrowers residing in the State;

(iii) describes the program for the provision of such interest subsidy, including the lenders to whom such subsidy will be paid and any agencies designated to provide such payments, which program must meet such requirements as the Secretary may prescribe;

(iv) estimates the amount of expenditures necessary for the provision of the interest subsidy, and, in States contributing to the interest subsidy, related administrative expenses up to the amount allocated by the Secretary for payment in that State out of the total amount available for payment pursuant to subsection (b)(1)(A).

(v) requires any institution participating in the programs established by this Act to provide to any borrower whose loan is, or becomes, non-accruing between the date of enactment of this Act and 30 days prior to the ending date defined in Sec. 1001(a) prompt written notice; and,

(vi) includes such other information as the Secretary may require.

(B)(i) The Secretary shall approve or disapprove any plan submitted pursuant to subparagraph (A) no later than July 15 or April 15 in subsequent year in which it is submitted. The Secretary shall approve any plan which complies with the requirements of subparagraph (A). If a plan is disapproved because it does not comply with any of the requirements of that subparagraph the Secretary shall, except as provided in subparagraph (B)(ii), notify the appropriate State agency that payments will not be made to it under subsection (b) for the year to which the plan applies until the Secretary is satisfied that there is no longer any such failure to comply, and until the Secretary is so satisfied, the Secretary will make no payments.

(ii) The Secretary may suspend the denial of payments under subparagraph (B)(i) for such period as the Secretary determines appropriate and instead withhold payments of approved State administrative expenses related to provision of assistance in States contributing to the interest subsidy, in whole or in part, for the year to which the plan applies, until the Secretary is satisfied that there is no longer any failure to comply with the requirements of subparagraph (A), at which time such withheld payments shall be paid.

(2)(A) The State shall provide for an annual audit of expenditures under its program for the provision of the interest subsidy described in subsection (b)(1)(A), within 60 days of the end of each year in which the interest subsidy is provided and shall promptly report to the Secretary the findings of such audit.

(B) Within 60 days of the end of each year in which the interest subsidy is available the State shall provide the Secretary with a statement as to whether the payments received under subsection (b) for that year exceeded the expenditures by it during that year for which payment is authorized under this section, and if so, by how much, and such other information as the Secretary may require.

(C)(i) If the Secretary finds that there is a substantial failure by the State to comply with any of the requirements of subparagraphs (A) and (B), or to comply with the requirements of subsection (c)(1)(A) in the administration of a plan approved under subsection (c)(1)(B), the Secretary shall, except as provided in subparagraph (C)(ii), notify the State agency in the State that further payments will not be made to it under subsection (b) until the Secretary is satisfied that there will no longer be any such failure to comply, and until the Secretary is so satisfied, the Secretary shall make no further payments.

(ii) The Secretary may suspend the termination of payments under subparagraph (C)(i) for such period as the Secretary determines appropriate, and instead withhold payments of approved State administrative expenses related to provision of assistance in States contributing to the interest subsidy, in whole or in part, until the Secretary is satisfied that there will no longer be any failure to comply with the requirements of subparagraphs (A) and (B) and subsection (c)(1)(A), at which time such withheld payments shall be paid.

(iii) Upon a finding under subparagraph (C)(i) of a substantial failure to comply with any of the requirements of subparagraphs (A) and (B) and subsection (c)(1)(A), the Secretary may, in addition to or in lieu of any action taken under subparagraphs (C)(i) and (C)(ii), refer the matter to the Attorney General with a request that injunctive relief be sought to require compliance by the State and upon suit by the Attorney General in an appropriate district court of the United States and a showing that noncompliance has occurred, appropriate injunctive relief shall issue.

(d) The Secretary shall provide for review and, in the discretion of the Secretary, audit of the program for which payments are made under this section, and may, as the Secretary deems practicable, provide to the States technical assistance with respect to such a program.

(e) There is authorized to be appropriated such sums as may be necessary to carry out the provisions of this section. In order to make assistance available expeditiously and in a consistent and uninterrupted manner the Secretary is authorized and directed to utilize the funds, personnel and facilities of the United States Department of Agriculture, including those of the Commodity Credit Corporation (CCC), and of any other federal or State agency whose assistance is required to establish and carry out the AgLIS program. However, the Congress shall, not later than the next ensuing appropriation act provide full reimbursement of any sums advanced pursuant to this section and is authorized to appropriate such sums for the AgLIS program as may be necessary based on the Secretary's estimate of anticipated federal costs.

(f) The State agency shall have the authority to monitor lender's compliance with Sec. 1001(a). Any lender found in violation of that section shall not be eligible to receive further payments under this Act.

(g) Provisions of this title shall become effective in a particular state upon adoption of that state's State plan.

TITLE XI

AGRICULTURAL LOAN PRINCIPAL REDUCTION

SEC. 1101(a) Any lender participating in the programs provided under this Act may during the one year period beginning 30 days after the date of enactment write down the outstanding principal balance on the loan or loans of such borrower by such amount, as will permit such borrower to qualify for assistance. The balance of the principal remaining after such write-down and the accrued interest attributable thereto shall be rescheduled for payment. The borrower shall not be liable for repayment of that portion of the outstanding principal balance written down pursuant to this section nor for the accrued interest attributable thereto.

(b) Any loan, or portion thereof, and accrued interest thereon, the outstanding principal balance of which is written down pursuant to this section, shall not be included in income, and shall not have any effect or any tax attribute with respect to any taxpayer or property, for purposes of the Internal Revenue Code of 1954.

(c) If the write-down of principal needed to enable the borrower to qualify for assistance under this Act equals or exceeds fifteen percent of the principal balance outstanding, the lender shall not be liable for any portion of the cost of the interest subsidy provided under Title V of this Act. In such case the interest subsidy shall total only such amount as is paid by the Secretary and the State, if such State is contributing to the interest subsidy.

(d) Any loan which has had the outstanding principal balance written down pursuant to this section, is also eligible for the interest subsidy once that program is in place.

TITLE XII

SEC. 1201. Effective only for the period beginning on the date of enactment of this Act and ending September 30, 1988, the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) is further amended by adding at the end thereof the following new section:

SEC. 351. (a) The Secretary shall establish and carry out in accordance with this section a guaranteed loan program pursuant to the agricultural loan cancellation program established by this title.

(b) For purposes of this section—

(1) An agricultural loan cancellation program shall

(A) be limited to cancellation of not more than thirty per centum of the first $500,000 of agricultural loans made to an individual farmer ($750,000 in the case of a partnership or Corporation engaged in farming); and

(B) be limited to borrowers with gross sales in excess of $30,000, debt to asset ratios in excess of forty per centum prior to cancellation, and debt to asset ratios of less than one hundred per centum after cancellation;

(2) The term "qualified institution" means an institution the deposits of which are insured under the Federal Deposit Insurance Act (12 U.S.C. 1823) or insured or guaranteed under State law; and

(3) The term "restructured loan" means the agricultural loan that results after loan cancellations made under paragraph (1).

(c) Upon the request of a qualified institution, the Secretary shall issue a guarantee to such qualified institution in an amount equal to 90 per centum of the amount of principal forgiven pursuant to the agricultural loan cancellation program of this section provided that:

(1) the guarantee period is 10 years;

(2) the guarantee declines by 10 percent per annum;

(3) the restructured loan will not be eligible for other guarantees under this title;

(4) the guaranteed portion of the restructured loan can only be exercised if the qualified institution is totally liquidated by the lender's lead financial regulator;

(5) restructured loans pursuant to this section shall not be transferable; and

(6) the loss incurred by a qualified institution as a result of a loan cancellation under this section shall be recognized in equal annual installments over a period of not to exceed ten years, except that if such institution forecloses on any loan a portion of which was forgiven under this section, the entire remaining balance of the forgiven portion of that loan shall be charged off in the year of the foreclosure.

(d) Guarantees under subsection (c) shall be issued by the Secretary upon certification by the qualified institution that such institution:

(1) has net worth equal to or greater than four per centum of its assets; and

(2) has implemented an agricultural loan cancellation program in accordance with subsection (b).

(e) The amendments made by this section shall apply with respect to loan principal cancellations which are put into effect during the one-year period beginning January 1, 1986.

TITLE XIII

MORATORIUM ON FMHA LOAN GUARANTEES AND FORECLOSURE BY FARM CREDIT SYSTEM INSTITUTIONS

SEC. 1301. (a) During the period beginning on October 1, 1985 and ending on June 1, 1986, Farm Credit System Institution may not take any action as the result of the default on an outstanding loan made by such institution to any borrower. Thereafter, an institution may not take any action as the result of the default on an outstanding loan made by such institution to any borrower until—

(1) thirty days after notice of availability of assistance under this Act has been provided as required by section 5(c)(1)(A)(v) of this Act, and

(2) any such borrower who has applied for assistance has been determined not to qualify for assistance under this Act even with the benefit of the interest subsidy and reduction of principal and elects not to convey security pursuant to section 6 of this Act.

(b) During the period beginning on June 1, 1986 and ending on May 30, 1987 the Farmers Home Administration of the United States Department of Agriculture shall guarantee no loans which are made for the purpose of restructuring loans under subtitles A or B of the Consolidated Farm and Rural Development Act, 7 U.S.C. 1921-1947.

TITLE XIV

MISCELLANEOUS PROVISIONS

SEC. 1401. The provisions of the constitution or law of any State imposing any penalty, limitation, or moratorium relating to fixed rate mortgages shall not apply to any extension of credit in the form of a fixed rate mortgage made under this Act.

SEC. 1402. Whoever embezzles, misapplies, steals, or obtains by fraud, false statement, or forgery, any funds, assets, or property provided or financed under this section shall be fined not more than $10,000 or imprisoned for not more than five years, or both.

SEC. 1403. There are authorized to be issued such regulations as may be necessary to carry out the provisions of this Act.

SEC. 1404. There are hereby authorized to be appropriated such sums as may be required to carry out the provisions of this Act.

LEAHY (AND OTHERS) AMENDMENT NO. 1174

Mr. LEAHY (for himself, Mr. GRAMM, Mr. BENTSEN, Mr. STAFFORD, Mr. MOYNIHAN, Mr. D'AMATO, Mr. BINGAMAN, Mr. DODD, Mr. KENNEDY, Mr. KERRY, Mr. COHEN, Mr. LAUTENBERG, and Mr. WEICKER) proposed an amendment to the bill (S. 1884) supra; as follows:

On page 63, beginning with line 23, strike out everything through line 1, page 64, and insert in lieu thereof the following:

"(3) any assessment made on, or purchase of stock required from, any institution of the Farm Credit System under such regulations shall be limited to such an amount as to assure that any increase in the rate or rates of interest on loans of member-borrowers of the institution that may result from such assessment or required purchase shall not exceed one-half of one percent per year.

CONRAIL SALE AMENDMENTS ACT

DIXON AMENDMENT NOS. 1175 THROUGH 1182

(Ordered to lie on the table.)

Mr. DIXON submitted eight amendments intended to be proposed by him to the bill (S. 638) to amend the Regional Rail Reorganization Act of 1973 to provide for the transfer of ownership of the Consolidated Rail Corporation to the private sector, and for other purposes; as follows:

AMENDMENT No. 1175

On page 16, strike line 1 and all that follows through line 7.

AMENDMENT No. 1176

On page 15, strike line 18 and all that follows through line 25 and insert the following:

"(2) by repealing subsection (c);"

AMENDMENT No. 1177

Page 10, beginning in line 19, strike out "Such implementation of the Secretary's plan and the coordinated operation of the Corporation's properties with those of Norfolk Southern Corporation and its affiliates as a single rail system is deemed approved by the Commission under chapter 113 of title 49, United States Code."

AMENDMENT No. 1178

On page 15, strike line 18 and all that follows through line 25 and insert the following:

"(2) by repealing subsection (c)."

AMENDMENT No. 1179

On page 20, strike line 8 and all that follows through line 11.

AMENDMENT No. 1180

On page 15, line 14, insert the following new paragraph:

"(7) Conrail shall not be allowed any deduction for depreciation of RRB Property (as defined in Section 168(g)(6) of the Code) which was placed in service prior to December 31, 1980."."

AMENDMENT No. 1181

On page 15, following line 13 insert the following new paragraph:

"(7) Conrail shall not be treated as an includable corporation under Section 1504(b) of the Code for taxable years beginning before January 1, 1991."

AMENDMENT No. 1182

Page 19, strike out line 3 and all the follows down through page 20, line 17, and insert in lieu thereof the following:

"ENFORCEMENT OF COVENANTS

SEC. 121. Section 1152 of the Northeast Rail Service Act of".

FARM CREDIT PREDICTABILITY ACT

BAUCUS AMENDMENT NO. 1183

Mr. BAUCUS proposed an amendment to the bill (S. 1184) supra; as follows:

That this Act, with the following table of contents, may be cited as the "Farm Credit System Restructuring and Regulatory Reform Act of 1985".

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TITLE I—PURPOSES, ORGANIZATION, AND POWERS

PURPOSES

SEC. 101. It is the purpose of this Act—

(1) to enable the institutions of the Farm Credit System to use effectively the authority of such institutions to pool resources and sell assets to resolve financial problems affecting individual institutions of the Farm Credit System or groups of institutions of the Farm Credit System;

(2) to establish a capital corporation within the Farm Credit System to effect transfers of assets, reserves, and capital among institutions of the Farm Credit System; and

(3) to strengthen the Farm Credit Administration to ensure that the agency will operate as an effective and independent regulator of institutions of the Farm Credit System with adequate authority to promote the safe and sound operation of such institutions and the Farm Credit System.

OBJECTIVES

SEC. 102. Section 1.1 of the Farm Credit Act of 1971 (12 U.S.C. 2001) is amended by adding at the end thereof the following new subsection:

"(c) It is also the objective of this Act to ensure that institutions of the Farm Credit System are managed in a business-like manner in full compliance with the law—

"(1) to overcome local financial difficulties of such institutions; and

"(2) to promote the safe and sound operation of the Farm Credit System without the financial assistance of the Federal Government.".

FARM CREDIT ADMINISTRATION

SEC. 103. The second sentence of section 5.7 of the Farm Credit Act of 1971 (12 U.S.C. 2241) is amended—

(1) by striking out "Federal Farm Credit Board" and inserting in lieu thereof "Farm Credit Administration Board"; and

(2) by striking out ", the Governor of the Farm Credit Administration,".

FARM CREDIT ADMINISTRATION BOARD

SEC. 104. (a) Section 5.8 of the Farm Credit Act of 1971 (12 U.S.C. 2242) is amended to read as follows:

"SEC. 5.8. FARM CREDIT ADMINISTRATION BOARD; APPOINTMENT; TERM OF OFFICE; ORGANIZATION AND COMPENSATION.—(a)(1) The management of the Farm Credit Administration shall be vested in a Farm Credit Administration Board.

"(2) Subject to paragraph (3), the Board shall consist of three members who shall be citizens of the United States and representative of the public interest.

"(3) The Board shall include one member who is experienced in the production, processing, or distribution of agricultural products and inputs.

"(4) Members of the Board shall be appointed by the President, by and with the advice and consent of the Senate.

"(5) Not more than two members of the Board shall be members of the same political party.

"(6) One member of the Board shall be designated by the President to serve as Chairman of the Board for the duration of the term of the member.

"(b)(1) The term of office of each member of the Board shall be 6 years, except that in the case of the two members initially appointed other than the Chairman—

"(A) the term of one member shall expire 2 years after the date of appointment; and

"(B) the term of the other member shall expire 4 years after the date of appointment.

"(2) A Board member shall not be appointed to successive terms, except that—

"(A) an initial member appointed for less than a 6-year term may be reappointed for a full 6-year term; and

"(B) a subsequent member appointed to fill an unexpired term of 3 years or less may be reappointed for a full 6-year term.

"(3) Any member of the Board shall continue to serve as a member after the expiration of the term of such member until a successor has been appointed.

"(c)(1) The Board shall—

"(A) adopt such rules as the Board determines necessary for the transaction of the business of the Board; and

"(B) keep permanent records and minutes of the acts and proceedings of the Board.

"(2) Vacancies on the Board shall not impair the right of the remaining member of the Board to exercise the powers of the Board.

"(3) A member of the Board shall be subject to the Ethics in Government Act of 1978 (2 U.S.C. 701 et seq.)

"(d)(1) A Board member may not be employed in any other capacity.

"(2) A Board member, other than the Chairman, shall receive compensation at a rate prescribed for level IV of the Executive Schedule established under section 5315 of title 5, United States Code.".

(b) The Farm Credit Act of 1971 is amended by striking out "Federal Farm Credit Board" each place it appears in sections 5.0, 5.1, 5.17, and 5.18 (12 U.S.C. 2221, 2222, 2251, and 2252) and inserting in lieu thereof "Farm Credit Administration Board".

POWERS OF THE BOARD

SEC. 105. Section 5.9 of the Farm Credit Act of 1971 (12 U.S.C. 2243) is amended—

(1) by striking out "Federal Farm Credit Board shall establish the general policy for the guidance of the Farm Credit Administration and" in the first sentence and inserting in lieu thereof "Farm Credit Administration Board shall manage, administer, and establish policies for the Farm Credit Administration. The Board shall"; and

(2) by striking out "or in the Governor" in the first sentence (as it existed before the amendment made by clause (1)) and all that follows through "administrative capacity" at the end of the section.

CHAIRMAN OF THE BOARD

SEC. 106. (a) Section 5.10 of the Farm Credit Act of 1971 (12 U.S.C. 2244) is amended to read as follows:

"SEC. 5.10. CHAIRMAN; RESPONSIBILITIES; COMPENSATION; GOVERNING STANDARDS.—(a)(1) The Chairman of the Board shall be the executive officer of the Board and the chief executive officer of the Farm Credit Administration.

"(2) Subject to the general supervision and direction of the Board, the Chairman shall be responsible for directing—

"(A) the implementation of the adopted policies and regulations of the Board; and

"(B) the execution of all the administrative functions and duties of the Farm Credit Administration.

"(3) The Chairman of the Board shall—

"(A) be the spokesman for the Board; and

"(B) represent the Board and the Farm Credit Administration in the official relations of the Board and Administration with other branches of government.

"(4) Pursuant to a policy statement adopted by the Farm Credit Administration Board, the Chairman shall consult on a regular basis with—

"(A) the Secretary of the Treasury in connection with the exercise by the Farm Credit System of the powers conferred under section 4.2; and

"(B) the Board of Governors of the Federal Reserve System in connection with the effect of Farm Credit System lending activities on national monetary policy.

"(b) The compensation of the Chairman of the Farm Credit Administration Board shall be at the rate prescribed for level III of the Executive Schedule established under section 5314 of title 5, United States Code.

"(c)(1) In carrying out this section, the Chairman of the Farm Credit Administration Board shall be governed by—

"(A) general policies of the Farm Credit Administration Board; and

"(B) such regulatory decisions, findings, and determinations as the Board may be authorized to make.

"(2) In the case of a third person, an act of the Chairman shall be conclusively presumed to be in compliance with the general policies and regulatory decisions, findings, and determinations referred to in paragraph (1).".

(b) Sections 5.11 and 5.12 of the Farm Credit Act of 1971 (12 U.S.C. 2245 and 2246) are repealed.

(c)(1) The Farm Credit Act of 1971 is amended by striking out "Governor" each place it appears in sections 1.5, 1.13, 1.17, 1.20, 2.2, 2.6, 2.7, 2.10, 2.13, 2.14, 2.17, 3.3, 3.4, 3.5, 3.11, 3.12, 3.13, 4.0, 4.1, 4.2, 4.4, 4.5, 4.25, 4.26, and 5.14 (12 U.S.C. 2013, 2031, 2051, 2054, 2073, 2077, 2078, 2091, 2094, 2095, 2098, 2124, 2125, 2126, 2132, 2133, 2134, 2151, 2152,

2153, 2155, 2156, 2211, 2212, and 2248) and inserting in lieu thereof "Chairman".

(2) The Farm Credit Act of 1971 is amended by striking out "Governor" each place it appears in the caption of sections 1.13, 4.0, and 4.26 (12 U.S.C. 2031, 2151, and 2212) and inserting in lieu thereof "Chairman".

FARM CREDIT ORGANIZATION

SEC. 107. Section 5.13 of the Farm Credit Act of 1971 (12 U.S.C. 2247) is amended—

(1) by redesignating such section as section 5.11;

(2) in the first sentence—

(A) by striking out "Governor" and inserting in lieu thereof, "Chairman";

(B) by inserting "Board" after "Administration";

(C) by striking out "the Governor and"; and

(D) by inserting "Board" after "Administration";

(3) in the second sentence—

(A) by striking out "Governor" and inserting in lieu thereof "Chairman"; and

(B) by striking out the colon after "Administration" and all that follows through "as amended"; and

(4) by striking out "Governor" in the third sentence and inserting in lieu thereof "Chairman".

FARM CREDIT ADVISORY COMMITTEE

SEC. 108. The Farm Credit Act of 1971 is amended by inserting after section 5.11 (as redesignated by section 107(1)) the following new section:

"SEC. 5.12 FARM CREDIT ADVISORY COMMITTEE.—(a) There is created a permanent Farm Credit Advisory Committee, composed of not more than 13 members, to advise the Farm Credit Administration Board with respect to matters under the jurisdiction of the Board.

"(b)(1) The Committee shall consist initially of the same individuals who, immediately prior to the date of enactment of the Farm Credit System Restructuring and Regulatory Reform Act of 1985, were members of the Federal Farm Credit Board.

"(2) Each such member shall continue to serve on the Farm Credit Advisory Committee for the unexpired portion of the term of the member on the Federal Farm Credit Board or until the death or resignation of the member, whichever is earlier.

"(3)(A) If such an individual is unable or unwilling to accept appointment to the Committee, the Chairman of the Farm Credit Administration Board shall appoint another person to serve on the Board in lieu of such individual.

"(B) Each such person shall serve for a period of 2 years.

"(c)(1) On the expiration of the term of office, resignation, or death of a member referred to in subsection (b), the Chairman of the Farm Credit Administration Board may appoint another individual to serve as a member of the Committee.

"(2) Each individual appointed under paragraph (1) shall serve for a term of 2 years.

"(3) In appointing individuals to serve as members of the Committee under paragraph (1), the Chairman shall consider the interests of—

"(A) the public;

"(B) shareholders in and borrowers from institutions of the Farm Credit System;

"(C) investors in Farm Credit System obligations; and

"(D) institutions of the Farm Credit System.

"(d) Except as provided in subsection (a), the Committee shall be subject to the Federal Advisory Committee Act (5 U.S.C. App.).

"(e) The Chairman shall provide the Committee with necessary clerical assistance and staff personnel.

"(f)(1) Except as provided in paragraph (2), a member of the Committee, other than an officer or employee of the United States, shall serve on the Committee without compensation.

"(2) Such member shall, while away from the home or regular place of business of such member in the performance of services under this Act, be allowed travel expenses, including per diem in lieu of subsistence, as authorized under section 5703 of title 5, United States Code.".

ALLOCATION OF EXPENSES FOR ADMINISTRATIVE SERVICES

SEC. 109. Section 5.16(a) of the Farm Credit Act of 1971 (12 U.S.C. 2250(a)) is amended by adding at the end thereof the following new sentence: "The Chairman of the Farm Credit Administration Board may prescribe regulations governing the computation and assessment of the expenses of supervision and examinations conducted by the Farm Credit Administration and the collection of such assessments from the institutions supervised and examined.".

ENUMERATED POWERS

SEC. 110. Section 5.18(a) of the Farm Credit Act of 1971 (12 U.S.C. 2252(a)) is amended by striking out paragraphs (4) through (17) and inserting in lieu thereof the following new paragraphs:

"(4) Prescribe loan security requirements.

"(5) Conduct loan and collateral security review.

"(6) Approve the issuance of obligations of the institutions of the Farm Credit System for the purpose of funding the authorized operations of the institutions of the Farm Credit System and prescribe collateral therefor.

"(7) Approve interest rates paid by institutions of the Farm Credit System on the bonds, debentures, and similar obligations of such institutions, and the terms and conditions thereof.

"(8) Make investments in stock of the institutions of the Farm Credit System as provided in section 4.0 out of the revolving fund and require the retirement of such stock.

"(9) Regulate the borrowing, repayment, and transfer of funds and equities between institutions of the Farm Credit System.

"(10) Regulate the preparation by institutions of the Farm Credit System of information on the financial condition and operations of such institutions and the dissemination of such information to shareholders and investors.

"(11) Undertake research into the rural credit needs of the United States and methods of meeting such needs and of the funding of the operations of the Farm Credit System in relation to changing farming and economic conditions.

"(12) Use the United States mails on the same terms and conditions as the executive departments of the Federal Government.

"(13) Require surety bonds or other provisions for protection of the assets of the institutions of the Farm Credit System against losses occasioned by employees.

"(14) Prescribe rules and regulations necessary or appropriate for carrying out this Act.

"(15) Initiate, prosecute, defend, and appeal in the name of the Farm Credit Administration (other than to the Supreme Court of the United States), through the legal representative of such Administration, any civil action for the purpose of enforcing laws subject to the jurisdiction of such Administration.

"(16) Grant approvals required under this Act, except that the agency may adopt regulations under which approval is granted on the basis of the satisfaction of standards and criteria specified in such regulations.

"(17) Appoint, through the Chairman of the Farm Credit Administration Board and without regard to chapter 33 of title 5, United States Code, such officers, farm credit examiners, accountants, and other related employees as shall be necessary for the performance of the duties of the Farm Credit Administration under this Act, define the duties of such individuals, and fix the compensation of such individuals.

"(18) Exercise such incidental powers as may be necessary or appropriate to fulfill the duties of the Farm Credit Administration and carry out the purposes of this Act.".

DELEGATION OF DUTIES AND POWERS TO SYSTEM INSTITUTIONS

SEC. 111. (a) A delegation of a power or duty by the Farm Credit Administration to an institution of the Farm Credit System or redelegation of such power or duty made in accordance with section 5.19 of the Farm Credit Act of 1971 (12 U.S.C. 2253) (as such section existed before the amendment made by subsection (b)) may, at the option of the Farm Credit Administration, continue in full force and effect during the 12-month period beginning on the the date of enactment of this Act.

(b) Section 5.19 of the Farm Credit Act of 1971 (12 U.S.C. 2253) is repealed.

EXAMINATIONS AND REPORTS

SEC. 112. Section 5.20 of the Farm Credit Act of 1971 (12 U.S.C. 2254) is amended to read as follows:

"SEC. 5.20. EXAMINATIONS AND REPORTS.—(a)(1) Each institution of the Farm Credit System shall be examined by Farm Credit Administration examiners at such times as the Chairman of the Farm Credit Administration Board may determine.

"(2) Such examinations shall include, but not be limited to an examination of—

"(A) credit, collateral quality, and capitalization; and

"(B) the effectiveness of management; and

"(C) the provision of services to all eligible borrowers under this Act.

"(3) At the direction of the Chairman, Farm Credit Administration examiners shall also make examinations of the condition of any organization, other than a national bank, to which, or with which, any institution of the Farm Credit System contemplates making a loan or discounting the paper of such organization.

"(4) For the purpose of this Act, examiners of the Farm Credit Administration shall—

"(A) be subject to the same requirements, responsibilities, and penalties as are applicable to examiners under the National Bank Act (12 U.S.C. 38 et seq.), the Federal Reserve Act (12 U.S.C. 226 et seq.), the Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.), and other provisions of law; and

"(B) have the same powers and privileges as are vested in such examiners by law.

"(b)(1) Except as provided in paragraph (3), each institution of the Farm Credit System, and the Farm Credit System on a combined basis, shall make an annual report

of condition as prescribed by the Farm Credit Administration.

"(2) Each report shall contain financial statements—

"(A) prepared in accordance with generally accepted accounting principles; and

"(B) audited by an independent public accountant.

"(3) The Chairman of the Farm Credit Administration Board may exempt any institution from the requirement for a separate report based on a determination that a report consolidated with one or more institutions of the Farm Credit System is sufficient.

"(4) For purposes of examinations and reports made under this section, the Farm Credit Administration may adopt regulatory accounting rules for those matters for which the Financial Accounting Standards Board has not issued a final rule.

"(c)(1) The Chairman of the Farm Credit Administration Board may publish the report of the examination of any institution of the Farm Credit System if such institution has not compiled with recommendations contained in such report to the satisfaction of the Chairman within 120 days after notification of such recommendations.

"(2) The Chairman shall give notice 90 days prior to publishing under paragraph (1) any report of an examination, except that all or part of such 90-day period may, at the option of the Chairman, run concurrently with the 120-day period referred to in paragraph (1).".

TITLE II—REGULATORY ROLE OF THE FARM CREDIT ADMINISTRATION

Subtitle A—Federal Land Banks

ESTABLISHMENT

SEC. 201. The last sentence of section 1.3 of the Farm Credit Act of 1971 (12 U.S.C. 2011) is amended by striking out "When authorized by the Farm Credit Administration, it" and inserting in lieu thereof "Each Federal land bank".

POWERS

SEC. 202. Section 1.4 of the Farm Credit Act of 1971 (12 U.S.C. 2012) is amended—

(1) by striking out "vested in or delegated to the bank" in paragraph (17); and

(2) by striking out paragraph (19) and redesignating paragraphs (20) through (23) as (19) through (22), respectively.

Subtitle B—Federal Intermediate Credit Banks

ESTABLISHMENT

SEC. 211. The last sentence of section 2.0 of the Farm Credit Act of 1971 (12 U.S.C. 2071) is amended by striking out "When authorized by the Farm Credit Administration it" and inserting in lieu thereof "Each Federal intermediate credit bank".

POWERS

SEC. 212. Section 2.1 of the Farm Credit Act of 1971 (12 U.S.C. 2072) is amended—

(1) by striking out "vested in or delegated to the intermediate credit bank" in paragraph (14); and

(2) by striking out paragraph (21).

LOANS

SEC. 213. The first sentence of section 2.3(c) of the Farm Credit Act of 1971 (12 U.S.C. 2074(c)) is amended—

(1) by striking out "(a) (1) and (2)" and inserting in lieu thereof "(a)(2)"; and

(2) by striking out "(in the case of financing institutions under subsection (a)(2) of this section)".

Subtitle C—Production Credit Associations

POWERS

SEC. 221. Section 2.12(19) of the Farm Credit Act of 1971 (12 U.S.C. 2093(19)) is amended by striking out "or the Farm Credit Administration".

LOANS

SEC. 222. Section 2.15 of the Farm Credit Act of 1971 (12 U.S.C. 2096) is amended—

(1) in the matter preceding clause (1) of the first sentence of subsection (a)—

(A) by striking out "rules and regulations" and inserting in lieu thereof "standards"; and

(B) by striking out "and approved by the Farm Credit Administration";

(2) in the first sentence of subsection (b)—

(A) by striking out "regulations" the first place it appears and inserting in lieu thereof "standards";

(B) by striking out "with the approval of the Farm Credit Administration as provided in" and inserting in lieu thereof "subject to"; and

(C) by striking out "in such regulations"; and

(3) in the last sentence of subsection (b)—

(A) by striking out "regulations" and inserting in lieu thereof "standards"; and

(B) by striking out "or of Farm Credit Administration".

Subtitle D—Banks for Cooperatives

ESTABLISHMENT

SEC. 231. The last sentence of section 3.0 of the Farm Credit Act of 1971 (12 U.S.C. 2121) is amended by striking out "When authorized by the Farm Credit Administration each" and inserting in lieu thereof "Each".

POWERS

SEC. 232. Section 3.1 of the Farm Credit Act of 1971 (12 U.S.C. 2122) is amended by striking out paragraph (16) and redesignating paragraphs (17) through (19) as (16) through (18), respectively.

BOARD OF DIRECTORS

SEC. 233. The second sentence of section 3.2(a) of the Farm Credit Act of 1971 (12 U.S.C. 2123(a)) is amended by striking out "appointed by the Governor with the advice and consent of the Federal Farm Credit Board" and inserting in lieu thereof "the President of the Central Bank for Cooperatives".

Subtitle E—Funding

ISSUANCE OF OBLIGATIONS

SEC. 241. Section 4.2 of the Farm Credit Act of 1971 (12 U.S.C. 2153) is amended—

(1) by striking out "with approval of the Governor" in subsection (b); and

(2) in subsection (d)—

(A) by striking out "Governor" in the first sentence and inserting in lieu thereof "Chairman";

(B) by striking out "and each such issue shall be subject to approval of the Governor" in the second sentence; and

(C) by striking out "and the approval of the Governor for such issues shall be conditioned on and be evidence of the compliance with this provision" in the proviso of the second sentence.

AGGREGATE OF OBLIGATIONS

SEC. 242. (a) Section 4.3 of the Farm Credit Act of 1971 (12 U.S.C. 2154) as amended—

(1) by striking out subsection (a);

(2) by redesignating subsection (b) as subsection (c); and

(3) by inserting after the caption the following new subsections:

"(a)(1) The Farm Credit Administration shall require Farm Credit System institutions to maintain adequate capital by—

"(A) establishing minimum levels of capital for such institutions; and

"(B) using such other methods as such Administration considers appropriate.

"(2) The Farm Credit Administration may establish such minimum level of capital for an institution of the Farm Credit System as such Administration, at the option of such Administration, determines to be necessary or appropriate in light of the particular circumstances of such institution.

"(b)(1) Failure of an institution of the Farm Credit System to maintain capital at or above the minimum level established for such institution under subsection (a) may be considered by the Farm Credit Administration, at the option of such Administration, to constitute an unsafe or unsound practice within the meaning of this Act.

"(2)(A) In addition to or in lieu of any other action authorized by law, the Farm Credit Administration may issue a directive to an institution of the Farm Credit System that fails to maintain capital at or above the minimum level established for such institution under subsection (a).

"(B)(i) The directive may require such institution to submit and adhere to a plan acceptable to the Farm Credit Administration specifying the means and the timing by which such institution shall reach the minimum capital level.

"(ii) Any such directive issued pursuant to this paragraph (including a plan submitted pursuant to such directive) shall be enforceable under part C of title V to the same extent as an effective and outstanding final order issued under such part.

"(3)(A) The Farm Credit Administration may consider the adherence of an institution of the Farm Credit System to a plan required under this subsection whenever such institution, or an affiliate thereof, seeks the approval of the Farm Credit Administration for any proposal that would divert earnings, diminish capital, or otherwise impede the progress of such institution in achieving the minimum capital level required of such institution.

"(B) The Farm Credit Administration may disapprove any proposal referred to in subparagraph (A) if the Farm Credit Administration determines that the proposal would adversely affect the ability of such institution to comply with such plan.".

(b) Section 4.2(b) of the Farm Credit Act of 1971 (12 U.S.C. 2153(b)) is amended by striking out "section 4.3(b)" and inserting in lieu thereof "section 4.3(c)".

Subtitle F—Dissolution and Merger

BOARD OF DIRECTORS FOR MERGED BANK

SEC. 251. Section 4.11 of the Farm Credit Act of 1971 (12 U.S.C. 2182) is amended—

(1) by striking out "Governor with the advice and consent of the Federal Farm Credit Board" in the second sentence and inserting in lieu thereof "Chairman of the Farm Credit Administration Board"; and

(2) by striking out ", with the approval of the Farm Credit Administration, provide for a different number of directors selected in a different manner" in the third sentence and inserting in lieu thereof "provide for the directors to select an additional director".

DISSOLUTION AND MERGERS

SEC. 252. Section 4.12 of the Farm Credit Act of 1971 (12 U.S.C. 2183) is amended to read as follows:

"SEC. 4.12. DISSOLUTION; VOLUNTARY LIQUIDATION; MERGERS; RECEIVERSHIPS; AND CONSERVATORS.—(a) No institution of the Farm Credit System shall go into voluntary liquidation without the consent of the Farm Credit Administration Board and with such consent may liquidate only in accordance with regulations prescribed by the Board.

"(b)(1) Except as provided in paragraph (2), associations may merge voluntarily with other like associations—

"(A) on the vote of a majority of each of the shareholders of such associations present and voting (or voting by written proxy) at duly authorized meetings; and

"(B) with the approval of the Farm Credit Administration.

The Farm Credit Corporation Board may require such merger if the Board determines, with the concurrence of the appropriate district board, that an association has failed to meet its outstanding obligations or failed to conduct its operations in accordance with this Act.

"(2)(A) Except as provided in subparagraph (B), with the approval of the Farm Credit Administration, all the like associations within a district may voluntarily merge into a single districtwide association on the vote of—

"(i) the majority of the shareholders present and voting (or voting by written proxy) of two-thirds of the associations in the district; or

"(ii) three-fourths of the shareholders present and voting (or voting by written proxy) of all the associations in the district.

"(B) In the case of a State in which two-thirds of association shareholders voted against merger, any association whose principal office is located within such State may not be required to merge with other associations in the district.

"(c) The Chairman of the Farm Credit Administration Board, after consultation with the respective district board or boards and the board of directors of the Federal Farm Credit System Capital Corporation established under section 4.45, may require two or more banks of the Farm Credit System (other than Central Banks for Cooperatives) operating under the same title to merge if the Chairman determines that one of such banks has failed to meet outstanding obligations of such bank.

"(d)(1) The Chairman of the Farm Credit Administration shall have exclusive power and jurisdiction to appoint a conservator or receiver for any institution of the Farm Credit System in accordance with this subsection.

"(2) A conservator or receiver may be appointed for an institution under this subsection on the basis of—

"(A) insolvency, in that the assets of such institution are less than the obligations of such institution to creditors and other persons, including the members of the institution;

"(B) substantial dissipation of assets or earnings due to any violation of law, rule, or regulation, or to any unsafe or unsound practice;

"(C) an unsafe or unsound condition for the transaction of business;

"(D) willful violation of a cease-and-desist order that has become final; or

"(E) concealment of books, papers, records, or assets of the institution from, or refusal to submit books, papers, records, or affairs of the institution for inspection to, any examiner or any lawful agent of the Farm Credit Administration.

"(3) If the Farm Credit Administration determines that a ground for the appointment of a conservator or receiver for an institution exists under paragraph (2), the Farm Credit Administration may appoint, ex parte and without notice, a conservator or receiver for the institution.

"(4) If a conservator or receiver is appointed under this subsection, the institution may, within 30 days after such appointment, bring an action in the United States district court for the judicial district in which the principal office of such institution is located, or in the United States District Court for the District of Columbia, for an order requiring the Farm Credit Administration to remove such conservator or receiver.

"(5) On commencement of such action, the court having jurisdiction of any other action or proceeding authorized under this subsection to which the institution is a party shall stay such action or proceeding during the pendency of the action for removal of the conservator or receiver.".

SUBTITLE G—COMPENSATION OF DISTRICT BOARD

COMPENSATION OF DISTRICT BOARD

SEC. 261. Section 5.5 of the Farm Credit Act of 1971 (12 U.S.C. 2226) is amended—

(1) by inserting ", and (in accordance with Farm Credit Administration regulations) for other services rendered in their capacity as directors" before the period at the end of the first sentence; and

(2) by striking out the second and third sentences.

TITLE III—ENFORCEMENT BY FARM CREDIT ADMINISTRATION

ENFORCEMENT BY FARM CREDIT ADMINISTRATION

SEC. 301. Title V of the Farm Credit Act of 1971 (12 U.S.C. 2221 et seq.) is amended by adding at the end thereof the following new part:

"PART C—ENFORCEMENT BY FARM CREDIT ADMINISTRATION

"SEC. 5.40. DEFINITIONS.—As used in this part:

"(1) The term 'Administration' means the Farm Credit Administration.

"(2) The terms 'cease-and-desist order that has become final' and 'order that has become final' mean—

"(A) a cease-and-desist order, or an order, issued by the Administration—

"(i) with the consent of the institution or the director, officer, or other person concerned;

"(ii) with respect to which no petition for review of the action of the Administration has been filed and perfected in a court of appeals under section 5.44(c); or

"(iii) with respect to which the action of the court in which such petition is so filed is not subject to further review by the Supreme Court of the United States in proceedings provided for under section 5.44(c); or

"(B) an order issued under subsection (b) or (d) of section 5.43.

"(3) The term 'institution' means—

"(A) an institution specified in section 1.2;

"(B) a service organization chartered under part D of title IV; or

"(C) the Federal Farm Credit System Capital Corporation established under section 4.41.

"(4) The term 'safe or unsound practice' shall have the meaning given such term by the Administration by regulation, rule, or order.

"(5) The term 'violate' includes any action (alone or with another or others) causing, bringing about, participating in, counseling, or aiding or abetting a violation.

"SEC. 5.41. CEASE-AND-DESIST ORDERS.—(a)(1) If the Administration believes that any institution, or any director, officer, employee, agent, or other person participating in the conduct of the affairs of an institution—

"(A) is engaging, has engaged, or the Administration has reasonable cause to believe is about to engage, in an unsafe or unsound practice in conducting the business of such institution; or

"(B) is violating, has violated, or the Administration has reasonable cause to believe is about to violate, a law, rule, or regulation, or any condition imposed in writing by the Administration in connection with the granting of any application or other request by such institution or any written agreement entered into with the Administration,

the Administration may issue and serve on such institution or such director, officer, employee, agent, or other person a notice of charges of such practice or violation.

"(2) Such notice shall contain a statement of the facts constituting the alleged violation or violations or the unsafe or unsound practice or practices.

"(b)(1) In addition to such statement, the notice shall fix a time and place at which a hearing shall be held to determine whether an order to cease and desist from such practice or violation should be issued against the institution or the director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution.

"(2) Such hearing shall be held on a date not earlier than 30 days, nor later than 60 days, after service of such notice, unless a different date is established by the Administration at the request of any party so served.

"(3) Unless the party or parties so served shall appear at the hearing personally or by a duly authorized representative, the party or parties shall be considered to have consented to the issuance of the cease-and-desist order.

"(c)(1) If such consent is established, or if on the record made at any such hearing, the Administration finds that a violation or unsafe or unsound practice specified in the notice of charges has been established, the Administration may issue and serve on the institution or the director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution an order to cease and desist from any such violation or practice.

"(2) Such order may require the institution or the directors, officers, employees, agents, and other persons participating in the conduct of the affairs of such institution to—

"(A) cease and desist from such violation or practice; and

"(B) take affirmative action to correct the conditions resulting from any such violation or practice.

"(3) A cease-and-desist order shall—

"(A) become effective at the expiration of 30 days after the service of such order on the institution or other person concerned (except that, in the case of a cease-and-desist order issued on the basis of consent, such order shall become effective at the time specified in such order); and

"(B) remain effective and enforceable as provided in the order, except to the extent

the order is stayed, modified, terminated, or set aside by action of the Administration or a reviewing court.

"(d)(1) If the Administration believes that the violation or threatened violation or the unsafe or unsound practice or practices, specified in the notice of charges served on the institution or any director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution pursuant to subsection (a), or the continuation thereof, is likely to cause insolvency or substantial dissipation of assets or earnings of the institution or is likely to seriously weaken the condition of the institution or otherwise seriously prejudice the interest of the investors in Farm Credit System obligations or shareholders in the institution prior to the completion of the proceedings conducted pursuant to subsection (b), the Administration may issue a temporary order requiring the institution or such director, officer, employee, agent, or other person—

"(A) to cease and desist from any such violation or practice; and

"(B) to take affirmative action to prevent such insolvency, dissipation, condition, or prejudice pending completion of such proceedings.

"(2) Such order shall—

"(A) become effective on the service on the institution or such director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution; and

"(B) unless set aside, limited, or suspended by a court in proceedings authorized by paragraph (3), remain effective and enforceable—

"(i) pending the completion of the administrative proceedings conducted pursuant to such notice; and

"(ii) until—

"(I) such time as the Administration shall dismiss the charges specified in such notice; or

"(II) if a cease-and-desist order is issued against the institution or such director, officer, employee, agent, or other person, the effective date of such order.

"(3)(A) Within 10 days after the institution concerned or any director, officer, employee, agent, or other person participating in the conduct of the affairs of such institution has been served with a temporary cease-and-desist order, the institution or such director, officer, employee, agent, or other person may apply to the United States district court for the judicial district in which the principal office of the institution is located, or the United States District Court for the District of Columbia, for an injunction setting aside, limiting, or suspending the enforcement, operation, or effectiveness of such order pending the completion of the administrative proceedings pursuant to the notice of charges served on the institution or such director, officer, employee, agent, or other person under subsection (a).

"(B) Such court shall have jurisdiction to issue such injunction.

"(4)(A) In the case of a violation or threatened violation of, or failure to obey, a temporary cease-and-desist order issued pursuant to paragraph (1), the Administration may apply to the United States district court, or the United States court of any territory, within the jurisdiction of which the principal office of the institution is located, for an injunction to enforce such order.

"(B) If the court determines that there has been such violation or threatened violation or failure to obey, the court shall issue such injunction.

"SEC. 5.42. SUSPENSION OR REMOVAL OF DIRECTOR OR OFFICER.—(a) If the Administration believes that—

"(1) any director or officer of an institution has—

"(A) committed any violation of a law, rule, regulation, or of a cease-and-desist order that has become final;

"(B) engaged or participated in any unsafe or unsound practice in connection with the institution; or

"(C) committed or engaged in any act, omission, or practice that constitutes a breach of a fiduciary duty of such director or officer;

"(2)(A) the institution has suffered or will probably suffer substantial financial loss or other damage;

"(B) the interests of the shareholders or investors in Farm Credit System obligations could be seriously prejudiced by reason of such violation, practice, or breach; or

"(C) the director or officer has received financial gain by reason of such violation, practice, or breach; and

"(3) such violation or practice or breach of fiduciary duty is one that—

"(A) involves personal dishonesty on the part of such director or officer; or

"(B) demonstrates gross negligence or a willful or continuing disregard for the safety or soundness of the institution,

the Administration may serve on such director or officer a written notice of the intention of the Administration to remove such director or officer from office.

"(b) If the Administration believes that—

"(1) any director or officer of an institution, by conduct or practice with respect to another institution or other business institution that resulted in substantial financial loss or other damage, has evidenced—

"(A) personal dishonesty, gross negligence, or a willful or continuing disregard for the safety and soundness of such institution; and

"(B) unfitness of the director or officer to continue as a director or officer; or

"(2) any other person participating in the conduct of the affairs of an institution, by conduct or practice with respect to such institution or other institution or other business institution that resulted in substantial financial loss or other damage, has evidenced—

"(A) personal dishonesty, gross negligence, or a willful or continuing disregard for the safety and soundness of such institution; and

"(B) unfitness of such person to participate in the conduct of the affairs of such institution,

the Administration may serve on such director, officer, or other person a written notice of the intention of the Administration to remove such director, officer, or other person from office or to prohibit the further participation of such director, officer, or other person in the conduct of the affairs of the institution.

"(c)(1) In the case of any director or officer of an institution or any other person referred to in subsection (a) or (b), the Administration may, if the Administration considers it necessary for the protection of the institution or the interest of the shareholders of such institution or the investors in Farm Credit System obligations, by written notice to such effect served on such director, officer, or other person—

"(A) suspend such director, officer, or other person from office; or

"(B) prohibit such director, officer, or other person from further participation in the conduct of the affairs of the institution.

"(2) Such suspension or prohibition shall—

"(A) become effective on the service of such notice; and

"(B) unless stayed by a court in proceedings authorized by subsection (f), remain in effect—

"(i) pending the completion of the administrative proceedings conducted pursuant to the notice served under subsection (a) or (b); and

"(ii) until—

"(I) such time as the Administration shall dismiss the charges specified in such notice; or

"(II) if an order of removal or prohibition is issued against the director or officer or other person, until the effective date of such order.

"(3) A copy of any such notice shall also be served on the institution of which the director or officer is a director or officer or in the conduct of whose affairs the director, officer, or other person has participated.

"(4) A notice of intention to remove a director, officer, or other person from office or to prohibit the participation of such director, officer, or other person in the conduct of the affairs of an institution shall contain a statement of the facts constituting grounds for such removal or prohibition.

"(d)(1) In addition to such statement, such notice shall establish a time and place at which a hearing will be held on the basis for removal.

"(2) Such hearing shall be held on a date not earlier than 30 days, nor later than 60 days, after the date of service of such notice, unless a different date is established by the Administration at the request of—

"(A) such director, officer, or other person, and for good cause shown; or

"(B) the Attorney General of the United States.

"(3) Unless such director, officer, or other person appears at the hearing in person or through a duly authorized representative, such director, officer, or other person shall be considered to have consented to the issuance of an order of such removal or prohibition.

"(e)(1) If consent to such is obtained, or if on the record made at any such hearing the Administration finds that any of the grounds specified in such notice have been established, the Administration may issue an order of suspension or removal from office, or prohibition from participation in the conduct of the affairs of the institution, as the Administration considers appropriate.

"(2) A copy of an order issued under this section shall be served on the institution concerned.

"(3) Any such order shall—

"(A) become effective at the expiration of 30 days after service on such institution and the director, officer, or other person concerned (except that, in the case of an order issued on the basis of consent, such order shall become effective at the time specified in such order); and

"(B) remain effective and enforceable, except to the extent such order is stayed, modified, terminated, or set aside by action of the Administration or a reviewing court.

"(f)(1) Within 10 days after any director, officer, or other person has been suspended from office or prohibited from participation in the conduct of the affairs of an institution, or both, under subsection (c), such di-

rector, officer, or other person may apply to the United States district court for the judicial district in which the principal office of the institution is located, or the United States District Court for the District of Columbia, for a stay of such suspension or prohibition, or both, pending the completion of the administrative proceedings conducted pursuant to the notice served on such director, officer, or other person under subsection (a) or (b).

"(2) Such court shall have jurisdiction to stay such suspension or prohibition, or both.

"SEC. 5.43. SUSPENSION OR REMOVAL OF DIRECTOR OR OFFICER CHARGED WITH FELONY.—(a)(1) If—

"(A) a director or officer of an institution, or other person participating in the conduct of the affairs of an institution, is charged in any information, indictment, or complaint authorized by a United States attorney, with the commission of or participation in a crime involving dishonesty or breach of trust that is punishable by imprisonment for a term exceeding 1 year under State or Federal law; and

"(B) continued service or participation by the individual may—

"(i) pose a threat to the interests of the shareholders of the institution or investors in Farm Credit System obligations; or

"(ii) impair public confidence in the institution,

the Administration may, by written notice served on such director, officer, or other person, suspend such director, officer, or other person from office or prohibit such director, officer, or other person from further participation in the conduct of the affairs of the institution.

"(2) Such suspension or prohibition shall remain in effect until such information, indictment, or complaint is finally disposed of or until terminated by the Administration.

"(b)(1) If—

"(A) a judgment of conviction with respect to such crime is entered against such director, officer, or other person;

"(B) such judgment is not subject to further appellate review; and

"(C) continued service or participation by the individual may—

"(i) pose a threat to the interests of the shareholders of the institution or investors in Farm Credit System obligations; or

"(ii) impair public confidence in the institution,

the Administration may issue and serve on such director, officer, or other person an order removing such director, officer, or other person from office or prohibiting such director, officer, or other person from further participation in the conduct of the affairs of the institution, except with the consent of the Administration.

"(2) A copy of such order shall also be served on such institution.

"(3) On receipt of such copy, such director or officer shall cease to be a director or officer of such institution.

"(4) A finding of not guilty or other disposition of the charge shall not preclude the Administration from thereafter instituting proceedings to remove such director, officer, or other person from office or to prohibit further participation in institution affairs, pursuant to section 5.42.

"(5) Any notice of suspension or order of removal issued under this section shall remain effective and outstanding until the completion of any hearing or appeal authorized under subsection (d), unless terminated by the Administration.

"(c)(1) If at any time, as the result of the suspension of one or more directors pursuant to this section, there shall be on the board of directors of an institution less than a quorum of directors not so suspended, the Chairman of the Farm Credit Administration Board shall appoint persons to serve temporarily as directors in their place and stead so as to establish a quorum.

"(B) Such persons shall serve until such time as those persons who have been removed are reinstated or their respective successors are elected or appointed and take office.

"(d)(1) Within 30 days after service of any notice of suspension or order of removal issued pursuant to subsection (a) or (b), the director, officer, or other person concerned may request in writing an opportunity to appear before the Administration to show that the continued service to or participation in the conduct of the affairs of the institution by such individual does not, or is not likely to, pose a threat to the interests of the shareholders of the institution or the investors in Farm Credit System obligations.

"(2) On receipt of any such request, the Administration shall establish a time (not more than 30 days after receipt of such request, unless extended at the request of the concerned director, officer, or other person) and place at which the director, officer, or other person may appear, personally or through counsel, before the Chairman of the Farm Credit Administration Board to submit written materials (or, at the discretion of the Administration, oral testimony) and oral argument.

"(3) Within 60 days after such hearing, the Administration shall notify such director, officer, or other person whether the suspension or prohibition from participation in the conduct of the affairs of the institution will be continued, terminated, or otherwise modified, or whether the order removing such director, officer, or other person from office or prohibiting such individual from further participation in the conduct of the affairs of the institution will be rescinded or otherwise modified.

"(4) Such notification shall contain a statement of the basis for the decision of the Administration, if adverse to the director, officer, or other person.

"(e) The Administration may prescribe such rules as may be necessary to carry out this section.

"SEC. 5.44. ADMINISTRATIVE AND JUDICIAL REVIEW.—(a)(1) Any hearing provided for in this part (other than a hearing provided for in section 5.43(d)) shall be held in the Federal judicial district or in the territory in which the principal office of the institution is located, unless the party afforded the hearing consents to another place.

"(2) Such hearing shall be conducted in accordance with chapter 5 of title 5, United States Code.

"(3) Such hearing shall be private, unless the Administration, after fully considering the views of the party afforded the hearing, determines that a public hearing is necessary to protect the public interest.

"(b)(1) After such hearing, and within 90 days after the Administration has notified the parties that the case has been submitted to the Administration for final decision, the Administration shall—

"(A) render a decision (including the findings of fact on which the decision is predicated); and

"(B) issue and serve on each party to the proceeding an order or orders consistent with this part.

"(2) Judicial review of any such order shall be had exclusively as provided in this section.

"(3) Unless a petition for review is timely filed in a court of appeals of the United States, as provided in subsection (c), and thereafter until the record in the proceeding has been filed as so provided, the Administration may at any time, on such notice and in such manner as the Administration shall consider proper, modify, terminate, or set aside any such order.

"(4) On the filing of the record, the Administration may modify, terminate, or set aside any such order with permission of the court.

"(c)(1) Any party to a proceeding conducted under this section, or any person required by an order issued under this section to cease and desist from a violation or practice stated in such order, may obtain a review of any order served pursuant to subsection (a) or (b) (other than an order issued with the consent of the institution or the director or officer or other person concerned, or an order issued under section 5.43(b)) by the filing in the court of appeals of the United States for the circuit in which the principal office of the institution is located, or in the United States Court of Appeals for the District of Columbia Circuit, within 30 days after the date of the service of such order, a written petition praying that the order of the Administration be modified, terminated, or set aside.

"(2) A copy of such petition shall be transmitted immediately by the clerk of the court to the Administration.

"(3) On receipt of such copy, the Administration shall file in the court the record in the proceeding, as provided in section 2112 of title 28, United States Code.

"(4) On the filing of such petition, such court shall have jurisdiction (that on the filing of the record shall (except as provided in subsection (b)(4)) be exclusive) to affirm, modify, terminate, or set aside, in whole or in part, the order of the Administration.

"(5) The judgment and decree of the court shall be final, except that the same shall be subject to review by the Supreme Court on certiorari, as provided in section 1254 of title 28, United States Code.

"(d) The commencement of proceedings for judicial review under subsection (c) shall not, unless specifically ordered by the court, operate as a stay of any order issued by the Administration.

"SEC. 5.45. ENFORCEMENT.—(a) The Administration may apply to the United States district court, or the United States court of any territory, within the jurisdiction of which the principal office of an institution is located, for the enforcement of any effective and outstanding notice or order issued under this part.

"(b)(1) Except as provided in paragraph (2), such court shall have jurisdiction and power to order and require compliance with such notice or order.

"(2) Except as otherwise provided in this part, no court shall have jurisdiction—

"(A) to affect by injunction or otherwise the issuance or enforcement of any notice or order under this part; or

"(B) to review, modify, suspend, terminate, or set aside any such notice or order.

"SEC. 5.46. PENALTIES.—(a)(1) Subject to paragraph (2), any institution that violates, or an officer, director, employee, agent, or other person participating in the conduct of the affairs of such an institution who violates, the terms of any order that has become final and was issued pursuant to sec-

tion 5.41, shall forfeit and pay a civil penalty of not more than $1,000 per day for each day during which such violation continues.

"(2) The Administration may compromise, modify, or remit any civil money penalty that is subject to imposition or has been imposed under this section.

"(3) The penalty may be assessed and collected by the Administration by written notice.

"(b) In determining the amount of the penalty, the Administration shall take into account the appropriateness of the penalty with respect to the size of financial resources and good faith of the institution or person charged, the gravity of the violation, the history of previous violations, and such other matters as the Administration considers appropriate.

"(c)(1) The institution or person assessed shall be afforded an opportunity for a hearing before the Administration, on request made within 10 days after the issuance of the notice of assessment.

"(2) In such hearing all issues shall be determined on the record pursuant to section 554 of title 5, United States Code.

"(3) A determination of the Administration shall be made by final order and may be reviewed only as provided in subsection (d).

"(4) If no hearing is requested as provided in subsection (d), the assessment shall constitute a final and unappealable order.

"(d)(1) Any institution or person against whom an order imposing a civil money penalty has been entered after the hearing held before the Administration under this section may obtain review of such order by the United States court of appeals for the circuit in which the principal office of the institution is located, or the United States Court of Appeals for the District of Columbia Circuit, by—

"(A) filing a notice of appeal in such court within 20 days after the service of such order; and

"(B) simultaneously sending a copy of such notice by registered or certified mail to the Administration.

"(2) The Administration shall promptly certify and file in such Court the record on which the penalty was imposed, as provided in section 2112 of title 28, United States Code.

"(3) The findings of the Administration shall be set aside if found to be unsupported by substantial evidence.

"(e)(1) If any institution or person fails to pay an assessment after the assessment has become a final and unappealable order, or after the court of appeals has entered a final judgment in favor of the Administration, the Administration shall refer the matter to the Attorney General.

"(2) The Attorney General shall recover the amount assessed by action in the appropriate United States district court.

"(3) In such action, the validity and appropriateness of the final order imposing the penalty shall not be subject to review.

"(f) The Administration shall issue regulations establishing procedures necessary to implement this section.

"(g) All penalties collected under authority of this section shall be placed in the Treasury of the United States.

"(h) Any director or officer, or former director or officer of an institution, or any other person, against whom there is outstanding and effective a notice or final order served on such director, officer, or other person under subsection (c), (d), or (e) of section 5.42 or section 5.43 who—

"(1) participates in the conduct of the affairs of the institution involved, or directly or indirectly solicits or procures, or transfers or attempts to transfer, or votes or attempts to vote, any proxies, consents, or authorizations in respect of any voting rights in such institution; or

"(2) without the prior written approval of the Administration, votes for a director, serves or acts as a director, officer, or employee of any institution,

shall on conviction be fined not more than $5,000 or imprisoned for not more than 1 year, or both.

"SEC. 5.47. GENERAL PROVISIONS.—(a) Any service required or authorized to be made by the Administration under this part may be made by registered mail, or in such other manner reasonably calculated to give actual notice as the Administration may by regulation or otherwise provide.

"(b)(1) In the course of or in connection with any proceeding under this part or any examination or investigation under section 5.18, the Administration or any designated representative thereof (including any person designated to conduct any hearing under this part) shall have the power to administer oaths and affirmations, to take or cause to be taken depositions, and to issue, revoke, quash, or modify subpoenas and subpoenas duces tecum.

"(2) The Administration may issue rules and regulations with respect to any such proceedings, claims, examinations, or investigations.

"(3) The attendance of witnesses and the production of documents provided for in this subsection may be required from any place in any State or in any territory or other place subject to the jurisdiction of the United States at any designated place where such proceeding is being conducted.

"(4) The Administration or any party to a proceeding under this part may apply to the United States District Court for the District of Columbia, or the United States district court for the judicial district or the United States court in any territory in which such proceeding is being conducted, or where the witness resides or carries on business, for enforcement of any subpoena or subpoena duces tecum issued pursuant to this subsection.

"(5) Such court shall have jurisdiction and power to order and require compliance with an order.

"(6) Witnesses subpoenaed under this subsection shall be paid the same fees and mileage that are paid witnesses in the district courts of the United States.

"(7) Any court having jurisdiction of any proceeding instituted under this part by an institution or a director or officer of an institution, may allow to any such party such reasonable expenses and attorneys' fees as the court considers just and proper.

"(8) Such expenses and fees shall be paid by the institution or from the assets of the institution.

"(9) Any person who willfully shall fail or refuse to attend and testify or to answer any lawful inquiry or to produce books, papers, correspondence, memoranda, contracts, agreements, or other records, if within the power of such person, in compliance with the subpoena of the Administration, shall be guilty of a misdemeanor and, on conviction, shall be subject to a fine of not more than $1,000 or to imprisonment for a term of not more than 1 year, or both.".

TITLE IV—FARM CREDIT SYSTEM CAPITAL CORPORATION

SEC. 401. Title IV of the Farm Credit Act of 1971 is amended—

(1) by redesignating part E as part G;

(2) by redesignating section 4.29 as section 4.35; and

(3) by adding a new part E to read as follows:

"PART E—FARM CREDIT SYSTEM CAPITAL CORPORATION

"SEC. 4.29. EXISTENCE OF CORPORATION.—The Farm Credit Administration, not later than 60 days after enactment of the Farm Credit Act Amendments of 1985, shall (1) charter the Farm Credit System Capital Corporation (referred to in this part as 'the Capital Corporation'), which, subject to the provisions of this part and the regulations of the Farm Credit Administration, shall be a federally chartered instrumentality of the United States and an institution of the Farm Credit System, and (2) revoke the charter for the Farm Credit System Capital Corporation issued under part D of this title.

"SEC. 4.30. PURPOSES.—The Capital Corporation, for the sole purpose of carrying out a program of financial and technical assistance to institutions within the Farm Credit System which are experiencing financial difficulties, shall—

"(1) carry out a program of financial assistance among institutions of the Farm Credit System;

"(2) acquire from other Farm Credit System institutions and participate with such institutions in nonperforming assets of such institutions;

"(3) hold, restructure, collect, and otherwise administer nonperforming assets acquired from or participated in with other Farm Credit System institutions;

"(4) provide technical assistance and related services to other Farm Credit System institutions in connection with the administration of their loan portfolios;

"(5) provide assistance and related services to Farm Credit System institutions to assist them in restructuring or refinancing loans of their member-borrowers; and

"(6) receive and administer financial assistance for Farm Credit System institutions that originates outside of the Farm Credit System.

"SEC. 4.31A. BOARD OF DIRECTORS.—The Capital Corporation shall be governed by a board of directors composed of five members appointed by the Chairman of the Farm Credit Administration Board. Three of such members shall be appointed from among the elected members of the farm credit district boards established under title V of this Act and two of such members shall be individuals representing the public interest who are not members of such boards, nor directors, officers, or employees of any institution of the Farm Credit System. The term of office of the directors of the Capital Corporation shall be three years, except that the terms of office of three of the members first appointed under this section shall expire, one on the expiration of one year after the date of appointment and two on the expiration of two years after the date of appointment, and members may continue to serve until their successors are duly appointed.

"SEC. 4.31B. OFFICERS OF THE BOARD.—The Chairman of the Farm Credit Administration Board annually shall designate a member of the board of directors of the Capital Corporation as Chairman of the

board. The board of directors of the Capital Corporation annually shall elect from among its members a vice chairman and select a secretary, who need not be a member of the board.

"SEC. 4.31C. COMPENSATION OF BOARD MEMBERS.—Members of the board of directors of the Capital Corporation shall receive compensation, including reasonable allowances for necessary expenses, in attending meetings of the board. The compensation shall not be in excess of the level set by the Farm Credit Administration.

"SEC. 4.31D. BOARD PROCEDURES.—The board of directors of the Capital Corporation shall adopt such rules as it may deem appropriate for the transaction of its business and shall keep permanent and accurate records and minutes of its acts and proceedings.

"SEC. 4.32. CHIEF EXECUTIVE OFFICER OF THE CORPORATION.—The chief executive officer of the Capital Corporation shall be selected by the board of directors of the Capital Corporation, subject to the approval of the Farm Credit Administration, and shall serve at the pleasure of the board.

"SEC. 4.33. GENERAL CORPORATE POWERS.—(a) The Capital Corporation shall be a body corporate and, subject to regulation by the Farm Credit Administration, shall have the power to—

"(1) operate under the direction of its board of directors;

"(2) adopt, alter, and use a corporate seal, which shall be judicially noted;

"(3) provide for one or more vice presidents, a secretary, a treasurer, and such other officers, employees and agents, as may be necessary, define their duties, and require surety bonds or make other provisions against losses occasioned by acts of such persons;

"(4) prescribe by its board of directors its bylaws, not inconsistent with law, which shall provide for the classes of its stock and the manner in which its stock shall be issued, transferred, and retired; the manner in which the officers, employees, and agents are selected; its property is acquired, held, and transferred; its loans, commitments, and other financial assistance are made; its general business is conducted; and the privileges granted by its bylaws are exercised and enjoyed;

"(5) enter into contracts and make advance, progress, or other payments with respect to such contracts;

"(6) contract with System institutions for local administration, servicing, and restructuring of loan and loan-related assets and management of acquired properties of the Corporation;

"(7) sue and be sued in its corporate name and complain and defend, in any court of competent jurisdiction, State or Federal;

"(8) acquire, hold, lease, mortgage, or dispose of, at public or private sale, real and personal property, and sell or exchange any securities or obligations, and otherwise exercise all the usual incidents of ownership of property necessary and convenient to its business;

"(9) obtain insurance against loss in connection with property and other assets;

"(10) modify or consent to modification with respect to the rate of interest, time of payment of any installment of principal or interest, security, or any other term of any contract or agreement to which it is a party or in which it has an interest under this Act;

"(11) in accordance with the provisions of this part, borrow money on its own individual responsibility;

"(12) join with Farm Credit System banks in the issuance of System wide notes, bonds, debentures, and other similar obligations under section 4.2(d) of this Act, or assume liability with respect to outstanding System wide obligations, and, if it satisfies the requirements applicable to banks under section 4.3 of this Act, it shall be jointly and severally liable with the System banks for the payment of principal and interest on such obligations, and pay on such obligations any sums as may be called on by the Farm Credit Administration to make payments of principal or interest that any bank or banks primarily liable therefor are unable to make;

"(13) require other institutions of the Farm Credit System, through purchase of stock in, or obligations of, the Capital Corporation, from the proceeds of system wide bonds otherwise allocable to such institutions, in stages as determined by the board of directors of the Capital Corporation and subject to the approval of the Farm Credit Administration, until the Capital Corporation shall have received not more than five billion dollars: *Provided, however,* That at no one stage shall any system institution be required to supply funds to the Capital Corporation in excess of three per centum of the face value of such institution's loan portfolio, solely to make funds available to the Capital Corporation to enable it to make financial assistance available to institutions of the Farm Credit System as provided in paragraph (14). The guidelines to be used by the Capital Corporation in obtaining funds from other institutions of the Farm Credit System for the purpose of aggregating resources to assist System institutions, to the extent practicable, shall give priority to obtaining funds through the use of transactions that require the Capital Corporation, on reasonable terms, to repay the contributed funds from surpluses accumulated by the Capital Corporation, without imperiling the financial viability of any such institution as would likely preclude such institution from making credit available to eligible borrowers on reasonable terms or meeting its financial obligations, and otherwise shall be in conformity with regulations issued by the Farm Credit Administration;

"(14) make financial assistance available, in the form of purchases of stock, loans, or contributions under such terms and conditions as the Capital Corporation may establish under regulations of the Farm Credit Administration, to Farm Credit System institutions that establish, on the basis of information satisfactory to the Capital Corporation, that, in the absence of such assistance, they could no longer continue to operate on a viable basis, make credit available to eligible borrowers on reasonable terms, and meet their financial obligations;

"(15) purchase from any other System institution, at current value, on request of such institution, loans that have been placed in nonaccrual status and assets in the account for acquired properties. For purposes of this paragraph, the classification of loans and assets and their value shall be the classification and value as disclosed in the most recent examination of such institution conducted by or adopted by the Farm Credit Administration;

"(16) exercise all the rights and privileges of any System institution with respect to any loan in which it has participated, including the adjustment of interest rates, compromise of indebtedness, waiver of default, and other such rights and privileges;

"(17) assume debt from System institutions or interests therein, or other liabilities, from System institutions in connection with the acquisition of loans or interests therein or other assets from such institutions;

"(18) refinance, reamortize, or compromise indebtedness, and otherwise provide debt adjustment assistance, with respect to any loan to a borrower of a System institution purchased by the Capital Corporaton under paragraph (15), and, after a determination by the Capital Corporation that the borrower could not reasonably be anticipated to meet loan servicing charges under a refinanced, reamortized, or otherwise restructured loan under reasonable terms and conditions, liquidate any such loan: *Provided, however,* That when the Capital Corporation, pursuant to any of its powers, restructures nonperforming assets or leases back to farmers or ranchers land or other assets originally pledged as collateral for a loan from a System institution, the Capital Corporation shall utilize the local land bank association or production credit association, as the case may be, to manage and administer such restructured loan or lease, with appropriate recompense to such local association for such management and administrative services;

"(19) establish one or more branch offices as from time to time may be authorized by the board of directors;

"(20) adopt a salary scale for officers and employees of the Capital Corporation, in accordance with the directives of the board of directors, without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5 relating to classification and General Schedule pay rates; and

"(21) deposits its securities and its current funds with any member of the Federal Reserve System or any insured State nonmember bank as defined in section 2 of the Federal Deposit Insurance Act and pay fees therefor and receive interest thereon as may be agreed.

The Capital Corporation shall have such other incidental powers as are necessary to carry out its powers, duties, and functions in accordance with this Act.

"(b) Officers or employees of the Capital Corporation, like other Farm Credit System employees, shall not be considered officers or employees of the Federal Government. Funds held by the Capital Corporation shall not be construed to be Government funds or appropriated moneys.

"SEC. 4.34A. SUCCESSION OF THE CORPORATION.—On the issuance by the Farm Credit Administration of the new charter for the Capital Corporation under this part, the Capital Corporation shall succeed to, be liable for, and assume all debts, obligations, contracts, and other liabilities of the Farm Credit System Capital Corporation chartered under part D of this title (referred to in this section as 'the Predecessor corporation'), matured or unmatured, accrued, absolute, contingent or otherwise, and whether or not reflected or reserved against on balance sheets, books of account, or records of the predecessor corporation. The stock of the predecessor corporation shall be converted into stock of the corporation chartered under this part. The existing contractual obligations, security instruments, and title instruments of the predecessor corporation shall, by operation of law and without any further action by the Farm Credit Administration, the predecessor corporation, or any court, become and be converted

into obligations, entitlements, and instruments of the Capital Corporation chartered under this part. To the extent that, on the extinguishing of liabilities assumed by the Capital Corporation under this section, and full performance or other final disposition of contract obligations under contracts assumed by the Capital Corporation under this section, there remain surplus funds attributable to such obligations or contracts, the Capital Corporation shall distribute such surplus funds among the System institutions that contributed funds to the predecessor corporation on the basis of the relative amount of funds so contributed by each institution.

"SEC. 4.34B. LIMITATION OF POWERS.—The powers of the Capital Corporation under this part shall be exercised only for the purposes specified in this part and shall not be exercised in a manner that would result in the Capital Corporation supplanting the Farm Credit System institutions operating under titles I through III of this Act as the primary providers of credit and other financial services to farmers, ranchers, and their cooperatives.

"SEC. 4.34C. AUTHORITY OF THE SECRETARY OF THE TREASURY.—(a) On certification by the Farm Credit Administration that (1) the Farm Credit System is in need of financial assistance to address financial stress of System institutions, (2) the System has committed its available capital surplus and reserves to address such financial stress of System institutions, and (3) the System has used such capital surplus and reserves to the extent that further contributions from, or losses incurred by, System institutions likely will preclude such institutions from making credit available to eligible borrowers on reasonable terms, the Secretary of the Treasury in the Secretary's discretion, may purchase any obligations issued by the Capital Corporation under this part, as heretofore, now, or hereafter in force; and for such purpose the Secretary of the Treasury may use as a public-debt transaction the proceeds of the sale of any securities hereafter issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include such purchases. The Secretary of the Treasury, at any time, may sell, on such terms and conditions and at such price or prices as the Secretary shall determine, any of the obligations acquired by the Secretary under this section. All redemptions, purchases, and sales by the Secretary of the Treasury of such obligations under this section shall be treated as public-debt transactions of the United States. Each purchase of obligations by the Secretary of the Treasury under this subsection shall be on terms and conditions as shall be determined by the Secretary of the Treasury and shall bear such rate of interest as may be determined by the Secretary of the Treasury, taking into consideration the current average market yield for the month preceding the month of such purchase on outstanding marketable obligations of the United States.

"(b) The Farm Credit Administration promptly shall submit a copy of any certification made under subsection (a) to Congress, and the Secretary of the Treasury shall, not later than forty-five days after such certification is made, make known the Secretary's decision as to exercising the authority under subsection (a).".

"SEC. 4.34D. INITIAL CAPITALIZATION.— The Farm Credit Administration shall provide for the initial capitalization of the Capital Corporation by requiring institutions of the System to contribute capital to the Capital Corporation in such amounts and under such terms and conditions as the Farm Credit Administration, in consultation with System institutions, may prescribe, in conformity with section 4.33(13).".

CONFORMING AMENDMENT

SEC. 204. Title IV of the Farm Credit Act of 1971 is further amended by inserting, before section 4.2, the following:

"SEC. 4.1. REQUIREMENTS TO PURCHASE STOCK AND PAY ASSESSMENTS AND CONTRIBUTE CAPITAL TO CAPITAL CORPORATION.—The Federal land banks, the Federal intermediate credit banks, the banks for cooperatives, the Federal land bank associations, and the production credit associations shall purchase stock in, or obligations of, the Capital Corporation, as required by the Capital Corporation in the exercise of its powers under this Part. Any payment for retirement of stock so purchased, or repayment of obligations so purchased by the Capital Corporation shall be distributed among all holders of such stock or obligations on the basis of the face value of the stock or obligations held by each such holders at the time of the distribution."

TITLE V—RIGHTS OF APPLICANTS AND SHAREHOLDERS

DISCLOSURE AND ACCESS TO INFORMATION

SEC. 501. Part C of title IV of the Farm Credit Act of 1971 is amended—

(1) by redesignating section 4.13 (12 U.S.C. 2201) as section 4.13B; and

(2) by inserting after the heading for such part the following new sections:

"SEC. 4.13. DISCLOSURE.—(a) The Farm Credit Administration shall promulgate regulations requiring each lending institution of the Farm Credit System to provide to each borrower of such institution, for each loan that is not subject to the Truth In Lending Act (15 U.S.C. 1601 et seq.), meaningful and timely disclosure of—

"(1) the current rate of interest on such loan;

"(2) in the case of an adjustable or variable rate loan—

"(A) the amount and frequency by which the interest rate may be increased during the term of the loan or, if there are no such limitations, a statement to such effect; and

"(B) the factors (including, but not limited to, the cost of funds, operating expenses, and provision for loan losses) that will be taken into account by such institution in determining adjustments to the interest rate;

"(3) the effect (as demonstrated by a representative example or examples) of the required purchase of stock or participation certificates in such institution on the effective rate of interest; and

"(4) any change in the interest rate applicable to the loan of such borrower.

"(b)(1) The Farm Credit Administration shall promulgate regulations setting forth guidelines to be followed by each lending institution of the Farm Credit System in developing a policy governing forbearance.

"(2) Each such institution shall provide to each borrower from such institution a copy of such institution's policy regarding forbearance at such time as the Farm Credit Administration shall prescribe by regulation.

"SEC. 4.13A. ACCESS TO DOCUMENTS AND INFORMATION.—(a)(1) The Farm Credit Administration shall promulgate regulations requiring each bank and association of the Farm Credit System to provide each borrower of a loan made by such bank or association—

"(A) at the time of execution of such loan, a copy of each document signed by the borrower with respect to such loan; and

"(B) at any time thereafter, on the request of such borrower, a copy of each document signed or delivered by such borrower.

"(2) Such regulations also shall require each such bank and association to provide the shareholders of such bank or association, on request, a copy of the articles of incorporation, or charter and bylaws, of such bank or association.

"(b)(1)(A) A bank or association of the Farm Credit System shall provide a copy of a current list of the shareholders of such bank or association within 10 days after a request for the same made by a shareholder.

"(B) As a condition to providing the list, the bank or association may require the shareholder to certify that the shareholder—

"(i) will utilize the list exclusively for communicating with shareholders on matters related to the business operations of the bank or association; and

"(ii) will not make the list available to any person, other than an attorney or accountant of the shareholder, without the written consent of the bank or association.

"(2)(A) If the requesting shareholder concurs and agrees to defray the reasonable costs of such action, a bank or association may, as an alternative to providing a list of the shareholders of such bank or association, mail or otherwise furnish a communication to each such shareholder, as promptly as practicable after receipt.

"(B) On request, the institution shall estimate the costs of handling and mailing such communication.".

NOTICE OF ACTION ON APPLICATIONS

SEC. 502. Section 4.13B of the Farm Credit Act of 1971 (as redesignated by section 501(1)) is amended—

(1) by inserting "written" after "prompt"; and

(2) by inserting before the period at the end thereof the following: ", and of the right of the applicant to review under section 4.14".

RECONSIDERATION OF ACTION ON APPLICATIONS

SEC. 503. Section 4.14 of the Farm Credit Act of 1971 (12 U.S.C. 2202) is amended to read as follows:

"SEC. 4.14. RECONSIDERATION OF ACTION ON APPLICATIONS.—(a) The Farm Credit Administration shall promulgate regulations requiring the board of directors of each lending institution of the Farm Credit System to establish a credit review committee.

"(b) If a loan applicant has received written notice under section 4.13B of a decision to deny or reduce the loan applied for and the applicant makes a written request to the appropriate institution within 30 days after receiving such notice, such applicant may obtain a review of such decision in person before the appropriate credit review committee.

"(c) Promptly after any such review, such applicant shall be notified in writing of the decision of the credit review committee and the reasons therefor.".

NOTICE OF RETIREMENT OF STOCK AND CAPITAL INVESTMENTS

SEC. 504. (a) The sixth sentence of section 1.16(a) of the Farm Credit Act of 1971 (12 U.S.C. 2014(a)) is amended by inserting "and on written notice to the shareholder" before the period at the end thereof.

(b) Section 2.13(k) of such Act (12 U.S.C. 2094(k)) is amended by inserting ", on written notice to the borrower and approval by the bank of such retirement" before the period at the end thereof.

REVIEW OF NONACCRUAL LOANS

SEC. 505. Each local lending institution of the Farm Credit System established under the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.) shall—

(1) review each loan that has been placed in nonaccrual status by such institution to determine whether such loan may be restructured based on changes in the circumstances of such institution as the result of this Act and the amendments made by this Act; and

(2) notify in writing the borrower of each such loan of the provisions of this section.

TITLE VI—GENERAL PROVISIONS

PAYMENT OF DIVIDENDS AND PATRONAGE REFUNDS

SEC. 601. (a) Section 1.5 of the Farm Credit Act of 1971 (12 U.S.C. 2013) is amended—

(1) by adding at the end of subsection (e) the following new sentence: "Notwithstanding any other provision of this subsection, a Federal land bank shall be subject to regulation by the Farm Credit Administration with regard to the payment of dividends."; and

(2) by adding at the end of subsection (f) the following new sentence: "Notwithstanding any other provision of this subsection, a Federal land bank shall be subject to regulation by the Farm Credit Administration with regard to the payment of patronage refunds.".

(b) Section 1.18(b) of such Act (12 U.S.C. 2052(b)) is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provision of this section, a Federal land bank association shall be subject to regulation by the Farm Credit Administration with regard to the payment of dividends and patronage refunds.".

(c) Section 2.2(f) of such Act (12 U.S.C. 2073(f)) is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provision of this section, a Federal intermediate credit bank shall be subject to regulation by the Farm Credit Administration with regard to the payment of dividends.".

(d) Section 3.4 of such Act (12 U.S.C. 2125) is amended by inserting ", subject to regulation by the Farm Credit Administration" before the period at the end thereof.

RESERVE ACCOUNTS

SEC. 602. (a) Subsection (a) of section 1.17 of the Farm Credit Act of 1971 (12 U.S.C. 2051(a)) is amended to read as follows:

"(a) Each Federal land bank shall be required to carry a reserve account in accordance with standards prescribed by the Farm Credit Administration.".

(b) Subsection (a) of section 1.18 of such Act (12 U.S.C. 2052(a)) is amended to read as follows:

"(a) Each Federal land bank association shall be required to carry a reserve account in accordance with standards prescribed by the Farm Credit Administration.".

APPLICATION OF EARNINGS

SEC. 603. Section 2.14 of the Farm Credit Act of 1971 (12 U.S.C. 2095) is amended—

(1) by striking out subsection (a) and inserting in lieu thereof the following new subsection:

"(a) Each production credit association at the end of each fiscal year shall apply the amount of its earnings for such year in excess of its operating expenses, including provision for valuation reserves against loan assets in accordance with generally accepted accounting principles (but in no event shall such provision be less than an amount equal to one-half of 1 percent of the loans outstanding at the end of the fiscal year, until such reserves equal or exceed 3½ percent of the loans outstanding at the end of the fiscal year)—

"(1) first, to the restoration of the impairment, if any, of capital; and

"(2) second, to the establishment and maintenance of the surplus accounts, in accordance with standards prescribed by the Farm Credit Administration."; and

(2) in subsection (b)—

(A) by inserting "and subject to the general direction of the Farm Credit Administration" after "so provide" in the first sentence; and

(B) by striking out "Any" in the second sentence and inserting in lieu thereof "In accordance with other provisions of this section, any".

FUNDING FOR FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION

SEC. 604. Part A of title IV of the Farm Credit Act of 1971 is amended by inserting after section 4.1 (12 U.S.C. 2152) the following new section:

"SEC. 4.1A. FUNDING FOR FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION.—Each Federal land bank, Federal intermediate credit bank, bank for cooperatives, Federal land bank association, and production credit association shall purchase stock in the Federal Farm Credit System Capital Corporation established under section 4.41, pay assessments, make capital contributions, and take such other actions as are required by the Corporation in the exercise of the powers of the Corporation under part F of title IV.".

LIABILITY OF BANKS

SEC. 605. Section 4.4 of the Farm Credit Act of 1971 (12 U.S.C. 2155) is amended by adding at the end thereof the following new subsection:

"(d) For purposes of this section, the term 'bank' includes the Federal Farm Credit System Capital Corporation established under section 4.41.".

TERMS OF DISTRICT DIRECTORS

SEC. 606. Section 5.1(c) of the Farm Credit Act of 1971 (12 U.S.C. 2222(c)) is amended by striking out ", except" and all that follows through "full terms".

ELECTION OF DIRECTORS AT LARGE

SEC. 607. Section 5.2 of the Farm Credit Act of 1971 (12 U.S.C. 2223) is amended—

(1) by striking out "; APPOINTMENT" in the caption;

(2) in subsection (a)—

(A) by designating the first and second sentences as paragraphs (1) and (2), respectively; and

(B) by amending paragraph (2) (as so designated) to read as follows:

"(2)(A) The seventh member shall be elected by the borrowers at large in a district.

"(B) For purposes of this section, the term 'borrowers at large in a district' means—

"(i) a voting shareholder of a Federal land bank association and a direct borrower, and a borrower through an agency, from a Federal land bank;

"(ii) a voting shareholder of a production credit association; and

"(iii) a voting shareholder or subscriber to the guaranty fund of a bank for cooperatives.";

(3) in the second sentence of subsection (b)—

(A) by striking out "and" before "in the case"; and

(B) by inserting before the period at the end thereof the following: "; and in the case of an election by the borrowers at large, such notice shall be sent to all borrowers at large in the district"; and

(4) by inserting after the fifth sentence of subsection (c) the following new sentence: "Each borrower at large shall be entitled to cast one vote."

FEDERAL FINANCIAL INSTITUTIONS EXAMINATION COUNCIL

SEC. 608. Section 1004 of the Federal Financial Institutions Examination Council Act of 1978 (12 U.S.C. 3303) is amended by adding at the end thereof the following new subsection:

"(f)(1) The Chairman of the Farm Credit Administration Board shall serve as a nonvoting member of the Council.

"(2) The Farm Credit Administration shall pay such portion of the costs and expenses of the Council as shall be agreed on as appropriate and reasonable by the Council and the Farm Credit Administration.".

SUCCESSION OF FEDERAL FARM CREDIT SYSTEM CAPITAL CORPORATION

SEC. 609. (a) On the issuance by the Farm Credit Administration of the new charter for the Federal Farm Credit System Capital Corporation under part F of title IV of the Farm Credit Act of 1971, the Corporation shall succeed to the assets of, be liable for, and assume all debts, obligations, contracts, and other liabilities of the Farm Credit System Capital Corporation chartered under part D of such title (hereafter referred to in this section as "the predecessor corporation"), matured or unmatured, accrued, absolute, contingent or otherwise, and whether or not reflected or reserved against on balance sheets, books of account, or records of the predecessor corporation.

(b) The stock of the predecessor corporation shall be converted into stock of the Federal Farm Credit System Capital Corporation chartered under part F of title IV of the Farm Credit Act of 1971.

(c) The existing contractual obligations, security instruments, and title instruments of the predecessor corporation shall, by operation of law and without any further action by the Farm Credit Administration, the predecessor corporation, or any court, become and be converted into obligations, entitlements, and instruments of the Federal Farm Credit System Capital Corporation chartered under part F of title IV of the Farm Credit Act of 1971.

TITLE VII—AUTHORIZATION FOR BORROWING

AUTHORIZATION FOR BORROWING

SEC. 701. (a) The Secretary of the Treasury is authorized, in the discretion of the Secretary, to purchase obligations issued by the Federal Farm Credit System Capital Corporation established under section 4.41 of the Farm Credit Act of 1971 (as added by section 401 of this Act) on the certification by the Farm Credit Administration that the Farm Credit System has—

(1) committed available capital surplus and reserves of the Farm Credit System under part F of title IV of the Farm Credit Act of 1971 to meet the financial stress of institutions of the Farm Credit System; and

(2) utilized such capital surplus and reserves to the extent that further contributions from or losses incurred by such institutions will likely preclude such institutions from making credit available to eligible borrowers on reasonable terms.

(b)(1) For such purpose, the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds of the sale of any securities issued after the date of enactment of this Act under chapter 31 of title 31, United States Code.

(2) The purposes for which such securities may be issued are extended to include such purchases.

(c) Each purchase of an obligation under this section shall be made on such terms and conditions as may be determined by the Secretary of the Treasury, taking into consideration the objectives that—

(1) institutions of the Farm Credit System retain the ability to make credit available to eligible borrowers on reasonable terms; and

(2) banks of the Farm Credit System continue to have access to funds in public financial markets.

(d) The authority provided by this section shall be effective for any fiscal year only to such extent or in such amounts as are provided in advance in appropriation Acts.

TITLE VIII—INTERIM IMPLEMENTATION

INTERIM IMPLEMENTATION

SEC. 801. The Governor of the Farm Credit Administration appointed under section 5.10 of the Farm Credit Act of 1971 (12 U.S.C. 2244) (as in effect before the amendment made by section 106) shall perform the functions of the Farm Credit Administration Board established under section 5.8 of such Act (12 U.S.C. 2242) (as amended by section 104) until—

(1) two members of the Board are appointed and have qualified; and

(2) one such member has been designated by the President as Chairman of the Board.

Amend the title so as to read as follows: "To amend the Farm Credit Act of 1971, to restructure and reform the Farm Credit System, and for other purposes.".

HARKIN AMENDMENT NO. 1184

Mr. HARKIN proposed an amendment to the bill (S. 1884) supra; as follows:

On page 61, between lines 16 and 17, insert the following:

"(c) The Capital Corporation shall sell or lease farmland administered under this title in the following order of priority:

"(A) Sale of such farmland to operators (as of the time immediately before such sale) of not larger than family-size farms.

"(B) Lease of such farmland to operators (as of the time immediately before such lease is entered into) of not larger than family-size farms.

"(d) Notwithstanding any other provision of law, the rate of interest on any loan owned or made by the Capital Corporation shall not exceed the average rate of interest charged by the Farm Credit System Bank from which the loan originated.".

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS, 1986

CRANSTON (AND WILSON) AMENDMENT NOS. 1185 THROUGH 1242

(Ordered to lie on the table.)

Mr. CRANSTON (for himself and Mr. WILSON) submitted 58 amendments intended to be proposed by them to the bill (H.R. 3011) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1986, and for other purposes; as follows:

AMENDMENT No. 1185

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Central California Planning Area which lie between the row of blocks numbered N 875 and the row of blocks numbered N 883 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1186

On page 49, line 4, strike "18,025,000" and insert in lieu thereof "19,025,000".

On page 49, line 6, after the word "expended" insert the following: ", of which $10,000,000 is for the Los Padres National Forest, California".

AMENDMENT No. 1187

On page 49, line 4, strike "18,025,000" and insert in lieu thereof "28,025,000"

On page 49, line 6, after the word "expended" insert the following: ", of which $10,000,000 is for Lake Tahoe".

AMENDMENT No. 1188

On page 15, line 4, strike "75,400,000" and insert in lieu thereof "87,400,000".

On page 15, line 6, after the word "which" insert the following: "$12,000,000 is for the Santa Monica Mountains National Recreation Area".

AMENDMENT No. 1189

On page 15, line 4, strike "75,400,000" and insert in lieu thereof "78,400,000"

On page 15, line 6, after the word "which" insert the following: "$3,000,000 is for the Golden Gate National Recreation Area".

AMENDMENT No. 1190

On page 15, line 4, strike "75,400,000" and insert in lieu thereof "76,400,000"

On page 15, line 6, after the word "which" insert the following: "$1,000,000 is for Point Reyes National Seashore".

AMENDMENT No. 1191

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Southern California Planning Area which lie between the row of blocks numbered N 750 and the row of blocks numbered N 770 of the Universal Transverse Mercator Grid System from the seaward state boundary to a line twenty nautical miles westward thereof for oil and gas leases, which Congress finds will cause deterioration in the quality of air overlying the City and County of San Diego.

AMENDMENT No. 1192

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Southern California Planning Area which lie between the row of blocks numbered N 770 and the row of blocks numbered N 776 of the Universal Transverse Mercator Grid System from the seaward state boundary to a line twenty nautical miles westward thereof; for oil and gas leases, which Congress finds will cause deterioration in the quality of air overlying Orange County, California.

AMENDMENT No. 1193

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Southern California Planning Area which lie between the row of blocks numbered N 775 of the Universal Transverse Mercator Grid and the seaward extension of the international boundary between the United States and Mexico; and between the seaward state boundary and a line twenty nautical miles westward thereof; for oil and gas leases, which Congress finds will increase the difficulty of achieving federal air quality standards in the South Coast Air Quality Management District.

AMENDMENT No. 1194

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, pre-

leasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Southern California Planning Area which lie between the row of blocks numbered N 777 and the row of blocks numbered N 783 of the Universal Transverse Mercator Grid System, for oil and gas leases, which Congress finds will increase the difficulty of achieving federal air quality standards in coastal areas bordering Santa Monica Bay.

AMENDMENT No. 1195

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf, as Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Southern California Planning Area which lie within six nautical miles of any island included in the Channel Islands National Park for oil and gas leases, which Congress finds will cause deterioration in the quality of air overlying the Channel Islands National Park.

AMENDMENT No. 1196

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Southern California Planning Area which lie between the row of blocks numbered N 793 and the row of blocks numbered N 796 of the Universal Transverse Mercator Grid System from the seaward state boundary to a line twenty nautical miles westward thereof for oil and gas leases, which Congress finds will cause deterioration in the quality of air overlying a portion of the County of Santa Barbara.

AMENDMENT No. 1197

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Southern California Planning Area which lie between the row of blocks numbered N 816 and the row of blocks numbered N 826 of the Universal Transverse Mercator Grid System for oil and gas leases, which Congress finds will cause deterioration in the quality of air overlying a portion of San Luis Obispo County including San Simeon and Morro Bay.

AMENDMENT No. 1198

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be extended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract sections, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Central California Planning Area which lie between the row of blocks numbered N 830 and the row of blocks numbered N 843 of the Universal Transverse Mercator Grid System for oil and gas leases, which Congress finds will cause deterioration in the quality of air overlying the Big Sur coastline of California.

AMENDMENT No. 1199

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be extended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract sections, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Central California Planning Area which lie between the row of blocks numbered N 830 and the row of blocks numbered N 844 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1200

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Central California Planning Area which lie between the row of blocks numbered N 826 and the row of blocks numbered N 851 of the Universal Transverse Mercator Grid System for oil and gas leases, which Congress finds will cause deterioration in the quality of air overlying the County of Monterey, California.

AMENDMENT No. 1201

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Central California Planning Area which lie between the row of blocks numbered N 851 and the row of blocks numbered N 858 of the Universal Transverse Mercator Grid System for oil and gas leases, which Congress finds will cause deterioration in the quality of air overlying Santa Cruz County, California.

AMENDMENT No. 1202

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Central California Planning Area which lie between the row of blocks numbered N 858 and the row of blocks numbered N 871 of the Universal Transverse Mercator Grid System for oil and gas leases, which Congress finds will cause deterioration in the quality of air overlying San Mateo County, California.

AMENDMENT No. 1203

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Central California Planning Area which lie between the row of blocks numbered N 871 and the row of blocks numbered N 873 of the Universal Transverse Mercator Grid System for oil and gas leases, which Congress finds will cause deterioration in the quality of air overlying the City and County of San Francisco, California.

AMENDMENT No. 1204

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Central California Planning Area which lie between the row of blocks num-

bered N 871 and the row of blocks numbered N 876 of the Universal Transverse Mercator Grid System for oil and gas leases, which Congress finds will cause deterioration in the quality of air overlying the Golden Gate National Recreation Area in California.

AMENDMENT No. 1205

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Central California Planning Area which lie between the row of blocks numbered N 873 and the row of blocks numbered N 884 of the Universal Transverse Mercator Grid System for oil and gas leases, which Congress finds will cause deterioration in the quality of air overlying the County of Marin, California.

AMENDMENT No. 1206

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Central California Planning Area which lie between the row of blocks numbered N 875 and the row of blocks numbered N 883 of the Universal Transverse Mercator Grid System for oil and gas leases, which Congress finds will cause deterioration in the quality of air overlying the Point Reyes National Seashore in California.

AMENDMENT No. 1207

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Central California Planning Area which lie between the row of blocks numbered N 884 and the row of blocks numbered N 894 of the Universal Transverse Mercator Grid System for oil and gas leases, which Congress finds will cause deterioration in the quality of air overlying Sonoma County, California.

AMENDMENT No. 1208

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area which lie between the row of blocks numbered N 894 and the row of blocks numbered N 924 of the Universal Transverse Mercator Grid System for oil and gas leases, which Congress finds will cause deterioration in the quality of air overlying Mendocino County, California and the Mendocino headlands.

AMENDMENT No. 1209

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area which lie between the row of blocks numbered N 950 and the row of blocks numbered N 962 of the Universal Transverse Mercator Grid System for oil and gas leases, which Congress finds will cause deterioration in the quality of air overlying the Redwood National Park in California.

AMENDMENT No. 1210

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area which lie between the row of blocks numbered N 924 and the row of blocks numbered N 939 of the Universal Transverse Mercator Grid System for oil and gas leases, which Congress finds will cause deterioration in the quality of air overlying Humboldt County, California.

AMENDMENT No. 1211

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area which lie between the row of blocks numbered N 950 and the row of blocks numbered N 962 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1212

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1213

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1214

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1215

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1216

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and

awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1217

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sales, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1218

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sales, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1219

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1220

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1221

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1222

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1223

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1224

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1225

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1226

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1227

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1228

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1229

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1230

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1231

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1232

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1233

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1234

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1235

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1236

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1237

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1238

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1239

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1240

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1241

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1242

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

WILSON (AND CRANSTON) AMENDMENT NOS. 1243 THROUGH 1253

(Ordered to lie on the table.)

Mr. WILSON (for himself and Mr. CRANSTON) submitted 11 amendments intended to be proposed by them to the bill (H.R. 3011) supra; as follows:

AMENDMENT No. 1243

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area which lie between the row of blocks numbered N 894 and the row of blocks numbered N 924 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1244

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Central California Planning Area which lie between the row of blocks num-

bered N 844 and the row of blocks numbered N 852 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1245

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Central California Planning Area which lie between the row of blocks numbered N 871 and the row of blocks numbered N 876 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1246

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Central California Planning Area which lie between the row of blocks numbered N 868 and the row of blocks numbered N 873 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1247

On page 3 of the bill, insert "Land Acquisition".

In line 4, insert the following: ", for expenses necessary to carry out the provisions of sections 205, 206 and 318(d) of Public Law 94-579 including administrative expenses and acquisition of lands or waters, or interest therein, $1,000,000, to be derived from the Land and Water Conservation Fund, to remain available for land acquisition at the King Range Conservation Area, California, until expended.

AMENDMENT No. 1248

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Southern California Planning Area which lie between the row of blocks numbered N 9 and the row of blocks numbered N 10 and between the row of blocks numbered and N 16 and the row of blocks numbered N 17 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1249

At the appropriate place in this bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Southern California Planning Area which lie between the row of blocks numbered N 18 and the row of blocks numbered N 19 and the row of blocks numbered N 21 and the row of blocks numbered N 22 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1250

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Southern California Planning Area which lie between the row of blocks numbered N 21 and the row of blocks numbered N 22 and between the row of blocks numbered N 26 and N 27 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1251

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Southern California Planning Area which lie between the row of blocks numbered N 31 and the row of blocks numbered N 32 and the row of blocks numbered N 35 and N 36 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1252

At the appropriate place in the bill, insert the following new section:

No funds provided in this act may be expended by the Department of the Interior for the procurement, leasing, bidding, exploration, or development of lands within the following areas until the Secretary of the Interior certifies to the appropriate Committees of Congress that an agreement has been reached between the Department of the Interior and the State of California on a set of air quality rules required by the Outer Continental Shelf Lands Act of 1978: a portion of the Department of the Interior Southern California Planning Area which lies both: (a) east of the line between the row of blocks numbered 53 west and the row of of blocks numbered 52 west, and (b) north of the line between the row of blocks numbered 34 north and the row of blocks numbered 35 north, on the California (Lambert) Plane Coordinate System.

AMENDMENT No. 1253

At the appropriate place in the bill, insert the following new section:

No funds provided in this act may be expended by the Department of the Interior for procurement, leasing, bidding, exploration, or development of lands within the following areas until the Secretary of the Interior certifies to the appropriate Committees of Congress that an agreement has been reached between the Department of the Interior and the State of California on a set of air quality rules required by the Outer Continental Shelf Lands Act of 1978: an area of the Department of the Interior Southern California Planning Area bounded by the following line on the California (Lambert) Plane Coordinate System: From the point of intersection of the international boundary line between the United States and Mexico and the seaward boundary of the California State Tidelands west along said international boundary line to the point of intersection with the line between the row of blocks numbered 28 west and the row of of blocks numbered 27 west; thence north to the northeast corner of block 20 north, 28 west; thence northwest to the southwest corner of block 29 north, 35 west; thence north along the line between the row of blocks numbered 36 west and the row of blocks numbered 35 west to its intersection with the seaward boundary of the California State Tidelands; thence easterly along the seaward boundary of the California State Tidelands to the point of beginning of the California (Lambert) Plane Coordinate System.

CRANSTON (AND WILSON) AMENDMENT NOS. 1254 THROUGH 1299

(Ordered to lie on the table.)

Mr. WILSON (for Mr. CRANSTON, for himself and Mr. WILSON) submitted 46 amendments intended to be proposed by them to the bill (H.R. 3011) supra; as follows:

AMENDMENT No. 1254

On page 10 of the bill, line 2, strike out "32,570,000" and insert in lieu thereof "33,570,000".

On page 10, line 6, strike the period after the word "expended", insert in lieu thereof a colon, and add the following: "provided, that $1,000,000 remain available for land acquisition for the Blunt-nosed leopard lizard, California, until expended."

AMENDMENT No. 1255

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf

Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the State of California within the Department of the Interior Central California Planning Area which lie between the row of blocks numbered N 826 and the row of blocks numbered N 851 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1256

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sales, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Southern California Planning Area which lie between the row of blocks numbered N 817 and the row of blocks numbered N 826 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1251

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: call for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area which lie between the row of blocks numbered N 895 and the row of blocks numbered N 968 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1258

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Areas which lie between the row of blocks numbered N 895 and the row of blocks numbered N 968 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1259

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area which lie between the row of blocks numbered N 895 and the row of blocks numbered N 968 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1260

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area which lie between the row of blocks numbered N 895 and the row of blocks numbered N 968 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1261

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area which lie between the row of blocks numbered N 895 and the row of blocks numbered N 968 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1262

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Central California Planning Area which lie between the row of blocks numbered N 859 and the row of blocks numbered N 861 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1263

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Central California Planning Area which lie between the row of blocks numbered N 871 and the row of blocks numbered N 876 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1264

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Southern California Planning Area which lie in a six mile zone around San Miguel Island.

AMENDMENT No. 1265

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Southern California Planning Area which lie in a six mile zone around Santa Cruz Island.

AMENDMENT No. 1266

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Southern California Planning Area which lie between the row of blocks numbered N 817 and the row of blocks numbered N 826 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1267

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the

Pacific Ocean off the coast of the State of California within the Department of the Interior Southern California Planning Area which lie between the row of blocks numbered N 817 and the row of blocks numbered N 826 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1268

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Southern California Planning Area which lie between the row of blocks numbered N 817 and the row of blocks numbered N 826 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1269

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Southern California Planning Area which lie between the row of blocks numbered N 817 and the row of blocks numbered N 826 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1270

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Southern California Planning Area which lie between the row of blocks numbered N 817 and the row of blocks numbered N 826 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1271

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Central California Planning Area which lie between the row of blocks numbered N 825 and the row of blocks numbered N 894 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1272

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tact selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Central California Planning Area which lie between the row of blocks numbered N 825 and the row of blocks numbered N 894 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1273

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Central California Planning Area which lie between the row of blocks numbered N 825 and the row of blocks numbered N 894 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1274

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Central California Planning Area which lie between the row of blocks numbered N 825 and the row of blocks numbered N 894 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1275

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Central California Planning Area which lie between the row of blocks numbered N 825 and the row of blocks numbered N 894 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1276

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Central California Planning Area which lie between the row of blocks numbered N 825 and the row of blocks numbered N 894 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1277

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Southern California Planning Area which lie between the row of blocks numbered N 817 and the row of blocks numbered N 826 of the Universal Transverse Mercator Grid System.

AMENDMENT No. 1278

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Southern California Planning Area which lie in a six mile zone around Santa Cruz Island.

AMENDMENT No. 1279

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf

Lands Act (45 U.S.C. 1331(a), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1280

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1281

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1282

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1283

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1284

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continential Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Southern California Planning Area which lie in a six mile zone around Santa Barbara Island.

AMENDMENT No. 1285

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Southern California Planning Area which lie in a six mile zone around Anacapa Island in the Santa Barbara Channel of the coast of California.

AMENDMENT No. 1286

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1287

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1288

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1289

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1290

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1291

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1292

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1293

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1294

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sales, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1295

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1296

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1297

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1298

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area.

AMENDMENT No. 1299

At the appropriate place in the bill, insert the following new section:

No funds provided in this title may be expended by the Department of the Interior for the preparation for, or conduct of, preleasing and leasing activities (including but not limited to: calls for information, tract selection, notices of sale, receipt of bids and awards of leases) of lands within an area of the Outer Continental Shelf, as defined in section 2(a) of the Outer Continental Shelf Lands Act (45 U.S.C. 1331(a)), located in the Pacific Ocean off the coast of the State of California within the Department of the Interior Northern California Planning Area which lie between the row of blocks numbered N 856 and the row of blocks numbered N 851 of the Universal Transverse Mercator Grid System.

FARM CREDIT PREDICTABILITY ACT

BOREN (AND OTHERS) AMENDMENT NO. 1300

Mr. BOREN (for himself, Mr. DOMENICI, Mr. BINGAMAN, Mr. NICKLES, Mr. BAUCUS, and Mr. MCCLURE) proposed an amendment to the bill (S. 1884) supra, as follows:

On page 26, beginning with line 12, strike out everything through line 1, page 27, and insert in lieu thereof the following:

"(2)(A) Except as provided in subparagraph (B), with the approval of the Farm Credit Administration, all the like associations within a district may voluntarily merge into a single district-wide association on the vote of a majority of the shareholders present and voting (or voting by written proxy) of each of the affected associations in the district.

"(B) In the case of a State in which two-thirds of the association shareholders voted against the merger, any association whose principal office is located within such State may not be required to merge with other associations in the district.

"(3) In the case of any association whose stockholders did not approve a merger with one or more other associations under this subsection and continues as an independent association—

"(A) such association shall not be (i) charged any assessment under this Act at a higher rate than that charged other like associations in the district or (ii) discriminated against in the provision of any financial service and assistance (including, but not limited to, access to credit and rates of interest on loans and discounts) by a district Farm Credit bank to the association and its member-borrowers; and

"(B) the Farm Administration Credit shall not in any association charter or certificate of territory to be served, or otherwise, provide for any other like association to operate in the territory authorized to be served by such association in its charter, or otherwise, unless agreed to by the board of directors of such association or the other association was authorized to operate in the territory prior to July 1, 1985.

BOREN (AND OTHERS) AMENDMENT NO. 1301

Mr. BOREN (for himself, Mr. EXON, Mr. ZORINSKY, and Mr. NICKLES) proposed an amendment to the bill (S. 1884) supra, as follows:

On page 13, strike out lines 21 and 22, and insert in lieu thereof the following:

"(4) Except for associations, approve the salary scale for employees of the institutions of the System, and approve the compensation of the chief executive officer of such institutions: *Provided,* That no salary scale or rate of compensation shall be approved under this provision unless determined to be fair and reasonable; *Provided, further,* That no increase in any salary scale or rate of compensation shall be approved during any period in which there is outstanding any investment in Farm Credit System stock or obligations by the Chairman of the Farm Credit Administration Board or the Secretary of Treasury under this Act or the Farm Credit System Restructuring and Regulatory Reform Act of 1985.

"(5) Prescribe loan security requirements and conduct loan and collateral security review.

HARKIN AMENDMENT NO. 1302

Mr. HARKIN proposed an amendment, which was subsequently modified, to the bill (S. 1884) supra, as follows:

On page 66, between lines 15 and 16 insert the following:

"(b) The powers of the Capital Corporation set forth in (a) of this section, to the extent they authorize financial assistance of any type to borrowers and System institutions, shall be limited after December 31, 1990 as provided in this subsection. The powers of the Capital Corporation to directly or indirectly increase the level of such financial assistance to a borrower or institution or to provide directly or indirectly any such financial assistance to a borrower or institution not receiving such assistance on December 31, 1990 shall terminate on that date. All other powers, including those necessary for management and orderly liquidation of commitments made and obligations incurred in providing such assistance to borrowers and institutions on or before December 31, 1990, shall remain in effect thereafter.";

DOMENICI AMENDMENT NO. 1303

Mr. DOMENICI proposed an amendment to the bill (S. 1884) supra, as follows:

On page 64, line 7, after "corporation" insert a new subparagraph as follows:

"(C) Circumstances under which repayment shall be made to the transferring or contributing institution of any transfer of funds or equities or capital contributions made under Section 4.42(10) of this Act."

MELCHER (AND EXON) AMENDMENT NO. 1304

Mr. MELCHER (for himself and Mr. EXON) proposed an amendment to the bill S. 1884, supra, as follows:

At the appropriate place in the bill, add a new section was follows:

SEC. . Section 4.1 of the Farm Credit Act of 1971 is amended by adding at the end thereof new subsection (d), (e), and (f) as follows:

"(d) Notwithstanding any other provision of law—

"(1) the revolving funds referred to in subsections (a) and (b) of this section shall be immediately available to the Chairman of the Farm Credit Administration Board for the purpose of alleviating the effects of the impairment of outstanding production credit association stock, or participation certificates issued in lieu of stock, of associations that are in liquidation as of December 15, 1985, that was required to be purchased by production credit association members-borrowers as security for financial assistance from production credit associations under this Act;

"(2) the Chairman shall disperse money from the funds available under paragraph (1) of this subsection in such amounts as the Chairman deems necessary to alleviate of effects of the impairment of borrower-owned stock or participation certificates of any production credit association that is in liquidation as of December 15, 1985, to the Federal land bank or the Federal intermediate credit bank, respectively, that is responsible for the supervision of the association involved; and

"(3) money dispersed by the Chairman under paragraph (2) of this subsection to a Federal intermediate credit bank shall be loaned on a nonrecourse basis by the bank under regulations prescribed by the Farm Credit Administration to the holders of stock or participation certificates of an association in liquidation under this Act as of December 15, 1985 if—

"(A) the holder of the stock or participation certificates is not subject to any bankruptcy or other legal proceeding under which the stock or participation certificates have been attached or assigned to another person;

"(B) the holder of the stock or participation certifications pledges of such stock or participation certificates as security for the loan under this subsection and assigns all rights that the holder may have to any subsequent distribution from the assets of the association on the basis of such stock or participation certificates to the bank; and

"(C) the holder of the stock or participation certificates agrees that the proceeds of any loan made under this subsection be applied toward the repayment of any outstanding obligation of the holder to the association, or any other association or the bank operating under the same title of this Act as the association involved, to the extent of such obligation.

"(e) Any amounts received by a bank from the distribution of association assets under subparagraph (3)(B) of the subsection (d) shall be deposited in one of the revolving funds referred to in subsections (a) or (b) in the manner that the Chairman of the Farm Credit Administration Board may require.

MELCHER (AND OTHERS) AMENDMENT NO. 1305

Mr. MELCHER (for himself, Mr. EXON, Mr. BENTSEN, and Mr. PRYOR) proposed an amendment to the bill (S. 1884) supra, as follows:

On page 64, at line 1 of amendment No. 1170, after "jeopardized.", insert the following: "Stock purchases and assessments made under such regulations shall not impair or reduce capital stock, participation certificates, and allocated equities held by borrowers that are not associations chartered under the Act."

HAWKINS (AND OTHERS) AMENDMENT NO. 1306

Mrs. HAWKINS (for herself, Mr. GARN, Mr. BOREN, and Mr. THURMOND) proposed an amendment to the bill S. 1884, supra, as follows:

At the end of the bill add the following:

SEC. (a) The President of the United States shall appoint a National Commission of Agriculture Finance. Such commission shall be comprised of 15 members appointed by the President and would consist of representatives of the financial community, the agricultural sector, and government.

(b) The National Commission on Agricultural Finance shall conduct a study of methods to ensure the availability of adeqate credit to agricultural producers and agribusinesses, talking into account the long term financing needs of the agricultural economy: the roles of the commercial banks, the Farm Credit System, and the Farmers Home Administration in meeting those financial needs.

(c) In conducting such study, the National Commission on Agricultural Financing shall—

(1) evaluate the financial circumstances relative to both lenders and borrowers of farm credit,

(2) evaluate the structure, performance, and conduct of private lenders—commercial bankers and the Farm Credit System—and public lenders,

(3) explore the need for long-term assistance in stabilizing the value of agricultural assets, and

(4) evaluate the impact on suppliers, procedures, processors and local communities when financial institutions fail.

(d) Not later than 18 months after the date of enactment of this Act, the Commission shall submit a report containing the results of the study required by this section, together with comments and recommendations for legislation providing for a sound, reasonable, and primarily self-supporting credit program for farmers and ranchers as the Commission considers appropriate, to—

(1) the Committee on Agriculture of the House of Representatives:

(2) the Committee on Banking, Finance and Urban Affairs of the House or Representatives:

(3) the Committee on Agriculture, Nutrition, and Forestry of the Senate; and

(4) the Committee on Banking, Housing, and Urban Affairs of the Senate

(e) The Commission shall be comprised of volunteers and no Federal funds shall be expended by the Commission

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GARN AMENDMENT NO. 1307

Mr. GARN proposed an amendment to the bill (S. 1884) supra, as follows:

On page 17, line 4, strike "other than a national bank" and substitute the following: "Other than a federally regulated financial institution".

BOREN (AND OTHERS) AMENDMENT NO. 1308

Mr. BOREN (for himself, Mr. DOLE, Mr. MELCHER, and Mr. ZORINSKY) proposed an amendment to the bill S. 1884, supra, as follows:

Beginning on page 61 of the amendment, strike out line 17 and all that follows through line 1 on page 62 and insert in lieu thereof the following:

"Sec. 4.45. Board of Directors of the Corporation.—(a)(1) The Board of Directors of the Corporation shall consist of five members, of which—

"(A) two members shall be elected by the farm credit banks that own the voting stock of the Corporation, with each such bank having the right to cast one vote to fill each such vacancy without regard to the number of voting shares owned by such bank;

"(B) two members shall be appointed by the Chairman of the Farm Credit Administration Board; and

"(C) one member shall be appointed by the Secretary of Agriculture, and shall have agricultural or small business experience.

GRASSLEY AMENDMENT NO. 1309

Mr. GRASSLEY proposed an amendment to the bill (S. 1884) supra, as follows:

On page 46, line 13, strike out "private" and insert in lieu thereof "public".

On page 46, line 15, strike out "public" and insert in lieu thereof "private".

On page 54, line 19, insert "(a)" after "Sec. 401.".

On page 55, line 13, strike out "may" and insert in lieu thereof "shall, within 60 days after the date of the enactment of the Farm Credit System Restructuring and Regulatory Reform Act of 1985 and".

On page 61, line 19, strike out "five" and insert in lieu thereof "seven".

On page 61, beginning with line 20, strike out all down through line 7 on page 62 and insert in lieu thereof the following:

"(A) three members shall be elected directly by the shareholders of the institutions of the Farm Credit System; and

"(B) three members shall be appointed by the Farm Credit Administration Board, by and with the advice and consent of the Senate, one of whom shall be an agricultural economist and one of whom shall be an agricultural banker appointed by the Federal Reserve Chairman.

"(2) Members of the Board of Directors of the Corporation shall be citizens of the United States.

On page 65, line 4, strike out "Corporation." and insert in lieu thereof "'Corporation.'.".

On page 66, line 23, strike out "sections" and insert in lieu thereof "section".

On page 66, beginning with line 24, strike out all down through line 5 on page 68.

On page 68, line 6, strike out "Sec. 4.13A" and insert in lieu thereof "Sec. 4.13".

On page 68, strike out lines 17 through 21 and insert in lieu thereof the following:

"(2) Such regulations shall also require each such bank and association to provide the shareholders of such bank or association—

"(A) a copy of the bylaws of such bank or association;

"(B) a document explaining all the rights and responsibilities of the borrower and the forbearance policies of the lending institution; and

"(C) on request, a copy of the articles of incorporation or charter of such bank or association.

On page 69, line 2, strike out "certify" and insert in lieu thereof "sign a statement".

(e) The Federal Farm Credit Board (established under section 5.8 of the Farm Credit Act of 1971 (12 U.S.C. 2242)) shall require full financial disclosure of all high level district and national Farm Credit System officials to the Farm Credit Administration.

(h) It is the sense of the Congress that the Farm Credit System's primary mission is to provide financial assistance only to farmers and ranchers and their cooperatives.

On page 79, between lines 8 and 9, insert the following new subsection:

(c) The Farm Credit Administration Board (established under section 5.8 of the Farm Credit Act of 1971 (12 U.S.C. 2242)) shall issue regulations specifically defining the conditions referred to in clauses (1) and (2) of subsection (a) which would preclude institutions of the Farm Credit System from making credit available to eligible borrowers on reasonable terms.

NATIONAL ENDOWMENT ON THE ARTS ACT, MUSEUM SERVICES ACT AND ARTS AND ARTIFACTS INDEMNITY ACT AUTHORIZATION

STAFFORD AMENDMENT NO. 1310

Mr. DOLE (for Mr. STAFFORD) proposed an amendment to the amendments of the House to the bill (S. 1264) to amend the National Foundation on the Arts and Humanities Act of 1965, the Museum Services Act, and the Arts and Artifacts Indemnity Act, to extend the authorization of appropriations for such act, and for other purposes; as follows:

In lieu of the amendment proposed by the House of Representatives, insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Arts, Humanities, and Museums Amendments of 1985".

TITLE I—AMENDMENTS TO NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES ACT OF 1965

SEC. 101. TECHNICAL AMENDMENT; SHORT TITLE.

The National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 951 et seq.) is amended—

(1) by striking out "TITLE I—ENDOWMENTS FOR ARTS AND HUMANITIES", and

(2) in section 1 by striking out "title" and inserting in lieu thereof "Act".

SEC. 102. DECLARATION OF PURPOSE.

Section 2 of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 951) is amended—

(1) in clause (2) by striking out "man's",

(2) in clause (3)—

(A) by inserting ", and access to the arts and the humanities," after "education", and

(B) by striking out "men" and inserting in lieu thereof "people of all backgrounds and wherever located",

(3) in clause (7) by striking out "and" at the end thereof,

(4) by redesignating clause (8) as clause (9), and

(5) by inserting after clause (7) the following new clause:

"(8) that Americans should receive in school, background and preparation in the arts and humanities to enable them to recognize and appreciate the aesthetic dimensions of our lives, the diversity of excellence that comprises our cultural heritage, and artistic and scholarly expression; and".

SEC. 103. DEFINITIONS.

Section 3 of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 952) is amended—

(1) in subsection (a)—

(A) by inserting "and interpretation" after "study" the first place it appears, and

(B) by inserting "to reflecting our diverse heritage, traditions, and history and" after "particular attention", and

(2) in subsection (d)(2)—

(A) by inserting "for purposes of sections 5(l) and 7(h) only," after "(2)",

(B) by inserting "or humanistic" after "artistic", and

(C) by inserting "and the National Council on the Humanities, as the case may be," after "the National Council on the Arts".

SEC. 104. ESTABLISHMENT OF A NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES.

Section 4(a) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 953(a)) is amended—

(1) by striking out "Humanities,," and inserting in lieu thereof "Humanities,", and

(2) by striking out "(hereinafter established)".

SEC. 105. ESTABLISHMENT OF THE NATIONAL ENDOWMENT FOR THE ARTS.

Section 5 of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 954) is amended—

(1) in subsection (b)(1) by striking out "chairman" and inserting in lieu thereof "chairperson";

(2) in subsection (c)—

(A) by redesignating clauses (4), (5), and (6) as clauses (6), (7), and (8), respectively, and

(B) by inserting after clauses (3) the following new clauses:

"(4) projects and productions which have substantial artistic and cultural significance and that reach, or reflect the culture of, a minority, inner city, rural, or tribal community;

"(5) projects and productions that will encourage public knowledge, understanding, and appreciation of the arts;",

(C) by striking out "clause (5)" in the second sentence of such subsection and inserting in lieu thereof "clause (8)", and

(D) by adding at the end thereof the following: "In selecting individuals and groups of exceptional talent as recipients of financial assistance to be provided under this subsection, the Chairperson shall give particular regard to artists and artistic groups that have traditionally been underrepresented.";

(3) in subsection (g)(2)—

(A) in clause (B) by striking out "and" at the end thereof,

(B) in clause (C) by striking out the period at the end thereof and inserting in lieu thereof ", including a description of the progress made toward achieving the goals of the State plan;", and

(C) by inserting after clause (C) the following new clauses:

"(D) provides—

"(i) assurances that the State agency has held, after reasonable notice, public meetings in the State to allow all groups of artists, interested organizations, and the public to present views and make recommendations regarding the State plan; and

"(ii) a summary of such recommendations and the State agency's response to such recommendations; and

"(E) contains—

"(i) a decription of the level of participation during the previous 2 years by artists, artists' organizations, and arts organizations in projects and productions for which financial assistance is provided under this subsection;

"(ii) a description of the extent to which projects and productions receiving financial assistance under this subsection are available to all people and communities in the State; and

"(iii) a description of projects and productions receiving financial assistance under this subsection that exist or are being developed to secure wider participation of artists, artists' organizations, and arts organizations identified under clause (i) of this subparagraph or that address the availability of the acts to all people or communities identified under clause (ii) of this subparagraph.

No application may be approved unless the accompanying plan satisfies the requirements specified in this subsection.";

(4) in subsection (i) by striking out "he" and inserting in lieu thereof "the Secretary of Labor";

(5) in subsection (l)(1)(D)—

(A) by inserting "and local arts agencies" after "local arts groups", and

(B) by striking out "including support of professional artists in community-based residencies;" and inserting in lieu thereof the following "including—

"(i) support of professional artists in community based residencies;

"(ii) support of rural arts development;

"(iii) support of and models for regional, statewide, or local organizations to provide technical assistance to cultural organizations and institutions;

"(iv) support of and models for visual and performing arts touring; and

"(v) support of and models for professional staffing of arts organizations and for stabilizing and broadening the financial base for arts organizations;";

(6) by striking out "Chairman" each place it appears and inserting in lieu thereof "Chairperson";

(7) by striking out "his" each place it appears and inserting in lieu thereof "the Chairperson's"; and

(8) by adding at the end thereof the following new subsection:

(m) The Chairperson of the National Endowment for the Arts shall, in consultation with State and local agencies, relevant organizations, and relevant Federal agencies, develop a practical system of national information and data collection on the arts, artists and arts groups, and their audiences. Such system shall include artistic and financial trends in the various artistic fields, trends in audience participation, and trends in arts education on national, regional, and State levels. Such system shall also include information regarding the availability of the arts to various audience segments, including rural communities. Not later than one year after the date of the enactment of the Arts, Humanities, and Museums Amendments of 1985, the Chairperson shall submit to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate a plan for the development and implementation of such system, including a recommendation regarding the need for any additional funds to be appropriated to develop and implement such system. Such system shall be used, along with a summary of the data submitted with State plans under subsection (g), to prepare a periodic report on the state of the arts in the Nation. The state of the arts report shall include a description of the availabil-

ity of the Endowment's programs to emerging, rural, and culturally diverse artists, arts organizations, and communities and of the participation by such artists, organizations, and communities in such programs. The state of the arts report shall be submitted to the President and the Congress, and provided to the States, not later than October 1, 1988, and biennially thereafter.".

SEC. 106. NATIONAL COUNCIL ON THE ARTS.

Section 6 of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 955) is amended—

(1) in subsection (b)—

(A) by striking out "Chairman" the first place it appears and inserting in lieu thereof "Chairperson",

(B) by striking out "Chairman of the Council" and inserting in lieu thereof "Chairperson of the Council",

(C) in clause (1)—

(i) by inserting "(A)" after "who", and

(ii) by inserting before the semicolon at the end thereof the following: "and (B) have established records of distinguished service, or achieved eminence, in the arts",

(D) in the last sentence by striking out "him" and inserting in lieu thereof "the President", and

(E) by adding at the end thereof the following: "In making such appointments, the President shall give due regard to equitable representation of women, minorities, and individuals with disabilities who are involved in the arts.";

(2) in subsection (c) by striking out "his" each place it appears and inserting in lieu thereof "such member's";

(3) in subsection (d) by striking out "Chairman" and inserting in lieu thereof "Chairperson";

(4) in subsection (e) by striking out "Chairman" and inserting in lieu thereof "Chairperson"; and

(5) in subsection (f)—

(A) in the first sentence by striking out "his" and inserting in lieu thereof "the Chairperson's,

(B) in the second sentence by striking out "he" and inserting in lieu thereof "the Chairperson",

(C) in the third sentence by striking out "$17,500" and inserting in lieu thereof "$30,000", and

(D) by striking out "Chairman" each place it appears and inserting in lieu thereof "Chairperson".

SEC. 107. ESTABLISHMENT OF THE NATIONAL ENDOWMENT FOR THE HUMANITIES.

Section 7 of the National Foundation on the Arts and the Humanities Act of 1965 (2) U.S.C. 956) is amended—

(1) in subsection (b)—

(A) in paragraph (1) by striking out "chairman" and inserting in lieu thereof "chairperson", and

(B) in paragraph (2) by striking out "his" each place it appears and inserting in lieu thereof "the Chairperson's";

(2) in subsection (c)—

(A) by redesignating clauses (4), (5), (6), and (7) as clauses (6), (7), (8), and (9), respectively, and

(B) by inserting after clause (3) the following new clauses:

"(4) initiate and support programs and research which have substantial scholarly and cultural significance and that reach, or reflect the diversity and richness of our American cultural heritage, including the culture of, a minority, inner city, rural, or tribal community;

"(5) foster international programs and exchanges;",

(C) in clause (3) by striking out "workships" and inserting in lieu thereof "workshops",

(D) by striking out "clause (6)" in the second sentence of such subsection and inserting in lieu thereof "clause (8)", and

(E) by adding at the end thereof the following: "In selecting individuals and groups of exceptional talent as recipients of financial assistance to be provided under this subsection, the Chairperson shall give particular regard to scholars, and educational and cultural institutions, that have traditionally been underrepresented.";

(3) in subsection (f)—

(A) in paragraph (2)(A)—

(i) in the first sentence by striking out "the Arts and Humanities Act of 1980" and inserting in lieu thereof "the Arts, Humanities, and Museums Amendments of 1985",

(ii) in clause (ii) by inserting "officer" after "chief executive" each place it appears,

(iii) in clause (v) by striking out "and" at the end thereof,

(iv) in clause (vi) by striking out the period at the end thereof and inserting in lieu thereof ", including a description of the progress made toward achieving the goals of the State plan;", and

(v) by inserting after clause (vi) the following new clauses:

"(vii) provides—

"(I) assurances that the State agency has held, after reasonable notice, public meetings in the State to allow scholars, interested organizations, and the public to present views and make recommendations regarding the State plan; and

"(II) a summary of such recommendations and of the response of the State agency to such recommendations; and

"(viii) contains—

"(I) a description of the level of participation during the previous two years by scholars and scholarly organizations in programs receiving financial assistance under this subsection;

"(II) a description of the extent to which the programs receiving financial assistance under this subsection are available to all people and communities in the State; and

"(III) a description of programs receiving financial assistance under this subsection that exist or are being developed to secure wider participation of scholars and scholarly organizations identified under subclause (I) of this clause or that address the availability of the humanities to all people or communities identified under subclause (II) of this clause.

No application may be approved unless the accompanying plan satisfies the requirements specified in this subsection.";

(B) in paragraph (2)(B)(i)—

(i) by striking out "four" and inserting in lieu thereof "six", and

(ii) by striking out "20 per centum" and inserting in lieu thereof "25 per centum",

(C) in paragraph (3)—

(i) in clause (G) by striking out "and" at the end thereof,

(ii) in clause (H) by striking out the period at the end thereof and inserting in lieu thereof ", including a description of the progress made toward achieving the goals of the plan;", and

(iii) by inserting after clause (H) the following new clauses:

"(I) provides—

"(i) assurances that the grant recipient has held, after reasonable notice, public meetings in the State to allow scholars, interested organizations, and the public to present views and make recommendations regarding the plan; and

"(ii) a summary of such recommendations and of the response of the grant recipient to such recommendations; and

"(J) contains—

"(i) a description of the level of participation during the previous two years by scholars and scholarly organizations in programs receiving financial assistance under this subsection;

"(ii) a description of the extent to which the programs receiving financial assistance under this subsection are available to all people and communities in the State; and

"(iii) a description of programs receiving financial assistance under this subsection that exist or are being developed to secure wider participation of scholars and scholarly organizations identified under clause (i) of this subparagraph or that address the availability of the humanities to all people or communities developed under clause (ii) of this subparagraph.

No application may be approved unless the accompanying plan satisfies the requirements specified in this subsection.";

(4) by striking out the last sentence of subsection (g) and inserting in lieu thereof "The Secretary of Labor shall prescribe standards, regulations, and procedures necessary to carry out this subsection not later than 180 days after the date of the enactment of the Arts, Humanities, and Museums Amendments of 1985.";

(5) by striking out "Chairman" each place it appears and inserting in lieu thereof "Chairperson"; and

(6) by adding at the end thereof the following new subsections:

"(j) It shall be a condition of the receipt of any grant under this section that the group or individual of exceptional talent or the State, State agency, or entity receiving such grant furnish adequate assurances to the Secretary of Labor that all laborers and mechanics employed by contractors or subcontractors on construction projects assisted under this section shall be paid wages at rates not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5). The Secretary of Labor shall have, with respect to the labor standards specified in this subsection, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 5 U.S.C. 133z-15) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

"(k) the Chairperson of the National Endowment for the Humanities shall, in consultation with State and local agencies, other relevant organizations, and relevant Federal agencies, develop a practical system of national information and data collection on the humanities, scholars, educational and cultural groups, and their audiences. Such system shall include cultural and financial trends in the various humanities fields, trends in audience participation, and trends in humanities education on national, regional, and State levels. Not later than one year after the date of the enactment of the Arts, Humanities, and Museums Amendments of 1985, the Chairperson, shall submit to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate a plan for the development and implementation of such system, including a recommendation regarding the

need for any additional funds to be appropriated to develop and implement such system. Such system shall be used, along with a summary of the data submitted with plans under subsection (f), to prepare a report on the state of the humanities in the Nation. The state of the humanities report shall include a description of the availability of the endowment's programs to emerging and culturally diverse scholars, cultural and educational organizations, and communities and of the participation of such scholars, organizations, and communities in such programs. The state of the humanities report shall be submitted to the President and the Congress, and provided the States, not later than October 1, 1988, and biennially thereafter.

"(l) Not later than January 31, 1986, the Chairperson of the National Endowment for the Humanities shall transmit to the Equal Employment Opportunity Commission each plan and each report required under any regulation or management directive that is issued by the Commission and is in effect on such date of enactment.".

SEC. 108. ESTABLISHMENT OF THE NATIONAL COUNCIL ON THE HUMANITIES.

Section 8 of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 957) is amended—

(1) in subsection (b)—

(A) in the first sentence by striking out "Chairman of the National Endowment for the Humanities, who shall be the Chairman" and inserting in lieu thereof "Chairperson of the National Endowment for the Humanities, who shall be the Chairperson",

(B) in the second sentence by striking out "selected on the basis of" and inserting in lieu thereof "individuals who (1) are selected from among private citizens of the United States who are recognized for their broad knowledge of, expertise in, or commitment to the humanities, and (2) have established records of", and

(C) by adding at the end thereof the following: "In making such appointments, the President shall give due regard to equitable representation of women, minorities, and individuals with disabilities who are involved in the humanities.";

(2) in subsection (c) by striking out "his" each place it appears and inserting in lieu thereof "such member's";

(3) in subsections (d), (e), and (f) by striking out "Chairman" each place it appears and inserting in lieu thereof "Chairperson"; and

(4) in subsection (f)—

(A) in the first sentence by striking out "his" and inserting in lieu thereof "the Chairperson's", and

(B) in the second sentence by striking out "he" and inserting in lieu thereof "the Chairperson".

SEC. 109. ESTABLISHMENT OF THE FEDERAL COUNCIL ON THE ARTS AND THE HUMANITIES.

Section 9 of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 958 is amended—

(1) in subsection (b)—

(A) in the first sentence by striking out "Chairman of the National Endowment for the Arts, the Chairman of the National Endowment for the Humanities" and inserting in lieu thereof "Chairperson of the National Endowment for the Arts, the Chairperson of the National Endowment for the Humanities",

(B) in the second sentence by striking out "Chairman" and inserting in lieu thereof "presiding officer", and

(C) in the last sentence by striking out "he" and inserting in lieu thereof "the President";

(2) in subsection (c)(1) by striking out "Chairman" each place it appears and inserting in lieu thereof "Chairperson"; and

(3) by striking out subsections (d) and (e) and inserting in lieu thereof the following new subsection:

"(d) The Council shall conduct a study to determine—

"(1) the nature and level of Federal support provided to museums;

"(2) the areas in which such support overlaps or is inadequate, particularly in case of emerging museums;

"(3) the impact of the Institute of Museum Services in carrying out its stated purpose; and

"(4) the impact and nature of conservation and preservation programs being carried out under this Act and other Federal laws and the areas in which such programs overlap or are inadequate.".

SEC. 110. ADMINISTRATIVE PROVISIONS.

Section 10 of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 959) is amended—

(1) in subsection (a)—

(A) in the matter preceding clause (1) by striking out "Chairman of the National Endowment for the Arts and the Chairman of the National Endowment for the Humanities" and inserting in lieu thereof "Chairperson of the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities",

(B) in clause (1)—

(i) by striking out "he" and inserting in lieu thereof "the Chairperson", and

(ii) by striking out "his" and inserting in lieu thereof "the Chairperson's",

(C) in clause (2) by striking out "Chairman" each place it appears and inserting in lieu thereof "Chairperson",

(D) in clause (3) by striking out "his" and inserting in lieu thereof "the Chairperson's",

(E) in clause (4) by striking out "section 15" and all that follows through "representation" and inserting in lieu thereof "section 3109 of title 5, United States Code",

(F) in the matter following clause (8) by striking out "Chairman" each place it appears and inserting in lieu thereof "Chairperson", and

(G) by adding at the end thereof the following: "In selecting panels of experts under clause (4) to review and make recommendations with respect to the approval of applications for financial assistance under this Act, each Chairperson shall appoint individuals who have exhibited expertise and leadership in the field under review, who broadly represent diverse characteristics in terms of aesthetic or humanistic perspective, and geographical factors, and who broadly represent cultural diversity. Each Chairperson shall assure that the membership of panels changes substantially from year to year, and that no more than 20 per centum of the annual appointments shall be for service beyond the limit of three consecutive years on a subpanel. In making appointments, each Chairperson shall give due regard to the need for experienced as well as new members on each panel. Panels of experts appointed to review or make recommendations with respect to the approval of applications or projects for funding by the National Endowment for the Arts shall, when reviewing such applications and projects, recommend for funding only applications and projects that in the context in which they are presented, in the experts' view, foster excellence, are reflective of exceptional talent, and have significant literary, scholarly, cultural, or artistic merit. Whenever there is pending an application submitted by an individual for financial assistance under section 5(c), such individual may not serve as a member of any subpanel (or panel where a subpanel does not exist) before which such application is pending. The prohibition described in the previous sentence shall commence on the date the application is submitted and continue for so long as the application is pending.";

(2) in subsection (b) by striking out "Chairman" each place it appears and inserting in lieu thereof "Chairperson"; and

(3) by striking out subsection (d) and inserting in lieu thereof the following new subsections:

"(d)(1) The Chairperson of the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities shall conduct a post-award evaluation of projects, productions, and programs for which financial assistance is provided by their respective Endowments under section 5(c) and 7(c). Such evaluation may include an audit to determine the accuracy of the reports required to be submitted by recipients under clauses (i) and (ii) of paragraph (2)(A). As a condition of receiving such financial assistance, a recipient shall comply with the requirements specified in paragraph (2) that are applicable to the project, production, or program for which such financial assistance is received.

"(2)(A) The recipient of financial assistance provided by either of the Endowments shall submit to the Chairperson of the Endowment involved—

"(i) a financial report containing such information as the Chairperson deems necessary to ensure that such financial assistance is expended in accordance with the terms and conditions under which it is provided;

"(ii) a report describing the project, production, or program carried out with such financial assistance; and

"(iii) if practicable, as determined by the Chairperson, a copy of such project, production, or program.

"(B) Such recipient shall comply with the requirements of this paragraph not later than 90 days after the end of the period for which such financial assistance is provided. The Chairperson may extend the 90-day period only if the recipient shows good cause why such an extension should be granted.

"(3) If such recipient substantially fails to satisfy the purposes for which such financial assistance is provided and the criteria specified in the last sentence of subsection (a), as determined by the Chairperson of the Endowment that provided such financial assistance, then such Chairperson may—

"(A) for purposes of determining whether to provide any subsequent financial assistance, take into consideration the results of the post-award evaluation conducted under this subsection;

"(B) prohibit the recipient of such financial assistance to use the name of, or in any way associate such project, production, or program with the Endowment that provided such financial assistance; and

"(C) if such project, production, or program is published, require that the publication contain the following statement: 'The opinions, findings, conclusions, and recommendations expressed herein do not reflect the views of the National Endowment for

the Arts or the National Endowment for the Humanities.'.

"(e)(1) The Chairperson of the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities, with the cooperation of the Secretary of Education, shall conduct jointly a study of—

"(A) the state of arts education and humanities education, as currently taught in the public elementary and secondary schools in the United States; and

"(B) the current and future availability of qualified instructional personnel, and other factors, affecting the quality of education in the arts and humanities in such schools.

"(2) The Endowments shall consult with the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives in the design and implementation of the study required by this subsection.

"(3) Not later than two years after the date of the enactment of the Arts, Humanities, and Museums Amendments of 1985, the Endowments shall submit to the President, the Congress, and the States a report containing—

"(A) the findings of the study under paragraph (1);

"(B) the Endowments' views of the role of the arts and humanities in elementary and secondary education;

"(C) recommendations designed to encourage making arts and humanities education available throughout elementary and secondary schools;

"(D) recommendations for the participation by the National Endowment for the Arts and the National Endowment for the Humanities in arts education and humanities education in such schools; and

"(E) an evaluation of existing policies of the National Endowment for the Arts and the National Endowment for the Humanities that expressly or inherently affect the Endowments' abilities to expand such participation.

"(f) Not later than October 1, 1987, each Endowment shall submit to the Congress a report detailing the procedures used in selecting experts for appointment to panels and the procedures applied by panels in making recommendations with respect to approval of applications for financial assistance under this Act, including procedures to avoid possible conflicts of interest which may arise in providing financial assistance under this Act.".

SEC. 111. AUTHORIZATION OF APPROPRIATIONS.

(a) FUNDS AUTHORIZED FOR PROGRAM GRANTS.—Section 11(a)(1) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 960(a)(1)) is amended—

(1) in subparagraph (A) by striking out "$115,500,000" and all that follows through "1985" and inserting in lieu thereof "$121,678,000 for fiscal year 1986, $123,425,120 for fiscal year 1987, $128,362,125 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990"; and

(2) in subparagraph (B) by striking out "$114,500,000" and all that follows through "1985" and inserting in lieu thereof "$95,207,000 for fiscal year 1986, $99,015,280 for fiscal year 1987, $102,975,891 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990;".

(b) FUNDS AUTHORIZED TO MATCH NON-FEDERAL FUNDS RECEIVED.—Section 11(a) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 960(a)) is amended—

(1) in paragraph (2)—

(A) in subparagraph (A)—

(i) by striking out "October 1, 1985" and inserting in lieu thereof "October 1, 1990", and

(ii) by striking out "$18,500,000" the first place it appears and all that follows through "1985" and inserting in lieu thereof "$8,820,000 for fiscal year 1986, $9,172,800 for fiscal year 1987, $9,539,712 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990", and

(B) in subparagraph (B)—

(i) by striking out "October 1, 1985" and inserting in lieu thereof "October 1, 1990",

(ii) in clause (ii) by inserting "and subgrantees" after "grantees" each place it appears, and

(iii) by striking out "$12,500,000" and all that follows through "1985" and inserting in lieu thereof "$10,780,000 for fiscal year 1986, $11,211,200 for fiscal year 1987, $11,659,648 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990"; and

(2) in paragraph (3)—

(A) in subparagraph (A)—

(i) by striking out "October 1, 1985" and inserting in lieu thereof "October 1, 1990", and

(ii) by striking out "$27,000,000" and all that follows through "1985" and inserting in lieu thereof "$20,580,000 for fiscal year 1986, $21,403,200 for fiscal year 1987, $22,259,328 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990",

(B) in subparagraph (B)—

(i) by striking out "October 1, 1985" and inserting in lieu thereof "October 1, 1990", and

(ii) by striking out "$30,000,000" and all that follows through "1985" and inserting in lieu thereof "$19,600,000 for fiscal year 1986, $20,384,000 for fiscal year 1987, $21,199,360 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990", and

(C) in subparagraph (C)—

(i) by striking out "Chairman" and inserting in lieu thereof "Chairperson", and

(ii) by striking out "he" and inserting in lieu thereof "the Chairperson"; and

(3) in paragraph (4) by striking out "Chairman" each place it appears and by inserting in lieu thereof "Chairperson".

(c) FUNDS AUTHORIZED FOR ADMINISTRATION OF PROGRAM OF THE NATIONAL ENDOWMENTS.—Section 11(c) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 960(c)) is amended—

(1) in paragraph (1) by striking out "$14,000,000" and all that follows through "1985" and inserting in lieu thereof "$15,982,000 for fiscal year 1986, $16,205,280 for fiscal year 1987, $16,853,491 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990";

(2) in paragraph (2) by striking out "$13,000,000" and all that follows through "1985" and inserting in lieu thereof "$14,291,000 for fiscal year 1986, $14,446,640 for fiscal year 1987, $15,024,506 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990"; and

(3) by striking out "Chairman" each place it appears and inserting in lieu thereof "Chairperson". (d) AUTHORIZATION MAXIMUM.—Section 11 of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 960) is amended—

(1) by redesignating subsection (d) as subsection (e); and

(2) by inserting after subsection (c) the following new subsection:

"(d)(1) The total amount of appropriations to carry out the activities of the National Endowment for the Arts shall not exceed—

"(A) $167,060,000 for fiscal year 1986,

"(B) $170,206,400 for fiscal year 1987, and

"(C) $177,014,656 for fiscal year 1988.

"(2) The total amount of appropriations to carry out the activities for the National Endowment for the Humanities shall not exceed—

"(A) $139,878,000 for fiscal year 1986,

"(B) $145,057,120 for fiscal year 1987, and

"(C) $150,859,405 for fiscal year 1988.".

"(e) TECHNICAL AMENDMENT.—Section 11(e) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 960(a)), as redesignated by subsection (d) of this section, is amended by striking out "under this title".

SEC. 112. APPLICATION OF AMENDMENTS.

The amendments made by sections 105(3) and 107(3) shall not apply with respect to plans submitted for financial assistance to be provided with funds appropriated for fiscal year 1986.

TITLE II—AMENDMENTS TO MUSEUM SERVICES ACT

SEC. 201. NATIONAL MUSEUM SERVICES BOARD.

Section 204 of the Museum Services Act (20 U.S.C. 963) is amended—

(1) in subsection (a)—

(A) in paragraph (1) by striking out the second sentence and inserting in lieu thereof the following: "Such members shall be selected from among citizens of the United States who are members of the general public and who are—

"(A) broadly representative of the various museums, including museums relating to science, history, technology, art, zoos, and botantical gardens, and of the curatorial, educational, and cultural resources of the United States; and

"(B) recognized for their broad knowledge, expertise, or experience in museums or commitment to museums.

Member shall be appointed to reflect various geographical regions of the United States. The Board may not include, at any time, more than three members from a single State. In making such appointments, the President shall give due regard to equitable representation of women, minorities, and persons with disabilities who are involved in such museums.", and

(B) in paragraph (2)(A) by striking out "Chairman" each place it appears and inserting in lieu thereof "Chairperson";

(2) in the last sentence of subsection (b) by striking out "his" each place it appears and inserting in lieu thereof "such member's"; and

(3) in subsections (c) and (d) by striking out "Chairman" each place it appears and inserting in lieu thereof "Chairperson".

SEC. 202. DIRECTOR OF THE INSTITUTE.

Section 205(a)(2) of the Museum Services Act (20 U.S.C. 964(a)) is amended by striking out "his" and inserting in lieu thereof "the Chairperson's".

SEC. 203. AUTHORIZATION OF APPROPRIATIONS.

(a) Section 209(a) of the Museum Services Act (20 U.S.C. 967(a)) is amended by striking out "$25,000,000" and all that follows through "1985" and inserting in lieu thereof

"$21,600,000 for fiscal year 1986, $22,464,000 for fiscal year 1987, $23,362,560 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990".

(b) Section 209(d) of the Museum Services Act (20 U.S.C. 967(d)) is amended by striking out "1985" and inserting in lieu thereof "1990".

TITLE III—AMENDMENTS TO ARTS AND ARTIFACTS INDEMNITY ACT

SEC. 301. FEDERAL COUNCIL MEMBERSHIP.

Section 2(b) of the Arts and Artifacts Indemnity Act (20 U.S.C. 971(b)) is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) For purposes of this Act, the Secretary of the Smithsonian Institution, the Director of the National Gallery of Art, the member designated by the Chairman of the Senate Commission of Art and Antiquities and the member designated by the Speaker of the House of Representatives shall not serve as members of the Council.".

SEC. 302. ELIGIBILITY FOR INDEMNITY.

(a) Section 3(b)(1) of the Arts and Artifacts Indemnity Act (20 U.S.C. 972(b)(1)) is amended by striking out ", or elsewhere when part of an exchange of exhibitions, but in no case shall both parts of such an exhibition be so covered" and inserting in lieu thereof "or elsewhere preferably when part of an exchange of exhibitions".

(b) The amendment made by paragraph (1) shall apply with respect to any exhibition which is certified under section 3(a) of the Arts and Artifacts Indemnity Act after the date of enactment of this Act.

SEC. 303. INDEMNITY AGREEMENT.

(a) Section 5(b) of the Arts and Artifacts Indemnity Act (20 U.S.C. 974(b)) is amended by striking out "$400,000,000" and inserting in lieu thereof "$650,000,000".

(b) Section 5(c) of the Arts and Artifacts Indemnity Act (20 U.S.C. 974(c)) is amended by striking out "$50,000,000" and inserting in lieu thereof "$75,000,000".

TITLE IV—ALTERNATIVE FEDERAL FUNDING OF THE ARTS AND HUMANITIES

SEC. 401. STUDY OF ALTERNATIVE FUNDING OF THE ARTS AND THE HUMANITIES

(a) STUDY REQUIRED.—(1) The Comptroller General of the United States shall conduct a study to determine the feasibility of supplementing expenditures made from the general fund of the Treasury of the United States for the National Endowment for the Arts, the National Endowment for the Humanities, and the Institute of Museum Services through other Federal funding mechanisms. The study required by this section shall consider, but is not limited to, the consideration of the following funding sources:

(A) A revolving fund comprised of payments made to the Federal Government through an extension of the existing Federal copyright period for artistic, dramatic, literary, and musical works.

(B) A revolving fund comprised of payments made to the Federal Government for the right to use or publicly perform artistic, dramatic, literary, and musical works in the public domain.

(2) In carrying out the study required by this section, the Comptroller General shall frequently consult with and seek the advice of the Chairperson of the National Endowment for the Arts, the Chairperson of the National Endowment for the Humanities, the Director of the Institute of Museum Services, the Register of Copyrights, the Chairman of the Labor and Human Resources Committee of the Senate, the Chairman of the Education and Labor Committee of the House of Representatives, the Chairman of the Committee on the Judiciary of the Senate, and the Chairman of the Committee on the Judiciary of the House of Representatives, concerning the scope, direction, and focus of the study.

(3) In conducting the study required by this section, the Comptroller General shall consider the impact which the implementation of each supplemental funding mechanism would have on—

(A) any international copyright treaties, commitments, and obligations to which the United States is a party;

(B) public participation in the arts and the humanities;

(C) private, corporate, and foundation support for the arts and the humanities;

(D) the overall quality of arts and the humanities in the United States;

(E) the creative activities of individual authors and artists; and

(F) the activities and operations of private copyrighting organizations.

(b) REPORT.—The Comptroller General shall prepare and submit to the Congress not later than one year after the date of enactment of this Act a report of the study required by this section, together with such recommendations as the Comptroller General deems appropriate.

TITLE V—CONSTITUTIONAL BICENTENNIAL EDUCATION PROGRAM

SEC. 501. EDUCATION PROGRAM FOR THE COMMEMORATION OF THE BICENTENNIAL OF THE CONSTITUTION OF THE UNITED STATES AND THE BILL OF RIGHTS.

(a) GENERAL AUTHORITY.—(1) The Commission on the Bicentennial of the United States Constitution shall, in accordance with the provisions of this section, carry out an education program for the commemoration of the bicentennial of the Constitution of the United States and the Bill of Rights.

(2) To commemorate the bicentennial anniversary of the Constitution of the United States and the Bill of Rights, the Commission—

(A) is authorized to make grants to local educational agencies, private elementary and secondary schools, private organizations, individuals, and State and local public agencies in the United States for the development of instructional materials and programs on the Constitution of the United States and the Bill of Rights which are designed for use by elementary or secondary school students; and

(B) shall implement an annual national bicentennial Constitution and Bill of Rights competition based upon the programs developed and used by elementary and secondary schools.

(3) In carrying out the program authorized by this section, the Chairman of the Commission shall have the same authority as is established in section 10 of the National Foundation on the Arts and the Humanities Act of 1965.

(b) DEFINITION.—For the purpose of this section, the term "Commission" means the Commission on the Bicentennial of the United States Constitution.

(c) AUTHORIZATION OF APPROPRIATIONS.—(1) There are authorized to be appropriated $5,000,000 for each of the fiscal years 1987, 1988, 1989, 1990, and 1991 to carry out the provisions of this section.

(2) Amounts appropriated pursuant to paragraph (1) may be used for necessary administrative expenses, including staff.

TITLE VI—POET LAUREATE CONSULTANT IN POETRY

SEC. 601. AUTHORITY FOR POET LAUREATE CONSULTANT IN POETRY.

(a) RECOGNITION OF THE CONSULTANT IN POETRY.—The Congress recognizes that the Consultant in Poetry to the Library of Congress has for some time occupied a position of prominence in the life of the Nation, has spoken effectively for literary causes, and has occasionally performed duties and functions sometimes associated with the position of poet laureate in other nations and societies. Individuals are appointed to the position of Consultant in Poetry by the Librarian of Congress for one- or two-year terms solely on the basis of literary merit, and are compensated from endowment funds administered by the Library of Congress Trust Fund Board. The Congress further recognizes this position is equivalent to that of Poet Laureate of the United States.

(b) POET LAUREATE CONSULTANT IN POETRY ESTABLISHED.—(1) There is established in the Library of Congress the position of Poet Laureate Consultant in Poetry. The Poet Laureate Consultant in Poetry shall be appointed by the Librarian of Congress pursuant to the same procedures of appointment as established on the date of enactment of this section for the Consultant in Poetry to the Library of Congress.

(2) Each department and office of the Federal Government is encouraged to make use of the services of the Poet Laureate Consultant in Poetry for ceremonial and other occasions of celebration under such procedures as the Librarian of Congress shall approve designed to assure that participation under this paragraph does not impair the continuation of the work of the individual chosen to fill the position of Poet Laureate Consultant in Poetry.

(c) POETRY PROGRAM.—(1) The Chairperson of the National Endowment for the Arts, with the advice of the National Council on the Arts, shall annually sponsor a program at which the Poet Laureate Consultant in Poetry will present a major work or the work of other distinguished poets.

(2) There are authorized to be appropriated to the National Endowment for the Arts $10,000 for the fiscal year 1987 and for each succeeding fiscal year ending prior to October 1, 1990, for the purpose of carrying out this subsection.

NOTICES OF HEARINGS

COMMITTEE ON RULES AND ADMINISTRATION

Mr. MATHIAS. Mr. President, I wish to announce that the Committee on Rules and Administration will meet at 3 p.m., on Wednesday, December 4, 1985, in S-205, the Capitol, to consider legislative and administrative business items currently pending in the committee.

On its legislative agenda, the committee will continue discussing and marking up Senate Resolution 204, authorizing supplemental expenditures by the Select Committee on Indian Affairs.

Administrative business to be considered will be the selection of a vendor

that will provide a new telephone system for the Senate.

For further information regarding this business meeting, please contact Carole Blessington of the Rules Committee staff at 224-0278.

SUBCOMMITTEE ON GOVERNMENTAL EFFICIENCY

Mr. MATHIAS. Mr. President, I would like to announce that the Subcommitte on Governmental Efficiency and the District of Columbia of the Governmental Affairs Committee will hold a hearing on H.R. 2776, a bill to transfer the RFK Stadium to the District of Columbia. The hearing will be held on Thursday December 5, 1985 at 4 p.m. in room SR-385 of the Russell Senate Office Building.

For further information, contact Eileen Mayer of the subcommittee staff at 224-4161.

COMMITTEE OF CONFERENCE ON H.R. 2100—FARM LEGISLATION

Mr. HELMS. Mr. President, I wish to announce that the Committee of Conference will meet on Thursday, December 5, 1985, at 10:00 a.m. in room 328-A Russell Senate Office Building to resolve the difference between H.R. 2100, as passed the House, and the Senate amendment thereto.

Conferees for the Senate are as follows:

Mr. HELMS, Mr. DOLE, Mr. Lugar, Mr. COCHRAN, and Mr. BOSCHWITZ.

Mr. ZORINSKY, Mr. LEAHY, Mr. MELCHER, and Mr. PRYOR.

For further information please call the Committee staff at 224-2035.

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. ROTH. Mr. President, the Senate Committee on Governmental Affairs will hold a hearing on Monday, December 9 at 3 p.m. in room SD-342, on the nomination of Harold Cushenberry and of Michael Rankin to be Associate Judges of the Superior Court of the District of Columbia. For further information, contact Carol Fox at 224-4751 or Eileen Mayer at 224-4161.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. HEINZ. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate of Tuesday, December 3, to hold a hearing on Senate Joint Resolution 192, to authorize financial assistance for the Northern Mariana Islands and for other purposes; S. 1441, to amend the Guam Organic Act, and for other purposes; and H.R. 2478, to amend the Revised Organic Act of the Virgin Islands, to amend the Covenant to Establish a Commonwealth of the Northern Mariana Islands, to provide for the governance of the insular areas of the United States, and for other purposes.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ARMED SERVICES

Mr. HEINZ. Mr. President, I ask unanimous consent that the Committee on Armed Services be authorized to meet during the session of the Senate on Tuesday, December 3, to hold a hearing to consider the nomination of Russell A. Rourke, to be Secretary of the Air Force.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON INVESTIGATIONS

Mr. HEINZ. Mr. President, I ask unanimous consent that the Subcommittee on Investigations of the Committee on Governmental Affairs, be authorized to meet during the session of the Senate on Tuesday, December 3, 1985, in order to conduct a hearing on the Foreign Missions Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON STRATEGIC AND THEATER NUCLEAR FORCES

Mr. HEINZ. Mr. President, I ask unanimous consent that the Strategic and Theater Nuclear Forces Subcommittee of the Committee on Armed Services be authorized to meet during the session of the Senate on Tuesday, December 3, to hold a hearing on Strategic Defense Initiative.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON BUSINESS, TRADE, AND TOURISM

Mr. HEINZ. Mr. President, I ask unanimous consent that the Subcommittee on Business, Trade, and Tourism of the Committee on Commerce, Science and Transportation be authorized to meet during the session of the Senate on Tuesday, December 3, to conduct a meeting on Liability Insurance.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

TELECOMMUNICATIONS TRADE ACT OF 1985

● Mr. PACKWOOD. Mr President, the Telecommunications Trade Act of 1985 (S. 942) was ordered favorably reported by a unanimous vote of the Finance Committee. The bill directs the President to negotiate the opening of trade in telecommunications and the President is given, for this purpose, authority to modify U.S. tariff and nontariff barriers. Within 18 months of enactment, the President must offset the effect of such foreign telecommunications barriers as he has been unable to remove through negotiations. Where a country maintains telecommunications barriers which violate a trade agreement, the U.S. Trade Representative must retaliate against those barriers within 135 days following enactment.

The kind of sectoral reciprocity sought by this bill is necessitated by the unilateral opening of the U.S. telecommunications market resulting from deregulation and the court-ordered divestiture of AT&T. But sectoral reciprocity is a concept fraught with difficulties. In the rounds of multilateral trade negotiations which have defined the modern trading system, concessions have not been made on a sectoral basis. Nations have made trade concessions in one product for an advantage in a different product. We must not lose sight of the fact that the purpose of multilateral trade negotiations has been to achieve an overall balance of concessions between trading nations, and not necessarily to obtain a balance within product sectors.

The purpose of this bill is to open foreign markets to U.S. telecommunications exports. I would expect the administration to concentrate on those foreign markets where U.S. telecommunications exports have a realistic chance of competing. It obviously makes no sense to compensate countries for the opening of their telecommunications markets only to have a third country capture most of that newly opened market.

I congratulate Senators DANFORTH and BENTSEN for their leadership in this matter. This bill has played an important role in highlighting the possibilities and problems for U.S. firms engaged in international trade in telecommunications.

I ask that the text of the bill and the Finance Committee report accompanying the bill be printed in the RECORD.

The material follows:

S. 942

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Telecommunications Trade Act of 1985".

SEC. 2. FINDINGS AND PURPOSES.

(a) FINDINGS.—The Congress finds that—

(1) rapid growth in the world market for telecommunications products and services will continue for several decades;

(2) the United States can improve prospects for—

(A) the growth of—

(i) United States exports of telecommunications products and services, and

(ii) export-related employment and consumer services in the United States, and

(B) the continuance of the technological leadership of the United States,

by undertaking a program to achieve an open world market for trade in telecommunications products, services, and investment;

(3) most foreign markets for telecommunications products, services, and investment are characterized by extensive government intervention (including restrictive import

practices and discriminatory procurement practices) which adversely affect United States exports of telecommunications products and services and United States investment in telecommunications;

(4) unfair and discriminatory trade practices in foreign countries have resulted in, and continue to threaten, the loss of jobs in the United States telecommunications industry;

(5) United States deregulation and the divestiture of American Telephone and Telegraph Company represents a unilateral trade concession made by the United States to the rest of the world;

(6) the open nature of the United States telecommunications market, accruing from the liberalization and restructuring of such market, has resulted, and will continue to result, in a dramatic increase in imports of telecommunications products and a growing imbalance in competitive opportunities for trade in telecommunications;

(7) unless this imbalance is corrected through the achievement of substantially equivalent competitive opportunities for United States telecommunications products and services in foreign markets, the United States should avoid granting continued open access to the telecommunications products and services of such foreign countries in the United States market; and

(8) the unique business conditions in the worldwide market for telecommunications products and services caused by the combination of recent United States deregulation of its domestic industry and continuing government intervention in the domestic industries of many other countries create a need to make an exception in the case of telecommunications products and services that should not necessarily be a precedent for legislating specific sectoral priorities in combating the unfair foreign trade practices of other countries.

(b) PURPOSES.—The purposes of the Act are—

(1) to foster—

(A) the economic and technological growth of, and employment in, the United States telecommunications industry and all related industries, and

(B) the economic and technological growth of all United States persons who benefit from a high quality telecommunications network;

(2) to ensure that countries, such as Japan, which have made commitments to open their telecommunications markets, fully abide by those commitments or face swift retaliation against their exports of telecommunications products and services to the United States; and

(3) to achieve a more open world trading system for telecommunications products and services through negotiation and achievement of substantially equivalent competitive opportunities for United States telecommunications exporters in those markets in which barriers exist to free international trade.

SEC. 3. TELECOMMUNICATIONS PRODUCT DEFINED.

For purposes of this Act, the term "telecommunications product" means any article classified under any of the following item numbers of the Tariff Schedules of the United States:

684.57	684.67	685.24	685.39
1684.58	684.80	685.25	685.48
684.59	685.10	685.28	688.17
684.65	685.12	685.30	688.41
684.66	685.16	685.32	707.90.

TITLE I—ACTIONS TO ACHIEVE COMPETITIVE OPPORTUNITIES

SEC. 101. INVESTIGATION OF FOREIGN TRADE BARRIERS.

(a) ANALYSIS OF BARRIERS.—By no later than the date that is 4 months after the date of enactment of this Act, the United States Trade Representative, in consultation with the Secretary of Commerce and the interagency trade organization established under section 242(a) of the Trade Expansion Act of 1962 (19 U.S.C. 1872), shall—

(1) for purposes of section 102, identify and analyze all acts, policies, and practices in the markets of foreign countries that deny to telecommunications products and services of United States firms any competitive opportunities that are substantially equivalent to competitive opportunities available to such products and services of foreign firms in the markets of the United States, and

(2) for purposes of section 103, shall determine which of such acts, policies, or practices—

(A) is inconsistent with the provisions of, or otherwise denies benefits to the United States under, any trade agreement,

(B) is unjustifiable (within the meaning of section 301(e)(4) of the Trade Act of 1974) and burdens or restricts United States commerce, or

(C) otherwise has the effect of—

(i) nullifying or impairing any benefit from concessions or commitments to the United States under any agreement, or

(ii) impeding attainment of any objective of any agreement to which the United States is a party.

(b) FACTORS TO BE TAKEN INTO ACCOUNT.—

(1) COMPETITIVE OPPORTUNITIES.—In conducting the analysis under subsection (a)(1), the United States Trade Representative shall take into account the following factors:

(A) the economic benefits (actual or potential) accruing to firms in each foreign country from the open access to the United States telecommunications market that has resulted from the liberalization and restructuring of such market; and

(B) actual patterns of trade, including United States exports of telecommunications products and services to foreign countries in relation to the international competitive position and export potential of such products and services.

(2) DENIAL OF TRADE BENEFITS.—In making determinations under subsection (a)(2), the United States Trade Representative shall consider any evidence of actual patterns of trade (including United States exports of telecommunications products and services to a foreign country) that do not reflect patterns of trade which would reasonably be anticipated to flow from the concessions or commitments of such country based on the international competitive position and export potential of such products and services as creating a presumption of the existence of an act, policy, or practice described in subsection (a)(2).

(3) CONSULTATION.—The United States Trade Representative shall consult with the United States International Trade Commission in regard to the actual patterns of trade described in paragraphs (1)(B) and (2).

(c) DISCONTINUANCE OF INVESTIGATION.—

(1) IN GENERAL.—The United States Trade Representative may exclude any country from the investigation conducted under subsection (a) if the United States Trade Representative determines that the potential market in such country for United States telecommunications products and services is not substantial.

(2) CONSULTATION.—Before making a final determination under paragraph (1) to exclude any foreign country from the investigation conducted under subsection (a), the United States Trade Representative shall—

(A) consult with the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives regarding such proposed exclusion,

(B) publish notice of such proposed exclusion in the Federal Register and the reasons for such proposed exclusion, and

(C) provide an opportunity for written public comment on such proposed exclusion.

(d) REPORT TO CONGRESS.—By no later than the date that is 4 months after the date of enactment of this Act, the United States Trade Representative shall submit a report on the analysis and determinations made under subsection (a) to the Committee on Finance and the Committee on Commerce, Science and Transportation of the Senate and to the Committee on Ways and Means and the Committee on Energy and Commerce of the House of Representatives.

SEC. 102. ACTION BY THE PRESIDENT IN RESPONSE TO INVESTIGATION.

(a) INITIAL ACTION.—

(1) IN GENERAL.—Upon conclusion of the investigation conducted under section 101, the President shall enter into negotiations with those foreign countries whose acts, policies, or practices are identified under section 101(a)(1) for the purpose of entering into trade agreements under section 201 which provide to the telecommunications products and services of United States firms competitive opportunities in the markets of such countries that are substantially equivalent to the competitive opportunities available in the United States market to such products and services of foreign firms.

(2) OBJECTIVES OF NEGOTIATIONS.—

(A) GENERAL OBJECTIVES.—The general objectives of negotiations conducted under paragraph (1) shall be—

(i) to obtain multilateral or bilateral agreements (or the modification of existing agreements) that provide to the telecommunications products and services of United States firms competitive opportunities in the markets of foreign countries that are substantially equivalent to the competitive opportunities available in the markets of the United States to such products and services of foreign firms;

(ii) to correct the imbalance in competitive opportunities accruing from uncompensated reductions in barriers to the access of telecommunications products and services of foreign firms to the United States telecommunications market;

(iii) to facilitate the increase in United States exports of telecommunications products and services to a level of exports that reflects the competitiveness of the United States telecommunications industry; and

(iv) to enhance United States employment growth in telecommunications and related industries.

(B) SPECIFIC OBJECTIVES.—In the negotiations conducted under paragraph (1), the President shall pursue specific objectives in order to reduce or eliminate foreign barriers to United States exports of telecommunications products and services, including (but not limited to)—

(i) national treatment for such products and services of United States firms;

(ii) most-favored-nation treatment for such products and services;

(iii) nondiscriminatory government procurement policies with respect to such products and services and the inclusion under the Agreement on Government Procurement of the procurement (by sale or lease) of all telecommunications products and services by agencies that are owned or controlled by the state;

(iv) equipment standards and procedures for certification of equipment (including the acceptance of test data) that do not exceed the minimum standards and procedures necessary to prevent harm to the telecommunications network;

(v) the reduction or elimination of customs duties on telecommunications products;

(vi) the elimination of subsidies, dumping, violations of intellectual property rights, and other unfair trade practices that distort international trade in telecommunications;

(vii) the elimination of investment barriers that restrict the establishment of foreign-owned business entities which market telecommunications products and services; and

(viii) monitoring and dispute settlement mechanisms to facilitate compliance with telecommunications trade agreements.

(C) ECONOMIC BENEFITS; PATTERNS OF TRADE.—In pursuing the objectives described in subparagraphs (A) and (B) and in establishing the strategy of the United States in negotiations conducted under paragraph (1), the President shall take into account the factors described in section 101(b)(1).

(b) ACTIONS TO BE TAKEN IF NO AGREEMENT OBTAINED.—

(1) IN GENERAL.—If the President is unable to enter into an agreement under section 201 with any foreign country described in subsection (a)(1) which achieves the objectives described in subsection (a)(2)(A), the President shall, by no later than the date that is 18 months after the date of enactment of this Act, submit to the Congress a draft of a bill which implements against such country whatever actions described in paragraph (3) that are necessary to fully achieve such objectives.

(2) DIRECT ACTIONS.—In determining the actions to include in a draft of a bill submitted to the Congress under paragraph (1), the President shall first include those actions which most directly affect trade in telecommunications products and services with the country concerned.

(3) ACTIONS AUTHORIZED.—The President is authorized to include any of the following actions in a draft of a bill submitted to the Congress under paragraph (1) with respect to any foreign country:

(A) termination, withdrawal, or suspension of any portion of any trade agreement entered into with such country under—

(i) the Trade Act of 1974,

(ii) section 201 of the Trade Expansion Act of 1962, or

(iii) section 350 of the Tariff Act of 1930,

with respect to any duty or import restriction imposed by the United States on any telecommunications product;

(B) actions described in subsection (b)(2) or (c) of section 301 of the Trade Act of 1974 with respect to any telecommunications product of such country that is subject to registration or approval by the Federal Communications Commission under part 2, 15, or 68 of title 47 of the Code of Federal Regulations;

(C) prohibition of purchases by the Federal Government of telecommunications products of such country;

(D) increases in domestic preferences under title III of the Act of March 3, 1933 (41 U.S.C. 10a, et seq.) for purchases by the Federal Government of telecommunications products of such country;

(E) suspension of any waiver of domestic preferences under title III of the Act of March 3, 1933 (41 U.S.C. 10a, et seq.) which may have been extended to such country pursuant to the Trade Agreements Act of 1979 with respect to telecommunications products or any other products;

(F) denial of Federal funds or Federal credits for purchases of the telecommunications products of such country;

(G) suspension, in whole or in part, of benefits accorded articles of such country under title V of the Trade Act of 1974 (19 U.S.C. 2461, et seq.); and

(H) actions which may be taken pursuant to subsection (b) or (c) of section 301 of the Trade Act of 1974 with respect to—

(i) any product other than a telecommunications product of such country, or

(ii) any service of such country.

(4) TERMINATION OF AGREEMENTS.—Any draft of a bill submitted to the Congress under paragraph (1) which terminates, suspends, or withdraws any portion of a trade agreement described in paragraph (3)(A) with a foreign country that involves any duty imposed by the United States on products of such foreign country shall include provisions which require that the rate of such duty provided for in rate column number 2 of the Tariff Schedules of the United States apply to such products after—

(A) the date on which such termination, withdrawal, or suspension takes effect, or

(B) if such termination, suspension, or withdrawal would occur before the date that is 18 months after the date of enactment of this Act, the date that is 18 months after the date of enactment of this Act.

(5) NO EFFECT ON CONTRACTS.—No action included in any draft of a bill submitted to the Congress under paragraph (1) shall affect any binding obligations under any written contract entered into before April 17, 1985, to which any national of the United States is a party.

(6) CONSULTATION.—At least 90 days before the date on which any draft of a bill is submitted to the Congress under paragraph (1), the President shall—

(A) consult with the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives regarding the proposed contents of such draft bill, and

(B) submit to such committees a document which explains the effects of the provisions that the President proposes to include in such draft bill.

(7) CONSIDERATION OF DRAFT BILL BY CONGRESS.—Any draft of a bill submitted to the Congress by the President under paragraph (1) shall, if all of the requirements of the other paragraphs of this subsection have been met—

(A) be introduced (by request) in each House of the Congress by the majority leader of such House on the first day such House is in session after the day on which such draft bill is received by the Congress, and

(B) be treated as an implementing bill for purposes of subsections (d), (e), (f), and (g) of section 151 of the Trade Act of 1974 (19 U.S.C. 2191).

SEC. 103. ACTION BY UNITED STATES TRADE REPRESENTATIVE IN RESPONSE TO INVESTIGATION.

(a) INITIAL ACTION.—If an affirmative determination is made under section 101(a)(2) with respect to any act, policy, or practice of a foreign country, the United States Trade Representative shall, by no later than the date that is 15 days after the date on which the report is submitted under section 101(d), take whatever actions authorized under subsection (c) against such foreign country that are necessary—

(1) to fully offset such acts, policies, and practices, and

(2) to restore the balance of concessions between the United States and such foreign country.

(b) REVIEWS BY THE UNITED STATES TRADE REPRESENTATIVE.—

(1) IN GENERAL.—The United States Trade Representative shall conduct an annual review to assess the extent to which the objectives described in section 102(a)(2) are being met by each foreign country whose acts, policies, or practices were identified under section 101(a)(1), taking into account the factors described in section 101(b).

(2) ACTIONS IN RESPONSE TO REVIEW.—If the United States Trade Representative determines, on the basis of a review conducted under paragraph (1), that a foreign country—

(A) is not in compliance with any agreement entered into under section 201, or

(B) has adopted any act, policy, or practice described in section 101(a)(2),

the United States Trade Representative shall take whatever actions authorized under subsection (c) that are necessary to restore the balance of competitive opportunities between the United States and such foreign country.

(3) REPORT.—By no later than the date that is 1 year after the date on which the report is submitted under section 101(d), and by no later than the anniversary of such date in all succeeding years, the United States Trade Representative shall submit to the Committee on Finance and the Committee on Commerce, Science, and Transportation of the Senate and the Committee on Ways and Means and the Committee on Energy and Commerce of the House of Representatives an annual report on the review conducted under paragraph (1) and on any actions taken, or proposed to be taken, under paragraph (2).

(c) AUTHORIZED ACTIONS.—

(1) IN GENERAL.—The United States Trade Representative is authorized to take the following actions under subsection (a) or (b)(2) with respect to any foreign country:

(A) terminate, withdraw, or suspend any portion of any trade agreement entered into with such country under—

(i) the Trade Act of 1974,

(ii) section 201 of the Trade Expansion Act of 1962, or

(iii) section 350 of the Tariff Act of 1930,

with respect to any duty or import restriction imposed by the United States on any telecommunications product;

(B) take any action described in subsection (b)(2) or (c) of section 301 of the Trade Act of 1974 (19 U.S.C. 2411) with respect to any telecommunications service of such country or with respect to any telecommunications product of such country that is subject to registration or approval by the Federal Communications Commission under part 2, 15, or 68 of title 47 of the Code of Federal Regulations; or

(C) take any other action pursuant to subsection (b) or (c) of section 301 of the Trade Act of 1974 (19 U.S.C. 2411) with respect to any products of such country other than telecommunications products and services.

(2) LIMITATION.—Actions described in paragraph (1)(C) may be taken against a foreign country under subsection (a) or (b) only if—

(A) the United States Trade Representative has taken all feasible actions described in subparagraphs (A) and (B) of paragraph (1) against such country, and

(B) the objectives of subsection (a) or (b) (as the case may be) have not been achieved.

(3) TERMINATION OF TRADE AGREEMENTS.—Notwithstanding section 125 of the Trade Act of 1974 and any other provision of law, if any portion of a trade agreement described in paragraph (1)(A) with a foreign country is terminated, withdrawn, or suspended under subsection (a) or (b) with respect to any duty imposed by the United States on any products of such foreign country, the rate of such duty provided for in rate column number 2 of the Tariff Schedules of the United States shall apply to such products after the date on which such termination, withdrawal, or suspension takes effect.

(d) ACTIONS NOT TO AFFECT CERTAIN CONTRACTUAL OBLIGATIONS.—No action taken under this section shall affect any binding obligations under any written contract entered into before April 17, 1985, to which any national of the United States is a party.

(e) ACTIONS UNDER SECTION 301.—Nothing in this section shall preclude action by the President on his own motion, or on a petition filed by any interested party, pursuant to section 301 of the Trade Act of 1974 (19 U.S.C. 2411).

SEC. 104. CONSULTATIONS.

(a) ADVICE FROM DEPARTMENTS AND AGENCIES.—For purposes of determining appropriate action under section 102(b) or 103, the President and the United States Trade Representative shall consult with the Secretary of Commerce, the Federal Communications Commission, and the interagency trade organization established under section 242(a) of the Trade Expansion Act of 1962 (19 U.S.C. 1872).

(b) ADVICE FROM THE PRIVATE SECTOR.—For purposes of identifying the objectives of negotiations conducted under section 102(a), conducting the investigation pursuant to section 101, and determining appropriate action under sections 102(b) and 103, the United States Trade Representative shall provide an opportunity for the presentation of views by any interested party, including appropriate committees established under section 135 of the Trade Act of 1974 (19 U.S.C. 2155).

(c) CONSULTATIONS WITH CONGRESS AND OFFICIAL ADVISORS.—For purposes of conducting negotiations under section 102(a), the President shall keep appropriate committees of the Congress, as well as appropriate committees established pursuant to section 135 of the Trade Act of 1974, currently informed with respect to—

(1) the negotiating priorities and objectives for each country involved;

(2) the assessment of negotiating prospects, both bilateral and multilateral; and

(3) any United States concessions which might be included in negotiations to achieve the objectives described in section 102(a)(2).

TITLE II—TRADE AGREEMENT AUTHORITY

SEC. 201. GENERAL TRADE AGREEMENT AUTHORITY.

(a) IN GENERAL.—During the 3-year period beginning on the date of enactment of this Act, the President may enter into trade agreements with foreign countries which meet the objectives described in section 102(a)(2)(A) and provide for—

(1) the harmonization, reduction, or elimination of—

(A) duties, or

(B) restrictions, barriers, or other distortions to international trade, or

(2) the prohibition of, or limitations on the imposition of—

(A) duties, or

(B) restrictions, barriers, or other distortions to international trade.

(b) AGREEMENT TREATED IN SAME MANNER AS AGREEMENT UNDER SECTION 102.—For purposes of section 151 and subsections (c), (d), (e), (f), and (g) of section 102 of the Trade Act of 1974, any trade agreement entered into under subsection (a) shall be treated as a trade agreement entered into under section 102 of the Trade Act of 1974.

(c) APPLICATION OF AGREEMENT BENEFITS.—Notwithstanding any other provision of law, any agreement entered into under this section may provide that the benefits and obligations of such agreement—

(1) apply solely to the parties to the agreement, or

(2) do not apply uniformly to all parties to such agreement.

The President shall take into account any actions which may be necessary to reconcile such treatment with United States international obligations.

SEC. 202. COMPENSATION AUTHORITY.

(a) IN GENERAL.—If—

(1) the President has taken action under section 102(b) with respect to any foreign country and the United States Trade Representative is not required to take action against such country under section 103(a), or

(2) the United States Trade Representative has taken action under section 103 that is subsequently found to be inconsistent with the international legal obligations of the United States,

the President may enter into trade agreements with such foreign country for the purpose of granting new concessions as compensation for such actions taken by the President or the United States Trade Representative in order to maintain the general level of reciprocal and mutually advantageous concessions.

(b) AGREEMENT TREATED IN SAME MANNER AS AGREEMENT UNDER SECTION 102.—For purposes of section 151 and subsections (c), (d), (e), (f), and (g) of section 102 of the Trade Act of 1974, any trade agreement entered into under subsection (a) shall be treated as a trade agreement entered into under section 102 of the Trade Act of 1974.

(c) FACTORS TO BE TAKEN INTO ACCOUNT.—In determining whether to enter into an agreement under subsection (a) and in determining the terms of such an agreement, the President shall take into account the factors described in section 101(b)(1).

TITLE III—MISCELLANEOUS PROVISIONS

SEC. 301. ACTION TO ENSURE COMPLIANCE WITH FCC REGULATIONS.

(a) LIMITATION ON ENTRY.—

(1) IN GENERAL.—Any product of a foreign country that is subject to registration or approval by the Federal Communications Commission may be entered only if—

(A) such product conforms with all applicable rules and regulations of the Federal Communications Commission, and

(B) the information which is required on Federal Communications Commission Form 740 on the date of enactment of this Act is provided to the appropriate customs officer at the time of such entry in such form and manner as the Secretary of the Treasury may prescribe.

(2) ENTERED.—For purposes of this subsection, the term "entered" means entered, or withdrawn from warehouse, for consumption in the customs territory of the United States.

(b) COOPERATION.—The Federal Communications Commission, the Secretary of Commerce, and the United States Trade Representative shall provide such assistance in the enforcement of subsection (a) as the Secretary of the Treasury may request.

(c) COMPILATION OF INFORMATION COLLECTED.—At least twice every year, the Secretary of the Treasury shall compile the information collected under subsection (a)(2) into a summary and shall submit such summary to the Congress. Such information shall also be made available to the public.

SEC. 302. ACTIONS UNDER SECTION 301(c) OF THE TRADE ACT OF 1974.

Paragraph (6) of section 301(e) of the Trade Act of 1974 is amended by inserting ", or a foreign supplier of goods related to a service," after "foreign supplier of services".

SEC. 303. REPORT BY THE SECRETARY OF COMMERCE.

By no later than the date that is 6 months after the date of enactment of this Act, and at least once every 2 years thereafter, the Secretary of Commerce shall submit to the Congress a report on the impact of United States domestic policies and practices on the growth and international competitiveness of the United States telecommunications industry. Such report shall include—

(1) a statement of the actions taken or recommended to overcome any domestic policies and practices found to inhibit the growth and international competitiveness of the United States telecommunications industry; and

(2) a statement which assesses the probable trade consequences of failure to take the actions identified in paragraph (1).

SEC. 304. INTERNATIONAL OBLIGATIONS.

Nothing in this Act shall be construed to require the President to act in a manner inconsistent with the international legal obligations of the United States.

FINANCE COMMITTEE REPORT—S. 942

The Committee on Finance, to which was referred the bill (S. 942) to promote expansion of international trade in telecommunications equipment and services, and for other purposes, having considered the same, reports favorably thereon with amendments, and recommends that the bill, as amended, do pass.

I. SUMMARY

The premise of the Committee bill is that telecommunications deregulation and the court-ordered divestiture (break-up) of AT&T represent a unilateral elimination of a major non-tariff barrier to imports of telecommunications equipment. As the world's largest telecommunications market, the United States is well placed to take the lead in achieving more open world trade in telecommunications. Systematic use of access to the United States market as negotiating leverage and strict enforcement of existing

trade agreements are to be used as a means of opening the world market and improving access to foreign markets for American telecommunications exports. Such access is believed essential if United States producers of telecommunications equipment and services are going to compete successfully with foreign producers, many of whom receive protection and support from their governments.

The bill's objectives include negotiation of agreements to obtain opportunities in foreign markets that are substantially equivalent to opportunities available in the United States market for telecommunications products and services. For this purpose, the President is given a three year authority to negotiate bilateral or multilateral agreements to open trade in telecommunications, and may, for this purpose, eliminate or modify United States tariff and non-tariff barriers.

The Committee approved the following substantive amendments to S. 942:

1. An amendment to shorten from two years to eighteen months the time frame for negotiating agreements with other countries to remove barriers to United States telecommunications exports.

2. An amendment to shorten from six months to four months the period for the study to be done by the United States Trade Representative of foreign barriers to telecommunications exports. This amendment also shortens from 30 to 15 days the period following the study for Presidential action retaliating against a foreign country found to be in violation of an agreement which provides for access to its markets in telecommunications. As a result of this amendment the President would be required to retaliate 15 days after the end of the four month period against a country which maintains barriers to United States telecommunications exports in spite of an agreement providing for access to that market.

3. An amendment to require that Presidential actions taken to offset foreign barriers to United States telecommunications exports following the 18 month negotiation period shall be submitted to Congress under the fast-track provisions of Section 102 of the Trade Act of 1974.

4. An amendment to give the President authority to compensate a foreign country which has been the target of retaliation by the United States Trade Representative for failure to carry out the terms of a telecommunications agreement, if that retaliation is later found, in an international forum, to violate international obligations of the United States.

5. An amendment to the negotiating objectives of the bill to seek the inclusion of telecommunications within the coverage of the Government Procurement Code negotiated under the General Agreement of Tariffs and Trade.

II. GENERAL EXPLANATION

The breakup of the Bell System is the most recent in a series of judicial and regulatory actions which have progressively opened up the United States telecommunications market to domestic and foreign suppliers. A series of FCC actions in the 1960s and 1970s allowed non-Bell equipment to be connected to the public switched telephone network (PSTN). As a result, imports of products, such as telephones, modems, telephone answering machines, and PBX's have increased substantially. At the same time, increased United States exports of telecommunications equipment have fallen far short of the growth in United States imports and continue to represent a very low share of total world consumption. In significant part, this reflects the fact that most foreign markets which have their own indigenous equipment suppliers are closed to United States telecommunications products. United States exports have increased primarily to developing countries and the Middle East. As a result of these trends, the United States balance of trade in telecommunications equipment turned negative for the first time in 1983.

According to a United States International Trade Commission report prepared for the Committee on Finance (Investigation #332-172) imports of customer premises equipment, a product market which was significantly opened by FCC regulatory actions, grew by 640 percent between 1978 and 1983. By contrast United States exports grew by only 57 percent during the same period. In other product categories, imports of cable, wire and lightguide products increased by nearly 600 percent between 1978 and 1983, while United States exports showed virtually no growth. In transmission equipment, imports grew more than three and one-half times faster than United States exports. Only in switching equipment did the United States export growth rate marginally exceed that of United States imports.

These trends were evident before the divestiture of AT&T and it is expected that the divestiture will only accelerate these trends—particularly with respect to switching and transmission equipment. Recent reports indicating that former Bell companies have turned to foreign sources on a widespread scale suggest that not only may the Bell operating companies' market no longer be dominated by Western Electric, but that enhanced sales opportunities for existing and potential domestic equipment producers may never be realized due to foreign competition.

The United States represents the world's largest market for telecommunications equipment. The other major markets which have a domestic telecommunications industry of their own include various member states of the European Community, Japan, and Canada. Virtually all foreign telephone administrations have restrictive purchasing policies in place which favor domestic suppliers. Most of the trade which presently exists involves the sale of equipment to the private sector. Of the $1.3 billion in United States telecommunications equipment exported in 1983, less than $.5 billion went to the eight developed countries representing a $21.5 billion market.

The current world market in telecommunications products is over $50 billion and is expected to reach $90 billion by 1990. Many foreign firms challenging United States manufacturers for this market enjoy protected home markets through government-run postal telephone and telegraph agencies (PTT) or similar monopolies that control the purchase of equipment through certification procedures, licenses, standards and other requirements that often constitute insurmountable barriers.

Even though the United States accounted for nearly half the world's production, the United States share of global exports is only about 13 percent. Japan exports 20 pecent of the total, while West Germany at 17 percent and Sweden at 16 percent control larger shares of the world export market than does the United States. Exports as a percentage of total production indicate even greater disparities. Sweden exports 65 percent of its total production, Netherlands 38 percent, Japan 16 percent, and Canada 15 percent. The United States exports merely 7 percent of its production.

The following is a brief discussion of key foreign telecommunication markets.

Japan.—The Japanese telecommunications market is the second largest single telecommunication market in the world, after that of the United States. Japan accounts for 38 percent of United States telecommunications imports. The principal mechanism to encourage Japan's technological development in telecommunications has been the national service monopoly, Nippon Telegraph and Telephone Corporation (NTT). Japanese equipment suppliers—known in the industry as the NTT family of corporations—engaged in controlled competition to provide NTT its equipment needs. Helped by their insulation from foreign competition, the Japanese telecommunication industry has become a world class competitor. While still influential in setting standards and specifications, as well as being a source of technology, NTT now accounts for less than half of telecommunications purchases. In addition, a 1980 agreement between the United States and Japan to open NTT's procurement process yielded some results, but NTT's purchases of foreign equipment continue to account for a miniscule portion of its total procurement. By 1983, NTT had increased its contracts with United States suppliers to $140 million from $40 million in 1982. However, only $30 million of the $140 million in 1984 contracts to NTT can be considered typical telecommunications equipment that involving repeat business. NTT has been slow to sign contracts involving equipment that would become part of a functional Japanese telecommunications network. In addition, NTT represents a progressively smaller segment of the overall telecommunications market in Japan—only 35 to 40 percent. As such, NTT's relative importance as the "window" to the overall Japanese market is significant but diminishing.

It is still too early to determine what effect the ongoing process of NTT privatization will have on encouraging an open market for at present, NTT remains under government ownership. As can be seen in the recent example involving telecommunications satellites and standards for mobile telephone equipment, normal market forces in Japan still seem to be subordinated to other national objectives.

Europe.—Collectively, Western Europe represents the second largest potential telecommunications market with about 37 percent of the world's equipment market. However, telecommunications policies for the 10 member collective must be viewed as distinct from individual national policies. Although the European Commission has attempted to stimulate a community-wide market for telecommunications, most European telecommunications markets remain dominated by government postal and telecommunications organizations which have monopoly control of telecommunications equipment and services. Largely due to the entrenched nationalistic attitude toward competition, United States companies face limited access to many countries. Moreover, there is widespread concern among United States producers that European Commission efforts to harmonize member state standards could well lead to the exclusion of foreign producers from the European Economic Community market.

In France, CIT-Alcatel/Thompson provide all of the central exchange equipment and 70 percent of transmission equipment for the French PTT. Overall, French companies supply 70 percent of the French interconnect market, in addition to their share of the French PTT which is nearly 100 percent. Little doubt exists that market access to the French telecommunications market is nearly nonexistent and presents a impenetrable barrier to United States suppliers which is greater than any country including Japan.

Although the interconnect market in West Germany is somewhat more open, the Bundespost maintains a highly restrictive system in terms of procurement and provision of services—where Siemens dominates as the single largest beneficiary. In fact, the Bundespost has been working with France to the detriment of other competitors. This is evidenced by the Bundespost efforts with the French to establish a Franco-German set of standards for the cellular radio system that would effectively limit those two markets to French and West German national firms.

The United Kingdom continues to move toward liberalization of its telecommunications market. In July 1979, the traditional United Kingdom monopoly structure changed, permitting a separate corporation called British Telecom (BT) to concentrate on telecommunications and leaving the British Post Office to handle mail and the banking services. By passing the British Telecom Act of 1981, the UK government also opened the way for further competition in telecommunications services. For example, under this law, private firms may be licensed to provide services using BT's network and private firms will be permitted to sell telephone equipment directly to customers.

Canada.—Canada is one of the few countries that allows even a limited amount of competition in its domestic market. Unlike other countries where state monopolies dominate domestic markets, the Canadian telecommunications market is made up of systems which differ by province consisting of private, governmental and joint private-governmental operations. Like the United States in its predivestiture period, Canadian telephone services are vertically integrated with Canadian equipment manufacturers companies linked to telephone operating companies. While the Canadian market is more open than those of most other developed countries, discriminatory procurement by vertically integrated companies, along with 17½ percent tariffs on most telephone equipment imports, result in effective trade barriers to United States firms.

Newly Industrialized Countries (NICs).—A major portion of the growth in the United States telecommunications trade deficit is attributable to rapidly growing imports from several newly industrialized countries, especially Taiwan, Korea and Hong Kong. Besides Brazil and its restrictive informatics policy, these countries do not yet appear to pose major market access problems for United States industry. Most NICs have limited manufacturing capabilities beyond low-cost standardized equipment—for example, cheap hand-held telephone sets which make up most of our deficit with Hong Kong, Korea and Taiwan. As a result, at present they purchase most of their systems from foreign suppliers. Because most of these purchases take on a major projects emphasis, one of the largest issues for success in competing with Japanese and European competitors in these NIC markets is export financing—either subsidized or at below-market rates. However, to the extent that these and other countries' markets for and production of telecommunications equipment expand, United States producers need the assurance that they will not emulate the restrictive policies that characterize most developed countries.

III. THE COMMITTEE BILL

The Committee bill grants the President three year authority to enter into multilateral or bilateral trade agreements which provide open trade in telecommunications with countries which have major markets or potential markets for telecommunications. Any agreements entered into would be approved by Congress and may be treated as a trade agreement under the fast-track legislative procedures set out in sections 102 and 151 of the Trade Act of 1974.

Imbalances in competitive opportunities in telecommunications trade which still exist at the end of eighteen months following the bill's enactment are to be corrected by restricting imports of products and services of countries which have failed to enter into trade agreements to correct those imbalances. Remedies available to the President include duty increases, restrictions on registration or approval of equipment, restrictive government procurement practices and other measures. The President is given authority to compensate countries whose exports are affected.

Within 135 days of enactment, the bill requires that the United States Trade Representative retaliate against countries which have failed to comply with existing commitments to open their telecommunications markets. The purpose of retaliation is to restore the balance of competitive opportunities by raising duties and restricting registration or approval of telecommunications products imported from those countries. The President is given authority to compensate countries whose exports are unintentionally affected or in the event that such retaliation is found subsequently to be inconsistent with the international obligations of the United States.

Negotiations and retaliation are to be based on a four month investigation by the United States Trade Representative of foreign barriers to United States telecommunications exports, with a principal objective of achieving access opportunities in foreign markets for sales of telecommunications equipment and services by United States firms substantially equivalent to the opportunities available to foreign firms in the United States market.

A. Finding and purposes

The Committee bill cites the fact that the world market for telecommunications will be a source of rapid growth in the coming decade. The growing imbalance of trade opportunities resulting from deregulation and divestiture in the United States market and the continuation of unfair and discriminatory practices in foreign telecommunications markets threatens the loss of jobs in the United States telecommunications industry and its ability to compete. Accordingly, the bill finds that the United States should avoid granting continued open access for foreign telecommunications producers in its market unless the imbalance is corrected throughout the achievement of substantially equivalent competitive opportunities (SECO) abroad for United States telecommunications products and services. The purposes of the bill include the fostering of economic and technological growth of and employment in the United States' telecommunications through the negotiation and achievement of substantial equivalent opportunities for United States telecommunications exporters.

The principle of substantially equivalent competitive opportunities has been included in this bill as a fundamental negotiating objective for United States trade policy in telecommunications. The concept behind this principle is the achievement of an increased level of access that allows the United States industry to compete effectively in the world market. This does not mean the achievement of a strict mirror image of all the conditions of competition of the United States market in the markets of particular foreign countries. Rather, it assumes that specific negotiating objectives for each country would be established to reflect the existing market structure in that country—with a view to achieving overall market structure in that country—with a view to achieving overall competitive opportunities comparable to those in the United States market. For example, while the legislation does not assume foreign countries will eliminate vertical integration in their telecommunications markets, it does anticipate that comparable openness can be achieved through more open procurement processes, elimination of restrictive standards, and other specific negotiating objectives acted in the bill.

References in the legislation to the imbalance in trade opportunities accruing from the liberalization and restructuring of the United States telecommunications market reflect the Committee's deep concern about the unanticipated trade effects of telecommunications deregulation and divestiture in this country. While the purpose of this legislation is not to "reregulate" the United States telecommunications market, it is intended to harness the trade effects of deregulation and divestiture in this sector—namely, the unilateral opening of major segments of the market to imports—as leverage to achieve a more open world trading system in telecommunications.

The Committee believes that the trade situation characterizing the United States telecommunications market is almost unique and therefore requires the kind of special and timely treatment provided for in this legislation. While the Committee is not asserting that the GATT necessarily requires compensation by trading partners for uncompensated reductions in barriers by any given country, correction of the imbalance in market opportunities (relative to other countries) created by such action is a legitimate trade policy objective.

In the case of telecommunications trade, improved access to the United States market accruing from deregulation and divestiture must be included in any estimate of the openness of the United States market and in any assessment of whether the United States negotiating objective of "SECO" has been achieved. Similarly, any United States action to achieve such objectives—whether in the form of United States concessions or in terms of unilateral action to restore the balance of opportunities—must take into account previous unilateral actions that have had the effect of opening the United States market to our trading partners. Finally, as regards potential compensation for unilateral action to offset foreign barriers to United States telecommunications exports—particularly in the context of GATT Article XXVIII negotiations—United States negotiators should ensure

that appropriate credit is given for unilateral reductions in United States barriers that have never been "paid" for by our trading partners—in particular, those related to divestiture that have occurred since the last major multilateral trading round.

B. Investigation by the United States Trade Representative of foreign barriers

Section 101(a) of the bill requires that the United States Trade Representative, in consultation with other members of the Trade Policy Committee, complete an investigation within four months of the date of enactment to identify and analyze (1) all acts, policies, and practices, in foreign telecommunications markets that deny to the telecommunications products and services of United States firms competitive opportunities that are substantially equivalent to those available to such products and services in the United States, and (2) which of such acts, policies or practices denies or impairs benefits to which the United States is entitled under existing agreements. The purpose of distinguishing between foreign telecommunications barriers in general and those which specifically deny the United States benefits to which it is entitled is to identify those barriers which must be removed through negotiation and compensation and those against which the United States has a right to retaliate.

In conducting his investigation, the United States Trade Representative is directed, under Section 103(b), to take account of the actual or potential economic benefits accruing to foreign firms from improved access to the United States market accruing for deregulation and divestiture in the telecommunications market and the actual patterns of trade, including United States telecommunications exports to foreign countries in relation to the international competitiveness and export potential of such products and services. In making this analysis with respect to countries that have made commitments or concessions to the United States involving trade in telecommunications, foreign barriers are presumed to exist if the actual patterns of trade do not reflect the patterns which could be reasonably anticipated to flow from such concessions or commitments. The Committee intends to ensure that the removal of formal barriers does not permit the classification of that market as open unless the patterns of trade which would reasonably be expected to emerge from the removal of such formal barriers does, in fact, materialize. "Invisible" or "informal" barriers have become a major obstacle in gaining access to the Japanese and other markets, and this provision is intended to focus the analysis on the results, rather than nominal openness, associated with access to foreign markets.

The requirement that actual patterns of trade be taken into account in determining market openness is designed to go beyond traditional means of analysis that focus primarily on nominal or formal barriers to access. By bringing empirical data and evidence to bear in the determination, the Committee expects the United States Trade Representative to find evidence of trade distorting practices that are of a more informal or less visible nature. Evidence of such practices might take the form of comparisons between the world market share of a given United States export and a substantially smaller market share in the country in question or between sales of a product in one country that are disproportionately smaller than its sales in a country with a similar market. The Committee expects actual sales to be factored into any such determination and would anticipate that agreements reached pursuant to this Act would include monitoring provisions to see that measurable results are indeed achieved.

Where a country is party to a trade agreement that provides access to only a portion of its telecommunications market, the legislation would provide for treatment of that country under both 101(a) (1) and (2) and related negotiation and retaliation tracks. If that country is found to maintain policies that deny "SECO" but do not violate existing agreements, it would be treated solely under the negotiation track. If the country were found in violation of its agreement—therefore subject to retaliation—acts, policies and practices identified in the investigation which deny "SECO" would still be the subject of a negotiated agreement.

The Committee deleted explicit references to sales by subsidiaries as a measure of the openness of either the United States or foreign telecommunications markets. This deletion was intended to avoid any suggestion that the bill's retaliatory authorities are to be used against United States-based production by subsidiaries of foreign firms. Nonetheless, by this action the Committee did not intend to ignore access that is achieved through investments in business entities established in foreign countries in evaluating the openness of foreign telecommunications markets—particularly to the extent that such entities enhance United States exports. For example, the elimination of investment barriers that restrict the establishment of foreign-owned business entities which market telecommunications products and services is one of the explicit objectives of the bill (See section 102(a)(2)(B)(vii)). Indeed, the Committee is aware that in most circumstances, telecommunications products and services cannot be marketed without establishing a local business entity. Furthermore, investments of this type often contribute substantially to increased United States exports by creating a market for United States goods and services. The fact that the United States is open to foreign investment—as demonstrated by the success of many foreign telecommunications companies with United States subsidiaries—should provide one of the standards against which to evaluate the openness of foreign markets to the telecommunications products and services of United States firms.

However, where there are barriers to the establishment or operation of foreign entities of United States companies, or there is a requirement that a United States company establish an entity (subsidiary, joint venture or other business arrangement) in order to gain access or there are investment performance requirements imposed on such entities, these barriers and requirements should be included in the analysis. It follows that sales gained through compliance with legal (as opposed to commercial) requirements of establishment of an entity in the foreign country should not be considered evidence of market openness in that country.

Section 101(c) permits the United States Trade Representative to exclude any country from the requisite investigation after consulting with the Finance and Ways and Means Committees. It is the Committee's intent that countries excluded from investigation under this provision may be included in a subsequent annual review pursuant to section 103(b) in the event that that country's potential telecommunications market is determined to be substantial.

C. Presidential action

Section 102(a) directs the President, based on the four month investigation, to enter into negotiations with foreign countries whose barriers to the importation of telecommunications products and services deny United States firms competitive opportunities which are substantially equivalent to those available to foreign firms in the United States. General objectives for these negotiations include the achievement of multilateral or bilateral agreements that provide for substantially equivalent opportunities, correction of the imbalance in opportunities accruing from deregulation and divestiture in the United States telecommunications market and facilitation of United States exports in this sector to a level commensurate with the competitiveness of the United States industry. To achieve these general objectives, specific objectives are set out to guide the President in his negotiations. They include the negotiation of national treatment, most-favored-nation treatment, nondiscriminatory government procurement policies, the inclusion of telecommunications within the coverage of the government procurement code, equipment standards and procedures for certification which do not exceed the minimum standards and procedures necessary to prevent harm to the telecommunications network, and a variety of other objectives affecting trade in telecommunications products and services.

It is the intent of this legislation that the general SECO standard be translated into a set of specific objectives for each country which are to guide United States negotiators in their efforts to open foreign markets. The achievement through negotiations of the specific objectives identified through this process—both overall and with respect to individual countries—should, therefore, result in achievement of the general objectives in section 102(a)(2)(A), including the assessment of whether substantially equivalent competitive opportunities have been attained through trade agreements. In making this assessment, the President is directed to take into account the factors in 101(b)(1). Where negotiations have failed to achieve the general and related specific objectives, the President is then directed to determine to what extent unilateral actions are necessary to achieve substantially equivalence in competitive opportunities.

The Committee expects the President to factor into the development of specific negotiating objectives the competitive potential of U.S. telecommunications firms. It would be undesirable to offer a foreign country compensation for the removal of telecommunications barriers when the removal of those barriers redound to the benefit of telecommunications firms of third countries.

In the event that the President is unable to obtain an agreement to meet the negotiating objectives with respect to opening a foreign market to telecommunications products and services within eighteen months of the date of enactment, he is directed by section 102(b) to take action to remove the imbalance of competitive opportunities. These actions are to be initially directed at trade in telecommunications products and services, and only in the absence of such trade is the action to be directed at other products and services. The purpose of directing action against foreign telecommunications products and services (where possible) is to exert pressure on the foreign producers

which benefit most from access to the United States telecommunications market and from protection against United States exports in their home markets. Actions taken by the President pursuant to section 102(b) are subject to Congressional approval pursuant to the fast-track legislative procedures of sections 102 and 151 of the Trade Act of 1974.

Requiring legislative approval, on a fast-track basis, of Presidential actions under section 102(b), as well as the agreements entered into under section 201 and compensation offered under section 202 of the bill, is based on the Committee's assumption that all of these elements involving several different countries would be combined in one Presidential submission to Congress at the conclusion of the eighteen month period following enactment. This mechanism is designed to ensure that a balanced package of market liberalizing and offsetting actions is achieved in determining the extent to which substantially equivalent competitive opportunities have been obtained and the nature and extent of the United States response to the extent that they have not been.

The Committee agreed to shorten the deadline for action during the negotiating period from two years to eighteen months because of the increased urgency of the problems addressed by this bill. In particular, the Committee noted that the need to address the trade implications of telecommunications deregulation and divestiture has been brought to the attention of the Administration on numerous occasions, beginning with hearings in June 1984. In this regard, members of the Committee expressed their hope that the Administration would use existing authority to begin addressing the problems without waiting for the final enactment of this Act.

Section 102(b)(3) authorizes the President to raise tariffs or otherwise terminate trade agreements, use authority under Section 301(b)(2) or (c) of the Trade Act of 1974 relating to restrictions on FCC registration or approval, prohibit the federal government from purchasing telecommunications products of a specified country, increase domestic preferences or suspend waiver of domestic preferences related to Federal government telecommunications purchases, deny Federal funds or credits for purchases of telecommunications products, suspend GSP benefits and take any other action pursuant to section 301 of the Trade Act of 1974 against products and services other than telecommunications products and services.

With respect to the authority to terminate or suspend trade agreements for the purpose of increasing tariffs, the President is authorized under section (4)(A) and (B) to "unbind" or suspend existing GATT obligations at the Column 1 TSUS rate prior to the 18 month deadline without actually raising the tariff until later. In products where imports may be increasing rapidly due to deregulation, this would enable the President to moderate the amount of compensation due to principal suppliers of the product should the tariff later be raised.

The President is authorized to choose from among a broad range of offsetting measures under this section to better enable him to tailor his action to the telecommunications trade situation characterizing each country. The President can use the flexibility provided by the options to impose those restrictions that are likely to have the most profound effect on the specific country involved, to moderate costs of compensation, and to avoid or lessen the negative impact on domestic users of imports from that country. The availability of a range of options, however, does not dispense the requirement that his actions be of sufficient magnitude to fully achieve the objectives in 102(a)(2)(A).

The Committee recognizes that the President will be faced with difficult choices in offering compensation to foreign countries pursuant to the mandate of this bill. American industries cannot be expected to welcome increased foreign competiton in the interest of equalizing market access in telecommunications. But the Committee believes that the importance and potential of the U.S. telecommunications industry justifies the trade-offs made necessary by this legislation.

In order to ensure the sanctity of contracts, actions taken by the President under the authority of 102(b) will not affect binding obligations under any written contract entered into before April 17, 1985 to which a United States national is a party.

D. Actions by the United States Trade Representative

Section 103(a) relates to action required when a country is not in compliance with a trade agreement related to telecommunications which is in existence upon enactment of this act. It directs the United States Trade Representative to take action, within 15 days of the conclusion of its four month investigation, to retaliate against acts, policies, or practices identified pursuant to section 101(a)(2) in order to fully offset them and to restore the balance of concessions with that country. Similar retaliatory actions are required of the United States Trade Representative under section 103(b) at the end of the review completed on each anniversary of the section 101(d) investigation if that review reveals that a foreign country is not complying with the agreement negotiated by the President pursuant to the authority of the bill or has adopted an act, policy or practice described in section 101(a)(2). The specific negotiating objective cited in 102(a)(2)(B)(viii)—related to negotiating objective cited in 102(a)(2)(B)(viii)—related to dispute settlement and the monitoring of trade agreements—could be used to establish the procedures and terms for such action.

Actions authorized to be taken by the United States Trade Representative under section 103(c) include the termination, withdrawal for suspension of a trade agreement, or portion thereof, the use of authority under Section 301 (b)(2) or (c) of the Trade Act relating to restrictions on FCC registration and approval authority and the use of section 301 of the 1974 Act authority against products or services other than telecommunications equipment. However, actions may be taken against products or services which are not related to telecommunications only if all feasible action have been taken against telecommunications products or services from that country.

Taken as a whole, section 103 represents the machanism for systematic enforcement of United States rights under trade agreements related to telecommunications. The Committee on Finance believes that the aggressive enforcement of such trade agreements is absolutely necessary if the negotiation of further trade agreements is to have any real benefit for the United States. In this regard, several Members of the Committee expressed concern about the marginal benefits to date to United States firms of telecommunications trade agreements negotiated with Japan related to NTT procurement and sales in the Japanese interconnect market. Since the purpose of negotiating market liberalizing trade agreements is to enhance trade, the reviews required by 103(b) are to be conducted taking into account the results-oriented measures in 101(b).

Since the purpose of this legislation is to use the United States market as leverage to open foreign markets—not close or "reregulate" the United States market—the Committee expects that any action by the President under 102(b) or by the United States Trade Representative under section 103(a) or (b) will be designed to maximize the economic impact on foreign suppliers while minimizing the economic impact on domestic United States interests. In this regard, nothing in these subsections is meant to imply that action should be directed at United States subsidiaries of foreign firms. This will require close consultation with domestic United States interests on both targets and instruments for action by the President or the United States Trade Representative.

The annual review and determination by the United States Trade Representative required by section 103(b) is to be submitted to the relevant Congressional committees. These submissions would be expected to include assessments of action taken or anticipated (both by the President under 102(b) and by the United States Trade Representative under section 103 (a) and (b)), as well as a review of countries initally excluded from investigation pursuant to section 101(c).

Section 103(d) grandfathers binding obligations under written contracts entered into before April 17, 1985 to which any national of the United States has been a party.

E. Consultations

Section 104 requires the President and the United States Trade Representative to consult with the Secretary of Commerce, the Federal Communciations Commission and the Trade Policy Committee as well as the private sector advisory committees established under section 135 of the Trade Act of 1974 and other interested parties in the course of investigations, in the development of negotiating objectives, and proposed action. Furthermore, the President is required to consult on a regular basis with appropriate Congressional committees on all aspects of the negotiations.

F. Negotiating authority

Section 201 authorizes the President to enter into trade agreements to achieve the bill's objectives during a three year period following the date of enactment. Agreements entered into are to be treated, pursuant to section 201(b), as trade agreements subject to fast-track procedures of sections 102 and 151 of the Trade Act of 1974. The President is given the option of making benefits of trade agreements negotiated under this authority available to all countries, or just the ones which are parties to the agreement.

The Committee notes that while the President is required to act to achieve his negotiating objectives 18 months after enactment, it would still be possible to negotiate telecommunications trade agreements after that deadline. The action-forcing mandate of 18 months is designed to enhance the leverage of United States negotiators and to improve the prospects for rapid negotiation of market opening agreements.

G. Compensation authority

Pursuant to section 202, the President is given authority to compensate a foreign country with respect to which the President has acted to restore the balance of competitive opportunities under section 102(b). Similar compensation authority given to the United States Trade Representative in the event retaliation taken pursuant to section 103(a) is subsequently found to be inconsistent to United States international obligations or in cases where action taken against one country (e.g., a tariff increase against a product for which the country is the principal supplier) also affects a country against which the United States Trade Representative is not acting (e.g., a residual supplier of the same product). Agreements which reflect the compensation authorized by section 202(a) are to be submitted to Congress pursuant to the fast-track procedures of sections 102 and 151 of the Trade Act of 1974.

The Committee anticipates that an compensation owed in response to Presidential action under section 102—particularly if he conducts his negotiations under Article XXVIII of the GATT—shoud be minimal to the extent that appropriate credit is obtained for unilateral reductions in United States telecommunications trade barriers through deregulation and divestiture.

H. Miscellaneous provisions

Among the miscellaneous provisions of the bill is section 301 requiring the collection and dissemination of information related to compliance of imported products with FCC regulations. Section 302 requires the Secretary of Commerce to report to Congress within six months after the date of enactment, and every two years thereafter on the imapct of United States' domestic policies and practices on the growth and international competitiveness of United States telecommunications industry. Finally, section 304 provides that nothing in the act is to be construed to require action by the President or Congress that is inconsistent with the international obligations of the United States. While the bill does not require Presidential or congressional action be consistent with United States international obligations, that is the intent of the sponsors of the bill.

IV. VOTE OF THE COMMITTEE IN REPORTING THE BILL

In compliance with section 133 of the Legislative Reorganization Act of 1946 the Committee states that the bill was ordered favorably reported by unanimous vote.

V. BUDGETARY IMPACT OF THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, sections 308 and 403 of the Congressional Budget Act of 1974, and paragraph 11(a) of Rule XXIV of the Standing Rules of the Senate, the following statements is made relative to the cost and budgetary impact of the bill:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, November 22, 1985.

Hon. BOB PACKWOOD,
Chairman, Committee on Finance,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed S. 942, the Telecommunications Trade Act of 1985, as ordered by the Senate Committee on Finance, September 17, 1985.

The bill would require the United States Trade Representative (USTR) to investigate and report to the Congress on foreign barriers to competitive opportunities for U.S. firms in telecommunications markets. Once the report is completed, four months after enactment of the bill, the President would have twenty months to negotiate trade agreements on telecommunications products and services. If no agreements are obtained, the President would be authorized to take a series of retaliatory trade actions. The USTR would also be authorized to take actions to restore the balance of concessions between the United States and a foreign country. To the extent that the President or USTR's response would affect dutiable imports of telecommunications products, it could cause an increase or decrease in customs duties collections. Because it is uncertain what measures would be taken, CBO is unable at this time to estimate the revenue effect of this bill.

The bill also would require the USTR, the Secretary of the Treasury, and the Secretary of Commerce to submit periodic reports to the Congress. To collect the information for one of these reports, the Customs Service would have to inspect telecommunications products for certain documentation. Products without such documentation would be denied entry. Based on information from the Customs Service and the Federal Communications Commission, we estimate that it would cost about $5 million a year to inspect the products and collect and prepare the information for the Secretary of the Treasury's report to the Congress. We do not expect the other activities required by the bill to result in significant additional costs to the federal government.

Enactment of this bill would not affect the budgets of state or local governments.

If you wish further detailes on this estimate, we will be pleased to provide them.

With best wishes,

Sincerely,

RUDOLPH G. PENNER.

VI. REGULATORY IMPACT OF BILL

In compliance with paragraph 11(b) of Rule XXIV of the Standing Rules of the Senate, the Committee states that the provisions of the Committee bill should create no new regulatory burdens on the individuals or businesses, will not impact on the personal privacy of individuals, and will result in no new paperwork requirements. The indeterminate nature of the measures authorized to be taken by the President in the event negotiations are unsuccessful make it impossible to assess what if any additional regulatory burdens may be imposed under the bill.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of XXVI of the Standing Rules of the Senate, the changes in existing law made by the bill as reported are shown below (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Trade Act of 1974, as amended

* * * * *

TITLE III—RELIEF FROM UNFAIR TRADE PRACTICES

CHAPTER 1—ENFORCEMENT OF UNITED STATES RIGHTS UNDER TRADE AGREEMENTS AND RESPONSE TO CERTAIN FOREIGN TRADE PRACTICES

* * * * *

(e) DEFINITIONS; SPECIAL RULE FOR VESSEL CONSTRUCTION SUBSIDIES.—For purposes of this section—

(1) COMMERCE.—The term "commerce" includes, but is not limited to—

(A) services (including transfers of information) associated with international trade, whether or not such services are related to specific goods, and

(B) foreign direct investment by United States persons with implications for trade in goods or services.

(2) VESSEL CONSTRUCTION SUBSIDIES.—An act, policy, or practice of a foreign country or instrumentality that burdens or restricts United States commerce may include the provisions, directly or indirectly, by that foreign country or instrumentality of subsidies for the construction of vessels used in the commercial transportation by water of goods between foreign countries and the United States.

(3) UNREASONABLE.—The term "unreasonable" means any act, policy, or practice which, while not necessarily in violation of or inconsistent with the international legal rights of the United States, is otherwise deemed to be unfair and inequitable. The term includes, but is not limited to, any act, policy, or practice which denies fair and equitable—

(A) market opportunities;

(B) opportunities for the establishment of an enterprise; or

(C) provision of adequate and effective protection of intellectual property rights.

(4) UNJUSTIFIABLE.—

(A) IN GENERAL.—The term "unjustificable" means any act, policy, or practice which is in violation of, or inconsistent with, the international legal rights of the United States.

(B) CERTAIN ACTIONS INCLUDED.—The term "unjustifiable" includes, but is not limited to, any act, policy, or practice described in subparagraph (A) which denies national or most-favored-nation treatment, the right of establishment, or protection of intellectual property rights.

(5) DEFINITION OF DISCRIMINATORY.—The term "discriminatory" includes, where appropriate, any act, policy, or practice which denies national or most-favored-nation treatment to United States goods, services, or investment.

(6) SERVICE SECTOR ACCESS AUTHORIZATION.—The term "service sector access authorization" means any license, permit, order, or other authorization, issued under the authority of Federal law, that permits a foreign supplier, of services, *or a foreign supplier of goods related to service,* access to the United States market in a service sector concerned.●

ANNIVERSARY OF THE BHOPAL DISASTER

● Mr. GLENN. Mr. President, today marks the first anniversary of a tragedy where more than 3,000 persons died, 50,000 experienced adverse health effects, and no knows the extent of the long-range consequences. I am speaking, of course, of the chemical leak which occurred at the Union Carbide facility in Bhopal, India.

No one doubts that the global environment is in a parlous state. With millions threatened, and thousands dying from starvation in Africa as a consequence of soil mismanagement and drought, with Brazilian tropical rain forests still being obliterated in

the face of ignorance as to the effects on world climate, with equally serious problems arising in the Northern Hemisphere because of acid rain, and with concern over the rising levels of carbon dioxide in the atmosphere, it is clear that humankind must increase its sensitivity to the integral role that the environment plays in our survival.

These consequences graphically illustrate the necessity of considering geographical, ecological, and human impacts at the outset of implanting industry in communities which have their own resources, needs, climate, and culture.

This view stands in stark contrast to the conviction of 15 years ago that environmental protection could be achieved only at the expense of slower economic growth. Today this kind of thinking is not only outdated, but there is increasing evidence that economic development and environmental protection are mutually reinforcing.

Adverse environmental effects are often a result of mismanagement of natural resources. Such effects often result in economic development that is not sustainable, failed projects, and waste of economic development assistance funds. Although environmental ministries and/or natural resources management agencies have been established in some Third World countries, they are often powerless and have little technical expertise at their command.

Thus, the theme that environmental protection and sustainable development should be integrated must clearly become a modern creed of industrial practice. There can no longer be a choice of "either/or." Sustainable growth can be achieved only by protecting the environment, and environmental protection can be successful only if sustainable growth is accomplished.

There are many recent signs of concern among leaders in the private sector that negative environmental consequences of economic development efforts must be dealt with more effectively. The World Industry Conference on Environmental Management [WICEM] in 1984 drew heads of corporations from around the world and, in followup efforts, and environmental bureau has been established in the International Chamber of Commerce.

Although private industry wishes to provide information to developing countries and is willing to work with environmental officials in those countries, a joint government-industry effort would be most effective.

The U.S. Agency for International Development [AID] has a mandate from Congress in section 118 and 119 of the Foreign Assistance Act to consider environmental and natural resources effects of projects it funds. But questions have been raised about AID's activities in this area. Does AID place a high enough priority on environmental factors? Are there enough trained professionals in natural resources and environment? Is enough attention given to environmental considerations in AID's strategy Statements? And have funding cuts affected the capacity of AID to consider these questions?

U.S. agencies like EPA, U.S. Forest Service, the Fish and Wildlife Service, the National Park Service, the USDA, and others have expertise that could provide assistance to developing nations, and have done so on occasion. However, these agencies have no authority to engage in such activities on an international basis. Their technical assistance is carried out in an ad hoc manner and on an arbitrary basis with no established priorities. Neither AID or other countries can be sure whether these resources can be tapped for specific purposes.

For these reasons my colleague Congressman JOHN SEIBERLING, and I are exploring various options to strengthen our Nation's capacity to respond to foreign government's requests regarding information and technical assistance. We believe, along with others, that it is the responsibility of industrialized countries to aid developing countries to solve environmental and development problems. It is our hope that world leaders, transnational corporations, and governments will realize that the dichotomy between developmental growth and sound resource management is a part of the past. In this manner we can ensure that tragedies like Bhopal will also be a part of the past.●

CONGRESSIONAL CALL TO CONSCIENCE

● Mr. D'AMATO. Mr. President, I rise today to join several of my colleagues who have answered the Congressional Call to Conscience on behalf of Soviet Jewry. The treatment of Jews in the Soviet Union is at its lowest point in modern history. Since 1979, the levels of Jewish emigration have declined by 98 percent. This atrocious record is accompanied by increased Soviet persecution of those who attempt to exercise their Jewish heritage.

November 10, 1985, marked the 10th anniversary of the passage of U.N. General Assembly Resolution 3379, which equates Zionism with racism. Passage of this shameful resolution not only disgraced the record of the United Nations, but also gave nations such as the Soviet Union thinly disguised excuses to persecute their Jewish population. A glaring example of such Soviet persecution is formation of the Anti-Zionist Committee of the Soviet People.

Any attempt to preserve jewish culture in the U.S.S.R. is met with swift retribution. Those brave enough to teach Hebrew, such as Josef Begun, are harassed, threatened, and incarcerated, usually on trumped-up charges. The crime of these Jews is no more than their desire to perpetuate their heritage. Although most citizens of the Soviet Union are severely restricted from practicing their religion, Jews are afforded none of the freedoms that other religions are allowed. Jews cannot import or produce religious articles, publish prayer books or periodicals, or have any central organization or structure. Jewish cemeteries have been, and continue to be, desecrated. In a nation with the third largest Jewish population, there are only 50 synagogues.

The Kremlin's crackdown on Jewish emigration and the teaching of Jewish heritage and religion is a rerun of the state-sponsored anti-Semitism we have witnessed throughout history. It proves that the Soviet Union has far to go before it justifies its signature on the Helsinki Final Act.

Although there are some small signs that Moscow may be easing its hard line stance on human rights, such as allowing Yelena Bonner to leave the Soviet Union for medical treatment, the overall policies of the Government of the Soviet Union are still far short of acceptable human rights behavior.

As the leader of the free world, it is our duty to call upon the Kremlin to end this vicious and needless anti-Semitic campaign. We must emphasize that the continuation of this persecution presents a real obstacle to constructive relations between the United States and the Soviet Union.●

OPIC HELPS U.S. ECONOMY BY PROMOTING EXPORTS AND CREATING NEW JOBS

● Mr. SYMMS. Mr. President, I think it is extremely important to point out the important contributions OPIC has made to reducing the U.S. trade deficit and improving our balance of payments.

This small agency, through its support of U.S. private investment abroad, has opened the way for American businesses to find new and growing markets for U.S. goods and services, thus providing an efficient means of increasing U.S. exports.

For example, from fiscal year 1981 through 1985, OPIC supported 665 investment projects in the developing world. These projects, in turn, accounted for initial procurement of 7.8 billion dollar's worth of American goods and services. Moreover, during the first 5 years of project operations, these projects are expected to receive additional U.S. exports—for a total of 11 billion dollars' worth of U.S. exports. These exports will generate 136,000 man-years of U.S. employ-

ment, and yield an overall U.S. net trade benefit amounting to $9.6 billion.

Needless to say, this is good news for the American worker and the American economy.

Mr. President, I would also like to emphasize the precautions that OPIC takes in carrying out its statutory mandate to insure that it does not support any investment that could harm our Nation's employment situation or its economy.

OPIC's economists screen and assess every single investment project and examine its impact on the U.S. investor, the industry sector involved, related business sectors, U.S. employment levels, the sensitivity of those U.S. business sectors to imports, the competitiveness of U.S. exports in foreign markets, the effects of trade-related performance requirements and the adverse effects of high-technology transfers.

Since 1974, OPIC has formally rejected more than 110 projects that might have harmed U.S. employment or the economy. That is in addition to the hundreds more that were discouraged in early stages of inquiry.

Surely OPIC's attention to protecting the U.S. economy, combined with its outstanding record in promoting increased U.S. exports, make the strongest case possible for our continuing support of this agency.

Moreover, OPIC does not operate in a vacuum. Other industrialized countries, noting OPIC's success in promoting U.S. investment in developing countries, have established investment guaranty and promotion agencies of their own, usually operating with many fewer restraints than OPIC. Faced with such competition it is clearly not in our national interest to shut OPIC down. Unfortunately, this is exactly what we are doing by delaying OPIC's reauthorization since September 30 when its authority to issue insurance and financing expired.

As many of you are aware, the House, after holding a series of both oversight and reauthorization hearings on OPIC, passed its version of the OPIC reauthorization bill, H.R. 3166, on September 23. We have let the Senate version, S. 947, languish since reporting it from committee on October 10. I strongly urge my colleagues to act on this legislation and allow OPIC to continue its fine work in support of U.S. investment and exports in developing countries.

Mr. President, I laud my colleagues Senators LUGAR and DOLE for getting this done—and finally getting long overdue action for passage.●

A LATIN AMERICAN CAPER

● Mr. SIMON. Mr. President, Leon Lederman, of the Fermilab, has written an article suggesting a way that we can be of help to Central America and, at the same time, be of help to ourselves.

It would encourage Latin American scientists and also help to meet a need that we have in our country.

I believe his idea merits consideration. I ask that it be inserted in the RECORD at this point, and I urge my colleagues to take a look at it.

The article follows:

A LATIN AMERICAN CAPER

The current obsession with Central America recalls an idea I have been trying to sell for three years. It derives from a deep appreciation of the talents of Latin American scientists encountered over the past thirty years. They are to be found in laboratories all over the world, usually as valued and honored emigres or refugees from some political crisis. The idea is available to any statesman who would like to become at least as immortal as Fulbright or Rhodes. It is this: The United States should offer our Latin American neighbors a massive graduate fellowship program, in science and engineering. I estimate that we could satisfy all the reasonable requirements for graduate study in U.S. universities for the sum of less than $50 million or so, paying about $8K of subsistence and full tuition. Largesse? Not really. There are large short-term and even larger long-term benefits to be collected for this apparent generosity. It is reasonable to assume that the technological leaders of the developing countries will be oriented toward the country in which they trained, toward U.S. products, styles and democratic forms. Although we will eventually face competition, the resulting development will create a vast new population of consumers.

Application of the results of increasing technological self-sufficiency to the desperate internal social problems will bring profound benefits to the developing nations. This comes from enhanced stability, vigorous trade (yes, and competition) on the basis of increasing equality and, of primary importance from the long range point of view, an increased world scientific base for the advancement of compassionate technology. As we enter the 21st century, we'll need all the help we can get to fulfill the promise of science and to spread its benefits more generously.

This is a propitious time to make the offer. There is a growing awareness that the increasing gap between industrial nations and developing nations is inherently unstable. Teach them how to fish is an appropriate saying. The encouraging restoration of democratic governments in Brazil, Bolivia and Argentina was a necessary component to scientific vigor and the return of the disaffected scientists. The potential of many Latin American scientific infrastructures is impressive and U.S. assistance at this juncture can have a very large leverage in advancing their progress. Then too, the current economic crisis will render this assistance even more valuable and appreciated.

Of course, there are drawbacks and problems. Some, like the danger of brain drain, are, I believe, not serious. We do need to be very sensitive to the individual needs of each country. There is the problem of converting attitudes and habits of Latin American industry so that they adapt to and make use of national scientific talent. The cooperation of multinational corporations must be obtained here. The contrast of this U.S. assistance to Latin America and U.S. aid to students from Alabama and California will be made. I believe all of these objections can be countered. As the program matures, the needs will decrease. Local universities, many with distinguished traditions, will increasingly take over. One can ask for matching contributions, initially via reciprocal grants to U.S. scholars in Latin countries, and, as the economies improve, to defray U.S. costs.

It would be useful to consider the fellowship program as a tax on foreign aid in order to avoid a contrast with domestic U.S. aid to education. At the less than one percent level, it will be money extremely well-spent. Central American problems remind us that we really need to pay at least as much attention to our hemispheric neighbors as we do to Europe and Asia.

A very important byproduct of this self-interested program is the aid to U.S. research universities. The paying student represents an important strengthening of a valuable and endangered national resource. There is ample graduate school capacity and the large injection of able Latin American students (added to the already large number of able Asiatic students) will create a new kind of transient melting pot. The stimulating broth can have far-reaching positive effects.●

S. 1818, A BILL TO PREVENT THE SEXUAL MOLESTATION OF CHILDREN IN INDIAN COUNTRY

● Mr. DOMENICI. Mr. President, I rise to join Senators DENTON and DECONCINI and 16 other Senators in cosponsoring S. 1818, a bill to prevent the sexual molestation of children in Indian country.

The purpose of S. 1818 is to close a loophole in the Major Crimes Act, 18 U.S.C. 1153, with regard to serious sexual conduct aimed at children. Currently, section 1153 reaches the crimes of rape, involuntary sodomy, and carnal knowledge of a female under the age of 16, when those crimes are committed by an Indian on Indian lands. It allows an Indian offender to be prosecuted in Federal court under State law for these offenses. The statute, however, lacks adequate coverage of nonforcible sexual conduct involving children because it does not cover various types of sexual contact with children.

Currently, such offenses are prosecutable only in a tribal court, which may administer only limited punishment. Under 25 U.S.C. 1302(7), a tribal court cannot impose a sentence in excess of 6 months imprisonment and a $500 fine. This penalty is insufficient punishment for an individual who commits the heinous crime of sexual abuse of a child. S. 1818 is needed to increase the protection for children on Indian reservations.

S. 1818 adds the offense of "felonious sexual molestation of a minor" to section 1153. It thus would permit State law to be used in Federal court to prosecute Indian as well as non-Indian sexual molesters of children in Indian country. The term "felonious sexual molestation of a minor" is in-

tended to cover a wide variety of State felony statutes dealing with criminal sexual activity with children. So long as the State has on its books a felony statute that proscribes the conduct of nonforcible sexual abuse of a minor, that offense will be incorporated into section 1153.

U.S. attorneys have reported a troubling increase in incidents of child sexual molestation of Indian reservations which cannot be dealt with effectively under the current law. The Bureau of Indian Affairs reports an increase of nearly 25 percent in Indian child sexual abuse from 1983 to 1984, up from 685 reported cases in 1983 to 932 reported bases in 1984. Although the total numbers are small, the inability to deal with this problem effectively is alarming. If even one case of sexual abuse goes unpunished because of a loophole in the law, then a grave injustice has been committed.

We must take steps to resolve this serious problem. S. 1818 will insure an equality of punishment for this type of offense regardless of whether the defendant and the victim are Indians or non-Indians. I hope that the Senate will pass S. 1818 quickly, and I encourage my colleagues to join me in supporting this measure.●

S. 1818

● Mr. D'AMATO. Mr. President, I recently joined as a cosponsor of S. 1818, a bill to prevent the sexual molestation of children in Indian country.

Under current law, this crime can only be prosecuted in tribal court. The maximum penalty is a mere 6 months imprisonment and a $500 fine. In testimony before the Judiciary Committee on November 19, both the Justice Department and the National Congress of American Indians endorsed S. 1818, which the Senate Judiciary Committee reported without amendment on November 26.

S. 1818 adds the new offense of "felonious sexual molestation of a minor" to the offenses contained in 18 U.S.C. 1153, thus, permitting State law to be used in Federal court to prosecute Indians, as well as non-Indians, for the felonious sexual molestation of children in Indian country.

The National Congress of American Indians stated that this legislation is necessary to reduce the number of Indian child sexual abuse cases. These cases increased by nearly 25 percent last year, from 685 in 1983, to 932 in 1984.

In Report 99-202, the Senate Committee on the Judiciary has issued a very clear statement on the jurisdictional impact of this bill:

So long as the State has on its books a felony offense that proscribes the conduct of nonforcible sexual abuse of the person of a minor, also as defined by State law, that offense and the accompanying penalties will be incorporated into section 1153. The offense must, however, be a felony. This qualification ensures that, as with all other offenses in section 1153, only the major varieties of the offense will be subject to Federal jurisdiction, maintaining exclusive tribal jurisdiction over the lesser offenses.

Mr. President, this bill represents a very thoughtful and careful attempt to respect the prerogatives of Indian tribal courts and, at the same time, to increase the deterrence of criminal attacks on Indian children. I urge my colleagues to give this bill their full support.

Thank you, Mr. President.●

THE SPRING OF 1945

● Mr. SIMON. Mr. President, the Chicago division of the United Nations Association put out a small folder for the 40th anniversary of the United Nations.

In it is an article with a reminder of where we were in 1945.

It ends on a note of hope, quoting President Harry Truman.

I urge my colleagues to read this combination of reminiscence and hope.

I ask that the article, "The Spring of 1945," by Harle Montgomery, be printed in the RECORD.

The article follows:

THE SPRING OF 1945

(By Harle Montgomery)

Remember . . . or let me remind you what it was like that momentous spring of 1945 as one shocking event after another stunned a world numbed by the pain and agony of war.

The Christmas of the preceding winter ('44) had been horrible, as a surprise attack by Nazi troops fell on our First Army in Belgium and threatened to reverse the momentum that had been slowly building for the Allies. Thousands of American soldiers were killed in that week and once again glimmers of hope where replaced by the fear and dread that had haunted us all for five years.

By January though, the Nazis were in retreat. The Remagen bridge over the Rhine was crossed and as the German armies fell back, a stunned world saw for the first time what concentration camps really were. Photographs of dazed, unbelieving living skeletons stared from newsreels and newspapers at an equally unbelieving world as Hitler's well-kept secret was exposed.

In Italy, Mussolini's army had collapsed the year before, but the Nazis, determined to retain their hold on Italy, fought fiercely that spring as American forces pushed them up out of Bologna, Verona, Genoa, and, finally, Milan.

The Philippines were slowly being retaken from Japan, and the costly, heartbreaking battles for Iwo Jima and Okinawa, where tens of thousands were to die within a few weeks, were launched.

Meanwhile, in growing anticipation of ultimate victory, Stalin, Churchill, and Roosevelt met in Yalta in February and called for the establishment of a United Nations with a conference to write the charter to begin in April in San Francisco.

San Francisco was astonished and delighted—then concerned. Remember, wartime rationing was still strictly enforced. Coupons were required for meat, butter, sugar, gasoline, shoes, and many other items. How could an influx of ten thousand guests be fed? The Mayor suggested lamely that residents dine at home to free restaurants to care for the guests!

The conference was scheduled for April 26, but less than two weeks before, the shattering news of President Roosevelt's death hit like a heavy pall. He who has pulled this country through depression, had led us within sight of victory in the war, on whom we had counted to lead the world in peace, was dead—only days before the conference was to begin! Everyone, even those who had opposed him and including countless friends abroad, felt a deep sense of personal loss.

Even so, delegates, statesmen, assistants, secretaries, and concerned groups began to pour into San Francisco. Some arrived by ship from the Pacific. Most, however, spent four days and nights crossing this huge country by train through its farmlands, prairies, mountains, and deserts, to arrive in Oakland, board a ferry boat and have their first view of the magical city on the bay.

The names of people attending the meetings, press conferences, and receptions read like a Who's Who of the day. Gromyko was there, a young man then; Molotov, Anthony Eden, Lord Halifax, Jan Masaryk, Jan Christian Smuts of South Africa; Adlai Stevenson was a delegate, and young Harold Stassen was there looking resplendent in his Naval Commander's uniform.

H.V. Kaltenborn, William L. Shirer, Eric Sevareid, Alistair Cooke, and Larry Fanning were among the one thousand representatives of the press housed in the Palace hotel.

The Major needn't have worried about food: thanks to the State Department, it was bountiful, and San Francisco maintained its reputation as a gracious host city. I assure you its residents did not stay at home to dine! Even shoe rationing was lifted for the occasions; when eighteen Russians requested coupons, they got them as well as the eighteen shiny black pairs of shoes they wanted.

The timing of the opening of the conference could not have been more dramatic. Allied troops were entering Milan. Mussolini, that once pompous, bombastic orator—the dictator, was hanging with his mistress by their heels, naked in an Italian Piazza. Berlin was in flames, encircled by Russians with Eisenhower's armies rushing in from the west. Hitler, Eva Braum, Goebbels and his family, and other close associates were hunkering down in a bunkers under the city, hoping for a miracle but preparing for their suicides.

As the conference began, the war in Europe was finished—finished for all time with that monstrous evil Nazism. The dread and horror of it had dominated many years of our lives, and now we strained to realize it was over, eradicated, wiped out.

Relief, exhilaration, hope were the emotions of the day. Everyone there knew they had very nearly lived to see the destruction of our world by powers that were truly evil. Instead, they were being given one last chance to forge a mechanism, a United Nations to prevent such a threat from ever happening again. Even usually cynical newspapermen were convinced that this time it would work—it had to!

So, where are we now forty years later? The charter, hammered out and written by forty-six nations was a remarkable accomplishment. Of course there are flaws, but they are redeemable. Now, what is needed desperately is a reawakening of the sense of

urgency that accompanied the birth of the original charter.

Harry Truman said at the closing ceremonies: "If we had this charter a few years ago—and above all, the will to use it—millions now dead would be alive. If we should falter in the future in our will to use it, millions now living will surely die."

And that was before the atomic bomb.

(Harle Montgomery (Mrs. Kenneth F.) was living in San Francisco during the founding of the United Nations. Married to a journalist who worked for the Office of War Information, they had the assignment of entertaining visiting foreign journalists. They also wrote a series of feature articles on side lights of the U.N. Meetings.)●

INTERVIEW WITH PHAM VAN DONG

● Mr. SIMON. Mr. President, I am submitting for the RECORD the interview that Vietnamese Premier Pham Van Dong had with Time magazine.

I do not agree with everything he says.

But I do believe that it makes eminent good sense for the United States to recognize Vietnam and to try to improve relations. We should attempt in the process to encourage Vietnam to be independent of the Soviet Union and of China. At present, we are following policies that discourage that independence.

I have been involved in some negotiations with the Government of Vietnam and, frankly, the United States made a bad mistake a few years back in not recognizing Vietnam when we had the chance.

Recognition does not mean approval of the Government. We recognize the Soviet Union, and we do not approve of that Government. We recognize Poland, and we do not approve of that Government. We would much prefer that Vietnam have a democracy rather than a Marxist dictatorship state. But probably two-thirds of the governments on the face of the Earth are governments we do not approve of. We need some rationality in foreign policy. I hope the summit will be part of bringing that. Our relations with other countries also should be part of it.

I ask that the Time magazine article be inserted in the RECORD at this point.

The article follows:

AN INTERVIEW WITH PHAM VAN DONG—"THE DOOR IS OPEN. WHY DON'T YOU COME IN?"

(Vietnamese Premier Pham Van Dong, 80, met with the Time Newstour in Hanoi's French colonial-style Chú Tich Phú presidential palace. Dressed formaly in a black, high-collared suit that accentuated his bronze features and high-combed silver hair, Pham took questions for more than an hour in a large, red-carpeted receiving hall, under a huge bust of his mentor, Ho Chi Minh. Throughout the session, Pham lived up to his reputation for haughty intractability, flashing anger at some questions, receiving others with a scornful laugh. He also showed an intransigent commitment to maintaining his country's doctrinaire Marxist course.

Yet 10½ years after its Communist revolution, Viet Nam finds itself in desperate need of Western trade and economic aid. Perhaps for that reason, the Hanoi government has begun a serious of conciliatory moves. Among them are increasingly specific hints that a negotiated end may be possible to Viet Nam's military occupation of Kampuchea, formerly Cambodia. Additionally, a top official says that this month Hanoi will begin to disinter the remains of U.S. servicemen listed as missing in action since the Viet Nam War. Despite such concessions, however, Pham's country faces an array of diplomatic problems, including China's continuing hostility and U.S. unease over the Soviet naval presence at Cam Ranh Bay. Exerpts from the interview:)

Q. If Viet Nam leaves Kampuchea and the MIA problem is resolved, could relations with the U.S. be restored?

A. From the bottom of our hearts we stress our desire to have good relations with the U.S. I have to tell you that the potential appeared as early as 1945. That was a lost, golden chance. Then, later, there were chances to establish relations between the two countries, but again they were chances that you missed. For our part, we are willing. On your part, it is up to you. We think that good relations with the U.S. are not only in our own interests but in the interestrs of the U.S. as well.

Q. Would one of the advantages of closer U.S. ties be a reduced dependence on the Soviet Union?

A. Why should you be concerned about that? This is our own affair, and you have been told that this does not constitute an obstacle. You may think that I am joking. No, I am serious.

Q. If you were a U.S. President, what would you tell your people to help heal the wounds between our two countries,

A. Viet Nam has left tragic wounds on the U.S. But the U.S. half destroyed Viet Nam. The Americans came to this land when they were not invited. The Americans did here something that cannot be tolerated by people of conscience. That is why I would say that the Americans are morally and materially responsible for Viet Nam. People of conscience are always responsible.

But it is we who moved first to heal the wounds, and the U.S. should do something to that end too. Trade, investment and education are all areas we are interested in. There may be others as well. We consider national economic development our prime task today. We are prepared to develop economic relations with all the countries of the world. The door is open. Why don't you come in?

Q. But if you were an American leader, how would you feel about the Soviet presence in Cam Ranh Bay?

A. If I were in the White House, I would take this as something normal.

Q. Your system is based on the Soviet Union's, yet most of the countries around you are not socialist, and they have advanced economically much faster than Viet Nam. Are you not willing to reconsider your socialist model?

A. We have chosen the path, the best path to advance. I would like to bet you that by the year 2000, you will see it. It will be even more visible by the year 2200. For us, meeting the needs of the people is the most important task. We have but to mobilize the people, energy and brains to carry this out.

I'd like to share a story with you. A girl of ten approached me recently and handed me a bunch of flowers. I asked her, "What do you want to do when you are an adult?" She said, "I want to be a cosmonaut." That is how our children are. The Vietnamese children have great prospects before them. They will certainly do better than what we have done. And when they are adults, they will have better relations with American children than we have had. [Laughs heartily.]

Q. Under what circumstances will your presence in Kampuchea be ended?

A. We have stated our political position very explicitly. In the near future, the Kampuchean issue will be resolved. A political solution will take place. If you wait, this will come one day. It may come earlier than expected.

Q. Must a settlement in Kampuchea be preceded by a dissolution of the Khmer Rouge [the Communist element of anti-Vietnamese resistance]?

A. We have never said so, but in reality it will happen that way because the Kampuchean people themselves will sweep away the remnants of [former Khmer Rouge Leader] Pol Pot. Then the Kampuchean people will no longer need us, and we will no longer need to stay in Kampuchea.

Q. Is Viet Nam conducting secret talks with the People's Republic of China aimed at improving relations?

A. We would like to resume talks with China because normalization of relations is beneficial to both countries. But I have to tell you that as of this day, China has not shown any goodwill.

Q. What do you consider to be the single greatest danger that your country faces?

A. I don't think there is any hazard or danger that makes us overanxious. We are prepared to deal with any possibility or eventuality. Our history has proved this.●

GARY BAUER, UNDER SECRETARY OF EDUCATION

● Mr. McCONNELL. Mr. President, I should like to call the attention of the Senate to the outstanding work being done by Gary Bauer, the current Under Secretary of Education. Gary is one of only two Kentuckians who have achieved the honor of serving as a Deputy Secretary in the Reagan administration. In my opinion, Gary is one of the brightest people in this city. He is a hard working, dedicated public servant and a credit to the Commonwealth of Kentucky. He has worked hard to shape the policies of the Department in a responsible and productive manner. He has stressed the importance of a positive moral influence on our Nation's schools. And, he has worked to ensure an important role for the Department in the education of our children.

I had the pleasure of introducing Gary at his confirmation hearing before the Labor and Human Resources Committee last June. I was pleased then, as I am now, to commend him for his outstanding leadership and service at the Department of Education.

The Louisville Courier-Journal has recently published an article describing Gary's accomplishments. So that

my colleagues may also be apprised of his fine work, I ask that the article be printed in the RECORD.

The article follows:

GARY BAUER: REMOLDING EDUCATION TO REAGAN'S PHILOSOPHY

(By Mike Brown)

WASHINGTON.—William J. Bennett's considerable 6-foot-2, 220-pound frame towered over the podium. The former football player had to bend down to talk into the radio and TV microphones arrayed before him.

It was Nov. 13, and Bennett, the secretary of education, was announcing the Reagan administration's proposal to turn federal education aid for the disadvantaged into a voucher program.

Just behind him, positioned between the Stars and Stripes and the Department of Education's flag depicting the tree of knowledge, stood a short, slight man made even more diminutive by Bennett's presence.

To his companion, Bennett from time to time turned for assistance as reporters lobbed questions about the controversial vouchers.

"Isn't that how you understand it?" Bennett, sweating profusely under the television lights, asked after one response.

Moving to the podium, the microphones obscuring all but the top half of his boyish face, Gary L. Bauer seconded his boss' answer and made an additional point. His brow remained dry as the words came out smoothly, effortlessly.

Bauer, a Northern Kentuckian who grew up in Newport, is the undersecretary of education, the department's No. 2 official. These days, both philosophically and physically, he is at Bennett's side.

The 39-year-old Reagan loyalist, lawyer and one-time trade group lobbyist who came to the department by way of the 1980 campaign, is the trusted point man for a secretary who arrived from an academic background in philosophy and law.

President Reagan once promised to abolish the Department of Education. Now this Mutt and Jeff team is using it to try to remold education more to the liking of Reagan and the political right.

"It's fair to say that since we realize there is no consensus in Congress to do away with the place, we're going to make sure it's a Reagan Department of Education," Bauer said.

The school voucher proposal—providing poor parents with vouchers that they could redeem at private as well as public schools—is one case in point.

So is the proposal that the two unveiled recently to give school districts more leeway in determining bilingual programs.

The most illustrative example is their call for teaching "values."

In its written prescription last year for the second Reagan administration, the conservative Heritage Foundation said the department should be a "bully pulpit," exerting a "positive moral influence" on the nation's schools. It's a prescription Bennett and Bauer are following.

In a September speech to the Eagle Forum Leadership Conference, a group founded by conservative activist Phyllis Schlafly, Bennett recounted how a brave Horatius long ago saved the Roman army by holding a critical bridge against advancing enemy Etruscans.

Suggesting that our society and education system lack the resolve to produce the modern-day Horatius, Bennett called on his audience to help "hold the bridge."

He recounted the experience of a teacher who asked students in high school government classes if they felt the United States is morally superior to the Soviet Union.

Of 53 young people, only two indicated they did, and Bennett concluded, "I have to wonder what Horatius would say about such moral confusion."

Two weeks earlier in a speech to an anti-pornography group in Cincinnati, Bauer sounded a similar theme, saying, "Our schools must join us in setting into motion a concerted effort to build character and transmit values."

There are, Bennett and Bauer are saying, certain absolutes that many schools are failing to instill, allowing their graduates to go into the world with a weak center of ethical gravity. Bennett decries it as "moral relativism."

Bauer cited drug education as an example: "Instead of a strong denunciation of drug use, the students will get a real clouded message."

Teachers, he continued, "start talking about moderate use—that what's important is that you not become addicted. . . . That's at the age when someone in their lives should be telling them use of these substances is just wrong, period."

The schools, Bauer told the Cincinnati gathering, must help the young learn to "say 'no' to those temptations of the soul that tempt us to be less than we can be."

The shorthand for this kind of talk is "values education," and the values that Bennett and Bauer most frequently tick off are not in themselves apt to offend many people: honesty, fairness, self-discipline and patriotism.

Education groups generally critical of the Reagan administration don't argue with the need for values in the classroom.

Mary Hatwood Futrell, president of the National Education Association, says the schools have a responsibility to teach values determined by the local community, and in fact teachers are doing that.

"I think every teacher does teach honesty," she said.

Michael Resnick, associate executive director of the National School Boards Association says the department could do more to help the education system by emphasizing what he suggests are more pressing priorities.

The question, of course, is what values are to be taught. Coming from an administration that has championed prayer in school, opposed abortion and aligned itself with Christian fundamentalism, the call for values education has aroused suspicions.

"I think what they mean is bringing traditional Christian values into education, and that's really their agenda," said Barry Lynn, an American Civil Liberties Union lobbyist. "Everything is part of the rightwing pie."

Bauer worked at the Reagan White House before joining the department under former Secretary Terrel Bell.

In Washington he has gained a reputation as a New Right crusader on social issues, but one who is articulate, intelligent, and not in the least strident. The fact he gained quick confirmation from the Senate Labor and Human Resources Committee, one of the Senate's most liberal panels, is testimony to his demeanor.

Bauer denies that the administration is trying to dictate any set of specific values to the nation's 16,000 school districts.

"Clearly" what the schools in Manhattan decide to do when they try to teach values will be somewhat different than what the schools in Paducah, Ky., decide to do," he said.

"The important thing, however, is to encourage them to come to grips with the fact that some group of values, some core group of values, ought to be passed on in the classroom. And we'll leave it to them to come up with the best way of doing that."

While Bauer and Bennett deny any interest in promoting a religious doctrine, they don't hide their interest in school prayer and what they refer to as the "Judeo-Christian tradition."

They call for more emphasis in school on the part of the Declaration of Independence that says all men "are endowed by their Creator with certain unalienable Rights."

"If you're a Buddhist and you come to this country, this is what you buy when you get here," Bauer said. "Now, you can still practice your religion, but in the public schools we are going to project a vision of America that is the vision that our founders intended for America."

Bauer said he is concerned about textbooks that paint the difference between the United States and Soviet Union in cultural terms—"We drink beer; they drink vodka"—and miss what he calls the "relative worth of the two societies."

Not that young Americans will grow up to want the Communist system, Bauer said, but that they will grow up unwilling "to make the sacrifices that need to be made . . . to preserve a free society in a very dangerous world."

Those sacrifices, he said, may include military service and government spending on defense.●

SUBSIDIZATION OF OFFSHORE MEDICAL SCHOOLS

● Mr. DURENBERGER. Mr. President, since its inception in 1965, Medicare has reimbursed hospitals for its share of the direct costs of clinical education. This is appropriate because physicians, nurses, and other health professionals in these programs provide services to Medicare patients, and in the 1960's and early 1970's, the view was held that there was a shortage of these health professionals.

Times have changed, however, and we are now facing a growing surplus of physicians, which is conservatively estimated to reach 35,000 by 1990. At the same time, the number of graduates of foreign medical schools seeking training in this country has tripled since 1981.

These developments indicate that the system needs better control and management. Medicare's role in subsidizing direct costs of clinical training in hospitals must be examined and steps taken to reaffirm its appropriate position in the education of the Nation's health care professionals.

I introduced S. 1158, a bill to reform Medicare payment for clinical training, as one step in this process. This legislation has been passed by the Senate. It will provide the opportunity to determine where Medicare support for graduate medical education should be directed and whose medical training should be funded. One of its provi-

sions calls for a phaseout of Medicare funding for graduates of foreign medical schools.

There is a growing physician surplus in this country, and American medical schools are reducing their class size. Given these, this country cannot afford the expense of supporting through Medicare the graduate training of foreign-educated physicians. Not only that, but these individuals receive their undergraduate medical training in institutions whose quality the Federal Government cannot assess.

In the following recent editorial from the New England Journal of Medicine, Dr. August G. Swanson succinctly describes how we have been subsidizing offshore medical schools at a time when this country has a surplus of physicians and a pressing need to control escalating health care costs while ensuring access to quality health services for Medicare beneficiaries. I commend it to my colleagues for their review, and I ask that the article be printed in the RECORD.

The article follows:

SOUNDING BOARD: HOW WE SUBSIDIZE "OFFSHORE" MEDICAL SCHOOLS

There is a growing concern in the United States that our medical schools are graduating too many physicians and our teaching hospitals are training too many residents. Although the number of students admitted to accredited medical schools in this country stopped increasing about five years ago, freshman-class enrollments have not dropped markedly since then. In discussions about reducing class size, medical school deans point out that this will have little effect on the supply of physicians if U.S. citizens who go abroad for their medical education continue to return for postgraduate education and enter practice. In 1984, 2,922 U.S. citizens who were graduates of foreign medical schools sought residency positions through the National Resident Matching Program—up from 785 in 1981. This extraordinary increase represents principally the output of what have come to be called "offshore" medical schools. The term "offshore" does not include accredited U.S. medical schools in Hawaii and Puerto Rico.

U.S citizens have an uncontested right to travel abroad and study at institutions in any nation whose policies permit their enrollment. However, in exercising this right, these students must recognize that their voluntary decision to study abroad does not obligate U.S. agencies and institutions to support their endeavors or to accommodate them upon their return.

There are two classes of foreign medical schools. One class is composed of those that primarily serve the needs of their own citizens and occasionally enroll U.S. citizens. These, among which are many excellent and well-established institutions of higher learning, are of no concern here. The schools that are of concern hold foreign charters, maintain offices in the United States, and have student bodies largely composed of U.S. citizens. They are proprietary, profit-making operations, and their financial success is to a large degree dependent on subsidies provided by U.S. agencies and institutions in both the public and private sectors.

In February 1984, 5026 U.S. graduates of foreign medical schools took the examination they must pass to be certified by the Educational Commission for Foreign Medical Graduates (ECFMG) as eligible to enter accredited residency programs in this country. They had studied in 52 countries, but 3801 (75.6 percent) had had their degrees granted by medical schools in Dominica, the Dominican Republic, Grenada, Mexico, or Montserrat. Nine institutions, which supplied more than 100 candidates each, accounted for 3058 (80.5 percent) of the total from the region. Three of them provided more than 500 candidates each. Ten years earlier, medical schools in this region contributed 777 (45.4 percent) of the U.S. citizens who took the ECFMG examination. Of these, 647 (83.3 percent) came from one institution in Mexico.

The rapid growth of profit-making offshore medical schools is a result of two factors. One is the availability of a large number of U.S. citizens seeking to enter the medical profession. It has generally been thought that those who go to foreign medical schools are disappointed, but often qualified, applicants to U.S. medical schools. However, recent data from a study in progress show that nearly 55 per cent of American ECFMG candidates have never applied to an American medical school (Educational commission for Foreign Medical Graduates and Association of American Medical Colleges: unpublished data). The other factor is that these schools do not have to maintain the faculties or facilities required for a complete medical education. Through the voluntary assistnce of visiting professors from U.S. medical schools, who are attracted by paid vacations in a sunny clime, and the willingness of U.S. hospitals to provide clinical experiences for offshore students, these schools are run with small permanent faculties and without substantial investment in clinical teaching facilities. these services, provided at little or no cost, ensure a good profit margin.

Despite the inadequate size of the permanent faculties and lack of clinical facilities in these offshore schools, U.S. citizens enrolled in them are recognized as being eligible for federally guaranteed student loans, and if they are granted a degree, they are accorded the same recognition and privileges as graduates of long-established foreign schools, including access to graduate medical education in the United States if they are certified by the ECFMG. Such recognition is an indirect subsidy, because tuition-paying students can be more easily recruited if they believe they will be accorded the same financial support and recognition as students who enter other schools. If visiting professors ceased their visits, if U.S. hospitals refused to have offshore students on their services, if guaranteed student loans were not available, and if access to accredited programs of graduate medical education were not provided to offshore graduates, those who are operating these institutions would probably turn to other ventures.

Since the largest direct subsidy to offshore schools is the provision of their clinical programs by U.S. hospitals, the justification for the termination of that practice will be considered first. The Liaison Committee in Medical Education, which accredits U.S. medical schools, considers for accreditation only complete programs in medical education.[3] The era when two-year basic-science schools were permitted ended in 1972. This policy is rooted in the philosophy that it is essential for basic scientists and clinical scientists to work together to provide high-quality medical education. One two-year school remains—the University of Minnesota at Duluth, which was accredited before 1972—but its students all transfer to the University of Minnesota in Minneapolis for their clinical education. Both schools are part of a single state university system. It is remarkable that graduates of offshore schools, who have not had their clinical education in the same country in which the school that granted their degree is located, are considered by licensing bodies to have had an education comparable to that of graduates of U.S. medical schools. The General Accounting Office, in its 1980 report on U.S. citizens studying abroad, found that none of the schools it studied provided a medical education comparable to that in the United States.[4] A serious shortcoming at each school was the lack of adequate clinical-training facilities.

The reasons that U.S. hospitals and their medical staffs permit offshore students to be clinical clerks have not been fully documented. The General Accounting Office reported that commonly stated reasons involved a desire to help students who may eventually return to the United States to practice, the future recruitment of house staff, prestige for the institution, and requests from the medical staff and others in the community to assist particular students. Underlying these reasons is the view that clinical education in any U.S. hospital is better than clinical education abroad, and that therefore, by the enhancement of the quality of education of potential U.S. medical practitioners, the public is being served. An alternative view is that by providing clinical-education services to offshore students at no cost or minimal cost to their schools, U.S. hospitals are encouraging the perpetuation and expansion of a form of medical education that has long since been abandoned in this country.

Were a U.S. medical school to accept for academic credit random clinical experiences in hospitals remote from its location, its accreditation would be in serious jeopardy. Although students in U.S. medical schools are privileged to take some electives at other institutions, the bulk of their clinical education is provided in clerkships at hospitals owned by, or closely affiliated with their medical schools. Flexner stated, "In the end the final test of a medical school is its outcome in the matter of clinicians."[5] A major outcome of his 1910 report was the development of clinical facilities and faculties to teach clinical medicine to students in a carefully planned and closely supervised environment controlled by a medical school.

At least two states (New York and New Jersey) have attempted to set standards that offshore schools must meet for their students to be permitted to train in hospitals within those states. Many hours have been spent in collecting data, making site visits, and arriving at decisions about which schools' students should be eligible. A recent decision by New Jersey to grant temporary eligibility to St. George's University in Grenada resulted in newspaper advertisements by that school trumpeting its privileged status. A parallel decision by New York State, since revoked, applying to students from Universidad del Noreste in Tampico, Mexico, was similarly advertised. It is apparent that promising potential students a clinical education in U.S. hospitals is good for business.

These attempts to provide a quasi-accreditation system for offshore schools are un-

necessary. I suggest a sounder standard by which to judge the quality of a graduate's clinical education: Was it provided by an experienced clinical faculty in clinical facilities located in the country in which the school is chartered? If medical licensing agencies refused to recognize the credentials of graduates whose schools do not meet this standard, the offshore schools, lacking such resources and unable to invest in them and maintain their profitability, would lose their attractiveness to U.S. citizens. The ECFMG could employ the same standard in granting certification to all graduates of foreign medical schools. This would preclude graduates of such schools from entering accredited programs of graduate medical education in this country, but would not prevent the entry of U.S. citizens who have studied at long-established foreign institutions.

The U.S. Department of Education is responsible for authorizing the eligibility of U.S. citizens attending foreign institutions for federally guaranteed student loans. Under the terms of the International Education Act of 1966, students studying abroad are eligible only if they are enrolled in a program that provides an education comparable to the one they would receive in the United States. Thus far, the department has not issued regulations that define a "comparable" medical education. Requiring that a full clinical education be provided in the country in which a foreign school is located would eliminate a federal subsidy of the offshore schools.

The willingness of some faculty members of U.S. medical schools to be visiting professors in Mexico and the Caribbean in return for modest honorariums and travel costs for themselves and their families poses an administrative dilemma for deans. Being invited to teach as a visiting professor at another institution is a longstanding academic privilege that is usually considered an honor. At least one dean does not consider service as a visiting professor at an offshore school a normal academic contribution by his faculty. He has insisted that faculty members who perform a teaching stint at offshore schools use their annual leave for these excursions.

Finally, it is lamentable that in 1985 we should have to be wrestling with a problem that was at one time solved in this country. Abraham Flexner's report to the Carnegie Foundation for the Advancement of Teaching destroyed the credibility of the proprietary medical schools in this country. Firm action by responsible agencies in both public and private sectors eliminated them. To connect the present with the past, I offer the following quote from Mr. Flexner's report.

"The advertising methods of the commercially successful schools are amazing. Not infrequently, advertising costs more than laboratories. The school catalogs abound in exaggeration, misstatements, and half-truths. The deans of these institutions occasionally know more about modern advertising than about medical teaching. They may be uncertain about the relation of the clinical laboratory to bedside instruction, but they have calculated to a nicety which medium brings the largest return.●

ORDERS FOR WEDNESDAY, DECEMBER 4, 1985

RECESS UNTIL 9:30 A.M.

Mr. DOLE. Mr. President, I ask unanimous consent that once the Senate completes its business today, it stand in recess until 9:30 a.m., on Wednesday, December 4, 1985.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. DOLE. Mr. President, following the recognition of the two leaders under the standing order, I ask unanimous consent that there be a period for the transaction of routine morning business not to extend beyond the hour of 10 a.m., with Senators permitted to speak therein for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. DOLE. Mr. President, at 10 a.m., the Senate will go into Executive Session to resume the Dawson nomination under a time agreement of 1 hour. The "yeas" and "nays" are ordered on the nomination, therefore, a roll call vote will occur prior to 11:30 a.m., tomorrow.

Following the confirmation vote, the Senate can be expected to turn to any of the following items:

S. 1396, White Earth Indian Reservation on which we are working on a time agreement, S. 259, sports franchise, if we can work out a time agreement; Executive Calendar judges. We hope to have a meeting tomorrow with the distinguished minority leader and other members of the Judiciary Committee on each side. And perhaps we will then move to proceed to the consideration of Conrail legislation.

Votes are expected throughout the day. I think it is safe to say we will probably not have a late session tomorrow evening.

RECESS UNTIL 9:30 A.M.

Mr. DOLE. Mr. President, there being no further business to come before the Senate, I move that the Senate stand in recess until 9:30 a.m., Wednesday, December 4, 1985.

The motion was agreed to; and the Senate, at 8:58 p.m., recessed until 9:30 a.m., Wednesday, December 4, 1985.

NOMINATIONS

Executive nominations received by the Senate December 3, 1985:

AFRICAN DEVELOPMENT FOUNDATION

Chester A. Crocker, an Assistant Secretary of State, to be a member of the Board of Directors of the African Development Foundation for a term expiring September 22, 1991, reappointment.

IN THE AIR FORCE

The following-named officers for appointment in the Reserve of the Air Force to the grade indicated, under the provisions of sections 593, 8218, 8373, and 8374, title 10, United States Code:

To be major general

Brig. Gen. William G. Work, xxx-xx-xxxx FG, Air National Guard of the United States.

To be brigadier general

Col. Ray D. Airy, xxx-xx-xxxx FG, Air National Guard of the United States.

Col. Jacob J. Braig, xxx-xx-xxxx FG, Air National Guard of the United States.

Col. Alfred P. Bunting, xxx-xx-xxxx FG, Air National Guard of the United States.

Col. Jerry W. Cook, xxx-xx-xxxx FG, Air National Guard of the United States.

Col. Charles R. Driggers, xxx-xx-xxxx FG, Air National Guard of the United States.

Col. Ralph C. Jensen, xxx-xx-xxxx FG, Air National Guard of the United States.

Col. Joseph A. Kazek, xxx-xx-xxxx FG, Air National Guard of the United States.

Col. Curtis A. Madson, xxx-xx-xxxx FG, Air National Guard of the United States.

Col. Roy C. Martin, Jr., xxx-xx-xxxx FG, Air National Guard of the United States.

Col. Ernest C. Park, xxx-xx-xxxx FG, Air National Guard of the United States.

Col. John J. Roark, xxx-xx-xxxx FG, Air National Guard of the United States.

Col. Robert L. Slaughter, xxx-xx-xxxx FG, Air National Guard of the United States.

Col. Jon A. Slifer, Jr., xxx-xx-xxxx FG, Air National Guard of the United States.

Col. Thomas P. Webb III, xxx-xx-xxxx FG, Air National Guard of the United States.

IN THE ARMY

The following-named officer to be placed on the retired list in grade indicated under the provisions of title 10, United States Code, section 1370:

To be lieutenant general

Lt. Gen. Robert L. Bergquist, xxx-xx-xxxx, age 54, U.S. Army.

IN THE NAVY

The following-named officer to be placed on the retired list in the grade indicated under the provisions of title 10, United States Code, section 1370:

To be vice admiral

Vice Adm. William P. Lawrence, xxx-xx-xxxx/1310, U.S. Navy.

The following-named captains of the line of the Navy for promotion to the permanent grade of rear admiral, lower half, pursuant to title 10, United States Code, section 624, subject to qualifications therefor as provided by law:

UNRESTRICTED LINE OFFICER

Phillip Don Smith
David Roland Morris
Fredrick John Metz
Edward Bigelow Baker, Jr.
Peter Gordon Chabot
Jimmie Wilkes Taylor
John Franklin Calhoun
George Henry Strohsahl, Jr.
Jesse Jiminez Hernandez
John William Bitoff
David Michael Bennett
Thomas Alexander Mercer
Leighton Warren Smith, Jr.
Richard Chester Macke
Henry Clayton McKinney
David Rogers Oliver, Jr.
Kenneth Leroy Carlsen
David Brooks Robinson
George Washington Davis VI
Arlington Fichtner Campbell
Jerome Frost Smith, Jr.
Stephen Kent Chadwick
Glenn Edward Whisler, Jr.
Craig Emergy Dorman

Geoffrey Lynn Chesbrough
Grady Lee Jackson
James Bernard Greene, Jr.
Joseph Paul Reason

RESTRICTED LINE OFFICER—ENGINEERING DUTY OFFICER

George Richard Meinig, Jr.
Walter Hollingsworth Cantrell

AERONAUTICAL ENGINEERING DUTY OFFICER

Larry Eugene Blose

The following-named captains of the U.S. Navy for promotion to the permanent grade of rear admiral (lower half), pursuant to title 10, United States Code, section 624, subject to qualifications therefor as provided by law:

MEDICAL CORPS

Russell Larry Marlor
Daniel Barfield Lestage
Donald Floyd Hagen
William Arthur Buckendorf

SUPPLY CORPS

Brady Marshall Cole
Peter Demayo
Francis Leonard Filipiak

CIVIL ENGINEER CORPS

David Elliott Bottorff
Jon Robert Ives

DENTAL CORPS

Milton Chipman Clegg

MEDICAL SERVICE CORPS

Donald Eugene Shuler

51-059 O-87-36 (Pt. 24)

EXTENSIONS OF REMARKS

S. 49, THE McCLURE-VOLKMER FIREARMS OWNERS' PROTECTION ACT

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. RODINO. Mr. Speaker, the Committee on the Judiciary has received numerous requests from Members for an explanation of the highlights of S. 49, the Firearms Owners' Protection Act, which passed the Senate. I insert in the RECORD at this point a memorandum by the staff of the Committee on the Judiciary which discusses the major provisions of the bill:

MEMORANDUM: S. 49—HIGHLIGHTS

PREEMPTION OF STATE LAW—TRANSPORTATION OF A FIREARM

This provision has the potential to undermine state law enforcement authority significantly. This provision entitles persons who are not disqualified from receiving weapons under the Gun Control Act of 1968 (GCA) to "transport an unloaded, not readily accessible firearm in interstate commerce" notwithstanding any provision of state or local law (sec. 107, page 31, lines 12-18).

Interstate commerce is an extremely broad term. One does not have to cross a state line to be "in interstate commerce." It would create a Federal defense to state and local prosecutions for unlawfully carrying a firearm. It is unclear how long a person remains in interstate commerce after entering interstate commerce. It is unclear how travelers carrying their own luggage carry the firearm in a "not readily accessible" manner.

IMMUNITY FROM PROSECUTION

S. 49 provides that if any crime is uncovered in the course of a regular inspection of a Federal firearm licensee, "no criminal charges shall be brought against the licensee except for willful violation of the record-keeping requirements" or for sales or dispositions of firearms in violation of 18 U.S.C. 922(d). This provision creates immunity from prosecution for all crimes uncovered in such an inspection. (sec. 103(6), page 15, lines 9-13)

INTERSTATE SALE OF FIREARMS

Permits over-the-counter sales of firearms (including handguns) to out-of-state residents (sec. 102 (3) and (4), pages 6-7, lines 23-23). Current law permits sales of rifles and shotguns to out-of-state residents in limited circumstances but does not permit interstate sale of handguns. As drafted, licensees would be required to fully comply with the state and local laws applicable to the place of sale and the place of residence of the purchaser. However violations of this requirement would only be punishable if they were "willful." (sec. 104(1), page 22, line 14).

This provision is almost unworkable. It would require knowledge and comprehension of the intricacies of firearms laws of all of the States and local jurisdictions. Licensed dealers will have to be familiar with legal forms of identification from all of the states, increasing the risk that false identification will escape detection. Willful violations of this limitation will be more difficult to prove than the usual "knowing" standard, particularly in reference to the laws of various states. Sales which do not fully comply with applicable state and local law would violate Federal law but the violation most likely would not be punishable, especially if the failure were due to a mistake of law or fact or due to negligence on the part of the licensee. Inevitably, this provision would increase the availability of firearms and handguns to those not legally permitted to obtain them.

WEAKENING CURRENT MANDATORY PENALTY FOR USING OR CARRYING A FIREARM IN THE COMMISSION OF A CRIME OF VIOLENCE

The current mandatory prison term for the use or carrying of a firearm, during and in relation to any federal crime of violence, is five years without probation or parole (18 U.S.C. 924(c), P.L. 98-473, (section 1005(a)), October 12, 1984.

18 U.S.C. 924(c) is only triggered if the use or carrying of the firearm is "during and in relation" to an underlying crime of violence. To successfully prosecute, proof of the defendant's commission of the crime of violence is necessary.

S. 49 adds an unnecessary element to the offense that the carrying be "in furtherance of any such crime of violence." (Sec. 104(2), page 23, line 14). Proof of this element would involve additional analysis of the defendant's conduct, the circumstances of the violent crime and evidence of the defendant's state of mind. It would be a substantial burden on the prosecution and is unnecessary to prevent injustice.

S. 49 also contains a proviso that evidently intends to create a defense of "self-defense," (sec. 104(2), page 24, lines 10-21). Essentially this defense would apply to the criminal who armed himself in anticipation of "perceived immediate danger" from another criminal similarly armed or that he might be arrested by a police officer "unlawfully". The defense does not follow the Federal rule of self-defense which follows the Common Law—the belief of the defender must be *reasonable* under the circumstances as they appear at the moment. It appears that this formulation may create, for the first time in Federal law, a statutory right to use force to resist an unlawful arrest. The defense fails to address the most common problems in the law of self-defense such as cases of mutual combat, cases in which the defender initiated the assault but then gave up the attack and retreated, and cases in which the reasonable belief of the defender was in error. 18 U.S.C. 924(c) is a separate offense from crimes of violence such as assault with a dangerous weapon (*Simpson* v. *United States*, 435 U.S. 6, 10 (1978)). It is inconsistent to provide a statutory defense for 924(c) and not for other crimes. This defense could result in prosecutors avoiding the use of 924(c). Eliminating the need to elect between 924(c) and other offenses was a key reason that Congress amended section 924(c) in 1984.

MAKING PROSECUTIONS OF GCA VIOLATIONS MORE DIFFICULT

Requires proof of "willfulness" to convict for many GCA violations (sec. 104(1)). The drafting leaves the states of mind and the elements of the offense for the offenses in the GCA in a state of confusion.

DETERMINING WHO NEEDS A LICENSE

A feature with major impact is the change in defining who is required to obtain a license as a dealer, manufacturer or importer. This is likely to have a serious weakening effect on the GCA. Persons who are "engaged in the business" of manufacturing, importing, or buying and selling firearms are required to obtain a license. S. 49 defines "engaged in the business" in terms of "the principal objective of livelihood and profit" whose underlying intent is *"predominantly* one of obtaining livelihood *and* pecuniary gain" (emphasis added) (sec. 101(6), pages 3-5) and 102(1)). Persons will be free to buy and sell firearms occasionally for the "enhancement of a personal collection or hobby" as long as the transactions are not "as a regular course of trade or business with the principal objective of livelihood and profit through the repetitive purchase and resale of firearms".

These provisions expand the number of persons who can engage in firearms transactions or importation without needing a license or having to comply with the record keeping requirements of the law. This definition has loopholes such as a person, believing the public ought to be armed for self-protection, who sells large volumes of firearms at no markup or a price which does not make a profit, who would not be "engaged in the business."

Unfortunately, this new definition creates new ambiguity. Certainly one motive of a person collecting firearms, and frequently the predominant motive shared with other collectors, is to upgrade the value of the collection by making trades or sales that are profitable. A shrewd, lucky or enthusiastic collector may remain confused whether he is "engaged in the business" within the meaning of this new definition.

WEAKENING THE FIREARMS TRACING PROGRAM BY WEAKENING RECORDKEEPING AND RESTRICTING SECRETARY'S ABILITY TO EXAMINE AND KEEP RECORDS

In addition to changing the requirements concerning who needs to have a license (and therefore must keep records) and raising the state of mind necessary to prove violations of the requirement to keep accurate records (making such violations harder to prove), S. 49:

(1) Restricts the authority of BATF to inspect the records and inventory of GCA licensees to assure compliance to only one visit per year and only after advance notification (sec. 103(6), page 15, lines 7-9).

(2) Exempts transactions to and from the "personal collection of firearms" of licensees from the record-keeping requirements for licensees (sec. 103(3), pages 12-13, lines 15-4).

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member of the Senate on the floor.

Boldface type indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

(3) Regarding any records of out-of-business licensees, any reports from licensees concerning information contained in their records, or any reports of multiple handgun transfers to a non-licensee, prohibits the Secretary from keeping this information in a centralized location or from entering it into a computer for storage or retrieval (sec. 103(6), page 20, lines 1-5).

(4) Regarding records of out-of-business licensees, requires that the records be sent to the joint custody of the Archivist of the United States and the Secretary to be stored in a record center operated by the Archivist, limits access of the Secretary to the records solely for the purpose of determining from whom a licensee acquired a firearm and to whom such licensee disposed of such firearm, and requiring the Archivist to destroy these records twenty years after they are received (sec. 103(6), page 17, line 8—page 18, line 13). For example, BATF could not use these records to investigate whether a firearm purchaser from such an out-of-business licensee had made a false statement in connection with such purchase.

(5) Reduces the penalty for a licensee for making a false statement or representation in the records they are required to keep from a felony to a misdemeanor. (sec. 104(1), pages 22-23, lines 19-3).

STRENGTHENING PROVISION—SALE TO DISQUALIFIED PERSONS

S. 49 strengthens the GCA by extending the prohibition on transferring firearms to disqualified persons from only licensees to private individuals as well. The state of mind is knowing or having reasonable cause to believe that the purchaser is in the disqualified class. (sec. 102(5), page 8, lines 3-23).

LIMITATIONS ON SEIZURE OF CONTRABAND AND FORFEITURE OF FIREARMS AND AMMUNITION

A potentially significant problem is that the authority to seize and forfeit is limited only to firearms or quantities of ammunition "particularly named and individually identified as involved in or used in" specified violations of law. (sec. 104(3), pages 25-28). This is narrower than interpretations of the Fourth Amendment requirement that a warrant "particularly" describe the place to be searched and the persons or things to be seized, and the exceptions involving objects in "plain view" and "inadvertent discovery." It would appear that contraband firearms could not be seized if they had not been specifically identified in the search warrant as being used in a specific violation of the law.

The provision also weakens law enforcement because it limits the authority of the government to forfeit firearms or ammunition only for knowing violations of a number of sections, knowing importation in violation of the law, willful violations of other provisions of the GCA, or violations of other criminal laws of the U.S. It requires that the requisite intent be proven by clear and convincing evidence.

In the event of an acquittal or dismissal of charges against a defendant, the seized firearms must be promptly returned to the defendant if the return would not place the person in violation of the law. The provision authorizes the payment of reasonable attorney's fees to persons who successfully sue the United States for return of forfeited firearms.

SALES AT GUN SHOWS—INSPECTION OF INVENTORY PROHIBITED

Allows all licensees to conduct business at any temporary location in the State in which they are licensed if the location is the site of a gun show or *event* sponsored by any national, state or local organization devoted to the collection, competitive use, or other sporting use of firearms, or an organization that sponsors events devoted to the collection, competitive use or other sporting use of firearms, but *bars* examination of the inventory of the licensee at the temporary location (sec. 103(7), pages 20-21).

OTHER RESTRICTIONS UPON THE SECRETARY OF THE TREASURY

(1) Provides that an acquittal on criminal charges is a bar to a revocation of a GCA license based in whole or in part on facts which formed the basis of the criminal charge (even though the standard of proof for a revocation is much lower); and further provides that a person whose license is revoked is entitled to a *de novo* judicial hearing at which new evidence may be introduced (sec. 103(5)(C), page 13, line 14—page 14, line 2).

(2) A provision which is neutral as to law enforcement but which could significantly impede the Secretary's power to act requires 90 days public notice and an opportunity for interested parties to have a hearing before proposed regulations can become final (currently there is no minimum time period) (sec. 106(4), pages 30-31).

ADDITIONAL DRAFTING PROBLEMS

(1) The Senate's attempt to update the disqualification from receiving or possessing a firearm by drug addicts is improperly drafted and would fail to apply to persons who are unlawful users or addicts of most hallucinogenic drugs, PCP, methaqualone, tranquilizers or designer drugs. (sec. 102(5), (6) and (7), page 8 lines 10-13, page 9 lines 5-8, and page 10 lines 10-13).

(2) The provisions relating to obtaining and executing a search warrant in the new inspection provisions in 18 U.S.C. 923(g) (sec. 103(6), pages 14-15, lines 12-2) differ significantly from those in Rule 41 of the Federal Rules of Criminal Procedure which is likely to create confusion in the enforcement of the GCA.

LIBERALIZING THE IMPORTATION OF FIREARMS

Opens up the importation of firearms by mandating the Secretary to authorize importation of a firearm if there is a sporting purpose and eliminating the requirement that the importer has the burden of satisfying the Secretary of the sporting purpose (sec. 105(2), page 29, lines 6-22). It is their failure to meet the sporting purpose standard which currently prohibits Saturday Night Specials from being imported into the United States.

AMMUNITION DEALERS AND RECORDKEEPING

H.R. 3155 would eliminate the need to keep records for sales of ammunition involving less than one thousand rounds. S. 49 goes much further by eliminating any recordkeeping requirement for sales of ammunition.

If the legislation reported by the Judiciary Committee to control the sale of armor piercing ammunition (H.R. 3132) is enacted, then the S. 49 provisions which remove ammunition dealers from the licensing requirements altogether would be likely to hinder effective enforcement of that act. (The provisions relating to ammunition permeate the GCA and S. 49.)

RELIEF FROM DISABILITIES

A feature which is generally law enforcement neutral and which genuinely serves the interests of the nation's sportsmen and hunters is the expansion of the ability of persons to seek relief from the disability of a conviction for committing an offense which has been expunged or occurred long ago. (sec 105(1), pages 28-29) Proof of a conviction shall be in accordance with the law of the jurisdiction in which the proceedings were held. (sec. 101(5), page 3)

A critical related issue was not addressed. The United States District Court for New Jersey has invalidated the prohibition to mental institutions or adjudicated mentally defective because the GCA does not authorize the Secretary of the Treasury to relieve that disability for the former mental patients as it does for ex-convicts. This was held to violate the equal protection and due process protections of the Fifth Amendment. (*Galioto* v. *Department of Treasury*, 602 F. Supp. 682 (D.C.N.J., February 7, 1985). Judge Sarokin stayed the effective date of the order for 120 days to permit Congress to correct the constitutional infirmities of these provisions. *Section 8 of H.R. 3155 would correct this problem.* The government has filed a direct appeal in the Supreme Court and the District Court has further stayed its order pending the appeal. The Supreme Court noted jurisdiction of *Galioto* on November 4, 1985 and requested full scale briefing of this case. Argument of this case is likely this term.

INTERSTATE MAIL ORDER SALE

Current law permits mail order sale only in cases that are not otherwise prohibited by other provisions of the GCA (18 U.S.C. 922(c). S. 49 does not permit general mail order sale, although the relationship between the S. 49 amendment permitting over-the-counter interstate sale (sec. 102(4) (page 7, lines 7-17) amending 18 U.S.C. 922(b)(3)) and the current law concerning mail order sale has created some confusion that S. 49 might do so.

18 U.S.C. 922(a)(3) now prohibits any person from transporting into or receiving in the State where he resides any firearm purchased or obtained outside that state except (1) a firearm obtained by bequest or intestate succession, (2) a rifle or shotgun obtained in a contiguous state if permitted by state law, (3) returning a firearm borrowed or rented for temporary use for lawful sporting purposes, (4) a rifle or shotgun replacing a rifle or shotgun lost, stolen or damaged out-of-state while hunting or in an organized rifle or shotgun match, or (5) transportation of a firearm acquired in any state prior to 1968. The opportunity for mail order sale is quite limited.[1]

Section 922(a)(3), with respect to exceptions (2), (3) and (4), *supra*, would be amended so that its prohibition "shall not apply to the transportation or receipt of a firearm [including a handgun] obtained in conformity with the provisions of subsection (b)(3)" (S. 49, sec. 102(3), page 6, line 23). The exception would be general rather than specific.

Section 922(b)(3) would be amended by S. 49 to permit "delivery of any firearm to a resident of a State other than a State in which the licensee's place of business is located if the sale, delivery and receipt fully comply" with the laws of both States. A person could lawfully receive a firearm under (a)(3) if it had been delivered pursuant to (b)(3).

Representative Volkmer in H.R. 945, in his amendment of section 922(b)(3), in order

[1] A licensee may ship in interstate commerce or deposit in the mail a firearm or handgun to a police officer or watchman for use in connection with his official duty (18 U.S.C. 922(a)(2)(B)).

to avoid any ambiguity about the possibility of permitting mail order sales, would require the "transferee meet in person with the transferor to accomplish the transfer or to negotiate the transfer" (sec. 102(4) of H.R. 945).

S. 49 does not permit mail order sale generally because it does not amend the general rule of subsection (a)(2) which bars the shipment or transport of firearms in interstate commerce by licensees to non-licensees.

However, regarding the reverse fact situation, a non-licensee would be permitted by S. 49 (section 102(2) page 6, lines 19-22) to mail a firearm to a licensee for the purpose of sale. Currently many persons are firearms licensees in order to obtain firearms by mail from other licensees for their own use, and to obtain them at wholesale cost. *It can be anticipated that there will be an increase in mail order sales because dealers, including the many "non-stocking" dealers, would be enabled to buy firearms by mail from non-licensees, which is not permitted under current law.*

THIRTEEN PERCENT OF 8-YEAR-OLDS USE SMOKELESS TOBACCO IN OKLAHOMA

HON. MIKE SYNAR

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. SYNAR. Mr. Speaker, millions of children are becoming addicted to smokeless tobacco. This is a national tragedy and a disgrace. The smokeless tobacco industry is being allowed to promote the product as a safe alternative to smoking, with full knowledge that their product causes mouth cancer, gum disease, tooth loss, and addiction.

The alarming increase in the use of snuff and chewing tobacco by young people can be attributed to the use of macho sports figures in industry advertisements. The effect is most evident, ironically, among health-conscious teenage athletes. A recent study in Oklahoma found that among teenage male baseball and softball players, "smokeless tobacco [use] is virtually universal."

I am submitting for the RECORD a recent article from the Tulsa World which discusses this study in greater detail. It documents the tremendous increase in smokeless tobacco use among children as young as 8 years old.

I encourage my colleagues to join me in cosponsoring H.R. 3510, which would require warning labels on smokeless tobacco packages and advertising, ban TV and radio advertising, and require the disclosure of chemical ingredients such as nicotine. Let's end the double standard that is alluring children away from one bad habit and into another.

[From the Tulsa (OK) World, Dec. 1, 1985]

SMOKELESS TOBACCO USE GROWING: STUDY SHOWS YOUNGSTERS FEEL IT'S SAFE

(By Cathy Milam)

More than one out of eight third-grade boys in Oklahoma use smokeless tobacco, according to research conducted by an Oklahoma State University faculty member.

The research indicates that more and more youngsters are taking to "dipping" or chewing in the mistaken belief that smokeless tobacco is "safe."

Dr. Steven William Edwards, associate professor of health education at OSU, said the investigation into the use of snuff and chewing tobacco is just beginning.

"The first big study was conducted three or four years ago in Texas when observers noted that smoking was declining among teen-agers," Edwards said.

"That was during this urban cowboy trend, and the researchers found that, while smoking was down, more and more of these kids were using forms of smokeless tobacco," he said.

Edwards and former OSU professor E.D. Glover decided to do a similar study here.

Edwards' first study—to gauge the percentage of smokeless tobacco users among minors—targeted grades 3, 5, 7, 9 and 11 at some 21 schools across the state and included about 1,100 students.

"We were surprised, to say the least, at the results," Edwards said.

Among male students, the study showed that 13.1 percent of third graders used snuff or chewing tobacco, ". . . and the numbers just kept rising with each grade," he said.

Percentages of male users at the other grade levels were: fifth grade—21.7 percent; seventh grade—22.4 percent, ninth grade—32.8 percent, and eleventh grade—39.3 percent.

Statistics for female users included: third grade—1.7 percent; fifth grade—4.5 percent; seventh grade—6.5 percent; ninth grade—1.7 percent and eleventh grade—less than 1 percent.

"We were a little skeptical, afraid that it might seem like the 'in' thing to do to say you used snuff or chewing tobacco, so we included questions that would double check the reliability of the answers. We're pretty positive that our data holds good," Edwards said.

Other responses indicated that, as with smoking, parental use increases the likelihood that children will become users, Edwards said.

"You might think that with all the recent publicity, that people would be aware of the dangers of smokeless tobacco, but that isn't the case. Somehow, snuff and chewing tobacco are perceived as being a safe alternative to smoking," he said.

Edwards said that while smokeless tobacco offers health advantages over smoking, "it's pretty much a trade-off . . . There are just as many disadvantages.

"Those who chew—because the tobacco is heavily sweetened—have tremendous problems with dental caries. By contrast, snuff users hardly have any cavities at all, because the snuff is so acidic that the caries bacteria can't live in the user's mouth . . .

"In fact, nothing can live in there—including teeth and gums," he said. Research has shown that many snuff users suffer recession and inflammation of the gums, which eventually causes the loss of teeth.

"But, of course, the big problem is with oral cancer," Edwards said.

He pointed to two highly publicized cases in Oklahoma in which teen-agers died from oral cancer. Both teens were long-time smokeless tobacco users.

Edwards also has conducted a second study aimed at discovering the user patterns among college students in various regions of the nation.

He discovered that the south-central region—which includes Oklahoma—had the highest user rate at 15 percent. The lowest rate was recorded in the northeast region—students in Connecticut were polled—at 8 percent.

The national average user rates are 22 percent for males and 2 percent for females, Edwards found.

"Through our questionnaires we also gained some insight into the relationship between environment and usage," he said.

"For example, when you look at certain athletes—most notably baseball and softball players—smokeless tobacco is virtually universal," he said.

Most athletes said they felt that by dipping or chewing while they play, that the tobacco helped them to concentrate. This idea of reliance is coupled with the idea that it helps them to respond more quickly during game situations.

"But studies of reaction time prove that this just isn't so," he said. "But perhaps because the use of tobacco increase heart rate and blood pressure, it makes the athletes feel as if they are more vigilant and quicker to respond."

Edwards said patterns of usage very greatly. "You find those people who tell you they sleep with it in their mouths, eat with it and shower with it. Others only use snuff or chewing tobacco when they are doing certain things—like the baseball player who only use it on the field or the line worker who has to perform routine, boring tasks over and over again.

"Some students said they only use it when they study. Just as some kids will drink a cup of coffee while they study, these students take a chew."

CEMENT AND CLINKER IMPORTS: A CASE FOR A TRADE POLICY

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. DASCHLE. Mr. Speaker, there is not a Member of this body whose district has not been impacted by our Nation's trade imbalance. Whether the issue is textiles, agricultural products, or timber, the problem is the same. Subsidized imports the strength of the dollar, and restrictive trade barriers of our competitors have combined to exacerbate our trading deficit.

There is another product not in the daily headlines that has also been adversely effected by imported products. Cement and clinker are commodities that have been subjected to increasing competition for imports. In fact, imports of cement and clinker were 1.22 million tons in May of 1985, a staggering 71 percent above imports a year earlier. Through May of 1985, year to date imports were 106 percent above the cummulative imports through the same time period in 1984.

Mr. Speaker, the rising imports of these commodities are just one more example of the void created by our country's lack of a comprehensive report and import policy. While the Federal Government stands idle, industries throughout the Nation, like the cement industry, are watching foreign imports increase by staggering proportions.

Our industries can compete with any industry in the world. All they are seeking is a level playing field.

The time has come for immediate action on a comprehensive and intelligent trade policy. Our domestic industries deserve nothing less.

MARK BLEVINS WINS SPIRIT AWARD

HON. TOM BEVILL

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. BEVILL. Mr. Speaker, I rise today to join my good friends at the Gadsden Goodyear Tire & Rubber Co., in congratulating Mark McKelvie Blevins for winning the plant's 1985 Spirit Award. Mark is an outstanding employee and all of us in the Fourth District of Alabama are proud of him for his outstanding service to his community and his hard work on the job.

Following is an article about Mark which appeared in the September Gadsden edition of the Wing Foot Clan, a newsletter circulated by Goodyear.

MARK BLEVINS IS SPIRIT AWARD WINNER

Mark McKelvie Blevins is the Gadsden plant's 1985 Spirit Award recipient. The search in Gadsden began in August for the plant's "most spirited" employee.

Blevins and the other 19 nominees were invited recently to a breakfast at the Clubhouse for the naming of the winner. The 20 nominees are Gadsden's "most spirited paragons." Each exhibits excellence in church, civic and Goodyear endeavors. The joint union-management Spirit Award Selection Committee attended the breakfast with the nominees.

The 1984-85 Top Ten Club sponsored this first affair at Gadsden to honor all the nominees. Top Ten officers attending were President Darrel Faulkner, Vice President Erston Burger, Treasurer Mike Nunn, Secretary Gary Phillips and Chaplain Richard Gilbert. Gadsden Spirit Award Coordinator Joe Smith emceed the program.

Production Manager John Orr and Radial Division Production Manager Brant Schnackenberg presented the 1985 Spirit Award medallion to Mark Blevins. Orr and Schnackenberg told the nominees all were winners in the fact that their co-workers took the time to recognize them for their accomplishments.

Blevins accepted the medallion on behalf of individuals at Goodyear, his church, the state PTA, the Boy Scouts and Alabama Farm Bureau—all of whom have been supportive in his varied achievements.

The Radial Division's Lilly Ledbetter nominated Blevins for the Spirit Award. Blevins' nomination began, "Mark has accomplished and contributed more to his fellowman in his 38 years than most people do in a lifetime. He has an outstanding record of involvement in civic, youth, governmental and political and political groups, church and his job. He is truly a credit to Goodyear and his community. He is respected by many individuals from all walks of life, both on the job and throughout the State of Alabama for his endeavors to help others; especially young people. 'A man stands tallest when he stoops to help a little child' is his philosophy."

Blevins' belief that every child should have the opportunity to get an education led him to promote "adopt a needy child" at his church whereby money was given to buy new clothes and shoes for needy children making them feel equal to other students . . . he is responsible for other churches' starting this type program.

SCHOOL BUS SAFETY

The Alabama PTA organization is better because of Mark Blevins. He is the only person in PTA history to serve more than two years as State Chairman. For four years Blevin was Safety Chairman. His track record is enviable . . . the most significant being the bumper sticker—Stop for School Buses!

Mark was driving home one morning after working third shift in the Radial Division, and observed a motorist nearly hit several children leaving a school bus. Thus he designed a bumper sticker to call attention to the danger when children are boarding or leaving school buses.

To increase public awareness, Mark persuaded Alabama Farm Bureau to sponsor this bumper sticker. Because of Blevins efforts, these stickers can be seen on vehicles all over Alabama. They were also taken to the National PTA Convention in Las Vegas, Nevada, and Washington, D.C. Over 40,000 of these bumper stickers were printed. Statistics show there have been no school bus fatalities since this program was initiated.

Blevins has 12 years service with Goodyear. He currently is a white sidewall inspector on D crew in Department 555 of the Radial Division.

Behind every good man there is a good woman. Mark's wife, Mary, has particularly been involved with him in church and PTA work. The Blevins have two sons, Bryan Mark and Clay Micah.

A number of letters of recommendation were received commending Blevins. The letters were part of a portfolio of information sent to Akron to Director of Domestic Tire Production Jerry Butcher. Blevins is under consideration for further advancement in the Spirit Award program.

Accolades from E.E. (Red) Cox describe best Gadsden's 1985 winner. Cox said, "Mark is a Christian gentleman, filled with not only the Goodyear Spirit but the Holy Spirit as well. He is a leader of men and working diligently for the things he believes in.

"During my 47 years in Washington as a public servant, I have been associated with some great men, most of whom had a blemish or two. I can truthfully say that Mark is a man without a single blemish. To put it like it is, he is a top-notcher!" Cox concluded.

Cox was former Congressman Albert Rains' chief administrative assistant for 20 years.

Mark's favorite Bible verse is Proverbs 22:6—"Train up a child in the way he should go; and when he is old, he will not depart from it". Mark Blevins has transferred this belief to his community through all the effort he has put forth to help others.

Mark Blevins said in accepting the Spirit Award, "In everything I try to do, I do it with a silent prayer in my heart; and I feel that if it is meant to be, it will get done."

H.R. 3742, CRIMINALS' ACCOUNTABILITY ACT

HON. JOHN G. ROWLAND

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. ROWLAND of Connecticut. Mr. Speaker, on November 13, I introduced the above-titled legislation.

Very simply, H.R. 3742 would make court-ordered restitution payments nondischargeable in bankruptcy proceedings when the individual involved has been convicted of a crime and the restitution order is a result of that fact.

This proposal stems from a decision which was rendered by the Second Circuit Court of Appeals in New York on October 29. That decision held that a woman in my State, who was convicted of larceny as a result of her defrauding the welfare system, could evade having to repay the $9,932.95 involved after she filed bankruptcy. (In Re: Caroly Robinson, Docket 84-5077).

While there are several circumstances unique to this case, the bottom line is the court's decision hinged on the fact that "court-ordered restitution" is not specifically listed in the statutes as being a nondischargeable debt for bankruptcy purposes.

The court's decision inferred that the legislative history of the bankruptcy law was such that Congress had intended to exempt from discharge only those debts which were specifically listed in statute. Since restitution is not among such nondischargeable debts as student loans, child support payments, and taxes, the court felt compelled to rule in Ms. Robinson's favor and thereby allow her to avoid complying with a prior court order that she make restitution for the welfare payments she fraudulently obtained.

In a concurring opinion, Judge Walter Mansfield commented upon the potential ramifications of the court's opinion: "The convicted criminal will simply use bankruptcy to escape the obligation to make criminal restitution payments ordered by the court. I hope Congress will remedy this unfortunate loophole."

I agree with Judge Mansfield and that is why I have introduced H.R. 3742. Frankly, I am afraid that unless the Robinson decision is overturned by the Supreme Court, or unless Congress amends the bankruptcy laws along the lines of H.R. 3742, we will see an avalanche of cases whereby convicted criminals will seek to avoid making restitution to the person or persons they harmed simply by filing bankruptcy. Unless Congress takes some type of action, persons convicted of crimes such as murder, rape, robbery, hijacking, and so forth, will be able to cite the Robinson case in their attempts to skirt around restitution orders by filing bankruptcy.

In support of this legislation is Connecticut's leading prosecutorial authority, Chief State's Attorney John J. Kelly. I recently received the following letter from Mr. Kelly

which elaborates on the potential ramifications of the Robinson case. Following that is a copy of H.R. 3742 and a copy of the statement I issued to the press upon introducing the legislation. I would invite cosponsorship of the proposal.

STATE OF CONNECTICUT,
DIVISION OF CRIMINAL JUSTICE,
Wallingford, CT, November 15, 1985.

Hon. JOHN G. ROWLAND,
U.S. Representative, Cannon House Office Building, Washington, DC.

DEAR MR. ROWLAND: On October 29, 1985, the United States Court of Appeals for the Second Circuit decided in *In re Robinson*, No. 84-5077 (2d Cir. Oct. 29, 1985), that a state criminal restitution order, imposed as a result of a conviction for welfare fraud, is dischargeable as a debt in bankruptcy. In a concurring opinion, Judge Mansfield observed that as a result of the decision "[t]he convicted criminal will simply use bankruptcy to escape the obligation to make criminal restitution payments ordered by the court." Judge Mansfield expressed the hope "that Congress will remedy this unfortunate loophole." I write to ask for your assistance in introducing, sponsoring, and supporting remedial legislation.

The Second Circuit's opinion has widespread ramifications. It directly affects criminal cases in Connecticut, New York, and Vermont, although it will surely be followed by courts in other states. While the case before the Second Circuit involved a sentence of restitution imposed by a state court, logically the ruling extends to restitution orders imposed by federal courts as well. The decision also impairs to a substantial degree the ability of crime victims to recover their losses. Indeed, under the court's ruling the absurd consequence is that in a welfare fraud case the taxpayers will have to pay for the defendant's crime. Finally, the decision can only erode public confidence in our judicial process, since it essentially creates an irrational revolving door system of justice in which a defendant receives a criminal sentence in one court and then receives immunity in another. I think you can see that, even if the state decides to seek permission to appeal the ruling to the United States Supreme Court, it is also essential that this loophole in the Bankruptcy Code be closed as soon as possible by the Congress.

If you can provide assistance on this important issue, please have your legislative assistant contact Assistant State's Attorney Carl Schuman in this office. I thank you for your cooperation.

Sincerely,

JOHN J. KELLY,
Chief State's Attorney.

H.R. 3742

A bill to amend title 11 of the United States Code to make nondischargeable any debt arising from a judgment or consent decree requiring an individual debtor to make restitution as a result of the commission of a crime by the debtor

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Criminals' Accountability Act of 1985".

SEC. 2. NONDISCHARGEABILITY OF CERTAIN DEBTS FOR RESTITUTION.

Section 523(a) of title 11, United States Code, is amended—

(1) in paragraph (9), as added by section 371 of the Bankruptcy Amendments and Federal Judgeship Act of 1984, is amended by striking out "or" at the end thereof,

(2) by inserting after such paragraph (9) the following new paragraph:

"(10) to the extent that such debt arises from a judgment or consent decree entered in a court of record and requiring the debtor to make restitution as a result of the commission of a crime by the debtor; or", and

(3) in paragraph (9) as in effect immediately before the date of the enactment of the Bankruptcy Amendments and Federal Judgeship Act of 1984 by striking out "(9)" and inserting in lieu thereof "(11)".

ROWLAND SEEKS TO PREVENT CRIMINALS FROM AVOIDING RESTITUTION TO VICTIMS

Congressman John G. Rowland, R-5th District, introduced legislation today to prevent convicted criminals from avoiding court-ordered restitution payments by simply filing for bankruptcy.

Rowland's bill, called the "Criminals' Accountability Act," would close a loophole in federal bankruptcy law that allows a wide range of convicts—from murderers and drug traffickers to persons who defraud the Government—to avoid the restitution payments.

"Current law sends the wrong message to convicted criminals. It says crime does pay," Rowland said.

Rowland said he was "disgusted" at the thought of violent criminals, such as someone who commits murder or rape during the course of a robbery, being allowed to keep their victims' money or possessions.

"We make a mockery of victims' compensation laws by allowing criminals to thumb their noses at court rulings," Rowland said.

The 5th District Congressman, who has introduced legislation to combat corporate and welfare fraud, said he was also "outraged that someone who steals from the taxpayers could conceivably be permitted to keep the money."

Rowland referred to an Oct. 29 decision by the 2nd Circuit Court of Appeals in New York that allowed a woman convicted of collecting $9,932.95 in illegal welfare benefits from Connecticut to avoid repayment after she filed bankruptcy.

"An avalanche of similar bankruptcy petitions could be filed by convicted criminals around this country who will seek to avoid repaying their debt to society," Rowland said.

Rowland's legislation would force compliance with any restitution order—making it, in legal terms, "non-dischargeable" in bankruptcy proceedings—when the debt is a direct result of a criminal conviction.

Under the current federal bankruptcy law, certain types of debts, such as student loans, child-support payments, court fines, and delinquent taxes, cannot be forgiven.

"I see no reason why this list should not include court-ordered restitution to the victims of a convicted criminal," Rowland said.

The Circuit Court of Appeals decision specifically referred to the absence of such a provision in the bankruptcy code as a "loophole," and—in a rare move—asked Congress to close it.

In a concurring opinion, Judge Walter Mansfield stated that unless Congress amended the law along the lines of Rowland's bill, "The convicted criminal will simply use bankruptcy to escape the obligation to make criminal restitution payments ordered by the court."

Rowland's bill, H.R. 3742, is expected to be referred to the Judiciary Committee for further consideration.

KEEP FEDERAL AFFIRMATIVE ACTION STRONG

HON. DON EDWARDS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. EDWARDS of California. Mr. Speaker, there has been an ongoing debate over the past few months whether the Government should continue to require Federal contractors to use affirmative action to create job opportunities for women and minorities. Proponents of change within the Reagan administration claim that the heart of affirmative action's success, setting numerical goals and timetables, has turned into the use of fixed and rigid quotas. American business, they say, wants to do away with this requirement.

During the Thanksgiving recess, the New York Times published an insightful opinion piece on affirmative action, by Ralph P. Davidson, chairman of the board of Time, Inc. Mr. Davidson eloquently expressed the views shared by most corporate leaders today: affirmative action works and is still necessary to break down historic barriers of discrimination. I am pleased to share this article with our colleagues.

[From the New York Times, Nov. 25, 1985]

KEEP FEDERAL AFFIRMATIVE ACTION STRONG

(By Ralph P. Davidson)

Imagine a Government program that's been supported by five Presidents, Republicans and Democrats in both houses of Congress, the A.F.L.C.I.O. and the National Association of Manufacturers. Imagine, too, a program credited with increasing the participation of women and minorities in our economy at small cost to taxpayers. Such a program, combining the goals of social justice with economic common sense, might seem as abstract ideal. It already exists. It's called affirmative action.

Affirmative action was set in place almost a quarter century ago by President John F. Kennedy and strengthened by the executive order signed into law by President Lyndon B. Johnson in 1965. Since then, affirmative action has proven it worth, using the leverage of Federal contracts and public investment to create equal job opportunities and thus translate the dreams of the civil rights struggle into reality.

Now there's pressure in the Administration to change the executive order by removing the statistical measurements—the "goals and timetables"—that give affirmative action its teeth. Proponents of this change base their case on three major points.

First, they argue that the order creates racial "quotas"—fixed and unalterable percentages to be met at any cost. "Quota" is a word that rankles and outrages many people, and if the order had in fact established quotas, pressure to rewrite it would have arisen long ago.

But this hasn't been the case. Most companies supported—and continue to support—the executive order. Why? For the simple reason that affirmative action isn't a

bureaucratic inquisition aimed at enforcing a quota system. It hasn't meant the imposition of inflexible numbers. What it has meant is that those doing business with the Government must demonstrate a "good faith" effort to giving women and minorities a fair share of the opportunities generated by Federal contracts. Instead of coercing businesses to follow a course they would otherwise resist, this requirement has, in many cases, reinforced already existing private sector affirmative action programs.

Second, opponents of the executive order complain that it constitutes a hidden tax, adding needlessly to the expenses of companies forced to keep records of their attempts to comply. But this ignores the fact that most companies routinely establish explicit goals to be met within prescribed periods of time. "Management-by-objective" isn't a creature of affirmative action. It's a tested business technique; and, as applied to hiring, it's an effective way of tapping new talent and opening avenues for those who, no matter how talented or ambitious, were denied advancement because of race or sex.

The third objection is that affirmative action is unnecessary. Now that de jure discrimination has been dismantled, the argument goes, the way is clear for women and minorities. The free market will do the rest.

In a time of economic growth and relative prosperity, it's tempting to believe this. Unfortunately, the statistics tell another story. While the proverty rate recently showed an over-all decline, it's still significantly higher than a decade ago. The rate for Hispanics actually rose. Unemployment is more than twice as high for blacks as for whites. Female-headed households still make up the bulk of the disadvantaged.

The bottom line is that the same people who suffered the most from the deep cuts in social spending of the past few years—in housing, education, job training, nutrition, child care—also profited the least from economic growth. For most of them, there is no fabled ladder of economic opportunity but rather a treadmill of underemployment and joblessness, of opportunities forever beyond their reach.

Any change in the executive order would only deprive us of one of the few proved and practical means we have of helping people stand on their own feet. It would open the way for the slow unraveling of all the hard-won gains of the past two decades.

Two centures ago, Edmund Burke pointed out that "a state without the means of some change is without the means of its own conservation." Affirmative action is the means of constructive change. With it, we can continue to open doors to those long denied the opportunity to compete. The executive order should be affirmed. The door should not be closed.

SUE ROSE SAMUELS: COMMUNITY LEADER

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. LEHMAN of Florida. Mr. Speaker, every community develops leaders with the vision and energy to improve the quality of life and shape the future. In Dade County, Sue Rose Samuels is one of these leaders.

Sue Samuels really cares about people. She has an unshakable belief in family and human dignity and has done much to help those in south Florida who most need help. She changed the course of her life after raising a fine family and became a successful attorney with an active and unselfish interest in community affairs. The people of Dade County are better off today because of her efforts.

Through her work as chairman of Dade County's Public Health Trust, she has been a key player in providing quality health care to rich and poor alike. Despite her success, she has sought no public recognition or personal glorification for herself.

Sue is also my friend. Our district office is fortunate to have her law firm as our upstairs neighbor.

State law prohibits Sue Samuels from continuing on the Public Health Trust board in a formal capacity, so she will continue to contribute as a nonvoting member of trust committees. Sue is a marvelous personal symbol to us all, and I wanted to share with my colleagues an article about her which appeared in the Miami Herald.

The article follows:

STEERING A SINGLE, STEADY COURSE THROUGH LIFE

(By John Arnold)

(For nine years, Sue Rose Samuels has guided Jackson Memorial Hospital. And she has charted her life with a sure hand.)

At age 35, housewife and mother Sue Rose Samuels began to think about her future. He oldest child was 15 and all of her children were headed for college. She didn't want to be the only one in her family without a college degree.

She consulted the family budget. "Who can afford the University of Miami with three kids?" she asked herself. So it was Miami-Dade Community College and Florida Atlantic University.

After that, it was law school. And why not? She would be 43 when she got out. A friend urged her: "Everyone will think you've been practicing for 20 years."

That was exactly what happened. When Sue Rose Samuels began the practice of law, she began with real estate closings. "And right away, everybody thought I knew what I was doing." Since then, according to people who know here, there have been a few times when she has not known what she was doing.

She has navigated through life among jagged rocks and uncharted shoals. She has steered a single, steady course.

At age 56, she is retiring as chairman of Date County's Public Health Trust, the powerful, little-known agency that oversees Jackson Memorial Hospital and its $296 million budget. She has helped build buildings, helped fund medical research and protected the legacy of a public hospital devoted to caring for rich and poor with equal quality.

She was there as waves of Haitian and Cuban refugees flooded the country and inundated its social service agencies. She was there as riots erupted in the county's poorest neighborhoods.

She carried on through the deaths of her son in an auto accident four years ago and of her husband from cancer a year ago.

One of her fans is Miami Dolphins owner Joe Robbie, a fellow member of the Public Health Trust.

"Sue Samuels is one of the most dedicated public servants I have observed in my time on the Public Health Trust or during my career in public life.

"She and I shared the same notion that the mission of Jackson Memorial Hospital is to take care of indigent patients and emergency patients and to relieve suffering," Robbie said.

Sue Samuels and Joe Robbie disagreed about one thing over the years; the importance of the Miami Dolphins. "It never dawns on me that people watch football," she said. "I'm not a football fan."

She will tell you that she is no great reformer. During nine years as a member of the health trust, she has been guided by a sense that families are the most important elements in most people's lives. She has worked on behalf of families too broken or too poor to fend for themselves.

Her training in that regard came during two years she spent as an anti-poverty lawyer in a Liberty City legal services office before her appointment to the trust.

"You learn what Jackson is all about from working in the ghetto," she said.

One of her cases took her to an apartment where the building's septic tank was backing up into the the living room. The tenants were asking for repairs. "Can you imagine what that smelled like? And they were raising babies in there. . . That's when you begin to realize what a struggle it is for some people just to survive.

"Going to work every day in Liberty City really changes your viewpoint."

When she began her legal work for the poor in 1973, Jackson was the county's only hospital for the indigent, and it still is. There was thinking then, and there still is thinking now, that Jackson might pay its bills better if a private wing were set aside to attract affluent patients. It is an idea she has always opposed.

She got her appointment to the health trust in 1976. She had served on two Health Systems Agency advisory committees and had done her homework.

Fred Cowell, executive director of the trust, said: "She's always really believed deeply in what Jackson Memorial Hospital stands for in the community. And that is best expressed in the policy the trust established a decade ago—a single standard of care for all patients regardless of their financial situation. Sue Samuels has worked very hard to make that the case for every patient who has checked into the hospital.

A former colleague on the trust, Kay Fahringer, said: "I remember very much when I was elected as the first woman chairman of trust. And Sue was very excited about that. She said to me, 'I want to be the second woman chairman.' I knew she would be, and she was."

Sue Samuels has been a single-purpose person through her life, taking one thing at a time and doing it well. "First it was her family, then it was her education, then it was building up her practice and then her position on the trust," said a friend, former Metro Commissioner Ruth Shack.

During her nine years on the trust, Jackson has built a west wing, the east tower to house maternity and child care units, a new emergency room and a parking garage. It built a physical rehabilitation center and it has established an ambulatory care center to eliminate long waiting periods for non-emergency patients such as a mother who wants help for her colicky baby.

More than 13,000 babies a year are delivered at Jackson.

"Jackson is a positive statement," she said. "The community is big enough and wealthy enough to take care of its lowliest in the most elementary of their needs. This

is the richest country in the world. If we can't do that, then what is it all about?"

When her husband of 36 years became ill with cancer, the family sought care for him at Jackson. "They took care of my husband through 3½ years of cancer. The quality of people at Jackson who care very deeply is really impressive."

Her two grandchildren were born at Jackson. She has two daughters, a sculptor and an architect, and a younger brother who works in the Dade County budget office as special projects manager. Her parents also live in South Florida.

David Grober, her brother, said: "She helped raise me. We're the first generation of a immigrant family. Both our parents were immigrants from Russia and neither one had the opportunity for an education. And yet they instilled in us the need for education and the sense of obligation both to the community and to the family."

Her law practice might offer the best insight into Sue Samuels. She is practicing divorce law. "But she's into family counseling as much as family law," Shack said. "She's as much a psychologist and sociologist as she is an attorney."

Said Samuels, "Family is what gets you through. I don't know what people do without their families around. You can't have enough family."

With her retirement, forced by a nine-year limitation on Public Health Trust appointments, she will continue an association with Jackson as a nonvoting member of trust committees.

One day, she might decide to seek election as a judge, she said.

Joe Robbie had a thought on what she might do with her spare moments: "Maybe she'll have more time for football now."

ROAST GOOSE, SOUTH DAKOTA STYLE

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. DASCHLE. Mr. Speaker, today I would like to bring to my colleagues attention a refreshingly, innovative technique in the marketing field. Last year South Dakota goose producers were caught with a surplus of over 10,000 birds, due, in large part to the excessive amount of frozen Canadian geese that were shipped south to take advantage of the strong U.S. dollar.

Our growers were faced with a grave economic crisis, but instead of letting the situation triumph over them, they took control of it. The South Dakota Goose Association hired an ad agency, and hit the road with three refrigerated "goose-mobiles," selling the geese from town to town.

In the 14 days preceding Christmas, the SDGA had sold 50 percent of their surplus, or 5,000 geese. Not only was this advantageous for the growers, but it also gave people, some for the first time, a taste of roast goose for the holiday season.

I commend the association's efforts and innovation in the marketing of their product. Their commitment to the goose industry and to South Dakotans alike has been a positive reinforcement for others who are involved in similar ventures.

It is also increasingly apparent that even at this level of marketing we are still in dire need of more practical and less volatile trade regulations. It is deplorable that our markets have become so saturated with imported geese.

Mr. Speaker, at this time I submit the following article for inclusion in the CONGRESSIONAL RECORD.

The article follows:

[From the Farm Journal, November 1985]

GROWERS "GOOSE-UP" THEIR MARKET

(By Ralph Watkins)

Last year, South Dakota goose producers had a surplus that would make dairy farmers think they were on easy street. They were stuck with 10,000 unsold birds that had already been custom processed.

Canadian-grown frozen honkers flew south in great numbers to take advantage of the strong U.S. dollar. South Dakota growers found the short-lived holiday goose market heavily saturated.

And due to the limited, seasonal demand for goose, no processor would buy the overage at any price. Expensive frozen storage was staring producers in the face.

But instead of giving in, the growers got busy, and sold their surplus frozen geese themselves, town to town.

The 30-member South Dakota Goose Association hired an ad agency, got the governor's support, and hit the road with their three refrigerated "goose-mobiles."

In the two weeks before Christmas, the goose surplus shrunk by 5,000, or 50%, one bird at a time. And a lot of city and small-town South Dakotans, many who otherwise wouldn't have, were introduced to roast goose for the first time during the holidays.

"We made a lot of new friends, for geese," says association President Tom Neuberger, McCook County farmer who hatched the idea.

"Our ad agency did a follow-up survey, and 53% of the buyers had never purchased a goose before. More than 80% said they'll buy again when our goose-mobile returns."

The goose-mobile will return, vows Neuberger. The association bought the trio of used trucks for $5,000. The group plans to capitalize on their favorable publicity when the winter holiday season returns.

Manned by one or two producers per truck, the late-start effort last December hit 270 towns and cities. The goose-mobile's arrival time and parking place in each town was heralded in newspaper ads.

The ads told readers to "Support a South Dakota industry," and gave price per pound for the frozen birds. Buyers were handed recipes and other goose-related information.

"People were lined up waiting in many towns," reports Neuberger, who had been test-selling his own geese door-to-door in nearby northwestern Iowa. "Our goose-mobile idea really caught on. The trucks were identifiable, and we put out large portable signs."

To make sell-it-yourself work, "You need to achieve a novelty effect," Neuberger says.

"We got no static from supermarkets about taking their sales," he adds.

Such sales efforts are time-consuming and hard work, says Neuberger. Four association directors and one other member did the goose sales work, receiving no wages for their time. But 28 members' geese were sold. Processing and marketing are done cooperatively, although members retain ownership.

"There just wasn't time to get everybody involved. We expect to get greater member participation next time," he contends. "Over the long pull, members will either need to participate or pay."

Along with several planning meetings, the men put in about 300 hours.

They think their self-help effort was a success. A big chunk of the surplus was converted to cash.

The advertising and publicity budget, however, was $8,500. Production, processing and storage expense in each bird had climbed to over $16, and they sold for only $15. So the sales effort didn't generate a profit.

"No problem!" says Neuberger. "We can certainly bring about cost reductions, and can increase sales next time. We can get into the profit column next year.

"We can start earlier, be better organized, perhaps even expand across the U.S.," he says. "We can sell at $1.35/lb., our price last December, and make a good profit."

Neuberger finishes 500 geese or so a year, along with backgrounding beef calves. Because U.S. annual per-capita consumption of domestic goose is well under a pound, most goose producers have other farm enterprises.

ERNEST V. KUCHINSKAS—OUTSTANDING FEDERAL EMPLOYEE

HON. PAUL E. KANJORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. KANJORSKI. Mr. Speaker, I am pleased to share with you some good news about our Federal Government. This good news comes in the form of an outstanding Federal employee, Ernest V. Kuchinskas, of Trucksville, PA, who began his esteemed career with the Federal Government in June 1940 when he enlisted in the U.S. Army. He will be retiring effective January 3, 1986, and a testimonial dinner was given on his behalf Saturday, November 30.

After 20 years of service in the Army, Mr. Kuchinskas retired as a major and began his service as an administrative technician with the 814th Supply Company located in Bloomsburg, PA. Throughout his career he has devoted considerable time and effort in improving his skills by taking special classes and assuming new responsibilities. Through his efforts, the center's energy consumption was reduced by over 60 percent. Recently he saved the Government over $20,000 by having reservists paint the Reserve center instead of a hired contractor. A comment from a local attorney who once worked with Mr. Kuchinskas indicates the high esteem in which he is held: "I have no doubt that, if we had a few thousand more individuals like Mr. Kuchinskas in the Defense Department, we would have a balanced budget tomorrow."

Mr. Speaker, we in Congress talk a lot about ways to control Federal spending and create a more efficient Federal Government. Mr. Kuchinskas has been working to do just this for the past 45 years, and it is a great pleasure to have this opportunity to commend him for his fine career. Although the 814th Supply Company will

surely miss the leadership of Mr. Kuchinskas, his distinguished career provides a lasting example for others to emulate. I am proud to draw the attention of my colleagues in the House of Representatives to the accomplishments of Mr. Kuchinskas, who represents one of the greatest resource our Federal Government possesses—our dedicated employees.

WNWK: NEW YORK CITY'S POLYGLOT STATION

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. SCHEUER. Mr. Speaker, I would like to bring to the attention of my colleagues the story of an unusual and delightful radio station which broadcasts from New York City, WNWK. Broadcasting programs in more than 40 languages, WNWK is also unique in that its FCC license requires it to donate 80 percent of its profits to public service projects. Last year, WNWK donated some $200,000 to charitable causes throughout New York City.

Given New York City's multi-ethnic character, WNWK provides a public service which is second to none and one which sets an example for radio stations throughout the Nation. I am certain that my colleagues will be interested in the following feature on WNWK which appeared in New York's Daily News City Lights section on November 3, 1985.

[From the New York Daily News, Nov. 3, 1985]

WNWK: N.Y.'s POLYGLOT STATION

(By Bill Bell)

Yes, sometimes things can get a bit sticky at WNWK, the "Station of All Nations" at 105.9 on the FM dial. Like the time the right and left wings of Haiti's only political party took to the air with their differences.

"The commentator for the right would say something very personal, outrageous, totally inflammatory," says Guy Le Bow, chairman of the board at WNWK. "Then, the commentator for the left would do the same, only louder."

Much of the station's audience never knew what all the shouting was about, because both men were speaking Creole.

Welcome to one of the city's cultural and commercial oddities. Although WNWK's city of license is Newark (hence the call letters), it broadcasts from studios on Madison Ave. The station is a Melting Pot wonder featuring 41 languages, running alpbabetically from Albanian to Yiddish.

"It's more than that, if you count English with a twist," says Le Bow. "A twist of Jamaica, a twist of Ireland, a twist of India." And in Le Bow's case, a slight twist of upper East Side.

This is the station with the soccer scores from Romania and Greece, the newest song hits of Italy and Spain, the news from Israel and Iran, and the voice for the homesick Pakistan, Poland and Peru. It is the station diners hear in countless ethnic restaurants in New York.

Its list of program personalities reads like the Notre Dame lineup: Udayabhanu Prabhakaran. Budimir Sreckevich, Vera Svrgovska, Ghazi Khankan, Bibiana Fermoselle de Briques, Lefteris Hadjioannon, Gjeto Sinishtaj, Varikes Baboghlian.

Oh yes, and actress Helen Hayes, who hosts "The Best Years," a daily five-minute senior citizens program.

"I'll tell you how diverse we are," says Le Bow. "We have 18 airlines among our advertisers."

There are several other New York stations with foreign language programming, including WEVD (owned by the publisher of the Jewish Daily Record, a newspaper), and the all-Spanish WJIT. But nobody comes close to matching WNWK's polyglot output.

"We don't have any Chinese programs, and we don't have any French, which surprises a lot of people," says Le Bow. "We could, but I don't know where we'd fit them in. We've got a waiting list for air time."

The station, which until recently used WBHI as its call letters, is owned by Global Broadcasting Inc. Global was formed two years ago with Le Bow as chairman; Emil Antonoff, a former member of the Bulgarian parliament, as president, and Raul Alercon Jr., a Cuban broadcaster, as vice president.

"Nobody's getting rich," says Le Bow. "But we give ethnic businessmen an advertising outlet they can afford." (Rates run $40 to $60 for a 60-second spot, with discounts for ads aired between midnight and 6 a.m.)

The station is not "commercial" in the usual broadcasting sense, because it doesn't do its own programming. It instead leases air time to ethnic producers and packagers, who put the programs together. These outsiders raise the money they pay for air time. (Buddhist community donations, for example, finance a weekly Japanese language religious program.)

In any case, the Federal Communications Commission requires that WNWK donate 80 cents of every dollar in profits to public service projects. The station donated $200,000 last year.

"New York is still a city of immigrants," says Le Bow, "and even among later generations, there is a surge of nationalism and a yearning to hang onto the old ties."

BOB MORIN, BUSINESS LEADER OF THE YEAR

HON. GUY VANDER JAGT

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. VANDER JAGT. Mr. Speaker, I wish to bring to the attention of my colleagues in the Congress the signal honor that was recently bestowed upon my friend, Bob Morin, who has been selected as "Business Leader of the Year" by the Muskegon Area Chamber of Commerce of the Ninth Congressional District of Michigan.

Bob is an outstanding businessman who has set an example of sound judgment and sure community leadership. It is with great pleasure that I offer the following newspaper article that appeared in the Muskegon Chronicle on November 7, detailing Bob Morin's selection as "Business Leader of the Year." I know that my colleagues will join me in saluting him and in congratulating him for his many outstanding career accomplishments.

[From the Muskegon (MI) Chronicle, Nov. 7, 1985]

WELL DONE, BOB MORIN, YEAR'S TOP BUSINESSMAN

Robert G. Morin, immediate past chairman of the Muskegon Area Chamber of Commerce, was deservedly honored Wednesday by his selection as "Business Leader of the Year" by the Chamber group. During his term as chairman, the Chamber was among a select group honored at a White House ceremony with a "Presidential Citation for Private Sector Initiatives"—most appropriate for the organization, and for Morin, personally.

Morin, president of Hunter-Hughes Inc., has a solid record of public service and civic involvement. Some highlights of that record include leadership roles in the local unit (former president) of the American Cancer Society, United Way, New Muskegon, Muskegon Economic Development Commission, Muskegon General Hospital Board of Trustees, and terms as councilman and mayor of Roosevelt Park.

Morin also is spearheading the effort to bring the USS Silversides and the Great Lakes Naval and Maritime Museum to Muskegon from Chicago. We would add, as a personal note, that he has come across for years as one of the most outgoing, hard-working, optimistic, enthusiastic and productive community boosters we've had the pleasure to know. He radiates a wonderful spirit that is infectious. The entire community is the better for Bob Morin's presence.

THE IDEA BEHIND THE STARS IN OUR FLAG

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. LAGOMARSINO. Mr. Speaker, the American flag has long been a symbol of the pride and spirit of our Nation. I would like to bring to the attention of my colleagues an article regarding the American flag written by Frances Newton and published in the Magazine of the Los Angeles Times on February 19, 1939. This article recounts the idea behind the stars in our flag, an idea which was established by a congressional act of June 14, 1777, as being not only an insignia of a great and powerful people but also a representation of the birth of the first nation on Earth dedicated to personal and religious liberty.

The article follows:

[From the Magazine of the Los Angeles Times, Feb. 19, 1939]

WHY ARE THEY STARS

(By Frances Newton)

I haven't been here very long. Technically, I am a foreigner—a friendly foreigner from one of the friendly countries. And I have married an American.

It is not likely that I shall ever live in my own country again and, following the customs of my people, I must accept the laws and traditions of my husband's country and become a citizen. Changing one's nationality, however, is for the mature person something that is not lightly undertaken and I felt I should not only examine myself, but

the country whose citizenship I was to embrace.

Where should I begin?

It seemed simple. First, I should have to swear allegiance to the American flag.

I looked at it flying high in the breeze over Fifth Avenue.

Stars and Stripes! The stripes didn't seem particularly significant, but the stars did.

Stars in the Flag!

Why stars? I wondered. Did they have some special significance, some symbolism?

My friends explained, "There is a star for every state and there are forty-eight states."

"But why stars?" I asked.

They looked a little puzzled, as people will when pressed for an explanation of something they think they have always known, and told me again that each star represented a state. They thought the answer should satisfy me as it had satisfied them. I asked the children I knew. They gave the same answer . . . "A star for every state."

I went to a public library. Even in that storehouse of knowledge, no one could answer the question any better than my friends or the children.

Knowing something of this country's struggle for democracy, I couldn't believe that the stars just happened in the Flag. Knowing also that in ancient Egypt, India and Persia, that star was a symbol of sovereignty and dominion, it did not seem possible that they could mean the same thing in the American Flag. Neither "sovereignty" nor "dominion" seemed democratic to me. At last I found the answer. And though I have found more in other volumes, I am sure that nowhere is it interpreted so simply and movingly as between the covers of a little book, "The Flag of the United States, Its History and Symbolism," by Colonel James A. Moss.

"The reason why our forefathers placed stars in our National Emblem is given in Congressional act of June 14, 1777, which adopted the Flag and which prescribed 'that the Union be thirteen stars in a blue field representing a new constellation' . . . symbolizing as previously stated, stars in the heavens . . . signaling to mankind the birth of the first nation on earth dedicated to personal and religious liberty; a sanctuary to which men and women the world over, oppressed because of religious and other beliefs, might take refuge and enjoy Life, Liberty, and the Pursuit of Happiness."

All other nations had been formed for power, for aggrandizement.

This one was for Life, Liberty, and the Pursuit of Happiness.

It was a star moving ever westward that led the Shepherds and the Wise Men to Bethlehem, to the birthplace of Him who was to teach a new philosophy and give to men a new moral code, a code of love and kindliness in place of cruelty and greed.

It was a star by which mariners set their course across troubled seas to discover the new land. * * *

It is a star that heralds dawn and twilight.

Thirteen stars in a blue field representing the rise of a new constellation in the Heavens, signalling to mankind the birth of the first nation on earth dedicated to personal and religious freedom. This was the answer to my question, "Why stars in the Flag?"

When Congress wrote the words of the Act, they were a challenge to the old world and a promise to the new. Today, they remain a challenge and a promise, more timely than ever. In a world gone mad, the symbolism of the stars pledges that in one country, at least, sanity and decency shall prevail.

To me the Flag is no longer a gallant arrangement of colors, the insignia of a great and powerful people, it is a magnificent expression of exalted human aspiration.

A COURAGEOUS LADY

HON. JERRY LEWIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. LEWIS of California. Mr. Speaker, I wish to bring to the attention of my colleagues the courageous testimony of Norma Lagomarsino, wife of our colleague from California. Her action promoted the following editorial from the Ventura Star-Free Press newspaper which I believe summarizes the deserved attention and applause of this body.

A COURAGEOUS LADY

We salute the forthrightness and courage of Norma Lagomarsino, the wife of U.S. Representative Robert Lagomarsino of Ventura, for her testimony last Wednesday before the Senate Labor and Human Resources Committee.

It requires bravery to sit before such an august body and recite the story of a son's struggle to overcome mental illness. That is what Mrs. Lagomarsino did, telling the sad truth of a dozen years or more spent in trying to deal with a schizophrenic young man.

Her purpose was to encourage the national legislature, in which her husband has served for 12 years, to increase research funds for the National Institute for Mental Health. In this quest she has been joined by half a dozen wives of Senate and House members, some of whom also have had family association with mental illness. Theirs is a cause that has rallied widespread support far beyond the national capital.

"I used to ask myself what I had done wrong to cause him to act the way he did," Mrs. Lagomarsino told the Senate hearing in recounting her son's troubled ways.

Happily, he has made a fine recovery and now, at 34, has been able to get his life in order. The emotional toll of his mother and her congressman husband has eased at last.

Norma Lagomarsino's testimony did more than lend support to research at the Institute for Mental Health. It also helped to erase the persistent stigma of mental illness through public education and awareness of the condition in families at every social and influence level. And it spoke strongly in support of state institutions, such as Camarillo State Hospital, where expert care and treatment are available to treat the mentally ill and give them such new hope as Mrs. Lagomarsino's son now holds.

She has made a brave contribution, and for that we salute her.

SAINT JOSEPH'S CHURCH CELEBRATES 75TH ANNIVERSARY

HON. PAUL E. KANJORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. KANJORSKI. Mr. Speaker, it is great pleasure for me to take this opportunity to congratulate St. Joseph's Roman Catholic Church of Port Griffith, PA, on the occasion of its 75th anniversary. Originally founded by immigrants who settled in the Wyoming Valley, this church has endured tremendous hardships throughout its history. Despite overwhelming odds, the loyal congregation of this fine church has persevered and found greater strength of faith. I would like to share with my colleagues in the House of Representatives just one example of the inspiring faith, courage, and initiative of St. Joseph's.

In 1961, St. Joseph's was devastated by a mine subsidence disaster. Thanks to the leadership of the newly assigned pastor. Rev. Walter F. Skurski, funds to restore a place of worship for the 140 families who comprised the congregation were raised at an astonishing rate. Reverend Skurski launched a campaign to collect 5 million pennies, and the Wilkes-Barre Times Leader reported tremendous success in this effort. Contributions to the church skyrocketed, as the dedicated parishioners went to work to maintain their church.

The current pastor of St. Joseph's, Rev. Emil M. Hussack is justifiably proud of the distinguished history of his parish. Religious faith has played an important role in the development of our Nation, and the 75-year history of St. Joseph's Roman Catholic Church is testament to the continuing importance religion has in the lives of Americans. Mr. Speaker, I am honored to commemorate the diamond jubilee of the founding of St. Joseph's Church of Port Griffith.

TAIWAN INDEPENDENCE MOVEMENT

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. DASCHLE. Mr. Speaker, the U.S. Committee on Asia-Pacific Peace and Stability, an organization set up to foster contact between Americans and the people of Asia, has published a description of the Taiwan independence movement. This document was written by A. James Gregor of the University of California, Berkeley, and Maria Hsia Chang of the Hoover Institution, Stanford University.

In the interest of providing their point of view on this matter to my colleagues and the public, and reserving final personal judgment on its content, I am providing a summary of the abstract and conclusions of "The Taiwan Independence Movement: The Failure of Political Persuasion," by A. James Gregor and Maria Hsia Chang to be printed in the CONGRESSIONAL RECORD.

ABSTRACT

The Taiwan Independence Movement (TIM) developed out of the circumstances that followed the restoration of Taiwan to the sovereign jurisdiction of the Republic of China in 1945. Tensions between mainland-born Chinese and the local-born Chinese produced a revolutionary "national liberation movement" that has become increas-

ingly "Maoist" in orientation. Originally following an orthodox "Marxist" revolutionary strategy, the failure of the TIM to win support among the Chinese of Taiwan has led its leadership to make recourse to terrorist tactics. The change is understood to be the consequence of the failure of political persuasion and the inability of the revolutionary leadership to win support in an environment of expanding economic opportunity and surprisingly equitable distribution of welfare benefits. . . .

EXCERPTS FROM CONCLUSIONS

The decision on the part of the radical leadership of the Taiwan Independence Movement to embark upon a program of political terrorism creates a number of problems for both the authorities in Taipei and for the international community . . . For years a systematic effort has been made to reduce the occasion for negative publicity. Most recently, for example, in conformity with such an effort, General Wang Sheng, long identified with the more conservative and security-minded factions on Taiwan, has been posted to an ambassadorial post in far off Paraguay . . .

The relationship between Beijing and Washington has now become a fixture of U.S. East Asian policy. The issue of Taiwan remains an abrasive to that relationship . . . The unpredictable consequences of any terrorist activities in Taiwan might very well result in calamitous consequences. The security and stability of the entire region may very well fall hostage to the criminal behavior of a relatively few individuals, who frustrated by their failures to achieve an illusory purpose, might choose to threaten, by their terrorist acts, the political future and collective survival of the over eighteen million people on the island of Taiwan.

AN INTERESTING MEDICAL ANALYSIS

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. DOWNEY of New York. Mr. Speaker, I recently read an important and interesting examination of the President's health and his reactions to his cancer. The attached appeared in the September 15 Boston Globe, and I would like to commend it to the attention of my colleagues.

THE DANGER OF DENYING ILLNESS

(By Maureen Sayres)

It is my job to analyze people's responses to their illnesses, so I read recent interviews with President Reagan concerning his cancer with interest. His manner of response fits readily into a classic pattern often seen in men of his age. "I had 'cancer,'" he says, ". . . so I am someone who does not have cancer."

No, the fear of cancer will not intrude into his life. It's full speed ahead. Nancy is the worrier, he goes on to say." . . . I think I recovered far more quickly than she did from the shooting. . . ." The pattern is to minimize or deny the impact of the diagnosis and to disown the "worried" parts of himself, recognizing them only in his wife.

What is wrong with a little denial, especially in a world leader with an image to uphold? Once unpleasant realities have been faced, it can be very comforting to postpone thinking about them. This is, however, importantly distinct from denying their existence or impact.

In medicine, the toll of denial can be quite great. First, an individual may not take a diagnosis seriously enough to follow up on life-saving treatments. Premature or needless deaths may then occur; in the case of the president, this is unlikely given the public attention to his illness.

A second problem is that we are unfortunately not in a position to know precisely if we have or had cancer in these situations. Having cancer changes one's life, and it is important to acknowledge this fact.

Finally, denial can be contagious to caregivers, at times leading them away from important diagnoses.

It is an individual's "choice" to live his or her life with the best defenses that experience has taught him; some use many more defenses than others and some defenses are considered more pathological than others. What is alarming, though, is to see Reagan's personality malady become multiplied many times and to view it so clearly in his choice of national policies.

The president's refusal to acknowledge his own vulnerability parallels the rather serious inattention paid by his administration to the nation's less mighty, more vulnerable groups—the hungry, the homeless, the mentally ill, to name a few.

In essence, his inability to master his own vulnerability produces a leader who whets the omnipotent, indestructible fantasies in all of us, and leads us in ignoring the needier parts of our society. At worst, the attitude contributes to our great potential for self-immolation through nuclear escalation.

For too long, men like Reagan have left the job of "worrying" or admitting their own vulnerability or passivity to women. An integration of these characteristics in both men and women demonstrates maturity of character and implies higher development in a society.

Full development comes not from the avoidance or absence of difficulties, but from adapting to each reality in one's life. The patient who is bit "down" after a heart attack is much less worrisome than the one who is all smiles and business as usual.

It is time to stop ourselves from heading down this tempting but destructive path of denial; full integration involves taking responsibility for both the passive and active, frightened and courageous parts of ourselves.

INVESTING IN SIXTH GRADERS

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. WIRTH. Mr. Speaker, a New York City entrepeneur by the name of Eugene Lang has received a great deal of attention lately because of a promise he made to a group of sixth graders at a scruffy Harlem elementary school back in 1980.

Mr. Lang was visiting their school, P.S. 121, to talk to them about how he had attended the same school more than 50 years before and through hard work and attention to education, had become a multimillionaire. At the last minute, he decided to abandon his planned speech and instead, promised those 61 students that if they would stay in school and graduate from high school, he would personally pay for their college educations. Of the 52 students who heard Lang's promise and are still in the New York area, every one is still in school with little more than 18 months to go before graduation.

What has really made the difference for these 52 students? Mr. Speaker, I believe those students are still in school because someone unselfishly and unequivocally believed in them and challenged them to believe in themselves.

The Boston Globe recently editorialized about Mr. Lang's promise of a future for these 52 students. I commend that editorial to our colleagues in the House and applaud Mr. Lang's generosity and wisdom.

[From the Boston Globe, Oct. 22, 1985]

INVESTING IN SIXTH GRADERS

A goose-bumps-good story about 52 Harlem 11th-graders bound for college confirms some lessons learned in Boston's public schools and offers some direction.

As recounted in The New York Times, a multimillionaire industrialist, Eugene Lang, was about to address sixth-graders in P.S. 121 five years ago. He was planning to tell them how he had gone to their school 50 years earlier and how, with attention to education and hard work, he had become a success. The more Lang pondered his intended speech, the more it seemed like so much balderdash.

So he made a different speech. He told the 61 students in his audience that if they stayed in school, he would pay for their college educations.

He has kept his promise, and all 52 of the students who have remained in the New York area have stayed in school; all are considered to be doing well enough to get into college.

In a poor, urban setting these results are simply astounding. In Boston's public schools, for instance, 47 percent of the students who enter ninth grade drop out before graduation. One of Lang's beneficiaries told the Times, "Dropping out is what's normal." Said another, "Around here, you are big and important if you drop out." In some Boston neighborhoods the story is the same.

Lang's offer changed that psychology. "My mother is after me all the time about homework," a student told the Times. "She said if I blow this opportunity she'll kill me."

Some colleges are nearly tuition-free. Moreover, some of the best and most costly colleges provide generous scholarships. Yet, the tangible nature of Lang's promise changed things. Students began to think about college and began to believe they really could attend.

The Boston Compact, which provides both summer jobs and permanent jobs in return for regular school attendance and satisfactory performance, has demonstrated that tangible rewards can spur improved school performance. The scholarships distributed annually to graduates of each Boston high school by Boston University and Northeastern encourage better school performance.

Lang's experience suggests that more might be done. Other universities could step forward and make explicit commitments to provide scholarships to qualified students. Wealthy individuals might copy Lang's example.

"The great thing about this," Lang said, "is that nothing is leeched off for fund-raising expenses or anything else. You write a tuition check to a school."

A combination of public and private money could create a college scholarship fund for Boston's poorer sixth-graders. It would be expensive—there are 3,983 sixth-graders now—but surely worth the investment if the money could be found.

The aftermath of Eugene Lang's impetuous generosity at P.S. 121 five years ago argues clearly that changing disadvantaged students' perceptions of their future can radically change that future itself.

REAGAN HOLDS HIGH SUMMIT CARDS

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. LAGOMARSINO. Mr. Speaker, the Lompoc Record of Lompoc, CA, recently published an editorial regarding the summit meeting between President Reagan and Soviet General Gorbachev which I found most useful and enlightening. It notes that the President traveled to Geneva with "high cards" such as a strong economy, repaired defenses, a reasonably content American populace, and extremely high personal approval ratings. It also notes that the SDI, or star wars to its critics, is responsible for the Soviets showing interest in real arms control, not arms control like we have faced in the past—that is, the mere ratification of existing or even planned nuclear arsenals.

The Lompoc Record is, I believe, quite right when it states that "the Soviet Union has historically regarded summit meetings and détente as mere tactical opportunities in its unrelenting drive for world domination." I call this insightful editorial to the attention of my colleagues.

[From the Lompoc Record, Nov. 15, 1985]

REAGAN HOLDS CARDS

Not since 1955 when President Dwight D. Eisenhower journeyed to the first post-war summit meeting with Nikita Khrushchev in Geneva has an American president held the high cards that Ronald Reagan carries with him as he departs this Saturday for his historic meeting with the new Soviet leader, Mikhail Gorbachev. The two-day conference begins Nov. 19 in Geneva, the sepulcher of so many international peace hopes.

The modernization of nuclear and conventional weapons is on schedule. The nation's economy is strong. The American people are reasonably content and seem to be comfortable with Mr. Reagan's adroit technique of talking tough but acting with restraint.

With an intuitive understanding that baffles his critics, the president of late has shown an impressive ability in foreign policy that is based on his domestic strength and support. And his personal popularity provides him with a relatively free hand to bargain at Geneva.

Beyond the majesty of being the elected and legitimate leader of the American people, Ronald Reagan will enjoy the enormous advantage of the Strategic Defense Initiative, the so-called "Star Wars" defensive-shield concept against nuclear missile attack. The Soviets clearly fear SDI will neutralize their massive investment in offensive nuclear missiles targeted at the United States and its allies. Indeed, the Soviets' obsession to cancel SDI is their chief reason for returning to the arms limitation talks in Geneva and for agreeing to this summit meeting.

Moreover, when Mr. Reagan sits across the table from Mr. Gorbachev, he will be well ahead on points in the pre-summit propaganda duel. The initial advantage Mr. Gorbachev gained from his manipulated interview with Time magazine in late August has been more than offset by the president's recent interview with Soviet newsmen and his radio address to the Russian people last weekend. Partial Soviet censorship of Mr. Reagan's remarks proves how sensitive and defensive the Kremlin is on the issue of peace and human rights.

And the president has effectively dulled the Soviet propaganda about reducing the number of strategic missiles and bombers by half; he made a counter-offer the world has generally recognized as being more realistic. Finally, Mr. Reagan's hand was strengthened by NATO backing in Brussels for administration charges that the Soviet Union is violating existing arms-control pacts, particularly with its new SS-25 missiles.

Obviously, violations of existing treaties must be cleared up before much progress can be made in new arms agreements.

Mr. Reagan will keep the Soviets off balance and on the defensive if he follows through, as we expect, and links better U.S.-Soviet relations with Soviet conduct, as he suggested recently in his brilliant address before the United Nations. The Soviet Union must be made to account for the war it wages against the peoples of Afghanistan, Nicaragua, El Salvador, Angola, and Ethiopia, to name the most prominent aggressions.

The Reagan administration is wise in the here and now to disabuse the American people and the world of unrealistic hope about this summit. When Secretary of State George P. Shultz went to Moscow recently to seek some agreement on an agenda, Mr. Gorbachev was argumentative and combative. So icy was Moscow's reaction to Mr. Shultz's overture that national security adviser Robert C. McFarlane predicted Sunday "there will be no communique" following the conference. The Soviets rudely rejected every item submitted by the Shultz mission in Moscow.

Apparently the Soviets, for once, are going to be as good as their word. If they can't bag SDI, they won't negotiate on anything else. This should surprise no one because the Soviet Union has historically regarded summit meetings and detente as mere tactical opportunities in its unrelenting drive for world dominion.

Even though U.S.-U.S.S.R. relations during the last 30 years are littered with the wrecked hopes of nine summit meetings, these proclaimed events have not been altogether futile. There is much to be said for the leaders of the United States and the Soviet Union to know each other personally. It's even possible that two such extroverts as Ronald Reagan and Mikhail Gorbachev could like each other. But there should be no great expectations. As Mr. McFarlane warned the other day, "These two countries are starting something, they are not finishing something."

REV. JULE AYERS HONORED

HON. PAUL E. KANJORSKI

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. KANJORSKI. Mr. Speaker, it is my great pleasure to bring to your attention the accomplishments of the Reverend Doctor Jule Ayers, of Kingston, PA. Tonight he will be awarded the Citation of Distinction for Devoted Service to the Cause of Human Welfare by the Wyoming Valley Interfaith Council. The pastor emeritus of the First Presbyterian Church in Wilkes-Barre, Reverend Ayers will be commended for his work in religious, educational, and community services.

Reverend Ayers earned his first academic degrees from the University of Michigan and Union Theological Seminary, later completing his master of science in education from Temple University. During World War II, he joined the 36th Fighter Group of the U.S. Air Force and served as a chaplain.

In 1944 he came to the Wyoming Valley as the pastor of the First Presbyterian Church. For the past 41 years Reverend Ayers has served the Wyoming Valley not only as a Presbyterian pastor, but also as a friend and counselor to the members of many religions who have needed his spiritual guidance and compassion. According to Reverend Ayers:

My role has not been to be neutral or an arbitrator or evangelist! My role has been that of an advocate and interpreter for the creative minorities. The church is here to care and to give away its heart and its life. I believe the best defense is a good offense! As in football, I like to see the church keep putting some points on the board for the Lord.

A lover of knowledge, Reverend Ayers has never stopped learning. He continues to get involved in contemporary issues, and strives to find moral solutions to the social problems of our times. A personal friend as well as a concerned citizen, Jule frequently shares with me his perspective on many matters before Congress. We of the Wyoming Valley are fortunate to have the wisdom of Reverend Ayers contributing to our area.

Mr. Speaker, it is indeed a privilege and an honor to share with my colleagues in the House of Repesentatives the accomplishments of Rev. Jule Ayers.

INTEGRATED RESEARCH EFFORTS HOLD GREAT PROMISE

HON. TERRY L. BRUCE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. BRUCE. Mr. Speaker, I want to share with my colleagues an editorial by Philip Abelson which appeared in the November 22, 1985, edition of Science magazine. In the editorial, Mr. Abelson praises

officials at an outstanding institution for higher learning in my district, the University of Illinois, for embarking on an interdisciplinary research strategy that holds great promise for technological advances and commercialization.

While the University of Illinois has a well-known reputation for its research, university officials now seek to emphasize integrated research efforts at its National Center for Supercomputing Applications and its Beckman Institute where physical and biological sciences will be explored. Financing for these state-of-the-art research facilities was provided by both public and private sources. I am delighted that the National Science Foundation, which receives its authorizing legislation from the House Science and Technology Committee, on which I serve, provided the crucial seed money for the Supercomputing Center.

Creating the proper climate for lasting economic growth and international competitiveness will require us to develop novel approaches to basic scientific research. Recent initiatives at the University of Illinois can serve as a model for research facilities across this Nation.

Mr. Speaker I ask that the full text of the editorial be printed in the RECORD at this point.

The editorial follows:

[From Science Magazine, Nov. 22, 1985]

COMPUTERS AND INTERDISCIPLINARY RESEARCH

Faculty at the University of Illinois at Urbana-Champaign say that their university is on a roll. During the past year their institution has received a combination of large-scale support. The National Science Foundation selected this Illinois campus to be the site of one of four National Centers for Supercomputing Applications and will supply $43 million over a 5-year period. Arnold O. and Mabel M. Beckman have given $40 million for a building to house a Beckman Institute. The state of Illinois has made a number of commitments in support of the National Center for Supercomputing Applications, the Beckman Institute, a Center for Supercomputing Research and Development, a Microelectronics Center, and additions to the Digital Computer Laboratory. Immediate new state commitments and appropriations for these purposes total about $50 million, and more support has been pledged.

The Microelectronics Center will ultimately be housed in a new building. However, it is already a leading university laboratory for research on compound semiconductors such as gallium arsenide and other 3-5 combinations. It has been successful in the epitaxial growth of gallium arsenide on silicon substrates. Efforts at the Center for Supercomputing Research and Development are devoted to the development of supercomputers with novel architectures and operating systems. This activity, directed by David Kuck, is regarded as one of the best efforts of it kind.

The National Center for Supercomputing Applications (NCSA) is rapidly becoming operational. A Cray X-MP24 has been received and will soon be fully operational. Time on it will be made available to users nationally. The Illinois campus will get its share of time, and already work stations with good computer graphics have been installed as well as connections to other buildings on campus. Supercomputer capabilities will be upgraded every year or two. The sequence of Cray X-MP machines will have two, four, eight, and finally sixteen processors in 1990. By then, the intent is to have a machine 50 to 100 times as fast as a current Cray-1 supercomputer. Larry Smarr, director of the NCSA, has established an Intellectual Center that will bring together some of the nation's best physical and natural scientists and computer engineers, social scientists, and computer professionals.

The Beckman Institute will be housed in a building that is expected to be ready in 1988. Many decisions must still be made concerning design of facilities and governance of this Institute. However, some of the essential decisions have been made and were part of the basis on which the Beckman gift was made. A key objective of the Institute is to foster interdisciplinary research. And it will consist of two centers: a Center for Materials Science, Computers, and Computation and a Center for Biology, Neuroscience, and Cognition. It is contemplated that in each center there will be a continuous transition from research on the atomic and molecular levels to systems of increasing complexity and higher levels of organization. Efforts will be made to ensure that the investigators at the two centers will interact. Indeed, in its proposal to the Beckmans the university stated, "We pledge ourselves at the outset to the creation within a state-of-the-art facility of an integrated array of research efforts that will make the Beckman Institute a model for forefront interdisciplinary research in the world. . . ."

On the basis of a history at other universities where efforts to maintain interdisciplinary research often failed it would be easy to scoff at the plans at Illinois. However, the university has a good record in interdisciplinary activities, and many of the future opportunities in research lie in complex phenomena requiring an interdisciplinary approach. In addition, members of the Beckman Institute will find common ground in their mutual use of excellent computational facilities. Finally, there is the morale factor. When you are on a roll, success breeds success.—PHILIP H. ABELSON.

SUPPORT THE SUPERFUND EXCISE TAX

HON. DON YOUNG

OF ALASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. YOUNG of Alaska. Mr. Speaker, one of the most pressing national priorities facing our country today is the need to renew and expand the Superfund program to cleanup our Nation's abandoned hazardous waste sites.

Members of the House should support H.R. 2814 as reported by the Ways and Means Committee, and its broad-based manufacturer's tax. This Superfund excise tax, better known as SET, would provide nearly half the funding for a $10 billion, 5-year Superfund. The SET is the fairest and most effective vehicle for helping finance a larger Superfund.

In contrast, the proposed Downey-Frenzel amendment to H.R. 2817 would replace the Ways and Means Committee's SET with still higher taxes on the chemical and petroleum industries. That would be grossly unfair because it would continue to impose, and make still more onerous, a burden on those two industries far in excess of their contribution to the problem.

The fairness aspect of who should pay for cleanup can be clearly seen by asking the question: Who is responsible for the hazardous wastes found at Superfund sites? To date, the petroleum and chemical industries have paid more than 95 percent of the feedstock taxes that have financed the bulk of Superfund. Yet, the Environmental Protection Agency [EPA] has identified more than 4,000 businesses, governmental agencies, and other entities as potentially responsible parties for depositing wastes at Superfund sites. Those entities include a wide range of companies of all sizes and types, located throughout the United States. Of the wastes that have been found at hazardous sites, a high percentage was deposited as a result of manufacturing processes. The point is that not all petroleum wastes are deposited by the petroleum companies.

To illustrate, the Wall Street firm of Kidder, Peabody & Co. has prepared a study identifying more than 500 publicly held companies that were listed as potentially responsible parties on EPA's list of approximately 540 priority hazardous waste sites. The list includes more than 1 and as many as 20 firms in each of the following industries: automobiles, banking, electronics, furniture, aircraft and airlines, aerospace, optical products, computers, food and grocery manufacturing, paper and packaging products, rubber products, communications, utilities, and textiles. Kidder, Peabody gathered its data from the EPA, State environmental agencies, industry publications, national newspapers, and from filing requests for specific information under the Freedom of Information Act.

Their report concluded:

No company or group of companies appears to dominate the list of PRP's (Potential Responsibility parties) as we expected, a broad spectrum of U.S. industry is involved.

The following is a familiar example of the inequity of the present Superfund financing. At the Stringfellow site in California, EPA identified some 290 potentially responsible parties that may have contributed wastes. Only a very small percentage of those identified are petroleum or chemical companies. The rest were from a broad cross section of U.S. industrial and agribusiness concerns. Manufacturers of food, apparel, paper, transportation equipment, and electrical machinery were all potentially responsible parties. Agricultural and livestock producers, the city of Los Angeles, and the U.S. Navy and Air Force were also listed as potential contributors of waste at the Stringfellow site. As best as can be determined, the largest volume of waste contributors to the site paid no Superfund taxes. Indeed, only a few of the potentially responsible parties paid Superfund taxes.

In sum, it is clear that hazardous wastes have been disposed of at Superfund sites by almost every type of industry and sector of government. The benefits of the products and services produced have been broadly distributed to every sector of society. To the degree that general revenues are not available to cleanup these abandoned waste sites, the SET—more than any other type of tax funding—represents the fairest and most equitable mechanism to help finance Superfund.

TRIBUTE TO THE HONORABLE VERNE ORR, SECRETARY OF THE AIR FORCE

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. ASPIN. Mr. Speaker, I would like to call this Chamber's attention to a remarkable man who is ending a distinguished career on the 30th of November. Secretary of the Air Force, Verne Orr, will step down at the end of this month after 4 years, 9 months, and 21 days—the longest serving Air Force Secretary ever. This man has played a significant role in the rearming of America as he presided over the Air Force portion of our Nation's strategic modernization program.

An excellent examp!e of his leadership is the B-1B program. The acquistion record is impressive: 3 years, 5 months from contract award to first delivery; the baseline program, $20.5 billion, was bettered, $19.9 billion.

The Air Force has also made great strides in other strategic modernization programs. Peacekeeper, capped at 50 missiles in existing Minuteman silos, brings an important addition to our arsenal—within cost, on schedule, and with outstanding performance. The small ICBM program is on solid footing—it's in the research phase, and several basing modes are under consideration. The ATB is progressing well. The Air Force has selected the prime contractor and key members of the development team. They are also improving this Nation's command, control, and communications [C^3] capabilities and upgrading our strategic defense—our F-4's and F-106's are being replaced with F-15's and F-16's. In sum, Mr. Orr and the Air Force can be proud of the progress they have made in strategic modernization programs over the past 57 months.

Under Verne Orr's guidance, the Air Force has continued to lead the way, within DOD, in our Nation's space program. They are the research, development, and acquisition agent for three-quarters—76 percent—of all military satellites. Further, they are also the executive agent responsible for almost two-thirds—61 percent—of satellite launch operations—NASA is 39 percent. The Air Force satellite control network commands and controls three-quarters—76 percent—of our military satellites. The Air Force budget covers 69 percent of total DOD space activities in fiscal year 1986, while Air Force manning in support of space operationals is about 11,000 people. The U.S. Air Force today has the experience and the expertise and is serving our national interests well in space.

Mr. Orr's innovative and energetic leadership was a key element in improving the coventional forces readiness and sustainability. Nearly 1,000 new fighters—A-10's, F-15's, F-16's—have been delivered and older aircraft have been retired—F-106's, F-105's. Our net gain in the fighter force is almost 575 aircraft.

Our forces can do more today than in 1984. The winner of the annual fighter gunnery competition [Gunsmoke] in 1981 flew an A-7 with his bombs hitting 29 feet from bullseye; in 1983 the winner flew an F-16 and his bombs hit 5 feet from bullseye. In the most recent competition completed last month, the winner in the low-altitude delivery flew an F-16 and his bombs were less than 1 foot from the bullseye.

Tanker offload capability has increased by 25 percent with the reengined KC-135's and new KC-10's. Over the past 5 years, the Air Force has modified the wings on C-5A's, procured new C-5B's, enhanced the Civil Reserve air fleet [CRAF] program, stretched C-141's and increased the availability of spare parts. These programs have increased our Nation's airlift capacity by two-thirds, and nearly doubled—98 percent—the capability to sustain a prolonged airlift operation. Chemical warfare protective equipment reaches 100 percent availability for both air and ground crews this year, up from less than 63 percent in 1980.

Training improvements are emphasizing realism and quality. For example, the calendar year 1985 Red Flag exercises flown at Nellis AFB, NV, will fly over 6,000 more sorties than in 1980, a 33-percent increase. The Air Force flying time per fighter pilot per month is up by 22 percent, and airlift crews and aircraft will fly 71,500 hours supporting exercises this year, an increase of 26,500 hours over 1980. Funding for training munitions has increased by 200 percent.

The bottom line—more wartime sorties can be flown. Greater spare parts availability has increased the number of combat fighter sorties in a European war by more than 76 percent. Stockage policy changes have resulted in increased stockage effectiveness. This effectiveness has resulted in 140,000 fewer grounded aircraft [Micap] incidents since January 1985. War reserve stocks show an increase in fuel of 19 percent; optimum munitions show an increase of 25 percent. The accident rate per 100,000 hours of flying has dropped from 2.57 in 1981 to 1.77 in calendar year 84.

Secretary Orr can be justly proud of the achievements which the Air Force has realized over the past almost 5 years. Some of his greatest achievements have been in the area of weapon systems acquisition.

Reforms he instituted in the way the Air Force does business should bring all Americans great satisfaction. Competition is first on the list. The number of dollars awarded competitively has more than doubled—up from $7.7 billion in 1981 to over $17.7 billion so far this year. The percentage of contracts competed is up from 68 percent in 1981 to more than 82 percent through August 1985. The percentage of noncompetitive dollars is down from 18.6 percent in 1981 to about 13 percent this year.

One of the best examples of competition is the "great engine war" between General Electric and Pratt & Whitney, resulting in aircraft jet engines with improved operability and reliability. Mr. Orr engineered this competition, recognized by the entire aerospace industry as the greatest competition ever staged by the Federal Government. The Air Force now has two suppliers, and each gives warranties with their engines. Followon competition is continuing for spare parts. Air Force estimates savings from this competition will be from $3 billion to $4 billion.

The coming F-20 and F-16 competition is another example. The F-16 flyaway cost is $16 million. Northrop offered the F-20 flyaway costs of $11.4 million. An F-16 response resulted in a proposal for a specially configured model with capabilities similar to the F-20 for a flyaway cost of $11.6 million. Next year there will be a full competition between the two for the air defense mission.

During Mr. Orr's tenure he has been source selection authority on the advanced technology bomber, the advanced cruise missile, the C-17, and leasing of the C-21 and C-12. Each of these programs was competed—these and more—for a total well over $54 billion.

In multiyear procurement contracts, Air Force estimates savings of $3.108 billion in systems like the F-16, B-1B, KC-10, satellites, and spare acquisition for B-1B and F-16 aircraft.

Spares pricing programs such as zero overpricing and pacer pricing have resulted in identification of items for which the Federal Government paid too much. Though the program has led to a few "horror stories," last year the Air Force achieved a $575 million net savings from pacer pricing spares acquisition improvements. Through the first 9 months of this year they have saved $500 million with this program. In 1984, zero overpricing cited $1,675,813 in price discrepancies. Through the first three quarters of this year over $7 million has been documented by the zero overpricing program—precisely $7,416,527.

A landmark acquisition reform took place on February 1, 1985, when the Secretary of the Air Force and the Chief of Staff signed the reliability and maintainability 2000 action plan. In the past 9 months, the Air Force has taken extraordinary measures to ensure the commitment to reliability and maintainability [R&M] is permanent. Reliability and maintainability are now the No. 1 concerns in the source selection for Air Force weapon systems. For those who would voice skepticism about the seriousness of their commitment, the Air Force is putting its money where its mouth is. They have added almost $1.5 billion in the 5-year defense plan [FYDP] to

accelerate improvements in the R&M of both current and future systems. Under Mr. Orr's leadership, the Air Force recognized the fact that they could not afford to commit larger shares of their budget and manpower to repairing and maintaining weapons systems.

Recently Mr. Orr appointed Brig. Gen. Frank Goodell as the special assistant for reliability and maintainability and directed him to review every program coming through the acquisition process and assess them for R&M performance. His staff has already reviewed 38 programs since February and made substantive changes in many of them. For example, in July 1985, the Air Force tore up a $240 million check for a radar warning receiver because of poor reliability and performance. Production of that component has ceased, and the Air Force is now recompeting the program.

In the Lantirn navigation pod program, the Air Force found the R&M performance lacking. Consequently, they elected not to approve a full production run. Instead, they established R&M targets which must be achieved prior to authorizing each annual production. The contractor for the Lantirn program fully understands the seriousness of this decision.

In the advanced tactical fighter [ATF] request for proposals released a couple of weeks ago, the Air Force sent an unmistakable message to industry. They are demanding R&M as it has never been demanded before, and will reward the companies who deliver it. In the stewardship of America's resources, the Air Force is committed to improving the fighting capability of our aerospace forces through improved reliability and maintainability.

These very real achievements have been overshadowed by Verne Orr's concern for, and leadership of, the men and women of the Air Force. He created an environment in which all Air Force members could realize their full potential. He has been unwaverable in his determination to make the Air Force a way of life that would attract the brightest and the best this Nation has to offer. All quantifiable indicators point to the fact that he has succeeded.

Morale is at an all-time high and Air Force recruiting and retention statistics reflect that fact. Thirty thousand people today are signed up in the job bank waiting to come into the Air Force. That's about half of all the people the Air Force is going to recruit in this fiscal year. In spite of the fact that employment is up and the number of 10 to 22-year-olds is diminishing, Air Force recruiting is going very well.

The Air Force today is an educated force. In enlisted ranks, 98½ percent are high school graduates and 18 percent have 20 or more semester hours of college.

In the officer corps, 44 percent have masters or doctorate degrees. Among brigadier generals over the past 2 years, 85 percent of all those promoted to that rank have an advanced degree.

Currently, 54 percent of the first termers reenlist. NCO critical skill manning levels are up by 12 percent from 1981 through the end of last year. Among pilots, retention trends in the crucial 6- to 11-year category show 59 percent staying aboard, up from 42 percent in 1980.

Under Mr. Orr's guidance, the Air Force has taken steps over the past 57 months to improve people policies. Special efforts have been made to increase the time people spend in one place. Enlisted people are voluntarily remaining overseas almost 20 percent longer than the tour length requires—on an average, almost 43 months in 36 month tour areas. Officers average 17 percent longer than required, or an average of 6 months longer for a 3-year tour. In the United States, the Air Force had good success with programs that guarantee up to 5 years at selected hard-to-man bases, As a result, career Air Force enlisted people now average over 75 months in the continental United States before being involuntarily selected for an overseas assignment.

When Mr. Orr became Secretary, the Air Force offered regular commissions to only the graduates of the Academy. Today, 10 percent of all ROTC graduates, which includes all the distinguished graduates, are offered regular commissions, as are the top 10 percent of all OTS graduates.

Mr. Orr has steadily expanded opportunities for women, and this year the Air Force is recruiting 17 percent in the enlisted ranks. They have over 400 women pilots and navigators, either actually flying or in training. On January 1 of this year, security police specialist ranks were opened to women, which provided a total of 45,000 security police positions; they now have trained 145 for this career field. Two years ago, the Air Force put women in the front and back crews of AWAC's, and it was only recently that an all-women crew took a C-141 across the Atlantic. Currently all but 5 percent of Air Force jobs are open to women.

Mr. Orr has also expanded the opportunities for officers in the Air Force who do not wear wings—nonrated officers. The number of nonrated officers has been increasing very, very rapidly over the past 10 or 15 years. Of the candidates the most recent brigadier general offices board considered, 36 percent were nonrated colonels. Of officers selected for general, 38 percent were nonrated. Now everybody can look up, rated or nonrated, and know there is an opportunity to be a general officer in the Air Force.

Mr. Orr has been an effective spokesman for the Air Force before the Congress and the public. He worked hard with Congress, along with the other services for improvements in the service's quality of life. Though short in military housing—30,000 short at over 50 installations—Congress approved 1,800 new units for this year at six Air Force locations.

Since 1980, the Air Force has built 24 commissaries, 32 base exchanges, 26 gyms, 6 youth centers, 35 child care centers, 28 bowling centers, 10 golf courses, 12 open messes, 6 arts and crafts centers, and 6 recreation centers. They have remodeled over 75 percent of their officer and NCO clubs and had major expansions in 15 commissaries and 10 base exchanges. The family support center is the cornerstone of Air Force efforts to improve the lot of Air Force families. They have completed 34 so far, and will complete 10 more this year. They want to have at least 123 by the time they finish—one for each base because retention on bases where family support centers exist runs 2 to 3 percent higher than bases without them.

As Verne Orr steps down, he leaves behind an Air Force that is more capable and better equipped than it has ever been. This Nation owes a debt of gratitude to him for this fact as he brings this portion of a long, distinguished career to a close.

The Secretary and his wife, Joan, have served this Nation as a team. Her concerns and efforts on behalf of Air Force families has been unequaled. As Mr. Orr and his family prepare to return to private life, I want to extend my congratulations to them for their exceptional service to the Air Force and this Nation. I wish them Godspeed and continued success in all their future endeavors.

CONGRESSIONAL SALUTE TO DR. AKIO HAYASHI

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. MATSUI. Mr. Speaker, I would like to call to the attention of the U.S. House of Representatives a man whose life has been one of accomplishment and good will. On November 30, 1985, Dr. Akio Hayashi will be honored by the Sacramento Senator Lions Club on the occasion of his retirement from that fine organization.

At a youthful 81 years of age, Dr. Hayashi has fulfilled his dream of being an extraordinarily productive and versatile individual. Graduating from the University of California at Berkeley College of Dentistry in 1932, Dr. Hayashi has contributed to his community with an uncommon generosity.

Dr. Hayashi's many posts have included membership in Omicron Kappa Upsilon Honorary Dental Society, district governor of district 4-C5 of the Lions Club International, director of the Goodwill Industries, director of the American Cancer Society, and 11 years on the advisory board of Sumitomo Bank. In these capacities, Dr. Hayashi's achievements have not gone unnoticed. He was twice chosen as the Lions Club "Lion of the Year" and was selected as district 4-C5's "Outstanding Club President." His many awards include the "Lions International Award for Outstanding Service to Community and Internationally," The City of Hope award for outstanding service in Dime a Prayer for Cancer Research and the "Award of Merit" from the Lions International District 4-C5.

Dr. Hayashi has been granted life memberships in the American Dental Association, the Japanese American Citizens League One Thousand Club, and the International Association of Lions Clubs. As cofounder of the Northern California Lions

Sight Association, he has been awarded membership in the International College of Dentistries and the University of Pennsylvania School of Dentistry.

Mr. Speaker, Dr. Akio Hayashi has truly been an outstanding citizen and role model for our young children. On behalf of the people of Sacramento, I want to commend and thank Dr. Hayashi for his sincere care for those around him and his fruitful life of accomplishment.

HAPPY BIRTHDAY, HOLLYWOOD, FL

HON. LAWRENCE J. SMITH

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. SMITH of Florida. Mr. Speaker, I want to take this opportunity to commemorate the 60th birthday of a dynamic, growing city—Hollywood, FL—the city where my wife and I reside and where we have raised my two children, Grant and Lauren. Hollywood is an exemplary city in the State of Florida. It offers its residents an array of recreational facilities, parks, fine public schools, shopping, and—best of all—wonderful friends and neighbors all set in a sunny, balmy climate.

Hollywood, FL, was first settled in 1921 by a group of Californians led by a young developer named Joseph W. Young who bought several thousand acres of treeless scrubland. Even before Young had engineers out to drain and clear the land, he had salesmen peddling lots. He had a dream of a palm-lined oasis community by the sea and intercoastal waterway. His three traffic circles are the focus of much Hollywood activity today.

South Florida's warm temperatures (averaging 70 degrees in the winter) attracted vacationers and families alike to Hollywood-by-the-Sea. The city of Hollywood was incorporated in 1925. A hurricane in 1926 killed hundreds of people and wiped out thousands of homes in this developing community. The hurricane and the Great Depression crumbled Young's financial empire. The spirit of Hollywood, however, was not destroyed. In 1930, developer Samuel Horvitz, a creditor of Young's, constructed 25,000 new homes, paved streets, and helped to create Hollywood, Inc., Real Estate Co. that was responsible for developing the city of Hollywood. Over the last 52 years, the Horvitz family has developed most of the land they obtained from Young.

The spirit of the original Hollywood still lives. This coastal town has grown from a population of 2,800 in 1930 to just over 125,000 today. Its main industry is tourism, thanks to the abundance of south Florida sunshine, a characteristic which also attracts 170,000 winter residents annually. Business, industry, and manufacturing also have flourished in the past several decades. Manufacturers of electronics, aerospace equipment, and allied industries make up a large part of Hollywood's industrial base. Hollywood is the home of 60 percent of Port Everglades, a major port in the Southeastern United States. The port is one of the main facilities which aids the industrial and tourist businesses of south Florida.

One of the most beautiful attractions of Hollywood Beach is the 2-mile-long boardwalk which is lined with small shops and quaint hotels. In another section of the beach is the famous Diplomat Hotel, the largest resort in south Florida, and a popular evening spot for many entertainers. Today, Hollywood is composed of both single-family homes, and retirement condominium communities.

Hollywood also has over a dozen public parks, including T-Y Park, a 185-acre expanse of shaded land and water. The park is a center for many recreational functions and political ones, too. The great outdoors is a part of life in Hollywood, and the parks, beaches, community center, country clubs, and golf courses promote outside activities and sports. Fishing and boating are two of the most popular pastimes for residents and visitors.

Future plans for the city include completion of the expansion project at the Fort Lauderdale/Hollywood Airport. The airport is fast becoming a major center of international air flights.

Hollywood lies at the heart of the 16th District of Florida which I represent. I am proud to live and to have raised my children in such a fine community and prouder still to represent that community today. I am fortunate to have been able to witness the growth of this south Florida community.

On the occasion of its 60th birthday, I would like to extend my best wishes to the city, the people, and the spirit of Hollywood, FL.

LAST THURSDAY, SOME WENT WITHOUT TURKEY: OVER THREE QUARTERS OF A MILLION SOCIAL SECURITY RECIPIENTS SHORTCHANGED A MONTHLY AVERAGE OF $25

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. STARK. Mr. Speaker, a couple of months ago I requested of the Social Security Administration the underpayment error rate for title II OAS beneficiaries. Last week I received a letter from Martha McSteen, Acting Commissioner of the Social Security Administration detailing the situation. It was not happy news for me to read, or to have to share with others on the eve of this holiday season.

According to McSteen, 756,333 elderly people were "shortchanged" an average of $25 a month during fiscal year 1984. SSA admits that 9 out of 10 of these error cases were due to administrative causes. A total of $226.9 million that should have gone to Social Security recipients did not.

Last year I requested the same information of Social Security. For fiscal year 1983, 840,000 persons had been underpaid an average of $32.50 a month. This represents 3.2 percent of the benefit accounts compared to 2.8 percent for fiscal year 1984 accounts. The Social Security Administration has gotten the numbers down a bit and they are to be highly congratulated for getting the error rate down. But there is still a distance to go. When nearly a million people who have faithfully paid into the system are being cheated out of $25 a month there is much work to be done in the system.

Many of us had quite a feast of Thanksgiving—turkey, stuffing, cranberry sauce, pumpkin pie—all the traditional trimmings of this holiday. But for some, being short $25 may have made the turkey and all the trimmings a memory of the past. A Social Security check pays for groceries, utilities, and holidays for many elderly people. Twenty-five dollars should never be considered loose change, especially not when it buys the basic necessities of life.

In that most the underpayments are directly related to administrative problems, it is obvious that the Social Security Administration needs to strengthen this area. When an organization's primary duty is to issue checks to the people whose money it has been babysitting, accurate records need to be kept. There is simply no excuse for error.

I encourage my colleagues to have their constituents check that Social Security records accurately reflect their annual earnings. Earnings records can be checked by completing a form 7004 postcard which is available at local Social Security offices. A person can then check against individual earnings records to determine whether or not the Social Security records are accurate. This way, we can help get the missing $25 from Social Security checks down to $0, where it should be.

DON'T PUSH SOUTH AFRICA TO THE WALL

HON. NORMAN D. SHUMWAY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. SHUMWAY. Mr. Speaker, over the past several months, developments in South Africa have been viewed with rapt attention by Congress and by the media. Although our focus has been diverted somewhat in recent weeks by budget-balancing and tax reform, conflict and change continue in South Africa and the role of the United States in contributing, not only to the constructive change, but also to destructive conflict, should not be ignored. A recent editorial by Karen Elliott House in the Wall Street Journal provides an excellent, though disturbing, view of the implications of American economic sanctions on South Africa. Clearly, sanctions stand for a negative approach to the problem of apartheid, one that does not inspire reform but rather seeks to indiscriminately tear down what exists, both good and bad. We must recog-

nize, as this article confirms, that the transformation we desire in South Africa cannot be imposed from outside but must proceed from a national dialog within South Africa. Our contribution, in the United States, should be to help and encourage South Africans to take those steps necessary for bringing an end to injustice.

I urge my colleagues to read Ms. House's article, entered here in the RECORD, and to consider carefully the implications of "pushing South Africa to the wall."

[From the Wall Street Journal, Oct. 30, 1985]

DON'T PUSH SOUTH AFRICA TO THE WALL

(By Karen Elliott House)

PRETORIA.— It's a whole lot easier to exert public political pressure than it is to fashion political solutions.

Nowhere is this so evident as in South Africa today, where the U.S. is trying to put the political and economic screws to the white Afrikaner government to speed the dismantling of apartheid and force the sharing of political power with the country's black majority.

But two weeks of travel throughout South Africa indicates the pressure isn't working. Indeed, it's having precisely the opposite effect. America's political strictures and economic sanctions have simply served to harden the attitudes of those who hold power, to raise unrealistic expectations among those who seek power, and to damage the ecomomic fortunes and futures of the great majority of South Africans caught in between.

There is little doubt that this society and its abhorrent system of apartheid are going to change. Even the most hard-line Afrikaners see the handwriting on the wall and are talking about reaching accommodations that will leave them segregated in some white "homeland" enclave much like those apartheid has created for the blacks. Less militant whites—and there are many more of these—hope for a multiracial society inevitably ruled by the black majority, but with some protection for white and other minorities. The only real issue here is when such change will take place, not whether, and the when is a matter of years, not generations. Yet in its rush to hasten change, America risks pushing the South African economy further along a downward spiral so that there will be little left for the victors to inherit.

CLINGING TO SURVIVAL

Already the signs of suffering are everywhere as South Africa's economy, plagued by continued drought and depressed gold prices, grinds to a virtual standstill. In New Brighton, the bleak, black township near Port Elizabeth, a black man in his 40s has fashioned a makeshift outdoor barber shop from two pieces of rusted metal.

It's midafternoon and the wind is whipping garbage down the unpaved street as the barber finally gets to shear the head of his first customer. In a good week, the barber earns 20 rand, or about $8, barely enough to buy a bit of food for himself, his wife and five children. Until a year ago when the construction firm where he worked closed, earned 200 rand a month. The barber is just one of many clinging to survival in an area where black unemployment is estimated at 60 percent.

The government has announced a 600 million rand employment program and promises sharp jumps in spending for better black schools and housing. But if these promises are to become a reality, South Africa's economy must grow—and grow faster than the population, which is increasing 3 percent a year.

Businessmen and government officials all agree that the maximum economic growth possible without foreign investment is 3 percent. In other words, just enough to preserve the status quo; not enough to improve the lot of blacks.

To the extent that a bigger slice of the pie for blacks comes at the expense of whites—and it must if the pie isn't expanding—racial tensions are bound to rise. Sanctions and disinvestment cripple the economy, and the greatest pain is borne by its weakest and most marginal members—who are black. This obviously breeds frustration, anger and violence. The violence erodes international confidence in the economy, leading to further reductions in investment that lead to more layoffs, more anger and more violence.

In short, it's easier to sit in America and argue the moral justification for applying economic pressure to South Africa than it is to walk through the streets of New Brighton or Soweto and see the mounting practical effects.

Beyond all this, the U.S. insistence on economic sanctions and disinvestment also is hardening the right wing, which, like it or not, holds the reins of power in South Africa. Enlightened self-interest should lead the government to continue and accelerate reforms. And, in fact, it has. The decisions over the past two years to give the vote to coloreds and Indians, to legalize mixed-race marriages and to allow black labor unions all are due more to internal economic realities than to external pressure. "They [the Afrikaner establishment] discovered they couldn't run the country alone," says Zach de Beer, a director of Anglo American Corp. and a consistent critic of apartheid.

Undeniably, South African President P.W. Botha is a man of limited vision. And he shows little understanding of the seriousness of the economic situation. During a recent interview he repeatedly insisted that the continuing decline of the rand isn't the result of dwindling international confidence in South Africa but rather the result of a rising dollar. (In recent weeks, of course, the dollar has been declining.)

But from all appearances and in the view of many thoughtful South Africans, Mr. Botha is a spent force. He has gone as far as he can go with admittedly limited reforms, which still don't tackle the heart of this humiliating system of racial segregation. Now he wastes his time being bitter that instead of praise, he receives only increased pressure from America. The betting is he'll step aside in a year or so. Given pressures inside the ruling National Party, as well as those from its liberal opponents and the business community, more significant reform seems inevitable though probably still slower than Americans and black victims of apartheid would like.

Regardless, Americans should resist the impulse to try to force a faster pace of change. Already, righteous rhetoric in Congress and presidential pronouncements about the impending doom of apartheid are creating unrealistic expectations among blacks.

And that worries even apartheid's more ardent opponents. "Blacks are getting the idea that external pressure and the ungovernability of the townships will give them victory just around the corner," says Helen Suzman, a tiny but tough woman in her 60s who is the longest-sitting member of Parliament and the grande dame of anti-apartheid. "The risk is that Western powers are inadvertently encouraging blacks to launch violence against whites and then the government is really going to unleash its terrible power on these kids."

A young black man on the Student Representative Council of Peninsula Technical Institute near Capetown says, "We're going to bring down this oppressive, capitalist regime faster than anyone thinks." Why is he so confident?" "America is with us," he replies.

But America isn't with them. The Marines aren't going to land in Soweto or New Brighton or any other black township if the South African defense forces, mightiest in all Africa, are unleashed on blacks. All they can expect is a rush to the television cameras by congressmen, Reagan administration officials and American businessmen to deplore from a safe distance the killings of blacks.

Another reason for the U.S. to forswear more sanctions—and sanctimonious rhetoric—is that, historically, pressure hasn't worked very well. Rhodesia survived nearly 15 years of sanctions. Israel has survived more than 30 years of economic and political pressures from much of the world. Whether it's the Soviet Union or Taiwan, Iran or Nicaragua, no national power structures have proved very vulnerable to economic and political pressures from outsiders. Perhaps if every nation in the world refused any commerce or contact with white South Africa the regime would collapse quickly, but that seems farfetched in a real world in which even black African nations are openly or surreptitiously trading with South Africa.

The U.S. also should drop its insistence that the white government negotiate with terrorists. It's hypocritical to ask South Africa to negotiate with the African National Congress, which vows the violent overthrow of the white government, when the U.S. doesn't press Israel to negotiate with the Palestine Liberation Organization, because it vows the destruction of Israel. Clearly America isn't standing on principle. It's simply letting domestic politics dictate foreign policy. American Jews and their supporters oppose talks with the pro-violence PLO. American blacks and their supporters favor talks with the pro-violence ANC. The point isn't that consistency is necessarily an absolute virtue, but rather that negotiating with terrorists is generally a mistake. Like Yasser Arafat, exiled ANC leader Oliver Tambo, safe in Zambia, repeatedly calls for youths to give their lives for the struggle.

INHERIT THE RUINS

The more the U.S. insists on negotiations with the ANC, the more it strengthens the violent extreme and undermines the moderate middle. Indeed, already Mr. Tambo is greeted as a hero at various international gatherings. South African businessmen traipse to Lusaka, Zambia, for a word with the exiled leader, who pointedly repeats his determination to dismantle not just apartheid but capitalism as well. Meanwhile, Chief Mangosuthu Buthelezi, leader of Africa's largest black tribe, the Zulus, is shunned by many South African businessmen and most international groups. Why? Basically, because he's a moderate who, while opposing apartheid, doesn't believe it makes sense to destroy the country in order to inherit the ruins a little faster.

Once the U.S. insists the ANC is the legitimate voice of black Africans, then the ANC

becomes the only group with whom the Pretoria government can negotiate if it wants to retain some measure of international approval and investment. Yet the ANC has made it clear it isn't interested in sharing power, just seizing power.

Finally, America must be true to its belief that it is the rights of the individual that are sacred, rather than the interests of any particular group. South Africa long ago made the mistake of structuring its society on the rights, or lack of them, of racial groups. The U.S. shouldn't participate in schemes that simply transfer power from one racial group to another, while still guaranteeing no protection for the individual—regardless of color.

ANNIVERSARY OF THE HIGHER EDUCATION ACT

HON. AUGUSTUS F. HAWKINS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. HAWKINS. Mr. Speaker, on November 7, Congressman WILLIAM D. FORD gave a very comprehensive and insightful lecture on the occasion of the 20th anniversary of the enactment of the Higher Education Act. Mr. FORD's lecture was a high point in the celebration honoring that event.

Mr. FORD's knowledge about higher education is truly impressive. Quite simply, there is no match in the Congress for his expertise in this area. As chairman of the Subcommittee on Postsecondary Education, he has shown his skill very clearly within the last 6 months as he has crafted a bill to reauthorize the Higher Education Act of 1965 which expires next year.

Therefore it is an honor for me to bring Mr. FORD's remarks to the attention of my colleagues.

THE HIGHER EDUCATION ACT AFTER 20 YEARS: OLD DREAMS AND NEW REALITIES

(By William D. Ford)

Twenty years ago this year I was sworn in as a freshman Member of the 89th Congress. I was very fortunate in obtaining what was then a plum committee assignment to the Education and Labor Committee. The committee was at the cutting edge of the war on Poverty and the Great Society producing a flood of anti-poverty, manpower training and education legislation. This assignment fit very well with my interests and background. I came to the Congress, and have remained there, with the support of working people and organized labor. As a school board attorney and a State legislator, I had devoted a substantial portion of my professional work to education issues. With my assignment to the Education and Labor Committee and my freshman enthusiansm, I looked forward to making a contribution as a legislator. I had no idea, however, of how quickly I would become a participant in legislation of historic significance.

I was particularly delighted with President Johnson's special message to the Congress titled "Toward Full Educational Opportunity." This message was sent to Congress on January 12, 1965 during my first week as a Congressman.

What this message said about the importance of education and the importance of a strong Federal role in support of education closely fit my own views, and I have quoted from it frequently in the intervening years. President Johnson said in that message,

"Every child must be encouraged to get as much education as he has the ability to take."

"Specifically," he continued, "four major tasks confront us:

"To bring better education to millions of disadvantaged youth who need it most;

"To put the best educational equipment and ideas and innovations within reach of all students;

"To advance the technology of teaching and the training of teachers; and

"To provide incentives for those who wish to learn at every stage along the road to learning."

The proposals contained in this message became the foundation for two of the towering landmarks of Federal educational policy, the Elementary and Secondary Education Act of 1965 and the Higher Education Act of 1965.

I came to the Congress on the tidal wave of Lyndon Johnson's 1964 election victory, but I was fully prepared not to like Lyndon Johnson as a person or a politician. I was a northern Hubert Humphrey liberal reared in the progressive traditions of the Michigan Democratic Party and the United Auto Workers. My prejudice was that President Johnson was a southern wheeler-dealer from a right-to-work State with limited sympathies for advances in domestic policy, civil rights and organized labor and closely tied to special interests like the oil and gas producers. However, I was pleasantly surprised to find that my service in Congress during his Presidency was marked by almost total agreement with him on domestic policy. I was an enthusiastic supporter of the goals of the Great Society in areas such as civil rights, medicare, housing, repeal of section 14(b) of the Taft-Hartley Act, minimum wage and education.

I came to have a special admiration for Lyndon Johnson as an education President. In 1965, he kindled a flame and pointed national policy in a direction that I am proud to be a part of sustaining. I am particularly proud to present this lecture, named in President Johnson's honor, at his alma mater, Southwest Texas State University, which was the site of the signing of the Higher Education Act, 20 years ago tomorrow.

It is not usually understood that President Johnson's dream in proposing the Higher Education Act and my dream in seeking to continue and expand the act were born in the experience of the G.I. bill. The G.I. bill was motivated by a desire to assist veterans in their readjustment to civilian life and to keep massive numbers of returning veterans out of the postwar labor market. However, it had two very important, although largely unanticipated, effects.

First, it opened the doors of opportunity through education for millions of Americans, including myself. Without the education I received through the G.I. bill, I would not be a lawyer and a committee chairman in the U.S. House of Representatives with over 20 years seniority. I would probably instead be approaching my 40th year in one of the auto plants had I not retired, been permanently laid off or disabled by now.

A second effect of the G.I. bill was the investment that it made in the human resources of our Nation. This investment has been repaid many times over in the increased earning power and taxes paid by those who benefited from the G.I. bill. This investment in our human resources has also fed our economic growth, bolstered our national security and improved the quality of our civic and private lives in inumerable ways in the decades since World War II.

The dream of President Johnson in proposing the Higher Education Act of 1965 as stated in his message to Congress was:

"To extend the opportunity for higher education more broadly among lower and middle income families."

And, he noted, speaking of education generally,

"Nothing matters more to the future of our country: Not our military preparedness—for armed might is worthless if we lack the brain power to build a world of peace; not our productive economy—for we cannot sustain growth without trained manpower; not our democratic system of government for freedom is fragile if citizens are ignorant."

Essentially President Johnson was proposing that the benefits of the G.I. bill be made available to all our citizens. Opening the doors of opportunity and investing in the human resources of our nation remain the principal goals of the Higher Education Act as they were the principal benefits of the G.I. bill.

The Higher Education Act as enacted in 1965 had eight titles. Seven of those titles remain largely intact in their basic purposes, such as student financial aid, library assistance, teacher training, construction of academic facilities and support for developing institutions. In addition to these important continuities between the Higher Education Act of 1965 and the current Higher Education Act, the act has also evolved in at least four significant ways.

First, the Higher Education Act has increasingly become the comprehensive unbrella for all Federal programs supporting higher education outside of the research programs such as those supported by the National Science Foundation or the National Institutes of Health. For example, the Higher Education Facilities Act of 1963 has been absorbed into the Higher Education Act.

The most important programs affecting higher education in the National Defense Education Act of 1958 are now a part of the Higher Education Act. These include the national defense student loans, now called the national direct student loans, and the international education programs, which are now title VI of the Higher Education Act.

The Upward Bound Program and the College Work Study Program, two of the most successful initiatives of the Office of Economic Opportunity, are now equally successful and integral parts of the Higher Education Act.

Second, the Higher Education Act has become the vehicle for new initiatives in support of higher education. The student aid programs have been dramatically expanded to include the basic Educational Opportunity Grant (now Pell Grant) Program, the State Student Incentive Grant Program and the Student Loan Marketing Association, all of which were enacted in 1972.

The programs to provide student services are aimed at assisting students to overcome the non-financial barriers to educational opportunity, such as lack of information and inadequate academic preparation. These programs have grown from the Talent Search Program in the original 1965 act to five programs today, paradoxically known as Trio. Other new Federal initiatives in

support of higher education such as graduate fellowships, the Cooperative Education Program, the Fund for the Improvement of Postsecondary Education, the Law School Clinical Experience Program and support for urban universities have also found a home in the Higher Education Act.

Third, the programs contained in the original act have undergone substantial change through the four comprehensive reauthorizations of the act and numerous other amendments. For example, the guaranteed student loan has evolved into a variable rate instrument tied to the cost of money in the economy, and it is very attractive to lenders. The primary provider of default insurance in the program has shifted from the Federal Government to State guaranty agencies and a network of secondary markets led by the Student Loan Marketing Association has developed to support the program.

The educational opportunity grant, now called the supplemental educational opportunity grant, originally contained a bonus for students who ranked in the top half of their class. Now student awards are based entirely on a student's financial need.

The Teacher Corps Program, which was a centerpiece of the 1965 act, was consolidated out of existence by the Gramm-Latta reconciliation of 1981. There are probably few who recall that the Teacher Corps was the most controverisal program in the 1965 act. In fact, the most serious threat to the passage of the 1965 act was a motion in the House to recommit the conference report with instructions to delete the Teacher Corps.

Finally, perhaps the most dramatic change in the Higher Education Act over the last 20 years has been the shift from an act which primarily supported higher education through the purchase of things, such as buildings and books, to an act which supports higher education primarly by investing in people through the student aid programs. The 1965 act provided for total authorizations of almost $1.1 billion for its first year, fiscal year 1966. Of this total authorization, 68% of the funds were authorized for institutional aid programs and the remaining 32% for student aid. The largest single authorization in the 1965 act was $460 million for grants to build undergraduate academic facilities.

Under current law, the FY 1986 authorization for the Higher Education Act is $11.9 billion, a growth of more than tenfold in 20 years. Of the funds currently authorized, 90% are for the student aid programs and only 10% for institutional aid programs. The watershed in this shift in priorities was the 1972 reauthorization when an expansive Institutional Aid Program passed by the House was rejected in conference in favor of the basic educational opportunity grant, which now provides $3.6 billion in grants to undergraduate students.

While these trends have characterized the evolution of the Higher Education Act over the last 20 years, other developments of the last 5 years, particularly in student aid, are the focus of current concern about the future of the act.

By many measures the Higher Education Act has been a great success. Enrollments in postsecondary education have increased from 5.5 million in 1965 to 13 million this year. In 1966, 1,120,000 student aid awards were made to approximately 750,000 students under all the Student Aid Programs. In the current year, 8,745,000 student aid awards are being made to appoximately 6,000,000 students. Through the programs contained in the higher education act, about $31 billion in grants have been made to students, approximately $58 billion in educational loans have been borrowed by students and over $8 billion in work opportunities have been made available. In sum, students have received nearly $100 billion in Federal aid to assist them in paying for higher education through the Higher Education Act. I believe that this growth in enrollments and the increased participation in higher education by students from moderate and low-income families is in large measure a product of this Federal investment in student aid. For example, by 1975 the proportion of black high school graduates enrolling in college equaled the proportion of whites.

However, many of these gains have been eroded in recent years. For example, since the mid-seventies the rate of participation in higher education of students from families with incomes below $10,000 has dropped 17% and that of black students has dropped 11%.

This narrowing of educational opportunity is related to the decline in the purchasing power of Federal student aid in the last 5 years and to an extraordinarily shift in Federal aid from grants to loans. In constant dollars, the value of student aid eroded by 21% between the 1980–81 school year and the 1984–85 school year. Of particular significance is the fact that in FY 1979 the maxium Pell grant represented 46% of the average cost of attendance at all postsecondary institutions in the United States. In the academic year 1984–85, the maximum Pell grant provided only 26% of the average cost of attendance. In short, while the value of all Federal student aid declined by one-fifth, the purchasing power of the primary Federal Grant Program decreased by nearly one-half.

As the value of grants have declined, students are increasing their borrowing in order to finance their education. In the current year, $13.7 billion will be available to students through the Federal student aid programs. Of this amount, 64% will be in the form of loans and 36% in the form of grants and work-opportunities. In the late 1970s, a few short years ago, this proportion was exactly the opposite. What is particularly disturbing is that the lowest income students are being increasingly forced to borrow to pay for postsecondary education. For example, in 1979, 15% of the lowest income students (adjusted gross incomes of $6,000 or less) borrowed to finance their education at private colleges. By 1983, 57% of this same lowest income group were borrowing. In fact, at private colleges the lowest income students are just as likely to be borrowing as middle income students.

The original purpose of the Guaranteed Student Loan Program has been stood on its head. In the House committee report on the Higher Education Act in 1965, the Commissioner of Education is quoted as saying that the purpose of the Guaranteed Student Loan Program is to help middle income families "spread out over more than the 4 years of college" the costs of college through a "loan of convenience."

"Helping the middle-income student and his family to bear the heavy brunt of college costs would seem to have a reasonable claim on a share of our national commitment to offer every child the fullest possible educational opportunity," the Commissioner concluded.

Far from being a loan of convenience for the middle income families, the guaranteed student loan has become the loan of necessity for all families. Where past history knew a class of indentured servants, today we are producing a class of indentured students who must work to free themselves from the bondage of educational debts.

It is not unusual for undergraduates to have educational debts of $10,000 or more. On average, graduates of the University of Detroit Dental School are more than $30,000 in debt, and it is not unheard of for medical students to have loans in excess of $100,000 as they enter practice.

This explosion in student indebtedness raises several very worrisome public policy concerns:

Equal educational opportunity may be still further eroded. For low income and minority persons, if the choice is between paying for postsecondary education with loans or not attending college, many will choose not to attend. Students from low-income and disadvantaged backgrounds lack the familiarity with debt financing that has become the heritage of every student from a middle income family where mortgages and credit cards are a way of life. Students from deprived backgrounds lack the security and confidence to undertake high debts with the knowledge that their education will enable them to earn a sufficient income to repay their loans.

Students burdened by large debts are less likely to continue their education beyond an undergraduate degree. Therefore, graduate enrollments, particularly in the arts and humanities, which are already suffering, will suffer more.

The ability of colleges and universities to rely on alumni donations may be significantly diminished. The alumni-donor is being transformed into the alumni-debtor who is less likely to contribute to the alma mater.

Student loans are fast becoming a major component of consumer debt in our Nation. There is well over $35 billion in outstanding guaranteed student loans and national direct student loans. How will the next generation afford a home or car if their disposable income is committed to paying off student loans? This could have important effects on consumer behavior and our economic future.

Many social commentators have remarked that the current generation of students is more materialistic and less idealistic than its predecessors. In 1968, about 40% of the college freshman polled said that an important reason for attending college was "to be well off financially." This year that percentage increased to 71%, the highest ever. During the same period, the percentage of freshman saying that an important reason to attend college is to "develop a meaningful life philosophy" declined from more than 80% to 40%. One can at least speculate that one reason for this change is the materialism forced on students confronted with the responsibility to pay off substantial educational debts.

Educational debts also may influence the choice of majors and careers. The recent boom in computer, business and accounting majors and the decline in humanities majors is a well known phenomenon. Even if the new materialism did not diminish the attractiveness of low paying public service jobs, who is going to take these jobs when faced by stiff educational loan repayment obligations? Where will we get our school teachers, family practice doctors, ministers, social workers, peace corps and VISTA volunteers in the future?

In addition to the shift in student aid priorities from grants to loans, I also sense a shift in the national mood about who should benefit from Federal student aid. In the 1960s and 1970s, there was a strong element of altruism in the Federal policy to promote equal educational opportunity. We wanted to win the war on poverty. We as a nation were willing to aggressively reach out and to reach down to help the poor, minorities, the handicapped, those of limited English speaking ability and those who were first generation in college. We started Federal programs to provide assistance to those who lacked the motivation or the skills to make their way successfully on their own into postsecondary education. Some colleges and universities made similar commitments and instituted open enrollment policies premised on the view that it was the job of educators to take citizens where they found them and help them change and improve. There was a concern that education be made "relevant" to students. Education, many believed, should fit the interests and needs of the student rather than vice versa.

Today many of the programs of the 60s and 70s have survived and much of our rhetoric of equal educational opportunity has remained the same. However, I have a sense that some underlying attitudes about what many people mean by the rhetoric has changed. I think that in many people's mind's eye they see the Federal programs as appropriately serving the well-scrubbed, well-prepared and already motivated student whose family is hard pressed to provide enough money for postsecondary education. It seems to me that the "high risk" student, the "marginal" student and the students from "special populations" are no longer the target group when people think of the purposes of Federal programs to provide equal educational opportunity. We seem to have lost interest in the "unwashed door," to focus instead only on the washed poor.

Educators now talk about "quality", "excellence," and improving academic "standards". Mostly what is meant is raising admission standards. If the student is not well enough prepared to meet the standards or motivated enough to jump through the hoops, it is his or her fault or tough luck.

However, as we look forward to the year 2000, if or altruism has faded as a reason to support the Federal higher education programs our self-interest as a nation should sustain a continued and expanded commitment to these programs. For without a renewed commitment to them it is doubtful that we will have the trained workforce needed to sustain our economy, our national security or the quality of our national life.

We all know that the traditional college age cohort has been declining in size with the passing of the baby boom generation into middle age. The traditional 18-24 year old group will bottom out in size in 1995 at which point they will be about 7 milion fewer than they were in 1982, a 22% decline from 1982 to 1995.

Perhaps more significant than the change in the number of persons in the traditional college age cohort is the changing composition of that cohort.

The fastest growing subgroup of the American population is Hispanics. Their numbers grew by 61% between 1970 and 1980. The population of whites grew by 6% in the same period.

In 1970, minorities constituted 21% of all youth. By 1990 they will be over 30% of all youth.

In States like California and Texas, minorities will be over 45% of the youth cohort by 1990.

Currently, 23 of 25 of the Nation's largest cities have minorities as a majority of their school enrollments.

By the year 2000, more than 50 major U.S. cities will a majority population of minorities.

Minorities have a lower high school completion rate than whites—Hispanics about 55%, blacks about 65% and whites 80%.

Minorities also have a lower rate of college participation than whites, e.g. blacks 28% and whites 33%.

Thus, a nation in need of increasing numbers of trained and sophisticated citizens faces a double jeopardy threat from the demographics—a smaller pool in the traditional college age cohort and a change in that cohort to be composed increasingly of those less likely to finish high school and less likely to go on to college.

It is therefore, in the national interest to continue the equal educational opportunity programs and to see them expanded. These programs are proven mechanisms to reach out and draw into postsecondary education students from low-income and minority populations. Without these programs, how will we have the human resources to meet our economic and national goals in the future?

It is in this context of the declining purchasing power of Federal student aid, burgeoning student indebtedness with all of its worrisome consequences and the challenges of the demographic realities of the future that we are now engaged in the fifth comprehensive review of the Higher Education Act in its history. The act expires next year unless it is extended, or, as we say, reauthorized.

As chairman of the Subcommittee on Postsecondary Education, which has jurisdiction over the Higher Education Act, I have this year presided over 35 hearings on the reauthorization of the Higher Education Act. Twenty-three of these hearings were held in Washington and the other 12 at various locations around the country from Seattle, Washington to Portland, Maine. During the hearings 352 witnesses presented over 115 hours of testimony on proposed changes in the Higher Education Act. Following this process of broad public comment on the act, we are now in the midst of considering amendments to the act in committee. I am very hopeful that we will complete consideration of a reauthorization bill in the House this year and have a bill to the President for his signature by the middle of next year. This will insure that there is no interruption in the continuity of the programs contained in the Higher Education Act.

Our task in this reauthorization is much more difficult than usual. Usually we only have to deal with the tensions between the sectors of higher education, the diverse interests of about 150 groups and organizations which speak for or take an interest in higher education, and the views of 435 House Members and 100 Senators representing the pluralism of local, State and regional interests that constitute our Nation, to say nothing of the arguments on the merits of changing the programs. In this reauthorization, we are also confronted by a tight-fisted fiscal environment caused by a doubling of the national debt in the last 5 years and $200 billion annual budget deficits. The competition for Federal dollars is fiercer than ever before in my experience and probably going to get worse.

In addition, we have a President in the White House who does not share the bipartisan commitment of his most recent seven predecessors going back to President Truman (including four Democrats and three Republicans) that the Federal Government has a responsibility to open the doors of educational opportunity not only for the sake of the individuals who will benefit but also as President Johnson said, "for the Nation's sake."

A recent statement on the Federal role in higher education by the Board of Trustees of the Carnegie Foundation for the Advancement of Teaching entitled "Sustaining the Vision" aptly characterizes the perspective of the current administration.

It says:

"Today the vital Federal connection to our colleges and universities is being challenged. After decades of strong bipartisan support, the current debate about budget priorities has been focused almost exclusively on numbers and on the negatives of higher education. The larger perspective has been lost.

"We hear how much education costs, not how much it's worth. We are told that students are exploiters, rather than tomorrow's leaders. And we are reminded of the abuses, not the benefits of aid to higher education."

Despite these storm clouds of the present, I am confident and optimistic that we will be able to extend and perhaps even modestly improve the Higher Education Act in this current Congress. And I am even more confident that in the long run President Johnson's vision expressed in his statement upon signing the Higher Education Act at Southwest Texas State University 20 years ago will be sustained. He said:

"Here (on this campus) the seeds were planted from which grew my firm conviction that for the individual, education is the path to achievement and fulfillment; for the Nation, it is a path to a society that is not only free but civilized; and for the world, it is the path to peace—for it is education that places reason over force."

BHOPAL DISASTER OBSERVANCE

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. FASCELL. Mr. Speaker, on December 3, 1984, the worst industrial disaster in history occurred in Bhopal, India, when more than 2,000 people were killed and as many as 200,000 more were injured after an accidental release of methyl isocyanate [MIC] gas from a Union Carbide pesticide manufacturing plant. In the year that has followed, much has been done to try to relieve the suffering of the survivors and to ensure that such a tragedy does not occur again. Yet we know that the suffering continues, that many of the long-term effects of MIC poisoning are not yet fully understood, and that safeguards around the world probably are not sufficient to guarantee against any similar accident occurring again.

I am proud of the responsible actions of the Committee on Foreign Affairs directed at preventing future tragedies. A provision of the Overseas Private Investment Corpo-

ration Amendments Act of 1985, which passed the House on September 23, requires notification and review of all applicable U.S. and international organizations standards relating to public health and environmental safety before OPIC can determine if it will assist any environmentally sensitive investment. I trust that our Senate colleagues will accept this important provision.

I am also proud to advise our colleagues of the private initiative of the National Bhopal Disaster Relief Organization, which has its headquarters in Cooper City, FL. This dedicated group has raised more than $1 million in cash and medical supplies to Bhopal to establish a clinic to meet the continuing needs of the victims. In addition, these concerned citizens propose to establish a research and training facility in Bhopal to study implications of exposure to poisonous gas such as MIC and to help combat similar occurrences elsewhere in the world.

These efforts of the National Bhopal Disaster Relief Organization, dedicated to overcoming the pain and misery of the people of Bhopal and to preventing and alleviating future suffering, deserve our recognition and commendation.

IN COMMEMORATION OF THE LOS ANGELES MANUAL ARTS HIGH SCHOOL'S DIAMOND ANNIVERSARY

HON. JULIAN C. DIXON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. DIXON. Mr. Speaker, on December 13 and 14, 1985, the alumni, staff, student body and community of Los Angeles Manual Arts High School will commemorate its diamond anniversary. I want to take this opportunity to pay special tribute to Manual Arts High and the excellent record of achievement that marks the legacy of 75 truly distinguished years.

Since 1910, Manual Arts High has provided a rewarding educational environment for the thousands of students who have passed through its doors. Renowned for its foreign language and theater arts courses in the early decades, Manual Arts is now a multiculturally enriched school widely recognized for its scholastic, artistic, and athletic successes.

Manual Arts High also has a rich tradition in civic activism. During World War II, the students of Manual Arts High helped raise $3 million for "Bombers for Doolittle," in honor of Manual Arts graduate Gen. James Doolittle. During the Korean war, Manual Arts adopted an orphanage in memory of Manual Arts "toiler" Kenny Kaiser.

Manual Arts High alumni include many of America's most gifted and successful citizens. Former Gov. Goodwin Knight, Gen. James Doolittle, former U.S. Representative Yvonne Braithwaite Burke, Katherine Grayson, Frank Capra, and Paul Winfield are just a few of the many Manual Arts "toilers" who have made significant contributions to our country and the Los Angeles community.

During its 75 years of service to the students, parents and citizens of Los Angeles, Manual Arts High can boast of a proud and distinguished history. In recognition of the many accomplishments that highlight an illustrative past, and pave the way for continued educational excellence for many years to come, I am honored to join in the commemoration of Manual Arts High's diamond anniversary.

HONORING TOMMY HUANG, BUILDER AND DEVELOPER IN QUEENS

HON. GARY L. ACKERMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. ACKERMAN. Mr. Speaker, I rise today to pay tribute to Tom Huang of Queens County, NY, who will be honored by the Flushing YMCA of Greater New York at its First Annual Dinner Dance on December 3, 1985.

Mr. Speaker, it is appropriate that the Flushing YMCA has chosen Tommy Huang to help inauguate a new tradition of recognizing outstanding community leaders. His contributions to Flushing and all of Queens have been truly remarkable.

Since arriving in the United States in 1975 and settling in the New York area, Tommy Huang has been committed to helping build his new community. After attending Queens College, he began a career of design which has brought him recognition and special awards from the Queens Borough Chamber of Commerce. He serves as director of Queens County Builders, the Downtown Flushing Development Corporation, and the Taiwan Merchants Association.

Tommy Huang's activity has gone far beyond these organizations, however. As a member of the Chamber of Commerce of the Borough of Queens and Community Planning Board No. 7, he has become a true leader in Queens County. And, as a member of the board of directors of the Flushing Boys Club and the Flushing YMCA, he has helped youngsters make the fullest use of the resources Queens County can offer.

Mr. Speaker, Tommy Huang has set an inspiring example for all of us demonstrating once again that America is the land of opportunity, especially to those like Tommy, who are willing to contribute their talents to benefit their fellow citizens.

Mr. Speaker, I call on all of my colleagues in the U.S. House of Representatives to join me now in congratulating Tommy Huang of Queens County on this occasion, and in wishing him the best of success as he continues as one of the outstanding young leaders of New York.

SCIENCE WEEKLY

HON. MERVYN M. DYMALLY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. DYMALLY. Mr. Speaker, it is with great pleasure that I call to the attention of my fellow colleagues a unique and outstanding elementary school science publication, Science Weekly. This children's science magazine could not have come at a more opportune time.

In 1983, the National Commission on Excellence in Education published a report, "A Nation At Risk," which gave a special message to parents: that their children will not be able to function successfully in today's or tomorrow's world without a thorough education in the fields of science and mathematics.

In the same year, the National Science Board Commission noted that millions of children have little or no experience that enhances their development in problem-solving and manipulative skills. It was also stated that children have little, if any, knowledge or understanding about the physical and biological phenomena in their environment.

For the past 4 years, the spotlight has been on the high school with some of the new focus shifting to postsecondary schools. But unless we make sure that science education begins early in the lives of our children, and that they are given a full range of opportunities to learn about the world of science, they will perceive science as difficult and uninteresting, and will not begin to develop the kinds of skills they will need to be productive and functional citizens. How, then, can we expect to fulfill the educational reforms we have proposed for our high schools and colleges.

Science Weekly is a publication that satisfies many of the needs which have been expressed nationally regarding science education in our elementary schools. It is designed to motivate children to learn about the world around them and to help them develop literacy and awareness in science and technology, integrating language arts, logic, mathematics, science, and technology together in a way that makes scientific exploration both fun and rewarding for students and their teachers.

It is because of this unfilled need that we pay special comment to Science Weekly and its publisher, Dr. Claude Mayberry, a former professor of mathematics and dean at Colgate University and the University of Pennsylvania. Dr. Mayberry had the foresight to develop and publish an effective new concept in science teaching in the elementary schools.

Let us applaud Science Weekly and its publisher for increasing the opportunity of our Nation's young children to develop both awareness and skills in science education.

It is our responsibility to make this opportunity accessible to our elementary schoolchildren and teachers.

COMING HOME BY DEGREES

HON. BILL RICHARDSON

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. RICHARDSON. Mr. Speaker, I rise today to commend Moe Armstrong, a Vietnam veteran from Santa Fe, NM.

Moe served as a Navy hospitalman assigned to the Marine's elite Recon Battalion in Vietnam. In 1965 he was decorated for bravery after he rescued a wounded Marine from a stream bed during an intense firefight near Da Nang.

Moe is now a full-time business student at the College of Santa Fe and is still helping his fellow man. He helps recruit and counsel veteran students at CSF. Moe is currently working with the Veteran's Administration and spends a lot of time and attention with the veterans. He regularly checks up on them and makes sure they are doing well. Moe's dream is to see hundreds of veterans receive a step-by-step education that will enable them to get back into mainstream life.

Moe is a selfless, outstanding individual and I am sure that my colleagues will join me in wishing him every success with his dreams.

COMING HOME BY DEGREES

(By Sam Atwood)

After the dust had settled from the blast, the patrol reformed and moved by column toward the village. The noise of the demolitions and the sight of the Marines had drawn a huge crowd on the sand.

HN Armstrong passed out candy and chewing gum among some of the children, and noticed that one grimy little urchin has an infected cut on his arm. The "Doc" went to work to clean up the cut while some of the other members of the patrol doled out what was left of their breakfast rations.

The children, no longer afraid, gather around the men in green. The adults smiled in approval at the treatment HN Armstrong was giving the little boy with the infected arm.—a Vietnam story in Leatherneck, a magazine for United States Marines.

It's been 20 years since Moe Armstrong crawled through the jungles of Vietnam on search and destroy missions with the U.S. Marines—20 years that have taken him from rescuing buddies under fire to helping educate them as civilians.

Armstrong was a 20-year-old Navy hospitalman assigned to the Marines' elite Recon Batallion, an advance patrol that tried to beat the Viet at their own game: stealth, surprise and ambush.

Their motto was "Silent, Swift and Deadly," and they hunted the Viet Cong in groups of four or five men, 50 to 100 miles in front of friendly combat lines. Armstrong was caught in fire fights at least once a week, and fighter bombers sometimes had to napalm the entire area around him before he could be evacuated.

"I was the real Rambo, not the Hollywood version," Armstrong said in a recent interview. His orders sometimes amounted to "You, Moe! Go kill the village," he said.

In spite of his deadly mission in Vietnam, Armstrong frequently showed concern for others—concern for an injured Vietnamese child or a wounded buddy pinned down by enemy fire.

Armstrong was decorated for bravery in 1965 after he rescued a wounded Marine from a stream bed during an intense fire fight near Da Nang.

The following year, he refused on moral grounds to kill any more Viet Cong. The Navy gave him an honorable discharge and a mental disability classification.

Armstrong grew up in a small farming town in eastern Illinois. He was an Eagle Scout, a state speech champion, an all-American boy. He enlisted in the Navy after high school and hoped to join the prestigious SEALs, a Navy special unit. It didn't work out that way, but Armstrong bucked for advanced training and landed an assignment with the Marine commando group.

Two decades have passed since Armstrong's tour of terror in Vietnam. He's balding now, wears a full beard, and the lean, mean look of a young soldier in Da Nang has given way to the round and jovial look of a man entering his middle years.

But something about him hasn't changed. Now 41, Armstrong still has his ideals, still wants to help his fellow man.

Armstrong now helps recruit disabled veterans to academic programs at the College of Santa Fe. A full-time business student himself, he's helped recruit and counsel eight new veteran students at CSF since last spring. And he dreams of recruiting many more.

"I have this picture of hundreds and hundreds of guys shut in, living around New Mexico, who could benefit from this program . . . we want to give them a step-by-step education and get them back into mainstream life," he said.

The educational program, funded by the Veterans Administration, pays for four years of tuition, books and more than $300 a month in living expenses for veterans with at least a 10 percent disability.

"(The program) has been enacted for years but nobody is ever told about this," he said.

The CSF veterans, seven men and one woman, come from all over New Mexico. Their educational backgrounds are checkered, but they are now studying for bachelor's degrees in business, education, writing, computer science and sculpture.

"We do have to spend a lot of personalized time and attention with the veterans." Armstrong said. He regularly checks up on the veterans and makes sure they're doing well in school.

The college's Christian Brothers have generously tutored the veterans outside of class, Armstrong said. Administrators even changed some class locations to the ground floor so one wheelchair-bound veteran could attend.

When Armstrong started studying at CSF last year, he shuffled papers in college offices in a part-time, work-study job funded by the Veterans Administration. But he wanted to help other veterans return to school. So he created his current job.

He now works for the VA about eight hours a week but volunteers at least as much time helping veterans on his own. He recently accepted an invitation from U.S. Congressman Bill Richardson of New Mexico to serve on a local veterans' task force.

His greatest concern is that many veterans have missed educational opportunities because school benefits expire 10 years after a veteran is discharged from the service. He feels the time limit should be abolished because it's taken many veterans, including himself, more than 10 years to rejoin mainstream society.

"It took me 20 years to calm down," he said.

After his discharge, Armstrong grew his hair down to his shoulders and joined the '60s counterculture. "After Vietnam, I just dropped out. I just became the wildest and the craziest," he said.

In San Francisco, soon after his discharge, he nearly beat a man to death when the man tried to rob him. "That's when I started getting the idea that I should cool out somewhere," he said.

His wandering eventually led him to the mountains above El Rito, where he lived in a tent for three years, meditating, studying Buddhism and the teachings of St. Francis.

In the '70s, Armstrong tried his hand at everything from concert promotion to radio broadcasting, but nothing seemed right. He married a Colombian woman and lived in Colombia for four years before breaking up and returning to the U.S.

In 1976, he became seriously ill with a liver disorder, a condition Armstrong believes is related to combat exposure to Agent Orange.

"I thought I was going to die. It frightened me to be that sick. I felt kind of cheated. I wanted to make a contribution to society," he said.

His health improved, and a friend with the New Mexico Veterans Service Commission suggested he go back to school.

Armstrong is now going full bore toward a business degree, studying calculus, accounting and every technical course he can get his hands on. After graduation, he dreams of designing a new economic system that would be more equitable than capitalism or socialism.

A few years ago, that goal would have been a distant pipe dream. But Armstrong sees a lot of doors opening now, thanks to his education.

"(A few years ago,) I'd reached an impasse. Who would listen to me? Now I'm going to get an education second to none," he said.

AMERICANS HELD HOSTAGE IN LEBANON 637 DAYS

HON. GEORGE M. O'BRIEN

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. O'BRIEN. Mr. Speaker, today marks the 637th day Americans have been held hostage in Lebanon.

William Buckley, a U.S. Foreign Service officer, was kidnapped in Beirut on March 16, 1984, 637 days ago.

Father Lawrence Jenco, the head of Catholic Relief Services in Beirut, has been held hostage for 330 days.

Terry Anderson, the Associated Press bureau chief, was kidnapped 261 days ago.

The director of the American University Hospital, David Jacobsen, was kidnapped 189 days ago.

Thomas Sutherland, dean of the American University Agriculture School, has been held hostage 176 days.

Today also marks the 364th day since the disappearance of Peter Kilburn, the American University librarian.

Mr. Speaker, the American hostage crisis is at a very delicate point. All our prayers

are with the hostages and those working for their release.

Mr. Speaker, the hostage crisis will not be over until all the Americans held in Lebanon are back in the United States safe and sound.

SAMANTHA SMITH EXCHANGE PROGRAM

HON. JOHN R. McKERNAN, JR.

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. McKERNAN. Mr. Speaker, on the return of President Reagan from his summit meeting in Geneva, I introduced legislation which would establish a youth exchange program with the Soviet Union. This bill would support the President's efforts to establish a cultural and educational exchange program with the Soviets, and would designate the program as the Samantha Smith Youth Exchange Program, in memory of the Maine girl who 2 years ago toured the Soviet Union as a peace ambassador.

The Samantha Smith Youth Exchange Program would serve to bring the United States and the Soviet Union closer together, while providing fitting recognition of Samantha's work to further world peace. Although Samantha's efforts to foster a better understanding between Americans and Soviets were tragically cut short when she and her father were killed in an airplane accident, the work she began must be allowed to continue.

My bill would amend the Mutual Educational and Cultural Exchange Act of 1961 by setting forth guidelines for a specific youth exchange program with the Soviet Union. The guidelines provided for in this bill are consistent with those of other cultural and educational exchange programs. In addition, under the provisions of the Samantha Smith Youth Exchange Program, scholarships of up to $5,000 from existing funds would be available to deserving students.

Although other aspects of the summit meeting may have received more attention from the media, I believe a joint exchange for young people of both nations is extremely important. I urge my colleagues to support this legislation.

TRIBUTE TO THE CRESTWOOD HIGH SCHOOL CHAPTER OF THE DISTRIBUTIVE EDUCATION CLUBS OF AMERICA

HON. PAT SWINDALL

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. SWINDALL. Mr. Speaker, I would like to join with President Reagan and with the FBI in commending the Crestwood High School chapter of the Distributive Education Clubs of America [DECA] in recognition of their efforts on behalf of missing children.

The Crestwood High School chapter demonstrated a noteworthy spirit of voluntarism while employing marketing management principles in their comprehensive fundraising work to help the Child Find, Inc. program for missing children. This spirit of civic voluntarism serves well as an example for the youth and adult citizens of our Nation of the opportunities available for individuals who truly want to help solve the problems confronting our society.

VIENNA, MARYLAND VOLUNTEER FIRE COMPANY CELEBRATES TWO MILESTONES

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. DYSON. Mr. Speaker, I would like to bring to the attention of my colleagues a double anniversary which was recently celebrated by the Vienna Volunteer Fire Company in Maryland's First Congressional District. In November, the fire company marked 50 years, while its ladies auxiliary marked 35 years of service to the people of Vienna.

Since its founding in 1935 by Carlton Brinsfield, the fire company has proudly protected the Vienna's citizenry from the ravages of fire, and since 1964, has provided the townfolk with life-saving emergency medical service as well.

In attendance at this momentous occasion, were Edwin Murphy, the fire company's treasurer and oldest, active member; Margaret Murphy, first president of the fire company's ladies auxiliary; Brenda Bell, the current ladies auxiliary president; and Charles Dayton, the fire company's president.

I would like, Mr. Speaker, to take this time to extend my heartfelt congratulations to the many people at the fire company whose spirit of voluntarism has done so much to improve the quality of life in Vienna. For the citizens of Vienna know that in times of need they can always count on their volunteer fire company.

So, Mr. Speaker, it is with a sense of great pride that I offer these few words of praise to the brave men and women of the Vienna Volunteer Fire Company. For this and all they do, I salute them.

HOPE IN ARGENTINA

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. GARCIA. Mr. Speaker, this past Sunday, the New York Times ran an article by veteran reporter, Clyde Farnsworth, on Argentina's economic progress.

The prognosis, according to the article, for the future of Argentina is good. Mr. Farnsworth discusses the applicability of the Baker plan, designed to help nations like Argentina out of their present economic problems, to present Argentine economic difficulties. I am hopeful that with a little help from us, Argentina will again be solvent. Of course, the credit for any dramatic turnaround must go to President Alfonsin and the Argentine people.

I submit Mr. Farnsworth's article for the RECORD.

ARGENTINA COULD CASH IN ON ITS COMEBACK

(By Clyde Farnsworth)

WASHINGTON—Argentina has made so much economic progress, Treasury Secretary James A. Baker 3d said recently, that Argentines have virtually stopped shipping capital abroad for safekeeping. Thus Argentina, after the belt-tightening measures imposed by President Raúl Alfonsin, is considered a likely beneficiary of the Reagan Administration's new "Baker plan" to assist third world debtors.

Last week, Paul A. Volcker, the Federal Reserve Board chairman, met Mr. Alfonsin in Buenos Aires. Other high-level officials who have been discussing the Baker approach with Argentina include Assistant Secretary of Treasury David C. Mulford and A. W. Clausen, president of the World Bank.

The Baker plan, launched in October, seeks to spur economic growth by rewarding countries that adopt efficient, market-oriented policies with increased support from commercial banks and the World Bank. "The idea is to show that after you take tough measures there are prospects for improvement down the road," said Robert D. Hormats, international vice president at Goldman, Sachs, the New York investment bankers.

The plan differs from the International Monetary Fund approach, which requires cash-strapped countries to make rigorous economic adjustments. Too much austerity, Administration officials now fear, risks making things worse by stirring social upheavals in fragile democracies. Latin America, which owes $380 billion of foreign debt, two-thirds to commercial banks, has undergone its most stringent economic belt-tightening in a half century. Although the slide in per capita income halted last year, the average Latin American is 14 percent poorer than in 1981.

In the new approach, I.M.F. programs are still important, but the World Bank, which promotes construction such as roads, ports and irrigation projects—and improvements in whole economic sectors such as distribution—is to play the lead role. Governments have generally welcomed the plan. So have some big American banks, not least because it would keep Latin American interest payments flowing.

The austerity strategy had come under heavy criticism from Latin leaders, prompting fears of a debtors' cartel, even a coordinated default. "We will not accept any I.M.F. mediation," said Luis Alva Castro, Prime Minister of Peru, which has limited debt payments to 10 percent of export earnings. In another challenge, Brazil's Finance Minister, Dilson Funaro, said last week that his country would deal directly with 700 creditor banks rather than accept I.M.F. austerity.

While the monetary fund is taking much of the heat, commercial banks have also been criticized. Fearful of debt losses, they have cut back lending just when many third world borrowers were taking belt-tightening measures and desperately seeking support

to temper political backlash. In the Baker plan, commercial banks are called on to increase lending to the third world by $20 billion over three years. However, some banks have set conditions on participating.

AN AGREEMENT IN GATT

Weakness in the world economy, falling commodity prices, lackluster demand in industrial countries and creeping protectionism are also blamed for distress in the third world. Last week in Geneva, the 90-country General Agreement on Traiffs and Trade agreed to start preparations for new talks on reducing trade barriers. American officials said barriers to trade in services such as insurance, banking and tourism would be considered.

Commodity prices have fallen at least 50 percent since 1979. In Mexico, for example, the 25 percent decline in the dollar price of oil since 1981 has compounded the difficulties. President Miguel de la Madrid predicts little or no growth as he battles budget deficits and inflation.

Bolivia, a leading tin producer, is even worse off. Tin prices fell sharply after the London Metal Exchange announced last month that it had run out of money to prop up prices. The collapse was a blow for President Victor Paz Estenssoro. With free-market measures, including a sharp reduction of import duties, he had sought to reverse five years of economic decline. Now exports will be still lower, and there may be more trouble with the country's 22,000 mineworkers. Jamaica is yet another case. After experimenting with market-oriented, pro-investment policies, it has also been stymied by the collapse in world bauxite prices.

These deflationary forces, and the threat in Congress of protectionist measures that would further reduce third world exports, provided the backdrop for the Baker initiative. It was linked to a sweeping monetary change, inaugurated by the leading industrial countries, which has triggered sharp declines in the value of the dollar. The overvalued dollar, which caused imports to boom, has been a principal spur to protectionism. And since most third world debts are in dollars, expensive dollars have made the burden all the heavier.

In Argentina last week, American officials were pressing the Alfonsin Government to move now on structural changes such as selling public enterprises and ending import restrictions. Such changes, they believe, can bring lasting economic improvements after the immediate benefits of the austerity measures have faded.

TRIBUTE TO ALLAN TEMKO AND HAROLD GILLIAM

HON. SALA BURTON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mrs. BURTON of California. Mr. Speaker, tomorrow in San Francisco tribute will be paid to two individuals who have enriched our society by their numerous contributions in the area of esthetics and the environment.

Allan Temko and Harold Gilliam have, in the performance of their respective roles, served to remind all of us that the beauty of this planet is fragile and must be vigorously protected.

The biographies of both individuals are both instructive and inspiring.

Allan Temko is the architectural critic for the San Francisco Chronicle and one of the world's most respected historians of buildings and cities. His output includes numerous books and articles encompassing such topics as Notre Dame of Paris (1955), the seminal work on the famous modern architect Eero Saarinean and innumerable contributions to the New Yorker, Harper's Horizon, Saturday Review, the New York Times, the Washington Post, and other major magazines and newspapers in addition to being a principal contributor to Architectural Forum.

Temko also has been an active participant in environmental matters as an adviser to President John F. Kennedy and Gov. Edmund G. Brown of California.

His honors are many as represented by fellowships and grants from the Guggenheim and Rockefeller Foundations, the Twentieth Century Fund, and other foundations. Further recognition was achieved when he received first prize for architectural journalism from the American Institute of Architects.

Harold Gilliam has, with unusual facility, put together both practical experience in environmental issues with a scope of activity in published material that marks him as a San Franciscan of high talent and ability.

His breadth, vision, and commitment were recognized and rewarded when in 1963 he was appointed a consultant to Secretary of Interior Stewart Udall, specializing in conservation history, the National Park System, and urban and regional conservation.

A partial list of his published contributions include some of the following:

"Island in Time: The Point Reyes Peninsula, 1962," San Francisco Bay, 1957, Commonwealth Club Medal Winner, "The Natural World of San Francisco," 1967, "For Better or for Worse: The Ecology of an Urban Area," 1972, "The San Francisco Experience," 1972.

His writings have received 11 local and national awards.

Mr. Speaker, tomorrow's honors by the San Francisco League of Environmental Voters to Allan Temko and Harold Gilliam constitute an impressive tribute to two individuals who have made an indelible imprint upon this city, State, and country.

Their contributions ennoble us all.

BIRMINGHAM LOSES CIVIC LEADER

HON. BEN ERDREICH

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. ERDREICH. Mr. Speaker, Birmingham recently lost an important and valued citizen who demonstrated his life-long concern for the city and the people who lived there through his active participation in civic and cultural affairs.

William H. Hulsey was a great supporter of the arts, having an extensive art collection of his own, and served on the board of the Birmingham Museum of Art for many years. He served as chairman of the fund-raising drive to form the Birmingham Museum of Art Foundation in 1974.

Mr. Hulsey was a staunch supporter of educational institutions in Alabama, particularly the University of Alabama at Birmingham and Birmingham-Southern College. The Hulsey Center at UAB, in fact, was named for him in recognition of his many contributions to the school.

He also worked tirelessly for many health organizations, and was among those responsible for establishing the Eye Foundation Hospital in Birmingham.

William Hulsey was a true humanitarian whose life's work embodied the spirit of voluntarism. He will be missed by the city of Birmingham and all who knew him.

Following is an editorial that appeared in the Birmingham News that highlights William Hulsey's life and deeds:

[From the Birmingham News, Nov. 20, 1985]

WILLIAM H. HULSEY

William H. (Bill) Hulsey had a long and fulfilled life that was highlighted almost continuously by service to his community. He was equally generous with his time, talent and treasure. And Birmingham is a considerably better place to live because of his contributions.

He was born in Carbon Hill, but he spent most of his life in the Brimingham community. He was widely known in business circles throughout the South and was chairman of Garber, Cook and Husley, Inc. He was a director also of several other companies.

He was a dedicated churchman as a member of the Cathedral Church of the Advent, where the church office and education building are named for him. He contiributed extensively to health, education and cultural activities, serving in many capacities.

The Hulsey Center at the University of Alabama at Birmingham was named for him in recognition of his contributions to the university. He was also a lifetime trustee of Birmingham-Southern College and received honorary degrees from both UAB and Southern.

Among his many activities, he served on the board of the Birmingham Museum of Art, headed the fund-raising drive to form the Birmingham Museum of Art Foundation and was a board member of the Birmingham Symphony. He was among those credited with establishing the Eye Foundation Hospital and became a lifetime board member.

Hulsey has provided the Birmingham community a legacy that will continue to serve people from many walks of life. His lifetime of serivce will be an inspiration to others who feel the call to service to their fellow citizens.

PAC FOR UNDERDOGS

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. CLAY. Mr. Speaker, hot dog—a friend of mine, Lieutenant Governor-elect

of Virginia, L. Douglas Wilder, has established a political action committee for "underdogs." At last a PAC that makes doggone good sense. I thought it would be a dog's day in August before someone recognized that top dogs are not the only pedigrees in this world of politics.

Mr. Speaker, Doug Wilder always was a trend setter. I am sure with his bulldog tenacity, the fund will be successful. In fact I intend to throw it a bone myself.

I commend the following article, "Wilder Sets Up Fund To Advise Political Underdogs," which appeared in today's Washington Post.

WILDER SETS UP FUND TO ADVISE POLITICAL UNDERDOGS

(By Donald P. Baker)

RICHMOND, Dec. 2.—Virginia Lt. Gov.-elect L. Douglas Wilder, whose victory last month came despite early predictions that his campaign was doomed, formed an "underdog fund" today to help Democrats across the country whose campaigns are given little chance of succeeding.

The fund, organized under Virginia law as a political action committee, will be financed initially with about $50,000 left over from Wilder's uphill campaign.

Paul Goldman, who directed Wilder's campaign, called the PAC "innovative—there's nothing quite like it anywhere." It will provide technical assistance—most likely in the form of Goldman's time—to "experienced and qualified Democrats" whose campaigns "need a little boost," he said.

"Selected underdog candidates will be offered a full range of campaign expertise," including advice on advertising and polling, but the fund will make no monetary awards, according to a statement filed today with the Virginia Board of Elections.

Goldman said the PAC was formed in response to calls Wilder got from around the country following his Nov. 5 upset of Republican state Sen. John H. Chichester of Stafford County. The victory made Wilder, a Richmond lawyer and state senator, the first black to win a major state office in the South since Reconstruction.

Many of the congratulatory calls came from would-be candidates in other states who asked, "How did you do it?" Goldman said.

"We can't do 100 people," said Goldman. But the aide said Wilder "wanted to do something to demonstrate" his appreciation for the encouragement he has gotten around the country.

Goldman said the fund will assist candidates who, like Wilder, are "people with lots of experience, but who can't get started, or are told they can't win." Goldman said the fund will not single out minority candidates.

The fund will not award cash, because Goldman said the money wouldn't go far enough and because it might be against the law in some states. He said the fund will pay for the services of "myself and some others" whose work could help hold down the costs of campaigning.

Although the start-up money will come from the surplus that remains from Wilder's campaign—the final accounting is due Thursday—Goldman said officials may seek contributions to the fund if they find enough candidates to support.

He said that although there are no statewide races in Virginia next year, 1986 is a big year for state elections elsewhere. Wilder could not be reached for comment.

After his 1981 election, Gov. Charles S. Robb formed a political action committee called "Virginians for Good Government," which critics dubbed "ChuckPac." Its stated purpose was to help Democratic candidates for the Virginia House of Delegates, but it proved to be controversial and was disbanded a year after its existence was disclosed.

That PAC began with $95,000 left over from Robb's campaign, and was augmented with money raised at three fund-raising events held around the state. Its major beneficiary was the Virginia Democratic Party, which received about $125,000 for legislative candidates.

A $16,000 expenditure, listed as going to the state's general fund, was used to renovate a garage at the governor's mansion for Robb's wife, Lynda, and $20,000 went to the Virginia Women's Cultural History Project, a federal-private program headed by Lynda Robb. The other principal recipient, which got $22,000, was the Democratic Governors Association, of which Robb was chairman-elect at the time.

SANCTIONS AND SOUTH AFRICA

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. GARCIA. Mr. Speaker, in the October 15 edition of USA Today, a good friend of mine, Ms. Nadine Hack, wrote an essay on sanctions and South Africa.

I am submitting her article for the RECORD so that my colleagues can have an opportunity to read her well reasoned arguments on why sanctions are a necessary part of our strategy to see apartheid dismantled.

SANCTIONS ARE OUR BEST WEAPON

(By Nadine B. Hack)

NEW YORK.—I went to South Africa firmly opposed to apartheid but painfully undecided about divestment or strong economic sanctions.

Now, having seen it for myself, I am convinced that sanctions are an appropriate response and in fact the best leverage we have. Regardless of Afrikaner protests that they will not be influenced by outsiders, they obviously are.

Black trade unionists, who hope divestment will not actually take place, applaud the international divestment campaign as the best influence on their country's direction.

While I was there, a boycott of white-owned businesses by the residents of Port Elizabeth's townships—strikingly similar to the Birmingham boycotts—was having a remarkably similar effect: The white mayor was grumbling that Pretoria ought really to be doing something immediately to make it easier for the blacks.

Economic sanctions are the last remaining non-violent, legitimate, and appropriate means we have to apply force.

A growing number of blacks have become so alienated and radicalized that they are no longer willing to tolerate any process of transition; for them, the revolution is long overdue.

U.S. policy is perceived by both backers and critics of the government as tacit complicity with the system. Out of frustration with the West and free enterprise as "supporters of apartheid," Marxist ideology is taking hold among many who know nothing of Marxism or the implications of a Marxist totalitarian system.

In not more fiercely opposing apartheid, we are creating fertile territory for communist influence. If we don't act quickly and strongly in opposition to apartheid, we will have created the problem we most fear.

As Bishop Tutu told us in Johannesburg, it is truly tragic to see mobs of angry black youths brimming over with pent-up frustration and hostility, robbed of any responsible leadership, left alone to roam the streets of the townships.

Sanctions will not bring about immediate reform nor end all the difficulties. However, sanctions can have an effect; merely debating them has already had an impact. We do not have the luxury of choice whether or not to make an impact in South Africa.

RESTRAINTS NEEDED ON THE COVERAGE OF TERRORIST ACTS

HON. DOUG BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. BEREUTER. Mr. Speaker, earlier today this Member delivered a 1-minute speech on this subject, which included an excerpt from a Christian Science Monitor editorial dated December 2, 1985. The entire editorial is printed here and commended to my colleagues.

[From the Christian Science Monitor, Dec. 2, 1985]

COOL HEADS ON TERRORISM

World leaders increasingly recognize the importance of combating international terrorism. Now, agreement for a more low-key, deliberate tone regarding terrorist incidents is needed.

Recent incidents such as the Achille Lauro affair, the storming of Colombia's Palace of Justice by left-wing guerrillas, and last week's hijacking of an EgyptAir jet underscore that terrorism is no longer a difficult challenge facing just the Western industrial nations.

In fact, of course, terrorism has never recognized regional boundaries. Terrorism, as it has been practiced in recent years, has been directed against scores of governments. The crucial factor is that although terrorism always appears to be aimed at individuals, as in the TWA and EgyptAir hijackings, it is actually directed against governments or institutions of power. And more often than not, terrorism stems from deep frustrations and grievances on the part of a community, a group of people, or individuals who feel alienated and powerless within the larger community around them.

Many questions continue unresolved in the hijacking of Athens-to-Cairo Flight 648 and the commando raid by Egyptian troops that resulted in a large number of casualties. But surely, the governments of Malta (where the commando raid took place) and Egypt warrant the backing of the world community. That is not to say that commando raids would always be an appropriate response. They are not. In this particular case, however, where the terrorists had already carried out several shootings, including against women, it was apparent to officials that the perpetrators were not amenable to reasonable negotiation.

It is important that the world community have more than just a simple "policy" on terrorsim. What is needed as a broad range of strategies, tactical tools, and better diplomatic and intelligence channels to deal with such incidents.

As pointd out by Robert Kupperman, a terrorism expert with the Center for Strategic and International Studies at Georgetown University, each incident must be dealt with on its own terms. There may be times to retaliate against terrorists, or to storm a plane. But there are times not to retaliate, not to take any military action. At times, restraint and negotiation are called for.

Two tracks regarding terrorism merit special attention:

PUBLICITY

The world's response to terrorism needs to be ratcheted downward, particularly by the news media. A studied "indifference"—not allowing requiste discussion and reportage to be overwhelmed by emotionalism—should not be confused with inaction, or unconcern for victims. Terrorism thrives in publicity's glare. Terrorists must be made to know that they cannot trifle with the sovereignty of a nation. They cannot be allowed to commander the attention of the world. A more temperate response to a terrorist incident allows a government greater freedom to reach a correct course of action—rather than being hurried by public opinion into potentially unwise or rash actions. Although action at times may be called for, governments should not feel compelled to take violent steps to protect their reputations for decisiveness.

SHORT-TERM STEPS

Security arrangements must continue to be tightened in airports and at other points of travel Antiterrorist units require more sophisticated training. Terrorists should be quickly brought to trial. Intelligence and diplomatic channels should be bolstered to identify assailants. And nations that deliberately finance or encourage terrorism must be made to feel the opprobrium of the world community.

In showing cool heads during terrorist incidents, nations must work to resolve the long-term disputes must work to resolve the long-term disputes that spur terrorism in the first place.

JAPANESE THREATENS PUSHMI-PULLYU INTERNATIONAL TRADE

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. STARK. Mr. Speaker, in the classic children's story, "Dr. Doolittle," was a description of an animal called the pushmi-pullyu. This two-headed beast was afflicted with what bureaucrats might call a critical decisionmaking breakdown, or operational problem-solving inabilities. Basically, both ends worked against the middle. If one head of the pushmi-pullyu wanted to eat some grass by the river, the other wanted to nibble fruit off a tree. If one end was pushing for a nap in the Sun, the other was pulling for a romp in the fields. Since neither side of this animal would cooperate with the other, it was never able to get anything done.

I was reminded of the pushmi-pullyu yesterday when I read in the Wall Street Journal that the Japanese Government is preparing to subsidize small exporters that have been hurt by the rising yen. This action would, of course, work against all the initiatives by the G-5 ministers to devalue the dollar and revalue other currencies. It would undercut the efforts of the United States and other countries to reduce their trade deficits with Japan and restore some balance and stability to the international trading system. It is yet another example of the Japanese spurning the rules of the trading game in a misguided, mercantilistic attempt to bolster their economy at the expense of everyone else's. Once again, the Japanese are pushing while everyone else is pulling. Notable economists from E.F. Schumacher to Lester Thurow have warned against efforts by any country to run a continuing trade surplus, recognizing that the inevitable results would be a contraction of the trade system and reduced benefits for all countries. Japan's policy in recent years has been reckless, shortsighted, and irresponsible, and it is making it very difficult for anybody in the multilateral trading system to get anything done.

Mr. Speaker, the multilateral trading system could become something like a multiheaded pushmi-pullyu. The potential for destructive intransigence is enormous. In "Doctor Doolittle," the pushmi-pullyus all starved to death and the species became extinct. We must be very careful that the same does not happen to our system of world trade.

KENT COUNTY HIGH SCHOOL'S CONTEMPORARY ISSUES CLASS SPEAKS OUT ON THE ISSUES OF PEACE AND SECURITY

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. DYSON. Mr. Speaker, several weeks ago, a group of fine young citizens from Kent County High School in Maryland's First Congressional District visited my office to express their support for a successful summit meeting between President Reagan and Secretary Gorbachev.

Their concerns are the concerns of all of us. In a world capable of destroying itself, they spoke of their hope for a lessening of tensions between the United States and the Soviet Union. They voiced their hope that one day the specter of nuclear war would no longer loom over us.

I believe that we all share these hopes. We all hope for a time when nuclear arsenals no longer exist; when the security of our Nation need not be tied to our ability to wreak mass destruction on our adversaries.

I believe, Mr. Speaker, that as policymakers, we owe it not only to those we represent, but also to all those who will come after us, to diligently pursue peace. At the same time, we must never waiver in our commitment to the cause of democracy. And we must remain mindful that the relative peace we have known these past four decades is owed to the security that comes through strength.

These fine young Americans left me with a letter written by Shelia Rowe and Shavons Jones and a poem written by Courtney Phelps—all students at Kent County High School.

At this time Mr. Speaker, I would like to share these statements in support of peace with my colleagues in Congress:

As young Americans, we see an urgent need for our leaders to take the first giant step for a just and lasting peace. We really do live in the worst of times and the best of times. The technology is in place for unprecedented prosperity and opportunity throughout the world. However, so also is the potential for complete destruction of our beautiful planet. The latter casts a melancholy and cynical attitude over much of what we do.

All people, especially ourselves, need to hear a message that is realistic and hopeful. A message that conveys the idea of rugged individualism, a healthy sense of magnanimity toward all people and assurances for a future.

Let this be the generation that conscientiously, sincerely and creatively prepares the way for a peaceful and secure world.

A RENDEZVOUS WITH LIFE

We want to walk safely with worries not of war;
A rendezvous with living, not of death, loss, nor destruction of each other.
Why fight for control, when all strive for power?
We have a rendezvous with life, not death and destruction.
But with all the shaky ground, how can we function?
To walk in the leaves, stroll on the Beach, now taken for granted, later out of Reach.
We want to live healthy and strong;
We stand for freedom Like our nation's song.
We have a rendezvous: It's of living, you see—
Please keep the world here for you and me.

OPPOSITION TO TAX REFORM THAT WILL DISCOURAGE SAVINGS

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. HUBBARD. Mr. Speaker, I received an excellent letter last month from my longtime friend, P.J. Wonn III, with whom I grew up in Ashland, KY.

P.J. Wonn III, now president and chief executive officer of First Bank & Trust Co. of Ashland, has written to me about his strong opposition to pending tax reform legislation that will adversely affect savings by Americans, which he believes will result if the laws are changed that will eliminate

or reduce 401(k), individual retirement account [IRA] or other employer-sponsored thrift/savings plans.

I agree with Pete Wonn that changing our tax laws in such a manner will be detrimental to the many people in our Nation who are trying to plan for their retirement years.

I urge my colleagues to read Pete Wonn's November 1 letter to me, which follows:

FIRST BANK & TRUST CO.,
Ashland, KY, November 1, 1985.

Hon. CARROLL HUBBARD,
House of Representatives, Rayburn House Office Building, Washington, DC.

DEAR CARROLL: I have been reading of changes proposed in the income tax reform program now being considered by Congress. As I understand it, if these proposals are incorporated into that tax reform bill, such would have a dramatic, adverse affect on employer sponsored Thrift/Savings Plans.

Our company has had its Thrift Plan in place since 1975 (now a 401K Plan). Many of our employees have accumulated substantial accounts through years of careful savings to use for retirement security, home purchases, college educations or for the secure feeling of having savings to fall back on in the event of a financial emergency.

I am presently a participant in and advocate of our company's Plan. We have about 150 employees and retirees in our Plan with a broad mix of employees from clerical to top management, with participation representing over 80% of our total work force. Because our company matches some of our contributions, it provides our employees an incentive to save.

Ideally, our citizenry should depend more upon themselves for retirement security, but we know that has not happened in the past without corporate plans and encouragement and incentives to do so. I believe it is essential to our country's growth and prosperity that our citizens should be encouraged to save—to depend more upon themselves for retirement security.

I ask for your careful consideration and urge you *not to support* any tax reform program which eliminates or reduces the present 401K, IRA or other employer sponsored Thrift/Savings Plans.

Sincerely,

P.J. WONN III,
President and Chief Executive Officer.

ONE YEAR AFTER BHOPAL, DECEMBER 3, 1985

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. VENTO. Mr. Speaker, today marks the first anniversary of the world's worst industrial accident; the release of a deadly gas from a Union Carbide plant in Bhopal, India. More than 2,000 people lost their lives in this tragedy and thousands more were injured. To this very day and for years to come, thousands of those who were injured by the deadly release of methyl isocyanate will suffer from a variety of ailments. What lessons are we to draw from this tragedy?

One lesson must be that we cannot blindly accept the assurances of those who would deemphasize the risks of accidents involving the manufacturing or the transportation of hazardous and toxic chemicals and other substances. Those who work in and live near plants which manufacture these hazardous substances have a right to know about them. They also have a right to expect that local and Federal Government agencies which are entrusted with responsibility for the public health and safety will carry out this responsibility in a firm and effective manner. It is clear that emergency procedures at the Bhopal plant were woefully inadequate. It is also clear that the local officials in the community surrounding the Bhopal plant were completely unprepared to deal with a tragedy of this scale.

If we are to prevent a similar incident from ever occurring in this country, we must pass strong and effective right to know legislation which will given Federal and local authorities the power that they need to monitor facilities which manufacture, store, and transport hazardous substances. We will soon have an opportunity in the House to consider a reauthorization of the Superfund Program. This legislation will include community right to know provisions which were carefully considered in the committees to which this issue was referred. I hope that this House will speak with a strong and united voice to support these provisions.

CONGRESSMAN EDWARD ROYBAL HONORED FOR LEADERSHIP IN PUBLIC POLICY AND THE ELDERLY

HON. MERVYN M. DYMALLY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. DYMALLY. Mr. Speaker, the members of the California delegation take great pride in informing our colleagues that one of our own has just received a richly deserved and fitting recognition for his years of legislative service. Congressman EDWARD ROYBAL has long been a cherished Member of this body. The citizens of his district, the 25th District, have sent him to Washington as their representative 12 times. But his service to them really began in 1945 when Congressman ROYBAL assumed the directorship of the health education division of the Los Angeles County Tuberculosis and Health Association. After 4 years in that position, Congressman ROYBAL served as a Los Angeles City councilman from 1949 until he took his seat in Congress in 1962.

Beyond his dedication to the people of Los Angeles, Congressman ROYBAL has also served a second constituency, a constituency that is not limited by the boundaries of a single city, but is nationwide and growing in numbers everyday. That consitituency is made up of the elderly. EDWARD ROYBAL and CLAUDE PEPPER, are the acknowledged leaders in the Congress in the effort to assure that the rights of the elderly will be guaranteed under the law. This year alone, Congressman ROYBAL is the sponsor or cosponsor of legislation that would guarantee lifeline telephone service to the elderly, that would prevent raises in the cost to the aged of medical care, that would prevent restrictions in eligibility for Medicare for the aged, that would allow elderly persons living in group settings to be eligible for food stamps, that would provide a tax credit to families who care within the home for elderly members, that would provide for the elimination of physical barriers to the elderly in public buildings, that would provide pharmaceutical assistance to the elderly under Medicare, that would extend food assistance programs to the elderly, and that would establish an office within the Justice Department on crimes against older individuals. And that is legislation for the first half of the 99th session of Congress. His record on behalf of the elderly over the past nearly quarter of a century is awesome.

How fitting it is, therefore, that on November 15 the EDWARD R. ROYBAL Endowed Chair in Gerontology and Public Affairs was officially dedicated at California State University, Los Angeles. That chair will serve as the nucleus of a research and training facility dedicated to research in gerontology including research on specific porblems of aging members of ethnic and racial minority groups. Congressman ROYBAL has been a strong supporter of California State University, Los Angeles, an institution that educates many of his constituents and mine as well. I know I speak for each and every Member of the Congress when I extend a hearty congratulations to our friend and colleague EDWARD ROYBAL. California State University could not have made a more appropriate choice.

THE 10TH ANNIVERSARY OF THE MOUNT HOLLY SOCIAL SECURITY OFFICE

HON. H. JAMES SAXTON

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. SAXTON. Mr. Speaker, on August 14 of this year I was pleased to participate in celebrations commemorating the 50th anniversary of the Social Security Administration. For 50 years Social Security has been one of the most successful programs established by the U.S. Government. It has provided economic stability and security to millions of senior citizens.

But, Mr. Speaker, Social Security is much more than just an esoteric, yet successful, program, and it is not an intangible bureaucracy. In the final analysis, the essence of Social Security is people helping people.

Therefore, it is indeed an honor for me to acknowledge the 10th anniversary of the opening of the Mount Holly, NJ, Social Security Administration office. Since it opened on December 8, 1975, the Mount

Holly office has served the vast majority of Burlington County. Prior to that date, beneficiaries were serviced by the Bristol, PA, district office, aided by only two contact stations located in Burlington City and Mount Holly.

The Mount Holly Social Security office receives almost 800 visitors each week. Presently, there are 47,155 Burlington County residents who receive Social Security benefits netting $18,281,000 per month. This demonstrates the importance of this office to the Burlington County area.

The office is most ably managed by Emil R. Gatti, who is assisted by June F. Harmon and an outstanding staff of 29 persons. Mr. Gatti and his staff have been of invaluable assistance to my district office in Mount Holly, as well as to my constituents in Burlington County. My district staff speaks very highly of Mr. Gatti and his staff, and I am grateful for all their experience, assistance, and input.

Again, Mr. Speaker, it is my pleasure to recognize, in this small way, December 8, 1985, as the 10th anniversary of the Mount Holly Social Security Administration office. I look forward to working with these fine people in the future, and I thank them for a job well done.

WASTE CLEANUP PROGRAM

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. CLAY. Mr. Speaker, this week the Members of this Chamber will vote on the extension for 5 years of the Superfund Toxic Waste Cleanup Program.

But, in voting for the Superfund Program, we are being asked to partially fund that program through what some proponents of H.R. 2817 call a Superfund Excise Tax [SET] or a Manufacturers Environmental Excise Tax [MEET].

However, I think it is time in this Chamber to call this broad-based tax what it really is—a value-added tax [VAT].

The VAT, as currently attached to H.R. 2817, would be a tax levied on the sale of manufactured goods at each and every stage and step of production and processing.

And the cost of this tax will be paid in the end by the American consumer who had no responsibility for creating the hazardous waste sites in America.

The VAT is inherently regressive.

The VAT is difficult and expensive to administer and enforce.

The VAT for Superfund undermines our Nation's tax policy and violates the principle of Superfund and all other U.S. environmental laws: that the polluter pays.

So as we prepare for a vote this week, let us be honest with ourselves and our constituents and forget SET's and MEET's and call a VAT a VAT.

In this regard, Mr. Speaker, I urge my colleague's attention to an excellent editorial by Mr. Oliver Starr, editorial page editor of the St. Louis Globe-Democrat of November 4, 1985.

VAT UNLEASHED IN U.S. HOUSE

Those who have been pushing for enactment of a value-added tax (VAT) to provide the major financing for a five-year Superfund program have insisted on calling the VAT an "excise tax." But they can no longer do this because Rep. Dan Rostenkowski, D-Ill., head of the House Ways and Means Committee which recently completed action on a Superfund bill, has come right out and called the tax approved by his committee for funding $4.5 billion of the cost of a $9.69 billion Superfund toxic waste cleanup program a value-added tax. Furthermore, Rostenkowski, along with four other senior House Democrats, has denounced this attempt to foist the first-ever VAT on the American people.

For those who still think that this is an excise tax, read what Rostenkowski and four other senior Democrats said about the tax the Ways and Means Committee approved by an 18-17 margin. Here is their official comment on the tax to other members of the House:

"In our narrow approval of the Superfund Manufacturers Excise Tax, the Ways and Means Committee, has actually pushed the Congress dangerously close to the edge of a hidden trap for American taxpayers, the value-added tax.

"The supporters of this new Superfund tax have called it a Manufacturers Excise Tax. However, this regressive tax should be examined for what it really is—a value-added tax. The tax approved by our committee is imposed on manufactured goods . . . the Superfund VAT contained in HR 2817 will be levied on the sale of manufactured goods at each stage of the production process."

What it means is that if the House joins the Senate in approving a VAT, and the new tax somehow escapes a presidential veto, the United States could have its first value-added tax, one that would levy a .08 percent tax on manufacturers' gross receipts, minus the cost of goods sold. This value-added tax would be levied each time a manufacturer received raw material or a manufactured product from another manufacturer, and then added value with his own manufacturing process. This would go on all down the line until the product reached the marketplace.

As we pointed out earlier, the history of value-added taxes in Western Europe is that they start out small and then grow explosively. After being introduced at modest rates, VAT shot up to 15 percent in Britain, 18 percent in Italy and 33 percent in France. Americans had better wake up soon to what members of Congress are trying to slip past them in this big Superfund bill, and call on their senators and representatives in Congress to vote against it. If this VAT is approved, the door will be open for a hidden tax that could give the big spenders in Washington billions of dollars more to spend each year.

JACK KEMP ON WHY AID TO UNITA IS RIGHT

HON. JIM COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. COURTER. Mr. Speaker, the essay on Angola which my colleague JACK KEMP wrote for today's New York Times is an important extension of the debate on American aid to the democratic resistance movement UNITA. I completely concur with the Member's views, and urge that my colleagues give his arguments close consideration.

Not long ago, a plurality of us approved sanctions on the Government of South Africa for its human rights policies. Why should we now decline to place some modicum of pressure on the MPLA government of Angola, whose repression of all of its citizens is no less reprehensible than South Africa's repression of a majority of its citizens?

The article follows:

[From the New York Times, Dec. 3, 1985]

SHOULD THE U.S. AID SAVIMBI'S REBELS?

(By Jack Kemp)

WASHINGTON.—Jonas Savimbi helped liberate Angola from Portuguese colonialism in 1975. Now he's fighting to free Angola from Soviet-and Cuban-backed forces that seized the Government in the vacuum left by Portugal's withdrawal. America has a duty to assist his struggle for Angolan freedom and independence.

Angola's Government is propped up by more than 30,000 Cuban mercenaries and 12,000 Soviet and East bloc advisers and personnel. It has violated the human rights of its political prisoners with torture, prolonged detention and arbitrary death penalties. It controls the trade unions, practices forced labor, enforces censorship and recognizes the legality of only one party—the ruling Marxists.

Mr. Savimbi and his Union for the Total Independence of Angola received no help from us after Congress prohibited American assistance under the now repealed 1975 Clark Amendment. He was forced to turn instead to South Africa, whose Government's racial policies he abhors.

Unita's morale is high. It serves as the de facto government in about one-third of Angola and enjoys wide-spread support. Using limited weapons, Unita's troops have downed Soviet MIG aircraft and helicopter gunships, captured Soviet-made trucks and confiscated thousands of Soviet AK-47 rifles.

Earlier this year, it seemed that for the first time in history, a Soviet- and Cuban-imposed despotism in Africa would be forced to share power with anti-communist forces. But a late Communist counterattack has severely blunted Mr. Savimbi's drive toward independence.

Legislation that I have offered along with Representative Claude Pepper and a bipartisan group of members of Congress would provide a modest $27 million in nonlethal humanitarian aid for Unita's drive for independence from Soviet neo-colonialism. As the House minority leader Robert H. Michel wrote to Secretary of State George P. Shultz, "United States support for Unita—

even in such a small way—is not only a geostrategic but a moral necessity."

Angola's Government is an outpost of white, Soviet-style colonialism on the African continent. Profoundly reactionary, it flies in the face of the historical liberation of Africa from colonial regimes and the gradual march toward democracy. We have no right to sit on our hands while soldiers from Cuba and commanders from the Soviet Union crush the aspirations of five million blacks.

Some say we should not "march to Pretoria's tune" by assisting a revolution South Africa supports. But this is a case of the tail wagging the dog. Given the repeal of the Clark Amendment, and financial aid from us, Unita need not rely on South Africa. Our obligation to help people fighting for freedom does not disappear merely because a Government we don't like is on the same side. That is a rationalization for shirking our responsibility.

Moreover, the South Africans often offer the threat of Communism as a reason for not dismantling apartheid. This excuse would carry less weight if Communist regimes such as Angola and Mozambique were replaced by genuine democracies.

Although assistance to anti-Marxist freedom-fighters is basic to the Reagan doctrine, the State Department has argued that support for Unita would undermine the neutrality of our efforts to arrange a negotiated settlement for the withdrawal of foreign forces. But aiding Unita does not prevent a political settlement. On the contrary, the cost to the Marxist Government of keeping its Cuban phalanx is high—estimated at between $400 million and $800 million a year. If negotiations succeed, it will be because Unita has put pressure on the Marxists to remove foreign forces and move toward free elections. Assist the freedom-fighters and negotiate—we can and should do both.

It's regrettable that Mr. Savimbi's forces have found it necessary to accept support from South Africa. But in foreign policy, you deal with one evil at a time. George Washington achieved American independence by seeking aid from an autocratic French king; Churchill and Franklin D. Roosevelt defended democracy by an alliance with Stalin to defeat Fascism. American support for Jonas Savimbi is essential to the propress of self-government and freedom in southern Africa.

RAE WRUBLE IS HONOREE OF UNIVERSAL AID FOR CHILDREN AWARD

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. LEHMAN of Florida. Mr. Speaker, I was very pleased to attend the Universal Aid for Children's Seventh Annual Children's Thanksgiving Luncheon in North Miami at which the 1985 Kathryn Lehman Weiner Advocate of Children Award was presented to Mrs. Rae Wruble for her outstanding work on behalf of children.

Named in memory of my duaghter Kathryn Lehman Weiner, who was a teacher in the Dade County Public School System, this award was established to recognize an outstanding individual whose dedication to children carries on the love and commitment that so characterized Kathy's work. I could not think of a better choice for this award than Rae Wruble. She has been recognized as the No. 1 school volunteer and outstanding citizen by the Dade County public school administrators and Dade County school board officials.

Our community is indeed fortunate to be the recipient of Rae's boundless energy, creativity, and respected understanding of how to best meet our children's educational needs today. I would like to commend Universal Aid for Children, Inc., for conferring the Kathryn Lehman Weiner Advocate of Children Award to Rae Wruble and to congratulate UAC and its executive director, Lorrie Kellogg, for its outstanding humanitarian work. Without the truly dedicated commitment of Ms. Kellogg and the many individuals making up this nonprofit organization, many children would not receive the medical attention they need nor the loving homes they deserve. It was wonderful to see the beautiful smiling faces of so many children with their adoptive families at the luncheon.

I place in the CONGRESSIONAL RECORD a listing of some of the achievements for which Rae Wruble has been honored:

Rae Wruble is a human dynamo and an official angel, in the opinion of Dade County school principals who have been fortunate enough to work with her. She is a rare human being whose energy and genuine interest in the youth of this community seems to be limitless.

The expansive and wide variety of services of Mrs. Wruble has rendered to our young people is truly commendable. For the past 9 years she has volunteered in the Dade County Public School system and has demonstrated her sincere dedication to all of the youth of our school system, regardless of race, economic status, or achievement levels. This is verified by her continous support and assistance to schools serving children from all social and economic stratas which make up our district's triethnic community. Mrs. Wruble not only gives countless hours of service to the schools in which her own children are enrolled but for the past 8 years has also been extremely supportive to the students and staff at two alternative centers. These centers cater to the special and distinctive needs of Dade's troubled and disenchanted youngsters.

Mrs. Wruble's services to the student bodies of these alternative schools include soliciting donations for the behavior modification programs, trophies, and incentive awards for the students as well as serving as the schools' official photographer. In addition she contributed valuable assistance in contacting community artists, business, and civic leaders to visit the schools and speak with the students about future career opportunities and job responsibilities. With her gentle smile and encouraging words. Rae also provided an uplifting and positive influence to the entire staff during some highly stressful situations.

Furthermore, Ms. Wruble worked with J.R.E. Lee Youth Opportunity School to secure a grant from the State of Florida for student workers from the Florida Youth Conservation Corps Program to work on enhancing the appearance of the school. Students at the center worked on the beautification project throughout one summer, coordinating their tasks to the basic skills curriculum by applying math concepts while measuring and landscaping and consumer reading skills while interpreting directions, and so forth. Thanks to Rae's efforts and continuous support throughout all phases of this unique project the youngsters experienced a practical way of applying their studies to a project that would directly affect their environment as their own self-esteem was raised through their active participation.

Mrs. Wruble's list of activities barely tell the story of her talent and accomplishments. She has given so much of her time in support of public education that to count all of the hours spent would be impossible. However, the following activities reflect the range and wide scope of services she has performed over the years.

Realizing that the essence of volunteering is the improvement of students, she spent additional time tutoring and counseling troubled youngsters from several schools.

Coordinated numerous parent workshops in four schools in order to inform parents and enhance their abilities to help their children with their studies.

Served as chairperson of school advisory committees as well as serving as a member of area and county advisory councils and task forces. Served as Dade County School Board Chairman's representative at the District Advisory Committee, 1982–83.

Worked closely with counselors in four schools assisting and coordinating cultural arts activities for the entire school throughout the year. In addition, she has coordinated career day activities and behavior modification programs for several student bodies.

Was instrumental in arranging and establishing an after school Spanish program for students and their mothers in grades K-6. She also served as chairperson of the study team on bilingual education for the South Area Advisory Council.

Established a lunchtime concert program at Coral Reef Elementary School. Local high schools and junior high schools bands and choral groups perform for the elementary students during their lunch hour.

Collected and distributed items, donated by local merchants, to numerous schools to be used with a variety of instructional programs.

Served as the official photographer for three schools, capturing on film precious moments of teacher/student successes. Rae places these photos into albums for the schools to use. New students can look at the albums and become less apprehensive about coming to a new school and students already attending school enjoy the memories of good times relived through the snapshots.

Actively coordinated articulation plans between Coral Reef and the feeder schools which the children will attend after graduation. This articulation process helps to assure a smooth transition and continuation of strong instructional programs for students as they graduate from one school to another.

Served as PTA membership drive chairman resulting in 100 percent membership from a school with over 1,000 students.

Produced a slide presentation which was shown to the school board for support and funding of a pilot math program at F.C. Martin Elementary School.

Initiated and assisted with an after school program for learning disabled students which emphasized the building of high self-esteem in youngsters experiencing learning difficulties.

Served as an ambassador for public education for her children's elementary school as well as for two alternative schools, J.R.E. Lee Youth Opportunity School and Miami Douglas MacArthur South. Ambassadors are selected by public schools to meet with parents of prospective students and individuals who are considering relocating within the Dade County area to discuss the positive aspects of the schools in the immediate community and the school system as a whole.

Rae truely serves as a general good-will ambassador for public education. The influence she radiates throughout the county creates a positive attitude and desire in others to improve educational excellence for all students. Her optimistic outlook is contagious to all those with whom she comes in contact.

Served on a task force to promote the expansion of the Academic Excellence Program, which serves students in all geographic areas who score in the 50th percentile or above on the Stanford achievement tests.

Utilized her professional nursing background, Mrs. Wruble served as a clinic volunteer for several years at Coral Reef Elementary School.

An indication of Mrs. Wruble's tremendous effect upon the schools she serves is that she was selected as the parent/citizen exemplary volunteer from Dade County for 1982-83. Her willingness to serve the need regardless of a school's location and student body composition is a remarkable attribute which was reflected in this prestigious honor.

Furthermore, as evidenced by the sample list of accomplishments, another feature which influenced the decision that Mrs. Wruble be chosen as Dade's outstanding volunteer was the vast variety of programs in which she is involved, affecting educational improvement for all students throughout the school system.

Other honors have been bestowed throughout the years upon this attractive petite mother of two whose energy and genuine interest in the students of Dade County seems to be limitless. Examples of these awards include:

July 1983: Distinguished Service Award for notable and exemplary volunteer service to public education in Dade County benefiting the community, making it a better place to live presented by Metropolitan Dade County Mayor Stephen P. Clark and Commissioner Barbara Carey.

June 1983: Certificate of Recognition—Distinguished Service Award for distinguished service to public education presented by Congressman Claude Pepper on behalf of the Florida Congressional delegation 18th Congressional District, House of Representatives.

April 1982: WINZ Radio Citizen of the Day for outstanding service and dedication to the community of south Florida.

May 1979: Lady of the Day of WEDR Radio for efforts and services given to J.R.E. Lee Youth Opportunity School.

In conclusion, the vast amount of service this extraordinary citizen gives to the youth of this school system would fill a book and cannot all be enumerated on this form. However, the administrators, parents, teachers and students whom Rae touches all express the thought described by Dr. Rasamma Nyberg, Principal of J.R.E. Lee Center: "We at J.R.E. Lee feel that we can fulfill our school's motto "We're Gonna Make It" if we just had a few more Rae Wruble's around.

ASBESTOS STANDARDS ARE NEEDED NOW

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. FLORIO. Mr. Speaker, parents, school administrators, and school employees are alarmed and confused about how to resolve the critical public health threat posed by asbestos in our public schools and the Federal Government has done little to help ease these concerns. Indeed, the Federal Government, through its limited action, has likely added to the confusion.

It is estimated that 15 million children attend school in the more than 30,000 buildings that contain deadly asbestos. Although some schools have tried to abate this imminent hazard, Environmental Protection Agency [EPA] surveys show that perhaps as much as 75 percent of all local asbestos abatement work has been done improperly. EPA estimates that almost 1,200 additional cases of cancer will result from this shoddy work. The numbers are numbing. We are talking about destroying our most important national resource—our children. We cannot continue to let them be exposed to the silent killer that is asbestos.

What is EPA's response to its own stunning estimates? It refuses to set standards defining just what an asbestos hazard is. It refuses to promulgate regulations prescribing recommended abatement procedures. And, it has yet to establish a model contractor certification program that the States must adopt. This EPA inaction comes despite the calls of the asbestos industry, trade unions, school groups, and State governments—virtually every group involved with asbestos—to set standards. Congress must deal with this problem before it gets any worse.

A recent series of insightful articles in the Pittsburgh Press details the struggles of Pennsylvania school systems that are attempting to ease this deadly problem without Federal help and with only limited State assistance. I commend one article from the series in particular as well as an editorial that followed the series to my colleagues.

The articles follow:

[From the Pittsburgh Press, Oct. 29, 1985]

SCHOOLS GET POOR EPA ADVICE ON ASBESTOS, AUDITS SAY

(By Paul Maryniak)

Roger C. Wilmoth's memo opened with a startling message that belied the cool, analytical detachment of his job as a scientist at the U.S. Environmental Protection Agency's laboratory in Cincinnati.

Wilmoth, acting chief of nonferrous metals and minerals for EPA's industrial research lab, wrote his superiors March 20 last year:

"I feel asbestos is the pollutant of the century. Because of past exposures, an estimated 10,000 persons will die each year until the year 2000 from asbestos-related illnesses.

"Virtually nothing we do now will save these 200,000 people who have already been exposed. They will die horrible deaths from mesothelioma, lung cancer, asbestosis, and/or gastro-intestinal cancers."

He then shifted to his primary concern—the type of test EPA had been telling school districts for five years to use in determining airborne asbestos levels in classrooms after removal projects could detect less than 10 percent of all asbestos fibers.

Like Wilmoth's memo, other internal EPA reports and outside audits suggest school systems are spending millions of dollars to correct asbestos hazards without sufficient guidance from EPA on how to locate and treat them.

Documents reviewed by The Pittsburgh Press show experts—including medical authorities, building engineers and scientists—can't agree among themselves, let alone with EPA, on basic aspects of the asbestos problem.

The scientific community is divided over what constitutes asbestos health hazards, the proper way to detect them and the best ways to correct them.

Pennsylvania school systems alone have spent an estimated $100 million to correct asbestos—usually by removing it—since 1979.

Only this year, however, has the agency started studying the effectiveness of asbestos-removal projects in controlling the release of cancer-causing fibers, Wilmoth told The Pittsburgh Press.

Meanwhile, the agency has taken no action on experts' requests that it initiate studies that could give EPA some idea of precisely how dangerous asbestos is in schools and other buildings.

"We can't address that with any degree of confidence at all," Wilmoth told The Pittsburgh Press. "There ought to be a tremendous amount of work in that area."

There is little. In an analysis May 3 last year, EPA officials had a brief response to recommendations by medical authorities that the agency conduct "urgent" studies to

evaluate health risks to school employees and occupants of public buildings: "No recommendations on these points."

Last year, EPA prepared changes in its asbestos-in-schools program that experts said were necessary to prevent districts from undertaking abatement projects, which may increase children's health risks or waste thousands of tax dollars.

Under pressure from White House budget officers, however, EPA abruptly dropped those proposed changes.

The agency also postponed plans in address health risks posed by asbestos in an estimated 750,000 non-school buildings, such as city halls, aging office complexes and older apartment high-rises.

Criticism directed against EPA's handling of asbestos has been underscored by three program audits completed in the last six weeks by the inspector general's office for the environmental agency.

Those audits say that in three EPA regions—including those covering Pennsylvania, Ohio and West Virginia—administrators were allowing school districts to use incorrect sampling techniques to locate asbestos-containing material.

The audits were obtained by The Pittsburgh Press through the Freedom of Information Act.

"Had an effective program been fully implemented, (school districts) throughout the region could have obtained better assurance that the sampling and analysis inspections properly identified and characterized any asbestos present," one said.

Asbestos was popular in construction during the late 1940s to mid-1970s.

In 1979, after medical research estimated that 40 percent of 21 million Americans who worked in asbestos mines and shipyards between 1940 and 1980 will die from related cancers, EPA declared asbestos a significant health hazard.

The agency initially focused on schools and asked for voluntary inspections.

When it realized its then three-year-old voluntary program was failing, EPA in 1982 flatly ordered districts to inspect school buildings for friable, or flaky, asbestos-containing materials.

Districts also were ordered to notify parents and school employees of the presence of such materials.

The law did not require corrective action, but EPA believed notification would prompt public pressure for local abatement projects.

Experts say, however, that districts are at the mercy of an emerging industry of consultants and abatement contractors who often perform shoddy work. That industry is unregulated in about 35 states, including Pennsylvania.

Even if abatement work is performed properly, memos like Wilmoth's suggest that parents and teachers may not have the best assurances that asbestos fibers are not floating inside their schools.

Wilmoth's memo expressed alarm over the advice that EPA had been giving school districts since 1979 on the tests that determine the level of asbestos fibers in the air.

Asbestos is a potential danger to human beings only if its fibers can be released into the air.

The danger of fiber release can be prevented by removing asbestos-containing materials, encapsulating them with special paints or blocking them off with barriers.

Although asbestos removers must work in areas encased in plastic to limit fiber release, experts say even the best work may leave tiny fibers floating in the air.

Wilmoth said that for five years, EPA's guidance books have left school districts with the false impression there was no difference between two microscopic tests used to count the number of fibers in the air.

Yet, as Wilmoth's memo stressed, there was a major difference—and one crucial to children.

Until recently, scientific data indicated that longer, thinner fibers were the most toxic.

New studies, however, suggest that smaller fibers may have a greater potential to cause cancer. And those fibers can be detected in air samples only by transmission-electron microscopy.

Yet, EPA was telling school districts to use phase-contrast light microscopy to detect airborne asbestos—the same method used by the Occupational Safety and Hazard Administration to measure asbestos risks to workers.

In an EPA-funded study, Dr. Eric Chatfield concluded that "results based on phase-contrast light microscopy should be discounted" because they could detect only less than 10 percent of asbestos fibers than can be seen with transmission-electron microscopy.

Citing the 1983 Chatfield study and other work, Wilmoth warned:

"The (EPA) Office of Toxic Substances in their guidance for removal of asbestos from schools requires the use of phase-contrast light microscopy.

"In those situations where removal techniques are used, a low phase-contrast light microscopy count may not mean a low hazard. In fact, we are concerned over the possibility of the removal technique creating a worse situation than was present initially and not knowing because of phase-contrast light microscopy limitations.

"We need immediate research to address this topic—the implications and potential are awesome."

Wilmoth told The Pittsburgh Press that EPA's latest guidance material now recommends transmission-electron microscopy. Yet, the agency does not require it, he said, "It's a more expensive test, and it's not available in all areas of the country."

Although new guidance books were printed a few months ago, school districts complain they can't obtain them yet from EPA.

EPA this year finally began studying the effectiveness of abatement projects by visiting some schools where asbestos has been removed.

Those results won't even start circulating within the agency until January, Wilmoth said.

Three inspector-general reports circulating within EPA in recent months have turned up more distressing news for parents and school districts on the agency's guidance.

Program audits of EPA's asbestos-in-schools program for regions covering Pennsylvania, Ohio and West Virginia were obtained by The Pittsburgh Press through the federal Freedom of Information Act.

The audits were particularly critical of EPA regional offices' failure to stress the importance of special techniques for looking for asbestos.

Unless districts use specific random-sampling methods when looking for asbestos in friable material, they can't be sure the samples are representative of the suspect material.

One audit noted improper sampling techniques "can result in students and employees becoming exposed to asbestos hazards or (school districts) spending thousands of dollars removing material that may not contain asbestos."

The audit found that most schools in all three regions never even received a key guidance book published by the agency in 1980. That book outlined many details of the program, including how to properly sample for asbestos.

Compounding that problem was the failure of EPA employees to tell school districts that other kinds of sampling techniques were forbidden.

In Ohio, Illinois, Michigan, Wisconsin and Minnesota, auditors found that EPA's own inspectors used improper sampling techniques in 2,674 private schools.

The auditors also questioned the ability of some of EPA's own inspectors to identify crumbling building products that often contain asbestos. "Consequently, some of these schools are not aware that hazardous conditions may exist in school facilities," they warned.

The audits said schools in 17 states and the District of Columbia—those covered by EPA offices—were not following the agency's recommended sampling technique.

Regional office heads balked at the findings, stating the agency never ordered that the recommended sampling technique be followed. The auditors, however, rejected that argument.

Even before the audits, there were signals that some Pittsburgh region school districts were having trouble keeping track of EPA's revisions in its sampling requirements.

In Westmoreland County, New Kensington-Arnold School District spent $4,625 in 1983 for tests that showed no asbestos.

When inspected by EPA officials last year, however, the school district was told its paperwork was in order, but tests had to be redone because of an update in federal guidelines for testing.

EPA said an insufficient number of samples had been taken by the contractor under the old guidelines.

The district spent another $5,266 on new tests; school officials said no asbestos was found.

POOR SAMPLING

EPA regional asbestos coordinator Pauline Levin said many schools had samplings done under the guidelines changed in 1982 and didn't read the new regulations.

The recent audit of Pennsylvania regional office, however, states that her inspectors were not following EPA headquarters' recommedations on the proper amount of samples that should be taken of suspected asbestos-containing materials.

In its response to the audit, regional officials asserted that the sampling recommendations were just that—recommendations.

Stephen R. Wassersug, EPA regional hazardous-waste management director, said the recommended sampling techniques "would increase the economic impact of the regulation.

"This reasoning was also applied when the regulation required polarized (or phase-contrast) light microscopy instead of the more expensive (transmission) electron microscopy, which is sometimes a superior method of anaysis.

"We certainly do not agree that this region should unilaterally implement such requirements (by the inspector general) without the full backing of a regulation or agency policy," Wassersug stated.

He also took issue with the audit's criticism of the use of random selection to

choose school districts for compliance inspections in Pennsylvania, West Virginia, Virginia, the District of Columbia and Delaware.

EPA is inspecting districts for compliance with its 1982 asbestos-in-schools rule and fining those that aren't obeying it.

Estimating it will take the regional office 36 years to visit all school districts in its jurisdiction, auditiors said Wassersug's office hasn't first targeted school systems most suspected of disobeying the law.

Wassersug said his office feared if the regional office first went after suspicious districts, EPA would be accused of harassment.

UNUSUAL ALLIES

EPA's sensitivity to public reaction to its asbestos program also affected its development of a concerted approach to asbestos hazards in non-school buldings, documents at agency headquarters suggest.

In public, the agency says it has insufficient data to develop a program for asbestos hazards in as many as 750,000 public structures, such as office and apartment buildings.

A diverse group of organizations is clamoring for such a program, claiming that untold millions of Americans who spend long hours in such buildings could face health risks from asbestos contamination.

Such concerns have been expressed by the industry-related Safe Building Alliance, the Environmental Defense Fund, custodial unions such as the Service Employees International Union, and the National Association of Governors.

Those groups also want EPA to develop more specific guidelines so that building owners, including school districts, know how to identify hazardous asbestos situations and what to do about them.

They want EPA to order states to adopt certification programs to ensure proper abatement work by licensed contractors.

EPA, however, maintains that it can't develop more specific guidelines because asbestos hazards will vary from building to building.

Because White House budget officers have warned EPA not to consider such a rule, records show that the agency merely has suggestions on how to select a competent contractor.

EPA also has asserted that it won't have enough data to adopt a more comprehensive asbestos program for non-school buildings until the end of this decade.

In a deposition last May, EPA lawyer John Rigby admitted that agency officials privately recoil over the panic it created in some school districts with the asbestos-in-schools program.

Explaining how many top agency officials view the idea of extending its schools program to non-school buildings, he said:

"There is a feeling that by EPA doing an inspection and notification rule that EPA had created great alarm, and if that this were done again and extended to (non-school) buildings, EPA would also create great alarm and perhaps require unnecessary removal of asbestos and make the problem worse."

In public, EPA also is undaunted by criticisms of its schools program from education officials, asbestos experts, Congress and industry.

The broad range of criticism is evidenced by a suit in federal court in Washington, D.C., filed against EPA by the Service Employees' union, the Safe Building Alliance and the Environmental Defense Fund.

In the suit, EPA claims its approach to asbestos—which it considers one of its top five public-health issues—is the best it can develop given budgetary limitations and existing technology.

Rigby, who drafted the agency's Nov. 30 rejection of requests for overhauling the asbestos-in-schools program, testified in his deposition:

"I myself do not believe that there is one document in the record that shows the asbestos program as a whole is working."

Happy with a schools program that dissatisfies most everyone else, EPA has "produced a program that is not only ineffective, but probably dangerous," said a report Nov. 28 last year by Dr. Robert N. Sawyer.

Sawyer, a physician and asbestos expert who helped EPA write its first guidance material on asbestos in 1979, ended his critical review of the agency's program by quoting a French physician's comment on a troubled 1881 program for smallpox vaccination in France:

"An ineffective and possibly dangerous program should be continued . . . since it can raise the moral of the people who are very stirred up."

[From the Pittsburgh Press, Nov. 3, 1985]

EPA'S LIFE-DEATH CHALLENGE

The Reagan administration's policy of getting government off people's backs may be working even more thoroughly than any White House insider ever expected or intended

Government, for hundreds of thousands of people in the workplace and especially in the nation's schools, has worked its way from their backs to their lungs.

Through inaction, inefficiency, disinterest, and, chillingly, through a setting of a dollar value on human life, the federal government is allowing deadly asbestos fibers to enter the lungs of these people, assuring that a huge number of them will die horrible cancer deaths after a latency period of 30 to 40 years.

The outrageous dealings of the federal body impolitic with the "pollutant of the century" were detailed in The Pittsburgh Press last week in a three-part series, "Hazardous Duty," by Reporter Paul Maryniak.

What he found was an Environmental Protection Agency—the organization that is charged with the responsibility of protecting the nation's environment—that caved in to the Office of Management and Budget, the White House office where the focus is on dollars. Human lives are secondary.

Called "the pollutant of the century" by Roger Wilmoth, acting chief of non-ferrous metals and minerals at EPA's Cincinnati laboratory, asbestos was widely used in construction from the 1940s to the mid-1970s.

Because asbestos deteriorates, it releases its deadly—and invisible—fibers into the air, to be ingested by unwary victims throughout the nation.

Indeed, the EPA in 1979 declared asbestos a significant health hazard after research indicated that 40 percent of 21 million people who worked in asbestos mines or shipyards—it was used heavily as insulation in ships—from 1940 to 1980 will die of cancer. There's no way of knowing how many others have asbestos-induced cancer.

What is known, though, is that the EPA was ready last year to inaugurate a program to make schools safer, to ban five major products containing asbestos and to phase out domestic mining and asbestos importation.

Incredibly, those plans were scrapped under pressure from the Office of Management and Budget, which, in the cases of the mining-importation and the ban on the five products, adopted a position identical to that of asbestos industry lobbyists—that EPA had no authority to enact the proposed regulations.

The EPA went even further, deciding the rules for schools were too expensive and would increase government regulation when Presient Reagan was advocating deregulation.

Even more incredibly, OMB assigned an arbitrary value of $1 million to a human life and told EPA that it should figure that the fiscal value of life depreciates between 4 and 10 percent annually, making a life—with a 10 percent depreciation factor—worth $22,000 after 40 years, the latency period.

In effect, OMB was saying that life, like a hamburger wrapper, is a throwaway commodity.

Of course, it isn't. And if there's to be any protection from asbestos, the EPA will have to shuck its shrinking violet attitude and challenge the OMB muscle-flexing.

We suggest that EPA expand its present one-shot abatement policy for schools and require that owners of non-school buildings undertake one or more of three abatement measures:

Removal—which EPA recommended until last year, when it heeded the advice of many experts who claimed it was not always necessary and, in some cases, was increasing exposure risks.

Encapsulation—which involves applying special paints to friable, or flaky, asbestos-containing materials.

Enclosure—barricading areas with friable asbestos-containing materials.

We also recommend that the EPA set a mandatory inspection program, with both the frequency and the intensity based on the type of abatement measure employed.

Further, the EPA should use its position to lobby the administration for federal financial support for abatement and inspection.

And fines for violations should be set high enough to discourage building owners and school districts from trying to evade the regulations.

A LONG-TERM CARE PATIENTS' BILL OF RIGHTS

HON. OLYMPIA J. SNOWE

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Ms. SNOWE. Mr. Speaker, the vulnerability of long-term care residents has been underscored recently by a rash of reports documenting the increased incidence of physical abuse in long-term care facilities, including cases of nursing home residents who have been unwilling subjects of drug experimentations. Because of the need to better protect individuals receiving long-term care, I am developing legislation to enforce the rights of all patients in facilities where the average stay is 30 days or more. Receipt of Medicaid funds by the States will be made contingent upon the development of a State plan to ensure the protection of patients' rights.

While there are currently Federal regulations designed to protect the institutionalized, there are no statutes which specifically assure the rights of older patients in long-term care facilities nor is there a mechanism for enforcement of those rights. A case in point is that of a woman who attempted to sue a nursing home for their abuses against her. The Supreme Court has ruled that in the absence of a direct statement of congressional intent to the contrary, the residents of long-term care facilities do not have the right to sue. There is also adequate documentation about drug experimentation on the elderly nursing home resident indicating a violation of rights that would not be tolerated in the noninstitutionalized population. These violations have included inadequate informed consent and testing of drugs on those who should not have received them.

It is my intention to provide a clear statement of congressional intent with respect to long-term care residents so that entry into an institution will no longer signify the surrendering of rights. Included in my legislation will not only be the rights that should be guaranteed to all long-term care residents, but also a multitiered mechanism for enforcement of those rights. States will be required to develop a plan outlining the rights of institutionalized patients, a means for monitoring that those rights are protected, and a plan for levying penalites when rights are violated. Since Medicaid is the principal source of reimbursement for nursing home care, receipt of Medicaid funding will be conditioned upon the acceptability of the State plan.

This bill will be a major step forward in the protection of persons who reside in long-term care institutions by affirming that rights can neither be denied nor abridged because of institutionalization. My legislation will ensure that residents of long-term care facilities have the same rights as the rest of us and that they will not surrender those rights to which they are entitled.

WELCOMING A NEW PRESIDENT

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. SOLARZ. Mr. Speaker, David Steinberg's inaugural address as the new president of Long Island University, the ninth largest independent university in the United States, eloquently expresses the essence of higher education and the joy of learning.

Dr. Steinberg has proven his commitment to education through his long years of service as a full professor at the University of Michigan and as secretary, vice president, and executive assistant to the president at Brandeis University, where he has played an integral role in the development of that prestigious institution.

As the Congress is currently in the middle of approving the reauthorization of the Higher Education Act, I feel that it is particularly appropriate to enter into the RECORD the insightful words of someone who has worked so hard to promote vital higher education programs in this Nation.

I am proud to have in my district in Brooklyn a leader in the field of higher education such as Dr. David Steinberg. I wish Dr. Steinberg the best of luck in his new position, and am confident that he can lead Long Island University with the vision which is reflected in the following address which I commend to the attention of my colleagues.

DAVID STEINBERG'S INAUGURAL ADDRESS, BROOKLYN ACADEMY OF MUSIC, NOVEMBER 13, 1985

Ninety-eight years ago a young man named Shmuel from a tiny shtetl called Seraye in the Lithuanian province of Suwalki came through Ellis Island. He was one of the millions of Europe's tempest-tossed, yearning to breathe free. As a boy he had won a local scholarship to go to the great regional Yeshiva at Volozhin, but the academy at Volozhin burned to the ground and the Czar threatened to draft him for several decades of military service. So Shmuel came through "our sea-washed, sunset gates," to New York, settling eventually here in Brooklyn for about half of his very long life.

Shmuel, or Samuel as he was known here, was not only an emmigrant from political persecution and grinding poverty, but was also an intellectual pilgrim. Although he probably never heard of Henry Adams, he would have agreed with him that "from cradle to grave this problem of running order through chaos, direction through space, discipline through freedom, and unity through multiplicity, has always been, and must always be the task of education." Shmuel tried to reconcile the modern, bustling world of New York (still so perfectly symbolized by the majesty of the Brooklyn Bridge), with a tradition that predated subways and telephones. His quest, like that of his Rabbi son, was to reconcile "faith and reason," the eternal verities with the explosion of knowledge from science, technology, and secular humanism. To the end of his life, he could recite what he had learned as a boy, but—and more important—he kept on learning. He read his newspaper everyday. When he was 93 he became interested in automation and its effects on employment.

For Shmuel learning was a tree of life that he grasped firmly but tenderly. This Shmuel, this Samuel, my grandfather, never made it financially nor did he ever become fully acculturated. In his latter years, when I knew him, he was an old world figure as he shuffled down Avenue "J" to his apartment on Ocean Avenue. And yet, he was and is the link—not only biological but intellectual—that brings me here before you today. The adventure that began in Seraye and led him to Brooklyn eventually carried me via the study of history half way around the world to Manila only now to bring me back to Brooklyn.

In my intellectual odyssey, I have devoted my life to the institution of the University. Often petty, occasionally banal, frequently ludicrous, the University was once defined by Clark Kerr as "a series of individual faculty entrepreneurs held together by a common grievance over parking." And yet, the University is vital to our society, and, even more important, to the survival of our culture, values, and cherished traditions. In 1946 John Masefield said, "There are few earthly things more splendid than a university. In these days of broken frontiers and collapsing values, when dams are down and the floods are making misery, when every future looks somewhat grim and every ancient foothold has become something of a quagmire, wherever a University stands, it stands and shines; wherever it exists, the free minds of men, urged on to full and fair inquiry, may still bring wisdom into human affairs."

I affirm that with every fiber of my being, because the "futures" that then looked so grim are no less bleak today. This nuclear age still threatens humankind. Decades after the experience of the Holocaust, we have witnessed South African apartheid and Khmer genocide. "If the world is to be remade," my father once wrote, "it will be through intelligence, compassion, faith and idealism. These forces reside in the laboratory, the lecture hall, the library, the school. To guard these, to enhance them, is to contribute to the ultimate triumph over the ancient evils that oppress mankind."

I assume the Presidency of this, the ninth largest independent University in the United States, committed to the fundamental premise that through learning and self-discovery we provide each generation with the capacity to know itself and the world around it; to search for that which is beautiful in life; and to realize what it means to be embedded historically, intellectually, and culturally in time and space. We must provide each and every student with a capacity to think and to master the many languages of our day: our written and spoken Mother-tongue of English, Spanish, French, Russian, Chinese, Fortran, Basic, abstract expressionism, the DNA code. We must expose the students who come to Long Island University to the majesty of their heritage so that they can see for themselves how humane education can help them learn to live and utilimately to prepare to die. We must cultivate their passion for learning, nurturing an insatiable desire to challenge, to discover, and to reevaluate.

In that now distant and obliterated world of my Grandfather's Seraye, the beginnings of a child's education would include a tiny ritual of coating the first letter of the as yet unlearned alphabet with a drop of honey. The child would lick the honey so that he should never forget that learning is sweet. Our task with an older age cohort is just the same, if the brutish in modern life is to be tamed.

Long Island University must be an institution of effective learning, since most of its students approach these university years with the economic need to acquire the necessary skills to earn a living and to participate in the American dream of access to opportunity. Our task, therefore, is to meld instruction in the crafts of teaching, of health care, of accountancy, of the arts, of journalism, of business, of information science, and of pharmacy, with the traditional arts and sciences of broadly based liberal education. Except in specific research areas, our primary mission is to teach superbly what our students must master to succeed in the 21st century. There must be a sense of excitment, even glory, in this process. Access to opportunity is the dream that led my grandfather and millions of others to these shores.

The first President of Long Island University, the extraordinary Tristram Walker Metcalfe, wrote that "education must not only make democracy secure, it must also

direct its growth. Intelligence of a high order is necessary in the solution of the problems of democracy now and in the future." And the first catalog of this University pubished in 1926 declared that "the broad aim of the University is to fit young men and women for life by the cultivation of trained intelligence and to inspire in them a quickened sense of obligation to serve the general good."

Our task is formidable. Translating pieties into reality requires, skill, a shared sense of community, a new vision and money. Long Island University is now a multicampus institution. A vast system, it has big and small units, commuter and residential styles, inner city and rural settings.

Our task is to sustain "unity through multiplicity." I affirm my commitment to each campus and its educational style. Each must find its own identity. And yet we together form a single University. Gathered together today, we share a common purpose and a need to pull together. There is strength in our talents, our diversity, our numbers. Because we have so many needs, such transparent problems, we must link arms together in solidarity. Centripetal creativity must triumph over centrifugal fragmentation. We need to broaden our conceptual horizons so that we don't merely think of ourselves as students at Southampton, or faculty members of Post, or alumni of Brooklyn.

Even these priorities pale before the central challenge of reinvigorating the quality of the teaching by our faculty and the openness to learning by our students. I believe that to be a professor is to have accepted a secular covenant. I will continue to teach while President and I call on my faculty colleagues to think hard about what it is we have pledged to do with out lives. We must never be bored by our students or academic subjects. To lose our passion is to accept a moral bankruptcy, a professional dry rot destroying the very foundation of our university, far more serious than any budgetary shortfall or lack of endowment.

A university is a fellowship of faculty and students. I can appeal to my colleagues but I cannot mandate a new order. I can articulate a future but I cannot erase the past. I can raise money but only collectively can the faculty make Long Island University an institution where knowledge is cherished. This inauguration not only marks my assumption of the Presidency; it summons the faculty to recall its covenant.

Our University was named Long Island University 59 years ago when it was founded in Brooklyn. New York has three important islands: Staten, Manhattan and Long. Our island is the largest, with 6.7 million people. But it is artificially divided between two urban counties—Queens and Kings—and the two outer counties of Nassau and Suffolk. If you ask most people what they mean when they say "Long Island," they identify it as that which is beyond the City line, that part of the Island where the speed limit is 55 rather than 50, where the area code is 516 rather than 718. And yet, millions of people flow back and forth daily between one part of the Island and another, and most of the people who reside in Nassau and Suffolk either emigrated from Brooklyn and Queens or are the children of people who did. Long Island, as a regional entity, is diminished by the artificial division in people's minds—a division which diminishes the strength and economic viability of the area just as the University itself is diminished by its fragmentation.

Not by accident is Walt Whitman, celebrated at this inauguration. Born in Huntington, he lived much of his life in Brooklyn and he adored this Island as a place of rare beauty. Interestingly, he knew C.W. Post as a young man. Whitman recalled how "the successive growth stages of my infancy, childhood, youth and manhood were all pass'd on Long Island, which I sometimes feel as if I had incorporated, I roam'd as boy and man, and have lived in nearly all parts, from Brooklyn to Montauk Point." He speaks out to us across the century, reminding all of us what we have done to his precious Paumanok, the Indian name he used for Long Island. If we have paved it over, if we have created purgatory on wheels on its parkways, we have also seen it grow from a virtual wilderness in Whitman's day to one of the most vibrant, economically prosperous places in America. Surely it needs and deserves great universities.

Walt Whitman was also a democratic poet. His art, like his Island, was for everybody, and so must this great university be for everybody—for the residential student, for the commuter, for the extension student, for the part-timer, for the student seeking a professional qualification, for the mature adult who wants to learn something new or refresh an older interest. Walt Whitman would have smiled with joy as we reaffirm with ceremony and procession Brooklyn's future and the Island's greatness.

Friends, colleagues, distinguished quests—I am proud to assume the mantle of President. You have invested in me the formal authority and the moral responsibility for leadership. We have also done something much more significant. We have symbolically rededicated the University itself and have physically come together as a community. We will not accomplish our ambitious goals in a year or a decade, but we can and must strive, because that very process is the way by we deliver quality education to our students, provide access for them to the American and the human dream, and perform service to our community.

In sum, we have within our university family the collective capacity and intelligence to succeed if we but believe more in ourselves and in our destiny. In his first preface to "Leaves of Grass" Whitman exhorted us to "read these leaves in the open air in every season of every year of your life, re-examine all you have been told at school or at church or in any book, dismiss whatever insults your own soul, and your very flesh will become a great poem . . . . a great poem is no finish to a man or a women but rather a beginning." With pride let us begin to craft that next stanza, so that generations to come will say, truly, they did make a new beginning.

A TRIBUTE TO PETER V. UEBERROTH

HON. MEL LEVINE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. LEVINE of California. Mr. Speaker, this Thursday, December 5, in Los Angeles, the 16th Annual Scopus Award Gala of the American Friends of the Hebrew University will honor Peter V. Ueberroth, Commissioner of Baseball and chairman of the 1984 Los Angeles Olympic Organizing Committee. I am pleased that Peter Ueberroth is the recipient of this extremely prestigious award.

Mr. Speaker, Hebrew University of Jerusalem is today the world's largest Jewish institution of higher education. It has more than 17,000 full-time students and 15,000 part-time students of varied ethnic and religious backgrounds attending classes in its 65 institutes and centers. The Scopus Award is the highest award that can be bestowed by the American Friends of the Hebrew University, which is the support arm of the university in this country. The award takes its name from Mount Scopus—the "Hill of the Watchman"—overlooking Jerusalem. It was on Mount Scopus that the Hebrew University's first classes met 60 years ago in 1925. In receiving the Scopus Award, Peter Ueberroth joins the company of President Gerald Ford, Ambassador Arthur Goldberg, Elie Wiesel, Arthur Rubinstein, Nancy Reagan, Bob Hope, and Ambassador Jeane Kirkpatrick, to name but a few previous recipients.

Peter Ueberroth is particularly deserving of the Scopus award, which recognizes those individuals in public life whose achievements demonstrate commitment and leadership in their particular field. Peter Ueberroth's credentials, in several fields, are outstanding.

We all recall the superb job that Peter did as chairman of the 1984 Los Angeles Olympic Organizing Committee. Not only did he give us a stunning show, not only was it the smoothest-running Olympics in recent memory, but the 1984 games instilled a sense of civic and national pride in many Americans, a feeling which to this day remains with many of us. The records show that the games were a huge financial success. True, but beyond the balance sheet, beyond the logistics, beyond the sports, our renewed patriotism is Peter Ueberroth's Olympic legacy.

Today Peter Ueberroth is Commissioner of Baseball. In that capacity he has again performed admirably. Through his efforts, he succeeded in bringing to an end, almost before it began, a strike that would have ruined one of baseball's most exciting seasons in years. He presided over a sport which enjoyed almost unprecedented financial and fan support in 1985. And most importantly, he dedicated himself, in the face of heavy criticism, to cleaning up the image of baseball during a year of numerous drug scandals. This was, and remains, a courageous move, but courage is an integral part of Peter's personality. He will not back away from his war on drug abuse until baseball once again becomes a sport in which every American, young and old, can take pride in a game which is rightly called our national past time.

Undoubtedly, Peter deserves praise for these accomplishments. However, we cannot overlook the vital role his family plays—his wife, Ginny, and four children, Vicki, Heidi, Keri, and Joe. I know that it is their strong support for Peter that enables him to succeed in all that he does. This award really honors the entire Ueberroth clan.

Mr. Speaker, in conclusion I would just like to comment on the importance of the dinner itself. Each table at the dinner represents a full 3-year scholarship at Hebrew University leading to a degree. In other words, 120 students will receive these scholarships. They are to be granted to qualified students of all religious and ethnic backgrounds—Jewish, Christian, Moslem, and Druse. Appropriately, these scholarships are to be named "Ueberroth Scholarships." Benefits from the dinner will also go toward the creation of a Peter Ueberroth Tennis Center in memory of the Munich 11. The center will contain 11 tennis courts, each of which will bear the name of one of the Israeli athletes slain by terrorists in Munich in 1972. This is especially appropriate because the 1984 games, at Peter Ueberroth's direction, were the first games to honor the Munich 11 since that tragedy occurred.

Be it in the world of academics or the world of sports, Peter Ueberroth's legacy to the youth of Israel will long endure.

Mr. Speaker, I salute a man I am proud to consider a friend, a man truly deserving of the Scopus award, Peter Ueberroth.

TEXTILE BILL INVITES RETALIATION PRACTICES

HON. JAMES V. HANSEN

OF UTAH

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. HANSEN. Mr. Speaker, I would like to express my support for the copper industry.

I recognize that the domestic copper industry is in serious trouble as a result of excess world production and foreign government subsidies. This has put our domestic industry in an unfair and unequal position. I have worked many long hours to support the copper industry, and I encourage the efforts of the Kennecott Corp. in the modernization of their operation in Utah. The Sohio Corp. announced plans today to upgrade their Utah facilities.

Today, I voted against H.R. 1562, the Textile and Apparel Trade Enforcement Act, which includes a provision to aid the beleaguered domestic copper industry. I voted against the bill, not because I am against the copper provision, but because I cannot support legislation which is protectionist in nature. I cannot support legislation which would result in further unfair competition. The majority of provisions in H.R. 1562 invite retaliation practices which will cause even more harm to our American industries and economy.

I feel that the ultimate solution to our trade problem is to work toward a policy of free and unfettered fair trade. One way to accomplish this goal is through negotiations which encourage other countries to follow the same rules of free trade and open markets.

I am hopeful that the administration will assist the copper industry whether or not this legislation becomes law by entering into negotiations as outlined in the copper provision of H.R. 1562.

LET'S STOP INTEREST-FREE LOANS TO COMMUNIST NATIONS

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. DORNAN of California. Mr. Speaker, I am deeply concerned about the fiscal year 1986 U.N. contribution to the World Bank's International Development Association. Many in Congress are opposed to continued U.S. participation in IDA because this organization continues to award loans to Communist and Third World nations hostile to this country.

I drafted an amendment to House Joint Resolution 465 which withholds funds for the seventh replenishment of the IDA by the United States precisely because it helps America's enemies. It is lamentable, however, that the Rules Committee precluded sufficient debate on this important issue by not permitting amendments of this nature. These actions constitute a backroom approach in dealing with this important and controversial public issue. Funding for the International Development Association deserved full, open, and complete debate and would have been the most responsible way to judge the fate of this program.

Mr. Speaker, I submit for the Record my amendment which documents my efforts and those of many concerned colleagues to stop zero-interest loans to Communist countries.

AMENDMENT TO HOUSE JOINT RESOLUTION 465, AS REPORTED OFFERED BY MR. DORNAN OF CALIFORNIA

Page 6, line 6, strike out the period and insert in lieu thereof the following: "; and no funds are appropriated by this subsection for the United States contribution to the seventh replenishment of the International Development Association."

CORRECTION OF HOUSE JOINT RESOLUTION 428 COSPONSORS

HON. VIN WEBER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. WEBER. Mr. Speaker, due to a clerical error, Representative DENNY SMITH—Republican of Oregon—was not included in the list of original cosponsors of House Joint Resolution 428, legislation to delay arms sales to Jordan until direct and peaceful negotiations have begun between Jordan and Israel. For the record, he requested that his name be added to the list of cosponsors on October 23.

PUBLIC CITIZEN OF THE YEAR FREDERICK C. SMITH, CHAIRMAN, EXECUTIVE COMMITTEE, HUFFY CORP.

HON. BOB McEWEN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. MCEWEN. Mr. Speaker, the distinguished service award, 1985 Citizen of the Year, by the National Association of Social Workers, has been bestowed upon Mr. Frederick C. Smith of the Huffy Corp. in Miamisburg, OH. Mr. Smith, chairman of the executive committee of Huffy Corp. has long been a supporter of community projects, both individually as well as in his role with the Huffy Corp.

During his tenure with Huffy, Mr. Smith formed the Huffy Foundation which commits 2 percent of the corporation's pretax income annually to community projects. In addition, the foundation extends support for qualified organizations which take on Huffy employees as board members. In turn, employees are encouraged to work with local community service organizations.

Residents of Dayton, OH know Frederick Smith. Through his efforts, the community enjoys a human services levy under which special purpose taxes, or levies, are approved by voters to fund social service programs. Through this voter referendum, residents have a direct hand in the way in which human service moneys are spent. Mr. Smith was elected first president of the Human Services Levy Council.

National Association of Social Workers' president, Dorothy V. Harris, praised Mr. Smith as, "bringing an unwavering commitment to community service from the board room to the councils of local government."

I commend the following statement by Mr. Smith, on the occasion of this award presentation, to my colleagues and thank him on behalf of all who have benefited from this wisdom.

[Mr. Smith's prepared statement follows:]

Good evening everyone.

I am surprised and pleased to receive this award.

Surprised because I had no idea that I was being considered. Pleased because it gives me an opportunity to accept it on behalf of the many thousands of former corporate executives who devote countless hours in volunteer service to improve the quality of life in their community. My selection is simply an accident of fate, in my view.

It also gives me the opportunity to acknowledge the support system which has made it possible for me to be here.

I am referring to my parents who nurtured and provided me with an education;

My wife who has molded and shaped my thinking during the past 45 years;

My five sons and their families;

My parish priest who has encouraged and strengthened my resolve;

My physician who has helped me to stay well;

Huffy corporation with whom I have been associated for nearly forty years;

And others like George Brock and Lida Smith who helped me when I needed it.

Like all of you, I am absolutely helpless without a strong support system.

It also provides me the opportunity to acknowledge the tremendous work of L.R. Jordan, the chief executive officer of Med-America Health Systems, Inc.; Joel Davis, executive director of United Way of the Dayton, Ohio area; Dr. David Ponitz, president of Sinclair Community College and Faye Wattleton, president and chief executive officer, of Planned Parenthood Fedration of America.

I have worked intimately with these individuals for a number of years and have seen them go the extra mile in providing education, health, and social services to members of our society who so desperately need it.

And now, my brief message to you.

It is common practice to talk about the limitations placed upon us by money. We spend hours preoccupied with financial plans, budgeted income and expenses. We see money as limiting our work.

In my perception an equal limitation is that of time. We squander time as though it were unlimited, when is fact, not only our own, but time of our leadership is limited.

If professionals and vounteers do not focus on the essential tasks before them, time is squandered. I have often wondered why we aren't as sensitive to the time limitation as the dollar limitation.

Let me ask you a question.

Do you think it is appropriate public policy to have millions of Americans without health care benefits?

I do not.

Are we going to change public policy on this matter?

I believe it is highly unlikely unless we develop a consensus that change is necessary. We don't have one now. This will take enormous amounts of time and energy.

As leaders in the field of social work it is your obligation, in my judgment, to be certain that the leadership in your board of trustees or your corporation develops a budget of time as well as dollars and devotes a significant portion of that time to devising appropriate public policy for the benefit of all Americans.

Start this process in your community.

We don't have a national consensus on health care benefits for everyone because we don't have a local consensus. I urge you to go home and initiate or participate in the debate we need on public policies which now adversely affect the less fortunate in our society.

Then use your volunteers to push through the legislation that implements new policies.

If we are successful we will have a stronger, more productive Nation.

Thank you.

SENATE—*Wednesday, December 4, 1985*

(Legislative day of Monday, December 2, 1985)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore [Mr. THURMOND].

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray.

Eternal Father, God of order, justice, and truth, we pray for the infusion of this place with Thy presence and Thy gracious intervention in the monumental task the Senators face before adjournment. Continuing resolution, reconciliation, farm bill, tax bill, deficit reduction—any one of which is overwhelming—added together with all the other legislation and executive business, makes adjournment in any reasonable time seem impossible. But Thou art the God of the impossible and I pray that Thou wilt give special wisdom to leadership and guidance to all the Senators and their staffs that this imponderable agenda may be efficiently and effectively managed to a just completion to the glory of God, the honor of the Senate, and the benefit of the Nation. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The distinguished majority leader is recognized.

SCHEDULE

Mr. DOLE. Mr. President, under the standing order, the leaders have 10 minutes each, followed by a routine morning business not to extend beyond the hour of 10 a.m.

At 10 a.m., by unanimous consent, the Senate will go into executive session and resume consideration of the Dawson nomination under a time agreement of 1 hour. The yeas and nays are ordered on the nomination, therefore a rollcall vote will occur at about 11 a.m., with an hour time agreement. So, at 11 a.m., we probably will have a vote.

Following the confirmation vote, we hope to have a time agreement on S. 1396, White Earth Indian Reservation, and S. 259, sports franchise, if we can reach a time agreement, and Executive Calendar judges. There are a number of judges being held without any good reason. We would either like to figure out some way to move all those judges or at least to start taking them up, starting with former Senator Buckley, who I think is highly qualified and should be confirmed, should have been confirmed, but is still on the calendar, and a number of other outstanding nominees awaiting confirmation by the Senate. We hope we can dispose of those this week.

Then we have the Conrail legislation, Genocide Convention, and a balanced budget amendment. We probably will not finish all those today.

I reserve the remainder of my time.

RECOGNITION OF THE ACTING MINORITY LEADER

The PRESIDING OFFICER (Mr. GORTON). The acting minority leader is recognized.

WHY THE SENATE SHOULD NOT GO ON TV

Mr. PROXMIRE. Mr. President, for some mysterious reason the Senate proceedings here in this Chamber will go on television sometime shortly after the first of the year. Of all the mistakes the U.S. Senate has made over the years, this will have to be the dumbest.

Do not get me wrong. I love this place. I have been a Senator for 28 years and I fully enjoy every minute of it. Being a U.S. Senator in 1985 is, without a doubt, the best job on Earth. I would not trade it for Ronald Reagan's job, or Johnny Carson's, or sole ownership of the Chicago Bears, or publisher of the New York Times, or a billion-dollar fortune, or all of the above. You can make whatever you want to make out of being a Senator. You are your own boss. You have access to the most complete information available on any subject. You have a voice every day in the course this country takes. And, because the United States is the most productive, the richest, and the most powerful country on Earth, as a Senator you can contribute to a more peaceful, and more fulfilling, and happier world. And you can hire a staff to help make your voice more effective.

So what is wrong with the Senate going on television? What is wrong with bringing the country in on the deliberations of this remarkable seat of national power? Why not let the country watch how the Senate wields its power? After all, only the Senate can confirm or deny the appointment of the men and women who together with the President run the country. Only the Senate can ratify or refuse to ratify the treaties that restrain nuclear arms. Along with the House, the Senate determines the level of taxes the American people pay, the hundreds of billions of dollars of those taxes poured into the manning and production of the planes, tanks, ships, and missiles that protect our country. The Senate debates and determines the measures to preserve the quality of water the American people drink, the air we breathe. We regulate labor, commerce, financial institutions. We establish the laws that govern our courts. So why shouldn't the public watch the Senate at work on the floor of this Chamber?

The answer, Mr. President, is that proceedings on the floor of the Senate just have to be the dullest game in town. The Senate is like a small, weak, uncoordinated young man who wants to play professional football. He has superclout because his father owns an NFL football team. He has a genius IQ. He writes like a dream. He has character. He is decisive. He would make a fine executive or judge or legislator. So what does he do? He decides to play professional football on his dad's team. The coach has to welcome him. After all the young man's father owns the team. It is pathetic.

He will become the butt of ridicule and cruel jokes. The Senate, Mr. President, is that weak, small, uncoordinated man. And television, believe me, is a game, a sporting contest. It is a vaudeville act. It is entertainment. From early morning to late at night it is entertainment. Now the Senate, as I have said, is lots of things. I love it dearly. But entertainment it is not.

Just look at this body. Out of every 8 hours the Senate is in session, we spend, as Senator PRYOR pointed out recently, most of our time in quorum calls, extended often meaningless rollcalls, long speeches for the RECORD—such as I am making right now—explanations by the two leaders of how we will spend the next day or two, and over-and-over-again recriminations for our lack of progress. There are many days when the liveliest act the Senate puts on is a quorum call with the clerk waiting for long intervals between calling names. And from the quorum calls, things really go downhill. That is sometimes the highlight of the day.

The floor of the Senate typically is peopled by one Senator—such as right now—who is speaking, and from two to five others who are paying no atten-

tion—at the present time, there is one Senator, the Presiding Officer, but there is no other Senator that I can see on the floor, and this is fairly typical—to the Senator who is addressing an empty or nearly empty Chamber. Three or four doorkeepers and a handful of staffers lurk in the background. The professionals who record and referee the proceedings sit quietly in place. All these people are in the Senate Chamber day after day for one reason. They are paid to be here.

Now consider this. Several hundred reporters make their living by reporting the activities of the Congress to the American people. They are accredited to the gallery where they can watch and report the proceedings on the floor. That is what they are paid to do. How many show up?

Look in the Senate Press Gallery now. We have two, and we have a third reporter coming in the gallery at the moment. And that is about typical. Usually at any one time, from three to five. Not 300 to 500, just 3 or 4 or 5. The attendance of 15 or 20 reporters in the Senate gallery represents an unusual turnout. So not even those who are paid to cover the Senate can stand the incredible boredom of watching this place in action. Senator PRYOR recently said that being in the Senate Chamber is like spending your whole life sitting in an airport waiting for a plane that never comes.

So what happens when the Senate goes on television? We are like the brilliant but small uncoordinated young man who wants to play professional football. We bomb. We provide lots of material for comedy writers. We become a national joke. This will not be a rerun of "It Pays To Be Ignorant." Senators are not ignorant. They are generally informed and intelligent. They understand the issues. Why isn't this enough? Answer: The public has proven over and over again that it does not mind top officials who lack intelligence or understanding. It can forgive those shortcomings. But it cannot forgive being bored. Unfortunately, boring is what the Senate is best at. Sure, some television is bad. But have you ever seen any TV show as dull as a quorum call? So let us keep this little uncoordinated man, the Senate, out of professional football or TV. TV does not need the Senate. The Senate does not need TV.

AFTER THE WARM GLOW FROM THE SUMMIT, THE ARMS RACE SPEEDS ON

Mr. PROXMIRE. Mr. President, in the warm aftermath of the Geneva summit meeting, all of us are gratified that the two superpower leaders have had long, get-acquainted talks. We are glad that they plan to meet again next year in this country and in 1987 in Russia. This Senator welcomes the opening of an American consulate office in Kiev and a Russian consulate in New York. It is good to know that both superpowers will expand cultural visits to the other.

At the same time we cannot ignore the hard, cold, continued build up on both sides of billions of dollars worth of deadly weapons of war. That build up goes on without missing a beat. It will continue on for years to come. The end is nowhere in sight. Why do the Russians continue this military build up? Why does the United States? Each pours painfully limited resources into increasing military power for one reason: fear and hostility against the other.

Marshal Shulman is director of the Columbia University Institute for Advanced Studies of the Soviet Union. He is a thoughtful expert. He fully recognizes the military threat represented by the Soviet Union. Shulman said at the close of the summit:

> One can only be pleased that the tone of the conversations was good and it may be that this will have intangible benefits for the future.

And then Shulman added:

> But we have to be concerned that both countries are approaching deployment of new ballistic missiles, new submarines, new cruise missiles and new bombers, and as these come along they will inevitably be part of a tension begetting process.

Mr. President, the images of President Reagan and Secretary Gorbachev, clasping hands in friendship, smiling, and laughing together, warm our hearts. The vision of these two superpower leaders talking with each other alone—except for interpreters—for 5 hours in the 2-day summit span strengthens our hopes for a future that can clearly mark the beginning of the end of the arms race. It is very hard, however, to resist the temptation to be realistic, if not cynical. Secretary Gorbachev must have had the people of Russia at his feet when he appeared for 45 minutes right after the summit meeting on Soviet television telling the Soviet people his version of this long conference with President Reagan. President Reagan as usual was masterful in his address to Congress a few hours after the summit had been completed. The President told us:

> There can be no greater good than the question of peace, nor no finer purpose than the preservation of freedom.

Who can argue with that? And yet the arms race rampages on. There is not the slightest chance there will be any let up in the steady, mutual build up of military power. Was Secretary Weinberger the real victor at this summit? Weinberger warned the President in a letter that became public on the eve of the summit. Weinberger told the President not to make any agreement that would compromise the strategic defense initiative. That is SDI or star wars buildup. There is universal agreement that Weinberger succeeded in this appeal. SDI was not compromised in the slightest.

The President will, in all likelihood continue to push ahead all the way with a star wars program that will increase by a startling 100 percent in this fiscal year, and continue to compound spending increases in subsequent years. Star wars has real momentum now. What does that do to the much discussed reduction of nuclear weapons on both sides by 50 percent? Continued explosive star wars funding makes the reduction of nuclear missiles by the Soviet Union an impossible dream. The restraining SALT II Treaty expires on January 1. Less than 4 short weeks from now. In fact, star wars will almost certainly provoke a prompt and big increase in Soviet nuclear power—one obvious way to counter star wars is to build more offensive nuclear weapons.

The present Soviet arsenal of 10,000 could cascade to 20,000 or 50,000. At any rate, the Soviets will certainly pour resources into building up other nuclear weapons like their submarine launched cruise missiles to counter a United States star wars defense. The cruise missile hugs the ground. It will fly under any conceivable star wars net. The Soviet Union has already started its cruise missile buildup. That will certainly accelerate.

But that is only part of the consequence of our persistence with SDI. Anyone who believes that the Soviet Union will meekly surrender its hard earned superpower status may believe the summit has put this country on the road to effective arms control. If you believe that, you may also believe that the Soviets will ignore the SDI developments, and agree with us to reduce their nuclear arsenal by 50 percent. You will believe that the heavy burden of the arms race will wane. You will believe the superpowers have started down the long road to a positive, cooperative relationship. Some day that could happen. It will not happen as long as the President of the United States insists on proceeding with star wars.

NAZI WAR CRIMINAL BRAGS OF CLEAR CONSCIENCE

Mr. PROXMIRE. Mr. President, the horrible memory of the Holocaust is burned into the conscience of humanity. For much of mankind, there exists an awful sense of remorse for the monstrous acts of which we know man is capable.

But not all of humanity can subscribe to the feelings of sorrow for the senseless murder of millions. In fact, some ignore the dark events of the Holocaust that taint the conscience of

most. Alois Brunner, a long-hunted Nazi war criminal, is one of those men.

On October 28, in the German weekly magazine Bunte, Alois Brunner is quoted as saying he had "no bad conscience" for his role in the killings of thousands of European Jews. Brunner is held responsible for sending more than 120,000 Austrian, German, French, Slovak, and Greek Jews to Nazi death camps. The magazine reported that Brunner has been living in Syria for 30 years.

In Syria, Brunner has eluded the grasp of justice for decades. He has escaped efforts to extradite him and thwarted capture by present-day Nazi hunters. He mockingly suggests that he is willing to appear before an international tribunal and brags that "* * * Israel will never get me." Brunner tells reporters, "I will not be a second Eichmann."

The pain nurtured by decades of sorrow since the Holocaust cannot penetrate the souls of men like Alois Brunner. But there can be a message sent to reassure the rest of the world proclaiming that the memory of the Holocaust will not be brushed aside. Ratification of the Genocide Convention will send this message around the globe. The joining of this Nation with the scores of others who have already signed the Genocide Convention will strengthen the international commitment to end all acts of genocide and further the challenge of world peace.

President Reagan again has urged the Senate to give its advice and consent to the Convention. Many of my colleagues have asked that it be quickly brought to the floor for a vote. And daily I ask that we bring up the Genocide Convention for consideration as we promised last session.

Again, I ask that before the close of this session, we vote to ratify the Genocide Convention.

MYTH OF THE DAY

Mr. PROXMIRE. Mr. President, the myth of the day is that our economic expansion is only pausing to catch its breath and that we can expect robust growth again—starting tomorrow. The administration will soon issue its economic forecast for 1986 and 1987. I predict that they will swallow this myth hook, line, and sinker.

To be fair, the data on economic performance do not seem to presage a recession. Those traditional harbingers of a downturn—large inventories and rising interest rates—are absent.

Yet this Senator is concerned and here is why;

The Nation's farm economy is in a depression—no other word for it. No relief is in sight. This situation raises the specter of the 1920's, when the farm economy dropped as a prelude to the Great Depression.

The consumer, who has been the source of the recovery, is pulling in his horns. Consumer savings, as a percent of income, are lower than they have ever been. Consumer debt is at a historic high and consumer spending is slowing as a result.

Output from the Nation's factories, mines, and utilities has increased just 1.8 percent over last year. This anemic performance means that investment, another source of rapid growth, is likely to be lackluster next year, at best.

In addition, this expansion is aging fast. The average recovery since World War II has lasted between 3 and 4 years. Ours has now lasted 3 years and will be 4 years old next November.

Adding these factors together, this Senator believes that the odds for a resurgence of growth next year are about the same as for a sharp recession—say 1 out of 5. The most likely outcome is for the economy to continue muddling along, with growth about 20 percent below average, for another year.

Why then do I believe that the administration will buy an economic long shot and predict a return to rapid growth? By doing so, they will try to postpone dealing with the deficit. By predicting such growth, they will be able to reduce the deficit by a hefty $20 to $30 billion without eliminating a single popular program or raising any revenue. They will continue dwelling in that never-never land where defense spending is untouchable and more revenues are unmentionable.

And as long as they hold to this myth, the chances of a sharp recession will increase. That is no myth.

RESERVATION OF MINORITY LEADER'S TIME

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the remaining time of the Democratic leader be reserved for his use later in the day.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business not to extend beyond the hour of 10 a.m., with statements limited therein to 5 minutes each.

ACID RAIN: THE SCIENTIFIC CASE FOR CONTROLS

Mr. LEAHY. Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD today some excellent materials on the effects of acid rain, which were prepared by the National Clean Air Coalition.

This memorandum, and the attached articles, make a strong case for action on acid rain now.

I commend these materials to my colleagues.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NATIONAL CLEAN AIR COALITION

To: Members of Congress.
From: Richard E. Ayres, Chairman.
Subject: Acid Rain: The Scientific Case for Controls.

Several studies issued in recent months add urgency to the call for controls on the pollution that causes acid rain. The reports provide compelling new evidence of the nature of the acid rain problem and the extent and severity of the damages it is causing to natural and manmade resources.

1. *Materials Damage Assessment:* A draft study prepared by EPA, Brookhaven National Laboratory and the Army Corps of Engineers suggests that an acid rain control program might pay for itself in reduced damage to building materials alone. It also shows that the damage is substantial in the Midwest. The study gave a preliminary midpoint estimate of $3.5 billion for damage caused by acid rain to buildings and estimated that these damages could run as high as $6 billion per year. The attached table from the study shows total materials damage to paint, zinc, stone and mortar for cities in the 17 state region examined.

According to the study, damages from regional pollution represent a large fraction of the total damages. The study authors caution that the estimates are probably biased on the low side because they do not take into account the cost of substituting more pollutant-resistant materials, aesthetic losses, and damages to materials such as automobile paints, roofing composites, and concrete. The study also shows that damages to statues, historical monuments, and buildings are substantial, though these costs are not included in the city-by-city totals.

2. *Experimental Lake Acidification Study:* In June, Science magazine published a paper by Dr. David Schindler, et al. reporting on the results of an experimental lakes acidification study. Schindler was the Chairman of the National Academy of Sciences committee that produced the 1981 landmark study of acid rain. In this article, Schindler and his colleagues reported on the different stages of biological damage that occur with the destruction of an ecosystem by acidification. At pH 5.93, a higher pH level associated with a much lower level of acidity than was earlier believed to cause damage, key organisms in the food chain of the lake trout such as minnows and shrimp failed to reproduce. At pH 5.64, thick mats of filamentous algae overgrew the trout's spawning grounds. By pH 5.59, the minnows had disappeared completely, crayfish egg masses became infested with a fungal parasite, and lake trout failed to rear any young to maturity. The ecosystem was collapsing. The authors concluded:

Some of the changes occurred much earlier in the acidification process (that is, at higher pH) than is commonly believed to cause ecosystem degradation. This suggests that early ecological damage from lake acidification may be more extensive than was previously believed, a result that should be of vital interest to agencies regulating the emission of acid precursors.

3. *Eastern Lakes Survey:* In August, EPA released the preliminary results of its eastern lakes survey. While the EPA press office attempted to downplay the significance of the survey, the results showed some startling new signs of damage. In New England, the upper Midwest, Appalachia and Florida, 60 percent, 41 percent, 36 percent and 54 percent of the lakes respectively are highly sensitive to acid rain damage. More than 4,000 lakes are at the crisis stage—they have practically no buffering capacity left to withstand the onslaught of acids from the sky. EPA estimated that close to a thousand lakes in the East have already succumbed to acid rain. A surprisingly high number of acidified lakes were found in Florida. The majority of these Florida lakes are "clear water" lakes that have no sources of natural organic acids.

EPA's estimates are low for two reasons. First, the survey did not include lakes smaller than four acres in size. These small water bodies are known to be particularly vulnerable to acid rain damage and they number in the thousands. Second, the EPA survey used pH 5.0 as the cutoff to indicate biological damage, while the Schindler study cited above clearly found serious effects at much higher pH levels.

4. *Acid Deposition, Smelter Emissions and the Linearity Issue in the Western United States:* A study by the Environmental Defense Fund published in Science magazine in August provides direct evidence of the proportionate relationship between emissions of acid rain-causing pollution and deposition of acids downwind. The researchers tracked changes in western smelter emissions of sulfur dioxide (due to fluctuations in copper production) and correlated them with changes in the sulfate concentration of rainfall at remote sites. The study confirmed a linear, or 1:1 relationship between emissions and deposition, and demonstrated the long distance transport of sulfur compounds over distances exceeding 1,000 kilometers (600 miles). The study validates the adage that "what goes up must come down" and demonstrates that pollution reductions will result in directly proportionate reductions in acid rain.

KEY TABLE FROM EPA'S DRAFT MATERIALS DAMAGE ASSESSMENT

TABLE 3.5–15.—EXTRAPOLATED DAMAGE ESTIMATES FOR 117 MSA'S IN NORTHEAST

City	Annual damages $10⁶					Per Capita
	Material		Pollution		Total damages	
	Paint	Other *	Local	Regional		
CONNECTICUT						
Bridgeport	10.1	1.5	2.5	9.1	11.6	29.25
Danbury	3.0	.3	.2	3.1	3.3	22.66
Hartford, New Britain, Bristol, Meriden	23.4	4.2	1.8	25.9	27.7	29.94
New Haven	9.1	1.4	1.1	9.4	10.5	20.98
New London	5.7	.6	.4	5.9	6.3	25.64
Norwalk	3.0	.3	.4	2.9	3.3	25.79
Stamford	4.5	.6	.6	4.5	5.1	25.40
Waterbury	4.4	.6	.3	4.7	5.0	21.97
DELAWARE						
Wilmington	11.8	3.8			15.6	29.90
ILLINOIS						
Champaign, Urbana	3.3	.7	.3	2.7	4.0	23.89
Decatur	3.1	.5	.6	3.0	3.6	27.25
Chicago, Kankakee						
Peoria, Bloomington	10.2	1.9	2.6	9.5	12.1	25.01
Rockford	3.9	.7			4.6	16.61
Rock Island	7.0	1.4	3.3	5.1	8.4	21.82
Springfield	5.3	.9	2.1	4.1	6.2	33.08
INDIANA						
Bloomington	2.6	.6	.9	2.3	3.2	31.98
Elkhart	3.0	.6	.1	3.5	3.6	26.00
Evansville						
Fort Wayne	7.7	1.9	.3	8.9	9.2	23.90
Gary and Hammond	23.5	4.8	13.1	15.2	28.3	44.02
Indianapolis, Anderson	47.8	10.4	10.2	48.0	58.2	44.55
Kokomo	2.5	.4	.1	2.8	2.9	27.65
Lafayette	3.2	.8	1.5	2.5	4.0	32.80
Muncie	3.1	.5	1.1	2.5	3.6	28.25
South Bend	7.1	1.3	1.0	7.5	8.5	30.12
Terre Haute	5.7	.9	1.8	4.8	6.6	37.42
Kentucky						
Clarksville	2.5	1.3	.4	3.4	3.8	25.62
Lexington	4.9	2.5	.4	7.0	7.4	23.21
Louisville	20.1	8.9	6.0	23.0	29.0	31.99
Owensboro	1.7	.7	.6	1.8	2.4	27.31
Maine						
Bangor	.8	.2	.2	.8	1.0	11.35
Lewistown	1.0	.1	.1	1.0	1.1	15.36
Portland	3.1	.4	.4	3.1	3.5	18.06
Maryland						
Baltimore						
Cumberland	2.1	.6	0.	2.7	2.7	25.48
Hagerstown	2.1	.7	.1	2.6	2.7	24.21
Massachusetts						
Boston	95.1	23.3	35.1	83.3	118.4	42.83
Brockton	2.5	.3	.2	2.6	2.8	16.55
Fall River	3.4	.5	.8	3.1	3.9	22.04
Fitchburg	1.9	.3	.5	1.7	2.2	21.61
Lawrence	5.1	.8	.7	5.2	5.9	20.95
Lowell	3.6	.5	.4	3.7	4.1	17.61
New Bedford	3.0	.4	.4	3.0	3.4	20.27
Pittsfield						
Springfield	12.3	2.0	3.2	11.1	14.3	24.56
Worcester	6.7	1.1	.3	7.5	7.8	20.89
New Hampshire						
Manchester	2.8	.4	.4	2.8	3.2	20.12
Nashua	2.0	.3	.2	2.0	2.2	19.49
Portsmouth	4.2	.5	1.2	3.5	4.7	28.57
NEW JERSEY						
Atlantic City	3.8	1.1	.5	4.5	5.0	25.53
Jersey City	9.9	5.0			14.9	26.73
Long Branch	9.5	2.7	.8	11.4	12.2	24.30
New Brunswick	11.5	2.7	3.5	11.8	15.3	25.61
Newark	46.7	16.7	13.8	49.6	63.4	32.25
Patterson	5.5	2.2	.6	7.1	7.7	17.22
Trenton	4.9	1.8			6.7	21.70
Vineland	3.1	.9			4.0	29.90
NEW YORK						
Albany	14.2	5.1			19.3	24.24
Binghamton	4.0	1.3	.9	4.4	5.3	17.66
Buffalo						
Elmira	1.1	.3	.1	1.3	1.4	14.57
Glens Falls	1.3	.4	.4	1.3	1.7	15.84
Nassau-Suffolk	60.2	16.7			76.9	29.53
New York						
Newburgh	4.3	1.3	.6	5.0	5.6	21.47
Poughkeepsie	4.2	1.3	.9	4.6	5.5	22.62
Rochester	25.1	7.8			32.9	33.92
Syracuse	16.3	5.4	8.1	13.6	21.7	33.78
Utica	4.7	1.6	.6	5.7	6.3	19.65
OHIO						
Akron	24.1	4.8			28.9	43.70
Canton	14.4	2.6	2.9	14.0	16.9	41.87
Cincinnati	48.9	11.7	12.6	48.0	50.6	43.29
Cleveland, Columbus						
Dayton	26.0	5.6			31.6	38.08
Hamilton, Lorain						
Middletown	7.8	1.5	2.1	7.2	9.3	36.09
Mansfield	3.9	.7			4.6	34.88
Lima	5.1	.9	.4	5.7	6.1	27.80
Newark	3.3	.8	.3	3.9	4.2	34.49
Springfield	4.7	.8	.2	5.4	5.6	30.41
Toledo	20.5	4.1	7.0	17.7	24.6	31.03
Youngstown	26.3	4.8	9.4	21.7	31.1	58.51
PENNSYLVANIA						
Allentown	15.0	4.9	4.1	15.8	19.9	31.30
Erie	11.4	3.5	6.6	8.3	14.9	63.27
Harrisburg	8.8	2.8			11.6	25.99
Johnstown, Altoona	12.4	3.4	1.8	14.0	15.8	39.30
Lancaster	6.6	2.1			8.7	24.13
Northeast, Scranton	14.2	4.5	.5	18.1	18.6	29.12
Philadelphia	251.6	87.4	82.1	256.9	339.0	71.86
Pittsburgh	108.7	32.8	33.4	108.1	141.5	63.74
Reading	6.4	2.2	1.4	7.2	8.6	27.55
State College	2.2	.7	.1	2.8	2.9	25.59
Sharon	4.1	1.1	.6	4.6	5.2	40.23
Williamsport	2.3	.7	.1	2.9	3.0	24.96
York	8.9	2.6	1.5	9.0	11.5	30.15
RHODE ISLAND						
Providence	22.6	3.5	3.3	20.8	24.1	26.23
VERMONT						
Burlington	1.8	.2	0	2.0	2.0	17.87
VIRGINIA						
Charlottesville	1.6	.6	0	2.2	2.2	19.26
Danville	1.9	.6	.1	2.4	2.5	22.51
Lynchburg	2.5	.7			3.1	20.38
Norfolk						
Newport News	6.1	1.9			8.0	22.08
Petersburg	2.3	.8	1.3	2.0	3.1	23.65
Richmond	10.5	3.7	1.6	12.6	14.2	22.45
Roanoke	3.7	1.2	0	4.9	4.9	22.06
WEST VIRGINIA						
Charleston	9.5	2.8			12.3	45.71
Huntington						
Parkersburg	4.6	1.3	1.3	4.7	6.0	36.69
Steubenville, Wheeling	14.5	4.1	6.9	11.7	18.6	53.45

* Includes zinc, stone, and mortar damages.

Source: Mathtech (1985b).

[From Science, June 21, 1985]

LONG-TERM ECOSYSTEM STRESS: THE EFFECTS OF YEARS OF EXPERIMENTAL ACIDIFICATION ON A SMALL LAKE

(By D.W. Schindler, K.H. Mills, D.F. Malley, D.L. Findlay, J.A. Shearer, I.J. Davies, M.A. Turner, G.A. Linsey, D.R. Cruikshank)

[Graphics, charts, and some scientific formulas or equations mentioned in text are not reproducible in the RECORD.]

ACID EFFECTS ON A LAKE

Acid precipitation effects were simulated by the addition of sulfuric acid to a small lake in Canada during an 8-year experimental period, and the natural balance of plant and animal life was gradually destroyed (page 1395). Schindler *et al.* point out that the first irreversible disturbances to simple organisms were taking place even before significant changes in the *p*H were apparent. The mass of phytoplankton remained relatively constant; but new species appeared, and the numbers of organisms small enough to be eaten by the zooplankton declined, adversely affecting zooplankton and their predators. At the top of the food web, lake trout remained abundant, but were severely stressed. Filamentous algae overgrew their spawning grounds, normal prey (shrimp, minnows, and crayfish) died out, and the trout became thinner and cannibalized smaller trout. Shrimp died from hydrogen ion toxicity, minnows did not reproduce, and crayfish egg masses were infested with a fungal parasite. These are but a few examples of how the ecosystem was destroyed by acidification.

Ecologists believe that both natural and anthropogenic stresses cause changes in ecosystems that cannot be deduced from effects on individual species or populations because of the deterioration of ecosystem structure and function (*1*). The degree of such "ecosystem-level" responses to anthropogenic stresses, and the degree to which ecosystems can recover after the stresses are removed, are subjects of fundamental importance to natural resource management (*2*), yet only a few studies have been able to quantify the causes and effects of stresses on whole ecosystems (*3, 4*). Reasons for this include the following: (i) The ecosystems

were too large or complex to study in their entirety. (ii) Documentation of ecosystem structure, function, and natural variation prior to anthropogenic stress was inadequate. (iii) Individual stresses could not be quantified, or effects of one perturbation on the ecosystem could not be isolated from other stresses (*5*).

We were able to overcome many of these problems in an ecosystem-scale experiment in Lake 223, a small Precambrian Shield lake surrounded by virgin boreal forest in the Experimental Lakes Area, and typical of poorly buffered small lakes of northwestern Ontario (6–9). Over a period of 8 years, the *p*H of the lake has been gradually decreased from 6.8 to 5.0 by the addition of sulfuric acid. Our studies revealed various apparent mechanisms of response of the lake's biota to increased acidity, ranging from direct toxicity of hydrogen ion to disruptions of normal food-chain relations, behavioral patterns of animals, and biogeochemical cycles in the lake. In some cases, synergistic interactions of several stresses appeared to be involved. Some of the adverse changes occurred much earlier in the acidification process (that is, at higher *p*H than is commonly believed to cause ecosystem degradation. This suggests that early ecological damage from lake acidification may be more extensive than was previously believed, a result that should be of vital interest to agencies regulating the emission of acid precursors. Other effects were so subtle or so complex that they might have been undetected in a system less thoroughly studied. In this article, we summarize the biological results of the first 8 years of the Lake 223 experiment and compare our results with the responses that would be predicted if simpler methods were used, such as the laboratory toxicological or physiological tests that usually form the basis for regulating water quality standards or managing aquatic resources.

After a 2-year (1974 and 1975) background study, Lake 223 was acidified, from 1976 through 1983 (*10, 11*). Changes in the ecosystem caused by these additions are outlined below. Where possible, changes are compared with natural variability in nearby untreated lakes.

1976—Alkalinity decreased, but little apparent pH change. A mass balance budget for sulfate revealed that the addition of sulfuric acid had stimulated reduction of sulfate to sulfide in anoxic hypolimnion waters (*9, 12*). Dissolved inorganic carbon decreased as was expected because of transformation of bicarbonate to carbon dioxide and degassing to the atmosphere. No other chemical changes were distinguishable from background years or from nearby, unmodified reference lakes. An increase in chironomid emergence over 1975 was the only biological change observed, but the increase was within the range of natural variation. Differences in zooplankton sampling methods did not permit data to be compared directly with those from other years.

1977—Average pH 6.13, target pH 6.00 (13). The relative abundance of chrysophycean species declined slightly from earlier years, but this group continued to dominate the phytoplankton. The abundance of chlorophytes increased *(14–16)* (Fig. 1A). Phytoplankton production, biomass, and chlorophyll were within limits of natural variation for lakes in the area (Fig. 1, B to D). Emerging dipterans and rotifers, particularly species of *Polyarthra, Kellicottia,* and *Keratella,* were more abundant than in 1974, but probably still within the range expected on the basis of natural variation *(17, 18)* (Fig. 1, E and F). Populations of lake trout and white sucker remained within the range of natural variation *(4),* (Fig. 1G). None of the above factors was outside the normal range observed for reference lakes in the area.

(Abstract. *Experimental acidification of a small lake from an original pH value of 6.8 to 5.0 over an 8-year period caused a number of dramatic changes in the lake's food web. Changes in phytoplankton species, cessation of fish reproduction, disappearance of the benthic crustaceans, and appearance of filamentous algae in the littoral zone were consistent with deductions from synoptic surveys of lakes in regions of high acid deposition. Contrary to what had been expected from synoptic surveys, acidification of Lake 223 did not cause decreases in primary production, rates of decomposition, or nutrient concentrations. Key organisms in the food web leading to lake trout, including* Mysis relicta *and* Pimephales promelas, *were eliminated from the lake at pH values as high as 5.8, an indication that irreversible stresses on aquatic ecosystems occur earlier in the acidification process than was heretofore believed. These changes are caused by hydrogen ion alone, and not by the secondary effect of aluminum toxicity. Since no species of fish reproduced at pH values below 5.4, the lake would become fishless within a decade on the basis of the natural mortalities of the most long-lived species.*)

1978—Average pH 5.93, target pH 5.75. Several key organisms in the lake's food web were severely affected. Between October 1978 and May 1979, the number of opossum shrimp, *Mysis relicta,* declined from 7×10^6 to only a few animals (*19*). The fathead minnow, *Pimephales promelas,* failed to reproduce (*4*). In the phytoplankton, different species of chlorophytes, cyanophytes, and Peridineae appeared at the expense of original diatom and chrysophycean species (*15*). Primary production was slightly higher than in any previous year, and chironomid emergence continued to increase relative to the reference lake 226S (Fig. 1, B and E). The copepod species *Diaptomus sicilies,* which had been rare in the lake, disappeared.

1979—Average pH 5.64, target pH 5.50. Filamentous algae of the genus *Mougeotia,* which had not been noticed previously, formed highly visible, thick mats in littoral areas (*20*). These persisted throughout the remaining years of study. The exoskeletons of crayfish, *Orconectes virilis,* hardened more slowly after molting, and animals remained softer than in previous years or in reference lakes (*21*). *Pimephales* declined to near extinction because of its reproductive failure in 1978 and again in 1979, its short life expectancy, and possibly increased predation by lake trout (Fig. 1I). The slimy sculpin, *Cottus cognatus,* also declined in abundance (Fig. 1H), chiefly in the oldest and youngest age classes. Contrary to what we had expected from the reported data on acidification, phytoplankton production and chironomid emergence remained high, probably contributing to the increased abundance of young-of-the-year of both white sucker and lake trout (*4*). Changes in the species composition of phytoplankton described for 1978 became more pronounced. The large copepod *Epischura lacustris* became very rare (*17*).

1980—Average pH 5.59, target pH 5.25. Phytoplankton biomass again increased relative to previous years and reference lakes. Whereas, on average, chrysophyceans were still dominant, Peridineae and Cyanophyceae increased. The acidophilic diatom *Asterionella ralfsii,* which had previously been rare in the lake, appeared in large numbers, causing a decline in soluble silicate (Fig. 1J) (*22*). The copepod *Epischura lacustris* disappeared and has not been recorded since. The cladoceran *Daphnia catawba* was observed in the lake for the first time (*23*) probably competing with *Daphnia galeata mendotae,* which became rare in 1981. Other species were unaffected. As a result, there was no marked decrease in the biomass or total number of crustacean species (*17*). In fact, the average numerical abundances and biomass of both planktonic crustaceans and rotifers were the highest in the 8-year period of observation. Increases were noted for the previously recorded cladoceran species, *Bosmina longirostris.* Likewise, the number of pearl dace (*Semotilus margarita*) increased rapidly, apparently using resources that had supported *P. promelas* prior to acidification (Fig. 1K) (*24*). *Pimephales promelas* was now very rare in the lake. Chironomid emergence reached an all-time high, despite increases in pearl dace and young white sucker, which are both potential predators on chironomid larvae. The condition of lake trout was poorer than in 1977 and 1978, but similar to preacidification values (Fig. 1G).

Two new stresses were evident in *Orconectes* at this *p*H. In addition to the recalcification problem mentioned above, infestation of the population with a microsporozoan parasite of the genus *Thelohania* was higher than in background lakes (*25*). Egg masses were often infested with fungi, and empty egg capsules were often observed on ovigerous females. These phenomena were only rarely observed in four reference lakes. No young-of-the-year *Orconectes* were observed. There was no lake trout recruitment in 1980, although normal spawning had been observed in October 1979 (*4, 26*).

1981—Average pH 5.02, target pH 5.00. Chrysophycean abundance declined dramatically, with replacement by Peridineae and Cyanophycease (Fig. 1A). Epilimnetic phytoplankton production and biomass remained slightly higher than normal (Fig. 1, B and C). *Diaphanosoma leuchtenbergianum* (=*D. birgei*) and *Daphnia galeata mendotae* disappeared early in the ice-free season. *Holopedium gibberum, Daphnia catawba,* and *Bosmina longirostris* as well as several species of rotifiers continued to increase in abundance (*23*). Most of the remaining species of copepods declined in abundance. White sucker recruitment ceased, even though growth and survival of individuals over 1 year of age were similar to values in unperturbed lakes in the area. Numbers of white sucker were still abnormally high, due to the large recruitment in 1980. Spawning in May 1981 appeared normal, but no fry were present in the summer. In each of the previous years fry and fingerlings had been numerous and easily captured. Growth in length, survival, and abundance of lake trout remained normal as well, even though recruitment failed for the second consecutive year and condition continued to decline (*4*) (Fig. 1G). The crayfish population dwindled, reaching a few percent of preacidification values by late fall (Fig. 1H). No young-of-the-year were seen, and the exoskeletons of adults were far softer than normal. *Thelohania* infestation increased to 9 percent of the population (*25*). Despite its earlier positive response to acidification, very few young-of-the-year *Semotilus* were present, as illus-

trated by the decreases in small-sized fish. Sculpins were very rare (Fig. 1H).

1982—Average pH 5.09, target pH 5.00. Phytoplankton groups were similar to 1981. Phytoplankton production was slightly less than in 1981, but this was also the case for all reference lakes (Fig. 1B). While the *p*H in 1982 was nearly identical to that in 1981, a considerable increase in chlorophyll was observed. Spawning behavior of lake trout changed. In all years before 1982, these fish had spawned at the same locations along the shore of the lake. In 1982, these sites were partially covered with *Mougeotia.* This possibly explains why trout spawned in areas where spawning was not previously observed (*26*). Lake trout condition had become very poor. Crayfish had nearly disappeared. No young-of-the-year of any fish species were observed (*4, 26*). Although numerical data are lacking, leeches were rare. Zooplankton species, numbers, and biomass were similar to 1981.

1983—Average pH 5.13, target pH 5.00. Even though *p*H values were held nearly constant for the third consecutive year, changes in the food web continued to occur, Phytoplankton were now relatively stable in composition, with Peridineae and Chrysophyceae being condominant with unusually high proportions of Cyanophyceae and Chlorophyceae present, including numerous forms with tests or gelatinous sheaths (22.27). Phytoplankton production was also stable relative to reference lakes. While lake trout were still numerous, their condition declined below the lowest levels observed for other populations in the area (Figs. 1G and 2) as might be expected from the severe disruption of the food web. Increased frequency of cannibalism put further stress on the remaining small trout, probably because of the scarcity of the minnows and benthic crustaceans that are normal prey for large trout. Lake trout spawned at locations different from those of other years. There was no successful recruitment by any species of fish in the lake. Crayfish, leeches, and the mayfly *Hexagenia,* previously abundant in the lake, were absent by fall (25).

Long-term trends. In addition to the changes documented above, a number of the factors being measured changed slowly or erratically in the course of acidification, becoming significantly different from background after several years. Although phytoplankton production increased for several successive years during acidification, there was a reduction in the proportion of phytoplankton of the size that could be eaten by zooplankton. Small edible species were gradually replaced by large test- or mucilage-covered forms (Fig., 1A). A decrease in the mean body size of zooplankton, resulting from the increase in rotifers and small-bodied cladocerans, such as *Bosmina longirostris* relative to larger copepods and cladocerans, probably also favored the survival of larger phytoplankton and lowered the efficiency of energy transfer. Chironomid emergence increased through 1980, roughly in proportion to phytoplankton production; afterwards it declined to values observed in the reference basin (*17, 18*) (Fig. 1E). Reduction of sulfate to sulfide increased continuously, in proportion to sulfate concentrations (*9, 12*). Concentrations of calcium, manganese, aluminum, and possibly zinc increased in the water (*28, 29*) while silicate decreased (Fig. 1J). There were no other significant changes in water chemistry (*29*). By 1983, it was obvious that the condition of lake trout had declined slowly from 1977 onward (Fig. 1G).

Results that contradict current beliefs. Many of our results were different from those deduced from laboratory and synoptic monitoring studies. Some effects of acidification were more dramatic than expected, and some were the opposite of what we had anticipated. We had expected a decrease in phytoplankton production and chironomid emergence during acidification, yet no decrease was observed. In fact, data show a possible increase (Fig. 1B) (*7, 9, 30*). After 8 years of acidification, periphyton production was similar to reference lakes in the area, despite the increased abundance of filamentous algae (*31*). No decrease in phosphorus was observed, as has been hypothesized to result from either interception of nutrients by benthic mats or by precipitation due to increased aluminum concentrations (*32*). The phytoplankton standing crop, chlorophyll, and production per unit of phosphorus were similar to those in other lakes in the area (*33*). Rates of decomposition in the lake were unaffected by acidification, apparently because the microflora at the sediment-water interface maintained a microenvironment with a higher *p*H (*34*).

Results that confirm current beliefs. As was expected from synoptic surveys made in Norway, benthic Crustacea and come cladoceran species were extremely vulnerable to acidification, whereas Diptera were not adversely affected (*35*). Dipteran emergence increased relative to a thoroughly studied control basin for the first several years of acidification (Fig. 1E). The epidemic of *Mougeotia* provides clear evidence that the appearance of this genus in the lakes of regions subjected to industrial pollution is caused by acidity rather than by some co-occurring stress unrelated to acidification. The sensitivity of *Primephales* to acidification confirms laboratory studies of long-term toxicity (*36*), and the problems with calcium uptake suffered by *Orconectes* at low *p*H agree with the observations from physiological studies (*21*). Various mechanisms have been proposed to explain changes in fish populations to acidification, including direct toxicity, reproductive or recruitment failure, disruption of food-chain relations, disappearance of spawning sites, and effects of aluminum (*37*). With the probable exception of aluminum, all of these changes have occurred in Lake 223. In that the watershed of the lake was not acidified, the range of aluminum concentrations observed in Lake 223 was only 7 to 36 μg per liter, far less than the concentrations that have caused mortality among fishes during episodic events. One or more of the other factors appeared to affect every species of fish that we studied (*4*).

Implications for monitoring studies to detect acidification. Most monitoring programs now used for detecting lake acidification rely heavily on measurements of *p*H and abundance of adult sport fishes. Our study suggests that these factors are not sensitive reliable inicators of early damage due to acidification. For example, twice weekly *p*H measurements did not reveal the disappearance of 80 percent of the alkalinity from Lake 223 in 1976, the first year of acidification. Once bicarbonate alkalinity is eliminated, *p*H measurements become more useful, although electrode *p*H measurements in Precambrian Shield lakes may be in error by several tenths of a *p*H unit, as a result of interference by dissolved organic carbon and variations of the partial pressure of CO_2 from atmospheric equilibrium (*38*). While alkalinity is a far more sensitive early indicator of acidification, reliable measurements in poorly buffered waters were rare before the late 1970's.

Similarly, most large fishes are not sensitive indicators of early stages of acidification damage. Large populations of lake trout and white sucker still exist in Lake 223, even though there has been no recruitment into the lake trout population for 4 years and into the white sucker population for 3 years. The food web supporting lake trout has been so severely disrupted that continued acidification would cause almost complete disappearance of this species within the decade. Indeed, the paucity of suitable food organisms and the loss of younger year classes may make it easier for anglers to catch more and larger sport fish at this stage of the acidification process. If monitoring of fishes is to be useful, it must include long-term studies of reproduction, condition, and age structures of populations.

Both survey work in Scandinavia and our study suggest that benthic crustaceans are very sensitive indicators of acidification (*19*), but collection of these species is rarely incorporated in acidification monitoring in North America. *Pimephales,* an important forage fish, also appears to be sensitive (*4*). However, detailed distributions of these species are not known, and records of their occurrence in lakes prior to acidification are rare, so that it is difficult to tell whether their absence from a lake is due to acidification stress, to natural zoogeographical distribution patterns, or to year-to-year changes in abundance. The above species have much shorter life cycles than larger fishes so that they disappear rapidly after reproductive failure.

Phytoplankton production, rates of decomposition, and nutrient concentrations did not decrease in Lake 223, suggesting that these factors are not sensitive to acidification. There seems to be little point incorporating these insensitive variables in broad-scale monitoring programs. Phytoplankton species diversity and species numbers were also unaffected during early stages of acidification, although there was some evidence of a decline in diversity during midsummer from 1981 to 1983 when the *p*H of the lake was 5.0 to 5.2 (Fig. 1L). In contrast, shifts from a largely chrysophycean community to one where chlorophycean, cyanophycean, and peridinean species were often dominant in the phytoplankton, the predominance of acidophilic indicators such as *A. ralfsii* and certain species of *Gymnodinium* in the phytoplankton and of the genus *Mougeotia* in the periphyton, do not occur in circumneutral lakes. Such taxonomic changes appear to be reliable indicators of early acidification. Because most monitoring studies have rarely included the most sensitive indicators of acidification, it seems probable that they have underestimated the extent and degree of damage to lakes due to acid precipitation.

Implications for laboratory and microcosm studies. Laboratory tests of metabolic processes have usually overestimated the stresses of acidification on ecosystems. When samples of lake water or sediment are acidified rapidly, decreases in growth, photosynthesis, nutrient exchange, or decomposition normally occur (*39*). However, such experiments disregard the inherent resilience of natural ecosystems. For example, when some species of phytoplankton disappear as the result of acidification, others from the reservoir of species in a lake appear or increase, so that photosynthesis contains at a normal or even increased rate.

The magnitude of food-web disruption which occurred early in the acidification of Lake 223 could not have been predicted from small-scale studies. Redundant features of the Lake 223 ecosystem—such as the increase in *Semotilus* when *Pimephales* disappeared, and the increase in *Daphnia catawba* when *Daphnia galeata mendotae* declined—undoubtedly delayed the effect of food-web damage on upper trophic levels. For example, the condition of lake trout declined slowly over several years as the abundance of key species of its prey became rarer. The overall increase in *Daphnia catawba* could have resulted from the elimination of *Mysis relicta* by acidification because the latter species preys heavily on large Cladocera (*40*).

Likewise, laboratory or microcosm studies cannot predict declines or disappearances that result from the interaction of multiple stresses. The demise of *Orconectes virilis* appeared to involve disruption of recalcification, indicating problems in regulating ion balance, increased infestation with microsporozoan and fungal parasites, increased egg losses, decreased survival of young-of-the-year, and possibly increased predation by lake trout. Detrimental effects on lake trout included a host of food-chain, physiological, reproductive, and behavioral interactions. While it is difficult to isolate the effects of single stresses in an ecosystem-scale study, it is clear that the large herbivorous or carnivorous species which are of most concern to man cannot be realistically studied in an experimental vessel smaller than a whole ecosystem.

The experimental conditions imposed on small-scale experiments often are not a realistic simulation of those in natural ecosystems (41). For example, we have shown that decomposition in undisturbed surface sediments is not affected when overlying water is acidified because high pore water pH values are maintained by the action of microbes. In contrast, decomposition decreases when the pH of sediments is deliberately lowered in laboratory experiments, but such conditions do not occur in acidified lakes (34).

Experimental ecosystem manipulations can reveal which properties of ecosystems are likely to be sensitive to particular stresses. They can also elucidate interactive features of ecosystem organization that would aid in the interpretation of results from smaller scale studies and allow the calibration of paleoecological methods (42). Such studies can play a key role in the detection and interpretation of man's impact on natural ecosystems.

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4. K. H. Mills, in *Early Biotic Responses to Lake Acidification. Acid Preciptation Series*, G. R. Hendry, Ed. (Ann Arbor Science, Ann Arbor, Mich., 1984), vol. 6. pp. 117–121.

5. In particular, airborne pollutants subjected to long-range transport are numerous, difficult to isolate, and many have synergistic effects. For example, National Academy of Sciences, *Atmosphere-Biosphere Interactions: Toward a Better Understanding of the Ecological Consequences of Fossile Fuel Combustion* (National Academy Press, Washington, D.C., 1981); F. H. Bormann, "Factors confounding evaluation of air pollution stress on forests: Pollutant input and ecosystem complexity," presented at the symposium, "Acid Deposition, a Challenge for Europe," Karlsruhe, Germany, 19 to 23 September 1983.

6. Lake 223 has an area of 27.3 ha, a mean depth of 7.2 m, and a maximum depth of 14.4 m. The Experimental Lakes Area and the whole-ecosystem experiments which are its mandate are described in (entire issues) *J. Fish. Res. Board Can. 28* (No. 2) (1971); *ibid.* 30 (No. 10) (1973); *Can. J. Fish. Aquat. Sci.* 37, No. 3 (1980).

7. Summary papers on the experimental acidification studies are D. W. Schindler in (*9*), Schindler and Turner (*10*), and Mills (*4*).

8. D. Drablos and A. Tollan, Eds., *Ecological Impact of Acid Precipitation* (SNSF Project, Oslo, Norway, 1980).

9. D. W. Schindler *et al.*, *Can. J. Fish. Aquat. Sci.* 37, 342 (1980).

10. Sulfuric acid was added to the epilimnion of the lake during the ice-free season, by draining it slowly into the propeller wash of a moving boat powered by a 15-hp outboard, which crisscrossed the lake several times over a period of 1 to 2 hours while the acid was added. The resulting distribution of acid was relatively uniform horizontally. No acid penetrated the thermocline of the lake. Enough acid was added to the lake in May of each year to reach the "target" *p*H value, after which sufficient acid was added two to three times each week to maintain *p*H near to, but not below, the target value. The resulting temporal distribution of acid added to the lake was similar to that expected in the northern United States and southern Canada, with a spring "pulse" after snowmelt, followed by intermittent smaller additions during the rest of the ice-free season. In 1976, acidification reduced the alkalinity of the lake from preacidification values of 80 to 100 μeq per liter to less than 20 μeq per liter. Despite this enormous loss of alkalinity, lake *p*H values were similar to those measured in background years (time-weighted annual means for 1974 to 1976 were 6.71, 6.65, and 6.49, respectively), illustrating the reltive insensitivity of *p*H as an indicator of early lake acidification (*11*). In 1977, we lowered the *p*H of the lake to about 6.0 to 6.1. In subsequent years, we added enough acid to lower the *p*H of the epilimnion from 6.0 to 5.0 to 5.1 in increments of about 0.25 *p*H unit per year. From 1981 to 1983, only enough acid was added to maintain the lake at *p*H 5.0 to 5.1. See D. W. Schindler *et al.* (*9*); D. W. Schindler and M. Turner, *Water Air Soil Pollut.* 18, 259 (1982).

11. In natural ecosystems, *p*H values are affected not only by bicarbonate alkalinity, but by the partial pressure of CO_2, which can range from greatly undersaturated to greatly oversaturated, depending on biological and physical processes [D. W. Schindler *et al.*, *Science* 177, 1192 (1972); A. Herczeg and R. H. Hesslein, *Geochim. Cosmochim. Acta* 48, 837 (1984)].

12. R. B. Cook and D. W. Schindler, "Environmental biogeochemistry," *Ecol. Bull. (Stockholm)* 35, 115 (1983).

13. The average and target *p*H values are for the epilimnion of the lake. Hypolimnion values were higher, due to the combination of sulfate reduction and precipitation of iron sulfides (*9, 12*).

14. The phytoplankton changes described are for the epilimnion in the ice-free season only. The original chrysophycean species were still dominant early in 1977, but were replaced by Chlorophyceae (chiefly *Oocystis submarina* var. *lacustris*, and *Dictyosphaerium simplex*) and Cyanophyceae (*Merismopedia glauca*) in midsummer. Over the years, this shift became more and more pronounced with more new species appearing. Peridineae (*Gymnodinium* spp.) became abundant beginning in 1980 (*15*).

15. D. L. Findlay and G. Saesura, *Manuscr. Rep. Can. Fish Aquat. Sci. No. 1585* (1980).

16. D. W. Schindler, "Experimental acidification of a whole lake: a test of the oligotrophication hypothesis," in (*8*). p. 370; D. Findlay, *Can. Manuscr. Rep. Fish. Aquat. Sci. 1761* (1982).

17. D. F. Malley, D. L. Findlay, P. S. S. Chang, "Ecological effects of acid precipitation on Zoo-plankton" in *Acid Precipitation: Effects on Ecological Systems*, F. M. D'Itri. Ed. (Ann Arbor Science, Ann Arbor, Mich., 1982). pp. 297–327.

18 I. Davies, *Can. J. Fish. Aquat. Sci.* 37, 523 (1980); unpublished data. The total number of crustacean species present in the lake in a given year was from 8 to 11 before fertilization, increasing to 15 in 1980, then declining to 8 to 9 by 1983.

19. Approximately 7×10^4 *Mysis* were present in the lake in 1978 at a *p*H of 5.8 to 5.9. The population density and age structure were similar to those in reference lakes, and *Mysis* appeared to reproduce normally. Numbers were reduced by 96 percent by August of 1979, a year in which the *p*H averaged 5.6. The remaining few animals were eliminated during the fall of 1979. R. W. Nero and D. W. Schindler, *Can. J. Fish. Aquat. Sci.* 40, 1905 (1983); R. W. Nero, thesis, University of Manitoba, Winnipeg (1981); several species of bottom-feeding crustaceans have also been identified as among the most acid-sensitive organisms in Norway [J. Okland and K. Okland, "pH level and food organisms for fish: Studies of 1000 lakes in Norway," in (*8*), p. 326] and elsewhere in Canada (R. W. Nero and L. Grapentine, personal communication).

20. This genus is common in the littoral areas of acidified lakes in eastern North America and Scandinavia; P. M. Stokes in *Effects of Acid Rain on Benthos*, R. Singer, Ed. (North American Benthological Society, Springfield, Ill., 1981), p. 119; more detailed studies of filamentous algae during acidification have been made in Lake 302, suggesting that filamentous algae begin to increase when alkalinity declines, prior to major changes in *p*H (M. A. Turner, unpublished data).

21. This observation was made both in laboratory studies by D. F. Malley [*Can. J. Fish Aquat. Sci.* 37, 364 (1980)]; and on field samples by I. J. Davies, unpublished data.

22. D. L. Findlay, unpublished data; *Asterionella ralfsii* was not observed in the plankton before 1980; from 1981 to 1983, it constituted nearly 100 percent of the planktonic diatoms. There was no increase in total diatom biomass. *A. ralfsii* frustules are

very resistant to dissolution in lake sediments and are commonly used by paleoecologists as an indicator of lake acidification. This increased resistance to dissolution would hinder recycling and has been suggested to have caused the decrease in silicate.

23. D. F. Malley and P. S. S. Chang, unpublished data; Malley *et al.* (*17*) referred to *D. catawba* as *D. catawba* × *schoedleri* after J. L. Brooks, "The systematics of North American *Daphnia*," *Mem. Conn. Acad. Arts Sci.* 12 (1957); individuals in the population show features of species within the *Pulex* group but come closest to resembling *D. catawba*.

24. Detailed studies in nearby Lake 114 show a pronounced overlap in the diets of S. *margarita* and *P. promelas* [R. F. Tallman, K. H. Mills, R. G. Rotter, *Can. Manuscr. Rep. Fish. Aquat. Sci.* (No. 1756) (1984)].

25. R. L. France and L. Graham. *Water Air Soil Sci.*, in press; R. L. France, thesis, University of Manitoba, Winnipeg (1982); crayfish populations were estimated by sampling (SCUBA) known areas along transects at night. Numbers of leeches, sculpins. *Hexagenia*, and tadpoles seen were also recorded (I.J. Davies, unpublished data).

26. Spawning was observed each fall from 1979 to 1983 by K. H. Mills by patrolling the shoreline at night with a light-equipped boat.

27. Similar species compositions in acidified lakes have been reported by N. D. Yan and P. M. Stokes, *Environ. Conserv.* 5, 93 (1982); B. Almer, W. Dickson, C. Eckstrom, E. Hornstrom. *Ambio* 3, 30 (1974); E. Hornstrom, C. Eckstrom. U. Miller, W. Dickson, *Information Fran Sotvattens Laboratoriet, Drottningholm* (No. 4) (1973).

28. D. W. Schindler, R. Wagemann, B. deMarch, M. A. Turner, in preparation.

29. D. W. Schindler and M. A. Turner, *Water Air Soil Pollut.* 18. 259 (1982).

30. E. J. Fee, D. Hayward, J. A. Shearer, *Can. Data Rep. Fish. Aquat. Sci.* (1982), p. 327; J. A. Shearer and E. R. DeBruyn, unpublished data.

31. M. A. Turner, unpublished data.

32. O. Grahn, H. Hultberg, L. Landner, *Ambio* 3, 8 (1974); W. Dickson. "Properties of acidified waters," in *(8)*, p. 75.

33. Natural lakes in the ELA are phosphorus-limited. The slight increases in phytoplankton production and biomass observed in Lake 223 appeared to be due to low water renewal of the lake caused by several years of lower than normal precipitation in the period of study; D. W. Schindler, *Science* 195, 260 (1977);——. E. J. Fee, T. Ruszczynski, *J. Fish. Res. Board Can.* 35, 190 (1978).

34. C. A. Kelly, J. W. M. Rudd, A. Furutani, D. W. Schindler, *Limnol. Oceanogr.* 29, 687 (1984).

35. J. Okland and K. Okland, in (*8*), p. 326; L. Henrikson, H. G. Oscarson, J. A. E. Stenson, in (*8*), p. 316; J. P. Nilssen, in (*8*), p. 344.

36. D. I. Mount, *Water Res.* 7, 987 (1973).

37. See review by T. A. Haines, *Trans. Am. Fish. Soc.* 110,669 (1981) and papers in "Acid Rain/Fisheries," Proceedings of an international symposium on acid rain and fishery impacts on northeastern North America (Cornell University, Ithaca, New York, 1981).

38. A. Herczeg and R. H. Hesslein, *Geochim. Cosmochim, Acta* 48, 837 (1984).

39. For example, T. S. Traaen, "Effects of acidity on decomposition of organic matter in aquatic environments," in (*8*), p. Ramial and J. W. M. Rudd, in preparation; G. R. Hendrey, "Effects of *p*H on the growth of periphytic algae in artificial stream channels" (Report IR 25/76, SNSF Project, Oslo, Norway, 1976).

40. D. C. Lasenby and R. R. Langford, *J. Fish. Res. Board Can.* 29, 1701 (1972); *Limnol. Oceanogr.* 18, 280 (1973).

41. We have previously shown that by not incorporating atmospheric exchange and natural succession of algal species, laboratory experiments led to erroneous conclusions regarding the control of eutrophication; see D. W. Schindler in *(33)*.

42. G. Davidson, thesis, University of Manitoba (1984).

43. In order to compare relative temporal variation in Lake 223 and reference lakes in panels B, C, D, and J of Fig. 1, the following procedure was used. (i) The long-term means concentration or rate for a variable in each lake was calculated for the period 1974 to 1982. The time-weighted average annual mean for each open water year was calculated from weekly to monthly samples and then divided by the long-term mean, resulting in a group of numbers clustered about 1.0. These clusters did not depart significantly from normal distributions. For each year, the average ratio of the annual mean to the long-term mean was calculated for all control lakes, and 95 percent confidence limits were calculated. For the four examples shown, data from two to eight control lakes were used in any year, varying somewhat with the difficulty and cost of measurement. Lake 223 annual averages, normalized to the long-term mean as described above are shown for comparison with reference lakes. The following data allow conditions in lake 223 before acidification to be compared to long-term means for four to six reference lakes in the area, for the period 1974 to 1982. Means and standard deviations are given for reference lakes, followed by the preacidification value for Lake 223 in brackets. Phytoplankton production, as carbon, 164 ± 60 mg/m² per day (140 ± 56); phytoplankton biomass, 1.03 ± 0.41 mg/liter (0.69 ± 12); chlorophyll a. 3.00 ± 0.84 μg/liter (1.92 ± 0.14); dissolved inorganic carbon, 1.41 ± 0.61 mg/liter (1.60 ± 0.07); Ca, 2.43 ± 0.85 mg/liter (2.19 ± 0.02); SO_4, 4.09 ± 0.99 mg/liter (3.35 ± 0.20); Si, 1.20 ± 1.04 mg/liter (1.29 ± 0.01); total nitrogen, 314 ± 51 μg/liter (272 ± 25); and total phosphorus, 6.6 ± 1.2 μg/liter (6.8 ± 0.1). Mean depth and lake surface area hectare for Lake 223 and the reference lakes (mean and standard deviation, $n = 6$) were 7.2 versus 7.2 m ± 3.3 m, and 27.3 ha versus 31.3 ha ± 16.6 ha, respectively.

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45. R. Playle did many of the calculations for Fig. 1. P. Campbell, D. Rosenberg, R. Hecky, E. deNoyelles, Jr., G.D. Koshinsky, and K. Patalas provided helpful reviews of this manuscript. This work was supported by the Canadian Department of Fisheries and Oceans and the Alberta Oil Sands Environmental Research Project (AOSERP).

KEY TABLES FROM EPA'S EASTERN LAKES SURVEY

TABLE 1.—TOTAL NUMBER AND SAMPLED NUMBER OF TARGET POPULATION LAKES AND THE ESTIMATED NUMBER OF LAKES AT OR BELOW pH 5.0 AND ANC 50 MEQ/1 IN EASTERN LAKE SURVEY REGIONS. ESTIMATED POPULATIONS SHOWN WITH 95 PERCENT UPPER CONFIDENCE LIMITS (95 PERCENT UCL)

[Number of lakes]

Region	Total		At or below pH 5.0		At or below ANC 50 μeq/1	
	Target population	Number sampled	Number sampled	Estimated total [1] in target population (95 percent UCL)	Number sampled	Estimated total [1] in target population (95 percent)
1	7,206	771	34	261 (343)	175	1,360 (1,533)
2	8,512	595	28	143 (207)	170	1,257 (1,555)
3A	286	102	0	0 (0)	3	3 (5)
3B	2,185	151	26	260 (386)	66	755 (965)

[1] Explanatory note.—The "estimated population" numbers shown are statistical estimates, which have a margin of error. The estimate in parenthesis is the upper limit of that statistical margin of error that can be cited with 95 percent confidence.

TABLE 2.—ESTIMATED PERCENTAGE OF THE TARGET POPULATION LAKES HAVING pH AT OR BELOW 5.5 AND 5.0, AND ANC AT OR BELOW 50 AND 200 meg/l

[Estimated percent]

Region	pH		ANC (meg/l)	
	<5.0	<5.5	<50	<200
1 (Northeast)	4	9	19	60
2 (Upper Midwest)	2	4	15	41
3A (Appalachia)	0	0	1	36
3B (Mostly Florida)	12	20	35	54

Note.—pH refers to levels of lake acidity. ANC refers to acid neutralizing capacity, or the buffering capacity of a water body.

Acid Deposition, Smelter Emissions, and the Linearity Issue in the Western United States

(Michael Oppenheimer, Charles B. Epstein, Environmental Defense Fund, Inc., New York; Robert E. Yuhnke, Environmental Defense Fund, Inc., Boulder, Colorado)

(Abstract. *The variation in sulfur dioxide emissions from nonferrous metal smelters in the western United States over a 4-year period is compared with the variation in sulfate concentrations in precipitation in the Rocky Mountain states. The data support a linear relation between emissions and sulfate concentration. The geographic separation of emissions sources and precipitation monitors indicates a sulfur transport scale exceeding 1000 kilometers.)*

The relation between SO_2 emissions at particular sources and acid deposition at distant receptors has been the subject to several investigations (*1, 2*). Because of the sparsity of historical deposition data, the lack of large excursions in emissions in recent years, and the high source density with low gradients, empirical studies of SO_2 emissions and deposition in eastern North America have not permitted the determination of definitive spatial or temporal relations between emissions at sources and deposition at distant receptors (*2*).

The intermountain region of the western United States (from the Sierra crest to the continental divide) is an especially suitable region for studying long-range transport and source-receptor relations because it is characterized by a few large point sources with fluctuating emissions—nonferrous metal smelters—which are responsible for most of the region's SO_2 emissions. In this report, we compare the time series of smelter emissions with that of annual average wet sulfate concentration using data from National Atmospheric Deposition Program (NADP) stations in Colorado, Wyoming, and Idaho, which are remote from major sources, as well as from one station in Arizona near the smelters (*3*). The large variation in both emissions and concentration over the period of our study allowed us to identify unambiguously the smelter emission signal in the concentration data. Such large variations can be thought of as representing an unintentional experiment on the atmosphere that could not be performed readily in the eastern United States. A previous study (*4*) covering a restricted area identified the smelter emission signal in airborne sulfate particle data.

TABLE 1.—Annual VWM sulfate concentrations at NADP recording stations (Fig. 1). All precipitation-monitoring stations in the intermountain region downwind (*9*) of the smelters that had data for at least 30 weeks during 10 months in 1981 (when a large emissions increase occurred) and 1982, including three stations just east of the continental divide, are listed. The error due to imprecision in sampling and chemical analysis was less than 10 percent (*18*). Quality control of sampling and analysis procedures by monitoring stations and the central analytic laboratory has been described (*19*). VWM sulfate concentration was averaged over all stations for each year to yield a CVWM; the difference between CVWM concentrations for 1981 and 1982 was statistically significant ($P<0.01$, t-test) and greater than 0.47 mg per liter ($P=0.05$, t-test). Values in parentheses for 1982 represent the standard deviation in monthly mean sulfate concentration, which is a measure of site-specific within-year variation. Data for the Hubbard Brook and Hopland sites, provided for comparison, are not included in the CVWM.

Site (number)	Annual mean sulfate concentration (milligrams per liter)			
	1980	1981	1982	1983
Alamosa, Colorado (1)			1.81	1.43 (0.75)
Sand Spring, Colorado (2)		1.05	1.60	0.96 (0.27)
Manitou, Colorado (3)			1.62	0.93 (0.42)
Pawnee, Colorado (4)		1.50	2.17	0.83 (0.49)
Rocky Mount, Colorado (5)			1.57	0.91 (0.35)
Yellowstone, Wyoming (6)			1.56	0.79 (0.27)
Craters of the Moon, Idaho (7)			0.91	0.61 (0.29)
Organ Pipe, Arizona (8)			2.14	0.87 (0.30)
CVWM (5)		1.28	1.60	0.86
Standard error (6)		0.22	0.14	0.06
Hubbard Brook, New Hampshire		2.45	2.25	2.13
Hopland, California		0.50	0.33	0.34

Concentrations of sulfate and other species in precipitation have been measured weekly by the NADP network since 1978. At locations in the inter-mountain region and other nearby receptors, only a few monitors operated for an entire year before 1980. Annual volume-weighted mean (VWM) concentrations of sulfate in precipitation for each station examined (Fig. 1) are listed in Table 1, along with the annual combined volume-weighted means (CVWM) (*5*). As an indication of intra-annual concentration variability, we determined for 1982 the standard deviations (*6*) in monthly mean (*5*) sulfate concentrations at each station (Table 1) and found them to be an average of 42 percent of the respective annual means.

The nonferrous metal smelters (Fig. 1) are a probable major source of the sulfate detected in precipitation because in 1980 and 1981 they emitted 63 and 74 percent, respectively, of the SO_2 in the intermountain region (*7, 8*). In addition, surface winds over the region indicate a general southwest to northeast airflow that is persistent from month to month for the entire year (*9*). A long-range transport modeling study that used upper-level winds also indicated that smelters are a significant source of sulfate in precipitation at stations in the Rocky Mountains (*10*). Data for SO_2 emissions from all nonferrous metal smelters in the intermountain region (grouped by state) that operated during the period 1980 to 1983 are compiled in Table 2. The smelters at Hurley and Hidalgo, New Mexico, which are immediately east of the continental divide, are also included. As an indication of the intra-annual emissions variability, we determined the standard deviation in monthly aggregate emissions and found them to be an average of 30 percent of the average monthly emissions during the period 1980–1982.

Electric power plants account for two-thirds or more of the remaining SO_2 emissions in the region (*8*). Their emissions from 1980 to 1982 varied by less than 4 percent of the total emissions from smelters plus power plants (*11*), which together account for about 90 percent of regional emissions. By comparison, the variation in smelter emissions was an order of magnitude larger than that in power plant emissions during the period.

Annual sulfate concentrations for all recording stations are plotted against time for the period 1980–1983 in Fig. 2. The figure illustrates a generally synchronous variation of the concentrations at all intermountain and nearby stations with smelter emissions values. * * * This variation was not observed for groups of stations in other states (*3*). For comparison, concentrations measured at the stations in Hopland, California (far west of the Sierra crest), and Hubbard Brook, New Hampshire, are listed in Table 2. Figure 2 indicates that nonferrous metal smelters contribute significantly to sulfate concentrations at these stations and that a large fraction of precipitation sulfate originates at distant smelter sources. We know of no other explanation for the observed pattern of similar and simultaneous changes in sulfate concentration at stations more than 1000 km from the sources and separated from one another by a comparable distance. Furthermore, an initial analysis of 1979 data indicates that concentrations (at sites 2 and 3, the only sites from which sufficient data were available) and emissions both declined from 1979 to 1980. Our interpretation is consistent with the importance of long-range transport suggested for these smelters and other sources in previous studies (*4, 9, 12*). Other studies (*4, 13*) indicate a relation between aerosol sulfate concentrations and smelter emissions over a more restricted area during 1979–1980.

A plot of the CVWM sulfate concentration against smelter emissions for each year (Fig. 3) shows that emissions from nonferrous metal smelters are linearly related to concentrations of sulfate in precipitation at stations remote from these sources. Variation in emissions from smelters may account for nearly all the variation in annual average sulfate concentrations at this group of stations.

This analysis is based on annual average data because on a shorter time scale changes in concentrations arising from emission changes are obscured by variations in photochemical behavior due to the seasonal cycle in the incident solar flux, atmospheric temperatures, and related parameters. In addition, the number of precipitation events included in monthly or weekly average concentrations is so small that fluctuations due to local meterology diminish the significance of concentration differences. The persistence of the surface wind vectors (*9*) over the year suggests that the comparison of annual emissions and concentration data reflects the causal relation between smelter emissions and sulfate concentrations on a shorter time scale.

We have excluded changes in airborne, soil-based material as an important source of sulfate concentration variations. Although base cation concentrations also tend to vary (*3*) with sulfate concentrations, studies of fine particles (*4, 14*) and bulk precipitation (*15*) indicate that airborne base cations are largely of nonsulfate (presumably carbonate) origin in this region. The relation between sulfate and base cations may arise from increased metal-carbonate solubility with increasing acidity of atmospheric droplets.

Our study illustrates a response of precipitation chemistry to large changes in emissions at distant locations. The linear relation between changes in annual average sulfate concentrations and changes in emissions leads us to conclude that the overall atmospheric transformation process for SO_2 is effectively linear for the range of sulfate concentrations given in Table 1. Because these concentrations are at least half as great as those observed at many stations in the northeastern United States and are comparable to values recorded in the upper midwest and southeast (*16*), it appears that major nonlinearities are absent from the atmospheric chemistry of SO_2 over extended areas of the United States. Our data provide direct evidence from exclusively wet deposition monitors on the linearity question for North America. Previous comparisons between emissions and sulfate concentrations from bulk deposition monitors at Hubbard Brook (*2*) and indirect inferences drawn from mass budgets (*17*) and ion ratios (*2*) are consistent with our result. The magnitude of the standard errors (*6*) of the combined annual means (Fig. 3) is reasonably small (an average of 11 percent of the respective means), which suggests a geographic homogeneity of the intermountain airshed consistent with large-scale transport.

TABLE 2.—Sulfur dioxide emissions from nonferrous metal smelters. Monthly emission data were obtained from the smelter operators and from state air quality agencies, as indicated. For 80 percent of all emissions, data were derived by the materials-balance method, in which the weight of input and output materials is determined to within an uncertainty of less than ±5.0 percent, and the sulfur content of all materials is determined to within an uncertainty of less than ±1.0 percent (*20*). Emissions are calculated as the difference between input and output sulfur, with uncertainties estimated at 5.0 percent. For the remaining 20 percent of emissions, data were derived directly from stack monitors, which may be less reliable

State	SO_2 emissions (metric tons per year × 10^3)				Reference
	1980	1981	1982	1983	
Arizona	579.0	794.1	374.3	445.7	(21)
Utah	45.6	76.8	63.7	44.7	(22)
Nevada	78.9	114.9	87.7	28.3	(22)
New Mexico	121.9	144.9	128.9	181.2	(22)
Total	825.4	1130.4	654.6	699.9	
Monthly standard deviation	36.2	4.7	18.2	[1] N.A.	

[1] N.A., not available.

The question remains as to whether the emissions data permit a monthly or seasonal analysis of the relation between sulfate concentrations and smalter emissions. The unusual emissions change and atmospheric response reported here provide and ideal opportunity to improve long-range transport models.

REFERENCES AND NOTES

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FISCAL DISORDER

Mr. SIMON. Mr. President, I want to share with my colleagues a recent column in the Washington Post by James J. Kilpatrick.

Mr. Kilpatrick writes of his support, albeit reluctant, for Senate Joint Resolution 225, a version of a balanced budget amendment to the Constitution that I am pleased to cosponsor with Senators THURMOND, HATCH, and DECONCINI.

That is a list of cosponsors that spans the country geographically and ideologically, but we are united by our desire to end these terrible deficits and to return to sensible and responsible fiscal planning.

Mr. Kilpatrick raises important questions about any balanced budget amendment. But he also notes that Senate Joint Resolution 225 is written as an amendment to the Constitution should be written: Stating a goal, while leaving the mechanism to achieve that goal to the political process. It has a flexibility that is required when we amend this original document. As Mr. Kilpatrick writes:

It is short and simple. It has a constitutional feel that earlier, abominable drafts did not have.

This amendment will require us to balance the budget. But it will not tie the hands of future legislators. It is an amendment that our children and grandchildren can live with. And this is why we need to take this action—to preserve our economic future for the generations that follow.

Mr. President, I ask unanimous consent that the text of the article be printed in full in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Nov. 24, 1985]

FISCAL DISORDER

(By James J. Kilpatrick)

With every passing day, it becomes more clear that Congress will take no effective action toward balancing the bloated federal budget by general law. It may be that the time has come to consider an amendment to the Constitution.

That suggestion is voiced with great reluctance. Since the idea of such an amendment first was broached some 15 years ago, I have steadfastly opposed the proposition. Over and over I have insisted that the way to balance the budget is to elect responsible people to the House and Senate. I have objected that many drafts of proposed amendments were little more than statutory law—and miserable statutory law at that. Amendment of our supreme law is a serious business.

But what is to be done about these fearful deficits? Our government is drowning in red ink. Look at the record. We had a deficit in fiscal '81 of $79 billion, a deficit in '82 of $128 billion, a deficit in '83 of $208 billion, a deficit in '84 of $185 billion, and a deficit in the year that ended on Sept. 30 of $212 billion. That adds up to $812 billion over the five years of the Reagan administration. In the past 25 years we have balanced our income and outgo exactly twice. The national debt now exceeds $2 trillion.

Borrowing of this magnitude is bad in every way. The deficits contribute to the high interest rates that add to the high cost of American goods. They are responsible for a dollar that is too strong against other currencies. This year the government must pay almost $200 billion—a fifth of the total budget—in the form of interest. We are in one awful fiscal mess, and everyone is to blame for it.

In a spirit of panic and desperation three senators came up with a statutory approach. Phil Gramm of Texas, Warren Rudman of New Hampshire and Ernest Hollings of South Carolina drafted a bill to do the job by draconian whacks. They proposed to start from an arbitrary deficit figure of $179 billion in 1986 and to wind up with a zero deficit in 1991. This amazing achievement would be brought off by mirrors and blue smoke. Without going into the infinite complexities of their design, it will suffice to say that various projections would trigger various provisions; the president would have to cut everything (with a few exceptions) across the board. We would thus stumble to a millennium.

The House took the Gramm-Rudman-Hollings bill, a bad bill to begin with, and made it worse. The House crammed back into the barn of sacred cows nearly all of the entitlement programs the Senate had proposed to leave out in the cold. The original Senate bill probably was unconsitutional. The whole thing is a dumb show, full of politics and posturing, but signifying nothing.

What now? If a constitutional amendment is to be considered, by far the best draft comes in the form of Senate Joint Resolution 225. This was approved by the Judiciary Committee on Oct. 23 and could be called up at any time. It is short and simple. It has a constitutional feel that earlier, abominable drafts did not have. It reads:

"Outlays of the United States for any fiscal year shall not exceed receipts to the United States for that year, unless three-fifths of the whole number of both houses of Congress shall provide for a specific excess of outlays over receipts."

A second section would authorize Congress to waive the provisions in time of war. A third section would make the amendment effective in the second fiscal year after its ratification.

I still have grave reservations. A perfectly balanced annual budget is not the be-all and end-all. Ideally we ought to put away a modest surplus in good times; we can tolerate a modest deficit in bad times. There is nothing wrong with financing capital investments through bonds. I wonder how this amendment would be enforced if outlays did in fact exceed receipts. Would we get to June or July of a fiscal year ending in September, and discover that the ceiling would be breached in a matter of weeks?

The committee's proposed amendment may prove to be a toothless paper tiger. I don't know. But presumably it would lie on the table for three or four years while the states considered ratification. In that period, perhaps Congress would get our house in order. But don't bet on it.

THE ILLEGALITY OF APARTHEID

Mr. KENNEDY. Mr. President, I would like to call the attention of my colleagues to a paper written by Jordan J. Paust entitled "The Illegality of Apartheid and the Present Government of South Africa." Mr. Paust is a professor of law at the University of Houston and presented this paper at the 1985 annual meeting of the American Bar Association.

Professor Paust declares that the system of apartheid is not only evil but also illegal. In 1970, the United Nations General Assembly condemned apartheid. The International Court of Justice also affirmed that apartheid is in violation of the United Nations Charter.

Apartheid violates international law. "Apartheid often produces outcomes similar to those of genocide—at least in part—and slavery—if not fully—two practices now proscribed by customary international law and which the community knows can lead to criminal sanctions," states Paust.

In addition, Professor Paust amply supports the assertion that apartheid is an extreme form of human rights deprivation and violates the Universal Declaration of Human Rights. On several counts, the Government of South Africa lacks authority under international law. We in Congress should not allow the matter of sanctions and South Africa to become "out of sight, out of mind." To that end, I ask unanimous consent that the full text of this paper be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE ILLEGALITY OF APARTHEID AND THE PRESENT GOVERNMENT OF SOUTH AFRICA

(By Jordan J. Paust*)

Within the last few months, U.S. Secretary of State Shultz recognized openly that South Africa's racist system of apartheid is *evil.* Such a realization, however, is hardly new, nor does it adequately reflect an increasingly widespread recognition in the United States and abroad that apartheid, under international law, is also illegal. Indeed, a growing number of nation-states have declared that the practice of apartheid constitutes a crime against humanity over which there is universal jurisdiction.

Fifteen years ago, in a special declaration made on the twenty-fifth anniversary of the United Nations, the U.N. General Assembly reiterated its condemnation of "the evil policy of apartheid" and affirmed that apartheid "is a crime against the conscience and dignity of mankind and, like nazism, is contrary to the principles of the Charter." [1] One year later, in 1971, the International Court of Justice also affirmed:

"To establish . . . and to enforce, distinctions, exclusions, restrictions and limitations exclusively based on grounds of race, colour, descent or national or ethnic origin which constitute a denial of fundamental human rights is a flagrant violation of the purposes and principles of the Charter.[2] "

Since then, numerous other authoritative pronouncements on the illegality of apartheid have been made within the structure of the United Nations and elsewhere. As expressed in their seminal work on *Human Rights and World Public Order,* McDougal, Lasswell and Chen add: "The thrust of all these authoritative condemnations, repeated again and again with only minor variations, is clearly toward the crystallization of shared general community expectations that apartheid, as an aggregate set of practices, is unlawful." [3] More specifically, they note: "apartheid, taken as an aggregate set of practices, violates practically every important particular prescription for the protection of specific rights embodied in the Universal Declaration of Human Rights and in the International Covenants on Human Rights. This comprehensive and systematic violation of particular human rights prescriptions is fully documented, article by article, in the elaborate United Nations *Study of Apartheid and Racial Discrimination in Southern Africa.*" [4]

Earlier in their study they remind the reader that apartheid is "much more than mere racial discrimination . . .; it comprises a complex set of practices of domination and subjection, intensely hierarchized and sustained by the whole apparatus of the state, which affects the distribution of all values." [5] Not surprisingly, as they summarize, "[t]he prescriptions which outlaw apartheid include those relating to slavery, caste, racial discrimination, self-determination, and other more particular human rights." [6] "Increasingly," they add, "United Nations pronouncements also invoke certain prescriptions relating to crimes against humanity and threats to peace." [7]

In fact, in 1973, the U.N. General Assembly approved for signature the International Convention on the Suppression and Punishment of the Crime of Apartheid,[8] a treaty designed to assure criminal sanctions and universal jurisdiction with respect to the already recognizably illegal practice of apartheid.[9] The treaty now has nearly seventy nation-state ratifications,[10] a relatively large number in one sense and yet a rather poor showing by governments some twenty years after the first formal condemnation of apartheid by the General Assembly as "a crime against humanity." [11] Nevertheless, as documented in a previous study, several international legal scholars have recognized that criminal sanctions for violations of basic human rights are entirely appropriate.[12] Indeed, it has long been accepted more generally that violations of international law are subject to criminal sanction and that civil or criminal sanctions have often been interchangeable, depending on whether an individual or government was seeking enforcement.[13] Because apartheid often produces outcomes similar to those of genocide (at least in part) and slavery (if not fully), two practices now proscribed by

Footnotes at end of article.

customary international law and which the community knows can lead to criminal sanctions,[14] it may be even more appropriate to have criminal trials of those reasonably accused of having knowingly engaged in the practice of apartheid than it might be in the case of more ordinary violations of international law.

It is also worth noting that apartheid is a recognizably egregious form of human rights deprivation. Formal condemnations have often stressed the gross, flagrant and systematic nature of the denial of human rights and the fact that deprivations of basic or fundamental human rights are at stake.[15] Moreover, as at least one author has noted, South Africa's racist system of apartheid has served as a primary and relatively unique catalyst for the unification of international sanction efforts, however effective such have or have not been thus far.[16] Importantly, governments with varied ideologic and political orientations have been able, at least formally, to agree on economic, political and even militarily related sanction efforts against human rights deprivations engaged in by governmental elites of South Africa when they could agree on few others. Historically, however, the efforts against apartheid should aid in the greater effectuation of human rights for all persons—such might be among the curious benefits from evil.

Among the basic human rights violated by South Africa's systemtization of apartheid are:

(1) the right of each person to basic equality and dignity;

(2) the fundamental right to freedom from discrimination, now part of the customary norm of nondiscrimination;

(3) the right to life, liberty and security of person;

(4) the right to be free from slavery or servitude, including an entrenched political and economic slavery;

(5) the right to be free from cruel, inhumane or degrading treatment and from torture;

(6) the right to recognition as a person before the law;

(7) the right to equal protection of the law;

(8) the right to an effective remedy in national courts for violations of human rights law;

(9) the right to be free from arbitrary arrest, detention or exile;

(10) the right, in full equality, to a fair and public hearing in the determination of one's rights;

(11) the right to be presumed innocent until proved guilty according to law in a public trial at which one has the international guarantees of due process;

(12) the right to be free from arbitrary interference with one's privacy, family, home and correspondence;

(13) the right to freedom of movement and residence, including the right to leave the country and to return;

(14) the right to a nationality;

(15) the right, without any limitation due to race, nationality or religion, to marry and found a family;

(16) the right freely to own property;

(17) the right to freedom of opinion and expression;

(18) the right to freedom of peaceful assembly and association;

(19) the right to work, including free choice of employment;

(20) the right to an adequate standard of living, including adequate food, housing and medical care;

(21) the right to education, including an equal educational opportunity;

(22) the right freely to participate in the cultural life of the community; and

(23) the fundamental right freely to participate in the political process.[17]

In short, South African apartheid, despite recent social and political concessions to blacks, "coloureds" and Asians, results in the deprivation of nearly every right documented in the Universal Declaration of Human Rights[18] and thus also, as the International Court affirmed, in a flagrant violation of the purposes and principles of the United Nations Charter.[19]

Of particular concern is the denial of the human right of each person freely to participate in the political process which is documented in Article 21 of the Universal Declaration. It is common knowledge that the government of South Africa is at best a form of minority dictatorship, a form of government that excludes some seventy-three percent of the population (nearly 23 million blacks) from effective participation in the national political process and which now relegates nearly twelve percent of the population (some 2.6 million "coloureds" and 800,000 Asians) to a second class status in flagrant disregard of the right of each person freely to participate in the political processes of one's country. Not only does the South African governmental process deny the majority a right to participate, but clearly also the right of each person to "equal access to public service" documented in paragraph 2 of Article 21. Both denials, moreover, are at the heart of a systematic repression of self-determination in South Africa.

As recognized in numerous international instruments and by the International Court, all peoples have the right to self-determination and, by virtue of that right, to freely determine their political status.[20] Similarly, "the application of the right of self-determination requires a free and genuine expression of the will of the peoples concerned."[21] As noted elsewhere, a state that complies with the precept of self-determination is one possessed of a government representing each and every person—the whole people—belonging to its territory.[22] In fact, political self-determination is a dynamic process involving the genuine full and freely expressed will of a given people, that is, a dynamic aggregate will of individuals shaped by an equal and aggregate participation by individuals and groups in a process of authority.[23]

As noted elsewhere, there is a significant consistency among the precept of self-determination, the human right to individual participation in the political process, and the only standard of authority recognized in international law.[24] Indeed, self-determination and human rights both demand that the only legitimate basis of the authority of any government is the will of a given people reflected through a dynamic process of individual participation. This point is made most clearly in paragraph 3 of Article 21 of the Universal Declaration, which affirms: "The will of the people shall be the basis of the authority of government; this will shall be expressed in periodic and genuine elections. . . ." A legitimate government, the Universal Declaration affirms, is one in which the "will of the people" is the basis of authority. Significantly, such an authority exists lawfully on no other basis, in no other form.[25]

Further, an oppression of the authority of the people is a form of political slavery that is not only violative of human rights but also constitutes a treason against humanity. In response, the people of a given community have, under international law, the right to alter, abolish, or overthrow any form of government that becomes destructive of the process of self-determination and the right of individual participation.[26] As noted, such a government would lack authority and can be overthrown in an effort to ensure authoritative government, self-determination, and the human right of free and equal participation. Additionally, under international law, such an effort can be supported by other nation-states through the express right to self-determination assistance, a right tied to authoritative interpretation of the U.N. Charter.[27]

From the above, it is evident that the present government of South Africa lacks authority under international law. It is an illegal regime designed quite clearly to repress self-determination and the right of individual participation.[28] It follows that it has no right under international law which it might use to assure its survival, including the derogation provisions of relevant human rights instruments.[29]

The "authority of the people" is "the only authority on which government has a right to exist in any country." Thomas Paine, *The Rights of Man* 8 (1794)

FOOTNOTES

*Prof. of Law, University of Houston. A.B. (1965), J.D. (1968), U.C.L.A.; LL.M. (1972), University of Virginia; J.S.D. Cand., Yale.

[1] U.N. G.A. Res. 2627, 25 U.N. GAOR, Supp. (No. 28) 3, U.N. Doc. A/8028 (1970).

[2] Advisory Opinion on Legal Consequences for States of the Continued Presence of South Africa in Namibia (South West Africa) Notwithstanding Security Council Resolution 276 (1970), [1971] I.C.J. Rep. 16, 57 (para. 131) [hereinafter cited as Namibia Case]. It is also a violation of the customary norm of nondiscrimination. *See, e.g., id.* at 76 (Separate Opinion of Vice-President Ammoun); South West Africa Cases (Second Phase), [1966] I.C.J. Rep. 4, 284 (Tanaka, J., dissenting).

[3] See M. McDougal, H. Lasswell & L. Chen, *Human Rights and World Public Order* 536 (1980). *See also id.* at 532-57, and references cited. Indeed, I know of no state besides South Africa that has not condemned apartheid. See also *id.* at 545 ("condemnation of apartheid has won practically universal support"). Similarly, if all of those who teach public international law in the United States were polled, I predict that, to a person, they would affirm the illegality of apartheid. Since the printing of *Human Rights and World Public Order*, the African Charter on Human Rights specifically calls for the elimination of apartheid. See Banjul Charter on Human and People's Rights, preamble, Jan. 7-19, 1981, OAU Doc. CAB/LEG/67/3/Rev. 5, reprinted at 21 *Int'l L. Mats.* 58, 59 (A.S.I.L. 1982). For further exposition, see Butcher, a Review of the Legal Consequences for States of the Illegality of Apartheid, in (this seminar).

[4] *Id.* at 546-47. On this point, see also *id.* at 548-50, and references cited; and Butcher, *supra* note 3.

[5] *Id.* at 523. On this point, see also *id.* at 524-30, and references cited.

[6] *Id.* at 532.

[7] *Id.*

[8] U.N. G.A. Res. 3068, 28 U.N. GAOR, Supp. (No. 30) 75, U.N. Doc. A/9030 (vote: 91-4-26, with the U.S., U.K., Portugal and South Africa voting no).

[9] For further exposition, *see, e.g.*, Taubenfeld & Taubenfeld, *Human Rights and the Emerging International Constitution*, 9 *Hofstra L. Rev.* 475 (1981); Paust, *Federal Jurisdiction Over Extraterritorial Acts of Terrorism and Nonimmunity for Foreign Violators of International Law Under the FSIA and the Act of State Doctrine*, 23 *Va. J. Int'l L.* 191, 224 *ff.* (1983).

[10] *See, e.g.*, H. Hannum (ed.), *Guide to International Human Rights Practice* 299 (1980) (67 states as of 1982).

[11] See M. McDougal, H. Lasswell & L. Chen, *supra* note 3, at 535 n. 467, citing U.N. G.A. Res. 2202A, 21

U.N. GAOR, Supp. (No. 16) 20, U.N. Doc. A/6316 (1966).

[12] *See, e.g.,* Paust, *supra* note 9, at 215, and references cited. *See also* Butcher, *supra* note 3, quoting Article 19, paragraphs 2 and 3(c) of the International Law Commission's Draft Articles and State Responsibility. In the United States, however, domestic implementing legislation should be enacted. A useful statute should merely create federal criminal jurisdiction over "offenses against human rights as defined by international law." *See* Paust, *supra* note 9, at 216 and 250 (for a draft bill to amend title 18 of the U.S. Code).

[13] *See, e.g., id.* at 212, and references cited. On the private litigation of human right claims in domestic courts, see also American Branch of the International Law Association, Committee on Human Rights, Report on Human Rights Law, the U.S. Constitution and Methods of Judicial Incorporation, *Proceedings* 56-65 (1984), and references cited; Paust, *On Human Rights: The Use of Human Right Precepts in U.S. History and the Right to an Effective Remedy in Domestic Courts,* forthcoming.

[14] *See, e.g.,* M. McDougal, H. Lasswell & L. Chen, *supra* note 3, at 215, 302, 325-27, 355-56, 495-505, 507; Paust Blaustein, *War Crimes Jurisdiction and Due Process: The Bangladesh Experience,* 11 *Vand. J. Trans. L.* 1, 20-22 (1978); Taubenfeld & Taubenfeld, *supra* note 9, at 512-14. *See also* Namibia Case, *supra* note 2, at 79-80 (Separate Opinion of Vice-President Ammoun ("no less punishable than the crimes against humanity and war crimes . . ."). Reisman, *Responses to Crimes of Discrimination and Genocide: An Appraisal of the Convention on the Elimination of Racial Discrimination,* 1 *Den. J. Int'l L. & Pol.* 29, 40 (1971); Paust & Blaustein, *supra* at 29-31 (use of force to deprive a people of the right to self-determination violates Article 2(4) of the U.N. Charter and constitutes a crime against peace).

[15] *See, e.g.,* M. McDougal, H. Lasswell & L. Chen, *supra* note 3, at 535-36, 541-42; Richardson, *Constitutive Questions in the Negotiations for Namibian Independence,* 78 *Am. J. Int'l L.* 76, 79, 94 (1984). Additionally, several rights at stake, such as the right to self-determination and the fundamental right to participate in the political process, are customary and peremptory. As the International Court has also recognized, "rules concerning the basic rights of the human person" are "obligations *erga omnes*" (*ie.,* owing by each person and each state to all persons). See the 1970 Case Concerning the Barcelona Traction, Light and Power Co. (Belgium v. Span), [1970] I.C.J. Rep. 4, 32, at paras. 33-34. The United States agrees. *See, e.g.,* Memorial of the United States before the International Court of Justice, at 71, in Case Concerning United States Diplomatic and Consular Staff in Tehran (United States v. Iran), [1980] I.C.J. Rep. 1: "The existence of such fundamental human rights for all human beings . . . and the existence of a corresponding duty on the part of every State to respect and observe them, are now reflected, *inter alia,* in the Charter of the United Nations, the Universal Declaration of Human Rights," etc.

[16] *See* J. Carey, *UN Protection of Civil and Political Rights* 26-33, 95-126 (1970); *see also* Taubenfeld & Taubenfeld, *supra* note 9, at 487, 499-505; Richardson, *supra* note 15, at 94.

[17] *See generally* M. McDougal, H. Lasswell & L. Chen, *supra* note 3, at 547-50, and references cited. See also, Richardson, *Self-Determination, International Law and the South African Bantustan Policy,* 17 *Colum. J. Trans. L.* 185, 190-95 (1978); Taubenfeld & Taubenfeld, *supra* note 9, at 499-505; Paust, *International Law and Control of the Media: Terror, Repression and the Alternatives,* 53 *Indiana L. J.* 621, 633-40 (1978, and references cited.

[18] On the authoritativeness and legal utility of the Universal Declaration, *see, e.g.,* M. McDougal, H. Lasswell & L. Chen, *supra* note 3, at 272-74, 302, 325-30, and references cited; Paust, Book Review, *Human Rights: From Jurisprudential Inquiry to Effective Litigation,* 56 *N.Y.U. L. Rev.* 227, 228-30, 233-37, 241, 244, 257 (1981), and references cited; Paust, *Transnational Freedom of Speech: Legal Aspects of the Helsinki Final Act,* 45 *L. & Contemp. Probs.* 53 n.3 (Duke Univ. 1982).

[19] See note 2 *supra.*

[20] See Western Sahara Advisory Opinion, [1975] I.C.J. Rep. 12, 31-33, 36, citing several international instruments including the authoritative Declaration on Principles of International Law, U.N. G.A. Res. 2625, 25 U.N. GAOR, Supp. (No. 28) at 121, U.N. Doc. A/8028 (1970).

[21] *Id.* at 32, para. 55.

[22] See Paust, *The Human Right to Participate in Armed Revolution and Related Forms of Social Violence: Testing the Limits of Permissibility,* 32 *Emory L.J.* 545, 562-3 (1983), and references cited. Here, I borrow several points from that study.

[23] See *id.*

[24] See *id.* at 564-66.

[25] See generally *id.* at 560-66. See also Declaration of the Seminar on the Legal Status of the Apartheid Regime and Other Legal Aspects of the Struggle against Apartheid, 13-16 Aug. 1984, at 5 (organized by the United Nations Special Committee Against Apartheid) ("Only the creation of a non-racial democracy based on the will of the majority of the population can introduce the element of legitimacy presently lacking").

[26] See *id.* at 560-67, and references cited.

[27] See, *e.g.,* Paust & Balustein, *supra* note 14, at 11-12 n.39, 19-20 n.69, and references cited; *see also id.* at 30-31. In the case of South Africa and Namibia, the U.N. Security Council has, at least since 1971, called on "all States to support and promote the rights of the people of Namibia" to self-determination, and the General Assembly has requested "all States. . . . to render to the Namibian people all moral and material assistance necessary to continue their struggle for the restoration of their inalienable right to self-determination. . . ." See U.N. S.C. Res. 301, 26 U.N. SCOR, Res, and Dec., at 7 (1971); U.N. G.A. Res. 2871, 26 U.N. GAOR, Supp. (No. 29) 105, U.N. Doc. A/8429 (1971). Further, the General Assembly has sought to assure "effective political, moral and material assistance to all those combatting policies of apartheid." U.N. G.A. Res. 2202A, para. 5(c), 21 U.N. GAOR, Supp. (No. 16) 20, U.N. Doc. A/6316 (1966); see also M. McDougal, H. Lasswell & L. Chen, *supra* note 3, at 553-54, and references cited; U.N. G.A. Res. 183 J, K&L, 33 U.N. GAOR (24 Jan. 1979). (part J: U.N. G.A. authorizes the Special Committee against Apartheid "(f) To promote assistance to the oppressed people of South Africa and their liberation movements. . . . [vote: 124-0-4]; part K: recognizes "the need for increased international assistance . . . [in the] struggle for the eradication of apartheid and the establishment of a non-racial society . . . [in the] struggle for the eradication of apartheid and the establishment of a non-racial society . . . [and] 1. Appeals to all States to provide . . . all asssistance required by the South African national liberation movement in its legitimate struggle for the exercise of the right of self-determination by the people of South Africa as a whole" [vote: 115-0-12]); U.N. G.A. Res. 2, 39 U.N. GAOR (28 Sept. 1984) ("7. Urges all Governments and organizations . . . to assist the oppressed people of South Africa in their legitimate struggle for national liberation") (vote: 133-0-2); Declaration of the Seminar on the Legal Status of the Apartheid Regime and Other Legal Aspects of the Struggle Against Apartheid, *supra* note 25, at 8 ("right to seek and obtain assistance in the exercise of the right to self-defence against the international crime constituted by the denial of self-determination and the criminal nature of the apartheid system. The Seminar drew attention to the fact that States have the legal right to provide all forms of assistance. . . .").

[28] See also Richardson, *supra* note 15, at 94 (an "illegal—albeit recognized—regime"); Butcher, *supra* note 3; U.N. S.C. Res. 554 (17 Aug. 1984) (so-called new constitution of South Africa is null and void); U.N. G.A. Res. 2, 39 U.N. GAOR (28 Sept. 1984) ("recognizing the legitimacy of their struggle to eliminate apartheid and establish a society based on majority rule with equal participation by all the people of South Africa . . .;" "1. Reiterates its rejection of the so-called 'new constitution' as null and void") (vote: 133-0-2); U.N.G.A. Res. 183 L, 33 U.N. GAOR (24 Jan. 1979) U.N. G.A. "1. Strongly condemns the illegitimate minority racist regime of South Africa for its criminal policies and actions . . . 3. Reaffirms the legitimacy of the struggle . . . by all available and appropriate means, including armed struggle—for the seizure of power by the people. . . ." [vote: 103-9-17]); Declaration of the Seminar on the Legal Status of the Apartheid Regime and Other Legal Aspects of the Struggle against Apartheid, *supra* note 25, at 2, 4-5, 11 ("total illegitimacy of the new constitutional arrangements," G.A. had recognized that "the regime lacked legitimacy," "legitimacy presently lacking," "international illegitimacy").

[29] *See also* Paust, *supra* note 17, at 626-29, 633-40 (South African government violates human rights to freedom of speech, association and political participation without possible compliance with Article 29 of the Universal Declaration); Paust, *Political Oppression in the Name of National Security: Authority, Participation, and the Necessity Within Democratic Limits Test,* 9 *Yale J. World Pub. Ord.* 178 (1982); Paust & Blaustein, *supra* note 14, at 30-31 (use of force to deprive a people of the right to self-determination violates Article 2(4) of the U.N. Charter and constitutes a crime against peace); Declaration of the Seminar on the Legal Status of the Apartheid Regime and Other Legal Aspects of the Struggle Against Apartheid, *supra* note 25, at 13 (U.N. G.A. and S.C. have "clearly established that the illegal status of the occupying Power [in Namibia] denied that Power the automatic right of self-defense").

INTERIOR APPROPRIATIONS BILL

Mr. LAXALT. Mr. President, the Interior appropriations bill provides $7,500,000 for national water resources research, some $5 million above the President's request for the Water Resources Research Act of 1984. Since the enactment of the original bill in 1954, the Water Research Institutes have been engaged in needed research and training programs. As provided in the 1984 act, each of the Water Research Institutes are undergoing a careful and detailed evaluation. This first evaluation is to be completed within 2 years and subsequent reevaluations will be undertaken at invervals not to exceed 4 years.

While the institute program has produced significant research results, it is now time to build upon this base. The additional funding for section 105 can best be utilized to address topical research areas to be defined by the U.S. Department of the Interior with research programs carried out by Water Science Centers which, to the extent possible, would take advantage of this base of existing Water Resources Research Institutes.

Developing practical technology and adopting rational public policy to mitigate water problems of the coming decades will demand that the Nation's best scientific and engineering expertise be focused on the solution of all dimensions of the problem. This will require the development, synthesis, and integration of information from a host of water-related disciplines ranging from the highly technical fields of theoretical hydrology and engineering systems analysis to the fields of law, economics, and other social sciences.

Meaningful integration of research findings from these diverse disciplines is rare, and significant research contributions to the solution of real problems comes from a relatively few people. The present practice of Federal agencies funding small individual research projects for short periods of time has produced many fine studies and has trained future generations of many young professionals. The effectiveness of this approach can be significantly enhanced and complemented by coupling it with Water Science Centers that would synthesize research findings in a coherent whole.

The establishment of these centers would overcome some of the difficulties in water research identified by the Office of Technology Assessment and the Council on Environmental Quality Study.

These centers comprised of an interdisciplinary mix of a critical mass of scientists and engineers would provide the institutional setting necessary for real research coordination and integration. Centers devoted to selected water problem areas would provide the needed focus, continuity, and mix of expertise to maximize the return of scarce Federal research dollars.

GRAMM-RUDMAN

Mr. RIEGLE. Mr. President, over the past several weeks I have come to the floor to share with my colleagues editorials from our Nation's newspapers and magazines on the Gramm-Rudman proposal. Continuing that effort, I want to bring to everyone's attention an article, on this morning's Washington Post editorial page, by Alan S. Blinder, a professor of economics at Princeton University who is currently a visiting fellow at the Brookings Institution.

Professor Blinder outlines a hypothetical, although frighteningly realistic, scenario of the potential outcome of enacting what he calls "the Gramm-Rudman Act of 1985." I urge all of my colleagues to take the time to read this perceptive article, entitled "Life After Gramm-Rudman: Up To, and Including, the Impeachment."

Mr. President, I ask unanimous consent that the article just mentioned by printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

LIFE AFTER GRAMM-RUDMAN

WASHINGTON, Sept. 1, 1986.—The Congressional Budget Office and the Office of Management and Budget today issued a joint forecast that makes the recently passed budget for fiscal year 1987 illegal. The forecast estimates a $201 billion deficit for FY 87. Since balanced-budget legislation passed last year allows only $144 billion, sharp reductions in government spending are required.

Automatic spending cuts of $57 billion will be triggered in mid October unless Congress and the president act before then. The cuts will consist mainly of equal percentage reduction in the parts of the budget classified as "relatively controllable." Since these items make up only 40 percent of the FY 87 budget, spending in this part of the budget must decline by 13.2 percent. Senior OMB officials expressed doubts that such severe cuts could be implemented by Oct. 15.

WASHINGTON, Oct. 15, 1986.—Owing to the budget impasse between the president and Congress, automatic, spending cuts under the Gramm-Rudman Act of 1985 will take effect immediately, the White House announced today.

"The president regrets that this drastic action could not be avoided," said spokesman Larry Speakes. "He is particularly worried that sharp cuts in the defense budget will impair military readiness." Aides said Defense Secretary Caspar Weinberger was fuming over the required cutbacks.

FORT BRAGG, KY., Oct. 17, 1986—Paymaster Sgt. Bill Coe had never seen anything like it. Today, 13 percent of the pay envelopes he distributed to Fort Bragg's personnel included something unheard of in the military: pink slips.

Fort Bragg and other military installations have orders from the Pentagon to reduce payrolls by 13 percent without cutting wages. "This is the damnedest thing the Army has ever asked me to do," exclaimed Coe, who has seen combat but has never been in a budget war before. "The guys think it's a joke."

LOS ANGELES, Oct. 17, 1986.—The check she picked up at the welfare office this morning was 13.2 percent smaller than the one she received last Friday, and Mary Howell wanted to know why. "Orders from Washington," answered clerk Scott Williams. "Some kind of crazy new law. I don't really understand it."

WASHINGTON, Jan. 28, 1987.—The Reagan administration has revised its economic forecast downward, and now expects a weak economy in 1987. Economists say the main reason for greater pessimism is last fall's drastic round of cuts in government spending.

WASHINGTON, Feb. 4, 1987.—President Reagan stunned Congress today by submitting a budget that would cripple most civilian programs while leaving the military untouched. "The president regrets the deep cuts, but he felt he had no choice," explained spokesman Larry Speakes.

The Gramm-Rudman Act requires a deficit of $108 billion for fiscal 1988—$80 billion lower than the current projection. Only $3 billion of this can come from cost-of-living adjustments. "Given the cuts the Defense Department absorbed last October, the president felt that further cuts in defense would jeopardize our national security," said Speakes. "So the whole $77 billion must come from the civilian side of the budget."

Since discretionary nondefense spending for FY 88 is budgeted at $240 billion, a reduction of $77 billion requires a 32 percent cut. Congressional reaction to such large civilian cuts was vitriolic.

NEW YORK, Feb. 5, 1987.—The stock market plunged today on fears that the huge spending cuts proposed yesterday by the president might precipitate a deep recession. The dollar also tumbled on world markets. Senior officials at the Federal Reserve hinted that monetary policy may have to be tightened to defend the dollar, despite the weakening economy.

WASHINGTON, Aug. 15, 1987.—After months of bitter partisan wrangling, Congress adjourned today, unable to agree on a budget for the fiscal year that begins Oct. 1. Republican leaders were incensed. "The Democrats blocked action on the budget knowing that Gramm-Rudman would force large cuts in defense," fumed Sen. Robert Dole. "The president won't accept that. I don't know what happens now."

WASHINGTON, Sept. 1, 1987.—As required by law, CBO and OMB today issued their joint forecast for the coming fiscal year. It projects a $195 billion budget deficit under current programs, $87 billion above legal limits. If Congress and the president fail to reduce the deficit to $108 billion by Oct. 15, automatic spending cuts of $87 billion will be triggered. The CBO estimates that $47 billion will come from defense.

SANTA BARBARA, CA., Oct. 1, 1987.—President Reagan announced today that he would not abide by the provisions of the Gramm-Rudman Balanced-Budget Act of 1985 because "I cannot in good conscience weaken our defenses any further." The president's refusal to enforce the law precipitates the gravest constitutional crisis since Watergate.

"It is with a heavy heart that I do this," a grim-faced president told reporters as a hush fell over the packed briefing room. "Though I have sworn to uphold the law, my first responsibility is to the security of this great nation. I cannot allow our defenses to be gutted by a mechanical formula."

Members of Congress who did not wish to be identified speculated that impeachment proceedings might now have to be started. "Why didn't someone in December 1985 tell us this might happen?" moaned one Republican senator.

EDUCATIONAL AID

Mr. SIMON. Mr. President, on June 19, 1985, I introduced S. 1328, the Institutional Aid Act of 1985. A bipartisan group of 18 Senators have joined me in sponsoring this measure. Others have indicated their support for the basic thrust of the bill. S. 1328 would revise and extend title III of the Higher Education Act of 1965. Title III is the only title in the Higher Education Act which provides direct institutional assistance to smaller colleges and universities. Title III authorizes three separate programs—the Strengthening Institutions Program (part A) and the Special Needs Program (part B)—which vary on the basis of statutory eligibility criteria and the duration of grants made under each part. The part C, Endowment Grants Program provides matching Federal grants to assist in building institutional endowments.

I am proud to have been associated with the enactment of the Challenge Grant Act Amendments of 1983, which authorized Federal matching grants to assist title III eligible schools build their endowments. In my view, S. 1328 takes the next logical step in improving Federal assistance to the small colleges, especially private 4-year institutions and 2-year community colleges, which have little or no access to other Federal funding sources.

In an October 17 editorial "Drawing Lines," the Washington Post—after acknowledging the important role played by title III in assisting in the development of the Nation's historically black colleges and the declining proportion of title III funds received by these colleges—questioned the ap-

propriateness of "race specific" language in S. 1328. Christopher F. Edley, president and chief executive officer of the United Negro College Fund [UNCF], responded to that editorial. He makes an excellent case for why a program focused on the special needs of black colleges and universities. UNCF represents 43 historically black private colleges and is well known for its slogan "a mind is a terrible thing to waste." UNCF has been strongly supportive of the Black College and University Act established in S. 1328 and has done more than any one single organization to advance the cause of black colleges and higher education for black Americans.

Mr. President, as the Senate moves toward reauthorization of the Higher Education Act, I hope that my colleagues will review Mr. Edley's article and keep in mind the importance of black colleges and universities to higher education in America.

I ask unanimous consent that the December 2, 1985, Post article appear in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Dec. 2, 1985]

FOR BLACK COLLEGES

(By Christopher F. Edley Sr.)

Title III of the Higher Education Act was enacted in 1965 as a special program of financial assistance for "developing" institutions of higher education. The program was created primarily to aid historically black colleges and universities, which for decades were either excluded from federal and state aid programs or received substantially less public support than their white institutional peers. "We conceived it primarily to strengthen the Negro colleges in the South," wrote Rep. Edith Green in testimony presented in 1966.

The authorized program has never been fully funded, and the majority of the dollars in the limited appropriations were siphoned off to white colleges. During the first 10 years of Title III, historically black colleges received between 50 to 60 percent of the total appropriation. But pressure mounted to expand eligibility, and in 1984 only 34 percent of Title III support went to historically black colleges.

Private black colleges, which have survived on sacrifice and leftovers, can least afford reductions in financial support. These institutions are already asked to do more with substantially fewer resources than their counterparts nationally. Endowments per student at private black colleges are less than half the average for private colleges nationally. Over 90 percent of private black college students receive financial aid. Tuition costs at black colleges are two-thirds and faculty salaries are three-fourths of the national average for private colleges. Nevertheless, public and private black colleges award 40 percent of the undergraduate degrees earned by blacks nationally.

Title III funds are crucial to the survival and strengthening of the historically black colleges. Accounting for 5 to 10 percent of the operating budgets of these institutions, Title III makes possible on black college campuses the growth and development experienced by majority white campuses.

Rep. Augustus Hawkins (D-Calif.), chairman of the House Education Labor Committee, and Sen. Paul Simon (D-Ill.) are sponsoring a bill—The Post faulted it in its editorial "Drawing Lines" of Oct. 17—that would fund specific programs over a 10-year period to help black colleges improve their facilities, strengthen their management systems and develop new curricula. This proposal establishes subdivisions that reserve certain sums for minority colleges and universities. Therein lies the critical issue—is it wrong to use race-specific language to redress racial imbalances?

If we were living in a racially neutral society, we would have no use for racial classifications. The fact is that for more than 100 years historically black colleges were isolated from mainstream public support. There is no racially neutral process to redress that fact. The burden of more than a century has not been lited in just the past two decades since the Developing Institutions Program began.

Is the predominant race of an institution permissibly a factor to look at in terms of targeting scarce public dollars? Consider a few question that raise this issue. Have not black institutions gone through something extra to get where they are today? Do the black colleges not bring to learning a different and needed perspective?

Is there not a special need for more black doctors, lawyers, engineers and teachers? Does the whole society somehow benefit because these colleges elevate poor black youth to productive and creative citizenship?

There are no easy answers to these questions. If the answer to all or any is yes, then a classification based on race should be reasonable, purposeful and permissible. To answer all in the negative would be difficult, given our present state of education and experience. Yet that is precisely what opponents of race-specific language would require.

If nonracial euphemisms, such as "developing" or "struggling colleges," are used to avoid race-specific language, other nonblack institutions will gobble up the resources as in the past, leaving the black colleges to limp along. This is inefficient and requires the government to expend $3 to deliver $1 to the black colleges. Moreover, these needy institutions can ill-afford to have their unique historical missions and hard-earned achievements lumped with other colleges with strong but substantially different claims for support.

The whole history of the Developing Institutions Program indicates that without a racial classification, black colleges, the very institutions Title III was primarily created to strengthen, receive substantially fewer funds. Why must we do indirectly and ineffectively through euphemisms what we can do directly by providing direct assistance to our nation's historically black colleges and universities? But noble and racist arguments to avoid racial classifications threaten to homogenize us to death.

CONGRESSIONAL CALL TO CONSCIENCE FOR SOVIET JEWS AND CHRISTIANS

Mr. CRANSTON. Mr. President, today I would like to focus the attention of my colleagues on the plight of millions of people who live under the shadow of Soviet religious oppression. The suffering of Soviet Jews and Christians, although well known to us, cannot be overemphasized. Vigilance and determination on the part of those who have the freedom to act are essential to help ensure that these people are not forgotten. I am therefore pleased to join with my colleagues in the Congressional Call to Conscience for Soviet Jews and Christians, which serves as a reminder of the deplorable situation confronting many Soviet religious believers. We must not allow concern for their plight to be eclipsed by other developments or issues in the United States-Soviet relationship. We must emphasize to the Soviet leadership the concern Congress feels and the great importance Congress places on this issue when evaluating relations between our two countries.

Soviet Jews are routinely denied the freedom to enjoy the most fundamental human rights. They are denied the right to cultural expression; they are harassed, fired from their jobs, and are subject to arbitrary arrest, imprisonment, and internal exile—only for trying to keep their religious and cultural heritage alive. And then, they are denied permission to emigrate from a country which treats them as outcasts. The number of Jews allowed to emigrate has precipitously declined over the last 6 years. Only 499 exit visas were granted to Soviet Jews in the first 6 months of this year. Thousands more wait years for a visa, only to be denied one for spurious reasons. In addition, untold numbers of Jews and other oppressed minorities fear to apply for emigration because of the severe consequences of filling out such an application.

It has been 10 years since the signing of the Helsinki Final Act. Yet the past decade has seen not an improvement, but a worsening of the Soviet treatment of Jews and Christians. The dismal Soviet record on this human rights issue makes a mockery of their professed support of freedom of religion as expressed by the Helsinki accords, the International Covenant on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the Universal Declaration of Human Rights, and even by the Soviet constitution. Americans have been forced to listen to the outrageous assertion that Jews enjoy full rights and privileges in the Soviet Union. We have heard the ridiculous argument that all Jews who wish to emigrate have already done so. Such absurd statements only highlight the fact that we are witnessing an official Soviet campaign to stamp out a Jewish cultural revival in the Soviet Union.

Human rights abuses in the U.S.S.R. take other forms besides the virtual halt of emigration, the imprisonment of refusniks, and the attempt to eliminate Jewish culture. Some Soviet Jews

must endure constant surveillance and harassment. Yakov Gorodetsky is a former mathematics teacher from Leningrad who has been teaching Hebrew since he was fired for having applied to emigrate in 1979. He has been at the forefront of the campaign to obtain the rights guaranteed by Soviet and international law. Mr. Gorodetsky has been repeatedly interrogated by the KGB, detained, and confined to his house. Last May he was ordered to report for the draft even though papers showed he was exempt due to poor eyesight. Early this fall the nationally read Soviet magazine, Ogonek denounced him as a "zionist functionary." Such public denunciations encourage yet more pressure and make life unbearable. I strongly urge Soviet leaders to allow Yakov Gorodetsky to emigrate to Israel with his wife, Polina, and 3-year-old daughter, Esther.

A move on the part of the Soviet Union to eliminate the brutal treatment of Soviet Jews and Christians—to allow them to practice and teach their religion and preserve their cultural heritage, to grant them the freedom to emigrate to a land which gives them this freedom—would mark a major step forward in lessening tensions between the United States and the Soviet Union. Before last month's summit meeting, I initiated a request to President Reagan, cosigned by 89 of my colleagues in the Senate, to ask the President to bring up the issue of Jewish emigration and human rights when he met with Mr. Gorbachev. While it is too soon to determine whether those discussions will produce any progress in this area, I deeply hope that Soviet General Secretary Gorbachev will take advantage of this opportunity to inaugurate a new era in United States-Soviet relations.

Now is the time to redouble our efforts on behalf of Soviet Jews and Christians. We must do everything in our power to demonstrate our solidarity with oppressed Jews and Christians in the Soviet Union. We must not let the Soviet Government assume that the plight of these people goes unnoticed or is forgotten in the West.

America has long been a symbol of freedom for the oppressed peoples of the world. It is vital that we continue to reaffirm our commitment to Soviet Jews and Christians and to fight Soviet tyranny over those who wish to practice their religion freely.

PASSAGE OF H.R. 3003—MARYLAND LAND CONVEYANCE

Mr. MATHIAS. Mr. President, last night the Senate passed H.R. 3003. Senator McCLURE and Senator WALLOP, and the members of the Committee on Energy and Natural Resources, are to be congratulated for bringing this bill before us promptly. As you may know, my colleague from Maryland, Senator SARBANES, and I introduced a companion bill, S. 1208, which was the subject of hearings before the committee on July 12 of this year. However, prior to markup of S. 1208, the House enacted H.R. 3003 which was taken up by the committee and favorably reported with technical amendments.

Briefly, this legislation transfers from the Department of the Interior to the Maryland-National Capital Park and Planning Commission a small and unique piece of property located in Prince Georges County, MD, adjacent to the intersection of the Capital Beltway and I-295, near Woodrow Wilson Bridge. The 55-acre parcel of land was originally acquired by the Federal Bureau of Roads for the construction of the beltway as well as the proposed extension of I-295 which, as you know, have never been completed. In 1978, the land was transferred to the Department of the Interior with the condition that it be held as open space. However, the Department never developed a plan, nor programmed funds for the use of this property. In fact, at this time, the Department does not anticipate having the budgetary capability within the foreseeable future to develop a park at this location.

The Maryland-National Capital Park and Planning Commission [MNCPPC], a bicounty park authority for Prince Georges and Montgomery Counties, is anxious to put the land to constructive use. It wants to use it to develop a waterfront park for the public and to provide access to a proposed waterfront development. This land transfer legislation before us today will allow that to happen.

The proposal for the development, a multimillion dollar project, includes a marina, a trade center, homes, retail shops and boutiques. It will be an economic boon to Prince Georges County and the entire State of Maryland.

At the request of the Maryland-National Capital Park and Planning Commission, the Prince Georges County executive and State representatives, I introduced legislation in the 98th Congress to authorize the transfer. However, at that time, several concerns were raised by the National Capital Planning Commission and the National Park Service regarding the protection of Federal interests at this unique gateway location on the Potomac River. In response to these concerns, the developer of the adjacent property entered into extensive negotiations with the National Capital Planning Commission. The result is a memorandum of understanding between the parties containing numerous restrictions on the private development in exchange for NCPC and Park Service support of this legislation. This memorandum has been incorporated into H.R. 3003 and S. 1208, which I and my colleagues from Maryland in both the House and the Senate reintroduced this year.

As a result of this agreement, I am confident that this legislation not only protects but enhances the Federal interests along the Potomac shoreline. In exchange for the access to be provided to the adjacent private property, the bill requires substantial restrictions on the private development including limitation on the heights of buildings, limitation on fill along the Potomac shoreline, minimum open space, as well as the provision of a public hiker/biker trail extending along the length of the private shoreline property. This trail will connect with parkland located both to the north and south of the private property.

The Maryland Park Agency proposes a complementary and connecting hiker/biker trail, arboretum, and fishing and boating activities in its conceptual plan for the proposed park. The result will be a magnificent waterfront park and recreation area which will benefit not only the people of Prince Georges County but the residents of the entire National Capital Region as well.

POSSIBLE AMENDMENTS TO TITLE X, PUBLIC HEALTH SERVICE ACT

Mr. CRANSTON. Mr. President, on October 21, during consideration of the Labor, HHS, and Education Fiscal Year 1986 appropriation bill, H.R. 3424, the distinguished Senator from Utah [Mr. HATCH] indicated that he and others intended to propose a series of amendments to the provisions of the bill providing appropriations for the family planning program carried out under title X of the Public Health Service Act. Title X provides the major source of Federal support for domestic family planning programs. That issue was temporarily deferred when the appropriation for the title X program was deleted from H.R. 3424. Funding for the title X program is currently provided for under the continuing resolution, Public Law 99-154, which expires next week on December 12. The authorizations of appropriations for the title X program expired on October 1.

Mr. President, at the time that all funds for the title X program were deleted from the fiscal year 1986 appropriation bill, an exchange took place between the Senator from Utah [Mr. HATCH], the chairman of the Labor and Human Resources Committee, and the Senator from Connecticut [Mr. WEICKER], the chairman of the Labor, Health and Human Services, Education and Related Agencies Appropriations Subcommittee, as follows:

Mr. HATCH. Mr. President, one of my colleagues, Senator WEICKER, in particular, has asked me if we in the Labor and Human Resources Committee will be marking up the reauthorization of title X before the end of this year. I fully intend to see that that opportunity does occur in the committee and that we will have that opportunity of debating these matters at greater length at that particular time.

Mr. WEICKER. Mr. President, I thank my colleague from Utah for his comments. I believe especially important to note here, as a matter of procedure, is that hearings will be held on the reauthorization of title X within his committee. That is the place to debate this matter. (*Cong. Rec.*, daily ed., October 21, 1985, S13655).

As one of the original cosponsors of legislation, S. 881, to extend the authorization of appropriations for the title X, which has been pending before the Labor and Human Resources Committee since last spring, I was pleased to learn of the commitment of the Senator from Utah to allow the authorizing committee to consider the reauthorization legislation. S. 881 has now been sponsored by 37 Senators, from both sides of the aisle and with differing perspectives on the issues of abortion.

As of this date, however, to my knowledge, no hearings have been scheduled on the reauthorization of title X and the Labor and Human Resources Committee has not been permitted to vote on S. 881, although an effort was made by several members of the committee to have the title X reauthorization considered at the beginning of the committee's meeting on November 19.

I strongly believe that the type of amendments described by the Senator from Utah should be considered by the authorizing committee—the Labor and Human Resources Committee—rather than proposed as riders to open an appropriations bill on the Senate floor. However, the possibility clearly remains that an attempt may be made to bypass consideration by the authorizing committee—and its probable repudiation of these crippling amendments—by seeking to attach these amendments to the continuing resolution on the Senate floor.

Because these amendments may come before the Senate without a great deal of notice or opportunity for debate, I intend to make several statements, in advance of floor consideration of the continuing resolution, in order to explore the serious adverse potential impact of such amendments.

THE TITLE X PROGRAM

Mr. President, before discussing the specific amendments, it may be useful to describe the title X program itself.

Title X was enacted in 1970 as part of the Family Planning Services and Population Research Act, Public Law 91-572. Its purpose, clearly set forth in section 2 of the act, was, among other things, to "assist in making comprehensive voluntary family planning services readily available to all persons desiring such services." Section 6 of the 1970 law added a new title X to the Public Health Service Act. The provisions of title X authorized a variety of activities to be carried out relating to the provision of family planning services including direct service project grants, training programs, educational and information activities, and research into contraceptive development and program implementation. In the 1981 Omnibus Budget Reconciliation Act, Public Law 97-35, the separate authorization of appropriations in section 1004 of title X for research activities was repealed; the joint explanatory statement of the committee of conference accompanying the conference report, however, made it clear that the repeal of the separate authorization was not intended to terminate the research being carried out at NIH under the authority of section 1004, but rather it was the intent of the conferees that such activities would henceforth be authorized under the broad authority of sections 301 and 441 of the Public Health Service Act.

Although title X has thus authorized a variety of activities to be carried out relating to family planning, the service grant program carried out under section 1001 is generally thought of as constituting the primary title X program. Grants are made to public and private nonprofit entities to establish and operate voluntary family planning projects. According to the HHS testimony submitted in hearings on March 27, 1985, before the Subcommittee on Health and the Environment of the House Committee on Energy and Commerce, in fiscal year 1984, $133.8 million was distributed to 89 grantees that provided services at over 4,500 clinic sites to an estimated 3.9 million persons, about a third adolescents. HHS witnesses testified that 90 percent of the women served under title X in 1984 had incomes below 150 percent of poverty.

Mr. President, it is extremely important to note that the majority of title X grantees are public health clinics. Health departments served 40 percent of the title X patients; Planned Parenthood affiliates served 28 percent; hospitals, 11 percent, and a variety of other agencies, such as neighborhood health centers and community action agencies, served 21 percent.

TITLE X—AN EFFECTIVE ALTERNATIVE TO ABORTION

Mr. President, since its inception 15 years ago, title X has enjoyed strong bipartisan support. It has also enjoyed strong support from individuals with differing views on the issue of abortion, principally because most people clearly understand that one of the most effective ways to reduce the tragic number of abortions in this country is to make family planning services readily available in order to help individuals to avoid unintended pregnancies which can end in abortion.

More than a decade ago, a witness testifying before my subcommittee on the 1973 reauthorization of appropriations for title X stated the relationship between title X and prevention of abortion in eloquent terms:

> Laws against abortion have never stopped them from occurring. A constitutional amendment won't stop them from occurring. The Congress can demonstrate the sincerity of opposition to abortion by investing more effort and more money in contraceptive research. Improved contraceptive technology, improved availability of information and family planning service are the best means to reduce demand for abortion.

Testimony of Grace Olivarez before the Special Subcommittee on Human Resources, Committee on Labor and Public Welfare, 93d Congress, first session.

According to data published by the Alan Guttmacher Institute, more than 800,000 unintended pregnancies—about half of them among teenagers—are averted in a typical year as a direct result of the title X federally funded family planning program. It is also estimated that if these unintended pregnancies had occurred, there would have been an estimated 433,000 more abortions in each such year.

Mr. President, because I strongly believe that family planning services are one of the most effective means to reduce the number of abortions and because I believe that individuals ought to have the right to have access to these preventive services, I have consistently supported title X and have opposed efforts to weaken it. Undermining the title X program and the network of family planning clinics throughout the Nation would simply make it more difficult for individuals to have access to these important services. This in turn could have only one result: more abortions—a tragic result from every perspective.

KEMP-HATCH AMENDMENT RELATING TO ABORTION

Mr. President, although it is possible that a whole series of crippling amendments may be offered to the title X appropriation, most of the attention in recent weeks has focused upon the so-called Kemp-Hatch amendment. The exact wording of this proposed amendment remains unclear. In his statement on October 21, the Senator from Utah indicated that his proposed amendment would provide first, that no title X money could be used for abortion referral or counseling except in cases in which the mother's life would be endangered by carrying the pregnancy to term, and second, that no title X funds could be awarded by grant or contract to any organization involved in abortion. On November 6, the Senator from Utah circulated a "Dear Colleague" letter which con-

tained a proposed text of the amendment which included both of the provisions described in the October 21 statement. However, to date, no amendment has actually been introduced in the Senate. The effort of Congressman KEMP to attach a somewhat modified version of the Kemp-Hatch amendment to the continuing resolution during the House Appropriations Committee consideration of the continuing resolution failed decisively and the House has passed a continuing resolution without any amendments to the title X appropriation.

ORIGINAL INTENT OF TITLE X

Mr. President, during the remarks of the Senator from Utah on October 21, the statement was made that the amendments he was preparing were designed to preserve the original intent of title X.

As one of the original cosponsors of the 1970 legislation which established the title X program, Public Law 91-572, as the chairman for 10 years of the subcommittee on the Labor and Human Resources Committee which had jurisdiction over the program, and as the Senate author of all of the title X legislation enacted during that period of time, I believe that I can shed some historical light on certain issues relating to the original intent of title X.

The fact is that the legislative history of section 1008 is absolutely clear that the language contained in that section was intended to prohibit the use for abortions of only the fund provided under title X.

Mr. President, the November 6 letter correctly sets forth the text of section 1008 of title X which provides:

None of the funds appropriated under this title shall be used in programs where abortion is a method of family planning.

However, the November 6 letter fails to acknowledge the explicit statement contained in the Statement of the Managers accompanying the conference report on S. 2108 (H. Rept. No 91-1667) relating to the intent of this provision, as follows:

It is, and has been, the intent of both Houses that the funds authorized under this legislation be used only to support preventive family planning services, population research, infertility services, and other related medical, informational, and educational activities. The conferees have adopted the language contained in section 1008, which prohibits the use of such funds for abortion, in order to make clear this intent. The legislation does not and is not intended to interfere with or limit programs conducted in accordance with State or local laws and regulations which are supported by funds other than these authorized under this legislation. (H. Rept. No. 91-1667, p. 8.)

There may be disagreement as to whether that should be the policy or whether it should be changed. But it is totally erroneous to suggest that the proposed amendment would somehow clarify or carry out the original intent of section 1008. It would flatly reverse the explicit policy set forth by the conferees that the restrictions in section 1008 were "not intended to interfere with or limit" lawful activities carried out with other sources of funds.

Second, Mr. President, in the November 6 letter and the October 21 statement, identical statements—supporting the thrust of the proposed amendment—are cited as having been made by two different key House Members.

The November 6 letter states that the intent of section 1008 can be "clearly understood from the writings of Congressman PAUL ROGERS, chairman of the Health and Environment Subcommittee and primary author of the title X program." The letter purports to quote Representative ROGERS, without any citation to a source, as having written that title X "would not merely prohibit the use of such funds for the performance of abortion but would prohibit the support of any program in which abortion counseling or abortion referral services are offered."

Although Representative ROGERS later served as the chairman of the House Health Subcommittee for many years, he was not chairman of the subcommittee at the time title X was established nor was he the primary author of the 1970 legislation. As his statement in the CONGRESSIONAL RECORD of November 16, 1970, clearly indicates, he was at that time a member of the subcommittee which reported the legislation and a cosponsor of the legislation. Like myself, Representative ROGERS served as a member of the 1970 conference committee and subsequently became chairman of the authorizing subcommittee and the author of subsequent legislation extending the authorizations of appropriations for title X.

Moreover, Mr. President, nowhere in Mr. ROGERS' brief statement in support of the legislation in 1970 does the reference to title X and abortion counseling or referral attributed to him in the November 6 letter appear. He may have made such a statement at some later time but obviously, any such subsequent statement cannot in any way diminish the clear statement made by the 1970 conferees when section 1008 was enacted.

Curiously, Mr. President, in his October 21 remarks, the Senator from Utah attributed exactly the same statement to Congressman JOHN DINGELL. No such statement, however, appears in the remarks made by Mr. DINGELL on November 16, 1970, although Mr. DINGELL did address extensively the issue of abortion and was the author of section 1008. None of the statements made by Mr. DINGELL at the time of House consideration refer directly to the issue of abortion counseling or referrals. Mr. DINGELL did make a statement indicating he believed that programs which include abortion as a method of family planning are not eligible for funds allocated through title X. However, to the extent that this statement flatly contradicts the contrary, explicit expression of the intent of the conferees in the statement accompanying the conference report, that statement is not controlling legislative history under well-established rules of statutory construction.

Moreover, elsewhere in his statement on November 16, 1970, Representative DINGELL referred to the provisions of S. 1008 as restricting the use of appropriated funds for abortions. Several other House Members also referred to section 1008 in similar terms indicating that the prohibition applied to the use of Federal funds for abortions, not a prohibition on activities carried out with non-Federal funds. That has been the consistent interpretation of section 1008 for the past 15 years.

Mr. President, in recounting these facts from 1970, I am not attempting to present an exhaustive legal argument based on legislative history nor to suggest that the policy issues raised by the amendments' proponents should be disposed of on the basis of whether or not one or the other House Member referred to ever actually made the statement quoted in the November 6 letter or the October 12 statement.

However, these statements and their apparent lack of accuracy or at least relevance are important in the current debate because they appear to be part of an attempt to portray the proposed amendments as merely clarifying the original intent of title X—hence, implying that by-passing the authorizing committee process would not be the radical procedure that it actually would be in this case.

Mr. President, these are major amendments intended to overturn policies established 15 years ago and they raise the types of issues that deserve careful and thorough examination through the congressional hearing process and committee deliberation. They do not belong on a continuing resolution, particularly in light of the fact that the chief Senate proponent is the chairman of the authorizing committee and has had ample opportunity to have his amendments considered by that committee.

GAO REPORT

Mr. President, similar problems appear in the November 6 letter with respect to references made to the 1982 GAO report on compliance with section 1008 by family planning grantees.

The November 6 letter refers to the GAO investigation of title X grant recipients requested by Senator DENTON and Senator HATCH in 1981 and states

that at the conclusion of their investigation:

GAO recommended that restrictions of abortion activities in family planning programs need clarification.

That is not a fair description of the GAO report released in September of 1982.

First, it should be noted that one of the principle focuses of the GAO investigation was to determine whether grantees were using title X funds for abortions or certain abortion-related activities or for lobbying. The conclusion GAO reached after its investigation was that it could find no evidence that title X funds have been used for abortions or to advise clients to have abortions.

Second, GAO concluded that if Congress did not want title X funds to go to organizations providing abortions, it should provide guidance to HHS to clarify such intent. GAO did not recommend such action to the Congress. Rather, GAO recognized that congressional action to change the provisions of section 1008 would be necessary to achieve the result sought by the Senator from Utah and the Senator from Alabama.

Third, and finally, GAO did recommend that HHS should set forth clear guidance on the scope of abortion restrictions in its title X program regulations and guidelines. Nowhere in the GAO report is it suggested that such guidance should come from Congress nor is it suggested that HHS lacks the authority to spell out its policies regarding abortion-related activities in title X regulations or guidelines. GAO expressed concern that HHS policies prohibiting activities which promote or encourage a favorable attitude toward abortion had not been incorporated into HHS regulations or guidelines, but rather were communicated to grantees through a series of HHS general counsel legal opinions which have been periodically disseminated in memorandums to its regional program administrators. GAO recommended that HHS incorporate these policies into its title X guidelines or regulations.

The Reagan administration has the discretion under title X to propose to incorporate these policies relating to abortion activities into the existing title X guidelines or regulations governing the use of title X funds by title X grantees. It is important to express one caveat here, however: These existing policies do not prohibit—as the Kemp-Hatch amendment seeks to do—making information available about abortions or referring persons to a place where they may receive more information about abortion or obtain an abortion. They do prohibit advocacy of abortion.

HHS REVIEWS

Mr. President, in addition to the GAO investigation which found no evidence that title X funds were being used to pay for abortions or to advise clients to have abortions, the inspector general of HHS conducted a similar investigation of title X grantees and reached a similar conclusion. HHS Secretary Heckler, in her testimony in 1984 before the Subcommittee on Health and the Environment of the House Committee on Energy and Commerce, testified that since the time of the GAO report, there had been 32 inspector general audits of title X grantees and that:

The inspector general's findings clearly show that the family planning clinics have been very aware [of] and have honored the law in terms of the abortion prohibition". (Hearing before the Subcommittee on Health and the Environment, House Committee on Energy and Commerce, 98th Congress, 2d, Sess., on Reauthorization of Title X, April 3, 1984, p. 472.)

Earlier this year, on March 27, 1985, HHS Acting Assistant Secretary for Health, Dr. James O. Mason, concurred with Secretary Heckler's 1984 statement in his testimony before the same subcommittee.

NO BASIS FOR ALLEGATIONS DOCUMENTED

Mr. President, despite the persistent allegations by the opponents of the family planning program, there is simply no evidence that title X grantees are violating the prohibition in title X against using title X funds for abortions; nor is there any evidence to support the contention that title X grantees encourage women to seek abortions. That was the conclusion reached by GAO after its extensive field investigation, that was the conclusion reached by the HHS inspector general, and that is the conclusion reached by the Reagan administration officials at HHS.

Finally, Mr. President, if any individual grantee is found to have violated these prohibitions, HHS has ample authority to take appropriate corrective actions, including grant termination.

ILL-CONCEIVED POLICY PROPOSED

Mr. President, up to this point, I have focused primarily on clarifying some of the factual issues relating to the title X program and its legislative history in order to stress the complexity and seriousness of the fundamental changes sought by the proponents of the Kemp-Hatch amendment. I would like to turn now to the substance of the proposed amendment itself, and explain why I believe the amendment would be so damaging and counterproductive.

PROHIBITION ON COUNSELING AND REFERRALS RELATING TO ABORTION

Mr. President, the existing title X program guidelines provide that:

Pregnant women should be offered information and counseling regarding their pregnancies. Those requesting information on options for the management of an unintended pregnancy are to be given non-directive counseling on the following alternative courses of action, and referral upon request: prenatal care and delivery; infant care, foster care, or adoption; pregnancy termination.

The Kemp-Hatch amendment, as originally described by its proponents, would prohibit title X grantees from providing either counseling on, or referrals for, abortions to pregnant women—even those explicitly requesting information on the options for the management of an unintended pregnancy—except where the life of the woman was endangered. Not only would the amendment restrict title X programs themselves from engaging in these activities, the amendment would bar title X funds from being awarded to any organization or entity which provided such counseling or referrals with other sources of funds.

Thus, Mr. President, the Kemp-Hatch amendment would prohibit a title X grantee from advising a pregnant woman, even one who requested such information, that abortion was a legal option up to a certain point in the pregnancy or that the decision regarding abortion needed to be made within a certain timeframe.

If an IUD patient became pregnant, the patient and her physician could not discuss whether to terminate or continue the pregnancy, despite the increased risk of infection and spontaneous abortion, unless the patient's life were actually endangered.

A title X agency would be required to refuse to tell a patient where a legal and medically safe abortion could be obtained, forcing often desperate women to search out such facilities on their own without any information on the quality of care they might receive.

Mr. President, there is simply no question that this type of prohibition would raise very fundamental questions of medical ethics and medical malpractice issues. That is what the American College of Obstetricians and Gynecologists and numerous other health organizations have stated. It would violate one of the basic premises of the family planning program—that individuals seeking assistance be enabled to exercise informed consent when choosing a course of action. To mandate that title X grantees withhold information from a woman patient who does not wish to be pregnant is simply unconscionable. The current guidelines and practices in the title X program prohibit grantees from advocating or encouraging patients to seek abortions for unintended pregnancies, but they do not proscribe these medical providers from providing information on all of the legal options available to an individual with an unintended pregnancy.

Mr. President, the proposed amendment also, I believe, raises serious constitutional issues relating to freedom of speech. It would not only restrict the title X grantees with respect to

the use of title X funds, it would punish those organizations and entities which use other funding sources to support their exercise of freedom of speech by barring them from participating in title X funding. It is particularly unconscionable from a first-amendment perspective because it would punish only a particular kind of speech. Speech which advocated against abortion would be allowed, while even neutral discussion of the availability of abortion would be punished. This degree of intrusiveness into the right of private individuals in this country to speak and act according to their own convictions where no Federal funds are involved is extraordinary and, I believe, unprecedented.

Mr. President, from every respect, the Kemp-Hatch amendment represents a bad policy and a dangerous precedent.

PROHIBITION ON GRANTS TO HOSPITALS AND CLINICS WHICH PROVIDE ABORTION SERVICES

Mr. President, the second component of the Kemp-Hatch amendment would prohibit title X funds from going to entities which provide abortion services with non-title X funds. This provision would overturn the clear policy of the Congress enunciated when section 1008 was enacted, that the title X prohibition regarding abortion was not intended to interfere with lawful activities relating to abortion carried out with other sources of funds. I have already traced the legislative history of this policy.

According to the 1982 GAO report, approximately 74 organizations receiving title X funds also performed abortions at facilities colocated with their family planning program. Forty-six of these entities were hospitals, 21 were Planned Parenthood affiliates, 4 were other nonprofit organizations, and 3 were public health departments. No information was available on the number of family planning clinics that provided abortions at separate locations. Clearly, the major impact of this provision of the Kemp-Hatch amendment would fall upon these hospital-based programs. Excluding these facilities from the title X program would serve only to make it more difficult for the individuals, who rely upon the program for their family planning services, to receive these services. The result would be more, not less abortions. As the head of the Department of Obstetrics and Gynecology at Columbia University—a title X grantee—testified in the March 27, 1985, House hearing:

Insisting our hospital choose between continuing abortion service and receiving title X funds potentially could backfire on those most concerned about abortion and the prevention of abortion * * * it would be the poor women who would become the victims. Without access to family planning services, they would only be at greater risk of unintended pregnancy and abortion.

MODIFIED KEMP-HATCH ALSO UNACCEPTABLE

Mr. President, there is reason to believe that the proponents of the Kemp-Hatch amendment intend to modify the original proposal as described in the Senate on October 21 and set forth in the November 6 letter to eliminate the restriction on counseling and to allow title X funds to go to State agencies which provide abortions with State or other sources of funds. A modified amendment was offered by Representative KEMP unsuccessfully during the House Appropriations Committee's consideration of the continuing resolution, which would prohibit title X funds from going to any entity which provided for abortion referrals, with title X or other funds, and would allow only a State to receive title X funds if it provided abortions to low-income women with its own moneys. The House Appropriations Committee rejected this amendment in adopting a substitute which was designed to codify the existing policy in the HHS guidelines regarding nondirective counseling. However, as a result of the action of the House Rules Committee, this amendment was deleted from the continuing resolution passed by the House on Wednesday.

Although such a modification would remove one indefensible aspect of the original Kemp-Hatch proposal, it would still unduly interfere with and restrict information provided to title X clients and have the result of excluding large numbers of university-affiliated teaching hospitals from participation in the title X program. In many States, there is no State-operated title X program or the actual services are provided through nonprofit delegate agencies. In those States the effect of the amendment would be the same as the effect of the originally-described amendment. The modified amendment offered by Representative KEMP has the same basic flaws as the amendment described by the Senator from Utah on November 6 and October 21 and it also certainly should be dealt with first by the authorizing committee after adequate hearings.

CONCLUSION

Mr. President, over the past 15 years, the title X program has been tremendously effective in helping to avert unintended pregnancies and thereby reducing the number of abortions. The Senate, like the House, should firmly reject these efforts to undermine and cripple the title X program—efforts which would serve only to increase the number of abortions by increasing the number of unintended pregnancies.

UNDERSTANDING TOURETTE SYNDROME

Mr. STEVENS. Mr. President, each year the National Rural Letter Carriers' Association Auxiliary chooses a humanitarian project. This year, auxiliary president Shirley McKamey has chosen to emphasize understanding and patience in dealing with those suffering from Tourette syndrome.

Tourette syndrome [TS] is a neurological disorder which manifests itself in involuntary movements and sounds. The symptoms usually begin in childhood and continue a lifetime. I applaud the auxiliary for choosing TS for their project. Greater awareness will lead to greater understanding, something all patients of TS desperately need.

I ask unanimous consent to have reprinted at the end of my remarks the entire text of the article, written by auxiliary board chairwoman Ruth Powers, which appeared in the National Rural Letter Carrier. It contains valuable information about Tourette syndrome which can be helpful to all.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

WHAT IS TOURETTE SYNDROME?

(By Mrs. Harlow (Ruth) Powers, Auxiliary Board Chairwoman)

Our National Auxiliary President, Shirley McKamey, has chosen Tourette Syndrome, a condition commonly known as "Tics," as the humanitarian project for the "Program of Patience."

T.S. is a neurological disorder of the brain or a chemical abnormality in the neurotransmitter system, which regulates our movements and behavior. Symptoms usually begin between the ages of 2 to 16 and must be endured for a lifetime, increasing in severity as the person grows older. While there are some mild forms of the condition, most patients must suffer with the very severest kind of T.S.

Because there is still so much to be learned about the condition, we are anxious to support research and to raise the level of public awareness. The medical community also needs to be more concerned about the plight of these victims. Often, it takes years of struggle and financial burden for a family to achieve a correct diagnosis.

After many false leads, expensive tests, and stress on the part of both patient and family, the child is still often placed in an inappropriate educational setting, which leads to further problems. Children with T.S. have some very special classroom needs, even though they have normal intelligence.

Small classes, private study areas, exams given outside the regular classroom, or, in some cases, an oral exam can help meet these special needs. Time limits are very stressful on the child with Tourette Syndrome.

Imagine, if you will, what it would be like to be constantly blinking, shrugging your shoulders, making facial grimaces, or, in the worst cases, shouting obscenities, grunting, or barking. Can we even imagine what a day of this would be like? Can we visualize what fellow students, co-workers, or friends would think or say? How would we feel physically and emotionally at the end of the day?

Besides being exhausted from our body contortions, our feelings have been hurt a thousand times. We can only hope that sleep will bring a respite; knowing full well, that when we awake, we must face this all over again. Is it any wonder that suicide is

often the only means of escape for these children or adults? Is it any wonder that expensive psychotherapy is needed for many of them?

Some medications have been developed which do help certain patients, but some of the side effects are also very annoying; muscular rigidity, restlessness, fatigue, depression, weight gain, and difficulty breathing. Often the side effects are more troublesome than T.S.

There is a great need for understanding and patience with the victims of this affliction, and we can start by doing our little bit. We can contribute to the T.S. Association, which promotes research. We can show compassion and understanding when confronted with either a victim or someone who is having to deal with a victim.

Above all, we must do whatever is possible to make others aware of the suffering the T.S. patient must endure. We can "Sow Seeds of Usefulness." Kindnesses such as these are gifts we give ourselves. It is a little like jam, you cannot spread even a little without getting some on yourself. So let's spread a whole lot!

A MESSAGE FROM THE PRESIDENT OF THE TOURETTE SYNDROME ASSOCIATION

The Tourette Syndrome Association is the only voluntary agency in the world dedicated to preventing, controlling, and finding a cure for Tourette Syndrome, and to promoting the welfare of persons who have this disorder.

Tourette Syndrome is a neurological movement disorder which begins in childhood (between the ages of 2 and 16) and lasts throughout life. The syndrome is characterized by rapidly repetitive multiple movements called tics, and by involuntary outbursts of sound or vocalizations. Body tics may include rapid eye blinking, facial grimaces, shoulder shrugging, head jerking, or other repetitive movements of the torso or limbs. Vocalizations may include repeated sniffing, throat clearing, coughing, grunting, barking, and or coprolalia, the involuntary utterances of inappropriate or obscence words. These symptoms have long been misconstrued as a sign of behavioral abnormality or nervous habits, which they are not. They are, however, symptoms of a neurological disorder caused by a chemical imbalance in the brain.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. STAFFORD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Morning business is declared closed.

EXECUTIVE SESSION

The PRESIDING OFFICER. Under the previous order, the hour of 10 a.m. having arrived, the Senate will now go into executive session to resume the consideration of the nomination of Robert K. Dawson, of Virginia, to be an Assistant Secretary of the Army. The debate thereon is limited to 1 hour, with 45 minutes to be controlled by the Senator from Rhode Island [Mr. CHAFEE] and the Senator from Maine [Mr. MITCHELL] or their designees; and 15 minutes to be controlled by the Senator from Arizona [Mr. GOLDWATER] or his designee.

The Senate proceeded to the consideration of executive business.

DEPARTMENT OF DEFENSE

The PRESIDING OFFICER. The Senator from Rhode Island.

Mr. CHAFEE. Mr. President, I yield such time as is necessary to the Senator from Vermont.

Mr. STAFFORD. I thank the distinguished Senator from Rhode Island for yielding.

Mr. President, I wish to state my opposition to the confirmation of Robert K. Dawson to the post of Assistant Secretary of the Army—Civil Works.

Some of my colleagues may wonder why members of the Committee on Environment and Public Works are so interested in this nomination, which was reported from another committee.

The job of Assistant Secretary of Army—Civil Works—was established by section 211 of Public Law 91-611, a 1970 omnibus water resources law. That law came from our committee. When the first nominee was sent to the Senate 5 years later, the Parliamentarian, presumably looking only at the word "Army" and not at the legislative history, sent the nomination to the Committee on Armed Services, where it has gone by precedent ever since.

This job involves no military work. It carries two functions:

First. Overseeing the civil work of the Army Corps of Engineers, all of which is under the Environment Committee's jurisdiction, including the section 404 program. The military construction work of the corps comes under the Assistant Secretary of the Army for Installation and Logistics.

Second. Operating Arlington National Cemetery, which has an operating budget of some $10 million, about one-third of 1 percent of the corps' civil works budget.

Thus, our committee has a vital interest in Mr. Dawson's nomination.

Frankly, Mr. President, my views on this nomination carry much ambivalence.

Mr. Dawson appears to have done a sound job running the traditional programs of the U.S. Army Corps of Engineers, programs for building and maintaining water resources projects.

As a matter of fact, I informed the White House on several occasions during the past year that I favored his nomination and encouraged his selection to this post. I supported the job he was doing as an advocate for the President's program on cost sharing and other reforms in water resources development.

I continue to support that aspect of Mr. Dawson's responsibilities.

But I was wrong to assume that he also would do a good job with the corps' other major responsibility, the regulatory program to protect wetlands under section 404 of the Clean Water Act.

In recent months, I have come to hold great reservations over Mr. Dawson's qualifications because of his handling of this vital program. These reservations have grown to the point that I am now forced to oppose his confirmation.

Mr. President, it is now universally recognized that our Nation's dwindling wetlands are an extremely important national resource. It had been my hope that the Corps of Engineers had changed its old ways, that it had joined the national effort to protect and enhance our environment, as the law requires.

But hearings held by the Subcommittee on Environmental Pollution during the past few months have dispelled that hope. It now is clear that Mr. Dawson has failed to operate the wetlands protection program under section 404 of the Clean Water Act in a manner that comes even within whistling distance of that standard and the criteria in the law.

I want to make it clear at the outset that I do not expect Mr. Dawson or any other nominee to always agree with me on policy issues. I would not oppose a nominee solely on the basis of policy differences. But I do expect a nominee to implement and enforce the law as it is written, not as he wishes it were written.

Mr. Dawson has been in charge of the section 404 program for more than 4 years now, and he has built a record that can be evaluated on its merits. It is not a good record.

We now face the realization that Mr. Dawson is determined to impose on America his interpretation of the law. In this case, his interpretation is wholly unjustified. It is a very narrow interpretation of section 404 that is entirely inconsistent with congressional intent and judicial decisions.

Indeed, the record Mr. Dawson has made indicates that he has sought every opportunity to avoid regulation of wetlands filling wherever possible.

For example, Mr. Dawson argues steadfastly that the only people putting fill material in wetlands who need to apply for a 404 permit are those whose primary purpose is filling the wetland. Others who fill wetlands accidentally or to get rid of waste material are exempt from the section 404 permit requirements, according to Mr. Dawson.

Such a policy ignores the fact that regulation of wetlands filling under the Clean Water Act is based on the fact of depositing fill, not the intent of the person doing so.

For years, the Environmental Protection Agency has argued, correctly but unsuccessfully, that section 404 requires regulation of any material that fills a wetland, regardless of why it was dumped there. But Mr. Dawson has refused to agree to this logical definition of what constitutes fill material.

In the meantime, unregulated destruction of wetlands continues daily because of Mr. Dawson's cramped and narrow definition.

Mr. Dawson also refuses to provide clear and proper guidance to field personnel of the Corps of Engineers on the types of wetlands and wetland filling activities that are covered by the Clean Water Act.

Recent decisions by Mr. Dawson now jeopardize protection for hundreds of thousands of acres of what we know as "isolated wetlands." These valuable wetlands produce the majority of our Nation's migratory waterfowl.

Destruction of other valuable wetlands, our bottomland hardwoods, also proceeds largely unchecked under Mr. Dawson's restrictive interpretation of the waters and activities regulated under section 404.

Then there is the problem of enforcement. Mr. President, I am sorry to report that the section 404 enforcement program is in a shambles. During Mr. Dawson's tenure in the Assistant Secretary's office, a marked decline in the number of 404 enforcement actions brought by the corps has occurred. In some areas the corps has ignored repeated reports of illegal activities for several years.

Increasingly since 1982, the corps' response to illegal acts has been to give "after-the-fact" permits, which not only serves to reward unlawful acts but also forecloses enforcement penalties. More than half of all violations are condoned in this manner now.

I am also bothered greatly by Mr. Dawson's long reluctance to enter into a memorandum of agreement with the Fish and Wildlife Service and the Environmental Protection Agency over how to operate effectively the section 404 program.

I understand such an agreement has been reached finally with the Fish and Wildlife Service and EPA. This rather modest achievement was accomplished only after 6 months of intensive pressure by the Subcommittee on Environmental Pollution.

Under Mr. Dawson's guidance, the corps regulatory policies have deteriorated so badly that Assistant Secretary of the Interior Ray Arnett wrote in 1984: "The Army's regulatory program is so flawed, it is no longer a usable tool to adequately protect wetlands."

Mr. President, I want to reiterate that my opposition to Mr. Dawson's nomination does not stem from policy differences. It rests instead on his resolute resistance to implementing the law as it is written.

During repeated hearings, the Subcommittee on Environmental Pollution urged Mr. Dawson to accede to the law. His response was evasion.

Despite these hearings, court rulings, settlements, and the legitimate concerns of other Federal agencies, Mr. Dawson has refused to change his interpretation of section 404.

Mr. President, wetlands are an important environmental resource. They need to be protected under section 404 of the Clean Water Act.

For an agency as important as the civilian arm of the Army Corps of Engineers to act otherwise is to frustrate the goals of the act.

Mr. President, I urge the Senate to reject the nomination of Mr. Dawson.

Mr. JOHNSTON, Mr. SYMMS, and Mr. CHAFEE addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. CHAFEE. Mr. President, it is my intention to yield 5 minutes to the Senator from Wisconsin unless the Senator from Louisiana wanted the time in opposition.

Mr. SYMMS. Will the Senator from Rhode Island yield to the proponents 5 minutes first because I have a hearing I must chair?

Mr. CHAFEE. Certainly, Mr. President.

The PRESIDING OFFICER. Does the Senator from Idaho have the time of Senator GOLDWATER?

Mr. SYMMS. I do, Mr. President.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. SYMMS. Mr. President, I yield 2 minutes to the Senator from Louisiana.

Mr. JOHNSTON. I thank the Senator from Idaho.

Mr. President, wetlands in Louisiana are not an idle concern. Louisiana is almost all wetlands and in times of hurricanes and floods, the wetlands are wet and people suffer a great deal. So we look at section 404 and wetlands as the protection of very heritage, the protection of our lives and fortunes and homes and crops and worldly possessions. So we in Louisiana want wetlands to be protected. We also want a balance so there are places for people to live.

To say that Robert Dawson does not enforce section 404, Mr. President, is a bum rap, in my judgment. I can give no better evidence of that than the recent events in Jefferson Parish, LA. Jefferson Parish is that parish surrounding New Orleans that stretches from Grand Isle on the south and Lafitte up to the New Orleans International Airport north of New Orleans. There has been an ongoing dispute there with the powers that be in Jefferson Parish about the location of a levee.

The Corps of Engineers, under previous administrations and more recently under Mr. Dawson, insisted that that levee be located in such a way as not to encompass several hundred acres—I think it actually is a couple of thousand acres—of wetlands. The governing body of Jefferson Parish wanted very much to extend that levee in order to have another couple of thousand acres of land to develop. It was a very real and strong fight. I personally arranged a number of meetings between the Corps of Engineers and the EPA officials with respect to the location of that levee.

Only in the last few weeks, Mr. President, has the dispute finally been resolved—resolved by agreeing to what the Corps of Engineers had said all along under Mr. Dawson. If it were true that Mr. Dawson always wanted to side with the developers, this would have been an excellent case, because from the president of Jefferson Parish down through all the councilmen, through the people of the parish, they all wanted to develop this area of Jefferson Parish. The corps, under Mr. Dawson, said no. So, Mr. President, I can tell you that it is simply a bum rap to say that Robert Dawson always comes down on the side of the developers.

What we have found is that he is a man of balance, a man of knowledge——

The PRESIDING OFFICER (Mr. DENTON). The Senator's time has expired.

Mr. SYMMS. I yield 1 additional minute.

Mr. JOHNSTON. We think he is a man of knowledge and balance, Mr. President. This, as I say, is not some idle concern of ours. We want to protect those wetlands and we want someone with the expertise to know where to locate levees, what land to protect, what land to develop, and how to design these very difficult flood control structures upon which our very lives and fortunes depend.

I think Robert Dawson has shown himself to be the kind of man who can do the job. I hope the Senate will support him.

Mr. SYMMS. Mr. President, I yield myself 4 minutes.

I compliment the distinguished Senator from Louisiana for what I consider to be a very excellent and accurate statement of my opinion of Mr. Bob Dawson. I think we have an opportunity today to confirm a person who is a very dedicated leader and a good public servant. Bob Dawson has an outstanding record both as Deputy and as Acting Assistant Secretary of

the Army and as a staff member of the Congress. He worked in the other body in the Public Works Committee. He is very knowledgeable on the issues he deals with in the corps. He has an excellent reputation and he is a man of competence and integrity.

In my view, he has met the challenges of his present and former positions with sound and creative approaches to accomplish the goals he has set for his programs.

Throughout his career at the Department of Civil Works, Bob Dawson has provided dedicated and responsible management of the Army's civil works programs. He has demonstrated fine leadership abilities and a strong commitment to the philosophy and policies of our President.

I stand with my other colleagues in enthusiastic endorsement of Bob Dawson because I believe his leadership and administrative ability and dedication will serve the Nation well. I think it is unfair to make these criticisms of him, that he in some way is not in favor of actually conserving our valuable natural resources.

Mr. Dawson's creativity and vision have helped to make the Army's complicated regulatory programs run much more effectively. His efforts are, contrary to the unfair criticism he has received from some, actually improving the way we conserve our valuable natural resources. At the same time, Mr. Dawson has effectively streamlined and simplified complex administrative burdens. Bob Dawson has introduced reasonableness and predictability to the Army's regulatory process. He has shown that responsible development is compatible with improvement of our Nation's environment.

One of President Reagan's first objectives upon assuming office was to provide some regulatory relief from unreasonable bureaucratic redtape and administrative hardships. One program that desperately needed reform was the Clean Water Act's section 404 program. Bob Dawson and others at the corps have implemented several new reforms that have improved the program. The 404 program is one of the most complex and cumbersome in government. Its administration is particularly difficult because it requires a delicate balancing of conservation goals and economic growth. Bob Dawson has done a tremendous job striking the right balance. I applaud him for being able to do this in a difficult and political environment. Contrary to the criticism of some, not only have delays and redtape been reduced but wetland protection has been enhanced. It has been enhanced; it has not been damaged. Permits are more difficult to obtain because of corps' policy of requiring adequate environmental mitigation. Mitigation is an important concept which encourages private sector involvement in addressing environmental problems.

Nonetheless, some of Mr. Dawson's innovative approaches to regulation, such as requiring and encouraging the sensible use of mitigation to improve wetland resources and permit responsible development to proceed, have drawn unfair criticism. Let's take an example. A carefully conditioned permit to build a shopping mall on a low-quality wetland in Attleboro, MA was granted this summer by the corps. The Attleboro developer will be allowed to fill 26 acres of low-quality wetlands for development. But conditions of this permit require that an additional 26 acres of poor wetlands at the site be enhanced through replanting, hydrological improvements, and other remedial measures. The State of Massachusetts found that this onsite mitigation effort alone would actually improve the acquatic ecosystem, not harm it as critics of the project have contended. But the corps went further. In addition to the developer's onsite mitigation efforts, the corps is requiring that the developers create a new, high quality wetland of approximately 40 acres at the nearby site of an abandoned gravel pit. The result: This project will create 65 acres of very high quality, diversified, functional wetlands where 49 acres of dysfunctional, rubbish-ridden lowlands now exist, while simultaneously creating over 3,000 jobs and millions of dollars of economic growth. I believe that this type of productive regulation, which sets a positive environmental precedent by requiring private sector enhancement of low-value wetland resources, is in the best interest of this country, and I wholeheartedly encourage it. We should be commending the Corps for these types of permitting actions, not criticizing them. The Attleboro case is a prime example of how economic benefits and environmental improvements can coexist.

In addition to implementation of sensible, productive policies to improve the 404 program under the Clean Water Act, Mr. Dawson has exhibited a high degree of effectiveness in the many other programs which are administered by the Department of Civil Works. Some of my colleagues may have lost sight of the fact that the 404 program is but one of the numerous responsibilities of the Assistant Secretary of the Army. Bob Dawson has the requisite experience and background to effectively oversee all aspects of the Department of Civil Works. For all of the reasons I've stated I strongly support the confirmation of Robert K. Dawson as Assistant Secretary of the Army for Civil Works. Mr. Dawson has been an effective and exemplary implementer of the President's policies, and should be commended, not criticized for his performance. Under his stewardship, I am confident that the corps will continue to improve its programs and our environment and economy will both benefit.

Mr. President, during this debate, reference was made to a project in Attleboro, MA.

This project, a shopping center development has become the focal point of an environmental battle. Regrettably, as is often the case, a great deal of misunderstanding has grown up around this fight.

Mr. Dawson was criticized as then-acting Assistant Secretary for his role in the issuance of a Corps of Engineers permit for the development. Rather than being criticized, the Corps of Engineers should be praised for issuing such a strictly conditioned permit which requires both on- and off-site mitigation. The so-called wetland in question is degraded and dysfunctional. It is marginal at best and the conditionality of the permit requires onsite improvement as well as the creation of additional acres of valuable wetland to compensate for the loss of the degraded wetland. This is the kind of environmental project we should be endorsing.

Information was submitted for the record regarding the process followed in the corps permit decision. It gives the appearance that Mr. Dawson acted in an arbitrary manner. The record should reflect that the corps is currently investigating the regional decisionmaking process which culminated in a recommended permit denial by Lt. Col. Edward Hammond, New England District Engineer. Recently, a document was released to the public which indicates that the intitial recommendation of the New England region's professional staff was to approve, not to deny, the Attleboro permit.

Mr. President, I ask unanimous consent that the following material concerning the corps' decision in the Attleboro case be reprinted in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

To: Interested parties.
Date: 9/22/85.
Re: Attleboro shopping center project by Newport Galleria Group (Pyramid Companies).

For your information, I am enclosing a document that heretofore has not been made available to the public. It affects the Attleboro Shopping Center Project. And it raises some serious questions about "behind-the-scenes" politics.

As brief background, the Newport Galleria Group is proposing construction of a shopping mall in Attleboro, and has obtained the necessary permits from the State and local governments. However, at the federal level, U.S. E.P.A. is fighting with the Corps of Engineers to keep the Corps from issuing a final construction permit. My understanding is that the company has agreed to a number of environmental conditions to

the project, including meeting all the objections that the State raised over the last 10 years to previous developers.

If not for environmental reasons, why then is E.P.A. giving this company a hard time? If you look into this matter a bit further, you very well may find that politics and not sound environmental policy is the reason.

Three disturbing questions for which you may wish to get answers are:

(1) Regarding the enclosed document, what took place in several private meetings between E.P.A. Regional Administrator Mike Deland and the Corps District Engineer Ed Hammond that may have led to their overturning the enclosed original decision document approving the Attleboro Shopping Mall? The document was prepared in December 1984 by project manager Janet O'Neill.

Many newspaper stories have implied that for political reasons, Corps Headquarters "overruled" our Regional Corps. It appears that the final determination of Corps HQ to approve the Attleboro project merely agreed with Regional Corps professional staff, not with Mr. Deland and Mr. Hammond.

(2) What took place in numerous meetings between Mr. Deland and his long-time friend Douglas Foy—who heads the Conservation Law Foundation which has filed a lawsuit against the Attleboro project?

(3) And, what also took place in meetings between E.P.A. Regional Counsel Pat Parenteau and his former employer—the National Wildlife Foundation which has also filed a lawsuit against the Attleboro project?

I hope you get to the bottom of this mess. I have heard some pretty awful things.

My last question: from an environmental standpoint, isn't it true that we will actually have more and improved wetlands with offsite mitigation measures that the company has agreed to undertake? What's the story here?

Thank you for your attention to this matter.

CONCERNED CORPS STAFF.

STATEMENT OF FINDINGS AND ENVIRONMENTAL ASSESSMENT

1. APPLICANT: NEWPORT GALLERIA GROUP

Application Number: NEDOD-R-02-84-652C.

2. ISSUE OF PERMIT

This permit is being issued under authority delegated to the Division Engineer from the Secretary of the Army and the Chief of Engineers by Title 33, Code of Federal Regulatons, Part 325.8, purusant to:

( ) Section 10 of the River and Harbor Act of 1899.

(X) Section 404 of the Clean Water Act.

( ) Section 103 of the Marine Protection, Research and Sanctuaries Act.

3. CHARACTER, LOCATION, AND PURPOSE OF WORK

To place 885,000 cubic yards of granular fill in 32.3 acres of a 49.6 acre wetland in South Attleboro, Massachusetts. The wetland, known as Sweeden's Swamp, is largely red maple swamp and is adjacent to a headwater tributary of the Seven-Mile River. The fill is for construction of the Newport Avenue Galleria, a proposed shopping mall. The applicants would also excavate 9.0 acres of upland to create wetland and alter 13.3 acres of the existing swamp to enhance its value for wildlife fisheries and water quality maintenance. Another 4.0 acres of the existing wetland would remain undisturbed. The proposal includes several other mitigation features, such as a gravel recharge pad and and underlying clay liner on site. The pad is intended to provide stormwater detention and renovation, and to modulate downstream flow. The clay liner is intended to protect underlying groundwater. The project details are shown in the attached plans. The applicants would also create about 35 acres of wetland consisting of marsh, open water and shrub swamp, and 17 acres of upland at their gravel borrow area as further mitigation.

4. ENVIRONMENTAL SETTING

The project site is an 80± acre parcel of undeveloped property in South Attleboro, Massachusetts, about ¼ mile from the Rhode Island border. It is bounded on the south by I-95, on the east by Newport Avenue (Rte 1A), and on the north and west by residential development and Rte 1. Rtes and 1A are heavily developed immediately south of the Rhode Island border (Pawtucket). There are also some businesses along these roads in South Attleboro.

5. CHARACTER OF RESOURCES IMPACTED

The property consists of about 49.5 acres of wetland and about 32 acres of upland. Wetland cover types include primarily wood swamp and small elements of shrub swamp and marsh, all adjacent to headwater tributaries of the Seven Mile River, which, in turn, is a tributary to the Ten Mile River.

Upland cover types include forest, disturbed abandoned fields and developed areas. The entire site has been subject to human disturbance, including random dumping of trash, gravel borrow operations and dirt biking. However, the site represents a large parcel of open space in this suburban area. The resources supported by the site and the project's anticipated impacts on those resources are described in part 8 of this document.

6. RELATIONSHIP TO EXISTING USES

The area contains some strip commercial development along Rte 1. Otherwise the site is largely surrounded by residential development. However, it is appropriately zoned for commercial development.

7. ALTERNATIVES

The applicants used a number of screening criteria to choose a site within the primary trade area. These criteria included availability and size (through review of local assessor's records and real estate brokers): highway access (at or near a major interchange to avoid routing traffic over secondary roads): visibility (should be on a well-traveled highway arterial): location with respect to population concentration within the trade area; compatability with adjacent land uses; public acceptance; zoning and land use restrictions; infrastructure; and, environmental problems and solutions. No sites could meet all of these criteria. However, several sites met the most important criteria, namely location, access and visibility. The following is a discussion of why these sites were rejected:

(1) A 115± acre parcel at the Rte 140/I-95 interchange in Foxboro, Massachusetts.—The applicants rejected this site primarily because it is located too far north to serve the major concentration of the trade area's population, which lies in Attleboro, South Attleboro, Taunton, Pawtucket, East Providence, Taunton, Seekonk and Central Falls. With the exception of Woonsocket, towns in the northern part of the trade area are less thickly settled. As a result, the department stores that would be potential tenants were not interested in this location. The Edward J. DeBartolo Company, in partnership with Homart Development Corporation, had tried to obtain lease options for a mall at this location from 1977-1979 and failed. In addition, DeBartolo and Homart met with representatives of several department store parent companies in 1982 to discuss design revisions and difficulties at the South Attleboro site. At that time, representatives of two department stores indicated that, irregradless of whether a mall would ever be bult at South Attleboro, they would not lease or buy space at the Foxboro site.

Other problems associated with the site included inadequate water supply and irregular site configuration.

(4) Sites at the cloverleaf of I-295 and Rte. 1 in North Attleboro, Massachusetts.—The applicants rejected these sites because they doubted the potential long term viability of a mall in this location. A number of developers including Rouse, Inc., DeBartolo Corp., and Frank Developers had tried and failed to attract potential department store tenants. Other developers, including Diversified Developers and U.S. Gypsum/Arlens Inc. had tried to build smaller shopping centers (supermarket/discounters) at the locations but could not obtain the necessary permits for roadway modifications from the Mass. Department of Public Works. The Edward J. DeBartolo Corporation has submitted a letter confirming their failure to attract potential department store tenants to these locations. Both the DeBartolo Corporation and the applicant believe the reluctance of the department stores to locate at this interchange was due to its location too far north to properly serve the trade area and the fact that I-295 is much less traveled than I-95, the major Boston-to-Providence arterial. Therefore, the visibility needed for long-term viability is not adequate.

Cinema Centers Corporation has also indicated that they would not locate anywhere but the South Attleboro site. At least 40% of their customers and drawn from highway marquees. Therefore, they need to be located on Rte. 95, which carries the bulk of traffic through the area. Further coordination with both the applicants and a potential developer of one of the North Attleboro sites has led us to conclude that in our opinion, the South Attleboro site is the only practicable alternative for a shopping mall in this area. We do not believe it is our role to determine whether department stores are correct in assuming that the visibility and access is not workable at the North Attleboro site. The fact is evidence exists that many such stores are not willing to locate at this intersection, and their willingness to buy or lease the anchor stores is a critical factor for a successful mall. Other problems at the North Attleboro site include the difficulty these applicants anticipate in obtaining MA-DPW permits for necessary roadway modifications; the size and shape of the parcels make it difficult if not impossible to provide a mall with adequate parking; and equivalent access to all three anchor stores; and smooth, safe, efficient traffic flow within the mall.

(3) Central Business District (CBD's) within the trade area, especially downtown Attleboro and downtown Pawtucket.—Only downtown Pawtucket is served by major highway access. All CBD's lack adequate parking due to existing space constraints. Purchasing enough lots to accommodate a large enough facility would be extremely difficult and extremely costly, since it would entail purchasing lots already developed

and razing or extensively modifying existing buildings.

Downtown Attleboro and Pawtucket were considered the most promising. However, the applicants were concerned about the history of this type of development in Pawtucket. A downtown "open-air" pedestrian mall in Pawtucket has not shown great success probably due to its location on the fringe of the trade area; because parking is inadequate; and, because present street layout is not conducive to maintaining smooth traffic flows.

Downtown Attleboro is favorably located but is too small to accommodate the development. A mall could conceivably be developed on the fringes of the downtown, but traffic problems would be caused by inadequate highway access. Once again, this location would not provide the visibility desired by most potential department store tenants because it would not be located on a major arterial.

(4) The applicant considered enlarging the Triboro and Washington Plaza but rejected these sites because they did not meet any of the basic screening criteria. These alternatives would also involve buying out leases from current tenants and demolishing existing buildings. However, the primary problems are space, highway access and visibility.

(5) Reconfiguration of the proposed project. The proposed development is already a reduced scale of the earlier Mugar and DeBartolo proposals for malls on the same site. To reduce the project area further would require construction of parking garages; reduction in leasable floor space; constructing a 3- or more-tiered structure; or, some combination of these measures. DeBartolo had reduced their design by incorporating parking garages prior to abandoning their project in 1982. The garages were costly and would have required an Urban Development Agency Grant to make the project economically feasible. Also, a copy of an internal memo in the applicant's file showed that the department store tenants did not like the design and were unlikely to lease because the garages obstructed the visibility of portions of the mall, including the anchor stores, from the highway. In addition, construction of garages or a multi-level structure would require excavation of all peat and backfilling or use of piles beneath the footprint of the mall, raising construction costs dramatically. At present, peat will be excavated from beneath the proposed building and backfilled with gravel while peat below the proposed parking areas and "pad" will simply be surcharged at a much lower cost. Constructing garages and/or a multi-level structure would also add to the mall's imposition on surrounding neighborhoods.

Reducing leasable floor space (i.e. only one or two anchor stores and fewer small shops) would not greatly reduce wetland filling and due to economies of scale, would probably preclude most of the mitigation presently proposed, including off-site replacement of wetland and on-site measures such as the recharge pad, resulting in a greater net loss of wetland.

(6) The "No-Build" alternative—would preserve the environmental values provided by the existing wetland. These values are described in detail in the Assessment of Impacts at part (8) of this document. Briefly, these include moderate to good wildlife habitat for a variety of species; open space for a relatively urbanized area; limited recreation; limited water quality maintenance; and limited flood storage.

The no-build alternative would forego the socioeconomic benefits directly and indirectly generated by the mall. The applicants anticipate creation of 2250 full and part-time long-term job opportunities and 1500 construction jobs; about $500,000 in net annual tax revenues to the city; a reduction in current sales leakage to outside market areas; a net increase of $25,000,000 in cash flow for the regional economy; and numerous spin-off benefits. Community Development for Attleboro, Inc., a quasi-public agency which acts as the city's economic development department, predicts between 1000 and 1500 construction jobs, 1000–1400 full-time long-term jobs and 500–1000 spin-off jobs. Also, the city believes presence of the mall should attract more shoppers to the Rte. 1, Rte. 1A area, increasing business for existing commercial development in this area.

8. ASSESSMENT OF IMPACTS

A. [1] [C.] [2] Impacts on physical/chemical characteristics of the aquatic ecosystem:

The project would:

(X) change the physical and chemical characteristics of the substrate.

(X) change the substrate elevation or contours.

( ) cause erosion, slumping or lateral displacement of the surrounding substrate.

(X) change water fluctuations.

Comment: All but 4 acres of the site would be disturbed through excavation, surcharging and placement of fill as outlined in part 3 of this document. A total of 26.3 acres of wetland would remain, of which 13.3 acres would be at lower elevation to provide for more flood storage and to create marsh, shrub swamp and open water cover type. Nine of these 26.3 acres would be created from upland. Marsh areas would be inundated more frequently and at a greater depth and for a longer duration than the existing wood swamp. Inundation may also increase in a small area of the 4.0 acres of remaining wood swamp.

These changes would affect:

(X) currents, circulation or drainage patterns.

(X) suspended particulates and turbidity.

Comment: At present, runoff from 70% of the 622± acre watershed flows through the wetland in several stream channels to the Seven Mile River, without much contact with the wetland. Runoff from 30% of the watershed contacts the wetland as diffuse flow. The applicants would redirect channelized runoff over spreader berms to increase contact of runoff water with the remaining 26.3 acres of wetland, either as diffuse overland flow or as interflow through the upper layer of peat (root zone).

Construction activities would generate some erosion and sedimentation. However, on site the applicants would use erosion and sedimentation controls and follow a schedule that would minimize generation of suspended particulates and turbidity, and prevent adverse effects to downstream areas.

These changes, would in turn, affect:

(X) water quality (clarity, odor, color, taste, D.O. levels, nutrient levels, toxins, pathogens, viruses, etc.).

( ) water temperatures.

( ) salinity gradients.

( ) thermal stratification.

Comment: The increased contact of runoff water with the wetland should provide for greater contaminant removal through settling, filtration and adsorption processes. Also, replacement of wood swamp with marsh systems would increase stem densities and plant surface area per wetland area enhancing filtration; baffling, and therefore, coagulation and sedimentation of colloidal material and would increase opportunity for adsorption of contaminants to plant materials. The increased contact of runoff contaminants with organic soils would allow greater opportunity for adsorption to soils, as well. Export of dissolved organic materials may increase.

B. [E.] Impacts on special aquatic sites:

The changes presented in subpart A would occur in:

( ) sanctuaries and/or refuges.

(X) wetlands.

( ) mudflats.

( ) vegetated shallows.

( ) coral reefs.

( ) riffle and pool areas.

Comment: The fill would initially eliminate 32.3 acres of wetland, largely red maple swamp. Other alterations would change another 13.3 acres of wood swamp to marsh and shrub swamp cover types for enhanced flood storage, water quality renovation and wildlife habitat value. The applicants would excavate 9.0 acres of upland on this site to create wetland. They would create an additional 35 acres of wetland in an abandoned gravel pit at another one of their properties in the Ten Mile River watershed for a net of 11.7 acres of wetland. Wetland functions would improve. Wetlands created would be marsh, meadow and shrub swamp habitat types. These should remain as wetland over a longer time span and would also provide wetland types that are presently more limited in extent in New England than wood swamp.

The special aquatic site provides benefits including:

(X) flood control

(X) water purification

(X) food chain production and nutrient export

( ) storm, wave, and erosion buffers

( ) aquifer recharge

( ) habitat for fish and other aquatic organisms

(X) wildlife habitat

Comment: The wetland is a headwater of the Seven Mile River. It has a small watershed (622+ acres) and as such provides only limited flood storage. The applicants would provide compensatory storage to avoid cumulative impacts. Portions of the wetland, namely those subject to overbank flooding by the streams; areas subject to diffuse flow of runoff (overland and groundwater interflow); and sections of the stream channels themselves, act to renovate water quality through adsorption and sedimentation processes. Fill would eliminate portions of these areas. The project includes features to mitigate this loss. The potential effectiveness of the proposed mitigation has been debated.

Even if woody vegetation does provide a longer term sink, it does not provide the filtration and adsorptive capacity that an emergent system, with high stem density and plant surface area, would provide.

The consultants for the applicants collected input/output runoff quality data during 3 rainstorms in 1984. The quality of water exiting at the side was not substantially different from quality of runoff entering the

[1] The assessment of impacts is designed to generate information needed to do a 404(b) Compliance Review (40 CFR Part 230), as well as to generate an environmental assessment which considers all the public interest factors as required by our Regulatory Program Guidelines (33 CFR 230.4)

[2] Bracketed letter designations correspond to subparts of the 404b Guidelines (40 CFR Part 230, 24 December 1980).

site, indicating that the existing wetland was not renovating water quality to any great extent. In fact, the quality of runoff entering the wetland was fairly good. Contact of runoff with the wetland will be doubled or tripled by the mitigation, so that opportunity for physicochemical processes such as filtration, coagulation, adsorption, etc. would likely be doubled or tripled. Increasing open water would increase biological processess responsible for removing soluble phases of nutrients and contaminants. The change from woody to emergent vegetation may on the other hand, increase the rate of nutrient turnover through release of detritus and leaching of dissolved nutrients. However, much detritus would be incorporated into the soils, since the surface water velocities would generally be too low to flush detritus to downstream areas. Also, any release of detritus that did occur would be during periods when dilution ratios were high. Runoff from the mall itself would generally be renovated by urban runoff controls such as sedimentation sumps, oil and grease lids, etc. and by the mall "pad" which would act as a gravel filter for most storms. Therefore, it appears that there would be no loss and most likely an improvement in quality of water exiting the site.

The project would reduce food chain production on-site. As mentioned above, it may reduce overall nutrient export, even of soluble phases. The only exception may be dissolved organic compounds. However, the Seven Mile River is a warmwater stream with a substantial amount of riparian wetland, residential development and some agricultural development. As such it is unlikely to be nutrient-limited and downstream aquatic food chains should not be impacted.

To the extent that the wetland provides valley storage, it helps reduce downstream flood damage and erosion by detaining and slowly releasing stormwater. The mall pad and the proposed wetland would compensate for loss of this function.

The wetland is a groundwater discharge rather than a recharge area. It is lower than the surrounding topography and overlies a regional aquifer. The upland ridge separating the west and east swamps most likely provides a recharge area, since it is largely sand and gravel.

The thickness and low hydraulic conductivity of the peat most likely limits groundwater discharge, except around the wetland periphery where peat is shallower. This suppression of groundwater discharge may act to modulate downstream flows and storage in the upper 1-2 feet of peat may also contribute to stream baseflow. The fill would not appreciably affect the first function since it would maintain a relatively impermeable barrier. Excavation in areas where peat is presently shallow, such as the periphery of areas F and E, may decrease this function somewhat by increasing the rate of groundwater discharge. However, the recharge pad, with a conductivity of 0.38 inches/5 days should also act to modulate downstream flows and should help offset loss of wetland for this function.

The wetland provides limited fisheries habitat. The project would increase the amount of this habitat by tripling open water and deep marsh as mitigation. The value of the wetland for wildlife and anticipated adverse impacts are outlined below.

C. [D.] Impacts on biological characteristics of the aquatic ecosystem

The changes in subparts A and B would adversely impact:

( ) endangered or threatened species, or critical habitat for such.

( ) fish, mollusks or other aquatic organisms through:

( ) removal.

( ) temporary displacement.

( ) permanent displacement or lowered numbers through changes in overall suitability of habitat in terms of substrate, temperatures, water quality, etc.

( ) interfering with spawning migrations.

Comment: The proposal would not affect endangered or threatened species or habitat for such.

The project would generally increase fisheries habitat on site from about 0.6 acres to 1.9 acres. The existing habitat is not of very good quality and is restricted to the last few hundred feet of the stream before it exits the site. Most of the streams have a colloidal substrate unsuitable for fish and aquatic invertebrates. Off-site mitigation would also provide additional fisheries habitat.

( ) Or other wildlife in terms of:

(X) breeding and nesting habitat.

(X) escape cover.

( ) travel corridors.

(X) food supplies.

( ) competition from nuisance species.

( ) reduced plant species diversity and interspersion of habitat types.

Comment: The project would increase diversity and interspersion of wetland cover types, and increase the diversity of species using the wetland. However, the overall habitat value of the site would be reduced through loss of wetland and upland acreage. The applicants, therefore, propose to create additional habitat (wetland and upland) on another one of their properties within the Ten Mile River watershed. The property is presently highly disturbed and provides a excellent opportunity for enhancement. The off-site mitigation would consist of thirty-five acres of open water, marsh, meadow, shrub swamp and seventeen acres of upland old field, with interspersion and edge of cover types maximized to enhance its value for wildlife.

The created wetlands would provide habitat for different species than those using the existing wetland. However, the types of species using Sweeden's Swamp tend to be tolerant of human disturbance and associated with the forest cover type rather than wetland. Many of these species would use a mesic upland forest with similar structure as well as a wetland forest system, and are not presently limited greatly by available habitat. The 1982 National Wetlands Inventory report for the northeast indicated that acreage of forested wetlands did not decrease greatly but that wet meadow, marsh and shrub swamp types have. Animals associated with these latter types are much more limited by available habitat. The wetlands would be constructed in a manner that would provide habitat for species of special concern, such as woodcock, wood duck and black duck.

D. [F.] Impacts on human uses.

The impacts in subparts A, B, and C would adversely impact human uses of the reasons through degradation of:

(X) existing or potential water supplies.

( ) recreational or commercial fisheries.

( ) other water-related recreation.

(X) aesthetics of the aquatic ecosystem.

( ) parks, national and historic monuments, national seashores, wilderness areas, research sites, and similar preserves.

(X) other value.

Comment: Sweeden's Swamp is underlain by a large regional aquifer with capability for moderate water supply. However, Commonwealth restrictions (400 foot buffer zone) would only allow wells to be placed on about 10% of the site. Pumping would reverse groundwater flow direction within the cone of depression of each well, causing downward movement of naturally occurring Fe^{++}, Mn^{++} and Ni^{++} etc., which are expensive to remove through water treatment processes.

The project should not affect groundwater quality. Groundwater flow is presently upward through the peat. The applicants propose to take an extra precaution by isolating their development from the aquifer with a clay liner. Should the liner fail, there would still be 30-40' of surcharged peat separating the development from the aquifer. Groundwater flow direction would have to be reversed by actual placement and pumping of wells before contaminants could migrate to groundwater. Then most contaminants would most likely be removed by the peat layer before reaching the aquifer even if the liner were not in place.

The mall would eliminate the small recharge area provided by the upland gravel ridge. However, the area is very small in relation to the aquifer, so that the project should have a negligible impact on aquifer capacity.

The mall would change the aesthetics of the ecosystem. We have received both favorable and negative comments on this change, indicating the subjectivity of this judgement. The periphery of the site as been degraded by unauthorized dumping of trash debris.

The existing site does have value as open space for the surrounding community. This value would be replaced by off-site mitigation. However, the replacement would be within a different community.

Recreation on the site is presently limited to dirt-biking by neighborhood youths and perhaps some passive recreation such as wildlife observation. The latter value would be limited by trail-biking activities and degradation of aesthetic values from dumping.

E. Other Concerns:

The proposal will impact:

(X) traffic.

(X) energy consumption or generation.

( ) navigation.

(X) safety.

(X) air quality.

(X) historic resources.

(X) noise.

( ) land use classification.

(X) socioeconomies.

Comment: The mall would increase traffic along Routes 1 and 1A with the highest increase concentrated between I-95 and the mall entrances. This increase would be most significant (90% on the average day) between I-95 and the mall entrances. Trips generated on peak use days (Saturdays, holidays) would be 17%—33% higher but would also occur when background commuter traffic was low. The applicants would fund all the necessary roadway modifications. The applicants propose to widen Rte 1A (which would carry the bulk of this increase) to a 4-lane roadway. Both roads would have new signals at the intersections of Rtes 1 and 1A and the mall entrances. According to the MEPA staff traffic analysis, the mall is situated so that during peak traffic, most turns would be to the right having less of an impact on traffic flow.

It is difficult to predict whether the mall would increase or decrease energy consumption. Construction and operation would require fuel expenditures. However, provision of "one-stop" shopping facilities within the

trade area would decrease the overall distance travelled to obtain market goods.

The increased traffic along Rtes 1 and 1A in the vicinity of the mall may increase minor vehicle accidents. Mitigating measures, such as widening the roadway and traffic lights, should prevent this. At our public hearing on September 17, the Attleboro Civil Defense Director stated he thought any measure that would slow the traffic on these roads would actually improve safety.

Institution of federal auto emission controls in the past few years has generally reduced air pollution caused by vehicular traffic. No violation of air quality standards is anticipated. However, increased traffic will most likely cause some degradation of air quality, at least between I-95 and the mall entrances. The closest residences are over 100 feet away and should not be noticeably impacted.

"Knoll C" contains archaeological resources and is eligible for listing on the National Register of Historic Places. Tne National Advisory Council has concurred that the project would not have an adverse effect, provided the permit is conditioned to have the proponents remove a representative sample of the resources. The applicants are presently working with the State Archaeologist to develop such a plan.

Construction activities and operation of the mall itself would generate noise. Removal of trees within the project site would eliminate their dampening effect on traffic noises from I-95 for residences abutting the north border of the site. However, the mall buildings themselves will dampen I-95 noise. Also, use of modern construction equipment, landscaping, and maintenance of some of the existing vegetation would also help to mitigate noise impacts. Field monitoring conducted by previous proponents for the state environmental impact report indicates that existing noise levels in the local neighborhoods are high, and that mall noise should not be noticeable above these background levels.

The new mall should not have a significant impact on existing businesses within or adjacent to the trade area. The demographic and economic data supporting this conclusion is summarized in our General Evaluation of the project (Part II).

F. [G] Evaluation and Testing:

(X) The applicant proposes to discharge dredged material or use fill from other than a clean upland source. The following is an evaluation of the need for testing, testing performed, and evaluation of results:

The applicants would use fill at the mall site from a clean upland source. However, they plan to discharge peat excavated from the mall site at their borrow area to create substrate suitable for wetland vegetation. The only sources of contaminants to this peat are urban runoff and aerial fallout, which would contribute very low concentrations of typical urban runoff constituents (lead, mercury, cadmium). These contaminants, if any, would be contained, in the top foot or two of peat excavated, reflecting the recent history of such inputs.

The discharge site (the applicants' gravel pit) presently receives aerial fallout and urban runoff from I-95 and adjacent residential development which would contain the same type of contaminants. Providing wetland soils at this location should increase trapping of these contaminants before they enter surface water, rather than contribute additional contaminants. Therefore, testing is not required.

G. [H] Actions to Minimize Adverse Effects:

The following actions would be taken to minimize adverse environmental effects:

The applicants would excavate 9.0 acres of disturbed upland on site to create wetland. They would alter 13.3 acres of the remaining wetland to enhance its value for wildlife fisheries, water quality maintenance and to compensate for lost flood storage.

They would use erosion and sedimentation controls, and follow a construction schedule phased to prevent downstream turbidity and siltation.

They would reclaim their gravel borrow area to create a mixture of upland and wetland habitat for optimal wildlife habitat. Mitigation is shown on plans attached to the permit.

9. SECTION 404 (B) COMPLIANCE REVIEW

A.[3] Restrictions on discharge:

(a) Are there available practicable alternatives having less advance impact on the aquatic ecosystem and without other significant advance environmental consequences:

(1)(i) that do not involve discharge into "waters of the U.S." or ocean waters? (ii) at other locations within these waters?

(2) Is there an alternative in (1) above, not presently owned by the applicant, that can be reasonably obtained?

(3) Is the project water dependent? If not, has the applicant clearly demonstrated that there are no alternative sites available?

Is the site a special aquatic site?

If so, has the applicant demonstrated other practicable alternatives are more damaging to the aqauatic ecosystem?

(b) Will the discharge:

(1) violate state water quality standards?

(2) violate toxic effluent standards?

(3) jeopardize endangered species?

(4) violate standards set by the Dept. of Commerce to protect marine sanctuaries, etc.?

(c) Will the discharge contribute to significant degradation of "waters on the U.S."?

Effects contributing to significant degradation include adverse impacts to:

(1) human health or welfare, through pollution of municipal water supplies, fish, shellfish, wildlife, and special aquatic sites. Impacts not significant.

(2) life stages of aquatic life and other wildlife. Impacts not significant.

(3) diversity, productivity and stability of the aquatic ecosystem, such as loss of fish or wildlife habitat, or loss of the capacity of a wetland to assimilate nutrients, purify water, or reduce wave energy. Impacts not significant.

(4) recreational aesthetic, and economic values. Impacts not significant, except economic values will be significantly improved.

B. Factual Determinations:

(a) Physical substrate determinations: See Part 8A of this document.

(b) Water circulation, fluctuation, and salinity determinations: See Part 8A of this document.

(c) Suspended particulates/turbidity determinations:

The applicants propose to follow a construction schedule and use sedimentation and erosion controls to minimize suspended particuloles and turbidity. Alterations to the wetland that would remain after construction should generally improve the quality of water exiting the site.

(d) To what degree will the discharge introduce, relocate, or increase contaminants?

The discharge should not introduce any contaminants either directly or indirectly. Runoff from the new mall would be similar in character to that presently entering the wetland. Runoff would be directed through drains with sedimentation basins and grease and oil lids; filter through the gravel recharge pad; and then flow through the enhanced wetland system before entering any surface water resources.

Excavated peat to be transferred to the gravel borrow area for wetland construction which may have urban runoff contaminants bound to soil particles. However, the gravel borrow area is located adjacent to I-95 and surrounded on the other three sides by residential development. Therefore, it receives a substantial input of urban runoff already. Spreading peat and creating wetland should improve trapping of such contaminants.

(c) Aquatic ecosystem and organism determinations: See Part 8C.

(f) Proposed disposal site determinations: N/A.

(g) What are the potential cumulative effects on the aquatic ecosystem?

Sweeden's Swamp is a remnant of a larger wetland unit that existed in the area prior to construction of I-95 and surrounding development. The project would contribute to this impact. However, mitigation would offset net losses of the functions provided by the wetland eliminated by the project, so that the project would not cause a cumulative impact. Regional wetland acreage would actually be increased through additional off-site wetland.

(h) What are the secondary effects on the aquatic ecosystem?

The mall would generate additional traffic, noise and some degradation of air quality in the vicinity. These effects are discussed in Part 8E.

The mall would increase stormwater runoff to the aquatic system. However, the applicants have included stormwater detention and renovation measures.

C. Findings of compliance or non-compliance.

The proposed discharge:

(2) Complies with the Guidelines with the inclusion of appropriate conditions to minimize adverse effects to the affected ecosystem.

10. Findings:

a. The Massachusetts Department of Environmental Quality Engineering denied an earlier proposal by the Edward J. DeBartolo Corp. to build a mall on the site in 1982. Working with the DEQE Division of Wetlands, the current applicants have modified the proposal to meet the statutory interest of the Mass. Wetlands Protection Act. They are currently adjudicating the earlier denial. The hearing officer has not yet made a decision.

b. State water quality certification .

c. A public notice adequately describing the proposed work was issued on August 16, 1984 and sent to all known interested parties. All comments received are noted below and have been evaluated and are included in our administrative record of this action.

(1) Federal Agencies.

U.S. Environmental Protection Agency—in a letter dated October 5, 1984, objected to the proposal because it did not comply with the 404(b)(1) Guidelines, because of the extent of wetlands to be filed and, in their opinion, the existence of practicable alternatives. They expressed concern about the significant individual and cumulative loss of wildlife habitat; potential impacts on water quality; and, that the proposed mitigation

[3] The Review is based on information required by 40 CFR 230 Subpart B.

could not fully compensate for the loss of 30 acres of wetland. Other comments included: the applicants equated need for the project with its economic viability; North Attleboro is a practicable less damaging alternative because it includes less wetland (not 30 acres as claimed by the applicant), is only 3 miles north of Sweeden's Swamp, is equidistant between regional population centers of North and South Attleboro, and will probably be rezoned; local opposition exists for the South as well as the North Attleboro site. The fact that another developer proposes to construct a regional mall at the North Attleboro site is indication that it is a practicable alternative. The North Attleboro site would also be more attractive to potential tenants if this permit were denied.

EPA asserts that Sweeden's Swamp provides recharge for the underlying aquifer and the Seven Mile River; detention for stormflows; and, natural water filtration. They claim testimony presented by the opposition indicates that overbank flooding has been severely underestimated; that quantitative figures were never submitted by the applicant to indicate that the recharge pad and improved wetlands would work; that the accuracy of the hydrologic models was questionable; that the applicants should submit calculations of stormwater runoff rates, capacity of the drainage and exfiltration systems, resultant surface and groundwater levels from design storm events, types and quantities of pollutants in stormwater runoff, treatment/ restorative capacities of proposed measures, and long term maintenance plans.

EPA also believed the Corps should do an environmental impact statement because the size of the wetland loss is significantly large for New England; would contribute to cumulatively significant impacts; there are practicable, less damaging alternatives available and issuing a permit would establish a precedent; the project is controversial and similar to North Haven Mall, for which we did prepare an EIS; the Corps had agreed to do an EIS for the earlier proposal by the DeBartolo Corporation.

EPA indicated that if the Corps decided to issue the permit they would consider elevating our decision to Washington under the Memorandum of Agreement and consider asserting their veto authority under 404(c).

U.S. Fish and Wildlife Service—noted a discrepancy in the amount of wetland that would remain after construction. They estimated only 20 acres would remain, not 26. The project would cause a net loss of 166 habitat units of value, even with the on site mitigation, based on the habitat evaluation conducted by the U.S. F&WS, EPA, the Corps and the applicants' consultants. They recommended that the applicants be required to provide equal habital value through additional mitigation.

Their comments on compliance with the 404(b)(1) Guidelines were similar to EPA's, especially concerning the North Attleboro I alternative. They did, however, concur with the applicants assessment of North Attleboro II (southeast quadrant) because of the amount of wetland on the lot. They asserted that North Attleboro I and Foxboro were less damaging practicable alternatives. It appears that the applicant selected the site based primarily on economics. The (on-site) mitigation does not fully compensate for the impacts and should not be discussed prior to determining compliance with the guidelines. In summary the F&WS is concerned over significant habitat losses to migratory wildlife and may decide to elevate our decision to Washington under our Memorandum of Agreement if we decide to issue the permit.

National Marine Fisheries Service—had no resources of concern

Keeper of the National Register of Historic Places—concurred that "Knoll C" was eligible for listing.

Advisory Council on Historic Preservation—concurred that there would be no adverse effect to historic resources provided that the Corps issues a permit conditioned that an archaeological data recovery program be completed prior to construction in the area of Knoll C.

Congressman Barney Frank favors the proposal because it will be an important input to the region's economy. After reviewing testimony presented to the DEQE, he believes the developer will protect the important environmental issues while offering significant economic benefits to the City. When developers act with environmental sensitivity, government agencies should respond in a manner that allows important economic development to go forward.

(2) State Agencies:

The Rhode Island Statewide Planning Program—questioned the need to destroy 30 acres of wetland when environmentally preferable locations are available within the trade area. They questioned whether the recharge pad concept had been tested; who would maintain the pad; and, what measures would be taken to attenuate runoff problems if the pad failed. EPA's "Results of the Nationwide Urban Runoff Program" (Dec., 1983) indicated that street sweeping is not effective for reducing contaminants in runoff. Thus, contaminant loading on the Seven Mile River would be greater than predicted. Deep and shallow marshes would receive more nutrients, increasing their rate of eutrophication. They questioned the life expectancy and long-term maintenance of the new and altered wetlands and urban runoff controls. The applicants did not consider the wetlands' value for passive recreation; environmental education; and open space, or the sites' value for noise attenuation, air quality enhancement and aesthetic benefits. The applicants did not consider socioeconomic impacts on other CBD's, such as Pawtucket, Central Falls, Woonsocket, Attleboro and Taunton. The 150+ smaller mall shops would compete with smaller business establishments in Central Falls and Pawtucket, causing losses of jobs and taxes, and small business failures. They are concerned that the flood storage eliminated would not be fully compensated by excavation of upland to prevent flooding. The Corps should investigate the efficiency and reliability of the mall pad design.

The Rhode Island Department of Environmental Conservation—is concerned because the project is within a mile of the Rhode Island border. The loss of wetland is not justifiable considering the benefits. The North Attleboro I site is environmentally preferable. Nonpoint pollution could impact Narragansett Bay. Ongoing research indicates that non-point source pollution from the Warwick and Midland Malls and I-95 is having significant adverse effect on the water quality of Narragansett Bay.

Massachusetts State Historic Preservation Office—stated that "Knoll C" on the site contains artifacts and still has integrity. The State Archaeologist has worked with the applicant to develop a mitigation plan (removal of a representative sample). She has recommended a finding of "no adverse effect" provided the permit is conditioned to require the applicant to complete the mitigation prior to construction in the area of "Knoll C."

Massachusetts State Representative Steven Karol—favors the proposal, because it would create about 2000 jobs and over $500,000 in annual tax revenues. The applicants have designed the project to eliminate environmental impacts. The overwhelming majority of his constituents favor the proposal.

(3) Town agencies and officials:

The Mayor, City Council and City Planner—unanimously support the proposal. The applicants have addressed the environmental concerns and the project would provide jobs, add to the tax base and provide community residents with more convenient shopping. Their constituency have expressed overwhelming support and the project is consistent with the policies and goals of the City's comprehensive plan. Also, the project would correct drainage and traffic problems.

Community Development for Attleboro, Inc.—is a quasi-public organization that acts as the City's economic development department. They favor the project. They estimate that it would create 1000-1500 construction jobs for about 1 year, about 1000-1400 long-term direct jobs; 500-1000 spin-off jobs; and $1,000,000 in annual taxes. It would attract shoppers to the Rte 1/Rte 1A area, increasing business for existing establishments. It would probably draw some business from downtown Attleboro ($350,000-$550,000). However, recent additions to the downtown, including 300 new parking spaces; 180 elderly units; a new municipal center; 12,000 square feet of new retail space; and, renovation of storefronts, etc. should offset these losses. Most downtown businesses are service-oriented. They are largely supported by office and manufacturing workers in the downtown area. The disposable income from elderly units alone would offset sales lost to the mall.

(4) Other Comments:

Massachusetts Audubon Society; the Massachusetts Association of Conservation Commissions; Allen & Demurjian, Inc.; Citizens for Responsible Environmental Management; Schofield Bros., Inc.; IEP; and various citizens—are opposed to the project. Such extensive filling and alteration of wetlands would undermine the spirit and the letter of the S. 404 program and set a precedent for similar proposals. We should enforce the law, which is designed to protect wetlands. The government regulators do not administer the program equitably between common people and people with money and power. We should conserve wetlands for future generations.

At a recent workshop at the Corps' offices, the applicants consultants were still flexible on design details. This indicates that the project had not been thought through. The Corps should not consider the project and should reopen the comment period when design is complete.

The need for the project is not documented by a market analysis or job projections. Rather, it is based on subjective judgment. The goods to be offered at the mall are available elsewhere. The need is strictly that of the proponents and potential tenants for financial benefit. The city will not realize the tax benefits anticipated because of the drain on municipal services. Malls are only accessible by auto and are, therefore, not accessible to the poor or elderly without good public transportation system. Residents do not need the mall when they have

Warwick, Lincoln, Midland, downtown Attleboro, Pawtucket and Rtes. 1 and 1A for shopping. The project will only rearrange management and workers.

The project site was chosen on the basis of economics, not need.

Many of the comments on alternatives were similar to those of EPA and U.S. F&WS, including concerns for the accuracy of the applicants' submittal. The North Attleboro I site is now sewered and the lack of sewer was the reason for the previous denial of the zoning change request. The Corps should not issue the permit based on the consideration that this is the only site where the applicants can circumvent the new state wetland regulations. Whether to consider the project under the old or new state regulations is not yet decided by the state hearing officer. Purchasing additional lots for any of these sites could correct size and configuration problems. We should consider that Triboro Plaza; Seekonk; and the area near the I-95/I-495 Interchanges. Access and location problems at these sites are not substantiated.

Comments on flooding included general concerns for flooding downstream and (due to interruption of drainage) in adjacent neighborhoods. The compensatory flood storage scheme may not work. Flood storage in the existing wetland may improve over time due to natural succession. Man-made mitigation structures will require maintenance, whereas the existing wetland does not. The recharge pad concept has not been proven effective. How would the flood storage system work during a series of storms with frozen ground? If the pad is a redundant system, how will 26 acres of wetland compensate for the loss of 32 acres especially for storms in excess of 1 inch.

A number of comments questioned the technical accuracy of the applicants hydrologic calculations, methods and base assumptions. One hydrologist representing the opposition submitted his independent calculations, using somewhat different base assumptions and methods. These comments are too numerous to list here. These and other technical comments were submitted to our Water Control Branch for review.

Another commentor referred to the Executive Order on Floodplains (E.O. 11988) that requires written justification for projects to be located in the floodplain. Sweeden's Swamp is shown as floodway on the FIRM (1981) map.

Concerns were raised over the effects of lowering the water table in enhancement areas on adjacent off-site wetlands. These were also concerned over the loss of a wetland that believed by some to rechange a major aquifer and which is hydrologically connected to a potential surface water supply in Rhode Island (Turner Reservoir).

Many expressed concern over the loss of wetland for water quality renovation. Pollutant loading on the remaining wetland would be higher, increasing the rate of eutrophication.

The applicant's hydrology underestimates overbanking by streamflow. Therefore, contact between surface runoff and groundwater underestimated. Visual observations show that much more of the wetland is flooded by surface water than predicted. The applicants underestimated the amount of runoff contacting the wetland as diffuse flow, namely, runoff from surrounding development that is not intercepted by street drains or airborne contaminants or groundwater discharge and interflow.

The proposed wetland system is not proven to work for water quality renovation. The use of emergent vegetation is not necessarily superior to woody vegetation and may be inferior. The greatest turnover and faster decomposition of emergents would release contaminants taken up in plant tissue at a greater rate than woody vegetation. Emergent species take up phosphorus and other substances and leach them or otherwise release them to the water column. The role of wetlands in water quality is not well understood so we should require 1:1 acreage for mitigation. Spreader berms and organic soils may erode. Therefore, sheet flow will not be attained. Proposed surface water routing is not maximized. Seepage from ¼ mall pad would only contact a small portion of wetland near I-95.

Marsh communities would succeed to swamp without maintenance. Erosion and sedimentation during construction may result in a release of metals and other toxics to downstream waters. Opportunities for contaminants to absorb to wetland soils would be reduced.

Evidence submitted by the applicants should be a mass balance of inputs and outputs. There is not enough information to pedict surface water regime and therefore, success of plantings.

Use of Exxon and Adamus evaluation models shows pre- and post-construction wetland value/acre for water quality maintenance would be about equal. Therefore, the decrease of wetland from 49.6 to 26.3 acres will cause concomitant decrease in pollution renovation value. Altered hydrology will make remaining wetland flashier, with greater and more frequent water level fluctuations, providing for more frequent flushing of contaminants from wetland.

The increased input of salts, oil and grease and other runoff contaminants could enter downstream supplies directly (into reservoirs) or via induced infiltration to wells.

Several commentors were concerned over loss of fish and wildlife habitat and food chain production. The wetland is large enough to provide relatively secluded habitat for songbirds and other wildlife. It provides good resting and feeding habitat during migration. The proposed wetland would be smaller and more prone to noise and visual disturbance from roadways and mall traffic. Existing forested wetland is excellent noise and temperature buffer, which will not be true of proposed wetland. Sweeden's Swamp is one of the few forested habitats remaining in the vicinity.

Many commentors, especially local residents, expressed concern over increases in traffic noise, crime, air pollution and impacts on safety and aesthetics that the mall would cause. They were also concerned with property devaluation.

We also received a number of comments in support of the proposal including a petition with about 1800 signatures which was given to us during the public hearing on September 27, 1984.—These commentors supported the project because of the increase in job opportunities and the community's tax base. They currently have to travel 20-30 miles for quality shopping and would prefer to spend their money in their own community. Roadway modifications would end speeding and dangerous traffic on Rtes 1 and 1A. One abuttor claimed that complaints of flooding were exaggerated. Dumping had degraded the wetland's aesthetic quality and value for wildlife, water and air quality renovation. The swamp is a mosquito breeding area and a health problem. Youngsters used the swamp to experiment with dope and liquor.

RESPONSE TO COMMENTS

In our opinion, the project does comply with the 404(b)(1) Guidelines (33 CFR Part 230) with the inclusion of conditions to minimize adverse impacts (part 9 of this document). This decision is based on our belief that the environmental impacts are not significant, including impacts on wildlife habitat and water quality; that there are no practicable alternatives that would have loss import on the aquatic ecosystem; and that there is a need for the proposal. We agree that the proposed on-site mitigation would not fully compensate for the loss of wildlife habitat. In response to this concern, the applicants have developed a plan for additional off-site mitigation, in coordination with the Corps, EPA and the Fish and Wildlife Service. That plan, which would involve developing 35 acres of wetland and 17 acres of upland habitat on a highly disturbed area, is attached. This mitigation should prevent adverse individual and cumulative effects on migratory wildlife.

Regardless of how the applicants determine need, the Corps considers the need to be for those public benefits generated by the proposal, namely creation of jobs, increased tax revenues, and regional economic stability. The long-term success of the mall in providing these benefits, however, certainly depends on its economic viability.

The North Attleboro I site may include less wetland. However, we have not yet inspected the site to delineate Department of the Army jurisdiction. Our definition differs somewhat from both the Massachusetts and National Wetland Inventory definitions. However, we generally correspond closely with most types defined by NWI.

The North Attleboro I site is located 3 miles north of Sweeden's Swamp on Rte 1, but is 7 miles north when travelling on I-95 and I-295, the major arterials.

North and South Attleboro are not the trade area's population centers. They only represent 8% of the trade area's population. With the exception of Woonsocket, most of the population is concentrated in the southern fringe of the trade area.

The rezoning request for the North Attleboro I site was denied on October 15, 1984 but was granted, on December 5, 1984. However, opposition may appeal to put the vote to a referendum.

A member of my staff attended a rezoning hearing in North Attleboro on September 11, 1984. About 90% of the 250-300 people present were opposed to the mall. At our public hearing for the proposed Newport Ave Galleria, about 15% of the 170 people in attendance were opposed to its construction. Based on these experiences, we believe that while these may be considerable support for a mall at that location, opposition to the North Attleboro mall is more widespread, at least at this time.

We agree that interest and efforts by another mall developer would seem to indicate that North Attleboro I is a practicable alternative. However, Frank Developers, Inc., Arlens, Inc., Rouse, Inc., the Edward J. DeBartolo Corporation and the present applicants, Pyramid Companies, have all considered that site and rejected it, largely due to its location, although other problems were cited. At this time, best information indicates that denial of this permit would not make North Attleboro I more, attractive to potential tenants.

The Rte. 6 commercial strip in Seekonk is not within the trade area. A mall at this site

would be directly competitive with the Warwick and Midland Malls.

The I-95/Rte 140 and I-95/I-495 locations are too far north to serve the major population centers of the trade area. (See part 7.)

The wetland is a not groundwater recharge but discharge site. This is documented by data collected by Goldberg and Zoino for an earlier proponent. Although a few exceptions exists, wetlands are not typically good recharge areas, because of their position in the landscape and impermeable soils. If wells were to be located within the wetland, pumping would most likely reverse groundwater direction, and the wetland would provide a recharge area.

The wetland's value for flow modulation and natural filtration are discussed in part 8. Both functions are presently limited and would be mitigated.

The applicant's submitted adequate hydrologic data to assess pre- and post-construction conditions. Data submitted includes stormwater runoff rates; drainage and exfiltration system capacities; a water budget analysis; long-term maintenance plans, etc. They also submitted input/output data on contaminants in urban runoff over 3 separate rainfall events in 1984. We did not submit the hydrologic information to EPA because as the lead federal agency in flood control, we have expertise to evaluate this information. We were delayed in sending the water quality data, so that EPA did not have opportunity to review this data prior to commenting.

We have reviewed calculations submitted by both the applicants and the opposition.

The opposition's calculations predict surface water elevations 6" higher during the 1" design rainfall than the applicants predicted. Thus, more stream overbanking (important to water quality renovation) would occur than estimated by the applicants' engineers. Generally, other differences between the applicant's and opposition's calculations were in fractions of a foot and, in some cases, fractions of an inch. We do not think that the methods used or resolution (1' contours) of the base maps upon which the calculations were based are sensitive enough to conclude that a fraction of a foot represents a real difference. This is within the error of the method of measurement.

Actual observations of surface flooding in other areas of the swamp are more likely attributed to ponding of direct precipitation and that portion of the watershed's runoff entering the wetland as diffuse flow. The applicants have always asserted that runoff from about 30% of the watershed, including the I-95 interchange, residential areas north of the wetland and the wetland itself, enters the wetland as diffuse flow.

In assessing the impacts on water quality, we believe that the major issue is what portion of the watershed's runoff, especially from developed areas, contacts wetland, rather than how much of the wetland is being contacted. If runoff from most of the developed watershed bypasses the wetland, then most of the contaminant loading on the watershed is also bypassing the wetland.

The 100-year flood would only cause a small rise in surface water in the west swamp. For example, an 0.4 foot rise over the 20 acre west swamp represents about 2.4 inches of runoff from the contributing 40 acre watershed for that section of the swamp. Six inches of runoff would cause a 1 foot rise. Once again, such precision is difficult with 1' topographic mapping.

The recharge pad is a relatively new idea. Calculations submitted by the applicants indicate that it should work. It is a relatively simple system based on natural forces regulating groundwater flow.

The recharge pad is also a redundant system. Compensating storage would be provided in the enhanced wetland through excavation and detention. Presently, groundwater elevations in the east swamp range from about 77 to 73. The higher groundwater elevations are upslope and perched in the wetland soils, which have very low hydraulic conductivity, and act as an obstruction to groundwater movement. Excavation to elevation 73.5 will remove this obstruction to flow. The groundwater levels will be determined by the invert of the pipe outlet (73.1) and ground surface elevations. Compensatory storage calculations were done on this basis. Most ground surface elevations would be lower (73.5 to 74), with the exception of the 4 acres of wood swamp to remain at elevation 75.5 to 76. As mentioned above, the wetland soils generally have a low hydraulic conductivity. However, the upper foot or two in any wetland system has relatively high lateral conductivity because water can move along root sytems. To prevent drying in the upper peat layer, these areas would also be bermed with pressure-treated lumber to block groundwater flow in the upper peat. The stream currently flowing into this area would continue to flow, maintaining the area's wetness.

Most mitigation measures should not require maintenance once established. The applicants would be required to monitor enhanced and new wetlands until the plant cover is established. Spreader berms would be constructed with pressure-treated lumber cores, and should not erode. The recharge pad itself has been designed with extra capacity. Its effectiveness would be diminished after about 600 years (even without sweeping and vacuuming mall parking lots.)

Controls such as sedimentation basis, oil and grease traps, etc. would require periodic cleaning. The applicants would retain ownership of the mall and be responsible for long-term mainteance.

The mall pad would work during periods of frozen ground. Thirty-inches is the average depth of frost in the Providence area (Geraghty, et al, 1973) and perforated pipes would be set with their bottom elevation 3.5 to 4.0 feet below the ground surface.

The applicants did not submit a mass balance for urban runoff contaminant loading. However, the input/output data they collected in 1984 showed two things. First, runoff from about 70% of the watershed (all 70% of which consists of residential and commercial development) is of fairly good quality. Second, the quality changes little between inflow and outflow, indicating that the wetland is not presently doing much to renovate water quality. EPA's Nationwide Urban Runoff Program gives us additional information on the types of contaminants generally found in urban runoff. While it is true that little data exists for wetland treatment systems for urban runoff, the applicants have followed the most important design criteria according to EPA Summary Report 600/52 83-026. That is, they have maximized transport of contaminants to binding surfaces (soil, vegetation, etc.) so that sorption and microbial breakdown processes can occur. This is best accomplished by slow overland flow in a thin sheet or by infiltration. At least two EPA funded studies on use of wetlands to treat urban runoff are currently underway. Other studies have examined use of wetlands for wastewater treatment.

We cannot comment on use of the Exxon model to evaluate the wetland's value for water quality. However, some of our staff have participated in workshops and training courses on the Adamus technique with the developer of that methodology. The water quality sections of that model are not very comprehensive, contain some inaccuracies and are currently being redone.

A recent literature survey for the Army Engineer Waterways Experimental Station (Nixon, 1983—in draft), identified 28 major pathways for contaminant movement through wetlands. Shortcomings in existing literature on this subject were also identified. Dr. Nixon indicated that most studies have only examined one part of the wetland system, and restricted data collection to one or two pathways represented in that portion of the system. For example, certain studies indicate that some marsh plants act as nutrient "pumps". That is, they take nutrients from the sediments and release them to the water column through leaching or other processes. This would seem to indicate that the change from wood swamp to a marsh system would not enhance and may adversely affect the water quality maintenances function of the wetland. However, these studies have not examined the fate of leached substances. Do they react with other substances in the water and precipitate out of the water column. Do they readsorb onto plant tissues or onto sediments? The rate of such pathways differs from system to system according to site specific factors, so that the best information is derived from site specific input/output studies.

The remaining 26.3 acres of wetland should not on the whole, be "flashier". Although detention area is decreased, overall detention volume would not be decreased. Also, because of the small size of the watershed, there is not much water moving through the site in most years.

In the past, urban runoff has seriously degraded water quality in some areas, such as the effect of the Warwick and Midland Malls and I-95 on Narragansett Bay. However, these developments were built prior to use of the standard urban runoff controls typically used today.

We believe that the quality of water leaving the site after construction would be as good or better. Neither Turner Reservoir nor Narragansett Bay should be affected. The reservoir is located with abundant industrial, commercial and residential development, a racetrack, a golf course, a sewage treatment plant, and a good deal of Pawtucket, and East Providence either surrounding it or immediately upstream.

The developed portion of the watershed which is responsible for generating most of the contaminants in runoff, would be increased by 50 acres or about 10%. Runoff from this area will have the benefit of sediment traps, oil and grease lids, and the gravel filter provided by the recharge pad. Much of the existing wetland is not receiving contaminants and excess nutrients now, and there is no information to indicate that those areas that do receive contaminants are acting to their full capacity. Therefore, it is unlikely that the rate of eutrophication in the remaining wetland system would noticeably increase.

The sediment retention capacity of most of the remaining wetland areas would be increased through excavation. The capacity of the existing wetland for water quality renovation or flooding is unlikely to improve over-time due to natural succession. Red

maple stamps generally represent a late seral stage in wetland development. Peat, and the existing ground surface, is most likely in equilibrium or accreting, so that flood storage, overbanking, etc. would remain the same or decrease. The wetland has a high potential capacity to renovate water quality, but without active management, this potential would not be realized. The likelihood of such management is slim.

The permit would be conditioned to require the applicants to complete the archaeological data recovery program on Knoll C prior to construction in that area.

We do not believe that an Environmental Impact Statement is required. Our reasons are outlined in part 12 of this document.

We have coordinated with the Fish and Wildlife Service on the amount of acreage remaining after construction. Twenty six acres would remain.

The sites value for open space and recreation are addressed in part 3 of this document.

Noise impacts are addressed in part 8.

Imports on other business districts are addressed in part 8 and in the General Evaluation of this part of the document. Comments concerning the purpose and intent of Section 404 of the Clean Water Act are also addressed in the General Evaluation.

As a regulatory agency, we try to administer the program equitably. We weigh a proposal's benefits to the general public much more heavily than benefits to an individual. Those benefits would include employment opportunities, tax revenues, etc. We also consider the proposal's detriments on public resources, such as losses of wetland functions. The project, with both on and off-site mitigation would benefit a very large sector of the overall public while neutralizing most of its detriments. Residents abutting the mall would be subject to some detriments, namely reduction in available open space and increased traffic along Rtes. 1 and 1A, especially between I-95 and the mall entrances. Also, the aesthetic value of the area would be lost for those abuttors who prefer the natural setting. However, the developer would minimize adverse effects for those abutting the site, through landscaping.

We often recommend that our applicants minimize fills in the aquatic ecosystem first. Our second recommendation is that they remain as flexible as possible in their design *details* to allow alteration to resolve issues that may arise during the public comment period. Many issues can be addressed through such design changes. This is the first time we have received criticism for recommending flexibility. Generally, we are criticized for issuing public notice plans that cannot be adjusted.

The economic viability for the project is documented by a market analysis and two sets of employment projections. The need for the proposal, in terms of the amount of new business generated as opposed to simply transferred, is addressed in part 10 of this document.

The proponents would provide their own security services and would fund necessary roadway modifications. The site was sewered by the City years ago in anticipation of the earlier mall proposals. The types of jobs generated can largely draw from the present unskilled workforce. Higher management for department stores often rotate duty stations at regional stores on a periodic basis, so they are unlikely to move into the area. Therefore, the proposal is unlikely to cause enough in-migration to drain educational services. The City may have to reopen a recently closed fire station for that district. This fire equipment and personnel would be available for the entire neighborhood, not just the mall. The mall itself would incorporate standard sprinkler systems, etc.

Our best information in the form of comments a petition, a marketing analysis and response to our Public Hearing is that most residents would use the mall.

d. General Evaluation:

(i) The relative extent of the public and private need for the proposed work.

The private need is for the applicants to recoup their investment and to realize a profit.

The public need is for more convenient shopping opportunities and for competitively-priced goods. The applicants have provided data indicating that the trade area is understored by 1,000,000 square feet for a certain range and quality of shopping goods. The closest stores providing such a range of goods are at the Warwick, R.I. Malls and the South Shore Plaza in Braintree, Mass. Discounters, such as Zayres or Apex, provide a different type of goods and create a different market.

Much more important in terms of public need is the direct and indirect socioeconomic benefits and detriments generated by the proposal. Separate estimates by the applicants and by the city community development agency indicate that the mall would generate between 1500 to 2250 permanent job opportunities[4] and ½ to 1 million dollars/year in tax revenues. Regional economic activity would increase, adding to economic stability.

It is important to assess how many of these benefits are new and not simply transferred from another trade area. The applicants estimate about $125,000,000 or about 3.0% of the total household income of the trade area is presently leaking to other markets by trade area residents. The mall would provide only 700,000 ft² or 70% of the estimated leasable floor space the trade area could support. Also, many residents on the fringe of the trade area would probably continue to shop at established malls. The applicant estimates about 50% or $62,500,000 of the present sales leakage would be transferred to the new facility, so that 50% will continue to leak to outside areas. The applicants estimate that the region surrounding the trade area supports $4,000,000,000 in retail sales, so that the sales transferred to the mall represent loss of about 1.5% of sales for surrounding market areas. This average loss of retail sales would vary somewhat with distance, but is still too small to cause existing stores to reduce their staffs. Also, there has been a general increase in the number of households and a substantial increase in the average household income within the trade area since 1970, increasing the spending power of trade area residents. Most facilities' annual sales are currently increasing from year to year. These trends should more than balance any loss of sales.

The applicant conservatively estimates that the mall would increase retail sales by $25,000,000. This represents an increase in spending of only 0.6% of the average household income or about $120/year/household. The applicants have also indicated that their potential tenants have stores located in surrounding trade areas but have no intention of closing their existing stores. These stores will open new branches.

The City of Attleboro anticipates a loss of some retail trade from their central business district, but an increase in sales for existing strip development along Rtes. 1 and 1A, as discussed in the Assessment of Impacts. Recent changes in downtown Attleboro should create new sources of trade to offset trade losses in the CBD.

The State of Rhode Island has expressed concern over loss of retail sales to their nearby CBD's, but provided no data on existing retail sales or anticipated losses.

Some local merchants may want to relocate to the mall. But, in many cases, they may want to open satellite stores. Relocations would be distributed among the closest market areas. The mall would provide space for some service-oriented businesses, such as real estate, travel, and dental services. However, there would be only one facility for each type service, which should not cause a substantial impact on this type of market since trade in this type of business is already distributed among a large number of small operators.

Much of the above data was submitted by the applicant. Some was submitted by the city. All data was reviewed by Corps staff and considered reasonable. The applicants have supported their statements with appropriate demographic data taken from such sources as the 1970 and 1980 Census on Population and Housing, the Southeastern Regional Planning and Economic Development District, etc.

Assumptions about percentage of income spent on shopping goods, number of jobs created, etc., are those normally used for such marketing studies in our experience.

On the other hand, there is a public need for open space and those natural values provided by wetlands, especially in developing urban areas. The values provided by the existing wetland are analyzed in the Assessment of Impacts. We believe that the applicants can replace the water quality maintenance and flood control values of the wetland on site. Fisheries habitat would be increased. With the inclusion of off-site mitigation, the value of the property for wildlife would be more than replaced, with additional benefits of increased water quality maintenance and flood storage in a different part of the watershed.

Open space at the project site would be reduced. Open space would be replaced through off-site mitigation, but for a different community. However, a majority of the Attleboro citizens have indicated their willingness to accept this trade-off through their support of the project.

(ii) The practicability of using reasonable alternative locations and methods to accomplish the objective of the proposal structure or work.

We do not believe any reasonable, practicable alternative locations or methods to accomplish the objective of the project presently exist.

(iii) The extent and permanence of the beneficial and/or detrimental effects the proposed structures or work may have on the public and private uses to which the area is suited.

Through mitigation, the applicant would retain most of the public uses to which the area is suited. They have maintained and in some cases enhanced public uses such as water quality renovation, flood storage, wildlife and fisheries habitat. The mall would have a permanent adverse impact on open space, passive recreation, and, for

[4] Range of estimates reflects different assumptions on the ratio of full time to part-time jobs (shifts) and spin-off jobs and is based on 1 person/500 ft² and ½ spin-off/1 retail job.

some, aesthetic values for the surrounding neighborhood.

The suitability of the site for these areas, as discussed above, is already somewhat degraded bny unauthorized dumping which would most likely continue in the future.

The mall would present a different aesthetic perception, which for some people, would be preferable. It would also provide a source of "recreation", though of a different type.

The remaining "enhanced" wetland would be accessible for controlled pedestrian traffic, and, though smaller, would have value for wildlife observation and education, as well as wildlife and fisheries habitat, water quality renovation and flood control.

SUMMARY

The objectives of the Clean Water Act have always been a controversy. Some claim that the thrust of the Act is restoration and maintenance of water quality. Others claim its main purpose is wetlands protection. The objectives of the Act as outlined in its introduction, are reproduced below.

We must identify those functions provided by the wetland that contribute to its public value, and weigh the loss of those values against the public benefits that would, to our best estimation, be provided by the project. If the purpose of the Act were to simply protect wetlands to the exclusion of other considerations, there would be no need for a permit process.

When a wetland does not provide public values, or when those public values can be maintained or replaced, then there is no purpose in denying the permit and losing the public benefits that could be provided by the project.

We believe the applicants have largely maintained or replaced, and in some cases, enhanced those functions contributing to the public value of the wetland. Furthermore, they have clearly demonstrated that their proposal will not only have private and substantial public benefits. We also believe they have demonstrated that these benefits can only be successfully provided at the Sweeden's Swamp site.

Even without off-site mitigation, we do not believe the wetland loss individually or cumulatively is sufficient to warrant requiring an EIS. The value of the wetland in providing most of those functions important to the quality of the human environment is low and should be compensated on-site with the original design. An exceptions would be its value for wildlife, which is fairly high. However, the types of species associated with this habitat would generally use mesic (moist) upland forest as well. Aerial photographs and land use maps indicate that this type of habitat is abundant in Attleboro and the vicinity, and that loss of this amount of wetland would not cause significant decreases in these wildlife agencies.

We would not issue this permit if we believed that practicable alternatives existed. Therefore, issuance of the permit would not set a precedent for violating the 404(b)(1) Guidelines.

The project and its anticipated effects on the quality of the human environment has been controversial. However, the controversy has been given ample public process through the State EIR, adjuticatory hearings, our own public notice and public hearing, and a special technical workshop for the applicants, opposition and the Corps. Issues raised during our review were substantially similar to those raised during the ongoing state process. We believe the major issues have been adequately addressed and that the project would not have a significant adverse effect on the quality of the human environment.

The North Haven Mall proposal bore similarities and differences to this proposal. One difference was that the North Haven Mall would be located in a major floodplain with compensatory storage. This proposal is not within a major floodplain and compensatory storage has been provided.

Also, the North Haven Mall proponents are dependent on the CT Department of Transportation to provide an Interchange on I-91 for access to their site. Pyramid would provide the necessary roadway modifications themselves, ensuring traffic and related impacts are minimized.

During 1982, the DeBartalo Corporation had reduced the wetland impacts of their proposal by revising their project to include parking garages. In 1983, several weeks before they withdrew the proposal, we had made a preliminary decision *not* to require an EIS because of the modifications.

13. I have considered all factors affecting the public interest including conservation, economics, aesthetics, general environmental concerns, historic values, fish and wildlife values, flood damage protection, land use classifications, navigation, recreation, water supply, water quality, public safety, energy needs, food production, and in general, the needs and welfare of the people. After weighing favorable and unfavorable effects as discussed in this document, I find it in the public interest to issue this permit.

____ ____,

Division Engineer.

Mr. STEVENS. Mr. President, I joined with 23 other Senators to urge that Robert Dawson's nomination be brought before this body. I am pleased to have the opportunity, now, to speak in support of his confirmation. Mr. Dawson has been Acting Assistant Secretary for Civil Works since May 1984. Before that, he was Deputy Assistant Secretary for 3 years. He has demonstrated his ability, running the Army's civil works programs with distinction.

The issue has been raised here about the way in which the Corps of Engineers section 404 program will be administered. First, let me point out that this is not the only task Bob Dawson faces as Assistant Secretary. On top of building and maintaining dams, harbors, and navigation channels, he oversees emergency responses—an example of which we had at our own doors just a few weeks ago, with the flooding of the Potomac.

Controlling wetlands through section 404 permits is an important part of the job done by the Corps of Engineers. Any fears that Mr. Dawson is charting his own course for this program should be dismissed. He will carry out policies outlined by the Reagan administration. A commitment to regulatory reform has reduced the average processing time for permit applications from 140 to 70 days. This has been accomplished without compromising the quality of decisions.

At the same time, input from other agencies is increasing. Mr. Dawson has negotiated Memorandums of Agreement on permit procedures with the Department of the Interior and the Environmental Protection Agency. Negotiation of a similar agreement with the Department of Commerce is underway. These agreements should reduce the burden on applicants, while giving the agencies greater assurance that their input is included in the permit decision.

Since a significant portion of my State is classified as wetlands, the section 404 program has a major impact on development in Alaska. We have benefited from the reduction in permitting delays. At the same time—in each case brought to my attention—the corps has drawn upon the recommendations of other agencies, and has carefully weighed the environmental impact of the project.

Robert Dawson has proved himself a talented and capable administrator. He has established a record of careful compliance with environmental laws while continuing efforts to reduce unnecessary regulation. He is a wise choice as Assistant Secretary for Civil Works. I urge support of his nomination.

Mr. SYMMS. Mr. President, I reserve the remaining time for proponents, for the distinguished President pro tempore of the Senate, Senator THURMOND, who will be in the Chamber shortly.

I thank my distinguished colleague from Rhode Island for his courtesy in yielding the time to me at this point so that I can attend a meeting at this time.

Mr. CHAFEE. Mr. President, I yield 5 minutes to the distinguished Senator from Wisconsin.

Mr. PROXMIRE. I thank my good friend from Rhode Island.

I also thank the Senator from Maine for his patience in permitting me to proceed at this time.

Mr. President, I rise in opposition to the nomination of Robert K. Dawson to be Assistant Secretary of the Army for Civil Works.

Like both Interior Secretary Watt and EPA Administrator Gorsuch before him, Mr. Dawson is opposed to much of the program he supposedly administers. But unlike those two environmental maurauders, Dawson already has a record on which we can predict his future actions in his new job. No guesswork is needed for predicting his performance. Unfortunately, we know it all too well.

Since 1981, first as Deputy Assistant Secretary and then as Acting Assistant Secretary, Dawson pursued a relentless course aimed at dismantling the environmental portions of the very wetlands programs he was appointed to protect.

It is good to hear the Senator from Louisiana point to one exception to this, but the exception certainly does not prove the rule.

Instead of safeguarding our precious wetlands resources, Dawson takes every opportunity to proclaim his lack of responsibility for most of the program.

According to his theories, Congress never intended creation of a wetlands program in enacting section 404 of the Clean Water Act. To ensure the success of his point of view, as Deputy Assistant Secretary he proposed changes in the Army Corps' wetlands regulations which would have effectively removed Federal protection from two-thirds of the Nation's wetlands.

Fortunately, this protection has since been reaffirmed by congressional action and Dawson's theories repudiated by the courts; yet he has not backed off from his wetlands views.

The Wisconsin Secretary of Natural Resources shares my opposition to this nominee. According to his recent letter to me:

The State of Wisconsin, Department of Natural Resources has actively opposed the dismantling of the 404 wetland dredge and fill program which has been occurring over the past several years under the direction of Mr. Dawson. We have submitted extensive comments in opposition to the "regulatory reform" rules but have not received cooperation or explanation from the Department of the Army concerning their purported "streamlining" of the 404 program. We fully concur in your assessment that the rules which have already been adopted seriously undermine the 404 program.

We are also very concerned about a new set of "final 404 regulations" which have been prepared by the Department of the Army under the guidance of Mr. Dawson. We have made numerous attempts to obtain copies of these proposed rules but have not received any cooperation from the Corps of Engineers or the Department of the Army. The Corps of Engineers staff has advised us that these rules, if published, will be in final form and that the States and other interested parties will not have an opportunity to comment on these regulations. We have reason to believe that these regulations will result in the further dismantling of the 404 program and will virtually eliminate effective participation by the States and other interested parties in the 404 permit process.

I ask unanimous consent that the full text of this letter from Secretary Carroll Besadny be printed in the RECORD at the end of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. PROXMIRE. Mr. President, this opinion is shared by major environmental groups, such as the National Audubon Society, American Fisheries Society, Bass Anglers Sportsmen Society, Environmental Defense Fund, Izaak Walton League, Sierra Club, Environmental Policy Institute, Coastal Alliance, and National Wildlife Federation, which all actively oppose Mr. Dawson's nomination.

Why do they share my opposition? The reason is simple. In action after action, Dawson demonstrated open hostility toward his wetlands jurisdiction.

Aside from his attempts to exclude millions of acres from section 404 jurisdiction, he thwarted protective efforts by the EPA and the Fish and Wildlife Service, the agencies which share wetlands jurisdiction with the corps.

He also tried to change the standards for determining wetlands, thereby exempting destructive activities from his regulations. He would reduce requirements for preparing environmental impact statements. He would otherwise weaken the only Federal program which safeguards the precious wetlands resource.

Mr. President, why am I making such a big deal about a program for saving a few ducks? Because wetlands provides much more than just vital habitat for migratory birds and other animals. Wetlands hold back flood waters. It prevents damage to people and property. It cleanses polluted waterways. It provides recreation from hunting to birdwatching. It contains the breeding grounds for many fish species. In fact, wetlands are some of the most valuable and productive lands around. They generate between $20 and $40 billion a year in economic activity.

Yet, the United States is losing wetlands at the alarming rate of about 450,000 acres per year. If we are to have any wetlands left, the Army Corps of Engineers must effectively enforce the Section 404 Program. Robert K. Dawson is not the man for that job, and I urge my colleagues to reject his nomination on that basis.

EXHIBIT 1

STATE OF WISCONSIN,
DEPARTMENT OF NATURAL RESOURCES,
Madison, WI, November 4, 1985.

In reply refer to: 8300.

Hon. WILLIAM PROXMIRE,
U.S. Senate, Washington, DC.

DEAR SENATOR PROXMIRE: I have received a copy of your letter to Senator Robert Dole referring to your opposition to the confirmation of Robert K. Dawson to be Assistant Secretary of the Army (Civil Works).

I would like to thank you for taking the position that you have on this issue and encourage your continued opposition to this nomination.

The State of Wisconsin, Department of Natural Resources has actively opposed the dismantling of the 404 wetland dredge and fill program which has been occurring over the past several years under the direction of Mr. Dawson. We have submitted extensive comments in opposition to the "regulatory reform" rules but have not received cooperation or explanation from the Department of the Army concerning their purported "streamlining" of the 404 program. We fully concur in your assessment that the rules which have already been adopted seriously undermine the 404 program.

We are also very concerned about a new set of "final 404 regulations" which have been prepared by the Department of the Army under the guidance of Mr. Dawson. We have made numerous attempts to obtain copies of these proposed rules but have not received any cooperation from the Corps of Engineers or the Department of the Army. The Corps of Engineers staff has advised us that these rules, if published, will be in final form and that the States and other interested parties will not have an opportunity to comment on these regulations. We have reason to believe that these regulations will result in the further dismantling of the 404 program and will virtually eliminate effective participation by the States and other interested parties in the 404 permit process.

I would appreciate any assistance you could provide in requiring a full opportunity for review and public participation in any future rulemaking by the Department of the Army. I also urge you continued opposition to Mr. Dawson's nomination and hope that the Senate can impress upon the Department of the Army its responsibility to faithfully carry out the requirements of the Clean Water Act.

Sincerely,

C.D. BESADNY,
Secretary.

Mr. CHAFEE. Mr. President, I thank the distinguished senior Senator from Wisconsin for that powerful statement and for the thoughtfulness he has brought to this matter and for pitching in on this effort.

I yield 18 minutes to the Senator from Maine.

Mr. MITCHELL. I thank the Senator from Rhode Island.

Mr. President, I oppose the nomination of Robert Dawson to the position of Assistant Secretary of the Army for Civil Works. I do so after concluding that Mr. Dawson has not, as Acting Assistant Secretary, and will not, if confirmed, implement the law as required by section 404 of the Clean Water Act.

Section 404 of the Clean Water Act provides a program for permitting the disposal of dredge fill or material around or in our Nation's waters. Administered by the Army Corps of Engineers, this section of the act was intended by Congress to be one of the most important methods of stemming the loss of valuable wetlands in the country.

Few Americans would disagree that wetlands are of national importance. Water fowl and other water birds are extremely dependent on wetlands throughout their life cycles, as are many fur-bearing animals. It is estimated that nearly two-thirds of the fish caught by American commercial fishermen are dependent on estuarine areas and their associated wetlands. These areas also buffer the effects of storms, purify water, aid in ground water recharge and provide substantial flood control. The State of Maine benefits enormously from its wetlands. Fish and wildlife nurtured by wetlands provide recreational hunting, fishing, and trapping opportunities for nearly 40,000 people in our State.

Wetlands are also vital to the commercial fish and shellfish industry in Maine. Wetland tidal flats represent 48 percent of the intertidal habitats of

Maine. Fisheries of the tidal flats rely heavily on organic material from adjacent coastal, estuarian, riverine, and salt marsh habitats. As a result, many of Maine's commercial fish species, including herring, mackerel, smelt, hake, scup, menhaden, flounder, cod, haddock, and perch are dependent upon wetlands for various stages in their life cycles.

The rate of destruction of wetland areas should truly alarm every Member of this Senate. Each day, today, tomorrow, the day after, this Nation loses almost 1,000 acres of wetlands to dredging, filling, draining, and impoundment. We now are losing wetlands at a rate of over 300,000 acres per year. More than 100 million acres—nearly half of the wetlands once found in the lower 48 States—are now gone. We must as a nation review our efforts to save these precious resources. However, under Mr. Dawson's stewardship of section 404 of the Clean Water Act, just the opposite is occurring. The controversy surrounding the section 404 program has increased dramatically in recent years. The Fish and Wildlife Service, Environmental Protection Agency and conservation groups have contended that the program is not protecting wetlands as the law has intended.

Evidence provided at four oversight hearings held by the Subcommittee on Environmental Pollution supports those contentions. Senator CHAFEE and I conducted those hearings in an effort to determine whether section 404 is being effectively administered by those individuals and agencies charged with responsibility for the program. The hearings did not provide that reassurance. In fact, the evidence is to the contrary.

Mr. Dawson's reluctance to assert jurisdiction over isolated wetlands is an important case in point. Isolated wetlands such as prairie potholes are among our most important natural resources, providing millions of acres of migratory bird habitat. Congress has clearly stated and the courts have consistently ruled that these areas are to be regulated under section 404 to the limits of the commerce clause of the Constitution.

Yet, in a letter to me dated October 11, 1985, Mr. Dawson states that an isolated pond of over 30 acres is not within section 404's jurisdiction. He takes this position notwithstanding documentation by the U.S. Fish and Wildlife Service that the area has provided habitat for over 50 species of migratory birds protected under the Migratory Bird Treaty Act.

In order to fully understand this problem, some background is necessary. When Congress passed the Clean Water Act in 1972, including section 404, the term "navigable waters" was used to describe the geographic limitation of the act. Section 404 prohibits the discharge of dredged or fill material into "navigable waters." "Navigable waters" is defined by the act to mean "waters of the United States." As stated by Mr. DINGELL on the floor of the House in 1972, the latter term was intended to mean "all waters of the United States in a geographic sense." The conference committee report on the 1972 act stated that:

[T]he conferees fully intend that the term "navigable waters" be given the broadest possible constitutional interpretation. . . .

Federal courts subsequently have ruled that in passing the Clean Water Act Congress asserted Federal jurisdiction over all waters of the United States to the fullest extent of legislative power under the commerce clause of the Constitution. For example, in United States against Ashland Oil & Transportation Co., the Sixth Circuit Court of Appeals ruled in 1974 that the phrase "navigable waters," as used in the Clean Water Act, was intended to reach to the very limits of commerce clause authority.

This same principle has been applied to section 404. For example, in United States against Holland, also decided in 1974, a U.S. district court judge ruled that traditional notions of "navigability," tied as they were to such artificial limits as the mean high tide line, were abolished by the Clean Water Act of 1972. The courts were recognizing that the 1972 act represented a new approach to water quality that, in the words of the 1972 House committee report, focused on the "natural structure and function of ecosystems." Quoting the Senate Public Works Committee report on the 1972 act, which said, "Water moves in hydrologic cycles and it is essential that discharge of pollutants be controlled at the source," the courts ruled that the geographic limits of the Clean Water Act and section 404 extend to the outer bounds of Congress' power to regulate commerce among the States.

Although the intended scope of the new Clean Water Act was not lost on the courts it was apparently lost on the Army Corps of Engineers which continued to use the mean high water line as the limit of its jurisdiction under section 404. As a result, the Natural Resources Defense Council and the National Wildlife Federation took the corps to court. This led to the decision in NRDC against Callaway, in 1975, ruling that the 1972 Clean Water Act:

Asserted federal jurisdiction over the Nation's waters to the maximum extent permissible under the Commerce Clause of the Constitution. Accordingly, as used in the Water Act, the term is not limited to the traditional tests of navigability.

Two years after the NRDC against Callaway decision, Congress revised the 1972 act. At that time amendments were offered in this Senate to strip section 404 of most of its geographic jurisdiction over wetlands, particularly over so-called isolated waters (that is, those that have no regular surface connection to a stream system). These amendments were vigorously opposed by Members of both Houses who argued that wetlands are priceless natural resources that deserve the protection of section 404, and they were defeated.

These arguments against those amendments carried the day and while Congress made some amendments to section 404 in 1977 the geographic reach of that provision was left untouched. In other words, these statements undoubtedly reflected the sense of Congress that NRDC against Callaway had reached the right result and that all wetlands subject to Congress' power to regulate interstate commerce were also subject to section 404.

Those statements contained repeated references to the value of wetlands as habitat for migratory birds, particularly waterfowl, and as natural flood control devices. Those statements are important because many of the isolated wetlands that Mr. Dawson seeks to exclude from section 404 coverage perform exactly the functions that we thought were so valuable during the 1977 debates.

Nonetheless, in July 1982 the Army Corps of Engineers issued something called a general permit that applied to all isolated wetlands. A general permit it not really a permit at all. It is simply a device by which the Army excludes activities or wetlands from the requirement in section 404(a) that all discharges of dredged or fill material must be preceded by a permit issued by the Secretary of the Army.

By the Army's own reckoning the 1982 general permit excluded countless thousands of activities in isolated wetlands. Dischargers were free to destroy isolated wetlands, no matter how large or small, and to do so without even notifying the Corps of Engineers. Of course, the elimination of the need for a permit eliminated public notice and comment, eliminated knowledgeable comments by the Environmental Protection Agency, and the U.S. Fish and Wildlife Service, State conservation departments, and private conservation organizations, and eliminated any practical compliance with the National Environmental Policy Act or the Fish and Wildlife Coordination Act.

Predictably, the Army's wholesale abandonment of isolated wetlands led 16 conservation organizations to file suit challenging the general permit. After 2 years of protracted litigation in National Wildlife Federation against Marsh, the two sides reached a compromise under which all discharges affecting more than 10 acres of isolated wetlands would require an

individual permit and all discharges affecting between 1 and 10 acres of such wetlands would require predischarge notification to the corps with the possibility of an individual permit being required. Mr. Dawson personally approved this settlement and it was officially approved by the U.S. District Court. By virtue of subsequent regulations issued by the Army and signed by Mr. Dawson it became law.

One would have thought this settlement agreement would finally bring isolated wetlands into the section 404 permit program. But no sooner was the ink dry on the document that the corps began to express doubt that it had jurisdiction over these isolated waters in the first place. Nine years after NRDC against Callaway we were back where we started from. The corps was disowning isolated wetlands only this time with a new argument: The destruction of such wetlands supposedly does not affect interstate commerce.

As I stated earlier, Senator CHAFEE and I conducted four oversight hearings to explore concerns regarding the implementation of section 404. At those hearings, Mr. Dawson, representatives of the EPA, and of the U.S. Fish and Wildlife Service were repeatedly asked whether isolated wetlands which are used or could be used by migratory birds and waterfowl are subject to the jurisdiction of section 404.

During the course of the hearings, the Environmental Protection Agency seemed to have little difficulty in answering this question. EPA informed the subcommittee that yes, any wetland that is or could be used as a habitat by waterfowl and other migratory birds is subject to section 404 because destruction of that wetland affects interstate commerce.

EPA's position on this question is no small point. We are talking, of course, about whether isolated wetlands are "waters of the United States" within the meaning of the Clean Water Act. In 1979, Attorney General Civiletti rendered an official opinion that EPA has the ultimate administrative authority for determining what his phrase means in section 404 and the rest of the act. Although this opinion was rendered by President Carter's Attorney General, it has since been ratified by President Reagan's Attorney General. The opinion was cited by the Justice Department in a November 1984 brief filed in United States versus Riverside Bayview Homes, the first section 404 case ever to reach the U.S. Supreme Court. The opinion was cited to support an argument that EPA's determination of what constitutes a wetland should be approved by the Supreme Court.

We now had EPA, the final administrative authority on section 404's geographic jurisdiction over wetlands, agreeing that use or potential use of a wetland by migratory birds was sufficient to create commerce clause jurisdiction. EPA rendered this opinion in a memorandum forwarded to the subcommittee.

At the last oversight hearing held on September 18, 1985 the U.S. Fish and Wildlife Service agreed that the EPA position represented administration policy. And at the hearing and in a letter to me dated September 16, 1985, Mr. Dawson gave every reasonable appearance that he also agreed.

I now quote from the transcript of that hearing. I asked:

> Mr. Dawson my question to you is do you agree that the law states that if areas could or would be used by migratory waterfowl that is sufficient to establish 404 jurisdiction . . ."

Mr. Dawson replied as follows:

> I do agree with your interpretation of the case law that you mentioned. I was privy to the letter that Mr. Sanderson sent to you and fully endorse it as the position of the Administration, not just of the EPA.

I thought that we had made real progress on this issue at the hearings. Unfortunately, Mr. Dawson's agreement at the hearing has not been translated into effective enforcement in the field.

When Mr. Dawson reassured me and Senator CHAFEE that he agreed with EPA's position that migratory bird use creates jurisdiction over isolated wetlands, I questioned him regarding a decision, rendered 2 weeks previously, in which the corps had refused to assert jurisdiction over a 30-acre pond precisely because migratory bird use supposedly was not sufficient to create jurisdiction. This pond had been drained without a section 404 permit some months before. I asked him to check into the matter and provide a written response.

He did so in a letter to me dated October 11, 1985. To my surprise, Mr. Dawson informed me that he agreed with the district engineer's decision that destruction of the pond would have no effect on interstate commerce. This response surprised me because I know, and Mr. Dawson conceded in his letter, this pond is used by migratory birds.

Therefore, when Mr. Dawson says he agrees with EPA that use of an isolated wetland by migratory birds constitutes a sufficient nexus with interstate commerce to come within section 404, this is what Mr. Dawson really means: a 30-acre complex of pond and wetlands, which a U.S. Fish and Wildlife Service study found was used by 54 different species of migratory birds, including 53 protected by the Migratory Bird Treaty Act and including at least a dozen species of waterfowl that may be lawfully hunted, is not subject to the reach of Congress under the commerce clause and its destruction is not regulated by section 404. Regardless of what Mr. Dawson told the subcommittee, he believes that not only did Congress not intend to regulate this pond's destruction but that Congress cannot do so.

Mr. Dawson's letter told me that the migratory bird use of the pond was too "trivial" even though the Fish and Wildlife Service study counted over 6,000 birds on the pond during a 13-month period including over 700 game ducks, the latter present during their migrations north and south.

Therein lies the crux of my inability to support Mr. Dawson's confirmation. His decision to exclude isolated wetlands as "trivial" is fundamentally wrong as a matter of constitutional law, science, and logic. Mr. Dawson's disagreement with me over the breadth of Congress' power to regulate interstate commerce may be of little moment in the present debate, but he also disagrees with Congress, the Supreme Court and lower Federal courts, EPA, and the Justice Department, as I will illustrate.

Of course, the Supreme Court is the ultimate arbiter of what the framers of the Constitution intended when they gave Congress the power to regulate commerce among the States. For the last 50 years or so, the Supreme Court has had frequent occasion to deliver opinions on the reach of the commerce clause. Since the 1930's, the Supreme Court has made it clear that Congress' power to regulate interstate commerce is literally "as broad as the needs of commerce."

For example, in the case of United States versus Darby, the Supreme Court ruled that even purely intrastate activities may be regulated "where they have a substantial effect on interstate commerce." Moreover, the Court ruled that even commerce of the smallest volume could be so regulated.

This latter principle was abundantly illustrated in Wickard versus Filburn, decided the following year. In that case Mr. Filburn was penalized $117 for harvesting 239 excess bushels of wheat in violation of the Agricultural Adjustment Act of 1938.

The Supreme Court rejected Mr. Filburn's argument that home consumption of a minute amount of homegrown wheat escaped the reach of the commerce clause. In the Court's words, that Mr. Filburn's "own contribution to the demand for wheat may be trivial by itself is not enough to remove him from the scope of Federal regulation where, as here, this contribution, taken together with that of many others similarly situated, is far from trivial."

These principles have been reiterated by the Supreme Court ever since. In the 1968 case of Perez versus United States, the Court upheld the application of the loan-shark statute to a purely intrastate loan transaction

because Congress had found that loansharking activities as a class substantially burdened interstate commerce. The Supreme Court ruled that in such a situation, "the courts have no power to excise, as trivial, individual instances of the class."

If the Supreme Court holds that the courts have no power to excise supposedly trivial effects on interstate commerce then certainly Mr. Dawson also lacks that power.

Do these cases I have cited apply to section 404 and wetlands? The answer is clearly yes. EPA cited them in its memorandum explaining that migratory bird use created an interstate commerce connection for isolated wetlands. The Corps of Engineers cited them in 1977 in the preamble to the present regulations now in force which govern the definition of wetlands. In the section 404 case now before the Supreme Court, to which I previously alluded, the Justice Department argued that a broad jurisdictional test for wetlands is "consistent with the commerce clause principle that the triviality of an individual's intrastate act is irrelevant so long as the class of such acts might well have a nationally significant effect on interstate commerce," and cited Wickard versus Filburn for this conclusion.

Finally, the 10th Circuit Court of Appeals cited these Supreme Court authorities in the 1984 case of Utah versus Marsh, which upheld section 404 jurisdiction over an intrastate lake that has no tributaries to any other body of water and so ruled because migratory birds use the lake. The court referred to Wickard versus Filburn and said "the triviality of an individual's act is irrelevant so long as the class of such acts might reasonably be deemed nationally significant in their aggregate economic effect."

It should be clear from all this that Mr. Dawson, who is himself a lawyer, is flatly wrong when he says that migratory bird use of this pond is too "trivial" to be subject to Congress' control. In the view of the Supreme Court, the lower courts, EPA, and the Justice Department, there is no such thing as "too trivial" in this context.

Mr. Dawson's decision to exclude this 30-acre isolated water is troubling not only because the pond is so important but because it demonstrates that Mr. Dawson would abandon an important resource on the basis of a constitutional argument that is essentially frivolous. Although isolated, this pond is not unique. The same Fish and Wildlife Service study to which I earlier alluded also studied 21 other ponds in the vicinity. The wildlife biologist who conducted the study concluded: "There is no doubt that these ponds are valuable stopover sites for migrating birds, winter homes for northern birds and spring and summer nesting areas for many species."

Aside from these ponds, there are millions of acres of isolated wetlands in the United States. One example of this type of wetland is called the prairie pothole. There are about 3 million acres of these potholes which make up what the Supreme Court has called "the principle waterfowl breeding grounds in the continental United States." The Fish and Wildlife Service estimates that the pothole ecosystem produces over half of the newborn wild duck population each year. These ducks migrate throughout the continental United States. According to the Fish and Wildlife Service, "destruction of wetlands and other habitat is the single most important factor affecting duck abundance." Duck populations appear to be dwindling in part because of the destruction of wetlands. A story in the New York Times dated July 31, 1985, stated that the Fish and Wildlife Service has projected that this fall's duck migration may be the lowest on record and that the Service has proposed restrictions on hunting these birds. The Service has estimated that migratory bird hunting alone annually generates $635 million in revenues and that 421,000 hunters cross State lines every year to shoot these birds. The birds themselves cross State lines, of course, a fact which led the Supreme Court to conclude that "the protection of migratory birds has long been recognized as a national interest of very nearly the first magnitude."

I am not alone in drawing these connections between wetlands, ducks, and the commerce clause. In the Riverside Bayview case, the section 404 case presently before the Supreme Court, the Justice Department made the same point in oral argument on October 16, 1985. The Government attorney argument that ducks and their habitat involve interstate commerce because of their relationship to hunting.

Many prairie potholes and other such wetlands valuable to ducks are smaller than 30 acres. Obviously even the piecemeal destruction of these areas leads to fewer ducks which will lead to less hunting which has an effect on interstate commerce. There can be no credible argument that Congress lacks authority to regulate the destruction of duck habitat no matter how trivial any single instance of such destruction may be.

Mr. Dawson's view of the commerce clause is seriously at odds with what Congress thought it was doing in 1977 when it rejected amendments to narrow section 404's scope. For example, the Senate Environment and Public Works Committee report thought it necessary to retain section 404 intact because wetlands "provide resting areas for a myriad of species of birds and wildlife." Senator Muskie, one of the primary sponsors of the act's reauthorization, echoed these views on the floor. Senator Baker argued that wetlands are "priceless," in part, because they provide "essential resting and wintering areas for waterfowl." Senator STAFFORD noted that wetlands are "essential to the preservation of migratory and resident fish, bird and other animal populations." Many of these same quotations appear in the Justice Department's Supreme Court argument in the Riverside Bayview case and have been cited by lower courts upholding section 404 jurisdiction over wetlands.

I have discussed these matters at this length to make one point about Mr. Dawson: He has disregarded the law, a well-established law; he is ignoring the Constitution; and he has denied the will of Congress in his failure to protect isolated wetlands. Mr. Dawson is an officer of the Government who, when he took office, swore an oath to uphold the law. Regardless of how one feels about ducks, wetlands or the environment, section 404 is a law duly passed by Congress and signed by the President. As Acting Assistant Secretary of the Army for 14 months, it has been Mr. Dawson's duty to uphold that law. He has failed to do so. It is for that reason I oppose his nomination and I urge other Members of the Senate to do so.

This is an example, my colleagues, of where we cannot ignore the fact that for 14 months a person in office has simply refused to obey the law as passed by Congress, signed by the President, interpreted by the EPA, supported by the Justice Department, and decided by the Supreme Court in other Federal courts. And if one Federal official can say, "Congress doesn't matter, the Supreme Court doesn't matter, Federal courts don't matter, the EPA doesn't matter, the Justice Department doesn't matter, what I say about the law is what counts," then I say we do not have a nation under law.

I thank the Chair and I thank the Senator from Rhode Island.

Mr. CHAFEE. I thank the distinguished Senator from Maine for that powerful statement, so ably done, as is his fashion. I do hope many of our colleagues are listening.

Mr. President, how much time is left for the opposition?

The PRESIDING OFFICER. Eighteen minutes remaining.

Mr. HEINZ. Mr. President, I rise in opposition to the nomination of Mr. Robert K. Dawson to be Assistant Secretary of the Army for Civil Works. This appointment would place Mr. Dawson in the position of stewardship over many of our Nation's natural resources. Throughout the past 4½ years, as Acting Assistant Secretary and as Deputy Assistant Secretary for Civil Works, Mr. Dawson has demonstrated a patent disregard for the conditions of, and the laws governing, our

Nation's wetlands. In these positions, Mr. Dawson has misinterpreted essential statutes regulating wetlands, particularly section 404 of the Clean Water Act.

Let me present just a few examples to illustrate Mr. Dawson's record in this regard. In 1983, Mr. Dawson approved proposals under which approximately two-thirds of the wetlands in the lower 48 States, totaling more than 60 million acres, would be excluded from protection under section 404, which prevents discharge of materials into wetlands that will damage water supplies, wildlife, or recreation areas. This exclusion is particularly dangerous given Mr. Dawson's disposition toward regulations governing such discharges and toward other Federal and State agencies with which he has worked.

As an example, Mr. Dawson has refused to revise the Army Corps' controversial definition of wetland fill material which permits discharges of fill that are accidental or primarily to dispose of waste. In this refusal, he insisted that the Environmental Protection Agency [EPA] is responsible for regulating such discharges. The EPA maintains that it hasn't sufficient authority. Mr. Dawson pledged to work with the EPA and develop such a definition by June of this year. That pledge has yet to be fulfilled.

On other occasions, Mr. Dawson has acted in direct contradiction to his claim that EPA has authority under section 404. He has attempted to diminish the EPA's authority with respect to permitting wetland fills, despite the fact that section 404 clearly states that the corps is prohibited from issuing fill permits except in accordance with EPA regulations. Mr. Dawson specifically requested, in a 1982 letter to EPA Assistant Administrator Eric Eidsness, that the EPA limit its role to that of an advisory body in the permitting process.

In addition to regular conflicts with the EPA during his tenure, Mr. Dawson has provoked controversy within the Department of Interior as well as with environmental regulatory agencies in a majority of the States.

Mr. President, I believe that this type of conflict does a great disservice to the condition of our Nation's natural resources. It causes delays in implementation of statutes, and sends mixed signals to industry and to the environmental community. This confusion and delay has had a particularly adverse impact on our wetlands, which are disappearing at an alarming rate.

Conservation of wetlands benefits our environment in a variety of ways. Wetlands play an important role in ensuring the survival of many species of fish and wildlife, in maintaining and improving our water quality, and in recharging our vital underground water supply. Let me call to the attention of my colleagues that our Nation's ground water supply is threatened on many fronts. Over 200 chemicals have been located in our ground water, only 18 of which are currently regulated. Contaminated ground water has been shown to have a connection with increased health hazards including cancer. Although regulation of ground water falls under the aegis of the EPA, Mr. Dawson's role in wetland management would have a direct influence on the quality of our ground water that is to be regulated.

Finally, Mr. President, I think it is important to view this nomination in light of our growing awareness of the fragility of our Nation's natural resources. In recent years, the Congress and the Reagan administration have shown heightened concern for the condition of our environment. The passage by the Senate of a greatly enlarged Superfund this September, stricter regulations for toxic waste disposal and management imposed by the Resource Conservation and Recovery Act amendments passed last October, and the reauthorization of the Clean Water Act by the Senate this June attest to the priority of this issue. Confirming the nomination of Robert K. Dawson to be the Assistant Secretary of the Army for Civil Works would be a step backward in the ongoing effort to preserve our Nation's environment. I urge my colleagues to join me in opposing this nomination.

Mr. CHAFEE. Mr. President, I yield myself 4 minutes.

Mr. President, those of us who are opposed to this nomination do not do so lightly. In the 9 years that I have been in this Senate, I have only once before opposed the nomination of the President of either party for an appointed post.

But, Mr. President, in this situation I think the time has come to blow the whistle; not subsequently when Mr. Dawson is in office and we find problems continuing to arise, and then we try to do something about it and find we are powerless to do so. We ran into this with Mr. Watt, when he was confirmed, and we ran into this with Mrs. Gorsuch, when she was confirmed. Later problems arose with both of these appointments and there was noting we could do.

We know the record of Mr. Dawson because, as the distinguished Senator from Maine has previously pointed out, he has occupied this post for over 14 months.

Mr. President, the other day I laid out some of the reasons why I was opposed to the nomination of Mr. Dawson. Today, I would like to elaborate on those reasons with a full statement that, in the interest of time, I will submit for the RECORD.

For the past 6 months the Subcommittee on Environmental Pollution has sought through its oversight processes to correct problems in administration of the section 404 program by the Department of the Army and its Corps of Engineers.

As Deputy Assistant Secretary of the Army for Civil Works from May 1981 to May 1984 and then Acting Assistant Secretary to the present time, Mr. Robert K. Dawson has been the one largely responsible for the corps' implementation of section 404 of the Clean Water Act. This permitting program, which regulates discharges of dredged or fill material in our waters, is the most important regulatory mechanism the Federal Government has to curb the unnecessary destruction of the Nation's rapidly disappearing wetlands.

The U.S. Fish and Wildlife Service estimates that nearly 60 percent of the original wetlands in the lower 48 States have been destroyed. From the mid-1950's to the mid-1970's, 11 million acres of wetlands were destroyed. That's more than 500,000 acres each year for 20 years. Since the mid-1970's, the Office of Technology Assessement reports that wetland destruction has continued at the rate of 300,000 acres per year.

The loss of millions of acres of wetlands over the past three decades already has caused serious, and perhaps irreversible, declines in our fisheries, shellfisheries, and waterfowl populations. For example, numbers of many species of ducks such as mallards and pintails are at their lowest levels in 30 years. Consequently we cannot afford to acquiesce to policies that undermine current law and allow the staggering pace of wetlands destruction to continue largely unchecked. To do so, jeopardizes the very existence of this Nation's fish, shellfish and waterfowl as well as the millions of dollars and jobs produced by the industries dependent on those resources.

Yet the policies initiated and supported by Mr. Dawson over the past 4½ years are aimed at making it easier to fill this Nation's remaining wetlands without the environmental scrutiny mandated by Congress under section 404. At nearly every opportunity, Mr. Dawson has gone out of his way to rewrite the law and legislative history by claiming that "Congress did not design section 404, to be a wetland protection mechanism and it does not function well in that capacity." Thirteen years after Congress passed section 404, 10 years after the landmark court decision in NRDC versus Callaway, and 8 years after Congress expressly stated that section 404 applies to wetlands without limitation, Mr. Dawson steadfastly continues to advocate that Congress did not have "wetland protection in mind" when it established and modified the program.

Mr. Dawson uses this demonstrably false view of section 404 to justify a wide range of policies that narrow the types of waters and activities regulated under the program, thereby frustrating the goals of the Clean Water Act. In doing so, he has provoked unprecedented levels of confrontation with the State and Federal agencies that share a role in the 404 program. Mr. Dawson's acrimonious debate with EPA and Interior Department officials belies his statements that he is doing nothing more than dutifully carrying out administration policy. For instance, in August 1984 Assistant Interior Secretary G. Ray Arnett wrote Mr. Dawson that "I am also disappointed that the changes I recommended in the MOA have been interpreted as contrary to the guidance of the Presidential Task Force Report on Regulatory Relief" and expressed the fear that Mr. Dawson was "following the task force recommendations without recognizing their dual goals." One month later Interior Secretary William Clark wrote in support of Mr. Arnett, stating that his wish was only to "bring environmental protection into balance with regulatory relief."

But Mr. Dawson has seen attempts by Interior and EPA officials to maintain environmental safeguards as efforts to undermine his own largely one-sided regulatory reform agenda. He argues further that, despite protests to the contrary by Interior, EPA, the States and the public, he has done nothing to compromise environmental protections under section 404 and that in fact these protections actually have increased during his tenure.

Mr. President, I believe Mr. Dawson's claims cannot withstand any rational, objective evaluation of his implementation of section 404. Mr. Dawson argues that section 404 jurisdiction over our Nation's waters has not been changed and that Army and EPA are closer than ever before to reaching a consensus on this issue. But, in fact, Mr. Dawson has been responsible for casting uncertainty over the types of waters and activities that are covered by section 404 and for allowing each of his district engineers to reach independent judgments on the extent of the congressionally established jurisdiction of the program.

Early in Mr. Dawson's tenure—January 13, 1982—the Department of the Army published a notice in the Federal Register which stated that "(t)he reform effort is targeted toward modifying the jurisdictional extent of the program." More than a month later the corps' Wilmington district engineer was forced to admit that "(t)he prevailing uncertainty over jurisdictional extent of the law is perhaps one of our own making because of our seeking, through nationwide permits and other means, a justification for limiting the jurisdiction of the Clean Water Act to some boundary less than the full breadth of the wetlands found in the term 'all waters of the United States.'"

A little more than a year later, on May 12, 1983, Mr. Dawson personally approved proposed changes in Army's section 404 regulations that greatly heightened this uncertainty over the program's jurisdiction. His proposal defined terms within the regulatory definition of wetlands in a way that would exclude approximately two-thirds, or 60 million acres, of the wetlands in the lower 48 States from the jurisdiction of the Clean Water Act. This Dawson proposal was opposed strongly by 39 agencies in 33 States, by the EPA, by virtually every major national conservation organization, by many State and local organizations, by professional societies and by more than 1,000 concerned scientists, yet it still has not been formally withdrawn. Mr. Dawson's unstated intentions with regard to finalizing changes in the corps' regulatory wetland definition continues to this day the uncertainty over the extent of section 404's protection for our Nation's wetlands. For instance, I am sure my colleagues from Wisconsin will have quite a bit more to say about their State's concerns over Mr. Dawson's plans for his May 12, 1983 proposal.

Most recently, Mr. Dawson continued his efforts to cast doubt on the reach of section 404 over our wetlands when he volunteered at the first oversight hearing held by the Subcommittee on Environmental Pollution on May 21 of this year that "(t)he Congress has never addressed the issue of wetland jurisdiction. We believe the issue of wetland jurisdiction of the CWA demands appropriate legislative direction." Well, as I told Mr. Dawson at that time, I don't know who told him that, but he ought to read the legislative history of the 1977 Clean Water Act amendments. He might also try reading the recent Supreme Court brief of this administration's Justice Department which states that the "conclusion that it is 'not clear' that Congress wanted the corps to exercise the broadest possible jurisdiction over the Nation's wetlands is simply untenable when examined in light of the legislative history."

Nevertheless, 8 years after Congress expressly stated that section 404 applies to wetlands without limitation, Mr. Dawson maintains that the limit of Army's jurisdiction over wetlands is unclear. Mr. Dawson invokes this supposed jurisdictional uncertainty as a means of avoiding regulation of some of this Nation's most vital wetlands for ducks, geese and other migratory birds. Mr. Dawson asserts that Congress lacks authority under the commerce clause of the Constitution to regulate some of these waters—often called 'isolated' wetlands because they have no direct surface connection to streams and rivers—because they supposedly have an insufficient impact on interstate commerce. This attempt to eliminate isolated wetlands from section 404 jurisdiction ignores the fact that in the last 50 years the Supreme Court has never invalidated a Federal statute on the ground that it exceeded Congress' power under the commerce clause.

In the first three oversight hearings Mr. Dawson repeatedly evaded the question of whether use of isolated wetlands by migratory birds establishes a sufficient connection to interstate commerce to allow Congress to regulate these waters under the commerce clause. Mr. Dawson insisted that it would be improper for him to provide corps field personnel with any guidance on whether migratory bird use—particularly use by ducks and geese—brought isolated wetlands within section 404's coverage. EPA, on the other hand, maintained that use or potential use of isolated wetlands by migratory birds creates a sufficient basis for jurisdiction under section 404.

Finally, after 6 months of effort by Senator MITCHELL and myself, Mr. Dawson at the fourth oversight hearing appeared to agree with EPA's and the Justice Department's position that migratory bird use or potential use establishes section 404 jurisdiction. In fact, I left that hearing thinking that Mr. Dawson had abandoned his position of allowing corps field personnel to decide on a case-by-case basis whether destruction of isolated wetlands has sufficient impact on interstate commerce to establish jurisdiction.

But then less than a month later, Mr. Dawson wrote in support of a corps decision refusing to assert jurisdiction over an isolated wetland which had been discussed in three of the four oversight hearings. That decision, rendered only 2 weeks before the fourth hearing in September, found that destruction of a 30-acre isolated wetland with documented waterfowl use would have no impact on interstate commerce.

According to Mr. Dawson, Congress cannot regulate this pond which was used over the course of a year by thousands of individual members of more than 50 migratory bird species, including at least a dozen waterfowl species subject to hunting, because the impact on interstate commerce is too trivial.

Mr. Dawson ignores the fact that the destruction of isolated wetlands nationwide has a substantial impact on interstate commerce. This destruction is largely responsible for record low levels of many duck species, which in turn has necessitated sharp cutbacks in waterfowl hunting seasons

this year, which in turn has a substantial effect on interstate commerce.

Mr. Dawson's support for that corps decision is flatly inconsistent with the positions taken by EPA and the Justice Department. And it flies in the face of more than 50 years of Supreme Court case law on the extent of Congress' authority under the commerce clause. Under Mr. Dawson's leadership, the corps is being encouraged to assume that they do not have jurisdiction over isolated wetlands unless proven otherwise. No other Federal agency operates this way. We cannot afford to have Mr. Dawson run the section 404 program this way. At stake is the protection of approximately 13 million acres of isolated wetlands which are essential to maintaining our ducks, geese, and other migratory birds. These waters often are just as important to the public for controlling flooding and recharging underground water supplies.

So, when protection of an isolated wetland is in question, Mr. Dawson takes the narrow and completely unsupported view that Congress cannot prevent the destruction of an isolated wetland unless it is proven that more than a trivial impact on interstate commerce would result. Yet when development of a wetland for a project that does not need to be in or near water is in question, Mr. Dawson supports a broad and overly forgiving interpretation of section 404's environmental regulations.

For instance, Mr. Dawson has presided over an emerging policy that disregards the so-called "water dependency test" in the corps' regulations and EPA's section 404(b)(1) guidelines. Section 404(b)(1) prohibits the corps from issuing permits for wetland fills except in compliance with regulations promulgated by EPA. The water dependency test is the key standard in EPA's 404(b)(1) guidelines which prohibits the unnecessary destruction or alteration of wetlands where practicable alternative sites are available or where the project need not be located in a wetland to meet its objectives; that is, is not water dependent. Construction of a marina is water dependent, whereas construction of a shopping mall is not.

Mr. Dawson argues that he approved making EPA's 404(b)(1) guidelines explicitly mandatory, and that under his tenure it is more difficult for permit applications to pass the 404(b)(1) analysis. However, it was Mr. Dawson who pressed EPA back in November 1982 to relegate their 404(b)(1) guidelines to an advisory status so that the corps would no longer be bound by EPA's requirements in making decisions on permit applications. He argued further at that time that EPA should abolish the water dependency test altogether. It was William Ruckelshaus who convinced the administration that Mr. Dawson's recommended changes were ill-advised. Thus, EPA's guidelines remain mandatory in spite of Mr. Dawson's best efforts, not because of them.

Nevertheless, Mr. Dawson, undaunted, continues his attack on the water dependency test, testifying on May 21 that this fundamental precept of the Section 404 Program "for the most part, serves little purpose in the analysis of an application under section 404. It often confuses the issues rather than promotes an objective analysis."

Quite to the contrary, the immense value of wetlands and the stunning rate at which these resources are being destroyed certainly justify the presumption against development in wetlands. Further, private investors, aware of the presumption and difficulty it would cause in securing a section 404 permit for certain projects that are not water dependent, have sought alternative sites. Thus, the present EPA environmental guidelines have influenced expectations. Changes in the guidelines, such as those recommended by Mr. Dawson, would alter those expectations and could undo the long-term protection of wetlands.

Unsuccessful at getting EPA to remove the water dependency test from its own environmental regulations, Mr. Dawson instead has supervised the reinterpretation of those regulations by the Corps of Engineers in the context of a specific permit application to build a mall in 30 acres of wetlands near Attleboro, MA.

In this particular case the corps' New England Division engineer decided that a permit to construct the mall should be denied because it was not water dependent and a viable, alternative upland site was available only 3 miles away. But before a final decision was made, corps officials in Washington made the extremely unusual request to review the permit application. One month later the New England Division engineer was directed to "reconcile your documentation with the guidance" from Washington and issue the permit, principally because of the applicant's pledge to build a replacement wetland somewhere else. The decision to issue the permit by corps headquarters was based on the rationale that the applicant's offer of mitigation did away with the need to comply with the presumption in EPA's regulations, which assumes that practicable alternatives for nonwater dependent projects such as shopping malls are available unless clearly demonstrated otherwise. A study contracted by the New England Division engineer demonstrated that such an alternative did exist.

Instead the Attleboro Mall developers were allowed, in effect, to purchase an exemption from the requirements of EPA's environmental guidelines—a result remarkably consistent with Mr. Dawson's earlier recommendation that such requirements be dropped from the guidelines. In fact, to ignore the water dependency test and grant a permit based on a pledge to build a replacement wetland would turn section 404 from a wetland protection statute into a wetland removal statute.

Now, Mr. Dawson argues that he has had no personal involvement in any substantive decision in the Attleboro case, but that's hardly the point. As the Acting Assistant Secretary of the Army for Civil Works, Mr. Dawson is the civilian primarily responsible for overseeing the Corps of Engineers' implementation of section 404. He has served in that capacity for 14 months and he is thus answerable for actions taken by the corps regardless of whether he is personally responsible for them. It is his duty as Acting Assistant Secretary to ensure that the corps faithfully executes section 404. I believe Mr. Dawson has failed in that duty by allowing a new precedent to be advanced that would permit wetlands to be destroyed by nonwater dependent projects—malls, condominiums, business office complexes—even though the wetland losses were avoidable.

The lingering dispute over the definition of fill material is another area where Mr. Dawson has failed as Acting Assistant Secretary to rectify situations where the corps is obviously failing to enforce the law.

In contrast to the Clean Water Act's express prohibition of unpermitted discharges of all fill material in waters of the United States, Mr. Dawson refuses to revise Army's definition of fill material which exempts discharges of fill that are accidential or that are "primarily to dispose of waste." Mr. Dawson contends that such fills should be regulated under section 402 of the Clean Water Act and the NPDES Program for effluent limitations. Nothing in the Clean Water Act indicates a congressional intent to exclude such discharges from section 404 regulation and, in fact, the Army definition is in violation of the plain language of section 404(a) and as such is invalid. Yet the only reason Mr. Dawson offered at the June 10 oversight hearing before the Subcommittee on Environmental Pollution for refusing to modify Army's limited definition of fill material was "we feel we have the expertise to deal with the fill question when that is the primary purpose." Mr. Dawson did concede that "it is not always easy to say what that primary purpose is and what may be an initial primary purpose may evolve into some other purpose later on."

Mr. Dawson's contention that solid waste fills are regulated under section 402 is belied by EPA's insistence that their "position has been consistently

that fill should be regulated under section 404, whatever the purpose of that fill." EPA maintains that Mr. Dawson's "primary purpose" test is unworkable administratively because the "primary purpose" in any given situation may be unidentifiable. In addition, the test makes no sense because adverse environmental impacts from a fill are unrelated to the discharger's intent and therefore the line drawn by Mr. Dawson is arbitrary. Let me give you two brief examples.

In Pennsylvania a paper company was discharging over 120 tons of fly and bottom ash daily into a wetland without a section 404 permit. When the State fish commission wrote the corps about the effects of this unpermitted discharge on aquatic life, the corps responded that the "discharge of material primarily for waste disposal does not constitute a discharge of fill material. Consequently, no violation of section 404 has occurred and the (corps) district is not taking any enforcement action."

In Idaho, a power company blasted an access road across the face of a cliff above the Snake River. The blasting caused rock material to slide into the river, destroying 23 acres of riverbank vegetation and abstructing more than half of the river channel. The corps in this case found that the company had not intended to fill the river; that is, it was "accidental," and therefore the discharge did not meet the corps' definition of fill material.

Mr. Dawson inherited this dispute over solid waste disposals in wetlands and other waters, but he has presided over Army's continued refusal to regulate these discharges for the past 4½ years and they remain largely unregulated to this day.

On February 10, 1984, as part of an agreement to settle a lawsuit brought by 16 conservation organizations, Mr. Dawson agreed to publish a final joint definition of fill material with EPA within 120 days. When that deadline was missed, Mr. Dawson signed a sworn statement in U.S. district court that he would promulgate a joint definition with EPA by May 15, 1985. When that deadline was missed, Mr. Dawson told Senator MITCHELL and myself on July 15, 1985, that a new schedule had been established that would provide a definition by January 1986. But when I and Senator MITCHELL met with Mr. Dawson on November 12, two-thirds of the way toward the new deadline, he was unable to report any substantive progress toward a new definition. I must say that I have little confidence that Mr. Dawson will agree to changes in the Army's definition of fill material by the end of this month. In the meantime, the burden falls to EPA to use its enforcement authority under section 309 of the Clean Water Act to prohibit completely accidental fills and solid waste disposal discharges in wetlands and other waters. EPA is poorly equipped to regulate these discharges because, contrary to what Mr. Dawson tries to argue, Congress never intended that they assume this responsibility.

In yet another area of problems in the recent administration of the Section 404 Program, Mr. Dawson has argued that the memoranda of agreement [MOA] between Army and the Federal resource agencies, which are established under section 404(q), are "clearly the responsibility of the executive branch and should not be the subject of confirmation hearings."

Although the Army has primary day-to-day responsibility for the 404 Program, Interior, Commerce, and EPA also review 404 permit applications. Prior to 1982 disagreement between these agencies and Army over the resource impacts of a permit resulted in elevation of a permit under the 404(q) MOA to higher administrative levels within the Army for additional substantive review. However, in 1982 Army and Interior, Commerce and EPA signed a new MOA that gave the Assistant Army Secretary discretion over whether to conduct additional review, and greatly restricted the review agencies ability to protect fish and wildlife and water quality. After the signing of the 1982 agreements, the Army refused the majority of the requests by the Federal resource agencies to elevate disputes to higher level officials.

Former Assistant Interior Secretary G. Ray Arnett has been a vocal and harsh critic of the MOA which was in effect between Army and Interior from July 1982 to November of this year. For example, on November 7, 1984, Assistant Interior Secretary Arnett wrote Mr. Dawson after 2 years of having his Department's views ignored, "It is now abundantly clear that further correspondence on this issue is pointless and that Army's regulatory program is so flawed, it is no longer a usable tool to adequately protect wetlands." EPA, under William Ruckelshaus and Lee Thomas, was so dissatisfied with its MOA with Army that EPA terminated it, an option Interior did not have in their agreement. Mr. Dawson, on the other hand has been a staunch supporter of the 1982 MOA with Interior and EPA and has prevented revisions to provide adequate protection for the aquatic environment.

On May 21, Ray Arnett appeared before the Subcommittee on Environmental Pollution and reaffirmed his belief that problems with the 1982 MOA "prevented adequate protection of the environment." The two key problems identified by both Ray Arnett and Bill Ruckelshaus were that the 1982 MOA failed to allow elevation of permit decisions based on concerns for impacts to resources and failed to insure that EPA and Interior would be able to obtain further review when their Assistant Administrator or Assistant Secretary made such a request.

Despite Mr. Dawson's belief that the MOA should not fall within Congress' purview, the subcommittee did intervene actively over the past 6 months to address the concerns of Interior and EPA. As a result, I can tell you that new MOA have been signed with Army. The agencies are in agreement. Unfortunately, the problems identified by Ray Arnett and Bill Ruckelshaus remain largely uncorrected. Mr. Dawson has successfully retained his authority to unilaterally determine whether to conduct further permit review. In my opinion, his refusal to relinquish this excessive authority continues to jeopardize the 404 Program's ability to provide adequate environmental protection.

Mr. Dawson's attempt to avoid regulation of isolated and other wetlands and accidental and solid waste discharges and to prevent further review of environmentally questionable permit decisions are some of the most egregious examples of why he should not be confirmed as Assistant Secretary. Regrettably, they are not the only examples of his lack of commitment to the goals of section 404.

For instance, the Subcommittee on Environmental Pollution also spent some time looking at problems with enforcement of section 404. Mr. Dawson claims that it is more difficult now than ever before to get a permit. That claim is based on his statistics showing an increase in rate of permit denials from 4 percent to 5 percent under his tenure. Quite apart from the fact that this is hardly a dramatic increase, it also is very unrevealing. The statistic says nothing about how many permit denials involved filling wetlands as opposed to other activities under section 404 and section 10 of the Rivers and Harbors Act, for which the corps also has responsibility for issuing permits.

In New England, for example, the corps denied 18 of the 421 permits it considered between March 1984 and March 1985. Of these 18 denials, only 8 involved wetlands and fully 3 of these were denials of so-called after-the-fact permits where the corps allowed the illegal fill material to remain in the wetlands. The other permit denials were for floats, anchor logs, revetments, and boat docks. I have to wonder, therefore, if the increase in the rate of permit denials is due more to an increase in the rates of denials for floats and after-the-fact permits where no restoration or corrective action is required than to a tougher policy toward wetland fills.

The policy toward enforcement during Mr. Dawson's tenure certainly

hasn't gotten tougher. In a letter to me on July 15, 1985, Mr. Dawson conceded that during the past 4½ years voluntary compliance with section 404's provisions has decreased; that the percent of section 404 violations in which litigation is pursued by the corps has decreased; and that the percent of section 404 violations resulting in after-the-fact permits has increased. Mr. Dawson also reported incorrectly that "the total number of violations has decreased substantially" since his reforms have been implemented. In fact, what his own statistics show is that the total number of enforcement actions taken by the corps has dropped drastically from 5,151 in 1981 to 2,281 in 1984. There is absolutely no reason to accept Mr. Dawson's apparent attempt to equate a decline in enforcement actions with a decline in violations.

Quite to the contrary, there are compelling reasons to believe that the statistics reveal that during Mr. Dawson's tenure the corps has repeatedly ignored illegal activities. For instance, the U.S. Fish and Wildlife Service looked at a sample of 40 wetland fills between 1980 and 1984 in northern New Jersey. Of the 40 fills, 23 resulted from illegal activities for which the Service was unable to get the corps to take enforcement action.

Mr. Dawson also claims that under his leadership there are much tighter controls on all nationwide permits, especially those in isolated waters and headwaters. It is true that under a settlement of a lawsuit brought by 16 conservation groups, Mr. Dawson agreed to require corps review of many wetland projects previously excluded. For projects affecting between 1 and 10 acres of isolated wetlands or wetlands located above the headwaters of rivers, the settlement stipulated that the prospective discharger had to notify the corps. The corps, in turn, is required to make available all of these so-called predischarge notifications that are of interest to the State and Federal resource agencies. However, under Mr. Dawson's guidance the corps has made only minimal efforts to inform the public of this new requirement. Eight months after the predischarge notification process went into effect, the corps had received only 68 such notices nationwide. The Army's own environmental assessment of this nationwide permit [NWP] estimates that "approximately 9,000–10,000 activities can be expected to be authorized by this NWP during a year."

And Mr. Dawson has refused to provide all the notifications received by the corps to the State and Federal resource agencies, arguing that the corps is required only to provide those notices of particular interest and that these agencies cannot possibly be particularly interested in all the notices of wetland fills in their State or region. Consequently, while there are tighter controls on paper over small wetland fills, these controls have been rendered nearly meaningless by their lax and obstructive implementation under Mr. Dawson.

I could go on with even more examples of how implementation of section 404's environmental protections have been thwarted under Mr. Dawson. Suffice it to say that there is little doubt in my mind that his record as Deputy Assistant Secretary and Acting Assistant Secretary demonstrates fundamental opposition to the goals of the Clean Water Act's Section 404 Program. I do not question Mr. Dawson's character or integrity, but at a time when our wetland resources are seriously threatened, it is just plain wrong to confirm a nominee who is unwilling to uphold the law and who has instead worked actively to subvert it or passively preside over its subversion by his subordinates.

I hope that my colleagues will agree with the straightforward premise that the Section 404 Program, a cornerstone of our Federal wetland protection efforts, should not be entrusted to an individual who is unwilling to implement the program as Congress intended. If you agree with that premise, then I think you must join me, Chairman STAFFORD, Senator MITCHELL, and others in opposing Mr. Dawson's nomination as Assistant Secretary of the Army for Civil Works.

Mr. President, if my collegues care about the future of our waterfowl, about the future of our fisheries, about the future of our shellfisheries, about our drinking water supplies, about our flood-prone areas, then I hope they would join with Senator MITCHELL, me, Chairman STAFFORD, and many others in opposing the nomination of Mr. Dawson. These vital natural resources of our country are dependent upon the continued existence of the Nation's wetlands—almost 60 percent of which have been destroyed in the lower 48 States. And the continued existence of the remaining 40 percent depends largely on an effective administration of section 404 of the Clean Water Act.

This permitting program, which controls the filling of our waters is without question the most important regulatory mechanism the Federal Government has to curb the unnecessary destruction of the Nation's rapidly disappearing wetlands.

Mr. Dawson in one capacity or another has been largely responsible for the administration of section 404 for the past 4½ years. This is not any trial run in which we do not known anything about the gentleman. We know. We have seen what he has done. In that time he has demonstrated that he is unwilling to uphold the law, and instead has worked actively to subvert it or has passively presided over its subversion by his subordinates.

Over the past 6 months the Environmental Pollution Subcommittee, which I chair and Senator MITCHELL is the ranking minority member, has pressed hard to get Mr. Dawson to implement section 404 as Congress intended but our efforts have been to little avail.

In clear contradiction of the legislative history of this act, the Clean Water Act of 1977, Mr. Dawson still goes out of his way to claim "Congress did not design section 404 to be a wetlands protection mechanism, and it does not function well in that capacity." That is completely contrary to the legislative history and the statements of those who were most involved in that act. He uses this demonstrably false view of section 404 to justify a wide range of policies that narrow the types of waters and activities which are regulated.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. CHAFEE. I yield myself 5 more minutes.

Mr. President, his efforts have been to frustrate the objectives of the act. In doing so, he has provoked unprecedented levels of confrontation with State and Federal agencies that share a role in section 404, as has been cited by the distinguished Senator from Wisconsin, Senator PROXMIRE. Mr. Dawson's acrimonious debate with the Environmental Protection Agency, with the Fish and Wildlife Service, and officials of the Interior Department belies his statement that he is doing nothing more than dutifully carrying out this administration policies.

He continues to cast uncertainty over the types of waters and activities that are covered by 404 and continues to allow each of his 37 district engineers to reach independent judgments on the extent of the congressionally established jurisdiction of the program. He invokes this imposed jurisdictional uncertainty as a means of avoiding regulation of activities in some of this Nation's most vital wetlands for ducks, for geese, and for other migratory birds. These wetlands are often called isolated because they have no direct surface water connection to streams and rivers.

Under his leadership the corps is being encouraged to assume that they do not have jurisdiction over isolated wetlands unless proven otherwise. No other Federal agency operates in this fashion. We cannot afford to have Mr. Dawson run the section 404 wetlands program the way it has been done.

He continues his attack on the so-called water dependency test. What is a water dependency test? It is a requirement that development in wetlands be dependent upon water, such as a marina. A shopping center is not a

water-dependent development. A shopping center does not have to go into a wetland, and does not have to go into a marshland adjacent to the estuaries of the United States. This is a key test in the environmental standards of section 404. It prohibits the unnecessary destruction and alteration of wetlands where practical alternative sites are available.

To ignore the water dependency test as Mr. Dawson did when he allowed the corps to issue a permit to build a shopping mall in a wetland in Attleboro, MA is to turn the Clean Water Act from a wetland protection statute into a wetland removal statute.

I submit here for the RECORD the recommendations of the Corps of Engineers, the commander of the New England Division where this project is located, in which he said, "I recommend that the permit be denied for three reasons." And what happens under Mr. Dawson? He has the Director of Civil Works, reach down to this little 50-acre site and say, "it is my decision that the proposed project complies with the 404(b)(1) guidelines, and is not contrary to the public interest." The Director of Civil Works says to the commander, and you know he will do what he is told to do: "You are directed to reconcile your documentation with the guidance contained within the enclosure." You said "no," but shift it around so it comes out "yes," so you comply with what I am telling you to do—I, who work for Mr. Dawson.

Mr. President, he still argues that the corps should not regulate wetland if it is accidental or if it is done primarily to dispose of waste—in other words, if your principal object in backing up to a wetland is to empty your truck, that does not have anything to do with fill. Your intention must be to fill the wetland. What kind of a test is that, Mr. President?

It took 6 months of pressing by the subcommittee that I chaired to get Mr. Dawson to agree to revise the memoranda of agreements between the Army on the one hand, and the EPA on the other and the Interior Department on the other hand. These agreements only ensure that the views of EPA and Fish and Wildlife are considered. They are not controlling. The views are only to be considered.

During his tenure in the Assistant Secretary's office, the number of enforcement actions brought by the corps against section 404 violators has been cut in half. Voluntary compliance with section 404's requirements and litigation by the corps against violators has dropped.

I could go on with other examples. Suffice it to say there is little doubt in my mind that his record as Deputy Assistant Secretary and Acting Assistant Secretary demonstrates fundamental opposition to the goals of the Clean Water Act's Section 404 Program.

I do not question his integrity or his character. But at a time when our wetland resources are seriously threatened, Mr. President, it is just plain wrong to confirm a nominee who is unwilling to implement the law as Congress intended.

Mr. President, I ask unanimous consent that the document from the deputy commander to the commander of the corps' New England division from which I quoted, together with the correspondence from director of civil works, dated May 31, 1985, from corps headquarters, be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From New England Division]

Subject: Elevation of the Permit Decision for an Application submitted by the Newport Galleria Group for a fill for a proposed mall in S. Attleboro, Mass.

To: Commander.

From: Deputy Commander.

Date: 2 May 1985, Lawless: 338.

1. I have inclosed my recommended permit decision on this case for your response to Major General Wall, Director of Civil Works, per his 24 April 1985 request.

2. I recommend that the permit be denied for three reasons. I believe that the project does not comply with the 404(b)(1) guidelines because there is a practicable alternative for the proposed discharge that has less adverse impact on the aquatic ecosystem. Further, the alternative to the entire proposal (on and off-site) has less adverse impact because it does not depend on the success of creating wetlands. Third, for these reasons, I also do not think it is in the public interest to issue the permit.

3. If General Wall should decide to issue the permit, I strongly recommend that you urge him to consider the following:

a. Require the applicants to find a more suitable location for off-site mitigation. The proposed North Attleboro site is strongly opposed by that town and doubts have been raised about its hydrologic capability to support a viable wetland.

b. Subject the off-site mitigation proposal to a public interest review since it represents such a major (50 acres) construction element of the project. Limited meetings by my staff in this regard have already raised serious questions about the North Attleboro mitigation site.

c. Assuming a workable mitigation plan is developed and reasonably enforceable special permit conditions can be written, accept the applicant's offer of a performance bond to ensure effective completion of this work. The conditions of this performance bond should be carefully developed to ensure release of funds if the Corps determines such funds are needed.

4. Because I was considering denying the permit these additional tasks had not been done and our record is, therefore, incomplete.

EDWARD D. HAMMOND,
LTC, Corps of Engineers,
Deputy Commander.

[From Corps Headquarters]

U.S. ARMY CORPS OF ENGINEERS,
Washington, DC, May 31, 1985.

Subject: Permit Decision for an Application for a Fill for a Proposed Shopping Mall in South Attleboro, Massachusetts.

COMMANDER,
New England Division.

1. Reference your letter of 2 May 1985, SAB.

2. I have reviewed your working draft documentation and have provided my findings in the enclosure (Views of the Chief of Engineers).

3. I had elevated this case for my review in order to resolve the policy issue of practicable alternatives as applied to non-water dependent activities under the Section 404(b)(1) guidelines and the use of mitigation to satisfy 40 CFR 230.10(a). I have determined, that in a proper case, mitigation measures can be used to reduce adverse impacts of a proposed activity to a point which would allow 40 CFR 230.10(a) to be satisfied.

4. Based on my findings, it is my decision that the proposed project complies with the 404(b)(1) guidelines and is not contrary to the public interest.

5. You are directed to reconcile your documentation with the guidance contained within the enclosure. You should then proceed to develop appropriate special conditions to insure the success of the mitigation and to prepare your notice of intent to issue pursuant to the 404(q) MOAs.

For the Commander:

JOHN F. WALL,
Major General, USA,
Director of Civil Works.

Mr. LEAHY addressed the Chair.

Mr. WARNER addressed the Chair.

The PRESIDING OFFICER. The time of the Senator from Rhode Island has expired.

Mr. CHAFEE. Mr. President, how much time is left on this side?

The PRESIDING OFFICER. There are 9 minutes remaining on that side.

Mr. WARNER. Mr. President, I understand the vote is at 11 o'clock and that the proponents have 7 minutes. I was told that. If this side has 9 minutes, we are well on the brink.

Mr. CHAFEE. Mr. President, I propose to yield 3 minutes to the Senator from Vermont, and then reserve the reminder of our time.

I yield 3 minutes to the Senator from Vermont.

Mr. LEAHY. I thank the Senator.

In 1981 this body confirmed the nominations of James G. Watt as Secretary of the Interior and Anne Gorsuch Burford as Administrator of the Environmental Protection Agency. Both of these appointees to preeminent positions of stewardship for our Nation's natural resources have since left their posts amidst a furor of charges. In some ways it was a very odd process. Just a year or so after this body had confirmed Mr. Watt and Ms. Gorsuch, this hall rang with denunciations of their policies, often from the same people who had supported their confirmation. In vote after vote their programs were re-

versed, and finally both resigned in the face of imminent congressional action.

Many then explained that they had no idea how irresponsible Mr. Watt or Ms. Gorsuch would be when they were confirmed.

Today, I am taking the floor to warn my colleagues that they will have no excuses when they are called to task for their vote on the nomination of Robert K. Dawson to be Assistant Secretary of the Army in charge of the Corps of Engineers.

I think the distinguished Senator from Rhode Island and the distinguished Senator from Maine have done a great service to this body in bringing out the points which they have raised. Like the distinguished Senator from Rhode Island [Mr. CHAFEE] I do not question the integrity or the competency of Mr. Dawson. I question his policies.

Mr. President, a vote for this nominee is a vote for the policies of James Watt and Anne Gorsuch.

This time we must make a stand. If we approve the Dawson nomination, he will inevitably lead us into the same disarray on the crucial issues of water policy and wetlands management brought by Watt and Gorsuch in so many areas.

Our Nation's wetlands play a critical role in sustaining and improving water quality, in minimizing flooding and storm damage, and in recharging our ground water resources. All across the country they are invaluable to the survival of wildlife. They are a resource of environmental and economic importance to us all.

In spite of their value, wetlands have been disappearing at an alarming rate. It is estimated that 54 percent of our wetlands have been lost nationwide to date. Some 450,000 acres are vanishing annually. Louisiana coastal marshes are going at a rate of 25,000 acres a year; Mississippi River forested wetlands, at 100,000 acres a year. The loss of wetlands is costing $208 million a year in fisheries.

In every State wetlands play a vital role. Vermont, for instance, is not particularly well known as a wetlands State. They are, however, an important resource for us. Recreational fishing in Vermont is dependent on wetlands. In 1980 over $15 million was spent on sport fishing. As waterfowl habitat, Vermont wetlands up and down Lake Champlain, provide a link for migrants between Canada and the Southern United States. Our Missisquoi National Wildlife Refuge supports the largest blue heron colony in the Northeastern United States.

A 1979 study of 100 randomly-selected sample Vermont wetlands found that 73 percent has been altered by development activities. Thus, this nomination is critical to my State as well as to the Nation.

Congress in 1977 recognized the importance of protecting wetlands. That was the year that section 404 became a part of the Clean Water Act. The Section 404 Program has only been a start in wetlands protection. Much could be done to improve its effectiveness. But it is still a critical tool in assuring wise management of our Nation's wetlands.

Unfortunately, there has been a drastic and continuous decline in the program's effectiveness since 1981. The Army Corps of Engineers has been failing to uphold either the letter or the spirit of the law. Throughout this period the Corps of Engineers has been under the supervision of Robert K. Dawson, first as Deputy Assistant Secretary from May 1981, and then as Acting Assistant Secretary of the Army from May 1984 to the present. Mr. Dawson, therefore, stands before us today on a record which is crystal clear.

For example, in 1982 Mr. Dawson was involved in regulatory changes for the Section 404 Program that were so egregious that they drew the formal opposition of Mr. Watt's Department of the Interior and Ms. Gorsuch's Environmental Protection Agency. However, both the concerns of the other Federal agencies and of the Senate subcommittee of jurisdiction were ignored by Army.

In November of that same year, Mr. Dawson requested that the EPA section 404 environmental regulations be relegated to an advisory status so that they would no longer be binding on the corps' permitting process. In conjunction with this procedural attack on section 404, Mr. Dawson went on to make a substantive attack. He proposed that a key element of the EPA regulations—the presumption that upland alternatives are available for non-water dependent activities—be dropped. It is this test which makes it possible to prohibit the unnecessary destruction or alteration of wetlands where alternative sites are practicable.

Unfortunately, Mr. Dawson did not stop there. In May 1983, new rules for dredge and fill activities in wetlands, which were approved by Mr. Dawson, were published. Understanding the sweeping implications of these changes is critical to understanding Mr. Dawson's goals for the Section 404 Program; let me review them briefly.

Under the guise of seeking greater efficiency, the Dawson proposal is, in fact, a major weakening and dismantling of the Section 404 Program. These proposed rules were opposed by the Environmental Protection Agency, 39 agencies in 33 States, numerous national conservation organizations, professional organizations in the fields of wildlife and fisheries, and many State and local organizations.

First, the proposed rules would redefine terms within the definition of wetlands so that approximately two-thirds of the wetlands in the lower 48 States—more than 60 million acres—currently protected by section 404—such as bottom land hardwoods, shrub bogs and peat bogs—would no longer be protected. In addition, millions of acres of tundra would no longer be considered wetlands. This reduced protection of the wetlands. This reduced protection of the wetlands resource clearly violates the objective of the Clean Water Act by disregarding the critical role many of these excluded wetlands play in protecting "the physical, chemical, and biological integrity of the nation's waters . . ."

The Environmental Protection Agency expressed its opposition to the revised definition this way:

> Because the definitions contained in this part determine the scope of jurisdiction of the Section 404 program and were proposed without our concurrence, these changes are inconsistent with the legal opinion of the Attorney General that EPA has responsibility for determining the scope of jurisdiction for all programs under the Clean Water Act.

Second, the rulemaking would strip the States of their ultimate authority to prevent the issuance of general permits that adversely affect water quality within that State. The Clean Water Act protects that authority. Individual or general permits can only be issued by the corps after the State certifies that the permits comply with State water quality requirements or waives the right to certify. Through a series of regulatory gymnastics the proposed rule unlawfully undermines the State's water quality certification rights.

Of paramount concern is the proposal's illegal authorization of nationwide general permits without State certification or waiver. The responsibility of individual permit review would be unlawfully shifted from the corps to the States—a tactical maneuver by the corps which would effectively coerce the States into certifying nationwide permits.

Third, the rule change would destroy permit review criteria. For example, it would presume, merely because a permit application is filed, that there is an economic need for a project. Current policy requires the permit applicant—also the direct beneficiary of pemit issuance—to demonstrate that a proposed discharge is not environmentally damaging and is in the public interest. The proposed policy would shift the burden of proof from the applicant to the corps and other Government agencies and concerned citizens. The corps would thus shoulder responsibility for proving that a proposed project would be economically unsound or would have adverse environmental impacts as a basis for permit denial. The proposed rule introduces a bias toward permit approval. It presumes all permit proposals to be both environmentally accept-

able and in the best interest of the public unless proven otherwise.

The Environmental Protection Agency commented this way:

> This burden of proof issue is of serious concern to EPA. A premise of the Clean Water Act is that discharges which may be "reasonable" from a private point of view may be "unreasonable" from a public water quality perspective and should therefore be regulated. The statute was written to protect important public resources from the effects of incremental decisions being made by individuals.

Fourth. As part of these proposed regulations, Dawson has proposed two so-called general permits.

These general permits would clearly violate the intent of the Clean Water Act.

The Clean Water Act restricts the use of nationwide general permits to categories of activities that are similar in nature and cause only "minimal individual or cumulative adverse environmental effects."

Two new permits in the proposed rule fail to meet the nationwide permit criteria. Exempted from individual permit requirements are all dredge or fill discharges by Federal projects, or projects receiving Federal permits or funding. These would include highways, irrigation projects, hydroelectric dams, housing developments, and sewage treatment plants among other projects. Also exempted would be public or private facilities adjacent to corps' civil works projects.

The Environmental Protection Agency responded negatively to this proposal as well:

> The two new permits . . . illustrate a regulatory approach of concern to EPA that recurs throughout these proposed rules: an apparent willingness to forego environmental review responsibilities under the Clean Water Act for reasons of administrative expediency . . .

Fifth. The proposal also encourages the shortening of the public comment period on permit applications from 30 to 15 days and scraps the requirement that corps' public notices of those applications alert the public to its right to request a public hearing.

Sixth. The proposed rule would delete from section 404 regulatory policy explicit instruction to the corps to give "great weight" to the views of the Fish and Wildlife Service, the National Marine Fisheries Service, and to the pertinent State fish and wildlife agencies in permitting decisions. Deletion of the "great weight" directive downplays the importance that the corps is congressionally mandated by the Fish and Wildlife Conservation Act to give to both consideration of fish and wildlife values and to the expert views of Federal and State officials.

Taken together this package of regulatory changes will effectively gut the section 404 program.

In June 1985, the debate on Mr. Dawson's jurisdictional deregulation efforts came to a head over the issue of the corps' jurisdiction over wetlands.

Under section 404, the jurisdiction over such waters extends to the furtherest extent of the Commerce Clause of the Constitution, which is the basis for almost all Federal regulatory statutes. The Supreme Court has reviewed numerous Federal statutes to determine if they exceed Congress' power under the Commerce Clause and in the past 50 years has never invalidated a statute on such grounds. Moreover, every court but one has concluded that Congress intended in the Clean Water Act to assert Federal jurisdiction over the Nation's waters to the full extent of its constitutional powers. The one exception is now before the Supreme Court, where the Justice Department of this administration argues that any contention that "it is 'not clear' that Congress wanted the corps to exercise the broadest possible jurisdiction over the Nation's wetlands is simply untenable . . ."

Yet, 10 years after the landmark court decision in NRDC v. Callaway and 8 years after Congress expressly stated that section 404 applies to wetlands without limitation, Mr. Dawson maintains that the limit of the Army's jurisdiction over wetlands is unclear.

He has even refused requests by the Environment and Public Works Committee to provide guidance to field personnel on how to determine interstate commerce jurisdiction over isolated wetlands. This leaves 37 corps districts to decide what the U.S. Constitution means.

The section 404 Program is the Nation's principal tool for protection of wetlands. For that reason, Mr. Dawson's nomination needs to be a matter of great concern to us here today. We do not have to extrapolate from what the nominee suggests he will do as Assistant Secretary of the Army, nor from his past record in other capacities. His on-the-job record is extensive and clear. He follows in the footsteps of Mr. Watt and Ms. Gorsuch.

I have spoken today to the aspects of the Dawson record on the section 404 Program which I find most troubling. The documentation which has been amassed as a result of the extensive oversight hearings on Mr. Dawson's implementation of the program by the Environment and Public Works Committee is telling. So is the widespread opposition to Mr. Dawson's confirmation from conservation organizations and concerned citizens all across the country. I, like my colleagues, do not oppose a Presidential nomination lightly. But in this case, I feel I have no choice because our Nation's wetlands are an irreplaceable national resource.

Mr. CHAFEE. Mr. President, I thank the Senator from Vermont.

The PRESIDING OFFICER. The Senator from Virginia.

Mr. WARNER. Mr. President, I rise in support of the nomination of Robert Dawson, a resident of Alexandria, VA, who has been nominated by the President for the post of Assistant Secretary of the Army for Civil Works.

I have worked with Bob on many occasions, both in his present job as Acting Assistant Secretary and prior to that as Principal Deputy Assistant Secretary.

I have always found Bob to be very responsive and in touch with the President's programs and the budgetary realities which face the water resources development program.

Even in the face of huge Federal deficits, Bob Dawson has kept the Corps of Engineers water resources development program moving along by looking for new and innovative ways to come up with the money for water projects.

I do not always agree with Bob's proposals in the cost sharing and user fee arena, but, I must say that he is making every effort to provide solutions to very difficult problems.

Earlier this year, for the first time in history, an administration submitted an omnibus water resources development bill containing some 62 projects for authorization.

Bob Dawson has been instrumental in getting this bill to the Hill and with his help, omnibus water resources legislation is moving closer to enactment.

Because of Bob's vast experience here on the Hill, including 3 years with Congressman Jack Edwards of Alabama, and nearly 7 years on the staff of the House Public Works and Transportation Committee, he understands the way the process works up here on the Hill.

Coupling that with his 4-plus years in the Reagan administration, he is uniquely qualified to perform the difficult job of Assistant Secretary of the Army for Civil Works.

On September 12, the Senate Armed Services Committee held a thorough hearing on all the relevant facts regarding Bob Dawson's nomination with the participation of the Senate Environment and Public Works Committee which has jurisdiction over some programs which the Assistant Secretary of the Army for Civil Works administers.

The nomination was not reported until September 30 to allow time for the Public Works Committee to hold a fourth oversight hearing on the section 404 program.

I supported this delay so that all the relevant facts about Bob Dawson's nomination could be aired.

The testimony supported my previous opinion of Bob Dawson which was

that he is well-qualified for this difficult position and that he will do an excellent job.

The President has exercised extremely good judgment in nominating Bob Dawson, and I urge my colleagues to vote for his confirmation.

Mr. President, I would like to propound a question to my distinguished colleague from Rhode Island and perhaps my distinguished colleague from Maine when he reenters the Chamber.

As I look at this debate, it does not involve this man's integrity, character, or any other aspect of him as an individual. Is that correct?

Mr. CHAFEE. That is correct.

Mr. WARNER. It seems to me that the issue is, first, whether he has implemented the policy of this administration. We are advised by Mr. Miller, by letter of November 23, that he is following the policy of this administration.

Mr. CHAFEE. Mr. President, I do not agree with that. I do not agree that that is the policy of the administration.

Mr. WARNER. The question is, is the nominee implementing the policy of the administration?

Mr. CHAFEE. Not in my judgment. I cannot believe it is the policy of this administration to overrule the law of the land as set forth in the Clean Water Act or to disobey the rulings of the court as set forth in case after case. My answer is no to the Senator's question.

Mr. WARNER. Mr. President, the letter to which I have referred is printed in the RECORD of Monday, December 2, 1985.

The PRESIDING OFFICER (Mr. WARNER). The Senator from South Carolina.

Mr. THURMOND. Mr. President, I yield 2 minutes to the distinguished Senator from Alabama.

Mr. DENTON. I thank the Chair and I thank the President pro tempore.

Mr. President, I am delighted to have the opportunity today to support my fellow Alabamian and friend, Robert K. Dawson. I am delighted that this fine man has been nominated for the position of Assistant Secretary of the Army for Civil Works. He is a man of principle and of accomplishments, well qualified for the position.

Bob grew up on a farm in Scottsboro, AL. He attended Tulane University on a football scholarship, and while there was active in student and extracurricular life. After graduation from Tulane, he attended the Cumberland School of Law at Samford University in Alabama. He was an outstanding student, he was on the editorial board of the law review, was a member of the moot court team. He was elected as president of the law school's student body.

Bob's professional career has been a perfect preparation for the position to which the President has nominated him. As a staff member for former Congressman Jack Edwards, Bob handled many constituent and legislative problems, including those involving the Corps of Engineers, for the First District of Alabama. That is an area rich in water resources and in which the activities of the corps are particularly important.

His experience and natural leadership abilities allowed Bob to advance quickly to the position of administrator of the House Committee on Public Works and Transportation. That committee's responsibility and jurisdiction gave him indepth exposure to the laws and regulations affecting water resources.

In 1981, Bob's talent and accomplishments were recognized by his appointment as principal Deputy Assistant Secretary of the Army for his civil works. In that position, his efforts were focused on the activities and programs of the civil works mission of the Corps of Engineers. For the past 14 months, Bob has been Acting Assistant Secretary, fulfilling the responsibilities of the position even though he did not have the formal title and all the authority that comes with it.

I am particularly impressed by the fact that Bob's rapid advancement and sterling professional performance were coupled with family, church, and civic life. He is married to the former Susan Lee of Louisiana. They have two fine children, Amy, age 13, and Steve, age 11, who are in school today.

Bob is active in the Trinity United Methodist Church in Alexandria, VA, where he is a member of the administrative board. He devotes his spare time to family activities, including participation in a singing group that gives free performances in local hospitals, jails, and retirement and nursing homes.

Mr. President, I would be remiss if I did not say that there has been some controversy attendant upon Bob's nomination. I must point out, however, that those concerns have nothing to do with his qualifications, his competence, or his integrity. Indeed, they have nothing to do with him personally. They have to do with a policy issue, the regulatory reform of the Corps of Engineers Permit Program.

I recognize that there may well be controversy about the policy governning that program, but that is clearly a policy issue, not an issue of the qualifications of the nominee. Although the issue may warrant debate, I hope that such debate can take place in more appropriate forum for considerating and making policy, not in connection with the consideration of the qualifications of an outstanding individual to serve our President and our country in an important position.

Mr. President, I thank you and my colleagues for the opportunity to speak in support of an outstanding Alabamian and an outstanding nominee. I am confident that the Senate will recognize his qualifications and his fine personal characteristics, and that we will approve his nomination.

Mr. President, I have generally reiterated the remarks of the distinguished Senator from Virginia. Mr. Dawson is from Alabama and he does have fine credentials which I can represent to you. Among those is he was president of the law school student body at Samford University.

Mr. President, I believe he probably has carried out the administration's policies. I think we should also note that in dealing with this individual, and with great deference and respect for my colleagues from Vermont and Maine, and certainly my chairman from Rhode Island, we have different States involved here and different State interpretations as to what is good and bad for the common welfare. We have the industrial development versus water development, waterfowl and wetlands, dredging disposal versus fishing—all of that sort of thing which we have been struggling with.

I wish to refer to an article concerning Mr. Dawson which appeared in the 4 December 1985 Wall Street Journal. I will not say that the Wall Street Journal represents a balanced point of view, but they have a very strong endorsement of Mr. Dawson, pointing out that under the Carter administration some really silly bureaucratic regulations were set into effect which were changed by the Reagan administration. Mr. Dawson has followed those without great detriment to the environment.

In fact, Mr. President, a recent Environmental Protection Agency report entitled "The National Water Quality Inventory"—quoting the Wall Street Journal—states that "significant progress has been made in the cleanup of the Nation's waters." There are a number of examples in the article to which I have referred. Some are silly classifications of wetlands, such as mountain meadows coming under wetlands and thus under regulatory review.

I have assurances from Mr. Dawson that he will care, as all of us do in Alabama, about the wetlands, about the concerns and those questions raised this morning, with which I empathize.

Mr. President, I ask unanimous consent that the article to which I refer be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE WETLANDS BOG

Environmentalist zealots and some Democratic Senators have mounted a vehement campaign to block Senate confirmation

today of Robert Dawson as head of the Army Corps of Engineers. The critics are not challenging Mr. Dawson's credentials. Their attack is really against the Reagan administration's efforts to ease needlessly stringent and intrusive environmental regulations.

The charges against Mr. Dawson mainly involve the administration's "wetlands" policies. Wetlands legislation began as an effort to protect marine wildlife in coastal marshes and the like. But when the law came out of the legislative mill, it was truly amazing how much U.S. territory could be classified as "wetlands." Even mountain meadows came under regulatory purview. The Corps of Engineers oversees issuance of "dredging and filling" permits for such areas.

The Carter administration's Naderites used this statute to stymie private development and even improvements by local governments. In one remarkable case, homeowners in mountainous Gunnison County, Colo., did some emergency digging to divert spring floods. Federal bureaucrats thought it unreasonable that the homeowners had not let their homes be swept away so as to comply with the law requiring them to first obtain a "wetlands" permit.

President Reagan's Task Force on Regulatory Relief cited the broad scope of wetlands regulation as one of the worst examples of foolish federal red tape. As deputy assistant secretary of the army and later as acting assistant secretary of the army for civil works, Mr. Dawson has worked to eliminate such bureaucratic silliness. By all sensible accounts, he has done a good job. The "environment" has not suffered noticeably. A recent Environmental Protection Agency report, titled the "National Water Quality Inventory," says "significant progress has been made in the cleanup of the nation's waters."

The "Dump Dawson" movement is a reflection of the broader agenda of some political types who have chosen to carry environmentalism as a banner. No friends of private development, they would like to see more, not less, governmental red tape. They are entitled to espouse that view, but usually they prefer to be less forthright, since few voters agree with that part of their theology.

The attack on Mr. Dawson is neither fair nor honest. We hope the Senate will confirm him and demonstrate that the "environmentalist" banner is not always a magic wand for getting what you want.

Mr. TRIBLE. Mr. President, I rise in support of the nomination of Robert K. Dawson to be Assistant Secretary of the Army for Civil Works. As Deputy and Acting Assistant Secretary of the Army, Bob Dawson has provided dedicated and responsible management of an increasingly complex organization.

Mr. Dawson and I have worked together in forming a response to the flood problems in Virginia. I have found him to be knowledgeable, caring, and very responsive.

Bob Dawson has an excellent record of public service at the Department of the Army and as a staff member in the U.S. Congress. He has demonstrated leadership and a commitment to effective management of the Army's Civil Works Program and to the philosophy and policies of the President.

This is where the controversy regarding the nomination of Bob Dawson arises. It would be unjust to deny a capable public servant like Bob Dawson an opportunity to serve this Nation and this President because Senators have a philosophical disagreement with the goals of this administration. I endorse Bob Dawson because I believe that he has the leadership and administrative abilities, and the dedication, to serve our Nation well.

Mr. Dawson has shown that he has the creativity and long-range vision needed to make complicated programs run more efficiently and effectively. His efforts are improving the conservation of our valuable natural resources.

Moreover, Mr. Dawson has implemented measures intended to streamline and simplify overly complicated administrative programs, and to introduce reasonableness and predictability to the Army's regulatory process. He has successfully lifted unnecessary regulatory burdens without damaging our valuable natural resources. He has allowed responsible development to move forward while simultaneously finding ways to improve our Nation's environment.

Bob Dawson has the requisite experience and background to oversee all aspects of the Department of Civil Works. Just one example of the many positive reforms implemented by Bob Dawson is a cost-sharing and user charge program which will help defray the cost of projects which benefit certain segments of our society. These reforms have a positive impact on environmental regulation, and restrain Federal spending. We should develop ways to encourage private sector involvement in addressing environmental problems. Bob Dawson is doing just that.

Despite the criticisms I've heard about Mr. Dawson's administration of the 404 program, the facts are that permits are more difficult to obtain as a result of the Corps' policy of requiring adequate environmental mitigation and permit denials have actually increased during Bob Dawson's tenure.

I believe that Mr. Dawson's efforts to require private developers to compensate for environmental impacts through mitigation are precisely the creative approaches to conserving our resources we must encourage. These policies set positive precedents. They result in an increase in the quality and quantity of our Nation's wetlands while simultaneously fostering job creation and economic growth. Moreover, it's not the Government funding these wetland improvements—it's the private sector.

One instance where the Corps has furthered this sensible mitigation policy is a carefully conditioned permit to build a shopping mall on a low-quality wetland in Attleboro, MA. In the course of criticizing Bob Dawson's work to reform 404, some have criticized this project as well. I believe that the criticism of this particular project is unfair and shortsighted when one considers the positive precedent that is being created by the high standards of performance imposed upon the developer by the conditions of the permit in question. The Attleboro case is a prime example of how economic benefits and environmental improvements can occur simultaneously.

This summer, the Corps of Engineers granted the Attleboro developer a conditional permit to fill 26 acres of low-quality wetlands for development. Among the permit conditions is a requirement that 26 acres of poor wetlands at the site be enhanced through replantings, hydrological improvements and other remedial measures. In addition, the developers are required to create a new, high quality wetland of approximately 40 acres at the nearby site of an abandoned gravel pit. As a result of this project, not only will 3,000 jobs and economic growth be created, but 65 acres of very high quality, diversified, functional wetlands will be created where 49 acres of dysfunctional, rubbish-ridden lowlands now exist. This is the type of positive environmental precedent that I support, and which we all should encourage.

These are the kinds of positive approaches that Bob Dawson and the Corps are taking to sensibly protect and improve our wetland resources.

Bob Dawson has shown creative leadership at the Department of the Army. His dedication and integrity are unquestionable and I urge his confirmation.

Mr. COCHRAN. Mr. President, I rise in support of the confirmation of Mr. Robert Dawson as Assistant Secretary of the Army for Civil Works.

Bob Dawson is uniquely qualified for this position. He has been Acting Assistant Secretary of the Army for Civil Works since May of last year, and principal Deputy Assistant Secretary since May of 1981. Before that, he spent nearly 7 years with the House Committee on Public Works and Transportation, which has oversight responsibilities for the Army Corps of Engineers. He also worked as a legislative assistant to Representative JACK EDWARDS of Alabama, with primary responsibilities in the area of water resources.

In addition to the practical experience gained throughout his career, Bob possesses two key attributes—intelligence and integrity. His ability to understand the various parts of a complex water project and to reach a decision which takes into account the interests of all concerned parties has

earned him the respect of not only the members of the Army Corps of Engineers, but also the civilian organizations who sponsor these water projects. He has become known for being impartial in the decisionmaking process, keeping the needs of the Nation foremost in his mind.

The State of Mississippi is greatly dependent on both flood control and port projects. With the Gulf of Mexico on the south, the Mississippi River on the west, and the Tombigbee River to the east, waterborne transportation of agricultural products is critical. In addition, the prime agricultural land is subject to flooding without existing flood control projects. As a result, the Assistant Secretary of the Army for Civil Works is a key Federal official to the State. Bob Dawson's nomination is strongly supported by those citizens of Mississippi who deal with these water projects on a day-to-day basis.

It is apparent from the debate on this nomination that the real issue is not the individual concerned, but rather the environmental policies of this administration. Both the Director of the Office of Management and Budget and the Secretary of Defense have indicated that Bob Dawson is carrying out the overall objectives of his position, and each strongly supports his confirmation. Recent memorandums of agreement reflect real progress in the environmental area and bode well for the future. It has not been the habit of this body to "shoot the messenger" yet a failure to confirm Bob Dawson today would do just that.

Having known Bob for several years, I am proud to support his nomination as Assistant Secretary of the Army for Civil Works, and I urge my colleagues to confirm this nomination.

Mr. KERRY. Mr. President, I join with many of my colleagues today in expressing concern about the nomination of Robert Dawson to be Assistant Secretary of the Army for Civil Works. Mr. Dawson's record on implementation of the Nation's wetlands protection program compels me to join with these colleagues in opposing his confirmation.

In the nearly 5 years that Mr. Dawson has lead the Army Corps of Engineers permit program under section 404 of the Clean Water Act, he has made it abundantly clear that he does not view wetlands protection as an intent of that program. Mr. Dawson's reluctance to recognize congressional intent in the development of section 404 has manifested itself in several ways; in addition to avoiding enforcement of the 1977 Clean Water Act, he has repeatedly refused to cooperate with fellow agencies—in particular, the Department of Interior and the EPA—in their efforts to fulfill their responsibilities under the 404 Program. In addition, his proposals for regulatory change have drawn widespread opposition from State agencies across the country which have concerns regarding their impact on State programs and jurisdiction. Allowing Mr. Dawson to assume a position in which he would have expanded responsibilities for programs like this one and would have increased opportunities to decimate their usefulness, would be, I believe, a grave mistake.

Our Nation's wetlands, an important and significant natural resource, are being lost at an estimated 400,000 acres a year. Commercial fisheries and shellfisheries depend on estuarine wetland habitat as do recreational fisheries. Hundreds of millions of dollars are being lost each year in fisheries as a result of estuarine habitat losses. Wetlands also serve as important players in the improvement of water quality and in waste treatment. Through wetlands, important ground water sources are recharged as well.

In Massachusetts alone, wetlands support a highly productive fish and shellfish industry. In 1980 the harvest was worth nearly $200 million, with something approaching 90 percent of the species harvested being dependent, in part, on coastal wetlands. The Charles River basin wetlands have been valued highly in studies conducted by the Army Crops of Engineers itself as protection from flood and storm damage and for purposes of pollution reduction. In the eastern part of Massachusetts, wetlands play a particularly important role in ground water in recharge. I know that all across the country wetlands are of comparable importance. We cannot afford to jeopardize them by allowing the section 404 program to fall into disarray.

I would like to think that those of us concerned about appropriate protection for the Nation's wetlands could count on open and productive discussion of the issues with the head of the agency with primary program responsibility. Unfortunately, Mr. Dawson does not have a track record which leads me to believe that that will be the case. He has maintained, in the face of disagreement from Senators who authored the Clean Water Act of 1977, from the Justice Department of this administration, and from numerous others who have worked with the section 404 program, that Congress did not intend it to be a wetlands protection mechanism. Given the legislative history, such a position is, as the Justice Department put it succinctly, "simply untenable." Certainly it does not reflect a willingness on Mr. Dawson's part to implement a reasonable wetlands program.

I would prefer not find myself in the position of opposing this Presidential nominee. But I also regret that this administration's dubious record for nominations for important positions of environmental stewardship, continues. And while I do not question Mr. Dawson's integrity or competence, I do feel that his unwillingness to implement congressional intent makes him ill equipped to exercise the important duties of this position.

Mr. LEVIN. Mr. President, the President is entitled to a certain positive presumption relative to his nominees, since he has the right to choose his own officers and advisers. I have tried to give that to Robert K. Dawson just as I would to any other nominee. He is, even by his opponents' statements, a person of honesty and competence. However, I have decided to vote against his confirmation based on my review of his excessively narrow interpretation of the Corps of Engineers' functions relative to protecting the ecological and environmental values as required by law.

Typical of this excessively narrow construction is his view of section 404 of the Clean Water Act which gives the Corps of Engineers responsibility to issue permits for the discharge of dredge or fill material into the waters of the United States. He has, in fact, taken the view that "Congress did not design section 404 to be a wetland protection mechanism." Some of the principal congressional leaders in enacting the clean water statute have stated to the contrary and have pointed out that the legislative history clearly shows that section 404 was aimed at correcting the "unregulated destruction" of wetlands areas within the jurisdiction of the corps.

(See the hearings before the Subcommittee on Environmental Pollution of the Committee on Environment and Public Works, June 10, 1985.)

Senator Baker put it this way during Senate debate in 1977:

> As you know, wetlands are a priceless, multiuse resource. They perform the following services:
>
> Second, spawning and nursery areas for commercial and sports fish;
>
> Third, natural treatment of waterborne and airborne pollutants;
>
> Fourth, recharge of ground water for water supply;
>
> Fifth, natural protection from floods and storms; and
>
> Sixth, essential nesting and wintering areas for waterfowl.
>
> We should be mindful of the fact that when these areas are polluted out of existence, we will have lost the very valuable free service of nature; and if toxic-laden dredged or fill material is discharged into wetlands, we risk poisoning the very foundation of our aquatic system.

And in the case of *Avoyelles Sportsmen's League, Inc.* v. *Marsh* (715 F.2d 897 1983), the U.S. Court of Appeals, Fifth Circuit, found that:

> In fact, Congress repeatedly recognized the importance of protecting wetlands if the nation was to realize the statutory goal of

restoring the chemical and biological integrity of the nation's waters.

How, then, does Mr. Dawson explain his view that "Congress did not design section 404 to be a wetland protection mechanism"? In a letter to me dated December 2, 1985, he stated:

There are two major features of the Clean Water Act which led me to state months ago that the Congress did not originally design the Clean Water Act to be a wetland protection mechanism. First, most of the current wetland losses-80 to 90% by estimate of the Congressional Office of Technology Assessment-occur outside the scope of the Clean Water Act. Most of those losses are due to agricultural drainage and other actions which are not controlled by Section 404. Even an outright ban on all Section 404 activity or denial of every permit applied for would not significantly reduce the losses of wetlands. Until this reality is faced, it is unfortunately doubtful that true wetland protection measures will be developed.

This relates to the second reason for my statement. When Section 404 was adopted in 1972, wetlands were not mentioned. In response to judicial rulings the Corps expanded its program to include coastal wetlands and ultimately to include isolated interior wetlands. The idea of wetland regulation was endorsed in the 1977 Clean Water Act Amendments, but the Amendments did not prohibit discharges into wetlands. Rather, they continued the program then in effect which provides for a regulatory program which, under certain circumstances, allows wetlands to be filled. It is our judgment and it has been our experience that the regulatory program as designed by the Congress and implemented through the Environmental Protection Agency's 404(b)(1) Guidelines will prevent filling of some, but not all, wetlands. If the law were intended to preserve wetlands rather than to regulate them, the prohibitions of the statute would have to be strict. Wetland values, however, are recognized by the program as having great importance. Corps regulations applied to every single permit application require the value of wetlands to be given significant weight.

I find that explanation unacceptable and disturbing. Mr. Dawson believes that if the law were intended to preserve wetlands rather than to regulate them, then prohibitions in the statute would have to be strict.

Mr. Dawson's distinction is erroneous. We preserve certain values all the time by regulating actions relative to them or which threaten their existence. We preserve air quality by regulating auto emissions even though we do not prohibit those emissions or even prohibit totally the presence of substances in them which are deleterious to air quality. We help preserve our national parks by regulating where people can camp even though we do not prohibit camping altogether. Mr. Dawson's interpretation of section 404 reflects an unbalanced perspective of the corps's functions. The purpose of the Clean Water Act, according to the Government's own brief in U.S.A. versus Riverside Bayview Homes, is to "promote and maintain the integrity of the Nation's waters by controlling pollutant discharges at their source." And the regulatory assertion of jurisdiction by the corps is stated in that brief to be "to insure that the critical ecological functions performed by wetlands are not unnecessarily destroyed." Is "preventing unnecessary destruction" protection? Or would one have to prevent any destruction in order to achieve the goal of protection? Do we protect ourselves from injury by putting on seat belts when we drive, or must we stop driving in order to say we are protecting ourselves? The answer is obvious, and I am afraid Mr. Dawson's approach is unbalanced and not in keeping with congressional intent or with court interpretation. If he is confirmed, I surely wish him the best—but I cannot consent to his confirmation.

Mr. DANFORTH. Mr. President, the controversy about the pending nomination centers generally on the protection of our Nation's wetlands and more particularly on the administration of section 404 of the Clean Water Act by the Corps of Engineers under Mr. Dawson's direction.

Section 404 requires permits to be issued prior to the discharge of dredged or fill material in the Nation's waters. In Missouri, the Department of Conservation—an independently financed, nonpartisan agency—plays an active role in the permitting process. The longtime director of the department, Larry R. Gale, discussed that experience in a letter earlier this year to Senator CHAFEE. He expressed serious concerns.

For example, Mr. Gale said that riparian wetlands have been defined too narrowly, reducing the amount of protection afforded to bottomland hardwoods in Missouri. He also said that too often the corps allows fill material to be defined as waste, which is not regulated under section 404, with adverse results for the environment:

Bottomland hardwood clearing that results in "waste" trees and other material placed in stream channels and 'de minimus" fill in wetlands is deleterious to water quality and the biological integrity of the nation's waters, regardless of definition. By using the correct terminology, a person can escape Corps' regulation, convert wetlands to other uses, and channelize streams. . . . We have documented the direct loss of 2,227 miles of stream channel to this activity with a corresponding loss of water quality and aquatic life.

Finally, Gale said that the corps has not been cooperative in requiring restoration or mitigation of areas where illegal activities have occurred:

Corps enforcement on these matters has been lenient and issues have been allowed to become protracted. As the months and, in some cases, years drag by, wetland and channel losses become irrecoverable.

Mr. President, I am not going to oppose the Dawson nomination. I believe that Presidential nominees should be judged on their competence and integrity, and no one has challenged Mr. Dawson on those grounds. Except in extreme circumstances, the President is entitled to have the advisers of his choice. However, I also believe that preservation of the Nation's rapidly dwindling wetlands is a matter of serious concern, and I would not want this vote to be interpreted otherwise.

Mr. President, I ask unanimous consent that the text of the letter from Larry R. Gale to Senator CHAFEE appear in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MISSOURI DEPARTMENT
OF CONSERVATION,
Jefferson City, MO, May 30, 1985.

Hon. JOHN H. CHAFEE,
U.S. Senate, Dirksen Office Building, Washington, DC.

DEAR SENATOR CHAFEE: The International Association of Fish and Wildlife Agencies called our attention to your oversight hearings on Section 404 of the Clean Water Act. The Missouri Department of Conservation has sought to maintain aquatic and wetland habitat quality through the Corps of Engineers' Regulatory Functions Program for over nine years. Perhaps our experiences would be of interest.

The Corps of Engineers' Regulatory Functions Program in Missouri is administered by five District and four Division offices. Four of our Department professionals coordinate both Section 404 and civil works issues, plus maintain close working contact with the Environmental Protection Agency and the U.S. Fish and Wildlife Service. We also cooperate with the Missouri Department of Natural Resources, the State Clean Water and Section 401 authority. The close working relationship established between the reviewing agencies in Missouri has been largely responsible for those cases where wetland protection has been attained under Section 404.

In numerous instancs where wetland protection has been less than desirable, a common denominator has been the Corps' inability to take jurisdiction over activities impacting wetlands and water quality. Frequently this inability stems from the definitions established by federal rule to guide the Corps' actions. Missouri's wetland resources are principally bottomland hardwoods adjacent to streams and rivers. Except for headwater streams, the Corps has taken jurisdiction over most activities involving dredge or fill in stream and river channels. The adjacent riparian wetlands have unfortunately not always met the Corps' wetland definition. We find it frustrating that this issue persists in Missouri in spite of the *Avoyelles* v. *Alexander* ruling in Louisiana.

A second jurisdictional problem concerns the definition of fill in wetlands. This issue involves the semantics of "fill" versus "waste"; the former is regulated under Corps interpretation, the latter is not. The impact on wetland values and the intent of Congress seems to have been ignored. Bottomland hardwood clearing that results in "waste" trees and other material placed in stream channels and "de-minimus" fill in wetlands is deleterious to water quality and the biological integrity of the nation's waters, regardless of definition. By using the correct terminology, a person can escape

Corps regulation, convert wetlands to other uses, and channelize streams.

The issue of stream channelization is of particular concern to us. We have documented the direct loss of 2,227 miles of stream channel to this activity with a corresponding loss of water quality and aquatic life. Although this activity is contrary to the goals of the Clean Water Act, we have had difficulty with the federal agencies taking jurisdiction because of the definitional problems described above. While the issue is argued, more miles of stream channel and adjacent wetlands have been lost and tons of sediment have degraded the nation's waters.

Our problems with Section 404 administration is not limited to definition restrictions. Missouri has 38,000 miles of head water streams covered by a nationwide 404 permit. These streams are extraordinarily important to the aquatic health of receiving waters, yet requests for District Engineers to take discretionary authority over fill activities in headwaters have routinely been denied. We have been informed that discretionary authority would likely not be granted in any after-the-fact activity. This experience and state concerns for cumulative impacts to valuable headwater ecosystems lead to the recent denial of Section 401 certification of this nationwide permit.

The State of Missouri through the Department of Natural Resources elected to deny 15 nationwide permits during the Corps last rule-making effort. These denials are not permanent positions for 13 permits, but rather are aimed at securing regional conditions to assure wetland protection. The state will maintain denial for 330.5(a)(21) and (23), the nationwide permits covering surface mining and federally funded activities. This effort has been frustrated by differences between Corps Districts. The Corps has used, and threatens to continue to use, Paragraph 330.9 of their Rules to either force the Department of Natural Resources to either create a de facto permit program through the individual certification of nationwide permit requests or withdraw their denials. Congress provided a state option for assuming Section 404 regulation, but did not intend to penalize a state with program administration for denying unacceptable nationwide permits.

The Corps seems to place a high priority on speed in processing. Indeed, in a recent coordination meeting, a high level Corps official stated that the goals of the Act were being achieved because internal deadlines for granting permits were being met. Speed in processing should be a consideration, but the real priority should be protection of water quality. To date, the commenting agencies in Missouri have been working under a 21-day comment period with few problems on most before-the-fact applications. This is not the case in after-the-fact applications where our efforts center on restoration and/or mitigation to recover resource values. Corps enforcement on these matters has been lenient and issues have been allowed to become protracted. As the months and, in some cases, years drag by, wetland and channel losses become irrecoverable.

We do not suggest a radical fix for correcting these problems. Rather, clarification of goals, definitions and federal responsibilities could go a long way to resolve these matters. Since agencies changed with improving the Section 404 wetland definition have had problems doing so, the U.S. Fish and Wildlife Service expertise should be employed to both establish the definition and mediate wetland jurisdictional calls. We also recommend that any definition employed by the agencies critically and objectively consider impacts to wetland functions. The Section 404(b)(1) Guidelines are supposed to add this measure of objectivity, but in our estimation they fall short of the mark. The U.S. Fish and Wildlife Service and our Department have developed considerable expertise in objectively assessing wetland and aquatic habitat conditions. Since wildlife is considered an environmental barometer and is an important component of the biological aspect of water quality under the Act, perhaps this expertise could be brought to bear in determining wetland impacts.

Presently, some landowners choose to ignore the Corps' permit program and proceed with their activities. To date, the record with after-the-fact permits would seemingly support those actions. Fortunately, few elect to do so, but those that do seemingly create much environmental damage. This situation could be vastly improved by mandating swift due process for violators. The Corps alleges that the federal judicial system is to blame. Development of administrative law capability for the Regulatory Program may be a means for reversing the serious losses caused by protracted after-the-fact permit resolution. The Corps could greatly improve matters by increasing their surveillance and enforcement efforts, plus undertaking a program of informing and educating the public.

Finally, we frequently hear that "Section 404 is not a wetland protection measure." We concede that technically Section 404 reads as a dredge or fill regulation. However, the position that many state concerns are covered by Section 402 and thus subject to state administration appears to be bureaucratic buck passing. If the wetland definition issue could be resolved, many of these issues could clearly fall under Section 404. It has been presumed by many that Congress intended a wetland protection law in Section 404. Perhaps a clarification of that goal is in order.

In summary, we find that Section 404 is not providing full wetland protection in Missouri principally because of restrictive jurisdictional determinations and little to no resolution of after-the-fact violations. We trust this resume of our experiences and observation will be of value of your deliberations. The opportunity to share these concerns and suggested remedies for your consideration is appreciated.

Sincerely,

LARRY R. GALE,
Director.

Mrs. KASSEBAUM. Mr. President, I should like to take just a moment to express my thoughts on the nomination of Mr. Robert Dawson to be Assistant Secretary of the Army.

I will begin by making it clear that I do plan to support Mr. Dawson's nomination. It is my belief that the President should be able to choose his own staff. Naturally, as he has done in this case, the President will select individuals whose views closely reflect his own. In addition, when considering a nominee I place a great deal of weight on the recommendation of the committee which has jurisdiction over the nomination. Mr. Dawson's nomination was favorably reported by the Committee on Armed Services by a vote of 13 to 1, with five members voting present.

Mr. Dawson should know, however, that I share many of the policy-related concerns which have been so ably expressed by a number of my colleagues. I emphasize, again, that these are considerations of policy, not of qualification, as I feel quite strongly that Mr. Dawson's extensive experience has more than prepared him for this position.

I do not believe it is appropriate to oppose a nominee because his actions reflect the administration's views, but I do feel it is the Senate's obligation to provide guidance to these individuals. The guidance I will offer Mr. Dawson is to reemphasize the concern of so many Senators about his wetlands policy, particularly as it relates to the Army Corps of Engineers duty to aid in the protection of these sensitive areas under section 404 of the Clean Water Act. We must remember that wetlands are an important element in natural flood and erosion control, and are vital to our water supply and the preservation of fisheries, various species of waterfowl and other plant and animal life. We all have an obligation to work to preserve the remaining wetlands in our country.

Mr. WILSON. Mr. President, I rise today to support Robert Dawson's nomination to be the Assistant Secretary of the Army for Civil Works. I support Mr. Dawson's confirmation because in the time that he has been the Acting Assistant Secretary, Bob has been an effective, responsible, and able administrator.

It is obvious from the debate at hand that the responsibilities of the Assistant Secretary of the Army for Civil Works touch many controversial areas. In particular, water development policy often generates disputes that continue long after the ultimate policy decisions have been made. Given the nature of the civil works operation, it is essential to have an administrator with unquestioned and uncompromised integrity. The next Assistant Secretary must be a tough negotiator with the utmost honesty and fairness.

Mr. Dawson has demonstrated his abilities as a tough and fair administrator through his efforts to resolve cost-sharing issues and user fee requirements with regard to new water resources project authorizations. Further, Mr. Dawson has illustrated his willingness to resolve controversial matters as he has responded to many California concerns. There are critics of Bob Dawson in my State, but it is my sense that he has been conscientious and fair in his efforts to effect positive policy solutions; and in fact most of the criticism directed at him has come from the development community who have complained that he

has been too tough in his administration of permit requirements.

Mr. President, it is rare that the Members of this body unanimously agree on a significant policy matter. While there is great debate regarding various policy matters within the Assistant Secretary's jurisdiction, there is no debate that the integrity of the next Assistant Secretary of the Army for Civil Works must be unquestioned. I have read a great deal regarding disputes over policy decisions during Mr. Dawson's tenure as Acting Assistant Secretary; however, my colleagues on both sides of the issue have indicated that they "Do not question Mr. Dawson's character or integrity."

Therefore, because of Bob Dawson's proven record of integrity and character and because his experience will enable him to ably serve as the Assistant Secretary of the Army for Civil Works, I am supporting his nomination. For these reasons, I urge my colleagues to join me in support of Bob Dawson's confirmation.

Mr. MURKOWSKI. Mr. President, I rise in support of the nomination of Robert K. Dawson to be Assistant Secretary of the Army for Civil Works.

Bob Dawson has been acting in this capacity for quite some time. During his tenure he has actively pursued the administration's policies of regulatory reform and, at the same time has maintained environmental protections in the 404 Program.

Opponents charge that Mr. Dawson has implemented "questionable" reforms in the name of regulatory reform. Yes, changes have been made. However, regulatory reform does not mean regulatory relaxation as opponents to this nomination would have us believe.

Opponents contend that Mr. Dawson has dismantled the environmental component of the regulatory program. This is simply not true, and Mr. Dawson has responded in detail to these accusations during four oversight hearings in 5 months.

As a matter of fact, since regulatory reform was initiated: More permits are being denied than ever before; more mitigation is being required; environmental controls have been expanded; and there is now decreased decision time, more public confidence in the program, and better voluntary compliance.

In addition, Mr. Dawson has given the public more certainty in the 404 permitting program. Guidelines and deadlines have been set to streamline the process. In the past, implementation of the 404 Program has resulted in unnecessary delay, controversy, and waste of resources. Excess bureaucracy does not contribute to protecting the environment, it simply wastes the energies and resources of the public and the agencies.

Reducing the bureaucratic burden is the purpose of the Presidential Task Force on Regulatory Reform. Mr. Dawson has been instrumental in carrying out a number of regulatory reforms proposed by the task force. Review time for permit applications and the complexity of the program have been reduced during Dawson's tenure, both as Deputy Assistant Secretary and as Acting Assistant Secretary. He has done this without harmful impact on the environment and, in fact, has expanded the corps' jurisdiction in the area of headwaters, isolated waters, and wetlands.

It must be noted that the 404 Program has only a minor impact in wetland preservation, because 80 to 90 percent of the wetlands lost annually do not fall under the statuatory framework of the 404 Program. True wetland protection would require additional legislation, which Mr. Dawson has already indicated he would support.

In Alaska, we have been battling over regulation of log transfer facilities for well over 3 years. We faced a situation where both the EPA and the corps had nearly indentical requirements in their log transfer facility permits. The Corps of Engineers under Mr. Dawson has finally agreed to a memorandum of understanding with the EPA which eliminates excess regulation, and maintains 404 environmental protection requirements. This is just one example of how regulatory reform can work without undermining the 404 Program and its environmental protections.

Bob Dawson is highly qualified for this position. He has worked with the corps for well over 10 years in both Democratic and Republican administrations. Prior to this he spent 9 years working in the U.S. House of Representatives. During his tenure working for the U.S. Government, he has proven himself to be extremely knowledgeable, responsive, and a strong leader.

A true professional, leader, and expert in the field of civil works, Mr. Dawson merits the full support of this body for the nomination of Assistant Secretary of the Army for Civil Works and I urge my colleagues to vote yes.

Mr. DURENBERGER. Mr. President, I rise today to oppose the nomination of Robert Dawson to be Assistant Secretary of the Army for Civil Works.

I do not often oppose a nominee of the President. It is my view that the President has the right to select the individuals who shall serve in the executive branch and assist the President in carrying out his duties. In offering its consent to a nominee, the Senate should generally keep to questions of the integrity and qualifications of the nominee for the post he or she is to assume. Considerations of policy and political philosophy should not be part of the nominations process here in the Senate.

But the nomination of Robert Dawson to be Assistant Secretary of the Army is the unusual case. There is no doubt that Mr. Dawson has the necessary qualifications for the position. He has been acting in that position for some time and was the Deputy Assistant Secretary from the beginning of the Reagan administration. In addition, he served here on Capitol Hill on the House side in a capacity that would make him familiar with the duties and obligations for the position to which he has been named.

I have personally had the pleasure of working closely with him in an attempt to advance a number of water resource development projects important to the State of Minnesota. Examples include the Rochester, Basset Creek, Chaska, and Mankato Flood Control projects, the Upper Mississippi River Master Plan, the connecting channels on the Upper Great Lakes and the thorny issue of St. Lawerence Seaway tolls. It was those opportunities to work with Mr. Dawson which led me to the conclusion that he is well qualified for the position and a man of sound personal integrity. And if his activities in water resource development areas were the only question before the Senate, he would be confirmed without dissent.

But Mr. Dawson's responsibilities include wetlands protection as well as water resource development, and those of us who oppose his nomination today do so because he refuses to recognize that fact. He should know better.

It is just because Mr. Dawson has long been associated with the duties and responsibilities that he will assume, if confirmed as the Assistant Secretary, that this nomination is being opposed here in the Senate. He has made clear by his actions over many months, indeed years, the approach he will take to the job as the chief administrative officer of the Corps of Engineers. And it is clear to many of us that the Dawson approach to the job is not consistent with the policies, particularly the policies for wetlands protection, that have been established by the Congress.

The Senator from Rhode Island, Mr. CHAFEE, who chairs the subcommittee with jurisdiction over the wetlands protection law, has held four oversight hearings on implementation of that law. And Mr. Dawson has appeared as a part of those hearing on many occasions. Mr. CHAFEE, and the Chairman of the Committee on Environment and Public Works, Senator STAFFORD, have been compelled to read the legislative history of the Clean Water Act to Mr. Dawson to make clear to him the intent of the Congress with regard to

section 404. The hearings have also been used to restate the views of Jim Watt, Bill Clark, Bill Ruckelshaus, and Ray Arnett, all of whom at one time or another felt it their duty to point out in forceful terms to Mr. Dawson that the Corps of Engineers was failing to carry out the will of the Congress under the law of the land to protect our valuable wetland resources.

But it is fair from the record to conclude that none of this instruction has had an effect on Mr. Dawson's understanding of the duties and responsibilities of the Assistant Secretary of the Army for Civil Works as the principal agent for implementing section 404 of the Clean Water Act. Mr. Dawson, despite hearing the record read to him from the dais at a Senate hearing refuses to acknowledge that Congress intended to protect wetlands through section 404. And perhaps, refuses to acknowledge that it is the Congress, and not the executive branch, which is assigned in our system of government with the responsibility to make policy. It is not for Mr. Dawson to judge whether section 404 is well-suited as a mechanism to protect wetlands. It may or may not be. But that is for the Congress to determine. It is only for Mr. Dawson to execute, faithfully execute, the policies established by the Congress in this matter.

Mr. Dawson has made it clear through his words and his actions that he is not inclined to faithfully execute the policies established by the Congress, if Senate confirmation should hinge on any question, it is that one. I, therefore, believe that it is the duty of the Senate under our system of government to refuse to give consent to the nomination of Mr. Dawson to be Assistant Secretary of the Army for Civil Works.

Mr. MATTINGLY. Mr. President, I rise today to speak in favor of the confirmation of Mr. Robert K. Dawson to the position of Assistant Secretary of the Army for Civil Works, and I strongly urge my colleagues to give their consent to this most qualified individual. Bob Dawson has proven over a long period of time that he is a capable, conscientious professional who has performed in a long series of positions in a most admirable manner.

Now, let me assure my colleagues who have expressed their disapproval of Mr. Dawson's nomination, that I share their concerns about the importance of preserving the valuable natural resources of our country. And I will not condone any policy which endangers our vital wetland resources.

On the other hand, I remind my friends that our constitutional form of government attempts to establish a balance between the wishes of the executive branch, reaction of Congress to those wishes, and the final arbitration and interpretation of the judiciary. As a member of the executive branch, Bob Dawson does not deserve to be condemned for his diligence in attempting to carry forward President Reagan's agenda of regulatory reform and simplification * * * that is his job. In fact, even if we were to reject this particular nomination, the President would simply select another individual—who might not be as well qualified in background, training and ability—to attempt to carry forward the same executive branch policy goals.

I would suggest to my colleagues that we will be much better served by approving the nomination of Bob Dawson, who has demonstrated that he is not only capable, but also that he is open-minded and will at least attempt to reach mutually acceptable solutions to competing interests. He has shown that he is not the type of individual who will overtly, or covertly, attempt to circumvent the will of the legislative branch once we have officially taken a clear position on a subject. Should we disapprove of every nominee who indicates that he or she will use existing statutes, or seek to have changes made in current law, which will in that person's best judgment make improvements in the way his or her particular office functions and interacts with the regulated community?

Mr. President, I can vote for confirmation today for two reasons: as I have indicated, Bob Dawson has the training, background, and proven capability to handle the detailed, technical, managerial requirements of the job; and second, as a Member of this body familiar with the esteemed chairman of the Committee on Environment and Public Works and the vigorous and effective manner in which he and the other members of the committee pursue their defense of our environmental treasures, I know that I and our fellow Americans can rest secure in the knowledge that the committee will exercise its oversight to provide the necessary balances envisioned by our Founding Fathers.

In my opinion, Mr. Dawson is possessed of all the attributes required for confirmation to this post. Should his advocacy of regulatory changes in the future run contrary to the will of Congress, I am confident that our oversight responsibilities will lead us to swiftly react to correct the condition. I urge the Senate confirm this nomination.

Mr. WEICKER. Mr. President, today I supported Mr. Dawson's nomination to be Assistant Secretary of the Army for Civil Works, however, I would like to share some thoughts about the duties upon which he is about to officially embark, with the advice and consent of the Senate.

There has been much dispute over Mr. Dawson's previous handling of the Clean Water Act's section 404 Program, and I will not get involved in that debate at this point. I do want to point out that the conservation of our wetlands should be one of this Nation's highest priorities. These areas play a critical role in the survival of many species of fish, wildlife, and shellfish. They also play an important role in improving water quality, performing waste treatment, reducing the effects of floods and storms, and recharging underground water systems. Even so, nearly 60 percent of our wetlands have been destroyed, and the destruction continues at the rate of 300,000 acres per year.

Section 404 of the Clean Water Act clearly includes wetlands protection, and to interpret it in any other way ignores 8 years of legislative history. I would like to emphasize to Mr. Dawson that he is required to administrate and enforce the law as Congress intended, even if he disagrees with it. We in Congress will be following the activities of the Assistant Secretary very closely to assure that the law is enforced, and that the valuable resources contained in our wetlands are preserved. Thank you, Mr. President.

Mr. COHEN. Mr. President, as we consider the nomination of Robert K. Dawson to be Assistant Secretary of the Army for Civil Works, I wish to address the very important issue of wetlands protection, which is crucial to the preservation of the ecological diversity or our environment in the future.

The millions of acres of wetlands which exist in this Nation, from coastal estuaries, to prairie "potholes," marshes, and river and stream habitats, serve an enormously important purpose in their support of many diverse species of flora and fauna. Because they produce an abundance of microbes, plants, and insects, wetlands support the life cycles of valuable fish, shellfish, birds, and animals. Estimates of the value of commercial and recreational fishing supported by wetlands go as high as $12 billion a year.

In addition, the existence of wetlands helps replenish ground water supplies, filter out naturally occurring toxic pollutants, and provide natural flood control. It is obvious, then, that the preservation of these unique ecosystems should be of concern to the Federal Government. The continued protection of our wetlands is essential if environmental benefits are to be realized.

The Office of Technology Assessment has estimated that over 100,000 acres of wetlands are lost each year due to the dredge-and-fill activities regulated by the Army Corps of Engineers under section 404 of the Clean Water Act. Other unregulated activities account for an additional wetlands loss of 200,000 acres a year. Over the past 200 years, this country has seen

the disappearance of 50 percent of wetlands in the lower 48 States. The pressure is intense to utilize wetlands for development purposes, and it is in our best interest to control such development where possible and reasonable.

The section 404 wetlands permitting program gives us just such an opportunity for protection. It is the single most important tool available for restricting wetlands development, and I believe it should be utilized in such a manner by the corps. With the continuing disappearance of these valuable lands, it is crucial that we attend to the issue of adequate wetlands protection.

It is my hope that Mr. Dawson will read carefully the clear signals being sent him by Members of the Senate and work with the appropriate committees to achieve continued protection of our endangered wetlands. The tool of control is available to him, and I encourage him to take full advantage of it as Assistant Secretary of the Army for Civil Works.

Mr. RIEGLE. Mr. President, I rise today to join in the opposition to the nomination of Robert Dawson as Assistant Secretary of the Army for Civil Works. I do not doubt my colleagues who point out that Mr. Dawson is a man of good character, but the record shows that he has refused to administer the Wetlands Protection Program created in section 404 as Congress intended. We need to send a message to the Army Corps of Engineers and to the administration that we disagree strongly with the wetlands policy and will not tolerate this blatant disregard of Federal law as created by Congress and upheld time and again by the Supreme Court.

The price of ignoring the need to protect wetlands in this country is very high. Several of our colleagues have outlined the problems of wetland destruction and its impact on the environment and the economy. My own State of Michigan has 3.2 million acres of wetlands. But we have lost 71 percent of our wetlands and we cannot afford to continue to lose these acres that are so important to wildlife, waterfowl, and fish populations.

Decisions that affect the precarious balance between people and the environment—and the need to preserve and protect our valuable natural resources—are far too important to place in the hands of someone whose commitment to stewardship is under serious question.

Mr. KENNEDY. Mr. President, I fully understand—and I share—the concerns of so many Americans about the importance of protecting and preserving our Nation's wetlands, and I yield to no one in my strong belief that section 404 of the Clean Water Act should be fully and aggressively implemented by the agencies of Government charged by statute to perform that duty. I believe that Congress' intent when it passed that legislation is clear. The Supreme Court has been similarly clear in requiring Federal officials to enforce those Federal statutes that fall within their jurisdiction—as section 404 does within Mr. Dawson's official responsibilities as Assistant Secretary of the Army (Civil Works).

I understand that Mr. Dawson's record with respect to full implementation of section 404 has not been satisfactory to many Senators, and I can see why that is so. But I also understand that his failures in this regard may not be personal in nature so much as they may be the product of an erroneous and shortsighted and misguided administration policy.

It is my hope that Mr. Dawson—in the performance of his duties as Assistant Secretary of the Army—will give full and complete consideration to these concerns in the future. These are not just my concerns or the concerns of those Senators who are casting their vote today in opposition to his nomination. Nor are they the narrow or extreme concerns of the many environmental groups who have worked so hard and so effectively against Mr. Dawson's nomination. But they are also the very real and very deep concerns of millions of American citizens who care about the future of one of this country's most important and most endangered and irreplaceable natural assets—our wetlands. And I daresay that these concerns are also shared by many Senators who, like me, plan to support Mr. Dawson's nomination today.

In my dealings with Mr. Dawson, I have impressed upon him my views with respect to the wetlands—as well as with respect to many other matters of some importance to the people of my State. I have found him to be accessible and interested and openminded. I hope he will continue with that kind of attitude, but I particularly hope that he will give full consideration to the legitimate concerns of so many of us that section 404 be fully and aggressively implemented.

I expect that Mr. Dawson will be confirmed today, and as I cast my vote in support of his confirmation, I must also relay the message to him that we will be watching very carefully—and monitoring very closely—the way in which section 404 of the Clean Water Act is administered and implemented in the future. And we will be doing this with the hope that Mr. Dawson will in fact recognize that our wetlands are an important and vital part of our environmental heritage and must not be lost to future generations of Americans.

Mr. BINGAMAN. Mr. President, I rise today to oppose the nomination of Robert Dawson as Assistant Secretary of the Army for Civil Works. The Senate floor debate today has clearly defined the two positions concerning Mr. Dawson. Those in favor of his nomination feel that the President has the right to nominate people of his choice for high office. They also feel that Mr. Dawson has simply carried out the programs and policies of the administration. Opponents of the nomination feel that Mr. Dawson's policies have hurt the environment.

I have considered both points of view and I feel I must agree with my colleagues who contend that Mr. Dawson, in his role as Deputy Assistant Secretary and as Acting Assistant Secretary, has furthered questionable policies of the administration. He has been accused of making changes under the guise of "regulatory reform" to the Clean Water Act's section 404 dredge and fill permit program. These actions have had an unfortunate impact on our Nation's wetlands. Section 404 requires permits from the U.S. Army Corps of Engineers for disposal of dredge of fill material into the waters of the United States. I must agree with the distinguished chairman of the Senate Environment Committee and others that this legislation intended that wetlands were to be included. Nevertheless, section 404 does not prohibit development in wetlands. Instead it allows the merits of proposed wetlands alterations to be reviewed, calling only on the corps to require alternatives or mitigation to minimize environmental damage.

WETLANDS—A VALUABLE RESOURCE

Wetlands are a tremendously valuable national resource. Their swamps, bogs, wet meadows, river bottoms, fresh and saltwater marshes, prairie potholes, and bottomland hardwoods are essential to fish and wildlife as spawning, feeding, breeding, and resting habitats. They also serve humans by reducing flood volume and thus flood damage; controlling local storm runoff; recharging ground water supplies; filtering pollutants and sediments from our water; controlling erosion and increasing fisheries. And they have valuable recreational, educational, and scientific uses.

Unfortunately we are losing much of this precious resource. In recent years nearly 50 percent of this country's wetlands have been lost. They are disappearing at a rate of 458,000 acres per year. One million acres of coastal marsh have been lost in just the last 20 years.

WETLANDS IN NEW MEXICO

Wetlands are not found just in coastal areas. They are important as well in States throughout the arid West, such as New Mexico.

Forty percent of New Mexico's wildlife depends upon riparian habitat for survival. The State's wetlands and playas are unique reservoirs of plant

and animal life, supporting recreational activities, such as fishing as well.

Like elsewhere, however, New Mexico's wetlands are already scarce and need protection. As a result, I feel strongly that we must make every effort to protect them.

Under Mr. Dawson's stewardship, first as Deputy Assistant Secretary and then Acting Assistant Secretary, the corps, at the administration's direction, has ignored its responsibility under the Clean Water Act to protect wetlands from drainage and development. This view has been expressed as well by the other two agencies that have a role in wetlands protection—the Environmental Protection Agency and the Interior Department. Respected national conservation and wildlife organizations such as the National Wildlife Federation, the National Audubon Society, and the Environmental Defense Fund, have also questioned the administration's wetlands policies.

It appears to me to be clear from Mr. Dawson's record that his continued administration of the 404 Program could lead to further wetland losses. The Nation simply cannot afford that. In the interest of protecting our critical, diminishing wetlands, I therefore intend to vote against his nomination.

I do not take this position lightly. I have met Bob Dawson and find him to be a likeable individual of strong character and integrity. I am sorry that, for whatever reason, he has pursued this antienvironmentalist course. But because of it, I feel I cannot support him.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. THURMOND. Mr. President, I yield 2 minutes to the Senator from West Virginia.

The PRESIDING OFFICER. The distinguished minority leader is recognized.

Mr. BYRD. Mr. President, I support confirmation of the nomination of Robert K. Dawson as Assistant Secretary of the Army for Civil Works.

I have known Mr. Dawson some time now. His initial assignment in the Office of the Assistant Secretary of the Army for Civil Works was as principal Deputy to the Assistant Secretary. The 3 years he served in this position have afforded him an excellent opportunity to become intimately familiar with the water resources program carried out by the Corps of Engineers. During this time, also, he has had the opportunity to become familiar with the corps' regulatory functions and to initiate many of the reforms desired by the President.

Since May 1984, he has been the Acting Assistant Secretary, and, in my view, he has performed this job in an exemplary manner. He has been fair, openminded, and understanding about the problems faced by navigation interests, those needing additional municipal and industrial water supplies, and, in particular with the victims of flood diasters. In my home State of West Virginia, he has taken a personal interest in an area devastated by floods in 1977 and 1984.

He has traveled to the Tug Fork area in the past, talked with the residents, and he has taken the time to observe the conditions under which they have had to live. As a result of his interest, and under his guidance, the corps is moving ahead with construction of levees and floodwalls, and with other measures to help.

Following our most recent flood, which devastated 29 counties, Mr. Dawson has gone to West Virginia at my request to ascertain what assistance the corps might lend.

He has been available and active in the resolution of problems. I am convinced that we should go forward with approval of his nomination as Assistant Secretary of the Army for Civil Works. He certainly supports the Corps of Engineers and the fine work it performs. Additionally, he knows better than most the professionalism and skill which the corps—military and civilian alike—must bring to bear on water resources development problems.

My State has many beautiful water courses and wetlands. We recognize the value of clean water for public health and good habitat for fish and wildlife resources. Hunting and fishing are major industries in my State. I believe Robert Dawson is managing the 404 Program in a way that balances the need to maintain high water quality standards and at the same time allows necessary development projects to proceed.

I urge my colleagues to join with me in leading support to Mr. Dawson's confirmation as Assistant Secretary of the Army for Civil Works. I am confident that he will continue his wise stewardship of our important resources.

ROBERT K. DAWSON, ASSISTANT SECRETARY OF THE ARMY FOR CIVIL WORKS

Mr. DOLE. Mr. President, Bob Dawson is not only respected throughout the executive branch, but he has also earned high marks by Members of this body and our colleagues in the House. Mr. Dawson has proven that he is an able administrator who has taken on some tough jobs in his various positions in Government.

I can understand some of the concerns expressed by my colleagues regarding Mr. Dawson's administration of section 404 of the Clean Water Act. I hope those concerns have been adequately addressed. In my judgment, Mr. Dawson has only implemented this administration's policies in the very important area of regulatory reform. If individuals have specific concerns about section 404, then perhaps it should be reviewed. However, it is not reason enough to hold up this nomination. Mr. Dawson, I am sure, is now rather mindful of the concerns expressed by Members of this body and will be conscious of them when making environmentally sensitive issues in his new capacity. Still, Mr. Dawson should not be penalized because he has done an effective job in carrying out the administration's policies.

In addition, after careful examination, the Committee on Armed Services, chaired by the able and distinguished senior Senator from Arizona, favorably reported Mr. Dawson's nomination. The committee invited the chairmen and ranking minority members of the Committee on Environment and Public Works and the Subcommittee on Environmental Pollution to participate in the confirmation hearing—and both chairmen did participate. All sides were heard.

The Army's Civil Works Program, which dates from 1824 and provides the Army and the Nation a dual capacity—nation building in times of peace and defense construction in times of conflict—is too important to be without a confirmed Assistant Secretary.

Mr. THURMOND. Mr. President, I would like to take 1 minute this morning to put this entire debate about Bob Dawson into perspective.

The bottom line is that some Senators do not like the administration's approach to the section 404 Corps of Engineers Program. Bob Dawson has had some responsibility for the administration of that program over the last 5 years. So this group of Senators is taking out their policy disagreements with President Reagan on the President's nominee.

The distinguished Senator from Rhode Island, who is leading the opposition to this nomination, said in his statement on Monday that his opposition had nothing to do with Mr. Dawson's character or his integrity. He said it had nothing to do with Mr. Dawson as an individual. I cannot imagine a clearer admission that this is a policy dispute.

Now the Senator from Rhode Island chairs the subcommittee that has jurisdiction over this section 404 Program. He has had four hearings in the last several months on the program. Mr. Dawson has changed his approach to the program, at least in part, as a result of these hearings. That is the way the policy oversight process should work in the Congress. But we should not say that Mr. Dawson is no longer fit for Government service because he and the Senator from Rhode Island disagree about the implementation of a Government program.

The Armed Services Committee has considered this nomination and by a virtually unanimous vote has reported Mr. Dawson favorably to the Senate. A

public servant as devoted and as competent as Mr. Dawson deserves the thanks of his country for being willing to serve, and I hope those thanks are offered today by an overwhelming vote in favor of his nomination.

Mr. President, I only want to say that Mr. Dawson was appointed by President Reagan. He was recommended by Secretary of Defense Weinberger, and he was also recommended by Secretary of the Army Mr. Marsh. He was approved by the Senate Armed Services Committee 13 to 1.

Since the start of the confirmation proceedings, the following Senators have spoken in his behalf: Senator JOHNSTON, of Louisiana; Senator DENTON, of Alabama; Senator WARNER, of Virginia; Senator GORTON, of Washington; Senator GOLDWATER, of Arizona, chairman of the Armed Services Committee; Senator WALLOP, of Wyoming; Senator HEFLIN, of Alabama; Senator STEVENS, of Alaska; Senator ARMSTRONG, of Colorado; Senator SYMMS, of Idaho, Senator BYRD, of West Virginia, and myself.

Mr. President, previously, on October 18, 24 Senators signed a letter urging that this nomination be brought up. I really do not feel there is any merit in the opposition here. The gentleman here, Mr. Dawson, has merely carried out the policies of this administration. If these policies are wrong, the way is to try to change those policies.

I think he is a man of integrity, a man of character, a man of ability, a man of dedication, and he should be confirmed.

Mr. CHAFEE. Mr. President, how much time have I left?

The PRESIDING OFFICER. The Chair is advised that the Senator from Rhode Island has 6 minutes remaining.

Mr. CHAFEE. Mr. President, I see we have an editorial here from the Wall Street Journal saying that everything is fine with Mr. Dawson. That reminds me of the statement that President Kennedy made. Having the Wall Street Journal endorse Mr. Dawson is like having Il Osservatore endorse the Pope. It is no surprise.

Mr. President, all who are opposed to the nomination of Mr. Dawson have spoken, I believe. How much time is remaining to the proponents, I ask the Chair?

The PRESIDING OFFICER (Mr. DENTON). There is no time remaining.

Mr. WARNER. Mr. President, I ask unanimous consent that I may proceed for a few minutes to respond to Mr. CHAFEE.

The PRESIDING OFFICER. The Senator from Rhode Island has 4 minutes.

Mr. WARNER. Will the Senator accept a question?

Mr. CHAFEE. No, Mr. President. The opponents have 4 minutes. The proponents have how much?

The PRESIDING OFFICER. There is no time for the proponents.

Mr. CHAFEE. If the Senator wishes to ask unanimous consent for a few minutes, I would have no objection to that.

Mr. WARNER. I do not think that would be appropriate. I thought he might want to yield for a question on his time.

Mr. CHAFEE. No; Mr. President, I find yielding for questions on my time is a dangerous business. I thought I might just conclude.

Mr. President, we have heard the arguments. I hope our colleagues have listened closely to the presentation. Those of us opposed to Mr. Dawson feel strongly that if the Members of the Senate are concerned about the wetlands of this Nation, they will vote no to the confirmation of Mr. Dawson.

We have been down this road before, Mr. President. We have dealt with Mr. Watt, we have dealt with Mrs. Gorsuch. I think this is another strong case along exactly the same lines. I urge my colleagues to vote no on the confirmation of Mr. Dawson for the betterment of the Nation's wildlife, for the betterment of our environment as a whole.

I yield back the remainder of my time, Mr. President.

Mr. President, the yeas and nays have been ordered, have they not?

Mr. THURMOND. Mr. President, I believe he has yielded back his time. All time has expired and we are ready to vote.

The PRESIDING OFFICER (Mr. KASTEN). All time has been yielded back.

Mr. THURMOND. And the yeas and nays have been ordered?

The PRESIDING OFFICER. That is correct.

Mr. CHAFEE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. THURMOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THURMOND. Mr. President, the opponents have agreed that the distinguished Senator from Texas [Mr. GRAMM] may speak for 3 minutes.

The PRESIDING OFFICER. without objection, it is so ordered.

The Senator from Texas.

Mr. GRAMM. I thank the distinguished chariman for yielding the floor.

Mr. President, I rise in support of Robert Dawson for this appointment. There are 3 million people who work for the Federal Government. The President gets to appoint about 3,000 people. We hold elections every 4 years to elect a President to set a policy for the Nation and he ends up with only 3,000 people out of the 3 million who are carrying out that policy. Sometimes, there are those of us who do not agree with that policy. But no one has challenged Mr. Dawson's ability, no one has challenged his integrity.

There are those who oppose the policies that he has implemented on behalf of President Reagan; but I submit, Mr. President, that Ronald Reagan was elected President, he was elected overwhelmingly, and within the constraints of knowledge and integrity, he has the right to appoint anybody he wants to appoint.

I strongly support this appointment because, first, I support that right. I think sometimes the Government ought to run their own candidate for President, then they can have their 3 million and the 3,000 appointed officials, but they have not done that. I believe the President should be given this appointment.

Second, I support Mr. Dawson because my city and county officials all over Texas strongly praise him. They believe he has worked with them, that he has set a new balance between environment and growth, between protecting the environment we all benefit from and creating the jobs that we all need.

I believe it is important that this appointment be confirmed and I rise in strong support of Robert Dawson.

I yield the floor, Mr. President.

Regular order, Mr. President.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of Robert K. Dawson, of Virginia, to be an Assistant Secretary of the Army? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SIMPSON. I announce that the Senator from North Carolina [Mr. EAST], the Senator from Arizona [Mr. GOLDWATER], the Senator from Maryland [Mr. MATHIAS], and the Senator from Oregon [Mr. PACKWOOD] are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Hawaii [Mr. MATSUNAGA] is necessarily absent.

I also announce that the Senator from Florida [Mr. CHILES] is absent because of illness.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 60, nays 34, as follows:

[Rollcall Vote No. 352 Ex.]

YEAS—60

Abdnor	Bentsen	Boschwitz
Armstrong	Boren	Bumpers

Burdick	Hatch	Pressler
Byrd	Hatfield	Pryor
Cochran	Hecht	Quayle
Cohen	Heflin	Rockefeller
D'Amato	Helms	Roth
Danforth	Inouye	Sasser
DeConcini	Johnston	Simpson
Denton	Kassebaum	Specter
Dixon	Kennedy	Stennis
Dole	Laxalt	Stevens
Domenici	Long	Symms
Evans	Mattingly	Thurmond
Exon	McClure	Trible
Garn	McConnell	Wallop
Glenn	Moynihan	Warner
Gorton	Murkowski	Weicker
Gramm	Nickles	Wilson
Grassley	Nunn	Zorinsky

NAYS—34

Andrews	Harkin	Melcher
Baucus	Hart	Metzenbaum
Biden	Hawkins	Mitchell
Bingaman	Heinz	Pell
Bradley	Hollings	Proxmire
Chafee	Humphrey	Riegle
Cranston	Kasten	Rudman
Dodd	Kerry	Sarbanes
Durenberger	Lautenberg	Simon
Eagleton	Leahy	Stafford
Ford	Levin	
Gore	Lugar	

NOT VOTING—6

Chiles	Goldwater	Matsunaga
East	Mathias	Packwood

So the nomination was confirmed.

Mr. THURMOND. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. HEFLIN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. THURMOND. I ask unanimous consent that the President be immediately notified that the Senate has given its consent to this nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BUMPERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUMPERS. Mr. President, I will be very brief. I simply wanted to say, on the last vote dealing with the confirmation of Robert Dawson, first of all, I thought that both sides did an excellent job of presenting the qualifications, or lack thereof, of Mr. Dawson. I ultimately voted for his confirmation, but I did so after having a lengthy conversation with him this morning in which he gave me a personal commitment that he fervently and strongly believed in the protection of the wetlands and believed in the most expansive interpretation of the law that could be applied under current court decisions.

I have gotten to know him over the past few months. He has been extremely helpful and accommodating in the two or three instances where I have called him. It was in light of my conversation with him this morning, in which he professed his steadfast determination to protect all the wetlands possible under his jurisdiction, that caused me to vote affirmatively on his nomination. I believe he is a man of integrity and I believe he will honor that commitment.

I yield the floor.

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate go into executive session to consider the nomination of Ross O. Swimmer, to be an Assistant Secretary of the Interior.

The PRESIDING OFFICER. Is there objection?

Mr. METZENBAUM. Mr. President, reserving the right to object, and I do not intend to object. As I understand it, the majority leader asked unanimous consent to go into morning session.

Mr. DOLE. Executive session.

Mr. METZENBAUM. We were in morning session, is that it?

Mr. DOLE. Yes.

Mr. METZENBAUM. I have no objection.

Mr. President, I do have a parliamentary inquiry. That would not affect the pending business when the executive session is concluded, is that correct?

The PRESIDING OFFICER. The pending business is the nomination.

Mr. METZENBAUM. But my question is, when we go back to legislative session, that will not affect the pending business on the Legislative Calendar at that point?

The PRESIDING OFFICER. The Senator is correct.

Mr. METZENBAUM. I thank the Chair.

DEPARTMENT OF THE INTERIOR

The PRESIDING OFFICER. The clerk will report the nomination.

The legislative clerk read as follows:

Ross O. Swimmer, of Oklahoma, to be an Assistant Secretary of the Interior.

The PRESIDING OFFICER. Is there further debate on the nomination?

Mr. BYRD addressed the Chair.

The PRESIDING OFFICER. The minority leader is recognized.

Mr. BYRD. Mr. President, I have no problem with this on our side. We can get unanimous consent, as far as I am concerned.

Mr. President, we might take a moment in which to check on the telephone with a Senator.

I yield the floor.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is, will the Senate advise and consent to the nomination of Ross O. Swimmer, of Oklahoma, to be an Assistant Secretary of the Interior?

The nomination was confirmed.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOLE. Mr. President, I ask unanimous consent that the President be immediately notified that the Senate has given its consent to this nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I want to thank the distinguished minority leader, Senator BIDEN, and Senator THURMOND for trying to work out a better process in considering nominations in the judiciary. Hopefully, that has been the case and perhaps we can clear the calendar of other judiciary nominations. I do thank the distinguished minority leader.

LEGISLATIVE SESSION

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 12:45 P.M.

Mr. DOLE. Mr. President, I move that the Senate recess until 12:45 p.m.

The motion was agreed to and, at 12:06 p.m., the Senate recessed until 12:45; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. KASTEN).

Mr. McCLURE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. McCLURE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS, 1986 (H.R. 3011)

Mr. McCLURE. Mr. President, parliamentary inquiry: What is the pending business?

AMENDMENT NO. 937

The PRESIDING OFFICER. The pending business is Amendment No. 937, offered by the Senator from Washington.

Mr. McCLURE. Mr. President, the Interior appropriations bill to which the amendment is the pending business has been a matter of on-again and off-again discussion on the floor of the Senate for some days. I have been asking for the opportunity to complete action on the appropriations bill.

But now it is very apparent that we will not be able to complete action on the appropriations bill prior to the action by the committee on the continuing resolution. So as a practical matter there is not anything that I can do to get the appropriations bill completed.

The distinguished chairman of the Appropriations Committee, the senior Senator from Oregon [Mr. HATFIELD], has scheduled a markup session on the continuing resolution to start at 10 o'clock tomorrow morning.

It is therefore obvious that all of the issues which are within the bounds of that bill, and will be presented for discussion and resolution by the Senate, will be revisited first in the committee tomorrow, and, then if the schedule holds up, early next week on the floor of the Senate for the continuing resolution.

Under those circumstances I see no purpose in taking either the Senate's time or the time of individual Members to try to dispose of the matters now pending before the Senate on the appropriations bill. It will be therefore my intention to offer a motion to table the appropriations bill.

I say that without making the motion because I know the distinguished Senator from Ohio is on the floor, and has an interest in the pending amendment and the underlying issue which deals with the Synthetic Fuels Corporation funding and activities.

I did not want to make the motion to table without having given the Senator from Ohio at least the preliminary notice that it was my intention to do so.

If the Senator would like me to yield for a question—I will not yield for any other purpose at this time—I will be happy to do that.

(Mr. HECHT assumed the chair.)

Mr. METZENBAUM. I do appreciate the courtesy of permitting me to ask a question. Do I understand that your intention is to make a motion to table an amendment on an appropriations bill without any debate whatsoever?

Mr. McCLURE. That is the understanding, yes.

Mr. METZENBAUM. Do I understand that you hold contrary to the leadership of the President of the United States, who, told House Republican leaders that by December 12 he wants Congress to approve legislation increasing the debt ceiling and requiring a balanced budget by 1991, and then that same President chastised the congressional leaders for giving final approval to two of the appropriations bills for 1986 and resorting to stopgap legislation to fund most of the Federal Government?

Do I understand that is notwithstanding the fact that a White House spokesman, Larry Speakes, said that the President was adamant about moving forward on the money bills, and went on to say that the Congress cannot or will not pass appropriations bills and once again is starting to fund the Federal Government by continuing resolutions, Reagan said, according to Speakes?

Do I understand that notwithstanding the fact that there have only been eight appropriations bills that have been completed—the energy and water development bill, the legislative bill, the Housing and Urban Development bill—and that there are pending on the calendar the Interior bill, this one, which was reported on September 24; the foreign assistance bill, reported on October 31; and the defense bill reported on November 6, and three other bills which are presently in conference—do I understand that the Senator is unwilling to permit us to bring to a vote this question of termination of the Synfuels Corporation, notwithstanding the fact that your motion to table the pending motion was defeated by a vote of 58 to 41?

Is it my understanding that with your motion to table you will not permit the Senate to express its view on the question of terminating the Synthetic Fuels Corporation after the House, by a vote of 312 to 111, indicated that they want to terminate the Synthetic Fuels Corporation?

It is hard for me to believe that under those circumstances the Senator from Idaho, a leader in the Senate, and who has been one of those who I assume was chastised by his own President, would now move to table his own bill and not give the Senate an opportunity to work its will.

When the chairman of the subcommittee responds, I would like to know if it would be his intent to put the Metzenbaum-Evans amendment concerning synthetic fuels on the continuing resolution, or, further, would the Senator from Idaho be willing to permit us to have an up or down vote on the synthetic fuels question before either moving to table or moving aside, so that the Senate's view, which I think was expressed quite adequately in the original vote, might be expressed fully here and, therefore, eliminate needless debate subject to the time for the continuing resolution?

I know I have asked a number of questions of my colleague, but I was not certain whether he was going to give me more than one opportunity to ask questions.

Mr. McCLURE. I tried to follow the questions, and I think the answer is yes, no, no, yes, no, no.

[Laughter.]

Mr. METZENBAUM. I would like to know whether or not the Senator would be willing to permit the Senate to vote up-or-down on the synthetic fuels termination with the understanding, which I have previously advised the leader of, that I have no objection once that vote was taken to laying the bill aside or tabling, whatever.

Mr. McCLURE. I understand the Senator's question. Let me respond in complete candor.

I would have no objection to going ahead and taking up this bill if we had the prospect of being able to stay on it long enough to complete it and, therefore, avoid having to put it in the continuing resolution. But the fact is we do not have that opportunity either to complete the action in the Senate or complete the action in the Senate and go to conference and complete action on that bill in time to avoid folding it into the continuing resolution. So it is inevitable, under any circumstances, that the continuing resolution will have to bear the burden of the discussion and decisions on all these issues which may be presented in the Interior appropriations bill.

Under those circumstances, it is my intention to move to table without moving further on the bill and will confront each of those issues in the Appropriations Committee and on the floor when we get to the continuing resolution.

With respect to the form in which it will come, that will depend upon the actions taken in the Appropriations Committee, initially. As the Senator from Ohio knows, I and the distinguished Senator from Louisiana have circulated, together with others who signed the letter, a Dear Colleague letter that outlines a different process, a different procedure, and a compromise with respect to the Synthetic Fuels Corporation.

It would be my intention and expectation to have that matter considered in the context of the continuing resolution.

The distignuished chairman of the Appropriations Committee reminds me that the markup on the continuing resolution starts tomorrow morning at 10 o'clock in the Appropriations Committee.

Mr. METZENBAUM. Will the Senator yield for another question?

Mr. McCLURE. I am happy to yield.

Mr. METZENBAUM. Would the distinguished chairman or the distinguished chairman of the subcommittee be in a position to be willing to assure me that there would be no procedural objections while placing this issue squarely before the Senate on a continuing resolution? We are all familiar with the parliamentary rules. I do not believe that talking about $6.5 billion is talking about an insignificant sum. The Senate has already expressed its view on the tabling motion. I think it would be a sad commentary——

Mr. McCLURE. I do not want to mislead the Senator or anyone else. We will have a continuing resolution from the House of Representatives. Whatever action is taken with respect to this will probably be—probably, because we do not yet have the action by the House—a committee amendment dealing with this subject which would be in the continuing resolution when it is reported from the committee to the floor.

That was the case when this issue came up on the Interior appropriations bill, the pending bill. The Senator had the opportunity to offer an amendment. I assume, and I think it is probably correct to say, that the same situation would occur on the continuing resolution as has occurred on the Interior appropriation bill.

Mr. METZENBAUM. Can the Senator from Ohio get a reasonable assurance—no one can make an absolute assurance, of course—that both the manager of the bill as well as the chairman of the Committee on Appropriations would try to facilitate or not impede an opportunity for the Senate to express its position on this obviously very controversial issue?

Mr. McCLURE. Mr. President, I think there is no way, even if I desired to do it, to avoid the Senate's expressing its will on this subject. I have no intention of trying to frustrate that opportunity.

I want to be very careful, though. I do not want to mislead the Senator from Ohio. I cannot tell him exactly what form that expression might come in, but I think there is no question that the Senator from Ohio has some control over how that question is presented, an opportunity to frame the way in which the question is presented.

I am not going to try nor do I think I would have the capacity to foreclose that opportunity of the Senator's. I am not going to come out here on the floor, if I get a committee amendment, and offer an amendment to the committee amendment in the first and second degrees and a motion to recommit in the first and second degrees and fill out all the branches of all possible trees just in order to foreclose the Senator from Ohio. I tell him right now I do not intend to do that if that is what the Senator is concerned about.

Mr. METZENBAUM. No, Mr. President; I am particularly concerned about whether or not there might be some parliamentary question about whether it would be in order to offer our amendment.

Mr. McCLURE. I do not think there is any parliamentary question. I do not know of any.

Mr. METZENBAUM. Would the Senator mind if I make an inquiry of the Parliamentarian to that effect?

Mr. McCLURE. I would be happy to yield the floor without losing my right to it.

Mr. METZENBAUM. Mr. President, would the Chair through the Parliamentarian, be willing to provide the answer to whether or not, on a continuing resolution, an amendment to totally eliminate further funding for an agency such as the Synthetic Fuels Corporation would be in order?

The PRESIDING OFFICER. The amendment proposed by the Senator from Ohio is a rescission of funds and, under the precedents of the Senate, is legislation on an appropriations bill.

Mr. METZENBAUM. It would be legislation on an appropriations bill.

The PRESIDING OFFICER. The Senator is correct.

Mr. McCLURE. I might say to the Senator I think we are in precisely the same condition on this bill and we have not asserted that issue. I think the same thing would be true with respect to the CR when, as, and if it is reported out of the Appropriations Committee on the floor again.

Mr. METZENBAUM. I have not attempted to take the floor and I recognize the Senator's right to the floor. I want to say we are not in that position at this moment on this bill because there is language in the appropriations bill——

Mr. McCLURE. Which, I say to the Senator, I think will be precisely the case when we come up with the continuing resolution.

I cannot foretell all possible circumstances that might evolve through committee action. I am only making a guess as to what the committee action would be. Let me tell the Senator from Ohio, he knows and I know that this issue is an issue that needs to be resolved by the Senate of the United States and in conference with the House. I suspect it will have to be settled in that manner. I do not intend to try to frustrate that. I cannot speak for 98 other Members, but I can tell him what my view is. It certainly is not my intention—I may try to create the situation which is most favorable to my point of view in terms of the outcome of the vote, but I am not trying to avoid a vote with respect to the issue.

Mr. METZENBAUM. Mr. President, I appreciate the attitude of the Senator from Idaho, but my question is, Would the Senator from Idaho consider offering his compromise as an amendment with extremely limited time and, if that failed, then give us an opportunity to go forward with our amendment with extremely limited time in order that the Senate's will may be absolutely expressed on this issue?

Mr. McCLURE. Mr. President, once again, as I stated at the outset, I shall be perfectly pleased to go ahead with this bill, take whatever votes are necessary, if we had any prospect at all of getting to a final conclusion of the bill and therefore a means by which the issue is resolved. My own judgment and the judgment of the chairman of the Appropriations Committee is that we have no such prospect. Because we do not have that prospect and this issue cannot be finally settled in this bill, it will again be revisited in the continuing resolution, which begins its process in this body, in the committee, tomorrow. It is our expectation, I believe, that the continuing resolution will be before the Senate early next week.

Under those circumstances, there is not any way we can finally resolve this issue before we have to discuss on the floor and amend on the floor the continuing resolution. Therefore, there is no point in trying to do it twice in just a few days. Therefore, it is my intention to move to table this bill and confront and resolve that issue in the context of consideration of passage of the continuing resolution.

Mr. METZENBAUM. There is no way I can preclude the Senator from doing that which is his right, but on behalf of the President of the United States and myself, I want him to know that we are very, very upset at his unwillingness to go forward to send the President more appropriations bills. I shall not do that which the President has done; I am not going to chastise him, but I indicate my strong sense of disappointment that the Senate—I do not believe it has much on its platter at the moment and we are awaiting action, so I actually believe we could work and pass this appropriations bill if we just set our mind to do it. Instead, we are going to recess and my guess is we are not going to do anything else of really great importance this afternoon. I do not believe there is anything pushing behind it that causes us to turn aside the appropriations bill.

Mr. McCLURE. Mr. President, I am sure the President of the United States appreciates the Senator's assistance——

Mr. METZENBAUM. I expect a call.

Mr. McCLURE [continuing]. As unexpected as it is. But I also have to say in candor that various Senators have identified 35 amendments which they intend to offer with respect to the pending bill on different subjects.

Last night, I think there were 117 amendments filed on OCS, all of which could be called up with respect to the pending bill. They are prefiled amendments to the pending bill. It is in the face of that absolute assurance that we will have a lot of amendments that I have to say to my friend I know that we cannot dispose of the bill today no matter what my will might be, no matter how the Senate might feel about it. I just know, having brought this bill to the floor before, that it is going to take longer than that.

Mr. METZENBAUM. To paraphrase a famous American, it amazes me that the Congress cannot or will not pass appropriations bills and once again is starting to fund the Federal Government by continuing resolution.

Mr. McCLURE. I suspect we should not explore the reasons why the Senate has not gotten to it earlier this year or why its legislative schedule gets slowed down from time to time for various reasons or by various Members for whatever reason. But we are and I cannot change that. I hope we are going to be out of here by the end of next week. My reservations are not until December 20, so I have more time than some who have earlier reservations. I am quite willing to stay until the work is completed.

MOTION TO TABLE H.R. 3011

Mr. President, I move to table the pending bill.

The PRESIDING OFFICER. The question is on agreeing to the motion.

Mr. METZENBAUM addressed the Chair.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. METZENBAUM. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. METZENBAUM. Objection.

The PRESIDING OFFICER. Objection is heard.

The legislative clerk resumed the call of the roll.

Mr. METZENBAUM. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GARN). Without objection, it is so ordered.

The question is on agreeing to the motion to table the bill.

The motion was agreed to.

Mr. McCLURE. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. EVANS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. McCLURE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

(During the quorum call the chair was occupied by Mr. GARN and Mr. STAFFORD.)

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. D'AMATO). Without objection, it is so ordered.

SCHEDULE

Mr. DOLE. Mr. President, I know that many of my colleagues are wondering what is happening and what is not happening. Obviously, not much is happening.

In any event, we have just had a meeting in my office on the sports franchise bill, S. 259, with a number of Senators. It is our hope that we can reach some agreement on that bill this afternoon—maybe not dispose of it, but at least lay down the bill and discuss it.

We are also waiting for a letter on S. 1396, White Earth Indian Reservation. We have asked the Justice Department to deliver the letter by 1 p.m. It is now nearly 3 p.m. I understand that the letter has been drafted and has been floating around there for a couple of days. We would like to have it today, so that we can take up that bill and dispose of it in about 90 minutes.

We have also had a meeting on the processing of judicial nominations. We are close to an agreement among members of the Judiciary Committee and the leadership. It is hoped that this will permit us to move forward on additional nominations on the calendar, and take up eight or nine more that will be reported on tomorrow.

It is still uncertain whether a cloture motion will be filed on the Conrail legislation today or sometime this week. I assume that it will not be possible to obtain consent to proceed to the consideration of that particular measure, so the cloture motion will be on the motion to proceed.

We are still trying to negotiate the Genocide Convention, and there are two versions of the constitutional amendment to balance the budget.

It is hoped that on Friday we will be able to take up the continuing resolution which passed the House today by the narrow margin of 212 to 208, which indicates that there is some problem with it. I am advised by the chairman of the Appropriations Committee that he would like to complete the markup tomorrow and start that bill on Friday. He thinks it will take 3 full days.

So I believe there is still some hope for adjournment by the 13th, which is a Friday. Prior to that time we have a number of major issues that will be in conference, including the farm bill, the farm credit bill, the debt ceiling, reconciliation, and the continuing resolution.

The PRESIDING OFFICER. Is it permissible for the Chair to ask the majority leader to restate his intention on adjournment on a particular date, such as the 13th?

Mr. DOLE. It is our hope, and it is even our intention, but it may not happen. I think the one big question we cannot answer on this side would be what the House will do on the tax bill. I have been informed in the last 30 minutes that the House may not even get a rule until next week on the tax reform bill. If that is the case, it might not come up until the following week, which would mean that we probably would be in session until the 18th, 19th, 20th, or 21st.

Mr. President, unless anyone has anything I have not thought of that we might bring up, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RESIGNATION OF ROBERT McFARLANE

Mr. DOLE. Mr. President, I want to take 1 minute to extend my best wishes for a successful future to Robert C. McFarlane, who has announced that he will resign from his current post as National Security Adviser to the President. I understand that the resignation has just been accepted.

Bud McFarlane has been an outstanding public servant throughout his long career, both in the military and civil service.

During my tenure as majority leader, he has proven time and again to be an extremely effective liaison between the administration and Congress on critical national security issues.

Bud spent many hours in my office this past year, helping to work out compromises—acceptable to both the administration and the Senate—on aid to Nicaragua, South African antiapartheid legislation, Jordan arms sales, and the MX missile, among others.

In each of these cases, Bud provided invaluable input, voicing a commitment to preserving our Nation's security, but doing so with reason. As a result of the pivotal role he played, Bud McFarlane has justly earned the highest respect from Members of Congress, Democrats and Republicans alike.

I know, Mr. President, that my colleagues here in the Senate will join me in offering our thanks to Bud for his enormous contribution to this country, and especially for the time, effort, and concern he committed to working with those of us on Capitol Hill. Largely because of his efforts, I believe we have been able to make major and sensitive policy decisions this year that will both ensure our national security and preserve peace.

Mr. President, as I said at the outset, I want to wish Bud well, in all his future endeavors.

Let me also take this opportunity to extend my congratulations to John M. Pointdexter, whom President Reagan has appointed to succeed Bud McFarlane. I hope, I trust, that we will continue the fine relationship with the National Security Council, and I look forward to working with Mr. Pointdexter in the coming months.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. DOLE. Mr. President, let me indicate to my colleagues that there will be no more rollcall votes today. I am going to ask that we stand in recess because of the ceremony outside the Chamber, the unveiling of the bust of former President Gerald R. Ford. That will take place at 5 o'clock. I think we should be in recess until about 5:45. At that time, it is my hope that we can lay down the sports franchise bill, S. 259, and if not, S. 1398, which will be pending tomorrow morning.

RECESS UNTIL 5:45 P.M.

Mr. DOLE. Mr. President, as I have indicated, there will be no more rollcall votes this evening. I move the Senate stand in recess until 5:45 p.m.

The motion was agreed to and, at 4:47 p.m., the Senate recessed until 5:45 p.m. Whereupon, the Senate reassembled when called to order by the Presiding Officer [Mr. BOSCHWITZ].

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Presiding Officer laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

ANNUAL REPORT OF THE U.S.-JAPAN COOPERATIVE MEDICAL SCIENCE PROGRAM—MESSAGE FROM THE PRESIDENT—PM 97

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Labor and Human Resources:

To the Congress of the United States:

In accordance with Section 5(h) of the International Health Research Act of 1960 (P.L. 86-610), I transmit herewith the Eighteenth Annual Report of the U.S.-Japan Cooperative Medical Science Program for Calendar Year 1984.

RONALD REAGAN.

THE WHITE HOUSE, *December 4, 1985.*

MESSAGES FROM THE HOUSE

At 12:15 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House disagrees to the amendment of the Senate to the bill (H.R. 7) to extend and improve the National School Lunch Act and the Child Nutrition Act of 1966; it agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and appoints Mr. HAWKINS, Mr. FORD of Michigan, Mr. KILDEE, Mr. WILLIAMS, Mr. MARTINEZ, Mr. OWENS, Mr. BOUCHER, Mr. PERKINS, Mr. JEFFORDS, Mr. GOODLING, Mr. CHANDLER, Mr. MCKERNAN, and Mr. FAWELL as managers of the conference on the part of the House.

The message also announced that the House has passed the following joint resolutions, in which it requests the concurrence of the Senate:

H.J. Res. 377. Joint resolution to designate December 5, 1985, as "Walt Disney Recognition Day," and

H.J. Res. 440. Joint resolution to designate the week of December 1, 1985, through December 7, 1985, as "National Autism Week."

ENROLLED BILL SIGNED

At 2:19 p.m., a message from the House of Representatives, delivered by Mr. Barry, one of its reading clerks, announced that the Speaker has signed the following enrolled bill:

H.R. 1562. An Act to achieve the objectives of the Multi-Fiber Arrangement and to promote the economic recovery of the United States textile and apparel industry and its workers.

The enrolled bill was subsequently signed by the President pro tempore [Mr. THURMOND].

At 3:50 p.m., a message from the House of Representatives, delivered by Ms. Goetz, one of its reading clerks, announced that the House agrees to the amendment of the Senate to the amendment of the House to the text of the bill (S. 1264) to amend the National Foundation on the Arts and Humanities Act of 1965, the Museum Services Act, and the Arts and Artifacts Indemnity Act, to extend the authorization of appropriations for such acts, and for other purposes.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H.R. 3067) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1986, and for other purposes; it agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and appoints Mr. DIXON, Mr. NATCHER, Mr. STOKES, Mr. WILSON, Mr. SABO, Mr. HOYER, Mr. WHITTEN, Mr. COUGHLIN, Mr. GREEN, Mr. WOLF, and Mr. CONTE as managers of the conference on the part of the House.

The message further announced that the House has passed the following bills and joint resolution, in which it requests the concurrence of the Senate:

H.R. 739. An act relating to the documentation of the vessel *Marilyn* to be employed in the coastwise trade;

H.R. 2316. An act for the relief of Paulette Mendez-Silva; and

H.J. Res. 465. Joint resolution making further continuing appropriations for the fiscal year 1986, and for other purposes.

MEASURES REFERRED

The following bills and joint resolution were read the first and second times by unanimous consent, and referred as indicated:

H.R. 739. An Act relating to the documentation of the the vessel *Marilyn* to be employed in the coastwise trade; to the Committee on Commerce, Science, and Transportation.

H.R. 2316. An Act for the relief of Paulette Mendez-Silva; to the Committee on the Judiciary.

H.J. Res. 465. Joint resolution making further continuing appropriations for the fiscal

year 1986, and for other purposes; to the Committee on Appropriations.

MEASURES HELD AT THE DESK

The following joint resolution was ordered held at the desk by unanimous consent:

H.J. Res. 440. Joint resolution to designate the week of December 1, 1985, through December 7, 1985, as "National Autism Week".

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate together with accompanying papers, reports, and documents, which were referred as indicated:

EC-2083. A communication from the Administrator of the Veterans' Administration transmitting, pursuant to law, a report on a waiver of certain conditions regarding VA technology transfer functions; to the Committee on Commerce, Science, and Transportation.

EC-2084. A communication from the Acting Director of the Defense Mapping Agency transmitting, pursuant to law, a copy of a lease prospectus; to the Committee on Environment and Public Works.

EC-2085. A communication from the Assistant Legal Adviser for Treaty Affairs, Department of State transmitting, pursuant to law, copies of international agreements, other than treaties, entered into by the United States within the sixty days previous to December 2, 1985; to the Committee on Foreign Relations.

EC-2086. A communication from the Attorney General of the United States transmitting, pursuant to law, a report on a decision by the Solicitor General not to appeal a decision of the U.S. District Court of Ohio to the Supreme Court; to the Committee on Governmental Affairs.

EC-2087. A communication from the National President of the Women's Army Corps Veterans Association transmitting, pursuant to law, the Association's annual audit report; to the Committee on the Judiciary.

EC-2088. A communication from the Assistant Attorney General transmitting a draft of proposed legislation to upgrade and professionalize the U.S. Marshals Service; to the Committee on the Judiciary.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HATCH, from the Committee on Labor and Human Resources, with amendments:

S. 1181. A bill to establish a program for the provision of home and community based services to elderly individuals (Rept. 99-208).

By Mr. HATCH, from the Committee on Labor and Human Resources, with an amendment in the nature of a substitute:

S. 1574. A bill to provide for public education concerning the health consequences of using smokeless tobacco products (Rept. 99-209).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. THURMOND, from the Committee on Armed Services:

Russell A. Rourke, of Maryland, to be Secretary of the Air Force.

(The above nomination was reported from the Committee on Armed Services with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. LUGAR, from the Committee on Foreign Relations:

Joseph Ghougassian, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the State of Qatar.

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Joseph Ghougassian.

Post: Ambassador to the State of Qatar.

Contributions, amount, date, and donee:

1. Self[1]: $100, 1981, Cal Rep. Party; $75, 1982, John McClaughry Sen. Cpn; $100, $250, $100, 1983/84/85, RNC/RNC/RNC.

2. Spouse: Zena Ghougassian, $30, 1984, Rep. Abroad.

3. Children and spouses names: Yasmine, Samara, Jihan, none.

4. Parents names: Antoine (deceased), Marie-Antoinette, none.

5. Grandparents names: Hagop and Hovasana Ghougassian (deceased), none.

6. Brothers and spouses names: Jean and Colette, Gougas and Mona, Raymond and Lucie, none.

7. Sisters and spouses names: Mary and Michel Noujem, none.

Gregory J. Newell, of Virginia, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Sweden.

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Gregory John Newell.

Post U.S. Ambassador to Sweden.

Contributions, amount, date, and donee:

1. Self: Gregory J. Newell, none.

2. Spouse: Candilynne, none.

3. Children and spouses names: David, Kendall, Catherine, Michael, none.

4. Parents names: Eugene Newell and Ima Newell none.

5. Grandparents names: Betty Stamper (others deceased) none.

6. Brothers and spouses names: James and Jennifer, Imagene Newell, none, Eugene and Carla Newell, none; Marty and Mary Newell, none.

Charles Roger Carlisle, of Vermont, for the rank of Ambassador during his tenure of service as United States Negotiator on Textile Matters.

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Charles Roger Carlisle.

POST: Chief textile negotiator with the rank of Ambassador.

Contributions, amount, date, and donee:

1. Self: June 3, 1981, St. Joe Minerals PAC, $500; October 1, 1981, St. Joe Minerals PAC, $500; January 26, 1982, St. Joe Minerals PAC, $600; March 27, 1984, Reelect Campbell to Congress Committee, $250.

2. Spouse: None.

3. Children and spouses names: daughter: Leslie Anne Carnevale, husband: Charles C. Carnevale II, son: John H. Carlisle, none.

4. Parents names: mother: Mrs. William, father: Mietenkoetter, Charles B. Carlisle $15, 1982, Ronald Reagan.

5. Grandparents names: John H. Carlisle and Winifred Burch Carlisle, William Williams and Nell Culbertson Williams, (both deceased).

6. Brothers and spouses names: William L. Carlisle, wife: Shirley Carlisle, none.

7. Sisters and spouses names: none.

Laurence William Lane, Jr., of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Australia and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Nauru.

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Laurence William Lane, Jr.

Post: Ambassador to Australia (Chief of Mission).

Contributions, amount, date and donee:

1. Self: Laurence William Lane, Jr. (1981-85):

J. Brady Presidential Fund, $200.

California for Republic, $200.

California Republican Party, $1,060, $1,100, $1,000.

Citizens for America, $5,000

Conolly Campaign Debt. $25.

Sue Crane for Council, $25.

Alan Cranston for President, $500.

Cranston for Senate, $600.

Deukmejian Campaign Committee, $300.

Committee to Re-elect Dianne Feinstein, $500.

S.F. for Responsible Election, $500.

Garamendi Committee, $500.

Friends of Marz Garcia, $100.

Committee to elect Britta Harris, $500.

Helms for Senate Committee, $100.

Committee for reelect. J. Heinz, $100.

Independent Action/Udall 1984, $300.

The Lincoln Club, $1,000, $1,000.

Californians for Pete McCloskey, $1,000, $1,000.

Milton Marks for State Senate, $500.

Becky Morgan for State Senate, $500.

National Congressional Club, $100.

Friends of Naylor, $100, $100, $750.

Pacileo for Sheriff Campaign, $100.

C. Percy Election Committee, $1,000, $3,000.

The Presidential Trust, $10,000.

Reagan-Bush 1984, $500.

Republican Eagles, $11,850, $10,000.

Republican National Committee, $450, $1,000, $2,750, $1,250.

Republican Party of San Mateo County, $150.

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[1] In 1982 I may have contributed no more than $250 toward the Gubernatorial campaign of George Dukmejian, Governor of the State of California. Also, FYI, as a member of the Pres. Club (1984), in RNC, I have pledged to pay $1,000 as dues for membership, of which $350 has been paid.

Elliot Richardson for Senate Committee, $500.
Wilson Riles, Superintendent of Schools, $300, $200, $100.
United S.F. Republican Finance Committee, $1,000, $200, $100.
Secretary of State Bicentennial, Signing, Treaty of Paris, $3,800.
Joan Siff—Supervisor, $25.
Stop Peripheral Canal, $100.
Pete Wilson for Senate, $100, $2,000.
Citizens for the Republic, $700, $200, $100.
California for Balanced Federal Budget Committee, $1,000.
California Against State Crime and Weapons, $25.
Total, $4,435, $8,075, $11,700, $30,650, $16,100.
2. Spouse: Donna Jean Gimbel Lane (1981-85):
1981:
McCloskey for Senator, $1,000.
Don Edwards Congressional Campaign, $50.
Bill McColl for Congress Committee $200.
Total $1,250.
1982:
Bill Royer for Congress, $300.
Congressman Les AuCoin, $100.
Philip Burton for Congress, $500.
Ed Zschau for Congress Committee, $200.
Bob Stafford Volunteers/Campaign for Senator, $100.
Don Edwards Congressional Campaign Fund, $50.
Norman Mineta for Congress, $50.
Total $1,300.
1983:
Congressman Pete Stark Re-election Committee $100.
Norman Mineta for Congress, $50.
Total $150.
Subtotal 1981-83, $2,700.
1984:
Ed Zschau for Congress, $200.
Don Edwards Congressional Campaign Fund, $100.
Chuck Percy Senate Club, $250.
Fazio for Congress, $250.
Ed Zschau for Congress, $250.
Mineta for Congress, $100.
Don Edwards Congressional Campaign Fund, $100.
Total 1984, $1,100.
1985:
John Chafee, Committee to Re-elect to Senate (RI), $250.
Pete McCloskey, Friends of, $250.
Sala Burton for Congress Campaign Committee (1 dinner ticket), $200.
YTD 1985 total, $700.
Subtotal 1984+YTD 1985, $1,800.
Subtotal 1981-83, $2,700.
1981-YTD 1985 total, $4,500.
3. Children and spouses names: Sharon Louise Lane, Robert Laurence Lane, Brenda Ruth Lane, Wendi Hunter Lane, none.
4. Parents names: L.W. Lane, father, deceased (1967), Ruth B. Lane, mother, deceased (1980).
5. Grandparents names: Hill McClelland Bell, Edith Orebaugh (deceased), William Lane, Estelle Hill (deceased).
6. Brothers and spouses names: Melvin B. and Joan Lane, (see amounts above for 1981-85).

Paul Matthews Cleveland, of Florida, a Career Member of the Senior Foreign Service, Class of Minister-Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to New Zealand.

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Paul Matthews Cleveland.
Post: American Embassy Wellington.
Contributions, amount, date, and donee:
1. Self: None.
2. Spouse: None.
3. Children and spouses names: None.
4. Parent names: None.
5. Grandparents names: None.
6. Brothers and spouses names: None.
7. Sisters and spouses names: None.

Donald A. Bouchard, of Maine, to be an Assistant Secretary of State; and

Jose Manuel Casanova, of Florida, to be U.S. Executive Director of the Inter-American Development Bank for a term of 3 years.

(The above nominations were reported from the Committee on Foreign Relations with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Mr. LUGAR. Mr. President, for the Committee on Foreign Relation, I also report favorably two Foreign Service lists which appeared in their entirety in the CONGRESSIONAL RECORD of October 28, 1985, and, to save the expense of reprinting them on the Executive Calendar, I ask unanimous consent that they lie at the Secretary's desk for the information of Senators.

The PRESIDING OFFICER. Without objection, it is so ordered.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. D'AMATO (for himself and Mr. THURMOND):

S. 1894. A bill entitled the "Armed Drug Trafficking Act;" to the Committee on the Judiciary.

By Mr. THURMOND (for himself and Mr. HOLLINGS):

S. 1895. A bill for the relief of Marlboro County General Hospital Charity, of Bennettsville, SC; to the Committee on Labor and Human Resources.

By Mr. KENNEDY (for himself and Mr. KERRY):

S. 1896. A bill to designate the General Services Administration building known as the "U.S. Appraiser's Stores Building" in Boston, MA, as the "Captain John Foster Williams Coast Guard Building;" to the Committee on Environment and Public Works.

By Mr. DOLE:

S.J. Res. 241. Joint resolution designating the week beginning on May 11, 1986, as "National Asthma and Allergy Awareness Week;" to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. DOLE (for Mr. DANFORTH (for himself, Mrs. KASSEBAUM, Mr. CRANSTON, Mr. WILSON, Mrs. HAWKINS and Mr. EAGLETON)):

S. Res. 264. Resolution to commend the creation and production of the DC-3 transport aircraft; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. D'AMATO (for himself and Mr. THURMOND):

S. 1894. A bill entitled the "Armed Drug Trafficking Act"; to the Committee on the Judiciary.

ARMED DRUG TRAFFICKING ACT

● Mr. D'AMATO. Mr. President, I rise today to introduce the Armed Drug Trafficking Act. I am very pleased that the distinguished chairman of the Senate Committee on the Judiciary, Senator THURMOND, is an original cosponsor of this legislation.

This bill imposes strict mandatory penalties—with no possibility of parole—on criminals who use or carry firearms in the course of drug trafficking and other serious drug crimes.

Last year, as part of the Comprehensive Crime Control Act, Congress provided for a minimum 5-year prison sentence for a person who uses or carries a firearm during, and in relation to, a Federal crime of violence. This sentence is to run consecutively with the sentence for the underlying violent crime or for any other offense. In the case of a criminal's subsequent conviction, the new law prohibits all probationary and suspended sentences.

The bill I am introducing today applies these same strict sentencing rules to narcotics traffickers who carry firearms in the course of committing such crimes.

The need for this bill was demonstrated very dramatically on November 21, when the U.S. Court for the Second Circuit, in *U.S.* v. *Diaz*, 85-1276, specifically stated that the new mandatory 5-year provision does not apply to narcotics offenses.

In this case, the defendant possessed five fully loaded pistols in an apartment out of which he operated an illegal narcotics distribution business.

After a jury trial in Federal District Court, the defendant, Julio Diaz, was found guilty of four crimes: conspiracy to distribute narcotics; possession with intent to distribute cocaine; receipt of a firearm in interstate commerce by a person previously convicted of a felony; and carrying or using a firearm in the commission of a crime of violence.

On the question of whether narcotics trafficking is a crime of violence, the district court ruled for the Government. It reasoned that the new law applies to narcotics offenses because firearms are "tools of the narcotics trade" and because drug offenses in-

volve a "substantial risk that physical force may be used" when they are committed.

Unfortunately, the appeals court did not agree. It specifically stated that drug trafficking is not a violent crime for the purposes of 18 U.S.C. 924(c).

The Armed Drug Trafficking Act will close the loophole that the Diaz case has revealed.

The need to amend section 924(c) is underscored by the sentences that the defendant received in the Diaz case. The defendant was sentenced to concurrent 4-year sentences on the first three offenses of which he was found guilty. In effect, he was able to commit "three crimes for the price of one". It was only for the violation of section 924(c) that he could have received a mandatory sentence without possibility of parole.

In the Diaz opinion, the Federal Appeals Court says:

If felonies involving the sale and distribution of narcotics are to be deemed crimes of violence for the purpose of Section 924(c), we believe that this should be done by Congress amending the Comprehensive Crime Control Act."

Mr. President, the Congress should amend the Comprehensive Control Act. I urge my colleagues to cosponsor and support the Armed Drug Trafficking Act to guarantee that we treat armed drug trafficking as seriously as we do other armed felonies threatening public safety. The court in Diaz has made it very clear that the next step is up to Congress. If armed drug trafficking is to be treated as seriously as it should be, then Congress must say so.

I ask unanimous consent that the text of my bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1894

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That

SECTION 1. Subsection (c) of section 924 of title 18 of the United States Code is amended by—

(1) adding after the words "during and in relation to any" the words "felony described in the Controlled Substances Act (21 U.S.C. 801 et seq.), the Controlled Substances Import and Export Act (21 U.S.C. 951 et seq.), or section 1 of the Act of September 15, 1980 (21 U.S.C. 855a), or any";

(2) adding after the words "in addition to the punishment provided for such" the words "felony or"; and

(3) adding after the words "term of imprisonment including that imposed for the" the words "felony or".●

By Mr. THURMOND (for himself and Mr. HOLLINGS):

S. 1895. A bill for the relief of Marlboro County General Hospital Charity, of Bennettsville, SC; to the Committee on Labor and Human Resources.

RELIEF OF MARLBORO COUNTY GENERAL HOSPITAL CHARITY

Mr. THURMOND. Mr. President, I rise today to introduce, together with my distinguished colleague, Senator HOLLINGS, legislation which would provide equitable relief to the Marlboro County General Hospital Charity [MCGHC]. The purpose of this bill is to allow this charitable trust the opportunity to continue providing indigent health care to the citizens of one of the five most economically depressed counties in my State. According to recent statistics compiled by the South Carolina Development Board, the unemployment rate in Marlboro County ranges from 15 to 19 percent, and is the highest in the State. Depending on the month, it has either the lowest or next to the lowest per capital income of the 46 South Carolina counties.

Prior to its sale, Marlboro County General Hospital, Inc.—Marlboro General—a nonprofit corporation, provided health care services to poor citizens of Marlboro County. This corporation had received Hill-Burton construction funds in 1962 and 1968. Although the Federal Government no longer makes funds available through this program, Hill-Burton hospitals like Marlboro General remain subject to certain obligations. In exchange for the Hill-Burton construction funds, these hospitals promised to provide a reasonable volume of services to persons unable to pay. This is commonly known as the free care assurance. These hospitals also agreed to make their services available to all persons in their geographic areas. This is known as the community service assurance. For individuals who have no private health insurance and who do not qualify for Medicare or Medicaid, these guaranteed health services are an invaluable resource.

The obligation of Hill-Burton hospitals to provide free health care extends for a period of 20 years from the date the federally assisted project opened for service. If the Hill-Burton hospital is sold within this 20-year period to an entity which would not have been originally entitled to Hill-Burton funds—a for-profit corporation—then the Government can recover a percentage of the funds distributed based on a statutory formula. Current law provides that the recovery of these funds may be waived if the purchaser of the Hill-Burton hospital agrees to establish an irrevocable trust in twice the amount of money owed the Government. These trust funds must be used to provide indigent health care for area residents. The purchaser is the only party to the sale that may apply for such a waiver. However, there is no obligation for the purchaser to do so. Conversely, the seller may not apply even if it is willing to comply with the waiver provisions.

Marlboro County General Hospital Charity is a trust which was established from the proceeds of the sale of Marlboro General to the Hospital Corporation of America [HCA]. In the sale agreement HCA agreed not to turn away indigents. MCGHC agreed to pay for indigent health care with these trust funds. The Department of Health and Human Services maintains that this sale occurred within the 20-year period. Since HCA has refused to apply for a waiver, and would not have been entitled to Hill-Burton funds, the Department is seeking a recovery against Marlboro County General Hospital Charity of an undetermined amount between $350,000 and $500,000.

Mr. President, Marlboro County General Hospital Charity deserves the relief this bill would provide because it is in total compliance with the basic policy behind the Hill-Burton waiver provisions. The trust has always provided funds for indigent health care services to deserving Marlboro County citizens. The trustees have always been willing to establish this trust in total compliance with the Hill-Burton waiver provisions. However, because they are the sellers and not the purchasers of the hospital, current law prohibits them from obtaining a waiver. Without the relief this bill provides, MCGHC will be forced to return funds which have been and continue to be used for their originally intended purposes. This technical anomaly is clearly an extremely inequitable case of form prevailing over substance.

This bill mandates that the MCGHC indigent health care trust be established in compliance with current law. It requires MCGHC to enter into an agreement with the Department of Health and Human Services whereby the trustees ensure future compliance with the free health care provisions. Relief from all liability is contingent on such compliance. Furthermore, the agreement with the Department would provide penalties for any noncompliance by MCGHC.

In this bill, the interests of the Government are adequately served by ensuring that these funds are only used for indigent health care services. The interests of the many area citizens who are poor and/or unemployed, but still are ineligible for Medicare and Medicaid, are protected in that they will not be turned away from receiving the health care services provided by this hospital. Because this legislation equitably addresses these interests, I urge its expedient passage.

By Mr. DOLE:

S.J. Res. 241. Joint resolution designating the week beginning on May 11, 1986, as "National Asthma and Allergy

Awareness Week"; to the Committee on the Judiciary.

NATIONAL ASTHMA AND ALLERGY AWARENESS WEEK

Mr. DOLE. Mr. President, today I introduce a joint resolution requesting the President to designate the week beginning on May 11, 1986, as "National Asthma and Allergy Awareness Week."

Allergies and asthma together represent an enormous public health problem. Here are the facts:

One of every six American children and adults is afflicted in some way by these illnesses.

An estimated 5,000 individuals die each year from asthma, despite common medical knowledge and treatments capable of preventing such deaths.

As many as 9 million Americans are asthmatic, over a third of whom are children.

Hay fever afflicts an estimated 15 million Americans.

About 8 million workdays a year are lost due to hay fever and asthma.

About 130 million schooldays are missed each year because of asthma and hay fever.

Occupational allergic diseases are now believed to be a major cause of workplace-caused illness.

An estimated 16 percent of all hospital inpatients suffer from advese drug reactions, often allergic in nature.

Many other ailments of the skin, joints, kidneys, lungs, intestines, glands; as well as some parasitic, blood, infectious and malignant disorders are now believed to have major allergic and immunologic components.

The costs to individuals and families, employers, the health delivery system, and society of asthma and allergic diseases are enormous. For example:

The total cost of these incurable immunologic diseases was estimated at over $4 billion annually.

Direct costs for physicians services, drugs, and hospital or nursing home care are estimated to be close to $2 billion a year.

Indirect costs, such as lost wages, probably exceed $800 million a year for hay fever and asthma alone.

Social Security benefits for $400 million were allowed in 1 recent year to workers disabled by asthma.

To emphasize the importance of public education and awareness and to encourage the continued public and private support of research, I urge my colleagues to join me in support of this joint resolution.

ADDITIONAL COSPONSORS

S. 7

At the request of Mr. CRANSTON, the name of the Senator from West Virginia [Mr. ROCKEFELLER] was added as a cosponsor of S. 7, a bill to amend title XIX of the Social Security Act to provide Medicaid coverage for certain low-income pregnant women.

S. 402

At the request of Mr. PRESSLER, the name of the Senator from West Virginia [Mr. ROCKEFELLER] was added as a cosponsor of S. 402, a bill to amend the Communications Act of 1934 to provide for specialized equipment for telephone service to certain disabled persons.

S. 625

At the request of Mrs. HAWKINS, the name of the Senator from Arkansas [Mr. BUMPERS] was added as a cosponsor of S. 625, a bill to include the offenses relating to sexual exploitation of children under the provisions of RICO and authorize civil suits on behalf of victims of child pornography and prostitution.

S. 707

At the request of Mr. SIMON, the name of the Senator from West Virginia [Mr. ROCKEFELLER] was added as a cosponsor of S. 707, a bill to amend title 38, United States Code, to provide disability and death allowances, compensation, health care, and other benefits to veterans and the survivors of veterans who participated in atomic tests or the occupation of Hiroshima and Nagasaki and suffer from diseases that may be attributable to ionizing radiation.

S. 1571

At the request of Mr. BRADLEY, the name of the Senator from Michigan [Mr. LEVIN] was added as a cosponsor of S. 1571, a bill to stabilize international currency markets in support of fair global competition.

S. 1648

At the request of Mr. HEINZ, the name of the Senator from West Virginia [Mr. ROCKEFELLER] was added as a cosponsor of S. 1648, a bill to amend title XVIII of the Social Security Act to make permanent the hospice benefit, to increase the payment amount for hospice care, and to make hospice care an optional service under the Medicaid Program.

S. 1756

At the request of Mr. SIMON, the names of the Senator from Michigan [Mr. LEVIN], and the Senator from Vermont [Mr. LEAHY] were added as cosponsors of S. 1756, a bill to authorize the President to present to Sargent Shriver, on behalf of the Congress, a specially struck medal.

S. 1798

At the request of Mr. BRADLEY, the name of the Senator from Maryland [Mr. MATHIAS] was added as a cosponsor of S. 1798, a bill to grant the consent of the Senate to the Northeast Interstate Low-Level Radioactive Waste Management Compact.

SENATE JOINT RESOLUTION 179

At the request of Mr. KENNEDY, the names of the Senator from Arizona [Mr. DECONCINI], and the Senator from Colorado [Mr. HART] were added as cosponsors of Senate Joint Resolution 179, a joint resolution requesting the President of the United States to resume negotiations with the Soviet Union for a verifiable comprehensive test ban treaty.

SENATE JOINT RESOLUTION 188

At the request of Mrs. KASSEBAUM, the name of the Senator from Arizona [Mr. GOLDWATER] was added as a cosponsor of Senate Joint Resolution 188, a joint resolution to designate July 6, 1986, as "National Air Traffic Control Day".

SENATE JOINT RESOLUTION 230

At the request of Mr. KERRY, the names of the Senator from South Dakota [Mr. PRESSLER], the Senator from Utah [Mr. HATCH], the Senator from Georgia [Mr. NUNN], the Senator from Nebraska [Mr. EXON], the Senator from Wisconsin [Mr. KASTEN], and the Senator from Maryland [Mr. SARBANES] were added as cosponsors of Senate Joint Resolution 230, a joint resolution to designate the week of December 1, 1985, through December 7, 1985, as "National Autism Week."

SENATE JOINT RESOLUTION 231

At the request of Mr. RIEGLE, the names of the Senator from Indiana [Mr. LUGAR], the Senator from Mississippi [Mr. STENNIS], the Senator from Indiana [Mr. QUAYLE], the Senator from Nebraska [Mr. ZORINSKY], the Senator from South Dakota [Mr. ABDNOR], the Senator from Georgia [Mr. NUNN], the Senator from Nevada [Mr. LAXALT], the Senator from North Dakota [Mr. BURDICK], the Senator from Georgia [Mr. MATTINGLY], the Senator from South Carolina [Mr. HOLLINGS], the Senator from North Carolina [Mr. EAST], the Senator from Hawaii [Mr. MATSUNAGA], the Senator from Alabama [Mr. HEFLIN], the Senator from Hawaii [Mr. INOUYE], and the Senator from Arkansas [Mr. BUMPERS] were added as cosponsors of Senate Joint Resolution 231, a joint resolution to designate the period commencing January 1, 1986, and ending December 31, 1986, as the "Centennial Year of the Gasoline Powered Automobile."

SENATE JOINT RESOLUTION 235

At the request of Mr. DANFORTH, the names of the Senator from Kansas [Mr. DOLE], the Senator from Hawaii [Mr. INOUYE], the Senator from Rhode Island [Mr. PELL], and the Senator from Georgia [Mr. NUNN] were added as cosponsors of Senate Joint Resolution 235, a joint resolution to designate the week of January 26, 1986, to February 1, 1986, as "Truck and Bus Safety Week".

SENATE CONCURRENT RESOLUTION 78

At the request of Mr. BRADLEY, the names of the Senator from South Carolina [Mr. HOLLINGS], and the Sen-

ator from Arizona [Mr. GOLDWATER] were added as cosponsors of Senate Concurrent Resolution 78, a concurrent resolution in support of universal access to immunization by 1990 and accelerated efforts to eradicate childhood diseases.

SENATE CONCURRENT RESOLUTION 81

At the request of Mr. SIMON, the name of the Senator from South Carolina [Mr. HOLLINGS] was added as a cosponsor of Senate Concurrent Resolution 81, a concurrent resolution requesting the President to begin talks with the Government of the Soviet Union to establish a United States-Soviet Union student exchange for peace program.

SENATE RESOLUTION 264—COMMENDING THE CREATION AND PRODUCTION OF THE DC-3 TRANSPORT AIRCRAFT

Mr. DOLE. (for Mr. DANFORTH, for himself, Mrs. KASSEBAUM, Mr. CRANSTON, Mr. WILSON, and Mrs. HAWKINS) submitted the following resolution; which was considered and agreed to:

S. RES. 264

Whereas an aviation legend began on December 17, 1935 when the Douglas Aircraft Company unveiled the DC-3 transport aircraft in Santa Monica, California;

Whereas the DC-3 transport aircraft, whose first flight was one hour and forty minutes in duration, has been utilized in civilian and military transportation in excess of 8,500,000 miles;

Whereas such aircraft's combination of speed, payload, range, economy and reliability revolutionized air travel throughout the world;

Whereas the Douglas Aircraft Company's production of 10,100 military versions (C-47) of such aircraft, at a peak rate of 1.8 aircraft per hour, made such aircraft the single most produced aircraft in the world, and resulted in such aircraft being named by General Dwight D. Eisenhower as one of the four weapons that most helped to secure the Allied victory in World War II; and

Whereas over 2,000 DC-3 transport aircraft are still in service around the world today: Now, therefore, be it

Resolved, That the Senate, on the Fiftieth Anniversary of service of the DC-3 transport aircraft, commends the McDonnell Douglas Aircraft Company for its leadership in creating and producing the aircraft that revolutionized the air transport industry.

AMENDMENTS SUBMITTED

CONRAIL SALE AMENDMENTS

SPECTER AMENDMENTS NOS. 1311 THROUGH 1315

(Ordered to lie on the table.)

Mr. SPECTER submitted five amendments intended to be proposed by him to the bill (S. 638) to amend the Regional Rail Reorganization Act of 1973 to provide for the transfer of ownership of the Consolidated Rail Corporation to the private sector, and for other purposes; as follows:

AMENDMENT NO. 1311

On page 11, beginning with line 25 delete the words "except concurrent with" and insert the words "prior to the date which is 90 days following"

AMENDMENT NO. 1312

On page 9, line 2 insert the following new paragraph and renumber paragraph (7) through (20) as (8) through (21),

"(7) subsection (b) of this section, but only with respect to matters covered by the last sentence;"

AMENDMENT NO. 1313

On page 12 following line 8 insert the following new paragraph:

"(7) Except pursuant to divestitute approved by the Attorney General in connection with the sale, Norfolk Southern shall not for a period of 10 years following the consummation of the sale, permit any transaction or series of transactions which would cause all or any substantial part of the railroad assets and business of Conrail and its subsidiaries to be sold, leased, transferred or otherwise disposed of other than to a subsidiary of Conrail in which neither Norfolk Southern or any of its non-Conrail affiliates or subsidiaries has any interest."

AMENDMENT NO. 1314

On page 15 following line 8 insert the following new paragraphs:

"(7) Indebtedness incurred by Norfolk Southern Corporation or any member of its affiliated group to acquire or hold the common stock of Conrail shall be deemed to have been incurred by Conrail, and not such other corporation, for purposes of determining the person entitled to claim the interest expense deduction under Section 163 of the Internal Revenue Code of 1954.

"(8) Conrail shall not be treated as an includable corporation under Section 1504(b) of the Code for taxable years beginning before January 1, 1991."

AMENDMENT NO. 1315

On page 12 following line 8 insert the following new paragraph:

"(7) For a period of five years following the consummation of the sale, Norfolk Southern shall furnish the Department of Transportation separate audited financial statements of Conrail, Norfolk Southern and the Conrail-Norfolk Southern Consolidated group within 90 days after the end of each fiscal year of each entity."

HEINZ AMENDMENTS NOS. 1316 THROUGH 1320

(Ordered to lie on the table.)

Mr. HEINZ submitted five amendments intended to be proposed by him to the bill S. 638, supra; as follows:

AMENDMENT NO. 1316

Add to page 12 after line 8 new subsection (c) to Section 104;

Notwithstanding any other provision of this law, prior to transfer of the interest of the U.S. in the common stock of the Corporation to the Norfolk Southern Corporation, the Secretary, in consultation with the Attorney General, must conduct public hearings in every state in which either Conrail, or its subsidiaries, or Norfolk Southern, or its subsidiaries, operates to give all interested parties the opportunity to present testimony and evidence concerning the economic impact of this merger. The Secretary shall conduct these hearings in full cooperation with each State's Attorney General. At the conclusion of the hearing process, the Secretary shall prepare a report on the cumulative economic impact of the merger, and such report shall be placed upon the public record. Within ninety days of issuance of the report, any party affected adversely by the merger who participated in the State hearings process may file suit in any court of competent jurisdiction to enjoin the merger.

AMENDMENT NO. 1317

On page 11, line 17, strike the period after "Agreements" and insert the following:

"*Provided*, however, that such alteration shall not be effective until affirmatively approved by an Act of Congress."

AMENDMENT NO. 1318

On page 11, line 22, strike all after the word "until" through the end of line 23 and insert the following:

"such waiver has been affirmatively approved by an Act of Congress."

AMENDMENT NO. 1319

On page 12 following line 8, insert the following paragraph:

"(7)(i) For a period of five years following the consummation of the sale, Norfolk Southern will cause Conrail to spend in each fiscal year not less than $500 million in capital spending for replacement or rehabilitation of, or enhancements to, the railroad plant, property, trackage and equipment of Conrail.

(ii) No amount spent upon normal repair, maintenance and upkeep of Conrail's railroad plant, property, trackage and equipment in the ordinary course of business shall constitute capital spending for purposes of sub-paragraph (i)."

AMENDMENT NO. 1320

On page 12, following line 8, insert the following new paragraph:

"(7) For a period of ten years following the consummation of the sale, Norfolk Southern shall not permit Conrail, absent insolvency by Norfolk Southern, to liquidate, wind-up, dissolve or file for voluntary reorganization under Title 11 of the United States Code or any other law relating to bankruptcy, insolvency or relief of debtors."

DEPARTMENT OF DEFENSE APPROPRIATION, 1986

(Ordered to lie on the table.)

Mrs. HAWKINS submitted an amendment intended to be proposed by her to the bill (H.R. 3629) making appropriations for the Department of Defense for the fiscal year ending September 30, 1986, and for other purposes; as follows:

On page 132, beginning with line 24, strike out all that follows through line 3 on page 133 and insert in lieu thereof the following:

SEC. 8100. (a) Congress finds that—

(1) service in the Navy frequently requires Navy personnel to spend extended periods of time at sea away from their families;

(2) when contracts for short-term maintenance and repair of Navy vessels are performed at locations other than the home-

ports of the vessels, Navy personnel assigned to those vessels are required to be separated from their families for additional periods of time;

(3) family separation is the number one personnel retention problem in the Navy;

(4) the performance of short-term maintenance and repair of Navy vessels by shipyards in Navy homeports of those vessels promotes defense readiness by encouraging the development and maintenance of essential skills and facilities at locations convenient to the Navy;

(5) there is considerable competition for contracts to perform such maintenance and repair work in most Navy homeports; and

(6) fleet readiness and morale are improved when crew members have the opportunity (A) to train and practice fleet drills in other Navy vessels in homeports during periods that the vessels to which they are assigned are undergoing short-term maintenance and repair in the homeports of those vessels, and (B) to utilize the shore training facilities at homeports during such periods.

(b) It is the sense of the Congress that it is in the best interest of national security for the Navy to continue to require the performance of short-term maintenance and repair of Navy vessels at the homeports of such vessels when there is sufficient competition among contractors to perform such maintenance and repair in the homeports of such vessels.

NOTICES OF HEARINGS

SUBCOMMITTEE ON WATER AND POWER

Mr. MURKOWSKI. Mr. President, I would like to announce for the information of the Senate and the public that the hearing previously scheduled on Tuesday, December 10, 1985, at 10 a.m. before the Subcommittee on Water and Power of the Committee on Energy and Natural Resources will be rescheduled on a future date yet to be announced.

The purpose of this hearing is to receive testimony on S. 1785, a bill to amend the Garrison diversion project.

For further information regarding this hearing, please contact Mr. Russell Brown of the subcommittee staff at 202-224-2366.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON RULES AND ADMINISTRATION

Mr. CHAFEE. Mr. President, I ask unanimous consent that the Committee on Rules and Administration be authorized to meet during the session of the Senate on Wednesday, December 4, 1985, in order to mark up Senate Resolution 204, authorizing supplemental expenditures for the Select Committee on Indian Affairs. Also scheduled is the selection of a vendor to provide a new telephone system for the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. CHAFEE. Mr. President, I ask unanimous consent that the Committee on Governmental Affairs be authorized to meet during the session of the Senate on Wednesday, December 4, to hold a hearing to consider the nomination of Jerry Calhoun, to be a member of the Federal Labor Relations Authority.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. CHAFEE. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Wednesday, December 4, to hold a hearing to consider the following nominations to the Department of the Interior: Ralph W. Tarr, Solicitor; Gerald Ralph Riso, Assistant Secretary for Policy, Budget and Administration; and J. Steven Griles, Assistant Secretary for Land and Minerals Management.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. CHAFEE. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet durng the session of the Senate on Wednesday, December 4, in closed session, to hold a hearing on intelligence matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON MANPOWER AND PERSONNEL

Mr. CHAFEE. Mr. President, I ask unanimous consent that the Subcommittee on Manpower and Personnel of the Committee on Armed Services be authorized to meet during the session of the Senate on Wednesday, December 4, 1985, in order to consider proposals to change military retirement.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

VOLUNTARY COMPLIANCE

● Mr. QUAYLE. Mr. President, with the House Committee on Ways and Means recently completing work on their tax revision draft, the issue of tax reform is again the focus of considerable attention. I welcome this renewed attention on an issue which has been high on the agenda of the citizens of Indiana for some time. During my tenure in the Senate, I have noticed a rising discontent with the inequities, complexities, and vagaries of the Internal Revenue Code. I am proud that over 3 years ago, I introduced in the Senate the first comprehensive tax reform proposal—the SELF Tax Plan. SELF is designed to restore four essential principles to the Tax Code: Simplicity, efficiency, low rates, and fairness. These guidelines are what I believe to be the necessary framework of any tax code. It is significant that virtually all tax reform proposals advanced since espouse similar goals.

While most people agree that tax reform is needed, honest men and women can and do disagree over the fine print. Although I do not acquiesce to each and every provision of the many tax overhaul packages, and realize that there is not universal agreement on each line of my own SELF plan, I feel that the best interests of our economy and our Nation are served by the continued debate over what form tax changes should take, not over whether reform is necessary. While it is clear that the constant threat of major tax changes casts a shadow of uncertainty over our economy, I firmly believe that comprehensive tax reform is needed to promote economic efficiency and reduce the burden and role of taxation on individuals' and businesses' economic decisions.

Once a tax schedule that doesn't promote or discourage certain activities relative to others is on the books, the incessant tide of major tax changes—3 out of the past 4 years, and 6 out of the past 10 years—will hopefully no longer be needed, and individuals, small businesses, and corporations may proceed with business as usual, not having to worry about the economy distortions of the Tax Code, and the oftentimes unfair distribution of the tax burden. That is why, although the uncertainty of change lingers during the course of this debate, I support and welcome the continued progress of tax reform. In addition to constancy, there is an overriding need for administrative and economic efficiency to be fundamentals of our Tax Code.

A driving force behind the movement for tax reform is the public's desire for simplicity. Simplicity must also be a factor in any Tax Code based on voluntary compliance, such as ours. I believe it to be essential for individuals to understand the basic requirements of the tax law and how to file their own returns. Our current Tax Code is a helter-skelter maze of loopholes, exemptions, deductions, requirements, and forms. Many taxpayers find it difficult and discouraging and thus do not receive the full benefits due them under the law. Neighbors receiving similar incomes pay vastly different amounts in taxes.

Mr. President, current law is so complicated that not even the IRS is able to render consistently reliable interpretations. Some years ago, a tax reform research group ran a test in which tax data was submitted for a hypothetical couple with one child. Incredibly, each of the 22 IRS offices around the country to which the data was submitted came up with a different result, ranging from a refund of

$811.96 to an underpayment of $52.14—a difference of $864.10!

Unfortunately, events such as this are not limited to hypothetical taxpayers invented by research groups. I received a letter from a Hoosier taxpayer, on behalf of his 94-year-old aunt who voluntarily declared $10 she had received for renting space in her garage for 1 month. The IRS replied to her tax return indicating that the $10 was not declared and submitted on the proper form. To correct this would result in a 6- to 8-week delay in the processing of her form, or else she faced the possibility of an increased tax liability. Complex procedures such as this, surely do not foster compliance.

Mr. President, I ask that the correspondence I referred to be placed in the RECORD.

The correspondence follows:

EDSON W. MURRAY
AND ASSOCIATES,
Rensselaer, IN, August 8, 1985.

Senator DAN QUAYLE,
Longworth House Office Building, Washington, DC.

DEAR SENATOR QUAYLE: Enclosed is a copy of the notice my 94-year-old wheelchair-bound aunt received from the IRS. I fully agree with the feelings expressed in her answer.

No wonder IRS is pressuring Congress to supply additional funds to employ more help if they plan to audit every $10.00 gross income item.

Incidently, the minimum charge for completing the requested Schedule E is $25.00. The "return" on her renting her garage was a net loss of $18.67 ($10.00 gross rent less $2.00 taxes, less $25.00 and less return receipt postage $1.67). Some "profit."

Is this what IRS mean by "cracking down hard on tax cheaters"? Does the IRS have any idea how disturbed a person her age gets upon receipt of such a notice. Most business computers are programmed to ignore small billings. Can the Government really afford to follow-up on every $10.00 income item? What happened to the program to save paper work?

This is absurd. I would appreciate your comments.

Yours very truly,

EDSON W. MURRAY.

DEPARTMENT OF THE TREASURY,
INTERNAL REVENUE SERVICE,
Memphis, TN, July 30, 1985.

HELEN F. MURRAY,
525 S. Park Ave., Rensselaer, IN,

DEAR TAXPAYER: In processing your Federal income tax return for the year ended Dec. 31, 1984, we find we need more information or do not have the fully completed forms that are required. Please send us the information indicated or fill out the necessary lines of forms mentioned below and return the information and forms to us.

Schedule E to support the entry of $10.00 on line 18.

Please send us the information requested within 20 days from the date of this letter so we can complete the processing of your return. Please enclose only the information requested; DO NOT send a copy of your return. It will take about 6 to 8 weeks from the time we receive your response to complete the processing of your return and issue any refund due you. If we do not hear from you we will have to process your return using the information we have. This may increase the tax you owe or reduce your refund because we would not be able to give you proper credit.

If the item in question appeared in error on your return, please note that on this letter when you reply. DO NOT file a corrected or amended return because that will delay the processing of your original return.

AUGUST 5, 1985.

I rented ½ of my garage to a neighbor for one month. He gave me $10.00, gross rent. I did not file a schedule E because I claimed no deductions. Your (employee) tells me it should have listed on line 22, Misc. Income. I am 94 years old. I have since sold the house and am living in a nursing home in a wheel chair. I have always tried to pay my taxes. I am told I was stupid for listing it. I was a High School teacher for over 40 years and always tried to instill citizenship responsibility in my students. Can't you make better use of your time than picking on old ladies for a $10.00 income item which was voluntarily listed? No wonder tax cheating is on the increase. You should be ashamed.

(Signed) HELEN F. MURRAY.

Sincerely yours,

CATHERINE B. HARMON,
Chief, Correspondence Section.●

DONNA E. SHALALA, PRESIDENT, HUNTER COLLEGE, THE CITY UNIVERSITY OF NEW YORK

● Mr. MOYNIHAN. Mr. President, I call the attention of my colleagues to an essay by one of the State of New York's distinguished citizens, an educator of extraordinary vision, Donna E. Shalala, president of Hunter College, the City University of New York.

President Shalala has had a rich and varied career. She was a Peace Corps volunteer in Iran and is the author of several important books. She has been both a Carnegie fellow and a Guggenheim fellow. Since 1980, she has been president of one of the Nation's finest colleges, Hunter College in New York City, which serves more than 17,000 students.

In an essay in the November 11 edition of the American Council on Education's "Higher Education & National Affairs," President Shalala recounts some of the contributions of nontraditional students to higher education, the obstacles they face, and the changing character of student bodies.

Mr. President, this article is quiet testimony to the good fortune of Hunter College to have as President Donna Shalala, and why the college she leads continues to provide outstanding educational opportunities to men and women from all walks of life.

I ask that President Shalala's essay in "Higher Education & National Affairs" be printed in the RECORD.

The essay follows:

NONTRADITIONAL STUDENTS IN HIGHER EDUCATION

(By Donna E. Shalala)

Since the end of World War II, a quiet revolution has been occurring on college campuses, and from every appreciable point of view, it is a revolution that has brought American higher education closer to its true self.

In the last 40 years, American higher education has changed significantly and dramatically. It has become less elitist, more democratic, more accessible, and less homogenous by paying more attention to the nontraditional student. In fact, at my institution and at public urban institutions like Hunter, the nontraditional student has become the tradition.

It's not surprising then that a new classification has already emerged. Yesterday's nontraditional students are today's "new generation of students," as described in a recent two-part report from the College Board. That report concludes that urban students today are more likely to be female, over 25 years of age, members of minority groups, enrolled part-time, and employed.

Recent statistics from the National Center for Education Statistics (NCES) confirm this trend. The NCES estimated that 255,000 fewer full-time students would enroll in colleges this fall. But the pool of part-time nontraditional students was expected to increase by 157,000.

The implications of this trend are enormous, and they have already been felt by many administrators and faculty members at both public and independent institutions. Educators are realizing that colleges and universities can no longer be organized only for students between the ages of 18 and 22. To continue to do so would be to risk financial difficulties and to lose capable students whose time commitments, financial burdens, and family obligations are more complex and more conflicting than those of the full-time, unattached, and financially dependent young student.

College and university officials will not be able to respond appropriately to the changing nature of their student populations if they do not periodically identify their students and assess their needs. Only by surveying their students will they begin to address the two general areas of higher education that will be increasingly affected by the influx of nontraditional students—the curriculum and student services.

Because the number of educationally disadvantaged students who are entering college is likely to increase, and because keeping students in school may depend more and more on how quickly and how effectively they are able to learn basic skills, good remedial programs will become essential for underprepared students. Where such programs already exist, college and university officials may need to expand course offerings or to improve the availability of required basic-skill courses. In addition, they will need to examine whether scheduling and course requirements meet the needs of students who can only attend school part-time or at night.

In the area of student services, innovation will also be necessary. New services may be needed. Existing services may need to be upgraded. And the way all services are scheduled may warrant evaluation. Because more students are spending less time on campus, informing students about existing services becomes a top priority. Colleges and universities may also have to establish peer counseling programs to help reentry students deal with the difficulties of adjusting to academic life. And many institutions will have to reopen or keep open administrative offices at night to serve their evening students.

Without question, the changing nature of the postsecondary student population will raise larger issues. Administrators may need to develop ways to deal efficiently and creatively with such complex problems as how to reorganize financial aid for the student who needs more child care support than tuition support, whether to require health service fees from working students whose employers already cover such costs, and whether the four-year academic time frame is reasonable for nontraditional students.

Some people will argue that the influx of these students, and the changes their presence will evoke, will cause higher education to lower its standards. I am not one of them. Institutions can and will continue to maintain academic standards while helping students to meet them.

At Hunter, I see many students, be they single parents, senior citizens, or foreign born, who are succeeding brilliantly despite extreme personal sacrifices and, perhaps, because of the extra efforts we make to provide services that meet their needs.

The presence of these students will enrich the quality of education in our classrooms. If we welcome them and help to keep them in school, we will be keeping the promise of America and telling the world that every American has a right to higher education.●

THE MEDAL OF HONOR

(By request of Mr. DOLE, the following statement was ordered to be printed in the RECORD.)

● Mr. GOLDWATER. Mr. President, the Congress holds an important, but often overlooked role relative to the establishment and design of the Nation's highest military award, the Medal of Honor. It is an interesting and almost unknown fact that at least five different types of medals have been given with the approval of Congress, although they do not all carry the same meaning as a true Congressional Medal of Honor.

Recently, I received a copy of an excellent article on this subject written by retired Lt. Col. P.S. Gage. His article details the development of the medal and the manner in which it has been presented. The article offers an interesting viewpoint and new facts on the medal and I ask that it be printed in the RECORD.

The article follows:

WHICH MEDAL IS WORTH DYING FOR?

(By Lt. Col. P.S. Gage, USA (Ret.)

It is probable that no award in this nation's history has been less understood, more abused or subjected to greater caprice than the Medal of Honor. Its history, since its inception, has been muddled. In many instances its presentation has been slipshod—a victim, as John Milton would have put it, of "confusion worse confounded." Its very name has inspired awe; yet ignorance of its purpose is rampant. But there is a solution to the problems associated with the award designed for heroes. It is with such matters as these that the following article addresses itself.

THE BRAVEST MEN IN HISTORY

Of Earth's beings only man is provided with intellect that supplies choices but not always accurate solutions. Down the centuries philosophers have expressed opinions as to the status of the human's nature, and no less an authority than Aristotle cited eleven moral virtues. One of these is courage. Our assessment suggests that neither animal nor angel may experience the deathly fear and sickening dread that often assails us humans. But this paralyzing trauma sometimes is miraculously followed by a phenomenal antidote or quality called courage. Feats of courage and derring-do have been recorded in song and story throughout the ages. Legend records that the bravest man in pre-Christian times was one Cynaegirus, a brother of the Greek poet-dramatist Aeschylus, (According to J. Lempriere, DD on p. 418 of Bibliotheca Classica of Antiquity and the Ancients, 1857).

After the outnumbered but physically superior Greeks charged invading Persians on a September day 490 BC, the shores at Marathon became a vast confusion of Asiatics scrambling to board ships and flee. The historian Herodotus writes that Cynaegirus seized a boat with his right hand. It was severed by a scimitar. He grabbed with his left; and it also was cut off. But he still kept hold of the vessel with his teeth!

Through the centuries we can conclude that heroes' exploits have occurred most frequently at the sites of battles. Perhaps daring and a degree of macho may accompany him who overcomes fear of almost certain harm. Might it not be assumed that a majority of daredevils retain some modest form of self defense?

But what of the man who believes literally in the Fifth Commandment: "Thou shalt not kill?" He is known as a "C.O.", a conscientious objector. There have been only two of these in American history who have been awarded the Medal of Honor for courage above and beyond the call of duty at the risk of life while in action against an enemy. One of these in World War I was the legendary Sergeant Alvin C. York, who personally killed a number of German soldiers and captured 134 others.

The other "C.O." served in World War II and he flatly refused to carry any weapon. He was ostracized, called "yellowbelly," and given the most degrading and unpleasant details in the outfits in which he served. He ended up a medical corpsman attached to an infantry company on Okinawa. A slender man with unmilitary bearing, Private Desmond T. Doss, while in action there, shunned cover and moved to within 25 feet of enemy positions. Constantly under fire, he tended casualties, and himself was wounded several times. However, he refused to be evacuated. At one point he did use a rifle—but this only to bind the stock to his shattered arm. Doss' fearlessness, unselfishness, and sacrifice for his brother soldier continued almost daily for 20 days. When he was eventually dragged to the rear and hospitalized, his name became a symbol throughout the 77th Division for gallantry and courage far above and beyond the call of duty.

The Medal of Honor today recognizes American heroes of this high caliber. This Medal has grown in meaning and in the degree of sacrifice for which it is awarded. The records show that in World War II 49 per cent of the 431 awardees died or were killed. In Korea the dedication was even greater: 71 per cent of the decorations were posthumous, and in Vietnam 64 per cent of those on whom the Medal was conferred did not survive.

THE BEGINNING OF THE MEDAL OF HONOR

The United States is the greatest nation on this planet, and the Medal of Honor is a national treasure. However, we as a people seldom are unanimous in our judgments, being sometimes intransigent and often inconsistent. George Washington—himself not too well recognized as one of the great commanders in history—attempted in 1783 to award visible symbols to brave soldiers. He bestowed three Purple Heart medals for "Singularly meritorious service." The idea never caught on!

From then until the Civil War 80 years passed, during which time Americans fought the British, Indians, and Mexicans. During this same period three countries introduced coveted decorations for their warriors. France introduced its Légion d'Honneur in 1803, Prussia (now Germany) its Iron Cross in 1813, and England created the famous Victoria Cross in 1856.

In America the tragic Civil War broke out with the bombardment of Fort Sumter in April 1861. The Navy's forces amounted to an insignificant number when compared to the Army's. Therefore it is not fully understood why the former service took the lead in suggesting a decoration for courage for sailors in action. Nevertheless eight months after hostilities began, the Chairman of the Naval Committee, Senator James W. Grimes of Iowa, introduced and President Lincoln approved our second (but at the time the only) award for valor. The date was December 21, 1861.

Washington in those days appeared chaotic—a city difficult to comprehend: merchants, politicians, and military added to the normal population and created L'Enfant-mazed traffic dust and dirt—and confusion—and bureaucracy. It is hard to imagine the birth of the Medal of Honor amidst this turmoil; but what is virtually inconceivable is how the War Department (Army) found justification for requesting its own version of a medal just two months later. (It was approved in July 1862.)

Now begins the raveled history of our greatest military decoration. The design was created by Christian Schussel, a native of Alsace, France. The engraver was Anthony C. Paquet of Hamburg, Germany. The scene depicted on a five pointed star features Minerva, the goddess of arts, wisdom, and war. She it was who possessed the ability to hurl Jupiter's thunderbolts. The gift of prophecy and means to prolong the lives of men were also hers. On the face of the Medal this deity holds in her right hand a shield embiazoned with the crest of the United States of America. This represents Union. To her left cringes an attacker who holds fork tongued serpents which strike at the shield, hoping to destroy Union. The design was for use by both Navy and Army. Only the clasp that attached the medallion to a ribbon differed for each branch of service.

Appearing as it did at the start of our greatest crisis, the Medal embraces symbolism and heritage unsurpassed in the annals of heraldry. We should be proud to know that roughly 2600 of the beautiful awards have been delivered to as many heroes of the Army, Navy, and Marines. (Sadly, today—as you will read further on—only the Navy and Marines are permitted this glorious decoration).

THE FIRST AWARDS

Even though the very earliest act resulting in a Medal of Honor was performed in an Indian campaign in February of 1861, the first presentation took place at the White House on March 25, 1863, in the presence of Abraham Lincoln. The incident was dramatic and was as well received by the

South as by the North. To this day history buffs recall and memorialize the famous action, known as the Andrews Raid.

The roots of this raid were laid about two years before Sherman invaded Georgia when a young northern civilian, James Andrews, conceived a plan to infiltrate the south (part of Tennessee and northern section of Georgia). He assembled 22 Union soldiers and one other civilian. All 24, disguised as civilians, dispersed after briefing with the mission of meeting again at Kennesaw, a small town just north of Atlanta. Here they would steal a train and go north to Chattanooga. They hoped to do serious damage to the rails over 100 miles and thereby cripple the movement of southern supplies urgently needed by the Confederate forces in the North.

On Saturday, April 12, 1862, twenty raiders (two never got to Georgia and two others awakened too late to board the train) jumped on an engine and cars that had stopped while its passengers were eating breakfast. Almost before the train (pulled by a famous locomotive called The General) got underway, the conductor gave chase on foot. Then another locomotive, The Texas, came up from Atlanta to chase the Raiders for 90 miles before capturing them south of the Tennessee border. The Raiders—all 24—were apprehended eventually. The incident built morale for the South because the Union attempt failed and very little damage was actually done to the tracks and bridges. But the North was pleased with the daring and the sacrifice, and good publicity resulted. Medals of Honor were issued to nineteen of the Raiders, but a group of six of them were presented with the very first decorations in Washington in March 1863.

The fate meted to eight of the spies—the supreme sacrifice—was summary and gruesome. Young Andrews was hanged and his body, cut down from the make-shift gibbet, was left to molder at the spot for 25 years. There, today a historical marker stands, a very short block from Atlanta's modern 42 story Bell South headquarters.

Seven other Raiders were similarly executed eleven days later but to the south of Atlanta's mid city. These men's bodies were cast into a potter's field. In the late 1880s all remains were taken north and given a fitting memorial and permanent interment.

THE ARMY ALWAYS HAD PROBLEMS WITH ITS MEDAL

Available records reveal interesting circumstances regarding the Army's handling of its Medal awards. Perhaps some information relative to administration and management provides a basis for conclusions.

For the whole period of the Civil War the Navy awarded 327 Medals while the Army eventually issued 1200. From the time a soldier, sailor, or marine performed a courageous act in battle until a Medal of Honor was given him took an average of only eight months for the Navy, between the years 1863 and 1865. The Army, on the other hand, distributed 340 up until 1866, but between 1870 and 1900 it gave out another 848 for heroes who were in Civil War battles, and then a final 12 up until and including three in the year 1917—the time of World War I! So the Army's average time for issuing was an unbelievable 30 years!

Since the Army appeared eager to have its very own Medal as far back as December, 1861 it seems incongruous that it did not or would not deliver the Medal to the troops in the field. This failure was overcome to some extent by commanders who devised their own patches, medals, and other decorations to stimulate esprit and panache.

History records that the Army was disturbed at not having credible documentation for the issuance of its Medals, so in September, 1901, Elihu Root, the zealous Secretary of War, appointed to a board General Arthur MacArthur—himself a Medal of Honor winner in 1863, but who had not received it until 1900. (He was also the father of Medal of Honor winner General Douglas MacArthur). MacArthur's board reexamined "by-gone acts" of Medal claimants. In 1902 and again in 1903, boards and the War Department handed out opinions as to how to qualify for the Medal—won almost 40 years previously.

Again in 1902, Secretary Root while traveling in Europe visited our ambassador to France. The latter, Horace Porter, was a most unusual person. He had graduated number 3 in the class of 1860 at West Point, and became the second youngest general in the Union army at 27 (George A. Custer was the youngest at 24). Porter, who became General Grant's aide, won the Medal of Honor in 1863 and, like MacArthur, didn't receive it until later (1902). Grant, as President, again appointed him an aide. Still later, President McKinley named him ambassador to France. This is why Porter was in a position to suggest to Root that the Army Medal of Honor be redesigned. He obtained several French-made sketches and submitted them to three generals for their choice. One was selected and a new design—exclusively for the Army—was approved April 23, 1904. Although the above were not all the accomplishments of the astonishingly influential Porter, the following role was perhaps the most important insofar as the course of the Army's Medal of Honor was concerned: he was accorded the "special privilege of the floors of both houses of Congress for life." It might be appropriate to compare him to an early version of Admiral Hyman Rickover.

Nowhere can the need for a new design for the existing Medal of Honor be uncovered. The Army suffered an unworkable administrative delay, and substitute awards were developed because nothing else was then available. Counterfeiting was charged as a reason for a change, but if this had been a serious consideration then the Navy too would have raised objections. After all, both Medals had identical designs. But why would a new Medal correct these complaints?

AFTERMATH OF THE 1904 ARMY DESIGN

The overall impression of the separate Army Medal is that it appears to have been the result of a 40-year contrived effort, sometimes described as "interservice rivalry."

The long-term result has been a precedent that has allowed two other Medals to be introduced and accepted: an Air Force Medal of Honor (1965), and one for the National Aeronautics and Space Administration (NASA) (1969).

Despite the continuing efforts of the Army to provide strict rules for awarding its Medal, an unprecedented event transpired at the end of World War I. Five Marines were each awarded a Navy Medal of Honor. Then the Army presented its Medal to them for the same action. Nothing such as this would have occurred had there been just one, and only one, Medal.

The single most devastating indictment against the Army Medal—despite its touted French origin—is that the head of Minerva faces to the left! Heraldry recognizes this as a sinister position. It denotes a "bastard." To display a left-facing image on the medallion is tantamount to flying our flag upside down. It should be noted that of the 110 decorations and ribbons utilized by all of today's military services, there are only two lesser ribbons whose design elements face left. They are the American Defense Service medal of September 8, 1939, to December 7, 1941, and the Organized Marine Corps Reserve medal.

THE NAME OF OUR HIGHEST AWARD

Aside from being promiscuous in its numbers, our Medal is further afflicted with a name problem. Its name is generic. It is as if one called a "747", "the plane" or an "M-16", "the gun." Medals of honor are legion: they are used by states, cities, police departments, life-saving awards, and so on. The prefix "Congressional" for our national Medal of Honor is frequently used but is incorrect. Medal of Honor societies have solicited Congress to add the additional cleping, but without success. There is good reason for our lawmakers' rejection of this: there already are five separate categories of Congressional or Congress-approved medals. They are:

1. Gold medals to individuals (the oldest category; first awarded on March 25, 1776);
2. Military Medals of Honor (first qualified on February 13, 1861);
3. Silver medals to individuals;
4. Privately sponsored (commemorating people, places and events); and
5. National Aeronautics and Space Administration (1969).

The present official and correct titles for our Medals of Honor are:

Army, Navy, and Air Force: "Medal of Honor"; and NASA: "Congressional Space Medal of Honor."

THE ARMY MEDAL HAS BEEN AWARDED FOR CAPRICIOUS REASONS

As difficult as it is to believe, 864 Army Medals were authorized for a military action that never occurred and to nearly 600 men who were not involved.

After the Battle of Chancellorsville in May 1863, Lee and his Army of Northern Virginia proceeded north. Understandably numbers of residents in Washington (not 75 miles away) became uneasy. Perhaps there were even a few whose memories stretched back 47 years to a previous invasion by enemy troops. In any event, Secretary of War Stanton had learned that in the defenses of the Capitol there were men whose enlistments were to expire on June 26th. He urgently appealed to the 27th Maine regiment whose service was coming to an end on this date, but the troops refused to a man to stay on. Their commander attempting to clarify the situation gained 300 volunteers. For these men the Secretary of War now directed that Medals of Honor be given. However he was unspecific, so that when the bureaucratic results were reviewed, 864 medals were presented. Almost two-thirds of the soldiers never volunteered, nor were even present.

Major General Joseph Hooker, commanding the Army of the Potomac counted the above defense forces among his men. It is of historical yet doubtful cultural interest that the oldest profession was performing prodigiously at this period midst the chaos of the Capitol as previously alluded to. And although nowhere can be found the names of all 864 Medal donees, collectively they have transferred their unit commander's name to the world's best known sales-lady—the "hooker."

It has already been noted that the Army exerted much effort between 1897 and 1903 to approve and issue more than two-thirds of its overdue Medals. Then came a new brouhaha: In 1916 and 1917 all previously awarded Medals were again examined and 911 were withdrawn! These included more than 800 given to the men defending the city of Washington (above). (The Army presented a total of 1,200 Medals, not including these 800). It should be pointed out that up to our present time the Navy has presented over 1,000 Medals to brave sailors, marines, and one Coast Guardsman and has never withdrawn a single decoration.

The Army continued to remind itself of the criteria for qualification for its highest decoration, and on July 9, 1918, a statute proclaimed that this Medal "shall hereafter (be awarded) in action involving actual conflict with an enemy." Following this, on May 2, 1927, the War Department issued a regulation restating the above exactly. Then just seven months later, on December 14, 1927, the 70th Congress approved a law that gave Charles A. Lindbergh the Army Medal of Honor "for displaying heroic courage . . . at the risk of his life."

On December 23, 1975—48 years later—another act of the 94th Congress provided for a "silver medal, equivalent to a non-combat Medal of Honor" to be awarded to Charles E. Yeager "(for) risking his life in piloting . . . air plane faster than . . . sound." (This is the third category of Congressional medals, p. 10, above).

"Charles A. Lindbergh was unique in the world for all history. His original exploit in May 1927 captured the attention of this planet. In its day, his Atlantic crossing eclipsed Neil Armstrong's 'giant step for mankind' on the moon in 1969.

"In contrast, there are the almost unknown, and for a while classified, efforts of Charles E. Yeager. In breaking the sound barrier, this flier endured the continuing stresses of daring, of pain, and of courage seldom equalled and never exceeded by any other flier known.

"American well wishers went wild in acclaiming 'Lindy'. They completely ignored standards, procedures, and laws. In haste and disregard they gave him a medal for which he was actually unqualified. By comparison, Yeager's acclaimers could not find a medal either. But they were not so pressed that they issued him a fraud.

"They convinced the politicians and the President to give him an award which few recognize and which is nowhere recorded."[1]

Our most coveted decoration for great courage beyond the call of duty is stipulated only for men in our armed forces, yet in 1921-23 our government awarded Medals of Honor to the unknown soldiers of other nations, e.g. England, France, Belgium, Italy, and Rumania (the last named now in the Soviet bloc).

Moreover a Medal of Honor was awarded to an unauthorized civilian who was at the earliest engagement of the Civil War: Bull Run, July, 1861. This Medal was conferred on a very emulous female and "contract surgeon." When the review board of 1916 met she was included among those 911 persons whose decorations were withdrawn. But, believe it or not, on March 4, 1977, the Carter administration returned Dr. Mary Walker's Medal of Honor. One can only wonder as to the contrasting contributions of courage displayed by Dr. Walker and Private Desmond T. Doss!

The last case in which an Army Medal of Honor seemed obviously non-qualified was that of one Major General Adolphus W. Greely who received his recognition March 21, 1935. This could be history's most controversial award of the Medal of Honor because the only citation for his decoration says it was "for his life of splendid public service." There was no "risk", "no actual conflict with an enemy," no "sacrifice." So why a Medal of Honor for this man? No one seems to know. But there is some speculation that runs like this: In 1926, Admiral Richard E. Byrd was given a Navy Medal of Honor for his air flight over the North Pole. This was permissible because then the Navy could apply the citation that Byrd "displayed extraordinary heroism in the line of his profession." So now regarding Greely, it is conjectured that the Army sensed a little pique. Unobtrusively it worked on obtaining equal recognition. You see, Greely had been a part of an arctic expedition from 1881 to 1884 in which 19 men died and only he and six others survived. One could ask why this award was not given much earlier (Greely was 91) and why the danger was not described in the citation? Rivalry?

THE FUTURE FOR OUR MOST COVETED AND DISTINGUISHED MILITARY AWARD

Its heritage and its birth are sublime (this refers only to the Navy Medal).

Its generic name could have a little glory, heraldry, and prestige added.

It does have too "counterfeits" (Army, Air Force, NASA). If we are happy with but one flag, one anthem, one motto, one national symbol (eagle), then one Medal of Honor is quintessential.

It needs a sister to compliment the future courageous acts of Americans at peace.

The vicissitudes of our Medal of Honor would probably cease if generals and politicians withdrew from planning how to change the medal. A non-political, permanent Commission answerable only to the President should be a forward step.●

[1] Reprinted from an article by this author in *Aerospace Historian*, December 1983, p. 258 with permission. Copyrighted 1984 by the Air Force Historical Foundation.

CONGRESSIONAL CALL TO CONSCIENCE VIGIL FOR SOVIET JEWRY

● Mr. QUAYLE. Mr. President, today I am pleased to participate in the Congressional Call to Conscience Vigil for Soviet Jewry. Earlier last month we saw several pre-summit "human rights gestures" by the Soviet Union. Such gestures include the release of Yelena Bonner, wife of human rights activitist, Andrei Sakharov, and the announced release of 10 Soviet citizens wishing to be reunited with their spouses abroad. While these developments are certainly encouraging, we must not lose sight of reality. The situation for Jews in the U.S.S.R. has not improved and there is no evidence that it is changing. Last year emigration levels fell to an all-time low of 896 as compared to over 50,000 just 6 years ago.

On September 30, during an interview with French journalists, Soviet General Secretary, Mikhail Gorbachev specified two criteria for the emigration of Jews from the Soviet Union. First, they must wait 5 to 10 years from the time of their last exposure to state secrets. Second, they must express their desire to be reunited with family abroad. My files contain the names of well over a dozen cases that have met these requirements yet are still being denied their right to emigrate.

One such case is that of Vladimir Prestin who has now waited 14 years from the time he first applied for an exit visa. Prestin, a computer engineer who wishes to emigrate to Israel, quit his job in 1968 to avoid being denied an exit visa because of the excuse that he knew "scientific secrets." Since then, he has found employment in various odd jobs that require no technical expertise. Since 1970 he has been continuously denied permission to emigrate on the grounds that he knows technical secrets. During this time, he and his family have endured years of harassment.

In light of such cases we must continue to insist on a regular emigration policy guaranteeing the right to emigrate and be reunited with loved ones abroad. As we progress, an understanding of such basic human rights must be an integral part of the developing relationship between the United States and Soviet Union.

LEGISLATION TO ESTABLISH A PERMANENT BOUNDARY FOR THE ACADIA NATIONAL PARK IN THE STATE OF MAINE

● Mr. COHEN. Mr. President, I want to express my support for passage of S. 720, legislation I cosponsored with Senator MITCHELL to establish a permanent boundary for Acadia National Park in my home State of Maine. It is a truly momentous occasion that we are marking in the consideration of this legislation on the Senate floor, for the provisions of S. 720 were 20 years in the making. I am most appreciative of the Senate leadership for placing S. 720 on the Senate's calendar, and I also want to thank Senator WALLOP and his staff, and Senator MCCLURE, for expediting the Energy Committee's consideration of this important bill.

In securing the passage of S. 720 today, it is our intent to achieve a lasting resolution of a longstanding problem which has negatively affected both the park and the local towns and area residents.

Acadia National Park is a spectacularly beautiful place and a lasting testament to the philanthropic nature of those familiar with Mount Desert Island and its environs. Its natural beauty is treasured by both the casual visitor and the professional conservationist and the island is also considered a wonderful place to live. Many of those charmed by Acadia's beauty

have responded by donating their land to the Park Service for inclusion into the park itself.

Herein lies the root of the problem addressed in S. 720. The original charter of Acadia National Park allows the Park Service to acquire land for the park only through donation. It can neither purchase specific parcels nor take those threatened by development through eminent domain. The evolution of the park has certainly been unique, and it has created complex problems.

The Park Service has been forced to administer a jigsaw puzzle of a park, with acreage scattered around Mount Desert Island. In addition, it has been prohibited from acquiring parcels of land it considers crucial to the maintenance of the character of the park, unless they are donated. On the other side of the issue, the towns on Mount Desert Island and on the mainland of Hancock County where park land is located have found themselves with no means of controlling the loss of extremely valuable property to the park. The specter of a continually eroding property tax base is something all town managers fear. And this is the situation which continues to exist today, to the detriment of both the towns and the park and with the effect of exacerbating the emotionalism of this longstanding controversy.

S. 720 therefore draws a permanent boundary around Acadia Park and provides for the exchange of certain key parcels identified by the Park Service as desirable for inclusion in the park and by the towns as important to their needs. The Park Service is given eminent domain authority over all parcels within the park's boundary, subject to certain conditions of use. In sum, in exchange for the loss of 1,900 acres of taxable land to the Park Service, the towns receive the assurance that the park will not expand indefinitely in the future.

I want to commend my colleague, Senator MITCHELL, for his work on this legislation, and I join him in recommending to the Senate the passage of legislation which makes sense for Acadia National Park and the residents of Mount Desert Island. Acadia's many visitors, some 4 million in 1984, know of the park's unique beauty—a combination of rugged cliffs and mountains, churning seas, peaceful spruce forests and placid lakes. It is clearly in our best interests to preserve this land for the enjoyment of future generations, and we will share with the Park Service the benefits of a clarified charter for Acadia. At the same time, we must recognize the unusual constraints within which the park management must operate. In doing so, we come to the realization that area residents and town managers have legitimate concerns regarding the future of their tax base and their ability to meet their responsibilities for road management, sewage treatment, and other administrative tasks.

There is no doubt in my mind that both the Park Service and the local towns should benefit from the existence of Acadia Park in the area. The ability to make this a mutually beneficial relationship has been hampered by the terms of the park's charter and both parties have suffered as a result. The need to achieve a compromise in the interest of future cooperative planning is at hand, and passage of this legislation demonstrates our commitment to such a future.

Once again, I want to express my thanks to Senator WALLOP and the staff of the Public Lands Subcommittee, especially Tony Bevinetto and Tom Williams. Without their interest and support, the Acadia affair might have lingered on for many more years.●

The PRESIDING OFFICER. The majority leader.

Mr. DOLE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RESOLUTION HELD AT DESK—HOUSE JOINT RESOLUTION 424

Mr. DOLE. Mr. President, I ask unanimous consent that when the Senate receives from the House, Senate Joint Resolution 424, the Year of the Flag, it be held at the desk pending further disposition.

The PRESIDING OFFICER. Without objection, it is so ordered.

RESOLUTION HELD AT DESK—HOUSE JOINT RESOLUTION 440

Mr. DOLE. Mr. President, I ask unanimous consent that when the Senate receives from the House, House Joint Resolution 440, National Autism Week, it be held at the desk pending further disposition.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

COMMENDATION OF CREATION AND PRODUCTION OF DC-3 TRANSPORT AIRCRAFT

Mr. DOLE. Mr. President, I send to the desk a resolution on behalf of Senators DANFORTH, KASSEBAUM, CRANSTON, WILSON, and HAWKINS, and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The bill clerk read as follows:

A resolution (S. Res. 264) to commend the creation and production of the DC-3 transport aircraft.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. DANFORTH. Mr. President, I offer this resolution on behalf of Mrs. KASSEBAUM, Mr. CRANSTON, Mrs. HAWKINS, Mr. WILSON, and myself that honors the design and production of the Douglas DC-3 transport aircraft.

The DC-3 is the airplane that revolutionized an industry. It is also known as the Dakota, and to the military as the C-47 Skytrain. It has been affectionately named the "Gooney Bird," and the "Old Crate," but after its 50 years of remarkable service, I would like to add one more name that I think the DC-3 deserves, that of "Grand Old Lady."

The DC-3 had a rather humble beginning. In fact, there was not even one photograph made of its historic first flight. But over the years, as more DC-3's and their military counterparts went into service, the legend grew. Stories told by military crews who flew this twin engine transport helped shape the reputation. The DC-3 became known as an aircraft that performed, even under the most challenging circumstances, and as such was a favorite subject for poems, songs, and war dispatches. Besides transporting troops and cargo, it doubled as a hospital plane, glider amphibian, flying command post, bomber—even a flying laundromat. General Eisenhower credited it with being one of the allies' most important weapons in winning World War II.

After the war, thousands of C-4's converted to airline use put civilian aviation back into business. The DC-3 and its predecessors pioneered many advances in safety and comfort. Heated cabins, soundproofing, powered brakes, constant speed propellers, and autopilot were breakthroughs for passengers and pilots alike. Other civilian versions were used for firefighting, executive transports, agricultural spray planes, and ski-mounted planes needed for landing at the North and South Poles. Again, there came stories to build the reputation of this outstanding aircraft. Mr. President, one particular tale comes to mind and I would like to share it with my colleagues.

One day in the late 1950's, a commercial flight left Phoenix, AZ. About 50 miles north of the city, it ran into storm clouds and got permission to climb above them. Suddenly a downdraft rushed against the plane While trying to regain control of the airplane, the pilot clipped the ledge of a mountain, shearing off nearly 12 feet of the wing surface. Despite this fact,

the little DC-3 carried all 26 passengers back the 50 miles to a safe landing at Phoenix Municipal Airport. A remarkable feat indeed.

Mr. President, today there remain more than 2,000 DC-3's in action around the world. This airplane has served us well in peace and in war. It has been a durable monument to good design and talented engineering. I wish this "Grand Old Lady" many more years of success in the sky.

Mr. President, I ask unanimous consent that an article from the December 1, 1985, edition of the New York Times on the Douglas DC-3, and the full text of this resolution, be printed in the RECORD at this point.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From The New York Times, Dec. 1, 1985]

AT 50, THE DC-3 "GOONEY BIRD" IS STILL FLYING HIGH

(By Ralph Blumenthal)

When the National Aeronautic Association holds its annual Wright Brothers dinner Friday in Washington, gracing the head table will be a chunky, snub-nosed, 50-year-old guest of honor: a Douglas DC-3.

Somehow, inviting one of the legendary workhorses of the sky to a 50th birthday dinner in a hanger at Dulles International Airport is not too extravagant a gesture for admirers of the "Gooney Bird" that launched the era of commercial aviation and helped to carry Allied forces to victory in World War II.

In its military configuration as the C-47, according to the McDonnell Douglas Corporation, the twin-engine propeller plane has flown more miles, hauled more freight and carried more passengers than any other aircraft in history. Admirers of the plane have also been known to boast that it thrived on neglect, never wore out and practically flew itself.

"It was the right size airplane at the right time and the first plane able to make money just carring passengers," said Harry Gann, president of the American Aviation Historical Society of Santa Ana, Calif.

GLEAMING SILVER AND PROUD LOOKS

"It's the looks," said Robert Parmerter, a 43-year-old social studies teacher in Schenevus, N.Y., struggling to explain just what it was that made him such a fan of the DC-3 that he travels everywhere to air shows to photograph the plane. "It's a proud look," he said, "it a nose in the air and all gleaming silver."

Over the years, few machines and certainly no other airplanes have been the object of such adulation as the DC-3, the Douglas company's third model, introduced on Dec. 17, 1935 as a "sleeper-transport" for American Airlines. By 1946, when production ceased, 10,629 DC-3's had been produced. Of these, according to McDonnell Douglas, 1,500 to 2,000 are still flying for third world countries, charter operators, corporate and private owners and collectors.

The DC-3 remains a favorite of many armies and security forces. In the Vietnam War, a gunship version dubbed "Puff the Magic Dragon" was fitted with three rapid-firing miniguns that could blanket and pulverize a wide target. And the plane is also a favorite of drug smugglers.

One record-holding DC-3, owned and still flown by Provincetown Boston Airways through countless engine changes, has logged more than 87,000 flight hours, the equivalent to 10 unbroken years in the air.

Another of similar vintage is operated by Sentimental Journeys, a charter company in Bluefield, W. Va., that provided the plane to the sports flying enthusiasts of the National Aeronautic Association for their hanger dinner on Friday. Still others are owned by DC-3 clubs the world over.

In addition, DC-3 cultists collect pins, patches, ties and coffee mugs as well as books and periodicals. A DC-3 bibliography compiled by Mr. Gann of McDonnell Douglas lists 171 magazine articles, 20 books and 4 government and scientific reports. Devotees even play an informal version of DC-3 trivia.

The object of such enduring worldwide affection was the brainchild of Donald W. Douglas, a Brooklyn-born aviation pioneer and engineer commissioned by a predecessor of Trans World Airlines in 1932 to build a plane that would "out-everything" all rivals.

His first effort, the prototype DC-1 ("D" for "Douglas" and "C" for "commercial"), was bought by Howard R. Hughes. After modifications, the Douglas company called the plane the DC-2 and sold 25 to T.W.A. at $65,000 each. The subsequent variation, the DC-3, which had its maiden flight on Dec. 17, 1935, evolved into a 160-mile-an-hour, two-engine plane with a wingspan of 95 feet, a length of 64 feet and a capacity of 24 passengers. A version made for American Airlines had luxury sleeper berths for 14 passengers and a fully-enclosed honeymoon compartment.

From 1936 to 1939 passenger air traffic increased fivefold and carriers clamored almost exclusively for DC-3's. The passenger load freed the airlines for the first time from dependency on Government mail contracts and provided the economic incentive to expand and develop route systems. By the end of its decade in production, the DC-3 was carrying more than 90 percent of all domestic air passengers.

WARTIME EXPLOITS SHAPE MYSTIQUE

It was the plane's wartime exploits that created much of its mystique.

In one famous episode, a parked Chinese DC-3 lost a wing to a Japanese air attack in 1941. There were no replacement parts but a DC-2 wing was found in Hong Kong. The wing, five feet shorter, was attached and somehow the plane flew home safely 900 miles to Hong Kong. Inevitably it became forever known as the DC-2½.

A C-47 is also credited with downing one of two Japanese "Zero" fighters over the Himalayan "Hump." The Zero, seeking to ram the lumbering Yank transport, sheared off part of the C-47's tail before crashing into a mountain. The crippled C-47, however, succeeded in flying safely back to base.

When the Soviet Union cut off access to West Berlin in 1948, the plane was used in the airlift to bring food to that city.

More recently, in April, 1957, a Frontier Airlines DC-3 flying north of Phoenix hit a sudden downdraft that brushed the left wing against a mountaintop, shearing off about 10 feet of the wing. Still, the pilot managed to maneuver the plane back to a safe landing in Phoenix.

The plane has even been reported on occasion to have safely landed itself after the pilot bailed out. But there have been notable crashes as well, including one that killed Carole Lombard in 1942 and a midair collision of an Eastern DC-3 with a Navy fighter plane near Fort Dix, NJ, in July 1949, killing 16 people.

"They thrived on a steady diet of neglect and overwork," the writer Robert C. Ruark once reminisced in a newspaper column. "They flew with sand in the carburetor and were maintained by cannibals and aborigines. They rattled, banged, jumped and bounced but by and large they flew."

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 264) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, is as follows:

S. RES. 264

Whereas an aviation legend began on December 17, 1935 when the Douglas Aircraft Company unveiled the DC-3 transport aircraft in Santa Monica, California;

Whereas the DC-3 transport aircraft, whose first flight was one hour and forty minutes in duration, has been utilized in civilian and military transportation in excess of 8,500,000 miles;

Whereas such aircraft's combination of speed, payload, range, economy and reliability revolutionized air travel throughout the world;

Whereas the Douglas Aircraft Company's production of 10,000 military versions (C-47) of such aircraft, at a peak rate of 1.8 aircraft per hour, made such aircraft the single most produced aircraft in the world, and resulted in such aircraft being named by General Dwight D. Eisenhower as one of the four weapons that most helped to secure the Allied victory in World War II; and

Whereas over 2,000 DC-3 transport aircraft are still in service around the world today: Now, therefore, be it

Resolved, That the Senate, on the Fiftieth Anniversary of service of the DC-3 transport aircraft, commends the McDonnell Douglas Aircraft Company for its leadership in creating and producing the aircraft that revolutionized the air transport industry.

Mr. DOLE. I move to reconsider the vote by which the resolution was agreed to.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

EDUCATION OF THE HANDICAPPED ACT AMENDMENTS

Mr. DOLE. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives in S. 415.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the House insist upon it amendments to the bill (S. 415) entitled "An Act to amend the Education of the Handicapped Act to authorize the award of reasonable attorneys' fees to certain prevailing parties, and to clarify the effect of the Education of the Handicapped Act on rights, procedures, and remedies under other laws relating to the prohibition of discrimination", and ask a conference with the Senate on the disagreeing votes of the two Houses thereon.

Ordered, That Mr. Hawkins, Mr. Biaggi, Mr. Williams, Mr. Hayes, Mr. Martinez, Mr. Eckart of Ohio, Mr. Jeffords, Mr. Goodling, Mr. Coleman of Missouri, and Mr. Bartlett be the managers of the conference on the part of the House.

Mr. DOLE. Mr. President, I move that the Senate disagree to the House amendments and agree to a conference requested by the House and that the Chair be authorized to appoint conferees on the part of the Senate.

The motion was agreed to and the Presiding Officer [Mr. BOSCHWITZ] appointed Mr. HATCH, Mr. WEICKER, Mr. NICKLES, Mr. KENNEDY, and Mr. KERRY conferees on the part of the Senate.

DEBT LIMIT CONFEREE

Mr. DOLE. Mr. President, I ask unanimous consent that Senator JOHNSTON be added as a conferee to House Joint Resolution 372, the debt limit extension measure, in lieu of Senator CHILES.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDERS FOR THURSDAY

RECESS UNTIL 10:15 A.M.

Mr. DOLE. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 10:15 a.m. on Thursday, December 5.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

Mr. DOLE. Following the recognition of the two leaders under the standing order, Mr. President, I ask unanimous consent that there be a period for the transaction of routine morning business tomorrow not to extend beyond the hour of 10:45 a.m., with Senators permitted to speak therein for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM

Mr. DOLE. Mr. President, at 10:45 a.m., it will be the intention of the majority leader to turn to the consideration of S. 259, the sports franchise bill, assuming there has been a resolution of some differing views, or the White Earth Indian Reservation, which I understand the distinguished Presiding Officer [Mr. BOSCHWITZ] may be able to work out with Senator MELCHER. I am hoping we can lay down one of those measures at 10:45 a.m. I am not certain there will be votes necessary on either one. I hope not—if they can be resolved.

Mr. MATHIAS. If the majority leader would yield, just so he is under no misapprehension, I think there would be prolonged discussion of the sports franchise bill.

Mr. GORE. If the majority leader will yield further, as I have already said to him, that appears to be likely. Although many of us are willing, ready, and even eager to try to come to some agreement, it does appear that will be difficult.

Mr. DOLE. I have indicated to the chairman of the committee and others who have interest that we do not have much time so, if we cannot work it out, it will not come up. There is not enough time to get into an extended debate on it. But I am still hopeful that we can work something out.

I know the Senator from Washington [Mr. GORTON] has been working on it, trying to iron out some of the difficulties. And Senator DANFORTH is on his way to the floor. Perhaps with the distinguished Senator from Maryland, we might have a little huddle to see if we can work it out.

We also hope to turn to the executive calendar on judges, assuming we have reached a satisfactory agreement on processing of judiciary nominations.

Conrail legislation is still listed, the Metropolitan Washington airports transfer bill.

I also indicate to my colleagues that there are a number of very important conference reports tomorrow, including the farm bill, debt ceiling extension; perhaps though not certain, conferees will be appointed on reconciliation tomorrow; and the Appropriations Committee will be marking up the continuing resolution tomorrow. We hope to begin action on that on Friday. So tomorrow may not be a busy floor day, but it will be a busy day for most Senators in conferences or in their committees.

RECESS UNTIL 10:15 A.M. TOMORROW

Mr. DOLE. Mr. President, there being no further business to come before the Senate, I move we stand in recess until 10:15 a.m., Thursday, December 5, 1985.

The motion was agreed to; and the Senate, at 5:58 p.m., recessed until Thursday, December 5, 1985, at 10:15 a.m.

NOMINATIONS

Executive nominations received by the Senate December 4, 1985:

FOREIGN SERVICE

The following-named career member of the Senior Foreign Service of the Department of Agriculture for promotion in the Senior Foreign Service to the class indicated:

Career member of the Senior Foreign Service of the United States of America, class of Minister-Counselor:

Frank A. Padovano, of Virginia.

The following-named career members of the Foreign Service of the Department of Agriculture for promotion into the Senior Foreign Service as indicated:

Career members of the Senior Foreign Service of the United States of America, class of Counselor:

Norman R. Kallemeyn, of Maryland.
John E. Riesz, of Florida.

FOREIGN SERVICE

The following-named persons of the agencies indicated for appointment as Foreign Service officers of the classes stated, and also for the other appointments indicated herewith:

For appointment as Foreign Service officers of class 1, Consular officers, and Secretaries in the Diplomatic Service of the United States of America:

DEPARTMENT OF AGRICULTURE

Gerald W. Harvey, of Virginia.
James A. Truran, of Maryland.

DEPARTMENT OF COMMERCE

Richard R. Ades, of Florida.

For appointment as Foreign Service officers of class 2, Consular officers, and Secretaries in the Diplomatic Service of the United States of America:

DEPARTMENT OF STATE

Marshall F. Atkins, of Tennessee.

DEPARTMENT OF AGRICULTURE

Weyland M. Beeghly, of Iowa.
William L. Brant II, of Oklahoma.
Peter O. Kurz, of New Jersey.
Thomas A. Pomeroy, of Maryland.

For appointment as Foreign Service officers of class 3, Consular officers, and Secretaries in the Diplomatic Service of the United States of America:

DEPARTMENT OF AGRICULTURE

Richard B. Helm, of the District of Columbia.
Nancy Hirschhorn, of Connecticut.
Cleveland H. Marsh, of the District of Columbia.
Susan H. Scurlock, of Nebraska.

DEPARTMENT OF COMMERCE

William M. Yarmy, of New York.

For reappointment in the Foreign Service as Foreign Service officer of class 4, Consular officer, and Secretary in the Diplomatic Service of the United States of America:

U.S. INFORMATION AGENCY

Arthur Norman Buck, of California.

For appointment as Foreign Service officers of class 4, Consular officers, and Secretaries in the Diplomatic Service of the United States of America:

DEPARTMENT OF COMMERCE

Robert M. Shipley, of Kentucky.

U.S. INFORMATION AGENCY

Margo Carlock, of Florida.
Anthony O. Fisher, of Florida.
Caron Louise Garcia, of California.
Thomas D. Gradisher, of Ohio.
Jocelyn A. Greene, of Virginia.
Beth L. Ritchie, of California.
Mary Ann Whitten, of California.

The following-named members of the Foreign Service of the Departments of State and Commerce, and the U.S. Information Agency, to be Consular officers and/or secretaries in the Diplomatic Service of the United States of America, as indicated:

Consular officers and secretaries in the Diplomatic Service of the United States of America:

John Quincy Adams, Jr., of Massachusetts.
Pauline T. Albright, of New Hampshire.
David William Ball, of Ohio.
Mary Frances Bentz, of New Jersey.
Renee Nichele Brooks, of Maryland.

Anne E. Clausing, of Florida.
Evelyn Aleene Early, of Texas.
Joao Maria Ecsodi, of Virginia.
Janet L. Edmonson, of California.
Silvia Eiriz, of New York.
Robert Joseph Faucher, of Arizona.
David R. Fitzgerald, of California.
Joseph S. Ford, of New Jersey.
Robert Stephen Ford, of Maryland.
Max L. Friendersdorf, of Florida.
Bernard Gainer, of Kansas.
Julie A. Garrett, of Ohio.
Franklin J. Gilland, of Texas.
Ann Vincent Gordon, of Virginia.
Stanley R. Guzik, of Illinois.
Constance Hammond, of Maryland.
Richard Dale Haynes, of Washington.
Virginia M. Holte, of California.
A. Joan Walsh Howland, of Utah.
Thomas Keith Huffaker, of California.
Patricia White Johnson, of Oregon.
Henry Edward Kelley, of New Hamsphire.
Judy L. Kerchner, of New Jersey.
Deborah Lynne Kingsland, of New York.
Donald J. Kluba, of Ohio.
Bruce A. Krause, of Michigan.
Mark S. Kryzer, of Minnesota.
Edward Chung-Yuan Lee, of California.
Noelle L'Hommedieu, of New Mexico.
Kirk D. Lindly, of Virginia.
Mary Kay Loss, of Arkansas.
Bruce Alan Lowry, of California.
Eric Manuel Maestas, of Texas.
Thomas James Magee, of Pennsylvania.
Elizabeth Manak, of Virginia.
Carol Marks, of California.
Betty Harriet McCutchan, of Texas.
Brian Moran, of New York.
Thomas F. Morrow, of Pennsylvania.
Cameron Phelps Munter, of California.
Mark A. Murray, of New York.
Krishan Kumar Hans Nanda, of Virginia.
Marcia Nye, of Michigan.
Andrea I. O'Kington, of California.
Mitchell Evan Optican, of California.
Gardiner P. Pearson, of Virginia.
Pat E. Perrin, of California.
Nancy Bikoff Pettit, of Virginia.
Marjorie R. Phillips, of California.
Robert W. Richards, of Arizona.
Keith E. Riggins, of Delaware.
Sturgis Grew Robinson, of California.
Norman T. Roule, of Pennsylvania.
Alvin David Rutledge, of California.
Lee M. Sands, of Connecticut.
Edmund R. Saums II, of Ohio.
Kenneth Bernard Schmitz, of Maryland.
Richard Kirk Sherr, of Colorado.
Paul Sigur, of Maryland.
Peter N. Sinegal, of Louisiana.
Kristen Brunemeier Skipper, of North Carolina.
Gregory W. Smith, of the District of Columbia.
Mark Brian Stein, of New Hampshire.
Nance M. Styles, of Indiana.
Dona Riddick Tarpey, of Virginia.
Donald Gene Teitelbaum, of Virginia.
James Lafayette Traweek, of Texas.
Claudette M. Trout, of Pennsylvania.
Mary Kottke Vincent, of Maryland.
Dianne M. Vogel, of Ohio.
James Bowen Warlick, Jr., of the District of Columbia.
Evelyn Wheeler, of Vermont.
Avon Nyanza Williams III, of Tennessee.
Karen L. Woodworth, of New York.
Marilyn Wyatt, of California.
Consular Officers of the United States of America:
Ira E. Kasoff, of Massachusetts.
Jay A. Rini, of Ohio.
Barbara L.Y. Slawecki, of New Jersey.
Daniel L. Thompson, of California.
George G. Wood, of Virginia.
Secretaries in the Diplomatic Service of the United States of America:
Vicky C. Eicher, of Florida.
Maurice J. Katz, of New Mexico.
Beaumont A. Lower, of Washington.
Richard J. Newquist, of Washington.
Vincente Tang, of California.

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Otis R. Bowen, of Indiana, to be Secretary of Health and Human Services.

THE JUDICIARY

David R. Hansen, of Iowa, to be U.S. district judge for the northern district of Iowa vice Edward J. McManus, retired.

Walter J. Gex III, of Mississippi, to be U.S. district judge for the southern district of Mississippi vice a new position created by Public Law 98-353, approved July 10, 1984.

Miriam G. Cedarbaum, of New York to be U.S. district judget for the southern district of New York vice Charles E. Stewart, Jr., retired.

Robert J. Bryan, of Washington, to be U.S. district judge for the western district of Washington vice a new position created by Public law 98-353, approved July 10, 1984.

CONFIRMATIONS

Executive nominations confirmed by the Senate December 4, 1985:

DEPARTMENT OF DEFENSE

Robert K. Dawson, of Virginia, to be an Assistant Secretary of the Army.

DEPARTMENT OF THE INTERIOR

Ross O. Swimmer, of Oklahoma, to be an Assistant Secretary of the Interior.

The above nominations were approved subject to the nominees' commetments to respond to requests to appear and testify before any duly constituted committee of the Senate.

HOUSE OF REPRESENTATIVES—*Wednesday, December 4, 1985*

The House met at 11 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

We pray for those gifts of the spirit that allow us to understand each other. Gracious God, You have given us language and communication, but we do not always hear what is said and we understand what we want to believe. Open our ears, O God, to Your Word of Life, open our hearts to the petitions of those about us and open our minds to the truth that makes us free. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 2100. An act to extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumers an abundance of food and fiber at reasonable prices, and for other purposes.

The message also announced that the Senate insists upon its amendment to the bill (H.R. 2100) "An act to extend and revise agricultural price support and related programs, to provide for agricultural export, resource conservation, farm credit, and agricultural research and related programs, to continue food assistance to low-income persons, to ensure consumers an abundance of food and fiber at reasonable prices, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HELMS, Mr. DOLE, Mr. LUGAR, Mr. COCHRAN, Mr. BOSCHWITZ, Mr. ZORINSKY, Mr. LEAHY, Mr. MELCHER, and Mr. PRYOR to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1887. An act to amend title 38, United States Code, to increase the rates of disability compensation for disabled veterans and the rates of dependency and indemnity compensation for surviving spouses and children of veterans, to improve veterans' education benefits, and to improve the Veterans' Administration home loan guaranty program; to amend titles 10 and 38, United States Code, to improve national cemetery programs; and for other purposes.

MASSIVE FOREIGN PENETRATION OF AUTO INDUSTRY

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, in the mid-1960's the steel industry was overrun by 25 percent or greater foreign penetration of imports. We had seen the United States Steel divest and it ultimately had more than 50 percent of its assets in subsequent years in energy. They should be known as United States Energy, by the way.

I think what is striking now is that we have seen what happened, how the steel industry basically folded. For the month of October 1985, almost 31 percent of every new car sold in America was produced overseas. Does everybody think we have another bottomless pit and we will not lose our auto industry?

MARCY KAPTUR from Toledo has been saying it quite well, and many Members, but we still have an inactive, passive position on trade that may endanger our basic industry, autos, and when that occurs, the tail will wag the dog and bankruptcy is not an unusual situation for our country.

I am hoping that Congress moves toward stopping this 31 percent massive foreign penetration before it is too late.

"BUD" McFARLANE'S POSSIBLE RESIGNATION

(Mr. BROOMFIELD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROOMFIELD. Mr. Speaker, I am deeply concerned about the possible resignation of Bud McFarlane. If true, his departure would be a great loss to our country and to the White House. The President would sorely miss his quiet but reliable counsel.

Bud is highly respected by Members of both parties in Congress. His many friends in Congress rely on his judgment, integrity, and real competence.

His sound advice and steady hand have been a primary reason for the many foreign policy successes we have enjoyed in recent years. The counsel he provided the President contributed greatly to the success achieved at Geneva and to the newly moderated tone and positive spirit that now characterizes the relationship between the President and Soviet Leader Gorbachev.

It is regrettable, if true; that reported differences in operational style with other members of the White House staff contributed to his decision to leave. By any standard, Bud is a solid and dedicated professional who has given much to his country through the years.

He has been a real asset on the White House team, and his valuable contributions will be missed.

PRO-LIFE LABEL IS BEING GROSSLY ABUSED

(Mr. AUCOIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. AUCOIN. Mr. Speaker, it is hard for me to put into words the disgust and the dismay that I feel this morning based on a news items out of my district.

Yesterday a letter bomb was discovered before it was opened at a family planning clinic in my congressional district. It was not a bomb meant to destroy a building or a structure. It was instead, Mr. Speaker, a bomb that the police department called an antipersonnel device. If it had exploded, the bomb would not have closed that clinic. It would not have prevented any abortions. But it would have severely maimed or killed the staff of the clinic and the postal workers who delivered it to that clinic.

Fortunately, Mr. Speaker, in this particular instance one alert individual who had been trained to spot these things spotted this bomb before it arrived in the mail and a gross and grisly tragedy was prevented in my district. But after this event occurred, three other bombs yesterday were found waiting in the post office for delivery to other clinics in my district.

Mr. Speaker, this is an act of terrorism. It is meant to terrorize workers at family planning clinics in my State, in my district, and around the country, and I think it is despicable. It is meant to terrify patients and prospective pa-

tients at these clinics, and it is meant to terrify the public at large.

These acts of violence around the country and in my district and in my State by people who call themselves pro-life prove that they have no respect for life at all. They are willing to kill. They are willing to maim in order to promote a particular cause of their own. I think they should be condemned by all Oregonians and all Americans and be punished for doing so. I do not think this violence can be understood or condoned, and I hope that Americans understand that the pro-life label is being grossly abused.

HOLIDAY GREETINGS FROM T&M RANCH IN INDIANTOWN, FL

(Mr. LEWIS of Florida asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEWIS of Florida. Mr. Speaker, for the third consecutive year, I have the distinct pleasure of extending holiday greetings to you and our colleagues in the House and Senate from some very special residents of the 12th Congressional District of Florida.

Once again, the residents of the T&M Ranch in Indiantown, FL, have honored me by inviting me to share in their generous holiday spirit by letting me present to you, Mr. Speaker, and my colleagues in Congress, another Christmas ornament from their beautiful "Angels of the World" collection.

As you may remember when I brought these gifts to Washington last year and the year before, the T&M Ranch is a home and school for mentally handicapped adults.

Each year, the T&M Ranch residents craft these beautiful Angels of the World ornaments after they are designed by renowned sculptor Laszlo Ispanky. Proceeds from the sale of the ornaments are used to teach the T&M Ranch residents money management and personal needs care.

This year, actor Charles Nelson Reilly has generously offered his time as national spokesperson for the Angels of the World program.

Mr. Speaker and fellow colleagues, I appreciate your kind remarks and support of the Angel program and the T&M Ranch in the past. Please accept and enjoy this gift of love from its residents.

And from all of them and myself, have a very happy holiday season.

CHILDREN BEING MURDERED IN HAITI

(Mr. OWENS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. OWENS. Mr. Speaker, in this hemisphere, at our back door, children are being murdered in Haiti by the dictatorial Duvalier regime.

Mr. Speaker, these final days of the first session of the 99th Congress find us wrapped up in resolving the budgetary issues that confront us. Amidst all of this activity, it is easy to overlook events which are occurring around us. I ask my colleagues to pause for a moment to consider what is happening in Haiti, our neighbor to the south. Although news of Haiti's problems seems to break into our consciousness but rarely, the pain of her people is real and it deserves our attention.

Last week, on Thanksgiving Day, in the town of Gonave, elite government troops from Port Au Prince fired into a schoolyard of children. Four were killed, according to a Duvalier government press release. Another 40 children were arrested.

On December 2, just this Monday, there were beatings and arrests in the town of Auxcayes. Two of the victims were dragged from their homes and beaten into unconsciousness. They are now missing and believed to be dead.

Every 6 months, the administration must certify that Haiti is making progress on human rights issues in order for aid to be released to that country. Despite the reports of deaths, beatings, suppression of political parties, suppression of written and spoken expression, and so forth, progress continues to be certified by our State Department. Since there is clearly motion and activity on the part of the government, perhaps there is some confusion about just what Congress meant when it required progress on human rights issues. Lest there be any doubt, let us commit ourselves to refusing to continue to aid a government which kills, beats, and wantonly arrests its people, and even murders its children.

There is no justification for the kind of abuses which have occurred in Haiti in the last week. There can be no justification for shooting at children in a schoolyard. There has been no progress toward the protection of even the most basic human rights in Haiti. We cannot in good conscience allow this to continue and we cannot support a regime which perpetrates such crimes. This administration must use all available pressure to achieve human rights in Haiti.

□ 1110

TRUCK AND BUS SAFETY WEEK

(Mr. SHUSTER asked and was given permission to address the House for 1 minute.)

Mr. SHUSTER. Mr. Speaker, I invite my colleagues to join me as a cosponsor of House Joint Resolution 445, designating the week of January 26, 1986, as "Truck and Bus Safety Week."

This will be a week when Americans can participate in activities geared toward improving truck and bus safety. A number of safety-related activities have already been scheduled for that week and passage of this resolution will help stimulate others.

As my colleagues know, the truck and bus industries are vital to our interstate commerce. With the thousands of buses and trucks on our roads, it is essential that these vehicles be maintained and operated in a safe manner. While Congress has taken steps to help insure vehicle safety, highway safety is, first and foremost, dependent upon the sound operating practices of the transportation industries themselves. It is such practices which this special week will focus on.

So, I urge my colleagues to cosponsor this resolution.

JEFFERSON MEETING ON THE CONSTITUTION

(Mr. OLIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. OLIN. Mr. Speaker, I would like to call my colleagues' attention to a fine group of young people from the Sixth District of Virginia. On Saturday, November 23, 70 high school students from the cities of Staunton and Waynesboro, and from Augusta County, gathered together for a Jefferson Meeting on the Constitution of the United States.

This was only the fourth meeting of its kind ever held. It was convened in the spirit of that great Virginian—Thomas Jefferson—to encourage our young people to look seriously at the Constitution and think about it as the living document it is.

Each student did extensive research in order to attend the meeting. Seven high schools were represented. According to the teacher who coordinated the meeting, the students were so enthusiastic they didn't want to leave when adjournment time came.

In 1987, the United States will commemorate the 200th anniversary of the drafting of the Constitution. I'm pleased that these young people from my district have gotten a headstart. It's important for all young people to discuss and learn about the Constitution. As Jefferson himself said, it is the duty of each generation to review it and make certain it continues to meet the needs of our society. Our students apparently feel it is meeting those needs very well. They voted to add no new amendments to the document that is the foundation of our Government.

Keynote speaker for the meeting was the Honorable J. Harry Michael, Jr., U.S. district court judge for the western district of Virginia. Moderator of the program was Rudolph Bumgardner IV, a senior at Lee High School in Staunton, VA.

Attending the meeting as delegates were: Kate Bailie, Mike Bailey, Mark Compton, T.A. Dill, Mac Keegan, Jim Koch, Laura Maurer, Martin Ohlinger, Philip Simmons, Kevin Tolley, Aimee Venn, Cheryl Weiss, and Thomas Wright from Lee High School; Mike Ailer, Billy Bear, Eric Brown, Courtney Hanger, Chris Hull, Sonya Propes, Michelle Raybin, Bradley Reeves, Matthew Remy, Curt Sawyer, Vincent Vizachero, Jeremy Webster, and Ron Wright from Buffalo Gap High School; John Arms, Suzanne Aylor, Mark Brothers, Kerry Culver, Donna Dean, Cathy Disbrow, Sandy Finke, Lora Grant, Courtney Heavener, David Murray, Shannon Reynolds, Tammy Shull, and Rose Theado of Waynesboro High School; James Blakely, Jefferson Brooks, Beth Burton, Janette Campbell, Nina Chew, Carol Heizer, Deann Houseknecht, and Timothy Truxell of Riverheads High School; Rick Clark, James Fitzgerald, Anne Holoway, David Ledbetter, Greta Mann, Kim Meek, Bill Nash, John Scheib, Tammy Thompson, and John Wrangler of Wilson Memorial High School; Lynn Garber, Clinton Herring, Doug Keim, Patrick Martin, Anthony McCarthy, Brian Mongold, Jeremy Roadcap, Doug Schact, Emily Wise, and Gretchen Zimmerman of Fort Defiance High School; and Joe Driver, Pat Shroeder, and Robin Watts of Stuarts Draft High School.

Coordinators for the meeting were: Sarah Palmer, Earl Bosserman, Judy Cox, Andy Shiflett, Julie Wilkerson, Beverly Wise, Dennis Woolfrey, Bob Zimmerman, and Gerald Stump.

The Staunton City School Board sponsored the program, and all funds for the project were provided by the Staunton Insurance Agency and ARA/Smiths.

VOTE DOWN TAX REFORM PACKAGE

(Mr. WATKINS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WATKINS. Mr. Speaker, I want to take this opportunity for 1 minute to express a concern that I have and a warning. I truly believe from the depths of my heart if we adopt the tax reform package that is moving through this Congress that it will drive us into a recession. It will drive us into a position where we will be exporting more jobs overseas and increasing the trade deficit in our country.

Mr. Speaker, I address this problem because right now we have a 30- to 40-percent overvalued dollar. With that overvalued dollar, we already have a tariff against trying to sell anything overseas, and the tax reform package is going to take away the incentive to produce in this country.

My people in my district want us to reduce the deficit first and foremost. Second, my people in my district want jobs and economic development in the United States of America, not an eroding of industry overseas, not eroding of jobs overseas.

So I want to stand and express again, as I will in the days ahead, a grave concern that I have about this tax reform package that is going to move through this Congress, that is going to erode our economic base. It will erode the tax base of our country and it will lower our standard of living.

I think we need to take a long, hard look at what direction we are going in America and make sure we adopt a tax policy that will move in the national interest of our country and build our economic base.

FURTHER CONTINUING APPROPRIATIONS, 1986

Mr. BEILENSON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 327 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 327

Resolved, That at any time after the adoption of this resolution the Speaker may, pursuant to clause 1(b) of rule XXIII, declare the House resolved into the Committee of the Whole House on the State of the Union for the consideration of the joint resolution (H.J. Res. 465) making further continuing appropriations for the fiscal year 1986, and for other purposes, and the first reading of the joint resolution shall be dispensed with. After general debate, which shall be confined to the joint resolution and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Appropriations, the joint resolution shall be considered as having been read for amendment under the five-minute rule. An amendment to strike out the colon on line 19 on page 6 and all that follows through line 6 on page 7 of the joint resolution and to insert in lieu thereof a semicolon shall be considered as having been agreed to in the House and in the Committee of the Whole. No other amendment to the joint resolution shall be in order except the amendment printed in the Congressional Record of December 3, 1985, by, and if offered by, Representative Regula of Ohio or his designee and said amendment shall not be subject to amendment or to a demand for a division of the question in the House or in the Committee of the Whole, but shall be debatable for not to exceed thirty minutes, to be equally divided and controlled by the proponent of the amendment and a Member opposed thereto. At the conclusion of the consideration of the joint resolution for amendment, the Committee shall rise and report the joint resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the joint resolution and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER pro tempore (Mr. OWENS). The gentleman from California [Mr. BEILENSON] is recognized for 1 hour.

Mr. BEILENSON. Mr. Speaker, I yield the customary 30 minutes, for purposes of debate only, to the gentleman from Tennessee [Mr. QUILLEN] and pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 327 is the rule providing for consideration of House Joint Resolution 465, making further continuing appropriations for fiscal year 1986. This is a modified closed rule which provides for 1 hour of general debate, to be equally divided between the chairman and ranking minority member of the Committee on Appropriations. The rule strikes from the continuing resolution the language regarding abortion which was offered by Representative DURBIN during Appropriations Committee consideration. It makes in order one amendment to be offered by Representative REGULA or his designee, which is not subject to amendment or to a demand for a division of the question, and provides for 30 minutes of debate on the amendment, and finally, the rule allows one motion to recommit.

The rule before the House will allow the expeditious consideration of House Joint Resolution 465, which will provide funding through the remainder of fiscal year 1986 for all programs for which regular appropriations have not been signed into law. This continuing resolution is necessary because, as of today, only three appropriation bills have been enacted. However, all but one of the regular appropriation bills have been approved by the House of Representatives and many are close to enactment. As regular appropriation bills are signed into law, the provisions of the continuing resolution will automatically disengage, and the regular appropriation bills will become the funding devices for the affected programs.

It is necessary for Congress to approve the continuing resolution in a timely manner if Congress is to adjourn by the end of next week. Because of the time constraints under which we are now working, and because the House has already worked its will on all but one of the appropriation bills contained in the resolution, it was the view of the Rules Committee that it would be inappropriate for this measure to be opened to debate on a wide range of issues. Thus, the committee is recommending a rule which will avoid protracted debate by limiting the number of amendments which will be allowed.

To that end, the rule allows the House to avoid debate on the controversial issue of abortion by striking the abortion language in the bill which was adopted by the Appropriations Committee, and by precluding any abortion-related amendments from being offered. The one amendment that is allowed to be offered, by Representative REGULA or his designee, is an amendment which will help

resolve the controversy over oil drilling off the coast of California. It will do so in a way that is satisfactory to proponents and opponents of the moratoria on offshore leasing off the coast of California which have been included in appropriation bills during the last 4 years.

Mr. Speaker, I urge the adoption of House Resolution 327.

Mr. QUILLEN. Mr. Speaker, I yield myself as much time as I may use.

Mr. Speaker, we all know that we face a crisis and that this continuing resolution needs to be adopted by the House in some form. The rule needs to be adopted.

But I deplore the use of a continuing resolution. I think it is a sad day in our legislative history that we cannot get the regular appropriation bills passed and signed into law by the President without reaching this point of crisis every year that we face.

It is not the fault of the Appropriations Committee. They are dedicated individuals and they work hard to get out the regular appropriation bills. But we know that the system is not working, and I think it is time that this House took a pledge to try to alter and remedy this situation.

I know the chairman and the subcommittee chairmen and ranking members of the Appropriations Committee feel the same way. They work their hearts out, and then they have to come up with a continuing resolution so that the various agencies of the Government can continue to operate.

That is a poor way to run a railroad, and we must face the facts. But nevertheless, we face the crisis. We are here today and not back in June, not back in July or May as it used to be on the floor of this House, when we would have all of the appropriation bills passed and sent to the other body, and then there they would be signed or vetoed by the President. But final action would be taken before we reached the crisis stage.

We are here today and we know that we must pass a continuing resolution. For that reason, I urge the adoption of this rule so that the House can get down to the business of ironing out the difficulties and trying to overcome the objections of the administration. Let it reach the other body, let them hammer it out, and let a conference be appointed if necessary. But let us not bring the Government to a screeching halt. Let us do what we have to do.

I urge the adoption of the rule.

Mr. BEILENSON. Mr. Speaker, for purposes of debate only, I yield 5 minutes to the gentleman from Illinois [Mr. DURBIN].

Mr. DURBIN. Mr. Speaker, I rise today in support of the rule, and I would like to address one issue that the gentleman from California [Mr. BEILENSON] discussed in explaining the rule to the membership. That issue relates to an amendment offered in the Appropriations Committee on November 21 by the gentleman from New York [Mr. KEMP] and an amendment to that amendment which I offered. The subject matter was the Title X Family Planning Program, and it raised a very difficult issue for the House Appropriations Committee to consider, particularly for those who like myself oppose abortion on demand and have consistently voted against abortion on demand whenever the opportunity was presented.

Because of my record, I looked very closely at this particular amendment relating to family planning. Because, although I believe that we should fully support prohibitions on the use of title X funds for abortion purposes, I also believe that family planning is an important element in providing a defense against more abortions in America.

I opposed the amendment offered by the gentleman from New York [Mr. KEMP] for several reasons. The major reason came about because of the opposition to the Kemp amendment of virtually every professional medical association in America today. They were concerned because they felt that the Kemp amendment would expose medical practitioners in agencies which use title X funds to liability for medical malpractice.

As a result of that concern, the American Medical Association and the American College of Obstetrics and Gynecology, and many other professional medical groups opposed the Kemp amendment. They felt that if this amendment were adopted, it would jeopardize the work of medical practitioners who conscientiously are trying to serve their patients and the existing Federal law.

I offered an alternative amendment and this amendment sought to codify existing Federal law prohibiting the use of title X funds for the payment of or the promotion or advocacy of abortion procedures.

□ 1125

I would concede, and this point has been raised since the amendment was adopted by the House Appropriations Committee, that it contained a drafting error in its reference to the Hyde amendment.

We have traced the origin of that error, and it first appeared in the September 30 draft of the original Kemp amendment. We inadvertently duplicated that error in the amendment which I offered.

It was never my intent to change the language of the Hyde amendment, and I made it clear yesterday in the Committee on Rules that given the opportunity if necessary, we would have changed that language on the floor to conform strictly with the language which has been accepted by Congress in the Hyde amendment, language which I have supported many times in my votes on the floor.

As we stated, our attempt in the House Committee on Appropriations was to make it clear that we were going to codify existing law. Yesterday, I met with Congressman HENRY HYDE of Illinois in the Committee on Rules to discuss a procedural compromise.

The compromise which we agreed on was as follows: I would withdraw my amendment which was offered in the House Committee on Appropriations and adopted by a vote of 37 to 16, and the gentleman from New York [Mr. KEMP] would not be offering an amendment on the floor today. Although Mr. KEMP opposed this procedure, the House Committee on Rules did agree to it.

We believe that the approach which we are following today is responsible. I have contacted a number of responsible prolife organizations, which believe that wiping the slate clean of the amendment adopted by the House Committee on Appropriations will not jeopardize the current interpretation of the law prohibiting the use of title X funds for abortion.

We also feel, and I would like to raise this point for Members who have expressed a concern, that the committee report language which was adopted by the House Committee on Appropriations should also be stricken. Although we have no formal procedure to accomplish that through the rule, what we are attempting to do is to make it clear that we are wiping the slate clean; both of the language adopted as part of the appropriations bill, and also the committee report language.

Though we have attempted to address this troublesome issue in the House Committee on Appropriations, I think the issue will continue to haunt us for many years to come.

Though the law will be unchanged, Congress has served notice, I believe in action by the Committee on Appropriations, that we will not countenance any advocacy, encouraging or direction of abortion by recipient agencies of title X funds; but we have also served notice that many Congressmen like myself, who have prolife credentials, will not accept legislative changes which will jeopardize family planning programs.

This has been a joint effort, and I commend the Committee on Rules for their concern over this issue. I believe that we have taken a position which is responsible; as I have said, we will undoubtedly continue to address this issue, but I believe the adoption of the rule today is the best interests of both sides of that issue.

Mr. KEMP. Mr. Speaker, I must state my total opposition to this rule for several reasons. Many Members know of my efforts to offer an amendment to this bill that would end the Federal subsidies through title X of the Public Health Services Act for organizations that perform, encourage, and refer for abortion. My proposal would continue our national commitment to providing contraceptive services to the poor, but would make it crystal clear that abortion is not a method of family planning. My amendment would have rebuilt the wall of separation Congress built between contraception and abortion when it first authorized the title X program in 1970.

I am disappointed that the Rules Committee did not believe that the House should have the opportunity to vote on my proposal. And although I am gratified that the rule will strike the proabortion, Durbin amendment from the bill, I want to let my colleagues know that our efforts to restore the title X program to one or pregnancy prevention, not pregnancy termination are not over. The leadership of the House cannot continue to hide from the demands of Members from both sides of the aisle to fully debate this important issue and offer amendments. Planned Parenthood organizations which are major recipients of Federal funds under title X—can no longer deny that they are performing tens of thousands of abortions each year, and refer hundreds of thousands of young women, many who are freightened and alone, to abortion chambers as the solution to unintended pregnancies. Abortion is not a method of family planning; there are millions of people who want to adopt, love, and raise children and taxpayers should not have to subsidize organizations that promote and perform abortion. We will continue to "speak the truth in love" and work toward our goal of providing family planning services to the poor without including abortion as a birth control technique.

I thank my colleagues and hope that both sides of this debate may continue in an atmosphere of mutual respect and tolerance for the sincerity of those who do care for human life both before and after birth.

Mr. QUILLEN. Mr. Speaker, I have two requests for time, but unfortunately they are not here.

At this point I have no requests for time.

Mr. BEILENSON. Mr. Speaker, I have no further requests for time. I thank the gentleman from Tennessee [Mr. QUILLEN] for his support on this matter, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

The SPEAKER pro tempore. Pursuant to House Resolution 327 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the consideration of the joint resolution, House Joint Resolution 465.

□ 1128

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the joint resolution (H.J. Res. 465) making further continuing appropriations for the fiscal year 1986, and for other purposes, with Mr. LOWRY of Washington in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the joint resolution is dispensed with.

Under the rule, the gentleman from Mississippi [Mr. WHITTEN] will be recognized for 30 minutes and the gentleman from Massachusetts [Mr. CONTE] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Mississippi [Mr. WHITTEN].

Mr. WHITTEN. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, I wish at this point to thank our friends on the Committee on Rules for having cooperated as they have many, many times with our Committee on Appropriations.

We went and asked for a rule at this time in an effort to have the help of the Committee on Rules to keep the lid on and to hold down public spending.

Mr. Chairman, your committee and the House have again done their work well.

Mr. Chairman, this sort of reminds me of my first year as chairman of the full committee in fiscal year 1980. Then, as now, the House had done its work on appropriations bills—passing 12 of the 13 bills. But the other body was spending all its time on the Panama Canal and did not take up the bills. I recommended to the majority leader from West Virginia that the House could just repass the bills as one bill and they could agree to that new bill. My suggestion was not accepted. That year, however, was the first time that so many bills were covered in a continuing resolution. And now, for the past few years, for whatever reason, the final continuing resolution covers a lot of bills.

Mr. Chairman, your committee and the House have again done their work. Twelve bills have passed the House, three bills have been signed into law: energy and water, HUD, and legislative; the military construction bill is at the White House; the conference report on the Labor-HHS bill is ready for consideration; the Commerce-Justice conferees will meet today; the D.C. bill conferees will meet Thursday; and the conferees on the transportation bill have met and are near agreement. So you can see, Mr. Chairman, what has been done and is underway.

FUNDING LEVEL OF RESOLUTION

The resolution, reflecting latest conference action, will provide funding at an annual rate of $396.2 billion in discretionary budget authority. Discretionary budget authority in the enacted bills of $54.0 billion added to this totals $450.2 billion in discretionary budget authority. The committee allocation is $468.7 billion. A balance of $18.5 billion is available to meet conference agreements and any anticipated supplemental needs.

STATUS OF BILLS

Three bills have been signed into law and we expect a fourth, the military construction bill, to be signed soon.

The continuing resolution will provide funding for 10 bills until September 30, 1986, or until a bill is signed into law.

The resolution will provide funding at the conference agreement rate and conditions for three bills: Labor-HHS-education; military construction; and Treasury-Postal Services—with modification.

The resolution provides funding at the House-passed rate and conditions for six bills: Agriculture; Commerce-Justice; Defense; District of Columbia; Interior; and Transportation.

The resolution provides funding for the most part at the House-reported rate and conditions for one bill: Foreign assistance.

COMPARISON TO BUDGET ALLOCATIONS

When the administration makes reference to the congressional budget resolution, they mean the Senate allocation to the Senate Appropriations Committee or any part thereof.

The administration simply ignores the House allocation of the budget resolution and the action of the House on the 12 bills that have passed the House.

The House Appropriations Committee and the House have adopted appropriation bills based on the allocation to the House Appropriations Committee and the reassignment of that allocation to the 13 subcommittees.

There are 10 bills included in the continuing resolution. Only one—the military construction bill—is over the subcommittee allocation. The conferees on the bill agreed upon a level that is $93 million above the House subcommittee allocation. That conference agreement was adopted by voice vote in the House and the Senate. That agreement is $93 million above the 1985 level and is $1.8 billion below the fiscal year 1986 request of the President.

Each of the other nine bills is below the subcommittee allocation. Each of the three bills signed into law is below the subcommittee allocation.

Sections 105 and 106 call for use of existing laws to prevent the critical agricultural situation from becoming

worse. These sections call on the administration to use authority that already exists; it adds nothing new to the law. They are necessary because of the failure to carry out such law in the past. Many do not realize that reduced prices per unit cause increased production as the farmer just tries to break even. This has been proven time and again.

So Mr. Chairman, we have a resolution that continues vital functions of the Government. If there are any questions on the specifics, the various subcommittee chairmen are present. I urge adoption of the resolution.

For 40 years, those engaged in agriculture made consistent progress, for during that period, by a system of loans for basic commodities, farmer and lending agency knew a minimum price at the beginning of the year, keeping them to a degree in line with industry and labor.

The Commodity Credit Corporation was set up to see that American basic commodities moved in world trade by offering them at competitive prices. It is in the last few years when this proven program was changed to one where the producers of basic farm commodities have to look to appropriations for part of their cost, and as production was held off world markets that farmers and farm-related industries and credit sources have become bankrupt. During this period, about half the farmers are either bankrupt or on the verge of bankruptcy along with their banks, the farm credit system and the Farmers Home Administration. The farmers' share has dropped from 51 percent of the consumer dollar to 27 percent while that of industry and labor from whom he must buy has gone from 49 to 73 percent by virtue of laws. Our friends are doing the best they can, but our largest industry, industry and labor's biggest and best customer, the 3 percent of the people on the farm with tremendous investments and increasing costs cannot compete successfully with the other 97 percent for appropriations.

What we would do is call for using the laws which proved so successful. Reduced prices per unit means the farmer produces more not less in an effort to break even. Perishable commodities are a different story. Section 32 funds are used to buy the surplus there.

The farm debt of $214 billion was largely brought on by the Government policy of holding commodities off world markets in favor of our competitors.

We must make an adjustment of that debt and demand the use of the Commodity Credit Corporation which was created by Congress. The authority for the Corporation is found in section 714c of title 15 of the United States Code and provides, among other things, that the Corporation shall:

Support the prices of agricultural commodities through loans, purchases, payments, and other operations.

Procure agricultural commodities for sale to other Government agencies, foreign governments, and domestic, foreign or international relief or rehabilitation agencies, and to meet domestic requirements.

If we don't adjust the debt and use CCC, the bankruptcy of our largest industry will continue and will drag down our farm banks, small banks, the larger ones, and then our overall economy which is dependent upon a prosperous agriculture.

□ 1135

Remember, the original farm program maintained a reasonable balance between agriculture, industry and labor. Under it farmers took care of the land for the rest of us, bought and paid for farms, sent their sons and daughters to college like others.

We are the only Nation in the world which does not sell what we have and don't need for what it will bring.

These two sections are as follows:

SEC. 105. In view of the financial crisis facing many farmers, resulting from embargoes and suspension of exports in 1973, 1974, 1975, and 1980, and failure to use the Commodity Credit Corporation for a loan program which led to a fair price from the user, the Secretary of Agriculture shall use his authority under existing law to provide for nonrecourse loans on basic agricultural commodities at such levels as will reflect a fair return to the farm producer above the cost of production, and to issue such regulations as will carry out this provision and as will provide for payment by the purchaser, rather than by appropriation, for basic commodities sold for domestic use and the Secretary of Agriculture shall issue such regulations as will enable producers of any basic agricultural commodity to produce the amount needed for domestic consumption, to maintain the pipeline, and to regain and retain by competitive sales our normal share of the world market.

SEC. 106. Public Law 99-88 funded a study by the Department of Agriculture to determine the losses suffered by United States farm producers of agricultural products during the last decade as a result of embargoes on the sale of United States agricultural products and the failure to offer for sale in world markets commodities surplus to domestic needs at competitive prices, for use in determining what part of existing indebtedness of farmers should be canceled as a result of such foreign policy. Pending the completion of the study, the Secretary shall determine, on a case-by-case basis, which borrowers are unable to continue making payments of principal and interest due to embargoes or the failure to sell competitively in world trade and, thereby, qualify for an adjustment of principal and interest due to prevent bankruptcy or foreclosure, all as authorized by existing law.

Upon presentation of substantial evidence to the Secretary that a borrower qualifies, payment of principal and interest shall be suspended and the Secretary shall forego foreclosure of loans owed to the Federal Government, as authorized by law, for 12 months or until an adjustment is agreed upon. Other creditors shall be requested by the Secretary to postpone payments due on the same basis.

So Mr. Chairman, we have a resolution that continues vital functions of the Government. If there are any questions on the specifics, the various subcommittee chairmen are present. I urge adoption of the resolution.

Mr. CONTE. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, the resolution before us today is the third continuing resolution for fiscal 1986.

Three of our bills—Energy and Water Development, HUD, and Legislative—have been signed.

This resolution covers the remaining 10 bills.

Appropriations for projects and activities in these 10 bills would be continued until September 30, 1986, or until an appropriation is enacted, whichever first occurs.

Six bills are continued as passed the House: Agriculture; Commerce-Justice-State-Judiciary; Defense; D.C.; Interior; and Transportation.

Three bills are continued at the conference level: Labor-HHS-Education; Military Construction; and Treasury-Postal Service.

The foreign aid bill is continued as reported to the House, and in conformance with actions taken by the authorizing committees. The resolution also provides the current rate, and the current terms and conditions, for several programs which are not authorized and were not included in the 1986 Labor-HHS bill:

Trade adjustment assistance activities;

Activities under the Public Health Service Act;

Refugee and entrant assistance activities;

Emergency immigrant education activities;

Minority science improvement activities; and

Payment for the Corporation for Public Broadcasting for the fiscal year 1988, for which the current rate shall be the amount of the payment for fiscal 1987.

Appropriations made available for these programs shall not be used to initiate or resume any project or activity not funded in fiscal 1985.

The administration opposes this continuing resolution because they score the seven domestic bills as $2.6 billion over the budget resolution, and the three national security bills as $9.7 billion under. In total, using OMB's figures, this continuing resolution is $7.1 billion under the budget resolution.

Of course, OMB has the right to score bills in any way they may choose. But Members of the House should know that in fact OMB's position is not based on the budget resolu-

tion, or even on the budget process, but on subcommittee allocations made by OMB, using a total for budget authority in appropriation bills provided by the Senate Budget Committee.

The total used by OMB in making their allocations by subcommittee was $566.9 billion, which is $9.6 billion less than the total of $576.5 billion allocated to the House Appropriations Committee under section 302(a).

If we want to consider this continuing resolution in the House within the context of the budget process, then we should use the procedure established by the Budget Act for that purpose.

Allocations of budget authority by subcommittee are made through the process established under section 302 of the Budget Act, where a formal allocation is made to the Committees on Appropriations, who then make allocations to their subcommittees, and report those allocations to their respective Houses.

Those allocations have been made and reported in both the House and the Senate.

If the 10 bills are measured against the allocations under section 302(b) which were reported to the House, then the seven domestic bills are $5.8 billion under their allocations, and the three national security bills $8.4 billion under their allocations.

In total, the 10 bills funded by the continuing resolution are $14.2 billion under the House committee allocations.

Although I do not agree with OMB's scorekeeping, I do think that the continuing resolution should be recommitted, particularly with regard to the two sections on agricultural credit, which I will discuss later on. I can vote for it on final passage after the motion to recommit has been agreed to, and the continuing resolution has been cleaned up.

AGRICULTURE, RURAL DEVELOPMENT AND RELATED AGENCIES

Mr. Chairman, House Joint Resolution 465 provides funding for the Department of Agriculture, rural development and related agencies at the rates contained in H.R. 3037 as passed the House on July 24, 1985. This provision would remain in effect until September 30, 1986, or until a separate fiscal year 1986 bill is signed into law.

The House-passed agriculture appropriations bill provides $33.1 billion in new budget authority, an amount which is approximately $1 billion under fiscal year 1985 levels and $21.7 million below the President's request. The totals are some $6.2 billion under the subcommittee's 302(b) allocation. I would like to point out to my colleagues, however, that the Office of Management and Budget considers this section of the continuing resolution to be $1.3 billion over the President's request, and finds the levels unacceptable.

Of the $11.6 billion in agricultural programs funded in this section of the continuing resolution, I would like to point out that we have included $494.8 million for the Agricultural Research Service, including $1 million over the President's request for the Human Nutrition Research Center at Tufts University.

We have also included $276.4 million for the Cooperative State Research Service, and provided a special grant of $100,000 for cranberry and blueberry disease and breeding research. For the Agricultural Marketing Service, we have included $31.5 million, and maintained the fiscal year 1985 level for the Federal, State Marketing Improvement Program which has been of great value to regional growers associations in Massachusetts and throughout the country.

Of the $4.9 billion included in this section for rural development programs, we are providing $3.9 billion for the Farmers Home Administration, $621 million for the Soil Conservation Service, and $207.5 million for the Agricultural Stabilization and Conservation Service. With specific regard to the ASCS, the committee has included language in the report to accompany H.R. 3037 which prohibits the Department of Agriculture from implementing any changes in programs or office structures prior to action by appropriate committees of the Congress. We have also included $2 million for the Office of Rural Development Policy.

For domestic food programs, this section of the resolution provides $11.9 billion for food stamps, $1.6 billion for the WIC Program, a total of $4.114 billion for child nutrition progams, and $50 million for the Temporary Emergency Food Assistance Program.

Of the $1.4 billion available in this continuing resolution for international programs, we include the President's request of $650 million for the Public Law 480 title II program.

The $448 million is made available in this section for the related agencies. This total includes $419.7 million for the Food and Drug Administration, and provides $5.8 million for the development and improvement of acquired immune deficiency syndrome [AIDS] screening tests.

DISTRICT OF COLUMBIA APPROPRIATIONS

Mr. Chairman, this resolution provides for the District of Columbia appropriations bill at the House passed funding level and conditions.

As passed on July 30, 1985, H.R. 3037, includes Federal funds totaling $532,170,000 for fiscal year 1986 which represents 23.5 percent of the anticipated general revenue generated by local collections next year. This payment is the same amount as appropriated last year.

In addition to the lump sum Federal payment, Federal funds appropriated in this bill include $30.1 million for water and sewer services furnished to the Federal Government, $52 million for the Federal contribution to the city's three retirement funds, and $25 million for St. Elizabeth's Hospital.

The payment to the retirement fund is the seventh of 25 annual Federal payments which will total $1.3 billion and will cover a portion of the unfunded liability attributed to former District employees who retired before home rule took effect. As authorized by Public Law 98-621, the payment for St. Elizabeth's Hospital is part of a 6-year place to transfer administrative and financial responsibility from the Federal Government to the District of Columbia by 1991.

As passed the House, the administration fully endorsed the recommendations in this bill. In a policy statement to the committee, OMB clearly stated that "this bill * * * is consistent with the administration's request" and urged approval of the legislation in its present form.

The Senate passed H.R. 3037 on July 30, 1985, and the conference committee may to meet sometime this week to resolve significant funding issues and several language provisions. The Senate has included additional Federal funds for a new prison facility, a criminal justice initiative, job training program and a court study. In addition, the competitive contracting language and the abortion restriction adopted by the House were modified by the other body.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—INDEPENDENT AGENCIES

Mr. Chairman, I am pleased to report that, on November 25, 1985, the President signed into law the fiscal year 1986 appropriations bill for the Department of Housing and Urban Development and Independent Agencies, Public Law 99-160.

Because this is one of the few appropriations bills which has been signed into law for this fiscal year, House Joint Resolution 465 makes no funding provisions for the Department or any of the 17 independent agencies.

I know that many Members share my concerns and the concerns of the distinguished chairman and ranking members of the HUD Subcommittee, Mr. BOLAND and Mr. GREEN, for the future of the Superfund and the construction grants programs at the U.S. Environmental Protection Agency. As my colleagues will recall, Public Law 99-160 contained $900 million, the budget request, for the Superfund, but makes these funds available only upon enactment of authorization. For the construction grants program, there was no similar provision. We have deferred action, but reserved $2.4 billion in 302(b) authority pending enactment of relevant authorizing legislation.

I urge my colleagues on the authorizing committees to complete action on

the legislation to reauthorize these two programs so critical to our communities, and pledge my commitment to work for the enactment of a timely supplemental appropriation once these measures have been signed into law.

LABOR, HEALTH AND HUMAN SERVICES AND EDUCATION

Mr. Chairman, funding for programs usually funded in the Labor, Health and Human Services and Education and related agencies appropriations bill is provided by incorporating the conference report on the fiscal year 1986 Labor-HHS bill reported on November 21, 1985 (H. Rept. 99-402).

It is my expectation that the conference report will soon be brought separately to the House floor for approval, and so will kick out of the continuing resolution. Rather than go into depth at this time on what is contained in that conference report, I will explain what the conferees agreed to when that report comes separately to the House floor shortly.

Suffice it to say that it is my belief that, with a few minor adjustments in the making, the conference agreement will be acceptable to the administration and that the fiscal year 1986 Labor-HHS appropriations bill, H.R. 3423, will be signed into law.

There are just a few programs that were deferred from consideration in the regular appropriations bill, because their authorizations were not in place, and will have their funding for the rest of the year provided through the continuing resolution. Provision for these programs can be found in section 101(K) of the continuing resolution. They include: Trade adjustment assistance, family planning, adolescent family life, domestic refugee programs, and the minority science improvement program. These programs are funded at their fiscal year 1985 rate, with the further qualification that the current rate for such refugee programs as cash and medical assistance can fluctuate according to the number of time-eligible refugees, and further by the fact that the level for two other refugee programs are specifically set forth in the continuing resolution.

The Corporation for Public Broadcasting is also listed in this section, but it is my expectation that funding for CPB will be included in the conference agreement on H.R. 3424.

My only other comment on these Labor-HHS programs would be that from amounts made available for refugee programs, continued funding should be made available to the national leadership training conferences that have proven very valuable in allowing those involved in the resettlement field to identify their shared concerns and to develop effective ways to address them.

INTERIOR AND RELATED AGENCIES

Mr. Chairman, this resolution contains the Interior and Related Agencies Appropriations Act, 1986 at the House-passed level.

As passed the House on July 31, 1985, this bill provides $8.267 billion in new budget authority for the resource management, energy and cultural programs funded through the Interior bill (H.R. 3011). This amount is $181 million over fiscal year 1985 enacted levels and $1.02 billion over the President's request for new discretionary budget authority. However, this amount does not include the $500 million multiyear appropriation for the Clean Coal Technology Demonstration Program that was derived from a transfer of funds from the Synfuels reserve.

Compared with the congressional budget resolution, this bill is some $200 million below the House committee's 302(b) allocation, but just above the amount assumed in the budget resolution by the Senate committee.

The administration, however, has a different view of the Interior bill as passed by the House. When the bill was considered in July, OMB claimed that H.R. 3011 was "$600 million above the 1985 enacted amount and nearly $2 billion over the President's request." Furthermore, without action to curb excessive spending, particularly the Clean Coal Program, the administrations intentions are clear. The OMB statement of policy left no room for guessing: "the bill is unacceptable to the administration, [and] * * * it would not be possible to recommend to the President that he sign the bill in its present form."

Now, the House did make some changes on the floor, but probably not enough to satisfy the administration. My amendment to eliminate the outyear funding for the Clean Coal Program was rejected, and the House accepted a substitute amendment that provided a total of $500 million for the program over 3 years. The Appropriations Committee also met some of the administration's objections to the bill by removing the OCS moratoria on oil and gas leasing offshore California and the so-called Buy America provision for offshore oil rigs.

Even with these modifications, substantial savings have to be achieved in conference to make the Interior section acceptable to the administration.

Although some cuts could be made, the Interior bill contains increased funding for many important natural resource management programs. Agencies like the U.S. Fish and Wildlife Service, the Bureau of Land Management, the Forest Service, and the Park Service are custodians of millions of acres of federally owned land containing a tremendous amount of energy and natural resources.

The bill also lifts the proposed moratorium on land acquisition and provides a total of $194 million for the land and water conservation fund. In addition, through the Migratory Bird Commission, this bill provides much needed resources for the acquisition of vanishing wetland habitat.

Besides these resources management initiatives, this resolution provides increased funding for important energy conservation programs. The Low-Income Weatherization Program was increased by $47 million for a total of $200 million in fiscal year 1986, and the Schools/Hospital Program was increased by $9.5 million for a total of $47 million next year.

And after another fight with the Rules Committee, this bill as passed the House does contain another Synfuels rescission. My amendment rescinds all of the funds available to the Synthethic Fuels Corporation except for the amount transferred to the Clean Coal Program and another $500 million to be authorized for a different use. This provision effectively shuts down the Corporation, and during conference on this resolution, I intend to fight hard for the House position and reject any so-called compromise. The House spoke loud and clear in July. The Synfuels Corporation is dead.

Finally, this resolution contains three general provisions within the jurisdiction of the Interior Subcommittee.

Section 107 would prohibit the Secretary of the Interior from entering into any settlement of the Wetlands Water District litigation in California unless Congress enacts legislation specifically authorizing the Secretary to enter into such an agreement.

Section 108 would provide $2.5 million to the Smithsonian Institution for a renovation and improvement project designed to expand collection storage and exhibition space at the Freer Gallery of Art.

Section 109 would allow nonmembers of the U.S. Holocaust Memorial Council to be designated as members of committees associated with the Council. This authority was not specifically stated in the legislation creating the Council.

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES

Mr. Chairman, the continuing resolution provides for the funding of the Department of Transportation and related agencies at the rate for operations, and under those conditions, that were contained in H.R. 3244 as it passed the House of Representatives on September 12, 1985.

This approach in the continuing resolution will protect the interests of the Members of the House of Representatives in the vital transportation programs funded in this section. As it passed the House, this bill contained

adequate funding for the operation of the air traffic control system, for the operations of the Coast Guard, for assistance to our Nation's transit systems, for the continued operation of Amtrak, and for the continued improvement of our Nation's Highways.

As we know, the other body made massive cuts in the Transportation appropriations bill, especially from FAA and Coast Guard operations, that were of great concern to all of us who support a balanced and responsible transportation program.

As a conferee on the Transportation bill, I can report that much progress has been made in resolving the differences between the House and the other body on these and other items. But so far we have not been able to resolve all of our differences, or to reach an understanding with the administration on the level of funding that would enable the President to sign the Transportation bill.

In light of the current impasse, it is unfortunately necessary to include the transportation section in this continuing resolution. It is my hope that during the next 10 days, either in this continuing resolution or in a continued conference on the regular Transportation bill, it will be possible to work out an agreement that will meet our national transportation priorities in a way that is responsive to our continuing fiscal difficulties.

In addition to the funding levels and provisions of H.R. 3244, this continuing resolution contains three other transportation-related items.

Section 111 of the continuing resolution would require the Secretary of Transportation to publish a notice of intent to prepare an environmental impact statement for two extensions of the metrorail system in Miami, FL.

Section 112 of the continuing resolution would provide $23.5 million for a demonstration of methods to decrease highway congestion and improve highway safety on a stretch of State route 113 in north-central California.

And section 113 of the continuing resolution would prohibit the use of more than $10 million of the funds provided in this resolution from being spent for the Detroit, MI, downtown people mover project.

TREASURY-POSTAL SERVICE-GENERAL GOVERNMENT

Mr. Chairman, this resolution provides the funding level and conditions contained in the House-passed conference report the Treasury-Postal bill (H.R. 3036) with one modification.

In response to an agreement reached between the administration and interested Members of Congress, the committee removed the ban on the implementation of OPM pay-for-performance and RIF regulations. According to the President's veto message on H.R. 3036, the continuation of this ban was a significant factor in rejecting the Treasury-Postal appropriations bill.

Mr. Chairman, I support the inclusion of the House-passed Treasury-Postal conference report in this resolution, basically for two reasons.

First, with all due respect, I think the President was wrong to veto the Treasury bill. The conferees worked hard to spend the least amount possible to maintain the vital revenue producing and law enforcement functions funded in this bill. Just look at the facts:

The conference report is $215 million less than fiscal year 1985 enacted levels.

The conference report is $84 million less than the House-passed bill.

The Postal subsidy in this conference report is $390 million below the amount appropriated last year.

Aside from the Postal subsidy, the remaining increase over the President's budget is largely for the Customs Service and IRS—both revenue producing agencies. In fact, I understand IRS has submitted a $250 million supplemental request to OMB to augment the funds provided in this conference report.

Moreover, 46 percent of the money appropriated in this bill is for mandatory items. The payments for retired Federal employee health benefits and to the civil service retirement and disability fund, along with the President's salary, amount to $6 billion out of the $13.1 billion provided in this conference agreement. These payments are fixed costs mandated by law. The Appropriations Committee has no control over this mandatory spending, and the amount provided in this bill is the same as the administration requested.

Three agencies will spend 75 percent of the discretionary appropriations provided in this conference report: the Customs Service, the IRS, and the Postal Service payment.

Second, the veto message gave the committee little guidance in structuring a bill the President could find acceptable.

The only funding objection specifically mentioned is the $820 million Postal subsidy, accounting for 86 percent of the increase over the President's budget. Although this is scored against the bill, the President's budget did not ask for the elimination of the Reduced Mail Program, but instead proposed to use revenues from other classes of mail to finance the subsidy. The budget said legislation would be sent to the Hill to reform the program, but nothing was introduced.

As far as the budget resolution is concerned, there seems to be no agreement on the basic facts. Our committee allocation shows the bill $324 million under the congressional budget. The Senate claims the bill is $54 million over, and OMB now says the bill is $180 million over the congressional budget. Very few, however, have looked at the other side of the budget resolution: revenues. Before conference, BOB DOLE wrote me a letter and warned that lower funding levels for IRS "would make impossible the $2 billion increase in revenues from enhanced tax compliance assumed by the budget resolution." For this bill, when you're talking about the budget resolution, it's important to consider both sides—outlays and revenues.

Concerning the President's objections to language provisions, we agreed to remove the OPM ban, and I just cannot understand his objections to the other items mentioned in the message. For example, the President doesn't want a general provisions concerning Presidential appointments—even though this language has been in the bill for 15 years and the President's budget requested the provision.

This resolution also contains two general provisions within the jurisdiction of the Treasury-Postal Service-General Government Subcommittee.

Section 115 makes two modifications in a Federal employee child care provision contained in the Treasury-Postal Service conference report. The new language would mandate a 50-percent floor of Federal employees using the service—the present floor is 95 percent—and requires that Federal employees be given first priority. The changes are designed to facilitate the implementation of the law by GSA and to encourage these services in qualifying buildings around the country.

As the author of this amendment, it is my understanding that the user agencies would determine the need for day care facilities and the space to be provided. In addition, the agencies would determine whether any additional services, such as furniture or telephones, would be furnished for the day care facilities. The user agencies would continue to pay the standard level users charge for the space to the GSA and would bear the costs of services not ordinarily provided as a standard service.

To avoid ambiguity, the entire child care provision with modifications is reprinted in this section.

Section 116 would make flextime for Federal Workers permanent law. This section is identical to H.R. 1534 which passed the House on May 20, 1985, and is now pending before a Senate committee.

Although the Federal Government has allowed flextime for several years now, authority for the program expired on October 1, 1985, and was temporarily extended until January 1, 1986.

Mr. Chairman, I yield 9 minutes to the gentleman from New York [Mr. KEMP].

Mr. KEMP. I thank my colleague from Massachusetts for yielding.

Mr. Chairman, I have very serious reservations about this process. I testified before the Rules Committee asking for a rule that would allow for an open and full airing of that part of the continuing resolution that includes foreign assistance. I have been on the Foreign Operations Subcommittee of the Committee on Appropriations now for three terms. I think it is safe to say there has never been a foreign operations appropriation measure that did not have broad bipartisan support, Republican, Democrat, conservative, liberal, et cetera. And I am proud of the role that I have played in attempting to fashion a bipartisan approach to foreign assistance which took cognizance of our bilateral and multilateral development projects in the world as well as our security needs.

I consider foreign assistance to be inextricably linked to the security of the United States of America. In the ultimate, I would even up some of our foreign assistance into the defense budget. That is how strongly I feel about having an adequate bilateral and multilateral assistance program.

Having said that, I was turned down by the Rules Committee in my request to seek a rule which would open up the foreign assistance part of this bill to open debate and to amendment. I think there are some things in the bill that should be discussed and debated. I would like to mention a couple of them just so my colleagues can understand my concern about the overall continuing resolution as well as the process and, indeed, parenthetically, my concern that we have seriously distorted the priorities of our Foreign Aid Program in this continuing resolution.

First of all, only the foreign aid bill in this continuing resolution has not been considered by the full House of Representatives. Although the Appropriations Committee reported out the foreign aid bill on July 31, over 4 months ago, the leadership unfortunately has yet to schedule floor action on foreign assistance. That means that all other appropriation bills have seen floor action and have passed the House; the only one that has not is the foreign assistance bill.

I think that this situation is a very serious detriment to the legislative process, to the program, to the foreign policy of this country, and indeed to the priorities I discussed a little bit earlier.

All other sections of the CR, the continuing resolution, reference the House-passed bills. Those bills were all open to debate, as well they should be. Not surprisingly, in the course of that debate and review there were changes, and that is the democratic process. I would have hoped we could have had the same discretion on foreign aid. It was not to be, apparently, thanks to the Rules Committee.

The bill as presently conceived reflects priorities that are far different than that required to get bipartisan support. As far as I can tell, there really is no Republican support. I am not saying there has to be unanimity, but it seems to me that unity requires not unanimity but a degree of minority participation, as well as White House or Presidential support, that this bill lacks. I can say that with all confidence that this bill has no Republican support or, if any, very little. It cuts security assistance to the bone in every part of the world.

I stand here second to none in my support of the Camp David peace process and my support for the State of Israel, and for the Camp David approach to giving economic and security assistance to both Egypt and Israel. We also support, on a line-item basis, aid to Pakistan, a country located in a very difficult and troubled part of the world, bordering Soviet occupied Afghanistan.

But the committee held harmless the Camp David countries—which I do support and very strongly—but that cuts nearly $1.2 billion from the President's security assistance request and $800 million from last year's levels.

The Militiary Assistance Program is cut nearly $200 million. To give you an idea of what this means, we would have to zero out 16 country programs in their entirety, largely in Africa.

Viewed another way, this $200 million cut represents over 80 percent of the entire funding requested by President Reagan for those vital security programs in Central America, the Caribbean, and equals the total of all aid requested for the front-line States. I think you can make a case that perhaps some cuts need to be made. I do not think anybody can make a case, particularly after what has happened in the Caribbean and in Central America to make such extreme cuts. I served on the bipartisan Kissinger Commission on Central America, and I think the Congress made a significant effort in helping Central America in the last two Congresses with regard to both economic development and security assistance, but this CR zeros security assistance in Central America and the Caribbean. Now that is a mistake, that is a flat out mistake in this continuing resolution.

It is reluctantly that I take the floor to make these arguments because I am on the Appropriations Committee and have worked very well with both sides of the aisle on different aspects of it.

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Under the committee's mark for foreign military sales, we only fund Israel, Egypt, and Pakistan and a few base rights countries. But military aid in Asia—Korea and Thailand—countries that face immediate threats on their borders, would be dramatically cut. Seventeen other countries would be zeroed, including those in the Persian Gulf, Indonesia, et cetera. After allowing for earmarks, the committee's proposed FMS, or foreign military sales, cut of nearly $600 million from the President's request and $400 million from this year's level equals all of 1985 funding for Korea, Thailand, Tunisia, and Jordan.

Economic support funds are cut, after earmarks, $400 million from the President's request and $260 million from this year's level.

Of the cuts in ESF, $75 million was added to the multilateral banks. What we are doing is cutting the bilateral assistance programs for economic development in, say, Africa, and we are giving it to a special facility of the World Bank which will provide 50-year loans, financed by the U.S. taxpayers, at no interest. By cutting the bilateral assistance programs and adding it all to this special facility we do two things: We make noneconomic loans, plus we turn over taxpayer money of the U.S. people to an international institution outside their control. Americans I think are willing to invest in a worldwide economic recovery on a bilateral basis, but I do not think support the type of 50-year, no-interest loans which are the hallmark of the soft loan window of the World Bank.

The priorities in this bill are inconsistent not only with the President but with the vast majority of the American people. At a minimum, the full House should have an opportunity to be informed about the nature of the debate, to know what our differences are, and to have a chance to discuss how the Nation's interests are best served. For example, there is an important question over whether or not we should give aid to Jonas Savimbi of UNITA. I joined with the gentleman from Florida [Mr. PEPPER], chairman of the Rules Committee, in trying to get $27 million in humanitarian assistance to those forces in Angola, southern Africa, led by Jonas Savimbi, who are fighting to liberate their country from the stranglehold that the Cubans and the Soviet Marxists have over Angola. It is hotly contested and debated, but it does not even have a chance to be debated on the floor of the House.

The CHAIRMAN. The time of the gentleman from New York [Mr. KEMP] has expired.

Mr. CONTE. Mr. Chairman, I yield 1 additional minute to the gentleman from New York [Mr. KEMP].

Mr. KEMP. I thank my colleague from Massachusetts.

The Soviet Union is investing millions of dollars a year into wiping out

Jonas Savimbi and all opposition to the Marxist government in Angola.

Irrespective of where you stand, it seems to me inconceivable that the Congress, while responding to the progress in Kampuchea by providing $5 million of assistance, while responding to the effort of the freedom fighters in Central America to win their freedom and to make a more democratic Nicaragua, and while giving money in various ways to fight for freedom in Afghanistan, would shun the freedom fighters in Angola. The Soviet Union and the Cubans are actively involved in trying to wipe out any opposition to Marxism and communism in Angola, and we have totally closed off the option of even debating what our policy should be on the floor of the House. That is a mistake. It is disappointing to me. It is one of the reasons I oppose this resolution.

I would also like to register my strong opposition to the severe cuts in our own defenses reflected in this continuing resolution. I do not believe that cutting defense, and seeking to revise some of the modest advances we have made in the past few years, serves the national security interests of the United States. In specific terms this resolution will not even allow an adjustment for inflation. That is, defense spending will not even keep pace with inflation. In a period where the Soviets continue to build their military machine, threatening the peace, this resolution would have us cut our defense in real terms below last year's levels.

I am deeply disappointed that we do not have an opportunity to bring some of my concerns and those of my colleagues on the Appropriations Committee to the floor.

I hope that in the motion to recommit that we will consider sending back the whole part of the appropriations bill that deals with foreign assistance and have it come to the floor in a normal process.

On another matter, Mr. Chairman, House Joint Resolution 465 appropriates moneys for foreign operations, generally speaking, as in H.R. 3228, as reported to the House on August 1, 1985. With respect to population assistance, H.R. 3228 provides as follows:

Population, Development Assistance: For necessary expense to carry out the provisions of section 104(b), $261,000,000: *Provided*, That none of the funds made available in this Act nor any unobligated balances from prior appropriations may be made available to any organization or program which, as determined by the President of the United States, supports or participates in the management of a program of coercive abortion or involuntary sterilization.

Mr. Chairman, the language of the proviso is identical to the Kemp-Inouye-Helms amendment in the supplemental appropriations bill from last summer, which became Public Law 99-88. Although I believe that this proviso language is clear, certain confusion has been engendered by comments from spokesmen at the Agency for International Development. So that there will be no further doubts of any kind, let me state the intent of this language.

The intent here is that no population assistance may be extended to any organization or program which, as determined by the President, supports a program of coercive abortion or involuntary sterilization, or participates in the management of a program of coercive abortion or involuntary sterilization. For an organization or program to qualify under this restriction, it is not enough that it simply withdraws from the management of a program of coercive abortion or involuntary sterilization; it must also cease even supporting, in any way, a program of coercive abortion or involuntary sterilization.

Thank you.

Mr. WHITTEN. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. NATCHER], a senior member of the committee.

Mr. NATCHER. Mr. Chairman, at this time I want to thank my distinguished chairman, the distinguished gentleman from Mississippi [Mr. WHITTEN], the dean of the Congress, for allocating this time to me and to say to him that it is a distinct honor and privilege for me to serve on the Appropriations Committee with him. I have been on this committee now for 30 years. Our chairman is one of the most able Members of the House, and it is a distinct pleasure and privilege for me to serve with him at all times.

Mr. Chairman, as you know, the joint resolution before the House at this time contains provisions making appropriations for the Departments of Labor, Health and Human Services, and Education.

Section 101(g) of this resolution provides funding for programs under the jurisdiction of the Subcommittee on Labor, Health and Human Services and Education programs at the levels agreed to in conference on H.R. 3424. This conference agreement includes a total of $106,587,748,000. Of this amount $32,949 million is for discretionary programs which are controlled by the decisions of the Appropriations Committee. When adjustments are made for those activities which were not considered in H.R. 3424 because of authorization problems, the total for discretionary activities in fiscal year 1986 is estimated at $33,565 million. This is within the limits set by the budget resolution adopted last August 1. This amount is $535 million below the current 302(b) allocation for our subcommittee.

Mr. Chairman, one of the most important issues debated by our subcommittee this year has been Social Security staffing levels and office closings. I want to take a few minutes today to explain this issue for the Members and to assure them that the services to Social Security recipients will be protected.

Mr. Chairman, before we started hearings on our appropriations bill that makes recommendations for the Departments of Labor, Health and Human Services, Education and related agencies for fiscal year 1986, we received information that some move was underway to close a number of the Social Security offices throughout this country and to make a drastic reduction in employment in the Social Security Administration. When Martha A. McSteen, the Acting Commissioner of the Social Security Administration, appeared before our committee on March 20, 1985, I inquired as to employment reductions and as to any proposal concerning the closing of offices.

The budget as presented, proposed a reduction of almost 4,000 full-time equivalents for the agency during 1985 and 1986. In addition, the budget documents as submitted to our subcommittee indicated that a plan was being discussed within the Office of Management and Budget for a total reduction of 17,000 jobs during the next 5 years. I inquired of the Acting Commissioner as to why she believed that a reduction in staff of almost 20 percent between that date and 1990 could be approved and still have the Social Security Administration operate as provided for by existing law. During the questioning, I stated to Mrs. McSteen that if such a proposal was accepted by the Congress, the Social Security Administration would have to come back year after year and explain to the committee why such a plan was not working. For fiscal year 1985, we added the sum of $60 million to the appropriations bill that restored 2,000 positions in the Social Security Administration.

We did not accept the proposal as submitted to the committee and we do not intend to accept it now. The total personnel in the Social Security system at the time the Acting Commissioner appeared before our committee was 78,038 full-time employees. At the present time, we authorize and make appropriations for 77,349 employees in the Social Security Administration.

During the hearings, we also questioned the Acting Commissioner of Social Security concerning the closing of local offices. In part, the Acting Commissioner stated as follows:

The review of service delivery was not formalized, and we felt that we should have a formalized plan for looking at the offices. Therefore, what you are now hearing, what we are now reading on the front page and seeing distorted is that we plan to close offices. In fact, what we plan is a systematic review of our service delivery.

There is no list of offices to be closed.

I would like to say to you that in 1984, decisions were made to close 12 offices; to downsize 9 offices, meaning from district office, perhaps, to branch office; and to upgrade 3 and to open 1 new office. This is an activity that continually has been taking place.

We have no list of offices to close. I believe I can say that we have never closed an office, or downscaled one, unless we have gone to the community and talked to the community leaders to say this is what our problem is, we have an office here, we have a declining workload, the office does not provide effective and efficient delivery of services.

Through contacts with the community and the congressional staffs, generally we have come to an agreement on what the best service is for that particular area.

I consider it a good management tool. It is not a predesigned plan to do anything detrimental to the service delivery or to the people in our organization.

This appears on pages 920 and 921, part 5 of our hearings for fiscal year 1986.

Mr. Chairman, the members of our subcommittee and the full Committee on Appropriations, along with the Members of this Congress are not in favor of any reduction in employees which will place the Social Security Administration in a position where it cannot operate according to the intent of the basic law and we are not in favor of the closing of offices. You may rest assured that along with the other committees in the Congress which have the responsibility to see that the Social Security system is properly operated, we will continue our efforts to make sure that we have an adequate number of employees and that no plan to close offices that are necessary is approved.

In our conference report for the appropriations bill for the Departments of Labor, Health and Human Services, and Education which will be presented within the next day or two to the House, the following provisions are included:

Amendment No. 88: . . . While the conferees have agreed to delete statutory language related to personnel levels, they are agreed that the funds provided shall be used to support an employment level at the Social Security Administration of 77,349 full-time equivalent positions, an increase of 1,000 over the number requested in the President's budget. This is the level approved by both the full House and full Senate when they considered H.R. 3424 and it is the level which the conferees expect to be made available for the Social Security Administration during fiscal year 1986. Should the executive branch not make available sufficient resources to maintain the level of services to Social Security beneficiaries, the Congress will have to reconsider the need for statutory language in this area.

Amendment No. 90: Deletes language proposed by the Senate which would have required the Social Security Administration to maintain the number of field offices in fiscal year 1986 at not less than the number of field offices as of July 1, 1985. The conferees have agreed to delete this language based on the written, unequivocal assurance of the Department of Health and Human Services, with the concurrence of the Office of Management and Budget, that there are no plans for the closure of large numbers of Social Security offices during the fiscal year 1986 and that during fiscal year 1986 the number of office closings and openings will not exceed historical averages.

Following passage of our appropriations bill in the House and the Senate, I received a letter dated November 7, 1985, from John J. O'Shaughnessy, Assistant Secretary for Management and Budget of the Department of Health and Human Services. In part, Mr. O'Shaughnessy stated as follows:

I must also register the Department's strong concern about the rigid and unnecessary limitations placed on the management of SSA in H.R. 3424 as passed by the Senate on October 22. Bill language for SSA's Limitation on Administrative Expenses would prohibit any change in the total number of Social Security offices without an act of Congress and regardless of circumstances or objective evaluations of service to the public.

I can assure you, as Secretary Heckler and Acting Commissioner McSteen have already done, that there is no plan for massive closing of Social Security offices. As we have done traditionally, we will continue to review whether population shifts, demographic changes or technological improvements warrant any change, but we do not foresee office closings or openings beyond levels experienced in the past.

As required by House Report 99-289 accompanying H.R. 3424, we will be reporting quarterly to the Congress on a number of key indicators of public service such as regional and national average processing time for new or revised claims and payment accuracy. If these indicators demonstrate a deterioration of service below normal, historical levels, the Department would seek additional resources from the contingency fund. The Office of Management and Budget has also agreed that SSA's personnel ceiling could be increased by up to 500 full-time equivalent positions over requested levels in the 1986 President's budget along with the additional funds from the contingency.

On November 12, 1985, I received a letter from James C. Miller III, Director of the Office of Management and Budget in which Mr. Miller stated in part as follows:

Finally, the FTE floors in CDC, NIH, ADAMHA, HCFA, and RRB, the prohibition of FTE limitations in HRSA and in the Office of Civil Rights (Education), the spending floor for SSA personnel compensation and the limitation on closing SSA field offices should all be deleted in Conference. These provisions seriously encroach on the authority of the executive branch to pursue efficient management, an issue made all the more critical in light of budget reductions needed in order to reduce the deficit.

Mr. Chairman, our friend, the distinguished gentleman from Florida [Mr. PEPPER], the chairman of the Rules Committee, has talked with me on a number of occasions concerning the Social Security Administration and especially matters pertaining to the number of employees necessary to operate the administration and the move that has appeared in a number of newspapers concerning the closing of offices. Our subcommittee member, the distinguished gentleman from California [Mr. ROYBAL], not only during the hearings, but at all times, has followed this matter carefully and like all the rest of us, is not in favor of any move which would impair the operation of our Social Security Administration. I know of the interest of the distinguished gentlelady from Ohio [Ms. OAKAR] and the distinguished gentleman from New York [Mr. MANTON]. The same applies to the distinguished gentleman from Oklahoma [Mr. JONES] and the distinguished gentleman from California [Mr. FAZIO].

The gentleman from California [Mr. FAZIO] has talked with all of us concerning this matter, expressing his concern as to any proposal concerning the closing of offices or the reduction in personnel.

Mr. Chairman, you may rest assured that we will follow all of these matters carefully and certainly we do not intend to permit the closing of offices that are necessary nor will we tolerate reductions in personnel below levels which are required to operate the Social Security Administration efficiently and effectively.

Mr. Chairman, we want Social Security system operated to perfection, and the only way it can be is to have adequate employees and adequate offices.

I yield to the gentleman from California [Mr. FAZIO].

Mr. FAZIO. I thank my friend, the chairman, for yielding. I know of no Member of the House who, throughout his career, has been a stronger, a firmer friend of the aged than he has been, and his words today are a reaffirmation of that. We are confident that the oversight function that the gentleman and his subcommittee will be performing will protect these senior citizens and the disabled from the unnecessary cutbacks and closures.

To recap briefly, Mr. Chairman, our efforts represented a response to an administration proposal to sharply reduce the number of staff and the number of field offices in the Social Security Administration structure. Early in 1982, SSA unveiled the so-called systems modernization plan to upgrade the SSA's computer system. The administration argued that its plan to install a highly sophisticated automated system for processing claims would reduce processing time and error rates to the extent that some 17,000 employees—nearly one-fourth of the agency's staff—would no longer be needed.

Congressional investigations, however, revealed that the administration actually expected to achieve less than one-third, 28 percent, of the proposed reductions by modernizing the claims process.

In conjunction with the staff reductions, congressional inquiries revealed that the administration was in the midst of reviewing hundreds of field offices for possible closure or downgrading. The Select Committee on Aging estimated that the administration had targeted 770 of 1,300 field offices, including 52 in California.

Further, a General Accounting Office investigation revealed no evidence to support the administration's claim that SSA could make these drastic reductions in personnel and close or downgrade a large number of its offices, and still maintain adequate service to the beneficiaries.

GAO found that the administration had failed to even consider the impact of its proposals on senior Americans and the disabled. For example, SSA had failed to set a standard for manageable and unmanageable distances for beneficiaries to travel or acceptable waiting times once they reached the offices.

We all want an orderly transition to a modern, efficient system of service delivery. But SSA's plan represents the wrong way to renovate and overhaul the Social Security System.

Mr. Chairman, I would just like to again thank the gentleman from Kentucky [Mr. NATCHER] for his extraordinary leadership in this effort to ensure that the staff and neighborhood field office structure of the Social Security Administration remain strong and viable. Mr. NATCHER is to be commended for taking a number of important steps to ensure that any reorganization of the Social Security Administration will be based upon standards that maintain adequate service delivery levels. The gentleman has made it clear, beyond any doubt, that the Congress will not accept any reorganization plan that in any way threatens adequate service to Social Security beneficiaries.

Mr. NATCHER. I thank the gentleman.

Mr. PORTER. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, Congress is once again resorting to budget enemy No. 1, the continuing resolution. In our infinite wisdom, we have discovered that under the protective cloak of the CR we can increase spending, add new programs and postpone painful budget cuts.

Mr. Chairman, this is fiscal irresponsibility in its most insidious form. Simply put, this is bad government. Once again, Congress has managed to delay action on most of the key issues of the day until the waning moments of the session, In this climate of haste, bad policy decisions are too often the result.

Under the CR, spending levels and policy for over half the budget will ultimately be determined by a handful of conferees. Meanwhile, hundreds of Members sent here by the American people to represent them will be forced to support these decisions or face the possibility of government default or shutdown.

As usual, the American people will be the ultimate victims of this fiscal foolishness.

I urge the Members not to support any CR.

Mr. WHITTEN. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. OBEY], a member of the committee.

Mr. OBEY. Mr. Chairman, I would simply like to rise to respond to some of the remarks made by the gentleman from New York a moment ago on the foreign assistance section of the bill. Let me put that section in perspective.

The foreign assistance section which is contained in this continuing resolution today is 21 percent below 1985 spending levels; it is $425 million below the President's budget request; it is $415 million below the budget resolution; it is $137 million below the 302(b) allocation assigned to our subcommittee under the Budget Act. We are about $3.5 billion below the comparable bill from the other body.

So I think in terms of fiscal responsibility this is the most fiscally responsible title of any of the 13 appropriation titles to be offered to the House this year.

Mention has been made of the fact that because we have prevented any reductions in assistance to Israel and Egypt and Pakistan, that other countries are going to experience a significant aid reduction. I would point out two things. First of all, the committee added back to the bill two-thirds of the amount by which other countries would experience reductions because of the hold harmless for Israel and Egypt, and we added back 100 percent of the cost to other countries of the earmarking for Pakistan.

Now, you cannot have it both ways on Israel, Mr. Chairman. You cannot ask that Israel be exempted from reductions and when that occurs you cannot then attack the committee for reaching the conclusion that because we were to preserve Israel from reductions that we had to make reductions in other countries, unless, of course, you do not think that the deficit means anything, unless, of course, you want to exceed the 302(b) allocation which we have been assigned under the budget resolution.

□ 1205

Unless of course you do not think that the deficit means anything. Unless of course you want to exceed the 302(b) allocation which we have been assigned by the White House. I would remind Members that we have been told by the White House that they will veto any provision, any piece of legislation which contains spending above Congress' own limitations for each subcommittee. That means that if we go above our 302(b) allocation for foreign operations, we are setting ourselves up for a veto.

So I would suggest that we have a very fiscally responsible bill in terms of the foreign operations sections. Second, it has been suggested by the gentleman from New York that somehow we have skewed priorities in spending. That is correct. But we have skewed those priorities in the direction favored by the gentleman from New York as opposed to the direction favored by the gentleman from Wisconsin. I regret that, but that was done in the interest of compromise.

This bill, contrary to the impression that would have been left by the gentleman from New York, this bill reduces multilateral funding from last year's levels by 16 percent. It reduces the bilateral funding which the gentleman from New York thinks is too low by only 5.9 percent. So we have already reduced from last year's levels the multilateral spending by twice as much in percentage terms as we have reduced our bilateral programs.

The suggestion has also been made by the gentleman from New York that we have provided zero money for Central America for security assistance. That is absolute nonsense. The fact is that even after you set aside the money that we have set aside for Israel, for Egypt and for Pakistan, we provide $1.4 billion for ESF for the rest of the world. We provide for MAP $740 million. We provide for foreign military credit sales, $1.7 billion. That money can be used without limitation by the administration virtually anywhere they want. I will grant you, they will have to make some tough choices about where that money is going to be allocated. But we have all got to make tough choices. This Congress has had to make tough choices on the budget resolution. BILL NATCHER has had to make tough choices in the Labor-HEW bill. We are going to have to make tough choices on everything under Gramm-Rudman, and I would suggest that that means that the administration is going to have to participate in making tough choices.

I do not really believe that the country wants us to exempt foreign assistance from reduction. That is what we would do if we would raise this bill above the amount provided in our resolution.

Also, Mr. Chairman, when the full Appropriations Committee marked up the fiscal year 1986 foreign assistance appropriations, Mr. PORTER from Illinois, proposed report language concerning Sri Lanka. Unfortunately due to a printing mistake this language was inadvertently left out of the committee's report. I would like to insert

the language at this point in the RECORD:

SRI LANKA

The committee is disturbed by continued human rights abuses against innocent Sri Lankan Tamil citizens. Following the communal violence of July 1983, the Tamil minority continues to suffer at the hands of Sinhalse mobs and elements of the Sri Lankan Army. The committee urges the State Department to closely review the Sri Lankan IMET program to make sure proper concern for military professionalism and concern for human rights is maintained among the students.

Mr. PORTER. Mr. Chairman, I yield 3 minutes to the gentleman from Alabama [Mr. DICKINSON].

Mr. DICKINSON. I thank the gentleman for yielding me this time.

Mr. Chairman, I notice with considerable concern that the Senate version of the Defense appropriations bill has some $7.2 billion of appropriations that are unauthorized. That figure is staggering and flies in the face of the authorization process in both the House and Senate.

At a time when we are struggling to prevent a disaster in defense funding that could result from the Gramm-Rudman proposals, and I mean this sincerely, we could be faced with unauthorized line items in conference on this continuing resolution that are beyond comprehension.

For example, there could be $500 million in funding for the Air Force One replacement program. Let me explain what this is. There is a proposal to buy two airplanes to replace Air Force One and Air Force Two. They are talking about spending $500 million for these two airplanes. We did not authorize it on the House Armed Services Committee, but it is in the Senate appropriations bill.

This item needs to be carefully reviewed in committees on this side—and there are many others. And where would the money come from? From programs we have authorized and funded in the House.

I would urge my colleagues who will be in conference on this continuing resolution to do their best to avoid unauthorized items from appearing in the resolution—or at the very least, to include a requirement that the line items would be approved subject to prior authorization.

Now, there is over $7 billion in the Senate appropriations bill that we have not looked at, we have not appropriated on this side, we have not authorized on this side. I am a conferee on the Gramm-Rudman bill. The money is coming from someplace, though it is not going to be there. So if we throw in these things that have not been approved, we have not studied them, we have not weighed one against the other in a sense of priorities, and just let the Senate Appropriations Committee ride roughshod over the total process, it sort of blows my mind and really puts the whole process in jeopardy.

Mr. ASPIN. Mr. Chairman, will the gentleman yield?

Mr. DICKINSON. I yield to the gentleman.

Mr. ASPIN. I thank the gentleman for yielding.

Mr. Chairman, I would like to point out to the gentleman from Mississippi that the gentleman in the well, Mr. DICKINSON, is rising on the same issue that I was rising on. I asked the gentleman for some time and he graciously gave me 5 minutes. I would like to make it part of the colloquy here today if we could.

Mr. WHITTEN. Actually, I give credit for 4, so I will yield 4 at this time.

Mr. ASPIN. That is fine; 8 minutes ought to be able to cover the subject here because the gentleman in the well is absolutely right—this is getting out of hand. I would like to say that the House members of the appropriations committee have done a good job.

The CHAIRMAN. The time of the gentleman from Alabama [Mr. DICKINSON] has expired.

Mr. WHITTEN. Mr. Chairman, I yield 4 minutes to the gentleman from Wisconsin [Mr. ASPIN].

Mr. ASPIN. I thank the gentleman for yielding me this time.

Mr. Chairman, I would like to commend the gentleman from Florida who handled the bill this year on behalf of the Appropriations Committee, for doing an extremely good job on this issue that we are talking about. This is an issue that we have had some problems with over in the past; we have got no problems with what the House committee and what the gentleman from Florida has done.

But the gentleman in the well is absolutely correct. Over in the other body, they have gone "Gazork" on this whole issue, and it is getting extremely dangerous; $7.2 billion worth of funds that are appropriated and not authorized. I would like to just echo the concern of the gentleman in the well. We cannot allow this to continue. We cannot allow this to happen. We cannot allow the conference to bring back these items in the conference for a bill, wrapped up as part of the CR. The problem is going to be we are going to be forced to raise objections in the Rules Committee, try to make a point of order, try and tie up this place at the end of the session to make our point here.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. ASPIN. I yield to the gentleman.

Mr. DICKINSON. I thank the gentleman.

If this comes back in a CR, a continuing resolution, on the last day of the session of Congress, as is usual, we will not even have an opportunity to raise the issue. We will be soaked with $7 billion of spending that we have not even addressed, that we have not even prioritized.

Mr. CHAPPELL. Mr. Chairman, will the gentleman yield?

Mr. ASPIN. I yield to the gentleman.

Mr. CHAPPELL. I thank the gentleman.

Let me say that the Appropriations Committee in conference is going to do everything possible to hold, first of all, to the House numbers. We have already been working diligently in defining the very problem that you are defining here. We are mindful of that $7.2 billion that is completely in excess of the authorization bill passed by both Houses. We are determined that we are going to isolate every one of these items which are in excess of that authorization and do our dead level best to bring you a bill that follows the idea that we do not get into the other committee's jurisdiction.

Mr. DICKINSON. Mr. Chairman, will the gentleman yield?

Mr. ASPIN. I yield to the gentleman.

Mr. DICKINSON. Let me express a concern of ours, and that is Fort De Russy. Since I have been in Congress which is over 20 years, there have been entrepreneurs trying to get a part of Fort De Russy and turn it over into commercial projects, one way or another.

□ 1215

The Senate has put money in here to turn over part of Fort De Russy in Hawaii, and I would certainly hope that the committee would not do that.

Mr. CHAPPELL. Mr. Chairman, will the gentleman yield?

Mr. ASPIN. I yield to the gentleman from Florida.

Mr. CHAPPELL. Mr. Chairman, I can tell the gentleman categorically that this House conference committee will not give on that point.

Mr. DICKINSON. Mr. Chairman, I thank the gentleman for that reassurance.

Mr. ASPIN. Mr. Chairman, I thank the gentleman for his concern. It does bother me, and I do not know what the Members over in the other body are thinking and what their authorizing committee over there is doing and why they are not worried about this. It seems to me that they are totally abdicating their responsibility if they are not concerned about this creeping issue where we started out appropriating $2 or $3 billion more than authorized.

It has gradually gotten worse and worse. It is now up to $7.2 billion. What does it matter whether we hold down the authorization bill if the other body can come in and blow right by the totals?

So I welcome the comments of the gentleman from Florida. I would again like to emphasize that our problem is

not with the bill that the gentleman from Florida brought to the floor and that was passed in the House. That was a very, very good bill, and it was perfectly consistent with the authorization process. The problem is in the other body, and I thank the gentleman for his comments.

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. ASPIN] has expired.

The gentleman from Massachusetts [Mr. CONTE] has 10 minutes remaining and the gentleman from Mississippi [Mr. WHITTEN] has 7 minutes remaining.

Mr. CONTE. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. LEWIS].

Mr. LEWIS of California. Mr. Chairman, I thank my colleague for yielding time to me.

Mr. Chairman, I rise today specifically to raise a very fundamental procedural question that should come to the consideration of this committee. The chairman and my ranking member have been very sensitive about the role and the function of this committee in the House. The continuing resolution was developed for its own very special purposes. However, to my knowledge and my own experience never has a subcommittee report in which I have participated come from the subcommittee, passed the full committee, and then having never been taken to the floor, found itself in a position where we have arbitrarily placed it in a continuing resolution protected by a closed rule, thereby eliminating the ability of the House to discuss a relatively insignificant $14 billion issue known as foreign aid.

I suppose your public does not care about foreign assistance, whether we debate the pros and cons or not, but it seems to me that our committee, the Appropriations Committee, has an obligation to face the significance of the procedural precedent that we are establishing here.

Not only did the subcommittee report come to the full committee and that not be taken to the floor and now finds itself in this continuing resolution, but also the chairman of the subcommittee chose then in turn at the full committee to make very significant and substantive amendments to the subcommittee bill. He did not hold hearings on those amendments, and in turn that was included in this package and has been put in the continuing resolution not subject to full debate in the House.

Mr. Chairman, to say the least, we have difficulty building a constituency that understands the importance of foreign assistance to our foreign policy. To undermine the voices of the membership of this House in this fashion is unacceptable. It is a disservice to the House. It is a disservice to the appropriations process. Indeed, it is a disservice to the fine work of my chairman and my ranking members.

We will discuss this matter further as we go forward in this debate, but indeed I am disappointed with the procedure.

Mr. WHITTEN. Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. PICKLE].

Mr. PICKLE. Mr. Chairman, one aspect of the continuing resolution we are considering which is critically important is the approval of an additional $76 million in funding for the Internal Revenue Service [IRS].

As every Member knows, this past year has been the most problem-plagued year in memory for the IRS. Because of a combination of inadequate staffing, training, planning, and resources, the IRS has been unable to deliver the level of service that the public has come to expect. In some cases the IRS has literally been overwhelmed by the burden of processing our Federal tax returns. Tax returns have been lost, misplaced, or destroyed, refunds have been delayed for weeks and months, erroneous notices of tax liability have been sent out to the public, and audits of questionable returns have reached an all time low.

These snafus have cost the Service and the public dearly. The IRS has had to pay record amounts in interest to the public, and overtime to its employees. Taxpayers all across the Nation have had to spend countless hours resubmitting their tax returns and writing to the IRS in an effort to straighten out their own returns, and avoid threatened levies and liens. This has led to an inevitable loss of public confidence in the IRS, a loss which we can ill afford if we are serious about financing the Federal Government and bringing the massive Federal deficit under control.

The additional funding for the IRS which is provided for in this continuing resolution is essential to remedying the problems plaguing the IRS. This additional funding has been recommended on a bipartisan basis by the House Appropriations Committee, the Committee on Ways and Means, and, last month, by the full House when we voted to send H.R. 3036, the Treasury, Postal Service, and General Government appropriation bill, to the President. I know many Members are concerned about budget busters, and the possibility that the President will veto the continuing resolution if we do not hold the line. I share their concern. However, it is my understanding that the administration does not oppose this additional funding for the IRS, and that they have indicated that if it is not provided, they intend to ask for a supplemental appropriation in January.

For all these reasons I compliment Chairman ROYBAL and Congressman CONTE for their work in this vital area. As a result of this leadership, and the hard work of the members and staff of his subcommittee this continuing resolution provides for a responsible level of funding for the IRS. Therefore, I urge my colleagues to support this measure. Finally, I hope that the House conferees will make sure that this additional $76 million is included in their conference report. We have already seen the effect of the cuts in the IRS budget over the past 5 years, we cannot afford to continue recklessly down that path.

If a veto of this measure comes about, then I think the administration must assume full responsibility for the inadequate staffing of the IRS that will inevitably result. If that happens, there will be twice as many snafus next year, and the public will lose all confidence in the IRS. At this point the burden of responsibility lies with the administration. Our Ways and Means Committee and Appropriations Committee have worked closely together and we have done our best to do the responsible thing. If the IRS does not have adequate staff and resources next year, then we must tell the public why.

Mr. CONTE. Mr. Chairman, I yield 2 minutes to the gentleman from Indiana [Mr. BURTON].

Mr. BURTON of Indiana. Mr. Chairman, yesterday I appeared before the Rules Committee on the foreign assistance section asking them to allow an amendment which would give $27 million in humanitarian aid to Angola. The general attitude on the committee was that we should just wait until next year to deal with this matter, that it was something that should not be in the continuing resolution.

This continuing resolution is loaded down with a lot of waste, in my opinion, but one area we need to address is this area where the United States has a vital interest and where freedom is at stake.

In Angola the Soviet Union just recently launched an offensive. They were supporting an offensive by the Cubans and the Angolan Government to try to crush UNITA, Mr. Savimbi, and the freedom forces over there. They were unsuccessful, and it was brought to my attention by a person who just got back from Angola yesterday that the Soviet Union is bringing in five transport planes per day loaded with military equipment to reinforce the Angolan and Cuban forces over there so they can launch another major offensive against the freedom fighters in the not too distant future, even before the rainy season expires.

Now, if we wait until next year to deal with this problem, in my opinion it may very well be too late and Angola's freedom fighters may be defeated and Angola may be lost to the Communists. If that happens, we will have

Angola, Zimbabwe, and Mozambique across the whole southern part of Africa controlled by the Communists, and if that happens, all of southern Africa may fall.

Now, five minerals that are absolutely vital to the security of the United States come from that part of the world, and we must not allow the Communists to be successful. They are pouring millions of dollars in war materials into that area right now, and we cannot ignore it. They have already sent 2 billion dollars' worth of war materials in there, and there are 35,000 Cubans here.

Mr. Chairman, we must not turn our backs on the freedom fighters in Angola. It is very important, in my view, that this continuing resolution be recommitted and that we put into this bill aid for the freedom fighters in Angola.

Mr. CONTE. Mr. Chairman, I yield 2 minutes to the gentleman from Oklahoma [Mr. EDWARDS].

Mr. EDWARDS of Oklahoma. Mr. Chairman, once again we are here with a foreign aid bill that is tucked neatly away inside a continuing resolution, and this bill is here in a form that was never debated in our subcommittee, and this bill is very far from the bipartisan approach that we need to develop a consensus on U.S. foreign policy.

The fact that we are faced with severe spending restraints has made the question of foreign aid priorities more critical than ever. Never this year have we had any serious debate on the relative merits of multilateral, bilateral, and security assistance. Instead, what we have here is a one-sided attempt to resurrect the policies of the 1970's, policies which have made us weak in the eyes of the world, policies which often gave money to our adversaries at the expense of our friends, and policies which failed to promote economic growth and ease the debt crisis in the developing countries.

We cannot afford to waste the scarce American tax dollars that we have for our foreign aid program, but that is what is happening.

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This bill's funding for the multinational banks, such as the World Bank and International Development Association, is disproportionately high. The vast majority of World Bank loans still go to strengthening inefficient government bureaucracies and reinforcing their control over local economies. Loans to Communist nations alone have increased fourfold since 1981 and will constitute more than 13 percent of the bank's 1985 lending.

Most World Bank loans, for example in the energy sector, either displace foreign private investment, deter the growth of private companies in developing nations, or both. These banks are often busy subsidizing our Nation's trade competitors.

What is more, the World Bank does not need any more money. It already has huge amounts of cash and not enough borrowers. At least $2 billion is budgeted this year for commitments for which there will be no takers.

Just as this bill emphasizes multilateral aid, it does so at the expense of bilateral and military aid. This not only imperils our ability to resist communism, but damages our efforts to move nations toward democracy in order to reduce the potential foothold of Communist insurgencies.

Mr. Chairman, it is for these basic reasons that I oppose this foreign aid package. I urge my colleagues to join me in voting to recommit this bill to the committee.

Mr. CONTE. Mr. Chairman, I yield 2 minutes to the gentleman from Indiana [Mr. MYERS].

Mr. MYERS of Indiana. Mr. Chairman, I rise in support of House Joint Resolution 465, making continuing appropriations for the remainder of this fiscal year. I realize that the White House is opposed to it. It is not the first time the White House has been opposed to a continuing resolution. There have been many speeches made here this morning in opposition to the procedure. Certainly the Appropriations Committee did not design this procedure. We are not put into this posture because of our own making.

If there is one section you can criticize in the bill, it is the one dealing with foreign assistance; but I believe this can be corrected in conference. We can correct the mistakes pertaining to foreign assistance.

The big objection the White House has is the fact that we have spent money in different categories than the White House would like to see spent.

The bottom dollar in this bill is below last year's spending. It is below the congressional budget resolution. It is below the President's request. So it is not dollars. If you are concerned about balancing the budget, and we all are, then this is not the right vehicle to be critical.

I am going to have to oppose the motion to recommit that the gentleman from Massachusetts, our ranking member, is going to offer. I believe I am going to have to, if it strikes sections 105 and 106, we have a disagreement. I come from an area that is hit hard by farm prices. Many of us are. I realize that the gentleman from Massachusetts must do this. I am not critical of him, but I am going to have to oppose that motion to recommit.

The administration says the CR is going to cost as much as $10 billion to administer these two sections; but right today the Commodity Credit Corporation hold stocks worth about $7 billion that are not being sold.

If they are sold, you are going to diminish that possible $10 billion high figure.

Today it is costing us about $400 million annually just for storage of this $7 billion stock of grains that we are not selling.

All sections 105 and 106 do is require the Secretary of Agriculture to work at selling this grain and to help restore rural America's economics by extending out some loans if it is necessary, and it is necessary. We have a real problem.

I think this bill is worthy of the vote of everyone here to vote to support the continuing resolution.

Mr. COLEMAN of Texas. Mr. Chairman, I rise in support of House Joint Resolution 465 a bill making continuing appropriations for fiscal year 1986.

This bill signifies the commitment of the Appropriations Committee to meet the needs of the Nation in terms of social, defense, and international concerns while still maintaining fiscal control on Federal expenditures. When the bill before the House today, which provides funding for 10 of the 13 regular appropriations, is combined with the three other appropriations bills already signed into law, it is under the 302(a) budget allocation for discretionary spending by $18.5 billion. The committee, under the able leadership of the chairman, Mr. WHITTEN and the ranking minority member, Mr. CONTE, has held the line on spending, and then some.

Mr. Chairman, this bill also contains funding for the Department of Treasury, the Postal Service, and General Government which is equal to that which was vetoed by the President last month. When the President transmitted his veto message to the House of Representatives he stated that the conference report passed by the House and Senate for H.R. 3036 was over the conference report on the fiscal year 1986 budget resolution by $180 million. In fact, the conference report was under the congressional budget resolution by $324 million.

The President also complained that the bill provided more funding for the revenue forgone postal sudsidy for nonprofit organizations and rural and small newspapers. In fact, the President had requested no funding for the subsidy. The conferees and subsequently the Congress disagreed and provided $820 million, far less than the current service level. It was the intention of the conferees that sacrifices would have to be made at the expense of these as with all concerns, but not at a faster rate than the others, particularly with respect to the blind and handicapped and other nonprofit organizations.

The President objected to a provision regarding Office of Personnel Management regulations for hiring rules. The conferees agreed to a temporary prohibition of the rules until an agreement could be reached. In fact, the main sponsors of the prohibi-

tion, my colleagues from Virginia and Maryland, compromised to the extent that the prohibition would extend only until May 1985, at which time they hoped an agreement could be achieved. And, in fact such an agreement was achieved shortly after the conferees met on the bill. Therefore, the committee removed the prohibition from this bill.

The administration also raised concerns with respect to the funding levels for staffing of the Internal Revenue Service and the Customs Service. I am aware that other Members have spoken regarding the IRS, but let me just say that the leadership in this and the other body as well as the Commissioner of the IRS strongly supported the House position on this matter.

As for the Customs Service, the President had originally sought to cut the staffing levels by some 887 positions in fiscal year 1986. The House Subcommittee on Treasury, Postal Service, and General Government under the able leadership of the gentleman from California [Mr. ROYBAL] and the ranking minority member, the gentleman from New Mexico [Mr. SKEEN], rejected this proposal and added 800 additional Customs personnel. The addition of personnel was affirmed by the authorizing committees in both the House and the other body in their respective reconciliation bills. And although in conference we compromised with the other body and reduced the number of increased staffing to 623 positions, I believe there was unanimous agreement among all parties that we could go no lower than that staffing level.

Mr. Chairman, since this administration came to Washington we have heard over and over again of their "get tough" attitude toward drug smugglers. That is a commendable attitude that I think all of us in Congress support. Yet this administration appears to be talking out of both sides of its mouth. While one side says "let's get tough," the other side is saying let's cut the Customs Service, which they have done in the past and continue to attempt. The administration, through the Secretary of the Treasury, admitted that the Customs Service was the Nation's "front line of defense" against the illegal entry of narcotics, yet at the same time sought to cut the Service back. This clearly makes no sense, and the committee saw that when we drafted the bill and went to conference.

In effect, Mr. Chairman, while the President appears to be saying to the Congress, "make my day" with his ill-advised veto of the Treasury, Postal Service, and General Government bill, he is really informing the drug smugglers of the world that he is making their day and their job a lot easier by lowering our defenses against drug smuggling. That is surely not what the committee, the Congress, or even the administration wanted and so the bill was put back into the continuing resolution. The President has made his point, he has vetoed his bill, but now is the time for this Congress and this administration to get serious and inform the world's drug smugglers that our efforts to combat smuggling is more than just tough talk.

I hope my colleagues can see through the haze of supposed fiscal responsibility to the realities of drugs in our society and the need to erradicate that cancer. I hope they care enough about the future of this Nation to vote for this bill, rather than the political rhetoric and irresponsibility of voting against it.

Thank you, Mr. Chairman.

Mr. EDWARDS of California. Mr. Chairman, I rise to thank the distinguished chairman of the full committee, the gentlemen from Mississippi, and the distinguished chairman of the Labor-HHS Subcommittee, the gentleman from Kentucky, for their help regarding refugee targeted assistance. The continuing resolution (H.J. Res. 465) provides a specific amount of new budget authority, $50 million, for this vital job training program for fiscal year 1986. It also incorporates the language of the conference report accompanying the Labor-HHS appropriations bill (H. Rept. 99-402). That report makes clear that the $11.5 million only just released to the States pursuant to two decisions of the Comptroller General and a Federal court order are not to be charged against the $50 million in new budget authority that this continuing resolution appropriates.

Hopefully, these legislative actions will avoid a repetition of the difficulties encountered this year regarding funding for this program. I only regret the necessity of having to relegislate what has been so very clear to all but the administration.

We thank the gentlemen and look forward to continued cooperation in the future.

Mr. FASCELL. Mr. Chairman, I rise to express my deepest appreciation and thanks to both the distinguished chairman of the Appropriations Committee and the esteemed chairman of the Labor-HHS-Education Subcommittee, for all of their help in resolving the conflict surrounding the Refugee Targeted Assistance Program. This continuing resolution (H.J. Res. 465) provides a specific line-item amount of new budget authority, $50 million, for this vital program in fiscal year 1986. It also incorporates the language of the conference report accompanying the Labor-HHS-Education appropriations bill (H. Rept. 99-402). That language makes crystal clear that the $11.5 million which was just released to the State pursuant to two decisions of the Comptroller General and a Federal court order is fiscal year 1985 money and is not to be charged against the $50 million in new money contained in this continuing resolution.

The administration must understand that it is the clear intention of the House of Representatives that this new $50 million appropriation be spent in full and in a timely manner. It is my hope that this appropriation action will change and correct once and for all, the administration's previous misinterpretation of congressional intent with regard to the release and use of these funds.

Again, my thanks to the gentlemen from Mississippi and Kentucky for their assistance.

Mr. LEHMAN of Florida. Mr. Chairman, I wish to thank the chairman of the Appropriations Committee, Mr. WHITTEN, and the chairman of the Appropriations Subcommittee on Labor-HHS-Education, Mr. NATCHER, for their assistance in clarifying congressional intent regarding the $50 million provided for targeted assistance.

I am sure my colleagues are aware of the current dispute over $11.5 million in fiscal year 1985 funds which the administration refused to spend until forced by two opinions of the Comptroller General and a Federal court order. The money was finally obligated on September 30, 1985, but not released until a Federal judge denied the administration's emergency motion requesting a stay pending appeal on November 22, 1985.

The language of the continuing resolution makes reference to the conference report and joint explanatory statement of the committee on conference as filed in the House on November 21, 1985. The statement makes it clear that "[t]he conferees are in agreement that the obligation of these funds in fiscal year 1985 means that these funds will be counted as a 1985 expenditure and will not be counted as a carryover balance."

This should leave no doubt that it is the intention of the Congress that the full $50 million for targeted assistance provided in the continuing resolution for fiscal year 1986 is to be spent.

Mr. MINETA. Mr. Chairman, I rise to offer my strong support for the amendment offered by my friends and colleagues, Mr. REGULA and Mr. PANETTA.

The California coastline is a place of rare and unspoiled beauty. It is vital for this rugged yet fragile coastline to be protected and preserved.

The amendment offers a fair and equitable method of resolving the current dispute. The formation of a negotiating team to work out a settlement on this issue is a positive step and I look forward to a successful solution to this matter.

Opening certain areas of the California outer continental shelf to oil and gas leasing is of great importance to Californians and non-Californians alike. We must achieve a plan that will preserve the beauty of the coastline that is virtually sacred to many Californians. The negotiated plan must also confront the need for a strong national energy program that will have the least impact on our unique environmental areas.

Without a negotiated settlement, the OCS leasing program will continue to plod along unresolved. This would be to the benefit of no one.

I urge my colleagues to join in supporting this amendment to allow us to develop a well-reasoned program that will allow Californians, and all citizens, to continue to marvel at the natural beauty we are blessed with.

I congratulate Mr. PANETTA and Mr. REGULA for their leadership in proposing this amendment, and to all those who have cosponsored this amendment. I also thank

my colleagues in the California delegation for their efforts aimed at resolving this issue. We have dealt with this for a long time and it is my hope that we can now bring this to a successful conclusion.

Mr. FAZIO. Mr. Chairman, the continuing resolution includes a highway demonstration project, Highway 113, which is located in my congressional district. I wish to take this opportunity to explain why construction of this highway is so urgent.

Six miles of this roadway is four lanes. It then narrows to a very congested two-lane road with narrow shoulders, numerous intersections, crossroads, obstructed views, and a railroad crossing running through it. This 10-mile highway is a vital link between two major California interstate highways, I-80 and I-5, and two rapidly growing population centers, Davis and Woodland. It carries over 22,000 vehicles per day.

In the past decade, Davis has grown 48 percent with a current population of over 42,000. Woodland now has over 30,000 people, almost a 40-percent growth in 10 years. This growth rate is expected to continue.

As this region is one of the Nation's prime agricultural areas, much of the daily traffic on Highway 113 consists of trucks picking up and delivering fresh produce. Hundreds of trucks every day use this hazardous two-lane road. As the population grows, the competition between trucks and automobiles grows worse.

Further, whenever there is a major traffic problem on I-5 or I-80, traffic is diverted to the opposite interstate, via Highway 113. Needless to say, this two-lane stretch of Highway 113 is known as Blood Alley. In fact, it is so hazardous that motorists are required to turn on their headlights as they drive along this stretch of road.

The EIR is completed and approved and nearly all the rights-of-way are owned by the public. It is northern California's No. 1 priority. Every year of delay in construction adds 8 to 10 percent per year to the costs.

And $23.5 million is needed for the final design, purchase of rights-of-way, and complete construction of the remaining 4-mile segment of Highway 113. The above explains why we need to move ahead now.

Mr. DORGAN of North Dakota. Mr. Chairman, I rise in reluctant support of House Joint Resolution 465, which makes continuing appropriations for fiscal year 1986 for several Federal agencies.

I support this measure because the brute fact is that not passing this bill would soon force the Federal Government to shut down. Not only would this create a national security crisis, but also jeopardize the timely and vital delivery of services to Social Security recipients and veterans, among others.

Moreover, delay on this stop-gap funding bill could prevent Congress from tackling other pressing business including tax reform, deficit reduction, the 1985 farm bill, and the Superfund for cleaning up toxic waste dumps. These all warrant immediate attention.

On the other hand, my reluctance stems from the failure of Congress to come to grips with our budget crisis and the seeming inability of the other Chamber to pass appropriations bills on time. My vote to keep the Government running in no way diminishes my intent to seek real cuts in Federal spending. For example, the ongoing reports of waste and fraud in Pentagon programs show that we can still trim some fat from a $300 billion military budget. The same can be said for many domestic programs.

Unless we in Congress promptly act to staunch the flow of deficit spending, our economy will never become robust again. High interest rates and an overvalued dollar will continue to dog the efforts of family farmers, working people, and small business owners to make a decent living. So we need a tough dose of budget medicine now.

Mr. YOUNG of Florida. Mr. Chairman, as a member of the Appropriations Committee, I want to thank the chairman for our committee, Mr. WHITTEN, the chairman of the Labor-HHS Subcommittee I serve on, Mr. NATCHER, and the ranking minority member on both the committee and subcommittee, Mr. CONTE, for their continuing support for full funding of the Refugee Targeted Assistance Program.

The continuing resolution provides $50 million for targeted assistance programs in fiscal year 1986. The continuing resolution also makes clear in its reference to the conference report to accompany the Labor-HHS appropriations bill, that the $11.5 million in targeted assistance the Department of Health and Human Services was to release in fiscal year 1985, but has delayed until the current fiscal year, is not to be counted toward the $50 million in new targeted assistance budget authority.

As a member of the subcommittee, and a Representative from Florida, I am well aware of the serious need for targeted assistance funding to relieve the burden placed upon the States by refugees fleeing to our Nation. Nowhere in our Nation has the problem been more acute than Florida, where the State and local governments are still struggling financially to meet the needs of refugees.

Providing for refugees to our Nation is a Federal responsibility. I'm pleased that the continuing resolution as well as the Labor-HHS approppropriations bill address this issue and recommend full funding for targeted assistance in fiscal year 1986 and that the States be fully reimbursed for those funds that were obligated but not released in fiscal year 1985.

Mr. DANNEMEYER. Mr. Chairman, the House's consideration today of House Joint Resolution 465, the continuing resolution, represents a perversion of the legislative process. This resolution comes to the floor with a rule which allows only one amendment to one section of the resolution, a resolution containing a multitude of important and controversial issues deserving of close scrutiny by the full House.

In particular, the rule forbids consideration of any amendments to title X of the Public Health Service under which Congress authorizes funds for family planning services. This program is highly controversial and a number of Members testified before the Rules Committee yesterday requesting a rule which would permit them to offer amendments to title X on the floor. The Rules Committee ignored these requests and chose to permit none of the amendments. Although I understand the committee's desire to keep amendments to a minimum, this rule represents just one more means of corrupting the process and forbidding the House to work its will.

Title X was authorized last year for 1 year only, with the understanding by the House and Senate that substantive changes were needed. This year no alterations were made and as a result, neither the House nor the Senate authorized nor appropriated any funds for this program. On June 18, title X was brought to the floor under suspension of the rules and defeated resoundingly by a vote of 197 to 214 because Members felt this program should not be reauthorized without giving the full House the opportunity to offer, and vote on amendments to this program.

These events should have sent a strong signal to the Health and Environment Subcommittee's chairman, Mr. WAXMAN, that title X was unacceptable in its present form and Members desired the opportunity to vote, up or down, on amendments. Despite this signal and the elapse of 6 months, Mr. WAXMAN failed to bring a title X reauthorization bill to the floor.

The manner in which this program will now receive consideration by the House is distorted and unjust. The modified closed rule handed down by the Rules Committee merely serves to point out the inadequacies inherent in the system. Mr. WAXMAN, and others, in their attempt to maintain a family planning program which encourages promiscuity and abortion, and discourages family involvement, have perverted the legislative process and derogated overwhelming congressional sentiment to reform this program and revive the family values which form the basis of our Nation. Once again, they have succeeded in circumventing Members' will and pursuing yet another method of perpetuating the liberal welfare state.

Mr. WHITTEN. Mr. Chairman, I yield myself the remainder of the time.

Mr. Chairman, I rise at this time to point out that the sections that have been discussed here have arisen because we have not used existing law.

I have before me just what the farm situation is. American agriculture is $214 billion in debt. It is in debt because their product has been held off the world market for foreign policy reasons in 1973, 1974, 1975, and 1980. We are the only nation in the world that does not sell what we have and do not need for what it will bring. Some folks downtown call that a subsidy but it is not. It is just commonsense. All our competitors do that.

Now, we have people here that think American agriculture can pay as much wages under the minimum wage laws which the Congress passed in 1 day as their competitors spend in 1 week. I call attention to the fact that in the last few years the farmers' share of the consumer dollar has gone down from 51 percent to 27 percent. The folks from whom he buys have increased their take of the consumer dollar from 49 percent to 73 percent.

Now, here is where that debt is held, and may I say this $214 billion, the interest on that is more than the rent on farms. Now, there are folks who do not think this is going to pull the rest of us down, but just look at land values. Land values are plummeting. You cannot sell land unless it is to buyers from Japan or Germany or somebody who has made money by our troops being over there.

So I am glad that we have this chance from our friends in the Rules Committee to call attention to the fact that the farmer lives like others. He bought land. He worked all his life. He sent his children to college like everybody else—until we started making him look to the Congress for appropriations.

Now, 3 percent of our people are farmers, but their total investment is larger than we have in industry and so is their debt. That being true, I would say he got in this terrible fix after we started making him look to the appropriations process for all his profits and part of his cost. So you can just imagine how 3 percent of the people come out competing in Congress for the tax dollar. It should not come from the Government. It should not come from the Appropriations Committee. it should come from those who use this product.

What we are doing by holding our products off world markets, we are just turning the markets over to our competitors. As I say, the American farmer pays about as much in 1 day in wages under the laws that we passed as they pay in other countries in 1 week.

So I am just saying here that I appreciate this opportunity to show just how bad the situation is and do not think it is not going to pull the rest of us down. You cannot let your biggest industry, the greatest customer of industry and labor go broke. You cannot let all this land be sold without land values plummeting down. We are headed for the biggest disaster we have had since the last Depression and it all comes because they do not use existing law, which we point out in this.

I appreciate this opportunity and I hope we pass this. We know we have a gauntlet to run, but maybe we will get over to the American people that it is not the farmer's fault. He has been financing our foreign policy and he cannot do it anymore. We are going to have to do something to ease this $214 billion debt, the interest on which is more than his rent. We are going to have to have a new start and recognize that the current situation is not of his making, but it is because of our Nation's action.

I do not criticize anybody. I just think it is time we looked at it and were realistic. We are all in this thing together. We have worked together through the years. We have laws that worked for years keeping a balance between agriculture, industry, and labor. We need to restore that balance today.

I want to thank those who have made this possible. I hope you will go along with our bill here. We know we have a gauntlet to run, but let us run as far as we can and get over to the American people how serious this situation is.

Mr. CONTE. Mr. Chairman, I yield myself the balance of the time.

Mr. Chairman, so we all know where we are coming from, when the proper time comes I will offer a motion to recommit without instructions; however, I hope that two of the things that will be taken into consideration by this august body are sections 105 and 106. These provisions mandate the Secretary of Agriculture to take certain actions which would serve to dramatically increase nonrecourse loan levels for the basic agricultural commodities; suspend payments of principal and interest, and forgo the foreclosure of loans for up to 12 months after a case-by-case review of farmer claims that certain U.S. foreign policies since 1973 have rendered them unable to continue loan repayments.

I asked the Secretary of Agriculture and his staff of approximately 100,000 people to analyze this language so that my colleagues and I would understand the impact of our actions in this continuing resolution. The response that I received indicates that even the USDA does not know all of the hidden costs, additional staffing requirements and major domestic and foreign policy changes called for by sections 105 and 106.

For those Members interested in the bottom line, let me point out that the USDA states:

> Although some of the language in section 105 is vague, it is clear that this provision would require the Secretary to implement mandatory production controls, large set-asides, export subsidies, and probably require the Secretary to seek import restrictions to protect domestic markets.
>
> Export subsidies needed to achieve the stated objectives of this section are projected to be as high as $10 billion annually.
>
> Not only is this language unworkable, but it will not ensure a fair price for the farm products.

I see that my time is up and I will speak on this later on.

The CHAIRMAN. All time for general debate has expired.

Pursuant to House Resolution 327, the joint resolution is considered as having been read for amendment under the 5-minute rule. An amendment to strike out the colon on line 19 on page 6 and all that follows through line 6 on page 7 of the joint resolution and to insert in lieu thereof a semicolon shall be considered as having been agreed to. No other amendments are in order except the amendment printed in the CONGRESSIONAL RECORD of December 3, 1985, by and if offered by, Representative REGULA of Ohio or his designee and said amendment shall not be subject to amendment or to a demand for a division of the question, but shall be debatable for not to exceed 30 minutes, to be equally divided and controlled by the proponent of the amendment and a Member opposed thereto.

The text of the joint resolution is as follows:

H.J. RES. 465

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are hereby appropriated, out of any money in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, for the several departments, agencies, corporations, and other organizational units of the Government for the fiscal year 1986, and for other purposes, namely:

SEC. 101. (a) Such amounts as may be necessary for programs, projects, or activities at the rate for operations and to the extent and in the manner provided for in H.R. 3037, the Agriculture, Rural Development, and Related Agencies Appropriations Act, 1986, as passed by the House of Representatives on July 24, 1985.

(b) Such amounts as may be necessary for programs, projects, or activities at the rate for operations and to the extent and in the manner provided for in H.R. 2965, the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 1986, as passed by the House of Representatives on July 17, 1985.

(c) Such amounts as may be necessary for programs, projects, or activities at the rate for operations and to the extent and in the manner provided for in H.R. 3629, the Department of Defense Appropriations Act, 1986, as passed by the House of Representatives on October 30, 1985.

(d) Such amounts as may be necessary for programs, projects, or activities at the rate for operations and to the extent and in the manner provided for in H.R. 3067, the District of Columbia Appropriations Act, 1986, as passed by the House of Representatives on July 30, 1985.

(e) Such amounts as may be necessary for programs, projects, or activities at the rate for operations and to the extent and in the manner provided for in H.R. 3011, the Department of the Interior and Related Agencies Appropriations Act, 1986, as passed by the House of Representatives on July 31, 1985.

(f) Such amounts as may be necessary for programs, projects, or activities at the rate for operations and to the extent and in the manner provided for in H.R. 3244, the De-

partment of Transportation and Related Agencies Appropriations Act, 1986, as passed by the House of Representatives on September 12, 1985.

(g) Such amounts as may be necessary for programs, projects, or activities at the rate for operations and to the extent and in the manner provided for in the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 1986 (H.R. 3424), to the extent and in the manner provided for in the conference report and the joint explanatory statement of the committee of conference (House Report 99-402) as filed in the House of Representatives on November 21, 1985, as if enacted into law.

(h) Such amounts as may be necessary for programs, projects, or activities provided for in Military Construction Appropriations Act, 1986 (H.R. 3327), to the extent and in the manner provided for in the conference report and joint explanatory statement of the committee of conference (House Report 99-380) as passed by the House of Representatives on November 20, 1985, as if enacted into law.

(i) Such amounts as may be necessary for programs, projects, or activities provided for in the Treasury, Postal Service, and General Government Appropriations Act, 1986 (H.R. 3036), to the extent and in the manner provided for in the conference report and joint explanatory statement of the committee of conference (House Report 99-349) as passed by the House of Representatives on November 7, 1985, as if enacted into law except that such conference report shall be considered as not including Senate Amendment Numbered 83 as amended by the Conferees.

(j) Such amounts as may be necessary for programs, projects, or activities at the rate for operations and to the extent and in the manner provided for in H.R. 3228, the Foreign Assistance and Related Programs Appropriations Act, 1986, as reported to the House of Representatives on August 1, 1985: *Provided*, That not withstanding any other provision of this subsection the following shall apply: no funds in this subjection are earmarked for scholarships for South African students; funding in the amount of $3,689,286,666 shall be available for the "Economic Support Fund"; the amount and requirements associated with a cash transfer to Egypt shall be in accord with the provisions included in section 202(b) of Public Law 99-83; no funds shall be required to be transferred from sections 103 through 106 of the Foreign Assistance Act of 1961 to the "Economic Support Fund" for Zimbabwe; the requirement contained in H.R. 3228, the Foreign Assistance and Related Programs Appropriations Act, 1986, as reported to the House of Representatives on August 1, 1985, that "Economic Support Fund" assistance for Guatemala may be used only for development activities aimed directly at improving the lives of the poor, especially the indigenous population in the highlands, does not apply; funding in the amount of $764,648,000 shall be available for "Military Assistance"; funds in the amount of $5,058,983,333 shall be available for "Foreign Military Credit Sales"; funds in this subsection for the Lavi Program shall be made available in accord with the provisions included in section 101(c)(3) of Public Law 99-83; no foreign military credit sales funds in this subsection shall be transferred to "Military Assistance" or the "Economic Support Fund"; no funds in this subsection are appropriated under the heading "Guarantee Reserve Fund"; section 620(A)(a) of the Foreign Assistance Act of 1961 is amended by inserting "the Export-Import Bank Act of 1945," after "the Peace Corps Act,"; sections 521, 527, 543 and 549 in H.R. 3228, the Foreign Assistance and Related Programs Appropriations Act, 1986, as reported to the House of Representatives on August 1, 1985 do not Apply; section 539 of H.R. 3228, the Foreign Assistance and Related Programs appropriations Act 1986, as reported to the House of Representatives on August 1, 1985, shall not apply to Bolivia, except for the final provisions; titles I, II, and III of H.R. 2253 as reported on May 15, 1985 and section 3 of H.R. 1948 as introduced April 3, 1985, are hereby enacted; funding in the amount of $337,930,000 shall be available for Migration and Refugee Assistance.

(k) Such amounts as may be necessary for continuing the following activities, not otherwise provided for in this joint resolution, which were conducted in the fiscal year 1985, under the terms and conditions provided in applicable appropriations Acts for the fiscal year 1985, at the current rate: *Provided*, That no appropriation or fund made available or authority granted pursuant to this subsection shall be used to initiate or resume any project or activity for which appropriations, funds, or authority were not available during fiscal year 1985;

Activities under sections 236, 237, and 238 of the Trade Act of 1974;

Activities under the Public Health Service Act;

Refugee and entrant assistance activities under the provisions of title IV of the Immigration and Nationality Act including $50,000,000 for targeted assistance grants and $4,000,000 for voluntary agency matching grants; title IV and Part B of title III of the Refugee Act of 1980; and sections 501 (a) and (b) of the Refugee Education Assistance Act of 1980;

Minority science improvement activities under section 528(3) of the Omnibus Budget Reconciliation Act of 1981; and

Payment to the Corporation for Public Broadcasting under the Communications Act of 1934, as amended, for the fiscal year 1988: *Provided*, That for purposes of this payment, the current rate shall be the amount of the payment provided for fiscal year 1987.

SEC. 102. Unless otherwise provided for in this joint resolution or in the applicable appropriations Act, appropriations and funds made available and authority granted pursuant to this joint resolution shall be available from December 13, 1985, and shall remain available until (a) enactment into law of an appropriation for any project or activity provided for in this joint resolution, or (b) enactment of the applicable appropriations Act by both Houses without any provision for such project or activity, or (c) September 30, 1986, whichever first occurs.

SEC. 103. Appropriations made and authority granted pursuant to this joint resolution shall cover all obligations or expenditures incurred for any program, project, or activity during the period for which funds or authority for such project or activity are available under this joint resolution.

SEC. 104. Expenditures made pursuant to this joint resolution shall be charged to the applicable appropriation, fund, or authorization whenever a bill in which such applicable appropriation, fund, or authorization is contained is enacted into law.

SEC. 105. In view of the financial crisis facing many farmers, resulting from embargoes and suspension of exports in 1973, 1974, 1975, and 1980, and failure to use the Commodity Credit Corporation for a loan program which led to a fair price from the user, the Secretary of Agriculture shall use his authority under existing law to provide for nonrecourse loans on basic agricultural commodities at such levels as will reflect a fair return to the farm producer above the cost of production, and to issue such regulations as will carry out this provision and as will provide for payment by the purchaser, rather than by appropriation for basic commodities sold for domestic use and the Secretary of Agriculture shall issue such regulations as will enable producers of any basic agricultural commodity to produce the amount needed for domestic consumption, to maintain the pipeline, and to regain and retain by competitive sales our normal share of the world market.

SEC. 106. Public Law 99-88 funded a study by the Department of Agriculture to determine the losses suffered by United States farm producers of agricultural products during the last decade as a result of embargoes on the sale of United States agricultural products and the failure to offer for sale in world markets commodities surplus to domestic needs at competitive prices, for use in determining what part of existing indebtedness of farmers should be canceled as a result of such foreign policy. Pending the completion of the study, the Secretary shall determine, on a case-by-case basis, which borrowers are unable to continue making payments of principal and interest due to embargoes or the failure to sell competitively in world trade and, thereby, qualify for an adjustment of principal and interest due to prevent bankruptcy or foreclosure, all as authorized by existing law.

Upon presentation of substantial evidence to the Secretary that a borrower qualifies, payment of principal and interest shall be suspended and the Secretary shall forego foreclosure of loans owed to the Federal Government, as authorized by law, for 12 months or until an adjustment is agreed upon. Other creditors shall be requested by the Secretary to postpone payments due on the same basis.

SEC. 107. None of the funds made available by this or any other Act for fiscal year 1986 to the Office of the Secretary, Department of the Interior, shall be expended to enter into any agreement with respect to Westlands Water District v. United States, et. al. (CV-F-81-245-EDP) unless Congress enacts legislation authorizing the Secretary of the Interior to enter into such an agreement.

SEC. 108. Notwithstanding any other provision of this joint resolution, $2,500,000 shall be available for the Smithsonian Institution, restoration and renovation of buildings, for the Freer Gallery of Art.

SEC. 109. Notwithstanding any other provision of this joint resolution, persons other than members of the United States Holocaust Memorial Council may be designated as members of committees associated with the United States Holocaust Memorial Council subject to appointment by the Chairman of the Council.

SEC. 110. (a) In the administration of subchapter III of chapter 83 of title 5, United States Code, title II of the Social Security Act, chapter 21 of the Internal Revenue Code of 1954, and title II of Public Law 98-168, the individual holding the position of Chief of the United States Capitol Police on January 1, 1985—

(1) shall be held and considered to have been appointed to that position before January 1, 1984,

(2) during the 60-day period following the date of the enactment into law of this section, shall be eligible to elect coverage under the provisions of such subchapter III, and

(3) upon such election, shall not be covered by section 210(a)(5)(G) of the Social Security Act, and section 312(b)(5)(G) of the Internal Revenue Code of 1954, with respect to periods of service performed by such individual in such position after the election.

(b) Any period of service performed by such individual as Chief of the United States Capitol Police prior to making any such election shall, after such election and payment by or on behalf of such individual of appropriate contributions and interest covering such period of service, be considered as creditable service for purposes of such subchapter III and shall not be considered as covered service for purposes of title II of Public Law 98-168.

(c) Service performed by such individual as Chief of the United States Capitol Police after December 31, 1983, and prior to the election referred to in subsection (a), shall also be considered "employment" for purposes of the provisions of title II of the Social Security Act and chapter 21 of the Internal Revenue Code of 1954, if such service would have been "employment" under such provisions but for this section.

SEC. 111. Notwithstanding any other provision of law or regulation, the Secretary of Transportation shall, within 30 days after enactment of this section, issue in the Federal Register a Notice of Intent to prepare an environmental impact statement for the construction of the north and south legs of the downtown component of metrorail in Dade County, Florida.

SEC. 112. For necessary expenses to carry out a highway construction project along State Route 113 in north-central California that demonstrates methods of reducing motor vehicle congestion and increasing employment, $23,500,000, to remain available until expended: *Provided*, That such funds shall be exempt from any limitation on obligations for federal-aid highways and highway safety construction programs.

SEC. 113. Notwithstanding any other provision of law, none of the funds in this act shall be available for the construction of the Central Automated Transit System (Downtown People Mover) in Detroit, Michigan: *Provided*, That the immediately preceding provision shall not apply to $10,000,000 apportioned to the Detroit Department of Transportation.

SEC. 114. The Secretary of the Army, at his discretion, may utilize Reserve Forces to carry out emergency flood recovery and clean up measures in the 29-county area of West Virginia, the 6-county area of Pennsylvania, the 18-county area of Virginia, and Gulf Coast areas, declared entitled to relief under the Disaster Relief Act of 1974 with respect to the flooding occurring on and after August 30, 1985, without reimbursement for such limited assistance.

SEC. 115. (a) Notwithstanding section 101(i) and section 102(c) of this joint resolution, and notwithstanding any provision of H.R. 3036, if any individual or entity which provides or proposes to provide child care services for Federal employees applies to the officer or agency of the United States charged with the allotment of space in the Federal buildings in the community or district in which such individual or entity provides or proposes to provide such services, such officer or agency may allot space in such a building to such individual or entity if—

(1) such space is available;

(2) such officer or agency determines that such space will be used to provide child care services to a group of individuals of whom at least 50 percent are Federal employees; and

(3) such officer or agency determines that such individual or entity will give priority for available child care services in such space to Federal employees.

(b)(1) If an officer or agency allots space to an individual or entity under subsection (a), such space may be provided to such individual or entity without charge for rent or services.

(2) If there is an agreement for the payment of costs associated with the provision of space allotted under subsection (a) or services provided in connection with such space, nothing in title 31, United States Code, or any other provision of law, shall be construed to prohibit or restrict payment by reimbursement to the miscellaneous receipts or other appropriate account of the Treasury.

(3) For the purpose of this section, the term "services" includes the providing of lighting, heating, cooling, electricity, office furniture, office machines and equipment, telephone service (including installation of lines and equipment and other expenses associated with telephone service), and security systems (including installation and other expenses associated with security systems).

SEC. 116. Section 5 of the Federal Employees Flexible and Compressed Work Schedules Act of 1982 (96 Stat. 234; 5 U.S.C. 6101 note) is repealed.

AMENDMENT OFFERED BY MR. REGULA

Mr. REGULA. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Chair will inquire, Is this the amendment made in order by the rule?

Mr. REGULA. Yes, Mr. Chairman, this is the amendment made in order by the rule and it is printed in the RECORD.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. REGULA: Page 14, after line 23, insert the following new section:

SEC. 117. The Secretary of the Interior is hereby directed to make every effort during the balance of fiscal year 1986 to resolve the outstanding conflicts with respect to the future leasing and protection of lands on the California outer continental shelf for oil and gas exploration and development. To this end, the Secretary shall submit to the Congress once every 60 days following the date of enactment of this resolution until the end of fiscal year 1986 a report summarizing the progress of negotiations carried out to resolve these outstanding conflicts. Such negotiations shall be conducted by the Secretary and the following members of Congress to be designated by the Speaker of the House of Representatives and the Majority Leader of the Senate:

(1) The chairmen and ranking minority members of the following committees and subcommittees of the Congress having jurisdiction over these issues:

(A) The Subcommittee on the Interior of the Committee on Appropriations of the House of Representatives.

(B) The Subcommittee on Energy and the Environment of the Committee on Interior and Insular Affairs of the House of Representatives.

(C) The Subcommittee on the Panama Canal and Outer Continental Shelf of the Committee on Merchant Marine and Fisheries of the House of Representatives.

(D) The Subcommittee on the Interior of the Committee on Appropriations of the Senate.

(E) The Committee on Energy and Natural Resources of the Senate.

(2) Two United States Senators from California.

(3) Seven members of the California delegation to the House of Representatives.

Mr. REGULA (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. The gentleman from Ohio [Mr. REGULA] is recognized for 15 minutes.

Mr. REGULA. Mr. Chairman, I think most of us have had an opportunity to examine this amendment. What it is, is a compromise on the problem of offshore drilling in the State of California. The amendment provides for a commission made up of the chairman and ranking members of the committees of appropriate jurisdiction in both Houses, along with the Secretary of the Interior, the two Senators from California, and seven members of the California delegation to be named by the Speaker of the House and the majority leader of the Senate.

This commission would have the responsibility of working out a compromise for a drilling program for the California Outer Continental Shelf.

In my judgment, this amendment strikes a balance between the national interest, which is in developing the resources for the future of our Nation, and the necessity to recognize that there are fragile areas off the shore of California involving environmental considerations for these areas, as well as potential damage to the ecosystems.

What we are saying here in effect is that the Secretary of the Interior can go ahead in a responsible way with the development of plans for this area, but at the same time the negotiations would go on among the parties named in the amendment to allow for preservation of the areas that are threatened by any offshore drilling.

There is a history of drilling off the shore of California. Presently there is something like 3,500 State wells. Those would be within the State control area of 3 miles offshore on the coastline. There are approximately 833 wells presently in existence in the Federal waters; so there is a pattern, of drilling already in existence. However, we recognize that it is important to evaluate those sensitive areas and protect them for the future, while at the

same time ensuring that in the years to come we are not going to be subjected to OPEC blackmail and that we are not going to have jobs lost because of an inadequacy of the development of our own reserves of oil and gas.

It has been estimated that 60 percent of the remaining reserves that are available to the United States are in offshore waters. Now, this includes, of course, Alaska, the west coast, the Gulf of Mexico, and so on; but I think that illustrates the importance of preserving the option to develop the OCS for the future.

It is a slow process. We are talking about essentially 3 years to do testing to determine where there are reserves and then possibly the first well that could be drilled would be sometime in the 1990's.

This is in the spirit of the OCS bill that passed this House in 1978 which mandated that we should develop our Outer Continental Shelf to develop energy independence and sufficiency in the United States, and yet it does recognize the very important and proper concerns of those who represent the State of California.

□ 1240

I would urge my colleagues to support this compromise. I think it is a responsible way to address a problem that has developed and it would certainly serve the national interest as well as the interest of those in the California delegation.

Mr. FAZIO. Mr. Chairman, will the gentleman yield?

Mr. REGULA. I yield to the gentleman from California.

Mr. FAZIO. I thank the gentleman for yielding.

Mr. Chairman, I would like to express my personal appreciations, and I am sure on behalf of many other members of our delegation their thanks as well, to the gentleman from Ohio [Mr. REGULA] who, while we disagree on whether or not a moratorium should be continued, has been steadfast in his sincere belief that negotiations need to take place to enact a firm piece of legislation that will remove all the clouds from this issue so that we can have preservation of very sensitive areas along the California coast.

In that context, I would like to pay tribute to my colleague, the gentleman from California [Mr. PANETTA], who has really galvanized almost our entire delegation and led, I think, a very constructive effort to compromise in an area that for many Californians is almost impossible to compromise.

The compromise legislation that these two gentlemen bring to the floor today has given us an opportunity to do what is right not just for California and its coastline, but for the country as a whole, and I want to congratulate the gentleman from Ohio [Mr. REGULA] and certainly the gentleman from California [Mr. PANETTA] and my colleagues in our delegation who have negotiated for us to this point.

Mr. REGULA. I thank the gentleman, and I would concur that the gentleman from California [Mr. PANETTA] has worked very hard and provided outstanding and dedicated leadership to resolve this problem. His effort was vital to working out the language. It represents a joint effort between Mr. PANETTA, myself and others.

I want to also mention that Secretary Hodel and the Department of the Interior have worked with us, and they are in support of this language.

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The gentleman from Ohio [Mr. REGULA] has consumed 6 minutes.

Is there a Member opposed to the amendment?

Mr. WHITTEN. Mr. Chairman, I am opposed to the amendment.

The CHAIRMAN. The gentleman from Mississippi [Mr. WHITTEN] is recognized for 15 minutes.

Mr. WHITTEN. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. PANETTA].

Mr. PANETTA. I thank the gentleman for yielding this time to me.

Mr. Chairman, I thank the gentleman from Ohio [Mr. REGULA] for his cooperation in this effort.

Let me mention to the Members and the House that the history of the issue of offshore drilling off of the State of California has been a history of confrontation, a confrontation over what balance should be achieved between protecting certain key and unique areas of our coastline versus what areas ought to be developed in our offshore areas.

For 4 years, the Congress has enacted a moratorium on offshore drilling off of certain areas of southern California as well as central and northern California. That moratorium was enacted in the hope that we could achieve a negotiated resolution with the Secretary on this very difficult issue. As a matter of fact, last summer, for the first time in 4 years, we were able to proceed with negotiations with the Secretary, trying to find the kind of balanced agreement that would serve the interests of all sides, and particularly the interests of our coastal resources.

Unfortunately, that was not successful. The result led inevitably to a very close vote in the committee last week in which the moratorium was defeated by one vote. Regardless, it seems to me, of one's position on this issue, I think there is agreement on several key issues.

One, that confrontation, continued conformation on this issue, does not serve the interests of those who are interested in protecting our coastline nor those who are interested in developing its energy resources, and certainly it is not in the national interest in terms of properly managing the resources that are our responsibility.

I think we need to stop playing dice with California's coastal resources. Confrontation on this issue is a way to go, litigation, further delays, further uncertainty, further efforts here in the Congress by coastal communities to do everything possible to fight this issue, but confrontation, again, is not in the interest of all of those parties.

The key here is negotiation. I would have preferred, obviously, the moratorium as a basis for that negotiation, but I think what we have worked out here with the gentleman from Ohio [Mr. REGULA] is the best alternative, which is to in fact direct the Secretary to make every effort to resolve this conflict, to report back to the Congress every 60 days on the progress of those negotiations, and to designate the team that would in fact conduct those negotiations, a team made up of the committees of jurisdiction on this issue, as well as both U.S. Senators from the State of California and seven Members of the California delegation.

That is a balanced team to negotiate with the Secretary within a confined period of time to come up with a settlement here, and it is our hope that it will result in that kind of resolution.

Should it not, I think the gentleman from Ohio agrees with me, that if these negotiations fail, then indeed it may be up to the Congress to designate the areas that should be protected and that should be developed. That can very well be the consequence if indeed these negotiations do not succeed. It is our hope that they will succeed, and it is with that spirit that we present this amendment.

Mr. Chairman, I want to thank the gentleman from Ohio for all of his cooperation in this effort. I think in the end we all share the same goals: that we must be good stewards of our resources, and I think this amendment is a step in that direction.

Mr. YATES. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I would be pleased to yield to the gentleman from Illinois.

Mr. YATES. I thank the gentleman for yielding.

Mr. Chairman, as the gentleman knows, I offered the amendment in the Committee on Appropriations, where it lost by a single vote. I suggested to my good friend, the gentleman from Ohio [Mr. REGULA] that something should be done in order to keep the process going. I am delighted that he and the gentleman from California formulated this draft. I think it is a good idea to continue the negotiations that have taken place between the team that has worked on behalf of

the California delegation and the Secretary.

I talked to the Secretary yesterday. He favors the language. He says that he favors the negotiations, and that he will work with the negotiating team that is organized.

The CHAIRMAN. The time of the gentleman from California [Mr. PANETTA] has expired.

Mr. WHITTEN. Mr. Chairman, I yield 2 additional minutes to the gentleman from California.

Mr. YATES. Mr. Chairman, will the gentleman yield further?

Mr. PANETTA. I would be pleased to yield to the gentleman from Illinois.

Mr. YATES. I thank the gentleman for yielding further.

Mr. Chairman, the Secretary said that he will be pleased to work with the negotiating team that is proposed to be organized under this amendment.

I think it is a step in the right direction. None of us want moratoriums if we can avoid them because we are interested in the proper development of our Nation's resources, but California's coastline does have important and unique ecological and environmental problems and it is necessary that this kind of special attention be given to this kind of a matter.

So I want the gentleman to know that I favor this amendment and I hope that the House will adopt it as well.

Mr. PANETTA. I thank the gentleman. I thank him for his leadership on this issue over the last few years and I look forward to his continued leadership on this issue as we proceed with the negotiations.

Mr. REGULA. Mr. Chairman, I yield 2½ minutes to the gentleman from California [Mr. DANNEMEYER].

Mr. DANNEMEYER. I thank the gentleman for yielding this time to me. I support the amendment.

Mr. Chairman and Members, when we listen to the debate on this issue, inevitably we are struck with one hoped for preordained conclusion. Namely, that we are talking about drilling off the California coast for the first time. That is the inference that those opposed to the expression of offshore development want to leave in our minds. To dispel that suggestion, I have this chart.

We have 30 platforms in place off southern California today, 16 in Federal tidelands areas and 14 in State tidelands areas.

We have been drilling in State tidelands off the southern California coast for 90 years. We have been drilling in Federal tidelands in southern California for 25 years. We are producing 100,000 barrels a day, offshore 10 percent of the million barrels a day we produce in California. This production, 30 platforms, 4,500 wells in place, is consistent with the use every summer by 25 million people who use the beaches in southern California. They swim in the water in southern California. I mention this because, in contrast to central and northern California, my friends, the water is so cold in those climes that only the hardy souls sometimes called polar bears go in.

□ 1250

When I hear my colleagues say there are certain ecological areas of our State so sensitive we dare not develop them, I sense a little smack of elitism because in southern California, with all of this development, we have compatibility with the use of the beaches and the development of the resources. My point is this: Somehow if we could do this in southern California, just maybe we could do it in central California and northern California where there happen to be three areas, Bodega Bay, Point Arena, and Santa Cruz that are estimated to contain between 1 billion and 5 billion barrels of oil. That is a major world-class oil field. The geological formation there is identical to what is being developed today off Santa Maria.

It takes 10 years to develop these fields. We should get on with the development. We have established compatibility with production and use of the beaches in southern California. It helps tourism, it enhances fishing. People fish around oil platforms because why? The fishing is better, and these are all the reasons I think that we should be grateful that there is no moratorium language. We will negotiate, and I will be happy to negotiate any time. My preference would be for the market system to tell us which trusts to offer for lease and on what terms, rather than the subjective judgment of Members of Congress from California coastal area who are reluctant to advocate development off their coastal districts.

Mr. REGULA. Mr. Chairman, I yield 2½ minutes to the gentleman from California [Mr. LOWERY].

Mr. LOWERY of California. Mr. Chairman, I rise, not only in strong support of the amendment before us, but to commend my colleagues, the gentleman from Ohio [Mr. REGULA] and the gentleman from California [Mr. PANETTA] for their determination and perserverance in striking this compromise language. Not surprisingly, there are some, on both sides of the offshore drilling question, who have reservations over this compromise. But all things considered, I believe this amendment presents us with a grand opportunity to resolve the California OCS issue once and for all.

As has been stated, the amendment essentially sets up a mechanism for negotiating a long-term solution to the California OCS controversy. By requiring progress reports every 60 days and including members from the committees of jurisdiction to participate, I am more confident than ever—and I have been at this for 5 years, spanning three Interior Secretaries—that we will produce a balanced plan for ultimate approval by this body.

I would like to make just a couple of points.

First, I want to stress that, contrary to popular myth, California has contributed and continues to contribute, its fair share to America's energy security—past moratoria notwithstanding. Onshore and offshore development in California presently contributes over 10 percent of U.S. domestic crude. Leasing and development of high-potential coastal waters is proceeding at a rapid pace, with a 500 percent increase in oil production anticipated over the next few years from leases already granted. This will make California the second largest producer of offshore oil by 1990.

Second, it is important to keep in mind that no lease sales are planned for California's OCS in the coming year. Thus, we are in an ideal policy-making timeframe that jeopardizes neither energy security nor environmental resources. I might add that by 1986, fully two-thirds of the national OCS resource will have been opened to oil development, so there is no current shortage of available leases.

Finally, to those concerned about precedent, or those who argue the OCS Lands Act ought to be allowed to work without our help, I would submit the OCS Lands Act and particularly its offspring the so-called areawide leasing policy has fallen far short of achieving the balanced and productive oil and gas development anticipated by Congress. Consequently, it is incumbent upon us to make improvements, to seek out the common ground, and avoid litigation so that this Nation may reap the benefits of OCS development while preserving our precious coastal resources for future generations of Americans. This compromise amendment is an attempt to fill in where the Lands Act has come up short. Another example was described in the Novermer 26 Wall Street Journal, where Robert Redford brought together environmentalists and oil industry representatives to hash out differences in lease sales offshore Alaska. And perhaps most compelling is Secretary Hodel's continuous plea for consensus.

That is the cornerstone of this amendment: consensus. I urge all my colleagues to support the process of negotiation contemplated by the compromise language in hopes that a balanced, long-term leasing policy can be ironed out in the months ahead.

Mr. WHITTEN. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. LEVINE].

Mr. LEVINE of California. Mr. Chairman, I thank the gentleman for yielding me this time and also rise in support of this compromise agreement.

I would like to commend the gentleman from Ohio [Mr. REGULA] for his leadership in helping to forge this agreement and compromise on it. I would like to commend also the gentleman from California [Mr. PANETTA] for his continuing effective work and leadership on this issue. I would like to commend the chairman of the subcommittee, the gentleman from Illinois [Mr. YATES] for his leadership on this, as well as the bipartisan membership of our delegation, my colleagues from California, Mr. LOWERY, Mr. BADHAM, Mrs. BOXER, Mr. LANTOS, and Mr. BOSCO, so many people who have spent so many hours trying to ensure that the result that is achieved on this issue will be a balanced, thoughtful result which will both ensure appropriate, prudent development of the California coastline as well as coastal protection for those areas which are so sensitive, and which so urgently require continued protection.

There are only a couple of points that I would like to mention in the context of this compromise which I think should be remembered in general throughout this discussion and this debate. As my colleague from California, Mr. DANNEMEYER, indicated, and my other colleague from California, Mr. LOWERY, referred to, we are not talking about something new with regard to development on the California Outer Continental Shelf. In fact, in the absence of the development or production of a single additional leased acre off the coast of California, within the course of the next 5 years, California's OCS development will increase some 500 percent, and California will take second place among all 50 States with regard to OCS development and production.

California has not sought to close off her coastline, despite the fact that that coastline includes some of the most irreplaceable environmental treasures on the face of this planet. California has done, is doing, and will continue to do more than her fair share with regard to a balanced energy policy, and this has been a fact that has been recognized historically by the bipartisan membership of this House, of the other body, and by both Republican and Democratic administrations. Under the administration of President Nixon, under the administration of President Ford, and under the administration of President Carter, a balanced and thoughtful, but at the same time environmentally sensitive, energy policy was developed along the California coastline.

All we are seeking with regard to this bipartisan compromise in returning this Secretary to the negotiating table is to return to the historic tradition of both Republican and Democratic Presidents and Interior Secretaries alike in ensuring that when there is development and production off of the California coastline, it be done on the one hand with the view toward a balanced, thoughtful, rational energy policy, and on the other hand, with the view toward the protection of some of the most vital, irreplaceable coastal resources and treasures in America.

My district, Mr. Chairman, is a district that has a coastline which is the resource of some 76 million Americans every year in terms of using the beaches just along the Santa Monica Bay. The tourist industry in our State, the fishing industry in our State, both industries that are very sensitive to these issues, comprise some million jobs in the State of California. We are looking toward ensuring that this economic benefit continues to serve the people of the country, that this infrastructure be protected, that our tourism be protected, that fishing be protected, and that a balanced and rational energy policy be developed along with these criteria.

This compromise will help us to achieve that goal. I believe it is very important that bipartisan leadership of the committee, of the delegation and of the House, as well as the other body support this amendment. It is my hope that it will cause the Secretary to return to the negotiating table and allow us to move forward in the kind of constructive fashion that has characterized past Republican as well as Democratic administrations in ensuring the type of balance, both preservation and development, that is essential both for energy policy and coastal protection.

Again, I thank and commend the people who have come together on this compromise, and I yield back the balance of my time.

Mr. REGULA. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. BADHAM].

Mr. BADHAM. Mr. Chairman, I rise in strong support of the amendment put forth by my friend and colleague from Ohio, Mr. REGULA, and the gentleman from California [Mr. PANETTA]. As we started out on this process this year, it literally pulled us apart, and I am most pleased to be able to join in support of the gentleman from Ohio [Mr. REGULA] and the gentleman from California [Mr. PANETTA] in their amendment to the continuing resolution. I support this amendment because it represents that significant, big step toward resolving a longstanding controversy that has occurred over the development of the Outer Continental Shelf for oil and gas purposes off the coast of California.

This amendment will provide an opportunity to reach a long-term negotiated settlement that will allow the leasing of lands on the Outer Continental Shelf which are of high resource value, and it will also provide the necessary protection to those environmentally and ecologically sensitive areas that are considered, and indeed, are national treasures.

This issue is of particular importance to my district's coastline which has been judged by the Interior Department in its study to be one of the top six coastal resources in the Nation in terms of scenic beauty and pristine condition. Millions of visitors from all over the world visit this area each year to enjoy the spectacular beauty of this unspoiled coastline. Therefore, it is a vital concern to my district that an agreement be made that takes into consideration the area's viable marine environment and prosperous coastal economy.

Mr. Chairman, this issue is one of even greater national importance which needs to be addressed in a reasonable manner. I urge my colleagues to support this amendment which provides the necessary framework for bringing together opposing sides to the negotiating table in order that we might work out a long-term agreement which addresses the necessity to safeguard sensitive coastal areas, and at the same time respect of the Nation's need to develop this significant energy resource.

Mr. REGULA. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. LUNGREN].

Mr. LUNGREN. Mr. Chairman, I rise in support of this amendment.

First of all, I would like to congratulate the Appropriations Committee for defeating the moratorium approach. I think that was a simple, but nonetheless inappropriate approach to a very complex issue.

I rise in support of this effort to see if we can negotiate our differences so that we may move foward to the proper exploration and development of a very vital resource not only to California, but the rest of the country. I rise as a coastal Congressman. I rise as one who has over 1,000 wells presently being drilled in his own district; that is, in the Harbor of Long Beach, not in Federal lands, but in State lands. We have $350 million that goes to the educational institutions of California as a direct result of 1,000 wells being drilled in my district inside the Federal waters; that is, within the coastal waters under the jurisdiction of the State of California.

We also are privileged, if you may use that word, to have off-shore drilling in Federal lands off my district.

The question really is, How much are we going to do and where are we going to do it along the California coast.

I think this particular effort which is being struck here to try to resolve the question, is an appropriate one because it does involve Members outside of California from relevant subcommittees of jurisdiction in defining what the national interest is. And once we establish what the parameters are for our discussion, we can negotiate as to which tracts would be appropriate in order to reach those goals.

Mr. Chairman, I think those of us who are from California have a unique obligation to protect our coastline, but to do so in a way which allows the enhancement of energy recovery, not only for those of us in the State of California, but for the entire country. Our State happens to be 99 percent dependent on oil products for transportation. We are more dependent on petroleum products than any other State in the Union and, therefore, as we go forward to protect our coastline, we must also recognize that we have a legitimate need that must be served. We are willing to do it.

I believe that this amendment gives us the proper vehicle to do that.

□ 1305

Mr. PACKARD. Will the gentleman yield?

Mr. LUNGREN. I yield to the gentleman.

Mr. PACKARD. Mr. Chairman, I would like to place my voice of approval for this amendment, and recommend that this body approve it.

Mr. WHITTEN. Mr. Chairman, I yield such time as she may consume to the gentlewoman from California [Mrs. BOXER].

Mrs. BOXER. I thank the chairman for yielding, and I will be brief.

Mr. Chairman, I was one of those people who was extremely disappointed that we were not able to get the moratorium that we have had protecting certain portions of the California coastline. We have had that protection for over 4 years.

To me, the coastline belongs to all the people of America, and the fact that we care about preserving it for future generations is very important.

However, I want to compliment both sides on this particular amendment, because we came together and we said, "We want another chance to negotiate with the Secretary."

The first set of negotiations we thought we had a deal. We did not. Now we want another chance. So at this point, I will simply say I support the amendment; it gives us a shot to get back to the table and work out an agreement.

Mr. WHITTEN. Mr. Chairman, I yield myself the remaining time.

Mr. Chairman, may I say that I withdraw my objection. I think all of this has been a process of trying to get the folks to work it out in that area. It seems that they have, and I withdraw any objection that I had.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Ohio [Mr. REGULA].

The amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. LOWRY of Washington, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the joint resolution, (H.J. Res. 465) making further continuing appropriations for the fiscal year 1986, and for other purposes, pursuant to House Resolution 327, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, an amendment striking out the colon on line 19 on page 6 and all that follows through line 6 on page 7 and inserting a semicolon is considered as having been agreed to.

Under the rule, the previous question is ordered.

The question is on the remaining amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. CONTE

Mr. CONTE. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the joint resolution?

Mr. CONTE. In its present form, I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. CONTE moves to recommit House Joint Resolution 465 to the Committee on Appropriations.

Mr. CONTE. Mr. Speaker, I ask unanimous consent that on my motion to recommit there be allowed 10 minutes for debate, to be equally divided between the Chairman of the Committee, the gentleman from Mississippi [Mr. WHITTEN] and myself.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER. The gentleman from Massachusetts [Mr. CONTE] is recognized for 5 minutes.

Mr. CONTE. Mr. Speaker, as I said in general debate on the CR, I was going to offer a straight motion to recommit, which I have, to send this bill back to committee. I hope that, as far as I am concerned, we can strike out these two sections that bother me greatly.

As I stated, the Secretary of Agriculture presumes that it will cost somewhere around $10 billion merely to fulfill section 105. As I said, not only is this language unworkable, but it will not ensure a fair price for farm products.

Section 105 directs the Secretary of Agriculture to increase loan levels to some unspecified point above the cost of production. To sustain these price support levels, the Secretary has indicated that he would have to impose production controls, mandatory controls that were effectively twice rejected by this body during consideration of the 1985 farm bill less than 2 months ago. Let me remind my colleagues of their votes on the Bedell amendment and the Alexander substitute.

The language in section 105 would result in large, mandatory acreage reduction, eliminating 10 to 15 million acres more than those assumed in the farm bill according to USDA. The livestock, dairy and poultry feeders would experience sharply higher feed costs.

Even with the $10 billion in export subsidy, we would undoubtedly lose some of our export markets to foreign producers and encourage imports of cheaper basic commodities.

As my distinguished chairman has pointed out time and time again, embargoes and export restrictions have devastating impacts on the farm sector. In response to a directive contained in the fiscal year appropriation act, USDA completed a study which clearly demonstrated that such foreign policies are ineffective and detrimental to our agricultural economy. As one who has long been opposed to the imposition of embargoes, I must admit that I am sympathetic with the spirit of section 106, for these short-term policies have only served to raise questions on our reliability as a supplier in the world market, encourage buyers to become self-sufficient or diversify their sources of supplies, increase our long-term commodity loan rates and further hinder our international competitiveness.

However, as USDA has pointed out, it would be an expensive and impossible exercise to try to establish losses experienced by farmers on a case-by-case basis for embargoes which were imposed and lifted within the past 12 years.

Even though the intent of these provisions may be good, we also know that the path of our present staggering Federal deficits has been paved with good intentions.

Mr. Speaker, I have no doubt in my mind, no doubt, that if these two sections remain in the bill, we are going to have a veto on the CR; we will be here in the wee hours of the morning of the 11th, 12th, 13th, 14th, 15th of December. Therefore I urge my colleagues, both Democrat and Republican, to follow this instruction: send

this bill back to committee where we can eliminate these two sections.

I yield to my good friend from New York [Mr. KEMP].

Mr. KEMP. I thank my colleague from Massachusetts for yielding.

Mr. Speaker, I share the gentleman's concern about this overall bill, and I strongly support the motion to recommit. I think there are many reasons to support the motion to recommit, not the least of which is the flawed nature of the foreign assistance section. That is the only section of this bill, as I mentioned earlier on the floor, that has not been aired, debated, or discussed, and allowed to be amended.

As I mentioned in my remarks earlier today, it seems to me flawed for several reasons, not the least of which it has not been debated. No. 2, there is no opportunity to bring an amendment that would allow for a change in the priorities. The priorities I think are skewed heavily towards Multilateral Development Banks and away from the bilateral programs which are accountable to the American taxpayer and give the American system of government the best opportunity to make a significant change in the economic mix as well as the security assistance programs of our Nation's friends and allies.

I particularly am concerned about those two issues, but I also want to point out that I strongly supported the efforts of the gentleman from Florida [Mr. PEPPER] and others to get assistance to the freedom fighters in Angola; that cannot be offered under this rule on this resolution.

So I do support the effort too of the gentleman from Massachusetts or to recommit this bill for many reasons, not the least of which is the foreign assistance section.

Let me just make a comment regarding a statement I made earlier. I do want to correct a statement that I made on the floor, and I am glad my ranking member is here. I said the committee bill zeroed security assistance for Central America. It does not zero security assistance, it zeroes the increase that the President asked for from 1985 levels, Indeed, it is a $100 million cut from 1985 levels, cuts that make little sense. I think this is tantamount to backing away from the bipartisan Kissinger Commission recommendations for Central America security and economic development moneys. I was on that Commission; I think these cuts are a mistake that will cost the citizens of this country and Central America much more in the long run. This bill would effect big cuts from 1985 levels, and would undermine our efforts to have a more secure and prosperous Central America.

I do support the gentleman's motion and appreciate his effort to recommit this bill which is fatally flawed.

The SPEAKER. The gentleman from Mississippi [Mr. WHITTEN] is recognized for 5 minutes, in opposition to the motion to recommit.

Mr. WHITTEN. May I say again that for 40 years, under the existing law, we had a prosperous agriculture. Farmers and those engaged in agriculture sent their children to college; bought their land and paid for it. It is only since we have started requiring the farmer to look to the Treasury for appropriations to provide all their profit and part of the cost that we got into this sad situation.

Certainly this present Secretary of Agriculture is not responsible for the embargos that were imposed in 1973, 1974, 1975, and 1980.

May I tell you that if you bought the farmers' product and they would not let you deliver it because of an embargo, the Government paid you but the farmer who produced it at the instance of his government received nothing. He suffered the full cost of the embargo.

Today, as I pointed out earlier, farmers are bankrupt; they are $214 billion in debt, the interest on that debt is more than rent for a year.

Right now, I do not know how in the world we are going to finance this debt. As I understand even the present Secretary has felt some of the effects of the present policy.

May I say that they had a lawsuit out in the State of North Dakota, in which a decision was rendered; because the Farmers Home Administration has authority to cancel, to delay or take other action to let a fellow stay in business, particularly where it was not his fault.

□ 1315

I have in front of me that decision in which it was said that the Farmers Home Administration had to give notice and give those who borrowed money and who owed money, a chance to present to them the facts which would justify delaying the interest or delaying the principal. What they really did, however, was to send a letter to farmers. I have a copy of that letter that went out, which says:

DEAR BLANK: A delinquency review was held in your County on October 29 and 30. Since your account is delinquent it was reviewed to see what future servicing action will be taken on your account. The following decision was reached regarding your delinquent account:

Collect all possible from Agricultural income. Recommend to county committee no further FmHA assistance be granted. Encourage voluntary liquidation. Submit liquidation plan by Dec. 31, 1985. If unagreeable service Coleman v/s Block instructions.

If you have any questions, please call the office for an appointment to further discuss this matter.

Sincerely,

Now that letter went out. It is going out. Farmers should have money in sight not later than the next 2 weeks. But the FMHA is not going to act that way. The banks in those areas are unable to carry the farmers. The Farm Credit System is asking for help to keep from going bankrupt. So I urge you to let us go back to the old law or at least let us tell them to. May I call your attention to another thing? All we ask is to carry out a law that has been there and has worked when they used it. Now we have to run the gauntlet here. But we have 6 days before we come back to shutting down the Government unless we get together on this bill.

I urge you to vote against the motion to recommit for a variety of reasons. In the first place, I think I am right that they are looking to existing law to bail that situation out. That is what we ask. Second, I do not see any chance for us to get together unless you let us go ahead as expeditiously as possible. So I hope you will go along and vote down this motion, let us go ahead and we will see what happens in the other body.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The question was taken, and the Speaker announced that the noes appeared to have it.

Mr. CONTE. Mr. Speaker, I object to the vote on the ground that a quorum is not present, and I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 200, nays 221, not voting 13, as follows:

[Roll No. 426]

YEAS—200

Applegate	Coleman (MO)	Gekas
Archer	Combest	Gilman
Armey	Conte	Gingrich
Badham	Cooper	Goodling
Bartlett	Coughlin	Gradison
Barton	Courter	Green
Bateman	Craig	Gregg
Bentley	Crane	Grotberg
Bereuter	Dannemeyer	Gunderson
Bilirakis	Darden	Hall, Ralph
Bliley	Daub	Hammerschmidt
Boehlert	Davis	Hansen
Boulter	DeLay	Hartnett
Breaux	DeWine	Hendon
Broomfield	Dickinson	Henry
Brown (CO)	DioGuardi	Hiler
Broyhill	Dornan (CA)	Hillis
Bruce	Dreier	Holt
Burton (IN)	Duncan	Hopkins
Callahan	Eckert (NY)	Horton
Campbell	Edwards (OK)	Hubbard
Carney	Emerson	Hughes
Carper	English	Hunter
Chandler	Evans (IA)	Hutto
Chapman	Fawell	Hyde
Chappie	Fiedler	Ireland
Cheney	Fields	Jacobs
Clinger	Fish	Jeffords
Coats	Ford (TN)	Johnson
Cobey	Frenzel	Kasich
Coble	Gallo	Kemp

Kindness
Kolbe
Kramer
Lagomarsino
Latta
Leach (IA)
Lent
Lewis (CA)
Lewis (FL)
Lightfoot
Livingston
Lloyd
Loeffler
Lott
Lowery (CA)
Lujan
Lungren
Mack
Madigan
Marlenee
Martin (IL)
Martin (NY)
Mazzoli
McCain
McCandless
McCollum
McDade
McEwen
McGrath
McKernan
McMillan
Meyers
Michel
Miller (WA)
Molinari
Monson
Moore
Moorhead
Morrison (WA)
Nielson
O'Brien
Oxley
Packard
Parris
Pashayan
Pease
Petri
Porter
Pursell
Quillen
Ray
Regula
Ridge
Rinaldo
Ritter
Roberts
Robinson
Roemer
Rogers
Roth
Roukema
Rowland (CT)
Saxton
Schaefer
Schneider
Schroeder
Schuette
Schulze
Sensenbrenner
Shaw
Shumway
Shuster
Siljander
Skeen
Slaughter
Smith (NJ)
Smith, Denny (OR)
Smith, Robert (NH)
Smith, Robert (OR)
Snowe
Snyder
Solomon
Spence
Stangeland
Stenholm
Strang
Stump
Sundquist
Sweeney
Swindall
Tauke
Tauzin
Taylor
Thomas (CA)
Traficant
Udall
Vander Jagt
Vucanovich
Walker
Weber
Whittaker
Wolf
Wortley
Wylie
Young (AK)
Young (FL)
Zschau

NAYS—221

Ackerman
Akaka
Alexander
Anderson
Andrews
Annunzio
Anthony
Aspin
Atkins
AuCoin
Barnes
Bates
Bedell
Beilenson
Bennett
Berman
Bevill
Biaggi
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Bosco
Boucher
Boxer
Brooks
Brown (CA)
Bryant
Burton (CA)
Bustamante
Byron
Carr
Chappell
Clay
Coelho
Coleman (TX)
Collins
Conyers
Coyne
Crockett
Daniel
de la Garza
Dellums
Derrick
Dicks
Dingell
Dixon
Donnelly
Dorgan (ND)
Dowdy
Downey
Durbin
Dwyer
Dymally
Dyson
Early
Eckart (OH)
Edgar
Edwards (CA)
Erdreich
Evans (IL)
Fascell
Fazio
Feighan
Flippo
Florio
Foglietta
Foley
Ford (MI)
Fowler
Frank
Franklin
Frost
Fuqua
Garcia
Gejdenson
Gibbons
Glickman
Gonzalez
Gordon
Gray (IL)
Gray (PA)
Guarini
Hall (OH)
Hamilton
Hatcher
Hawkins
Hayes
Hefner
Heftel
Hertel
Howard
Hoyer
Huckaby
Jenkins
Jones (NC)
Jones (OK)
Jones (TN)
Kanjorski
Kaptur
Kastenmeier
Kildee
Kleczka
Kolter
Kostmayer
LaFalce
Lantos
Leath (TX)
Lehman (CA)
Lehman (FL)
Leland
Levin (MI)
Levine (CA)
Lipinski
Long
Lowry (WA)
Luken
Lundine
MacKay
Manton
Markey
Martinez
Matsui
Mavroules
McCloskey
McCurdy
McHugh
Mica
Mikulski
Miller (CA)
Mineta
Mitchell
Moakley
Mollohan
Montgomery
Moody
Morrison (CT)
Mrazek
Murphy
Murtha
Myers
Natcher
Neal
Nichols
Nowak
Oberstar
Obey
Olin
Ortiz
Owens
Panetta
Penny
Pepper
Perkins
Pickle
Rahall
Rangel
Reid
Rodino
Roe
Rose
Rostenkowski
Rowland (GA)
Roybal
Rudd
Russo
Sabo
Savage
Scheuer
Schumer
Seiberling
Sharp
Shelby
Sikorski
Sisisky
Skelton
Slattery
Smith (FL)
Smith (IA)
Smith (NE)
Solarz
Spratt
St Germain
Staggers
Stallings
Stark
Stokes
Stratton
Studds
Swift
Synar
Tallon
Thomas (GA)
Torres
Torricelli
Towns
Traxler
Valentine
Vento
Visclosky
Volkmer
Walgren
Watkins
Waxman
Weaver
Weiss
Wheat
Whitley
Whitten
Williams
Wilson
Wirth
Wise
Wolpe
Wright
Wyden
Yates
Yatron
Young (MO)

NOT VOTING—13

Addabbo
Barnard
Daschle
Gaydos
Gephardt
Kennelly
McKinney
Miller (OH)
Nelson
Oakar
Price
Richardson
Whitehurst

□ 1330

The Clerk announced the following pair:

On this vote:

Mr. McKinney for, with Mr. Whitehurst against.

Mr. PENNY changed his vote from "yea" to "nay."

Mr. ENGLISH and Mr. BREAUX changed their votes from "nay" to "yea."

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the joint resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. WALKER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device, and there were—yeas 212, nays 208, not voting 14, as follows:

[Roll No. 427]

YEAS—212

Ackerman
Akaka
Alexander
Anderson
Andrews
Annunzio
Anthony
Aspin
Atkins
AuCoin
Barnes
Bates
Bedell
Beilenson
Bennett
Berman
Bevill
Biaggi
Boggs
Boland
Boner (TN)
Bonior (MI)
Bonker
Borski
Bosco
Boucher
Boxer
Breaux
Brooks
Brown (CA)
Bryant
Burton (CA)
Bustamante
Carper
Carr
Chappell
Clay
Coelho
Coleman (TX)
Collins
Conyers
Coyne
Crockett
Darden
Davis
Dellums
Derrick
Dicks
Dingell
Dixon
Donnelly
Dorgan (ND)
Dowdy
Downey
Durbin
Dwyer
Dymally
Early
Edgar
Edwards (CA)
Evans (IL)
Fascell
Fazio
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Fowler
Frank
Frost
Fuqua
Garcia
Gaydos
Gejdenson
Gibbons
Glickman
Gonzalez
Gordon
Gray (IL)
Gray (PA)
Guarini
Hall (OH)
Hatcher
Hawkins
Hayes
Hefner
Heftel
Howard
Hoyer
Huckaby
Hutto
Jeffords
Jenkins
Jones (NC)
Jones (OK)
Jones (TN)
Kanjorski
Kastenmeier
Kennelly
Kildee
Kleczka
Kolter
Kostmayer
LaFalce
Lantos
Lehman (CA)
Lehman (FL)
Leland
Levin (MI)
Levine (CA)
Lipinski
Long
Lowry (WA)
Luken
Lundine
MacKay
Manton
Markey
Martinez
Matsui
Mavroules
McCloskey
McCurdy
McHugh
Mica
Mikulski
Miller (CA)
Mineta
Mitchell
Moakley
Mollohan
Montgomery
Moody
Morrison (CT)
Mrazek
Murtha
Myers
Natcher
Nowak
Oberstar
Obey
Olin
Ortiz
Owens
Panetta
Pease
Perkins
Pickle
Rahall
Rangel
Reid
Rinaldo
Rodino
Roe
Rose
Rostenkowski
Rowland (GA)
Roybal
Sabo
Savage
Scheuer
Schumer
Seiberling
Sikorski
Sisisky
Skelton
Smith (FL)
Smith (IA)
Smith (NE)
Smith (NJ)
Solarz
Spratt
St Germain
Staggers
Stallings
Stark
Stokes
Studds
Swift
Synar
Tallon
Tauzin
Thomas (GA)
Torres
Towns
Traficant
Traxler
Udall
Valentine
Vento
Visclosky
Volkmer
Walgren
Watkins
Waxman
Weiss
Wheat
Whitley
Whitten
Williams
Wilson
Wirth
Wise
Wolpe
Wright
Wyden
Yates
Yatron
Young (MO)

NAYS—208

Applegate
Archer
Armey
Badham
Bartlett
Barton
Bateman
Bentley
Bereuter
Bilirakis
Bliley
Boehlert
Boulter
Broomfield
Brown (CO)
Broyhill
Bruce
Burton (IN)
Byron
Callahan
Campbell
Carney
Chandler
Chapman
Chappie
Clinger
Coats
Cobey
Coble
Coleman (MO)
Combest
Conte
Cooper
Coughlin
Courter
Craig
Crane
Daniel
Dannemeyer
Daub
DeLay
DeWine
Dickinson
DioGuardi
Dornan (CA)
Dreier
Duncan
Dyson
Eckart (OH)
Eckert (NY)
Edwards (OK)
Emerson
English
Erdreich
Evans (IA)
Fawell
Feighan
Fiedler
Fields
Fish
Franklin
Frenzel
Gallo
Gekas
Gilman
Gingrich
Goodling
Gradison
Green
Gregg
Grotberg
Gunderson
Hall, Ralph
Hamilton
Hammerschmidt
Hansen
Hartnett
Hendon
Henry
Hertel
Hiler
Hillis
Holt
Hopkins
Horton
Hubbard
Hughes
Hunter
Hyde
Ireland
Jacobs
Johnson
Kaptur
Kasich
Kemp
Kindness
Kolbe
Kramer
Lagomarsino
Latta
Leach (IA)
Leath (TX)
Lent
Lewis (CA)
Lewis (FL)
Lightfoot
Livingston
Lloyd
Loeffler
Lott
Lowery (CA)
Lujan
Lungren
Mack
Madigan
Marlenee
Martin (IL)
Martin (NY)
Mazzoli
McCain
McCandless
McCollum
McDade
McEwen
McGrath
McKernan
McMillan
Meyers
Michel
Miller (WA)
Molinari
Monson
Moore
Moorhead
Morrison (WA)
Murphy
Neal
Nichols
Nielson
O'Brien
Oxley
Parris
Pashayan
Penny
Petri
Porter
Pursell
Quillen
Ray
Regula
Ridge
Ritter
Roberts
Robinson
Roemer
Rogers
Roth
Roukema
Rowland (CT)
Rudd
Russo
Saxton

Schaefer	Smith, Robert (NH)	Taylor
Schneider	Smith, Robert (OR)	Thomas (CA)
Schroeder	Snowe	Torricelli
Schuette	Snyder	Vander Jagt
Schulze	Solomon	Vucanovich
Sensenbrenner	Spence	Walker
Sharp	Stangeland	Weaver
Shaw	Stenholm	Weber
Shelby	Strang	Whitehurst
Shumway	Stratton	Whittaker
Shuster	Stump	Wolf
Siljander	Sundquist	Wortley
Skeen	Sweeney	Young (AK)
Slattery	Swindall	Young (FL)
Slaughter	Tauke	Zschau
Smith, Denny (OR)		

NOT VOTING—14

Addabbo	Gephardt	Packard
Barnard	McKinney	Pepper
Cheney	Miller (OH)	Price
Daschle	Nelson	Richardson
de la Garza	Oakar	

□ 1345

The Clerk announced the following pairs:

On this vote:

Mr. Gephardt for, with Mr. Cheney against.

Mr. Nelson of Florida for, with Mr. Miller of Ohio against.

Mr. Pepper for, with Mr. Packard against.

Mr. HORTON and Mr. O'BRIEN changed their votes from "yea" to "nay".

Mr. BATES and Mr. LUKEN changed their votes from "nay" to "yea".

So the joint resolution was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Mr. PACKARD. Mr. Speaker, after time expired for the vote on final passage of the continuing resolution this afternoon, I was informed that the electronic voting machine did not record my vote. Had that vote been recorded, it would have indicated a "no" vote, expressing my opposition to final passage of the continuing spending resolution.

PERSONAL EXPLANATION

Mr. CHENEY. Mr. Speaker, I was inadvertently detained and unable to arrive in the Chamber in time to cast a vote on rollcall No. 427, the issue of final passage of House Joint Resolution 465, further continuing appropriations for fiscal year 1986.

Had I been present, I would have voted against final passage.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the amendments of the House with an amendment to a bill of the Senate of the following title:

S. 1264. An act to amend the National Foundation on the Arts and Humanities Act of 1965, the Museum Services Act, and the Arts and Artifacts Indemnity Act, to extend the authorization of appropriations for such Act, and for other purposes.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 2965, THE DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS ACT, 1986

Mr. SMITH of Iowa. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the bill (H.R. 2965) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1986, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

MAKING IN ORDER ON TOMORROW OR ANY DAY THEREAFTER CONSIDERATION OF CONFERENCE REPORT ON H.R. 2965, THE DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS ACT, 1986

Mr. SMITH of Iowa. Mr. Speaker, I ask unanimous consent that it may be in order at any time tomorrow, December 5, or any day thereafter, to consider the conference report and any amendments in disagreement on the bill (H.R. 2965) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1986, and for other purposes, and that said conference report and amendments in disagreement be considered as read when called up for consideration.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

□ 1355

Mr. O'BRIEN. Mr. Speaker, reserving the right to object, I wish to ask a question of my chairman.

It is my understanding with respect to the bill to which the gentleman just referred and with which we dealt this morning, the total is approximately $11.9 billion, which means that it is under the House bill by $3 million, under the Senate bill by $9 million, below the 1985 appropriation by $654 million, and below the OMB target for signing by $1 million; is that correct?

Mr. SMITH of Iowa. Mr. Speaker, if the gentleman will yield, those are the figures we have received.

Mr. O'BRIEN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

APPOINTMENT OF CONFEREES ON H.R. 3067, DISTRICT OF COLUMBIA APPROPRIATION ACT, 1986

Mr. DIXON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 3067) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1986, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from California? The Chair hears none, and appoints the following conferees: Messrs. DIXON, NATCHER, STOKES, WILSON, SABO, HOYER, WHITTEN, COUGHLIN, GREEN, WOLF, and CONTE.

PERMISSION TO HAVE UNTIL MIDNIGHT THURSDAY, DECEMBER 5, 1985, TO FILE CONFERENCE REPORT ON H.R. 3067, DISTRICT OF COLUMBIA APPROPRIATION ACT, 1986

Mr. DIXON. Mr. Speaker, I ask unanimous consent that the managers may have until midnight Thursday, December 5, 1985, to file the conference report on the bill (H.R. 3067) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending September 30, 1986, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PERMISSION FOR COMMITTEE ON AGRICULTURE TO SIT TODAY DURING 5-MINUTE RULE

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may be permitted to sit on today during the 5-minute rule for consideration of the bill, H.R. 3792, the Farm Credit System Act.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. COLEMAN of Missouri. Mr. Speaker, reserving the right to object, the chairman I understand has cleared this with the gentleman from Illinois [Mr. MADIGAN], the ranking member; is that correct?

Mr. DE LA GARZA. Mr. Speaker, will the gentleman yield?

Mr. COLEMAN of Missouri. I yield to the gentleman from Texas.

Mr. DE LA GARZA. Mr. Speaker, that is correct.

Mr. COLEMAN of Missouri. Mr. Speaker, further reserving the right to object, does the gentleman anticipate that the committee will pass out the farm credit financial assistance package this evening sometime?

Mr. DE LA GARZA. It is possible.

Mr. COLEMAN of Missouri. And working toward that effort, that is why the committee is asking to sit this afternoon.

Mr. DE LA GARZA. The gentleman is correct.

Mr. COLEMAN of Missouri. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

GENERAL LEAVE

Mr. GOODLING. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the rule for the joint resolution (H.J. Res. 465) making further continuing appropriations for the fiscal year 1986, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 3140

Mr. SHAW. Mr. Speaker, I ask unanimous consent that my name be removed as a cosponsor of H.R. 3140.

The SPEAKER. Is there objection to the request of the gentleman from Florida?

There was no objection.

NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES AMENDMENTS OF 1985

Mr. WILLIAMS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 1264) to amend the National Foundation on the Arts and Humanities Act of 1965, the Museum Services Act, and the Arts and Artifacts Idemnity Act, to extend the authorization of appropriations for such act, and for other purposes, with a Senate amendment to the House amendments thereto, and concur in the Senate amendment to the House amendments.

The Clerk read the title of the Senate bill.

The Clerk read the Senate amendment to the House amendments, as follows:

In lieu of the matter proposed to be inserted by the House amendment to the text of the bill, insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Arts, Humanities, and Museums Amendments of 1985".

TITLE I—AMENDMENTS TO NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES ACT OF 1965

SEC. 101. TECHNICAL AMENDMENT; SHORT TITLE.

The National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 951 et seq.) is amended—

(1) by striking out

"TITLE I—ENDOWMENTS FOR ARTS AND HUMANITIES", and

(2) in section 1 by striking out "title" and inserting in lieu thereof "Act".

SEC. 102. DECLARATION OF PURPOSE.

Section 2 of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 951) is amended—

(1) in clause (2) by striking out "man's",

(2) in clause (3)—

(A) by inserting ", and access to the arts and the humanities," after "education", and

(B) by striking out "men" and inserting in lieu thereof "people of all backgrounds and wherever located",

(3) in clause (7) by striking out "and" at the end thereof,

(4) by redesignating clause (8) as clause (9), and

(5) by inserting after clause (7) the following new clause:

"(8) that Americans should receive in school, background and preparation in the arts and humanities to enable them to recognize and appreciate the aesthetic dimensions of our lives, the diversity of excellence that comprises our cultural heritage, and artistic and scholarly expression; and".

SEC. 103. DEFINITIONS.

Section 3 of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 952) is amended—

(1) in subsection (a)—

(A) by inserting "and interpretation" after "study" the first place it appears, and

(B) by inserting "to reflecting our diverse heritage, traditions, and history and" after "particular attention", and

(2) in subsection (d)(2)—

(A) by inserting "for purposes of sections 5(l) and 7(h) only," after "(2)",

(B) by inserting "or humanistic" after "artistic", and

(C) by inserting "and the National Council on the Humanities, as the case may be," after "the National Council on the Arts".

SEC. 104. ESTABLISHMENT OF A NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES.

Section 4(a) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 953(a)) is amended—

(1) by striking out "Humanities,," and inserting in lieu thereof "Humanities,", and

(2) by striking out "(hereinafter established)".

SEC. 105. ESTABLISHMENT OF THE NATIONAL ENDOWMENT FOR THE ARTS.

Section 5 of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 954) is amended—

(1) in subsection (b)(1) by striking out "chairman" and inserting in lieu thereof "chairperson";

(2) in subsection (c)—

(A) by redesignating clauses (4), (5), and (6) as clauses (6), (7), and (8), respectively, and

(B) by inserting after clause (3) the following new clauses:

"(4) projects and productions which have substantial artistic and cultural significance and that reach, or reflect the culture of, a minority, inner city, rural, or tribal community;

"(5) projects and productions that will encourage public knowledge, understanding, and appreciation of the arts;",

(C) by striking out "clause (5)" in the second sentence of such subsection and inserting in lieu thereof "clause (8)", and

(D) by adding at the end thereof the following:

"In selecting individuals and groups of exceptional talent as recipients of financial assistance to be provided under this subsection, the Chairperson shall give particular regard to artists and artistic groups that have traditionally been underrepresented.";

(3) in subsection (g)(2)—

(A) in clause (B) by striking out "and" at the end thereof,

(B) in clause (C) by striking out the period at the end thereof and inserting in lieu thereof ", including a description of the progress made toward achieving the goals of the State plan;", and

(C) by inserting after clause (C) the following new clauses:

"(D) provides—

"(i) assurances that the State agency has held, after reasonable notice, public meetings in the State to allow all groups of artists, interested organizations, and the public to present views and make recommendations regarding the State plan; and

"(ii) a summary of such recommendations and the State agency's response to such recommendations; and

"(E) contains—

"(i) a description of the level of participation during the previous 2 years by artists, artists' organizations, and arts organizations in projects and productions for which financial assistance is provided under this subsection;

"(ii) a description of the extent to which projects and productions receiving financial assistance under this subsection are available to all people and communities in the State; and

"(iii) a description of projects and productions receiving financial assistance under this subsection that exist or are being developed to secure wider participation of artists, artists' organizations, and arts organizations identified under clause (i) of this subparagraph or that address the availability of the arts to all people or communities identified under clause (ii) of this subparagraph.

No application may be approved unless the accompanying plan satisfies the requirements specified in this subsection.";

(4) in subsection (i) by striking out "he" and inserting in lieu thereof "the Secretary of Labor";

(5) in subsection (l)(1)(D)—

(A) by inserting "and local arts agencies" after "local arts groups", and

(B) by striking out "including support of professional artists in community-based residencies;" and inserting in lieu thereof the following: "including—

"(i) support of professional artists in community based residencies;

"(ii) support of rural arts development;

"(iii) support of and models for regional, statewide, or local organizations to provide technical assistance to cultural organizations and institutions;

"(iv) support of and models for visual and performing arts touring; and

"(v) support of and models for professional staffing of arts organizations and for stabilizing and broadening the financial base for arts organizations;";

(6) by striking out "Chairman" each place it appears and inserting in lieu thereof "Chairperson";

(7) by striking out "his" each place it appears and inserting in lieu thereof "the Chairperson's"; and

(8) by adding at the end thereof the following new subsection:

"(m) The Chairperson of the National Endowment for the Arts shall, in consultation with State and local agencies, relevant organizations, and relevant Federal agencies, develop a practical system of national information and data collection on the arts, artists and arts groups, and their audiences. Such system shall include artistic and financial trends in the various artistic fields, trends in audience participation, and trends in arts education on national, regional, and State levels. Such system shall also include information regarding the availability of the arts to various audience segments, including rural communities. Not later than one year after the date of the enactment of the Arts, Humanities, and Museums Amendments of 1985, the Chairperson shall submit to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate a plan for the development and implementation of such system, including a recommendation regarding the need for any additional funds to be appropriated to develop and implement such system. Such system shall be used, along with a summary of the data submitted with State plans under subsection (g), to prepare a periodic report on the state of the arts in the Nation. The state of the arts report shall include a description of the availability of the Endowment's programs to emerging, rural, and culturally diverse artists, arts organizations, and communities and of the participation by such artists, organizations, and communities in such programs. The state of the arts report shall be submitted to the President and the Congress, and provided to the States, not later than October 1, 1988, and biennially thereafter.".

SEC. 106. NATIONAL COUNCIL ON THE ARTS.

Section 6 of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 955) is amended—

(1) in subsection (b)—

(A) by striking out "Chairman" the first place it appears and inserting in lieu thereof "Chairperson",

(B) by striking out "Chairman of the Council" and inserting in lieu thereof "Chairperson of the Council",

(C) in clause (1)—

(i) by inserting "(A)" after "who", and

(ii) by inserting before the semicolon at the end thereof the following: "and (B) have established records of distinguished service, or achieved eminence, in the arts",

(D) in the last sentence by striking out "him" and inserting in lieu thereof "the President", and

(E) by adding at the end thereof the following:

"In making such appointments, the President shall give due regard to equitable representation of women, minorities, and individuals with disabilities who are involved in the arts.";

(2) in subsection (c) by striking out "his" each place it appears and inserting in lieu thereof "such member's";

(3) in subsection (d) by striking out "Chairman" and inserting in lieu thereof "Chairperson";

(4) in subsection (e) by striking out "Chairman" and inserting in lieu thereof "Chairperson"; and

(5) in subsection (f)—

(A) in the first sentence by striking out "his" and inserting in lieu thereof "the Chairperson's",

(B) in the second sentence by striking out "he" and inserting in lieu thereof "the Chairperson",

(C) in the third sentence by striking out "$17,500" and inserting in lieu thereof "$30,000", and

(D) by striking out "Chairman" each place it appears and inserting in lieu thereof "Chairperson".

SEC. 107. ESTABLISHMENT OF THE NATIONAL ENDOWMENT FOR THE HUMANITIES.

Section 7 of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 956) is amended—

(1) in subsection (b)—

(A) in paragraph (1) by striking out "chairman" and inserting in lieu thereof "chairperson", and

(B) in paragraph (2) by striking out "his" each place it appears and inserting in lieu thereof "the Chairperson's";

(2) in subsection (c)—

(A) by redesignating clauses (4), (5), (6), and (7) as clauses (6), (7), (8), and (9), respectively, and

(B) by inserting after clause (3) the following new clauses:

"(4) initiate and support programs and research which have substantial scholarly and cultural significance and that reach, or reflect the diversity and richness of our American cultural heritage, including the culture of, a minority, inner city, rural, or tribal community;

"(5) foster international programs and exchanges;",

(C) in clause (3) by striking out "workships" and inserting in lieu thereof "workshops",

(D) by striking out "clause (6)" in the second sentence of such subsection and inserting in lieu thereof "clause (8)", and

(E) by adding at the end thereof the following:

"In selecting individuals and groups of exceptional talent as recipients of financial assistance to be provided under this subsection, the Chairperson shall give particular regard to scholars, and educational and cultural institutions, that have traditionally been underrepresented.";

(3) in subsection (f)—

(A) in paragraph (2)(A)—

(i) in the first sentence by striking out "the Arts and Humanities Act of 1980" and inserting in lieu thereof "the Arts, Humanities, and Museums Amendments of 1985",

(ii) in clause (ii) by inserting "officer" after "chief executive" each place it appears,

(iii) in clause (v) by striking out "and" at the end thereof,

(iv) in clause (vi) by striking out the period at the end thereof and inserting in lieu thereof ", including a description of the progress made toward achieving the goals of the State plan;", and

(v) by inserting after clause (vi) the following new clauses:

"(vii) provides—

"(I) assurances that the State agency has held, after reasonable notice, public meetings in the State to allow scholars, interested organizations, and the public to present views and make recommendations regarding the State plan; and

"(II) a summary of such recommendations and of the response of the State agency to such recommendations; and

"(viii) contains—

"(I) a description of the level of participation during the previous two years by scholars and scholarly organizations in programs receiving financial assistance under this subsection;

"(II) a description of the extent to which the programs receiving financial assistance under this subsection are available to all people and communities in the State; and

"(III) a description of programs receiving financial assistance under this subsection that exist or are being developed to secure wider participation of scholars and scholarly organizations identified under subclause (I) of this clause or that address the availability of the humanities to all people or communities identified under subclause (II) of this clause.

No application may be approved unless the accompanying plan satisfies the requirements specified in this subsection.";

(B) in paragraph (2)(B)(i)—

(i) by striking out "four" and inserting in lieu thereof "six", and

(ii) by striking out "20 per centum" and inserting in lieu thereof "25 per centum",

(C) in paragraph (3)—

(i) in clause (G) by striking out "and" at the end thereof,

(ii) in clause (H) by striking out the period at the end thereof and inserting in lieu thereof ", including a description of the progress made toward achieving the goals of the plan;", and

(iii) by inserting after clause (H) the following new clauses:

"(I) provides—

"(i) assurances that the grant recipient has held, after reasonable notice, public meetings in the State to allow scholars, interested organizations, and the public to present views and make recommendations regarding the plan; and

"(ii) a summary of such recommendations and of the response of the grant recipient to such recommendations; and

"(J) contains—

"(i) a description of the level of participation during the previous two years by scholars and scholarly organizations in programs receiving financial assistance under this subsection;

"(ii) a description of the extent to which the programs receiving financial assistance under this subsection are available to all people and communities in the State; and

"(iii) a description of programs receiving financial assistance under this subsection that exist or are being developed to secure wider participation of scholars and scholarly organizations identified under clause (i) of this subparagraph or that address the availability of the humanities to all people or communities identified under clause (ii) of this subparagraph.

No application may be approved unless the accompanying plan satisfies the requirements specified in this subsection.";

(4) by striking out the last sentence of subsection (g) and inserting in lieu thereof "The Secretary of Labor shall prescribe standards, regulations, and procedures necessary to carry out this subsection not later than 180 days after the date of the enactment of the Arts, Humanities, and Museums Amendments of 1985.";

(5) by striking out "Chairman" each place it appears and inserting in lieu thereof "Chairperson"; and

(6) by adding at the end thereof the following new subsections:

"(j) It shall be a condition of the receipt of any grant under this section that the group or individual of exceptional talent or the State, State agency, or entity receiving such grant furnish adequate assurances to the Secretary of Labor that all laborers and mechanics employed by contractors or subcontractors on construction projects assisted under this section shall be paid wages at rates not less than those prevailing on similar construction in the locality, as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a–276a–5). The Secretary of Labor shall have, with respect to the labor standards specified in this subsection, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 5 U.S.C. 133z–15) and section 2 of the Act of June 13, 1934, as amended (40 U.S.C. 276c).

"(k) The Chairperson of the National Endowment for the Humanities shall, in consultation with State and local agencies, other relevant organizations, and relevant Federal agencies, develop a practical system of national information and data collection on the humanities, scholars, educational and cultural groups, and their audiences. Such system shall include cultural and financial trends in the various humanities fields, trends in audience participation, and trends in humanities education on national, regional, and State levels. Not later than one year after the date of the enactment of the Arts, Humanities, and Museums Amendments of 1985, the Chairperson shall submit to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate a plan for the development and implementation of such system, including a recommendation regarding the need for any additional funds to be appropriated to develop and implement such system. Such system shall be used, along with a summary of the data submitted with plans under subsection (f), to prepare a report on the state of the humanities in the Nation. The state of the humanities report shall include a description of the availability of the Endowment's programs to emerging and culturally diverse scholars, cultural and educational organizations, and communities and of the participation of such scholars, organizations, and communities in such programs. The state of the humanities report shall be submitted to the President and the Congress, and provided the States, not later than October 1, 1988, and biennially thereafter.

"(l) Not later than January 31, 1986, the Chairperson of the National Endowment for the Humanities shall transmit to the Equal Employment Opportunity Commission each plan and each report required under any regulation or management directive that is issued by the Commission and is in effect on such date of enactment.".

SEC. 108. ESTABLISHMENT OF THE NATIONAL COUNCIL ON THE HUMANITIES.

Section 8 of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 957) is amended—

(1) in subsection (b)—

(A) in the first sentence by striking out "Chairman of the National Endowment for the Humanities, who shall be the Chairman" and inserting in lieu thereof "Chairperson of the National Endowment for the Humanities, who shall be the Chairperson",

(B) in the second sentence by striking out "selected on the basis of" and inserting in lieu thereof "individuals who (1) are selected from among private citizens of the United States who are recognized for their broad knowledge of, expertise in, or commitment to the humanities, and (2) have established records of", and

(C) by adding at the end thereof the following:

"In making such appointments, the President shall give due regard to equitable representation of women, minorities, and individuals with disabilities who are involved in the humanities.";

(2) in subsection (c) by striking out "his" each place it appears and inserting in lieu thereof "such member's";

(3) in subsections (d), (e), and (f) by striking out "Chairman" each place it appears and inserting in lieu thereof "Chairperson"; and

(4) in subsection (f)—

(A) in the first sentence by striking out "his" and inserting in lieu thereof "the Chairperson's", and

(B) in the second sentence by striking out "he" and inserting in lieu thereof "the Chairperson".

SEC. 109. ESTABLISHMENT OF THE FEDERAL COUNCIL ON THE ARTS AND THE HUMANITIES.

Section 9 of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 958) is amended—

(1) in subsection (b)—

(A) in the first sentence by striking out "Chairman of the National Endowment for the Arts, the Chairman of the National Endowment for the Humanities" and inserting in lieu thereof "Chairperson of the National Endowment for the Arts, the Chairperson of the National Endowment for the Humanities",

(B) in the second sentence by striking out "Chairman" and inserting in lieu thereof "presiding officer", and

(C) in the last sentence by striking out "he" and inserting in lieu thereof "the President";

(2) in subsection (c)(1) by striking out "Chairman" each place it appears and inserting in lieu thereof "Chairperson"; and

(3) by striking out subsections (d) and (e) and inserting in lieu thereof the following new subsection:

"(d) The Council shall conduct a study to determine—

"(1) the nature and level of Federal support provided to museums;

"(2) the areas in which such support overlaps or is inadequate, particularly in case of emerging museums;

"(3) the impact of the Institute of Museum Services in carrying out its stated purpose; and

"(4) the impact and nature of conservation and preservation programs being carried out under this Act and other Federal laws and the areas in which such programs overlap or are inadequate.".

SEC. 110. ADMINISTRATIVE PROVISIONS.

Section 10 of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 959) is amended—

(1) in subsection (a)—

(A) in the matter preceding clause (1) by striking out "Chairman of the National Endowment for the Arts and the Chairman of the National Endowment for the Humanities" and inserting in lieu thereof "Chairperson of the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities",

(B) in clause (1)—

(i) by striking out "he" and inserting in lieu thereof "the Chairperson", and

(ii) by striking out "his" and inserting in lieu thereof "the Chairperson's",

(C) in clause (2) by striking out "Chairman" each place it appears and inserting in lieu thereof "Chairperson",

(D) in clause (3) by striking out "his" and inserting in lieu thereof "the Chairperson's",

(E) in clause (4) by striking out "section 15" and all that follows through "representation" and inserting in lieu thereof "section 3109 of title 5, United States Code",

(F) in the matter following clause (8) by striking out "Chairman" each place it appears and inserting in lieu thereof "Chairperson", and

(G) by adding at the end thereof the following:

"In selecting panels of experts under clause (4) to review and make recommendations with respect to the approval of applications for financial assistance under this Act, each Chairperson shall appoint individuals who have exhibited expertise and leadership in the field under review, who broadly represent diverse characteristics in terms of aesthetic or humanistic perspective, and geographical factors, and who broadly represent cultural diversity. Each Chairperson shall assure that the membership of panels changes substantially from year to year, and that no more than 20 per centum of the annual appointments shall be for service beyond the limit of three consecutive years on a subpanel. In making appointments, each Chairperson shall give due regard to the need for experienced as well as new members on each panel. Panels of experts appointed to review or make recommendations with respect to the approval of applications or projects for funding by the National Endowment for the Arts shall, when reviewing such applications and projects, recommend for funding only applications and projects that in the context in which they are presented, in the experts' view, foster excellence, are reflective of exceptional talent, and have significant literary, scholarly, cultural, or artistic merit. Whenever there is pending an application submitted by an individual for financial assistance under section 5(c), such individual may not serve as a member of any subpanel (or panel where a subpanel does not exist) before which such application is pending. The prohibition described in the previous sentence shall commence on the date the application is submitted and continue for so long as the application is pending.";

(2) in subsection (b) by striking out "Chairman" each place it appears and inserting in lieu thereof "Chairperson"; and

(3) by striking out subsection (d) and inserting in lieu thereof the following new subsections:

"(d)(1) The Chairperson of the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities shall conduct a post-award evaluation of projects, productions, and programs for which financial assistance is provided by their respective Endowments under sections 5(c) and 7(c). Such evaluation may include an audit to determine the accuracy of the reports required to be submitted by recipients under clauses (i) and (ii) of paragraph (2)(A). As a condition of receiving such financial assistance, a recipient shall comply with the requirements specified in paragraph (2) that are applicable to the project, production, or program for which such financial assistance is received.

"(2)(A) The recipient of financial assistance provided by either of the Endowments shall submit to the Chairperson of the Endowment involved—

"(i) a financial report containing such information as the Chairperson deems necessary to ensure that such financial assistance is expended in accordance with the terms and conditions under which it is provided;

"(ii) a report describing the project, production, or program carried out with such financial assistance; and

"(iii) if practicable, as determined by the Chairperson, a copy of such project, production, or program.

"(B) Such recipient shall comply with the requirements of this paragraph not later than 90 days after the end of the period for which such financial assistance is provided. The Chairperson may extend the 90-day period only if the recipient shows good cause why such an extension should be granted.

"(3) If such recipient substantially fails to satisfy the purposes for which such financial assistance is provided and the criteria specified in the last sentence of subsection (a), as determined by the Chairperson of the Endowment that provided such financial assistance, then such Chairperson may—

"(A) for purposes of determining whether to provide any subsequent financial assistance, take into consideration the results of the post-award evaluation conducted under this subsection;

"(B) prohibit the recipient of such financial assistance to use the name of, or in any way associate such project, production, or program with the Endowment that provided such financial assistance; and

"(C) if such project, production, or program is published, require that the publication contain the following statement: 'The opinions, findings, conclusions, and recommendations expressed herein do not reflect the views of the National Endowment for the Arts or the National Endowment for the Humanities.'.

"(e)(1) The Chairperson of the National Endowment for the Arts and the Chairperson of the National Endowment for the Humanities, with the cooperation of the Secretary of Education, shall conduct jointly a study of—

"(A) the state of arts education and humanities education, as currently taught in the public elementary and secondary schools in the United States; and

"(B) the current and future availability of qualified instructional personnel, and other factors, affecting the quality of education in the arts and humanities in such schools.

"(2) The Endowments shall consult with the Committee on Labor and Human Resources of the Senate and the Committee on Education and Labor of the House of Representatives in the design and implementation of the study required by this subsection.

"(3) Not later than two years after the date of the enactment of the Arts, Humanities, and Museums Amendments of 1985, the Endowments shall submit to the President, the Congress, and the States a report containing—

"(A) the findings of the study under paragraph (1);

"(B) the Endowments' views of the role of the arts and humanities in elementary and secondary education;

"(C) recommendations designed to encourage making arts and humanities education available throughout elementary and secondary schools;

"(D) recommendations for the participation by the National Endowment for the Arts and the National Endowment for the Humanities in arts education and humanities education in such schools; and

"(E) an evaluation of existing policies of the National Endowment for the Arts and the National Endowment for the Humanities that expressly or inherently affect the Endowments' abilities to expand such participation.

"(f) Not later than October 1, 1987, each Endowment shall submit to the Congress a report detailing the procedures used in selecting experts for appointment to panels and the procedures applied by panels in making recommendations with respect to approval of applications for financial assistance under this Act, including procedures to avoid possible conflicts of interest which may arise in providing financial assistance under this Act.".

SEC. 111. AUTHORIZATION OF APPROPRIATIONS.

(a) FUNDS AUTHORIZED FOR PROGRAM GRANTS.—Section 11(a)(1) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 960(a)(1)) is amended—

(1) in subparagraph (A) by striking out "$115,500,000" and all that follows through "1985" and inserting in lieu thereof "$121,678,000 for fiscal year 1986, $123,425,120 for fiscal year 1987, $128,362,125 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990"; and

(2) in subparagraph (B) by striking out "$114,500,000" and all that follows through "1985" and inserting in lieu thereof "$95,207,000 for fiscal year 1986, $99,015,280 for fiscal year 1987, $102,975,891 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990;".

(b) FUNDS AUTHORIZED TO MATCH NON-FEDERAL FUNDS RECEIVED.—Section 11(a) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 960(a)) is amended—

(1) in paragraph (2)—

(A) in subparagraph (A)—

(i) by striking out "October 1, 1985" and inserting in lieu thereof "October 1, 1990", and

(ii) by striking out "$18,500,000" the first place it appears and all that follows through "1985" and inserting in lieu thereof "$8,820,000 for fiscal year 1986, $9,172,800 for fiscal year 1987, $9,539,712 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990", and

(B) in subparagraph (B)—

(i) by striking out "October 1, 1985" and inserting in lieu thereof "October 1, 1990",

(ii) in clause (ii) by inserting "and subgrantees" after "grantees" each place it appears, and

(iii) by striking out "$12,500,000" and all that follows through "1985" and inserting in lieu thereof "$10,780,000 for fiscal year 1986, $11,211,200 for fiscal year 1987, $11,659,648 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990"; and

(2) in paragraph (3)—

(A) in subparagraph (A)—

(i) by striking out "October 1, 1985" and inserting in lieu thereof "October 1, 1990", and

(ii) by striking out "$27,000,000" and all that follows through "1985" and inserting in lieu thereof "$20,580,000 for fiscal year 1986, $21,403,200 for fiscal year 1987, $22,259,328 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990",

(B) in subparagraph (B)—

(i) by striking out "October 1, 1985" and inserting in lieu thereof "October 1, 1990", and

(ii) by striking out "$30,000,000" and all that follows through "1985" and inserting in lieu thereof "$19,600,000 for fiscal year 1986, $20,384,000 for fiscal year 1987, $21,199,360 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990", and

(C) in subparagraph (C)—

(i) by striking out "Chairman" and inserting in lieu thereof "Chairperson", and

(ii) by striking out "he" and inserting in lieu thereof "the Chairperson"; and

(3) in paragraph (4) by striking out "Chairman" each place it appears and by inserting in lieu thereof "Chairperson".

(c) FUNDS AUTHORIZED FOR ADMINISTRATION OF PROGRAMS OF THE NATIONAL ENDOWMENTS.—Section 11(c) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 960(c)) is amended—

(1) in paragraph (1) by striking out "$14,000,000" and all that follows through "1985" and inserting in lieu thereof "$15,982,000 for fiscal year 1986, $16,205,280 for fiscal year 1987, $16,853,491 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990";

(2) in paragraph (2) by striking out "$13,000,000" and all that follows through "1985" and inserting in lieu thereof "$14,291,000 for fiscal year 1986, $14,446,640 for fiscal year 1987, $15,024,506 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990"; and

(3) by striking out "Chairman" each place it appears and inserting in lieu thereof "Chairperson".

(d) AUTHORIZATION MAXIMUMS.—Section 11 of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 960) is amended—

(1) by redesignating subsection (d) as subsection (e); and

(2) by inserting after subsection (c) the following new subsection:

"(d)(1) The total amount of appropriations to carry out the activities of the National Endowment for the Arts shall not exceed—

"(A) $167,060,000 for fiscal year 1986,

"(B) $170,206,400 for fiscal year 1987, and

"(C) $177,014,656 for fiscal year 1988.

"(2) The total amount of appropriations to carry out the activities for the National Endowment for the Humanities shall not exceed—

"(A) $139,878,000 for fiscal year 1986,

"(B) $145,057,120 for fiscal year 1987, and

"(C) $150,859,405 for fiscal year 1988.".

(e) TECHNICAL AMENDMENT.—Section 11(e) of the National Foundation on the Arts and the Humanities Act of 1965 (20 U.S.C. 960(a)), as redesignated by subsection (d) of this section, is amended by striking out "under this title".

SEC. 112. APPLICATION OF AMENDMENTS.

The amendments made by sections 105(3) and 107(3) shall not apply with respect to plans submitted for financial assistance to be provided with funds appropriated for fiscal year 1986.

TITLE II—AMENDMENTS TO MUSEUM SERVICES ACT

SEC. 201. NATIONAL MUSEUM SERVICES BOARD.

Section 204 of the Museum Services Act (20 U.S.C. 963) is amended—

(1) in subsection (a)—

(A) in paragraph (1) by striking out the second sentence and inserting in lieu thereof the following:

"Such members shall be selected from among citizens of the United States who are members of the general public and who are—

"(A) broadly representative of the various museums, including museums relating to science, history, technology, art, zoos, and botanical gardens, and of the curatorial, educational, and cultural resources of the United States; and

"(B) recognized for their broad knowledge, expertise, or experience in museums or commitment to museums.

Members shall be appointed to reflect various geographical regions of the United States. The Board may not include, at any time, more than three members from a single State. In making such appointments, the President shall give due regard to equitable representation of women, minorities, and persons with disabilities who are involved in such museums.", and

(B) in paragraph (2)(A) by striking out "Chairman" each place it appears and inserting in lieu thereof "Chairperson";

(2) in the last sentence of subsection (b) by striking out "his" each place it appears and inserting in lieu thereof "such member's"; and

(3) in subsections (c) and (d) by striking out "Chairman" each place it appears and inserting in lieu thereof "Chairperson".

SEC. 202. DIRECTOR OF THE INSTITUTE.

Section 205(a)(2) of the Museum Services Act (20 U.S.C. 964(a)(2)) is amended by striking out "his" and inserting in lieu thereof "the Chairperson's".

SEC. 203. AUTHORIZATION OF APPROPRIATIONS.

(a) Section 209(a) of the Museum Services Act (20 U.S.C. 967(a)) is amended by striking out "$25,000,000" and all that follows through "1985" and inserting in lieu thereof "$21,600,000 for fiscal year 1986, $22,464,000 for fiscal year 1987, $23,362,560 for fiscal year 1988, and such sums as may be necessary for each of the fiscal years 1989 and 1990".

(b) Section 209(d) of the Museum Services Act (20 U.S.C. 967(d)) is amended by striking out "1985" and inserting in lieu thereof "1990".

TITLE III—AMENDMENTS TO ARTS AND ARTIFACTS INDEMNITY ACT

SEC. 301. FEDERAL COUNCIL MEMBERSHIP.

Section 2(b) of the Arts and Artifacts Indemnity Act (20 U.S.C. 971(b)) is amended—

(1) by inserting "(1) after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) For purposes of this Act, the Secretary of the Smithsonian Institution, the Director of the National Gallery of Art, the member designated by the Chairman of the Senate Commission of Art and Antiquities and the member designated by the Speaker of the House of Representatives shall not serve as members of the Council.".

SEC. 302. ELIGIBILITY FOR INDEMNITY.

(a) Section 3(b)(1) of the Arts and Artifacts Indemnity Act (20 U.S.C. 972(b)(1)) is amended by striking out ", or elsewhere when part of an exchange of exhibitions, but in no case shall both parts of such an exhibition be so covered" and inserting in lieu thereof "or elsewhere preferably when part of an exchange of exhibitions".

(b) The amendment made by paragraph (1) shall apply with respect to any exhibition which is certified under section 3(a) of the Arts and Artifacts Indemnity Act after the date of enactment of this Act.

SEC. 303. INDEMNITY AGREEMENT.

(a) Section 5(b) of the Arts and Artifacts Indemnity Act (20 U.S.C. 974(b)) is amended by striking out "$400,000,000" and inserting in lieu thereof "$650,000,000".

(b) Section 5(c) of the Arts and Artifacts Indemnity Act (20 U.S.C. 974(c)) is amended by striking out "$50,000,000" and inserting in lieu thereof "$75,000,000".

TITLE IV—ALTERNATIVE FEDERAL FUNDING OF THE ARTS AND HUMANITIES

SEC. 401. STUDY OF ALTERNATIVE FUNDING OF THE ARTS AND THE HUMANITIES.

(a) STUDY REQUIRED.—(1) The Comptroller General of the United States shall conduct a study to determine the feasibility of supplementing expenditures made from the general fund of the Treasury of the United States for the National Endowment for the Arts, the National Endowment for the Humanities, and the Institute of Museum Services through other Federal funding mechanisms. The study required by this section shall consider, but is not limited to, the consideration of the following funding sources:

(A) A revolving fund comprised of payments made to the Federal Government through an extension of the existing Federal copyright period for artistic, dramatic, literary, and musical works.

(B) A revolving fund comprised of payments made to the Federal Government for the right to use or publicly perform artistic, dramatic, literary, and musical works in the public domain.

(2) In carrying out the study required by this section, the Comptroller General shall frequently consult with and seek the advice of the Chairperson of the National Endowment for the Arts, the Chairperson of the National Endowment for the Humanities, the Director of the Institute of Museum Services, the Register of Copyrights, the Chairman of the Labor and Human Resources Committee of the Senate, the Chairman of the Education and Labor Committee of the House of Representatives, the Chairman of the Committee on Judiciary of the Senate, and the Chairman of the Committee on Judiciary of the House of Representatives, concerning the scope, direction, and focus of the study.

(3) In conducting the study required by this section, the Comptroller General shall consider the impact which the implementation of each supplemental funding mechanism would have on—

(A) any international copyright treaties, commitments, and obligations to which the United States is a party;

(B) public participation in the arts and the humanities;

(C) private, corporate, and foundation support for the arts and the humanities;

(D) the overall quality of arts and the humanities in the United States;

(E) the creative activities of individual authors and artists; and

(F) the activities and operations of private copyrighting organizations.

(b) REPORT.—The Comptroller General shall prepare and submit to the Congress not later than one year after the date of enactment of this Act a report of the study required by this section, together with such recommendations as the Comptroller General deems appropriate.

TITLE V—CONSTITUTIONAL BICENTENNIAL EDUCATION PROGRAM

SEC. 501. EDUCATION PROGRAM FOR THE COMMEMORATION OF THE BICENTENNIAL OF THE CONSTITUTION OF THE UNITED STATES AND THE BILL OF RIGHTS.

(a) GENERAL AUTHORITY.—(1) The Commission on the Bicentennial of the United States Constitution shall, in accordance with the provisions of this section, carry out an education program for the commemoration of the bicentennial of the Constitution of the United States and the Bill of Rights.

(2) To commemorate the bicentennial anniversary of the Constitution of the United States and the Bill of Rights, the Commission—

(A) is authorized to make grants to local educational agencies, private elementary and secondary schools, private organizations, individuals, and State and local public agencies in the United States for the development of instructional materials and programs on the Constitution of the United States and the Bill of Rights which are designed for use by elementary or secondary school students; and

(B) shall implement an annual national bicentennial Constitution and Bill of Rights competition based upon the programs developed and used by elementary and secondary schools.

(3) In carrying out the program authorized by this section, the Chairman of the Commission shall have the same authority as is established in section 10 of the National Foundation on the Arts and the Humanities Act of 1965.

(b) DEFINITION.—For the purpose of this section, the term "Commission" means the Commission on the Bicentennial of the United States Constitution.

(c) AUTHORIZATION OF APPROPRIATIONS.—(1) There are authorized to be appropriated $5,000,000 for each of the fiscal years 1987, 1988, 1989, 1990, and 1991 to carry out the provisions of this section.

(2) Amounts appropriated pursuant to paragraph (1) may be used for necessary administrative expenses, including staff.

TITLE VI—POET LAUREATE CONSULTANT IN POETRY

SEC. 601. AUTHORITY FOR POET LAUREATE CONSULTANT IN POETRY

(a) RECOGNITION OF THE CONSULTANT IN POETRY.—The Congress recognizes that the Consultant in Poetry to the Library of Congress has for some time occupied a position of prominence in the life of the Nation, has spoken effectively for literary causes, and has occasionally performed duties and functions sometimes associated with the position of poet laureate in other nations and societies. Individuals are appointed to the position of Consultant in Poetry by the Librarian of Congress for one- or two-year terms solely on the basis of literary merit, and are compensated from endowment funds administered by the Library of Congress Trust Fund Board. The Congress further recognizes this position is equivalent to that of Poet Laureate of the United States.

(b) POET LAUREATE CONSULTANT IN POETRY ESTABLISHED.—(1) There is established in the Library of Congress the position of Poet Laureate Consultant in Poetry. The Poet Laureate Consultant in Poetry shall be appointed by the Librarian of Congress pursuant to the same procedures of appointment as established on the date of enactment of this section for the Consultant in Poetry to the Library of Congress.

(2) Each department and office of the Federal Government is encouraged to make use of the services of the Poet Laureate Consultant in Poetry for ceremonial and other occasions of celebration under such procedures as the Librarian of Congress shall approve designed to assure that participation under this paragraph does not impair the continuation of the work of the individual chosen to fill the position of Poet Laureate Consultant in Poetry.

(c) POETRY PROGRAM.—(1) The Chairperson of the National Endowment for the Arts, with the advice of the National Council on the Arts, shall annually sponsor a program at which the Poet Laureate Consultant in Poetry will present a major work or the work of other distinguished poets.

(2) There are authorized to be appropriated to the National Endowment for the Arts $10,000 for the fiscal year 1987 and for each succeeding fiscal year ending prior to October 1, 1990, for the purpose of carrying out this subsection.

Mr. WILLIAMS (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendment to the House amendments be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

The SPEAKER. Is there objection to the original request of the gentleman from Montana?

Mr. ARMEY. Mr. Speaker, reserving the right to object, I will not object to this request, but I would like to make a statement.

I want to express my dismay over agreeing to the Senate amendment to reauthorize the endowments for a 5-year period.

During hearings on this legislation, the committee heard of a number of problems at the National Endowment for the Arts. I expressed my concern about obscene literature funded, or submitted in support of funding, by the NEA; with cronyism or conflict of interest in the peer panel review process; and, with the post award evaluations process.

During House consideration of this bill, Mr. DELAY and I offered amendments which we hoped would address these problems. We were pleased to see the House adopt these amendments, including one to limit the reauthorization period to 2 years. Given the nature and extent of the problems within the National Endowment for the Arts, we believed, and the House concurred, that we should be able to review the progress NEA was making to address these problems in 2 years.

The authorization process is where we can address particular problems and issue specific instructions to the endowments. Unfortunately, with the other body increasing this period, we will not have the opportunity to address our concerns in the authorizations process for 5 years.

Although we won't have the opportunity to reauthorize the endowments for 5 years, we will be able to revisit these programs at the appropriations process. And be assured, those of us who have concerns about certain activities at the National Endowment for the Arts will be following closely the progress NEA makes in addressing these problems.

Mr. BARTLETT. Mr. Speaker, will the gentleman yield?

Mr. ARMEY. I am happy to yield to the gentleman from Texas.

Mr. BARTLETT. Mr. Speaker, I thank the gentleman for yielding under his reservation.

I would concur with the gentleman's statement that this particular report or legislation errs in the fact of providing for a 5-year authorization, but under the gentleman's yielding under his reservation, I would also commend the subcommittee chairman, the gentleman from Montana [Mr. WILLIAMS], and all the members who assisted in working out the differences between this body and the other body and having the House position prevail on each and every item except for the 5-year reauthorization. So I very much commend the gentleman from Montana for his leadership. The House did prevail on each of our issues with the exception of the authorization period.

Mr. ARMEY. Mr. Speaker, I, too, want to join with the gentleman from Texas [Mr. BARTLETT] in expressing my appreciation to the gentleman from Montana for his leadership in this matter. In particular, I wish to emphasize that the collegial way in which we were able to work together on this issue is something that I enjoyed very much.

Mr. WILLIAMS. Mr. Speaker, I thank my colleagues for those statements.

Mr. ARMEY. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the original request of the gentleman from Montana?

There was no objection.

A motion to reconsider was laid on the table.

PERMISSION FOR COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS TO SIT TODAY DURING THE 5-MINUTE RULE

Mr. ST GERMAIN. Mr. Speaker, I ask unanimous consent that the Committee on Banking, Finance and Urban Affairs be permitted to sit during proceedings of the House under the 5-minute rule today, to mark up H.R. 3667, the Competitive Tied Aid Fund Act.

The ranking minority member, Hon. CHALMERS P. WYLIE, concurs with this request.

The SPEAKER. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

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HIGHER EDUCATION AMENDMENTS OF 1985

The SPEAKER. Pursuant to House Resolution 326 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3700.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 3700) to amend and extend the Higher Education Act of 1965, with Mr. DURBIN, Chairman pro tempore in the chair.

The Clerk read the title of the bill.

The CHAIRMAN pro tempore. When the Committee of the Whole House rose on Tuesday, December 3, 1985, title IV was open to amendment at any point.

AMENDMENT OFFERED BY MR. JEFFORDS.

Mr. JEFFORDS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JEFFORDS: Page 442, after line 12 insert the following new paragraphs (and redesignate the succeeding paragraph accordingly):

"(5) INSTITUTIONAL RESPONSIBILITY.—The most effective mechanisms of reinforcing and promoting the principle of institutional responsibility for providing need-based aid to students attending postsecondary institutions.

"(6) GOVERNMENTAL RESPONSIBILITY.—The most efficient and appropriate mechanisms for providing student assistance from the various levels of government.

Mr. JEFFORDS (during the reading). Mr. Chairman, I ask unanimous consent the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. JEFFORDS. Mr. Chairman, this amendment is really merely living up to a commitment that I made in the full committee markup. It conforms an amendment that I offered in committee and which was adopted to what was intended at the time. It places a requirement on the National Commission on Responsibilities for financing the cost of postsecondary education, in addition to an examination of parental responsibility and student responsibility, to examine the responsibility of educational institutions for providing need-based aid to students and the governmental responsibility at all levels for providing the most efficient and most appropriate mechanisms for student assistance.

The purpose of this commission was to try to give us guidance as we move

into the future as to what is to be expected of these various institutions and individuals with respect to the financing of education.

It is just a technical amendment to conform the study to what I intended when it was offered in the committee and which I told Members I would do on the House floor today.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I am happy to yield to the gentleman from Michigan.

Mr. FORD of Michigan. Mr. Chairman, I thank the gentleman for yielding.

This is consistent with what we believed we were agreeing to in the committee when the commission was created.

I understand through omittance, that was unintentional in the drafting of the final version of the bill, it was left out; so I certainly would support the gentleman's amendment.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Vermont [Mr. JEFFORDS].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. JEFFORDS

Mr. JEFFORDS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JEFFORDS: Page 220, beginning on line 10, strike out "subparagraph (F)" and insert in lieu thereof "subparagraphs (D) and (F)".

Page 220, line 12, strike out "(A) through (E)" and insert in lieu thereof "(A), (B), (C), and (E)".

Page 221, line 10, strike out "60" and insert in lieu thereof "90".

Page 222, line 7, after "only if" insert the following: "the borrower certifies that he or she has no other application pending for a loan under this section and".

Page 223, beginning on line 22, strike out "The guaranty agency" and all that follows through page 224, line 4, and insert in lieu thereof the following: "The guaranty agency may issue a certificate of comprehensive insurance coverage to a lender with which it has an agreement under such paragraph. The Secretary shall not issue a certificate to a lender described in subparagraph (B) or (C) of subsection (a)(1) unless the Secretary determines that such lender has been denied a certificate of insurance by the guaranty agency which insures the preponderance of its loans (by value).".

Page 225, line 15, strike out "Secretary" and insert in lieu thereof "issuer of the certificate".

Page 225, line 19, strike out "Secretary" and insert in lieu thereof "issuer of the certificate".

Mr. JEFFORDS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. JEFFORDS. Mr. Chairman, this again is a technical amendment relative to the consolidation amendments which were incorporated in the bill. It just clarifies some of the provisions of the consolidation amendments.

What the consolidation amendments provide is to allow students who have accumulated over the years several loans which run for different periods of time and that oftentimes get to the point where they are unmanageable from a cash-flow situation, the ability to consolidate these loans into one loan package. This consolidation provision allows those loans to be consolidated and the repayment periods extended under various circumstances.

What these technical amendments do is clarify that, first, all State lenders must be treated equally as eligible lenders.

Second. Borrowers can elect to consolidate as long as they are not delinquent for more than 90 days—that is against 60 days in the original draft.

Third. The borrower can only have one pending consolidation application at a time. This is to prevent some unnecessary paperwork due to students shopping around unnecessarily.

Fourth. Guaranty agencies are permitted to issue a certificate of comprehensive insurance.

Fifth. Lenders may get a FISL guarantee only if the Secretary finds that they have been denied a certificate of insurance by their regular guarantor.

Sixth. The issuer of a certificate must be notified, rather than just the Secretary.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I am most happy to yield to the gentleman from Michigan.

Mr. FORD of Michigan. Mr. Chairman, I thank the gentleman for yielding.

I would like to take this opportunity, Mr. Chairman, to call to the attention of the House the fact that several years ago we tried consolidations. It seemed to be working well in a much more limited way than the provisions in H.R. 3700.

The gentleman from Vermont has worked harder than anybody in the committee in developing what everybody in the Higher Education Committee believes to be one of the real advances and improvements in this program.

Furthermore, it can be honestly said that it will be calculated to reduce the incidence of defaults, particularly for those students who have numerous loans by the time they finish college or graduate school.

The amendments that the gentleman now offers simply further refine the fine work that the gentleman did in the full committee. I am pleased to support the gentleman's amendment.

Mr. JEFFORDS. Mr. Chairman, I appreciate the kind comments of the gentleman from Michigan and also for the help that he has given in making sure that this is a viable program. It is one that we can live with and the administration can live with.

I might point out that I am rushing through some amendments here that are relatively noncontroversial, because as many Members know, the Agriculture Committee is also meeting right now on farm credit and it is necessary for me to return there.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Vermont. [Mr. JEFFORDS].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. JEFFORDS

Mr. JEFFORDS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JEFFORDS: Page 419, line 3, insert ", eligible lenders," after "eligible institutions".

Page 419, line 13, insert "monthly and total" after "burden and".

Page 419, line 15, insert "and eligible lenders" after "eligible institutions".

Mr. JEFFORDS (during the reading). Mr. Chairman I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. JEFFORDS. Mr. Chairman, in the full committee I had intended to offer an amendment which I think would have been very helpful in the sense of ensuring that our young people are well aware of what they have done with respect to themselves and their futures with regard to the number of loans that they have taken out.

There have been considerable concerns raised in committee regarding the intent of this amendment. Its original scope was much broader.

Thus, in deference to those concerns and in hopes that perhaps in conference the kinds of problems that were discovered in my original proposal will be worked out, I am offering a very modest proposal instead.

This amendment adds a requirement to the Roukema proposal adopted in the committee regarding department publication of description of assistance.

It adds eligible lenders to the list of institutions which are to receive descriptions of Federal student assistance programs.

Further, my amendment requires that in addition to the eligible institutions noted in the Roukema amendment, eligible lenders would be required to provide such information to any student.

Finally, my amendment requires that such information provides monthly and total repayment obligations that would be incurred as a

result of receiving loans of varying amounts.

I view this amendment merely as a technical improvement to the excellent amendment offered by the gentlewoman from New Jersey during committee consideration of the bill.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield to me?

Mr. JEFFORDS. I am happy to yield to the gentleman from Michigan.

Mr. FORD of Michigan. Mr. Chairman, I wish to compliment the gentleman on this amendment and also the gentlewoman from New Jersey who brought forth the initiative in the subcommittee to provide for the information to be given.

I think the gentleman's amendment strengthens the amendment of the gentlewoman from New Jersey [Mrs. ROUKEMA] and is wholly consistent with what the gentlewoman told us in the committee. She convinced us it was a good idea, and for that reason, I support the gentleman's amendment.

Mr. JEFFORDS. Mr. Chairman, I appreciate the gentleman's words.

Mrs. ROUKEMA. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I am happy to yield to the gentlewoman from New Jersey.

Mrs. ROUKEMA. Mr. Chairman, I want to commend the gentleman from Vermont. I think this does improve the amendment. It tightens up the requirements. I think it is a great addition and the students should be most grateful.

Mr. JEFFORDS. Mr. Chairman, I thank the gentlewoman for those words. I really want to express my appreciation for all the work the gentlewoman has put into this bill and for making it a better and more workable document. I appreciate the gentlewoman's help.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Vermont [Mr. JEFFORDS].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. JEFFORDS

Mr. JEFFORDS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JEFFORDS: Page 163, line 3, strike out "five years" and insert in lieu thereof "three years".

Page 185, line 5, strike out "five years" and insert in lieu thereof "three years".

Page 353, line 4, strike out "five years" and insert in lieu thereof "three years".

Mr. JEFFORDS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Vermont?

There was no objection.

Mr. JEFFORDS. Mr. Chairman, I am getting into an area which was of considerable controversy in the committee, but realizing that time is short as we get to the end of the session and also in recognition that perhaps we do need some assistance in this area, I am deferring from my original intended amendments in this regard and will offer only the one which has been read.

In the bill we have provided a rationale for repayment deferrals for teachers. This provision was included by the gentleman from New York [Mr. BIAGGI] and certainly is well intended. This Nation faces a serious teacher shortage and without some additional help, this shortage will not be met.

Therefore, there is a provision in this bill which provides for a 5-year deferment for teachers on the repayment of their guaranteed student loans and also in the NDSL.

I have expressed some concern that perhaps we ought to target this deferral provision. Others have expressed concerns in other ways. However, I have reached an accommodation with the gentleman from New York. That is, if I offer an amendment which would limit the deferment to 3 years, he would not object. I am hopeful that by doing this we will reduce the costs of the bill.

Second, I think it continues to give an incentive to those students who might not otherwise go into teaching without this deferral.

Therefore, I offer the amendment.

Mr. COLEMAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I am happy to yield to the gentleman from Missouri.

Mr. COLEMAN of Missouri. Mr. Chairman, I have some of the same reservations that the gentleman had. I do not intend to offer any other amendments here today. I want the record to show that we were concerned about instituting deferments to people who would be going into teaching. Many of us feel that there ought to be a requirement of critical need in the areas that they intend to teach in, as well as perhaps a merit consideration.

I should not go any further in the future on these types of deferments. If you look through the deferments that are presently in the law, they are there mainly, because a person's ability to pay back has been reduced in some fashion. They are unemployed, people who have gone into the Peace Corps, or VISTA.

I think we have to recognize that is why we ought to have deferments. Again, I still have these problems, but I respect the compromise that has been put forward here, but recognize that it is an area we ought to be very cautious about pursuing.

Mr. JEFFORDS. Mr. Chairman, I appreciate the gentleman's words. I agree with his statements and sentiments.

As I pointed out in the committee, we are going to have teacher shortages. I think all the indications point in that direction. If we are going to have shortages, and if we are going to do something like this, we ought to target it to those areas in which it is going to be difficult to find teachers, such as in areas where we have a high percentage of economically disadvantaged students, special education, or other areas; but as a compromise, I have agreed to this provision.

Mr. KASICH. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I am happy to yield to the gentleman from Ohio.

Mr. KASICH. Mr. Chairman, I wonder what the provision is in terms of how long does a person have to teach school to get the full cost of their education deferred?

Mr. JEFFORDS. We are not deferring in the sense——

Mr. KASICH. They do not have to pay for 5 years.

Mr. JEFFORDS. They do not have to start to pay back.

Mr. KASICH. Would they only teach 1 year?

Mr. JEFFORDS. During that period of 3 years, they have to teach. If they are not teaching, then the deferment lapses. They have to receive a certificate verifying that they are teaching. If they cease teaching during that period, then their deferment ceases and they are treated as others who are required to pay back their loans.

Mr. KASICH. So they teach 3 years and get a 5-year deferment?

Mr. JEFFORDS. No. They teach 3 years to get a 3-year deferment.

□ 1420

Mr. KASICH. Let me ask the gentleman, was there any consideration given to other professions like physicians? How did we decide which group we were going to help?

Mr. JEFFORDS. There are other provisions of the law which do entitle physicians to special treatment if they go into certain areas where there is a need for physicians. I am not particularly familiar with all the details of those aspects of the bill, but there are provisions which do provide that.

The CHAIRMAN pro tempore. The time of the gentleman from Vermont [Mr. JEFFORDS] has expired.

(On request of Mr. KASICH and by unanimous consent, Mr. JEFFORDS was allowed to proceed for 1 additional minute.)

Mr. KASICH. If the gentleman will yield further, I do happen to be somewhat familiar with the physician incentive program, and I do not know if the chairman is familiar with it, but we have at this point a significant amount of money that is in default in this physicians' program. I believe it is somewhere in the neighborhood of over $30 million in default by physicians who had their education paid for

if they would practice in rural areas and who then walked away from their commitments, leaving the taxpayers a bill of somewhere around $30 million.

I am just concerned in terms of putting any of these programs together. I know the gentleman from Pennsylvania [Mr. GOODLING] is going to have additional amendments. I am just concerned that we are not expanding it but where we are developing additional programs, we are trying to give incentives and yet people can walk away. If the gentleman feels he has tightened up in this area, that would solve some of my problems.

Mr. JEFFORDS. I appreciate the gentleman's comments, and I certainly would agree with him that we ought not to do something which is going to increase the default rate. Hopefully, this will not.

Mr. FORD of Michigan. Mr. Chairman, I move to strike the requisite number of words.

I was going to depend on the gentleman from New York [Mr. BIAGGI] to deal with this, because it is his provision, but the gentleman from Ohio, I think, has injected a potential bit of confusion into this discussion. It sounds to me as if he is confusing what we are doing here with deferrals with the program we have had in a variety of areas in the past of loan forgiveness.

Under the great education bill signed by President Eisenhower in 1959, we said to school teachers, "If you go out and teach, for each year you teach up to 5 years, we will forgive 20 percent of what you owe on your student loan."

This provision does not do that. This provision merely says you do not start making your payments so long as you are teaching, for up to 3 years. The obvious purpose of this is to recognize that "A Nation at Risk," the report of the President's Commission that triggered instant attention across this country, we forewarned and all the figures tell us that this is proving to be true: That we have a tremendous teacher shortage facing us. It is hard for people to believe, in times when we have been reducing the number of classroom teachers, that in many places, including my own State of Michigan, where there has been a reduction in the number of classroom teachers in the last 6 years by 12,000, that we are facing a dreadful shortage before the year 1990, the end of this reauthorization. In the case of Michigan, primarily because we have laid off all the low-seniority teacher, we now have older teachers who are going to be retiring during this period of time.

Across the country, we will need more than a million new teachers between now and 1991. When we take a look at what is happening, we will discover that young people are not opting for teaching as a profession, and one of the principal reasons for it is that the starting salary for school teachers nationally in this country is well below the starting salaries or compensation for every other kind of college graduate. I am generalizing when I say that. There are exceptions, of course.

It is for that reason that we recognize that the real concern is, can we get them to take this low-paid teaching job by saying to them, "At least you will not have the additional burden of making payments on your indebtedness for 3 years." If we are talking about somebody with a master's degree, 5 years, we are talking about a very substantial debt.

Mr. KASICH. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Ohio.

Mr. KASICH. I appreciate the distinguished chairman yielding, and I concur with his remarks.

Mr. Chairman, all I am concerned about, and I think the gentleman shares my concern, is, take, for example, the program that is supposed to attract physicians. I do not want to create a program that is not tight enough so we do not experience default problems.

It is very positive to reward people in this area. I just want to make sure that we have considered it carefully enough that we do not see people walking away and not actually ending up in the classroom, like we do with physicians, where they made a commitment to go to rural areas and got their education paid for, and then they walked away from it and then we are holding the bag to the tune of $30 million-plus.

Mr. FORD of Michigan. We will not be holding the bag for penny 1 in this program because what we are doing is just deferring the time when payments start. We are not reducing the amount of indebtedness as a result of their teaching.

The medical program the gentleman talked about actually was a forgiveness program which said, "If you will go into the Public Health Service for 2 years after you finish medical school, we will pay for your medical education," and we had no way to chain them to that job after they took the money and ran.

So there has been some abuse. But there is no way to abuse this because when they quit teaching they simply have to start making the payments.

Mr. KASICH. I give the chairman credit, certainly, for his thoughtful explanation of this and the thoughtfulness that went into drafting this particular provision. I would hope, though, that the chairman would address, somewhere in the future, what we can do to prevent physicians who are in default to the tune of $30 million from walking away from their responsibility, to change that program so that we do not continue to let this happen.

Mr. FORD of Michigan. I would suggest that the gentleman take that up with the Committee on Energy and Commerce because we are talking about programs that are under their jurisdiction, and not this subcommittee.

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I would yield to the gentleman from New York, who is the author of this provision. He has worked at it for several years, trying to get us to where we are, and who has very graciously agreed with Members on the other side to compromise his very hard position.

The CHAIRMAN pro tempore. The time of the gentleman from Michigan [Mr. FORD] has expired.

Mr. BIAGGI. Mr. Chairman, I move to strike the requisite number of words.

Mr. HENRY. Mr. Chairman, will the gentleman yield?

Mr. BIAGGI. I yield to the gentleman from Michigan.

Mr. HENRY. I thank the gentleman for yielding.

Mr. Chairman, I simply want to say that I, too, want to both identify with the words and the concerns voiced by my distinguished Member, the gentleman from Missouri, but at the same time acknowledge with sincere appreciation the way the gentleman from New York and the chairman of our subcommittee have worked out an agreement on this which is truly acceptable to all parties.

Particularly, I think it is appropriate that we acknowledge once again the leadership the gentleman from New York has shown in dealing with part-time and special-needs students as we did yesterday elsewhere in the bill.

I think much of our willingness to bend to the gentleman on this is also in recognition of the very superb contributions which are already evident in yesterday's action on the bill.

Mr. BIAGGI. I thank the gentleman.

Mr. Chairman, first I think it is important that we punctuate the concern of the gentleman from Ohio about default. It is one that we all share. There is a default provision in this bill. For his information and edification, the provision we have is almost, in toto, the recommendation that the administration sent over. We are mindful of the defaults of many students, and we have made efforts to tighten the default problem over the years. This tightens it even further.

In connection with the amendment, and the intent of the amendment, I understand and appreciate the concern of my colleagues who have been so kind as to sit down and help resolve

the problem. We all agree on the intent of the provision.

When the President issued his statement on education, "A Nation at Risk," he focused clearly on the problem that we were all aware of in our districts. There was a diminution in the quality of education for a host of reasons. In the last Congress, we passed legislation that would accelerate and enhance the possibility of recruiting teachers in math and science because as a nation we were failing in that regard. We were superseded by the educational systems of many foreign nations, including the Japanese and the Russians. Their engineer and science graduates exceeded the amount that our schools produced, which really was a failing, a failing not in the educational process, alone but its effect on our national defense.

So in considering that report, "A Nation at Risk," the committee has a responsibility to respond in any way possible to improve the educational system of our country. This bill contributes a great deal. The provision I have offered and which is included in this bill would establish a 5-year deferment, which is only an inducement in the recruitment process to get teachers to come into the system.

That has been our problem and will be our problem, because the competition for college graduates is severe. We know that there has been a drain from the educational system of good math teachers and good science teachers into private industry that paid two and three and four times as much in private industry as they are paid in their teaching positions, notwithstanding the fact that they really want to be teachers.

□ 1430

They are responding to a calling. But the realities of the economics of the day demand that they do something to improve their position.

Now what does that leave us? It leaves us with a system that will be anywhere from 1 to 2 million teachers short from now until 1990. Those are the estimates of the American Federation of Teachers as well as the National Education Association.

We offer this as an inducement. This deferment, and that is all it is—if you do not work, you do not get a deferment you do not get the benefit, and going into the system as a new teacher brings you in at a very low level, a starting salary on average of $14,000 a year, in some places less.

The CHAIRMAN pro tempore. The time of the gentleman from New York [Mr. BIAGGI] has expired.

(By unanimous consent Mr. BIAGGI was allowed to proceed for 5 additional minutes.)

Mr. BIAGGI. Contemplate, if you will, a graduate of a school going out into the marketplace at a beginning salary of $14,000. That is gross. What is the net and what does that leave that teacher to live on? Why should they come into the education system? If we do not have this deferment, they will be required to pay back that loan after 9 months. It is not a great assistance to them, but it is a special effort on our part to help teachers a little bit.

When you are down to nickles and dimes as a beginning teacher, each little bit helps considerably.

I understand, as I said at the outset, the concerns of my colleagues. Because of their concerns, and because of the nature of the bill and the importance of this bill, and the need to save money I will accept this amendment. This amendment, the amendment by the gentleman from Vermont [Mr. JEFFORDS] who has been a most valued member of the committee, and is committed to education will save money. No one quarrels with his objective, but sometimes we take different paths. In the end, we share the same concern, and his amendment will save many millions of dollars.

We have a $11 billion bill. It is estimated by the Congressional Budget Office that the bill itself will save $1 billion. This amendment will save some $40 million, and we understand it and we appreciate it.

With relation to the provision itself, I am prepared to accept the gentleman's amendment only for the sake of expediting the passage of this amendment and expediting the passage of the bill.

Mr. GOODLING. Mr. Chairman, will the gentleman yield?

Mr. BIAGGI. I am glad to yield to the gentleman from Pennsylvania.

Mr. GOODLING. Mr. Chairman, I want to compliment the gentleman for the accommodation. I also want to compliment him for the direction he has taken on this issue.

I do not know what the answer is to attract the brightest and the best into the teaching profession. All I know is that we are going to need an awful lot of the brightest and the best in the very near future. As the chairman indicated, most of our teachers now are part of the post-World War II teaching force that are very close to retirement age. Not very many people came into the profession for two reasons. First of all, you had a decline in the number of children that were being born in this country and you had a decline in the need. Second, because of the unbelievable starting salary, you do not have too much interest.

So anything that we can do to attract the brightest and the best, we should be doing, because we are going to need an awful lot of them in the next few years.

Mr. BIAGGI. I thank the gentleman and I yield back the balance of my time.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Vermont [Mr. JEFFORDS].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. JEFFORDS

Mr. JEFFORDS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JEFFORDS: Page 400, line 11, insert "with dependents" after "married".

Mr. JEFFORDS. Mr. Chairman, there are many things I like about this bill, and one of them is the attempt to establish a more coherent policy regarding the definition of independent students. What we are trying to do here is to make it more difficult for people to become independent students when they are from families that have the ability to pay for their education.

We have had an increasing number of families who have taken advantage of the law by declaring their young people as independent when, in fact, they are not, and this bill does help in that regard.

However, sometimes we adopt what has been a traditional concept into something where perhaps due to a change of circumstances and a change in the way our society looks at things may turn into an incredible loophole. The provisions with respect to independent students categorically state that if a student becomes married, that student becomes independent and, therefore, entitled to the aid which an independent student is eligible for, depending upon that individual's, not the family's, economic circumstances.

This amendment will say that the marriage exception shall only occur if those people who become married have children.

I think if we examine the potential here, of what could happen with respect to the amount of aid that we will be providing to students who are from wealthy families. In essence, to be very shorthanded, we could be providing a $50,000 wedding present for two students that get married when they enter college.

Now I am perhaps a little cynical, but I have a feeling that there are going to be a lot of young people that are going to take a look at this and say:

Well, instead of sharing our lives together during college in the fashion which has become perhaps too normal, why not go down to our local justice of the peace and get married, and then we will get a $50,000 wedding present from Uncle Sam, and our family will be even more generous, and whatever we can get on the side will be fine. Then when we graduate, we will take a look at the situation and if we feel, gee, we are getting along fine, we will stay married, and that will be fine. Otherwise, we will say, OK, the good old provision in the marriage

law that says until death do us part, we will just change that to say "until the debt has done its part," and we will go on our merry way, having Uncle Sam pay for our education.

I wonder, really, whether that is what we desire to do in this bill. I would like to read into the RECORD an analysis provided to me by the Congressional Research Service, an analysis which does show that, for instance, a family of $100,000 yearly income has a daughter, another family of $100,000 yearly income has a son, and they get married. Then they are, indeed, under this bill, eligible for a dramatic wedding present.

The material follows:

[From the Congressional Research Service]

Example 1 indicates that two dependent students, each from a family at the $100,00^ income level would not qualify for Federal student assistance under the need analysis provisions of H.R. 3700. However, as Example 2 indicates, as married independent students, these students would be able to qualify for an aid package that would pay virtually all of their costs at the University of Vermont.

ESTIMATED FEDERAL STUDENT AID PER STUDENT

	Example 1 results [1]	Example 2 results [2]
Pell grants	0	$1,950
SEOG	0	620
CWS	0	675
Perkins loans	0	425
GSL	0	2,500

[1] Aid as dependent student.
[2] Aid as married independent student.

Several caveats affect each of these examples. First, the costs of education used for University of Vermont are "average total costs" and may not accurately reflect the "actual" costs. Second, the family income of $100,000 chosen in Example 1 is an extreme case. At lower family income levels dependent students earning $500 may qualify for as much aid as married independent students earning $500. In fact, any family income close to the standard maintenance allowance, which is $10,640 for a family of three, would qualify these students for Federal Student aid. Third, in Example 2 the final figures given for the actual amount of aid are based on average awards given at the University of Vermont in the 1984-85 academic year. Because these are averages, they may not accurately reflect what the final aid package might be in any particular instance. These averages are used simply for illustration purposes. In an actual case, the student aid officer at the institution would make the final determination as to what the student aid package would be.

It is clear from this example that the wedding present received by this hypothetical couple amounts to approximately $6,000 per person per year, for a total of about $50,000 over 4 years.

So I am not going to ask anybody to vote because I do not want to tear people apart as to how they are going to vote on this, as to whether or not they want to give this nice wedding present. I am sure that all I will end up doing is alerting the young people of America sooner than they might have otherwise have realized that they better think about getting married pretty quickly when this bill passes, because they really could save a lot of money.

Mr. GOODLING. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I am happy to yield to the gentleman from Pennsylvania.

Mr. GOODLING. Mr. Chairman, this is a profamily amendment?

Mr. JEFFORDS. Definitely, this is profamily. This says let us have some more children. If you are going to get $50,000, let us not get $50,000 without at least helping provide more young people for this country.

Mr. GOODLING. The gentleman is trying to find more people to help pay the Social Security bill down the road?

Mr. JEFFORDS. That is right. We have to build up the young workers in this country if we are going to be able to survive when we get older, and the way to do it is to give everybody $50,000.

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. JEFFORDS. I am happy to yield to the gentleman from New York.

Mr. BIAGGI. I understand the gentleman's concern about saving $50,000. But I think the gentleman's premise is flawed because it is the premise that we must build upon. The premise the gentleman establishes or offers if that currently in the colleges of our Nation, the students, both male and female, are all cohabitating for the 4 years that they are going through the college system.

The CHAIRMAN pro tempore. The time of the gentleman from Vermont [Mr. JEFFORDS] has expired.

(On request of Mr. BIAGGI and by unanimous consent, Mr. JEFFORDS was allowed to proceed for 2 additional minutes.)

Mr. BIAGGI. Will the gentleman yield further?

Mr. JEFFORDS. I yield to the gentleman from New York.

Mr. BIAGGI. I do not think that is an accurate premise. Does the gentleman have any data or surveys, aside from any personal experience he may have had when he went to college?

Mr. JEFFORDS. Certainly I do not have any personal experience, I would say to the gentleman from New York, although I would say that rumors that I have heard would indicate that that possibility does exist to a significant extent.

I understand what the gentleman is saying. The problem we have, though, with these kinds of situations is that, it is the people that really we ought not to give the breaks to, that get the breaks because they take advantage of the system. And those that would never take advantage of the system are not our concern here.

So if you give a $50,000 bonus to those people that are out to take the system, that is my problem with the present situation.

Mr. BIAGGI. I thank the gentleman for yielding.

Mr. JEFFORDS. I yield back the balance of my time.

Mr. FORD of Michigan. Mr. Chairman, I rise in opposition to the amendment.

Only a gentleman from Vermont with that delightful New England sense of humor could maintain his composure and a straight face while presenting this amendment and calling it, without blushing, a pro-family amendment. For shame.

It is slightly better than the amendment the gentleman was wrestling with in the committee when I pointed out that while I do not know what you do in Vermont, in my State of Michigan, we prefer that they get married first, and then have the children, whenever that was possible. This amendment at least goes further. It suggests that you would put such a premium on marriage for people anticipating college that they are all going to run out and get married.

As a matter of fact, that has a degree of appeal to me, because I was taught both in my church and in my community that the laws and policies of our country should naturally promote marriage as a good and normal institution. I am sure that even Jerry Fawell agrees with me on that one.

As the gentleman from New York suggested, considering whether they could get their cohabitation without responsibility, the very effect of the amendment that the gentleman is describing is a very desirable effect for society generally and for the individuals, I am sure.

Mr. JEFFORDS. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Vermont.

Mr. JEFFORDS. I will just suggest than maybe we ought to say provided, however, that if you get divorced, you have to pay the $50,000 back. In that case, if we are worried about our divorce rate in the country, just think what that could possibly do toward reducing our divorce rate. Perhaps the gentleman would feel that that would be an acceptable amendment.

Mr. FORD of Michigan. I do not know how the gentleman got the $50,000 figure. There is not that kind of a difference between being a dependent or an independent student in terms of eligibility for aid. Even if you stay in school for 20 years, you cannot build a $50,000 differential based on being categorized as independent.

But on a serious note, let me observe this to the gentleman: I know of no State that recognizes any contradiction to the common law that has held

that once people become married, even females become emancipated from the responsibilities by and to their parents. Even in the days when we did not give women other kinds of civil rights, the act of marriage emancipated them from the control of the parents. Over the years, marriage has been interpreted to terminate the responsibility of the parents for the support, even of the weaker sex in the history of the common law, the female. To this day, we still recognize that people who become married are no longer a responsibility of the parents. To put another twist on the ball, as the gentleman's amendment would do, to suggest that two people who are married, sharing expenses, both working part-time so that one or both of them can get through school, that they are not, in fact, independent, is patently ridiculous.

Reluctantly I will shorten my remarks and ask for a vote against the gentleman's amendment so that he can get out of her and go to the Agriculture Committee and do whatever damage he can there.

□ 1445

Mr. JEFFORDS. Will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman.

Mr. JEFFORDS. In some seriousness, and this amendment is meant as a serious warning. I would just point out that in Vermont—and we may have a different kind of culture than the rest of the country—in our State the number of independent students is about 18 percent. Nationwide, it is up over 50 percent now.

One of the provisions we do have in our own aid allocations is to not to treat married people as independent for the purposes of their family's incomes. That is one of the reasons I think that we have been able to keep the number of people that are probably taking advantage of these situations under control.

We have another amendment which I thought was going to be offered, which unfortunately is not in its full extent, is a 2-year look-back on income tax returns. If the rest of the country had a similar approach to ensuring that people did not take advantage of this law, we could reduce very, very substantially the cost of this bill.

So although I do this in some levity, and certainly it merits some levity, I do it in some seriousness, too; because what we are going as time goes by is rewarding more and more of those families or those individuals that are willing to take advantage of the system and rewarding less and less those—the good old all-American family—that take the obligation of educating their education themselves.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Vermont [Mr. JEFFORDS].

The amendment was rejected.

Mr. JEFFORDS. Mr. Chairman, I rise to strike the last word.

Mr. Chairman, you may recall during my remarks in general debate on the bill we are now considering, I alluded to the fact that this bill contained a number of compromises which were made during subcommittee and full committee action.

One such compromise was with respect to the campus-based financial assistance.

H.R. 3700, as originally constructed, would have drastically reduced the allocation of funds to Vermont institutions. For example, in the Supplemental Education Opportunity Grant Program, Vermont's allocation would have been cut by more than 36 percent; a loss of approximately $1.5 million to students in the State of Vermont.

My position on this issue has been consistent. Just as I did in successfully fighting a change in the campus-based allocation formula in the fiscal year 1986 Labor-HHS-Education appropriations bill, during subcommittee markup, I strenuously opposed this dramatic shift in funds away from the needy students in Vermont. In fact, I offered an amendment which would have maintained the current allocation of funds at the fiscal year 1985 appropriations level.

Although this effort was not supported by a majority of the subcommittee members, a middle ground was struck which provides a guarantee of funding at the level of the fiscal year 1979 appropriations for the first 2 years of this bill's authorization; fiscal years 1987 and 1988; subsequent years provided for a 95-percent hold harmless.

Although Vermont would experience a loss in its allocation through this compromise, that reduction is significantly smaller than it would have been had the original proposal been sustained. Again using the SEOG example, the loss would be less than 10 percent.

I recognize the substantial commitment that the chairman of the subcommittee has invested in this compromise. I can udnerstand his opposition to any floor amendment which would attempt to undo this delicate agreement. Although I apreciate the chairman's willingness in reaching this compromise, I hope that further work with the Senate and during conference will achieve my desired goal.

I yield to the gentleman from Michigan.

Mr. FORD of Michigan. I would like to compliment the gentleman on his tenacity. We affectionately referred to this as one of his several "Vermont amendments" in the committee.

Mr. Chairman, I have discovered that trying to get between the gentleman and his love for the State of Vermont is a very, very dangerous thing, and that was what moved me more than even my admiration for the gentleman in other ways to compromise with him. I think that he improved the bill, as a matter of fact, and has brought us around to believing that while what he was doing was primarily intended to reach a problem brought to him by the people of his State, it was indeed good policy for all of the country. I compliment the gentleman for the amount of time and effort he spent converting us.

Mr. JEFFORDS. I appreciate the gentleman's comments, and I would also commend the gentleman from Missouri [Mr. COLEMAN] for offering the agreed-upon substitute.

The CHAIRMAN pro tempore. Are there further amendments to title IV?

AMENDMENTS OFFERED BY MR. JEFFORDS

Mr. JEFFORDS. Mr. Chairman, I ask unanimous consent that I be allowed to offer three amendments to title VII, and I also ask unanimous consent that they be considered en bloc.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Vermont?

Mr. FORD of Michigan. Reserving the right to object, Mr. Chairman, and I shall not object because the gentleman has told us what he has; I just want to make it clear that the only reason we are consenting to jumping out of order is because the gentleman does have other responsibilities, of which we are aware, and the amendments he has are really technical in nature and have no controversy attached to them, and we are willing to accept them.

I would like to serve notice that this is a very, very special case in allowing this kind of deviation from the reading of the bill.

Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Vermont?

There was no objection.

The CHAIRMAN pro tempore. The Clerk will report the amendments.

The Clerk read as follows:

Amendments offered by Mr. JEFFORDS: Page 539, line 16, insert after "shall be" the following: "the market value of such shares as determined by the Secretary, on the basis of an independent appraisal, but shall not be less than".

Page 533, beginning on line 19, strike out "credit," and everything that follows through "activities" on line 21 and insert in lieu thereof "credit and undertake obligations and commitments".

Page 540, beginning on line 22, strike out "to conduct all" and everything that follows through "carry out its" on line 24 and insert in lieu thereof "to purchase stock and to carry out such other activities as are neces-

sary and appropriate for carrying out the association's".

Mr. JEFFORDS (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there any objection to the request of the gentleman from Vermont?

There was no objection.

Mr. JEFFORDS. Mr. Chairman, I will be brief. These are merely technical amendments to the College Construction Loan Insurance Association, which is a part of the bill. I will take this time to go through them point by point.

As the Chairman has already indicated, they are technical amendments, and I do not believe give anyone any problems.

The CHAIRMAN pro tempore. The question is on the amendments offered by the gentleman from Vermont [Mr. JEFFORDS].

The amendments were agreed to.

Mr. SOLARZ. Mr. Chairman, I rise to strike the last word.

Mr. Chairman, I would like to ask the very distinguished chairman of the subcommittee and the manager of this legislation a question in order to clarify one section of the bill in title IV.

Under section 484, part 1, a student must, and I quote: "be enrolled or accepted for enrollment in a degree, certificate, or other program leading to a recognized educational credential," in order to be eligible for assistance under title IV.

Am I correct in my understanding that the phrase "recognized educational credential" is designed to be read expansively, not restrictively?

Mr. FORD of Michigan. If the gentleman will yield, the gentleman is correct.

Mr. SOLARZ. Am I therefore also correct. Mr. Chairman, in assuming that the language simply means that the student must be working toward any educational credential accepted by the State, or by a nationally recognized accrediting agency. To the extent the language is designed to exclude any student from eligibility, my understanding is that it excludes only students who are not studying for the purposes of obtaining any such educational credential, and am I correct in this understanding?

Mr. FORD of Michigan. If the gentleman will yield further, that is correct.

Mr. SOLARZ. I thank the gentleman very much, and I simply want to say in conclusion that I have rarely, in all my years in this Chamber, seen a more masterful display of legislative skill than the virtuoso performance which we have witnessed over the last several months from the very distinguished chairman of the subcommittee who, with the help of many of the other Members, has helped bring this legislation to the threshold of approval by the full House.

I stand in awe of what is truly a remarkable accomplishment.

AMENDMENT OFFERED BY MR. GOODLING

Mr. GOODLING. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GOODLING: Page 254, after line 24, insert the following new subsection:

"(h) AUTHORITY OF THE SECRETARY TO IMPOSE AND ENFORCE LIMITATIONS, SUSPENSIONS, AND TERMINATIONS.—(1) If the Secretary, after a reasonable notice and opportunity for hearing to an eligible lender, finds that it has substantially failed (A) to exercise reasonable care and diligence in the making and collecting of loans under the provisions of this part, (B) to make the reports or statements under section 428(a)(4), or (C) to pay the required loan insurance premiums to any guaranty agency, the Secretary shall limit, suspend, or terminate that lender from participation in the insurance programs operated by guaranty agencies under this part. The Secretary shall not lift any such limitation, suspension, or termination until the Secretary is satisfied that the lender's failure has ceased and finds that there are reasonable assurances that the lender will, in the future, exercise the necessary care and diligence or comply with such requirements, as the case may be.

"(2)(A) The Secretary shall, in accordance with sections 556 and 557 of title 5, United States Code, review each limitation, suspension, or termination imposed by any guaranty agency pursuant to section 428(b)(1)(U) within 60 days after receipt by the Secretary of a notice from the guaranty agency of the imposition of such limitation, suspension, or termination, unless the right to such review is waived in writing by the lender. The Secretary shall disqualify such lender from participation in the student loan insurance program of each of the guaranty agencies under this part, and notify such guaranty agencies of such disqualification—

"(i) if such review is waived; or

"(ii) if such review is not waived, unless the Secretary determines that the limitation, suspension, or termination was not imposed in accordance with requirements of such section.

"(B) The Secretary shall not lift any such disqualification until the Secretary is satisfied that the lender has corrected the failures which led to the limitation, suspension, or termination, and finds that there are reasonable assurances that the lender will, in the future, comply with the requirements of this part. The Secretary shall notify each guaranty agency of the lifting of any such disqualification.

"(3)(A) The Secretary shall, in accordance with sections 556 and 557 of title 5, United States Code, review each limitation, suspension, or termination imposed by any guaranty agency pursuant to section 428(b)(1)(T) within 60 days after receipt by the Secretary of a notice from the guaranty agency of the imposition of such limitation, suspension, or termination, unless the right to such review is waived in writing by the institution. The Secretary shall disqualify such institution from participation in the student loan insurance program of each of the guaranty agencies under this part, and notify such guaranty agencies of such disqualification—

"(i) if such review is waived; or

"(ii) if such review is not waived, unless the Secretary determines that the limitation, suspension, or termination was not imposed in accordance with requirements of such section.

"(B) The Secretary shall not lift any such disqualification until the Secretary is satisfied that the institution has corrected the failures which led to the limitation, suspension, or termination, and finds that there are reasonable assurances that the institution will, in the future, comply with the requirements of this part. The Secretary shall notify each guaranty agency of the lifting of any such disqualification.

Mr. GOODLING (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GOODLING. Mr. Chairman, let me preface my remarks concerning this amendment, for the benefit of those who are listening to this great debate and exciting session that we are having, back in the office or in one of their committee rooms, let me repeat what I said yesterday: Colleagues, I would suggest that you not get caught in this business of mixing apples and oranges. When you talk about authorization and appropriation, make sure that you are talking about them as separate entities. If you are comparing, compare authorization with authorization; if you are comparing appropriations, compare appropriations with appropriations, but do not mix the two.

My amendment, Mr. Chairman, would do the following: The Secretary will conduct a hearing under the provisions of the Administrative Procedures Act for any lender or institution which has received a limitation, suspension or termination (LS&T) by any guarantee agency under the provisions of section 428(b)(1)(T) and (b)(1)(U). Such a hearing shall occur within 60 days and unless the Secretary determines that the LS&T was not imposed in accordance with requirements of those sections, the Secretary shall disqualify such lender or institution from participation in the Student Loan Insurance Program of each of the guarantee agencies, and the Secretary shall notify such guarantee agencies of such disqualification.

□ 1455

The Secretary shall not lift any such disqualification until the Secretary is satisfied that the problems and failures which have led to the LS&T have been corrected and receives reasonable assurances that the requirements of this program will be complied with. This will allow institutions and/or

lenders operating in good faith to reenter the program once corrections have been made or if they are operating under "new management."

Each lender and institution of higher education will be accorded full due process under the regulations and criteria approved by the Secretary. No lender or institution may be disqualified merely on the basis of a high default rate, but rather will have to be found in violation of the program participation agreement and/or other requirements under the regulations. The State agency will be expected to have all the facts in hand before issuing an LS&T finding.

Additionally, this amendment gives authority to the Secretary to impose LS&T against lenders in the GSL Program. This closes a loophole which currently exists in the legislation.

These amendments are not designed to penalize any entities but rather to protect both students and taxpayers from poorly administered or even fraudulent institutions and/or lenders. No one operating a good program in good faith will have any problems with this amendment. This amendment merely "closes the circle" by requiring a national response to a potential abuse discovered by a State agency. Without this amendment State LS&T actions would have no teeth.

I believe the amendment has been agreed to by both sides. We worked it out.

I yield to my colleague from Ohio.

Mr. KASICH. Mr. Chairman, I rise in very strong support of Mr. GOODLING's effort to try to tighten up one of the areas where he is concerned about defaults. I would just very quickly like to turn to an August 30, 1985, AP story that quotes Education Secretary William Bennett where he says, "The increase in student loan defaults may top $1 billion this year alone," and his Education Department analysts say that the program's default rate in GSL will jump from 10.7 to 11.7 in the current fiscal year and to 13.6 by fiscal year 1990.

Now I know there is some dispute over those numbers, but there can be no dispute about the fact that the total amount of money is certainly going up under default, and Secretary Bennett himself talks about the dramatic increase in the default rate. Student aid is a clear national priority, but what we do not want to do certainly is undermine the support for student aid.

I want to commend the gentleman from Pennsylvania [Mr. GOODLING] and the gentleman from Missouri [Mr. COLEMAN] for their work to try to tighten up in a variety of areas. But I am disappointed that we have not gone even a step further to talk about the need for financial institutions to start sharing risks.

The CHAIRMAN pro tempore. The time of the gentleman from Pennsylvania has expired.

(By unanimous consent, Mr. GOODLING was allowed to proceed for 2 additional minutes.)

Mr. COLEMAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. GOODLING. I would be happy to yield to the gentleman from Missouri.

Mr. COLEMAN of Missouri. I thank the gentleman for yielding.

I was about to comment on the statement of the gentleman from Ohio, relating to the concern about the amount of defaults. We have incorporated into this bill a number of procedures to improve collections and reduce defaults. Many of these amendments I introduced and were therefore and thereafter endorsed and supported, by Secretary Bennett. These amendments do the very things that the gentleman from Ohio [Mr. KASICH] and others are concerned about.

The institutions themselves will be a part of this effort. So, in part we have responded to this concern. The Secretary has endorsed what we have incorporated.

Mr. GOODLING. In my amendment I am trying to not only protect students but good institutions, both lending institutions and colleges and universities.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield?

Mr. GOODLING. I yield to my chairman.

Mr. FORD of Michigan. I thank the gentleman for yielding.

Mr. Chairman, at the time the gentleman offered his amendment in committee, I was torn between people that we heard at the hearings. The State agencies wanted more or less autonomous power to cut off banks and cut off colleges of their choice for whatever reason they set up in that particular State, for whatever standards they established.

On the other hand, there were people who were giving us legitimate concerns about the failure of the Department of Education heretofore to respond when a State called bad practices of an institution, whether a lending institution or a school, to the attention of the Department.

Now what the gentleman has done is to find a fine compromise between those concerns. He makes it necessary for the Secretary to take action when a State triggers a complaint, but at the same time he insulates the lenders and the institutions against arbitrary action by requiring that they cannot be suspended until they have first been given an administrative law hearing with all that that entails under the statute. I compliment the gentleman for finding this nice balance. The gentleman has satisfied what we perceived to be legitimate concerns on both sides of the argument. For a schoolteacher, the gentleman makes an awfully good lawyer.

Mr. GOODLING. I thank the gentleman. I would also compliment the chairman because he had a little bit to do with that language, that compromise that we brought about.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. GOODLING].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BRUCE

Mr. BRUCE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BRUCE: Page 422, after line 7, insert the following new paragraph (and redesignate the succeeding paragraph accordingly):

"(6) The institution will not provide any student with any statement of certification to any lender under part B that qualifies the student for a loan or loans in excess of the amount that student is eligible to borrow in accordance with sections 425(a), 428(a)(2), and 428(b)(1) (A) and (B).

Mr. BRUCE. Mr. Chairman, I believe this amendment is noncontroversial. My amendment would insure that a student could not receive more than one loan during any period in which the law limits the student to only a single loan.

The amendment simply provides that when a financial aid administrator at a school certifies to a lender, a student's eligibility to receive a loan, that the aid administrator will also state that he has not certified a loan for that student to any other lender. Therefore, for each loan period, a student will not receive more than one loan.

The reason I am offering this amendment is that there has been some suggestions that some students have been abusing the Guaranteed Student Loan Program by getting two loans from different lenders. While concrete proof of this has not yet been presented, the allegation is sufficient to suggest a reasonable mechanism to insure against this practice.

This amendment simply provides another check on the system to insure that a student does not receive two loans inadvertently or by mistake. This amendment compliments other provisions in this bill which attempts to reduce fraud and abuse in the Guaranteed Student Loan Program. The finanical aid community is supportive of provisions which would insure that students receive only the amounts of aid for which they are entitled.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Illinois [Mr. BRUCE].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. GUNDERSON

Mr. GUNDERSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GUNDERSON: Page 402, line 2, strike the quotation marks and the second period, and insert in lieu thereof the following new section at the end of "part F":

"'SEC. 480B. STUDENT ASSISTANCE AND OTHER FEDERAL PROGRAMS.

"'No portion of any student financial assistance received by an individual from any program funded in whole or in part under title IV of this Act which is used by that individual for the payment of tuition and fees, as those terms are used in section 472(1) of this title, shall be considered as income or resources in determining eligibility for assistance under any other program funded in whole or in part with Federal funds.'.".

Mr. GUNDERSON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. GUNDERSON. Mr. Chairman, I have an amendment that deals with the interaction of Student Financial Assistance and Federal Public Assistance Programs.

This amendment would prohibit federal student finanical assistance funded under title IV and used by a student for the payment of tuition and fees from being considered as income when determining that student's eligibility for other federally supported public assistance programs.

Under existing policies, many low-income students, usually women and minorities, are penalized when they enroll in postsecondary education because student aid is frequently counted as income for continued subsistence income, medical and nutritional assistance.

Contradictory public assistance and student aid policies and practices represent serious barriers for low-income citizens who seek to further their education. Many low-income people depend upon public assistance benefits for access to college. Benefit checks do not contribute toward paying tuition and fees; they provide only subsistence-level support for the necessities of food, shelter, and clothing. When last surveyed, no State paid combined Aid to Families with Dependent Children [AFDC] and Food Stamp benefits totaling 100 percent of the poverty level living standard. Thirty States paid combined AFDC/Food Stamp benefits of less than 75 percent of the poverty level; 11 States paid less than 60 percent of poverty.

Low-income citizens, both heads of households and their dependents, simply cannot afford to pay college expenses from their existing family resources. As a matter of survival subsistence costs—rent, food, clothing, utilities, health care—must take precedence. The 33 million Americans living below the poverty line do not have sufficient funds to pay even these subsistence costs. Therefore, without adequate student financial assistance, postsecondary opportunities remain an unattainable goal for these individuals.

Consequently, public assistance and postsecondary education opportunity policies must be complementary. Low-income individuals should have access to adequate financial resources for both subsistence and college expenses. Public assistance policies that in any way reduce financial resources available to such citizens upon their enrollment in postsecondary education virtually close the doors of opportunity for these individuals.

Since the last time we reauthorized the act in 1980, we have witnessed factors that exacerbate the coordination of benefits problems:

Poverty has increased in America by 10 percent. Currently, more than 33 million Americans subsist on incomes below the poverty line.

Appropriations and authorization changes in a wide range of Public Assistance programs have resulted in losses in aid benefits, curtailing education and training opportunities. The replacement of the Comprehensive Employment and Training Act by the Job Training Partnership Act [JTPA] resulted in the elimination of $6 billion in wage and training subsidies. Budget authority for publicly assisted housing payments has been cut $19.4 billion in the 1981 to 1985 period. Combined appropriations increases for AFDC and Food Stamps lagged nearly 12.5 percent behind increases in the Consumer Price Index for this same 5-year period. Combined with the increase in the poverty rate, these reductions provide fewer resources for more needy citizens.

Increases in title IV student financial aid appropriations have been eroded by the rising costs of college attendance. Title IV appropriations, excluding the Guaranteed Student Loan [GSL] Program, increased from $3.7 billion in fiscal year 1980 to $5.1 billion in fiscal year 1985. This represents a 37.8 percent increase in appropriations for student aid, and is a measure of the importance Congress places on ensuring financial access to college. However, during the period 1981 to 1985, the cost of attendance for public and private colleges increased from $4,340 to $6,032. This represents an increase of 39 percent in college costs.

Additionally, the phasing out of Social Security student benefits resulted in the loss of an estimated $2.4 billion in student financial aid, more than 40 percent of current student aid appropriations, excluding GSL. The undergraduate GSL limit remains fixed at $2,500, a level initiated in 1972. College costs have increased more than 100 percent since then.

Congress evidenced its concern and awareness of these problems as early as 1968. The 1968 Higher Education Amendments stipulated that no grant or loan administered by the then Commissioner of Education shall be deductible as income or resources from AFDC grants. The congressional intent here is clear. However, over a decade of litigation documents the practices of State welfare departments deducting Federal student aid from AFDC grants. In addition, State welfare departments continue to deduct non-Federal student aid from welfare grants.

This amendment will place in statute what already exists under many programs, for example, Food Stamps, by simply putting into law what has been considered acceptable procedure under regulation.

Individuals receiving benefits from both student aid and public assistance programs are often caught in a catch-22 situation. I believe that my amendment will help overcome this situation and make postsecondary opportunities available to a category of citizens who desperately need those opportunities.

Mr. FORD of Michigan. Mr. Chairman, I move to strike the last word.

I would like to inquire of the gentleman from Wisconsin: In the amendment it was thought by staff that the gentleman was going to include books and supplies. Now it just happens that the one specific instance that I have had experience with this problem was the woman who came up to me at a community college in Michigan, early this fall. She pointed out to me that she had two children and was on welfare, when the college gave her an additional amount of money to buy the books for the current year. The welfare agency deducted that money from her payment of the money that she needed to feed her children, dollar for dollar. Obviously she could not feed the books to her children.

I wonder if the gentleman would consider amending his line 5 or line 6 to add "the books and supplies."

Mr. GUNDERSON. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Wisconsin.

Mr. GUNDERSON. I thank the gentleman for yielding.

Mr. Chairman, it is our understanding, as you will notice on line 5, we say, "as those terms are used in section 472(1) of this Title." If I could read that, I would read from the tuition and fees section on page 362 of the bill where it says:

(1) tuition and fees normally assessed a student carrying the same academic workload as determined by the institution, and

including costs for rental or purchase of any equipment, materials, or supplies required of all students in the same course of study;

And we go on from there. So we think that covers it. If it does not, we would be more than happy to include, before we complete consideration of this bill, any clarifying language that the gentleman feels is necessary.

Mr. FORD of Michigan. Then all we have to do is, where you say in line 6, "472(1)", put (1) and (2) in there, because (2) is the one that refers to books, supplies, transportation, and so on.

Mr. GUNDERSON. If the gentleman wants to do that, Mr. Chairman, I would ask unanimous consent at this time that we might modify my amendment on line 6 where it says "472(1)" to include "(2)" so that it will read "472 (1) and (2)" as well.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The text of the amendment, as modified, is as follows:

Page 402, line 2, strike the quotation marks and the second period, and insert in lieu thereof the following new section at the end of "part F":

"'SEC. 480B. STUDENT ASSISTANCE AND OTHER FEDERAL PROGRAMS.

"'No portion of any student financial assistance received by an individual from any program funded in whole or in part under title IV of this Act which is used by that individual for the payment of tuition and fees, as those terms are used in section 472 (1) and (2) of this title, shall be considered as income or resources in determining eligibility for assistance under any other program funded in whole or in part with Federal funds.'.".

Mr. FORD of Michigan. Mr. Chairman, I would be pleased to support the amendment offered by the gentleman and hope that the House will vote for it.

Mr. COLEMAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Missouri.

Mr. COLEMAN of Missouri. I thank the gentleman for yielding.

Mr. Chairman, as I understand the amendment offered by the gentleman, as to the amount that a person can receive, let us give an example: Let us say they receive $5,000 in grants and loans, what-have-you, $3,000 of which is for tuition, books, fees, and so forth. That leaves $2,000 left for living expenses and so forth. The $3,000 is not counted as income under the amendment offered by the gentleman.

Mr. GUNDERSON. For determining eligibility for other assistance programs.

Mr. COLEMAN of Missouri. Right. And the $2,000 is or is not?

Mr. GUNDERSON. Yes, it is.

□ 1510

The CHAIRMAN pro tempore (Mr. BENNETT). The question is on the amendment offered by the gentleman from Wisconsin [Mr. GUNDERSON], as modified.

The amendment, as modified, was agreed to.

Mr. PENNY. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the issue of defining an independent student has been discussed at length during our subcommittee and full committee hearings and markups. Throughout this debate, I have maintained that the needs of students who are truly independent of their families should be judged without reference to parental resources.

The bill before us includes a new definition of "independent student." The bill imposes an age limit of 23 years and older—with certain exceptions—for the purpose of determining independence under Federal student assistance programs.

Certainly, the age of 23 is better than the once proposed limit of 24; but any age requirement remains arbitrary. Selecting an age limit or establishing certain exceptions—such as being married, a veteran or a graduate student—has little to do with resolving the question of who really is or is not independent.

While the new definition may cut back the numbers of students claiming to be independent, and therefore should provide cost savings—I remain concerned that a certain group of students may be adversely affected by this definition.

In Minnesota, where a similar definition has been implemented this year, a number of students affected by the age limit have appealed to the higher education coordinating board. These students are children of divorced parents, children asked to leave home, students unable to locate parents and refugees from other countries—and obviously consider themselves legitimately independent. While initially determined dependent for purposes of financial aid in Minnesota, they are at least able to proceed through an appeals process where a large majority of these claims are being decided in favor of the students.

The H.R. 3700 definition does include a provision whereby the student financial aid administrator may determine a student "independent" due to "unusual circumstances." This provision provides some flexibility, but also allows for much inconsistency in determinations. It holds open the possibility of a different definition of independent student being established on every campus, and places a new and difficult requirement on financial aid administrators.

The foundation upon which our student financial aid programs is based is one of providing access to those who may not otherwise be able to pursue a postsecondary education. It remains my fear that the new independent student definition, even though it has been improved with amendments like the 2-year look-back provision, may in fact hinder access for some of the very students who need financial assistance the most.

AMENDMENT OFFERED BY MRS. ROUKEMA

Mrs. ROUKEMA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. ROUKEMA: Page 400, line 24, strike out the period and insert in lieu thereof "; and" and after such line insert the following:

who, if treated as an independent student during the preceding calendar year, was not claimed as a dependent by any other person for such preceding calendar year.".

Mrs. ROUKEMA (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

Mr. GALLO. Mr. Chairman, will the gentlewoman yield?

Mrs. ROUKEMA. I yield to the gentleman from New Jersey.

Mr. GALLO. I thank the gentlewoman from New Jersey for yielding, and I would like at this time to ask the chairman if I could engage in a short colloquy pertaining to reducing the loan default rate.

Let me first say that I want to thank the distinguished chairman, the gentleman from Michigan, and all members of the committee for embodying in H.R. 3700 parts of my bill, H.R. 3371, which was introduced earlier this year and which deals with the reduction of defaults.

There has been a great deal of discussion here today about the concern for defaults, and I think the language as it now reads makes it clear to schools that they are responsible for exercising good judgment in making loans to students, and they have that responsibility and should follow through on it.

I also at this time have some concern about the defaults in the guaranteed student loan programs. I was pleased to see that Congressman COLEMAN's bill, H.R. 2150, which alters certain practices in the lending process, has been included in H.R. 3700. However, I feel that this approach is not complete until more of the responsibility for monitoring and collecting loans is distributed to guarantee agencies and to lenders in the program.

Mr. Chairman, do you feel that the current law and H.R. 3700 places sufficient responsibility on these parties to monitor and collect on default loans?

Mr. FORD of Michigan. If the gentlewoman will yield, yes, I do. H.R. 3700, as the gentleman mentioned, picked up Mr. COLEMAN's original legis-

lation and a number of other matters that came to our attention during the hearings. The gentleman's concern was expressed to us very early in the process, and we appreciate the fact that he not only called it to our attention but persisted in making sure that we paid attention to it.

For example, H.R. 3700 sets forth specific due diligence requirements in terms of identifying and the location of defaulters and contacting them. Under current law, the percentage of reimbursement agencies received for defaults is directly related to the agency's default rate, so that there is a financial incentive for them to maintain the diligence. Now superimposed on that will be the requirements of H.R. 3700.

Mr. GALLO. That is the gentleman's understanding as it stands in the bill.

Mr. FORD of Michigan. It was our intention that we make the guarantee agencies exercise due diligence, although, frankly, the competition in the field now is making them do that better than we ever expected. We did have some troubles, though, and in some parts of the country may still have some troubles. We think we have tightened up the procedures with H.R. 3700 so that it will not take them very long to understand that it is not smart to go to sleep on loan collections.

Mr. GALLO. I thank the gentleman for his response and for his interpretation.

I think one of the concerns that we all have is that we know the Student Loan Program is a very vital program, one that is important to our young people, and we all want to ensure that those moneys, all of those moneys, that should be available are going to be available, and when you start having a loan default rate coming into the $1 billion mark, that is taking those dollars away from those students that we would like to continue and expand programs.

So I thank the gentleman for his comments.

Mr. FORD of Michigan. I would respond to the gentleman that we would expect that the agencies would review the lenders and institutions that do show an unusually high default rate. While we do not feel that that alone should be the criterion for terminating anybody from the program, a high default rate might and should trigger a review of lenders' and institutions' practices.

I see the gentlewoman from New Jersey standing. The amendment that Mr. JEFFORDS was amending a few moments ago is, on the other end of the process, requiring the institutions to give the students a better understanding of the fact that the money they are getting is actually a loan and that they will be expected to pay it back.

We also in the bill have provided for an additional burden before they can pass the paper over to the Government. We have extended the time that they will have to pursue the collection of the loan before they can turn the paper over to us. In fact, the Congressional Budget Office gave us credit for a substantial savings because they expect that will recoup more money than we now do.

The CHAIRMAN pro tempore. The time of the gentlewoman from New Jersey [Mrs. ROUKEMA] has expired.

(By unanimous consent, Mrs. ROUKEMA was allowed to proceed for 5 additional minutes.)

Mrs. ROUKEMA. Mr. Chairman, my amendment will perfect the provisions in the bill regarding the "independent student" definition by retaining the requirement in existing law that the student shall not have been counted as a dependent for income tax purposes in the previous calendar year. This requirement would not apply to the first year in which a student had entered one of the independent student categories listed in the bill.

The Congressional Budget Office has estimated that this amendment will save $246 million in the Pell Grant Program over the 5-year life of the bill.

The calculation concerning savings on the GSL Program, however, is unknown. But CBO does roughly estimate approximately 10,000 students could be shifted from independent status to dependent under the provisions of my bill.

Mr. Chairman, a tightening of the "independent student" definition has been among my highest priorities this year. If we want to direct precious Federal dollars to those students who are most in need, we have a corresponding obligation to ensure that assistance is not abused by those who have their own adequate resources.

It is most important that we have separate eligibility rules for independent students. If someone is truly providing for themselves, their eligibility for financial aid ought not to be measured against their parents' income where that is irrelevant to their situation.

However, I am pleased that we appear to be in general agreement that the current criteria for independent students are seriously flawed because it is almost totally impossible to verify the assertions made by the students. A student is considered independent if he meets three criteria: First, he hasn't lived with a parent or guardian for more than 6 weeks per year; second, he has not received more than $750 per year from a parent or guardian; and third, he has not been claimed as a dependent on their income tax form.

Other than the last criterion, how in the world could we ever expect a student financial aid administrator to verify these assertions?

The bill takes a much more pragmatic approach. It simply establishes easily verifiable and logical classifications (for example, 23 and older, married, et cetera) within which a student is automatically considered "independent."

However, I am concerned by the fact that the bill has discarded the one requirement in existing law which is both logical and easily verifiable: That that student shall not have been counted as a dependent for income tax purposes in the preceding calendar year.

I do not believe that a family should be able to have it "both ways" as far as the Federal Government is concerned. Either that student is "independent" for both tax and student aid purposes or he is not. A choice should have to be made.

Meanwhile, my amendment would protect the student in those transitional years where he has just entered one of the "independent" categories. In such instances, he would only lose his independent status if his parents continued to claim him as a dependent on their income tax form.

I believe this amendment to the definition of "independent student" is sound, practical to implement and enforce, and will save in costs to the program.

Mr. Chairman, I urge adoption of the amendment.

Mr. FORD of Michigan. Mr. Chairman, will the gentlewoman yield?

Mrs. ROUKEMA. I yield to the gentleman from Michigan.

Mr. FORD of Michigan. Mr. Chairman, I would like to ask the gentlewoman to help me clarify one thing. The gentlewoman did, in part, by saying what she is aiming at was somebody who, in the previous year, was claimed as a dependent for tax purposes by their parents.

Mrs. ROUKEMA. Yes, it is a look back.

Mr. FORD of Michigan. That is the person you wish to disqualify?

Mrs. ROUKEMA. Yes. That should be very clear. The purpose of this amendment is to be retrospective on the tax forms on the parents. If the parents have claimed the student in the previous year, and if that student was considered independent, then that student cannot continue to be claimed as an independent student.

Mr. FORD of Michigan. Well, I have no objection to that, and I think the gentlewoman has a good amendment. I am absolutely astonished at the figures that CBO has given us on how much money is saved, and I compliment the gentlewoman on finding this way to do it. But I want to make one thing clear. Let us take the situation of a married couple, let us assume, for the purpose of illustration, that the husband is the sole breadwinner. He is

employed; she is a full-time student. For obvious reasons, they file a joint tax return, even though the only income they have is his income.

On that tax return, they would claim two people under the section for dependents. You do not intend that that would disqualify her from being considered independent, do you?

Mrs. ROUKEMA. No, but I am seeking further clarification, Mr. Chairman.

Mr. FORD of Michigan. I am wondering if you mean "dependent" in the literal sense or in the way it is handled on the tax return. The 1040 has that deduction for dependents, and you claim yourself and your spouse and your children.

Mrs. ROUKEMA. She would be claimed on the basis of her husband's income as a dependent, but she would still be considered independent as far as her parent's income would be concerned.

Mr. FORD of Michigan. Would we consider her a taxpayer or dependent for the purpose of your amendment? I would prefer that you consider her, if she signs the tax return and files jointly with him, even though it is his money, that we consider her to be independent. Not if she is on daddy's tax return or momma's tax return, but her husband's. You see, it could be the other way around. She could be the one with the job.

Mrs. ROUKEMA. Well, as I understand the needs analysis contained in this bill, she would qualify, based on her own and her husband's income, I would think, under this amendment or any other situation.

Mr. FORD of Michigan. We are assuming that he had enough income to file a tax return but not enough income to disqualify her as a member of his family. But you know we now treat independent students as family members.

Mrs. ROUKEMA. I understand.

Mr. FORD of Michigan. It would have to be a rather low-income head of the household to qualify for the Pell grant, to begin with.

Mrs. ROUKEMA. I guess we are going to have to ask for legal counsel on this, Mr. Chairman.

Mr. FORD of Michigan. I think we have established that that is what you intend, and if we have to clean it up in conference, we will. But if you agree with me that you do not intend to pull into this one of the partners in a marriage where the combined income of those partners is on a single tax return——

□ 1525

Mrs. ROUKEMA. That is correct.

Mr. FORD of Michigan. If we need some better language, we will be glad to work with the gentlewoman before conference.

Mrs. ROUKEMA. Obviously, we will need clarifying language. But that is correct; that the combined income is the question here, and it is not the intention to deprive that woman of her status as an independent student with regard to her relationship with her parents.

Mr. FORD of Michigan. I thank the gentlewoman.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentlewoman from New Jersey [Mrs. ROUKEMA].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. GEJDENSON

Mr. GEJDENSON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GEJDENSON: Page 198, line 2, insert "(subject to subparagraph (D) of this paragraph)" after "payments".

Page 202, after line 2, insert the following new subparagraph:

"(C)(i) In the case of a State which enacts a garnishment law that complies with the requirements of this subparagraph, subparagraph (A)(ii) shall be applied by substituting '35 percent' for '30 percent'.

"(ii) A garnishment law complies with the requirements of this subparagraph if such law—

"(I) provides that the amount deducted for any pay period may not exceed 10 percent of disposable pay, except that a greater percentage may be deducted upon the written consent of the individual involved;

"(II) provides the individual with a minimum of 30 days written notice, informing such individual of the nature and amount of the indebtedness determined by such agency to be due, the intention of the agency to initiate proceedings to collect the debt through deductions from pay, and an explanation of the rights of the individual under such law;

"(III) provides the individual with an opportunity to inspect and copy records relating to the debts;

"(IV) provides the individual with an opportunity to enter into a written agreement with the agency, under terms agreeable to the head of the agency or his designee, to establish a schedule for the repayment of the debt;

"(V) provides the individual with an opportunity for a hearing in accordance with division (iii) on the determination of the agency concerning the existence or the amount of the debt, and in the case of an individual whose repayment schedule is established other than by a written agreement pursuant to clause (IV), concerning the terms of the repayment schedule, but does not permit additional administrative or judicial procedures that would delay collection of the debt (such as reduction of the debt to a judgment);

"(VI) provides that the employer will be held liable to the agency for any amount which such employer fails to withhold from wages due an employee following receipt by such employer of proper notice under clause (II), but such employer shall not be required to vary the normal pay and disbursement cycles in order to comply with this clause; and

"(VII) provides for the imposition of a fine against any employer who discharges from employment, refuses to employ, or takes disciplinary action against any individual subject to wage withholding required by this subparagraph because of the existence of such withholding and the obligations or additional obligations which it imposes upon the employer.

"(iii) A hearing described in division (ii)(V) shall be provided if the individual, on or before the 15th day follwing receipt of the notice described in division (ii)(II), and in accordance with such procedures as the head of the agency may prescribe, files a petition requesting such a hearing. The timely filing of a petition for hearing shall stay the commencement of collection proceedings. A hearing under division (ii)(V) may not be conducted by an individual under the supervision or control of the head of the agency, except that nothing in this sentence shall be construed to prohibit the appointment of an administrative law judge. The hearing official shall issue a final decision at the earliest practicable date, but not later than 60 days after the filing of the petition requesting the hearing.

"(iv) The notice given to the employer pursuant to division (ii)(II) shall contain only such information as may be necessary for the employer to comply with the withholding order.

"(v) For purposes of this subparagraph, the term 'disposable pay' means that part of pay of any individual remaining after the deduction of any amounts required by law to be withheld.".

Mr. GEJDENSON (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. GEJDENSON. Mr. Chairman, the amendment that I am introducing, which I believe both sides are aware of, would provide incentives for State agencies responsible for the collection of student loans to get an additional incentive raising the benefit they would get from 30 to 35 percent. In the State of Pennsylvania where this is presently the case, where garnishments are available for both governmental and nongovernmental students, the State of Pennsylvania increased its recovery by $6 million in 1 year. It is estimated in a State like the State of New York that we would be able to recover an additional $14 million.

I would like to join the others in commending the chairman on what is an excellent bill in a bipartisan way that has strengthened the laws, and I think there are some important reasons why we want to make sure this is an efficient and effective program.

First, those students who borrow from the Government ought to understand that they, like everyone else, have an obligation to repay it. Second, as those people like myself and others who believe in the Student Loan Program need to go the full distance to make sure that it is run as efficiently as possible.

Third, although this is among the most effective programs in recovering its loans already, people who do not believe in the Student Loan Program often use the default rate as a hammer to try to wholesale destroy these programs. For those three reasons I offer this amendment and hope that it will be supported by the committee.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield?

Mr. GEJDENSON. I yield to the gentleman.

Mr. FORD of Michigan. I thank the gentleman.

Mr. Chairman, we have looked at the gentleman's amendment and have discussed it with him. While I am always reluctant to embrace garnishment as a way to collect money from anyone, actually, the protections that the gentleman has written into his amendment would be desirable, it seems to me, as an alternative to some of the things that are being considered by State legislatures out there, and I would rather we go with his approach than leave it in a vacuum and have different rules all over the place.

I compliment the gentleman for his amendment.

Mr. COLEMAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. GEJDENSON. I yield to the gentleman.

Mr. COLEMAN of Missouri. I thank the gentleman.

Mr. Chairman, the gentleman has shared his amendment with us. We have taken a look at it and have no opposition to it. If it helps do the things that he says it is intended to do, we fully support it.

Mr. GEJDENSON. I thank the gentleman.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Connecticut [Mr. GEJDENSON].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. CLINGER

Mr. CLINGER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. CLINGER: Page 228, strike out lines 3 through 5 and insert in lieu thereof the following:

"(iv) a rate determined under subparagraph (D) during the 11th through 25th years after such commencement of repayment.

Page 228, after line 10 insert the following new subparagraph:

"(D) For each three year period during the 11th through 25th years after the commencement of repayment, the interest rate on a consolidation loan shall be equal to the greater of—

"(A) 12 percent, or

"(B) the average bond equivalent rates of ninety-one-day Treasury bills auctioned for the twelve month period preceding the beginning of such three year period, plus, 3.5 percent, rounded to the nearest tenth of one percent.

Mr. CLINGER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. CLINGER. Mr. Chairman, this is a very simple amendment which I am offering but one which I believe helps to ensure fairness in the Guaranteed Student Loan Program.

The basic thrust of my amendment changes the interest rate on the repayment schedule for years 11 through 25 for consolidation loans over $15,000 so that borrowers would pay either 12 percent, as required by the committee bill, or the Treasury bill rate plus adminstrative cost, whichever is higher. It would only require institutions to recompute the interest rates on these loans every 3 years so that the lenders would not be discouraged from participating in the GSL Program because of undue costs in administration.

Mr. Chairman, while I am in full support of the Guaranteed Student Loan Program, I do not believe that we should continue to allow subsidization of these loans for individuals who are well into their careers and should have the ability to pay the prevailing rate. Most of these individuals who have had to borrow $20,000, $30,000, or $40,000 are professionals—doctors, lawyers, businessmen and women—and should no longer reap the benefits of a program designed to help struggling individuals who are just beginning to make their way following graduation. The GSL Program should help students and not subsidize people long into their working careers.

This amendment does not alter the interest rate for years 1 through 10 when borrowers may still need the benefit of a lower rate, nor does it change the time period in which borrowers must repay the principal.

Yet it seeks to discourage individuals from borrowing large sums of money and stretching out their payments several years while also seeking to maintain Government subsidization. We cannot continue to allow borrowers to make windfall profits on Government programs.

The issue here is one of fundamental fairness and equity. The GSL Program is an excellent way to ensure educational opportunity in this country. Yet the inefficient use of Federal resources is a barrier to the future ability of the U.S. Government to provide educational financial assistance to students who are truly needy.

Despite constraints on Federal spending, Federal policy has not emphasized efficient use of the remaining Federal dollars. We must begin to maximize the use of Federal funds in the GSL Program while ensuring that the money goes to borrowers with the greatest need and not people who unfairly take advantage of the system.

While this amendment is not the answer to all our educational problems, it is a step in the right direction which seeks to bring about some equity in a good program that has received a fair amount of criticism. It is also an idea which was supported in a report released by the House Wednesday Group, which I currently chair, and praised by a Washington Post editorial.

Mr. Chairman, we should not continue to subsidize those students who stay in school longer than short-term students, and provide unfair financial gains to those who are well into their careers and those quite capable of paying the prevailing rate.

Mr. FORD of Michigan. Mr. Chairman, I rise in opposition to the amendment.

I discussed this amendment very briefly with the gentleman and expressed by concern, and it is reinforced now as I read the amendment carefully. If you look at the bill, you see that the ultimate interest rate you reach in his amendment is what the bill already provides, 12 percent in the later years of the stretched-out period for consolidation. The impact of that is that there is no subsidy at all on that money. The borrowers are paying, presumably, market rate. They might even be paying above market rate since the bill has a fixed amount that is adjusted periodically by a fixed and predictable amount.

Our reservation about this is that although it comes out at the same place, the mechanism for getting there differs from the Jeffords amendment, which is the language of the bill, in the sense that it would cause the lenders to have the responsibility of recomputing the interest rate every 3 years during the life of the consolidated loan.

We think, on the basis of the discussions that we had during the development of the Jeffords amendment that the lending institutions would not react favorably to this, and that this would discourage them from participating in the program. We, as has been indicated before, have supported Mr. JEFFORDS' efforts in trying to find a formula that lending institutions can live with administratively. Lenders did not argue with us about the interest rates or anything of the kind; it was the mechanics that they were concerned about.

We spent more time trying to find a simplified methodology that would readily be accommodated by the banks and other lending institutions than we did on arguing about whether the interest should be 10 or 12 percent or whether those rates should be in-

creased after 3 years or 5 years or 10 years.

□ 1535

The gentleman's amendment makes no substantial difference in the Government's cost. As a matter of fact, we are not able to guess quickly what his amendment does in recovering any cost. As far as it may provide some savings, I am not at all sure. But those would be more than wiped out if we discouraged lending institutions from going into consolidation, because we perceive consolidation as a very effective tool. With it we can say to a borrower, "Look, you've got five outstanding loans—you've got some guaranteed student loans and you've got some direct student loans, and over your school lifetime you've picked up one way or another five different loans. You can go to a bank and make a deal with them—you will pay a higher interest rate—so that you have one payment to make each month to one lender."

Our 1½-year experience when Sallie Mae was permitted to do consolidation proved to us—it was a trial run in the early eighties—that it does in fact work. In fact the banks and the State guaranty agencies came to us and indicated that they would be willing to also provide loan consolidation for student borrowers. The gentleman from Vermont [Mr. JEFFORDS] spent a considerable amount of time reassuring the financial community that this consolidation proposal was a livable methodology. For that reason, while I have no complaint at all with the purpose of the gentleman's amendment, or even the interest rates that he is dealing with, I am jealously trying to guard Mr. JEFFORDS' carefully constructed step levels, and have to oppose the amendment.

Mr. CLINGER. Mr. Chairman, will the gentleman yield?

Mr. FORD of Michigan. I yield to the gentleman from Pennsylvania.

Mr. CLINGER. Mr. Chairman, I certainly appreciate the gentleman's statement. I would say that we attempted to take into account in the amendment the legitimate objections of the lending institutions that they would be subjected to constantly having to recompute these interest rates. We felt that by providing a 3-year period within which they would be firm, since we would only require the computation every 3 years, that this was a reasonable thing to request or expect the lending institutions to do.

My feeling and observation is that the lending institutions are interested in getting into this field, and it just did not seem to me at least, and to those who support the amendment, that this was too onerous a burden to expect them to do this on a 3-year period.

Mr. FORD of Michigan. Mr. Chairman, I would like to suggest to the gentleman that if you have an opportunity to take it up with the representatives of consumer bankers and other associations, you will find that the other part of your methodology that causes trouble is that you do not fix the rate, as the gentleman from Vermont [Mr. JEFFORDS] does, by the period of time; you say that after each 3 years they will recompute what the ongoing interest rate will be for the next 3 years, and they do that by charging the greater of 12 percent or the average bond equivalent rates of 91-day Treasury bills auctioned for the 12-month period preceding the beginning of such 3-year period, plus 3.5 percent, rounded to the nearest tenth of 1 percent. This means that they have to examine the numbers from the bond market and recompute for each individual loan.

I would imagine that one bank, Citicorp, through its correspondents, probably has a million-and-a-half or 2 million loans that they are collecting on at any given time. They translate costs for changing interest rates into overhead costs. While I am not a special pleader for the bankers, we have worked for years to get them into this program.

The CHAIRMAN pro tempore (Mr. DURBIN). The question is on the amendment offered by the gentleman from Pennsylvania [Mr. CLINGER].

The amendment was rejected.

AMENDMENT OFFERED BY MR. COLEMAN OF MISSOURI

Mr. COLEMAN of Missouri. Mr. Chairman, I offer an amendment which was orginally presented under Mr. MCKERNAN's name.

The Clerk read as follows:

Amendment offered by Mr. COLEMAN of Missouri: Page 212, beginning on line 22, strike out subsection (i) through line 11 on page 214 and insert in lieu thereof the following:

"(i) MUTLIPLE DISBURSEMENT OF LOANS.—

"(1) ESCROW ACCOUNTS ADMINISTERED BY ESCROW AGENT.—Any guaranty agency or eligible lender (hereafter in the subsection referred to as the 'escrow agent') may enter into an agreement with any other eligible lender that is not an eligible institution or an agency or instrumentality of the State (hereafter in this subsection referred to as the 'lender') for the purpose of authorizing multiple disbursements of the proceeds of a loan to a student. Such agreement shall provide that the lender will pay the proceeds of such loans into an escrow account to be administered by the escrow agent in accordance with the provisions of paragraph (2) of this subsection. Such agreement may allow the lender to make payments into the escrow account in amounts that do not exceed the sum of the amounts required for disbursement of initial or subsequent installments to borrowers and to make such payments not more than 45 days prior to the date of the disbursement of such installment to such borrowers. Such agreement shall require the lender to notify promptly the eligible institution when funds are escrowed under this subsection for a student at such institution.

"(2) AUTHORITY OF ESCROW AGENT.—Each escrow agent entering into an agreement under paragraph (1) of this subsection is authorized to—

"(A) make the disbursements in accordance with the note evidencing the loan;

"(B) commingle the proceeds of all loans paid to the escrow agent pursuant to the escrow agreement entered into under such paragraph (1);

"(C) invest the proceeds of such loans in obligations of the Federal Government or obligations which are insured or guaranteed by the Federal Government;

"(D) retain interest or other earnings on such investment; and

"(E) return to the lender undisbursed funds when the student ceases to carry at an eligible institution at least one-half of the normal full-time academic workload as determined by the institution.

Mr. COLEMAN of Missouri (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COLEMAN of Missouri. Mr. Chairman, in this bill we have provided for multiple disbursement of loans to students. This provision saves $505 million over the life of this bill.

This amendment allows lending institutions to have the same authority that we have extended in this act to guaranty agencies so that they might set up escrow accounts for the purpose of authorizing multiple disbursements of the proceeds of a loan to a student. This would allow banks to go to larger banks or guaranteed agencies who have the ability to offer services.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield?

Mr. COLEMAN of Missouri. I yield to the gentleman from Michigan, who is such a knowledgeable Member about the banking community.

Mr. FORD of Michigan. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I must say that I am appalled at these late-blooming ideas that the gentleman from Missouri [Mr. COLEMAN] has, but in this case I think this is a good amendment and I accept it.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Missouri [Mr. COLEMAN].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. COLEMAN OF MISSOURI

Mr. COLEMAN of Missouri. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. COLEMAN of Missouri: Page 137, line 6, insert a semicolon after "individuals" and strike out line 7.

Page 137, beginning on line 9, strike out "or first generation college students".

Mr. COLEMAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COLEMAN of Missouri. Mr. Chairman, we have a provision in title IV—in fact it is a new program—which expands the child-care services for low-income students. I think that is a positive addition to the act.

The purpose of this amendment is to eliminate the requirement that two-thirds of the people who participate in this program be first-generation college students. This measure is irrelevant. If a person has a need, that person ought to be allowed to participate in this program.

Under my amendment, a low-income individual will still be able to participate. Low income is defined as 150 percent of poverty or less. From that standpoint I think it provides some flexibility for people who may in fact have a college education but who, for one reason or another, still would qualify as "low income." Many people, for example, might go into teaching or social work which does not pay well, and for one reason or another they may not reach for the income success as much as others. I feel that all low-income individuals ought to have the opportunity to participate in this program.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield?

Mr. COLEMAN of Missouri. I yield to the gentleman from Michigan.

Mr. FORD of Michigan. Mr. Chairman, the gentleman's amendment goes to a provision in the bill written by the gentlewoman from California [Mrs. BURTON]. We have consulted with her, and she has indicated that she feels the amendment does no violence to her intention and she would be agreeable to it. Even I am agreeable to it, although I have fought for the "first generation" definition throughout.

I would like to clarify one thing. As I understand the gentleman's amendment, it requires that two-thirds of the participants would be low-income individuals, as defined under 150 percent of poverty?

Mr. COLEMAN of Missouri. That is correct.

Mr. FORD of Michigan. Mr. Chairman, I thank the gentleman.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Missouri [Mr. COLEMAN].

The amendment was agreed to.

The CHAIRMAN pro tempore. Are there any further amendments to title IV?

If not, the Clerk will designate title V.

The text of title V is as follows:

TITLE V—AMENDMENT TO TITLE V OF THE ACT

SEC. 501. REVISION OF TITLE V.

Title V of the Act is amended to read as follows:

"TITLE V—EDUCATOR RECRUITMENT, RETENTION, AND DEVELOPMENT

"SEC. 501. STATEMENT OF PURPOSE.

"It is the purpose of this title—

"(1) to assist in strengthening the content and delivery of teacher preparation programs;

"(2) to promote school, college, and university partnerships which advance the quality of teacher education programs and provide a stronger link between teacher preparation programs and the challenges facing today's classroom teachers;

"(3) to provide assistance to our Nation's teaching force for the continued improvement of their professional skills and expansion of their subject matter expertise;

"(4) to improve the leadership and administrative skills of elementary and secondary school administrators; and

"(5) to support data collection and research activities on teaching which better direct Federal, State, and local resources.

"SEC. 502. AUTHORIZATION OF APPROPRIATIONS.

"(a) EXCELLENCE IN TEACHER EDUCATION PROGRAMS.—For part A, there are authorized to be appropriated $10,000,000 for subpart 1 for fiscal year 1987 and $4,000,000 for subpart 2 for fiscal year 1987, and such sums as may be necessary to carry out the provisions of such part for each of the four succeeding fiscal years.

"(b) SCHOOL, COLLEGE, AND UNIVERSITY PARTNERSHIPS.—For part B, there are authorized to be appropriated $20,000,000 for subpart 1 for fiscal year 1987, $7,500,000 for subpart 2 for fiscal year 1987, and such sums as may be necessary to carry out the provisions of such part for each of the four succeeding fiscal years.

"(c) PROFESSIONAL DEVELOPMENT AND LEADERSHIP PROGRAMS.—For part C, there are authorized to be appropriated $20,000,000 for subpart 1 and $20,000,000 for subpart 2 for fiscal year 1987, and such sums as may be necessary to carry out the provisions of such part in each of the four succeeding fiscal years.

"(d) TEACHER SCHOLARSHIPS AND FELLOWSHIPS.—For part D, there are authorized to be appropriated $5,000,000 for subpart 1, $20,000,000 for subpart 2, and $2,000,000 for subpart 3 for fiscal year 1987, and such sums as may be necessary to carry out the provisions of such part in each of the four succeeding fiscal years.

"(e) RESEARCH, DATA COLLECTION, AND PLANNING.—For part E, there are authorized to be appropriated $2,000,000 for subpart 1 for fiscal year 1987, $1,000,000 for subpart 2 for fiscal year 1987, and such sums as may be necessary to carry out the provisions of such part in each of the four succeeding fiscal years.

"PART A—EXCELLENCE IN TEACHER EDUCATION PROGRAMS

"Subpart 1—Enhancing The Quality of Teacher Education Programs.

"SEC. 511. PROGRAM AUTHORITY AND REQUIREMENTS.

"(a) PROGRAM AUTHORITY.—The Secretary is authorized to make grants, in accordance with the provisions of this subpart, to institutions of higher education and combinations of such institutions, including community and technical colleges, for programs which are designed and implemented jointly with local elementary and secondary schools, to provide institutional support for teacher education programs, to promote accessibility, diversity, and quality curricula, and to provide convenient and economical services for the participants.

"(b) USE OF FUNDS.—Grants under this subpart may be used for developing and implementing—

"(1) high quality teacher education programs having selective admissions criteria, and encouraging talented students to enter into such programs, including recruitment of students from minority populations;

"(2) cooperative projects and programs involving faculties of liberal arts and sciences and faculties of education to revise and strengthen general studies and professional education programs, including programs incorporating clinical experiences and nontraditional teacher preparation programs involving course curricula in excess of four years;

"(3) joint projects between local education agencies and institutions of higher education to provide programs of assistance for beginning teachers;

"(4) clinical experience programs for teacher education candidates which are interspersed throughout their training program and involve classroom teachers from the school site;

"(5) assistance in the design and development of staff development units involving teams of faculty, elementary and secondary school teachers, and administrators to work together on school site projects;

"(6) projects jointly involving college and university faculty and elementary and secondary school faculty in the practical application of educational research and evaluation findings, and the integration of such research into the teacher education program;

"(7) alternative professional preparation programs for nontraditional teacher education students but maintaining the same standard for graduation;

"(8) special support to institutions preparing teachers to serve in disciplines where shortages have been identified through the data collection required under part E;

"(9) teacher education programs designed to meet the needs of historically underrepresented populations and institutions with large numbers of such populations as identified through the data collection required under part E;

"(10) staff development projects for faculty of collegiate departments to provide training to familiarize faculty with research on teaching, learning, and innovative teaching practices;

"(11) programs to train education personnel in the application of new and advanced technologies; and

"(12) training educational personnel who will specialize in the teaching of disadvantaged Native Hawaiians and the development of model projects to carry out improved preservice or support activities for teachers of Native Hawaiian elementary and secondary students.

"(c) APPLICATION REQUIREMENTS.—(1) No grant may be made under this subpart, except as described in paragraph (2), unless an application is made by an institution of higher education, or a combination of such institutions including community and technical colleges, at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably

require. Each applicant shall use the assistance provided under this subpart to supplement and not to supplant activities conducted by institutions of higher education described in subsection (a).

"(2)(A) The Secretary is authorized, in the State of Hawaii, to enter into contracts with a local school of education and organizations recognized by the Governor of the State of Hawaii which primarily serve and represent Hawaiian natives for the purpose of conducting and administering programs, or portions of programs, that benefit Hawaiian natives and are consistent with the purposes of this section.

"(B) For the purposes of this section, the term 'Native Hawaiian' means any individual any of whose ancestors were natives, prior to 1778, of the area which now comprises the State of Hawaii.

"Subpart 2—Midcareer Teacher Training for Nontraditional Students

"SEC. 512. PROGRAM AUTHORITY AND REQUIREMENTS.

"(a) PURPOSE.—It is the purpose of this subpart to encourage institutions of higher education with schools or departments of education to establish and maintain programs that will provide teacher training to individuals who are moving to a career in education from another occupation.

"(b) SELECTION PROCEDURES.—From the funds available for this subpart, the Secretary shall make grants to institutions of higher education on the basis of the competitive selection among qualifying applications. Institutions selected as recipients shall be awarded (1) an initial planning grant for use during the first two fiscal years after selection, and (2) for those institutions demonstrating successful performance with the planning grant, a renewal grant for use during not more than two additional years.

"(c) CONTENTS OF APPLICATIONS.—Applications for grants under this subpart shall demonstrate that—

"(1) the applicant will establish and maintain a program of midcareer teacher retraining designed to prepare individuals for teacher certification requirements who already have a baccalaureate or advanced degree and job experience in education-related fields of study;

"(2) the applicant has designed a program which includes at least the following elements:

"(A) a screening mechanism to assure that individuals who are admitted to the program possess the current subject matter knowledge needed and the characteristics that would make them likely to succeed as classroom teachers;

"(B) a clear set of program goals and expectations which are communicated to participants; and

"(C) a curriculum that, when successfully completed, will provide participants with the skills and credentials needed to teach in specific subject areas as well as a realistic perspective on the educational process;

"(3) the program has been developed with the cooperation and assistance of the local business community;

"(4) the program will be operated under a cooperative agreement between the institution and one or more State or local educational agencies; and

"(5) the program will be designed and operated with the active participation of qualified classroom teachers and will include an in-service training component and follow-up assistance.

"(d) REVIEW OF APPLICATIONS.—Applications for grants under this subpart shall be reviewed by a panel of experts in teacher training designated by the Secretary. The Secretary shall, to the extent of available funds, select at least one applicant from each of the ten regions served by the Department of Education and assure that programs offered reflect all significant areas of national need in which shortages exist.

"(e) AMOUNT OF GRANTS.—The initial planning grant to an institution of higher education shall not exceed $100,000 for the two years for which it is available. The renewal grant to an institution shall not exceed $50,000 for each of the two years for which it is available.

"(f) REPORTS AND INFORMATION.—Each institution of higher education that receives a grant under this subpart shall submit to the Secretary such reports and other information on the program it conducts under this part as the Secretary deems necessary. The Secretary shall disseminate such information to other institutions of higher education for the purpose of promoting greater use of midcareer teacher training programs without direct Federal financial assistance.

"PART B—SCHOOL, COLLEGE, AND UNIVERSITY PARTNERSHIPS

"Subpart 1—University and High School Partnerships

"SEC. 521. GENERAL PURPOSE.

"It is the purpose of this subpart to encourage partnerships between institutions of higher education and secondary schools serving low-income students, to support programs that improve the academic skills of public and private nonprofit secondary school students, increase their opportunity to continue a program of education after high school and improve their prospects for employment after high school.

"SEC. 522. PARTNERSHIP AGREEMENT.

"(a) PARTNERSHIP AGREEMENT.—To be eligible for a grant under this subpart, an institution of higher education and a local education agency must enter into a written partnership agreement. A partnership may include businesses, labor organizations, professional associations, community-based organizations or other private or public agencies or associations. All partners shall sign the agreement.

"(b) CONTENTS OF AGREEMENT.—The agreement shall include—

"(1) a listing of all participants in the partnerships;

"(2) a description of the responsibilities of each participant in the partnership; and

"(3) a listing of the resources to be contributed by each participant in the partnership.

"SEC. 523. GRANTS.

"(a) DIVISION BETWEEN SCHOOL-YEAR AND SUMMER PROGRAMS.—From the funds appropriated for this subpart pursuant to section 502(b), the Secretary shall reserve 65 percent to carry out programs operating during the regular school year and 35 percent to carry out programs operating during the summer.

"(b) AMOUNT AND USE OF GRANTS.—From such funds, the Secretary shall make grants of no less than $250,000 and no more than $1,000,000. The grants may be used by the partnership for programs that—

"(1) use college students to tutor high school students and improve their basic academic skills;

"(2) are designed to improve the basic academic skills of high school students;

"(3) are designed to increase the high school student's understanding of specific subjects;

"(4) are designed to improve the high school student's opportunity to continue a program of education after graduation; and

"(5) are designed to increase the high school student's prospects for employment after graduation.

"(c) PREFERENCES.—In making grants under this subpart, the Secretary shall give a preference to—

"(1) programs which will serve predominantly low-income communities;

"(2) partnerships which will run programs during the regular school year and the summer; and

"(3) programs which will serve educationally disadvantaged students, potential dropouts, pregnant adolescent and teen parents, or children of migratory agricultural workers or of migratory fishermen.

"SEC. 524. APPLICATION FOR GRANTS.

"(a) APPLICATION REQUIRED.—A partnership desiring to receive a grant under this subpart must submit an application to the Secretary.

"(b) CONTENTS OF APPLICATION.—The application shall include—

"(1) the written and signed partnership agreement;

"(2) a listing of the public and private nonprofit secondary school or schools to be involved in the program;

"(3) a description of the programs to be developed and operated by the partnership;

"(4) assurances to the Secretary that—

"(A) the partnership will establish a governing body including one representative of each participant in the partnership;

"(B) Federal funds will provide no more than 70 percent of the cost of the project in the first year, 60 percent of such costs in the second year, and 50 percent of such costs in the third year and any subsequent year;

"(C) a local educational agency receiving funds under this subpart shall not reduce its combined fiscal effort per student or its aggregate expenditure on education; and

"(D) a local educational agency receiving funds under this subpart shall use the Federal funds so as to supplement and, to the extent practical, increase the resources that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of students participating in the project, and in no case may funds be used to supplant such non-Federal funds; and

"(5) provide such information and meet such conditions as may be required by the Secretary.

"SEC. 525. COMMUNITY COLLEGE PILOT PROJECT.

"(a) PROGRAM AUTHORIZED.—In addition to the grants awarded under section 523, the Secretary is authorized to award four grants for pilot community college partnership projects under this section.

"(b) PARTNERSHIP AGREEMENTS.—To be eligible for a grant under this section, a community college shall enter into a partnership agreement as in accordance with section 522 with a local educational agency and at least one local business or industry.

"(c) AMOUNT AND USE OF GRANTS.—Grants under this section shall be no less than $250,000. The grants may be used by the partnership for programs that—

"(1) use college students to tutor high school students and improve their basic academic skills;

"(2) are designed to improve the basic academic skills of high school students;

"(3) are designed to increase the high school student's understanding of specific subjects;

"(4) are designed to improve the high school student's opportunity to continue a program of education after graduation; and

"(5) are designed to increase the high school student's prospects for employment after graduation.

"(d) APPLICATION.—To receive a grant under this section, a community college shall submit an application in accordance with section 524(b).

"(e) AWARD OF GRANTS.—In making awards under this section, the Secretary shall give preference to applications indicating that the business or industry partner is engaged in technological or aerospace activities.

"(f) ELIGIBLE INSTITUTIONS.—The institutions which may be awarded grants under this section are—

"(1) the Wayne County Community College of Wayne County, Michigan;

"(2) the Community College of Vermont;

"(3) the Compton Community College of Compton, California; and

"(4) the Metropolitan Community College of Kansas City, Missouri.

"(g) REPORTS AND INFORMATION.—Each community college that receives a grant under this subpart for establishing pilot projects shall submit to the Secretary such reports and other information as requested in order to evaluate program effectiveness and to disseminate information on exemplary programs to other community colleges, area vocational-technical schools, and other institutions of higher education, for the purposes of promoting greater use of university-high school partnerships without direct Federal financial assistance.

"Subpart 2—Teaching Academies Demonstration Projects

"SEC. 526. PURPOSE.

It is the purpose of this subpart to establish teaching academy demonstration projects to provide more effective instruction and guidance in the development of teaching skills through the creation of internships for beginning teachers. Such internships will be directed by experienced, highly qualified teachers with input on recent research on teaching effectiveness from schools of education. Such internships would give beginning teachers greater time and assistance in making the transition from college study to actual teaching by allowing them to teach a reduced load during their beginning year, with the nonteaching time spent in seminars and programs learning from and observing experienced teachers and benefitting from the most recent research findings on effective teaching and classroom techniques.

"SEC. 527. TEACHING ACADEMIES.

"(a) AUTHORITY.—(1) In order to establish demonstration programs to promote better transition into classroom practice for entry level teachers, the Secretary is authorized to make grants to consortia of schools of education and local education agencies to assist such consortia in the planning, establishment, and operation of teaching academies.

"(b) DEFINITIONS.—For the purposes of this section—

"(1) the term 'teaching academy' means any program operated by local education agencies and their teachers in conjunction with a school of education, in which qualified local education agency teachers with a minimum of 7 years of teaching experience—

"(A) serve as adjunct faculty to assist in the further training of entry level teachers, with the organization and supervision of such adjunct faculty shared between the school of education and the local education agency; and

"(B) provide supervision and instruction to entry level teachers in order to assure that entry level teachers have greater opportunity to plan, seek guidance, observe experienced teachers, make use of available resources to improve their professional skills, and gradually assume greater levels of responsibility as teachers;

"(2) the term 'school of education' means institutions of higher education, and administrative units of institutions of higher education, specializing in the training of individuals to serve as teachers, guidance and counseling personnel, administrative personnel, or other education specialists; and

"(3) the term 'entry level teacher' means any teacher who has met the State teacher certification requirements within the last 24 months or has been employed as a full-time teacher from a public or private nonprofit school for no more than one year since certification.

"SEC. 528. REQUIREMENTS OF GRANT RECIPIENTS.

"(a) INTERNSHIPS.—Each teaching academy shall provide one-year internships for entry level teachers who have met initial State certification requirements for teaching. Entry level teachers participating in such internships shall teach fewer classes than the normal full teaching load required by the local education agencies. The time made available by the reduced teaching load shall be spent in observation of adjunct faculty's classroom teaching skills, seminars, classes or other activities conducted or directed by the adjunct faculty in conjunction with the school of education and with programs operated under section 531 where applicable.

"(b) SUPERVISION OF ACADEMY.—Each teaching academy shall be operated under the supervision of a teaching academy policy board, the majority of which is composed of qualified elementary and secondary classroom teachers, but which includes representatives of, or designees of, the school board of the local school district participating in the academy, at least one entry level teacher, at least one representative designated by the school of education participating in the academy, at least one representative of the local community, and at least one representative of local business.

"(c) APPLICATIONS.—Any local education agency and school of education desiring to receive a grant under this section shall make application therefor at such time, in such manner and containing or accompanied by such information, as the Secretary may by regulation require. Such applications shall be submitted jointly by the local education agency, the school system's teachers' organization, and a school of education. The Secretary's approval of the application shall be on a competitive basis.

"SEC. 529. CONTENTS OF GRANT PROPOSALS.

"A grant under this Act may be made only if the proposal provides—

"(1) assurances that the applicant has demonstrated knowledge of and ability to link current research on teaching and classroom skills with effective teacher development and screening;

"(2) sufficient input from the school of education to demonstrate a commitment on the part of the school of education to continue programs to improve the selection, evaluation, and training of entry level teachers;

"(3) specific, objective criteria by which the adjunct faculty and entry level teachers participating in the teaching academy will be selected; and

"(4) assurances from the local education agency that both the adjunct faculty and the entry level teachers will be granted sufficiently reduced classroom responsibilities to ensure adequate time for the planning, development, and execution of the various seminars, programs, and activities described in the proposal.

"SEC. 530. REPORT.

"Within 3 years of the establishment of such teaching academies, the Secretary shall file a report with the Congress evaluating the strengths and weaknesses of the teaching academies, with recommendations for their improvement and coordination with the other parts of this title.

"PART C—PROFESSIONAL DEVELOPMENT AND LEADERSHIP PROGRAMS

"Subpart 1—Professional Development Resource Centers

"SEC. 531. PROGRAM AUTHORITY AND PURPOSE.

"(a) AUTHORITY.—The Secretary is authorized to make grants under this subpart to assist teachers from public and private nonprofit schools in the continuous improvement of their professional skills and the expansion and updating of their subject matter expertise by establishing professional development resource centers for teachers.

"(b) PURPOSE.—It is the purpose of this subpart to assist in the establishment of professional development resource centers that will—

"(1) help teachers make effective use of educational tools including understanding new technologies and their application;

"(2) enhance teachers' subject matter expertise;

"(3) help teachers learn new classroom management techniques;

"(4) help teachers learn and apply the latest research on learning and teaching;

"(5) help teachers to apply creative approaches toward achieving instructional goals, including making the best use of available community resources; and

"(6) help retain effective teachers in the profession by providing them with collegial interaction and support and opportunities for professional growth.

"SEC. 532. GEOGRAPHICAL DISTRIBUTION OF GRANTS.

"In making grants under this subpart, the Secretary shall ensure that eligible applicants within each State receive sufficient funds to plan, establish, or operate at least one professional development resource center within the State in each fiscal year.

"SEC. 533. GRANT REQUIREMENTS.

"(a) ELIGIBLE APPLICANTS.—The Secretary is authorized to make grants to local educational agencies or consortia of local educational agencies, in accordance with the provisions of this section, to assist such agencies in planning, establishing, and operating professional development resource centers.

"(b) DEFINITION OF CENTER.—For the purpose of this part, the term 'professional development resource centers' means any year-round program operated by a local educational agency, a combination of such agencies, or an educational service agency which serves teachers from public and private nonprofit schools in a State or from an area or community within a State. Through the centers, teachers, with the assistance of such consultants and experts as may be necessary, including expertise available at institutions of higher education, shall conduct activities to advance the goal of professional excellence and to improve teaching skills for the teachers they serve.

"(c) USE OF FUNDS.—Grants under this subpart may be used for—

"(1) developing and disseminating curricula designed to meet the educational needs of students in kindergarten through grade 12, in the community, area, or State being served, including the use of educational research findings or new or improved methods, practices, and techniques in the development of such curricula, and including the use of technology and telecommunications;

"(2) providing training to enable teachers to better meet the educational needs of students and to familiarize teachers with developments in curriculum, testing, and educational research including the manner in which the research can be used to improve classroom instruction;

"(3) providing for dissemination of information to those served by the center and to other professional development resource centers nationally about the activities and services of the centers;

"(4) bringing together teachers and materials from various school sites to serve as resources for teachers using the center;

"(5) encouraging collaborative activities between elementary and secondary school teachers and faculty at institutions of higher education;

"(6) encouraging the application of institutional and community resources to the goal of improving the quality of classroom instruction; and

"(7) providing professional development opportunities for teachers of special population groups (handicapped children, limited English proficient children, educationally and economically disadvantaged children) in rural settings.

"SEC. 534. PROFESSIONAL DEVELOPMENT POLICY BOARD.

"Each professional development resource center shall be planned and operated under the supervision of a professional development policy board, the majority of which shall be representatives or designees of the public and private nonprofit, elementary and secondary classroom teachers to be served by such center. Such board shall also include individuals representative of, or designated by, school administrators, the school board (or boards) of the local educational agency (or agencies) served by such center, local business and at least one representative designated by institutions of higher education, when such institutions are located within reasonable proximity of the center, including but not limited to institutions that have departments, schools, or colleges of education.

"SEC. 535. SUBMISSION AND APPROVAL OF APPLICATIONS.

"(a) SUBMISSION.—(1) Any local educational agency or any consortium of local educational agencies including educational service agencies, desiring to receive a grant under this subpart shall make application therefor at such time, in such manner, and containing or accompanied by such information, as the Secretary may by regulation require. Each application shall be submitted through State educational agency of the State in which the applicant is located. Each such State agency shall review the application, make comments thereon, and recommend each application the State agency finds should be approved. The recommendations of the State education agency shall be taken into consideration by the Secretary in awarding grants under this part.

"(2) Each State education agency, in reviewing local educational agency applications for a grant under this subpart, shall seek to assure an equitable within-State geographical distribution of center grant funds so that both large urban and small rural school districts are served.

"(b) PRIORITIES AND PREFERENCES FOR SELECTION.—Priority for awards under this subpart will be given to those agencies that demonstrate a commitment to establishing and maintaining a high quality and professional working environment for elementary and secondary teachers. Preference shall be given to applications which involve teachers as instructors as well as learners in center activities.

"(c) MINIMUM REQUIREMENTS.—A grant under this subpart may be made only if the application provides—

"(1) satisfactory assurances that the program designed for the professional development resource center is based on a thorough assessment of instructional and professional development needs identified by the teachers to be served and establishes goals for the center derived from such assessment;

"(2) satisfactory assurances that the program the center plans to provide will meet the needs of the teachers served, including assurances that center activities will lead to in-depth and incremental knowledge and skill development;

"(3) a description of the activities planned to meet the center's goals;

"(4) procedures for the conduct of a yearly evaluation of center activities;

"(5) satisfactory assurances that the center will employ a full-time center director who has had classroom teaching experience and other staff as may be necessary;

"(6) satisfactory assurances that teachers will be given adequate paid time away from classroom activities to participate in center activities; and

"(7) satisfactory assurances that the facilities of the center will not be used for the purpose of influencing the result of an election to an office in Federal, State, or local government or for the purpose of supporting or opposing any campaign for such office.

"(d) SELECTION PROCEDURES.—(1) In approving any application under this subpart, the Secretary shall take into account the resources which the applicant will provide in addition to Federal funds provided under this or any other Federal program.

"(2) In approving applications under this subpart, the Secretary shall substantially involve teachers in reviewing and recommending programs for funding.

"(e) SUBCONTRACTING.—Any local educational agency having an application approved under this subpart may contract with an institution of higher education to carry out activities under, or provide technical assistance in connection with, such application.

"(f) RESERVATION FOR DIRECT EXPENDITURES.—Notwithstanding the provisions of subsection (a)(1) of this section with respect to the requirement that professional development resource centers be operated by local educational agencies, 10 percent of the funds expended under this subpart may be expended directly by the Secretary to make grants to institutions of higher education to operate professional development resource centers, subject to the other provisions of this subpart.

"Subpart 2—Leadership in Educational Administration Development

"SEC. 536. PURPOSE; INTENTION; REGULATIONS.

"(a) PURPOSE.—It is the purpose of this subpart to improve the level of student achievement in public and private nonprofit elementary and secondary schools through the enhancement of the leadership skills of school administrators by establishing technical assistance centers for each State to promote the development of the leadership skills of public and private nonprofit elementary and secondary school administrators with particular emphasis upon increasing access for minorities and women to administrative positions.

"(b) INTENTION.—It is the intention of Congress that contractors seeking to establish technical assistance and training centers should design programs which upgrade the skills of elementary and secondary school administrators in—

"(1) enhancing the schoolwide learning environment by assessing the school climate, setting clear goals for improvement, and devising strategies for completing manageable projects with measurable objectives;

"(2) evaluating the school curriculum in order to assess its effectiveness in meeting academic goals;

"(3) developing skills in instructional analysis to improve the quality of teaching through classroom observation and supervision;

"(4) mastering and implementing objective techniques for evaluating teacher performance; and

"(5) improving communication, problem-solving, student discipline, time-management, and budgetary skills.

"(c) REGULATIONS.—The Secretary is authorized to prescribe such regulations as may be necessary to carry out this subpart.

"SEC. 537. ALLOCATION OF APPROPRIATIONS.

"Of the amount appropriated for this subpart for any fiscal year, the Secretary shall make available an amount as may be necessary for establishing and operating a technical assistance center in each State, but not less than $150,000 for each State.

"SEC. 538. TECHNICAL ASSISTANCE CENTERS.

"(a) ELIGIBLE CONTRACTS RECIPIENTS.—The Secretary shall, subject to the availability of funds pursuant to section 537, enter into contracts with local educational agencies, intermediate school districts, State educational agencies, institutions of higher education, private management organizations, or nonprofit organizations 'or consortium of such entities) for the establishment and operation of training centers in each State in accordance with the requirements of this section and section 539.

"(b) CONTRACT REQUIREMENTS.—Each contract entered into under subsection (a) shall require the contractor—

"(1) to make the services of the technical assistance center available to school administrators from any of the public and private nonprofit schools within the State served by that contractor;

"(2) to collect information on school leadership skills;

"(3) to assess the leadership skills of individual participants based on established effective leadership criteria;

"(4) to conduct training programs on leadership skills for new school administrators and to conduct training seminars on leadership skills for practicing school administrators, with particular emphasis on women and minority administrators;

"(5) to operate consulting programs to provide personnel within school districts with advice and guidance on leadership skills;

"(6) to maintain training curricula and materials on leadership skills drawing on expertise in business, academia, civilian and military governmental agencies, and existing effective schools;

"(7) to conduct programs which—

"(A) make available executives from business, scholars from various institutions of higher education, and practicing school administrators; and

"(B) offer internships in business, industry, and effective school districts to school administrators,

for the purpose of promoting improved leadership skills of such administrators;

"(8) to disseminate information on leadership skills associated with effective schools; and

"(9) to establish model administrator projects.

"(c) SELECTION OF CONTRACTORS.—In making a selection among applicants for any contract under this section, the Secretary shall take into account whether the applicant, if selected, would be able to operate its programs in a manner which would emphasize development of leadership skills identified by graduate schools of management and graduate schools of education.

"SEC. 539. GENERAL CRITERIA FOR CONTRACTS.

"(a) CONTRACT REQUIREMENTS.—The following criteria shall apply to each contract under this subpart:

"(1) The contract shall assure the involvement of private sector managers and executives in the conduct of such programs.

"(2) The contract shall contain assurances of an ongoing organizational commitment to carrying out the purposes of this subpart through (A) obtaining matching funds for such programs in cash or in kind at least equal in amount to the amount of funds provided under this subpart, (B) making inkind contributions to such programs, (C) demonstrating a commitment to continue to operate such programs after expiration of funding under this subpart, and (D) organizing a policy advisory committee including (but not limited to) representatives from business, private foundations, private nonprofit schools, and local and State educational agencies.

"(3) The contract shall indicate the level of development of human relations skills which its programs will instill by (A) identifying the credentials of the staff responsible for such development; (B) describing the manner in which such skills will be developed; and (C) describing the manner in which the program deals with human relations issues facing education administrators.

"(4) The contract shall establish a system for the evaluation of the programs conducted.

"(b) DURATION OF CONTRACT.—Each contract under this subpart shall be for a term of three years subject to the availability of appropriations. Such contract shall not be renewable, except that a single three-year extension may be granted if the contractor agrees to maintain the programs with assistance under this part reduced by one-half.

"SEC. 540. DEFINITIONS.

"For the purposes of this subpart—

"(1) the term 'Secretary' means the Secretary of Education;

"(2) the term 'institution of higher education' has the meaning provided by section 1201 of the Higher Education Act of 1965;

"(3) the term 'school administrator' means a principal, assistant principal, district superintendent, and other local school administrators;

"(4) the term 'local educational agency' has the meaning provided by section 595 of the Education Consolidation and Improvement Act of 1981; and

"(5) the term 'leadership skills' includes, but is not limited to, managerial, administrative, evaluative, communication and disciplinary skills and related techniques.

"PART D—TEACHER SCHOLARSHIPS AND FELLOWSHIPS

"Subpart 1—Training for Elementary and Secondary School Teachers to Teach Handicapped Children in Areas With Shortages

"SEC. 541. GRANTS AUTHORIZED.

"(a) GRANTS TO SUPPORT FELLOWSHIP PROGRAMS.—The Secretary is authorized to make grants, in accordance with the provisions of this subpart, to State educational agencies to enable such agencies to support a fellowship program of stipends and allowances to institutions of higher education for teachers to be trained to provide special education for handicapped children.

"(b) CRITERIA TO TARGET GRANT FUNDS ON NEED.—The Secretary shall establish criteria for—

"(1) determining if there is a shortage of teachers in the area of special education for handicapped children in the State;

"(2) assuring that the institutions of higher education, at which recipients of fellowships awarded under this part are pursuing courses of study, offer a program designed to prepare such recipients in the area of special education for handicapped children; and

"(3) assuring that individuals trained with assistance under this subpart receive specialized training in the subject areas in which there is the greatest need for such teachers.

"(c) EQUITABLE GEOGRAPHIC DISTRIBUTION.—The Secretary shall assure an equitable distribution among the States of grants made under this subpart, consistent with criteria established under subsection (b).

"SEC. 542. APPLICATION REQUIREMENTS.

"(a) SUBMISSION AND CONTENTS.—No grant may be made under this subpart unless an application is made by a State educational agency at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require. Each such application shall—

"(1) describe a fellowship program under which the State will make stipends to recipients and make allowances to institutions of higher education, in accordance with the provisions of this subpart, for teachers and other specialists to be trained in special education for handicapped children;

"(2) provide assurances that each recipient of a fellowship under this subpart will enter into an agreement with the State under which the recipient will—

"(A) within the five-year period after the completion of the training for which the fellowship was awarded, teach in the field of special education for handicapped children for a period of not less than two years in a public or private nonprofit elementary or secondary school in that State, or an educational program approved by the local educational agency or the State, which has, or has provided assurances that it will have, a special education program for handicapped children; or

"(B) repay all of the stipend awarded to the recipient plus the allowances paid to any institution of higher education based upon that fellowship in the event that the conditions of clause (A) are not complied with, except when such conditions are not complied with for reasons beyond a recipient's control;

"(3) provide procedures under which recipients of fellowships who, for reasons beyond their control, teach less than the two-year period required under clause (2) of this subsection will have the repayment requirement reduced according to a schedule established by the State agency;

"(4) provide procedures under which stipends and institution of higher education allowances will be paid by the State agency in accordance with the provisions of this part; and

"(5) provide that the State agency will make continuing efforts to encourage recipients of fellowships under this subpart to continue to provide special education for handicapped children in areas where there is a shortage of such teachers.

"(b) APPROVAL OF APPLICATIONS.—The Secretary shall approve any application which meets the requirements of subsection (a) of this section. Prior to approving any applications under this section, the Secretary shall prepare regulations setting forth detailed requirements with respect to clauses (2) and (3) of subsection (a).

"SEC. 543. STIPENDS AND ALLOWANCES.

"(a) STIPEND AMOUNT.—(1) Each State educational agency receiving a grant under this subpart shall pay to individuals awarded fellowships under this subpart such stipends (including such allowances for subsistence and other expenses for such persons and their dependents) as the Secretary may determine to be consistent with prevailing practices under comparable federally supported programs.

"(2) No stipend may be paid to any single recipient in any one year in excess of $9,000.

"(b) ALLOWANCES.—Each State educational agency receiving a grant under this subpart shall (in addition to the stipends paid to persons under subsection (a)) pay to the institution of higher education at which such individual is pursuing a course of study such amounts as the Secretary may determine to be consistent with prevailing practices under comparable federally supported programs, except that such amount charged to a fellowship recipient and collected from such recipient by the institution for tuition and other expenses required by the institution as part of the recipient's instructional program shall be deducted from the payments to the institution under this subsection.

"SEC. 544. FELLOWSHIP CONDITIONS.

"(a) CONCENTRATION ON ACADEMIC PURSUIT.—An individual awarded a fellowship under the provisions of this subpart shall continue to receive the payments provided in this subpart only during such periods as the State educational agency finds that the individual is maintaining satisfactory progress and devoting at least one-half of the full-time academic workload to study in the field in which such fellowship was awarded in an institution of higher education, and is not engaging in gainful employment other than employment approved by the Secretary by or pursuant to regulation. The amount of any payment to an individual engaged in such gainful employment shall be appropriately reduced pursuant to regulation.

"(b) PROOF OF COMPLIANCE.—The State educational agency is authorized to require reports containing such information in such form and to be filed at such times as it determines necessary from any individual awarded a fellowship under the provisions of this subpart. Such reports shall be accompanied by a certificate from an appropriate official at the institution of higher education approved by the State educational agency, stating that such individual is

making satisfactory progress in, and is devoting at least one-half of the full-time academic workload to, the program for which the fellowship was awarded.

"(c) SUPPORT OF RELIGIOUS INSTRUCTION PROHIBITED.—No fellowship shall be awarded under this subpart for study at a school or department of divinity.

"SEC. 545. DEFINITION.

"As used in this subpart 'special education' has the same meaning as prescribed by section 602(a)(16) of the Education of the Handicapped Act.

"Subpart 2—Congressional Teacher Scholarship Programs

"SEC. 546. DECLARATION OF PURPOSE.

"It is the purpose of this subpart to make available, through grants to the States, scholarships during fiscal years 1987 through 1991 to a maximum of ten thousand individuals who are outstanding high school graduates and who demonstrate an interest in teaching, in order to enable and encourage those individuals to pursue teaching careers in education at the elementary or secondary level. Such scholarships shall be referred to as 'Congressional Teacher Scholarships'.

"SEC. 547. ALLOCATION AMONG STATES.

"(a) PER CAPITA ALLOCATION.—From the sums appropriated for this subpart pursuant to section 502(d) for any fiscal year, the Secretary shall allocate to any State an amount which bears as nearly as possible the same ratio to such sums as the number of persons in that State bears to the number of persons in all States.

"(b) USE OF CENSUS DATA.—For the purpose of this section, the number of persons in a State and in all States shall be determined by the most recently available data from the United States Census Bureau.

"SEC. 548. GRANT APPLICATIONS.

"(a) SUBMISSION OF APPLICATIONS.—The Secretary is authorized to make grants to States in accordance with the provisions of this subpart. In order to receive a grant under this subpart, a State shall submit an application at such time or times, in such manner, and containing such information as the Secretary may prescribe by regulation. Such application shall set forth a program of activities for carrying out the purposes set forth in section 546 in such detail as will enable the Secretary to determine the degree to which such program will accomplish such purposes and such other policies, procedures, and assurances as the Secretary may require by regulation.

"(b) CONTENT OF APPLICATIONS.—The Secretary shall approve an application under this subpart only if the application—

"(1) describes the selection criteria and procedures to be used by the State in the selection of scholarships under this part which satisfy the provisions of this part;

"(2) designates the State agency which administers the program under subpart 3 of part A of title IV, relating to State student incentive grants, or the State agency with which the Secretary has an agreement under section 428(b);

"(3) describes the outreach effort the State agency intends to use to publicize the availability of Congressional Teacher Scholarships to high school students in the State;

"(4) provides assurances that each recipient eligible under section 550(b) of this part who receives a Congressional Teacher Scholarship shall enter into an agreement with the State agency under which the recipient shall—

"(A) within the ten-year period after completing the postsecondary education for which the Congressional Teacher Scholarship was awarded, teach, for a period of not less than two years for each year for which assistance was received, in a public or private nonprofit elementary or secondary school in any State, in a public education program in any State, or, on a full-time basis, handicapped children or children with limited English proficiency in a private nonprofit school, except that, in the case of individuals who teach in a school serving large numbers or high concentrations of economically disadvantaged students, or who teach children with limited English proficiency or handicapped children, the requirements of this subparagraph shall be reduced by one-half;

"(B) provide the State agency evidence of compliance with section 552 as required by the State agency; and

"(C) repay all or part of a Congressional Teacher Scholarship received under section 549 plus interest and, if applicable, reasonable collection fees, in compliance with regulations issued by the Secretary under section 552, in the event that the conditions of clause (A) are not complied with, except as provided for in section 553;

"(5) provides that the agreement entered into with recipients shall fully disclose the terms and conditions under which assistance under this subpart is provided and under which repayment may be required, including—

"(A) a description of the procedures required to be established under paragraph (6); and

"(B) a description of the appeals procedures required to be established under paragraph (7) under which a recipient may appeal a determination of noncompliance with any provision under this subpart;

"(6) provides for procedures under which a recipient of assistance received under this part who teaches for less than the period required under paragraph (4)(A) will have the repayment requirements reduced or eliminated consistent with the provisions of sections 552 and 553;

"(7) provides for appeals procedures under which a recipient may appeal any determination of noncompliance with any provision under this part;

"(8) provides assurances that the State agency shall make particular efforts to attract students from low-income backgrounds or who express a willingness or desire to teach in schools having less than average academic results or serving large numbers of economically disadvantaged students; and

"(9) provides assurances that Congressional Teacher Scholarships will be awarded without regard to sex, race, handicapping condition, creed, or economic background.

"(c) SELECTION CRITERIA AND PROCEDURES.—The selection criteria and procedures to be used by the State shall reflect the present and projected teacher needs of the State, including the demand for and supply of elementary teachers in the State, the demand for and supply of secondary teachers in the State, and the demand for teachers with training in specific academic disciplines in the State.

"(d) SOLICITATION OF VIEWS ON SELECTION CRITERIA AND PROCEDURES.—In developing the selection criteria and procedures to be used by the State, the State shall solicit the views of State and local educational agencies, private educational institutions, and other interested parties. Such views—

"(1) shall be solicited by means of (A) written comments; and (B) publication of proposed selection criteria and procedures in final form for implementation; and

"(2) may be solicited by means of (A) public hearings on the teaching needs of elementary and secondary schools in the State (including the number of new teachers needed, the expected supply of new teachers, and the shortages in the State of teachers with training in specific academic disciplines); or (B) such other methods as the State may determine to be appropriate to gather information on such needs.

"SEC. 549. AMOUNT AND DURATION OF AND RELATION TO OTHER ASSISTANCE.

"(a) LIMITATIONS ON AMOUNT AND DURATION.—Subject to subsection (c), each Congressional Teacher Scholar shall receive a $5,000 scholarship for each academic year of postsecondary education for study in preparation to become an elementary or secondary teacher. No individual shall receive scholarship assistance for more than four years of postsecondary education, as determined by the State agency.

"(b) CONSIDERATION OF AWARD IN OTHER PROGRAMS.—Notwithstanding the provisions of title IV of this Act, scholarship funds awarded pursuant to this part shall be considered in determining eligibility for student assistance under title IV of this Act.

"(c) ASSISTANCE NOT TO EXCEED NEED.—Congressional Teacher Scholarship assistance awarded by the statewide panel established pursuant to section 550 to any individual in any given year, when added to assistance received under title IV of this Act, shall not exceed the cost of attendance, as defined in section 472 of this Act, at the institution the individual is attending. If the amount of the Congressional Teacher Scholarship assistance and assistance received under title IV of this Act, exceeds the cost of attendance, the Congressional Teacher Scholarship shall be reduced by an amount equal to the amount by which the combined awards exceed the cost of attendance.

"(d) ASSISTANCE NOT TO EXCEED COST OF ATTENDANCE.—No individual shall receive an award under the Congressional Teacher Scholarship established under this subpart, in any academic year, which shall exceed the cost of attendance, as defined in section 472 of this Act, at the institution the individual is attending.

"SEC. 550. SELECTION OF CONGRESSIONAL TEACHER SCHOLARS.

"(a) SELECTION BY STATEWIDE PANELS.—Congressional Teacher Scholars shall be selected by a seven-member statewide panel appointed by the chief State elected official, acting in consultation with the State educational agency, or by an existing grant agency or panel designated by the chief State elected official and approved by the Secretary of Education. The statewide panel shall be representative of school administrators, teachers, and parents.

"(b) ELIGIBILITY FOR SELECTION; SELECTION CRITERIA AND PROCEDURES.—Selections of Congressional Teacher Scholars shall be made from students who have graduated or who are graduating from high school and who rank in the top 10 percent of their graduating class. The State educational agency shall make applications available to public and private nonprofit high schools in the State and in other locations convenient to applicants, parents, and others. The statewide panel shall develop criteria and procedures for the selection of Congressional Teacher Scholars. Such criteria may include the applicant's high school grade point average, involvement in extracurricular activities, financial need, and expression of interest in teaching as expressed in an essay

written by the applicant. The panel may also require the applicant to furnish letters of recommendation from teachers and others.

"SEC. 551. SCHOLARSHIP CONDITIONS.

"Recipients of scholarship assistance under this subpart shall continue to receive such scholarship payments only during such periods that the State agency finds that the recipient is (1) enrolled as a full-time student in an accredited postsecondary institution; (2) pursuing a course of study leading to teacher certification; and (3) maintaining satisfactory progress as determined by the postsecondary institution the recipient is attending.

"SEC. 552. SCHOLARSHIP REPAYMENT PROVISIONS.

"Recipients found by the State agency to be in noncompliance with the agreement entered into under section 548(b)(4) of this subpart shall be required to repay a pro rata amount of the scholarship awards received, plus interest and, where applicable, reasonable collection fees, on a schedule and at a rate of interest to be prescribed by the Secretary by regulations issued pursuant to this subpart.

"SEC. 553. EXCEPTIONS TO REPAYMENT PROVISIONS.

"(a) DEFERRAL DURING CERTAIN PERIODS.—A recipient shall not be considered in violation of the agreement entered into pursuant to section 548(b)(4)(C) during any period in which the recipient—

"(1) is pursuing a full-time course of study related to the field of teaching at an eligible institution;

"(2) is serving, not in excess of three years, as a member of the armed services of the United States;

"(3) is temporarily totally disabled for a period of time not to exceed three years as established by sworn affidavit of a qualified physician;

"(4) is unable to secure employment for a period not to exceed twelve months by reason of the care required by a spouse who is disabled;

"(5) is seeking and unable to find full-time employment for a single period not to exceed twelve months;

"(6) is seeking and unable to find full-time employment as a teacher in a public or private nonprofit elementary or secondary school or a public or private nonprofit education program; or

"(7) satisfies the provisions of additional repayment exceptions that may be prescribed by the Secretary in regulations issued pursuant to this subpart.

"(b) FORGIVENESS IF PERMANENTLY TOTALLY DISABLED.—A recipient shall be excused from repayment of any scholarship assistance received under this subpart if the recipient becomes permanently totally disabled as established by sworn affidavit of a qualified physician.

"SEC. 554. FEDERAL ADMINISTRATION OF STATE PROGRAMS; JUDICIAL REVIEW.

"(a) DISAPPROVAL HEARING REQUIRED.—The Secretary shall not finally disapprove any application for a State program submitted under section 548, or any modification thereof, without first affording the State agency submitting the program reasonable notice and opportunity for a hearing.

"(b) SUSPENSION OF ELIGIBILITY.—Whenever the Secretary, after reasonable notice and opportunity for hearing to the State agency administering a State program approved under this subpart, finds—

"(1) that the State program has been so changed that it no longer complies with the provisions of this subpart, or

"(2) that in the administration of the program there is a failure to comply substantially with any such provisions,

the Secretary shall notify such State agency that the State will not be regarded as eligible to participate in the program under this subpart until the Secretary is satisfied that there is no longer any such failure to comply.

"(c) COURT REVIEW.—(1) If any State is dissatisfied with the Secretary's final action under subsection (b) (1) or (2), such State may appeal to the United States court of appeals for the circuit in which such State is located. The summons and notice of appeal may be served at any place in the United States. The Secretary shall forthwith certify and file in the court the transcript of the proceedings and the record on which the action was based.

"(2) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify any previous action, and shall certify to the court the transcript and record of further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

"(3) The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

"Subpart 3—National Talented Teacher Fellowship Program

"SEC. 555. DECLARATION OF PURPOSE.

"It is the purpose of this subpart to establish a national fellowship program for outstanding teachers.

"SEC. 556. USE OF FUNDS FOR FELLOWSHIPS AND ADMINISTRATION.

"Funds appropriated for any fiscal year for fellowships to outstanding teachers under this subpart shall be used to award fellowships in accordance with the requirements of this subpart, except that not more than 2.5 percent of such funds shall be used for purposes of administering this subpart.

"SEC. 557. TALENTED TEACHER FELLOWSHIPS.

"(a) AWARD DISTRIBUTION AND AMOUNTS.—(1) Except as provided under paragraph (3), sums available for the purpose of this subpart shall be used to award one national teacher fellowship to a public or private school teacher teaching in each congressional district of each State, and in the District of Columbia, and the Commonwealth of Puerto Rico; and one such fellowship in Guam, the Virgin Islands, American Samoa, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.

"(2) Fellowship awards may not exceed the average national salary of public school teachers in the most recent year for which satisfactory data are available, as determined by the Secretary. Talented teacher fellows may not receive an award for two consecutive years. Subject to the repayment provisions of section 560, talented teacher fellows shall be required to return to a teaching position in their current school district or private school system for at least two years following the fellowship award.

"(3) If the appropriation for this subpart under section 502(d) is not sufficient to provide the number of fellowships required by paragraph (1) at the level required under paragraph (2), the Secretary shall determine and publish an alternative distribution of fellowships which will permit fellowship awards at that level and which is geographically equitable. The Secretary shall send a notice of such determination to each of the statewide panels established under section 558.

"(b) USE OF AWARDS.—Talented teacher fellows may use such awards for such projects for improving education as the Secretary may approve, including (1) sabbaticals for study or research directly associated with the objectives of this part, or academic improvement; (2) consultation with or assistance to other school districts or private school systems; (3) development of special innovative programs; or (4) model teacher programs and staff development.

"SEC. 558. SELECTION OF TALENTED TEACHER FELLOWSHIPS.

"Recipients of talented teacher fellowship in each State shall be selected (in accordance with section 559) by a seven-member statewide panel appointed by the chief State elected official, acting in consultation with the State educational agency, or by an existing panel designated by the chief State elected official and approved by the Secretary of Education. The statewide panel shall be representative of school administrators, teachers, parents, and institutions of higher education.

"SEC. 559. EVALUATION OF APPLICATIONS.

"(a) SUBMISSION TO AND REVIEW BY STATEWIDE PANEL.—An applicant for talented teacher fellowship assistance shall submit proposals for projects under section 557(b), and shall indicate the extent to which the applicant wishes to continue current teaching duties. The applicant shall submit such proposals to the local education agency for comment prior to submission to the statewide panel (appointed under section 558) for the State within which the project is to be conducted. In evaluating proposals, such statewide panel shall consult with the local education agency, requesting two recommendations from teaching peers; a recommendation from the principal; and a recommendation of the superintendent on the quality of the proposal and its benefit to education; and any other criteria for awarding fellowships as is considered appropriate by such statewide panel. Selection of fellows shall be made in accordance with regulations prescribed by the Secretary of Education.

"(b) PUBLIC ANNOUNCEMENT.—Announcement of awards shall be made in a public ceremony.

"SEC. 560. FELLOWSHIP REPAYMENT PROVISIONS.

Repayment of the award shall be made to the Federal Government in the case of fraud or gross noncompliance.

"PART E—RESEARCH, ASSESSMENT, AND PLANNING

"Subpart 1—Research and Data Collection

"SEC. 561. PURPOSE.

"It is the purpose of this subpart to provide information about the supply of teachers, including demographic and academic background and the current and projected demand for teachers in elementary and secondary schools to improve local and State decisions about the need for teachers in each academic area and at each grade level, and for other purposes.

"SEC. 562. COLLECTION OF DATA AND RESEARCH.

"(a) IN GENERAL.—The Secretary shall utilize the legislative authority under section 406(b) of the General Education Provisions

Act to annually assess current and future supply and demand for teachers with particular attention to—

"(1) long-term and short-term shortages of personnel in various subject areas or teaching specialties;

"(2) shortages in particular States or regions;

"(3) the number of minorities entering teaching;

"(4) the number of women and minorities entering educational administration;

"(5) the effect of State curriculum and graduation requirements on the need for teachers in each State;

"(6) the extent to which demographic characteristics of persons currently employed as teachers and persons studying to be teachers match the characteristics of the students in each state (race, age, sex);

"(7) the academic qualifications of prospective teachers and the academic preparation of persons currently preparing to be teachers;

"(8) the effect of the introduction of State mandated teacher competency tests on the demographic and educational characteristics of teachers and the supply of teachers; and

"(9) an assessment of new and emerging specialties and the technologies, academic subjects, and occupational areas requiring vocational education, with emphasis on the unique needs for preparing an adequate supply of vocational teachers of handicapped students, with added emphasis on the preparation required to teach combined classrooms of handicapped, or other highly targeted groups of students and other students within a vocational education setting.

"(b) OTHER EDUCATIONAL NEEDS.—The analysis conducted may include assessment of other educational needs identified by the Congress, including an assessment of the need for instructional equipment and materials in elementary and secondary schools and in institutions of higher education.

"SEC. 563. PAPERWORK REDUCTION AND REIMBURSEMENT OF RESPONDENTS.

"(a) REDUCTION OF REPORTING BURDEN.—In undertaking the data collection required under this subpart the Secretary shall take all necessary actions to reduce the reporting burden on respondents through use of voluntary responses and sampling techniques.

"(b) REIMBURSEMENT OF EXTRAORDINARY COSTS.—Subject to the availability of appropriations therefor, the Secretary may reimburse respondents for any extraordinary costs incurred in the provision of information to assist the Secretary in complying with this part.

"SEC. 564. RESEARCH GRANTS.

"The Secretary may award, in accordance with this subpart, grants to institutions of higher education, including community and technical colleges, for the conduct of research consistent with the purposes of this part.

"Subpart 2—Requirement for State Task Forces on Teacher Training

"SEC. 571. REQUIREMENT FOR STATE TASK FORCES ON TEACHER TRAINING.

"(a) IN GENERAL.—No institution of higher education or other entity in any State shall be eligible for assistance under this title for any fiscal year beginning on or after October 1, 1987, unless the State educational agency has established a task force on teacher training in accordance with the requirements of subsections (b) and (c) of this section.

"(b) TASK FORCE.—The State educational agency, in consultation with the task force established under this section, shall be responsible—

"(1) for conducting a State-wide assessment of the State's needs for recruiting, retaining, retraining, and improving the performance of, instructional and administrative personnel in elementary and secondary schools within the State;

"(2) for developing plans to meet the needs identified pursuant to paragraph (1); and

"(3) for conducting such activities in cooperation with the State needs assessment required under section 208 of the Education for Economic Security Act (20 U.S.C. 3968).

"(c) MEMBERSHIP OF TASK FORCE.—A task force established under this section shall be composed of at least one representative of each of the following:

"(1) The Governor of the State.

"(2) The chief State school officer.

"(3) The State higher education executive officer.

"(4) The State board of education.

"(5) The deans of the schools or colleges of education within the State.

"(6) The presidents of colleges and universities within the State.

"(7) Elementary and secondary school teachers.

"(8) Elementary and secondary school administrators, including local superintendents and principals.

"(9) The State legislature.

"(10) Private nonprofit elementary and secondary education.

"(d) ALTERNATIVE MEMBERSHIP.—Any previously existing State organization or entity whose membership is substantially the same as the membership required by subsection (c) may, with the approval of the State educational agency, assume the responsibilites of the task force on teacher training under this section.

"(e) LONG-RANGE PLANNING.—From the funds available to carry out this subpart, a State educational agency may apply to the Secretary for assistance in order to develop a long-range plan, in consultation with the task force established under this section. Such plan shall—

"(1) assess the supply and determine the future needs of educators in the State;

"(2) assess the ability of teacher training institutions, the State educational agency, and local educational agencies within the State to meet such needs;

"(3) describe the steps being taken within the State to improve the qualifications and performance of practicing and prospective educators and the availability of training resources for such educators;

"(4) if determined to be appropriate by the State education agency, establish a program of competitive grants to local educational agencies, professional organizations, institutions of higher education, and consortia of such agencies and institutions within the State that are allocated in accordance with specific criteria developed by the task force on teacher training; and

"(5) provide for the performance of such other activities as are deemed appropriate to carry out purposes of this subpart.

"(f) DISPOSITION OF FUNDS TO STATES.—Funds appropriated for this subpart shall be allocated among the States based on the number of children aged 5 through 17, inclusive, except that no State shall receive less than the greater of $10,000 or 0.01 percent of the amount so appropriated.

"(g) STATE APPLICATIONS.—Any State educational agency which desires to obtain a grant under this subpart shall file an application with the Secretary which—

"(1) describes the methods which will be used to insure active and continuing consultation with the task force;

"(2) provides for timely public notice and public dissemination of the information collected and plans developed; and

"(3) insures that the State educational agency will keep such records and provide such information to the Secretary as may be required for fiscal audit and program evaluation, consistent with the responsibilities of the Secretary under this subpart.".

SEC. 502. TAFT INSTITUTE.

Section 1373 of the Education Amendments of 1980 is amended—

(1) by striking out "$750,000" and inserting in lieu thereof "$1,000,000"; and

(2) by striking out "1985" and inserting in lieu thereof "1991".

AMENDMENT OFFERED BY MR. GOODLING

Mr. GOODLING. Mr. Chairman, I offer an amendment to title V.

The Clerk read as follows:

Amendment offered by Mr. GOODLING: Page 499, after line 18 insert the following:

The Secretary may waive the requirements of this subsection if the Secretary finds that the State educational agency has, prior to the date of enactment of this section, substantially complied with the requirements of paragraphs (1), (2), and (3) of this subsection.

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Mr. GOODLING. Mr. Chairman, this amendment might be called the Oklahoma amendment and, with the Orange Bowl not too far away, that is probably pretty dangerous for someone from Pennsylvania to be offering. But nevertheless, they are most affected at this time, but other States could be affected. And what I am merely saying is that States that have already done what we are asking them to do in this legislation will get a waiver from the Secretary so that they do not have to establish a State task force on teacher training, or conduct statewide needs assessment, State plan and statewide activities. It is merely a waiver that would be granted by the Secretary.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield?

Mr. GOODLING. I yield to the chairman of the subcommittee.

Mr. FORD of Michigan. Mr Chairman, I thank the gentleman for yielding.

Mr. Chairman, really what the gentleman's amendment does is protect those States that have responded well to the initiatives for reform so that they do not have to go out in order to qualify and repeat what they have already done, engage in redundant activities.

Mr. Chairman, I think it makes eminent good sense, and I would accept the gentleman's amendment.

Mr. GOODLING. Mr. Chairman, I am pleased to see that Oklahoma is out in front on this issue.

Mr. FORD of Michigan. They surprised me, too.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. GOODLING].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. WYDEN

Mr. WYDEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WYDEN: Page 502, after line 21, insert the following new section:

SEC 503. DEVELOPMENT OF TEACHER WARRANTY STANDARDS.

(a) CONSULTATION AND PUBLICATION REQUIRED.—The Secretary shall develop, in consultation with representatives of State superintendents of public instruction, teacher organizations, and colleges of teacher education, standards for the establishment of teacher warranty programs. Such standards shall be developed and published in the Federal Register within one year after the date of enactment of this Act.

(b) DEFINITION.—For purposes of subsection (a), the term "teacher warranty program" means a program of a college of teacher education that provides, to its graduates who receive an unsatisfactory evaluation after the first or second year as a teacher, the training, retraining, or support the graduate requires to eliminate the deficiency (without further charge).

Mr. WYDEN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. WYDEN. Mr. Chairman, I rise today to offer an amendment to H.R. 3700, the Higher Education Amendments of 1985.

My amendment calls upon the Secretary of Education to develop, in consultation with representatives of State superintendents of public instruction, teacher organizations, and colleges of teacher education, standards for the establishment of teacher warranty programs.

The teacher warranty concept is one of the most exciting and innovative ideas in American education today. Oregon State University, the University of Virginia, the University of Arkansas, Purdue University and several other schools have programs which guarantee that they will provide additional schooling for their graduates who receive an unsatisfactory evaluation after the first or second year as a teacher.

We should send the message that we think these schools are doing the right thing—they are assuring that graduates of their programs are able to teach.

As we confront the reality of a national teacher shortage, we must wisely target our resources to not only attract talented individuals, but to prepare them fully for the challenges of the teaching profession and support them once they enter the classroom.

In a 1985 Metropolitan Life Insurance survey conducted by Louis Harris pollsters, a majority of teachers indicated that the formal preparation they received was inadequate and unrelated to the reality they later faced in the classroom. Teachers stressed the value of hands-on experience and the need for support during those first years in the classroom.

In the book entitled, "The Education of American Teachers," the author, Dr. James Conant, stressed that the responsibility for the quality of teachers should be placed on the schools that trained them.

The teacher warranty concept captures the essence of Conant's point and gives teachers support in the classroom after their formal education has ended. The warranty concept furthers the education schools' commitment to the training of new teachers by having the schools guarantee that their graduates can teach. The guarantee that the school of teacher education would provide support is just the kind of professional, post-graduate assistance a new teacher may need.

Oregon State University, under the leadership of Dean Robert Barr, can offer such a guarantee because they provide top-notch training. Their confidence is substantiated by the numbers—only a handful of their graduates have needed help. A professor of education at Purdue University said of their warranty program, "There is no way we could afford this kind of guarantee if we didn't have confidence in the quality of our graduates."

The innovative warranty program offered by these schools is testimony to their excellent teacher training curriculum and is a challenge to every other education school in the country to do the same for its graduates.

I ask my colleagues for their support for this simple amendment which will speed up the development of teacher warranty programs by establishing uniform standards.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield?

Mr. WYDEN. I yield to the gentleman from Michigan and commend him again for a first-rate job.

Mr. FORD of Michigan. Mr. Chairman, I thank the gentleman. I would like to compliment the gentleman from Oregon for his persistence. We worked with him for most of this year to pursue his goal of developing incentives for a teacher warranty program.

We had great difficulty trying to craft legislative language that could get the acceptance of all the higher education groups. We at one point had a version that one of the teacher unions approved of, the other did not, and the colleges did not like it.

Now the gentleman has solved that by presenting us with the requirement that the Secretary develop the criteria that would be available as an option, not as a mandate, to any teachers college. I am sure that the objections the colleges had to the initial efforts that the gentleman made would be met by his new amendment.

For that reason, we are pleased to accept it.

Mr. GOODLING. Mr. Chairman, will the gentleman yield?

Mr. WYDEN. I am happy to yield to the gentleman from Pennsylvania.

Mr. GOODLING. Mr. Chairman, I, too, want to compliment the gentleman and ask him to make clear for the record two things that I think I understand.

No. 1, as I understand it, the gentleman is not saying there is any money to be taken from any place in this bill or from any other place but rather that we would find this as a regular consultation that the Secretary is having with most of these people, anyway.

Mr. WYDEN. The gentleman is right. I would envisage that they are doing it as part of their consultation with the State superintendent and the schools and in that way it would not result in any large new burden resulting in the expenditure of funds.

Mr. GOODLING. Second, as I understand it, the gentleman is merely having the Secretary present a model that people could use if they wanted to use, but no one is required to use.

Mr. WYDEN. The gentleman is exactly right. I want to encourage the development of the concept. I think it is so exciting and so innovative that when people learn more about it and get some uniform criteria, it will be adopted voluntarily and there is nothing coercive about it.

Mr. GOODLING. Mr. Chairman, I thank the gentleman for his assurances.

Mr. WYDEN. Mr. Chairman, I thank the gentleman for his help on this.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Oregon [Mr. WYDEN].

The amendment was agreed to.

The CHAIRMAN pro tempore. Are there any further amendments to title V?

If not, the Clerk will designate title VI.

The text of title VI is as follows:

TITLE VI—AMENDMENTS TO TITLE VI OF THE ACT

SEC. 601. FINDINGS AND PURPOSES.

Section 601 of the Act is amended to read as follows:

"FINDINGS AND PURPOSES

"SEC. 601. (a) The Congress finds that—

"(1) the well-being of the United States, its economy and long-range security, is dependent on the education and training of Americans in international and foreign language studies and on a strong research base in these areas;

"(2) knowledge of other countries and the ability to communicate in other languages is essential to the promotion of mutual understanding and cooperation among nations; and

"(3) present and future generations of Americans must be afforded the opportunity to develop to the fullest extent possible their intellectual capacities in all areas of knowledge.

"(b) It is the purpose of this part to assist in the development of knowledge, international study, resources and trained personnel, to stimulate the attainment of foreign language acquisition and fluency, and to coordinate the programs of the Federal Government in the areas of foreign language and international studies and research."

SEC. 602. GRADUATE AND UNDERGRADUATE LANGUAGE AND AREA CENTERS.

Section 602 of the Act is amended—

(1) in subsection (a)(1)—

(A) by striking out ", and enter into contracts with,";

(B) by striking out "or for research" and inserting in lieu thereof "for research";

(C) by inserting before the period at the end thereof ", or for instruction and research on issues in world affairs which concern more than one country";

(2) in subsection (a)(2), by striking out "or contract"; and

(3) by striking out subsections (b) and (c) and inserting in lieu thereof the following:

"(b)(1) The Secretary is authorized to make grants to institutions of higher education or combinations of such institutions for the purpose of paying stipends to individuals undergoing advanced training in any center or program approved by the Secretary under this part in accordance with the following requirements:

"(A) Stipend recipients shall be individuals who are engaged in a program of competency-based language training in combination with area studies, international studies, or the international aspects of a professional studies program.

"(B) Stipends awarded to graduate level recipients may include allowances for dependents and for travel for research and study in the United States and abroad.

"(2) The Secretary is also authorized to award, on the basis of a national competition, stipends to students in their third year of graduate training in accordance with the following requirements:

"(A) Stipend recipients shall be selected by a nationally recognized panel of scholars on the basis of exceptional performance on a nationally referenced test in the specialty language and evidence of substantial multidisciplinary area training.

"(B) Stipends may be held for up to a maximum four years contingent on periodic demonstration of a high level of language proficiency.

"(C) Stipends may be used for continuation of studies at the institution where the recipient is currently enrolled and for the conduct of research and advanced language study abroad.

"(3) The Secretary is not authorized to make awards under paragraph (2) for any fiscal year unless the amount made available by grants under paragraph (1) for such fiscal year equals or exceeds the current services equivalent of the level of funding during fiscal year 1985 under paragraph (1).

"(c) No funds may be expended under this part for undergraduate travel except in accordance with rules prescribed by the Secretary setting forth policies and procedures to assure that Federal funds made available for such travel are expended as part of a formal program of supervised study.".

SEC. 603. LANGUAGE RESOURCE CENTERS.

Section 603 of the Act is amended to read as follows:

"LANGUAGE RESOURCE CENTERS

"SEC. 603. (a) The Secretary is authorized to make grants to institutions of higher education or combinations of such institutions for the purpose of establishing, strengthening, and operating centers, which serve as resources to improve the capacity to teach and learn foreign languages effectively. Activities carried out by such centers may include—

"(1) the conduct of research on new and improved teaching methods, including the use of advanced educational technology;

"(2) the development of new teaching materials reflecting the use of such research into effective teaching strategies;

"(3) the development and application of proficiency testing for use as a standard measure of skill levels in all languages;

"(4) the training of teachers in the administration and interpretation of proficiency tests, the use of effective teaching strategies, and the use of new technologies;

"(5) the publication of instructional materials in the less commonly taught languages; and

"(6) the dissemination of research results, teaching materials, and improved pedagogical strategies to others within the postsecondary education community.

"(b) Grants under this section shall be made on such conditions as the Secretary determines to be necessary to carry out the purposes of this section.".

SEC. 604. UNDERGRADUATE INTERNATIONAL STUDIES AND FOREIGN LANGUAGE PROGRAMS.

Section 604 of the Act is amended—

(1) in subsection (a), by striking out "comprehensive";

(2) in subsection (a)(7), by striking out "in teacher training" and inserting in lieu thereof "pre-service and in-service teacher training"; and

(3) by inserting before the period at the end of subsection (b) the following: ", if such contribution cannot be made by eligible institutions under subsection (a) of this section".

SEC. 605. INTENSIVE SUMMER LANGUAGE INSTITUTES.

Title VI of the Act is further amended—

(1) by redesignating sections 605, 606, and 607 as sections 606, 609, and 610, respectively; and

(2) by inserting after section 604 the following new section:

"INTENSIVE SUMMER LANGUAGE INSTITUTES

"SEC. 605. (a)(1) The Secretary is authorized to make grants to institutions of higher education, or combinations of such institutions, for the purpose of establishing intensive summer language institutes. Grants made under this section may be used for intensive training in languages critical to the national economic and political future and in neglected languages. Such training shall be provided through—

"(A) institutes designed to meet the needs for intensive language training by advanced students and faculty; or

"(B) institutes designed to improve the language skills of beginning or intermediate college and secondary school students (including students not enrolled in regular academic language courses) and faculty.

"(2) Institutes supported under this section may provide instruction on a full-time or part-time basis to supplement instruction not fully available in centers supported under section 602.

"(b) Grants made available under this section shall be awarded on the basis of recommendations made by peer review panels that are broadly representative of institutions of higher education."

SEC. 606. RESEARCH; STUDIES; ANNUAL REPORT.

Section 606 (as redesignated by section 605 of this Act) is amended—

(1) by striking out "and part N of title III of the Elementary and Secondary Education Act of 1965"; and

(2) by striking out "listing of" in subsection (b) and inserting in lieu thereof "listing".

SEC. 607. PERIODICALS PUBLISHED OUTSIDE THE UNITED STATES.

Title VI of the Act is further amended by inserting after section 606 (as redesignated by section 605 of this Act) the following new section:

"PERIODICALS PUBLISHED OUTSIDE THE UNITED STATES

"SEC. 607. (a) In addition to the amount authorized to be appropriated by section 609, there is authorized to be appropriated $1,000,000 for fiscal year 1987, and such sums as may be necessary for each of the four succeeding fiscal years to provide assistance for the acquisition of, and provision of access to, periodicals published outside the United States.

"(b) From the amount appropriated under subsection (a) for any fiscal year, the Secretary shall make grants to institutions of higher education or public or nonprofit private library institutions or consortia of such institutions for the following purposes:

"(1) to acquire periodicals published outside the United States which are not commonly held by American academic libraries and which are of scholarly or research importance;

"(2) to maintain current bibliographic information on periodicals thus acquired in machine-readable form and to enter such information into one or more of the widely available bibliographic data bases;

"(3) to preserve such periodicals; and

"(4) to make such periodicals available to researchers and scholars.

"(c) The Secretary shall approve as a recipient of a grant under this section only an institution or consortium which has an established library or consortium of libraries with collection strengths in either specific geographical areas of the world or particular fields or issues in world affairs which concern one or more countries, or both, and which demonstrates a commitment to share the resources of the collection.

"(d) Nothing in this section shall be considered to amend, affect, or define the provisions of title 17, United States Code, relating to copyright."

SEC. 608. SELECTION OF GRANT RECIPIENTS.

Title VI of the Act is further amended by inserting after section 607 (as added by section 607 of this Act) the following new section:

"SELECTION OF GRANT RECIPIENTS

"SEC. 608. (a) The Secretary shall award grants under section 602 competitively on the basis of criteria that that separately, but not less rigorously, evaluate the applications for undergraduate and graduate programs.

"(b) The Secretary shall set criteria for grants awarded under section 602 by which a determination of excellence shall be made

to meet the differing objectives of graduate and undergraduate institutions.

"(c) To the extent practicable, the Secretary shall award grants under this part (other than section 602) in such manner as to achieve an equitable distribution of assistance throughout the Nation, based on the merit of a proposal with review by peers from broadly representative institutions.".

SEC. 609. AUTHORIZATION OF APPROPRIATIONS FOR PART A.

Section 610 of the Act (as redesignated by section 605 of this Act) is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 610. There are authorized to be appropriated $70,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years to carry out the provisions of this part.".

SEC. 610. BUSINESS AND INTERNATIONAL EDUCATION PROGRAMS.

Part B of title VI of the Act is amended—

(1) in section 611(a)(1) by inserting "and educational" after "skills in the business"; and

(2) by amending section 613 to read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 613. There are authorized to be appropriated $7,000,000 for fiscal year 1987 such sums as may be necessary for each of the 4 succeeding fiscal years to carry out the provisions of this part.".

SEC. 611. ADVISORY BOARD.

Section 621 of the Act is amended to read as follows:

"ADVISORY BOARD

"SEC. 621. (a) Not less than two times each year the Secretary shall convene an advisory board on the conduct of programs under this title. The Advisory Board shall consist of—

"(1) five members selected by the Secretary from among members of the postsecondary educational community, at least two of whom shall be considered by their peers to be specialists in one or more fields of language, area, or international studies;

"(2) two members selected by the Secretary from among members of the public; and

"(3) two members selected by the Secretary from among representatives of the business community.

"(b) The Secretary may consult with, or include as ad hoc ex officio participants in Advisory Board meetings, a representative from any appropriate executive agency.

"(c) The Advisory Board shall advise the Secretary on—

"(1) any geographic areas of special concern to the United States;

"(2) innovative approaches which may help to fulfill the purposes of this title;

"(3) changes which should be made in the operation of programs under this part to ensure that the attention of scholars is attracted to problems of critical concern to United States international relations;

"(4) emerging trends within various segments (pre-college, undergraduate, graduate, and postgraduate) of the international education community;

"(5) administrative and staffing requirements of international education programs in the Department; and

"(6) special needs with regard to the programs operated under part B.

"(d) The Advisory Board shall advise the Secretary and the Congress on adequate budget levels for parts A and B of this title.".

AMENDMENT OFFERED BY MR. PANETTA

Mr. PANETTA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PANETTA: Page 507, line 18, strike out "and"; on line 22, strike out the period and insert in lieu thereof "; and"; and after such line insert the following:

(4) by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b)(1) The Secretary is also authorized to make grants to institutions of higher education whose applications are approved under subsection (2) for the purpose of providing assistance to model programs designed to improve and expand foreign language studies at those institutions. Any institution of higher education desiring to receive a grant under this subsection shall submit an application to the Secretary at such time, in such form, and containing such information and assurances as the Secretary may require.

"(2)(A) An institution of higher education shall not be eligible for a grant under this subsection for a fiscal year unless—

"(i) the sum of the number of students enrolled at such institution in qualified postsecondary language courses on October 1 of that fiscal year exceeds 5 per centum of the total number of students enrolled at such institution;

"(ii) such institution requires that each entering student have successfully completed at least two years of secondary school foreign language instruction or requires that each graduating student have earned two years of postsecondary credit in a foreign language (or have demonstrated equivalent competence in a foreign language).

"(B) For purposes of subparagraph (A)(i), the total number of students enrolled in an institution shall be considered to be equal to the sum of (i) the number of full-time degree candidate students enrolled at the institution, and (ii) the number of part-time degree candidate students who are enrolled at the institution for an academic workload which is at least half the full-time academic workload, as determined by the institution in accordance with standards prescribed by the Secretary.

"(3) As a condition for the award of any grant under this section, the Secretary may establish criteria for evaluating programs assisted with funds under this section and require an annual report which evaluates the progress and proficiency of students in such programs.".

Page 508, line 15, strike out "or"; on line 19, strike out the period and insert in lieu thereof "; or"; and after such line insert the following:

"(C) institutes designed to provide professional development and improve language instruction through pre- and in-service training for language teachers.

Page 512, beginning on line 5, strike out "and" and all that follows through line 11 and insert in lieu thereof the following:

(2) by redesignating section 613 as section 614 and inserting after section 612 the following new section:

"STUDY ABROAD AND INTERNSHIPS

"SEC. 613. (a) The Secretary is authorized to make grants to institutions of higher education, or to consortia of such institutions, whose application is approved under subsection (b) for the purposes of providing assistance to enable advanced foreign language students to develop their language skills and their knowledge of foreign cultures and societies through study abroad. Such study abroad may be combined with an internship in an international business enterprise. Any institution or consortium whose application is so approved shall be eligible to receive a grant in an amount not to exceed one-half the cost of providing such assistance.

"(b) Any insititution of higher education or consortium of such institutions desiring to receive a grant under this section shall submit an application therefore to the Secretary as such time, in such form, and containing such information and assurances as the Secretary may require. No such application may be approved by the Secretary unless the application—

"(1) contains a description of the proposed program of study abroad in any of the following areas:

"(A) Latin America, the Caribbean, and Puerto Rico for the study of Spanish, Portuguese, and other major languages of that region;

"(B) the Middle East for the study of Arabic and other major languages of that region;

"(C) Japan for the study of Japanese;

"(D) The People's Republic of China or the Republic of China for the study of Chinese;

"(E) the Republic of Korea for the study of Korean;

"(F) the Union of Soviet Socialist Republics for the study of Russian and other major languages of that region;

"(G) Africa for the study of major languages of that region;

"(H) South Asia for the study of Hindi and other major languages of the region;

"(I) Eastern Europe for the study of major languages of that region; and

"(J) Southeast Asia for the study of major languages of that region;

"(2) provides adequate assurance that those who wish to participate will be selected on the basis of demonstrated proficiency in the language, as shown by testing comparable to that conducted by the Foreign Service Institute of the Department of State; and

"(3) demonstrates that the program will provide the opportunity to combine language study with the study of journalism, international business, finance, economic development, science, engineering, political science, international studies, or other related areas.

"(c) Funds available to institutions under this section may be used to cover costs associated with the study abroad program, including tuition, fees, administration, and living expenses.

section 613; and

"(3) such sums as may be necessary for each of the 4 succeeding fiscal years to carry out each of such sections.".

(3) by amending section 614 (as redesignated by paragraph (2) of this section) to read as follows:

Mr. PANETTA (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. PANETTA. Mr. Chairman, let me state up front that I strongly support H.R. 3700 in general and title VI specifically. I commend the committee for a fine job in reviewing this important legislation. The gentleman from Michigan in particular has approached

this task with outstanding dedication and deepfelt conviction about the integral role of education in our society. I thank him for his efforts.

I have been an advocate of international education programs for a long time, and have continually worked to protect title VI programs from attempted cutbacks and eliminations. My support will not waiver. The committee's revision of title VI represents a significant step forward in strengthening our efforts to foster a more internationally literate and culturally sophisticated public. The new intensive summer language institutes will provide critical supplementary foreign language instruction for our most promising students and professors. Likewise the foreign periodical acquisition program will boost the supply of materials that are a key element in our efforts to keep abreast of the latest developments in science, technology, and other disciplines.

The amendment I am offering today is designed to supplement the committee's action by encouraging our colleges and universities to expand their international studies programs to a broader base of students. Traditionally, title VI has focused on increasing the quality of our foreign language and area studies training at the top levels of these fields. The need to continue along this path has not diminished. However, changing global realities require us to produce competent—but not necessarily expert—linguists in greater numbers. we need to graduate students who are proficient in foreign languages, but whose specializations are in other fields. We need engineers fluent in Japanese, political scientists understanding Russian, agriculturalists competent in Chinese, economists who speak Korean and businessmen fluent in Arabic. Language studies should be an integral part of all higher education.

Our future national security and economic prosperity depend on our ability to communicate with our foreign counterparts. As technology shrinks the distances separating the nations of the world, we find ourselves dealing with foreign nationals with greater and greater frequency. Across the negotiating table, in our laboratories, through business deals, and in academic conferences we place ourselves at an immediate disadvantage by our limited ability to communicate. We must wake up and recognize that English is no longer the only game in town.

Japan's remarkable recovery since the end of the war has been the greatest economic success story of the century, much to the chagrin of many of her competitors. The success can be attributed to a number of factors, but I do not think that we can underestimate the importance of Japan's international marketing strategies. The Japanese have deliberately prepared their businessmen and other professionals to operate in a global marketplace, with multicultural customers. They have learned the language, analyzed the needs, grasped the culture, and tried to understand the basic psyche of all potential consumers. It is estimated that there are 10,000 Japanese businessmen who speak English in the United States, while only about 1,000 American businessmen are in Japan, most of whom cannot speak the language.

U.S. companies, for the most part, have marketed their products abroad American-style. American advertising campaigns have not been as effective as they could be because we have not taken the time to understand international audiences. For example, in Italy advertisements for Schweppes tonic translated the product as "bathroom water." A Coca-Cola ad was phonetically translated into Chinese characters as "bite the wax tadpole." And Chevrolet marketing executives were stumped as to why their Nova car was not selling in Spain until they finally realized that "Nova" translated into Spanish means "does not go." We have committed countless careless, thoughtless and costly mistakes which have done nothing for American prestige, let alone product sales.

The language of business must be the language of the customer. Yet in only 14 of the Nation's 564 business schools are courses in foreign languages or international affairs required. We simply are not preparing these business majors for the future. Likewise our scientists and engineers are quickly finding that the latest breakthroughs in their fields are no longer occurring exclusively in English-speaking countries, or being reported only in English language journals.

The need for bi- or tri-lingualism is no less acute in the diplomatic sector. The important role of first rate interpreters and translators was dramatically demonstrated at the recent summit meetings. But in addition to these highly skilled linguists, what a difference it would make if each Embassy and consulate around the world was staffed with professional diplomats who had a working knowledge of the native language—or at least the ability to learn. But the Foreign Service requires absolutely no prior foreign language experience as a prerequisite for entry into the corps.

In short, foreign langauge study should no longer be limited to foreign langauge majors. Students themselves are beginning to realize that knowledge of certain key languages will make them more attractive to potential employers. Accordingly, enrollment in college-level Japanese courses increased 40.2 percent from 1980–83. This trend must be encouraged and expanded to encompass all languages of the world. Japan's is not the only market in which we will compete in the years ahead. Commerce in the Middle East, for example, will grow increasingly significant, to say nothing of its strategic value. Yet over that same 1980–83 period, the number of students studying Arabic actually declined by 0.9 percent.

Higher education institutions should broaden their foreign language programs and make minimum language competency a requirement. Although some colleges and universities are beginning to reinstitute language requirements that were dropped in the late sixties and early seventies, the Federal Government must encourage them to continue along this path.

The amendment I am offering would assist these institutions to expand their foreign language programs in three ways. First, any college or university which has at least 5 percent of its student body enrolled in foreign language courses and which makes foreign language study a prerequisite for either acceptance into or graduation from the institution would become eligible for competitive grants to improve and expand their foreign language instruction. Second, programs designed to provide pre- and in-service foreign language training to teachers would become eligible for the funds authorized under the new Intensive Summer Language Institutes. Third, my amendment would provide grants to colleges and universities for study abroad programs in which academic work may be combined with internships in international business.

The thrust of this amendment is based on portions of the Foreign Language Assistance for National Security Act, which I introduced in July of this year. As many of my colleagues will recall, this bill received the overwhelming bipartisan support of the House in 1984, with a convincing vote of 265–120. There was a consensus at that time that this kind of Federal initiative was essential to prepare our country for the new multipolar world of the eighties and beyond.

The three-pronged approach adopted in my amendment builds upon that consensus by providing an appropriate balance to the existing international studies programs authorized in title VI. Our Nation needs both broad-based competency and in-depth specialization in international languages and affairs. Our educational institutions must be prepared to meet these dual needs on an unprecedented scale. The Federal Government must provide the leadership to encourage this trend. Encouraging increased foreign language enrollments and requirements, maintaining and upgrading teachers' language skills, and promot-

ing hands on experience abroad will help to set these wheels in motion.

I do not propose to increase the existing authorization levels for title VI set by the committee. Rather, I believe we can make a significant impact with a relatively minimal amount of money. I recognize that there is currently a great discrepancy between authorizations and appropriations for title VI programs. I commend the committee's attempt to try to bring these two figures more in line, and it is not my intent to exacerbate this problem. However, I do believe that even in times of limited financial latitude, we should attempt to structure our programs to reflect accurately our needs and goals. Therefore, the three additions I am proposing would be included within the existing authorization levels specified by the committee.

Mr. Chairman, as you know, 2 weeks ago, President Reagan traveled to Geneva to meet General Secretary Gorbachev of the Soviet Union. Although the differences between our two nations are great, these two leaders did agree on one indisputable fact: The future security of the world depends on the mutual understanding between the American and Soviet peoples. The only signed agreement to come out of those meetings was a pact to increase cultural and academic exchanges. In pledging their commitment to this new initiative, Mr. Reagan and Mr. Gorbachev recognized that Soviet-American cultural awareness should not be limited to a few top-level Kremlinologists and Americanologists in the upper reaches of power in the two countries; the mutual understanding should filter through to all corners of society.

It is in this spirit that I think Congress should move to encourage improved and expanded foreign language programs, not only in Russian, but in the languages of all regions of the world. It is imperative that we be able to function effectively in the increasingly complex and intertwined network of international relations. The amendment I am offering is a step in the right direction. A small investment now can reap great rewards in the years to come. We must tune America in to the wave of the future. I ask for my colleagues' support of my amendment to title VI of H.R. 3700.

Mr. GOODLING. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I am pleased to yield to the gentleman from Pennsylvania.

Mr. GOODLING. Mr. Chairman, as I indicated in my general remarks yesterday in general debate, this language is very, very familiar to me. It seems to say a lot that was said in the Simon-Goodling-Coleman foreign language bill, which the gentleman referred to. Therefore, of course, we are very happy to accept it and think that it is a good idea.

Mr. PANETTA. Mr. Chairman, I thank the gentleman.

Mr. FORD of Michigan. Mr. Chairman will the gentleman yield?

Mr. PANETTA. I yield to the gentleman from Michigan.

Mr. FORD of Michigan. Mr. Chairman, we appreciate the gentleman's assistance in working on the provisions of the bill for title VI and for the gentleman's longtime interest in this issue. We are pleased to accept the amendment.

Mr. PANETTA. Mr. Chairman, I thank the gentleman.

Mr. HENRY. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I yield to the gentleman from Michigan.

Mr. HENRY. Mr. Chairman, because this was not discussed in committee, I would like to indicate that there is support on both sides for this amendment. I do want to commend the gentleman. I know it began very strongly with a member on the committee who has now moved to the other body and has worked on this matter for a number of years.

In brief, the amendment does three things. It adds to the existing program for business and international education programs a new component which would allow the funds to be used in combination with the internships in international business. When we discuss not only the political but linguistic needs and inadequacies of our Nation, but the trade implications of this, clearly this addresses a major need.

Second, it adds to existing summer institutes for intensive language studies which are eligible for grants, institutes which provide training for teachers of foreign languages. Clearly, that is a critical area.

Third, the amendment would provide assistance to model programs designed to improve and expand foreign language study in undergraduate schools under section 604 programs.

The CHAIRMAN pro tempore. The time of the gentleman from California [Mr. PANETTA] has expired.

(By unanimous consent, Mr. PANETTA was allowed to proceed for an additional 2 minutes.)

Mr. HENRY. Mr. Chairman, will the gentleman yield further?

Mr. PANETTA. I yield to the gentleman from Michigan.

Mr. HENRY. Mr. Chairman, I would like to make clear one technical qualification or clarification, however, that under the section 604 program the moneys would be allowed only to those institutions which require as a basis of admission 2 years of undergraduate foreign language training or require a program completion of 2 years of foreign language, or have 5 percent of their head count equated enrolled in foreign language programs. I want to be sure at this point that the head count is based on the undergraduate enrollment in those institutions. Am I correct?

Mr. PANETTA. The gentleman is correct.

Mr. HENRY. Mr. Chairman, if it is in order at this point, I have discussed with the maker of the amendment a technical amendment, or really not quite a technical amendment. The purpose of this is particularly to target those areas in which Americans are linguistically weak.

For that reason, I have discussed with the gentleman from California an amendment which would add a new subsection on page 3 of this amendment. In section 613, under subsection (i), it would add a subsection (k) including the Netherlands for the study of major languages in that region.

Mr. PANETTA. Mr. Chairman, we have discussed that.

Mr. Chairman, I ask unanimous consent that the amendment be modified pursuant to the gentleman's request.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The CHAIRMAN pro tempore. The Clerk will report the modification of the amendment offered by the gentleman from California [Mr. PANETTA].

The Clerk read as follows:

Modification of amendment offered by Mr. PANETTA: On page 3 of the Panetta amendment after line one insert:

"(k) Netherlands for the study of major languages in that region."

The text of the amendment, as modified, is as follows:

Page 507, line 18, strike out "and"; on line 22, strike out the period and insert in lieu thereof "; and"; and after such line insert the following:

(4) by redesignating subsection (b) as subsection (c) and by inserting after subsection (a) the following new subsection:

"(b)(1) The Secretary is also authorized to make grants to institutions of higher education whose applications are approved under subsection (2) for the purpose of providing assistance to model programs designed to improve and expand foreign language studies at those institutions. Any institution of higher education desiring to receive a grant under this subsection shall submit an application to the Secretary at such time, in such form, and containing such information and assurances as the Secretary may require.

"(2)(A) An institution of higher education shall not be eligible for a grant under this subsection for a fiscal year unless—

"(i) the sum of the number of students enrolled at such institution in qualified postsecondary language courses on October 1 of that fiscal year exceeds 5 per centum of the total number of students enrolled at such institution;

"(ii) such institution requires that each entering student have successfuly completed at least two years of secondary school foreign language instruction or requires that each graduating student have earned two years of postsecondary credit in a foreign language (or have demonstrated equivalent competence in a foreign language).

"(B) For purposes of subparagraph (A)(i), the total number of students enrolled in an institution shall be considered to be equal to the sum of (i) the number of full-time degree candidate students enrolled at the institution, and (ii) the number of part-time degree candidate students who are enrolled at the institution for an academic workload which is at least half the full-time academic workload, as determined by the institution in accordance with standards prescribed by the Secretary.

"(3) As a condition for the award of any grant under this section, the Secretary may establish criteria for evaluating programs assisted with funds under this section and require an annual report which evaluates the progress and proficiency of students in such programs.".

Page 508, line 15, strike out "or"; on line 19, strike out the period and insert in lieu thereof "; or"; and after such line insert the following:

"(C) institutes designed to provide professional development and improve language instruction through pre- and in-service training for language teachers.".

Page 512, beginning on line 5, strike out "and" and all that follows through line 11 and insert in lieu thereof the following:

(2) by redesignating section 613 as section 614 and inserting after section 612 the following new section:

"STUDY ABROAD AND INTERNSHIPS

"SEC. 613. (a) The Secretary is authorized to make grants to institutions of higher education, or to consortia of such institutions, whose application is approved under subsection (b) for the purposes of providing assistance to enable advanced foreign language students to develop their language skills and their knowledge of foreign cultures and societies through study abroad. Such study abroad may be combined with an intership in an international business enterprise. Any institution or consortium whose application is so approved shall be eligible to receive a grant in an amount not to exceed one-half the cost of providing such assistance.

"(b) Any institution of higher education or consortium of such institutions desiring to receive a grant under this section shall submit an application therefor to the Secretary at such time, in such form, and containing such information and assurances as the Secretary may require. No such application may be approved by the Secretary unless the application—

"(1) contains a description of the proposed program of study abroad in any of the following areas:

"(A) Latin America, the Caribbean, and Puerto Rico for the study of Spanish, Portuguese, and other major languages of that region;

"(B) the Middle East for the study of Arabic and other major languages of that region;

"(C) Japan for the study of Japanese;

"(D) the People's Republic of China or the Republic of China for the study of Chinese;

"(E) the Republic of Korea for the study of Korean;

"(F) the Union of Soviet Socialist Republics for the study of Russian and other major languages of that region;

"(G) Africa for the study of major languages of that region;

"(H) South Asia for the study of Hindi and other major languages of that region;

"(I) Eastern Europe for the study of major languages of that region;

"(J) Southeast Asia for the study of major languages of that region; and

"(K) Netherlands for the study of major languages in that region.

"(2) provides adequate assurance that those who wish to participate will be selected on the basis of demonstrated proficiency in the language, as shown by testing comparable to that conducted by the Foreign Service Institute of the Department of State; and

"(3) demonstrates that the program will provide the opportunity to combine language study with the study of journalism, international business, finance, economic development, science, engineering, political science, international studies, or other related areas.

"(c) Funds available to institutions under this section may be used to cover costs associated with the study abroad program, including tuition, fees, administration, and living expenses.

section 613; and

"(3) such sums as may be necessary for each of the 4 succeeding fiscal years to carry out each of such sections.".

(3) by amending section 614 (as redesignated by paragraph (2) of this section) to read as follows:

Mr. COLEMAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. PANETTA. I yield to the gentleman from Missouri.

Mr. COLEMAN of Missouri. Mr. Chairman, I appreciate the gentleman yielding. I think he has a very constructive amendment.

I think the fact that we are not going to provide some incentive——

The CHAIRMAN pro tempore. The time of the gentleman from California [Mr. PANETTA] has again expired.

(At the request of Mr. COLEMAN of Missouri, and by unanimous consent, Mr. PANETTA was allowed to proceed for 1 additional minute.

Mr. COLEMAN of Missouri. Mr. Chairman, if the gentleman will yield further, the gentleman has hit on a very key part of this and that is to construct an incentive program wherein we will provide some incentive to higher education institutions to require this incoming through admissions, those people who have to have 2 years of high school foreign languages, is the type of thing that is going to have to be done in order to ensure that this really gets going. As the gentleman knows, languages should be taught at younger ages, if not in college, then in high school, and if not in high school, then in elementary schools; but I think this is a good step toward reinstituting the requirements that 20 years ago were in place in many institutions that were thrown out in the sixties and seventies.

We do see some voluntary return to that and the gentleman is simply trying to provide some incentive. I congratulate the gentleman and join with him in support of his amendment.

□ 1600

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from California [Mr. PANETTA], as modified.

The amendment, as modified, was agreed to.

The CHAIRMAN pro tempore. Are there further amendments to title VI? If not, the Clerk will designate title VII.

The text of title VII is as follows:

TITLE VII—AMENDMENT TO TITLE VII OF THE ACT

SEC. 701. REVISION OF TITLE VII.

Title VII of the Act is amended to read as follows:

"TITLE VII—CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

"SEC. 701. GENERAL PURPOSES.

"(a) IN GENERAL.—The Secretary shall carry out programs of financial assistance to institutions of higher education and to higher education building agencies for the construction, reconstruction, or renovation of academic facilities and the acquisition and maintenance of special equipment if the primary purpose of such assistance is—

"(1) to enable such institutions to bring their facilities into conformity with the requirements of:

"(A) the Act of August 12, 1968, commonly known as the Architectural Barriers Act of 1968;

"(B) section 504 of the Rehabilitation Act of 1973;

"(C) environmental protection or health and safety programs mandated by Federal, State, or local law, if such requirements were not in effect at the time such facilities were constructed; or

"(D) hazardous waste disposal, treatment, and storage requirements mandated by the Resource Conservation and Recovery Act of 1976, or similar State statutes;

"(2) to enable such institutions to more efficiently use available energy resources, especially coal, solar power, and other renewable energy resources;

"(3) to enable such institutions to detect, remove, or otherwise contain asbestos hazards in academic and other facilities used by students, in accordance with regulations prescribed by the Secretary;

"(4) to enable such institutions to construct, reconstruct, or renovate the Nation's academic and research facilities, including libraries, and to acquire and maintain special research and instructional equipment;

"(5) to enable such institutions to provide facilities for advanced skill training programs that relate to emerging technologies and skill needs;

"(6) to enable institutions with unusual increases in enrollment or with significant internal programmatic enrollment shifts (according to data and criteria established by the Secretary) to construct, reconstruct, or renovate their facilities; or

"(7) to enable such institutions to preserve significant architecture.

"(b) PRIORITY ON RENOVATION.—In the awarding of grants under this title, priority shall be given to projects involving the renovation of facilities.

"SEC. 702. APPROPRIATIONS AUTHORIZED.

"(a) PARTS A AND B.—There are authorized to be appropriated $100,000,000 for fiscal year 1987 and such sums as may be neces-

sary for each of the succeeding four fiscal years for parts A and B, except that no funds may be appropriated for parts A and B for any such fiscal year unless at least $25,000,000 is appropriated for part E of this title for such fiscal year.

"(b) OTHER PROGRAMS.—There are authorized to be appropriated—

"(1) $50,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years for part C;

"(2) such sums as may be necessary for fiscal year 1987 and for each of the four succeeding fiscal years for part D; and

"(3) $50,000,000 for fiscal year 1987 and each of the four succeeding fiscal years for part E.

"PART A—GRANTS FOR THE CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF UNDERGRADUATE ACADEMIC FACILITIES

"SEC. 711. STATE PLAN.

"(a) SUBMISSION AND CONTENTS OF PLAN.—Any State desiring to participate in the grant program authorized by this part shall have an agreement pursuant to section 1203 and submit annually to the Secretary, through the State agency designated in such agreement, a State plan which shall—

"(1) provide that the plan shall be administered by the State entity having an agreement under section 1203;

"(2) set forth objective standards and methods which are consistent with basic criteria established under section 712, for—

"(A) determining the relative priorities of eligible projects submitted by institutions of higher education within the State, and

"(B) certifying the Federal share of the cost of each project;

"(3) provide for every applicant an opportunity for a hearing before the State agency regarding the priority assigned to such project, or any other decision by the State agency adversely affecting such applicant; and

"(4) provide for accounting procedures necessary to assure proper disbursement of Federal funds.

"(b) HEARING REQUIRED BEFORE DISAPPROVAL.—The Secretary shall not disapprove any State plan, or modification thereof, without first affording the State agency reasonable notice and opportunity for a hearing.

"(c) SUSPENSION FOR NONCOMPLIANCE.—Whenever the Secretary finds that the State plan substantially fails to comply with this section, the Secretary shall notify the State that it is ineligible to participate in the program under this part until a determination is made that there is no longer a failure to comply.

"SEC. 712. BASIC CRITERIA.

"(a) SECRETARY TO PRESCRIBE CRITERIA.—The Secretary shall, by regulation, prescribe basic criteria for the consideration of State plans which ensure—

"(1) flexibility for States to accommodate the varied needs of institutions in the States;

"(2) consideration of the degree to which applicant institutions are effectively using existing facilities; and

"(3) that the Federal share shall not exceed 50 percent of the development costs of a project.

"(b) RULEMAKING PROCEDURES REQUIRED.—Section 553 of title 5, United States Code, shall apply to the prescription of regulations under this section.

"SEC. 713. ALLOTMENT OF FUNDS.

"(a) USE FOR PUBLIC COMMUNITY COLLEGES AND TECHNICAL INSTITUTES; OTHERS.—From the sums appropriated pursuant to section 702 to carry out the purposes of this part, not less than 24 percent shall be allotted to States under subsection (b) for public community colleges and public technical institutes. The remainder of such sums shall be allotted States under subsection (c) for all other institutions of higher education.

"(b) ALLOTMENT FOR PUBLIC COMMUNITY COLLEGES AND TECHNICAL INSTITUTES.—(1) For the purpose of making grants to public community colleges and public technical institutes, the Secretary shall allot to each State an amount which bears the same ratio to the amount available for allotment under this subsection as the product of—

"(A) the number of persons in the State who have graduated from high school or received an equivalent certificate during the previous school year, and

"(B) the State's allotment ratio,

bears to the sum of the corresponding products for all the States.

"(2)(A) Except as provided in subparagraph (B), the allotment ratio shall be 1.00 less the product of—

"(i) 0.50, and

"(ii) the quotient obtained by dividing the income per person for the State by the income per person for all States (not including Puerto Rico, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, and Guam).

"(B) Notwithstanding subparagraph (A)—

"(i) the allotment ratio shall in no case be less than 0.33⅓ or more than 0.66⅔;

"(ii) the allotment ratio for Puerto Rico, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, and Guam shall be 0.66⅔; and

"(iii) the allotment ratio of any State shall be 0.50 for any fiscal year if the Secretary finds that the cost of school construction in such State exceeds twice the median of such costs in all the States as determined by him on the basis of statistics and data as the Secretary shall deem adequate and appropriate.

"(C) Allotment ratios shall be promulgated annually by the Secretary on the basis of the average personal income in the State and in all the States for the three most recent consecutive calendar years for which data are available from the Department of Commerce.

"(c) ALLOTMENT FOR OTHER INSTITUTIONS.—For the purpose of making grants to all other institutions of higher education, the Secretary shall allot to each State—

"(1) an amount which bears the same ratio to 50 percent of the amount available for allotment under this subsection as the number of students enrolled in institutions of higher education in such State bears to the number of students so enrolled in all States; and

"(2) an amount which bears the same ratio to 50 percent of the amount available for allotment under this subsection as the number of students enrolled in grades nine through twelve of schools in such State bears to the total number of students so enrolled in all the States.

"(d) AGGREGATE LIMITS AND RATABLE REDUCTIONS.—The aggregate amount allotted to any State under subsections (b) and (c) for any fiscal year shall not be less than $100,000. If the sums appropriated pursuant to section 702 are not sufficient to make payments to each State, then the amount of each State's allotment shall be ratably reduced.

"(e) REALLOCATION.—(1) Any portion of a State's allotment under subsections (b) and (c) for any fiscal year for which applications from qualified institutions have not been received by the State agency prior to January 1 of such fiscal year shall, by request, be available for payment of the Federal share of cost of other approved projects.

"(2) Amounts allotted under this section for any fiscal year which are not used by the close of the fiscal year shall be reallotted by the Secretary among the States which are able to use these funds without delay during the next fiscal year.

"(f) USE FOR CONSTRUCTION, RECONSTRUCTION, RENOVATION.—Funds available under this part may be used for construction, reconstruction, or renovation of undergraduate facilities and combined graduate and undergraduate facilities.

"(g) USE FOR MAINTENANCE.—In addition, an amount less than or equal to 15 percent of that portion of an award granted under this part which is allotted by the recipient to meet costs of—

"(1) instructional or research equipment, and

"(2) equipment and structural changes necessary to obtain and sustain the environment (temperature, air quality, etc.) requisite to proper functioning of a new or renovated laboratory,

may be allocated by the recipient for maintenance of equipment and changes described in clauses (1) and (2). Part or all of this percentage may also be applied to costs of upgrading said equipment and structural changes within three years of the date of initial use.

"PART B—GRANTS FOR CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF GRADUATE ACADEMIC FACILITIES

"SEC. 721. GRANTS.

"(a) GRANT TO INSTITUTIONS; STATE LIMITATION.—(1) Funds available for this part shall be used by the Secretary to make grants to graduate institutions of higher education whose applications for assistance are consistent with the objectives of this title.

"(2) The total payment for any fiscal year made to institutions of higher education in any State shall not exceed 12.5 percent of sums appropriated for this part.

"(b) PEER REVIEW REQUIRED.—In making grants under this section, the Secretary shall utilize a national peer review panel. Such panel shall make recommendations to the Secretary based on their assessment of—

"(1) the effectiveness of the program in the proposed use of Federal assistance; and

"(2) the extent to which the receipt of the grant will assist the institution in overcoming deficiencies in existing equipment and facilities.

"(c) CONTENTS OF APPLICATIONS.—Applications made pursuant to this section shall contain—

"(1) a description of the basic research programs of the applicant;

"(2) information specified by the Secretary to provide an indication of the ability of the institution to make effective use of the funds received;

"(3) a description of the advanced training programs of the institution;

"(4) an assessment of the applicant's past and projected contributions to the growth of knowledge in science; and

"(5) such other information as deemed necessary by the Secretary to carry out the purposes of this section.

"(d) COST LIMITATIONS.—The amount of the grant shall not exceed 50 percent of the development cost of the project. No funds or resources provided through Federal programs shall be used to meet the institution's

share of the program supported under this section.

"(e) USE FOR MAINTENANCE.—An amount less than or equal to 15 percent of that portion of an award granted under this part which is allotted by the recipient to meet costs of—

"(1) instructional or research equipment, and

"(2) equipment and structural changes necessary to obtain and sustain the environment (temperature, air quality, etc.) requisite to proper functioning of a new or renovated laboratory,

may be allocated by the recipient for maintenance of equipment and changes described in clauses (1) and (2). Part or all of this percentage may also be applied to costs of upgrading such equipment and structural changes within three years of the date of initial use.

"PART C—LOANS FOR CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

"SEC. 731. ELIGIBILITY CONDITIONS, AMOUNTS, AND TERMS.

"(a) SELECTION OF RECIPIENTS.—From the sums available for this part, the Secretary shall make and insure loans to institutions of higher education and to higher education building agencies for programs consistent with the purposes of this title. No loan shall be made unless the Secretary finds that—

"(1) not less than 20 percent of the development cost of the project will be financed from non-Federal sources;

"(2) the applicant is unable to secure the loan from other sources upon terms and conditions equally as favorable as those applicable to loans under this part;

"(3) the project will be undertaken in an economical manner; and

"(4) for any project with regard to an infirmary or other outpatient care facility for students and institutional personnel, assistance will not be provided under part F of this title.

"(b) TERMS OF LOANS.—Loans shall be repaid within fifty years and shall bear interest at (1) a rate annually determined by the Secretary which shall be not more than one-quarter of 1 percentage point above the average annual interest rate on all interest-bearing obligations of the United States forming a part of the public debt as computed at the end of the preceding fiscal year, adjusted to the nearest one-eighth of 1 percent, or (2) the rate of 5.5 percent per year, whichever is less.

"(c) USE FOR MAINTENANCE.—An amount less than or equal to 15 percent of that portion of a loan granted under this part which is allotted by the recipient to meet costs of—

"(1) instructional or research equipment, and

"(2) equipment and structural changes necessary to obtain and sustain the environment (temperature, air quality, etc.) requisite to proper functioning of a new or renovated laboratory,

may be allocated by the recipient for maintenance of equipment and changes described in clauses (1) and (2). Part or all of this percentage may also be applied to costs of upgrading such equipment and structural changes within three years of the date of initial use.

"SEC. 732. GENERAL PROVISIONS FOR LOAN PROGRAM.

"(a) CONCLUSIVENESS OF SECRETARY'S TRANSACTIONS.—Financial transactions of the Secretary, except with respect to administrative expenses, shall be final and conclusive on all officers of the Government and shall not be reviewable by any court.

"(b) GENERAL AUTHORITY.—In the performance of, and with respect to, the functions vested in him by this part, the Secretary may—

"(1) prescribe such rules and regulations as may be necessary to carry out the purposes of this part;

"(2) sue and be sued in any court of record of a State having general jurisdiction or in any district court of the United States, and such district courts shall have jurisdiction of civil actions arising under this part without regard to the amount in controversy, and any action instituted under this subsection by or against the Secretary shall survive notwithstanding any change in the person occupying the office of the Secretary or any vacancy in such office; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Secretary or property under his control, and nothing herein shall be construed to except litigation arising out of activities under this part from the application of sections 507(b) and 517 and 2679 of title 28, United States Code;

"(3) foreclose on any property and bid for and purchase at any foreclosure, or any other sale, any property in connection with which he has made a loan pursuant to this part; in the event of such an acquisition, notwithstanding any other provisions of law relating to the acquisition, handling, or disposal of real property by the United States, the Secretary may complete, administer, remodel and convert, dispose of, lease and otherwise deal with, such property; except that (A) such action shall not preclude any other action by him to recover any deficiency in the amounts loaned and (B) any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property;

"(4) sell, exchange, or lease real or personal property and securities or obligations;

"(5) modify, with respect to the rate of interest, the time of payment of principal, interest, security, or any other term of any contract or agreement to which he is a party, including—

"(A) granting a moratorium on the repayment of principal or interest to a party temporarily unable to make such repayment without undue financial hardship provided the applicant files, and the Secretary approves, a plan to make repayment; and

"(B) granting to a borrower of a loan made before October 1, 1986, the option of repaying the loan at a discount computed in accordance with subsection (c) if the repayment is (i) made from non-Federal sources, (ii) not derived from proceeds of obligations the income of which is exempt from taxation under the Internal Revenue Code of 1954, and (iii) made on a loan that has been outstanding for at least five years; and

"(6) include in any contract such other covenants, conditions, or provisions necessary to ensure that the purposes of this title will be achieved.

"(c) COMPUTATION OF ALLOWABLE DISCOUNTS.—The Secretary shall, in consultation with the Secretary of the Treasury and to the extent consistent with the best financial interests of the Federal Government, compute the discount which may be offered to a borrower as an inducement to early repayment under subsection (b)(5). The price which may be offered shall be the present value of the scheduled future payments on the loan discounted by using, as an imputed interest rate, the current market yields on outstanding marketable obligations of the United States having comparable maturities.

"SEC. 733. REVOLVING LOAN AND INSURANCE FUND.

"(a) ESTABLISHMENT.—There is created within the Treasury a revolving loan fund for the purpose of making and insuring loans under this part (hereafter called the 'fund') which shall be available to the Secretary without fiscal year limitation. The total of any loans made from the fund in any fiscal year shall not exceed limitations specified in appropriations Acts.

"(b) MANAGEMENT OF FUND.—(1) The Secretary shall transfer to the fund appropriations provided under section 702 to provide capital for making loans. Interest and principal payments on loans, and any other moneys, property, or assets derived from activities under this part shall be deposited in the fund.

"(2) All loans, expenses, and payments pursuant to operation of this part shall be paid from the fund, including expenses and payments in connection with sale, pursuant to section 302(c) of the Federal National Mortgage Association Charter Act, of participations in obligations acquired under this part. At the close of each fiscal year, the Secretary shall pay interest on the cumulative amount of funds paid out for loans under this part less the average undisbursed cash balance in the fund during the year. The interest rate shall be determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding Treasury obligations of maturity comparable to the average maturity of loans made from the fund during the month preceding each fiscal year. Interest payments may be deferred with the approval of the Secretary of the Treasury, but interest payments so deferred shall themselves bear interest. If the Secretary determines that moneys in the fund exceed the present and prospective needs of the fund, the excess may be transferred to the general fund of the Treasury.

"PART D—GRANTS TO PAY INTEREST ON DEBT

"SEC. 741. ANNUAL INTEREST GRANTS.

"(a) GRANT AUTHORITY.—To assist institutions of higher education and higher education building agencies in reducing the cost of borrowing from other sources for projects under this part, the Secretary may make annual interest grants to such institutions and agencies with respect to any project made over a fixed period not exceeding forty years, and provision for the grants shall be embodied in the contract guaranteeing their payment. Grants shall not be greater than the difference between (1) the average annual debt service which would be required to be paid during the life of the loan on the amount borrowed from other sources for the construction of such facilities, and (2) the average annual debt service which the institution or agency would have been required to pay during the life of the loan if the applicable interest rate had been determined by the Secretary in accordance with section 731(b).

"(b) LIMITS ON GRANTS.—The total amount of annual interest grants which may be paid to institutions of higher education and higher education building agencies in any year pursuant to contracts entered into for such year under this section shall not exceed $13,500,000.

"(c) STATE ALLOCATION LIMITS.—The total payment for any fiscal year made to institutions of higher education and higher educa-

tion building agencies in any State shall not exceed 12.5 percent of sums appropriated for this section.

"(d) REQUIREMENTS FOR GRANTS.—No annual interest grant shall be made unless (1) assurance is provided that not less than 10 percent of the costs of the project will be financed from non-Federal sources, (2) the applicant is unable to secure a loan from other sources upon terms and conditions as favorable as those applicable to loans under this title, and (3) the project will be undertaken in an economical manner. Loans for which an interest grant is made shall, for purposes of this section only, not be considered financing from a non-Federal source.

"PART E—COLLEGE CONSTRUCTION LOAN INSURANCE CORPORATION

"SEC. 751. CONGRESSIONAL DECLARATION OF PURPOSE; DEFINITION; INCORPORATION.

"(a) PURPOSE.—The Congress hereby declares that it is the purpose of this part to authorize participation of the United States Government and the Student Loan Marketing Association in a private, for profit corporation to be known as the College Construction Loan Insurance Association (hereinafter referred to as the 'Corporation') which will, directly or indirectly, alone or in collaboration with others—

"(1) guarantee, insure and reinsure bonds, debentures, notes, evidences of debt, loans and interests therein, the proceeds of which are substantially to be used for an education facilities purpose;

"(2) guarantee and insure leases of personal, real or mixed property substantially to be used for an education facilities purpose; and

"(3) issue letters of credit, undertake obligations and commitments, provide such other programs and services and undertake such other activities as the Corporation shall deem appropriate for the purpose of increasing the availability of funds for educational facilities and equipment.

"(b) STATUS AS NON-GOVERNMENTAL ENTITY.—The Corporation shall not be an agency, instrumentality or establishment of the United States Government and shall not be a 'Government corporation' nor a 'Government controlled corporation' as defined in section 103 of title 5, United States Code.

"(c) CORPORATE POWERS AND LIMITATIONS.—The Corporation shall be subject to the provisions of this part and, to the extent not inconsistent with this part, to the District of Columbia Business Corporation Act. It shall have the powers conferred upon a corporation by the District of Columbia Business Corporation Act as from time to time in effect in order to conduct its corporate affairs and to carry out its purposes and activities incidental thereto.

"(d) DEFINITION OF EDUCATION FACILITIES PURPOSE.—As used in this section, an 'education facilities purpose' includes any activity relating to the construction, reconstruction, renovation, acquisition or purchase of (1) education, training or research facilities or housing for students, faculty or staff, (2) any underlying real property or any interest therein, (3) furniture, fixtures and equipment to be used in connection with any education or training facility or housing for students, faculty or staff, and (4) instructional equipment and research instrumentation including site preparation for such equipment and instrumentation.

"SEC. 752. PROCESS OF ORGANIZATION.

"The Secretary of the Treasury, the Secretary of Education and the Student Loan Marketing Association shall each appoint two persons to be incorporators of the Corporation. If either the Secretary of the Treasury or the Secretary of Education fail to appoint incorporators within 90 days after the date of enactment of the Higher Education Amendments of 1985, the Student Loan Marketing Association shall have the authority to name the incorporators which have not been so appointed. The incorporators so appointed shall each sign the articles of incorporation and shall serve as the initial Board of Directors until the members of the first regular Board of Directors shall have been appointed and elected. Such incorporators shall take whatever actions are necessary or appropriate to establish the Corporation, including the filing of articles of incorporation.

"SEC. 753. OPERATION AND ELECTION OF BOARD OF DIRECTORS.

"(a) IN GENERAL.—The Corporation shall have a Board of Directors which shall consist of eleven members, of whom one shall be elected annually by the Board to serve as chairman. Directors shall serve for terms of one year or until their successors have been appointed and qualified, and any member so appointed to fill a vacancy shall be appointed only for the unexpired term of the Director whom he succeeds. Two Directors shall be appointed by the Secretary of the Treasury; two Directors shall be appointed by the Secretary of Education; three Directors shall be appointed by the Student Loan Marketing Association; and the remaining four Directors shall be elected by the holders of the Corporation's voting common stock at least one of whom shall be a college or university administrator.

"(b) CUMULATIVE VOTING.—The articles of incorporation of the Corporation shall provide for cumulative voting under section 27(d) of the District of Columbia Business Corporation Act (D.C. Code, sec. 29-327(d)).

"SEC. 754. INITIAL CAPITAL.

"(a) AUTHORITY TO ISSUE COMMON STOCK.—The Corporation shall issue shares of voting common stock of no par value at such time within six months of its incorporation as shall be designated by the initial Board of Directors, for an aggregate consideration of not more than $30,000,000. During each of the four years thereafter, the Corporation shall issue additional voting common stock at such date or dates in each year determined by the Board for an aggregate consideration of not more than $55,000,000 in each year. Such shares shall be issued and sold to the Secretary of Education and the Student Loan Marketing Association in the ratio of five-to-one as provided in subsections (b) and (c) of this section.

"(b) SUBSCRIPTION BY SECRETARY OF EDUCATION.—The Secretary of Education is authorized and directed to subscribe to and purchase, in each of the five years referred to in subsection (a) of this section, voting common stock of the Corporation having an aggregate purchase price of not more than $25,000,000, subject to availability of appropriations.

"(c) SUBSCRIPTION BY ASSOCIATION.—The Student Loan Marketing Association is authorized to subscribe to and purchase in each of the five years referred to in subsection (a) of this section voting common stock of the Corporation having an aggregate purchase price of not more than $5,000,000.

"(d) ANNUAL ISSUANCE.—The Corporation is authorized to offer for subscription and purchase to the general public in each of the five years referred to in subsection (a) of this section voting common stock having an aggregate purchase price of not more than $25,000,000. Not less than $10,000,000 of such stock shall be set aside for purchase by institutions of higher education prior to being offered to the general public.

"SEC. 755. ISSUE OF NONVOTING STOCK AND DEBT TO THE PUBLIC.

"The Corporation may issue without limitation as to amount or restriction as to ownership such nonvoting common, preferred and preference stock, debt (other than debt convertible into voting common stock of the Corporation) and such other securities and obligations, in such amounts, at such times and having such terms and conditions as may be deemed necessary or appropriate by its Board of Directors.

"SEC. 756. OBLIGATIONS NOT FEDERALLY GUARANTEED; NO FEDERAL PRIORITY.

"No obligation which is insured, guaranteed or otherwise backed by the Corporation, shall be deemed to be an obligation which is federally guaranteed within the meaning of section 103(h) of the Internal Revenue Code of 1954, as amended. The priority established in favor of the United States by section 3466 of the Revised Statutes (31 U.S.C. 191) shall not establish a priority over the indebtedness of the Corporation.

"SEC. 757. EXEMPTION FOR CORPORATION FROM INSURANCE LAWS AND STATE QUALIFICATION LAWS.

"(a) INSURANCE LAWS.—The Corporation and its activities shall be exempt from the laws of any State, territory, possession, Commonwealth or dependency of the United States and of the District of Columbia regulating or licensing insurance or reinsurance, surety, guaranty or similar organizations and activities as they relate to the conduct of the Corporation's business.

"(b) QUALIFICATION LAWS.—The Corporation shall be exempt from the laws of any State, territory, possession, Commonwealth or dependency of the United States requiring the Corporation to be qualified to do business in such jurisdiction or having a similar requirement or purpose.

"SEC. 758. AUTHORITY OF SECRETARY TO SELL COMMON STOCK; RIGHT OF FIRST REFUSAL.

"(a) AUTHORITY TO SELL.—The Secretary of Education may, at any time after a date which is five years after the date of incorporation of the Corporation, sell (in one or more transactions) the voting common stock of the Corporation owned by the Secretary. Prior to offering such common stock for sale to any other person, the Secretary shall offer such stock to the Student Loan Marketing Association at the price determined pursuant to subsection (b).

"(b) PURCHASE PRICE.—The price at which the Secretary may sell the voting common stock of the Corporation under subsection (a) of this section shall be the value of such shares as shown on the books of account of the Corporation as of the date of closing of such purchase.

"(c) BOARD OF DIRECTORS ELECTED AFTER MAJORITY BUY-OUT.—If the Student Loan Marketing Association acquires from the Secretary of Education sufficient voting common stock so as to own more than 50 percent of the issued and outstanding voting common stock of the Corporation, section 753 (except subsection (b)) of this Act shall be of no further force or effect and the Board of Directors of the Corporation shall thereafter be elected entirely by the voting common shareholders.

"(d) TERMINATION OF OWNERSHIP RESTRICTIONS AND STATE LAW EXEMPTIONS AFTER COMPLETE BUY-OUT.—If the Student Loan Marketing Association acquires all of the issued

and outstanding voting common stock of the Corporation owned by the Secretary of Education, sections 755 and 757 shall be of no further force or effect as from the first day of the calendar year commencing after such acquisition is completed.

"(e) RIGHT OF FIRST REFUSAL TO ASSOCIATION.—Until such time as the Student Loan Marketing Association acquires all of the voting common stock owned by the Secretary, the Student Loan Marketing Association shall have the right to purchase all, or any iesser portion it shall select, of each of the issues of equity securities or other securities convertible into equity of the Corporation as the Corporation may issue from time to time, on the same terms and conditions as such securities are to be offered to other persons.

"(f) AUTHORITY OF ASSOCIATION WITH RESPECT TO CORPORATION.—The Student Loan Marketing Association is authorized and empowered to conduct all such activities as may be necessary or appropriate in the judgment of the Student Loan Marketing Association for it to carry out its obligations and responsibilities with respect to the Corporation. The Student Loan Marketing Association is also authorized to enter into such other transactions with the Corporation, including the acquisition of securities and obligations of the Corporation referred to in this section and sections 754 and 755, and arrangements for the provision of management and other services to the Corporation, as shall be approved by the Student Loan Marketing Association and the Corporation.

"SEC. 759. USE OF STOCK SALE PROCEEDS.

"The proceeds received by the Secretary of Education upon the sale of any of its shares of the Corporation to the Student Loan Marketing Association shall be paid into a fund established on behalf of the Secretary of Education and administered by the Corporation. The purpose of the fund shall be to provide guarantees and insurance on behalf of those institutions of higher education which do not otherwise qualify for programs conducted by the Corporation because of an inability to comply with financial criteria required by the Corporation.

"SEC. 760. AUDITS; REPORTS TO THE PRESIDENT AND THE CONGRESS.

"(a) The books of account of the Corporation shall be maintained in accordance with generally accepted accounting principles and shall be subject to an annual audit by an independent public accountant.

"(b) REPORTS.—The Corporation shall transmit to the President and the Congress, annually and at such other times as it deems desirable, a report of its operations and activities under this part, which annual report shall include a copy of the Corporation's financial statements and the opinion with respect thereto prepared by the independent public accountant reviewing such statements and a copy of any report made on an audit conducted under subsection (a).

"PART F—HOUSING AND OTHER EDUCATIONAL FACILITIES LOANS

"SEC. 761. FEDERAL ASSISTANCE IN THE FORM OF LOANS.

"(a) AUTHORITY AND CONDITIONS FOR LOANS.—To assist undergraduate postsecondary educational institutions in the construction, reconstruction, or renovation of housing, academic facilities, and other educational facilities for students and faculties, the Secretary may make loans of funds to such institutions for the construction, reconstruction, or renovation of such facilities. No such assistance shall be provided unless—

"(1) the educational institution involved is unable to secure the necessary funds for the construction or purchase from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this title; and

"(2) the Secretary finds that any such construction will be undertaken in an economical manner, and that any such facilities are not or will not be of elaborate or extravagant design or materials.

"(b) USE OF LOANS FOR PREVIOUSLY MADE CONTRACTS.—Any undergraduate postsecondary educational institution which, prior to the date of enactment of this section, has contracted for housing or other educational facilities may, in connection therewith, receive loans authorized under this title, as the Secretary may determine. No such loan shall be made for any housing or other educational facilities, the construction of which was begun prior to the effective date of this section, or completed prior to the filing of an application under this title.

"(c) AMOUNT AND CONDITIONS OF LOANS.—A loan to an undergraduate postsecondary educational institution—

"(1) may be in an amount not exceeding the total development cost of the facility, as determined by the Secretary;

"(2) shall be secured in such manner and be repaid within such period, not exceeding fifty years, as may be determined by the Secretary; and

"(3) shall bear interest at a rate determined by the Secretary which shall be not more than the lower of (A) 5.5 percent per annum, or (B) the total of one-quarter of 1 percent per annum added to the rate of interest paid by the Secretary on funds obtained from the Secretary of the Treasury as provided in subsection (d) of this section.

"(d) USE OF FUNDS FROM TITLE IV OF THE HOUSING ACT OF 1950.—Funds obtained pursuant to section 401(d) of the Housing Act of 1950 shall be available for the purposes of carrying out this part. For such purposes, the total amount of notes and obligations which the Secretary may continue to issue and have outstanding for purchase by the Secretary of the Treasury shall not exceed the amount issued and outstanding under such section 401(d) as of September 30, 1985. Such notes and other obligations shall be in such forms and denominations, have such maturities, and be subject to such terms and conditions as may be prescribed by the Secretary, with the approval of the Secretary of the Treasury. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations of the Secretary issued under this part and for such purpose is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under chapter 31 of title 31, United States Code, and the purposes for which securities may be issued under such chapter are extended to include any purchases of such notes and other obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired under this part. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States.

"(e) USE OF FUNDS.—Not less than 10 percent of the funds held by the Secretary under subsection (d) of this section shall be made available for loans under this part for each fiscal year.

"(f) APPROPRIATION TO COVER NOTES AND OBLIGATIONS NOT COVERED BY LOAN REPAYMENT.—There are authorized to be appropriated to the Secretary such sums as may be necessary, together with principal and interest payments made by postsecondary educational institutions assisted with loans made under this part (or under title IV of the Housing Act of 1950), for payment on notes and obligations issued by the Secretary under this part or such title.

"SEC. 762. GENERAL PROVISIONS.

"(a) BUDGET AND ACCOUNTING.—In the performance of, and with respect to, the functions, powers, and duties under this part, the Secretary notwithstanding the provisions of any other law, shall—

"(1) prepare annually and submit a budget program as provided for wholly owned Government corporations by chapter 91 of title 31, United States Code; and

"(2) maintain a set of accounts which shall be audited by the Comptroller General in accordance with the provisions of chapter 35 of title 31, United States Code, but such financial transactions of the Secretary, as the making of loans and vouchers approved by the Secretary, in connection with such financial transactions shall be final and conclusive upon all officers of the Government.

"(b) USE OF FUNDS.—Funds made available to the Secretary pursuant to the provisions of this part shall be deposited in a checking account or accounts with the Treasurer of the United States. Receipts and assets obtained or held by the Secretary in connection with the performance of functions under this part, and all funds available for carrying out the functions of the Secretary under this part (including appropriations therefore, which are hereby authorized), shall be available, in such amounts as may from year to year be authorized by the Congress, for the administrative expenses of the Secretary in connection with the performance of such functions.

"(c) LEGAL POWERS.—In the performance of, and with respect to, the functions, powers, and duties under this part, the Secretary, notwithstanding the provisions of any other law, may—

"(1) prescribe such rules and regulations as may be necessary to carry out the purposes for this part;

"(2) sue and be sued;

"(3) foreclose on any property or commence any action to protect or enforce any right conferred upon him by any law, contract, or other agreement, and bid for and purchase at any foreclosure or any other sale any property in connection with which the Secretary has made a loan pursuant to this part;

"(4) in the event of any such acquisition, notwithstanding any other provision of law relating to the acquisition, handling, or disposal of real property by the United States, complete, administer, remodel and convert, dispose of, lease and otherwise deal with, such property, but any such acquisition of real property shall not deprive any State or political subdivision thereof of its civil or criminal jurisdiction in and over such property or impair the civil rights under the State or local laws of the inhabitants on such property;

"(5) sell or exchange at public or private sale, or lease, real or personal property, and sell or exchange any securities or obligations, upon such terms as the Secretary may fix;

"(6) obtain insurance against loss in connection with property and other assets held;

"(7) subject to the specific limitations in this part, consent to the modification, with

respect to the rate of interest, time of payment of any installment of principal or interest, security, or any other term of any contract or agreement to which the Secretary is a party or which has been transferred to the Secretary pursuant to this part granting to a borrower of a loan made before October 1, 1986, the option of repaying the loan at a discount computed in accordance with subsection (d) if the repayment is (A) made from non-Federal sources, (B) not derived from proceeds of obligations the income of which is exempt from taxation under the Internal Revenue Code of 1954, and (C) made on a loan that has been outstanding for at least five years; and

"(8) include in any contract or instrument made pursuant to this title such other covenants, conditions, or provisions as may be necessary to assure that the purposes of this part will be achieved.

"(d) COMPUTATION OF ALLOWABLE DISCOUNTS.—The Secretary shall, in consultation with the Secretary of the Treasury and to the extent consistent with the best financial interests of the Federal Government, compute the discount which may be offered to a borrower as an inducement to early repayment under subsection (b)(5). The price which may be offered shall be the present value of the scheduled future payments on the loan discounted by using, as an imputed interest rate, the current market yields on outstanding marketable obligations of the United States having comparable maturities.

"(e) CONTRACTS FOR SUPPLIES OR SERVICES.—Section 3709 of the Revised Statutes shall not apply to any contract for services or supplies on account of any property acquired pursuant to this part if the amount of such contract does not exceed $1,000.

"(f) APPLICABILITY OF GOVERNMENT CORPORATION CONTROL ACT.—The provisions of section 9107(a) of title 31, United States Code, which are applicable to corporations or agencies subject to chapter 91 of such title, shall also be applicable to the activities of the Secretary under this part.

"(g) WAGE RATES.—The Secretary shall take such action as may be necessary to ensure that all laborers and mechanics employed by contractors or subcontractors or any project assisted under this part, the construction or rehabilitation of which was commenced after the date of enactment of the Housing Act of 1950—

"(1) shall be paid wages at rates not less than those prevailing on the same type of work on similar construction in the immediate locality as determined by the Secretary of Labor in accordance with the Act of March 3, 1931 (Davis-Bacon Act), as amended; and

"(2) shall be employed not more than forty hours in any one week unless the employee receives wages for his employment in excess of the hours specified above at a rate not less than one and one-half times the regular rate at which he is employed;

but the Secretary may waive the application of this subsection in cases or classes of cases where laborers or mechanics, not otherwise employed at any time in the construction of such project, voluntarily donate their services without full compensation for the purpose of lowering the costs of construction and the Secretary determines that any amounts saved thereby are fully credited to the educational institution undertaking the construction.

"SEC. 763. APPORTIONMENT; PRIORITIES.

"(a) APPORTIONMENT.—Not more than 12.5 percent of the amount of the funds provided for in this part in the form of loans shall be made available to educational institutions within any one State.

"(b) PRIORITIES.—In awarding loans under this part, the Secretary shall give priority—

"(1) to loans for renovation or reconstruction of academic facilities;

"(2) to loans for renovation or reconstruction of older facilities and facilities that have gone without major renovation or reconstruction for an extended period.

"SEC. 764. DEFINITIONS.

"For the purposes of this part—

"(a) HOUSING.—The term 'housing' means—

"(1) new or existing structures suitable for dwelling use, including single-room dormitories and apartments; and

"(2) dwelling facilities provided for rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for the proposed dwelling use.

"(b) EDUCATIONAL INSTITUTION.—The term 'undergraduate postsecondary educational institution' means—

"(1)(A) any educational institution which offers, or provides satisfactory assurance to the Secretary that it will offer within a reasonable time after completion of a facility for which assistance is requested under this part, at least a two-year program acceptable for full credit toward a baccalaureate degree (including any public educational institution, or any private educational institution no part of the net earnings of which inures to the benefit of any private shareholder or individual); or

"(B) any public educational institution which—

"(i) is administered by a college or university which is accredited by a nationally recognized accrediting agency or association;

"(ii) offers technical or vocational instruction; and

"(iii) provides residential facilities for some or all of the students receiving such instruction;

"(2) any hospital operating a school of nursing beyond the level of high school approved by the appropriate State authority, or any hospital approved for internships, by recognized authority, if such hospital is either a public hospital or a private hospital, no part of the net earnings of which inures to the benefit of any private shareholder or individual;

"(3) any corporation (no part of the net earnings of which inures to the benefit of any private shareholder or individual)—

"(A) established for the sole purpose of providing housing or other educational facilities for students or students and faculty of one or more institutions included in clause (1) of this subsection without regard to their membership in or affiliation with any social, fraternal, or honorary society or organization; and

"(B) upon dissolution of which all title to any property purchased or built from the proceeds of any loan which is made under section 761, will pass to such institution (or to anyone or more of such institutions) unless it is shown to the satisfaction of the Secretary that such property or the proceeds from its sale will be used for some other nonprofit educational purpose;

"(4) any agency, public authority, or other instrumentality of any State, established for the purpose of providing or financing housing or other educational facilities for students or faculty of any educational institution included in clause (1) of this subsection, but nothing in this paragraph shall require an institution included in clause (1) of this subsection to obtain loans or grants through any instrumentality included in this clause of this subsection; and

"(5) any nonprofit student housing cooperative corporation established for the purpose of providing housing for students or students and faculty of any institution included in clause (1) of this subsection.

In the case of any loan made under section 761 to a corporation described in clause (3) of this subsection which was not established by the institution or institutions for whose students or students and faculty it would provide housing, or to a student housing cooperative corporation described in clause (5) of this subsection, and in the case of any loan which is obtained from other sources by such a corporation, the Secretary shall require that the note securing such loan be cosigned by such institution (or by any one or more of such institutions): Provided, That where the law of any State in effect on the date of enactment of the Housing Act of 1964 prevents the institution or institutions, for whose students or students and faculty housing is to be provided, from cosigning the note, the Secretary shall require the corporation and the proposed project to be approved by such institution (or by any one or more of such institutions) in lieu of such cosigning.

"(c) DEVELOPMENT COST.—The term 'development cost' means costs of the construction of the housing or other educational facilities and the land on which it is located, including necessary site improvements to permit its use for housing or other educational facilities; except that in the case of the purchase of facilities such term means the cost as approved by the Secretary.

"(d) FACULTIES.—The term 'faculties' means member of the faculty and their families.

"(e) OTHER EDUCATIONAL FACILITIES.—The term 'other educational facilities' means (1) new or existing structures suitable for use as cafeterias or dining halls, student centers or student unions, infirmaries or other inpatient or outpatient health facilities, or for other essential service facilities, and (2) structures suitable for the above uses provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for such uses.

"PART G—SPECIAL PROGRAMS

"SEC. 771. WELCH HALL.

"(a) PROGRAM AUTHORITY.—In recognition of the unique architectural and historic significance to the education profession of Welch Hall, the Secretary is authorized, in accordance with the provisions of this section, to provide financial assistance to Eastern Michigan University in Ypsilanti, Michigan, for the purpose of the renovation and restoration of the physical facilities of Welch Hall.

"(b) APPLICATION.—No financial assistance may be made available under this section except upon an application at such time, in such manner, and containing or accompanied by such information, as the Secretary may reasonably require.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $2,000,000 to carry out the provisions of this section. Funds appropriated pursuant to this section shall remain available until expended.

"SEC. 772. ACADEMIC HEALTH EDUCATION CENTER AUTHORIZED.

"(a) ASSISTANCE AUTHORIZED.—The Secretary is authorized, in accordance with the

provisions of this section, to provide financial assistance to the Rochester Institute of Technology located in Rochester, New York, to pay the Federal share of the cost of construction, and related costs (including equipment), for the Academic Health Education Center facility at the Rochester Institute of Technology, to be used as a national model for the integration of student academic, counseling, health, and professional development activities. The Center will integrate students and programs developed for the hearing-impaired.

"(b) TERMS AND CONDITIONS.—(1) No financial assistance may be made available under this section except upon application at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require.

"(2) For the purpose of this section, the Federal share of the cost of the Academic Health Education Center facility at the Rochester Institute of Technology shall not exceed 50 percent.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums, not to exceed $1,800,000, to carry out the provisions of this section. Funds appropriated pursuant to this section shall remain available until expended.

"SEC. 773. ESTEY HALL.

"(a) PROGRAM AUTHORITY.—In recognition of its historic and architectural significance as the first Black women's college dormitory, the Secretary is authorized, in accordance with the provisions of this section, to provide financial assistance to Shaw University of Raleigh, North Carolina, for the purpose of the renovation and restoration of the physical facilities of Estey Hall.

"(b) APPLICATION.—No financial assistance may be made under this section except upon an application at such time, in such manner, and containing or accompanied by such information, as the Secretary may reasonably require.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $550,000 to carry out the provisions of this section. Funds appropriated pursuant to this section shall remain available until expended.

"SEC. 774. ELECTRONIC INSTRUCTIONAL NETWORK FOR GIFTED AND TALENTED STUDENTS.

"(a) ASSISTANCE AUTHORIZED.—In recognition of the benefits to be gained from applying existing and emerging technologies to classroom instruction, the Secretary is authorized, under the provisions of this section, to provide financial assistance to a four-year postsecondary institution in cooperation with school districts, for the purpose of renovating, constructing, and equipping a facility incorporating such technological advances as two-way interactive video communications to extend an existing electronic instructional network for providing college and advanced level courses to talented and gifted secondary school students.

"(b) APPLICATION.—No financial assistance may be made available under this section except upon an application at such time, in such manner, and containing or accompanied by such information, as the Secretary may reasonably require.

"(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated $2,000,000 to carry out the provisions of this section. Funds appropriated pursuant to this section shall remain available until expended.

"PART H—GENERAL

"SEC. 781. RECOVERY OF PAYMENTS.

"(a) PUBLIC BENEFIT.—The Congress declares that, if a facility constructed with the aid of a grant under part A or B of this title is used as an academic facility for twenty years following completion of such construction, the public benefit accruing to the United States will equal in value the amount of the grant. The period of twenty years after completion of such construction shall therefore be deemed to be the period of Federal interest in such facility for the purposes of this title.

"(b) RECOVERY UPON CESSATION OF PUBLIC BENEFIT.—If, within twenty years after completion of construction of an academic facility which has been constructed, in part with a grant under part A or B of this title—

"(1) the applicant (or its successor in title or possession) ceases or fails to be a public or nonprofit institution, or

"(2) the facility ceases to be used as an academic facility, or the facility is used as a facility excluded from the term 'academic facility', unless the Secretary determines that there is good cause for releasing the institution from its obligation,

the United States shall be entitled to recover from such applicant (or successor) an amount which bears to the value of the facility at that time (or so much thereof as constituted an approved project or projects) the same ratio as the amount of Federal grant bore to the cost of the facility financed with the aid of such grant. The value shall be determined by agreement of the parties or by action brought in the United States district court for the district in which such facility is situated.

"(c) PROHIBITION ON USE FOR RELIGION.—Notwithstanding the provisions of subsections (a) and (b), no project assisted with funds under this title shall ever be used for religious worship or a sectarian activity or for a school or department of divinity.

"SEC. 782. DEFINITIONS.

"The following definitions apply to terms used in this title:

"(1)(A) Except as provided in subparagraph (B) of this paragraph, the term 'academic facilities' means structures suitable for use as classrooms, laboratories, libraries, and related facilities necessary or appropriate for instruction of students, or for research, or for administration of the educational or research programs, of an institution of higher education, and maintenance, storage, or utility facilities essential to operation of the foregoing facilities. For purposes of part A or C, such term includes infirmaries or other facilities designed to provide primarily for outpatient care of student and instructional personnel. Plans for such facilities shall be in compliance with such standards as the Secretary may prescribe or approve in order to insure that projects assisted with the use of Federal funds under this title shall be, to the extent appropriate in view of the uses to be made of the facilities, accessible to and usable by handicapped persons.

"(B) The term 'academic facilities' shall not include (i) any facility intended primarily for events for which admission is to be charged to the general public, or (ii) any gymnasium or other facility specially designed for athletic or recreational activities, other than for an academic course in physical education or where the Secretary finds that the physical integration of such facilities with other academic facilities included under this title is required to carry out the objectives of this title, or (iii) any facility used or to be used for sectarian instruction or as a place for religious worship, or (iv) any facility which (although not a facility described in the preceding clause) is used or to be used primarily in connection with any part of the program of a school or department of divinity, or (v) any facility used or to be used by a school of medicine, school of dentistry, school of osteopathy, school of pharmacy, school of optometry, school of podiatry, or school of public health as these terms are defined in section 724 of the Public Health Service Act, or a school of nursing as defined in section 843 of that Act, except that the term 'academic facilities' may include any facility described in clause (v) to the degree that such facility is owned, operated, and maintained by the institution of higher education requesting the approval of a project; and that funds available for such facility under such project shall be used solely for the purpose of conversion or modernization of energy utilization techniques to economize on the use of energy resources; and that such project is not limited to facilities described in clause (v) of this subsection.

"(2)(A) The term 'construction' means (i) erection of new or expansion of existing structures, and the acquisition and installation of initial equipment therefor; or (ii) acquisition of existing structures not owned by the institution involved; or (iii) a combination of either of the foregoing. For the purposes of the preceding sentence, the term 'equipment' includes, in addition to machinery, utilities, and built-in equipment and any necessary enclosures or structures to house them, all other items necessary for the functioning of a particular facility as an academic facility, including necessary furniture, but not including books, curricular, and program materials, and items of current and operating expense such as fuel, supplies, and the like; the term 'initial equipment' means equipment acquired and installed in connection with construction; and the terms 'equipment', 'initial equipment', and 'built-in equipment', shall be more particularly defined by the Secretary by regulation.

"(B) The term 'reconstruction or renovation' means rehabilitation, alteration, conversion, or improvement (including the acquisition and installation of initial equipment, or modernization or replacement of such equipment) of existing structures. For the purposes of the preceding sentence, the term 'equipment' includes, in addition to machinery, utilities, and built-in equipment and any necessary enclosures or structures to house them, all other items necessary for the functioning of a particular facility as an academic facility, including necessary furniture, but not including books, curricular, and program materials, and items of current and operating expense such as fuel, supplies, and the like; the term 'initial equipment' means equipment acquired and installed either in connection with construction as defined in paragraph (2)(A), or as part of the rehabilitation, alteration, conversion, or improvement of an existing structure, which structure would otherwise not be adequate for use as an academic facility; the terms 'equipment', 'initial equipment', and 'built-in equipment' shall be more particularly defined by the Secretary by regulation; and the term 'rehabilitation, alteration, conversion, or improvement' includes such action as may be necessary to provide for the architectural needs of, or to remove architectural barriers to, handicapped persons with a view toward increas-

ing the accessibility to, and use of, academic facilities by such persons.

"(3)(A) The term 'development cost', with respect to an academic facility, means the amount found by the Secretary to be the cost, to the applicant for a grant or loan under this title, of the construction, reconstruction, or renovation involved and the cost of necessary acquisition of the land on which the facility is located and of necessary site improvements to permit its use for such facility. There shall be excluded from the development cost—

"(i) in determining the amount of any grant under part A or B, an amount equal to the sum of (I) any Federal grant which the institution has obtained or is assured of obtaining, under any law other than this title, with respect to the construction, reconstruction, or renovation that is to be financed with the aid of a grant under part A or B, and (II) the amount of any non-Federal funds required to be expended as a condition of such other Federal grant; and

"(ii) in determining the amount of any loan under part C, an amount equal to the amount of any Federal financial assistance which the institution has obtained, or is assured of obtaining, under any law other than this title, with respect to the construction, reconstruction, or renovation that is to be financed with the aid of a loan under part C.

"(B) In determining the development cost with respect to an academic facility, the Secretary may include expenditures for works of art for the facility not to exceed 1 percent of the total cost (including such expenditures) to the applicant of construction, reconstruction, or renovation of, and land acquisition and site improvements for, such facility.

"(4) The term 'maintenance', with respect to instructional and research equipment obtained with funding under this title, shall mean the care necessary to the optimal functioning of such equipment. With respect to the equipment and structural changes related to obtaining and sustaining the necessary environment (ventilation, etc.) for proper functioning of instructional and research equipment, 'maintenance' shall mean that portion of care above and beyond normal overhead costs.

"(5) The term 'Federal share' means in the case of any project a percentage (as determined under the applicable State plan) not in excess of 50 percent of its development cost.

"(6) The term 'higher education building agency' means (A) an agency, public authority, or other instrumentality of a State authorized to provide, or finance the construction, reconstruction, or renovation of, academic facilities for institutions of higher education (whether or not also authorized to provide or finance other facilities for such or other educational institutions, or for their students or faculty), or (B) any corporation (no part of the net earnings of which inures or may lawfully inure to the benefit of any private shareholder or individual (i) established by an institution of higher education for the sole purpose of providing academic facilities for the use of such institution, and (ii) upon dissolution of which, all title to any property purchased or built from the proceeds of any loan made under part C will pass to such institution), or (C) an institution of postsecondary education.

"(7) The term 'public community college and public technical institute' means an institution of higher education which is under public supervision and control, and is organized and administered principally to provide a two-year program which is acceptable for full credit toward a bachelor's degree, or a two-year program in engineering, mathematics, or the physical or biological sciences which is designed to prepare the student to work as a technician and at a semiprofessional level in engineering, scientific, or other technological fields which require the understanding and application of basic engineering, scientific, or mathematical principles or knowledge; and the term includes a branch of an institution of higher education offering four or more years of higher education which is located in a community different from that in which its parent institution is located.

"(8) The term 'public educational institution' does not include a school or institution of any agency of the United States.

"(9) The term 'State' includes in addition to the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.".

SEC. 702 CONFORMING PROVISION.

Title IV of the Housing Act of 1950 is repealed.

The CHAIRMAN pro tempore. Are there any amendments to title VII? If not, the Clerk will designate title VIII.

The text of title VIII is as follows:

TITLE VIII—AMENDMENT TO TITLE VIII OF THE ACT

SEC. 801. REVISION OF TITLE VIII.

Title VIII of the Act is amended to read as follows:

"TITLE VIII—COOPERATIVE EDUCATION

"SEC. 801. APPROPRIATIONS AUTHORIZED.

"(a) AUTHORIZATION FOR SECTION 802.—There are authorized to be appropriated $25,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years, to enable the Secretary to make grants pursuant to section 802 to institutions of higher education, or to combinations of such institutions, for the planning, establishment, expansion, or carrying out by such institutions or combinations of programs of cooperative education. Such programs shall provide alternating or parallel periods of academic study and of public or private employment, the latter affording students not only the opportunity to earn the funds necessary for continuing and completing their education but, so far as practicable, giving them work experience related to their academic or occupational objectives.

"(b) AUTHORIZATION FOR SECTION 803.—There are further authorized to be appropriated $4,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years, to enable the Secretary to make training, demonstration, or research grants or contracts pursuant to section 803.

"(c) FUNDS NOT AVAILABLE FOR STUDENT COMPENSATION.—Appropriations under this title shall not be available for the payment of compensation of students for employment by employers under arrangements pursuant to this part.

"(d) LIMITATION ON APPROPRIATIONS.—Of the funds appropriated for this title for any fiscal year, not more than 20 percent may be for the purposes of section 803.

"SEC. 802. GRANTS FOR PROGRAMS OF COOPERATIVE EDUCATION.

"(a) AUTHORITY FOR AND MAXIMUM AMOUNT OF GRANTS.—(1) From the sums appropriated pursuant to subsection (a) of section 801, and for the purposes set forth therein, the Secretary is authorized to make grants to institutions of higher education that have applied therefor in accordance with subsection (b) of this section. Such grant shall not exceed $500,000 to any one such institution or combinations of such institutions (that have so applied) for any fiscal year.

"(2) From not less than 20 percent of the sums appropriated pursuant to subsection (a) of section 801, and for the purpose set forth therein, the Secretary is authorized to make grants on a competitive basis to institutions of higher education that have made or intend to make a major commitment of their own resources—

"(A) to apply the techniques of cooperative education to the widest possible spectrum of institutional programs; and

"(B) to open their cooperative education programs to all students who can benefit from opportunities to relate their academic program to prospective occupations.

"(b) SUBMISSION AND CONTENTS OF APPLICATIONS.—Each application for a grant authorized by subsection (a) of this section shall be filed with the Secretary at such time or times as he may prescribe and shall—

"(1) set forth program or activities for which a grant is authorized under this section;

"(2) specify the portion or portions of such programs or activities which will be performed by a nonprofit organization or institution other than the applicant and the compensation to be paid for such performance;

"(3) provide that the applicant will expend during such fiscal year for the purpose of such program or activity not less than was expended for such purpose during the previous fiscal year;

"(4) describe the plans which the applicant will carry out to assure that the applicant will continue the cooperative education program beyond the 5-year period of Federal assistance described in subsection (c)(1);

"(5) provide that the applicant will—

"(A) make such reports as may be essential to insure that the applicant is complying with the provisions of this section, including in the reports (for the second and each succeeding fiscal year for which the applicant receives a grant) data with respect to the impact of the cooperative education program in the previous fiscal year, including—

"(i) the number of students enrolled in the cooperative education program,

"(ii) the number of employers involved in the program,

"(iii) the income of the students enrolled, and

"(iv) the increase or decrease of enrollment in the program in such previous year compared to the second previous fiscal year; and

"(B) keep such records as are essential to ensure that the applicant is complying with the provisions of this title;

"(6) provide for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of, and accounting for, Federal funds paid to the applicant under this section; and

"(7) include such other information as is essential to carry out the provisions of this part.

"(c) LIMITATIONS ON GRANT DURATION AND AMOUNT.—(1) Except as provided in paragraph (2), no individual unit of an institution of higher education may receive, individually or as a participant in a combination of such institutions, grants under this section for more than five fiscal years.

"(2) The eligibility of any institution made ineligible under paragraph (1) shall be reinstated if the institution:

"(A) has not received an award for five fiscal years; and

"(B) has maintained its cooperative education program at a total support level at least equal to the amount expended for the program in the last year an award was received by the institution under this section.

"(3) No such institution or combination thereof may receive—

"(A) a grant in excess of 100 percent of the total administrative cost for the first of such fiscal years;

"(B) a grant in excess of 90 percent of such cost for the second of such years;

"(C) a grant in excess of 80 percent of such cost for the third of such years;

"(D) a grant in excess of 60 percent of such cost for the fourth of such years; or

"(E) a grant in excess of 30 percent of such cost for the fifth of such years.

Any provision of law to the contrary notwithstanding, the Secretary shall not waive the provisions of this subsection.

"(d) APPROVAL OF APPLICATIONS.—(1) In approving applications under this section, the Secretary shall give special consideration to applications from institutions of higher education for programs which show the greatest promise of success because of—

"(A) the extent to which programs in the academic discipline with respect to which the application is made have had a favorable reception by employers, and

"(B) the commitment of the institution of higher education to cooperative education as demonstrated by the plans which such institution has made to continue the program after the termination of Federal financial assistance.

"(2) The Secretary shall also give special consideration to applications from institutions of higher education or combinations thereof which demonstrate a commitment to serving special populations such as women, the handicapped and black, Mexican American, Puerto Rican, Cuban, other Hispanic, American Indian, Alaska Native, Aleut, Native Hawaiian, American Samoan, Micronesian, Guamian (Chamorro) and Northern Marianian students.

"(3) The Secretary shall also consider such other factors as are consistent with the purposes of this section.

"(e) INITIAL AWARDS TO NEW PARTICIPANTS.—The number of initial awards to newly participating institutions made under this section each year shall be no fewer than the number of institutions becoming ineligible by reason of having received five annual awards.

"SEC. 803. DEMONSTRATION AND INNOVATION PROJECTS; TRAINING AND RESOURCE CENTERS; AND RESEARCH.

"(a) AUTHORIZATION.—The Secretary is authorized, in accordance with the provisions of this section, to make grants and enter into contracts for—

"(1) the conduct of demonstration projects designed to demonstrate or determine the feasibility or value of innovative methods of cooperative education;

"(2) the conduct of training and resource centers designed to—

"(A) train personnel in the field of cooperative education;

"(B) improve materials used in cooperative education programs;

"(C) furnish technical assistance to institutions of higher education to increase the potential of the institution to continue to conduct a cooperative education program without Federal assistance; and

"(D) encourage model cooperative education programs which furnish education and training in occupations in which there is a national need; and

"(3) the conduct of research relating to cooperative education.

"(b) ADMINISTRATIVE PROVISION.—To carry out this section, the Secretary may—

"(1) make grants to or contracts with institutions of higher education, or combinations of such institutions, and

"(2) make grants to or contracts with other public or private nonprofit agencies or organizations, whenever such grants or contracts will make an especially significant contribution to attaining the objectives of this section.

"(c) SUPPLEMENT NOT SUPPLANT.—A recipient of a grant or contract under this section may use the funds provided only so as to supplement and, to the extent possible, increase the level of funds that would, in the absence of such funds, be made available from non-Federal sources to carry out the activities supported by such grant or contract, and in no case to supplant such funds from non-Federal sources.

"SEC. 804. REQUIREMENTS TO IMPROVE DISTRIBUTION OF FUNDS.

"(a) COMPETITIVE GRANTS TO NON-PARTICIPATING INSTITUTIONS.—From not less than 20 percent of the funds appropriated pursuant to section 801(a), the Secretary shall make grants, on a competitive basis, to institutions of higher education which are carrying out comprehensive programs of cooperative education, but which are not recipients of assistance under section 802 for the fiscal year for which application is made for assistance under this section.

"(b) PURPOSE OF GRANTS.—Grants under this section shall be used for the purposes of maintaining, improving, or expanding existing comprehensive programs of cooperative education. Not less than 50 percent of each such grant shall be used for purposes of assisting institutions of higher education other than the applicant under this section to develop and expand existing programs of cooperative education, toward the goal of establishing comprehensive programs of cooperative education.

"(c) SELECTION OF GRANT RECIPIENTS.—In ranking applications under this section, the Secretary shall take into account—

"(1) the degree to which the applicant institution has entered into agreements with other institutions of higher education, to provide such other institutions with technical assistance, guidance, or other help in planning, establishing, expanding, or improving comprehensive programs of cooperative education at such other institutions (or branches thereof); and

"(2) the number of full-time or full-time equivalent students enrolled in programs of cooperative education at the applicant institution, expressed as a percentage of the full-time equivalent enrollment at the applicant institution.

"(d) RECIPIENTS NOT RESTRICTED FROM PARTICIPATION IN FUTURE.—Notwithstanding that eligibility for receipt of a grant under this section is conditioned on the institution not being a current recipient of a grant under the other provisions of this title, the Secretary shall issue no rules or regulations which shall have the effect of placing such institutions (or other institutions assisted thereby) at a disadvantage in subsequent applications for assistance under any provision of this title.".

The CHAIRMAN pro tempore. Are there any amendments to title IX?

If not, the Clerk will designate title IX.

The text of title IX is as follows:

TITLE IX—AMENDMENT TO TITLE IX OF THE ACT

SEC. 901. REVISION OF TITLE IX.

Title IX of the Act is amended to read as follows:

"TITLE IX—GRADUATE PROGRAMS

"PART A—GRANTS TO INSTITUTIONS TO ENCOURAGE MINORITY PARTICIPATION IN GRADUATE EDUCATION

"Subpart 1—Program for Undergraduates

"SEC. 901. PROGRAM AUTHORIZED; AUTHORIZATIONS.

"The Secretary shall make grants to public and private, nonprofit higher education institutions to enable such institutions to identify talented undergraduate students from minority groups underrepresented in graduate education, and provide such students with an opportunity to participate in a program of research and scholarly activities at such institution designed to provide such students with effective preparation for graduate study in such field or related fields.

"SEC. 902. SUBMISSION AND CONTENTS OF APPLICATIONS.

"(a) REQUIRED INFORMATION.—Eligible higher education institutions shall submit applications for grant funds to the Secretary under this section in such form and containing such information as the Secretary may by regulation prescribe. Such application shall provide information regarding—

"(1) the program of study, to take the form of summer research internships, seminars, and other educational experiences;

"(2) the institution's plan for identifying and recruiting talented minority undergraduates;

"(3) the participation of faculty in the program and a detailed description of the research in which students will be involved;

"(4) a plan for the evaluation of the effectiveness of the program; and

"(5) such other assurances and information as the Secretary may require by regulation.

"(b) SELECTION TO CONSIDER QUALITY OF RESEARCH.—The Secretary shall consider in making awards to institutions, the quality of the research in which students will be involved as well as the recruitment program and program of study.

"SEC. 903. USE OF FUNDS.

"Awards made to institutions under this part shall provide stipends, tuition, fees, and allowances (including travel and subsistence expenses and dependency allowances), as approved by the Secretary. Such awards shall also provide for payments to be made to the institution as determined by the Secretary.

"Subpart 2—Program for Graduate Students

"SEC. 906. PROGRAM AUTHORIZED; DESIGNATION AS HARRIS FELLOWS.

"From the sums available for purposes of this subpart, the Secretary shall award a one-year graduate fellowship to each student who successfully completes the undergraduate internship program conducted under subpart 1. Each recipient shall be entitled to

use the fellowship in a doctoral program at any accredited institution of higher education in which the recipient may decide to enroll. Each recipient of such a fellowship shall be known as a 'Particia Roberts Harris Fellow'.

"SEC. 907. STIPENDS AND COST OF EDUCATION PAYMENTS.

"(a) USE OF FUNDS FOR STIPENDS AND COST PAYMENTS.—A grant awarded under this subpart shall consist of a stipend paid to the student and a cost of education payment to the institution.

"(b) AMOUNT OF STIPEND.—The amount of the stipend paid to any student under this subpart shall be $10,000, or the demonstrated level of need of the student (determined in accordance with part F of title IV of this Act), whichever is less.

"(c) COST OF EDUCATION.—The Secretary shall (in addition to the stipends paid to individuals under subsection (b)) pay to the institution of higher education at which the student is enrolled a cost of education payment of $6,000, which shall be accepted by an institution accepting a fellowship recipient in lieu of payment by the student of tuition and fees for the duration of the fellowship.

"(d) CONDITIONS FOR CONTINUED RECEIPT OF AWARD.—Notwithstanding the provisions of section 906, no student shall receive an award—

" (1) except during periods in which such student is maintaining satisfactory progress in, and devoting essentially full time to, study or research in the field in which such fellowship was awarded; or

"(2) if the student is engaging in gainful employment other than part-time employment involved in teaching, research, or similar activities determined by the institution to be in support of the student's progress toward a degree.

"(e) RATABLE REDUCTIONS.—If the amount available to carry out this subpart for any fiscal year is not sufficient to pay each fellowship recipient and institution the amount for which it is eligible under subsections (b) and (c), then the amount paid to each such recipient and institution shall be ratably reduced.

"SEC. 908. APPLICATIONS.

"Applications for awards under this subpart shall be submitted at such time, in such form, and contain or be accompanied by such information as the Secretary may require by regulation.

"PART B—FELLOWSHIPS FOR GRADUATE AND PROFESSIONAL STUDY

"SEC. 921. STATEMENT OF PURPOSE.

"It is the purpose of this part to provide, through institutions of higher education, a program of grants to assist in making available the benefits of a post-baccalaureate education to graduate and professional students who demonstrate financial need.

"SEC. 922. PROGRAM AUTHORIZED.

"(a) GRANTS BY SECRETARY.—The Secretary shall make grants to institutions of higher education to enable such institutions to make grants in accordance with the provisions of this part.

"(b) DISTRIBUTION AND AMOUNTS OF GRANTS.—(1) In making such grants the Secretary shall, to the maximum extent feasible, ensure an equitable geographic distribution of awards and an equitable distribution among eligible public and independent institutions of higher education.

"(2) The Secretary shall not make a grant to a single institution of higher education of less than $100,000 from the sums appropriated under this part for any fiscal year.

"(3) Whenever the Secretary determines that an institution of higher education is unable to use all of the amounts available to it under this part, the Secretary shall, on such dates during each fiscal year as the Secretary may fix, reallot such amounts not needed to institutions which can use the grants authorized by this part.

"(c) APPLICATIONS.—Any eligible institution of higher education offering a program of post-baccalaureate study leading to a graduate or professional degree may apply for grants under this part. Each such institution may make an application to the Secretary at such time, in such manner, and containing or accompanied by such information as the Secretary may reasonably require. Such application may be made on behalf of professional schools, academic departments, or similar organizational units within such institution meeting the requirements of this subsection, including interdisciplinary or interdepartmental programs.

"(d) EVALUATION AND SELECTION OF APPLICATIONS.—(1) In evaluating applications for grants under this part, the Secretary shall assess the extent to which—

"(A) a professional school, academic department, or similar organizational unit that previously received a grant under this part achieved the objectives specified for students previously supported under this program; and

"(B) a professional school, academic department, or similar organizational unit has demonstrated the high quality of its academic program in terms of course offerings and academic requirements for students, and has demonstrated an effective commitment to minority graduates and professional education.

"(2) In making grants to institutions of higher education, the Secretary shall also—

"(A) take into account present and projected needs for highly trained individuals in all areas of education beyond high school;

"(B) take into account present and projected needs for highly trained individuals in other than academic career fields of high national priority; and

"(C) consider the need to prepare a larger number of individuals from minority groups, especially from among such groups which have been traditionally underrepresented in colleges and universities, but nothing contained in this paragraph shall be interpreted to require any educational institution to grant preference or disparate treatment to the members of one minority group on account of an imbalance which may exist with respect to the total number or percentage of individuals of such group participating in or receiving the benefits of the program authorized in this section, in comparison with the total number or percentage of individuals of such group in any community, State, section, or other area.

"(e) PRIORITIES FOR FELLOWSHIPS.—The Secretary shall assure that, in making grants under this part, awards are made to—

"(1) individuals who plan to pursue a career in public service; and

"(2) individuals from traditionally underrepresented groups, as determined by the Secretary, undertaking graduate or professional study.

The Secretary shall assure that the amount expended for categories of fellowships described in paragraphs (1) and (2) of this subsection for each fiscal year is not less than the amount expended for each category in fiscal year 1985.

"(f) INSTITUTIONAL PAYMENTS.—From sums required to be expended by the Secretary for grants under subsection (e), the Secretary shall (in addition to the awards made to individuals) pay to the institution of higher education at which such person is pursuing his or her course of study such amounts as are paid under similar fellowship programs administered through the National Science Foundation and other similar agencies, except that such amount charged to a fellowship recipient and collected from such recipient by the institution for tuition and other expenses required by the institution as part of the recipient's instructional program shall be deducted from the payments to the institution under this subsection.

"(g) USE FOR RELIGIOUS PURPOSES PROHIBITED.—No fellowship shall be awarded under this part for study at a school or department of divinity.

"SEC. 923. AWARD OF FELLOWSHIPS.

"(a) AWARDS BASED ON NEED.—An institution of higher education receiving funds under this part shall make available to financially needy graduate and professional students an award determined by such institution of higher education, except that no award under this part may exceed the lesser of $10,000, or the demonstrated level of financial need as determined under part F of title IV of this Act.

"(b) REQUIREMENTS FOR AWARD.—No student shall receive an award except during periods in which such student is maintaining satisfactory progress in, and devoting essentially full time to, study or research (including acting as a teaching assistant or research assistant as may be required as a condition to award of a degree) in the field in which such fellowship was awarded and is not engaging in gainful employment, other than part-time employment by the institution of higher education involved in teaching, research, or similar activities, approved by the Secretary. Such period shall not exceed a total of 3 years, except that the Secretary may provide by regulation for the granting of such fellowships for a period of study not to exceed one twelve-month period, in addition to the 3 year period set forth in this section, under special circumstances which the Secretary determines would most effectively serve the purposes of this part. The Secretary shall make a determination to provide such twelve-month extension of an award to an individual fellowship recipient upon review of an application for such extension by the recipient.

"PART C—NATIONAL GRADUATE FELLOWS PROGRAM

"SEC. 931. AWARD OF NATIONAL GRADUATE FELLOWSHIPS.

"(a) NUMBER AND TIMING OF AWARDS.—The Secretary is authorized to award not more than 450 fellowships per year in accordance with the provisions of this part for graduate study in the arts, humanities, and social sciences by students of superior ability selected on the basis of demonstrated achievement and exceptional promise. All funds appropriated in a fiscal year shall be obligated and expended to the students for fellowships for use in the academic year beginning after July 1 of the fiscal year for which the funds were appropriated. The fellowships shall be awarded for only 1 academic year of study and shall be renewable for a period not to exceed 4 years of study.

"(b) INTERRUPTIONS OF STUDY.—The institution of higher education may allow a fellowship recipient to interrupt periods of study for a period not to exceed twelve months for the purpose of work, travel, or independent study away from the campus, if such inde-

pendent study is supportive of the fellowship recipient's academic program and shall continue payments for those 12-month periods during which the student is pursuing travel or independent study supportive of the recipient's academic program.

"SEC. 932. ALLOCATION OF FELLOWSHIPS.

"(a) FELLOWSHIP BOARD.—(1) The President shall appoint a National Graduate Fellows Program Fellowship Board consisting of not less than nine and not more than fifteen individuals representative of both public and private institutions of higher education especially qualified to serve on the Board. In making appointments, the President shall give due consideration to the appointment of individuals who are highly respected in the academic community.

"(2) The Board shall—

"(A) establish general policies for the program established by this part and oversee its operation;

"(B) select each year the fields in which fellowships under this part are to be awarded;

"(C) determine the number of fellowships each year to be awarded under this part in each designated field;

"(D) appoint distinguished panels in each field for the purpose of selecting fellows; and

"(E) prepare and submit to the Congress, at least once in every three year period, a report on any modifications in the program that the Board determines to be appropriate.

"(3) In carrying out its responsibilities, the Board shall consult on a regular basis with representatives of the National Science Foundation, the National Endowment for the Humanities, the National Endowment for the Arts, and representatives of institutions of higher education and associations of such institutions, learned societies, and professional organizations.

"(4) The term of office of each member of the Board shall be six years; except that (A) the members first taking office shall serve as designated by the President, one-third of the members for terms of two years, one-third of the members for terms of four years, and one-third of the members for terms of six years, and (B) any member appointed to fill a vacancy shall serve for the remainder of the term for which his predecessor was appointed. No member may serve for a period in excess of eight years.

"(5) The President shall call the first meeting of the Board, at which the first order of business shall be the election of a Chairman and a Vice Chairman, who shall serve until one year after the date of their appointment. Thereafter each officer shall be elected for a term of two years. In case a vacancy occurs in either office, the Board shall elect an individual from among the members of the Board to fill such vacancy.

"(6)(A) A majority of the members of the Board shall constitute a quorum.

"(B) The Board shall meet at least once a year or more frequently, as may be necessary, to carry out its responsibilities.

"(7) Members of the Board, while serving on the business of the Board, shall be entitled to receive compensation at rates fixed by the President, but not exceeding the rate prescribed for GS–18 of the General Schedule under section 5332, title 5, United States Code, including travel time; and while so serving away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

"(b) USE OF SELECTION PANELS.—The recipients of fellowships shall be selected in each designated field from among all applicants nationwide in each field by distinguished panels appointed by the Fellowship Board to make such selections under criteria established by the Board. The number of recipients in each field in each year shall not exceed the number of fellows allocated to that field for that year by the Fellowship Board.

"(c) FELLOWSHIP PORTABILITY.—Each recipient shall be entitled to use the fellowship in a doctoral program at any accredited institution of higher education in which the recipient may decide to enroll.

"SEC. 933. STIPENDS.

"(a) AWARD BY SECRETARY.—The Secretary shall pay to individuals awarded fellowships under this part such stipends (including such allowances for subsistence and other expenses for such individuals and their dependents) as the Secretary may determine to be appropriate, adjusting such stipends as necessary so as not to exceed the fellow's demonstrated level of need according to measurements of need approved by the Secretary. The stipend levels established by the Secretary shall reflect the purpose of this program to encourage highly talented students to undertake graduate study and shall provide a level of support comparable to that provided by federally funded graduate fellowships in the science and engineering fields.

"(b) INSTITUTIONAL PAYMENTS.—(1) The Secretary shall (in addition to the stipends paid to individuals under subsection (a)) pay to the institution of higher education at which such person is pursuing his course of study such amount as the Secretary may determine to be appropriate, except that such amount charged to a fellowship recipient and collected from such recipient by the institution for tuition and other expenses required by the institution as part of the recipient's instructional program shall be deducted from the payments to the institution under this subsection.

"(2) Subject to the availability of appropriations, amounts payable to an institution by the Secretary pursuant to this subsection shall not be reduced for any purpose other than the purposes specified under paragraph (1) of this subsection.

"SEC. 934. FELLOWSHIP CONDITIONS.

"(a) REQUIREMENTS FOR RECEIPT.—An individual awarded a fellowship under the provisions of this part shall continue to receive payments provided in section 933 only during such periods as the Secretary finds that he is maintaining satisfactory proficiency in, and devoting essentially full time to, study or research in the field in which such fellowship was awarded, in an institution of higher education, and is not engaging in gainful employment other than part-time employment by such institution in teaching, research, or similar activities, approved by the Secretary.

"(b) REPORTS FROM RECIPIENTS.—The Secretary is authorized to require reports containing such information in such form and to file at such times as the Secretary determines necessary from any person awarded a fellowship under the provisions of this part. The reports shall be accompanied by a certificate from an appropriate official at the institution of higher education, library, archive, or other research center approved by the Secretary, stating that such individual is making satisfactory progress in, and is devoting essentially full time to the program for which the fellowship was awarded.

"PART D—GRADUATE ASSISTANCE IN AREAS OF NATIONAL NEED

"SEC. 941. PURPOSE.

"In order to sustain and enhance the capacity for teaching and research in areas of national need, it is the purpose of this part to provide, through academic departments and programs of institutions of higher education, a fellowship program to assist graduate students of superior ability who demonstrate financial need.

"SEC. 942. GRANTS TO ACADEMIC DEPARTMENTS AND PROGRAMS OF INSTITUTIONS.

"(a) GRANT AUTHORITY.—(1) The Secretary shall make grants to academic departments and programs and other academic units of institutions of higher education that provide courses of study leading to a graduate degree in order to enable such institutions to provide assistance to graduate students in accordance with this part.

"(2) The Secretary may also make grants to such departments and programs and to other units of institutions of higher education granting graduate degrees which submit joint proposals involving non-degree granting institutions which have formal arrangments for the support of doctoral dissertation research with degree-granting institutions. Non-degree granting institutions eligible for awards as part of such joint proposals include any organization which—

"(A) is described in section 501(c)(3) of the Internal Revenue Code of 1954, and is exempt from tax under section 501(a) of such Code;

"(B) is organized and operated substantially to conduct scientific and cultural research and graduate training programs;

"(C) is not a private foundation;

"(D) has academic personnel for instruction and counseling who meet the standards of the institution of higher education in which the students are enrolled; and

"(E) has necessary research resources not otherwise readily available in such institutions to such students.

"(b) AWARD AND DURATION OF GRANTS.—(1) The principal criterion for the allocation of awards shall be the relative quality of the graduate programs presented in competing applications. Consistent with an allocation of awards based on quality of competing applications, the Secretary shall, in making such grants, promote an equitable geographic distribution among eligible public and private institutions of higher education.

"(2) The Secretary shall approve a grant recipient under this part for a three-year period. From the sums appropriated under this part for any fiscal year, the Secretary shall not make a grant to any academic department or program of an institution of higher education of less than $100,000 or greater than $500,000 per fiscal year.

"(3) Whenever the Secretary determines that an academic department or program of an institution of higher education is unable to use all of the amounts available to it under this part, the Secretary shall, on such dates during each fiscal year as the Secretary may fix, reallot the amounts not needed to academic departments and programs of institutions which can use the grants authorized by this part.

"(c) PREFERENCE TO CONTINUING GRANT RECIPIENTS.—(1) The Secretary shall make new grant awards under this part only to the extent that each previous grant recipient has received continued funding in accordance with subsection (b)(2).

"(2) To the extent that appropriations under this part are insufficient to comply

with paragraph (1) of this subsection, available funds shall be distributed by ratably reducing the amounts required to be awarded by subsection (b)(2).

"SEC. 943. INSTITUTIONAL ELIGIBILITY.

"(a) DEPARTMENTS IN AREAS OF NATIONAL NEED ELIGIBLE.—Any academic department or program of an institution of higher education that offers a program of post-baccalaureate study leading to a graduate degree in an area of national need (as designated under subsection (b)) may apply for a grant under this part. No department or program shall be eligible for a grant unless the program of post-baccalaureate study has been in existence for at least four years at the time of application for assistance under this part.

"(b) DESIGNATION OF AREAS OF NATIONAL NEED.—After consultation with the National Science Foundation, the National Academy of Sciences, the National Endowments for the Arts and the Humanities, and other appropriate Federal and nonprofit agencies and organizations, the Secretary shall designate areas of national need, such as mathematics, biology, physics, chemistry, engineering, computer science, or foreign languages or areas studies. In making such designations, the Secretary shall take into account the extent to which the interest is compelling and the extent to which other Federal programs support post-baccalaureate study in the area concerned.

"SEC. 944. CRITERIA FOR APPLICATIONS.

"(a) SELECTION OF APPLICATIONS.—The Secretary shall make grants to academic departments and programs of institutions of higher education on the basis of applications submitted in accordance with subsection (b). Applications shall be ranked on program quality by geographically balanced review panels of nationally recognized scholars. To the extent possible (consistent with other provisions of this section), the Secretary shall make awards that are consistent with recommendations of the review panels.

"(b) CONTENTS OF APPLICATIONS.—An academic department or program of an institution of higher education, in its application for a grant, shall—

"(1) describe the current academic program of the applicant for which the grant is sought;

"(2) provide assurances that the applicant will provide, from other non-Federal funds, for the purposes of the fellowship program under this part an amount equal to at least 25 percent of the amount of the grant received under this part;

"(3) set forth policies and procedures to assure that, in making fellowship awards under this part the institution will seek talented students from traditionally underrepresented backgrounds, as determined by the Secretary;

"(4) set forth policies and procedures to assure that, in making fellowship awards under this part, the institution will make awards to individuals who—

"(A) have financial need, as determined under criteria developed by the institution;

"(B) have excellent academic records in their previous programs of study;

"(C) plan teaching or research careers; and

"(D) plan to pursue the highest possible degree available in their course of study;

"(5) set forth policies and procedures to ensure that Federal funds made available under this part for any fiscal year will be used to supplement and, to the extent practical, increase the funds that would otherwise be made available for the purposes of this part and in no case to supplant those funds;

"(6) provide assurances that, in the event that funds made available to the academic department or program under this part are insufficient to provide the assistance due a student under the commitment entered into between the academic department or program and the student, the academic department or program will endeavor, from any funds available to it, to fulfill the commitment to the student;

"(7) provide that the applicant will comply with the limitations set forth in section 945; and

"(8) include such other information as the Secretary may prescribe.

"SEC. 945. AWARDS TO GRADUATE STUDENTS.

"(a) COMMITMENTS TO GRADUATE STUDENTS.—(1) From at least 60 percent of the funds received under this part, an academic department or program of an institution of higher education shall make commitments to graduate students at any point of their graduate study to provide stipends for the length of time necessary for a student to complete the course of graduate study, but in no case longer than 5 years.

"(2) No such commitments shall be made to students under this part unless the academic department or program has determined adequate funds are available to fulfill the commitment either from funds received or anticipated under this part, or from institutional funds.

"(b) AMOUNT OF STIPENDS.—The size of the stipend awarded to students for an individual academic year shall be determined by the institution, except that no annual stipend award under this part may exceed $10,000, or the demonstrated level of need (according to criteria of need developed by the institution), whichever is less.

"(c) ACADEMIC PROGRESS REQUIRED.—Notwithstanding the provisions of subsection (a), no student shall receive an award (1) except during periods in which such student is maintaining satisfactory progress in, and devoting essentially full time to, study or research in the field in which such fellowship was awarded, or (2) if the student is engaging in gainful employment other than part-time employment involved in teaching, research, or similar activities determined by the institution to be in support of the student's progress towards a degree.

"SEC. 946. ASSISTANCE FOR THE GRADUATE PROGRAM.

"(a) USE FOR TUITION AND FEES AND FOR ACADEMIC PROGRAM IMPROVEMENT.—From up to 40 percent of the funds received under this part, the academic department or program of an institution of higher education may award fellowship recipients under section 945 additional amounts to pa. the recipients' tuition and fees and may conduct activities to improve the quality of the academic program offered at the academic department or program, including—

"(1) acquisitions of library resources;

"(2) acquisition, lease, or upgrading of laboratory or instructional equipment;

"(3) support for research projects of faculty and fellowship recipients; and

"(4) support for the preparation and delivery of academic papers, including necessary travel expenses.

"(b) USE FOR OVERHEAD PROHIBITED.—Funds made available pursuant to this part may not be used for the general operational overhead of the academic department or program.

"PART E—ASSISTANCE FOR TRAINING IN THE LEGAL PROFESSION

"SEC. 951. PROGRAM AUTHORIZED.

"(a) GRANTS AND CONTRACTS.—The Secretary is authorized to make grants to, or enter into contracts with, public and private agencies and organizations other than institutions of higher education for the purpose of assisting individuals from disadvantaged backgrounds, as determined in accordance with criteria prescribed by the Secretary, to undertake training for the legal profession.

"(b) USE OF FUNDS.—Grants made, and contracts entered into, under subsection (a) may cover, in accordance with regulations of the Secretary, all or part of the cost of—

"(1) selecting individuals from disadvantaged backgrounds for training for the legal profession,

"(2) facilitating the entry of such individuals into institutions of higher education for the purpose of pursuing such training,

"(3) providing counseling or other services designed to assist such individuals to complete successfully such training,

"(4) providing, for not more than six months prior to the entry of such individuals upon their courses of training for the legal profession, preliminary training for such individuals designed to assist them to complete successfully such training for the legal profession,

"(5) paying such stipends (including allowances for travel and for dependents) as the Secretary may determine for such individuals for any such period of preliminary training or for any period of training for the legal profession during which such individuals maintain satisfactory academic proficiency, as determined by the Secretary, and

"(6) paying for administrative activities of the agencies and organizations which receive such grants, or with which such contracts are entered into, to the extent such activities are for the purpose of furthering activities described in clauses (1) through (5).

"PART F—LAW SCHOOL CLINICAL EXPERIENCE PROGRAMS

"SEC. 961. PROGRAM AUTHORIZATION.

"(a) GRANT AND CONTRACT PURPOSES.—The Secretary is authorized to enter into grants or contracts with accredited law schools in the States for the purpose of paying not to exceed 90 per centum of the costs of continuing, establishing, or expanding programs in such schools to provide clinical experience to students in the practice of law, which includes any form of law student work involving performance in the role of a lawyer exercising legal skills and roles such as those of an advocate, counselor, negotiator, investigator, and ethical practitioner, whether by way of the provision of representation of or services to an identifiable client in actual cases or situations (subject to existing State or local limitations upon such provision) or by way of simulation of such provision through appropriate exercises. Preference shall be given to those programs providing legal experience in the preparation and trial of actual cases, including administrative cases and the settlement of controversies outside the courtroom. The cases and situations handled in actuality or by simulation may encompass any one or more of the following:

"(1) judicial, administrative, executive, or legislative proceedings, including the full range of preparation therefor;

"(2) office or house counsel problems; or

"(3) factual investigation, empirical research, or policy or legal analysis.

"(b) USE OF FUNDS.—Such costs may include necessary expenditures incurred for—

"(1) planning;

"(2) training of faculty members and salary for additional faculty members;

"(3) travel and per diem for faculty and students;

"(4) reasonable stipends for students for work in the public service performed as part of any such program at a time other than during the regular academic year;

"(5) equipment and library resources;

"(6) involving practicing lawyers in the process of training law students to perform as lawyers; and

"(7) such other items as are allowed pursuant to regulations issued by the Secretary.

"(c) LIMITATIONS ON AMOUNTS.—No law school may receive more than $100,000 in any fiscal year pursuant to this part, no part of which may be used to pay for indirect costs or charges.

"(d) DEFINITION.—For the purpose of this part the term 'accredited law school' means any law school which is accredited by a nationally recognized accrediting agency or association approved by the Secretary for this purpose, including any combination or consortium of such schools.

"SEC. 962. APPLICATIONS.

"(a) REQUIREMENTS.—A grant or contract authorized by this part may be made by the Secretary upon application which—

"(1) is made at such time or times and contains such information as the Secretary may prescribe;

"(2) provides for such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the applicant under this part; and

"(3) provides for making such reports, in such form and containing such information as the Secretary may require to carry out functions under this part, and for keeping such records and for affording such access thereto as the Secretary may find necessary to assure the correctness and verification of such reports.

"(b) DISTRIBUTION OF GRANTS AND CONTRACTS.—The Secretary shall allocate grants or contracts under this part in such manner as will provide an equitable distribution of such grants or contracts throughout the United States among law schools which show promise of being able to use funds effectively for the purposes of this part.

"PART G—AUTHORIZATION OF APPROPRIATIONS

"SEC. 971. AMOUNT AND DURATION OF AUTHORIZATION.

"(a) PART A.—(1) There are authorized to be appropriated to carry out part A of this title $20,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

"(2) There are authorized to be appropriated to carry out subpart 2 of part A of this title $15,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

"(b) PART B.—There are authorized to be appropriated to carry out part B of this title $30,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

"(c) PART C.—There are authorized to be appropriated to carry out part C of this title $10,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

"(d) PART D.—There are authorized to be appropriated to carry out part D of this title $50,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

"(e) PART E.—There are authorized to be appropriated to carry out part E of this title $5,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years.

"(f) PART F.—There are authorized to be appropriated to carry out part F of this title $5,000,000 for fiscal year 1987 and such sums as may be necessary for each of the four succeeding fiscal years."

The CHAIRMAN pro tempore. Are there any amendments to title IX?

Mr. COLEMAN of Missouri. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I am not going to continue the discussion. I will point out that title IX, which is our graduate education title, contains some new legislation which I was happy to be able to sponsor. This legislation is the result of findings made by the National Commission on Student Financial Assistance.

Their report regarding graduate education was submitted to Congress and others earlier in 1983, this report pointed out that there were five major problems, and those were: Shortages of highly trained talent in key fields such as science and engineering; difficulties in maintaining high-quality faculty; the loss of talented students, especially among women and minorities due to lack of adequate financial resources; they found a deterioration of the infrastructure which supports graduate research and training; and finally a potential loss of a whole generation of scholarships in many fundamental areas and fields of knowledge.

We hope to have responded to this report. I would like to commend the chairman of the subcommittee, the gentleman from Michigan [Mr. FORD], for his support and acceptance of my title IX legislation into this particular Higher Education Act.

In December 1983, the National Commission on Student Financial Assistance, chaired by New York University president and former colleague John Brademas released its report: "Signs of Trouble and Erosion: A Report on Graduate Education in America." This report spotlighted the very real deterioration of support for graduate education over the past 20 years. The report highlighted five major problems: First, shortages of highly trained talent in key fields, such as science and engineering; second, difficulties in maintaining high-quality faculty; third, loss of talented students, especially women and minorities due to lack of adequate financial resources; fourth, deterioration of the infrastructure which supports graduate research and training; and fifth, potential loss of a generation of scholarship in many very fundamental fields of knowledge.

Because of the central importance of graduate education to the Nation, the findings of this report alarmed me. The findings of this report were confirmed repeatedly again as we listened to witnesses and reviewed the status of graduate education. We found that the number applications to many institutions have declined, and that the percentage of students who enroll each year is progressively the larger proportion of those who apply. The brightest college graduates are not pursuing graduate education in the numbers that they were 15 years ago. In critical areas of national interest, we are not producing a sufficient number of doctorates; in 1984, over half of all engineering doctorates were awarded to foreign nationals.

While the costs of graduate education have steadily increased, substantial reductions have occurred in the amount and quality of support available to even our best graduate students. Federally funded fellowships and traineeships dropped from 60,000 in 1969 to fewer than 13,000 in 1981. Both undergraduate and graduate students have become increasingly dependent on loans to finance their education. Between 1974 and 1984, the percentage of Federal aid provided to graduate and professional students in the form of loans increased from 26 to 73 percent.

Because of the fundamental importance of graduate education to the Nation, I believe that it is imperative that we respond promptly and effectively. Reauthorization of the Higher Education Act provides the opportunity to insure our policies provide that response. For this reason, I introduced H.R. 2199 earlier this year; that bill was adopted by the House Education and Labor Committee as a new part D of title IX.

This new part D of title IX creates a fellowship program which authorizes the Department of Education to award grants to graduate departments in areas of national need. Grants would be awarded on merit from competing proposals as judged by panels of nationally recognized academic experts. Graduate departments would use the funds to provide grants for talented students for up to 3 years. A small portion of the funds could be used by the graduate department to enhance the quality of the graduate program. This method—awarding grants to graduate departments of documented productivity and effectiveness for the support of promising graduate students—is a proven mechanism for targeting Federal financial assistance for graduate education where it can do the most good for our Nation. This program is authorized at $50 million per fiscal year.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield?

Mr. COLEMAN of Missouri. I yield to the gentleman from Michigan.

Mr. FORD of Michigan. I thank the gentleman for yielding.

Mr. Chairman, I would like to compliment the gentleman on putting this together. I had introduced in the last Congress a similar piece of legislation and I think his piece of legislation is superior to the one I put in the last Congress. That is why I was attracted to it.

I particularly appreciate the gentleman acknowledging the work of the National Commission on Student Financial Aid. It should be of interest to the Members that the chairman of the subcommittee that wrote the report that Mr. COLEMAN used in writing this was our former colleague on this committee for many years, Dr. John Brademas, now president of NYU.

I am pleased to be able to see that this is one study that we commissioned in 1980 that actually has produced a legislative result. I appreciate the gentleman's alertness in picking up on that study and using it to improve this legislation.

The CHAIRMAN pro tempore. The Committee will rise informally in order that the House may receive a message.

MESSAGE FROM THE PRESIDENT

The SPEAKER pro tempore (Mr. MURTHA) assumed the chair.

The SPEAKER pro tempore. The Chair will receive a message.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Saunders, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles

On November 13, 1985:

H.R. 2942. An act making appropriations for the legislative branch for the fiscal year ending September 30, 1986, and for other purposes.

On November 14, 1985:

H.J. Res. 441. Joint resolution making further continuing appropriations for the fiscal year 1986; and

H.R. 3721. An act to temporarily increase the limit on the public debt and to restore the investments of the Social Security Trust Funds and other trust funds.

On November 15, 1985:

H.J. Res. 449. Joint resolution to provide for the temporary extension of certain programs relating to housing and community development, and for other purposes.

On November 22, 1985:

H.R. 1210. An act to authorize appropriations to the National Science Foundation for the fiscal year 1986, and for other purposes.

On November 25, 1985:

H.R. 3038. An act making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1986, and for other purposes; and

H.R. 3447. An act to amend and extend the Congressional Award Act.

On November 26, 1985:

H.J. Res. 259. Joint resolution to designate November 30, 1985, as "National Mark Twain Day."

On December 3, 1985:

H.R. 505. An act to amend title 38, United States Code, to establish, extend, and improve certain Veterans' Administration health-care programs, and for other purposes.

On December 4, 1985:

H.R. 2419. An act to authorize appropriations for fiscal year 1986 for intelligence and intelligence-related activities of the United States Government, the Intelligence Community Staff, and the Central Intelligence Agency Retirement and Disability System, and for other purposes.

The SPEAKER pro tempore. The Committee will resume its sitting.

HIGHER EDUCATION AMENDMENTS OF 1985

The Committee resumed its sitting.

The CHAIRMAN pro tempore. Are there other amendments to title IX?

If not, the Clerk will designate title X.

The text of title X is as follows:

TITLE X—AMENDMENT TO TITLE X OF THE ACT

SEC. 1001. REVISION OF TITLE X.

Title X of the Act is amended to read as follows:

"TITLE X—POSTSECONDARY IMPROVEMENT PROGRAMS

"PART A—FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

"SEC. 1001. AUTHORIZATION OF PROGRAM.

"Subject to the provisions of section 1002, the Secretary is authorized to make grants to, and contracts with, institutions of postsecondary education (including combinations of such institutions) and other public and private educational institutions and agencies (except that no grant shall be made to an educational institution or agency other than a nonprofit institution or agency) to improve postsecondary educational opportunities by providing assistance to such educational institutions and agencies for—

"(1) encouraging the reform, innovation, and improvement of postsecondary education, and providing equal educational opportunity for all;

"(2) the creation of institutions and programs involving new paths to career and professional training, and new combinations of academic and experiential learning;

"(3) the establishment of institutions and programs based on the technology of communications;

"(4) the carrying out in postsecondary educational institutions of changes in internal structure and operations designed to clarify institutional priorities and purposes;

"(5) the design and introduction of cost-effective methods of instruction and operation;

"(6) the introduction of institutional reforms designed to expand individual opportunities for entering and reentering institutions and pursuing programs of study tailored to individual needs;

"(7) the introduction of reforms in graduate education, in the structure of academic professions, and in the recruitment and retention of faculties; and

"(8) the creation of new institutions and programs for examining and awarding credentials to individuals, and the introduction of reforms in current institutional practices related thereto.

"SEC. 1002. CONSULTATION.

"No grant shall be made or contract entered into under section 1001 for a project or program with any institution of postsecondary education unless it has been submitted to the appropriate State entity having an agreement under section 1203, and an opportunity has been afforded such entity to submit its comments and recommendations to the Secretary.

"SEC. 1003. NATIONAL BOARD OF THE FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION.

"(a) ESTABLISHMENT OF BOARD.—There is established a National Board of the Fund for the Improvement of Postsecondary Education. The Board shall consist of fifteen members appointed by the President, by and with the advice and consent of the Senate. The President shall designate one of the members as Chairman.

"(b) MEMBERSHIP OF BOARD.—A majority of the members of the Board shall be public interest representatives, including students, and a minority shall be educational representatives. All members selected shall be individuals able to contribute an important perspective on priorities for improvement in postsecondary education and strategies of educational and institutional change. Members shall be appointed for a term of three years, except that of the members first appointed, five shall be appointed for a term of one year and five shall be appointed for a term of two years, as designated by the President. Any member appointed to fill a vacancy occurring prior to the expiration of the term of a predecessor shall be appointed for the remainder of such term. Any member of the Board who has served for six consecutive years shall thereafter be ineligible for appointment to the Board during a two-year period following the expiration of such sixth year. A majority of the Board shall constitute a quorum.

"(c) FUNCTIONS OF THE BOARD.—The Board shall—

"(1) establish, pursuant to procedures adopted by the Board, the priorities for making annual awards under this part;

"(2) advise the Secretary and the Director of the Fund for the Improvement of Postsecondary Education on priorities for the improvement of postsecondary education and make such recommendations as it may deem appropriate for the improvement of postsecondary education and for the evaluation, dissemination, and adaptation of demonstrated improvements in postsecondary educational practice;

"(3) advise the Secretary and the Director of the Fund on the development of programs to be carried out by the Fund and on the selection of projects under consideration for support by the Fund in its competitions;

"(4) advise the Secretary and the Director of the Fund on the operation of the Fund, including advice on planning documents, guidelines, and procedures for grant competitions prepared by the Fund; and

"(5) meet at the call of the Chairman, except that it shall meet (A) at least four times during each fiscal year, or (B) when-

ever one-third of the members request in writing that a meeting be held.

"(d) INFORMATION AND ASSISTANCE TO BOARD.—The Director shall make available to the Board such information and assistance as may be necessary to enable the Board to carry out its functions.

"SEC. 1004. ADMINISTRATIVE PROVISIONS.

"(a) TECHNICAL EMPLOYEES.—The Secretary may appoint, for terms not to exceed three years, without regard to the provisions of title 5 of the United States Code governing appointments in the competitive service, not more than five technical employees to administer this title who may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

"(b) REVIEW AND EVALUATION.—The Director shall establish procedures for reviewing and evaluating grants and contracts made or entered into under this title. Procedures for reviewing grant applications or contracts for financial assistance under this section may not be subject to any review outside of officials responsible for the administration of the Fund for the Improvement of Postsecondary Education.

"(c) BOARD PRIORITIES NOT SUBJECT TO MODIFICATION.—Notwithstanding any other provision of law, the Secretary may not set or modify through regulations or by any other means the priorities established by the Board under subsection (c)(1).

"SEC. 1005. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out this part $20,000,000 for fiscal year 1987, and such sums as may be necessary for each of the four succeeding fiscal years.

"PART B—MINORITY SCIENCE AND ENGINEERING IMPROVEMENT PROGRAMS

"Subpart 1— Minority Science Improvement Program

"SEC. 1021. PURPOSE; AUTHORITY.

"(a) It is the purpose of this subpart to continue the authority of the Department of Education to operate the Minority Institutions Science Improvement Program created under section 3(a)(1) of the National Science Foundation Act of 1950 and transferred to the Department of Education by section 304(a)(1) of the Department of Education Organization Act of 1979.

"(b) The Secretary of Education shall, in accordance with the provisions of this subpart, carry out a program of making grants to institutions of higher education that are designed to effect long-range improvement in science and engineering education at predominantly minority institutions and to increase the participation of underrepresented ethnic minorities in scientific and technological careers.

"SEC. 1022. GRANT RECIPIENT SELECTION.

"(a) ESTABLISHMENT OF CRITERIA.—Grants under this subpart shall be awarded on the basis of criteria established by the Secretary by regulations.

"(b) PRIORITIES TO BE GIVEN IN CRITERIA.—In establishing criteria under subsection (a), the Secretary shall give priority to applicants which have not previously received funding from the Minority Institutions Science Improvement Program and to previous grantees with a proven record of success, as well as to applications that contribute to achieving balance among projects with respect to geographic region, academic discipline, and project type.

"(c) REQUIRED CRITERIA.—In establishing criteria under subsection (a), the Secretary may consider the following selection criteria in making grants:

"(1) plan of operation;

"(2) quality of key personnel;

"(3) budget and cost effectiveness,

"(4) evaluation plan;

"(5) adequacy of resources;

"(6) identification of need for the project;

"(7) potential institutional impact of the project;

"(8) institutional commitment to the project;

"(9) expected outcomes; and

"(10) scientific and educational value of the proposed project.

"SEC. 1023. USE OF FUNDS.

"(a) TYPES OF GRANTS.—Funds appropriated to carry out this subpart may be made available as—

"(1) institutional grants (as defined in section 1043(6));

"(2) cooperative grants (as defined in section 1043(7));

"(3) design projects (as defined in section 1043(8)); or

"(4) special projects (as defined in section 1043(9)).

"(b) AUTHORIZED USES FOR EACH TYPE OF GRANT.—(1) The authorized uses of funds made available as institutional grants include (but are not limited to)—

"(A) faculty development programs; or

"(B) development of curriculum materials.

"(2) The authorized uses of funds made available as cooperative grants include (but are not limited to)—

"(A) assisting institutions in sharing facilities and personnel;

"(B) disseminating information about established programs in science and engineering;

"(C) supporting cooperative efforts to strengthen the institutions' science and engineering programs; or

"(D) carrying out a combination of any of the activities in subparagraphs (A) through (C).

"(3) The authorized uses of funds made available as design projects include (but are not limited to)—

"(A) developing planning, management, and evaluation systems; or

"(B) developing plans for initiating scientific research and for improving institutions' capabilities for such activities.

Funds used for design project grants may not be used to pay more than 50 percent of the salaries during any academic year of faculty members involved in the project.

"(4) The authorized uses of funds made available as special projects include (but are not limited to)—

"(A) advanced science seminars;

"(B) science faculty workshops and conferences;

"(C) faculty training to develop specific science research or education skills;

"(D) research in science education;

"(E) programs for visiting scientists;

"(F) preparation of films or audio-visual materials in science;

"(G) development of learning experiences in science beyond those normally available to minority undergraduate students;

"(H) development of pre-college enrichment activities in science; or

"(I) any other activities designed to address specific barriers to the entry of minorities into science.

"SEC. 1024. ADMINISTRATION.

"The Secretary shall submit to the Congress on an annual basis a list of grantees receiving awards under this part.

"Subpart 2—Science and Engineering Access Programs

"SEC. 1031. MINORITY SUPPORT IN SCIENCE AND ENGINEERING PROGRAMS.

"The Secretary of Education shall, in accordance with the provisions of this subpart, carry out a program of making grants to institutions of higher education that are designed to provide or improve support programs for minority students enrolled in science and engineering programs at institutions with a significant minority enrollment (at least 10 percent).

"SEC. 1032. SPECIAL SERVICE PROJECTS PROGRAM.

"The Secretary of Education shall, in accordance with the provisions of this subpart, carry out a program of making grants to institutions of higher education that are designed to provide or improve support to accredited colleges and universities and professional scientific societies for a broad range of activities designed to eliminate or reduce specific barriers to the entry of minorities into science and technology.

"SEC. 1033. SUPPORTABLE ACTIVITIES.

"Funds appropriated for purposes of this subpart may be made available for—

"(1) providing needed services to groups of minority institutions or providing training for scientists and engineers from eligible minority institutions;

"(2) providing needed services to groups of institutions serving significant numbers of minority students or providing training for scientists and engineers from such institutions to improve their ability to train minority students in science or engineering;

"(3) assisting minority institutions to improve the quality of preparation of their students for graduate work or careers in science, mathematics, and technology;

"(4) improving access of undergraduate students at minority institutions to careers in the sciences, mathematics and engineering;

"(5) improving access of minority students to careers in the sciences, mathematics, and engineering;

"(6) improving access for pre-college minority students to careers in science, mathematics, and engineering through community outreach programs conducted through colleges and universities eligible for support through the Minority Science and Engineering Improvement Programs;

"(7) disseminating activities, information, and educational materials designed to address specific barriers to the entry of minorities into science and technology, and conducting activities and studies concerning the flow of underrepresented ethnic minorities into scientific careers;

"(8) supporting curriculum models to encourage minority student participation in research careers in science, mathematics, and technology;

"(9) improving the capability of minority institutions for self-assessment, management, and evaluation of their science, mathematics, and engineering programs and dissemination of their results.

"Subpart 3—Administrative and General Provisions

"SEC. 1041. ELIGIBILITY FOR GRANTS.

"Eligibility to receive grants under this part is limited to—

"(1) public and private, nonprofit institutions that are minority institutions (as defined in section 1071(c));

"(2) nonprofit science-oriented organizations, professional scientific societies, and all nonprofit, accredited colleges and uni-

versities which provide a needed service to a group of eligible minority institutions or which provide in-service training for project directors, scientists, and engineers from eligible minority institutions; and

"(3) for the purposes of section 1032, public and private nonprofit institutions that have at least 10 percent minority enrollment.

"SEC. 1042. GRANT APPLICATION.

"(a) SUBMISSION AND CONTENTS OF APPLICATIONS.—An eligible applicant (as determined under section 1041) that desires to receive a grant under this part shall submit to the Secretary an application therefor at such time or times, in such manner, and containing such information as the Secretary may prescribe by regulation. Such application shall set forth—

"(1) a program of activities for carrying out one or more of the purposes described in section 1021(b) in such detail as will enable the Secretary to determine the degree to which such program will accomplish such purpose or purposes; and

"(2) such other policies, procedures, and assurances as the Secretary may require by regulation.

"(b) APPROVAL BASED ON LIKELIHOOD OF PROGRESS.—The Secretary shall approve an application only if the Secretary determines that the application sets forth a program of activities which are likely to make substantial progress toward achieving the purposes of this part.

"SEC. 1043. CROSS PROGRAM AND CROSS AGENCY COOPERATION.

"The Minority Science and Engineering Improvement Programs shall cooperate with other programs within the Department and within Federal, State, and private agencies which carry out programs to improve the quality of science, mathematics, and engineering education.

"SEC. 1044. ADMINISTRATIVE PROVISIONS.

"(a) TECHNICAL STAFF.—The Secretary shall appoint, without regard to the provisions of title 5 of the United States Code governing appointments in the competitive service, not less than two technical employees with appropriate scientific and educational background to administer the programs under this part who may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

"(b) PROCEDURES FOR GRANT REVIEW.—The Secretary shall establish procedures for reviewing and evaluating grants and contracts made or entered into under such programs. Procedures for reviewing grant applications, based on the peer review system, or contracts for financial assistance under this title may not be subject to any review outside of officials responsible for the administration of the Minority Science and Engineering Improvement Programs.

"SEC. 1045. ADVISORY PROVISIONS.

"(a) ADVISORY BOARD FOR THE MINORITY SCIENCE AND ENGINEERING IMPROVEMENT PROGRAMS.—There shall be established an Advisory Board for the Minority Science and Engineering Improvement Programs. The Board shall consist of nine members, at least six of whom must be racial and national origin minority scientists, engineers, or science or engineering educators. In constituting the initial board under subsection (c), efforts shall be made to achieve a balance on the Board with respect to sexual, geographic, and institutional background.

"(b) PURPOSES OF THE BOARD.—The Board shall act as an advisory group to the program. Drawing on the expertise of members, the Board will recommend to the Secretary and the director of the program those policies, procedures, and other measures which will further the efforts made through the program to improve the quality of science and engineering education by contributing to the access and retention of ethnic minorities in science and engineering education programs. Upon the request of the Secretary, the Board may be called upon to advise the Secretary on any matters within the Department which could be expected to have an impact on the access of minority students to careers in science, mathematics, or engineering.

"(c) CONSTITUTION OF BOARD.—The initial Board shall be constituted in as follows:

"(1) The Director of the Programs shall solicit nominations for the Board from present and past grant recipients of the Minority Institutions Science Improvement Program. The Director shall select from among the nominees 18 candidates whose names shall be given to the Secretary.

"(2) The Secretary shall choose 9 Board members from among the 18 presented.

"(3) The Secretary shall assign three Board members to a three year term, three members to a four year term, and three members to a five year term. Upon expiration of these initial terms, replacement Board members shall serve for three year terms. Board members may serve more than one term.

"(4) The Chair of the Board shall be selected by a simple majority vote of Board members and will serve a single term.

"(5) Vacancies on the Board shall be filled by the Board soliciting nominees from institutions eligible to receive grants through the Program. From among the nominees the present and immediate past Chair of the Board shall submit at least two nominees for each vacancy to the Secretary, who shall fill vacancies from among the names submitted.

"(d) COMPENSATION OF THE BOARD.—Members of the Board shall each be entitled to receive the daily equivalent of the maximum annual rate of basic pay in effect for grade GS–15 of the General Schedule for each day (including travel time) during which they are engaged in the actual performance of duties vested in the Board.

"SEC. 1046. DEFINITIONS.

"For purposes of this part—

"(1) The term 'accredited' means currently certified by a nationally recognized accrediting agency or making satisfactory progress toward achieving accreditation.

"(2) The term 'minority' means American Indian, Alaskan Native, black (not of Hispanic origin), Hispanic (including persons of Mexican, Puerto Rican, Cuban, and Central or South American origin), Pacific Islander or other ethnic group underrepresented in science and engineering.

"(3) The term 'minority institution' means an institution of higher education whose enrollment of a single minority or a combination of minorities (as defined in paragraph (2)) exceeds 50 percent of the total enrollment. The Secretary shall verify this information from the data on enrollments in the higher education general information surveys (HEGIS) furnished by the institution to the Office for Civil Rights, Department of Education.

"(4) The term 'science' means, for the purposes of this program, the biological, engineering, mathematical, physical, and social sciences, and history and philosophy of science; also included are interdisciplinary fields which are comprised of overlapping areas among two or more sciences.

"(5) The term 'underrepresented in science and engineering' means a minority group whose number of scientists and engineers per 10,000 population of that group is substantially below the comparable figure for scientists and engineers who are white and not of Hispanic origin.

"(6) The term 'institutional grant' means a grant that supports the implementation of a comprehensive science improvement plan, which may include any combination of activities for improving the preparation of minority students for careers in science.

"(7) The term 'cooperative grant' means a grant that assists groups of nonprofit accredited colleges and universities to work together to conduct a science improvement program.

"(8) The term 'design projects' means projects that assist minority institutions that do not have their own appropriate resources or personnel to plan and develop long-range science improvement programs.

"(9) The term 'special projects' means—

"(A) a special project grant to a minority institution which support activities that—

"(i) improve the quality of training in science and engineering at minority institutions; or

"(ii) enhance the minority institutions' general scientific research capabilities; or

"(B) a special project grant to any eligible applicant which supports activities that—

"(i) provide a needed service to a group of eligible minority institutions; or

"(ii) provide in-service training for project directors, scientists, and engineers from eligible minority institutions.

"SEC. 1047. AUTHORIZATION OF APPROPRIATIONS.

"(a) AUTHORIZATIONS.—There are authorized to be appropriated to carry out the purposes of this part, $12,000,000 for fiscal year 1987, and such sums as may be necessary for each of the four succeeding fiscal years.

"(b) APPROPRIATION LIMITATION.—For any fiscal year, 50 percent of the funds under this part shall be allocated for the purposes of section 1021, 33.33 percent for the purposes of section 1031, and 16.67 percent for the purposes of section 1032.".

The CHAIRMAN. Are there any amendments to title X?

If not, the Clerk will designate title XI.

The text of title XI is as follows:

TITLE XI—AMENDMENT TO TITLE XI OF THE ACT

SEC. 1101. REVISION OF TITLE XI.

Title XI of the Act is amended to read as follows:

"TITLE XI—COMMUNITY PARTNERSHIPS AND ECONOMIC DEVELOPMENT

"SEC. 1101. APPROPRIATIONS AUTHORIZED.

"There is authorized to be appropriated, for carrying out the purposes of this title, $40,000,000 for fiscal year 1987, and such sums as may be necessary for each of the four succeeding fiscal years.

"SEC. 1102. ALLOCATION OF FUNDS.

"Any funds appropriated for this title for any fiscal year, shall be divided equally between parts A and B of this title.

"PART A—URBAN GRANT UNIVERSITY PROGRAM

"SEC. 1111. FINDINGS AND PURPOSE.

"(a) FINDINGS.—The Congress finds and declares—

"(1) that there exists within the Nation's urban universities an underutilized reservoir of skills, talents, and knowledge applicable toward the amelioration of the multitude of problems that face the Nation's urban centers;

"(2) that the skills, talents, and knowledge of urban universities must be applied in a systematic and sustained manner to make a significant contribution toward the solution of these problems;

"(3) that local agencies of general government and other entities within the community have a need for and desire access to the skills, talents and knowledge of urban universities and urban community colleges working cooperatively to help meet urban problems;

"(4) that the application of the skills, talents, and knowledge of urban universities is hindered by the limited funds available to sustain their commitment; and

"(5) that it is the policy of the United States to encourage and facilitate the application of the skills, talents, and knowledge of urban universities toward serving the needs of urban centers of the Nation.

"(b) PURPOSE.—The Secretary shall carry out programs in accordance with the provisions of this part, for the purpose of aiding urban universities to help find answers to urban problems, and aiding such universities to make their resources more readily and effectively available to address the problems of the urban communities in which they are located.

"SEC. 1112. PROJECT ASSISTANCE.

"(a) PAYMENT OF FEDERAL SHARE; PRIORITY FOR COOPERATIVE AGREEMENTS.—(1) The Secretary shall make grants to urban universities to pay the Federal share of the cost of carrying out projects consistent with the purposes of this part.

"(2) The Secretary shall give priority to applications containing cooperative arrangements among urban universities, community colleges and other institutions of higher education and other entities in the public, private, and nonprofit sectors within an urban area.

"(b) CONTENTS OF APPLICATIONS.—An application submitted under this section shall contain provisions designed to show that the chief executive of the local agency or agencies of general government within whose jurisdiction fall the need or needs to be addressed by the project or projects described has been afforded a reasonable opportunity to review and comment upon the proposed project or projects. In making grants under this part, the Secretary shall consider the degree to which there is evidence in the application of (1) the participation of such local agency or agencies of general government and of the community in the development of the project or projects for which assistance is requested under this section; (2) local government and community participation in the implementation of the proposed project or projects; and (3) a commitment by such local agency or agencies of general government or by other entities within the community, which may include the applicant university, to pay the non-Federal share of the cost of such project or projects required by subsection (d) of this section. Not more than one-half of such non-Federal share may be in the form of services, supplies, or equipment.

"(c) ADVICE FROM OTHER AGENCIES.—The Secretary may request the advice of any Federal agency the Secretary considers appropriate before approving an application for project assistance under this section.

"(d) FEDERAL SHARE DEFINED.—No grant under this section shall exceed 90 percent of the cost of the project for which assistance is granted.

"(e) DESIGNATION OF URBAN GRANT UNIVERSITIES.—An institution of higher education which receives a grant under this section shall be designated by the Secretary as an 'urban grant university'. The Secretary shall annually publish a list of the institutions of higher education which have been so designated.

"(f) PEER REVIEW REQUIRED.—The Secretary shall base applications for grant awards under this part on a broad-based peer review process.

"SEC. 1113. LIMITATIONS.

"(a) STATE LIMITATION.—The total amount of payments in any fiscal year under section 1112 to institutions within any one State shall not exceed 15 percent of the total amount paid.

"(b) GEOGRAPHIC DISTRIBUTION.—In allocating assistance under section 1112 of this part, the Secretary shall endeavor to achieve broad and equitable geographical distribution throughout the Nation.

"SEC. 1114. COORDINATION.

"The Secretary, in consultation with other agencies, as appropriate, shall develop regulations and procedures under which funds made available under this part may be used in a coordinated manner with funds made available to meet urban problems under programs administered by such other agencies.

"SEC. 1115. DEFINITIONS.

"As used in this part—

"(1) 'urban area' means a standard metropolitan statistical area having a population of not less than five hundred thousand persons; or, in any State which has no standard metropolitan statistical area within its borders which has such a population, the entity of the State having an agreement under section 1203 may, or if no such entity has an agreement, the Secretary shall designate one urban area for the purposes of this part;

"(2) 'urban university' means an institution of higher education which (A) is located in an urban area, (B) draws a substantial portion of its undergraduate students from the urban area in which it is located or contiguous urban areas, (C) carries out programs to make postsecondary education opportunities more accessible to residents of such urban area or contiguous areas, (D) has the present capacity to provide resources responsive to the needs and priorities of such urban area and contiguous areas, (E) offers a range of professional or graduate programs sufficient to sustain its capacity to provide such resources, and (F) has demonstrated and sustained a sense of responsibility to such urban area and contiguous areas and its people;

"(3) for the purposes of paragraphs (2) and (4) of this section, 'institution of higher education' includes any combination of such institutions, any one of which meets all the qualifications of paragraph (2); and

"(4) 'resources' are programs of institutions of higher education including specialized training, research and planning services, and technical assistance responsive to the needs and priorities of the urban area and contiguous areas.

"PART B—NATIONAL HIGHER EDUCATION AND ECONOMIC DEVELOPMENT PROGRAM

"SEC. 1121. FINDINGS AND PURPOSES.

"(a) FINDINGS.—The Congress finds that—

"(1) the economic vitality and international competitiveness of the United States depends upon utilizing all available resources;

"(2) effective community economic development is enhanced by the active participation of postsecondary education institutions;

"(3) there is a need for more systematic and comprehensive efforts to link postsecondary education institutions with State and local governments, labor, business and industry in order to plan, maintain, and attract lasting economic improvement;

"(4) Federal leadership is critical to promoting such linkages.

"(b) PURPOSES.—The purposes of this part are therefore—

"(1) to stimulate colleges and universities to mobilize more fully their resources to overcome problems which impede economic development in the area or region which they serve;

"(2) to encourage the involvement of postsecondary education institutions with units of government, labor, business and industry and other appropriate organizations in the planning, research, and development of activities that promote expansion and retention of local job opportunities;

"(3) to foster linkages which can contribute to a community's overall economic development efforts for retraining and expanding business and industry opportunities in the area;

"(4) to stimulate and augment local initiatives which recognize postsecondary education institutions as important resources and utilize their expertise in addressing solutions to overcome economic decline; and

"(5) to demonstrate the effectiveness of new approaches to stimulating economic development involving partnerships of postsecondary education institutions and others concerned with economic development and to make those approaches available to other areas of the Nation.

"SEC. 1122. ALLOWABLE ACTIVITIES.

"(a) IN GENERAL.—An eligible institution or consortium of such institutions may apply for assistance under this part to support one or more of the following activities:

"(1)(A) planning and research (including applied research) directed at solving problems for local economic development and which is designed to complement local initiatives to promote growth and improve productivity;

"(B) resource exchange to encourage the exchange of faculty, government, and business experts to support economic development; and

"(C) any combination of the activities described in subparagraph (A) or (B) that promotes the purposes of this part; and

"(2) special projects for economic growth which address broad or national economic development issues, are innovative in their approach, and hold promise of application beyond the area served.

"(b) SPECIAL PROJECTS AUTHORIZED.—Special projects which may be supported under subsection (a)(2) include—

"(1) the application of technology research to manufacturing aspects of mature industries in a region or State;

"(2) the design and development of technical assistance centers based at eligible institutions which will provide an integrated program of education, research and technology transfer to business and industry;

"(3) projects to support entrepreneurship training and technical assistance; and

"(4) projects to develop new approaches or complement efforts to explore, expand and foster opportunities for international business and trade.

"(c) DISSEMINATION PROJECTS.—In addition to the activities described in subsection (a), the Secretary is authorized to make a limited number of grants to identify and disseminate effective models and techniques which use partnerships of postsecondary education institutions and others involved in economic development to support lasting economic improvement.

"(d) LIMITATIONS ON GRANT AMOUNTS.—The maximum grant which may be awarded under subsection (a)(1) for any fiscal year shall be $50,000, except that this limitation shall not apply in the case of an application submitted by a consortium of eligible institutions.

"SEC. 1123. ELIGIBILITY FOR ASSISTANCE.

"The Secretary may make grants under section 1122(a) of this Act to an eligible institution or consortium of such institutions that demonstrates in its application that the program it intends to conduct with the support of the grant will involve the active participation of and commitment of resources and personnel by one or more of the following organizations:

"(1) local or State units of governments;

"(2) business or industry;

"(3) labor unions or union representatives; or

"(4) non-profit organizations concerned with economic development in the area to be served.

"SEC. 1124. CONTENTS OF APPLICATIONS.

"(a) GENERAL CONDITIONS.—Each application for a grant authorized under this Act shall be filed with the Secretary at such time or times as he or she may prescribe and shall—

"(1) set forth a program of activities which are likely to make substantial progress toward achieving the purposes of this part;

"(2) describe how the plan fits into the overall economic development and or redevelopment plan for the area to be served, contributes to long term economic growth and employment opportunities, and furthers the goals of the postsecondary education institution;

"(3) provide an effective dissemination strategy to ensure that the successful results of the activities can be shared with other institutions and organizations;

"(4) provide assurances that an assessment has been made of Federal and State resources and that these resources are unavailable for the proposed activity;

"(5) describe the consultation and, if appropriate, coordination with other Federal and State economic development efforts such as the Job Training Partnership Act and programs sponsored by the Department of Commerce;

"(6) contain assurances that the applicant and the organizations identified under section 1123 will contribute to the conduct of the program supported by the grant an amount from non-Federal sources equal to at least one-fourth the amount of the grant, which contribution may be in cash or in-kind;

"(7) contain assurances that the eligible institution will, to the extent practicable, coordinate its use of resources available for student assistance (such as college work study, cooperative education, and opportunities for graduate student thesis and research) in a manner which will support the activities conducted under this part; and

"(8) contain such other information and assurances as the Secretary may require by regulation.

"(b) WAIVER OF MATCHING REQUIREMENT.—The Secretary may waive the requirement of subsection (a)(6) with respect to an eligible institution that demonstrates a unique hardship that precludes its compliance with that requirement.

"SEC. 1125. SELECTION OF GRANT RECIPIENTS.

"(a) USE OF PEER REVIEW PANEL.—The Secretary shall designate a peer review panel of experts in the field of higher education and economic development to review the applications submitted under section 1124 and make recommendations for funding to the Secretary. In selecting the peer review panel, the Secretary shall consult with other appropriate Cabinet-level officials and non-Federal organizations, to ensure that the panel will be geographically balanced and be composed of an equal number of representatives from public and private higher education, labor, business, and State and local government who have expertise in the area of economic development.

"(b) DURATION OF GRANTS.—Grants may be made on a multi-year basis except that no institution, individually or as a participant in a combination of such institutions may receive a grant for more than five years.

"(c) SPECIAL CONSIDERATIONS IN SELECTION.—In making awards for activities under section 1122(a)(1) of this part, the Secretary shall give special consideration to applications which have one or more of the following characteristics:

"(1) The application proposes to serve an area which has an unemployment rate 1 percent above the national average unemployment rate for the most recent twenty-four month period or is an area which has experienced or is about to experience sudden economic dislocation resulting in job loss that is significant both in terms of the number of jobs eliminated and the effect upon the employment rate of the area.

"(2) The application is submitted by a consortia of postsecondary education institutions, including four- and two-year, public and private postsecondary education institutions, and provides a regional geographic approach to solving economic development problems.

"(3) The application develops approaches which promote economic diversification for rural areas or areas whose economy is dependent upon a single industry or single employer.

"(4) The application proposes to involve in the participation of the proposed activities, several of the organizations described in section 1123 of the part.

"SEC. 1126. ALLOCATIONS OF APPROPRIATIONS.

"For the purpose of making grants under section 1101 of this title, 75 percent of the funds appropriated for this part shall be used to fund projects under section 1122(a)(1), and 25 percent shall be used to fund projects under sections 1122(a)(2) and 1122(c).

"SEC. 1127. DEFINITIONS.

"As used in this part—

"(1) the term 'Secretary' means the Secretary of Education;

"(2) the term 'eligible institution' has the meaning given such term by section 435(a) of the Higher Education Act of 1965.

"PART C—WAGNER INSTITUTE OF URBAN PUBLIC POLICY

"SEC. 1131. PURPOSE; DESIGNATION.

"It is the purpose of this part to provide assistance to the City University of New York to enable the University to establish a center to coordinate resources for the development of solutions to pressing urban and social problems. The institute shall be known as the 'Robert F. Wagner, Sr., Institute of Urban Public Policy' (hereafter in this part referred to as the 'Institute').

"SEC. 1132. APPLICATION FOR AND USE OF FUNDS.

"(a) APPLICATION.—No payment may be made under this part except upon application at such time, in such manner, and containing or accompanied by such information as the Secretary may require.

"(b) USE OF FUNDS.—Payments made under this part may be used by the City University of New York to establish and operate the Institute and to support the following activities of the institute:

"(1) The Institute shall inventory and assess academic research, education, and training capabilities with respect to urban redevelopment strategies. The Institute shall insure that information derived from this activity shall be available for use in public policy debates on solutions to urban problems.

"(2) The Institute shall conduct a series of forums to promote and coordinate decision-making on urban problems. Such forums shall be focused upon such issues as economic development, youth employment, law enforcement, education, services to the elderly, health care delivery systems, and immigration patterns. Participants in such forums shall be drawn from Federal, State, and local government, the business and professional community, labor, education, and community based organizations.

"(3) In developing topics for the forums to be conducted under paragraph (2), and in establishing priorities for the allocation of its resources, the Institute shall establish and regularly consult with an advisory council of urban advisors representing leaders in government, business, labor, education, and community based operations.

"(4) The Institute shall prepare and publish reports on the forums conducted pursuant to paragraph (2) and publish and disseminate the results of its research activities.

"SEC. 1133. AUTHORIZATION OF APPROPRIATIONS.

"There are authorized to be appropriated to carry out the purposes of this part, $2,000,000, which may remain available until expended.".

The CHAIRMAN pro tempore. Are there any amendments to title XI?

Mr. COLEMAN of Missouri. Mr. Chairman, I move to strike the last word.

Mr. Chairman, as has been alluded to earlier on the floor, there are several of us who have a markup session in the Committee on Agriculture dealing with farm credit. Unfortunately, or fortunately, however one looks at it, I am staying here and missing that, but the gentleman from Wisconsin [Mr. GUNDERSON], who is a member of our committee, sits on that important committee as well, and I would like to protect, and I would ask the indulgence of my colleagues, to extend courtesy to him because we did not object to the Committee on Agriculture sitting at this important time.

We did that with a feeling of camaraderie that there would not be objection to a member of the committee being able to go back to a title and offer an amendment. I would like to see if there is a show of support for that feeling here on the floor of Mr.

GUNDERSON being able to come back and offer an amendment to title XI, and he also has one to title V that he had to miss to be on that Committee on Agriculture markup.

I would like to just get a little feeling from people that there would not be objection. If not, I would have to offer the amendment myself perhaps, and I would not want to do that.

The CHAIRMAN pro tempore. The Chair would inquire whether the gentleman from Missouri is making a motion or a unanimous-consent request.

Mr. COLEMAN of Missouri. I am asking my colleagues to show, through some sort of articulation, whether or not this is acceptable to them. I assume silence would mean that we would agree that Mr. GUNDERSON could come back and offer his amendments.

The CHAIRMAN pro tempore. The Chair would ask the gentleman to make a motion on a unanimous-consent request.

Mr. COLEMAN of Missouri. Mr. Chairman, I would ask unanimous consent that the right of the gentleman from Wisconsin [Mr. GUNDERSON] to offer amendments to titles V and XI be reserved.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Missouri?

Mr. DYMALLY. Mr. Chairman, reserving the right to object, I just want to state to the gentleman that it is with some reluctance that I object for a couple reasons.

One, if permission had been sought, if negotiations had taken place with the chairman of the subcommittee prior to Mr. GUNDERSON leaving here, I would not have objected.

If Mr. GUNDERSON had an amendment affecting his district or something that was positive, making an addition and an improvement to the bill, I would not have objected, but Mr. GUNDERSON is coming back here to offer amendments to eliminate programs which were negotiated over several months during the course of the committee's deliberations.

So this is not something that he is trying to preserve for his district or trying to improve the bill. This is something that he is trying to take out of the bill, which has already been negotiated.

Second, the precedent is that he knew he was going to leave the floor. He could have worked out this arrangement prior.

Mr. GOODLING. Mr. Chairman, will the gentleman yield?

Mr. DYMALLY. I yield to the gentleman from Pennsylvania.

Mr. GOODLING. I thank the gentleman for yielding.

Mr. Chairman, I think the only defense I would have is that we did not know, of course, until the very last second, as a matter of fact, that the chairman of the Committee on Agriculture was going to come here and ask unanimous consent. We were about to object because we not only had Mr. GUNDERSON on that very same committee; we also have Mr. COLEMAN on that same committee, and Mr. JEFFORDS, and we did not think it was quite fair to put three of our people in jeopardy both here on the floor and back there at the same time.

But we did not object to their sitting.

Mr. DYMALLY. I recognize that, and had Mr. GUNDERSON indicated to me, because he is after a couple items in the bill, that he would seek this permission, I would have agreed to it. Had he indicated that to the chairman of the subcommittee, or had he stated on the floor prior to leaving, or when the gentleman from Texas [Mr. DE LA GARZA] sought unanimous consent, had he made this known and telegraphed his position earlier, I would have had no objections, but I had a meeting in the majority whip's office and I had to be up here instead to watch this piece of legislation, in which I have a great deal of interest.

So I just do not think it is fair to open up this piece of legislation after we have gone through it and after everyone has had an opportunity to express their position on it.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield?

Mr. DYMALLY. I yield to the chairman of the subcommittee, the gentleman from Michigan.

Mr. FORD of Michigan. I thank the gentleman for yielding.

Mr. Chairman, I would not have objected myself, mainly because STEVE GUNDERSON has been so cooperative throughout the consideration of this bill. However, in the circumstances, the gentleman has some specific projects in the bill that I understand now, frankly, that Mr. GUNDERSON had given up the idea of offering amendments to knock these out and did not think it was going to be an issue, so I did not even discuss it with the gentleman.

I can understand the gentleman's concern. The gentleman from New York has a project that would be knocked out, and I believe Mr. CONTE.

But the gentleman can handle title XI because it is open now.

□ 1610

Mr. GUNDERSON. Mr. Chairman, will the gentleman yield?

Mr. DYMALLY. I yield to the gentleman from Wisconsin.

Mr. GUNDERSON. Mr. Chairman, I would like to go back to title V if we could. The reason is that I think the issue at least ought to be raised. We are embarking on a very dangerous precedent in this bill, in my opinion, to use a higher education bill to direct it.

Now I do not have any great illusions of getting a lot of support from the committee for my amendment. But I do at least want to raise the issue.

Mr. DYMALLY. The issue before us now is not the merits of the gentleman's amendment, my good friend, but is whether we should permit the gentleman the opportunity to offer this. So we do not want to get into the merits of your amendment.

I simply said had you indicated to me, as I did to you yesterday, your concern about this measure prior to leaving, had you stood up on the floor when the gentleman from Texas [Mr. DE LA GARZA] sought unanimous consent, had you negotiated with the chairman or used any other means that you had of indicating your concern, I would not have an objection. But to just have left and given the impression that you had no interest in this, and to come back and go back there.

May I have a response from the gentleman?

Mr. GUNDERSON. I am not quite sure what the gentleman is referring to about my never indicating an interest in dealing with this issue. We have had, as the gentleman knows, in different titles a number of specifically designated projects, and it was my intent, after discussions on a number of them, that those which I found to have the least merit, frankly, were those in title V and in title XI, and I wanted to bring those issues up, with the understanding that those designated projects in other areas I would not bring up through the amendment process.

For example, the money that is being authorized for RTI in New York, for example, is not just a parochial project. Further research by myself has indicated that that one is really focused upon a nationwide problem to help the deaf. I think that type of program has some merit.

Likewise, I think there is a historical merit in the black dormitory, the first women's black dormitory in North Carolina. I wanted to leave those alone because I think there is a national significance to those that is not evident, and frankly does not exist in those in title V and title XI.

I am not suggesting that the programs in title V and title XI are not nice. I think every Member of this Congress can propose, authorize programs in their district in a higher education act which are nice, and have merit. I simply do not want us to begin the precedent of coming in and using this process to try to get programs in our district that ought to be achieved in the higher education community through competitive grant bases.

Mr. DYMALLY. Does the gentleman wish to go back to title V?

Mr. GUNDERSON. Yes, I wish to go back to title V.

Mr. DYMALLY. For a vote, or just to raise a point?

Mr. GUNDERSON. I wish to offer an amendment to title V.

Mr. DYMALLY. To be put to a vote?

Mr. GUNDERSON. Let us see how the debate goes.

Mr. GOODLING. Mr. Chairman, will the gentleman yield?

Mr. DYMALLY. I yield to the gentleman from Pennsylvania.

Mr. GOODLING. Mr. Chairman, I would just like one more time to appeal that this has been a joint effort from day one, and it seems to me the fact that we have three Members on this committee that had to be both places at the same time, we could have easily objected to the unanimous-consent request of the chairman of the Agriculture Committee, but we did not. Just in harmony, I do not think you have any fear of losing anything, but I think it sure would be a harmonious effort, and good faith on your side, as a matter of fact, if you did make what I consider to be a legitimate exception simply because there are three Members from our side that serve on both committees and cannot be both places at the same time.

Mr. DYMALLY. As I indicated earlier, had the gentleman from Wisconsin [Mr. GUNDERSON] stated his position privately, or publicly, I would not have had any objection. But I also had other commitments, other committees, and the Congressional Black Caucus, and I stayed on the floor.

The gentleman from Wisconsin [Mr. GUNDERSON] just happened to have had a priority in the Agriculture Committee that was higher than trying to eliminate a program in my district.

Mr. GOODLING. Again, of course, in that situation, it was the unanimous consent to markup a bill, and I think that is a little bit different than most of the commitments that I had at that particular time also, because we were not marking up in any committee that I am dealing with. Again, it has been such a cooperative effort that it seems to me the gentleman really does not have anything to lose because he knows very well he has the votes, and, therefore, I just think it would be a harmonious thing to do.

Mr. DYMALLY. Mr. Chairman, I withdraw my reservation of objection.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Missouri?

Mr. BIAGGI. Mr. Chairman, reserving the right to object. I was wondering, I have some time constraints at this point, and I wonder if the gentleman would deal with chapter 11 first?

Mr. GUNDERSON. Mr. Chairman, will the gentleman yield?

Mr. BIAGGI. I yield to the gentleman from Wisconsin.

Mr. GUNDERSON. If the gentleman wants me to deal with chapter 11 first, sure.

Mr. BIAGGI. Mr. Chairman, I withdraw my reservation of objection.

Mr. GUNDERSON. If that does not eliminate my ability to deal with title V.

The CHAIRMAN pro tempore. There is presently pending before the Committee of the Whole a unanimous-consent request by the gentleman from Missouri [Mr. COLEMAN]. Is there objection to that unanimous-consent request?

There was no objection.

PARLIAMENTARY INQUIRY

Mr. GUNDERSON. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN pro tempore. The gentleman will state his parliamentary inquiry.

Mr. GUNDERSON. Mr. Chairman, can I only then offer the amendment to title V at this point, or can I protect my right to offer that?

The CHAIRMAN pro tempore. Title XI is now pending before the Committee of the Whole.

Mr. FORD of Michigan. Mr. Chairman, we would appreciate it if the gentleman would offer his amendment to title XI first because the gentleman from New York [Mr. BIAGGI] is most concerned about that and has to leave shortly.

Mr. GUNDERSON. Mr. Chairman, if the majority would agree, I would be happy to offer them en bloc, and I ask unanimous consent to do so. Let us discuss the issue at once.

Mr. FORD of Michigan. Mr. Chairman, that would be fine.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The CHAIRMAN pro tempore. The gentleman from Wisconsin [Mr. GUNDERSON] is recognized to offer his amendments to title V and title XI.

AMENDMENTS OFFERED BY MR. GUNDERSON

Mr. GUNDERSON. Mr. Chairman, I offer two amendments, one to title V and one to title XI.

The Clerk read as follows:

Amendments offered by Mr. GUNDERSON: Page 457, beginning on line 8, strike out subsection (f) through line 16 and insert in lieu thereof the following:

"(f) SELECTION OF RECIPIENTS.—The Secretary shall award grants under this subsection to not more than four community colleges. Recipients shall be selected competitively based on the quality of their proposals, except that the colleges selected shall include colleges in both urban and rural areas, and in the various geographic regions of the United States.

Page 640, beginning on line 1, strike out part C through line 25 on page 641, and page 639, at the end of line 25, insert close quotation marks and a period.

Mr. GUNDERSON (during the reading). Mr. Chairman, I ask unanimous consent that the amendments be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. GUNDERSON. Mr. Chairman, I would like to express my appreciation to all of my colleagues for their patience and tolerance at this point. I am trying to run between here and the Agriculture Committee, dealing with farm credit and dealing with higher education at the same time, so I do appreciate the tolerance.

What I want to do is bring to the attention of this committee, bring to the attention of this Congress a precedent that is, in my opinion, occurring at a level much higher than it ever has in the past, and that is the process of designating in the authorization bill specific spending for certain individual campuses.

I have no less than five 4-year public institutions, I have a private 4-year institution, I have four 2-year community or technical schools and two 2-year campuses in my district. What would happen if each member of the Higher Education Subcommittee, to say nothing of each member of the full Education and Labor Committee, would decide that they were going to use this process to bring home some "pork" to their particular congressional district?

Every designated project in the bill has merit. I am not questioning the merits, I am questioning the process.

Up to this point in time, for the most part, we have tried to offer grants and awards in the higher education area on a competitive basis. We have not always succeeded, but we have tried to achieve that selection be made through the peer-review process.

The amendments I am offering are two of a larger number that I could have offered. Let me just spend a little bit of time going through the bill to share with you exactly what we have here.

In title III of this legislation, we have five independent or graduate institutions that have been designated specifically for awards: Morehouse School of Medicine; the Meharry Medical School; the Charles R. Drew Postgraduate Medical School; the Atlanta University; and the Tuskegee Institute School of Veterinary Medicine. Each of these institutions under this section of title III can go in for a grant of up to $500,000. Beyond this each is also eligible to apply for a grant in excess of $500,000, provided the institution proves that 50 percent of the costs of the program would come from non-Federal sources.

So, already in title III, we have made some major commitments in this area. However, I am not going to try to amend this title.

Under title V, we designate four community colleges, one in Michigan, one in Vermont, one in California, and one in Missouri to receive awards under section 525, the community college pilot project. So if you are not a chairman or a ranking member of the full committee or the subcommittee, or the author of the amendment, you are out of luck in having any kind of opportunity to enable one of your community colleges to receive a portion of this set-aside, of no less than $250,000, per school—no less than $250,000 automatically guaranteed.

Now what I wanted to do in title V, and what my amendment does in this particular area is to simply have the Secretary award grants under this section to not more than four community colleges, with recipients selected competitively from each of four regions of the country: Northeast, South, Midwest, and West. In other words, community colleges in Missouri, Vermont, Michigan, and California could all compete under one of those particular designations.

We would not target funds to the particular schools that are listed here, in this section, but we would authorize this program in a way in which the grant awards would be competitive—we would not designate particular institutions.

In title VII, which I do not try to amend, we also have a number of particular designations of funding for specific institutions. We have one $2 million authorization for the renovation of Welch Hall in Michigan at Eastern Michigan University. We have the specific $1.8 million authorization I mentioned earlier for the Rochester Institute of Technology, and we have a $550,000 authorization for Estey Hall, the Nations' first black women's dormitory at Shaw University at Raleigh, NC. My amendments do not address any of these authorizations either, but I think it is important that the membership recognize what we are doing in this process.

I do, however, deal with the Wagner Institute of Urban Public Policy in the city of New York in my amendment. This provision is under title XI of the bill. The reason I address this program is because here we are authorizing a $2 million grant for the development of a specific institute at a specific university to study urban problems.

I have nothing against urban programs. I think sound urban policy is necessary in this country. But I am not at all convinced that we do not currently have all kinds of existing departments of urban study in this country today, and I am not at all convinced that we need to, at the present time of limited resources, specifically designate one university in this country to receive a new $2 million program, rather than to at least allow further studies in this area to be conducted and funded on a competitive basis.

What I am trying to do, then, in these amendments is to bring to the attention of my colleagues, and hopefully to stop the process, of continued targeted pork barrel legislation in the higher education bill. That is not where it belongs.

The CHAIRMAN pro tempore. The time of the gentleman from Wisconsin [Mr. GUNDERSON] has expired.

(By unanimous consent, Mr. GUNDERSON was allowed to proceed for 3 additional minutes.)

Mr. GUNDERSON. Mr. Chairman, what I am trying to do is simply make sure that higher education grants are awarded on a competitive basis. Is that wrong? I do not think it is.

Mr. BIAGGI. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I am happy to yield to my friend from New York.

Mr. BIAGGI. Mr. Chairman, I thank the gentleman for yielding.

I would like to point out we are talking about an $11 billion bill. This bill costs $11 billion. The proposal that I deal with is the Wagner Institute which costs $2 million.

As the result of my agreement with Members on the other side of the committee, we had saved some $40 million, so we have been on a saving direction in any event. So when you talk about $2 million, you are really talking about a very small amount.

This Wagner Center will be a resource center for generating and coordinating policy options for urban areas consistent with the thrust and intent of title XI. This provision recognizes the unique role that CUNY can and should play in coordinating policy options for the decisionmakers because of its access not only to the wealth of resources in New York City, but also to the wealth of intellect.

□ 1625

With this center it is expected that we will galvanize other urban universities to embark upon similar initiatives; we are really establishing a model, in order to assure that urban universities continue to be focal points for policymaking in their communities.

I also want to note that one of the reasons why I believe that CUNY is uniquely qualified to operate this center is because of its history of producing original thinkers. The university was once again honored this year when two graduates of CUNY's City College, Dr. Herbert Hauptman and Dr. Jerome Karle won the 1985 Nobel Peace Prize for Chemistry. One of the two Nobel Prize winners in medicine, Dr. Joseph Goldstein, is also from New York, a graduate of my own Bronx High School of Science.

No other public institution can boast as many Nobel Prize winners as CUNY; seven in all. This fact alone to me provides ample evidence of the ability of CUNY to produce world-class scholars, and to draw upon this talent to operate the Wagner Center.

I believe that the $2 million is modest amount of money for so rich a return. It is not a boondoggle; this is a solid city university; this is an operation that has been productive and this is the kind of operation that should be replicated throughout the United States.

This initiative, as I said before, will establish a model that can be duplicated in other parts of the country, and I sincerely hope that the gentleman's amendment is roundly defeated. I respect his concern and I am not sure I disagree with all of his concerns; but when we are talking about a very small sum of money for so noteworthy an institution.

The CHAIRMAN pro tempore. The time of the gentleman from Wisconsin has expired.

(By unanimous consent, Mr. GUNDERSON was allowed to proceed for 1 additional minute.)

Mr. GUNDERSON. I yield to the gentleman from New York.

Mr. BIAGGI. The gentleman's basis for opposition to this provision in the bill and whose amendment would delete it, I think is ill-advised.

Mr. GUNDERSON. Reclaiming my time, I appreciate the gentleman's remarks and his contribution. The fact is, of course, if every Member came here with a $2 million program for his district, all of a sudden this would accumulate to a rather significant amount of money; and I have to say if the gentelman has an institution that has seven Nobel Prize winners, I do not understand why this institution is in need of a Federal grant; it looks to me as if there is the intellectual capacity to acquire this funding on their own.

Mr. BIAGGI. Will the gentleman yield?

Mr. GUNDERSON. I yield to the gentleman.

Mr. BIAGGI. I have been on this committee for 16 years. This is the first such project I have offered, because in my judgment, none has greater validity or justification; and $2 million is penurious by comparison.

Mr. GUNDERSON. I appreciate the gentleman's longstanding contribution to higher education, there is no doubt about that. We are simply trying to make a point in this area.

Mr. GREEN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I would like to reinforce what my colleague from New York [Mr. BIAGGI] has said. I think this project is one which offers enormous possibilities, and it is in an institution which certainly has high capacity to do what it is called on to do here; namely, to pioneer a program

which may be extremely useful in harnessing the resources of our educational institutions around the country toward addressing some of the problems of urban areas.

I think the amount of money that the committee has agreed to put up for this project is money that will be well-spent indeed, and I think that given the kinds of projects that the City University is contemplating; dealing, for example, with senior citizens' health problems, we shall get a manyfold return on the money that we invest in this effort.

Mr. DYMALLY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, first let me compliment and thank the gentleman from Wisconsin [Mr. GUNDERSON] for his cooperation on a number of issues that were important to me and other members of the committee. I understand his thrust has nothing to do with the particular project in any district, but has to do with the precedent.

Let me point out that these four community colleges were not based on an arbitrary selection. We looked at a combination of geography; a combination of education; a combination of economics; rural-urban spread, and these programs are terminal. They are pilot programs only.

In my own district, I have a situation which is almost a paradox. On the one hand, I have the most prolific aerospace industry in the country; and on the other hand I have the highest school dropout rate.

So this program is designed to bridge that wide gap, to get the community colleges to work with whatever industry there is in their district, and to try and resolve the question of school dropouts and training in technical and technological areas.

So, Mr. Chairman, these programs are not forever programs; they are limited in scope and they are terminal. I ask for a "no" vote on the gentleman's amendment.

The CHAIRMAN pro tempore. The question is on the amendments offered by the gentleman from Wisconsin [Mr. GUNDERSON].

The amendments were rejected.

The CHAIRMAN pro tempore. Are there further amendments to title XI?

If not, the Clerk will designate title XII.

The text of title XII is as follows:

TITLE XII—AMENDMENTS TO TITLE XII OF THE ACT

SEC. 1201. TREATMENT OF TERRITORIES AND TERRITORIAL STUDENT ASSISTANCE.

Section 1204 of the Act is amended—

(1) by striking out the first sentence of subsection (a) and inserting in lieu thereof the following: "Within six months after the date of enactment of the Higher Education Amendments of 1985, the Secretary shall promulgate regulations in accordance with the recommendations in the report entitled 'Postsecondary Education in the U.S. Territories' (May 1982) in order to adapt programs under this Act to the needs of Guam, the Virgin Islands, American Samoa, the Trust Territory of the Pacific Islands, and the Northern Mariana Islands.";

(2) by striking out "October 1, 1985" in subsection (c) and inserting in lieu thereof "October 1, 1991,"; and

(3) by striking out subsection (b), by redesignating subsection (a) as subsection (b), and by inserting before such subsection the following new subsection:

"(a) The Secretary is required to waive the eligibility criteria of any postsecondary education program administered by the Department where such criteria does not take into account the unique circumstances in Guam, the Virgin Islands, American Samoa, the Trust Territories of the Pacific Islands, and the Northern Mariana Islands. Priority shall be given to proposals submitted by these territories which otherwise meet program criteria.".

SEC. 1202. EXTENSION OF NATIONAL ADVISORY COMMITTEE ON ACCREDITATION AND INSTITUTIONAL ELIGIBILITY.

Section 1205(f) of the Act is amended by striking out "1985" and inserting in lieu thereof "1992".

SEC. 1203. DISCLOSURES OF FOREIGN GIFTS.

Title XII of the Act is further amended by adding at the end thereof the following new section:

"DISCLOSURES OF FOREIGN GIFTS

"SEC. 1206. (a) Whenever any institution receives a grant from, or enters into a contract with, a foreign source, the value of which is $100,000 or more, considered alone or in combination with all other grants from, or contracts with, that foreign source within the current fiscal year, the institution shall within 90 days of the receipt of such grant or the entrance into such contract, file a disclosure report with the Secretary.

"(b) Each report to the Secretary required by this Act shall disclose:

"(1) the name, nationality and country of residence of the foreign source,

"(2) the amount and date of the grant or contract;

"(3) the full details of any conditions, restrictions, requirements, reserved powers or matching provisions of the grant or contract including its purpose or purposes; and

"(4) the name of any person whom the grant or contract is explicitly intended to benefit.

"(c)(1) Notwithstanding the provisions of subsection (b), if the foreign source is a natural person and no grant or contract as to which a disclosure report is required by this Act contains any conditions, restrictions, requirements, reserved powers or matching provisions, other than that the grant or contract is given or entered into for the benefit of the institution as a whole, the disclosure report required to disclose need not contain the name of the foreign source.

"(2) Notwithstanding the provision of subsection (a), if a grant is given solely for the benefit of the institution as a whole and contains no conditions, restrictions, requirements, reserved powers, or matching provisions, and has a value of less than $250,000, a disclosure report need not be filed with the Secretary.

"(3) Notwithstanding the provision of subsection (a), if an institution described under subsection (a) is within a State which has enacted requirements for public disclosure of conditions of contracts received from, or grants entered into with, foreign sources, that are substantially similar to the requirements of subsection (a), a disclosure report need not be filed with the Secretary. The State in which the institution is located shall provide to the Secretary such assurances as the Secretary may require to establish that the institution has met the requirements for public disclosure under State law.

"(4) Notwithstanding the provision of subsection (a), if an institution receives a grant from, or enters into a contract with, a foreign source, where any other department, agency, or bureau of the executive branch requires a report containing requirements substantially similar to those required under this Act, a disclosure report need not be filed with the Secretary.

"(d) All disclosure reports required by this Act shall be public records open to inspection and copying during business hours.

"(e)(1) Whenever it appears that an institution has failed to comply with the requirements of this Act, including any rule or regulation promulgated thereunder, a civil action may be brought in an appropriate district court of the United States, or the appropriate United States court of any territory or other place subject to the jurisdiction of the United States, to request such court to compel compliance with the requirements of the Act.

"(2) For knowing or willful failure to comply with the requirements of this Act, including any rule or regulation promulgated thereunder, an institution shall pay to the Treasury of the United States the full costs to the United States of obtaining compliance, including all associated costs of investigation and enforcement.

"(f) The Secretary may promulgate regulations to carry out the ministerial duties imposed on the Secretary by this Act.

"(g) For purposes of this section—

"(1) the term 'contract' means any agreement for the acquisition by purchase, lease, or barter of property or services by the foreign source, for the direct benefit or use of either of the parties;

"(2) the term 'foreign source' means—

"(A) a foreign government, including an agency of a foreign government;

"(B) a legal entity, governmental or otherwise, created solely under the laws of a foreign state or states;

"(C) a nonresident alien; and

"(D) an agent, including a subsidiary or affiliate of foreign legal entity, acting on behalf of a foreign source;

"(3) the term 'grant' means any gift of money or property;

"(4) the term 'institution' means any institution, public or private, or, if a multicampus institution, any single campus of such institution, in any State which—

"(A) is legally authorized within such State to provide a program of education beyond high school;

"(B) provides a program for which it awards a bachelor's degree (or provides not less than a two-year program which is acceptable for full credit toward such a degree) or more advanced degrees; and

"(C) is accredited by a nationally recognized accrediting agency or association and to which institution Federal financial assistance is extended (directly or indirectly through another entity or person), or which institution receives support from the extension of Federal financial assistance to any of its subunits.".

SEC. 1204. FINANCIAL RESPONSIBILITY OF FOREIGN STUDENTS.

Title XII of the Act is further amended by adding at the end thereof the following new section:

"FINANCIAL RESPONSIBILITY OF FOREIGN STUDENTS

"SEC. 1207. Nothing in this Act or any other Federal law shall be construed to prohibit any institution of higher education from requiring a student who is a foreign national (and not admitted to permanent residence in the United States) to guarantee the future payment of tuition and fees to such institution by (1) making advance payment of such tuition and fees, (2) making deposits in an escrow account administered by such institution for such payments, or (3) obtaining a bond or other insurance that such payments will be made.".

SEC. 1205. NATIONAL TASK FORCE ON THE COST OF HIGHER EDUCATION.

Title XII of the Act is further amended by adding at the end thereof the following new section:

"NATIONAL TASK FORCE ON THE COST OF HIGHER EDUCATION

"SEC. 1208. (a) STUDY OF ESCALATING COST.—The Secretary of Education shall study the escalating cost of higher education. Such study shall—

"(1) identify the current cost of obtaining a higher education and determine how that cost has changed in recent years,

"(2) determine the specific causes of such changes in cost and the extent to which those causes have contributed to such changes,

"(3) evaluate the impact of such changes in cost both on institutions of higher education and their students, and

"(4) make recommendations on how such changes in cost can be minimized in the future.

"(b) REPORT TO CONGRESS.—Within two years of the enactment of this Act, the Secretary shall submit to the Congress a report on the findings and recommendations of his study.".

AMENDMENT OFFERED BY MR. ACKERMAN

Mr. ACKERMAN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ACKERMAN: Page 644, strike out lines 16 through 21.

Page 644, line 22, strike out "(3)" and insert in lieu thereof "(2)".

Page 645, line 7, strike out "(4)" and insert in lieu thereof "(3)".

Page 645, beginning on line 2, strike out "a disclosure report need not be filed with the Secretary" and insert in lieu thereof the following: "including penalties for noncompliance no less stringent than those contained in subsection (e), a copy of the report filed with the State shall be filed with the Secretary".

Mr. ACKERMAN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ACKERMAN. Mr. Chairman, let me begin by commending my friend, the chairman of the Education and Labor Subcommittee on Post-Secondary Education, for his inspiring leadership in bringing this important legislation to the floor so expeditiously. This measure represents the combined efforts of Members from both sides of the aisle, as well as representatives of the higher education community.

My amendment would require institutions of higher education to file reports with the Department of Education on all gifts in excess of $100,000 received from foreign sources. If a State law with similar provisions is enacted, a copy of the State report could be filed in order to meet this amendment's provisions.

Last session, while a member of the Subcommittee on Post-Secondary Education, I expressed a deep interest in the degree of foreign financial investment in our educational institutions. Indeed, I was gratified that my friend from California, Mr. MATSUI, introduced legislation which would have required colleges and universities to disclose the source of foreign financial gifts. As an original cosponsor of Mr. MATSUI's hallmark measure, I was disappointed that only a diluted version of it was integrated into H.R. 3700. I, therefore, am compelled to offer my amendment today.

Mr. Chairman, financial disclosure is the only reasonable and responsible means of assuring the American public of the integrity of public and private institutions. It is particularly crucial that this disclosure be applied to higher education because of the immense impact that collegiate instruction has upon the future of this Nation. In 1983, the Carnegie Foundation wrote, "Colleges were established to train leaders and serve America in war and peace."

And during the twilight of his Presidency, President Eisenhower linked schools and colleges to the security of this Nation. It would be unfortunate for this Congress to sanction the uninformed control by foreign concerns of the education of tomorrow's leaders. It is because of the strategic connection between the future of this country and our colleges that I firmly believe that disclosure of foreign gifts ought to be specifically indicated in statute.

I understand that a few of my colleagues are concerned about an alleged chill which may occur because of disclosure upon universities' fundraising ability. I strongly disagree with this sentiment. The experience in the State of New York—which requires disclosure—does not substantiate the assertion. Neither do I believe that an individual or corporation, genuinely concerned about the education of American youth, will be dissuaded from donating gifts to our colleges because of my amendments. In addition, disclosure of foreign contributions in excess of $100,000 will not hinder an institution's ability to fulfill its educational mission. If the mere disclosure does affect curriculum, then I think the public has a right to be informed.

It is critical to understand that we are not passing judgment on the merits of a particular foreign contribution by passing this amendment. Nor are we providing any prohibitions or restraints on the acceptance of any foreign gifts. We are only asking to be informed of:

Who is contributing the gift?

Are there any conditions upon receipt of the gift? And if so, what are the conditions?

I see absolutely nothing wrong with disclosure. Disclosure creates a more informed public and a more responsible educational policy.

I ask that this amendment be adopted.

Mr. FORD of Michigan. Mr. Chairman, I rise in support of the gentleman's amendment, and would point out that I have looked at it carefully. We did adjust the original Matsui language. This got into the bill originally as H.R. 3190, which had some 16 cosponsors across the country.

We made some changes in the committee, and in H.R. 3700, we have a $250,000 trigger. This would reduce that to $100,000, and it makes the conditions under which institutions are exempt from the provision because of State disclosure laws a little bit more rigorous, and requires States with such laws to file their disclosure reports with the Secretary of Education.

I do not think it will cause any trouble with the education groups that were concerned with the original Matsui bill. We have answered, I believe, most of the concerns that were expressed, and I do not think the gentleman's amendment does anything but tighten it up a little bit.

□ 1635

Mr. COLEMAN of Missouri. I am trying to understand the gentleman's amendment. I understand he is reducing the disclosure requirements from $250,000 to $100,000. I do not understand entirely the new requirements and duties that are being placed by the gentleman on the Secretary of Education.

Could the gentleman explain, give us some insight as to what he is requiring the Secretary of Education to do?

Mr. ACKERMAN. Mr. Chairman, will the gentleman yield?

Mr. COLEMAN of Missouri. I yield to the gentleman from New York.

Mr. ACKERMAN. There are no requirements put upon the Secretary of Education other than to be the recipient and repository of the reports that would be filed with him.

Mr. COLEMAN of Missouri. How does he know if, in fact, one has not been filed with him and should be?

Mr. ACKERMAN. He has no responsibility for policing or anything of that

nature. He is just the recipient and the keeper of the public record if this disclosure is made.

Mr. COLEMAN of Missouri. But the gentleman includes in his amendment that there shall be penalties for failure to file and to disclose with the Secretary.

Mr. ACKERMAN. No; that is not within my amendment. We make no additional changes. The penalties are already pre-existing. Those are the same that exist in present legislation.

Mr. COLEMAN of Missouri. I will read to the gentleman his amendment. It says: "Disclosure report need not be filed with the Secretary," and insert in lieu thereof the following, in other words, you do have to disclose to the Secretary and file one, as the gentleman just said. But it says furthermore "including penalties for noncompliance no less stringent than those contained in section (e)." In other words, failure to file does set out the penalties provision.

Mr. ACKERMAN. That is with the State. If there is a State proviso that contains penalties that are substantially similar to this legislation, then we reduce the amount of redtape procedures, recordkeeping, and filing of other reports, and the report that is required to be filed by the educational institution becomes the same report that it was required to file with the State as long as the penalties that are in the State legislation are substantially the same as the penalties that are in this bill. We add no other penalties.

Mr. COLEMAN of Missouri. So the State law, if it is substantial—not substantial but it includes penalties for noncompliance which are no less stringent, they could be more stringent than in section (e).

Mr. ACKERMAN. That is correct. We make no imposition on the States and no further imposition on educational institutions if they already are compelled to file similar reports other than to make a Xerox copy, put a 22-cent stamp on it, and send it along to the Secretary of Education.

Mr. COLEMAN of Missouri. Why did the gentleman reduce it down from $250,000 to $100,000?

Mr. ACKERMAN. I think the public has a right to know if there are foreign interests or foreign gifts made to educational institutions in excess of $100,000.

Mr. COLEMAN of Missouri. Why do we not make it $50,000 or $10,000 or $5,000?

Mr. ACKERMAN. Well, I think if the gentleman would be willing to make such an amendment he might find a considerable amount of support for it. We just arbitrarily picked up $100,000, taking a look at some of the amounts of gifts that we have been able to find out about.

Mr. COLEMAN of Missouri. As I recall, and maybe the gentleman from California can refresh my memory—I know he is trying to get recognition—I think this thing started out at $500,000, did it not? Or a higher figure than $250,000.

Mr. DYMALLY. Mr. Chairman, will the gentleman yield?

Mr. COLEMAN of Missouri. I yield to the gentleman from California.

Mr. DYMALLY. I thank the gentleman for yielding.

Mr. Chairman, that is correct.

Mr. COLEMAN of Missouri. It was $250,000, and now it is down to $100,000. I am just wondering why we have gone from $500,000 to $250,000 to $100,000.

Mr. ACKERMAN. Mr. Chairman, will the gentleman continue to yield?

Mr. COLEMAN of Missouri. I yield to the gentleman from New York.

Mr. ACKERMAN. There are a number of States, as has been indicated to us, including the State of New York and others, which have set the number at $100,000. Rather than just pick a different number and reinvent the wheel, that is the number we stuck with.

Mr. COLEMAN of Missouri. I thank the gentleman, and I yield back the balance of my time.

Mr. DYMALLY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, it is with some reluctance that I rise to speak on this amendment. I do so because I originally had offered an amendment in committee to eliminate the entire contents of the Matsui bill. But because I was prevailed upon by my friend from New York, Mr. SOLARZ, and, of course, my long friendship with Mr. MATSUI, we wrote in a compromise at $250,000 after I had set a limit of $500,000.

Subsequent to that, SUNY objected to the amendment. The University of California, of course, objected to the amendment. So the gentleman from New York's own system is opposed to the amendment because the State has similar legislation, and California has similar legislation.

But what troubles me is the motive behind the amendment. It has a lot to do with the geopolitical antagonism that we are experiencing in this country, in the Middle East and the rest of the world. And I am somewhat more struck by the fact that my friend, Mr. SOLARZ, recently wrote me a letter bringing to my attention a group that is trying to monitor teaching in the classroom and suggests that they were undermining the integrity of the system. This amendment, it seems to me, moves in that direction of undermining the integrity of the whole university system. It is an amendment that says, in effect:

We don't trust you. If you take foreign money, there is something wrong with it, and therefore we don't trust the system of higher education to handle foreign currency. It is all right for the banks to do it, it is all right for trading companies to do it, but if you are an institution and you take a foreign gift, then you have got to report that foreign gift.

Now it is an amendment which is not necessary because if you want to get this information you can simply go to the accrediting association in that particular region, and one of the criteria for accreditation is the disclosure of all kinds of gifts. So if anybody wanted, they could go to, I think, about half a dozen accrediting regions across the country. You can go to their offices and ask about a particular school. So I am troubled by the motive behind the amendment rather than the substance of the amendment. But I do not intend at this stage of the game to call for a vote but simply to let the Members know that what we are dealing with here is a measure that ought to have been in the Committee on Foreign Affairs rather than the Committee on Education and Labor. We are dealing with geopolitical antagonism rather than the whole question of the integrity of the system.

I believe in the education system. I trust the system because I think the education system has worked well for us. Those who support this measure have a sense of insecurity about our educational system. That is the bottom line. It has nothing to do with foreign gifts or disclosures; it has to do with geopolitical antagonisms.

Mr. FORD of Michigan. Mr. Chairman, will the gentleman yield to me?

Mr. DYMALLY. I would be glad to yield to the Chairman.

Mr. FORD of Michigan. I thank the gentleman for yielding.

Mr. Chairman, I appreciate the comments of the gentleman. We were troubled also when this was first presented to us by Mr. MATSUI and his cosponsors, and the education community expressed concern. However, it is important to bear in mind that this legislation does not require the reporting of all gifts to a college or university, only gifts that have conditions attached to them. In other words, that you will do this or you will do that with the money.

If they give the money generally as an unconditional gift to the school, it does not have to be reported.

Mr. DYMALLY. If I may reclaim my time, Mr. Chairman, only if that amount is $100,000 or less. But if it is more than that, it has to be disclosed. So that condition which you just stated is only directed at the $100,000. So if there are conditions on the $100,000, you do not have to report it, but if there are conditions or no conditions on any amount above that, you have to report it. I think this is bad legislation. I do not think it belongs in the Education Act; it belongs in the foreign aid bill.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from New York [Mr. ACKERMAN].

The amendment was rejected.

The CHAIRMAN pro tempore. Are there further amendments to title XII?

Mr. CONTE. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I rise in support of the bill and to express my appreciation to the Education and Labor Committee for supporting a number of provisions in this bill which respond to the need for improved facilities at our Nation's colleges and universities, in particular, the changes to the college housing loan program to make academic renovation an eligible activity. I also rise to thank the gentleman from Wisconsin for deciding not to pursue his amendment to strike a number of provisions in the facilities area, including the model academic health facility at Rochester Institute of Technology, host institution for the federally chartered National Institute for the Deaf.

Mr. GUNDERSON. Mr. Chairman, if the gentleman will yield, there is one question I was hoping the gentleman from Massachusetts might respond to in connection with that provision. I note that section 772 states that "The Center will integrate students and programs developed for the hearing-impaired." Could the gentleman tell me whether the primary purpose of this Academic Health Education Center is to serve the deaf students at NTID, or whether that is just one of the many things that this Center will be doing.

Mr. CONTE. Let me say to the gentleman that one of the primary beneficiaries of the programs to be carried out at the Academic Health Education Center at RIT will be the National Technical Institute of the Deaf, one of nine colleges at RIT, serving 1,400 deaf students. These students will benefit both from the health professional training that will be open to them as well as recipients of the academic, counseling, health and professional development activities.

The best way I can say it to the gentleman is as follows: It is my understanding that the primary purpose of the $1.8 million authorization contained in this bill is to provide the portion of the total cost of the project, which is estimated at nearly $10 million, which is necessary to permit the NTID students to participate in the project.

NTID is located at RIT thanks to the willingness of RIT to serve as a model of equal educational opportunity. The Federal Government supports NTID, and in this project would be supporting a portion of the total cost of the project to enable the NTID students to be integrated into the health professions programs at RIT.

So I would say to the gentleman that the primary purpose of this section is to permit the students of NTID to participate in an important new program providing new opportunities for these students to realize career training in the health professions.

Mr. GUNDERSON. I appreciate the gentleman's explanation. I have been quite concerned about this provision and others earmarking funds for various institutions. Based on the explanation given by the gentleman from Massachusetts I have not and will not pursue my amendment to strike this provision from the bill.

Mr. CONTE. Mr. Chairman, I thank the gentleman from Wisconsin for his kindness and generosity.

AMENDMENT OFFERED BY MR. ROWLAND OF GEORGIA

Mr. ROWLAND of Goergia. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment Offered By Mr. ROWLAND of Georgia: Page 649, after line 12, add the following new section:

SEC. 1206. STUDY OF SEXUALLY TRANSMITTED DISEASES.

(a) STUDY REQUIRED.—The Secretary of Health and Human Services shall, through the Centers for Disease Control, provide for the conduct of a study of sexually transmitted diseases (including acquired immune deficiency syndrome) among college students. Such study shall analyze the incidence, changes in patterns of distribution, correlation with drug or substance abuse, and other factors determined to be significant. The Secretary shall submit to the Congress a report on the results of such study.

(b) CONSULTATION.—In conducting the study required by subsection (a), the Secretary of Health and Human Services shall consult with representatives of local and State public health authorities, institutions of higher education, and the Department of Education.

(c) DISTRIBUTION OF PREVENTIVE MEASURES.—The Secretary of Health and Human Services shall provide for the publication and distribution to institutions of higher education of any information gathered as a consequence of the study required by subsection (a) that may assist such institutions in preventing the spread of sexually transmitted diseases.

Mr. ROWLAND of Georgia (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. ROWLAND of Georgia. I thank the Chairman.

Mr. Chairman, this amendment would require the Centers for Disease Control to make a study of sexually transmitted diseases, more specifically, acquired immune deficiency syndrome, by the CDC in Atlanta and in conjunction with State and local health officials, with the Department of Education and also officials and institutions of higher learning.

It would require a report back to these institutions and also back to the Congress. We are particularly concerned now about the spread of AIDS in this particular group.

□ 1650

While the Subcommittee on Health and the Environment of the Energy and Commerce Committee has jurisdiction over this particular area of subject matter, I have discussed that with the chairman of this subcommittee, who supports it, and I would like at this time to yield to the gentleman from California for further comments.

Mr. WAXMAN. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the amendment that has just been offered by the gentleman from Georgia.

Because the subject matter of this proposal in clearly within the jurisdiction of the Subcommittee on Health and Environment of the Committee on Energy and Commerce, the gentleman from Georgia and I have worked closely in its development. The result, I am pleased to report, is an agreement that should meet the concerns of those who have been most involved with the various sexually transmitted disease epidemics, including AIDS.

The Rowland amendment will provide us with an excellent opportunity to learn more about the nature and spread of STD's. This study will help control such problems as herbes and chlamydia. It will also offer us the chance to study the incidence of AIDS on college campuses as well as the risk factors that have been associated with the disease. Such information will undoubtedly prove valuable as we continue to search for an AIDS cause and an eventual cure.

I want to commend the gentleman for his good work and to thank him for his cooperation. I hope we will continue to work together in the future on this issue and other health matters as well.

I urge my colleagues to support the Rowland amendment.

Mr. ROWLAND of Georgia. Mr. Chairman, I thank the gentleman very much for his support.

The CHAIRMAN pro tempore (Mr. DURBIN). The question is on the amendment offered by the gentleman from Georgia [Mr. ROWLAND].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. KILDEE

Mr. KILDEE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. KILDEE: Page 649, after line 12, insert the following new title:

TITLE XIII—NATIVE AMERICAN CULTURE AND ART DEVELOPMENT

SEC. 1301. SHORT TITLE.

This title may be cited as the "Institute for Native American Culture and Art Development Act".

SEC. 1302. FINDINGS.

The Congress finds that—

(1) Native American art and culture has contributed greatly to the artistic and cultural richness of the Nation;

(2) Native American art and culture occupies a unique position in American history as being our only native art form and cultural heritage;

(3) although the encouragement and support of Native American arts and crafts are primarily a matter for private, local, and Native American initiative, it is also an appropriate matter of concern to the Federal Government;

(4) it is appropriate and necessary for the Federal Government to support research and scholarship in Native American art and culture and to complement programs for the advancement of Native American art and culture by tribal, private, and public agencies and organizations;

(5) current Federal initiatives in the area of Native American art and culture are fragmented and inadequate; and

(6) in order to coordinate the Federal Government's effort to preserve, support, revitalize, and disseminate Native American art and culture, it is desirable to establish a national Institute of Native American Culture and Arts Development.

SEC. 1303. ESTABLISHMENT OF INSTITUTE.

There is hereby established a corporation to be known as the "Institute of Native American Culture and Arts Development", which shall be under the direction and control of a Board of Trustees established under section 1304.

SEC. 1304. BOARD OF TRUSTEES.

(a) COMPOSITION.—(1) The Board shall be composed of 15 voting members and 4 nonvoting members.

(A) The voting members shall be appointed by the Secretary not later than October 1, 1986, from among individuals from private life who are Native Americans, or other individuals, widely recognized in the field of Native American art and culture and who represent diverse political views.

(B) The nonvoting Members shall be as follows:

(i) One Member of the House of Representatives appointed by the Speaker of the House of Representatives in consultation with the minority leader of the House of Representatives.

(ii) One Member of the Senate appointed by the majority leader of the Senate in consultation with the minority leader of the Senate.

(iii) The President of the Institute, ex officio.

(iv) The President of the student organization of the Institute, ex officio.

(2) In making appointments pursuant to paragraph (1)(A), the Secretary shall—

(A) consult with the Indian tribes and the various organizations of Native Americans;

(B) publish in the Federal Register an announcement of the expiration of terms no less than four months before such expiration;

(C) solicit nominations from Indian tribes and various Native American organizations to fill the vacancies; and

(D) give due consideration to the appointment of individuals who will provide appropriate regional and tribal representation on the Board.

(3) The Speaker of the House of Representatives and the Majority Leader of the Senate may recommend individuals to be appointed under paragraph (1).

(b) TERMS OF OFFICE.—(1) Except as otherwise provided in this section, members shall be appointed for terms of six years.

(2) The terms of the Member of the House of Representatives and of the Senator shall expire at the end of the congressional term of office during which such Member or Senator was appointed to the Board.

(3) Of the members first appointed—

(A) five shall be appointed for terms of two years;

(B) five shall be appointed for terms of four years; and

(C) five shall be appointed for terms of six years; as designated by the Secretary at the time of appointment.

(4) No member of the Board shall be eligible to serve in excess of two consecutive terms, but may continue to serve until such member's successor is appointed.

(c) VACANCIES.—(1) Any member of the Board appointed under subsection (a) to fill a vacancy occurring before the expiration of the term to which such member's predecessor was appointed shall be appointed for the remainder of such term.

(2) If a vacancy occurs prior to the expiration of the term of a member of the Board appointed under subsection (a) (1) (B), a replacement shall be appointed in the manner in which the original appointment was made.

(d) REMOVAL.—No member of the board shall be removed during the period of appointment except for just and sufficient cause.

(e) MEETINGS.—The Board shall hold no more than two regular meetings during any calendar year. Special meetings may be held upon the call of the chairperson or not less than eight voting members of the Board. Meetings of the Board may only be held in Santa Fe, New Mexico, or Washington, D.C.

(f) QUORUM.—Unless otherwise provided by the bylaws of the Institute, a majority of the members of the Board shall constitute a quorum.

(g) ELECTION OF OFFICERS.—(1) During its initial meeting, the Board shall elect a chairperson, vice-chairperson, secretary and treasurer from among the voting members of the Board appointed under subsection (a)(1)(A), who shall serve for two-year terms and may be reelected to additional two-year terms.

(2) In the case of a vacancy in any position under this subsection, such vacancy shall be filled by an election among such voting members. Any member appointed to fill any such vacancy shall serve for the remainder of any such unexpired term.

(h) FUNCTIONS.—The Board is authorized—

(1) to formulate the policy of the Institute;

(2) to direct the management of the Institute; and

(3) to make such bylaws and rules as it deems necessary for the administration of its functions under this title, including the organization and procedures of the Board.

(i) COMPENSATION.—(1) Except as provided in paragraph (2), voting members and the ex officio members of the Board may receive reasonable travel expenses in accordance with section 5703 of title 5, United States Code, when engaged in the actual performance of the duties vested in the Board.

(2) No Member of the House of Representatives or Senate appointed under this section may receive compensation for performing duties of the Board, except that any such Member or Senator who does not represent the congressional district in which the Institute is located may receive travel expenses, including a per diem allowance, when performing duties of the Board.

(j) REVIEW BY SECRETARY OF INTERIOR.—For so long as any employee of the Institute is covered under title 5, United States Code, the Board (by majority vote) shall submit final decisions relating to personnel to the Secretary of Interior. Each such decision shall become final 30 days after the date of its receipt by the Secretary unless the Secretary disapproves of such decision. The Secretary may only disapprove a decision of the Board for just cause.

SEC. 1305. EXECUTIVE BOARD.

(a) COMPOSITION.—The Board shall have an Executive Board composed of—

(1) the chairperson of the Board;

(2) the vice-chairperson of the Board;

(3) the secretary of the Board;

(4) the treasurer of the Board; and

(5) an at-large member of the Board elected by the Board at its initial meeting.

(b) VACANCIES.—In the case of any vacancy which occurs in the position of at-large member before the expiration of such member's term, the Board shall elect a replacement to complete that term.

(c) MEETINGS.—The Executive Board shall hold not more than four regular meetings per calendar year. Special meetings may be held upon the call of the chairperson or three members of the Executive Board.

(d) QUORUM.—A majority of the Executive Board shall constitute a quorum.

(e) POWERS.—The Executive Board may hold and use all the powers of the Board, subject to the approval of the Board.

SEC. 1306. GENERAL POWERS OF THE BOARD.

In carrying out the provisions of this title, the Board shall have the power, consistent with the provisions of this title—

(1) to adopt, use, and alter a corporate seal;

(2) to make agreements and contracts with persons, Indian tribes, and private or governmental entities and to make payments or advance payments under such agreements or contracts without regard to section 3324 of title 31, United States Code;

(3) to sue and be sued in its corporate name and to complain and defend in any court of competent jurisdiction;

(4) to represent itself, or to contract for representation, in all judicial, legal, and other proceedings;

(5) with the approval of the agency concerned, to make use of services, facilities, and property of any board, commission, independent establishment, or executive agency or department of the executive branch in carrying out the provisions of this title and to pay for such use (such payments to be credited to the applicable appropriation that incurred the expense);

(6) to use the United States mails on the same terms and conditions as the executive departments of the United States Government;

(7) to obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code, and to accept and utilize the services of voluntary and noncompensated personnel and reimburse them for travel expenses, including per diem, as authorized by section 5703 of title 5, United States Code:

(8) to solicit, accept, and dispose of gifts, bequests, devises of money, securities, and other properties of whatever character, for the benefit of the Institute;

(9) to receive grants from, and enter into contracts and other arrangements with, Federal, State, or local governments, public and private agencies, organizations, and institutions, and individuals;

(10) to acquire, hold, maintain, use, operate, and dispose of such real property, including improvements thereon, personal property, equipment, and other items, as may be necessary to enable the Board to carry out the purposes of this title;

(11) to use any funds or property received by the Institute to carry out the purposes of this title; and

(12) to exercise all other lawful powers necessarily or reasonably related to the establishment of the Institute in order to carry out the provisions of this title and the exercise of the powers, purposes, functions, duties, and authorized activities of the Institute.

SEC. 1307. PRESIDENT OF THE INSTITUTE.

(a) APPOINTMENT.—The Institute shall have a President who shall be appointed by the Board. The President of the Institute shall serve as the chief executive officer of the Institute. Subject to the direction of the Board and the general supervision of the Chairperson of the Board, the President of the Institute shall have the responsibility for carrying out the policies and functions of the Institute and shall have authority over all personnel and activities of the Institute.

(b) COMPENSATION.—The President of the Institute shall be paid at a rate not to exceed the maximum rate of basic pay payable for grade GS-15 of the General Schedule.

SEC. 1308. STAFF OF INSTITUTE.

(a) EXEMPTION FROM CIVIL SERVICE.—Except as otherwise provided in this section, title 5, United States Code, shall not apply to the Institute.

(b) APPOINTMENT AND COMPENSATION.—(1) The President of the Institute, with the approval of the Board, shall have the authority to appoint, fix the compensation of (including health and retirement benefits), and prescribe the duties of, such officers and employees as the President deems necessary for the efficient administration of the Institute.

(2) The President shall fix the basic compensation for officers and employees of the Institute at rates comparable to the rates in effect under the General Schedule for individuals with comparable qualifications, and holding comparable positions, to whom chapter 51 of title 5, United States Code, applies.

(3)(A) Not later than 180 days after the President is appointed under section 1307, the President shall make policies and procedures governing—

(i) the establishment of positions at the Institute,

(ii) basic compensation for such positions (including health and retirement benefits),

(iii) entitlement to compensation,

(iv) conditions of employment,

(v) discharge from employment,

(vi) the leave system, and

(vii) such other matters as may be appropriate.

(B) Rules and regulations promulgated with respect to discharge and conditions of employment shall require—

(i) that procedures be established for the rapid and equitable resolution of grievances of such individuals; and

(ii) that no individual may be discharged without cause, notice of the reasons therefor, and an opportunity for a hearing under procedures that comport with the requirements of due process.

(c) HIRING PREFERENCE.—In carrying out subsection (b)(1), the President shall, to the maximum extent practicable, give preference in hiring to Native Americans.

(d) APPEAL TO BOARD.—Any officer or employee of the Institute may appeal to the Board any determination by the President to not re-employ or to discharge such officer or employee. Upon appeal, the Board may, in writing, overturn the determination of the President with respect to the employment of such officer or employee.

(e) NO REDUCTION IN CLASSIFICATION OR COMPENSATION.—Individuals who elect to remain civil service employees shall be transferred in accordance with applicable laws and regulations relating to the transfer of functions and personnel, except that any such transfer shall not result in a reduction in classification or compensation with respect to any such personnel for not less than one year after the transfer.

(f) LEAVE.—(1) Any individual who—

(A) elects under subsection (h) to be covered under the provisions of this section, or

(B) is an employee of the Federal Government and is transferred or reappointed, without a break in service, from a position under a different leave system to the Institute,

shall be credited for the purposes of the leave system provided under rules and regulations promulgated pursuant to subsection (b), with the annual and sick leave to the credit of such individual immediately before the effective date of such election, transfer, or reappointment.

(3) Upon termination of employment with the Institute, any annual leave remaining to the credit of an individual within the purview of this section shall be liquidated in accordance with sections 5551(a) and 6306 of title 5, United States Code, except that leave earned or accrued under rules and regulations promulgated pursuant to subsection (b) shall not be so liquidated.

(4) In the case of any individual who is transferred, promoted, or reappointed, without break in service, to a position in the Federal Government under a different leave system, any remaining leave to the credit of such person earned or credited under the rules and regulations promulgated pursuant to subsection (b) shall be transferred to the credit of such individual in the employing agency on an adjusted basis in accordance with the rules and regulations which shall be promulgated by the Civil Service Commission.

(g) APPLICABILITY.—This section shall apply to any individual appointed after the date of the enactment of this title for employment in the Institute. Except as provided in subsections (e) and (h), the enactment of this title shall not affect—

(1) the continued employment of any individual employed immediately before the date of the enactment of this title; or

(2) such individual's right to receive the compensation attached to such position.

(h) TERMINATION OF CIVIL RIGHTS POSITIONS.—(1) At the end of the two-year period beginning on the effective date of section 1311, any position at the Institute which is occupied by an individual in the civil service shall terminate. During such period, such individual may make an irrevocable election to be covered under the provisions of this section, except that such individual may elect to continue to be subject to chapter 83 of title 5, Unites States Code (relating to retirement).

(2) Any individual who makes an election under paragraph (1) to continue to be subject to chapter 83 of title 5, United States Code, shall, so long as continually employed by the Institute without a break in service, continue to be subject to such chapter. Employment by the Institute without a break or continuity in service shall be considered to be employment by the United States Government for purposes of subchapter III of such chapter. The Institute shall be the employing agency for purposes of section 8334(a) of such title, and shall contribute to the Civil Service Retirement and Disability Fund such sum as is required by such section.

SEC. 1309. FUNCTIONS OF THE INSTITUTE.

(a) PRIMARY FUNCTIONS.—The primary functions of the Institute shall be—

(1) to provide scholarly study of, and instruction in, the arts and culture of Native Americans, and

(2) to establish programs which culminate in the awarding of degrees in the various fields of Native American art and culture.

(b) ESTABLISHMENTS WITHIN INSTITUTE.—There shall be established within the Institute—

(1) a Center for Culture and Art Studies to be administered by a director (appointed by the President of the Institute, with the approval of the Board), which shall include Departments of Arts and Sciences, Visual Arts, Performing Arts, Language, Literature, and Museology; and

(2) a Center for Research and Cultural Exchange, administered by a director (appointed by the President of the Institute, with the approval of the Board), which shall include—

(A) a museum of Native American arts;

(B) a learning resources center;

(C) programs of institutional support and development;

(D) research programs;

(E) fellowship programs;

(F) seminars;

(G) publications;

(H) scholar-in-residence and artist-in-residence programs; and

(I) inter-institutional programs of coopertion at national and international levels.

(c) OTHER PROGRAMS.—In addition to the centers and programs described in subsection (b), the Institute shall develop such programs and centers as the Board determines are necessary to—

(1) foster research and scholarship in Native American art and culture through—

(A) resident programs;

(B) cooperative programs; and

(C) grant programs;

(2) complement existing tribal programs for the advancement of Native American art and culture; and

(3) coordinate efforts to preserve, support, revitalize and develop evolving forms of Native American art and culture.

SEC. 1310. NONPROFIT AND NONPOLITICAL NATURE OF THE INSTITUTE.

(a) STOCK.—The Institute shall have no power to issue any shares of stock, or to declare or pay any dividends.

(b) INCOME AND ASSETS.—No part of the income or assets of the Institute shall inure to the benefit of any director, officer, em-

ployee, or any other individual except as salary or reasonable compensation for services.

(c) POLITICAL CONTRIBUTIONS.—The Institute may not contribute to, or otherwise support, any political party or candidate for elective public office.

SEC. 1311. TRANSFER OF FUNCTIONS.

(a) INSTITUTE OF AMERICAN INDIAN ARTS.—There are hereby transferred to the Institute, and the Institute shall perform, the functions of the Institute of American Indian Arts established by the Secretary of the Interior in 1962.

(b) CERTAIN MATTERS RELATING TO TRANSFERRED FUNCTIONS.—(1) All personnel, liabilities, contracts, real property (including the museum located on the site known as the "Sante Fe Indian School" and its collections), personal property, assets, and records as are determined by the Director of the Office of Management and Budget to be employed, held, or used primarily in connection with any function transferred under the provisions of this title (regardless of the administrative entity providing the services on the date before the transfer), are hereby transferred to the Institute.

(2) Personnel engaged in functions transferred by this title shall be transferred in accordance with applicable laws and regulations relating to the transfer of functions, except that such transfer shall be without reduction in classification or compensation for one year after such transfer.

(c) APPLICABLE LAWS AND REGULATIONS.—All laws and regulations relating to the Institute of American Indian Arts transferred to the Institute by this title shall, insofar as such laws and regulations are applicable, remain in full force and effect. With respect to such transfers, reference in any other Federal law to the Institute of American Indian Arts, or any officer so transferred in connection therewith, shall be deemed to be a reference to the Institute.

(d) TECHNICAL AND SUPPORT ASSISTANCE.—(1) During the transfer period, the Secretary of the Interior shall provide such technical and support assistance to the Institute as the Secretary determines reasonable or necessary to assist the Institute. Such assistance shall include audit, accounting, computer services, and building and maintenance services.

(2) For the purposes of paragraph (1), the term "transfer period" means the 2-year period beginning on the effective date of this section.

(e) ADVISORY BOARD.—Notwithstanding the effective date of this section, during the period beginning on the date of the enactment of this title and ending on the effective date of this section, the Advisory Board for Institute of American Indian Arts shall continue to act in an advisory role for the Board and the Institute.

(f) EFFECTIVE DATE.—This section shall take effect beginning on October 1, 1986.

SEC. 1312. REPORTS.

(a) ANNUAL REPORT.—The President of the Institute shall submit an annual report to the Congress and to the Board concerning the status of the Institute during the 12 calendar months preceding the date of the report. Such report shall include, among other matters, a detailed statement of all private and public funds, gifts, and other items of a monetary value received by the Institute during such 12-month period and the disposition thereof as well as any recommendations for improving the Institute.

(b) BUDGET PROPOSAL.—(1) During the two-year period beginning on the effective date of section 1311, the Board shall submit a budget proposal to the Secretary of the Interior. The Secretary shall submit that proposal to the Congress.

(2) After the period described in paragraph (1) and for each fiscal year thereafter, the Board shall submit a budget proposal to the Congress.

(3) A budget proposal under this subsection shall be submitted not later than April 1 of each calendar year and shall propose a budget for the Institute for the two fiscal years succeeding the fiscal year during which such proposal is submitted.

(4) In determining the amount of funds to be appropriated to the Institute on the basis of such proposals, the Congress shall not consider the amount of private fundraising or bequests made on behalf of the Institute during any preceding fiscal year.

SEC. 1313. HEADQUARTERS.

The site of the Institute of American Indian Arts, at Santa Fe, New Mexico, shall be maintained as the location for the Institute of Native American Culture and Arts Development. To facilitate this action and the continuity of programs being provided at the Institute of American Indian Arts, the Secretary may enter into negotiations with State and local governments for such exchanges or transfers of lands and such other assistance as may be required.

SEC. 1314. ENDOWMENT PROGRAM.

(a) ESTABLISHMENT.—(1) From the amount appropriated pursuant to section 1316, the Secretary shall make available to the Institute not more than $500,000 which shall be deposited into a trust fund maintained by the Institute at a federally insured banking or savings institution.

(2) The President of the Institute shall provide for the deposit into such fund—

(A) of a capital contribution by the Institute in an amount equal to the amount of each Federal contribution; and

(B) any earnings of the funds deposited under paragraphs (1) or (2)(A).

(3) Such funds shall be deposited in such a manner as to insure the accumulation of interest thereon at a rate not less than that generally available for similar funds deposited at the same banking or savings institution for the same period or periods of time.

(4) If at any time the Institute withdraws any capital contribution made by that Institute, and equal amount of Federal capital contribution shall be withdrawn and returned to the Treasury as miscellaneous receipts.

(5) No part of the net earnings of such trust fund shall inure to the benefit of any private person.

(6) The President of the Institute shall provide for such other provisions as may be necessary to protect the financial interest of the United States and to promote the purpose of this title as are agreed to by the Secretary and the Institute, including record-keeping procedures for the expenditure of accumulated interest which allow the Secretary to audit and monitor programs and activities conducted with such interest.

(b) USE OF FUNDS.—Interest deposited pursuant to paragraph (2)(B) in such trust fund may be periodically withdrawn and used, at the discretion of the Institute, to defray any expenses associated with the operation of the Institute, including expense of operations and maintenance, administration, academic and support personnel, community and student services programs, and technical assistance.

(c) COMPLIANCE WITH MATCHING REQUIREMENT.—For the purpose of complying with the contribution requirement of paragraph (2)(A), the Institute may use funds which are available from any private or tribal source.

(d) ALLOCATION OF FUNDS.—From the amount appropriated pursuant to section 1316, the Secretary shall allocate to the Institute an amount for a Federal capital contribution equal to the amount which the Institute demonstrates has been placed within the control of, or irrevocably committed to the use of, the Institute and is available for deposit as a capital contribution of that Institute in accordance with subsection (a)(1).

SEC. 1315. DEFINITIONS.

As used in this title—

(1) the term "Board" means the Board of Trustees established under section 1304;

(2) the term "Indian tribe" means any tribe, band, nation, or other organized group or community of Indians, including any Alaska Native village or regional or village corporation (as defined in, or established pursuant to, the Alaska Native Claims Settlement Act), which is recognized as eligible for special programs and services provided by the United States to Indians because of their status as Indians;

(3) the term "Institute" means the Institute of Native American Culture and Arts Development established by this title;

(4) the term "Native American" means any person who is a member of an Indian tribe;

(5) the term "Native American art and culture" includes the traditional and contemporary expressions of Native American language, history, visual and performing arts, and crafts; and

(6) the term "Secretary" means the Secretary of the Interior.

SEC. 1316. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this title.

Mr. KILDEE (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. KILDEE. Mr. Chairman, I am offering this amendment on behalf of my colleague from New Mexico, BILL RICHARDSON, who was forced to meet obligations elsewhere. This amendment, which I know Mr. RICHARDSON has worked on long and hard, would establish an Institute for the Development of Native American Culture and Art. This will be done by transferring operations of the current Institute of American Indian Art, located in Santa Fe, NM, and operated by the Bureau of Indian Affairs, to a separate, independent Board of Regents. This Board of Regents, appointed by the Secretary of the Interior, from nominees submitted by the Indian community and other interested parties, would be charged with operating the Institute in a manner calculated to protect and preserve Native American art traditions and resources.

Last year I visited the present Institute for American Indian Arts. I was

impressed by the wonderful work being done in the areas of painting, sculpture, drama, and museum sciences, to name a few of the programs provided. The museum collection of the Institute is perhaps the finest collection of modern Indian art in the world. The students come from every region of the country and represent the total range of tribal affiliations and cultures.

Unfortunately, the Institute was hamstrung by a number of problems. Chief among these was the nature of the administrative entity, the Bureau of Indian Affairs, which controlled the day-to-day operations of the program. This is not a denunciation of the Bureau. It is simply a recognition of the fact that a cumbersome, layered, non-education-oriented system was not adequately supporting the needs of a growing postsecondary institution. For instance, when I was there in the middle of February, the Institute's request for paint brushes, filed the preceding summer and needed for its programs, had not been filed by the Bureau's procurement office. Considering the Institute's presence in Santa Fe, one of our country's foremost art centers, this situation is intolerable.

As important, the financial resources provided by the Bureau of Indian Affairs have not kept pace with demand. I realize that this may be largely due to the larger problem of the Federal purse. However, there is much evidence that an independent Institute, unshackled by Federal prohibitions or regulations governing the solicitation and receipt of private funds, could compete very successfully for private donations and gifts. Thus, by establishing such an entity, we would be substantially increasing the resources available from funds in the private sector.

I know that Mr. RICHARDSON wanted to be here himself to introduce this amendment, because of his deep interest in the establishment of this Institute. Work on this measure has been ongoing since the last Congress. A similar proposal has been offered in the other body, sponsored by a bipartisan coaltion. I am pleased to offer this amendment on Mr. RICHARDSON'S behalf and urge its adoption.

Mr. COLEMAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. KILDEE. I yield to the gentleman from Missouri.

Mr. COLEMAN of Missouri. As I understand it, in discussing this amendment with the gentleman, most of this authority is in existence. What the gentleman is doing is creating a new Board of Trustees for this Institute and organization; is that correct?

Mr. KILDEE. That is correct.

Mr. COLEMAN of Missouri. Now, the gentleman is not asking for any further moneys or appropriations. The gentleman just mentioned matching an endowment dollar for dollar. That is already happening; is that right?

Mr. KILDEE. Yes. And the Appropriations Committee would determine what their needs may be. Last year they gave $1,685,000. They would determine what their needs would be. We could relieve perhaps the Federal Government of some of its responsibility and also enhance some programs by the endowment process.

Mr. COLEMAN of Missouri. There is no additional obligations to the Department of Education?

Mr. KILDEE. None at all. This is under the Department of the Interior. None whatsoever.

Mr. COLEMAN of Missouri. No further requests for money and no more costs. This amendment does not cost any more than what is existing right now?

Mr. KILDEE. That would be up to the OMB and the President, of course, to determine how they wanted to ask for appropriations for this, but I do not envision any change in that.

Mr. COLEMAN of Missouri. I thank the gentleman.

Mr. RICHARDSON. Mr. Chairman, the National Institute of Native American Indian Arts has operated in Santa Fe since 1962. The school offers students from over 50 different tribes across the country a unique educational opportunity and has resulted in the preservation of traditional native American arts and crafts. Artists from the school are producing topnotch quality work that is internationally acclaimed.

Last year, the Congress approved a cooperative agreement for the long-term relationship between the College of Sante Fe and IAIA. IAIA moved its campus to the College of Santa Fe. That move enables the 200 IAIA students an opportunity not only to study traditional native American arts and crafts but also gives them the option of earning a 4-year bachelor degree.

Mr. Chairman, my amendment would enable IAIA to further expand, flourish, and grow. My amendment would establish IAIA as a separate Institute under the stewardship of a 17-member Board of Trustees. My amendment would take away some of the burdensome Federal controls and redtape over how private donations from the arts are used. I am told that hundreds of thousands of dollars in private donations are being lost to the school because of bureaucratic controls. My amendment would enable the school to seek out both public and private funding sources.

My amendment also contains an endowment provision—whereby when the Institute raises a dollar the Federal Government would match that dollar—up to $500,000.

Independent institute status for IAIA is in the spirit of giving Indian people an opportunity for self-determination and quality self-education in an atmosphere that is familiar to them. The 17-member Board, made up of native Americans and others from private life widely recognized in the field of native American art and culture who represent diverse political views, would use their energies to advance the overall growth of the Institute.

Mr. Chairman, the time has come to reform IAIA as an independent institute with its own freestanding, congressionally chartered Board of Directors. The legislation would create an institution much like the Smithsonian. IAIA plays a vitally important role in the preservation of native American art and culture.

Mr. Chairman, I urge my colleagues to support this amendment. Thank you.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Michigan [Mr. KILDEE].

The amendment was agreed to.

AMENDMENT OFFERED BY MR. BARTLETT

Mr. BARTLETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BARTLETT:

At the end of the bill add the following new title:

TITLE XIV—LIMITATIONS ON APPROPRIATIONS

SEC. 1401. EFFECT ON AUTHORIZATIONS CONTAINED IN THE HIGHER EDUCATION ACT OF 1985.

Notwithstanding any authorization of appropriations for fiscal year 1987 or any of the four succeeding fiscal years contained in titles I, II, III, and V through XII of the Higher Education Act of 1965, the total amount which may be appropriated for all such titles in the aggregate shall not exceed—

(1) $310,000,000 for fiscal year 1987;
(2) $327,000,000 for fiscal year 1988;
(3) $346,000,000 for fiscal year 1989;
(4) $366,000,000 for fiscal year 1990; or
(5) $388,000,000 for fiscal year 1991.

Mr. BARTLETT. Mr. Chairman and Members of the House, this is toward the end of the day and toward the end of the markup, when we get to an amendment that affects the total expenditures that would be authorized by this legislation. What I am offering in this amendment in the form of a new title is a freeze amendment that freezes discretionary programs that are authorized under H.R. 3700.

Now, this freeze amendment is not dissimilar either in concept or in effect to the various freeze amendments and legislation that has been offered and accepted to virtually, in fact, every, piece of authorizing legislation considered by this House so far this year.

What this amendment would do would be to freeze the aggregate expenditures or freeze the authorization levels at current levels, as measured by fiscal year 1985.

I am told that the concurrent resolution, the expenditures for fiscal year 1986 are approximately the same. It would freeze the authorizations at current levels for discretionary programs only.

Let me give the Members three details of this amendment which are important: First, it is for discretionary programs only. It will have no effect

on the student aid or the title IV section.

Second, the amendment provides for a nominal freeze in the first year and a current services freeze in the outyears, fiscal years 1988 through 1991. So that in the outyears we would permit an adjustment for inflation. It is a nominal freeze in the first year and a current services freeze in the outyear.

And third, this amendment only affects the total authorization levels in the aggregate; that is to say, it does not attempt to freeze each line item or each title. But that would still leave the committees in the process some discretion for setting priorities. And it is setting priorities that was not done by H.R. 3700 in the discretionary portion of the bill.

Let me take 1 minute to ask the House Members to change for 1 minute their focus of what they think about the Higher Education Reauthorization Act, to change their mind set, because we all think of higher education as student aid, and, in the past, that is largely what it is. Higher education has largely been assistance to students. And those programs that are contained in title IV, I want the House to understand that that support of student aid is not affected by this amendment. What this amendment does is to reverse a decision of the committee that I think was wrong, and that decision was to vastly increase the amount of aid to institutions. It is an argument that has been made on this House floor before, and in the past students have always won. But in H.R. 3700, the way it is currently constructed, aid to institutions, institutional aid, will be increased by a total of 240 percent in 1 year from current levels of expenditures to be authorized for fiscal year 1987.

I suggest that that is the wrong direction to go, that this House, if we are going to provide assistance to students in higher educations, we ought to do that, but we should not set a precedent in which we make enormous, vast increases, $743 million in the first year, 240 percent, to aid to institutions, at the same time hiding that or disguising that under "aid to students."

The problem is a problem of enormous increases that are built into the bill. These discretionary sections are a large part of what makes the bill unpalatable to many on Capitol Hill, to many in the country. It is a large part. In fact, it is a majority for the first year of what makes the bill the largest budget buster that this House has seen so far this year.

The committee did a good job, by the way, on the student aid in the title IV section, did a good job, made some improvements. But what the committee never did, particularly in the appropriations sections, is to compare authorization levels authorized by this bill to current expenditures. It was always compared only to itself and only to our "wish list," and thus the committee either made no priorities at all or the committee decided that everything was an equal priority and we should authorize expenditures far in excess of what anyone realistically thinks that we ought to spend.

The CHAIRMAN pro tempore. The time of the gentleman from Texas [Mr. BARTLETT] has expired.

(By unanimous consent, Mr. BARTLETT was allowed to proceed for 2 additional minutes.)

Mr. BARTLETT. Mr. Chairman, for those on this House floor who already support H.R. 3700, this is an extremely important amendment to obtain the necessary support so that H.R. 3700 can move forward and become law, as many of the provisions in the student aid section ought to be. For those who are somewhat nervous about the expenditure levels in H.R. 3700 but would like to see a higher education bill, this amendment will make H.R. 3700 acceptable in the aggregate expenditures for those who support higher education, which I think is all of us. This amendment, which would reduce the expenditures of discretionary programs by $740 million, not to reduce them by anything in real terms, but simply keep them at current levels, this amendment I think moves forward the process of the support of a higher education reauthorization. Everyone supports higher education. Everyone supports that primarily because of student aid, Pell grants, GSL, plus loans, work study, other student aid. This amendment would conform the rest of the bill to the kinds of reforms and improvements that were made in student aid alone. I think this is the kind of amendment that those who are skeptical of the aggregate spending should support, to make this bill an acceptable bill, and this is the kind of amendment for those who support H.R. 3700, and who have labored long and hard on the title IV sections to improve student aid, to support, to be able to move those improvements in student aid along.

The House with this vote will make that determination as to whether we want to start down that road toward emphasizing institutional aid or whether we want to keep the focus of Federal programs on aid to students.

I think it ought to be aid to students. I think the House ought to vote for this amendment to freeze spending on aid to institutions at current levels, and I urge the adoption of the amendment.

Mr. GOODLING. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to call to the attention of my colleagues that I can understand what my colleague, the gentleman from Texas, is trying to do. I am very, very concerned over the misleading approach that he is taking in order to get there, and I have to be very careful how I phrase everything because he does have a dear constituent who watches these proceedings, and if I appear to abuse him in any way, shape, or form, she is going to call my office and really get to me.

Mr. BARTLETT. If the gentleman will yield, she has probably already called.

Mr. GOODLING. She probably has.

Mr. BARTLETT. And I remind the gentleman that his constituents are watching this show also.

Mr. GOODLING. Let me call to your attention why this is all so misleading.

First of all, my colleague kept saying "aggregate spending," "aggregate spending." We are not doing anything about spending in this bill. He should be talking about aggregate authorization. This is an authorization bill.

I suppose this document the gentleman is using is going to be handed out, when my colleagues come to the floor to vote, and it is going to be very misleading. For example, here is a line that says,

> We will save $743 million in fiscal year 1987 and more than $4 billion over the 5 years of reauthorization.

We will not save one penny with this piece of legislation or his amendment. There is not anything we can do here. We do not appropriate. We authorize.

Now, let me give you some examples. Each time we authorize programs, chapter 1, for instance, chapter 1 is about half funded, according to the way we authorized. We are not appropriating here, we are authorizing. And so there is no way that we can save one penny today in a reauthorization program. It has to be done by the Appropriations Committee.

□ 1705

That is why, as a matter of fact, the Appropriations Committee, although we may have authorized $1.1 billion under current law for these programs, the Appropriations Committee decided that we would only spend $309 million. They did not begin to give us anywhere near what we asked for in authorization.

So when we talk about an authorizing bill, we should not mix it up with the appropriation process. As a member of the Budget Committee I am on the Reconciliation Conference Committee and that is what we do in that procedure. We reconcile. We do not reconcile in reauthorization programs.

If you talk about authorization to authorization, you will notice that, as a matter of fact, H.R. 3700 asks for less in authorization for 1987 than was

asked for in 1986. We have asked for less money in authorization. So if you realize that in the past when we asked for more money and we got less appropriations, I suppose you could say now that we are going to ask for less, we will even get less from the appropriating process. But again, let us not mix apples and oranges; let us not confuse anybody. Above all, let us not mislead anybody because we cannot save a penny in this process. We will not reduce the deficit by this amendment. This is strictly a paper transaction.

I think we should stick to the business of authorizing. The appropriating committee will stick to the business of appropriating, and then we in the reconciliation process will stick to the business of reconciling.

Mr. BARTLETT. Mr. Chairman, will the gentleman yield?

Mr. GOODLING. I yield to the gentleman.

Mr. BARTLETT. I thank the gentleman for yielding.

Mr. Chairman, I understand the gentleman's argument. The difficulty is that this is a legislative transaction. This is a transaction that is putting into law what this House believes ought to be authorized to be spent. It is setting priorities. The difficulty in the legislation without the freeze amendment is that it sets the priorities in the wrong place. It sets the priorities for a 240-percent increase in programs that I do not believe that this House is ready for that large an increase.

Now, I appreciate the gentleman's extra time, but it is an important point in the debate. Let me suggest that there are just one of two possibilities as to what you believe about authorizing levels. One is that authorizing levels do not matter, in which case I would suggest that maybe we ought to set them at $10 billion or $100 billion or $700 billion as opposed to maybe $1 billion.

Mr. GOODLING. As a matter of fact, that is the way authorizing committees operate.

Mr. BARTLETT. If authorizing levels do not matter, well then this amendment does not matter.

On the other hand, if authorizing levels do matter, which I believe they do, then this legislation, unless it is amended, would set the authorizing levels.

The CHAIRMAN pro tempore. The time of the gentleman from Pennsylvania [Mr. GOODLING] has expired.

(By unanimous consent, Mr. GOODLING was allowed to proceed for 1 additional minute.)

Mr. GOODLING. Mr. Chairman, reclaiming my time, I want to make this one comment. When you talk about setting priorities and setting goals, I do not want the Appropriations Committee to set the goals; I want our authorizing committee to set the goals. What you are doing, as a matter of fact, is giving the Appropriations Committee that opportunity to set the goals that we should be setting. We are supposed to be the people in the authorizing committee that understand the legislation and understand the direction. Not the Appropriations Committee.

I do not want to give them that opportunity that you would give them in your amendment. Let me just again say so that when the people come in here they are not confused. Any time you pick up a piece of paper and say, "We are going to save $743 million; we are going to save $4 billion." Let us go with it; I am all for that. However, we are not saving a penny by the gentleman's amendment. It is a paper transaction, and I think we ought to understand that.

Mr. FORD of Michigan. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would just like to echo what the gentleman from Pennsylvania has said. One of the basic flaws in Mr. BARTLETT's approach is that he is confusing appropriations and authorizations and trying to compare the authorization for the 5-year life of this legislation; 1987 through 1991, with the appropriation level of the existing law.

Now, indeed, if you will stay with authorization 5, which is what we are doing here today, you will find that in the programs that Mr. BARTLETT is talking about, he talks about a $450 million increase in institutional aid. That is not true. As a matter of fact, the current law authorizes $1.123 billion for the programs that are subject to the Bartlett amendment. H.R. 3700 provides only $1.008 billion. So it is $115 million below current law. It is actually a cut from current law.

Second, he puts great emphasis on the fact that we are reestablishing priorities. Not while I am chairman of this committee, we are not. Of the total that is authorized in this bill, less than 10 percent of it is institutionally directed. Let me point out to you something else about institutional aid. We have not been able to get money from the Appropriations Committee for several years for the College Library Program because the Appropriations Committee has believed that the existing law did not properly target the money to the schools with the greatest needs. So one of the improvements that is made in title II of this bill is to correct the College Library section and provide for a form of needs analysis that would determine who would get the limited dollars that they would appropriate.

They are willing to appropriate money, we are told, on the basis of this kind of a formula that gives them assurance that the money is not going to be spread so thin over so many institutions that it will not do any good. Unfortunately the effect of the Bartlett amendment would be to take that opportunity away from them.

The most likely program to take the biggest bite, or that would be bit most deeply by the Bartlett amendment is the title III program for the developing institutions. The historically black colleges are the principal institutions affected, and I think I should state on the record that the only part of this reauthorization that the Secretary wrote to me about and urged our adoption of was the program for the historically black colleges in title III. So Mr. BARTLETT now strikes at his own administration's only initiative for an increase in effort. None of the increase in effort that would be made as a result of our response to that request from the administration and others will be possible if the Bartlett freeze were adopted.

It is bad policy to try to put flat freezes on a complex program of this kind. There are 13 titles that we have been through. It is a 750-page bill. It is not a simple matter to look at it and say well you can just take so much out of it and everything will work. It has to be done very carefully. The Appropriations Committee spends a great deal of time when they are appropriating for this legislation, going over the specifics of what the impact of increasing or decreasing amounts in various programs will have on the total mix that makes up assistance to higher education.

The Bartlett amendment would prevent that during the 5-year life of this bill, and I urge the Members of the House to reject the amendment. I do not quarrel at all with what Mr. BARTLETT thinks he would accomplish. I would still oppose it if he were accomplishing it, but it is not going to do what he thinks it will do. It would have a very negative impact on the entire balance of the bill.

Mr. GUNDERSON. Mr. Chairman, I move to strike the requisite number of words.

□ 1715

Mr. Chairman, let me say to the Members that this is a difficult amendment for me to address for a number of reasons. No. 1, I do consider my colleague, the gentleman from Texas, a very close friend on this committee, and second, I, a part of the 92 group, have been an advocate for a long period of time in this session of Congress of the concept of freezing Federal spending. I think I have supported every freeze proposal that has come before this Congress in this session. I have been a part of a budget process which started with a basic freeze, et cetera.

Someone said to me, "Then why aren't you supporting Mr. BARTLETT's

amendment?" And the reason gets a little bit back to what the gentleman from Pennsylvania [Mr. GOODLING] said earlier, that frankly we are playing games here with words, and I am afraid we are going to pass an amendment by title rather than by substance.

The fact is if we want to freeze at the current authorization levels, as we have been doing in all of our other authorization and appropriation bills this year, if we want to freeze everything but title IV at this present level, hey, I am all for that. But I tell you what, you will be spending more money than the bill in front of us does for those particular programs because we have actually cut the total authorizations from the present level to what they will be under the legislation in H.R. 3700.

The second thing—and this is very important for everyone to understand—is that when we have been talking about freezes thus far this year, we have been talking about freezes in 1-year authorizations or 1-year appropriation bills. I do not know of a case where we have taken a multiyear authorization, as we have here, and instituted an across-the-board freeze from there in the years following.

The last time we had a higher education reauthorization was in 1980. We probably are not going to have one for another 5 years either. So I do not think we want to begin the process this year of absolutely limiting this Congress' discretion in future years regardless of what decisions they want to make.

Now, I do not want to turn all these decisions over to the Appropriations Committee, and that is in essence what we are going to do, because as the gentleman from Pennsylvania said, if we say they can spend the total amount in 1987 that they are spending this year in nontitle IV programs, we are letting them make all those priority decisions for us. What are they going to do? I think all of us know what they are going to do. They are going to continue present programs at the present level.

That is not what we are trying to do in this bill. The purpose of a reauthorization at any time is to try to update that program to meet and respond to the current needs in that particular area of our Government and our country. That is exactly what we are doing here in this reauthorization.

I think one of the most essential things that we are trying to do with this bill is we are trying to respond to the changing clientele in our colleges. That means obviously the nontraditional student, the part-time student, et cetera.

What we effectively do by this freeze is we tell everyone that it is the policy of this Congress not to fund that program. We say, "Leave everything the way it is," because that is in effect the result of what would happen.

So again I caution you, I am a supporter of the freeze effort. If you want to freeze everything next year at this year's level, fine, I will support that. If you want to freeze everything at the present authorization level, fine, I support that. But do not take a multiyear authorization, rather than single-year authorization, and do not take the present appropriation, rather than the authorization, and then suggest that we are talking about a freeze. It is just not the case.

Mr. BARTLETT. Mr. Chairman, will the gentleman yield?

Mr. GUNDERSON. I am happy to yield to the gentleman from Texas.

Mr. BARTLETT. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I respect the gentleman a great deal for the work that he has done in freezing authorization bills prior to this time, but the House has a very short memory. Just sitting here, I can think of the following multiyear authorization levels that were frozen or held to a freeze concept by the committee: National Science Foundation, NASA, the Department of Defense, and the School Lunch Program, which came out of our committee.

Mr. GUNDERSON. Mr. Chairman, reclaiming my time, those are not multiyear authorizations. The gentleman knows; he has been here long enough to understand—the Department of Defense authorization bill comes up before this Congress each and every year; NASA comes up in front of this Congress each and every year. Trying to suggest to the membership that those are multiyear authorizations now is just not the case.

Mr. BARTLETT. Mr. Chairman, will the gentleman yield further?

Mr. GUNDERSON. I yield to the gentleman from Texas.

Mr. BARTLETT. NASA in fact was a multiyear authorization.

The CHAIRMAN pro tempore. The time of the gentleman from Wisconsin [Mr. GUNDERSON] has expired.

Mr. PERKINS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I would like to take this opportunity initially to thank the chairman of the Subcommittee on Postsecondary Education for having done an absolutely wonderful job in trying to put together this piece of legislation. Over the course of the last several months he has taken a lot of personal interest in going around the country and having numerous hearings and trying to look into some of the educational problems that we have in America today and that we may have in America over the course of the next several years until 1991 when we are talking about looking for a reauthorization of this Higher Education Act.

So what we are talking about today, as my good friend from Wisconsin has referred to, is a program that will deal with higher education in the United States of America for the remainder of this decade, not something that will deal with it in 1987. And what we have got to do as a responsible body, as the Congress of the United States, is to try to look at areas that may need some attention over the course of the next several years. And in this process of trying to look at those areas, this year we have come up with several new ideas that maybe we should look at in the course of the next several years.

Those ideas include postsecondary programs for nontraditional students. As anybody who has taken the time to look around and see the problems that we are facing in America today has seen, the number of nontraditional students has grown more rapidly in America than any other area in the educational community. It is something that we have got to be concerned with, and in this piece of legislation we are addressing that, and while cutting the total outlays for authorization, we are including new authorization money in this bill for that purpose.

Mr. BARTLETT. Mr. Chairman, will the gentleman yield?

Mr. PERKINS. I yield to the gentleman from Texas.

Mr. BARTLETT. Mr. Chairman, I wonder if the gentleman would tell us in title I how much of that $35 million would go to nontraditional students to help them to go to school, and how much of it goes to institutions to create buildings and centers.

Mr. PERKINS. Mr. Chairman, briefly reclaiming my time, we are not talking about the appropriations process, we are talking here about the authorization process. What I am trying to inform the gentleman of is that not just in this area but in the area of the education recruitment—that is, trying to get new teachers and teach them and provide them—we have again authorized a large sum, $112 million, and in the idea of community partnership and economic development, trying to get some sort of relationship between the local community and the particular educational interests that serve that community, we have authorized $42 million.

Now what does that say? What it says is this: We are not appropriating that money; we are saying sometime between now and 1991 there may come a time when we are capable of funding these programs which try to address these needs that we have in this country. What this amendment does is to effectively preclude us as legislators from addressing the problems that we see are occurring today and will occur in the future.

This amendment effectively puts a cap on any new education areas in higher education between now and 1991. I realize full well that this was not the intent of the gentleman. He is a fine Member who works hard and does a superb job in many areas, but what we are talking about is education in America. We are talking about having the ability to deal with the problems between now and 1991 in postsecondary education.

The Subcommittee on Postsecondary Education has come forth and looked long-term at the needs and the problems we have, and we have given this House, as my dear friend and colleague, the gentleman from Kentucky [Mr. NATCHER], would say, a good bill.

I would urge the Members involved not to be fooled but to realize that if we are going to have better economic times, we can do some of the things that I believe in. I believe a number of the Members in this House believe in those same things. I am speaking of improvements in education, not backward steps in education. I am talking about an ability to go forward in the next few years, not to stand still and not to go backwards.

Too many times, in my opinion, I think we have been going backwards in the last 5 years, in a direction that I do not want to take. I do not stand on this House floor and say this very often, but I believe that we have got to go in the other direction.

I am not asking for new money. I am asking for the ability sometime in the future, when times are better, to look at these problems and see if, through the appropriation process, we can remedy these problems.

Mr. Chairman, that is all we are asking for, and I ask for the defeat of the Bartlett amendment.

Mr. HAWKINS. Mr. Chairman, I move to strike the requisite number of words, and I rise in opposition to the Bartlett amendment.

Mr. Chairman, I think that we should not be mistaken by the logic of the gentleman from Texas in separating institutions from student aid. While it is true that H.R. 3700 provides money for student aid, which is 90 percent of the aid which is given, I think that it would be wrong to assume that we can give aid to students without at the same time recognizing that they must have institutions to which they can go in order to use the student aid.

□ 1725

As a result of my concern about some of the institutions that would be completely eliminated under this amendment, I introduced at the beginning of the year a bill which later became and is title III of the current bill, which has been approved. We passed it and it is a part of the well balanced bill.

The gentleman from Texas [Mr. BARTLETT] now would attempt to unbalance what I believe has been a well worked out balance in this particular bill in which student aid has been considered in the context of institutions at the same time. The authorizations have been adjusted on that basis.

Now, if we begin to make appropriations within that context and to play one against the other, it seems to me we are leading to a situation in which some students may be provided with student aid, but will have no institutions to attend.

There is a large group of such students who now attend community colleges, junior colleges, as well as historically black institutions. These students have historically been deprived of an opportunity to gain many times admission into the Ivy League institutions.

We have done very well by most of the higher education institutions in this country. As a matter of fact, the way the money is now distributed, $9.9 billion of Federal funds is going to all higher education institutions, but to historically black colleges and universities only, $606 million is distributed to them.

Now, these institutions, together with our community colleges and other small institutions in this country, bear the brunt of educating and providing equal educational opportunities to those who would be denied entrance into the Ivy League or the so-called standard institutions that are also well endowed.

Now, under the Bartlett amendment these institutions that are now serving a large group of students who would not possibly attend those institutions that charge high tuitions would be to deny to them the opportunity to attend a university in this country. I think that is a drastic change in policy that has existed for more than 100 years in which as a result of the reconstruction amendments we began then to establish institutions to take care of those who had been previously enslaved and who for generations could not even read and in some States were even denied legally the right to attend schools of their choice.

Now, it seems to me as a result of that we have continued that type of aid. The administration has been a part of the continuation of that type of aid historically in this country. It is because of a desire to give equal educational opportunity to all, regardless of race, sex or their geographical location in this country of ours, under this amendment we would slash that amount, the amount which has been currently appropriated, the $240 million-plus appropriated to these institutions, so that at least the minimum ones, and I would certainly say that half these institutions would close up.

Now, it just seems to me at a time when we are encouraging young people in this country to go to college, under this amendment we would now say, "Yeah, go to college if you can possibly attend one, if one is open to accept you."

These institutions which serve a specific function among all institutions of higher education in this country would be denied that opportunity.

The CHAIRMAN pro tempore. The time of the gentleman from California [Mr. HAWKINS] has expired.

(By unanimous consent, Mr. HAWKINS was allowed to proceed for 1 additional minute.)

Mr. HAWKINS. It seems to me there is an additional reason why this amendment, among others, should be rejected. It is because of a concept that education is an investment and not an expenditure. It is the one thing which is cost effective.

I do not know where the gentleman from Texas was in his logic when he voted a few months ago to spend $10 billion that was not even considered to be of merit by the Pentagon and today would turn around and to institutions that receive only a little over $600 million attempt to slash them on the basis that that is the way to balance the budget.

These institutions are cost effective, because in our educational system we have determined that those who do not attain a sixth-grade education are the ones who make up the relief rolls, the ones who go to prison. These are the ones who become dependent. Those who graduate from high school are twice more likely to be contributing citizens and those who go into postsecondary education are the productive ones.

The CHAIRMAN pro tempore. The time of the gentleman from California [Mr. HAWKINS] has again expired.

(By unanimous consent, Mr. HAWKINS was allowed to proceed for 1 additional minute.)

Mr. HAWKINS. Those that go into postsecondary education are the ones who form the productive tax base of this country. They are the ones who return the revenues to the Treasury upon which we depend.

I think that anything which detracts from the ability of a nation to provide the institutions upon which we must look to the future for our scientists, our engineers, our productive citizens, our doctors, our lawyers, regardless whether they come from Georgia or from Maine, regardless whether they are white or black, regardless whether they are able to attend a high-tuition institution or one that is close to them, which has a low tuition as those that would be thrown out by this amendment, that the country has lost its ideals and its principles.

I think this is not just a simple amendment to freeze. It is an attack on American education and as such should be objected to and defeated.

Mr. OWENS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this amendment proposes to freeze, impose a freeze in terms of dollars, but the effect of the amendment is really a paralysis of our problem-solving initiatives in the area of higher education.

We can deal with a freeze in terms of dollars through other mechanisms. There is a Budget Committee. There is an Appropriations Committee year by year. We are talking about authorizations now and not appropriations.

As everybody knows, the actual appropriations for higher education are always well below the authorizations. The authorization in this bill this year is below the previous authorizations. We have already frozen the authorization. We have done better than freeze; so what we are having here is an exercise in paralysis. We are paralyzed in terms of any initiative which requires the expenditure of any additional money. No programs in this Capitol can go forward now because of the mismanaged economy, the way this economy has been mismanaged by this administration. Deficits have piled up and we are in a bind. We cannot spend any new money even where it is needed and I think it is very much needed in higher education. I think our priorities are wrong. The only place we are spending money in large sums is in defense.

But we will accept the fact that we cannot spend any new money. This bill does not propose to spend any new money. It proposes to spend better than the money we are already spending.

It is also the result of a process, a very democratic process, and we are not exaggerating when we say that there has been a maximum participation process here. We have consulted educators. We have consulted students. We have consulted other legislators. There has been a maximum involvement here of people trying to work out new ways, better ways to spend the money we already have. At the end of this process where the advice of the best minds in the country have been brought to bear on the problem of how shall we approach higher education in the next 5 years with the limited resources we have, we are now being told that has to be paralyzed. We cannot take any new initiatives anywhere in this bill which relate to institutions, because of the fact that that is conceived by this amendment to be a new expenditure.

It is not a new expenditure. It is not a wrong expenditure. It is a movement of money that we have to the places where it is needed the most.

You cannot separate institutions from students. What the gentleman proposes or seeks to have us believe is that there is something criminal about giving aid to institutions and that we are wasting money each time we put a dollar into improving institutions.

How do you separate institutions from students in the process of giving higher education? What we have found in the area, the serious area of black students being involved in higher education, is that the black students who go to many of our large public institutions go for 3 years. We throw money at them for 3 years. We give them aid for 3 years in this higher education process and after 3 or 3½ years they drop out or they are pushed out. They never graduate.

Is that a sound investment, to throw money like that, without ever stopping to examine the process to see what went wrong? Why are we pouring so much money into this process and getting so few college graduates out of it?

On the other hand, we have title III which takes a new initiative in the area of providing aid to historically black colleges. We have had tremendous success in educating black students and keeping them right through the process, graduating them, and after that they go on to some of the best graduate schools in the country and they graduate with advanced degrees from those schools, so obviously they are getting a decent education.

We are just going to turn our backs on all these facts, on all this new evidence, and continue to do business as usual.

I see no reason why our top processes, our intelligence should be paralyzed under the name of freeze, in the name of freezing for economic reasons we are going to stop thinking.

In the meantime, our competitors are taking new initiatives. The one thing we did not do in this bill, the one fault I find in the process, is that we did not make any real serious effort to get comparative data as to how our competitors approach higher education in the world. Since it is a world economy that we live in, an international economy, we ought to know how the Japanese are approaching education. Why do so many Japanese businessmen know how to speak English when so few American businessmen know how to speak Japanese?

How do the Russians approach higher education? Why do so many Russians, not only diplomats, but their journalists, their scientists, why do so many know how to speak English when so few of our people know how to speak Russian?

The CHAIRMAN pro tempore. The time of the gentleman from New York [Mr. OWENS] has expired.

(By unanimous consent, Mr. OWENS was allowed to proceed for 1 additional minute.)

Mr. OWENS. Why do we not take a hard look at what is going on with our major competitors, either in peaceful commercial activities or in the area of the cold war or the hot war with the Russians? Why do we not take a hard look at how they are investing? They consider their security, I am sure they are smart enough to consider that the first line of security is in their brainpower.

We are toying, we are playing with the effort to improve our brainpower. We are playing with an effort that has been generated by the best minds in higher education, by saying now that no matter what you have decided, we are going to freeze this in the name of some orthodoxy, some dogma about freezes which have nothing to do with economics in this case.

We are not freezing money. We are freezing initiatives. We are freezing problem-solving approaches. We are freezing very much needed efforts to meet pressing immediate serious problems and that will be the only result of this unfortunate amendment.

Mr. Chairman, I urge all my colleagues to vote against this amendment.

Mr. Chairman, I believe that there is no legislation of greater importance than the reauthorization of the Higher Education Act of 1965, H.R. 3700, which is before us today.

We spend so much time and appropriate huge sums of money—megabucks—for weapons that we hope to never use and which we know will be obsolete in a short period of time. When we consider education authorizations and appropriations we are really working to develop the brainpower of our Nation which, in the final analysis is the most significant resource required if we are really serious about national security. Not only does the development and education of our people serve our security needs, but it also serves our economic and political needs. A well educated citizenry can produce the goods and services which we will need to compete successfully in the world economy. A well educated citizenry is the best guarantee against encroachments on the personal liberty which we all treasure.

Why then, one must ask, does anyone wish to scrimp on education? Well, it seems that the moment education is mentioned the deficit assumes gigantic proportions in the minds of some who see momentary benefits from cuts and who fail to see the long-term consequences of failing to educate all of our people to a level where they can perform the complex tasks required of virtually all workers in our increasingly complex technological society. They also fail to see the disas-

trous consequences of identifying those unique individuals who have that spark of genius which leads to the great breakthroughs which benefit us all. The genetic roll of the dice which produces these individuals does not exclude the possibility that a child with the capacity to further knowledge for us all will be born to a poor family, a minority family, an uneducated family or a family which is isolated by geography. To follow a path which means that we will only develop the minds of the affluent is a decision to throw away the possibilities which can exist in any child, born in any circumstances. Aid to education, and particularly to higher education, is a commitment to find and help those who have the capacity to learn more and to do more for themselves and their families as well as for their country.

How does the Higher Education Act reauthorization work to find, develop, and educate our people? After many hearings and the opportunity to hear the opinions of students, the higher education community and the many supporting institutions such as the State guarantee agencies and the banks which are involved with the guaranteed student loans, the bill was developed to address the needs of students who could not attend college unless there was assistance available as well as institutions which struggle to meet ever changing educational needs. The bill that emerged was tempered by the wide-ranging comments made.

In order to aid institutions, there were a number of provisions developed. For example, title II was rewritten to determine which colleges were most in need of assistance for libraries, to provide small grants which would be distributed based on need, to provide funding for technological development and implementation and to provide resources for the institutions with large collections which serve as a resource for other institutions. This balanced approach, hammered out in consultation with the various segments of the higher education community, will serve to make more library resources available to more students regardless of which particular institution they attend. The support for networking and sharing of information is best generated on the Federal level if we are to encourage access for students and faculty throughout the country.

Institutional aid was directly provided through title III which was substantially revised to encourage the development of endowment resources on the individual college level, particularly in those colleges which have not been able to develop these resources while concentrating their efforts on educating students who were not able to pay the high tuition rates which are prevailing in many of our colleges today. The committee, in its findings, specifically recognized that the historically black colleges and universities and other institutions with large concentrations of minority and low-income students were in need of institutional help. Title III specifically provides for challenge grants to institutions, grants to historically black colleges for scientific and technical equipment, construction, maintenance, renovation, and improvements in classroom, library, laboratory, and other instructional facilities, support for faculty exchanges and faculty fellowships, instruction in disciplines in which black Americans are underrepresented, purchases of library and educational materials and funding for tutoring and counseling programs to improve academic success. Other funds are made available in title III for black professional education, an area where blacks are seriously underrepresented.

I am particularly proud of a new initiative which I developed in response to the underrepresentation of minorities in graduate education. The Patricia Roberts Harris Fellows Program will provide for grants for graduate education for talented minority students. The present reality is that very few minority students who are particularly gifted in the areas of science and math pursue graduate education in these fields. Looking at the financial situation with an accurate eye for the realities, the talented student is faced with the prospect of massive debts to finance graduate education. It is unrealistic to ask that student to pursue graduate education and an academic career where he or she will have a relatively low income when he or she knows that there will be a gigantic debt to pay off. It makes far more sense for such a student to pursue professional study which will lead to a higher income which will make it possible to pay off the debt. The net result of this reality is that very few blacks and other minorities pursue academic careers. This leads to few role models for the next generation of students and the cycle continues. It is very difficult to believe that one can be what one has never known another to be. The pioneers, the first women and minorities who entered the professions and academic careers led the way and created the possibility, the dream, for those who followed. When you meet one of these pioneers, you cannot help but be impressed by the barriers that they overcame, the petty harassments and the constant calls of the naysayers who actively discouraged them and told them to settle for less. We need more role models who will open new possibilities for those who have been excluded from the dreams that others take for granted. The Harris Fellows will be keys to open new doors of access to all fields of endeavor for all of our people. I can think of no more appropriate tribute to a black woman who dared to dream and who worked to make her dreams a reality.

The bill before us, the Higher Education Act of 1965 reauthorization, deserves the support of every Member of this body. Although I am inevitably disappointed that we devote so little of our resources to education, I am proud to have worked on the Postsecondary Education Subcommittee to craft this bill which utilizes every penny to make education more available to all of our people. Yes, the fiscal constraints were difficult to live with, and yet we did not allow that to stop us from crafting new initiatives which would make it possible to help those most in need to get the education which will serve them as well as our Nation. Resources may be limited and even frozen. That is no reason for us to limit our creative abilities to solve the real problems in higher education or to allow us the easy way out by freezing our thinking. The members of the subcommittee, both majority and minority, did not take the easy way out. I urge all of my colleagues to support this bill which contains the best of previous legislation and the best of the new initiatives to address the needs of our students and the higher education community.

Mr. COLEMAN of Missouri. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I am reluctant to enter into this discussion for several reasons, not the least of which do I want to be labeled as a big spender, but I do not think that this particular amendment is a spending amendment, so probably opposition to it would not generate a big spender tag.

What you might be guilty of if you oppose this is a bigger authorizer. My constituents have never accused anybody in the Congress as being a big authorizer. They have accused some of us as being big spenders. I think that is the real crux of the comments that I want to say. I want to try to make this neutral.

The one thing that I do have a problem with, and I guess what I am asking for here is truth in handouts, because we have a handful of Members on the floor right now. Most of the Members are back in their offices probably watching this debate. I just want them to know that when they come into the Chamber, there is prepared right now a summary from the gentleman from Texas pointing out the attributes of his amendment. I would ask the gentleman, because I agree with the validity of all his statements on this, except for two areas. I want to ask the gentleman about those and see if he would respond, and that is when the gentleman says that it saves $743 million in fiscal year 1987

and more than $4 billion over the 5 years of reauthorization, that is one; and then in a separate chart graph listing here the gentleman has savings and he has the various years added up and it comes out to $4 billion-plus.

□ 1740

I guess the question I have is, What is being saved?

Mr. BARTLETT. If the gentleman would yield, what is being saved, by any measure that the gentleman, or the chairman of the committee, whom I respect a great deal, or the gentleman from Pennsylvania, by any measure by which you would like to categorize it, what is being saved is taxpayer dollars, because what is happening, as per the handout, is the House, if it votes to adopt this, as per the title of the handout, would vote to freeze discretionary spending in titles I through III, and titles V through XII of H.R. 3700.

It would freeze that spending at fiscal year 1985 levels, current levels.

Mr. COLEMAN of Missouri. I guess that is the problem. The gentleman is using the words "saving" and "spending" when there is no spending in this bill. I would support this handout if the gentleman were to say that it reduced the authorization level by $743 million, and strike the word "savings," and decline from the use of the word "expenditures" because I would support and have supported and would support this bill when it comes to the Committee on Appropriations the freeze concept.

But I think it is somewhat misleading, and I support the effort of what we are trying to do, which is to get spending under control. But this is not an appropriations bill. From that standpoint, I would ask the gentleman if he would consider it.

Mr. BARTLETT. I know the gentleman is trying to get to the truth of the matter. I would ask the gentleman if he would support the handout that is the language of the amendment that would set the authorizing levels at the amount of the approriations levels for 1985 adjusted for inflation.

That is what the amendment says. If the gentleman would like us to pass the amendment out as a handout, it is the same effect.

Mr. COLEMAN of Missouri. I just would not let our colleagues be misled by the words "savings" and "expenditures" because the gentleman says it does not really save. If the gentleman accepts that, I will accept that.

Mr. BARTLETT. If the gentleman would yield further, I would just really like to call to the attention of the House and of the gentleman, the very able, ranking member of the subcommittee, the decision is as to whether you support authorization levels for these programs at $1.53 billion in the aggregate, a 240-percent increase over last year's expenditures, or whether you support authorization levels that are contained in the amendment.

Mr. COLEMAN of Missouri. Mr. Chairman, if I may reclaim my time, the point is, the gentleman is asking us to, in the old cliche, mix apples and oranges. If he wants to talk about appropriations, fine; let us talk about those. If he wants to talk about authorizations, let us talk about those.

The fact is that this bill and these titles authorize less than current levels of authorization. So if we wants a true freeze, we would be increasing the level of authorizations for these titles. If we want an appropriations freeze, this is not the time nor the place for that.

But I will even grant the gentleman that I will go ahead and try to construct this apples and oranges argument for him, but let us not call it savings when it (a) does not reduce the deficit; (b) it does not save any money for the Treasury.

The CHAIRMAN pro tempore. The time of the gentleman from Missouri [Mr. COLEMAN] has expired.

(On request of Mr. GOODLING and by unanimous consent, Mr. COLEMAN of Missouri was allowed to proceed for 1 additional minute.)

Mr. COLEMAN of Missouri. It is somewhat misleading. I will join with the gentleman on an appropriations bill to freeze spending, but I do not think this is the appropriate vehicle for it. I just respectfully disagree and would hope the gentleman would not hand out a misleading statement on this. I do not know if I got the gentleman's agreement to do that or not.

Mr. BARTLETT. If the gentleman would yield further, if the gentleman would vote for the actual amendment, then he does not have to vote for the handout.

Mr. COLEMAN of Missouri. If the gentleman would hand out his amendment at the door and destroy those copies of this, that is probably all I can ask of the gentleman.

Would the gentleman agree to that?

Mr. GOODLING. Mr. Chairman, will the gentleman yield?

Mr. COLEMAN of Missouri. I yield to the gentleman from Pennsylvania.

Mr. GOODLING. I just want to make one point on your argument. When the gentleman talks about misleading handouts, I would like to point out one statement in that handout that is wrong: "it will save $743 million in fiscal year 1987." How can that be done? The appropriation is $309 million. How can you save $743 million when only $309 million is appropriated in the first place?

I do not know how that is done. Apparently they do it differently in Texas.

Mr. BARTLETT. Mr. Chairman, I move to strike the requisite number of words.

The CHAIRMAN pro tempore. Without objection, the gentleman from Texas [Mr. BARTLETT] is recognized for 5 minutes.

There was no objection.

Mr. BARTLETT. This will be, I suppose, the last part of the debate.

Mr. Chairman, I am constantly amazed at the convoluted logic or illogic that is attempted on the floor. The fact of the matter is, it is taxpayer dollars that this authorizing bill attempts to authorize with the intention, apparently, that they will be spent.

The fact is, the freeze concept has been applied to every authorizing piece of legislation so far this session. Sometimes it is applied in an amendment on the floor; sometimes successfully, sometimes not. Sometimes it is applied within the bill. I am on the Committee on Education and Labor with the other gentlemen, and when we proposed the School Lunch Program, in fact, school lunch was debated in terms of how it affected the authorizing levels compared to current expenditures, and the debate was that it increased authorizing levels by 7 percent over current expenditures. Whether it is the NASA authorization, or National Science Foundation authorization or Defense authorization or school lunch authorization, a housing authorizing, we first have to authorize to spend the money before the money can be spent.

There are two schools of thought, apparently, from the opponents of this amendment. One school of thought by my Republican colleagues is that authorizing levels do not matter and that all they want spent apparently is the appropriated level anyway, in which case they should be advocating such sums and not some phony high-dollar false promises.

The other school of thought, I think, is more candid and it came from the chairman of the committee, the gentleman from California, whom I respect a great deal. His school of thought is that we need these increased expenditures; that what the authorizing legislation means is what it says, and that is that it is somewhat required that we increase spending for those programs, and I respect that opinion a great deal, I do not agree with it, that we have to increase spending in order to save all of these institutions.

One way or the other, the House should pass in authorizing legislation on this bill, as we have on every other bill, exactly what we mean. The vote is simple. If you mean for spending to increase by 240 percent for the discretionary programs in higher education, then vote against the amendment, because that authorizes that spending to occur.

If you mean for spending to stay about the same next year as it was last year, and then to only be allowed to increase at the rate of inflation, which is what my amendment does, then you ought to vote for the amendment because then you are setting honest authorizing levels in which you are voting the way you say you mean it.

Mr. GOODLING. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I would be happy to yield to the gentleman from Pennsylvania.

Mr. GOODLING. I thank the gentleman for yielding.

Mr. Chairman, in the authorization process, the purpose of setting those authorizations is, as Mr. GUNDERSON explained, that these are the kinds of things that have to be done if, as a matter of fact, we ever have the money to do it.

We know in chapter I that we are only meeting a small percentage of the eligible children. We hope some day, however, that that authorization will be appropriated.

Mr. BARTLETT. This is not chapter I.

Mr. GOODLING. Of course it is not chapter I, but what I am saying is, you are setting priorities in areas you would like to get to if the money is ever available. That is what an authorizing committee is supposed to do.

Mr. BARTLETT. Mr. Chairman, reclaiming my time, the fact is, when we reauthorize chapter I, we hold it to a freeze concept. We have held it to a concept to apply it to the level of expenditures from the last year. In institutional aid to education, we should do no less.

I ask the House to cast a responsible vote, a vote to authorize the levels that they mean to be spent in the authorizing legislation.

Mr. KOLTER. Mr. Chairman, when the Higher Education Act of 1965 was enacted, we opened doors and created opportunities for millions of deserving young people who would not have had the chance of getting a college education.

Much has changed since the first Higher Education Act became law. Perhaps most noticeable has been the drop in the value of the student aid dollar and the simultaneous increase in the cost of a college education. The value of Federal student aid measured in constant dollars has dropped by 21 percent since the 1980–81 school year. While the maximum award under Pell grants covered 46 percent of the average cost of attending college in 1979, the maximum Pell grant award now covers only 26 percent of the average cost.

An equally dramatic change has occurred in the makeup of the student population. We now see higher concentrations of nontraditional students, such as diplaced workers, women returning to school, veterans seeking an education, and individuals seeking to change careers enrolling in colleges and universities. These students are generally older than the traditional college student, and due to career and family responsibilities, they are only able to attend school part time. Nonetheless, their financial aid needs are different from, but just as great as the needs of traditional students.

Mr. Chairman, this bill addresses the needs of the nontraditional student. In addition, it acknowledges the budgetary problems facing the Nation without being unfair to those who need financial assistance. For instance, the Guaranteed Student Loan Program will require a needs analysis for all student borrowers. This measure is expected to save some $500 million. In addition, authorizations for 1987 will be $1 billion below the current authorization. Perhaps most important to me is the fact that this bill will make it easier for the nontraditional student, especially those with children and families, to qualify for most financial aid programs.

I urge adoption of this bill and defeat of any amendment that would seek to reduce the Nation's commitment toward higher education. Money spent on education is the best investment in the future we can make.

Mrs. COLLINS. Mr. Chairman, I rise today in strong opposition to the Bartlett amendment. This ill-conceived amendment would strike this bill's title III provisions that strengthen programs for historically black colleges and universities, and would literally gut the fine bill that the Education and Labor Committee has carefully crafted over these many months.

The committee's thorough examination, which included testimony from 352 witnesses, clearly indicated that more, not less, must be done if we are to reverse the unconscionable trends facing this Nation's historically black colleges and universities.

These are trends of declining Federal support to these institutions, despite their increasing needs, and despite their impressive contribution. These are trends that demand that we reject, soundly reject, the Bartlett amendment.

The choice is clear. Support this Bartlett amendment and turn your back on 100 years of the fiscal isolation of this Nation's historically black colleges and universities. Or oppose this callous amendment, and give new life to these institutions, and their all important mission of racial equality, harmony, and justice.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from Texas [Mr. BARTLETT].

The question was taken; and the Chairman pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. BARTLETT. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

ANNOUNCEMENT BY THE CHAIRMAN PRO TEMPORE

The CHAIRMAN pro tempore (during the vote). May the Chair have the attention of the Members.

Although Members' votes are not being displayed, they are being recorded, and Members should still record their votes by electronic device and also verify their votes either with the individual voting machines or at the screen displays on the floor. But the voting machine is working, although the display is not visible.

There are approximately 5 minutes left on this rollcall vote, and Members should verify their votes at the individual voting machines or at the screens on the floor.

The vote was taken by electronic device, and there were—ayes 127, noes 289, not voting 18, as follows:

[Roll No. 428]

AYES—127

Archer	Grotberg	Oxley
Armey	Hall, Ralph	Packard
Badham	Hansen	Parris
Bartlett	Hartnett	Pashayan
Barton	Hiler	Porter
Bateman	Hillis	Ray
Bennett	Hopkins	Ritter
Bentley	Hubbard	Roberts
Bilirakis	Huckaby	Roemer
Bliley	Hunter	Rogers
Boulter	Hutto	Rudd
Broyhill	Hyde	Schuette
Burton (IN)	Ireland	Schulze
Byron	Kasich	Sensenbrenner
Callahan	Kemp	Shaw
Carney	Kindness	Shumway
Chappie	Kolbe	Shuster
Cheney	Kramer	Slaughter
Coats	Lagomarsino	Smith, Denny (OR)
Cobey	Latta	Smith, Robert (NH)
Coble	Leath (TX)	Smith, Robert (OR)
Combest	Lent	Snyder
Craig	Lewis (FL)	Solomon
Crane	Lightfoot	Spence
Daniel	Livingston	Stenholm
Dannemeyer	Loeffler	Strang
Darden	Lott	Stump
Daub	Lowery (CA)	Sundquist
DeLay	Lujan	Sweeney
DeWine	Lungren	Swindall
Dickinson	Mack	Tauke
DioGuardi	Marlenee	Taylor
Dornan (CA)	Martin (IL)	Vander Jagt
Dreier	McCain	Vucanovich
Eckert (NY)	McCandless	Walker
Edwards (OK)	McCollum	Weber
English	Mica	Whitehurst
Fiedler	Michel	Whittaker
Fields	Miller (WA)	Zschau
Franklin	Molinari	
Frenzel	Montgomery	
Gibbons	Moore	
Gradison	Moorhead	
Gregg	Nielson	

NOES—289

Ackerman	Boxer	Davis
Akaka	Breaux	de la Garza
Alexander	Brooks	Dellums
Anderson	Broomfield	Derrick
Andrews	Brown (CA)	Dicks
Annunzio	Brown (CO)	Dingell
Anthony	Bruce	Dixon
Applegate	Bryant	Donnelly
Aspin	Burton (CA)	Dorgan (ND)
Atkins	Bustamante	Dowdy
AuCoin	Campbell	Downey
Barnard	Carper	Duncan
Barnes	Chandler	Durbin
Bates	Chapman	Dwyer
Bedell	Chappell	Dymally
Bellenson	Clay	Dyson
Bereuter	Coelho	Early
Berman	Coleman (MO)	Eckart (OH)
Bevill	Coleman (TX)	Edgar
Biaggi	Collins	Edwards (CA)
Boehlert	Conte	Emerson
Boggs	Conyers	Erdreich
Boland	Cooper	Evans (IA)
Boner (TN)	Coughlin	Evans (IL)
Bonior (MI)	Courter	Fascell
Bosco	Coyne	Fawell
Boucher	Crockett	Fazio

Feighan	Lowry (WA)	Sabo
Fish	Luken	Savage
Flippo	Lundine	Saxton
Florio	MacKay	Schaefer
Foglietta	Madigan	Scheuer
Foley	Manton	Schneider
Ford (MI)	Markey	Schroeder
Ford (TN)	Martin (NY)	Schumer
Fowler	Martinez	Seiberling
Frank	Matsui	Sharp
Frost	Mavroules	Shelby
Fuqua	Mazzoli	Sikorski
Gallo	McCloskey	Sisisky
Garcia	McCurdy	Skeen
Gaydos	McDade	Skelton
Gejdenson	McEwen	Slattery
Gekas	McGrath	Smith (FL)
Gephardt	McHugh	Smith (IA)
Gilman	McKernan	Smith (NE)
Gingrich	McMillan	Smith (NJ)
Glickman	Meyers	Snowe
Gonzalez	Mikulski	Solarz
Goodling	Miller (CA)	Spratt
Gordon	Mineta	St Germain
Gray (IL)	Mitchell	Staggers
Gray (PA)	Moakley	Stallings
Green	Mollohan	Stangeland
Guarini	Monson	Stark
Gunderson	Moody	Stokes
Hall (OH)	Morrison (CT)	Stratton
Hamilton	Morrison (WA)	Studds
Hammerschmidt	Mrazek	Swift
Hatcher	Murphy	Synar
Hawkins	Murtha	Tallon
Hayes	Myers	Tauzin
Hefner	Natcher	Thomas (CA)
Hendon	Neal	Thomas (GA)
Henry	Nichols	Torres
Hertel	Nowak	Torricelli
Holt	O'Brien	Towns
Horton	Oberstar	Traficant
Howard	Obey	Traxler
Hoyer	Olin	Udall
Hughes	Ortiz	Valentine
Jacobs	Owens	Vento
Jeffords	Panetta	Visclosky
Jenkins	Pease	Volkmer
Johnson	Penny	Walgren
Jones (NC)	Pepper	Watkins
Jones (OK)	Perkins	Waxman
Jones (TN)	Petri	Weaver
Kanjorski	Pickle	Weiss
Kaptur	Pursell	Wheat
Kastenmeier	Quillen	Whitley
Kennelly	Rahall	Whitten
Kildee	Rangel	Wirth
Kleczka	Regula	Wise
Kolter	Reid	Wolf
Kostmayer	Ridge	Wolpe
LaFalce	Rinaldo	Wortley
Lantos	Robinson	Wright
Leach (IA)	Rodino	Wyden
Lehman (CA)	Roe	Wylie
Lehman (FL)	Rose	Yates
Leland	Rostenkowski	Yatron
Levin (MI)	Roukema	Young (AK)
Levine (CA)	Rowland (CT)	Young (FL)
Lipinski	Rowland (GA)	Young (MO)
Lloyd	Roybal	
Long	Russo	

NOT VOTING—18

Addabbo	Heftel	Price
Bonker	Lewis (CA)	Richardson
Borski	McKinney	Roth
Carr	Miller (OH)	Siljander
Clinger	Nelson	Williams
Daschle	Oakar	Wilson

□ 1805

The Clerk announced the following pair:

On this vote:

Mr. Roth for, with Mr. McKinney against.

Mr. RALPH M. HALL changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

The CHAIRMAN pro tempore. The question is on the committee amendment in the nature of a substitute, as amended.

The committee amendment in the nature of a substitute, as amended, was agreed to.

Mr. DORGAN of North Dakota. Mr. Chairman, I rise today to commend my colleagues on the Education and Labor Committee for their work on the Higher Education Amendments Act of 1985, H.R. 3700. In the face of every increasing Federal deficits and escalating education costs, it is crucial we address both of these concerns. While reducing the deficit is certainly a priority, there is nothing more important to our national security than education. I believe H.R. 3700 successfully reconciles these two important issues. H.R. 3700 not only reauthorizes, and in many instances expands, existing Federal assistance to higher education, but it is cost effective as well.

By increasing funding for the Pell grant, SEOG, the College Work Study Program, the Guaranteed Student Loan Program, and others, the Congress will ensure that all Americans have access to the higher education opportunity of their choice.

These increases, however, do not necessarily have to add to the Federal deficit. Years ago, in my home State of North Dakota, the major lending institution for the Guaranteed Student Loan Program implemented a number of provisions in an effort to reduce the default rate on student loans. I am proud to bring to the attention of my colleagues that many of these provisions are included in the bill. For example, the bank of North Dakota has made its loan checks payable to the student in care of the educational institution and they have disbursed loans larger than $1,000 to students in more than one installment. Together with more stringent loan collection procedures, the increased cost of the student loan program can be offset by these methods and others.

In addition to providing funding for students, this bill contains a provision of special importance to farm families who are suffering from a faltering farm economy while trying to send their children to college. I was pleased to have the opportunity to submit testimony before the Postsecondary Education Subcommittee to prevent the inclusion in family income of any proceeds from a voluntary or involuntary foreclosure, forfeiture, liquidation, or bankruptcy of any farm or business assets.

Farm families who are experiencing financial difficulties face even greater financial burdens when their children seek to pursue their education beyond high school. The Pell grant, often described as the foundation of financial aid, is the most likely source of aid for these families. Under current law, the Pell Grant Program is denying eligibility for students from farm families because, often as a result of their financial troubles they have been forced to sell property and assets, thus realizing a capital gain. It is at this juncture that farm families are in effect penalized. The Pell grant program considers proceeds from these sales as income, this placing the family out of the range of eligibility for a Pell grant. However, farmers are often unable to use this "income" for anything but to repay their debts.

The provision in H.R. 3700 which excludes income from foreclosure, forfeiture, liquidation or bankruptcy from the calculation of family assets will enable many students to receive the aid they need to continue their education.

Similarly, it is my hope that the imposition of a needs test to qualify for the guaranteed student loan will not prove discriminatory toward the family farmer who has assets but is cash poor. The asset protection measures in the bill should prevent the need to "cannibalize" the family's income producing assets in order to finance a student's education. However, I will be watching this new aspect of the Student Loan Program to be sure that students from farm families are not negatively affected.

Again, I wish to compliment my colleagues on this bill; it demonstrates that with careful consideration Federal assistance programs can be effective and cost efficient.

Mr. BRUCE. Mr. Chairman, I rise today in support of H.R. 3700, the Higher Education Amendments of 1985. As a member of the Education and Labor's Postsecondary Education Subcommittee, I know the time and diligence that was devoted to drafting this bill. At the outset I would also like to commend the chairman of the subcommittee for his insight and knowledge of higher education and for his guidance in bringing this bill to the floor today.

Over 150 years ago, Thomas Jefferson wrote "Enlighten the people generally, and tyranny and oppression of the body and mind will vanish like evil spirits in the dawn of a new day." Thomas Jefferson set forth a dream of a system of education that would be available to all people. Making that dream a reality has been the business of many Presidents that followed, both Democrat and Republican.

The legislation we are considering today follows that tradition, addressing the goal of equal educational opportunity in many ways. The bill also has been crafted to respond to the reality of the mid-1980's, when soaring deficits dominate our legislative deliberations. I am pleased to state that we have produced a bill that will meet not only our goals of equal opportunity, but is sensibly drafted to correct old problems, streamline administration, and provide cost savings that are vital to all of us. The Congressional Budget Office estimates the bill will result in $1.3 billion less in authorizations for fiscal 1987 than in the current fiscal year.

The district which I represent, the 19th Congressional District of Illinois, is rich in educational opportunities. My district is home to two universities and seven community colleges where more than 20,000 students receive some form of Federal student aid. Over 6,000 students and their families who live in the district benefit from the Guaranteed Student Loan Program alone, leveraging over $15 million in private cap-

ital to finance our children's higher education.

Overall, H.R. 3700 reauthorizes and revises programs under the Higher Education Act, proposes new initiatives in important areas, repeals a number of unfunded programs, and deletes obsolete provisions in the act. To highlight just a few of the bill's provisions, H.R. 3700 will provide a better way to allocate scarce resources to our college libraries; address teacher recruitment and shortage problems by providing programs for teacher training and development; create a new loan insurance program to increase the capital available for academic facilities; and increase the amount of fellowship aid available to graduate students.

Mr. Chairman, there are, however, two parts of this bill that I would like to bring to the attention of my colleagues: Student aid and a new program to link the resources of our colleges with community efforts for economic development and productivity.

As many know, Federal student aid programs are truly the heart of this bill. Programs such as Guaranteed Student Loans [GSL], Pell grants, College Work Study and others represent almost 90 percent of the authorization provided in H.R. 3700. Student aid is big business in Washington and at home. This year throughout the country, $13.7 billion of Federal and private funds will be available through Federal student aid programs. In my State, the Illinois State Scholarship Commission guarantees $433 million in student loans to 180,000 students and parents working through 1,200 individual banks and other lending institutions around the State.

The bill we are considering today seeks to advance the dual goal of providing access and choice through student assistance by several types of improvements in the balance and equity of these programs. The most consistent message received from the subcommittee's hearings was to note the erosion in the value of student aid generally, the disproportionate decline in the purchasing power of grant assistance and the dramatic increase in student borrowing. In constant dollars, the value of student aid has declined by 21 percent since 1981. Where the maximum Pell grants once covered 46 percent of the average cost of attendance in 1979, it now provides only 26 percent of the average cost of attendance. In short, while the value of all Federal student aid declined by one-fifth, the purchasing power of the primary Federal grant progam decreased by nearly one-half.

As the value of grants declined, students are increasing their borrowing in order to finance their education. What is particularly disturbing is that the lowest income students are being increasingly forced to borrow to pay for postsecondary education. Far from being a loan of convenience for families, the Guaranteed Student Loan has become the loan of necessity. Where past history knew a class of indentured servants, today we are at risk of producing a class of indentured students in bondage to their educational debts.

Mr. Chairman, I am particularly concerned about the impact of increased student loan indebtedness. It threatens to undermine equal opportunity since low-income and disadvantaged students, who lack familiarity with debt financing and credit arrangements, may choose to forgo a postsecondary education rather than pay for it with loans. This debt burden may also have an adverse impact on the willingness of qualified students to pursue graduate and professional education. It also may distort student choice of majors and careers when they are guided by the need to pay their educational debts.

H.R. 3700 seeks to address these concerns. Specifically, the bill increases the maximum Pell grant, supplemental educational opportunity grant and State student incentive grant awards. It also requires that students establish their eligibility or ineligibility for a Pell grant before borrowing through the student loan programs. Only modest increases in loan limits under the Guaranteed Student Loan Program are provided with increases for the 3d and 4th years of a student's education.

The bill reduces the costs of GSL's by $500 million through adopting provisions which would prevent defaults as well as increase the collection procedures on loans in default. I fully understand that the default rate for student loans compares very favorably with default rates on other consumer loans and that over 96 percent of all students receiving loans repay them. However, it is essential to the well-being of the program that every effort be made to maintain the fewest number of defaults possible. Among the cost-saving measures adopted by the committee were two proposals contained in a bill I introduced earlier this year, specifically to require the multiple disbursement of loans with the special allowance paid only on the amount disbursed and a copayment provision that will require that all checks be made payable to the student but sent to the institution. The committee also adopted another of my proposals that prohibits the guaranty agencies from denying a GSL to a student based upon the type of institution, length of course, or academic year in school.

In recognition of the changing student population in our Nation's colleges, the committee made several modifications to the student aid programs. These non-traditional students—the worker changing careers, the displaced homemaker, the veteran and the adult seeking career advancement—are already the majority at community colleges, and are rapidly becoming the majority of all postsecondary education students. The bill addresses their unique situations by allowing students attending school less than half time to be eligible for student financial aid except for GSL's. The bill also makes several changes that make it easier for non-traditional students, especially those with children, to attend schools and college.

Finally Mr. Chairman, H.R. 3700 includes a bill which I introduced earlier this year, the Higher Education and Economic Development Act of 1985. Now a part of this legislation, this program encourages cooperative relationships among colleges, business, local governments and others to work together on economic development activities. Through my own experience in Illinois, I have seen the benefits that can be derived from these types of activities. For example, in Olney, IL, the Illinois Eastern Community College System has put together an innovative program between local businesses and several counties to pursue avenues that would increase new business opportunities with foreign companies. In Charleston, Eastern Illinois University has recently become one of the major partners in a regional economic development council to diversify and bring new jobs and resources to the region. Mr. Chairman, I am convinced that effective economic development can be enhanced by the active participation of postsecondary education institutions, and through this program these types of efforts will be supported and encouraged. I would also note that we have found that these efforts are not only successful, but they are also extremely cost effective. Given the current economic climate, we must bring together the best minds in academia together with our best minds in the Nation's communities. Together they can improve local economies and by making local economies stronger the competitiveness and long-term vitality of the Nation will be strengthened.

In conclusion, Mr. Chairman, the legislation we are considering today is an investment of the best kind, an investment in the future of our young. This investment will pay off, perhaps, well beyond our lifetime. A number of national reports on education have alerted us to the fundamental importance of education to our national well-being. It is not too much to say that our progress and prosperity, indeed our very own security, depend upon the education our youth receive today. The programs represented in this legislation represent both an opportunity for millions of young men and women as well as a sound investment in a strong, healthy, and prosperous America. I urge my colleagues to join me today in supporting passage of H.R. 3700.

Mr. RUDD. Mr. Chairman, I rise to express my opposition to H.R. 3700, the Higher Education Amendments of 1985.

While I understand the importance of encouraging excellence in higher education, I object to funding provisions included in this bill.

Specifically, H.R. 3700 provides reduced funding levels for fiscal years 1986 and 1987. At the same time, however, it includes language to provide "such sums as may be necessary" to continue these programs through 1991.

In light of the tremendous budget deficits, our Government cannot afford to allow unspecified future spending levels.

I urge my colleagues to consider the importance of responsible spending habits. In order to balance the Federal budget, Congress will need to practice these habits in the future.

Mr. ECKART of Ohio. Mr. Chairman, since its enactment 20 years ago, the

Higher Education Act has been the mainstay of Federal commitment to postsecondary education. Through the basic tenets of "access" and "choice," this act provides every student with the opportunity to continue their education at the institution of their choosing. Though Congress has made many significant changes to the law over the years, these fundamental principles have always remained intact.

As the House considered H.R. 3700, we were faced with some of the greatest challenges in reauthorizing this act since President Johnson signed it in 1965. While on the one hand, the need for more aid has grown as tuitions are increasing, on the other we are faced with $200 billion deficits which must be reduced. During almost 6 months of work on this act, the Postsecondary Education Subcommittee and the full Education and Labor Committee worked hard to keep within the limits created by these deficits. H.R. 3700, which received the support of both majority and minority members of our committee, increases loan and grant limits to more properly reflect tuition costs, and succeeds in saving $1 billion from current authorization levels.

This legislation reflects the changing needs of our students. Overwhelming testimony was presented which indicated that a greater number of postsecondary students are older, have children, own homes and are seeking additional education to increase their ability to shift their careers in the event that they lose their jobs due to changing technologies and foreign competition. Title IV of the act, to which 90 percent of its funds are allocated for student aid and work programs, has been recrafted to provide this new cadre of students with the access and choice that their younger counterparts have always been afforded.

One particular group of the "new" student is the dislocated workers. Over the last decade, as many as 2 million of our Nation's workers have been permanently displaced from their jobs due to our changing economy. H.R. 3700 contains a provision, which I introduced earlier this year with Representative CLAUDINE SCHNEIDER, that eliminates many of the barriers these workers face when they seek to further their education. Under the eligibility requirements in current law, the dislocated worker would be unable to receive aid if they owned a home or, in some cases, collected unemployment benefits. Yet, these workers, because they have families dependent on them, cannot divest themselves of these assets in order to continue their education.

My provision, as included in this legislation, in the case of a dislocated worker as defined under title III of the Job Training Partnership Act, would not count home equity of the principal place of residence as an asset and does not include unemployment insurance as taxable income in determining their need for aid under this act.

This proposal is unique. It allows every workers, depending on their level of education and skills, to fashion an education and training program which meets their specific needs and abilities. By including this provision in the act, we are not creating any new programs, but expanding on one which has proven successful for decades. Finally, by supporting this language, the Congress will reaffirm its commitment to helping our dislocated workers reenter the job force and provide them with the ability to become a contributing member of our economy.

There are many other aspects of this bill which reflect congressional cognizance of the new demands which are being placed on the students and their institutions. For instance child care is provided for mothers returning to school. Grant moneys are provided to institutions to provide fellowships for graduate programs. A new economic development section has been added which would encourage local colleges and universities to help communities provide jobs and attract industry to many of the more depressed regions of the country.

A number of our colleagues, and the Reagan administration, are not happy with this bill. They believe that the $1 billion in savings we have achieved is not sufficient. Arguing that this bill does not properly address the growing need to reduce our deficits, they maintain that greater savings must be made. I reject these arguments as shortsighted. We have taken great pains to make this bill fiscally responsible. To cut programs even further will only jeopardize 20 years of our Government's pledge to help each American pursue an education worthy of their abilities. Our educational system in this Nation is one of our greatest assets. To reduce it even further will only prove to reduce our ability, as a country, to participate in an increasingly competitive international market. This act is an investment into our future. I urge support of this legislation and reject any amendments which reduce the effectiveness of this law and its commitment to our students.

The CHAIRMAN pro tempore. Under the rule, the Committee rises.

□ 1815

Accordingly, the Committee rose; and the Speaker pro tempore [Mr. WRIGHT], having assumed the chair, Mr. DURBIN, Chairman pro tempore of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3700) to amend and extend the Higher Education Act of 1965, pursuant to House Resolution 326, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment to the committee amendment in the nature of a substitute adopted by the Committee of the Whole? If not, the question is on the amendment.

The amendment was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. DANNEMEYER. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Members will be advised once again that if the electronic display is not registered it will be registered at the boxes in the Democratic and Republican sides at the committee tables and Members can verify the recording of their votes by putting their cards back into the voting machines a second time and verifying that the light is ignited.

The vote was taken by electronic device, and there were—ayes 350, noes 67, not voting 17, as follows:

[Roll No. 429]

AYES—350

Ackerman	Coelho	Frenzel
Akaka	Coleman (MO)	Frost
Alexander	Coleman (TX)	Fuqua
Anderson	Collins	Gallo
Andrews	Conte	Garcia
Annunzio	Conyers	Gaydos
Anthony	Cooper	Gejdenson
Applegate	Coughlin	Gephardt
Aspin	Courter	Gibbons
Atkins	Coyne	Gilman
AuCoin	Crockett	Gingrich
Barnard	Daniel	Glickman
Barnes	Darden	Gonzalez
Barton	Daub	Goodling
Bateman	Davis	Gordon
Bates	de la Garza	Gray (IL)
Bedell	Dellums	Gray (PA)
Beilenson	Derrick	Green
Bennett	Dickinson	Grotberg
Bentley	Dicks	Guarini
Bereuter	Dingell	Gunderson
Berman	DioGuardi	Hall (OH)
Bevill	Dixon	Hall, Ralph
Biaggi	Donnelly	Hamilton
Billirakis	Dorgan (ND)	Hammerschmidt
Boehlert	Dowdy	Hatcher
Boggs	Downey	Hawkins
Boland	Duncan	Hayes
Boner (TN)	Durbin	Hefner
Bonior (MI)	Dwyer	Hendon
Bosco	Dymally	Henry
Boucher	Dyson	Hertel
Boxer	Early	Hillis
Breaux	Eckart (OH)	Holt
Brooks	Edgar	Hopkins
Broomfield	Edwards (CA)	Horton
Brown (CA)	Emerson	Howard
Brown (CO)	Erdreich	Hoyer
Broyhill	Evans (IA)	Hubbard
Bruce	Evans (IL)	Huckaby
Bryant	Fascell	Hughes
Burton (CA)	Fawell	Hutto
Bustamante	Fazio	Hyde
Byron	Feighan	Ireland
Campbell	Fish	Jacobs
Carney	Flippo	Jeffords
Carper	Florio	Jenkins
Chandler	Foglietta	Johnson
Chapman	Foley	Jones (NC)
Chappell	Ford (MI)	Jones (OK)
Clay	Ford (TN)	Jones (TN)
Coats	Fowler	Kanjorski
Cobey	Frank	Kaptur
Coble	Franklin	Kasich

Kastenmeier	Murtha	Smith (FL)
Kemp	Myers	Smith (IA)
Kennelly	Natcher	Smith (NE)
Kildee	Neal	Smith (NJ)
Kleczka	Nichols	Snowe
Kolter	Nowak	Snyder
Kostmayer	O'Brien	Solarz
LaFalce	Oberstar	Spence
Lagomarsino	Obey	Spratt
Lantos	Olin	St Germain
Leach (IA)	Ortiz	Staggers
Leath (TX)	Owens	Stallings
Lehman (CA)	Panetta	Stangeland
Lehman (FL)	Parris	Stark
Leland	Pashayan	Stokes
Lent	Pease	Stratton
Levin (MI)	Penny	Studds
Levine (CA)	Pepper	Sundquist
Lewis (FL)	Perkins	Swift
Lightfoot	Petri	Synar
Lipinski	Pickle	Tallon
Livingston	Porter	Tauke
Lloyd	Pursell	Tauzin
Loeffler	Quillen	Taylor
Long	Rahall	Thomas (CA)
Lowery (CA)	Rangel	Thomas (GA)
Lowry (WA)	Ray	Torres
Lujan	Regula	Torricelli
Luken	Reid	Towns
Lundine	Ridge	Traficant
MacKay	Rinaldo	Traxler
Madigan	Robinson	Udall
Manton	Rodino	Valentine
Markey	Roe	Vander Jagt
Martin (NY)	Roemer	Vento
Martinez	Rogers	Visclosky
Matsui	Rose	Volkmer
Mavroules	Rostenkowski	Vucanovich
Mazzoli	Roukema	Walgren
McCain	Rowland (CT)	Watkins
McCloskey	Rowland (GA)	Waxman
McCurdy	Roybal	Weaver
McDade	Russo	Weiss
McGrath	Sabo	Wheat
McHugh	Savage	Whitehurst
McKernan	Saxton	Whitley
McMillan	Scheuer	Whittaker
Meyers	Schneider	Whitten
Mica	Schroeder	Wirth
Mikulski	Schuette	Wise
Miller (CA)	Schulze	Wolf
Mineta	Schumer	Wolpe
Mitchell	Seiberling	Wortley
Moakley	Sensenbrenner	Wright
Mollohan	Sharp	Wyden
Monson	Shaw	Wylie
Montgomery	Shelby	Yates
Moody	Sikorski	Yatron
Moore	Sisisky	Young (AK)
Morrison (CT)	Skeen	Young (FL)
Morrison (WA)	Skelton	Young (MO)
Mrazek	Slattery	Zschau
Murphy	Slaughter	

NOES—67

Archer	Gradison	Oxley
Armey	Gregg	Packard
Badham	Hansen	Ritter
Bartlett	Hartnett	Roberts
Bliley	Hiler	Rudd
Boulter	Hunter	Schaefer
Burton (IN)	Kindness	Shumway
Callahan	Kolbe	Shuster
Chappie	Kramer	Smith, Denny (OR)
Cheney	Latta	
Combest	Lewis (CA)	Smith, Robert (NH)
Craig	Lott	
Crane	Lungren	Smith, Robert (OR)
Dannemeyer	Mack	
DeLay	Marlenee	Solomon
DeWine	Martin (IL)	Stenholm
Dornan (CA)	McCandless	Strang
Dreier	McCollum	Stump
Eckert (NY)	McEwen	Sweeney
Edwards (OK)	Michel	Swindall
English	Miller (WA)	Walker
Fiedler	Molinari	Weber
Fields	Moorhead	
Gekas	Nielson	

NOT VOTING—17

Addabbo	Heftel	Richardson
Bonker	McKinney	Roth
Borski	Miller (OH)	Siljander
Carr	Nelson	Williams
Clinger	Oakar	Wilson
Daschle	Price	

□ 1830

Mr. RALPH M. HALL changed his vote from "no" to "aye."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

AUTHORIZING THE CLERK TO MAKE CORRECTIONS IN ENGROSSMENT OF H.R. 3700

Mr. FORD of Michigan. Mr. Speaker, I ask unanimous consent that in the engrossment of the bill, the Clerk be authorized to make corrections in section numbers, punctuation, and cross-references and to make such other technical and conforming changes as may be necessary to reflect the actions of the House in amendment the bill (H.R. 3700), the Higher Education Amendments of 1985.

The SPEAKER pro tempore (Mr. KANJORSKI). Is there objection to the request of the gentleman from Michigan?

There was no objection.

GENERAL LEAVE

Mr. FORD of Michigan. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and include extraneous matter, on H.R. 3700, the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 2817, SUPERFUND AMENDMENTS OF 1985

Mr. PEPPER, from the Committee on Rules, submitted a privileged report (Rept. No. 99-413) on the resolution (H. Res. 331) providing for the consideration of the bill (H.R. 2817) to amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, and for other purposes, which was referred to the House Calendar and ordered to be printed.

THE 18TH ANNUAL REPORT OF THE U.S.-JAPAN COOPERATIVE MEDICAL SCIENCE PROGRAM FOR CALENDAR YEAR 1984—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Energy and Commerce:

To the Congress of the United States:

In accordance with Section 5(h) of the International Health Research Act of 1960 (P.L. 86-610), I transmit herewith the Eighteenth Annual Report of the U.S.-Japan Cooperative Medical Science Program for Calendar Year 1984.

RONALD REAGAN.

THE WHITE HOUSE, *December 4, 1985.*

PERMISSION FOR COMMITTEE ON WAYS AND MEANS TO HAVE UNTIL MIDNIGHT, SATURDAY, DECEMBER 7, 1985, TO FILE REPORT ON H.R. 3838, TAX REFORM ACT OF 1985

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means have until midnight Saturday, December 7, 1985, to file a report on H.R. 3838, the Tax Reform Act of 1985.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

REQUEST FOR PERMISSION FOR MEMBER TO HAVE UNTIL MIDNIGHT FRIDAY, DECEMBER 6, 1985, TO SUBMIT FOR PRINTING AN AMENDMENT IN THE NATURE OF A SUBSTITUTE FOR H.R. 3838, TAX REFORM ACT OF 1985

Mr. ROSTENKOWSKI. Mr. Speaker, additionally, I further ask unanimous consent that the gentleman from Tennessee [Mr. DUNCAN] or his designee have until midnight, Friday, December 6, 1985, to submit for printing in the CONGRESSIONAL RECORD of that day an amendment in the nature of a substitute for all or portions of H.R. 3838.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

Mr. LOTT. Mr. Speaker, reserving the right to object, if I could inquire of the distinguished chairman and make sure we understand what is being asked for here in the unanimous consent request, the gentleman is requesting midnight filing of Friday of the Ways and Means Rostenkowski tax reform package; is that correct?

Mr. ROSTENKOWSKI. That has already been agreed to.

The request now concerns the Duncan substitute.

Mr. LOTT. This is for the substitute?

Mr. ROSTENKOWSKI. This is for the substitute.

Mr. LOTT. And it will also be midnight Friday, the filing on that?

Mr. ROSTENKOWSKI. Yes.

On the committee report, we have asked for midnight on Saturday. That is the entire committee report. For the substitute, it was openly agreed to in

the committee—Mr. DUNCAN said, "Fine"—with respect to the unanimous-consent request for the amendment in the nature of a substitute for all portions of H.R. 3838 be printed in the RECORD.

Mr. LOTT. I have one further inquiry.

This would be for a Republican substitute, not a specific substitute?

Mr. ROSTENKOWSKI. For the Republican substitute that was laid before the Committee on Ways and Means on yesterday.

Mr. LOTT. Well, that is why I was asking the question. I was under the impression that we would have our bill, the Republican substitute, that would have to be in the RECORD by midnight, Friday, but not a specific substitute.

Mr. ROSTENKOWSKI. In a discussion yesterday with all Members of the minority there, it was agreed that the amendment laid before the Ways and Means Committee was going to be the amendment that was going to be drafted and placed in the RECORD.

Mr. LOTT. At this point, Mr. Speaker, since I was not expecting this unanimous-consent request and I have not had a chance to discuss it with our leader or with the Ways and Means Members, I would respectfully object at this point, or ask that the gentleman withhold that unanimous-consent request momentarily, if he would, so that we can at least check with our leadership so that we understand exactly what has been requested.

I thank the Chairman very much.

The SPEAKER pro tempore. The request is withdrawn.

□ 1845

GENERAL LEAVE

Mr. SLATTERY. Mr. Speaker, I ask unanimous consent that all Members be permitted 5 legislative days in which to extend their remarks and to include therein extraneous material on the joint resolution, House Joint Resolution 465, which passed the House today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Kansas?

There was no objection.

□ 1855

REQUEST FOR PERMISSION FOR MEMBER TO HAVE UNTIL MIDNIGHT FRIDAY, DECEMBER 6, 1985, TO SUBMIT FOR PRINTING AN AMENDMENT IN THE NATURE OF A SUBSTITUTE FOR H.R. 3838, THE TAX REFORM ACT OF 1985

Mr. ROSTENKOWSKI. Mr. Speaker, I ask unanimous consent that the gentleman from Tennessee [Mr. DUNCAN] or his designee have until midnight Friday, December 6, 1985, to submit for printing in the CONGRESSIONAL RECORD of that day an amendment in the nature of a substitute for all or portions of H.R. 3838, the Tax Reform Act of 1985.

The SPEAKER pro tempore (Mr. STALLINGS). Is there objection to the request of the gentleman from Illinois?

Mr. LOTT. Mr. Speaker, I have to object at this point.

The SPEAKER pro tempore. Objection is heard.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. NELSON] is recognized for 5 minutes.

Mr. NELSON of Florida. Mr. Speaker, due to official business, I was unable to be present and voting for roll No. 422 on December 3, 1985. Had I been present, I would have voted "aye" on the motion to approve the Journal.

COMMUNICATION FROM CHAIRMAN OF COMMITTEE ON THE BUDGET REGARDING CURRENT LEVEL OF SPENDING AND REVENUES FOR FISCAL YEAR 1986

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from South Carolina [Mr. DERRICK] is recognized for 5 minutes.

Mr. DERRICK. Mr. Speaker, on behalf of Chairman William H. Gray III, pursuant to the procedures of the Committee on the Budget and section 311(b) of the Congressional Budget Act of 1974, I am submitting the official letter to the Speaker advising his of the current level of spending and revenues for fiscal year 1986. Since my last report, Congress has cleared for the President's signature S. 1851, Agriculture extension; H.R. 1714, NASA authorization for fiscal year 1986; and H.R. 3327, military construction appropriation bill.

The current level is used to compare enacted spending after the start of a fiscal year with the aggregate ceiling on budget authority, outlays, and revenues established in a second budget resolution and enforced by point of order pursuant to section 311(a) of the act. The term current level refers to the estimated amount of budget authority, outlays, entitlement authority, and revenues that are available—or will be used—for the full fiscal year in question based only on enacted law.

As with last year, the procedural situation with regard to the spending ceiling is affected this year by section 3(b) of Senate Concurrent Resolution 32. Enforcement against possible breaches of the spending ceiling under section 311(a) of the Budget Act will not apply where a measure would not cause a committee to exceed it's "appropriate allocate" made pursuant to section 302(a) of the Budget Act. In the House, the appropriate 302(a) allocation includes "new discretionary budget authority" and "new entitlement authority" only. It should be noted that under this procedure neither the total level of outlays nor a committee's outlay allocation is considered. This exception is only provided because an automatic budget resolution is in effect and will cease to apply if Congress revises the budget resolution for fiscal year 1986.

The intent of the section 302(a) "discretionary budget authority" and "new entitlement authority" subceiling provided by section 3(b) of the resolution is to protect a committee that has stayed within its own spending allocation—discretionary budget authority and new entitlement authority—from points of order if the total spending ceiling has been breached for reasons outside of its control. The 302(a) allocations to House committees made pursuant to the conference report on Senate Concurrent Resolution 32 were printed in the CONGRESSIONAL RECORD, September 5, 1985, H. 7290.

As chairman of the Budget Process Task Force, and on behalf of Chairman GRAY, I intend to keep the House informed regularly on the status of current level.

COMMITTEE ON THE BUDGET,
Washington, DC, December 4, 1985.

Hon. THOMAS P. O'NEILL, Jr.,
Speaker, House of Representatives, Washington, DC.

DEAR MR. SPEAKER: On January 30, 1976, the Committee on the Budget outlined the procedure which it had adopted in connection with its responsibilities under Section 311 of the Congressional Budget Act of 1974 to provide estimates of the current level of revenues and spending.

Pursuant to Committee Rule 10, I am herewith transmitting the status report under S. Con. Res. 32, the First Concurrent Resolution on the Budget for Fiscal Year 1986. This report reflects the adopted budget resolution of August 1, 1985, and the current CBO estimates of budget authority, outlays, and revenues.

As with last year, the procedural situation with regard to the spending ceiling is affected this year by Section 3(b) of S. Con. Res. 32. Enforcement against possible breaches of the spending ceiling under Section 311(a) of the Budget Act will not apply where a measure would not cause a committee to exceed its "appropriate allocation" made pursuant to Section 302(a) of the Budget Act. In the House, the appropriate 302(a) allocation includes "new discretionary budget authority" and "new entitlement authority" only. It should be noted that under this procedure neither the total level of outlays nor a committee's outlay allocation is considered. This exception is only provided because an automatic budget resolution is in effect and will cease to apply if Congress revises the budget resolution for fiscal year 1986.

The intent of the Section 302(a) "discretionary budget authority" and "new entitlement authority" subceiling provided by Section 3(b) of the resolution is to protect a committee that has stayed within its spending allocation—discretionary budget authority and new entitlement authority—from points of order if the total spending ceiling has been breached for reasons outside of its control. The 302(a) allocations to House committees made pursuant to the conference report on S. Con. Res. 32 were printed

in the *Congressional Record*, September 5, 1985, H. 7290.

The enclosed tables compare enacted legislation to each committee's 302(a) allocation of discretionary budget authority and of new entitlement authority.

Sincerely,

WILLIAM H. GRAY III,
Chairman.

Enclosures.

REPORT TO THE SPEAKER OF THE U.S. HOUSE OF REPRESENTATIVES FROM THE COMMITTEE ON THE BUDGET ON THE STATUS OF THE FISCAL YEAR 1986 CONGRESSIONAL BUDGET ADOPTED IN S. CON. RES. 32

REFLECTING COMPLETED ACTION AS OF NOV. 29, 1985

[In millions of dollars]

	Budget authority	Outlays	Revenues
Appropriate level	1,069,700	967,600	795,700
Current level	1,069,678	983,386	793,035
Amount under ceilings	22		
Amount over ceilings		15,786	
Amount under floor			2,665

BUDGET AUTHORITY

Any measure providing budget or entitlement authority which is not included in the current level estimate and that exceeds $22 million for fiscal year 1986, if adopted and enacted, would cause the appropriate level of budget authority for that year as set forth in S. Con. Res. 32 to be exceeded.

OUTLAYS

Any measure providing budget or entitlement authority which is not included in the current level estimate in outlays for fiscal year 1986, if adopted and enacted, would cause the appropriate level of outlays for that year as set forth in S. Con Res. 32 to be exceeded.

REVENUES

Any measure that would result in a revenue loss for fiscal year 1986, if adopted and enacted, would cause revenues to be less than the appropriate level for that year as set forth in S. Con. Res. 32.

Fiscal year 1986 budget authority—comparison of current level and budget resolution allocation by committee

[In millions of dollars]

	Budget authority [1]
House committee:	
Total current level	−22
Appropriations Committee:	
Discretionary	(−14,541)
Authorizing committee—Discretionary action:	
Agriculture	(+1,230)
Armed Services	(+280)
Banking, Finance, and Urban Affairs	(+2,067)
District of Columbia	(.....)
Education and Labor	(.....)
Energy and Commerce	(+14)
Foreign Affairs	(+75)
Government Operations	(.....)
House Administration	(.....)
Interior and Insular Affairs	(+3,827)
Judiciary	(.....)
Merchant Marine and Fisheries	(+100)
Post Office and Civil Service	(.....)
Public Works and Transportation	(.....)
Science and Technology	(.....)
Small Business	(+216)
Veterans' Affairs	(.....)
Budget	
Ways and Means	(+1,232)

[1] Committees are over (+) or under (−) their 302(a) allocation.

CURRENT LEVEL NEW ENTITLEMENT AUTHORITY [NEA]

Committee	NEA target	Enacted NEA
Agriculture	−1,250	−20
Armed Services	−100	+1,781
Education and Labor	−339	
Energy and Commerce	−80	
Interior and Insular Affairs	+307	
Post Office and Civil Service	−145	
Veterans' Affairs	+45	
Ways and Means	−2,454	−391
Total	−4,016	+1,370

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, December 2, 1985.

Hon. WILLIAM H. GRAY III,
Chairman, Committee on the Budget, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: Pursuant to section 308(b) and in aid of section 311(b) of the Congressional Budget Act, this letter and supporting detail provide an up-to-date tabulation of the current levels of new budget authority, estimated outlays and estimated revenues in comparison with the appropriate levels for those items contained in the most recently agreed to concurrent resolution on the 1986 budget (S. Con. Res. 32). This report for fiscal year 1986 is tabulated as of close of business November 29, 1985, and is based on assumptions and estimates consistent with S. Con. Res. 32. A summary of this tabulation is as follows:

[In millions of dollars]

	Budget authority	Outlays	Revenues
Current level	1,069,678	983,386	793,035
1985 budget resolution, S. Con. Res. 32	1,069,700	967,600	795,700
Current level is:			
Over resolution by		15,786	
Under resolution by	22		2,665

Since my last report the Congress has cleared for the President's signature the Agriculture Extension (P.L. 99-157), the NASA Authorization for 1986 (H.R. 1714), and the Military Construction Appropriations, 1986 (H.R. 3327), changing budget authority and outlays estimates.

With best wishes,

Sincerely,

JAMES BLUM
(For Rudolph G. Penner).

PARLIAMENTARIAN STATUS REPORT—HOUSE SUPPORTING DETAIL, FISCAL YEAR 1986 AS OF CLOSE OF BUSINESS NOV. 29, 1985

[In millions of dollars]

	Budget authority	Outlays	Revenues
I. Enacted in previous sessions:			
Revenues			792,700
Permanent appropriations and trust funds.	708,221	631,009	
Other appropriations		185,348	
Offsetting receipts	−162,006	−162,006	
Total, enacted in previous sessions.	546,214	654,351	792,700
II. Enacted this session:			
Famine relief and recovery in Africa (Public Law 99-10).		421	
Federal supplemental compensation phaseout (Public Law 99-15).			10

PARLIAMENTARIAN STATUS REPORT—HOUSE SUPPORTING DETAIL, FISCAL YEAR 1986 AS OF CLOSE OF BUSINESS NOV. 29, 1985—Continued

[In millions of dollars]

	Budget authority	Outlays	Revenues
Appropriations for the MX missile (Public Law 99-18).		368	
Contemporaneous record-keeping repeal bill (Public Law 99-44).			13
United States-Israel Free Trade Act (Public Law 99-47).			−8
Statue of Liberty-Ellis Island Coin Act (Public Law 99-61).	−15	31	
International Security and Development Cooperation Act (Public Law 99-83).	−25	−25	
Supplemental appropriations bill (Public Law 99-88).	36	3,138	
State Department authorization (Public Law 99-93).			2
Emergency Extension Act of 1985 (Public Law 99-107).	−49	−230	210
Simplification of imputed interest rules (Public Law 99-121).			−31
Health professions educational assistance (Public Law 99-129).		−8	
Amendments—Special defense acquisition fund (Public Law 99-139).	100		
Energy and water appropriations, 1986 (Public Law 99-141).	15,252	8,245	
Department of Defense Authorization Act, 1986 (Public Law 99-145).	280	−5	
Legislative branch appropriations, 1986 (Public Law 99-151).	1,599	1,385	
Temporary debt limit increase (Public Law 99-155).	−34	−156	140
Agriculture extension, tobacco provisions (Public Law 99-157).	−20	−20	
HUD-independent agencies appropriations, 1986 (Public Law 99-160).	56,909	36,247	
Offsetting receipts	−4,185	−4,185	
Total, enacted this session.	69,848	45,205	335
III. Continuing resolution authority:			
Continuing appropriations, 1986 (Public Law 99-154).	464,332	301,310	
Offsetting receipts	−23,808	−23,808	
Total, continuing resolution authority.	440,524	277,502	
IV. Conference agreements ratified by both Houses:			
NASA authorization for 1986 (H.R. 1714).		107	
Military construction appropriations, 1986 (H.R. 3327).	8,498	2,151	
Total, conference agreements.	8,498	2,258	
V. Entitlement authority and other mandatory items requiring further appropriation action:			
Payment to the CIA retirement fund.	10	10	
Claims, defense	7	3	
Payment to the foreign service retirement trust fund [1].	(7)	(7)	
Range improvements	1		
BLM: Miscellaneous trust fund.	(2)		
Payment to air carriers, DOT.	18	17	
Retired pay—Coast Guard	21	19	
Maritime, operating-differential subsidies.		3	
BIA: Miscellaneous trust funds.	(2)	(2)	
Higher education facilities loans and insurance.	4		
Retirement pay for PHS officers.	12	6	
Medicaid	1,617	1,285	

PARLIAMENTARIAN STATUS REPORT—HOUSE SUPPORTING DETAIL, FISCAL YEAR 1986 AS OF CLOSE OF BUSINESS NOV. 29, 1985—Continued

[In millions of dollars]

	Budget authority	Outlays	Revenues
Payment to health care trust funds [1].	(1,011)	(1,011)	.....
Child nutrition programs	254	234	.....
Advances to unemployment trust fund [1].	(516)	(516)	.....
Special benefits (general retirement and Federal employee retirement).	48	48	.....
Black lung disability trust fund.	85	85	.....
Assistance payments	573	573	.....
Rehabilitation services	52	.....	.....
Veterans readjustment benefits.	180	137	.....
Veterans pensions	10	.....	.....
Salaries of judges	3	1	.....
Payment to civil service retirement [1].	(214)	(214)	.....
National wildlife refuge fund.	(2)	(2)	.....
Defense pay raise—Military	1,699	1,649	.....
Total, entitlements	4,594	4,071	.....
Total, current level as of Nov. 29, 1985.	1,069,678	983,386	793,035
1986 budget resolution (S. Con. Res. 32).	1,069,700	967,600	795,700
Current level is:			
Over budget resolution.	.....	15,786	.....
Under budget resolution.	22	.....	2,665

[1] Interfund transactions do not add to budget totals.
[2] Less than $500,000.

Note.—Numbers may not add due to rounding.

SHORTAGES OF ROSTENKOWSKI TAX PACKAGE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Georgia [Mr. GINGRICH] is recognized for 60 minutes.

Mr. GINGRICH. Mr. Speaker, I am going to talk this evening about the upcoming vote on taxes and the fact that the Rostenkowski tax package clearly deserves to be defeated because in the short run it will lead to a recession in 1986, and in the long run it will kill jobs in America, weaken our ability to compete with foreign countries and increase foreign imports.

Let me explain why I feel this is true.

First of all, it has already been announced in the other body that even if we were to pass tax reform in December, that it would be at least June before the other body would pass a tax bill.

The way the Rostenkowski bill is written, it sets dates in 1985 for changes in tax law. That means if you are a businessman and you are trying to decide to build a new factory, to buy new material, to improve the machinery your workers are using to try to upgrade your productivity to compete with Japan or Korea, you clearly end up in a situation in which you have no idea what taxes you will be paying or what you should do.

I think every Member of this body should recognize that a vote for the Rostenkowski tax bill in its current form is a vote for a recession in 1986, a vote to slow down the economy and a vote to put Americans out of work.

In addition, and I will continue in some detail on this, the way the Rostenkowski tax bill is structured, it virtually guarantees the collapse of heavy industry in America over the next 5 or 10 years. It virtually guarantees that if you are in a steel plant in Pennsylvania, you are going to be unemployed; if you are in an automobile plant in Michigan, you are going to be unemployed; if you are building farm machinery in Iowa, you are going to be unemployed; that anyone who is working in a factory that involves any kind of capital investment is less likely to have a job 5 years from now, and foreign imports are more likely to put Americans out of work.

Mr. Speaker, I would be happy to yield to my friend, the gentleman from Indiana (Mr. BURTON).

Mr. BURTON of Indiana. Mr. Speaker, I appreciate the gentleman yielding to me.

I just want to verify what the gentleman said by reading briefly a letter from one of my constituents. In fact, it is a major corporation in Indianapolis, IN, that employs people all across this country, and this letter verifies exactly what the gentleman from Georgia just said.

The letter reads as follows:

FORUM GROUP, INC.,
December 2, 1985.

Hon. DAN BURTON,
U.S. House of Representatives, Keystone Crossing, Indianapolis, IN.

DEAR MR. BURTON: We have read summaries of the proposed tax-reform law handed down by the Ways and Means Committee and find it to be so anti-business we are writing to urge you to work diligently to defeat the bill in the House.

As you know, we have been active in many different facets of business for over 35 years and presently control entities in many different industries. Specifically we have 124 businesses with facilities in 21 states. Our companies do business in every state and over 100 foreign countries, exporting far more than they import.

Last year we paid taxes of over $21,000,000 at an effective tax rate of just over 35%. We do not own the type of low taxpaying corporations which can be attacked as not paying their fair share.

Yet, when we analyze the specifics of the new tax bill, our businesses will suffer substantially from the proposed changes.

Our facilities construction programs would be severely impacted by the new rules on Investment Tax Credits, and the substantially less favorable depreciation schedules, since both changes will reduce our ability to raise capital, and will increase the cost of new capital. And, our ability to finance new projects will be significantly impaired as a result of the proposed changes for limited partnerships. Such partnerships are apparently somehow seen as evil, since they aid individuals in reducing their personal taxes. Congress needs to focus on the business side as well. Limited partnerships permit many projects to be built which would otherwise not be completed. Developers pay large taxes on the gains they realize from these projects.

We presently have $400,000,000 of new projects on the drawing board. As of today, we have placed all these projects on indefinite hold. We cannot economically justify them with the much higher capital costs that would result from enactment of the proposed tax bill. The projects would have employed over 10,000 workers and generated large tax revenues for the Federal Government.

We have no quarrel with changes in the tax code designed to correct inequities. We've adjusted to one change after another since 1950. We specifically support a tougher *minimum* tax on corporations.

But, tax reform which has as its basic purpose income redistribution, and which is so blatantly anti-business, will cause far greater damage to the economy than the benefits it will bestow on individual taxpayers.

The White House economists have consistently pointed out that the proposed bill will substantially raise the cost of capital for business. That means slower growth for the economy, fewer jobs and higher prices. That is a terribly high price for the nation to pay for the modest benefits individuals would gain.

In our opinion, any congressman who votes to support this bill deserves to carry forever the label Anti-Business.

We hope that you and your colleagues will give this bill a quick burial.

Very truly yours,

J. FRED RISK,
Chairman.

O.U. MUTZ,
President.

This is from the Forum Group, Inc., J. Fred Risk, chairman, and O.U. Mutz, president. I think this says it all.

I really appreciate the gentleman from Georgia for giving this time to read this statement in the RECORD, and I am in support of everything the gentleman has said.

Mr. GINGRICH. Let me just also pick up on what the gentleman from Indiana said, and make I guess one translation.

In the liberal welfare state, people talk about business as though it was some strange entity that you could reach out and pluck and you could do anything you wanted to, to it. Then under Jimmy Carter, Americans began to be laid off. They began to find that there were not any jobs. They began to find that industries were collapsing. They began to find that young people could not find work and that people in their forties and fifties were having the factory they worked in for 20 and 25 years go broke.

And finally, when President Reagan came into office, we began to adopt rules that are not probusiness, they are projobs. They are not probusiness, they are pro-American competition.

When our friends on the left say, "Well, let's soak business," what are they really saying?

The record is, and we saw it in the late seventies and early eighties, that when you raise the taxes on building new machinery, building new facto-

ries, buying new technology and creating new productivity, you guarantee unemployment in America, you increase imports.

This Rostenkowski tax bill could easily be called the proimport tax bill. This bill guarantees the Japanese and Korean and Taiwanese and Hong Kong factories are going to be more modern than American factories. It guarantees that we are going to be less able to compete in the world market, and it increases dramatically the burden the American worker is going to have to carry.

There is no lower rate on taxes if you are unemployed. If you have not got a job and you have not got a paycheck, it does not help you to know that the guy down the street is paying a lower rate.

And if you live in a place like Ohio or Pennsylvania or western New York or Michigan or Illinois, where you have heavy industry, and you have to worry about that heavy industry modernizing and becoming more productive, this bill, the Rostenkowski bill, I think spells the death of your job.

Mr. Speaker, I would be happy to yield to my colleague from New York.

Mr. DIOGUARDI. Mr. Speaker, I thank the gentleman.

I share the gentleman's concern. One of the things that comes to mind is several weeks ago we saw in, I believe, the New York Times the fact that personal savings in this country dropped below 3 percent. It seems to me that before that drop, a country like Japan, which has been very successful in its economy, certainly with the balance of trade, had personal savings rates of three times more than us.

□ 1905

It seems to me that if we are going to deal with the issue of tax reform we should be looking at a model that would give us economic growth.

One of the things that I am very concerned with at this point is the level of debt that we see both internationally and domestically. We have got very high levels of international debt and I am concerned that we are even lending today enough money to certain countries just so that they can pay us back the interest so that we do not have to write down these loans on our books.

We have very high levels of domestic debt. We hear every day that we are now pushing against the limit again and the limit is $2 trillion. That is the good news. That is what is on the books. You cannot believe what is off the books in this country.

We have not yet recorded all the economic reality on the books.

We know that consumer debt is at an all-time high. I would like to just show the gentleman something from the podium here. This card that I am holding is the card that I use and the gentleman uses every day to vote. We know that we have 15 minutes to vote. This is the most expensive credit card in the world. This card has no limit. If you had a credit card at home, or your wife did, and it had a $2,000 limit or a $5,000 limit, that is it. You cannot go any further. You have to then adjust your targets, adjust your budgets. But what happens here in Congress? We just keep going over the limits.

And what do we do? We pass it on to our kids. That is what we are doing right now. We just have no discipline in this House to deal with projecting what our needs are, what our priorities are.

Finally, in terms of the debt, look at the corporate debt today. Now, I am not against takeovers, but what we have caused today is the emasculation of the corporate balance sheets with the rampage of takeovers and in order to service that debt, because that debt is now going to have to be serviced on earnings in the future based on the assets that were acquired, we are going to need growth.

I do not see growth as the centerpiece of the Rostenkowski bill. It does not have a model for growth and we are going to need it in order to service all this debt. If we do not service this debt, we are going to put this economy, I am afraid, into a tailspin.

In the area of savings incentives, personal savings incentives, which I think we need so desperately, this bill not only does not give us those incentives, but in some cases goes against it.

No. 1, you have the 401(k) contributory pension plan. Yes, we got the compromise, but now for every dollar you put into those plans you have to offset what you put into an individual retirement account. I dare say that is not a formula for growth.

Yes, we did not get the additional $2,000 that the President wanted for the nonworking spouse.

Individual retirement accounts I think are a very important part of the way we save.

The gentleman mentioned before about the fact that we have heavy industry not getting incentives. Well, heavy industry needs personal savings, because they borrow what we save personally. If the personal savings rate continues to drop, we will not form the capital we need to let this industry grow.

So my big concern is that we are continuing to subsidize consumption in this country and we are endangering, we are eroding the capital base that this great country was formed on, that this great country used to be productive on. We are letting countries of lesser size knock us off in the world economy because of that.

I thank the gentleman for yielding.

Mr. GINGRICH. Well, let me cite some specific numbers so that people who think I am simply talking about rhetoric will understand why we are concerned.

There was a recently completed econometric analysis of the House Ways and Means Committee tax reform bill performed by the consulting firm of Lawrence H. Meyer and Associates. This is what it says:

Because the Rostenkowski bill raises the cost of capital, because it makes it less desirable to invest, because it means there will be less savings in America, between 1986 and 1991 there will be $159 billion less in nonresidential investment because the cost of investing will have gone up.

Furthermore, most of this decline is borne by investment and producers' durable equipment, precisely the things which are necessary to make American workers have a chance to compete with the Japanese and the Germans and other advanced countries. There is a $136 billion decline in investment over the next 6 years under the Rostenkowski bill, that is in new factories and new machines and new tools, compared to current law. That $136 billion decline means that Americans are going to be less competitive in the world market, less able to compete with high technology, and the result is—

According to the Meyer and Associates study—

U.S. exports are projected to fall by $14 billion. That is, we will sell $14 billion less overseas.

What is the result of this? The result is that civilian unemployment will be up. In 1991, according to this study, the unemployment rate under the Rostenskowski bill will be 1.3 percentage points higher than if the bill were not enacted. That is about 1,500,000 more Americans will be out of work in 1991 under the Rostenkowski bill. Because there will be more people out of work and fewer people paying taxes, the Rostenkowski bill will increase the deficit in 1991, according to this analysis, by $25 billion.

So what do you get out of the Rostenkowski tax bill? You get fewer factories, less modernization, more unemployment, more imports, fewer exports, and a higher deficit. Somehow, that does not seem like progress.

Mr. DORGAN of North Dakota. Mr. Speaker, I wonder if the gentleman will yield?

Mr. GINGRICH. I will be glad to yield to my friend.

Mr. DORGAN of North Dakota. I wonder if the gentleman would have a few minutes to talk about the cost of capital and the Tax Code's role in stimulating capital accumulation in this country?

Mr. GINGRICH. I would be glad to.

Mr. DORGAN of North Dakota. As I served on the Ways and Means Committee in the markup of this bill, we began comparing how this country treats capital in its Tax Code versus our major competitors, England, France, Japan, Canada, and so on.

I am sure the gentleman probably understands that at the moment under ACRS and the investment tax

credit we have a far more generous treatment of capital than our major trading partners. Is that the gentleman's understanding?

Mr. GINGRICH. With the single exception of Japan; in fact, the way the entire Japanese structure works because of the massive scale of their savings, it is virtually impossible to compare the cost of capital in the United States and Japan.

But I will answer the gentleman's question. According to a study done last year by the electronics industry, the cost of capital in Japan is about one-half the cost of capital in the United States; so I think if you are going to compare those two, you have to consider that.

In terms of every major European country that I am familiar with, and I am not an expert on the Tax Code as the gentleman is, but my limited studies have indicated that the gentleman is exactly right. We have a far better tax system for capital investment than Europe does. If the gentleman will reflect on it, we also have created millions of jobs in the last 3 years while Europe has been stagnating.

I would be glad to yield further to the gentleman.

Mr. DORGAN of North Dakota. Well, if we set that aside then and acknowledge that with the exception of Japan, and I am not willing to concede on Japan, but for purposes of the gentleman's discussion, with the exception of Japan, the gentleman suggests that we have a much more generous treatment of capital than our other major trading partners.

Mr. GINGRICH. At the present moment, under present law.

Mr. DORGAN of North Dakota. That is right, under the ACRS investment tax credit.

Let us deal with Japan then. Is the gentleman aware, particularly when we are taking about the corporate income tax now, that is what the gentleman is really talking about, is the gentleman aware that in Japan, a country with one-third of our gross national product, they collect more income taxes from their corporations than we do?

And is the gentleman aware that in Japan the effective corporate income tax rate is almost double what it is in this country. In this country it is a little over 16 percent. In Japan it is slightly over 30 percent.

Mr. GINGRICH. Let me respond to the gentleman, and I appreciate the gentleman coming over for this dialog, because I think it will help our fellow citizens understand some of real differences between us.

It is precisely because I think it is very, very dangerous to take in isolation specific parts of the bill. You have to look at its total effect. If the gentleman will stipulate that we are going to have twice or three times the current American savings rate, if the gentleman will stipulate that the dollar would be as consistently undervalued as the yen has been, if we could stipulate the totally different banking laws that Japan has, the absence of the kind of litigation we have, then I will be willing to compare the two; but my point is this. The functional effect, and I would challenge the gentleman to find any serious major business who disagrees with this, the functional effect of the totality of the Japanese system is to make it more desirable to build new factories and build new technology than it is in the United States.

Now, would the gentleman disagree with that? When we look at the total impact of the Japanese system, it is clearly smarter tomorrow morning for the Japanese investor to build the next factory than it is for the same investor in the United States, even under the current law.

Mr. DORGAN of North Dakota. Well, part of the absurdity of the current law is that we encourage investors in the United States to build our factories elsewhere. That is part of the absurdity of the current law in this country.

Mr. GINGRICH. But my assertion is that the Rostenkowski bill will increase that likelihood.

I am curious. I am fascinated. If you take away depreciation, which has been the biggest single boon we have had——

Mr. DORGAN of North Dakota. Well, no one is taking it away, let us make that point clear.

Mr. GINGRICH. Well, dramatically changing it, making it dramatically less desirable. If you take away the investment tax credit, how would the gentleman then suggest, and if furthermore finally instead of going down to 17 percent on capital gains, go up to 22, how would the gentleman suggest that we increase the desirability of building factories in America?

Mr. DORGAN of North Dakota. Well, first of all, let us correct the base of information here. At present our depreciation system is something called ACRS, which is embarrassingly generous. I mean, it allows you to write things off so much more rapidly than their economic depreciation would justify.

The President said, "Look, we have to change this."

Most of us agree that you have to change it. What happens is the result of that overly generous writeoff, I mean, far beyond what the piece of equipment or the capital item would experience in economic depreciation, has created a condition, as the gentleman knows, where combined with the investment tax credit we have many corporations that earn billions of dollars and pay zero in taxes. That is the point of all this.

Mr. GINGRICH. Well, if the gentleman will yield back to me, that can be corrected by a minimum tax. That does not require anything nearly as complex as a 1,363-page bill.

Mr. DORGAN of North Dakota. Well, then let me ask the gentleman a question. Would the gentleman from Georgia support a minimum tax that provides a diminution of the impact of the accelerated depreciation and the investment tax credit? Because if he would support that, it seems to me then that what the gentleman is arguing for on the one hand, the full effect of rapid depreciation and the investment tax credit, which the President says we should not have, conflicts with the notion that we ought to bring this back into a web with the minimum tax.

Why have a minimum tax? We have it in this bill because the bill is not perfect, but why not solve the problem that creates the conditions in which some people earn billions and pay nothing?

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. DORGAN of North Dakota. I would be glad to yield.

Mr. WALKER. I think the answer to that question is that the minimum tax is a different kind of concept, because what it tends to do is get at the people who are abusing the system, as the gentleman has indicated.

I think the important thing to recognize here, if the gentleman wants to talk about foreign trade as a part of this, the ACRS was justified when it was put into tax reform in 1981, largely on the basis that it is one of the few things that we have in the Tax Code presently that does make us competitive with foreign countries. It is precisely because European countries were able to have accelerated depreciation that they were becoming more and more competitive with our products and that the one thing that we had in the Tax Code that was allowing our companies some measure of competitiveness was now an ability to write off our equipment at a rate which reflects what the rest of the world does.

When you change that substantially, what you are doing is making our products less competitive. You are forcing companies in this country to consider building plants where they can get accelerated depreciation. You are doing all the things that drive business and jobs out of the country by taking actions which are not aimed at repealing the very thing that we tried to do to correct the problem that we perceived in 1981.

So the minimum tax does have some ability to deal with the abuses, but yet leave in place those things which are necessary for a competitive atmosphere.

Insofar as we deal in a world economy, we kid ourselves that we can increase taxes on corporations by taking away those things that make them competitive and not have a cost in jobs.

The gentleman is absolutely correct. The econometric studies are showing that we lose under the Rostenkowski bill, seen in a macroeconomic sense, 1½ million jobs in this country. That is an average of 30,000 jobs in every State in this Union. I know of no State that can afford to lose 30,000 jobs.

I thank the gentleman for yielding.

Mr. DIOGUARDI. Mr. Speaker, will the gentleman yield?

Mr. GINGRICH. I am glad to yield to the gentleman.

Mr. DIOGUARDI. Well, I think another point raised here by the gentleman's comments is that every time the tax law has been changed, it has been changed for a fairly good reason. We had a major change in 1939. I think the 1939 code was the first major codification, and then in 1954 and then in 1969.

As a professional, as a certified public accountant, I dealt with the changes in this tax law since 1962 when I entered the profession, so I think I know firsthand, since I was tax partner in one of the large accounting firms, how it evolved.

□ 1920

The tax law has served three wonderful purposes. Its first purpose has remained its important purpose, and that was to raise revenue. But it quickly developed two other important purposes, and that was the implementation of social policy, as with child-care credits, et cetera, and then creating economic incentives.

This law has carefully evolved over this period of time, and one of the problems that I see with what is happening is that we want to, in one fell swoop, change it. People have planned their lives, whether it is their businesses, their retirement, their personal habits, around this tax law as it has evolved, and now we want to, in one fell swoop, change it. I do not think that is right.

I think if anything we should go back to the drawing boards and if we are going to make such a radical change in our tax laws, we should have a gradual phase-in of the provisions so that people can kind of rethink all the planning that they have done. My greatest fear is that next year we will not be dealing with tax reform in the Senate, or it will be put off, and yet we have on the drawing boards effective dates in January, effective dates in July, and people are not going to make investment decisions.

We could very well put this economy into a tailspin. We had 3 years now back-to-back growth such as we have not seen in the last 50, in 3 years, and last year we had an incredible growth of 6 percent. This year, with what we have seen in the last quarter, I think we may come out somewhere between 3 and 4 percent. So that means that we have now had 4 years of growth.

Normally we have peaks and troughs so that most people might be prepared to see a downturn. I think we are going to guarantee a downturn if we start to tamper with a Tax Code that has been built up carefully for at least the last 50 years without some opportunity for people to rethink what they want to do with their investments.

This is not the time to do it. Why? As I said before, we have tremendous amounts of debt that is national, domestic, consumer and corporate, and this debt must be serviced. It has to be serviced out of earnings. It has to be serviced out of growth. This tax bill does not have as its centerpiece a model of growth.

Mr. GINGRICH. I just want to mention one more thing, and again, I think the gentleman, who does serve on the Committee on Ways and Means, could comment.

When you have a bill which is in the House of Representatives in December which sets dates some of which are 1985 dates for tax changes, and you know with relative certainty that that bill is not likely to pass the other body until June, and the leader of the other body has already said that, going to conference in June and July and August, and probably passing the Congress in September and presumably being signed by the President, is it not fair, I would ask the gentleman, to say that you are virtually guaranteeing less investment in 1986 because the average potential investor has a great deal more uncertainty about the tax consequences of their activity, so you are guaranteeing fewer factories, fewer machine tools, less heavy industry being built, and you are literally going to create, as the gentleman from New York was saying, you already have a certain amount of shakiness in the marketplace, you may literally create a pause in the economy for 10 or 11 months of increased unemployment and decreased economic activity, while the business community and the investors of America and the people who create the jobs of the future watch to see what we are going to do? Is that not a fair concern?

Mr. DORGAN of North Dakota. It is fair to say there is uncertainty in some areas of investment, and I will tell you the biggest uncertainty is in those who are marketing and those who are potential buyers of tax shelters. It is fair to say that, and probably that is fine, because the tax shelter business has been the growth business of the 1980's. It has been the explosion in this country and it has created tremendous unfairness.

Mr. GINGRICH. What about those who are engaged—let me give you an example.

Mr. DORGAN of North Dakota. All right

Mr. GINGRICH. An airline that happens to serve the Atlanta airport that began buying airplanes, and airplanes today are very expensive, it placed an order for over 80 airplanes in the late 1970's, to take those airplanes over the 10-year period. It is now being told that whatever its decisions have been about those airplanes are now changed as of now, according to the House. It doesn't know what the other body's changes will be, so it has no idea whether it should say to the Boeing Co., or to Lockheed, or to McDonnell Douglas, "Why do you not keep building airplanes?" It is very tempting to say, "Maybe we should not go ahead and continue to do this."

That is not a tax shelter. Those are airplanes that are less noisy so they are better for my neighbors who live near the airport. They consume less fuel, they are less expensive, they mean lower cost to the air traveler, and they mean higher salaries for the airline employees.

Does this bill not, in effect, bring a pause if you are considering a large—and this is a $3 billion purchase—if you are considering a very big purchase that will put thousands of people to work, does this almost indicate a prudent manager would wait until the bill had passed the other body and gone to conference and finally gone into law, maybe 10 months from now?

Mr. DORGAN of North Dakota. I think the question of when someone buys an airplane rests directly on the marketplace.

Mr. GINGRICH. But are you not changing the marketplace?

Mr. DORGAN of North Dakota. The gentleman is a disciple of the marketplace and I am a believer in the marketplace.

Mr. GINGRICH. Precisely.

Mr. DORGAN of North Dakota. Will the gentleman let me finish? I appreciate your exuberance.

The marketplace, it seems to me, will signal to that airline when it needs to put another airplane on to serve its customers, just as the marketplace is going to serve the shoe manufacturer notice when that shoe manufacturer ought to buy some more capital equipment to produce some more shoes.

To the extent that America has an investment tax credit when that shoe manufacturer buys that piece of capital equipment, the Government helps subsidize part of that capital. I am telling you that information from our committee, that is, information cleaned in the hearings, demonstrates quite clearly that with the elimination

of the investment tax credit, with the depreciation schedule that is embodied in this bill, we rank about even with all of our trading partners in the treatment of capital.

Mr. GINGRICH. That is, we will stagnate at about the same rate as Europe.

Mr. DORGAN of North Dakota. What I would like to do is just respond to a couple of quick items.

No. 1, I do not think you ought to assume everything is in the Tax Code because it is meant to be or because it has a reason. We give investment tax credits for elephants under the right circumstances. The fact is, the Tax Code is bankrupt, terribly unfair, and desperately in need of change. That is why the President had this press conference earlier in the year and called for the second American revolution to revise the tax code.

So why is it unfair? Here is a list of 65 corporations in America that earned $50 billion. That is with a "B." That is $50 billion in a 3-year period. Do you know what they paid in taxes, all 50 of them? Zero. Why? Because of just what we are talking about, ACRS, the investment tax credit.

The gentleman from Pennsylvania talked about accelerated depreciation. Let us be clear about that. We have had accelerated depreciation prior to 1981. I am talking about ACRS. That is a system that says to somebody, "If you want to build a building that is going to last 35 years, write it off in 15. Be my guest."

What has happened with that system is that it has been demonstrated to distort investment, distort the marketplace movement of funds to the most productive place. That is precisely what the President was saying earlier this year.

Mr. GINGRICH. I have to ask two questions. First of all, I notice in Congressional Quarterly's analysis of the Rostenkowski tax bill that you are passing on to the Gallo family about $50 million in tax breaks. It allows up to a million dollars to be passed on to your grandchildren for each donor and an additional $2 million to each donee.

If this is a tax reform, fairness to middle-class Americans, I understand that the chairman of the Democratic Congressional Campaign Committee may regard the Gallo family as a typical American family, but explain to me how allowing one family, and the estimate I saw in the Wall Street Journal, I think, was $50 million to them personally, a tax break of $50 million in taxes they will not pay, how do you explain that as part of this closing of the tax loopholes that I am sure we are going to hear hours of oration on this bill. It closes the loopholes unless, of course, you produce wine in California.

Mr. DORGAN of North Dakota. My guess is that the gentleman can find a couple of other things like that. The fact is, that is foolish. We had a vote on that. I voted against that, because I do not believe in it. I hope that gets dropped at some point, and I am sure it will in the process.

Mr. GINGRICH. Would you vote for a rule to allow us to offer an amendment to strike that?

Mr. DORGAN of North Dakota. That is going to get struck, I am sure, in the process.

Mr. GINGRICH. No, no. Would you vote for a rule in this body next week to drop that?

Mr. DORGAN of North Dakota. The gentleman knows darn well that if you have an open rule on a tax bill here in the House of Representatives, you are not going to have a tax bill. That is what you want, in any event.

Mr. GINGRICH. A modified closed rule.

Mr. DORGAN of North Dakota. You do not want a tax bill in the first instance, so I am not very interested in seeing that you have a rule that gives you a chance to come down and offer your amendments, because this bill was crafted with the Treasury Department, representing your party, sitting at the table every single day that we had the markup. This bill, I think, is a pretty good compromise.

Mr. GINGRICH. This bill is a left-of-center, job-killing, tax-increase bill, with an occasional goody for people like the Gallo family.

Mr. DORGAN of North Dakota. I suppose where you view the center is from where you are looking. The fact is, I think this bill is a pretty good, moderate approach.

I just want to say to the gentleman that things like the so-called Gallo provision, this bill has some clinkers in it. I did not come here to say it is perfect. I think it is a pretty good shot at tax reform, and I am saying this: that those who predict, and you predict recession, you predict massive joblessness and stuff, the fact is that is just baloney. I really do not believe that. You probably do. I respect you for your beliefs.

Mr. GINGRICH. Why do you not believe it?

Mr. DORGAN of North Dakota. I do not see a bit of information that is credible that suggests that is the case.

Mr. GINGRICH. Let me give you one bit.

Mr. DORGAN of North Dakota. It is a line you used, and frankly, I think you summarized my case absolutely as well as I could have. You said, "This reduces us to treating our investments the same as other major industrial nations."

The fact is that in Britain, in France, in Italy, in Germany, they have higher unemployment than we do in the United States. They have not been creating jobs, and you are exactly right. You explained exactly why I am opposed to this bill, because if we go back to the Jimmy Carter industrial collapse of America, and we go back to the kind of liberal kill-the-jobs tax bills, we are going to be right back with the British and the French and then you are going to be standing there saying, "Gosh, we must have a Government jobs program because look at all the unemployed."

Is this not an exact reversion to the pre-1981 kill new industry, kill new technology, kill new factories, and is it not exactly what you said?

□ 1030

You want to reduce us to the level of France and Britain and Germany and Italy and they are collapsing. They are not prosperous countries.

No; what the gentleman does is very cleverly draw a curtain here. One of the questions we have to answer, maybe we all should answer, is do we think in this country that if you have $500 million of net income from your operations as an enterprise that you ought to pay some taxes or maybe you think not. If that is the case, then let us describe why not.

Mr. GINGRICH. That is red herring. I already said that I would vote for a minimum tax, and that is not the question.

In order to kill the fly, you are wiping out the entire family eating at the table. I am not for machinegunning the table to get at the fly.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. GINGRICH. I yield to the gentleman from Pennsylvania.

Mr. WALKER. As long as we are going to deal with fairness issues, it was the gentleman that brought up the fact that elephants now get into the Tax Code. The gentleman mentioned the Gallo family, and is there not some timber provision in here that benefits one family as well? I mean, if we are going to be talking about fairness, there are not just a few clinkers in here, there are a number of them, and that is what we are going to be asked to vote on.

Mr. GINGRICH. It is my impression that that failed.

Mr. WALKER. It failed?

Mr. DORGAN of North Dakota. If the gentleman will yield, that is irrelevant and the gentleman knows that.

Mr. GINGRICH. Why is your side's tax loopholes worth $50 million a family, but those random corporations are terrible, and those other unnamed individuals? I mean, here we have a deal where one family who happened to make wine and happened to be nice people, and they do great TV commercials, are getting a $50 million break.

Mr. DORGAN of North Dakota. You were talking a while ago about the fly at the table, and that is what you are doing here. You are using an excep-

tion to demonstrate a rule, and that is nonsense. That is not what this bill is about.

Mr. GINGRICH. This is not tax reform. This is a cleverly disguised traditional left-of-center tax increase.

Mr. WALKER. If the gentleman will yield, the point is we are going to be asked to vote on a tax bill here on the floor in the next few days. It becomes clear that that tax bill has some very bad flaws in it.

Now what the gentleman says is when we raise the business of the flaws, it is said that, oh, those will be corrected, someplace, but they cannot be corrected here on the floor because we do not have an open rule. We cannot have a modified closed rule. But sometime somewhere, they will be corrected.

The fact is what we have found in the past is not only do they not get corrected, but they get written into law, and then we come back and we hear on the House floor about all of these terrible things that are written into the Tax Code. Every one of the provisions that is in there now that is a loophole was drafted at some point by Congress. Congress put all of those things into being in the first place.

Now we are faced with a tax bill that is going to put a few more into being, and perhaps some we have not even found yet. That is what we are going to be asked to vote on, and I think it is perfectly legitimate to raise the point that some special interests got some very nice loopholes stuck in this bill that ought not be there.

I thank the gentleman for yielding.

Mr. DORGAN of North Dakota. Will the gentleman yield again?

Mr. GINGRICH. Let me just make one quick comment. I had my staff pull this today because I was fascinated. We have not yet been able to get a copy of the Ways and Means Committee bill, so I cannot show it tonight, but I hope to in the future.

The Kemp-Kasten bill, which along with the bill on our side of the aisle by Mr. BRADLEY and Mr. GEPHARDT really kicked off tax reform. Those two bills, and I am not sure how thick the Bradley-Gephardt bill is, but the Kemp-Kasten bill is 58 pages long. Treasury II I thought was pretty badly flawed already already because the Treasury bureaucracy had taken the idea and mangled it pretty badly, the Treasury II was 461 pages long. The Rostenkowski bill, according to this morning's paper, is 1,363 pages.

I would suggest to the gentleman that I am not sure, and I know you have very long winters in your part of the country and maybe 1,363 pages of Tax Code seems like a simple, short bill. But I would say to you that we in the South find a 1,363-page tax simplification bill a contradiction in terms, sort of like jumbo shrimp. I mean, how could there be 1,363 pages of nonloopholes? But I will be glad to yield to the gentleman from North Dakota.

Mr. DORGAN of North Dakota. First of all, the length of the bill has nothing to do with the measure of the effectiveness of the bill. The gentleman knows that, and I do not stand here defending 1,300 pages.

I went through it, and I will tell you something, there is some pretty good tax reform in there.

But what I would like to say is this: I mentioned this list of 65 American corporations, and I did it for a reason. I could use individuals, 29,000 individuals in America earn $250,000 or more each and pay less than 5 percent in income taxes.

Question: As we go down the list of corporations earning big money, paying no taxes, General Electric, Boeing, Dow Chemical, Monsanto, Weyerhaeuser, Du Pont, et cetera, the gentleman says, well, I support a minimum tax. Let me ask a question about that. You suggest then that a minimum tax, I suppose of at least some consequence, a minimum tax would require these kinds of corporations to begin paying taxes. If that is the case, are you not focusing in on the very corporations that were rewarded with deep subsidies in the treatment of capital and saying to them, "I am going to raise your taxes?"

Mr. GINGRICH. Certainly.

Mr. DORGAN of North Dakota. How would the Chamber of Commerce feel about that?

Mr. GINGRICH. Let me just say to the gentleman if your number one passion is to make America competitive with Japan and to maintain American jobs, and to create American jobs, you can make a better argument for not taxing those companies than you can make for taxing them. I would say to the gentleman that if you came from western Pennsylvania and your fear was the collapse of the American steel industry, or if you came from Michigan and your fear was the collapse of the automobile industry, you would probably come closer to making the case for doing nothing to the current Tax Code, because it created jobs.

Let me tell you the steelworkers in my district who were laid off a year and a half under Jimmy Carter, who are now working, who are producing pretty competitive cars, who have a $30 million investment in a new assembly plant, and a $100 million investment in a new paint factory right there in Hapeville, GA, they are real excited about investment because for the first time in their life, they understand that the liberal welfare state language meant "You are going to get laid off."

I will yield in a second, but let me just say to the gentleman the only study I have seen, I have read reports that imply that there is a Council of Economic Advisers study that the White House will not release that says that the Rostenkowski bill leads directly to recession, the only economic study I have seen which was done by Lawrence Mayer & Associates, on an econometric model using the CBO baseline, says flatly that in 1991, the United States will have $11 billion less in consumption, $47 billion less in nonresidential investment, $40 billion less in equipment, $8 billion less in structures, $1 billion less in residential investment, $6 billion that year alone less in exports, 1.3 percent higher unemployment. That is 1,500,000 more Americans unemployed and a $25 billion higher deficit.

I would suggest that if you go back over the last 3 years and you look at the work that Richard Rohne did at the Chamber, I just say this flatly and I will be glad to come back tomorrow night and compare notes with the gentleman, you will find that consistently he has been more accurate in predicting the impact of the 1981 tax bill than any other economist who has published.

Now what he is saying in this document which he asked them to produce on their computer model is that 1,500,000 Americans are going to be out of work by 1991 who would not be under current law; that instead of improving our ability to compete with Japan, this is the pro-import and anti-American job tax bill of 1985. I do not say this just for demagoguery or just for strong language, I say it because I am trying to say to this House that if we are really faced with a bill which we may pass next week, which is going to kill 1,500,000 American jobs, should we not slow down and look at it?

Is there a single econometric model that suggests that the steel industry of western Pennsylvania is going to be better off or that the heavy industry of Ohio is going to be better off if, in fact, this bill is passed? I do not know of anybody who has suggested any heavy industry anywhere in America is going to be better off under the Rostenkowski bill.

Does the gentleman know of anyone who has said that?

Mr. DORGAN of North Dakota. I have not asked people about that, frankly, but let me continue. The gentleman is talking about capital-intensive industry. I recall right after the 1981 tax bill when we were so generous to capital-intensive industry, a railroad that amassed enormous amounts, a couple of hundred billion in tax benefits, they took those tax benefits and went right out and bought a gas company. I mean, they are really using those tax benefits, and that has been our problem since 1981.

But let me say there are areas where we agree. I would like to talk about that for a minute if I might.

Before I say that, I would say that if you are here in 2025, and if I happen to be here—I do not know whether that will be the case—but the gentleman may still be here blaming Jimmy Carter. I hear that a lot.

Mr. GINGRICH. Well, blaming Herbert Hoover worked for your party for so long, and Jimmy Carter happened to have done enough damage that it seems to work. I also mentioned Mondale, but I do not think he will run in 1988, but he is my favorite candidate to be offered by your party.

Mr. DORGAN of North Dakota. I would say to the gentleman that in 2025, I suspect we will still be hearing this same thing.

Let me say this: You talk about investment, capital investment. Savings equals investment.

You talk about Japan. Let me ask you this: Your comments seem to suggest that the engine of economic growth in America rests somewhere deep in the bowels of the Internal Revenue Service Code. I would ask you about Japan in this light: Japan says to its consumers, if you want to buy something, then save up for it, and when you have saved some money and have a significant downpayment available for a number of things, then you are able to make the purchase.

In this country, saving up is a word that probably has been heard by our generation from our parents, but I will tell you what, very few people in this country have ever heard the words that "I am going to save up," for something. If you go home tonight and turn on the television set, I say to the gentleman from Georgia, [Mr. GINGRICH] you know that what you are going to hear is "Buy our product. Here it is, it shines, it is chrome, it runs quick. And I will tell you what, if you buy it, we are going to send you the product. You do not have to make a payment for the next 4 months, and right after you get the product, and before you begin making payments, we will send you a rebate."

That is precisely what is going on in this country. In fact, our entire structure is geared not to induce savings, but rather to influence consumption, immediate consumption.

I am saying that is something we probably agree on, that we probably ought to turn the corner on that.

Mr. GINGRICH. I agree.

Mr. DORGAN of North Dakota. And I think that would have a whole lot more to do with the question of how capital is accumulated, and more and more where market forces determine that capital ought to go in this country than the Tax Code.

I happen to support the tax bill. I think it is a pretty good tax reform.

Mr. GINGRICH. I want to make one point to the gentleman because I think this is at the core of why we disagree, and I think you are being very helpful and frankly I appreciate your coming out and walking through this process of thinking. You said earlier that when the shoe manufacturer decides to rebuild his factory that the market tells him to do that. I am saying to you precisely—I will yield to the gentleman from New York in a minute, who I think will probably be able to elucidate on this—but I am saying to you precisely, that the market created by the Tax Code sends a signal that the Tax Code, when it says to you as a consumer, borrow all of the money you want, you can deduct the interest, but if you save any money, we are going to tax the interest on your savings, and then we wonder why Americans do not save like the Japanese and why they borrow more. And we had a case where the gentleman from Pennsylvania and a number of us were busily working trying to get a spousal IRA so that a housewife could save under an individual retirement account, just as though they were working because she is working at home and deserves to be allowed to save, and this would have improved the situation, but what do we discover? That is not in here. This bill decreases savings.

Let me read just briefly for 1 second and then I will yield to the gentleman from New York. But the Heritage Foundation produced an executive memorandum entitled "The Rosty Horror Tax Bill Show," and they talk about the Rostenkowski bill, and they say specifically—

> Savings incentives: The bill reduces savings incentives, especially 401(k) plans, yet the U.S. needs more savings, not less.

They go on to talk about the fact, and they said it in five or six different ways, and this is done by economist Bruce Bartlett who is a professional economist who was on the Joint Economic Committee, and Dr. Bartlett points out clearly that there will be less savings under the Rostenkowski bill, which means that by definition, there will be more borrowing.

Mr. DIOGUARDI. Mr. Speaker, will the gentleman yield?

Mr. GINGRICH. I yield to the gentleman from New York.

Mr. DIOGUARDI. There are several points now to cover based on the length of that colloquy, but just getting to the last point you made, there is just no doubt that the current bill, the Rostenkowski bill does not improve the situation in the sense of savings, because it still allows subsidies for borrowing. So we are on a borrowing rampage in this country, credit cards are coming in over the transom and we are spending money that we do not have, and we are able to deduct the interest to borrow that money for the most part, and yet we relentlessly tax savings. That is a formula which is going to lead to less and less personal savings, and countries like Japan will continue to knock us off in the world market.

Talk about a tax reform, I think we have to set the record straight that we want tax reform. There is no question that the gentleman from Georgia, myself, and the gentleman from Pennsylvania want tax reform. We do not see the Rostenkowski bill as tax reform. As a matter of fact, it is being routinely referred to as tax deform. It is a very reactive bill.

To get that bill out of committee, all kinds of compromises had to be made which did not follow the rules that we felt, that many Congressmen feel should have been on the table for real tax reform: fairness, simplicity, encouraging savings, a good economic model. They just are not there.

□ 1945

Now, we want tax reform. We want a tax bill that people will be proud to buy into. Why? Because we have, right now, as estimated, an $100 billion underground economy. We have people routinely buying out of our tax system, using every excuse possible; either through abusive tax shelters which, by the way, have been curtailed quite a bit since 1981. There is a big difference between an abusive tax shelter and an investment with some tax incentives.

The point is that we need a bill that allows us to grow, and allows us to get people to buy into it so that we start getting everybody paying their fair share. The gentleman is correct; every corporation and every individual should pay taxes, but do not overstate the case. Many of the companies that you mentioned are international companies. They pay a lot of taxes; they pay them in the foreign arena, and there are things called foreign tax treaties.

If you pay your taxes, legitimately, to a foreign county, you are allowed an offset; otherwise you would be paying your taxes twice, and we know that foreign tax treaties override the Internal Revenue Code.

That is not to say that those companies should be paying any taxes, but those companies are public companies, and in their 10(K) disclosures to the SEC, they have to reconcile the difference between the corporate rate, which is 46 percent at this point I believe, to what they are paying; and they have to show all those differences.

One of the major differences is, usually taxes paid to foreign countries and many times also the State.

Let me get into another issue here; the issue of simplicity and the ability to plan. We have people—you mentioned the plans before. Well, you know, companies do something that we do not in this august body; they plan. They usually revere strategic

planning, strategic thinking—we do not.

This body is totally reactive. We are one step ahead of the sheriff, we put out fires, we rob Peter to pay Paul, and that is the reason we are now going to be here maybe through Christmas and New Year's, because we did not plan properly even the legislative agenda for this year.

Now, people, especially businesses, plan their capital requirements or their capital improvements 5 and sometimes 10 years in advance, and in those schedules they crank in tax incentives, and we are changing the ground rules once again.

Worse than that, we have not yet written the regulations for tax laws that were passed in 1954, 1969, 1972, and now we are coming up with a whole new tax bill, and we have taxpayers in this country, corporate and individual, that still do not know how to interpret prior tax law that has already been written.

Now, as the gentleman from Georgia [Mr. GINGRICH] says, we are about to foist on them another complex tax bill. I do not think that that is right.

Mr. DORGAN of North Dakota. Will the gentleman yield?

Mr. GINGRICH. I yield to the gentleman.

Mr. DORGAN of North Dakota. Let me say to the gentleman that he has been very generous in letting me participate. We obviously have a disagreement on this.

I think we maybe ought to do a special order just on the question of taxation of capital. I would like to get the record straight on it; we have a big disagreement.

Mr. GINGRICH. I think it would be very useful; possibly tomorrow night or on Friday.

Mr. DORGAN of North Dakota. I am interested, as you are, in enlarging the economic pie. That is the goal; we want to create economic growth.

If I believed your study, I would not sleep at night; but the fact is, I do not believe the study; I think the bill will be good for the economy; just as the President suggested that type of approach would be good for the economy.

Mr. GINGRICH. I think that this bill is so important that anytime you have a 1,300-page tax change, it is worth looking at in totality.

I think we would be, and I think the House would be grateful to the gentleman and to anyone else who is on the Democratic side of Ways and Means who wants to talk about the whole issue of the cost of capital and jobs and keeping America competitive, either tomorrow night or Friday night or Monday or Tuesday, until some point in the next few days to schedule an hour, I would like to see our staffs talk with each other tomorrow and maybe arrange that.

Mr. DORGAN of North Dakota. If the gentleman will yield further, let me just say you cite economists frequently; and Harry Truman said he wanted a one-armed economist because they keep saying "On this hand and then on the other hand."

I used to teach some economics, but I survived that. You can get economists to pretty much conclude from any study pretty much what they want to conclude, and I have respect for a lot of economists. I will tell you what, there is an economic study for every conclusion you want to shop for in this town.

Mr. GINGRICH. Could the gentleman answer one question; the question of income averaging, does that affect farmers?

Mr. DORGAN of North Dakota. Yes.

Mr. GINGRICH. How is that treated in the bill? Because I was surprised to see that the bill, as I understand it, eliminates income averaging.

Mr. DORGAN of North Dakota. Yes. Income averaging is eliminated in the bill. Let me tell you something: Out in farm country, under this President's farm program, the last thing in the world most farmers are worried about is their income tax problem. They are trying to figure out whether they are going to be able to keep the farm at this point.

Mr. GINGRICH. Help me understand something. I have some farmers in my district, but not anything like the scale you have in the Dakotas.

If in fact we could finally solve the problem of international competition and our farmers had 2 or 3 good years in a row, under current law as I understand it, they could reach back and average the bad years. Is it for 5 years overall that you can reach back?

Mr. DORGAN of North Dakota. Let me say this just to clear it up: The Farmers can use cash accounting, No. 1, and preproduction expenses, No. 2. That gives them enormous flexibility in moving from one year to the next certain kinds of income and certain kinds of expenses. That is uniquely true for family farmers, and that makes income averaging less important, because they do have that kind of flexibility.

Mr. GINGRICH. But it is at the margin—would the gentleman agree that it is fair to say that at the margin, if farmers have a bad year and certainly have a very good year, the loss of income averaging is marginally less advantageous than not?

Mr. DORGAN of North Dakota. If the gentleman will yield further, let me say to the gentleman I happen to agree. I would like to see income averaging retained, but as I said, this is a 1,300-page bill. There are some problems with it; some things I do not agree with.

I tell you what. The gentlemen said that we have had a slowdown in tax shelters since 1981. The fact is, this stuff has exploded on us since 1981. The growth of tax shelters has been enormous, and we simply have to get at the business of changing this Tax Code somehow.

This is a pretty good effort, and you raise the question——

Mr. GINGRICH. Maybe 10, 130-page bills over a 5-year period would beat one 1,300-page bill.

Mr. DIOGUARDI. Will the gentleman yield just on that last point? He said that the cash system was unique to farmers. I would like to state that we use that system right here in our Government, and that is why we cannot get economic reality in the books, because we neatly, with all that flexibility, shift around income and expenses; and I think we have got to do something about that as well.

Getting back to the—just to conclude my comments from before—I think it is important to again emphasize that we do want tax reform. We want a bill that everyone will perceive as fair so that they will buy into, and so we would not have this problem of the underground economy.

I think for all the reasons we have heard, this bill has got to be very complex and it is going to be perceived as an unfair bill, and I think it is going to give us problems.

So I would like to get back to tax reform, but real tax reform.

Mr. GINGRICH. I would like to emphasize what the gentleman from New York [Mr. DIOGUARDI] just said. I feel a little bit like the man who went to the pet shop and said, "I would like to get a dog for my son." They had a gigantic elephant out back they had been trying to get rid of; and they brought it out and said, "This is Lassie." And he said "Wait a second. I'd like to get a dog for my son." They said, "No, no. The only dog you can get is this 9,000-pound elephant."

We would like to have real tax reform. As I said earlier, the Kemp-Kasten bill was a 58-page dramatic reform. This is a 1,363-page lobbyists' dream of all sorts of special paragraphs here and there, which even our good friend from North Dakota admitted, that when you began to get to the right paragraphs, he did not like them and if he could have an open rule on the floor and he could have a chance to amend them, he would amend it.

I yield to our good friend from Texas [Mr. DELAY].

Mr. DELAY. I thank the gentleman for yielding, and I know that the gentleman's time is getting very short, but I just had to come over here, after watching this special order, that I thank the gentleman for taking, because I had two impressions.

One impression was, the gentleman from North Dakota [Mr. DORGAN] was misquoting the President and saying that the President's idea of tax reform was to close loopholes. That was not the President's idea of tax reform, unless I am grossly misunderstanding our President.

I think that the President's idea of tax reform was, as it is mine, that we are trying to get out of the business of capital manipulation. I am not talking economics or economists here, I am talking about a businessman, myself. The only reason I got into politics is things just like this.

We are in the business, in Congress and in this government, of manipulating capital. If one business has a hard time or one industry has a hard time, as evidenced in this bill, we go out and we try to protect them through Tax Code—we are always one to two steps behind what the market has dictated.

What we have gotten ourselves into is a big mess, and I am trying to bring this down to my level, a very common level, in that No. 1, the gentleman from North Dakota and many people around here are talking about, corporations are not paying their taxes.

Well, corporations do not pay taxes. I do not care if they send money to the IRS or not, because as a businessman myself that writes checks to IRS, my botton line is to make a profit; and if taxes are cutting my return on my investment, in making my profits, I up my prices.

Now what it does do is that when I get involved in the world market, that tax burden, or that capital manipulation restricts greatly my ability to compete in the world market.

□ 1955

Mr. GINGRICH. Would the gentleman yield? Because you have been a businessman, I understand.

Mr. DELAY. I am a businessman.

Mr. GINGRICH. You are a small businessman in the Houston area, and you were in the State legislature. Is it fair to say that if you are in the world market, as we are, if you are faced, for example, as Texas Oil is now, with much cheaper Middle Eastern oil, with the collapse of the world oil prices, that if we put a bigger tax burden on a local company and it cannot get the money, it goes broke and it lays people off?

Mr. DELAY. You only have two choices, you either raise your prices or you go broke, stop production, lay people off, because you do not need those people if you stop production. You do not need those people, so you lay them off.

Mr. GINGRICH. Are we seeing in Texas exactly that kind of phenomenon?

Mr. DELAY. It is devastating in Texas right now. This bill, the Ways and Means bill, everybody beats up on oil and gas, thinking that oil and gas is a bunch of rich folks rolling around pumping black gold out of the ground, but the point is that this bill puts more of a tax burden on corporations, oil an gas corporations and many others, capital-intensive corporations, too, that will stop production because they cannot produce, because they cannot sell their products.

Mr. GINGRICH. Let me continue for just a second and stay in Texas. There was a recent election, and the Democrat won. Jobs of the Lone Star Steel Co. were a very big factor. The question was, what was foreign imports doing to the Lone Star Steel Co? The Democrat who happened to win the seat made a very big issue of how important he thought jobs in Texas were.

Now is it not fair to say that if we pass the Rostenkowski bill and the Democrat who just won the seat by a very narrow margin votes for the Rostenkowski bill and he votes to make Lone Star Steel close its plant next year in the middle of a recession when they find they cannot build any new factories, they cannot put in the new machinery, and they cannot compete with Korea and Japan, in effect we are not talking about Texas' Big Oil.

ORDER OF BUSINESS

Mr. WALKER. Mr. Speaker, I ask unanimous consent that I be able to proceed to my special order at this time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

SHORTAGES OF ROSTENKOWSKI TAX PACKAGE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania [Mr. WALKER] is recognized for 60 minutes.

Mr. WALKER. I would be glad to yield to the gentleman from Georgia.

Mr. GINGRICH. I just want to continue and say that I really think the gentleman from Texas has made a point that every American has to consider. We used to think in the South that unemployment was a problem of Pennsylvania, Ohio, and Michigan. The folks in Texas in 1979 and 1980, "We don't worry about that, folks from Detroit moved down to Houston." But we are discovering everywhere in America, whether it is in Maine they just closed a shoe factory, or it is in Texas, or it is in New York, we are discovering everywhere that if we are going to compete with foreign countries and foreign companies, we are going to have to have tax bills that make it better to build a factory in America, to make it better to modernize and better to hire people. I think the gentleman from North Dakota was very candid and very helpful when he said that the Rostenkowski bill would treat capital America about the same as it is treated in France, or Italy, or Germany, or Britain.

Now I am not sure of all four of those countries' unemployment rates, but my impression it is 13 percent in Britain. Now I think that the idea that we are going to double the number of Americans unemployed to prove that we can be as dumb as the British Government was in terms of taxes on business does not make any sense to me.

I thank the gentleman for yielding.

Mr. WALKER. I thank the gentleman.

Mr. Speaker, I yield to the gentleman from New York.

Mr. DIOGUARDI. Just to followup on that point, when you talk about unemployment, if that is the result, you have to again think basically as to what could happen. No. 1, people who work pay taxes no matter what their level of income. They are called Social Security taxes, and they are imposed on dollar 1. So when people are unemployed, those taxes are not flowing into the Social Security fund. So you have to be very careful there. The other thing is that when they are unemployed they start to draw on entitlements, unemployment insurance, so you can create a negative cycle here very easily.

So it is very important to look at the right kind of tax reform so we do not get into that situation.

Mr. WALKER. I thank the gentleman.

I yield to the gentleman from Texas.

Mr. DELAY. I would like to finish up what I was saying about trying to keep this as simple as possible, and I am not calling the American people simpleminded, I am just saying that a lot of terms and dialog used by economists are very hard to follow. But when you bring it down to creating jobs and job opportunities for Americans or, for that matter, security to hang on to their jobs, what we are talking about, the gentleman from North Carolina and Chairman ROSTENKOWSKI and many of his cohorts that I call liberal welfare statists that believe that this body knows more about how industry should spend their money than industry itself, and they have exemplified that in this tax bill because they go and they rape industry for taxes that ultimately American citizens pay in higher prices and in jobs that are shut down because that particular industry cannot compete in the world market if it is a capital-intensive industry that has to compete in the world market, and shuts down production.

By this body and the Ways and Means Committee writing a bill like they have written, shuts down a vibrant economy that is coming back; it

will shut down those jobs and shut down the security of keeping your job because we are going to give it to the individuals, "We are going to cut down on the individuals, but we are going to make it up on the industry side," thinking and trying to dupe the American people into thinking that because those big, bad corporations and businesses are going to be paying and footing the bill to keep this revenue-neutral, "We are going to cut your taxes," where, at the same time, what we are doing, we may be cutting your taxes on one end, but we are raising your prices on the other because you are going to pay for it ultimately.

Mr. WALKER. I thank the gentleman.

I think it is also important that we point out to these people who may listen to this discussion and think, "Well, all they are concerned about is business, the business taxes; sure, my job is involved, but it probably won't ever reach me." There may be some concern that what we are saying here is that this is a bad bill only from the business side. I think it might be also important to point out that this is a bad bill from the individuals' side. While there is much talk about how individuals are affected, their tax rates are cut, there are certain things done that help individuals, the fact is that for most of middle-income America, for working America, this bill raises their taxes in 1986. To pass the Rostenkowski bill is to say to working America, "You have to pay more taxes in 1986." Why? Well, it very cleverly does a few things that have not been fully explained. For example, it lowers the tax rates as of July 1 of next year. Well, that gets you lower rates for half the year. However, it takes away your deductions beginning on January 1 of the year. So for 6 months you lose your deductions like your consumer interest deduction, but you do not get the lower rate until half the year is gone. This means that when you look at the year as a whole you end up paying what? Higher taxes.

So this is really a device aimed at raising taxes without telling the American people we are raising taxes. It is another clever gimmick we use around here all the time, that we create and bring forward massive bills that we only find out later what was really in them. What the American people will find out is really in this bill is a tax increase.

Now you can talk about those outyears that some individuals may find themselves better off in those outyears, but not all individuals.

For some people, their taxes actually go up. If you are a family earning $22,000, a working couple earning $22,000, watch out, this bill raises your tax rate. If you are a working couple making $35,000, watch out, this bill raises your tax rate; not in terms of the President's bill, no, that is above the President's bill; it raises your tax rate compared to the present Tax Code. And at the same time it not only raises your rate but eliminates part of your deductions.

This, for many Americans, is a tax increase bill; for nearly all Americans it is a tax increase bill in 1986. For many Americans it is an increase, a tax increase bill, if you look at 1987, 1988, 1989, and beyond.

So while we talk about capital investment, because I think most of us feel that the preservation of jobs in our society has to be a major priority of this body, I think also then we want to look at the fact that there are a number of things down here for individuals, unless you are a member of the Gallo family that they ought to be concerned about, too. If you are getting your $50 million break that the Gallo family gets, well, maybe you are happy, but if you are Joe Wage-earner out there, earning $22,000 and struggling to get along trying to raise your family, educate them, maybe send your kids to college, and you have your tax rate go up as a result of this bill, you may not be very happy about it.

Mr. DELAY. Do you call that tax reform?

Mr. WALKER. Well, I have been one who has for the last several weeks when I saw what was emerging called this tax deform. It seems to me what the Ways and Means Committee has managed to do is, they took an ugly duckling, which is the present Tax Code, they took it and gave it plastic surgery, they created an ugly kiwi bird.

I mean it ends up being, you know, just an absolute disaster, what they achieved coming out of the Ways and Means Committee.

So this is really tax deform. It long since left the premise of being tax reform.

I will be glad to yield to the gentleman.

Mr. DELAY. I appreciate the gentleman's remarks about what do we do to individuals. I by no means am trying to imply that I am protecting businesses from paying taxes even though many Members of this body cover up the average Joe Citizen paying taxes through higher prices and blame it on the corporations. The gentleman's description about what it does to individuals is very clear and very plain. But what is disheartening to me is that this is so complicated that Joe American out there who is making $22,000 a year would not realize what has happened to him until April 1988.

Mr. WALKER. The gentleman is right. And let us look at the business side that the gentleman just mentioned, because I think there is one other thing that the American people ought to be aware of. We are having another tax bill brought to the floor tomorrow. Now it has not been called a tax bill, it has been called a Superfund bill. But what it does is, it raises the prices to every American because all of a sudden what we are going to impose is a new tax under what was reported from the Ways and Means Committee. I hope maybe we can change it on the House floor. But what the Ways and Means Committee brought to us is a bill that adds a brand new tax, something never done in this country before, called a value-added tax. Value-added tax is simply a creation that says what we are going to do is inflate the price of every product that you buy. It is a national sales tax, is what it is. It is a national sales tax being imposed.

So we not only have the tax increases that are going to be passed along in price increases that are down in the tax bill, so-called, we also have another tax bill coming to the floor under the guise of Superfund that is also going to raise prices to the American consumer.

Now what happens when you raise prices as a result of a tax bill aimed at corporations as a result of a Superfund bill that contains a value-added tax? Well, you reinflate the economy. Those increased prices show up in terms of inflation. What happens when you get more inflation in the economy? All the COLA's that the Federal Government has to pay on entitlement programs go up.

What happens? It aggravates the deficit. So we are creating a formula for further economic disaster in the future with two tax bills back to back on the House floor in the next couple of days. I think it is entirely appropriate for people to understand that corporate taxation ultimately ends up having them pay a price.

AMERICAN PEOPLE WANT A STRONG AMERICA

Mr. Speaker, I took this special order not so much to discuss the tax bill but to briefly discuss another topic that I think should be pointed out in light of action taken by the House earlier today.

Earlier today we passed a bill called the continuing resolution. It essentially spends more than $500 billion in one fell swoop.

We passed the bill very narrowly on the House floor. But it had a provision in it that I think needs to be examined rather closely. We have heard a lot of discussion on the House floor in past weeks and months about defense spending. We have heard it talked about in terms of defense waste, and I have no doubt about that, that there is defense waste. We have heard it talked about in terms of limiting the rate of growth of defense spending, that we have had defense spending growth too fast.

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Yes, I think, in light of our present deficit situation, that is probably a reasonable position. It is probably reasonable to assume that defense, like other parts of the budget, has to be one of those areas that we look at in terms of collapsing that deficit. And so the rate of growth of defense has been perhaps too high, given our deficit situation.

There is a consensus, I think, in this country that we need to eliminate defense waste and we need to eliminate some of the growth that we have built into the defense spending scenario. I think that generally there are American people, given what they have heard and learned in recent months, who would support that kind of consensus.

I would contend, however, that there is no consensus whatsoever in this country for peace through weakness, for returning to the Jimmy Carter formula that you can weaken defense and yet attain peace, that this is a time to trust the Soviets, that the Soviet Union is somehow engaged in peaceful intent and so now we can actually begin to really cut defense, not just stop it from growing a little faster, but make real cuts in defense budgets so that we are actually spending less next year than we spent this year, not just freeze at last year's spending level, but actually spend less next year than we spent this year; in other words, go to a policy that really says, "Yes, weakness is the way to peace, you can trust the Soviets," because when you start to really cut defense, when you cut defense in real terms, when you actually spend less money next year than you spent this year, that is what you are saying. You are going to the same formula used prior to World War II that encouraged the Nazis to march on.

Well, today, in the continuing resolution brought to this floor, we specifically went back to the Carter formula for defense. We began a process aimed not just at freezing defense spending at last year's spending levels, we started today to actually cut defense below what we spent last year. I do not think there is any consensus in this country that says that we need less defense, that the Soviets are somehow less threatening, that the missiles they are building are somehow threatening us less, that the troops do not need to be paid, that we somehow ought to give up on the volunteer military. I do not think there is any consensus in this country for specifically weakening defense.

We have heard much talk on the House floor, specifically from liberal Democrats in recent months, telling us of how they are for a strong defense, that they really believe that we need a strong defense, they want to cut out defense waste, that the growth of defense has been far too high. All right. They got their way. We actually reduced the growth, and we came down in the budget resolution passed by this house to a freeze level.

The bill that we passed on the House floor today, with only 34 Democrats dissenting, the party that supposedly believes in defense strength, only 34 of them were willing to vote against a bill that specifically reduces defense spending next year below what we are spending this year. They went below the freeze level.

At the same time that we vote ourselves in Congress a pay raise in 1987 and 1988, at the same time that we in the Congress say that we need elevator operators to operate automatic elevators, at the same time that many Members of this body voted to continue to print in braille the Playboy magazine at taxpayers' expense, at a time when we can afford all of these kinds of frills, we are now saying that it is time to weaken defense, to spend less next year than we spent this year, not just cut defense growth, but specifically cut defense.

I think that many Americans who voted for President Reagan just last year voted for him because they believed that he did believe in a strong America, he believed in peace through strength. This House today voted for peace through weakness, and I think that is a shame, and I think the Members of this House have got to answer, those who voted for this bill, for a policy that says that they believe that we can really do with less defense in a threatening world.

There was nothing said at Geneva which indicated that the Soviets are any less willing to continue their buildup. They are willing to talk now, but the buildup continues. That is not a time when we can begin to really cut defense muscle. That is what this House decided to do today. And I think this House must be called for such an irresponsible action.

Mr. Speaker, I yield back the remainder of my time.

PROTECT DISABILITY CLAIMANTS FROM GOVERNMENT ADVERSARIES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Virginia [Mr. BOUCHER] is recognized for 10 minutes.

Mr. BOUCHER. Mr. Speaker, today, along with our colleagues Mr. ROYBAL, Mr. FRANK, Mr. WAXMAN, Mr. WISE, Mr. MITCHELL, Ms. MIKULSKI, Mr. RANGEL, and Mr. DOWNEY, I am introducing legislation which will restore fairness for all Social Security disability applicants. The bill I am submitting today will terminate the use of Government adversaries in the four Social Security offices nationwide where adversaries are currently in place. The Kingsport, TN, Social Security office, which handles Social Security claims arising from the western half of Virginia's Ninth Congressional District, is one of the four locations where Government adversaries are situated.

In 1982, the Social Security Administration established the Social Security representation project and placed Government adversaries in the Social Security offices situated in Baltimore, MD; Columbia, SC; Pasadena, CA; Brentwood, MO; and Kingsport, TN. The project was originally designed to last for only 1 year, but with the exception of the Brentwood, MO, project, which has previously been terminated, the adversaries have remained in place since 1982.

The role of the adversary is to oppose disability claimants who are represented by attorneys in hearings before administrative law judges. In addition to developing case records and appearing in opposition to claimants, these Government adversaries have the authority to call for the review of any ALJ decision with which they are dissatisfied whether or not the claimant is represented by an attorney.

Among the purposes of the representation project as stated by the Acting Commissioner of the Social Security Administration are to improve the quality of hearing decisions, to increase the productivity of administrative law judges and to reduce hearing costs.

When the project was implemented in 1982, it was referred to by the Social Security Administration as an "experiment." However, the Administration has conceded that it had no methodology for conducting the experiment and that it had neglected to establish control groups by which to gauge the results. I am persuaded that termination of the use of Government adversaries in Social Security disability proceedings is justified for the following reasons:

First, the project has been improperly structured from the outset. The absence of a methodology with control groups for the evaluation of data renders virtually useless the information derived from the project.

Second, the continuation for more than 3 years of a project originally designed to last only 1 year is fundamentally unfair to the disability claimants against whom the experiment is being conducted.

Third, in view of the fact that disability claimants whose claims are processed by the four offices where adversaries are used are faced with barriers to obtaining disability benefits which do not confront claimants in the Social Security Administration's other offices, it is probable that the use of adversaries is an unconstitutional practice, denying equal protection of the law to claimants in the regions served by these offices.

Finally, preliminary information indicates that rather than facilitating disability hearings, the use of adversaries has lengthened both the time required to conduct hearings and the period between the holding of hearings and the issuance of decisions by administrative law judges. It is apparent that the project is not meeting its goals of reducing delays in conducting hearings and issuing decisions, increasing

the productivity of administrative law judges and reducing hearing costs. In fact, quite the opposite has occured.

Mr. Speaker, the Social Security Administration's experiment is a failure. It has not achieved its goals, and it is fundamentally unfair to Social Security disability claimants. The legislation which I am introducing will end the use of Government adversaries in Social Security hearings. I urge my colleagues to join in this effort to restore fairness for all disability claimants.

CONFERENCE REPORT ON H.R. 2965

Mr. SMITH of Iowa submitted the following conference report and statement on the bill (H.R. 2965) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1986, and for other purposes:

CONFERENCE REPORT 2(H. REPT. 99-414)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 2965) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1986, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 7, 8, 14, 24, 28, 31, 36, 42, 62, 63, 67, 69, 81, 84, 86, 87, 90, 105, 112, 116, 132, 135, 136, 142, 143, 144, 145, and 146.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 13, 17, 22, 26, 34, 37, 40, 43, 45, 46, 51, 52, 59, 60, 64, 65, 70, 71, 74, 75, 77, 80, 82, 88, 89, 93, 94, 95, 97, 98, 106, 108, 117, 124, 125, 126, and 139, and agree to the same.

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$32,300,000*; and the Senate agree to the same.

Amendment numbered 3:

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$105,600,000*; and the Senate agree to the same.

Amendment numbered 4:

That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$30,500,000*; and the Senate agree to the same.

Amendment numbered 5:

That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$175,000,000;* and the Senate agree to the same.

Amendment numbered 12:

That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$45,000,000;* and the Senate agree to the same.

Amendment numbered 15:

That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$1,130,699,000;* and the Senate agree to the same.

Amendment numbered 25:

That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$13,400,000;* and the Senate agree to the same.

Amendment numbered 32:

That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$9,800,000;* and the Senate agree to the same.

Amendment numbered 33:

That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$205,000,000;* and the Senate agree to the same.

Amendment numbered 35:

That the House recede from its disagreement to the amendment of the Senate numbered 35, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$44,500,000;* and the Senate agree to the same.

Amendment numbered 41:

That the House recede from its disagreement to the amendment of the Senate numbered 41, and agree to the same with an amendment, as follows:

Restore the matter stricken by said amendment, amended as follows:

In lieu of the sum named insert *$5,000,000;* and the Senate agree to the same.

Amendment numbered 48:

That the House recede from its disagreement to the amendment of the Senate numbered 48, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$1,209,000,000*; and the Senate agree to the same.

Amendment numbered 53:

That the House recede from its disagreement to the amendment of the Senate numbered 53, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$593,800,000*; and the Senate agree to the same.

Amendment numbered 54:

That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$23,000*; and the Senate agree to the same.

Amendment numbered 68:

That the House recede from its disagreement to the amendment of the Senate numbered 68, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$1,455,000,000*; and the Senate agree to the same.

Amendment numbered 72:

That the House recede from its disagreement to the amendment of the Senate numbered 72, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$337,000,000*; and the Senate agree to the same.

Amendment numbered 76:

That the House recede from its disagreement to the amendment of the Senate numbered 76, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$463,000,000*; and the Senate agree to the same.

Amendment numbered 83:

That the House recede from its disagreement to the amendment of the Senate numbered 83, and agree to the same with an amendment, as follows:

In lieu of the matter proposed by said amendment insert: *for allowances and differentials as authorized by subchapter 59 of 5 U.S.C.;* ; and the Senate agree to the same.

Amendment numbered 91:

That the House recede from its disagreement to the amendment of the Senate numbered 91, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$474,900,000*; and the Senate agree to the same.

Amendment numbered 96:

That the House recede from its disagreement to the amendment of the Senate numbered 96, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$32,750,000*; and the Senate agree to the same.

Amendment numbered 99:

That the House recede from its disagreement to the amendment of the Senate numbered 99, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$69,700,000*; and the Senate agree to the same.

Amendment numbered 101:

That the House recede from its disagreement to the amendment of the Senate numbered 101, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$102,700,000*; and the Senate agree to the same.

Amendment numbered 102:

That the House recede from its disagreement to the amendment of the Senate numbered 102, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$12,300,000*; and the Senate agree to the same.

Amendment numbered 104:

That the House recede from its disagreement to the amendment of the Senate numbered 104, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$20,000,000*; and the Senate agree to the same.

Amendment numbered 107:

That the House recede from its disagreement to the amendment of the Senate numbered 107, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$11,870,000;* and the Senate agree to the same.

Amendment numbered 110:

That the House recede from its disagreement to the amendment of the Senate numbered 110, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$28,600,000;* and the Senate agree to the same.

Amendment numbered 113:

That the House recede from its disagreement to the amendment of the Senate numbered 113, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment insert the following:

: Provided, That none of the funds appropriated in this Act for the Legal Services Corporation shall be used to bring a class action suit against the Federal Government or any State or local government unless—

(1) the project director of a recipient has expressly approved the filing of such an action in accordance with policies established by the governing body of such recipient;

(2) the class relief which is the subject of such an action is sought for the primary benefit of individuals who are eligible for legal assistance; and

(3) that prior to filing such an action, the recipient project director has determined that the government entity is not likely to change the policy or practice in question, that the policy or practice will continue to adversely affect eligible clients, that the recipient has given notice of its intention to seek class relief and that responsible efforts to resolve without litigation the adverse effects of the policy or practice have not been successful or would be adverse to the interest of the clients:

except that this proviso may be superseded by regulations governing the bringing of class action suits promulgated by a majority of the Board of Directors of the Corporation who have been confirmed in accordance with section 1004(a) of the Legal Services Corporation Act: Provided further, That none of the funds appropriated in this Act made available by the Legal Services Corporation may be used—

(1) to pay for any publicity or propaganda intended or designed to support or defeat legislation pending before Congress or State or local legislative bodies or intended or designed to influence any decision by a Federal, State, or local agency;

(2) to pay for any personal service, advertisement, telegram, telephone communication, letter, printed or written matter, or other device, intended or designed to influence any decision by a Federal, State, or local agency, except when legal assistance is provided by an employee of a recipient to an eligible client on a particular application, claim, or case, which directly involves the client's legal rights or responsibilities;

(3) to pay for any personal service, advertisement, telegram, telephone communication, letter, printed or written matter, or any other device intended or designed to influence any Member of Congress or any other Federal, State, or local elected official—

(A) to favor or oppose any referendum, initiative, constitutional amendment, or any similar procedure of the Congress, any State legislature, any local council or any similar governing body acting in a legislative capacity,

(B) to favor or oppose an authorization or appropriation directly affecting the authority, function, or funding of the recipient or the Corporation, or

(C) to influence the conduct of oversight proceedings of the recipient or the Corporation;

(4) to pay for any personal service, advertisement, telegram, telepone communication, letter, printed or written matter, or any other device intended or designed to influence any Member of Congress or any other Federal, State, or local elected official to favor or oppose any Act, bill, resolution, or similar legislation, except that this provisio shall not preclude funds from being used to provide communication directly to a Federal, State, or local elected official on a specific and distinct matter where the purpose of such communication is to bring the matter to the official's attention if—

(A) the project director of a recipient has expressly approved in writing the undertaking of such communication to be made on behalf of a client or class of clients in accordance with policy established by the governing body of the recipient; and

(B) the project director of a recipient has determined prior to the undertaking of such communication, that—

(i) the client and each such client is in need of relief which can be provided by the legislative body involved;

(ii) appropriate judicial and administrative relief have been exhausted; and

(iii) documentation has been secured from each eligible client that includes a statement of the specific legal interests of the client, except that such communication may not be the result of participation in a coordinated effort to provide such communications under this proviso; and

(C) the project director of a recipient maintains documentation of the expense and time spent under this proviso as part of the records of the recipient; or

(D) the project director of a recipient has approved the submission of a communication to a legislator requesting introduction of a private relief bill:

except that nothing in this proviso shall prohibit communications made in response to a request from a Federal, State, or local official: Provided further, That none of the funds appropriated in this Act made available by the Legal Services Corporation may be used to pay for any administrative or related costs associated with an activity prohibited in clause (1), (2), (3), or (4) of the previous proviso: Provided further, That none of the funds appropriated under this Act for the Legal Services Corporation will be expended to provide legal assistance for or on behalf of any alien unless the alien is present in the United States and is—

(1) an alien lawfully admitted for permanent residence as defined in section 101(a)(20) of the Immigration and Nationality Act (8 U.S.C. 1101(a)(20));

(2) an alien who is either married to a United States citizen or is a parent or an unmarried child under the age of twenty-one years of such a citizen and who has filed an application for adjustment of status to permanent resident under the Immigration and Nationality Act, and such application has not been rejected;

(3) an alien who is lawfully present in the United States pursuant to an admission under section 207 of the Immigration and Nationality Act (8 U.S.C. 1157, relating to refugee admissions) or who has been granted asylum by the Attorney General under such Act; or

(4) an alien who is lawfully present in the United States as a result of the Attorney General's withholding of deportation pursuant to section 243(h) of the Immigration and Nationality Act (8 U.S.C. 1253(h)):

Provided further, That an alien who is lawfully present in the United States as a result of being granted conditional entry pursuant to section 203(a)(7) of the Immigration and Nationality Act (8 U.S.C. 1153(a)(7)) before April 1, 1980, because of persecution or fear of persecution on account of race, religion, or political opinion or because of being uprooted by catastrophic natural calamity shall be deemed, for purposes of the previous proviso, to be an alien described in clause (3) of the previous proviso: Provided further, That none of the funds appropriated for the Legal Services Corporation may be used to support or conduct training programs for the purpose of advocating particular public policies or encouraging political activities, labor or antilabor activities, boycotts, picketing, strikes, and demonstrations, including the dissemination of information about such policies or activities, except that this provision shall not be construed to prohibit the training of attorneys or paralegal personnel necessary to prepare them to provide adequate legal assistance to eligible clients or to advise any eligible client as to the nature of the legislative process or inform any eligible client of his rights under statute, order, or regulation: Provided further, That none of the funds appropriated in this Act for the Legal Services Corporation may be used to carry out the procedures established pursuant to section 1011(2) of the Legal Services Corporation Act unless the Corporation prescribes procedures to insure that financial assistance under this title shall not be terminated, and a suspension of financial assistance shall not be continued for more than thirty days, unless the grantee, contractor, or person or entity receiving financial assistance under this title has been afforded reasonable notice and opportunity for a timely, full, and fair hearing and, when requested, such hearing shall be conducted by an independent hearing examiner, subject to the following conditions—

(1) such request for a hearing shall be made to the Corporation within thirty days after receipt of notice to terminate financial assistance, deny an application for refunding, or suspend financial assistance and such hearing shall be conducted within thirty days of receipt of such request for a hearing;

(2) the Corporation shall make such final decision within thirty days after completion of such hearing; and

(3) hearing examiners shall be appointed by the Corporation in accordance with procedures established in regulations promulgated by the Corporation:

Provided further, That none of the funds appropriated in this Act for the Legal Services Corporation may be used to carry out the procedures established pursuant to section 1011(2) of the Legal Services Corporation Act unless the Corporation prescribes procedures to ensure that an application for refunding shall not be denied unless the grantee, contractor, or person or entity receiving assistance under this title has been afforded reasonable notice and opportunity for timely, full, and fair hearing to show cause why such action should not be taken and subject to all other conditions of the previous proviso: Provided further, That none of the funds appropriated in this Act for the Legal Services Corporation shall be used by

the Corporation in making grants or entering into contracts for legal assistance unless the Corporation insures that the recipient is either (1) a private attorney or attorneys (for the sole purpose of furnishing legal assistance to eligible clients) or (2) a qualified nonprofit organization chartered under the laws of one of the states, a purpose of which is furnishing legal assistance to eligible clients, the majority of the board of directors or other governing body of which organization is comprised of attorneys who are admitted to practice in one of the states and who are appointed to terms of office on such board or body by the governing bodies of State, county, or municipal bar associations the membership of which represents a majority of the attorneys practicing law in the locality in which the organization is to provide legal assistance: Provided further, That none of the funds appropriated in this Act for the Corporation shall be used, directly or indirectly, by the Corporation to promulgate new regulations or to enforce, implement, or operate in accordance with regulations effective after April 27, 1984 unless the Appropriations Committees of both Houses of Congress have been notified fifteen days prior to such use of funds as provided for in section 606 of this Act.

And the Senate agree to the same.

Amendment numbered 115:

That the House recede from its disagreement to the amendment of the Senate numbered 115, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$173,800,000*; and the Senate agree to the same.

Amendment numbered 119:

That the House recede from its disagreement to the amendment of the Senate numbered 119, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$101,000,000*; and the Senate agree to the same.

Amendment numbered 120:

That the House recede from its disagreement to the amendment of the Senate numbered 120, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$8,000,000*; and the Senate agree to the same.

Amendment numbered 129:

That the House recede from its disagreement to the amendment of the Senate numbered 129, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$10,700,000*; and the Senate agree to the same.

Amendment numbered 130:

That the House recede from its disagreement to the amendment of the Senate numbered 130, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$20,750,000*; and the Senate agree to the same.

Amendment numbered 131:

That the House recede from its disagreement to the amendment of the Senate numbered 131, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$18,000,000*; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 6, 9, 10, 11, 16, 18, 19, 20, 21, 23, 27, 29, 30, 38, 39, 44, 47, 49, 50, 55, 56, 57, 58, 61, 66, 73, 78, 79, 85, 92, 100, 103, 109, 111, 114, 118, 121, 122, 123, 127, 128, 133, 134, 137, 138, 140 and 141.

NEAL SMITH,
BILL ALEXANDER,
JOSEPH D. EARLY,
BERNARD J. DWYER,
BOB CARR,
EDWARD P. BOLAND,
JAMIE L. WHITTEN,
GEORGE M. O'BRIEN,
RALPH REGULA,
HAROLD ROGERS,
SILVIO O. CONTE,
Managers on the Part of the House.

WARREN B. RUDMAN,
PAUL LAXALT,
TED STEVENS,
LOWELL P. WEICKER, Jr.,
MARK O. HATFIELD,
ARLEN SPECTER,
ERNEST F. HOLLINGS,
DANIEL K. INOUYE,
DALE BUMPERS,
FRANK R. LAUTENBERG,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 2965) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies for the fiscal year ending September 30, 1986, and for other purposes, submit the following joint statement to the House and Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

TITLE I—DEPARTMENT OF COMMERCE

GENERAL ADMINISTRATION

SALARIES AND EXPENSES

Amendment No. 1: Appropriates $32,300,000 instead of $32,343,000 as proposed by the Senate and $31,609,000 as proposed by the House. The conference agreement reflects a general reduction of $43,000 from the level of the Senate amendment.

BUREAU OF THE CENSUS

SALARIES AND EXPENSES

Amendment No. 2: Appropriates $90,400,000 as proposed by the Senate instead of $88,662,000 as proposed by the House.

The conference agreement provides for an increase above the budget request of $400,000 for fifteen positions to continue to develop improved data on small manufacturers for the Quarterly Financial Report. The conferees instruct the Department and the Bureau to utilize $300,000 within existing resources to conduct a general economic survey of the communications sector. The conference agreement includes a general reduction of $3,000 and provides $1,741,000 of the $2,677,000 requested for pay restoration.

The conferees wish to express the following concerns regarding the Bureau's research and valuation efforts of noncash benefits:

Although the Census Bureau made progress in opening up its discussions regarding valuation of noncash benefits to the public, there still needs to be increased public participation and congressional review of the Bureau's efforts;

Because the Census Bureau has identified many conceptual and emperical problems associated with its valuation techniques the Census Bureau should not be allowed to make the data on noncash benefits official until these problems are resolved; and

Because the Census Bureau considers its efforts on noncash benefits exploratory, the data on noncash benefits should not be used by any agencies to determine program eligibility, benefit levels, program allocations, or in any other administrative programmatic areas.

The conferees agree that it is not the intent of either House that the information be used in program level determination and participation levels. Some think it would be valuable information. The Census Bureau is therefore not prohibited from continuing the gathering of this data.

PERIODIC CENSUSES AND PROGRAMS

Amendment No. 3: Appropriates $105,600,000 instead of $105,687,000 as proposed by the Senate and $105,111,000 as proposed by the House. The conference agreement reflects a general reduction of $87,000 from the level of the Senate amendment.

ECONOMIC AND STATISTICAL ANALYSIS

SALARIES AND EXPENSES

Amendment No. 4: Appropriates $30,500,000 instead of $30,543,000 as proposed by the House and $30,168,000 as proposed by the Senate.

The conference agreement provides for the continued funding in fiscal year 1986 of the Office of Productivity, Technology and Innovation at a level $649,000 less than that carried out in fiscal year 1985; however, the conferees direct that this reduction not be implemented in program areas related to small business assistance. The conference agreement includes $300,000 above the level of the budget request for the Center for Utilization of Federal Technology (CUFT) as described in House Report No. 99-197. Finally, the conferees have included $649,000 of the requested $812,000 for pay restoration and a general reduction of $43,000.

ECONOMIC DEVELOPMENT ADMINISTRATION

ECONOMIC DEVELOPMENT ASSISTANCE PROGRAMS

Amendment No. 5: Appropriates $175,000,000 instead of $180,000,000 as proposed by the House and $160,000,000 as proposed by the Senate.

The conferees intend that the funds appropriated be distributed as follows:

Item	*Conference Agreement*
Public works grants	$112,000,000
Planning assistance	27,000,000
Districts	(16,000,000)
Indians	(3,000,000)
States	(3,000,000)
Urban	(5,000,000)
Technical Assistance	8,000,000
University Centers	(5,000,000)
Research and evaluation	2,000,000
Economic adjustment grants	26,000,000
Sudden and severe projects	(14,000,000)
Revolving loan fund projects	[1] (12,000,000)
Total	$175,000,000

[1] The conferees intend that funds distributed under "Revolving loan fund projects" shall be only to first-time recipients of such assistance.

The conferees have disapproved without prejudice additional funding totalling $32,100,000 proposed in Senate amendment numbered 7 that would have earmarked for economic development assistance specific recipients and specific activities.

The conferees wish to encourage EDA officials to continue to pursue the goals of job creation, economic development, rural development and urban enhancement in their evaluation and selection of projects.

Amendment No. 6: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following: *: Provided further, That none of the funds appropriated or otherwise made available under this heading may be used directly or indirectly for attorneys' or consultants' fees in connection with securing grants and contracts made by the Economic Development Administration*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 7: Deletes language proposed by the Senate providing $32,100,000 for specific economic development assistance.

SALARIES AND EXPENSES

Amendment No. 8: Appropriates $26,000,000 as proposed by the House instead of $24,450,000 as proposed by the Senate.

INTERNATIONAL TRADE ADMINISTRATION

OPERATIONS AND ADMINISTRATION

Amendment No. 9: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the sum stricken and inserted by said amendment insert the following: *$192,000,000*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement provides for the following departures from the budget request:

$3,081,000 of the $3,852,000 request for pay restoration;

+$3,500,000 for a grant to the Tailored Clothing Technology Corporation;

−$2,073,000 for the phase-in of the request for export enforcement activities;

−$1,980,000 for a general reduction;

$1,000,000 for the Textile/Apparel Export Promotion Program (in addition, $400,000 is to be derived from trust funds); and

$18,500,000 for the Trade Adjustment Assistance Program, of which $2,000,000 is for administration, $2,000,000 is for direct loans, and $14,500,000 is for grants to maintain the Trade Adjustment Assistance Centers. In addition, the conferees understand that unobligated balances of $6,100,000 appropriated in fiscal year 1985 will be made available for obligation in fiscal year 1986.

The conferees understand that $3,100,000 in prior year loan repayments from the TAA program is available, and intend that $2,000,000 of this amount be utilized for the fiscal year 1986 loan program.

Amendment No. 10: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which inserts language that earmarks $7,090,000 for the Office of Textiles and Apparels, including $3,500,000 for a grant to the Tailored Clothing Technology Corporation.

Amendment No. 11: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter stricken by said amendment insert the following:

During fiscal year 1986 and within the resources and authority available, gross obligations for the principal amount of direct loans shall not exceed $8,100,000. During fiscal year 1986, commitments to guarantee loans shall not exceed $6,000,000 of contingent liability for loan principal.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement for the direct loan limitation does not utilize any new budget authority in fiscal year 1986. The $8,100,000 limitation is comprised of $6,100,000 in unobligated funds appropriated in fiscal year 1985 for Trade Adjustment Assistance direct loans and $2,000,000 in prior year loan repayments.

MINORITY BUSINESS DEVELOPMENT AGENCY

MINORITY BUSINESS DEVELOPMENT

Amendment No. 12: Appropriates $45,000,000 instead of $45,090,000 as proposed by the Senate and $44,802,000 as proposed by the House. The conference agreement reflects a general reduction of $90,000 from the level of the Senate amendment.

Amendment No. 13: Earmarks $13,595,000 for program management as proposed by the Senate instead of $13,307,000 as proposed by the House.

Amendment No. 14: Restores the matter stricken by said amendment relating to the notification requirement for working capital fund activities.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

OPERATIONS, RESEARCH AND FACILITIES

Amendment No. 15: Appropriates $1,130,699,000 instead of $1,131,699,000 as proposed by the Senate and $1,121,228,000 as proposed by the House.

The conference agreement provides for the following departures from the proposed funding for the programs and activities in the level of the President's budget request:

A. Restorations and partial restorations:	
Seafloor Spreading Center polymetallic sulfides	1,800,000
Ocean climate research (OACIS/TOGA)	2,000,000
National Undersea Research Program	6,485,000
Great Lakes Environmental Laboratory	3,844,000
Ocean service centers	2,700,000
(carryover balances)	(2,950,000)
Regional ocean pollution projects	5,800,000
Circulatory survey program	300,000
Sea Grant	39,000,000
Coastal zone management	
State assistance grants	35,000,000
Interstate grants	1,000,000
Program management	650,000
New estuarine sanctuary site acquisition	800,000
Management activities	700,000
South Carolina geodetic survey	400,000
State geodetic programs	550,000
Vertical network readjustment activities	500,000
Resource surveys (NMFS)	2,000,000
Marine recreational fisheries	918,000
Protected species biology	1,275,000
Salmon research	1,915,000
Habitat research	5,133,000
Fisheries statistics	3,100,000
Analysis/ecosystems and fisheries	974,000
Aquaculture	5,600,000
Chesapeake Bay studies	1,500,000
SEAMAP	1,000,000
Subarctic research	600,000
PCB contamination study	400,000
Habitat evaluation methodology	1,000,000
Marine mammal research	750,000
(reprogramming from satellite research)	(750,000)
Regional fishery management councils	4,000,000
Environmental impact analysis	2,269,000
Fishing gear entanglement studies	750,000
Salmon vessel buyback	1,250,000
Columbia River hatcheries	9,954,000
Commercial fisheries R&D act	4,250,000
Anadromous fisheries grants	3,250,000
(striped bass)	(500,000)
Fisheries market development	3,000,000
Product quality and safety	4,555,000
Menhaden and underutilized species research	2,000,000
Maintain Alaska and Pacific NWS regional headquarters	407,000
Maintain Fort Worth regional NWS office	852,000
Maintain staff at 8 WSFO's	836,000
Maintain fruit frost advisory, agricultural and fire weather services	2,218,000
Maintain Hawaiian data buoys and data buoy research	1,174,000
Micronesia weather service	456,000
Maintain Colorado River flood warning system	650,000
Maintain Paducah, KY WSO (within existing funds)	(400,000)
Maintain weather technicians	576,000
Maintain emergency power for NOAA weather radio	400,000
Maintain storm surge research	485,000
Prototype regional observations and forecast system	2,000,000
Mesoscale convection systems research	2,250,000
State weather modification activities	2,250,000
Global atmospheric research project	1,000,000
Space Environment Lab	1,500,000
Maintain NWS research and development	340,000
Maintain two polar orbiting satellite system	30,000,000

Restore positions associated with rescissions and reductions not adopted	6,000,000
Restore 50 percent of unverified A-76 savings	4,000,000
Restore marine services	11,126,000
Restore aircraft services	1,300,000
NACOA	500,000
Reduction for restorations already included in above items related to the budget amendment for the United States-Canada Salmon Treaty	−8,000,000
Subtotal, restorations	225,292,000
B. Program enhancements:	
Right whale research	500,000
National Undersea Research Program	3,150,000
(Hawaii Undersea Research Program)	(600,000)
(Aegir)	(1,750,000)
(University of Connecticut)	(500,000)
(Caribbean initiative)	(300,000)
Twin engine helicopter	2,000,000
Dock facility for Chapman in Pascagoula, MS	500,000
Gulf marine fisheries initiative (MATFIN)	2,850,000
Salmon enhancement (matching funds)	3,350,000
Limnological Research Center, UNLV	350,000
Coastal Resources Research and Development Institute (P.L. 98-364)	1,250,000
Oregon Institute of Marine Biology	650,000
Susquehanna River basin flood warning system	2,340,000
Western Regional Climate Center	800,000
Chesapeake Bay tidal gauge stations	100,000
Louisiana cadastral survey	750,000
EROS Data Center AVHRR equipment	(600,000)
Subtotal, program enhancements	18,590,000
Total, additions to budget request	243,882,000
C. Reductions from the budget request:	
5 GOES satellites	−8,000,000
Delete funding for LANDSAT (in the fiscal year 1985 supplemental)	−50,000,000
Delay procurement of bathymetric survey systems	−1,100,000
Delay expansion of GOES data collection system	−3,900,000
TDRS carryover	−5,600,000
Reestimate of satellite launch costs	−7,000,000
FOCI reduction	−600,000
NMFS base reduction	−250,000
Absorption of pay restoration	−2,903,000
U.S.-Canada Salmon Treaty	−3,035,000
Subtotal, reductions from budget request	−82,388,000
Total, additional new budget authority	+161,494,000
Appropriation requested	1,012,905,000
S/K transfer	−35,700,000
CEIF transfer	−8,000,000
Total new budget authority, ORF	$1,130,699,000

The conference agreement includes the restoration of funding for the Agricultural Weather and Fruit Frost Advisory Program Services proposed for elimination in the National Weather Service. The conferees expect the Department and the Office of Management and Budget to heed the resolve of Congress in maintaining these important programs year after year and caution the Administration against submitting proposals to eliminate these programs in future years.

Within the $2,000,000 restored for resource survey activities, the conferees expect the National Marine Fisheries Service to (1) devote $250,000 to continue the ongoing shrimp tagging study, and (2) continue contracting with the South Carolina Wildlife and Marine Resources Department for resource surveys. The National Oceanic and Atmospheric Administration should develop procedures for multiyear contracts to ensure the continued funding for maintaining ongoing resource survey activities in support of fisheries management requirements.

The conference agreement provides $2,000,000 for menhaden and underutilized species research. The conferees intend that of this amount $1,000,000 be utilized specifically for continued menhaden research and $1,000,000 be utilized for related research concerning the medical benefits from refined fish oil and valuable oil extracts.

The conferees have included $10,000,000 toward the purchase of the proposed five GOES satellite procurement program and instruct the Department to submit with the fiscal year 1987 Budget Request a multiyear procurement schedule that would reflect Congressional approval of this initiative. In addition, the conference agreement includes $30,000,000 to maintain a two polar orbiting satellite system and procure the advanced microwave sounding unit.

The conferees approve the proposed NOAA "port" approach to the Ocean Service Centers initiative, have included adequate funds to finance this activity in fiscal year 1986, and expect prompt Departmental implementation of the proposed plan.

The conference agreement provides reduced funding for the specific activities in the Administration's request for the Commerce portion of the U.S.-Canada Salmon Treaty, however, the conferees feel that restorations and enhancements included in the conference agreement for other salmon and salmon-related programs in excess of the reduction imposed constitute a redirection of resources in compliance with the intent of the Treaty.

The conference agreement does not provide additional funds above the budget request for Ocean Thermal Energy Conversion (OTEC) activities or maintaining the Paducah, Kentucky, Weather Service Office (WSO). The conferees understand that if there are OTEC licenses to be processed, the Department will do so within existing funds, and that there are sufficient funds within the level of the budget request to maintain the Paducah WSO.

Within the $6,485,000 restored for the National Undersea Research Program, the conferees intend that sufficient funds to operate a vessel to be acquired in fiscal year 1986 be allocated to the University of North Carolina at Wilmington. In addition, the conference agreement continues funding of all fiscal year 1985 activities at the Beaufort, North Carolina Laboratory, including the assessment activities for the menhaden and snapper-grouper fisheries management plan, and the new responsibilities related to the king mackeral fishery management plan.

The conference agreement does not include funding for the establishment of a Great Lakes Research Office pending resolution of the authorization for this matter.

The conference agreement provides $2,250,000 for the continuance of State weather modification activities. The conferees intend that in fiscal year 1986 the grants allocated to the four participating States be identical to these distributed in fiscal year 1985.

Amendment No. 16: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate that earmarks $600,000 for the enhancement to the EROS Data Center in Sioux Falls, South Dakota. The enhancement at the EROS Data Center shall be derived from funds appropriated for satellite services and satellite systems, except that these funds shall not be derived from funds provided for the maintenance of a two polar orbiting satellite system.

Amendment No. 17: Provides $35,700,000 for transfer from the promote and develop funds as proposed by the Senate instead of $30,000,000 as proposed by the House. The remaining level of estimated receipts will permit a fishery development grants program of $8,000,000 in fiscal year 1986.

Amendment No. 18: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which deletes the word "unobligated" and inserts in lieu thereof the word "unexpended".

Amendment No. 19: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which inserts language that mandates the maintenance of a staff of three positions to work on contracts and purchase orders at the National Data Buoy Center in Bay St. Louis, Mississippi.

Amendment No. 20: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following:

In addition, $3,000,000 shall be for payments under section 4(b) of the Commercial Fisheries Research and Development Act of 1964 for commercial fisheries failures and disruptions.

The managers on the part of the Senate will move to concur in the amendment of the House of the amendment of the Senate.

FISHERMEN'S GUARANTY FUND

Amendment No. 21: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and

concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter stricken and inserted by said amendment insert the following: *$3,000,000, of which $1,200,000 is to be derived from the general fund of the Treasury and of which $1,800,000 is*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

FISHERIES LOAN FUND

Amendment No. 22: Deletes funding in the House bill for the Fisheries Loan Fund as proposed by the Senate.

PATENT AND TRADEMARK OFFICE

SALARIES AND EXPENSES

Amendment No. 23: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the sum stricken and inserted by said amendment, insert the following: *$84,700,000*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conferees are aware that unanticipated unobligated balances carried over from fiscal year 1985 are in excess of the amounts required for restoration of the five per cent pay reduction proposal and direct that these funds be used for that purpose.

NATIONAL BUREAU OF STANDARDS

SCIENTIFIC AND TECHNICAL RESEARCH AND SERVICES

Amendment No. 24: Appropriates $123,985,000 as proposed by the House instead of $125,916,000 as proposed by the Senate.

The conference agreement provides for the following departures from the budget request:

Absorption of the requested pay restoration	−$485,000
Center for Building Technology	+3,100,000
Center for Fire Research	+5,141,000
Institute for Computer Sciences and Technology	+4,657,000
Cold Neutron Research Hall	−8,000,000
Industial Applications of biotechnology	−1,560,000
Advanced Ceramics	−1,283,000
Subtotal, changes	+1,570,000
Budget request	122,415,000
Total, new budget authority	123,985,000

NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION

SALARIES AND EXPENSES

Amendment No. 25: Appropriates $13,400,000 instead of $13,186,000 as proposed by the House and $13,686,000 as proposed by the Senate.

The conferees understand that there are sufficient unobligated balances carried over from fiscal year 1985 to provide an additional $250,000 for international conference preparation activities. In addition, the conference agreement provides $250,000 above the House bill for restoration of 80 percent of the pay reduction proposal.

PUBLIC TELECOMMUNICATIONS FACILITIES, PLANNING AND CONSTRUCTION

Amendment No. 26: Earmarks $1,200,000 for program management as proposed by the Senate.

Amendment No. 27: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate that inserts language that makes prior year unobligated balances available for grants for projects for which applications have been submitted and approved during any fiscal year.

GENERAL PROVISIONS—DEPARTMENT OF COMMERCE

Amendment No. 28: Deletes language proposed by the Senate that would have authorized the National Bureau of Standards to accept contributions to construct a facility for cold neutron research.

Amendment No. 29: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter proposed by said amendment insert the following:

SEC. 104. None of the funds made available in this or any prior Act shall be obligated or expended to relocate the National Marine Fisheries Service's Sandy Hook Laboratory, or any of its activities or programs, out of New Jersey. Notwithstanding the previous sentence, the Secretary of Commerce shall submit a report to the Appropriations Committees of both Houses of Congress by February 1, 1986, evaluating options for restoring or replacing that portion of the Sandy Hook Laboratory destroyed by fire: Provided, That any proposed relocation or replacement of the Laboratory pursuant to said report shall be subject to the reprogramming procedures in Section 606 of this Act.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement provides that the Department of Commerce may not use any funds to move the National Marine Fisheries Service's Sandy Hook Laboratory or any of its programs or activities out of New Jersey. At the same time the Department is directed to prepare a report to the Appropriations Committees by February 1, 1986, which would address options for restoring or replacing that portion of the Sandy Hook Laboratory which was destroyed by fire. The agreement also includes a proviso making any proposals pursuant to this report subject to the reprogramming procedures of Section 606. It is the conferees' intention that the integrity of this Laboratory be maintained so that it can continue to perform its important functions. Therefore, the conferees urge the Department to move as quickly as possible to develop a plan to restore or replace the facility with a minimum of disruption to the Laboratory's vital functions.

TITLE II—DEPARTMENT OF JUSTICE

GENERAL ADMINISTRATION

SALARIES AND EXPENSES

Amendment No. 30: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the State amendment with an amendment which appropriates $70,800,000 instead of $72,533,000 as proposed by the House and $72,710,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement include $615,000 and 32 positions for additional immigration judges and staff for the Oakdale, Louisiana alien detention facility; $3,500,000 for relocation and consolidation of various Department of Justice offices in Washington, D.C.; $1,267,000 for partial restoration of the funds associated with the proposed five percent pay reduction; and $3,300,000 for a classified project of which $300,000 is to be derived from unobligated balances available in the Federal Justice Research Program.

The conferees have been informed that the Office of the Attorney General and other Departmental leadership offices currently have more employees and are spending in excess of their fiscal year 1986 budget of $4,706,000 as submitted and approved in this conference agreement. The conferees direct these offices to cease this fiscally unsound and unlawful practice immediately and submit a full report to the Committees on Appropriations of the House and Senate concerning this entire situation by February 1, 1986 and a plan for maintaining total fiscal year 1986 obligations at the level approved in this conference agreement.

The conferees expect the Department of Justice to develop a Federal strategy to deal with Designer Drugs, as called for in Senate Report 99-150, and submit a report on their progress by March 1, 1986.

Amendment No. 31: Deletes proposal of the Senate which would have earmarked $500,000 of the appropriation for General Administration, Salaries and Expenses to pay legal fees of non-Indian litigants in certain New Mexico water rights cases.

UNITED STATES PAROLE COMMISSION

SALARIES AND EXPENSES

Amendment No. 32: Appropriates $9,800,000 instead of $9,836,000 as proposed by the Senate and $9,681,000 as proposed by the House.

LEGAL ACTIVITIES

SALARIES AND EXPENSES, GENERAL LEGAL ACTIVITIES

Amendment No. 33: Appropriates $205,000,000 instead of $205,400,000 as proposed by the Senate and $200,277,000 as proposed by the House. The conference agreement includes $1,800,000 for relocation and consolidation of various offices of the legal divisions in Washington, D.C.

Amendment No. 34: Deletes the earmarking of $3,088,000 for the Office of Special Investigations proposed by the House and stricken by the Senate. The conferees strongly support the activities of the Office of Special Investigations and have been assured by the Department of Justice that at least $3,088,000 will be allocated and obligated for the Office as requested for FY 1986. The conferees are agreed that the Department must submit a reprogramming request to the House and Senate Appropriations Committees for any reallocation of funds in excess of $250,000 from the amount appropriated for the Office in accordance with the Committees' reprogramming procedures.

ANTITRUST DIVISION

SALARIES AND EXPENSES

Amendment No. 35: Appropriates $44,500,000 instead of $44,520,000 as proposed by the Senate and $43,476,000 as proposed by the House.

FOREIGN CLAIMS SETTLEMENT COMMISSION

SALARIES AND EXPENSES

Amendment No. 36: Appropriates $700,000 as proposed by the House instead of $850,000 as proposed by the Senate.

SALARIES AND EXPENSES, UNITED STATES ATTORNEYS AND MARSHALS

Amendment No. 37: Deletes the combined appropriation proposed by the House and stricken by the Senate for the United States Attorneys, United States Trustees and United States Marshals.

SALARIES AND EXPENSES, UNITED STATES ATTORNEYS AND TRUSTEES

Amendment No. 38: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following:

SALARIES AND EXPENSES, UNITED STATES ATTORNEYS AND TRUSTEES

For necessary expenses of the Offices of the United States attorneys and bankruptcy trustees, $332,000,000.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement includes funding for 100 additional positions and annualization of 432 positions approved in the FY 1985 Supplemental Appropriations Act for the United States Attorneys to help carry out their responsibilities under the Comprehensive Crime Control Act of 1984 and the Bankruptcy Amendments and Federal Judgeship Act of 1984. The conference agreement also includes $5,960,000 for partial restoration of the funds associated with the proposed 5 percent pay reduction for the United States Attorneys; $275,000 for relocation and consolidation of various offices of the Executive Office of the United States Attorneys; and $10,198,000 and 179 positions for the United States Trustees.

The conference agreement does not include the Senate provision requiring that $450,000 be used for the investigation and prosecution of individuals indicted for violations of obscenity statutes. However, the conferees strongly support vigorous enforcement of the obscenity statutes and have received assurances from the Department of Justice that at least $450,000 of the FY 1986 appropriation for the United States Attorneys will be allocated to this important law enforcement activity.

SALARIES AND EXPENSES, UNITED STATES MARSHALS SERVICE

Amendment No. 39: reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment which appropriates $150,000,000 instead of $149,000,000. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate. The conferees are agreed that not less than $3,000,000 shall be allocated out of the total amount provided in this appropriation for the United States Marshals Service for implementation of the child care provisions of the Comprehensive Crime Control Act of 1984.

SUPPORT OF UNITED STATES PRISONERS

Amendment No. 40: Appropriates $52,000,000 as proposed by the Senate instead of $53,240,000 as proposed by the House.

Amendment No. 41: Appropriates $5,000,000 for the Cooperative Agreement Program instead of $9,000,000 proposed by the House and stricken by the Senate.

Amendment No. 42: Deletes a technical language change proposed by the Senate. The House version of the bill did not contain this language.

FEES AND EXPENSES OF WITNESSES

Amendment No. 43: Appropriates $47,400,000 as proposed by the Senate instead of $47,900,000 as proposed by the House.

Amendment No. 44: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following: *: Provided, That restitution of not to exceed $25,000 shall be paid to the estate of victims killed before October 12, 1984, as a result of crimes committed by persons who have been enrolled in the Federal witness protection program, if such crimes were committed within two years after protection was terminated, notwithstanding any limitations contained in part (a) of section 3525 of title 18 of the United States Code*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

SALARIES AND EXPENSES, COMMUNITY RELATIONS SERVICE

Amendment No. 45: Appropriates $29,900,000 as proposed by the Senate instead of $33,217,000 as proposed by the House.

Amendment No. 46: Earmarks $23,266,000 to remain available until expended as proposed by the Senate for the costs of processing and care of Cuban and Haitian entrants in the United States instead of $26,583,000 for this purpose as proposed by the House.

INTERAGENCY LAW ENFORCEMENT

PRESIDENTIAL COMMISSION ON ORGANIZED CRIME

Amendment No. 47: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment which appropriates $1,000,000 to support the final activities of the Presidential Commission on Organized Crime.

FEDERAL BUREAU OF INVESTIGATION

SALARIES AND EXPENSES

Amendment No. 48: Appropriates $1,209,000,000 instead of $1,209,468,000 as proposed by the Senate and $1,194,132,000 as proposed by the House. The conference agreement includes $8,468,000 and 191 positions above the budget request for the FBI's program to combat domestic terrorism and $667,000 and 93 positions above the budget request for the Bureau's program to combat international terrorism. The funds for the latter initiative are to be derived from increased lapse in the new positions requested in the FY 1986 budget and approved in this conference agreement.

The conferees are agreed that funding for a classified, technical project should be considered under the reprogramming procedures of the House and Senate Appropriations Committees.

Amendment No. 49: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which provides that $13,120,000 shall remain available until expended for constructing new facilities at the FBI Academy, Quantico, Virginia.

Amendment No. 50: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment as follows:

In lieu of the matter proposed in said amendment, insert the following: *Provided further, That by June 1, 1986, the Director of the FBI shall submit to the appropriate committees of the Congress a report on the FBI's capabilities and efforts to counter the electronic interception of American telecommunications by foreign agents*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement deletes the Senate provision requiring that not less than $1,000,000 be spent for the purpose of countering the interception of domestic American telecommunications by agents of the Soviet Union and its allies from foreign missions maintained in the United States by those foreign governments, but retains the provision requiring the Director of the FBI to submit a report June 1, 1986 to the appropriate Congressional committees on the FBI's capabilities and efforts to counter the electronic interception of American telecommunications by foreign agents. The conferees have been assured that the FBI shares the conferee's concerns about the seriousness of this matter and that the FBI will allocate at least $1,000,000 to deal with the problem.

DRUG ENFORCEMENT ADMINISTRATION

SALARIES AND EXPENSES

Amendment No. 51: Provides for a limitation on purchases of passenger motor vehicles for the Drug Enforcement Administration of seven hundred fifty-two as proposed by the Senate instead of five hundred fifty-two as proposed by the House.

Amendment No. 52: Appropriates $380,000,000 as proposed by the Senate instead of $353,421,000 as proposed by the House. The conference agreement includes $4,542,000 for partial restoration of the proposed five percent pay reduction; $30,000,000 for annualization of the FY 1985 drug enforement initiative; $500,000 and 11 positions above the budget request for the Foreign Cooperative Investigation Program; and $2,700,000 above the budget request for assistance to State and local governments in preventing diverson of controlled substances.

IMMIGRATION AND NATURALIZATION SERVICE

SALARIES AND EXPENSES

Amendment No. 53: Appropriates $593,800,000 instead of $577,510,000 as proposed by the House and $598,490,000 as proposed by the Senate. The conference agreement provides $11,225,000 for partial restoration of the proposed five percent pay reduction; $4,885,000 and 67 positions to staff the Alien Detention Center at Oakdale, Louisiana of which $1,000,000 and 22 positions shall be transferred from other INS facilities; and $1,200,000 and 50 positions above the budget request to provide for additional immigration inspectors at ports of entry throughout the country.

The conferees expect that to the fullest extent practicable commensurate with workload, the Alien Detention Center at Oakdale, Louisiana will have the full complement of 67 on board when the Center opens and that sufficient funds will be available for alien travel and transportation.

The conferees are agreed that the Commissioner of the Immigration and Naturalization Service shall place the 50 additional inspectors provided by the conference agreement at those locations which are experi-

encing the greatest increases in workload and need for additional inspections personnel.

The conferees are aware of a number of questions regarding procurement of ADP systems by the INS. In order to allow appropriate reviews, the conferees direct that no sums included in this act shall be used for any ADP procurement beyond lot 2A. The conferees expect INS to undertake a thorough review of its entire ADP modernization program and to share the results with the General Accounting Office and appropriate committees of the Congress.

Amendment No. 54: Provides for a limitation on overtime pay for employees of the Immigration and Naturalization Service of $23,000 instead of $20,000 as proposed by the House and $25,000 as proposed by the Senate.

Amendment No. 55: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment which inserts language providing that none of the funds appropriated in this Act may be used to implement any reorganization proposal which would close the Northern Regional Office of the Immigration and Naturalization Service in Fort Snelling, Minnesota.

FEDERAL PRISON SYSTEM

SALARIES AND EXPENSES

Amendment No. 56: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment which appropriates $556,900,000 instead of $550,334,000 as proposed by the House and $554,360,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement includes $8,776,000 for partial restoration and the five percent pay reduction; $32,201,000 for Contract Community Treatment Centers; $150,000 for legal assistance to inmates in civil matters; and $1,000,000 and 50 positions above the budget request for additional correctional officers at Federal Prison System institutions.

NATIONAL INSTITUTE OF CORRECTIONS

Amendment No. 57: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment which appropriates $11,000,000 instead of $12,226,000 as proposed by the House and $12,000,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate. The conferees expect the training programs of the National Institute of Corrections to be maintained and funded at the level provided for in the fiscal year 1986 budget request.

Amendment No. 58: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following: *and from this amount and any unobligated balances of previous appropriations for "Buildings and Facilities", not to exceed a total of $7,100,000 shall be available to renovate or construct a facility for the incarceration of illegal alien felons, in accordance with the standards and procedures of the Federal Bureau of Prisons,*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The managers expect the Department to keep the Committees on Appropriations advised every six months of the progress on the construction of the facility for illegal alien felons.

FEDERAL PRISON INDUSTRIES, INCORPORATED

LIMITATION ON ADMINISTRATIVE AND VOCATIONAL EXPENSES, FEDERAL PRISON INDUSTRIES, INCORPORATED

Amendment No. 59: Provides for a limitation on administrative expenses of $2,102,000 as proposed by the Senate instead of $2,070,000 as proposed by the House.

Amendment No. 60: Provides for a limitation on the vocational training of prisoners of $7,018,000 as proposed by the Senate instead of $6,920,000 as proposed by the House.

OFFICE OF JUSTICE PROGRAMS

JUSTICE ASSISTANCE

Amendment No. 61: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

$128,700,000 and of the unobligated funds previously appropriated for the Juvenile Justice and Delinquency Prevention Act, other than funds subject to provisions of Section 222(b), 223(d), and 228(e) of Title II of such Act, $9,300,000 shall be made available for programs authorized under Parts D and E of the Justice Assistance Act of 1984, all funds appropriated herein

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement provides the following amounts for programs funded in the Justice Assistance Appropriations:

Office of Justice Assistance	[1] $60,000,000
Regional Information Sharing Systems	9,900,000
Missing Children	4,000,000
National Institute of Justice	19,400,000
Bureau of Justice Statistics	16,700,000
Emergency Assistance	1,200,000
Public Safety Officers' Benefits	11,400,000
Management and Administration	[2] 17,431,000
Total	140,031,000

[1] Includes $50,700,000 in new budget authority and $9,300,000 in unobligated balances from Juvenile Justice and Delinquency Prevention discretionary and special emphasis (general) programs.

[2] Includes $2,031,000 in unobligated balances carried over from FY 1985.

Amendment No. 62: Restores language proposed by the House and stricken by the Senate which provides that the funds appropriated for the Juvenile Justice and Deliquency Prevention Program include the salaries and expenses for administering the program.

Amendment No. 63: Appropriates $70,282,000 as proposed by the House instead of $62,100,000 as proposed by the Senate for the Juvenile Justice and Deliquency Prevention Program including administrative costs.

The conferees expect the Department of Justice to make available for obligation in fiscal year 1986 all of the $70,282,000 provided in this conference agreement for the Juvenile Justice and Deliquency Prevention Program. In addition, the conferees expect that all of the remaining $4,366,858 previously appropriated for the Juvenile Justice and Deliquency Prevention Program will be made available for obligation in fiscal year 1986 within the parameters of the law. Finally, the conferees direct the Department of Justice to submit to Congress quarterly reports on program obligations and expenditures for the prior quarter and on plans for obligations and expenditures for the next quarter beginning on January 1, 1986.

GENERAL PROVISIONS—DEPARTMENT OF JUSTICE

Amendment No. 64: Deletes the words "Attorneys and" proposed by the House and stricken by the Senate from Sec. 203. This amendment is a technical change to conform with amendment No. 39.

Amendment No. 65: Inserts the word "Service" as proposed by the Senate. This amendment is a technical change to conform with amendment No. 39.

Amendment No. 66: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment which inserts Sec. 204 to provide for continuation of certain authorities contained in Public Law 96-132, the Department of Justice Appropriation Authorization Act, Fiscal Year 1980, and authorization of undercover investigative operations of the Federal Bureau of Investigation and the Drug Enforcement Administration.

Amendment No. 67: Deletes Sec. 205 proposed by the Senate which would have waived copying fees of $2,571.10 for the Birmingham Public Library for FBI documents concerning Dr. Martin Luther King and racist hate groups.

TITLE III—DEPARTMENT OF STATE

ADMINISTRATION OF FOREIGN AFFAIRS

SALARIES AND EXPENSES

Amendment No. 68: Appropriates $1,455,000,000 instead of $1,452,689,000 as proposed by the House and $1,459,000,000 as proposed by the Senate. The conference agreement includes $11,000,000 for partial restoration of the proposed five percent pay reduction; $5,000,000 and 70 additional positions to strengthen reporting and analysis functions; and $5,596,000 for continuation and development of the classified information handling system.

REOPENING CONSULATES

Amendment No. 69: Restores an appropriation of $1,700,000 proposed by the House for operating certain United States consulates.

PROTECTION OF FOREIGN MISSIONS AND OFFICIALS

Amendment No. 70: Appropriates $9,500,000 as proposed by the Senate instead of $9,900,000 as proposed by the House.

ACQUISITION AND MAINTENANCE OF BUILDINGS ABROAD

Amendment No. 71: Deletes the word "Operation" proposed by the House and stricken by the Senate from a center heading.

Amendment No. 72: Appropriates $337,000,000 instead of $341,992,000 as proposed by the House and $331,800,000 as proposed by the Senate. The conference agreement includes $134,488,000 for capital projects, including $3,130,000 for development costs for an annex building to the U.S. mission in Geneva and $22,870,000 for construction of a new chancery in Caracas, an

additional $1,000,000 added by the Senate for Maintenance and Repair of Buildings and $4,085,000 for Communication Center Renovations.

Amendment No. 73: Reorted in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment which merges balances of previous appropriations for "Acquisition, Operation and Maintenance of Buildings Abroad" with the FY 1986 appropriation for "Acquisition and Maintenance of Buildings Abroad".

ACQUISITION, OPERATION, AND MAINTENANCE OF BUILDINGS ABROAD

(SPECIAL FOREIGN CURRENCY PROGRAM)

Amendment No. 74: Deletes the appropriation of $2,707,000 proposed by the House and stricken by the Senate.

PAYMENT TO THE AMERICAN INSTITUTE IN TAIWAN

Amendment No. 75: Appropriates $9,800,000 as proposed by the Senate instead of $10,000,000 as proposed by the House.

INTERNATIONAL ORGANIZATIONS AND CONFERENCES

CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS

Amendment No. 76: Appropriates $463,000,000 instead of $460,235,000 as proposed by the House and $745,000,000 as proposed by the Senate. The conference agreement provides $380,719,000 for payment of deferred calendar 1985 assessed contributions and $82,281,000 for payment of the first three quarters of the non-deferred calendar 1986 assessed contributions to international organizations.

CONTRIBUTIONS FOR INTERNATIONAL PEACEKEEPING ACTIVITIES

Amendment No. 77: Appropriates $29,400,000 as proposed by the Senate instead of $47,400,000 as proposed by the House. The conference agreement includes $18,000,000 for the United States share of the cost of maintaining the United Nations Interim Force in Lebanon (UNIFIL).

INTERNATIONAL CONFERENCES AND CONTINGENCIES

Amendment No. 78: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment which appropriates $6,000,000 instead of $6,039,000 as proposed by the Senate and $6,839,000 as proposed by the House. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

INTERNATIONAL COMMISSIONS

INTERNATIONAL BOUNDARY AND WATER COMMISSION, UNITED STATES AND MEXICO

Amendment No. 79: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment which appropriates $11,300,000 instead of $11,340,000 as proposed by the Senate and $11,392,000 as proposed by the House. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 80: Provides for a limitation of $1,200,000 as proposed by the Senate instead of $1,800,000 as proposed by the House for reimbursement of the City of San Diego for the expenses of treating sewage from Tijuana, Mexico.

OTHER

PAYMENT TO THE ASIA FOUNDATION

Amendment No. 81: Appropriates $10,000,000 as proposed by the House instead of $9,800,000 as proposed by the Senate.

SOVIET-EAST EUROPEAN RESEARCH AND TRAINING

Amendment No. 82: Appropriates $4,800,000 as proposed by the Senate instead of $5,000,000 as proposed by the House.

GENERAL PROVISIONS—DEPARTMENT OF STATE

Amendment No. 83: Provides the language proposed by the Senate in Sec. 301 which permits funds appropriated for the Department of State under title III of this Act to be available for allowances and differentials as authorized by subchapter 59 of 5 U.S.C., but deletes the language proposed by the Senate which would have permitted funds appropriated under title III of the Act for the Department to be available for salaries and expenses of personnel and dependents as authorized by the Foreign Service Act of 1980 (94 Stat. 2071). This latter item is addressed in permanent law.

Amendment No. 84: Deletes language proposed by the Senate in Sec. 301 which would have permitted funds appropriated for the Department of State under title III of this Act to be available for expenses as authorized by certain sections of the State Department Basic Authorization Act of 1956. This matter is addressed in permanent law.

Amendment No. 85: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate which inserts Sec. 302 prohibiting the use of State Department appropriations in the Act for contributions to international organizations engaged in the promotion of the principle or doctrine of one world government or one world citizenship as well as the use of the Department's appropriations directly for the promotion of such a doctrine or principle.

Amendment No. 86: Deletes Sec. 303, proposed by the Senate, which would have made funds appropriated for the Department of State to be available for expenses of international arbitrations and other proceedings for the international resolution of disputes arising under treaties or other international agreements. This matter is addressed in permanent law.

Amendment No. 87: Deletes Sec. 304, proposed by the Senate, which would have required that the United States share of amounts budgeted by the United Nations and its specialized agencies for projects or entities which benefit the Palestine Liberation Organization be withheld from funds provided in this Act for assessed contributions to international organizations.

This prohibition on the use of United States assessed contributions to international organizations for these purposes was made permanent in Section 114 of the Department of State Authorization Act, Fiscal Years 1984 and 1985 (22 U.S.C. 287e note).

TITLE IV—THE JUDICIARY

SUPREME COURT OF THE UNITED STATES

CARE OF THE BUILDING AND GROUNDS

Amendment No. 88: Appropriates $2,275,000 as proposed by the Senate instead of $2,200,000 as proposed by the House.

Amendment No. 89: Earmarks $275,000 to remain available until expended as proposed by the Senate instead of $200,000 for such purpose as proposed by the House.

CONSTRUCTION

Amendment No. 90: Deletes an appropriation proposed by the Senate of $2,000,000 for the design of an office building on the U.S. Capitol Grounds for the Administrative Office of the United States Courts. This project is not authorized.

COURTS OF APPEALS, DISTRICT COURTS, AND OTHER JUDICIAL SERVICES

SALARIES OF SUPPORTING PERSONNEL

Amendment No. 91: Appropriates $474,900,000 instead of $480,000,000 as proposed by the House and $472,690,000 as proposed by the Senate.

The conference agreement includes 100 additional officer positions (50 for probation and 50 for pretrial) and 50 additional clerical positions (25 for probation and 25 for pretrial) requested to handle the increased workload for probation and pretrial services. The 75 positions provided specifically for pretrial services are exclusively for districts with pretrial services organized outside probation. This earmarking of positions is essential if we are ever to see full implementation of the Pretrial Services Act of 1982. More than three years have passed since the enactment of this Act, and yet a recent GAO report indicates that only half of the eligible defendants are being screened in order to advise the judicial officer at the bail hearing.

Experience clearly demonstrates that the most pressing need for these additional pretrial services is in the metropolitan districts (districts with a total of six or more judges authorized). These additional positions should be established in those districts.

In providing 74 additional positions for probation officers, the conferees recognize that in districts with a small criminal case load, it may be more feasible and economical to provide pretrial services through the probation office. In such districts, the allocation of new probation officer positions may take into account the assumption of these duties by the probation office.

The conferees expect the Administrative Office of the United States Courts to submit a report to the Committees on Appropriations by December 1, 1986 concerning the assignment of additional pretrial services resources on the affected United States District Courts.

DEFENDER SERVICES

Amendment No. 92: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment which appropriates $61,800,000 instead of $64,000,000 as proposed by the House and $61,830,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

FEES OF JURORS AND COMMISSIONERS

Amendment No. 93: Appropriates $43,400,000 as proposed by the Senate instead of $45,000,000 as proposed by the House.

EXPENSES OF OPERATION AND MAINTENANCE OF THE COURTS

Amendment No. 94: Appropriates $135,000,000 as proposed by the Senate instead of $139,000,000 as proposed by the House.

SPACE AND FACILITIES

Amendment No. 95: Appropriates $147,000,000 as proposed by the Senate instead of $150,000,000 as proposed by the House.

COURT SECURITY

Amendment No. 96: Appropriates $32,750,000 instead of $32,000,000 as proposed by the House and $33,500,000 as proposed by the Senate. The conference agreement provides for 888 contract guard positions for United States Court facilities.

ADMINISTRATIVE OFFICE OF THE UNITED STATES COURTS

SALARIES AND EXPENSES

Amendment No. 97: Appropriates $29,200,000 as proposed by the Senate instead of $30,000,000 as proposed by the House.

FEDERAL JUDICIAL CENTER

SALARIES AND EXPENSES

Amendment No. 98: Appropriates $9,600,000 as proposed by the Senate instead of $9,700,000 as proposed by the House.

RELATED AGENCIES

DEPARTMENT OF TRANSPORTATION

MARITIME ADMINISTRATION

OPERATIONS AND TRAINING

Amendment No. 99: Appropriates $69,700,000 instead of $69,812,000 as proposed by the House and $68,736,000 as proposed by the Senate.

The conference agreement provides $1,000,000 for State marine school ship fuel oil, a general reduction of $36,000, and $924,000 for partial restoration of the proposed five percent pay reduction.

ARMS CONTROL AND DISARMAMENT AGENCY

ARMS CONTROL AND DISARMAMENT ACTIVITIES

Amendment No. 100: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the sum stricken and inserted by said amendment insert the following: *$25,850,000*

The managers on the part of the Senate will move to concur in the amendment of the House of the amendment of the Senate.

BOARD FOR INTERNATIONAL BROADCASTING

GRANTS AND EXPENSES

Amendment No. 101: Appropriates $102,700,000 instead of $98,000,000 as proposed by the House and $106,822,000 as proposed by the Senate.

The conference agreement provides for the full budget request for RFE/RL regular operations, including the expansion of staff by 34 positions, a general reduction of $58,000, and an enhancement of $433,000 to provide new service to Afghanistan.

COMMISSION ON CIVIL RIGHTS

SALARIES AND EXPENSES

Amendment No. 102: Appropriates $12,300,000 instead of $12,320,000 proposed by the Senate and $12,061,000 as proposed by the House.

COMMISSION ON THE UKRAINE FAMINE

Amendment No. 103: Reported in technical disagreement. The managers on part of the House will offer a motion to recede and concur in the Senate amendment with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following:

COMMISSION ON THE UKRAINE FAMINE

For necessary expenses of the Commission on the Ukraine Famine to carry out the provisions of S. 2456 (98th Congress) as passed the Senate on September 21, 1984, $400,000, to remain available until expended, and the Commission on the Ukraine Famine as contained in S. 2456, is hereby established, with modifications as follows:

An Act to establish a commission to study the 1932-1933 famine caused by the Soviet Government in Ukraine.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Commission on the Ukraine Famie Act".

ESTABLISHMENT

SEC. 2. There is established a commission to be known as the "Commission on the Ukraine Famine" (in this Act referred to as the "Commission").

PURPOSE OF THE COMMISSION

SEC. 3. The purpose of the Commission is to conduct a study of the 1932-1933 Ukraine famine in order to—

(1) expand the world's knowledge of the famine; and

(2) provide the American public with a better understanding of the Soviet system by revealing the Soviet role in the Ukraine famine.

DUTIES OF THE COMMISSION

SEC. 4. The duties of the Commission are to—

(1) conduct a study of the 1932-1933 Ukraine famine (in this Act referred to as the "famine study"), in accordance with section 6 of this Act, in which the Commission shall—

(A) gather all available information about the 1932-1933 famine in Ukraine;

(B) analyze the causes of such famine and the effects it has had on the Ukrainian nation and other countries; and

(C) study and analyze the reaction by the free countries of the world to such famine; and

(2) submit to Congress for publication a final report on the results of the famine study no later than two years after the organizational meeting of the Commission held under section 6(a) of this Act.

MEMBERSHIP

SEC. 5. (a) The Commission shall be composed of fifteen members, who shall be appointed within thirty days after the date of enactment of this Act, as follows:

(1) Four members shall be Members of the House of Representatives and shall be appointed by the Speaker of the House of Representatives. Two such members shall be selected from the majority party of the House of Representatives and two such members shall be selected, after consultation with the minority leader of the House, from the minority party of the House of Representatives. The Speaker also shall designate one of the House Members as Chairman of the Committee.

(2) Two members shall be Members of the Senate and shall be appointed by the President pro tempore of the Senate. One such member shall be selected from the majority party of the Senate and one such member shall be selected, after consultation with the minority leader of the Senate, from the minority party of the Senate.

(3) One member shall be from among officers and employees of each of the Departments of the State, Education, and Health and Human Services shall be appointed by the President, after consultation with the Secretaries of the respective departments.

(4) Six members shall be from the Ukrainian-American community at large and Ukrainian-American chartered human rights groups and shall be appointed by the Chairman of the Commission in consultation with congressional members of the Commission, the Ukrainian-American community at large, and executive boards of Ukrainian-American chartered human rights groups.

(b) The term of office of each member shall be for the life of the Commission.

(c) Each member of the Commission who is not otherwise employed by the United States Government shall be paid from the sum appropriated to carry out this Act, the daily equivalent of the rate of basic pay payable for GS-18 of the General Schedule for each day, including travel time, during which he or she is attending meetings or hearings of the Commission or otherwise performing Commission related duties as requested by the Chairman of the Commission. A member of the Commission who is an officer or employee of the United States Government or a Member of Congress shall serve without additional compensation. Each member of the Commission shall be reimbursed for travel expenses, including per diem in lieu of subsistence, as authorized by section 5703 of title 5, United States Code, for persons in Government service employed intermittently.

ADMINISTRATIVE PROVISIONS

SEC. 6. (a) Not later than thirty days after all members have been appointed to the Commission, the Commission shall hold an organizational meeting to establish the rules and procedures under which it will carry out its responsiblities.

(b) The Commission shall hire experts and consultants in accordance with section 3109 of title 5, United States Code, from the academic community to assist in carrying out the famine study. Such experts and consultants shall be chosen by a majority vote of the Commission members on the basis of their academic background and their experience relevant to research on the Ukraine famine. No person shall be otherwise employed by the Federal Government while serving as an expert or consultant to the Commission.

(c) The Commission shall have a staff director, who shall be appointed by the Chairman.

POWERS OF THE COMMISSION

SEC. 7. (a) The Commission or any member it authorizes may, for the purpose of carrying out this Act, hold such hearings, sit and act at such times and places, request such attendance, take such testimony, and receive such evidence as the Commission considers appropriate. The Commission or any such member may administer oaths or affirmations to witnesses appearing before it.

(b)(1) The Commission may issue subpenas requiring the attendance and testimony of witnesses and the production of any evidence that relates to any matter under investigation by the Commission. Such attendance of witnesses and the production of such evidence may be required from any place within the United States at any designated place of hearing within the United States.

(2) The subpenas of the Commission may be issued by the Chairman of the Commission or any member designated by him and may be served by any person designated by

the Chairman or such member. The subpenas of the Commission shall be served in the same manner provided for subpenas issued by a United States district court under the Federal Rules of Civil Procedure for the United States district courts.

(3) If a person issued a subpena under paragraph (1) refuses to obey such subpena, any court of the United States within the judicial district within which the hearing is conducted or within the judicial district within which such person is found or resides or transacts business may (upon application by the Commission) order such person to appear before the Commission to produce evidence or to give testimony relating to the matter under investigation. Any failure to obey such order of the court may be punished as a contempt of the court.

(4) All process of any court to which application may be made under this section may be served in the judicial district in which the person required to be served resides or may be found.

(c) The Commission may obtain from any department or agency of the United States information that it considers useful in the discharge of its duties. Upon request of the Chairman, the head of such department or agency shall furnish such information to the Commission to the extent permitted by law.

(d) The Commission may appoint and fix the pay of such personnel as it considers appropriate. Such personnel may be appointed without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may be paid without regard to the provisions of chapter 51 and subchapter 53 of such title, relating to classification and General Schedule pay rates. No individual so appointed may receive pay in excess of the maximum annual rate of pay payable for GS-18 of the General Schedule under section 5332 of title 5, United States Code.

(e) The Commission may solicit, accept, use, and dispose of donations of money, property, or services.

(f) The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

(g) The Administrator of General Services shall provide to the Commission on a reimbursable basis such administrative support services as the Commission may request.

(h) The Commission may procure by contract any supplies, services, and property, including the conduct of research and the preparation of reports by Government agencies and private firms, necessary to discharge the duties of the Commission, in accordance with applicable laws and regulations and to the extent or in such amounts as are provided in appropriation Acts.

TERMINATION

SEC. 8. The Commission shall terminate sixty days after the report of the Commission is submitted to Congress under section 4(4) of this Act.

AUTHORIZATION OF APPROPRIATIONS

SEC. 9. There is authorized to be appropriated the sum of $400,000, to remain available until expended, to carry out this Act.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

SALARIES AND EXPENSES

Amendment No. 104: Earmarks $20,000,000 for payments to State and local enforcement agencies instead of $19,500,000 as proposed by the House and $20,500,000 as proposed by the Senate.

Amendment No. 105: Appropriates $165,000,000 as proposed by the House instead of $163,240,000 as proposed by the Senate.

The conference agreement provides for the following departures from the budget request:

+$500,000 for payments to State and local agencies for a total of $20,000,000;

−$854,000 for absorption of 20 percent of the pay restoration amendment, as proposed by the Senate;

+$1,132,000 for partial restoration of the proposed reduction imposed for a program freeze, which may be applied to the pay absorption amount immediately above; and

+$1,128,000 for 75 positions for enhanced enforcement efforts.

This funding level will provide for up to 3,125 FTE's to maintain the framework within which the Commission can more effectively carry out its mission of eliminating discrimination in the workplace. It is the intention of the conferees that not more than 265 FTE's will be allotted to the Commission's executive direction and program support activities and the balance (up to 2,860 FTE's) shall be allotted to the enforcement program.

FEDERAL COMMUNICATIONS COMMISSION

SALARIES AND EXPENSES

Amendment No. 106: Appropriates $94,400,000 as proposed by the Senate instead of $92,285,000 as proposed by the House.

The conferees are aware of the pending Notice of proposed Rulemaking to Allocate Spectrum for, and to Establish Other Rules and Policies Pertaining to, the Use of Radio Frequencies in a Land Mobile Satellite Service for the Provision of Various Common Carrier Services (General Docket No. 84-1234, RM-4247). The conferees wish to express no policy position but do urge the Commission to make a timely final determination of the matter based solely on the merits of the issues and relevant criteria involved.

The conferees expect the FCC to obtain the necessary information (which the conferees assume the industry will provide in a timely and forthright manner), and to allocate sufficient resources to complete by April 1986 its pending investigation into special access tariffs. The conferees believe it would be unfortunate and undesirable for additional, substantial increases in the rates for special access facilities that are not used to bypass the local switched network (such as those used for telex) to be allowed to become effective before the Commission concludes a thorough investigation as to the cost justification and reasonableness of the rates.

FEDERAL MARITIME COMMISSION

SALARIES AND EXPENSES

Amendment No. 107: Appropriates $11,870,000 instead of $11,873,000 as proposed by the Senate and $11,606,000 as proposed by the House.

FEDERAL TRADE COMMISSION

SALARIES AND EXPENSES

Amendment No. 108: Appropriates $65,500,000 as proposed by the Senate instead of $63,900,000 as proposed by the House.

Amendment No. 109: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate that inserts language that extends the provisions of the Federal Trade Commission Improvements Act of 1980 that were in effect in fiscal year 1985.

INTERNATIONAL TRADE COMMISSION

SALARIES AND EXPENSES

Amendment No. 110: Appropriates $28,600,000 instead of $28,900,000 as proposed by the House and $28,060,000 as proposed by the Senate.

JAPAN-UNITED STATES FRIENDSHIP COMMISSION

JAPAN-UNITED STATES FRIENDSHIP TRUST FUND

Amendment No. 111: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the matter inserted by said amendment, insert the following:

JAPAN-UNITED STATES FRIENDSHIP COMMISSION

JAPAN-UNITED STATES FRIENDSHIP TRUST FUND

For expenses of the Japan-United States Friendship Commission as authorized by Public Law 94-118, as amended, from the interest earned on the Japan-United States Friendship Trust Fund, $775,000 to remain available until expended; and an amount of Japanese currency not to exceed the equivalent of $1,200,00 based on exchange rates at the time of payment of such amounts, to remain available until expended: Provided, That not to exceed a total of $2,500 of such amounts shall be available for official reception and representation expenses.

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

It is the intention of the conferees that none of the U.S. dollars appropriated herein be spent outside the United States. The conferees plan to explore problems with the Commission during the fiscal year 1987 appropriation hearings.

LEGAL SERVICES CORPORATION

PAYMENT TO THE LEGAL SERVICES CORPORATION

Amendment No. 112: Appropriates $305,500,000 as proposed by the House instead of $306,400,000 as proposed by the Senate.

The conferees are agreed that the amount allocated by the Legal Services Corporation in fiscal year 1986 for migrant programs and components, supplemental field programs, regional training centers, national support, state support, and CALR grants shall not be less than the amount allocated for such functions in fiscal year 1985; that the amount allocated for basic field programs shall not be less than 4.2 percent more than amount allocated for such function in fiscal year 1985; and that the amount allocated for Native American programs and components shall not be less than 1.8 percent more than the amount allocated for such function in fiscal year 1985. The conferees are further agreed that the funds distributed to each grantee funded in fiscal year 1985 pursuant to the number of poor people determined by the Bureau of the Census to be within its geographical area, be distributed in the following order:

(1) first, grants from the Legal Services Corporation and contracts entered into with the Legal Services Corporation under section 1006(a)(1) shall be maintained in fiscal year 1986 at not less than 1.32 percent more than the annual level at which each grantee and contractor was funded in fiscal year 1985 or $8.01 per poor person within its geo-

graphical area under the 1980 Census, whichever is greater;

(2) second, each such grantee shall be increased by an equal percentage of the amount by which such grantee's funding, including the increase under the first priority above, falls below $14.06 per poor person within its geographical area under the 1980 Census.

The conference agreement provides that at least the following amounts shall be made available for the Legal Services programs and functions listed below:

Item	*Amount*
Basic Field Programs	$257,362,000
Native American Programs and Components	7,022,000
Migrant Programs and Components	9,698,000
Supplemental Field Programs	1,458,000
Regional Training Centers	652,000
National Support	7,415,000
State Support	8,183,000
CALR Grants	530,000

The remaining amount of up to $13,180,000 is available for Corporation management and other programs.

The conferees and concerned about the failure of the Corporation to revise the legislative and administrative advocacy regulations issued on April 28, 1984. In response to strong objections from the House and Senate Committees on Appropriations and other Members of Congress, the Corporation agreed nearly one year ago to not enforce the regulations pending further review thereof. The conferees are concerned about the absence of any conclusion to that review and the continuation of a situation in which a proposed regulation is not being enforced, but is still on the books. The conferees direct the Corporation to complete its review and issue a revised regulation which fully complies with the terms of applicable statutes and Congressional intent forthwith. Such regulation should be submitted to the Committees on Appropriations for review pursuant to section 606 of this Act prior to its implementation.

The conferees are also concerned about the administrative cost and burden involved in implementing the new audit and accounting regulation published by the Corporation in the November 29, 1985, Federal Register. In particular, there appears to be a lack of information comparing the cost of the proposed new requirements with the usefulness of the information to be produced. The conferees believe there may be problems with the regulation in its present form and direct the Corporation to consult with the Committees on Appropriations prior to any implementation thereof.

Amendment No. 113: Inserts language providing for limitations on lobbying, class action suits, representation of aliens, and certain legal services training programs and language concerning refunding procedures, requirements for membership in local Legal Services boards of directors and submission of Legal Services Corporation regulations promulgated after April 27, 1984 to the House and Senate Appropriations Committees under the Committees' reprogramming procedures. All of these provisions were included in the Fiscal Year 1985 Appropriations Act for the Legal Services Corporation.

The Senate version of the bill included all of the provisions contained in the conference agreement except the one on Legal Services Corporation regulations. The Senate version also included a provision restricting the use of new budget (obligational) authority before carryover funds have been obligated. While the conference agreement drops this provision pending further review by the Appropriations Committees, the conferees note that the Corporation has the authority to impose such a requirement on its own.

The House version of the bill included all of the provisions contained in the conference agreement plus the following provisions: a funding formula for census-based programs; limitations on the powers of an unconfirmed Board of Directors of the Legal Services Corporation, compensation of Board Members, and amounts for certain program categories; and a provision concerning termination of funding for a local program. In addition, the House version of the bill incorporated by reference all of these provisions, which were contained in the FY 1984 and FY 1985 Appropriations Acts, and stated that if an FY 1986 authorization bill for the Legal Services Corporation passes the House or is enacted into law, it would supercede these provisions.

Securities and Exchange Commission

SALARIES AND EXPENSES

Amendment No. 114: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment as follows:

In lieu of the sum stricken and proposed by said amendment insert the following: *$111,100,000*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement provides for the following departures from the budget request:

+$308,000 for 12 additional positions for investment activities;

+$120,000 for 8 additional positions for enforcement activities; and

−$397,000 for absorption of unfunded portion of request to restore Federal civilian pay.

Small Business Administration

SALARIES AND EXPENSES

Amendment No. 115: Appropriates $173,800,000 for salaries and expenses of the Small Business Administration instead of $170,000,000 as proposed by the House and $174,360,000 as proposed by the Senate.

The conference agreement provides the following levels for the various programs funded in the Salaries and Expenses appropriation:

Program	FTE	Amount
Procurement Assistance	266	$13,369,000
PASS		(1,100,000)
Management Assistance	351.1	55,437,000
SBDC		(35,000,000)
SBI		(3,000,000)
Finance and Investment	1,578.1	56,967,000
Innovation, Research, and Technology	8.8	1,088,000
Minority Small Business/COD	319.6	22,688,000
7(j)		(10,000,000)
Advocacy	58.1	5,127,000
Data Base and Research		(2,183,000)
International Trade	13.8	894,000
Women's Business Ownership	11.2	950,000
Private Sector Initiative	8.0	409,000
Veterans Affairs	5.0	1,200,000
VA Outreach		(1,000,000)
National Advisory Council	3.9	218,000
General Counsel	321.5	13,336,000
Inspector General	122.1	6,005,000
Hearings and Appeals	20.7	1,030,000
Comptroller	145.3	5,800,000
Equal Employment Oportunity	38.4	1,835,000
Information Reserach	80.8	12,102,000
Management Services	82.7	33,930,000
Program Analysis and Review	19.0	1,203,000
Personnel	42.8	2,982,000
Public Communications	20	1,000,000
Congressional and Legislative Affairs	12.0	540,000
Executive Direction and Field Administration	690	30,690,000
Subtotal regular	4218.9	268,800,000
General reduction		
Disaster assistance		20,000,000
Total		288,800,000

The conferees are agreed that $2,775,000 shall be allocated to the Breakout Procurement Center Representative (BPCR) Program for an additional 108 positions, including 88 BPCRs and technical advisors, to enable the SBA to maintain BPCR offices at 34 "major procurement centers", as defined in Public Law 98-577. The conferees also direct SBA to designate up to six BPCRs and appropriate support staff to implement a pilot Systems Procurement Center Representative (SPCR) Program, as described in Senate Report 99-150. These SPCRs will be located at the Department of Defense commands responsible for the development and acquisition of new major systems.

The conference agreement provides $1,000,000 for the Office of Veterans Affairs. The conferees expect this office to develop and coordinate a national outreach and management assistance effort, targeted particularly at Vietnam-era veterans, the majority of whom are statistically at the prime age for engaging in entrepreneural activities. SBA should work closely with veterans organizations and other appropriate groups in holding conferences and training sessions for veterans affairs officers and in preparing and disseminating literature to assist veterans who wish to be involved in business.

Amendment No. 116: Appropriates $35,000,000 for Small Business Development Centers as proposed by the House instead of $30,000,000, to remain available until expended, as proposed by the Senate.

Funding is included for $35 million in grants for small business development centers pursuant to section 21 of the Small Business Act. This program is designed to leverage Federal monies by providing grants which must be matched at least on a dollar for dollar basis by applicants who in turn would provide management assistance to small business concerns which do not have the financial resources to pay for this assistance. The program is not designed to provide counseling to those who are able to pay for it in the private sector. The statute does not permit SBDCs to charge for this counseling.

It has come to the conferees attention that at least one SBDC is basically contravening the intent of this program by cost sharing with the small business, that is the small business is referred to a paid consultant with the SBDC paying part of the cost and the small business paying the remainder. The conferees direct that the agency closely examine this type of practice as it indicates that the client being counseled may be able to pay for counseling and does not belong in the SBDC program as there should not be any type of competition between the SBDCs and private consultants nor should the SBDC progam merely be used as a conduit to pass through grants from SBA to management consultants. The program is designed so that the SBDC should add value and perform services itself

and the agency should keep this in mind as it reviews applications.

WHITE HOUSE CONFERENCE ON SMALL BUSINESS

Amendment No. 117: Appropriates $2,700,000 as proposed by the Senate instead of $3,000,000 as proposed by the House.

The $2,700,000 contained in the conference agreement will provide the necessary funds to hold the remaining state conferences, as well as the national conference in August of 1986 in Washington, D.C. The conferees are aware that the White House Conference staff is now planning to hold preparatory regional meetings of the elected and appointed delegates prior to convening the national conference. The conferees expect the Executive Director to detail for the House and Senate Appropriations Committees the additional administrative costs that may be involved in order to hold these regional caucuses, and whether an additional appropriation will be necessary. The conferees recommend that the Committees carefully consider any supplemental appropriation request.

BUSINESS LOAN AND INVESTMENT FUND

Amendment No. 118: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment that appropriates $66,000,000 for additional capital for the Business Loan and Investment Fund instead of $73,400,000 as proposed by the Senate and $80,400,000 as proposed by the House. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 119: Appropriates $101,000,000 for additional capital for direct loans instead of $121,000,000 as proposed by the House and $76,000,000 as proposed by the Senate.

The following table shows the amounts proposed by the House and Senate and the conference agreement for the various loan programs:

[In millions of dollars]

Program	House	Senate	Conference agreement
General business loans:			
Direct			
Guaranteed	2,650	2,650	2,650
Handicapped loans:			
Direct	15	15	15
Guaranteed	5	5	5
Economic opportunity loans:			
Direct	45		25
Guaranteed	60	60	60
Energy loans:			
Direct			
Guaranteed	15	15	15
Development company loans:			
Direct			
Guaranteed	450	200	400
Investment company loans:			
MESBIC	41	41	41
SBIC	250	250	250
Veterans loans:			
Direct	20	20	20
Guaranteed			
Total business loans:			
Direct	121	76	101
Guaranteed	3,430	3,180	3,380

The conference agreement provides $400 million for the section 503 Certified Development Company program. The exact method of financing this economic development program may be subject to change by the authorizing committees in the conference on H.R. 3126. The conferees direct the Administration to utilize $200,000,000 in the first six months of fiscal year 1986 for the Sec. 503 Certified Development Company program.

The amount provided for economic opportunity loans pursuant to section 7(a)(1) of the Small Business Act is $25 million, a reduction of $20 million from 1985. This amount is less than that needed to cover eligible applications on a nationwide basis and thus it is necessary to follow some type of formula to ensure that the distribution of these limited funds is reasonably fair.

Accordingly, the conferees direct the agency to allocate these funds to each regional office based upon the population in the region as compared to the total population in the United States. The conferees expect each regional administrator to equitably allocate funds within each region, but they recognize that an exact allocation is not always going to be feasible and practical due to the population and amount of money involved.

Although distribution based upon U.S. population is not perfect and is certainly not a substitute for adequate funding, this type of allocation to the regional offices is preferable to there being no system at all.

STATE JUSTICE INSTITUTE

SALARIES AND EXPENSES

Amendment No. 120: Appropriates $8,000,000 instead of $8,883,000 as proposed by the House and $5,000,000 as proposed by the Senate.

Amendment No. 121: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment as follows:

In lieu of the sum named in said amendment insert: *$715,000*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

UNITED STATES INFORMATION AGENCY

SALARIES AND EXPENSES

Amendment No. 122: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment which appropriates $571,000,000 instead of $569,672,000 as proposed by the House and $569,000,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conference agreement includes $6,725,000 for partial restoration of the proposed 5 per cent pay reduction; $1,000,000 for enhancement of WORLDNET broadcasts and replacement and improvement of Voice of America television facilities; $4,200,000 for expansion of the Central American and Worldwide book translation and distribution program initiative; and not to exceed $800,000 for overseas representation allowances.

Amendment No. 123: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following: , *none of which shall be restricted from use for the purposes appropriated herein*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 124: Provides for a limitation on $800,000 on representation expenses for USIA as proposed by the Senate instead of $734,000 as proposed by the House.

EDUCATIONAL AND CULTURAL EXCHANGE PROGRAMS

Amendment No. 125: Appropriates $128,106,000 as proposed by the Senate instead of $144,412,000 as proposed by the House. The conferees expect the United States Information Agency to submit a proposal to the Committees on Appropriations which would allow for flexibility in the sources of funding for Operations Crossroads Africa.

Amendment No. 126: Deletes language proposed by the House earmarking $8,982,000 for the Private Sector Exchange Program.

Amendment No. 127: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment as follows:

In lieu of the matter proposed by said amendment, insert: , *$9,894,000, of which $1,500,000, to remain available until expended, is for the Eisenhower Exchange Fellowship Program*

The managers on the part of the Senate will move to concur in the amendment to the House to the amendment of the Senate.

The conferees intend that the $1,500,000 for the Eisenhower Exchange Fellowship Program shall be available both for fellowship grants and for administrative and operational expenses of the program as appropriate and that the Federal commitment to the program shall not terminate in fiscal year 1988.

Although the conference agreement does not include any funds for reimbursing certain organizations for their expenses in conducting international games for the handicapped, the conferees believe that such reimbursement is appropriate and urge the Committees on Appropriations to address this matter at a future time.

ACQUISITION AND CONSTRUCTION OF RADIO FACILITIES

Amendment No. 128: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment which appropriates $114,000,000 instead of $124,310,000 as proposed by the House and $124,000,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

The conferees are agreed that the United States Information Agency should submit a supplemental request for this account if all agreements for overseas facilities for the Voice of America planned for fiscal year 1986 are successfully concluded.

RADIO BROADCASTING TO CUBA

Amendment No. 129: Appropriates $10,700,000 instead of $8,500,000 as proposed by the House and $11,500,000 as proposed by the Senate. The conferees note that an unanticipated carryover balance of $495,000 is available to help finance the fiscal year 1986 program for Radio Broadcasting to Cuba.

CENTER FOR CULTURAL AND TECHNICAL INTERCHANGE BETWEEN EAST AND WEST

Amendment No. 130: Appropriates $20,750,000 instead of $19,000,000 as proposed by the House and $21,000,000 as proposed by the Senate. The conference agree-

ment includes $1,400,000 for removal of asbestos from residence halls at the East-West Center.

NATIONAL ENDOWMENT FOR DEMOCRACY

Amendment No. 131: Appropriates $18,000,000 instead of $19,300,000 as proposed by the House and $10,000,000 as proposed by the Senate. The conferees are agreed that no grantee should receive more than 25 percent of the total amount made available in the conference agreement.

Amendment No. 132: Deletes language proposed by the Senate that would have made the appropriation for the National Endowment for Democracy available notwithstanding section 506(c) of the National Endowment for Democracy Act, as amended.

GENERAL PROVISIONS—UNITED STATES INFORMATION AGENCY

Amendment No. 133: Reported in disagreement.

Amendment No. 134: Reported in disagreement.

Amendment No. 135: Deletes Sec. 502, proposed by the Senate, which would have authorized the Eisenhower Exchange Fellowship Program to retain and use for program purposes, interest and dividends earned on funds granted to the program under this or any previous or subsequent Act.

Amendment No. 136: Deletes Sec. 503 proposed by the Senate which expressed Congressional support for the USIA proposal for a joint television exchange involving the leadership of the United States and the Soviet Union.

UNITED STATES SENTENCING COMMISSION

SALARIES AND EXPENSES

Amendment No. 137: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment which appropriates $1,100,000, to remain available until expended, for the United States Sentencing Commission.

TITLE VI—GENERAL PROVISIONS

SEC. 605

Amendment No. 138: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment with an amendment as follows:

In lieu of the matter proposed by said amendment, insert the following:

: Provided further, That whereas on January 23, 1985, the Department of Justice published a document entitled "Vertical Restraints Guidelines", for the stated purpose of explaining Federal policy for enforcing the Sherman Act and the Clayton Act with respect to nonprice vertical restraints of trade;

Whereas such policy guidelines extend beyond the matter of nonprice vertical restraints of trade and propose the avoidance of the per se rule of illegality applied by the Supreme Court in 1911 in Dr. Miles Medical Company against John D. Park and Sons Company (220 U.S. 373) to price-related restraints of trade and subsequently applied by the Supreme Court and endorsed by the Congress on many occasions;

Whereas such policy guidelines are inconsistent with established antitrust law, as reflected in Supreme Court decisions and statements of congressional intent, in maintaining that such policy guidelines do not treat vertical price fixing when, in fact some provisions of such policy guidelines suggest that certain price fixing conspiracies are legal if such conspiracies are "limited" to restricting intraband competition; by blurring the distinction between price and nonprice restraints in analyzing a distribution program containing both types of restraints, thereby qualifying the accepted rule that vertical price fixing in any context is illegal per se; in stating that vertical restraints that have an impact upon prices are subject to the per se rule of illegality only if there is an "explicit agreement as to the specific prices"; in stating that restraints imposed by a manufacturer at the request of dealers are vertical in nature and therefore not subject to the per se rule of illegality; in aggregating the factors of collusion and foreclosure, thereby failing to distinguish adequately between the separate antitrust concern associated with vertical territorial restraints and with exclusive dealing practices; in stating that less than absolute territorial restraints are "always legal"; and in arbitrarily specifying a 30 per centum minimum market share in the tying product for assessing the legality of tying arrangements;

Whereas such policy guidelines state that the Department of Justice may refuse to attribute to corporations the illegal conduct of their low-level employees acting within the scope of the authority conferred upon such employees by such corporations, contrary to the common law of corporate responsibility and agency in the antitrust context;

Whereas the general business community would be at risk if it accepted and relied upon such policy guidelines as an accurate statement of existing Federal antitrust laws in the area of vertical restraints of trade;

Whereas such policy guidelines relate to an area in which the Department of Justice has brought no enforcement actions in more than four years and may have been published, in part, as an attempt to influence the courts of the United States to pursue a very narrow and limited vertical restraint analysis in deciding private enforcement antitrust cases;

Whereas previous antitrust enforcement policy guidelines issued by the Department of Justice have been substantially based on existing jurisprudence and congressional intent, and therefore have been given considerable weight by the courts of the United States in evaluating the facts in antitrust litigation; and

Whereas the "Vertical Restraints Guidelines" may affect the development of antitrust law to the detriment of competitive pricing of branded goods and services by direct or mail order retailers: Now, therefore, be it

Resolved, That it is the sense of the Congress that the antitrust enforcement policy guidelines stated in "Vertical Restraints Guidelines", published by the Department of Justice on January 23, 1985—

(1) are not an accurate expression of the Federal antitrust laws or of congressional intent with regard to the application of such laws to resale price maintenance and other vertical restraints of trade;

(2) shall not be accorded any force of law or be treated by the courts of the United States as binding or persuasive; and

(3) should be recalled by the Attorney General

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Amendment No. 139: Deletes Sec. 606 proposed by the House and stricken by the Senate which would have prohibited funds in the Act for the Legal Services Corporation from being used to participate in any litigation with respect to abortion. This matter is addressed in Amendment No. 141.

Amendment No. 140: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment which inserts Sec. 606 governing the reprogramming of funds. Sec. 606 includes the same provisions concerning reprogramming that were contained in the Departments of Commerce, Justice, and State, the Judiciary and Related Agencies Appropriation Act, 1985 (P.L. 98-411).

Amendment No. 141: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the Senate amendment inserting Sec. 607 which prohibits any of the funds in the Act for the Legal Services Corporation or any of its recipients to be used to participate in any litigation with respect to abortion except where the life of the mother would be endangered if the fetus were carried to term.

Amendments Nos. 142 through 146: Delete general provisions proposed by the Senate which would have: (1) required a State Department report on imposing boycotts against countries that harbor terrorists; (2) expressed the sense of Congress that the State Department should replace Soviet employees with Americans at U.S. Missions in the Soviet Union; (3) prohibited the State Department from Congratulating the Soviet Union on the anniversary of the November 1917 revolution; (4) expressed the sense of the Senate that the U.S. should play an active role in restoring human, cultural and religious rights to the Romanian people, including the possibility of denying to Romania reextension of most favored nation trading status if there is not improvement in the human rights situation in that country; and (5) required all Federal agencies to review their policies for handling political asylum cases.

While these amendments express the sense of the Senate or sense of Congress and address important issues, for example the inconsistency of the United States granting most favored nation trading status to countries where serious human and religious rights violations have occurred, the conferees believe that these substantive matters, particularly self determination for minorities, should be thoroughly reviewed by the authorizing committees of the Congress for appropriate action.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1986 recommended by the Committee of Conference, with comparisons to the fiscal year 1985 amount, the 1986 budget estimates, and the House and Senate bills for 1986 follow:

New budget (obligational) authority, fiscal year 1985	$12,265,253,200
Budget estimates of new (obligational) authority, fiscal year 1986	11,675,305,000
House bill, fiscal year 1986	11,922,021,000
Senate bill, fiscal year 1986	11,928,160,000
Conference agreement, fiscal year 1986	11,919,618,000
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1985	−345,635,200
Budget estimates of new (obligational) authority, fiscal year 1986	+244,313,000

House bill, fiscal year 1986	−2,403,000
Senate bill, fiscal year 1986	−8,542,000

NEAL SMITH,
BILL ALEXANDER,
JOSEPH D. EARLY,
BERNARD J. DWYER,
BOB CARR,
EDWARD P. BOLAND,
JAMIE L. WHITTEN,
GEORGE M. O'BRIEN,
RALPH REGULA,
HAROLD ROGERS,
SILVIO O. CONTE,
Managers on the Part of the House.

WARREN B. RUDMAN,
PAUL LAXALT,
TED STEVENS,
LOWELL P. WEICKER, JR.,
MARK O. HATFIELD,
ARLEN SPECTER,
ERNEST F. HOLLINGS,
DANIEL K. INOUYE,
DALE BUMPERS,
FRANK R. LAUTENBERG,
Managers on the Part of the Senate.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. MCKINNEY (at the request of Mr. MICHEL), for today, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. DIOGUARDI) to revise and extend their remarks and include extraneous material:)

Mr. GREGG, for 60 minutes, today.

Mr. MYERS of Indiana, for 60 minutes, on December 11.

Mr. HILLIS, for 60 minutes, on December 11.

Mr. WALKER, for 60 minutes, today.

Mr. BURTON of Indiana, for 15 minutes, today.

(The following Members (at the request of Mr. SLATTERY) to revise and extend their remarks and include extraneous material:)

Mrs. COLLINS, for 5 minutes, today.

Mr. MONTGOMERY, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mrs. NELSON of Florida, for 5 minutes, today.

Mr. DERRICK, for 5 minutes, today.

Mr. WEAVER, for 5 minutes, today.

Mr. BOUCHER, for 10 minutes, today.

Mr. LANTOS, for 60 minutes, on December 9.

Mr. HOYER, for 60 minutes, on December 10.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. DIOGUARDI) and to include extraneous matter:)

Mr. LEWIS of Florida.

Mr. MCKERNAN.

Mr. PORTER in two instances.

Mr. GINGRICH.

Mr. COURTER in two instances.

Mr. HORTON.

Mr. LEACH.

Mr. DANNEMEYER.

Mr. LATTA.

Mr. DIOGUARDI.

Mr. JEFFORDS.

Mr. KEMP.

Mr. GREEN.

Mr. LOWERY of California.

Mr. DORNAN of California.

Mr. WEBER.

Mr. IRELAND.

Mr. GALLO.

Mr. LAGOMARSINO in three instances.

Mr. WYLIE.

(The following Members (at the request of Mr. SLATTERY) and to include extraneous matter:)

Mr. MAVROULES.

Mr. HAMILTON.

Mr. DICKS.

Mr. GUARINI in two instances.

Mr. MARKEY.

Mr. KANJORSKI.

Mr. DERRICK.

Mr. BARNES.

Mr. LEVINE of California in two instances.

Mr. RODINO.

Mr. FLORIO.

Mr. ADDABBO.

Mr. KOSTMAYER.

Mr. ROSTENKOWSKI.

Mr. CHAPMAN.

Mr. WEISS.

Mr. MATSUI.

Mr. WOLPE.

Mr. ROYBAL.

Mr. LEHMAN of California.

Mr. FASCELL.

Mr. CLAY.

ENROLLED BILL SIGNED

Mr. ANNUNZIO, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 1562. An act to achieve the objectives of the Multi-Fiber Arrangement and to promote the economic recovery of the U.S. textile and apparel industry and its workers.

ADJOURNMENT

Mr. WALKER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 15 minutes p.m.), the House adjourned until tomorrow, Thursday, December 5, 1985, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2335. A letter from the Assistant Administrator for Pesticides and Toxic Substances, Environmental Protection Agency; transmitting a proposed rule under the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) relative to routine efficacy data for vertebrate control products, pursuant to the act of June 25, 1947, chapter 125, section 25(a)(4) (94 Stat. 3195); to the Committee on Agriculture.

2336. A letter from the Deputy Assistant Secretary for Logistics and Communications, Department of the Air Force, transmitting notice of conversion to contractor performance the laundry and dry cleaning function at Keesler Air Force Base, MS, pursuant to 10 U.S.C. 2304 nt.; to the Committee on Armed Services.

2337. A letter from the Executive Director, National Council on Educational Research, transmitting the ninth annual report, pursuant to 20 U.S.C. 1221e(c)(3); to the Committee on Education and Labor.

2338. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on Foreign Affairs.

2339. A letter from the Director, Office of Information Resources Management, Department of the Interior, transmitting notice of a proposed new records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

2340. A letter from the Commissioner of Examinations, Immigration and Naturalization Service, transmitting the copy of an order granting defector status in the case of Hans Harry Weihs, pursuant to 8 U.S.C. 1182(a)(28)(1); to the Committee on the Judiciary.

2341. A letter from the Acting Assistant Attorney General, Office of Legislative and Intergovernmental Affairs, Department of Justice, transmitting a draft of proposed legislation to amend chapters 37 and 123 of the United States Code, and chapter 301 of title 18 of the United States Code; to the Committee on the Judiciary.

2342. A letter from the Rear Admiral and Acting Director, Defense Mapping Agency, transmitting a prospectus—lease with option to purchase—for the Defense Mapping Agency Aerospace Center, Kansas City, MO; pursuant to Public Law 86-249, section 7(a) (86 Stat. 217); to the Committee on Public Works and Transportation.

2343. A letter from the Secretary of Defense, transmitting a report concerning the potential for increased assistance from the Department of Defense for narcotics interdiction, pursuant to Public Law 99-83, section 616 (99 Stat. 232); jointly, to the Committees on Foreign Affairs and Armed Services.

2344. A letter from the General Counsel, Department of the Treasury, transmitting a draft of proposed legislation to amend the Tariff Act of 1930, and for other purposes; jointly, to the Committee on Ways and Means and the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DINGELL. Committee on Energy and Commerce. H.R. 1083. A bill to amend the Low-Level Radioactive Waste Policy Act to improve procedures for the implementation of compacts providing for the establishment and operation of regional disposal facilities for low-level radioactive waste, and for other purposes; with an amendment (Rept. 99-314, Pt. 2). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL. Committee on Interior and Insular Affairs. H.R. 1627. A bill to designate certain national forest system lands in the State of Kentucky for inclusion in the National Wilderness Preservation System, to release other forest lands for multiple use management, and for other purposes; with an amendment (Rept. 99-411, Part 1). Ordered to be printed.

Mr. UDALL. Committee on Interior and Insular Affairs. H.R. 3735. A bill to designate the pedestrian walkway crossing the Potomac River at Harpers Ferry National Historic Park as the "Goodloe E. Byron Memorial Pedestrian Walkway" with amendments (Rept. 99-412). Referred to the House Calendar.

Mr. PEPPER. Committee on Rules. H. Res. 331. A resolution providing for the consideration of H.R. 2817 to amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, and for other purposes (Rept. 99-413). Referred to the House Calendar.

Mr. SMITH of Iowa. Committee of Conference. Conference report on H.R. 2965 (Rept. 99-414). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. YOUNG of Alaska:

H.R. 3851. A bill to amend section 901 of the Alaska National Interest Lands Conservation Act; to the Committee on Interior and Insular Affairs.

By Mr. WRIGHT (for himself, Mr. MICHEL, Mr. DINGELL, Mr. HOWARD, Mr. BROYHILL, Mr. SNYDER, Mr. ROE, Mr. STANGELAND, Mr. ECKART of Ohio, Mr. LENT, Mr. RODINO, Mr. FISH, and Mr. GLICKMAN):

H.R. 3852. A bill to amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, and for other purposes; jointly, to the Committees on Energy and Commerce, Public Works and Transportation, and Ways and Means.

By Mr. BURTON of Indiana:

H.R. 3853. A bill to prohibit the importation of motor vehicles from Yugoslavia until the government of that country affords its workers internationally recognized worker rights; to the Committee on Ways and Means.

By Mr. BOUCHER (for himself, Mr. ROYBAL, Mr. FRANK, Mr. WAXMAN, Mr. WISE, Mr. MITCHELL, Ms. MIKULSKI, Mr. RANGEL, and Mr. DOWNEY of New York):

H.R. 3854. A bill to amend titles II and XVI of the Social Security Act to prohibit, in hearings relating to benefits thereunder, the adversarial involvement of any representative of the Department of Health and Human Services, the Social Security Administration, any other agency of such Department, or any State agency involved; to the Committee on Ways and Means.

By Mr. GUARINI (for himself, Mr. RANGEL, Mr. ROE, Mr. SCHUMER, Mr. RODINO, Mr. TORRICELLI, Mr. SCHEUER, Mr. FLORIO, Mr. MOLINARI, and Mr. BIAGGI):

H.R. 3855. A bill to direct the Secretary of Transportation to conduct a study of the need for additional transportation facilities and services between northern New Jersey and New York City, N.Y.; to the Committee on Public Works and Transportation.

By Mr. McKERNAN (for himself and Ms. SNOWE):

H.R. 3856. A bill to amend the Trade Act of 1974 to promote expansion of international trade in recreational marine craft with Canada, and for other purposes, to the Committee on Ways and Means.

By Mr. SCHEUER:

H.R. 3857. A bill to amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 to authorize a program of research, development, demonstration, and training for alternative and innovative treatment technologies for use in remedial actions under the Superfund Program, and for other purposes; jointly, to the Committee on Energy and Commerce, Public Works and Transportation, and Science and Technology.

By Mr. SIKORSKI:

H.R. 3858. A bill to amend the Child Abuse Prevention and Treatment Act to establish a program to encourage States to improve the investigation and prosecution of cases of child abuse, particularly child sexual abuse, and for other purposes; jointly, to the Committees on Education and Labor, Energy and Commerce, and the Judiciary.

By Mr. FRANK (for himself, Mr. DONNELLY, and Mr. MOAKLEY):

H.R. 3859. A bill entitled: "Final Regulations Mortgage Insurance for Public Hospitals;" to the Committee on Banking, Finance and Urban Affairs.

By Mr. NEAL:

H.J. Res. 466. Joint resolution proposing an amendment to the Constitution of the United States providing that, except in cases of national emergency, expenditures of the U.S. Government in any fiscal year shall not exceed its revenues for that fiscal year and shall not exceed 20 per centum of the gross national product of the preceding calendar year; to the Committee on the Judiciary.

H.J. Res. 467. Joint resolution proposing an amendment to the Constitution of the United States providing that, except in cases of national emergency, expenditures of the U.S. Government in any fiscal year shall not exceed its revenues for the fiscal year; to the Committee on the Judiciary.

By Mr. DARDEN (for himself and Mr. CONTE):

H.J. Res. 468. Joint resolution designating the week of January 13 through January 19, 1986, as "National Productivity Improvement Week"; to the Committee on Post Office and Civil Service.

By Mr. LAGOMARSINO:

H.J. Res. 469. Joint resolution opposing the Soviet Union's invasion and six year occupation of Afghanistan against the national will of the Afghan people; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DARDEN:

H.R. 3860. A bill for the relief of Joyce G. McFarland; to the Committee on the Judiciary.

By Mr. DAUB:

H.R. 3861. A bill for the relief of Mrs. Douglas F. Macomber; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 12: Mr. McGRATH.

H.R. 343: Mr. SHAW, Mr. GROTBERG, and Mr. WHITEHURST.

H.R. 442: Mr. GEKAS and Mr. CHENEY.

H.R. 875: Mr. FUSTER, Mr. DE LUGO, Mr. HAYES, Mr. VENTO, Mr. BEDELL, Mr. HOYER, and Mr. CROCKETT.

H.R. 1140: Mr. MURPHY.

H.R. 1197: Mr. TOWNS.

H.R. 1356: Mr. McKINNEY, Mr. JACOBS, Mr. BEILENSON, Mr. HENDON, Mr. SCHUETTE, Mr. DASCHLE, and Mr. DELLUMS.

H.R. 1524: Mr. OBEY.

H.R. 1769: Mr. WEAVER and Mr. GARCIA.

H.R. 1809: Mr. BARNARD.

H.R. 1946: Mr. LEWIS of Florida, Mr. LIPINSKI, Mr. PENNY, and Mr. McEWEN.

H.R. 2001: Mr. MONSON.

H.R. 2020: Mr. SMITH of New Jersey and Mr. GEJDENSON.

H.R. 2295: Mr. BLAZ.

H.R. 2337: Mr. PURSELL.

H.R. 2591: Mr. WOLF.

H.R. 2620: Mr. KOLTER, Mr. GONZALEZ, Mr. EDWARDS of Oklahoma, and Mr. BUSTAMANTE.

H.R. 2653: Mr. JONES of Oklahoma, Mr. MORRISON of Connecticut, Mr. GILMAN, Mr. HENDON, Mr. ADDABBO, Mr. YATES, Mr. PANETTA, Mr. LEWIS of California, Mr. KLECZKA, Mr. HAYES, Mr. THOMAS of Georgia, Mr. LaFALCE, Mr. CAMPBELL, Mr. DWYER of New Jersey, Mr. SMITH of Florida, Mr. TOWNS, Mr. BATES, Mr. McKERNAN, Mr. CONTE, Mr. RANGEL, Mr. HOYER, Mr. WORTLEY, Mr. WISE, and Mrs. LLOYD.

H.R. 2876: Mr. FLORIO, Mr. LOWRY of Washington, Mr. SUNIA, Mr. HUGHES, Mr. HERTEL of Michigan, and Mr. TORRICELLI.

H.R. 2952: Mr. CARR, Mr. WAXMAN, Mr. FRANK, Mr. PEPPER, Mr. GREGG, Mr. OBERSTAR, Mr. YATES, Mr. CLAY, Mr. BARNES, Mr. STUDDS, and Mr. MARKEY.

H.R. 2971: Mr. BORSKI and Mr. LUNDINE.

H.R. 2999: Mr. EMERSON, Mr. GROTBERG, Mrs. VUCANOVICH, Mr. WISE, Mr. RITTER, Mr. BORSKI, and Mr. EDGAR.

H.R. 3048: Mr. GIBBONS.

H.R. 3090: Mr. STARK, Mr. BONIOR of Michigan, Mr. KOLTER, and Mr. RAHALL.

H.R. 3230: Mr. STRANG.

H.R. 3260: Mr. BERMAN, Mr. BORSKI, Mr. UDALL, Mr. BIAGGI, Mr. BARNES, Mr. GEJDENSON, and Mrs. SMITH of Nebraska.

H.R. 3357: Mr. FAWELL, Mr. ROTH, and Mr. SHUMWAY.

H.R. 3459: Mr. MARTINEZ, Mr. ECKART of Ohio, Mr. BARTLETT, and Mr. NOWAK.

H.R. 3470: Mr. CHAPPIE, Mr. GEJDENSON, Mr. MCCURDY, Mr. WILSON, Mr. COBEY, Mr. ROSE, Mr. WISE, Mr. ROTH, Ms. SNOWE, Mr. RANGEL, Mr. KOLTER, Mr. WOLPE, Mr. BRYANT, Mr. SWEENEY, Mr. MICA, Mr. LEHMAN of California, Mr. WYDEN, and Mr. RITTER.

H.R. 3481: Mr. WISE and Mr. MRAZEK.

H.R. 3562: Mrs. BENTLEY.

H.R. 3602: Mr. LOWRY of Washington, Mr. OWENS, Mr. DIXON, Mr. ADDABBO, Mr. MITCHELL, Mr. DORNAN of California, Mr. SAVAGE, Mr. BERMAN, and Mr. DELLUMS.

H.R. 3616: Mr. MORRISON of Connecticut, Mr. SMITH of Florida, Mr. CROCKETT, Mr. LEHMAN of Florida, Mr. DYMALLY, Mr. MITCHELL, Mr. OWENS, Mr. CONYERS, Mr. HAYES, Mr. RANGEL, Mr. WHEAT, Mr. CLAY, Mr. WEISS, and Mr. MARKEY.

H.R. 3654: Mr. JACOBS.

H.R. 3739: Mr. LUKEN, Mr. BREAUX, Mr. NICHOLS, Mr. DREIER of California, Mr. KOLTER, Mr. STANGELAND, and Mr. HUBBARD.

H.R. 3750: Mr. PASHAYAN.

H.R. 3815: Mr. FRANK, Mr. BERMAN, and Mr. WORTLEY.

H.J. Res. 7: Ms. FIEDLER, Mr. MOORHEAD, Mr. OXLEY, Mr. HENRY, Mr. BOEHLERT, and Mr. TAUKE.

H.J. Res. 101: Mr. BENNETT, Mr. BOEHLERT, Mrs. BYRON, Mr. DYMALLY, Mr. ERDREICH, Mr. EVANS of Iowa, Mr. FAUNTROY, Mr. FRENZEL, Mr. FUSTER, Mr. GRAY of Pennsylvania, Mr. RALPH M. HALL, Mr. HARTNETT, Mr. HOYER, Mr. RINALDO, Mr. CHANDLER, and Mr. GRAY of Illinois.

H.J. Res. 127: Mr. DENNY SMITH, Mr. QUILLEN, Mr. VOLKMER, Mr. SLAUGHTER, Mr. RALPH M. HALL, Mr. VANDER JAGT, and Mr. D

H.J. Res. 131: Mr. LUJAN, Mr. JONES of North Carolina, Mr. FUQUA, Mr. COBLE, and Mr. LOWRY of Washington.

H.J. Res. 260: Mr. BURTON of Indiana.

H.J. Res. 298: Mr. BEREUTER, Mr. BREAUX, Mr. DELAY, Ms. KAPTUR, Mr. KRAMER, Mr. MARKEY, Mr. MCHUGH, and Mr. SKEEN.

H.J. Res. 409: Mr. GROTBERG, Ms. MIKULSKI, Mr. SCHAEFER, Mr. HUCKABY, Mr. RITTER, Mr. NIELSON of Utah, Mr. COLEMAN of Missouri, Mr. GILMAN, Mr. KANJORSKI, Mr. SISISKY, Mr. IRELAND, Mr. MAZZOLI, Mr. RODINO, Mr. DOWNEY of New York, Mr. LEACH of Iowa, Mr. NEAL, Mr. MURPHY, Mr. SHUSTER, Mr. GONZALEZ, Mr. ROYBAL, Mr. APPLEGATE, Mr. OXLEY, Mr. GREGG, Mr. COATS, Mr. MOLINARI, Mr. DAUB, Mr. LEWIS of California, Mr. LIGHTFOOT, Mr. MICHEL, Mr. WALKER, Mrs. MARTIN of Illinois, Mr. MONTGOMERY, Mr. GUARINI, Mr. LELAND, Mr. YOUNG of Alaska, Mr. SYNAR, Mr. TAUZIN, Mr. STENHOLM, Mr. SMITH of Iowa, Mr. ROSE, Mr. WHITLEY, Mr. BARNARD, Mr. LEATH of Texas, Mrs. BOXER, Mr. JENKINS, Mr. HEFNER, Mr. SCHUMER, Mr. MINETA, Mr. EDWARDS of California, Mr. LEHMAN of California, Mr. LOWERY of California, Mr. OBERSTAR, Mr. MCHUGH, Mr. FAWELL, Mr. GEPHARDT, Mr. WIRTH, Mr. WRIGHT, Mr. DARDEN, Mr. BONKER, Mr. SMITH of Florida, Mr. HAYES, Mr. MOODY, Mr. KASTENMEIER, Mr. GAYDOS, Mr. GRAY of Pennsylvania, Mr. WILSON, Mr. WISE, Mr. OBEY, Mr. WATKINS, Mr. COYNE, Mr. WOLPE, Mr. BERMAN, Mr. MAVROULES, Mr. CHAPPIE, Mr. SKEEN, Mr. BREAUX, Mr. DELLUMS, Mr. MILLER of California, Mr. REID, Mr. GEJDENSON, Mr. GRADISON, Mr. WEISS, Mr. EARLY, Mr. BROYHILL, Mr. HILLIS, Mr. CRANE, Mr. MOORHEAD, Mr. DICKINSON, Mr. MURTHA, Mr. HYDE, Mr. EDWARDS of Oklahoma, Mr. DAVIS, Mr. SHAW, Mr. SOLOMON, Mr. MITCHELL, Mr. CLAY, Mr. SPENCE, Mr. ROEMER, Mr. HAMILTON, Mr. SCHUETTE, Mr. ROBINSON, Mr. SPRATT, Mr. TALLON, Mr. SLATTERY, Mr. THOMAS of Georgia, Mr. STALLINGS, Mr. HEFTEL of Hawaii, Mr. GORDON, Mr. COOPER, Mr. VISCLOSKY, Mr. BORSKI, Mr. FEIGHAN, Mr. GARCIA, Mr. ATKINS, Mr. RICHARDSON, Mrs. BURTON of California, Mr. HUTTO, Mr. FORD of Michigan, Mr. FROST, Mr. HOYER, Mr. SOLARZ, Mr. BATES, Mr. EVANS of Illinois, Mr. STAGGERS, Mr. FOLEY, Mr. FOGLIETTA, Mr. KILDEE, Mr. RAY, Mr. ANDREWS, Mr. FIELDS, Mr. DELAY, Mr. LOEFFLER, Mr. RALPH M. HALL, Mrs. BYRON, Mr. STUMP, Mr. KEMP, Mr. GINGRICH, Mr. ARMEY, Mr. WEBER, Mr. SMITH of New Jersey, Mr. MCCAIN, Ms. SNOWE, Mr. SHELBY, Mr. BURTON of Indiana, Mr. CHANDLER, Mr. HARTNETT, Mr. SWEENEY, Mr. LIVINGSTON, Mr. TAUKE, Mr. BARTLETT, Mr. STANGELAND, Mr. YOUNG of Missouri, Mr. FRENZEL, Mr. ZSCHAU, Mr. HOPKINS, Mr. AUCOIN, Mr. RANGEL, Mr. SCHEUER, Mr. SIKORSKI, Mr. MACKAY, Mr. CLINGER, Mr. LEVIN of Michigan, Mr. CONTE, Mr. HERTEL of Michigan, Mr. STRATTON, Mr. DURBIN, Mr. MORRISON of Connecticut, Mr. RINALDO, Mr. DYMALLY, Mr. AKAKA, Mr. FISH, Mrs. HOLT, Mr. CONYERS, Mr. DONNELLY, Mr. ADDABBO, Mr. WAXMAN, Mr. MCKINNEY, Mr. WALGREN, Mr. SILJANDER, Mr. LUNGREN, Mr. FLORIO, Mr. MCDADE, Mr. VANDER JAGT, Mr. LIPINSKI, Mr. BEDELL, Mr. BLILEY, Ms. KAPTUR, Mr. JACOBS, Mr. BONIOR of Michigan, Mr. UDALL, Mr. BROOKS, Mr. COELHO, Mr. MICA, Mrs. LLOYD, Mr. DE LUGO, Mr. PANETTA, Mr. COLEMAN of Texas, Mr. BROWN of Colorado, Mr. WHITTEN, Mr. ENGLISH, Mr. GIBBONS, Mr. STARK, Mr. PICKLE, Mr. ANTHONY, Mr. DIXON, Mr. PERKINS, Mr. MCKERNAN, Mr. CAMPBELL, Mr. DERRICK, and Mr. HAWKINS.

H.J. Res. 428: Mr. DENNY SMITH, Mr. CALLAHAN, Mrs. MEYERS of Kansas, Mr. LUNDINE, and Mr. EVANS of Iowa.

H.J. Res. 439: Mr. GINGRICH, Ms. KAPTUR, Mr. VALENTINE, Mr. DAUB, Mr. DASCHLE, Mr. DE LA GARZA, Mrs. COLLINS, Mr. VISCLOSKY, Mr. SMITH of Florida, Mr. CROCKETT, Mr. FAZIO, Mr. MARTINEZ, Mr. MCCLOSKEY, Mr. SUNIA, Mr. KRAMER, Mr. VOLKMER, Mr. COATS, Mr. WORTLEY, Mr. TRAFICANT, and Mr. VENTO.

H.J. Res. 463: Mr. LEVIN of Michigan, Mr. SMITH of Florida, Mr. RAHALL, Mr. KRAMER, Mrs. BENTLEY, Mr. ROE, and Mr. RUDD.

H. Con. Res. 208: Mr. DURBIN, and Mr. WOLPE.

H. Res. 60: Mr. VOLKMER.

H. Res. 105: Mr. BARNES.

H. Res. 183: Mr. TOWNS, Mr. BOEHLERT, Mr. SCHULZE, Mr. KOLTER, Mr. GILMAN, Mr. FUSTER, and Mr. SMITH of Florida.

H. Res. 194: Mr. COLEMAN of Texas.

H. Res. 219: Mr. VENTO.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 3140: Mr. SHAW.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 1083

By Mr. UDALL:

(Amendment in the nature of a substitute.)

—Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the "Low-Level Radioactive Waste Policy Amendments Act of 1985".

SEC. 2. AMENDMENT TO LOW-LEVEL RADIOACTIVE WASTE POLICY ACT.

The Low-Level Radioactive Waste Policy Act (42 U.S.C. 2021b et seq.) is amended to read as follows:

"SECTION 1. SHORT TITLE.

"This Act may be cited as the 'Low-Level Radioactive Waste Policy Act'.

"SEC. 2. DEFINITIONS.

"For purposes of this Act:

"(1) AGREEMENT STATE.—The term 'agreement State' means a State that—

"(A) has entered into an agreement with the Nuclear Regulatory Commission under section 274 of the Atomic Energy Act of 1954 (42 U.S.C. 2021); and

"(B) has authority to regulate the disposal of low-level radioactive waste under such agreement.

"(2) COMMERCIAL NUCLEAR POWER REACTOR.—The term 'commercial nuclear power reactor' means any unit of a civilian nuclear powerplant required to be licensed under section 103 or 104 b. of the Atomic Energy Act of 1954 (42 U.S.C. 2133 or 2134(b)) that is a boiling-water reactor or a pressurized-water reactor.

"(3) COMPACT.—The term 'compact' means a compact entered into by 2 or more States pursuant to this Act.

"(4) COMPACT COMMISSION.—The term 'compact commission' means the regional commission, committee, or board established in a compact to administer such compact.

"(5) COMPACT REGION.—The term 'compact region' means the area consisting of all States that are members of the same compact.

"(6) DISPOSAL.—The term 'disposal' means the isolation of low-level radioactive waste pursuant to the requirements established by the Nuclear Regulatory Commission under applicable laws, or by an agreement State if such isolation occurs in such agreement State.

"(7) GENERATE.—The term 'generate', when used in relation to low-level radioactive waste, means to produce new low-level radioactive waste.

"(8) GOVERNOR.—The term 'Governor' means, in the case of any State without a Governor, the chief executive officer of such State.

"(9) HIGH-LEVEL RADIOACTIVE WASTE AND SPENT NUCLEAR FUEL.—The terms 'high-level radioactive waste' and 'spent nuclear fuel' have the meanings given such terms in section 2 of the Nuclear Waste Policy Act of 1982 (42 U.S.C. 10101), as such section is in effect on January 1, 1985.

"(10) LOW-LEVEL RADIOACTIVE WASTE.—Except as provided in section 13(g), the term 'low-level radioactive waste' means radioactive material that—

"(A) is not high-level radioactive waste, spent nuclear fuel, transuranic waste (as defined by the Nuclear Regulatory Commission on January 1, 1985), or byproduct material (as defined in section 11e.(2) of the Atomic Energy Act of 1954 (42 U.S.C. 2014(e)(2)) as in effect on January 1, 1985); and

"(B) consists of or contains class A, B, or C, radioactive waste as defined by section 61.55 of title 10, Code of Federal Regulations, as in effect on December 27, 1982.

"(11) LOW-LEVEL RADIOACTIVE WASTE DISPOSAL FACILITY.—The term 'low-level radioactive waste disposal facility' means a disposal facility for low-level radioactive waste that is subject to regulation by the Nuclear Regulatory Commission.

"(12) NONMEMBER STATE.—The term "nonmember State" means a State that is not a member of a compact.

"(13) NONSITED COMPACT REGION.—The term 'nonsited compact region' means any compact region that is not a sited compact region.

"(14) REGIONAL DISPOSAL FACILITY.—The term 'regional disposal facility' means a low-level radioactive waste disposal facility in operation on January 1, 1985, or subsequently established and operated under a compact.

"(15) SECRETARY.—The term 'Secretary' means the Secretary of Energy.

"(16) SITED COMPACT REGION.—The term 'sited compact region' means a compact region that includes Barnwell, in the State of South Carolina; Richland, in the State of Washington; or Beatty, in the State of Nevada.

"(17) STATE.—The term 'State' means any State of the United States, the District of Columbia, and, subject to the provisions of Public Law 96-205, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and any other territory or possession of the United States.

"SEC. 3. RESPONSIBILITIES FOR DISPOSAL OF LOW-LEVEL RADIOACTIVE WASTE.

"(a) STATE RESPONSIBILITIES.—Each State shall be responsible for providing, either by itself or in cooperation with other States, for the disposal of—

"(1) low-level radioactive waste generated within the State other than by the Federal Government;

"(2) low-level radioactive waste generated within the State by the Federal Government, except that any State shall not be required to, but may, provide for disposal of any such waste—

"(A) owned or generated by the Department of Energy;

"(B) generated by the decommissioning of vessels of the United States Navy; or

"(C) generated by the research, development, testing, or production of any atomic weapon; and

"(3) low-level radioactive waste required to be accepted for disposal under section 5.

"(b) FEDERAL RESPONSIBILITIES.—

"(1) LOW-LEVEL RADIOACTIVE WASTE DISPOSAL.—The Federal Government shall be responsible for ensuring the safe disposal of low-level radioactive waste—

"(A) owned or generated by the Department of Energy;

"(B) generated by the decommissioning of vessels of the United States Navy; or

"(C) generated by the research, development, testing, or production of any atomic weapon.

"(2) REPORT.—

"(A) IN GENERAL.—Not later than 12-months after the date of the enactment of the Low-Level Radioactive Waste Policy Amendments Act of 1985, the Secretary shall submit to the Congress a comprehensive report setting forth recommendations of the Secretary to ensure the safe disposal of any radioactive waste for which disposal is not provided under Federal law.

"(B) CONTENTS.—Such report shall include—

"(i) an identification of the radioactive waste for which neither the Federal Government nor the States have responsibility under existing Federal law;

"(ii) an identification of Federal and non-Federal options for disposal of such radioactive waste;

"(iii) a description of the actions proposed to ensure the safe disposal of such radioactive waste;

"(iv) a description of the projected costs of taking such actions; and

"(v) recommendations of the Secretary for resolving the issues related to disposal of radioactive waste described in subparagraph (A).

"SEC. 4. REGIONAL AND STATE DISPOSAL OF LOW-LEVEL RADIOACTIVE WASTE.

"(a) IN GENERAL.—

"(1) FEDERAL POLICY.—It is the policy of the Federal Government that the responsibilities of the States under section 3 for the disposal of low-level radioactive waste can be most safely and efficiently managed on a regional basis.

"(2) INTERSTATE COMPACTS.—To carry out the policy set forth in paragraph (1), the States may enter into such compacts as may be necessary to provide for the establishment and operation of regional disposal facilities for low-level radioactive waste.

"(b) APPLICABILITY TO FEDERAL ACTIVITIES.—

"(1) IN GENERAL.—

"(A) DEPARTMENT OF ENERGY AND UNITED STATES NAVY WASTE.—Except as provided in subparagraph (B), no compact or action taken under a compact shall be applicable to the transportation, management, or disposal of low-level radioactive waste owned or generated by the Department of Energy or generated by the decommissioning of vessels of the United States Navy.

"(B) FEDERAL LOW-LEVEL RADIOACTIVE WASTE DISPOSED OF AT NON-FEDERAL FACILITIES.—Low-level radioactive waste owned or generated by the Federal Government that is disposed of at a low-level radioactive waste disposal facility shall be subject to the same conditions, regulations, requirements, fees, taxes, and surcharges imposed by the compact commission, and by the State in which such facility is located, in the same manner and to the same extent as any low-level radioactive waste not generated by the Federal Government.

"(2) FEDERAL LOW-LEVEL RADIOACTIVE WASTE DISPOSAL FACILITIES.—Any facility established or operated exclusively for the disposal of low-level radioactive waste produced by the Federal Government shall not be subject to any compact or any action taken under a compact.

"(3) EFFECT ON AUTHORITY OF COMPACT COMMISSIONS AND STATES.—Nothing contained in this Act or any compact may be construed to confer any new authority on any compact commission or State—

"(A) to regulate the packaging or transportation of low-level radioactive waste in a manner incompatible with the regulations of the Nuclear Regulatory Commission or the Department of Transportation;

"(B) to regulate health, safety, or environmental hazards from source material, by-product material, or special nuclear material (as such terms are defined in section 11 of the Atomic Energy Act of 1954 (42 U.S.C. 2014) as in effect on January 1, 1985);

"(C) to inspect the facilities of licensees of the Nuclear Regulatory Commission;

"(D) to inspect security areas or operations at the site of the generation of any low-level radioactive waste by the Federal Government, or to inspect classified information related to such areas or operations; or

"(E) to require indemnification beyond the provisions of chapter 171 of title 28, United States Code (commonly referred to as the Federal Tort Claims Act), or section 170 of the Atomic Energy Act of 1954 (42 U.S.C. 2210) (commonly referred to as the Price-Anderson Act), whichever is applicable.

"(4) EFFECT ON FEDERAL AUTHORITY.—Nothing contained in this Act or any compact may be construed to limit the applicability of any Federal law or to diminish or otherwise impair the jurisdiction of any Federal agency.

"(c) EFFECTIVENESS OF AUTHORITIES UNDER COMPACT.—

"(1) IN GENERAL.—Except as provided in paragraph (2), each compact shall take effect in accordance with the provisions of the compact.

"(2) RESTRICTED USE OF REGIONAL DISPOSAL FACILITIES.—Any authority in a compact to restrict the use of the regional disposal facilities under the compact to the disposal of low-level radioactive waste generated within the compact region shall not take effect before each of the following occurs:

"(A) January 1, 1986; and

"(B) the Congress by law consents to the compact.

"(d) CONGRESSIONAL REVIEW.—Each compact shall provide that every 5 years after the compact has taken effect the Congress may by law withdraw its consent.

"SEC. 5. LIMITED AVAILABILITY OF CERTAIN REGIONAL DISPOSAL FACILITIES DURING TRANSITION AND LICENSING PERIODS.

"(a) AVAILABILITY OF DISPOSAL CAPACITY.—

"(1) IN GENERAL.—Except as provided in paragraph (2), during the 7-year period beginning January 1, 1986, and ending December 31, 1992, each State or compact region in which there is located a regional disposal facility referred to in paragraphs (1) through (3) of subsection (b)—

"(A) shall make disposal capacity available for low-level radioactive waste generated by commercial nuclear power reactors in accordance with the provisions of this section; and

"(B) shall not restrict the availability of disposal capacity for low-level radioactive waste generated by any source not referred to in subparagraph (A).

"(2) LIMITATIONS.—No State or compact region described in paragraph (1) shall be required under such paragraph—

"(A) to accept volumes of low-level radioactive waste from any source in excess of the amounts described in subsection (b);

"(B) to accept low-level radioactive waste from any source that is denied access to any such disposal facility in accordance with subsection (e)(2);

"(C) to accept any low-level radioactive waste in violation of the terms of the license of the low-level radioactive waste disposal facility in such State or compact region.

"(3) CESSATION OF OPERATION OF REGIONAL DISPOSAL FACILITY.—No provision of this section shall be construed to obligate any State or compact region in which there is located a regional disposal facility referred to in paragraphs (1) through (3) of subsection (b) to accept low-level radioactive waste from any source in the event that any such facility ceases operation.

"(b) AGGREGATE DISPOSAL CAPACITY.—

"(1) BARNWELL, SOUTH CAROLINA.—The regional disposal facility located at Barnwell, in the State of South Carolina, shall not be

required to accept more than 8,400,000 cubic feet of low-level radioactive waste during the 7-year period beginning January 1, 1986, and ending December 31, 1992 (as based on an average annual volume of 1,200,000 cubic feet of low-level radioactive waste).

"(2) RICHLAND, WASHINGTON.—The regional disposal facility located at Richland, in the State of Washington, shall not be required to accept more than 9,800,000 cubic feet of low-level radioactive waste during the 7-year period beginning January 1, 1986, and ending December 31, 1992 (as based on an average annual volume of 1,400,000 cubic feet of low-level radioactive waste).

"(3) BEATTY, NEVADA.—The regional disposal facility located at Beatty, in the State of Nevada, shall not be required to accept more than 1,400,000 cubic feet of low-level radioactive waste during the 7-year period beginning January 1, 1986, and ending December 31, 1992 (as based on an average annual volume of 200,000 cubic feet of low-level radioactive waste).

"(4) ALLOCATION OF DISPOSAL CAPACITY.—

"(A) AVERAGE ANNUAL VOLUME LIMIT.—

"(i) IN GENERAL.—Except as provided in clause (ii), any State in which a regional disposal facility referred to in paragraphs (1) through (3) is located may deny access to such facility for low-level radioactive waste generated outside of the compact region if the disposal of such waste in any calendar year, together with all other low-level radioactive waste disposed of at such facility within such calendar year, will result in such facility disposing of a total annual volume of low-level radioactive waste in excess of 100 percent of the average annual volume established in subsection (b) for such facility.

"(ii) REGIONAL DISPOSAL FACILITY UNIQUELY QUALIFIED TO TAKE WASTE.—No such State may under clause (i) deny access to such facility for low-level radioactive waste which such facility is uniquely qualified to accept.

"(B) DISPOSAL IN EXCESS OF ANNUAL VOLUME LIMIT.—If each of the 3 States in which a regional disposal facility referred to in paragraphs (1) through (3) is located denies access to low-level radioactive waste under subparagraph (A) in any calendar year, each such State shall permit the disposal of additional quantities of such waste in increments of 10 percent of the average annual volume established in subsection (b) for the regional disposal facility located in such State.

"(C) PRIORITY FOR WASTE GENERATED IN SITED COMPACT REGION.—Low-level radioactive waste generated within a sited compact region shall be accorded priority in the allocation of available annual disposal capacity under subparagraph (A) at a regional disposal facility referred to in paragraphs (1) through (3) and located in the sited compact region in which such waste is generated.

"(D) CONTRACTS TO RECEIVE LOW-LEVEL RADIOACTIVE WASTE.—A generator of low-level radioactive waste and a disposal facility referred to in paragraphs (1) through (3) may not enter into any contract for the acceptance of such waste for a period that exceeds 1 year.

"(E) AGGREGATE DISPOSAL CAPACITY.—No provision of this paragraph may be construed to require any State or regional disposal facility referred to in paragraphs (1) through (3) to accept for disposal any low-level radioactive waste in excess of the aggregate disposal capacity established in this subsection for the regional disposal facility located in such State.

"(5) UTILITY AND NON-UTILITY ALLOCATIONS.—During the 7-year period referred to in paragraph (1) the low-level radioactive waste disposal facilities referred to in paragraphs (1) through (3) shall not be required to accept more than—

"(A) 11,900,000 cubic feet of low-level radioactive waste generated by commercial nuclear power reactors; and

"(B) 7,700,000 cubic feet of low-level radioactive waste generated by any other source.

"(c) UTILITY ALLOCATIONS DURING 4-YEAR TRANSITION PERIOD.—

"(1) AMOUNT.—Each commercial nuclear power reactor licensed to operate at full power shall be allocated the following amount of disposal capacity available under subsection (a) for each month during the 48-month period beginning January 1, 1986, and ending December 31, 1989:

"(A) PRESSURIZED-WATER REACTORS IN SITED COMPACT REGION.—Each pressurized-water reactor within a sited compact region shall be allocated 1,027 cubic feet of low-level radioactive waste disposal capacity.

"(B) OTHER PRESSURIZED-WATER REACTORS.—Each pressurized-water reactor, other than those referred to in subparagraph (A), shall be allocated 871 cubic feet of low-level radioactive waste disposal capacity.

"(C) BOILING-WATER REACTORS IN SITED COMPACT REGION.—Each boiling-water reactor within a sited compact region shall be allocated 2,300 cubic feet of low-level radioactive waste disposal capacity.

"(D) OTHER BOILING-WATER REACTORS.—Each boiling-water reactor, other than those referred to in subparagraph (C), shall be allocated 1,951 cubic feet of low-level radioactive waste disposal capacity.

"(2) METHOD OF CALCULATION.—The aggregate amount to be allocated to any commercial nuclear power reactor under paragraph (1) shall be calculated beginning with the 16th month following the date such reactor receives its full power license or on January 1, 1986, whichever occurs later.

"(3) AVAILABILITY OF ALLOCATIONS.—The aggregate allocation for any commercial nuclear power reactor under paragraph (1) for the 48-month period involved shall be available for use by the owner or operator of such reactor at any time during the period beginning on the date such reactor receives its full power license or January 1, 1986, whichever occurs later, and ending on December 31, 1992.

"(4) AGGREGATION OF DISPOSAL CAPACITY ALLOCATIONS.—The owner or operator of more than 1 commercial nuclear power reactor may apportion the aggregate of its allocations under this subsection among such reactors as it determines to be appropriate.

"(d) ALLOCATIONS DURING 3-YEAR LICENSING AND CONSTRUCTION PERIOD.—

"(1) COMMERCIAL NUCLEAR POWER REACTOR ALLOCATIONS.—Each commercial nuclear power reactor licensed to operate at full power shall be allocated the following amount of low-level radioactive waste disposal capacity available under subsection (a) for each month during the 3-year period beginning January 1, 1990, and ending December 31, 1992:

"(A) PRESSURIZED-WATER REACTORS IN SITED COMPACT REGIONS.—Each pressurized-water reactor within a sited compact region shall be allocated 934 cubic feet of low-level radioactive waste disposal capacity.

"(B) OTHER PRESSURIZED-WATER REACTORS.—Each pressurized-water reactor, other than those referred to in subparagraph (A), shall be allocated 685 cubic feet of low-level radioactive waste disposal capacity.

"(C) BOILING-WATER REACTORS IN SITED COMPACT REGIONS.—Each boiling-water reactor within a sited compact region shall be allocated 2,091 cubic feet of low-level radioactive waste disposal capacity.

"(D) OTHER BOILING-WATER REACTORS.—Each boiling-water reactor, other than those referred to in subparagraph (C), shall be allocated 1,533 cubic feet of low-level radioactive waste disposal capacity.

"(2) METHOD OF CALCULATION.—The aggregate amount to be allocated to any commercial nuclear power reactor under paragraph (1) shall be calculated beginning with the 16th month following the date such reactor receives its full power license or on January 1, 1990, whichever occurs later.

"(3) AVAILABILITY OF ALLOCATIONS.—The aggregate allocation for any commercial nuclear power reactor under paragraph (1) for the 3-year period involved shall be available for use by the owner or operator of such reactor at any time during the period beginning on the date such reactor receives its full power license or January 1, 1990, whichever occurs later, and ending on December 31, 1992.

"(4) AGGREGATION OF DISPOSAL CAPACITY ALLOCATIONS.—The owner or operator of more than 1 commercial nuclear power reactor may apportion the aggregate of its allocations under this subsection among such reactors as it determines to be appropriate.

"(5) UNUSED ALLOCATIONS.—In addition to the allocations described in paragraph (1), any commercial nuclear power reactor described in such paragraph may use any capacity allocated to it under subsection (c) that was not used as of December 31, 1989.

"(e) REQUIREMENTS FOR ACCESS TO REGIONAL DISPOSAL FACILITIES.—

"(1) MILESTONES FOR NONSITED COMPACT REGIONS AND NONMEMBER STATES.—Each nonsited compact region, or nonmember State that does not have an operating disposal facility, shall comply with the following requirements:

"(A) JULY 1, 1986.—By July 1, 1986, each such nonmember State shall—

"(i) ratify a compact; or

"(ii) indicate, by the enactment of legislation, or the certification of its Governor, the intent to develop a site by December 31, 1992, for the location of a low-level radioactive waste disposal facility within such State.

"(B) JANUARY 1, 1988.—By January 1, 1988—

"(i) each nonsited compact region shall identify the State in which its low-level radioactive waste disposal facility is to be located and each nonsited compact region or the State in which its low-level radioactive waste disposal facility is to be located shall develop a siting plan for such facility and delegate authority to implement such plan; and

"(ii) each nonmember State shall develop a siting plan for a low-level radioactive waste disposal facility and delegate authority to implement such plan.

"(C) JANUARY 1, 1990.—By January 1, 1990—

"(i) a complete application (as determined by the Nuclear Regulatory Commission or the appropriate agency of an agreement State) shall be filed for a license to dispose of low-level radioactive waste within each nonsited compact region or within each nonmember State; or

"(ii) the Governor of any State that is not a member of a compact region in compli-

ance with clause (i), or has not complied with such clause by its own actions, shall provide a written certification to the Nuclear Regulatory Commission, that such State will provide for the storage, disposal, or management of any low-level radioactive waste generated within such State and requiring disposal after December 31, 1992, and include a description of the actions that will be taken to ensure that the capability to provide such storage, disposal, or management exists.

"(D) TRANSMISSION OF CERTIFICATION.—The Nuclear Regulatory Commission shall transmit any certification received under subparagraph (A) or (C) to the Congress and publish any such certification in the Federal Register.

"(2) PENALTIES FOR FAILURE TO COMPLY.—

"(A) BY JULY 1, 1986.—If any nonsited compact region or nonmember State fails to comply with paragraph (1)(A)—

"(i) generators of low-level radioactive waste in such region or nonmember State may be charged, in accordance with the provisions of subsection (i), 2 times the surcharge otherwise applicable under such subsection for the period beginning July 1, 1986, and ending December 31, 1986, and

"(ii) on or after January 1, 1987, any low-level radioactive waste generated within such region or nonmember State may be denied access to the regional disposal facilities referred to in paragraphs (1) through (3) of subsection (b).

"(B) BY JANUARY 1, 1988.—If any nonsited compact region or nonmember State fails to comply with paragraph (1)(B)—

"(i) generators of low-level radioactive waste in such region or nonmember State may, in accordance with the provisions of subsection (i)—

"(I) be charged 2 times the surcharge otherwise applicable under such subsection for the period beginning January 1, 1988, and ending June 30, 1988; and

"(II) be charged 4 times the surcharge otherwise applicable under such subsection for the period beginning July 1, 1988, and ending December 31, 1988; and

"(ii) on or after January 1, 1989, any low-level radioactive waste generated within such region or nonmember State may be denied access to the regional disposal facilities referred to in paragraphs (1) through (3) of subsection (b).

"(C) BY JANUARY 1, 1990.—If any nonsited compact region or nonmember State fails to comply with paragraph (1)(C), any low-level radioactive waste generated within such region or nonmember State may be denied access to the regional disposal facilities referred to in paragraphs (1) through (3) of subsection (b).

"(3) DENIAL OF ACCESS.—No denial of access to a regional disposal facility under paragraph (2) may be based on the source, class, or type of low-level radioactive waste.

"(4) CANCELLATION OF PENALTIES.—Any penalty imposed under paragraph (2) shall be canceled after the nonsited compact region or nonmember State involved complies with the applicable requirement under paragraph (1).

"(f) ASSIGNMENT OF DISPOSAL CAPACITY ALLOCATIONS.—

"(1) Any commercial nuclear power reactor in a State or compact region whose access to a regional disposal facility is not under suspension for noncompliance with the requirements of subsection (e), may assign any disposal capacity allocated to it under subsection (c) or (d) to any generator of low-level radioactive waste in any such State or compact region.

"(2) Any assignment under paragraph (1) shall—

"(A) be in writing (a copy of which shall be delivered to any affected compact commission or State);

"(B) include an unconditional written waiver of any right of the assignor to the allocation being assigned; and

"(C) be nullified by any event rendering the assignor-reactor or assignee-generator subject to the denial of access to a regional disposal facility under subsection (e)(2).

"(g) ADDITIONAL ALLOCATION FOR UNUSUAL VOLUMES OF LOW-LEVEL RADIOACTIVE WASTE.—

"(1) IN GENERAL.—During the period beginning January 1, 1987, and ending December 31, 1992, a total of not more than 794,792 cubic feet of disposal capacity (in addition to the allocations under subsections (c) and (d)) shall be made available by the States in which there are located the regional disposal facilities referred to in paragraphs (1) through (3) of subsection (b) for cases in which the Secretary determines there are commercial nuclear power reactors whose allocations under subsections (c) and (d) have been inadequate during the preceding 12 months due to—

"(A) increased low-level radioactive waste volume resulting from operation of a reactor without discharge of radioactively contaminated water;

"(B) necessary, but irregular, maintenance or safety procedures; or

"(C) other factors determined by the Secretary to be appropriate.

Any determination under subparagraph (C) shall be consistent with the purposes of this Act.

"(2) VOLUME REDUCTION REQUIREMENT.—In making the determination under paragraph (1), the Secretary shall consider the practicability of reducing the volume of such low-level radioactive waste, including such factors as technical, economic, and regulatory considerations.

"(h) EMERGENCY ACCESS.—

"(1) IN GENERAL.—The Nuclear Regulatory Commission may grant emergency access to any operating low-level radioactive waste disposal facility for specific low-level radioactive waste, if necessary to eliminate an immediate and serious threat to the public health and safety.

"(2) REQUEST FOR EMERGENCY ACCESS.—Any owner or generator of low-level radioactive waste, or any Governor on behalf of any generator or generators located in the State, may request that the Nuclear Regulatory Commission grant emergency access to an operating low-level radioactive waste disposal facility for specific low-level radioactive waste. Any such request shall contain any information and certifications the Nuclear Regulatory Commission may require.

"(3) EMERGENCY DUE TO LOSS OF ACCESS.—In the case of an emergency caused by loss of access to a regional disposal facility referred to in paragraphs (1) through (3) of subsection (b) due to failure to meet a requirement under subsection (e), a request for emergency access under paragraph (2) or an extension of such access under paragraph (7)(B) shall be accompanied by documentation from the Governor of the State in which such waste is generated, which shall—

"(A) support the need for such access;

"(B) state the reasons for the failure of such State to meet the requirements of subsection (e); and

"(C) describe a plan for complying with the requirements of such subsection.

"(4) DETERMINATION OF NUCLEAR REGULATORY COMMISSION.—

"(A) FINDINGS.—Not later than 60 days after the receipt of a request for emergency access under paragraph (2), the Nuclear Regulatory Commission shall determine whether to grant such access. The Nuclear Regulatory Commission may grant such access only if it finds that—

"(i) there exists an immediate and serious threat to the public health and safety due to the inability of the applicant for such access to properly dispose of or otherwise manage low-level radioactive waste;

"(ii) such threat to the public health and safety will be mitigated by granting such access; and

"(iii) such threat cannot be mitigated by any reasonable alternatives for the management of such low-level radioactive waste.

"(B) ACTIONS TO MITIGATE HEALTH AND SAFETY THREAT.—The Nuclear Regulatory Commission shall, for each grant of emergency access under subparagraph (A), establish a list of reasonable actions to be taken by the grantee during the 180-day period following such grant to reduce or eliminate the need for continued emergency access after such 180-day period.

"(5) INTERIM ACCESS.—Pending its determination under paragraph (4) of whether to grant emergency access, the Nuclear Regulatory Commission may grant interim access. The Nuclear Regulatory Commission may grant such interim access only if it makes the findings described in clauses (i) and (ii) of paragraph (4)(A).

"(6) EXTENT OF ACCESS.—

"(A) SPECIFICATIONS.—Any emergency access or interim access granted under this subsection shall specify—

"(i) the volume of low-level radioactive waste to which such access applies;

"(ii) the duration of such access; and

"(iii) the low-level radioactive waste disposal facility to receive and dispose of such low-level radioactive waste, which shall be determined following the consideration of—

"(I) the suitability of the low-level radioactive waste disposal facility for the disposal of the category, form, and volume of such low-level radioactive waste;

"(II) the low-level radioactive waste disposal facilities at which the low-level radioactive waste of the applicant for such access has been disposed previously; and

"(III) the need to minimize the costs of transporting such low-level radioactive waste.

"(B) MINIMUM VOLUME AND DURATION.—The volume and duration specified under clauses (i) and (ii) of subparagraph (A) shall not exceed the minimum volume or minimum duration necessary, as determined by the Nuclear Regulatory Commission, to alleviate the health and safety threat.

"(7) MAXIMUM DURATION OF EMERGENCY ACCESS.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), emergency access granted under paragraph (4) shall not exceed a 180-day period.

"(B) EXTENSION OF EMERGENCY ACCESS.—

"(i) IN GENERAL.—A recipient of emergency access under paragraph (4) may, upon the expiration of the 180-day period specified under subparagraph (A), apply to the Nuclear Regulatory Commission to extend such access beyond such 180-day period.

"(ii) CRITERIA.—The Nuclear Regulatory Commission shall grant an extension under this subparagraph only if it finds that—

"(I) the criteria for access under clauses (i) through (iii) of paragraph (4)(A) are met with regard to such extension; and

"(II) the applicant for such an extension has made diligent efforts to comply with the actions prescribed under paragraph (4)(B).

"(iii) DURATION OF EXTENSION.—No extension of access granted under this subparagraph shall exceed 180 days.

"(iv) SUBSEQUENT EXTENSIONS.—

"(I) BEFORE JANUARY 1, 1993.—Before January 1, 1993, a recipient of an extension of emergency access under clause (i) may apply for subsequent extensions which shall not exceed 180 days per extension.

"(II) ON OR AFTER JANUARY 1, 1993.—On or after January 1, 1993, a recipient of emergency access under paragraph (4), or an extension of such access under clause (i), may not receive more than 180 days additional emergency access.

"(8) NOTIFICATION.—The Nuclear Regulatory Commission shall notify any affected compact region or State of the grant or extension of any emergency access under this subsection.

"(9) AGREEMENT STATES.—Any agreement under section 274 of the Atomic Energy Act of 1954 (42 U.S.C. 2021) shall not be applicable to the determinations of the Nuclear Regulatory Commission under this subsection.

"(10) LIMITATIONS.—No State shall be required to provide emergency access to any regional disposal facility within its borders for low-level radioactive waste not meeting criteria established by the license or license agreement of such facility, or in excess of the approved capacity of such facility, or to delay the closing of any such facility pursuant to plans established before receiving a request for emergency or reciprocal access. No State shall, during any 12-month period, be required to provide emergency access to any regional disposal facility within its borders for more than 20 percent of the total volume of low-level radioactive waste accepted for disposal at such facility during the previous calendar year.

"(11) DEDUCTION FROM ALLOCATION.—Any volume of low-level radioactive waste granted emergency access under this subsection, if generated by any commercial nuclear power reactor, shall be deducted from the low-level radioactive waste volume allocable under subsection (g).

"(12) REGULATIONS.—Not later than 180 days after the date of the enactment of the Low-Level Radioactive Waste Policy Amendments Act of 1985, the Nuclear Regulatory Commission shall issue such regulations as may be necessary to carry out the provisions of this subsection. Such regulations shall include criteria and procedures to be applicable to any request for, or determination with respect to, emergency access under this subsection.

"(i) SURCHARGES.—

"(1) AMOUNT.—A generator of low-level radioactive waste may be charged a surcharge for the disposal of any such waste under this section (other than low-level radioactive waste generated in a sited compact region) by the State in which the applicable regional disposal facility referred to in paragraphs (1) through (3) of subsection (b) is located. Such surcharge shall be in addition to the fees and surcharges generally applicable for disposal of low-level radioactive waste in the regional disposal facility involved. Except as provided in subsection (e)(2), such surcharge shall not exceed—

"(A) in 1986 and 1987, $10 per cubic foot of low-level radioactive waste;

"(B) in 1988 and 1989, $20 per cubic foot of low-level radioactive waste; and

"(C) in 1990, 1991, and 1992, $40 per cubic foot of low-level radioactive waste.

"(2) MILESTONE INCENTIVES.—

"(A) ESCROW ACCOUNT.—Any amount collected by a State under paragraph (1) that is subject to payment under subparagraph (B) shall be placed in an escrow account by such State where such amount shall be held until—

"(i) paid in accordance with subparagraph (B); or

"(ii) paid to such State in accordance with subparagraph (E).

"(B) PAYMENTS.—

"(i) MILESTONE OF JULY 1, 1986.—25 percent of any amount collected by a State under paragraph (1) for low-level radioactive waste disposed of under this section during the period beginning on the date of the enactment of the Low-Level Radioactive Waste Policy Amendments Act of 1985 and ending July 1, 1986, shall be paid in accordance with subparagraph (C) if the milestone described in subsection (e)(1)(A) is met by the State in which such waste originated. Any such payment shall be paid from the escrow account established under subparagraph (A) not later than 30 days after July 1, 1986.

"(ii) MILESTONE OF JANUARY 1, 1988.—25 percent of any amount collected by a State under paragraph (1) for low-level radioactive waste disposed of under this section during the period beginning July 2, 1986, and ending January 1, 1988, shall be paid in accordance with subparagraph (C) if the milestone described in subsection (e)(1)(B) is met by the State in which such waste originated (or its compact region). Any such payment shall be paid from the escrow account established under subparagraph (A) not later than 30 days after January 1, 1988.

"(iii) MILESTONE OF JANUARY 1, 1990.—25 percent of any amount collected by a State under paragraph (1) for low-level radioactive waste disposed of under this section during the period beginning January 2, 1988, and ending January 1, 1990, shall be paid in accordance with subparagraph (C) if the milestone described in subsection (e)(1)(C) is met by the State in which such waste originated (or its compact region). Any such payment shall be paid from the escrow account established under subparagraph (A) not later than 30 days after January 1, 1990.

"(iv) SURCHARGES PAID AFTER JANUARY 1, 1990, MILESTONE.—40 percent of any amount collected by a State under paragraph (1) for low-level radioactive waste disposed of under this section during the period beginning January 2, 1990, and ending December 31, 1992, shall be paid in accordance with subparagraph (C), if the State in which such waste originated (or its compact region) is able to provide for the storage, disposal, or management of any low-level radioactive waste generated within such State or compact region by January 1, 1993. Any such payment shall be paid from the escrow account established under subparagraph (A) not later than 30 days after such State or compact region demonstrates such capability.

"(C) RECIPIENTS OF PAYMENTS.—The payments described in clauses (i) through (iv) of subparagraph (B) shall be paid—

"(i) if the State in which such waste originated is not a member of a compact, to such State; or

"(ii) if the State in which such waste originated is a member of a compact, to the compact commission serving such State.

"(D) USES OF PAYMENTS.—

"(i) LIMITATIONS.—Any amount paid under subparagraph (B) may only be used to—

"(I) establish and regulate low-level radioactive waste disposal facilities;

"(II) mitigate the impact of such facilities on the host state; or

"(III) ensure the decommissioning, closure, and care during the period of institutional control, of such facilities.

"(ii) REPORTS.—

"(I) RECIPIENT.—Any State or compact commission receiving a payment under subparagraph (B) shall, on December 31 of each year in which any such funds are expended, submit a report to the Secretary itemizing any such expenditures.

"(II) DEPARTMENT OF ENERGY.—Not later than 6 months after receiving the reports under subclause (I), the Secretary shall submit to the Congress a summary of all such reports that shall include an assessment of the compliance of each such State or compact commission with the requirements of clause (i).

"(E) PAYMENT TO STATES.—Any amount collected by a State under paragraph (1) that is placed in escrow under subparagraph (A) and not paid under clause (i), (ii), (iii), or (iv) of subparagraph (B) shall be paid from such escrow account to such State. A payment under this subparagraph shall be made not later than 30 days after a determination of ineligibility for a payment under any such clause is made by such State.

"(F) PENALTY SURCHARGES.—No payment shall be made under subparagraph (B) of any amount paid as a penalty surcharge under subsection (e)(2).

"(j) ADMINISTRATION.—Each State in which a regional disposal facility referred to in paragraphs (1) through (3) of subsection (b) is located shall have authority—

"(1) to obtain the information necessary to monitor compliance with the limitations, allocations, and requirements established in this section; and

"(2) to deny access to any low-level radioactive waste disposal facilities within its borders for any low-level radioactive waste that—

"(A) is in excess of the amounts provided for under this section; or

"(B) is not required to be accepted due to the failure of a compact region or State to comply with the requirements of subsection (e)(1).

"(k) ACCEPTANCE OF EXCESS LOW-LEVEL RADIOACTIVE WASTE.—Any State may, in accordance with its compact, accept low-level radioactive waste for disposal in excess of the aggregate disposal capacity and allocation amounts established in this section, except that the acceptance of any such excess amount may not adversely affect the availability of disposal capacity under this section to any generator of low-level radioactive waste.

"(l) NONDISCRIMINATION.—Except as provided in this section, low-level radioactive waste disposed of under this section shall be subject without discrimination to all applicable legal requirements of the compact region and State in which the disposal facility is located as if such low-level radioactive waste were generated within such compact region.

"SEC. 6. ASSURANCE OF FINANCIAL RESPONSIBILITY.

"The Nuclear Regulatory Commission and each agreement State shall ensure that each low-level radioactive waste disposal facility licensed by the Nuclear Regulatory

Commission or by such agreement State is covered by bonding or other financial assurance (from the commencement of operations through decommissioning and long-term care) that provides that each such facility shall comply with all financial requirements for operating a safe and environmentally sound facility, including any requirement for site closure and decommissioning or corrective action prior to the expected time of license termination due to economic or health and safety reasons.

"SEC. 7. FINANCIAL AND TECHNICAL ASSISTANCE.

"The Secretary shall, to the extent provided in appropriation Acts, provide to compact regions, States that are members of compacts, and States that are not members of compacts that are determined by the Secretary to require assistance for purposes of carrying out this Act—

"(1) continuing technical assistance to assist them in fulfilling their responsibilities under this Act; and

"(2) at least through the end of fiscal year 1992, financial assistance to assist them in fulfilling their responsibilities under this Act.

"SEC. 8. CONSULTATION AND COOPERATION OF FEDERAL AGENCIES.

"The Nuclear Regulatory Commission, the Secretary of Energy, the Secretary of Transportation, and the Administrator of the Environmental Protection Agency shall consult and cooperate with compact commissions and States in carrying out the provisions of this Act.

"SEC. 9. PERIODIC REPORT OF SECRETARY.

"(a) IN GENERAL.—The Secretary shall, not later than the expiration of each 5-year period following the date of the enactment of the Low-Level Radioactive Policy Amendments Act of 1985, prepare and submit to the Congress a comprehensive report regarding the operation of the national system for the management and disposal of low-level radioactive waste. Such report shall include an evaluation of the use by Federal agencies of each low-level radioactive waste disposal facility established under a compact or by a State, an estimate of the anticipated use of each such facility as a result of the decommissioning of commercial nuclear power reactors (including reactors other than boiling water and pressurized water reactors), and an estimate of the anticipated use of each facility by all generators of low-level radioactive waste.

"(b) CONSULTATION REQUIREMENTS.—Before preparing the report required in subsection (a), the Secretary shall consult with each compact commission, the Governor and other elected State and local officials of each State, the operators of low-level radioactive waste disposal facilities licensed by the Nuclear Regulatory Commission or an agreement State, the principal generators of low-level radioactive waste, and the transporters of low-level radioactive waste.

"SEC. 10. ALTERNATIVE DISPOSAL METHODS.

"The Nuclear Regulatory Commission shall, not later than 12 months after the date of the enactment of this Act, by rule, promulgate criteria for the licensing of low-level radioactive waste disposal facilities that use disposal methods other than shallow land burial.

"SEC. 11. RESPONSIBILITIES OF NUCLEAR REGULATORY COMMISSION AND AGREEMENT STATES.

"In order to ensure the timely development of new low-level radioactive waste disposal facilities, the Nuclear Regulatory Commission or, as appropriate, the agreement State, shall consider an application for a disposal facility license in accordance with the laws applicable to such application, except that the Commission or the agreement State shall—

"(1) not later than 12 months after the date of the enactment of the Low-Level Radioactive Waste Policy Amendments Act of 1985, establish procedures and develop the technical capability for processing applications for such licenses;

"(2) to the extent practicable, complete all activities associated with the review and processing of any application for such a license (except for public hearings) not later than 15 months after the date of receipt of such application; and

"(3) to the extent practicable, consolidate all required technical and environmental reviews and public hearings.

"SEC. 12. RECLASSIFICATION OF CERTAIN LOW-LEVEL RADIOACTIVE WASTE.

"(a) WASTE WITH MINIMAL RADIOACTIVITY.—Not later than December 31, 1986, the Nuclear Regulatory Commission, pursuant to authority under the Atomic Energy Act of 1954 (42 U.S.C. 2011 et seq.), shall by rule identify the low-level radioactive waste that—

"(1) is not required to be disposed of in a licensed low-level radioactive waste disposal facility in order to protect the public health and safety; and

"(2) is not otherwise required to be regulated by the Nuclear Regulatory Commission in order to protect the public health and safety.

"(b) CLASS C WASTE.—

"(1) IDENTIFICATION.—Not later than 6 months after the date of the enactment of the Low-Level Radioactive Waste Policy Amendments Act of 1985, the Nuclear Regulatory Commission shall, by order, identify any material classified as low-level radioactive waste under section 61.55 of title 10, Code of Federal Regulations (as in effect on December 27, 1982), for which the hazardous life exceeds the period of institutional control (under section 61.59 of title 10, Code of Federal Regulations as in effect on December 27, 1982), established by the Nuclear Regulatory Commission for disposal of such materials.

"(2) ISSUANCE OF RULE.—Not later than 12 months after the identification under paragraph (1), the Nuclear Regulatory Commission shall, by rule, promulgate or revise standards, and specify methods, for the disposal of any material identified under paragraph (1) if it determines such standards and methods to be necessary to minimize the long-term threat to the public health and safety.

"SEC. 13. REGULATION OF CERTAIN WASTES AT LOW-LEVEL RADIOACTIVE WASTE DISPOSAL FACILITIES.

"(a) IDENTIFICATION.—

"(1) FEDERAL GUIDANCE DOCUMENT.—Not later than 9 months after the date of the enactment of the Low-Level Radioactive Waste Policy Amendments Act of 1985, the Administrator of the Environmental Protection Agency and the Nuclear Regulatory Commission shall jointly issue a guidance document describing the substances and the characteristics of substances that are—

"(A) identified or listed by the Administrator of the Environmental Protection Agency as hazardous waste under subtitle C of the Solid Waste Disposal Act (42 U.S.C. 6921-6939a); and

"(B) low-level radioactive waste.

"(2) STATE GUIDANCE DOCUMENT.—In the case of an agreement State or a State that has a state hazardous waste program authorized under section 3006 of subtitle C of the Solid Waste Disposal Act (42 U.S.C. 6926), such State shall, not later than 15 months after the date of the enactment of the Low-Level Radioactive Waste Policy Amendments Act of 1985, issue and publish a guidance document describing the substances and the characteristics of substances that are—

"(A) identified or listed by such State as hazardous waste under subtitle C of the Solid Waste Disposal Act (42 U.S.C. 6921-6939a); and

"(B) low-level radioactive waste.

"(3) REVISION.—

"(A) FEDERAL GUIDANCE DOCUMENT.—The guidance document issued under paragraph (1) may be revised as the Administrator of the Environmental Protection Agency and the Nuclear Regulatory Commission determine to be necessary.

"(B) STATE GUIDANCE DOCUMENT.—The guidance document issued under paragraph (2) may be revised as the appropriate State determines to be necessary.

"(b) COORDINATION OF REGULATORY RESPONSIBILITY.—

"(1) REVISION OF REGULATIONS.—Not later than 12 months after the date of the enactment of the Low-Level Radioactive Waste Policy Amendments Act of 1985, the Administrator of the Environmental Protection Agency and the Nuclear Regulatory Commission shall jointly revise the regulations—

"(A) issued under subtitle C of the Solid Waste Disposal Act (42 U.S.C. 6921-6939a) (as such regulations are in effect on the date of the enactment of the Low-Level Radioactive Waste Policy Amendments Act of 1985); and

"(B) contained in part 61 of title 10, Code of Federal Regulations (as in effect on January 1, 1985).

"(2) RESOLUTION OF CONFLICTS.—The revisions under paragraph (1) shall resolve conflicts that arise because—

"(A) the enforcement of a regulation issued under subtitle C of the Solid Waste Disposal Act (42 U.S.C. 6921-6939a) (as such regulation is in effect on the date of the enactment of the Low-Level Radioactive Waste Policy Amendments Act of 1985) would result in the violation of a regulation contained in part 61 of title 10, Code of Federal Regulations (as in effect on January 1, 1985); or

"(B) the enforcement of a regulation contained in part 61 of title 10, Code of Federal Regulations (as in effect on January 1, 1985) would result in the violation of a regulation issued under such subtitle (as such regulation is in effect on the date of the enactment of the Low-Level Radioactive Waste Policy Amendments Act of 1985);

as such regulations are involved in the disposal of any substance identified or listed as hazardous waste under such subtitle at a low-level radioactive waste disposal facility.

"(c) PROCEDURES.—

"(1) IN GENERAL.—Not later than 12 months after the date of the enactment of the Low-Level Radioactive Waste Policy Amendments Act of 1985, the Administrator of the Environmental Protection Agency and the Nuclear Regulatory Commission shall jointly issue guidelines to coordinate the procedures for compliance with—

"(A) the regulations issued under subtitle C of the Solid Waste Disposal Act (42 U.S.C. 6921-6939a) (as such regulations are in effect on the date of the enactment of the Low-Level Radioactive Waste Policy Amendments Act of 1985); and

"(B) the regulations contained in part 61 of title 10, Code of Federal Regulations (as in effect on January 1, 1985);

as such procedures pertain to the disposal of any substance identified or listed as hazardous waste under such subtitle at a low-level radioactive waste disposal facility.

"(2) CONSOLIDATION OF LICENSE AND PERMIT PROCEDURES.—Not later than 12 months after the date of the enactment of the Low-Level Radioactive Waste Policy Amendments Act of 1985, the Administrator of the Environmental Protection Agency and the Nuclear Regulatory Commission shall jointly issue guidelines to consolidate the procedures for applications for permits under section 3005 of subtitle C of the Solid Waste Disposal Act (42 U.S.C. 6925) and licenses under part 61 of title 10, Code of Federal Regulations.

"(3) NUCLEAR REGULATORY COMMISSION RESPONSIBILITY.—The Nuclear Regulatory Commission shall be solely responsible for communications with low-level radioactive waste disposal facilities regarding any regulations or guidelines issued under this section.

"(d) APPLICABILITY.—The regulations revised under subsection (b) and guidelines issued under subsection (c) shall only apply to the disposal at low-level radioactive disposal facilities of substances that are—

"(1) identified or listed by the Administrator of the Environmental Protection Agency as hazardous waste under subtitle C of the Solid Waste Disposal Act (42 U.S.C. 6921-6939a); and

"(2) low-level radioactive waste.

"(e) INTERIM REQUIREMENTS.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, any regional disposal facility referred to in paragraphs (1) through (3) of section 5(b) that is subject to regulation under subtitle C of the Solid Waste Disposal Act (42 U.S.C. 6921-6939a) shall be required to comply with the interim status requirements of section 3005(e) of such subtitle as soon as practicable, but in no case later than 12 months after the date of the enactment of the Low-Level Radioactive Waste Policy Amendments Act of 1985. Any such facility shall not be required to obtain a permit under section 3005 of such subtitle until the regulations under subsection (a) are promulgated.

"(2) DETERMINATION OF PRACTICABILITY.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the determination of practicability under paragraph (1) shall be made by the Administrator of the Environmental Protection Agency.

"(B) STATE HAZARDOUS WASTE PROGRAMS.—In the case of a low-level radioactive waste disposal facility located in an agreement State or a State that has a state hazardous waste program authorized under section 3006 of subtitle C of the Solid Waste Disposal Act (42 U.S.C. 6926), such determination shall be made by such State.

"(f) REVIEW AND REVISION OF REGULATIONS.—The Administrator of the Environmental Protection Agency and the Nuclear Regulatory Commission shall review and revise the regulations described in subparagraphs (A) and (B) of subsection (b)(1) and the procedures described in subsection (c), as determined by such Agency and Commission to be necessary. Any such revisions shall be made in accordance with such subsections.

"(g) ENVIRONMENTAL PROTECTION STANDARD.—Any revision of regulations or procedures under subsections (b), (c) or (f) shall, after such revision, provide a level of protection for human health and the environment at least equivalent to the level provided under such regulations or procedures, as in effect immediately before any such revision takes effect.

"(h) REGULATIONS.—

"(1) IN GENERAL.—Not later than 24 months after the date of the enactment of the Low-Level Radioactive Waste Policy Amendments Act of 1985, the Administrator of the Environmental Protection Agency and the Nuclear Regulatory Commission shall jointly promulgate regulations governing the management and disposal of substances at commercial low-level radioactive waste disposal facilities that are—

(A) low-level radioactive waste; and

(B) identified or listed as hazardous waste under subtitle C of the Solid Waste Disposal Act (42 U.S.C. 6921-6939a).

"(2) CONTENT.—Such regulations shall—

"(A) prescribe methods of treatment, handling, disposal, or monitoring appropriate for such substances;

"(B) provide for the consolidation of procedures for the application for permits under section 3005 of the Solid Waste Disposal Act (42 U.S.C. 6925) and licenses under part 61 of title 10, Code of Federal Regulations; and

"(C) ensure a level of environmental protection at least equivalent to the level provided for such waste under such subtitle and the Atomic Energy Act of 1954.

"(3) TRANSMITTAL.—The Administrator of the Environmental Protection Agency and the Nuclear Regulatory Commission shall jointly transmit the regulations promulgated under paragraph (1) to the Congress.

"(4) EFFECT.—

"(A) EFFECTIVE DATE.—The regulations promulgated under this subsection shall supercede the revised regulations and guidelines promulgated under subsections (b) and (c) and shall take effect upon the enactment of a joint resolution of the Congress approving the regulations promulgated under this subsection.

"(B) JOINT RESOLUTION.—For the purposes of this paragraph, the term 'joint resolution' means a joint resolution, the matter after the resolving clause of which is as follows: 'That the House of Representatives and the Senate approve the regulations promulgated under section 13(h) of the Low-Level Radioactive Waste Policy Act and submitted to the Congress on .'. The blank space in such resolution shall be filled with the date on which the Administrator of the Environmental Protection Agency and the Nuclear Regulatory Commission jointly submit such regulations to the Congress under paragraph (3).

"(5) REVISION.—The regulations promulgated under paragraph (1) may be revised after the enactment of the joint resolution described in paragraph (4) in accordance with section 553 of title 5, United States Code.

"(i) DEFINITION.—For purposes of this section, the term 'low-level radioactive waste' means waste designated as low-level radioactive waste by the Nuclear Regulatory Commission.

"SEC. 14. WASTE DISPOSED OF AT A FEDERAL FACILITY.

"Subtitle C of the Solid Waste Disposal Act (42 U.S.C. 6921-6939a) shall apply to any facility owned or operated by the Department of Energy that accepts for disposal any substance that is—

"(1) low-level radioactive waste; and

"(2) identified or listed as hazardous waste under subtitle C of the Solid Waste Disposal Act (42 U.S.C. 6921-6939a).".

H.R. 2817

By Mr. DOWNEY of New York:

(Amendment to the amendment in the nature of a substitute (text of H.R. 3852)).

—Strike out title V of the bill and insert in lieu thereof the following:

TITLE V—AMENDMENTS OF THE INTERNAL REVENUE CODE OF 1954

SEC. 501. SHORT TITLE.

This title may be cited as the "Superfund Revenue Act of 1985".

PART I—SUPERFUND AND ITS REVENUE SOURCES

SEC. 511. EXTENSION OF ENVIRONMENTAL TAXES.

(a) IN GENERAL.—Subsection (d) of section 4611 of the Internal Revenue Code of 1954 (relating to termination) is amended to read as follows:

"(d) APPLICATION OF TAXES.—The taxes imposed by this section shall apply after October 31, 1985, and before October 1, 1990."

(b) TECHNICAL AMENDMENT.—Section 303 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 is hereby repealed.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on November 1, 1985.

SEC. 512. INCREASE IN TAX ON PETROLEUM.

(a) INCREASE IN TAX.—Subsections (a) and (b) of section 4611 of the Internal Revenue Code of 1954 (relating to environmental tax on petroleum) are each amended by striking out "0.79 cent" and inserting in lieu thereof "11.9 cents".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on November 1, 1985.

SEC. 513. INCREASE IN TAX ON CERTAIN CHEMICALS.

(a) INCREASE IN RATE OF TAX; LEAD ADDED AS TAXABLE CHEMICAL.—Subsection (b) of section 4661 of the Internal Revenue Code of 1954 (relating to amount of tax imposed on certain chemicals) is amended by striking out the table contained in such subsection and inserting in lieu thereof the following:

"In the case of:

	The tax (before any inflation adjustment) is the following amount per ton:
Organic substances:	
Acetylene	$6.25
Benzene	6.25
Butadiene	6.25
Butane	5.54
Butylene	6.25
Ethylene	6.25
Methane	3.44
Napthalene	6.25
Propylene	6.25
Toluene	6.25
Xylene	11.19
Inorganic substances:	
Ammonia	4.20
Antimony	6.25
Antimony trioxide	6.25
Arsenic	6.25
Arsenic trioxide	6.25
Barium sulfide	6.25
Bromine	6.25
Cadmium	6.25
Chlorine	4.03
Chromite	1.52
Chromium	6.25
Cobalt	6.25

"In the case of:

	The tax (before any inflation adjustment) is the following amount per ton:
Cupric oxide	6.25
Cupric sulfate	6.25
Cuprous oxide	6.25
Hydrochloric acid	1.24
Hydrogen fluoride	6.25
Lead	6.25
Lead oxide	6.25
Mercury	6.25
Nickel	6.25
Nitric acid	3.90
Phosphorous	6.25
Potassium dichromate	6.25
Potassium hydroxide	6.25
Sodium dichromate	6.25
Sodium hydroxide	3.72
Stannic chloride	6.25
Stannous chloride	6.25
Sulfuric acid	1.03
Zinc chloride	6.25
Zinc sulfate	6.25."

(b) INFLATION ADJUSTMENTS IN AMOUNT OF TAX.—Section 4661 of such Code is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) INFLATION ADJUSTMENTS IN AMOUNT OF TAX.—

"(1) IN GENERAL.—In the case of any taxable chemical sold in a calendar year after 1986, the amount of the tax imposed by subsection (a) shall be the amount determined under subsection (b) increased by the applicable inflation adjustment for such calendar year.

"(2) APPLICABLE INFLATION ADJUSTMENT.—

"(A) IN GENERAL.—In the case of a taxable chemical, the applicable inflation adjustment for the calendar year is the percentage (if any) by which—

"(i) the applicable price index for the preceding calendar year, exceeds

"(ii) the applicable price index for 1985.

"(B) APPLICABLE PRICE INDEX.—For purposes of subparagraph (A), the applicable price index for any calendar year is the average for the months in the 12-month period ending on September 30 of such calendar year of—

"(i) in the case of organic substances, the producer price index for basic organic chemicals as published by the Secretary of Labor, or

"(ii) in the case of inorganic substances, the producer price index for basic inorganic chemicals as published by the Secretary of Labor.

"(3) ROUNDING.—If any increase determined under paragraph (1) is not a multiple of 1 cent, such increase shall be rounded to the nearest multiple of 1 cent (or, if the increase determined under paragraph (1) is a multiple of 1/2 of 1 cent, such increase shall be increased to the next higher multiple of 1 cent)."

(c) EXEMPTION FOR EXPORTS OF TAXABLE CHEMICALS.—

(1) Section 4662 of such Code (relating to definitions and special rules) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) EXEMPTION FOR EXPORTS OF TAXABLE CHEMICALS.—

"(1) TAX-FREE SALES.—

"(A) IN GENERAL.—No tax shall be imposed under section 4661 on the sale by the manufacturer or producer of any taxable chemical for export, or for resale by the purchaser to a second purchaser for export.

"(B) PROOF OF EXPORT REQUIRED.—Rules similar to the rules of section 4221(b) shall apply for purposes of subparagraph (A).

"(2) CREDIT OR REFUND WHERE TAX PAID.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), if—

"(i) tax under section 4661 was paid with respect to any taxable chemical, and

"(ii) such chemical was exported by any person,

credit or refund (without interest) of such tax shall be allowed or made to the person who paid such tax.

"(B) CONDITION TO ALLOWANCE.—No credit or refund shall be allowed or made under subparagraph (A) unless the person who paid the tax establishes that he—

"(i) has repaid or agreed to repay the amount of the tax to the person who exported the taxable chemical, or

"(ii) has obtained the written consent of such exporter to the allowance of the credit or the making of the refund.

"(3) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection."

(2) Paragraph (1) of section 4662(d) of such Code (relating to refund or credit for certain uses) is amended—

(A) by striking out "the sale of which by such person would be taxable under such section" and inserting in lieu thereof "which is a taxable chemical", and

(B) by striking out "imposed by such section on the other substance manufactured or produced" and inserting in lieu thereof "imposed by such section on the other substance manufactured or produced (or which would have been imposed by such section on such other substance but for subsection (b) or (e) of this section)".

(d) SPECIAL RULES FOR CERTAIN CHEMICALS.—

(1) REPEAL OF EXEMPTION FOR CHEMICALS DERIVED FROM COAL.—

(A) Section 4662(b) of such Code (relating to exemptions; other special rules) is amended by striking out paragraph (4) and by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(B) Paragraph (3) of section 4662(d) of such Code is amended by striking out "subsection (b)(5)" each place it appears and inserting in lieu thereof "subsection (b)(4)".

(2) EXEMPTION FOR LEAD HAVING TRANSITORY PRESENCE DURING EXTRACTING PROCESS.—Clause (i) of section 4662(b)(5)(B) of such Code (relating to substance having transitory presence during extracting process), as redesignated by paragraph (1), is amended by inserting "lead," before "lead oxide".

(3) SPECIAL RULE FOR XYLENE.—Subsection (b) of section 4662 of such Code (relating to exceptions; other special rules) is amended by adding after paragraph (5) the following new paragraph:

"(6) SPECIAL RULE FOR XYLENE.—Except in the case of any substance imported into the United States or exported from the United States, the term 'xylene' does not include any separated isomer of xylene."

(4) SPECIAL RULE FOR NITRIC ACID USED IN PRODUCTION OF NITROCELLULOSE.—Subsection (b) of section 4662 of such Code (relating to exceptions; other special rules) is amended by adding after paragraph (6) the following new paragraph:

"(7) SPECIAL RULE FOR NITRIC ACID USED IN PRODUCTION OF NITROCELLULOSE.—The tax imposed under section 4661 on nitric acid used by the producer of such acid in the production of nitrocellulose shall not exceed $0.24 per ton."

(e) EXEMPTION FOR CERTAIN RECYCLED CHEMICALS.—Subsection (b) of section 4662 of such Code (relating to exceptions; other special rules) is amended by adding after paragraph (7) the following new paragraph:

"(8) RECYCLED CHROMIUM, COBALT, NICKEL, AND LEAD.—

"(A) IN GENERAL.—No tax shall be imposed under section 4661(a) on any chromium, cobalt, nickel, or lead which is diverted or recovered in the United States from any solid waste as part of a recycling process (and not as part of the original manufacturing or production process).

"(B) EXEMPTION NOT TO APPLY WHILE CORRECTIVE ACTION UNCOMPLETED.—Subparagraph (A) shall not apply during any period that required corrective action by the taxpayer is uncompleted.

"(C) REQUIRED CORRECTIVE ACTION.—For purposes of subparagraph (B), required corrective action shall be treated as uncompleted during the period—

"(i) beginning on the date that the corrective action is required by the Administrator or an authorized State pursuant to—

"(I) a final permit under section 3005 of the Solid Waste Disposal Act or a final order under section 3004 or 3008 of such Act, or

"(II) a final order under section 106 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, and

"(ii) ending on the date the Administrator or such State (as the case may be) certifies to the Secretary that such corrective action has been completed.

"(D) SOLID WASTE.—For purposes of this paragraph, the term 'solid waste' has the meaning given such term by section 1004 of the Solid Waste Disposal Act, except that such term shall not include any byproduct, coproduct, or other waste from any process of smelting, refining, or otherwise extracting any metal."

(f) EXEMPTION FOR ANIMAL FEED SUBSTANCES.—

(1) IN GENERAL.—Subsection (b) of section 4662 of such Code (relating to exceptions; other special rules) is amended by adding after paragraph (8) the following new paragraph:

"(9) SUBSTANCES USED IN THE PRODUCTION OF ANIMAL FEED.—

"(A) IN GENERAL.—In the case of—

"(i) nitric acid,

"(ii) sulfuric acid,

"(iii) ammonia, or

"(iv) methane used to produce ammonia,

which is a qualified animal feed substance, no tax shall be imposed under section 4661(a).

"(B) QUALIFIED ANIMAL FEED SUBSTANCE.—For purposes of this section, the term 'qualified animal feed substance' means any substance—

"(i) used in a qualified animal feed use by the manufacturer, producer, or importer,

"(ii) sold for use by any purchaser in a qualified animal feed use, or

"(iii) sold for resale by any purchaser for use, or resale for ultimate use, in a qualified animal feed use.

"(C) QUALIFIED ANIMAL FEED USE.—The term 'qualified animal feed use' means any use in the manufacture or production of animal feed or animal feed supplements, or of ingredients used in animal feed or animal feed supplements.

"(D) TAXATION OF NONQUALIFIED SALE OR USE.—For purposes of section 4661(a), if no tax was imposed by such section on the sale

or use of any chemical by reason of subparagraph (A), the first person who sells or uses such chemical other than in a sale or use described in subparagraph (A) shall be treated as the manufacturer of such chemical."

(2) REFUND OR CREDIT FOR SUBSTANCES USED IN THE PRODUCTION OF ANIMAL FEED.—Subsection (d) of section 4662 of such Code (relating to refunds and credits with respect to the tax on certain chemicals) is amended by adding at the end thereof the following new paragraph:

"(4) USE IN THE PRODUCTION OF ANIMAL FEED.—Under regulations prescribed by the Secretary, if—

"(A) a tax under section 4661 was paid with respect to nitric acid, sulfuric acid, ammonia, or methane used to produce ammonia, without regard to subsection (b)(9), and

"(B) any person uses such substance as a qualified animal feed substance,

then an amount equal to the excess of the tax so paid over the tax determined with regard to subsection (b)(9) shall be allowed as a credit or refund (without interest) to such person in the same manner as if it were an overpayment of tax imposed by this section."

(g) CERTAIN EXCHANGES BY TAXPAYERS NOT TREATED AS SALES.—Subsection (c) of section 4662 of such Code (relating to use by manufacturers) is amended to read as follows:

"(c) USE AND CERTAIN EXCHANGES BY MANUFACTURER, ETC.—

"(1) USE TREATED AS SALE.—Except as provided in subsections (b) and (e), if any person manufactures, produces, or imports any taxable chemical and uses such chemical, then such person shall be liable for tax under section 4661 in the same manner as if such chemical were sold by such person.

"(2) SPECIAL RULES FOR INVENTORY EXCHANGES.—

"(A) IN GENERAL.—Except as provided in this paragraph, in any case in which a manufacturer, producer, or importer of a taxable chemical exchanges such chemical as part of an inventory exchange with another person—

"(i) such exchange shall not be treated as a sale, and

"(ii) such other person shall, for purposes of section 4661, be treated as the manufacturer, producer, or importer of such chemical.

"(B) REGISTRATION REQUIREMENT.—Subparagraph (A) shall not apply to any inventory exchange unless—

"(i) both parties are registered with the Secretary as manufacturers, producers, or importers of taxable chemicals, and

"(ii) the person receiving the taxable chemical has, at such time as the Secretary may prescribe, notified the manufacturer, producer, or importer of such person's registration number and the internal revenue district in which such person is registered.

"(C) INVENTORY EXCHANGE.—For purposes of this paragraph, the term 'inventory exchange' means any exchange in which 2 persons exchange property which is, in the hands of each person, property described in section 1221(1)."

(h) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall take effect on November 1, 1985.

(2) REPEAL OF TAX ON XYLENE FOR PERIODS BEFORE OCTOBER 1, 1985.—

(A) REFUND OF TAX PREVIOUSLY IMPOSED.—In the case of any tax imposed by section 4661 of the Internal Revenue Code of 1954 on the sale or use of xylene before October 1, 1985, such tax (including interest, additions to tax, and additional amounts) shall not be assessed, and if assessed, the assessment shall be abated, and if collected shall be credited or refunded (with interest) as an overpayment.

(B) WAIVER OF STATUTE OF LIMITATIONS.—If on the date of the enactment of this Act (or at any time within 1 year after such date of enactment) refund or credit of any overpayment of tax resulting from the application of subparagraph (A) is barred by any law or rule of law, refund or credit of such overpayment shall, nevertheless, be made or allowed if claim therefor is filed before the date 1 year after the date of the enactment of this Act.

(C) XYLENE TO INCLUDE ISOMERS.—For purposes of this paragraph, the term "xylene" shall include any isomer of xylene whether or not separated.

(3) INVENTORY EXCHANGES.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendment made by subsection (g) shall apply as if included in the amendments made by section 211 of the Hazardous Substance Response Revenue Act of 1980.

(B) RECIPIENT MUST AGREE TO TREATMENT AS MANUFACTURER.—In the case of any inventory exchange before January 1, 1986, the amendment made by subsection (g) shall apply only if the person receiving the chemical from the manufacturer, producer, or importer in the exchange agrees to be treated as the manufacturer, producer, or importer of such chemical for purposes of subchapter B of chapter 38 of the Internal Revenue Code of 1954.

(C) EXCEPTION WHERE MANUFACTURER PAID TAX.—In the case of any inventory exchange before January 1, 1986, the amendment made by subsection (g) shall not apply if the manufacturer, producer, or importer treated such exchange as a sale for purposes of section 4661 of such Code and paid the tax imposed by such section.

(D) REGISTRATION REQUIREMENTS.—Section 4662(c)(2)(B) of such Code (as added by subsection (g)) shall apply to exchanges made after December 31, 1985.

SEC. 514. REPEAL OF POST-CLOSURE TAX AND TRUST FUND.

(a) REPEAL OF TAX.—

(1) Subchapter C of chapter 38 of the Internal Revenue Code of 1954 (relating to tax on hazardous wastes) is hereby repealed.

(2) The table of subchapters for such chapter 38 is amended by striking out the item relating to subchapter C.

(b) REPEAL OF TRUST FUND.—Section 232 of the Hazardous Substance Response Revenue Act of 1980 is hereby repealed.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1983.

SEC. 515. WASTE MANAGEMENT TAX.

(a) GENERAL RULE.—Chapter 38 of the Internal Revenue Code of 1954 (as amended by section 514 of this Act) is amended by adding after subchapter B the following new subchapter:

"Subchapter C—Hazardous Waste Management Tax

"Sec. 4671. Waste management tax.

"Sec. 4672. Exemptions; reduction of tax where prior taxable event.

"Sec. 4673. Special rules for waste water treatment, incineration, etc.

"Sec. 4674. Backup tax on generator.

"Sec. 4675. Definitions and special rules.

"SEC. 4671. WASTE MANAGEMENT TAX.

"(a) IMPOSITION OF TAX.—There is hereby imposed a tax on—

"(1) the receipt of hazardous waste at a qualified hazardous waste management unit,

"(2) the receipt of hazardous waste for transport from the United States for the purpose of ocean disposal, and

"(3) the exportation of hazardous waste from the United States.

"(b) AMOUNT OF TAX.—

"(1) IN GENERAL.—The amount of the tax imposed by subsection (a) with respect to each ton of hazardous waste shall be determined in accordance with the following table:

	If the taxable event is:	
	Land disposal	Any other taxable event
"For calendar year:	The tax per ton is:	
1986	$37.00	$4.15
1987	39.00	4.15
1988	42.00	4.15
1989	44.00	4.15
1990	47.00	4.15.

"(2) DEFINITIONS RELATING TO AMOUNT OF TAX.—For definition of—

"(A) hazardous waste, see section 4675(a)(1), and

"(B) land disposal and any other taxable event, see section 4675(a)(5).

"(c) LIABILITY FOR TAX.—

"(1) WASTE RECEIVED AT MANAGEMENT UNITS.—The tax imposed by subsection (a)(1) shall be paid by the owner or operator of the qualified hazardous waste management unit.

"(2) WASTE RECEIVED FOR TRANSPORT FROM THE UNITED STATES.—The tax imposed by subsection (a)(2) shall be paid by the person holding the permit issued for transport for ocean disposal under section 102 of the Marine Protection, Research, and Sanctuaries Act of 1972.

"(3) WASTE EXPORTED.—The tax imposed by subsection (a)(3) shall be paid by the exporter.

"(d) TERMINATION.—The taxes imposed by this section shall not apply after September 30, 1990.

"SEC. 4672. EXEMPTIONS; REDUCTION OF TAX WHERE PRIOR TAXABLE EVENT.

"(a) EXEMPTION FOR CERTAIN REMOVAL AND REMEDIAL ACTIONS, ETC.—The tax imposed by section 4671 shall not apply to the receipt or export of hazardous waste pursuant to—

"(1) a corrective action specified in—

"(A) an initial or final order, or

"(B) a proposed or final permit,

issued by the Administrator under the Solid Waste Disposal Act or a State under a hazardous waste program authorized under section 3006 of such Act,

"(2) a proposed or final closure plan approved by the Administrator or such a State,

"(3) a removal or remedial action under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 which has been selected or approved by the Administrator, or

"(4) an action to correct an emergency situation arising from a product spill which is certified by the Administrator to the Secretary as carrying out the purposes of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980.

"(b) EXEMPTION FOR WASTE RECEIVED AT ANY FEDERAL FACILITY.—The tax imposed by section 4671 shall not apply to any hazardous waste received at any facility owned by the United States.

"(c) REDUCTION IN TAX WHERE PRIOR TAXABLE EVENT.—

"(1) IN GENERAL.—If—

"(A) tax under section 4671 or 4674 was paid with respect to any hazardous waste, and

"(B) tax under section 4671 is subsequently imposed on such waste (hereinafter in this subsection referred to as the 'later taxable event'),

then the tax under section 4671 on the later taxable event shall be reduced by the amount determined under paragraph (2).

"(2) AMOUNT OF REDUCTION.—The amount of the reduction determined under this paragraph is the product of—

"(A) the weight of hazardous waste involved in the later taxable event, multiplied by

"(B) the lesser of—

"(i) the highest rate of tax paid under section 4671 or 4674 with respect to any prior taxable event involving such waste (determined without regard to this subsection), or

"(ii) the rate of tax imposed by section 4671 with respect to the later taxable event (as so determined).

"SEC. 4673. SPECIAL RULES FOR WASTE WATER TREATMENT, INCINERATION, ETC.

"(a) EXEMPTION FOR WASTE RECEIVED AT CERTAIN WASTE WATER TREATMENT UNITS.—The tax imposed by section 4671 shall not apply to hazardous waste received at any waste water treatment unit.

"(b) INCINERATION, ETC. WITHIN 90 DAYS OF RECEIPT.—

"(1) IN GENERAL.—Under regulations prescribed by the Secretary, if—

"(A) tax under section 4671 was paid with respect to the receipt of any hazardous waste at any qualified hazardous waste management unit or for transport described in section 4671(a)(2), and

"(B) such waste is incinerated on land (or the equivalent of incineration on land) by any person within 90 days after the date of the first receipt referred to in subparagraph (A),

then the tax so paid shall be allowed as a credit or refund (without interest) to such person in the same manner as if it were an overpayment of tax imposed by section 4671.

"(2) EQUIVALENT OF INCINERATION.—For purposes of subparagraph (A), a method, technique, or process shall be treated as the equivalent of incineration on land if—

"(A) such method, technique, or process meets detailed performance standards established by the Environmental Protection Agency, and

"(B) such standards require a destruction and removal efficiency for the hazardous waste involved at least equivalent to the destruction and removal efficiency applicable to incineration on land.

"(c) QUALIFIED CHEMICAL FUELS OR SOLVENTS.—

"(1) IN GENERAL.—Under regulations prescribed by the Secretary, if—

"(A) tax under section 4671 was paid with respect to any hazardous waste,

"(B) such waste is used by any person in the production of any qualified chemical fuel or solvent, and

"(C) such fuel or solvent is by such person sold for use or used in any industrial or commercial use,

then the tax so paid shall be allowed as a credit or refund (without interest) to such person in the same manner as if it were an overpayment of tax imposed by section 4671.

"(2) QUALIFIED CHEMICAL FUEL OR SOLVENT.—For purposes of subparagraph (A), the term 'qualified chemical fuel or solvent' means any chemical or solvent which is determined by the Administrator as not being a hazardous waste.

"(d) RECYCLING OF BATTERIES.—Under regulations prescribed by the Secretary, if—

"(1) tax under section 4671 was paid with respect to the receipt of any battery at a qualified hazardous waste management unit, and

"(2) the recycling of such battery begins at such a unit by any person within 90 days after the date of the first receipt of such battery at any qualified hazardous waste management unit,

then the tax so paid shall be allowed as a credit or refund (without interest) to such person in the same manner as if it were an overpayment of tax imposed by section 4671.

"(e) TAX TO APPLY WHILE CORRECTIVE ACTION NOT COMPLETED.—

"(1) IN GENERAL.—The exemption provided by subsection (a) shall not apply (and no credit or refund shall be allowed under this section) with respect to any activity conducted at a facility (or part thereof) during the period that required corrective action remains uncompleted with respect to such facility (or part).

"(2) REQUIRED CORRECTIVE ACTION.—For purposes of paragraph (1), required corrective action shall be treated as uncompleted during the period—

"(A) beginning on the date that the corrective action is required by the Administrator or an authorized State pursuant to a final permit under section 3005 of the Solid Waste Disposal Act or a final order under section 3004 or 3008 of such Act, and

"(B) ending on the date the Administrator or such State (as the case may be) certifies to the Secretary that such corrective action has been completed.

"(3) RATE OF TAX WITH RESPECT TO WASTE WATER TREATMENT.—The rate of tax imposed by section 4671 by reason of this subsection with respect to hazardous waste received at any waste water treatment unit shall be 15 cents per ton.

"SEC. 4674. BACKUP TAX ON GENERATOR.

"(a) IMPOSITION OF TAX.—There is hereby imposed a tax on each ton of hazardous waste which, as of the close of the 270-day period beginning on the day after the day on which such waste was generated, has not been—

"(1) received at a qualified hazardous waste management unit,

"(2) received for transport from the United States for the purpose of ocean disposal, or

"(3) exported from the United States.

"(b) RATE OF TAX.—The rate of the tax imposed by subsection (a) shall be the rate of tax applicable to land disposal under section 4671 at the end of the 270-day period described in subsection (a).

"(c) LIABILITY FOR TAX.—The tax imposed by subsection (a) shall be paid by the generator of the hazardous waste.

"(d) EXEMPTIONS.—

"(1) SMALL GENERATORS.—The tax imposed by subsection (a) shall not apply to hazardous waste generated during any month if the generator of such waste does not generate more than 100 kilograms of hazardous waste during such month.

"(2) WASTE LEGALLY DISPOSED OF IN PUBLICLY OWNED TREATMENT WORKS.—The tax imposed by subsection (a) shall not apply to hazardous waste disposed of in any publicly owned treatment works if the disposal of such waste is not in violation of Federal, State, or local law.

"(3) OTHER EXEMPTIONS TO APPLY.—The exemptions provided by subsections (a) and (b) of section 4672 shall apply to the tax imposed by subsection (a).

"(4) EXEMPTIONS UNDER REGULATIONS; APPLICATION OF LOWER RATE.—The Secretary may prescribe regulations which provide exemptions from the tax imposed by subsection (a) (or the application of a lower rate) which are not inconsistent with the purposes of this section.

"(e) GENERATOR.—For purposes of this section, the term 'generator' means the person whose act or process produces the hazardous waste.

"(f) TERMINATION.—No tax shall be imposed by this section on waste generated after September 30, 1990.

"SEC. 4675. DEFINITIONS AND SPECIAL RULES.

"(a) DEFINITIONS.—For purposes of this subchapter—

"(1) HAZARDOUS WASTE.—The term 'hazardous waste' means any waste which is listed or identified as of the date of the enactment of the Superfund Revenue Act of 1985 under section 3001 of the Solid Waste Disposal Act. Rainwater shall not be treated as hazardous waste unless mixed with hazardous waste (as defined in the preceding sentence).

"(2) QUALIFIED HAZARDOUS WASTE MANAGEMENT UNIT.—The term 'qualified hazardous waste management unit' means the specified area of land or structure—

"(A) which isolates the hazardous wastes within a qualified hazardous waste facility, and

"(B) which is subject to the requirements for obtaining interim status or a final permit under subtitle C of the Solid Waste Disposal Act.

"(3) QUALIFIED HAZARDOUS WASTE MANAGEMENT FACILITY.—The term 'qualified hazardous waste management facility' means any facility, as defined under subtitle C of the Solid Waste Disposal Act, which has received a permit or is accorded interim status under—

"(A) section 3005 of the Solid Waste Disposal Act, or

"(B) a State program authorized under section 3006 of such Act.

"(4) OCEAN DISPOSAL.—The term 'ocean disposal' means the incineration or dumping of hazardous waste over or into ocean waters or the waters described in section 101(b) of the Marine Protection, Research, and Sanctuaries Act of 1972, pursuant to section 102 of such Act.

"(5) DEFINITIONS RELATING TO AMOUNT OF TAX.—

"(A) LAND DISPOSAL.—The term 'land disposal' means a taxable event described in section 4671(a)(1) with respect to a qualified hazardous waste management unit which is a landfill, surface impoundment, waste pile, or land treatment unit.

"(B) LANDFILL, ETC.—For purposes of subparagraph (A), the terms 'landfill', 'surface impoundment', 'waste pile', and 'land treatment unit' have the respective meanings given such terms in regulations prescribed by the Administrator pursuant to sections

3004 and 3005 of the Solid Waste Disposal Act.

"(C) OTHER TAXABLE EVENT.—The term 'any other taxable event' means—

"(i) a taxable event described in section 4671(a)(1) which is not land disposal, and

"(ii) a taxable event described in paragraph (2) or (3) of section 4671(a).

"(6) WASTE WATER TREATMENT UNIT.—The term 'waste water treatment unit' means any qualified hazardous waste management unit which is an integral and necessary part of a treatment system—

"(A) for which a permit is required under section 402 of the Clean Water Act,

"(B) which is subject to pretreatment standards under subsection (b) or (c) of section 307 of the Clean Water Act, or

"(C) which is a zero discharge treatment system—

"(i) which, if the system discharged into navigable waters, would comply with effluent limitation guidelines prescribed under paragraph (2) or (4) of section 304(b) of the Clean Water Act,

"(ii) which, if the system discharged into a publicly owned treatment works, would comply with the pretreatment standards described in subparagraph (B), or

"(iii) if no such guidelines or standards have been prescribed, which employs biological treatment.

The term 'waste water treatment unit' shall not include any qualified hazardous waste management unit which receives for storage or final disposition concentrated treatment residues resulting from wastewater treatment.

"(7) ADMINISTRATOR.—The term 'Administrator' means the Administrator of the Environmental Protection Agency.

"(8) UNITED STATES.—The term 'United States' has the meaning given such term by section 4612(a)(4).

"(9) TON.—The term 'ton' means 2,000 pounds.

"(10) FRACTIONAL PART OF TON.—In the case of a fraction of a ton, the tax imposed by this subchapter shall be the same fraction of the amount of such tax imposed on a whole ton.

"(b) TREATMENT OF CONTAINERS, ETC. WHICH ARE RELATED TO INJECTION UNITS.—For purposes of this subchapter—

"(1) any container, tank, or surface impoundment which, with respect to any hazardous waste, is used to treat or store such waste before underground injection of such waste (whether or not the waste when injected is hazardous waste) into an injection well, and

"(2) the injection well into which such waste is injected,

shall be treated as a single hazardous waste management unit.

"(c) DISPOSITION OF REVENUES FROM PUERTO RICO AND THE VIRGIN ISLANDS.—The provisions of subsections (a)(3) and (b)(3) of section 7652 shall not apply to any tax imposed by this subchapter."

(b) INFORMATION REPORTING REQUIREMENT.—

(1) IN GENERAL.—Subpart A of part III of subchapter A of chapter 61 of such Code is amended by inserting after section 6039D the following new section:

"SEC. 6039E. INFORMATION WITH RESPECT TO MANAGEMENT TAX ON HAZARDOUS WASTE.

"Each person on whom a tax is imposed under subchapter C of chapter 38 shall (at such time and in such manner as the Secretary may require) submit to the Secretary such information as the Secretary may require, including information which such person is required to provide the Administrator of the Environmental Protection Agency under the Solid Waste Disposal Act. To the extent provided in regulations prescribed by the Secretary, the preceding sentence shall also apply to persons not described therein with respect to information which the Secretary determines is necessary or appropriate to the administration of such subchapter."

(2) PENALTY.—Subchapter B of chapter 68 of such Code (relating to assessable penalties) is amended by redesignating section 6708 (relating to mortgage credit certificates) as section 6709 and by adding at the end thereof the following new section:

"SEC. 6710. FAILURE TO PROVIDE INFORMATION WITH RESPECT TO MANAGEMENT TAX ON HAZARDOUS WASTE.

"(a) IN GENERAL.—Any person who fails to meet any requirement imposed by section 6039E shall pay a penalty of $100 for each day during which such failure continues, unless it is shown that such failure is due to reasonable cause and not due to willful neglect. The maximum penalty imposed under this subsection with respect to any failure shall not exceed $50,000.

"(b) PENALTY IN ADDITION TO OTHER PENALTIES.—The penalty imposed by this section shall be in addition to any other penalty provided by law."

(3) CONFORMING AMENDMENTS.—

(A) The table of sections for subpart A of part III of subchapter A of chapter 61 of such Code is amended by inserting after the item relating to section 6039D the following new item:

"Sec. 6039E. Information with respect to management tax on hazardous waste."

(B) The table of sections for subchapter B of chapter 68 of such Code is amended by redesignating the item relating to mortgage credit certificates as section 6709 and by adding at the end thereof the following new item:

"Sec. 6710. Failure to provide information with respect to management tax on hazardous waste."

(c) PENALTY FOR NEGLIGENCE TO APPLY TO ENVIRONMENTAL TAXES.—Section 6653 of such Code (relating to failure to pay tax) is amended by adding at the end thereof the following new subsection:

"(i) NEGLIGENCE PENALTY TO APPLY TO ENVIRONMENTAL TAXES.—For purposes of applying paragraphs (1) and (2) of subsection (a), paragraph (1) of subsection (a) shall be treated as including a reference to underpayments (as defined in subsection (c)) of tax imposed by chapter 38 (relating to environmental taxes)."

(d) CLERICAL AMENDMENT.—The table of subchapters for chapter 38 of such Code is amended by adding after the item relating to subchapter B the following new item:

"Subchapter C. Hazardous waste management tax."

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall take effect on January 1, 1986.

(2) BACKUP TAX ON GENERATOR.—Section 4674 of the Internal Revenue Code of 1954 (relating to backup tax on generator), as added by this section, shall apply to waste generated after December 31, 1986.

SEC. 516. TAX ON CERTAIN IMPORTED SUBSTANCES DERIVED FROM TAXABLE CHEMICALS.

(a) GENERAL RULE.—Chapter 38 of the Internal Revenue Code of 1954 is amended by adding after subchapter C the following new subchapter:

"Subchapter D—Tax on Certain Imported Substances

"Sec. 4677. Imposition of tax.

"Sec. 4678. Definitions and special rules.

"SEC. 4677. IMPOSITION OF TAX.

"(a) GENERAL RULE.—There is hereby imposed a tax on any taxable substance sold or used by the importer thereof.

"(b) AMOUNT OF TAX.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the amount of the tax imposed by subsection (a) with respect to any taxable substance shall be the amount of the tax which would have been imposed by section 4661 on the taxable chemicals or petroleum used as materials or process fuel in the manufacture or production of such substance if such taxable chemicals or petroleum had been sold in the United States for use in the manufacture or production of such taxable substance.

"(2) RATE WHERE IMPORTER DOES NOT FURNISH INFORMATION TO SECRETARY.—If the importer does not furnish to the Secretary (at such time and in such manner as the Secretary shall prescribe) sufficient information to determine under paragraph (1) the amount of the tax imposed by subsection (a) on any taxable substance, the amount of the tax imposed on such taxable substance shall be 5 percent of the appraised value of such substance as of the time such substance was entered into the United States for consumption, use, or warehousing.

"(c) EXEMPTIONS FOR SUBSTANCES TAXED UNDER SECTIONS 4611 AND 4661.—No tax shall be imposed by this section on the sale or use of any substance if tax is imposed on such sale or use under section 4611 or 4661.

"(d) TERMINATION.—The taxes imposed by this section shall not apply after September 30, 1990.

"SEC. 4678. DEFINITIONS AND SPECIAL RULES.

"(a) TAXABLE SUBSTANCE.—For purposes of this subchapter—

"(1) IN GENERAL.—The term 'taxable substance' means any substance which, at the time of sale or use by the importer, is listed as a taxable substance by the Secretary for purposes of this subchapter.

"(2) DETERMINATION OF SUBSTANCES ON LIST.—A substance shall be listed under paragraph (1) if—

"(A) the substance is contained in the list under paragraph (3), or

"(B) the Secretary determines, in consultation with the Administrator of the Environmental Protection Agency and the Commissioner of Customs, that such substance generally has more than 50 percent of its value derived (as materials or as process fuel) from taxable chemicals or petroleum (determined on the basis of the predominant method of production).

"(3) INITIAL LIST OF TAXABLE SUBSTANCES.—

Cumene
Styrene
Ammonium nitrate
Nickel oxide
Isopropyl alcohol
Ethylene glycol
Vinyl chloride
Polyethylene resins, total
Polybutadiene
Styrene-butadiene, latex

Styrene-butadiene, snpf
Synthetic rubber, not containing fillers
Urea,
Ferronickel
Ferrochromium nov 3 pct
Ferrochrome ov 3 pct carbon
Unwrought nickel
Nickel waste and scrap
Wrought nickel rods and wire
Nickel powders
Phenolic resins
Polyvinylchloride resins
Polystyrene resins and copolymers
Ethyl alcohol for nonbeverage use
Methylene chloride
Polypropylene
Propylene glycol
Formaldehyde
Acetone
Propylene oxide
Polypropylene resins
Ethylene oxide
Ethylene dichloride
Cyclohexane
Isophthalic acid
Maleic anhydride
Phthalic anhydride
Ethyl methyl ketone
Chloroform
Carbon tetrachloride
Chromic acid
Hydrogen peroxide
Polystyrene homopolymer resins
Melamine
Acrylic and methacrylic acid resins
Vinyl resins
Vinyl resins, NSPF.

"(4) MODIFICATIONS TO LIST.—The Secretary may add or remove substances from the list under paragraph (2) (including items listed by reason of paragraph (3)) as necessary to carry out the purposes of this subchapter.

"(b) OTHER DEFINITIONS.—For purposes of this subchapter—

"(1) IMPORTER.—The term 'importer' means the person entering the taxable substance for consumption, use, or warehousing.

"(2) TAXABLE CHEMICALS; UNITED STATES.—The terms 'taxable chemical' and 'United States' have the respective meanings given such terms by section 4662(a).

"(c) DISPOSITION OF REVENUES FROM PUERTO RICO AND THE VIRGIN ISLANDS.—The provisions of subsections (a)(3) and (b)(3) of section 7652 shall not apply to any tax imposed by section 4677."

(b) CLERICAL AMENDMENT.—The table of subchapters for chapter 38 of such Code is amended by adding after the item relating to subchapter C the following new item:

"Subchapter D. Tax on certain imported substances."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1987.

SEC. 517. HAZARDOUS SUBSTANCE SUPERFUND.

(a) IN GENERAL.—Subchapter A of chapter 98 of the Internal Revenue Code of 1954 (relating to establishment of trust funds) is amended by adding after section 9504 the following new section:

"SEC. 9505. HAZARDOUS SUBSTANCE SUPERFUND.

"(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'Hazardous Substance Superfund' (hereinafter in this section referred to as the 'Superfund'), consisting of such amounts as may be—

"(1) appropriated to the Superfund as provided in this section,

"(2) appropriated to the Superfund pursuant to section 517(b) of the Superfund Revenue Act of 1985, or

"(3) credited to the Superfund as provided in section 9602(b).

"(b) TRANSFERS TO SUPERFUND.—There are hereby appropriated to the Superfund amounts equivalent to—

"(1) the taxes received in the Treasury under section 4611, 4661, 4671, 4674, or 4677 (relating to environmental taxes),

"(2) amounts recovered on behalf of the Superfund under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (hereinafter in this section referred to as 'CERCLA'),

"(3) all moneys recovered or collected under section 311(b)(6)(B) of the Clean Water Act,

"(4) penalties assessed under title I of CERCLA, and

"(5) punitive damages under section 107(c)(3) of CERCLA.

"(c) EXPENDITURES FROM SUPERFUND.—

"(1) IN GENERAL.—Amounts in the Superfund shall be available, as provided in appropriation Acts, only for purposes of making expenditures—

"(A) to carry out the purposes of paragraphs (1), (2), (4), and (5) of section 111(a) of CERCLA as in effect on the date of the enactment of the Superfund Amendments of 1985, or

"(B) hereafter authorized by a law which authorizes the expenditure out of the Superfund for a general purpose covered by paragraphs (1), (2), (4), and (5) of such section 111(a) (as so in effect).

"(2) EXCEPTION FOR CERTAIN TRANSFERS, ETC. OF HAZARDOUS SUBSTANCES.—Amounts in the Superfund shall not be available for any transfer or disposal which could not be made but for section 118(d) of the Superfund Amendments of 1985, as in effect on the date of the enactment thereof.

"(d) AUTHORITY TO BORROW.—

"(1) IN GENERAL.—There are authorized to be appropriated to the Superfund, as repayable advances, such sums as may be necessary to carry out the purposes of the Superfund.

"(2) REPAYMENT OF ADVANCES.—

"(A) IN GENERAL.—Advances made pursuant to this subsection shall be repaid, and interest on such advances shall be paid, to the general fund of the Treasury when the Secretary determines that moneys are available for such purposes in the Superfund.

"(B) FINAL REPAYMENT.—No advance shall be made to the Superfund after September 30, 1990, and all advances to such Fund shall be repaid on or before such date.

"(C) RATE OF INTEREST.—Interest on advances made pursuant to this subsection shall be at a rate determined by the Secretary of the Treasury (as of the close of the calendar month preceding the month in which the advance is made) to be equal to the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the anticipated period during which the advance will be outstanding and shall be compounded annually.

"(e) LIABILITY OF UNITED STATES LIMITED TO AMOUNT IN TRUST FUND.—

"(1) GENERAL RULE.—Any claim filed against the Superfund may be paid only out of the Superfund.

"(2) COORDINATION WITH OTHER PROVISIONS.—Nothing in CERCLA or the Superfund Amendments of 1985 (or in any amendment made by either of such Acts) shall authorize the payment by the United States Government of any amount with respect to any such claim out of any source other than the Superfund.

"(3) ORDER IN WHICH UNPAID CLAIMS ARE TO BE PAID.—If at any time the Superfund has insufficient funds to pay all of the claims payable out of the Superfund at such time, such claims shall, to the extent permitted under paragraph (1), be paid in full in the order in which they were finally determined."

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, to the Hazardous Substance Superfund for fiscal year—

(1) 1986, $316,600,000,
(2) 1987, $316,600,000,
(3) 1988, $316,600,000,
(4) 1989, $316,600,000, and
(5) 1990, $316,600,000,

plus for each fiscal year an amount equal to so much of the aggregate amount authorized to be appropriated under this subsection (and paragraph (2) of section 221(b) of the Hazardous Substance Response Act of 1980, as in effect before its repeal) as has not been appropriated before the beginning of the fiscal year involved.

(c) CONFORMING AMENDMENTS.—

(1) Subtitle B of the Hazardous Substance Response Revenue Act of 1980 (relating to establishment of Hazardous Substance Response Trust Fund) is hereby repealed.

(2) Paragraph (11) of section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 is amended to read as follows:

"(11) 'Fund' or 'Trust Fund' means the Hazardous Substance Superfund established by section 9505 of the Internal Revenue Code of 1954;".

(d) CLERICAL AMENDMENT.—The table of sections for subchapter A of chapter 98 of such Code is amended by adding after the item relating to section 9504 the following new item:

"Sec. 9505. Hazardous Substance Superfund."

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on November 1, 1985.

(2) SUPERFUND TREATED AS CONTINUATION OF OLD TRUST FUND.—The Hazardous Substance Superfund established by the amendments made by this section shall be treated for all purposes of law as a continuation of the Hazardous Substance Response Trust Fund established by section 221 of the Hazardous Substance Response Revenue Act of 1980. Any reference in any law to the Hazardous Substance Response Trust Fund established by such section 221 shall be deemed to include (wherever appropriate) a reference to the Hazardous Substance Superfund established by the amendments made by this section.

PART II—LEAKING UNDERGROUND STORAGE TANK TRUST FUND AND ITS REVENUE SOURCES

SEC. 521. ADDITIONAL TAXES ON GASOLINE, DIESEL FUEL, SPECIAL MOTOR FUELS, FUELS USED IN AVIATION, AND FUELS USED IN COMMERCIAL TRANSPORTATION ON INLAND WATERWAYS.

(a) GENERAL RULE.—

(1) GASOLINE.—Section 4081 of the Internal Revenue Code of 1954 (relating to imposition of tax on gasoline) is amended by striking out subsections (a) and (b) and inserting in lieu thereof the following:

"(a) TAX TO FUND HIGHWAY PROGRAM.—

"(1) IN GENERAL.—There is hereby imposed on gasoline sold by the producer or importer thereof, or by any producer of gasoline, a tax of 9 cents a gallon.

"(2) TERMINATION.—On and after October 1, 1988, the tax imposed by paragraph (1) shall not apply.

"(b) ADDITIONAL TAX TO FUND LEAKING UNDERGROUND STORAGE TANK TRUST FUND.—

"(1) IN GENERAL.—In addition to the tax imposed by subsection (a), there is hereby imposed on gasoline sold by the producer or importer thereof, or by any producer of gasoline, a tax of 0.2 cents a gallon.

"(2) TERMINATION.—

"(A) IN GENERAL.—The tax imposed by paragraph (1) shall not apply after the earlier of—

"(i) September 30, 1990, or

"(ii) the last day of the termination month.

"(B) TERMINATION MONTH.—For purposes of subparagraph (A), the termination month is the 1st month as of the close of which the Secretary estimates that the net revenues from the taxes imposed by paragraph (1) and section 4041(d) are at least $850,000,000.

"(C) NET REVENUES.—For purposes of subparagraph (B), the term 'net revenues' means the excess of gross revenues over amounts payable by reason of section 9506(c)(2) (relating to transfer from Leaking Underground Storage Tank Trust Fund for certain repayments and credits)."

(2) DIESEL AND SPECIAL MOTOR FUELS; FUELS USED IN AVIATION.—Section 4041 of such Code (relating to tax on special fuels) is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"(d) ADDITIONAL TAXES TO FUND LEAKING UNDERGROUND STORAGE TANK TRUST FUND.—

"(1) LIQUIDS OTHER THAN GASOLINE USED IN MOTOR VEHICLES, MOTORBOATS, OR TRAINS.—In addition to the taxes imposed by subsection (a), there is hereby imposed a tax of 0.2 cents a gallon on benzol, benzene, naphtha, liquefied petroleum gas, casing head and natural gasoline, or any other liquid (other than kerosene, gas oil, or fuel oil, or any product taxable under section 4081)—

"(A) sold by any person to an owner, lessee, or other operator of a motor vehicle, motorboat, or train for use as a fuel in such motor vehicle, motorboat, or train, or

"(B) used by any person as a fuel in a motor vehicle, motorboat, or train unless there was a taxable sale of such liquid under subparagraph (A).

"(2) LIQUIDS USED IN AVIATION.—In addition to the taxes imposed by subsection (c) and section 4081, there is hereby imposed a tax of 0.2 cents a gallon on any liquid—

"(A) sold by any person to an owner, lessee, or other operator of an aircraft for use as a fuel in such aircraft, or

"(B) used by any person as a fuel in an aircraft unless there was a taxable sale of such liquid under subparagraph (A).

The tax imposed by this paragraph shall not apply to any product taxable under section 4081 which is used as a fuel in an aircraft other than in noncommercial aviation.

"(3) TERMINATION.—The taxes imposed by this subsection shall not apply during any period during which no tax is imposed by section 4081(b)."

(3) FUEL USED IN COMMERCIAL TRANSPORTATION ON INLAND WATERWAYS.—Subsection (b) of section 4042 of such Code (relating to amount of tax on fuel used in commercial transportation on inland waterways) is amended to read as follows:

"(b) AMOUNT OF TAX.—

"(1) IN GENERAL.—The rate of the tax imposed by subsection (a) is the sum of—

"(A) the Inland Waterways Trust Fund financing rate, and

"(B) the Leaking Underground Storage Tank Trust Fund financing rate.

"(2) RATES.—For purposes of paragraph (1)—

"(A) the Inland Waterways Trust Fund financing rate is 10 cents a gallon, and

"(B) the Leaking Underground Storage Tank Trust Fund financing rate is 0.2 cents a gallon.

"(3) EXCEPTION FOR FUEL TAXED UNDER SECTION 4041(d).—The Leaking Underground Storage Tank Trust Fund financing rate under paragraph (2)(B) shall not apply to the use of any fuel if tax under section 4041(d) was imposed on the sale of such fuel or is imposed on such use.

"(4) TERMINATION OF LEAKING UNDERGROUND STORAGE TANK TRUST FUND FINANCING RATE.—The Leaking Underground Storage Tank Trust Fund financing rate under paragraph (2)(B) shall not apply during any period during which no tax is imposed by section 4081(b)."

(b) ADDITIONAL TAXES NOT TRANSFERRED TO HIGHWAY TRUST FUND, AIRPORT AND AIRWAY TRUST FUND, AND INLAND WATERWAYS TRUST FUND.—

(1) HIGHWAY TRUST FUND.—

(A) IN GENERAL.—Subsection (b) of section 9503 of such Code (relating to transfer to Highway Trust Fund of amounts equivalent to certain taxes) is amended by adding at the end thereof the following new paragraph:

"(4) CERTAIN ADDITIONAL TAXES NOT TRANSFERRED TO HIGHWAY TRUST FUND.—For purposes of paragraphs (1) and (2), the taxes imposed by sections 4041(d) and 4081(b) shall not be taken into account."

(B) CONFORMING AMENDMENT.—Subparagraph (D) of section 9503(c)(4) of such Code (defining motorboat fuel taxes) is amended by striking out "section 4081" and inserting in lieu thereof "section 4081(a)".

(2) AIRPORT AND AIRWAY TRUST FUND.—Subsection (b) of section 9502 of such Code (relating to transfer to Airport and Airway Trust Fund of amounts equivalent to certain taxes) is amended—

(A) by striking out "subsections (c) and (d) of section 4041" in paragraph (1) and inserting in lieu thereof "subsections (c) and (e) of section 4041", and

(B) by striking out "section 4081" in paragraph (2) and inserting in lieu thereof "section 4081(a)".

(3) INLAND WATERWAYS TRUST FUND.—Paragraph (1) of section 203(b) of the Inland Waterways Revenue Act of 1978 is amended by adding at the end thereof the following new sentence: "The preceding sentence shall apply only to so much of such taxes as are attributable to the Inland Waterways Trust Fund financing rate under section 4042(b)."

(c) REPAYMENTS FOR GASOLINE USED ON FARMS, ETC.—

(1) GASOLINE USED ON FARMS.—Subsection (h) of section 6420 of such Code (relating to termination) is amended by striking out "This section" and inserting in lieu thereof "Except with respect to taxes imposed by section 4081(b), this section".

(2) GASOLINE USED FOR CERTAIN NONHIGHWAY PURPOSES OR BY LOCAL TRANSIT SYSTEMS.—

(A) TERMINATION NOT TO APPLY TO ADDITIONAL 0.2 CENT TAX.—Subsection (h) of section 6421 of such Code (relating to effective date) is amended by striking out "This section" and inserting in lieu thereof "Except with respect to taxes imposed by section 4081(b), this section".

(B) REPAYMENT OF ADDITIONAL TAX FOR OFF-HIGHWAY BUSINESS USE TO APPLY ONLY TO CERTAIN VESSELS.—Subsection (e) of section 6421 of such Code is amended by adding at the end thereof the following new paragraph:

"(4) SECTION NOT TO APPLY TO CERTAIN OFF-HIGHWAY BUSINESS USES WITH RESPECT TO THE TAX IMPOSED BY SECTION 4081(B).—This section shall not apply with respect to the tax imposed by section 4081(b) on gasoline used in any off-highway business use other than use in a vessel employed in the fisheries or in the whaling business."

(3) FUELS USED FOR NONTAXABLE PURPOSES.—

(A) Subsection (m) of section 6427 of such Code (relating to termination) is amended by striking out "Subsections" and inserting in lieu thereof "Except with respect to taxes imposed by sections 4041(d) and 4081(b), subsections".

(B) Section 6427 of such Code is amended by redesignating subsection (n) as subsection (o) and by inserting after subsection (m) the following new subsection:

"(n) PAYMENTS FOR TAXES IMPOSED BY SECTION 4041(d).—For purposes of subsections (a), (b), and (c), the taxes imposed by section 4041(d) shall be treated as imposed by section 4041(a)."

(C) Paragraph (1) of section 6427(f) of such Code (relating to gasoline used to produce certain alcohol fuels) is amended by striking out "section 4081" and inserting in lieu thereof "section 4081(a)".

(d) CONTINUATION OF CERTAIN EXEMPTIONS FROM ADDITIONAL TAXES, ETC.—

(1) Subsection (b) of section 4041 of such Code (relating to exemption for off-highway business use; exemption for qualified methanol and ethanol fuel) is amended by adding at the end thereof the following new paragraph:

"(3) COORDINATION WITH TAXES IMPOSED BY SUBSECTION (d).—

"(A) IN GENERAL.—Except as otherwise provided in this paragraph, rules similar to the rules of paragraphs (1) and (2) shall apply with respect to the taxes imposed by subsection (d).

"(B) LIMITATION ON EXEMPTION FOR OFF-HIGHWAY BUSINESS USE.—For purposes of subparagraph (A), paragraph (1) shall apply only with respect to off-highway business use in a vessel employed in the fisheries or in the whaling business.

"(C) TERMINATION NOT TO APPLY.—Subparagraph (C) of paragraph (2) shall not apply with respect to the taxes imposed by subsection (d)."

(2) Paragraph (3) of section 4041(f) of such Code (relating to exemption for farm use) is amended by striking out "On and after" and inserting in lieu thereof "Except with respect to the taxes imposed by subsection (d), on and after".

(3) The last sentence of section 4041(g) of such Code (relating to other exemptions) is amended by striking out "Paragraphs" and inserting in lieu thereof "Except with respect to the taxes imposed by subsection (d), paragraphs".

(4) The last sentence of section 4221(a) of such Code (relating to certain tax-free sales) is amended by striking out "4081" and inserting in lieu thereof "4081(a)".

(5) Paragraph (2) of section 6416(b) of such Code is amended by inserting "or

under paragraph (1)(A) or (2)(A) of section 4041(d)" after "section 4041(a)".

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on November 1, 1985.

SEC. 522. LEAKING UNDERGROUND STORAGE TANK TRUST FUND.

(a) IN GENERAL.—Subchapter A of chapter 98 of the Internal Revenue Code of 1954 (relating to establishment of trust funds) is amended by adding after section 9505 the following new section:

"SEC. 9506. LEAKING UNDERGROUND STORAGE TANK TRUST FUND.

"(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'Leaking Underground Storage Tank Trust Fund', consisting of such amounts as may be appropriated or credited to such Trust Fund as provided in this section or section 9602(b).

"(b) TRANSFERS TO TRUST FUND.—There are hereby appropriated to the Leaking Underground Storage Tank Trust Fund amounts equivalent to—

"(1) taxes received in the Treasury under sections 4041(d) and 4081(b) (relating to additional taxes on motor fuels and gasoline),

"(2) taxes received in the Treasury under section 4042 to the extent attributable to the Leaking Underground Storage Tank Trust Fund financing rate under section 4042(b), and

"(3) amounts collected under section 9003(h)(6) of the Solid Waste Disposal Act.

"(c) EXPENDITURES.—

"(1) IN GENERAL.—Except as provided in paragraph (2), amounts in the Leaking Underground Storage Tank Trust Fund shall be available, as provided in appropriation Acts, only for purposes of making expenditures to carry out section 9003(h) of the Solid Waste Disposal Act as in effect on the date of the enactment of the Superfund Amendments of 1985.

"(2) TRANSFERS FROM TRUST FUND FOR CERTAIN REPAYMENTS AND CREDITS.—

"(A) IN GENERAL.—The Secretary shall pay from time to time from the Leaking Underground Storage Tank Trust Fund into the general fund of the Treasury amounts equivalent to—

"(i) amounts paid under—

"(I) section 6420 (relating to amounts paid in respect of gasoline used on farms),

"(II) section 6421 (relating to amounts paid in respect of gasoline used for certain nonhighway purposes or by local transit systems), and

"(III) section 6427 (relating to fuels not used for taxable purposes), and

"(ii) credits allowed under section 34,

with respect to the taxes imposed by sections 4041(d) and 4081(b).

"(B) TRANSFERS BASED ON ESTIMATES.—Transfers under subparagraph (A) shall be made on the basis of estimates by the Secretary, and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

"(d) LIABILITY OF THE UNITED STATES LIMITED TO AMOUNT IN TRUST FUND.—

"(1) GENERAL RULE.—Any claim filed against the Leaking Underground Storage Tank Trust Fund may be paid only out of such Trust Fund.

"(2) COORDINATION WITH OTHER PROVISIONS.—Nothing in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 or the Superfund Amendments of 1985 (or in any amendment made by either of such Acts) shall authorize the payment by the United States Government of any amount with respect to any such claim out of any source other than the Leaking Underground Storage Tank Trust Fund.

"(3) ORDER IN WHICH UNPAID CLAIMS ARE TO BE PAID.—If at any time the Leaking Underground Storage Tank Trust Fund has insufficient funds to pay all of the claims out of such Trust Fund at such time, such claims shall, to the extent permitted under paragraph (1), be paid in full in the order in which they were finally determined."

(b) CLERICAL AMENDMENT.—The table of sections for subchapter A of chapter 98 of such Code is amended by adding after the item relating to section 9505 the following new item:

"Sec. 9506. Leaking Underground Storage Tank Trust Fund."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on November 1, 1985.

PART III—OIL SPILL LIABILITY TRUST FUND AND ITS REVENUE SOURCES

SEC. 531. INCREASE IN ENVIRONMENTAL TAX ON PETROLEUM.

(a) IN GENERAL.—Subsections (a) and (b) of section 4611 of the Internal Revenue Code of 1954 (relating to environmental tax on petroleum), as amended by section 511 of this Act, are each amended by striking out "of 11.9 cents a barrel" and inserting in lieu thereof "at the rate specified in subsection (c)".

(b) INCREASE IN TAX.—Section 4611 of such Code is amended by redesignating subsections (c) and (d) as subsections (d) and (e), respectively, and by inserting after subsection (b) the following new subsection:

"(c) RATE OF TAX.—

"(1) IN GENERAL.—The rate of the taxes imposed by this section is the sum of—

"(A) the Hazardous Substance Superfund financing rate, and

"(B) the Oil Spill Liability Trust Fund financing rate.

"(2) RATES.—For purposes of paragraph (1)—

"(A) the Hazardous Substance Superfund financing rate is 11.9 cents a barrel, and

"(B) the Oil Spill Liability Trust Fund financing rate is 1.3 cents a barrel."

(c) CREDIT AGAINST PORTION OF TAX ATTRIBUTABLE TO OIL SPILL RATE.—Section 4612 of such Code (relating to definitions and special rules) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) CREDIT AGAINST PORTION OF TAX ATTRIBUTABLE TO OIL SPILL RATE.—There shall be allowed as a credit against so much of the tax imposed by section 4611 as is attributable to the oil spill rate for any period the excess of the aggregate amount paid by the taxpayer into the Deepwater Port Liability Trust Fund and the Offshore Oil Pollution Compensation Fund over the amount of such payments taken into account under this subsection for all prior periods."

(d) CONFORMING AMENDMENTS.—

(1) Subsection (e) of section 4611 of such Code (relating to application of taxes), as redesignated by subsection (b), is amended to read as follows:

"(e) APPLICATION OF TAXES.—

"(1) SUPERFUND RATE.—The Hazardous Substance Superfund financing rate under subsection (c) shall apply after October 31, 1985, and before October 1, 1990.

"(2) OIL SPILL RATE.—The Oil Spill Liability Trust Fund financing rate under subsection (c) shall apply after December 31, 1985, and before October 1, 1990."

(2) Subsection (d) of section 4661 of such Code (relating to termination of tax on certain chemicals) is amended to read as follows:

"(d) APPLICATION OF TAXES.—The tax imposed by this section shall apply after October 31, 1985, and before October 1, 1990."

(3) Subsection (b) of section 9505 of such Code (relating to transfers to Superfund) is amended by adding at the end thereof the following:

"In the case of the tax imposed by section 4611, paragraph (1) shall apply only to so much of such tax as is attributable to the Superfund financing rate under section 4611(c)."

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1986.

SEC. 532. OIL SPILL LIABILITY TRUST FUND.

(a) IN GENERAL.—Subchapter A of chapter 98 of the Internal Revenue Code of 1954 (relating to establishment of trust funds) is amended by adding after section 9506 the following new section:

"SEC. 9507. OIL SPILL LIABILITY TRUST FUND.

"(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'Oil Spill Liability Trust Fund', consisting of such amounts as may be appropriated or credited to such Trust Fund as provided in this section or section 9602(b).

"(b) TRANSFERS TO TRUST FUND.—There are hereby appropriated to the Oil Spill Liability Trust Fund amounts equivalent to—

"(1) taxes received in the Treasury under section 4611 (relating to environmental tax on petroleum) to the extent attributable to the Oil Spill Liability Trust Fund financing rate under section 4611(c),

"(2) amounts recovered, collected, or received under subtitle A of the Comprehensive Oil Pollution Liability and Compensation Act,

"(3) amounts remaining on the date of the enactment of this section in the Deep Water Port Liability Fund established by section 18(f) of the Deep Water Port Act of 1974,

"(4) amounts remaining on the date of the enactment of this section in the Offshore Oil Pollution Compensation Fund established under section 302 of the Outer Continental Shelf Lands Act Amendments of 1978, and

"(5) amounts credited to such trust fund under section 311(s) of the Federal Water Pollution Control Act.

"(c) EXPENDITURES.—

"(1) GENERAL EXPENDITURE PURPOSES.—

"(A) IN GENERAL.—Amounts in the Oil Spill Liability Trust Fund shall be available, as provided in appropriation Acts, only for purposes of making expenditures for—

"(i) the payment of removal costs described in section 401(24)(A) of the Comprehensive Oil Pollution Liability and Compensation Act,

"(ii) the payment of claims under the Comprehensive Oil Pollution Liability and Compensation Act for damage which is not otherwise compensated,

"(iii) carrying out subsections (c), (d), (i), and (l) of section 311 of the Federal Water Pollution Control Act with respect to any discharge of oil (as defined in such section),

"(iv) carrying out section 5 of the Intervention on the High Seas Act relating to oil pollution or the substantial threat of oil pollution,

"(v) the payment of all expenses of administration incurred by the Federal Government under the Comprehensive Oil Pollution Liability and Compensation Act, and

"(vi) the payment of contributions to the International Fund under section 464 of such Act.

"(B) SPECIAL RULES.—

"(i) PAYMENTS TO GOVERNMENTS ONLY FOR REMOVAL COSTS.—Amounts shall be available under subparagraph (A) for payments to any government only for removal costs and administrative expenses related to removal costs.

"(ii) RESTRICTIONS ON CONTRIBUTIONS TO INTERNATIONAL FUND.—Under regulations prescribed by the Secretary, amounts shall be available under subparagraph (A) with respect to any contribution to the International Fund only in proportion to the portion of such fund used for a purpose for which amounts may be paid from the Oil Spill Liability Trust Fund.

"(iii) REFERENCES TO OTHER ACTS.—Any reference in any clause of subparagraph (A) to any Act shall be treated as a reference to such Act as in effect on the date of the enactment of this section.

"(2) LIMITATIONS ON EXPENDITURES.—

"(A) $200,000,000 PER INCIDENT.—The maximum amount which may be paid from the Oil Spill Liability Trust Fund with respect to any single incident shall not exceed $200,000,000.

"(B) $30,000,000 MINIMUM BALANCE.—Except in the case of payments described in paragraph (1)(A), a payment may be made from such Trust Fund only if the amount in such Trust Fund after such payment will not be less than $30,000,000.

"(d) AUTHORITY TO BORROW.—

"(1) IN GENERAL.—There are authorized to be appropriated to the Oil Spill Liability Trust Fund, as repayable advances, such sums as may be necessary to carry out the purposes of such Trust Fund.

"(2) LIMITATION ON AMOUNT OUTSTANDING.—The maximum aggregate amount of repayable advances to the Oil Spill Liability Trust Fund which is outstanding at any one time shall not exceed $300,000,000.

"(3) REPAYMENT OF ADVANCES.—Rules similar to the rules of paragraph (2) of section 9505(d) shall apply for purposes of this subsection.

"(e) LIABILITY OF THE UNITED STATES LIMITED TO AMOUNT IN TRUST FUND.—

"(1) GENERAL RULE.—Any claim filed against the Oil Spill Liability Trust Fund may be paid only out of such Trust Fund.

"(2) COORDINATION WITH OTHER PROVISIONS.—Nothing in the Comprehensive Oil Pollution Liability and Compensation Act or the Superfund Amendments of 1985 (or in any amendment made by either of such Acts) shall authorize the payment by the United States Government of any amount with respect to any such claim out of any source other than the Oil Spill Liability Trust Fund.

"(f) ORDER IN WHICH UNPAID CLAIMS ARE TO BE PAID.—If at any time the Oil Spill Liability Trust Fund has insufficient funds (or is unable by reason of subsection (c)(2)) to pay all of the claims out of such Trust Fund at such time, such claims shall, to the extent permitted under such subsections, be paid in full in the order in which they were finally determined."

(b) CLERICAL AMENDMENT.—The table of sections for subchapter A of chapter 98 of such Code is amended by adding after the item relating to section 9506 the following new item:

"Sec. 9507. Oil Spill Liability Trust Fund."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1986.

PART IV—STUDIES

SEC. 541. STUDY OF IMPACT OF WASTE MANAGEMENT TAX ON DOMESTIC MANUFACTURERS.

(a) GENERAL RULE.—The Secretary of the Treasury or his delegate shall conduct a study on the effects of the tax imposed by section 4671 of the Internal Revenue Code of 1954 on the ability of domestic manufacturers to compete in international trade.

(b) REPORT.—Not later than July 1, 1986, the Secretary of the Treasury shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the study conducted under subsection (a). Such report shall include recommendations to minimize the trade impact of such tax and there shall be considered, in making such recommendations, a waste management tax export credit, an import equalization fee, and a maximum amount of tax with respect to hazardous waste generated by economically distressed industries.

SEC. 542. STUDY OF LEAD POISONING.

(a) IN GENERAL.—The Administrator of the Agency for Toxic Substances and Disease Registry shall, in consultation with the Administrator of the Environmental Protection Agency and other officials as appropriate, not later than March 1, 1986, submit to the Committee on Environment and Public Works, and the Committee on Finance, of the Senate and the Committee on Energy and Commerce, and the Committee on Ways and Means, of the House of Representatives, a report on the nature and extent of lead poisoning in children from environmental sources. Such report shall include, at a minimum, the following information:

(1) an estimate of the total number of children, arrayed according to Standard Metropolitan Statistical Area or other appropriate geographic unit, exposed to environmental sources of lead at concentrations sufficient to cause adverse health effects;

(2) an estimate of the total number of children exposed to environmental sources of lead arrayed according to source or source types;

(3) a statement of the long term consequences for public health of unabated exposures to environmental sources of lead, including (but not limited to) diminution in intelligence and increases in morbidity and mortality; and

(4) methods and alternatives available for reducing exposures of children to environmental sources of lead.

(b) EVALUATION OF SPECIFIC SITES.—Such report shall also score and evaluate specific sites at which children are known to be exposed to environmental sources of lead due to releases, utilizing the Hazard Ranking system of the National Priorities List.

(c) AUTHORIZATION FROM SUPERFUND.—There are authorized to be appropriated from the Hazardous Substance Superfund such sums as may be necessary to prepare and submit the report required by this section.

PART V—COORDINATION WITH OTHER PROVISIONS OF THIS ACT

SEC. 551. COORDINATION.

(a) IN GENERAL.—Notwithstanding any provision of this Act not contained in this title, any provision of this Act (not contained in this title) which—

(1) imposes any tax, premium, or fee,

(2) establishes any trust fund, or

(3) authorizes amounts to be expended from any trust fund which are not also authorized by this title,

shall have no force or effect.

(b) EXCEPTION FOR PAYMENTS FROM TRANS-ALASKA PIPELINE LIABILITY FUND.—Subsection (a) shall not apply to amounts rebated to owners of oil in accordance with section 442(a) of the Comprehensive Oil Pollution Liability and Compensation Act.

In the table of contents of the bill, strike out the items relating to title V and insert in lieu thereof the following:

Title V—Amendments of the Internal Revenue Code of 1954

Sec. 501. Short title.

PART I—SUPERFUND AND ITS REVENUE SOURCES

Sec. 511. Extension of environmental taxes.
Sec. 512. Increase in tax on petroleum.
Sec. 513. Increase in tax on certain chemicals.
Sec. 514. Repeal of post-closure tax and trust fund.
Sec. 515. Waste management tax.
Sec. 516. Tax on certain imported substances derived from taxable chemicals.
Sec. 517. Hazardous Substance Superfund.

PART II—LEAKING UNDERGROUND STORAGE TANK TRUST FUND AND ITS REVENUE SOURCES

Sec. 521. Additional taxes on gasoline, diesel fuel, special motor fuels, fuels used in aviation, and fuels used in commercial transportation on inland waterways.
Sec. 522. Leaking Underground Storage Tank Trust Fund.

PART III—OIL SPILL LIABILITY TRUST FUND AND ITS REVENUE SOURCES

Sec. 531. Increase in environmental tax on petroleum.
Sec. 532. Oil Spill Liability Trust Fund.

PART IV—STUDIES

Sec. 541. Study of impact of waste management tax on domestic manufacturers.
Sec. 542. Study of lead poisoning.

PART V—COORDINATION WITH OTHER PROVISIONS OF THIS ACT

Sec. 551. Coordination.

By Mr. DUNCAN:

(Amendment to the amendment in the nature of a substitute (text of H.R. 3852).). —Strike out title V of the bill and insert in lieu thereof the following:

TITLE V—AMENDMENTS OF THE INTERNAL REVENUE CODE OF 1954

SEC. 501. SHORT TITLE.

This title may be cited as the "Superfund Revenue Act of 1985".

PART I—SUPERFUND AND ITS REVENUE SOURCES

SEC. 511. EXTENSION OF ENVIRONMENTAL TAXES.

(a) IN GENERAL.—Subsection (d) of section 4611 of the Internal Revenue Code of 1954 (relating to termination) is amended to read as follows:

"(d) APPLICATION OF TAXES.—The taxes imposed by this section shall apply after October 31, 1985, and before October 1, 1990."

(b) TECHNICAL AMENDMENT.—Section 303 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 is hereby repealed.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on November 1, 1985.

SEC. 512. INCREASE IN TAX ON PETROLEUM.

(a) INCREASE IN TAX.—Subsections (a) and (b) of section 4611 of the Internal Revenue Code of 1954 (relating to environmental tax on petroleum) are each amended by striking out "0.79 cent" and inserting in lieu thereof "4 cents (4.6 cents for 1989 and 1990)".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on November 1, 1985.

SEC. 513. INCREASE IN TAX ON CERTAIN CHEMICALS.

(a) INCREASE IN RATE OF TAX; LEAD ADDED AS TAXABLE CHEMICAL.—Subsection (b) of section 4661 of the Internal Revenue Code of 1954 (relating to amount of tax imposed on certain chemicals) is amended by striking out the table contained in such subsection and inserting in lieu thereof the following:

"In the case of:	The tax (before any inflation adjustment) is the following amount per ton:	
	For calendar year 1985, 1986, 1987, or 1988:	For calendar year 1989 or 1990:
Organic substances:		
Acetylene	$4.31	$4.56
Benzene	4.31	4.56
Butadiene	4.31	4.56
Butane	4.31	4.56
Butylene	4.31	4.56
Ethylene	4.31	4.56
Methane	3.04	3.22
Napthalene	4.31	4.56
Propylene	4.31	4.56
Toluene	4.31	4.56
Xylene	9.25	9.50
Inorganic substances:		
Ammonia	3.72	3.94
Antimony	3.94	4.17
Antimony trioxide	3.94	4.17
Arsenic	3.94	4.17
Arsenic trioxide	3.94	4.17
Barium sulfide	3.94	4.17
Bromine	3.94	4.17
Cadmium	3.94	4.17
Chlorine	3.57	3.78
Chromite	1.35	1.42
Chromium	3.94	4.17
Cobalt	3.94	4.17
Cupric oxide	3.94	4.17
Cupric sulfate	3.94	4.17
Cuprous oxide	3.94	4.17
Hydrochloric acid	1.10	1.16
Hydrogen fluoride	3.94	4.17
Lead	3.94	4.17
Lead Oxide	3.94	4.17
Mercury	3.94	4.17
Nickel	3.94	4.17
Nitric acid	3.45	3.65
Phosphorous	3.94	4.17
Potassium dichromate	3.94	4.17
Potassium hydroxide	3.94	4.17
Sodium dichromate	3.94	4.17
Sodium hydroxide	3.29	3.49
Stannic chloride	3.94	4.17
Stannous chloride	3.94	4.17
Sulfuric acid	0.91	0.97
Zinc chloride	3.94	4.17
Zinc sulfate	3.94	4.17."

(b) INFLATION ADJUSTMENTS IN AMOUNT OF TAX.—Section 4661 of such Code is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) INFLATION ADJUSTMENTS IN AMOUNT OF TAX.—

"(1) IN GENERAL.—In the case of any taxable chemical sold in a calendar year after 1986, the amount of the tax imposed by subsection (a) shall be the amount determined under subsection (b) increased by the applicable inflation adjustment for such calendar year.

"(2) APPLICABLE INFLATION ADJUSTMENT.—

"(A) IN GENERAL.—In the case of a taxable chemical, the applicable inflation adjustment for the calendar year is the percentage (if any) by which—

"(i) the applicable price index for the preceding calendar year, exceeds

"(ii) the applicable price index for the applicable base year.

"(B) APPLICABLE PRICE INDEX.—For purposes of subparagraph (A), the applicable price index for any calendar year is the average for the months in the 12-month period ending on September 30 of such calendar year of—

"(i) in the case of organic substances, the producer price index for basic organic chemicals as published by the Secretary of Labor, or

"(ii) in the case of inorganic substances, the producer price index for basic inorganic chemicals as published by the Secretary of Labor.

"(C) APPLICABLE BASE YEAR.—For purposes of subparagraph (A), the applicable base year is—

"(i) 1985 in the case of the adjustments for 1987 and 1988, and

"(ii) 1988 in the case of the adjustment for 1990.

"(3) NO ADJUSTMENT FOR 1989.—No adjustment shall be made under paragraph (1) for taxable chemicals sold in calendar year 1989.

"(4) ROUNDING.—If any increase determined under paragraph (1) is not a multiple of 1 cent, such increase shall be rounded to the nearest multiple of 1 cent (or, if the increase determined under paragraph (1) is a multiple of 1/2 of 1 cent, such increase shall be increased to the next higher multiple of 1 cent)."

(c) EXEMPTION FOR EXPORTS OF TAXABLE CHEMICALS.—

(1) Section 4662 of such Code (relating to definitions and special rules) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) EXEMPTION FOR EXPORTS OF TAXABLE CHEMICALS.—

"(1) TAX-FREE SALES.—

"(A) IN GENERAL.—No tax shall be imposed under section 4661 on the sale by the manufacturer or producer of any taxable chemical for export, or for resale by the purchaser to a second purchaser for export.

"(B) PROOF OF EXPORT REQUIRED.—Rules similar to the rules of section 4221(b) shall apply for purposes of subparagraph (A).

"(2) CREDIT OR REFUND WHERE TAX PAID.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), if—

"(i) tax under section 4661 was paid with respect to any taxable chemical, and

"(ii) such chemical was exported by any person,

credit or refund (without interest) of such tax shall be allowed or made to the person who paid such tax.

"(B) CONDITION TO ALLOWANCE.—No credit or refund shall be allowed or made under subparagraph (A) unless the person who paid the tax establishes that he—

"(i) has repaid or agreed to repay the amount of the tax to the person who exported the taxable chemical, or

"(ii) has obtained the written consent of such exporter to the allowance of the credit or the making of the refund.

"(3) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection."

(2) Paragraph (1) of section 4662(d) of such Code (relating to refund or credit for certain uses) is amended—

(A) by striking out "the sale of which by such person would be taxable under such section" and inserting in lieu thereof "which is a taxable chemical", and

(B) by striking out "imposed by such section on the other substance manufactured or produced" and inserting in lieu thereof "imposed by such section on the other substance manufactured or produced (or which would have been imposed by such section on such other substance but for subsection (b) or (e) of this section)".

(d) SPECIAL RULES FOR CERTAIN CHEMICALS.—

(1) REPEAL OF EXEMPTION FOR CHEMICALS DERIVED FROM COAL.—

(A) Section 4662(b) of such Code (relating to exemptions; other special rules) is amended by striking out paragraph (4) and by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(B) Paragraph (3) of section 4662(d) of such Code is amended by striking out "subsection (b)(5)" each place it appears and inserting in lieu thereof "subsection (b)(4)".

(2) EXEMPTION FOR LEAD HAVING TRANSITORY PRESENCE DURING EXTRACTING PROCESS.—Clause (i) of section 4662(b)(5)(B) of such Code (relating to substance having transitory presence during extracting process), as redesignated by paragraph (1), is amended by inserting "lead," before "lead oxide".

(3) SPECIAL RULE FOR XYLENE.—Subsection (b) of section 4662 of such Code (relating to exceptions; other special rules) is amended by adding after paragraph (5) the following new paragraph:

"(6) SPECIAL RULE FOR XYLENE.—Except in the case of any substance imported into the United States or exported from the United States, the term 'xylene' does not include any separated isomer of xylene."

(4) SPECIAL RULE FOR NITRIC ACID USED IN PRODUCTION OF NITROCELLULOSE.—Subsection (b) of section 4662 of such Code (relating to exceptions; other special rules) is amended by adding after paragraph (6) the following new paragraph:

"(7) SPECIAL RULE FOR NITRIC ACID USED IN PRODUCTION OF NITROCELLULOSE.—The tax imposed under section 4661 on nitric acid used by the producer of such acid in the production of nitrocellulose shall not exceed $0.24 per ton."

(e) EXEMPTION FOR CERTAIN RECYCLED CHEMICALS.—Subsection (b) of section 4662 of such Code (relating to exceptions; other special rules) is amended by adding after paragraph (7) the following new paragraph:

"(8) RECYCLED CHROMIUM, COBALT, NICKEL, AND LEAD.—

"(A) IN GENERAL.—No tax shall be imposed under section 4661(a) on any chromium, cobalt, nickel, or lead which is diverted or recovered in the United States from any solid waste as part of a recycling process (and not as part of the original manufacturing or production process).

"(B) EXEMPTION NOT TO APPLY WHILE CORRECTIVE ACTION UNCOMPLETED.—Subparagraph (A) shall not apply during any period that required corrective action by the taxpayer is uncompleted.

"(C) REQUIRED CORRECTIVE ACTION.—For purposes of subparagraph (B), required corrective action shall be treated as uncompleted during the period—

"(i) beginning on the date that the corrective action is required by the Administrator or an authorized State pursuant to—

"(I) a final permit under section 3005 of the Solid Waste Disposal Act or a final order under section 3004 or 3008 of such Act, or

"(II) a final order under section 106 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, and

"(ii) ending on the date the Administrator or such State (as the case may be) certifies to the Secretary that such corrective action has been completed.

"(D) SOLID WASTE.—For purposes of this paragraph, the term 'solid waste' has the meaning given such term by section 1004 of the Solid Waste Disposal Act, except that such term shall not include any byproduct, coproduct, or other waste from any process of smelting, refining, or otherwise extracting any metal."

(f) EXEMPTION FOR ANIMAL FEED SUBSTANCES.—

(1) IN GENERAL.—Subsection (b) of section 4662 of such Code (relating to exceptions; other special rules) is amended by adding after paragraph (8) the following new paragraph:

"(9) SUBSTANCES USED IN THE PRODUCTION OF ANIMAL FEED.—

"(A) IN GENERAL.—In the case of—

"(i) nitric acid,

"(ii) sulfuric acid,

"(iii) ammonia, or

"(iv) methane used to produce ammonia,

which is a qualified animal feed substance, no tax shall be imposed under section 4661(a).

"(B) QUALIFIED ANIMAL FEED SUBSTANCE.—For purposes of this section, the term 'qualified animal feed substance' means any substance—

"(i) used in a qualified animal feed use by the manufacturer, producer, or importer,

"(ii) sold for use by any purchaser in a qualified animal feed use, or

"(iii) sold for resale by any purchaser for use, or resale for ultimate use, in a qualified animal feed use.

"(C) QUALIFIED ANIMAL FEED USE.—The term 'qualified animal feed use' means any use in the manufacture or production of animal feed or animal feed supplements, or of ingredients used in animal feed or animal feed supplements.

"(D) TAXATION OF NONQUALIFIED SALE OR USE.—For purposes of section 4661(a), if no tax was imposed by such section on the sale or use of any chemical by reason of subparagraph (A), the first person who sells or uses such chemical other than in a sale or use described in subparagraph (A) shall be treated as the manufacturer of such chemical."

(2) REFUND OR CREDIT FOR SUBSTANCES USED IN THE PRODUCTION OF ANIMAL FEED.—Subsection (d) of section 4662 of such Code (relating to refunds and credits with respect to the tax on certain chemicals) is amended by adding at the end thereof the following new paragraph:

"(4) USE IN THE PRODUCTION OF ANIMAL FEED.—Under regulations prescribed by the Secretary, if—

"(A) a tax under section 4661 was paid with respect to nitric acid, sulfuric acid, ammonia, or methane used to produce ammonia, without regard to subsection (b)(9), and

"(B) any person uses such substance as a qualified animal feed substance,

then an amount equal to the excess of the tax so paid over the tax determined with regard to subsection (b)(9) shall be allowed as a credit or refund (without interest) to such person in the same manner as if it were an overpayment of tax imposed by this section."

(g) CERTAIN EXCHANGES BY TAXPAYERS NOT TREATED AS SALES.—Subsection (c) of section 4662 of such Code (relating to use by manufacturers) is amended to read as follows:

"(c) USE AND CERTAIN EXCHANGES BY MANUFACTURER, ETC.—

"(1) USE TREATED AS SALE.—Except as provided in subsections (b) and (e), if any person manufactures, produces, or imports any taxable chemical and uses such chemical, then such person shall be liable for tax under section 4661 in the same manner as if such chemical were sold by such person.

"(2) SPECIAL RULES FOR INVENTORY EXCHANGES.—

"(A) IN GENERAL.—Except as provided in this paragraph, in any case in which a manufacturer, producer, or importer of a taxable chemical exchanges such chemical as part of an inventory exchange with another person—

"(i) such exchange shall not be treated as a sale, and

"(ii) such other person shall, for purposes of section 4661, be treated as the manufacturer, producer, or importer of such chemical.

"(B) REGISTRATION REQUIREMENT.—Subparagraph (A) shall not apply to any inventory exchange unless—

"(i) both parties are registered with the Secretary as manufacturers, producers, or importers of taxable chemicals, and

"(ii) the person receiving the taxable chemical has, at such time as the Secretary may prescribe, notified the manufacturer, producer, or importer of such person's registration number and the internal revenue district in which such person is registered.

"(C) INVENTORY EXCHANGE.—For purposes of this paragraph, the term 'inventory exchange' means any exchange in which 2 persons exchange property which is, in the hands of each person, property described in section 1221(1)."

(h) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall take effect on November 1, 1985.

(2) REPEAL OF TAX ON XYLENE FOR PERIODS BEFORE OCTOBER 1, 1985.—

(A) REFUND OF TAX PREVIOUSLY IMPOSED.—In the case of any tax imposed by section 4661 of the Internal Revenue Code of 1954 on the sale or use of xylene before October 1, 1985, such tax (including interest, additions to tax, and additional amounts) shall not be assessed, and if assessed, the assessment shall be abated, and if collected shall be credited or refunded (with interest) as an overpayment.

(B) WAIVER OF STATUTE OF LIMITATIONS.—If on the date of the enactment of this Act (or at any time within 1 year after such date of enactment) refund or credit of any overpayment of tax resulting from the application of subparagraph (A) is barred by any law or rule of law, refund or credit of such overpayment shall, nevertheless, be made or allowed if claim therefor is filed before the date 1 year after the date of the enactment of this Act.

(C) XYLENE TO INCLUDE ISOMERS.—For purposes of this paragraph, the term "xylene" shall include any isomer of xylene whether or not separated.

(3) INVENTORY EXCHANGES.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendment made by subsection (g) shall apply as if included in the amendments made by section 211 of the Hazardous Substance Response Revenue Act of 1980.

(B) RECIPIENT MUST AGREE TO TREATMENT AS MANUFACTURER.—In the case of any inventory exchange before January 1, 1986, the amendment made by subsection (g) shall apply only if the person receiving the chemical from the manufacturer, producer, or importer in the exchange agrees to be treated as the manufacturer, producer, or importer of such chemical for purposes of subchapter B of chapter 38 of the Internal Revenue Code of 1954.

(C) EXCEPTION WHERE MANUFACTURER PAID TAX.—In the case of any inventory exchange before January 1, 1986, the amendment made by subsection (g) shall not apply if the manufacturer, producer, or importer treated such exchange as a sale for purposes of section 4661 of such Code and paid the tax imposed by such section.

(D) REGISTRATION REQUIREMENTS.—Section 4662(c)(2)(B) of such Code (as added by subsection (g)) shall apply to exchanges made after December 31, 1985.

SEC. 514. REPEAL OF POST-CLOSURE TAX AND TRUST FUND.

(a) REPEAL OF TAX.—

(1) Subchapter C of chapter 38 of the Internal Revenue Code of 1954 (relating to tax on hazardous wastes) is hereby repealed.

(2) The table of subchapters for such chapter 38 is amended by striking out the item relating to subchapter C.

(b) REPEAL OF TRUST FUND.—Section 232 of the Hazardous Substance Response Revenue Act of 1980 is hereby repealed.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1983.

SEC. 515. WASTE MANAGEMENT TAX.

(a) GENERAL RULE.—Chapter 38 of the Internal Revenue Code of 1954 (as amended by section 514 of this Act) is amended by adding after subchapter B the following new subchapter:

"Subchapter C—Hazardous Waste Management Tax

"Sec. 4671. Waste management tax.
"Sec. 4672. Exemptions; reduction of tax where prior taxable event.
"Sec. 4673. Special rules for waste water treatment, incineration, etc.
"Sec. 4674. Backup tax on generator.
"Sec. 4675. Definitions and special rules.

"SEC. 4671. WASTE MANAGEMENT TAX.

"(a) IMPOSITION OF TAX.—There is hereby imposed a tax on—

"(1) the receipt of hazardous waste at a qualified hazardous waste management unit,

"(2) the receipt of hazardous waste for transport from the United States for the purpose of ocean disposal, and

"(3) the exportation of hazardous waste from the United States.

"(b) AMOUNT OF TAX.—

"(1) IN GENERAL.—The amount of the tax imposed by subsection (a) with respect to each ton of hazardous waste shall be determined in accordance with the following table:

	If the taxable event is:	
	Land Disposal	Any Other Taxable Event
"For calendar year:	The tax per ton is:	
1986	$36.00	$3.60
1987	40.00	4.00
1988	42.00	4.00

	If the taxable event is:	
	Land Disposal	Any Other Taxable Event
1989	20.00	2.00
1990	24.00	2.00.

"(2) DEFINITIONS RELATING TO AMOUNT OF TAX.—For definition of—

"(A) hazardous waste, see section 4675(a)(1), and

"(B) land disposal and any other taxable event, see section 4675(a)(5).

"(c) LIABILITY FOR TAX.—

"(1) WASTE RECEIVED AT MANAGEMENT UNITS.—The tax imposed by subsection (a)(1) shall be paid by the owner or operator of the qualified hazardous waste management unit.

"(2) WASTE RECEIVED FOR TRANSPORT FROM THE UNITED STATES.—The tax imposed by subsection (a)(2) shall be paid by the person holding the permit issued for transport for ocean disposal under section 102 of the Marine Protection, Research, and Sanctuaries Act of 1972.

"(3) WASTE EXPORTED.—The tax imposed by subsection (a)(3) shall be paid by the exporter.

"(d) TERMINATION.—The taxes imposed by this section shall not apply after September 30, 1990.

"SEC. 4672. EXEMPTIONS; REDUCTION OF TAX WHERE PRIOR TAXABLE EVENT.

"(a) EXEMPTION FOR CERTAIN REMOVAL AND REMEDIAL ACTIONS, ETC.—The tax imposed by section 4671 shall not apply to the receipt or export of hazardous waste pursuant to—

"(1) a corrective action specified in—

"(A) an initial or final order, or

"(B) a proposed or final permit,

issued by the Administrator under the Solid Waste Disposal Act or a State under a hazardous waste program authorized under section 3006 of such Act,

"(2) a proposed or final closure plan approved by the Administrator or such a State,

"(3) a removal or remedial action under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 which has been selected or approved by the Administrator, or

"(4) an action to correct an emergency situation arising from a product spill which is certified by the Administrator to the Secretary as carrying out the purposes of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980.

"(b) EXEMPTION FOR WASTE RECEIVED AT ANY FEDERAL FACILITY.—The tax imposed by section 4671 shall not apply to any hazardous waste received at any facility owned by the United States.

"(c) REDUCTION IN TAX WHERE PRIOR TAXABLE EVENT.—

"(1) IN GENERAL.—If—

"(A) tax under section 4671 or 4674 was paid with respect to any hazardous waste, and

"(B) tax under section 4671 is subsequently imposed on such waste (hereinafter in this subsection referred to as the 'later taxable event'),

then the tax under section 4671 on the later taxable event shall be reduced by the amount determined under paragraph (2).

"(2) AMOUNT OF REDUCTION.—The amount of the reduction determined under this paragraph is the product of—

"(A) the weight of hazardous waste involved in the later taxable event, multiplied by

"(B) the lesser of—

"(i) the highest rate of tax paid under section 4671 or 4674 with respect to any prior taxable event involving such waste (determined without regard to this subsection), or

"(ii) the rate of tax imposed by section 4671 with respect to the later taxable event (as so determined).

"SEC. 4673. SPECIAL RULES FOR WASTE WATER TREATMENT, INCINERATION, ETC.

"(a) EXEMPTION FOR WASTE RECEIVED AT CERTAIN WASTE WATER TREATMENT UNITS.—The tax imposed by section 4671 shall not apply to hazardous waste received at any waste water treatment unit.

"(b) INCINERATION, ETC. WITHIN 90 DAYS OF RECEIPT.—

"(1) IN GENERAL.—Under regulations prescribed by the Secretary, if—

"(A) tax under section 4671 was paid with respect to the receipt of any hazardous waste at any qualified hazardous waste management unit or for transport described in section 4671(a)(2), and

"(B) such waste is incinerated on land (or the equivalent of incineration on land) by any person within 90 days after the date of the first receipt referred to in subparagraph (A),

then the tax so paid shall be allowed as a credit or refund (without interest) to such person in the same manner as if it were an overpayment of tax imposed by section 4671.

"(2) EQUIVALENT OF INCINERATION.—For purposes of subparagraph (A), a method, technique, or process shall be treated as the equivalent of incineration on land if—

"(A) such method, technique, or process meets detailed performance standards established by the Environmental Protection Agency, and

"(B) such standards require a destruction and removal efficiency for the hazardous waste involved at least equivalent to the destruction and removal efficiency applicable to incineration on land.

"(c) QUALIFIED CHEMICAL FUELS OR SOLVENTS.—

"(1) IN GENERAL.—Under regulations prescribed by the Secretary, if—

"(A) tax under section 4671 was paid with respect to any hazardous waste,

"(B) such waste is used by any person in the production of any qualified chemical fuel or solvent, and

"(C) such fuel or solvent is by such person sold for use or used in any industrial or commercial use,

then the tax so paid shall be allowed as a credit or refund (without interest) to such person in the same manner as if it were an overpayment of tax imposed by section 4671.

"(2) QUALIFIED CHEMICAL FUEL OR SOLVENT.—For purposes of subparagraph (A), the term 'qualified chemical fuel or solvent' means any chemical or solvent which is determined by the Administrator as not being a hazardous waste.

"(d) RECYCLING OF BATTERIES.—Under regulations prescribed by the Secretary, if—

"(1) tax under section 4671 was paid with respect to the receipt of any battery at a qualified hazardous waste management unit, and

"(2) the recycling of such battery begins at such a unit by any person within 90 days after the date of the first receipt of such battery at any qualified hazardous waste management unit,

then the tax so paid shall be allowed as a credit or refund (without interest) to such person in the same manner as if it were an overpayment of tax imposed by section 4671.

"(e) TAX TO APPLY WHILE CORRECTIVE ACTION NOT COMPLETED.—

"(1) IN GENERAL.—The exemption provided by subsection (a) shall not apply (and no credit or refund shall be allowed under this section) with respect to any activity conducted at a facility (or part thereof) during the period that required corrective action remains uncompleted with respect to such facility (or part).

"(2) REQUIRED CORRECTIVE ACTION.—For purposes of paragraph (1), required corrective action shall be treated as uncompleted during the period—

"(A) beginning on the date that the corrective action is required by the Administrator or an authorized State pursuant to a final permit under section 3005 of the Solid Waste Disposal Act or a final order under section 3004 or 3008 of such Act, and

"(B) ending on the date the Administrator or such State (as the case may be) certifies to the Secretary that such corrective action has been completed.

"(3) RATE OF TAX WITH RESPECT TO WASTE WATER TREATMENT.—The rate of tax imposed by section 4671 by reason of this subsection with respect to hazardous waste received at any waste water treatment unit shall be the amount determined in accordance with the following table:

For calendar years:	The tax per ton is:
1986, 1987, or 1988	19 cents
1989 or 1990	13 cents.

"SEC. 4674. BACKUP TAX ON GENERATOR.

"(a) IMPOSITION OF TAX.—There is hereby imposed a tax on each ton of hazardous waste which, as of the close of the 270-day period beginning on the day after the day on which such waste was generated, has not been—

"(1) received at a qualified hazardous waste management unit,

"(2) received for transport from the United States for the purpose of ocean disposal, or

"(3) exported from the United States.

"(b) RATE OF TAX.—The rate of the tax imposed by subsection (a) shall be the rate of tax applicable to land disposal under section 4671 at the end of the 270-day period described in subsection (a).

"(c) LIABILITY FOR TAX.—The tax imposed by subsection (a) shall be paid by the generator of the hazardous waste.

"(d) EXEMPTIONS.—

"(1) SMALL GENERATORS.—The tax imposed by subsection (a) shall not apply to hazardous waste generated during any month if the generator of such waste does not generate more than 100 kilograms of hazardous waste during such month.

"(2) WASTE LEGALLY DISPOSED OF IN PUBLICLY OWNED TREATMENT WORKS.—The tax imposed by subsection (a) shall not apply to hazardous waste disposed of in any publicly owned treatment works if the disposal of such waste is not in violation of Federal, State, or local law.

"(3) OTHER EXEMPTIONS TO APPLY.—The exemptions provided by subsections (a) and (b) of section 4672 shall apply to the tax imposed by subsection (a).

"(4) EXEMPTIONS UNDER REGULATIONS; APPLICATION OF LOWER RATE.—The Secretary may prescribe regulations which provide exemptions from the tax imposed by subsection (a) (or the application of a lower rate)

which are not inconsistent with the purposes of this section.

"(e) GENERATOR.—For purposes of this section, the term 'generator' means the person whose act or process produces the hazardous waste.

"(f) TERMINATION.—No tax shall be imposed by this section on waste generated after September 30, 1990.

"SEC. 4675. DEFINITIONS AND SPECIAL RULES.

"(a) DEFINITIONS.—For purposes of this subchapter—

"(1) HAZARDOUS WASTE.—The term 'hazardous waste' means any waste which is listed or identified as of the date of the enactment of the Superfund Revenue Act of 1985 under section 3001 of the Solid Waste Disposal Act. Rainwater shall not be treated as hazardous waste unless mixed with hazardous waste (as defined in the preceding sentence).

"(2) QUALIFIED HAZARDOUS WASTE MANAGEMENT UNIT.—The term 'qualified hazardous waste management unit' means the specified area of land or structure—

"(A) which isolates the hazardous wastes within a qualified hazardous waste facility, and

"(B) which is subject to the requirements for obtaining interim status or a final permit under subtitle C of the Solid Waste Disposal Act.

"(3) QUALIFIED HAZARDOUS WASTE MANAGEMENT FACILITY.—The term 'qualified hazardous waste management facility' means any facility, as defined under subtitle C of the Solid Waste Disposal Act, which has received a permit or is accorded interim status under—

"(A) section 3005 of the Solid Waste Disposal Act, or

"(B) a State program authorized under section 3006 of such Act.

"(4) OCEAN DISPOSAL.—The term 'ocean disposal' means the incineration or dumping of hazardous waste over or into ocean waters or the waters described in section 101(b) of the Marine Protection, Research, and Sanctuaries Act of 1972, pursuant to section 102 of such Act.

"(5) DEFINITIONS RELATING TO AMOUNT OF TAX.—

"(A) LAND DISPOSAL.—The term 'land disposal' means a taxable event described in section 4671(a)(1) with respect to a qualified hazardous waste management unit which is a landfill, surface impoundment, waste pile, or land treatment unit.

"(B) LANDFILL, ETC.—For purposes of subparagraph (A), the terms 'landfill', 'surface impoundment', 'waste pile' and 'land treatment unit' have the respective meanings given such terms in regulations prescribed by the Administrator pursuant to sections 3004 and 3005 of the Solid Waste Disposal Act.

"(C) OTHER TAXABLE EVENT.—The term 'any other taxable event' means—

"(i) a taxable event described in section 4671(a)(1) which is not land disposal, and

"(ii) a taxable event described in paragraph (2) or (3) of section 4671(a).

"(6) WASTE WATER TREATMENT UNIT.—The term 'waste water treatment unit' means any qualified hazardous waste management unit which is an integral and necessary part of a treatment system—

"(A) for which a permit is required under section 402 of the Clean Water Act,

"(B) which is subject to pretreatment standards under subsection (b) or (c) of section 307 of the Clean Water Act, or

"(C) which is a zero discharge treatment system—

"(i) which, if the system discharged into navigable waters, would comply with effluent limitation guidelines prescribed under paragraph (2) or (4) of section 304(b) of the Clean Water Act,

"(ii) which, if the system discharged into a publicly owned treatment works, would comply with the pretreatment standards described in subparagraph (B), or

"(iii) if no such guidelines or standards have been prescribed, which employs biological treatment.

The term 'waste water treatment unit' shall not include any qualified hazardous waste management unit which receives for storage or final disposition concentrated treatment residues resulting from wastewater treatment.

"(7) ADMINISTRATOR.—The term 'Administrator' means the Administrator of the Environmental Protection Agency.

"(8) UNITED STATES.—The term 'United States' has the meaning given such term by section 4612(a)(4).

"(9) TON.—The term 'ton' means 2,000 pounds.

"(10) FRACTIONAL PART OF TON.—In the case of a fraction of a ton, the tax imposed by this subchapter shall be the same fraction of the amount of such tax imposed on a whole ton.

"(b) TREATMENT OF CONTAINERS, ETC. WHICH ARE RELATED TO INJECTION UNITS.—For purposes of this subchapter—

"(1) any container, tank, or surface impoundment which, with respect to any hazardous waste, is used to treat or store such waste before underground injection of such waste (whether or not the waste when injected is hazardous waste) into an injection well, and

"(2) the injection well into which such waste is injected,

shall be treated as a single hazardous waste management unit.

"(c) DISPOSITION OF REVENUES FROM PUERTO RICO AND THE VIRGIN ISLANDS.—The provisions of subsection (a)(3) and (b)(3) of section 7652 shall not apply to any tax imposed by this subchapter."

(b) INFORMATION REPORTING REQUIREMENT.—

(1) IN GENERAL.—Subpart A of part III of subchapter A of chapter 61 of such Code is amended by inserting after section 6039D the following new section:

"SEC. 6039E. INFORMATION WITH RESPECT TO MANAGEMENT TAX ON HAZARDOUS WASTE.

"Each person on whom a tax is imposed under subchapter C of chapter 38 shall (at such time and in such manner as the Secretary may require) submit to the Secretary such information as the Secretary may require, including information which such person is required to provide the Administrator of the Environmental Protection Agency under the Solid Waste Disposal Act. To the extent provided in regulations prescribed by the Secretary, the preceding sentence shall also apply to persons not described therein with respect to information which the Secretary determines is necessary or appropriate to the administration of such subchapter."

(2) PENALTY.—Subchapter B of chapter 68 of such Code (relating to assessable penalties) is amended by redesignating section 6708 (relating to mortgage credit certificates) as section 6709 and by adding at the end thereof the following new section:

"SEC. 6710. FAILURE TO PROVIDE INFORMATION WITH RESPECT TO MANAGEMENT TAX ON HAZARDOUS WASTE.

"(a) IN GENERAL.—Any person who fails to meet any requirement imposed by section 6039E shall pay a penalty of $100 for each day during which such failure continues, unless it is shown that such failure is due to reasonable cause and not due to willful neglect. The maximum penalty imposed under this subsection with respect to any failure shall not exceed $50,000.

"(b) PENALTY IN ADDITION TO OTHER PENALTIES.—The penalty imposed by this section shall be in addition to any other penalty provided by law."

(3) CONFORMING AMENDMENTS.—

(A) The table of sections for subpart A of part III of subchapter A of chapter 61 of such Code is amended by inserting after the item relating to section 6039D the following new item:

"Sec. 6039E. Information with respect to management tax on hazardous waste."

(B) The table of sections for subchapter B of chapter 68 of such Code is amended by redesignating the item relating to mortgage credit certificates as section 6709 and by adding at the end thereof the following new item:

"Sec. 6710. Failure to provide information with respect to management tax on hazardous waste."

(c) PENALTY FOR NEGLIGENCE TO APPLY TO ENVIRONMENTAL TAXES.—Section 6653 of such Code (relating to failure to pay tax) is amended by adding at the end thereof the following new subsection:

"(i) NEGLIGENCE PENALTY TO APPLY TO ENVIRONMENTAL TAXES.—For purposes of applying paragraphs (1) and (2) of subsection (a), paragraph (1) of subsection (a) shall be treated as including a reference to underpayments (as defined in subsection (c)) of tax imposed by chapter 38 (relating to environmental taxes)."

(d) CLERICAL AMENDMENT.—The table of subchapters for chapter 38 of such Code is amended by adding after the item relating to subchapter B the following new item:

"SUBCHAPTER C. HAZARDOUS WASTE MANAGEMENT TAX."

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall take effect on January 1, 1986.

(2) BACKUP TAX ON GENERATOR.—Section 4674 of the Internal Revenue Code of 1954 (relating to backup tax on generator), as added by this section, shall apply to waste generated after December 31, 1986.

SEC. 516. TAX ON CERTAIN IMPORTED SUBSTANCES DERIVED FROM TAXABLE CHEMICALS.

(a) GENERAL RULE.—Chapter 38 of the Internal Revenue Code of 1954 is amended by adding after subchapter C the following new subchapter:

"SUBCHAPTER D—TAX ON CERTAIN IMPORTED SUBSTANCES

"Sec. 4677. Imposition of tax.

"Sec. 4678. Definitions and special rules.

"SEC. 4677. IMPOSITION OF TAX.

"(a) GENERAL RULE.—There is hereby imposed a tax on any taxable substance sold or used by the importer thereof.

"(b) AMOUNT OF TAX.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the amount of the tax imposed by subsection (a) with respect to any taxable substance shall be the amount of

the tax which would have been imposed by section 4661 on the taxable chemicals or petroleum used as materials or process fuel in the manufacture or production of such substance if such taxable chemicals or petroleum had been sold in the United States for use in the manufacture or production of such taxable substance.

"(2) RATE WHERE IMPORTER DOES NOT FURNISH INFORMATION TO SECRETARY.—If the importer does not furnish to the Secretary (at such time and in such manner as the Secretary shall prescribe) sufficient information to determine under paragraph (1) the amount of the tax imposed by subsection (a) on any taxable substance, the amount of the tax imposed on such taxable substance shall be 5 percent of the appraised value of such substance as of the time such substance was entered into the United States for consumption, use, or warehousing.

"(c) EXEMPTIONS FOR SUBSTANCES TAXED UNDER SECTIONS 4611 AND 4661.—No tax shall be imposed by this section on the sale or use of any substance if tax is imposed on such sale or use under section 4611 or 4661.

"(d) TERMINATION.—The taxes imposed by this section shall not apply after September 30, 1990.

"SEC. 4678. DEFINITIONS AND SPECIAL RULES.

"(a) TAXABLE SUBSTANCE.—For purposes of this subchapter—

"(1) IN GENERAL.—The term 'taxable substance' means any substance which, at the time of sale or use by the importer, is listed as a taxable substance by the Secretary for purposes of this subchapter.

"(2) DETERMINATION OF SUBSTANCES ON LIST.—A substance shall be listed under paragraph (1) if the Secretary determines, in consultation with the Administrator of the Environmental Protection Agency and the Commissioner of Customs, that such substance generally has more than 50 percent of its value derived (as materials or as process fuel) from taxable chemicals or petroleum (determined on the basis of the predominant method of production).

"(3) MODIFICATIONS TO LIST.—The Secretary may add or remove substances from the list under paragraph (2) as necessary to carry out the purposes of this subchapter.

"(b) OTHER DEFINITIONS.—For purposes of this subchapter—

"(1) IMPORTER.—The term 'importer' means the person entering the taxable substance for consumption, use, or warehousing.

"(2) TAXABLE CHEMICALS; UNITED STATES.—The terms 'taxable chemical' and 'United States' have the respective meanings given such terms by section 4662(a).

"(c) DISPOSITION OF REVENUES FROM PUERTO RICO AND THE VIRGIN ISLANDS.—The provisions of subsections (a)(3) and (b)(3) of section 7652 shall not apply to any tax imposed by section 4677."

(b) CLERICAL AMENDMENT.—The table of subchapters for chapter 38 of such Code is amended by adding after the item relating to subchapter C the following new item:

"SUBCHAPTER D. TAX ON CERTAIN IMPORTED SUBSTANCES."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1987.

SEC. 417. IMPOSITION OF SUPERFUND EXCISE TAX.

(a) IN GENERAL.—Chapter 38 of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subchapter:

"SUBCHAPTER E—SUPERFUND SURCHARGE TAX

"Sec. 4685. Imposition of tax.
"Sec. 4686. Definitions and special rules.
"Sec. 4687. Return requirement; taxable period; payment of tax.
"Sec. 4688. Exemptions.
"Sec. 4689. Import-Export neutrality.
"Sec. 4690. Tax to apply only if shortfall in Superfund.

"SEC. 4685. IMPOSITION OF TAX.

"(a) IMPOSITION AND RATE OF TAX.—There is hereby imposed on each taxable person (as defined in section 4686(a)) carrying on one or more trades or businesses (as defined in section 4686(b)) in the United States a tax in respect of such trade or business activities in an amount determined in accordance with the following tables:

"(1) With respect to those trade or business activities conducted by or on behalf of the taxable person that constitute category A activities:

"If the number of employees properly allocable to such trade or business in accordance with subsection (c) is:	The tax is:
Not more than 5	$0
At least 6 but less than 10.	$16.
At least 10 but less than 25.	$35.
At least 25 but less than 250.	$50 plus $50 for each additional increment of 25 employees in excess of 25.
250 or more	$200 plus $200 for each additional increment of 100 employees in excess of 250.

"(2) With respect to those trade or business activities conducted by or on behalf of the taxable person that constitute category B activities:

"If the number of employees properly allocable to such trade or business in accordance with subsection (c) is:	The tax is:
Not more than 5	$0
At least 6 but less than 10.	$3.75
At least 10 but less than 25.	$8.50
At least 25 but less than 250.	$12.50 plus $12.50 for each additional increment of 25 employees in excess of 100.
250 or more	$50 plus $50 for each additional increment of 100 employees in excess of 250.

"(2) With respect to those trade or business activities conducted by or on behalf of the taxable person that constitute category C activities:

"If the number of employees properly allocable to such trade or business in accordance with subsection (c) is:	The tax is:
Not more than 5	$0.
At least 51 but less than 100.	$9.
At least 100 but less than 250.	$13 plus $6.50 for each additional increment of 50 employees in excess of 100.
250 or more	$32.50 plus $13 for each additional increment of 100 employees in excess of 250.

"(4) With respect to those trade or business activities conducted by the taxable person that constitute category D activities:

"If the number of employees properly allocable to such trade or business in accordance with subsection (c) is:	The tax is:
Not more than 50	$0.
At least 51 but less than 100.	$2.50.
At least 100 but less than 250.	$3.50 plus $1.75 for each additional increment of 50 employees in excess of 100.
250 or more	$8.75 plus $3.50 for each additional increment of 100 employees in excess of 250.

Provided, however, That in the case of trade or business activities of a taxable person that otherwise would be exempt from tax under this subsection during the taxable period by reason of the number of employees properly attributable to such trade or business activities under subsection (c), such trade or business activities nevertheless shall be subject to tax under the next succeeding bracket under which tax is imposed under paragraph (1), (2), (3), or (4) (whichever is applicable), if such trade or business activities result in the generation of more than 1000 kilograms per month of hazardous waste (as defined in section 1004 of the Resource Conservation and Recovery Act and the regulations thereunder).

"(b) CATEGORIES OF TAXABLE ACTIVITIES.—For purposes of this chapter—

"(1) CATEGORY A ACTIVITIES.—The term 'category A activities' means those trade or business activities that are subject to classification within Standard Industrial Classification Codes 28 (relating to chemicals and allied products) or 29 (relating to petroleum refining and related industries).

"(2) CATEGORY B ACTIVITIES.—The term 'category B activities' means those trade or business activities that are subject to classification within Standard Industrial Classification Codes 30 (relating to rubber and miscellaneous plastics products), 33 (relating to primary metals industries), or 34 (relating to fabricated metal products, except machinery and transportation equipment).

"(3) CATEGORY C ACTIVITIES.—The term 'category C activities' means those trade or business activities that consist of manufacturing (as defined in section 4001(c)) activities other than those activities described in paragraphs (1) and (2).

"(4) CATEGORY D ACTIVITIES.—The term 'category D activities' means those trade or business activities that consist of the provision of services (as defined in section 4001(d)) to customers, except that services for this purpose shall not include services provided by the taxable person in respect of the sale, repair, or maintenance of products manufactured by the taxpayer in carrying on category A, B, or C activities. Such sales, repair, or maintenance services shall be treated as category A, B, or C activities on the basis of the products to which such services relate.

"(c) DETERMINATION OF NUMBER OF EMPLOYEES AND ALLOCATION AMONG TAXABLE CATEGORIES OF ACTIVITIES.—For purposes of this chapter—

"(1) DETERMINATION OF TAXABLE PERSON'S TOTAL WORK FORCE.—The total number of employees (as defined in section 3306(i)) of the taxable person in respect of all of its trade or business activities shall be determined by dividing the total amounts of wages paid or incurred by the taxable person (as determined under section 3306(b)) by $7,000 (or by such other ceiling

on taxable wages for Federal Unemployment Tax purposes as thereafter may be adopted in section 3306(b) or its successor).

"(2) ALLOCATION OF TOTAL WORK FORCE AMONG TAXABLE PERSON'S BUSINESS ACTIVITIES.—

"(A) DIRECT LABOR.—All direct labor (as defined in section 4686(e)) in respect of trade or business activities of the taxable person is to be allocated among the four categories of taxable activities described in subsection (b) on the basis of the products or services to which such labor is properly attributable under principles similar to those applicable under section 471 (relating to inventoriable costs);

"(B) INDIRECT LABOR.—Indirect labor (as defined in section 4686(f)) in respect of trade or business activities of the taxable person is to be allocated among the four categories of taxable activities described in subsection (b) as follows:

"(i) indirect labor substantially all of which is directly related to, necessary for, and dedicated to particular manufacturing activities, or the provision of particular services, shall be allocated to such manufacturing activities or services,

"(ii) indirect labor other than that described in (i) shall be allocated among the categories of activities described in subsection (b) on the same proportionate basis at the labor described in subparagraph (A) is allocated among such categories.

"(C) GENERAL AND ADMINISTRATIVE LABOR.—All general and administrative labor (as defined in section 4686(f)) in respect of trade or business activities of the taxable person is to be allocated among the four categories of taxable activities described in subsection (b) on the same proportionate basis as the labor described in subparagraph (A) is allocated among such categories.

"SEC. 4686. DEFINITIONS AND SPECIAL RULES.

"For purposes of this subchapter—

"(a) TAXABLE PERSON.—The term 'taxable person' means any corporation (as defined in section 7701(a)(3)) or partnership (as defined in section 7701(a)(2)). For this purpose, all corporations that are members of the same group of controlled corporations (within the meaning of section 1563(a), except that 'more than 50 percent' shall be substituted for 'at least 80 percent' each place it appears in section 1563(a)(1)) shall be treated as a single taxable person.

"(b) TRADE OR BUSINESS.—The term 'trade or business' has the same meaning as under section 162 (relating to the deduction of trade or business expenses). In the case of a taxpayer that is a partnership, the determination of the trade or business activities of the partnership shall be made at the partnership level.

"(c) MANUFACTURING.—The term 'manufacturing' means trade or business activities that are subject to classification within Standard Industrial Classification Codes 1, 2, 7 through 14, 20 through 27, 31, 32, or 35 through 39, and such other activities as the Secretary may designate by regulation.

"(d) SERVICES.—The term 'services' means trade or business activities that are subject to classification within Standard Industrial Classification Codes 15 through 17, 40 through 67, 70, 72, 73, 75, 76, 78, 79, 80, 81, 82, 83, 84, 86, 88, or 89, and such other activities as the Secretary may designate by regulation.

"(e) DIRECT LABOR.—The term 'direct labor' means labor that is incident to and necessary for manufacturing activities, or the provision of services, and the amount of which can be identified or associated with specific products or services.

"(f) INDIRECT LABOR.—The term 'indirect labor' means labor that is associated with and necessary for manufacturng activities, or the provision of services, but which is not directly identifiable in amount with respect to specific products or services.

"(g) GENERAL AND ADMINISTRATIVE LABOR.—The term 'general and administrative labor' means labor that is undertaken in respect of administrative and other similar functions that are incident to and necessary for the taxable person's trade or business activities as a whole, rather than to particular manufacturing or service provision activities.

"(h) UNITED STATES.—The term 'United States', when used in a geographical sense, refers to the fifty States, the District of Columbia, a Commonwealth, and any possessions of the United States.

"(i) SPECIAL RULE.—The classification of particular trade or business activities within the Standard Industrial Classification Codes for purposes of this chapter shall be the classification of such activities that exists as of January 1, 1986. Any subsequent changes in such classification of trade or business activities shall be effective for purposes of this chapter only upon the approval of the Secretary. The determination of the proper classification of particular trade or business activities within the Standard Industrial Classification Codes for purposes of this chapter shall be made by the Secretary.

SEC. 4687. RETURN REQUIREMENT: TAXABLE PERIOD; PAYMENT OF TAX.

"(a) RETURN REQUIREMENT.—

"(1) IN GENERAL.—Except as provided in this subsection, each taxable person shall file a return of the tax imposed by section 4685 for any taxable period not later than the due date (including extensions) under chapter 1 for a taxable year that is the calendar year.

"(2) EXCEPTIONS.—The Secretary may exempt by regulation any taxable person from the requirement in paragraph (1).

"(b) TAXABLE PERIOD.—For purposes of this chapter, the term 'taxable period' means the calendar year.

"(c) PAYMENT OF TAX.—In the case of any taxable person with respect to whom a tax imposed under section 4685 for any taxable period, such person shall make quarterly deposits of the estimated amount of such tax for the next succeeding taxable period.

"(d) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this chapter.

"SEC. 4688. EXEMPTIONS.

"(a) GOVERNMENT ENTITIES.—No tax shall be imposed under section 4685 on the United States, any State or political subdivision thereof, the District of Columbia, a Commonwealth or possession of the United States, or any agency or instrumentality of the foregoing: *Provided, however,* That if any such government entity shall engage in one or more activities during the taxable period that generate more than 1000 kilograms per month of hazardous waste (as defined in section 1004 of the Resource Conservation and Recovery Act and the regulations thereunder), such government entity shall be subject to a fee in an amount equal to the tax that would be imposed under section 4685 if such entity were a taxable person engaging in taxable activities described in section 4001(a)(4).

"(b) CHARITABLE ORGANIZATION.—No tax shall be imposed under section 4685 on any organization that is exempt from tax under chapter 1: *Provided, however,* That if any such organization carries on an unrelated trade or business (within the meaning of section 513) during the taxable period, such organization shall be treated as if it were a taxable person and shall be subject to the tax imposed under section 4685 to the extent of such unrelated trade or business activities.

"SEC. 4689. IMPORT-EXPORT NEUTRALITY.

"(a) EXEMPTION FOR EXPORTS.—

"(1) IN GENERAL.—No tax shall be imposed under section 4685 in respect of trade or business activities of the taxable person that are directly related to the manufacturing of products, or the provision of services, which are to be exported from the United States to locations outside of the United States.

"(2) DETERMINATION OF EXEMPT AMOUNT.—In determining the amount of tax due under section 4001 for the taxable period in respect of category A, B, C, or D activities, the taxable person shall reduce the amount of tax otherwise due in respect of each such category of taxable activities by the amount that is determined as the product of:

"(A) the total amount of tax otherwise due under section 4685 in respect of such category of taxable activities from the taxable person for the taxable period (without regard to this paragraph), multiplied by

("B) a fraction, the numerator of which is the amount of gross receipts derived by the taxable person during the taxable period from the exportation from the United States of products or services attributable to such category of taxable activities, and the denominator of which is the total amount of gross receipts derived by the taxable person during the taxable period from such category of taxable activities.

"(b) IMPORT EQUALIZATION FEE.—

"(1) IN GENERAL.—There is hereby imposed on the importer with respect to the importation into the United States of products and services an import equalization fee in an amount determined under paragraph (2), which shall be imposed in addition to any duty or tariff otherwise imposed on such importation.

"(2) DETERMINATION OF AMOUNT.—In the case of imports of products or services attributable to category A, B, C, or D activities (within the meaning of section 4685 (b)) conducted outside of the United States, the amount of the fee described in paragraph (1) shall be equal to the product of—

"(A) the customs value (or if there is no such customs value, the fair market value of the imported product or service (determined as of the time of importation)), multiplied by

"(B) a fraction (as determined by the Secretary), the numerator of which is the total amount of tax imposed under section 4685 in respect of category A, B, C, or D activities (whichever is applicable) during the preceding calendar year (or such earlier year as the Secretary may designate) and the denominator of which is the total gross value of the products manufactured or the services provided in the United States during such year attributable to category A, B, C, or D activities (whichever is applicable).

"(c) REGULATIONS, ETC.—The Secretary shall publish not less than annually in an appropriate form the information described in subsection (b)(2)(B). The Secretary may promulgate such regulations as he deems necessary to carry out the provisions of this section.

"SEC. 4690. TAX TO APPLY ONLY IF SHORTFALL IN SUPERFUND.

"(a) GENERAL RULE.—

"(1) IN GENERAL.—The tax imposed by this subchapter shall apply only if the Secretary determines under subsection (b) that there will be shortfall in the Superfund.

"(2) PERIOD DURING WHICH TAX APPLIES; TERMINATION OF WASTE-END TAX.—If the Secretary determines under subsection (b) that there will be a shortfall in the Superfund—

"(A) the tax imposed by this subchapter shall apply to taxable periods beginning on or after the applicable commencement date and ending before January 1, 1991, and

"(B) the taxes imposed by subchapter C (relating to hazardous waste management tax) shall not apply during any period during which the tax imposed by this subchapter applies.

"(b) DETERMINATION OF SHORTFALL.—

"(1) IN GENERAL.—Not later than July 1 of 1988 and 1989, the Secretary (in consultation with the Administrator of the Environmental Protection Agency) shall determine whether there will be a shortfall in the Superfund as of the applicable commencement date.

"(2) APPLICABLE COMMENCEMENT DATE.—For purposes of this section, the term 'applicable commencement date' means—

"(A) January 1, 1989, in the case of the determination made not later than July 1, 1988, and

"(B) January 1, 1990, in the case of the determination made not later than July 1, 1989.

"(3) SHORT FALL.—For purposes of paragraph (1), a shortfall in the Superfund is the excess (if any) of—

"(A) the amount the Secretary estimates will be expended from the Hazardous Substance Superfund during the period beginning on November 1, 1985, and ending on September 30, 1990, over

"(B) the sum of—

"(i) the aggregate amount the Secretary estimates will be credited to such Fund during such period (determined without regard to the tax imposed by this subchapter and without regard to any repayable advances), and

"(ii) $100,000,000.

"(c) DETERMINATION OF RATE.—

"(1) IN GENERAL.—Each rate of tax set forth in section 4685 shall be adjusted by a uniform percentage established by the Secretary under paragraph (2).

"(2) DETERMINATION OF PERCENTAGE.—The percentage determined under this paragraph is a percentage which the Secretary estimates will eliminiate the shortfall in the Superfund determined under subsection (b). The percentage determined under the preceding paragraph shall not exceed the percentage which the Secretary estimates will result in $10,000,000 being credited to the Hazardous Substance Superfund."

(b) CLERICAL AMENDMENT.—The table of subchapters for chapter 38 of such Code is amended by adding at the end thereof the following new item:

"Subchapter E. Superfund surcharge tax."

SEC. 518. HAZARDOUS SUBSTANCE SUPERFUND.

(a) IN GENERAL.—Subchapter A of chapter 98 of the Internal Revenue Code of 1954 (relating to establishment of trust funds) is amended by adding after section 9504 the following new section:

"SEC. 9505. HAZARDOUS SUBSTANCE SUPERFUND.

"(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'Hazardous Substance Superfund' (hereinafter in this section referred to as the 'Superfund'), consisting of such amounts as may be—

"(1) appropriated to the Superfund as provided in this section,

"(2) appropriated to the Superfund pursuant to section 518(b) of the Superfund Revenue Act of 1985, or

"(3) credited to the Superfund as provided in section 9602(b).

"(b) TRANSFERS TO SUPERFUND.—There are hereby appropriated to the Superfund amounts equivalent to—

"(1) the taxes received in the Treasury under section 4611, 4661, 4671, 4674, 4677, 4685, or 4689 (relating to environmental taxes),

"(2) amounts recovered on behalf of the Superfund under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (hereinafter in this section referred to as 'CERCLA'),

"(3) all moneys recovered or collected under section 311(b)(6)(B) of the Clean Water Act,

"(4) penalties assessed under title I of CERCLA, and

"(5) punitive damages under section 107(c)(3) of CERCLA.

"(c) EXPENDITURES FROM SUPERFUND.—

"(1) IN GENERAL.—Amounts in the Superfund shall be available, as provided in appropriation Acts, only for purposes of making expenditures—

"(A) to carry out the purposes of paragraphs (1), (2), (4), and (5) of section 111(a) of CERCLA as in effect on the date of the enactment of the Superfund Amendments of 1985, or

"(B) hereafter authorized by a law which authorizes the expenditure out of the Superfund for a general purpose covered by paragraphs (1), (2), (4), and (5) of such section 111(a) (as so in effect).

"(2) EXCEPTION FOR CERTAIN TRANSFERS, ETC. OF HAZARDOUS SUBSTANCES.—Amounts in the Superfund shall not be available for any transfer or disposal which could not be made but for section 118(d) of the Superfund Amendments of 1985, as in effect on the date of the enactment thereof.

"(d) AUTHORITY TO BORROW.—

"(1) IN GENERAL.—There are authorized to be appropriated to the Superfund, as repayable advances, such sums as may be necessary to carry out the purposes of the Superfund.

"(2) REPAYMENT OF ADVANCES.—

"(A) IN GENERAL.—Advances made pursuant to this subsection shall be repaid, and interest on such advances shall be paid, to the general fund of the Treasury when the Secretary determines that moneys are available for such purposes in the Superfund.

"(B) FINAL REPAYMENT.—No advance shall be made to the Superfund after September 30, 1990, and all advances to such Fund shall be repaid on or before such date.

"(C) RATE OF INTEREST.—Interest on advances made pursuant to this subsection shall be at a rate determined by the Secretary of the Treasury (as of the close of the calendar month preceding the month in which the advance is made) to be equal to the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the anticipated period during which the advance will be outstanding and shall be compounded annually.

"(e) LIABILITY OF UNITED STATES LIMITED TO AMOUNT IN TRUST FUND.—

"(1) GENERAL RULE.—Any claim filed against the Superfund may be paid only out of the Superfund.

"(2) COORDINATION WITH OTHER PROVISIONS.—Nothing in CERCLA or the Superfund Amendments of 1985 (or in any amendment made by either of such Acts) shall authorize the payment by the United States Government of any amount with respect to any such claim out of any source other than the Superfund.

"(3) ORDER IN WHICH UNPAID CLAIMS ARE TO BE PAID.—If at any time the Superfund has insufficient funds to pay all of the claims payable out of the Superfund at such time, such claims shall, to the extent permitted under paragraph (1), be paid in full in the order in which they were finally determined."

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, to the Hazardous Substance Superfund for fiscal year—

(1) 1986, $460,000,000,
(2) 1987, $460,000,000,
(3) 1988, $460,000,000,
(4) 1989, $460,000,000, and
(5) 1990, $460,000,000,

plus for each fiscal year an amount equal to so much of the aggregate amount authorized to be appropriated under this subsection (and paragraph (2) of section 221(b) of the Hazardous Substance Response Act of 1980, as in effect before its repeal) as has not been appropriated before the beginning of the fiscal year involved.

(c) CONFORMING AMENDMENTS.—

(1) Subtitle B of the Hazardous Substance Response Revenue Act of 1980 (relating to establishment of Hazardous Substance Response Trust Fund) is hereby repealed.

(2) Paragraph (11) of section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 is amended to read as follows:

"(11) 'Fund' or 'Trust Fund' means the Hazardous Substance Superfund established by section 9505 of the Internal Revenue Code of 1954;".

(d) CLERICAL AMENDMENT.—The table of sections for subchapter A of chapter 98 of such Code is amended by adding after the item relating to section 9504 the following new item:

"Sec. 9505. Hazardous Substance Superfund."

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on November 1, 1985.

(2) SUPERFUND TREATED AS CONTINUATION OF OLD TRUST FUND.—The Hazardous Substance Superfund established by the amendments made by this section shall be treated for all purposes of law as a continuation of the Hazardous Substance Response Trust Fund established by section 221 of the Hazardous Substance Response Revenue Act of 1980. Any reference in any law to the Hazardous Substance Response Trust Fund established by such section 221 shall be deemed to include (wherever appropriate) a reference to the Hazardous Substance Superfund established by the amendments made by this section.

PART II—LEAKING UNDERGROUND STORAGE TANK TRUST FUND AND ITS REVENUE SOURCES

SEC. 521. ADDITIONAL TAXES ON GASOLINE, DIESEL FUEL, SPECIAL MOTOR FUELS, FUELS USED IN AVIATION, AND FUELS USED IN COMMERCIAL TRANSPORTATION ON INLAND WATERWAYS.

(a) GENERAL RULE.—

(1) GASOLINE.—Section 4081 of the Internal Revenue Code of 1954 (relating to imposition of tax on gasoline) is amended by striking out subsections (a) and (b) and inserting in lieu thereof the following:

"(a) TAX TO FUND HIGHWAY PROGRAM.—

"(1) IN GENERAL.—There is hereby imposed on gasoline sold by the producer or importer thereof, or by any producer of gasoline, a tax of 9 cents a gallon.

"(2) TERMINATION.—On and after October 1, 1988, the tax imposed by paragraph (1) shall not apply.

"(b) ADDITIONAL TAX TO FUND LEAKING UNDERGROUND STORAGE TANK TRUST FUND.—

"(1) IN GENERAL.—In addition to the tax imposed by subsection (a), there is hereby imposed on gasoline sold by the producer or importer thereof, or by any producer of gasoline, a tax of 0.2 cents a gallon.

"(2) TERMINATION.—

"(A) IN GENERAL.—The tax imposed by paragraph (1) shall not apply after the earlier of—

"(i) September 30, 1990, or

"(ii) the last day of the termination month.

"(B) TERMINATION MONTH.—For purposes of subparagraph (A), the termination month is the 1st month as of the close of which the Secretary estimates that the net revenues from the taxes imposed by paragraph (1) and section 4041(d) are at least $850,000,000.

"(C) NET REVENUES.—For purposes of subparagraph (B), the term 'net revenues' means the excess of gross revenues over amounts payable by reason of section 9506(c)(2) (relating to transfer from Leaking Underground Storage Tank Trust Fund for certain repayments and credits)."

(2) DIESEL AND SPECIAL MOTOR FUELS; FUELS USED IN AVIATION.—Section 4041 of such Code (relating to tax on special fuels) is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"(d) ADDITIONAL TAXES TO FUND LEAKING UNDERGROUND STORAGE TANK TRUST FUND.—

"(1) LIQUIDS OTHER THAN GASOLINE USED IN MOTOR VEHICLES, MOTORBOATS, OR TRAINS.—In addition to the taxes imposed by subsection (a), there is hereby imposed a tax of 0.2 cents a gallon on benzol, benzene, naphtha, liquefied petroleum gas, casing head and natural gasoline, or any other liquid (other than kerosene, gas oil, or fuel oil, or any product taxable under section 4081)—

"(A) sold by any person to an owner, lessee, or other operator of a motor vehicle, motorboat, or train for use as a fuel in such motor vehicle, motorboat, or train, or

"(B) used by any person as a fuel in a motor vehicle, motorboat, or train unless there was a taxable sale of such liquid under subparagraph (A).

"(2) LIQUIDS USED IN AVIATION.—In addition to the taxes imposed by subsection (c) and section 4081, there is hereby imposed a tax of 0.2 cents a gallon on any liquid—

"(A) sold by any person to an owner, lessee, or other operator of an aircraft for use as a fuel in such aircraft, or

"(B) used by any person as a fuel in an aircraft unless there was a taxable sale of such liquid under subparagraph (A).

The tax imposed by this paragraph shall not apply to any product taxable under section 4081 which is used as a fuel in an aircraft other than in noncommercial aviation.

"(3) TERMINATION.—The taxes imposed by this subsection shall not apply during any period during which no tax is imposed by section 4081(b)."

(3) FUEL USED IN COMMERCIAL TRANSPORTATION ON INLAND WATERWAYS.—Subsection (b) of section 4042 of such Code (relating to amount of tax on fuel used in commercial transportation on inland waterways) is amended to read as follows:

"(b) AMOUNT OF TAX.—

"(1) IN GENERAL.—The rate of the tax imposed by subsection (a) is the sum of—

"(A) the Inland Waterways Trust Fund financing rate, and

"(B) the Leaking Underground Storage Tank Trust Fund financing rate.

"(2) RATES.—For purposes of paragraph (1)—

"(A) the Inland Waterways Trust Fund financing rate is 10 cents a gallon, and

"(B) the Leaking Underground Storage Tank Trust Fund financing rate is 0.2 cents a gallon.

"(3) EXCEPTION FOR FUEL TAXED UNDER SECTION 4041(d).—The Leaking Underground Storage Tank Trust Fund financing rate under paragraph (2)(B) shall not apply to the use of any fuel if tax under section 4041(d) was imposed on the sale of such fuel or is imposed on such use.

"(4) TERMINATION OF LEAKING UNDERGROUND STORAGE TANK TRUST FUND FINANCING RATE.—The Leaking Underground Storage Tank Trust Fund financing rate under paragraph (2)(B) shall not apply during any period during which no tax is imposed by section 4081(b)."

(b) ADDITIONAL TAXES NOT TRANSFERRED TO HIGHWAY TRUST FUND, AIRPORT AND AIRWAY TRUST FUND, AND INLAND WATERWAYS TRUST FUND.—

(1) HIGHWAY TRUST FUND.—

(A) IN GENERAL.—Subsection (b) of section 9503 of such Code (relating to transfer to Highway Trust Fund of amounts equivalent to certain taxes) is amended by adding at the end thereof the following new paragraph:

"(4) CERTAIN ADDITIONAL TAXES NOT TRANSFERRED TO HIGHWAY TRUST FUND.—For purposes of paragraphs (1) and (2), the taxes imposed by sections 4041(d) and 4081(b) shall not be taken into account."

(B) CONFORMING AMENDMENT.—Subparagraph (D) of section 9503(c)(4) of such Code (defining motorboat fuel taxes) is amended by striking out "section 4081" and inserting in lieu thereof "section 4081(a)".

(2) AIRPORT AND AIRWAY TRUST FUND.—Subsection (b) of section 9502 of such Code (relating to transfer to Airport and Airway Trust Fund of amounts equivalent to certain taxes) is amended—

(A) by striking out "subsections (c) and (d) of section 4041" in paragraph (1) and inserting in lieu thereof "subsections (c) and (e) of section 4041", and

(B) by striking out "section 4081" in paragraph (2) and inserting in lieu thereof "section 4081(a)".

(3) INLAND WATERWAYS TRUST FUND.—Paragraph (1) of section 203(b) of the Inland Waterways Revenue Act of 1978 is amended by adding at the end thereof the following new sentence: "The preceding sentence shall apply only to so much of such taxes as are attributable to the Inland Waterways Trust Fund financing rate under section 4042(b)."

(c) REPAYMENTS FOR GASOLINE USED ON FARMS, ETC.—

(1) GASOLINE USED ON FARMS.—Subsection (h) of section 6420 of such Code (relating to termination) is amended by striking out "This section" and inserting in lieu thereof "Except with respect to taxes imposed by section 4081(b), this section".

(2) GASOLINE USED FOR CERTAIN NONHIGHWAY PURPOSES OR BY LOCAL TRANSIT SYSTEMS.—

(A) TERMINATION NOT TO APPLY TO ADDITIONAL 0.2 CENT TAX.—Subsection (h) of section 6421 of such Code (relating to effective date) is amended by striking out "This section" and inserting in lieu thereof "Except with respect to taxes imposed by section 4081(b), this section".

(B) REPAYMENT OF ADDITIONAL TAX FOR OFF-HIGHWAY BUSINESS USE TO APPLY ONLY TO CERTAIN VESSELS.—Subsection (e) of section 6421 of such Code is amended by adding at the end thereof the following new paragraph:

"(4) SECTION NOT TO APPLY TO CERTAIN OFF-HIGHWAY BUSINESS USES WITH RESPECT TO THE TAX IMPOSED BY SECTION 4081(b).—This section shall not apply with respect to the tax imposed by section 4081(b) on gasoline used in any off-highway business use other than use in a vessel employed in the fisheries or in the whaling business."

(3) FUELS USED FOR NONTAXABLE PURPOSES.—

(A) Subsection (m) of section 6427 of such Code (relating to termination) is amended by striking out "Subsections" and inserting in lieu thereof "Except with respect to taxes imposed by sections 4041(d) and 4081(b), subsections".

(B) Section 6427 of such Code is amended by redesignating subsection (n) as subsection (o) and by inserting after subsection (m) the following new subsection:

"(n) PAYMENTS FOR TAXES IMPOSED BY SECTION 4041(d).—For purposes of subsections (a), (b), and (c), the taxes imposed by section 4041(d) shall be treated as imposed by section 4041(a)."

(C) Paragraph (1) of section 6427(f) of such Code (relating to gasoline used to produce certain alcohol fuels) is amended by striking out "section 4081" and inserting in lieu thereof "section 4081(a)".

(d) CONTINUATION OF CERTAIN EXEMPTIONS FROM ADDITIONAL TAXES, ETC.—

(1) Subsection (b) of section 4041 of such Code (relating to exemption for off-highway business use; exemption for qualified methanol and ethanol fuel) is amended by adding at the end thereof the following new paragraph:

"(3) COORDINATION WITH TAXES IMPOSED BY SUBSECTION (d).—

"(A) IN GENERAL.—Except as otherwise provided in this paragraph, rules similar to the rules of paragraphs (1) and (2) shall apply with respect to the taxes imposed by subsection (d).

"(B) LIMITATION ON EXEMPTION FOR OFF-HIGHWAY BUSINESS USE.—For purposes of subparagraph (A), paragraph (1) shall apply only with respect to off-highway business use in a vessel employed in the fisheries or in the whaling business.

"(C) TERMINATION NOT TO APPLY.—Subparagraph (C) of paragraph (2) shall not apply with respect to the taxes imposed by subsection (d)."

(2) Paragraph (3) of section 4041(f) of such Code (relating to exemption for farm use) is amended by striking out "On and after" and inserting in lieu thereof "Except with respect to the taxes imposed by subsection (d), on and after".

(3) The last sentence of section 4041(g) of such Code (relating to other exemptions) is amended by striking out "Paragraphs" and inserting in lieu thereof "Except with respect to the taxes imposed by subsection (d), paragraphs".

(4) The last sentence of section 4221(a) of such Code (relating to certain tax-free sales) is amended by striking out "4081" and inserting in lieu thereof "4081(a)".

(5) Paragraph (2) of section 6416(b) of such Code is amended by inserting "or under paragraph (1)(A) or (2)(A) of section 4041(d)" after "section 4041(a)".

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on November 1, 1985.

SEC. 522. LEAKING UNDERGROUND STORAGE TANK TRUST FUND.

(a) IN GENERAL.—Subchapter A of chapter 98 of the Internal Revenue Code of 1954 (relating to establishment of trust funds) is amended by adding after section 9505 the following new section:

"SEC. 9506. LEAKING UNDERGROUND STORAGE TANK TRUST FUND.

"(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'Leaking Underground Storage Tank Trust Fund', consisting of such amounts as may be appropriated or credited to such Trust Fund as provided in this section or section 9602(b).

"(b) TRANSFERS TO TRUST FUND.—There are hereby appropriated to the Leaking Underground Storage Tank Trust Fund amounts equivalent to—

"(1) taxes received in the Treasury under sections 4041(d) and 4081(b) (relating to additional taxes on motor fuels and gasoline),

"(2) taxes received in the Treasury under section 4042 to the extent attributable to the Leaking Underground Storage Tank Trust Fund financing rate under section 4042(b), and

"(3) amounts collected under section 9003(h)(6) of the Solid Waste Disposal Act.

"(c) EXPENDITURES.—

"(1) IN GENERAL.—Except as provided in paragraph (2), amounts in the Leaking Underground Storage Tank Trust Fund shall be available, as provided in appropriation Acts, only for purposes of making expenditures to carry out section 9003(h) of the Solid Waste Disposal Act as in effect on the date of the enactment of the Superfund Amendments of 1985.

"(2) TRANSFERS FROM TRUST FUND FOR CERTAIN REPAYMENTS AND CREDITS.—

"(A) IN GENERAL.—The Secretary shall pay from time to time from the Leaking Underground Storage Tank Trust Fund into the general fund of the Treasury amounts equivalent to—

"(i) amounts paid under—

"(I) section 6420 (relating to amounts paid in respect of gasoline used on farms),

"(II) section 6421 (relating to amounts paid in respect of gasoline used for certain nonhighway purposes or by local transit systems), and

"(III) section 6427 (relating to fuels not used for taxable purposes), and

"(ii) credits allowed under section 34,

with respect to the taxes imposed by sections 4041(d) and 4081(b).

"(B) TRANSFERS BASED ON ESTIMATES.—Transfers under subparagraph (A) shall be made on the basis of estimates by the Secretary, and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

"(d) LIABILITY OF THE UNITED STATES LIMITED TO AMOUNT IN TRUST FUND.—

"(1) GENERAL RULE.—Any claim filed against the Leaking Underground Storage Tank Trust Fund may be paid only out of such Trust Fund.

"(2) COORDINATION WITH OTHER PROVISIONS.—Nothing in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 or the Superfund Amendments of 1985 (or in any amendment made by either of such Acts) shall authorize the payment by the United States Government of any amount with respect to any such claim out of any source other than the Leaking Underground Storage Tank Trust Fund.

"(3) ORDER IN WHICH UNPAID CLAIMS ARE TO BE PAID.—If at any time the Leaking Underground Storage Tank Trust Fund has insufficient funds to pay all of the claims out of such Trust Fund at such time, such claims shall, to the extent permitted under paragraph (1), be paid in full in the order in which they were finally determined."

(b) CLERICAL AMENDMENT.—The table of sections for subchapter A of chapter 98 of such Code is amended by adding after the item relating to section 9505 the following new item:

"Sec. 9506. Leaking Underground Storage Tank Trust Fund."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on November 1, 1985.

PART III—OIL SPILL LIABILITY TRUST FUND AND ITS REVENUE SOURCES

SEC. 531. INCREASE IN ENVIRONMENTAL TAX ON PETROLEUM.

(a) IN GENERAL.—Subsections (a) and (b) of section 4611 of the Internal Revenue Code of 1954 (relating to environmental tax on petroleum), as amended by section 511 of this Act, are each amended by striking out "of 3.85 cents a barrel" and inserting in lieu thereof "at the rate specified in subsection (c)".

(b) INCREASE IN TAX.—Section 4611 of such Code is amended by redesignating subsections (c) and (d) as subsections (d) and (e), respectively, and by inserting after subsection (b) the following new subsection:

"(c) RATE OF TAX.—

"(1) IN GENERAL.—The rate of the taxes imposed by this section is the sum of—

"(A) the Hazardous Substance Superfund financing rate, and

"(B) the Oil Spill Liability Trust Fund financing rate.

"(2) RATES.—For purposes of paragraph (1)—

"(A) the Hazardous Substance Superfund financing rate is 4 cents (4.6 cents for 1989 and 1990) a barrel, and

"(B) the Oil Spill Liability Trust Fund financing rate is 1.3 cents a barrel."

(c) CREDIT AGAINST PORTION OF TAX ATTRIBUTABLE TO OIL SPILL RATE.—Section 4612 of such Code (relating to definitions and special rules) is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) CREDIT AGAINST PORTION OF TAX ATTRIBUTABLE TO OIL SPILL RATE.—There shall be allowed as a credit against so much of the tax imposed by section 4611 as is attributable to the oil spill rate for any period the excess of the aggregate amount paid by the taxpayer into the Deepwater Port Liability Trust Fund and the Offshore Oil Pollution Compensation Fund over the amount of such payments taken into account under this subsection for all prior periods."

(d) CONFORMING AMENDMENTS.—

(1) Subsection (e) of section 4611 of such Code (relating to application of taxes), as redesignated by subsection (b), is amended to read as follows:

"(e) APPLICATION OF TAXES.—

"(1) SUPERFUND RATE.—The Hazardous Substance Superfund financing rate under subsection (c) shall apply after October 31, 1985, and before October 1, 1990.

"(2) OIL SPILL RATE.—The Oil Spill Liability Trust Fund financing rate under subsection (c) shall apply after December 31, 1985, and before October 1, 1990."

(2) Subsection (d) of section 4661 of such Code (relating to termination of tax on certain chemicals) is amended to read as follows:

"(d) APPLICATION OF TAXES.—The tax imposed by this section shall apply after October 31, 1985, and before October 1, 1990."

(3) Subsection (b) of section 9505 of such Code (relating to transfers to Superfund) is amended by adding at the end thereof the following:

"In the case of the tax imposed by section 4611, paragraph (1) shall apply only to so much of such tax as is attributable to the Superfund financing rate under section 4611(c)."

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1986.

SEC. 532. OIL SPILL LIABILITY TRUST FUND.

(a) IN GENERAL.—Subchapter A of chapter 98 of the Internal Revenue Code of 1954 (relating to establishment of trust funds) is amended by adding after section 9506 the following new section:

"SEC. 9507. OIL SPILL LIABILITY TRUST FUND.

"(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'Oil Spill Liability Trust Fund', consisting of such amounts as may be appropriated or credited to such Trust Fund as provided in this section or section 9602(b).

"(b) TRANSFERS TO TRUST FUND.—There are hereby appropriated to the Oil Spill Liability Trust Fund amounts equivalent to—

"(1) taxes received in the Treasury under section 4611 (relating to environmental tax on petroleum) to the extent attributable to the Oil Spill Liability Trust Fund financing rate under section 4611(c),

"(2) amounts recovered, collected, or received under subtitle A of the Comprehensive Oil Pollution Liability and Compensation Act,

"(3) amounts remaining on the date of the enactment of this section in the Deep Water Port Liability Fund established by section 18(f) of the Deep Water Port Act of 1974, and

"(4) amounts remaining on the date of the enactment of this section in the Offshore Oil Pollution Compensation Fund established under section 302 of the Outer Continental Shelf Lands Act Amendments of 1978.

"(c) EXPENDITURES.—

"(1) GENERAL EXPENDITURE PURPOSES.—

"(A) IN GENERAL.—Amounts in the Oil Spill Liability Trust Fund shall be available, as provided in appropriation Acts, only for purposes of making expenditures for—

"(i) the payment of removal costs described in section 401(24)(A) of the Comprehensive Oil Pollution Liability and Compensation Act,

"(ii) the payment of claims under the Comprehensive Oil Pollution Liability and Compensation Act for damage which is not otherwise compensated,

"(iii) carrying out subsections (c), (d), (i), and (l) of section 311 of the Federal Water

Pollution Control Act with respect to any discharge of oil (as defined in such section),

"(iv) carrying out section 5 of the Intervention on the High Seas Act relating to oil pollution or the substantial threat of oil pollution,

"(v) the payment of all expenses of administration incurred by the Federal Government under the Comprehensive Oil Pollution Liability and Compensation Act, and

"(vi) the payment of contributions to the International Fund under section 464 of such Act.

"(B) SPECIAL RULES.—

"(i) PAYMENTS TO GOVERNMENTS ONLY FOR REMOVAL COSTS.—Amounts shall be available under subparagraph (A) for payments to any government only for removal costs and administrative expenses related to removal costs.

"(ii) RESTRICTIONS ON CONTRIBUTIONS TO INTERNATIONAL FUND.—Under regulations prescribed by the Secretary, amounts shall be available under subparagraph (A) with respect to any contribution to the International Fund only in proportion to the portion of such fund used for a purpose for which amounts may be paid from the Oil Spill Liability Trust Fund.

"(iii) REFERENCES TO OTHER ACTS.—Any reference in any clause of subparagraph (A) to any Act shall be treated as a reference to such Act as in effect on the date of the enactment of this section.

"(2) LIMITATIONS ON EXPENDITURES.—

"(A) $200,000,000 PER INCIDENT.—The maximum amount which may be paid from the Oil Spill Liability Trust Fund with respect to any single incident shall not exceed $200,000,000.

"(B) $30,000,000 MINIMUM BALANCE.—Except in the case of payments described in paragraph (1)(A), a payment may be made from such Trust Fund only if the amount in such Trust Fund after such payment will not be less than $30,000,000.

"(d) AUTHORITY TO BORROW.—

"(1) IN GENERAL.—There are authorized to be appropriated to the Oil Spill Liability Trust Fund, as repayable advances, such sums as may be necessary to carry out the purposes of such Trust Fund.

"(2) LIMITATION ON AMOUNT OUTSTANDING.—The maximum aggregate amount of repayable advances to the Oil Spill Liability Trust Fund which is outstanding at any one time shall not exceed $300,000,000.

"(3) REPAYMENT OF ADVANCES.—Rules similar to the rules of paragraph (2) of section 9505(d) shall apply for purposes of this subsection.

"(e) LIABILITY OF THE UNITED STATES LIMITED TO AMOUNT IN TRUST FUND.—

"(1) GENERAL RULE.—Any claim filed against the Oil Spill Liability Trust Fund may be paid only out of such Trust Fund.

"(2) COORDINATION WITH OTHER PROVISIONS.—Nothing in the Comprehensive Oil Pollution Liability and Compensation Act or the Superfund Amendments of 1985 (or in any amendment made by either of such Acts) shall authorize the payment by the United States Government of any amount with respect to any such claim out of any source other than the Oil Spill Liability Trust Fund.

"(f) ORDER IN WHICH UNPAID CLAIMS ARE TO BE PAID.—If at any time the Oil Spill Liability Trust Fund has insufficient funds (or is unable by reason of subsection (c)(2)) to pay all of the claims out of such Trust Fund at such time, such claims shall, to the extent permitted under such subsections, be paid in full in the order in which they were finally determined."

(b) CLERICAL AMENDMENT.—The table of sections for subchapter A of chapter 98 of such Code is amended by adding after the item relating to section 9506 the following new item:

"Sec. 9507. Oil Spill Liability Trust Fund."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1986.

PART IV—STUDIES

SEC. 541. STUDY OF IMPACT OF WASTE MANAGEMENT TAX ON DOMESTIC MANUFACTURERS.

(a) GENERAL RULE.—The Secretary of the Treasury or his delegate shall conduct a study on the effects of the tax imposed by section 4671 of the Internal Revenue Code of 1954 on the ability of domestic manufacturers to compete in international trade.

(b) REPORT.—Not later than July 1, 1986, the Secretary of the Treasury shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the study conducted under subsection (a). Such report shall include recommendations to minimize the trade impact of such tax and there shall be considered, in making such recommendations, a waste management tax export credit, an import equalization fee, and a maximum amount of tax with respect to hazardous waste generated by economically distressed industries.

SEC. 542. STUDY OF LEAD POISONING.

(a) IN GENERAL.—The Administrator of the Agency for Toxic Substances and Disease Registry shall, in consultation with the Administrator of the Environmental Protection Agency and other officials as appropriate, not later than March 1, 1986, submit to the Committee on Environment and Public Works, and the Committee on Finance, of the Senate and the Committee on Energy and Commerce, and the Committee on Ways and Means, of the House of Representatives, a report on the nature and extent of lead poisoning in children from environmental sources. Such report shall include, at a minimum, the following information:

(1) an estimate of the total number of children, arrayed according to Standard Metropolitan Statistical Area or other appropriate geographic unit, exposed to environmental sources of lead at concentrations sufficient to cause adverse health effects;

(2) an estimate of the total number of children exposed to environmental sources of lead arrayed according to source or source types;

(3) a statement of the long term consequences for public health of unabated exposures to environmental sources of lead, including (but not limited to) diminution in intelligence and increases in morbidity and mortality; and

(4) methods and alternatives available for reducing exposures of children to environmental sources of lead.

(b) EVALUATION OF SPECIFIC SITES.—Such report shall also score and evaluate specific sites at which children are known to be exposed to environmental sources of lead due to releases, utilizing the Hazard Ranking system of the National Priorities List.

(c) AUTHORIZATION FROM SUPERFUND.—There are authorized to be appropriated from the Hazardous Substance Superfund such sums as may be necessary to prepare and submit the report required by this section.

PART V—COORDINATION WITH OTHER PROVISIONS OF THIS ACT

SEC. 551. COORDINATION.

(a) IN GENERAL.—Notwithstanding any provision of this Act not contained in this title, any provision of this Act (not contained in this title) which—

(1) imposes any tax, premium, or fee,

(2) establishes any trust fund, or

(3) authorizes amounts to be expended from any trust fund which are not also authorized by this title,

shall have no force or effect.

(b) EXCEPTION FOR PAYMENTS FROM TRANS-ALASKA PIPELINE LIABILITY FUND.—Subsection (a) shall not apply to amounts rebated to owners of oil in accordance with section 442(a) of the Comprehensive Oil Pollution Liability and Compensation Act.

In the table of contents of the bill, strike out the items relating to title V and insert in lieu thereof the following:

Title V—Amendments of the Internal Revenue Code of 1954

Sec. 501. Short title.

PART I—SUPERFUND AND ITS REVENUE SOURCES

Sec. 511. Extension of environmental taxes.
Sec. 512. Increase in tax on petroleum.
Sec. 513. Increase in tax on certain chemicals.
Sec. 514. Repeal of post-closure tax and trust fund.
Sec. 515. Waste management tax.
Sec. 516. Tax on certain imported substances derived from taxable chemicals.
Sec. 517. Imposition of superfund excise tax.
Sec. 518. Hazardous Substance Superfund.

PART II—LEAKING UNDERGROUND STORAGE TANK TRUST FUND AND ITS REVENUE SOURCES

Sec. 521. Additional taxes on gasoline, diesel fuel, special motor fuels, fuels used in aviation, and fuels used in commercial transportation on inland waterways.
Sec. 522. Leaking Underground Storage Tank Trust Fund.

PART III—OIL SPILL LIABILITY TRUST FUND AND ITS REVENUE SOURCES

Sec. 531. Increase in environmental tax on petroleum.
Sec. 532. Oil Spill Liability Trust Fund.

PART IV—STUDIES

Sec. 541. Study of impact of waste management tax on domestic manufacturers.
Sec. 542. Study of lead poisoning.

PART V—COORDINATION WITH OTHER PROVISIONS OF THIS ACT

Sec. 551. Coordination.

By Mr. FRANK:

—Section 107(b) is amended as follows:

(1) After "(b)" insert "(1)" and reletter accordingly.

(2) Insert the following new subsection:

"(2) There shall be no liability under subsection (a)(1) of this section for a person otherwise liable who can establish by preponderance of the evidence that he—

(A) is the owner of the real property on or in which the facility is located;

(B) did not conduct or permit the generation, transportation, storage, treatment or disposal of any hazardous substance at the facility, the release or threatened release of which causes the incurrence of a response cost;

(C) did not contribute to the release or threat of release of a hazardous substance at the facility through any act or omission; and

(D) did not acquire the property with actual or constructive knowledge that the property was used prior to the acquisition for the generation, transportation, storage, treatment or disposal of any hazardous waste."

(As reported by the Committee on Energy and Commerce.)

—On page 114, line 13, strike out "(3)" and insert "(4)" in lieu thereof.

On page 114, after line 12, insert:

"(3) With repect to any person that the Administator requires to transport and dispose of hazardous substances offsite as part of a remedial action, the Administrator may provide a covenant not to sue regarding future liability at the site of disposal, if—

"(A) the conditions of paragraph (1) are met; and

"(B) the disposition is in a facility that is, at the time of said disposal, in compliance with all applicable requirements of the Solid Waste Disposal Act and the regulations promulgated thereunder.".

By Mr. KANJORSKI:

(As reported by the Committee on Energy and Commerce.)

—Page 34, line 25, strike out the quotation marks and last period, and add the following after line 25:

"(d) AWARDS.—The Administrator of the Environmental Protection Agency may pay an award of up to $10,000 to any individual who provides information leading to the arrest and conviction of any person for a violation subject to a criminal penalty under this Act, including any violation under section 103 and under this section. The Administrator shall by regulation prescribe criteria for such an award and may pay any award under this subsection from the Fund, as provided in section 111.

Page 42, after line 13, add the following new subsection:

(j) AWARDS.—Section 111(c) of CERCLA is further amended by striking out "and" at the end of paragraph (8) (as added by subsection (c) of this section), by striking out the period at the end of paragraph (9) and substituting "; and", and by adding the following new paragraph at the end thereof:

"(10) the costs of any awards granted under section 109(d).".

By Mr. RAHALL:

(As reported by the Committee on Ways and Means.)

—Section 417 is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) Any amount for which a taxpayer would but for this sentence be liable under subchapter E of chapter 38 (relating to superfund excise tax) shall be reduced by amounts paid by the taxpayer after the effective date of this section under title IV of the Surface Mining Control and Reclamation Act of 1977 (P.L. 95-87) and not previously taken into account under this sentence."

(As reported by the Committee on Ways and Means.)

—Section 413(d) is amended by striking out paragraph (1).

By Mr. WRIGHT:

(Amendment in the nature of a substitute (text of H.R. 3852).)

—Strike out all after the enacting clause of H.R. 2817 and insert the following:

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

This Act may be cited as the "Superfund Amendments of 1985".

TABLE OF CONTENTS

Sec. 1. Short title and table of contents.
Sec. 2. CERCLA and Administrator.
Sec. 3. Limitation on contract and borrowing authority.

TITLE I—PROVISIONS RELATING PRIMARILY TO RESPONSE AND LIABILITY

Sec. 101. Amendments to CERCLA definitions.
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Sec. 108. Financial responsibility.
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Sec. 113. Litigation, jurisdiction, and venue.
Sec. 114. Relationship to other law.
Sec. 115. Delegation of functions.
Sec. 116. Public health assessment and protection authorities.
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Sec. 119. Response action contractors.
Sec. 120. Federal facilities.
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Sec. 122. Settlements.
Sec. 123. Reimbursement to local governments.
Sec. 124. Landfill gas operators.
Sec. 125. Section 3001(b)(3)(A)(i) waste.
Sec. 126. Worker protection standards.
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TITLE II—MISCELLANEOUS PROVISIONS

Sec. 201. Post closure.
Sec. 202. Transportation of hazardous materials.
Sec. 203. State procedural reform.
Sec. 204. Conforming amendment to funding provisions.
Sec. 205. Cleanup of petroleum from leaking underground storage tanks.
Sec. 206. Citizens suits.
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Sec. 421. Marine Oil Pollution Compensation Fund.
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TITLE V—AMENDMENTS OF THE INTERNAL REVENUE CODE OF 1954

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Sec. 511. Extension of environmental taxes.
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PART II—LEAKING UNDERGROUND STORAGE TANK TRUST FUND AND ITS REVENUE SOURCES
Sec. 521. Additional tax on gasoline, diesel fuel, and special motor fuels.
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Sec. 531. Increase in environmental tax on petroleum.
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PART IV—STUDIES
Sec. 551. Study of impact of waste management tax on domestic manufacturers.
Sec. 552. Study of lead poisoning.
PART V—COORDINATION WITH OTHER PROVISIONS OF THIS ACT
Sec. 551. Coordination.

SEC. 2. CERCLA AND ADMINISTRATOR.

As used in this Act—

(1) CERCLA.—The term "CERCLA" refers to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (52 U.S.C. 9601 et seq.).

(2) ADMINISTRATOR.—The term "Administrator" means the Administrator of the Environmental Protection Agency.

SEC. 3. LIMITATION ON CONTRACT AND BORROWING AUTHORITY.

Any authority provided by this Act, including any amendment made by this Act, to enter into contracts to obligate the United States or to incur indebtedness for the repayment of which the United States is liable shall be effective only to such extent or in such amount as are provided in appropriation Acts.

TITLE I—PROVISIONS RELATING PRIMARILY TO RESPONSE AND LIABILITY

SEC. 101. AMENDMENTS TO CERCLA DEFINITIONS.

(a) USE OF TERM "PRESIDENT".—

(1) ADMINISTRATOR.—CERCLA is amended by striking out "President" each place it appears (except in subsections (e)(2) and (f) of section 301 and section 307(b)) and inserting in lieu thereof "Administrator".

(2) DEFINITION.—Section 101(2) of CERCLA (defining the term "Administrator") is amended by inserting before the semicolon at the end thereof the followings: ", except as provided in subsection (b)".

(3) DELEGATIONS OF AUTHORITY.—Section 101 of CERCLA is amended by inserting "(a) IN GENERAL.—" after "101." and by adding at the end thereof the following new subsection:

"(b) USE OF TERM 'ADMINISTRATOR'.—

"(1) DELEGATIONS RETAINED.—Where, before the date of the enactment of the Superfund Amendemts of 1985, any authority under this Act was delegated to the head of any other department, agency, or instrumentality of the United States (or where any such authority has been retained by the President), the term 'Adminstrator' refers to the head of such department, agency, or instrumentality (or to the President in the case of an authority retained by the President).

"(2) EXCEPTION FOR FEDERAL FACILITIES.—Paragraph (1) shall apply to any authority delegated to a department, agency, or instrumentality with respect to any facility owned or operated by that department, agency, or instrumentality. With respect to such facilities, the term 'Administrator' when used in this Act refers to the Administrator of the Environmental Protection Agency.".

(b) RELEASE.—Section 101(22) of CERCLA is amended by inserting after "environment" the following: "(including the abandonment or discarding of barrels, containers, and other closed receptacles containing any hazardous substance or pollutant or contaminant)".

(c) REMEDIAL ACTION.—Section 101(24) of CERCLA (relating to the definition of "remedy" or "remedial action") is amended—

(1) by striking out "welfare. The term does not include offsite transport" and all that follows down through the semicolon at the end of such paragraph and inserting in lieu thereof "welfare; the term includes offsite transport and offsite storage, treatment, destruction, or secure disposition of hazardous substances and associated contaminated materials;"; and

(2) by striking out "or" before "contaminated materials" and inserting in lieu thereof "and associated".

(d) RESPONSE.—Section 101(25) of CERCLA is amended by striking out "and" and by inserting before the semicolon at the end thereof the following: ", and enforcement activities related thereto".

(e) POLLUTANT OR CONTAMINANT.—

(1) DEFINITION.—Section 101 CERCLA is amended by striking out "and" at the end of paragraph (31), by striking out the period at the end of paragraph (32) and inserting in lieu thereof "; and" and by adding the following new paragraph at the end thereof:

"(33) 'pollutant or contaminant' shall include, but not be limited to, any element, substance, compound, or mixture, including disease-causing agents, which after release into the environment and upon exposure, ingestion, inhalation, or assimilation into any organism, either directly from the environment or indirectly by ingestion through food chains, will or may reasonably be anticipated to cause death, disease, behavioral abnormalities, cancer, genetic mutation, physiological malfunctions (including malfunctions in reproduction) or physical deformations, in such organisms or their offspring; except that the term 'pollutant or contaminant' shall not include petroleum, including crude oil or any fraction thereof which is not otherwise specifically listed or designated as a hazardous substance under subparagraphs (A) through (F) of paragraph (14) and shall not include natural gas, liquefied natural gas, or synthetic gas of pipeline quality (or mixtures of natural gas and such synthetic gas).".

(2) CONFORMING AMENDMENT.—Section 104(a) of CERCLA is amended by striking out paragraph (2).

SEC. 102. REPORTABLE QUANTITIES.

Section 102(a) of CERCLA is amended by adding the following new sentence at the end thereof: "The Administrator shall promulgate regulations establishing such reportable quantities for all hazardous substances by December 31, 1986.".

SEC. 103. NOTICES: PENALTIES.

Section 103(b) of CERCLA is amended by striking out "paragraph" in the last sentence and inserting in lieu thereof "subsection" and by adjusting the left hand margin of the text of such subsection following "federally permitted release," the third place it appears so that there is no indentation of such text.

SEC. 104. RESPONSE AUTHORITIES.

(a) PUBLIC HEALTH THREATS.—Section 104(a)(1) of CERCLA is amended by adding the following at the end thereof: "The Administrator shall give primary attention to those releases which he deems may present a public health threat.".

(b) RESPONSE BY POTENTIALLY RESPONSIBLE PERSONS.—Section 104(a)(1) of CERCLA is amended by striking out ", unless the President determines" and all that follows down through "party." and inserting in lieu thereof a period and the following: "When the Administrator determines that such removal and remedial action will be done properly and promptly by the owner or operator of the facility from which the release or threat emanates, or by any other responsible party, the Administrator may allow such owner or operator or party to carry out the removal or remedial action in accordance with section 122. The Administrator may permit the owner or operator of the facility from which the release or threat of release emanates, or any other responsible party, to conduct a remedial investigation to determine the nature and extent of the problem presented by the release or threat of release or a feasibility study of alternatives to remedy the problem presented by the release or threat of release only if the person conducting such investigation or study for the responsible party is qualified to conduct such investigation or study and is approved by the Administrator, if the Administrator enters into a contract with any qualified objective person to oversee and review the conducting of such investigation or study, and if the responsible party agrees to reimburse the Fund for any cost incurred by the Administrator under the oversight contract.".

(c) REMOVAL ACTION.—Section 104(a) of CERCLA is amended by adding at the end the following new paragraph:

"(2) REMOVAL ACTION.—Any removal action undertaken by the Administrator under this subsection (or by any other person referred to in section 122) shall contribute to the efficient performance of any long term remedial action to the maximum extent practicable with respect to the release or threatened release concerned.".

(d) COORDINATING OF INVESTIGATIONS.—Section 104(b) of CERCLA is amended by inserting "(1) after "(b)" and by adding the following new paragraph at the end:

"(2) The Administrator shall promptly notify the appropriate Federal and State natural resource trustees of potential damages to natural resources resulting from releases under investigation pursuant to this section and shall seek to coordinate the assessments, investigations, and planning under this section with such Federal and State trustees."

(e) INITIAL OBLIGATION OF FUND.—

(1) LIMITATION.—Section 104(c)(1) of CERCLA is amended by striking out "$1,000,000" and "six months" and inserting in lieu thereof "$2,000,000" and "12 months", respectively.

(2) CONTINUED RESPONSE.—Section 104(c)(1) of CERCLA is amended by inserting before "obligations" the following: "or (C) continued response action is otherwise appropriate and consistent with the remedial action to be taken,".

(f) FACILITIES OWNED AND OPERATED BY STATES.—

(1) IN GENERAL.—Paragraph (3) of section 14(c) of CERLA is amended—

(A) by striking out "and (C)" and inserting in lieu thereof "(C) the State will assure the availability of hazardous waste treatment or disposal facilities which (i) have adequate capacity for the destruction, treatment, or secure disposition of all hazardous wastes that are reasonably expected to be generated within the State during the 20-year

period following the date of such contract or cooperative agreement and to be disposed of, treated, or destroyed, (ii) are within the State or outside the State in accordance with an interstate agreement or regional agreement or authority, (iii) are acceptable to the Administrator, and (iv) are in compliance with the requirements of subtitle C of the Solid Waste Disposal Act; and (D)"; and

(B) by striking out the last sentence.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) of this subsection shall take effect on the date of the enactment of this Act, except that the amendment made by paragraph (1)(A) shall take effect three years after such date of enactment.

(g) STATE CREDITS.—Section 104(c) of CERCLA is amended by inserting the following new paragraph after paragraph (3) and by redesignating paragraph (4) as paragraph (5):

"(4) STATE CREDITS.—

"(A) GRANTING OF CREDIT.—The Administrator shall grant a State a credit against the share of the costs, for which it is responsible under paragraph (3) with respect to a facility listed on the National Priorities List under the National Contingency Plan, for amounts expended by a State for remedial action at such facility pursuant to a contract or cooperative agreement with the Administrator. The credit under this paragraph shall be limited to those State expenses which the Administrator determines to be reasonable, documented, direct out-of-pocket expenditures of non-Federal funds.

"(B) EXPENSES BEFORE LISTING OR AGREEMENT.—The credit under this paragraph shall include expenses for remedial action at a facility incurred before the listing of the facility on the National Priorities List or before a contract or cooperative agreement is entered into under subsection (d) for the facility if—

"(i) after such expenses are incurred the facility is listed on such list and a contract or cooperative agreement is entered into for the facility, and

"(ii) the Administrator determines that such expenses would have been credited to the State under subparagrpah (A) had the expenditures been made after listing of the facility on such list and after the date on which such contract or cooperative agreement is entered into.

"(C) ADMINISTRATIVE EXPENSES.—The credit under this paragraph shall include amounts expended or obligated by the State or political subdivision for administration of this Act. The Administrator shall promulgate such rules as may be necessary to implement this subparagraph.

"(D) RESPONSE ACTIONS BETWEEN 1978 AND 1980.—The credit under this paragraph shall include funds expended or obligated by the State or a political subdivision thereof after January 1, 1978, and before December 11, 1980, for cost-eligible response actions and claims for damages compensable under section 111.

"(E) STATE EXPENSES AFTER DEC. 11, 1980, IN EXCESS OF 10 PERCENT OF COSTS.—The credit under this paragraph shall include 90 percent of State expenses incurred at a facility owned, but not operated, by such State or by a political subdivision thereof. Such credit applies only to expenses incurred pursuant to a contract or cooperative agreement under subsection (d) and only to expenses incurred after December 11, 1980, but before the date of the enactment of this paragraph.

"(F) ITEM-BY-ITEM APPROVAL.—In the case of expenditures made after the date of the enactment of this paragraph, the Administrator may require prior approval of each item of expenditure as a condition of granting a credit under this paragraph.

"(G) USE OF CREDITS.—Credits granted under this paragraph for funds expended with respect to a facility may be used by the State to reduce all or part of the share of costs otherwise required to be paid by the State under paragraph (3) in connection with remedial actions at such facility. If the amount of funds for which credit is allowed under this paragraph exceeds such share of costs for such facility, the State may use the amount of such excess to reduce all or part of the share of such costs at other facilities in that State. A credit shall not entitle the State to any direct payment.".

(h) CROSS REFERENCE TO CLEANUP STANDARDS.—Section 104(c)(5) of CERCLA, as redesignated by subsection (g) of this section, is amended to read as follows:

"(5) SELECTION OF REMEDIAL ACTION.—The Administrator shall select the remedial actions to carry out this section in accordance with section 121 of this Act (relating to cleanup standards).".

(i) TREATMENT OF CERTAIN ACTIVITIES AS MAINTENANCE OR REMEDIAL ACTION.—Section 104(c) of CERCLA is amended by adding the following new paragraph after paragraph (5):

"(6) OPERATION AND MAINTENANCE.—For the purposes of paragraph (3) of this subsection, in the case of groundwater or surface water contamination, completed remedial action includes the completion of treatment or other measures, whether taken onsite or offsite, necessary to restore groundwater and surface water quality to a level that assures protection of human health and the environment. Activities required to maintain the effectiveness of such measures following the completion of remedial action shall be considered maintenance.".

(j) COOPERATIVE AGREEMENTS WITH STATES.—Section 104(d) of CERCLA is amended by inserting "COOPERATIVE AGREEMENTS WITH STATES.—" after "(d)" and by amending paragraph (1) to read as follows:

"(1) IN GENERAL.—

"(A) STATE APPLICATIONS.—A State or political subdivision thereof may apply to the Administrator to carry out actions authorized in this section. If the Administrator determines that the State or political subdivision has the capability to carry out any or all of such actions in accordance with the criteria and priorities established pursuant to section 105(a)(8) and to carry out related enforcement actions, the Administrator may enter into a contract or cooperative agreement with the State or political subdivision to carry out such actions. The Administrator shall make a determination regarding such an application within 90 days after the Administrator receives the application.

"(B) TERMS AND CONDITIONS.—A contract or cooperative agreement under this paragraph shall be subject to such terms and conditions as the Administrator may prescribe. The contract or cooperative agreement may cover a specific agreement may cover a specific facility or specific facilities.

"(C) REIMBURSEMENTS.—Any State which expended funds during the period beginning September 30, 1985, and ending on the date of the enactment of this subparagraph for response actions at any site included on the National Priorities List and subject to a cooperative agreement under this Act shall be reimbursed for the share of costs of such actions for which the Federal Government is responsible under this Act.".

(k) INFORMATION GATHERING AND ACCESS AUTHORITIES.—Section 104(e) of CERCLA is amended by redesignating paragraph (2) as paragraph (8) and aligning such paragraph with paragraphs (1) through (7) of such section, by inserting "CONFIDENTIALITY OF INFORMATION.—" before "(A) Any records", by striking out paragraph (1), and by striking out "(e)" and inserting in lieu thereof the following:

"(e) INFORMATON GATHERING AND ACCESS.—

"(1) ACTION AUTHORIZED.—Any officer, employee, or representative of the Administrator, duly designated by the Administrator, is authorized to take action under paragraph (2), (3), or (4) (or any combination thereof) at a vessel, facility, establishment, place, property, or location or, in the case of paragraph (3) or (4), at any vessel, facility, establishment, place, property, or location which is adjacent to the facility, establishment, place, property, or location referred to in such paragraph (3) or (4). Any duly designated officer, employee, or representative of a State under a contract or cooperative agreement under subsection (d)(1) is also authorized to take such action. The authority of paragraphs (3) and (4) may be exercised only if there is a reasonable basis to believe there may be a release or threat of release of a hazardous substance or pollutant or contaminant. The authority of this subsection may be exercised only for the purposes of determining the need for response, or choosing or taking any response action under this title, or otherwise enforcing the provisions of this title.

"(2) ACCESS TO INFORMATION.—Any officer, employee, or representative described in paragraph (1) may require any person who has or may have information relevant to any of the following to furnish, upon reasonable notice, information or documents relating to such matter:

"(A) The identification, nature, and quantity of materials which have been or are generated, treated, stored, or disposed of at a vessel or facility or transported to a vessel or facility.

"(B) The nature or extent of a release or threatened release of a hazardous substance or pollutant or contaminant at or from a vessel or facility.

"(C) Information relating to the ability of a person to pay for or to perform a cleanup.

In addition, upon reasonable notice, such person either shall grant any such officer, employee, or representative access at all reasonable times to any vessel, facility, establishment, place, property, or location to inspect or copy all documents or records relating to such matters copy and furnish to the officer, employee, or representative all such documents or records, at the option and expense of such person.

"(3) ENTRY.—Any officer, employee, or representative described in paragraph (1) is authorized to enter at reasonable times any of the following:

"(A) Any vessel, facility, establishment, or other place or property where any hazardous substance or pollutant or contaminant, may be, or has been generated, stored, treated, disposed of, or transported from.

"(B) Any vessel, facility, establishment, or other place or property from which or to which a hazardous substance or pollutant or contaminant has been or may have been released.

"(C) Any vessel, facility, establishment, or other place or property where such release is or may be threatened.

"(D) Any vessel, facility, establishment, or other place or property where entry is needed to determine the need for response or the appropriate response or to effectuate a response action under this title.

"(4) INSPECTION AND SAMPLES.—

"(A) AUTHORITY.—Any officer, employee, or representative described in paragraph (1) is authorized to inspect and obtain samples from any vessel, facility, establishment, or other place or property referred to in paragraph (3) or from any location of any suspected hazardous substance or pollutant or contaminant. Any such officer, employee, or representative is authorized to inspect and obtain samples of any containers or labeling for suspected hazardous substances or pollutant or contaminants. Each such inspection shall be completed with reasonable promptness.

"(B) SAMPLES.—If the officer, employee, or representative obtains any samples, before leaving the premises he shall give to the owner, operator, tenant, or other person in charge of the place from which the samples were obtained a receipt describing the sample obtained and, if requested, a portion of each such sample. A copy of the results of any analysis made of such samples shall be furnished promptly to the owener, operator, tenant, or other person in charge, if such person can be located.

"(5) COMPLIANCE ORDERS.—

"(A) ISSUANCE.—If consent is not granted regarding any request made by an officer, employee, or representative under paragraph (2), (3), or (4), the Administrator may issue an order directing compliance with the request. The order may be issued after such notice and opportunity for consultation as is reasonably appropriate under the circumstances.

"(B) COMPLIANCE.—The Administrator may ask the Attorney General to commence a civil action to compel compliance with a request or order referred to in subparagraph (A). Where there is a reasonable basis to believe there may be a release or threat of a release of a hazardous substance or pollutant or contaminant, the court shall take the following actions:

"(i) In the case of interference with entry or inspection, the court shall enjoin such interference or direct compliance with orders to prohibit interference with entry or inspection.

"(ii) In the case of information or document requests or orders, the court shall enjoin interference with such information or document requests or orders or direct compliance with the requests or orders to provide such information or documents.

The court may assess a civil penalty not to exceed $25,000 for each day of noncompliance against any person who unreasonably fails to comply with the provisions of paragraph (2), (3), or (4) or an order issued pursuant to subparagraph (A) of this paragraph.

"(6) OTHER AUTHORITY.—Nothing in this subsection shall preclude the Administrator from securing access or obtaining information in any other lawful manner.

"(7) CLEARANCE.—Notwithstanding this subsection, entry to locations and access to information property classified to protect the natural security may be granted only to any officer, employee, or representative of the Administrator who is properly cleared.".

(l) REPEAL OF SECTION 104(i).—Section 104(i) of CERCLA is repealed. For related provisions, see section 116 of this Act.

(m) MANDATORY SCHEDULE.—Section 104 of CERCLA is amended by adding the following at the end thereof:

"(i) MANDATORY SCHEDULE.—

"(1) LISTING OF FACILITIES ON NPL.—The Administrator shall list not fewer than 1,600 facilities on the National Priorities List by January 1, 1988.

"(2) COMMENCEMENT OF RIFS.—The Administrator shall ensure commencement of remedial investigations and feasibility studies for all facilities listed on the National Priorities List in accordance with the following schedule:

"(A) 150 facilities during the first 12-month period after the date of the enactment of this subsection.

"(B) 175 facilities during the second 12-month period after such date.

"(C) 200 facilities during each 12-month period thereafter.

"(3) COMMENCEMENT OF REMEDIAL ACTION.—The Administrator shall take such steps as may be necessary to ensure that substantial and continuous physical on-site remedial action commences at facilities on the National Priorities List at a rate of not fewer than—

"(A) 125 facilities during the fiscal year beginning on October 1, 1986;

"(B) 140 facilities during the fiscal year beginning on October 1, 1987;

"(C) 160 facilities during the fiscal year beginning on October 1, 1988; and

"(D) 175 facilities during the fiscal year beginning on October 1, 1989.

"(4) COMPLETION OF PRELIMINARY ASSESSMENTS.—Not later than January 1, 1987, the Administrator shall complete preliminary assessments of all facilities which are listed, as of the date of the enactment of the Superfund Amendments of 1985, on the Comprehensive Environmental Response, Compensation, and Liability Information System list. Each preliminary assessment shall include a statement as to whether a site inspection is necessary and by whom it should be carried out.

"(5) COMPLETION OF SITE INSPECTIONS.—Not later than January 1, 1988, the Administrator shall complete site inspections at all facilities for which the Administrator has stated under paragraph (4) that a site inspection was necessary.

"(6) COMPLETION OF REMEDIAL ACTION AT EXISTING NPL FACILITIES.—The Administrator shall take such steps as may be necessary to ensure that remedial action is completed, to the maximum extent practicable, for all facilities listed on the National Priorities List, as of the date of the enactment of the Superfund Amendments of 1985, within five years after such date of enactment. If remedial action is not completed at such facilities within such five-year period, the Administrator shall publish an explanation of why such remedial action could not be completed within such period.".

(n) ACQUISITION OF PROPERTY.—Section 104 of CERCLA is amended by adding the following new subsection at the end thereof:

"(j) ACQUISITION OF PROPERTY.—

"(1) AUTHORITY.—The Administrator is authorized to acquire, by purchase, lease, condemnation, donation, or otherwise, any real property or any interest in real property that the Administrator in his discretion determines is needed to conduct a remedial action under this Act. There shall be no cause of action to compel the Administrator to acquire any interest in real property under this Act.

"(2) STATE ASSURANCE.—The Administrator may use the authority of paragraph (1) for a remedial action only if, before an interest in real estate is acquired under this subsection, the State in which the interest to be acquired is located assures the Administrator, through a contract or cooperative agreement or otherwise, that the State will accept transfer of the interest following completion of the remedial action.

"(3) EXEMPTION.—No Federal, State, or local government agency shall be liable under this Act solely as a result of acquiring an interest in real estate under this subsection.".

SEC. 105. NATIONAL CONTINGENCY PLAN.

(a) REVISION OF PLAN.—

(1) AMENDMENTS MADE BY THIS ACT.—Not later than 18 months after the enactment of this Act, the Administrator shall revise the National Contingency Plan (NCP) referred to in section 105 of CERCLA in order to reflect the amendments made by this Act.

(2) NEW RESPONSE ACTIONS.—Any provision of the NCP adopted pursuant to any other provision of law which is inconsistent with the requirements of the amendments made by this Act shall not apply to response actions commenced, after the enactment of this Act, under CERCLA.

(3) HAZARD RANKING SYSTEM.—

(A) REVIEW OF HAZARD RANKING SYSTEM.—Not later than 12 months after the enactment of this Act and after publication of notice and opportunity for submission of comments in accordance with section 553 of title 5, United States Code, the Administrator shall commence a proceeding to review the hazard ranking system in effect under the NCP. Such review shall assure, to the maximum extent feasible, that the hazard ranking system appropriately assesses the relative degree of risk to human health and the environment posed by sites and facilities subject to review.

(B) HEALTH ASSESSMENT OF WATER CONTAMINATION RISKS.—In conducting the review under this paragraph, the Administrator shall ensure that the human health risks associated with the contamination or potential contamination of surface water, either directly or as a result of the runoff of any hazardous substance or pollutant or contaminant from sites or facilities subject to review, which are, or can be, used for recreation or potable water consumption, are appropriately assessed. In making the assessment required pursuant to the preceding sentence, the Administrator shall take into account the potential migration of any hazardous substance or pollutant or contaminant through such surface water to downstream sources of drinking water.

(C) COMPARISON WITH PRELIMINARY POLLUTANT LIMIT VALUE SYSTEM.—In conducting the review under this paragraph, the Administrator shall evaluate the preliminary pollutant limit value system used by the Department of Defense to assess the risks of hazardous substances and compare such system with the hazard ranking system. In particular, the Administrator shall study the effectiveness of each system in appropriately assessing the relative degree of risk to human health and the environment posed by facilities subject to each such system.

(D) CONTENTS OF REVIEW.—The review under this paragraph shall include—

(i) an explanation of the hazard ranking system, including the manner in which it was developed and the method of determining the relative hazard at different facilities under the system;

(ii) a determination of the relationship between the value determined for a facility under the hazard ranking system and the potential danger to human health and the environment;

(iii) an examination, based on the determination under clause (ii), of the effect of establishing a threshold value of 28.5 for facilities to be included on the National Priorities List;

(iv) a determination, based upon the determination under clause (ii) and the examination under clause (iii), of whether a new threshold value should be established for inclusion of facilities on such list; and

(v) a determination of the relationship between the value determined for a facility under the hazard ranking system and the types of remedial actions that are appropriate at such facility.

(E) REEVALUATION NOT REQUIRED.—The Administrator shall not be required to reevaluate, after the enactment of this Act, the hazard ranking of any facility which was evaluated in accordance with the criteria under section 105 of the CERCLA before such enactment and which was assigned a national priority under the National Contingency Plan.

(F) NEW INFORMATION.—Nothing in subparagraph (E) shall preclude the Administrator from taking new information into account in undertaking response actions under CERCLA.

(b) PRELIMINARY ASSESSMENT AND EVALUATION.—Section 105 of CERCLA is amended by inserting "(a) REVISION AND REPUBLICATION.—" after "105)." and by adding the following new subsection at the end thereof:

"(b) PETITION FOR ASSESSMENT OF RELEASE.—Any person who is, or may be, affected by a release or threatened release of a hazardous substance or pollutant or contaminant, may petition the Administrator to conduct a preliminary assessment of the hazards to public health and the environment which are associated with such release or threatened release. If the Administrator has not previously conducted a preliminary assessment of such release, the Administrator shall, within 12 months after the receipt of any such petition, complete such assessment or provide an explanation of why the assessment is not appropriate. If the preliminary assessment indicates that the release or threatened release concerned may pose a threat to human health or the environment, the Administrator shall promptly evaluate such release or threatened release in accordance with the hazard ranking system referred to in paragraph (8)(A) of subsection (a) to determine the national priority of such release or threatened release.".

(c) HAZARD RANKING SYSTEM.—Section 105(a)(8)(A) of CERCLA is amended by inserting the following after "ecosystems,": "the damage to natural resources which may affect the human food chain and which is associated with any release or threatened release, the contamination or potential contamination of the ambient air which is associated with the release or threatened release,".

(d) NATIONAL PRIORITY LIST.—Subparagraph (B) of section 105(a)(8) of CERCLA is amended as follows:

(1) Strike out "at least four hundred of" when it appears.

(2) Strike out "at least" following the word "facilities" the second time it appears.

(3) Insert "A State shall be allowed to designate its highest priority facility only once." after the third full sentence thereof.

(e) STANDARDS AND PROCEDURES FOR INNOVATIVE TREATMENT TECHNOLOGIES.—Section 105(a) of CERCLA is amended by striking out "and" at the end of paragraph (8), by striking out the period at the end of paragraph (9) and inserting in lieu thereof "; and", and by inserting after paragraph (9) the following new paragraph:

"(10) standards and testing procedures by which alternative or innovative treatment technologies can be determined to be appropriate for utilization in response actions authorized by this Act.".

(f) RELEASES FROM EARLIER SITES.—Section 105 of CERCLA is amended by adding the following new subsection at the end thereof:

"(c) RELEASES FROM EARLIER SITES.—Whenever there has been, after January 1, 1985, a significant release of hazardous substances or pollutants or contaminants from a site which is listed by the Administrator as a 'Site Cleaned Up To Date' on the National Priorities List (revised edition, December 1984) the site shall be restored to the National Priorities List, without application of the hazard ranking system.".

SEC. 106. ABATEMENT ACTIONS.

Section 106 of CERCLA is amended by adding the following new subsection after subsection (c):

"(d) PESTICIDES.—The Administrator shall not take action under this section with respect to any release or threatened release resulting from the normal application of a pesticide product registered under the Federal Insecticide, Fungicide, and Rodenticide Act. Nothing in this subsection shall affect or modify in any way the obligations or liability of any person under any other provision of State or Federal law, including common law, for damages, injury, or loss resulting from a release of any hazardous substance or for removal or remedial action or the costs of removal or remedial action for such hazardous substance.".

SEC. 107. LIABILITY.

(a) FOREIGN VESSELS.—Section 107(a)(1) of CERCLA is amended by striking out "(otherwise subject to the jurisdiction of the United States)".

(b) COSTS AND DAMAGES.—Section 107(a)(4) of CERCLA is amended as follows:

(1) In subparagraph (A) insert after "not inconsistent with the national contingency plan" the following: "and all costs incurred by the United States Government or a State under section 104(b)".

(2) Strike out "and" at the end of subparagraph (B), strike out the period at the end of subparagraph (C) and insert in lieu thereof "; and", and insert at the end of such section the following:

"(D) the costs of any health assessment or health effects study carried out under section 116.

The amounts recoverable in an action under this section shall include interest on the amounts recoverable under subparagraphs (A) through (D). Such interest shall accrue from 90 days after the date on which an action for recovery of such amounts is filed. The rate of interest on the outstanding unpaid balance of the amounts recoverable under this section shall be the same rate as is applicable to investments of the Fund under section 9602 of the Internal Revenue Code of 1954. For purposes of applying section 9602 of the Internal Revenue Code of 1954, the term 'comparable maturity' shall be determined with reference to the date 90 days after the date of filing of the action for recovery under this section.".

(c) EMERGENCY RESPONSE ACTIONS.—

(1) LIABILITY FOR.—Section 107(d) of CERCLA is amended by striking out "damages" each place it appears and inserting in lieu thereof "costs and damages" and by inserting before the second sentence the following: "This subsection shall not alter the liability of any person who is liable or potentially liable under subsection (a) of this section who subsequently undertakes a response action.".

(2) GOVERNMENTAL RESPONSE TO EMERGENCY.—Such section 107)d) is further amended by inserting "(1) RENDERING CARE OR ADVICE.—" after "(d) and adding the following new paragraph at the end thereof:

"(2) GOVERNMENTAL RESPONSE TO EMERGENCY.—

"(A) IN GENERAL.—No Federal, State, or local government agency shall be liable under this title for costs and damages resulting from actions taken by the agency in response to an emergency created by the release or threatened release of a hazardous substance, pollultant, or contaminant from a vessel, facility, or site owned by another person. This paragraph shall not affect the liability of any Federal, State or local government agency for negligence.

"(B) PERSONS RETAINED OR HIRED.—Any person retained or hired by a State to take any action described in subparagraph (A) shall have the same exemption from liability provided to the State under subparagraph (A).".

(d) NATURAL RESOURCES.—

(1) DESIGNATION OF FEDERAL AND STATE OFFICIALS.—Section 107(f) of CERCLA is amended by inserting "(1) NATURAL RESOURCES LIABILITY.—" after "(f)" and by adding at the end thereof the following new paragraphs:

"(2) DESIGNATION OF FEDERAL AND STATE OFFICIALS.—

"(A) FEDERAL.—Each Federal agency designated as a natural resource trustee under the National Contingency Plan published under section 105 of this Act shall assess damages for injury to, destruction of, or loss of natural resources under its trusteeship resulting from a release of hazardous substances for the purposes of this Act and section 311(f) (4) and (5) of the Federal Water Pollution Control Act and may, upon request of and reimbursement from a State, assess damages for those natural resources under the State's trusteeship.

"(B) STATE.—The Governor of each State shall designate the State officials who may act on behalf of the public as trustees for natural resources under this Act and section 311 of the Federal Water Pollution Control Act and shall notify the Administrator of such designations. Such State officials shall assess damages to natural resources for the purposes of this Act and such section 311 for those resources under their trusteeship.

"(C) REBUTTABLE PRESUMPTION.—Any determination assessment of damages to natural resources for the purposes of this Act and section 311 of the Federal Water Pollution Control Act made by a Federal or State trustee in accordance with the regulations promulgated under section 301(c) of this Act shall have the force and effect of a rebuttable presumption on behalf of the trustee in any judicial proceeding under this Act or section 311 of the Federal Water Pollution Control Act.".

(2) USE OF RECOVERED FUNDS.—Section 107(f)(1) of CERCLA (as designated by paragraph (1) of this subsection) is amended by striking out the third sentence and inserting in lieu thereof the following: "Sums recovered by the United States Government as trustee under this subsection shall be retained by the Administrator, without fur-

ther appropriation, for use only to restore, replace, or acquire the equivalent of such natural resources. Sums recovered by a State as trustee under this subsection shall be available for use only to restore, replace, or acquire the equivalent of such natural resources by the State. The measure of damages in any action under subparagraph (C) of subsection (a) shall not be limited by the sums which can be used to restore or replace such resources.".

(e) NORMAL APPLICATION OF PESTICIDES.—Section 107(i) of CERCLA is amended by inserting "normal" before "application of a pesticide".

(f) FEDERAL AGENCIES.—Section 107(g) of CERCLA is amended to read as follows:

"(g) FEDERAL AGENCIES.—For provisions relating to Federal agencies, see section 119 of this Act."

(g) FEDERAL LIEN.—Section 107 of CERCLA is amended by adding at the end thereof the following new subsections:

"(k) FEDERAL LIEN.—

"(1) IN GENERAL.—All costs and damages for which a person is liable to the United States under subsection (a) of this section (other than the owner or operator of a vessel under paragraph (1) of subsection (a)) shall constitute a lien in favor of the United States upon all real property and rights to such property which—

"(A) belong to such person; and

"(B) are subject to or affected by a removal or remedial action.

"(2) DURATION.—The lien imposed by this subsection shall rise at the later of the following:

"(A) The time costs are first incurred by the United States with respect to a response action under this Act.

"(B) The time that the person referred to in paragraph (1) is provided (by certified or registered mail) written notice of his potential liability.

Such lien shall continue until the liability for the costs (or a judgment against the person arising out of such liability) is satisfied or becomes unenforceable through operation of the statute of limitations provided in section 113.

"(3) NOTICE AND VALIDITY.—The lien imposed by this subsection shall be subject to the rights of any purchaser, holder of a security interest, or judgment lien creditor whose interest is perfected under applicable State law before notice of the lien has been filed in the appropriate office within the State (or county or other governmental subdivision), as designated by State law, in which the real property subject to the lien is located. Any such purchaser, holder of a security interest, or judgment lien creditor shall be afforded the same protections against the lien imposed by this subsection as are afforded under State law against a judgment lien which arises out of an unsecured obligation and which arises as of the time of the filing of the notice of the lien imposed by this subsection. If the State has not by law designated one office for the receipt of such notices of liens, the notice shall be filed in the office of the clerk of the United States district court for the district in which the real property is located. For purposes of this subsection, the terms 'purchaser' and 'security interest' shall have the definitions provided under section 6323(h) of the Internal Revenue Code of 1954.

"(4) ACTION IN REM.—The costs constituting the lien may be recovered in an action in rem in the United States district court for the district in which the removal or remedial action is occurring or has occurred. Nothing in this subsection shall affect the right of the United States to bring an action against any person to recover all costs and damages for which such person is liable under subsection (a) of this section.

"(l) MARITIME LIEN.—All costs and damages for which the owner or operator of a vessel is liable under subsection (a)(1) with respect to a release or threatened release from such vessel shall constitute a maritime lien in favor of the United States on such vessel. Such costs may be recovered in an action in rem in the district court of the United States for the district in which the vessel may be found. Nothing in this subsection shall affect the right of the United States to bring an action against the owner or operator of such vessel in any court of competent jurisdiction to recover such costs.".

SEC. 108. FINANCIAL RESPONSIBILITY.

(a) DEADLINE FOR ISSUANCE OF REGULATIONS.—Section 108(b)(1) of CERCLA is amended by inserting after "this Act" the first place it appears the following: "and not later than one year after the date of submission of the insurability study under section 301(g) to Congress".

(b) EVIDENCE OF FINANCIAL RESPONSIBILITY.—Section 108(b)(2) of CERCLA is amended by adding the following at the end thereof: "Financial responsiblity may be established by any one, or any combination, of the following: insurance, guarantee, surety bond, letter of credit, or qualification as a self-insurer. In promulgating requirements under this subsection, the Administrator is authorized to specify policy or other contractual terms, conditions, or defenses which are necessary, or which are unacceptable, in establishing such evidence of financial responsibility in order to effectuate the purposes of this Act.".

(c) PHASE-IN PERIOD.—Section 108(b)(3) of CERCLA is amended by striking out "over a period of not less than three and no more than six years" and inserting in lieu thereof "as quickly as can reasonably be achieved but in no event more than four years".

(d) DIRECT ACTION; LIABILITY.—Subsections (c) and (d) of section 108 of CERCLA are amended to read as follows:

"(c) DIRECT ACTION.—

"(1) RELEASES FROM VESSELS.—In the case of a release or threatened release from a vessel, any claim authorized by section 107 or 111 may be asserted directly against any guarantor providing evidence of financial responsibility for such vessel under subsection (a). In defending such a claim, the guarantor may invoke all rights and defenses which would be available to the owner or operator under this title. The guarantor may also invoke the defense that the incident was caused by the willful misconduct of the owner or operator, but the guarantor may not invoke any other defense that the guarantor might have been entitled to invoke in a proceeding brought by the owner or operator against him.

"(2) RELEASES FROM FACILITIES.—In the case of a release or threatened release from a facility, any claim authorized by section 107 or 111 may be asserted directly against any guarantor providing evidence of financial responsibility for such facility under subsection (b), if the person liable under section 107 is in bankruptcy, reorganization, or arrangement pursuant to the Federal Bankruptcy Code, or if, with reasonable diligence, jurisdiction in the Federal courts cannot be obtained over a person liable under section 107 who is likely to be solvent at the time of judgment. In the case of any action pursuant to this paragraph, the guarantor shall be entitled to invoke all rights and defenses which would have been available to the person liable under section 107 if any action had been brought against such person by the claimant and all rights and defenses which would have been available to the guarantor if an action had been brought against the guarantor by such person.

"(d) LIMITATION OF GUARANTOR LIABILITY.—

"(1) TOTAL LIABILITY.—The total liability under this Act of any guarantor for a vessel or facility shall be limited to the aggregate amount which the guarantor has provided as evidence of financial responsibility to the person liable under section 107.

"(2) OTHER LIABILITY.—Nothing in this subsection shall be construed to limit any other State or Federal statutory, contractual, or common law liability of a guarantor, including, but not limited to, the liability of such guarantor for bad faith either in negotiating or in failing to negotiate the settlement of any claim. Nothing in this subsection shall be construed, interpreted, or applied to diminish the liability of any person under section 107 of this Act or other applicable law.".

SEC. 109. PENALTIES.

(a) SECTION 103.—

(1) CRIMINAL PENALTY.—Section 103(b) of CERCLA is amended by—

(A) inserting after "knowledge of such release" the following: "or who submits in such a notification any information which he knows to be false or misleading"; and

(B) striking out "not more than $10,000 or imprisoned for not more than one year, or both" and inserting in lieu thereof "in accordance with section 3623 (or 3571 if applicable) of title 18 of the United States Code or imprisoned for not more than three years, or both".

(2) CIVIL PENALTY.—Section 103(b) of CERCLA is amended by inserting the following before the last sentence: "Any such person shall also be subject to a civil penalty of not more than $25,000 for each day during which such failure continues.".

(3) DESTRUCTION OF RECORDS.—Section 103(d)(2) of the CERCLA is amended by striking out "not more than $20,000, or imprisoned for not more than one year or both." and inserting in lieu thereof "in accordance with section 3623 (or 3571 if applicable) of title 18 of the United States Code or imprisoned for not more than three years, or both. Any such person shall also be subject to a civil penalty of not more than $25,000 for each day during which such violation continues.".

(b) SECTION 104.—Section 104(e)(2) of CERCLA is amended by adding the following at the end thereof:

"(9) CIVIL PENALTY.—Any person who fails or refuses to comply with a request or order under this subsection shall be subject to a civil penalty of not more than $25,000 for each day during which such failure or refusal continues.".

(c) SECTION 106.—Section 106(b) of CERCLA is amended—

(1) by striking out "who willfully" and inserting in lieu thereof "who, without sufficient cause, willfully"; and

(2) by striking out "$5,000" and inserting in lieu thereof "$25,000".

(d) SECTION 108.—Section 108 of CERCLA is amended by adding at the end the following:

"(e) CIVIL PENALTY.—Any person who, after notice and an opportunity for a hear-

ing, is found to have failed to comply with the requirements of this section, the regulations issued under this section, or with any denial or detention order shall be liable to the United States for a civil penalty, not to exceed $25,000 for each day of violation.".

(e) ASSESSMENT AND COLLECTION OF CIVIL PENALTIES.—Section 109 of CERCLA is amended to read as follows:

"SEC. 109. ASSESSMENT AND COLLECTION OF CIVIL PENALTIES.

"(a) UNDER SECTION 16 OF TOSCA.—Any civil penalty under this Act (other than section 106(b)) shall be assessed and collected in the same manner, and subject to the same provisions, as in the case of civil penalties assessed and collected under section 16 of the Toxic Substances Control Act

"(b) SUBPOENAS.—In any proceeding for the assessment of a civil penalty under this Act (other section 106(b)), the Administrator may issue subpoenas for the attendance and testimony of witnesses and the production of relevant papers, books, and documents and may promulgate rules for discovery procedures.".

(f) SECTION 112.—Section 112(b)(1) of CERCLA is amended by striking out "up to $5,000 or or imprisoned for not more than one year, or both" and inserting in lieu thereof "in accordance with section 3623 (or 3571 if applicable) of title 18 of the United States Code or imprisoned for not more than three years, or both".

SEC. 110. SECTION 110.

Section 110 is not amended.

SEC. 111. USES OF FUND.

(a) AMOUNT OF FUND.—Section 111 of CERCLA is amended by inserting after "(a)" the following: "IN GENERAL.—For the purposes specified in this section there is authorized to be appropriated from the Hazardous Substance Superfund established under section 221 not more than $1,830,000,000 for each of the first 5 fiscal years beginning after September 30, 1985 (plus for each such fiscal year an amount equal to so much of the aggregate amount authorized to be appropriated under this subsection as has been appropriated before the beginning of the fiscal year involved).".

(b) USE OF FUND FOR GRANTS.—Section 111(a) of CERCLA is amended by striking out "and" at the end of paragraph (3), by striking out the period at the end of paragraph (4) and inserting in lieu thereof "; and", and by adding the following new paragraph at the end thereof:

"(5) the cost of grants under section 117(e) (relating to grants for technical assistance).".

(c) USES INCLUDED. (1) Section 111(c) of CERCLA is amended by striking out "and" at the end of paragraph (5), by striking out the period at the end of paragraph (6) and inserting in lieu thereof "; and", and by adding the following new paragraphs at the end thereof:

"(7) costs incurred by the Administrator in evaluating facilities pursuant to petitions under section 105(b);

"(8) the costs of contracts entered into under section 104(a)(1) to oversee and review the conduct of remedial investigations and feasibility studies undertaken by persons other than the Administrator and the costs of appropriate Federal and State oversight of remedial activities at National Priorities List sites resulting from consent orders or settlement agreements, where the responsible party or parties have been determined, but where inadequate oversight assistance has been provided by that responsible party or parties;

"(9) the costs incurred by the Administrator in acquiring real estate or interests in real estate under section 104(j);

"(10) the cost of carrying out section 311(b) (relating to research, development, and demonstration of alternative and innovative treatment technologies and training programs), section 311(c) (relating to hazardous waste research), and section 311(d) (relating to university hazardous substance centers), except that the amounts available for such purposes shall not exceed the amounts specified in subsection (o);

"(11) reimbursements to local governments under section 123, except that during the 5-fiscal year period beginning October 1, 1985, not more than 0.1 percent of the total amount appropriated from the Fund may be used for such reimbursements; and

"(12) the costs of worker training and education grants under section 126(e), to the extent that such costs do not exceed $10,000,000 for each of the fiscal years 1986, 1987, 1988, 1989, and 1990.".

(2) Section 111(c)(4) of CERCLA is amended by striking out "epidemiologic studies" and inserting in lieu thereof "epidemiologic and laboratory studies, health assessments, preparation of toxicologic profiles".

(d) DEFINITION OF HEALTH ASSESSMENT.—Section 111(c) of CERCLA is amended by adding the following at the end thereof: "As used in paragraph (4), the term 'health assessment' shall have the meaning provided by section 116(f)(7).".

(e) NATURAL RESOURCE DAMAGE CLAIMS.—Section 111(b) of CERCLA is amended as follows:

(1) Insert "(1)" after "(b)".

(2) Add the following new paragraph at the end thereof:

"(2) PAYMENT OF NATURAL RESOURCE CLAIMS.—

"(A) GENERAL REQUIREMENTS.—No natural resource claim may be paid from the Fund unless the Administrator determines that the claimant has exhausted all administrative and judicial remedies to recover the amount of such claim from persons who may be liable under section 107. All natural resource claims filed after December 1, 1985, may be paid only if a natural resource damage assessment has been carried out in accordance with regulations promulgated by the Secretary of the Interior.

"(B) CLAIMS PENDING AS OF DECEMBER 1, 1985.—(i) The Administrator shall determine the sum of natural resource claims against the fund which were pending but unpaid as of December 1, 1985.

"(ii) The Administrator may pay all or a portion of any claim referred to in clause (i) in accordance with the applicable requirements of this Act, except that the total amount paid from the Fund for the total of such claims shall not exceed 50 percent of the sum determined under clause (i). The Administrator may not pay any such claim unless the claim has been determined to be valid.

"(C) DEFINITION.—As used in this paragraph, the term 'natural resource claims' means claims for injury to, or destruction or loss of, natural resources. The term includes claims for the cost of natural resource damage assessment.".

(f) AMENDMENT TO SECTION 111(e).—Section 111(e)(1) of CERCLA is amended by inserting "pursuant to subsection (a)(2)" after "Fund" the first place it appears.

(g) INSPECTOR GENERAL.—Section 111(k) of CERCLA is amended to read as follows:

"(k) INSPECTOR GENERAL.—In each fiscal year, the Inspector General of each department, agency, or instrumentality of the United States which is carrying out any authority of this Act shall undertake the following:

"(1) AUDIT.—The conduct of an annual audit of all payments, obligations, reimbursements, or other uses of the Fund in the prior fiscal year, to assure that the Fund is being properly administered and that claims are being appropriately and expeditiously considered. The audit shall include an examination of a random sample of agreements with States carrying out response actions under this title and an examination of remedial investigations and feasibility studies prepared for remedial actions.

"(2) STATUS REPORT.—The preparation of a report on the status of all remedial and enforcement actions undertaken during the prior fiscal year. The status report shall include a comparison to remedial and enforcement actions undertaken in prior fiscal years.

"(3) ESTIMATE.—The preparation of an estimate of the amount of resources, including the number of work years or personnel, which would be necessary for the department, agency, or instrumentality to complete the implementation of all duties vested in the department, agency, or instrumentality under this Act.

The Inspector General shall submit to the Congress an annual report regarding the audit and status report required under this subsection. The report shall contain such recommendations as the Inspector General deems appropriate. Each Federal agency shall cooperate with the Inspector General in carrying out this subsection.".

(h) AUTHORIZATION OF APPROPRIATIONS.—Section 111 of CERCLA is amended by adding the following subsection after subsection (l):

"(m) GENERAL REVENUE SHARE OF SUPERFUND.—

"(1) IN GENERAL.—The following sums are authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, to the Hazardous Substance Superfund:

"(A) For fiscal year 1986, $250,000,000.
"(B) For fiscal year 1987, $250,000,000.
"(C) For fiscal year 1988, $250,000,000.
"(D) For fiscal year 1989, $250,000,000.
"(E) For fiscal year 1990, $250,000,000.

In addition there is authorized to be appropriated to the Hazardous Substance Superfund for each fiscal year an amount equal to so much of the aggregate amount authorized to be appropriated under this subsection (and paragraph (2) of section 221(b) of the Hazardous Substance Response Revenue Act of 1980 as has not been appropriated before the beginning of the fiscal year involved.

"(2) COMPUTATION.—The amounts authorized to be appropriated under paragraph (1) of this subsection in a given fiscal year shall be available only to the extent that such amount exceeds the amount determined by the Secretary under section 221(b)(1)(B) for the prior fiscal year.".

(i) ATSDR.—Section 111 of CERCLA is amended by adding the following new subsection after subsection (m):

"(n) AGENCY FOR TOXIC SUBSTANCES AND DISEASE REGISTRY.—For fiscal year 1986 and each fiscal year thereafter, not less than $30,000,000 shall be directly available to the Agency for Toxic Substances and Disease Registry to be used for the purpose of carrying out activities described in subsection (c)(4) and section 116. Any funds so made

available which are not obligated by the end of the fiscal year in which made available shall be returned to the Fund."

(j) LIMITATIONS ON RESEARCH, DEVELOPMENT, AND DEMONSTRATION PROGRAM.—Section 111 of CERCLA is amended by adding the following new subsection after subsection (n):

"(o) LIMITATIONS ON RESEARCH, DEVELOPMENT, AND DEMONSTRATION PROGRAM.—(1) For each of the fiscal years 1986, 1987, 1988, 1989, and 1990, not more than $20,000,000 of the amounts available in the Fund may be used for the purposes of carrying out the applied research, development, and demonstration program for alternative or innovative technologies and training program authorized under section 311(b) (relating to research, development, and demonstration) other than basic research. Such amounts shall remain available until expended.

"(2) From the amounts available in the Fund, not more than the following amounts may be used for the purposes of section 311(a) (relating to hazardous substance research, demonstration, and training activities):

"(A) For the fiscal year 1986, $3,000,000.
"(B) For the fiscal year 1987, $10,000,000.
"(C) For the fiscal year 1988, $20,000,000.
"(D) For the fiscal year 1989, $30,000,000.
"(E) For the fiscal year 1990, $35,000,000.

No more than 10 percent of such amounts shall be used for training under section 311(a) in any fiscal year.

"(3) For each of the fiscal years 1986, 1987, 1988, 1989, and 1990, not more than $5,000,000 of the amounts available in the Fund may be used for the purposes of section 311(d) (relating to university hazardous substance research centers).".

SEC. 112. CLAIMS PROCEDURE.

Section 112(d) of CERCLA is amended to read as follows:

"(d) STATUTE OF LIMITATIONS.—

"(1) CLAIMS FOR RECOVERY OF COSTS.—No claim may be presented under this section for recovery of the costs referred to in section 107(a) after the date six years after the date of completion of all response action.

"(2) MINORS AND INCOMPETENTS.—The time limitations contained herein shall not begin to run—

"(A) against a minor until the earlier of the date when he reaches eighteen years of age or the date on which a legal representative is duly appointed for him, or

"(B) against an incompetent person until the earlier of the date on which his incompetency ends or the date on which a legal representative is duly appointed for him.".

SEC. 113. LITIGATION, JURISDICTION, AND VENUE.

(a) NATIONWIDE SERVICE OF PROCESS.—Section 113 of CERCLA is amended by adding the following new subsection at the end thereof:

"(e) NATIONWIDE SERVICE.—In any action by the United States under section 106 or 107, process may be served in any district where the defendant if found, resides, transacts business, or has appointed an agent for the service of process.".

(b) CONTRIBUTION; STATUTE OF LIMITATION.—Section 113 of CERCLA is amended by adding the following new subsections after subsection (e):

"(f) CONTRIBUTION.—

"(1) CONTRIBUTION.—Except as provided in paragraph (2), any person potentially liable or held to be liable in an action under section 106 or section 107 may bring an action for contribution or indemnity against any other person liable or potentially liable. In any such action in a court of the United States the Federal Rules of Civil Procedure shall apply. In any such contribution action in a court of the United States, the court may use its equitable powers to apportion costs among the liable parties, taking relevant equitable considerations into account. Except as provided in paragraph (2) of this subsection, this subsection shall not impair any right of contribution or indemnity under existing law.

"(2) SETTLEMENT.—A person who has resolved its liability to the United States or a State in an administrative or judicially approved settlement shall not be liable for claims for contribution regarding matters addressed in the settlement. Such settlement does not discharge any of the other potentially liable persons unless its terms so provide, but it reduces the potential liability of the others by the amount of the settlement. This paragraph does not apply to a settlement which was achieved through fraud, misrepresentation, other misconduct by one of the parties to the settlement, or mutual mistake of fact.

"(3) PERSONS NOT PARTY TO SETTLEMENT.—(A) If the United States or a State has obtained less than complete relief from a person who has resolved its liability to the United States or the State in an administrative or judicially approved settlement, the United States or the Secretary may bring an action against any person who has not so resolved its liability.

"(B) A person who has resolved its liability to the United States or a State for some or all of a response action or for some or all of the costs of such action in an administrative or judicially approved settlement may bring an action for contribution or indemnification against any person who is not party to a settlement referred to in paragraph (2).

"(C) In any action under this paragraph, the rights of any person who has resolved its liability to the United States or a State shall be subordinate to the rights of the United States or the State. Any contribution action brought under this paragraph shall be governed by federal law.

"(g) STATUTE OF LIMITATIONS.—

"(1) ACTIONS FOR NATURAL RESOURCE DAMAGES.—Except as provided in paragraph (3), no action may be commenced for damages (as defined in section 101(6)) under this Act, unless that action is commenced within 3 years after the later of the following:

"(A) The date of the discovery of the loss.

"(B) The date on which regulations are promulgated under section 301(c).

With respect to any facility listed on the national priorities list, any Federal facility identified under section 120, or any facility at which a remedial action is otherwise scheduled, an action for damages must be commenced within 3 years after the completion of the remedial action (excluding operation and maintenance activities), but in no event may an action for damages with respect to such a facility be commenced before selection of the remedial action if the Administrator is diligently proceeding with a remedial investigation and feasibility study under section 104(b). The limitation in the preceding sentence on commencing an action before selection of the remedial action does not apply to actions filed on or before December 11, 1983.

"(2) ACTIONS FOR RECOVERY OF COSTS.—An initial action for recovery of the costs referred to in section 107 must be commenced—

"(A) for a removal action, within 3 years after completion of the removal action, except that such cost recovery action must be brought within 6 years after a determination to grant a waiver under section 104(c)(1)(C) for continued response action; and

"(B) for a remedial action, within 6 years after initiation of physical on-site construction of the remedial action, provided that, if the remedial action is initiated within 3 years after the completion of the removal action, costs incurred in the removal action may be recovered in the cost recovery action brought under this subparagraph.

In any such initial action, the court shall enter a declaratory judgment on liability for response costs that will be binding on any subsequent action or actions to recover further response costs. A subsequent action or actions under section 107 for further response costs at the facility may be maintained at any time during the response action, but must be commenced no later than 3 years after the date of completion of all response action. Except as otherwise provided in this paragraph, an action may be commenced under section 107 for recovery of costs at any time after such costs have been incurred.

"(3) CONTRIBUTION.—No action for contribution for any response costs or damages may be commenced more than 3 years after—

"(A) the date of judgment in any action under this Act for recovery of such costs or damages, or

"(B) the date of entry of a judicially approved settlement with respect to such costs or damages.

"(4) SUBROGATION.—No action based on rights subrogated pursuant to this section by reason of payment of a claim may be commenced under this title more than 3 years after the date of payment of such claim.

"(5) MINORS AND INCOMPETENTS.—The time limitations contained herein shall not begin to run—

"(A) against a minor until the earlier of the date when he reaches eighteen years of age or the date on which a legal representative is duly appointed for him, or

"(B) against an incompetent person until the earlier of the date on which his incompetency ends or the date on which a legal representative is duly appointed for him.".

"(c) PRE-ENFORCEMENT REVIEW.—

"(1) CONFORMING AMENDMENT.—Section 113(b) of CERCLA is amended by striking out "subsection" and inserting in lieu thereof "subsections" and inserting "and (h)" after "(a).

"(2) TIMING OF REVIEW: ADMINISTRATIVE RECORD.—Section 113 of CERCLA is amended by adding at the end thereof the following new subsections:

"(h) TIMING OF REVIEW.—No court shall have jurisdiction to review any challenges to removal or remedial action selected under section 104 or any order issued under section 104(b) or to review any order issued under section 106(a), in any action other than one of the following:

"(1) An action under section 107 to recover response costs or damages or for contribution or indemnification.

"(2) An action to enforce an order issued under section 104(b) or 106(a) or to recover a penalty for violation of such order.

"(3) An action for reimbursement under section 106(b)(2).

"(4) An action under section 310 alleging that the removal or remedial action taken under section 104 or secured under section 106 was in violation of any requirement of

this Act. Such an action may not be brought with regard to an ongoing removal where a remedial action is to be undertaken at the site.

"(5) An action by the United States under section 106 for injunctive relief.

"(6) A motion by a potentially responsible party to review the Administrator's selection of the remedy under a consent decree which has been entered under section 106 and in which such potentially responsible party has made a commitment to undertake a remedial investigation and feasibility study and to perform or cause to be performed all of the judicially approved remedial action.

"(7) A motion by a potentially responsible party to review the Administrator's selection of the remedy under a consent decree which has been entered under section 106 and in which such potentially responsible party has agreed to perform or cause to be performed all of the judicially approved remedial action.

"(8) A motion by a potentially responsible party who is a recipient of an administrative order under section 106 to review the Administrator's selection of the remedy, where the recipient of the order has, without admitting that the release in question constituted an imminent and substantial endangerment under section 106 and without admitting liability, agreed to the terms of the order except for the Administrator's selection of the remedy. In such cases, the order shall be entered in the District Court as a consent decree.

In ruling on motions under paragraphs (6), (7), and (8), and District Court shall act without delay and shall rule expeditiously. There shall be no right of appeal by any party from such ruling.

"(i) INTERVENTION.—In any action commenced under subsection (h), any person may intervene as a matter of right when such person has a direct interest which is or may be adversely affected by the action and the disposition of the action may, as a practical matter, impair or impede the person's ability to protect that interest.

"(j) JUDICIAL REVIEW.—

"(1) IN GENERAL.—For the purposes of judicial review under this section, the administrative record shall consist of—

"(A) in the case of a removal action, the record developed under regulations issued pursuant to subsection (1) (2) (A); and

"(B) in the case of a remedial action, the record developed under subsection (1) (2) (B).

"(2) LIMITATION.—In any judicial action under section 106 or 107, judical review of any issues concerning the adequacy of any response action taken or ordered by the Administrator shall be limited to the administrative record. Objections and evidence which were not made a part of the administrative record may be considered by the court only if such objections and evidence were not reasonably available when the record was being developed.

"(3) STANDARD.—In considering objections raised in any judicial action under section 106 or 107, the court shall uphold the Administrator's decision in selecting the response action unless the objecting party can demonstrate, on the administrative record, that the decision was arbitrary and capricious or otherwise not in accordance with law.

"(4) REMEDY.—If the court finds that the selection of the response action was arbitrary and capricious or otherwise not in accordance with law, the court shall award only the response costs or damages or other relief being sought to the extent that such relief is not inconsistent with the national contingency plan.

"(5) PROCEDURAL ERRORS.—In reviewing alleged procedural errors, the court may disallow costs or damages only if the errors were so serious and related to matters of such central relevance to the action that the action would have been significantly changed had such errors not been made.

"(k) ADMINISTRATIVE RECORD AND PARTICIPATION PROCEDURES.—

"(1) ADMINISTRATIVE RECORD.—The Administrator shall establish an administrative record upon which the Administrator shall base the selection of a response action. The record shall consist of—

"(A) in the case of a removal action, the record developed under regulations issued pursuant to paragraph (2)(A); and

"(B) in the case of a remedial action, the record developed under paragraph (2)(B).

The administrative record shall be available to the public at or near the facility at issue. The Administrator also may place duplicates of the administrative record at any other location.

"(2) PARTICIPATION PROCEDURES.—

"(A) REMOVAL ACTION REGULATIONS.—The Administrator shall promulgate regulations in accordance with chapter 5 of title 5 of the United States Code establishing procedures for the appropriate participation of interested persons in the development of the administrative record on which the Administrator will base the selection of removal actions and on which judicial review of removal actions will be based.

"(B) REMEDIAL ACTION REQUIREMENTS.—The Administrator shall provide for the participation of interested persons, including potentially responsible parties, in the development of the administrative record on which the Administrator will base the selection of remedial actions and on which judicial review of remedial actions will be based. The administrative record under this subparagraph shall include, at a minimum, the following:

"(i) Notice to potentially affected persons and the public, which shall be accompanied by a brief analysis of the plan and alternative plans that were considered.

"(ii) A reasonable opportunity to comment and provide information regarding the plan.

"(iii) An opportunity for a public meeting in the affected area, in accordance with section 117(a)(2).

"(iv) A response to each of the significant comments, criticisms, and new data submitted in written or oral presentations.

"(v) A statement of the basis and purposes of the selected action.

For purposes of this subparagraph, the administrative record shall include all items developed and received under this subparagraph and all items described in the second sentence of section 117(d). The Administrator shall promulgate regulations in accordance with chapter 5 of title 5 of the United States Code to carry out the requirements of this subparagraph.

"(C) POTENTIALLY RESPONSIBLE PARTIES.—The Administrator shall make reasonsible efforts to identify potentially responsible parties as early as possible before selection of a response action. Nothing in this paragraph shall be construed to be a defense to liability under this Act.".

(d) REIMBURSEMENT.—Section 106(b) of CERCLA is amended as follows:

(1) Insert "(1)" after "(b)".

(2) Strike out "who willfully" and insert "who, without sufficient cause, willfully".

(3) Add at the end thereof the following new paragraph:

"(2)(A) Any person who receives and complies with the terms of any order issued under subsection (a) may, within 60 days after completion of the required action, petition the Administrator for reimbursement from the Fund for the reasonable costs of such action, plus, interest. Any interest payable under this paragraph shall accrue on the amounts expended from the date of expenditure at the same rate that applies to investments of the Fund under section 223(b) of this Act.

"(B) If the Administrator refuses to grant all or part of a petition made under this paragraph, the petitioner may within 30 days of receipt of such refusal file an action against the Administrator in the appropriate United States district court seeking reimbursement from the Fund.

"(C) Except as provided in subparagraph (D), to obtain reimbursement, the petitioner shall establish by a preponderance of the evidence that it is not liable for response costs under section 107(a) and that costs for which it seeks reimbursement are reasonable in light of the action required by the relevant order.

"(D) A petitioner who is liable for response costs under section 107(a) may also recover its reasonable costs of response to the extent that it can demonstrate, on the administrative record, that the Administrator's decision in selecting the response action ordered was arbitrary and capricious or was otherwise not in accordance with law. Reimbursement awarded under this subparagraph shall include all reasonable response costs incurred by the petitioner pursuant to the portions of the order found to be arbitrary and capricious or otherwise not in accordance with law.

"(E) Reimbursement awarded by a court under subparagraph (C) or (D) may include appropriate costs, fees, and other expenses in accordance with subsection (a) and (d) of section 2412 of title 28 of the United States Code. A petitioner who has established pursuant to subparagraph (C) that it is not liable for any response costs may also receive compensatory damages. Any reimbursement awarded under this subparagraph shall not be paid from the Fund.

"(F) In any action under section 113(h), if the remedial action conducted under an administrative order or consent decree is determined to be arbitrary and capricious or otherwise not in accordance with law, any person who has complied with the terms of any administrative order or consent decree issued under subsection (a) may petition the Administrator for reimbursement from the Fund for the reasonable costs of such action, including interest. The Administrator shall grant such petition for all reasonable response costs incurred by the petitioner pursuant to the portions of the administrative order for consent decree found to be arbitrary and capricious or otherwise not in accordance with law.".

SEC. 114. RELATIONSHIP TO OTHER LAW.

Section 114(c) of CERCLA is amended to read as follows:

"(c) STATE FUNDS.—Notwithstanding any provision of this or any other law, a State may require any person to contribute to any fund the purpose of which is to pay for any costs of response or damages.".

SEC. 115. DELEGATION OF FUNCTIONS.

Section 115 of CERCLA is amended to read as follows:

"SEC. 115. AUTHORITY TO DELEGATE FUNCTIONS AND ISSUE REGULATIONS.

"(a) DELEGATION OF FUNCTIONS.—

"(1) THE PRESIDENT.—The President is authorized to delegate and assign any duties or powers imposed upon or assigned to him necessary to carry out the provisions of this title.

"(2) THE ADMINISTRATOR.—The Administrator is authorized to delegate and assign to officers and employees of the Environmental Protection Agency any duties or powers imposed upon or assigned to him necessary to carry out the provisions of this title.

"(b) REGULATIONS.—The Administrator is authorized to issue any regulations necessary to carry out the provisions of this title.".

SEC. 116. PUBLIC HEALTH ASSESSMENT AND PROTECTION AUTHORITIES.

Title I of CERCLA is amended by inserting the following new section after section 115:

"SEC. 116. AGENCY FOR TOXIC SUBSTANCES AND DISEASE REGISTRY.

"(a) ESTABLISHMENT.—There is hereby established within the Public Health Service an agency, headed by an administrator, to be known as the Agency for Toxic Substances and Disease Registry (hereinafter in this Act referred to as 'ATSDR'). The Administrator of ATSDR shall report to the Secretary of the Department of Health and Human Services.

"(b) DUTIES.—The Administrator of ATSDR shall effectuate and implement the health-related authorities of this Act with the cooperation of—

"(1) the Administrator,

"(2) the Commissioner of the Food and Drug Administration,

"(3) the Directors of the National Institutes of Health, the National Institute of Environmental Health Sciences, the National Institute of Occupational Safety and Health, and the Center for Disease Control,

"(4) the Administrator of the Occupational Safety and Health Administration,

"(5) the Administrator of the Social Security Administration,

"(6) the Secretary of Transportation, and

"(7) appropriate State and local health officials.

"(c) LIST OF RESTRICTED AREAS.—In cooperation with the States and other agencies of the Federal Government, the Administrator of ATSDR shall establish and maintain a complete listing of areas closed to the public or otherwise restricted in use because of contamination by hazardous substances.

"(d) LIST OF SUBSTANCES.—

"(1) INITIAL 100.—Within six months after the date of the enactment of this section, the Administrator of ATSDR and the Administrator shall prepare a list, in order of priority, of at least 100 hazardous substances which are most commonly found at facilities on the National Priorities List and which are posing the most significant potential threat to human health due to their known or suspected toxicity to humans and the potential for human exposure to such substances at facilities on the National Priorities List or at facilities to which a response to a release or a threatened release under section 104 is under consideration.

"(2) REVISION.—Within 24 months after the date of the enactment of this section, the Administrator of ATSDR and the Administrator shall revise the list prepared under paragraph (1). Such revision shall include, in order of priority, the addition of 100 or more such hazardous substances. In each of the three consecutive 12-month periods that follow, the Administrator of ATSDR shall revise, in the same manner as provided in the two preceding sentences, such list to include not fewer than 25 additional hazardous substances. The Administrator of ATSDR and the Administrator shall not less often than once every year thereafter revise such list to include additional hazardous substances in accordance with the criteria in paragraph (1).

"(e)" INFORMATION ON HEALTH EFFECTS.—

"(1) LITERATURE, STUDIES, ETC.—The Administrator of ATSDR shall establish and maintain an inventory of research literature, reports, and studies on the health effects of each hazardous substances listed pursuant to subsection (d).

"(2) TOXICOLOGICAL PROFILES.—Bases on all available information, including information maintained under paragraph (1) and data developed and collected on the health effects of hazardous substances under this paragraph, the Administrator of ATSDR shall prepare toxicological profiles of each of the substances listed pursuant to subsection (d). The toxicological profiles shall be prepared in accordance with guidelines developed by the Administrator of ATSDR and the Administrator. Such profiles shall include, but not be limited to—

"(A) an examination, summary, and interpretation of available toxicological information and epidemiologic evaluations on hazardous substances in order to ascertain the levels of significant human exposure for the substance and the associated acute, subacute, and chronic health effects;

"(B) a determination of whether adequate information on the health effects of each substance is available or in the process of development to determine levels of exposure which present a significant risk to human health of acute, subacute, and chronic health effects; and

"(C) where, appropriate, toxicological testing directed toward determining the maximum exposure level of a hazardous substance that is safe for humans.

The profiles required to be prepared under this paragraph for those hazardous substances listed under paragraph (1) of subsection (d) shall be completed, at a rate of 25 per year, within four years after the date of the enactment of this section. A profile required on a substance listed pursuant to paragraph (2) of subsection (d) shall be completed within three years after addition to the list. The profiles prepared under this paragraph shall be of those substances highest on the list of priorities under subsection (d) for which profiles have not previously been prepared. Profiles required under this paragraph shall be revised and republished as necessary, but no less than once every three years. Such profiles shall be provided to the States and made available to other interested parties.

"(3) HEALTH EFFECTS RESEARCH.—For any hazardous substance for which adequate information is not available (or for which such information is under development as determined under paragraph (2)(B)), the Administrator of ATSDR shall assure the initiation of a program of research designed to determine the health effects of such hazardous substance. Where feasible, such program shall seek to develop methods to determine the health effects of such hazardous substances in combination with other hazardous substances with which it is commonly found. Before assuring the initiation of such program, the Administrator of ATSDR shall consider recommendations of the Interagency Testing Committee established under section 4(e) of the Toxic Substances Control Act on the types of research that should be done and on who should do the research.

"(4) COORDINATION.—The Administrator of ATSDR and the Administrator shall coordinate the development and implementation of any research program under this subsection. The purpose of such coordination shall be to avoid duplication of effort and to assure that the hazardous substances listed pursuant to this subsection are tested thoroughly at the earliest practicable date. Where appropriate in the discretion of the Administrator and the Administrator of ATSDR and consistent with such purpose, a research program under this subsection may be carried out using programs of toxicological testing established under the Toxic Substances Control Act and the Federal Insecticide, Fungicide, and Rodenticide Act.

"(f) HEALTH ASSESSMENTS.—

"(1) FACILITIES ON NPL.—The Administrator of ATSDR shall perform a health assessment for each facility on the National Priorities List established under section 105 which meets each of the following criteria:

"(A) The presence of a hazardous substance has been confirmed at the facility.

"(B) Pathways of human exposure to hazardous substances have been demonstrated to exist at the facility, especially if such pathways involve direct contact with hazardous substances.

"(C) A human population has been exposed, or there exists a significant possibility that a human population has been exposed, to hazardous substances through the identified pathways and there may exist a significant threat of current or future adverse health effects for the population so exposed.

The determination of whether any facility on such list meets such criteria shall be based on information provided by the Administrator regarding such criteria. Nothing in this paragraph shall preclude the Administrator of ATSDR from performing, where appropriate and consistent with the National Contingency Plan, health assessments of releases of hazardous substances from any other facilities, including facilities which are not on such list. The Administrator or any State may request the Administrator of ATSDR to perform a health assessment under this section. The Administrator of ATSDR and the Administrator shall coordinate the performance of health assessments under this section.

"(2) PETITION TO ADMINISTRATOR OF ATSDR.—Any individual or group of individuals may submit a petition to the Administrator of ATSDR to perform a health assessment under this subsection. The petition shall provide evidence demonstrating that such individual or group is being exposed to a hazardous substance, and an empirical analysis of the level of exposure. The Administrator of ATSDR shall take action under paragraph (3)(A) if the Administrator of ATSDR determines that there is a reasonable likelihood that the exposure may present a significant risk to human health and that there is a reasonable likelihood that the hazardous substance is from one of the following facilities:

"(A) A facility where such substance is (or was in the past) treated, stored, recycled, or disposed of, on a regular basis.

"(B) A facility at which removal action is being taken (or was taken in the past) under any provisions of this Act.

"(3) INITIATION OR EXPLANATION REQUIRED.—Within 45 days after receipt of a petition under paragraph (2), the Administrator of ATSDR shall do one of the following:

"(A) Initiate a health assessment.

"(B) Publish a written explanation of one of the following:

"(i) A determination that there is not a reasonable likelihood that the substance is from a facility referred to in paragraph (2).

"(ii) A determination that there is not a reasonable likelihood that the exposure presents a significant risk to human health.

"(iii) A determination that the evidence submitted or information available to the Administrator of ATSDR is not adequate to determine whether there is a reasonable likelihood that the substance is from a facility referred to in paragraph (2) or there is a reasonable likelihood that the exposure presents a significant risk to human health. If the Administrator of ATSDR determines under this clause that the evidence submitted is not adequate, the Administrator of ATSDR shall, in the written explanation, identify the additional information necessary for the Administrator of ATSDR to determine whether there is a reasonable likelihood that the substance is from a facility referred to in paragraph (2) or there is a reasonable likelihood that the exposure may present a significant risk to human health.

"(C) Respond in writing to the petition submitted under paragraph (2) by setting forth a schedule for review of the petition or a schedule to initiate a health assessment.

Each assessment under this paragraph shall be completed within six months after the date on which the health assessment is initiated.

"(4) PRIORITIES OF ASSESSMENTS.—In determining the priority in which to conduct health assessments under this subsection, the Administrator of ATSDR, in consultation with the Administrator, shall give priority to those facilities at which there is documented evidence of the release of hazardous substances, at which the potential risk to human health appears highest, and for which in the judgment of the Administrator of ATSDR existing health assessment data are inadequate to assess the potential risk to human health as provided in paragraph (7). In determining the priorities for conducting health assessments under this subsection, the Administrator of ATSDR shall consider the National Priorities List schedules and the needs of the Environmental Protection Agency pursuant to schedules for remedial investigation and feasibility studies.

"(5) RIFS.—Where a health assessment is done at a site on the National Priorities List, the Administrator of ATSDR shall complete such assessment promptly and, to the maximum extent practicable, before the completion of the remedial investigation and feasibility study at the facility concerned.

"(6) NOTICE AND REPORTING.—Any State or political subdivision carrying out a health assessment for a facility shall report the results of the assessment to the Administrator of ATSDR and the Administrator and shall include recommendations with respect to further activities which need to be carried out under this section. The Administrator of ATSDR shall state such recommendation in any report on the results of any assessment carried out directly by the Administrator of ATSDR for such facility and shall issue periodic reports which include the results of all the assessments carried out under this subsection.

"(7) DEFINITION.—For the purposes of this section and section 111(c)(4), the term 'health assessment' means a determination of the potential individual and population human health risks posed by a facility. A health assessment shall be based on but not limited to the following information:

"(A) The nature and extent of contamination.

"(B) The existence, scope, and magnitude of potential pathways of human exposure (including ground or surface water contamination, air emissions, and food chain contamination).

"(C) The size, population characteristics, and potential susceptibility of the community within the likely pathways of exposure.

"(D) The comparison of measured or estimated human exposure levels which are identified for hazardous substances and any exposure levels for such hazardous substances which are determined to be of significance to human health, including but not limited to those determined in the toxicological profiles under subsection (e)(2).

"(E) The comparison of appropriate existing morbidity and mortality data, relevant to the suspected population at risk of exposure, on diseases that may be associated with the observed levels of exposure.

If a significant excess of disease in a population is identified under subparagraph (E), the health assessment shall include, to the maximum extent practicable, an assessment of attributable risk for the purpose of determining the most likely explanations for that excess. A health assessment may include literature searches, information summarization and evaluation of existing environmental data, pilot samples, testing for food chain contamination, and similar activities. The Administrator of ATSDR shall utilize appropriate data available from the Administrator to avoid duplication of efforts.

"(8) PURPOSE.—The purpose of health assessments under this section shall be to assist in determining whether actions under subsection (k) of this section should be taken to reduce human exposure to hazardous substances from a facility and whether additional information on human exposure and associated health risks is needed and should be acquired by conducting epidemiological studies under subsection (g), establishing a registry under subsection (h), establishing a health surveillance program under subsection (i), or through other means. In using the results of health assessments for determining additional actions to be taken under this section, the Administrator of ATSDR may consider additional information on the risks to the potentially affected population from all sources of such hazardous substances including known point or nonpoint sources other than those from the facility in question.

"(9) RESULTS, RECOMMENDATIONS, AND EVALUATIONS.—At the completion of each health assessment, the Administrator of ATSDR shall provide the Administrator and each affected State with the results of such assessment, including recommendations concerning the need to further reduce exposure. In addition, if the health assessment indicates that the release or threatened release concerned may pose a serious threat to human health or the environment, the Administrator of ATSDR shall so notify the Administrator who shall promptly evaluate such release or threatened release in accordance with the hazard ranking system referred to in section 105(a)(8)(A) to determine whether the site shall be placed on the National Priorities List or, if the site is already on the list, the Administrator of the ATSDR may recommend to the Administrator that the site be accorded a higher priority.

"(10) RECOVERY OF COSTS.—In any case in which a health assessment performed under this subsection (including one required by section 3019(b) of the Solid Waste Disposal Act) discloses the exposure of a population to the release of a hazardous substance from a facility, the costs of such health assessment may be recovered as a cost of response under section 107 of this Act.

"(g) STUDIES.—

"(1) PILOT HEALTH EFFECTS STUDIES.—Whenever in the judgment of the Administrator of ATSDR it is appropriate on the basis of the results of a health assessment, the Administrator of ATSDR shall conduct a pilot study of health effects for selected groups of exposed individuals in order to determine the desirability of conducting full scale epidemiological or other health studies of the entire exposed population.

"(2) FULL SCALE.—Whenever in the judgment of the Administrator of ATSDR it is appropriate on the basis of the results of such pilot study or other study or health assessment, the Administrator of ATSDR shall conduct such full scale epidemiological or other health studies as may be necessary to determine the health effects on the population exposed to hazardous substances from a release or threatened release.

"(h) REGISTRY.—

"(1) AUTHORITY TO ESTABLISH.—In any case in which the results of a health assessment or epidemiological study indicate a potential or observed significant risk to human health, the Administrator of ATSDR shall evaluate whether the establishment of a registry of exposed persons would contribute to accomplishing the purposes of this subsection. The Administrator of ATSDR shall establish such registry when such evaluation determines that an effective mechanism can be established to satisfactorily maintain such registry over a sufficient period of time to accomplish the desired purposes of this paragraph and either—

"(A) the registry could benefit its participants by prevention or early detection of serious adverse health effects from exposure to hazardous substances; or

"(B) the registry could provide significant information not currently available on human health effects of exposure to one or more hazardous substances.

"(2) UNLAWFUL DISCLOSURE.—The identity of any individual listed on a registry shall not be disclosed to any person except as may be necessary to carry out this section. Any person violating this paragraph shall be fined not more than $1,000 or imprisoned for not more than six months, or both, and shall be required to pay the costs of prosecution.

"(i) HEALTH SURVEILLANCE PROGRAM.—Where the Administrator of ATSDR has determined that there is a significant increased risk of adverse health effects in humans from exposure to hazardous substances based on the results of a health assessment conducted under subsection (f), an epidemiological study conducted under subsection (g), or an exposure registry that has been established under subsection (h), and the Administrator of ATSDR has determined that such exposure is the result of a

release from a facility, the Administrator of ATSDR shall initiate a health surveillance program for such population. This program shall include but not be limited to—

"(1) periodic medical testing where appropriate of population subgroups to screen for diseases for which the population or subgroup is at significant increased risk; and

"(2) a mechanism to refer for treatment those individuals within such population who are screened positive for such diseases.

"(j) REPORT EVERY TWO YEARS.—Two years after the date of the enactment of this subsection and every two years thereafter, the Administrator of ATSDR shall prepare and submit to the Administrator and Congress a report on the results of the activities of ATSDR regarding—

"(1) health assessments and pilot health effects studies conducted;

"(2) epidemiologic studies conducted;

"(3) hazardous substances which have been listed under subsection (d), toxicological profiles which have been developed, and toxicologic testing which has been conducted or which is being conducted under subsection (e);

"(4) registries established under subsection (h); and

"(5) an overall assessment, based on the results of activities conducted by the Administrator of ATSDR, of the linkage between human exposure to individual or combinations of hazardous substances due to releases from facilities covered by this Act or the Solid Waste Disposal Act and any increased incidence or prevalence of adverse health effects in humans.

"(k) REDUCTION OF EXPOSURE.—

"(1) SIGNIFICANT HUMAN EXPOSURE LEVEL.—If a health assessment or other study carried out under this Act identifies an individual or individuals exposed to a hazardous substance in a manner which presents a significant risk to human health, the Administrator shall take such steps as may be necessary to abate the risk. Such steps may include the following:

"(A) Provision of alternate household water supplies.

"(B) Temporary or permanent relocation of individuals.

"(2) INSUFFICIENT INFORMATION.—In any case in which information is insufficient, in the judgment of the Administrator of ATSDR or the Administrator to determine a significant human exposure level with respect to a hazardous substance, the Administrator may take such steps as may be necessary to reduce the exposure of any person to such hazardous substance to such level as the Administrator deems necessary to protect human health.

"(l) NO DELAY OF OTHER ACTION.—In the case of any hazardous substance which is subject to a petition or study under this section, nothing in this section shall be construed to delay or otherwise impair the authority of the Administrator to exercise any authority vested in the Administrator under any other provision of law, including, but not limited to, the imminent hazard authority of section 7003 of the Solid Waste Disposal Act or the response and abatement authorities of this Act.

"(m) PEER REVIEW.—All studies and results of research (other than health assessments) conducted under this section shall be reported or adopted only after appropriate peer review. Such peer review shall be completed, to the maximum extent practicable, within a period of 60 days and shall be conducted by panels consisting of no less than three nor more than seven members, who shall be scientific experts selected for such purpose by the Administrator of ATSDR on the basis of their reputation for scientific objectivity and the lack of institutional ties with any person involved in the conduct of the study or research under review. Support services for such panels shall be provided by the Administrator of ATSDR.

"(n) EDUCATIONAL MATERIALS.—In the implementation of this section and other health-related authorities of this Act, the Administrator of ATSDR shall assemble, develop, as necessary, and distribute to the States, and upon request to medical colleges, physicians, and other health professionals, appropriate educational materials on the medical surveillance, screening, and methods of diagnosis and treatment of injury or disease related to exposure to hazardous substances (giving priority to those listed in subsection (d)), through such means as the Administrator of ATSDR deems appropriate.

"(o) DIRECT ACTION AND COOPERATIVE AGREEMENTS.—The activities described in this section and section 111(c)(4) shall be carried out by the Administrator of ATSDR, either directly or through cooperative agreements with States (or political subdivisions thereof) which the Administrator of ATSDR determines are capable of carrying out such activities. Such activities shall include provision of consultations on health information, the conduct of health assessments, including those required under section 3019(b) of the Solid Waste Disposal Act, health studies, registries, and health surveillance.

"(p) MINIMUM NUMBER OF EMPLOYEES.—The President shall provide adequate personnel for ATSDR, which shall not be fewer than 100 employees. For purposes of determining the number of employees under this subsection, an employee employed by ATSDR on a part-time career employment basis shall be counted as a fraction which is determined by dividing 40 hours into the average number of hours of such employee's regularly scheduled workweek.

"(q) FEDERAL FACILITIES.—In accordance with section 120, the Administrator of ATSDR shall have the same authorities under this section with respect to facilities owned or operated by a department, agency, or instrumentality of the United States as such Administrator has with respect to any nongovernmental entity.

"(r) EMERGENCIES.—In cases of public health emergencies caused or believed to be caused by exposure to toxic substances, the Administrator of ATSDR—

"(1) shall provide medical testing and care to exposed individuals, including, but not limited to, tissue sampling, chromosomal testing, epidemiological studies, or any other assistance appropriate under the circumstances;

"(2) shall offer technical assistance and consultation to local and State health authorities that are providing medical testing and care to exposed individuals; and

"(3) shall use any authority provided under this section;

whether or not the determinations or other preliminary steps otherwise required under this section have been made or taken. Nothing in this subsection shall be construed to create an entitlement program.

"(s) POLLUTANTS AND CONTAMINANTS.—If the Administrator of ATSDR determines that it is appropriate for purposes of this section to treat a pollutant or contaminant as a hazardous substance, such pollutant or contaminant shall be treated as a hazardous substance for such purpose.".

SEC. 117. PUBLIC PARTICIPATION.

Title I of CERCLA is amended by adding the following new section after section 116:

"SEC. 117. PUBLIC PARTICIPATION.

"(a) PROPOSED PLAN.—Before adoption of any plan for remedial action to be undertaken by the Administrator or by a State or by any other person at any site, the Administrator or State, as appropriate, shall take both of the following actions:

"(1) Publish a notice and brief analysis of the proposed plan and make such plan available to the public.

"(2) provide a reasonable opportunity for submission of written and oral comments and an opportunity for a public meeting at or near the facility at issue regarding the proposed plan and regarding any waivers under section 121 (relating to cleanup standards). The Administrator shall keep a transcript of the meeting and make such transcript available to the public.

The notice and analysis published under paragraph (1) shall include sufficient information as may be necessary to provide a reasonable explanation of the proposed plan.

"(b) FINAL PLAN.—Notice of the final remedial action plan adopted shall be published and the plan shall be made available to the public before commencement of any remedial action. Such final plan shall be accompanied by a discussion of any significant changes (and the reasons for such changes) in the proposed plan and a response to each of the significant comments, criticisms, and new data submitted in written or oral presentations under subsection (a).

"(c) EXPLANATION OF DIFFERENCES.—After adoption of a final remedial action plan—

"(1) if any remedial action is taken,

"(2) if any enforcement action under section 106 is taken, or

"(3) if any settlement or consent decree under section 106 is entered into,

and if such action, settlement, or decree differs in any significant respects from the final plan, the Administrator shall publish an explanation of the significant differences and the reasons such changes were made.

"(d) PUBLICATION.—For the purposes of this section, publication shall include, at a minimum, publication in a major local newspaper of general circulation. In addition, each item developed, received, published, or made available to the public under this section shall be available for public inspection and copying at or near the facility at issue.

"(e) GRANTS FOR TECHNICAL ASSISTANCE.—

"(1) AUTHORITY.—In accordance with rules promulgated by the administrator, the Administrator may make grants available to any group of individuals which may be affected by a release or threatened release at any facility which is listed on the National Priorities List under the National Contingency Plan. Such grants shall be for the purpose of enabling the group to obtain technical assistance to review and assess data and information which has been prepared by the Administrator with respect to such facility and which is required to be published under this subsection.

"(2) AMOUNT.—The amount of any grant under this subsection may not exceed $25,000 for a single grant recipient. The Administrator may waive the $25,000 limitation in any case where such waiver is necessary to carry out the purposes of this subsection. Each grant recipient shall be required, as a condition of the grant, to con-

tribute at least 20 percent of the total of costs of the expert advice and technical assistance for which such grant is made. The Administrator may waive the 20 percent contribution requirement if the grant recipient demonstrates financial need and such waiver is necessary to facilitate public participation in the selection of remedial action at the facility. Not more than one grant may be made under this subsection with respect to a single facility, but the grant may be renewed to facilitate public participation at all stages of remedial action.".

SEC. 118. MISCELLANEOUS PROVISIONS

(a) GENERAL PROVISIONS RELATING TO RESPONSE UNDER TITLE I.—Title I of CERCLA is amended by adding the following new section at the end thereof:

"SEC. 118. GENERAL PROVISIONS RELATING TO RESPONSE UNDER TITLE I.

"(a) SCOPE OF PROGRAM. The Administrator shall not respond under this Act to any of the following:

"(1) A release or threat of a release of a hazardous substance or pollutant or contaminant from residential dwellings or businesses or community structures where such dwellings or structures are not used for the deposition, storage, processing, treatment, transportation, or disposal of hazardous substances.

"(2) A release or threat of release of a hazardous substance or pollutant or contaminant into public or private drinking water supplies due to deterioration of the system through ordinary use.

"(3) A release or threat of release resulting exclusively from the mining of coal for which a timely response action is available and authorized under the Surface Mine Control and Reclamation Act of 1977.

"(4) A release or threat of a release of a naturally occurring substance in its unaltered form, or altered solely through naturally occurring processes or phenomena, from a location where it is naturally found.

Notwithstanding the preceding provisions of this subsection, the Administrator may respond under this Act to any release or threat of release of a hazardous substance or pollutant or contaminant (including radon) in any form if the Administrator determines, in his discretion, that the release or threat of release constitutes a major public health or environmental emergency. As used in this subsection the term 'respond under this Act' includes response action under section 104 and abatement action under section 106.

"(b) HIGH PRIORITY FOR WELLS AND CERTAIN AQUIFERS.—For purposes of taking action under section 104 or section 106 and listing facilities on the National Priorities List, the Administrator shall give high priority to facilities where the release of hazardous substances or pollutants or contaminants has resulted in the closing of drinking water wells or has contaminated a sole or principal drinking water source designated under section 1424(e) of title XIV of the Public Health Service Act (the Safe Drinking Water Act).

"(c) RADON CONTAMINATED SOIL.—Any radon contaminated soil that is in a residential area and is the subject of a remedial action for which a remedial investigation and feasibility study has been initiated before the enactment of this subsection shall be disposed of at a facility licensed by the Nuclear Regulatory Commission, or by a State pursuant to an agreement under section 274 of the Atomic Energy Act of 1954 (42 U.S.C. 2021), for the land disposal of low-level radioactive waste. Any such remedial action which has been started, or for which a draft remedial investigation and feasibility study has been issued for public comment, before the date of the enactment of this subsection shall be completed as soon as is practicable after such date.".

(b) UNCONSOLIDATED QUARTERNARY AQUIFER.—Notwithstanding any other provision of law, no person may—

(1) locate or authorize the location of a landfill, surface impoundment, waste pile, injection well, or land treatment facility over the Unconsolidated Quarternary Aquifer, or the recharge zone or streamflow source zone of such aquifer, in the Rockaway River Basin, New Jersey (as such aquifer and zones are described in the Federal Register, January 24, 1984, pages 2946-2948); or

(2) place or authorize the placement of solid waste in a landfill, surface impoundment, waste pile, injection well, or land treatment facility over such aquifer or zone.

This subsection may be enforced under sections 309 (a) and (b) of the Federal Water Pollution Control Act. For purposes of section 309(c) of such Act, a violation of this subsection shall be considered a violation of section 301 of such Act.

(c) STUDY OF SHORTAGES OF SKILLED PERSONNEL.—The Comptroller General shall study the problem of shortages of skilled personnel in the Environmental Protection Agency to carry out response actions under CERCLA. In particular the Comptroller General shall study—

(1) the types of skilled personnel needed for response actions for which there are shortages in the Environmental Protection Agency,

(2) the extent of such shortages,

(3) pay differential between the public and private sectors for the skilled positions involved in response actions,

(4) the extent to which skilled personnel of Federal and State governments involved in response actions are leaving their positions for employment in the private sector,

(5) the success of programs of the Department of Defense and the Office of Personnel Management in retaining skilled personnel, and

(6) the types of training required to improve the skills of employees carrying out response actions.

The Comptroller General shall complete the study required by this subsection and submit a report on the results thereof to Congress not later than 12 months after the date of the enactment of this Act.

(d) STATE REQUIREMENTS NOT APPLICABLE TO CERTAIN TRANSFERS.—No State or local requirement shall apply to the transfer and disposal of any hazardous substance or pollutant or contaminant from a facility at which a release or threatened release has occurred to a facility for which a final permit under section 3005(a) of the Solid Waste Disposal Act is in effect if the following conditions apply—

(1) Such permit was issued after January 1, 1983 and before November 1, 1984.

(2) The transfer and disposal is carried out pursuant to a cooperative agreement between the Administrator and the State.

The terms used in this section shall have the same meaning as when used in CERCLA.

SEC. 119. RESPONSE ACTION CONTRACTORS.

Title I of CERCLA is amended by adding the following new section after section 118:

"SEC. 119. RESPONSE ACTION CONTRACTORS.

"(a) LIABILITY OF RESPONSE ACTION CONTRACTORS.—

"(1) RESPONSE ACTION CONTRACTORS.—Notwithstanding section 114, a person who is a response action contractor with respect to any release or threatened release of a hazardous substance or pollutant or contaminant from a vessel or facility shall not be liable under this title, under any other Federal law, under the law of any State or political subdivision, or under common law to any person for injuries, costs, damages, expenses, or other liability (including but not limited to claims for indemnification or contribution and claims by third parties for death, personal injury, illness or loss of or damage to property or economic loss) which results from such release or threatened release.

"(2) NEGLIGENCE, ETC.—Paragraph (1) shall not apply in the case of a release that is caused by conduct of the response action contractor which is negligent, grossly negligent, or which constitutes intentional misconduct.

"(3) EFFECT ON WARRANTIES.—Nothing in this subsection shall affect the liability of any person under any warranty under Federal, State, or common law.

"(b) SAVINGS PROVISIONS.—

"(1) LIABILITY OF OTHER PERSONS.—Nothing in this section shall affect the liability under this Act or under any other Federal or State law of any person, other than a response action contractor.

"(2) BURDEN OF PLAINTIFF.—Nothing in this section shall affect the plaintiff's burden of establishing liability under this title.

"(c) IDEMNIFICATION.—

"(1) IN GENERAL.—The Administrator may agree to hold harmless and indemnify any response action contractor meeting the requirements of this subsection against any liability (including the expenses of litigation or settlement) for negligence arising out of the contractor's performance in carrying out response action activities under this title, unless such liability was caused by conduct of the contractor which was grossly negligent or which constituted intentional misconduct.

"(2) APPLICABILITY.—This subsection shall apply only with respect to a response action carried out under written agreement with—

"(A) the Administrator;

"(B) another Federal agency;

"(C) a State or political subdivision which has entered into a contract or cooperative agreement in accordance with section 104(d)(1) of this title; or

"(D) any potentially responsible party, as defined by section 122.

"(3) NONAPPLICABILITY.—This subsection shall not be subject to section 1301 or 1341 of title 31 of the United States Code or section 3732 of the Revised Statutes (41 U.S.C. 11).

"(4) REQUIREMENTS.—An indemnification agreement may be provided under this subsection only if the Administrator determines that each of the following requirements are met.

"(A) The liability covered by the indemnification agreement exceeds or is not covered by insurance available, at a fair and reasonable price, to the contractor at the time the contractor enters into the contract to provide response action, and adequate insurance to cover such liability is not generally available at the time the response action contract is entered into.

"(B) The response action contractor has made diligent efforts to obtain insurance

coverage from non-Federal sources to cover such liability.

"(C) In the case of a response action contract covering more than one facility, the response action contractor agrees to continue to make such diligent efforts each time the contractor begins work under the contract at a new facility.

"(5) LIMITATIONS.—

"(A) LIABILITY COVERED.—Indemnification under this subsection shall apply only to response action contractor liability which results from a release of any hazardous substance or pollutant or contaminant if such release arises out of response action activities.

"(B) DEDUCTIBLES AND LIMITS.—An indemnification agreement under this subsection shall include deductibles and shall place limits on the amount of indemnification to be made available.

"(C) CONTRACTS WITH POTENTIALLY RESPONSIBLE PARTIES.—

"(i) DECISION TO INDEMNIFY.—In deciding whether to enter into an indemnification agreement with a response action contractor carrying out a written contract or agreement with any potentially responsible party, the Administrator shall determine an amount which the potentially responsible party is able to indemnify the contractor. The Administrator may enter into such an indemnification agreement only if the Administrator determines that such amount of indemnification is inadequate to cover any reasonable potential liability of the contractor arising out of the contractor's negligence in performing the contract or agreement with such party. The Administrator shall make the determinations in the preceding sentences (with respect to the amount and the adequacy of the amount) taking into account the total net assets and resources of potentially responsible parties with respect to the facility at the time of such determinations.

"(ii) CONDITIONS.—The Administrator may provide indemnification for the amount determined under clause (i) under an indemnification agreement referred to in clause (i) only if the contractor has exhausted all administrative, judicial, and common law claims for indemnification against all potentially responsible parties participating in the clean-up of the facility with respect to the liability of the contractor arising out of the contractor's negligence in performing the contract or agreement with such party. Such indemnification agreement shall require such contractor to pay any deduction established under subparagraph (B) before the contractor may recover any amount from the potentially responsible party or under the indemnification agreement.

"(D) RCRA FACILITIES.—No owner or operator of a facility regulated under the Solid Waste Disposal Act may be indemnified under this subsection with respect to such facility.

"(E) PERSONS RETAINED OR HIRED.—A person retained or hired by a person described in subsection (f)(2)(A) shall be eligible for indemnification under this subsection only if the Administrator specifically approves of the retaining or hiring of such person.

"(6) REGULATIONS.—Within one year after the date of the enactment of this section, the Administrator shall promulgate regulations for carrying out the provisions of this subsection.

"(7) STUDY.—The Comptroller General shall conduct a study in the fiscal year ending September 30, 1989, on the application of this subsection, including whether indemnification agreements under this subsection are being used, the number of claims that have been filed under such agreements, and the need for this subsection. The Comptroller General shall report the findings of the study to Congress no later than September 30, 1989.

"(d) EXCEPTION TO EXEMPTION.—The exemption provided under subsection (a) and the authority of the Administrator to offer indemnification under subsection (c) shall not apply to any person covered by the provisions of paragraph (1), (2), (3), or (4) of section 107(a) with respect to the release or threatened release concerned if such person would be covered by such provisions even if such person had not carried out any actions referred to in subsection (e) of this section.

"(e) DEFINITIONS.—For purposes of this section—

"(1) RESPONSE ACTION CONTRACT.—The term 'response action contract' means any written contract or agreement entered into by a response action contractor (as defined in paragraph (2)(A) of this subsection) with—

"(A) the Administrator;

"(B) any other Federal agency;

"(C) a State or political subdivision which has entered into a contract or cooperative agreement in accordance with section 104(d)(1) of this Act; or

"(D) any potentially responsible party; to provide any response action under this Act with respect to any release or threatened release of a hazardous substance or pollutant or contaminant from a facility or to provide any evaluation, planning, engineering, surveying and mapping, design, construction, equipment, or any ancillary services thereto for such facility.

"(2) RESPONSE ACTION CONTRACTOR.—The term 'response action contractor' means—

"(A) any—

"(i) person who enters into a response action contract with respect to any release or threatened release of a hazardous substance or pollutant or contaminant from a facility and is carrying out such contract; and

"(ii) person, public or nonprofit private entity, conducting a field demonstration pursuant to section 311(b); and

"(B) any person who is retained or hired by a person described in subparagraph (A) to provide any services relating to a response action.

"(3) INSURANCE.—The term 'insurance' means liability insurance which is fair and reasonably priced, as determined by the Administrator, and which is made available at the time the contractor enters into the response action contract to provide response action.

"(f) COMPETITION.—To protect the health and safety of the public and to assure the selection of technically superior response action contractors, no potential offeror of a bid or proposal for a contract, subcontract, or cooperative agreement to be performed and funded under the authority of this Act shall be denied the opportunity to compete for such contracts. Response action contractors and subcontractors for program management, construction management, architectural and engineering, surveying and mapping, and related services shall be selected in accordance with title IX of the Federal Property and Administrative Services Act of 1949. The Federal selection procedures or equivalent State requirements shall apply to appropriate contracts negotiated by all governmental agencies involved in carrying out this Act under memoranda of understanding, State cooperative agreements, or other means. Such procedures (or equivalent requirements) shall be followed by response action contractors and subcontractors.".

SEC. 120. FEDERAL FACILITIES.

(a) IN GENERAL.—Title I of CERCLA is amended by adding the following new section after section 119:

"SEC. 120. FEDERAL FACILITIES.

"(a) APPLICATION OF ACT TO FEDERAL GOVERNMENT.—

"(1) IN GENERAL.—Each department, agency, and instrumentality of the United States (including the executive, legislative, and judicial branches of government) shall be subject to, and comply with, this Act in the same manner and to the same extent, both procedurally and substantively, as any nongovernmental entity, including liability under section 107 of this Act. Nothing in this section shall be construed to affect the liability of any person or entity under sections 106 and 107.

"(2) APPLICATION OF GUIDELINES, ETC., TO FEDERAL FACILITIES.—All guidelines, rules, regulations, and criteria which are applicable to preliminary assessments carried out under this Act for facilities at which hazardous substances are located, applicable to evaluations of such facilities under the National Contingency Plan, applicable to inclusion on the National Priorities List, or applicable to remedial actions at such facilities shall also be applicable with respect to facilities which are owned or operated by a department, agency, or instrumentality of the United States in the same manner and to the same extent as such guidelines, rules, regulations, and criteria are applicable with respect to other facilities. No department, agency, or instrumentality of the United States may adopt or utilize any such guidelines, rules, regulations, or criteria which are inconsistent with the guidelines, rules, regulations, and criteria established by the Administrator under this Act.

"(3) EXCEPTIONS.—This subsection shall not apply to the extent otherwise provided in this section with respect to applicable time periods. This subsection shall also not apply to any requirements relating to financial responsibility. Nothing in this Act shall be construed to require a State to comply with section 104(c)(3) in the case of a facility which is owned or operated by any department, agency, or instrumentality of the United States.

"(4) STATE LAWS.—State laws concerning removal and remedial action, including State laws regarding enforcement, shall apply to removal and remedial action at facilities owned or operated by a department, agency, or instrumentality of the United States when such facilities are not included on the National Priorities List. The preceding sentence shall not apply to the extent a State law would apply any standard or requirement to such facilities which is more stringent than the standards and requirements applicable to facilities which are not owned or operated by any such department, agency, or instrumentality.

"(b) NOTICE.—Each department, agency, and instrumentality of the United States shall add to the inventory of Federal agency hazardous waste facilities required to be submitted under section 3016 of the Solid Waste Disposal Act (in addition to the information required under section 3016(a)(3) of such Act) information on contamination from each facility owned or operated by the

department, agency, or instrumentality if such contamination affects contiguous or adjacent property owned by the department, agency, or instrumentality or by any other person, including a description of the monitoring data obtained.

"(c) FEDERAL AGENCY HAZARDOUS WASTE COMPLIANCE DOCKET.—

"(1) ESTABLISHMENT.—The Administrator shall establish a special Federal agency hazardous waste compliance docket for each department, agency, or instrumentality of the United States which shall contain each of the following:

"(A) The inventory required to be submitted by the department, agency, or instrumentality in accordance with section 3016 of the Solid Waste Disposal Act and subsection (b) of this section.

"(B) Information submitted by the department, agency, or instrumentality under section 3005 or 3010 of such Act.

"(C) Information submitted by the department, agency, or instrumentality under section 103 of this Act.

"(2) INSPECTION.—The docket established under this subsection shall be available for public inspection at reasonable times. The Administrator shall establish a program to provide information to the public with respect to facilities which are included in the docket under this subsection.

"(3) PERIODIC NOTICES.—Six months after establishment of the docket under this subsection and every six months thereafter, the Administrator shall publish in the Federal Register a list of the Federal facilities which have been included in the docket during the preceding six-month period. Such publication shall also indicate where in the appropriate regional office of the Environmental Protection Agency additional information may be obtained with respect to any facility on the docket.

"(d) EVALUATION.—

"(1) DEADLINE.—Not later than January 31, 1987, where the Administrator determines that such evaluation is warranted on the basis of a site inspection or preliminary assessment, the Administrator shall evaluate each facility included in the docket established under subsection (c) in accordance with the criteria established under the National Contingency Plan for determining priorities among releases for inclusion on the National Priorities List. Upon the receipt of a petition from the Governor of any State, the Administrator shall make such an evaluation of any facility included in the docket.

"(2) DEADLINE FOR INCLUSION.—Within 12 months after completion of the evaluation of a facility, the Administrator shall include the facility on the National Priorities List if the facility meets the criteria for inclusion on such list. Such criteria shall be applied in the same manner as the criteria are applied to facilities which are owned or operated by other persons.

"(e) REQUIRED ACTION BY DEPARTMENT.—

"(1) RIFS.—Not later than six months after the inclusion of any facility on the National Priorities List, the department, agency, or instrumentality which owns or operates such facility shall, in consultation with the Administrator, commence a remedial investigation and feasibility study for such facility. In the case of any facility which is listed on such list before the date of the enactment of this section, the department, agency, or instrumentality which owns or operates such facility shall, in consultation with the Administrator, commence such an investigation and study for such facility within one year after such date of enactment.

"(2) COMMENCEMENT OF REMEDIAL ACTION; INTERAGENCY AGREEMENT.—The Administrator shall review the results of each investigation and study conducted as provided in paragraph (1). Within 180 days thereafter, the head of the department, agency, or instrumentality concerned shall enter into an interagency agreement with the Administrator for the expeditious completion by such department, agency, or instrumentality of all necessary remedial action at such facility. Substantial continuous physical onsite remedial action shall be commenced at each facility not later than 15 months after completion of the investigation and study. For purposes of completing the remedial action as promptly as practicable, each department, agency, or instrumentality shall request adequate funding in the President's annual budget submittal to the Congress. For purposes of public participation in accordance with section 117, the proposal of a plan for remedial action in an interagency agreement shall be treated as the proposal of a plan for remedial action and the adoption of such an agreement shall be treated as the adoption of a final plan.

"(3) CONTENTS OF AGREEMENT.—Each interagency agreement under this subsection shall include, but shall not be limited to, each of the following:

"(A) A review of alternative remedial actions and selection of a remedial action plan by the Administrator.

"(B) A schedule for the completion of each such remedial action.

"(C) Arrangements for long-term operation and maintenance of the facility.

"(4) ANNUAL REPORT.—Each department, agency, or instrumentality responsible for compliance with this section shall furnish an annual report to the Congress concerning its progress in implementing the requirements of this section. Such reports shall include, but shall not be limited to, each of the following items:

"(A) A report on the progress in reaching interagency agreements under this section.

"(B) The specific cost estimates and budgetary proposals involved in each interagency agreement.

"(C) A report on progress in conducting investigations and studies under paragraph (1).

"(D) A report on progress in conducting remedial actions.

"(E) A report on progress in conducting remedial action at facilities which are not listed on the National Priorities List.

"(5) SETTLEMENTS WITH OTHER PARTIES.—If the Administrator, in consultation with the head of the relevant department, agency, or instrumentality of the United States, determines that remedial investigations and feasibility studies or remedial action will be done properly at the Federal facility by another potentially responsible party within the deadlines provided in paragraphs (1), (2), and (3) of this subsection, the Administrator may enter into an agreement with such party under section 122.

"(f) TRANSFER OF AUTHORITIES.—Except for authorities which are delegated by the Administrator to an officer or employee of the Environmental Protection Agency, no authority vested in the Administrator under this section may be transferred, by executive order of the President or otherwise, to any other officer or employee of the United States or to any other person.

"(g) PROPERTY TRANSFERRED BY FEDERAL AGENCIES.—

"(1) NOTICE.—After the last day of the six-month period beginning on the effective date of regulations under paragraph (2) of this subsection, whenever any department, agency, or instrumentality of the United States enters into any contract for the sale or other transfer of real property which is owned by the United States and on which any federally regulated hazardous substance was stored for one year or more, known to have been released, or disposed of, the head of such department, agency, or instrumentality shall include in such contract notice of the type and quantity of such hazardous substance and notice of the time at which such storage, release, or disposal took place, to the extent such information is available on the basis of a complete search of agency files.

"(2) FORM OF NOTICE: REGULATIONS.—Notice under this subsection shall be provided in such form and manner as may be provided in regulations promulgated by the Administrator. As promptly as practicable after the date of the enactment of this subsection but not later than 18 months after such date of enactment, and after consultation with the Administrator of the General Services Administration, the Administrator shall promulgate regulations regarding the notice required to be provided under this subsection.

"(3) CONTENTS OF CERTAIN DEEDS.—After the last day of the six-month period beginning on the effective date of regulations under paragraph (2) of this subsection, in the case of any real property owned by the United States on which any hazardous substance was stored for one year or more, known to have been released, or disposed of, each deed entered into for the transfer of such property by the United States to any other person or entity shall contain—

"(A) to the extent such information is available on the basis of a complete search of agency files—

"(i) a notice of the type and quantity of such hazardous substances,

"(ii) notice of the time at which such storage, release, or disposal took place, and

"(iii) a description of the remedial action taken, if any, and

"(B) a covenant warranting that—

"(i) all remedial action necessary to protect human health and the environment with respect to any such substance remaining on the property has been taken before the date of such transfer, and

"(ii) any additional remedial action found to be necessary after the date of such transfer shall be conducted by the United States.

The requirements of subparagraph (B) shall not apply in any case in which the person or entity to whom the property is transferred is a potentially responsible party (as defined in section 122(j) with respect to such real property.

"(h) OBLIGATIONS UNDER SOLID WASTE ACT.—Nothing in this section shall affect or impair the obligation of any department, agency, or instrumentality of the United States to comply with any requirement of the Solid Waste Disposal Act (including corrective action requirements).

"(i) STATE COORDINATOR.—A State may request and be granted by the Administrator the role of on-scene coordinator for Federal facility projects within its boundaries. The necessary and reasonable expenses of the on-scene coordinator shall be paid to the State by the Agency.

"(j) NATIONAL SECURITY.—

"(1) SITE SPECIFIC PRESIDENTIAL ORDERS.—The President may issue such orders regard-

ing response actions at any specified site or facility of the Department of Energy or the Department of Defense as may be necessary to protect the national security interests of the United States at that site or facility. Such orders may include, where necessary to protect such interests, an exemption from any requirement contained in this title or under title III of the Superfund Amendments of 1985 with respect to the site or facility concerned. The President shall notify the Congress within 30 days of the issuance of an order under this paragraph providing for any such exemption. Such notification shall include a statement of the reasons for the granting of the exemption. An exemption under this paragraph shall be for a specified period which may not exceed 1 year. Additional exemptions may be granted each upon the President's issuance of a new order under this paragraph for the site or facility concerned. Each such additional exemption shall be for a specified period which may not exceed 1 year. It is the intention of the Congress that whenever an exemption is issued under this paragraph the response action shall proceed as expeditiously as practicable. The Congress shall be notified periodically of the progress of any response action with respect to which an exemption has been issued under this paragraph.

"(2) CLASSIFIED INFORMATION.—Notwithstanding any other provision of law, all requirements of the Atomic Energy Act and all Executive orders concerning the handling of restricted data and national security information, including 'need to know' requirements, shall be applicable to any grant of access to classified information under the provisions of this Act or under title III of the Superfund Amendments of 1985.".

(b) LIMITED GRANDFATHER.—Section 120(a) of CERCLA shall not apply to any response action or remedial action for which a plan is under development by the Department of Energy on the date of the enactment of this Act with respect to facillities—

(1) owned or operated by the United States and subject to the jurisdiction of such Department,

(2) located in St. Charles and St. Louis counties, Missouri, or the city of St. Louis, Missouri, and

(3) published in the National Priorities List.

In preparing such plans, the Secretary of Energy shall consult the Administrator of the Environmental Protection Agency.

SEC. 121. CLEANUP STANDARDS.

Title I of CERCLA is amended by adding the following new section after section 120:

"SEC. 121. CLEANUP STANDARDS.

"(a) BASIC REQUIREMENTS.—The Administrator shall select appropriate cost-effective remedial actions to be carried out under section 104 or secured under section 106. Such actions—

"(1) shall be in accordance with the National Contingency Plan,

"(2) shall be in accordance with the requirements of this section, and

"(3) shall require that level or standard of control of each hazardous substance or pollutant or contaminant at the facility which is necessary to protect human health and environment.

"(b) PERMANENT SOLUTIONS.—

"(1) GENERAL REQUIREMENT.—If a permanent solution meets the requirements of subsection (a) with respect to a facility and such solution is feasible and achievable, the Administrator shall, to the maximum extent practicable, select such solution as the remedial action for the facility.

"(2) DETERMINATION OF PRACTICABILITY.—For purposes of this section, the Administrator shall determine whether or not a remedial action is practicable by taking into consideration the following factors, among others: availability of technology, installation period, uncertainties related to level of performance of the solution or remedial action, level of public support for the solution or remedial action, and whether or not the solution or remedial action has been achieved in practice at any other facility or site which has characteristics similar to the facility or site concerned.

"(c) NONPERMANENT MEASURES.—If the Administrator determines that a permanent solution is not feasible and achievable with respect to any release or threatened release of a hazardous substance or pollutant or contaminant, the Administrator shall provide such remedial action as he deems necessary to protect human health and the environment in accordance with the provisions of this section.

"(d) TREATMENT OF SITES AND FACILITIES WITH NONPERMANENT SOLUTION.—

"(1) PERIODIC REVIEW.—The Administrator shall assure (in cooperation with the State) periodic monitoring and shall periodically review each facility for which the remedy selected under this section does not provide a permanent solution. The purpose of such monitoring and review shall be to determine each of the following:

"(A) Whether or not a permanent solution is available for such facility in accordance with subsections (a) and (b).

"(B) Whether or not the remedy selected is adequately protecting human health and the environment.

"(2) PERMANENT SOLUTION AVAILABLE.—If the Administrator determines that a permanent solution is available for the facility in according with subsections (a) and (b), the Administrator shall require that remedial action be undertaken to implement such solution unless the Administrator determines that the existing remedy being implemented at the facility is adequately protecting human health and the environment.

"(3) ADDITIONAL MEASURES.—If the Administrator determines that a permanent solution is not available for the facility in accordance with subsections (a) and (b) and that the remedy implemented at the facility is not adequately protecting human health and the environment, the Administrator shall take or require to be taken such additional remedial action as may be necessary to protect human health and the environment.

"(4) ABOVE-GROUND STRUCTURES.—If the Administrator determines that a permanent solution is not feasible and achievable, the Administrator shall consider remedial actions in which hazardous substances and pollutants and contaminants are securely contained in such above-ground engineered structures.

"(e) SELECTION OF REMEDIAL ACTION.—In evaluating alternative remedial actions (including whether to utilize onsite or offsite remedial actions), the Administrator shall specifically assess the long-term effectiveness of various alternatives, including an assessment of permanent solutions and alternative treatment technologies and resource recovery technologies that, in whole or in part, will result in a permanent and significant decrease in the toxicity, mobility, or volume of the hazardous substance, pollutant, or contaminant, taking into account each of the following:

"(1) The long-term uncertainties associated with land disposal.

"(2) The goals, objectives, and requirements of the Solid Waste Disposal Act.

"(3) The persistence, degradability in nature, toxicity, mobility, and propensity to bioaccumulate of such hazardous substances and their constituents.

"(4) The potential threat to human health and the environment associated with excavation, transportation, and redisposal.

"(5) Short- and long-term potential for adverse health effects from human exposure.

"(6) Long-term maintenance costs.

"(f) PREFERRED ACTIONS.—Remedial actions which significantly reduce the volume, toxicity, or mobility of the hazardous substance or pollutant or contaminant are to be preferred over medical actions which do not result in such reductions.

"(g) ONSITE REMEDIAL ACTION.—

"(1) APPLICABILITY.—This subsection shall apply only to hazardous substances and pollutants and contaminants which remain onsite.

"(2) APPLICATION OF OTHER FEDERAL ENVIRONMENTAL STANDARDS AND CRITERIA.—If any—

"(A) standard under one or more provisions of the Toxic Substances Control Act, the Safe Drinking Water Act, the Clean Air Act, the Federal Water Pollution Control Act, or the Solid Waste Disposal Act, or

"(B) water quality criteria under any provision of the Federal Water Pollution Control Act,

is legally applicable to the hazardous substance or pollutant or contaminant concerned or is relevant and appropriate under the circumstances of the release or threatened release of such hazardous substance or pollutant or contaminant, the remedial action selected under section 104 or secured under section 106 shall require, at the completion of the remedial action, a level or standard of control for such hazardous substance or pollutant or contaminant which is at least equivalent to such legally applicable or relevant and appropriate standards or criteria. In determining whether or not any water quality criteria under the Federal Water Pollution Control Act is relevant and appropriate under the circumstances of the release or threatened release of a hazardous substance or pollutant or contaminant, the Administrator shall consider the following: the designated or potential use of the surface or groundwater, the environmental media affected, the purposes for which such criteria were developed, and the latest information available. In determining a level or standard of control for a hazardous substance or pollutant or contaminant the Administrator shall consider any tolerance level established under the Federal Food, Drug, and Cosmetic Act which is applicable to that hazardous substance or pollutant or contaminant.

"(3) MORE STRINGENT STATE STANDARDS.—In case in which there is a promulgated standard under a State environmental law which is—

"(A) legally applicable to the hazardous substance or pollutant or contaminant concerned or relevant and appropriate under the circumstances of the release or threatened release of such hazardous substance or pollutant or contaminant; and

"(B) more stringent than the standard which would otherwise be selected under this section,

and there is a cost-effective remedial action which will achieve such State standard and

meets the requirements of this section, the provisions of subsection (j) shall govern the use of such State standard for purposes of remedial action selected under section 104 or secured under section 106.

"(4) CONTAINMENT.—Where the remedial action selected under section 104 or secured under section 106 at any facility does not include the removal of all hazardous substances and pollutants and contaminants from such facility, any remedial action providing for the containment of any such substance or pollutant or contaminant at such facility shall comply with the standards applicable to facilities required to obtain permits under section 3005 of the Solid Waste Disposal Act.

"(5) CONTAMINATION FROM OTHER SOURCES.—The level or standard of control required in accordance with this subsection shall be required only regarding remedial actions taken with respect to the release or threatened release of a hazardous substance or pollutant or contaminant from the facility concerned and shall not be applicable to contamination from other sources.

"(h) OFFSITE REMEDIAL ACTION.—

"(1) TRANSFER TO A COMPLYING FACILITY.—In the case of any removal or remedial action involving the transfer of any hazardous substance or pollutant or contaminant offsite, such hazardous substance or pollutant or contaminant shall only be transferred to a facility which is operating in compliance with sections 3004 and 3005 of the Solid Waste Disposal Act (or, where applicable, in compliance with the Toxic Substances Control Act). Such substance or pollutant or contaminant may be transferred to a land disposal facility only if the Administrator determines that both of the following requirements are met:

"(A) The unit to which the hazardous substance or pollutant or contaminant is transferred is not releasing any hazardous waste, or constituent thereof into the groundwater or surface water.

"(B) All such releases from other units at the facility are being controlled by a corrective action program approved by the Administrator under subtitle C of the Solid Waste Disposal Act.

"(2) DEFINITION OF LAND DISPOSAL.—As used in this subsection, (A) the term 'land disposal' has the meaning provided by section 3004 of the Solid Waste Disposal Act, and (B) the term 'hazardous waste' means hazardous waste listed or identified under section 3001 of that Act.

"(i) WAIVERS.—

"(1) IN GENERAL.—The Administrator may waive the application of the requirements of subsection (g) with respect to any facility and select alternative remedial or abatement action which does not comply with such requirements if the Administrator makes any of the following findings:

"(A) The Administrator finds that such alternative remedial or abatement action will provide protection of human health and the environment substantially equivalent to the remedial or abatement action which would be necessary to comply with such requirements.

"(B) The Administrator finds that compliance with such requirements at that facility will result in greater risk to human health and the environment than alternative options. This finding shall be on the basis of a quantitative assessment to the maximum extent possible.

"(C) The Administrator finds that compliance with such requirements is technically impracticable from an engineering perspective.

"(D) The Administrator finds that compliance with such requirements at that facility will consume a disproportionate share of the Fund, taking into account the size and complexity of the facility and benefits to human health and the environment which may be obtained through other uses under this Act of the sums available in the Fund which would be expended to comply with such requirements.

"(E) The Administrator finds and certifies in writing that compliance with such requirements will require the expenditure of private party resources, which expenditure would substantially exceed the expenditures associated with the remedy which would have been selected by the Administrator if the remedy had been financed by the Fund and if the Administrator, without regard to amounts in the Fund, had invoked the waiver under paragraph (4). In applying this subparagraph, the Administrator shall consider the Fund as having a level of funding equivalent to that authorized.

"(2) PRIVATELY FINANCED ACTIONS.—A finding under subparagraph (A), (B), or (C) of paragraph (1) may also be made with respect to remedial action financed in whole or in part by private parties. In such case, the finding shall be made on the basis of the same considerations as would be used with respect to remedial action financed by the Fund.

"(3) RESTRICTIONS.—

"(A) PROHIBITION ON VIOLATION OF CERTAIN LAWS.—No waiver may be granted under this subsection if it would result in a violation of any of the following: the Federal Water Pollution Control Act, the Marine Protection, Research, and Sanctuaries Act of 1972, and the Safe Drinking Water Act.

"(B) SUBPARAGRAPH (e) WAIVERS.—The Administrator may not grant a waiver under subparagraph (E) of paragraph (1) unless—

"(i) the Administrator has first promulgated final regulations establishing procedures for implementing such subparagraph, including health and environmental impact procedures; and

"(ii) the Administrator explains why granting such waiver is in the public interest.

"(j) ONSITE CLEANUP; PERMITS; STATE STANDARDS.—

"(1) FEDERAL AND STATE PERMITS.—This paragraph applies to any remedial action selected by the Administrator under this Act which does not involve the transfer of a hazardous substance or pollutant or contaminant from the facility at which the release or threatened release occurs to an offsite facility. No Federal or State permits shall be required for such remedial actions other than permits under the Clean Air Act, the Federal Water Pollution Control Act, the Safe Drinking Water Act, and State groundwater laws, if any. For purposes of expediting such remedial actions, the Administrator may, in consultation with the States, establish consolidated procedures applicable to the issuance of Federal and State permits. No permits shall be required under Federal, State, or local law for any removal action under emergency circumstances under this Act.

"(2) LIMITATIONS REGARDING STATE PERMITS.—

"(A) STANDARDS IDENTIFIED IN NOTIFICATION.—Permits may be required only for those State standards which the State identifies in its notification to the Administrator during the remedial investigation and feasibility study.

"(B) DEADLINE FOR ISSUANCE OF STATE PERMITS.—If a State permit is not issued before completion of the final remedial engineering design, construction and implementation of the remedy shall proceed. The State shall have an additional 30 days to issue the permit. If the States does not issue the permit within such period, the requirement for its issuance shall be deemed to be waived.

"(C) RELATIONSHIP TO REMEDIAL ACTION PLAN.—The permit shall conform to and may not modify the terms of the remedial action plan, including estimated costs. All conflicts between the provisions of the Acts referred to in subparagraph (A) and this Act shall be resolved in favor of this Act. There shall be no separate State or Federal procedures under any other laws for obtaining or reviewing the permit. Only the procedures provided for under this Act shall apply for such purposes. Nothing in this subparagraph shall be deemed to affect any requirements under the Federal Water Pollution Control Act.

"(D) INJUNCTIONS DURING REVIEW.—Remedial action which is unrelated to or not inconsistent with the State permit shall not be enjoined pending a proceeding to review the permit.

"(E) JURISDICTION TO REVIEW.—The appropriate Federal district court shall have exclusive jurisdiction to resolve all conflicts, disputes, and disagreements over the permit. The court shall not have jurisdiction to review the selection of the remedial action during an action to enforce or review the permit. Only the State attorney general or the Administrator shall have authority to enforce the permits.

"(3) REGULATIONS FOR STATE INVOLVEMENT.—The Administrator shall promulgate regulations providing for substantial and meaningful involvement by each State in initiation, development, and selection of remedial action to be undertaken in that State. The regulations, at a minimum, shall include each of the following:

"(A) State involvement in decisions whether to perform a preliminary assessment and site inspection.

"(B) Allocation of responsibility for hazard ranking system scoring.

"(C) State concurrence in deleting sites from the National Priorities List.

"(D) State participation in long-term planning process for all remedial sites within the State.

"(E) A reasonable opportunity for States to review and comment on each of the following:

"(i) The remedial investigation and feasibility study and all data and technical documents leading to its issuance.

"(ii) The planned remedial action identified in the remedial investigation and feasibility study.

"(iii) The engineering design following selection of the final remedial action.

"(iv) Other technical data and reports relating to implementation of the remedy.

"(v) Any decision by the Administrator to exercise the waiver authority of subsection (i).

"(F) Notice to the State of negotiations with potentially responsible parties regarding the scope of any response action at a facility in the State and an opportunity to participate in such negotiations. Such regulations shall also provide for the States to be given notice and an opportunity to comment on the Administrator's proposed plan for remedial action as well as on alternative plans under consideration. The Administrator's final decision regarding the selection of remedial action shall be accompanied by

a response to the comments submitted by the State. Such response shall be provided to the State.

"(G) Prompt notice and explanation of each proposed action, including an explanation regarding any decision under paragraph (4) on compliance with promulgated State standards to the State in which the facility is located.

"(4) STATE SUBSTANTIVE STANDARDS.—The State standards referred to in subsection (g)(3) shall apply to remedial actions selected under section 104 or secured under section 106 unless the Administrator determines that one or more of the following circumstances exists:

"(A) The State has agreed with a decision by the Administrator not to apply the State standard.

"(B) The remedial action selected provides protection of public health and the environment that is substantially equivalent to that provided by the State standard.

"(C) The State has not consistently applied the standard (or planned to apply the standard) in similar circumstances at other remedial actions within the State.

"(D) The Administrator exercises one of the waivers under subsection (i) with respect to the State standard. No waiver under subsection (i)(1)(D) shall apply at any facility owned or operated by an agency or instrumentality of the United States. If the Administrator determines, under this paragraph not to apply a State standard, the application of the State standard shall be determined in accordance with paragraph (5), (6), or (7).

"(5) STATE CONCURRENCE PROCEDURE FOR FUND-FINANCED REMEDIAL ACTIONS.—

"(A) APPLICATION OF PARAGRAPH.—This paragraph applies to remedial action undertaken pursuant to section 104.

"(B) OPPORTUNITY TO CONCUR.—Within 30 days of the publication of the Administrator's final remedial action plan, the State shall notify the Administrator that it concurs or does not concur with any decision of the Administrator under paragraph (4) not to comply with a promulgated State standard or siting requirement. If the State concurs in the decision, the remedial action selected by the Administrator shall proceed through completion. If the State fails to act within 30 days after the close of the comment period, such failure shall be deemed concurrence for purposes of this paragraph.

"(C) STATE PAYMENT.—If the State notifies the Administrator within 30 days of the close of the comment period that it does not concur with the decision under paragraph (4) not to comply with a promulgated State standard or siting requirement, and within 60 days after close of the comment period provides assurances deemed adequate by the Administrator that the State will pay or assure payment of the additional costs attributable to compliance with the State standard or requirement, as determined by the Administrator, the remedial action shall comply with such State standard or requirement and shall proceed through completion. If the State fails to provide such assurances within 60 days, the remedial action selected by the Administrator shall proceed through completion.

"(D) ENFORCEMENT.—The State may enforce any Federal or State standard or requirement to which the remedial action is required to conform under this Act in the United States district court in which the facility concerned is located.

"(E) COST RECOVERY.—In any action under section 107 to recover from responsible parties any additional costs paid by the State to have a remedial action conform to a State standard, the State may recover such additional costs if it establishes, on the administrative record, that the Administrator's decision not to require the remedial action to conform to the State standard was not supported by substantial evidence.

"(6) STATE CONCURRENCE PROCEDURE FOR ACTIONS UNDER SECTION 106.—

"(A) APPLICATION OF PARAGRAPH.—This paragraph shall apply to remedial actions secured under section 106.

"(B) OPPORTUNITY TO CONCUR OR REFUSE TO CONCUR.—Within 30 days of the lodging of the consent decree, the Administrator shall provide an opportunity for the State to concur or not to concur that the remedial action plan embodied in the consent decree properly takes State standards into account. If the State concurs, the State may become a signatory to the consent decree.

"(C) STATE NONCONCURRENCE.—If the State does not concur in the remedial action plan embodied in the consent decree on the basis that State standards have not been properly taken into account, and the State desires to have the remedial action conform to such standards, the State may intervene in the action under section 106, as a matter of right, prior to entry of the consent decree to seek to have the action conform to such State standards. The remedy shall conform to the State standard if the State establishes, on the administrative record, that the Administrator's decision not to have the remedial action conform to the State standard was not supported by substantial evidence. If the court determines that the remedy shall conform to a State standard, the consent decree shall be so modified and the State may become a signatory to the decree. If the court determines that the remedy need not conform to the State standard, and the State pays or assures payments of the additional costs attributable to meeting the State standard, the consent decree shall be modified to incorporate the State standard, and the State shall become a signatory to the decree.

"(D) AUTHORITY OF EPA.—The Administrator may conclude settlement negotiations and enter into consent decrees with potentially responsible parties without State concurrence.

"(E) CONDITIONS.—The Administrator and the State may request the court to include reasonable conditions in any consent decree under section 106 to assure that the remedial design and its implementation meet the conditions and requirements of the remedial action plan.

"(7) STATE CONCURRENCE PROCEDURE FOR REMEDIAL ACTIONS AT FEDERAL FACILITIES.—

"(A) APPLICATION OF PARAGRAPH.—This paragraph shall apply to remedial action at facilities owned or operated by an agency or instrumentality of the United States.

"(B) OPPORTUNITY TO CONCUR OR NOT TO CONCUR.—The State may participate in the development and selection of the remedy and seek to have the remedial action conform to State standards. Within 30 days of the publication of the Administrator's final remedial action plan, the State may concur or not concur that the Administrator has taken proper account of State standards in the final remedial action. If the State concurs, or does not act within 30 days, the remedial action may proceed.

"(C) STATE NONCONCURRENCE.—If the State does not concur as provided in subparagraph (B), and desires to have the remedial action conform to the State standard, the State may maintain an action as provided in subparagraph (D).

"(D) REVIEW OF EPA DECISION.—

"(i) AUTHORITY TO BRING ACTION.—If the Administrator has notified the State of its decision not to require a remedial action which conforms to a State standard, the State may bring an action within 30 days of such notification for the sole purpose of determining whether the Administrator's decision not to adopt the State standard is supported by substantial evidence. Such action shall be brought in the United States district court in the district in which the facility is located.

"(ii) REJECTION OF EPA DECISION.—If the State establishes, on the administrative record, that the Administrator's decision not to adopt a State standard is not supported by substantial evidence, the remedial action shall be modified to conform to such standard.

"(iii) EPA DECISION UPHELD.—If the State fails to establish that the Administrator's decision was not supported by substantial evidence and if the State pays, within 60 days of judgment, the additional costs attributable to meeting the State standard, the remedial action shall be selected to meet the State standard. If the State fails to pay within 60 days, the remedial action that does not meet the State standard shall proceed through completion.

"(E) ENFORCEMENT.—The State may enforce any Federal or State standard or requirement to which the remedial action is required to conform under this Act in the United States district court in the district in which the facility is located.

"(F) INJUNCTIONS.—Nothing in this Act precludes, and the court shall not enjoin, the Federal agency from taking any remedial action unrelated to or not inconsistent with the State standard.

"(G) CONDITIONS.—During an action brought by the State regarding the Administrator's notification of the State requirement to pay the additional costs associated with meeting the State standard, the State may also request the court to establish reasonable conditions to assure that the remedial design and implementation meets the conditions and requirements of the remedial action plan.

"(8) CORRECTIVE ACTION AT FEDERAL FACILITIES.—The waiver under this subsection of any requirement for a permit shall not be construed to exempt any solid waste management unit within the boundaries of a facility owned or operated by a department, agency, or instrumentality of the United States from the corrective action required by section 3004(u) of the Solid Waste Disposal Act for releases of hazardous waste or constituents, unless such unit is within the scope of the response action taken at a site on the National Priorities List under this Act.

"(9) ATTORNEY AND WITNESS FEES.—Whenever a State recovers its additional costs under this subsection from any responsible person, such person shall be liable for the costs incurred by the State in such action, including reasonable attorney and witness fees. Whenever the court upholds a determination under paragraph (4), the State which brought the action under this subsection shall be liable for the costs incurred by the Administrator and the responsible person in such action, including reasonable attorney and witness fees.

"(10) SAVINGS PROVISIONS.—(A) Nothing in this section shall be deemed to affect the

authority of any State to undertake a response action under this Act.

"(B) Nothing in this section shall affect the authority of any State to impose, after remedial action is completed, any requirement (including a fee) with respect to any operation and maintenance activities required with respect to a hazardous substance or pollutant or contaminant.

"(11) STATE ENVIRONMENTAL IMPACT REQUIREMENTS.—Prior to commencement of a remedial investigation and feasibility study, the Administrator shall notify the State of such action. If within 60 days thereafter, the State notifies the Administrator of any State procedural requirements which would be applicable under State statutes requiring preparation of environmental impact statements, the Administrator shall, in consultation with the State, establish functionally equivalent procedures governing the preparation of such investigation and study which adopt such State requirements unless the State waives such requirements. Compliance with this subsection shall be deemed to be compliance with such State environmental impact statutes.

"(12) OFFSITE.—Nothing in this subsection shall be construed to affect any requirement of Federal, State, or local law to the extent that such requirement applies to response action involving the transfer of a hazardous substance or pollutant or contaminant from the facility at which the release or threatened release occurs to another facility.

"(13) CONSOLIDATION OF PERMIT PROCEDURES.—If one or more State or Federal permits are required for any response action, the Administrator shall consolidate the procedures, including any requirements for public participation, of such permits with the procedures under this Act. Nothing in this paragraph shall affect the substantive requirements of such permits.

"(k) DESTRUCTION OF DIOXIN WASTES.—

"(1) TREATMENT TECHNOLOGY.—With respect to any remedial action involving a hazardous substance or pollutant or contaminant containing chlorinated or halogenated dioxins or chlorinated or halogenated dibenzofurans, the Administrator shall, to the maximum extent practicable, require treatment technology that provides each of the following:

"(A) A destruction and removal efficiency meeting or exceeding 99.9999 percent.

"(B) A treatment process which minimizes accidental emissions of chlorinated or halogenated dioxins, dibenzofurans, and other highly toxic materials to the environment.

"(C) Protection against emissions of any hazardous substance or pollutant or contaminant into the air during normal operation and equivalent protection during nonsteady operations including start-up, shutdown, and power failures.

"(D) Protection against secondary formation of halogenated dioxions and dibenzofurans.

"(2) REQUIREMENTS.—The requirements specified in paragraph (1) shall not apply if the Administrator determines that—

"(A) an alternative method of treatment or disposal provides comparable or greater protection of human health and the environment, or

"(B) there will be no human exposure to the hazardous substance or pollutant or contaminant containing chlorinated or halogenated dioxins or chlorinated or halogenated dibenzofurans.

"(l) VALUE ENGINEERING REVIEW.—In any evaluation under this section of the cost effectiveness of a response action, the Administrator shall require value engineering review in accordance with this subsection. The Administrator shall require value engineering review for any response action to be carried out under this Act by the United States, a State, or a political subdivision of a State if the cost of the response action, including the cost of removal and construction related to hazardous substances and pollutants and contaminants, and including the cost of operation and maintenance, is projected to exceed $4,000,000. For purposes of this subsection, the term 'value engineering review' means a specialized cost control technique which uses a systematic and creative approach to identify and to focus on unnecessarily high cost in a project in order to arrive at a cost saving without sacrificing the reliability or efficiency of the project.".

SEC. 122. SETTLEMENTS.

Title I of CERCLA is amended by adding the following new section after section 121:

"SEC. 122. SETTLEMENTS.

"(a) EPA AUTHORITY TO ENTER INTO AGREEMENTS.—The Administrator, in his discretion, may enter into an agreement with any person (including the owner or operator of the facility from which a release or substantial threat of release emanates, or any other potentially responsible person), to perform any action described in subsection (b) of section 104 or in subsection (a) of section 106 if the Administrator determines that such action will be done properly by such person. If the Administrator decides not to use the procedures in this section, the Administrator shall notify in writing potentially responsible parties at the facility of such decision and the reasons why use of the procedures is inappropriate. The decision of the Administrator not to use the procedures in this section is not subject to judicial review.

"(b) AGREEMENTS WITH POTENTIALLY RESPONSIBLE PARTIES.—

"(1) MIXED FUNDING.—An agreement under this section may provide that the Administrator will reimbuse the parties to the agreement from the Fund, with interest, for certain costs of actions under the agreement that the parties have agreed to perform but which the Administrator has agreed to finance.

"(2) REVIEWABILITY.—The Administrator's decisions regarding the availability of fund financing under this subsection shall not be subject to judicial review under subsection (d).

"(3) RETENTION OF FUNDS.—If, as part of any agreement, the Administrator will be carrying out any action and the parties will be paying amounts to the Administrator, the Administrator may, notwithstanding any other provision of law, retain and use such amounts for purposes of carrying out the agreement.

"(c) EFFECT OF AGREEMENT.—

"(1) LIMITATION OF LIABILITY.—Whenever the Administrator has entered into an agreement under this section, the liability under this Act of each party to the agreement with respect to liability, including any future liability, arising from the release or threatened release that is the subject of the agreement shall be limited as provided in the agreement in accordance with subsection (f). Nothing in this paragraph shall limit or otherwise affect the authority of any court to review in the consent decree process under subsection (d) any limitation on liability contained in an agreement under this section. In determining the extent to which the liability of parties to an agreement shall be limited under this subsection, the Administrator shall be guided by the principle that a more complete limit of liability shall be given for a more permanent remedy proposed by such parties.

"(2) ACTIONS AGAINST OTHER PERSONS.—If an agreement has been entered into under this section, the Administrator may take any action under section 106 against any person who is not a party to the agreement, once the period for submitting a proposal under subsection (e)(2)(B) has expired. Nothing in this section shall be construed to affect either of the following:

"(A) the liability of any person under section 106 or 107 with respect to any costs or damages which are not included in the agreement.

"(B) The authority of the Administrator to maintain an action under section 106 or 107 against any person who is not a party to the agreement.

"(d) ENFORCEMENT.—

"(1) CLEANUP AGREEMENTS.—

"(A) CONSENT DECREE.—Whenever the Administrator enters into an agreement under this section with any potentially responsible party with respect to action under section 106, following approval of the agreement by the Attorney General, the agreement shall be entered in the appropriate United States district court as a consent decree under that section. The Administrator need not make any finding regarding an imminent and substantial endangerment to the public health or the environment.

"(B) EFFECT.—The entry of any consent decree under this subsection shall not be construed to be an acknowledgement by the parties that the release or threatened release concerned constitutes an imminent and substantial endangerment to the public health or welfare or the environment. The participation by any party in the process under this section shall not be considered an admission of liability for any purpose, and the fact of such participation shall not be admissible in any judicial or administrative proceeding, including a subsequent proceeding under this section.

"(C) STRUCTURE.—The Administrator may fashion a consent decree so that (i) the entering of such decree and compliance with such decree or with any determination or agreement made pursuant to this section shall not be considered an admission of liability for any purpose, and (ii) the entering of such decree and such compliance and such determination or agreement shall not be admissible in any judicial or administrative proceeding, including a subsequent proceeding under this section.

"(2) PUBLIC PARTICIPATION.—

"(A) FILING OF PROPOSED JUDGMENT.—At least 30 days before a final judgment is entered under paragraph (1), the proposed judgment shall be filed with the court.

"(B) OPPORTUNITY FOR COMMENT.—The Attorney General shall provide an opportunity to persons who are not named as parties to the action to comment on the proposed judgment before its entry by the court as a final judgment. The Attorney General shall consider, and file with the court, any written comments, views, or allegations relating to the proposed judgment. The Attorney General may (i) withdraw or withhold its consent to the proposed judgment if the comments, views, and allegations concerning the judgment disclose facts or considerations which indicate that the proposed judgment is inappropriate, improper, or inadequate, or (ii) oppose an attempt by any person to intervene in the action.

"(3) 104(b) AGREEMENTS.—Whenever the Administrator enters into an agreement under this section with any potentially responsible party with respect to action under section 104(b), the Administrator shall issue an order setting forth the obligations of such party. The United States district court for the district in which the release or threatened release occurs may enforce such order. Any party to an agreement under this section who fails or refuses to comply with the requirements of the order shall be liable for a civil penalty in an amount not to exceed $25,000 for each day during which such failure or refusal continues.

"(e) SPECIAL NOTICE PROCEDURES.—

"(1) NOTICE.—Whenever the Administrator determines that a period of negotiation under this subsection would facilitate an agreement under this subsection with potentially responsible parties for taking action under subsection (b) of section 104, or action under section 106, the Administrator shall so notify all such parties and shall provide them with information concerning each of the following:

"(A) The identity of other notice recipients.

"(B) The volume and nature of hazardous substances at the facility, to the extent such information is available.

"(C) A ranking by volume of the substances at the facility, to the extent such information is available.

The Administrator shall make the information referred to in this paragraph available in advance of notice under this paragraph upon the request of a potentially responsible party in accordance with procedures provided by the Administrator. The provisions of subsection (e) of section 104 regarding protection of confidential information apply to information provided under this paragraph.

"(2) NEGOTIATION.—

"(A) MORATORIUM.—Except as provided in this subsection, the Administrator may not commence action under section 104(a) or take any action under section 106 for 120 days after providing notice and information under this subsection with respect to such action. Except as provided in this subsection, the Administrator may not commence action under section 104(b) for 90 days after providing notice and information under this subsection with respect to such action.

"(B) PROPOSALS.—Persons receiving notice and information under paragraph (1) of this subsection with respect to action under section 106 shall have 60 days from the date of receipt of such notice to make a proposal to the Administrator for undertaking or financing the action under section 106. Persons receiving notice and information under paragraph (1) of this subsection with respect to action under section 104(b) shall have 60 days from the date of receipt of such notice to make a proposal to the Administrator for undertaking or financing the action under section 104(b).

"(C) ADDITIONAL PARTIES.—If an additional potentially responsible party is identified during the negotiation period or after an agreement has been entered into under this subsection concerning a release or threatened release, the Administrator may bring the additional party into the negotiation or enter into a separate agreement with such party.

"(3) FAILURE TO PROPOSE.—If the Administrator determines that a good faith proposal for undertaking or financing action under section 106 has not been submitted within 60 days of the provision of notice pursuant to this subsection, the Administrator may thereafter commence action under section 104(a) or take an action against any person under section 106 of this Act. If the Administrator determines that a good faith proposal for undertaking or financing action under section 104(b) has not been submitted within 60 days after the provision of notice pursuant to this subsection, the Administrator may thereafter commence action under section 104(b).

"(4) SIGNIFICANT PUBLIC HEALTH THREATS.—Nothing in this subsection shall limit the Administrator's authority to undertake response action regarding a significant threat to public health within the negotiation period established by this subsection.

"(f) COVENANT NOT TO SUE.—

"(1) IN GENERAL.—The Administrator may, in his discretion, provide any person with a covenant not to sue concerning any liability under this Act, including future liability, resulting from a release or threatened release of a hazardous substance addressed by a remedial action, whether that action is onsite or offsite, if each of the following conditions are met:

"(A) The covenant not to sue is in the public interest.

"(B) The covenant not to sue would expedite response action consistent with the National Contingency Plan under section 105 of this Act.

"(C) The person is in full compliance with a consent decree under section 106 (including a consent decree entered into in accordance with this section) for response to the release or threatened release concerned.

"(D) The response action has been approved by the Administrator.

"(2) REQUIREMENT THAT REMEDIAL ACTION BE COMPLETED.—A covenant not to sue concerning future liability shall not take effect until the Administrator certifies that remedial action has been completed in accordance with the requirements of this Act at the facility that is the subject of such covenant.

"(3) GROUNDWATER AND SURFACE WATER PROTECTION FUND.—

"(A) ESTABLISHMENT OF FUND.—There is established in the Treasury a fund to be known as the 'Groundwater and Surface Water Protection Fund', consisting of amounts required to be contributed under a covenant not to sue under this subsection.

"(B) USE OF FUND.—Amounts of contributions made to the Groundwater and Surface Water Protection Fund with respect to a facility shall be available for a period of ten years only for remedial actions required at such facility after the Administrator makes the certification with respect to such facility under paragraph (2). After the end of such period, such amounts shall be available for remedial actions at any facility for which a certification has been made under paragraph (2) and with respect to which contributions are made under this subsection.

"(4) FACTORS.—In assessing the appropriateness of a covenant not to sue and any condition to be included in a covenant not to sue (including the amount of contributions required to be paid to the Groundwater and Surface Water Protection Fund), the Administrator shall consieer whether the covenant or condition is in the public interest on the basis of such factors as the following:

"(A) The effectiveness and reliability of the remedy, inlight of the other alternative remedies considered for the facility concerned.

"(B) The nature of the risks remaining at the facility.

"(C) The extent to which performance standards are included in the order or decree.

"(D) The extent to which the response action provides a complete remedy for the facility, including a reduction in the hazardous nature of the substances at the facility.

"(E) The extent to which the technology used in the response action is demonstrated to be effective.

"(F) Whether the Fund or other sources of funding would be available for any additional remedial actions that might eventually be necessary at the facility.

"(G) Whether a waiver has been granted under section 121(i) (1) (E).

"(5) SATISFACTORY PERFORMANCE.—Any limitation of liability provided to a party under this subsection shall be subject to the satisfactory performance by such party of its obligations under the agreement concerned.

"(6) ADDITIONAL CONDITIONS FOR FUTURE LIABILITY.—A convenant not to sue a person concerning future liability shall include one of the following:

"(A) An exception to the convenant that allows the Administrator to sue such person concerning future liability resulting from the release or threatened release that is the subject of the convenant where such liability arises out of conditions which are unknown at the time the Administrator certifies under paragraph (2) that remedial action has been completed at the facility concerned.

"(B) A requirement that such person make contributions to the Groundwater and Surface Water Protection Fund sufficient to provide resources likely to be adequate to clean up any groundwater or surface water contamination resulting from conditions which were unknown or reasonably could not have been known at the time the Administrator certifies under paragraph (92) that remedial action has been completed at the facility concerned. The Administrator shall determine whether resources are adequate to clean up such contamination on the basis of—

"(i) the likelihood of groundwater or surface water contamination resulting from conditions which are unknown at the time the remedial action is completed, and

"(ii) the probable cost of cleanup in the event of groundwater or surface water contamination.

"(g) DE MINIMIS SETTLEMENTS.—

"(1) EXPEDITED FINAL SETTLEMENT.—Whenever practicable and in the public interest, as determined by the Administrator, the Administrator shall as promptly as possible reach a final settlement with a potentially responsible party in an administrative or civil action under section 106 or 107 if such settlement involves only a minor portion of the response costs at the facility concerned and, in the judgment of the Administrator, the conditions in either of the following subparagraph (A) or (B) are met:

"(A) Both of the following are minimal in comparison to other hazardous substances at the facility:

"(i) The amount of the hazardous substances contributed by that party to the facility.

"(ii) The toxic or other hazardous effects of the substances contributed by that party to the facility.

"(B) The potentially responsible party—

"(i) is the owner of the real property on or in which the facility is located;

"(ii) did not conduct or permit the generation, transportation, storage, treatment, or disposal of any hazardous substance at the facility; and

"(iii) did not contribute to the release or threat of release of a hazardous substance at the facility through any action or omission.

This subparagraph does not apply if the potentially responsible party purchased the real property with actual or constructive knowledge that the property was used for the generation, transportation, storage, or disposal of any hazardous substance.

"(2) RELEASE FROM LIABILITY.—The Administrator may provide a covenant not to sue with respect to the facility concerned, or grant a release from liability with respect to the facility concerned, to any party who has entered into a settlement under this subsection unless such a covenant or release would be inconsistent with the public interest as determined under subsection (f).

"(3) EXPEDITED RELEASES.—The Administrator shall reach any such settlement, grant any such convenant not to sue, or grant any such release from liability as soon as possible after the Administrator has available the information necessary to reach such a settlement, grant such a covenant, or grant such a release from liability.

"(4) CONSENT DECREE OR ADMINISTRATIVE ORDER.—A settlement under this subsection shall be entered as a consent decree or embodied in an administrative order setting forth the terms of the settlement. The district court for the district in which the release or threatened release occurs may enforce such order.

"(5) EFFECT OF RELEASE.—A party who has resolved its liability to the United States under this subsection shall not be liable for claims for contribution regarding matters addressed in the settlement. Such settlement does not discharge any of the other potentially responsible parties unless its terms so provide, but it reduces the potential liability of the others by the amount of the settlement. This paragraph does not apply to a settlement that was achieved through fraud, misrepresentation, other misconduct by one of the parties to the settlement, or mutual mistake of fact.

"(6) SETTLEMENTS WITH OTHER POTENTIALLY RESPONSIBLE PARTIES.—Nothing in this subsection shall be construed to affect the authority of the Administrator to reach settlements with other potentially responsible parties under this Act.

"(h) EPA COST RECOVERY SETTLEMENT AUTHORITY.—

"(1) AUTHORITY TO SETTLE.—The head of any department or agency with authority to undertake a response action under this Act pursuant to the national contingency plan may consider, compromise, and settle a claim under section 107 for costs incurred by the United States Government if the claim has not been referred to the Department of Justice for further action. Any claim for costs and damages which in the aggregate is in excess of $500,000 (excluding interest) may be compromised only with the prior written approval of the Attorney General or his designee.

"(2) FINALITY OF SETTLEMENT.—A settlement under this subsection shall be final and conclusive as to the matters addressed in the settlement, unless the settlement was achieved through fraud, misrepresentation, other misconduct by one of the parties to the settlement, or mutual mistake of fact. No court shall have jurisdiction to review the settlement unless there is a verified complaint with supporting affidavits attesting to specific instances of such fraud, misrepresentation, other misconduct, or mutual mistake of fact.

"(3) USE OF ARBITRATION.—Arbitration in accordance with regulations promulgated under this subsection may be used as a method of settling claims of the United States Government under this section. After consultation with the Attorney General, the department or agency head may establish and publish regulations for the use of arbitration or settlement under this subsection. An arbitration under this subsection shall be final and conclusive to the extent provided in paragraph (2).

"(4) RECOVERY OF CLAIMS.—If any person fails to pay a claim that has been settled under this subsection, the department or agency head shall request the Attorney General to bring a civil action in an appropriate district court to recover the amount of such claim, plus costs, attorneys' fees, and interest from the date of the settlement. In such an action, the terms of the settlement shall not be subject to review.

"(5) CLAIMS FOR CONTRIBUTION.—A person who has resolved its liability to the United States under this subsection shall not be liable for claims for contribution regarding matters addressed in the settlement. Such settlement does not discharge any of the other potentially liable persons unless its terms so provide, but it reduces the potential liability of the others by the amount of the settlement. This paragraph does not apply to a settlement which was achieved through fraud, misrepresentation, other misconduct by one of the parties to the settlement, or mutual mistake of fact.

"(i) SETTLEMENT PROCEDURES.—

"(1) PUBLICATION IN FEDERAL REGISTER.—At least 30 days before any settlement (including any settlement arrived at through arbitration) may become final under subsection (h), or under subsection (g) in the case of a settlement embodied in an administrative order, the head of the department or agency which has jurisdiction over the proposed settlement shall publish in the Federal Register notice of the proposed settlement. The notice shall identify the facility concerned and the parties to the proposed settlement.

"(2) COMMENT PERIOD.—For a 30-day period beginning on the date of publication of notice of a prposed settlement under paragraph (1), the head of the department or agency which has jurisdiction over the proposed settlement shall provide an opportunity for persons who are not parties to the proposed settlement to file written comments relating to the proposed settlement.

"(3) CONSIDERATION OF COMMENTS.—The head of the department or agency shall consider any comments filed under paragraph (2) in determining whether or not to consent to the proposed settlement and may withdraw or withhold consent to the proposed settlement if such comments disclose facts or considerations which indicate the proposed settlement is inappropriate, improper, or inadequate.

"(j) NATURAL RESOURCES.—

"(1) NOTIFICATION OF TRUSTEE.—Where a release or threatened release of any hazardous substance that is the subject of negotiations under this section may have resulted in damages to natural resources under the trusteeship of the United States, the Administrator shall notify the Federal natural resource trustee of the negotiations and shall encourage the participation of such trustee in the negotiations.

"(2) COVENANT NOT TO SUE.—An agreement under this section may contain a covenant not to sue under section 107(a)(4)(C) for damages to natural resources under the trusteeship of the United States resulting from the release or threatened release of hazardous substances that is the subject of the agreement, but only if the Federal natural resource trustee has agreed in writing to such covenant. The Federal natural resource trustee may agree to such covenant if the potentially responsible party agrees to undertake appropriate actions necessary to protect and restore the natural resources damages by such release or threatened release of hazardous substances.

"(k) DEFINITION OF POTENTIALLY RESPONSIBLE PARTY.—As used in this section and section 119, the term 'potentially responsible party' means, with respect to any release or threatened release, a person against whom an action could be brought under section 106 with respect to such release or a person who would be liable under section 107 if response costs were incurred by the Administrator with respect to such release or threatened release.

"(1) SECTION NOT APPLICABLE TO VESSELS.—The provisions of this section shall not apply to a release from a vessel.".

SEC. 123. REIMBURSEMENT TO LOCAL GOVERNMENTS.

(a) Title I of CERCLA is amended by adding the following after section 122:

"SEC. 123. REIMBURSEMENT TO LOCAL GOVERNMENTS.

"(a) APPLICATION.—Any general purpose unit of local government for a political subdivision which is affected by a release or threatened release at any facility may apply to the Administrator for reimbursement under this section.

"(b) REIMBURSEMENT.—

"(1) TEMPORARY EMERGENCY MEASURES.—The Administrator is authorized to reimburse local community authorities for expenses incurred in carrying out temporary emergency measures necessary to prevent or mitigate injury to human health or the environment associated with the release or threatened release of any hazardous substance or pollutant or contaminant. Such measures may include, where appropriate, security fencing to limit access, response to fires and explosions, and other measures which require immediate response at the local level.

"(2) PROTECTION OF PUBLIC DRINKING WATER.—The Administrator is authorized to reimburse local communities for expenses incurred in carrying out emergency measures for the protection of public drinking water supplies as a result of contamination by the release of any hazardous substance or pollutant or contaminant into existing sources of public drinking water. Such measures may include, where appropriate, treatment to remove contaminants and other measures which require immediate response at the local level.

"(c) AMOUNT.—The amount of any reimbursement to any local authority under subsection (b)(1) may not exceed $25,000 for a single response. The reimbursement under this section with respect to a single facility shall be limited to the units of local government having jurisdiction over the political subdivision in which the facility is located.

"(d) PROCEDURE.—Reimbursements authorized pursuant to this section shall be in accordance with rules promulgated by the Administrator within one year after the date of the enactment of this section.".

SEC. 124. LANDFILL GAS OPERATORS.

Title I of CERCLA is amended by adding the following after section 123

"SEC. 134. LANDFILL GAS OPERATORS.

"(a) EXEMPTION FROM CERTAIN LIABILITY.—

"(1) GENERAL RULE.—Notwithstanding the provisions of section 114, a landfill gas operator shall not be liable for the following in an action under section 106 or 107 of this Act (including an action for contribution or indemnification);

"(A) Any amount with respect to a release or threatened release from a landfill gas operation.

"(B) Any amount resulting from the operation of a landfill gas operation.

"(C) Costs of cleanup, removal, response and remedial actions, and claims for natural resources damages.

The exemption from liability under this paragraph also applies in any action with respect to a release or threatened release of a hazardous substance from a landfill gas operation for recovery of any amount referred to in subparagraph (A), (B), or (C) under the laws of any State or political subdivision of a State.

"(2) NEGLIGENCE, ETC.—Paragraphs (1) and (2) shall not apply in the case of a release that is caused by conduct of the landfill gas operator which is negligent or grossly negligent or which constitutes intentional misconduct.

"(b) SAVINGS PROVISIONS.—

"(1) LIABILITY OF OTHER PERSONS.—Nothing in this section shall affect the liability under this Act or under any other authority of Federal or State law of any person, other than a landfill gas operator.

"(2) BURDEN OF PLAINTIFF.—Nothing in this section shall affect the plaintiff's burden of establishing liability under this title.

"(c) CONDENSATE.—

"(1) EXCLUSION.—Except as provided in paragraph (2), a landfill gas operation shall not be deemed to be management, generation, transportation, treatment, storage, or disposal of any hazardous or liquid waste within the meaning of subtitle C of the Solid Waste Disposal Act.

"(2) REGULATION.—If the aqueous or hydrocarbon phase of the condensate or any other waste material removed from gas recovered from a landfill meets any of the characteristics identified under section 3001 of the Solid Waste Disposal Act, such condensate phase or other waste material shall be deemed a hazardous waste under subtitle C of the Solid Waste Disposal Act and shall be regulated accordingly under such subtitle.

"(3) RETURN OF CONDENSATE.—Condensate removed from gas recovered by a landfill gas operator shall not be returned to the landfill in a container, unless such condensate is treated so that it is no longer a free liquid.

"(d) DEFINITIONS.—As used in this section—

"(1) LANDFILL GAS OPERATION.—The term 'landfill gas operation' means the installation or operation of a system for the recovery or processing of methane from a landfill.

"(2) LANDFILL GAS OPERATOR.—The term 'landfill gas operator' means the owner or operator of a landfill gas operation.".

SEC. 125. SECTION 3001(b)(3)(A)(i) WASTE.

Title I of CERCLA is amended by adding after section 124 the following new section:

"SEC. 125. SECTION 3001(b)(3)(A)(i) WASTE.

"(a) REVISION OF HAZARD RANKING SYSTEM.—This section shall apply only to facilities which are not included or proposed for inclusion on the National Priorities List and which contain substantial volumes of waste described in section 3001(b)(3)(A)(i) of the Solid Waste Disposal Act. As expeditiously as practicable, the Administrator shall revise the hazard ranking system in effect under the National Contingency Plan with respect to such facilities in a manner which assures appropriate consideration of each of the following site-specific characteristics of such facilities:

"(1) The quantity, toxicity, and concentrations of hazardous constituents which are present in such waste and a comparison thereof with other wastes.

"(2) The extent of, and potential for, release of such hazardous constituents into the environment.

"(3) The degree of risk to human health and the environment posed by such constituents.

"(b) INCLUSION PROHIBITED.—Until the hazard ranking system is revised as required by this section, the Administrator may not include on the National Priorities List any facility which contains substantial volumes of waste described in section 3001(b)(3)(A)(i) of the Solid Waste Disposal Act on the basis of an evaluation made principally on the volume of such waste and not on the concentrations of the hazardous constituents of such waste. Nothing in this section shall be construed to affect the Administrator's authority to include any such facility on the National Priorities List based on the presence of other substances at such facility or to exercise any other authority of this Act with respect to such other substances.".

SEC. 126. WORKER PROTECTION STANDARDS.

Title I of the CERCLA is amended by adding the following new section after section 125.

"SEC. 126. WORKER PROTECTION STANDARDS.

"(a) ISSUANCE.—The Secretary of Labor shall, pursuant to section 6 of the Occupational Safety and Health Act of 1970, issue, within one year after the date of the enactment of this section, standards for the health and safety protection of employees, including employees of State and local governments, engaged in hazardous waste operations.

"(b) MINIMUM GENERAL REQUIREMENTS.—Such standards shall include, but not be limited to, the following worker protection provisions:

"(1) SITE ANALYSIS.—Requirements for a formal hazard analysis of the site and development of a site specific plan for worker protection.

"(2) TRAINING.—Requirements for contractors to provide initial and routine training of workers before such workers are permitted to engage in hazardous waste operations which would expose them to toxic substances.

"(3) MEDICAL SURVEILLANCE.—A program of regular medical examination, monitoring, and surveillance of workers engaged in hazardous waste operations which would expose them to toxic substances.

"(4) PROTECTIVE EQUIPMENT.—Requirements for appropriate personal protective equipment, clothing, and respirators for work in hazardous waste operations.

"(5) ENGINEERING CONTROLS.—Requirements for engineering controls concerning the use of equipment and exposure of workers engaged in hazardous waste operations.

"(6) MAXIMUM EXPOSURE LIMITS.—Requirements for maximum exposure limitations for workers engaged in hazardous waste operations, including necessary monitoring and assessment procedures.

"(7) INFORMATIONAL PROGRAM.—A program to inform workers engaged in hazardous waste operations of the nature and degree of toxic exposure likely as a result of such hazardous waste operations.

"(8) HANDLING.—Requirements for the handling, transporting, labeling, and disposing of hazardous wastes.

"(9) NEW TECHNOLOGY PROGRAM.—A program for the introduction of new equipment or technologies that will maintain worker protections.

"(10) DECONTAMINATION PROCEDURES.—Procedures for decontamination.

"(11) EMERGENCY RESPONSE.—Requirements for emergency response and protection of workers engaged in hazardous waste operations.

"(c) SPECIFIC TRAINING STANDARDS.—

"(1) OFFSITE TRAINING; FIELD EXPERIENCE.—The training standards issued under subsection (b)(2) shall require that general site workers such as equipment operators, general laborers, and other supervised personnel receive a minimum of 40 hours of initial instruction off the site, and a minimun of three days of actual field experience under the direct supervision of a trained, experienced supervisor, at the time of assignment. Workers who may be exposed to unique or special hazards shall be provided additional training.

"(2) TRAINING OF SUPERVISORS.—Such training standards shall require that onsite management and supervisors directly responsible for the hazardous waste operations, such as foremen, receive the same training as general site workers set forth in paragraph (1) of this subsection and at least eight additional hours of specialized training on managing hazardous waste operations.

"(3) CERTIFICATION; ENFORCEMENT.—Such training standards shall contain provisions for certifying that general site workers and supervisors have received the specified training and shall prohibit any individual who has not received the specified training from engaging in hazardous waste operations covered by the standard.

"(4) TRAINING OF EMERGENCY RESPONSE PERSONNEL.—Such training standards shall set forth requirements for the training of workers who are responsible for responding to hazardous emergency situations who may be exposed to toxic substances in carrying out their responsibilities.

"(d) DEADLINE FOR INTERIM REGULATIONS.—The Secretary of Labor shall issue interim final rules under this section within 60 days after the date of the enactment of this section which shall provide no less protection under this section for workers employed by contractors and emergency response workers than the protections contained in the Environmental Protection Agency Manual (1981) 'Health and Safety Requirements for Employees Engaged in Field Activities' and existing standards under the Occupational Safety and Health Act of 1970 found in subpart C of part 1926 of title 29 of the Code of Federal Regulations.

"(e) GRANT PROGRAM.—

"(1) GRANT PURPOSES.—Grants for the training and education of workers who are or may be engaged in activities related to hazardous waste removal or containment or emergency response may be made under this subsection.

"(2) ADMINISTRATION.—Grants under this subsection shall be administered by the Na-

tional Institute of Occupational Safety and Health.

"(3) GRANT RECIPIENTS.—Grants shall be awarded to nonprofit organizations which demonstrate experience in implementing and operating worker health and safety training and education programs and demonstrate the ability to reach and involve in training programs target populations of workers who are or will be engaged in hazardous waste removal or containment or emergency response operations.

"(4) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated from the general fund of the Treasury for grants under this subsection $10,000,000 per fiscal year for each of the fiscal years 1986, 1987, 1988, 1989, and 1990.".

SEC. 127 LIABILITY LIMITS FOR OCEAN INCINERATION VESSELS.

(a) DEFINITION.—Section 101 of CERCLA is amended by adding at the end the following new paragraph:

"(33) 'incineration vessel' means any vessel which carries hazardous substances for the purpose of incineration of such substances, during any period when such substances or residues of such substances are on board the vessel.".

(b) LIABILITY.—Section 107 of CERCLA is amended—

(1) in subsection (a)(3) by inserting "or incineration vessel" after "facility";

(2) in subsection (a)(4) by inserting ", incineration vessels" after "facilities";

(3) in subparagraph (A) of subsection (c)(1) by inserting ", other than an incineration vessel," after "vessel";

(4) in subparagraph (B) of subsection (c)(1) by inserting "other than an incineration vessel," after "other vessel,"; and

(5) in subparagraph (D) of subsection (c)(1) by inserting "any incineration vessel or for" before "any facility".

(c) FINANCIAL RESPONSIBILITY.—Section 108(a) of CERCLA is amended—

(1) in paragraph (1) by inserting "to cover the liability prescribed under paragraph (1) of section 107(a) of this Act" after "whichever is greater)";.

(2) by redesignating paragraphs (2) and (3) as paragraphs (3) and (4), respectively, and by striking out "paragraphs (1) of" in paragraphs (3) and (4), as so redesignated; and

(3) by inserting after paragraph (1) the following new paragraph:

"(2) In addition to the financial responsibility required by paragraph (1) of this subsection, the Administrator may require additional evidence of financial responsibility for incineration vessels in such amounts as the Administrator deems appropriate, taking into account the potential risks posed by incineration and transport for incineration, and by any other factors deemed relevant.".

TITLE II—MISCELLANEOUS PROVISIONS

SEC. 201. POST CLOSURE.

(a) REPEAL OF POST-CLOSURE PROVISIONS.—Sections 107(k) and 111(j) of CERCLA are hereby repealed. Section 101(11) of CERCLA is amended by striking out "or, in the case of" and all that follows through the semicolon at the end thereof and inserting in lieu thereof a semicolon.

(b) POST-CLOSURE PROGRAM.—The Comptroller General shall conduct a study of options for a program for the management of the liabilities associated with hazardous waste disposal sites after their closure.

(c) PROGRAM ELEMENTS.—The program referred to in subsection (b) shall be designed to assure each of the following:

(1) Incentives are created and maintained for the safe management and disposal of hazardous wastes so as to assure protection of human health and the environment.

(2) Members of the public will have reasonable confidence that hazardous wastes will be managed and disposed of safely and that resources will be available to address any problems that may arise from the release or off-site migration of hazardous waste from disposal sites, and to cover costs of long-term monitoring, care, and maintenance of such sites.

(3) Persons who are or seek to become owners and operators of hazardous waste disposal facilities will be able to manage their potential future liabilities and to attract the investment capital necessary to build, operate, and close such facilities in a manner which assures protection of human health and the environment.

(d) PROCEDURES.—In carrying out the responsibilities of this section, the Comptroller General shall consult with the Administrator, the Secretary of Commerce, the Secretary of the Treasury, and the heads of other appropriate Federal agencies.

(e) CONSIDERATION OF OPTIONS.—In conducting the study under this section, the Comptroller General shall consider all options which may serve the purposes set forth in subsection (c) including each of the following:

(1) Closure requirements and financial responsibility requirements.

(2) Private insurance.

(3) Insurance provided by the Federal Government.

(4) Coinsurance, reinsurance, or pooled-risk insurance, whether provided by the private sector or provided or assisted by the Federal Government.

(5) Reinstitution of the modification to the Post-closure Liability Trust Fund.

(6) Creation of a new program to be administered by a new or existing Federal agency or by a federally chartered corporation.

(f) RECOMMENDATIONS.—The Comptroller General shall consider options for funding any program under this section and shall, to the extent necessary, make recommendations to the appropriate committees of Congress for additional authority to implement such program.

SEC. 202. TRANSPORTATION OF HAZARDOUS MATERIALS.

Section 306 of CERCLA is amended by inserting after "listed" each place it appears in subsections (a) and (b) "and regulated".

SEC. 203. STATE PROCEDURAL REFORM.

(a) IN GENERAL.—Title III of CERCLA is amended by adding the following new section at the end thereof:

"SEC. 309. ACTIONS UNDER STATE LAW FOR DAMAGES FROM EXPOSURE TO HAZARDOUS SUBSTANCES.

"(a) STATE STATUTES OF LIMITATIONS FOR HAZARDOUS SUBSTANCE CASES.—

"(1) EXCEPTION TO STATE STATUTES.—In the case of any action brought under State law for personal injury, or property damages, which are caused or contributed to by exposure to any hazardous substance, or pollutant or contaminant, released into the environment from a facility, if the applicable limitations period for such action (as specified in the State statute of limitations or under common law) provides a commencement date which is earlier than the federally required commencement date, such period shall commence at the Federally required commencement date in lieu of the date specified in such State statute.

"(2) STATE LAW GENERALLY APPLICABLE.—Except as provided in paragraph (1), the statute of limitations established under State law shall apply in all actions brought under State law for personal injury, or property damages, which are caused or contributed to by exposure to any hazardous substance, or pollutant or contaminant, released into the environment from a facility.

"(3) ACTIONS UNDER SECTION 107.—Nothing in this section shall apply with respect to any cause of action brought under section 107 of this Act.

"(b) DEFINITIONS.—As used in this section—

"(1) TITLE I TERMS.—The terms used in this section shall have the same meaning as when used in title I of this Act.

"(2) APPLICABLE LIMITATIONS PERIOD.—The term 'applicable limitations period' means the period specified in a statute of limitations during which a civil action referred to in subsection (a)(1) may be brought.

"(3) COMMENCEMENT DATE.—The term 'commencement date' means the date specified in a statute of limitations as the beginning of the applicable limitations period.

"(4) FEDERALLY REQUIRED COMMENCEMENT DATE.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), the term 'federally required commencement date' means the date the plaintiff knew (or reasonably should have known) that the personal injury or property damages referred to in subsection (a)(1) were caused or contributed to by the hazardous substance or pollutant or contaminant concerned.

"(B) SPECIAL RULES.—In the case of a minor or incompetent plaintiff, the term 'federally required commencement date' means the later of the date referred to in subparagraph (A) or the following:

"(i) In the case of a minor, the date on which the minor reaches the age of majority, as determined by State law, or has a legal representative appointed.

"(ii) In the case of an incompetent individual, the date on which such individual becomes competent or has had a legal representative appointed.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) of this section shall take effect with respect to actions brought after December 11, 1980.

SEC. 204. CONFORMING AMENDMENT TO FUNDING PROVISIONS.

(a) HAZARDOUS SUBSTANCES SUPERFUND.—Section 221(a) of CERCLA is amended by striking out "Hazardous Substance Response Trust Fund" and inserting in lieu thereof "Hazardous Substances Superfund".

(b) CROSS REFERENCE TO FUNDING PROVISIONS.—Section 221(c) of CERCLA is amended to read as follows:

"(c) EXPENDITURES FROM TRUST FUND.—Amounts in the Response Trust Fund shall be available for expenditure only as provided in section 111 of this Act."

SEC. 205. CLEANUP OF PETROLEUM FROM LEAKING UNDERGROUND STORAGE TANKS.

(a) DEFINITION OF PETROLEUM.—Section 9001(2)(B) of the Solid Waste Disposal Act is amended by striking out all that follows "petroleum" and inserting in lieu thereof a period. Section 9001 of such Act is amended by adding at the end thereof the following:

"(8) The term 'petroleum' means petroleum, including crude oil or any fraction thereof which is liquid at standard condi-

tions of temperature and pressure (60 degrees Fahrenheit and 14.7 pounds per square inch absolute).".

(b) STATE INVENTORIES.—Section 9002 of the Solid Waste Disposal Act is amended by adding the following new subsection at the end thereof:

"(c) STATE INVENTORIES.—Each State shall make 2 separate inventories of all underground storage tanks in such State containing regulated substances, and those of such tanks from which there is a known release of regulated substances. One inventory shall be made with respect to petroleum and one with respect to other regulated substances. In making such inventories, the State shall utilize the notification procedures and forms developed pursuant to subsections (a) and (b) of this section. Each State shall submit its inventories to the Administrator not later than November 8, 1986.".

(c) EPA RESPONSE PROGRAM.—Section 9003 of the Solid Waste Disposal Act is amended by adding after subsection (g) the following new subsection:

"(h) EPA RESPONSE PROGRAM FOR PETROLEUM.—

"(1) BEFORE (c)(4) REGULATIONS.—Before the effective date of corrective action regulations under subsection (c)(4), the Administrator is authorized to—

"(A) undertake corrective action with respect to any release of petroleum into the environment from an underground storage tank if such action is necessary, in the judgment of the Administrator, to protect human health and the environment; or

"(B) require the owner or operator of the underground storage tank to undertake such corrective action with respect to any such release unless the Administrator determines that such action will not be carried out properly by such owner or operator.

The corrective action undertaken or required under this paragraph shall be such as may be necessary to protect human health and the environment. In undertaking or requiring such corrective action, the Administrator shall take into account the distinctions referred to in subsection (b). The Administrator shall use funds in the Leaking Underground Storage Tank Trust Fund for payment of costs incurred for corrective action under subparagraph (A). Subject to the priority requirements of paragraph (3), the Administrator shall give priority in undertaking such actions under subparagraph (A) to cases where the Administrator cannot identify a solvent owner or operator of the tank who will undertake the action properly.

"(2) AFTER (c)(4) REGULATIONS.—Following the effective date of regulations under subsection (c)(4), all actions of the Administrator (or ordered by the Administrator) described in paragraph (1) of this subsection shall be in conformity with such regulations. Following such effective date, the Administrator may undertake corrective action with respect to any release of petroleum into the environment from an underground storage tank only if such action is necessary, in the judgment of the Administrator, to protect human health and the environment and one or more to the following situations exists:

"(A) No person can be found, within 90 days or such shorter period as may be necessary to protect human health and the environment, who is—

"(i) an owner or operator of the tank concerned,

"(ii) subject to such corrective action regulations, and

"(iii) capable of carrying out such corrective action properly.

"(B) A situation exists which requires prompt action by the Administrator under this paragraph to protect human health and the environment.

"(C) The owner or operator of the tank has failed or refused to comply with an order of the Administrator under section 9006 to comply with the corrective action regulations.

"(3) PRIORITY OF CORRECTIVE ACTIONS.—The Administrator shall give priority in undertaking corrective actions under this subsection, and in issuing orders requiring owners or operators to undertake such actions to releases of petroleum from underground storage tanks which pose the greatest threat to human health and the environment.

"(4) CORRECTIVE ACTION ORDERS.—The Administrator is authorized to issue orders to the owner or operator of an underground storage tank to carry out subparagraph (B) of paragraph (1) or to carry out regulations issued under subsection (c)(4). Such orders shall be isssued and enforced in the same manner and subject to the same requirements as orders under section 9006.

"(5) ALLOWABLE CORRECTIVE ACTIONS.—The corrective actions undertaken by the Administrator under paragraph (1) or (2) may include temporary or permanent relocation of residents and alternative household water supplies. In connection with the performance of any corrective action under paragraph (1) or (2), the Administrator may also determine the health effects of the release concerned. The costs of any study to determine such effects shall not be treated as corrective action for purposes of paragraph (6), relating to cost recovery.

"(6) RECOVERY OF COSTS.—

"(A) IN GENERAL.—Whenever costs have been incurred by the Administrator, or by a State pursuant to paragraph (7), for undertaking corrective action with respect to the release of petroleum from an underground storage tank, the owner and operator of such tank shall be liable to the Administrator or the State for such costs. The liability under this paragraph shall be construed to be the standard of liability which obtains under section 311 of the Federal Water Pollution Control Act.

"(B) INTERIM LIMIT ON LIABILITY.—

"(i) INITIAL CORRECTIVE ACTION.—Except as provided in clause (ii) of this paragraph and subparagraph (C) and until a determination is made under subparagraph (D), the maximum liability under the paragraph for each corrective action undertaken at a facility at which a release of petroleum from an underground storage tank occurs shall be—

"(I) $1,000,000 in the case of an operator who is not an owner and who operates seven or fewer tanks containing petroleum at such facility;

"(II) $3,000,000 in the case of an owner who owns seven or fewer tanks containing petroleum at such facility; and

"(III) $5,000,000 in the case of an owner or operator who owns or operates more than seven such tanks at such facility.

"(ii) INCREASED LIMITS.—Except as provided in subparagraph (C) and until a determination is made under subparagraph (D), the maximum liability under this paragraph for each corrective action undertaken at a facility at which a release of petroleum from an underground storage tank occurs shall be—

"(I) $10,000,000 in the case of an owner or operator whose gross assets are more than $1,000,000,000 but not more than $5,000,000,000;

"(II) $25,000,000 in the case of an owner or operator whose gross assets are more than $5,000,000,000 but not more than $10,000,000,000; and

"(III) $50,000,000 in the case of an owner of operator whose gross assets are more than $10,000,000,000.

"(iii) ADDITIONAL CORRECTIVE ACTION.—Additional corrective action which is required to respond to a release of petroleum from an underground storage tank which occurs after completion of corrective action in response to an earlier release from such tank shall be treated as a separate corrective action for purposes of clauses (i) and (ii) of this subparagraph.

"(iv) APPLICATION.—The limitation on liability under this subparagraph shall apply only with respect to liability under this paragraph for costs incurred by the Administrator or a State for undertaking corrective action with respect to the release of petroleum from an underground storage tank. Such limitation shall not affect the liability of any person under any other authority of law for any other costs or damages.

"(C) LIMITATIONS INAPPLICABLE.—The limitations under subparagraph (B) shall not apply if—

"(i) the release or threat of release was the result of willful misconduct or gross negligence within the privity or knowledge of such person; or

"(ii) the person fails or refuses to provide all reasonable cooperation and assistance requested by a responsible public official in connection with corrective action activities under this Act.

"(D) PERMANENT REGULATIONS.—At the time financial reponsibility regulations are promulgated by the Administrator under this section, the Administrator shall determine whether limitations on the liability imposed under subparagraph (A) are appropriate. At such time, the Administrator may, by regulation, establish classes or categories of underground storage tanks and establish lower limits on liability than the limits prescribed by subparagraph (B) for such classes or categories, if the Administrator determines it appropriate on the basis of the following factors:

"(i) the size, type, location, storage, and handling capacity of underground storage tanks in the class or category and the volume of petroleum handled by such tanks;

"(ii) the likelihood of release and the potential extent of damage from any release from underground storage tanks in the class or category;

"(iii) the economic impact of the limits on owners and operators of each such class, particularly relating to the small business segment of the petroleum marketing industry;

"(iv) the results of studies and actions undertaken in accordance with subsection (g); and

"(v) such other factors as the Administrator deems pertinent.

"(E) EFFECT ON LIABILITY.—

"(i) NO TRANSFERS OF LIABILITY.—No indemnification, hold harmless, or similar agreement or conveyance shall be effective to transfer from the owner or operator of any underground storage tank or from any person who may be liable for a release or threat of release under this subsection, to any other person the liability imposed under this subsection. Nothing in this subsection shall bar any agreement to insure, hold harmless, or indemnify a party to such agreement for any liability under this section.

"(ii) NO BAR TO CAUSE OF ACTION.—Nothing in this subsection, including the provisions of clause (i) of this subparagraph, shall bar a cause of action that an owner or operator or any other person subject to liability under this section, or a guarantor, has or would have, by reason of subrogation or otherwise against any person.

"(F) FACILITY.—For purposes of this paragraph, the term 'facility' means, with respect to any owner or operator, all underground storage tanks used for the storage of petroleum which are owned or operated by such owner or operator and located on a single parcel of property (or on any contiguous or adjacent property).

"(7) STATE AUTHORITIES.—Whenever a State has primary enforcement responsibility under section 9004, the State may submit to the Administrator a proposal to exercise the authorities of the Administrator under paragraphs (1), (2), (3), (4), (5), and (6) of this subsection. If the Administrator determines that such State has demonstrated the ability to exercise and enforce such authorities in a manner substantially equivalent to the Federal program under this subsection, the Administrator may delegate such authorities to the State. For purposes of funding corrective actions undertaken by a State pursuant to such delegated authorities, the Administrator may make such grants to the State from the Leaking Underground Storage Tank Trust Fund as the Administrator deems necessary to further the objectives of this subsection. Such grants shall be apportioned among the States applying for grants as follows:

"(A) 50 percent on the basis of the number of underground storage tanks containing petroleum which are located in each such State, and

"(B) 50 percent on the basis of the number of such tanks located in each such State from which there is a known release of petroleum.

Determinations under subparagraphs (A) and (B) shall be based on information provided by the States in the surveys required under subsection (h).

"(8) EMERGENCY PROCUREMENT POWERS.—Notwithstanding any other provision of law, the Administrator may authorize the use of such emergency procurement powers as he deems necessary to effect the purpose of this subsection. The Administrator shall promulgate regulations prescribing the circumstances under which such authority shall be used and any procedures governing the use of such authority which the Administrator deems necessary.

"(9) DEFINITION OF OWNER.—As used in this subsection, the term 'owner' does not include any person who, without participating in the management of an underground storage tank, holds indicia of ownership primarily to protect his security interest in the tank.".

(d) METHODS OF FINANCIAL RESPONSIBILITY.—The first sentence of section 9003(d)(2) of the Solid Waste Disposal Act is amended by striking out "or" after "credit," and by striking out the period at the end thereof and inserting in lieu thereof the following: "or any other method satisfactory to the Administrator.".

(e) POLLUTION LIABILITY INSURANCE.—

(1) STUDY.—The Comptroller General shall conduct a study of the availability of pollution liability insurance, leak insurance, and contamination insurance for owners and operators of petroleum storage and distribution facilities. The study shall assess the current and projected extent to which private insurance can contribute to the financial responsibility of owners and operators of underground storage tanks and the ability of owners and operators of underground storage tanks to maintain financial responsibility through other methods. The study shall consider to what extent, if any, the placement of limitations on liability for corrective action costs by owners or operators of underground storage tanks will have on the availability of such insurance. The study shall consider the experience of owners or operators of marine vessels in getting insurance for their liabilities under the Federal Water Pollution Control Act and the operation of the Water Quality Insurance Syndicate.

(2) REPORT.—The Comptroller General shall report his findings under this subsection to the Committees on Energy and Commerce and Public Works and Transportation of the House of Representatives and the Committee on Environment and Public Works of the Senate within nine months after the date of the enactment of this subsection. Such report shall include recommendations for legislative or administrative changes that will enable owners and operators of underground storage tanks to maintain financial responsibility sufficient to provide for all clean-up costs and damages that may result from reasonably foreseeable releases and events.

SEC. 206. CITIZENS SUITS.

Title III of CERCLA is amended by adding the following new section after section 309:

"SEC. 310. CITIZENS SUITS.

"(a) AUTHORITY TO BRING CIVIL ACTIONS.—Except as provided in subsections (d) and (e) of this section, any person may commence a civil action on his own behalf—

"(1) against any person (including the United States and any other governmental instrumentality or agency, to the extent permitted by the eleventh amendment to the Constitution) who—

"(A) is alleged to be in violation of any requirement which has become effective pursuant to this Act; or

"(B) has contributed or is contributing to the release or threatened release of any hazardous substance from a hazardous waste disposal site, if such release or threatened release may present an imminent and substantial endangerment to public health or the environment; or

"(2) against—

"(A) the Administrator where there is alleged a failure of the Administrator to perform any act or duty under this Act which is not discretionary with the Administrator; or

"(B) any other department, agency, or instrumentality of the United States where there is alleged a failure of such department, agency, or instrumentality to perform any act or duty under section 120 of this Act (relating to Federal facilities) which is not discretionary with such department, agency, or instrumentality.

For purposes of this subsection, the term 'hazardous waste disposal site' means a site at which disposal of hazardous waste has occurred or is occurring.

"(b) VENUE.—

"(1) ACTIONS UNDER SUBSECTION (a)(1).—Any action under subsection (a)(1)(A) shall be brought in the district court for the district in which the alleged violation occurred. Any action under subsection (a)(1)(B) shall be brought in the district court for the district in which the release or threatened released occurred.

"(2) ACTIONS UNDER SUBSECTION (a)(2).—Any action brought under paragraph (2) of subsection (a) may be brought in the United States District Court for the District of Columbia.

"(c) RELIEF.—The district court shall have jurisdiction in actions brought under subsection (a)(1)(A) to enforce the requirement concerned and to impose any civil penalty provided for violation of that requirement. The district court shall have jurisdiction in actions brought under subsection (a)(1)(B), to immediately restrain any person contributing to the endangerment referred to in subsection (a)(1)(B), to order such person to take response action as provided for under this Act, or both. The district court shall have jurisdiction in actions brought under subsection (a)(2) to order the Administrator or other department, agency, or instrumentality to perform the act or duty concerned.

"(d) SUBSECTION (a)(1) ACTIONS.—

"(1) NOTICE.—No action may be commenced under subsection (a)(1) of this section prior to 60 days after the plaintiff has given notice of the violation or release or threatened release—

"(A) to the Administrator;

"(B) to the State in which the alleged violation or release or threatened release occurs; and

"(C) to any alleged violator or person who contributed or is contributing to the release or threatened release.

Notice under this paragraph shall be given in such manner as the Administrator shall prescribe by regulation.

"(2) ACTIONS UNDER PARAGRAPH (1).—No action may be commenced under subsection (a)(1) if the Administrator—

"(A) has commenced and is diligently—

"(i) pursuing an administrative order or civil action to enforce the requirement concerned or to impose a civil penalty under this Act with respect to the violation of such requirement,

"(ii) pursuing an administrative order or civil action to restrain or abate acts or conditions which may have contributed or are contributing to the activities which may present the alleged endangerment, or

"(iii) prosecuting an action in court under section 106 of this Act, or under section 7003 of the Solid Waste Disposal Act, with respect to such violation or endangerment;

"(B) is actually engaging in a removal action under section 104 with respect to such violation or endangerment;

"(C) is diligently proceeding with a remedial investigation and feasibility study under section 104(b) of this Act or has completed a remedial investigation and feasibility study and is diligently proceeding with a response action with respect to such violation or endangerment; or

"(D) has obtained a court order (including a consent decree) under section 106 of this Act or under section 7003 of the Solid Waste Disposal Act under which any responsible party—

"(i) is diligently conducting a removal action,

"(ii) is diligently proceeding with a remedial investigation and feasibility study, or

"(iii) has completed a remedial investigation and feasibility study and is diligently proceeding with a response action, with respect to such violation or endangerment.

In the case of an administrative order referred to in subparagraph (A), actions under subsection (a)(1)(B) are prohibited only as to the scope and duration of such administrative order.

"(3) ACTIONS UNDER SUBSECTION (a) (1) (B); STATE ACTIVITY.—No action may be commenced by any person other than the State under subsection (a)(1)(B) if, in order to restrain or abate acts or conditions which may have contributed or are contributing to the activities which may present the alleged endangerment, the State—

"(A) has commenced and is diligently prosecuting an action under subsection (a)(1)(B) with respect to such endangerment;

"(B) is actually engaging in a removal action under section 104 with respect to such endangerment; or

"(C) has incurred costs to initiate a remedial investigation and feasibility study under section 104(b) of this Act and is diligently proceeding with a remedial action under this Act.

"(4) STANDING.—For purposes of this section, only a person who has an interest which is or may be adversely affected may bring an action under subsection (a)(1)(B).

"(e) SUBSECTION (A)(2) ACTIONS.—No action may be commenced under paragraph (2) of subsection (a) prior to the 60th day following the date on which the plaintiff gives notice to the Administrator or other department, agency, or instrumentality that the plaintiff will commence such action. Notice under this subsection shall be given in such manner as the Administrator shall prescribe by regulation.

"(f) COSTS.—The court, in issuing any final order in any action brought pursuant to this section, may award costs of litigation (including reasonable attorney and expert witness fees) to the prevailing or the substantially prevailing party whenever the court determines such an award is appropriate. The court may, if a temporary restraining order or preliminary injunction is sought, require the filing of a bond or equivalent security in accordance with the Federal Rules of Civil Procedure.

"(g) OTHER RIGHTS.—Nothing in this Act shall restrict or expand any right which any person (or class of persons) may have under any Federal or State statute or common law to seek enforcement of any standard or requirement relating to hazardous substances or to seek any other relief (including relief against the Administrator or a State agency).

"(h) INTERVENTION.—

"(1) BY THE UNITED STATES.—In any action under this section the United States, if not a party, may intervene as a matter of right.

"(2) BY PERSONS.—In any action under this section, any person may intervene as a matter of right when such person has a direct interest which is or may be adversely affected by the action and the disposition of the action may, as a practical matter, impair or impede the person's ability to protect that interest unless the Administrator or the State shows that the person's interest is adequately represented by existing parties in the action.

"(i) FEDERALLY PERMITTED RELEASE.—It shall be a defense in an action under subsection (a)(1)(B) if the defendant establishes that the release referred to in subsection (a)(1)(B) was a federally permitted release. For purposes of this subsection, the term 'federally permitted release' has the meaning given such term by section 101(10), except that such term shall not include discharges from a point source which are identified in a permit application (but not in a permit) under section 402 of the Federal Water Pollution Control Act.

"(j) PESTICIDES.—No action may be brought under this section with respect to any release or threatened release resulting from the normal application of a pesticide product registered under, or whose application is otherwise authorized under, the Federal Insecticide, Fungicide, and Rodenticide Act. Nothing in this subsection shall affect or modify in any way the obligations or liability of any person under any other provision of State or Federal law (including common law)—

"(1) for damages, injury, or loss resulting from a release of any hazardous substance.

"(2) for removal or remedial action, or

"(3) for the costs of removal or remedial action for such hazardous substance.

"(k) DEFINITIONS.—The terms used in this section shall have the same meanings as when used in title I.".

SEC. 207. INDIAN TRIBES.

(a) IN GENERAL.—Title I of CERCLA is amended by adding the following new section after section 206:

SEC. 207. INDIAN TRIBES.

"(a) DEFINITION.—As used in this Act, the term 'Indian tribe' means any Indian tribe, band, nation, or other organized group or community, including any Alaska Native village, which is recognized as eligible for the special programs and services provided by the United States to Indians because of their status as Indians. The term does not include any Alaska Native regional or village corporation.

"(b) FUTURE, MAINTENANCE AND COST-SHARING REQUIREMENTS.—The requirements of section 104(c)(3) of this Act for assurances regarding future maintenance and cost-sharing shall not apply to remedial action to be taken on any of the following:

"(1) Land or water held by an Indian tribe.

"(2) Land or water held by the United States in trust for Indians.

"(3) Land or water held by a member of an Indian tribe (if such land or water is subject to a trust restriction on alienation).

"(4) Land or water within the borders of an Indian reservation.

In the case of remedial action to be taken on any such land or water, the Secretary of the Interior shall provide the assurance required by section 104(c)(3) regarding the availabilty of a hazardous waste disposal facility.

"(C) CONTRACTS OR COOPERATIVE AGREEMENTS.—

"(1) AUTHORITY.—If the Administrator determines that an Indian tribe has the capability to carry out any or all of the actions authorized in this section, the Administrator may, in his discretion, enter into a contract or cooperative agreement with such an Indian tribe to take such actions in accordance with criteria and priorities established pursuant to section 105(a)(8) and to be reimbursed for the reasonable response costs thereof from the Fund.

"(2) ENFORCEMENT.—If the Administrator enters into a contract or cooperative agreement pursuant to this subsection, and the Indian tribe thereof fails to comply with any requirements of the contract, the Administrator may, after providing 60 days notice, seek in the appropriate Federal district court to enforce the contract or to recover any funds advanced or any costs incurred because of the breach of the contract by the Indian tribe.

"(d) NATURAL RESOURCES LIABILITY.—

"(1) LIABILITY TO TRIBE.—Liability under section 107(a)(4)(C) shall be to the Indian tribe in the case of an injury to, destruction of, or loss of natural resources belonging to, managed by, controlled by, or appertaining to the tribe, or held in trust for the benefit of the tribe, or belonging to a member of the tribe if such resources are subject to a trust restriction on alienation.

"(2) EXEMPTIONS.—No liability to an Indian tribe shall be imposed under section 107(a)(4)(C), where the party sought to be charged has demonstrated each of the following:

"(A) The damages to natural resources complained of were specifically identified as an irreversible and irretrievable commitment of natural resources in an environmental impact statement or other comparable environmental analysis.

"(B) A decision to grant a permit or license authorizes such commitment of natural resources, and the facility or project was otherwise operating within the terms of its permit or license. In the case of damages occurring pursuant to a Federal permit or license, this subparagraph applies only so long as the issuance of that permit or license was not inconsistent with the fiduciary duty of the United States with respect to such Indian tribe.

"(3) RECOVERY.—The Secretary of the Interior, or the authorized representative of any Indian tribe, shall act on behalf of the public as trustee of natural resources described in paragraph (1) to recover for damages described in paragraph (2). Sums recovered shall be available for use to restore, rehabilitate, or acquire the equivalent of such natural resources by the appropriate agencies of the Indian tribe, but the measure of such damages shall not be limited by the sums which can be used to restore or replace such resources. There shall be no recovery under the authority of section 107(a)(4)(C) where the damages complained of and the release of a hazardous substance from which such damages resulted have occurred wholly before the date of the enactment of this Act.

"(e) DELEGATION.—The Administrator is authorized to delegate authority to obligate money in the Fund or to settle claims to officials of an Indian tribe operating under a contract or cooperative agreement with the Federal Government pursuant to section 104(d).

"(f) APPLICATION OF OTHER PROVISIONS.—The governing body of an Indian tribe shall be afforded substantially the same treatment as a State with respect to the provisions of section 103(a) (regarding notification of releases), section 104(c)(2) (regarding consultation on remedial actions), section 104(e) (regarding access to information), section 116 (regarding health assessments and protection), and section 105 (regarding roles and responsibilities under the national contingency plan and submittal of priorities for remedial action, but not including the provision regarding the inclusion of at least one facility per State on the National Priorities List).".

(b) CONFORMING AMENDMENTS.—(1) Section 101(a)(16) of CERCLA is amended by striking out "or" the last place it appears and by inserting before the semicolon at the end thereof the following: ", any Indian tribe, or, if such resources are subject to a trust restriction on alienation, any member of an Indian tribe".

(2) Section 107 of CERCLA is amended—

(A) in subsection (a), by inserting "or an Indian tribe" after "State";

(B) in subsection (i), by inserting "or Indian tribe" after "State" the first place it appears; and

(C) in subsection (j), by inserting "or Indian tribe" after "State" the first place it appears.

SEC. 208. COMMENCEMENT OF DRILLING FLUIDS, ETC. STUDY.

The Administrator shall commence the study required under section 8002(m) of the Solid Waste Disposal Act not later than six months after the date of the enactment of this Act.

SEC. 209. INSURABILITY STUDY.

Section 301 of CERCLA is amended by adding at the end thereof the following new subsection:

"(g) INSURABILITY STUDY.—

"(1) STUDY GROUP.—The Comptroller General of the United States shall appoint a study group to carry out a study under this subsection. The study group shall be comprised of the following:

"(A) 1 representative of the Comptroller General and 2 representatives of the Administrator.

"(B) 4 representatives of persons described in paragraph (2).

"(C) 2 representatives of groups or organizations comprised generally of persons adversely affected by releases or threatened releases of hazardous substances.

"(D) 3 representatives of property and casualty insurers.

"(E) 1 representative of reinsurers.

The representative of the Comptroller General shall be the chairperson of the study group. One reporter shall be elected from among the members of the study group.

"(2) STUDY.—The study group shall undertake a study to determine the insurability of the liability of the following:

"(A) Persons who generate hazardous substances: liability for costs under this Act.

"(B) Persons who own or operate facilities: liability for costs under this Act.

"(C) Persons liable for harm to persons or property caused by the release of hazardous substances into the environment.

"(3) ITEM EVALUATED.—As part of their study in accordance with this section, the study group shall evaluate, among other matters, the following:

"(A) Current economic conditions in, and the future outlook for, the commercial market for insurance and reinsurance.

"(B) Current trends in statutory and common law remedies.

"(C) The impact of possible changes in traditional standards of liability, proof, evidence, and damages on existing statutory and common law remedies.

"(D) The effect of the standard of liability and extent of persons upon whom it is imposed under this Act on the underwriting and pricing of insurance coverage.

"(E) Current trends in judicial interpretation and construction of applicable insurance contracts.

"(F) The frequency and severity of a representative sample of claims closed during the calendar year preceding the date of the enactment of this subsection.

"(G) Other impediments to insurability.

"(4) SUBMISSION.—A report on the results of the study shall be submitted to Congress with appropriate recommendations within 18 months after the date of the enactment of this subsection.".

SEC. 210. POLLUTION LIABILITY INSURANCE.

CERCLA is amended by adding the following new title at the end thereof:

"TITLE IV—POLLUTION INSURANCE

"SEC. 401. DEFINITIONS.

"As used in this title—

"(1) INSURANCE.—The term 'insurance' means primary insurance, excess insurance, reinsurance, surplus lines insurance, and any other arrangement for shifting and distributing risk which is determined to be insurance under applicable State or Federal law.

"(2) POLLUTION LIABILITY.—The term 'pollution liability' means liability for injuries arising from the release of hazardous substances or pollutants or contaminants.

"(3) RISK RETENTION GROUP.—The term 'risk retention group' means any corporation or other limited liability association taxable as a corporation, or as an insurance company, formed under the laws of any State—

"(A) whose primary activity consists of assuming and spreading all, or any portion, of the pollution liability of its group members;

"(B) which is organized for the primary purpose of conducting the activity described under subparagraph (A);

"(C) which is chartered or licensed as an insurance company and authorized to engage in the business of insurance under the laws of any State; and

"(D) which does not exclude any person from membership in the group solely to provide for members of such a group a competitive advantage over such a person.

"(4) PURCHASING GROUP.—The term 'purchasing group' means any group of persons which has as one of its purposes the purchase of pollution liability insurance on a group basis.

"(5) STATE.—The term 'State' means any State of the United States and the District of Columbia.

"SEC. 402. STATE LAWS.

"Nothing in this title shall be construed to affect either the tort law or the law governing the interpretation of insurance contracts of any State. The definitions of pollution liability and pollution liability insurance under any State law shall not be applied for the purposes of this title, including recognition or qualification of risk retention groups or purchasing groups.

"SEC. 403. RISK RETENTION GROUPS.

"(a) EXEMPTION.—Except as provided in this section, a risk retention group shall be exempt from the following:

"(1) A State law, rule, or order which makes unlawful, or regulates, directly or indirectly, the operation of a risk retention group.

"(2) A State law, rule, or order which requires or permits a risk retention group to participate in any insurance insolvency guaranty association to which an insurer licensed in the State is required to belong.

"(3) A State law, rule, or order which requires any insurance policy issued to a risk retention group or any member of the group to be countersigned by an insurance agent or broker residing in the State.

"(4) A State law, rule, or order which otherwise discriminates against a risk retention group or any of its members.

"(b) EXCEPTIONS.—

"(1) STATE LAWS GENERALLY APPLICABLE.—Nothing in subsection (a) shall be construed to affect the applicability of State laws generally applicable to persons or corporations. The State in which a risk retention group is chartered may regulate the formation and operation of the group.

"(2) STATE REGULATIONS NOT SUBJECT TO EXEMPTION.—Subsection (a) shall not apply to any State law which requires a risk retention group to do any of the following:

"(A) Comply with the unfair claim settlement practices law of the State.

"(B) Pay, on a nondiscriminatory basis, applicable premium and other taxes which are levied on admitted insurers and surplus line insurers, brokers, or policyholders under the laws of the State.

"(C) Participate, on a nondiscriminatory basis, in any mechanism established or authorized under the law of the State for the equitable apportionment among insurers of pollution liability insurance losses and expenses incurred on policies written through such mechanism.

"(D) Submit to the appropriate authority reports and other information required of licensed insurers under the laws of a State relating solely to pollution liability insurance losses and expenses.

"(E) Register with and designate the State insurance commissioner as its agent solely for the purpose of receiving service of legal documents or process.

"(F) Furnish, upon request, such commissioner a copy of any financial report submitted by the risk retention group to the commissioner of the chartering or licensing jurisdiction.

"(G) Submit to an examination by the State insurance commissioner in any State in which the group is doing business to determine the group's financial condition, if—

"(i) the commissioner has reason to believe the risk retention group is in a financially impaired condition; and

"(ii) the commissioner of the jurisdiction in which the group is chartered has not begun or has refused to initiate an examination of the group.

"(H) Comply with a lawful order issued in a delinquency proceeding commenced by the State insurance commissioner if the commissioner of the jurisdiction in which the group is chartered has failed to initiate such a proceeding after notice of a finding of financial impairment under subparagraph (G).

"(c) APPLICATION OF EXEMPTIONS.—The exemptions specified in subsection (a) apply to—

"(1) pollution liability insurance coverage provided by a risk retention group for—

"(A) such group; or

"(B) any person who is a member of such group;

"(2) the sale of pollution liability insurance coverage for a risk retention group; and

"(3) the provision of insurance related services or management services for a risk retention group or any member of such a group.

"(d) AGENTS OR BROKERS.—A State may require that a person acting, or offering to act, as an agent or broker for a risk retention group obtain a license from that State, except that a State may not impose any qualification or requirement which discriminates against a nonresident agent or broker.

"SEC. 404. PURCHASING GROUPS.

"(a) EXEMPTION.—Except as provided in this section, a purchasing group is exempt from the following:

"(1) A State law, rule, or order which prohibits the establishment of a purchasing group.

"(2) A State law, rule, or order which makes it unlawful for an insurer to provide or offer to provide insurance on a basis providing, to a purchasing group or its member, advantages, based on their loss and expense experience, not afforded to other persons with respect to rates, policy forms, coverages, or other matters.

"(3) A State law, rule, or order which prohibits a purchasing group or its members from purchasing insurance on the group basis described in paragraph (2) of this subsection.

"(4) A State law, rule, or order which prohibits a purchasing group from obtaining insurance on a group basis because the group has not been in existence for a minimum period of time or because any member has not belonged to the group for a minimum period of time.

"(5) A State law, rule, or order which requires that a purchasing group must have a minimum number of members, common ownership or affiliation, or a certain legal form.

"(6) A State law, rule, or order which requires that a certain percentage of a purchasing group must obtain insurance on a group basis.

"(7) A State law, rule, or order which requires that any insurance policy issued to a purchasing group or any members of the group be countersigned by an insurance agent or broker residing in that State.

"(8) A State law, rule, or order which otherwise discriminate against a purchasing group or any of its members.

"(b) APPLICATION OF EXEMPTIONS.—The exemptions specified in subsection (a) apply to the following:

"(1) Pollution liability insurance, and comprehensive general liability insurance which includes this coverage, provided to—

"(A) a purchasing group; or

"(B) any person who is a member of a purchasing group.

"(2) The sale of any one of the following to a purchasing group or a member of the group:

"(A) Pollution liability insurance and comprehensive general liability coverage.

"(B) Insurance related services.

"(C) Management services.

"(c) AGENTS OR BROKERS.—A State may require that a person acting, or offering to act, as an agent or broker for a purchasing group obtain a license from that State, except that a State may not impose any qualification or requirement which discriminates against a nonresident agent or broker.

"SEC. 405. APPLICABILITY OF SECURITIES LAWS.

"(a) OWNERSHIP INTERESTS.—The ownership interests of members of a risk retention group shall be considered to be—

"(1) exempted securities for purposes of section 5 of the Securities Act of 1933 and for purposes of section 12 of the Securities Exchange Act of 1934; and

"(2) securities for purposes of the provisions of section 17 of the Securities Act of 1933 and the provisions of section 10 of the Securities Exchange Act of 1934.

"(b) INVESTMENT COMPANY ACT.—A risk retention group shall not be considered to be an investment company for purposes of the Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.).

"(c) BLUE SKY LAW.—The ownership interests of members in a risk retention group shall not be considered securities for purposes of any State blue sky law.".

SEC 211. RELEASES ASSOCIATED WITH BRINE DISPOSAL.

Title I of CERCLA is amended by adding the following new section at the end thereof:

"SEC. 130. RELEASES ASSOCIATED WITH BRINE DISPOSAL.

"(a) REVIEW.—The Administrator shall conduct a review of State programs to protect public health and the environment in States in which annular injection of brines associated with oil and gas production is permitted. The review shall only be conducted in the case of States in which there are more than 2500 active wells at which annular injection is used as of the date of enactment of this section.

"(b) ENFORCEMENT.—

"(1) DETERMINATION.—If the Administrator determines, on the basis of the review conducted under subsection (a), that any State subject to such review is not adequately enforcing a State program to assure that human health or the environment will not be endangered by releases into the environment associated with the annular injection or surface disposal of such brines, the Administrator shall after notice to the State take or order such enforcement or corrective action in such State as may be necessary to assure protection of human health or the environment from endangerment by releases into the environment associated with such injection or other disposal practices.

"(2) CIVIL ACTION.—The Administrator may bring a civil action under this paragraph in the appropriate United States district court to require compliance with any enforcement or corrective action taken or ordered under paragraph (1) in any State referred to in subsection (a). The court may enter such judgment as protection of human health or the environment may require, including the imposition of a civil penalty not to exceed $5,000 for each day of violation of any enforcement or corrective action taken or ordered by the Administrator.

"(c) DEADLINES.—The review required under subsection (a) shall be completed, and any enforcement or corrective action taken or ordered under subsection (b) commenced, no later than 18 months after the date of the enactment of this section.

"(d) DEFINITION.—For purposes of this section, the term 'annular injection' means the reinjection of brines associated with the production of oil or gas between the production and surface casings of a conventional oil or gas producing well."

SEC. 212. RESEARCH, DEVELOPMENT, AND DEMONSTRATION.

(a) PURPOSE.—The purposes of this section are as follows:

(1) To establish a comprehensive and coordinated Federal program of research, development, demonstration, and training for the purpose of promoting the development of alternative and innovative treatment technologies that can be used in response actions under the superfund program, to provide incentives for the development and use of such technologies, and to improve the scientific capability to assess, detect and evaluate the effects on and risks to human health from hazardous substances.

(2) To establish a basic university research and education program within the Department of Health and Human Services and a research, demonstration, and training program within the Environmental Protection Agency.

(3) To reserve certain funds from the Hazardous Substance Trust Fund to support a basic research program within the Department of Health and Human Services, and an applied and developmental research program within the Environmental Protection agency.

(4) To enhance the Environmental Protection Agency's internal research capabilities related to Superfund activities, including site assessment and technology evaluation.

(5) To provide incentives for the development of alternative and innovative treatment technologies in a manner that supplements, but does not compete with or duplicate, private sector development of such technologies.

(b) AMENDMENT OF CERCLA.—Title III of CERCLA is amended by adding the following new section at the end thereof:

"SEC. 311. RESEARCH, DEVELOPMENT, AND DEMONSTRATION.

"(a) HAZARDOUS SUBSTANCE RESEARCH AND TRAINING.—

"(1) AUTHORITIES OF SECRETARY.—The Secretary of Health and Human Services (hereinafter in this subsection referred to as the Secretary), in consultation with the Administrator, may conduct and support the following activities (through grants, cooperative agreements, and contracts):

"(A) basic research (including epidemiologic and ecologic studies) in the following:

"(i) Advanced techniques for the detection, assessment, and evaluation of the effects on human health of hazardous substances.

"(ii) Methods to assess the risks to human health presented by hazardous substances.

"(iii) Methods and technologies to detect hazardous substances in the environment and basic biological, chemical, and physical methods to reduce the amount and toxicity of hazardous substances.

"(B) Training, including each of the following:

"(i) Short courses and continuing education for State and local health and environmental agency personnel and others involved in hazardous waste management and control or in the evaluation of the risks to human health presented by hazardous substances.

"(ii) Graduate or advanced training in environmental and occupational health and safety and in the public health and engineering aspects of hazardous waste control.

"(iii) Graduate training in the geosciences, including hydrogeology, geological engineering, geophysics, geochemistry, and related fields necessary to meet professional personnel needs in the public and private sectors and to effectuate the purposes of this Act.

"(2) DIRECTOR OF NIEHS.—The Director of the National Institute for Environmental Health Sciences shall cooperate fully with those agencies specified in subparagraphs (A) through (H) of paragraph (5) in carrying out the purposes of this section.

"(3) RECIPIENTS OF GRANTS, ETC.—A grant, cooperative agreement, or contract may be made or entered into under paragraph (1) with an accredited institution of higher education. The institution may carry out the research or training under the grant, cooperative agreement, or contract through contracts, including contracts with any of the following:

"(A) Generators of hazardous wastes.

"(B) Persons involved in the detection, assessment, evaluation, and treatment of hazardous substances.

"(C) Owners and operators of facilities at which hazardous substances are located.

"(D) State and local governments.

"(4) PROCEDURES.—In making grants and entering into cooperative agreements and contracts under this subsection, the Secretary shall act through the Director of the National Institute for Environmental Health Sciences. In considering the allocation of funds for training purposes, the Director shall ensure that at least one grant, cooperative agreement, or contract shall be awarded for training described in each of clauses (i), (ii), and (iii) of paragraph (1)(B).

Where applicable, the Director may choose to operate training activities in cooperation with the Director of the National Institute for Occupational Safety and Health. The procedures applicable to grants and contracts under title IV of the Public Health Service Act shall be followed under this subsection.

"(5) ADVISORY COUNCIL.—To assist in the implementation of this subsection and to aid in the coordination of research and demonstration and training activities funded from the Fund under this section, the Secretary shall appoint an advisory council (hereinafter in this subsection referred to as the 'Advisory Council') which shall consist of the following:

"(A) The Assistant Administrator of the Environmental Protection Agency for Research and Development who shall serve as chairman.

"(B) The Assistant Administrator of the Environmental Protection Agency for Solid Waste and Emergency Response.

"(C) The Director for the Center for Environmental Health in the Centers for Disease Control.

"(D) The Director of the National Institute for Occupational Safety and Health.

"(E) The Director of the National Cancer Institute.

"(F) The Administrator of ATSDR.

"(G) The Director of the National Center for Toxicologic Research of the Food and Drug Administration.

"(H) The Director of Environmental Policy within the Office of the Secretary of Defense.

"(I) A representative of the toxic chemical waste producing industry.

"(J) A representative of entities engaged in the management of toxic chemical wastes.

"(K) Three representatives of institutions of higher education (one from the field of medicine with expertise in occupational health and safety, one from the field of chemical engineering with expertise in hazardous waste engineering, and one from the field of biological sciences with expertise in environmental science).

"(L) Two representatives from State and local health or environmental agencies.

"(M) One representative from community-based organizations concerned with hazardous substances.

"(N) One representative with scientific expertise from a national environmental organization concerned with hazardous substances.

"(6) PLANNING.—Within six months after the date of the enactment of this subsection, the Secretary, acting through the Director of the National Institute for Environmental Health Sciences, shall issue a plan for the implementation of paragraph (1). The plan shall include priorities for actions under paragraph (1) and include research and training relevant to scientific and technological issues resulting from site specific hazardous substance response experience. The Secretary shall, to the maximum extent practicable, take appropriate steps to coordinate program activities under this plan with the activities of other Federal agencies in order to avoid duplication of effort. The plan shall be consistent with the need for the development of new technologies for meeting the goals of response actions in accordance with the provisions of this Act. The Advisory Council shall be provided an opportunity to review and comment on the plan and priorities and assist appropriate coordination among those agencies specified in subparagraphs (A) through (H) of paragraph (5).

"(b) ALTERNATIVE OR INNOVATIVE TREATMENT TECHNOLOGY RESEARCH AND DEMONSTRATION PROGRAM.—

"(1) ESTABLISHMENT.—The Administrator is authorized and directed to carry out a program of research, evaluation, testing, development, and demonstration of alternative or innovative treatment technologies (hereinafter in this subsection referred to as the 'program') which may be utilized in response actions to achieve more permanent protection of human health and welfare and the environment.

"(2) OFFICE OF TECHNOLOGY DEMONSTRATION.—The program shall be administered by the Administrator, acting through an office of technology demonstration established under this subsection and shall be coordinated with programs carried out by the Office of Solid Waste and Emergency Response and the Office of Research and Development. The Administrator shall establish such Office of Technology Demonstration within four months after the date of the enactment of this section. Such office shall be headed by a Director.

"(3) CONTRACTS AND GRANTS.—In carrying out the program, the Administrator is authorized to enter into contracts and cooperative agreements with, and make grants to, persons, public entities, and nonprofit private entities which are exempt from tax under section 501(c) (3) of the Internal Revenue Code of 1954. The Administrator shall, to the maximum extent possible, enter into appropriate cost sharing arrangements under this subsection.

"(4) USE OF SITES.—In carrying out the program, the Administrator may arrange for the use of sites at which a response may be undertaken under section 104 for the purposes of carrying out research, testing, evaluation, development, and demonstration projects. Each such project shall be carried out under such terms and conditions as the Administrator shall require to assure the protection of human health and the environment and to assure adequate control by the Administrator of the research, testing, evaluation, development, and demonstration activities at the site.

"(5) DEMONSTRATION ASSISTANCE.—

"(A) PROGRAM COMPONENTS.—The demonstration assistance program shall include the following:

"(i) The publication of a solicitation and the evaluation of applications for demonstration projects utilizing alternative or innovative technologies.

"(ii) the selection of sites which are suitable for the testing and evaluation of innovative technologies.

"(iii) The development of detailed plans for innovative technology demonstration projects.

"(iv) The supervision of such demonstration projects and the providing of quality assurance for data obtained.

"(v) The evaluation of the results of alternative innovative technology demonstration projects and the determination of whether or not the technologies used are effective and feasible.

"(B) SOLICITATION.—Within 90 days after the date of the enactment of this section, and no less often than once every 12 months thereafter, the Administrator shall publish a solicitation for innovative or alternative technologies at a stage of development suitable for full-scale demonstrations at sites at which a response action may be undertaken under section 104. The purpose of any such project shall be to demonstrate the use of an alternative or innovative treatment technology with respect to hazardous substances or pollutants or contaminants which are located at the site or which are to be removed from the site. The solicitations notice shall prescribe information to be included in the application, including technical and economic data derived from the applicant's own research and development efforts, and other information sufficient to permit the Administrator to assess the technology's potential and the types of remedial action to which it may be applicable.

"(C) APPLICATIONS.—Any person and any public or private nonprofit entity may submit an application to the Administrator in response to the solicitation. The application shall contain a proposed demonstration plan setting forth how and when the project is to be carried out and such other information as the Administrator may require.

"(D) PROJECT SELECTION.—In selecting technologies to be demonstrated, the Administrator shall fully review the applications submitted and shall consider at least the criteria specified in paragraph (7). The Administrator shall select or refuse to select a project for demonstration under this subsection within 90 days of receiving the completed application for such project. In the case of a refusal to select the project, the Administrator shall notify the applicant within such 90-day period of the reasons for his refusal.

"(E) SITE SELECTION.—The Administrator shall propose one or more sites at which a response may be undertaken under section 104 to be the location of any demonstration project under this subsection within 60 days after the close of the public comment period. After an opportunity for notice and public comment, the Administrator shall select such sites and projects. In selecting such site, the Administrator shall take into account the applicant's technical data and preferences either for onsite operation or for utilizing the site as a source of hazardous substances or pollutants or contaminants to be treated offsite.

"(F) DEMONSTRATION PLAN.—Within 60 days after the selection of the site under this paragraph to be the location of a demonstration project, the Administrator shall establish a final demonstration plan for the project, based upon the demonstration plan contained in the application for the project. Such plan shall clearly set forth how and when the demonstration project will be carried out.

"(G) SUPERVISION AND TESTING.—Each demonstration project under this subsection shall be performed by the applicant, or by a person satisfactory to the applicant, under the supervision of the Administrator. The Administrator shall enter into a written agreement with each applicant granting the Administrator the responsibility and authority for testing procedures, quality control, monitoring, and other measurements necessary to determine and evaluate the results of the demonstration project. The Administrator may pay the costs of testing, monitoring, quality control, and other measurements required by the Administrator to determine and evaluate the results of the demonstration project, and the limitations established by subparagraph (J) shall not apply to such costs.

"(H) PROJECT COMPLETION.—Each demonstration project under this subsection shall be completed within such time as is established in the demonstration plan.

"(I) EXTENSIONS.—The Administrator may extend any deadline established under this paragraph by mutual agreement with the applicant concerned.

"(J) FUNDING RESTRICTIONS.— The Administrator shall not provide any Federal assistance for any part of a full-scale field demonstration project under this subsection to any applicant unless such applicant can demonstrate that it cannot obtain appropriate private financing on reasonable terms and conditions sufficient to carry out such demonstration project without such Federal assistance. The total Federal funds for any full-scale field demonstration project under this subsection shall not exceed 50 percent of the total cost of such project estimated at the time of the award of such assistance. The Administrator shall not expend more than $10,000,000 for assistance under the program in any fiscal year and shall not expend more than $3,000,000 for any single project.

"(6) FIELD DEMONSTRATIONS.—In carrying out the program, the Administrator shall initiate or cause to be initiated at least 10 field demonstration projects of alternative or innovative treatment technologies at sites at which a response may be undertaken under section 104, in fiscal year 1987 and each of the succeeding three fiscal years. If the Administrator determines that 10 field demonstration projects under this subsection cannot be initiated consistent with the criteria set forth in paragraph (7) in any of such fiscal years, the Administrator shall transmit to the appropriate committees of Congress a report explaining the reasons for his inability to conduct such demonstration projects.

"(7) CRITERIA.—In selecting technologies to be demonstrated under this subsection, the Administrator shall, consistent with the protection of human health and the environment, consider each of the following criteria:

"(A) The potential for contributing to solutions to those waste problems which pose the greatest threat to human health, which cannot be adequately controlled under present technologies, or which otherwise pose significant management difficulties.

"(B) The availability of technologies which have been sufficiently developed for field demonstration and which are likely to be cost-effective and reliable.

"(C) The availability and suitability of sites for demonstrating such technologies, taking into account the physical, biological, chemical, and geological characteristics of the sites, the extent and type of contamination found at the site, and the capability to conduct demonstration projects in such a manner as to assure the protection of human health and the environment.

"(D) The likelihood that the data to be generated from the demonstration project at the site will be applicable to other sites.

"(8) TECHNOLOGY TRANSFER.—In carrying out the program, the Administrator shall conduct a technology transfer program including the development, collection, evaluation, coordination and dissemination of information relating to the utilization of alternative or innovative treatment technologies for remedial actions. The Administrator shall establish and maintain a central reference library for such information. The information maintained by the Administrator shall be made available to the public, subject to the provisions of section 552 of title 5 of the United States Code and section 1905 of title 18 of the United States Code, and to other Government agencies in a manner that will facilitate its dissemination; except, that upon a showing satisfactory to the Administrator by any person that any information, or portion of this subsection by the Administrator directly or indirectly from such person, would, if made public, divulge—

"(A) trade secrets; or

"(B) other proprietary information of such person,

the Administrator shall not disclose such information and disclosure thereof shall be punishable under section 1905 of title 18 of the United States Code. This subsection is not authority to withhold information from Congress or any committee of Congress upon the request of the chairman of such committee.

"(9) TRAINING.—The Administrator is authorized and directed to carry out, through the Office of Technology Demonstration, a program of training and an evaluation of training needs for each of the following:

"(A) Training in the procedures for the handling and removal of hazardous substances for employees who handle hazardous substances.

"(B) Training in the management of facilities at which hazardous substances are located and in the evaluation of the hazards to human health presented by such facilities for State and local health and environment agency personnel.

"(10) DEFINITION.—For purposes of this subsection, the term 'alternative or innovative treatment technologies' means those technologies which permanently alter the composition of hazardous waste through chemical, biological, or physical means so as to significantly reduce the toxicity, mobility, or volume (or any combination thereof) of the hazardous waste or contaminated materials being treated. The term also includes technologies that characterize or assess the extent of contamination, the chemical and physical character of the contaminants, and the stresses imposed by the contaminants on complex ecosystems at sites. The term also includes proprietary or patented methods.

"(c) HAZARDOUS WASTE RESEARCH.—The Administrator may conduct and support, through grants, cooperative agreements, and contracts, research with respect to the detection, assessment, and evaluation of the effects on and risks to human health of hazardous substances and detection of hazardous substances in the environment. The Administrator shall coordinate such research with the Secretary of Health and Human Services, acting through the advisory council established under this section, in order to avoid duplication of effort.

"(d) UNIVERSITY HAZARDOUS SUBSTANCE RESEARCH CENTERS.—

"(1) GRANT PROGRAM.—The Administrator shall make grants to institutions of higher learning to establish and operate not less than five hazardous substance research centers in the United States. In carrying out the program under this subsection, the Administrator should seek to have established and operated ten hazardous substance research centers in the United States.

"(2) RESPONSIBILITIES OF CENTERS.—The responsibililities of each hazardous substance research center established under this subsection shall include, but not be limited to, the conduct of research and training relating to the manufacture, use, transportation, disposal, and management of hazardous substances and publication and dissemination of the results of such research.

"(3) APPLICATIONS.—Any institution of higher learning interested in receiving a grant under this subsection shall submit to the Administrator an application in such form and containing auch information as the Administrator may require by regulation.

"(4) SELECTION CRITERIA.—The Administrator shall select recipients of grants under this subsection on the basis of the following criteria:

"(A) The hazardous substance research center shall be located in a State which is representative of the needs of the region in which such State is located for improved hazardous waste management.

"(B) The grant recipient shall be located in an area which has experienced problems with hazardous substance management.

"(C) There is available to the grant recipient for carrying out this subsection demonstrated research resources.

"(D) The capability of the grant recipient to provide leadership in making national and regional contributions to the solution of both long-range and immediate hazardous substance management problems.

"(E) The grant recipient shall make a commitment to support ongoing hazardous substance research programs with budgeted institutional funds of at least $100,000 per year.

"(F) The grant recipient shall have an interdisciplinary staff with demonstrated expertise in hazardous substance management and research.

"(G) The grant recipient shall have a demonstrated ability to disseminate results of hazardous substance research and educational programs through an interdisciplinary continuing education program.

"(H) The projects which the grant recipient proposes to carry out under the grant are necessary and appropriate.

"(5) MAINTENANCE OF EFFORT.—No grant may be made under this subsection in any fiscal year unless the recipient of such grant enters into such agreements with the Administrator as the Administrator may require to ensure that such recipient will maintain its aggregate expenditures from all other sources for establishing and operating a regional hazardous substance research center and related research activities at or above the average level of such expenditures in its two fiscal years preceding the date of the enactment of this subsection.

"(6) FEDERAL SHARE.—The Federal share of a grant under this subsection shall not exceed 80 percent of the costs of establishing and operating the regional hazardous substance research center and related research activities carried out by the grant recipient.

"(7) LIMITATIONS ON USE OF FUNDS.—No funds made available to carry out this subsection shall be used for acquisition of real property (including buildings) or construction of any building.

"(8) ADMINISTRATION THROUGH THE OFFICE OF THE ADMINISTRATOR.—Administrative responsibility for carrying out this subsection shall be in the Office of the Administrator.

"(9) EQUITABLE DISTRIBUTION OF FUNDS.—The Administrator shall allocate funds made available to carry out this subsection equitably among the regions of the United States.

"(10) TECHNOLOGY TRANSFER ACTIVITIES.—Not less than five percent of the funds made available to carry out this subsection for any fiscal year shall be available to carry out technology transfer activities.

"(e) REPORT TO CONGRESS.—At the time of the submission of the annual budget request to Congress, the Administrator shall submit to the appropriate committees of the House of Representatives and the Senate and to the advisory council established under subsection (a), a report on the progress of the research, development, and demonstration program authorized by subsection (b), including an evaluation of each demonstration project completed in the preceding fiscal year, findings with respect to the efficacy of such demonstrated technologies in achieving permanent and significant reductions in risk from hazardous wastes, the costs of such demonstration projects, and the potential applicability of, and projected costs for, such technologies at other hazardous substance sites.

"(f) SAVING PROVISION.—Nothing in this section shall be construed to affect the provisions of the Solid Waste Disposal Act.

"(g) SMALL BUSINESS PARTICIPATION.—The Administrator shall ensure, to the maximum extent practicable, an adequate opportunity for small business participation in the program established by subsection (b).

"(h) BUDGET AUTHORITY FOR CONTRACTS.—Any new spending authority described in subsection (c)(2)(A) of section 401 of the Congressional Budget Act of 1974 which is provided under this section shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation Acts.".

"(c) TESTING PROCEDURES AND STANDARDS.—The Administrator shall revise and republish the National Contingency Plan required by section 105 of CERCLA. The revisions shall include standards and testing procedures by which alternative or innovative treatment technologies can be determined to be appropriate for use in response actions under title I of CERCLA. The revision shall be made within one year after the date of enactment of this Act and after notice and opportunity for public comment.

SEC. 213. DEPARTMENT OF DEFENSE ENVIRONMENTAL RESTORATION PROGRAM.

(a) IN GENERAL.—(1) Title 10, United States Code, is amended—

(A) by redesignating section 2701 as section 2721; and

(B) by inserting after chapter 159 the following new chapter:

"CHAPTER 160—ENVIRONMENTAL RESTORATION

"Sec.
"2701. Environmental restoration program.
"2702. Research, development, and demonstration program.
"2703. Environmental restoration transfer account.
"2704. Commonly found unregulated hazardous substances.
"2705. Notice of environmental restoration activities.
"2706. Annual report to Congress.
"2707. Definitions.

"§ 2701. Environmental restoration program

"(a) ENVIRONMENTAL RESTORATION PROGRAM.—

"(1) IN GENERAL.—The Secretary of Defense shall carry out a program of environmental restoration at facilities under the jurisdiction of the Secretary. The program shall be known as the 'Defense Environmental Restoration Program'.

"(2) APPLICATION OF SECTION 120 OF CERCLA.—Activities of the program described in subsection (b)(1) shall be carried out subject to section 120 (relating to Federal facilities) of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (hereinafter in this chapter referred to as 'CERCLA').

"(3) CONSULTATION WITH EPA.—The program shall be carried out in consultation with the Administrator of the Environmental Protection Agency.

"(4) ADMINISTRATIVE OFFICE WITHIN OSD.—The Secretary shall identify an office within the Office of the Secretary which shall have responsibility for carrying out the program.

"(b) PROGRAM PURPOSES.—The purposes of the program shall include the identification, investigation, and cleanup of hazardous substances, pollutants, and contaminants at sites under the jurisdiction of the Secretary through response and remedial actions covered by CERCLA.

"(c) RESPONSIBILITY FOR RESPONSE ACTIONS.—

"(1) BASIC RESPONSIBILITY.—The Secretary shall carry out (in accordance with the provisions of this chapter and CERCLA) all response actions with respect to releases of hazardous substances from each of the following:

"(A) Each facility or site owned by, leased to, or otherwise possessed by the United States and under the jurisdiction of the Secretary.

"(B) Each facility or site which was under the administrative jurisdiction of the Secretary and owned by, leased to, or otherwise possessed by the United States at the time of actions leading to contamination by hazardous substances.

"(C) Each vessel of the Department of Defense, including vessels owned or bareboat chartered and operated.

"(2) OTHER RESPONSIBLE PARTIES.—Paragraph (1) shall not apply to a removal or remedial action if the Administrator has provided for response action by a potentially responsible person in accordance with section 122 of CERCLA.

"(3) STATE FEES AND CHARGES.—The Secretary shall pay fees and charges imposed by State authorities for permit services for the disposal of hazardous substances on lands which are under the jurisdiction of the Secretary to the same extent that nongovernmental entities are required to pay fees and charges imposed by State authorities for permit services. The preceding sentence shall not apply with respect to a payment that is the responsibility of a lessee, contractor, or other private person.

"(d) SERVICES OF OTHER AGENCIES.—The Secretary may enter into agreements on a reimbursable basis with any other Federal agency, and on a reimbursable or other basis with any State or local government agency, to obtain the services of that agency to assist the Secretary in carrying out any of the Secretary's responsibilities under this section. Services which may be obtained under this subsection include the identification, investigation, and cleanup of any offsite contamination possibly resulting from the release of a hazardous substance or waste at a facility under the Secretary's jurisdiction.

"(e) LIABILITY OF RESPONSE ACTION CONTRACTORS.—The provisions of section 119 of CERCLA apply to for response action contractors (as defined in that section) who carry out response actions under this section.

"§ 2702. Research, development, and demonstration program

"(a) PROGRAM.—As part of the Defense Environmental Restoration Program, the Secretary of Defense shall carry out a program of research, development, and demonstration with respect to hazardous wastes. The program shall be carried out in consultation and cooperation with the Administrator. The program shall include research, development, and demonstration with respect to each of the following:

"(1) Means of reducing the quantities of hazardous waste generated by activities and facilities under the jurisdiction of the Secretary.

"(2) Methods of treatment, disposal, and management (including recycling and detoxifying) of hazardous waste of the types and quantities generated by current and former activities of the Secretary and facilities currently and formerly under the jurisdiction of the Secretary.

"(3) Identifying more cost-effective technologies for cleanup of hazardous substances.

"(4) Toxicological data collection and methodology on risk of exposure to hazardous waste generated by the Department of Defense.

"(5) The testing, evaluation, and field demonstration of any innovative technology, processes, equipment, or related training devices which may contribute to establishment of new methods to control, contain, and treate hazardous substances, to be carried out in consultation and cooperation with, and to the extent possible in the same manner as, testing, evaluation, and field demonstration carried out by the Administrator, acting through the Office of Technology Demonstration of the Office of Emergency and Remedial Response of the Environmental Protection Agency.

"(b) SPECIAL PERMIT UNDER SECTION 3005(g) OF RCRA.—The Administrator may use the authorities of section 3005(g) of the Solid Waste Disposal Act to issue a permit for testing and evaluation which receives support under this section.

"(c) CONTRACTS AND GRANTS.—The Secretary may enter into contracts and cooperative agreements with, and make grants to, universities, public and private profit and nonprofit entities, and other persons to carry out the research, development, and demonstration authorized under this section. Such contracts may be entered into only to the extent that appropriated funds are available for that purpose.

"(d) INFORMATION COLLECTION AND DISSEMINATION.—

"(1) IN GENERAL.—The Secretary shall develop, collect, evaluate, and disseminate information related to the use (or potential use) of the treatment, disposal, and management technologies that are researched, developed, and demonstrated under this section.

"(2) ROLE OF EPA.—The functions of the Secretary under paragraph (1) shall be carried out in cooperation and consultation with the Administrator. To the extent appropriate and agreed upon by the Administrator and the Secretary, the Administrator shall evaluate and disseminate such information.

"§ 2703. Environmental restoration transfer account

"(a) ESTABLISHMENT OF TRANSFER ACCOUNT.—

"(1) ESTABLISHMENT.—There is hereby established in the Department of Defense an account to be known as the 'Defense Environmental Restoration Account' (hereinafter in this section referred to as the 'transfer account'). All sums appropriated to carry out the functions of the Secretary of

Defense relating to environmental restoration under this chapter or any other Act shall be appropriated to the transfer account.

"(2) REQUIREMENT OF AUTHORIZATION OF APPROPRIATIONS.—No funds may be appropriated to the transfer account unless such sums have been specifically authorized by law.

"(3) AVAILABILITY OF FUNDS IN TRANSFER ACCOUNT.—Amounts appropriated to the transfer account shall remain available until transferred under subsection (b).

"(b) AUTHORITY TO TRANSFER TO OTHER DOD ACCOUNTS.—Amounts in the transfer account shall be available to be transferred by the Secretary to any appropriation account or fund of the Department for obligation from that account or fund. Funds so transferred shall be merged with and available for the same purposes and for the same period as the account or fund to which transferred.

"(c) OBLIGATION OF TRANSFERRED AMOUNTS.—Funds transferred under subsection (b) may only be obligated or expended from the account or fund to which transferred in order to carry out the functions of the Secretary under this Act or environmental restoration functions under any other Act.

"(d) BUDGET REPORTS.—In proposing the Budget for any fiscal year pursuant to section 1105 of title 31, the President shall set forth separately the amount requested for environmental restoration programs of the Department of Defense under this chapter or any other Act.

"(e) AMOUNTS RECOVERED UNDER CERCLA.—Amounts recovered under section 107 of CERCLA for response actions of the Secretary shall be credited to the transfer account.

"§ 2704. Commonly found unregulated hazardous substances

"(a) NOTICE TO HHS.—

"(1) IN GENERAL.—The Secretary of Defense shall notify the Secretary of Health and Human Services of the hazardous substances which the Secretary of Defense determines to be the most commonly found unregulated hazardous substances at facilities under his jurisdiction. The notification shall be of not less than the 25 most widely used such substances.

"(2) DEFINITION.—In this subsection, 'unregulated hazardous substance' means a hazardous substance—

"(A) for which no standard is in effect under the Toxic Substances Control Act, the Safe Drinking Water Act, the Clean Air Act, or the Clean Water Act; and

"(B) for which no water quality criteria are in effect under any provision of the Clean Water Act.

"(b) TOXICOLOGICAL PROFILES.—The Secretary of Health and Human Services shall take such steps as necessary to ensure the timely preparation of toxicological profiles of each of the substances of which the Secretary is notified under subsection (a). The profiles of such substances shall include each of the following:

"(1) The examination, summary, and interpretation of available toxicological information and epidemiologic evaluations on a hazardous substance in order to ascertain the levels of significant human exposure for the substance and the associated acute, subacute, and chronic health effects.

"(2) A determination of whether adequate information on the health effects of each substance is available or in the process of development to determine levels of exposure which present a significant risk to human health of acute, subacute, and chronic health effects.

"(3) Where appropriate, toxicological testing directed toward determining the maximum exposure level of a hazardous substance that is safe for humans.

"(c) DOD SUPPORT FOR TOXICOLOGICAL PROFILES.—The Secretary of Defense shall transfer to the Secretary of Health and Human Services such toxicological data, such sums from amounts appropriated to the Department of Defense, and such personnel of the Department of Defense as may be necessary for the preparation of such toxicological profiles under subsection (b). The Secretary of Defense and the Secretary of Health and Human Services shall enter into a memorandum of understanding regarding the manner in which this section shall be carried out, including the manner for transferring funds and personnel and for coordination of activities under this section.

"(d) EPA HEALTH ADVISORIES.—

"(1) PREPARATION.—At the request of the Secretary of Defense, the Administrator shall in a timely manner prepare health advisories on hazardous substances. Such an advisory shall be prepared on each hazardous substance—

"(A) for which no advisory exists;

"(B) which is found to threaten drinking water; and

"(C) which is emanating from facilities under the administrative jurisdiction of Secretary.

"(2) CONTENT OF HEALTH ADVISORIES.—Such health advisories shall provide specific advice on the levels of contaminants in drinking water at which adverse health effects would not be anticipated and which include a margin of safety so as to protect the most sensitive members of the population at risk. The advisories shall provide data on one-day, 10-day, and longer-term exposure periods where avalable toxicological data exist.

"(3) DOD SUPPORT FOR HEALTH ADVISORIES.—The Secretary of Defense shall transfer to the Administrator such toxicological data, such sums from amounts appropriated to the Department of Defense, and such personnel of the Department of Defense as may be necessary for the preparation of such health advisories. The Secretary and the Administrator shall enter into a memorandum of understanding regarding the manner of in which this subsection shall be carried out, including the manner for transferring funds and personnel and for coordination of activities under this subsection.

"(e) CROSS REFERENCE.—Section 116 of CERCLA applies to facilities under the jurisdiction of the Secretary of Defense in the manner prescribed in that section for other Federal facilities.

"(f) FUNCTIONS OF HHS TO BE CARRIED OUT THROUGH ATSDR.—The functions of the Secretary of Health and Human Services under this section shall be carried out through the Administrator of the Agency of Toxic Substances and Disease Registry of the Department of Health and Human Services established under section 116 of CERCLA.

"§ 2705. Notice of environmental restoration activities

"(a) EXPEDITED NOTICE.—The Secretary of Defense shall take such actions as necessary to ensure that the regional offices of the Environmental Protection Agency and appropriate State and local authorities for the State in which a facility under the Secretary's jurisdiction is located receive prompt notice of each of the following:

"(1) The discovery of releases or threatened releases of hazardous substances at the facility.

"(2) The extent of the threat to public health and the environment which may be associated with any such release or threatened release.

"(3) Proposals made by the Secretary to carry out response actions with respect to any such release or threatened release.

"(4) The initiation of any response action with respect to such release or threatened release and the commencement of each distinct phase of such activities.

"(b) COMMENT BY EPA AND STATE AND LOCAL AUTHORITIES.—

"(1) RELEASE NOTICES.—The Secretary shall ensure that the Administrator of the Environmental Protection Agency and appropriate State and local officials have an adequate opportunity to comment on notices under paragraphs (1) and (2) of subsection (a).

"(2) PROPOSALS FOR RESPONSE ACTIONS.—The Secretary shall require that an adequate opportunity for timely review and comment be afforded to the Administrator and to appropriate State and local officials after making a proposal referred to in subsection (a)(3) and before undertaking an activity or action referred to in subsection (a)(4). The preceding sentence does not apply if the action is an emergency removal taken because of imminent and substantial endangerment to human health or the environment and consultation would be impractical.

"(c) TECHNICAL REVIEW COMMITTEE.—Whenever possible and practical, the Secretary shall establish a technical review committee to review and comment on Department of Defense actions and proposed actions with respect to releases or threatened releases of hazardous substances at installations. Members of such committee shall include at least one representative of the Secretary, the Administrator, and appropriate State and local authorities and shall include a public representative of the community involved.

"§ 2706. Annual report to Congress

"(a) REPORT ON PROGRESS IN IMPLEMENTATION.—The Secretary of Defense shall submit to Congress a report each fiscal year describing the progress made by the Secretary during the preceding year in implementing the requirements of this chapter.

"(b) MATTERS TO BE INCLUDED.—Each such report shall include the following:

"(1) A statement for each facility under the jurisdiction of the Secretary of the number of individual facilities at such installation at which a hazardous substance has been identified.

"(2) The status of response actions contemplated or undertaken at each such facility.

"(3) The specific cost estimates and budgetary proposals involving response actions contemplated or undertaken at each such facility.

"(4) A report on progress on conducting response actions at sites other than sites on the National Priority List.

"§ 2707. Definitions

"In this chapter:

"(1) 'Environment', 'facility', 'hazardous substance', 'person', 'release', 'removal', 'response', 'disposal', and 'hazardous waste' have the meanings given those terms in section 101 of CERCLA.

"(2) 'Administrator' means the Administrator of the Environmental Protection Agency.".

(2) The table of chapters at the beginning of subtitle A, and at the beginning of part IV of subtitle A, of such title are each amended by inserting after the items relating to chapter 159 the following new item:

"160. Environmental Restoration..... 2701".

(b) MILITARY CONSTRUCTION PROJECTS.—(1) Chapter 169 of title 10, United States Code, is amended by inserting at the end of subchapter I the following new section:

"§ 2810. Construction projects for environmental response actions

"(a) Subject to subsection (b), the Secretary of Defense may carry out a military construction project not otherwise authorized by law (or may authorize the Secretary of a military department to carry out such a project) if the Secretary of Defense determines that the project is necessary to carry out a response action under chapter 160 of this title or the Comprehensive Environmental Response, Compensation, and Liability Act.

"(b)(1) When a decision is made to carry out a military construction project under this section, the Secretary of Defense shall submit a report in writing to the appropriate committees of Congress on that decision. Each such report shall include—

"(A) the justification for the project and the current estimate of the cost of the project; and

"(B) the justification for carrying out the project under this section.

"(2) The project may then be carried out only—

"(A) after the end of the 21-day period beginning on the date the notification is received by such committees; or

"(B) after each such committee has approved the project, if the committees approve the project before the end of the period.

"(c) In this section, 'response action' has the meaning given that term in section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act.".

(2) The table of sections at the beginning of subchapter I of such chapter is amended by adding at the end thereof the following new item:

"2810. Construction projects for environmental response actions.".

(c) EFFECTIVE DATE.—Section 2703(a)(2) of title 10, United States Code, as added by subsection (a), shall apply with respect to funds appropriated for fiscal years beginning after September 30, 1986.

SEC. 214. OVERSIGHT AND REPORTING REQUIREMENTS.

Section 301 of CERCLA is amended by adding at the end thereof the following new subsection:

(h) OVERSIGHT AND REPORTING REQUIREMENTS.—

"(1) CONGRESSIONAL OVERSIGHT.—The appropriate authorizing committees of Congress shall conduct oversight hearings not less often than annually to ensure that this Act is being implemented according to the purposes of this Act and congressional intent in enacting this Act.

"(2) ANNUAL REPORT BY EPA.—The Administrator of the Environmental Protection Agency shall submit a report annually to the Congress on the progress achieved in implementing this Act. In addition such report shall specifically include each of the following—

"(A) A detailed description of each feasibility study carried out at a facility under title I of this Act.

"(B) The status and estimated date of completion of each such study.

"(C) Notice of each such study which will not meet a previously published schedule for completion and the new estimated date for completion.

"(D) An evaluation of newly developed feasible and achievable permanent treatment technologies.

"(E) Progress made in reducing the number of facilities in the Interim Category on the National Priorities List.".

SEC. 215. RADON GAS.

(a) NATIONAL ASSESSMENT.—The Administrator of the Environmental Protection Agency (hereinafter in this section referred to as the "Administrator") shall—

(1) identify the locations in populated areas in the United States where radon gas and radon daughters are forming from naturally occurring deposits of uranium and are collecting in residences and other structures;

(2) assess for each location identified under paragraph (1) the amounts of radon gas and radon daughters that are forming and the amounts that are present in residences and other structures; and

(3) determine the level of radon gas and radon daughters which poses a threat to human health and assess for each location identified under paragraph (1) the extent of the threat to human health.

The Administrator shall submit a report to Congress on the results of the assessment conducted under this subsection not later that one year after the date of the enactment of this Act.

(b) DEMONSTRATION PROGRAM.—

(1) IN GENERAL.—The Administrator shall conduct a demonstration program to test methods of reducing or eliminating the threat to human health of radon gas and radon daughters. Such methods shall include venting of residences and other structures and any other methods the Administrator determines may be effective in reducing or eliminating such threat. The demonstration program under this section shall be conducted at the Reading Prong, Pennsylvania and New Jersey, and at such other sites as the Administrator considers appropriate.

(2) REPORTS.—The Administrator shall submit interim reports not later than September 30, 1986, and September 30, 1987, on the status of the demonstration program carried out under this subsection. The Administrator shall submit a final report on the results of such program not later than December 31, 1988.

(3) AUTHORIZATION.—There is authorized to be appropriated for the fiscal years 1986 through 1988 a total of $2,000,000 to carry out this subsection.

TITLE III—EMERGENCY PLANNING AND COMMUNITY RIGHT TO KNOW

Subtitle A—Emergency Planning

SEC. 301. ESTABLISHMENT OF STATE COMMISSIONS AND LOCAL COMMITTEES.

(a) ESTABLISHMENT OF STATE EMERGENCY RESPONSE COMMISSIONS.—Not later than six months after the date of the enactment of this title, the Governor of each State shall appoint an emergency response commission. The Governor may designate as the emergency response commission one or more existing emergency response organizations that are State-sponsored or appointed. The Governor shall, to the extent practicable, appoint persons to the Commission who have technical expertise in the emergency response field. The emergency response commission of a State shall appoint local emergency response committees under subsection (b) and shall supervise and coordinate the activities of such committees. If the Governor of any State does not designate a State commission within such period, the Administrator shall operate as the State commission until the Governor makes such designation and may make the initial designations and appointments, under subsection (b).

(b) ESTABLISHMENT OF LOCAL EMERGENCY RESPONSE COMMITTEES.—

(1) IN GENERAL.—Not later than six months after the date of the establishment of a State commissioner under subsection (a), the commission shall—

(A) designate political subdivisions or combinations of political subdivisions as emergency response districts for purposes of this title; and

(B) appoint a local emergency response committee for each emergency response district designated under subparagraph (A).

(2) INTERSTATE AGREEMENTS.—Pursuant to interstate agreements, political subdivisions in more than one State may be included in an emergency response district under paragraph (1)(A) and members of an emergency response committee may be designated under paragraph (1)(B) from each State.

(c) COMPOSITION OF LOCAL COMMITTEES.—A local emergency response committee shall include representatives from each of the following groups or organizations: elected State and local officials; law enforcement, civil defense, firefighting, first aid, health, local environmental, hospital, and transportation personnel; broadcast and print media; community groups; and covered operators.

(d) OFFICERS AD HOC COMMITTEES.—A local emergency response committee may elect such officers and spokesmen and appoint such ad hoc committees of interested citizens, and request such assistance of State and local officials, as it deems necessary to assist it in carrying out its duties.

(e) REVISIONS.—The emergency response commission of a State may revise its designations and appointments under subsection (b) with respect to any local emergency response committee as it deems appropriate.

SEC. 302. COMPREHENSIVE EMERGENCY RESPONSE PLANS.

(a) PLAN REQUIRED.—Not later than 24 months after the date of the enactment of this title, each local emergency response committee shall complete an emergency response plan designed to minimize the injury to human health and the environment which could result from any hazardous substance emergency arising out of activities carried out at any covered facility located in the emergency response district for which such committee is established. The plan shall be integrated with existing emergency response plans at the discretion of the committee. A covered operator shall submit to the local emergency response committee any information in addition to the information required under section 311 (other than information which may be withheld from disclosure under section 322), with respect to a covered facility that the committee may request for purposes of completing such plan. The committee may revise such plan as necessary to protect human health and the environment.

(b) PLAN PROVISIONS.—Each plan required under this section shall include each of the following at a minimum:

(1) Designation of one or more State or local officials whom the covered operator will notify in case of a hazardous substance emergency.

(2) Designation of the names and emergency telephone numbers of personnel employed by the covered operator who should be contacted in case of a hazardous substance emergency.

(3) A description of measures which should be taken to mitigate and minimize the risks to human health and the environment posed by a hazardous substance emergency.

(4) A description of a system or method and procedures and communications systems (including alarm and warning systems) to notify members of the affected public of a hazardous substance emergency.

(5) A description of emergency equipment and facilities in the community, and at each facility in the community at which a substantial inventory of a hazardous substance is maintained, and an identification of the persons responsible for such equipment and facilities.

(6) Emergency evacuation plans, as well as an evaluation of the adequacy of existing transportation facilities to accomplish an evacuation.

(7) A description of training programs and drill schedules to be used for purposes of emergency response planning and preparedness.

(8) An evaluation of medical, police, health, and firefighting resources available in the event of a hazardous substance emergency and recommendations, if appropriate, concerning what additional resources should be developed by State or local governments.

(c) REVIEW BY THE GOVERNOR.—After completion of a plan under subsection (a) for an emergency response district, the local emergency response committee shall submit a copy of such plan to the Governor of each State in which such district is located. The Governor or Governors shall review the plan and make recommendations to the committee on revisions of the plan that may be necessary to ensure coordination of such plan with emergency response plans of other emergency response districts.

(d) ASSISTANCE.—Upon request of a local emergency response committee, the Administrator shall provide technical assistance in developing and implementing an emergency response plan.

Subtitle B—Notification Requirements

SEC. 311. BASIC NOTIFICATION REQUIREMENTS.

(a) SUBMISSION OF MATERIAL SAFETY DATA SHEETS.—

(1) BASIC REQUIREMENT.—The owner or operator of any facility at which any hazardous chemical is produced, used, or stored shall submit a material safety data sheet for each such chemical to the appropriate local emergency response committee and such local and State officials as may have been designated to receive such sheet by such committee.

(2) FURNISHING OF SHEETS TO OTHER OWNERS AND OPERATORS.—

(A) IN GENERAL.—Each owner or operator of a facility who is required to submit a material safety data sheet for a hazardous chemical under paragraph (1) and who supplies such a chemical to any other such owner or operator shall furnish such sheet, and any revised sheet under paragraph (3), to such other facility owner or operator. The initial sheet shall be furnished before, or at the time of, the first shipment of such chemical to such other owner or operator. Any revised sheet shall be furnished before, or at the time of, the first shipment of such chemical to such other owner or operator after such sheet is revised.

(b) UNAVAILABILITY FROM MANUFACTURER OR IMPORTER.—The requirements of this subsection shall not apply to a facility owner or operator (other than a manufacturer or importer of the hazardous chemical)—

(i) who has not received a material safety data sheet for such hazardous chemical from the person who supplied such hazardous chemical to such facility owner or operator; and

(ii) who has made and documented reasonable efforts to obtain such material safety data sheet by contacting such person and requesting such person to send the sheet.

(3) INITIAL SHEET AND UPDATING.—The initial material safety data sheet required under this subsection with respect to a hazardous chemical shall be provided before the later of—

(A) 12 months after the date of the enactment of this title; or

(B) 3 months after such chemical is first produced, used, or stored at a facility.

Within 3 months following discovery by an owner or operator of significant new information concerning an aspect of a hazardous chemical which was originally required to be disclosed on such sheet under this subsection, the sheet shall be revised.

(b) HAZARDOUS SUBSTANCE REPORTS.—

(1) BASIC REQUIREMENT.—The covered operator with respect to each covered facility at which any covered hazardous substance is present in a significant amount shall prepare and submit to the appropriate local emergency response committee a hazardous substance report.

(2) CONTENTS OF REPORT.—

(A) IN GENERAL.—Except as provided in subparagraph (B), a hazardous substance report shall contain each of the following items of information with respect to each covered hazardous substance present at the covered facility in a significant amount:

(i) The type and approximate amounts of the covered hazardous substance to be found at the facility.

(ii) A map showing the location at the facility of each such substance stored at the facility.

(iii) Potential routes of human exposure to each such substance.

(iv) Symptoms of such exposure.

(v) Appropriate emergency and first aid procedures for spills, fires, explosions, and other releases involving such substance.

(vi) Emergency telephone numbers for appropriate personnel of the covered operator of the facility.

(B) EXCEPTION WHEN MSDS UNAVAILABLE.—With respect to any covered hazardous sustance for which a covered operator has not received a copy of the material safety data sheet required to be furnished under subsection (a)(2), such operator may satisfy the requirements of this subsection by including in a hazardous substance report the information required by clauses (i) and (ii) of subparagraph (A) and a statement that the covered operator has not received such sheet.

(3) INITIAL REPORT AND UPDATING.—The initial report required under this subsection with respect to a covered facility shall be provided before the later of either of the following:

(A) 18 months after the date of the enactment of this title.

(B) 6 months after a facility becomes a covered facility.

The hazardous substance report shall be revised and submitted to the appropriate local emergency response committe every six months. With respect to the requirements contained in paragraph (2)(A)(i), any revised report shall list the average amount of the substance present at the facility during the period since the last report was submitted and the maximum amount of the substance present at such facility at any time during such period.

(4) LIST OF COVERED HAZARDOUS SUBSTANCES AND THRESHOLD FOR REPORTING.—

(A) LIST OF SUBSTANCES.—Not later than 12 months after the date of the enactment of this title, the Administrator shall publish a list of those hazardous substances and hazardous chemicals which the Administrator determines have characteristics of volatility, combustibility, reactivity, dispersability, or toxicity such that the release of the substance or chemical is likely to cause an imminent and substantial endangerment to the public health or the environment. The Administrator may revise such list from time to time.

(B) THRESHOLD FOR REPORTING.—At the time a substance is listed under this paragraph, the Administrator shall determine what is a significant amount of such substance for purposes of the reporting requirements of this subsection.

(C) PETITION.—Any person and any local emergency response committee may petition the Administrator to designate a substance as a covered hazardous substance. Within six months after receipt of such a petition, the Administrator shall either designate such substance as a covered hazardous substance or publish a written explanation of the reasons for the determination that such substance is not a covered hazardous substance.

(5) FORMAT OF REPORTS.—

(A) IN GENERAL.—The Administrator shall publish a uniform format for hazardous substance reports within three months after the date of the enactment of this title.

(B) USE OF MSDS FOR CERTAIN ITEMS.—A covered operator may meet the requirements of clauses (iv), (v), and (vi) of subparagraph (A) of paragraph (2) with respect to a covered hazardous substance by submitting a copy of the most recent material safety data sheet for such substance.

(6) SUPERFUND SITES.—The report required under this subsection for any covered facility referred to in section 326(1)(B) shall not be required to contain any information which is not contained in the remedial investigation and feasibility study for that facility or which is not otherwise available to the covered operator. A report for such a facility shall not be required to be revised under paragraph (3).

(7) OTA REPORT.—Within four years after the date of the enactment of this Act, the Congressional Office of Technology Assessment shall report to Congress on the need for and feasibility of requiring hazardous substance reports from owners or operators of facilities which have been issued permits under section 3005 of the Solid Waste Disposal Act.

(c) EXTREMELY TOXIC SUBSTANCE STATUS SHEETS.—

(1) REQUIREMENT.—

(A) IN GENERAL.—The covered operator of each covered facility—

(i) at which an extremely toxic substance is present during any applicable 12-month period in excess of the 12-month cumulative threshold amount, and

(ii) from which such substance is released into the environment during such period,

shall prepare an extremely toxic substance status sheet for such substance for such facility.

(B) ANNUAL APPLICATION OF REQUIREMENT.—An extremely toxic substance status sheet shall be submitted to the appropriate local emergency response committee not later than 3 months after the date the initial hazardous substance report is submitted under subsection (b)(1) with respect to a facility for which such status sheet is required. For each 12-month period ending on the same date each year thereafter for which the requirements of subparagraph (A) apply, the covered operator shall submit such a status sheet within three months.

(2) CONTENTS OF STATUS SHEET.—An extremely toxic substance status sheet shall contain each of the following items of information with respect to the covered facility concerned:

(A) The total amount of each extremely toxic substance released into the environment during the preceding 12-calendar month period.

(B) A summary of each report submitted to the Administrator or a State during such 12-month period under section 102 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 regarding a release of a reportable quantity of an extremely toxic substance.

(C) A summary of each report submitted to the Administrator or a State during such 12-month period under the Federal Water Pollution Control Act, the Clean Air Act, or the Solid Waste Disposal Act of a discharge into the environment of any hazardous substance in excess of the amount permitted to be discharged under a permit under such Act.

(3) USE OF AVAILABLE DATA.—In order to provide the information required under this subsection, the covered operator may utilize readily available data (including monitoring data) collected pursuant to other provisions of law or, where such data is not readily available, reasonable estimates of the amounts involved. Nothing in this subsection requires the monitoring or measurement of the quantities, concentration, or frequency of any extremely toxic substance released into the environment beyond that monitoring and measurement required under other provisions of law or regulation.

(4) LIST OF EXTREMELY TOXIC SUBSTANCES AND THRESHOLD FOR REPORTING.—

(A) LIST OF SUBSTANCES.—Not later than 12 months after the date of the enactment of this title, the Administrator shall publish a list of substances which he deems, in his judgment and based on the best information available to him, to be extremely toxic substances. The list may be revised periodically. For purposes of this section, extremely toxic substances are those covered hazardous substances which are so acutely toxic that their release into the environment in any amount or form may present an imminent and substantial endangerment to human health.

(B) THRESHOLD FOR REPORTING.—At the time a substance is listed under this subsection, the Administrator shall also establish a 12-month cumulative threshold amount for such substance for purposes of the reporting requirements of this subsection.

(5) USE OF SHEET.—The sheet required under this subsection is intended to provide general information to the Federal, State, and local governments and the citizens of communities surrounding covered facilities. The sheet shall be available, consistent with section 312(a), to assist governmental agencies, researchers, and other persons in the conduct of research and data gathering, to aid in the development of appropriate regulations, guidelines, and standards, and for other similar purposes.

(6) TELEPHONE INQUIRIES.—The Administrator shall establish a toll-free telephone number, operating 24 hours per day, that is computer accessible, to respond to inquiries concerning the information contained in extremely toxic substance status sheets.

(d) RECORDS.—Each owner or operator under subsection (a) and each covered operator under subsection (b) or (c) shall maintain records of the information filed in compliance with this section for a reasonable period to be determined by the Administrator. The Administrator shall take such steps as may be necessary to assist such covered operators and owners and operators in complying with this section and to reduce unnecessary or burdensome paperwork.

(e) EXEMPTIONS.—

(1) MATERIAL SAFETY DATA SHEETS.—The Administrator may exempt an owner or operator from the requirements of subsection (a) with respect to—

(A) any hazardous chemical or group of hazardous chemicals;

(B) any facility or group of facilities; and

(C) specific activities carried out by such owner or operator in a specific location.

(2) HAZARDOUS SUBSTANCE REPORTS.—The Administrator may exempt from the requirements of subsection (b) reporting with respect to—

(A) any covered hazardous substance or group of covered hazardous substances;

(B) any covered facility or group of covered facilities; and

(C) specific activities carried out by any covered operator in a specific location.

(3) PROCEDURES.—An exemption may be granted under this subsection by the Administrator on his own motion or upon petition of any person. An exemption may be granted only after notice and opportunity for public comment. No exemption may be granted under paragraph (1)(C) or (2)(C) for specific activities carried out by any covered operator or owner or operator until notice and an opportunity for a hearing have been provided in the locality in which such activities are carried out.

(4) STANDARD FOR EXEMPTION.—An exemption may be granted under this subsection only if the Administrator finds that the covered hazardous substance or hazardous chemical, facility, or activity concerned does not present a reasonable likelihood of injury to human health or the environment.

SEC. 312. PUBLIC AVAILABILITY OF PLANS, DATA SHEETS, REPORTS, STATUS SHEETS, AND EMERGENCY BULLETINS.

(a) AVAILABILITY TO PUBLIC.—Each emergency response plan, material safety data sheet, hazardous substance report, extremely toxic substance status sheet, and emergency bulletin shall be made available to the general public during normal working hours at the location or locations designated by the appropriate local emergency response committee. Upon request by a covered operator, the appropriate local emergency response committee shall withhold from disclosure under this section the information required by section 311(b)(2)(B) to be contained in a hazardous substance report.

(b) NOTICE OF PUBLIC AVAILABILITY.—Each local emergency response committee shall annually publish a notice in local newspapers that the emergency response plan, material safety data sheets, hazardous substance reports, and extremely toxic substance status sheets have been submitted under this section. The notice shall state that hazardous substance emergency bulletins may subsequently be issued. Such notice shall announce that members of the public who wish to review any such plan, report, sheet, or emergency bulletin may do so at the location designated by the local emergency response committee.

SEC. 313. PROVISION OF INFORMATION TO HEALTH PROFESSIONALS, DOCTORS, AND NURSES.

(a) DIAGNOSIS OR TREATMENT BY HEALTH PROFESSIONAL.—A covered operator shall provide the specific chemical identity, if known, of a covered hazardous substance or a hazardous chemical to any health professional who requests such information in writing if the health professional provides a written statement of need under this subsection and a written agreement of confidentiality under subsection (d). The written statement of need shall be a statement that the health professional has a reasonable basis to suspect that—

(1) the information is needed for purposes of diagnosis or treatment of an individual;

(2) the individual or individuals being diagnosed or treated have been exposed to the substance concerned; and

(3) knowledge of the specific chemical identity of such substance will assist in diagnosis or treatment.

Following such a written request, the covered operator to whom such request is made shall promptly provide the requested information to the health professional. The authority to withhold the specific chemical identity of a substance under section 322 when such information is a trade secret shall not apply to information required to be provided under this subsection, subject to the provisions of subsection (d).

(b) MEDICAL EMERGENCY.—A covered operator shall provide a copy of a material safety data sheet, a hazardous substance report, or an extremely toxic substance status sheet, including the specific chemical identity, if known, of a covered hazardous substance or a hazardous chemical, to any treating physician or nurse who requests such information if such physician or nurse determines that—

(1) a medical emergency exists;

(2) the specific chemical identity of the covered hazardous substance or hazardous chemical is necessary for or will assist in emergency or first-aid diagnosis or treatment; and

(3) the individual or individuals being diagnosed or treated have been exposed to the substance or chemical concerned.

Immediately following such a request, the owner or operator to whom such request is made shall provide the requested information to the physician or nurse. The authority to withhold the specific chemical identity of a substance from a material safety data sheet, a hazardous substance report, or an extremely toxic substance status sheet under section 322 when such information is a trade secret shall not apply to information required to be provided to a treating physician or nurse under this subsection. No written confidentiality agreement or statement of need shall be required as a precondition of such disclosure, but the facility owner or operator disclosing such information may require a written confidentiality statement in accordance with subsection (d) and a statement setting forth the items listed in

paragraphs (1) through (3) as soon as circumstances permit.

(c) PREVENTIVE MEASURES BY STATE AND LOCAL HEALTH PROFESSIONALS.—

(1) PROVISION OF INFORMATION.—A covered operator shall provide the specific chemical identity, if known, of a covered hazardous substance or a hazardous chemical to any health professional (such as a physician, toxicologist, or epidemiologist)—

(A) who is a State or local government employee or a person under contract with the State or local government, and

(B) who requests such information in writing and provides a written statement of need under this subsection and a written agreement of confidentiality under subsection (d).

(2) WRITTEN STATEMENT OF NEED.—The written statement of need shall be a statement that describes with reasonable detail one or more of the following health needs for the information:

(A) To assess the hazards of the substance or chemical to which persons living in a State or local community will be exposed.

(B) To conduct or assess sampling of the atmosphere to determine exposure levels of various population groups.

(C) To conduct periodic medical surveillance of exposed population groups.

(D) To provide medical treatment to exposed individuals or population groups.

(E) To conduct studies to determine the health effects of exposure.

Following such a written request, the owner or operator to whom such request is made shall promptly provide the requested information to the State or local health professional. The authority to withhold the specific chemical identity of a substance under section 322 when such information is a trade secret shall not apply to information required to be provided under this subsection, subject to the provisions of subsection (d).

(d) CONFIDENTIALITY AGREEMENT.—Any person obtaining information under subsection (a) or (c) shall, in accordance with such subsection (a) or (c), be required to agree in a written confidentiality agreement that he will not use the information for any purpose other than the health needs asserted in the statement of need, except as may otherwise be authorized by the terms of the agreement or by the person providing such information. The confidentiality agreement under this subsection may provide for appropriate legal remedies in the event of a breach of the agreement, including stipulations of a reasonable pre-estimate of likely damages. Nothing in this subsection shall preclude the parties to a confidentiality agreement from pursuing non-contractual remedies to the extent permitted by law.

SEC. 314. HAZARDOUS SUBSTANCE EMERGENCY NOTICE AND BULLETIN.

(a) NOTIFICATION REQUIREMENT.—

(1) IMMEDIATE NOTICE.—In addition to any other notice required by this Act, in the case of any hazardous substance emergency at any covered facility, the covered operator shall immediately notify (by telephone, by radio, or in person) the appropriate local emergency response committee and any State and local officials designated by such committee to receive such notice of the existence of the hazardous substance emergency. Such notice shall include as much of the information referred to in subsection (b) as is known to the owner or operator at the time notice under this subsection is provided so long as no delay in responding to the emergency results.

(2) EMERGENCY BULLETIN.—In the case of a hazardous substance emergency at any facility, the facility owner or operator shall provide an emergency bulletin to such committee and officials as soon as practicable.

(b) CONTENTS OF EMERGENCY BULLETIN.—Each emergency bulletin under this section shall include a full description of the hazardous substance emergency so that appropriate health and safety measures can be taken. Such notification shall include, at a minimum each of the following:

(1) The chemical name of identity of the hazardous substance or substances involved in the emergency.

(2) The actions taken to response to the emergency.

(3) The covered operator's best estimate of the scope of the emergency, including the owner or operator's best estimate of the amount and duration of the release.

(4) Any known or anticipated acute or chronic health risks associated with the emergency and, where appropriate, advice regarding medical attention necessary for exposed individuals.

(5) Recommendations for additional actions, if any, that are necessary.

Subtitle C—General Provisions

SEC. 321. STATE AND LOCAL LAW.

(a) IN GENERAL.—Except as provided in subsection (b), nothing in this title shall be construed to limit the ability of any State or locality to require submission of information related to hazardous chemicals or to limit the authority of any State to preempt any local law relating to the submission of information related to hazardous chemicals.

(b) EFFECT ON MSDS REQUIREMENTS.—

(1) Any State or local law enacted after August 1, 1985, which requires the submission of a material safety data sheet from facility owners or operators shall require that the data sheet be identical in content and format to the data sheet required under subsection (a) of section 311. In addition, a State or locality may require the submission of information which is supplemental to the information required on the data sheet, through additional sheets attached to the data sheet or such other means as the State or locality considers appropriate.

(2) Any State or local law—

(A) enacted after August 1, 1985, and

(B) which requires a facility owner or operator who supplies a hazardous chemical to any other facility owner or operator to furnish a material safety data sheet to such other facility owner or operator,

shall be identical to the requirements under section 311(a)(3).

SEC. 322. TRADE SECRETS.

(a) AUTHORITY TO WITHHOLD INFORMATION.—With regard to a hazardous chemical or covered hazardous substance, any facility owner or operator required to submit or furnish any information to any other person or entity under this title may withhold from such submittal the specific chemical identity, including the chemical name and other specific identification, as defined in regulations prescribed by the Administrator of the Environmental Protection Agency under subsection (b), if the claim that the information withheld is a trade secret can be supported by showing that—

(1) the facility owner or operator has not disclosed the information to any other person, other than a member of a local emergency response committee, an officer or employee of te United States or a State or local government, an employee of such facility owner or operator, or a person who is bound by a confidentiality agreement,

(2) the information is not required to be disclosed to the public under any other Federal or State law, and

(3) knowledge of the withheld information may give the facility owner or operator an opportunity to obtain an advantage over competitors who do not know or use such information.

(b) TRADE SECRET REGULATIONS.—

(1) IN GENERAL.—The Administrator of the Environmental Protection Agency shall prescribe trade secret regulations which are identical (except for provisions relating to the procedure for the review of petitions challenging trade secret claims, and any minor conforming changes the Administrator considers appropriate), consistent with subsection (a), to the provisions concerning trade secrets in the Occupational Safety and Health Administration Hazard Communication Standard and any revisions of such trade secret provisions prescribed by the Secretary of Labor in accordance with the final ruling of the courts of the United States in *United Steelworkers of America, AFL-CIO-CLC* v. *Thorne G. Auchter.*

(2) PETITION FOR REVIEW.—The Administrator of the Environmental Protection Agency shall establish a procedure for any affected citizen to petition the Administrator to review a trade secret claim made by a facility owner or operator under this section. Any appropriate United States district court shall have jurisdiction to review a determination by the Administrator under this section.

(3) TIMETABLE.—The Administrator shall prescribe the regulations under paragraph (1) as soon as practicable after the date of the enactment of this Act, and shall prescribe the regulations under paragraph (2) no later than 4 months after the date on which the regulations under paragraph (1) become final.

(c) EXCEPTION FOR INFORMATION PROVIDED TO HEALTH PROFESSIONALS.—Nothing in this section or regulations adopted pursuant to this section shall authorize any person to withhold information which is required to be provided to a health professional or a doctor or nurse in accordance with section 313.

SEC. 323. ENFORCEMENT.

(a) CIVIL PENALTIES.—Any person (other than a governmental entity)—

(1) who violates any requirement of section 311(b), 311(c), or 314 shall be liable to the United States for a civil penalty in an amount not to exceed $20,000 for each such violation; and

(2) who violates any requirement of section 311(a) or 313(b), and any person who fails to furnish information withheld under section 322(a) from a material safety data sheet when requested by the Administrator for purposes of carrying out a review under section 322(b), shall be liable to the United States for a civil penalty in an amount not to exceed $10,000 for each such violation.

Each day such a violation continues shall, for purposes of this paragraph, constitute a separate violation.

(b) COLLECTION OF PENALTY.—Any civil penalty for which a person is liable under this title shall be collected in an action brought by the United States in the United States district court for the district in which the person from whom the penalty is sought resides or in which such person's principal place of business is located.

(c) SPECIAL ENFORCEMENT PROVISIONS FOR SECTION 313.—Whenever any facility owner or operator required to provide information under section 313(b) to a doctor or nurse who has requested such information fails or refuses to provide such information in accordance with section 313(b), such doctor or nurse may bring an action in the appropriate United States district court to require such facility owner or operator to provide the information. Such court shall have jurisdiction to issue such orders and take such other action as may be necessary to enforce the requirements of section 313(b).

(d) STUDY OF CRIMINAL PENALTIES.—The Attorney General shall study the need for, and appropriateness of, criminal penalties for violations of this title. The Attorney General shall submit to Congress a report on the results of such study, along with recommendations, not later than four years after the date of the enactment of this Act.

SEC. 324. EXEMPTION.

This title shall not apply to the transportation, including the storage incident to such transportation, of any hazardous chemical or covered hazardous substance.

SEC. 325. EMERGENCY TRAINING AND PILOT PROGRAM.

(a) EMERGENCY TRAINING.—

(1) PROGRAMS.—Officials of the United States Government carrying out existing Federal programs for emergency training are authorized to specifically provide training and educating programs for Federal, State, and local personnel in hazard mitigation, emergency preparedness, fire prevention and control, disaster response, long-term disaster recovery, national security, technological and natural hazards, and emergency processes. Such programs shall provide special emphasis for such training and education with respect to hazardous chemicals.

(2) STATE AND LOCAL PROGRAM SUPPORT.—There is authorized to be appropriated to the Federal Emergency Management Agency for each of the fiscal years 1986, 1987, 1988, 1989, and 1990, $5,000,000 for making grants to support programs of State and local governments, and to support university-sponsored programs, which are designed to improve emergency planning, preparedness, mitigation, response, and recovery capabilities. Such programs shall provide special emphasis with respect to emergencies associated with hazardous chemicals. Such grants may not exceed 80 percent of the cost of any such program. The remaining 20 percent of such costs shall be funded from non-Federal sources.

(3) OTHER PROGRAMS.—Nothing in this section shall affect the availability of appropriations to the Federal Emergency Agency for any programs carried out by such agency other than the programs referred to in paragraph (2).

(b) PILOT PROGRAM.—

(1) AUTHORITY.—The Administrator shall carry out a pilot program for testing methods for determining total emissions from facilities of substances described in paragraph (3). In carrying out the program, the Administrator shall use quantitative measurements and analyses to the maximum extent practicable. The Administrator shall enter into a contract with the National Academy of Sciences to develop guidelines for the conduct of the program. The contract shall require the National Academy of Sciences to report such guidelines to the Administrator and Congress within one year after the date of the enactment of this Act. Within six months after receiving the guidelines, the Administrator shall initiate the program.

(2) SELECTION OF THE FACILITIES.—The Administrator shall carry out the pilot program at the ten facilities owned and operated by the United States Government which, in the Administrator's discretion, are best suited for carrying out the pilot program under this subsection. The facilities selected shall be similar to facilities in the private sector so that the Administrator can determine the applicability of such methods in the private sector.

(3) DESCRIPTION OF SUBSTANCES.—The substances described in this paragraph are each of the following:

(A) An substance designated as toxic or hazardous by the Occuptational Safety and Health Administration under the Occupational Safety and Health Act of 1970.

(B) Any substance listed in the most recent edition of the "Annual Report on Carcinogens" published by the National Toxicology Program of the United States Public Health Service.

(C) Any substance for which a Threshold Limit Value (TLV) has been established by the American Conference of Government Industrial Hygienists.

(D) Any substance listed by the National Fire Protection association in "Hazardous Chemicals Data" (NFPA 49).

(E) Any substance identified in "Occupational Health Guidelines for Chemical Hazards" published by the National Institute for Occupational Safety and Health.

(F) Any substance listed by the National Fire Protection Association and rated II through IV as health hazards or rated III through VI as flammability or reactivity hazards in "Fire Hazard Properties of Flammable Liquids, Gases, Volatile Solids" (NFPA 325M).

(G) Any substance designated as a carcinogen by the International Agency for Research on Cancer.

(H) Any substance listed as a carcinogen by the Carcinogen Assessment Group of the United States Environmental Protection Agency.

(I) Any pesticide the use of which is controlled under section 6 of the Federal Insecticide, Fungicide, and Rodenticide Act.

(J) Any substance listed in a review by National Cancer Institute scientists published in the Journal of Toxicology and Environmental Health, 8:251-280, tables 3 through 6, and in subsequent published reviews by National Cancer Institute scientists of substances which meet the criteria of the National Toxicology Program for significant carcinogenic effect.

(K) Any substance defined as a "hazardous substance" under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980.

(4) REPORT.—The Administrator shall submit an interim report to Congress regarding the pilot program within one year after the program is initiated. Within two years after initiating the program, the Administrator shall complete the pilot program and shall submit a final report on the results thereof to Congress. The report shall discuss the technological and economic feasibility of emissions and discharge reporting, as well as the usefulness and value of the information collected. The Administrator shall make recommendations on whether a permanent emissions and discharge and inventory reporting program should be established on a continuing basis and, if so, how such a program should be structured.

(5) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for fiscal years beginning after September 30, 1985, such sums as may be necessary to carry out this subsection.

(c) SAVINGS PROVISION.—Nothing in this title shall affect the requirements of the Occupational Safety and Health Act of 1970.

SEC. 326. DEFINITIONS.

For purposes of this title—

(1) COVERED FACILITY.—The term "covered facility" means—

(A) a facility at which any hazardous chemical is produced, used, or stored; and

(B) a facility listed on the National Priorities List under the Comprehensive Environmental Response, Liability, and Compensation Act of 1980 for which a remedial investigation and feasibility study has been completed.

(2) COVERED HAZARDOUS SUBSTANCE.—The term "covered hazardous substance" means a substance listed under section 311(b)(4).

(3) COVERED OPERATOR.—The term "covered operator" means any person (including any department, agency, or instrumentality of the United States) who owns or operates a covered facility.

(4) EXTREMELY TOXIC SUBSTANCE.—The term "extremely toxic substance" means a covered hazardous substance listed by the Administrator under section 311(c)(4).

(5) HAZARDOUS CHEMICAL.—The term "hazardous chemical" means any chemical for which a material safety data sheet is required to be submitted under section 1910.1200(g) of title 29 of the Code of Federal Regulations, except that such term does not include the following substances:

(A) Any food, food additive, color additive, drug, or cosmetic regulated by the Food and Drug Administration.

(B) Any manufactured item which contains a hazardous chemical present as a solid which does not result in exposure to the hazardous chemical under normal conditions of use.

(C) Any substance to the extent it is used for personal, family, or household purposes, or is present in the same form and concentration as a product packaged for distribution and use by the general public.

(D) Any substance to the extent it is used in a research laboratory or a hospital or other medical facility under the direct supervision of a technically qualified individual.

(6) HAZARDOUS SUBSTANCE EMERGENCY.—The term "hazardous substance emergency" means an accidental or abnormal release of a covered hazardous substance from a covered facility which may present an imminent and substantial endangerment to the public health or the environment. For purposes of this paragraph—

[(A) the term "abnormal release" means a release which is not a continuous release and which is in excess of the normal amounts associated with routine operations of the covered facility; and

[(B) the term "accidental release" means a release which is not planned.

(7) MATERIAL SAFETY DATA SHEET.—The term "material safety data sheet" means the sheet required to be developed under section 1910.1200(g) of title 29 of the Code of Federal Regulations, as that section may be amended from time to time.

(8) CERCLA TERMS.—The terms used in this title which are defined for purposes of title I of the Comprehensive Environmental Response, Compensation, and Liability Act

of 1980 shall have the meanings provided by section 101 of that Act.

TITLE IV—COMPREHENSIVE OIL POLLUTION LIABILITY AND COMPENSATION

SEC. 400. SHORT TITLE.

This title may be cited as the "Comprehensive Oil Pollution Liability and Compensation Act".

SUBTITLE A—OIL POLLUTION LIABILITY AND COMPENSATION

SEC. 401. DEFINITIONS.

For purposes of this subtitle, the term—

(1) "claim" means a demand in writing for a sum certain;

(2) "cleanup costs" means costs of reasonable measures taken, after an incident has occurred, to prevent, minimize, or mitigate oil pollution from that incident;

(3) "discharge" means any emission, intentional or unintentional, and includes spilling, leaking, pumping, pouring, emptying or dumping;

(4) "facility" means a structure, or group of structures, which is either—

(A) located, in whole or in part, on the outer Continental Shelf and used for the purposes of exploring for, drilling for, producing, storing, handling, transferring, processing, or transporting oil produced from the outer Continental Shelf, or

(B) licensed under the Deepwater Port Act of 1974;

(5) "foreign claimant" means any person residing in a foreign country, the government of a foreign country, or any agency or political subdivision thereof, who asserts a claim;

(6) "Fund" means the Marine Oil Pollution Compensation fund established by subtitle B of this title.

(7) "guarantor" means the person, other than the responsible party, who provides evidence of financial responsibility for a responsible party;

(8) "incident" means any occurrence or series of occurrences having the same origin, involving one or more vessels, facilities, or any combination thereof, which causes, or poses a substantial threat, of oil pollution;

(9) "inland oil barge" means a non-self-propelled vessel, carrying oil in bulk as cargo or in residue from cargo and certificated to operate only on the internal waters of the United States while operating in such waters;

(10) "internal waters of the United States" means those waters of the United States lying inside the baseline from which the territorial sea is measured and those waters outside that baseline which are a part of the Gulf Intracostal Waterway;

(11) "lessee" means a person holding a leasehold interest in an oil and gas lease on submerged lands of the outer Continental Shelf granted or maintained under the Outer Continental Shelf Lands Act;

(12) "licensee" means a person holding a license issued under the Deepwater Port Act of 1974;

(13) "mobile offshore drilling unit" means every watercraft or other contrivance (other than a public vessel of the United States) capable of use as a means of transportation on water and as a means of drilling for oil on the outer Continental Shelf;

(14) "natural resources" means living and nonliving resources belonging to, managed by, held in trust by, appertaining to, or otherwise controlled by the United States (including the resources of the fishery conservation zone established by the Fishery Conservation and Management Act of 1976), any State or local government, or any foreign government;

(15) "navigable waters" means the waters of the United States, including the territorial sea;

(16) "oil" means petroleum, including crude oil or any fraction or residue therefrom

(17) "oil pollution" means—

(A) the presence of oil in or on the navigable waters or on land within the United States immediately adjacent thereto, or in or on the waters of the contiguous zone—

(i) which has been discharged from a vessel or facility; and

(ii) which has been discharged in quantities which the President has determined may be harmful pursuant to paragraph (4) of subsection (b) of section 311 of the Federal Water Pollution Control Act;

(B) the presence of oil (other than natural seepage) in or on waters outside the territorial limits of the United States and of any foreign country—

(i) which has been discharged in connection with activities conducted under the Outer Continental Shelf Lands Act;

(ii) which has been discharged from a deepwater port licensed under the Deepwater Port Act of 1974 or from a vessel transiting to or from a deepwater port and located in a safety zone of a deepwater port licensed under such Act;

(iii) causing injury to or loss of natural resources; or

(iv) which has been discharged, before being brought ashore in a port in the United States, from a ship that received such oil at the terminal of the pipeline constructed under the Trans-Alaska Pipeline Authorization Act (43 U.S.C. 1651 et seq.) for transportation to a port in the United States; and

(C) the presence of oil (other than natural seepage) in or on the waters, including the territorial sea, or adjacent shoreline, of a foreign country—

(i) which has been discharged from a vessel located within the navigable waters;

(ii) which has been discharged in connection with activities conducted under the Outer Continental Shelf Lands Act;

(iii) which has been discharged from a deepwater port licensed under the Deepwater Port Act of 1974 or a vessel transiting to or from a deepwater port and located in a safety zone of a deepwater port under such Act; or

(iv) which, in the case of the waters or adjacent shoreline of Canada, has been discharged, before being brought ashore in a port in the United States, from a ship that received such oil at the terminal of the pipeline constructed under Trans-Alaska Pipeline Authorization Act (43 U.S.C. 1651 et seq.) for transportation to a port in the United States;

(18) "operator" means—

(A) in the case of a vessel, a charterer by demise or any other person, except the owner, who is responsible for the operation, manning, victualing, and supplying of the vessel; or

(B) in the case of a pipeline, any person, except the owner, who is responsible for the operation of such pipeline by agreement with the owner;

(19) "outer Continental Shelf" has the meaning set forth in subsection (a) of section 2 of the Outer Continental Shelf Lands Act;

(20) "owner" means, in the case of a vessel or a pipeline, any person holding title to, or in the absence of title, any other indicia of ownership of, the vessel or pipeline, whether by lease, permit, contract, license, or other form of agreement, except that such term does not include a person who, without participating in the management or operation of a vessel or a pipeline, holds indicia of ownership primarily to protect his security interest in the vessel or pipeline;

(21) "permittee" means a person holding an authorization, license, or permit for geological exploration issued under section 11 of the Outer Continental Shelf Lands Act;

(22) "person" means an individual, firm, corporation, association, partnership, consortium, joint venture, or any other commercial, legal, or governmental entity;

(23) "public vessel" means a vessel which—

(A) is owned or chartered by demise, and operated by (i) the United States, (ii) a State or political subdivision thereof, or (iii) a foreign government, and

(B) is not engaged in commercial service;

(24) "removal costs" means—

(A) costs incurred under subsection (c), (d), or (l) of section 311 of the Federal Water Pollution Control Act, section 5 of the Intervention on the High Seas Act, or subsection (b) of section 18 of the Deepwater Port Act of 1974, and

(B) cleanup costs, other than the costs described in subparagraph (A);

(25) "responsible party" means—

(A) with respect to a vessel or a pipeline, the owner or operator of such vessel or pipeline;

(B) with respect to a facility (other than a deepwater port or pipeline), the lessee or permittee of the area in which such facility is located, or the holder of a right of use and easement granted under the Outer Continental Shelf Lands Act for the area in which such facility is located where such holder is a different person than the lessee or permittee; and

(C) with respect to a deepwater port, the licensee;

(26) "Secretary" means the Secretary of Transportation;

(27) "ship" means a vessel (other than an inland oil barge) carrying oil in bulk as cargo or in residue from cargo;

(28) "United States" and "State" mean the several States of the United States, the District of Columbia, Puerto Rico, Guam, American Samoa, the Virgin Islands, the Commonwealth of the Northern Marianas, the Trust Territory of the Pacific Islands, and any other territory or possession of the United States;

(29) "United States claimant" means any person residing in the United States, the Government of the United States or any agency thereof, or the government of a State or a political subdivision thereof, who asserts a claim; and

(30) "vessel" means every description of watercraft or other artificial contrivance used, or capable of being used, as a means of transportation on water.

SEC. 402. COORDINATION WITH INTERNATIONAL CONVENTIONS.

During any period in which both the International Convention on Civil Liability for Oil Pollution Damage, 1984, and the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 1984, are in force with respect to the United States, this subtitle shall not apply with respect to damage arising out of or directly resulting from oil pollution or a substantial threat of oil pollution to the extent that compensa-

tion is available under such conventions and subtitle D.

SEC. 403. DAMAGES AND CLAIMANTS.

(a) DAMAGES FOR WHICH CLAIMS MAY BE ASSERTED.—Claims may be asserted, to the extent provided in this section, for damages for economic loss incurred on or after the effective date of this section and arising out of or directly resulting from oil pollution or the substantial threat of oil pollution for—

(1) removal costs;

(2) injury to, or destruction of, real or personal property;

(3) reasonable costs incurred in (A) assessing both short-term and long-term injury to, or destruction of, natural resources, (B) preparing a restoration and acquisition plan with respect to the damaged resources, and (C) restoring or acquiring the equivalent of the damaged resources;

(4) loss of subsistence use of natural resources;

(5) loss of profits or impairment of earning capacity due to injury or destruction of real or personal property or natural resources to the extent that such damages are sustained during the two-year period beginning on the date the claimant first suffers such loss; and

(6) loss of tax revenue for a period of one year due to injury to real or personal property.

(b) REMOVAL COSTS RECOVERABLE BY ALL CLAIMANTS.—

"(1) GENERAL RULE.—A claim may be asserted under paragraph (1) of subsection (a) by any person.

"(2) LIMITATION ON RECOVERY BY RESPONSIBLE PARTY.—(A) The responsible party with respect to a vessel or facility involved in an incident may assert a claim under paragraph (1) of subsection (a) only if he can show that—

(i) he is entitled to a defense to liability under section 404(c), or

(ii) he is entitled to a limitation of liability under section 404(b).

(B) A claimant who is not entitled to a defense to liability, but who is entitled to a limitation of liability, may assert a claim under paragraph (1) of subsection (a) only to the extent that the sum of the removal costs incurred by the responsible party plus the amounts paid by the responsible party or by the guarantor on behalf of the responsible party for claims asserted under subsection (a) exceeds the amount to which the total of the liability under section 404(a) and removal costs incurred by, or on behalf of, the responsible party is limited under section 404(b).

(c) OTHER DAMAGES RECOVERABLE BY UNITED STATES CLAIMANTS.—

(1) INJURY TO PROPERTY; SUBSISTENCE USE OF NATURAL RESOURCES.—A claim may be asserted under paragraphs (2) and (4) of subsection (a) with respect to oil pollution described in subparagraph (A) or (B) of section 401(17) by any United States claimant, but only if the property involved is owned or leased, or the natural resource involved is utilized, by the claimant.

(2) INJURY TO NATURAL RESOURCES.—A claim may be asserted under paragraph (3) of subsection (a) by the President as trustee for natural resources controlled by the United States or by the Governor of any State for natural resources within the boundary of the State and controlled by the State or a local government within the State.

(3) LOSS OF PROFITS.—A claim may be asserted under paragraph (5) of subsection (a) with respect to oil pollution described in subparagraph (A) or (B) of section 401(17) by any United States claimant, but only if the claimant derives at least 25 percent of his earnings from activities which utilize the property or natural resource or, if such activities are seasonal in nature, 25 percent of the claimant's earnings during the season in which such activities took place.

(4) LOSS OF TAX REVENUE.—A claim may be asserted under paragraph (6) of subsection (a) only by a State or political subdivision thereof.

(d) OTHER DAMAGES RECOVERABLE BY FOREIGN CLAIMANTS.—

(1) GENERAL RULE.—A claim may be asserted under paragraph (2), (3), (4), or (5) of subsection (a) with respect to oil pollution described in subparagraph (C) of section 401(17) by a foreign claimant who is a resident of the country in which the oil pollution occurs, to the same extent that a United States claimant would be able to assert a claim with respect to oil pollution described in subparagraph (A) of section 401(17), if—

(A) the foreign claimant is not otherwise compensated for his loss; and

(B) recovery is authorized by a treaty or an executive agreement between the United States and the foreign country of which the claimant is a resident, or the Secretary of State, in consultation with the Attorney General and other appropriate officials, certifies that such country provides a comparable remedy for United States claimants.

(2) SPECIAL RULE FOR CANADIAN CLAIMANTS RESPECTING TRANS-ALASKA PIPELINE OIL.—In the case of any oil pollution described in section 401(17)(B)(iv) or 401(17)(C)(iv), a claim may be asserted under paragraph (2), (3), (4), or (5) of subsection (a) by a resident of Canada without regard to subparagraph (B) of paragraph (1), to the same extent that a United States claimant would be able to assert a claim with respect to oil pollution described in subparagraphs (A) and (B) of section 401(17).

(e) ATTORNEY GENERAL.—A claim may be asserted under subsection (a) by the Attorney General, on his own motion or at the request of the Secretary, on behalf of any group of United States claimants who may assert a claim under this section.

(f) GROUP OF CLAIMANTS.—If the Attorney General fails to act under subsection (e) within sixty days after the date on which the Secretary designates a source under section 406, any member of a group may assert a claim for damages on behalf of that group. Failure of the Attorney General to act shall have no bearing on any claim for damages asserted under this section.

SEC. 404. LIABILITY.

(a) JOINT, SEVERAL, AND STRICT LIABILITY.—

(1) GENERAL RULE.—Subject to paragraph (2) of this subsection and subsections (b) and (c), the responsible party with respect to a facility or a vessel (other than a public vessel) that is the source of oil pollution, or poses a substantial threat of oil pollution in circumstances that justify the incurrence of the type of costs described in section 401(24)(A), shall be jointly, severally, and strictly liable for all damages for which a claim may be asserted under section 403.

(2) SPECIAL RULE FOR MODU'S.—(A) Except as provided in subparagraph (B), in any case in which a mobile offshore drilling unit is being used as a facility and is the source of oil pollution originating on or above the surface of the water or poses a substantial threat of such oil pollution, such unit shall be deemed to be a vessel which is a ship for purposes of this subtitle.

(B) To the extent that damages for which claims may be asserted under section 403 from any incident described in subparagraph (A) exceed the amount for which the responsible party is liable under subparagraph (A) (as such amount may be limited under subsection (b)(1)(B)), the mobile offshore drilling unit shall be deemed to be a facility covered by subsection (b)(1)(D), except that for purposes of applying subsection (b)(1)(D) the amount specified in such subsection shall be reduced by the amount for which the responsible party with respect to a ship is liable under subparagraph (A).

(C) In the case of any incident described in subparagraph (A)—

(i) which is caused primarily by willful misconduct or gross negligence within the privity or knowledge of both the owner or operator of the mobile offshore drilling unit and the lessee or permittee of the area, or holder of a right of use or easement for the area, in which such unit is located; or

(ii) with respect to which both such owner or operator and such lessee or permittee or holder fail or refuse to report the incident where required by law or to provide all reasonable cooperation and assistance requested by the responsible Federal official in furtherance of cleanup and removal activities;

such owner or operator and such lessee or permittee or holder shall be jointly, severally, and strictly liable (without limitation under subsection (b)) for all loss for which a claim may be asserted under section 403.

(b) LIMITS ON LIABILITY.—

(1) GENERAL RULE.—Except as provided in paragraph (2), the total of the liability under subsection (a) and any removal costs incurred by, or on behalf of, the responsible party with respect to an incident shall be limited to—

(A) in the case of a vessel other than a ship or an inland oil barge, $500,000 or $300 per gross ton whichever is greater;

(B) in the case of a ship, $3,000,000 or $420 per gross ton, whichever is greater (but not to exceed $60,000,000);

(C) in the case of an inland oil barge, $150,000 or $150 per gross ton, whichever is greater; or

(D) in the case of a facility, $50,000,000.

(2) EXCEPTIONS.—Paragraph (1) shall not apply—

(A) when the incident is caused primarily by willful misconduct or gross negligence within the privity or knowledge of a responsible party; or

(B) when a responsible party fails or refuses to report the incident where required by law or to provide all reasonable cooperation and assistance requested by the responsible Federal official in furtherance of cleanup and removal activities.

(3) REPORT.—The Secretary shall, from time to time, report to Congress on the desirability of adjusting the limitations on liability specified in this subsection.

(c) DEFENSES TO LIABILITY.—

(1) COMPLETE DEFENSES.—Except when the responsible party has failed or refused to report an incident where required by law, there shall be no liability under subsection (a) if the responsible party proves that the incident—

(A) resulted from an act of war, hostilities, civil war, insurrection, or a natural phenomenon of an exceptional, inevitable, and irresistible character, or

(B) was wholly caused by an act or omission of a person other than—

(i) a responsible party;
(ii) an employee or agent of a responsible party; or
(iii) one whose act or omission occurs in connection with a contractual relationship with a responsible party.

(2) PARTIAL DEFENSES.—There shall be no liability under subsection (a)—

(A) as to a particular claimant, where the incident or economic loss is caused, in whole or in part, by the gross negligence or willful misconduct of that claimant; or

(B) as to a particular claimant, to the extent that the incident or economic loss is caused by the negligence of that claimant.

(d) LIABILITY OF FUND.—

(1) GENERAL RULE.—Except as provided in subtitle B, the Fund shall be liable for damages for which claims may be asserted under section 403 and for which claims are presented under this subtitle, to the extent that the damages are not otherwise compensated.

(2) DEFENSES TO LIABILITY.—Except for the removal costs specified in section 401(24)(A), there shall be no liability under paragraph (1)—

(A) where the incident is caused wholly by an act of war, hostilities, civil war, or insurrection;

(B) as to a particular claimant, where the incident or the economic loss is caused, in whole or in part, by the gross negligence or willful miscondut of that claimant; or

(C) as to a particular claimant, to the extent that the incident or the economic loss is caused by the negligence of that claimant.

(e) LIABILITY FOR INTEREST.—

(1) GENERAL RULE.—The responsible party or his guarantor shall be liable to the claimant for interest on the amount paid in satisfaction of a claim under section 403 for the period described in paragraph (2).

(2) PERIOD FOR WHICH INTEREST IS OWED.—(A) Except as provided in subparagraph (B), the period for which interest shall be paid under paragraph (1) is the period beginning on the date on which the claim is presented to the responsible party or guarantor and ending on the date on which the claimant is paid, inclusive.

(B) If the responsible party or guarantor offers to the claimant an amount equal to or greater than that finally paid in satisfaction of the claim, the period described in subparagraph (A) shall not include the period beginning on the date such offer is made and ending on the date such offer is accepted. If such offer is made within sixty days after the date upon which the claim is presented, or of the date upon which advertising is begun pursuant to section 406, whichever is later, the period described in subparagraph (A) shall not include any period before such offer is accepted.

(3) RATE OF INTEREST.—The interest paid under this subsection shall be calculated at the average of the highest rate for commercial and finance company paper of maturities of 180 days or less obtaining on each of the days included within the period for which interest must be paid to the claimant, as published in the Federal Reserve bulletin.

(4) RELATIONSHIP TO LIABILITY LIMITS.—Interest under this subsection shall be in addition to damages for which claims may be asserted under section 403 and shall be paid without regard to any limitation of liability under subsection (b). The payment of interest under this subsection by a guarantor shall be subject to section 405(e).

(f) AGREEMENTS.—

(1) LIABILITY NOT TRANSFERABLE.—A responsible party may not transfer the liability imposed under this section to any other person.

(2) INDEMNIFICATION AGREEMENTS.—Nothing in this title shall preclude an agreement whereby a person who, by an agreement with a responsible party, agrees to indemnify the responsible party for the liability imposed under subsection (a).

(g) RELATIONSHIP TO OTHER CAUSES OF ACTION.—Nothing in this subtitle shall bar a cause of action that a responsible party subject to liability under this section or a guarantor has or would have by reason of subrogation or otherwise against any person.

(h) RELATIONSHIP TO OTHER LAW.—To the extent that it is in conflict with, or otherwise inconsistent with, any other law relating to liability or the limitation thereof, this section supersedes such other law.

SEC. 405. FINANCIAL RESPONSIBILITY.

(a) VESSELS.—

(1) REQUIREMENT.—The responsible party with respect to each vessel (except a public vessel or a non-self-propelled vessel that does not carry oil as cargo or fuel) over 300 gross tons that uses a facility or the navigable waters shall establish and maintain, in accordance with regulations promulgated by the Secretary, evidence of financial responsibility sufficient to satisfy the maximum liability under section 404 of this subtitle to which the responsible party would be exposed in a case where he would be entitled to limit his liability in accordance with subsection (b) of section 404. In cases where a responsible party owns or operates more than one vessel subject to this subsection, evidence of financial responsibility need be established only to meet the maximum liability applicable to the largest of such vessels.

(2) WITHHOLDING CLEARANCE.—The Secretary of the Treasury shall withhold or revoke the clearance required by section 4197 of the Revised Statutes of the United States of any vessel subject to this subsection that does not have the certification required under this subsection or the regulations issued hereunder.

(3) DENYING ENTRY TO OR DETAINING VESSELS.—The Secretary of the department in which the Coast Guard is operating may (A) deny entry to any facility, to any port or place in the United States, or to the navigable waters, or (B) detain at the facility or at the port of place in the United States, any vessel subject to this subsection that, upon request, does not produce the certification required under this subsection or regulations issued hereunder.

(b) FACILITIES.—The responsible party with respect to each facility shall establish and maintain, in accordance with regulations issued by the Secretary, evidence of financial responsibility sufficient to satisfy the maximum amount of liability to which the responsible party would be exposed in a case where he would be entitled to limit his liability in accordance with subsection (b) of section 404. In cases where the responsible party is responsible for more than one facility subject to this subsection, evidence of financial responsibility need be established only to meet the maximum liability applicable to one such facility.

(c) METHODS.—Financial responsibility under this section may be established by any one, or by any combination, of the following methods acceptable to the Secretary: evidence of insurance, surety bond, qualification as a self-insurer, or other evidence of financial responsibility. Any bond filed shall be issued by a bonding company authorized to do business in the United States.

(d) CLAIMS AGAINST GUARANTOR.—Any claim authorized by section 403(a) may be asserted directly against any guarantor providing evidence of financial responsibility as required under this section for any responsible party with respect to a facility or vessel. In defending against such a claim, the guarantor may invoke all rights and defenses which would be available to the responsible party under this subtitle. He may also invoke the defense that the incident was caused by the willful misconduct of the responsible party, but he may not invoke any other defense that he might be entitled to invoke in proceedings brought by the responsible party against him.

(e) LIMITATION ON GUARANTOR'S LIABILITY.—Nothing in this subtitle shall impose liability with respect to an incident on any guarantor for damages or removal costs which exceeds, in the aggregate, the amount of financial responsibility which that guarantor has provided for the responsible party for any vessel or facility that was a source of oil pollution in that incident. Nothing in this subsection shall be construed to limit any other statutory, contractual, or common law liability of a guarantor to any responsible party for whom such guarantor provides evidence of financial responsibility including, but not limited to, the liability of such guarantor for negotiating in bad faith a settlement of any claim.

SEC. 406. DESIGNATION AND ADVERTISEMENT.

(a) DESIGNATION OF SOURCE AND NOTIFICATION.—When the Secretary receives information of an incident that involves oil pollution, he shall, where possible and appropriate, designate the source or sources of the oil pollution. If a designated source is a vessel or a facility, the Secretary shall immediately notify the responsible party and the guarantor, if known, of that designation.

(b) ADVERTISEMENT BY THE RESPONSIBLE PARTY OR GUARANTOR.—If a responsible party or guarantor fails to inform the Secretary, within five days after receiving notification of a designation under subsection (a), of his denial of the designation, such party or guarantor shall advertise the designation and the procedures by which claims may be presented to such party or guarantor, in accordance with regulations promulgated by the Secretary. Advertisement under the preceding sentence shall begin no later than 15 days after the date of the designation made under subsection (a). If advertisement is not otherwise made in accordance with this subsection, the Secretary shall promptly and at the expense of the responsible party or the guarantor involved, advertise the designation and the procedures by which claims may be presented to the responsible party or guarantor. Advertisement under this subsection shall continue for a period of no less than 30 days.

(c) ADVERTISEMENT BY THE SECRETARY.—If—

(1) the responsible party and the guarantor both deny a designation within five days after receiving notification of a designation under subsection (a),

(2) the source of the oil pollution was a public vessel, or

(3) the Secretary is unable to designate the source or sources of the oil pollution under subsection (a),

the Secretary shall advertise or otherwise notify potential claimants of the procedures

by which claims may be presented to the Fund.

SEC. 407. CLAIMS SETTLEMENT.

(a) PRESENTATION TO RESPONSIBLE PARTY OR GUARANTOR.—Except as provided in subsection (b), all claims shall be presented to the responsible party or guarantor of the source designated under section 406(a).

(b) PRESENTATION TO FUND.—Claims may be presented to the Fund—

(1) where the Secretary has advertised or otherwise notified claimants in accordance with section 406(c);

(2) by a responsible party who may assert a claim under section 403(a); or

(3) by the Governor of a State for cleanup costs incurred by that State.

(c) ELECTION.—If a claim is presented in accordance with subsection (a) and—

(1) each person to whom the claim is presented denies all liability for the claim, or

(2) the claim is not settled by any person by payment within 180 days after the date upon which (A) the claim was presented, or (B) advertising was begun pursuant to section 406(b), whichever is later,

the claimant may elect to commence an action in court against the responsible party or guarantor or to present the claim to the Fund. Such an election shall be irrevocable and exclusive.

(d) UNCOMPENSATED DAMAGES.—If a claim is presented in accordance with subsection (a) and full and adequate compensation is unavailable, either because the claim exceeds a limit of liability invoked under section 404 or because the responsible party and his guarantor are financially incapable of meeting their obligations in full, a claim for the uncompensated damages may be presented to the Fund.

(e) TRANSMITTAL OF CLAIM AND DOCUMENTS.—In the case of a claim which has been presented to any person under subsection (a) and which is being presented to the Fund under subsection (c) or (d), that person, at the request of the claimant, shall transmit the claim and supporting documents to the Fund. The Secretary may, by regulation, prescribe the documents to be so transmitted and the terms under which they are to be transformed.

(f) PROCEDURES.—The Secretary shall establish procedures and standards for the prompt appraisal and settlement of claims against the Fund, including procedures for ensuring the rapid and equitable settlement of claims submitted by the Governor of any State for cleanup costs incurred by that State.

(g) USE OF PRIVATE ORGANIZATIONS AND FEDERAL PERSONNEL.—The Secretary may use the facilities and services of private insurance and claims adjusting organizations or State agencies in processing claims against the Fund and may contract for those facilities and services. To the extent necessitated by extraordinary circumstances, where the services of private organizations or State agencies are inadequate, the Secretary may use Federal personnel, on a reimbursable basis, to process claims against the Fund.

(h) JUDICIAL REVIEW.—Any claimant, or any other person suffering legal wrong because of, or adversely affected or aggrieved by, a final determination of the Secretary with respect to a claim, may bring an action for judicial review of the determination in accordance with chapter 7 of title 5, United States Code. Such action shall be brought under section 409 and shall be the exclusive judicial remedy with respect to such final determination of the Secretary. Such an action shall be filed not later than thirty days after the Secretary issues notification of the final determination. Venue for any action shall lie in any district wherein the claimant resides, in addition to any district described in section 409(b).

(i) ACTIONS AGAINST RESPONSIBLE PARTY OR GUARANTOR.—

(1) SERVICE OF PLEADINGS ON FUND.—In any action brought under this subtitle against a responsible party or guarantor, both the plaintiff and defendant shall serve a copy of the complaint and all subsequent pleadings therein upon the Fund at the same time those pleadings are served upon the opposing parties.

(2) INTERVENTION OF FUND.—The Fund may intervene as a party as a matter of right in any action in which a complaint has been served upon the Fund under paragraph (1).

(3) ADMISSION OF LIABILITY.—In any action to which the Fund is a party, if the responsible party or his guarantor admits liability under this subtitle, the Fund shall be dismissed therefrom to the extent of the admitted liability.

(4) EFFECT OF JUDGMENT.—If the Fund has been served a copy of the complaint and all subsequent pleadings in an action referred to in paragraph (1), the Fund shall be bound by any judgment intered therein, whether or not the Fund was a party to the action.

(5) FAILURE TO SERVE PLEADINGS.—(A) If the plaintiff fails to serve a copy of the complaint upon the Fund as required by paragraph (1), the plaintiff shall not recover from the Fund any sums not paid by the defendant.

(B) If the defendant fails to serve a copy of the initial answer to a complaint upon the Fund as required by paragraph (1), the limitation of liability otherwise permitted by subsection (b) of section 404 shall not be available to the defendant.

(C) If neither the plaintiff nor the defendant serves a copy of the complaint and all subsequent pleadings upon the Fund as required in paragraph (1), the Fund may serve a motion for a new trial for the purposes specified in this subparagraph. The motion must be served not later than ten days after the Fund has received notice of the entry of the judgment in the action, but in no case later than 90 days after the entry of that judgment. The Fund must establish in its motion that, due to the failure of the plaintiff or defendant to comply with paragraph (1), the Fund failed to receive timely notice of one or more issues raised in the action, which might affect the liability of the Fund in any case brought under this subtitle. When the Fund does so, the court shall open the judgment, if one has been entered, and shall take additional pleadings and testimony on the identified issue or issues. The court may amend findings of fact and conclusions of law or make new findings and conclusions and direct the entry of a new judgment in the action.

(j) JOINDER OF PARTIES.—In any action brought against the Fund the plaintiff may join any responsible party or his guarantor, and the Fund may implead any person, who is or may be liable to the Fund.

(k) PERIOD OF LIMITATIONS.—No claim may be presented, nor may any action be commenced for damages recoverable under this subtitle, unless that claim is presented to, or that action is commenced against, a responsible party or his guarantor or against the Fund as to their respective liabilities, within three years from the date of discovery of the economic loss for which a claim may be asserted under subsection (a) of section 403, or within six years of the date of the incident which resulted in that loss, whichever is earlier.

SEC. 408. SUBROGATION.

(a) RIGHT OF SUBROGATION.—Any person, including the Fund, who compensates any claimant for an economic loss compensable under section 403 shall be subrogated to all rights, claims, and causes of action which that claimant has under this subtitle.

(b) RECOVERY BY FUND.—

(1) DENIAL OF SOURCE DESIGNATION OR LIABILITY.—In a case in which the Fund has compensated a claimant for a claim presented to the Fund under section 407(b)(1) or 407(c)(1), the Fund shall recover under subsection (a)—

(A) the amount the Fund has paid to the claimant;

(B) interest on that amount for the period beginning on the date on which the claim was first presented by the claimant to the Fund or to the responsible party or guarantor and ending on the date on which the Fund is paid by the responsible party or guarantor, except that if the Fund offered to the claimant the amount finally paid by the Fund to the claimant in satisfaction of the claim against the Fund the responsible party or guarantor shall not be liable for interest for the period beginning on the date the Fund made such offer and ending on the date on which the claimant accepted such offer; and

(C) all costs incurred by the Fund by reason of the claim of the claimant against the Fund and by reason of the claim of the Fund against the responsible party or guarantor.

(2) FAILURE TO SETTLE WHERE PAYMENT BY FUND EXCEEDS OFFER BY RESPONSIBLE PARTY.—In a case in which the Fund has compensated a claimant for a claim presented to the Fund under section 407(c)(2) where the amount the Fund has paid to the claimant exceeds the largest amount, if any, the responsible party or guarantor offered to the claimant in satisfaction of the claim of the claimant against the responsible party or guarantor, the Fund shall recover under subsection (a)—

(A) the amount the Fund has paid the claimant, except that the portion of such amount in excess of the amount offered to the claimant by the responsible party or guarantor shall be subject to dispute by the responsible party or guarantor;

(B) interest on the portion of such excess, if any, which is recovered by the Fund, for a period determined in the same manner as in paragraph (1)(B); and

(C) all costs incurred by the Fund by reason of the claim of the Fund against the responsible party or guarantor.

(3) FAILURE TO SETTLE WHERE PAYMENT BY FUND DOES NOT EXCEED OFFER BY RESPONSIBLE PARTY.—In a case in which the Fund has compensated a claimant for a claim presented to the Fund under section 407(c)(2) where the amount the Fund has paid to the claimant is less than or equal to the largest amount the responsible party or guarantor offered to the claimant in satisfaction of the claim of the claimant against the responsible party or guarantor, the Fund shall recover under subsection (a)—

(A) the amount the Fund has paid to the claimant; and

(B) interest—

(i) for the period beginning on the date on which the claim was presented by the claimant to the responsible party or guarantor and ending on the date on which the re-

sponsible party or guarantor offered to the claimant the largest amount referred to in this paragraph, except that if the responsible party or guarantor offered such amount within sixty days after the date upon which the claim of the claimant was presented to the responsible party or guarantor or advertising was commenced under section 406, whichever is later, the responsible party or guarantor shall not be liable for interest for such period; and

(ii) for the period beginning on the date on which the claim of the Fund against the responsible party or guarantor was presented the responsible party or guarantor to the date on which the Fund is paid, inclusive, except that if the responsible party or guarantor offers to the Fund the amount finally paid to the Fund in satisfaction of the claim of the Fund, interest shall not be paid for the period beginning on the date on which such offer is made and ending on the date on which the Fund accepts that offer, inclusive.

(4) SPECIAL RULES.—For purposes of this subsection—

(A) interest shall be calculated in accordance with section 404(e); and

(B) costs recoverable under paragraphs (1)(C) and (2)(C) include, but are not limited to, processing costs, investigating costs, court costs, and attorney's fees.

(c) PAYMENT OF CERTAIN INTEREST TO CLAIMANT.—The Fund shall pay over to the claimant that portion of any interest the Fund recovers under subsections (b)(1)(B) and (b)(2)(B) for the period beginning on the date on which the claim of the claimant was first presented to the Fund or the responsible party or guarantor to the date upon which the claimant was paid by the Fund, inclusive.

(d) APPLICATION OF LIABILITY LIMITS.—The Fund is entitled to recover for all interest and costs specified in subsection (b) without regard to any limitation of liability to which the responsible party or guarantor may otherwise be entitled. The payment of such interest and costs by a guarantor shall be subject to section 405(e).

SEC. 409. JURISDICTION AND VENUE.

(a) JURISDICTION.—The United States district courts shall have exclusive original jurisdiction over all controversies arising under this subtitle and subtitle B and C, without regard to the citizenship of the parties or the amount in controversy.

(b) VENUE.—Unless otherwise provided in this title, venue shall lie in any district wherein the injury complained of occurred, or wherein the responsible party or guarantor resides, may be found, or has his principal office. For purposes of this section, the Fund resides in the District of Columbia.

SEC. 410. RELATIONSHIP TO OTHER LAW.

(a) PREEMPTION.—Except as provided in this title—

(1) no action may be brought in any court of the United States, or of any State or political subdivision thereof, for an economic loss compensable under this subtitle,

(2) no person may be required to contribute to any fund, the purpose of which is to compensate for damages for an economic loss described in section 403(a), except that, for a period of three years beginning on the effective date of this section, any State which on such date has in effect a statute that requires such contributions may continue to require such contributions within the limits established by such statute as those limits exist on such date, and

(3) no person may be required to establish or maintain evidence of financial responsibility relating to the satisfaction of a claim compensable under this subtitle.

(b) STATE FINANCING OF PREPARATION FOR OIL POLLUTION CLEANUP.—Nothing in this title shall preclude any State from imposing a tax or fee upon any person or upon oil in order to finance the purchase and prepositioning of oil pollution cleanup and removal equipment or to finance other preparations for responding to a discharge of oil which affects such State.

(c) ACTIONS BY FUND.—Nothing in subsection (a) shall prohibit an action by the Fund under any other provision of law to recover compensation paid under this subtitle.

SEC. 411. PENALTIES.

Any person who, after notice and an opportunity for a hearing, is found to have failed to comply with the requirements of section 405 or the regulations issued thereunder or with any denial or detention order shall be liable to the United States for a civil penalty, not to exceed $10,000 for each violation. The amount of the civil penalty shall be assessed by the Secretary by written notice. In determining the amount of such penalty, the Secretary shall take into account the nature, circumstances, extent and gravity of the prohibited acts committed and, with respect to the violator, the degree of culpability, any history of prior offenses, ability to pay, and such other matters as justice may require. The Secretary may compromise, modify, or remit with or without conditions, any civil penalty which is subject to imposition or which has been imposed under this section. If any person fails to pay an assessment of a civil penalty after it has become final, the Secretary may refer the matter to the Attorney General for collection.

SEC. 412. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated for fiscal years beginning on or after October 1, 1985, such sums as may be necessary to carry out this title.

Subtitle B—Marine Oil Pollution Compensation Fund

SEC. 421. MARINE OIL POLLUTION COMPENSATION FUND.

(a) ESTABLISHMENT.—The Marine Oil Pollution Compensation Fund is established in the Treasury and shall be administered by the Secretary. The fund may sue and be sued in its own name.

(b) COMPOSITION OF THE FUND.—There shall be deposited in the Fund—

(1) premiums paid to the Fund under section 422;

(2) amounts recovered, collected, or received on behalf of the Fund under subtitle A;

(3) amounts transferred to the Fund under sections 442(d) and 422(e);

(4) income earned on investments under subsection (d); and

(5) amounts borrowed under section 423(d).

(c) PURPOSES FOR WHICH FUND IS AVAILABLE.—The fund shall be available for purposes of—

(1) the immediate payment of removal costs described in section 401(24)(A) and of reasonable costs incurred by the President or the Governor of a State as trustee under section 403(a)(3) in assessing damaged natural resources and preparing a restoration and acquisition plan with respect to the damaged natural resources;

(2) the payment of claims under subtitle A for damage which is not otherwise compensated;

(3) carrying out subsections (c), (d), (i), and (l) of section 311 of the Federal Water Pollution Control Act with respect to any discharge of oil (as defined in that section);

(4) carrying out section 5 of the Intervention on the High Seas Act relating to oil pollution or the substantial threat of oil pollution;

(5) the payment of costs of administration of this title; and

(6) the payment of contributions to the International Fund in accordance with section 464.

(d) INVESTMENT.—The Secretary shall invest such portion of the Fund as is not, in the judgment of the Secretary, required to meet current withdrawals. Such investments shall be in obligations of the United States and obligations guaranteed as to principal and interest by the United States, with maturities suitable for the needs of the Fund and bearing interest at rates determined by the Secretary, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities, adjusted to the nearest one-eighth of 1 percent. Except as provided in subsection (e), the income on such investments shall be credited to and form a part of the Fund. The Secretary shall not sell investments in excess of $100,000,000 at one time without the approval of the Secretary of the Treasury. The Secretary of the Treasury may waive the requirement for approval under this subsection for any period of time or under any conditions as the Secretary of the Treasury may decide.

(e) REBATE.—Whenever the amount in the Fund (including the value of obligations held under subsection (d)) exceeds $300,000,000, the amount of any income from such obligations shall be rebated to the owners of oil with respect to which premiums were first paid under section 422 and with respect to which a rebate has not previously been made under this subsection. Payment of rebates required by the preceding sentence shall be made not less often than annually. If for any reason such income cannot be rebated under this subsection after due diligence to do so, the amount of such income shall be retained by the Fund.

SEC. 422. PREMIUMS.

(a) AMOUNT.—A premium not to exceed 1.3 cents per barrel shall be paid to the Secretary for deposit into the Fund on—

(1) crude oil or other petroleum products entered into the United States for consumption, use, or warehousing, by the person so entering the crude oil or other petroleum product;

(2) crude oil received at a United States refinery, by the operator of that refinery; and

(3) crude oil exported from the United States, by the person exporting the crude oil.

(b) CREDITS FOR CONTRIBUTIONS TO DEEPWATER PORT AND OFFSHORE OIL FUNDS.—There shall be credited against the amount of premiums imposed on any person under subsection (a) of this section the amount paid by such person into the Deepwater Port Liability Fund and the Offshore Oil Pollution Compensation Fund. A person entitled to a credit under this subsection may transfer that entitlement to another person.

(c) PROHIBITION ON DOUBLE COLLECTION.—No premium shall be collected under this section with respect to any oil if the person who would be liable for the premium establishes that a premium has been previously

imposed under this section with respect to that oil.

(d) EFFECTIVE PERIOD.—The premium imposed by subsection (a) shall only be in effect during any period when the amount in the Fund (including the value of any securities held by the Fund pursuant to section 421(d) is less than $200,000,000.

(e) PROCEDURES.—The Secretary shall by regulation establish procedures for the establishment and collection of the premium imposed by subsection (a).

(f) COLLECTION.—The Fund may bring an action in the district court of the United States for the collection of any premium required to be paid under this section.

SEC. 423. LIMITATION ON FUND'S LIABILITY.

(a) CLAIMS PAYABLE ONLY FROM FUND.—Any claim filed against the Fund may be paid only out of the Fund. Nothing in this title (or in any amendment made by this title) shall authorize the payment by the United States of any additional amount with respect to any such claim out of any source other than the Fund.

(b) PROHIBITION ON REDUCING FUND BELOW $30,000,000.—No amount in the Fund may be used to pay any claim, except for removal costs, to the extent that the payment of that claim would result in the Fund having an amount less than $30,000,000.

(c) PRIORITY OF CLAIMS.—If at any time the fund is unable by reason of subsection (b) to pay all of the claims, except for removal costs, payable at that time, those claims shall, to the extent permitted under subsection (b), be paid in full in the order in which they were finally determined. The Secretary may borrow under subsection (d) for purposes of paying such claims in such order.

(d) BORROWING AUTHORITY.—The Secretary is authorized to issue to the Secretary of the Treasury notes or other obligations, in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be agreed upon by the Secretary and the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of such notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes or other obligations issued by the Secretary under this subsection, and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under chapter 31 of title 31, United States Code. The purposes for which securities may be issued under that chapter, are extended to include any purchase of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be treated as public debt transactions of the United States. The outstanding indebtedness under this subsection shall not exceed $300,000,000 at any time.

(e) LIABILITY LIMIT PER INCIDENT.—The liability of the Fund under this title with respect to one incident shall not exceed $200,000,000. If the Fund is unable by reason of the preceding sentence to pay all claims with respect to the incident, the claims shall be reduced proportionately.

SEC. 424. SERVICES AND FACILITIES OF OTHER AGENCIES.

The Fund may, with the consent of the agency concerned, accept and use, on a reimbursable basis, the officers, employees, services, facilities, and information of any agency of the Federal Government.

SEC. 425. PENALTY FOR FAILURE TO PAY PREMIUM.

Any person who fails to pay any premium as required by this title shall be liable for a civil penalty not to exceed $10,000, to be assessed by the Secretary. Such penalty shall be in addition to the premium required to be paid and interest on the premium in an amount equal to the amount the premium would have earned if paid when due and invested in accordance with section 421(d). Upon the failure of any person so liable to pay any penalty, premium, or interest upon demand, the Attorney General may, at the request of the Secretary, bring an action in the name of the Fund against that person for the amount. If the Attorney General does not bring an action within 30 days, the Secretary may do so in the name of the Fund.

SEC. 426. COORDINATION WITH OTHER PROVISIONS OF THIS TITLE.

(a) PREVIOUS CLAIMS TO BE PAID FROM FUND.—If any provision of this title provides that the balance in any fund (hereinafter in this subsection referred to as the "transferor fund") is to be transferred to the Marine Oil Pollution Compensation Fund, any claim which arises before the effective date of such transfer (to the extent such claim would have been payable out of the transferor fund), shall be payable out of the Marine Oil Pollution Compensation Fund notwithstanding any of the limitations imposed by this subtitle.

(b) TRANS-ALASKA PIPELINE LIABILITY FUND.—(1) If the Secretary or the Secretary's delegate determines that there is a Trans-Alaska Pipeline Liability Fund deficit, the premium imposed by section 422 on oil first transported through the Trans-Alaska Pipeline after the date of that determination shall be increased by 2 cents per barrel until the total amount of the increased premiums equals the deficit.

(2) For purposes of paragraph (1) of this subsection, the term "Trans-Alaska Pipeline Liability Fund deficit" means the excess (if any) of—

(A) the amount certified by the Secretary of the Interior as the total amount of the claims outstanding against the Trans-Alaska Pipeline Liability Fund under section 442(a)(3) of this title, over

(B) the total amount of the assets of the Trans-Alaska Pipeline Liability Fund as of the effective date of this section.

SEC. 427. DEFINITIONS AND SPECIAL RULES.

(a) DEFINITIONS.—For purposes of this subtitle—

(1) terms defined in subtitle A have the same meanings when used in this subtitle;

(2) the term "barrel" means forty-two United States gallons at sixty degrees Fahrenheit; and

(3) the term "United States", in addition to the meaning given in section 401, includes the outer Continental Shelf and any foreign trade zone of the United States.

(b) SPECIAL RULE.—In the case of any United States refinery which produces natural gasoline from natural gas, the gasoline so produced shall be treated as received at the refinery at the time so produced.

Subtitle C—Regulations, Effective Dates, and Savings Provisions

SEC. 441. EFFECTIVE DATES.

(a) PROVISIONS TAKING EFFECT ON DATE OF ENACTMENT.—This section, section 401, section 402, section 412, subtitle B (other than sections 421(c), 422(a), (b), (c), and (e), 423(b), (c), (d), and (e), and 425), section 442(a)(1) and (3), section 443, section 444, and each provision of subtitle A that authorizes the promulgation of regulations shall be effective on the date of the enactment of this title.

(b) SUBTITLE D.—Subtitle D shall take effect on the first date on which both the International Convention on Civil Liability for Oil Pollution Damage and the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage are in force with respect to the United States.

(c) PROVISIONS TAKING EFFECT IN 180 DAYS.—All other provisions of this title, and the regulations issued under this title, shall take effect 180 days after the date of enactment of this title, except that the penalty prescribed by section 411 for failure to comply with the requirements of section 405 or the regulations issued thereunder shall not be effective until the ninetieth day after issuance of those regulations or the two hundred and seventieth day after the date of enactment of this title, whichever is earlier.

(d) REGULATIONS RESPECTING FINANCIAL RESPONSIBILITY.—Any regulation respecting financial responsibility issued pursuant to any provision of law repealed by section 442, and in effect on the day immediately preceding the effective date of section 442, shall remain in force until superseded by regulations issued under subtitle A.

SEC. 442. CONFORMING AMENDMENTS.

(a) TRANS-ALASKA PIPELINE AUTHORIZATION ACT.—(1) The first sentence of subsection (b) of section 204 of the Trans-Alaska Pipeline Authorization Act (43 U.S.C. 1653(b); 87 Stat. 586) is amended by inserting "in the State of Alaska" after "any area" and by inserting "related to the trans-Alaska oil pipeline" after "any activities". Such subsection is further amended by inserting at the end thereof the following new sentence: "This subsection shall not apply to removal costs resulting from oil pollution as that term is defined in section 401 of the Comprehensive Oil Pollution Liability and Compensation Act.".

(2) Subsection (c) of section 204 of the Trans-Alaska Pipeline Authorization Act (43 U.S.C. 1653(c)) is repealed. Such repeal shall not affect the applicability of such subsection to claims arising before the effective date of this paragraph. Notwithstanding section 441, the repeal of—

(A) paragraph (4) of such subsection (establishing the Trans-Alaska Pipeline Liability Fund),

(B) paragraph (6) of such subsection (to the extent it permits costs of administration to be paid from the Fund and permits amounts in the Fund to be invested), and

(C) paragraph (8) of such subsection (permitting recovery by subrogation),

shall only become effective upon the payment by the Board of Trustees of the Trans-Alaska Pipeline Liability Fund of all claims certified under paragraph (3) of this subsection, the rebate of all remaining amounts under paragraph (3) of this subsection, and the completion of all actions required to carry out paragraph (3) of this subsection.

(3) (A) Not later than 210 days after the date of enactment of this paragraph, the Secretary of the Interior shall certify to the Secretary of Transportation the total amount of claims outstanding against such Fund, as of the effective date of paragraph (2) of this subsection. The amount in the Trans-Alaska Pipeline Liability Fund exceeding the total amount certified under the preceding sentence shall be rebated directly, on a pro rata basis, to the owners of the oil at the time it was loaded on the vessel.

(B) After the settlement of all claims described in subparagraph (A) and the completion of all actions, if any, by the Trans-Alaska Pipeline Liability Fund for recovery of amounts paid on such claims, the remaining amounts in such Fund shall be rebated directly, on a pro rata basis, to the owners of the oil at the time it was loaded on the vessel.

(C) Whenever a rebate is made on a pro rata basis to the owners of oil under subparagraph (A) or (B), each such owner's share of the rebate shall be an amount determined by dividing the amount contributed by such owner to the Trans-Alaska Pipeline Liability Fund by the total amount contributed by all such owners to such Fund.

(D) Trustees and former trustees of the Trans-Alaska Pipeline Liability Fund who were designated by the Secretary of the Interior shall not be subject to any liability incurred by the Fund or by the present and past officers and trustees of the Fund, other than liability for gross negligence or willful misconduct.

(b) INTERVENTION ON THE HIGH SEAS ACT.—Section 17 of the Intervention on the High Seas Act (33 U.S.C. 1486; 88 Stat. 10) is amended to read as follows:

"SEC. 17. The Marine Oil Pollution Compensation Fund established under subtitle B of the Comprehensive Oil Pollution Liability and Compensation Act shall be available to the Secretary for actions and activities relating to oil pollution (as defined in section 401 of that Act), or the substantial threat of oil pollution, taken under section 5 of this Act.".

(c) FEDERAL WATER POLLUTION CONTROL ACT.—Section 311 of the Federal Water Pollution Control Act is amended as follows:

(1) Subsection (a) is amended by striking out the period at the end of paragraph (17) and inserting in lieu thereof a semicolon and by adding at the end the following new paragraph:

"(18) 'person in charge' means the individual immediately responsible for the operation of a vessel or facility.".

(2) Paragraph (5) of subsection (b) is amended in the last sentence by inserting after "person" the following: "or his employer".

(3) Subparagraph (A) of paragraph (6) of subsection (b) is amended—

(A) in the first and second sentences, by striking out "or person in charge" each place it appears and inserting in lieu thereof "person in charge, or employer of such person in charge"; and

(B) in the third sentence, by striking out "the owner or operator" and inserting in lieu thereof "whoever being".

(4) Subparagraph (B) of paragraph (6) of subsection (b) is amended in the first and second sentences by striking out "or person in charge" each place it appears and inserting in lieu thereof "person in charge, or employer of such person in charge".

(5) Subsection (c)(2)(H) is amended by striking out "from the fund established under subsection (k) of this section for the reasonable costs incurred in such removal" and inserting in lieu thereof the following: ", in the case of any discharge of oil from a vessel or facility, for the reasonable costs incurred in such removal from the Marine Oil Pollution Compensation Fund".

(6) Subsection (d) is amended by striking out the last sentence.

(7) Subsections (f), (g), and (i) of section 311 of the Federal Water Pollution Control Act shall not apply with respect to any discharge of oil resulting in damages for which a claim may be asserted under subtitle A of this title.

(8) Subsection (i) is amended by striking out "(1)" after "(i)" and by striking out paragraphs (2) and (3).

(9)(A) Subsection (k) is repealed, effective upon the payment from the fund established by such subsection of all claims certified under subparagraph (B) and all remaining amounts to the general fund of the Treasury under subparagraph (B).

(B) Not later than 180 days after the effective date of this paragraph, the Secretary of Transportation shall certify to the Secretary of the Treasury the total amount of the claims outstanding against the fund established by subsection (k) as of the effective date of this paragraph. The amount in such fund exceeding the total amount certified shall be transferred to the general fund of the Treasury. If the amount paid in settlement of such claims is less than the amount so certified, the remainder shall be transferred to the general fund of the Treasury. Any amounts received by the United States under section 311 with respect to such claims after the effective date of the repeal of subsection (k) shall be deposited in the general fund of the Treasury.

(10) Subsection (l) is amended by striking out the second sentence.

(11) Subsection (p) is repealed.

(12) Section 311 is amended by adding at the end thereof the following new subsection:

"(s) The Marine Oil Pollution Compensation Fund shall be available to carry out subsections (c), (d), (i), and (l) as those subsections relate to discharges of oil. Any amounts received by the United States under this section with respect to claims arising on or after the effective date of this subsection shall be deposited in the Marine Oil Pollution Compensation Fund.".

(d) DEEPWATER PORT ACT OF 1974.—The Deepwater Port Act of 1974 (33 U.S.C. 1501 et seq.; 88 Stat. 2126) is amended as follows:

(1) Section 4(c)(1) is amended by striking out "section 18(l) of this Act" and inserting in lieu thereof "section 405 of the Comprehensive Oil Pollution Liability and Compensation Act".

(2) Subsections (b), (d), (e), (f), (g), (h), (i), (j), (l), and (n) of section 18 are repealed and subsections (c), (k), and (m) of section 18 are redesignated as subsections (b), (c), and (d), respectively.

(3) Paragraph (3) of subsection (b) of section 18 (as redesignated by paragraph (2)) is amended by striking out "Deepwater Port Liability Fund established pursuant to subsection (f) of this section." and inserting in lieu thereof "Marine Oil Pollution Compensation Fund.".

(4) Subsection (c) of section 18 (as redesignated by paragraph (2)) is amended to read as follows:

"(c) This section shall not be interpreted to preclude any State from imposing additional requirements, not inconsistent with the provisions of the Comprehensive Oil Pollution Liability and Compensation Act; for any discharge of oil from a deepwater port or a vessel within any safety zone.".

(5) Any amounts remaining in the Deepwater Port Liability Fund established by section 18(f) of the Deepwater Port Act of 1974 shall be deposited in the Marine Oil Pollution Compensation Fund. The Marine Oil Pollution Compensation Fund shall assume all liability incurred by the Deepwater Port Liability Fund under the Deepwater Port Act of 1974.

(e) OUTER CONTINENTAL SHELF LANDS ACT AMENDMENTS OF 1978.—Title III of the Outer Continental Shelf Lands Act Amendments of 1978 (Public Law 95-372) is repealed. Any amounts remaining in the Offshore Oil Pollution Compensation Fund established under section 302 of that title shall be deposited in the Marine Oil Pollution Compensation Fund established by subtitle B of this title. The Marine Oil Pollution Compensation Fund shall assume all liability incurred by the Offshore Oil Pollution Compensation Fund under title III of the Outer Continental Shelf Lands Act Amendments of 1978.

SEC. 443. REGULATIONS.

The Secretary of Transportation may prescribe regulations to carry out the functions of the Secretary of Transportation under this title.

SEC. 444. SEPARABILITY.

If any provision of this title or the applicability thereof is held invalid, the remainder of this title shall not be affected thereby.

Subtitle D—Implementation of Conventions

SEC. 461. RECOGNITION OF THE INTERNATIONAL FUND.

The International Oil Pollution Compensation Fund established by article 2 of the International Fund Convention is recognized under the laws of the United States as a legal person and shall have the capacity under the laws of the United States to contract, to acquire and dispose of real and personal property, and to institute and be a party to legal proceedings. The Director of the International Fund is recognized as the legal representative of the International Fund. The Director shall be deemed to have appointed irrevocably the Secretary of State his agent for service of process in any action against the International Fund in any court in the United States.

SEC. 462. SERVICE OF PROCESS AND INTERVENTION.

(a) SERVICE OF PROCESS ON FUNDS.—In any action brought in a court in the United States against the owner of a ship or his guarantor under the Civil Liability Convention, the plaintiff or defendant, as the case may be, shall serve a copy of the complaint and any subsequent pleading therein upon the International Fund and the Marine Oil Pollution Compensation Fund at the same time the complaint or other pleading is served upon the opposing parties.

(b) INTERVENTION.—The International Fund may intervene as a party as a matter of right in any action brought in a court in the United States against the owner of a ship or his guarantor under the Civil Liability Convention.

(c) EFFECT OF JUDGMENT.—If the International Fund has been served a copy of the complaint and all subsequent pleadings in an action referred to in subsection (a), the International Fund shall be bound by any judgment entered therein, whether or not

the International Fund was a party to the action.

SEC. 463. EXEMPTION FROM TAXATION.

The International Fund and its assets shall be exempt from all direct taxation in the United States.

SEC. 464. PAYMENT OF CONTRIBUTIONS.

(a) PAYMENTS TO BE MADE FROM MARINE OIL POLLUTION COMPENSATION FUND.—The amount of any contribution to the International Fund which is required to be made under article 10 of the International Fund Convention by any person with respect to oil received in any port, terminal installation, or other installation located in the United States shall be paid to the International Fund by the Secretary from the Marine Oil Pollution Compensation Fund. Before the International Fund Convention enters into force with respect to the United States, the President shall make, and deposit with the Secretary-General of the International Maritime Organization, a declaration under article 14 of the International Fund Convention that the United States assumes the obligation to pay contributions under article 10 of such Convention in respect of oil received within the territory of the United States and that such amount will be paid from the Marine Oil Pollution Compensation Fund.

(b) INFORMATION.—The Secretary shall, by regulation, require persons who are required to make contributions with respect to oil received in any port, terminal installation, or other installation in the United States under article 10 of the International Fund Convention to transmit to the Secretary such information relating to that oil as may be necessary to carry out subsection (a).

SEC. 465. JURISDICTION OF DISTRICT COURTS.

(a) JURISDICTION.—The United States district courts shall have exclusive original jurisdiction of all controversies arising under the Civil Liability Convention or the International Fund Convention in—

(1) the territory, including the territorial sea, of the United States, or

(2) the exclusive economic zone of the United States established by Proclamation Numbered 5030, dated March 10, 1983,

without regard to the citizenship of the parties or the amount in controversy.

(b) VENUE.—Venue shall lie in any district wherein the injury complained of occurred, or wherein the defendant resides, may be found, or has his principal office. For purposes of this subsection, the International Fund shall reside in the District of Columbia.

SEC. 466. RECOGNITION OF JUDGMENTS.

Any final judgment of a court of any nation which is a party to the Civil Liability Convention or the International Fund Convention in an action for compensation under either such convention shall be recognized by any court of the United States or of a State when that judgment has become enforceable in such nation and is no longer subject to ordinary forms of review, except where—

(1) the judgment was obtained by fraud; or

(2) the defendant was not given reasonable notice and a fair opportunity to present his case.

SEC. 467. FINANCIAL RESPONSIBILITY.

(a) U.S. DOCUMENTED SHIPS.—The owner of each ship which is documented under the laws of the United States and is carrying more than two thousand tons of oil in bulk as cargo shall establish and maintain, in accordance with regulations promulgated by the Secretary, evidence of financial responsibility in amounts sufficient to cover the maximum liability of such owner for pollution damage arising from one incident under the Civil Liability Convention. The Secretary shall issue a certificate to each such owner who complies with this paragraph, in the form and manner required by the Civil Liability Convention.

(b) U.S. OWNED SHIPS.—With respect to any ship owned by the United States, the Secretary shall issue a certificate stating that the ship is owned by the United States and that the ship's liability is covered within the limits of liability prescribed by the Civil Liability Convention.

(c) OTHER SHIPS.—The owner of each ship (other than a ship to which subsection (a) or (b) applies), wherever registered, which is carrying more than two thousand tons of oil in bulk as cargo and which enters or leaves port or offshore terminal in the United States (including the territorial seas) shall establish and maintain, in accordance with regulations promulgated by the Secretary, evidence of financial responsibility in amounts sufficient to cover the maximum liability of such owner for pollution damage arising from one incident under the Civil Liability Convention. The owner of a ship which is registered in, or flying the flag of, a nation which is a party to the Civil Liability Convention shall be considered to have met the requirements of this paragraph if the ship is carrying a certificate issued by such nation attesting that insurance or other financial security is in force which meets the requirements of such Convention.

(d) WITHHOLDING CLEARANCE.—The Secretary of the Treasury shall withhold or revoke the clearance required by section 4197 of the Revised Statutes of the United States of any ship which does not have a certificate showing compliance with the requirements of financial responsibility under subsection (a) or (c).

(e) DENYING ENTRY AND DETAINING VESSELS.—The Secretary of the department in which the Coast Guard is operating may (1) deny entry to any facility, to any port or place in the United States, or to the navigable waters, or (2) detain at the facility or at the port or place in the United States, any vessel subject to this section that upon request, does not produce the certificate required under this section or regulations issued hereunder.

SEC. 468. CIVIL PENALTY.

Any person who, after notice and an opportunity for a hearing, is found to have failed to comply with the requirements of section 464(b) or 467, the regulations issued under either such section, or any denial or detention order under section 467(e) shall be liable to the United States for a civil penalty, not to exceed $10,000 for each violation. The amount of the civil penalty shall be assessed by the Secretary by written notice. In determining the amount of such penalty, the Secretary shall take into account the nature, circumstances, extent, and gravity of the prohibited acts committed and, with respect to the violator, the degree of culpability, any history of prior offenses, ability to pay, and such other matters as justice may require. The Secretary may compromise, modify, or remit with or without conditions any civil penalty which is subject to imposition or which has been imposed under this subsection. If any person fails to pay an assessment of a civil penalty after it has become final, the Secretary may refer the matter to the Attorney General for collection.

SEC. 469. WAIVER OF SOVEREIGN IMMUNITY.

The United States waives all defenses based on its status as a soveriegn State with respect to any controversy arising under the Civil Liability Convention or the International Fund Convention relating to any ship owned by the United States and used for commercial purposes.

SEC. 470. RULES AND REGULATIONS.

The Secretary may issue such rules and regulations as are necessary to implement the Civil Liability Convention and the International Fund Convention.

SEC. 471. DEFINITIONS.

For purposes of this subtitle—

(1) terms defined in subtitle A have the same meanings when used in this subtitle;

(2) the term "Civil Liability Convention" means the International Convention on Civil Liability for Oil Pollution Damage, 1984;

(3) the term "International Fund" means the International Oil Pollution Compensation Fund established by article 2 of the International Fund Convention; and

(4) the term "International Fund Convention" means the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 1984.

TITLE V—AMENDMENTS OF THE INTERNAL REVENUE CODE OF 1954

SEC. 501. SHORT TITLE.

This title may be cited as the "Superfund Revenue Act of 1985".

PART I—SUPERFUND AND ITS REVENUE SOURCES

SEC. 511. EXTENSION OF ENVIRONMENTAL TAXES.

(a) IN GENERAL.—Subsection (d) of section 4611 of the Internal Revenue Code of 1954 (relating to termination) is amended to read as follows:

"(d) APPLICATION OF TAXES.—The taxes imposed by this section shall apply after October 31, 1985, and before October 1, 1990."

(b) TECHNICAL AMENDMENT.—Section 303 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 is hereby repealed.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on November 1, 1985.

SEC. 512. INCREASE IN TAX ON PETROLEUM.

(a) INCREASE IN TAX.—Subsections (a) and (b) of section 4611 of the Internal Revenue Code of 1954 (relating to environmental tax on petroleum) are each amended by striking out "0.79 cent" and inserting in lieu thereof "3.85 cents".

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on November 1, 1985.

SEC. 513. INCREASE IN TAX ON CERTAIN CHEMICALS.

(a) INCREASE IN RATE OF TAX: LEAD ADDED AS TAXABLE CHEMICAL.—Subsection (b) of section 4661 of the Internal Revenue Code of 1954 (relating to amount of tax imposed on certain chemicals) is amended by striking out the table contained in such subsection and inserting in lieu thereof the following:

"In the case of:	The tax (before any inflation adjustment) is the following amount per ton:
Organic substances	
Acetylene	$4.74
Benzene	4.74
Butadiene	4.74
Butane	4.74
Butylene	4.74

"In the case of:	The tax (before any inflation adjustment) is the following amount per ton:
Ethylene	4.47
Methane	3.35
Naphthalene	4.74
Propylene	4.74
Toluene	4.74
Xylene	9.68
Inorganic substances	
Ammonia	3.52
Antimony	4.33
Antimony trioxide	4.13
Arsenic	4.33
Arsenic trioxide	3.92
Barium sulfide	3.49
Bromine	4.33
Cadmium	4.33
Chlorine	3.40
Chromite	1.48
Chromium	4.33
Cobalt	4.33
Cupric oxide	4.00
Cupric sulfate	3.32
Cuprous oxide	4.15
Hydrochloric acid	0.83
Hydrogen fluoride	4.25
Lead	2.47
Lead Oxide	4.21
Mercury	4.33
Nickel	4.33
Nitric acid	2.36
Phosphorous	4.33
Potassium dichromate	3.25
Potassium hydroxide	2.67
Sodium dichromate	3.32
Sodium hydroxide	2.27
Stannic chloride	3.42
Stannous chloride	3.70
Sulfuric acid	0.70
Zinc chloride	3.46
Zinc sulfate	3.33."

(b) INFLATION ADJUSTMENTS IN AMOUNTS OF TAX.—Section 4661 of such Code is amended by redesignating subsection (c) as subsection (d) and by inserting after subsection (b) the following new subsection:

"(c) INFLATION ADJUSTMENT IN AMOUNT OF TAX.—

"(1) IN GENERAL.—In the case of any taxable chemical sold in a calendar year after 1986, the amount of the tax imposed by subsection (a) shall be the amount determined under subsection (b) increased by the applicable inflation adjustment for such calendar year.

"(2) APPLICABLE INFLATION ADJUSTMENT.—

"(A) IN GENERAL.—In the case of a taxable chemical, the applicable inflation adjustment for the calendar year is the percentage (if any) by which—

"(i) the applicable price index for the preceding calendar year, exceeds

"(ii) the applicable price index for 1985.

"(B) APPLICABLE PRICE INDEX.—For purposes of subparagraph (A), the applicable price index for any calendar year is the average for the months in the 12-month period ending on September 30 of such calendar year of—

"(i) in the case of organic substances, the producer price index for basic organic chemicals as published by the Secretary of Labor, or

"(ii) in the case of inorganic substances, the producer price index for basic inorganic chemicals as published by the Secretary of Labor.

"(3) ROUNDING.—If any increase determined under paragraph (1) is not a multiple of 1 cent, such increase shall be rounded to the nearest multiple of 1 cent (or, if the increase determined under paragraph (1) is a multiple of ½ of 1 cent, such increase shall be increased to the next higher multiple of 1 cent)."

(c) EXEMPTION FOR EXPORTS OF TAXABLE CHEMICALS.—

(1) Section 4662 of such Code (relating to definitions and special rules) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

"(e) EXEMPTION FOR EXPORTS OF TAXABLE CHEMICALS.—

"(1) TAX-FREE SALES.—

"(A) IN GENERAL.—No tax shall be imposed under section 4661 on the sale by the manufacturer or producer of any taxable chemical for export, or for resale by the purchaser to a second purchaser for export.

"(B) PROOF OF EXPORT REQUIRED.—Rules similar to the rules of section 4221(b) shall apply for purposes of subparagraph (A).

"(2) CREDIT OR REFUND WHERE TAX PAID.—

"(A) IN GENERAL.—Except as provided in subparagraph (B), if—

"(i) tax under section 4661 was paid with respect to any taxable chemical, and

"(ii) such chemical was exported by any person,

credit or refund (without interest) of such tax shall be allowed or made to the person who paid such tax.

"(B) CONDITION TO ALLOWANCE.—No credit or refund shall be allowed or made under subparagraph (A) unless the person who paid the tax establishes that he—

"(i) has repaid or agreed to repay the amount of the tax to the person who exported the taxable chemical, or

"(ii) has obtained the written consent of such exporter to the allowance of the credit or the making of the refund.

"(3) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subsection."

(2) Paragraph (1) of section 4662(d) of such Code (relating to refund or credit for certain uses) is amended—

(A) by striking out "the sale of which by such person would be taxable under such section" and inserting in lieu thereof "which is a taxable chemical", and

(B) by striking out "imposed by such section on the other substance manufactured or produced" and inserting in lieu thereof "imposed by such section on the other substance manufactured or produced (or which would have been imposed by such section on such other substance but for subsection (b) or (e) of this section)".

(d) SPECIAL RULES FOR CERTAIN CHEMICALS.—

(1) REPEAL OF EXEMPTION FOR CHEMICALS DERIVED FROM COAL.—

(A) Section 4662(b) of such Code (relating to exemptions; other special rules) is amended by striking out paragraph (4) and by redesignating paragraphs (5) and (6) as paragraphs (4) and (5), respectively.

(B) Paragraph (3) of section 4662(d) of such Code is amended by striking out "subsection (b)(5)" each place it appears and inserting in lieu thereof "subsection (b)(4)".

(2) EXEMPTION FOR LEAD HAVING TRANSITORY PRESENCE DURING EXTRACTION PROCESS.—Clauses (i) of section 4662(b)(5)(B) of such Code (relating to substance having transitory presence during extracting process), as redesignated by paragraph (1), is amended by inserting "lead," before "lead oxide".

(3) SPECIAL RULE FOR XYLENE.—Subsection (b) of section 4662 of such Code (relating to exceptions; other special rules) is amended by adding after paragraph (5) the following new paragraph:

"(6) SPECIAL RULE FOR XYLENE.—Except in the case of any substance imported into the United States or exported from the United States, the term 'xylene' does not include any separated isomer of xylene."

(4) SPECIAL RULE FOR NITRIC ACID USED IN PRODUCTION OF NITROCELLULOSE.—Subsection (b) of section 4662 of such Code (relating to exceptions; other special rules) is amended by adding after paragraph (6) the following new paragraph:

"(7) SPECIAL RULE FOR NITRIC ACID USED IN PRODUCTION OF NITROCELLULOSE.—The tax imposed under section 4661 on nitric acid used by the producer of such acid in the production of nitrocellulose shall not exceed $0.24 per ton."

(e) EXEMPTION FOR CERTAIN RECYCLED CHEMICALS.—Subsection (b) of section 4662 of such Code (relating to exceptions; other special rules) is amended by adding after paragraph (7) the following new paragraph:

"(8) RECYCLED CHROMIUM, COBALT, NICKEL, AND LEAD.—

"(A) IN GENERAL.—No tax shall be imposed under section 4661(a) on any chromium, cobalt, nickel, or lead which is diverted or recovered in the United States from any solid waste as part of a recycling process (and not as part of the original manufacturing or production process).

"(B) EXEMPTION NOT TO APPLY WHILE CORRECTIVE ACTION UNCOMPLETED.—Subparagraph (A) shall not apply during any period that required corrective action by the taxpayer is uncompleted.

"(C) REQUIRED CORRECTIVE ACTION.—For purposes of subparagraph (B), required corrective action shall be treated as uncompleted during the period—

"(i) beginning on the date that the corrective action is required by the Administrator or an authorized State pursuant to—

"(I) a final permit under section 3005 of the Solid Waste Disposal Act or a final order under section 3004 or 3008 of such Act, or

"(II) a final order under section 106 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, and

"(ii) ending on the date the Administrator or such State (as the case may be) certifies to the Secretary that such corrective action has been completed.

"(D) SOLID WASTE.—For purposes of this paragraph, the term 'solid waste' has the meaning given such term by section 1004 of the Solid Waste Disposal Act, except that such term shall not include any byproduct, coproduct, or other waste from any process of smelting, refining, or otherwise extracting any metal."

(f) EXEMPTION FOR ANIMAL FEED SUBSTANCE.—

(1) IN GENERAL.—Subsection (b) of section 4662 of such Code (relating to exceptions; other special rules) is amended by adding after paragraph (8) the following new paragraph:

"(9) SUBSTANCES USED IN THE PRODUCTION OF ANIMAL FEED.—

"(A) IN GENERAL.—In the case of—

"(i) nitric acid,

"(ii) sulfuric acid,

"(iii) ammonia, or

"(iv) methane used to produce ammonia,

which is a qualified animal feed substance, no tax shall be imposed under section 4661(a).

"(B) QUALIFIED ANIMAL FEED SUBSTANCE.—For purposes of this section, the term 'quali-

fied animal feed substance' means any substance—

"(i) used in a qualified animal feed use by the manufacturer, producer, or importer,

"(ii) sold for use by any purchaser in a qualified animal feed use, or

"(iii) sold for sale by any purchaser for use, or resale for ultimate use, in a qualified animal feed use.

"(C) QUALIFIED ANIMAL FEED USE.—The term 'qualified animal feed use' means any use in the manufacture or production of animal feed or animal feed supplements, or of ingredients used in animal feed or animal feed supplements.

"(D) TAXATION OF NONQUALIFIED SALE OR USE.—For purposes of section 4661(a), if no tax was imposed by such section on the sale or use of any chemical by reason of subparagraph (A), the first person who sells or uses such chemical other than in a sale or use described in subparagraph (A) shall be treated as the manufacturer of such chemical."

(2) REFUND OR CREDIT FOR SUBSTANCES USED IN THE PRODUCTION OF ANIMAL FEED.—Subsection (d) of section 4662 of such Code (relating to refunds and credits with respect to the tax on certain chemicals) is amended by adding at the end thereof the following new paragraph:

"(4) USE IN THE PRODUCTION OF ANIMAL FEED.—Under regulations prescribed by the Secretary, if—

"(A) a tax under section 4661 was paid with respect to nitric acid, sulfuric acid, ammonia, or methane used to produce ammonia, without regard to subsection (b)(9), and

"(B) any person uses such substance as a qualified animal feed substance,

then an amount equal to the excess of the tax so paid over the tax determined with regard to subsection (b)(9) shall be allowed as a credit or refund (without interest) to such person in the same manner as if it were an overpayment of tax imposed by this section."

(g) CERTAIN EXCHANGES BY TAXPAYERS NOT TREATED AS SALES.—Subsection (c) of section 4662 of such Code (relating to use by manufacturers) is amended to read as follows:

"(c) USE AND CERTAIN EXCHANGES BY MANUFACTURER, ETC.—

"(1) USE TREATED AS SALE.—Except as provided in subsections (b) and (e), if any person manufactures, produces, or imports any taxable chemical and uses such chemical, then such person shall be liable for tax under section 4661 in the same manner as if such chemical were sold by such person.

"(2) SPECIAL RULES FOR INVENTORY EXCHANGES.—

"(A) IN GENERAL.—Except as provided in this paragraph, in any case in which a manufacturer, producer, or importer of a taxable chemical exchanges such chemical as part of an inventory exchange with another person—

"(i) such exchange shall not be treated as a sale, and

"(ii) such other person shall, for purposes of section 4661, be treated as the manufacturer, producer, or importer of such chemical.

"(B) REGISTRATION REQUIREMENT.—Subparagraph (A) shall not apply to any inventory exchange unless—

"(i) both parties are registered with the Secretary as manufacturers, producers, or importers of taxable chemicals, and

"(ii) the person receiving the taxable chemical has, at such time as the Secretary may prescribe, notified the manufacturer, producer, or importer of such person's registration number and the internal revenue district in which such person is registered.

"(C) INVENTORY EXCHANGE.—For purposes of this paragraph, the term 'inventory exchange' means any exchange in which 2 persons exchange property which is, in the hands of each person, property described in section 1221(1)."

(h) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall take effect on November 1, 1985.

(2) REPEAL OF TAX ON XYLENE FOR PERIODS BEFORE OCTOBER 1, 1985.—

(A) REFUND OF TAX PREVIOUSLY IMPOSED.—In the case of any tax imposed by section 4661 of the Internal Revenue Code of 1954 on the sale or use of xylene before October 1, 1985, such tax (including interest, additions to tax, and additional amounts) shall not be assessed, and if assessed, the assessment shall be abated, and if collected shall be credited or refunded (with interest) as an overpayment.

(B) WAIVER OF STATUTE OF LIMITATIONS.—If on the date of the enactment of this Act (or at any time within 1 year after such date of enactment) refund or credit of any overpayment of tax resulting from the application of subparagraph (A) is barred by any law or rule of law, refund or credit of such overpayment shall, nevertheless, be made or allowed if claim therefor is filed before the date 1 year after the date of the enactment of this Act.

(C) XYLENE TO INCLUDE ISOMERS.—For purposes of this paragraph, the term "xylene" shall include any isomer of xylene whether or not separated.

(3) INVENTORY EXCHANGES.—

(A) IN GENERAL.—Except as otherwise provided in this paragraph, the amendment made by subsection (g) shall apply as if included in the amendments made by section 211 of the Hazardous Substance Response Revenue Act of 1980.

(B) RECIPIENT MUST AGREE TO TREATMENT AS MANUFACTURER.—In the case of any inventory exchange before Jnauary 1, 1986, the amendment made by subsection (g) shall apply only if the person receiving the chemical from the manufacturer, producer, or importer in the exchange agrees to be treated as the manufacturer, producer, or importer of such chemical for purposes of subchapter B of chapter 38 of the Internal Revenue Code of 1954.

(C) EXCEPTION WHERE MANUFACTURER PAID TAX.—In the case of any inventory exchange before January 1, 1986, the amendment made by subsection (g) shall not apply if the manufacturer, producer, or importer treated such exchange as a sale for purposes of section 4661 of such Code and paid the tax imposed by such section.

(D) REGISTRATION REQUIREMENTS.—Section 4662(c)(2)(B) of such Code (as added by subsection (g)) shall apply to exchanges made after December 31, 1985.

SEC. 514. REPEAL OF POST-CLOSURE TAX AND TRUST FUND.

(a) REPEAL OF TAX.—

(1) Subchapter C of chapter 38 of the Internal Revenue Code of 1954 (relating to tax on hazardous wastes) is hereby repealed.

(2) The table of subchapters for such chapter 38 is amended by striking out the item relating to subchapter C.

(b) REPEAL OF TRUST FUND.—Section 232 of the Hazardous Substance Response Revenue Act of 1980 is hereby repealed.

(c) EFFECTIVE DATE.—The amendments made by this seciton shall take effect on October 1, 1983.

SEC. 515. WASTE MANAGEMENT TAX.

(a) GENERAL RULE.—Chapter 38 of the Internal Revenue Code of 1954 (as amended by section 514 of this Act) is amended by adding after subchapter B the following new subchapter:

"Subchapter C—Hazardous Waste Management Tax

"Sec. 4671. Waste management tax.
"Sec. 4672. Exemptions; reduction of tax where prior taxable event.
"Sec. 4673. Special rules for waste water treatment , incineration, etc.
"Sec. 4674. Backup tax on generator.
"Sec. 4675. Definitions and Special rules.

"SEC. 4671. WASTE MANAGEMENT TAX.

"(a) IMPOSITION OF TAX.—There is hereby imposed a tax on—

"(1) the receipt of hazardous waste at a qualified hazardous waste management unit,

"(2) the receipt of hazardous waste for transport from the United States for the purpose of ocean disposal, and

"(3) the exportation of hazardous waste from the United States.

"(b) AMOUNT OF TAX.—

"(1) IN GENERAL.—The amount of the tax imposed by subsection (a) with respect to each ton of hazardous waste shall be determined in accordance with the following table:

	If the taxable event is:	
	Land disposal	Any other taxable event
"For calendar year:	The tax per ton is:	
1986	$27.00	$2.70
1987	30.00	3.00
1988	31.00	3.00
1989	36.00	3.00
1990	43.00	3.00.

"(2) DEFINITIONS RELATING TO AMOUNT OF TAX.—For definition of—

"(A) hazardous waste, see section 4675(a)(1), and

"(B) land disposal and any other taxable event, see section 4675(a)(5).

"(c) LIABILITY FOR TAX.—

"(1) WASTE RECEIVED AT MANAGEMENT UNITS.—The tax imposed by subsection (a)(1) shall be paid by the owner or operator of the qualified hazardous waste management unit.

"(2) WASTE RECEIVED FOR TRANSPORT FROM THE UNITED STATES.—The tax imposed by subsection (a)(2) shall be paid by the persons holding the permit issued for transport for ocean disposal under section 102 of the Marine Protection, Research, and Sanctuaries Act of 1972.

"(3) WASTE EXPORTED.—The tax imposed by subsection (a)(3) shall be paid by the exporter.

"(d) TERMINATION.—The taxes imposed by this section shall not apply after September 30, 1990.

"SEC. 4672. EXEMPTIONS; REDUCTION OF TAX WHERE PRIOR TAXABLE EVENT.

"(a) EXEMPTION FOR CERTAIN REMOVAL AND REMEDIAL ACTIONS, ETC.—The tax imposed by section 4671 shall not apply to the receipt or export of hazardous waste pursuant to—

"(1) a corrective action specified in—

"(A) an initial or final order, or

"(B) a proposed or final permit,

issued by the Administrator under the Solid Waste Disposal Act or a State under a hazardous waste program authorized under section 3006 of such Act,

"(2) a proposed or final closure plan approved by the Administrator or such a State,

"(3) a removal or remedial action under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 which has been selected or approved by the Administrator, or

"(4) an action to correct an emergency situation arising from a product spill which is certified by the Administrator to the Secretary as carrying out the purposes of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980.

"(b) EXEMPTION FOR WASTE RECEIVED AT ANY FEDERAL FACILITY.—The tax imposed by section 4671 shall not apply to any hazardous waste received at any facility owned by the United States.

"(c) REDUCTION IN TAX WHERE PRIOR TAXABLE EVENT.—

"(1) IN GENERAL.—If—

"(A) tax under section 4671 or 4674 was paid with respect to any hazardous waste, and

"(B) tax under section 4671 is subsequently imposed on such waste (hereinafter in this subsection referred to as the 'later taxable event'),

then the tax under section 4671 on the later taxable event shall be reduced by the amount determined under paragraph (2).

"(2) AMOUNT OF REDUCTION.—The amount of the reduction determined under this paragraph is the product of—

"(A) the weight of hazardous waste involved in the later taxable event, multiplied by

"(B) the lesser of—

"(i) the highest rate of tax paid under section 4671 or 4674 with respect to any prior taxable event involving such waste (determined without regard to this subsection), or

"(ii) the rate of tax imposed by section 4671 with respect to the later taxable event (as so determined).

"SEC. 4673. SPECIAL RULES FOR WASTE WATER TREATMENT, INCINERATION, ETC.

"(a) EXEMPTION FOR WASTE RECEIVED AT CERTAIN WASTE WATER TREATMENT UNITS.—The tax imposed by section 4671 shall not apply to hazardous waste received at any waste water treatment unit.

"(b) INCINERATION, ETC. WITHIN 90 DAYS OF RECEIPT.—

"(1) IN GENERAL.—Under regulations prescribed by the Secretary, if—

"(A) tax under section 4671 was paid with respect to the receipt of any hazardous waste at any qualified hazardous waste management unit or for transport described in section 4671(a)(2), and

"(B) such waste is incinerated on land (or the equivalent of incineration on land) by any person within 90 days after the date of the first receipt referred to in subparagraph (A),

then the tax so paid shall be allowed as a credit or refund (without interest) to such person in the same manner as if it were an overpayment of tax imposed by section 4671.

"(2) EQUIVALENT OF INCINERATION.—For purposes of subparagraph (A), a method, technique, or process shall be treated as the equivalent of incineration on land if—

"(A) such method, technique, or process meets detailed performance standards established by the Environmental Protection Agency, and

"(B) such standards require a destruction and removal efficiency for the hazardous waste involved at least equivalent to the destruction and removal efficiency applicable to incineration on land.

"(c) QUALIFIED CHEMICAL FUELS OR SOLVENTS.—

"(1) IN GENERAL.—Under regulations prescribed by the Secretary, if—

"(A) tax under section 4671 was paid with respect to any hazardous waste,

"(B) such waste is used by any person in the production of any qualified chemical fuel or solvent, and

"(C) such fuel or solvent is by such person sold for use or used in any industrial or commercial use,

then the tax so paid shall be allowed as a credit or refund (without interest) to such person in the same manner as if it were in overpayment of tax imposed by section 4671.

"(2) QUALIFIED CHEMICAL FUEL OR SOLVENT.—For purposes of subparagraph (A), the term 'qualified chemical fuel or solvent' means any chemical or solvent which is determined by the Administrator as not being a hazardous waste.

"(d) RECYCLING OF BATTERIES.—Under regulations prescribed by the Secretary, if—

"(1) tax under section 4671 was paid with respect to the receipt of any battery at a qualified hazardous waste management unit, and

"(2) the recycling of such battery begins at such a unit by any person within 90 days after the date of the first receipt of such battery at any qualified hazardous waste management unit,

then the tax so paid shall be allowed as a credit or refund (without interest) to such person in the same manner as if it were an overpayment of tax imposed by section 4671.

"(e) TAX TO APPLY WHILE CORRECTIVE ACTION NOT COMPLETED.—

"(1) IN GENERAL.—The exemption provided by subsection (a) shall not be allowed under this section) with respect to any activity conducted at a facility (or part thereof) during the period that required corrective action remains uncompleted with respect to such facility (or part).

"(2) REQUIRED CORRECTION ACTION.—For purposes of paragraph (1), required corrective action shall be treated as uncompleted during the period—

"(A) beginning on the date that the corrective action is required by the Administrator or an authorized State pursuant to a final permit under section 3005 of the Solid Waste Disposal Act or a final order under section 3004 to 3008 of such Act, and

"(B) ending on the date the Administrator or such State (as the case may be) certifies to the Secretary that such corrective action has been completed.

"(3) RATE OF TAX WITH RESPECT TO WASTE WATER TREATMENT.—The rate of tax imposed by section 4671 by reason of this subsection with respect to hazardous waste received at any waste treatment unit shall be 15 cents per ton.

SEC. 4674. BACKUP TAX ON GENERATOR.

"(a) IMPOSITION OF TAX.—There is hereby imposed a tax on each ton of hazardous waste which, as of the close of the 270-day period beginning on the day after the day on which such waste was generated, has not been—

"(1) received at a qualified hazardous waste management unit,

"(2) received for transport from the United States for the purpose of ocean disposal, or

"(3) exported from the United States.

"(b) RATE OF TAX.—The rate of the tax imposed by subsection (a) shall be the rate of tax applicable to land disposal under section 4671 at the end of the 270-day period described in subsection (a).

"(c) LIABILITY FOR TAX.—The tax imposed by subsection (a) shall be paid by the generator of the hazardous waste.

"(d) EXEMPTIONS.—

"(1) SMALL GENERATORS.—The tax imposed by subsection (a) shall not apply to hazardous waste generated during any month if the generator of such waste does not generate more than 100 kilograms of hazardous waste during such month.

"(2) WASTE LEGALLY DISPOSED OF IN PUBLICLY OWNED TREATMENT WORKS.—The tax imposed by subsection (a) shall not apply to hazardous waste disposed of in any publicly owned treatment works if the disposal of such waste is not in violation of Federal, State, or local law.

"(3) OTHER EXEMPTIONS TO APPLY.—The exemptions provided by subsections (a) and (b) of section 4672 shall apply to the tax imposed by subsection (a).

"(4) EXEMPTIONS UNDER REGULATIONS; APPLICATION OF LOWER RATE.—The Secretary may prescribe regulations which provide exemptions from the tax imposed by subsection (a) (or the application of a lower rate) which are not inconsistent with the purposes of this section.

"(e) GENERATOR.—For purposes of this section, the term 'generator' means the person whose act or process produces the hazardous waste.

"(f) TERMINATION.—No tax shall be imposed by this section on waste generated after September 30, 1990.

"SEC. 4675. DEFINITIONS AND SPECIAL RULES.

"(a) DEFINITIONS.—For purposes of this subchapter—

"(1) HAZARDOUS WASTE.—The term 'hazardous waste' means any waste which is listed or identified as of the date of the enactment of the Superfund Revenue Act of 1985 under section 3001 of the Solid Waste Disposal Act. Rainwater shall not be treated as hazardous waste unless mixed with hazardous waste (as defined in the preceding sentence).

"(2) QUALIFIED HAZARDOUS WASTE MANAGEMENT UNIT.—The term 'qualified hazardous waste management unit' means the specified area of land or structure—

"(A) which isolates the hazardous wastes within a qualified hazardous waste facility, and

"(B) which is subject to the requirements for obtaining interim status or a final permit under subtitle C of the Solid Waste Disposal Act.

"(3) QUALIFIED HAZARDOUS WASTE MANAGEMENT FACILITY.—The term 'qualified hazardous waste management facility' means any facility, as defined under subtitle C of the Solid Waste Disposal Act, which has received a permit or is accorded interim status under—

"(A) section 3005 of the Solid Waste Disposal Act, or

"(B) a State program authorized under section 3006 of such Act.

"(4) OCEAN DISPOSAL.—The term 'ocean disposal' means the incineration or dumping of hazardous waste over or into ocean waters or the waters described in section 101(b) of the Marine Protection, Research, and Sanc-

tuaries Act of 1972, pursuant to section 102 of such Act.

"(5) DEFINITIONS RELATING TO AMOUNT TO TAX.—

"(A) LAND DISPOSAL.—The term 'land disposal' means a taxable event described in section 4671(a)(1) with respect to a qualified hazardous waste management unit which is a landfill, surface impoundment, waste pile, or land treatment unit.

"(B) LANDFILL, ETC.—For purposes of subparagraph (A), the terms 'landfill', 'surface impoundment', 'waste pile' and 'land treatment unit' have the respective meanings given such terms in regulations prescribed by the Administrator pursuant to sections 3004 and 3005 of the Solid Waste Disposal Act.

"(C) OTHER TAXABLE EVENT.—The term 'any other taxable event' means—

"(i) a taxable event described in section 4671(a)(1) which is not land disposal, and

"(ii) a taxable event described in paragraph (2) or (3) of section 4671(a).

"(6) WASTE WATER TREATMENT UNIT.—The term 'waste water treatment unit' means any qualified hazardous waste management unit which is an integral and necessary part of a treatment system—

"(A) for which a permit is required under section 402 of the Clean Water Act,

"(B) which is subject to pretreatment standards under subsection (b) or (c) of section 307 of the Clean Water Act, or

"(C) which is a zero discharge treatment system—

"(i) which, if the system discharged into navigable waters, would comply with effluent limitation guidelines prescribed under paragraph (2) or (4) of section 304(b) of the Clean Water Act,

"(ii) which, if the system discharged into a publicly owned treatment works, would comply with the pretreatment standards described in subparagraph (B), or

"(iii) if no such guidelines or standards have been prescribed, which employs biological treatment.

The term 'waste water treatment unit' shall not include any qualified hazardous waste management unit which receives for storage or final disposition concentrated treatment residues resulting from wastewater treatment.

"(7) ADMINISTRATOR.—The term 'Administrator' means the Administrator of the Environmental Protection Agency.

"(8) UNITED STATES.—The term 'United States' has the meaning given such term by section 4612(a)(4).

"(9) TON.—The term 'ton' means 2,000 pounds.

"(10) FRACTIONAL PART OF TON.—In the case of a fraction of a ton, the tax imposed by this subchapter shall be the same fraction of the amount of such tax imposed on a whole ton.

"(b) TREATMENT OF CONTAINERS, ETC. WHICH ARE RELATED TO INJECTION UNITS.—For purposes of this subchapter—

"(1) any container, tank, or surface impoundment which, with respect to any hazardous waste, is used to treat or store such waste before underground injection of such waste (whether or not the waste when injected is hazardous waste) into an injection well, and

"(2) the injection well into which such waste is injected,

shall be treated as a single hazardous waste management unit.

"(c) DISPOSITION OF REVENUES FROM PUERTO RICO AND THE VIRGIN ISLANDS.—The provisions of subsection (a)(3) and (b)(3) of section 7652 shall not apply to any tax imposed by this subchapter."

(b) INFORMATION REPORTING REQUIREMENT.—

(1) IN GENERAL.—Subpart A of part III of subchapter A of chapter 61 of such Code is amended by inserting after section 6039D the following new section:

"SEC. 6039E. INFORMATION WITH RESPECT TO MANAGEMENT TAX ON HAZARDOUS WASTE.

"Each person on whom a tax is imposed under subchapter C of chapter 38 shall (at such time and in such manner as the Secretary may require) submit to the Secretary such information as the Secretary may require, including information which such person is required to provide the Administrator of the Environmental Protection Agency under the Solid Waste Disposal Act. To the extent provided in regulations prescribed by the Secretary, the preceding sentence shall also apply to persons not described therein with respect to information which the Secretary determines is necessary or appropriate to the administration of such subchapter."

(2) PENALTY.—Subchapter B of chapter 68 of such Code (relating to assessable penalties) is amended by redesignating section 6708 (relating to mortgage credit certificates) as section 6709 and by adding at the end thereof the following new section:

"SEC. 6710. FAILURE TO PROVIDE INFORMATION WITH RESPECT TO MANAGEMENT TAX ON HAZARDOUS WASTE.

"(a) IN GENERAL.—Any person who fails to meet any requirement imposed by section 6039E shall pay a penalty of $100 for each day during which such failure continues, unless it is shown that such failure is due to reasonable cause and not due to willful neglect. The maximum penalty imposed under this subsection with respect to any failure shall not exceed $50,000.

"(b) PENALTY IN ADDITION TO OTHER PENALTIES.—The penalty imposed by this section shall be in addition to any other penalty provided by law."

(3) CONFORMING AMENDMENTS.—

(A) The table of sections for subpart A of part III of subchapter A of chapter 61 of such Code is amended by inserting after the item relating to section 6039D the following new item:

"Sec. 6039E. Information with respect to management tax on hazardous waste."

(B) The table of sections for subchapter B of chapter 68 of such Code is amended by redesignating the item relating to mortgage credit certificates as section 6709 and by adding at the end thereof the following new item:

"Sec. 6710. Failure to provide information with respect to management tax on hazardous waste."

(c) PENALTY FOR NEGLIGENCE TO APPLY TO ENVIRONMENTAL TAXES.—Section 6653 of such Code (relating to failure to pay tax) is amended by adding at the end thereof the following new subsection:

"(i) NEGLIGENCE PENALTY TO APPLY TO ENVIRONMENTAL TAXES.—For purposes of applying paragraphs (1) and (2) of subsection (a), paragraph (1) of subsection (a) shall be treated as including a reference to underpayments (as defined in subsection (c)) of tax imposed by chapter 38 (relating to environmental taxes)."

(d) CLERICAL AMENDMENT.—The table of subchapters for chapter 38 of such Code is amended by adding after the item relating to subchapter B the following new item:

"Subchapter C. Hazardous waste management tax."

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall take effect on January 1, 1986.

(2) BACKUP TAX ON GENERATOR.—Section 4674 of the Internal Revenue Code of 1954 (relating to backup tax on generator), as added by this section, shall apply to waste generated after December 31, 1986.

SEC. 516. TAX ON CERTAIN IMPORTED SUBSTANCES DERIVED FROM TAXABLE CHEMICALS.

(a) GENERAL RULE.—Chapter 38 of the Internal Revenue Code of 1954 is amended by adding after subchapter C the following new subchapter:

"Subchapter D—Tax on Certain Imported Substances

"Sec. 4677. Imposition of tax.

"Sec. 4678. Definitions and special rules.

"SEC. 4677. IMPOSITION OF TAX.

"(a) GENERAL RULE.—There is hereby imposed a tax on any taxable substance sold or used by the importer thereof.

"(b) AMOUNT OF TAX.—

"(1) IN GENERAL.—Except as provided in paragraph (2), the amount of the tax imposed by subsection (a) with respect to any taxable substance shall be the amount of the tax which would have been imposed by section 4661 on the taxable chemicals or petroleum used as materials or process fuel in the manufacture or production of such substance if such taxable chemicals or petroleum had been sold in the United States for use in the manufacture or production of such taxable substance.

"(2) RATE WHERE IMPORTER DOES NOT FURNISH INFORMATION TO SECRETARY.—If the importer does not furnish to the Secretary (at such time and in such manner as the Secretary shall prescribe) sufficient information to determine under paragraph (1) the amount of the tax imposed by subsection (a) on any taxable substance, the amount of the tax imposed on such taxable substance shall be 5 percent of the appraised value of such substance as of the time such substance was entered into the United States for consumption, use, or warehousing.

"(c) EXEMPTIONS FOR SUBSTANCES TAXED UNDER SECTIONS 4611 AND 4661.—No tax shall be imposed by this section on the sale or use of any substance if tax is imposed on such sale or use under section 4611 or 4661.

"(d) TERMINATION.—The taxes imposed by this section shall not apply after September 30, 1990.

"SEC. 4678. DEFINITIONS AND SPECIAL RULES.

"(a) TAXABLE SUBSTANCE.—For purposes of this subchapter—

"(1) IN GENERAL.—The term 'taxable substance' means any substance which, at the time of sale or use by the importer, is listed as a taxable substance by the Secretary for purposes of this subchapter.

"(2) DETERMINATION OF SUBSTANCES ON LIST.—A substance shall be listed under paragraph (1) if the Secretary determines, in consultation with the Administrator of the Environmental Protection Agency and the Commissioner of Customs, that such substance generally has more than 50 percent of its value derived (as materials or as process fuel) from taxable chemicals or petroleum (determined on the basis of the predominant method of production).

"(3) MODIFICATIONS TO LIST.—The Secretary may add or remove substances from the list under paragraph (2) as necessary to carry out the purposes of this subchapter.

"(b) OTHER DEFINITIONS.—For purposes of this subchapter—

"(1) IMPORTER.—The term 'importer' means the person entering the taxable substance for consumption, use, or warehousing.

"(2) TAXABLE CHEMICALS; UNITED STATES.—The terms 'taxable chemical' and 'United States' have the respective meanings given such terms by section 4662(a).

"(c) DISPOSITION OF REVENUES FROM PUERTO RICO AND THE VIRGIN ISLANDS.—The provisions of subsections (a)(3) and (b)(3) of section 7652 shall not apply to any tax imposed by section 4677."

"(b) CLERICAL AMENDMENT.—The table of subchapters for chapter 38 of such Code is amended by adding after the item relating to subchapter C the following new:

"Subchapter D. Tax on certain imported substances."

"(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1987.

SEC. 517. IMPOSITION OF SUPERFUND EXCISE TAX.

"(a) IN GENERAL.—Chapter 38 of the Internal Revenue Code of 1954 is amended by adding after subchapter D the following new subchapter:

"Subchapter E—Superfund Excise Tax

"Part I. Imposition of tax.
"Part II. Taxable transaction.
"Part III. Taxable amount; exempt transactions; credit against tax.
"Part IV. Administration.
"Part V. Definitions; special rules.

"PART I—IMPOSITION OF TAX

"Sec. 4681. Imposition of tax.
"Sec. 4682. Termination.

"SEC. 4681. IMPOSITION OF TAX

"(a) GENERAL RULE.—A tax is hereby imposed on each taxable transaction.

"(b) AMOUNT OF TAX.—Execpt as otherwise provided in this subchapter, the amount of the tax shall be .08 percent of the taxable amount.

"SEC. 4682. TERMINATION.

"(a) IN GENERAL.—No tax shall be imposed under section 4681 after December 31, 1990.

"(b) TERMINATION IF $10,000,000,000 OF SUPERFUND TAXES COLLECTED.—

"(1) ESTIMATES BY THE SECRECTARY.—The Secretary as of the close of each calendar quarter shall make an estimate of the aggregate amount appropriated or credited to the Hazardous Substance Superfund (other than by reason of paragraphs (3), (4), and (5) of section 9505(b)) during the period beginning on November 1, 1985, and ending on September 30, 1990.

"(2) TERMINATION IF $10,000,000,000 CREDITED BEFORE SEPTEMBER 30, 1990.—If the Secretary estimates under paragraph (1) that more than $10,000,000,000 of the amount referred to in paragraph (1) will be credited to the Fund as of the close of any calendar quarter before September 30, 1990, no tax shall be imposed under section 4681 after such quarter.

"(c)" PROCEDURES FOR TERMINATION.—

"(1) PRORATION OVER TAXABLE PERIOD.—In the case of any taxable period which begins before and ends after the termination date determined under subsection (a) or (b), the tax imposed by section 4681 on taxable transactions described in paragraph (1) of section 4683(a) (and the credit allowable under section 4687) for such taxable period shall be equal to an amount which bears the same ratio to the amount of such tax (and credit) for such taxable period (determined without regard to the termination) as—

"(A) the number of days in such taxable period up to and including the date of termination, bears to

"(B) the number of days in such taxable period.

"(2) TAX ON IMPORTS.—The tax imposed by section 4681 on taxable transactions described in paragraph (2) of section 4683(a) shall not apply to property imported after the termination date determined under subsection (a) or (b).

"(3) OTHER PROCEDURES.—The Secretary shall by regulation provide such procedures for a termination under this section as the Secretary determines necessary.

"PART II—TAXABLE TRANSACTION

"Sec. 4683. Taxable transaction.
"Sec. 4684. Taxable person.

SEC. 4683. TAXABLE TRANSACTION.

"(a) IN GENERAL.—For purposes of this subchapter except as otherwise provided in this subchapter, the term 'taxable transaction' means—

"(1) the sale or leasing of tangible personal property by a taxable person in connection with a trade or business, or

"(2) the importing of tangible personal property into the United States by a taxable person.

"(b) EXEMPT TRANSACTIONS.—

"For exempt transactions, see section 4686.

"SEC. 4684. TAXABLE PERSON.

"(a) GENERAL RULE.—Except as otherwise provided in this subchapter, for purposes of this subchapter, the term 'taxable person' means—

"(1) in the case of a taxable transaction described in paragraph (1) of section 4683(a)—

"(A) the manufacturer of the tangible personal property, or

"(B) any person who included the costs of the tangible personal property in such person's qualified inventory costs, and

"(2) in the case of a taxable transaction described in paragraph (2) of section 4683(a), the importer of the tangible personal property.

"(b) GOVERNMENT ENTITIES AND EXEMPT ORGANIZATIONS NOT TAXABLE PERSONS.—For purposes of this subchapter, the term 'taxable person' shall not include—

"(1) the United States, any State or political subdivision thereof, the District of Columbia, a Commonwealth or possession of the United States, or any agency or instrumentality of the foregoing, and

"(2) any organization which is exempt from taxation under chapter 1 by reason of section 501(a); except that this paragraph shall not apply with respect to any transaction which is part of an unrelated trade or business (within the meaning of section 513) of such organization.

"PART III—TAXABLE AMOUNT; EXEMPT TRANSACTIONS; CREDIT AGAINST TAX

"Sec. 4685. Taxable amount.
"Sec. 4686. Exempt transactions.
"Sec. 4687. Credit against tax on sales and leases.

"SEC. 4685. TAXABLE AMOUNT.

"(a) SALE.—For purposes of this subchapter, the taxable amount for any sale shall be the price (in money or fair market value of other consideration) charged the purchaser of the property by the seller thereof—

"(1) including items payable to the seller with respect to such transaction, but

"(2) excluding the tax imposed by section 4681 or chapter 32 with respect to such transaction.

"(b) IMPORTS.—For purposes of this subchapter, the taxable amount in the case of any import shall be the sum of—

"(1) the customs value, plus

"(2) customs duties and any other duties which may be imposed.

If there is no such customs value, fair market value (determined in a manner similar to the determination of customs value) shall be substituted for customs value in paragraph (1).

"(c) LEASES.—For purposes of this subchapter, the taxable amount in the case of any lease shall be the gross payments under the lease.

"(d) CONTAINERS, PACKING, AND TRANSPORTATION CHARGES; CONSTRUCTIVE SALES PRICE.—Under regulations, rules similar to the rules of subsections (a) and (b) of section 4216 (relating to containers, packing, and transportation charges, etc., and constructive sales price) shall apply in computing the taxable amount.

"(e) SPECIAL RULE WHERE SALE OR LEASE PAYMENTS RECEIVED IN MORE THAN 1 TAXABLE PERIOD.—

"(1) SALES.—In the case of a sale of any tangible personal property where the consideration is received by the seller in more than 1 taxable period—

"(A) in the case of the seller, the taxable amount for each such taxable period shall be the portion of the taxable amount received during such period, and

"(B) in the case of the buyer, the cost of such property shall be taken into account for purposes of determining qualified inventory costs only when paid.

"(2) LEASES.—In the case of a lease with a term which includes more than 1 taxable period, the taxable amount for each taxable period shall include the gross lease payments received by the taxable person during such taxable period.

"SEC. 4686. EXEMPT TRANSACTIONS.

"(a) IMPORTS OF $10,000 OR LESS.—No tax shall be imposed under section 4681 on any tangible personal property imported into the United States as part of a shipment (within the meaning of section 498(a)(1) of the Tariff Act of 1930; 19 U.S.C. 1498(a)(1)) the aggregate taxable amount of which is $10,000 or less.

"(b) EXPORTS.—Under regulations, no tax shall be imposed under section 4681 on the sale of any property which is to be exported from the United States.

"(c) CERTAIN EXEMPT PRODUCTS.—

"(1) IN GENERAL.—In the case of any exempt product—

"(A) no tax shall be imposed by section 4681 with respect to such product, and

"(B) any qualified inventory costs allocable to such product shall not be taken into account under section 4687.

"(2) EXEMPT PRODUCT.—For purposes of this section—

"(A) IN GENERAL.—The term 'exempt product' means—

"(i) any food product,

"(ii) any unprocessed agricultural or fishery product,

"(iii) any unprocessed timber, and

"(iv) any fertilizer product.

"(B) FOOD PRODUCT.—The term 'food product' means—

"(i) any food or nonalcoholic drink for humans or animals, and

"(ii) any material, component, or packaging of such a food or drink.

"(C) FERTILIZER PRODUCT.—The term 'fertilizer product' means—

"(i) any product to be used as a fertilizer, and

"(ii) any material, component, or packaging of such a product.

"SEC. 4687. CREDIT AGAINST TAX ON SALES AND LEASES.

"(a) GENERAL RULE.—There shall be allowed as credit against the tax imposed by section 4681 for any taxable period on taxable transactions described in paragraph (1) of section 4683(a) an amount equal to the greater of—

"(1) .08 percent of the qualified inventory costs of the taxable person for the taxable period, or

"(2) $8,000.

"(b) LIMITATION BASED ON TAX LIABILITY; CARRYFORWARD OF EXCESS CREDIT.—

"(1) LIMITATION BASED ON AMOUNT OF TAX.—The amount of the credit allowed by subsection (a) for any taxable period shall not exceed the liability for tax imposed by section 4681 on taxable transactions described in paragraph (1) of section 4683(a) for such period.

"(2) CARRYFORWARD OF EXCESS CREDIT.—If the credit allowable under subsection (a)(1) for any taxable period exceeds the limitation imposed by paragraph (1), such credit shall be carried to the succeeding taxable period and added to the credit allowable under subsection (a)(1) for such succeeding taxable period.

"(c) QUALIFIED INVENTORY COSTS.—For purposes of this subchapter—

"(1) IN GENERAL.—Except as provided in paragraph (2), the term 'qualified inventory costs' means, with respect to any taxable period, the costs of tangible personal property which—

"(A) are allocable to the inventory of a manufacturer under the full absorption method of accounting under section 471, and

"(B) are paid or incurred by the taxable person during such taxable period.

"(2) SPECIAL RULES.—For purposes of this subsection—

"(A) EXPENSING RATHER THAN DEPRECIATION OR AMORTIZATION.—If any portion of an allowance for depreciation or amortization with respect to any property would be allocable to the inventory of a manufacturer under the full absorption method of accounting, a like portion of the cost of such property shall be included in the qualified inventory costs of the taxpayer for the taxable period in which such property is placed in service. Treatment under the preceding sentence shall be in lieu of any allowance for depreciation or amortization.

"(B) PROPERTY MANUFACTURED FOR LEASE BY MANUFACTURER.—For purposes of computing qualified inventory costs, any tangible personal property which is manufactured for lease by the manufacturer shall be treated in the same manner as property which is manufactured for sale by the manufacturer.

"(d) CARRYFORWARD NOT ALLOWED FOR COSTS DURING PERIODS FOR WHICH RETURN NOT FILED. —

"(1) IN GENERAL.—In determining the amount allowable as a carryforward under subsection (b)(2), the qualified inventory costs of the taxable person during any taxable period shall be taken into account only if such person files a timely return (determined with regard to extensions) of the tax imposed by section 4681 for such period.

"(2) BASIS ADJUSTMENT FOR INCOME TAX PURPOSES.—For purposes of subtitle A, if the cost of any property is taken into account in determining the amount of the qualified inventory costs of the taxable person for any taxable period, the adjusted basis of such property shall be reduced by an amount equal to .08 percent of the qualified inventory costs of the taxpayer attributable to such property.

"PART IV—ADMINISTRATION

"Sec. 4688. Liability for tax.

"Sec. 4689. Return requirement; taxable period; depositary requirements.

"Sec. 4690. Regulations.

"SEC. 4688. LIABILITY FOR TAX.

"The taxable person shall be liable for the tax imposed by section 4681.

"SEC. 4689. RETURN REQUIREMENT; TAXABLE PERIOD; DEPOSITARY REQUIREMENTS.

"(a) RETURN REQUIREMENT. —

"(1) IN GENERAL.—Except as provided in this subsection, each taxable person shall file a return of the tax imposed by section 4681 for any taxable period not later than—

"(A) the due date (including extensions) for filing the taxpayer's return of tax under chapter 1, or

"(B) if no return of tax is required under chapter 1—

"(i) April 15 in the case of a taxpayer other than a corporation, and

"(ii) March 15 in the case of a corporation,

including extensions granted for purposes of this subchapter.

"(2) EXCEPTION FOR TAXABLE TRANSACTIONS OF $10,000,000 OR LESS.—A taxable person shall not be required to file a return for any taxable period for taxable transactions described in paragraph (1) of section 4683(a) if the aggregate taxable amount for such transactions is $10,000,000 or less. For purposes of the preceding sentence, there shall not be taken into account any transaction exempt from the tax imposed by section 4681 by reason of section 4686(c).

"(3) OTHER EXCEPTIONS.—The Secretary may by regulation exempt any taxable person from the requirement of paragraph (1).

"(b) TAXABLE PERIOD.—For purposes of this subchapter, the term 'taxable period' means—

"(1) the taxable person's taxable year for purposes of chapter 1, or

"(2) if there is no taxable year for purposes of chapter 1, the calendar year.

"(c) DEPOSITARY REQUIREMENTS.—

"(1) IN GENERAL.—In the case of any person with respect to whom a tax is imposed under section 4681 for any taxable period on any taxable transaction described in paragraph (1) of section 4683(a), such person shall make quarterly deposits of the estimated amount of such tax for the succeeding taxable period.

"(2) SPECIAL RULE FOR 1ST TAXABLE PERIOD.—Notwithstanding paragraph (1), a deposit shall be required for the 1st taxable period of any taxable person to which this subchapter applies if the gross receipts of such person during the 1st taxable year ending before such taxable period from the sale or leasing of tangible personal property manufactured by such person exceed $50,000,000.

"SEC. 4690. REGULATIONS.

"The Secretary shall prescribe such regulations as may be necessary to carry out the purposes of this subchapter.

"PART V—DEFINITIONS; SPECIAL RULES

"Sec. 4691. Definitions; special rules.

"SEC. 4691. DEFINITIONS; SPECIAL RULES.

"(a) MANUFACTURER.—For purposes of this subchapter—

"(1) IN GENERAL.—The term 'manufacturer' includes any producer of tangible personal property (including raw materials).

"(2) CERTAIN ACTIVITIES NOT TAKEN INTO ACCOUNT.—A person shall not be treated as a manufacturer with respect to any property merely by reason of—

"(A) furnishing services incidental to the storage or transportation of such property, or

"(B) incidental preparation of property by a retailer or wholesaler (including routine assemblage).

"(b) SPECIAL RULE FOR TAXPAYERS UNDER COMMON CONTROL.—

"(1) IN GENERAL.—All persons which are—

"(A) members of the same controlled group of corporations (within the meaning of section 52(a)), or

"(B) under common control (within the meaning of section 52(b)),

shall be treated as 1 person for purposes of the $8,000 amount specified in section 4687(a)(2), the $10,000,000 amount specified in section 4689(a)(2), the $10,000,000 amount specified in section 4689(a)(2), and the $50,000,000 amount specified in section 4689(c)(2).

"(2) ALLOCATION OF AMOUNTS.—The amounts specified in paragraph (1) shall be allocated among persons described in paragraph (1) in such manner as the Secretary may prescribe by regulations.

"(c) PERSON.—For purposes of this subchapter, the term 'person' includes any governmental entity.

"(d) UNITED STATES.—For purposes of this subchapter, the term 'United States' has the meaning given such term by section 4612(a)(4).

"(e) TANGIBLE PERSONAL PROPERTY.—For purposes of this subchapter, the term 'tangible personal property' includes gases.

"(f) IMPORT.—Except as otherwise provided in regulations, for purposes of this subchapter, the term 'import' means the entering, or withdrawal from warehouse, for consumption.

"(g) TAX ON IMPORT IN ADDITION TO DUTY.—The tax imposed by section 4681 on the importing of any tangible personal property shall be in addition to any duty imposed on such importation.

"(h) DISPOSITION OF REVENUES FROM PUERTO RICO AND THE VIRGIN ISLANDS.—The provisions of subsection (a)(3) and (b)(3) of section 7652 shall not apply to any tax imposed by section 4681.

"(i) SPECIAL RULE FOR SHORT TAXABLE PERIODS.—In the case of a taxable period which is less than 12 months, there shall be substituted for the dollar amounts otherwise applicable under sections 4687(a)(2) and 4689(a)(2) (determined after the application of subsection (b)) an amount which bears the same ratio to such amounts as the number of days in the taxable period bears to 365.

"(j) SALE TO INCLUDE CERTAIN EXCHANGES AND TRANSFERS.—For purposes of this subchapter, except as provided in regulations, the term 'sale' includes any exchange or other transfer, other than a gift (within the meaning of section 102 or section 170)."

(b) APPLICATION OF CERTAIN PENALTIES.—

(1) FAILURE TO FILE RETURN OR PAY TAX.—Paragraph (1) of section 6651(a) of such Code (relating to addition to tax) is amended by inserting "section 4689 (relating to Superfund excise tax)," before "subchapter A of chapter 51".

(2) FAILURE TO MAKE DEPOSITS.—Section 6656 of such Code (relating to failure to

make deposit of taxes or overstatement of deposits) is amended by adding at the end thereof the following new subsection:

"(c) SPECIAL RULE FOR SUPERFUND EXCISE TAX.—For purposes of subsection (a), in the case of the tax imposed by section 4681, the tax required to be deposited shall be equal to the lesser of—

"(1) 90 percent of the tax imposed by section 4681 during the taxable period on taxable transactions described in paragraph (1) of section 4683(a), or

"(2) the amount of such tax imposed during the preceding taxable period (determined on an annual basis).

Paragraph (2) shall not apply if no tax was imposed during the preceding taxable period.".

(c) TREATMENT OF INDIAN TRIBAL GOVERNMENTS.—Paragraph (2) of section 7871(a) of such Code (relating to Indian tribal governments treated as States for certain purposes) is amended by redesignating subparagraphs (A), (B), (C), and (D) as subparagraphs (B), (C), (D), and (E), respectively, and by inserting before subparagraph (B) (as so redesignated) the following new subparagraph:

"(A) subchapter E of chapter 38 (relating to Superfund excise tax),".

(d) CLERICAL AMENDMENT.—The table of subchapters for chapter 38 of such Code is amended by inserting after the item relating to subchapter D the following new item:

"Subchapter E. Superfund excise tax."

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply with respect to taxable amounts received in taxable periods ending after December 31, 1985.

(2) SPECIAL RULE FOR IMPORTS.—In the case of imports, the amendments made by this section shall apply to articles imported after December 31, 1985.

(3) SPECIAL RULE FOR TAXABLE PERIOD INCLUDING JANUARY 1, 1986.—In the case of any taxable period which begins before January 1, 1986, and ends on or after January 1, 1986, the tax imposed by section 4681 of the Internal Revenue Code of 1954 on taxable transactions described in paragraph (1) of section 4683(a) of such Code (and the credit allowable under section 4687 of such code) for such taxable period shall be equal to an amount which bears the same ratio to the amount of such tax (and credit) for such taxable period (determined as if such tax and credit had been in effect for the entire taxable period) as—

(A) the number of days in such taxable period after December 31, 1985, bears to

(B) the number of days in such taxable period.

SEC. 518. HAZARDOUS SUBSTANCE SUPERFUND.

(a) IN GENERAL.—Subchapter A of chapter 98 of the Internal Revenue Code of 1954 (relating to establishment of trust funds) is amended by adding after section 9504 the following new section:

"SEC. 9505. HAZARDOUS SUBSTANCE SUPERFUND.

"(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'Hazardous Substance Superfund' (hereinafter in this section referred to as the 'Superfund'), consisting of such amounts as may be—

"(1) appropriated to the Superfund as provided in this section,

"(2) appropriated to the Superfund pursuant to section 518(b) of the Superfund Revenue Act of 1985, or

"(3) credited to the Superfund as provided in section 9602(b).

"(b) TRANSFERS TO SUPERFUND.—There are hereby appropriated to the Superfund amounts equivalent to—

"(1) the taxes received in the Treasury under section 4611, 4661, 4671, 4674, 4677, or 4681 (relating to environmental taxes),

"(2) amounts recovered on behalf of the Superfund under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (hereinafter in this section referred to as 'CERCLA'),

"(3) all moneys recovered or collected under section 311(b)(6)(B) of the Clean Water Act,

"(4) penalties assessed under title I of CERCLA, and

"(5) punitive damages under section 107(c)(3) of CERCLA.

"(c) EXPENDITURES FROM SUPERFUND.—

"(1) IN GENERAL.—Amounts in the Superfund shall be available, as provided in appropriation Acts, only for purposes of making expenditures—

"(A) to carry out the purposes of paragraphs (1), (2), (4), and (5) of section 111(a) of CERCLA as in effect on the date of the enactment of the Superfund Amendments of 1985, or

"(B) hereafter authorized by a law which authorizes the expenditure out of the Superfund for a general purpose covered by paragraphs (1), (2), (4), and (5) of such section 111(a) (as so in effect).

"(2) EXCEPTION FOR CERTAIN TRANSFERS, ETC. OF HAZARDOUS SUBSTANCES.—Amounts in the Superfund shall not be available for any transfer or disposal which could not be made but for section 118(d) of the Superfund Amendments of 1985, as in effect on the date of the enactment thereof.

"(d) AUTHORITY TO BORROW.—

"(1) IN GENERAL.—There are authorized to be appropriated to the Superfund, as repayable advances, such sums as may be necessary to carry out the purposes of the Superfund.

"(2) REPAYMENT OF ADVANCES.—

"(A) IN GENERAL.—Advances made pursuant to this subsection shall be repaid, and interest on such advances shall be paid, to the general fund of the Treasury when the Secretary determines that moneys are available for such purposes in the Superfund.

"(B) FINAL REPAYMENT.—No advance shall be made to the Superfund after September 30, 1990, and all advances to such Fund shall be repaid on or before such date.

"(C) RATE OF INTEREST.—Interest on advances made pursuant to this subsection shall be at a rate determined by the Secretary of the Treasury (as of the close of the calendar month preceding the month in which the advance is made) to be equal to the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the anticipated period during which the advance will be outstanding and shall be compounded annually.

"(e) LIABILITY OF UNITED STATES LIMITED TO AMOUNT IN TRUST FUND.—

"(1) GENERAL RULE.—Any claim filed against the Superfund may be paid only out of the Superfund.

"(2) COORDINATION WITH OTHER PROVISIONS.—Nothing in CERCLA or the Superfund Amendments of 1985 (or in any amendment made by either of such Acts) shall authorize the payment by the United States Government of any amount with respect to any such claim out of any source other than the Superfund.

"(3) ORDER IN WHICH UNPAID CLAIMS ARE TO BE PAID.—If at any time the Superfund has insufficient funds to pay all of the claims payable out of the Superfund at such time, such claims shall, to the extent permitted under paragraph (1), be paid in full in the order in which they were finally determined."

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, to the Hazardous Substance Superfund for fiscal year—

(1) 1986, $36,000,000,

(2) 1987, $36,000,000,

(3) 1988, $36,000,000,

(4) 1989, $36,000,000, and

(5) 1990, $36,000,000,

plus for each fiscal year an amount equal to so much of the aggregate amount authorized to be appropriated under this subsection (and paragraph (2) of section 221(b) of the Hazardous Substance Response Act of 1980, as in effect before its repeal) as has not been appropriated before the beginning of the fiscal year involved.

(c) CONFORMING AMENDMENTS.—

(1) Subtitle B of the Hazardous Substance Response Revenue Act of 1980 (relating to establishment of Hazardous Substance Response Trust Fund) is hereby repealed.

(2) Paragraph (11) of section 101 of the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 is amended to read as follows:

"(11) 'Fund' or 'Trust Fund' means the Hazardous Substance Superfund established by section 9505 of the Internal Revenue Code of 1954;".

(d) CLERICAL AMENDMENT.—The table of sections for subchapter A of chapter 98 of such Code is amended by adding after the item relating to section 9504 the following new item:

"Sec. 9505. Hazardous Substance Superfund."

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on November 1, 1985.

(2) SUPERFUND TREATED AS CONTINUATION OF OLD TRUST FUND.—The Hazardous Substance Superfund established by the amendments made by this section shall be treated for all purposes of law as a continuation of the Hazardous Substance Response Trust Fund established by section 221 of the Hazardous Substance Response Revenue Act of 1980. Any reference in any law to the Hazardous Substance Response Trust Fund established by such section 221 shall be deemed to include (wherever appropriate) a reference to the Hazardous Substance Superfund established by the amendments made by this section.

PART II—LEAKING UNDERGROUND STORAGE TANK TRUST FUND AND ITS REVENUE SOURCES

SEC. 521. ADDITIONAL TAX ON GASOLINE, DIESEL FUEL, AND SPECIAL MOTOR FUELS.

(a) GENERAL RULE.—

(1) GASOLINE.—Section 4081 of the Internal Revenue Code of 1954 (relating to imposition of tax on gasoline) is amended by striking out subsections (a) and (b) and inserting in lieu thereof the following:

"(a) TAX TO FUND HIGHWAY PROGRAM.—

"(1) IN GENERAL.—There is hereby imposed on gasoline sold by the producer or importer thereof, or by any producer of gasoline, a tax of 9 cents a gallon.

"(2) TERMINATION.—On and after October 1, 1988, the tax imposed by paragraph (1) shall not apply.

"(b) ADDITIONAL TAX TO FUND LEAKING UNDERGROUND STORAGE TANK TRUST FUND.—

"(1) IN GENERAL.—In addition to the tax imposed by subsection (a), there is hereby imposed on gasoline sold by the producer or importer thereof, or by any producer of gasoline, a tax of 0.2 cents a gallon.

"(2) TERMINATION.—

"(A) IN GENERAL.—The tax imposed by paragraph (1) shall not apply after the earlier of—

"(i) September 30, 1990, or

"(ii) the last day of the termination month.

"(B) TERMINATION MONTH.—For purposes of subparagraph (A), the termination month is the 1st month as of the close of which the Secretary estimates that the net revenues from the taxes imposed by paragraph (1) and section 4041(d) are at least $850,000,000.

"(C) NET REVENUES.—For purposes of subparagraph (B), the term 'net revenues' means the excess of gross revenues over amounts payable by reason of section 9506(c)(2) (relating to transfer from Leaking Underground Storage Tank Trust Fund for certain repayments and credits)."

(2) DIESEL AND SPECIAL MOTOR FUELS.—Section 4041 of such Code (relating to tax on special fuels) is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"(d) ADDITIONAL TAX ON DIESEL FUEL AND SPECIAL MOTOR FUELS TO FUND LEAKING UNDERGROUND STORAGE TANK TRUST FUND.—

"(1) DIESEL FUEL.—In addition to the taxes imposed by subsection (a), there is hereby imposed a tax of 0.2 cents a gallon on any liquid (other than a product taxable under section 4081)—

"(A) sold by any person to an owner, lessee, or other operator of a diesel-powered highway vehicle for use as a fuel in such vehicle, or

"(B) used by any person as a fuel in a diesel-powered highway vehicle unless there was a taxable sale of such liquid under subparagraph (A).

"(2) SPECIAL MOTOR FUELS.—In addition to the taxes imposed by subsection (a), there is hereby imposed a tax of 0.2 cents a gallon on benzol, benzene, naphtha, liquefied petroleum gas, casing head and natural gasoline, or any other liquid (other than kerosene, gas oil, or fuel oil, or any product taxable under section 4081 or paragraph (1) of this subsection)—

"(A) sold by any person to an owner, lessee, or other operator of a motor vehicle or motorboat for use as a fuel in such motor vehicle or motorboat, or

"(B) used by any person as a fuel in a motor vehicle or motorboat unless there was a taxable sale of such liquid under subparagraph (A).

"(3) TERMINATION.—The taxes imposed by this subsection shall not apply during any period during which no tax is imposed by section 4081(b)."

(b) ADDITIONAL TAXES NOT TRANSFERRED TO HIGHWAY TRUST FUND OR AIRPORT AND AIRWAY TRUST FUND.—

(1) HIGHWAY TRUST FUND.—

(A) IN GENERAL.—Subsection (b) of section 9503 of such Code (relating to transfer to Highway Trust Fund of amounts equivalent to certain taxes) is amended by adding at the end thereof the following new paragraph:

"(4) CERTAIN ADDITIONAL TAXES NOT TRANSFERRED TO HIGHWAY TRUST FUND.—For purposes of paragraphs (1) and (2), the taxes imposed by sections 4041(d) and 4081(b) shall not be taken into account."

(B) CONFORMING AMENDMENT.—Subparagraph (D) of section 9503(c)(4) of such Code (defining motorboat fuel taxes) is amended by striking out "section 4081" and inserting in lieu thereof "section 4081(a)".

(2) AIRPORT AND AIRWAY TRUST FUND.—Subsection (b) of section 9502 of such Code (relating to transfer to Airport and Airway Trust Fund of amounts equivalent to certain taxes) is amended—

(A) by striking out subsections (c) and (d) of section 4041" in paragraph (1) and inserting in lieu thereof "subsections (c) and (e) of section 4041", and

(B) by striking out "section 4081" in paragraph (2) and inserting in lieu thereof "section 4081(a)".

(c) REPAYMENTS FOR GASOLINE USED ON FARMS, ETC.—

(1) GASOLINE USED ON FARMS.—Subsection (h) of section 6420 of such Code (relating to termination) is amended by striking out "This section" and inserting in lieu thereof "Except with respect to taxes imposed by section 4081(b), this section".

(2) GASOLINE USED FOR CERTAIN NONHIGHWAY PURPOSES OR BY LOCAL TRANSIT SYSTEMS.—Subsection (h) of section 6421 of such Code (relating to effective date) is amended by striking out "This section" and inserting in lieu thereof "Except with respect to taxes imposed by section 4081(b), this section".

(3) FUELS USED FOR NONTAXABLE PURPOSES.—

(A) Subsection (m) of section 6427 of such Code (relating to termination) is amended by striking out "Subsections" and inserting in lieu thereof "Except with respect to taxes imposed by sections 4041(d) and 4081(b), subsections".

(B) Section 6427 of such Code is amended by redesignating subsection (n) as subsection (o) and by inserting after subsection (m) the following new subsection:

"(n) PAYMENTS FOR TAXES IMPOSED BY SECTION 4041(d).—For purposes of subsections (a), (b), and (c), the taxes imposed by section 4041(d) shall be treated as imposed by section 4041(a)."

(C) Paragraph (1) of section 6427(f) of such Code (relating to gasoline used to produce certain alcohol fuels) is amended by striking out "section 4081" and inserting in lieu thereof "section 4081(A)".

(d) CONTINUATION OF CERTAIN EXEMPTIONS FROM ADDITIONAL TAXES.—

(1) Subsection (b) of section 4041 of such Code (relating to exemption for off-highway business use; exemption for qualified methanol and ethanol fuel) is amended by adding at the end thereof the following new paragraph:

"(3) COORDINATION WITH TAXES IMPOSED BY SUBSECTION (d).—

"(A) IN GENERAL.—Except as provided in subparagraph (B), rules similar to the rules of paragraph (1) and (2) shall apply with respect to the taxes imposed by subsection (d).

"(B) TERMINATION NOT TO APPLY.—Subparagraph (C) of paragraph (2) shall not apply with respect to the taxes imposed by subsection (d)."

(2) Paragraph (3) of section 4041(f) of such Code (relating to exemption for farm use) is amended by striking out "On and after" and inserting in lieu thereof "Except with respect to the taxes imposed by subsection (d), on and after".

(3) The last sentence of section 4041(g) of such Code (relating to other exemptions) is amended by striking out "Paragraphs" and inserting in lieu thereof "Except with respect to the taxes imposed by subsection (d), paragraphs".

(4) The last sentence of section 4221(a) of such Code (relating to certain tax-free sales) is amended by striking out "4081" and inserting in lieu thereof "4081(a)".

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on November 1, 1985.

SEC. 522. LEAKING UNDERGROUND STORAGE TANK TRUST FUND.

(a) IN GENERAL.—Subchapter A of chapter 98 of the Internal Revenue Code of 1954 (relating to establishment of trust funds) is amended by adding after section 9505 the following new section:

"SEC. 9506. LEAKING UNDERGROUND STORAGE TANK TRUST FUND.

"(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'Leaking Underground Storage Tank Trust Fund', consisting of such amounts as may be appropriated or credited to such Trust Fund as provided in this section or section 9602(b).

"(b) TRANSFERS TO TRUST FUND.—There are hereby appropriated to the Leaking Underground Storage Tank Trust Fund amounts equivalent to—

"(1) taxes received in the Treasury under sections 4041(d) and 4081(b) (relating to additional taxes on motor fuels and gasoline), and

"(2) amounts collected under section 9003(h)(6) of the Solid Waste Disposal Act.

"(c) EXPENDITURES.—

"(1) IN GENERAL.—Except as provided in paragraph (2), amounts in the Leaking Underground Storage Tank Trust Fund shall be available, as provided in appropriation Acts, only for purposes of making expenditures to carry out section 9003(h) of the Solid Waste Disposal Act as in effect on the date of the enactment of the Superfund Amendments of 1985.

"(2) TRANSFERS FROM TRUST FUND FOR CERTAIN REPAYMENTS AND CREDITS.—

"(a) IN GENERAL.—The Secretary shall pay from time to time from the Leaking Underground Storage Tank Trust Fund into the general fund of the Treasury amounts equivalent to—

"(i) amounts paid under—

"(I) section 6420 (relating to amounts paid in respect of gasoline used on farms),

"(II) section 6421 (relating to amounts paid in respect of gasoline used for certain nonhighway purposes or by local transit systems), and

"(III) section 6427 (relating to fuels not used for taxable purposes), and

"(ii) credits allowed under section 34, with respect to the taxes imposed by sections 4041(d) and 4081(b).

"(B) TRANSFERS BASED ON ESTIMATES.—Transfers under subparagraph (A) shall be made on the basis of estimates by the Secretary, and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

"(d) LIABILITY OF THE UNITED STATES LIMITD TO AMOUNT IN TRUST FUND.—

"(1) GENERAL RULE.—Any claim filed against the Leaking Underground Storage Tank Trust Fund may be paid only out of such Trust Fund.

"(2) COORDINATION WITH OTHER PROVISIONS.—Nothing in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 or the Superfund Amendments of 1985 (or in any amendment made by either of such Acts) shall authorize the payment by the United States Government of any amount with respect to any such claim out of any source other than Leaking Underground Storage Tank Trust Fund.

"(3) ORDER IN WHICH UNPAID CLAIMS ARE TO BE PAID.—If at any time the Leaking Underground Storage Tank Trust Fund has insufficient funds to pay all of the claims out of such Trust Fund at such time, such claims shall, to the extent permitted under paragraph (1), be paid in full in the order in which they were finally determined."

(b) CLERICAL AMENDMENT.—The table of sections for subchapter A of chapter 98 of such Code is amended by adding after the item relating to section 9505 the following new item:

"Sec. 9506. Leaking Underground Storage Tank Trust Fund."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on November 1, 1985.

PART III—OIL SPILL LIABILITY TRUST FUND AND ITS REVENUE SOURCES

SEC. 531. INCREASE IN ENVIRONMENTAL TAX ON PETROLEUM.

(a) IN GENERAL.—Subsections (a) and (b) of section 4611 of the Internal Revenue Code of 1954 (relating to environmental tax on petroleum), as amended by section 511 of this Act, are each amended by striking out "of 3.85 cents a barrel" and inserting in lieu thereof "at the rate specified in subsection (c)".

(b) INCREASE IN TAX.—Section 4611 of such Code is amended by redesignating subsections (c) and (d) as subsections (d) and (e), respectively, and by inserting after subsection (b) the following new subsection:

"(c) RATE OF TAX.—

"(1) IN GENERAL.—The rate of the taxes imposed by this section is the sum of—

"(A) the Hazardous Substance Superfund financing rate, and

"(B) the Oil Spill Liability Trust Fund financing rate.

"(2) RATES.—For purposes of paragraph (1)—

"(A) the Hazardous Substance Superfund financing rate is 3.85 cents a barrel, and

"(B) the Oil Spill Liability Trust Fund financing rate is 1.3 cents a barrel."

(c) CONFORMING AMENDMENTS.—

(1) Subsection (e) of section 4611 of such Code (relating to application of taxes, as redesignated by subsection (b), is amended to read as follows:

"(e) APPLICATION OF TAXES.—

"(1) SUPERFUND RATE.—The Hazardous Substance Superfund financing rate under subsection (c) shall apply after October 31, 1985 and before October 1, 1990.

"(2) OIL SPILL RATE.—The Oil Spill Liability Trust Fund financing rate under subsection (c) shall apply after December 31, 1985, and before October 1, 1990."

(2) Subsection (d) of section 4661 of such Code (relating to termination of tax on certain chemicals) is amended to read as follows:

"(d) APPLICATION OF TAXES.—The tax imposed by this section shall apply after October 31, 1985, and before October 1, 1990."

(3) Subsection (b) of section 9505 of such Code (relating to transfers to Superfund) is amended by adding at the end thereof the following:

"In the case of the tax imposed by section 4611, paragraph (1) shall apply only to so much of such tax as is attributable to the Superfund financing rate under section 4611(c)."

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1986.

SEC. 532. OIL SPILL LIABILITY TRUST FUND.

(a) IN GENERAL.—Subchapter A of chapter 98 of the Internal Revenue Code of 1954 (relating to establishment of trust funds) is amended by adding after section 9506 the following new section:

SEC. 9507. OIL SPILL LIABILITY TRUST FUND.

"(a) CREATION OF TRUST FUND.—There is established in the Treasury of the United States a trust fund to be known as the 'Oil Spill Liability Trust Fund', consisting of such amounts as may be appropriated or credited to such Trust Fund as provided in this section or section 9602(b).

"(b) TRANSFERS TO TRUST FUND.—There are hereby appropriated to the Oil Spill Liability Trust Fund amounts equivalent to—

"(1) taxes received in the Treasury under section 4611 (relating to environmental tax on petroleum) to the extent attributable to the Oil Spill Liability Trust Fund financing rate under section 4611(c),

"(2) amounts recovered, collected, or received under subtitle A of the Comprehensive Oil Pollution Liability and Compensation Act,

"(3) amounts remaining on the date of the enactment of this section in the Deep Water Port Liability Fund established by section 18(f) of the Deep Water Port Act of 1974, and

"(4) amounts remaining on the date of the enactment of this section in the Offshore Oil Pollution Compensation Fund established under section 302 of the Outer Continental Shelf Lands Act Amendments of 1978.

"(c) EXPENDITURES.—

"(1) IN GENERAL.—Amounts in the Oil Spill Liability Trust Fund shall be available, as provided in appropriation Acts, only for purposes of making expenditures for—

"(A) the payment of removal costs described in section 401(24)(A) of the Comprehensive Oil Pollution Liability and Compensation Act, as in effect on the date of the enactment of this section,

"(B) the payment of contributions to the International Fund under section 404 of such Act,

"(C) the payment of removal costs for which the Deep Water Port Liability Fund is liable under the Deep Water Port Act of 1974,

"(D) the payment of removal costs for which the Offshore Oil Pollution Compensation Fund is liable under title III of the Outer Continental Shelf Lands Act Amendments of 1978, and

"(E) the payment of all expenses of administration incurred by the Federal Government under the Comprehensive Oil Pollution Liability and Compensation Act.

Under regulations prescribed by the Secretary, amounts shall be available under subparagraph (B) with respect to any contribution to the International Fund only in proportion to the portion of the International Fund used for the payment of response costs.

"(2) LIMITATIONS ON EXPENDITURES.—

"(A) $200,000,000 PER INCIDENT.—The maximum amount which may be paid from the Oil Spill Liability Trust Fund with respect to any single incident shall not exceed $200,000,000.

"(B) $30,000,000 MINIMUM BALANCE.—Except in the case of payments described in paragraph (1)(A), a payment may be made from such Trust Fund only if the amount in such Trust Fund after such payment will not be less than $30,000,000.

"(d) AUTHORITY TO BORROW.—

"(1) IN GENERAL.—There are authorized to be appropriated to the Oil Spill Liability Trust Fund, as repayable advances, such sums as may be necessary to carry out the purposes of such Trust Fund.

"(2) LIMITATION ON AMOUNT OUTSTANDING.—The maximum aggregate amount of repayable advances to the Oil Spill Liability Trust Fund which is outstanding at any one time shall not exceed $300,000,000.

"(3) REPAYMENT OF ADVANCES.—Rules similar to the rules of paragraph (2) of section 9505(d) shall apply for purposes of this subsection.

"(e) LIABILITY OF THE UNITED STATES LIMITED TO AMOUNT IN TRUST FUND.—

"(1) GENERAL RULE.—Any claim filed against the Oil Spill Liability Trust Fund may be paid only out of such Trust Fund.

"(2) COORDINATION WITH OTHER PROVISIONS.—Nothing in the Comprehensive Oil Pollution Liability and Compensation Act or the Superfund Amendments of 1985 (or in any amendment made by either of such Acts) shall authorize the payment by the United States Government of any amount with respect to any such claim out of any source other than the Oil Spill Liability Trust Fund.

"(f) ORDER IN WHICH UNPAID CLAIMS ARE TO BE PAID.—If at any time the Oil Spill Liability Trust Fund has insufficient funds (or is unable by reason of subsection (c)(2)) to pay all of the claims out of such Trust Fund at such time, such claims shall, to the extent permitted under such subsections, be paid in full in the order in which they were finally determined."

(b) CLERICAL AMENDMENT.—The table of sections for subchapter A of chapter 98 of such Code is amended by adding after the item relating to section 9506 the following new item:

"Sec. 9507. Oil Spill Liability Trust Fund."

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on January 1, 1986.

PART IV—STUDIES

SEC. 541. STUDY OF IMPACT OF WASTE MANAGEMENT TAX ON DOMESTIC MANUFACTURERS.

(a) GENERAL RULE.—The Secretary of the Treasury or his delegate shall conduct a study on the effects of the tax imposed by section 4671 of the Internal Revenue Code of 1954 on the ability of domestic manufacturers to compete in international trade.

(b) REPORT.—Not later than July 1, 1986, the Secretary of the Treasury shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report on the study conducted under subsection (a). Such report shall include recommendations to minimize the trade impact of such tax and there shall be considered, in making such recommendations, a waste management tax export credit, an import equalization fee, and a maximum amount of tax with respect to hazardous waste generated by economically distressed industries.

SEC. 542. STUDY OF LEAD POISONING.

(a) IN GENERAL.—The Administrator of the Agency for Toxic Substances and Disease Registry shall, in consultation with the Administrator of the Environmental Protec-

tion Agency and other officials as appropriate, not later than March 1, 1986, submit to the Committee on Environment and Public Works, and the Committee on Finance, of the Senate and the Committee on Energy and Commerce, and the Committee on Ways and Means, of the House of Representatives, a report on the nature and extent of lead poisoning in children from environmental sources. Such report shall include, at a minimum, the following information.

(1) an estimate of the total number of children, arrayed according to Standard Metropolitan Statistical Area or other appropriate geographic unit, exposed to environmental sources of lead at concentrations sufficient to cause adverse health effects;

(2) an estimate of the total number of children exposed to environmental sources of lead arrayed according to source or source types;

(3) a statement of the long term consequences for public health of unabated exposures to environmental sources of lead, including (but not limited to) diminution in intelligence and increases in morbidity and mortality; and

(4) methods and alternatives available for reducing exposures of children to environmental sources of lead.

(b) EVALUATION OF SPECIFIC SITES.—Such report shall also score and evaluate specific sites at which children are known to be exposed to environmental sources of lead due to releases, utilizing the Hazard Ranking system of the National Priorities List.

(c) AUTHORIZATION FROM SUPERFUND.—There are authorized to be appropriated from the Hazardous Substance Superfund such sums as may be necessary to prepare and submit the report required by this secton.

PART V—COORDINATION WITH OTHER PROVISIONS OF THIS ACT

SEC. 551. COORDINATION.

Notwithstanding any provision of this Act not contained in this title, any provision of this Act (not contained in this title) which—

(1) imposes any tax, premium, or fee,

(2) establishes any trust fund, or

(3) authorizes amounts to be expended from any trust fund which are not also authorized by this title,

shall have no force or effect.

EXTENSIONS OF REMARKS

MEMORIAL TRIBUTE TO PATRICK M. FAGAN

HON. DENNIS M. HERTEL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. HERTEL of Michigan. Mr. Speaker, today I would like to pay tribute to one of our most loved public servants, Mr. Patrick M. Fagan, who passed away this afternoon after a long illness.

Seventeen years ago, Patrick Fagan left the Detroit Police Force to serve the people of Grosse Pointe Woods as a public safety officer. Since the beginning of his career, Mr. Fagan did more than could ever have been asked of him. Patrick Fagan was devoted to children and to their safety. He was a crime prevention officer and a traffic safety officer, he served in the youth services department for many years and has served on the substance abuse council.

In addition to his regular duties, he voluntarily attended outside courses on many subjects. Mr. Fagan was particularly interested in magic and public speaking. The department actively supported these pursuits to the extent of actually sending him to learn more about magic so that he could enhance his communication with the children of the community. His interest in public speaking led him to become an accomplished toastmaster and master of ceremonies, serving at many special functions in the community over the years. He was also a member of the local Fraternal Order of Police and served as the State Fraternal Order of Police District Director.

Patrick Fagan's devotion to his community is only an example of the loving nature of this fine man. Even though he was not an avid sportsman, he liked nothing better than to spend time enjoying the peacefulness of the nearest fishing hole.

He was a devoted family man to his wife, Karen and his daughter, Christine.

Although Mr. Fagan was physically affected by his illness, it did not dim his spirit nor dull his loving nature in any way. I, along with his family, friends, fellow officers, and everyone in the community, will always remember the caring deeds and steadfast courage of our special friend, Patrick Fagan.

I respectfully ask my colleagues to join me in honoring this fine man, who was loved by all who knew him.

THE RECREATIONAL MARINE CRAFT ACT OF 1985

HON. JOHN R. McKERNAN, JR.

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. MCKERNAN. Mr. Speaker, today I am introducing the Recreational Marine Craft Act of 1985, as a way to draw attention to and rectify one of the more onerous trade inequities that currently exists. The intent of this bill is to reduce Canadian tariffs on sailboats and other pleasure craft—presently about seven times the rate of the American tariff—and to foster greater trade between the two nations.

The United States has long been the world's premier producer of sailboats and other recreational marine craft. These vessels have been recognized for their quality, performance, and reliability; in particular, Maine vessels have an international reputation for their fine craftsmanship. Unfortunately, the inequitable tariffs imposed by the Government of Canada have severely impeded the efforts of United States manufacturers to export their product to Canada.

Trade with Canada is hampered by Canadian tariffs that stand in defiance of fair trade. The existing U.S. tariff on pleasure craft is quite minimal, ranging from 1.6 to 2.4 percent ad valorem, while the applicable Canadian tariff is between 15.6 and 17.5 percent ad valorem. Such a striking imbalance in duties, when coupled with the strong dollar, sharply distorts trade flow between the two countries, to the substantial detriment of American sailboat exporters. On the other hand, Canadian manufacturers have benefited from this relationship: Since 1978, Canada alone has more than doubled its exports of recreational marine craft to the United States, accounting in 1984 for over $31 million in sales. This situation represents, in the extreme, another trade injustice.

This bill is aimed at trade reciprocity between the United States and Canada for pleasure craft. The bill grants authority to the President to negotiate a trade agreement with the Government of Canada to provide more equitable treatment of United States pleasure craft imports. If such an agreement is not reached within 1 year of the date of enactment, then the duty on Canadian boats would be increased by 30 percent, and increased by 30 percent again 6 months later, and finally increased 2 years after the enactment of the legislation to a level equal to the comparable Canadian rates. In short, the bill provides Canada with the option of lowering its tariff on recreational marine craft, or facing a phased-in tariff increase over a 2-year period until parity is reached between the two countries' tariff schedules.

This bill is not protectionist legislation. American manufacturers of recreational marine craft must have the opportunity to compete on even terms—with equal tariffs—with our largest trading partner, Canada.

Recently, Canadian Prime Minister Brian Mulroney announced a willingness to seek "the broadest possible package of mutually beneficial reductions in tariff and nontariff barriers" between the United States and Canada. This legislation is completely consistent with that statement, and should strengthen the special trade relationship we have always had with Canada.

I urge my colleagues to support this legislation.

H.R. 3856

A bill to amend the Trade Act of 1974 to promote expansion of international trade in recreational marine craft with Canada, and other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Recreational Marine Craft Act of 1985".

SEC. 2. FINDINGS.

The Congress finds that—

(1) trade in recreational marine craft between the United States and Canada is being distorted by inequitable tariff treatment under which United States boats exported to Canada are generally dutiable at 15-16 percent ad valorem, whereas Canadian sailboats entering the United States are dutiable at a rate as low as ½ percent ad valorem;

(2) in 1984, as a result of inequitable tariffs and the overvalued dollar, imports of sailboats into the United States rose 13 percent to over $112,000,000 but United States sailboats exports declined by 22 percent to $12,400,000;

(3) Canada was the leading source of sailboat imports in 1984, accounting for $31,600,000 in sales, or roughly double the $16,000,000 of Canadian sales in the United States in 1974;

(4) the United States recreational marine craft industry is composed of approximately 2,000 establishments employing approximately 40,000 workers; and

(5) the United States and Canadian recreational marine craft industries are essentially similar in terms of wages, level of technology, access to capital, worker health and safety regulations, pollution control requirements, and structure.

SEC. 3. AMENDMENTS TO THE TRADE ACT OF 1974.

(a) IN GENERAL.—Title I of the Trade Act of 1974 (19 U.S.C. 2111 et seq.) is amended by adding at the end thereof the following new chapter:

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member of the Senate on the floor.

Boldface type indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

51-059 O-87-46 (Pt. 24)

"CHAPTER 9—RECREATIONAL MARINE CRAFT TRADE AGREEMENTS AUTHORITIES

"SEC. 191. RECREATIONAL MARINE CRAFT PRODUCTS TRADE NEGOTIATING AUTHORITY.

"(a) GENERAL NEGOTIATING AUTHORITY.—The President may enter into a trade agreement with the Government of Canada which provide for more equitable Canadian tariff treatment for United States recreational marine craft. Such agreement, at a minimum, shall provide for the elimination of—

"(1) differing tariff levels on recreational marine craft trade between the United States and Canada; and

"(2) any Canadian nontariff barrier to United States recreational marine craft.

"(b) FACTORS TO BE TAKEN INTO ACCOUNT.—In negotiating a trade agreement under the authority of subsection (a), the President shall consider the following factors:

"(1) Trade distortions resulting from inequitable tariff treatment by Canada of United States recreational marine craft.

"(2) Adverse employment impacts in the United States recreational marine craft industry.

"(3) The effect of the overvalued dollar in the United States on imports and exports of recreational marine craft.

"(4) The effect of persistently high interest rates in the United States on imports and exports of recreational marine craft.

"(c) AGREEMENT TREATED IN THE SAME MANNER AS AGREEMENT UNDER SECTION 102.—For purposes of subsections (c) through (g) of section 102 and chapter 5 of this title, a trade agreement entered into under subsection (a) shall be considered to be a trade agreement entered into under section 102.

"SEC. 192. EFFECTS IF NEGOTIATIONS UNSUCCESSFUL.

"(a) STAGING OF INCREASED DUTIES.—Subject to subsection (b), if a trade agreement is not entered into under section 191(a) before—

"(1) the earlier of the last day of the 12-month period beginning on the date of the enactment of this chapter, or October 1, 1986, the rate of duty on each Canadian recreational marine craft that is entered after that day and before an increased rate under paragraph (2) takes effect shall be the lower of—

"(A) a rate of duty equal to 130 percent of the rate of duty in effect with respect to a product of that kind on the date of the enactment of this chapter, or

"(B) a rate of duty equal to the Canadian rate of duty in effect on such date of enactment with respect to a like United States product;

"(2) the earlier of the last day of the 18-month period beginning on the date of the enactment of this chapter, or April 1, 1987, the rate of duty on each Canadian recreational marine craft that is entered after that day and before an increased rate under paragraph (3) takes effect shall be the lower of—

"(A) a rate of duty equal to 130 percent of the rate of duty determined under subsection (a)(1)(A) on that product;

"(B) a rate of duty equal to the Canadian rate of duty in effect on the earlier last day referred to in paragraph (1) with respect to a like United States product; and

"(3) the earlier of the last day of the 24-month period beginning on the date of the enactment of this chapter, or October 1, 1987, the rate of duty on each Canadian recreational marine craft that is entered after the day shall equal the Canadian rate of duty in effect on the earlier last day referred to in paragraph (2) with respect to a like United States product, except that each rate of duty established under this paragraph shall thereafter be reviewed on a biannual basis by the President and adjusted accordingly to equalize any change made in the applicable Canadian rate.

"(b) Each rate of duty in effect under subsection (a)(1), (2), or (3) shall cease to apply upon such date as may be specified by law implementing a trade agreement entered into under section 191(a).

"SEC. 193. DEFINITIONS.

"(a) For purposes of this chapter—

"(1) The term 'Canadian recreational marine craft' means a recreational marine craft that is manufactured in Canada.

"(2) The term 'entered' means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States.

"(3) The term 'recreational marine craft' means any article described in any of items 969.05 through 696.10, 696.15, or 696.30 through 696.40 of the Tariff Schedules of the United States (19 U.S.C. 1202).

"(4) The term 'United States recreational marine craft' means a recreational marine craft that is manufactured on the United States.".

(b) CLERICAL AMENDMENT.—The table of contents to title I of the Trade Act of 1974 is amended by adding at the end the following:

CHAPTER 9—RECREATIONAL MARINE CRAFT TRADE AGREEMENT AUTHORITY

"Sec. 191. Recreational marine craft trade negotiation authority.
"Sec. 192. Effects if negotiations unsuccessful.
"Sec. 193. Definition of recreational marine craft.".

SEC. 4. CONSULTATION.

The President shall consult with the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives and other appropriate congressional committees, as well as the appropriate committees established under section 135 of the Trade Act of 1974, in carrying out chapter 9 of title I of the Trade Act of 1974.

SEC. 5. CONSEQUENTIAL CHANGES IN THE TARIFF SCHEDULES.

The President shall proclaim such modification to the Tariff Schedules of the United States as may be necessary to implement a trade agreement that becomes effective in accordance with chapter 9 of title I of the Trade Act of 1974.

A PLEA FOR SURVIVAL

HON. JAMES J. FLORIO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. FLORIO. Mr. Speaker, I would like to direct the attention of my colleagues to a poignant plea for survival made by the refugee Foreign Representative of the South Moluccas, Margaretha Hatu-Syauta, at the Geneva meetings of the Commission on Human Rights this past summer. I would like to thank my former professor, Albert P. Blaustein, of the Rutgers University Law School, for bringing this statement to my attention.

The tragedy of the South Moluccas, now a part of the Republic of Indonesia, is evident in the fact that the minority Moluccan population is struggling to retain its unique culture and traditions, religion, and language, in the face of suppression by the Indonesian Government. When South Moluccas declared independence in 1950, the South Moluccans felt that they would at last have the right of self-determination. However, only a year later, Indonesian armies invaded and conquered and for the last 35 years, the South Moluccans have struggled to retain their identity and have been subjected to violations of their human rights. As a member of the International Parliamentary Group for Human Rights, I was concerned to learn of the situation and I wanted to share with my colleagues the following statement:

THE SURVIVAL OF THE INDIGENOUS PEOPLES OF THE SOUTH MOLUCCAS

(By Margaretha Hatu-Syauta)

We seek survival. We have come among you because you share our values and our objectives. We join with the other indigenous peoples thoughout the world in a joint struggle for human rights. We want to learn more about what we can do. We want to help you and we want you to help us.

We, the South Moluccans, are Melanesians. We are Christians. Our indigenous tongue is Ambonese. Our people are native to an island group in the southeastern part of the Indonesian archipelago, north of Australia and east of New Guinea. Our area is one and a half times the size of Switzerland.

But in a world where almost all population groups are growing, ours is shrinking. Once we had a population of three million. Now just over a million are still on the islands, struggling to retain their ethnicity and culture. And they are a conquered people, living under the rule of a non-democratic state—Indonesia. Their indigenous leaders cannot—dare not—travel to international meetings to plead their cause.

Another million South Moluccans are dispersed over the other Indonesian islands, forced to leave their homeland for economic reasons. Still living under the Indonesian dictatorship, they likewise cannot speak out. Alas, most of us fear that they no longer want to speak out; that they have melted into the Indonesian melting pot; and that they no longer survive as indigenous peoples.

A few of us—a scant 50,000—fled as refugees to the Netherlands. There we are free, and from there we can travel to conferences such as this and openly plead our cause. From there our Homeland Mission representatives can and do visit our homeland and bring back the facts—and the pleas from those who are left that we strive and speak for them.

We make no apology for our race, for our ethnicity, for our culture, for our language. Like all cultures, ours has riches which must be preserved. Like all indigenous peoples we have a right to survive with our ethnic beings intact. That is why we are here. That is why all of you are here.

But we are not strong. We are few in numbers. Economically speaking, we are poor. And perhaps we are too adaptable to our surroundings and too readily forsake our tongue, our dress, our habits and our cus-

toms to conform to the dominant cultures under which we live.

And we have lived under too many of these dominant cultures: Arab, Portuguese, Dutch, Japanese and Javanese. That is why our human rights so long have been trampled upon, why our culture is in jeopardy and why the South Moluccan indigenous people are in danger of becoming a lost species of humankind.

Once we would not have needed outside help and international support to preserve our peoplehood. For after the defeat of Japanese imperialism, our colonial masters over what was called the Netherlands East Indies, offered us an independence. The South Moluccas declared independence as a new republic on April 25, 1950, a date prior to the establishment of the Republic of Indonesia.

Sadly, the armies of the Republic of the South Moluccas were no match for the massive forces of the Republic of Indoneisa, and our nation was conquered and incorporated into Java-dominated Indonesia. What is left of that nation we once had is a government-in-exile in the Netherlands and a people who would have been prevented from excercising their right to self-determination.

This is bad enough, but the aftermath was worse and is becoming more serious. For the government of Indonesia has adopted (as a matter of official policy) a plan to transmigrate population from overcrowded Java to the smaller islands, like those of the South Moluccas.

The people of Java are not like us. They differ in race, religion, language, ethnicity, culture, etc. They are Malays, we are Melanesians; they are Moslems, we are Christians; they speak Malay, we speak Ambonese, etc. And their transmigration is protected, encouraged and enhanced by a Jakarta-designated governor and a Jakarta-appointed officialdom—virtually all Javanese.

We can give ample testimony as to what that transmigration is doing to the indigenous people of the South Moluccas. We now fear for our very existence as a people. (We can also present legal arguments as to the validity of our nationhood and our rights as a conquered nation under the Laws of War. But that is beyond the scope of this working session.)

The South Moluccan people are one of the recognized "minorities" of the world. We were one of the 44 minorities first classified as such by the Minority Rights Group (London) in their three-volume work on World Minorities. We know that democracy demands majority rule—but the cause of human rights also demands minority rights.

We now share our plight with you and seek your guidance and help in securing our rights and maintaining our existence as indigenous people.

UNITED STATES SHOULD JOIN WESTERN EUROPE IN A MORE CONSTRUCTIVE APPROACH TO CENTRAL AMERICA

HON. MICHAEL D. BARNES

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. BARNES. Mr. Speaker, I wish to include for the information of my colleagues the joint communique that was recently issued following a meeting of the Foreign Ministers of the Western European, Central American, and Contadora countries. The communique outlines a constructive approach to Central America that emphasizes political dialog, economic cooperation, and peaceful solutions. It stands in marked contrast to the Reagan policies. Mr. Speaker, I wish we would follow Europe's example.

The communique follows:

JOINT POLITICAL COMMUNIQUE ISSUED AT THE II MEETING OF MINISTERS OF FOREIGN AFFAIRS OF THE EUROPEAN ECONOMIC COMMUNITY, SPAIN, PORTUGAL, THE CENTRAL AMERICAN GOVERNMENTS AND THE CONTADORA GROUP, HELD IN LUXEMBOURG, NOVEMBER 11-12, 1985

On Cooperation: The Ministers have expressed their hope that this dialogue would contribute to promote a climate of trust within the Central American region, and between Central America and the 12 member states of the European community, so as to facilitate the progressive expansion and development of cooperation. They also stated that the incorporation of Spain and Portugal to the E.E.C. could represent a very important factor in improving the understanding between Europe and Latin America.

On Political Dialogue and Economic Cooperation: The Ministers of Foreign Affairs have reaffirmed their conviction that the political dialogue and economic cooperation thus initiated should contribute:

To endorse efforts leading to put a stop to violence and instability in the region;

To the search for a political, regional, global and negotiated solution, based on the proposals presented by Contadora. This solution must originate from the Central American region and must be based on the principles of independence, non-intervention, self-determination and border inviolability;

To the prompt adoption of Contadora's Act for Peace and Cooperation in Central America;

To create a climate of trust which will allow the Central American countries to live in peace, and encourage mutual cooperation for the purpose of strengthening the region's integration and promoting its economic and social development;

To complete the efforts made by the Central American countries towards regional cooperation to overcome economic disequilibriums and social injustice, which, to a large extent, are a result of political instability;

To strengthen, within each country's legal order, the principles which are the basis of democratic institutions;

To promote reconciliation between all countries in the region;

To develop and guarantee in all countries of the region human rights and fundamental liberties, such as respect to human integrity, freedom of the press, civil rights, and religious freedom;

To establish, within the context of Contadora's process, international law and a reliable regional security system which will implement effective decisions and policies leading to stop the arms race, in all its expressions, to establish a system control and reduction of armaments and military personnel, to eliminate foreign military presence, to avoid threatening and destabilizing actions, and to prevent terrorism, subversion and sabotage.

On a Peaceful Solution: The Ministers of Foreign Affairs also reiterated their conviction that the conflicts in Central America cannot be solved by force. They consider that a peaceful solution of the conflicts in Central America should be based on the principles included in the charters of the United Nations and the Organization of American States regarding the respect for all nations' sovereignty and independence, territorial integrity, non-intervention in the internal affairs of other states, and the proscription of the use of threats or force.

On Support to Contadora: The Ministers of Foreign Affairs of the E.E.C., Spain and Portugal have reaffirmed their support to the Contadora Group and have acknowledged the progress made by the Group on the basis of the September 12, 1985, draft of the Act of Contadora. The participating countries reiterated their will to create the conditions necessary for the signing of Contadora's Act for Peace and Cooperation in Central America.

A TEACHER LOOKS AT TEACHERS' CERTIFICATION AND ASSESSMENT PROGRAMS

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. GINGRICH. Mr. Speaker, today I'm asking my colleagues to examine a letter sent to me from Stephen Hart of Griffin, GA. While he cites flaws in the State education system, his comments reflect the general unnecessary bureaucracy and the subjective and arbitrary way American educators are evaluated.

I urge my colleagues to give careful consideration of this letter so that we can begin reforming the education system in America. Reform is imperative to make sure our children reach their fullest potential under the guidance of the best teachers our country has to offer.

GRIFFIN, GA,
November 12, 1985.

DEAR SIR: I am an unemployed school teacher very upset with the state of education in Georgia.

I have been involved in education in this state since 1978. As a teacher's aide, I discovered the thrill and satisfaction of teaching children and decided then that I wanted to become a teacher. I was encouraged in my decision all along by the teachers and principals I worked for because they felt strongly that I would make a very capable and caring teacher.

I began to attend a Georgia college in 1980 and decided on Health and Physical Education as a major because I had been dissatisfied with P.E. when I was in school and wanted to make changes (at least when I taught the subject). During my years at college I had to rely on student loans and work three jobs just to stay in school. I mention this because I want to convey how much it meant to me to become a teacher and also, that many people have no family assistance and have to work very hard in order to get an education.

I graduated from college in 1983 and found a teaching position in 1984 at a nearby high school. I was hired to teach Driver's Education and had to attend summer classes for two and a half months, driving 180 miles (round trip) to school every day. My year teaching was the happiest of my life and I was asked to return

the next year. However, the school board dropped the Driver's Education program for financial reasons.

I went to school to be a teacher and at this point I am paying for, and will be paying for a number of years, an education that I cannot use. There is no other profession that I want to pursue though I may, in the end, be forced to.

My major complaints concern the current Teacher's Certification Test and Assessment Program. I have taken the State Merit Test and scored in the top ten percent. I have taken the TCT in Physical Education and in Middle Grades without success.

There is no way to pass the TCT without some preparation and there is no adequate way at this point to prepare for the test. The list of objectives available list reference books which to this date have been impossible for me to locate. I have been to two college libraries (one library was specifically for education) and have been to the public library in my town. I was told by all the libraries that they did not have and could not get the reference books on my list. Their suggestion was to get the textbooks actually being used in the local classrooms which isn't an easy task, but I managed to get 24 textbooks. The textbooks provided the answers to only a few objectives. The major portion of the objectives can be answered only if you have access to the reference books from which the questions were derived in the first place. The State should make sure that the reference books they use to compile their lists of objectives are available to teachers or they should provide the information from those books and include it on the objective lists. The only way in which the current certification test can be a fair one is 1) have a uniform curriculum established for all Georgia college and universities that will prepare students to pass the test their jobs depend on; and 2) there should at least be a book available (as there is for every such test) to help people adequately prepare for the test.

Concerning Assessment, I believe teachers should be assessed on their actual teaching performance by observing them in the classroom and reviewing their lesson plans and tests. It should be possible to judge a teacher's capability in this manner and that is what a teacher should be judged on—their ability to teach. Instead, teachers have to prepare a thick portfolio according to the arbitrary standards of others. In my case, I showed everything I did to my appointed advisor and was told it looked "fine". It became clear to me how arbitrary the whole thing was when I was marked low in "enthusiasm" (this came as a great surprise to the teachers I worked with).

I heard a commentary recently on WSB Radio that stated anyone who was against Governor Harris or the Q.B.E. was against quality education and to quote the commentator: "Let the critics be damned". This has been the general attitude of Governor Harris and his administration—that no one has the right to question or disagree with their policies and methods and that anyone who does is against improvement. This couldn't be farther from the truth. I and every teacher I know favor quality education and want improvement but many of us disagree with the methods being used. I say let teachers teach and keep the government out of it.

Sincerely,

STEPHEN P. HART.

PATRICK J. SULLIVAN SPEAKS ON FREE BUT FAIR TRADE

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. KEMP. Mr. Speaker, I rise today to bring the attention of my colleagues to the testimony recently offered to the Labor Advisory Committee of the Republican Party by Patrick J. Sullivan, the legislative director of the International Longshoremen's Association. Mr. Sullivan addresses the important issue of bilateral trade, and I am sure my colleagues will benefit from his input as he is widely respected in the labor movement.

I commend the following testimony to Members from both sides of the aisle.

BILATERAL TRADE

(By Patrick J. Sullivan)

Any discussion of bilateral trade, or commerce between nations, should include the views of organized labor, most particularly, from the voices of those whose daily lives are involved in transporting these goods from shore to shore.

The International Longshoremen's Association, AFL-CIO as member of the maritime community, feel that bilateral trade and agreements to regulate such commerce desirable in order to achieve an efficient development of the U.S. economy. However, for such agreements to thrive and endure, they must be fair, serving the needs and interests of both parties. Ideally, they would not impinge upon trade economies of other nations or at least take such matters into consideration.

The complications of world trade, governed as it is by political considerations, security problems, as well as, economic necessities require, if not demand, the fine tuning of bilateral trade.

Given the present state of the U.S. economy and the condition of the maritime industry, we strongly believe that there must be equitable trade in order for the U.S. to retain its manufacturing, service, agricultural and maritime base. Tariffs, quotas and non-tariff restrictions may be essential to the process of negotiating with nations that maintain restrictive trade barriers and unreasonable trade surpluses with the United States. It is certain, in my mind, that the United States can ill afford to sacrifice its present world position and future to the niceties of economic theory. The practice of such theory has brought us to the very brink of national economic disaster. The use, therefore, of bilateral trade agreements may well provide a means to control the erosion of our economic status which have been so well manipulated by world market forces.

Those nations which employ dumping, subsidies, and other trade practices have continuously escaped U.S. law enforcement. Many of our industries have been targeted by traders from abroad for market and/or corporate takeover. Such actions have resulted in foreign government ownership rather than foreign private enterprise management. U.S. laws, more strict than those of other nations, place a stigma upon the protection of U.S. industries against predatory foreign targeting. Such action from industry sections abroad abound in the U.S. auto, chemical, steel, textile, shoe, electronics, construction and maritime industries to name a few.

Because the economic interests of other nations may dictate their control of U.S. industries, our nation must constantly review the benefits to the United States of any such action. Bilateral trade agreements may well provide an adequate mechanism for adjusting what may otherwise prove fatal.

While the ILA does not specifically deal in the import and export services, we are a service union—loading and unloading vessels. Trade problems must be considered in negotiations based on practical solutions for specific current problems so that a huge diversified U.S. service industry will not be lumped together inappropriately in multilateral negotiations.

Instead of broad international negotiations on investment rights, emphasis should be placed on encouraging domestic investment by U.S. banking and investment interests.

America needs to explore a more realistic framework for coordinating world trade relationships in sectors characterized by global over-capacity and wide spread import controls abroad. While we ignore the trade regulating controls of other nations, we experience injury to U.S. workers and industries. It is possible that bilaterial trade agreements can address such issues more equitably than GATT or the multilateral trade negotiations framework.

While there is much more to be said, we should not be talking about subsidizing the American worker as the national economy disintegrates. We know that you can not get positive numbers for negative numbers, despite some statements to the contrary. We must reverse the current decline of our position in international trade to give some hope for a balanced budget. Bilateral trade agreements, properly negotiated, may well serve that grave necessity.

Finally, we would hope that in negotiating any bilateral trade agreement, the U.S. would uphold and enforce section 307 of the Tariff Act of 1930 which seeks to prevent the importation into U.S. commerce any goods which have been found to be the product of slave or forced labor.

SONNY GROSSO-RENAISSANCE COP

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. BIAGGI. Mr. Speaker, I rise today to pay tribute to a writer, producer, former first grade police detective, a dear and valued friend and extraordinary man, Mr. Salvatore (Sonny) Grosso. Although he is best known for his leading role in the heroin bust which led to the movie "The French Connection" and his highly successful production company, Grosso Jacobson Productions, Inc., Sonny's major contributions benefit the law enforcement community, particularly the New York Police Department of which I am proud to be a 23-year veteran. His many years serving the NYPD launched his present career as movie writer, producer, and sometimes actor, focusing these talents on accurately portraying the daily life of a typical police

officer. His contributions to the law enforcement community often go unnoticed; therefore, today I would like to call the attention of the Congress of the United States to the life and works of Sonny Grosso.

Although Sonny is a native of East Harlem in New York City, he now lives with his mother Lillian, in the Pelham Park area of the Bronx. Family is an important aspect of Sonny's life; he maintains close contact with his sisters, Sis, Baby (Lilian), and Celeste. Originally he had no interest in police work, dreaming of replacing Joe DiMaggio in center field. One day, a friend invited him to apply for a position on New York's Fire Department. Sonny, too involved in his ball game, asked the friend to bring back an application. Fortunately for the law enforcement community, his friend brought back the wrong application—one for the police force. So in 1954, Sonny started walking a beat in Harlem, concentrating on crime prevention with the youth division. From 1958 to 1968, Sonny served on the narcotics bureau, first undercover, then with the field group and then special investigating unit, advancing to first grade detective by 1961. In fact I recommended him for the detective division.

Sonny also worked, as a member of the Permanent Subcommittee on Narcotics, on the revision of State narcotics laws and rehabilitation programs for narcotic addicts. During his 22 years with the NYCPD, Sonny has been recommended for honorable mention and has received one commendation, two meritorious police work, and six excellent police work decorations. Perhaps the most noteworthy accomplishment of his police career was the case he headed, a $32 million heroin bust, the largest single seizure of pure heroin by a municipal police force, which inspired the book and film "The French Connection." However many of his greatest contributions to law enforcement commenced because of the new career this film generated.

Sonny's involvement in the making of "The French Connection" initiated his induction into the motion picture industry. Sonny combined the knowledge he gathered serving the NYPD with his production skills, gaining him the respect of the production industry and the gratitude of the law enforcement community.

Possibly the best term describing Sonny Grosso is one once used by a journalist—Renaissance Cop. Sonny Grosso is just that—a police officer who has produced movies and television series; who has written two books, "Murder at the Harlem Mosque" and "Point Blank"; who acted in many of his own productions; who has performed as technical advisor on such critically acclaimed films as "The French Connection" and "The Godfather" and well-known television shows such as "Kojak," "Movin On," "Baretta," "The Rockford Files." Still, in spite of all his work in the production industry, Sonny proudly says he is just a "cop." Sonny's first contributions were advisory, serving as technical advisor and story consultant while maintaining his career with the New York Police Department.

In 1976, Sonny resigned from the police department and concentrated his attention on producing. His credits include the critically acclaimed "A Question of Honor," based on his book "Point Blank"; "Trackdown," based on a true story of a detective who solves the murder case of a young New York City teacher—it is thought that "Looking for Mr. Goodbar" is also based on this story; a recent television movie "Out of the Darkness," relating to the story of detective Ed Zigo, who was instrumental in solving the Son of Sam murder case; and the television series "Night Heat," presenting a realistic view of the big city detective during a typical night shift.

Throughout his productions his conviction to use television and motion pictures as a source of education, not solely entertainment, remains strong. This conviction to educate elevates Sonny beyond the producer who merely uses, sometimes exploits, the police story solely for entertainment.

Sonny plays an important role in determining how the law enforcement community is depicted on television. To quote Sonny, "I think there's enough people around to do shows about the negative aspects of police work. I want to do shows about the positive aspects. I want to do things that educate and tell people, 'Well, maybe you don't like everything a cop does, but here's why he does what he does.'" Sonny's shows might not have the glitz and glamour, or scandal and corruption of some other popular police shows; but, Sonny's shows portray the real-life drama intrinsic to the life of every police officer. The life of a law enforcement officer is filled with controversies, compromises, and life-and-death situations. Sonny recognizes that accurately telling the story of this life is exciting enough. He actively works to bolster the image of the law enforcement profession and to improve the welfare of the courageous individuals who serve in it; he does this by telling the truth.

Once, when asked his profession, Sonny replied, "I'm a cop and I'll always be a cop. It's the greatest profession in the world for me." Sonny, the law enforcement community and my colleagues in the House of Representatives, join me in expressing our thanks and happiness that you do consider yourself a "cop." Sonny, the Renaissance Cop, our admiration and gratitude are yours.

THE EUROPEAN COMMUNITY

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. HAMILTON. Mr. Speaker, I would like to insert my Foreign Affairs Newsletter for November 1985 into the CONGRESSIONAL RECORD:

THE EUROPEAN COMMUNITY

The late 1980's will be an important time in the history of the European Community (EC). In some respects, the European federation has never been stronger: it has brought prosperity to Western Europe, and with the admission of Spain and Portugal on January 1, 1986, it will include most of Western Europe. But expansion will also make further integration more difficult and could strain EC relations with its trading partners, particularly the U.S.

Despite our traditional support for the EC and its expanding political and economic importance to us, most Americans know little about it. The EC began in the 1950's when Western European nations pledged to integrate their economic and political systems. The most important of a series of founding agreements was the 1957 Treaty of Rome, which formed the European Economic Community (EEC), or the Common Market.

At its founding, many hoped that the EC would become a "United States of Europe." That goal is still distant, but the EC has had impressive successes, particularly in economics. Trade barriers between members have been breached, bringing the EC closer to a true common market and making it the single largest trading power in the world today. In agriculture, the Common Agricultural Policy (CAP) has made Europe self-sufficient in food. And in monetary affairs the European Monetary System has initiated its own currency, the European Currency Unit (Ecu). The Ecu is now a clearing system for the currencies of all EC members, but it might someday be used across Europe.

The EC's progress in the political area lags behind its accomplishments in economics. France's nationalism strained the EC in the 1960s and, more recently, national concerns have thwarted attempts to settle budget differences and coordinate agricultural policy. Bitter disputes have erupted over the cost of the CAP, which consumes about ⅔ of the EC budget but primarily benefits large producers, such as France. Integration will be more difficult after Spain and Portugal join the Community.

Attempts are underway to strengthen the EC's institutions and the process unifying Europe. Removal of remaining impediments to the movement of goods through the EC are being considered. Another reform would simplify EC decision-making by replacing the current requirement for unanimity among Community members with a system enacting proposals with a simple majority. A third area of reform would strengthen the EC's governing bodies—particularly the European Parliament. More than any other EC institution, the Parliament symbolizes the hope for a united Europe. Yet its powers are small compared to those of the U.S. Congress. The Parliament is reviewing ways to strengthen its legislative role and to make other EC officials more responsive to it.

U.S. support for the EC has long been based on the belief that the Community—by fostering a stable and prosperous Europe—serves broader U.S. interests by promoting democracy and containing communism. In part, the EC's success could not have occurred without U.S. backing. But confrontation with the EC over a series of economic and political issues has led some Americans to argue that the U.S. must take a tougher stand toward the EC.

Perhaps the greatest source of tension between the U.S. and the EC is the Common Agricultural Policy. With its substantial subsidies, the CAP encourages surplus production, forcing the EC to push into third world markets formerly dominated by the U.S. CAP policies, along with the strong

dollar, also caused U.S. farm exports to the EC to drop from $9.1 billion in 1981 to $6.4 billion in 1984. Spanish and Portuguese participation in the CAP is expected to cost the U.S. some of its $2 billion in wheat and corn exports to those two countries. The EC is now considering restrictions on imports of U.S. soybeans and some non-grain livestock feeds.

The U.S. and the EC have serious trade problems in addition to agriculture. The longstanding controversy over EC steel exports to the U.S. is coming to a head. The U.S. steel industry already has surpluses and stiff competition from cost-effective third-world steel producers. European producers have also entered the U.S. market to unload their surplus steel. U.S. producers are urging import quotas, particularly on the highly-subsidized European steel. In high technology, Europe denies U.S. telecommunications marketers the same access that their own producers enjoy in U.S. markets. High-tech industries are for the first time asking Congress for retaliation against the Europeans.

Though less explosive than the trade disputes, there have also been disagreements over political issues. Efforts to create a European political position have succeeded on some issues, such as Central America, the Middle East or South Africa. In certain cases, particularly over Central America, this united European position was strongly critical of U.S. policy. Furthermore, some Europeans' support for a common European defense doctrine raises questions about how the Atlantic Alliance would be affected. The importance of our ties is reason enough for the U.S. to view settlement of these issues with the same concern as military issues before NATO.

In spite of the tensions between the U.S. and the EC, we should continue to support the Community. In the years ahead, it will be much easier for the U.S. to resolve disputes over political and economic policies with a unified Europe than with a continent economically fragmented and torn by internal dispute.

In a broader sense as well, a strong European Community continues to serve U.S. interests. Economic propserity, social stability, and strong democratic governments will encourage peace and security in the Community and will enable Europe to play a larger role in assisting the growth and stability of democratic governments elsewhere.

WORLD HEALTH ORGANIZATION

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. MARKEY. Mr. Speaker, I would like to bring to the attention of my colleagues the recommendations made by the World Health Organization [WHO] at their worldwide conference on health care held in April of this year.

The WHO recommendations, entitled "Appropriate Technology for Birth," show the need for adequate prenatal care of expectant mothers and the importance of having a well-developed health care planning program before, during, and after the birthing process. It encourages families to explore different options for delivery and commends the services provided by midwives in assisting in births at home or in hospitals. With the rising cost of health care in the United States, alternative options to child care should be explored. Individuals pursuing careers in midwifery have long been ignored and the WHO recommendations urge us to take a second look at this underutilized profession.

[From the Lancet, Aug. 24, 1985]

WORLD HEALTH ORGANISATION

APPROPRIATE TECHNOLOGY FOR BIRTH

In April, the European regional office of the World Health Organisation, the Pan American Health Organisation, and the WHO regional office of the Americas held a conference on appropriate technology for birth. The conference, held in Fortaleza, Brazil, was attended by over 50 participants representing midwifery, obstetrics, paediatrics, epidemiology, sociology, psychology, economics, health administration, and mothers. Careful review of the knowledge of birth technology led to unanimous adoption of the recommendations which follow. WHO believes these recommendations to be relevant to perinatal services worldwide.

Every woman has the right to proper prenatal care and she has a central role in all aspects of this care, including participation in the planning, carrying out, and evaluation of the care. Social, emotional, and psychological factors are fundamental in understanding how to provide proper perinatal care. Birth is a natural and normal process, but even "no risk pregnancies" can give rise to complications. Sometimes intervention is required to obtain the best result. In order for the following recommendations to be viable, a thorough transformation of the structure of health services is required together with modification of staff attitudes and the redistribution of human and physical resources.

GENERAL RECOMMENDATIONS

Health ministries should establish specific policies regarding appropriate birth technology for the private and nationalized health services.

Countries should carry out joint surveys to evaluate birth care technologies.

The whole community should be informed of the various procedures in birth care, so as to enable each woman to choose the type of birth care she prefers.

The mother and her family should be encouraged to practise self-care in the perinatal period and develop the understanding of when and what help is required to improve the conditions of pregnancy, birth, and afterwards.

Women's mutual aid groups offer valuable social support and a unique opportunity to share information about birth.

The health team must foster coherent attitudes to ensure continuity in the monitoring of birth and the perinatal team should share a common work philosophy in order to ensure that staff changes do not jeopardize continuity of care.

Informal perinatal care systems (including traditional birth attendants) must coexist with the official system and a collaborative approach must be maintained for the benefit of the mother. Such relations, when established in parallel, can be highly effective.

Professional training should pass on new knowledge of the social, cultural, anthropological, and ethical aspects of birth.

The perinatal team should be jointly motivated to enhance relationships between mother, child, and family. The work of the team can be affected by interdisciplinary conflicts, which should be systematically explored.

The training of health professionals should include communication techniques in order to promote sensitive exchange of information between members of the health team and the pregnant woman and her family.

The training of professional midwives or birth attendants should be encouraged. Care during normal pregnancy, birth, and afterwards should be the duty of this profession.

Technology assessment should involve all those using the technology, epidemiologists, social scientists, health authorities, and the women on whom the technology is used.

Information on birth practices in different hospitals, such as rates of caesarean section, should be available to the public.

Research on the structure and numbers of the team attending at birth should be conducted, at regional, national, and international levels, consistent with maximising access to appropriate primary care and maximising normal birth outcomes and improving perinatal health, cost effectiveness, and the needs and desires of the community.

SPECIFIC RECOMMENDATIONS

The wellbeing of the new mother must be ensured through free access of a chosen member of her family during birth and throughout the postnatal period. In addition, the health team must provide emotional support.

Women who give birth in an institution must retain their right to decide about clothing (hers and her baby's), food, disposal of the placenta, and other culturally significant practices.

The healthy newborn must remain with the mother whenever possible. Observation of the healthy newborn does not justify separation from the mother.

Immediate breastfeeding should be encouraged even before the mother leaves the delivery room.

Countries with some of the lowest perinatal mortality rates in the world have caesarean section rates of less than 10%. There is no justification for any region to have a rate higher than 10-15%.

There is no evidence that caesarean section is required after a previous caesarean section birth. Vaginal deliveries after a caesarean should normally be encouraged wherever emergency surgical intervention is available.

Ligation of the fallopian tubes is not an indication for caesarean section. There are simpler and safer methods for tubal sterilisation.

There is no evidence that routine fetal monitoring has a positive effect on the outcome of pregnancy. Electronic fetal monitoring should be carried out only in carefully selected cases related to high perinatal mortality rates and where labour is induced. Research should investigate the selection of women who might benefit from fetal monitoring. Meanwhile, national health services should abstain from purchasing new equipment.

It is recommended that the fetal heart rate be monitored through auscultation during the first stage of labour, and more frequently during expulsion.

There is no indication for shaving pubic hair nor for an enema before delivery.

It is not recommended that the pregnant woman be placed in a dorsal lithotomy position during labour and delivery. Walking should be encouraged during labour and

each woman must freely decide which position to adopt during delivery.

The perineum should be protected wherever possible. Systematic use of episiotomy is not justified.

The induction of labour should be reserved for specific medical indications. No region should have rates of induced labour higher than 10%.

During delivery, the routine administration of analgesic or anaesthetic drugs (not specifically required to correct or prevent any complication) should be avoided.

Artificial early rupture of membranes, as a routine process, is not justifiable.

Further investigation should evaluate the minimum special clothing required for those attending birth and the newborn.

IMPLEMENTATION OF RECOMMENDATIONS

The above recommendations acknowledge differences between various regions and countries. Implementation must be adapted to these special situations.

Governments should determine which departments should coordinate the assessment of appropriate birth technology.

Universities, scientific societies, and research groups should all participate in the assessment of technology.

Financial regulations should discourage indiscriminate use of technologies.

Obstetric care that criticises technological birth care and respects the emotionals, psychological, and social aspects of birth should be encouraged.

Government agencies, universities, scientific societies, and other interested groups should be able to influence the excessive and unjustified use of caesarean section by exploring publicizing its negative effects on mother and infant.

WHO and PAHO should promote a network of evaluation groups to assist countries in adopting new technologies developed by more advanced countries. This network will in turn constitute a focal point for the dissemination of information.

The results of technology assessment should be widely disseminated in order to change the behavior of professionals and the attitudes of the general public.

Governments should consider the development of regulations to permit the use of new birth technologies only after adequate evaluation.

National and regional conferences on birth, to include health providers, health authorities, users, women's groups, and the media should be promoted.

WHO and PAHO should designate a year during which attention is focused on promoting better birth.

IN TRIBUTE TO ERNEST FITZGERALD

HON. MEL LEVINE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. LEVINE of California. Mr. Speaker, the current issue of People magazine contains a profile of a remarkable man, Ernest Fitzgerald. I have admired Mr. Fitzgerald and his work for many years. During the 3 years I have served in Congress I have had the opportunity to meet and work with him, and my respect for him has grown.

Mr. Fitzgerald embodies everything our public employees should strive to be. He is scrupulously honest, unstinting in his pursuit of waste and fraud in public spending, and unafraid to stand up to the Pentagon bureaucracy and his superiors in defending the national interest and the public interest.

I bring this profile of Ernest Fitzgerald to my colleagues attention and take this opportunity to honor a dedicated and patriotic public servant.

The article follows:

A. ERNEST FITZGERALD—HIS COMMITMENT TO CUTTING COSTS HAS MADE HIM NO. 1 ON THE PENTAGON'S HATE LIST

(By Peter Carlson)

To anyone who sat transfixed before a TV during the Watergate hearings, it was a familiar scene—the august committee room, the Congressmen punctuating questions with probing forefingers, the witness squinting under the hot television lights. This time the inquisitors were members of the House Subcommittee on Oversight and Investigations; the witness was Secretary of the Air Force Verne Orr, and the subject was "The Harassment of A.E. Fitzgerald."

Rep. GERRY SIKORSKI of Minnesota. It is my understanding that you have praised Mr. Fitzgerald for assisting in saving dollars for the taxpayers. Would it be an exaggeration to say we're talking about millions of dollars?

Secretary ORR. I think that's no exaggeration.

SIKORSKI. On Nov. 3, 1983 I believe you told Senator Grassley in his office that Mr. Fitzgerald is "the most hated person in the Air Force." Do you recall that?

ORR. Yes, sir.

The "most hated person in the Air Force" observed this dialogue without a trace of emotion. A. Ernest Fitzgerald is not a demonstrative or flamboyant man. At 59, he has gray hair, wears gray suits and gray-framed glasses, drives a gray car. He is a career government bureaucrat, and he carries the customery tool of his trade—the briefcase. But Fitzgerald's briefcase is not gray. It is a big brown leather satchel that looks as old and as battered as a pony express saddlebag. And when he sits in a congressional hearing room and reaches into it to pull out a document, people in the Pentagon squirm.

Ernie Fitzgerald's official Air Force job title is "management systems deputy" but he is famous as the Pentagon's premier whistle-blower. At a congressional hearing in 1968 he revealed a huge cost overrun on the Air Force's controversial C-5A transport plane. Since then he has testified more than 50 times before congressional committees, telling of various other overruns, screwups and rip-offs. "Committing truth," he calls it, with a characteristically wry grin.

Fitzgerald's testimony has earned him high praise on Capitol Hill. "He's tremendous," says Sen. William Proxmire. "He's one of the very few people in government who has made a difference, and he's done it in an astonishing way." The Pentagon is of course less enthralled with Fitzgerald. Over the past 17 years the Air Force has responded to his candor by demoting him, denying him access to documents, swamping him with busywork, investigating his private life, even firing him. But Fitzgerald has always managed to fight back, using two powerful weapons—lawsuits and a cutting country wit. "I carried on a long legal fight in the courts," he told the House subcommittee last month in his Alabama drawl. "I used to say I was the only bureaucrat in the world suing for more work."

Fitzgerald didn't set out to become a whistle-blower; it happened almost by accident. A native of Birmingham, he served in the Navy during World War II, then returned home to earn a degree in industrial engineering at the University of Alabama in 1951. He worked as an industrial engineer for various companies—concentrating mostly on the aerospace business—until the Air Force hired him as an in-house cost-cutting manager in 1965. Fitzgerald was so eager to get at the "stupendous waste" he had seen in weapons systems that he took a $10,000 pay cut (agreeing to a $23,000 salary) to go to the Pentagon. He soon learned that his job wouldn't be easy. Defense contractors are often huge companies with powerful friends, and the Pentagon does not encourage employees to fight them. As one general told Fitzgerald with no hint of irony, "inefficiency is national policy."

Then in the fall of 1968 came the now-legendary C-5A affair. In 1965 the Pentagon had awarded Lockheed the contract to build 120 of the huge cargo transport planes for about $3 billion. But the costs kept rising, and by 1968 word had spread that the final price might be closer to $5 billion. Senator Proxmire heard those rumors and called several Pentagon officials, including Fitzgerald, to testify before his Joint Economic Committee. At meetings in the Pentagon, word went out to the witnesses: Play dumb. At another meeting, in the Fitzgerald home, there was a different reaction. "I told him that I didn't really think I could live with a man I didn't respect," recalls Fitzgerald's wife, Nell, 57, "and if he went over there and lied. I'd have no respect for him."

The next day Proxmire asked Fitzgerald if the C-5A might really be $2 billion over budget. Fitzgerald waffled for a while, spinning out a long paragraph of bureaucratese, before finally committing truth: "Your figure could be approximately right." That seemingly innocuous statement changed Fitzgerald's life forever. When he returned to his office, his secretary asked, "Have you been fired yet?" No, not yet. First the Air Force began harassing Fitzgerald, opening his mail, excluding him from meetings and investigating his private life, which failed to yield any scandal. Then officials stopped him from working on big-weapons contracts and put him to work auditing a military bowling alley in Thailand. In January 1970 his job was abolished and he was out on the street. Fitzgerald is shy about revealing the private side of his story, but his wife remembers trying to explain the firing to the couple's children—Nancy, then 13, John, 10, and Susan, 6. "The children were upset of course," she says. "But we told them that there was nothing to worry about, that everything would be all right—all those little fairy tales."

Fitzgerald believed those fairy tales himself. He thought he could simply return to the private sector at a higher salary—"go back on the gold standard," he said. But it didn't work out that way. "I was blackballed," he says. "I couldn't get work in a field where I'd had no problem getting work before." So he hit the lecture circuit, wrote a memoir of his Pentagon experience—The High Priests of Waste—and did some consulting work for Proxmire's Joint Economic Committee. He also sued to get his Air Force job back.

In 1973, after four years of legal battles, the Civil Service Commission ordered the

Pentagon to reinstate him. It was a transient victory; the Air Force immediately transferred him to a lesser post. "It was a paperwork job, eyewash for the public," he says, "I was specifically excluded from looking at the purchase of big weapons, which was my specialty." So in 1974 Fitzgerald sued again. After another eight years he won again, regaining his old job and being awarded $200,000 in legal fees. Today Fitzgerald earns almost $70,000 as one of the highest-ranking career bureaucrats in the Air Force—the civilian equivalent of a three-star general. "I like to think of it as a six-star general—three on each shoulder," he says with a laugh.

Meanwhile, in the aftermath of the Watergate scandal, the infamous White House tapes revealed that it had been Richard Nixon who fired Fitzgerald. "I said, 'Get rid of that son of a bitch,' " Nixon was heard telling his aides. Fitzgerald promptly sued Nixon for violating his constitutional rights and later received $142,000 from the former President in a negotiated agreement. That was a sweet victory and he smiles when recalling it. "I went down to my law firm and said, 'What do you mean a check? I thought it would be small bills in a brown paper bag.' " Then he erupts in a bellow of laughter.

Victories over Nixon and the Pentagon have made Fitzgerald a legend or, as the New York Times once called him, "a folk hero to federal employees." He doesn't consider himself a hero, just a man doing his job. And he keeps at it. From 1982 to 1984 he compiled studies documenting huge markups of labor costs by six major defense contractors. Among his findings: At Boeing direct labor costs on the cruise missile were $14 per hour, but the Pentagon was charged $114 for an hour's worth of work; at Rockwell International costs on the B-1 bomber were $15 an hour, and the government was charged nearly $200 for the work. Fitzgerald also helped to uncover some of the now-famous spare-parts scandals—the 34-cent plastic stool-leg cap that cost the Air Force $916.55; the seemingly simple six-inch airplane maintenance tool that cost $11,492. "Fitzgerald is impeccably honest and extremely competent," says Rep. John Dingell, chairman of the House Subcommittee on Oversight and Investigations, which frequently uses Fitzgerald as an investigator. "He's an expert in government procurement, and he has a superb nose for things that just don't smell right."

When Fitzgerald testifies before Congress, which is frequently, he generally comes bearing bad news. Those outlandish prices for spare parts are nothing unusual, he claims; billing for huge items like jet engines involves the same astronomical markups. And the rip-offs will continue, he says, as long as the Pentagon, which spends nearly $1 billion every working day, pays its bills by reimbursing contractors for any allowable expense they can document. As an alternative, Fitzgerald advocates a "should cost" approach, in which contracts would specify the proper cost of each item and contractors would be held to that price. "As long as the system is not changed," he says, "you'll have these horror stories.

Fitzgerald leaves that grim message with a healthy dollop of humor. "When you see a beaufiful jet flying overhead," he once said, "you're seeing a collection of overpriced parts flying in close formation."

Not surprisingly the Pentagon doesn't think this is funny. "Ernie has the capacity to really irritate people," says his boss, Richard Carver, the Air Force's assistant secretary for financial management. "He has a kind of antagonistic way of doing things." Fitzgerald's ideas—particularly "should cost"—are valid, Carver says; the problem is his lack of credibility. "The average guy in the Air Force is persuaded that Ernie is more interested in headlines and raising heck than he is in getting the job done."

And so the Pentagon's war with Ernie Fitzgerald continues. Last year the Air Force twice refused to allow Fitzgerald to give official testimony to Senate committees about Pentagon purchasing and auditing practices. Fitzgerald's superiors suggested that he testify as a "private citizen," which he refused to do. Ultimately the Judiciary Subcommittee on Administrative Practice and Procedure subpoenaed him to testify in his official capacity, and Sen. Charles Grassely of Iowa personally delivered the subpoena to Fitzgerald's Pentagon office, accompanied by TV cameramen. In his testimony Fitzgerald accused the Air Force of withholding important information from him. After another controversial appearance this year, Carver gave Fitzgerald an unfavorable annual job performance evaluation, complaining that he "lacked overall direction." Carver later withdrew the evaluation, but the controversy led to the recent "harassment" hearing.

At that hearing Fitzgerald charged that the Air Force had cut his authority in violation of the 1982 court order that restored his job. "I've been diverted into bureaucratic busywork," he said.

"Any day Mr. Fitzgerald doesn't feel that he has the authority given him by the court," responded Secretary Orr, "he can go back to the court."

"I suppose that's what I'll have to do," Fitzgerald said a few days later. "But I don't want to. It's a very grueling procedure."

Indeed it is, and many of Fitzgerald's colleagues wonder how he can keep up the fight after so many long, frustrating years. "I'm surprised he hasn't thrown in the towel and gone off somewhere," says Senator Grassley. "I'm surprised he doesn't have an ulcer. I'm surprised he can still laugh." But many of Fitzgerald's colleagues believe it is laughter that has saved him. Fitzgerald agrees. "Some people come in here and get all outraged at the injustice of it all," he says as he carries his huge briefcase through the halls of the Pentagon, heading for a meeting on Capitol Hill. "They can't let go of it. They get obsessed. I can let go of it."

Fitzgerald heads down a stairway, then pauses at a window. Outside in the Pentagon courtyard is a little gazebo that serves as a snack bar during good weather. "I have a fantasy about that place," he says, smiling. "I see the Joint Chiefs of Staff making their last stands in there, besieged by an army of angry taxpayers." His grin grows wider, more mischievous. "They're in there, the Joint Chiefs, surrounded by sandbags and they're saying, 'We won't let 'em take us alive.' " And then Ernie Fitzgerald throws back his head and lets out that mad cackle that keeps him sane.

A "STAR WARS" COVER-UP

HON. BILL GREEN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. GREEN. Mr. Speaker, I would like to bring to the attention of my colleagues an article in the December 3 New York Times by Flora Lewis. This op ed piece deals with the x-ray laser beam project of the strategic defense initiative—a project which has respected members of the scientific community charging fraud and coverup.

This article comes at a particularly appropriate time, as my distinguished colleague from Massachusetts, [Mr. MARKEY] and I are circulating a Dear Colleague pertaining to this same project. We are asking Members of the House to join us in a letter to Secretary of Defense Weinberger urging that the December test of the x-ray laser beam project be postponed.

I urge you to first read the excellent New York Times article, reprinted below, and then to join us in the letter to Secretary Weinberger.

A "STAR WARS" COVER-UP

PARIS.—The hyper-selling of "Star Wars" has gone far beyond the childish crayola spot aimed at the general public on TV, beyond the vague claim made to businessmen and allies by the program director, Lieut. Gen. James A. Abrahamson, of progress at an "incredible pace." It has gone to the point of covering up scientific failure in a way that endangers the honesty of research.

Some of the scientists involved are bursting with frustration. They don't know how to cope with this government disinformation campaign. A top official at Livermore and another at Los Alamos, the two national labs where the key research takes place, have resigned, though they are too discreet to explain their decisions.

Ray Kidder, a physicist at Livermore, was quoted in The Los Angeles Times as saying: "The public is getting swindled by one side that has access to classified information and can say whatever it wants and not go to jail, whereas we [the skeptics] can't say whatever we want. We would go to jail, that's the difference."

Energy Secretary John S. Herrington, however, has both denounced the doubters for hurting the national interest in speaking up and called it just a "little squabble" among scientists.

Mr. Herrington said that the next test, scheduled in Nevada this month and named "Goldstone," was going "full speed ahead" despite clear evidence that it cannot be properly measured with existing instruments. The X-ray laser, pet project of the physicist Edward Teller and the centerpiece on which he sold Star Wars to President Reagan, is the current focus of many of the scientists' distress.

It was Mr. Teller himself who leaked last April that a test took place on March 23, and his cronies put out word that it was highly successful. It wasn't. It turned out that the monitoring instruments themselves were excited by the X-rays to emit light. Therefore the brightness they measured was much greater than what the device actually produced and the result was com-

pletely unreliable. One scientist in the program concluded that "instead of a weapon we have a toy."

Undaunted, Mr. Teller went to Mr. Reagan and wangled another $100 million for the project, including this month's test, which will probably cost $30 million. Participants urged a delay until the measuring problem could be solved, which would take six months to a year. That was rejected on the grounds that loss of momentum would be politically unfavorable, even though the test is almost sure to be futile in the circumstances.

Furthermore, although the Administration keeps saying its antimissile program is nonnuclear, the X-ray laser relies on a nuclear explosion for its energy. Insistence on continuing these tests is a major reason Washington won't even listen to the Soviet proposal for a comprehensive test ban.

There are other well-grounded scientific doubts about the X-ray laser. The assumption that it can kill Soviet missiles while they are being boosted rests on their current technology; they take three to five minutes to burn out and carry warheads some 200 miles above the earth. But American experts know that it wouldn't be hard, nor inordinately expensive, for the Russians to accelerate burning time, bringing it down to some 50 seconds and completing the boost at 50 or 60 miles high.

X-rays can't penetrate the atmosphere, and at that altitude they wouldn't get through even if the loss of shoot time could be overcome. But nothing else has been developed as far, so X-ray lasers remain the chief hope for boost-phase missile defense.

The willful distortion of research is a scandal, reminiscent of Stalin's support for Trofim Lysenko's phony theories of genetics because they were politically pleasing. The result set Soviet biology back a generation.

The American physicists working on the Strategic Defense Initiative aren't threatened with the gulag, but they are being put in a demeaning position that undermines their integrity. It isn't a violation of their high security clearance to say that, but it could be if they gave out details to support their stand.

They have been arguing inside the program for some time, to no avail. Apparently they haven't been able to get through to President Reagan to let him know what is happening. That is why their concerns are seeping into public print, despite the gag rule.

Apart from the other arguments for and against Star Wars, if it isn't based on good science it can never be anything more than what President Reagan calls it, his "dream." But it could be a devastating nightmare, sapping the authenticity of American science.

TRIBUTE TO CONGRESSMAN GEORGE H. MAHON

HON. G.V. (SONNY) MONTGOMERY

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. MONTGOMERY. Mr. Speaker, I rise to pay tribute to the gentleman from Texas, Representative George Mahon. I enjoyed serving with Mr. Mahon in the Congress and I also knew him because he and his wife Helen lived on the same floor of the same apartment complex for the last 8 years.

He was a very thoughtful and kind man, both in his work and in his personal life.

He served in this Chamber for 44 years and was chairman of the Appropriations Committee for 14 years, longer than anyone else in the history of the Congress. There is no doubt that he will be long remembered for the very dedicated work he performed in this House.

He was a great American and I will miss him.

WEIZMANN INSTITUTE OF SCIENCE HONORS BRAM GOLDSMITH

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. WAXMAN. Mr. Speaker, it is with a great deal of pleasure that I call to your attention an outstanding American, respected citizen of Los Angeles and longtime personal friend, Bram Goldsmith.

On December 8, 1985, Bram Goldsmith will receive the highest honor of the Weizmann Institute—the Weizmann Award in the Sciences and Humanities. The Weizmann award has been conferred only 16 times since the Institute's founding in Rehovot, Israel, in 1934. The last receipient was British Prime Minister, Margaret Thatcher.

The Weizmann Institute is ranked as one of the 10 leading scientific research centers in the world. Founded by Dr. Chaim Weizmann, Israel's first chief of state, the institute is Israel's main source of future scientists, awarding half of the science doctorate degrees in the country.

Through the research done at the Weizmann Institute, many scientific breakthroughs have been accomplished. Weizmann researchers are currently engaged in approximately 700 projects including studies of cancer and other diseases, genetic engineering, biology of aging, physiology of human fertility, and brain chemistry, plus research into earthquake and pollution control, solar energy, improvement of agricultural crops and applied research in all areas of high technology. Major progress has been made in the fight against drug and alcohol addiction, immune dysfunction in the elderly, cystic fibrosis infirmity, chronic myeloid leukemia; in the area of bioengineering, Weizmann scientists have developed an externally rechargeable cardiac pacemaker, an ultrasonic scanner for diagnosing breast cancer and a magnetic drink for the diagnosis of ulcers. Creating new hope for famine areas, the institute has developed an improved strain of protein-rich wheat which requires 20–40 percent less water to cultivate.

Bram Goldsmith serves on the international board of governors of the Weizmann Institute and is vice president of its Los Angeles support committee. He and his wife have endowed a professional chairm in applied mathematics at the Rehovot campus.

One of the country's leading bankers, Bram Goldsmith and hs wife, Elaine, have lived in Los Angeles since 1951. Renowned as chairman of the board and CEO of City National Bank and City National Corp. and real estate specialist, Bram Goldsmith is equally prominent as one of Los Angeles' leading philanthropists. In addition to his work on behalf of the Weizmann Institute, Bram Goldsmith is a board member of the National Conference of Christians and Jews, Cedars-Sinai Medical Center and the Los Angeles Philharmonic Association. He is former regional board chairman of the United Way, and past president of the Jewish Federation Council of Greater Los Angeles and national chairman of the United Jewish Appeal.

I ask the Members to join with me in congratulating Bram Goldsmith not only for the honor now being bestowed on him by the Weizmann Institute but in recognition of a life of contribution to our society as a whole.

TRIBUTE TO CONGRESSMAN GEORGE H. MAHON

HON. DAN ROSTENKOWSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. ROSTENKOWSKI. Mr. Speaker, I rise to join my colleagues in expressing my deep respect for George Mahon, now departed. In honoring his memory, we honor a giant of the House and a man of incomparable personal contribution to the service of his country.

I consider it a vast privilege that I served 20 years in the House with George Mahon. He had already been here 24 years when I arrived as a freshman, and he rose to the chairmanship of the Appropriations Committee soon thereafter. When I was asked to chair the floor debate on military appropriations the first time, I knew I was in for a challenge, and I got one; but more importantly, I got an education. My teacher was George Mahon, and I never had a better one. It got to be that I looked forward to chairing that debate, just for the chance to learn what George had to impart.

To this day, people who watched George work marvel at his mastery of the rules, the process, the inner-workings of the House. What was even more marvelous to me was his love of the House, and of its history, its traditions, and its role in the American way of Government.

The result was that George Mahon has no peer in the annals of this body for his steadfast and unpretentious dedication to serving his constituents and his country. We have in him a role model of principle, candor, and tirelessness in public office.

We will miss George Mahon greatly, and we will never forget him.

THE DEFENSE BUILDUP

HON. LEE H. HAMILTON
OF INDIANA
IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, December 4, 1985, into the CONGRESSIONAL RECORD:

THE DEFENSE BUILDUP

Since 1980, the U.S. has spent over $1.1 trillion on its military arsenal, both nuclear and conventional, to improve our overall defensive capability and to keep up with the Soviets. That is about 36%; more in real (i.e. inflation-adjusted) terms than we spent in the previous 4 years, and is the fastest rate of expansion in the defense budget in peacetime since World War II.

The overriding question is what improvements in U.S. military capabilities have been obtained with this build-up. Spiraling cost increases for many weapon systems, reports of waste and fraud by defense contractors, and charges of Pentagon mismanagement have led many to question whether we are getting our money's worth.

No single measure or group of measures can fully caputre the effects of increased funding on national security. Parts of the defense budget—intelligence, communications, classified programs, for example—are difficult to evaluate. Most studies agree that we are better able to defend ourselves. Yet, these studies raise worries that the allocation of significant resources has only modestly improved key areas like force structure, personnel, modernization, and readiness.

FORCE STRUCTURE

The current buildup has focused on replacing outdated equipment, both conventional and nuclear forces, rather than enlarging the U.S. arsenal and forces. Except for the Navy, where plans for 600 ships anticipate a new role for seapower, low growth is planned for strategic and conventional forces.

PERSONNEL

Between 1980 and 1985, military pay rose by 44%, more than the private sector average, and personnel policies were enhanced. The quality of personnel entering the services (especially the Army) and the retention of experienced soldiers have improved. The number of recruits with high school diplomas rose from 55% to 93%. Full-time, active-duty personnel, however, rose by only 5%.

MODERNIZATION

U.S. military strategy continues to rely on technology to match a larger Soviet arsenal. From 1980 to 1985, investment funding, which includes research, weapons procurement, and military construction, rose 96%, and now consumes nearly half of the military budget.

Increased funding has caused concern about how we allocate the resources. Expenses for purchase of modern equipment have been up, but the number of weapons bought is not much greater than before because of the sophistication and cost of the new weapons. The weapons procurement budget grew by 91% between 1980 and 1984, but inventory grew by only 2.9%. In some critical areas—sealift ships, antisubmarine warfare aircraft, airlift aircraft, and air defense missiles—inventories have declined. Some expansion will occur in future years as a result of equipment funded, but not yet delivered.

Another concern is that too much of the defense budget has been allocated for nuclear systems at the expense of conventional weapons. To modernize the U.S. nuclear arsenal, the Pentagon is developing five nuclear weapons systems: the MX and Midgetman land-based missiles, the B-1B and Stealth bombers, and the Trident II submarine-based missile. Under current estimates, the total cost of these new systems could top $180 billion by the mid-1990s. The President has also asked for $26 billion by 1989 to research the proposed Strategic Defense Initative, the space-based defensive system to counter a nuclear attack.

There are also concerns that the Pentagon is not spending funds effectively, often getting less for more. The Pentagon bought 30% more tanks and combat vehicles than from 1977-80, but the budget increased by 147%. Missile purchases were up by 6%, but cost 91% more. Aircraft increased by 9%, while the budget rose by 75%. Congress must ask if funds for costly, but only marginally better, equipment should go instead for less expensive weapons to expand inventories. Also, the Pentagon had predicted that increased production would improve efficiency and gradually lower costs, but in many cases price per unit has gone up. Of 15 major weapons purchased in 1985, costs of 12 increased by at least 10% compared to 1977-1980.

Finally, despite a 63% increase in funding for basic technology, U.S. superiority over the Soviets declined modestly between 1980 and 1985, according to a Defense Department ranking of fifteen basic technologies. In three technologies—electro-optical sensors, microelectronic materials, and submarine detection—the U.S. is losing its clear advantage. Only in the area of radar sensors did the U.S. gain an edge.

READINESS

Funding for operation and maintenance increased by 34% over five years, with only slight improvements in the Pentagon's own measures for troop and equipment readiness. The Defense Department contends that U.S. force sustainability has doubled from 15 to 30 days. War reserve stocks of munitions (including ammunition, bombs, and missiles) have been increased by all the services. Yet, as a percentage of requirements, stocks of secondary items like spare parts, medical supplies, fuel, and food have diminished since 1980 for all services except the Air Force.

In each of these areas, the evidence suggests that much more money has not necessarily meant much better defense. With notable exceptions, performance measures in key military areas have changed little. Thus, I am not persuaded that we have received full value for the large increase in spending. I have concluded that rapid defense buildups are no way to strengthen the national defense. Cyclical boom and bust in military budgets does not pay off in real improvement in military capability. A planned, steady stream of funding for military programs better assures a quality fighting force and the equipment it needs. We must understand the importance of preparing for a long-term effort and building a consensus for strong defense. That means, among other things, the defense growth rate must be sustainable, both politically and economically, and the wasteful splurges of defense spending followed by disenchantment with Pentagon mismanagement and inefficiencies must be avoided.

BHOPAL, A YEAR LATER: WHAT DID WE LEARN AND WHAT REMAINS TO BE DONE?

HON. JOHN F. SEIBERLING
OF OHIO
IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. SEIBERLING. Mr. Speaker, 1 year ago yesterday, on December 3, 1984, a human and environmental tragedy occurred in Bhopal, India, as a result of chemical (methyl isocyanate) releases from a Union Carbide plant. The 1-year anniversary of that tragedy is an appropriate time to reflect on our responsibilities in assisting developing nations and on our role in preventing environmental deregulation worldwide; what have we done to prevent future incidents like that in Bhopal, and what steps still need to be taken?

We cannot ignore the environmental consequences of our development assistance; we must also assist nations in developing their own expertise in environmental crisis management. There is an encouraging movement among many Members of Congress toward designing legislation that will encourage sustainable development assistance. Others are concerned with preventing environmental degredation and preserving biological diversity.

The Subcommittee on Public Lands, which I chair, held a successful hearing in early October of this year on the international conservation programs of the Department of the Interior and Forest Service. We learned that while their existing international programs are often well executed, the agencies lack enough legal mandate and direction to provide sufficient and coordinated international technical assistance. Furthermore, the agencies confirmed what we already knew; namely, that the issues confronting the United States in conservation and resource protection are not limited to our borders. When we assist other nations with these problems, we are also benefiting the United States. For example, many of our native songbirds are in danger of extinction because their winter habitats in Central and South America are rapidly being destroyed.

These issues are not limited to the Western Hemisphere. For example, on the Interior Committee's recent trip to the Soviet Union, we were pleased to see that they share our interest in protecting both resources and people from environmentally unsound activities.

An Environmental and Energy Study Institute Task Force, of which I am a member, has issued a report titled "A Congressional Agenda for Improved Resource Management in the Third World: Helping Developing Countries Help Themselves". It calls on us to enact new initiatives to strengthen resource management and promote long-term sustainable development in Third World nations. We need to act on those concerns with all the nations of the world.

Senator JOHN GLENN and I are currently drafting legislation that is intended to clarify the legislative mandate of the many U.S. agencies who could contribute their expertise to international environmental and development programs. We hope to establish a mechanism for more effective coordination among those many agencies.

The world is now aware of what is needed to prevent tragedies like that in Bhopal and steps are being taken to initiate programs that will encourage environmentally sound and sustainable assistance. But we have a long way to go. Congress needs to focus on an examination of the effectiveness of international assistance, and remain dedicated to ensuring that our assistance provides for sound resource management and sustainable development.

TRIBUTE TO HON. GEORGE H. MAHON

HON. WILLIAM H. NATCHER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. NATCHER. Mr. Speaker, as a member of the House of Representative Appropriations Committee, I perhaps, feel a little deeper the loss of our former chairman, George H. Mahon, than some who were not fortunate enough to have shared such a close relationship with this outstanding Member of Congress. One of the nicest things that has happened to me since I have been a Member of Congress, is the opportunity I have had to serve on the Appropriations Committee with such a man. He administered the affairs of the committee with a firm judicial hand.

His concept of public trust was without parallel and never did he hesitate to speak out against any proposal which he felt was not sound and not in the best interest of our people. Words are inadequate to fully appraise George Mahon's tremendous capacity for loyalty and love of his country. In every position he held, either private or public, he achieved distinction. His service in all of his assignments was marked by a high sense of conscience and duty. George Mahon possessed the outstanding moral and intellectual qualities necessary for the position of chairman of the Committee on Appropriations. As a Member of the House from Texas, he had those qualities that are essential for leadership—sound judgment, patience, perseverance and unyielding adherence to the principles and policies advocated by his party for the welfare of the country.

I have served as a member of the Committee on Appropriations for a period of 30 years and am now serving as the subcommittee chairman of the subcommittee that makes recommendations for the Departments of Labor, Health and Human Services, and Education. Our friend George Mahon was very much concerned about the bill that we report from our subcommittee. As chairman of the subcommittee that makes recommendations for the Department of Defense, he was always in favor of a strong United States, believing that this was the best system to maintain peace throughout the world.

I have lost a true friend and this country has lost an outstanding statesman. To his lovely wife and family, I extend my deepest sympathy in their bereavement.

R. EMMETT TYRRELL ON REAGANOMICS

HON. JIM COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. COURTER. Mr. Speaker, I would like to bring to my colleagues' attention a recent article by R. Emmett Tyrrell, Jr., on the success of President Reagan's economic policies. This discussion points out, quite accurately in my opinion, the benefits of the 1981 tax rate reductions on productivity and growth. More importantly, Mr. Tyrrell notes that tax rate reductions are not the cause of our deficit problem. The deficit has been primarily caused by the high interest rate policies of the Federal Reserve Board which caused the deep recession of 1981, 1982, and the undisciplined spending in Congress.

I hope Members of this body will remember these words and exercise some restraint when tempted to add to our overflowing pile of debt.

[From the Washington Post, Nov. 25, 1985]

REAGANOMICS: SOME "FAILURES"!

(By R. Emmett Tyrrell, Jr.)

It is a well-known and oft-lamented fact that people just do not follow current events very carefully. A less well-known fact is that commentators and politicians do not either. That is the kindest way to account for why so many Americans even in the upper altitudes of power say things that are palpably untrue and occasionally even preposterous.

Consider the widespread belief throughout Washington that soon "Mr. Reagan must be forced to confront the failure of his economic policies." "Failure of his economic policies"—what can this mean?

By most standards Mr. Reagan's policies have been a prodigious success. Compare the Reagan economy with its predecessor. Today more people are working than ever before, and unemployment is where it was in fiscal 1980. Then, the rate of inflation was 12.4 percent. Today it is 3.2 percent.

The prime rate is under 10 percent. In calendar year 1980 it was 15.2 percent. Productivity was declining at 0.5 percent in fiscal 1980. In fiscal 1984 it was growing at 3.2 percent. I know it is only normal to long for the good old days, but who would long for the economy of the late 1970s when he's had Ronald Reagan's?

Moreover it compares very favorably with that of its fabled trade partners. From the end of 1982 to mid-1985 this country's industrial output climbed at a yearly rate of 8.8 percent, as opposed to 8.6 percent for Japan and 4.8 percent for West Germany. In sum, these are palmy times.

Of course, those who murmur about "the failure" of Reagan's economic policies do not have such broad considerations as unemployment, inflation and productivity in mind. They are thinking solely about the federal budget's enormous deficits.

Many conservatives have always worried about deficits, but now liberals, too, have come to scowl at them as Calvin Coolidge and Grover Cleveland once did. They fear that these deficits will bring economic ruin, and they blame them on the Reagan administration's military buildup and 1981 tax cuts, the latter of which were supposed to encourage economic growth and increase government revenue.

Actually no one knows for a certitude how much of a problem our present deficits portend. The Mount Everest of debt that Washington has accumulated is nothing to wink at, but aside from onerous interest payments, the consequences remain speculative. However, those who follow current events diligently know that government revenue was up almost 10 percent last year.

The 1981 tax cuts are not the cause of our deficits, nor is military spending. Rather the culprit is rising federal spending, which fattens apace with Congress' noble goals. The failure is not with Ronald Reagan's polices but with those of Congress. Despite the grieving over the Reagan administration's budget cuts, the federal government consumes a higher percentage of our gross national product today than during the Carter years.

As University of Maryland economist Melville J. Ulmer has noted, federal revenue from 1980 to 1984 rose by a brisk 29 percent, despite the Reagan tax cuts. This is more than the growth in the population and the price level combined; it is a very significant rise in real receipts per capita.

Unfortunately, during this period government outlays grew even faster, by 44 percent to be precise; and defense was not the villain. Nondefense spending amounted to three-fourths of the total budget, rising by 37 percent from 1980 to 1984.

With this vast expansion in government spending it would have taken a 50 percent increase in both individual and corporate income taxes to balance the budget. Imagine how those gigantic taxes would crush our economy, to say nothing of the world economy.

It is, then, quite erroneous to say that Ronald Reagan's economic policies have been a failure. They did not cause the huge deficit we face, nor is it clear that this deficit is the sign of a sick economy. As economist Alan Reynolds observes, "The purpose of an economy is not just to balance the government's budget but to increase wealth and job opportunity."

By those enlightened standards the Reagan policies are a success. The president's only failure that I can perceive is that he has failed to persuade Congress to restrain its impulses to spend, but that is not what his critics have in mind.

NEW ENGLAND'S "ECONOMIC MIRACLE"

HON. STEPHEN L. NEAL

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. NEAL. Mr. Speaker, a recent Wall Street Journal article entitled "The Frost Belt's Revenge," by Bernard L. Weinstein and Harold T. Gross, takes note of the New

England "economic miracle"—the sudden turnaround in the fortunes of the Northeastern States.

In most of the Northeast, unemployment is below the national average, new companies and jobs are being created at an impressive rate, housing starts are up, and population growth has resumed. In contrast, many Southern and Sun Belt States have had high unemployment and economic reversals recently. We should take this opportunity to demolish the myth of Sun Belt boom and Frost Belt decline, and to acknowledge that every region has economic strengths and weaknesses.

More important, those of us from the Sun Belt can learn an essential lesson from the New England economic revival. As Messrs. Weinstein and Gross put it: "It is by now generally accepted that New England's 'economic miracle' has come about in large part because of the quality of its human capital. For generations, New Englanders have invested heavily in public education with the result that the regional work force is literate, trainable, and retrainable. By this standard, the Sun Belt's near-term future appears far from promising."

Our Southern States recently have made a strong effort to improve their schools. But we have a long way to go if we are to prepare our citizens for the economy of the future. It is popular now in some States to smile a lot and cut taxes instead of taking the long view and investing for the future. If we are wise, however, and if we hope to have our own economic miracle, we must make that investment in public education.

At this point, Mr. Speaker, I would like to insert in the RECORD the article by Messrs. Weinstein and Gross which appeared in the November 19, 1985, edition of the Wall Street Journal. I commend it to my colleagues, especially those from the South.

The article follows:

THE FROST BELT'S REVENGE

(By Bernard L. Weinstein and Harold T. Gross)

A decade ago, U.S. politics became embroiled in debate over the causes and implications of an apparent transfer of economic vitality from the Northeast and Midwest to the Southeast and Southwest. In a public-policy climate characterized principally by a concern for redistributive equity rather than economic growth, the back-to-back recessions of the past 10 years or so became sources of regional conflict as differing rates of population, job and income growth were seen increasingly to distinguish a declining Frost Belt from an emerging Sun Belt.

Now fortunes have changed to a considerable degree, and with them, one hopes, some premises of national policy making.

HIGH-WATER MARK

The last decade's conflict in large part was over the geographical distribution of federal dollars. The high-water mark in this interregional battle for dollars probably was achieved about three years ago when the industrial-policy debate reached its crescendo. Although most industrial-policy proposals did not address regional issues per se, they found their greatest support in the Frost Belt and had only lukewarm appeal in the Sun Belt. Since the Reagan landslide in 1984, the industrial-policy debate has waned, though the administration's proposal to eliminate the deductibility of state and local taxes has generated considerable hand-wringing among high-tax states, principally in the Frost Belt.

Still, the Sun Belt-Frost Belt wars seem to have ended, primarily because of the two regions' growing resemblance to each other: Many parts of the Frost Belt are returning to prosperity, while the Sun Belt has collapsed into only a few "sunspots." Since 1980, for example, eight Sun Belt states have experienced net out-migration, while five Frost Belt states have shown net immigration. Ten Sun Belt states have lost jobs since the start of the decade, a consequence mainly of the structural decline in the refining, petrochemical, shipbuilding, automobile, textile and steel industries, while seven Frost Belt states have posted employment gains.

The best example of this regional identity crisis, however, is found in the recent role reversals of New England and Texas. During the 1970s, New England and Texas were seen by many as archetypes for the Frost Belt and Sun Belt. Between 1970 and 1980, for example, New England's population, on average, grew by less than 0.5% a year, while Texas's population increased at an average rate of 2.7% annually. Similarly, nonagriculture employment in New England grew by only 2% a year during the same period, while in Texas job growth went up at an average annual rate of 6.2%. More important, New England's manufacturing work force grew by only 0.3% a year between 1970 and 1981, while Texas's manufacturing employment expanded at an average annual rate of 4.5%. The gap in per-capita personal-income growth between New England and Texas offered additional evidence of relative decline and prosperity. From 1970 to 1980, per-capita income in New England grew at an average annual rate of 13.8%, compared with 16.7% in Texas.

More recently, however, the tables have turned rather dramatically. With respect to population growth, for example, although Texas's 1983 to 1984 growth rate of 1.3% remains nearly double New England's 0.7%, the difference between the two regions' rates of growth has narrowed considerably. A more telling indicator of change lies in a comparison of growth rates between their most prominent metropolitan areas: From 1982 to 1984, Boston's population grew 1.8%, while Houston's declined 1.2%.

A similar pattern has emerged in employment trends in the two regions. In sharp contrast to the norms of the previous decade, the rate of civilian employment growth between 1983 and 1984 was the same for both New England and Texas. In fact, from September 1984 to September 1985, nonagricultural employment grew more slowly in Texas than in the U.S. as a whole. For the first time in 15 years, Texas's unemployment rate of 8.1% exceeds the nation's by a wide margin; while Massachusetts currently posts the lowest unemployment rate in the nation at 3.8%. In fact, 10 of the 19 Sun Belt states currently show unemployment rates above the national average, while in the Northeast only one state exceeds the national norm. Moreover, between 1983 and 1984, new business incorporations increased 11.5% in New England, but declined nearly 2% in Texas. From the second quarter of 1984 to the second quarter of 1985, personal income in Texas grew 6.6%, slightly below the national average and well below New England's 7.6% and Massachusetts's 8.1%.

Perhaps the best indicator of the regions' comparative prosperity, however, is found in residential construction. In the Northeast, housing starts were up 29% for the first half of 1985, and in Boston, 4,600 new housing units will be completed in 1985, doubling the 1984 total. In Dallas, which is arguably the healthiest housing market in Texas, housing starts were down 21% for the first half of 1985. Furthermore, for the first half of 1985, Texas led the nation in mortgage foreclosures.

With slight variations, the same trends that now characterize Texas are repeated throughout most of the Sun Belt states: Although some of the Sun Belt's current economic ills may be attributed to the national business cycle or the strong dollar and its impact, they are a reflection principally of the structural change that is under way in many of the region's manufacturing industries, particularly those tied to the energy sector. In short, the Sun Belt is experiencing the "deindustrialization" that once seemed peculiar to the Frost Belt as layoffs, plant closings and "capital flight" become increasingly common. Indeed, economic development has now become a priority for communities across the Sun Belt and, ironically, most look to New England as the example to be followed.

It is by now generally accepted that New England's "economic miracle" has come about in large part because of the quality of its human capital. For generations, New Englanders have invested heavily in public education with the result that the regional work force is literate, trainable and retrainable. By this standard, the Sun Belt's near-term future appears far from promising.

Generally, the Sun Belt states have long neglected their public education systems, with regard both to funding and to academic standards. This legacy of neglect, despite recent reforms enacted by many state legislatures, may hamper the region's ability to compete in the national and international marketplaces. Once again, a comparison of New England and Texas is revealing.

Only 16% of Texas's adult population are college graduates, slightly below the national average and well below Massachusetts' 20%. Further, only 62% of the adult population in Texas have graduated from high school, considerably below the national average. Only 68% of ninthgraders in Texas complete high school, and Texas ranks fifth from the bottom among all states in combined SAT scores. As the U.S. moves further into what is sometimes called a postindustrial society, the Frost Belt will continue to reap returns on its long-term investment in human capital. Most of the Sun Belt states, in contrast, are only now beginning to invest seriously in their educational systems, an investment that will not pay off for at least a decade.

FLIP-FLOP IN FORTUNES

What are the lessons of the past 10 years? Certainly, the rise and fall of the Sun Belt suggests that simplistic analyses and judgment sabout the economic health and outlook for U.S. geographic subregions should be eschewed by academics, journalists and policy makers. Indeed, the recent flip-flop in regional economic fortunes has undermined conventional perceptions of growth and decline, and the casual taxonomy that has cast the Sun Belt as "winners" and the

Frost Belt as "losers" in the competition for jobs, income and investment.

More important, the speed with which this transformation has occurred raises serious doubts about the efficacy and equity of federal assistance, whether targeted to regions or industries, as a response to "problems" that are not really problems at all but simply evidence of a continuous restructing in the American economy.

ISRAEL'S ESPIONAGE INVESTIGATION

HON. HOWARD WOLPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. WOLPE. Mr. Speaker, I wish to commend the Government of Israel for moving decisively to investigate the espionage incident which has threatened to harm relations between our two countries. The sweeping policy issued by Prime Minister Peres, on behalf of his government, should remove any concerns that Israel will tolerate any spying activities against the United States. Israel's long standing and formal policy against such activities is intact—indeed, it has been strengthened and reaffirmed by these unfortunate events.

Clearly, there is no place, in the special relationship that characterizes the ties between the United States and Israel, for either country to run clandestine operations against the other. Espionage is incompatible with, and does fundamental violence to, the spirit of trust and intensive cooperation that guides our political, economic, and military ties. It is a standard, incidentally, that must not only bind Israel, but also the United States. We must respect Israel no less than we demand such respect for ourselves.

The arrest of two Americans on charges of supplying Israeli Government officials with classified information has dismayed all responsible parties in both the United States and Israel. It is critically important, in order to put this incident fully behind us, for our authorities to have access to those in Israel allegedly involved in this affair, and for all stolen documents to be returned to the United States. Israel's pledge to cooperate fully with our law enforcement officials is especially welcome and helpful. Moreover, Israel's pledge to dismantle totally any Government entity associated with these activities, and to pursue and resolve all questions "to the last detail," will assure a complete accounting, and prevent these matters from ever recurring.

People of goodwill toward Israel should have no doubt that the Israeli Government will get to the bottom of this affair and punish those responsible. It takes great moral and political strength—traits peculiar to democracy and to Israel's unique heritage—to critically examine alleged wrongdoing, and reaffirm the commitment to justice and the rule of law. Those who question Israel's resolve to exact justice in this matter should be reminded of the work of the Kahan Commission, regarding the massacre of Palestinians by the Phalange in Lebanon, and the criminal trials in Israel of those who perpetrated terrorism against Arabs. Israel does not abdicate its legal and moral responsibilities to either itself or any other nation—and will not do so in this instance.

In taking the measures that he has, Prime Minister Peres has demonstrated once again his wisdom, courage, and fundamental decency as a leader of his country. The past several days have been no less difficult for the Prime Minister and his colleagues than they have for our Government. We in the United States who value and cherish our relationship with Israel should fully support the correct and careful initiative the Israeli Government has taken to redress the mistakes that occurred, and to repair our relations.

REGARDING GENERAL REVENUE SHARING

HON. FRANK HORTON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. HORTON. Mr. Speaker, 1985 has been a difficult year for those of us who worked to establish general revenue sharing and are committed to its reauthorization. Although we defeated efforts to eliminate and reduce funding through the House and Senate Budget resolutions, we were unable to secure the full $4.6 billion appropriation authorized for this year.

Instead, the Treasury appropriations bill, recently signed by President Reagan, provides only $4.185 billion, or 8.5 percent less than we authorized. In order to allow the localities who depend on this funding to better adjust to the reduction, I offered an amendment to ensure that the cut would be taken from the last quarterly payment.

Because of the critical role GRS plays in the budgets of the towns in my district, I have endeavored to update them regularly on the program's status. The response and support I received demonstrates the importance of general revenue sharing and the unique role it plays in the budgets of towns and townships across the Nation.

I recently received a letter which describes the need for revenue sharing more simply and clearly than any I have ever read. It is well worth reading and I commend it to your attention.

The letter follows:

TOWN OF NILES,
Moravia, NY, November 19, 1985.

Hon. FRANK HORTON,
Washington, DC.

DEAR CONGRESSMAN HORTON: I received your letter of Nov. 14, 1985 regarding The Revenue Sharing Program. The Niles Town Board and I want to thank you for your efforts to continue this vital program and share your views regarding same.

We realize that feedback, especially from Towns, is minimal unless we have a complaint. We thought a letter of appreciation is in order for all your efforts in our behalf and we would like to inform you what we have done with FRS funds in more recent years.

In 1980 we used these funds to replace our Town pick-up truck. A more important use is just coming to completion. For many, many years we stored our salt/sand mixture for ice control in a huge pile outdoors. Now it is housed in a 40 by 70 shed, completely out of the weather, removing the pollution threat it once posed. This project was funded with FRS and general Town Funds, approximately 90 and 10%. Without the FRS funds this project would probably not have been done.

Thank you again for your help and like you, we are sorry to see this program terminated.

Sincerely yours,

GEORGE R. KOMER,
Supervisor.

LA SALSA—A UNIQUE LOS ANGELES EXPERIENCE

HON. MEL LEVINE

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. LEVINE of California. Mr. Speaker, one of the things which has made America great is the desire of our people to own their own business, to sell a better product, and to make their community a better place in which to live.

La Salsa is the embodiment of that tradition. Founded by Howdy Kabrins in 1979, this fast growing chain of restaurants began as a small, 500 square foot, restaurant at the famous corner of Pico and Sepulveda Boulevards in Los Angeles. This La Salsa is not a fancy restaurant. There are only two tables and a counter where people can pull up a stool and eat. When it was first founded, La Salsa served soft shell tacos and a few side dishes and appetizers. It immediately became one of my favorite restaurants.

La Salsa quickly developed a reputation for the quality and authenticity of its food. It was, and remains, unique although imitators have sprung up all over southern California. This is perhaps the most compelling testament to the success and impact of La Salsa.

The La Salsa restaurants have developed a reputation for being not only among the finest Mexican restaurants in the city but one of the best restaurants of any kind in the city of Los Angeles. Its menu has grown. The restaurants now serve a wide variety of very tasty Mexican dishes. Each is prepared in the unique tradition of La Salsa. By next year there will be eight La Salsa restaurants all over Los Angeles. Food critics, magazines, and guide books have singled out La Salsa for the unique quality of the food served in the restaurants.

In creating his dream, Mr. Kabrins says that he set out to bring to the United States the finest quality peasant foods of Mexico. People come from all over southern California to satisfy their cravings at La Salsa. It is not unusal for visitors to Los Angeles to head straight for La Salsa from Los An-

geles International Airport. I know it is always one of my first stops.

According to Mr. Kabrins, his vision for his restaurants was inspired by an old Mexican saying: "La unica democracia en Mexico son las taquerias donde no hay barreras sociales, no hay preferencia." Translated that means: "The only form of democracy in Mexico is found in the taco stores, for there are no social barriers when eating tacos." The La Salsa restaurants are the embodiment of that saying.

Mr. Speaker, I rise today to pay tribute to Howdy Kabrins and his dream. I urge my colleagues to join me in saluting Mr. Kabrins and the unique cuisine of Mexico he has brought to Los Angeles.

ANNIVERSARY BANQUET FOR BISHOP CURTIS DOUGLAS GILMORE

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. RODINO. Mr. Speaker, it was my pleasure to attend an anniversary banquet honoring my good friend Bishop Curtis Douglas Gilmore on Sunday, November 24, 1985 in Newark. Bishop Gilmore has been the pastor of the St John's Unified Freewill Church for the last 16 years. During these years he has had the privilege of ordaining 17 ministers who are now pastoring their own churches. Bishop Gilmore is a community minded individual who has helped the church meet the needs of its members as well as those of the community.

At the end of 1986 Bishop Gilmore and the St John's Unified Freewill Church, with a membership of 350, will be celebrating groundbreaking ceremonies for an extension to their church.

During this memorable anniversary Banquet scripture reading was given by Elder Carl Burnett, pastor, Mission of Hope UFW Baptist Church; the invocation and blessing were given by Dr. Sturley Brooks, Th.D., pastor, Emanuel Hope UFW Baptist Church; the toastmaster was Elder Hilton Rawls, pastor, St Paul UFW Baptist Church; the keynote speaker was the Reverend Reubel Caldwell, and the Benediction was given by Dr. Dorenza A. Gerrell, Th.D., pastor, Christ Temple UFW Baptist Church.

I would also like to take this time to give thanks to the chairperson, Novella Wooten and the cochairpersons, Mary Singleton and Laura Uzell and the Committee for making this anniversary banquet possible. It was my privilege to participate in honoring such a fine individual as Bishop Curtis Douglas Gilmore.

TRIBUTE TO CESAREO R. PELAEZ

HON. NICHOLAS MAVROULES

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. MAVROULES. Mr. Speaker, I would like to take this opportunity to recognize the outstanding theatrical accomplishment of Cesareo Pelaez, professionally known as Marco the Magi. December 8, 1985, marks the 1,000th performance of his production of "Le Grande David and His Own Spectacular Magic Company." One thousand consecutive performances is a truly unprecedented accomplishment by a resident magic company in American theatrical history.

The show's first production schedule was set in 1976 at the Cabot Theater in Beverly, MA. Since then, it has risen to world acclaim. Feature articles on Beverly's resident magic company have appeared in Time, the Christian Science Monitor, National Geographic, Yankee magazine, the Boston Globe, and the Boston Herald among others.

The ensemble of "Le Grand David and His Own Spectacular Magic Company" has been invited to perform at the annual Easter Monday egg roll festivities at the White House. This invitation has been extended for the past 4 years, beginning in 1982.

In recognition of his outstanding work, Cesareo Pelaez/Marco the Magi has received the Magician of the Year Award—1980 which is the highest award of Hollywood's prestigious Academy of Magical Arts. In addition, Mr. Pelaez has been inducted into the Society of American Magicians Hall of Fame in Hollywood, CA, and he is currently the president of one of the oldest and most distinguished magical fraternities, the Society of American Magicians.

In addition to his roles as producer and star performer of the magic show, he is an associate professor in psychology at Salem State College, In Salem, MA. His tremendous drive and creativity has resulted in the production of one of the most stupendous magic shows in the world today. His success is the quintessential example of the American theme: turning one's dream into reality. I ask my colleagues today to join me in commending Cesareo Pelaez for his spectacular work.

GOLDSTONE X-RAY LASER TEST SHOULD BE DELAYED

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. MARKEY. Mr. Speaker, sometime this month, a nuclear test, code-named Goldstone, will be conducted at the Nevada test site as part of the star wars X-Ray Laser Program.

Plans for this test are apparently going forward despite classified reviews by the Los Alamos National Laboratory, the prestigious Jason Group of senior defense scientists, and scientists within the Lawrence Livermore Laboratory that have identified serious technical programs with the device used to measure the performance of the X-ray laser.

The administration should delay the planned Goldstone test until it has rectified these technical problems. It should not be rushing to continue expensive X-ray laser tests that may yield little useful data.

Mr. Speaker, I would like to call to the attention of my colleagues several articles which have recently appeared in the press detailing this disturbing situation.

The articles follow.

[From the Los Angeles Times, Nov. 12, 1985]

SCIENTISTS DISPUTE TEST OF X-RAY LASER WEAPON

(By Robert Scheer)

LIVERMORE, CALIF.—The Lawrence Livermore National Laboratory is proceeding with plans for a $30-million test of its nuclear-driven X-ray laser weapon despite charges from other government scientiests that there are serious flaws in the experiment's design, The Times has learned.

The decision to proceed with the top-secret test, code-named Goldstone, next month at the Nevada nuclear test site also ignores warnings from some of Livermore's own experts—as well as from scientists at the government's other weapons lab at Los Alamos, N.M.—that a design error in a key measuring device used in all past tests has caused it to give false readings

The X-ray laser weapon has been the most publicized element in President Reagan's Strategic Defense Initiative, or "Star Wars" program. But past claims for the weapon's success have now been called into question, including the most recent $30-million test, which was conducted in March and code-named Cottage.

Goldstone and Cottage are part of a five-year-old series of tests in which Livermore scientists are attempting to transfrom the power of the nuclear explosion into X-ray lasers. If the laser can be focused into sufficient brightness, they might provide a beam of light lethal enough to destroy satellites or missiles in space.

Three months after the reportedly successful Cottage test, scientists at the Los Alamos weapons lab reviewed the highly classified data and warned Livermore officials that the results had been distorted because the device used to measure the laser's intensity cannot provide accurate readings and, therefore, should not be used.

WOULD DELAY PROGRAM

Los Alamos scientists urged Livermore to develop a new mechanism to measure the laser, which would have caused an estimated delay of six months to a year in the program.

An independent internal Livermore review conducted by physicist review conducted by physicist Joseph Nilsen reached the same conclusion as the Los Alamos scientists. Nilsen's classified report was circulated in the lab on June 27. Nevertheless, when George H. Miller, the lab's deputy associate director, went to Washington in July to brief the SDI office on progress in the X-ray pro-

gram, his presentation ignored the error in the experiment.

According to one source, confirmed by others—all of whom requested anonymity—scientists working on the program "were furious because Miller used the old view graphs (color slides of data) on the experiment, which did not take into account the new distributing findings."

Repeated attempts to reach Miller for comment were unsuccessful.

Key scientists working on the X-ray laser project held a series of meetings at Livermore last summer and some urged a postponement of the December test to solve the physics problems in the measuring device. But lab officials accepted the arguments of test proponents that a delay would have unfavorable political repercussions for the program.

"Miller didn't want to delay it because it would look bad," one federal scientist charged.

At that point, according to sources who were involved in reviewing the experiment, Los Alamos scientists complained to the SDI office about the experiment's flaw.

Also, a federal scientist tipped the prestigious Jason Group, a 26-year-old committee of senior scientists, with whom the Defense Department consults on military projects involving complex technologies.

On Sept. 27, a Jason delegation visited Livermore to examine the problem and endorsed the critique of the Los Alamos scientists with whom they had conferred the day before.

ADDITIONAL $60 MILLION

Despite the warning from Los Alamos, the SDI office recently awarded Livermore an additional $60 million, largely because of the lobbying efforts of physicist Edward Teller, a Livermore consultant and the man often credited with having sold the President on "Star Wars."

The Times has learned that the warning from Los Alamos scientists is not the first time that Livermore scientists were aware that the laser measuring device was flawed.

A major study conducted by Livermore scientist George Maenchen was widely circulated at the lab in August of 1984 raising points similar to those of the Los Alamos study and advising caution.

Measuring the results of such tests, which are conducted at the Nevada test site, is an extremely complicated procedure. A nuclear bomb is placed at the bottom of a 30-foot-tall canister filled with various instruments. Protruding from the bomb are rods, which when agitated by the explosion, are intended to emit X-ray laser beams in the fraction of a second before they are vaporized, along with everything else near the bomb, including the measuring device.

DEVICE THROWS LIGHT

Measuring devices in the canister attempt to determine the intensity of the X-ray lasers produced in the blast. But the measuring device that gathers the rays and reflects their light also heats up in the course of the experiment and throws its own light, which can itself be confused with an X-ray laser.

"As a result, now five years after the test, we still don't have the conclusive test to prove that there ever was an X-ray laser," said one federal scientist. He, like most informed observers, believes that some form of X-ray laser has been produced. But he argues, that its brightness has not been accurately measured. If extremely high brightness—far beyond anything now claimed, is not eventually attained—the experiment will have no military usefulness.

This was also the conclusion of the Los Alamos study conducted by scientists Jack C. Comly, Donald E. Casperson, Nelson M. Hoffman and Gottfried T. Schappert. The Times obtained an unclassified abstract of their study that mentioned problems with the measuring device.

The full classified report of their study was presented at a nuclear explosives design physics conference at Livermore Oct. 28–Nov. 1.

SDI chief scientist Gerold Yonas, who was contacted by The Times, said he "will not comment on classified matters." But he said "substantial progress has been made in the Livermore X-ray laser program. Support of the program is continuing."

The X-ray laser program at Livermore continues to expand at a rapid pace and enjoys increased funding from the Department of Energy, which sponsors the lab and the SDI office. But the program's pace is the subject of much controversy at Livermore.

Sources contend that most scientists involved in the program agree on the need for research, but they argue that the program has fallen victim to politics and that the search for "spectacular results," in the words of one such critic, "has overridden careful physics."

"Pressure to go faster," one federal scientist said, "means making mistakes like relying on a calibration system they didn't fully understand which gave a false large signal, so after five years, we still don't know what they have."

TELLER PROTEGE

Critics charge the pressure to race ahead comes largely from a faction within Livermore headed by Teller protege Lowell Wood. Although Wood is not formally in charge of the X-ray laser research, his critics and supporters agree that he has immense indirect influence over the project. This influence is buttressed by his connection to Teller and the high-level access both men enjoy within the Reagan Administration.

Sources within Livermore say that there was a great deal of tension between Wood and the lab's former associate director, Roy Woodruff, who recently "requested reassignment," but insists he is "satisfied with the technical progress of the program." According to one colleague at the lab, Woodruff, who had overall responsibility for the X-ray laser project, said he was tired of Wood's "end runs to Washington."

Despite repeated attempts to reach them, Wood and Teller declined comment.

Woodruff's responsibilities have been assumed—at least temporarily—by Miller, who was more supportive of the decision to go ahead with the December test.

[From the Los Angeles Times, Nov, 13, 1985]

SHADOW OVER "STAR WARS"

The results of scientific experiments can only be as valid as the accuracy of the instruments used to measure them. This elemental truth appears not to have been taken very seriously by researchers in one of the major areas of the "Star Wars" program: the quest for an X-ray laser capable of zapping attacking Soviet missiles.

As staff writer Robert Scheer reported in The Times on Tuesday, the Lawrence Livermore Laboratory is proceeding with plans for a $30-million test of a nuclear-driven X-ray laser despite warnings by other government scientists that a key measuring device is faulty and inaccurate.

The experiments involve exploding nuclear devices underground and converting the energy that the explosions release into a powerful X-ray laser beam. As a strategic defense weapon, a nuclear-pumped laser would have to be developed in space because X-rays cannot easily penetrate the Earth's atmosphere. For the same reason, the laser would have to catch rising enemy missiles after they had entered space.

Assuming that such a device can be built, there are practical objections. As generally perceived, a fleet of nuclear-armed laser devices would have to stand guard in permanent Earth orbit. Since the nuclear pump is really a bomb, we aren't sanguine at the prospect of dozens or hundreds of these bombs—some American, some Russian—whizzing around overhead. Critics also note that nuclear pumped lasers would probably blow up other parts of a defense system that were anywhere near them. And nobody has explained why Livermore is spending more than $100 million a year on nuclear X-ray laser research when the President says that the defense shield would be non-nuclear.

Those problems all lie in the future. The immediate problem is that project managers at Livermore are claiming dramatic success in underground tests while scientists at the Los Alamos weapons laboratory warn that the tests may not be valid because the device used to measure the laser beam's intensity had a serious design flaw. An internal review by other scientists at Livermore agrees with the Los Alamos assessment of the test results.

Rather than accept the six-months-to-a-year delay that waiting for a new mechanism would involve, the program managers at Livermore are going ahead with plans for a new test. Critics charge that political considerations were a major factor in the decision.

Whatever the motive, it is self-evident that millions of taxpayer dollars should not be thrown away in a test that cannot be accurately and reliably calibrated. The Administration should put further tests on hold until the measuring-equipment problem is solved.

[From Valley Times, Nov. 18, 1985]

"STAR WARS" LASER TO BE TESTED

(By William Scobie)

LOS ANGELES.—At a secret site in the Nevada desert early next month, the spearhead of President Reagan's new "star wars" antimissile system faces a crucial test.

It is the futuristic X-Ray Laser Cannon, designed to zap incoming Soviet missiles from the sky, and it's the brainchild of physicist Edward Teller, so-called "father of the H-Bomb."

The multi-layer "peace shield" defense system being built around the unproven beam weapon will cost an estimated $26 billion over the next five years, a staggering $1 trillion over the next two decades.

Soviet leader Mikhail Gorbachev last week told a group of Nobel laureates in Moscow that Reagan's insistence on his "star wars" strategy will be "the most pressing question" at Tuesday's summit talks.

But a growing consensus of U.S. scientist—including many admirers of Teller—feels that Gorbachev has little cause for alarm. They argue that the "star wars"

system and especially Teller's laser "baby," simply won't work.

Rebel scientists at California's Lawrence Livermore Laboratory and at Los Alamos Weapons Laboratory in Nevada last week leaked word that next month's $30 million laser test, which requires a thermonuclear explosion, is being pushed ahead for political reasons, despite known flaws in the mechanics of the experiment that render it largely worthless.

Teller is guru to a powerful faction in the internal battle for fame and funds in the "star wars" empire. They are attempting to transform the power of a nuclear explosion into X-ray laser beams to destroy missiles and satellites in space.

After a test last March, scientists from Los Alamos, Livermore and Washington agreed that the device used to measure the laser's intensity could not make accurate readings. To produce a new and more reliable mechanism might take a full year.

Yet some Livermore scientists working on the project charge that proteges of Teller failed to inform "star wars" chiefs in Washington of the alleged experimental flaws.

Teller, a brilliant physicist renowned in the scientific community for his historic 1950's dispute with Robert Oppenheimer over the morality of building thermonuclear weaponry, is fervently anti-communist. He is widely credited with "selling" the "star wars" concept, especially its Buck Rogers-laser weapon centerpiece, to the White House, where he is a frequent guest and known to have the president's ear.

But since Reagan first enunciated (with a beaming Teller in attendance) his vision, in March 1983, of a non-nuclear "peace shield" defensive system that would forever protect the United States against nuclear assault, the famous physicist has faced many rivals and critics.

Chief among his establishment opponents is retired Gen. Daniel Graham, a former director of U.S. military intelligence who created "Project High Frontier." With missionary fervor and money from conservative think tanks. Graham has worked to sell the administration on a Strategic Defense Initiative (SDI).

[From the Oakland Tribune, Nov. 17, 1985]

OFFICIAL CONFIRMS STAR WARS X-RAY LASER TEST PROBLEMS

ATLANTA.—Air Force Lt. Gen. James Abrahamson, the head of the Pentagon's Star Wars research effort, confirmed Friday that technical failures marred an underground nuclear test, aimed at developing an X-ray laser, one of the key components in President Reagan's Strategic Defense Initiative.

Federal scientists had initially hailed the March 23 test at the government's Nevada test site as a breakthrough in the development of the experimental laser weapon by the Lawrence Livermore National Laboratory.

But anonymous reports in Science magazine of defective equipment and miscalibrated sensors began to surface last month—shortly before the resignation Nov. 1 of Roy Woodruff, the senior scientist in charge.

"Relatively, we could see that the power was there and the rest of the systems worked," Abrahamson told reporters Friday in Atlanta, in the first public confirmation of the difficulties. Although the results of the test are classified, he said, "it did not let us know some of the absolute levels of performance that we wished to know."

Although, "there were, on one nuclear test, some problems with some of the calibration equipment," Abrahamson emphasized that "the problem was completely separate from some of the important breakthrough areas that we have been achieving."

Abrahamson and U.S. Sen. Sam Nunn, D-Ga., the Senate's ranking Democratic military affairs expert, were among senior officials and policy analysts who met here for a conference on Star Wars proposals just four days before Reagan is scheduled to meet with Soviet leader Mikhail Gorbachev.

DISTINGUISHED FLORIDA PUBLIC SERVANT JOSEPH CRESSE

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. FUQUA. Mr. Speaker, one of our Nation's most distinguished State government public officials plans to retire on December 31, 1985. Joseph Parker Cresse, of Tallahassee, FL, is a public servant's public servant.

And when he leaves as a commissioner of the Florida Public Service Commission, having served since January 1, 1979, including the chairmanship from 1981 to 1983, he will have devoted over 30 years of his life to the citizens of the State of Florida.

Over those three decades, Joe Cresse has been at the forefront of State government policies which have responded to the tremendous growth of Florida, now the sixth largest State in the Union.

He has worked diligently and effectively to improve the management and performance of State government for the benefit of 12 million Floridians.

"Joe Cresse is an individual who has given unceasingly of his time and devoted his career to sound government for his fellow Floridians," Gov. Bob Graham said when he recommended Cresse for the National Governors Association's award for distinguished service to State government. He received the honor August 4, 1985, at the NGA meeting in Boise, ID.

A native of Frostproof, FL, born October 7, 1928, Joe graduated from the University of Florida with a degree in accounting in 1950, and served in the U.S. Army for 2 years during the Korean conflict after which he became a junior accountant with Price Waterhouse & Co. in 1953.

In February 1954 he began his State government career as assistant State auditor in the State capital, Tallahassee. From that time on, he was known as an innovator who worked to streamline governmental procedures.

In March 1960 Joe started his career in the budget process of the State as a budget analyst in the State budget commission, with primary responsibilities for health, welfare, and correction programs.

From 1964 to December 1975, he was assistant State budget director, and then served as State budget director from 1975 to 1977, adding a second title, assistant secretary of the department of administration from 1977 to January 1979 when Gov. Reubin Askew named him to the public service commission.

Joe was in the budget area of State government for 18 years, and on leaving that key arena his staff presented him a plaque which epitomizes his outstanding career:

Presented to Joseph P. Cresse, Budget Director State of Florida. In appreciation for the privilege of working for a man whose: Judgment is sound and wise; Leadership is exemplary and inspirational; Analytical ability is awesome; Sense of fairness is legendary and Integrity is beyond question. Joe Cresse has no peer in State Governmental Finance. We will miss you and always hold you in high esteem.

During his tenure as State budget director, Joe helped organize the career service system for State governmental employees, implemented program budgeting and worked for the passage of a biennial budget law. He was instrumental in developing the Florida Education Finance Program, an education funding program designed to provide equal educational opportunities for every child.

A distinguished alumnus of the University of Florida, 1981, he has been the president of the Southeastern Association of Regulatory Commissioners, 1984–85, and selected as a member of the executive committee of the National Association of State Budget Officers, 1976–78.

He has been active in the National Association of Regulatory Utility Commissioners at the highest levels, serving on various committees and on its executive committee.

Joe has been honored by resolutions of commendation by both the Florida house and senate.

Nancy and I extend our very best wishes to Beverly and Joe Cresse and their family on this significant event in Florida State governmental history. A career public event retires after 30 years of splendid service to his State and Nation. A public servant's public servant!

TRIBUTE TO ROBERT E. KALLMAN

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. LAGOMARSINO. Mr. Speaker, recently the Secretary of the Interior named Robert E. Kallman of Santa Barbara, CA to become his assistant for 17 Western States. I praise this appointment and know Bob Kallman will provide sound advice and good common sense to the policies of the Department that are so important to the West.

It is my pleasure to have known Bob Kallman for many years. He is a dedicated public servant with proven political skill to solve complex and often controversial problems. As a member of the Santa Barbara County Board of Supervisors since 1975, he has provided true leadership to local government seeking to deal responsibly and with integrity on many matters

which are also the jurisdiction of the Department of the Interior, like offshore oil and gas exploration and development, energy transportation, the maintenance of air quality in our coastal communities, and marine resource protection.

Bob Kallman brings to his new job a sensitivity for the problems of local government and individual communities affected by Federal policies. In addition to serving as a member of the Santa Barbara County Board of Supervisors, and twice as chairman of the board, he served on the Santa Barbara Board of Education for 6 years, as president of the Southern California Regional Association of County Supervisors, on the State council on developmental disabilities, on the Department of the Interior OCS Policy Committee, the California State Coastal Commission, and the South Central Coast Regional Coastal Commission. He served on city park, recreation, police and fire commissions, to name only a few of his many public appointments. Bob Kallman's record of civic involvement, including the Council for Retarded Children and the Navy League, would occupy a whole page of the CONGRESSIONAL RECORD.

As a businessman who successfully owned and operated a major landscape nursery in Santa Barbara, CA, he appreciates the needs and concerns of the taxpayer who ultimately foots the bill for Government's policies.

While his sound judgment and steady hand will no doubt be greatly missed by the county government in Santa Barbara, Bob now takes on new challenges of regional and national significance. I have no doubt he is up to that challenge. As a member of the House Interior and Insular Affairs Committee, I look forward to continued work with Bob Kallman on OCS energy matters, national park, public lands, and natural resource issues. In the days ahead, I'm certain many of my colleagues will find Bob Kallman a pleasure to work with and to know.

H.R. 1083, LOW-LEVEL RADIOACTIVE WASTE POLICY AMENDMENTS ACT

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. UDALL. Mr. Speaker, I am having printed in the RECORD an amendment to H.R. 1083 which represents a consensus reached on the bill by the principals of the committees of jurisdiction: Mr. LUJAN, Mr. MARKEY, Mr. DINGELL, Mr. BROYHILL, Mr. MOORHEAD, and myself. Having resolved the differences between our committees—the Committee on Interior and Insular Affairs and the Committee on Energy and Commerce—we will together request the support of the House for this amendment and for passage of the bill.

H.R. 1083, the Low-Level Radioactive Waste Policy Amendments Act, lays a foundation of rules for operation of a new system of State and regional low-level waste disposal facilities. Should the House agree to the set of rules set out in H.R. 1083, we will then request support for passage of seven bills ratifying interstate compacts developed to carry out the policy set forth in H.R. 1083 and the Low-Level Radioactive Waste Policy Act of 1982.

Ratification of the interstate compacts would, under amendments adopted by the committees, be effective subject to the continued adherence of the compacts to the Low-Level Radioactive Waste Policy Act and other Federal law. Disposal capacity will be available at sites now receiving low-level waste until December 31, 1992. Beginning January 1, 1993, States which operate disposal facilities under the auspices of a regional compact ratified by Congress will be authorized to close those facilities to waste not generated within the compact region.

During the 7-year "interim access" period, low-level waste generators' access to the three currently operating disposal facilities will be somewhat limited. Nuclear utilities have been given allocations for space at the facilities which assume that the volumes of waste being sent for disposal will be reduced. The capacity available for nonutility generators also assumes a reduction, albeit a smaller reduction, in the volume of waste sent for disposal.

Access to the facilities will be available to generators only to the extent the States and compact regions in which they are located achieve specified objectives in the development of new disposal capacity.

The essential goals of H.R. 1083—assurance of availability of disposal capacity until new sites can be developed, assurance that new sites will be developed in a timely manner, and assurance that interstate compacts can be ratified and carry out State responsibilities in a manner benefitting interstate commerce—have been retained and reinforced by each committee's recommendations and by the consensus amendment I am presenting today. I am submitting our joint explanation of the amendment, which follows:

EXPLANATION OF CHANGES CONTAINED IN CONSENSUS SUBSTITUTE TO H.R. 1083 AGREED TO BY MESSRS. UDALL, LUJAN, MARKEY, DINGELL, BROYHILL, AND MOORHEAD

The text of H.R. 1083 as amended by the Committee on Interior and Insular Affairs served as a basis for consideration of the bill by the Committee on Energy and Commerce. The Energy Committee further amended the bill and reported the text which has largely served as the basis for development of a consensus substitute resolving the differences between the committee recommendations.

Care was taken by the committees to improve the technical quality of the bill during each step of consideration. Much redrafting has occurred which does not reflect differences in policy or intent. For example, the Interior Committee bill drew a distinction between the definition of low-level radioactive waste in effect for Federal regulation and other Federal purposes, and such definition as it describes those substances for which states are responsible. While the former may be administratively changed, the latter may be changed only by amendment of the act. The Energy Committee retained the distinction between definitions but did not as a technical matter consider it necessary to define the Federal terms except for purposes of one section. The definition for Federal purposes is assumed not to be affected by the definition for state purposes which is included in Section (1) of the bill.

A description of the manner in which the significant differences between the bills are resolved in the substitute follows.

Equitable Allocation of Disposal Capacity: The Interior bill provided for the annual allocation of disposal capacity at the three existing sites through the agreement of the three States in which the sites are located. The Energy bill had no comparable provision. The substitute provides a trigger mechanism that permits States to refuse access to waste if they are accepting their annual limit. However, if all three sites have reached their annual limit, all sites must increase the capacity made available in successive 10 percent increments. Priority is given to waste within the compact region.

Emergency Access: Both bills contained provisions for emergency access. The substitute generally follows the language of the Energy bill, but includes the restriction contained in the Interior bill that no site will be required to provide emergency access in any year for more than 20 percent of the total volume of waste accepted in the previous year, nor will a site be required to accept waste in excess of its capacity or license.

Mixed Waste: Both bills provide for the resolution of conflicting regulations relating to hazardous waste that is also low-level waste. Such mixed waste is subject to regulation under the Solid Waste Disposal Act and the Atomic Energy Act of 1954. The substitute is a hybrid of the two bills. Language in the Energy bill providing for the resolution of conflicting regulations and the development of guidelines to consolidate procedures is retained. Language in the Interior bill providing for the development of joint regulations for mixed waste is included in a modified form providing that the joint regulations will become effective upon approval by Congress.

Rebates: Both bills provide states where sites are now taking low-level waste for disposal with authority to place a surcharge on waste admitted to the sites which is generated outside the state's compact region. The Energy Committee bill provides that a portion of such charges collected by the sited states will be refunded to non-sited states which meet specified goals for development of new waste disposal sites. The consensus bill adopts the rebate as a useful incentive for state development of disposal capacity in a timely manner. The rebate for meeting the final goal of operation of a new disposal site, which is double the rebates for other goals in the Energy Committee bill, is, however, reduced from 50 percent of the collected fees to 40 percent of the collected fees.

Miscellaneous: The substitute includes language providing that 11.9 million cubic feet of disposal capacity will be available for utility waste, and 7.7 million cubic feet for non-utility waste. This allocation was implicitly assumed by both bills.

PUERTO RICO AND THE CBI

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. FASCELL. Mr. Speaker, on November 9 of this year, the Honorable Rafael Hernandez Colon, the distinguished Governor of Puerto Rico, addressed the Conference on Democracy for the English-speaking Caribbean, which was held in Bridgetown, Barbados.

Governor Hernandez spoke positively and constructively about the Caribbean Basin Initiative [CBI]—a program which I have long considered one of the most important foreign policy initiatives of the Reagan administration and one which I have consistently supported. The Governor not only discussed the tax incentive plan known as section 936, which provides a tax credit for corporations that invest and produce in Puerto Rico, but also described the so-called twin plant concept in considerable detail.

I was particularly struck by this observation in the Governor's speech:

The siren song Marxism has been heard in the Caribbean for almost three decades. The people who have followed it—or had it fastened upon them—have found only oppression, frustration and economic failure. But we cannot be content with merely pointing a direction of our own and mark out a path toward a common Caribbean prosperity.

Mr. Speaker, the economic destiny of Puerto Rico is not only inseparably linked with our own, it provides the example for the rest of the Caribbean. It is the testing ground for the eventual success of the CBI because Puerto Rico is our responsibility. We must succeed in Puerto Rico if we are to get the governments and the people of the region to follow our lead—and not that of Fidel Castro and Daniel Ortega.

For this reason, I believe Governor Hernandez' comments are of major significance and merit the serious attention of all Members of this body. I ask unanimous consent to include in the RECORD at this point the full text of the Governor's address:

The text of the address follows:

STATEMENT BY THE HONORABLE RAFAEL HERNANDEZ COLON, GOVERNOR OF PUERTO RICO

I am honored to be here with you. I come on behalf of the people of Puerto Rico, who share your high hopes for the future of the Caribbean Basin Initiative. And I bring with me, to this meeting which will make history, our own special heritage of progress and partnership with the United States.

Our Commonwealth is a unique link between that country and the Caribbean. For most of a century, we have been part of the United States; for nearly half a century, the policy of the federal government has explicitly and especially encouraged private enterprise to invest in Puerto Rico, to develop our potential, to create productive work for our people. The United States has helped Puerto Rico to help itself. We have asked for opportunity, not a handout; for a chance, not a guarantee—and the distance we have come is powerful testimony to the virtues of freedom and the vitality of free enterprise.

Now, with President Reagan in the forefront of our effort, we seek to forge that same kind of fruitful partnership in the wider arena of the Caribbean. The United States has given a new and greater pledge to this region—to defend liberty not simply with armaments, but with the far stronger appeal to the yearning for a better and fuller life.

Today the Caribbean Basin is the testing ground—and the entire world is watching what we do here. Your nations are the nearest neighbors of the greatest nation of this hemisphere, the leader of the forces of freedom around the globe. If we fail or falter here, others elsewhere will question the capacity of a free society. But if we succeed, the Caribbean and the Caribbean Basin Initative will become a model everywhere—and the most powerful rebuke to those who suggest that human beings must choose between liberty and bread.

The siren song of Marxism has been heard in the Caribbean for almost three decades. The people who have followed it—or had it fastened upon them—have found only oppression, frustration and economic failure. But we cannot be content merely with pointing to the mistakes and missteps of others we must point out a direction of our own and mark out a path toward a common Caribbean prosperity.

President Reagan has recoginzed that the United States cannot exist as a continent in isolation from the concerns and aspirations of this region and this hemisphere. All of us whose shores are touched by the Caribbean Sea are involved inextricably in one history and one destiny. And all of those who live here, from Florida, along the great archipelago to Barbados, and across to Central America, must claim their rightful place under a single Caribbean sun of progress and economic growth.

I come from a Commonwealth whose citizens recognize a special responsibility to this endeavor. In a very real sense, Puerto Rico has been the beneficiary of an earlier Caribbean Initiative by the United States—the tax incentive known today as Section 936, which provides a tax credit for corporations that invest and produce on our island. Because of this provision, we launched "Operation Bootstrap" in the 1940's. Since then, we have stumbled occasionally, as every economy must; but in the long view, we have moved clearly and steadily forward. To any who say that free institutions cannot break chains of poverty and bring freedom from want, we reply: Let them come to Puerto Rico. In light of our own experience, with an understanding of what we have gained and what we can give, we have enlisted fully in the Caribbean Basin Initiative. Just as the United States cannot exist as a continent in isolation, we cannot and do not regard Puerto Rico as "an island, entire of itself," disconnected in geography or separate in its future and its fate from the rest of the Caribbean.

So in my Inaugural Address as Governor, less than a year ago, I announced a plan to share the benefits of Section 936 with the nations of our region. We have committed to the Caribbean Basin Initiative $700 million of funds deposited in our Development Bank by Section 936 corporations. The funds are available on concessionary terms to companies starting or expanding twin plants—manufacturing enterprises in Puerto Rico and complementary facilities in another Caribbean island or country.

All of you welcomed this step—as helpful to your own countries, and vital to President Reagan's initiative. Many of you have welcomed me, as I have crisscrossed the Caribbean, discussing the twin plant concept, and bringing delegations of potential investors to your nations. The concept has offered greater promise as the months have passed—and it has assumed greater importance because the United States Congress did not pass the President's full Caribbean program. In this first stage of that historic Initiative, the Puerto Rican contribution has already become a Caribbean necessity. The twin plant concept has become a key to our new alliance for economic growth. We have made real progress already, but we still face real problems. And I am here today to report on both the gains we can count and the barriers we confront.

First, the good news—which is very good indeed. So far, twenty-four major companies have committed themselves to twin plant projects, provided section 936 is preserved unchanged. Their commitments will mean $114 million in new investments and 15,000 new jobs for the Caribbean. If President Reagan and Congress will permit us to transform these commitments into bricks and mortar, machines and jobs the result will be a welcome increase in Caribbean employment—and an increase of more than 50 percent in new U.S. investments since President Reagan's Initiative. And all this has been set in motion in only the first ten months.

In Grenada alone, the twin plant concept will more than triple new American investment under the Reagan plan. So far that total equals $1.2 million—which will yield 118 new jobs. That is progress, but the twin plant concept could move us so much farther toward prosperity. Four pharmaceutical firms—and two other companies—have made commitments to twin plants likely to bring an additional $4.2 million and 430 more jobs to Grenada.

For them, for all the people we represent there today, hope is the heart of the Caribbean Basin Initiative. And the twin plant concept can transform hope into reality, aspiration into achievement—not only in Grenada, but in every island and land of the region. We now have twin plant pledges for investments in eight different countries. One project, for example, will manufacture nurses caps in Grenada and Puerto Rico; another involves finishing shoes in Puerto Rico from undersoles made in the Dominican Republic. The Intel Corporation has plans to put an additional $40 million into its computer operations in our Commonwealth and here in Barbados. And eight other 936 companies have made commitments to twin plants, and will soon determine the specific size or site of the investments.

The $114 million already pledged for twin plants will generate more than $38 million a year in wages in the Caribbean Basin. And we are not talking simply about statistics, or corporate earnings, or economics. We are talking about people ready to earn their own way, to build a future for their families—and in the process, strengthen their countries. We are talking about keeping the truest promise of America—and proving that it can come true for America's closest neighbors. We are talking about individuals, with their own sense of pride and initiative, who want to make freedom and free enterprise work for them.

In Puerto Rico, we feel strongly about this purpose and the prospects of the Caribbean

Basin Initiative. Therefore, we have decided—and I am announcing today—that if section 936 is preserved unchanged the Commonwealth is prepared to commit an additional $140 million of the Development Bank deposits to finance additional twin plants outside Puerto Rico. This new capital will be allocated primarily to financing those investments in Eastern Caribbean countries that can be shown to benefit the economy of Puerto Rico. And it will increase our commitment to a total of $840 million, available for twin plant projects in this region.

What we offer, in sum, is a plan to create new investment equal to more than all U.S. investment in all the beneficiary nations of the Caribbean Basin Initiative since the start of the program. The twin plant concept can double the impact of President Reagan's great step toward a more secure and prosperous Caribbean.

With so much confidence in what we can accomplish, with so many corporate pledges in hand, with so few setbacks so far, we should be moving ahead swiftly, without concern or delay. But there is a threatening cloud on the bright horizon of the twin plant concept. That cloud has shadowed our efforts from the beginning.

The twin plant concept depends fundamentally on the fate of 936. That section attracts the investments which create the wealth—which in turn is deposited in our Development Bank and which will be directed to twin plant projects. Without 936, we will not have the necessary capital—and we will not have a single company—to invest in twin plants. Without 936, half of all the resources marshalled for President Reagan's historic initiative could be lost—and it is hard to see how that loss would be replaced.

The case is so compelling that one almost wonders why it has not already carried the day. Surely the Administration does not want or welcome a situation in which its major domestic initiative—tax reform—is at war with one of its major foreign policy initiatives—the effort to strengthen the societies and the economies of the Caribbean and Central America. The price of progress at home cannot and should not be retreat abroad.

Reasonable questions have been raised about the twin plant concept and Section 936—and we have provided answers which are not only reasonable, but clearly right.

Some have asked—how much have you really achieved? In fact, the scale of the initial projects compares favorably with the original corporate investments in Puerto Rico that have now become our most important industrial plants. With projects of this size, we began "Operation Bootstrap"—and with such projects, the nations of the Caribbean can also begin to lift themselves up. We are at the starting line now, and we must not turn from the best opportunity we have had in a generation to reach sustained regional economic growth.

Others have questioned—how certain can we be that the commitments we have from 936 companies will actually be kept? Our answer is unequivocal: We are prepared to see to it, by every necessary means, that the twin plant pledges will be met. We are prepared to condition new tax exemptions which the Commonwealth grants to 936 enterprises on fulfillment of these commitments to twin plants. And we are prepared to enter into an Executive Agreement with the Treasury Department to ensure that this will be done. In any event, why would 936 corporations fail to honor their word—when that would jeopardize the very existence of Section 936?

There are those who say that Puerto Rico is late in recognizing its common bond with and responsibility to the rest of the Caribbean. To those I say: there is a new administration in Puerto Rico; and we appreciate that the waters that wash your shores reach ours as well; the problems that beset your people and mine can often be tackled best when we work together.

There are those who question the sincerity of our commitment to twin plants in your countries as well as in Puerto Rico. To those I say: there can be no more credible commitment than one that is based on enlightened self-interest. We are convinced that our best hope for preserving section 936 over the long term is your avid defense of it because by the actual creation of jobs in your countries you perceive that this provision is also in your self interest.

So let me convey to you a request as well as a pledge—that you will help us to save Section 936—so that we in turn can help your nations to help themselves. Many of you have spoken out, and I hope you will continue to be heard. For I am convinced that your voices and your views will be heeded in Washington.

I am convinced that President Reagan and the Congress agree with us that the history we make or fail to make in this region, in this generation, will have a shaping influence on the history of our hemisphere and all the world.

There are forces with a great stake in our failure. They are fighting their subversive wars now in Central America, cloaking their plans for oppression with the words and symbols of progress. They have been driven from Grenada, but there and across the Caribbean they wait to put their roots down once again. They will have that chance only if we blunder away our own chance for change.

The whole, long struggle of our hemisphere has been an effort to move forward and upward, against the odds. As Simon Boliver once said, to those who doubted his ability to move his men through the Andes Mountains, "Where a goat can pass, so can an army."

We here, assembled in this Conference, are the peaceful army of Caribbean progress. I know we can prevail—for I have seen in my life what has come to pass in Puerto Rico. So let us now join with each other in saying to the United States: We are committed to the Caribbean Basin Initiative. We need the investments to make it work—in the form of President Reagan's own program and the twin plants which can result from Section 936. We will use the resources wisely; we will build a future of liberty and economic opportunity. Give us the tools to make the climb—and together, we shall reach the high mountains of our own best hopes.

GUY CHARLES THRONER

HON. CHALMERS P. WYLIE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. WYLIE. Mr. Speaker, I ask my colleagues to join me in paying tribute to a member of our defense community for his outstanding contribution and dedication to the protection of our country. Too often in our outrage over abuses in the spending of public funds in defense contracts, we neglect to recognize those who make substantial contributions in effecting savings.

Guy Charles Throner is the type of individual who is deserving of such public recognition. Mr. Throner has previously been honored by the prestigious American Defense Preparedness Association on two separate occasions: the first time when he was awarded the Bronze Medallion in 1974 and this year when he was presented the coveted. E. Simon Award Silver Medal. I thought it only fitting that he be honored through the CONGRESSIONAL RECORD for the many advances in defense technology he engineered.

Mr. Throner serves as the manager of the Ordnance Systems and Technology Section of the Battelle Columbus Laboratories. In his present position with Battelle, Mr. Throner leads a group of internationally recognized scientists and engineers in advanced R&D on weapons and space technologies. In that role, Mr. Throner has conducted and managed activities in diverse fields of science and technology. He is an active inventor, with over 300 inventions to his credit, in such fields as explosive metal forming, high-speed instrumentation, medical devices, oil field equipment, agricultural and construction equipment, laser technology, and weapons and space technology.

Mr. Throner's most significant contributions have been in so-called shaped charged technology. Beginning in 1946, he pioneered numerous key developments that were vital to advances in this important munitions concept. In 1949 he was responsible for the first use of linear shaped charges in missiles, for development of explosive wave shaping, for introduction of aluminum shaped charges in antiarmor applications, and for the use of aluminum-zinc and copper-zinc warhead experiments. He solved the problem of fragment spalling in discrete fragment warheads, and his patented technique is used in many of today's active missile system.

Mr. Throner is also responsible for the invention and development of the Air Force aimable cylinderic warhead for antiaircraft missile applications, which is perhaps the most capable nonnuclear explosive munition for antitarget application yet developed and represents the technology the experts tell me we can expect to continue in the future.

The scope of Mr. Throner's work ranges from deep sea to outer space. Certainly, Mr. Throner's contributions to military technology are extraordinary and it is only fitting that he be congratulated and that his work be appropriately recognized.

LOW-LEVEL WASTE CONSENSUS BILL DEVELOPED

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. MARKEY. Mr. Speaker, I am pleased to report that we now have a compromise version of H.R. 1083, the Low-Level Radioactive Waste Policy Amendments Act of 1985. The bill had been reported by the Committee on Energy and Commerce and the Committee on Interior and Insular Affairs. The bill reported by the Committee on Energy and Commerce generally followed the Interior bill, but made a variety of substantive and technical drafting changes. Although the reported bills were similar to each other, and both were reported unanimously, it was necessary to resolve the differences between the two bills prior to consideration on the House floor.

As a result of negotiations among the committee and subcommittee chairmen and ranking minority members, we now have a consensus bill that fairly reflects the work of the two committees. I commend my colleagues for their efforts. I believe that the consensus bill, like the bills reported by the two committees, will receive unanimous support.

As is the case with all compromises, no one receives everything they are seeking. However, all parties will gain from the passage of this bill. States without operating low-level radioactive waste disposal facilities will avoid the possibility of an arbitrary cutoff of access to existing facilities beginning next year. In return, sited States have received the assurance that after a 7-year transition period they will not be required to continue accepting waste from outside their compact region. Most importantly, the public health and safety will be protected under the provisions of this bill.

In order to permit enactment of this legislation prior to the end of the session, it is our intention to consider the bill, H.R. 1083, as amended by the consensus substitute, under suspension of the rules, next week. The consensus substitute is printed in today's CONGRESSIONAL RECORD as an amendment to H.R. 1083.

It is also our intention to pass the seven bills providing congressional consent to the various interstate compacts providing for the disposal of low-level radioactive waste. These bills have also been reported by both the Committee on Energy and Commerce and Committee on Interior and Insular Affairs in slightly different forms. A consensus amendment to these bills has also been developed.

The consensus bill developed as an amendment to H.R. 1083, the Low-Level Radioactive Waste Policy Amendments Act of 1985 follows the language of the Energy and Commerce bill, as reported, with several changes. A brief joint explanation of the significant changes in the Energy and Commerce bill that were incorporated into the consensus substitute accompanies a statement in today's RECORD by Interior Committee Chairman Udall.

OCS OIL AND GAS DEVELOPMENT

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. LAGOMARSINO. Mr. Speaker, lately there has been a great national debate over the issue of OCS oil and gas development off the coast of California. Proponents of blanket moratoriums cite pressing safety and environmental considerations as justification for blanket moratoriums. However, since 1970 a total of fewer than 840 barrels have been lost out of over 5 billion barrels produced from the entire Federal OCS. Studies by the National Institute of Science and University of California at Davis among others have repeatedly shown that tanker traffic, municipal and industrial waste, and natural oil seeps (which is particularly concentrated in my district) account for the vast majority of marine oil pollution. Since oil discharges from offshore platforms are insignificant, blanket OCS moratoriums would not result in any significant reduction in total oil discharges. The environmental damage caused by foreign tanker traffic carrying imported oil could be greatly reduced by greater domestic production.

Mr. Speaker, I urge my colleagues to review the following letter I received from Mr. W.W. Hewston, who is president and CEO of Measurement and Control Engineering of Ventura, regarding the economic havoc caused by blanket moratoriums and the safety record of OCS energy personnel.

MEASUREMENT AND CONTROL ENGINEERING,
Ventura, CA, November 18, 1985.

Hon. ROBERT J. LAGOMARSINO,
House of Representatives, Washington, DC.

DEAR MR. LAGOMARSINO: Having received your October 7, 1985 letter expressing your support of additional OCS Tracts for oil and gas exploration I would appreciate the opportunity of expressing a few additional comments.

The recent election in Santa Barbara County indicated almost a two to one voter approval of the current practices by the Santa Barbara County Supervisors with respect to offshore oil. Also, a recent listener poll by Santa Barbara radio station KRUZ showed that 73% of the listeners were in favor of offshore development.

Do to the decline in offshore exploration activity it has been necessary that my company reduce it's work force by 42% with a resulting loss in excess of $750,000 per year of payroll to the local economy. My company certainly does not stand alone in having to reduce personnel since the exploration activity has declined.

Being a third generation citizen of Ventura County, I know the value of the energy industry and what it represents to the local economy. The environment has never been better since I was a kid getting tar on my feet at the beach.

Safety and pollution are one of our utmost concerns; our organization for several years has certified offshore operating personnel in order to meet OCS-5 requirements. It is our direct observation that all oil field operating personnel working offshore are not only aware of the environment and safety but work diligently to prevent any adverse conditions from progressing to a problem.

I would urge your continued support of Offshore Exploration on the West Coast. After all, oil is only where you find it, not necessarily where we might want it to be.

Very truly yours,

W.W. HEWSTON,
President and CEO.

STATEMENT OF JOSE RODOLFO ROSALES AGAINST THE COUNTER-TERRORISM BILL

HON. TERRY L. BRUCE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. BRUCE. Mr. Speaker, recently I met with Jose Rodolfo Rosales, a native of El Salvador. Jose is a fourth year medical student at the University of El Salvador and the vice president of the General Association of Salvadoran University Students. This past summer, Jose's name was published in the student newspaper as one of the targets for a Salvadoran death squad. After an attempt on his life, Jose was encouraged to come to the United States. His request is that the Congress not approve the counter-terrorism bill.

In Jose's opinion, aid through the counter-terrorism bill will only enhance the ability of the state security forces and the death squads to repress the civilian population.

Meanwhile, President Reagan has determined that the Salvadoran Government has made significant progress in eliminating human rights violations. Therefore, he is again encouraging the Congress to make assistance available to the state security forces of El Salvador.

The consistent discrepancy about what is really going on in El Salvador makes me question the effectiveness of our foreign policy. For 4 years Congress has accepted the President's certification of improvements in El Salvador, and responded by approving some form of military aid. Yet documented evidence by Salvadorans such as Jose suggest that few, if any improvements have occurred. In fact, Jose described many examples of increased violence by the military, the resurrection of the death squads, and the continued bombings of innocent civilian populations.

I wish that each one of my colleagues had the opportunity to meet with Jose. His description of the current situation in El Salvador would make most of us reconsider the role the United States is currently pursuing. There seems to no consistent proof that our military aid has produced needed reforms.

Mr. Speaker, Jose had prepared a formal statement which was to have been presented to the House Foreign Affairs Committee

as part of its report on counter-terrorism. Through a course of events however, his words were not presented. I'd like to share with my colleagues what Jose has to say about the Salvadoran dilemma. Mr. Speaker, I ask that Jose's statement be printed in the RECORD at this point.

Thank you Mr. Speaker.

The statement follows:

1. I, Jose Rodolfo Rosales, native of El Salvador, Central America, 28 years of age am a fourth year medical student at the Faculty of Medicine at the University of El Salvador, San Salvador.

2. I am the Vice-President of the General Association of Salvadoran University Students (AGEUS). I am presently in the United States on a west coast tour of universities and colleges. I have visited 40 campuses to establish ties and support between these U.S. institutions and the National University of El Salvador.

3. On July 12, 1985, the Secret-Anti-Communist Army (ESA), published a death list including the names of eleven (11) university students, staff and workers, threatening them as follows:

"All of these traitors of the people have been condemned to death and we give them until Saturday the 20th of this month to be forwarned that from that day on our beloved military squads will put the execution orders into effect."

4. On July 20, 1985, the Christian-Democratic Party of President Jose Napoleon Duarte published a statement justifying the communique published by the death squad.

5. I was one of the students named in the death list.

6. On July 28, 1985, an attempt was made on my life but I was protected by a group of North American students and professors who were visiting the university at that time.

7. On or about August 7, 1985, a second attempt on my life was carried out. I narrowly escaped from being shot while I was walking in downtown San Salvador. However, a woman standing close by was injured.

8. Eight (8) out of the eleven (11) individuals threatened have already left the country.

9. On July 24, 1985, one of the other 2 students who stayed in El Salvador, Antonio Quezada was shot at.

10. On August 5, 1985, another attempt on Mr. Quezada's life was carried out.

11. These life-threatening acts are not isolated cases facing the university community. During the last eleven (11) months, 55 students have been killed by the Salvadoran armed forces and the death squads; 9 students have "disappered" by the government forces and 24 have been incarcerated. Thirteen (13) of the latter have been released after intensive international pressure.

12. On June 20, 1985, the General Secretary of the University, Ana Gloria de Montoya; the President of the Engineering and Architecture Department, Ing. Manuel Canas Lazo; University worker, Salvador Ubau, President of AGEUS, Antonio Quezada and myself met with Ricardo J. Lopez, Ministry of the Treasury, to discuss the financial situation facing the university including the lack of funds to pay the salaries of the administration, the faculty and the workers. Mr. Lopez at that time stated that President Duarte's financial priorities were the needs of the war and not higher education.

13. Mr. Lopez's statement is disheartening, particularly when a significant portion of the university campus and the equipment were totally destroyed during the June 26, 1980 military occupation of the University which lasted until May, 1985.

14. Threats continue to be carried out daily by the state security forces. These state security forces appear on campus uninvited, driving vehicles with blackedout windows and with shotguns visible. They stop students and ask them about other students whose names appear on lists they carry with them.

15. At this time, I would like to request that the Congress not approve the Counter-Terriorism Bill since the aid will only enhance the ability of the state security forces and the death squads to repress the civilian population in general and the University population in particular.

I, Jose Rodolfo Rosales, swear under penalty of perjury that the above statements are true.

BRIDGE FEASIBILITY STUDY

HON. FRANK J. GUARINI

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. GUARINI. Mr. Speaker, I am introducing legislation which would set aside funds to study the transportation facilities, services, and needs for cross-Hudson travel between New York City, New York, and northern New Jersey.

The principal arteries which serve the New York/New Jersey metropolitan area are seriously overcrowded, and no longer adequately serve the needs of the bistate community. There are two tunnels and a bridge which were built when traffic between the two States was manageable. Urban growth and suburban expansion have put pressure on all forms of transportation within the region. While additional and widened roads, increased mass transit facilities, and larger carpools have helped speed travel for a greater number of commuters, the structures which carry them across the Hudson River remain unchanged.

In recent years, extraordinary congestion at the entrances of the Lincoln Tunnel, Holland Tunnel, and George Washington Bridge has become common during the rush hours. Between the hours of 7 and 10 a.m. the Lincoln Tunnel, built in 1937, is used by 65,000 bus riders and 16,800 automobile passengers. Eighty-seven percent of these people are bound for New York City's central business district. The Holland Tunnel, opened in 1927, transports an average of 8,200 motorists and 2,700 bus passengers at peak hours, with 70 percent of its traffic headed for downtown Manhattan. the George Washington Bridge, completed in 1931, carries nearly 40,700 motorists and 5,700 bus passengers. Thirty percent of these commuters travel to the Wall Street area.

The number of all trans-Hudson commuters is expected to increase by 50,000 between now and the year 1990. This will bring the total amount of people moving across the river to 265,000 during the daily rush hour. As renewed economic prosperity benefits New York and New Jersey, the amount of vehicles traveling between the two States will continue to grow. The rise in trans-Hudson travel has actually outpaced Manhattan job growth in recent years. Between 1979 and 1982, the number of commuters from the New Jersey suburbs increased by 11.6 percent, while net employment in New York City rose by 1 percent. The congestion which now plagues the entrances to our bridges and tunnels will become an impediment to the successful development of the area. It is important that the quality of transportation improves with the increasing number of people who depend upon it.

My bill would require the Secretary of Transportation to study tangible solutions to this problem. This study will look into the most appropriate facility to serve travelers. It does not limit the Secretary to consider conventional modes of travel, and encourages the exploration of innovative methods for dealing with this critical situation.

Mr. Speaker, as the present structures serving transportation between New York and New Jersey are operating beyond normal capacity, it is essential that we prepare to meet the future need of the area. Our commitment to expand and improve access between the two States is the only practical way to accommodate continued regional economic growth. A study would determine the appropriate design standards for facilities to unburden the already overcrowded arteries into the city. It is time to plan for the fullest potential development of this great metropolitan area. I respectfully urge my colleagues' support for this timely legislation.

WHY I LOVE AMERICA

HON. JIM CHAPMAN

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. CHAPMAN. Mr. Speaker, each year, the American Legion, Post 30, in the First Congressional District of Texas, which I proudly represent, conducts an essay contest on the subject of "Why I Love America." Only high school students from Lamar County, TX, may participate, and the first through third place winners receive medals, and scholarships when he or she enrolls in college. I am rising today to pay special tribute to the first place winner of the 1985 essay contest, Ms. Cescily Manning. Through the use of her heart and her pen, Cescily has written a tremendous essay showing us all why she is so proud to be an American.

Too often we hear that young people are apathetic and blatantly hostile to our country's offerings, but I can tell you this is just not so. There are many young Americans like Cescily who have considerable strength and character, and I feel very comfortable in knowing that one day they will lead our Nation to even higher planes than did our forefathers.

I would like to share Cescily's essay with you because I believe she speaks for many Americans. She speaks with the refreshing touch of youth, and her words may help remind those of us in the older ranks of America about the freedom that we sometimes take for granted. In Cescily's words:

I love America for the lives of those who paid the supreme sacrifice in defending her, those lives that are represented by the red, white and blue of the American flag.

WHY I LOVE AMERICA

America, land of the free and home of the brave, the land of opportunity. This may sound like a far-fetched claim, but it is every bit true, and I love everything about this country and what it stands for.

The United States of America is made up of people from every nationality and race. Because of this, the population is sometimes referred to as the "melting pot." Many of these people are immigrants that came to this country looking for a new life because America offered them opportunity and freedom. In America any person with a little hard work and a true desire to succeed can lead a happy and prosperous life.

America is a nation whose citizens have many freedoms. In America we are able to gather in meetings to discuss freely our ideas on any matter from the government to our leisure time activities. We have the right to gather in churches and worship the God of our choice in the manner we choose, without fear of arrest and possibly even execution. The press in America has the right to publish the truth, even if it is critical of the government or any governmental policy, without fear of arrest or prosecution. These are but a few of the rights that we, as citizens of this great country, have. I also love America for the great patriotism she inspires. As I watch the flag being raised at the football games every Friday night, I am reminded of just how lucky I am. I am also reminded of the many, many Americans who gave their lives for the freedoms that the flag represents.

I love America for the blood that has been shed in the countless battles fought to keep our freedom and to prevent the spread of tyranny. I love America for the lives of those who paid the supreme sacrifice in defending her, those lives that are represented by the red, white, and blue of the American flag.

America is my home. I love the country and everything it stands for. I love her for the rights and freedoms we all enjoy. I love her for the sacrifices made in her name and for the warm and caring spirit that flows through each American. It is this spirit that draws us together, helping and supporting one another. This feeling is stronger at times than it is at others, but it is always there. These reasons are why I love America.

EDWARD GIBSON TO BE HONORED IN QUEENS

HON. JOSEPH P. ADDABBO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. ADDABBO. Mr. Speaker, after nearly 30 years of service to the New York City Board of Education, Edward Gibson is retiring from the school system.

During his tenure with the New York City school system, Mr. Gibson has worked tirelessly to improve the quality of education for our city's youngsters. On December 16, many of his friends and colleagues will be gathering at a retirement dinner to thank him for his three decades of service to education in New York City.

I would like to share with my fellow Members the following proclamation that will be read at the retirement dinner being held in his honor:

PROCLAMATION

Whereas: Edward Gibson has had a distinguished career with the New York City Board of Education, spanning from 1953, where he began as a substitute teacher, and retiring as Administrator of Reimbursable Programs-Community School District 28 in May 1985. This period included a two year stint in the United States Army; and

Whereas: In the course of his 29½ years with the New York City Board of Education, Edward Gibson gained tenure as a Regular Teacher, Assistant Principal, and Principal, thereby expanding his scope of influence and involvement in education; and

Whereas: Edward Gibson has shone as an example of professionalism, serving the principles of education and social responsibility through his many efforts to advance the disadvantaged, he always worked in inner city schools—Harlem, Bedford Stuyvesant, and South Jamaica. He is one of the original teachers in the More Effective Schools Program; and

Whereas: Edward Gibson skillfully managed the Federal Title I, Title II, Title III, Title IV, Title VII Programs, State Quality Incentive, Community Education Centers as well as other Federal and State Special Education Grants, bringing about an awareness and raising consciousness of the needs and objectives these programs address; and

Whereas: Edward Gibson has further tirelessly devoted his consummate talent and energy to the special problems of youth employment, educaton, health and recreation in his participation in many organizations. He has been affiliated with Scouting since 1961 to the present. He is the founder of the Explorer Post #38 of Grace United Methodist Church. He has worked in Child Day Care Centers, Vacation Playground, After School Programs, St. Albans Little League, as well as training Blacks for administrative positions; and

Whereas: Edward Gibson has generously contributed his time to activities involving his membership in various professional and social organizations such as Block Association, Omega Psi Phi, Phi Delta Kappa, Phi Mu Alpha, Jazz Knights, National Association for the Advancement of Colored People, New York Association of Black School Supervisors and Administrators, Association of Assistant Principals, Council of Supervisors and Administrators, United Federation of Teachers, and the Association of Compensatory Educators; now, therefore, be it

Resolved: That the United States House of representatives praises Edward Gibson for his distinguished service both in the private and public sectors, honors him on the occasion of his retirement from the New York City Board of Education, and takes this opportunity to congratulate him.

Signed this sixteenth day of December in the year nineteen hundred and eighty five.

JOSEPH P. ADDABBO,
U.S. House of Representatives.

THE UNITED NATIONS AND HUMAN RIGHTS

HON. PETER H. KOSTMAYER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. KOSTMAYER. Mr. Speaker, as we observe the 40th anniversary of the founding of the United Nations, it is important to review the performance and effectiveness of that body on the entire spectrum of vital international issues. Perhaps no issue is as critical as the world's approach to human rights. Jerry Shestack, a Philadelphia attorney and president of the International League for Human Rights, is uniquely qualified to shed a much needed perspective on this subject, having served as the U.S. representative to the UN Commission on Human Rights during the Carter administration:

PROPOSALS FOR U.N. HUMAN RIGHTS REFORMS

(By Jerome J. Shestack)

The lip service that heads of state are giving to freedom and liberty during this 40th anniversary of the United Nations cannot hide the fact that the UN's record in securing observance of human rights is pitiful.

More than 50 governments still practice torture. There is severe repression in the Soviet Union, South Africa, Chile, Paraguay, the Philippines, and many other places. The UN has been apathetic in addressing these abuses and certainly ineffectual in curing them. Yet, there are simple reforms in this area which the UN can adopt to advance human rights.

The failure of the UN to advance human rights lies not in a lack of substantive standards of international law. Ever since the Universal Declaration of Human Rights, pioneered by Eleanor Roosevelt in 1948, and the subsequent adoption of numerous human rights covenants, there has existed a solid base on international human rights standards. Indeed, that is the UN's most significant achievement in this area.

But rights without remedies are hollow, and the UN's unwillingness to focus on means to secure international human rights is a critical failing of that body. No one expects the UN to be able to establish an enforcement system the way an individual nation can. But what the UN can do is to concentrate on fact-finding and public exposure of human rights abuses. Even the most offending nations dislike seeing the public spotlight focused on their abuses. In the absence of any judicial system of enforcement, public exposure has proved to be the best means available to persuade governments to stop, or at least reduce, their human rights violations.

To that end, here are some noncomplicated reforms that are possible to achieve:

The UN should establish a High Commissioner on Human Rights. At present, the UN secretariat in the human rights area is weak, timorous, and underfinanced. Too often it bows to pressure from repressive blocs. A high commissioner (patterned after the UN High Commissioner for Refugees) should be empowered to coordinate all UN human rights activities, convene needed emergency sessions of the Commission on Human Rights, send out fact-finding missions, present key human rights issues to

the UN bodies, and issue forthright reports on human rights violations. Proposals to establish an independent and vigorous high commissioner have been on the UN agenda for many years. A concerted effort by pro-human rights nations could bring it to pass.

The UN Commission on Human Rights now receives many complaints of human rights abuses by particular nations. These complaints are kept secret and considered in confidential hearings. Under UN practice, the world never learns the details of the most egregious human rights violations being considered by the commission. The UN must open those hearings to the public. Such public exposure is critical to marshal pressure on abusing governments.

Many nations that grossly violate human rights do not allow the UN investigatory bodies to enter their territory to investigate the condition of human rights. This is intolerable. The General Assembly should require every nation to allow access to UN investigatory missions. Such missions can be extremely useful. The widely publicized report by the Inter-American Commission on Human Rights on disappearances in Argentina during the junta dictatorship was a powerful influence in stopping such disappearances.

The UN should establish a corps of objective trial observers with the right to attend and report on political trials in any nation. Where such observers have been present, experience shows they have had a beneficial effect on the fairness of the proceedings.

These are modest steps. While far from a panacea, they would begin to make the UN an effective force of world opinion against human rights abuses. By enacting these reforms, the members of the UN could help make this 40th anniversary one that human rights advocates, too, can celebrate.

SOVIET LABOR CAMPS THRIVING

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. LAGOMARSINO. Mr. Speaker, Americans unanimously share a commitment to human freedoms and human rights. This Congress has taken a forceful stance on this important issue in our dealings with the Soviet Union, expressing solidarity with President Reagan that human rights remains of central concern to the American people.

We should operate under no illusions about human rights in the Soviet Union, however. Protestations by Members of this body, and others, usually fall on deaf Soviet ears. Clearly, spokesmen for the Kremlin, and even General Secretary Gorbachev himself, are more concerned with maintaining their stranglehold on political power than with insuring universal freedoms for the Soviet people.

In fact, the Soviet Communists have established what can only be considered the world's largest prison camp system. Despite Soviet rhetoric, Soviet labor camps are full of political and other prisoners, many of whom committed such heinous "crimes" as speaking out against repression inside the Soviet Union, teaching Hebrew and other faiths, criticizing the Kremlin's genocidal war in Afghanistan, and similarly "dangerous" and "irreconcilable" crimes.

Mr. Speaker, we in this body have the moral responsibility to speak out for those who cannot speak for themselves. The millions who are being illegally and oppressively incarcerated at the hands of Communists demand that we speak out. We have no alternative. As Winston Churchill once said, "The worst crime is not to tell the truth to the public."

At this time, I would like to bring to the attention of my colleagues the following article by Bill Gertz of the Washington Times, entitled, "Labor Camps Thrive Despite Soviet Rhetoric, Experts Say." It is informative and should serve to open our eyes as to the nature and expansiveness of the Soviet gulag system.

The article follows:

LABOR CAMPS THRIVE DESPITE SOVIET RHETORIC, EXPERTS SAY

(By Bill Gentz)

The Soviet system of forced labor and imprisonment is flourishing despite the Soviets' recent efforts to obscure human rights violations, according to experts on the subject.

The Reagan administration continues to condemn the system, citing a critical 1983 interagency report, according to a government official who asked not to be identified. The report finds the forced-labor system to be a prime instance of Soviet failure to live up to obligations under international treaties and conventions.

"In maintaining its extensive forced labor system to serve both the political and economic purposes of the state, the government of the Soviet Union . . . is contravening the U.N. Charter and failing to fulfill its solemn undertakings in the Universal Declaration of Human Rights and the Anti-Slavery Convention of 1926," the report says.

The report says the Soviets are holding 4 million political prisoners and other criminals in the labor camps. In the Soviet Union, criticizing the state is a crime punishable by up to 10 years in a labor camp.

President Reagan is expected to bring up the subject of Soviet rights abuses in meetings today in Geneva.

"An essential element of the administration's concern is that the Soviets' use of forced labor for political and economic purposes violates fundamental human rights," said the official.

The Soviets have mounted a "counter-human rights campaign" to distract attention at the summit from Soviet rights abuses, according to Georgetown University Professor Roy Gordon. The Soviets have accused the United States of violating the rights of Jews, blacks, American Indians and migrant farm laborers.

A new Soviet pamphlet says Jews in the Soviet Union are treated better than any other nation, according to Herbert Romerstein, an expert on Soviet propaganda at the U.S. Information Agency. The pamphlet, which amplifies remarks made in France recently by Soviet leader Mikhail Gorbachev, also contends that Jews are mistreated in the United States, Mr. Romerstein said.

"They are obviously counter-attacking on the human rights issue" to support their "allegations of the mistreatment of the [American] Jews," Mr. Romerstein said.

The administration estimates the Soviets run 1,100 forced labor camps, but other experts say the number of camps could be as high as 4,000.

Experts describe the Soviet forced-labor camp and prison system as a vast subculture within Soviet society. Its inhabitants include political prisoners—religious believers, Jews trying to emigrate, dissident scientists and artists—and other lawbreakers, such as petty criminals and murderers. They share a fate in what has become known as the Gulag Archipelago, a term coined by a famous Russian emigre, writer Aleksandr Solzhenitsyn.

Avraham Shifrin, another leading chronicler of the Soviet prison camp system, says in his "Guidebook to Prisons and Concentration Camps" that the system consists of more than 2,000 labor camps in which most inmates work in freezing temperatures and live on starvation diets.

Besides the regular camps, Mr. Shifrin says there are several categories of special camps.

These include 119 camps for 10- to 18-year-old males and for women with children. Fifty-five camps are "psychiatric hospitals." In these, the Soviet secret police, the KGB, can place prisoners for up to three years without leagl proceedings. Forty-one are "extermination camps," in which prisoners are forced to work at extremely hazardous jobs.

Mr. Shifrin, who says his father died in a camp for the crime of telling an anti-Stalin joke, writes that the extermination camps come in three varieties. In some camps prisoners work in uranium mines and uranium enrichment plants with no protective gear. In others, prisoners work in nuclear weapons plants and on nuclear submarine reactors. In others, they mine mica, polish glass or work with laquer enamels in unventilated areas.

Prisoners who work in the extermination camps "face a virtually certain death" after several months, wrote Mr. Shifrin, who spent 10 years in the camp system and now lives in Israel.

Experts say it is difficult for Americans to imagine the harshness of the Soviet prison-camp system when in the United States convicts share television sets and can maintain bank accounts.

"If such a thing [as the Gulag] existed here, corresponding to our population, there would be 2,000 camps into which people disappeared, about which no one spoke, and whose existence we denied constantly to the outside world," said Martin.

"Americans can't think like that until they wander into an Auschwitz and find the bodies."

Catholic theologian Malachi Martin, a Vatican expert and author who spent several years in the Rome studying the Soviet camp system in search of banished Soviet Catholics, said he doubts rights abuses in the camps will be the subject of a summit communique because the Soviet Union would never agree to "revise its system of death camps."

"The Soviets forbid talk about this as inimical," Mr. Martin said in an interview. "They will simply break the meeting up."

He said the Soviet gulags are not units of a penal system, but rather are 2,500 to 3,500 concentration camps set up to deal with popular dissent.

A few of the camps are simply remote villages with impassable natural borders, he said. These camps are designed to "prolong life," Mr. Martin said.

"But the majority of camps are so harsh that, as one man said to me, "The weak

never survived," Mr. Martin said. "The hardship was meant to kill. It's a diabolical system."

Mr. Martin said the exile of Soviet nuclear physicist and human rights advocate Andrei Sakharov was "de factor prison" in the remote city of Gorky. Mr. Sakharov's plight is expected to be a topic of discussion at the summit.

Mr. Martin said President Reagan's election in 1980 and the advent of Polish Pope in Rome led to a Soviet crackdown on dissent. Several Catholic "listening posts" behind the Iron Curtain disappeared during the last five years, he said.

Television producers David B. Aldrich and Lorraine Garnett have cowritten a forthcoming documentary on the Soviet camp system called "Conspiracy of Silence: Human Rights in the U.S.S.R." Using figures provided by the Senate Intelligence Committee and the U.S. Helsinki Human Rights Commission, they estimate that there are between 2,000 and 4,000 camps. Mr. Aldrich stressed in an interview that he considered the figures "conservative."

Victor Zolatarevski, a Russian emigre and filmmaker, said in an interview that a summit in November 1974 between former President Gerald Ford and late Soviet leader Leonid Brezhnev took place near "at least 11" Soviet labor camps containing thousands of prisoners, in Vladivostock.

"The train in which Ford and Brezhnev held discussions, ate caviar and had a good time was running along the tracks [between] a string of labor camps," Mr. Zolatarevski said.

The Soviet Union, he said, used slave labor to build the new phased-array radar system at Krasnoyarsk, Siberia. The radar has been an obstacle to arms talks because it is regarded by the Reagan administration as a major violation of the 1972 Anti-Ballistic Missile Treaty. Mr. Shifrin reports that the remote region contains 68 camps, six prisons and two psychiatric prisons.

A BLANK CHECK FOR FISCAL IRRESPONSIBILITY

HON. DEAN A. GALLO

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. GALLO. Mr. Speaker, by passing House Joint Resolution 465, a continuing resolution for fiscal year 1986, the House of Representatives has signed a blank check to continue its irresponsible spending for yet another year. The result will be larger deficits, a higher national debt, and will earn for this House the complete outrage of the American public at Congress' inability to act in a responsible way.

This is yet another example of fiscal frivolity in a long line of irresponsible budget decisions by this House. The continuing resolution is a sad excuse for fiscal responsibility.

It is only necessary because Congress has failed to complete action on all 13 of the regular appropriations bills. In addition, many of the regular appropriations bills that have been brought before both the House of Representatives and the Senate for consideration have exceeded approved budget levels.

The total spending for seven of the appropriations bills included in this continuing resolution is $2.6 billion over the original congressional budget resolution. This clearly does not reflect legislative and spending priorities as set in authorizing legislation, in the 13 regular appropriations bills, nor in the first budget resolution.

As if the inability of this House to abide by the rules that it sets for itself isn't bad enough, in two of the instances where this House has directed our conferees to agree to compromise spending levels, the result has been to increase spending levels.

The Treasury-Postal Service appropriations bill has already been vetoed by the President on this basis and the Congress has been warned that trying to roll excessive spending into one big bill will not fare well at his desk either.

I cannot, and did not, support this continuing resolution because it exceeds previously agreed to spending levels and does not reflect the legislative priorities set by Congress.

Before this bad check bounces, I urge my colleagues to complete action on all of the regular appropriation bills and to report them within the limits of the budget resolution. Further, I urge the leaders of this House to allow for a vote on the Gramm-Rudman Emergency Deficit Control Act and on the balanced-budget amendment.

SPECIAL ENERGY INNOVATION RECOGNITION AWARDED TO CONSERV, INC.

HON. ANDY IRELAND

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. IRELAND. Mr. Speaker, on November 6, 1985, Conserv, Inc. of Nichols, FL, was presented a Special Recognition Award for Energy Innovation by Department of Energy Secretary John Herrington.

Conserv, a Florida-based producer of high-analysis fertilizer materials, was one of 20 recipients chosen from a field of some 240 candidates submitted by the individual States to receive this special national recognition. Conserv has received similar awards at the State level.

Accepting the award for Conserv was Mr. Ron Graf, president of Conserv and Mr. John Lee, CEO of Intercontinental Development Corp., the Conserv parent company.

Conserv has long recognized the importance of energy conservation. The prototype plant, which is the world's first and only high-energy efficient cogeneration sulfuric acid plant, uses the heat naturally generated during the manufacture of sulfuric acid to produce its own electricity. This new supply of electricity, which is sold to Tampa Electric Co., contributed to the deferment of construction of one of the utility's generating units.

Cogeneration plants are potential major sources of environmentally sound electrical energy that could result in the deferral of other proposed costly utility power generation units. The innovative approach to the problem utilizes what is known as the "contact method" where heat is produced in the form of hot sulfur gases. Normally, much of this heat is simply wasted, or vented. The Conserv process cools these gases with boilers, economizers, and superheaters, using what would normally be excess or waste heat to produce steam. The steam, in turn, generates electricity.

Mr. Speaker, Conserv has made this facility available for inspection by any and all interested parties. I would like to commend the company's initiative and its contribution to energy production and conservation in this country.

VA REGIONAL DIRECTOR JOHN J. McNIFF

HON. BRIAN J. DONNELLY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. DONNELLY. Mr. Speaker, John J. McNiff began his service to our Nation in the Army during World War II. Since his discharge, John has continued in a life of service—service to his fellow veterans.

The lifelong dedication of John McNiff was recently detailed in a fine article in the Patriot Ledger of Quincy, MA, by the newspaper's veterans' reporter, Maurice Reardon.

VA OFFICIAL KNOWS ALL ABOUT THE PROBLEMS OF FORMER GIS

John J. McNiff of Pope Street, Quincy, is director of the Boston Regional Office of the Veterans Administration and he has first-hand experience with the suffering and problems of the American veteran.

The disabled World War II veteran was wounded while serving with the 318th Infantry, 80th Division as a staff sergeant and rifle platoon commander. McNiff was awarded the Silver Star for gallantry in action during the relief of Bastogne. His battalion, 2/318, was part of a task force with the Fourth Armored Division.

McNiff also was awarded the Bronze Star, Purple Heart with Oak Leaf Cluster and the Presidential Citation. He served in five major campaigns in Europe and helped liberate the Buchenwald Concentration Camp.

He went to work as a clerk in the Boston Regional Office following his discharge from the Army. He climbed through all supervisory positions to the post of regional director, in which he has served for the past six years.

During his 41 years of service, McNiff attended numerous federal and private seminars and schools in all phases of management and is a graduate of the Federal Executive Institute in Charlottesville, Va. He has just completed five years on the Department of Veterans Benefits Advisory Committee.

"In essence, the major portion of my life has been spent in the service of the American veteran, their widows and their families. It is a work I have been committed to.

"I have had the honor of testifying before Congressional committees responsible for veterans benefits, and I can report these committees are aware of and supportive of

veterans' rights and benefits. In the Boston Regional Office there are 202 employees, and the office disburses $535 million annually," he said.

McNiff said that there are 28.5 million American veterans. Their widows and families bring the total to 90 million.

He is a life member of the Military Order of the Purple Heart and the Disabled American Veterans, a member of the American Legion and Veterans of Foreign Wars, the U.S. Government Senior Executive Association, the Federal Executive Institute Alumni Association and the North Quincy Council, Knights of Columbus.

A native of Dorchester, McNiff has been a Quincy resident for 39 years and an usher at Sacred Heart Church in North Quincy for 30 years.

He has been married to the former Alice Norton of Dorchester for 40 years and the couple have one daughter, Mary Ann Giese, a teacher in the Quincy school system. She is married to Dr. Roger W. Giese, professor of clinical chemistry, Northeastern University. The McNiff's have three grandchildren, Matthew, Michael and Mark Geise.

RULE ON H.R. 3838, THE TAX REFORM ACT OF 1985

HON. DAN ROSTENKOWSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. ROSTENKOWSKI. Mr. Speaker, I take this opportunity to inform my colleagues that the Committee on Ways and Means today favorably ordered reported to the House of Representatives H.R. 3838, the Tax Reform Act of 1985.

I wish to serve notice, pursuant to the rules of the Democratic Caucus, that I have been instructed by the Committee on Ways and Means to seek less than an open rule for the consideration of this legislation by the House of Representatives.

AMC CANCER RESEARCH CENTER

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. WAXMAN. Mr. Speaker, the AMC Cancer Research Center is a health research institute founded in 1904 whose cancer research in the laboratory and in the clinic is supplemented by cancer control programs carried out in communities across the Nation. On October 17–19, the center offered its fifth free Colon/Rectal Cancer Screening Program. The screening program gives hope that colon/rectal cancer, one of this Nation's leading cancer killers, will not ravage our country, killing more and more Americans every year.

In 1985, 138,000 Americans will develop colon/rectal cancer. Sixty-thousand of those Americans will die. Many of those deaths could be avoided if their cancer is detected before it reaches an advanced and therefore incurable stage.

Because colon/rectal cancer is generally a slow-growing tumor, many years can pass between initial development and obvious symptoms. Thus, it is possible for potential victims to detect and do something about their cancer before it is too late.

The AMC Colon/Rectal Cancer Screening Program is offered, with the support of The Medicine Shoppe Pharmacies, and local television sponsors, free to participants across the Nation. It provides a safe, simple, and reliable method of early detection of colon/rectal cancer. The program, now in its 5th year, is the largest in the Nation. It is unique in its extensive followup to ensure that each participant receives the results of the test, understands its significance, and obtains medical help where appropriate. To date, AMC has distributed over 600,000 test kits and uncovered thousands of significant health conditions requiring medical attention, including colon/rectal cancer and precancerous polyps.

I want to commend the AMC Cancer Research Center for its Colon/Rectal Cancer Screening Program and for its dedicated service to our Nation's public. AMC and its cosponsors are making a very significant effort to educate, motivate, and most importantly to make available the opportunity for the detection of curable colon and rectal cancers.

I urge my colleagues to help educate the public about the importance of early detection and annual screenings for colon/rectal cancer. I congratulate the AMC Cancer Research Center for developing and implementing this vital Cancer Control Program and applaud their efforts to involve the private sector and the public in assuming greater responsibility for disease prevention and the maintenance of the public's own good health.

A CONGRESSIONAL SALUTE TO CHARLES H. (CHARLIE) WILLIAMS

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. ANDERSON. Mr. Speaker, I rise to honor Charles H. (Charlie) Williams, a distinguished umpire in National League Baseball, who will be honored by a number of organizations in Long Beach, CA on December 10, 1985, which has been designated "Charles Williams Day."

Upon completion of schooling in the Long Beach public school system, Charlie attended Long Beach Community College, and the California State Universities at Long Beach and Los Angeles. In December of 1974, Charlie entered the Bill Kinnamon Umpiring School. He graduated as the first in his class.

In March of 1975, he was selected to work at the California Angels spring training camp. He has also served as an umpire for the California Minor League games, the Florida State Winter Instructional League and the Texas Minor Leagues. In April of 1978, he was promoted to work in the Pacific Coast Minor Leagues. Less than a month after joining the Pacific Coast League, Charlie was promoted to a full-time assignment as a major league professional umpire in the National League.

Charlie, who is the fourth black umpire in professional baseball, earned the distinction, in July of this year, as the first black National League umpire to work the All-Star Game. In addition to his professional work, Charlie devotes time to teaching his skills to others, and to supporting a number of youth and cultural activities.

My wife, Lee, joins me in congratulating Charlie Williams on his outstanding achievements and on the great honor of having a day designated in his honor by the people of Long Beach, CA. We wish him and his wife Diana, and their children, Drake and Gabriel, continued success and all the best in the years ahead.

LEGISLATION OPPOSING THE SOVIET INVASION AND OCCUPATION OF AFGHANISTAN

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. LAGOMARSINO. Mr. Speaker, I rise today to express my deep concern about the brutal Soviet invasion and continuing occupation of Afghanistan. For almost 6 years now, Soviet troops in Afghanistan have waged a relentless war against "everything Afghan," as the U.S. Ambassador to the United Nation, Vernon Walters, recently stated.

The Soviets vicious and immoral war against the Afghan nation, people, culture, food supply system, irrigation system, religion, and more, is unconscionable. Virtually every norm of human decency is being violated by the Soviets in their drive to quiet opposition to the Afghan puppet regime, led by Babrak Karmal.

I would briefly like to commend to my colleagues the statement of U.N. Ambassador Walters, during debate in the General Assembly on a measure condemning the Soviet Union for its continued illegal and immoral presence in that once peaceful land. Ambassador Walters stated:

What the Soviet Union has failed to realize—and of course refuses to acknowledge—is that the will of a people united in a national liberation struggle cannot be broken by force of arms. Nowhere in the world is this will stronger or more generalized than in Afghanistan. Nowhere is the simple moral issue of what is right and what is criminally wrong more strakly defined * * *.

Ambassador Walters also stated:

The solution to the Afghan tragedy is not a military one. The only lasting solution is a negotiated political settlement that encompasses the four elements in the resolution to be voted on by this body. These are: The immediate withdrawal of foreign troops; restoration of Afghanistan's independent and nonaligned status; self-determination for the Afghan people; and the creation of the

necessary conditions which would enable the Afghan refugees to return voluntarily and with honor to their homes.

Mr. Speaker, I rise today to offer legislation in opposition to the Soviet Union's invasion and 6-year occupation of Afghanistan against the national will of the Afghan people. I believe this legislation is worthy of the support of each of my colleagues, and I urge them to review the tragic plight of Afghanistan. I am certain that should they investigate this matter, they will agree with me on the need to resoundingly condemn the Soviets for their inhuman behavior and to express our solidarity with the Afghan people and mujahidin in their struggle for freedom and self-determination, and cosponsor this important measure. Thank you, Mr. Speaker.

NEW YORKERS RAISED THOUSANDS TO HELP END HUNGER IN THE WORLD

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. WEISS. Mr. Speaker, I want to commend the efforts of thousands of New Yorkers who recently raised over $62,000 and donated over 2,000 cans of food to help end hunger in the world, in the United States and right in New York City. This effort is just one example of the lasting legacy of the late singer/humanitarian Harry Chapin and the commitment of many people who were inspired by his work to end hunger.

On November 16, WNEW-FM sponsored Hungerton '85, a 24-hour radiothon to raise conciousness and to raise money to help end hunger. It was an honor for me to participate in this event along with others who have done so much to help end hunger.

In 1976, WNEW sponsored the first radiothon co-hosted by Harry Chapin and Bill Ayres. That radiothon served as a model for other radiothons held around the country.

The radiothons and the involvement of Harry Chapin were important steps in the continuing fight to end hunger. During his career, Harry Chapin performed over 100 benefit concerts a year. His activities helped to establish World Hunger Year, the New York City Food and Hunger Hotline, Long Island Cares and many other good projects. In 1978, Harry Chapin convinced President Carter of the need to establish a Presidential Commission on World Hunger. Harry Chapin served as one of the Commission's most active members.

The work started by Harry Chapin continues with the involvement of many people. People like:

Bill Ayres, the head of World Hunger Year and the co-host of Hungerthon '85 with Pete Fornatale;

Ken Kragen, USA for Africa organizer who first began his involvement to end hunger as Harry Chapin's manager;

Kenny Rogers, who has supported the World Hunger Media Awards and numerous other anti-hunger activities because of Harry Chapin;

And the thousands of New Yorkers who contributed money, donated canned goods, and listened to Hungerthon '85.

Mr. Speaker, I am happy to note that the spirit of Harry Chapin continues to be strong and shows no sign of weakening. It is a spirit of love and generosity that grows each day.

WNEW will keep that spirit alive as it will make the Hungerthon an annual event. I commend WNEW for their commitment to this type of public service. I would hope that other radio stations around the country, as they did after the first radiothon in 1976, will follow WNEW's lead in bringing the issue of hunger to the attention of their listeners.

LEONID VOLVOVSKY PREDICTED HIS FUTURE

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. PORTER. Mr. Speaker, 3 years ago I traveled to the Soviet Union and had the privilege to meet many of the brave refuseniks, whose courage and dedication should be inspiration to all of us. One of the individuals who I had the honor of meeting was Leonid Volvovsky. When I met Ari in 1982 he told me that he feared that within the next few years he would not be living in Isreal, which he so desired, but rather he would still be suffering direct persecution at the hands of Soviet authorities.

And, while Prime Ministers and heads of state gathered in New York to commemorate the 40th anniversary of the United Nations recently, another Jew, another Hebrew teacher, went on trial in the Soviet Union. That man was Leonid Volvovsky.

On October 24, 1985, Volvovsky was sentenced to 3 years of prison under article 190-1 of the Soviet Criminal Code. "Disseminating information slanderous to the Soviet State and Social System" the catch-all used to imprison Jewish activists.

Volvovsky and his wife have been struggling for more than 11 years for their legal rights to live where they wish. During those 11 years, he followed the law of the Soviet Government with exacting precision in order to avoid any provocation the KGB might devise to entrap him. Despite four house searches, a 2-week arrest, and endless threats, Volvovsky managed to study Hebrew and become an observant Jew. Prior to his most recent arrest, a viciously anti-Semitic article appeared in the Gorky Worker laying another layer on the "base" for his arrest.

Leonid Volvovsky's investigation and trial were supposedly carried out in what is called "an open court session" in the Soviet Union. However, in reality, his investigation and trial were not conducted with objectivity and complaints by Volvovsky's wife, Mila, to Soviet authorities have gone unanswered. Mr. Speaker, I would like to describe for my colleagues how Mila explains that Judge Gerchovstev and the investigators committed numerous violations of the Soviet criminal procedural code throughout her husband's trial.

Mr. Volvovsky was accused of giving someone the book "Exodus" and that the investigator and the judge condemned this book as being "anti-Soviet propaganda." The popular Leon Uris book is about the building of the State of Israel. Authorities claim the novel was slanderous to the Soviet state and social system. Mila also writes that the witnesses who were called to the court during the trial did not state that Volvovsky gave "Exodus" to them to read. Only after the judge applied enormous pressure, did one witness say that, perhaps, Volvovsky may have given her the book.

The second point that Volvovsky was accused of was on the basis of a written article which was taken from his flat during visits by KGB agents. The article claims that there were no Jewish schools in Latvia and Lithuania after World War II. However, the article was not written by Volvovsky. It was only found and taken from his apartment. It the judge would have called the ministry of education, they would have received the same answer: Jewish schools do not exist in Latvia or Lithuania at all and does not slander the Soviet State.

Volvovsky was accused further of stating that there was anti-Semitism in the U.S.S.R. and that he was in possession of letters written in the seventies from the West which contained anti-Soviet slander. The United Nations' universal declaration of human rights guarantees in article 3 the right, liberty, and security of a person; and in article 19 the freedom of opinion and expression and the right to receive and import information through media regardless of frontiers. The violation of Leonid Volvovsky's rights were clearly emphasized during his trial. How can this system be called a system of justice? Justice is not when the wife of the accused is only allowed to enter the courtroom when the sentence is being read.

Leonid Volvovsky was forced to defend himself. And Mila Volvovsky writes that her husband had not received a copy of the verdict and without a copy of the verdict he is deprived of his right of appeal. Volvovsky is unable to appeal his sentence also because his wife is unable to secure a lawyer who is willing to defend him.

The trial of Leonid Volvovsky and his family really began 11 years ago when they first expressed a desire to live in Israel. If his legal desire to be repatriated with his family to Israel had been recognized, Leonid Volvovsky would not be facing 3 years in prison. When are these injustices going to stop?

I commend my colleagues for their dedication and actions on behalf of persecuted Soviet Jews. I encourage them to continue the fight until the day comes when people like Leonid Volvovsky are living in freedom, away from the obstacles that are violating their basic human rights.

REFUGEE AID

HON. RICHARD H. LEHMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. LEHMAN of California. Mr. Speaker, as the House considers the continuing resolution for fiscal 1986, I wish to bring my colleagues' attention to the dispute between Congress and this administration over funding for the Refugee Targeted Assistance Program.

As I have reported earlier, two decisions of the U.S. Comptroller General and a decision of the U.S. District Court for northern California have found that this administration illegally reduced the funding for this refugee program by $11.5 million in fiscal 1985. Finally, the administration released these funds this week. The relevance of these facts to the debate on the continuing resolution is twofold. First, we must be sure that the administration does not repeat in fiscal year 1986 their unlawful efforts. Second, we must make clear that the administration has no basis to argue that today's action to appropriate fiscal year 1986 funds might deny the rights of private parties to litigate issues involving impoundment, such as in the case now pending in the 9th Circuit Court of Appeals.

Because the $11.5 million was finally released in fiscal 1986, we must make clear that the new funding for fiscal 1986 is not intended to be reduced in any way. Congressional intent is clearly expressed on this matter in the conference report to accompany the fiscal year 1986 Labor-HHS appropriations bill. Simply stated, Congress has appropriated $50 million in new moneys for the Targeted Assistance Program in 1986 and that amount is not to be reduced in any way.

I should note at this point the important contributions in this matter of the distinguished gentleman from Mississippi [Mr. WHITTEN], chairman of the House Appropriations Committee, and the very able gentleman from Kentucky [Mr. NATCHER], chairman of the subcommittee of jurisdiction on the Appropriations Committee. Both of my good friends have been very helpful in this effort to protect congressional intent from the arbitrary exercise of unlawful authority by this administration.

PAYING TRIBUTE TO GEORGE MAHON A GREAT AMERICAN LEADER

HON. C.W. BILL YOUNG

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 3, 1985

Mr. YOUNG of Florida. Mr. Speaker, it is with great sadness that I join today in paying tribute to George H. Mahon, my friend and former colleague who served as the distinguished chairman of the House Appropriations Committee.

His career serves as an inspiration and model for those of us who follow him in serving our Nation. As a boy, he worked in the cotton fields to put himself through college and law school. He was elected in 1934 as the first person to represent the newly created 19th Congressional District of Texas and served in the House with distinction for 44 years before his retirement in 1978. For 14 years, he chaired the House Appropriations Committee, serving continuously in this position longer than any other person in the history of the House.

It was as a member of the House Appropriations Committee that I came to know Chairman Mahon. From our service together on the committee, I learned that not only was the chairman an outstanding leader of our Nation, but he was a warm, caring, good-humored, and personable man whom I am proud to have called my friend. These traits enabled him to lead our committee and our Nation through some of our most difficult and troubling times.

Perhaps what I respect most about George Mahon was his ability to place the interests of our Nation and our national security above politics. As a member of the Defense Appropriations Subcommittee, I know that we continue to use his service on the subcommittee as a model. Like all of us, the chairman took an oath as a Member of Congress to uphold the Constitution and provide for the defense of our Nation. He never waivered from this responsibility and our Nation today is secure in part due to his service and commitment.

George Mahon was a great statesman and a gentleman. He was a true national leader, and it was a privilege to have known and worked side by side with Chairman Mahon. He was a source of guidance and inspiration to me and the many who served with him during his 44 years of service to our Nation. His memory and the values and ideals he cherished will forever remain a part of this institution and will stand as his lasting contribution to our country and our future.

Mr. Speaker, of the many times and many ways the chairman helped this Congressman, the most lasting memory I have of George Mahon was his statement to me that "If you kneel down before God, you can stand up before man."

CONGRESSMAN RICHARDSON OFFERS TWO AMENDMENTS TO HOUSE JOINT RESOLUTION 465

HON. BILL RICHARDSON

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. RICHARDSON. Mr. Speaker, the House of Representatives has acted on the continuing resolution, House Joint Resolution 465. During the deliberations before the Rules Committee, I had sought approval to offer two amendments to the bill. Unfortunately, I was unsuccessful in my efforts.

My first amendment would have required the Secretary of the Treasury to instruct the U.S. Executive Directors of the relevant financial institutions to use the voice and vote of the United States to oppose any financial assistance for projects in foreign countries which pollute the air or water in the United States, which, if caused by a similar project located in the United States would violate United States laws or regulations governing air and water pollution or State laws or other programs implementing such laws and regulations. It was my hope that my amendment would bring the necessary pressure to bear on polluters to equip pollution producing facilities with scrubbers or other pollution devices.

Mr. Speaker, acid rain has long been a problem in the Eastern and Midwestern United States—it is now becoming a problem in the western regions of the country also. The Mexican Government is in the process of opening the Nacazori copper smelter just across the border from the United States and plans to operate it without pollution controls between 1985 and 1987. To allow this plant to open without effective pollution controls would represent a significant health and pollution hazard in the so-called smelter triangle area, dramatically increase the acid rain levels in the West, in effect, negate all pollution control efforts that domestic copper producers have undertaken over the past several years.

Mr. Speaker, in addition, the second amendment I would have offered to the House continuing resolution would have provided for the continuation of funds for the Navajo/Hopi Relocation Program subject to the requirement that the Secretary of the Interior and the Navajo/Hopi Relocation Commission submit a report to the House and Senate Appropriations Committees on their plans for expenditure of the appropriated funds. That report would have been due by February 28, 1986.

I have been deeply concerned that there has not been a comprehensive plan filed with the Congress for 5 years. The established deadline for the completion of this program is July 7, 1986. The Commission and the President's special emissary have both indicated that there are problems with meeting that deadiine. A report would provide the Congress with the necessary information to determine if the deadline should be extended and what future appropriations are necessary to complete this program as authorized.

My amendment would have ensured that the Commission and the Secretary of the Interior would be held to strict accountability by the Congress for the Navajo/Hopi Relocation Program. It would have provided the relocatees some indication that the Congress intends to keep the promises that were made to them in the original 1974 Relocation Act. Further, it would have ensured the taxpayers that their Federal dollars were not being wasted.

Mr. Speaker, in the days to come I will be searching for appropriate legislative vehicles to attach my two amendments. I would like to request that my amendments

be reprinted in their entirety so that my colleagues will have the opportunity to review my two proposals.

The amendments follow:

MULTINATIONAL ENVIRONMENTAL PROTECTION

SEC. 551. The Secretary of the Treasury shall instruct the United States Executive Directors of the relevant international financial institutions to use the voice and vote of the United States to oppose any assistance by those institutions for any project located in a foreign country that would cause pollution of the air or water within the United States which, if caused by a similar project located in the United States, would violate United States laws or regulations governing air and water pollution or state laws or programs implementing such laws and regulations.

NAVAJO/HOPI RELOCATION REPORT—AN AMENDMENT OFFERED BY MR. RICHARDSON

Notwithstanding any other provision of this joint resolution,

(1) No funds provided in this or any other Act for the fiscal year ending September 30, 1986 may be expanded by the Navajo and Hopi Indian Relocation Commission, and

(2) No funds provided in this or any other Act for the fiscal year ending September 30, 1986 may be expended by the Department of the Interior, Bureau of Indian Affairs, or the Department of Health and Human Services, Indian Health Service, for any activities relating to any relocation required under Public Law 93-531 or Public Law 96-305, after February 27, 1986, if the Secretary of the Interior and the Navajo and Hopi Indian Relocation Commission have not submitted a report to the Committee on Appropriations of the Senate and the House of Representatives before February 28, 1986, a report prepared in accordance with 25 U.S.C. Section 640d-12(c) (94 Stat. 932) on how the Secretary of the Interior or such Commission, respectively, intend to expend such funds.

TRIBUTE TO RAYMOND S. DENNIS

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. CLAY. Mr. Speaker, one of my constituents, Mr. Raymond S. Dennis, has beaten the odds against his success in business in superlative fashion.

The qualities required to succeed in business include tenacity, industriousness, intelligence, training and experience in the chosen field and a great deal of foresight and flexibility. Raymond Dennis is endowed with each of these qualities in great abundance. He will be celebrating 25 years as a successful black businessman in the city of St. Louis, on Sunday, December 8, 1985.

Mr. Dennis began his business as a custom tailor for men and women and rapidly became one of the better tailors, constantly in great demand. His business flourished through the years. Mr. Dennis, a man of vision, soon realized that if his business was to continue to succeed, that he had to diversify. After much research he decided that he would began to design and produce products that were in constant demand. These products included blazers, uniforms, mattress covers, pillow cases, and disposable work uniforms for the industry.

These products are produced at two locations with the main operation in the First Congressional District.

He has designed and produced the blazers for the St. Louis Football Cardinals and the uniforms for workers at Six Flags Over Mid-America, among others.

Mr. Speaker, the accomplishments of Mr. Raymond S. Dennis in the operation of his Belle and Beau Clothiers is to be commended, especially so at this period of time when many similar businesses are failing because of imports. It is fitting that I commend him for his years of productivity and dedication and wish him continued success.

FIX THE FLAWS

HON. VIN WEBER

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. WEBER. Mr. Speaker, as we approach a vote this week on the expansion and extension of the Superfund Program, I would like to call the attention of my colleagues to the editorials on the subject from my home State.

The Minneapolis Star and Tribune in separate editorials on September 29 and November 13 urged the House of Representatives to "fix the flaws" of the Senate-passed measure, including the "questionable financing scheme: a special tax on all manufactured goods."

Their first editorial admonishes the House to follow Minnesota Senator DAVE DURENBERGER'S advice and find a mixed source of financing which would not contain a VAT and would conform to the cornerstone of Superfund and all U.S. environmental legislation: the polluter pays.

The more recent editorial mentions a "sensible approach" to the funding dilemma offered by the Downey-Frenzel amendment which would replace the manufacturers value-added tax with a new waste end proposal, higher taxes on oil/chemical producers and some contribution from general revenues.

I, too, believe that the Downey-Frenzel proposal offers the most fair mixed-source financing for the advancement of our Nation's program to cleanup hazardous waste sites.

Mr. Speaker, as a cosponsor of Downey-Frenzel, I urge my colleagues to give this funding alternative their careful consideration as we vote on H.R. 2817 this week.

SEARCHING FOR COMPROMISE ON THE SUPERFUND

Although the federal superfund bill passed by the Senate Thursday promises a renewed attack on the nation's toxic-waste problem, the measure has worrisome defects. It would deny the Environmental Protection Agency much of the cash and clout it needs to quickly mop up thousands of dumps. And it would excuse some polluters from paying their share for the cleanup. Hope now lies with the House, which should pass a stronger bill and coax the Senate into a healthy compromise.

The superfund program expires this week, with few successes to its credit. Hobbled by staff shortages and an unsympathetic administration, the EPA has so far cleaned up less than a dozen of the 812 dumps slated for priority attention. Cleanup has yet to start at 90 percent of the sites. Improving the score will require a vastly expanded superfund.

The Senate-passed bill, sponsored by Sen. Robert Stafford, R-Vt, falls short of the need. Its seemingly generous five-year, $7.5 billion fund is dwarfed by the actual cleanup price; federal agencies estimate that completing the task could cost $100 billion over many more years. The bill fails to provide the strict deadlines and standards necessary to spur quick and thorough cleanup. And the measure depends on a questionable financing scheme: a special excise tax on all manufactured goods. That tax, as Minnesota Sen. Dave Durenberger complained on the Senate floor, abandons the "polluter-pays" principle and forces many innocent industries to bear the superfund's cost.

Fixing those flaws is up to the House, which has yet to reconcile several pending superfund bills. The chief proposal, pushed by Reps. John Dingell, D-Mich., and James Broyhill, R-N.C., would spend a more realistic $10.1 billion, but lacks crucial enforcement provisions. A better bill, sponsored by James Moody, D-Wis., contains the $10.1 billion figure—plus strict cleanup standards and timetables. The Moody measure would also require companies that handle toxic chemicals to notify nearby communities about possible hazards, and would enable communities to ask for superfund aid when they uncover a toxic-waste problem.

In devising a strong superfund bill, the House must also settle the befuddling financing question. As Durenberger noted, that won't be easy. A dumping tax on polluters, which the Reagan administration favors, would raise insufficient revenue and could encourage improper waste disposal. Raising the current superfund tax on oil and chemical producers, while theoretically fair, could prove politically impossible. And financing the superfund through general tax revenue would unjustly force all citizens to bear the cost.

To assure a fair and ample superfund, Durenberger urges mixed-source financing based on the polluter-pays principle. The House should follow his advice.

A SUPERFUND TEST FOR THE HOUSE

The future of the federal superfund lies in the hands of the U.S. House, which now is juggling a basketful of bills to reauthorize the program. The best course lies in a marriage of two superfund measures. One would guarantee quick and thorough cleanup of the nation's toxic waste dumps; the other would ensure that the worst polluters pay the cleanup cost.

Senators erred in bypassing such a two-pronged approach in their September superfund deliberations. Although the Senate-passed bill promises a renewed attack on the toxic-waste problem, it suffers worrisome defects. Its $7.5 billion fund falls far short of the actual price of cleaning up the 812 sites on the Environmental Protection Agency's national priority list. It lacks the strict timetables and standards necessary to ensure speedy and complete cleanup. And the Senate bill would expand the superfund through reliance on a flawed financing

scheme; a new excise tax on all manufactured goods, which Minnesota Sen. Dave Durenberger criticizes as a hidden tax and a dangerous departure from the "polluter pays" principle.

The House now has a chance to create an antidote to the Senate's mistakes. A bill approved by the House Public Works Committee offers the needed environmental safeguards. It includes a realistic $10.1 billion pricetag and contains the essential timetables and standards. It would require companies that use and discharge hazardous waste to alert nearby communities to possible dangers. And the bill would maintain polluters' liability for future cleanup, thereby giving the EPA crucial leverage in negotiating cleanup agreements.

Adopting those environmentally sound provisions is an essential first step. But House members still must settle the thorny question of financing. One sensible proposal, offered by Minnesota's Bill Frenzel and New York's Thomas Downey, would replace the Senate-backed excise tax with a new tax on waste, higher taxes on oil and chemical producers and an increased contribution from general revenues. Although that mixed-source financing system would compel all citizens to bear more of the cleanup cost than the current superfund, it rightly imposes the largest burden on industries that generate toxic wastes. Such a plan would do more than the Senate's to force polluters to pay their share for cleanup.

Strict enforcement and fiscal fairness are essential to a strong superfund. The House should embrace both principles and press Senators to accept them in conference committee.

IN HONOR OF "MIGHTY" MO BERNSTEIN—ONE OF SAN FRANCISCO'S GIANTS

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. ANDERSON. Mr. Speaker, it truly is an honor for me to rise and pay tribute to San Francisco's Morris "Mo" Bernstein, who commands my deepest respect and admiration. A testimonial to this remarkable man would be incomplete, however, if I failed to recognize the other half of a very enthusiastic team, his wonderful wife, Rea.

On December 12, Mr. Speaker, the remodeled kitchen at the Glide Memorial Methodist Church, where over 2,000 hungry men, women and children are fed every day of the year, will be dedicated as "Mo's Kitchen." This is, indeed, a fitting honor for someone who has been such a positive force in the bay area over the years.

Mo and Rea, who have been married now for close to 60 years, in itself a feat, never had any children of their own. In fact, to my knowledge, they have never owned a pet. Consequently, San Francisco became their child. And all who reside there have benefited from this adoption.

To be honest, I could tie up the proceedings on the House floor for days simply by recognizing the many accomplishments of this great man who lives each moment to its fullest, and who really cares and understands the needs of those around him. When San Franciscans honor Mo, whether it be dedicating a kitchen to feed the needy, or any worthy cause, they are really honoring themselves. For they are one; Mo Bernstein is San Francisco and San Francisco is Mo Bernstein.

My wife, Lee, and I consider it one of the great privileges of our lives to be tounched with the heartfelt warmth of Mo and Rea. For the world has rarely seen a more faithful, loving, and hardworking couple than Mo and Rea. We wish them continued success in all their future endeavors.

CIVIL RIGHTS IN THE UNITED STATES TODAY

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. WEISS. Mr. Speaker, these are trying times for the civil rights movement. After years of apparent progress in rectifying our Nation's shameful record of racial inequality, the civil rights movement has encountered a pair of formidable obstacles: a Federal budget for social programs that is shrinking and an administration that not only fails to acknowledge our country's civil rights problems but seeks to destroy the progress that has been made in the last two decades.

It is in times like these when leadership and foresight are most critical. A thoughtful assessment of the state of the civil rights movement was contained in a speech given by James Farmer, founder of the Congress on Racial Equality and former Assistant Secretary of the Department of Health, Education and Welfare. The speech was delivered on June 24, 1985, at a meeting of the Humanist Society of Metropolitan New York, chaired by another civil rights leader of long standing, Rabbi Balfour Brickner of the Stephen Wise Free Synagog in Manhattan. The speech, entitled, "Where Does the Civil Rights Movement Stand Today?" follows.

WHERE DOES THE CIVIL RIGHTS MOVEMENT STAND TODAY?

(By James Farmer)

I don't know what I can say about where to go in the civil rights movement, except to confess that I don't know. I don't think anyone knows, and that is the rub. This lack of direction today reflects the failure of the movement, or the limitation to the movement's success, in the sixties. It was partly our fault, those of us who were in it, because we did no long-range planning. Our excuse for not doing so was that we were dealing with emergencies and crises. We did not have time for the luxury of long-range planning. I do recall in a couple of instances in the Congress of Racial Equality (CORE) that I had planned to pull the staff in for a week or two of brainstorming and have scholars there with data, so that we would not be merely batting the breeze. We were trying to figure out what problems would exist after passage of the Civil Rights Act of 1964 and the Voting Rights Act of 1965. What would the problems be in 1970, 1980, 1990, and the year 2000? What was the job market going to be like and how could we prepare poor people, especially minority poor, for those jobs? How would we prepare them to cope with the computer revolution? But invariably, before the dates arrived for those sessions, some emergency would arise. Schwerner, Goodman, and Chaney, three of our CORE staff people, were killed in Mississippi, and three thousand persons were jailed in Greensboro, North Carolina. Obviously, we could not pull staff out of those areas for planning.

We should have found some other way to do it. Because when success came—success in terms of the short-term legislative victories—the movement was caught flat-footed without a program. It did not know where to go. That was one of the main factors that drove it into disarray. At the same time this was happening, the movement was shifting its sights northward and concentrating on national problems, rather than on exclusively southern problems, because the southern problems of apartheid at the lunch counters, on the buses, and wherever had been licked. We had battered down those barriers with much effort, but, when we turned to the national problems, they were more complicated.

It was not easy for our troops—the nonviolent troops of the movement then—to get a handle on these problems, to sink their teeth into them, to come up with tactics and strategies which were relevant and which proposed answers. We were not able to personalize the enemy. We were not able to point the finger at a Bull Connor and say, "He is the devil." When we could do that, we could mobilize folk to go to war against the devil, because he was definable in terms of individuals who could be seen, touched, and felt. They could see on television the police dogs released by Bull Connor which tore at the clothing and flesh of children. And they could see his high-power, high pressure fire hoses rolling women down the streets in the Birmingham demonstrations of Dr. King. When we could point to the devil, then it was simple to organize, to motivate, to maintain unity, and to keep the battle going.

But when we moved north, the focus turned to national problems. How could you personify job problems, employment problems, housing problems, getting rid of slums, de facto school segregation as opposed to de jure school segregation? The enemy was scattered all around. You could not define him. You could not draw a picture of him. You could not touch him or feel him. He was hidden. Furthermore, the sit-in, the freedom ride, the march, and the picketline no longer seemed to reach him because in some cases he was on those picketlines—unknowingly.

How could you deal with those problems then? What happened to the movement at that point was that, unable to find the enemy to shoot at nonviolently, we turned on each other. The movement ripped itself apart. Internecine warfare tore it asunder. The problems were more complex in the North and nationally than in the South where the problems were simpler—problems which separated the good from the bad, the right from the wrong.

Four black freshmen at North Carolina A & T College in Greensboro sat at a Woolworth lunch counter in the "For White Only" section and demanded coffee. What could be simpler? Nobody of any decency could argue that those kids should not have received the coffee if they had the money to pay for it. Anyone who argued that they

should not have been served or sitting where they chose to sit, had to be a racist, a bigot.

There were no two ways about it. It was right versus wrong. And the same applied to the buses of the freedom rides. Who could argue that the riders who bought their tickets, who paid the same amount for them as others, and who were going in the same direction the bus was going should not be able to sit where they chose among the seats that were available? The same held true for voting—the right to register and vote without risking life and limb. These issues clearly separated right from wrong, good from evil.

RIGHT VS. RIGHT

However, the issue is not as clear-cut when you deal with problems such as Affirmative Action, with numerical goals and timetables, or when you deal with how to close the income gap, with the median average black income remaining under 60 pecent of the median average white income. (The Hispanic income gap is equally wide, native Americans much wider, and the statistics show us that not only is the gap not closing but is widening.) Look at infant mortality rates which are still two-and-one half times as high among blacks and other minorities. Look at life expectancy among males. The gap is still widening. And, worse yet, the figures tell us that the life expectancy of the black male has shown an actual decline, dropping from sixty-four to sixty-one. We are dying before we collect social security.

We know some of the reasons and can guess at others. But a sit-in isn't the answer. A freedom ride won't cut the mustard on that. People of goodwill can be on different sides of tactical and strategic questions. It isn't a separation between good and bad; it is often not even a question of right versus wrong. Very often the issues are right versus right. Affirmative Action is one such issue. Another is reverse seniority lay-offs involving minorities and women. The argument is that you can't lay them off first because they were the last hired, because, after all, if you hadn't conspired to keep them out of those jobs all these years, they would have some seniority now by having held the jobs for a while. But our trade union friends—and I'm a trade unionist—would often say, "No, no, no! This is gospel. Seniority must be respected. We must protect the job rights of those who have been on the job longest and who have been members longest." Not right versus wrong. Who's right? Both are right. And when both parties are right, there has to be a compromise in which alternative solutions are worked out which will reasonably satisfy the needs and requirements of all the contestants. In Affirmative Action, the same was true in the case of Bakke vs. the University of California at Davis. Who was right? Who was wrong? Both were right. Both.

There were other factors that contributed toward the transformation of the white perception of blacks. Something began to happen among the lower middle class. (I hate to use class designations because I am not sure I know what they mean any more. I am not sure that they are descriptive of anything. But here I refer to semi-skilled industrial workers.) For example, a man with a family who lived in Cicero, Illinois, worked hard for years—ten, fifteen, or more years—to place a down payment on a split-level. He got it. Now, although he is mortgaged for life, he is making it. He has three televisions, two of them color. He has a car, maybe two cars. His wife drives one around to go shopping and visiting. At the end of the month, he pays the bills and he squeaks it out. There is very little, if anything, left—but he is making it. Driving into work, he passes a job training program run by the War on Poverty. He looks at it and says, "My tax dollar is paying for that. I'm paying for it. It takes a big bite out of my tax dollar, and who am I training there? A bunch of blacks and Hispanics, and they are being given modern training with modern equipment with modern techniques. What jobs are they being trained for? My job." That is probably not the case, but it is the perception that counts. So he believes that they are going to bump him out of his job. That evening when he goes home and sits at the dinner table, his wife tells him that a black family is going to move into the vacant house down the street. He sighs and shrugs wearily. Mrs. Hansen, who works for the real estate company, says that his property values are going down. He looks up and the weariness has left him. How much will the property depreciate? Five thousand dollars? Ten thousand? How long does he have to work to save that much money? The person who has one step up the ladder tends to be terrified when there is motion from below. That is what has happened.

All of these things fed the backlash that occurred around the middle sixties. Yet the movement as such was dead already. The movement did not die when King died. It was already dead. Rigor mortis had not set in, but the backlash was there. Anti-black groups organized. One such group in New York State was SPONGE—the Society for the Prevention of Negroes Getting Everything. Really. And the membership of SPONGE grew! There were other groups with less picturesque names organized around the country.

This created a totally different situation. We no longer have the majority of the people with us. Compound that by the fact that the Reagan administration is, in my opinion, deliberately trying to wipe out the advances in civil rights that have been made. I don't know if the president knows what he is doing, but some of the people around him do know—the people who call the shots. They know what they are doing. They have a plan. for example, the Justice Department is now on the side of those who perpetuate segregation and racism. It files its best suits against those who are trying to attack racism. Look, for example, at Starrett City, Long Island, which was trying to use integration maintenance devices in order to maintain integration in housing in an area that would otherwise rapidly tend to become all black and contribute to further growth of ghettos. It has a quota of 40 percent blacks, to which it tries to keep. The percentage of blacks is much less than that now, so it is no problem.

There are many housing developments around that have quotas of zero for blacks. The Justice Department has not bothered those with zero quotas but has filed suit against Starrett City for having quotas. That is discrimination. "We want to be color blind," they say. No greater myth was ever perpetrated. The Justice Department is getting in touch with fire departments and police departments which have worked out consent agreements of affirmative action on the hiring of minorities when they had no minorities and on promoting minorities when none had been promoted. These were consent agreements which were working well. The Justice Department said, "Stop that. You have a quota." Some industries have also been assailed by the Justice Department. They said, "Look, we are happy. The employees are happy, management is happy, special-interest groups are happy, the community is happy. Please get off our backs." But the Justice Department doesn't get off their backs—it files suits to wipe out such advances on the basis of either a narrow ideology or a malignant design. I am inclined more and more to think it is the latter.

And we have the Clarence Pendletons and other blacks who support the administration's view vociferously. We have even Jim Meredith saying the same thing. (You know Jim Meredith who got Old Miss integrated.) Well, there will be more. I understand that there was a bunch at the NAACP convention.

To develop a plan, a program to work toward, is what we must do. And it cannot be a black program. If it were, then we would be reinventing the wheel. It has to be a program that involves people like Rabbi Balfour Brickner, who has been involved in the movement all along, Alan Gardner, one of the great leaders of CORE in its good days, and many others. Scholars and others must be involved. We will not agree. We will often disagree. The disagreement, too, will be part of the process. We must get a program. We must start the process toward getting a program.

Alliance. Yes, we need alliances. One thing we have to learn is that people don't have to agree on everything to ally themselves together. What they must do is form an alliance—a coalition for those things on which their agendas coincide—and work jointly on those agendas while agreeing to work separately on the issues on which their agendas do not agree—although continuing dialogue to try to bring their positions on these other issues closer together.

We have to have these alliances. The black-Jewish alliance has to be rebuilt. It is more difficult to do than to say, but we have got to do it. What Jesse Jackson calls the Rainbow Coalition needs to be built. And that won't be accomplished by using expansive rhetoric. It requires careful nurturing. It requires defining and understanding the issues which divide and join us—and realizing that, although we work separately on issues on which we don't agree, it does not make us enemies. And once we realize this, then we can come back together and work hand-in-hand on the issues on which we do agree. So, a coalition must be formed. Not only the minorities—blacks, Hispanics, Native Americans, and Asian-Americans—but also women's groups (women are a power minority although not a numerical minority) and progressives must come together. Labor? I will not write off labor. Certainly the progressive parts of the labor movement must be involved. They, too, have paid dues. They, too, have shed blood. So we have got to work these coalitions out.

We also have to help each other in a rebuilding of the black community. Now that is something difficult to say, particularly to an audience that is predominantly white.

I was one of those who criticized Moynihan's study on the black family in 1965. I criticized it because I thought that he was too general in some of his charges as to the pathology of the Negro family. What he was really referring to was the pathological symptoms in the families among *poor* blacks. The middle-class black family is just about the same as a middle-class white family. It accepts the same values and, in fact, outdoes the white family in adherence

to those values. It is, in a way, an imitation—and imitations are always more extreme than that which they imitate. Moynihan was referring to only one part of the Negro family. Also, I do not think that it requires a clinical solution. It requires, first of all, jobs. Give a man a job and he will take care of what Moynihan calls that matriarchy. Give him a job so that he can come home with some pride and a paycheck in his pocket. We must rebuild the black community because the syndrome of racism, prejudice, and poverty has wreaked havoc on it.

When I could see better, I used to like to walk in the streets of a city and look at some of the young men. Young males standing on the corners. I would walk up to them and talk. They didn't know who I was from Adam. And perhaps it was a dangerous thing for me to do. Here were guys with no hope for the future, with too many strikes against them. Illiterates. They could not read. But they were among twenty-six million adults in this country who couldn't read.

They couldn't compute. They had no skills, had no job, had never had a job—and had no hope of getting a job. They probably were on drugs. The underclass: do we write them off? We dare not write them off! If we in the black or white community do write them off, what makes us think that they will not one day turn on us. They are human beings. We have got to see that the twin evil of poverty and prejudice is not allowed to keep on pouring antisocial folk out into the streets of America. Teenage pregnancy—we have got to attack that problem, too.

This is what I mean about a rebuilding of people and a renaissance. We have the tactics to do it. We know how to do it. As Alan Gardner can tell you, there have been various pilot programs around the country that have shown what to do. There is a project in Gainesville, Florida, in which people in the poverty community are taught how to stimulate their children using the comprehensive education program—a technique used in Israel for dealing with the Sephardic people. Peer groups, grass-roots folk, are trained to go out into the community. An evaluation shows those in the target group to be heads and shoulders above children in control groups who have not been part of the program. We know how to do things like this. For instance, a nutritional program in Memphis, Tennessee, which is run by St. Judes Children's Hospital and a community action project, has shown that brain development is affected by the nutritional intake of the mother during pregnancy and of the infant during the first two years of its life. Intervention can correct a problem if the intervention comes quickly enough.

NEW NATIONAL SALES TAX: FIRST STEP DOWN THE SLIPPERY SLOPE OF MASSIVE NEW TAXATION

HON. HOWARD WOLPE

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. WOLPE. Mr. Speaker, the hidden national sales tax contained in the pending Superfund legislation is "unquestionably the first step down the slippery slope of massive new taxation of the sort that has already stagnated much of the European economies," according to a recent editorial in the Detroit News.

The News editorial of November 11 attacked the proposed value-added tax (VAT) which is scheduled to come up for a vote tomorrow in H.R. 2817 before the House of Representatives. The editorial cautioned that enactment of the 0.08 percent VAT on all manufactured goods would be that first step down the slippery slope of a totally new type of tax.

As we approach these "slippery slopes" this week, I wish to particularly point out to my colleagues that portion of the editorial concerning the Senate action on the Superfund bill.

Mr. Speaker, some in this body have pointed out to the Senate's heavily favorable passage September 26 as an example for this Chamber. I urge my colleagues to note, however, as this editorial does, that the Senate passed Superfund overwhelmingly—not the VAT.

True, the VAT was a part of the bill which the Senate passed, but in its rush to pass Superfund before the expiration date, the Senate had no time to institute funding alternatives and placed the onus on the House to come up with alternatives to the VAT for the toxic waste cleanup program.

The Senate on September 24 overwhelmingly passed a sense of the Senate resolution condemning the VAT portion of the bill, noting that the House version was scheduled to contain no VAT and urged its conferees to delete the VAT from the final legislation which emerged from conference.

In this regard, Mr. Speaker, I think it is important to remind the Members of this body of the Senate action. Thus, I am submitting for the RECORD both the Detroit News editorial of November 11 and the sense of the Senate resolution of September 24:

AMENDMENT NO. 686

(Purpose: To express the sense of the Senate in opposition to a value-added tax)

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from North Carolina.

The clerk will report.

The assistant legislative clerk read as follows:

The Senator from North Carolina [Mr. HELMS], for himself, Mr. MCCLURE, Mr. LEVIN, and Mr. PROXMIRE, proposes an amendment numbered 686.

At the end thereof, add the following:

The Value Added Tax is a regressive tax which places the burden of paying for pollution on persons other than those responsible for it;

The Value Added Tax on S. 51 represents a dangerous shift toward the principle of a broad-based tax on sales;

The Value Added Tax has escalated rapidly in virtually every country in which it has been implemented;

The administration has stated, in a September 16, 1985, Statement of Administration Policy the "(t)he President's senior advisors will recommend disapproval of any legislation containing a value-added or other broad-based tax";

The House of Representatives is expected to adopt a financing mechanism for the Superfund bill which will not include the Value Added Tax;

The Administraton will not be prepared to release its alternative to the Value Added Tax until after the Senate has completed action on the Superfund legislation;

Prolonged debate on the floor of the Senate concerning an alternative to the Value Added Tax would unduly delay consideration of this legislation: Now, therefore, be it

The Sense of the Senate that the committee on conference on S. 51 or such other comparable Superfund reauthorization legislation as shall be approved by both Houses of Congress should report legislation containing a reliable financing mechanism for the Superfund program which does not include the Value Added Tax.

[From the Detroit News, Nov. 11, 1985]

NO SUPERVAT FOR SUPERFUND

There is such universal support for cleaning up America's toxic wastes that the issue has become a political "honeypot" to which high-tax legislators have been irresistibly drawn. This month the House of Representatives will take up the so-called Superfund renewal legislation (HR 99-253) which for the first time will break from the established principle that those who pollute should pay for the cleanup, and impose an across-the-board Value Added Tax (VAT) of 0.8 percent on all manufacturers.

Taxpayers and consumers should be properly alarmed because this amounts to a hidden national sales tax of about ½ of 1 percent on virtually everything they buy and is unquestionably the first step down the slippery slope of massive new taxation of a sort that has already stagnated most of the European economies.

We urge our readers to register their protest against this dangerous and unnecessary new tax intrusion into their lives. Being against the SuperVAT does not mean you are for hazardous wastes.

Under the old Superfund law, 90 percent of the costs of cleanup were generated by excise taxes on the production of petroleum and chemical feedstocks, plus fines levied directly against polluters. Under the proposed Superfund renewal measure, which was approved by the Senate on September 26th, the five-year cost of Superfund would jump from $2.1 billion for a simple extension of the present law (which involves $1.4 billion in "new" taxes) to $10.4 billion, with a total of $9.7 billion in new taxes of which $4.5 billion would be raised through the VAT and $850 million would be raised from an added tax on the production of gasoline.

This means that general consumers would pick up 55 percent of all new Superfund expenses, and the Internal Revenue Service would immediately have to spend at least $5 million in new personnel costs to administer the VAT.

By contrast, the administration proposes to fund all of the additional costs of Superfund cleanup through a new "Waste-End" tax levied on an output basis on the owners or operators of the 5,000 EPA-regulated hazardous waste-management sites, a tax that can be collected for an administrative cost of less than $100,000 a year. Both the Senate and House have in fact approved a $1.5 billion five-year waste-end tax in addition to the huge new VAT, on the theory that they are going to need VAT, on the theory that they are going to need a lot more money than the EPA has projected for the next five years.

The imposition of the new SuperVAT has already drawn critical fire not only from consumer groups and the vast majority of

manufacturers who do not create hazardous waste, but also from the administration and a surprisingly broad-based spectrum of both the House and the Senate. The Senate on Sept. 24 overwhelmingly passed a "sense of the Senate" resolution condemning the VAT portion of the Superfund legislation and urging both the House and their own prospective conferees to delete it from any conference bill that finally emerges.

This week, in fact, Congressmen Tom Downey, a liberal Democrat from New York, and Bill Frenzel, a Minnesota Republican, will push an amendment that would fund Superfund without the VAT. A similar amendment is being offered by Republican Congressmen Judd Gregg of New Hampshire and John Duncan of Tennessee.

Liberal as well as conservative opposition to the VAT is growing. On Sept. 23, Michigan Sen. Carl Levin said, "At a time when people seek a more simplified tax code, the VAT adds new complexity. At a time when people seek greater fairness in the tax code, the VAT adds new inequities."

The administration has let it be known that a veto awaits any Superfund bill that contains the new VAT. As we have made clear before, we are doubtful that massive new spending for a Superfund is warranted. So much money simply can't be spent wisely by the government. But raising the money in this fashion would set a dangerous precedent for future tax increases anytime there's a perceived need for revenue.

THE LIABILITY EXPLOSION

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. PORTER. Mr. Speaker, we face serious problems in the availability and affordability of liability insurance across the country. This crisis has come up suddenly as a result of drastic retrenchment in the insurance industry in the face of 1984 underwriting results that are the worst in the history of the industry. As notices of nonrenewal and substantial premium increases are received by local governments, health care providers, and small businesses, an atmosphere of panic is setting in. I think we are now in the early days of what is quickly going to become a flood of concern directed at Congress on liability insurance issues. Since insurance issues have traditionally been State concerns, we must begin by asking whether the Federal Government really has any business getting involved in these matters.

Well, the answer is that insurance issues are State issues, but they are becoming Federal issues because of the changing nature of the tort doctrines of liability that have crept up on us over the years. In addition, there exists a growing public expectation that for every unfortunate occurrence, someone must be sued and made to pay. Third, the Federal Government is indirectly paying for some of the costs associated with increased litigation.

The costs of liability judgments are becoming so high and so unpredictable in many areas that the business of insuring against them is no longer attractive. And if insurers don't elect to cancel policies, they are often forced to charge such high rates that the vital services being insured may themselves become uneconomic.

We seem, as a society, to be in danger of having to put more resources into the negative side of insuring against possible torts than into the positive side of supplying better municipal services, better medical services, and better-designed products.

Let me cite three quick examples. First, a recent study concludes that it will soon become feasible to sue for education malpractice, a "defective" education. While we may think of this kind of litigation as frivolous, surely it is no more improbable than some of the recent California decisions. One of those decisions awarded a large settlement and monthly payments for life to a trespassing vandal who was injured when he fell through a skylight. He was hoping to break into the building.

Imagine the social consequences if education malpractice suits are to be settled with the typical type of generous tort award that includes economic costs for the "victim" to buy a new education, compensation for his decreased earning capacity, plus perhaps an additional award for the "pain and suffering" inflicted by lack of a good education. The school system would have to divert funds to pay for the judgment and litigation costs, instead of putting those scarce dollars into more and better teachers, textbooks, and educational resources. The tort approach would have caused a gigantic misallocation of resources from positive to remedial activities. The quality of education would fall as taxpayers' money is drained away from education and into litigation.

In Illinois, in my district, several small municipalities with excellent risk records have not yet found any insurance coverage this year for their paramedics. The risk of lawsuits is simply too great for any insurance company to regard this as a viable business proposition. So what are the consequences? Some of these villages may eventually have to stop running local medical emergency/rescue services. Citizens may die unnecessarily of heart attacks because there may be no CPR-trained paramedic to help them. Ironically, relatives of those citizens may eventually try to sue the very same municipalities for lack of prompt emergency services.

In the meantime, these municipalities remain partially or fully bare against suits in order to maintain emergency services. Even a single incident, however, could result in a huge jump in local tax rates or possibly even in personal judgments against the town's officials. How long can we continue to attract good people to careers in local government or to service on volunteer community boards if these trends continue?

Another example recently highlighted in hearings in the House Committee on Energy and Commerce is the lack of insurance coverage nationwide for nurse-midwives. Midwives have been seen as a lower-cost alternative to expensive obstetrical care for those whose alternative might well be no prenatal or neonatal care. Testimony was given that it would be necessary to charge annual medical malpractice insurance premiums of up to $73,000 per nurse-midwife to provide an actuarially sound basis for insuring them. Currently, the total earnings of each nurse-midwife average only about $25,000 per year. Not only is the liability tail wagging the medical care dog in this case, but it has the unfortunate consequence of resulting in poorer quality and more expensive health services. One can safely predict that without nurse-midwives there will be even more mothers and infants, particularly in poor rural areas, with problem pregnancies and deliveries.

I think all of us in this country love and appreciate our strong legal system which provides redress for those who have been wronged. The legal system protects the rights of each of us and is one of the strongest pillars of our national freedom. The tort system itself is indisputably necessary and valuable.

The current tort explosion, however, has many unfortunate aspects to it. We are seeing the bad side effects all over the country in the fields of municipal liability coverage, medical malpractice, and product liability. In each case, durable, economically sound solutions will only come through simultaneously addressing the issues of quality control and cost control.

Quality control is based on accountability. The tort explosion is a negative means of enforcing quality control, a means which often has perverse effects on the quality of life for everyone. We need to balance this backward incentive for quality with positive incentives and goals to improve municipal services, health services, and the products and services provided by business.

In particular, balance must be restored so that unforeseeable, unfortunate outcomes are not penalized disproportionately to the actual negligence or malfeasance involved just because someone has been hurt and a "deep pocket" can be linked tangentially to the incident. Lots of individual court decisions, however humanitarian, easily add up to terrible social policy when this balance is neglected.

Economic benefits such as lower insurance rates have also been a driving force behind many positive forms of risk management. The force of lower rates for instance, leads to improved quality of care in medicine. In some cases Federal legislation may be helpful in giving legal teeth to quality control.

Cost control is important to everyone, but especially to the taxpayers and consumers who ultimately foot the bills. We are in a period when insurance premiums for municipalities are rising 100 to 500 percent a year, often for decreased coverage. The same is true for doctors and hospitals, especially in high-risk specialties. Many small manufacturing businesses are on the verge of closing and jobs are being lost because they cannot sustain their product liability coverage even if they have risk-free records.

We hear that these escalating costs are linked to cyclical problems in the insurance industry as well as to increasing frequency and severity of claims. I hope that the insurance groups can find ways to smooth out this rollercoaster as their own contribution to quality control. From the legislative side, at both State and Federal levels, we can also help to implement remedies that will make the risks and costs more predictable so that there is a sound actuarial basis for steady and businesslike insurance practices in the future.

Briefly, I think that there are some specific changes that are needed in the fields of municipal liability, medical malpractice, and product liability to get the tort explosion under control.

In the field of municipal liability, the most pressing priorities are, first, to limit the application of joint and several liability in favor of a return to a comparative negligence standard and, second, to cap awards for pain and suffering and other non-economic damages. The standard meant by "duty of care" needs to be more clearly established at appropriate levels for various public activities like maintenance of streets and sidewalks. For certain activities involving public service provision, there may even need to be a return to the doctrine of sovereign immunity when assistance is undertaken in good faith. Attention to internal quality control through employee education and better maintenance for safety will also be necessary.

In the field of medical malpractice, similar measures such as caps on noneconomic awards should be adopted by the States to improve risk predictability and insurability. These cost management measures should go hand in hand with actions to deter and control questionable behavior by health-care providers so that the overall quality of care for consumers is improved.

Better risk management procedures should be encouraged. Alternate systems for expediting settlement of worthy malpractice claims should be protected by law in situations where providers and consumers can agree in advance on nontort methods of resolving disputes.

On the product liability issue, I applaud the pioneering work of the Senate Committee on Commerce, Science and Transportation which is taking the lead role in trying to define good and balanced national legislation in this critical area of our national economic life.

An immediate need is to explore the potential roles for the Federal Government in encouraging tort reform and other responses to the liability crises. One possibility is comprehensive Federal legislation such as is being considered for product liability. Another is Federal guidelines for State action, using either a carrot or stick, in order to establish minimum standards for State action. The legislation encouraging States to implement a minimum drinking age of 21 is an example of one way this can be done, and perhaps there are other models that could be applied. The coming year will be a critical period for evaluating the effects of State actions on liability issues and for deciding on appropriate Federal actions, if any.

SCOTTISH RITE MASONS NAME FRED KLEINKNECHT AS GRAND COMMANDER

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. FUQUA. Mr. Speaker, it is always an honor to see a friend receive due recognition and honor. It is no wonder then that I take special pride in the election of C. Fred Kleinknecht to serve as sovereign grand commander of Scottish Rite Freemasonry for the Southern Jurisdiction. The members of the Southern Jurisdiction, by way of explanation, live throughout 37 States, Guam, Japan, Korea, Okinawa, the Panama Canal, Puerto Rico, Taiwan, the Virgin Islands, and the NATO area in Germany.

As a successful administrator and leader, Fred Kleinknecht possesses the keen traits of concentration, experience, sterling character, and the desire to work hard. In an era of passing the buck, he makes the buck stop at his desk.

For almost 40 years he has been a dedicated member and worker for the Scottish Rite of Freemasonry for the Southern Jurisdiction. Beginning his career as an assistant in the office of the grand secretary general of the Southern Jurisdiction, he has climbed to the top and was elected last October 18, as the sovereign grand commander. The leader of the 650,000 Scottish Rite Masons in the Southern Jurisdiction of the United States, Mr. Kleinknecht will be responsible for the well-being of his organization as well as the continuation of its multifaceted charities.

Grand Commander Kleinknecht's experience with Scottish Rite leadership is extensive. In 1966, he was appointed assistant to the then grand commander, Luther A. Smith. Efficiently, with his warm and friendly manner, he solved problems before they arose and quickly handled all supreme council matters coming before him. It was no surpise then, when in January 1967, he was appointed acting grand secretary general. The months that followed proved this to be an excellent decision and at the biennial session in October of that year, he was elected and installed sovereign grand inspector general at large and grand secretary general of the supreme council.

Mr. Kleinknecht also has strongly believed that the Scottish Rite is worldwide and that cooperation between supreme councils is a must. As a result, he has been a key participant and representative of the Mother Supreme Council at International Scottish Rite Conferences, the European Conference of Sovereign Grand Commanders, English-Speaking Conferences of Sovereign Grand Commanders, and reunions of Sovereign Grand Commanders of the Americas. His most recent recognition at the international level has come from the supreme council for Turkey and that of France which have elected him as "honorary member."

Born on February 14, 1924, Mr. Kleinknecht graduated from the public schools of the District of Columbia. His major interest was writing and business so he pursued further education at Benjamin Franklin University. But World War II hit and put an end to any easy transition from classroom to commerce. Fred Kleinknecht welcomed the opportunity to do his part for America's destiny. Serving in the U.S. Navy, he was an example of what patriotism really is. Through hours of toil, he and millions like him gave to the world that one precious gift—freedom.

Masonically, Mr. Kleinknecht has an equally diverse and extensive career. A member of Silver Spring Lodge No. 215, AF&AM, in Silver Spring, MD, he is concerned about the progress and future of the symbolic lodge. Similarly he has a keen interest in the activities of his home Scottish Rite Valley in Baltimore, MD. His affiliation with the Shrine is also in Baltimore at Boumi Temple, A.A.O.N.M.S. In 1955, he was invested with the rank and decoration of the knight commander of the Court of Honour and, in 1959, he was coroneted an inspector general honorary of the 33rd Degree. His involvement does not stop there however. In the York Rite he is a member of Mt. Pleasant Chapter No. 13, RAM; King David Council No. 19, R&SM; and St. Elmo Commandery No. 12, KT. His support of still other masonic activities has won him recognition and many awards.

Among these are honorary membership in the Scottish Rite Bodies of Miami, FL; Nemesis Temple, A.A.O.N.M.S., at Parkersburg, WV; Kalif Temple, A.A.O.N.M.S., at Sheridan, WY, and National Sojourners Inc.; the certificate of appreciation from the American Military Scottish Rite Bodies, NATO Area, Frankfurt, Germany; associate member of the Conference of Grand Secretaries in North America; the Honorary Legion of Honor, Order of DeMolay; honorary member of the International Supreme Council, Order of DeMolay; the distinguished service award from Monroe, LA; ambassador of goodwill of Chattanooga, TE; certificate of award from Lakeland, FL; Friend of West Virginia; honorary citizen of Monroe, LA, and of Mobile, AL; and honorary cotton picker.

To this distinguished record, Mr. Kleinknecht fulfills other roles—equally well—as husband, father and church member. Married to the former Miss Gene E. Kamm, he and his wife have four children: Gene Ellen, Henry, Scott, and Joan. Each has excelled in his or her schooling and professional ambition which is no easy task in this competitive world!

In addition, he is a member of the University Club of Washington, DC, and with Mrs. Kleinknecht, a prominent participant of the Columbia Country Club in Bethesda, MD, and of the Rehoboth Country Club in Rehoboth Beach, DE. Finally, in his church in Silver Spring, MD, St. Luke Evangelical Lutheran, Fred Kleinknecht practices the policy of Freemasonry, active and full sup-

port of the church of one's conscience in service to man and honor to the Creator.

A dedicated worker in the vineyards of Freemasonry and the Scottish Rite, a fervent patriot and a devoted family man, Fred Kleinknecht is what others aspire to be. By example, he provides the leadership necessary for positive programs to be implemented and ultimate progress to be gained through the Scottish Rite.

Of great interest among the brothers are their charitable and service programs. Each year tens of thousands of patriotic books and pamphlets dealing with good citizenship are printed and distributed gratis to public school systems. Further, as staunch supporters of public schools, the Scottish Rite members honor outstanding teachers and students. As a result, hundreds of thousands of dollars are spent annually on local scholarships. In addition, each year the supreme council gives the $5,000 national scholarships to professional educators who wish to pursue a doctorate in public school administration. The award is for 2 years. Further, each year a $5,000 Shepherd scholarship is given to an undergraduate or graduate student.

The most visible charitable activity of the organization is the aphasia and dyslexia program with 32 childhood language disorders clinics in 17 States. Aphasia in children is a language disorder in the speech center so that normal language patterns do not develop. This affliction is curable as evidenced in the thousands of children who have been helped through our Scottish Rite clinics and are now able to attend public schools. Dyslexia is a disorder that makes reading or writing difficult, if not impossible, in suffering youngsters. Through proper treatment these youngsters also can be virtually cured so they may experience normal development.

Specialists treat the afflicted youngsters. Clinic directors have either a doctorate or a master's degree with additional coursework. All clinicians have at least a bachelor's degree. Younsters are treated at cost, or ability to pay, and without regard to race, color, or creed. Many of the clinics are located in the Scottish Rite Temples where special rooms have been designed and equipped with teaching aids. The Scottish Rite defrays all construction costs. Youngsters in Dallas and Atlanta are treated in Scottish Rite hospitals for crippled children. Others are treated at universities, or in the case of Denver, at a local hospital. Clinics are available in the following States: Alabama, Arkansas, California, Colorado, Florida, Georgia, Kansas, Maryland, Mississippi, Nebraska, North Carolina, Oklahoma, Oregon, Tennessee, Texas, Virginia, and Washington.

Each clinic is geared to the needs of the community. This requires proper diagnosis, contact with local universities, effective treatments, and parental involvement. Some clinic directors also use volunteers of Scottish Rite Masons, their families and friends.

Years ago there was the popular book about a seagull that soared a little higher than the others. By analogy this applies to Mr. Kleinknecht as he has worked a little harder to become an effective leader. The Scottish Rite of the Southern Jurisdiction is fortunate to have him at the helm as they navigate through the waters leading into the 21st century.

FIRST YONKERS TORCH RELAY

HON. JOSEPH J. DioGUARDI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. DioGUARDI. Mr. Speaker, I am very pleased to announce to my collegues a very special event that will take place this weekend in Yonkers, NY. Through the joint efforts of the Yonkers Jewish Community Center and the Jewish Council of Yonkers, the first Yonkers torch relay will take place this Sunday morning. This event, which will begin at 9:30 at the Greystone Jewish Center, will commemorate the first Chanukah celebration.

The torch, which will be lit and then directly flown from Modi'in, Israel, will be carried by members of the Yonkers Jewish community. This will symbolize a "link with the Maccabees of old and with the world Jewish community," said Meyer Grodetsky, chairman of the board of governors of the Jewish Community Center. Harvey Fuchs, president of the Jewish Council of Yonkers, views the event as a proclamation of the Jewish faith throughout the world.

With the help of Martin Greenberg, the executive director of the Jewish Community Center, and Carolyn Weiner, the executive director of the Jewish Council of Yonkers, the beginning of a holiday tradition will occur in Yonkers this Sunday, December 7, 1985.

I look forward to personally attending this event and beginning the holiday season on a very momentous note.

IN SUPPORT OF CONGRESSWOMAN SCHROEDER'S SIMULTANEOUS TEST BAN ACT

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. RANGEL. Mr. Speaker, I would like to commend my colleague, Congresswoman PATRICIA SCHROEDER, for her leadership in sponsoring the Simultaneous Nuclear Test Act, to urge President Reagan to accept Soviet President Gorbachev's offer of a 5-month moratorium on nuclear warhead testing, and to urge the resumption of negotiations toward a comprehensive test ban treaty.

I am proud to be an initial cosponsor of Congresswoman SCHROEDER'S bill. Her goals should be our administration's goals, and her goals should be or Nation's goals. She has been a strong supporter of rational weapons policies throughout her 13 years in Congress, particularly in her tireless work on the Armed Services Committee.

President Reagan recently invited the Soviets to observe a U.S. nuclear test in Nevada. The President's invitation could prove to be a positive step in beginning a more constructive dialog with the Soviets; I would encourage him to repeat his invitation.

Soviet leader Mikhail Gorbachev recently announced a 5-month unilateral ban on nuclear test explosions. Gorbachev said the ban on Soviet testing will remain in effect "As long as the United States, for its part, refrains from conducting nuclear explosions."

President Reagan turned down the proposal flatly. Secretary of State Shultz dismissed the Soviet proposal as an unverifiable propaganda ploy.

If this is propaganda, so what? Politics is part propaganda, so why not accept the Soviet proposal? If the Soviets are bluffing, let's call their bluff and extend the ban.

While this proposal may be propaganda, it is certainly verifiable. For at least 15 years we have been able to discriminate nuclear explosions down to 1 kiloton of explosive power, without onsite inspection. The Soviets' smallest strategic weapon is 500 kilotons. Their smallest intermediate range weapon is the SS-23, at 100 kilotons.

There is no dispute here. We are clearly able to verify any significant Soviet test, down to an explosion 100 times smaller than their smallest intermediate range weapon.

We should entertain all proposals, even those that may have been made for propaganda purposes. I would urge the administration to take up the Soviets' offer for a temporary test ban.

DR. ROBERT G. ALBERTSON—AN OUTSTANDING EDUCATOR

HON. NORMAN D. DICKS

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. DICKS. Mr. Speaker, each year the Council for the Advancement and Support of Education selects 10 of the best college professors in the Nation, and I would like to call my colleagues' attention today to Washington State's "Professor of the Year," Dr. Robert G. Albertson of the University of Puget Sound in Tacoma, WA. As the founder of the Pacific Rim travel program at the university, the hallmark of Professor Albertson's career has been his ability to challenge his students to be global rather than provincial. He is an imaginative and energetic teacher, as well as an accomplished scholar. He is one of those special individuals whose inspirational qualities leave his students with an enthusiasm for the subject matter long after they leave the campus. Many of those fortunate alumni of the University of Puget Sound during his 29 years on the faculty have taken a keen interest in Professor Albertson's selection as professor of the year, and I know that the entire university com-

munity takes great pride in the honor bestowed upon him.

Perhaps the most-often-mentioned attribute of this outstanding educator is his respect for the individual student, a quality essential for encouraging initiative. Ralph Waldo Emerson was correct in noting that "the secret of education is respecting the pupil," and it is clear that Professor Albertson has mastered the process Emerson envisioned. Furthermore, he has done so with a characteristic humility that endears him to his colleagues on the faculty as well as the student body.

Professor Robert G. Albertson is truly one of America's great teachers in one of the Northwest's fine private universities. I was proud to learn of the national recognition he has received, and know that it is a well-earned honor.

INDIANTOWN'S T&M RANCH SENDS HOLIDAY GIFT OF LOVE TO CONGRESS

HON. TOM LEWIS

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. LEWIS of Florida. Mr. Speaker, for the third consecutive year, I have the distinct pleasure of extending holiday greetings to you and our other colleagues in the House and Senate from some very special residents of the 12th Congressional District of Florida.

Once again the residents of the T&M Ranch in Indiantown, FL, have honored me by inviting me to share in their generous holiday spirit—by letting me present to you, Mr. Speaker, and my other colleagues in the House and Senate, another Christmas ornament from their beautiful "Angels of the World" collection.

As you may remember when I brought these gifts to Washington last year and the year before, the T&M ranch is a home and school for mentally handicapped adults. There they learn the necessary vocational and individual skills that will enable them to eventually become working members of their communities.

Each year the T&M Ranch residents craft these beautiful Angel of the World ornaments after they are designed by renowned sculptor Laszlo Ispanky. They individually package them before selling them for a nominal sum. Proceeds from the sale of the ornaments are used to teach the T&M Ranch residents money management and personal needs care.

This year, the ranch and its residents have expanded promotion of the program and actor Charles Nelson Reilly has generously offered his time as national spokesperson for the Angels of the World program.

Mr. Speaker and fellow colleagues, I appreciate your kind remarks and support of the angel program and the T&M Ranch in the past. Please accept and enjoy this gift of love from its residents. And, from all of them and myself, have a very happy and memorable holiday season.

U.S. TRADE POLICY

HON. BUTLER DERRICK

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. DERRICK. Mr. Speaker, I have had the opportunity to read testimony presented to the other body recently by Mr. Bob Eisen, the retired chairman of marketing for Greenwood Mills, Inc. Mr. Eisen presented an excellent statement to the Senate Finance Committee on November 20, 1985, during the course of Senate hearings on the U.S. trade policy. He has done a remarkable job in enlightening the Congress on the plight of the American textile and apparel industry and its workers as a result of the onslaught of imports over the last several years.

Mr. Speaker, the statement by Mr. Eisen is a very thorough report on the problems this most basic American industry is facing in international competition as a result of the incoherent, unstable, and fragmented trade policy on the Reagan administration and steps the American industry has taken to compete. At this point I would like to insert in the CONGRESSIONAL RECORD, for the benefit of my colleagues, Mr. Eisen's statement:

STATEMENT ON U.S. TRADE POLICY

My name is Robert Eisen. I am employed by Greenwood Mills, Inc., a privately owned textile company headquartered in South Carolina. In a three year period from 1981 to 1983 we invested $135 million in modernizing our plants to protect our share of market, our investment, and the jobs of our employees. Prior to this expenditure, we employed about 6,000 and afterwards 7,000. I cite these payroll figures to refute statements that the loss of jobs in the U.S. textile mill industry is due primarily to modernization and to a lesser extent to imports.

We believe Greenwood Mills' plants are among the most modern textile mills in the world, and that the American textile industry is the most efficient in the world. All of the fibers that Greenwood Mills consumes are produced in the U.S.A. In addition, we do not import any textile products. Our customers are assured that all of our fabrics are made in the U.S.A. I mention this by way of background so that you can properly evaluate my comments.

The American cotton farmers and wool growers are efficient, and the U.S. man-made fiber producers are the most efficient in the world. If the U.S. textile mill industry is without a peer, and its fiber suppliers are efficient, why do we have a severe problem with imports?

The U.S. textile mill industry on a level playing field could be competitive worldwide in almost all product areas. However, our industry is part of a larger soft goods complex. Many of our customers fabricate apparel, home furnishings and industrial products from our fabrics. The U.S. apparel industry was and possibly still is the largest customer for our industry. However, because of the nature of their product, it is difficult to automate an apparel plant. Although there are a few apparel units in this country who can compete against foreign suppliers, the vast majority cannot. Labor rates in many of the exporting countries are less than the equivalent of $1.00 per hour and in the case of the Peoples Republic of China $0.16 per hour. Most foreign apparel plants are inefficient by American standards and even with labor rates substantially below the United States would only be marginally competitive. Therefore, most of the low wage exporting countries employ export subsidies to gain a larger share of our market, with these subsidies in some instances being as high as 60%. In addition, there is prima facie evidence that massive trans-shipments took place to subvert our quota system.

Our government has no trade policy and has been lax in administering the bi-lateral textile agreements. As a result, in 1983 textile and apparel imports increased 25% to record breaking levels, and in 1984 increased 32% over 1983. These imports were devastating with many apparel, textile and man-made fiber plants closing. Greenwood Mills, with its modern plants, was forced in 1984 and 1985 to let go 2,400 employees. If the U.S. apparel industry disappears, there will be little or no U.S. textile mill industry and no U.S. man-made fiber industry.

Many of the foreign markets are closed to our products with these restrictions imposed by the very same countries who are demanding a larger share of our market.

Henry Ford in 1914 announced that he would pay his workers $5.00 per day, a wage scale substantially over the going rate. He helped create a middle class with disposable income so that they could buy automobiles and other products. Other manufacturers followed his example. For 71 years American manufacturers, with their payrolls and wage scales, have been the primary force behind creating this great American market. Is our government going to sit idly by and watch low wage foreign countries, many of whom are using illegal export subsidies, take away our market and the jobs of American citizens?

It is my understanding that in 1978 the U.S. Congress suggested that U.S. government personnel in embassies and consulates abroad, should be alert for illegal trade practices prevailing in the country in which they are stationed and should forward this information to Washington, D.C. so that it could be published and made available to interested American industries. In addition, under our trade laws, the U.S. government has the authority to bring countervailing suits against foreign governments engaging in illegal export subsidies. To my knowledge the Administration has not gathered any information on illegal trade practices, nor published any such information, nor brought any countervailing suits for illegal export subsidies. Why?

When the Multi-Fiber Arrangement on textiles was renewed in 1982, the European community, in negotiating their bi-lateral agreements, imposed rollbacks on shipments in sensitive categories from key suppliers. As a result this put increasing pressure on our market resulting in the substantial increases stated above.

Recently Japan imposed unilateral rollbacks on textile and apparel shipments from China, Taiwan, South Korea and Pakistan.

In spite of what the European community and Japan have done, the Administration still insists on a polcy of no rollbacks. Why?

An example of a lack of a trade policy is the Administration's handling of Indonesia. This country was not a supplier of textiles and apparel to the United States until 1980 when they shipped a modest 7 million square yard equivalent. In 1981 this in-

creased to 14 million square yard equivalent. In 1982, with shipments increasing substantially, the Administration negotiated at mid-year a three year bilateral agreement. 1982 imports were 42 million square yard equivalent. In 1983 they shipped 86 million and in 1984—268 million square yard equivalent. To make these huge increases legal, it was necessary for the Administration to amend the bi-lateral agreement three times. In mid-1985 the Administration negotiated a new three year bi-lateral agreement with Indonesia starting with a base of 285 million square yard equivalent. How did Indonesia reciprocate our generosity? They waited about a month and then bought 220,000 bales of Chinese cotton because it was cheaper than the American cotton they had been using.

Our trade negotiators only know how to give away our market. They get nothing in return.

FUNDING ABORTION

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. DORNAN of California. Mr. Speaker, on December 1, 1985, the National Catholic Register published, "For Population Control Groups, It's Fat City," by Mary Meehan. The article clearly documents foundation funding not only of population control and contraceptive programs, but of organizations which actually perform abortions.

I am sponsoring the Tax Exemption Equity Act of 1985 to deny tax exemptions, like those outlined in the article, to groups which directly or indirectly perform or finance abortions.

I urge my colleagues to read the article, inserted in the RECORD today, and to cosponsor H.R. 2897 to eliminate tax breaks for those groups and individuals who are in the abortion business. A copy of the bill is also inserted for my colleagues' review and consideration.

FOR POPULATION CONTROL GROUPS, IT'S FAT CITY

(By Mary Meehan)

WASHINGTON.—According to a just-completed Register survey, 296 private and community foundations gave $41.4 million to population and pregnancy programs in fiscal year 1983.

Foundations contributed vast sums in support of population studies, contraception, abortion and projects to discourage teenage pregnancy. They sent smaller grants—totaling $1.4 million—to pregnancy aid centers and pro-life groups. Foundations gave an additional $3.3 million for pre-natal care and other programs helping expectant mothers and new parents.

But its been groups supporting abortion and population control projects which have reaped most of the foundation largess.

When Catholics for a Free Choice sought foundation money in fiscal year 1983, it was able to raise nearly a quarter of a million dollars. The American Civil Liberties Union and its affiliates received a like sum for pro-abortion lawsuits. Others received funding for projects ranging from a "training program in new contraceptive technology" to "population control in Mexico."

Planned Parenthood [PP] groups outstripped the rest by gaining $9.1 million in foundation grants in 1983. In its annual report for the year, the Planned Parenthood Federation of America [PPFA] said that PP affiliates provided 83,000 abortions as well as "contraceptive services for 1.3 million people." PPFA boasted of court victories for abortion and of fighting "antichoice groups" through the media.

The Register survey was based on foundation tax returns and annual reports on file at the Foundation Center Library here. It focused on fiscal 1983 because that is the latest year for which most tax returns are available.

The survey identified $2.8 million in grants to abortion providers—chiefly Planned Parenthood affiliates that operate abortion clinics. Rep. Robert Dornan (R-Calif.) is trying to end such grants through a bill called the Tax Exemption Equity Act of 1985. The Dornan bill, H.R. 2897, would deny tax exemption to groups that "directly or indirectly perform or finance abortions." It may be offered as a floor amendment or "rider" to tax reform legislation.

In an Oct. 31 interview, Planned Parenthood lobbyist William Hamilton described the Dornan bill as "patently unconstitutional" and "a nonsense act by a nonsense member of Congress."

Hamilton said, "You can't deny tax-exempt status to an organization on the basis of their performance of a legal medical service."

Dornan told the Register Nov. 5 that Hamilton was mistaken and that "Congress can deny tax-exempt status to any group they want." He said that Planned Parenthood is "into the abortion business up to their eyebrows" and that "the time is up for them." Dornan called his bill "a very common-sense amendment" and said he was not bothered by Hamilton's attack.

The Ford Foundation, the largest donor to population groups, gave $8.3 million in fiscal 1983. As in the past, Ford supported the Population Council and other groups involved in population control abroad. It was also one of 14 foundations funding Catholics for a Free Choice (see chart, this page).

Ford Foundation President Franklin Thomas, in his report for fiscal 1984, declared that contraceptives and family planning programs cannot by themselves "reduce excessive rates of population growth." Choices about child-bearing, he said, would be "profoundly influenced" by "a woman's education and parental expectations of their children's life chances."

Thomas indicated that Ford was supporting various women's programs because "improving women's education and broadening their options for economic activity and security are universally regarded as powerful influences in bringing about long-term reductions in fertility."

Ford's Child Survival/Fair Start for Children program (involving prenatal and postnatal care) "is based on the assumption that as more children survive, and as their growth and development needs are recognized, parents will want fewer children so that they can provide them with better nutrition and education," he said.

The Register survey counted the Child Survival/Fair Start program in the $3.3 million category of "pregnancy/parenting support." Projects in this category often included contraception—and sometimes abortion referrals—but primarily helped young parents through pregnancy and early parenting. Some tried to keep young mothers in high school so they would not "dead end" in welfare programs. Others concentrated on prenatal care, obstetrical aid and instruction in child care.

Some foundations supporting this work also financed pro-abortion groups such as Planned Parenthood.

Several foundations showed a special interest in pro-abortion groups claiming religious connections. The Missouri-based Sunnen Foundation dominated this field, with grants of $70,000 to Catholics for a Free Choice (CFFC) and $115,000 to the Religious Coalition for Abortion Rights (RCAR). Most of its RCAR money was channeled through the largest Presbyterian denomination, according to a 1984 interview with Presbyterian spokesman Allen Krantz.

Sunnen also gave $25,000 to the National Council of Jewish Women (NCJW). Either that or an earlier grant helped finance a prochoice program guide for NCJW. Speaking of the Jewish community, the guide advised: "Emphasis on First Amendment rights, attempts to limit court jurisdiction and civil liberties are more persuasive arguments than women's rights or even teen-age pregnancy."

NCJW staff member Holly Sloan Smith told the Register last month that her group's work in family planning and abortion is no longer financed by foundations, but rather by the NCJW membership. She said that NCJW members tend to identify with the Reform tradition of Judaism, but that the group is not an official religious organization.

One of the last foundation-financed NCJW projects was a publication on teen sexuality, family planning and similar topics. Published earlier this year, it acknowledged "the generous contribution of the Playboy Foundation which helped underwrite this program idea guide."

Foundation support for Catholics for a Free Choice has not diminished, according to Frances Kissling, CFFC director, but she said the CFFC prominence in the "Vatican 24" controversy has not increased the group's foundation support, either. "It's had almost no effect whatsoever" on foundation aid, although it "has certainly helped our public visibility," Kissling remarked.

As reported earlier in the Register (May 20, 1984, and March 3, 1985), foundations provide nearly all CFFC money. The 1983 CFFC tax return showed that membership dues accounted for only 2.5 percent of the group's income.

The Register survey found more than $260,000 in foundation money for the Religious Coalition for Abortion Rights (RCAR). But in a recent fundraising appeal, the RCAR director, Fredrica Hodges, said, "It is much harder for us to raise the money we need for RCAR's programs than it is for the Moral Majority and New Right groups to finance their simplistic, judgmental campaigns which ignore the real needs of real people."

FOUNDATION FUNDING FOR PRO-ABORTION GROUPS
(1983)

Foundation	To CFFC	To RCAR	To NCJW
Mary Reynolds Babcock (North Carolina)	$20,000		
Bing Fund (California)		$300	
Bing Fund Corp. (Nevada)	500	300	
Brush (Ohio)	30,000		
Cabot Family Char. Trust (Massachusetts)	2,500		
Cowles Char. Trust (New York)	100		
Educational Foundation of America (Connecticut)	25,000		
Ford (New York)	25,000		

FOUNDATION FUNDING FOR PRO-ABORTION GROUPS (1983)—Continued

Foundation	To CFFC	To RCAR	To NCJW
George Gund (Ohio)	20,000	45,000	$10,000
Huber (New Jersey)	18,000		10,000
J. Roderick MacArthur (Illinois)	10,000		
New York Community Trust & Community Funds (New York)		12,000	
North Shore Unitarian Universalist Veatch Program (New York) [1]	5,000	70,000	
David & Lucile Packard (California)	10,000		
Playboy (Illinois)	10,000	5,000	3,000
Scherman (New York)		15,000	
Sunnen (Missouri)	70,000	115,000	25,000
Total	246,100	262,600	48,000

[1] Technically not a foundation. Sources: 1983 tax returns and annual reports; Source Book Profiles 1984 (pub. by Foundation Center). Figures are based on each foundation's fiscal year, which in some cases did not coincide with the calendar year.

FOUNDATION GRANTS TO ABORTION PROVIDERS, FISCAL 1983

Abortion Provider	Grants	Major Foundations
Planned Parenthood of Alabama	$51,425	Sunnen (Missouri).
Planned Parenthood Alameda/ San Francisco (California).	99,784	Compton (New York); Wallace Alexander Gerbode; Jessie Smith Noyes (New York); Rosenberg; Levi Strauss.
Planned Parenthood/World Population Los Angeles (California).	397,910	Ahmanson; Bing Fund Corp. (Nevada); James Irvine; W.M. Keck; Kenneth T. & Eileen L. Norris; Phillips (Minnesota); Times Mirror; Torrey H. & Dorothy K. Webb Char. Trust.
Rocky Mountain Planned Parenthood (Colorado).	27,875	Boettcher; Denver; Huber (New Jersey).
Planned Parenthood Association of Maryland.	260,000	Morris Goldseker Foundation of Maryland; New York Community Trust & Community Funds (New York); Jessie Smith Noyes (New York); Aaron Straus & Lillie Straus; U.S.F. & G.
Reproductive Health Care Center of South Central Michigan (a Planned Parenthood affiliate).	179,916	Kalamazoo; Harold & Grace Upjohn.
Planned Parenthood of Minnesota.	104,825	Cargill; Dayton Hudson; General Mills; Greystone; McKnight; Pillsbury Co.
Reproductive Health Services, St. Louis, Missouri.	70,000	Sunnen.
Planned Parenthood of Vermont (now called Planned Parenthood of Northern New England).	123,000	Brush (Ohio); Cleveland H. Dodge (New York); General Service (Colorado); Huber (New Jersey); Jessie Smith Noyes (New York); Turrell Fund (New Jersey).
Planned Parenthood of Monmouth Co. (New Jersey).	35,250	Huber; New York Comm. Trust & Comm. Funds (New York).
Planned Parenthood of New York City (New York).	876,750	Achelis; Vincent Astor; Bodman; Bristol-Myers Fund; Louis Calder; Edna McConnell Clark; Robert Sterling Clark; Educational Fdn. of America (Connecticut); Charles Engelhard (New Jersey); Ford; Fdn. for the Needs of Others; Huber (New Jersey); J.M.; W. Alton Jones (Virginia); J.M. Kaplan; Morgan Guaranty Trust Co. Char. Trust; New York Comm. Trust & Comm. Funds; Edward John Noble; Jessie Smith Noyes; Scherman; Union Pacific Uris Brothers; Weyerhaeuser (Minnesota).
Planned Parenthood of Greater Charlotte (North Carolina).	47,770	Aetna Life & Casualty (Connecticut); Greater Charlotte; Z. Smith Reynolds.
Elizabeth Blackwell Health Center for Women, Philadelphia (Pennsylvania).	61,850	William Penn; Philadelphia.
Planned Parenthood Association of Southeastern Pennsylvania.	97,400	Brush (Ohio); Samuel S. Fels Fund; Independence; Jessie Smith Noyes (New York); Philadelphia.
Planned Parenthood Center of Pittsburgh (Pennsylvania).	60,400	Alcoa; Ernest N. & Cynthia S. Calhoun; H.J. Heinz Co.; Hunt; McCune.
Planned Parenthood of Houston & Southeast Texas.	201,300	Brown; Clayton Fund; Houston Endowment; McAshan Education & Char. Trust.

Note.—Some of the grantees listed below are abortion clinics, while the others operate such clinics. Many of the clinics offer contraception and sterilization as well as abortion; some also offer prenatal care. In some cases, such as Minnesota and southeastern Pennsylvania, a Planned Parenthood affiliate provides abortion at only one of its many clinics. Unless otherwise indicated, the donor foundation is in the same state as its grantee. Agencies receiving less than $25,000 are not listed here.

Sources: Foundation tax returns and annual reports, Planned Parenthood congressional testimony, 1981; "yellow pages" clinic advertising, telephone interviews.

H.R. 2897

A bill to amend the Internal Revenue Code of 1954 to deny status as a tax-exempt organization, and as a charitable contribution recipient, for organizations which directly or indirectly perform or finance abortions

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Tax Exemption Equity Act of 1985".

SEC. 2. DENIAL OF TAX BENEFITS FOR ORGANIZATIONS WHICH PERFORM OR FINANCE ABORTIONS.

(a) DENIAL OF TAX-EXEMPT STATUS.—Section 501 of the Internal Revenue Code of 1954 (relating to exemption from tax on corporations, certain trust, etc.) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

"(m) DENIAL OF EXEMPTION FOR ORGANIZATIONS WHICH PERFORM ON FINANCE ABORTIONS.—

"(1) IN GENERAL.—An organization shall not be treated as described in subsection (a) if such organization performs on finances abortions.

"(2) ORGANIZATIONS WHICH PERFORM OR FINANCE ABORTIONS.—

"(A) IN GENERAL.—For purposes of paragraph (1), an organization performs or finances abortions if such organization, directly or indirectly, performs or finances any medical procedure which takes the life of a preborn child.

"(B) EXCEPTION.—Subparagraph (A) shall not apply to any medical procedure required to prevent the death of either the pregnant woman or her preborn child so long as every reasonable effort is made to preserve the life of each."

(b) DENIAL OF ELIGIBILITY FOR CHARITABLE CONTRIBUTION.—

(1) INCOME TAX.—Subsection (c) of section 170 of such Code (defining charitable contribution) is amended by adding at the end thereof the following: "For purposes of this section, such term does not include a contribution or gift to or for the use of any organization which performs or finances abortions (within the meaning of section 501(m)(2))."

(2) ESTATE TAX.—

(A) IN GENERAL.—Section 2055 of such Code (relating to transfers for public, charitable, and religious uses) is amended by redesignating subsection (f) as subsection (g) and by inserting after subsection (e) the following new subsection:

"(f) DENIAL OF DEDUCTION FOR CONTRIBUTIONS TO ORGANIZATIONS WHICH PERFORM OR FINANCE ABORTIONS.—No deduction shall be allowed under this section for a transfer to or for the use of any organization which performs or finances abortions (within the meaning of section 501(m)(2))."

(B) TECHNICAL AMENDMENTS.—

(i) Subparagraph (E) of section 2106(a)(2) of such Code (relating to taxable estates of nonresidents not citizens) is amended by striking out "section 2055(e)" and inserting in lieu thereof "subsections (e) and (f) of section 2055".

(ii) Clause (ii) of section 2106(a)(2)(F) of such Code is amended by striking out "section 2055(f)" and inserting in lieu thereof "section 2055(g)".

(3) GIFT TAX.—Section 2522 of such Code (relating to charitable and similar gifts) is amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"(d) DENIAL OF DEDUCTION FOR CONTRIBUTIONS TO ORGANIZATIONS WHICH PERFORM OR FINANCE ABORTIONS.—No deduction shall be allowed under this section for a gift to or for the use of any organization which performs or finances abortions (within the meaning of section 501(m)(2))."

(c) EFFECTIVE DATES.—

(1) ABORTIONS AFTER DATE OF ENACTMENT.—The amendments made by this section shall take into account only medical procedures performed after the date of the enactment of this Act.

(2) SUBSECTION (a).—The amendment made by subsection (a) shall apply to taxable years ending after the date of the enactment of this Act.

(3) SUBSECTION (b).—The amendments made by subsection (b) shall apply to estates of decedents dying, and transfers, after the date of the enactment of this Act.

LET'S BAN CONTINUING RESOLUTIONS

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. PORTER. Mr. Speaker, we ought to ban continuing resolutions. Never in the history of this Congress will so much be decided for so many by so few.

Back in a smoke filled room somewhere new programs will be started and spending will be increased and the process will be subverted once again.

Forty-five or 50 of the most important issues facing this Congress will be decided at the last minute, in the wee hours of the night, preferably while no one else is looking.

A new farm bill, the future of the Exim Bank, aid to UNITA, chemical weapons, defense procurement reform, revenue sharing and off-shore drilling are all issues that must be dealt with the next 7 days.

Mr. Speaker, that is the best way to run a three ring circus not a government.

CONGRESSMAN ROYBAL ASKS SUPPORT FOR RELEASE OF REFUGEE ASSISTANCE FUNDS

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. ROYBAL. Mr. Speaker, I wish to express my appreciation to the distinguished chairman of the Labor-HHS-Education Subcommittee, BILL NATCHER, for his support of efforts to resolve questions on refugee targeted assistance funding levels. I commend my colleague's sense of equity and devotion to the rule of law. Both of those traits characterize the response of the committee to the administration's decision

to withhold $11.5 million of fiscal year 1985 targeted assistance funds.

That decision was based on an erroneous interpretation of the funding level set by the fiscal year 1985 continuing resolution for targeted assistance. Two opinions by the Comptroller General and a decision by a Federal district court have since affirmed that the disputed $11.5 million ought to be released.

As it is stated in the conference report on H.R. 3424, which is incorporated into the continuing resolution, House Joint Resolution 465, "while the initial dispute over these funds may have been based on an honest disagreement * * * this is no longer the case." Thus, the conference report makes clear that the funds should be released. I have just learned that, in fact, some of the impacted counties in California have received funds to provide the services so critically needed to assist the large numbers of refugees that have settled in my State.

The continuing resolution also seeks to avert any similar confusion about the funding level for refugee targeted assistance in fiscal year 1986. It specifically sets the amount at $50 million. Language contained in the conference report on H.R. 3424 notes that the fiscal year 1985 funds that were not released by the end of the fiscal year, that is, the $11.5 million, are not to be counted as a 1985 carryover balance to be subtracted from the 1986 appropriation. It is expected that there will be no question about the proper interpretation of such language.

I believe strongly that targeted assistance to significantly impacted areas is a necessary component of our Federal responsibility. This program is particularly important to California, where almost one-half of all Indochinese refugees now reside, and which has 13 counties that the Office of Refugee Resettlement has determined are impacted by refugee resettlement. The program has been successfully implemented in the State and has proved to be the most effective Federal employment program in reducing welfare dependency in the State.

I ask all my colleagues to support, not only these refugee assistance provisions, but the entire bill.

A TRIBUTE TO THE EAST BRIDGEWATER VIKINGS

HON. BRIAN J. DONNELLY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. DONNELLY. Mr. Speaker, hard work, dedication, and school pride have recently paid off for an extraordinary group of young people in East Bridgewater, MA, and I rise in the House today to say a word of tribute to the fine young men and women of the Viking marching band and color guard.

In October, the talents of the 70 members of this organization were recognized when they won the Division AA championship in the Massachusetts Instrumental Conductors Association marching band field competition.

Last month, the East Bridgewater Viking marching band and color guard was awarded the New England Division III championship at the New England Scholastic Band Association's marching band field competition.

These distinctions were earned with long hours of rehearsals and practice under the supervision of band director Daniel A. Lasdow. They are a tribute to him and his staff of instructors, and to the encouragement and support of the Music Parents Association. But above all, the honors recognize the effort and commitment of each member of the band and color guard.

We, in the Nation's capital, will have the opportunity to see and hear the East Bridgewater Viking marching band and color guard this spring, when they participate in the prestigious Cherry Blossom Parade in Washington, DC.

HUMAN RELATIONS AWARD TO IRVING L. BAUMWALD

HON. JOSEPH J. DioGUARDI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. DIOGUARDI. Mr. Speaker, on December 19, the New Rochelle community, on behalf of the Anti-Defamation League Appeal, will present the Wolfe Duberstein Human Relations Award to Irving L. Baumwald.

I cannot believe that you could find an individual more deserving of this award than Irving. His list of accomplishments and community service are endless. Known as the dynamic partner of KMG Main Hurdman, the international accounting and consulting firm, Irving is deputy tax director of the firm's tax division in the New York office. In addition to being a CPA and an attorney, Irving also serves on the company's tax advising committee, the executive tax committee, and the New York division's development committee. However, these accomplishments pale in comparison to the dedication Irving has shown to the entire Westchester community.

As president of the Tom Paine Lodge of B'nai B'rith of New Rochelle, a post he previously held in 1977-78, Irving serves as a trustee of the Anti-Defamation League Appeal of Westchester County. He is also an active member of the Beth-El Synagogue, and his willingness to share his expertise has been a major support to numerous committees, including audit, youth activities, and cultural activities.

Irving truly symbolizes what I believe to be the greatest asset of Americans, volunteerism and the desire to help others. In a world in which Zionism is spreading, it is comforting to know that individuals, like Irving, are dedicated to the goal of abolishing this repressive form of hate and discrimination. Because of Irving's efforts, the world is a better place for all of us.

The Westchester community should be proud of his efforts in abolishing Zionism. As a personal friend, I would like to extend my deepest congratulations to Irving and wish him the best of success in all of his future endeavors.

MITCHELL SVIRIDOFF HONORED

HON. MARCY KAPTUR

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Ms. KAPTUR. Mr. Speaker, on December 9, some of the Nation's most distinguished citizens from all walks of life will be gathering in New York City to honor a man who has spent his entire adult life working to improve the lives of others across our great Nation. Whether it be in the areas of education, human resources development, labor-management relations, civil rights and social justice, public-private partnership for community improvement, neighborhood self help development organizations, or any other endeavor, Mitchell Sviridoff has had a lasting impact. Wherever he has labored, Mike has been, in the words of his friend Terry Sanford, "a devoted champion of human aspirations."

Throughout his life, Mike Sviridoff has maximized the resources available to him to help people find solutions to the social and economic challenges confronting our society. In every instance, he has been creative, enlightening, pragmatic, and inspiring. His work over the years is a model for all people contemplating or pursuing careers in helping others achieve their full potential. It is most encouraging to know that next year, Mike Sviridoff will be passing on his wisdom to a new generation of community, national, and world leaders as professor of urban policy at the graduate level, the New School for Social Research in New York.

Mitchell Sviridoff has been president of the Local Initiatives Support Corp. [LISC], a public-private venture for community and neighborhood revitalization since January 1981. Before that, he served for 13 years as vice president in charge of the Division of National Affairs at the Ford Foundation. Earlier, Mr. Sviridoff served as the administrator/commissioner of the Human Resources Administration of a major community development program in New Haven, CT. All of this following distinguished service in the labor movement, first as director of the United Auto Workers in Connecticut and then as president of that State's AFL-CIO.

Like many of my colleagues in the House of Representatives, as well as in the other body, I have had the opportunity to work with Mike. We all know how much his dedication has meant to so many working families as well as the poor and disadvantaged—how he has helped them realize their goals and dreams. He created opportunity where it would not otherwise have existed. Mike has made our country a better place in which to live. He knows

America's neighborhoods as well as anyone I know. So many of my colleagues join me in saluting this great American and wishing him the best in the next phase of his illustrious career. To his wife Doris and their daughters Michelle and Karen, thank you for sharing Mike with us and the Nation for so many years.

THE "FRENCH CONNECTION" NATIONAL ENDOWMENT DEMOCRACY

HON. JOHN CONYERS, JR.

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 4, 1985

Mr. CONYERS. Mr. Speaker, when the National Endowment for Democracy was created, we were repeatedly told that it was to openly promote democracy in a nonpartisan manner in countries lacking a democratic political structure.

Last week, however, it was revealed that NED has funneled $1.4 million in taxpayers money to two right wing organizations in France who have been actively engaged in opposing the policies of the Mitterrand government. One of these organizations, the Inter-University Union, is reputed to have close ties to Service d'Action Civique, an outlawed, extreme right paramilitary group. The French Government had not been informed nor had Congress. I am frankly amazed to learn of such ill-advised and mismanaged U.S. money through the media.

Regrettably, this is not the first time this has happened. Last year it was discovered that NED was funding a military-backed candidate in a very close Panamanian Presidential election.

I still cannot fathom exactly why the United States sees the need to intervene without the consent of the government in one of the world's oldest democracies.

At this point I enclose two items for the record. The first is an article in today's New York Times on the French incident. The second is the text of an internal memorandum of NED's which cast serious doubts as to promises of intended "openness". I urge my colleagues to take note of these. I intend to call for a further investigation into this.

DEMOCRACY PROJECT FACING NEW CRITICISMS

(By Ben A. Franklin)

WASHINGTON, Dec. 3—The National Endowment for Democracy is a quasi-governmental foundation created by the Reagan Administration in 1983 to channel millions of Federal dollars into anti-Communist "private diplomacy."

Its bylaws require "openness" and "public accountability" in its stewardship of millions of dollars a year in taxpayers funds, which are distributed to labor, business, education and other groups and organizations overseas to promote democratic ideas.

Today, however, for the second time in its brief existence, the endowment finds itself in trouble with Congress. Some of its "private diplomacy," it turns out, has been more than private; it has been secret.

According to endowment officials and Congressional aides, $1.4 million in endowment money has been secretly channeled through an overseas branch of the American Federation of Labor and Congress of Industrial Organizations to two center-right groups in France that have opposed the policies of President Francois Mitterrand's Socialist Party.

What is more, the secrecy was maintained for months under an agreement among officials of the A.F.L.-C.I.O., endowment administrators and the Subcommittee on International Operations of the House Foreign Affairs Committee, which oversees the endowment.

The existence of the agreement was confirmed by Carl Gershman, president of the endowment, and by Richard W. McBride, the subcommittee staff director, after it was uncovered by Mark Shipiro, a reporter at the Center for Investigative Reporting here, who was on assignment for the Paris newspaper Liberation.

A PIVOTAL TIME

The Shipiro scoop, published last week, came at a pivotal time for the endowment. On Wednesday a Senate-House conference committee is scheduled to make a final judgment on the endowment's appropriation for the 1986 fiscal year, compromising between $18 million voted by the House and $10 million by the Senate.

Last year, on the eve of a crucial vote in the House on the endowment's first full-year appropriation, critics of the program produced a cable to the State Department from the United States Embassy in Panama complaining of an "embarrassing" and "compromising" discovery: $20,000, given by the endowment through another A.F.L.-C.I.O. overseas branch, had been spent in Presidential election campaign to support the candidate backed by the Panamanian Army. After that disclosure, the House cut the endowment appropriation to zero, but conferees relented and gave $18 million.

Now, according to Representative Hank Brown, the Colorado Republican who is one of the endowment's most persistent critics, the disclosure of the endowment's "French connection," as he put it, "requires Americans to ask how they would feel if they learned that the French Government was giving millions of dollars to the A.F.L.-C.I.O. to oppose the policies of Ronald Reagan."

Another endowment critic, Representative John Conyers Jr., Democrat of Michigan, said he would demand a Congressional investigation of the endowment's French grants.

Earlier this year, Congressional uncertainty about endowment operations brought an end to an appropriations system that required the endowment to give labor groups up to two thirds of its annual funding. Most of the balance was to be distributed by the Chamber of Commerce of the United States and the foreign institutes of the two major American political parties.

One of the french groups that received endowment funds was the National Inter-University Union, and anti-Communist student federation with reputed ties to the Service d'Action Civique, an outlawed, extreme-right paramilitary group. The other recipient was Force Ouvriére, an anti-Communist trade union.

A week ago, when the story broke that the A.F.L.-C.I.O.'s Free Trade Union Institute had committed $575,000 in endowment funds to the National Inter-University Union and $830,000 to Force Ouvriére, Mr. Gershman, the endowment president, canceled payment of any undistributed money to the U.N.I., as it is known in France, "until we clear up questions about its anti-democratic character."

Mr. Gershman said all but $73,000 of the money budgeted for U.N.I. publications had already been disbursed, but he said none of it was "intended for activities that in any way could be construed as criticism of the Mitterrand government."

In an interview Mr. Gershman emphasized that the Free Trade Union Institute would be allowed to make no more secret grants. "In the future there will be a full level of detailed disclosure," he said.

Mr. Gershman said details of the grants in France had been "less than fully disclosed" after A.F.L.-C.I.O. officials asserted in a memorandum last April that prior promises of secrecy had been made to its sub-grantees and that publicity would pose "danger or embarrassment" to them or to the United States.

Details on the two programs in France were omitted from the endowment's 1984 annual report, a document whose introduction declares that "we must operate openly." Details were also omitted from reports of the House subcommittee, Mr. McBride said.

OF THE DEMAND FOR SECRECY

Eugenia Kemble, executive director of the Free Trade Union Institute in Washington, who wrote the secrecy memorandum, did not return repeated telephone calls.

But according to other labor union and Congressional aides, the demand for secrecy for the labor institute grants in France reflected the tough anti-Communist style of Irving J. Brown, the 74-year-old official who has been the American labor federation's chief overseas representative since the end of World War II.

In the postwar years, Mr. Brown's leadership of American labor union intervention in Europe was credited with helping defeat Communist attempts to sabotage the Marshall Plan and other economic recovery programs of the United States.

But, Mr. McBride said in an interview, "Today, I think one has to ask the question whether the limited funds available to the N.E.D. should be going to Europe at all, rather than to Central America and the third world countries."

MEMORANDUM

To: Carl Gershman.
From: Eugenia Kemble.
Re Budget List Enclosed.

As we have discussed, there are a number of projects we are funding where recipients would either be endangered or embarrassed if specific budgets were published or announced. This information is not secret when it comes to accountability, but we would like to avoid advertising it. I am listing the relevant countries below so that you can pass the information on to those who need it. In these cases either repressive governments or Communist front group could use the information to hurt individuals or unions we are seeking to help.

The Philippines
Chile
Brazil
Nicaragua
Poland
Portugal
Suriname
Paraguay

There are many others where the publication of figures would not be helpful. These are just the ones where it would be most harmful.

Many thanks to you and others for considering this problem.

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference. This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, December 5, 1985, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

DECEMBER 6

9:00 a.m.
Armed Services
To continue hearings on the organization and decisionmaking procedures of the Department of Defense and Congress.
SD-G50

9:15 a.m.
Finance
Health Subcommittee
To hold hearings to review possible reforms in the Federal supplementary medical insurance program (Medicare Part B) payments for physicians' services.
SD-215

9:30 a.m.
Joint Economic
To hold hearings on the employment/unemployment situation for November.
SD-562

DECEMBER 9

10:00 a.m.
Labor and Human Resources
To resume hearings on S. 827, to provide for the compensation of children and others who have sustained vaccine-related injuries.
SD-430

2:00 p.m.
Energy and Natural Resources
Public Lands, Reserved Water and Resource Conservation Subcommittee
To hold hearings on S. 1330, to allow expanded mineral exploration of the Admiralty Island National Monument in Alaska.
SD-366

Finance
International Trade Subcommittee
To hold hearings on S. 1629, to provide that certain agricultural products are treated as "like products" for purposes of antidumping and countervailing duty investigations.
SD-215

3:00 p.m.
Governmental Affairs
To hold hearings on the nominations of Harold L. Cushenberry, Jr., and Michael L. Rankin, each to be Associate Judge of the Superior Court of the District of Columbia.
SR-301

DECEMBER 10

9:30 a.m.
Armed Services
To resume hearings on the organization and decisionmaking procedures of the Department of Defense and Congress.
SD-106

10:00 a.m.
Environment and Public Works
Toxic Substances and Environmental Oversight Subcommittee
To hold oversight hearings on environmental effects of global atmospheric warmings.
SD-406

10:30 a.m.
Labor and Human Resources
To hold hearings on the nomination of Jeffrey I. Zuckerman, of Maryland, to be General Counsel of the Equal Employment Opportunity Commission.
SD-430

DECEMBER 11

9:00 a.m.
Judiciary
Patents, Copyrights and Trademarks Subcommittee
To hold hearings on S. 1523, to create a Federal statute of limitations against civil suits by foreign governments seeking the return of art, artifacts, and other cultural property.
SD-628

9:30 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

Veterans' Affairs
To resume hearings on issues related to veterans exposed to ionizing radiation.
SR-418

10:00 a.m.
Armed Services
To continue hearings on the organization and decision-making procedures of the Department of Defense and Congress.
SD-G50

Environment and Public Works
To hold oversight hearings on the Acid Rain Precipitation Assessment Program.
SD-406

Labor and Human Resources
Business meeting, to consider pending calendar business.
SD-430

2:00 p.m.
Judiciary
To hold hearings on pending nominations.
SD-226

3:00 p.m.
Labor and Human Resources
To hold hearings on the nomination of Otis R. Bowen, of Indiana, to be Secretary of Health and Human Services (pending receipt of the Senate).
SD-430

DECEMBER 12

9:00 a.m.
Armed Services
To continue hearings on the organization and decision-making procedures of the Department of Defense and Congress.
SD-G50

9:30 a.m.
Energy and Natural Resources
Business meeting, to consider pending calendar business.
SD-366

10:00 a.m.
Environment and Public Works
Toxic Substances and Environmental Oversight Subcommittee
To hold hearings to explore problems of groundwater pollution caused by nutrient applications.
SD-406

Labor and Human Resources
Education, Arts, and Humanities Subcommittee
Business meeting, to mark up proposed legislation authorizing funds for programs of the Higher Education Act.
SD-430

DECEMBER 17

10:00 a.m.
Labor and Human Resources
To hold hearings on the nominations of Wendell L. Willkie, II, of the District of Columbia, to be General Counsel, and Bruce M. Carnes, of Virginia, to be Deputy Under Secretary for Planning, Budget and Evaluation, both of the Department of Education.
SD-430

DECEMBER 19

10:00 a.m.
Labor and Human Resources
Education, Arts, and Humanities Subcommittee
Business meeting, to resume markup of proposed legislation authorizing funds for programs of the Higher Education Act.
SD-430

CANCELLATIONS

DECEMBER 5

9:30 a.m.
Office of Technology Assessment
The Board, to meet to discuss pending business.
EF-100, Capitol

DECEMBER 10

10:00 a.m.
Energy and Natural Resources
Water and Power Subcommittee
To hold hearings on S. 1785, to amend the Garrison diversion project in North Dakota.
SD-366